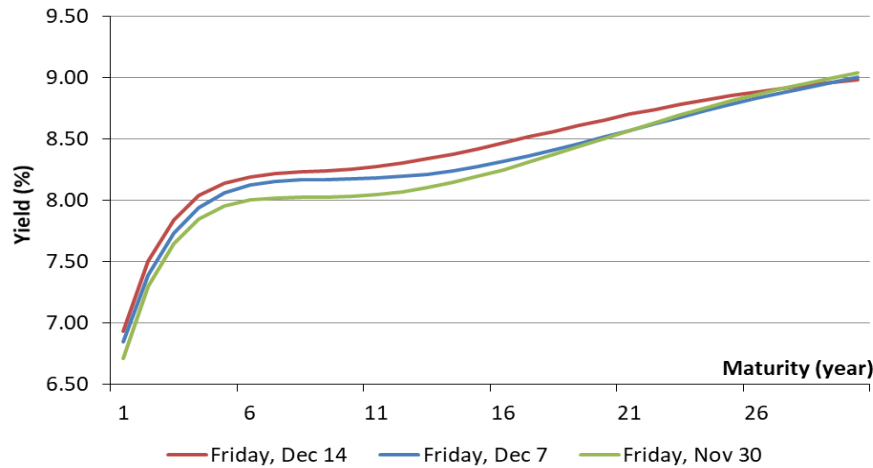


Weekly Fixed Income

Indonesia Government Bond

Benchmark Weekly Yield Curve | Last 3 Weeks Performance



Source: IBPA

Government Bond Highlights

Indonesia Composite Bond Index (ICBI), last week, closed slightly lower by 0.16% to 238.60. The decline in the government bonds (SUN) aligns with the correction in bonds markets of emerging economies. The last week correction of bonds prices was triggered by investors jitter of the U.S. economic recession, worsened by Trump's threat related to the funding of the U.S.-Mexico border. The rally in the dollar index due to the release of the Producer Price Index (PPI) and the U.S. retail sales also suppressed last week's market movement. However, Chinese's stance of cutting imports tariffs imposed on the U.S. automotive to 15% is capable of sending SUN to rally.

Exchange Rate

Last week, the rupiah weakened by 0.71% to 14,81 per USD. The rupiah depreciation was triggered by the dollar appreciation due to the increase in the Fed's rate hike probability, backed by the better Producer Price Index and better retail sales in the U.S.

The recent data of CME Fedwatch disclosed that the Fed's rate hike probability reached 80.1% in December. The figure is higher than the prior week figure of 72.3%. Meanwhile, the U.S. PPI in November nudged up 0.1%, higher than the expected hike of 0.0%. The U.S. retail sales in November increased by 0.2%, topping the expected increment of 0.1%

This week, investors will focus on the FOMC meeting on Wednesday and Tuesday, 12/19-12/20. The Fed is estimated to re-raise its benchmark rate by 25 bps. However, investors are likely to focus on the frequency of the Fed's rate hike in 2019 and to digest the speech delivered by the Fed's Governor Jerome Powell during the FOMC meeting. On Wednesday, 11/28/18, he stated that the Fed's benchmark rate stood near the neutral position. The statement was in a stark contrast to his speech in September. Meanwhile, Bank Indonesia (BI) will also hold a pre-emptive meeting of BI'S Board of Governors Meeting on the same date to FOMC meeting. The pre-emptive meeting aims to maintain the rupiah stability.

Benchmark Information

FR0063

TTM (Years)	4.42
Yield (%)	8.0194
Price	91.2273
Coupon (%)	5.625

FR0064

TTM (Years)	9.42
Yield (%)	8.0233
Price	87.6088
Coupon (%)	6.125

FR0065

TTM (Years)	14.43
Yield (%)	8.2359
Price	86.5396
Coupon (%)	6.625

FR0075

TTM (Years)	19.43
Yield (%)	8.4096
Price	91.3581
Coupon (%)	7.500

Most Active

S0curities	Maturity	YTM (%)	Volume (IDR tn)
FR0053	07/15/2021	7.809	8.76
FR0061	05/15/2022	7.985	8.17
FR0034	06/15/2021	8.042	7.29
FR0063	05/15/2023	7.989	6.55
FR0069	04/15/2019	6.680	5.77

Exchange Rate

Currency	Last	Chg.
USD/IDR	14,581	0.70%
GBP/IDR	18,338	-0.65%
EUR/IDR	16,469	-0.02%
JPY/IDR	128.5	0.16%
CNY/IDR	2,113	0.24%
KRW/IDR	12.9	-0.46%
AUD/IDR	10,439	-0.16%
HKD/IDR	1,866	0.70%

