

## HEADLINES & ANALYSIS

- In the corner of the interest-rates market that's most closely attuned to expectations for Federal Reserve policy, traders this week have been adding to wagers on a more aggressive pace of tightening. The bets in eurodollar options are building against a backdrop of expectations for decreasing stimulus by central banks globally. (Bloomberg)
- The surge in Treasury yields to start 2018 appears to have sent a strong signal to bond investors: It's time to buy. Treasury Secretary Steven Mnuchin's debt-management squad in Washington had no problem selling \$56 billion of coupon-bearing debt this week. At Thursday's sale of 30-year debt, a measure of demand was the highest since 2014, while at Wednesday's 10-year auction, it was the strongest since 2016. (Bloomberg)
- China's showing once again that it's not afraid to wield the clout of its hoard of Treasuries to catch the attention of U.S. officials and the world's biggest debtmarket. But as in a previous episode in 2009, such warnings may prove hollow. (Bloomberg)

## YIELD CURVE (%)

TTM	11-Jan-18	-1 Day	Change	TTM	11-Jan-18	-1 Day	Change
3 months	4.000	4.085	-0.085	15 years	6.871	6.866	0.006
6 months	4.381	4.507	-0.126	16 years	6.921	6.913	0.008
1 year	4.943	5.080	-0.137	17 years	6.964	6.954	0.010
2 years	5.430	5.506	-0.076	18 years	7.003	6.991	0.012
3 years	5.647	5.676	-0.028	19 years	7.037	7.023	0.014
4 years	5.794	5.801	-0.007	20 years	7.068	7.051	0.016
5 years	5.926	5.927	-0.001	21 years	7.095	7.077	0.018
6 years	6.055	6.056	-0.001	22 years	7.119	7.099	0.019
7 years	6.180	6.183	-0.003	23 years	7.140	7.119	0.021
8 years	6.299	6.303	-0.004	24 years	7.159	7.137	0.022
9 years	6.409	6.414	-0.005	25 years	7.177	7.153	0.023
10 years	6.509	6.514	-0.005	26 years	7.192	7.168	0.024
11 years	6.600	6.603	-0.003	27 years	7.206	7.181	0.025
12 years	6.680	6.682	-0.001	28 years	7.219	7.193	0.026
13 years	6.752	6.751	0.001	29 years	7.230	7.204	0.026
14 years	6.815	6.812	0.003	30 years	7.240	7.213	0.027

Source : Danareksa Sekuritas

## MOST ACTIVE GOVERNMENT BONDS

Bond	Coupon	Maturity	Last Price	Yield	Volume (IDR bn)
FR0075	7.500	15-May-38	105.15	6.925	2,591.45
FR0072	8.250	15-May-36	113.35	6.938	2,539.11
FR0056	8.375	15-Sep-26	113.85	6.255	2,178.42
FR0064	6.125	15-May-28	100.40	6.080	1,441.76
FR0059	7.000	15-May-27	103.00	6.222	1,216.30

Sources: Bloomberg; Indonesia Stock Exchange (Volume)

## MOST ACTIVE CORPORATE BONDS

Bond	Rating	Coupon	Maturity	Last Price	Yield	Volume
MORA01A	idA	9.900	6-Dec-20	100.99	9.50	332.00
WOMF02ACN3	AA-(idn)	7.150	16-Dec-18	100.25	7.13	63.00
ADMF03BCN5	idAAA	8.600	22-Mar-20	103.20	7.01	50.00
SMII01BCN2	idAAA	7.400	15-Nov-20	100.89	7.05	45.00
BIFI01ACN3	AA+(idn)	8.300	3-Nov-19	102.30	6.94	40.00

