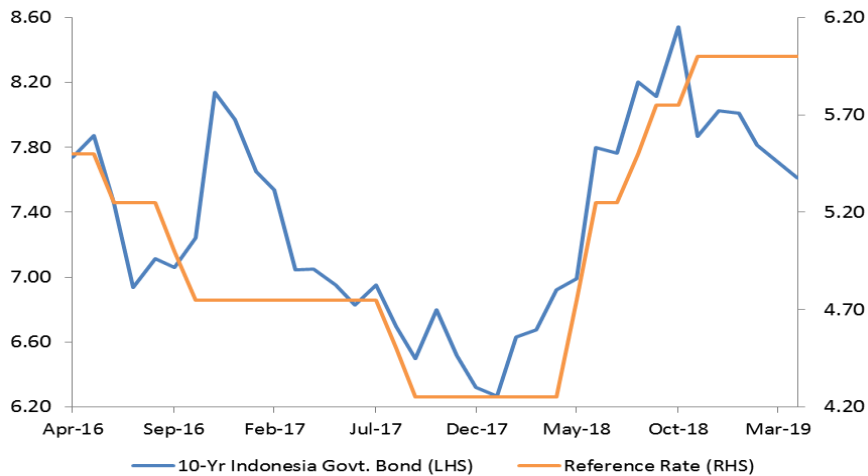


# Weekly Fixed Income

## Indonesia Government Bond

### Indonesia Government Bond 10yr Yield



Source: Bloomberg

### Foreign Outflows from SUN

Last week's foreign inflows of nearly IDR14 trillion caused sovereign bonds (SUN) strengthened. Bank Indonesia (BI) stance of retaining 7DRR unchanged constituted as positive sentiment. BI's commitment to maintaining an accommodative macroprudential policy by increasing the threshold range of macroprudential intermediation ratio (RIM) from 80%-82% to 84%-90% was another positive sentiment. The policy aims to support more banking loans, distributed to business sectors. On the other side, the Fed's dovish statement also supported SUN's robust movement.

### SBSN Auction

At the auction of sharia sovereign bonds (SBSN) dated 03/19/2019, the Indonesian government secured funds of IDR8.98 trillion of the total incoming bid worth IDR29.69 trillion. The amount absorbed topped the indicative target of IDR8 trillion. SBNS with 2- year tenor, PBS014, secured the most substantial amount of IDR13.9 trillion.

### Review of USDIDR

Last week, USDIDR strengthened at 0.68% to 14,163. The main catalyst for the rupiah appreciation was the outcome of FOMC meeting and Jerome Powell's dovish language. The Fed signaled no rate hikes appropriate for 2019. The signal was much dovish than the prelude: possible 2 hikes in 2019. Like the Fed's dovish stance, BI also left 7DRR unchanged at 6%. Rupiah was depreciated on weekdays as the U.S. Treasury yields reversed. Yields of U.S. Treasury with 3-month tenor outpaced yields of U.S. Treasury with 10-year tenor.

### Benchmark Information

#### FR0077

TTM (Years)	5.15
Yield (%)	7.0582
Price	104.5250
Coupon (%)	8.125

#### FR0078

TTM (Years)	10.16
Yield (%)	7.5772
Price	104.6888
Coupon (%)	8.250

#### FR0068

TTM (Years)	14.99
Yield (%)	7.9410
Price	103.7606
Coupon (%)	8.375

#### FR0079

TTM (Years)	20.08
Yield (%)	8.0450
Price	103.2500
Coupon (%)	8.375

### Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0078	05/15/2029	7.576	15.14
FR0077	05/15/2024	7.120	12.28
FR0071	03/15/2029	7.725	7.39
FR0068	03/15/2034	7.947	7.30
FR0079	04/15/2039	8.095	6.68

### Exchange Rate

Currency	Last	Chg.
USD/IDR	14,163	-0.68%
GBP/IDR	18,558	-1.72%
EUR/IDR	16,007	-0.84%
JPY/IDR	128.2	0.42%
CNY/IDR	2,114	-0.42%
KRW/IDR	12.5	-0.56%
AUD/IDR	10,048	-0.54%
HKD/IDR	1,805	-0.66%

Factors	The U.S. GDP of 4Q18
<b>External Outlook</b>	Investors, within this week, will await the release of the U.S. GDP of 4Q18. At FOMC meeting, the Fed revised downwards the U.S. economic outlook for 2019-2021, and we estimate the U.S. GDP to drop to 2.4%. Like the U.S., European economies are also reining in slowing momentum. In light of the murky backdrop, we forecast IDR 10-year benchmark yields to slow and hover around 7.54%-7.70% within this week.
<b>Domestic Outlook</b>	<p><b>Jitters of U.S. Recession</b></p> <p>On Friday, March 22nd, the U.S. Treasury yields were inverted and sparked pessimism over both the U.S. and global economic slowdown. Yields inversion loomed investors as yields between short-tenor and long-tenor bonds were reversed. The fed's former chief, Janet Yellen, stressed that yield inversion between 3-month and 10-year tenors, in particular, was not a signal of recession. The Fed estimated that the U.S. economy will grow 2.1% minimum for 2019. Thus, we estimate USDIDR to sideways at the range of 14,100-14,250.</p>
<b>USDIDR Forecast</b>	14,100- 14,250
<b>Forecast of IGB with 10-Year Tenor</b>	7.54% - 7.70%

