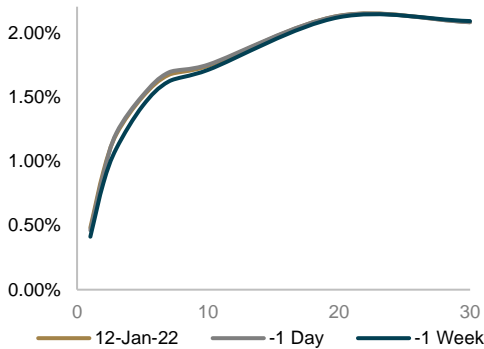


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

| Country   | 12-Jan-22 | -1 Day | -1 Week |
|-----------|-----------|--------|---------|
| U.S       | 1.74%     | 1.74%  | 1.71%   |
| U.K       | 1.16%     | 1.17%  | 1.09%   |
| Germany   | -0.04%    | -0.03% | -0.08%  |
| Australia | 1.85%     | 1.89%  | 1.79%   |
| Japan     | 0.13%     | 0.15%  | 0.09%   |
| China     | 2.79%     | 2.80%  | 2.81%   |
| Malaysia  | 3.65%     | 3.67%  | 3.62%   |
| Thailand  | 2.05%     | 2.06%  | 1.96%   |

Source : Bloomberg

## Exhibit 3. Market Indicators

| Indicators      | Unit   | Value  |
|-----------------|--------|--------|
| U.S. Treasury   | %      | 1.74   |
| Indo 5-Year CDS | bps    | 75.72  |
| USD/IDR         | points | 14,318 |
| BI 7DRR         | %      | 3.50   |

Source : Bloomberg as of January 12, 2022

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## Global Market Update

- The 10-year UST yield stayed at 1.74% on Wednesday (01/12/22). Yields change was mixed along the curve.
- US government bond market started to normalize as market already priced in inflation figure and Fed's monetary policy guidance.
- US CPI rose 7% YoY hitting the highest pace since 1982 in Dec-21, in line with expectation.
- On the previous day, 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 continued to strengthen last night. DJI and S&P rose 0.11% and 0.28% respectively. Meanwhile Nasdaq Composite was up 0.23%.
- On the data front, China inflation rate also came below market expectation at 1.5% YoY in Dec-21 (vs 1.8% YoY consensus forecast).

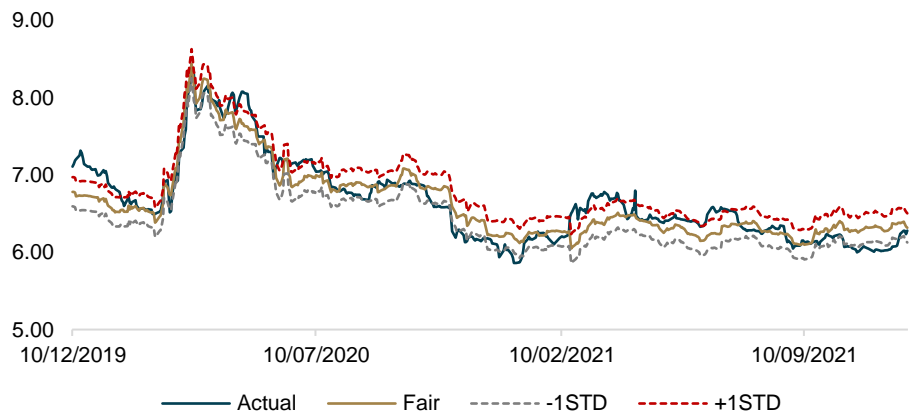
## Domestic Market Update

- The 10-year Indo GB yield slipped 3 bps and was closed at 6.39% on Wednesday (01/12/22) slightly below our daily forecast range of 6.40-6.50%.
- The IDR value slightly weakened and closed at IDR14,318/USD (vs IDR14,303/USD on Tuesday).
- Meanwhile 5-year Indo CDS slid to 75.72 bps at the same time (vs 78.30 bps in the previous trading day).
- Domestic government bond market recorded an outflows as foreign investors holdings in tradable government bond decreased by IDR3.34tn from Dec 31 to Jan 11.
- We think the decline in foreign ownership of government bond was inline with heightened external pressures as UST yield rose from 1.51% last year to >1.70% in the first week of Jan-22.
- Along with the outflows and UST trend, the 10-year Indo GB yield rose from 6.35% to 6.45%.

