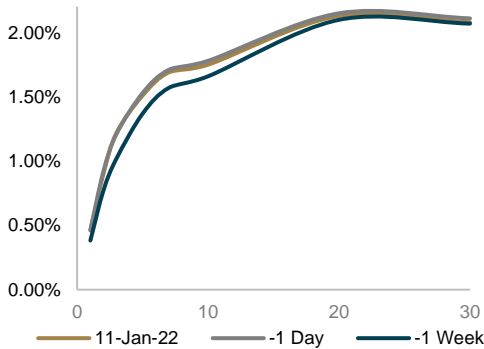


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	11-Jan-22	-1 Day	-1 Week
U.S	1.74%	1.76%	1.65%
U.K	1.17%	1.19%	1.09%
Germany	-0.05%	-0.03%	-0.12%
Australia	1.89%	1.92%	1.75%
Japan	0.15%	0.14%	0.09%
China	2.80%	2.81%	2.79%
Malaysia	3.67%	3.67%	3.64%
Thailand	2.06%	2.02%	1.89%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.74
Indo 5-Year CDS	bps	78.55
USD/IDR	points	14,303
BI 7DRR	%	3.50

Source : Bloomberg as of January 11, 2022

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## Global Market Update

- The 10-year UST yield fell 2 bps to 1.74% on Tuesday (01/11/22). UST yields declined after Fed's Chair Powell gave his testimony to US Senate.
- Powell said that inflationary pressures to last well into the middle of 2022 before it starts to normalize.
- Furthermore, Powell also said that he expects the Fed to raise interest rates and end asset purchases this year while a balance-sheet contraction could perhaps start later in 2022.
- The Fed also prepare for raising rates more if needed to fight against high and more persistent inflation that previously thought.
- FOMC's participants see 3x FFR hikes are likely in 2022. This depicted more aggressive US central bank as at Sep-21 projection the Fed was expected to increase benchmark policy rate only 1x.
- Some US banks even foresee 4x hikes this year. Fed's first tightening cycle is expected to start as soon as Mar-22 with 77% probability of 25-50 bps target range.
- US equity market was up last night. DJI and S&P rose 0.51% and 0.92% respectively. Meanwhile Nasdaq Composite lead the gain after rising 1.41%.

