

HEADLINES & ANALYSIS

- Indonesia's new central bank governor is putting his stamp of authority on his role, calling an unscheduled policy meeting for Wednesday and setting the stage for a second interest rate increase in two weeks to stem a rout in the currency. With the Fed set to raise interest rates next month and a selloff in global emerging markets intensifying, BI is seen increasing its benchmark rate by 25bps from 4.5%, according to nine of the 17 economists surveyed by Bloomberg. (Bloomberg)
- A cocktail of risks across Europe means only one thing for investors seeking safety: buy German bonds. Bunds are headed for the biggest weekly gain in nearly six years. As fiscal profligacy looms large over Rome, Spain's Prime Minister faces a possible no-confidence vote, Turkey confronts a currency crisis and fresh trade war tension emanates from the U.S., the appeal of Germany's debt is likely to persist. (Bloomberg)
- The Bank of Japan's negative-rates policy is pressuring domestic lenders to take too much risk, and that could fuel losses at financial institutions in an economic downturn. "There is no doubt that as a side effect of monetary easing, financial institutions are taking excessive risk," said Takahide Kiuchi, a former BOJ board member, in an interview on Friday. If the economy worsens, the result could be that a number of banks post net losses in rapid succession. (Bloomberg)

YIELD CURVE (%)

	TTM	25-May-18	-1 Day	Change	TTM	25-May-18	-1 Day	Change
3 months	4.933	5.229	-0.295		15 years	8.002	7.983	0.019
6 months	5.635	5.906	-0.270		16 years	8.033	8.002	0.031
1 year	6.395	6.493	-0.097		17 years	8.059	8.018	0.041
2 years	6.786	6.785	0.001		18 years	8.083	8.033	0.050
3 years	6.940	7.002	-0.062		19 years	8.103	8.045	0.058
4 years	7.079	7.203	-0.124		20 years	8.121	8.056	0.065
5 years	7.220	7.373	-0.153		21 years	8.137	8.066	0.071
6 years	7.354	7.510	-0.156		22 years	8.150	8.074	0.076
7 years	7.476	7.618	-0.142		23 years	8.163	8.082	0.081
8 years	7.583	7.703	-0.120		24 years	8.174	8.089	0.085
9 years	7.675	7.770	-0.095		25 years	8.184	8.095	0.089
10 years	7.753	7.824	-0.071		26 years	8.193	8.101	0.092
11 years	7.820	7.869	-0.049		27 years	8.201	8.106	0.095
12 years	7.877	7.905	-0.028		28 years	8.208	8.110	0.098
13 years	7.925	7.936	-0.010		29 years	8.214	8.114	0.100
14 years	7.966	7.961	0.005		30 years	8.220	8.118	0.102

Source : Danareksa Sekuritas

MOST ACTIVE GOVERNMENT BONDS

Bond	Coupon	Maturity	Last Price	Yield	Volume (IDR bn)
FR0064	6.125	15-May-28	92.00	7.319	1,640.12
FR0056	8.375	15-Sep-26	105.30	7.541	1,031.35
FR0065	6.625	15-May-33	90.22	7.711	951.78
FR0063	5.625	15-May-23	94.50	6.947	810.23
FR0059	7.000	15-May-27	97.40	7.534	716.60

Sources: Bloomberg; Indonesia Stock Exchange (Volume)

MOST ACTIVE CORPORATE BONDS

Bond	Rating	Coupon	Maturity	Last Price	Yield	Volume
SMFP04ACN4	idAAA	6.050	28-May-19	100.04	6.01	298.00
BBRI01BCN3	idAAA	8.200	25-May-19	101.35	8.09	160.00
IMFI03ACN3	idA	6.500	28-May-19	100.05	6.45	126.00
IMFI03CCN3	idA	8.450	18-May-23	100.08	8.43	82.00
PJAA01ACN2	idAA-	6.300	23-May-19	100.01	6.30	80.00

