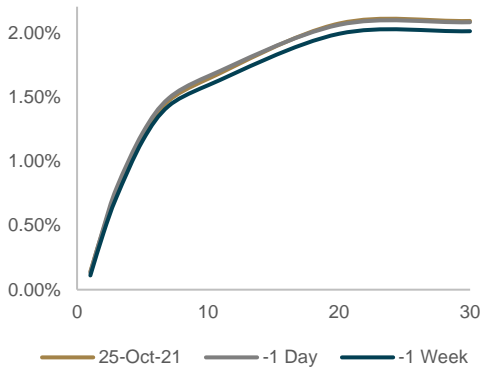


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	25-Oct-21	-1 Day	-1 Week
U.S	1.64%	1.65%	1.60%
U.K	1.16%	1.19%	1.14%
Germany	-0.10%	-0.09%	-0.15%
Australia	1.79%	1.80%	1.74%
Japan	0.11%	0.10%	0.10%
China	2.99%	3.00%	3.04%
Malaysia	3.61%	3.61%	3.57%
Thailand	2.03%	2.03%	1.97%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.64
Indo 5-Year CDS	bps	82.87
USD/IDR	points	14,158
BI 7DRR	%	3.50

Source : Bloomberg as of October 25, 2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- The 10-year U.S. treasury yield weakened 1.64% on Monday (25/10/21). U.S. treasury yields fell by 1-3 bps along the curve.
- Yields on U.S. treasury note dropped following treasury secretary Janet Yellen statement that high inflation would be temporary and is expected to fall back to 2% level in the middle of 2H22.
- U.S. stock market closed gain last night. DJI, S&P 500 and Nasdaq Composite edged up 0.19%, 0.48% and 0.90% respectively.
- The Chicago Fed National Activity Index dropped to -0.13 in Sep-21 from 0.05 in Aug-21, primarily dragged down by the decline in industrial production.
- The Federal Reserve Bank of Dallas' general business activity index for manufacturing in Texas rose by 10 points to 14.6 in Oct-21, up from the previous month's of 4.6.
- The Ifo Business Climate Index for Germany fell to 97.7 this month, 0.2 below the consensus. This drop was attributable to continuous supply bottleneck and predicted to remain for the upcoming months.
- Developed market bond yields have risen in recent weeks causing the yield curve to steepen driven by the likelihood of rate hikes from BoE and the Fed next year.

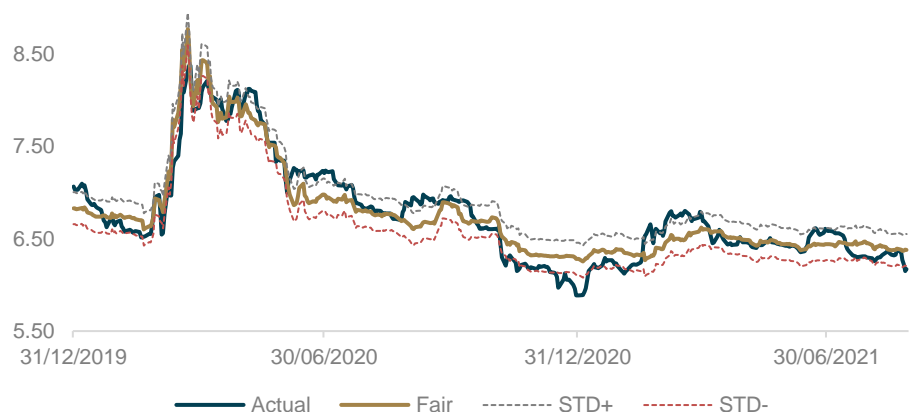
## Domestic Market Update

- The 10-year Indo GB yield continued to lower. As of Monday (10/26/21), the benchmark government bond yield closed 1 bps lower to 6.04%, below our forecast of 6.05%-6.15% range.
- The value of rupiah depreciated against USD to IDR 14,158/USD yesterday. Meanwhile 5-year Indo CDS remained stable below 83 bps.
- As of Oct 25, government successfully achieved the target of raising IDR15tn by issuing ORI020. The lower target from previous issuance of IDR27tn was driven by 1) lower financing needs ; 2) improving government revenue and 3) optimization of state spending and non-debt financing.
- On the macro side, Bank Indonesia (BI) reported Indonesia's money supply (M2) grew 8% YoY to IDR7,287tn in Sep-21, higher than previous month growth of 6.9% YoY.
- The increase in M2 was driven by M1 and quasy money that recorded a growth of 11.2% YoY and 4.5% YoY respectively.
- Factor affecting the growth of M2 was credit disbursement that grew 2% YoY. We expect with improving consumer sentiment, higher public mobility, the ample liquidity in the economy would be translated into higher economic output and gradual increase in inflation.

