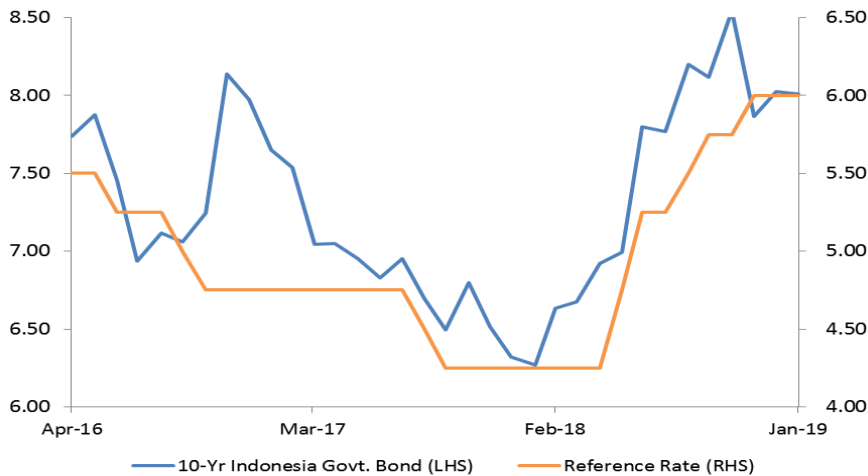


# Weekly Fixed Income

## Indonesia Government Bond

### Indonesia Government Bond 10yr Yield Trend



Source: Bloomberg

### Indonesia's Foreign Bond Investment

Last week, foreign net buy on sovereign bond (SUN) was at IDR6.37 trillion. Yield FRO078 (benchmark SUN with 10-year tenor) slightly declined to 7.84%. In the initial week, the rising prices of SUN was attributable to the higher-than-estimated growth in Indonesia's economy. The 2018 economic growth of 5.17% outpaced the estimated figure of 5.15%. But, profit taking slowed foreign net buy on SUN. Foreign investors currently hold IDR925.68 trillion of SUN or 37.99% of the total existing SUN.

### Sovereign Debt Notes Auction

At the auction of sharia sovereign debt notes (SBNS) dated 02/06/2019, the government secured funds of IDR10.1 trillion from the total incoming bid of IDR21.6 trillion. The amount absorbed was higher than the indicative target of IDR8 trillion. SUN with two-year tenor, PBS014, won the biggest bid of IDR5.60 trillion.

### Recap of Last-Week's Exchange Rate

Last week, the rupiah was depreciated slightly at 0.14% to 13,965 per USD. The ballooning current account deficits and sliding forex reserves put a strain on the rupiah. The 4Q18 deficits were at USD9.15 trillion or 3.57% of the GDP. The figure was much higher than the 3Q18 deficits of USD8.63 billion or 3.28% of the GDP. The 4Q18 deficits were the worst since the 2Q14. Meanwhile, January's forex reserves narrowed to USD120.1 billion, lower than that of USD120.7 in December. It was attributable to the payment of the government's foreign debt.

### Benchmark Information

#### FRO077

TTM (Years)	5.27
Yield (%)	7.7031
Price	101.7789
Coupon (%)	8.125

#### FRO078

TTM (Years)	10.27
Yield (%)	7.8399
Price	102.8356
Coupon (%)	8.250

#### FRO068

TTM (Years)	15.11
Yield (%)	8.0548
Price	102.7557
Coupon (%)	8.375

#### FRO079

TTM (Years)	20.19
Yield (%)	8.1890
Price	101.8019
Coupon (%)	8.375

### Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0078	05/15/2029	7.839	8.95
FR0077	05/15/2024	7.698	7.20
FR0056	09/15/2026	7.928	3.50
FR0068	03/15/2034	8.170	3.29
FR0070	03/15/2024	7.801	3.26

### Exchange Rate

Currency	Last	Chg.
USD/IDR	13,965	0.14%
GBP/IDR	18,054	-1.20%
EUR/IDR	15,821	-0.90%
JPY/IDR	127.2	-0.66%
CNY/IDR	2,075	0.13%
KRW/IDR	12.4	-0.24%
AUD/IDR	9,895	-2.10%
HKD/IDR	1,779	0.03%

Factors	Remarks
External Outlook	<b>Awaiting Outcomes of the U.S. and China Trade Negotiation</b>
	From the external outlook, investors keep their wary eyes on the progress of trade talks between the U.S. and China. Within this week, the U.S. and China hold a new round of trade talks in Beijing. The new round is held after the second round held in Washington proved futile. The March 1st deadline gets near; investors concern about the possible escalating trade war, if both the world's powerful economies fail to settle any trade deals. The fears of futile trade deals are heightened by the slowdown in the global economy. We project yield benchmark is likely to hover modestly at 7.9%-8.1% within this week.
Domestic Outlook	<b>Trade Balance</b>
	From the domestic outlook, January's trade balance will be released in this week; we estimate it to post deficits of ±USD1.5 billion, higher than that of USD1.1 billion in December 2018. The widening deficits were attributable to the hike in domestic demand, escalating imports; on the other hand, the slowdown in the global economy slowed Indonesia's exports. Meanwhile, USDIDR is likely to move sideways and Hoover at the range of 13,900 to 14,100.
Currency Forecast	USDIDR 13,900 - 14,100
10yr IGB Forecast	7.9% - 8.1%