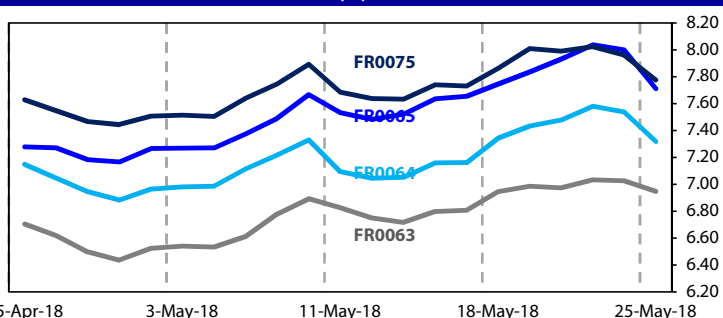
Coupon, Last Price & Yield are in %; Volume is in IDR bn; Rating code: id(Pefindo) & idn (Fitch Indonesia)

SOVEREIGN BOND YIELDS

Country	Tenor	Coupon (%)	25-May-18			Spread over UST YC (bps)			Country	Tenor	Coupon (%)	25-May-18			Spread over UST YC (bps)		
			-1 Mo	-3 Mo	25-May-18	-1 Mo	-3 Mo	-1 Mo				-3 Mo	25-May-18	-1 Mo	-3 Mo		
United States USD	2yr		2.480	2.580	2.400				Philippines PHP	2yr	6.000	4.337	4.314	4.221	186	187	197
	5yr		2.760	2.770	2.650					5yr	7.875	5.619	5.461	-	286	269	-
	10yr		2.930	2.920	2.880					10yr	11.375	6.312	6.289	-	338	337	-
German EUR	2yr	0.250	-0.622	-	-	-310	-	-	Thailand THB	2yr	3.125	1.812	1.453	1.449	-67	-99	-80
	5yr	1.000	-0.218	-0.015	0.084	-298	-279	-257		5yr	3.450	2.097	1.821	1.838	-66	-95	-81
	10yr	1.750	0.406	0.600	0.735	-252	-232	-215		10yr	3.625	2.685	2.402	2.436	-25	-52	-44
Indonesia USD	2yr	11.625	2.905	2.813	2.544	43	37	29	India INR	2yr	7.590	7.615	7.176	7.051	514	474	480
	5yr	3.750	4.033	3.735	3.515	127	97	87		5yr	7.280	7.875	7.586	7.543	512	482	489
	10yr	3.500	4.407	4.137	4.040	148	122	116		10yr	8.830	7.799	7.631	7.671	487	471	479
Brazil BRL	2yr	0.000	7.817	7.20	7.91	534	476	566	Malaysia MYR	3yr	3.172	3.778	3.566	3.496	118	99	110
	5yr	10.000	9.591	8.60	9.10	711	616	685		5yr	3.260	3.92	-	-	116	-	-
	10yr	10.000	11.067	9.76	10.00	859	732	775		10yr	4.181	4.213	4.024	4.098	128	110	122

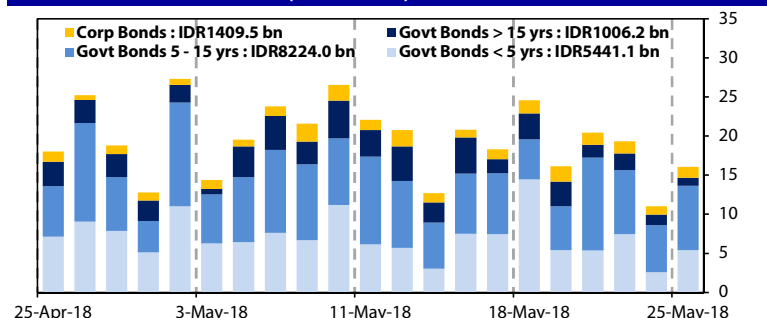
Sources: Bloomberg (Current Yield Curve), US Treasury

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)	4.50	17-May-18	25bps ↑	3.41	1.09
US (Fed Fund Rate)	1.75	21-Mar-18	25bps ↑	2.50	-0.75
Euro Region	0.00	16-Mar-16	-5bps ↓	1.40	-1.40
Japan	0.10	19-Dec-08	-20bps ↓	0.60	-0.50
India (Repo Rate)	6.00	2-Aug-17	-25bps ↓	4.36	1.64
Malaysia	3.25	25-Jan-18	25bps ↑	1.40	1.85
Philippines	3.25	10-May-18	25bps ↑	4.50	-1.25
Thailand	3.00	25-Jan-12	-25bps ↓	1.07	1.93
Singapore	0.08	31-Dec-13	5bps ↑	0.10	-0.02
Brazil	6.50	21-Mar-18	-25bps ↓	2.76	3.74

