

Indonesia Government Bonds Yield

Maturities (Year)	31-Oct	(-1 day)	(-1 week)	(-1 month)
01	5.72	5.70	5.64	5.74
02	6.22	6.22	5.98	6.03
03	6.31	6.34	6.33	6.06
04	6.45	6.47	6.48	6.21
05	6.43	6.45	6.42	6.18
06	6.63	6.65	6.61	6.45
07	6.88	6.89	6.86	6.58
08	6.93	6.94	6.91	6.60
09	6.91	6.95	6.96	6.61
10	6.80	6.83	6.83	6.55
15	7.34	7.37	7.36	7.07
20	7.38	7.42	7.47	7.26
30	7.62	7.65	7.60	7.43

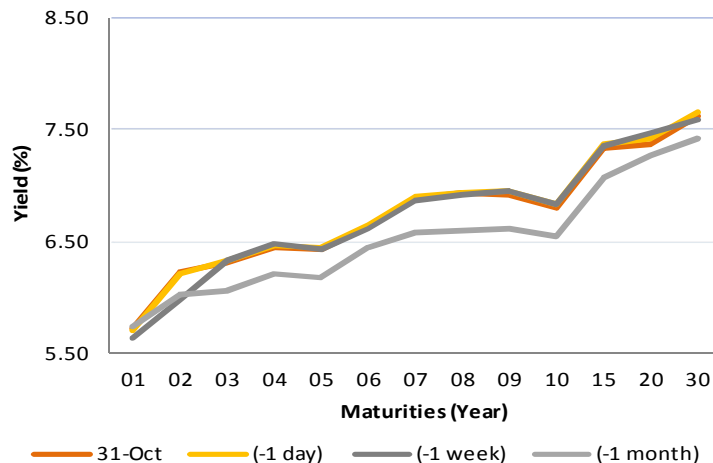
Source: Bloomberg

Global Market Update

- 10-yr US treasury yield rose slightly to 2,38% as a market waiting for FOMC meeting and announcement of Janet Yellen successor that is scheduled on Thursday (Washington time). Meanwhile, Bank of Japan (BoJ) decided to keep its benchmark rates steady at -0,1% and maintained 10-yr yield target of 0%. Dovish stance of BoJ was contradictive compared with other central banks namely The Fed and ECB that the monetary stance have been switching to be hawkish. This was amid Japan's current inflation that still below BoJ's target of 2% and is expected to only 1,8% in fiscal year 2018/2019. Several analyst surveyed by Reuters predicted that BoJ benchmark rates and yield target will be maintained until 2019.

Domestic Market Update

- Indonesia Composite Bond Index posted 0.11% higher to 234.18 than previous day in the last trading on the secondary market. Meanwhile, the volume of government bonds transactions rose to IDR25.36 trillion after market auction while corporate bonds dropped to only IDR761 billion.
- Today, BPS about to publish inflation data in October 2017 in which based on Bank Indonesia prediction, the inflation will be 0.09% (MoM) and 3.67% (YoY) while Bloomberg consensus show higher at 0.10% (MoM) and 3.68% (YoY). Meanwhile, our prediction estimates that October inflation will reach 0.26% (MoM) and 3.84% (YoY).
- The government auctioned IDR 22.5 trillion government securities yesterday. Total incoming bids in the auction was 18.72% higher to IDR41.48 trillion compared with previous auction. FR0074 was the most favorite series with total incoming bids reached IDR12.69 trillion. In the next week (November 7, 2017), the government to auction 5 series of sukuk namely SPN-S 08052018 (reopening), PBS013 (reopening), PBS014 (reopening), PBS011 (reopening), and PBS012 (reopening).