## Domestic Fixed Income Highlights

10-years USD Government Bond Yield | Indonesia



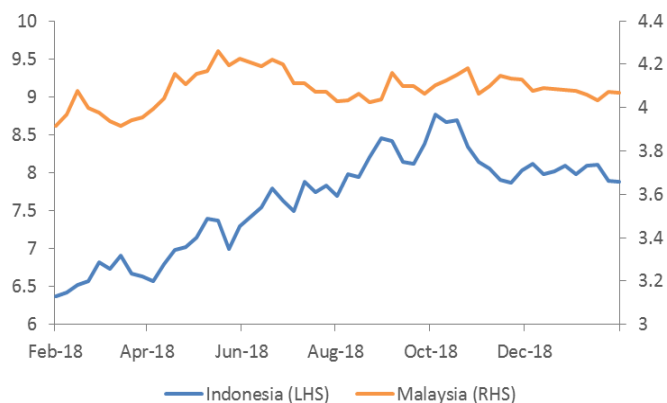
Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



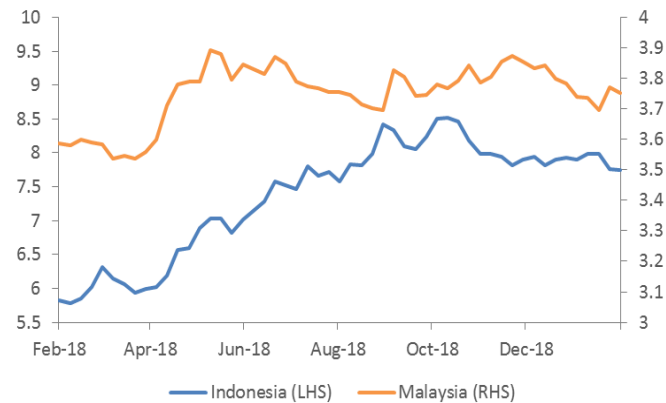
Source: Bloomberg

## 10-years Government Yield | Indonesia & Malaysia



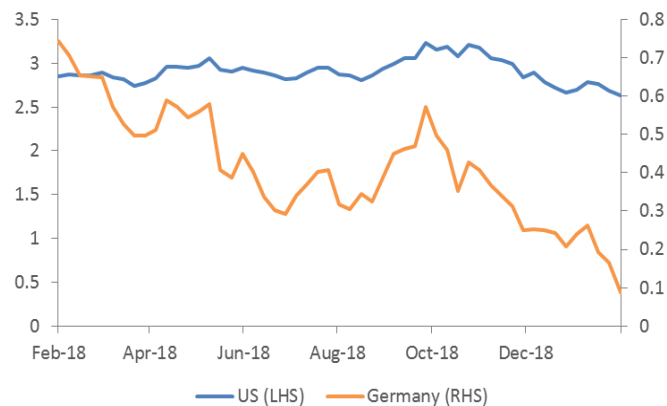
Source: Bloomberg

## 5-years Government Yield | Indonesia & Malaysia



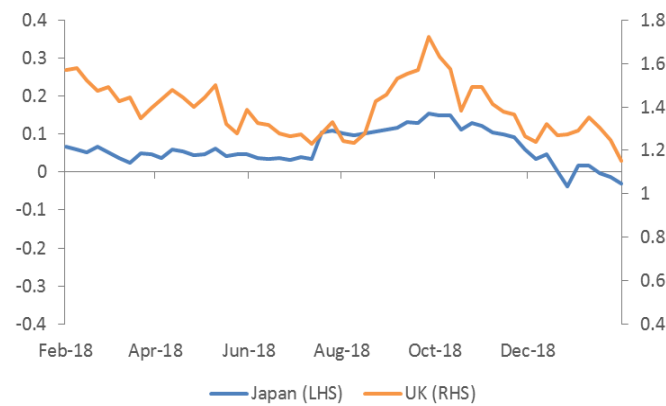
Source: Bloomberg

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



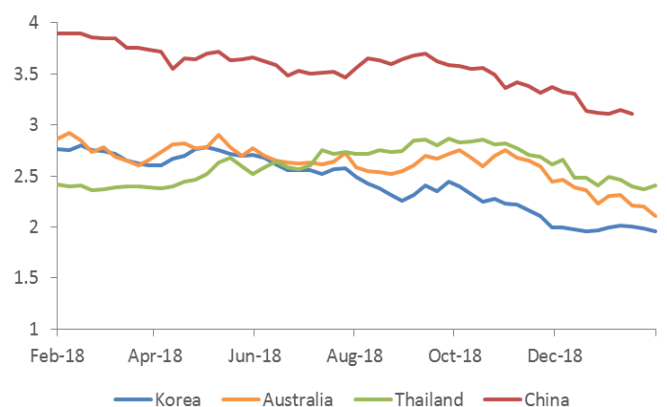
Source: Bloomberg

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



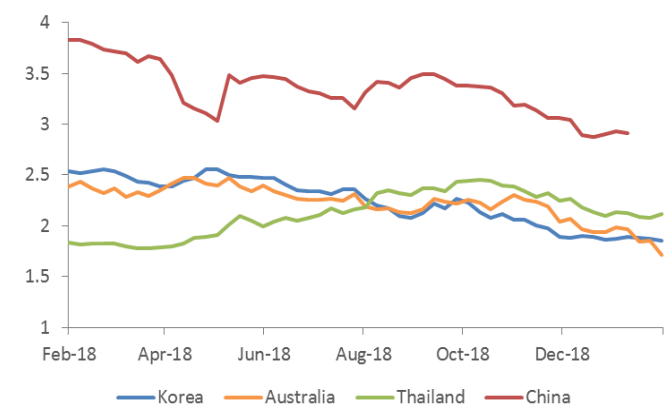
Source: Bloomberg

## 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>	UK	04:30	Manufacturing Production MoM	Dec		0.30%	-0.30%
<i>11 - Feb</i>	UK	04:30	Industrial Production MoM	Dec		0.30%	-0.40%
	UK	04:30	GDP YoY	4Q P		1.40%	1.50%
	UK	04:30	GDP QoQ	4Q P		0.30%	0.60%
	JPN	23:30	Tertiary Industry Index MoM	Dec		-0.10%	-0.30%
<b>Tuesday</b>	JPN	18:50	PPI YoY	Jan		1.00%	1.50%
<i>12 - Feb</i>							
<b>Wednesday</b>	UK	04:30	PPI Output NSA YoY	Jan		2.10%	2.50%
<i>13 - Feb</i>	UK	04:30	PPI Output NSA MoM	Jan		-0.10%	-0.30%
	UK	04:30	CPI YoY	Jan		2.00%	2.10%
	USA	07:00	MBA Mortgage Applications	8-Feb		--	-2.50%
	USA	08:30	CPI MoM	Jan		0.10%	-0.10%
	JPN	18:50	GDP SA QoQ	4Q P		0.40%	-0.60%
<b>Thursday</b>	GER	02:00	GDP SA QoQ	4Q P		0.20%	-0.20%
