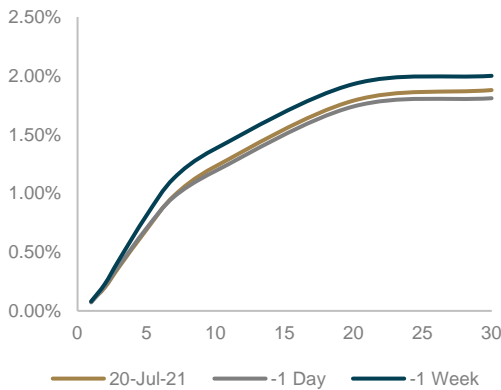


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	19-Jul-21	-1 Day	-1 Week
U.S	1.19%	1.31%	1.38%
U.K	0.56%	0.63%	0.65%
Germany	-0.39%	-0.36%	-0.30%
Australia	1.17%	1.26%	1.34%
Japan	0.00%	0.02%	0.02%
China	2.97%	2.97%	2.97%
Malaysia	3.17%	3.22%	3.28%
Thailand	1.66%	1.66%	1.59%
Philippines	3.86%	3.86%	3.89%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.23
Indo 5-Year CDS	bps	79.8
USD/IDR	points	14515
BI 7DRR	%	3.5

Source : Bloomberg as of July 20,2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- U.S. 10 year treasury yield rebounded to 1.23% in July 20, 2021 after dropping to the lowest level in five months in the previous day.
- At the same time U.S equity market also rebounded with DJI rose 1.61%; S&P 500 appreciated by 1.52% and Nasdaq Composite climbed 1.57%.
- The bounce in Treasury yields indicating some concerns that Covid-19 resurgence in association with Delta variant widespread would slow down the economic recovery, despite consistently rising inflation figure recently.

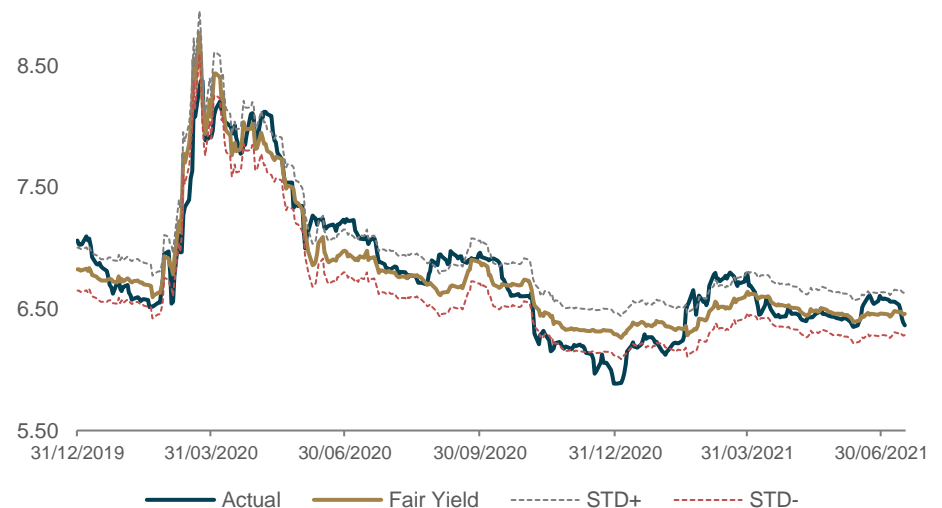
## Domestic Market Update

- ICBI closed at 322.09 in July 19, 2021 or 0.12% higher than in the previous week.
- 10 year Indo GB yield downed 5 bps to 6.32% in the same period or 14 bps lower than our fair yield calculation or nearly at our lower bound fair yield valuation.
- U.S Treasury & Indo GB spread rose to above 500 bps.
- Rupiah weakened to 14,515/USD and risk premium as reflected by 5-year CDS rose 1.43 bps to near 80 bps, the highest level in one month.
- In our view, rising price in domestic bond market was in line with global lower yield environment.

## Market Projection

- Although there was a bounce back in U.S Treasury yield we expect Indonesia's bond yield to continue to decline yet the decline might be limited.
- Given the further potential yield declines the long end series of Indo GB remained attractive as 16 series were traded at fair price and 4 series were traded at a discount (See Exhibit 5).
- Today government will conduct a Government Debt Securities auction for series SPN12211021 (new issuance), SPN12220331, FR0090, FR0091, FR0088, FR0092,FR0089 with the indicative target of IDR33 tn and maximum target of IDR49.5 tn. We expect the investors demand to be strong maturing government bond series FR0053 last week adding nearly IDR99 tn investor liquidity. Therefore we believe government would be able to reach its indicative target.

