

Indonesia

Indonesia's local currency (LCY) bond market reached a size of IDR2,190 trillion (USD163 billion) at the end of the fourth quarter (Q4) of 2016, up 1.7% quarter-on-quarter and 25.1% year-on-year. Growth stemmed from increases in the stock of central government bonds and corporate bonds.

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

| | Outstanding Amount (billion) | | | | | | Growth Rate (%) | | | |
|------------------------|------------------------------|------------|------------------|------------|------------------|------------|-----------------|-------------|------------|-------------|
| | Q4 2015 | | Q3 2016 | | Q4 2016 | | Q4 2015 | | Q4 2016 | |
| | IDR | USD | IDR | USD | IDR | USD | q-o-q | y-o-y | q-o-q | y-o-y |
| Total | 1,750,306 | 127 | 2,153,035 | 165 | 2,190,326 | 163 | 3.4 | 14.4 | 1.7 | 25.1 |
| Government | 1,500,426 | 109 | 1,866,325 | 143 | 1,878,648 | 139 | 4.0 | 14.8 | 0.7 | 25.2 |
| Central Govt. Bonds | 1,461,846 | 106 | 1,749,384 | 134 | 1,773,279 | 132 | 5.0 | 20.8 | 1.4 | 21.3 |
| of which: <i>Sukuk</i> | 159,236 | 12 | 239,868 | 18 | 245,708 | 18 | 5.9 | 43.8 | 2.4 | 54.3 |
| Central Bank Bills | 38,580 | 3 | 116,941 | 9 | 105,369 | 8 | (23.4) | (60.2) | (9.9) | 173.1 |
| of which: <i>Sukuk</i> | 6,280 | 0.5 | 9,442 | 0.7 | 10,788 | 0.8 | (18.7) | (22.8) | 14.3 | 71.8 |
| Corporate | 249,880 | 18 | 286,710 | 22 | 311,679 | 23 | 0.1 | 12.1 | 8.7 | 24.7 |
| of which: <i>Sukuk</i> | 9,802 | 0.7 | 10,744 | 0.8 | 11,578 | 0.9 | 18.3 | 38.0 | 7.8 | 18.1 |

(-) = negative, IDR = Indonesian rupiah, LCY = local currency, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, 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 an LCY base and do not include currency effects.
4. The total stock of nontradable bonds as of end-December stood at IDR238.2 trillion.

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 2016, new corporate debt issues totaled IDR38.9 trillion, up on both a quarter-on-quarter and year-on-year basis. A total of 27 corporate entities locked in lower borrowing costs by raising funds from the debt market in Q4 2016. As in past quarters, banking and financial institutions dominated the list of new corporate debt issuers in Q4 2016.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2016

| Corporate Issuers | Coupon Rate (%) | Issued Amount (IDR billion) | Corporate Issuers | Coupon Rate (%) | Issued Amount (IDR billion) |
|----------------------------|-----------------|-----------------------------|-----------------------------|-----------------|-----------------------------|
| Bank Mandiri | | | Angkasa Pura I | | |
| 5-year bond | 7.95 | 1,100 | 5-year bond | 8.10 | 622 |
| 7-year bond | 8.50 | 1,500 | 5-year <i>sukuk ijarah</i> | 8.10 | 268 |
| 10-year bond | 8.65 | 2,400 | 7-year bond | 8.40 | 389 |
| Sarana Multi Infrastruktur | | | 7-year <i>sukuk ijarah</i> | 8.40 | 55 |
| 3-year bond | 7.85 | 2,298 | 10-year bond | 8.55 | 1,489 |
| 5-year bond | 8.20 | 1,328 | 10-year <i>sukuk ijarah</i> | 8.55 | 177 |
| 10-year bond | 8.65 | 700 | Indonesia Eximbank | | |
| 15-year bond | 8.90 | 674 | 370-day bond | 7.15 | 672 |
| Bank Rakyat Indonesia | | | 3-year bond | 7.85 | 540 |
| 370-day bond | 7.25 | 616 | 5-year bond | 8.20 | 282 |
| 3-year bond | 8.00 | 964 | 7-year bond | 8.50 | 1,038 |
| 5-year bond | 8.20 | 193 | | | |
| 7-year bond | 8.65 | 477 | | | |
| 10-year bond | 8.90 | 2,350 | | | |

IDR = Indonesian rupiah.

