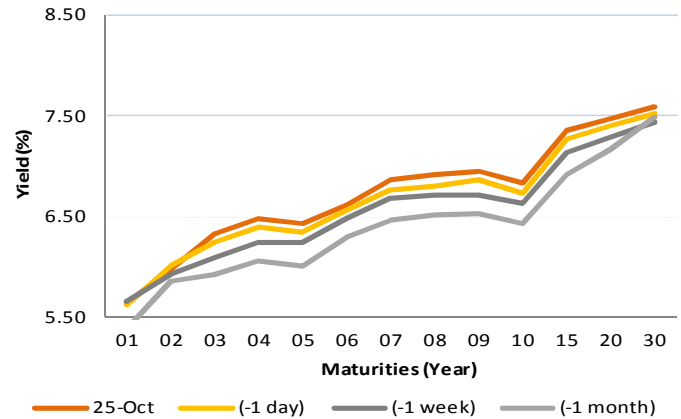


Indonesia Government Bonds Yield				
Maturities (Year)	25-Oct	(-1 day)	(-1 week)	(-1 month)
01	5.64	5.63	5.66	5.39
02	5.98	6.01	5.92	5.86
03	6.33	6.24	6.10	5.93
04	6.48	6.40	6.24	6.06
05	6.42	6.35	6.24	6.01
06	6.61	6.56	6.47	6.29
07	6.86	6.77	6.69	6.46
08	6.91	6.81	6.72	6.51
09	6.96	6.87	6.71	6.53
10	6.83	6.73	6.63	6.43
15	7.36	7.26	7.14	6.92
20	7.47	7.40	7.28	7.16
30	7.60	7.52	7.43	7.48

Source: Bloomberg



Global Market Update

- 10-year US treasury yield rose to 2.43% due to sentiment from Janet Yellen's successors and ECB meeting held today. Related to the ECB meeting, the market has been predicting that Mario Draghi will unveil exit strategy of its quantitative easing program. Based on analyst consensus conducted by CNBC showed that the ECB is expected to reduce its current € 60 billion per month bond purchase program to only € 25 billion per month starting from January 2018 to September 2018. It is concerned by the market that ECB exit strategy could trigger the next tapering after this month the fed kick started to normalize its giant balance sheet. In addition, the market has been expecting that the Bank of England will raise its benchmark interest rate at a BoE official meeting next week by 25 bps to 0,5%.
- Yield US treasury tenor 10 tahun meningkat ke level 2,43% akibat sentimen dari isu kandidat pengganti Janet Yellen serta aksi investor menjelang pertemuan pejabat ECB hari ini. Terkait pertemuan pejabat ECB, pasar memperkirakan bahwa Mario Draghi akan menyampaikan penjelasan terkait dengan program quantitative easing ECB yang saat ini sedang dilakukan oleh ECB. Konsensus analis yang dilakukan oleh CNBC menunjukkan bahwa ECB diperkirakan akan mengurangi program pembelian obligasi yang saat ini sebesar €60 miliar tiap bulannya menjadi hanya sebesar €25 miliar per bulan yang akan dilakukan mulai Januari 2018 hingga September 2018. Hal tersebut dikhawatirkan oleh pasar akan menyebabkan pengetatan lanjutan (the next tapering) di mana hal tersebut juga ditambah dengan mulai dilakukannya normalisasi neraca keuangan The Fed pada Oktober ini. Selain itu, pasar juga memperkirakan Bank Sentral Inggris (BoE) akan menaikkan suku bunga acuannya pada pertemuan pejabat BoE minggu depan sebesar 25 bps ke level 0,5%.