## Market Projection.

- Government will conduct debt securities auction today with indicative target set at IDR8tn. We believe government to successfully issued 7 series of debt securities on the back of lower target amid demand from investor that remain high. We projected that yields in primary market to remain below in the secondary market.
- We expect the 10 year Indo GB yield to continue its consolidation but we trim down our daily forecast range 6.00% - 6.10%.
- Attractive Indo GB series to be traded today : FR0086, FR0090, FR0064, FR0082, FR0087, FR0091, FR0068, FR0057, FR0062 and FR0092.

## Exhibit 4. 10 Year Indo GB Fair Yield



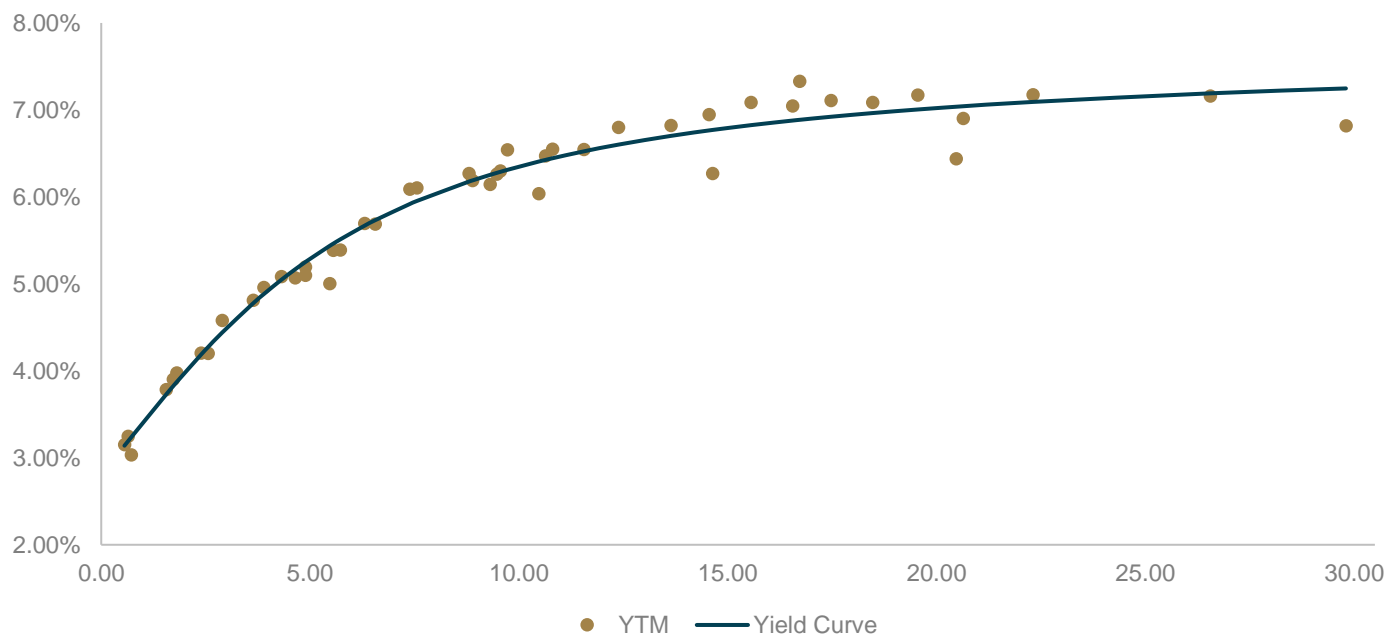
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.55	102.08	3.15%	3.14%	102.11	Fair
FR35	15-Jun-22	0.64	106.00	3.25%	3.19%	106.09	Fair
FR43	15-Jul-22	0.72	105.07	3.04%	3.24%	104.96	Fair
FR63	15-May-23	1.55	102.74	3.79%	3.73%	102.84	Fair
FR46	15-Jul-23	1.72	109.20	3.90%	3.82%	109.37	Fair
FR39	15-Aug-23	1.81	113.37	3.98%	3.87%	113.61	Fair
FR70	15-Mar-24	2.39	109.35	4.21%	4.19%	109.43	Fair
FR77	15-May-24	2.55	109.40	4.20%	4.27%	109.24	Fair
FR44	15-Sep-24	2.89	114.48	4.58%	4.44%	114.92	Fair
FR81	15-Jun-25	3.64	105.55	4.81%	4.78%	105.68	Fair
FR40	15-Sep-25	3.89	121.09	4.96%	4.88%	121.42	Fair
FR84	15-Feb-26	4.31	108.26	5.08%	5.05%	108.43	Fair
FR86	15-Jun-26	4.64	101.69	5.07%	5.17%	101.36	Fair
FR37	15-Sep-26	4.89	129.00	5.20%	5.25%	128.75	Fair
FR56	15-Sep-26	4.89	114.00	5.10%	5.25%	113.30	Fair
FR90	15-Apr-27	5.47	100.57	5.00%	5.44%	98.53	Premium
FR59	15-May-27	5.55	107.66	5.39%	5.46%	107.28	Fair
FR42	15-Jul-27	5.72	123.63	5.39%	5.51%	122.97	Fair
FR47	15-Feb-28	6.31	122.50	5.70%	5.67%	122.68	Fair
FR64	15-May-28	6.55	102.36	5.69%	5.73%	102.12	Fair
FR71	15-Mar-29	7.39	117.08	6.09%	5.92%	118.22	Fair
FR78	15-May-29	7.55	112.82	6.11%	5.95%	113.81	Fair
FR52	15-Aug-30	8.81	128.27	6.27%	6.18%	129.01	Fair
FR82	15-Sep-30	8.89	105.46	6.19%	6.19%	105.47	Fair
FR87	15-Feb-31	9.31	102.48	6.14%	6.25%	101.71	Fair
FR85	15-Apr-31	9.47	110.50	6.26%	6.28%	110.40	Fair
FR73	15-May-31	9.55	117.39	6.30%	6.29%	117.48	Fair
FR54	15-Jul-31	9.72	121.00	6.54%	6.31%	122.90	Discounted
FR91	15-Apr-32	10.47	102.59	6.04%	6.41%	99.76	Premium
FR58	15-Jun-32	10.64	113.50	6.47%	6.43%	113.89	Fair
FR74	15-Aug-32	10.81	107.27	6.55%	6.44%	108.11	Fair
FR65	15-May-33	11.55	100.61	6.55%	6.52%	100.81	Fair
FR68	15-Mar-34	12.39	113.02	6.80%	6.60%	114.84	Fair
FR80	15-Jun-35	13.64	105.93	6.82%	6.70%	107.05	Fair
FR72	15-May-36	14.55	111.80	6.95%	6.76%	113.62	Fair
FR88	15-Jun-36	14.64	99.80	6.27%	6.77%	95.21	Premium
FR45	15-May-37	15.55	124.86	7.09%	6.82%	127.76	Discounted
FR75	15-May-38	16.55	104.39	7.05%	6.88%	106.08	Fair
FR50	15-Jul-38	16.72	130.25	7.33%	6.89%	135.54	Discounted
FR79	15-Apr-39	17.47	112.54	7.11%	6.92%	114.60	Fair
FR83	15-Apr-40	18.47	104.20	7.09%	6.96%	105.52	Fair
FR57	15-May-41	19.55	124.25	7.17%	7.01%	126.34	Fair
FR62	15-Apr-42	20.47	99.28	6.44%	7.04%	92.87	Premium
FR92	15-Jun-42	20.64	102.41	6.90%	7.04%	100.88	Fair
FR67	15-Feb-44	22.31	117.35	7.18%	7.09%	118.42	Fair
FR76	15-May-48	26.55	102.51	7.16%	7.19%	102.16	Fair
FR89	15-Aug-51	29.81	100.72	6.82%	7.25%	95.46	Premium