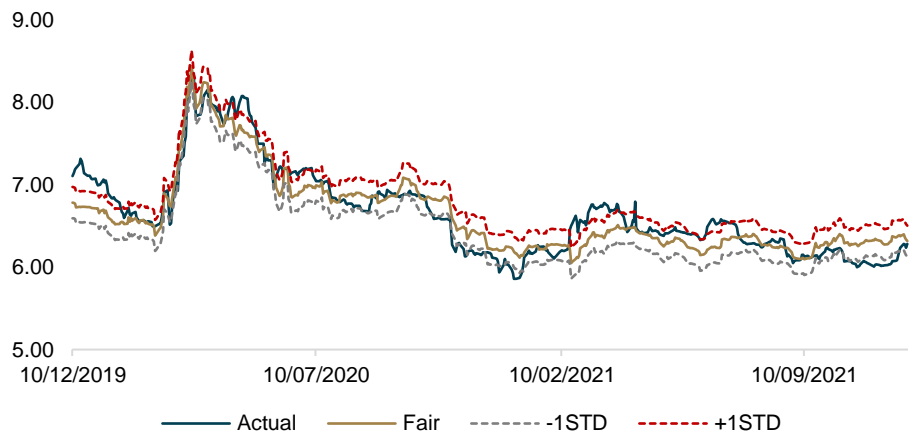
## Domestic Market Update

- The 10-year Indo GB yield slipped 3 bps at 6.42% on Tuesday (01/11/22) in line with our daily forecast range of 6.40-6.50%.
- The decline in 10-year Indo GB yield was align with IDR appreciation against USD and lowering risk premium.
- IDR slightly appreciated to IDR14,303/USD yesterday (vs IDR14,308/USD on Monday).
- Meanwhile 5-year Indo CDS slid to 78.55 bps at the same time (vs 79.86 bps in the previous trading day).
- Government successfully raised IDR11tn through Sukuk Auction on Tuesday (01/11/22). Robust investors demand reflected from total incoming bids reaching IDR55.35tn.
- We see robust investor demand on SPNS12072022 (new issuance/<1 year maturity) with the bids value of IDR21.36tn implying bid-to-cover-ratio of 21.36x.
- We understand that during rising interest rate risk, fixed income investors gravitate towards shorter maturity bond (shortening the duration).
- On the data front BI reported Indonesia retail sales grew 2.8% MoM/10.8% YoY in Nov-21 and expect Dec-21 retail sales to increase 3.0% MoM/8.9% YoY on the back of end-year holiday season.

## Market Projection

- Given the recent development, we expect the 10-year Indo GB yield to fall and move within range of 6.40-6.50% today.
- Attractive Indo GB series to be traded today: FR0044, FR0071, FR0068, FR0072.