- Yield US treasury tenor 10 tahun meningkat tipis ke level 2,38% menjelang FOMC meeting yang akan dilaksanakan pada hari ini dan esok hari serta pengumuman pengganti Janet Yellen sebagai Gubernur The Fed yang dijadwalkan pada Kamis (waktu Washington). Sementara itu, Bank of Japan (BoJ) memutuskan untuk mempertahankan suku bunga acuannya di level negatif (-0,1%) dan mempertahankan target yield obligasi pemerintah tenor 10 tahun sebesar 0%. Dovish dari kebijakan BoJ berbanding terbalik dengan beberapa bank sentral seperti The Fed dan ECB yang *stance* kebijakan moneternya cenderung *hawkish*. Hal tersebut seiring tingkat inflasi yang masih di bawah target BoJ sebesar 2% dan diperkirakan hanya mencapai 1,8% pada tahun fiskal 2018/2019. Beberapa analis yang disurvei oleh Reuters memprediksi, suku bunga acuan dan target *yield* masih akan dipertahankan hingga 2019.

- Indonesia Composite Bond Index menguat sebesar 0,11% dibandingkan dengan hari sebelumnya ke level 234,18 pada perdagangan terakhir di pasar sekunder. Sementara itu, volume transaksi SBN di pasar sekunder meningkat menjadi sebesar Rp25,36 triliun pasca lelang kemarin sedangkan volume transaksi obligasi korporasi turun menjadi hanya sebesar Rp761 miliar.
- Hari ini BPS dijadwalkan akan merilis data inflasi Oktober 2017 di mana berdasarkan perkiraan Bank Indonesia inflasi mencapai 0,09% (MoM) dan 3,67% (YoY) sementara konsensus Bloomberg tercatat sebesar 0,10% (MoM) dan 3,68% (YoY). Sedangkan menurut perkiraan Kami, inflasi Oktober 2017 akan mencapai 0,26% (MoM) dan 3,84% (YoY).
- Pemerintah menyerap Rp22,5 triliun dana dari investor dalam lelang SUN kemarin. Total penawaran yang masuk (*incoming bids*) mencapai Rp41,48 triliun atau meningkat 18,72% dibandingkan dengan lelang sebelumnya. Seri FR0074 menjadi seri yang paling diminati dengan total incoming bids mencapai Rp12,69 triliun. Untuk minggu depan (7 November 2017), dijadwalkan pemerintah akan melelang 5 seri sukuk yaitu SPN-S 08052018 (*reopening*), PBS013 (*reopening*), PBS014 (*reopening*), PBS011 (*reopening*), dan PBS012 (*reopening*).

Most Active Government Bonds	Last Price	Last Yield	Volume (IDR bn)
FR0059	101.24	6.820	9265
FR0074	101.90	7.286	5654
FR0061	102.21	6.430	2421
SPN12180201	98.82	4.780	1800
FR0070	107.95	6.813	935
FR0056	109.95	6.857	888
SPN12180809	96.18	5.178	700
FR0075	102.00	7.310	637
FR0072	108.05	7.442	551
SPN12180104	99.19	4.720	400

Global Stock Markets	Last Price	Chg (bps)	% Chg	% YTD
Indonesia (JCI)	6006	31.71	0.53%	13.39%
Malaysia (KLCI)	1746	-0.43	-0.02%	6.47%
Thailand (SET)	1721	2.71	0.16%	11.57%
Singapore (STI)	3374	-1.89	-0.06%	17.1%
Hang Seng	28246	-90.65	-0.32%	28.4%
Nikkei 225	22012	-0.06	0.00%	15.16%
Shanghai	3393	3.01	0.09%	9.34%
Dow Jones (DJIA)	23377	28.50	0.12%	18.29%
London (FTSE 100)	7493	5.27	0.07%	4.90%
DAX	13230	0.00	0.00%	15.2%

FX Rate	31-Oct		
	31-Oct	(-1 day)	(-1 week)
USD/IDR	13,560	13,575	13,565
GBP/USD	1.328	1.321	1.313
USD/JPY	113.6	113.2	113.9
USD/SGD	1.363	1.361	1.363
USD/THB	33.23	33.23	33.20
USD/MYR	4.232	4.238	4.234

