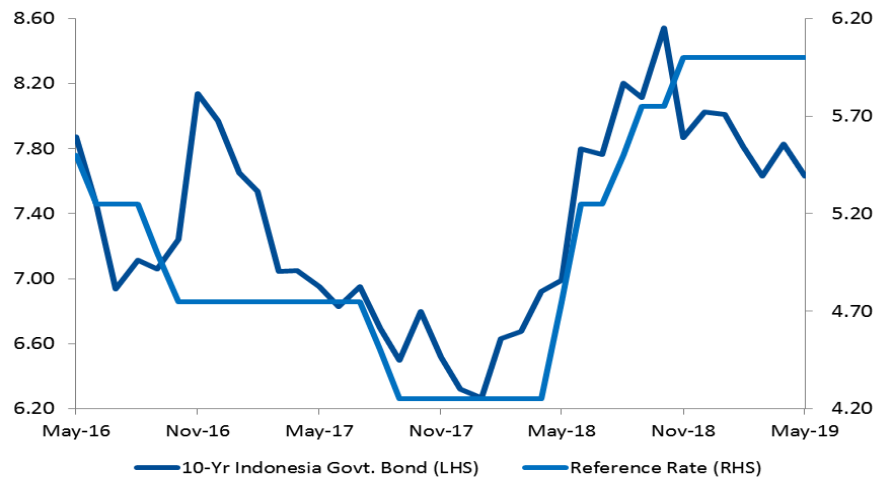


# Weekly Fixed Income

## Indonesia Government Bond

### Indonesia Government Bond 10yr Yield Trend



Source: Bloomberg

### Foreign Investment on the Indonesian Government Bonds

Last week's IDR3.745 trillion worth of net sell outflow from the Indonesian government bonds. That left the Indonesian Composite Bond Index (ICBI) sluggish by 0.33% to 250.32. The downward occurred since April 22nd. The escalating trade battles between the US and China upset the Indonesian's government bonds markets. Indonesian government bonds hit hardest on Thursday (05/09) as BI's market operation, cushioning a flood of outflows—foreign outflows particularly—from bond markets eased investors' jitters. However, the corrections got steeper when BI announced 1Q19 widening current account deficits of US\$6.96 billion or equal to 2.6% of GDP. 1Q19 deficits were much worse than 1Q18 deficits of US\$5.19 billion or 2.01% of GDP.

### SBN Auction

At the auction of SBN dated (05/07), the Indonesian authorities secured the proceeds of IDR23.40 trillion from the total incoming bid of IDR32.96 trillion. The funds absorbed were bigger than the indicative target of IDR15 trillion. SBN with 10-year tenor, FR0078, obtained IDR8.34 trillion worth of the biggest bid.

### Review of Last Week's USDIDR

USDIDR was at a lower close of 0.43% to 14,327 as rupiah was depreciated. 1Q19 GDP reading and April's forex reserves, falling short estimate and less conducive backdrop slashed foreign inflows and left rupiah depreciation. Additionally, 1Q19 current account deficits, lower than 4Q18 failed to bring rupiah appreciation.

### Benchmark Information

FR0077	
TTM (Years)	5.02
Yield (%)	7.4690
Price	102.7000
Coupon (%)	8.125
FR0078	
TTM (Years)	10.02
Yield (%)	7.9632
Price	101.9515
Coupon (%)	8.250
FR0068	
TTM (Years)	14.86
Yield (%)	8.4839
Price	99.0720
Coupon (%)	8.375
FR0079	
TTM (Years)	19.95
Yield (%)	8.5971
Price	97.8890
Coupon (%)	8.375

### Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0078	05/15/2029	8.048	20.24
FR0068	03/15/2034	8.444	16.39
FR0079	04/15/2039	8.542	10.39
FR0077	05/15/2024	7.468	10.14
FR0053	07/15/2021	7.105	4.95

### Exchange Rate

Currency	Last	Chg.
USD/IDR	14,327	0.43%
GBP/IDR	18,639	0.35%
EUR/IDR	16,091	1.01%
JPY/IDR	130.4	1.92%
CNY/IDR	2,108	-0.46%
KRW/IDR	12.2	-0.16%
AUD/IDR	10,025	0.40%
HKD/IDR	1,826	0.40%