## Exhibit 4. 10 Year Indo GB Fair Yield



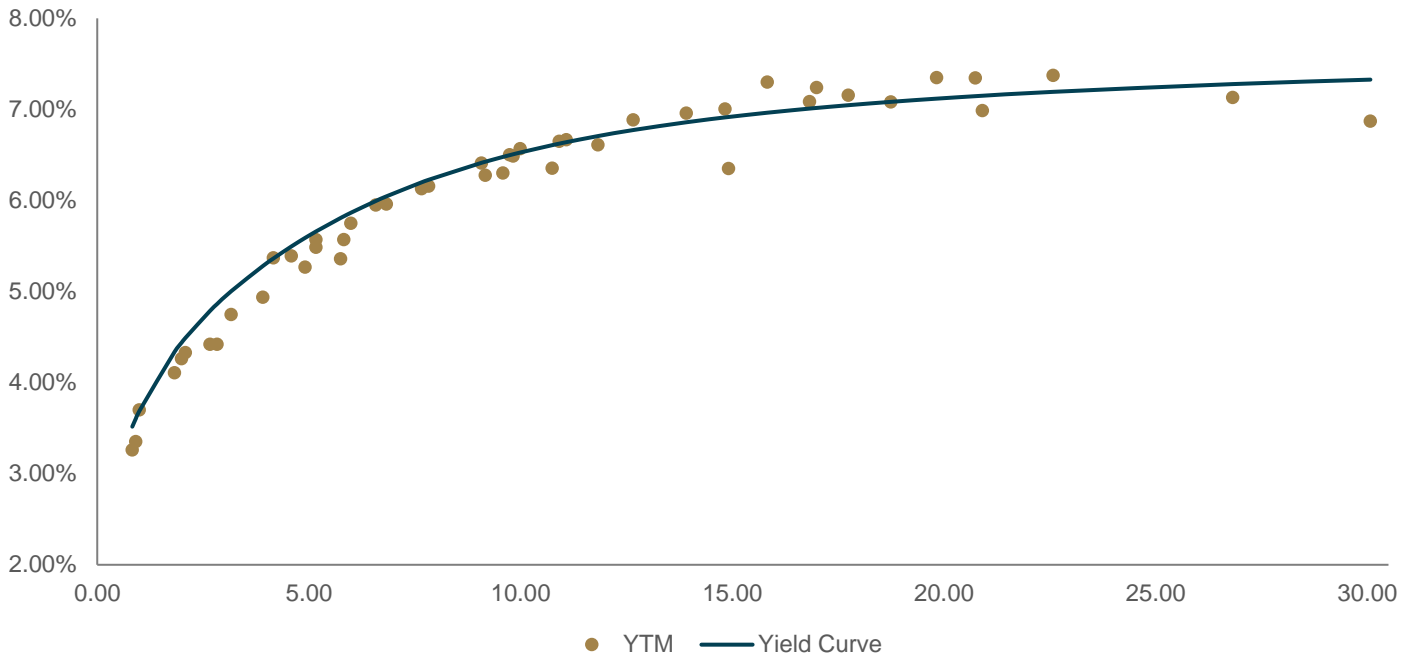
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.82	102.98	3.26%	3.516%	102.80	Premium
FR35	15-Jun-22	0.91	108.38	3.35%	3.606%	108.21	Premium
FR43	15-Jul-22	0.99	106.25	3.70%	3.688%	106.32	Fair
FR63	15-May-23	1.82	102.62	4.11%	4.338%	102.23	Premium
FR46	15-Jul-23	1.99	109.85	4.26%	4.439%	109.53	Fair
FR39	15-Aug-23	2.07	114.51	4.33%	4.488%	114.22	Fair
FR70	15-Mar-24	2.66	109.78	4.42%	4.785%	108.85	Premium
FR77	15-May-24	2.82	109.70	4.42%	4.861%	108.50	Premium
FR44	15-Sep-24	3.16	115.18	4.75%	5.003%	114.42	Premium
FR81	15-Jun-25	3.91	105.48	4.94%	5.279%	104.25	Premium
FR40	15-Sep-25	4.16	120.68	5.37%	5.363%	120.75	Fair
FR84	15-Feb-26	4.58	107.43	5.39%	5.493%	107.02	Fair
FR86	15-Jun-26	4.91	100.96	5.27%	5.588%	99.62	Premium
FR37	15-Sep-26	5.16	128.86	5.49%	5.657%	128.01	Fair
FR56	15-Sep-26	5.16	107.01	5.57%	5.657%	112.00	Fair
FR90	15-Apr-27	5.74	98.86	5.36%	5.805%	96.71	Premium
FR59	15-May-27	5.82	107.01	5.57%	5.825%	105.72	Premium
FR42	15-Jul-27	5.99	122.50	5.75%	5.864%	121.88	Fair
FR47	15-Feb-28	6.58	121.75	5.95%	5.993%	121.50	Fair
FR64	15-May-28	6.82	100.89	5.96%	6.043%	100.44	Fair
FR71	15-Mar-29	7.66	117.31	6.13%	6.197%	116.87	Fair
FR78	15-May-29	7.82	112.80	6.16%	6.225%	112.38	Fair
FR52	15-Aug-30	9.07	127.79	6.41%	6.412%	127.79	Fair
FR82	15-Sep-30	9.16	104.97	6.28%	6.423%	103.94	Fair
FR87	15-Feb-31	9.58	101.42	6.30%	6.476%	100.16	Fair
FR85	15-Apr-31	9.74	108.88	6.50%	6.496%	108.93	Fair
FR73	15-May-31	9.82	116.21	6.49%	6.506%	116.09	Fair
FR54	15-Jul-31	9.99	121.21	6.57%	6.525%	121.59	Fair
FR91	15-Apr-32	10.74	100.15	6.35%	6.605%	98.24	Premium
FR58	15-Jun-32	10.91	112.25	6.65%	6.622%	112.50	Fair
FR74	15-Aug-32	11.07	106.45	6.67%	6.638%	106.68	Fair
FR65	15-May-33	11.82	100.11	6.61%	6.705%	99.34	Fair
FR68	15-Mar-34	12.66	112.42	6.89%	6.771%	113.48	Fair
FR80	15-Jun-35	13.91	104.78	6.96%	6.856%	105.70	Fair
FR72	15-May-36	14.82	111.35	7.00%	6.910%	112.29	Fair
FR88	15-Jun-36	14.91	99.03	6.35%	6.914%	93.87	Premium
FR45	15-May-37	15.82	122.75	7.30%	6.961%	126.47	Discounted
FR75	15-May-38	16.82	104.02	7.09%	7.007%	104.81	Fair
FR50	15-Jul-38	16.99	131.58	7.24%	7.014%	134.29	Discounted
FR79	15-Apr-39	17.74	112.13	7.16%	7.044%	113.34	Fair
FR83	15-Apr-40	18.74	104.29	7.08%	7.081%	104.30	Fair
FR57	15-May-41	19.82	122.25	7.35%	7.116%	125.11	Discounted
FR62	15-Apr-42	20.74	89.75	7.34%	7.143%	91.74	Discounted
FR92	15-Jun-42	20.91	101.51	6.99%	7.148%	99.75	Fair
FR67	15-Feb-44	22.58	115.00	7.37%	7.191%	117.28	Fair
FR76	15-May-48	26.82	102.90	7.13%	7.276%	101.15	Fair
FR89	15-Aug-51	30.07	100.05	6.87%	7.325%	94.56	Premium