## Domestic Fixed Income Highlights

**10-years USD Government Bond Yield | Indonesia**



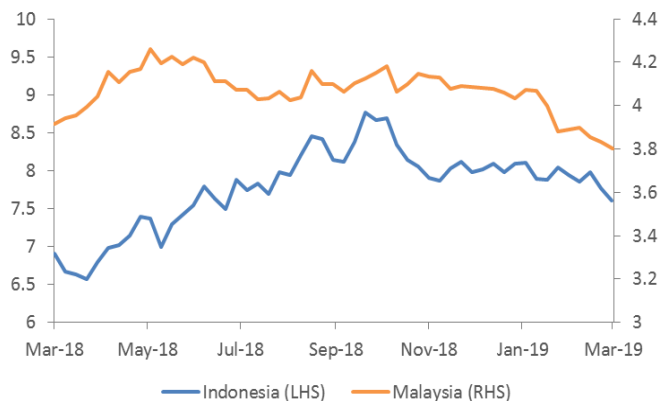
Source: Bloomberg

**5-years USD Government Bond Yield | Indonesia**



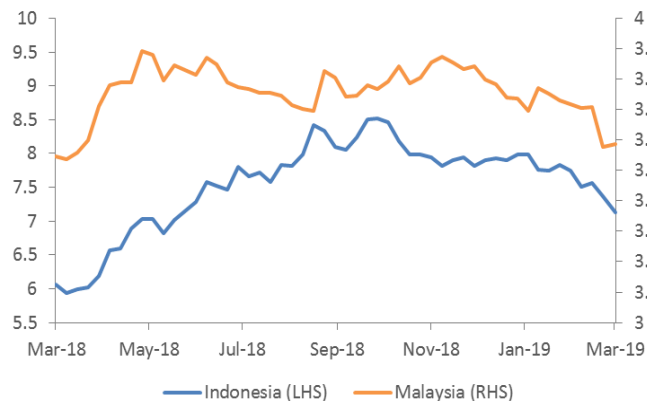
Source: Bloomberg

## 10-years Government Yield | Indonesia & Malaysia



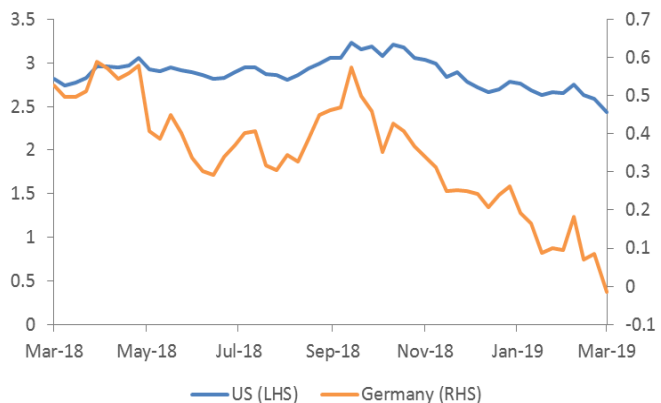
Source: Bloomberg

## 5-years Government Yield | Indonesia & Malaysia



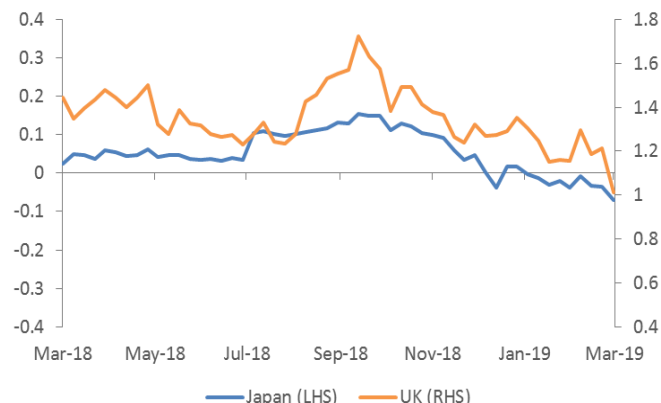
Source: Bloomberg

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



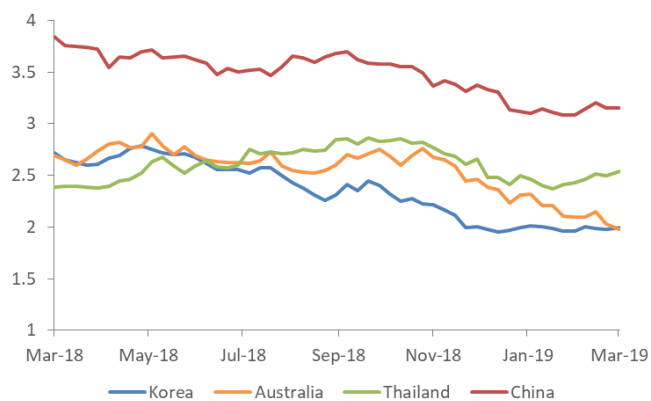
Source: Bloomberg

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



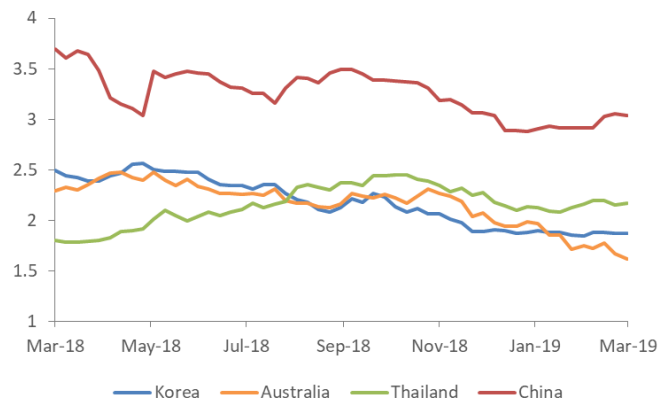
Source: Bloomberg

## 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> 25 - Mar	JPN	11:30	All Industry Activity Index MoM	Jan		-0.40%	-0.40%
	GER	16:00	IFO Business Climate	Mar		98.7	98.5
<b>Tuesday</b> 26 - Mar	USA	19:30	Housing Starts	Feb		1210k	1230k
	USA	21:00	Conf. Board Consumer Confidence	Mar		132	131.4
<b>Wednesday</b> 27 - Mar	USA	18:00	MBA Mortgage Applications	22-Mar		--	1.60%
<b>Thursday</b> 28 - Mar	EU	16:00	M3 Money Supply YoY	Feb		3.90%	3.80%
	USA	19:30	GDP Annualized QoQ	4Q T		2.30%	2.60%
	USA	19:30	Initial Jobless Claims	23-Mar		--	221k
	GER	20:00	CPI MoM	Mar P		0.60%	0.40%
	GER	20:00	CPI YoY	Mar P		1.50%	1.50%
	USA	18:00	MBA Mortgage Applications	15-Mar		--	2.30%
<b>Friday</b> 29 - Mar	JPN	06:30	Job-To-Applicant Ratio	Feb		1.63	1.63
