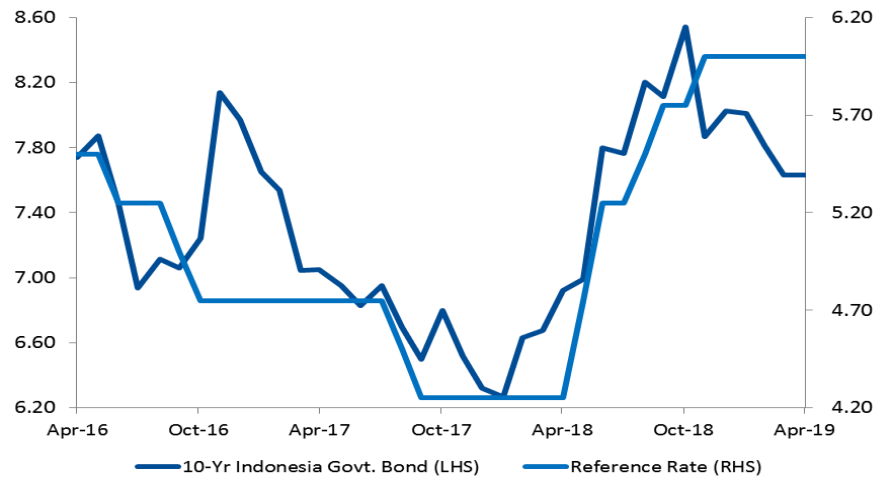


# Weekly Fixed Income

## Indonesian Government Bonds

### Indonesian Government Bonds with 10yr Yields Trend



Source: Bloomberg

### Foreign Inflows into Indonesian Government Bonds

Last week, the Indonesian government (SBN) outflows totaled IDR13.11 trillion as Indonesia Composite Bond Index (ICBI) closed lower at 0.51% to 251.70. Slumping prices of SBN corresponded to downward revisions to prices of other emerging economies' sovereign bonds and were ignited by external and domestic sentiments. On Monday, 04/22/2019, the rising global crude prices and investors' profit taking after 2019's presidential election driving SBN's prices well below. Declines persisted until Bank Indonesia (BI) re-announced to hold 7-DRRR unchanged. BI's stance failed investors' expectancy of lower 7-DRRR. On the weekends, declines were exacerbated by a slowdown in South Korea's economy, capable of stunting global economic growth.

### SBN Auction

At the auction of SBN dated 04/23/2019, Indonesian authorities acquired funds of IDR23.40 trillion from the total incoming bid of IDR41.77 trillion. The amount acquired surpassed the indicative target of IDR15 trillion. FR0077, SBN with 5-year tenor, achieved the biggest bid of IDR10.09 trillion.

### Review of Last Week's USDIDR

USDIDR closed lower by 1.03% to 14,045. Political turmoil arising after presidential election weakened rupiah; that backdrop underlined investors' wait-and-see stance. Rupiah was depreciated further even though BI held 7-DRRR on pause at 6%.

### Benchmark Information

|               |          |
|---------------|----------|
| <b>FR0077</b> |          |
| TTM (Years)   | 5.06     |
| Yield (%)     | 7.1669   |
| Price         | 103.9953 |
| Coupon (%)    | 8.125    |
| <b>FR0078</b> |          |
| TTM (Years)   | 10.06    |
| Yield (%)     | 7.7343   |
| Price         | 103.5508 |
| Coupon (%)    | 8.250    |
| <b>FR0068</b> |          |
| TTM (Years)   | 14.90    |
| Yield (%)     | 8.1935   |
| Price         | 101.5302 |
| Coupon (%)    | 8.375    |
| <b>FR0079</b> |          |
| TTM (Years)   | 19.98    |
| Yield (%)     | 8.2946   |
| Price         | 100.7735 |
| Coupon (%)    | 8.375    |

### Most Active

| Securities | Maturity   | YTM (%) | Volume (IDR tn) |
|------------|------------|---------|-----------------|
| FR0077     | 05/15/2024 | 7.200   | 17.44           |
| FR0078     | 05/15/2029 | 7.848   | 12.59           |
| FR0068     | 03/15/2034 | 8.201   | 11.67           |
| FR0079     | 04/15/2039 | 8.195   | 11.21           |
| FR0063     | 05/15/2023 | 7.068   | 5.93            |

