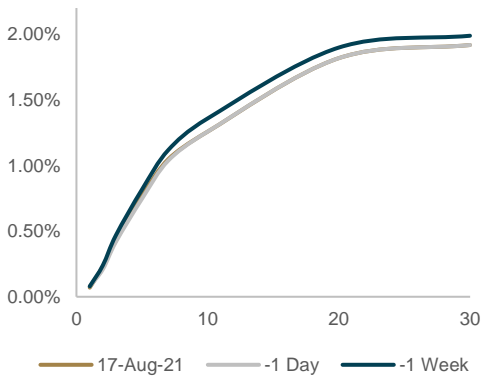


## Exhibit 1. U.S. Treasury Yield



Source : U.S Treasury Department

## Exhibit 2. Global Gov't Bond Yield

Country	16-Aug-21	-1 Day	-1 Week
U.S	1.25%	1.28%	1.32%
U.K	0.58%	0.57%	0.58%
Germany	-0.46%	-0.47%	-0.46%
Australia	1.16%	1.22%	1.21%
Japan	0.02%	0.03%	0.02%
China	2.89%	2.89%	2.86%
Malaysia	3.24%	3.24%	3.22%
Thailand	1.53%	1.54%	1.46%

Source : Bloomberg

## Exhibit 3. Market Indicators

Indicators	Unit	Value
U.S. Treasury	%	1.25
Indo 5-Year CDS	bps	74.14
USD/IDR	points	14,373
BI 7DRR	%	3.50

Source : Bloomberg as of August 16,2021



**Tirta Widi Gilang Citradi**

Economist & Fixed Income Analyst

## Global Market Update

- The 10 year U.S. treasury yield closed steady at 1.26% on Tuesday (08/17/21) ahead of the Fed minutes of meeting that due on Wednesday and as recent data release was disappointing
- The University of Michigan's consumer sentiment for the U.S. slumped to 70.2 in August-21. It was the lowest reading since December-11 and causing yield to fall to start this week. At the time yield gave up 3.5 bps
- U.S. retail sales declined 1.1% on monthly basis in July-21 yet still managing a double digits positive growth of 15.8% compared to the same period last year. Both figures remained below actual growth in the previous month.
- China disappointing economic data recently as reflected on its industrial production that only grew 6.4% YoY in July-21 vs 8.3% YoY in the previous month also pushed yield lower.
- U.S. equity market snapped its gain last night. DJI dropped 0.79%; S&P 500 declined 0.70% and Nasdaq Composite ended 0.93% lower.

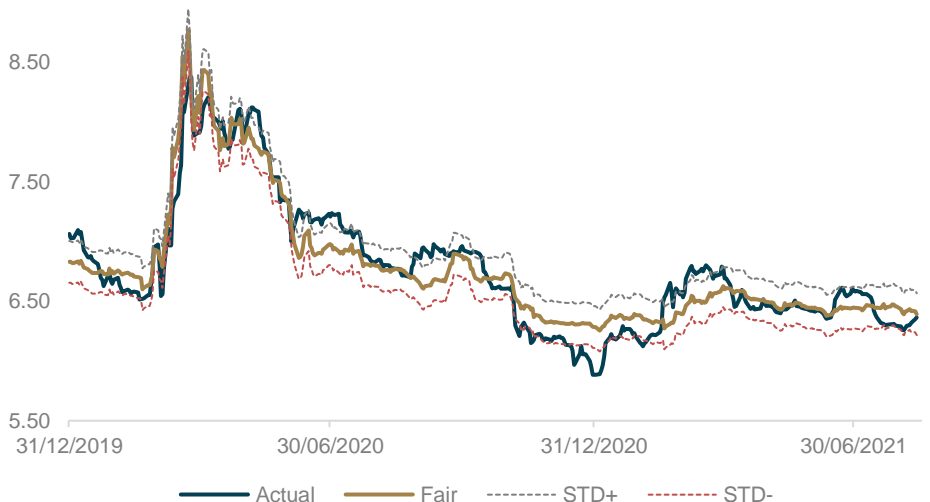
## Domestic Market Update

- Before national holiday commemorating the independence day, 10 year Indo GB yield closed 4 bps lower to 6.33% on Monday (08/16/21). This is in line with U.S treasury yield decline.
- According to 2022 draft state budget published on Monday, Indonesia's economy is expected to grow 5.0-5.5% in 2022, while budget deficit is set to be at 4.85% GDP meaning that MoF is trying to manage a sound and prudent fiscal outlook.
- We believe risk to remain in place as Covid-19 is still haunting and high probability of the Fed to rollback the stimulus.

## Market Projection

- We expect there is still room for yield to drop although limited for today's trading activity (08/18/21). We foresee 10 year Indo GB yield to move within range of 6.30%-6.35%.
- The government will conduct an auction for 7 series of debt securities today, that we believe the IDR33tn indicative target would be reached.
- We like FR0086, FR0071, FR0078, FR0087, FR0068, FR0083 and FR0076 for trading purpose.

