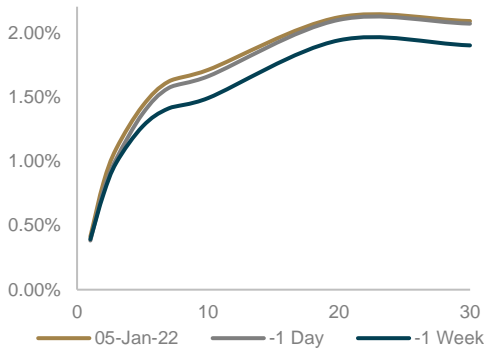


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	05-Jan-22	-1 Day	-1 Week
U.S	1.70%	1.65%	1.55%
U.K	1.07%	1.09%	1.01%
Germany	-0.09%	-0.12%	-0.18%
Australia	1.79%	1.75%	1.53%
Japan	0.09%	0.09%	0.06%
China	2.81%	2.79%	2.79%
Malaysia	3.62%	3.64%	3.57%
Thailand	1.96%	1.89%	1.90%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.70
Indo 5-Year CDS	bps	72.79
USD/IDR	points	14,358
BI 7DRR	%	3.50

Source : Bloomberg as of January 05, 2022

## Tirta Widi Gilang Citradi

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## Global Market Update

- U.S. treasury yield climbed 2-8 bps along the curve on Wednesday (01/05/22). The 10-year U.S. treasury note yield rose 5 bps to 1.70%.
- Yields on the U.S. treasury note increased after the Fed released its Dec-21 minutes of meeting.
- After a quicker tapering and potentially sooner interest rate hikes, the Fed also plans to shrink its balance sheet.
- The minutes released showed that Fed Officials began plans to start reducing amount of bond holding on its balance sheet.
- U.S. equity market tumbled. DJI dropped 1.07% while S&P 500 and Nasdaq Composite declined 1.94% and 3.34% respectively.
- U.S. labor market strengthened as it showed by ADP payrolls that grew by 807k in Dec-21, above market consensus of 375k.
- Persistently high inflation and strengthening job market have forced the Fed to take more hawkish stance.
- In Japan, government bond yield hit to two months high. In response to the increase in long term rates, BoJ offers to pump USD17.22bn into market through temporary government bond purchases between Jan 7-14 to keep the yield low.

## Domestic Market Update

- The 10-year Indo GB yield declined to 6.30% on Wednesday (01/05/22) below our daily forecast of 6.35-6.45%.
- The IDR depreciated against USD and closed at IDR14,358/USD yesterday. In the recent week, the IDR continued to declining. Last week the IDR was closed at IDR14,253/USD.
- We think that more aggressive monetary policy normalization by the Fed has triggered IDR to depreciate against USD.
- Foreign investors booked a total net sell of IDR85tn throughout 2021 in government securities market, making foreign ownership in tradable government securities dropped from 25.23% to 19.05%.
- Outflows from government securities started in Sep-21 and continue through Dec-21.
- We think that rising global inflation, quicker tapering process as well as the likelihood to raise interest rates aggressively in 2022 have triggered outflows from Indonesia's government securities.
- Despite the massive outflows, government bond yield change was relatively limited and still offer attractive valuation compared to peers.

## Market Projection

- Given the recent development, we expect the 10-year Indo GB yield to increase within range of 6.30-6.40% today.
- Attractive Indo GB series to be traded today: FR0081, FR0084, FR0086, FR0090, FR0071, FR0078.