### Exchange Rate

| Currency | Last   | Chg.   |
|----------|--------|--------|
| USD/IDR  | 14,190 | 1.03%  |
| GBP/IDR  | 18,326 | 0.36%  |
| EUR/IDR  | 15,818 | 0.13%  |
| JPY/IDR  | 127.1  | 1.32%  |
| CNY/IDR  | 2,105  | 0.51%  |
| KRW/IDR  | 12.2   | -1.00% |
| AUD/IDR  | 9,987  | -0.62% |
| HKD/IDR  | 1,810  | 1.09%  |

| Factors                                   | FOMC's Meeting and the U.S. GDP   |
|---|---|
| <b>External Outlook</b>                   | FOMC's meeting will be held within this week as investors are certain of Federal Funds Rate (FFR) to hover at +2.00% - +2.50%. Investors are likely to keep a close watch on FOMC's statements and Jerome Powell's gauge of the U.S. economy. The Fed's dovish stance is likely to strengthen rupiah. Furthermore, investors cautiously observe any possibilities of hiking FFR, appropriate for 2019 and respond to the U.S. impressive GDP. The U.S. 1Q19 GDP growth of 3.2%, well above the estimate and surpassing 2.8% growth, predicted by the Fed. |
| <b>Domestic Outlook</b>                   | <p style="text-align: center;"><b>April's Inflation</b></p> <p>April's inflation reading will be released in this week after we figured out March's benign figure of 0.11% m-m. Meanwhile, core inflation is stable as March's 3.03% y-y was a slight decline compared with February's 3.06%. Benign core inflation signified that domestic consumption is kept in check. It is well efforts amid a murky global economic outlook.</p>  |
| <b>USDIDR Estimate</b>                    | 14,000- 14,200  |
| <b>Forecast of IGB with 10-Year Tenor</b> | 7.50% - 7.70%   |

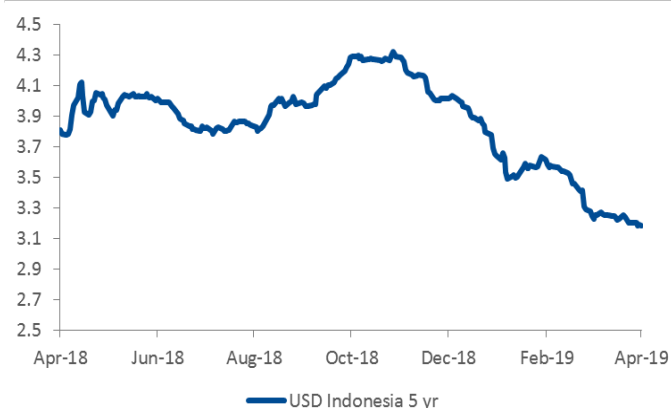
## Domestic Fixed Income Highlights

10-years USD Government Bond Yield | Indonesia



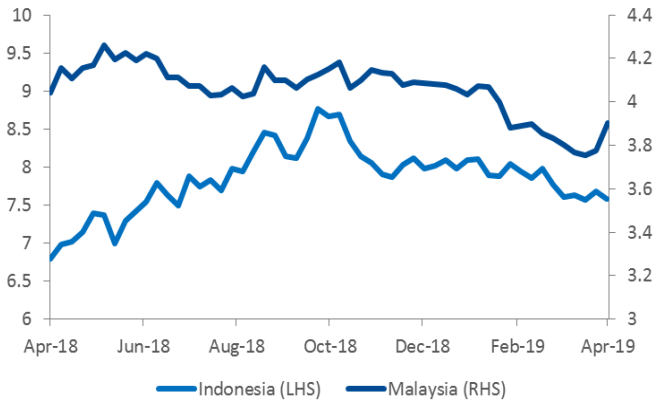
Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