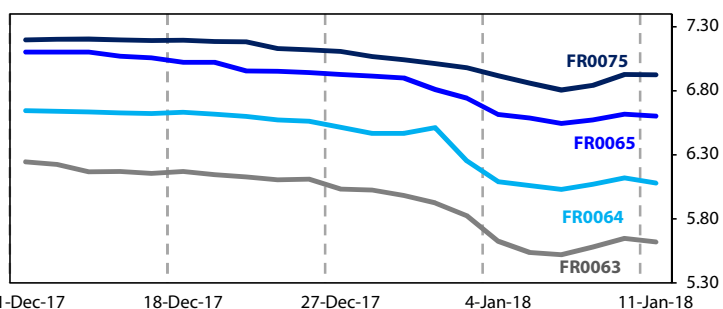
\*Current yield; Coupon, Last Price & Yield are in %; Volume is in IDR bn; Rating code: id(Pefindo) & idn (Fitch Indonesia)

## SOVEREIGN BOND YIELDS

Country	Tenor	Coupon (%)	11-Jan-18			Spread over UST YC (bps)			Country	Tenor	Coupon (%)	11-Jan-18			Spread over UST YC (bps)		
			11-Jan-18	-1 Mo	-3 Mo	11-Jan-18	-1 Mo	-3 Mo				11-Jan-18	-1 Mo	-3 Mo			
United States USD	2yr		1.980	1.950	1.640				Philippines PHP	2yr	6.000	4.020	4.088	3.650	204	226	214
	5yr		2.320	2.180	1.910					5yr	7.875	4.857	4.830	4.331	254	265	242
	10yr		2.540	2.400	2.280					10yr	11.375	5.156	5.100	4.699	262	270	242
German EUR	2yr	0.250	-0.571	-0.735	-	-255	-257	-	Thailand THB	2yr	3.125	1.408	1.545	1.494	-57	-29	-2
	5yr	1.000	-0.130	-0.354	-0.314	-245	-253	-222		5yr	3.450	1.799	1.902	1.733	-52	-28	-18
	10yr	1.750	0.581	-	-	-196	-	-		10yr	3.625	2.306	2.418	2.227	-23	2	-5
Indonesia USD	2yr	11.625	2.423	2.173	1.857	44	34	35	India INR	2yr	7.590	6.827	6.622	6.413	485	479	490
	5yr	3.750	3.052	3.023	2.801	73	84	89		5yr	7.280	7.283	7.091	6.792	496	491	488
	10yr	4.750	3.525	3.543	3.422	99	114	114		10yr	8.830	7.265	-	-	473	-	-
Brazil BRL	2yr	0.000	7.760	8.00	8.05	578	617	654	Malaysia MYR	3yr	3.172	3.35	3.429	3.413	126	148	177
	5yr	10.000	9.105	9.61	9.22	713	778	771		5yr	3.260	3.562	3.645	3.6	124	147	169
	10yr	10.000	9.928	10.35	9.79	795	852	828		10yr	4.181	3.882	3.983	3.915	134	158	164

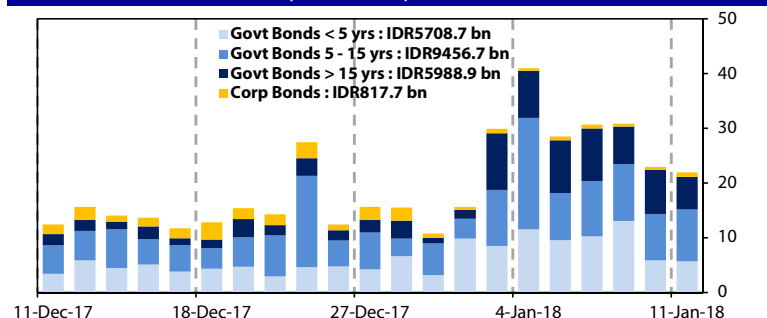
Sources: Bloomberg (Current Yield Curve), US Treasury