## Exhibit 4. 10 Year Indo GB Fair Yield



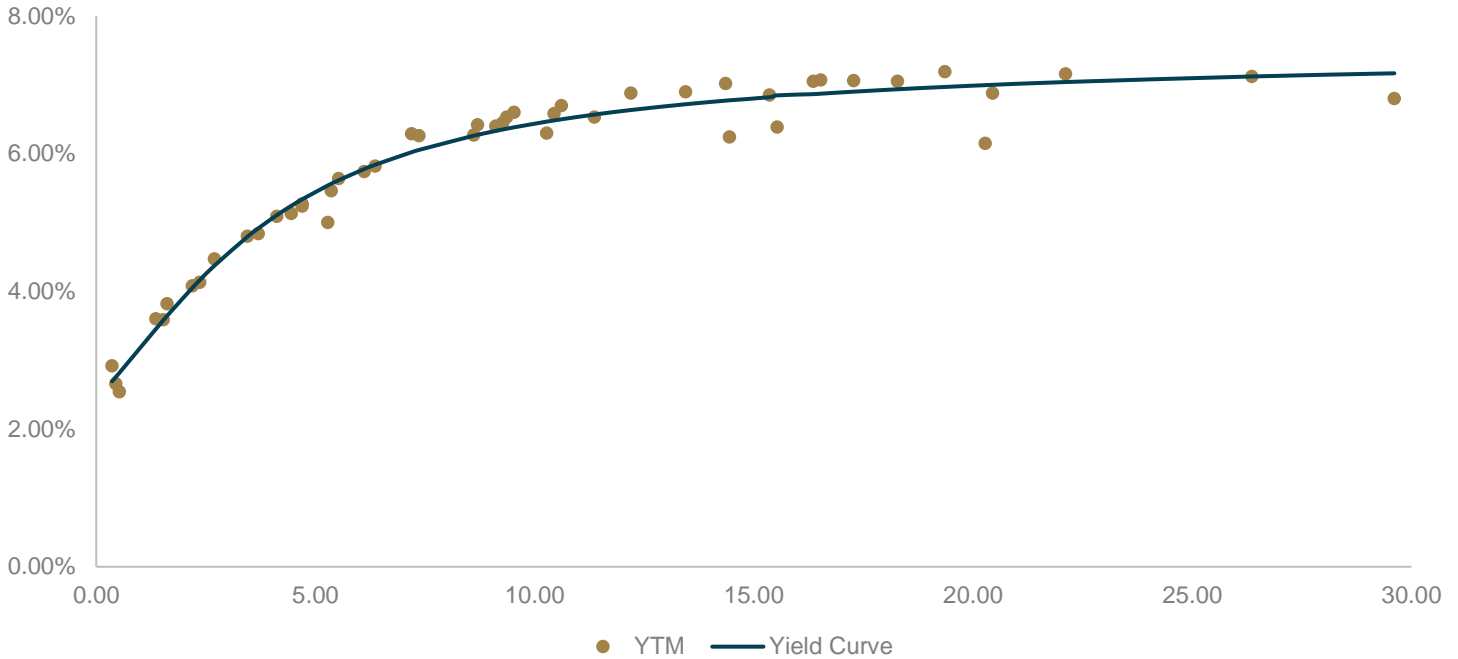
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Coupon (%)	Maturity	TTM (Yr)	Last Price	YTM (%)	Yield Curve (%)	Fair Price	Notes
FR61	7.000	15-May-22	0.36	101.42	2.92%	2.69%	101.52	Fair
FR35	12.900	15-Jun-22	0.44	104.41	2.66%	2.75%	104.43	Fair
FR43	10.250	15-Jul-22	0.52	103.97	2.54%	2.81%	103.86	Premium
FR63	5.625	15-May-23	1.36	102.65	3.60%	3.45%	102.86	Fair
FR46	9.500	15-Jul-23	1.52	108.68	3.59%	3.58%	108.73	Fair
FR39	11.750	15-Aug-23	1.61	112.23	3.82%	3.64%	112.57	Fair
FR70	8.375	15-Mar-24	2.19	108.89	4.08%	4.05%	108.97	Fair
FR77	8.125	15-May-24	2.36	108.88	4.13%	4.16%	108.81	Fair
FR44	10.000	15-Sep-24	2.69	113.82	4.47%	4.37%	114.13	Fair
FR81	6.500	15-Jun-25	3.44	105.34	4.80%	4.79%	105.37	Fair
FR40	11.000	15-Sep-25	3.69	120.55	4.84%	4.91%	120.30	Fair
FR84	7.250	15-Feb-26	4.11	107.89	5.09%	5.10%	107.86	Fair
FR86	5.500	15-Jun-26	4.44	101.38	5.13%	5.24%	101.02	Fair
FR37	12.000	15-Sep-26	4.69	127.62	5.27%	5.34%	127.32	Fair
FR56	8.375	15-Sep-26	4.69	112.88	5.24%	5.34%	112.45	Fair
FR90	5.125	15-Apr-27	5.27	100.56	5.00%	5.54%	98.14	Premium
FR59	7.000	15-May-27	5.36	107.04	5.46%	5.56%	106.58	Fair
FR42	10.250	15-Jul-27	5.52	121.59	5.64%	5.61%	121.78	Fair
FR47	10.000	15-Feb-28	6.11	121.70	5.74%	5.78%	121.49	Fair
FR64	6.125	15-May-28	6.36	101.60	5.82%	5.84%	101.50	Fair
FR71	9.000	15-Mar-29	7.19	115.44	6.29%	6.02%	117.17	Discounted
FR78	8.250	15-May-29	7.36	111.57	6.26%	6.05%	112.89	Fair
FR52	10.500	15-Aug-30	8.61	127.83	6.27%	6.26%	127.88	Fair
FR82	7.000	15-Sep-30	8.69	103.79	6.42%	6.27%	104.80	Fair
FR87	6.500	15-Feb-31	9.11	100.65	6.40%	6.33%	101.16	Fair
FR85	7.750	15-Apr-31	9.27	108.98	6.45%	6.35%	109.68	Fair
FR73	8.750	15-May-31	9.36	115.33	6.53%	6.36%	116.65	Fair
FR54	9.500	15-Jul-31	9.52	120.30	6.60%	6.38%	122.01	Fair
FR91	6.375	15-Apr-32	10.27	100.59	6.30%	6.46%	99.32	Fair
FR58	8.250	15-Jun-32	10.44	112.43	6.58%	6.48%	113.26	Fair
FR74	7.500	15-Aug-32	10.61	106.02	6.70%	6.50%	107.59	Fair
FR65	6.625	15-May-33	11.36	100.73	6.53%	6.57%	100.46	Fair
FR68	8.375	15-Mar-34	12.19	112.16	6.88%	6.63%	114.40	Discounted
FR80	7.500	15-Jun-35	13.44	105.18	6.90%	6.72%	106.86	Fair
FR72	8.250	15-May-36	14.36	111.04	7.02%	6.77%	113.45	Discounted
FR88	6.250	15-Jun-36	14.44	100.07	6.24%	6.77%	95.22	Premium
FR45	9.750	15-May-37	15.36	127.28	6.85%	6.82%	127.62	Fair
FR75	7.500	15-May-38	16.36	104.34	7.05%	6.86%	106.19	Fair
FR50	10.500	15-Jul-38	16.52	133.15	7.07%	6.87%	135.53	Fair
FR79	8.375	15-Apr-39	17.27	112.95	7.06%	6.90%	114.74	Fair
FR83	7.500	15-Apr-40	18.27	104.58	7.05%	6.93%	105.79	Fair
FR57	9.500	15-May-41	19.36	123.95	7.19%	6.97%	126.67	Fair
FR62	6.375	15-Apr-42	20.27	102.63	6.15%	6.99%	93.33	Premium
FR92	7.125	15-Jun-42	20.44	102.61	6.88%	7.00%	101.36	Fair
FR67	8.750	15-Feb-44	22.11	117.53	7.16%	7.04%	119.02	Fair
FR76	7.375	15-May-48	26.36	102.96	7.12%	7.12%	103.00	Fair
FR89	6.875	15-Aug-51	29.61	100.99	6.80%	7.17%	96.43	Premium

