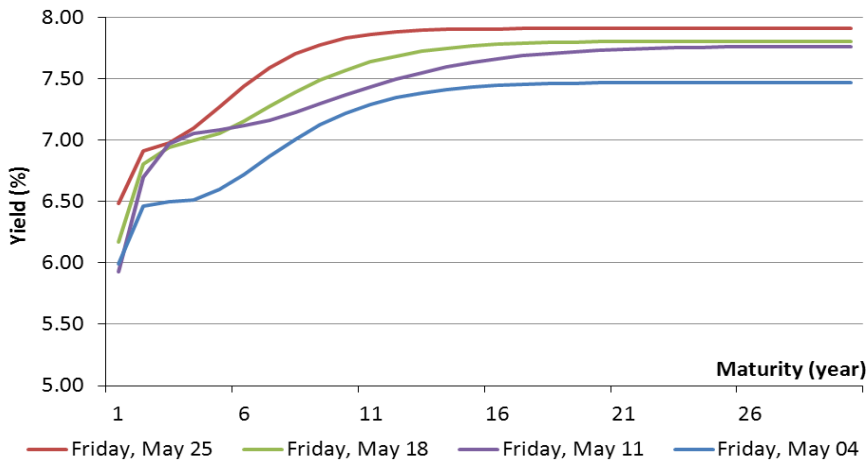


Weekly Fixed Income

Indonesia Government Bond

Benchmark Weekly Yield Curve | Last 4 Weeks Performance



Source: IBPA

Government Bond Highlights

At the government bonds (*Surat Utang Negara*, "SUN") auction dated 05/22/2018, the Indonesian government absorbed the fund of IDR15 trillion from the incoming bid of IDR31.47 trillion. The fund absorbed was higher than the indicative target of IDR10 trillion. FR0064 with 10-year tenor got the biggest bid of IDR14.2 trillion. Indonesia Composite Bond Index (ICBI) closed lower by 0.64% into 235.81 in last week.

The PCE deflator is the measurement highly scrutinized by the Fed. In March, the PCE deflator increase reached 2%, the Fed's inflation target. Although the inflation reached the Fed's target, the Fed's officials were still debating whether the trend of 2% inflation will be maintainable further or only temporarily. The uncertainty is estimated to cause global markets to keep their eyes on the release of PCE deflator of April.

We estimate that Bank Indonesia's massive monetary tightening under the administration its new Governor Perry Warjiyo will curb the significant trend of depreciated rupiah. Warjiyo focuses on the monetary policy emphasizing on the stable financial system.

Exchange Rate

Last week, rupiah was appreciated by 0.01% to IDR14.155 per USD. The release of the Fed's minutes indicated the Fed's doubt on the U.S. inflation consistency capable of halting the depreciated rupiah.

The global markets await the release of the U.S. PCE Deflator indicating whether the trend of 2% inflation run in a long or temporary term. This backdrop causes the global market to perform wait-and-see act so that the trend of depreciated rupiah will be halted.

Benchmark Information

FR0063

TTM (Years)	4.98
Yield (%)	6.9576
Price	94.4756
Coupon (%)	5.625

FR0064

TTM (Years)	9.98
Yield (%)	7.3452
Price	91.4758
Coupon (%)	6.125

FR0065

TTM (Years)	14.98
Yield (%)	7.7637
Price	90.0185
Coupon (%)	6.625

FR0075

TTM (Years)	19.99
Yield (%)	7.8383
Price	96.6099
Coupon (%)	7.500

Most Active

Securities	Maturity	YTM (%)	Volume (IDR tn)
FR0064	05/15/2028	7.373	19.66
FR0075	05/15/2038	7.775	7.55
FR0069	04/15/2019	6.432	5.89
FR0065	05/15/2033	7.736	5.3
FR0061	05/15/2022	6.925	3.34