Macroeconomic Data	Sep-17	Aug-17	Jul-17
Consumer Price Index (MoM)	0,13	-0.07	0.22
Consumer Price Index (YoY)	3,72	3.82	3.88
Core Inflation (YoY)	3	2.98	3.05
BI 7-Day RR Rate (%)	4,25	4.5	4.75
Foreign Reserve (US\$ Bn)	129.4	128.80	127.76

Indonesia Sovereign CDS	2-year	5-year	10-year
As of			
31-Oct	36.38	93.61	158.37
(-1 Day)	36.39	93.42	158.11
(-1 Week)	36.39	93.42	158.75
(-1 Month)	42.22	104.05	172.79
(-1 Year)	65.10	155.00	224

Most Active Corporate Bonds	Last Price	Last Yield	Volume (IDR bn)	
FIFA02BCN4	idAAA	100.02	7.94	110
ASDF03ACN3	AAA(idn)	100.45	6.03	100
BFIN03BCN1	AA-(idn)	100.02	8.79	60
WSKT03ACN1	A(idn)	100.90	7.65	42
SIPPLN02ACN1	idAAA(sy)	100.55	7.56	40
PNBN02CN2	idAA	103.50	7.72	39
BMRI01ACN2	idAAA	102.53	7.35	36
BBMISMSB1CN2	idA-(sy)	91.70		30
BBIA01ACN1	AAA(idn)	100.14	5.69	25
APLN01CN1	idA-	100.65	8.21	21

Global Bonds	31-Oct			
	31-Oct	(-1 day)	(-1 week)	(-1 month)
Fed Fund Rate & US T-Bonds Yield				
Fed Fund Rate	1.25	1.25	1.25	1.25
2-Year	1.602	1.576	1.58	1.47
5-Year	2.021	1.996	2.05	1.92
10-Year	2.38	2.37	2.42	2.32
30-Year	2.88	2.88	2.93	2.87
10-Year Government Bond Yield				
UK	1.330	1.334	1.36	1.35
Germany	0.36	0.37	0.47	0.46
France	0.75	0.76	0.88	0.75
China	3.88	3.91	3.72	3.62
Japan	0.06	0.07	0.06	0.07
Korea	2.56	2.52	2.45	2.38
Thailand	2.32	2.33	2.28	2.31
Malaysia	3.92	4.02	3.97	3.96
Singapore	2.14	2.20	2.21	2.16
Indonesia USD Bond Yield				
INDO-22	2.71	2.71	2.67	2.73
INDO-27	3.57	3.58	3.59	3.55
INDO-47	4.46	4.47	4.46	4.48

Money Market	31-Oct			
	31-Oct	(-1 day)	(-1 week)	(-1 month)
JIBOR				
O/N	3.92	3.92	3.92	3.90
1M	4.79	4.79	4.79	4.78
3M	5.17	5.17	5.19	5.20
LIBOR				
1M	1.24	1.24	1.24	1.24
3M	1.38	1.38	1.37	1.34
6M	1.57	1.57	1.56	1.52
Indonesia Interest Rates				
Deposit 1M	5.73	5.72	5.70	5.80
Lending	14.0	14.1	14.4	14.1

Government Bond Ownership As of October 30, 2017 (in Trillion)

Holders	2013	2014	2015	2016	24-Oct-17	25-Oct-17	26-Oct-17	27-Oct-17	30-Oct-17
Banks	335.43	375.55	350.07	399.46	626.06	626.40	627.78	590.84	597.97
Bank Indonesia	44.44	41.63	148.91	134.25	13.35	12.29	11.24	49.36	46.05
Mutual Fund	42.50	45.79	61.60	85.66	99.60	99.54	99.75	99.88	100.01
Insurance	129.55	150.60	171.62	238.24	261.89	261.92	262.63	263.46	263.75
Foreign Investor	323.83	461.35	558.52	665.81	806.83	807.44	807.59	805.13	800.48
Pension Fund	39.47	43.30	49.83	87.28	86.57	86.65	86.78	86.95	87.09
Individual Investors	32.48	30.41	42.53	57.75	53.29	62.29	62.39	62.49	62.70
Others	47.56	61.32	78.76	104.84	117.43	117.44	117.81	117.85	117.93
Total	995.25	1,209.96	1,461.85	1,773.28	2,065.02	2,073.97	2,075.97	2,075.97	2,075.97