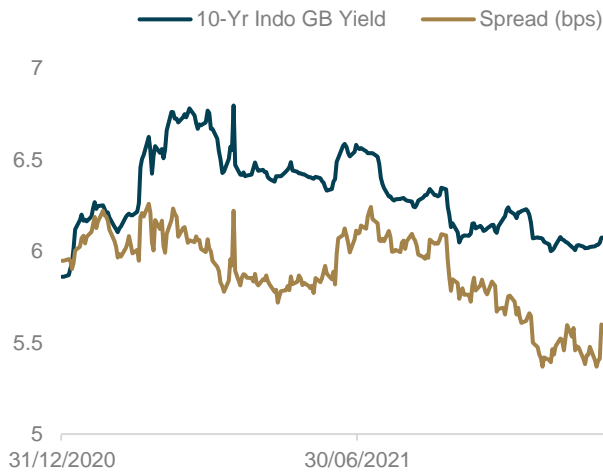
Source : Bloomberg, MNCS Calculation as of January 05, 2022

## Exhibit 6. Indo GB Yield Curve



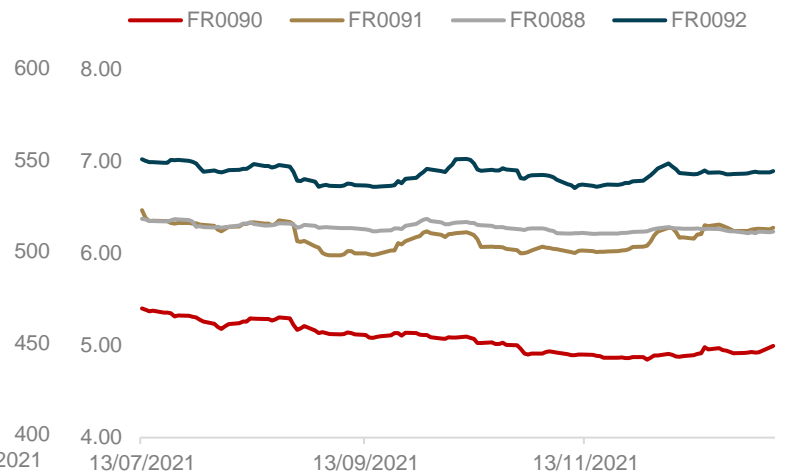
Source : Bloomberg, MNCS Calculation as of January 05, 2022

## Exhibit 7. 10 Year U.S. Treasury & Indo GB Spread



Source : Bloomberg, MNCS Calculation

## Exhibit 8. Indo GB Benchmark Series Yield (%)



Source : Bloomberg

## Exhibit 9. Indo GB Ownership by Type of Investors (%)

Bond Holder	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Bank	37.96	37.09	37.86	36	36.33	32.5	31.92	33.45	33.69	34.77	35.63	34.01
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	14.78	14.87	13.52	13.10	17.13
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.20	3.28	3.31	3.42	3.38
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.45	14.40	14.61	14.44	14.00
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.44	21.56	21.24	20.55	19.05
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.46	4.94	5.04	5.08	4.73
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.21	7.25	7.50	7.78	7.70

Source : DJPPR as of December 31, 2021

## MNC Research Industry Ratings Guidance

**OVERWEIGHT:** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

**NEUTRAL:** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

**UNDERWEIGHT:** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

## MNC Research Investment Ratings Guidance

**BUY :** Share price may exceed 10% over the next 12 months

**HOLD :** Share price may fall within the range of +/- 10% of the next 12 months

**SELL :** Share price may fall by more than 10% over the next 12 months

**Not Rated :** Stock is not within regular research coverage

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