## 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 ↓	2.95	4.05

Sources: Bloomberg

## GLOBAL STOCK MARKETS

Stock Index	11-Jan-18	-1 Day	Return (%)				
			Daily	WoW	MoM	YoY	YTD
Indonesia (JCI)	6,386 ↑	6,371	0.24	1.49	5.87	20.47	0.48
Dow Jones (DJIA)	25,575 ↑	25,369	0.81	1.99	4.37	28.17	3.46
London (FTSE 100)	7,763 ↑	7,749	0.19	0.87	3.50	6.48	0.98
Nikkei 225	23,710 ↓	23,788	-0.33	0.87	3.69	22.44	4.15
Hang Seng (HIS)	31,120 ↑	31,074	0.15	1.25	8.08	35.69	4.01
Malaysia (KLCI)	1,817 ↓	1,823	-0.33	0.74	5.05	8.46	1.12
Philippines (PSEi)	8,813 ↓	8,920	-1.20	0.84	5.75	20.37	2.98
Thailand (SET)	1,803 ↑	1,795	0.44	0.66	5.91	14.61	2.80
Singapore (STI)	3,513 ↓	3,520	-0.22	0.33	1.36	17.05	3.23
Brazil (BOVESPA)	79,365 ↑	78,201	1.49	0.91	7.52	27.09	3.88

Sources: Bloomberg & Danareksa

## CURRENCY & COMMODITY

Price	11-Jan-18	-1 Day	-1 Week	-1 Month	EoP 2016
USD/IDR	13,400 ↓	13,425	13,422	13,574	13,555
Brent	69.36 ↑	69.3	68.35	64.78	66.82
WTI Crude Oil	63.8 ↑	63.57	62.01	57.14	60.42

Sources: Bloomberg

## PERFORMANCE OF IDR GOVERNMENT BONDS

As of	Average YTM (%)	Change (bps)	Return (%)				
			Daily	WoW	MoM	YoY	YTD
11-Jan-18	6.05		0.03	0.25	2.68	17.59	1.36
-1 Day	6.06	↓ -0.7	-0.29	0.74	2.66	17.64	1.34
-1 Week	6.07	↓ -1.9	0.52	1.38	2.75	18.04	1.11
-1 Month	6.35	↓ -30.2	0.02	0.20	1.43	15.19	15.93
-1 Year	7.73	↓ -168.0	0.07	0.64	0.73	15.11	1.11