Source : Bloomberg, MNCS Calculation as of October 25, 2021

## Exhibit 6. Indo GB Yield Curve



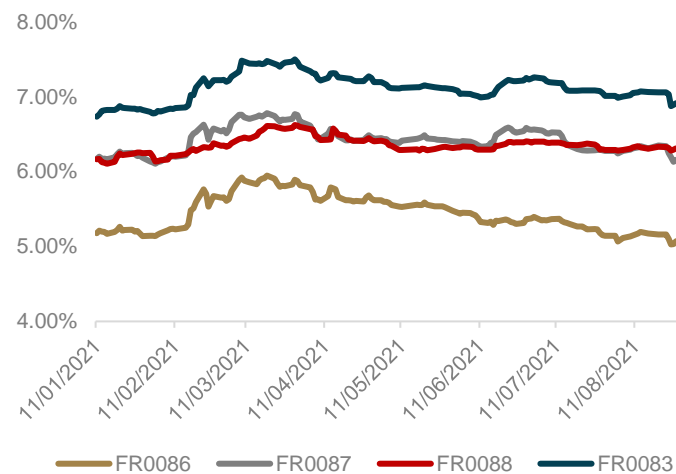
Source : Bloomberg, MNCS Calculation as of October 25, 2021

## 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
Bank	37.96	37.09	37.86	36	36.33	32.5	31.92	33.45	33.69
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	14.78	14.87
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.20	3.28
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.45	13.34
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.44	21.56
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.46	4.94
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.21	8.31

Source : DJPPR as of September 30, 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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