

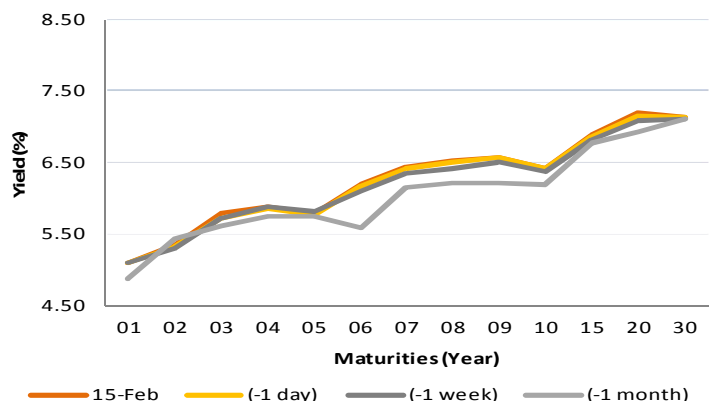
February 19, 2018

Fixed Income Daily Notes



| Indonesia Government Bonds Yield | | | | |
|----------------------------------|--------|----------|-----------|------------|
| Maturities (Year) | 15-Feb | (-1 day) | (-1 week) | (-1 month) |
| 01 | 5.10 | 5.10 | 5.11 | 4.87 |
| 02 | 5.35 | 5.32 | 5.31 | 5.45 |
| 03 | 5.80 | 5.73 | 5.73 | 5.61 |
| 04 | 5.89 | 5.86 | 5.88 | 5.75 |
| 05 | 5.78 | 5.77 | 5.83 | 5.75 |
| 06 | 6.20 | 6.17 | 6.10 | 5.59 |
| 07 | 6.45 | 6.42 | 6.36 | 6.16 |
| 08 | 6.53 | 6.52 | 6.43 | 6.22 |
| 09 | 6.57 | 6.57 | 6.51 | 6.23 |
| 10 | 6.43 | 6.41 | 6.37 | 6.20 |
| 15 | 6.88 | 6.86 | 6.82 | 6.77 |
| 20 | 7.21 | 7.16 | 7.10 | 6.92 |
| 30 | 7.13 | 7.13 | 7.11 | 7.11 |

Source: Bloomberg



Global Market Update

- 10-year US Treasury yield on the last trading declined softly to 2.88% after previously reaching at 2.9% on the back of a US inflation release above market expectations. This week, global sentiments on Indonesia's bond market are expected to be driven by the release of FOMC minutes of January's meeting and Euro inflation in January 2018 in which the market predicts inflation will decline somewhat to 1.3% level (YoY) compared to December 2017 of 1.4% (YoY).
- Yield US treasury tenor 10 tahun pada perdagangan terakhir, menurun tipis ke level 2,88% setelah sebelumnya mencapai level 2,91% akibat rilis inflasi AS di atas ekspektasi pasar. Minggu ini sentimen global terhadap pasar obligasi Indonesia diperkirakan didorong oleh rilis risalah pertemuan pejabat The Fed (FOMC minutes) pada pertemuan Januari serta rilis data inflasi Euro pada Januari 2018 di mana pasar memprediksi inflasi akan melandai ke level 1,3% (YoY) dibandingkan dengan Desember 2017 sebesar 1,4% (YoY).