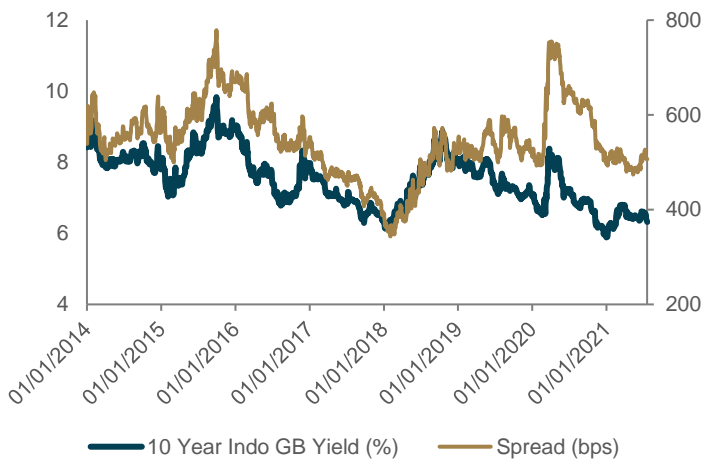
Source : Bloomberg, MNCS Calculation as of July 19, 2021

## Exhibit 6. Indo GB Yield Curve



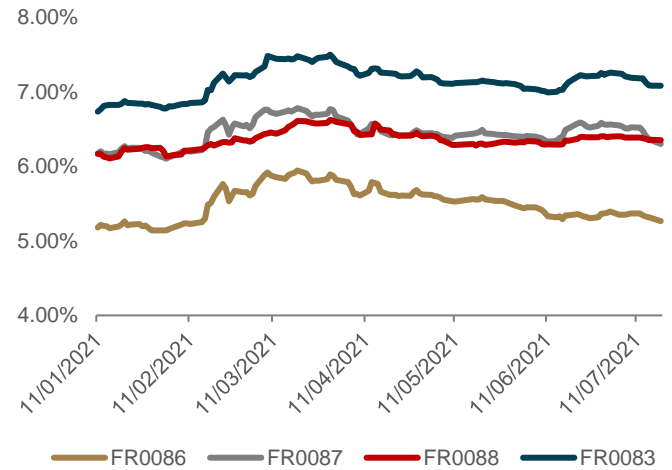
Source : Bloomberg, MNCS Calculation as of July 19, 2021

## 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
Bank	37.96	37.09	37.86	36	36.33	32.5	31.07
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.96
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.12
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.49
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.74
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.65
Others	5.93	5.97	6.03	6.05	6.83	6.95	6.98

Source : DJPPR

## 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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