Sources: Bloomberg

GLOBAL STOCK MARKETS

Stock Index	25-May-18	-1 Day	Return (%)				
			Daily	WoW	MoM	YoY	YTD
Indonesia (JCI)	5,976 ↑	5,947	0.49	3.33	-1.71	4.77	-5.98
Dow Jones (DJIA)	24,753 ↓	24,812	-0.24	0.15	2.78	17.41	0.14
London (FTSE 100)	7,730 ↑	7,717	0.18	-0.62	4.76	2.83	0.55
Nikkei 225	22,451 ↑	22,437	0.06	-2.09	1.06	13.31	-1.38
Hang Seng (HIS)	30,588 ↓	30,760	-0.56	-1.48	0.86	19.34	2.24
Malaysia (KLCI)	1,797 ↑	1,776	1.22	-3.08	-2.94	1.32	0.03
Philippines (PSEI)	7,648 ↓	7,653	-0.07	-0.32	1.19	-2.85	-10.64
Thailand (SET)	1,741 ↓	1,733	0.50	-0.74	-2.15	10.95	-0.71
Singapore (STI)	3,513 ↓	3,529	-0.44	-0.45	-1.54	8.62	3.24
Brazil (BOVESPA)	78,898 ↓	80,122	-1.53	-5.04	-7.23	24.79	3.27

Sources: Bloomberg & Danareksa

CURRENCY & COMMODITY

Price	25-May-18	-1 Day	-1 Week	-1 Month	EoP 2016
USD/IDR	14,125 ↓	14,133	14,156	13,921	13,555
Brent	75.85 ↓	78.31	78.09	73.47	66.82
WTI Crude Oil	67.91 ↓	70.68	71.28	68.05	60.42

Sources: Bloomberg

PERFORMANCE OF IDR GOVERNMENT BONDS

As of	Average YTM (%)	Change (bps)	Return (%)				
			Daily	WoW	MoM	YoY	YTD
25-May-18	7.00		0.66	-0.38	-3.36	4.51	-3.49
-1 Day	7.09	↓ -9.3	0.23	-1.73	-4.43	3.82	-4.12
-1 Week	6.93	↑ 6.6	-0.70	-1.22	-4.13	5.82	-3.12
-1 Month	6.59	↑ 40.7	-0.86	-2.11	-0.53	8.13	-1.22
-1 Year	6.97	↑ 2.2	0.04	0.72	1.16	12.64	8.36

