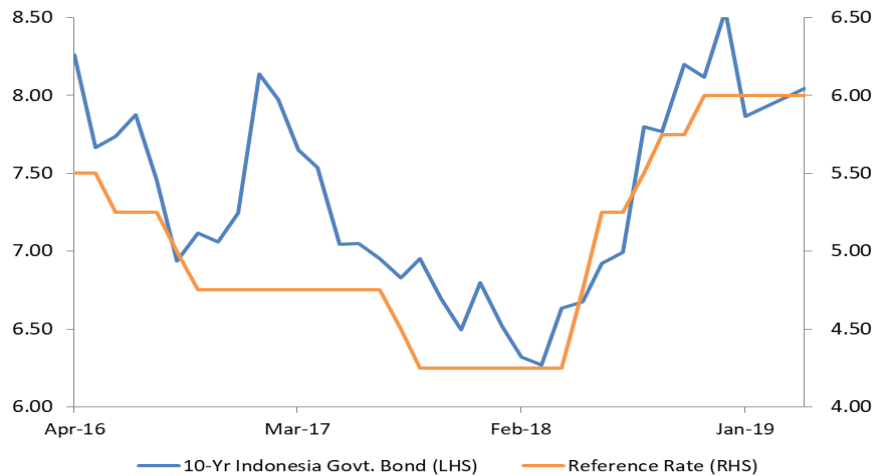


# Weekly Fixed Income

## Indonesia Government Bond

### Indonesia Government Bond 10yr Yield Trend



Source: Bloomberg

### Foreign Investment in Sovereign Bonds

Last week, foreign investors flocked to the sovereign's net sell of IDR1.04 trillion. Yields of FR0078—sovereign bonds (SUN) benchmark with 10-year tenor—edged up 15.3 bps to 8.03%. Early last week, SUN was bullish due to investors' exaggerating interest in its auction, yet it turned to bearish favor from Thursday to the end of trading session. January's deficits of USD1.16 billion worsen than deficits of USD1.03 billion in December 2018 put a strain on SUN. Foreign investors currently plough their funds of IDR925.6 trillion into SUN. That amount accounted for 37.89% of the existing SUN.

### SUN's Auction

At the auction of SUN dated 02/12/2019, the government secured funds of IDR25 trillion from the total inflow bid of IDR66.36 trillion. The amount secured outgrew the indicative target of IDR15 trillion. SUN with 5-year tenor, FR0077, got the biggest bid worth IDR22.88 trillion.

### Recap of Last Week's USDIDR

Last week, USDIDR fell slightly by 1.43% at 14,154. The slight decline halted the rupiah last-three-week appreciation streak. As the rupiah weakened, so did its emerging-market peers in Asia. Ballooning deficits and investors—to press pause the button on any investment as the ongoing trade talks between the U.S. and China—rattling to invests in emerging markets exacerbating USDIDR.

### Benchmark Information

#### FR0077

TTM (Years)	5.25
Yield (%)	7.7844
Price	101.4250
Coupon (%)	8.125

#### FR0078

TTM (Years)	10.25
Yield (%)	7.9937
Price	101.7500
Coupon (%)	8.250

#### FR0068

TTM (Years)	15.09
Yield (%)	8.2798
Price	100.8000
Coupon (%)	8.375

#### FR0079

TTM (Years)	20.18
Yield (%)	8.3850
Price	99.8842
Coupon (%)	8.375

### Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0078	05/15/2029	8.029	17.01
FR0077	05/15/2024	7.743	16.11
FR0069	04/15/2019	6.494	6.00
FR0068	03/15/2034	8.327	5.10
FR0056	09/15/2026	8.019	4.58

### Exchange Rate

Currency	Last	Chg.
USD/IDR	14,154	1.43%
GBP/IDR	18,108	0.30%
EUR/IDR	15,954	0.84%
JPY/IDR	128.3	0.84%
CNY/IDR	2,090	0.72%
KRW/IDR	12.5	0.64%
AUD/IDR	10,028	1.34%
HKD/IDR	1,803	1.40%

Factors	Remarks
External Outlook	<p><b>The Minutes of FOMC Meeting and the U.S. and China Trade Talks</b></p> <p>Next week, the Fed will release FOMC's minutes. We estimate that the minutes assert the Fed's dovish monetary stance. In the last month's FOMC, the Fed kept the Fed Fund rates on hold. At the meeting, the Fed remained to hold its dovish stance, as it left no clues to any of interest rates hikes for 2019. Meanwhile, the ongoing trade talks between the U.S. and China are expected to reach at-the-soonest deals, likely to cause benchmark yield hovering at 7.90% to 8.05%.</p>
	<p><b>BI's Board of Governors Meeting</b></p> <p>In this week, investors await BI's 7-Day Reverse Repo Rate (benchmark rate) decided at BI's Board of Governors Meeting. We estimate BI to hold the pause button on its benchmark rate because its benchmark is quite high and alluring. BI is likely to opt market intervening by buying bonds and forex for maintaining USDIDR stability. All of nineteen economist's consensus projected BI to hold its benchmark rate at 6.00%. Additionally, USDIDR is likely to strengthen by hovering at 13,975–14,125.</p>
USDIDR Forecast	USDIDR 13,975 - 14,125
10 Year IGB Forecast	7.90% - 8.05%