## Exhibit 4. 10 Year Indo GB Fair Yield



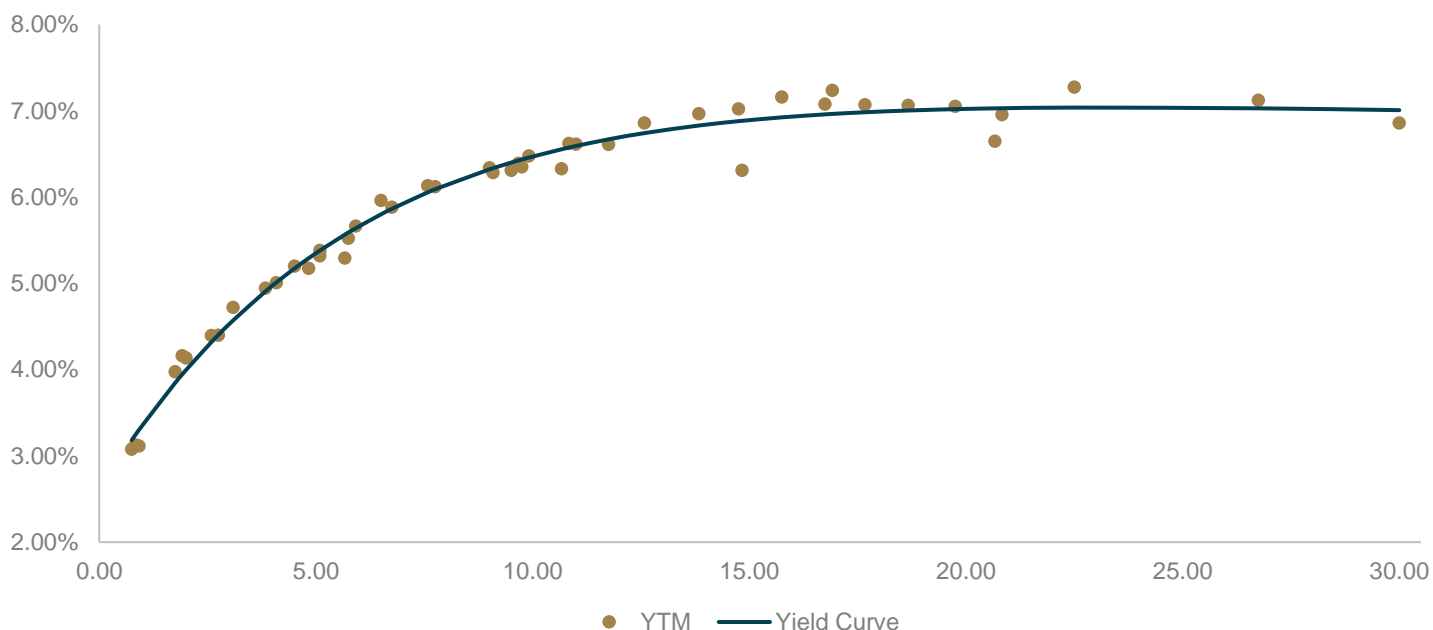
Source : Bloomberg, MNCS Calculation

## Exhibit 5. Indo GB Series Valuation

Series	Maturity	TTM	Last Price	YTM	Fair Yield	Fair Price	Valuation
FR61	15-May-22	0.75	102.84	3.08%	3.18%	102.79	Fair
FR35	15-Jun-22	0.83	107.87	3.12%	3.24%	107.84	Fair
FR43	15-Jul-22	0.91	106.31	3.11%	3.30%	106.19	Premium
FR63	15-May-23	1.75	102.74	3.97%	3.84%	102.98	Fair
FR46	15-Jul-23	1.91	109.68	4.16%	3.94%	110.13	Discounted
FR39	15-Aug-23	2.00	114.40	4.13%	3.99%	114.75	Fair
FR70	15-Mar-24	2.58	109.58	4.40%	4.32%	109.81	Fair
FR77	15-May-24	2.75	109.52	4.40%	4.40%	109.52	Fair
FR44	15-Sep-24	3.08	114.94	4.72%	4.57%	115.44	Fair
FR81	15-Jun-25	3.83	105.36	4.94%	4.91%	105.50	Fair
FR40	15-Sep-25	4.08	121.83	5.01%	5.01%	121.86	Fair
FR84	15-Feb-26	4.50	108.12	5.20%	5.17%	108.24	Fair
FR86	15-Jun-26	4.83	101.32	5.17%	5.29%	100.87	Fair
FR37	15-Sep-26	5.08	129.04	5.38%	5.38%	129.09	Fair
FR56	15-Sep-26	5.08	113.43	5.32%	5.38%	113.16	Fair
FR90	15-Apr-27	5.66	99.20	5.29%	5.57%	97.88	Premium
FR59	15-May-27	5.75	107.17	5.52%	5.59%	106.84	Fair
FR42	15-Jul-27	5.91	122.73	5.66%	5.64%	122.90	Fair
FR47	15-Feb-28	6.50	121.48	5.96%	5.80%	122.46	Discounted
FR64	15-May-28	6.75	101.33	5.88%	5.86%	101.43	Fair
FR71	15-Mar-29	7.58	117.16	6.13%	6.06%	117.68	Fair
FR78	15-May-29	7.75	112.96	6.12%	6.09%	113.16	Fair
FR52	15-Aug-30	9.00	128.20	6.34%	6.32%	128.34	Fair
FR82	15-Sep-30	9.08	104.91	6.28%	6.34%	104.53	Fair
FR87	15-Feb-31	9.50	101.34	6.31%	6.40%	100.70	Fair
FR85	15-Apr-31	9.66	109.67	6.39%	6.42%	109.42	Fair
FR73	15-May-31	9.75	117.22	6.35%	6.44%	116.55	Fair
FR54	15-Jul-31	9.91	121.86	6.47%	6.46%	122.00	Fair
FR91	15-Apr-32	10.66	100.35	6.33%	6.56%	98.62	Premium