Exchange Rate

Currency	Last	Chg.
USDIDR	14,155	-0.01%
GBPIDR	18,928	-0.93%
EURIDR	16,575	-0.81%
JPYIDR	129.2	1.27%
CNYIDR	2,214	-0.07%
KRWIDR	13.1	0.18%
AUDIDR	10,710	0.71%
HKDIDR	1,804	0.04%

Indonesia Government Bond Auction

Auction Date: May 22, 2018 **Total incoming bid (IDR tn): 31.47** **Total nominal (IDR tn): 15.0**

Series	Status	Coupon/ Discount	Maturity	Lowest Ask Yield	Highest Ask Yield	Nominal Won (IDR bn)	Incoming Bid (IDR bn)
SPN03180823	New Issuance	Discount	23-Aug-18	4.95%	5.70%	2,200	3,320
SPN12190214	Reopening	Discount	14-Feb-19	5.40%	6.65%	3,300	5,820
FR0064	Reopening	6.125%	15-May-28	7.38%	8.85%	6,750	14,277
FR0065	Reopening	6.625%	15-May-33	7.78%	9.27%	2,000	3,746
FR0075	Reopening	7.500%	15-May-38	7.94%	9.44%	750	4,311

Next Government Bond Auction Schedule

Date	May 30 2018	End	May 30 2018	12.00 AM
Indicative Target	IDR 4 tn	Result		May 30 2018
Begin	10.00 AM	Settlement		Jun 04 2018

Series	Status	Coupon/ Discount	Maturity	Non-Competitive Buy Allocation	Underlying Assets
SPN-S 01122018	New Issuance	Discount	01-Dec-18	50% from winning amount	
PBS016	Reopening	6.250%	15-Mar-20		
PBS002	Reopening	5.450%	15-Jan-22		2018 State Budget Project /
PBS017	Reopening	6.125%	15-Oct-25	30% from winning amount	Activities
PBS012	Reopening	8.875%	15-Nov-31		
PBS004	Reopening	6.100%	15-Feb-37		

Source: DJPPR Ministry of Finance

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	JPN	06:30	Jobless Rate	Apr	2.50%	2.50%	
29 - May	USA	21:00	Conf. Board Consumer Confidence	May	127.9	128.7	
Wednesday	GER	14:55	Unemployment Change (000's)	May	-5k	-7k	
30 - May	EU	16:00	Consumer Confidence	May F	--	0.2	
	GER	19:00	CPI MoM	May P	0.20%	0.00%	
	GER	19:00	CPI YoY	May P	1.90%	1.60%	
	USA	19:30	GDP Annualized QoQ	1Q S	2.30%	2.30%	
	USA	19:30	GDP Price Index	1Q S	2.00%	2.00%	
Thursday	USA	01:00	U.S. Federal Reserve Releases Beige Book				
31 - May	JPN	06:50	Industrial Production MoM	Apr P	1.40%	1.40%	
	CHN	08:00	Manufacturing PMI	May	51.4	51.4	
	USA	19:30	PCE Core YoY	Apr	1.80%	1.90%	
	USA	19:30	Personal Income	Apr	0.30%	0.30%	
	USA	19:30	Initial Jobless Claims	26-May	--	234k	
	USA	19:30	PCE Deflator MoM	Apr	0.20%	0.00%	
	USA	19:30	PCE Deflator YoY	Apr	--	2.00%	
	USA	19:30	PCE Core MoM	Apr	0.10%	0.20%	
Friday	JPN	07:30	Nikkei Japan PMI Mfg	May F	--	52.5	
01 - Jun	CHN	08:45	Caixin China PMI Mfg	May	51.2	51.1	
	GER	14:55	Markit Germany Manufacturing PMI	May F	--	56.8	
	EU	15:00	Markit Eurozone Manufacturing PMI	May F	--	55.5	
	UK	15:30	Markit UK PMI Manufacturing SA	May	53.5	53.9	
	USA	19:30	Change in Nonfarm Payrolls	May	190k	164k	
	USA	19:30	Unemployment Rate	May	3.90%	3.90%	
	USA	20:45	Markit US Manufacturing PMI	May F	--	56.6	
	USA	21:00	ISM Manufacturing	May	58.1	57.3	