Source: Bloomberg, IDX & DJPPR

November 1, 2017

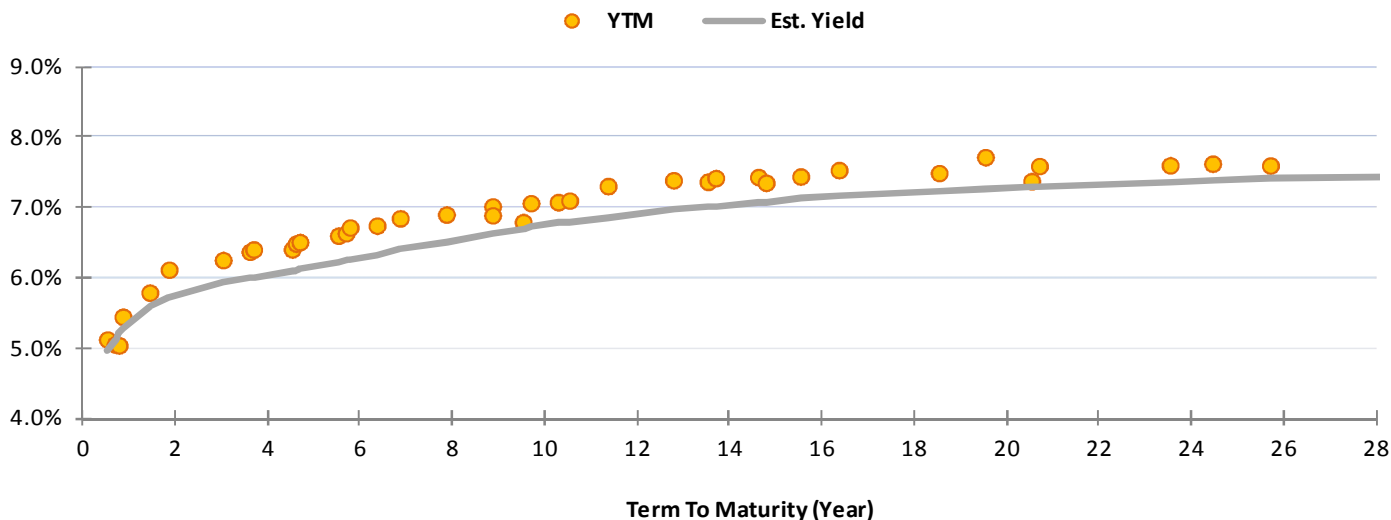
Government Bonds Prices

Closing Price Data : 31-Oct-2017



Series	Maturity	TTM	Coupon	Price	YTM	Est. Yield	Fair Price	Spread (bps)	Recommendation
FR0066	15-May-18	0.54	5.25%	100.07	5.12%	4.97%	100.15	8	Fair
FR0032	15-Jul-18	0.70	15.00%	106.75	5.05%	5.14%	106.74	-1	Fair
FR0038	15-Aug-18	0.79	11.60%	104.98	5.03%	5.21%	104.87	-11	Dear
FR0048	15-Sep-18	0.87	9.00%	102.97	5.44%	5.28%	103.12	16	Cheap
FR0069	15-Apr-19	1.45	7.875%	102.86	5.79%	5.60%	103.14	27	Cheap
FR0036	15-Sep-19	1.87	11.50%	109.36	6.11%	5.73%	110.09	73	Cheap
FR0031	15-Nov-20	3.04	11.00%	112.95	6.25%	5.93%	113.92	97	Cheap
FR0034	15-Jun-21	3.62	12.80%	120.49	6.37%	5.99%	121.85	137	Cheap
FR0053	15-Jul-21	3.71	8.25%	106.01	6.40%	6.00%	107.35	135	Cheap
FR0061	15-May-22	4.54	7.00%	102.33	6.40%	6.10%	103.52	119	Cheap
FR0035	15-Jun-22	4.62	12.90%	125.25	6.48%	6.11%	126.97	172	Cheap
FR0043	15-Jul-22	4.71	10.25%	114.95	6.50%	6.12%	116.65	170	Cheap
FR0063	15-May-23	5.54	5.625%	95.56	6.60%	6.22%	97.22	167	Cheap
FR0046	15-Jul-23	5.71	9.50%	113.44	6.63%	6.25%	115.40	197	Cheap
FR0039	15-Aug-23	5.79	11.75%	123.82	6.71%	6.26%	126.32	251	Cheap
FR0070	15-Mar-24	6.38	8.375%	108.36	6.74%	6.33%	110.57	221	Cheap
FR0044	15-Sep-24	6.88	10.00%	117.07	6.84%	6.40%	119.77	270	Cheap
FR0040	15-Sep-25	7.88	11.00%	124.59	6.90%	6.52%	127.23	264	Cheap
FR0037	15-Sep-26	8.88	12.00%	132.53	7.01%	6.63%	135.54	302	Cheap