## Market Projection

- Given the recent development, we expect the 10-year Indo GB yield to move within range of 6.35-6.45% today.
- Attractive Indo GB series to be traded today: FR0090, FR0091, FR0068, FR0080, FR0072.

## Exhibit 4. 10 Year Indo GB Fair Yield



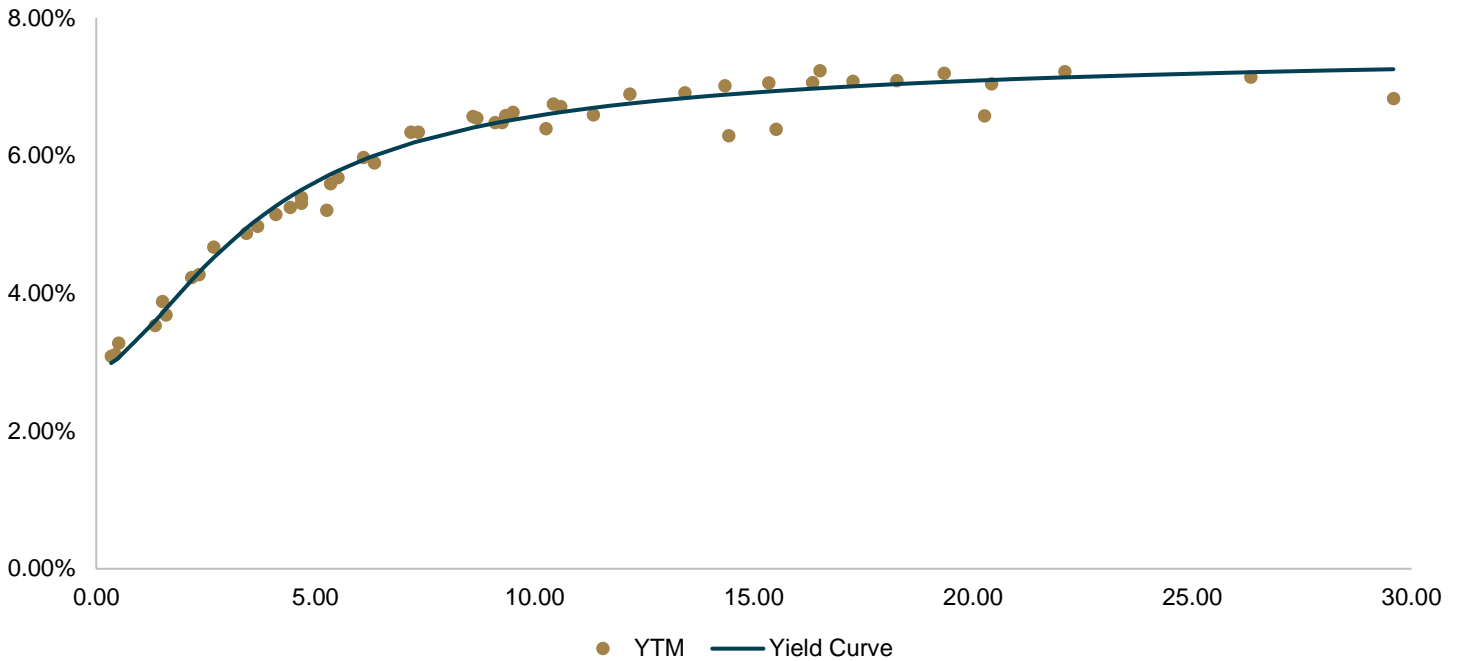
Source : Bloomberg, MNCS Calculation

## 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     | 101.28     | 3.08%   | 2.99%           | 101.35     | Fair       |
| FR35   | 12.900     | 15-Jun-22 | 0.42     | 104.02     | 3.11%   | 3.02%           | 104.14     | Fair       |
| FR43   | 10.250     | 15-Jul-22 | 0.51     | 103.45     | 3.27%   | 3.06%           | 103.62     | Discounted |
| FR63   | 5.625      | 15-May-23 | 1.34     | 102.71     | 3.53%   | 3.59%           | 102.63     | Fair       |
| FR46   | 9.500      | 15-Jul-23 | 1.51     | 108.13     | 3.88%   | 3.71%           | 108.42     | Fair       |
| FR39   | 11.750     | 15-Aug-23 | 1.59     | 112.31     | 3.69%   | 3.78%           | 112.22     | Fair       |
| FR70   | 8.375      | 15-Mar-24 | 2.17     | 108.48     | 4.23%   | 4.19%           | 108.61     | Fair       |
| FR77   | 8.125      | 15-May-24 | 2.34     | 108.48     | 4.27%   | 4.30%           | 108.43     | Fair       |
| FR44   | 10.000     | 15-Sep-24 | 2.68     | 113.23     | 4.67%   | 4.52%           | 113.66     | Fair       |
| FR81   | 6.500      | 15-Jun-25 | 3.43     | 105.01     | 4.87%   | 4.94%           | 104.84     | Fair       |
| FR40   | 11.000     | 15-Sep-25 | 3.68     | 119.95     | 4.97%   | 5.07%           | 119.63     | Fair       |
| FR84   | 7.250      | 15-Feb-26 | 4.10     | 107.63     | 5.15%   | 5.27%           | 107.22     | Fair       |
| FR86   | 5.500      | 15-Jun-26 | 4.42     | 100.95     | 5.25%   | 5.40%           | 100.37     | Fair       |
| FR37   | 12.000     | 15-Sep-26 | 4.68     | 126.96     | 5.39%   | 5.50%           | 126.45     | Fair       |
| FR56   | 8.375      | 15-Sep-26 | 4.68     | 112.53     | 5.31%   | 5.50%           | 111.70     | Fair       |
| FR90   | 5.125      | 15-Apr-27 | 5.26     | 99.64      | 5.20%   | 5.70%           | 97.41      | Premium    |
| FR59   | 7.000      | 15-May-27 | 5.34     | 106.41     | 5.59%   | 5.73%           | 105.79     | Fair       |
| FR42   | 10.250     | 15-Jul-27 | 5.51     | 121.34     | 5.68%   | 5.78%           | 120.86     | Fair       |
| FR47   | 10.000     | 15-Feb-28 | 6.09     | 120.30     | 5.97%   | 5.94%           | 120.52     | Fair       |
| FR64   | 6.125      | 15-May-28 | 6.34     | 101.21     | 5.89%   | 6.00%           | 100.66     | Fair       |
| FR71   | 9.000      | 15-Mar-29 | 7.17     | 115.12     | 6.34%   | 6.17%           | 116.17     | Fair       |
| FR78   | 8.250      | 15-May-29 | 7.34     | 111.07     | 6.34%   | 6.20%           | 111.90     | Fair       |