Domestic Market Update

- Indonesia Composite Bond Index dropped by 0.08% to 244.63 compared to the previous day in the last trading responding highly US treasury yield after US inflation surpassed market expectation.
- In the last monthly meeting, Bank Indonesia (BI) maintained its benchmark interest rate at 4.25% or in line with market expectations on the back of current policies that are still to support economic growth and because of stable macroeconomic and financial. In the future, the policy is still neutral although in the previous few days rupiah exchange rate tended to depreciate to its highest level since last 2 years. Meanwhile, lending and deposit facility rates are stayed at 5% and 3.5%, respectively.
- Indonesia's balance of trade in January 2018 posted a deficit level at USD676 million or increased compared with previous month with the deficit of USD220 and contradictive with market expectation at USD0.19 million of surplus level. This was due to declining export by 2.81% (MoM) to USD14.46 billion but coinciding by increasing import by 0.26% (MoM) to USD15.13 billion.
- The government bonds prices on the secondary market are predicted to strengthen, supported by probability of strengthening rupiah against US dollar and the declining of global yield, especially US treasury. The rupiah against the US dollar is expected to be ranging at IDR13,535 - IDR13,555 while the yield of 10 year benchmark rate (FR0064) yield will be ranging at 6.35% - 6.38%.
- Indonesia Composite Bond Index turun sebesar 0,08% ke level 244,63 dibandingkan hari sebelumnya pada perdagangan terakhir merespon tingginya yield pasca rilis inflasi AS yang berada di atas ekspektasi pasar.
- Dalam pertemuan kebijakan moneter bulannya, BI mempertahankan BI-7DRRR di level 4,25% atau sesuai dengan ekspektasi pasar seiring dengan masih akomodatifnya tingkat suku bunga untuk mendorong pertumbuhan ekonomi serta didukung oleh kondisi makroekonomi dan finansial yang stabil. Untuk ke depannya, kebijakan moneter BI bersifat netral meski beberapa hari sebelumnya nilai tukar rupiah cenderung terdepresiasi ke level yang tertinggi sejak 2 tahun terakhir. Sementara itu, *lending* dan *deposit facility rates* masing-masing dipertahankan di level 5% dan 3,5%.
- Neraca perdagangan Indonesia pada Januari 2018 mengalami defisit sebesar USD676 juta atau meningkat dibandingkan dengan bulan sebelumnya dengan defisit sebesar USD220 juta serta bertolak belakang dengan ekspektasi pasar yang memperkirakan surplus sebesar USD0,19 juta. Hal ini didorong oleh menurunnya ekspor sebesar 2,81% (MoM) menjadi sebesar USD14,46 miliar diiringi dengan meningkatnya impor sebesar 0,26% (MoM) menjadi sebesar USD15,13 miliar.
- Pergerakan harga SBN di pasar sekunder hari ini diperkirakan cenderung menguat yang ditopang oleh menguatnya nilai tukar rupiah serta turunnya yield global khususnya US treasury. Nilai tukar rupiah terhadap dolar AS pada perdagangan hari ini diperkirakan bergerak pada kisaran 13.535 – 13.555 sementara itu yield benchmark 10 (FR0064) tahun diperkirakan akan bergerak pada rentang 6,35% - 6,38%.

| Most Active Government Bonds | Last Price | Last Yield | Volume (IDR bn) |
|------------------------------|------------|------------|-----------------|
| FR0075 | 103.52 | 7.17 | 3336 |
| FR0074 | 103.23 | 7.14 | 2381 |
| FR0065 | 98.00 | 6.84 | 2222 |
| FR0064 | 98.12 | 6.38 | 1657 |
| FR0072 | 110.10 | 7.24 | 1404 |
| FR0071 | 116.55 | 6.84 | 1205 |
| FR0056 | 111.50 | 6.60 | 914 |
| FR0059 | 102.95 | 6.57 | 818 |
| FR0061 | 103.90 | 5.94 | 511 |
| FR0068 | 111.35 | 7.17 | 306 |

| Most Active Corporate Bonds | Last Price | Last Yield | Volume (IDR bn) | |
|-----------------------------|------------|------------|-----------------|-----|
| TAFS02ACN2 | AAA(idn) | 100.03 | 4.56 | 274 |
| IMFI03ACN2 | idA | 99.91 | 6.80 | 100 |
| WOMF02BCN3 | AA-(idn) | 103.00 | 7.25 | 92 |
| SMII01BCN2 | idAAA | 102.38 | 6.44 | 75 |
| BRAP01 | idBBB+ | 100.52 | 7.54 | 71 |
| BBIA01CCN1 | AAA(idn) | 103.79 | 7.09 | 60 |
| BNLI02SB | idAA+ | 101.79 | 5.90 | 60 |
| TELE01CN1 | idA | 101.01 | 8.33 | 57 |
| BBKP01SBCN1 | idA | 102.25 | 7.00 | 40 |
| BBTN01CN1 | idAA+ | 101.48 | 7.49 | 35 |

