

## HEADLINES & ANALYSIS

- Sovereign Indian bonds extend decline after an unidentified finance ministry official flagged the possibility of an increase in interest rates to curb inflation. Hardening of rates looks inevitable given inflation trajectory, a finance ministry official told reporters in New Delhi, asking not to be identified citing rules (Bloomberg)
- Bunds weaken and BTPs extend gain into a fourth day as recent risk-off moves continue to fade, with the curve in the latter bull-steepening. Latest ECB PSPP data show heavy buying in Germany above the the capital key, with France and Italy slipping below. ECB attributes shift to reinvestments of bonds maturing in April, carried into May; gross purchases actually rose 32% in May compared with April, the central bank adds (Bloomberg)
- Treasuries extended losses in grind lower over U.S. afternoon to leave yields higher by around 3bp across the curve; positive risk sentiment saw U.S. stocks climb to their highest levels since mid-March, while eurodollars were sharply lower for fourth consecutive session as Fed hike premium gets further priced into front end. UST 10-year yields ended around 2.93% after tracking bund yields higher into European close.

## YIELD CURVE (%)

TTM	4-Jun-18	-1 Day	Change	TTM	4-Jun-18	-1 Day	Change
3 months	4.915	4.908	0.007	15 years	7.639	7.640	-0.001
6 months	5.514	5.508	0.006	16 years	7.682	7.683	-0.001
1 year	6.239	6.242	-0.003	17 years	7.720	7.721	-0.001
2 years	6.629	6.647	-0.018	18 years	7.754	7.755	-0.001
3 years	6.720	6.743	-0.023	19 years	7.784	7.784	-0.001
4 years	6.781	6.804	-0.023	20 years	7.810	7.811	-0.001
5 years	6.858	6.878	-0.020	21 years	7.833	7.834	-0.001
6 years	6.948	6.965	-0.016	22 years	7.854	7.855	-0.001
7 years	7.046	7.059	-0.013	23 years	7.873	7.873	-0.001
8 years	7.143	7.153	-0.010	24 years	7.889	7.890	-0.001
9 years	7.236	7.243	-0.008	25 years	7.904	7.904	-0.001
10 years	7.322	7.328	-0.006	26 years	7.917	7.918	-0.001
11 years	7.401	7.405	-0.004	27 years	7.929	7.929	-0.001
12 years	7.471	7.474	-0.003	28 years	7.939	7.940	-0.001
13 years	7.534	7.536	-0.002	29 years	7.949	7.950	-0.001
14 years	7.590	7.591	-0.002	30 years	7.958	7.958	-0.001

Source : Danareksa Sekuritas

## MOST ACTIVE GOVERNMENT BONDS

Bond	Coupon	Maturity	Last Price	Yield	Volume (IDR bn)
FR0064	6.125	15-May-28	94.14	6.973	2,099.53
FR0065	6.625	15-May-33	92.71	7.423	1,309.75
FR0059	7.000	15-May-27	99.65	7.045	1,301.79
FR0058	8.250	15-Jun-32	105.00	7.684	1,290.19
FR0072	8.250	15-May-36	105.25	7.742	979.83

Sources: Bloomberg; Indonesia Stock Exchange (Volume)

## MOST ACTIVE CORPORATE BONDS

Bond	Rating	Coupon	Maturity	Last Price	Yield	Volume
BBIA01ACN2	AAA(idn)	6.150	3-Jun-19	100.04	6.15	1,111.00
TAXI01	idA	12.500	24-Jun-19	17.58	245.06	257.50
BBRI02BCN3	idAAA	8.000	24-Aug-22	102.70	7.25	228.00
BBRI01BCN3	idAAA	8.200	25-May-19	101.45	8.08	106.00
ASDF04ACN1	AAA(idn)	6.100	5-Jun-19	100.05	6.05	100.00