Sources: Danareksa

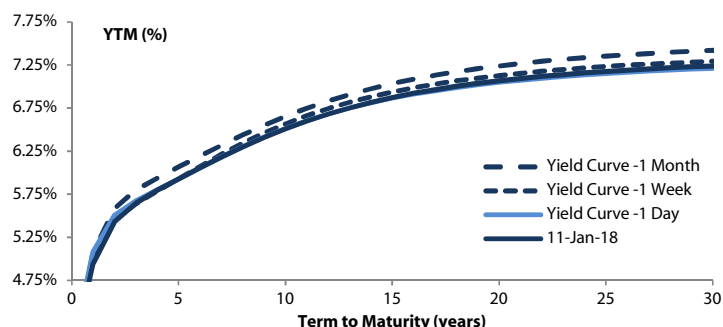
## VALUATIONS OF GOVERNMENT BONDS

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	0.3	0.34	4.31 ↓ -3.8bps	100.30	4.183 4.738	100.16 100.35	10-Jan-18	100.25	110.16	4
FR0032	1-Sep-05	15-Jul-18	15.00	0.5	0.47	4.20 ↓ -9.0bps	105.29	4.114 4.498	105.24 105.45	8-Jan-18	105.25	1.00	1
FR0038	24-Aug-06	15-Aug-18	11.60	0.6	0.56	4.33 → 0.0bps	104.59	4.019 4.360	104.20 104.41	22-Dec-17	104.35	280.00	3
FR0048	27-Sep-07	15-Sep-18	9.00	0.7	0.64	4.72 ↓ -12.0bps	102.75	4.609 5.043	102.58 102.87	11-Jan-18	102.90	255.00	1
FR0069	29-Aug-13	15-Apr-19	7.88	1.3	1.17	5.07 ↓ -7.7bps	103.34	4.981 5.195	103.21 103.48	11-Jan-18	103.39	953.43	7
FR0036	20-Apr-06	15-Sep-19	11.50	1.7	1.49	5.36 ↓ -4.0bps	109.64	5.208 5.366	109.68 109.95	10-Jan-18	109.47	2.00	1
FR0031	16-Jun-05	15-Nov-20	11.00	2.8	2.44	5.58 ↓ -2.3bps	114.01	5.545 5.627	113.92 114.15	11-Jan-18	113.76	42.99	2
FR0034	26-Jan-06	15-Jun-21	12.80	3.4	2.83	5.68 ↓ -2.5bps	121.80	5.663 5.714	121.76 121.93	11-Jan-18	121.55	43.01	2
FR0053	8-Jul-10	15-Jul-21	8.25	3.5	2.94	5.74 ↓ -1.8bps	107.85	5.671 5.748	107.85 108.11	11-Jan-18	107.90	292.07	12
FR0061	6-Oct-11	15-May-22	7.00	4.3	3.69	5.76 ↓ -1.2bps	104.69	5.728 5.780	104.62 104.82	11-Jan-18	104.75	827.32	19
FR0035	16-Feb-06	15-Jun-22	12.90	4.4	3.50	5.82 ↓ -1.6bps	127.22	5.786 5.861	127.08 127.42	11-Jan-18	127.20	402.00	3
FR0043	22-Feb-07	15-Jul-22	10.25	4.5	3.53	5.84 ↓ -1.7bps	117.21	5.832 5.876	117.11 117.30	11-Jan-18	117.42	410.00	2
<b>FR0063</b>	<b>13-Aug-12</b>	<b>15-May-23</b>	<b>5.63</b>	<b>5.3</b>	<b>4.52</b>	<b>5.62 ↓ -2.6bps</b>	<b>100.02</b>	<b>5.536 6.062</b>	<b>98.02 100.40</b>	<b>11-Jan-18</b>	<b>100.25</b>	<b>692.20</b>	<b>58</b>
FR0046	19-Jul-07	15-Jul-23	9.50	5.5	4.21	5.95 ↓ -2.4bps	116.43	5.931 6.072	115.85 116.57	10-Jan-18	116.65	10.67	1
FR0039	24-Aug-06	15-Aug-23	11.75	5.6	4.14	6.00 ↑ 2.8bps	126.93	5.957 6.101	126.43 127.21	11-Jan-18	127.75	20.00	1
FR0070	29-Aug-13	15-Mar-24	8.38	6.2	4.77	5.86 ↓ -2.4bps	112.87	5.860 6.124	111.42 112.86	11-Jan-18	113.32	754.23	35
FR0044	19-Apr-07	15-Sep-24	10.00	6.7	4.91	6.15 ↓ -0.8bps	120.80	6.111 6.244	120.23 121.04	11-Jan-18	120.65	29.91	3
FR0040	21-Sep-06	15-Sep-25	11.00	7.7	5.36	6.23 ↓ -2.6bps	128.74	6.222 6.273	128.42 128.79	11-Jan-18	128.60	324.71	14
FR0037	18-May-06	15-Sep-26	12.00	8.7	5.75	6.29 ↓ -2.1bps	137.70	6.272 6.331	137.37 137.86	9-Jan-18	138.25	10.00	1
FR0056	23-Sep-10	15-Sep-26	8.38	8.7	6.16	6.26 ↓ -1.0bps	114.00	6.197 6.304	113.67 114.43	11-Jan-18	113.85	2,178.42	26