Factors	Escalating Trade Battles
<b>External Outlook</b>	Investors keep their wary eyes on the ongoing trade battle between the US and China. Last week's negotiation in Washington ended without any trade deal. Trump's slap of hiking tariff to 25% on US\$200 billion of Chinese goods urged Chinese Commerce Ministry to strike back the US with other countermeasures. The heated battles are likely to drop benchmark yields at around 8.00-8.10 in this week.
<b>Domestic's Outlook</b>	<p><b>April's Trade Balance</b></p> <p>April's trade balance will be released this week. March's exports hit USD14.03 billion, while imports reached USD13.49 billion resulted in USD540 million worth of trade balance surpluses: higher than February's USD330 billion. Higher trade balance surpluses will make USDIDR strengthen at 14,200-14,400.</p>
<b>USDIDR Estimate</b>	14,200- 14,400
<b>Forecast of IGB with 10-Year Tenor</b>	8.00% - 8.10%

## Domestic Fixed Income Highlights

10-years USD Government Bond Yield | Indonesia



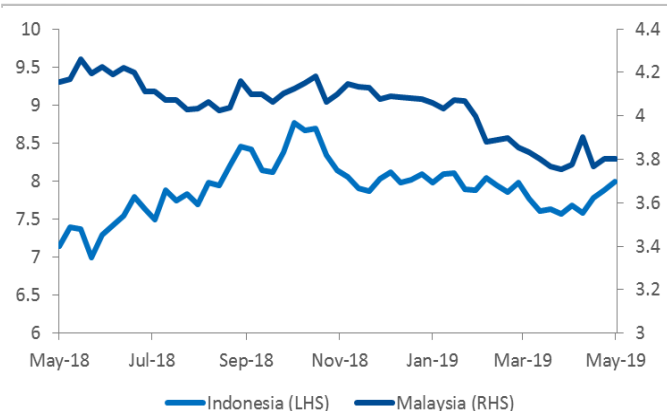
Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