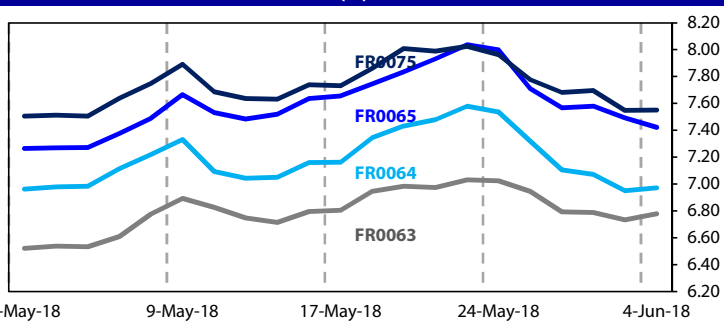
\*Current yield; Coupon, Last Price & Yield are in %; Volume is in IDR bn; Rating code: id(Pefindo) & idn (Fitch Indonesia)

## SOVEREIGN BOND YIELDS

Country	Tenor	Coupon (%)	4-Jun-18	-1 Mo	-3 Mo	Spread over UST YC (bps)			Country	Tenor	Coupon (%)	4-Jun-18	-1 Mo	-3 Mo	Spread over UST YC (bps)		
						4-Jun-18	-1 Mo	-3 Mo							4-Jun-18	-1 Mo	-3 Mo
United States USD	2yr		2.520	2.580	2.400				Philippines PHP	2yr	6.000	4.450	4.314	4.221	193	187	197
	5yr		2.780	2.770	2.650					5yr	7.875	5.593	5.461	-	281	269	-
	10yr		2.940	2.920	2.880					10yr	11.375	6.163	6.289	-	322	337	-
German EUR	2yr	0.250	-0.622	-	-	-314	-	-	Thailand THB	2yr	3.125	1.747	1.453	1.449	-77	-99	-80
	5yr	1.000	-0.204	-0.015	0.084	-298	-279	-257		5yr	3.450	2.059	1.821	1.838	-72	-95	-81
	10yr	1.750	0.418	0.600	0.735	-252	-232	-215		10yr	3.625	2.61	2.402	2.436	-33	-52	-44
Indonesia USD	2yr	11.625	2.950	2.813	2.544	43	37	29	India INR	2yr	7.590	7.763	7.176	7.051	524	474	480
	5yr	3.750	4.092	3.735	3.515	131	97	87		5yr	7.280	7.983	7.586	7.543	520	482	489
	10yr	3.500	4.417	4.137	4.040	148	122	116		10yr	8.830	7.875	7.631	7.671	494	471	479
Brazil BRL	2yr	0.000	7.865	7.20	7.91	535	476	566	Malaysia MYR	3yr	3.172	3.744	3.566	3.496	110	99	110
	5yr	10.000	9.742	8.60	9.10	722	616	685		5yr	3.260	3.837	-	-	106	-	-
	10yr	10.000	11.472	9.76	10.00	895	732	775		10yr	4.181	4.206	4.024	4.098	127	110	122

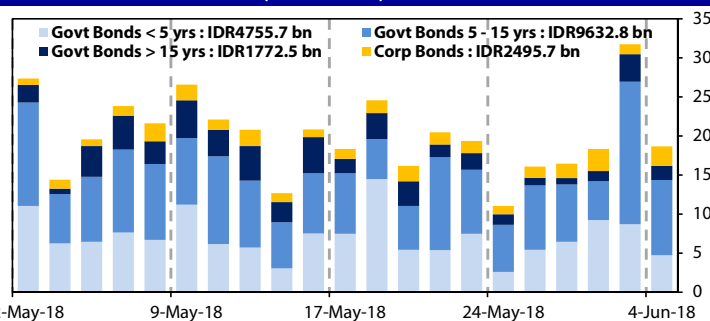
Sources: Bloomberg (Current Yield Curve), US Treasury

