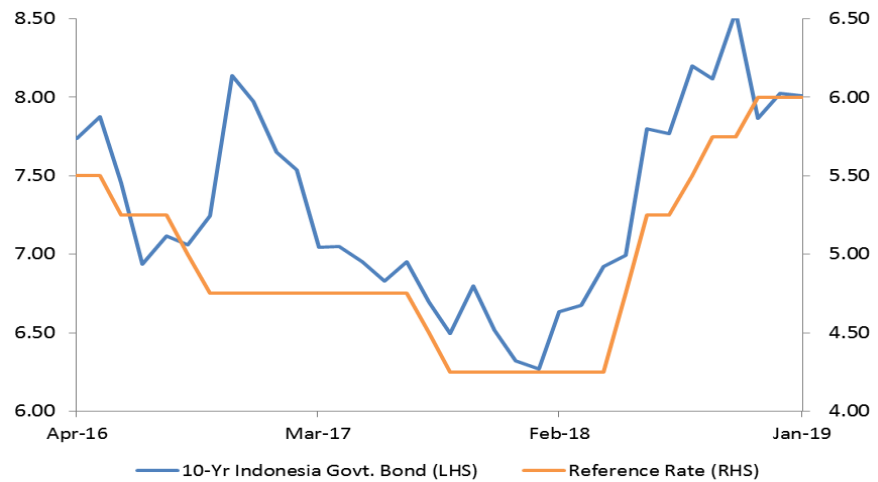


Weekly Fixed Income

Indonesia Government Bond

Indonesia Government Bond 10yr Yield Trend



Source: Bloomberg

Indonesia's Foreign Bond Investment

Last week, foreign investors spent the net buy of virtually IDR2.70 trillion on Indonesia's bonds. Yield FR0078—sovereign bond (SUN) benchmark with 10-year tenor—declined 24 bps to 7.84%. The Fed's dovish stance and the result of the US and China trade negotiation were drivers for prices of SUN. The Fed left its rates unchanged to create a health fundamental for the U.S. economy and accelerating growth. Meanwhile, Trump stated that to reach a comprehensive trade agreement between the U.S. and China, he will have talks with China's President Xi Jinping. Foreign investors currently secured SUN worth IDR902.55 trillion or 33.71% of the total existing SUN.

Auction of Sovereign Bonds

At the auction of sovereign bonds (SBN) dated 01/29/2019, the government absorbed funds of IDR23.2 trillion of the total incoming bid of IDR48.6 trillion. The amount absorbed was higher than the indicative target of IDR15 trillion. SUN with 5-year tenor, namely FR0077, obtained the biggest bid of IDR15.61 trillion.

A Recap on Last Week's Exchange Rate

Last week, the rupiah strengthened by 1.03% to 13,948 per USD. The rupiah appreciation was attributable to relatively stable January's inflation and the Fed's Chief Jerome Powell's stance at the FOMC meeting. At the meeting, the Fed's announced an accommodative monetary policy setting the Fed's rates to hover at 2.25%-2.50%.

Jerome Powell's statement having no hint of the frequency of rate hikes in 2019 was the dovish stance. Powell stated that the Fed will take a careful decision on the change in its benchmark rates. It indicates the possibly modest normalization process.

Benchmark Information

FR0077

TTM (Years)	5.29
Yield (%)	7.7111
Price	101.7500
Coupon (%)	8.125

FR0078

TTM (Years)	10.29
Yield (%)	7.8384
Price	102.8500
Coupon (%)	8.250

FR0068

TTM (Years)	15.13
Yield (%)	8.1643
Price	101.7958
Coupon (%)	8.375

FR0079

TTM (Years)	20.21
Yield (%)	8.2702
Price	101.0000
Coupon (%)	8.375

Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0078	05/15/2029	7.838	10.51
FR0069	04/15/2019	6.628	10.07
FR0077	05/15/2024	7.739	9.64
FR0079	04/15/2039	8.194	8.93
FR0059	05/15/2027	7.968	6.4

Exchange Rate

Currency	Last	Chg.
USD/IDR	13,948	-1.03%
GBP/IDR	18,274	-0.86%
EUR/IDR	15,964	0.01%
JPY/IDR	128.0	-0.15%
CNY/IDR	2,072	-0.63%
KRW/IDR	12.5	-0.80%
AUD/IDR	10,108	0.95%
HKD/IDR	1,778	-1.00%

Factor	Remarks
External Outlook	Better-Than-Estimated U.S. Economic Data
	From the external outlook, the better-than-estimated U.S. economic Data compared will affect prices of SUN during this week. January’s nonfarm payroll surged to 304,000—higher than the consensus prediction of 165,000 by Reuters. Besides, it is the biggest leap since February 2018. We estimate SUN will strengthen along with massive global investors target high-risk assets in emerging economies—including Indonesia’s bonds market. Indeed, the Fed’s dovish stance and the trade talks between the U.S. and China support foreign investors’ interest. During this week, we oversee the benchmark yields to sideways at the range of 7.8%-8.0%.
Domestic Outlook	GDP, Current Account, and Forex Reserves
	From the domestic outlook, there will be 3 important data release within this week. They are current account, GDP, and forex reserves. Current account deficits of 4Q18 are estimated to narrow to USD1.4 billion, lower than the prior quarter deficits of USD8.8 billion. The GDP, we estimate, will edge up 5.19%. On the other hand, forex reserves will climb higher due to the rupiah appreciation in January. For this week, the rupiah will range bound at the range 13,750-14,000 per USD.
Currency Forecast	USDIDR 13,750 - 14,000
10yr IGB Forecast	7.8% - 8.0%