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	IDN	11:00	Exports YoY	Nov	4.68%	3.59%	
<i>17 - Dec</i>	IDN	11:00	Imports YoY	Nov	11.00%	23.66%	
	IDN	11:00	Trade Balance	Nov	-790.00	-\$1820m	
	EU	17:00	CPI YoY	Nov F	2.00%	2.20%	
Tuesday	GER	16:00	IFO Business Climate	Dec	101.8	102	
<i>18 - Dec</i>	USA	20:30	Housing Starts	Nov	1233k	1228k	
Wednesday	UK	16:30	CPI MoM	Nov	0.20%	0.10%	
<i>19 - Dec</i>	UK	16:30	CPI YoY	Nov	2.30%	2.40%	
	UK	16:30	CPI Core YoY	Nov	1.90%	1.90%	
	UK	16:30	PPI Output NSA MoM	Nov	0.10%	0.30%	
	USA	19:00	MBA Mortgage Applications	14-Dec	--	1.60%	
	USA	20:30	Current Account Balance	3Q	--	-\$101.5b	
	USA	22:00	Existing Home Sales	Nov	5.20m	5.22m	
Thursday	USA	02:00	FOMC Rate Decision (Upper Bound)	13-Dec	0.25%	0.25%	
<i>20 - Dec</i>	USA	02:00	FOMC Rate Decision (Lower Bound)	13-Dec	-0.40%	-0.40%	
	JPN	11:30	All Industry Activity Index MoM	8-Dec	--	231k	
	USA	20:30	Initial Jobless Claims				
	IDN	Tentative	Bank Indonesia 7D Reverse Repo	20-Dec	6.00%	6.00%	
Friday	JPN	06:30	Natl CPI YoY	Nov	0.80%	1.40%	
<i>21 - Dec</i>	UK	16:30	GDP QoQ	3Q F	0.60%	0.60%	
	UK	16:30	GDP YoY	3Q F	1.50%	1.50%	
	USA	20:30	GDP Annualized QoQ	3Q T	3.50%	3.50%	
	USA	20:30	Durable Goods Orders	Nov P	2.00%	-4.30%	
	EU	22:00	Consumer Confidence	Dec A	-4.4	-3.9	
	USA	22:00	Personal Income	Nov	0.30%	0.50%	
	USA	22:00	Personal Spending	Nov	0.30%	0.60%	
	USA	22:00	U. of Mich. Sentiment	Dec F	97.5	97.5	

Source: Bloomberg

Major Emerging Market IRS

1-Year	Last	Weekly Chg	Monthly Chg.	YTD Chg.	3-Years	Last	Weekly Chg	Monthly Chg.	YTD Chg.
Indonesia	7.90	-4.42%	-4.82%	37.39%	Indonesia	8.18	5.48%	-3.25%	30.80%
South Korea	1.87	-1.06%	2.19%	2.05%	South Korea	1.80	-1.24%	-5.28%	-12.97%
China	2.74	0.73%	-0.44%	-26.85%	China	2.94	1.21%	-0.15%	-24.26%
Malaysia	3.71	0.05%	-0.22%	1.70%	Malaysia	3.76	0.07%	-0.40%	0.40%
Thailand	1.60	4.59%	6.69%	26.59%	Thailand	1.86	1.92%	-5.82%	13.07%

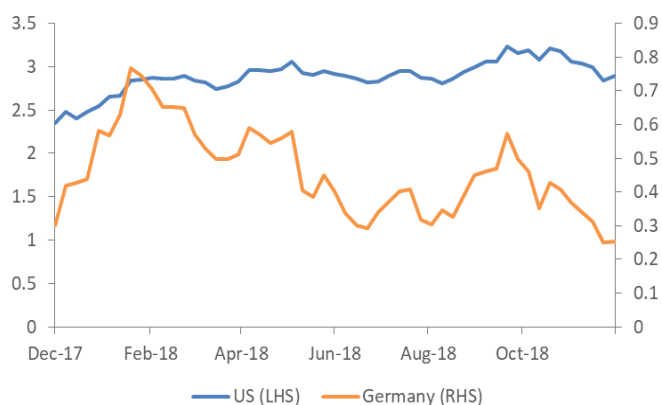
Source: Bloomberg

Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.
Dollar	97.44	0.96%	0.66%	5.77%	USDKRW	1,131	0.99%	-0.30%	5.61%
USDJPY	113.39	0.62%	-0.21%	0.62%	USDCNY	6.91	0.48%	-0.62%	6.16%
GBPUSD	1.26	-1.12%	-3.15%	-6.88%	USDMYR	4.19	0.46%	-0.23%	3.45%
EURUSD	1.13	-0.64%	-0.04%	-5.82%	USDTHB	32.83	0.00%	-0.39%	0.76%
USDCAD	1.34	0.47%	1.07%	6.47%	USDIDR	14,581	0.70%	-1.39%	7.47%
USDCHF	1.00	0.60%	-0.88%	2.43%	AUDUSD	0.72	-0.50%	-0.83%	-8.16%