## Exhibit 4. 10 Year Indo GB Fair Yield



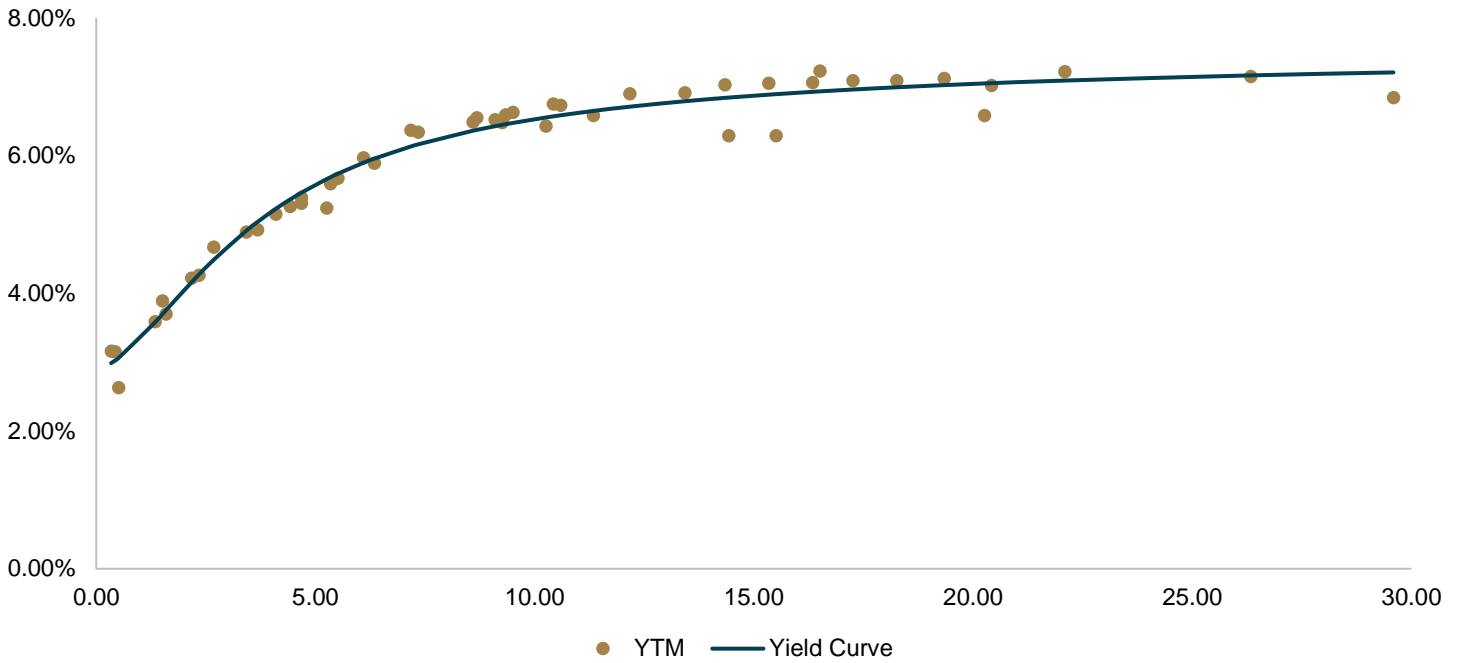
Source : Bloomberg, MNCS Calculation

## 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	0.34	101.27	3.16%	2.98%	101.35	Fair
FR35	12.900	15-Jun-22	0.42	104.03	3.15%	3.02%	104.14	Fair
FR43	10.250	15-Jul-22	0.51	103.84	2.63%	3.06%	103.62	Premium
FR63	5.625	15-May-23	1.34	102.63	3.59%	3.58%	102.66	Fair
FR46	9.500	15-Jul-23	1.51	108.13	3.89%	3.69%	108.46	Fair
FR39	11.750	15-Aug-23	1.59	112.34	3.70%	3.75%	112.26	Fair
FR70	8.375	15-Mar-24	2.17	108.52	4.22%	4.16%	108.67	Fair
FR77	8.125	15-May-24	2.34	108.50	4.26%	4.27%	108.50	Fair
FR44	10.000	15-Sep-24	2.68	113.23	4.67%	4.48%	113.75	Fair
FR81	6.500	15-Jun-25	3.43	105.00	4.89%	4.91%	104.96	Fair
FR40	11.000	15-Sep-25	3.68	120.21	4.92%	5.03%	119.77	Fair
FR84	7.250	15-Feb-26	4.10	107.67	5.15%	5.23%	107.37	Fair
FR86	5.500	15-Jun-26	4.42	100.92	5.26%	5.36%	100.53	Fair
FR37	12.000	15-Sep-26	4.68	126.96	5.39%	5.46%	126.65	Fair
FR56	8.375	15-Sep-26	4.68	112.54	5.31%	5.46%	111.87	Fair
FR90	5.125	15-Apr-27	5.26	99.48	5.24%	5.66%	97.60	Premium
FR59	7.000	15-May-27	5.34	106.40	5.59%	5.68%	105.98	Fair
FR42	10.250	15-Jul-27	5.51	121.39	5.67%	5.73%	121.08	Fair
FR47	10.000	15-Feb-28	6.09	120.30	5.97%	5.89%	120.76	Fair
FR64	6.125	15-May-28	6.34	101.20	5.89%	5.95%	100.88	Fair
FR71	9.000	15-Mar-29	7.17	114.96	6.37%	6.13%	116.44	Discounted
FR78	8.250	15-May-29	7.34	111.04	6.34%	6.16%	112.17	Fair
FR52	10.500	15-Aug-30	8.59	126.05	6.49%	6.36%	127.08	Fair
FR82	7.000	15-Sep-30	8.68	102.92	6.55%	6.37%	104.13	Fair
FR87	6.500	15-Feb-31	9.10	99.88	6.52%	6.43%	100.50	Fair
FR85	7.750	15-Apr-31	9.26	108.71	6.48%	6.44%	108.98	Fair
FR73	8.750	15-May-31	9.34	114.86	6.59%	6.45%	115.90	Fair
FR54	9.500	15-Jul-31	9.51	120.03	6.63%	6.47%	121.24	Fair
FR91	6.375	15-Apr-32	10.26	99.61	6.43%	6.55%	98.68	Fair
FR58	8.250	15-Jun-32	10.43	111.10	6.75%	6.57%	112.54	Fair
FR74	7.500	15-Aug-32	10.59	105.79	6.73%	6.58%	106.90	Fair
FR65	6.625	15-May-33	11.34	100.34	6.58%	6.65%	99.81	Fair
FR68	8.375	15-Mar-34	12.17	112.00	6.90%	6.71%	113.69	Fair
FR80	7.500	15-Jun-35	13.42	105.07	6.91%	6.79%	106.20	Fair
FR72	8.250	15-May-36	14.34	110.93	7.03%	6.84%	112.77	Fair
FR88	6.250	15-Jun-36	14.43	99.61	6.29%	6.84%	94.62	Premium
FR45	9.750	15-May-37	15.34	125.00	7.05%	6.88%	126.87	Fair
FR93	6.375	15-Jul-37	15.51	99.91	6.29%	6.89%	95.12	Premium
FR75	7.500	15-May-38	16.34	104.22	7.06%	6.93%	105.56	Fair
FR50	10.500	15-Jul-38	16.51	131.18	7.23%	6.93%	134.77	Discounted
FR79	8.375	15-Apr-39	17.26	112.68	7.09%	6.96%	114.08	Fair
FR83	7.500	15-Apr-40	18.26	104.14	7.09%	6.99%	105.18	Fair
FR57	9.500	15-May-41	19.34	124.78	7.12%	7.02%	125.97	Fair
FR62	6.375	15-Apr-42	20.26	97.73	6.58%	7.05%	92.79	Premium
FR92	7.125	15-Jun-42	20.43	101.17	7.02%	7.05%	100.78	Fair
FR67	8.750	15-Feb-44	22.09	116.78	7.22%	7.09%	118.39	Fair
FR76	7.375	15-May-48	26.34	102.66	7.15%	7.16%	102.47	Fair
FR89	6.875	15-Aug-51	29.59	100.45	6.84%	7.21%	95.95	Premium