Sources: Danareksa

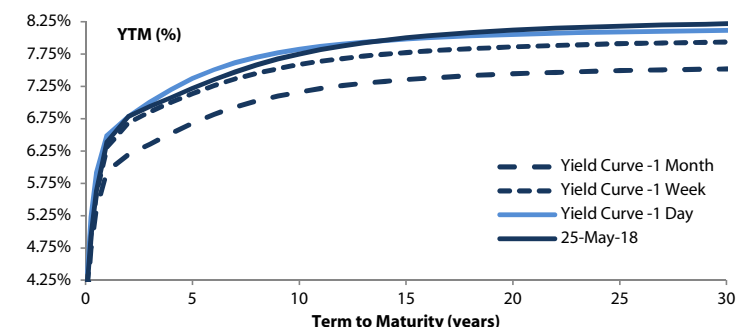
VALUATIONS OF GOVERNMENT BONDS

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
FR0032	1-Sep-05	15-Jul-18	15.00	0.1	0.14	2.34	↓ -34.7bps	101.59	3.011 3.349	101.61 101.66	15-May-18	101.58	25.00	2
FR0038	24-Aug-06	15-Aug-18	11.60	0.2	0.22	3.65	↓ -17.3bps	101.65	3.763 4.102	101.65 101.73	14-May-18	101.50	21.70	2
FR0048	27-Sep-07	15-Sep-18	9.00	0.3	0.30	5.14	↓ -7.1bps	101.09	4.430 4.768	101.26 101.36	25-May-18	101.00	46.00	1
FR0069	29-Aug-13	15-Apr-19	7.88	0.9	0.85	6.29	↓ -13.5bps	101.32	6.134 6.473	101.18 101.48	25-May-18	101.20	359.00	8
FR0036	20-Apr-06	15-Sep-19	11.50	1.3	1.19	6.59	↓ -4.3bps	105.98	6.523 6.657	105.95 106.12	25-May-18	103.44	128.93	4
FR0031	16-Jun-05	15-Nov-20	11.00	2.5	2.16	6.85	↓ -5.1bps	109.23	6.709 6.935	109.09 109.63	25-May-18	107.04	60.00	2
FR0034	26-Jan-06	15-Jun-21	12.80	3.1	2.45	6.90	↓ -4.3bps	115.95	6.842 6.972	115.79 116.18	25-May-18	115.70	400.00	2
FR0053	8-Jul-10	15-Jul-21	8.25	3.1	2.67	6.91	↓ -10.4bps	103.71	6.811 7.044	103.33 103.99	25-May-18	103.75	479.79	19
FR0061	6-Oct-11	15-May-22	7.00	4.0	3.41	6.93	↓ -4.8bps	100.23	6.845 7.151	99.48 100.53	25-May-18	100.25	672.53	11
FR0035	16-Feb-06	15-Jun-22	12.90	4.1	3.10	7.14	↓ -4.7bps	119.93	7.048 7.210	119.70 120.33	23-May-18	123.25	5.00	5
FR0043	22-Feb-07	15-Jul-22	10.25	4.1	3.29	7.18	↓ -4.9bps	110.80	6.939 7.278	110.44 111.72	25-May-18	111.50	40.00	2
FR0063	13-Aug-12	15-May-23	5.63	5.0	4.23	6.95	↓ -7.8bps	94.53	6.849 7.115	93.85 94.91	25-May-18	94.50	810.23	18
FR0046	19-Jul-07	15-Jul-23	9.50	5.1	3.97	7.18	↓ -6.1bps	109.78	7.060 7.398	108.84 110.35	22-May-18	109.50	1.00	1
FR0039	24-Aug-06	15-Aug-23	11.75	5.2	3.91	7.30	↓ -6.6bps	118.98	7.219 7.325	118.90 119.41	24-Apr-18	123.70	20.00	2
FR0070	29-Aug-13	15-Mar-24	8.38	5.8	4.51	7.35	↓ -8.0bps	104.76	7.213 7.442	104.32 105.42	25-May-18	104.70	387.50	10
FR0044	19-Apr-07	15-Sep-24	10.00	6.3	4.67	7.45	↓ -14.5bps	112.61	7.337 7.494	112.39 113.23	16-May-18	113.45	12.00	1
FR0040	21-Sep-06	15-Sep-25	11.00	7.3	5.11	7.62	↓ -4.5bps	118.61	7.350 7.610	118.71 120.33	25-May-18	119.00	34.00	1
FR0037	18-May-06	15-Sep-26	12.00	8.3	5.50	7.67	↓ -6.4bps	126.17	7.442 7.719	125.87 127.84	25-May-18	126.00	14.00	1
FR0056	23-Sep-10	15-Sep-26	8.38	8.3	5.89	7.54	↓ -18.0bps	105.06	7.495 7.664	104.29 105.35	25-May-18	105.30	1,031.35	29
FR0059	15-Sep-11	15-May-27	7.00	9.0	6.51	7.53	↓ -19.5bps	96.56	7.434 7.703	95.50 97.19	25-May-18	97.40	716.60	39