Domestic Market Update

- Indonesia Composite Bond Index continued to drop by 0,37% negative change compared with previous day. Meanwhile, transaction volume of government bonds in secondary market rose to IDR18.52 trillion while corporate bonds went down to IDR1.28 trillion.
- Indonesia Composite Bond Index melemah sebesar 0,37% dibandingkan dengan hari sebelumnya ke level 234,30 pada perdagangan terakhir di pasar sekunder. Sementara itu, volume transaksi SBN di pasar sekunder meningkat menjadi Rp18,52 triliun sedangkan obligasi korporasi turun menjadi sebesar Rp1,28 triliun.
- 2018 budget draft has been approved by the house of representatives with some important points compared to revised budget of 2017 (APBN-P) as follows: economic growth set to increase to 5.4% (APBN-P 2017 of 5.2%), inflation is targeted to decrease to 3.5% (APBN -P 2017 of 4.3%), exchange rate is targeted to be steady at IDR13,400 (APBN-P 2017 of IDR13.400), state revenue is targeted to increase to IDR1.894 trillion (APBN-P 2017 of IDR.1.736 trillion), the state budget is targeted to rise to IDR2,220 trillion (APBN-P 2017 of IDR2,098 trillion), budget deficit is targeted to fall to 2.19% of GDP (APBN-P 2017 of 2.67% GDP) and SBN issuance is targeted to fall to IDR414,5 trillion (APBN-P 2017 of IDR433 trillion).
- Rancangan APBN 2018 telah disetujui oleh DPR dengan beberapa poin penting dibandingkan dengan APBN-P 2017 adalah sebagai berikut pertumbuhan ekonomi ditargetkan naik menjadi 5,4% (APBN-P 2017 sebesar 5,2%), inflasi ditargetkan turun menjadi 3,5% (APBN-P 2017 sebesar 4,3%), nilai tukar ditargetkan tetap sebesar Rp13.400 (APBN-P 2017 sebesar Rp.13.400), penerimaan negara ditargetkan naik menjadi Rp1.894 triliun (APBN-P 2017 sebesar Rp.1.736 triliun), belanja negara ditargetkan naik menjadi Rp2.220 triliun (APBN-P 2017 sebesar Rp2.098 triliun), defisit APBN ditargetkan turun menjadi 2,19% PDB (APBN-P 2017 sebesar 2,67% PDB) dan penerbitan SBN ditargetkan turun menjadi Rp414,5 triliun (APBN-P 2017 sebesar Rp433 triliun).

Most Active Government Bonds	Last Price	Last Yield	Volume (IDR bn)
PBS013	100.55	5.875	1429
FR0059	102.00	6.712	942
SPNS11042018	97.87	4.750	825
FR0061	102.73	6.300	660
FR0069	102.95	5.747	620
FR0075	102.65	7.250	487
FR0053	106.18	6.354	453
FR0074	102.20	7.253	427
FR0056	110.20	6.824	329
SPN03180118	98.98	4.500	235

Most Active Corporate Bonds	Last Price	Last Yield	Volume (IDR bn)	
BMTR01ACN1	idA+	99.58	11.62	200
BMRI01DCN2	idAAA	83.00	7.32	132
BIIF01ACN2	AA+(idn)	102.59	7.22	100
JPFA02CN2	AA-(idn)	100.02	9.59	96
SMFP04ACN1	idAAA	100.51	6.19	90
BBIA01C	AAA(idn)	100.30	9.45	70
TINS01ACN1	idA+	100.07	8.47	59
WSKT03ACN1	A(idn)	100.07	7.97	50
APLN01CN1	idA-	100.60	8.32	50
MEDCO1CN2	idA+	100.42	7.72	44

Global Stock Markets	Last Price	Chg (bps)	% Chg	% YTD
Indonesia (JCI)	5952	2.05	0.03%	12.37%
Malaysia (KLCI)	1741	-5.33	-0.31%	5.75%
Thailand (SET)	1702	9.23	0.55%	10.30%
Singapore (STI)	3335	-15.13	-0.45%	15.8%
Hang Seng	28155	-150.91	-0.53%	28.0%
Nikkei 225	21805	108.52	0.50%	14.08%
Shanghai	3388	7.55	0.22%	9.17%
Dow Jones (DJIA)	23442	167.80	0.72%	18.61%
London (FTSE 100)	7527	2.09	0.03%	5.37%
DAX	13013	10.05	0.08%	13.3%