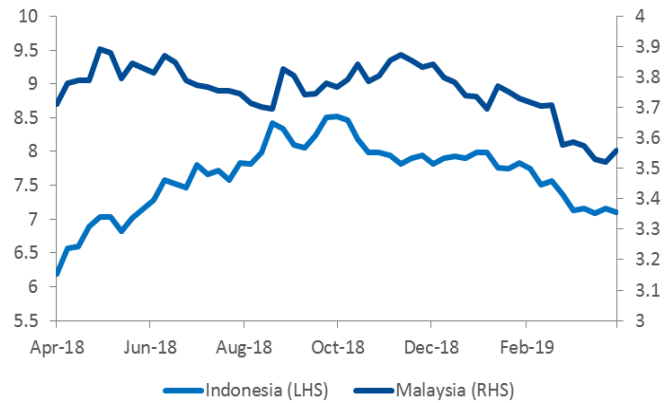
Source: Bloomberg

## 10-years Government Yield | Indonesia & Malaysia



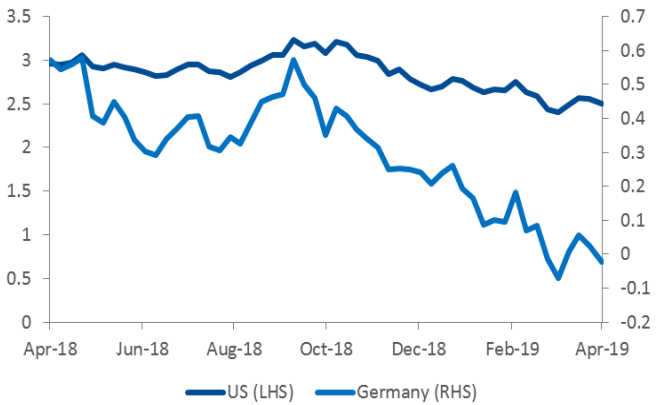
Source: Bloomberg

## 5-years Government Yield | Indonesia & Malaysia



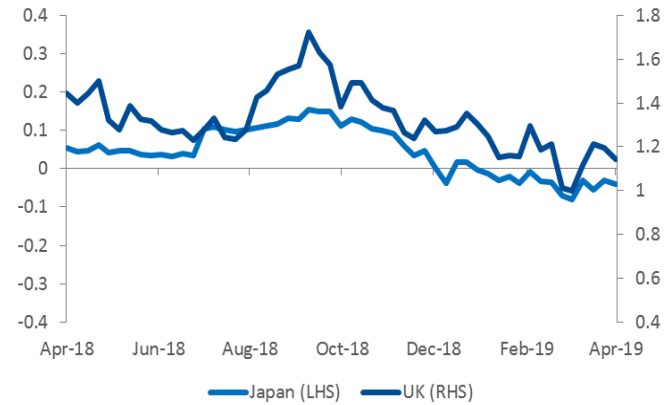
Source: Bloomberg

## 10-years Government Yield (%) | USA & Germany



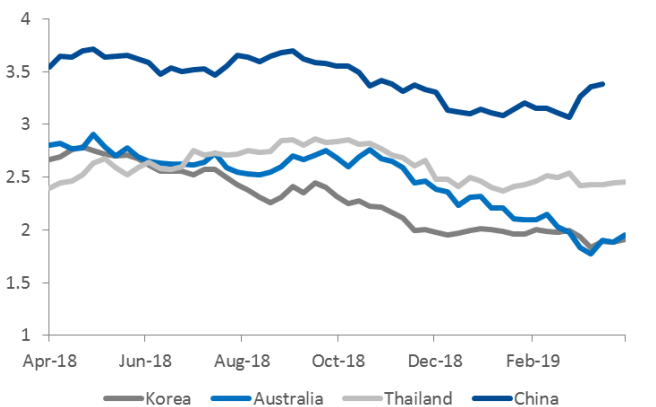
Source: Bloomberg

## 10-years Government Yield (%) | Japan & UK



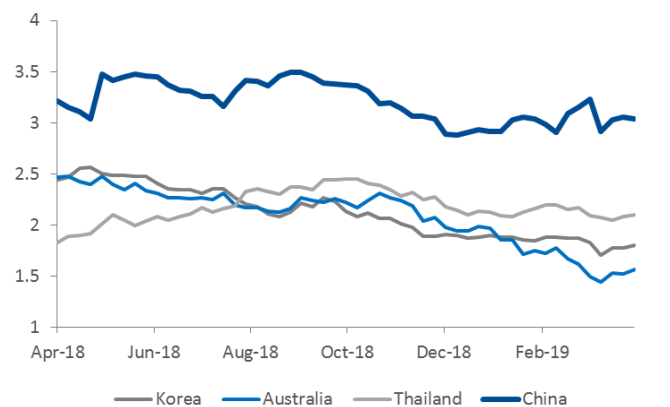
Source: Bloomberg

## 10-years Government Yield (%) | Korea, Australia, Thailand, & China



Source: Bloomberg

## 5-years Government Yield (%) | Korea, Australia, Thailand, & China



Source: Bloomberg

| Date             | Country | Hour Jakarta | Event                             | Period | Actual | Consensus | Previous |
|------------------|---------|--------------|-----------------------------------|--------|--------|-----------|----------|
| <b>Monday</b>    | EU      | 15:00        | M3 Money Supply YoY               | Mar    |        | 4.20%     | 4.30%    |
| <i>29 - Apr</i>  | USA     | 19:30        | Personal Income                   | Mar    |        | 0.40%     | 0.20%    |
|                  | USA     | 19:30        | Personal Spending                 | Mar    |        | 0.70%     | --       |
| <b>Tuesday</b>   | JPN     | 08:00        | Manufacturing PMI                 | Apr    |        | 50.5      | 50.5     |
| <i>30 - Apr</i>  | CHN     | 08:45        | Caixin China PMI Mfg              | Apr    |        | 50.9      | 50.8     |
|                  | GER     | 14:55        | Unemployment Change (000's)       | Apr    |        | -6k       | -7k      |
|                  | EU      | 16:00        | GDP SA YoY                        | 1Q A   |        | 1.10%     | 1.10%    |
|                  | EU      | 16:00        | GDP SA QoQ                        | 1Q A   |        | 0.30%     | 0.20%    |
| <b>Wednesday</b> | JPN     | 07:30        | Nikkei Japan PMI Mfg              | Apr F  |        | --        | 49.5     |
| <i>1 - May</i>   | UK      | 13:00        | Nationwide House Px NSA YoY       | Apr    |        | 0.70%     | 0.70%    |
|                  | UK      | 13:00        | Nationwide House PX MoM           | Apr    |        | 0.10%     | 0.20%    |
|                  | UK      | 15:30        | Markit UK PMI Manufacturing SA    | Apr    |        | 53.1      | 55.1     |
|                  | USA     | 18:00        | MBA Mortgage Applications         | 26-Apr |        | --        | -7.30%   |
| <b>Thursday</b>  | USA     | 01:00        | FOMC Rate Decision (Upper Bound)  | 1-May  |        | 2.50%     | 2.50%    |
| <i>2 - May</i>   | EU      | 15:00        | Markit Eurozone Manufacturing PMI | Apr F  |        | 47.8      | 47.8     |