<i>14 - Feb</i>	EU	05:00	GDP SA YoY	4Q P		1.20%	1.20%
	USA	08:30	PPI Final Demand MoM	Jan		0.10%	-0.20%
	USA	08:30	Initial Jobless Claims	9-Feb		--	234k
	CHN	20:30	PPI YoY	Jan		--	0.90%
	CHN	20:30	CPI YoY	Jan		--	1.90%
	JPN	23:30	Industrial Production MoM	Dec F		--	-0.10%
<b>Friday</b>	USA	08:30	Empire Manufacturing	Feb		7.5	3.9
<i>15 - Feb</i>	USA	09:15	Industrial Production MoM	Jan		0.10%	0.30%
	USA	10:00	U. of Mich. Sentiment	Feb P		94	91.2

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	7.65	-1.29%	-0.52%	-2.55%	Indonesia	7.91	2.00%	2.00%	-3.01%
South Korea	1.82	-0.55%	0.28%	-3.06%	South Korea	1.74	-1.14%	-0.72%	-2.80%
China	2.53	0.45%	1.51%	-4.82%	China	2.62	-0.64%	-0.46%	-5.31%
Malaysia	3.65	0.07%	-1.02%	-1.48%	Malaysia	3.67	0.07%	-1.14%	-1.36%
Thailand	1.72	1.71%	0.29%	-0.86%	Thailand	1.83	0.99%	-3.17%	-4.44%

Source: Bloomberg

### Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Montly Chg.	YTD Chg.
Dollar	96.64	1.11%	0.77%	0.24%	USDKRW	1,124	0.43%	-0.01%	0.72%
USDJPY	109.73	0.21%	0.90%	-0.49%	USDCNY	6.85	1.60%	0.00%	-0.37%
GBPUSD	1.29	-1.03%	1.79%	1.93%	USDMYR	4.07	-0.65%	-1.20%	-2.05%
EURUSD	1.13	-1.16%	-1.03%	-1.06%	USDTHB	31.48	0.59%	-1.89%	-3.30%
USDCAD	1.33	1.34%	0.03%	-2.64%	USDIDR	13,965	0.14%	-1.29%	-4.14%
USDCHF	1.00	0.49%	1.96%	1.61%	AUDUSD	0.71	-2.23%	-0.73%	0.58%

Source: Bloomberg

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