Global Bonds	24-Oct			
	24-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	1.593	1.566	1.55	1.44
5-Year	2.036	1.999	1.96	1.86
10-Year	2.41	2.37	2.30	2.24
30-Year	2.93	2.88	2.80	2.78
10-Year Government Bond Yield				
UK	1.35	1.31	1.27	1.33
Germany	0.47	0.43	0.36	0.41
France	0.88	0.84	0.78	0.70
China	3.73	3.72	3.74	3.61
Japan	0.07	0.06	0.07	0.03
Korea	2.48	2.45	2.40	2.31
Thailand	2.28	2.27	2.23	2.25
Malaysia	3.98	3.94	3.90	3.86
Singapore	2.26	2.21	2.07	2.10
Indonesia USD Bond Yield				
INDO-22	2.67	2.68	2.65	2.67
INDO-27	3.59	3.59	3.53	3.45
INDO-47	4.46	4.46	4.43	4.38

FX Rate	24-Oct		
	24-Oct	(-1 day)	(-1 week)
USD/IDR	13,565	13,544	13,504
GBP/USD	1.313	1.320	1.319
USD/JPY	113.9	113.4	112.2
USD/SGD	1.363	1.362	1.356
USD/THB	33.20	33.18	33.12
USD/MYR	4.234	4.239	4.223

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			
24-Oct	34.90	94.00	158.54
(-1 Day)	35.83	93.65	160.24
(-1 Week)	36.12	94.73	161.84
(-1 Month)	37.99	94.73	161.84
(-1 Year)	63.46	149.41	215.77

Money Market	24-Oct			
	24-Oct	(-1 day)	(-1 week)	(-1 month)
JIBOR				
O/N	3.92	3.92	3.91	3.90
1M	4.79	4.79	4.78	4.79
3M	5.19	5.19	5.19	5.19
LIBOR				
1M	1.24	1.24	1.24	1.23
3M	1.37	1.37	1.36	1.33
6M	1.56	1.56	1.55	1.50
Indonesia Interest Rates				
Deposit 1M	5.70	5.80	5.76	5.81
Lending	14.4	14.2	14.3	14.4

Government Bond Ownership As of October 24, 2017 (in Trillion)