| FR52   | 10.500     | 15-Aug-30 | 8.59     | 125.47     | 6.57%   | 6.40%           | 126.75     | Fair       |
| FR82   | 7.000      | 15-Sep-30 | 8.68     | 102.99     | 6.54%   | 6.41%           | 103.83     | Fair       |
| FR87   | 6.500      | 15-Feb-31 | 9.10     | 100.11     | 6.48%   | 6.47%           | 100.20     | Fair       |
| FR85   | 7.750      | 15-Apr-31 | 9.26     | 108.71     | 6.48%   | 6.49%           | 108.66     | Fair       |
| FR73   | 8.750      | 15-May-31 | 9.34     | 114.94     | 6.58%   | 6.50%           | 115.57     | Fair       |
| FR54   | 9.500      | 15-Jul-31 | 9.51     | 120.03     | 6.63%   | 6.52%           | 120.90     | Fair       |
| FR91   | 6.375      | 15-Apr-32 | 10.26    | 99.89      | 6.39%   | 6.60%           | 98.36      | Premium    |
| FR58   | 8.250      | 15-Jun-32 | 10.43    | 111.10     | 6.75%   | 6.61%           | 112.19     | Fair       |
| FR74   | 7.500      | 15-Aug-32 | 10.59    | 105.94     | 6.71%   | 6.63%           | 106.56     | Fair       |
| FR65   | 6.625      | 15-May-33 | 11.34    | 100.23     | 6.59%   | 6.69%           | 99.46      | Fair       |
| FR68   | 8.375      | 15-Mar-34 | 12.17    | 112.04     | 6.90%   | 6.75%           | 113.30     | Fair       |
| FR80   | 7.500      | 15-Jun-35 | 13.42    | 105.10     | 6.91%   | 6.83%           | 105.80     | Fair       |
| FR72   | 8.250      | 15-May-36 | 14.34    | 111.06     | 7.01%   | 6.88%           | 112.34     | Fair       |
| FR88   | 6.250      | 15-Jun-36 | 14.43    | 99.64      | 6.29%   | 6.89%           | 94.24      | Premium    |
| FR45   | 9.750      | 15-May-37 | 15.34    | 125.00     | 7.05%   | 6.93%           | 126.39     | Fair       |
| FR93   | 6.375      | 15-Jul-37 | 15.51    | 99.96      | 6.38%   | 6.94%           | 94.72      | Premium    |
| FR75   | 7.500      | 15-May-38 | 16.34    | 104.22     | 7.06%   | 6.97%           | 105.11     | Fair       |
| FR50   | 10.500     | 15-Jul-38 | 16.51    | 131.18     | 7.23%   | 6.98%           | 134.23     | Discounted |
| FR79   | 8.375      | 15-Apr-39 | 17.26    | 112.79     | 7.08%   | 7.00%           | 113.60     | Fair       |
| FR83   | 7.500      | 15-Apr-40 | 18.26    | 104.15     | 7.09%   | 7.04%           | 104.72     | Fair       |
| FR57   | 9.500      | 15-May-41 | 19.34    | 123.87     | 7.19%   | 7.07%           | 125.42     | Fair       |
| FR62   | 6.375      | 15-Apr-42 | 20.26    | 97.73      | 6.58%   | 7.09%           | 92.35      | Premium    |
| FR92   | 7.125      | 15-Jun-42 | 20.43    | 100.92     | 7.04%   | 7.10%           | 100.31     | Fair       |
| FR67   | 8.750      | 15-Feb-44 | 22.09    | 116.78     | 7.22%   | 7.13%           | 117.83     | Fair       |
| FR76   | 7.375      | 15-May-48 | 26.34    | 102.75     | 7.14%   | 7.21%           | 101.93     | Fair       |
| FR89   | 6.875      | 15-Aug-51 | 29.59    | 100.53     | 6.83%   | 7.25%           | 95.43      | Premium    |