Domestic Fixed Income Highlights

10-years USD Government Bond Yield | Indonesia



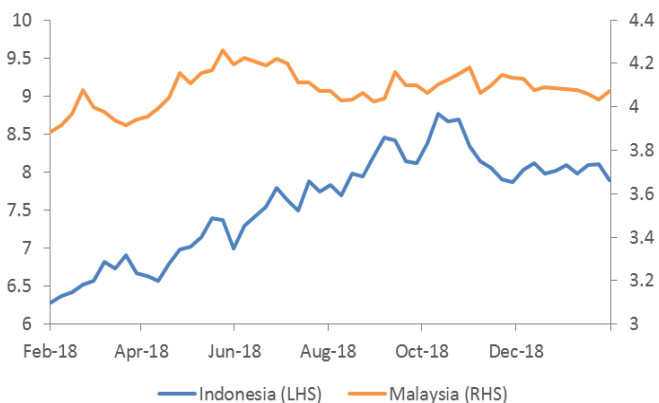
Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



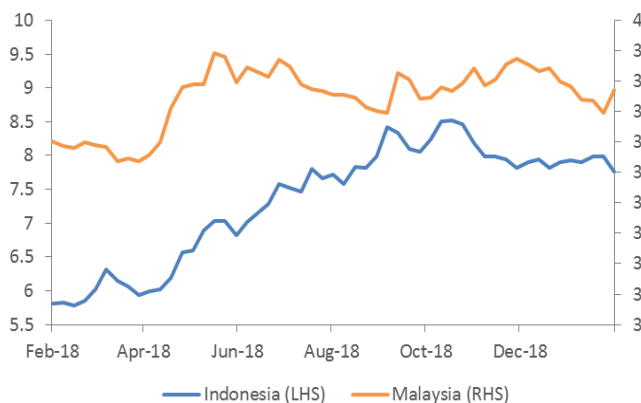
Source: Bloomberg

10-years Government Yield | Indonesia & Malaysia



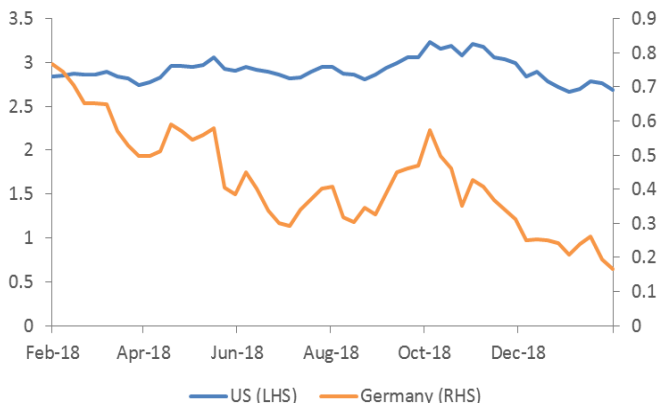
Source: Bloomberg

5-years Government Yield | Indonesia & Malaysia



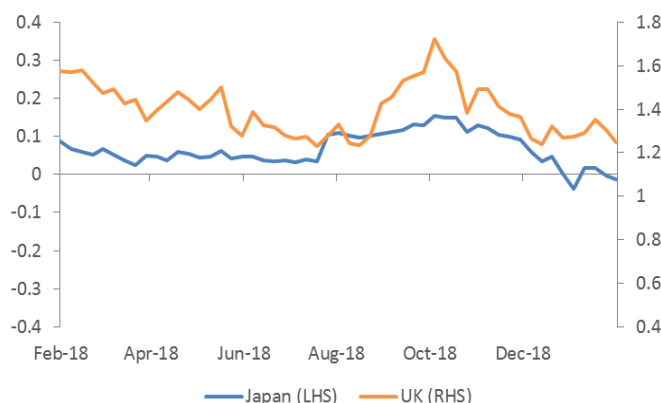
Source: Bloomberg

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



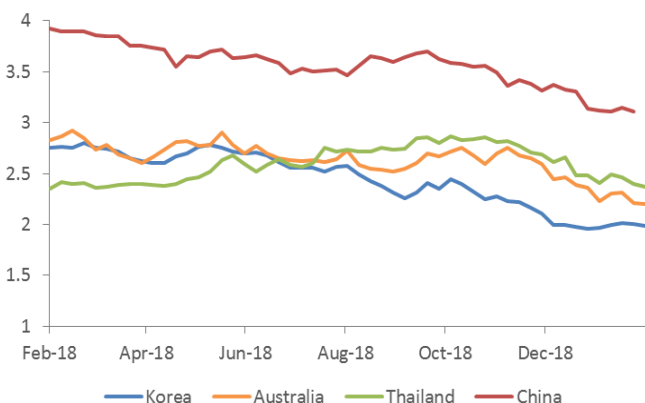
Source: Bloomberg

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



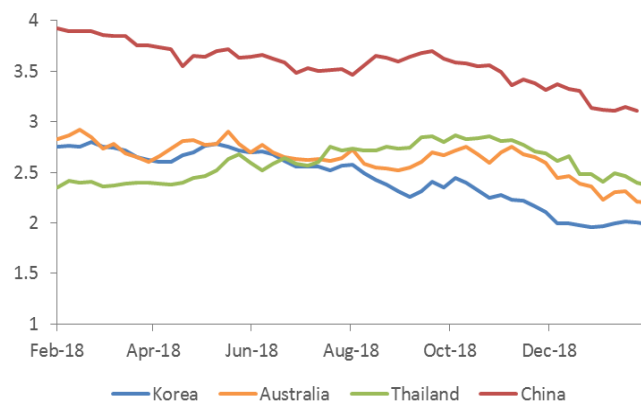
Source: Bloomberg

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
Monday	USA	Tentative	Personal Income	Dec		0.50%	0.20%
<i>04 - Feb</i>	USA	Tentative	Personal Spending	Dec		0.30%	0.40%
	USA	Tentative	GDP Annualized QoQ	4Q A		2.60%	3.40%
	USA	22:00	Factory Orders	Nov		0.30%	-2.10%
	USA	22:00	Durable Goods Orders	Nov F		1.70%	0.80%
Tuesday	USA	Tentative	Factory Orders	Dec		--	--
<i>05 - Feb</i>	USA	Tentative	Housing Starts	Dec		1253k	1256k
	USA	Tentative	New Home Sales	Dec		575k	657k
	USA	Tentative	Retail Sales Advance MoM	Dec		0.10%	0.20%
	USA	Tentative	Durable Goods Orders	Dec P		1.70%	--
	USA	Tentative	Durable Goods Orders	Dec F		--	--
Wednesday	USA	20:30	Trade Balance	Nov		-\$54.0b	-\$55.5b
<i>06 - Feb</i>	GER	14:00	Factory Orders MoM	Dec		0.30%	-1.00%
	USA	19:00	MBA Mortgage Applications	1-Feb		--	-3.00%
	IDN	Tentative	GDP YoY	4Q		5.12%	5.17%