|                  | UK      | 18:00        | Bank of England Bank Rate         | 2-May  |        | 0.75%     | 0.75%    |
|                  | USA     | 19:30        | Initial Jobless Claims            | 27-Apr |        | 220k      | 230k     |
|                  | USA     | 21:00        | Factory Orders                    | Mar    |        | 1.40%     | -0.50%   |
|                  | USA     | 21:00        | Durable Goods Orders              | Mar F  |        | --        | 2.70%    |
| <b>Friday</b>    | USA     | 19:30        | Unemployment Rate                 | Apr    |        | 3.80%     | 3.80%    |
| <i>3 - May</i>   | USA     | 19:30        | Change in Nonfarm Payrolls        | Apr    |        | 185k      | 196k     |

Source: Bloomberg

## Global Currency Highlights

### Major Emerging Market IRS

| 1-Year      | Last | Weekly Chg | Monthly Chg. | YTD Chg. | 3-Years     | Last | Weekly Chg | Montly Chg. | YTD Chg. |
|-------------|------|------------|--------------|----------|-------------|------|------------|-------------|----------|
| Indonesia   | 7.23 | 0.35%      | 0.63%        | -6.77%   | Indonesia   | 7.75 | 5.44%      | 0.00%       | -4.91%   |
| South Korea | 1.78 | -2.74%     | -3.14%       | -5.59%   | South Korea | 1.68 | -3.04%     | -2.76%      | -6.16%   |
| China       | 2.87 | 1.01%      | 9.54%        | 8.25%    | China       | 3.04 | 0.86%      | 11.19%      | 9.78%    |
| Malaysia    | 3.53 | -0.56%     | -0.84%       | -4.79%   | Malaysia    | 3.54 | -1.27%     | -0.71%      | -4.79%   |
| Thailand    | 1.77 | -0.62%     | 0.28%        | 1.73%    | Thailand    | 1.87 | 0.05%      | 2.25%       | -2.56%   |

Source: Bloomberg

### Foreign Exchange Fluctuation

| Currency | Last   | Weekly Chg | Monthly Chg. | YTD Chg. | Currency | Last   | Weekly Chg | Montly Chg. | YTD Chg. |
|----------|--------|------------|--------------|----------|----------|--------|------------|-------------|----------|
| Dollar   | 98.01  | 0.64%      | 1.31%        | 1.91%    | USDKRW   | 1,161  | 2.12%      | 2.42%       | 4.50%    |
| USDJPY   | 111.58 | -0.30%     | 0.85%        | 1.72%    | USDCNY   | 6.73   | 0.37%      | 0.20%       | -2.18%   |
| GBPUSD   | 1.29   | -0.59%     | -2.24%       | 1.27%    | USDMYR   | 4.13   | -0.03%     | 1.48%       | -0.04%   |
| EURUSD   | 1.12   | -0.84%     | -1.02%       | -2.76%   | USDTHB   | 31.98  | 0.46%      | 1.00%       | -1.09%   |
| USDCAD   | 1.35   | 0.48%      | 0.55%        | -1.33%   | USDIDR   | 14,190 | 1.03%      | 0.13%       | -1.39%   |
| USDCHF   | 1.02   | 0.49%      | 2.53%        | 3.82%    | AUDUSD   | 0.70   | -1.54%     | -1.30%      | -0.10%   |

Source: Bloomberg

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