## 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)	4.75	30-May-18	25bps ↑	3.23	1.52
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 ↓	3.60	2.40
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 ↓	1.49	1.51
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	4-Jun-18	-1 Day	Return (%)				
			Daily	WoW	MoM	YoY	YTD
Indonesia (JCI)	6,015 ↑	5,984	0.52	-0.88	3.84	4.74	-5.36
Dow Jones (DJIA)	24,814 ↑	24,416	1.63	0.24	2.27	17.01	0.38
London (FTSE 100)	7,741 ↑	7,678	0.82	0.14	2.30	2.57	0.70
Nikkei 225	22,476 ↑	22,202	1.23	-0.02	0.01	11.39	-1.27
Hang Seng (HIS)	30,998 ↑	30,469	1.74	0.67	3.58	19.57	3.61
Malaysia (KLCI)	1,755 ↑	1,741	0.84	-1.16	-4.71	-1.23	-2.32
Philippines (PSEi)	7,580 ↑	7,497	1.10	-0.83	0.44	-4.15	-11.44
Thailand (SET)	1,721 ↓	1,727	-0.33	-0.76	-3.29	9.80	-1.85
Singapore (STI)	3,467 ↑	3,428	1.15	-1.45	-2.20	7.02	1.90
Brazil (BOVESPA)	78,596 ↑	76,754	2.40	4.30	-5.44	25.73	2.87

Sources: Bloomberg & Danareksa

## CURRENCY & COMMODITY

Price	4-Jun-18	-1 Day	-1 Week	-1 Month	EoP 2017
USD/IDR	13,878 ↓	13,896	13,995	13,945	13,555
Brent	74.67 ↓	77.13	74.69	74.9	66.82
WTI Crude Oil	64.75 ↓	67.04	67.91	69.72	60.42

Sources: Bloomberg

## PERFORMANCE OF IDR GOVERNMENT BONDS

As of	Average YTM (%)	Change (bps)	Return (%)				
			Daily	WoW	MoM	YoY	YTD
4-Jun-18	6.70		0.13	3.07	-0.44	6.66	-1.23
-1 Day	6.71	↓ -0.7	0.85	3.15	-0.16	6.58	-1.36
-1 Week	6.85	↓ -15.4	1.07	1.38	-2.10	5.55	-2.45
-1 Month	6.52	↑ 18.0	0.05	0.54	-1.38	8.43	-0.67
-1 Year	6.96	↓ -25.8	0.05	0.27	1.19	12.25	8.65

