

HEADLINES & ANALYSIS

- The yield spread between 10-year U.S. Treasuries and similar-maturity Treasury Inflation Protected Securities climbed above 2% points Tuesday, the first time since March that it's exceeded the Federal Reserve's target level for inflation. The breakeven rate remained subdued for much of 2017 as consumer price index data missed forecasts. Yet manufacturing indexes coming out this week from China to the U.K. suggest factories may need to boost prices as the global economy heats up. (Bloomberg)
- South Korean company securities have rallied as an economic recovery boosts optimism on the corporate sector. The yield premium on three-year AA-rated notes in won over government bonds dropped 8bps in December, the most in eleven months. Improving earnings, expectations for lower default rates and more certainty over central bank policy were key factors, according to Park Jin-young, credit analyst at HMC Investment Securities Co. (Bloomberg)
- Argentina is rushing to pull off a \$10 billion bond sale this month as Latin America's third-largest economy seeks to get ahead of other regional offerings. Argentina's proposal envisages selling at least \$7.5 billion of bonds or as much as \$10 billion if the market permits. The bonds will be sold in tranches and will include 10-year and 30-year notes. (Bloomberg)

YIELD CURVE (%)

TTM	2-Jan-18	-1 Day	Change	TTM	2-Jan-18	-1 Day	Change
3 months	4.068	4.053	0.016	15 years	7.043	7.033	0.009
6 months	4.490	4.471	0.019	16 years	7.093	7.085	0.008
1 year	5.086	5.077	0.009	17 years	7.138	7.131	0.007
2 years	5.566	5.585	-0.019	18 years	7.177	7.172	0.005
3 years	5.768	5.798	-0.030	19 years	7.212	7.208	0.004
4 years	5.911	5.939	-0.028	20 years	7.242	7.240	0.003
5 years	6.047	6.066	-0.019	21 years	7.270	7.268	0.001
6 years	6.183	6.193	-0.010	22 years	7.294	7.293	0.000
7 years	6.317	6.318	-0.002	23 years	7.315	7.316	-0.001
8 years	6.443	6.439	0.005	24 years	7.335	7.336	-0.001
9 years	6.560	6.551	0.009	25 years	7.352	7.354	-0.002
10 years	6.666	6.655	0.011	26 years	7.367	7.370	-0.003
11 years	6.761	6.749	0.012	27 years	7.381	7.385	-0.004
12 years	6.846	6.833	0.012	28 years	7.394	7.398	-0.004
13 years	6.920	6.908	0.012	29 years	7.405	7.410	-0.005
14 years	6.985	6.975	0.011	30 years	7.415	7.420	-0.005

Source : Danareksa Sekuritas

MOST ACTIVE GOVERNMENT BONDS

Bond	Coupon	Maturity	Last Price	Yield	Volume (IDR bn)
SPN12180201	-	1-Feb-18	99.68	-	2,587.88
FR0074	7.500	15-Aug-32	105.79	6.873	2,245.61
PBS009	7.750	25-Jan-18	100.21	2.979	1,747.88
ORI012	9.000	15-Oct-18	102.00	4.850	1,032.58
SPN12180104	-	4-Jan-18	99.99	-	959.68

Sources: Bloomberg; Indonesia Stock Exchange (Volume)

MOST ACTIVE CORPORATE BONDS

Bond	Rating	Coupon	Maturity	Last Price	Yield	Volume
TAFS01BCN3	AAA(I dn)	9.500	6-Nov-18	102.73	9.25	60.40
SMFP04ACN2	idAAA	6.250	23-Oct-18	100.30	6.23	60.00
BBRI02CCN3	idAAA	8.250	24-Aug-24	104.62	7.36	40.10
SANF02ACN2	idAA-	8.000	10-Apr-18	100.62	7.95	36.00
ASDF02BCN5	AAA(I dn)	9.250	2-Jul-18	101.74	9.09	34.50