Source: Bloomberg

Major Emerging Market IRS

1-Year	Last	Weekly Chg	Monthly Chg.	YTD Chg.	3-Years	Last	Weekly Chg	Montly Chg.	YTD Chg.
Indonesia	6.63	1.53%	16.74%	15.22%	Indonesia	7.00	1.45%	12.00%	12.00%
South Korea	1.84	-0.61%	-0.27%	0.41%	South Korea	2.11	-1.57%	1.08%	2.42%
China	3.20	-0.16%	-0.62%	-14.67%	China	3.44	-1.01%	1.65%	-11.15%
Malaysia	3.75	-0.13%	0.00%	2.88%	Malaysia	3.84	-0.13%	0.79%	2.54%
Thailand	1.43	-0.35%	8.75%	13.49%	Thailand	1.88	-0.27%	13.60%	14.29%

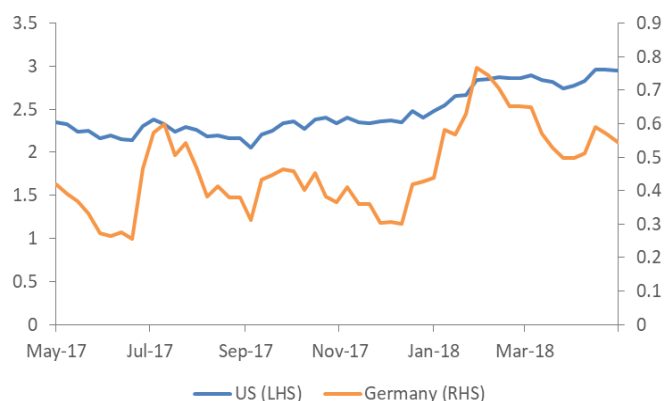
Source: Bloomberg

Foreign Exchange Fluctuation

Currency	Last	Weekly Chg	Monthly Chg.	YTD Chg.	Currency	Last	Weekly Chg	Montly Chg.	YTD Chg.
Dollar	93.89	0.27%	2.98%	1.92%	USDKRW	1,077	-0.02%	-0.31%	0.63%
USDJPY	109.56	-1.10%	0.12%	-2.78%	USDCNY	6.39	0.12%	0.96%	-1.83%
GBPUSD	1.34	-0.71%	-4.01%	-1.04%	USDMYR	3.98	0.31%	1.87%	-1.53%
EURUSD	1.17	-0.53%	-3.71%	-2.46%	USDTHB	32.00	-0.60%	1.54%	-1.76%
USDCAD	1.29	0.10%	0.42%	2.60%	USDIDR	14,155	-0.01%	1.68%	4.43%
USDCHF	0.99	-0.58%	0.91%	1.84%	AUDUSD	0.76	0.75%	0.03%	-3.10%