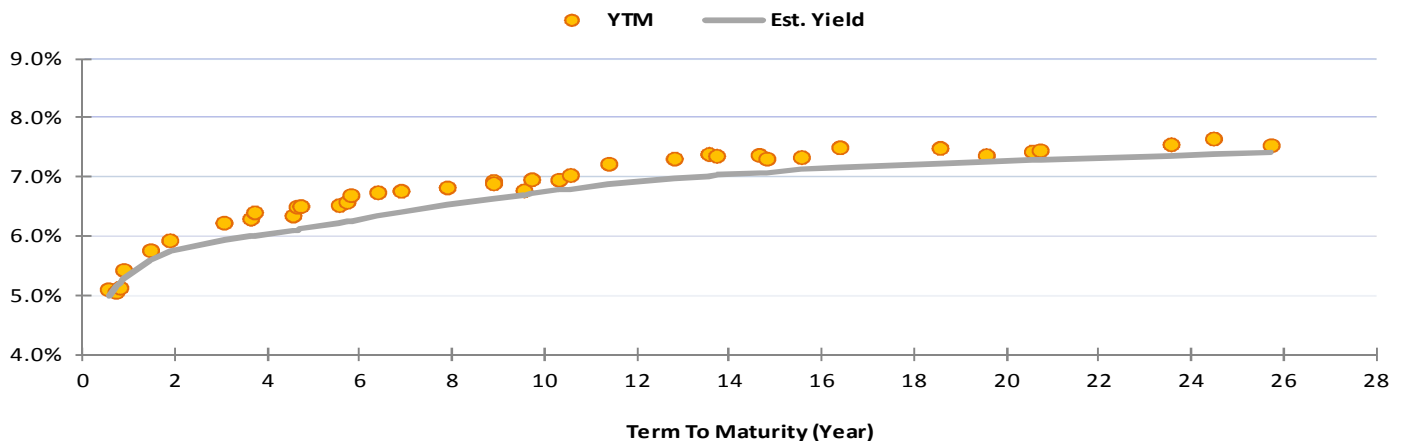
Holders	2013	2014	2015	2016	17-Oct-17	18-Oct-17	19-Oct-17	23-Oct-17	24-Oct-17
Banks	335.43	375.55	350.07	399.46	594.09	591.82	608.11	623.84	626.06
Bank Indonesia	44.44	41.63	148.91	134.25	26.42	27.14	29.22	13.40	13.35
Mutual Fund	42.50	45.79	61.60	85.66	99.27	99.29	99.91	99.91	99.60
Insurance	129.55	150.60	171.62	238.24	260.96	260.99	261.75	261.75	261.89
Foreign Investor	323.83	461.35	558.52	665.81	806.07	807.50	808.95	808.95	806.83
Pension Fund	39.47	43.30	49.83	87.28	86.29	86.29	86.52	86.50	86.57
Individual Investors	32.48	30.41	42.53	57.75	53.03	53.01	53.04	53.20	53.29
Others	47.56	61.32	78.76	104.84	116.37	116.49	117.28	117.45	117.43
Total	995.25	1,209.96	1,461.85	1,773.28	2,042.52	2,042.52	2,064.79	2,065.02	2,065.02