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

Source: Indonesia Stock Exchange.

At the end of December, the top 30 LCY corporate bond issuers in Indonesia had an aggregate bond stock of IDR228.0 trillion, accounting for 73.2% of the total LCY corporate bond market. Leading the list was Indonesia Eximbank with outstanding bonds of IDR31.4 trillion at the end of December. Climbing to the second spot was Bank Rakyat Indonesia. Both Indonesia Eximbank and Bank Rakyat Indonesia raised additional funds from the LCY debt market in Q4 2016. Telecommunications firm Indosat had the third largest stock of outstanding bonds at the end of December.

Table 3: Top 30 Issuers of Local Currency 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 | 31,402 | 2.33 | Yes | No | Banking |
| 2. | Bank Rakyat Indonesia | 15,945 | 1.18 | Yes | Yes | Banking |
| 3. | Indosat | 13,721 | 1.02 | No | Yes | Telecommunications |
| 4. | Bank Tabungan Negara | 12,950 | 0.96 | Yes | Yes | Banking |
| 5. | PLN | 11,733 | 0.87 | Yes | No | Energy |
| 6. | Bank Pan Indonesia | 9,685 | 0.72 | No | Yes | Banking |
| 7. | Astra Sedaya Finance | 9,475 | 0.70 | No | No | Finance |
| 8. | Telekomunikasi Indonesia | 8,995 | 0.67 | Yes | Yes | Telecommunications |
| 9. | Federal International Finance | 8,893 | 0.66 | No | No | Finance |
| 10. | Adira Dinamika Multifinance | 8,638 | 0.64 | No | Yes | Finance |
| 11. | Bank Internasional Indonesia | 7,320 | 0.54 | No | Yes | Banking |
| 12. | Perum Pegadaian | 6,792 | 0.50 | Yes | No | Finance |
| 13. | Sarana Multigriya Finansial | 6,530 | 0.48 | Yes | No | Finance |
| 14. | Medco-Energi Internasional | 6,274 | 0.47 | No | Yes | Petroleum and Natural Gas |
| 15. | Bank CIMB Niaga | 6,230 | 0.46 | No | Yes | Banking |
| 16. | Sarana Multi Infrastruktur | 6,000 | 0.45 | Yes | No | Finance |
| 17. | Bank Permata | 5,810 | 0.43 | No | Yes | Banking |
| 18. | Waskita Karya | 5,575 | 0.41 | Yes | Yes | Building Construction |
| 19. | Bank Mandiri | 5,000 | 0.37 | Yes | Yes | Banking |
| 20. | Bank OCBC NISP | 4,785 | 0.36 | No | Yes | Banking |
| 21. | Jasa Marga | 4,500 | 0.33 | Yes | Yes | Toll Roads, Airports, and Harbors |
| 22. | Toyota Astra Financial Services | 4,421 | 0.33 | No | No | Finance |
| 23. | Indofood Sukses Makmur | 4,000 | 0.30 | No | Yes | Food and Beverages |
| 24. | Agung Podomoro Land | 3,700 | 0.27 | No | Yes | Property and Real Estate |
| 25. | Permodalan Nasional Madani | 3,433 | 0.25 | Yes | No | Finance |
| 26. | Mandiri Tunas Finance | 3,325 | 0.25 | No | No | Finance |
| 27. | Bumi Serpong Damai | 3,315 | 0.25 | No | Yes | Property and Real Estate |
| 28. | Maybank Indonesia Finance | 3,225 | 0.24 | No | No | Finance |
| 29. | Bank UOB Indonesia | 3,200 | 0.24 | No | No | Banking |
| 30. | Surya Artha Nusantara Finance | 3,150 | 0.23 | No | No | Finance |
| Total Top 30 LCY Corporate Issuers | | 228,022 | 16.92 | | | |
| Total LCY Corporate Bonds | | 311,679 | 23.13 | | | |
| Top 30 as % of Total LCY Corporate Bonds | | 73.2% | 73.2% | | | |

IDR = Indonesian rupiah, LCY = local currency, USD = United States dollar.

Notes:

1. Data as of end-December 2016.

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.