## Domestic Fixed Income Highlights

10-years USD Government Bond Yield | Indonesia



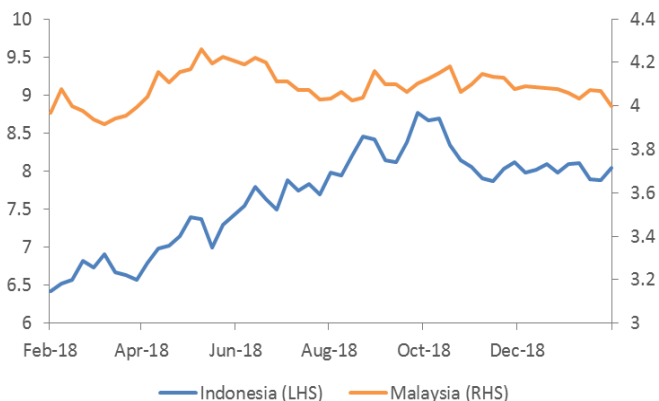
Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



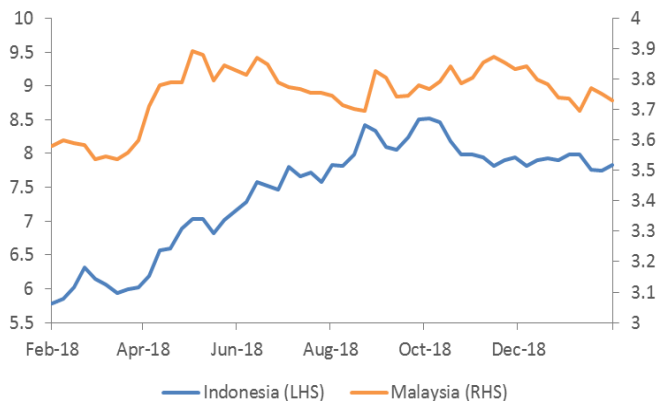
Source: Bloomberg

## 10-years Government Yield | Indonesia & Malaysia



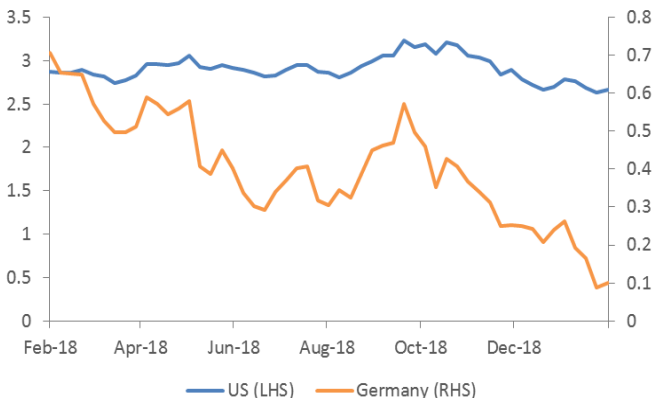
Source: Bloomberg

## 5-years Government Yield | Indonesia & Malaysia



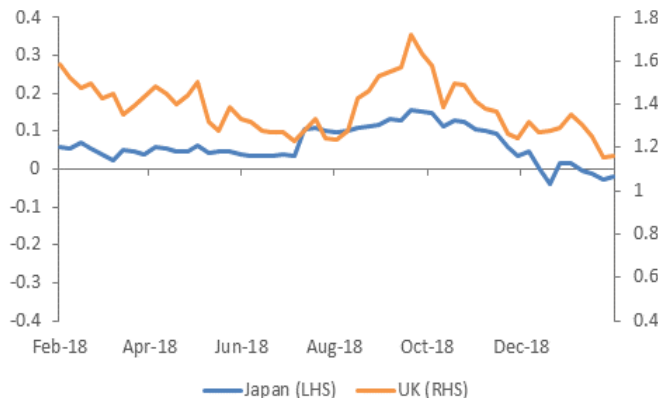
Source: Bloomberg

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



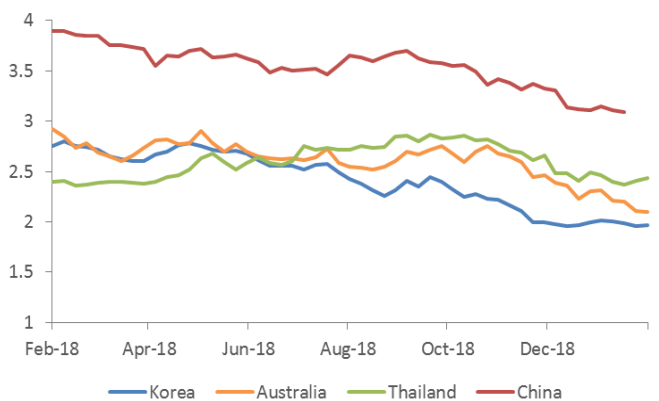
Source: Bloomberg

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



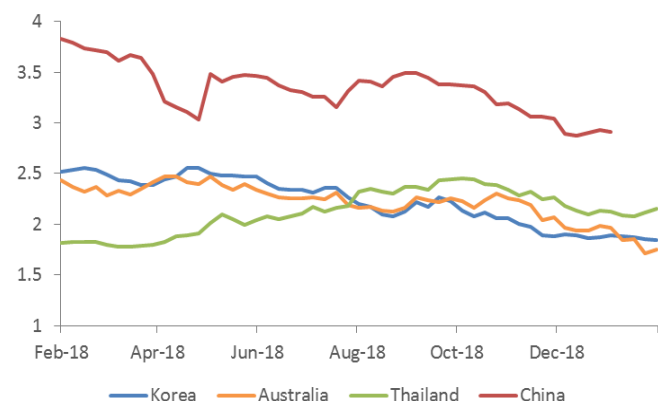
Source: Bloomberg

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



Source: Bloomberg

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



Source: Bloomberg

# Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 18 - Feb	JPN	06:50	Core Machine Orders MoM	Dec	-0.10%	-0.70%	0.00%
<b>Tuesday</b> 19 - Feb	UK	16:30	ILO Unemployment Rate 3Mths	Dec		4.00%	4.00%
	UK	16:30	Jobless Claims Change	Jan		--	20.8k
	GER	17:00	ZEW Survey Current Situation	Feb		--	27.6
	GER	17:00	ZEW Survey Expectations	Feb		--	-15
<b>Wednesday</b> 20 - Feb	USA	19:00	MBA Mortgage Applications	15-Feb		--	-3.70%
<b>Thursday</b> 21 - Feb	ID	Tentative	Bank Indonesia 7D Reverse Repo	Feb		6.00%	6.00%
	JPN	07:30	Nikkei Japan PMI Mfg	Feb P		--	50.3
	JPN	11:30	All Industry Activity Index MoM	Dec		-0.20%	-0.30%
