

HEADLINES & ANALYSIS

- The 10-year U.S. Treasury yield climbed to the highest level in more than 9 months. The benchmark U.S. yield rose 7bps to top 2.55% for the first time since March, and the Treasury curve steepened the most in over a year, as a looming glut of bond supply from the U.S., the U.K., Japan and Germany coincided with a surprise cut in purchases of long-dated Japanese government bonds by the Bank of Japan. (Bloomberg)
- Japan's negative interest rates are pushing the nation's largest life insurer into emerging-market debt as the global hunt for yield prompts conservative money managers to take on more risk. Japan Post Insurance Co. plans to start buying sovereign and investment-grade corporate bonds in developing economies as early as this quarter, managing director Takayuki Haruna said in an interview. (Bloomberg)
- The People's Bank of China added liquidity via open market operations for the first time in 13 days. The central bank offered 60 billion yuan (\$9.2 billion) of 7-day reverse repos and the same amount via 14-day contracts, according to traders at primary dealers who bid at the auctions. China had halted open-market operations as the benchmark seven-day repurchase rate fell to the lowest level since April. (Bloomberg)

YIELD CURVE (%)

TTM	9-Jan-18	-1 Day	Change	TTM	9-Jan-18	-1 Day	Change
3 months	4.005	4.143	-0.139	15 years	6.803	6.811	-0.008
6 months	4.385	4.578	-0.193	16 years	6.849	6.857	-0.008
1 year	4.936	5.120	-0.184	17 years	6.890	6.897	-0.007
2 years	5.400	5.456	-0.056	18 years	6.926	6.932	-0.006
3 years	5.606	5.585	0.021	19 years	6.958	6.962	-0.004
4 years	5.751	5.704	0.046	20 years	6.986	6.990	-0.003
5 years	5.883	5.838	0.045	21 years	7.011	7.014	-0.002
6 years	6.012	5.978	0.034	22 years	7.034	7.035	-0.002
7 years	6.137	6.115	0.022	23 years	7.054	7.055	-0.001
8 years	6.254	6.242	0.011	24 years	7.072	7.072	0.000
9 years	6.361	6.358	0.003	25 years	7.088	7.087	0.001
10 years	6.458	6.461	-0.003	26 years	7.102	7.101	0.001
11 years	6.545	6.552	-0.006	27 years	7.115	7.114	0.002
12 years	6.622	6.631	-0.008	28 years	7.127	7.125	0.002
13 years	6.690	6.699	-0.009	29 years	7.138	7.135	0.003
14 years	6.750	6.759	-0.009	30 years	7.148	7.144	0.003

Source : Danareksa Sekuritas

MOST ACTIVE GOVERNMENT BONDS

Bond	Coupon	Maturity	Last Price	Yield	Volume (IDR bn)
PBS016	6.250	15-Mar-20	101.25	5.625	2,988.73
FR0072	8.250	15-May-36	114.00	6.866	2,693.31
FR0075	7.500	15-May-38	107.05	6.842	2,387.39
FR0061	7.000	15-May-22	104.10	5.703	2,268.03
FR0070	8.375	15-Mar-24	113.15	5.836	2,181.00

Sources: Bloomberg; Indonesia Stock Exchange (Volume)

MOST ACTIVE CORPORATE BONDS

Bond	Rating	Coupon	Maturity	Last Price	Yield	Volume
SMII01BCN2	idAAA	7.400	15-Nov-20	101.40	6.85	140.30
ISAT02ECN2	idAAA	8.650	9-Nov-27	100.02	8.65	100.00
BBRI02BCN3	idAAA	8.000	24-Aug-22	103.08	7.21	60.00
BBMISMSB1CN2	idA(sy)	9.600	28-Mar-23	94.10	11.10	50.00
PIHC01ACN2	AAA(Idn)	7.500	9-Nov-20	100.45	7.32	40.00