Sources: Danareksa

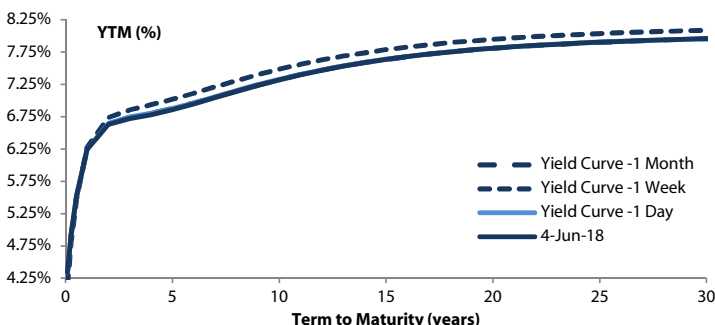
**VALUATIONS OF GOVERNMENT BONDS**

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	0.11	1.83 ↓ -79.6bps	101.40	2.920	3.051	101.33	101.34	15-May-18	101.58	25.00	2
FR0038	24-Aug-06	15-Aug-18	11.60	0.2	0.19	4.54 → 0.0bps	101.34	2.902	3.032	101.67	101.70	14-May-18	101.50	21.70	2
FR0048	27-Sep-07	15-Sep-18	9.00	0.3	0.27	4.63 ↓ -28.9bps	101.16	4.529	4.659	101.17	101.21	28-May-18	101.00	0.63	1
FR0069	29-Aug-13	15-Apr-19	7.88	0.9	0.82	6.25 ↑ 4.4bps	101.33	6.085	6.216	101.36	101.47	4-Jun-18	101.25	284.40	7
FR0036	20-Apr-06	15-Sep-19	11.50	1.3	1.17	6.41 ↑ 5.4bps	106.11	6.339	6.469	106.06	106.23	31-May-18	106.04	62.10	3
FR0031	16-Jun-05	15-Nov-20	11.00	2.4	2.14	6.66 ↓ -1.4bps	109.63	6.573	6.703	109.54	109.84	4-Jun-18	109.45	191.47	4
FR0034	26-Jan-06	15-Jun-21	12.80	3.0	2.43	6.78 ↑ 1.1bps	116.20	6.624	6.754	116.32	116.70	31-May-18	116.25	6.00	1
FR0053	8-Jul-10	15-Jul-21	8.25	3.1	2.65	6.72 ↑ 3.7bps	104.21	6.626	6.757	104.12	104.49	4-Jun-18	104.15	874.53	23
FR0061	6-Oct-11	15-May-22	7.00	3.9	3.39	6.76 ↑ 4.2bps	100.82	6.623	6.753	100.84	101.29	4-Jun-18	100.46	925.22	14
FR0035	16-Feb-06	15-Jun-22	12.90	4.0	3.08	6.88 ↓ -26.1bps	120.85	6.790	6.921	120.71	121.22	31-May-18	121.50	19.00	1
FR0043	22-Feb-07	15-Jul-22	10.25	4.1	3.27	6.80 ↓ -4.8bps	112.16	6.745	6.876	111.90	112.39	31-May-18	111.50	12.50	1
<b>FR0063</b>	<b>13-Aug-12</b>	<b>15-May-23</b>	<b>5.63</b>	<b>4.9</b>	<b>4.21</b>	<b>6.78</b> ↑ <b>4.5bps</b>	<b>95.22</b>	<b>6.567</b>	<b>6.698</b>	<b>95.54</b>	<b>96.07</b>	<b>4-Jun-18</b>	<b>95.35</b>	<b>175.35</b>	<b>8</b>
FR0046	19-Jul-07	15-Jul-23	9.50	5.1	3.96	6.81 ↓ -3.8bps	111.43	6.800	6.930	110.89	111.48	4-Jun-18	111.75	7.40	1
FR0039	24-Aug-06	15-Aug-23	11.75	5.2	3.91	6.83 ↓ -13.2bps	121.18	6.843	6.973	120.51	121.14	4-Jun-18	121.45	6.90	1
FR0070	29-Aug-13	15-Mar-24	8.38	5.8	4.50	6.96 ↓ -1.3bps	106.61	6.892	7.022	106.32	106.96	4-Jun-18	107.50	778.86	15
FR0044	19-Apr-07	15-Sep-24	10.00	6.3	4.67	6.98 ↓ -7.8bps	115.14	6.956	7.086	114.55	115.26	4-Jun-18	114.55	8.58	1
FR0040	21-Sep-06	15-Sep-25	11.00	7.3	5.12	7.20 ↑ 0.2bps	121.24	7.013	7.144	121.57	122.40	4-Jun-18	123.90	36.90	2
FR0037	18-May-06	15-Sep-26	12.00	8.3	5.52	7.22 ↓ -0.6bps	129.39	7.109	7.239	129.24	130.19	25-May-18	126.00	14.00	1
FR0056	23-Sep-10	15-Sep-26	8.38	8.3	5.91	7.10 ↓ -2.6bps	107.89	7.074	7.205	107.19	108.03	4-Jun-18	108.45	437.10	9
FR0059	15-Sep-11	15-May-27	7.00	8.9	6.54	7.05 ↑ 1.7bps	99.70	7.066	7.196	98.71	99.56	4-Jun-18	99.65	1,301.79	14