	GER	14:00	CPI YoY	Jan F		--	1.40%
	GER	15:30	Markit Germany Manufacturing PMI	Feb P		--	49.7
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb P		50.5	50.5
	USA	20:30	Durable Goods Orders	Dec P		1.70%	0.70%
	USA	20:30	Initial Jobless Claims	16-Feb		--	239k
	USA	21:45	Markit US Manufacturing PMI	Feb P		55	54.9
<b>Friday</b> 22 - Feb	JPN	06:30	Natl CPI YoY	Jan		0.20%	0.30%
	GER	14:00	GDP SA QoQ	4Q F		--	0.00%
	GER	16:00	IFO Expectations	Feb		--	94.2
	GER	16:00	IFO Business Climate	Feb		99	99.1
	EU	17:00	CPI MoM	Jan		--	0.00%
	EU	17:00	CPI YoY	Jan F		1.40%	1.60%

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	7.60	-0.72%	-2.00%	-3.25%	Indonesia	7.75	-1.96%	-3.43%	-4.91%
South Korea	1.82	-0.14%	0.00%	-3.19%	South Korea	1.73	-0.29%	-0.43%	-3.08%
China	2.47	-2.08%	-1.15%	-6.80%	China	2.60	-0.88%	-1.14%	-6.14%
Malaysia	3.65	-0.07%	-0.67%	-1.55%	Malaysia	3.68	0.07%	-0.41%	-1.29%
Thailand	1.75	1.57%	2.16%	0.69%	Thailand	1.86	1.58%	1.09%	-2.92%

Source: Bloomberg

### Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.
Dollar	96.90	0.28%	0.90%	0.76%	USDKRW	1,129	0.44%	0.70%	1.60%
USDJPY	110.47	0.67%	1.65%	0.71%	USDCNY	6.77	0.42%	0.18%	-1.53%
GBPUSD	1.29	-0.42%	0.22%	1.06%	USDMYR	4.09	0.42%	-0.49%	-1.15%
EURUSD	1.13	-0.24%	-1.03%	-1.49%	USDTHB	31.26	-0.71%	-2.07%	-3.31%
USDCAD	1.32	-0.26%	-0.17%	-2.88%	USDIDR	14,154	1.43%	0.45%	-1.64%
USDCHF	1.01	0.47%	1.76%	2.35%	AUDUSD	0.71	0.75%	-0.83%	1.31%

Source: Bloomberg

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