Source: Bloomberg, IDX & DJPPR

Government Bonds Prices
Closing Price Data : 25-Oct-2017

Series	Maturity	TTM	Coupon	Price	YTM	Est. Yield	Fair Price	Spread (bps)	Recommendation
FR0066	15-May-18	0.55	5.250%	100.08	5.10%	4.99%	100.14	6	Fair
FR0032	15-Jul-18	0.72	15.00%	106.90	5.06%	5.15%	106.88	-2	Fair
FR0038	15-Aug-18	0.81	11.60%	105.00	5.13%	5.22%	104.96	-4	Fair
FR0048	15-Sep-18	0.89	9.00%	103.03	5.43%	5.29%	103.17	14	Cheap
FR0069	15-Apr-19	1.47	7.875%	102.93	5.76%	5.61%	103.16	23	Cheap
FR0036	15-Sep-19	1.89	11.50%	109.78	5.93%	5.74%	110.17	39	Cheap
FR0031	15-Nov-20	3.06	11.00%	113.08	6.23%	5.93%	113.98	90	Cheap
FR0034	15-Jun-21	3.64	12.80%	120.82	6.30%	6.00%	121.93	111	Cheap
FR0053	15-Jul-21	3.72	8.25%	106.01	6.40%	6.01%	107.37	136	Cheap
FR0061	15-May-22	4.56	7.00%	102.54	6.35%	6.10%	103.52	98	Cheap
FR0035	15-Jun-22	4.64	12.90%	125.26	6.50%	6.11%	127.04	179	Cheap
FR0043	15-Jul-22	4.72	10.25%	114.98	6.51%	6.12%	116.69	171	Cheap
FR0063	15-May-23	5.56	5.625%	95.87	6.52%	6.23%	97.21	134	Cheap
FR0046	15-Jul-23	5.72	9.50%	113.72	6.58%	6.25%	115.43	171	Cheap
FR0039	15-Aug-23	5.81	11.75%	123.97	6.69%	6.26%	126.37	240	Cheap
FR0070	15-Mar-24	6.39	8.375%	108.36	6.74%	6.33%	110.58	221	Cheap
FR0044	15-Sep-24	6.90	10.00%	117.57	6.76%	6.40%	119.80	223	Cheap
FR0040	15-Sep-25	7.90	11.00%	125.14	6.82%	6.52%	127.26	213	Cheap
FR0037	15-Sep-26	8.90	12.00%	133.19	6.93%	6.64%	135.58	239	Cheap
FR0056	15-Sep-26	8.90	8.375%	109.73	6.89%	6.64%	111.53	180	Cheap
FR0059	15-May-27	9.56	7.000%	101.58	6.77%	6.70%	102.06	48	Cheap
FR0042	15-Jul-27	9.73	10.250%	122.96	6.96%	6.72%	124.88	192	Cheap
FR0047	15-Feb-28	10.32	10.00%	122.15	6.95%	6.78%	123.62	147	Cheap
FR0064	15-May-28	10.56	6.125%	93.33	7.03%	6.80%	94.98	166	Cheap
FR0071	15-Mar-29	11.39	9.00%	113.63	7.22%	6.87%	116.65	302	Cheap
FR0052	15-Aug-30	12.81	10.50%	126.22	7.31%	6.97%	129.57	335	Cheap
FR0073	15-May-31	13.56	8.750%	111.55	7.39%	7.02%	115.01	346	Cheap
FR0054	15-Jul-31	13.73	9.50%	118.31	7.36%	7.03%	121.55	324	Cheap
FR0058	15-Jun-32	14.65	8.250%	107.80	7.37%	7.08%	110.59	279	Cheap
FR0074	15-Aug-32	14.82	7.50%	101.71	7.31%	7.08%	103.76	205	Cheap
FR0065	15-May-33	15.56	6.625%	93.49	7.33%	7.12%	95.39	190	Cheap
FR0068	15-Mar-34	16.40	8.375%	108.19	7.50%	7.16%	111.64	345	Cheap
FR0072	15-May-36	18.57	8.250%	107.58	7.49%	7.24%	110.26	268	Cheap
FR0045	15-May-37	19.57	9.750%	124.50	7.37%	7.27%	125.71	121	Cheap
FR0075	15-May-38	20.57	7.50%	100.73	7.43%	7.30%	102.11	138	Cheap
FR0050	15-Jul-38	20.73	10.50%	131.95	7.45%	7.30%	133.91	196	Cheap
FR0057	15-May-41	23.57	9.50%	121.33	7.55%	7.36%	123.72	239	Cheap
FR0062	15-Apr-42	24.49	6.375%	86.03	7.65%	7.38%	88.67	265	Cheap
FR0067	15-Jul-43	25.74	8.750%	113.80	7.54%	7.40%	115.36	156	Cheap
FR0076	15-May-48	30.58	7.375%	100.60	7.33%	7.44%	99.22	-138	Dear

Source: Bloomberg, IBPA, MCS Estimation



October 26, 2017

PT. MEGA CAPITAL SEKURITAS
Head Office
Menara Bank Mega Lt. 2
Jl. Kapten P. Tendean Kav 12-14A
Jakarta 12790

Dealing Room

Phone No : +62 21 7995795

Fax No : +62 21 79175965

Eva Sarah Hutabarat	eva@megasekuritas.id	Head of Debt Capital Market
Cicah Sukaesih	cicah@megasekuritas.id	Debt Sales
Emilda Mardiyanti	emilda.mardiyanti@megasekuritas.id	Debt Sales
Ajeng Palupi P.	palupi@megasekuritas.id	Debt Sales
Dhian Karyantono	dhian@megasekuritas.id	Fixed Income Analyst
Yulia	yulia@megasekuritas.id	Administrative Assistant

DISCLAIMER

This Document is for information only and for the use of the recipient. It is not to be reproduced or copied or made available to others. Under no circumstances is it to be considered as an offer to sell or solicitation to buy any security. Any recommendation contained in this report may not be suitable for all investors and strictly a personal view and should not be used as a sole judgment for investment. Moreover, although the information contained herein has been obtained from sources believed to be reliable, its accuracy, completeness and reliability cannot be guaranteed. All rights reserved by PT Mega Capital Sekuritas.