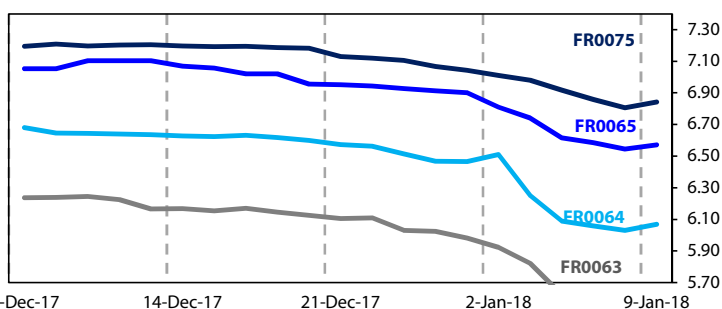
*Current yield; Coupon, Last Price & Yield are in %; Volume is in IDR bn; Rating code: id(Pefindo) & idn (Fitch Indonesia)

SOVEREIGN BOND YIELDS

Country	Tenor	Coupon (%)	9-Jan-18	-1 Mo	-3 Mo	Spread over UST YC (bps)			Country	Tenor	Coupon (%)	9-Jan-18	-1 Mo	-3 Mo	Spread over UST YC (bps)		
						9-Jan-18	-1 Mo	-3 Mo							9-Jan-18	-1 Mo	-3 Mo
United States USD	2yr		1.980	1.920	1.660				Philippines PHP	2yr	6.000	4.050	4.049	3.650	207	225	214
	5yr		2.330	2.140	1.950					5yr	7.875	4.855	4.856	4.320	253	272	237
	10yr		2.550	2.380	2.350					10yr	11.375	5.130	5.149	4.711	258	277	236
German EUR	2yr	0.250	-0.614	-0.739	-	-259	-254	-	Thailand THB	2yr	3.125	1.438	1.543	1.499	-54	-26	-1
	5yr	1.000	-0.198	-0.366	-0.255	-253	-251	-221		5yr	3.450	1.844	1.906	1.74	-49	-23	-21
	10yr	1.750	-	-	-	-	-	-		10yr	3.625	2.35	2.395	2.242	-20	2	-11
Indonesia USD	2yr	11.625	2.314	2.102	1.838	33	30	33	India INR	2yr	7.590	6.788	6.574	6.417	481	477	491
	5yr	3.750	3.023	3.014	2.831	69	87	88		5yr	7.280	7.223	7.013	-	489	487	-
	10yr	4.750	3.471	3.539	3.448	92	116	110		10yr	8.830	7.161	-	-	461	-	-
Brazil BRL	2yr	0.000	7.712	8.04	8.05	573	624	654	Malaysia MYR	3yr	3.172	3.367	3.435	3.402	128	152	174
	5yr	10.000	9.180	9.55	9.21	720	775	770		5yr	3.260	3.538	3.659	3.604	121	152	165
	10yr	10.000	10.030	10.21	9.81	805	841	830		10yr	4.181	3.899	3.988	3.91	135	161	156

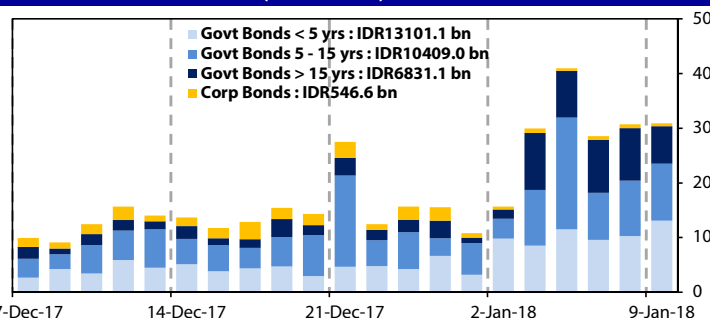
Sources: Bloomberg (Current Yield Curve), US Treasury

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 ↓	0.78	2.22
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	9-Jan-18	-1 Day	Return (%)				
			Daily	WoW	MoM	YoY	YTD
Indonesia (JCI)	6,373 ↓	6,385	-0.19	0.53	5.67	19.88	0.28
Dow Jones (DJIA)	25,386 ↑	25,283	0.41	2.26	4.34	27.65	2.70
London (FTSE 100)	7,731 ↑	7,697	0.45	1.08	4.56	6.81	0.56
Nikkei 225	23,850 ↑	23,715	0.57	4.77	4.55	22.59	4.77
Hang Seng (HIS)	31,011 ↑	30,900	0.36	1.63	8.28	37.47	3.65
Malaysia (KLCI)	1,827 ↓	1,832	-0.28	2.48	6.14	9.54	1.68
Philippines (PSEI)	8,924 ↑	8,745	2.04	4.27	7.45	22.64	4.27
Thailand (SET)	1,795 ↑	1,793	0.13	2.37	5.20	14.78	2.37
Singapore (STI)	3,525 ↑	3,512	0.36	2.75	2.92	18.22	3.58
Brazil (BOVESPA)	78,864 ↓	79,379	-0.65	1.25	8.43	27.82	3.22