FR0042	25-Jan-07	15-Jul-27	10.25	9.1	6.00	7.21 ↓ -1.1bps	120.01	7.148	7.278	119.53	120.50	4-Jun-18	121.50	20.00	1
FR0047	30-Aug-07	15-Feb-28	10.00	9.7	6.33	7.24 ↓ -0.7bps	118.95	7.188	7.318	118.38	119.38	31-May-18	118.50	132.54	3
<b>FR0064</b>	<b>13-Aug-12</b>	<b>15-May-28</b>	<b>6.13</b>	<b>9.9</b>	<b>7.23</b>	<b>6.97</b> ↑ <b>2.3bps</b>	<b>93.99</b>	<b>6.954</b>	<b>7.084</b>	<b>93.23</b>	<b>94.11</b>	<b>4-Jun-18</b>	<b>94.14</b>	<b>2,099.53</b>	<b>43</b>
FR0071	12-Sep-13	15-Mar-29	9.00	10.8	6.95	7.40 ↓ -2.1bps	111.76	7.228	7.359	112.05	113.09	4-Jun-18	112.00	491.43	15
FR0052	20-Aug-09	15-Aug-30	10.50	12.2	7.23	7.45 → 0.0bps	124.18	7.457	7.587	122.89	124.08	4-Jun-18	123.00	377.70	4
FR0073	6-Aug-15	15-May-31	8.75	12.9	7.88	7.61 ↑ 0.1bps	109.24	7.502	7.632	109.09	110.22	4-Jun-18	109.76	745.85	17
FR0074	10-Nov-16	15-Aug-32	7.50	14.2	8.46	7.49 ↓ -3.1bps	100.03	7.574	7.704	98.24	99.35	4-Jun-18	100.10	554.53	28
FR0054	22-Jul-10	15-Jul-31	9.50	13.1	7.58	7.74 → 0.0bps	114.32	7.570	7.701	114.68	115.85	4-Jun-18	115.25	161.71	4
FR0058	21-Jul-11	15-Jun-32	8.25	14.0	8.08	7.68 ↓ -0.7bps	104.80	7.605	7.735	104.36	105.50	4-Jun-18	105.00	1,290.19	11
<b>FR0065</b>	<b>30-Aug-12</b>	<b>15-May-33</b>	<b>6.63</b>	<b>14.9</b>	<b>9.12</b>	<b>7.42</b> ↓ <b>6.8bps</b>	<b>92.86</b>	<b>7.462</b>	<b>7.592</b>	<b>91.44</b>	<b>92.53</b>	<b>4-Jun-18</b>	<b>92.71</b>	<b>1,309.75</b>	<b>61</b>
FR0068	1-Aug-13	15-Mar-34	8.38	15.8	8.75	7.69 ↓ -9.8bps	106.17	7.684	7.814	105.02	106.24	4-Jun-18	106.26	269.00	10
FR0072	9-Jul-15	15-May-36	8.25	17.9	9.45	7.74 ↓ -0.7bps	104.87	7.776	7.906	103.26	104.54	4-Jun-18	105.25	979.83	30
FR0045	24-May-07	15-May-37	9.75	18.9	9.45	7.59 ↓ -2.8bps	121.55	7.338	7.469	122.92	124.46	4-Jun-18	119.50	7.20	1
<b>FR0075</b>	<b>10-Aug-17</b>	<b>15-May-38</b>	<b>7.50</b>	<b>19.9</b>	<b>10.20</b>	<b>7.55</b> ↑ <b>0.2bps</b>	<b>99.48</b>	<b>7.654</b>	<b>7.785</b>	<b>97.13</b>	<b>98.43</b>	<b>4-Jun-18</b>	<b>99.67</b>	<b>384.31</b>	<b>75</b>
FR0050	24-Jan-08	15-Jul-38	10.50	20.1	9.20	7.86 ↑ 1.3bps	126.41	7.776	7.906	125.90	127.47	4-Jun-18	126.60	13.00	1
FR0057	21-Apr-11	15-May-41	9.50	22.9	10.09	7.99 ↓ -1.6bps	115.81	7.845	7.975	115.93	117.48	4-Jun-18	115.75	84.68	5
FR0062	9-Feb-12	15-Apr-42	6.38	23.9	11.01	7.89 ↑ 9.5bps	83.80	7.835	7.965	83.12	84.33	31-May-18	84.21	189.50	12
FR0067	18-Jul-13	15-Feb-44	8.75	25.7	10.45	7.96 ↑ 8.3bps	108.56	7.788	7.918	109.05	110.59	4-Jun-18	100.94	32.29	7