FR0042	25-Jan-07	15-Jul-27	10.25	9.1	5.97	7.60	↓ -20.6bps	117.22	7.544 7.769	116.00 117.62	21-May-18	114.25	40.54	1
FR0047	30-Aug-07	15-Feb-28	10.00	9.7	6.31	7.56	↓ -24.3bps	116.58	7.509 7.848	114.43 116.95	25-May-18	114.60	50.00	1
FR0064	13-Aug-12	15-May-28	6.13	10.0	7.21	7.32	↓ -21.8bps	91.66	7.336 7.614	89.72 91.54	25-May-18	92.00	1,640.12	72
FR0071	12-Sep-13	15-Mar-29	9.00	10.8	6.91	7.79	↓ -7.2bps	108.70	7.574 7.847	108.28 110.37	25-May-18	109.00	453.31	7
FR0052	20-Aug-09	15-Aug-30	10.50	12.2	7.12	8.08	↓ -0.8bps	118.57	7.726 8.065	118.68 121.67	24-May-18	118.95	102.00	2
FR0073	6-Aug-15	15-May-31	8.75	13.0	7.84	7.92	↓ -18.2bps	106.62	7.770 8.109	105.08 107.91	25-May-18	107.00	476.07	8
FR0074	10-Nov-16	15-Aug-32	7.50	14.2	8.38	7.87	↓ -22.0bps	96.85	7.849 8.181	94.31 97.02	25-May-18	100.05	329.52	52
FR0054	22-Jul-10	15-Jul-31	9.50	13.1	7.51	8.13	↓ -1.6bps	110.91	7.832 8.170	110.57 113.52	25-May-18	112.00	75.00	5
FR0058	21-Jul-11	15-Jun-32	8.25	14.1	8.00	8.03	↓ -6.8bps	101.80	7.860 8.190	100.49 103.28	25-May-18	100.50	319.25	9
FR0065	30-Aug-12	15-May-33	6.63	15.0	9.06	7.71	↓ -28.8bps	90.45	7.731 8.053	87.70 90.28	25-May-18	90.22	951.78	49
FR0068	1-Aug-13	15-Mar-34	8.38	15.8	8.66	8.04	↓ -15.9bps	102.98	7.915 8.253	101.04 104.09	25-May-18	103.55	81.18	7
FR0072	9-Jul-15	15-May-36	8.25	18.0	9.33	8.10	↓ -10.1bps	101.38	8.035 8.340	99.17 102.02	25-May-18	101.90	427.16	51
FR0045	24-May-07	15-May-37	9.75	19.0	9.56	7.40	↓ -0.1bps	123.75	7.596 7.935	117.65 121.46	14-May-18	119.60	5.00	1
FR0075	10-Aug-17	15-May-38	7.50	20.0	10.11	7.78	↓ -18.5bps	97.21	7.912 8.251	92.71 95.90	25-May-18	97.50	388.24	147
FR0050	24-Jan-08	15-Jul-38	10.50	20.1	9.02	8.30	↑ 42.8bps	121.33	7.967 8.306	121.27 125.18	7-May-18	128.50	0.33	1
FR0057	21-Apr-11	15-May-41	9.50	23.0	9.90	8.35	↑ 37.1bps	111.71	8.032 8.370	111.44 115.28	18-May-18	117.80	1.00	2
FR0062	9-Feb-12	15-Apr-42	6.38	23.9	10.85	8.16	↑ 40.0bps	81.35	8.049 8.388	79.36 82.35	25-May-18	90.00	0.10	1
FR0067	18-Jul-13	15-Feb-44	8.75	25.7	10.31	8.20	↑ 28.7bps	105.86	7.954 8.293	104.81 108.64	25-May-18	103.95	1.10	1
FR0076	22-Sep-17	15-May-48	7.38	30.0	11.34	8.09	↑ 2.6bps	91.96	7.946 8.285	89.98 93.51	24-May-18	94.50	0.55	4
ORIO12	21-Oct-15	15-Oct-18	9.00	0.4	-	5.53	↓ -1.7bps	101.29	5.271 5.610	101.30 101.44	25-May-18	100.40	6.56	10
ORIO13	26-Oct-16	15-Oct-19	6.60	1.4	-	6.35	↓ -13.3bps	100.32	6.280 6.618	99.98 100.43	25-May-18	100.25	31.54	16