FR58	15-Jun-32	10.83	112.44	6.62%	6.57%	112.82	Fair
FR74	15-Aug-32	11.00	106.85	6.61%	6.59%	107.01	Fair
FR65	15-May-33	11.75	100.11	6.61%	6.67%	99.62	Fair
FR68	15-Mar-34	12.58	112.66	6.86%	6.74%	113.69	Fair
FR80	15-Jun-35	13.83	104.68	6.97%	6.83%	105.91	Fair
FR72	15-May-36	14.75	111.14	7.02%	6.88%	112.54	Fair
FR88	15-Jun-36	14.83	99.45	6.31%	6.89%	94.14	Premium
FR45	15-May-37	15.75	124.20	7.16%	6.93%	126.80	Discounted
FR75	15-May-38	16.75	104.11	7.08%	6.96%	105.28	Fair
FR50	15-Jul-38	16.91	131.54	7.24%	6.96%	134.80	Discounted
FR79	15-Apr-39	17.66	113.05	7.07%	6.98%	113.97	Fair
FR83	15-Apr-40	18.66	104.49	7.06%	7.01%	105.10	Fair
FR57	15-May-41	19.75	125.88	7.05%	7.02%	126.25	Fair
FR62	15-Apr-42	20.66	96.98	6.65%	7.03%	92.91	Premium
FR92	15-Jun-42	20.83	101.86	6.95%	7.03%	101.00	Fair
FR67	15-Feb-44	22.50	116.25	7.27%	7.04%	119.18	Discounted
FR76	15-May-48	26.75	103.01	7.12%	7.03%	104.12	Fair
FR89	15-Aug-51	30.00	100.22	6.86%	7.01%	98.33	Fair

Source : Bloomberg, MNCS Calculation as of August 16, 2021

## Exhibit 6. Indo GB Yield Curve



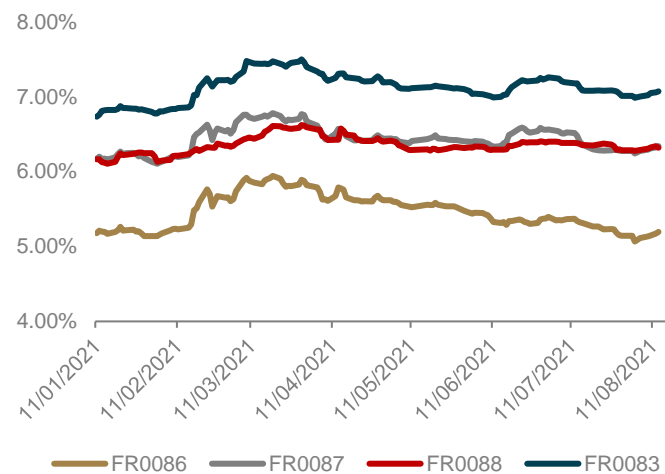
Source : Bloomberg, MNCS Calculation as of August 16, 2021

## 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
Bank	37.96	37.09	37.86	36.00	36.33	32.50	31.92	33.92
Central Bank (Nett)	9.52	10.98	10.65	12.77	11.99	15.93	16.08	14.1
Mutual Fund	4.18	4.04	3.92	3.81	3.06	3.16	3.18	3.22
Insurance & Pension Fund	14.04	14.01	14.08	14.14	14.44	14.24	14.59	14.53
Foreign	24.86	23.81	22.89	22.74	22.76	22.82	22.53	22.61
Individuals	3.51	4.11	4.56	4.49	4.61	4.49	4.64	4.59
Others	5.93	5.97	6.03	6.05	6.83	6.95	7.07	7.03

Source : DJPPR as of August 9, 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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