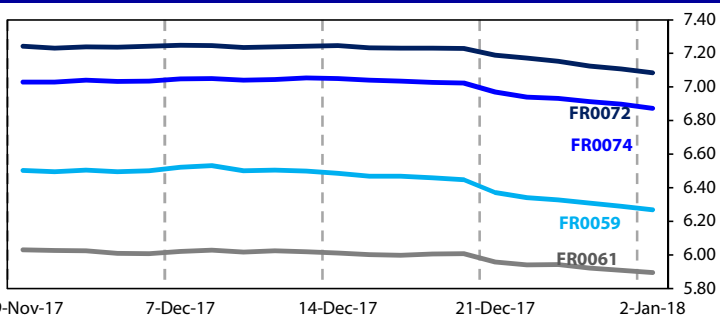
*Current yield; Coupon, Last Price & Yield are in %; Volume is in IDR bn; Rating code: id(Pefindo) & idn (Fitch Indonesia)

SOVEREIGN BOND YIELDS

Country	Tenor	Coupon (%)	2-Jan-18			Spread over UST YC (bps)			Country	Tenor	Coupon (%)	2-Jan-18			Spread over UST YC (bps)		
			-1 Mo	-3 Mo	2-Jan-18	-1 Mo	-3 Mo	-1 Mo				-3 Mo	-1 Mo	-3 Mo			
United States USD	2yr		1.920	1.900	1.620				Philippines PHP	2yr	6.000	4.076	4.000	3.650	216	222	218
	5yr		2.250	2.140	1.920					5yr	7.875	4.853	4.747	4.333	260	261	241
	10yr		2.460	2.420	2.330					10yr	11.375	5.148	5.015	4.700	269	260	237
German EUR	2yr	0.250	-0.610	-0.684	-	-253	-246	-	Thailand THB	2yr	3.125	1.512	1.556	1.543	-41	-22	7
	5yr	1.000	-0.186	-0.308	-0.280	-244	-245	-220		5yr	3.450	1.861	1.931	1.795	-39	-21	-13
	10yr	1.750	0.467	0.367	0.453	-199	-205	-188		10yr	3.625	2.34	2.372	2.292	-12	-5	-4
Indonesia USD	2yr	11.625	2.214	2.126	1.871	29	35	40	India INR	2yr	7.590	6.62	-	6.332	470	-	486
	5yr	3.750	3.019	3.020	2.840	77	88	92		5yr	7.280	7.209	6.902	6.68	496	476	476
	10yr	4.750	3.513	3.556	3.466	105	114	114		10yr	8.830	7.387	7.062	6.703	493	464	437
Brazil BRL	2yr	0.000	7.640	8.14	8.01	572	636	654	Malaysia MYR	3yr	3.172	3.34	3.425	3.414	133	153	179
	5yr	10.000	9.165	9.66	9.16	725	788	769		5yr	3.260	3.54	3.64	3.607	129	150	169
	10yr	10.000	10.277	10.40	9.79	836	862	832		10yr	4.181	3.913	3.926	3.935	145	151	161

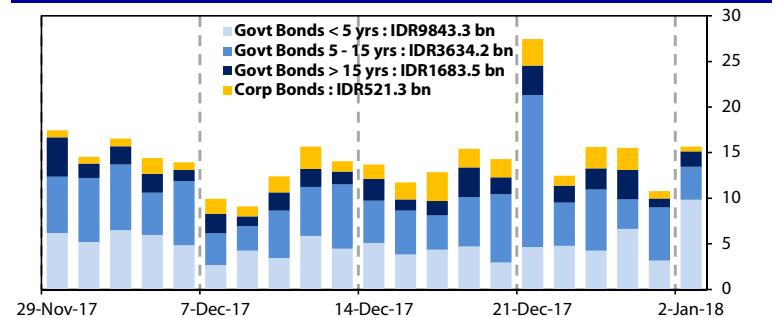
Sources: Bloomberg (Current Yield Curve), US Treasury

YIELD OF GOVERNMENT BOND BENCHMARK (%)



Sources: Bloomberg

TRADING VOLUME BY MATURITY (IDR TRILLION)



Sources: Indonesia Stock Exchange

KEY TARGETED RATE

Country	Rate (%)	Last Change	Change	Inflation Rate (%)	Real Interest Rate (%)
Indonesia (SDRR)	4.25	22-Sep-17	-25bps ↓	3.61	0.64
US (Fed Fund Rate)	1.50	13-Dec-17	25bps ↑	2.20	-0.70
Euro Region	0.00	16-Mar-16	-5bps ↓	1.80	-1.80
Japan	0.10	19-Dec-08	-20bps ↓	0.60	-0.50
India (Repo Rate)	6.00	2-Aug-17	-25bps ↓	3.97	2.03
Malaysia	3.00	13-Jul-16	-25bps ↓	3.40	-0.40
Philippines	3.00	16-May-16	-100bps ↓	3.30	-0.30
Thailand	3.00	25-Jan-12	-25bps ↓	0.99	2.01
Singapore	0.08	31-Dec-13	5bps ↑	0.60	-0.52
Brazil	7.00	6-Dec-17	-50bps ↓	2.80	4.20