| Global Stock Markets | Last Price | Chg (bps) | % Chg | % YTD |
|----------------------|------------|-----------|--------|--------|
| Indonesia (JCI) | 6592 | -2.82 | -0.04% | 24.45% |
| Malaysia (KLCI) | 1833 | 3.35 | 0.18% | 11.97% |
| Thailand (SET) | 1801 | 8.77 | 0.49% | 16.72% |
| Singapore (STI) | 3444 | 40.65 | 1.19% | 19.5% |
| Hang Seng | 31115 | 599.83 | 1.97% | 41.4% |
| Nikkei 225 | 21465 | 310.81 | 1.47% | 12.30% |
| Shanghai | 3199 | 0.00 | 0.00% | 3.08% |
| Dow Jones (DJIA) | 25200 | 306.88 | 1.23% | 27.51% |
| London (FTSE 100) | 7235 | 20.84 | 0.29% | 1.29% |
| DAX | 12346 | 7.01 | 0.06% | 7.5% |

| FX Rate | 15-Feb | | |
|---------|--------|----------|-----------|
| | 15-Feb | (-1 day) | (-1 week) |
| USD/IDR | 13,559 | 13,629 | 13,605 |
| GBP/USD | 1.406 | 1.387 | 1.390 |
| USD/JPY | 106.6 | 107.4 | 109.6 |
| USD/SGD | 1.312 | 1.320 | 1.330 |
| USD/THB | 31.29 | 31.50 | 31.87 |
| USD/MYR | 3.894 | 3.918 | 3.927 |

| Macroeconomic Data | Jan-18 | Dec-17 | Nov-17 |
|----------------------------|--------|--------|--------|
| Consumer Price Index (MoM) | 0.62 | 0.71 | 0.20 |
| Consumer Price Index (YoY) | 3.25 | 3.61 | 3.3 |
| Core Inflation (YoY) | 2.69 | 2.95 | 3.05 |
| BI 7-Day RR Rate (%) | 4.25 | 4.25 | 4.25 |
| Foreign Reserve (US\$ Bn) | 131.98 | 130.2 | 125.9 |

| Indonesia Sovereign CDS | 2-year | 5-year | 10-year |
|-------------------------|--------|--------|---------|
| As of | | | |
| 15-Feb | 33.45 | 88.31 | 151.37 |
| (-1 Day) | 34.72 | 87.67 | 154.49 |
| (-1 Week) | 38.90 | 95.26 | 164.49 |
| (-1 Month) | 28.55 | 78.95 | 142.74 |
| (-1 Year) | 52.44 | 137.99 | 207.81 |

| Global Bonds | 15-Feb | | | |
|---|--------|----------|-----------|------------|
| | 15-Feb | (-1 day) | (-1 week) | (-1 month) |
| Fed Fund Rate & US T-Bonds Yield | | | | |
| Fed Fund Rate | 1.50 | 1.50 | 1.50 | 1.50 |
| 2-Year | 2.192 | 2.166 | 2.10 | 2.05 |
| 5-Year | 2.630 | 2.633 | 2.54 | 2.42 |
| 10-Year | 2.876 | 2.91 | 2.83 | 2.63 |
| 30-Year | 3.13 | 3.16 | 3.13 | 2.90 |
| 10-Year Government Bond Yield | | | | |
| UK | 1.581 | 1.640 | 1.62 | 1.33 |
| Germany | 0.704 | 0.754 | 0.76 | 0.57 |
| France | 0.95 | 0.99 | 0.99 | 0.85 |
| China | 3.87 | 3.87 | 3.89 | 3.97 |
| Japan | 0.054 | 0.060 | 0.08 | 0.08 |
| Korea | 2.76 | 2.76 | 2.75 | 2.62 |
| Thailand | 2.40 | 2.39 | 2.41 | 2.34 |
| Malaysia | 4.01 | 3.99 | 3.95 | 3.91 |
| Singapore | 2.28 | 2.23 | 2.22 | 2.11 |
| Indonesia USD Bond Yield | | | | |
| INDO-22 | 3.42 | 3.42 | 3.21 | 2.93 |
| INDO-27 | 4.11 | 4.11 | 3.89 | 3.54 |
| INDO-47 | 4.89 | 4.90 | 4.69 | 4.46 |

| Money Market | 15-Feb | | | |
|---------------------------------|--------|----------|-----------|------------|
| | 15-Feb | (-1 day) | (-1 week) | (-1 month) |
| JIBOR | | | | |
| O/N | 3.92 | 3.90 | 3.94 | 3.90 |
| 1M | 4.93 | 4.92 | 4.92 | 4.93 |
| 3M | 5.30 | 5.30 | 5.30 | 5.30 |
| LIBOR | | | | |
| 1M | 1.59 | 1.59 | 1.58 | 1.56 |
| 3M | 1.87 | 1.85 | 1.81 | 1.74 |
| 6M | 2.10 | 2.06 | 2.03 | 1.93 |
| Indonesia Interest Rates | | | | |
| Deposit 1M | 5.61 | 5.54 | 5.57 | 5.61 |
| Lending | 14.1 | 13.9 | 14.0 | 14.1 |

Government Bond Ownership As of February 14, 2017 (in Trillion)

| Holders | 2013 | 2014 | 2015 | 2016 | 9-Feb-18 | 12-Feb-18 | 13-Feb-18 | 14-Feb-18 |
|-------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Banks | 335.43 | 375.55 | 350.07 | 399.46 | 569.86 | 572.74 | 575.81 | 562.78 |
| Bank Indonesia | 44.44 | 41.63 | 148.91 | 134.25 | 36.05 | 39.50 | 39.50 | 52.43 |
| Mutual Fund | 42.50 | 45.79 | 61.60 | 85.66 | 103.93 | 103.37 | 103.19 | 103.12 |
| Insurance | 129.55 | 150.60 | 171.62 | 238.24 | 156.82 | 157.28 | 157.69 | 157.73 |
| Foreign Investor | 323.83 | 461.35 | 558.52 | 665.81 | 862.04 | 855.53 | 851.41 | 851.08 |
| Pension Fund | 39.47 | 43.30 | 49.83 | 87.28 | 203.25 | 203.17 | 203.25 | 203.53 |
| Individual Investors | 32.48 | 30.41 | 42.53 | 57.75 | 56.68 | 56.70 | 56.71 | 56.72 |
| Others | 47.56 | 61.32 | 78.76 | 104.84 | 117.79 | 118.13 | 118.85 | 119.03 |
| Total | 995.25 | 1,209.96 | 1,461.85 | 1,773.28 | 2,106.42 | 2,106.42 | 2,106.42 | 2,106.42 |

Source: Bloomberg, IDX & DJPPR

February 19, 2018

Government Bonds Prices

Closing Price Data : 15-Feb-2018



| Series | Maturity | TTM | Coupon | Price | YTM | Price (-1) | Price Spread (bps) |
|---------------|------------------|---------------|---------------|---------------|--------------|---------------|--------------------|
| FR0066 | 15-May-18 | 0.24 | 5.25% | 100.36 | 3.63% | 100.34 | 1.7 |
| FR0032 | 15-Jul-18 | 0.40 | 15.00% | 104.63 | 3.23% | 104.61 | 2.8 |
| FR0038 | 15-Aug-18 | 0.49 | 11.60% | 103.45 | 4.35% | 103.45 | 0.0 |
| FR0048 | 15-Sep-18 | 0.57 | 9.00% | 102.60 | 4.28% | 102.60 | 0.0 |
| FR0069 | 15-Apr-19 | 1.15 | 7.88% | 103.24 | 4.93% | 103.25 | -1.1 |
| FR0036 | 15-Sep-19 | 1.57 | 11.50% | 109.28 | 5.24% | 109.34 | -6.5 |
| FR0031 | 15-Nov-20 | 2.74 | 11.00% | 113.56 | 5.57% | 113.61 | -4.9 |
| FR0034 | 15-Jun-21 | 3.32 | 12.80% | 121.30 | 5.66% | 121.33 | -2.6 |
| FR0053 | 15-Jul-21 | 3.41 | 8.25% | 107.65 | 5.74% | 107.85 | -20.8 |
| FR0061 | 15-May-22 | 4.24 | 7.00% | 104.27 | 5.84% | 104.41 | -14.1 |
| FR0035 | 15-Jun-22 | 4.32 | 12.90% | 126.23 | 5.92% | 126.45 | -22.3 |
| FR0043 | 15-Jul-22 | 4.41 | 10.25% | 116.56 | 5.92% | 116.65 | -8.6 |
| FR0063 | 15-May-23 | 5.24 | 5.625% | 99.49 | 5.74% | 99.54 | -4.7 |
| FR0046 | 15-Jul-23 | 5.41 | 9.50% | 115.79 | 6.03% | 115.85 | -6.2 |
| FR0039 | 15-Aug-23 | 5.49 | 11.75% | 125.83 | 6.13% | 125.93 | -9.7 |
| FR0070 | 15-Mar-24 | 6.07 | 8.38% | 111.15 | 6.14% | 111.30 | -15.7 |
| FR0044 | 15-Sep-24 | 6.58 | 10.00% | 119.20 | 6.37% | 119.37 | -17.0 |
| FR0040 | 15-Sep-25 | 7.58 | 11.00% | 126.67 | 6.48% | 126.73 | -5.9 |
| FR0037 | 15-Sep-26 | 8.58 | 12.00% | 135.19 | 6.56% | 135.50 | -30.1 |
| FR0056 | 15-Sep-26 | 8.58 | 8.38% | 111.73 | 6.56% | 111.78 | -5.5 |
| FR0059 | 15-May-27 | 9.24 | 7.00% | 103.17 | 6.54% | 103.22 | -5.3 |
| FR0042 | 15-Jul-27 | 9.41 | 10.25% | 124.93 | 6.64% | 125.07 | -14.2 |
| FR0047 | 15-Feb-28 | 10.00 | 10.00% | 123.38 | 6.75% | 123.38 | 0.0 |
| FR0064 | 15-May-28 | 10.24 | 6.125% | 97.98 | 6.40% | 98.10 | -11.8 |
| FR0071 | 15-Mar-29 | 11.08 | 9.00% | 116.89 | 6.80% | 117.29 | -39.9 |
| FR0052 | 15-Aug-30 | 12.50 | 10.50% | 129.65 | 6.92% | 129.74 | -9.0 |
| FR0073 | 15-May-31 | 13.24 | 8.75% | 114.78 | 7.02% | 115.06 | -28.8 |
| FR0054 | 15-Jul-31 | 13.41 | 9.50% | 120.94 | 7.06% | 121.19 | -25.3 |
| FR0058 | 15-Jun-32 | 14.33 | 8.25% | 110.13 | 7.11% | 110.42 | -29.2 |
| FR0074 | 15-Aug-32 | 14.50 | 7.50% | 103.42 | 7.12% | 103.65 | -22.5 |
| FR0065 | 15-May-33 | 15.25 | 6.625% | 97.87 | 6.85% | 98.04 | -17.0 |
| FR0068 | 15-Mar-34 | 16.08 | 8.38% | 111.36 | 7.17% | 111.44 | -7.6 |
| FR0072 | 15-May-36 | 18.25 | 8.25% | 110.51 | 7.20% | 110.62 | -10.8 |
| FR0045 | 15-May-37 | 19.25 | 9.75% | 124.58 | 7.34% | 124.618 | -4.2 |
| FR0075 | 15-May-38 | 138.47 | 7.500% | 103.34 | 7.18% | 103.85 | -51.1 |
| FR0050 | 15-Jul-38 | 20.42 | 10.50% | 133.49 | 7.31% | 133.46 | 3.4 |
| FR0057 | 15-May-41 | 23.25 | 9.50% | 125.34 | 7.23% | 125.24 | 10.6 |
| FR0062 | 15-Apr-42 | 24.17 | 6.38% | 90.15 | 7.24% | 90.14 | 0.6 |
| FR0067 | 15-Jul-43 | 25.42 | 8.75% | 116.74 | 7.30% | 116.78 | -3.7 |
| FR0076 | 15-May-48 | 30.26 | 7.38% | 103.35 | 7.13% | 103.34 | 1.3 |

Source: Bloomberg & MCS Estimates

Macroeconomic Indicator Calendar (19 Februari - 23 Februari 2018)
INDONESIA

| Tgl | Indikator | Series Data | Aktual | Sebelumnya | Proyeksi |
|-----|--------------------------|-------------|--------|------------|----------|
| 19 | Penjualan Mobil (YoY) | Jan-2018 | - | -2% | - |
| 19 | Pertumbuhan Kredit (YoY) | Jan-2018 | - | 8.35% | - |

GLOBAL

| Tgl | Indikator | Negara | Series Data | Aktual | Sebelumnya | Proyeksi |
|-----|----------------------------------|-----------|--------------------------------|--------|--------------|----------------|
| 19 | Neraca Perdagangan | Jepang | Jan-2018 | - | ¥359 miliar | ¥-1.002 miliar |
| 19 | Ekspor | Jepang | Jan-2018 | - | 9,3% | 10,3% |
| 19 | Impor | Jepang | Jan-2018 | - | 14,9% | 8,3% |
| 19 | <i>Current Account</i> | Euro Area | Dec-2017 | - | €37,8 miliar | €40,9 miliar |
| 19 | <i>Consumer Confidence</i> | Euro Area | Feb-2018 | - | 1,3 | 1 |
| 21 | PMI Manufaktur (<i>Flash</i>) | AS | Feb-2018 | - | 55,5 | 54,9 |
| 21 | Penjualan Rumah Bekas (YoY) | AS | Jan-2018 | - | -3,6% | 1,5% |
| 21 | PMI Manufaktur | Jepang | Feb-2018 | - | 54,8 | 54,4 |
| 21 | PMI Manufaktur | Euro Area | Feb-2018 | - | 59,6 | 58,9 |
| 22 | <i>FOMC Minutes</i> | AS | Jan-2018 | - | - | - |
| 22 | <i>Continuing Jobless Claims</i> | AS | <i>Week Ended Feb -10,2018</i> | - | 1,94 juta | 1,94 juta |
| 22 | <i>Initial Jobless Claims</i> | AS | <i>Week Ended Feb -17,2018</i> | - | 230 ribu | 231 ribu |
| 22 | EIA Stok Minyak Mentah | AS | <i>Week Ended Feb-16,2018</i> | - | 1,84 juta | 0,43 juta |
| 23 | <i>Monetary Policy Forum</i> | AS | Feb-2018 | - | - | - |
| 23 | Inflasi (YoY) | Euro Area | Jan-2018 | - | 1,4% | 1,3% |
| 23 | Inflasi (MoM) | Euro Area | Jan-2018 | - | 0,4% | -1% |
| 23 | Inflasi Inti (YoY) | Euro Area | Jan-2018 | - | 0,9% | - |

Source: *Tradingeconomics & MCS Estimates (2018)*

February 19, 2018

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