Source: Bloomberg

**10-years Government Yield | Indonesia & Malaysia**



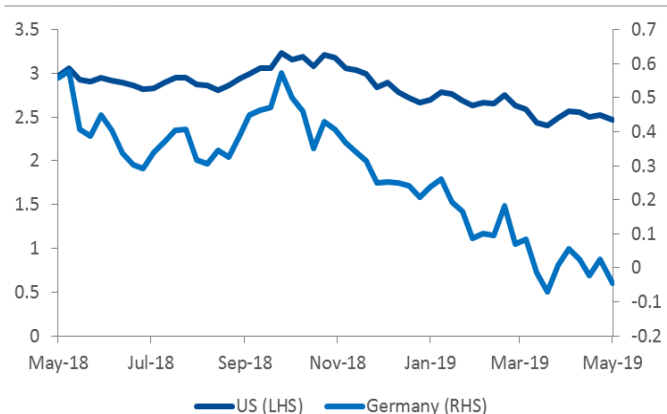
Source: Bloomberg

**5-years Government Yield | Indonesia & Malaysia**



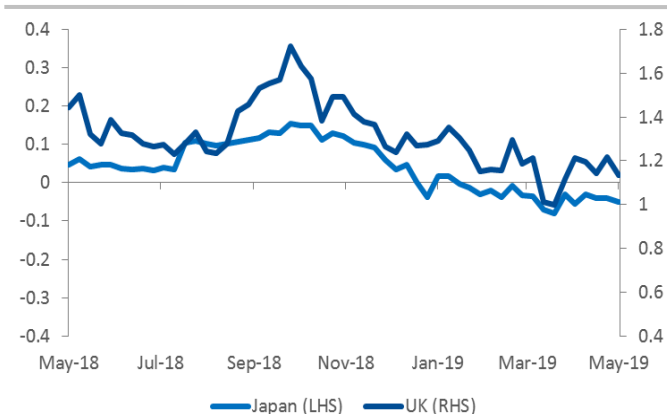
Source: Bloomberg

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



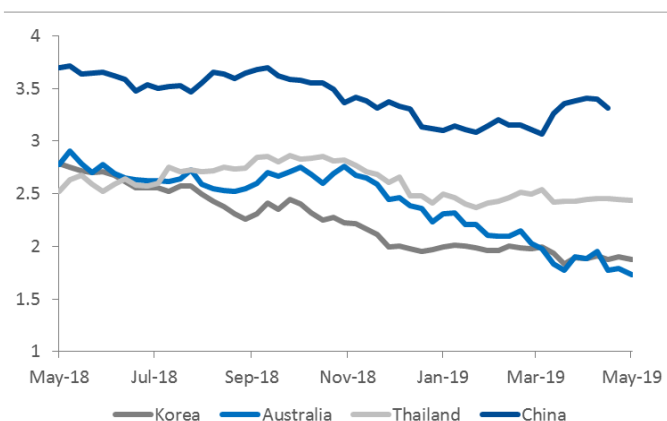
Source: Bloomberg

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



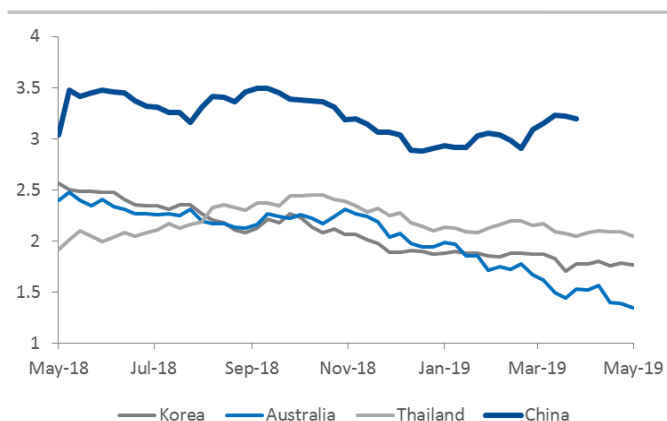
Source: Bloomberg

**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>Tuesday</b>	JPN	06:50	BoP Current Account Balance	Mar P		¥3007.2b	¥2676.8b
<i>14 - May</i>	GER	13:00	CPI MoM	Apr F		1.00%	1.00%
	GER	13:00	CPI YoY	Apr F		2.00%	2.00%
	UK	15:30	ILO Unemployment Rate 3Mths	Mar		3.90%	3.90%
	UK	15:30	Jobless Claims Change	Apr		--	28.3k
	GER	16:00	ZEW Survey Current Situation	May		5.6	5.5
	GER	16:00	ZEW Survey Expectations	May		5	3.1
<b>Wednesday</b>	CHN	09:00	Industrial Production YoY	Apr		6.50%	8.50%
<i>15 - May</i>	GER	13:00	GDP SA QoQ	1Q P		0.40%	0.00%
	EU	16:00	GDP SA YoY	1Q P		1.20%	1.20%
	USA	20:15	Industrial Production MoM	Apr		0.10%	-0.10%
	UK	15:30	Industrial Production MoM	Mar		0.10%	0.60%
<b>Thursday</b>	JPN	06:50	PPI YoY	Apr		1.10%	1.30%
<i>16 - May</i>	USA	19:30	Housing Starts	Apr		1220k	1139k
	USA	19:30	Initial Jobless Claims	11-May		--	228k
<b>Friday</b>	JPN	11:30	Tertiary Industry Index MoM	Mar		0.10%	-0.60%
<i>17 - May</i>	EU	16:00	CPI MoM	Apr		0.70%	1.00%
	EU	16:00	CPI YoY	Apr F		1.70%	1.40%
	USA	21:00	Leading Index	Apr		0.20%	0.40%
	USA	21:00	U. of Mich. Sentiment	May P		97.9	97.2

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	7.26	0.42%	0.07%	-6.39%	Indonesia	7.75	0.00%	4.03%	-4.91%
South Korea	1.79	-0.42%	-1.38%	-4.65%	South Korea	1.69	-0.44%	1.05%	-5.32%
China	2.73	-3.87%	-0.68%	2.92%	China	2.90	-3.17%	-0.68%	4.69%
Malaysia	3.48	-1.83%	-1.14%	-6.14%	Malaysia	3.52	-0.98%	-0.42%	-5.45%
Thailand	1.72	-2.44%	-3.15%	-0.75%	Thailand	1.82	-2.78%	-1.46%	-5.07%

Source: Bloomberg

### Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Montly Chg.	YTD Chg.
Dollar	97.33	-0.19%	0.40%	1.20%	USDKRW	1,177	0.64%	3.37%	5.97%
USDJPY	109.95	-1.04%	-0.95%	0.24%	USDCNY	6.82	1.30%	1.59%	-0.81%
GBPUSD	1.30	-1.33%	-0.71%	1.91%	USDMYR	4.16	0.34%	1.20%	0.58%
EURUSD	1.12	0.31%	-0.36%	-2.04%	USDTHB	31.59	-1.38%	-0.58%	-2.27%
USDCAD	1.34	-0.02%	0.74%	-1.61%	USDIDR	14,327	0.43%	1.23%	-0.44%
USDCHF	1.01	-0.47%	0.91%	3.02%	AUDUSD	0.70	-0.23%	-2.36%	-0.67%

Source: Bloomberg

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