	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Mar		1.10%	1.10%
	JPN	06:30	Jobless Rate	Feb		2.50%	2.50%
	JPN	06:50	Industrial Production MoM	Feb P		1.30%	-3.40%
	GER	15:55	Unemployment Change (000's)	Mar		-10k	-21k
	UK	16:30	Mortgage Approvals	Feb		65.0k	66.8k
	UK	16:30	GDP YoY	4Q F		1.30%	1.30%
	USA	19:30	Personal Income	Feb		0.30%	-0.10%
	USA	19:30	Personal Spending	Jan		0.30%	-0.50%
	USA	21:00	New Home Sales	Feb		622k	607k
USA	21:00	U. of Mich. Sentiment	Mar F		97.8	97.8	

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	7.20	-4.00%	-5.64%	-7.10%	Indonesia	7.73	-0.26%	-0.26%	-5.15%
South Korea	1.87	-0.27%	0.27%	-0.40%	South Korea	1.77	-1.67%	-0.28%	-0.84%
China	2.59	-0.72%	2.42%	-2.36%	China	2.73	-1.62%	2.25%	-1.44%
Malaysia	3.57	-0.14%	-2.46%	-3.84%	Malaysia	3.58	-0.14%	-3.12%	-3.98%
Thailand	1.73	-0.40%	-1.92%	-0.12%	Thailand	1.84	-2.80%	-1.81%	-3.92%

Source: Bloomberg

### Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Montly Chg.	YTD Chg.
Dollar	96.65	0.06%	0.15%	0.50%	USDKRW	1,130	-0.61%	0.44%	1.73%
USDJPY	109.92	-1.40%	-0.70%	0.21%	USDCNY	6.72	0.07%	0.07%	-2.33%
GBPUSD	1.32	-0.61%	1.20%	3.57%	USDMYR	4.06	-0.64%	-0.32%	-1.67%
EURUSD	1.13	-0.21%	-0.29%	-1.44%	USDTHB	31.77	0.31%	1.42%	-1.72%
USDCAD	1.34	0.70%	2.24%	-1.53%	USDIDR	14,163	-0.68%	0.75%	-1.58%
USDCHF	0.99	-0.85%	-0.68%	1.17%	AUDUSD	0.71	-0.03%	-0.65%	0.48%

Source: Bloomberg

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