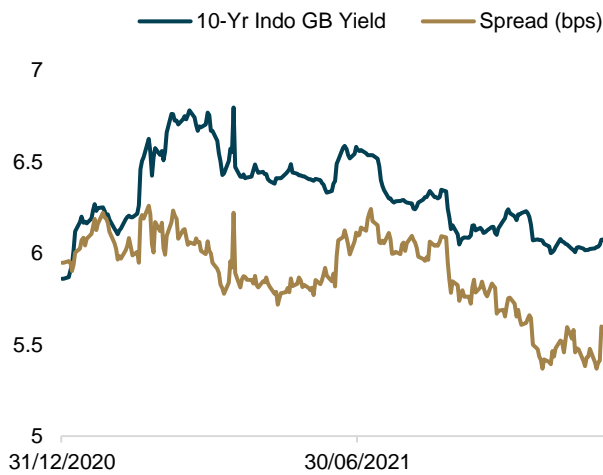
Source : Bloomberg, MNCS Calculation as of January 12, 2022

**Exhibit 6. Indo GB Yield Curve**



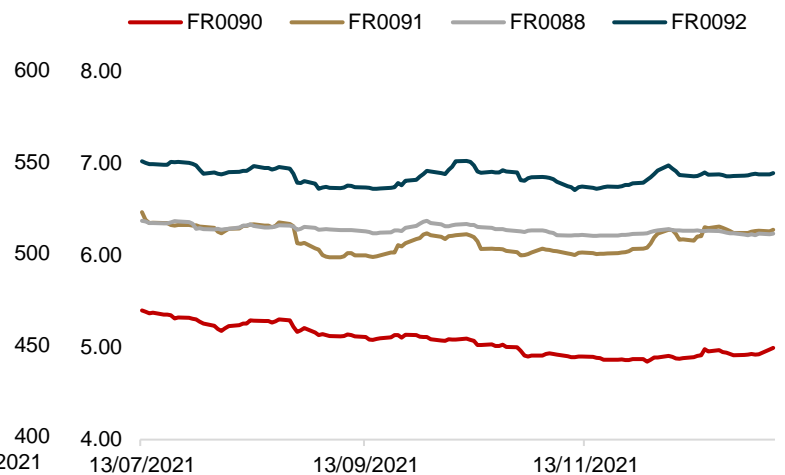
Source : Bloomberg, MNCS Calculation as of January 12, 2022

**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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