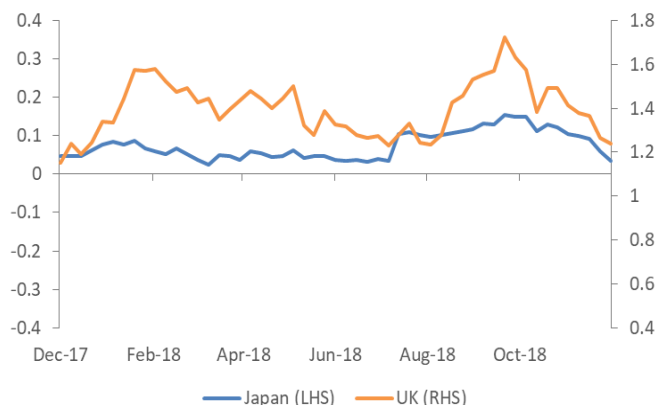
Source: Bloomberg

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



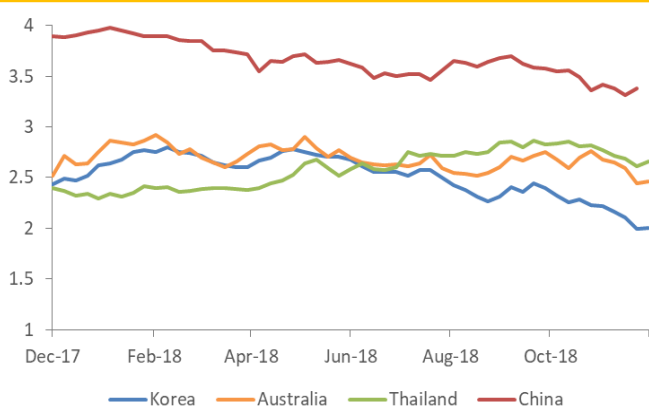
Source: Bloomberg

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



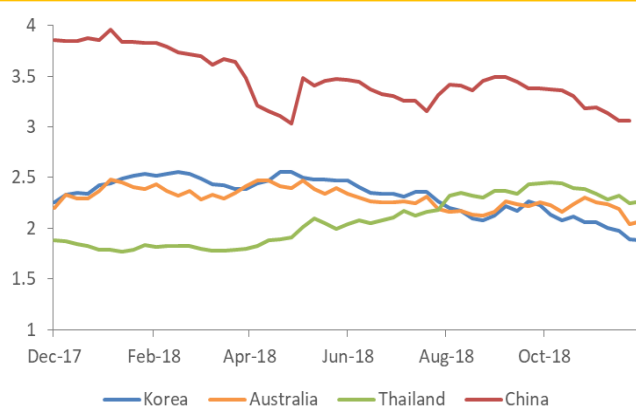
Source: Bloomberg

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



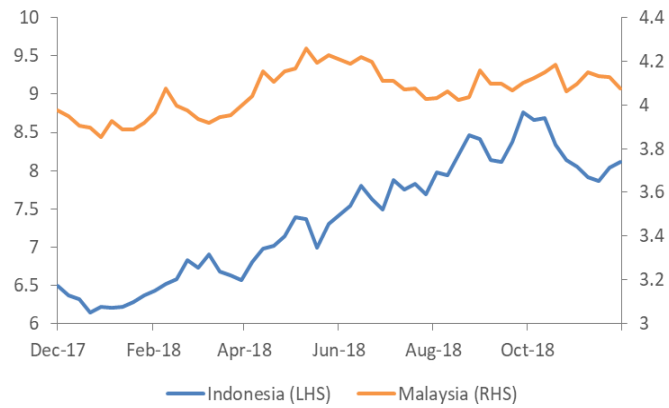
Source: Bloomberg

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



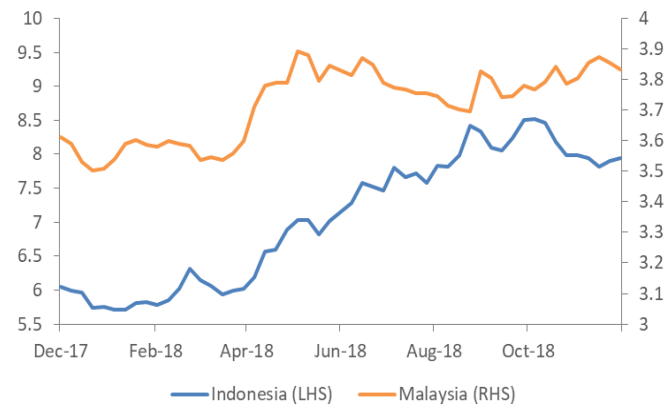
Source: Bloomberg

10-years Government Yield | Indonesia & Malaysia



Source: Bloomberg

5-years Government Yield | Indonesia & Malaysia



Source: Bloomberg

10-years USD Government Bond Yield | Indonesia



Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



Source: Bloomberg

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