Sources: Bloomberg

GLOBAL STOCK MARKETS

Stock Index	2-Jan-18	-1 Day	Return (%)				
			Daily	WoW	MoM	YoY	YTD
Indonesia (JCI)	6,339 ↓	6,356	-0.26	1.90	6.50	19.68	-0.26
Dow Jones (DJIA)	24,824 ↑	24,719	0.42	0.31	2.44	25.61	0.42
London (FTSE 100)	7,648 ↓	7,688	-0.52	0.73	4.76	7.07	-0.52
Nikkei 225	22,765 →	22,765	0.00	-0.56	-0.24	19.10	0.00
Hang Seng (HIS)	30,515 ↑	29,919	1.99	3.17	4.96	38.70	1.99
Malaysia (KLCI)	1,783 ↓	1,797	-0.79	1.29	3.77	8.59	-0.79
Philippines (PSEi)	8,558 →	8,558	0.00	1.50	5.09	25.11	0.00
Thailand (SET)	1,754 →	1,754	0.00	0.07	3.18	13.66	0.00
Singapore (STI)	3,430 ↑	3,403	0.80	1.54	-0.56	19.08	0.80
Brazil (BOVESPA)	77,891 ↑	76,402	1.95	2.88	7.79	30.71	1.95

Sources: Bloomberg & Danareksa

CURRENCY & COMMODITY

Price	2-Jan-18	-1 Day	-1 Week	-1 Month	EoP 2016
USD/IDR	13,514 ↓	13,555	13,554	13,523	13,555
Brent	66.69 ↓	66.82	66.4	63.67	66.82
WTI Crude Oil	60.37 ↓	60.42	59.97	58.36	60.42

Sources: Bloomberg

PERFORMANCE OF IDR GOVERNMENT BONDS

As of	Average YTM (%)	Change (bps)	Return (%)				
			Daily	WoW	MoM	YoY	YTD
2-Jan-18	6.19		0.24	0.80	2.14	17.63	0.24
-1 Day	6.22	↓ -3.1	0.17	0.82	1.89	17.32	17.34
-1 Week	6.27	↓ -7.9	0.11	0.57	1.78	16.59	16.82
-1 Month	6.42	↓ -23.7	0.09	0.46	2.33	17.37	15.56
-1 Year	7.92	↓ -173.2	-0.02	-0.19	2.23	14.07	14.07