ORIO14	25-Oct-17	15-Oct-20	5.85	2.4	-	6.22	↓ -0.9bps	99.18	6.063 6.401	98.78 99.53	25-May-18	98.85	24.68	17
IFR0008	15-Apr-10	15-Mar-20	8.80	1.8	1.64	6.29	↓ -4.1bps	104.17	6.111 6.449	103.93 104.52	5-May-14	103.65	5.00	3
IFR0007	21-Jan-10	15-Jan-25	10.25	6.6	4.80	6.90	↓ -0.6bps	117.55	6.922 7.260	115.52 117.46	10-Oct-17	120.36	10.00	2
IFR0006	1-Apr-10	15-Mar-30	10.25	11.8	7.20	7.36	↓ -0.1bps	122.55	7.552 7.891	117.88 120.81	3-May-18	122.20	2.00	2
IFR0010	3-Mar-11	15-Feb-36	10.00	17.7	8.64	8.37	↑ 0.2bps	114.92	8.081 8.420	114.39 117.89	23-Aug-17	120.00	1.01	1
PBS002	2-Feb-12	15-Jan-22	5.45	3.6	3.18	6.44	↑ 0.2bps	96.85	6.566 6.904	95.38 96.43	22-May-18	96.61	100.00	2
PBS003	2-Feb-12	15-Jan-27	6.00	8.6	6.41	7.10	↓ -0.2bps	92.99	7.185 7.524	90.43 92.46	9-Jan-18	98.10	70.10	4
PBS004	16-Feb-12	15-Feb-37	6.10	18.7	10.16	7.64	→ 0.0bps	84.79	7.817 8.156	80.42 83.25	24-May-18	89.00	7.00	1
PBS005	2-May-13	15-Apr-43	6.75	24.9	11.07	7.86	→ 0.0bps	87.94	8.001 8.340	83.42 86.57	16-May-18	93.03	176.00	2
PBS006	19-Sep-13	15-Sep-20	8.25	2.3	2.06	6.00	↑ 7.7bps	104.75	6.023 6.362	103.98 104.72	14-May-18	104.75	2.92	1
PBS011	14-Jan-16	15-Aug-23	8.75	5.2	4.13	6.37	↑ 0.0bps	110.40	6.489 6.828	108.31 109.87	18-May-18	107.25	7.00	7
PBS012	28-Jan-16	15-Nov-31	8.88	13.5	7.95	8.08	↑ 4.0bps	106.44	7.873 8.211	105.35 108.23	25-May-18	106.35	95.00	5
PBS013	6-Oct-16	15-May-19	6.25	1.0	0.93	6.62	↓ -9.2bps	99.66	6.324 6.663	99.61 99.93	25-May-18	99.75	350.00	7
PBS014	6-Oct-16	15-May-21	6.50	3.0	2.65	6.92	↑ 1.2bps	98.88	6.523 6.862	99.04 99.94	25-May-18	98.60	20.00	1
PBS015	21-Jul-17	15-Jul-47	8.00	29.1	10.95	7.97	↑ 1.5bps	100.37	8.175 8.513	94.48 98.05	18-Apr-18	104.30	314.00	2
PBS016	6-Sep-17	15-Mar-20	6.25	1.8	1.66	6.61	→ 0.0bps	99.39	6.36 6.701	99.23 99.80	23-May-18	99.00	311.10	6
PBS017	11-Jan-18	15-Oct-25	6.13	7.4	5.78	6.85	→ 0.0bps	95.85	6.881 7.220	93.81 95.67	16-May-18	93.35	15.00	5
SR008	10-Mar-16	10-Mar-19	8.30	0.8	-	6.70	↑ 2.2bps	101.21	6.233 6.572	101.33 101.59	25-May-18	100.90	39.48	16
SR009	22-Mar-17	10-Mar-20	6.90	1.8	-	6.57	↑ 1.7bps	100.55	6.311 6.650	100.42 101.00	25-May-18	100.00	14.61	13

*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

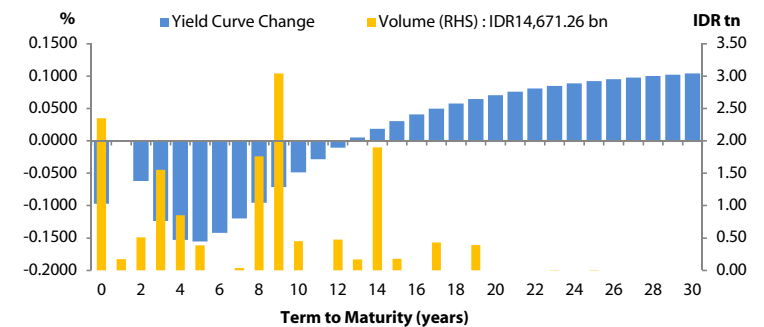


Source : Danareksa Sekuritas

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

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YIELD CURVE CHANGE & GOVERNMENT BONDS TRADE VOLUME BY MATURITY



Source : Danareksa Sekuritas & IDX