FR0059	15-Sep-11	15-May-27	7.00	9.3	6.80	6.22 ↑ 1.5bps	105.43	6.090 6.256	105.19 106.40	11-Jan-18	103.00	1,216.30	71
FR0042	25-Jan-07	15-Jul-27	10.25	9.5	6.23	6.42 ↑ 1.5bps	126.93	6.370 6.502	126.28 127.36	11-Jan-18	127.00	1.00	1
FR0047	30-Aug-07	15-Feb-28	10.00	10.1	6.53	6.68 → 0.0bps	124.11	6.349 6.752	123.48 126.89	11-Jan-18	125.70	60.00	1
<b>FR0064</b>	<b>13-Aug-12</b>	<b>15-May-28</b>	<b>6.13</b>	<b>10.3</b>	<b>7.52</b>	<b>6.08 ↓ -4.0bps</b>	<b>100.34</b>	<b>6.000 6.516</b>	<b>97.08 100.94</b>	<b>11-Jan-18</b>	<b>100.40</b>	<b>1,441.76</b>	<b>88</b>
FR0071	12-Sep-13	15-Mar-29	9.00	11.2	7.21	6.56 ↑ 2.6bps	119.11	6.489 6.574	118.97 119.72	11-Jan-18	119.50	528.64	28
FR0052	20-Aug-09	15-Aug-30	10.50	12.6	7.47	6.72 ↑ 1.2bps	131.73	6.661 6.846	130.49 132.37	11-Jan-18	131.00	589.73	7
FR0073	6-Aug-15	15-May-31	8.75	13.3	8.17	6.75 ↑ 1.5bps	117.39	6.653 6.788	117.03 118.34	11-Jan-18	116.50	214.66	10
FR0074	10-Nov-16	15-Aug-32	7.50	14.6	8.74	6.78 ↓ -0.1bps	106.56	6.697 6.823	106.18 107.40	11-Jan-18	106.55	866.26	57
FR0054	22-Jul-10	15-Jul-31	9.50	13.5	7.89	6.80 ↓ -2.0bps	123.61	6.791 6.976	121.85 123.71	11-Jan-18	119.25	0.05	1
FR0058	21-Jul-11	15-Jun-32	8.25	14.4	8.70	6.81 ↓ -2.7bps	113.05	6.749 7.002	111.21 113.69	11-Jan-18	113.00	323.91	26
<b>FR0065</b>	<b>30-Aug-12</b>	<b>15-May-33</b>	<b>6.63</b>	<b>15.3</b>	<b>9.45</b>	<b>6.60 ↓ -1.4bps</b>	<b>100.19</b>	<b>6.518 6.890</b>	<b>97.50 101.02</b>	<b>11-Jan-18</b>	<b>100.25</b>	<b>214.82</b>	<b>122</b>
FR0068	1-Aug-13	15-Mar-34	8.38	16.2	9.05	6.94 ↑ 0.4bps	113.77	6.925 7.056	112.59 113.96	11-Jan-18	113.76	274.08	65
FR0072	9-Jul-15	15-May-36	8.25	18.3	9.82	6.94 ↑ 0.8bps	113.48	6.885 7.029	112.46 114.08	11-Jan-18	113.35	2,539.11	131
FR0045	24-May-07	15-May-37	9.75	19.3	9.65	7.19 → 0.0bps	126.52	7.137 7.692	120.52 127.17	11-Jan-18	125.75	2.18	1
<b>FR0075</b>	<b>15-Aug-17</b>	<b>15-May-38</b>	<b>7.50</b>	<b>20.3</b>	<b>10.54</b>	<b>6.93 ↓ -0.1bps</b>	<b>106.21</b>	<b>6.818 7.009</b>	<b>105.27 107.44</b>	<b>11-Jan-18</b>	<b>105.15</b>	<b>2,591.45</b>	<b>210</b>
FR0050	24-Jan-08	15-Jul-38	10.50	20.5	9.58	7.12 ↑ 2.7bps	136.13	7.078 7.270	134.15 136.74	10-Jan-18	134.65	95.92	14
FR0057	21-Apr-11	15-May-41	9.50	23.3	10.52	7.26 ↑ 2.2bps	125.04	7.106 7.315	124.27 127.07	11-Jan-18	128.00	26.80	2
FR0062	9-Feb-12	15-Apr-42	6.38	24.3	11.55	7.09 → 0.0bps	91.75	7.056 7.255	90.01 92.13	11-Jan-18	92.00	255.93	49
FR0067	18-Jul-13	15-Feb-44	8.75	26.1	10.80	7.44 ↑ 0.5bps	114.93	7.094 7.523	113.93 119.55	11-Jan-18	115.00	5.77	8