Sources: Danareksa

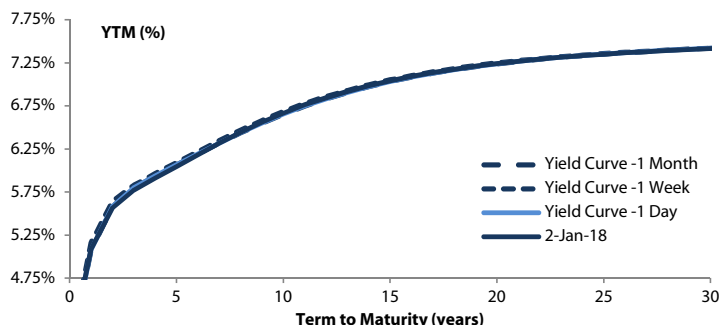
VALUATIONS OF GOVERNMENT BONDS

Bond	Issue Date	Mature Date	Coupon	TTM	Modified Duration	YTM (Change)	Prev Closing Price	Fair Yield Range	Fair Price Range	Last Trade			
										Date	Price	Vol (IDR bn)	Freq
FR0066	25-Oct-12	15-May-18	5.25	0.4	0.36	4.63 ↓ -3.3bps	100.21	4.584 4.792	100.15 100.23	2-Jan-18	100.13	390.00	2
FR0032	1-Sep-05	15-Jul-18	15.00	0.5	0.49	4.59 ↑ 9.7bps	105.38	4.369 4.596	105.43 105.56	20-Dec-17	105.95	160.00	4
FR0038	24-Aug-06	15-Aug-18	11.60	0.6	0.58	4.33 → 0.0bps	104.59	4.236 4.669	104.17 104.45	21-Dec-17	104.34	115.00	1
FR0048	27-Sep-07	15-Sep-18	9.00	0.7	0.66	4.89 → 0.0bps	102.77	4.737 5.170	102.58 102.88	20-Dec-17	102.83	1.00	1
FR0069	29-Aug-13	15-Apr-19	7.88	1.3	1.20	5.23 ↓ -4.9bps	103.22	5.198 5.360	103.07 103.27	2-Jan-18	103.25	7.00	2
FR0036	20-Apr-06	15-Sep-19	11.50	1.7	1.51	5.44 ↓ -0.4bps	109.66	5.369 5.486	109.61 109.81	21-Dec-17	109.80	108.00	7
FR0031	16-Jun-05	15-Nov-20	11.00	2.9	2.46	5.71 ↓ -2.6bps	113.77	5.680 5.737	113.72 113.88	29-Dec-17	114.00	10.40	3
FR0034	26-Jan-06	15-Jun-21	12.80	3.5	2.86	5.82 ↓ -2.2bps	121.51	5.787 5.829	121.50 121.64	29-Dec-17	121.66	68.60	2
FR0053	8-Jul-10	15-Jul-21	8.25	3.5	2.96	5.84 ↓ -3.2bps	107.60	5.807 5.859	107.53 107.70	2-Jan-18	107.60	542.62	11
FR0061	6-Oct-11	15-May-22	7.00	4.4	3.71	5.90 ↓ -1.4bps	104.18	5.835 5.903	104.16 104.42	2-Jan-18	104.30	335.50	10
FR0035	16-Feb-06	15-Jun-22	12.90	4.5	3.52	5.95 ↓ -2.3bps	126.81	5.930 6.002	126.59 126.91	14-Dec-17	126.55	200.00	1
FR0043	22-Feb-07	15-Jul-22	10.25	4.5	3.55	5.96 ↓ -2.3bps	116.79	5.954 6.016	116.59 116.85	13-Dec-17	116.10	10.00	1
FR0063	13-Aug-12	15-May-23	5.63	5.4	4.53	5.93 ↓ -5.6bps	98.63	5.946 6.114	97.78 98.54	2-Jan-18	98.75	5.82	2
FR0046	19-Jul-07	15-Jul-23	9.50	5.5	4.22	6.11 ↑ 1.0bps	115.70	6.079 6.182	115.35 115.87	29-Dec-17	115.91	20.00	2
FR0039	24-Aug-06	15-Aug-23	11.75	5.6	4.16	6.13 ↓ -2.7bps	126.35	6.129 6.213	125.91 126.37	4-Dec-17	125.25	0.10	1
FR0070	29-Aug-13	15-Mar-24	8.38	6.2	4.78	6.11 ↓ -6.2bps	111.52	6.113 6.237	110.84 111.51	2-Jan-18	111.50	210.53	3
FR0044	19-Apr-07	15-Sep-24	10.00	6.7	4.92	6.34 ↓ -1.0bps	119.68	6.276 6.351	119.64 120.10	2-Jan-18	119.75	25.28	3
FR0040	21-Sep-06	15-Sep-25	11.00	7.7	5.36	6.41 ↓ -1.2bps	127.55	6.349 6.421	127.46 127.96	2-Jan-18	127.40	50.00	5
FR0037	18-May-06	15-Sep-26	12.00	8.7	5.76	6.44 ↓ -1.6bps	136.55	6.387 6.493	136.14 137.00	13-Dec-17	136.00	10.00	1
