

## Indonesia

The local currency (LCY) bond market in Indonesia expanded 3.4% quarter-on-quarter (q-o-q) and 14.4% year-on-year (y-o-y) in the fourth quarter (Q4) of 2015 to reach IDR1,750 trillion (USD127 billion) at the end of December. Growth came largely from an increase in the stock of central government bonds, which comprise Treasury bills and bonds, as the government issued more bonds to fund its budget deficit.

Table 1: Size and Composition of the LCY Bond Market in Indonesia

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2014		Q3 2015		Q4 2015		Q4 2014		Q4 2015	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
<b>Total</b>	<b>1,529,810</b>	<b>123</b>	<b>1,692,373</b>	<b>115</b>	<b>1,750,306</b>	<b>127</b>	<b>1.6</b>	<b>16.8</b>	<b>3.4</b>	<b>14.4</b>
Government	1,306,990	106	1,442,758	98	1,500,426	109	1.7	19.8	4.0	14.8
Central Govt. Bonds	1,209,961	98	1,392,407	95	1,461,846	106	0.9	21.6	5.0	20.8
of which: <i>Sukuk</i>	110,704	9	150,433	10	159,236	12	1.2	27.0	5.9	43.8
Central Bank Bills	97,029	8	50,351	3	38,580	3	13.3	1.0	(23.4)	(60.2)
of which: <i>Sukuk</i>	8,130	0.7	7,720	0.5	6,280	0.5	25.3	72.5	(18.7)	(22.8)
Corporate	222,820	18	249,615	17	249,880	18	1.2	2.1	0.1	12.1
of which: <i>Sukuk</i>	7,105	0.6	8,284	0.6	9,696	0.7	2.1	(5.9)	17.0	36.5

( ) = negative, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, y-o-y = year-on-year.

Notes:

1. Calculated using data from national sources.

2. Bloomberg LP end-of-period LCY-USD rates are used.

3. Growth rates are calculated from LCY base and do not include currency effects.

4. The total stock of nontradable bonds as of end-December stood at IDR289.2 trillion.

5. Q4 2015 data for outstanding corporate *sukuk* (Islamic bonds) carried over from November 2015.

Sources: Bank Indonesia; Directorate General of Budget Financing and Risk Management, Ministry of Finance; Indonesia Stock Exchange; Otoritas Jasa Keuangan; and Bloomberg LP.

In Q4 2015, new corporate bond issuance reached IDR10.6 trillion, which was lower on both a q-o-q and y-o-y basis. Only 13 companies issued new corporate debt in Q4 2015, led by finance-related firms and capital-intensive sectors such as telecommunications, building construction, and property.

Table 2: Notable LCY Corporate Bond Issuance in Q4 2015

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Toyota Astra Financial Services			Sarana Multigriya Finansial		
370-day bond	8.75	170	370-day bond	8.90	472
3-year bond	9.50	1,498	370-day bond	9.25	600
Waskita Karya			Indosat		
3-year bond	10.40	350	3-year bond	10.00	201
5-year bond	11.10	1,150	5-year bond	10.25	301
XL Axiata			7-year bond	10.60	130
370-day <i>Sukuk Ijarah</i>	8.75	494	7-year <i>Sukuk Ijarah</i>	10.60	65
3-year <i>Sukuk Ijarah</i>	10.25	258	10-year bond	11.20	162
5-year <i>Sukuk Ijarah</i>	10.50	323	10-year <i>Sukuk Ijarah</i>	11.20	41
7-year <i>Sukuk Ijarah</i>	11.00	425			

LCY = local currency, Q4 = fourth quarter.

Note: *Sukuk Ijarah* refers to Islamic bonds backed by lease agreements.

Source: Indonesia Stock Exchange.

The top 30 LCY corporate bond issuers in Indonesia had an aggregate bond stock amounting to IDR187.0 trillion at the end of December, representing 74.8% of the total LCY corporate bond market. State-owned Indonesia Eximbank took the top spot and was followed by a state-owned electricity firm, PLN.

Table 3: Top 30 Issuers of LCY Corporate Bonds in Indonesia

	Issuers	Outstanding Amount		State-Owned	Listed Company	Type of Industry
		LCY Bonds (IDR billion)	LCY Bonds (USD billion)			
1.	Indonesia Eximbank	21,579	1.57	Yes	No	Banking
2.	PLN	13,268	0.96	Yes	No	Energy
3.	Indosat	11,642	0.84	No	Yes	Telecommunications
4.	Bank Tabungan Negara	10,950	0.79	Yes	Yes	Banking
5.	Adira Dinamika Multifinance	9,936	0.72	No	Yes	Finance
6.	Astra Sedaya Finance	9,465	0.69	No	No	Finance
7.	Telekomunikasi Indonesia	8,995	0.65	Yes	Yes	Telecommunications
8.	Perum Pegadaian	7,959	0.58	Yes	No	Finance
9.	Bank Internasional Indonesia	7,380	0.54	No	Yes	Banking
10.	Federal International Finance	6,935	0.50	No	No	Finance
11.	Bank CIMB Niaga	6,865	0.50	No	Yes	Banking
12.	Bank Permata	6,482	0.47	No	Yes	Banking
13.	Jasa Marga	5,900	0.43	Yes	Yes	Toll Roads, Airports, and Harbors
14.	Bank Pan Indonesia	5,460	0.40	No	Yes	Banking
15.	Bank OCBC NISP	5,378	0.39	No	Yes	Banking
16.	Sarana Multigriya Finansial	4,789	0.35	Yes	No	Finance
17.	Agung Podomoro Land	4,575	0.33	No	Yes	Property and Real Estate
18.	Toyota Astra Financial Services	4,489	0.33	No	No	Finance
19.	Indofood Sukses Makmur	4,000	0.29	No	Yes	Food and Beverages
20.	Bank Mandiri	3,500	0.25	Yes	Yes	Banking
21.	Medco-Energi International	3,500	0.25	No	Yes	Petroleum and Natural Gas
22.	Antam	3,000	0.22	Yes	Yes	Mining
23.	Bank Rakyat Indonesia	3,000	0.22	Yes	Yes	Banking
24.	Waskita Karya	2,675	0.19	Yes	Yes	Building Construction
25.	Bumi Serpong Damai	2,665	0.19	No	Yes	Property and Real Estate
26.	Bank Tabungan Pensiunan Nasional	2,610	0.19	No	Yes	Banking
27.	Indomobil Finance Indonesia	2,559	0.19	No	No	Finance
28.	Bank UOB Indonesia	2,500	0.18	No	No	Banking
29.	Summarecon Agung	2,500	0.18	No	Yes	Property and Real Estate
30.	BCA Finance	2,425	0.18	No	No	Finance
<b>Total Top 30 LCY Corporate Issuers</b>		<b>186,981</b>	<b>13.56</b>			
<b>Total LCY Corporate Bonds</b>		<b>249,880</b>	<b>18.12</b>			
<b>Top 30 as % of Total LCY Corporate Bonds</b>		<b>74.8%</b>	<b>74.8%</b>			

LCY = local currency.

Notes:

1. Data as of end-December 2015.

2. State-owned firms are defined as those in which the government has more than a 50% ownership stake.

Source: *AsianBondsOnline* calculations based on Indonesia Stock Exchange data.