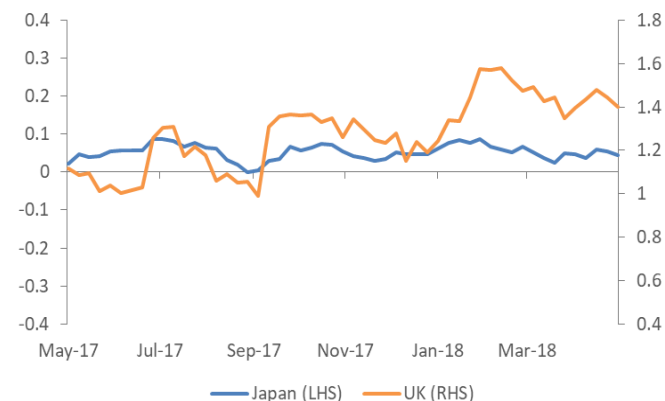
Source: Bloomberg

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



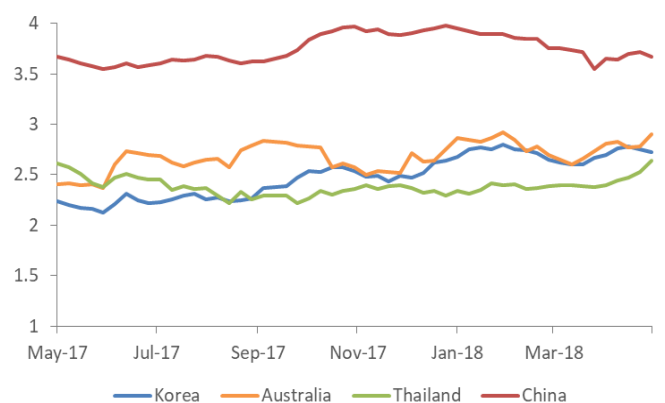
Source: Bloomberg

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



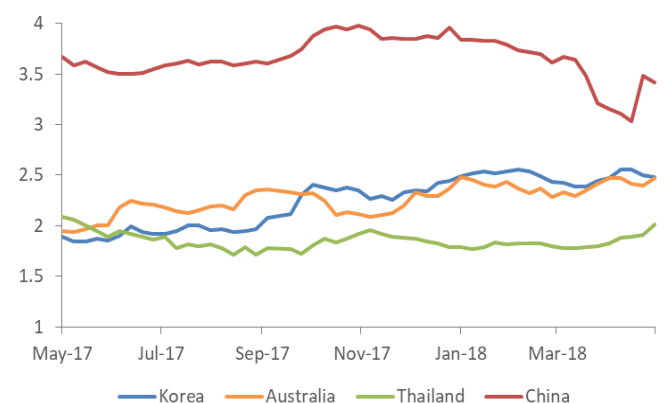
Source: Bloomberg

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



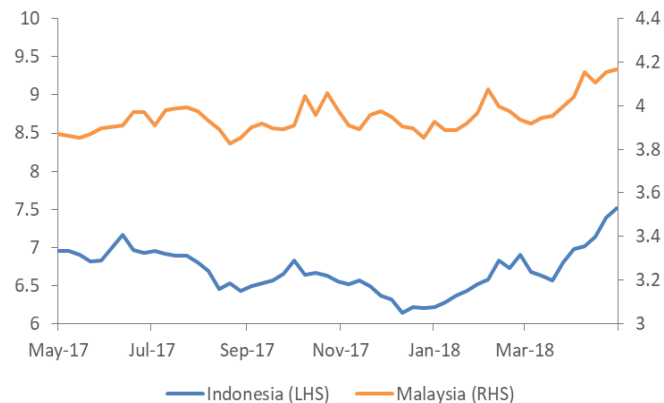
Source: Bloomberg

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



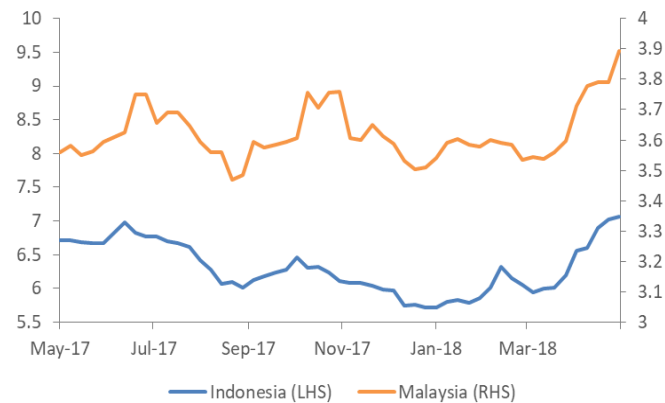
Source: Bloomberg

10-years Government Yield | Indonesia & Malaysia



Source: Bloomberg

5-years Government Yield | Indonesia & Malaysia



Source: Bloomberg

10-years USD Government Bond Yield | Indonesia



Source: Bloomberg

5-years USD Government Bond Yield | Indonesia



Source: Bloomberg

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