FR0056	23-Sep-10	15-Sep-26	8.38	8.7	6.17	6.38 ↓ -3.7bps	113.15	6.372 6.439	112.73 113.20	29-Dec-17	113.20	438.36	36
FR0059	15-Sep-11	15-May-27	7.00	9.4	6.82	6.27 ↓ -2.1bps	105.11	6.264 6.419	104.04 105.15	2-Jan-18	105.28	487.94	33
FR0042	25-Jan-07	15-Jul-27	10.25	9.5	6.23	6.57 ↓ -3.6bps	125.78	6.499 6.673	124.93 126.35	18-Dec-17	124.30	2.00	1
FR0047	30-Aug-07	15-Feb-28	10.00	10.1	6.55	6.68 → 0.0bps	124.11	6.597 6.698	123.97 124.82	2-Jan-18	125.00	150.00	1
FR0064	13-Aug-12	15-May-28	6.13	10.4	7.48	6.51 ↑ 4.5bps	97.12	6.463 6.569	96.69 97.46	2-Jan-18	98.75	10.00	1
FR0071	12-Sep-13	15-Mar-29	9.00	11.2	7.22	6.64 ↓ -3.8bps	118.45	6.646 6.747	117.49 118.37	2-Jan-18	118.00	37.80	2
FR0052	20-Aug-09	15-Aug-30	10.50	12.6	7.46	6.86 ↓ -9.1bps	130.39	6.855 7.010	128.90 130.45	2-Jan-18	129.75	50.00	1
FR0073	6-Aug-15	15-May-31	8.75	13.4	8.18	6.82 ↑ 0.6bps	116.74	6.827 6.935	115.64 116.67	2-Jan-18	116.25	0.55	2
FR0074	10-Nov-16	15-Aug-32	7.50	14.6	8.74	6.87 ↓ -2.5bps	105.71	6.871 6.995	104.57 105.73	2-Jan-18	105.79	2,245.61	75
FR0054	22-Jul-10	15-Jul-31	9.50	13.5	7.84	7.08 → 0.0bps	120.86	7.000 7.113	120.53 121.64	28-Dec-17	124.10	0.30	1
FR0058	21-Jul-11	15-Jun-32	8.25	14.5	8.67	7.03 ↓ -7.7bps	110.98	7.009 7.135	109.95 111.16	2-Jan-18	109.80	360.65	6
FR0065	30-Aug-12	15-May-33	6.63	15.4	9.41	6.82 ↓ -8.1bps	98.16	6.846 7.048	96.05 97.91	2-Jan-18	98.30	220.60	27
FR0068	1-Aug-13	15-Mar-34	8.38	16.2	9.01	7.14 ↓ -2.2bps	111.76	7.136 7.216	110.95 111.77	2-Jan-18	112.20	235.04	24
FR0072	9-Jul-15	15-May-36	8.25	18.4	9.78	7.08 ↓ -2.3bps	111.86	7.095 7.203	110.56 111.74	2-Jan-18	112.00	493.87	32
FR0045	24-May-07	15-May-37	9.75	19.4	9.62	7.30 → 0.0bps	125.20	7.004 7.437	123.52 128.85	27-Dec-17	125.20	0.18	1
FR0075	15-Aug-17	15-May-38	7.50	20.4	10.52	7.01 ↓ -3.1bps	105.25	7.032 7.174	103.45 105.01	2-Jan-18	103.00	717.33	189
FR0050	24-Jan-08	15-Jul-38	10.50	20.5	9.50	7.33 ↓ -0.8bps	133.44	7.287 7.385	132.66 133.95	2-Jan-18	133.25	0.25	1
FR0057	21-Apr-11	15-May-41	9.50	23.4	10.49	7.35 → 0.0bps	123.88	7.323 7.420	122.91 124.18	29-Dec-17	123.54	9.50	7
FR0062	9-Feb-12	15-Apr-42	6.38	24.3	11.38	7.36 ↑ 0.1bps	88.88	7.282 7.407	88.43 89.73	2-Jan-18	89.03	10.00	1
FR0067	18-Jul-13	15-Feb-44	8.75	26.1	10.85	7.40 ↓ -2.9bps	115.48	7.383 7.457	114.76 115.71	29-Dec-17	116.80	4.52	8
FR0076	22-Sep-17	15-May-48	7.38	30.4	12.17	7.14 ↓ -0.7bps	102.91			2-Jan-18	102.00	6.40	12
ORI012	21-Oct-15	15-Oct-18	9.00	0.8	-	4.85 ↓ -13.5bps	103.17	4.674 5.107	102.99 103.33	2-Jan-18	102.00	1,032.58	26