FR0076	22-Sep-17	15-May-48	7.38	30.3	12.18	7.09 ↓ -2.8bps	103.47			11-Jan-18	102.75	19.91	19
ORIO12	21-Oct-15	15-Oct-18	9.00	0.8	-	4.63 ↓ -6.1bps	103.22	4.526 4.967	103.00 103.34	11-Jan-18	102.00	12.40	20
ORIO13	26-Oct-16	15-Oct-19	6.60	1.8	-	5.55 ↑ 0.5bps	101.76	5.474 5.631	101.62 101.89	11-Jan-18	101.65	37.86	28
IFR0002	26-Aug-08	15-Aug-18	11.95	0.6	-	-1.03 ↓ -16.7bps	107.63	-0.664 -0.109	-	4-Dec-17	104.45	24.00	4
IFR0008	15-Apr-10	15-Mar-20	8.80	2.2	1.91	7.08 ↓ -0.6bps	103.38	6.785 7.134	103.28 103.99	5-May-14	103.65	5.00	3
IFR0007	1-Apr-10	15-Jan-25	10.25	7.0	4.89	7.57 ↓ -0.2bps	114.38	7.199 7.668	113.80 116.57	10-Oct-17	120.36	10.00	2
IFR0006	21-Jan-10	15-Mar-30	10.25	12.2	7.83	4.67 → 0.0bps	151.47	6.175 6.731	128.91 134.50	3-Jan-18	151.47	38.00	10
IFR0010	3-Mar-11	15-Feb-36	10.00	18.1	8.61	8.40 → 0.0bps	114.75	8.024 8.481	113.91 118.68	23-Aug-17	120.00	1.01	1
PBS001	16-Feb-12	15-Feb-18	4.50	0.1	0.09	14.69 ↑ 90.3bps	99.13	11.145 11.700	99.30 99.36	19-Sep-17	99.20	0.26	1
PBS002	2-Feb-12	15-Jan-22	5.45	4.0	3.46	5.88 ↓ -3.1bps	98.50	6.159 6.714	95.62 97.51	11-Jan-18	98.50	50.00	1
PBS003	2-Feb-12	15-Jan-27	6.00	9.0	6.65	6.28 → 0.0bps	98.10	6.541 7.096	92.79 96.36	9-Jan-18	98.10	70.10	4
PBS004	16-Feb-12	15-Feb-37	6.10	19.1	10.46	7.02 ↓ -5.6bps	90.45	7.057 7.612	84.90 90.04	11-Jan-18	90.45	58.84	11
PBS005	2-May-13	15-Apr-43	6.75	25.3	11.57	7.12 → 0.0bps	95.69	6.987 7.527	91.26 97.19	3-Jan-18	95.69	10.00	2
PBS006	19-Sep-13	15-Sep-20	8.25	2.7	2.34	5.70 ↓ -4.7bps	106.22	5.579 5.857	105.83 106.54	11-Jan-18	105.90	653.03	7
PBS009	30-Jul-15	25-Jan-18	7.75	0.0	0.04	0.52 ↓ -185.0bp	100.20	2.747 3.302	100.16 100.19	10-Jan-18	100.13	382.00	6
PBS011	14-Jan-16	15-Aug-23	8.75	5.6	4.33	6.24 ↓ -21.9bps	111.70	6.059 6.421	110.80 112.60	8-Jan-18	112.32	10.00	1
PBS012	28-Jan-16	15-Nov-31	8.88	13.8	8.27	6.98 ↓ -13.1bps	116.61	7.000 7.206	114.45 116.44	11-Jan-18	116.10	62.89	12
PBS013	6-Oct-16	15-May-19	6.25	1.3	1.26	5.31 ↑ 6.0bps	101.19	5.125 5.681	100.72 101.43	11-Jan-18	101.20	963.00	15
PBS014	6-Oct-16	15-May-21	6.50	3.3	2.95	5.85 ↓ -0.2bps	101.93	5.827 6.321	100.52 102.01	11-Jan-18	101.80	8.00	2
SR007	11-Mar-15	11-Mar-18	8.25	0.2	-	3.34 ↓ -35.6bps	100.76	3.663 4.218	100.67 100.76	11-Jan-18	100.40	85.00	8
SR008	10-Mar-16	10-Mar-19	8.30	1.2	-	5.17 ↑ 2.9bps	103.50	4.980 5.219	103.47 103.75	11-Jan-18	103.00	207.86	29
SR009	22-Mar-17	10-Mar-20	6.90	2.2	1.87	5.52 ↓ -4.2bps	102.79	5.509 5.697	102.36 102.74	11-Jan-18	100.30	19.42	32

\*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)

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## YIELD