Sources: Bloomberg & Danareksa

CURRENCY & COMMODITY

Price	9-Jan-18	-1 Day	-1 Week	-1 Month	EoP 2016
USD/IDR	13,438 ↑	13,429	13,514	13,550	13,555
Brent	69.45 ↑	68.21	66.69	63.67	66.82
WTI Crude Oil	62.96 ↑	61.73	60.37	57.36	60.42

Sources: Bloomberg

PERFORMANCE OF IDR GOVERNMENT BONDS

As of	Average YTM (%)	Change (bps)	Return (%)				
			Daily	WoW	MoM	YoY	YTD
9-Jan-18	6.01		-0.06	1.37	3.04	18.07	1.63
-1 Day	5.99	1.4 ↑	0.35	1.69	3.19	18.17	1.69
-1 Week	6.19	-18.0 ↓	0.26	0.82	2.16	17.60	0.26
-1 Month	6.36	-35.2 ↓	0.00	0.24	1.36	14.75	15.79
-1 Year	7.75	-173.9 ↓	0.03	0.97	2.10	15.09	0.97

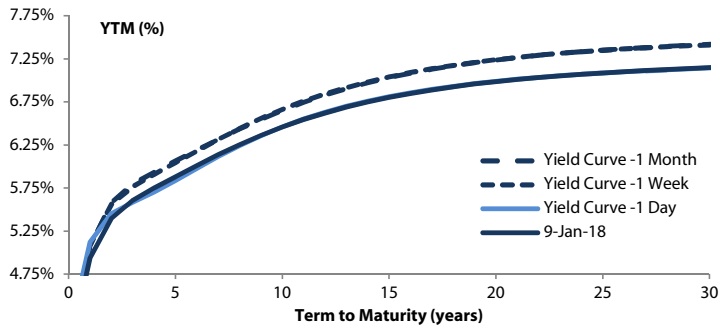
Sources: Danareksa

VALUATIONS OF GOVERNMENT BONDS

Bond	Issue Date	Mature Date	Coupon	TTM	Modified Duration	YTM	(Change)	Prev Closing		Fair Yield Range		Fair Price Range		Last Trade			
								Price	Yield	Min	Max	Date	Price	Vol (IDR bn)	Freq		
FR0066	25-Oct-12	15-May-18	5.25	0.4	0.34	4.36	↑ 4.3bps	100.29	4.243	4.779	100.15	100.33	9-Jan-18	100.27	306.16	4	

*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

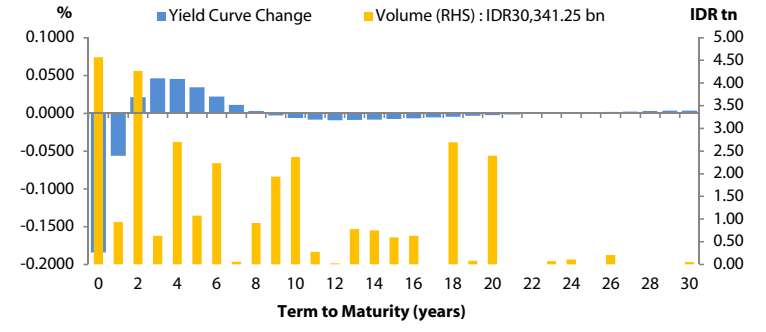


Source : Danareksa Sekuritas

Analysts : Rifki Rizal (ext. 3404) & Amir A. Dalimunthe (ext. 3405)

Disclaimer: The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Danareksa Sekuritas and/or its affiliated companies and/or its respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof. We expressly disclaim any responsibility or liability (express or implied) of P.T. Danareksa Sekuritas, its affiliated companies and its respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Danareksa Sekuritas, its affiliated companies or its respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed. The information contained in this report is not to be taken as any recommendation made by P.T. Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regard to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.

YIELD CURVE CHANGE & GOVERNMENT BONDS TRADE VOLUME BY MATURITY



Source : Danareksa Sekuritas & IDX