	IDN	Tentative	GDP QoQ	4Q		-1.76%	3.09%
	IDN	Tentative	GDP Annual YoY	2018		5.15%	--
Thursday	GER	14:00	Industrial Production SA MoM	Dec		0.90%	-1.90%
<i>07 - Feb</i>	UK	19:00	Bank of England Bank Rate	7-Feb		0.75%	0.75%
	USA	20:30	Initial Jobless Claims	2-Feb		--	253k
	IDN	Tentative	Net Foreign Assets IDR	Jan		--	1708.6t
Friday	JPN	06:50	BoP Current Account Balance	Dec		¥458.5b	¥757.2b
<i>08 - Feb</i>	IDN	Tentative	BoP Current Account Balance	4Q		-\$8627m	-\$8846m

Source: Bloomberg

Global Currency Highlights

Major Emerging Market IRS

1-Year	Last	Weekly Chg	Monthly Chg.	YTD Chg.	3-Years	Last	Weekly Chg	Monthly Chg.	YTD Chg.
Indonesia	7.75	-1.90%	1.31%	-1.27%	Indonesia	7.75	-2.82%	-4.91%	-4.91%
South Korea	1.83	-0.14%	-2.53%	-2.53%	South Korea	1.76	-0.85%	-1.68%	-1.68%
China	2.51	-1.32%	-5.57%	-5.25%	China	2.64	-1.49%	-5.27%	-4.69%
Malaysia	3.65	-0.41%	-1.08%	-1.55%	Malaysia	3.67	-0.54%	-1.21%	-1.42%
Thailand	1.69	-2.82%	-2.54%	-2.54%	Thailand	1.81	-2.32%	-5.38%	-5.38%

Source: Bloomberg

Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.
Dollar	95.58	-0.22%	-0.53%	-0.85%	USDKRW	1,119	-0.20%	0.46%	0.28%
USDJPY	109.50	-0.05%	-0.22%	-0.70%	USDCNY	6.74	-0.09%	-1.98%	-1.98%
GBPUSD	1.31	-0.89%	2.66%	2.99%	USDMYR	4.10	-0.74%	-0.92%	-1.41%
EURUSD	1.15	0.44%	-0.08%	0.10%	USDTHB	31.31	-0.68%	-3.32%	-3.80%
USDCAD	1.31	-0.88%	-3.88%	-3.93%	USDIDR	13,948	-1.03%	-3.07%	-4.26%
USDCHF	1.00	0.17%	1.43%	1.12%	AUDUSD	0.73	0.99%	2.79%	2.88%

Source: Bloomberg

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta