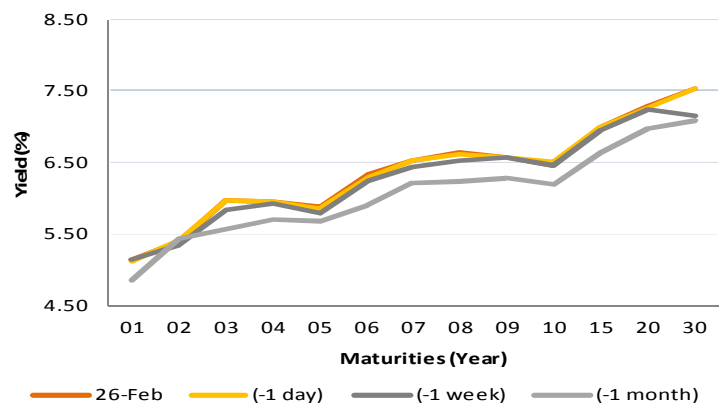


| Indonesia Government Bonds Yield | | | | |
|----------------------------------|--------|----------|-----------|------------|
| Maturities (Year) | 26-Feb | (-1 day) | (-1 week) | (-1 month) |
| 01 | 5.14 | 5.12 | 5.14 | 4.87 |
| 02 | 5.40 | 5.41 | 5.35 | 5.43 |
| 03 | 5.98 | 5.98 | 5.83 | 5.56 |
| 04 | 5.95 | 5.94 | 5.93 | 5.71 |
| 05 | 5.87 | 5.85 | 5.80 | 5.69 |
| 06 | 6.32 | 6.29 | 6.24 | 5.91 |
| 07 | 6.52 | 6.52 | 6.43 | 6.21 |
| 08 | 6.64 | 6.62 | 6.53 | 6.24 |
| 09 | 6.58 | 6.59 | 6.57 | 6.29 |
| 10 | 6.47 | 6.52 | 6.47 | 6.20 |
| 15 | 6.99 | 7.00 | 6.96 | 6.64 |
| 20 | 7.29 | 7.28 | 7.25 | 6.97 |
| 30 | 7.53 | 7.53 | 7.16 | 7.09 |

Source: Bloomberg



Global Market Update

- 10-year US treasury yield in the last trading declined slightly to 2.86% as the market awaited sentiment from Jerome Powell's testimony at the US congress. Meanwhile, US new home sales dropped by 7.8% (MoM) or contradictive with market expectation at 3.8% (MoM) increase. On the one hand, ECB officials delivered hawkish tone to the markets where the ECB Governor stated that inflation is on an upward trend along with the Euro' economy that is expected to recover. Moreover, another ECB official signaled that the ECB will not continue its quantitative easing program that ends in September 2018. In general, global yields tend to vary in which the 10-year UK Gilt yield declined to 1.51% while the German Bund tended to be stagnant at 0.65%.
- Yield US treasury tenor 10 tahun pada perdagangan terakhir menurun tipis ke level 2,86% seiring kecenderungan pasar menunggu sentimen dari testimoni Jerome Powell di kongres AS. Sementara itu, penjualan rumah baru AS menurun sebesar 7,8% (MoM) dibandingkan dengan ekspektasi pasar yang memproyeksikan kenaikan sebesar 3,8% (MoM). Di sisi lain, pejabat ECB memberikan sentimen hawkish kepada pasar di mana Gubernur ECB menyatakan bahwa inflasi berada dalam tren meningkat seiring dengan proyeksi terus membaiknya ekonomi Kawasan Euro. Selain itu, pejabat ECB lainnya memberikan sinyal bahwa ECB tidak akan melanjutkan program *quantitative easing*-nya yang berakhir September 2018. Secara umum, yield global cenderung bervariasi di mana yield 10 tahun UK Gilt turun ke level 1,51% sedangkan German Bund cenderung stagnan di level 0,65%.

Domestic Market Update

- Indonesia Composite Bond Index in last trading was 0.17% higher to 243.84. Meanwhile, the transaction of government bonds increased to Rp25.27 trillion in which the PBS004 became the most active series while corporate bond transactions was higher to Rp1.21 trillion.
- The government has issued a sukuk series namely PBS-015 (matured on July 15, 2047) using private placement mechanism. The total nominal value is IDR 500 billion with yield of 7.63% and coupon of 8%. Today, the government is scheduled to auction government securities with an indicative target of Rp17 trillion - 25.5 trillion. There are 5 auctioned series namely SPN03180528 (4.11% - 4.16%), SPN12190214 (4.96% - 5.01%), FR0063 (5.78% - 5.83%), FR0065 (6,92% - 6.97%), and FR0075 (7.18% - 7.23%). Moreover, in the auction we estimate that the incoming bids will reach IDR40 - IDR45 trillion.
- Today, the price of government bonds on the secondary market are predicted to strengthen due to declining global yield, specifically yield of US treasury. Rupiah against US dollar is expected to appreciate softly in the range of Rp13.640 - 13.680 while 10-year benchmark yield is projected to decline to 6.38% - 6.42%.
- Indonesia Composite Bond Index pada perdagangan terakhir meningkat sebesar 0,17% ke level 243,84. Sementara itu, transaksi SBN pada perdagangan terakhir meningkat menjadi sebesar Rp25,27 triliun di mana seri PBS004 menjadi seri yang paling banyak diperdagangkan sementara transaksi obligasi korporasi meningkat menjadi sebesar Rp1,21 triliun.
- Pemerintah telah menerbitkan sukuk seri PBS-015 (jatuh tempo 15 Juli 2047) dengan mekanisme private placement. Total nominal yang diterbitkan adalah Rp500 miliar dengan imbal hasil sebesar 7,63% dan kupon sebesar 8%. Hari ini, pemerintah dijadwalkan akan melelang SUN dengan target indikatif sebesar Rp17 triliun - 25,5 triliun. Terdapat 5 seri SUN yang akan dilelang yaitu SPN03180528 (4,11% - 4,16%), SPN12190214 (4,96% - 5,01%), FR0063 (5,78% - 5,83%), FR0065 (6,92% - 6,97%), dan FR0075 (7,18% - 7,23%). Untuk jumlah penawaran yang masuk (*incoming bids*) pada lelang kali ini, kami prediksi akan mencapai Rp40 - 45 triliun.
- Hari ini, pergerakan harga SBN di pasar sekunder diprediksi akan cenderung menguat seiring dengan menurunnya yield global khususnya yield US treasury. Nilai tukar rupiah juga diperkirakan bergerak cenderung menguat terbatas di kisaran Rp13.640 - 13.680 sedangkan yield benchmark 10 tahun diperkirakan turun ke kisaran 6,38% - 6,42%.

| Most Active Government Bonds | Last Price | Last Yield | Volume (IDR bn) |
|------------------------------|------------|------------|-----------------|
| PBS004 | 87.70 | 7.31 | 13218 |
| FR0064 | 97.80 | 6.42 | 1993 |
| FR0071 | 116.20 | 6.88 | 1607 |
| FR0059 | 103.20 | 6.53 | 1585 |
| FR0072 | 110.00 | 7.25 | 1512 |
| FR0056 | 111.55 | 6.58 | 1324 |
| FR0070 | 110.45 | 6.27 | 695 |
| FR0053 | 105.80 | 6.31 | 568 |
| FR0040 | 125.84 | 6.59 | 471 |
| FR0061 | 103.90 | 5.94 | 254 |

| Most Active Corporate Bonds | Last Price | Last Yield | Volume (IDR bn) | |
|-----------------------------|------------|------------|-----------------|-----|
| IMFI03ACN2 | idA | 100.00 | 6.80 | 478 |
| SMFP04ACN3 | idAAA | 100.00 | 6.00 | 180 |
| TPIA01ACN1 | idAA- | 101.77 | 7.69 | 150 |
| SMFP04BCN3 | idAAA | 100.00 | 6.85 | 60 |
| BFIN03CCN3 | AA-(idn) | 100.04 | 7.73 | 50 |
| BEXI01CCN1 | idAAA | 102.08 | 5.85 | 45 |
| BVIC01CN1 | idA- | 104.50 | 9.04 | 40 |
| WSKT03ACN2 | A-(idn) | 100.00 | 7.75 | 29 |
| BFIN02CCN3 | AA-(idn) | 103.90 | 6.62 | 24 |
| BBRI02BCN4 | idAAA | - | - | 20 |

| Global Stock Markets | Last Price | Chg (bps) | % Chg | % YTD |
|----------------------|------------|-----------|--------|--------|
| Indonesia (JCI) | 6555 | -65.13 | -0.98% | 23.75% |
| Malaysia (KLCI) | 1855 | -1.42 | -0.08% | 13.30% |
| Thailand (SET) | 1834 | 26.12 | 1.44% | 18.88% |
| Singapore (STI) | 3556 | 22.63 | 0.64% | 23.4% |
| Hang Seng | 31499 | 231.43 | 0.74% | 43.2% |
| Nikkei 225 | 22154 | 260.85 | 1.19% | 15.90% |
| Shanghai | 3330 | 40.55 | 1.23% | 7.28% |
| Dow Jones (DJIA) | 25709 | 399.28 | 1.58% | 30.09% |
| London (FTSE 100) | 7290 | 45.17 | 0.62% | 2.05% |
| DAX | 12527 | 43.25 | 0.35% | 9.1% |

| FX Rate | 26-Feb | | |
|---------|--------|----------|-----------|
| | 26-Feb | (-1 day) | (-1 week) |
| USD/IDR | 13,669 | 13,661 | 13,548 |
| GBP/USD | 1.397 | 1.397 | 1.400 |
| USD/JPY | 106.9 | 106.9 | 106.6 |
| USD/SGD | 1.316 | 1.319 | 1.314 |
| USD/THB | 31.28 | 31.40 | 31.40 |
| USD/MYR | 3.903 | 3.919 | 3.895 |

| 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 | | | |
| 26-Feb | 31.50 | 85.12 | 150.50 |
| (-1 Day) | 33.00 | 88.11 | 152.63 |
| (-1 Week) | 33.00 | 88.11 | 152.63 |
| (-1 Month) | 28.33 | 78.68 | 141.73 |
| (-1 Year) | 48.71 | 128.30 | 197.46 |

| Global Bonds | 26-Feb | | | |
|---|--------|----------|-----------|------------|
| | 26-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 | 2.220 | 2.240 | 2.19 | 2.12 |
| 5-Year | 2.607 | 2.619 | 2.63 | 2.49 |
| 10-Year | 2.865 | 2.86 | 2.88 | 2.70 |
| 30-Year | 3.16 | 3.16 | 3.13 | 2.94 |
| 10-Year Government Bond Yield | | | | |
| UK | 1.508 | 1.521 | 1.60 | 1.45 |
| Germany | 0.650 | 0.650 | 0.73 | 0.69 |
| France | 0.93 | 0.93 | 0.99 | 0.97 |
| China | 3.86 | 3.89 | 3.87 | 3.94 |
| Japan | 0.045 | 0.048 | 0.06 | 0.08 |
| Korea | 2.74 | 2.80 | 2.80 | 2.74 |
| Thailand | 2.39 | 2.41 | 2.41 | 2.34 |
| Malaysia | 4.06 | 4.08 | 4.02 | 3.93 |
| Singapore | 2.36 | 2.39 | 2.29 | 2.17 |
| Indonesia USD Bond Yield | | | | |
| INDO-22 | 3.48 | 3.48 | 3.42 | 2.98 |
| INDO-27 | 4.10 | 4.11 | 4.11 | 3.62 |
| INDO-47 | 4.84 | 4.85 | 4.89 | 4.52 |

| Money Market | 26-Feb | | | |
|---------------------------------|--------|----------|-----------|------------|
| | 26-Feb | (-1 day) | (-1 week) | (-1 month) |
| JIBOR | | | | |
| O/N | 3.92 | 3.94 | 3.91 | 3.91 |
| 1M | 4.91 | 4.91 | 4.93 | 4.94 |
| 3M | 5.31 | 5.31 | 5.30 | 5.31 |
| LIBOR | | | | |
| 1M | 1.63 | 1.63 | 1.60 | 1.57 |
| 3M | 1.96 | 1.96 | 1.89 | 1.77 |
| 6M | 2.18 | 2.18 | 2.12 | 1.97 |
| Indonesia Interest Rates | | | | |
| Deposit 1M | 5.55 | 5.53 | 5.58 | 5.65 |
| Lending | 13.9 | 13.9 | 14.0 | 13.9 |

Government Bond Ownership As of February 23, 2017 (in Trillion)

| Holders | 2013 | 2014 | 2015 | 2016 | 20-Feb-18 | 21-Feb-18 | 22-Feb-18 | 23-Feb-18 |
|-------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Banks | 335.43 | 375.55 | 350.07 | 399.46 | 567.93 | 572.28 | 579.07 | 587.24 |
| Bank Indonesia | 44.44 | 41.63 | 148.91 | 134.25 | 51.25 | 46.94 | 48.21 | 38.09 |
| Mutual Fund | 42.50 | 45.79 | 61.60 | 85.66 | 103.43 | 103.38 | 103.65 | 103.61 |
| Insurance | 129.55 | 150.60 | 171.62 | 238.24 | 159.76 | 160.07 | 160.41 | 160.70 |
| Foreign Investor | 323.83 | 461.35 | 558.52 | 665.81 | 856.44 | 856.26 | 855.06 | 856.50 |
| Pension Fund | 39.47 | 43.30 | 49.83 | 87.28 | 204.88 | 204.89 | 205.11 | 205.13 |
| Individual Investors | 32.48 | 30.41 | 42.53 | 57.75 | 56.77 | 56.65 | 56.78 | 56.78 |
| Others | 47.56 | 61.32 | 78.76 | 104.84 | 118.38 | 118.37 | 119.03 | 119.27 |
| Total | 995.25 | 1,209.96 | 1,461.85 | 1,773.28 | 2,118.84 | 2,118.84 | 2,127.32 | 2,127.32 |

Source: Bloomberg, IDX & DJPPR

February 27, 2018

Government Bonds Prices

Closing Price Data : 26-Feb-2018



| Series | Maturity | TTM | Coupon | Price | YTM | Price (-1) | Price Spread (bps) |
|---------------|------------------|---------------|---------------|---------------|--------------|---------------|--------------------|
| FR0066 | 15-May-18 | 0.21 | 5.25% | 100.35 | 3.54% | 100.32 | 3.0 |
| FR0032 | 15-Jul-18 | 0.38 | 15.00% | 104.47 | 2.99% | 104.48 | -0.9 |
| FR0038 | 15-Aug-18 | 0.47 | 11.60% | 103.78 | 3.28% | 103.25 | 52.5 |
| FR0048 | 15-Sep-18 | 0.55 | 9.00% | 102.64 | 4.05% | 102.64 | 0.0 |
| FR0069 | 15-Apr-19 | 1.13 | 7.88% | 103.13 | 4.98% | 103.14 | -1.4 |
| FR0036 | 15-Sep-19 | 1.55 | 11.50% | 109.04 | 5.31% | 109.10 | -5.9 |
| FR0031 | 15-Nov-20 | 2.72 | 11.00% | 113.22 | 5.66% | 113.30 | -7.9 |
| FR0034 | 15-Jun-21 | 3.30 | 12.80% | 120.83 | 5.76% | 120.93 | -9.6 |
| FR0053 | 15-Jul-21 | 3.38 | 8.25% | 107.03 | 5.92% | 106.97 | 5.6 |
| FR0061 | 15-May-22 | 4.22 | 7.00% | 104.07 | 5.89% | 103.99 | 7.8 |
| FR0035 | 15-Jun-22 | 4.30 | 12.90% | 126.03 | 5.94% | 125.72 | 31.6 |
| FR0043 | 15-Jul-22 | 4.38 | 10.25% | 116.32 | 5.96% | 116.08 | 24.1 |
| FR0063 | 15-May-23 | 5.22 | 5.625% | 99.10 | 5.83% | 99.04 | 5.7 |
| FR0046 | 15-Jul-23 | 5.38 | 9.50% | 116.06 | 5.96% | 115.65 | 40.8 |
| FR0039 | 15-Aug-23 | 5.47 | 11.75% | 125.25 | 6.23% | 125.25 | 0.0 |
| FR0070 | 15-Mar-24 | 6.05 | 8.38% | 110.36 | 6.29% | 110.39 | -3.0 |
| FR0044 | 15-Sep-24 | 6.56 | 10.00% | 118.67 | 6.46% | 118.60 | 6.9 |
| FR0040 | 15-Sep-25 | 7.56 | 11.00% | 125.80 | 6.60% | 125.91 | -10.7 |
| FR0037 | 15-Sep-26 | 8.56 | 12.00% | 134.71 | 6.62% | 134.06 | 64.7 |
| FR0056 | 15-Sep-26 | 8.56 | 8.38% | 111.37 | 6.61% | 110.93 | 44.5 |
| FR0059 | 15-May-27 | 9.22 | 7.00% | 103.11 | 6.54% | 102.77 | 34.0 |
| FR0042 | 15-Jul-27 | 9.39 | 10.25% | 123.74 | 6.79% | 123.74 | 0.0 |
| FR0047 | 15-Feb-28 | 9.98 | 10.00% | 123.00 | 6.79% | 123.00 | 0.0 |
| FR0064 | 15-May-28 | 10.22 | 6.125% | 97.61 | 6.45% | 97.00 | 61.3 |
| FR0071 | 15-Mar-29 | 11.05 | 9.00% | 116.18 | 6.88% | 115.89 | 29.8 |
| FR0052 | 15-Aug-30 | 12.47 | 10.50% | 128.83 | 7.00% | 128.21 | 61.9 |
| FR0073 | 15-May-31 | 13.22 | 8.75% | 114.38 | 7.06% | 113.90 | 47.6 |
| FR0054 | 15-Jul-31 | 13.39 | 9.50% | 120.75 | 7.07% | 120.27 | 47.3 |
| FR0058 | 15-Jun-32 | 14.31 | 8.25% | 110.33 | 7.09% | 109.23 | 110.3 |
| FR0074 | 15-Aug-32 | 14.48 | 7.50% | 103.72 | 7.09% | 103.18 | 53.8 |
| FR0065 | 15-May-33 | 15.22 | 6.625% | 96.86 | 6.96% | 96.51 | 35.6 |
| FR0068 | 15-Mar-34 | 16.06 | 8.38% | 110.21 | 7.29% | 109.75 | 45.5 |
| FR0072 | 15-May-36 | 18.23 | 8.25% | 109.29 | 7.32% | 109.02 | 27.5 |
| FR0045 | 15-May-37 | 19.23 | 9.75% | 124.16 | 7.38% | 124.163 | 0.0 |
| FR0075 | 15-May-38 | 138.47 | 7.500% | 102.58 | 7.25% | 102.29 | 29.0 |
| FR0050 | 15-Jul-38 | 20.39 | 10.50% | 132.93 | 7.36% | 132.92 | 0.3 |
| FR0057 | 15-May-41 | 23.23 | 9.50% | 123.68 | 7.36% | 123.63 | 5.1 |
| FR0062 | 15-Apr-42 | 24.15 | 6.38% | 88.63 | 7.39% | 88.63 | 0.0 |
| FR0067 | 15-Jul-43 | 25.40 | 8.75% | 116.42 | 7.33% | 116.42 | 0.0 |
| FR0076 | 15-May-48 | 30.24 | 7.08% | 103.63 | 7.11% | 103.26 | 37.0 |

Source: Bloomberg, IBPA dan MCS Estimates

Macroeconomic Indicator Calendar (26 Februari - 2 Maret 2018)
INDONESIA

| Tgl | Indikator | Series Data | Aktual | Sebelumnya | Proyeksi |
|-----|--------------------|-------------|--------|------------|----------|
| 1 | PMI Manufaktur | Feb-2018 | - | 49,9 | 50 |
| 1 | Inflasi Inti (YoY) | Feb-2018 | - | 2,69% | - |
| 1 | Inflasi (MoM) | Feb-2018 | - | 0,62% | 0,18% |
| 1 | Inflasi (YoY) | Feb-2018 | - | 3,25% | 2,67% |

GLOBAL

| Tgl | Indikator | Negara | Series Data | Aktual | Sebelumnya | Proyeksi |
|-----|----------------------------------|-----------|--------------------------------|--------|------------|-----------|
| 26 | Draghi's Speech | Euro Area | - | - | - | - |
| 26 | Penjualan Rumah Baru | AS | Jan-2018 | -7,8% | -9,3% | 3,8% |
| 27 | Keyakinan Konsumen | Euro Area | Feb-2018 | - | 1,4 | 0,1 |
| 28 | PDB (QoQ) | AS | Q4-2017 | - | 3,2% | 2,5% |
| 28 | Fed Powell Testimony | AS | - | - | - | - |
| 28 | EIA Simpanan Minyak Mentah | AS | <i>Week ended Feb-23,2018</i> | - | -1,62 juta | 0,79 juta |
| 28 | PMI Manufaktur | Jepang | Feb-2018 | - | 54,8 | 54 |
| 1 | PMI Manufaktur | Euro Area | Feb-2018 | - | 59,6 | 58,5 |
| 1 | Tingkat Pengangguran Terbuka | Euro Area | Jan-2018 | - | 8,7% | 8,7% |
| 1 | <i>Continuing Jobless Claims</i> | AS | <i>Week ended Feb-17,2018</i> | - | 1,87 juta | 1,89 juta |
| 1 | <i>Initial Jobless Claims</i> | AS | <i>Week ended Feb-24, 2018</i> | - | 222 ribu | 225 ribu |
| 1 | PCE Inti (YoY) | AS | Jan-2018 | - | 1,7% | - |
| 1 | Pengeluaran konsumen (MoM) | AS | Feb-2018 | - | 0,4% | 0,3% |
| 1 | PMI Manufaktur | AS | Feb-2018 | - | 55,5 | 55,9 |
| 1 | PMI Manufaktur | Tiongkok | Feb-2018 | - | 51,5 | 51,2 |

Source: Tradingeconomics & MCS Estimates

February 27, 2018

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