FR0056	15-Sep-26	8.88	8.375%	109.77	6.88%	6.63%	111.53	176	Cheap
FR0059	15-May-27	9.54	7.000%	101.47	6.79%	6.70%	102.07	60	Cheap
FR0042	15-Jul-27	9.71	10.25%	122.15	7.06%	6.72%	124.86	271	Cheap
FR0047	15-Feb-28	10.30	10.00%	121.14	7.07%	6.77%	123.61	246	Cheap
FR0064	15-May-28	10.55	6.125%	92.90	7.09%	6.80%	95.00	210	Cheap
FR0071	15-Mar-29	11.38	9.00%	112.98	7.30%	6.87%	116.64	367	Cheap
FR0052	15-Aug-30	12.80	10.50%	125.51	7.38%	6.97%	129.56	405	Cheap
FR0073	15-May-31	13.55	8.75%	111.78	7.36%	7.01%	115.01	323	Cheap
FR0054	15-Jul-31	13.71	9.50%	117.75	7.41%	7.02%	121.54	379	Cheap
FR0058	15-Jun-32	14.63	8.25%	107.26	7.43%	7.07%	110.59	333	Cheap
FR0074	15-Aug-32	14.80	7.50%	101.37	7.34%	7.08%	103.77	240	Cheap
FR0065	15-May-33	15.55	6.625%	92.62	7.43%	7.12%	95.40	278	Cheap
FR0068	15-Mar-34	16.38	8.375%	107.91	7.53%	7.16%	111.64	373	Cheap
FR0072	15-May-36	18.55	8.25%	107.60	7.48%	7.23%	110.27	266	Cheap
FR0045	15-May-37	19.55	9.75%	120.44	7.71%	7.27%	125.71	527	Cheap
FR0075	15-May-38	20.55	7.50%	101.37	7.37%	7.30%	102.11	74	Cheap
FR0050	15-Jul-38	20.72	10.50%	130.21	7.58%	7.30%	133.90	370	Cheap
FR0057	15-May-41	23.55	9.50%	120.74	7.59%	7.36%	123.72	298	Cheap
FR0062	15-Apr-42	24.47	6.375%	86.32	7.62%	7.38%	88.68	236	Cheap
FR0067	15-Jul-43	25.72	8.75%	113.10	7.59%	7.40%	115.36	226	Cheap
FR0076	15-May-48	30.56	7.375%	100.09	7.38%	7.44%	99.23	-86	Dear

Source: Bloomberg, IBPA, MCS Estimates



November 1, 2017

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