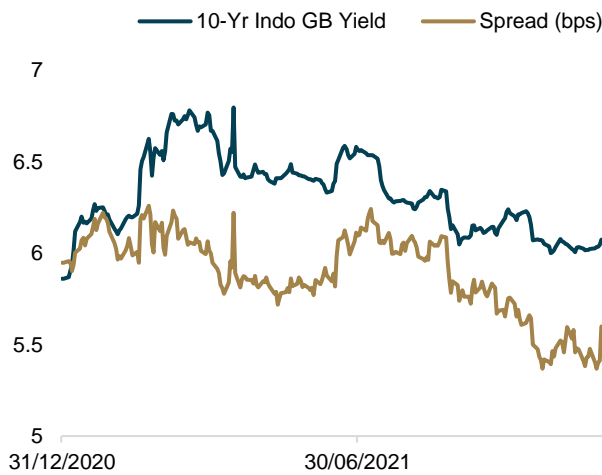
Source : Bloomberg, MNCS Calculation as of January 11, 2022

**Exhibit 6. Indo GB Yield Curve**



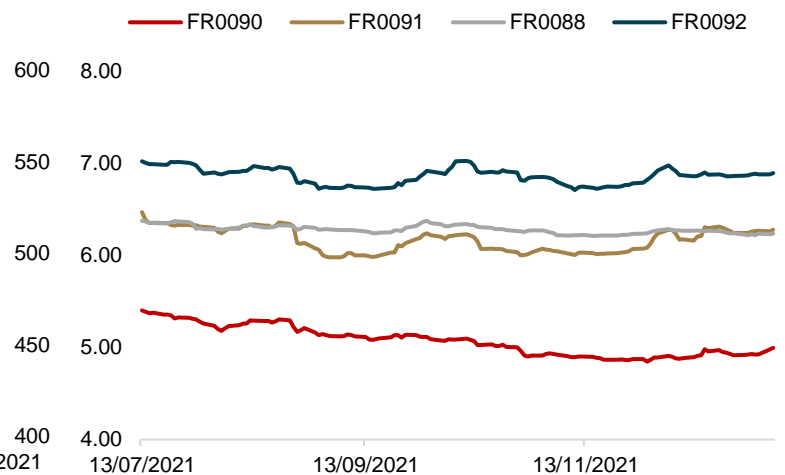
Source : Bloomberg, MNCS Calculation as of January 11, 2022

**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

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**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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