FR0076	22-Sep-17	15-May-48	7.38	29.9	11.43	7.96 ↓ -6.1bps	93.35	7.822	7.952	93.43	94.85	4-Jun-18	95.50	1.00	1
ORIO12	21-Oct-15	15-Oct-18	9.00	0.4	-	5.54 ↓ -3.1bps	101.22	5.209	5.340	101.31	101.36	4-Jun-18	101.15	132.50	21
ORIO13	26-Oct-16	15-Oct-19	6.60	1.4	-	6.39 ↑ 4.5bps	100.28	6.177	6.307	100.38	100.55	4-Jun-18	99.50	4.71	17
ORIO14	25-Oct-17	15-Oct-20	5.85	2.4	-	6.58 ↑ 0.1bps	98.41	6.261	6.391	98.82	99.10	4-Jun-18	97.40	2.17	5
IFR0008	15-Apr-10	15-Mar-20	8.80	1.8	1.61	6.28 ↓ -3.5bps	104.16	6.049	6.179	104.34	104.56	5-May-14	103.65	5.00	3
IFR0007	21-Jan-10	15-Jan-25	10.25	6.6	4.77	6.99 ↑ 1.2bps	117.02	6.607	6.737	118.49	119.25	10-Oct-17	120.36	10.00	2
IFR0006	1-Apr-10	15-Mar-30	10.25	11.8	7.17	7.35 ↓ -0.1bps	122.55	7.179	7.309	122.94	124.12	3-May-18	122.20	2.00	2
IFR0010	3-Mar-11	15-Feb-36	10.00	17.7	8.62	8.37 ↓ -0.1bps	114.93	7.919	8.049	118.22	119.61	23-Aug-17	120.00	1.01	1
PBS002	2-Feb-12	15-Jan-22	5.45	3.6	3.15	6.67 ↓ -3.8bps	96.15	6.383	6.513	96.62	97.02	31-May-18	95.16	0.64	1
PBS003	2-Feb-12	15-Jan-27	6.00	8.6	6.38	7.14 ↓ -0.5bps	92.78	6.834	6.964	93.82	94.63	9-Jan-18	98.10	70.10	4
PBS004	16-Feb-12	15-Feb-37	6.10	18.7	10.14	7.62 ↓ -0.1bps	84.93	7.534	7.664	84.58	85.73	31-May-18	80.51	144.00	6
PBS005	2-May-13	15-Apr-43	6.75	24.9	11.03	7.88 ↓ -4.1bps	87.75	7.767	7.898	87.57	88.86	16-May-18	93.03	176.00	2
PBS006	19-Sep-13	15-Sep-20	8.25	2.3	2.03	5.92 → 0.0bps	104.87	5.875	6.005	104.70	104.98	14-May-18	104.75	2.92	1
PBS011	14-Jan-16	15-Aug-23	8.75	5.2	4.11	6.39 ↑ 3.0bps	110.27	6.144	6.274	110.83	111.43	18-May-18	107.25	7.00	7
PBS012	28-Jan-16	15-Nov-31	8.88	13.4	7.95	7.97 ↓ -6.0bps	107.34	7.633	7.763	109.17	110.32	4-Jun-18	107.57	4.00	2
PBS013	6-Oct-16	15-May-19	6.25	0.9	0.90	6.47 ↓ -1.6bps	99.80	6.311	6.441	99.82	99.94	4-Jun-18	99.77	40.00	2
PBS014	6-Oct-16	15-May-21	6.50	2.9	2.63	6.91 ↓ -1.3bps	98.92	6.427	6.558	99.84	100.19	30-May-18	98.70	95.90	3
PBS015	21-Jul-17	15-Jul-47	8.00	29.1	10.88	8.02 ↓ -1.1bps	99.78	7.928	8.058	99.33	100.80	18-Apr-18	104.30	314.00	2
PBS016	6-Sep-17	15-Mar-20	6.25	1.8	1.64	6.58 ↓ -0.1bps	99.45	6.31	6.443	99.67	99.88	31-May-18	99.30	199.60	3
PBS017	11-Jan-18	15-Oct-25	6.13	7.4	5.74	7.05 ↑ 13.2bps	94.75	6.567	6.697	96.71	97.44	16-May-18	93.35	15.00	5
SR008	10-Mar-16	10-Mar-19	8.30	0.8	-	6.41 ↓ -8.1bps	101.40	6.252	6.382	101.43	101.53	4-Jun-18	100.70	3.92	9
SR009	22-Mar-17	10-Mar-20	6.90	1.8	-	6.50 ↓ -4.1bps	100.67	6.281	6.411	100.81	101.03	4-Jun-18	100.50	4.11	12

\*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