ORI013	26-Oct-16	15-Oct-19	6.60	1.8	-	5.73 ↓ -4.2bps	101.48	5.608 5.768	101.41 101.68	2-Jan-18	100.60	1.38	11
IFR0002	26-Aug-08	15-Aug-18	11.95	0.6	-	-0.43 ↓ -5.1bps	107.63	-0.008 0.424	107.12 -	4-Dec-17	104.45	24.00	4
IFR0008	15-Apr-10	15-Mar-20	8.80	2.2	1.93	7.10 ↓ -0.2bps	103.38	6.960 7.093	103.40 103.67	5-May-14	103.65	5.00	3
IFR0007	1-Apr-10	15-Jan-25	10.25	7.0	4.92	7.57 ↓ -0.1bps	114.38	7.361 7.583	114.33 115.64	10-Oct-17	120.36	10.00	2
IFR0006	21-Jan-10	15-Mar-30	10.25	12.2	7.35	7.01 → 0.0bps	126.21	7.329 7.762	119.37 123.27	29-Dec-17	126.21	10.00	6
IFR0010	3-Mar-11	15-Feb-36	10.00	18.1	8.64	8.40 → 0.0bps	114.75	8.263 8.419	114.55 116.16	23-Aug-17	120.00	1.01	1
PBS001	16-Feb-12	15-Feb-18	4.50	0.1	0.11	12.02 ↑ 17.5bps	99.13	10.129 10.561	99.26 99.31	19-Sep-17	99.20	0.26	1
PBS002	2-Feb-12	15-Jan-22	5.45	4.0	3.47	6.11 ↑ 0.1bps	97.68	6.045 6.478	96.40 97.89	10-Oct-17	95.44	30.00	1
PBS003	2-Feb-12	15-Jan-27	6.00	9.0	6.61	6.89 → 0.0bps	94.10	6.908 7.341	91.25 93.97	23-Aug-17	90.80	10.00	3
PBS004	16-Feb-12	15-Feb-37	6.10	19.1	10.19	7.60 → 0.0bps	85.01	7.251 7.684	84.25 88.18	29-Dec-17	85.01	17.00	3
PBS005	2-May-13	15-Apr-43	6.75	25.3	11.26	7.57 → 0.0bps	90.83	7.614 8.046	86.06 90.36	20-Dec-17	91.50	15.00	1
PBS006	19-Sep-13	15-Sep-20	8.25	2.7	2.36	5.83 ↓ -1.3bps	105.94	5.763 5.853	105.89 106.12	29-Dec-17	106.03	34.00	2
PBS009	30-Jul-15	25-Jan-18	7.75	0.1	0.06	2.98 ↓ -54.4bps	100.27	2.914 3.347	100.27 100.30	2-Jan-18	100.21	1,747.88	7
PBS011	14-Jan-16	15-Aug-23	8.75	5.6	4.35	6.38 ↓ -1.2bps	111.01	6.250 6.384	111.01 111.68	27-Dec-17	111.36	40.00	2
PBS012	28-Jan-16	15-Nov-31	8.88	13.9	8.25	7.18 → 0.0bps	114.70	7.197 7.348	113.13 114.55	29-Dec-17	114.88	84.50	12
PBS013	6-Oct-16	15-May-19	6.25	1.4	1.29	5.61 ↓ -9.0bps	100.82	5.571 5.747	100.64 100.87	29-Dec-17	101.00	20.00	1
PBS014	6-Oct-16	15-May-21	6.50	3.4	2.96	6.28 → 0.0bps	100.64	6.092 6.268	100.69 101.22	29-Dec-17	101.50	50.00	3
SR007	11-Mar-15	11-Mar-18	8.25	0.2	-	4.18 ↑ 17.7bps	100.75	3.839 4.272	100.75 100.84	2-Jan-18	100.75	98.00	1
SR008	10-Mar-16	10-Mar-19	8.30	1.2	-	5.23 ↓ -6.4bps	103.51	5.202 5.375	103.36 103.56	2-Jan-18	102.70	2.78	6
SR009	22-Mar-17	10-Mar-20	6.90	2.2	1.89	5.80 ↑ 1.9bps	102.26	5.685 5.795	102.18 102.40	2-Jan-18	101.50	50.53	8

*Val: Valuation based on ENSS Yield Curve; MDur (Modified Duration) is in year; Coupon, Price, & Yield are in %

Source: Bloomberg, Danareksa Sekuritas, IDX (Last Trade)

YIELD CURVE MOVEMENT



Source: Danareksa Sekuritas

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