

Indonesia

The local currency (LCY) bond market in Indonesia reached a size of IDR2,838 trillion (USD197 billion) at the end of December, up 2.7% quarter-on-quarter (q-o-q) and 13.7% year-on-year (y-o-y). Growth, however, eased from the 5.9% q-o-q and 13.9% y-o-y expansions posted in the third quarter of 2018. Central government bonds drove much of the growth, despite four auctions being canceled in the fourth quarter (Q4) of 2018 as the government had fulfilled its borrowing requirements and there was a smaller-than-expected budget deficit.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2017		Q3 2018		Q4 2018		Q4 2017		Q4 2018	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,497,112	184	2,764,341	185	2,838,177	197	2.9	14.0	2.7	13.7
Government	2,109,783	156	2,345,354	157	2,426,320	169	2.1	12.3	3.5	15.0
Central Govt. Bonds	2,099,766	155	2,306,641	155	2,368,451	165	2.6	18.4	2.7	12.8
of which: <i>Sukuk</i>	342,989	25	378,115	25	392,985	27	4.2	39.6	3.9	14.6
Central Bank Bills	10,017	0.7	38,713	3	57,869	4	(48.3)	(90.5)	49.5	477.7
of which: <i>Sukuk</i>	10,017	0.7	10,642	0.7	10,043	0.7	(20.7)	(7.1)	(5.6)	0.3
Corporate	387,330	29	418,987	28	411,857	29	7.7	24.3	(1.7)	6.3
of which: <i>Sukuk</i>	15,387	1	16,382	1	21,298	1	10.2	32.9	30.0	38.4

(-) = 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 IDR234.0 trillion.

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

The volume of new corporate debt issuance in Q4 2018 declined to IDR13.6 trillion, down 59.3% q-o-q and 73.3% y-o-y. A total of 14 firms tapped the debt market for funding in Q4 2018, issuing a total of 56 new bond series during the quarter. Of which, 17 series were structured as *sukuk* (Islamic bonds).

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2018

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Lontar Papyrus			Indonesia Eximbank		
3-year <i>sukuk mudharabah</i>	10.00	500	370-day bond	8.25	515
5-year <i>sukuk mudharabah</i>	11.00	2,000	370-day <i>sukuk mudharabah</i>	8.25	212
XL Axiata			3-year bond	8.75	81
370-day bond	8.25	328	3-year <i>sukuk mudharabah</i>	8.75	250
370-day <i>sukuk ijarah</i>	8.25	358	5-year bond	9.25	28
3-year bond	9.10	450	5-year <i>sukuk mudharabah</i>	9.25	14
3-year <i>sukuk ijarah</i>	9.10	399	7-year bond	9.75	380
5-year bond	9.60	131	7-year <i>sukuk mudharabah</i>	9.75	155
5-year <i>sukuk ijarah</i>	9.60	149			
7-year bond	10.10	19			
7-year <i>sukuk ijarah</i>	10.10	34			
10-year bond	10.30	72			
10-year <i>sukuk ijarah</i>	10.30	60			

IDR = Indonesian rupiah.

Notes:

1. *Sukuk mudharabah* are Islamic bonds backed by a profit-sharing scheme from a business venture or partnership.
2. *Sukuk ijarah* are Islamic bonds backed by a lease agreement.

Source: Indonesia Stock Exchange.

The aggregate outstanding bonds of the 30 largest corporate debt issuers in Indonesia totaled IDR303.2 trillion, accounting for a 73.6% share of the corporate bond stock at the end of December. The three largest corporate bond issuers each maintained their respective ranking from the previous quarter.

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	35,151.9	2.4	Yes	No	Banking
2.	Bank Rakyat Indonesia	24,445.0	1.7	Yes	Yes	Banking
3.	Perusahaan Listrik Negara	19,527.0	1.4	Yes	No	Energy
4.	Bank Tabungan Negara	17,050.0	1.2	Yes	Yes	Banking
5.	Indosat	16,081.0	1.1	No	Yes	Telecommunications
6.	Bank Pan Indonesia	15,427.0	1.1	No	Yes	Banking
7.	Sarana Multi Infrastruktur	14,245.3	1.0	Yes	No	Finance
8.	Bank Mandiri	14,000.0	1.0	Yes	Yes	Banking
9.	Waskita Karya	13,861.3	1.0	Yes	Yes	Building Construction
10.	Federal International Finance	11,111.4	0.8	No	No	Finance
11.	Adira Dinamika Multifinance	10,207.0	0.7	No	Yes	Finance
12.	Sarana Multigriya Finansial	9,735.5	0.7	Yes	No	Finance
13.	Pupuk Indonesia	9,076.0	0.6	Yes	No	Chemical Manufacturing
14.	Telekomunikasi Indonesia	8,995.0	0.6	Yes	Yes	Telecommunications
15.	Perum Pegadaian	8,599.0	0.6	Yes	No	Finance
16.	Bank CIMB Niaga	7,037.0	0.5	No	Yes	Banking
17.	Hutama Karya	6,825.0	0.5	Yes	No	Nonbuilding Construction
18.	Medco-Energi Internasional	6,454.2	0.4	No	Yes	Petroleum and Natural Gas
19.	Bank Maybank Indonesia	6,125.5	0.4	No	Yes	Banking
20.	Astra Sedaya Finance	6,025.0	0.4	No	No	Finance
21.	Permodalan Nasional Madani	5,746.0	0.4	Yes	No	Finance
22.	BFI Finance Indonesia	5,206.0	0.4	No	Yes	Finance
23.	Bank OCBC NISP	4,381.0	0.3	No	Yes	Banking
24.	Bank Pembangunan Daerah Jawa Barat Dan Banten	4,252.0	0.3	Yes	Yes	Banking
25.	Maybank Indonesia Finance	4,100.0	0.3	No	No	Finance
26.	Bank Permata	4,060.0	0.3	No	Yes	Banking
27.	Indofood Sukses Makmur	4,000.0	0.3	No	Yes	Food and Beverages
28.	XL Axiata	3,888.0	0.3	No	Yes	Telecommunications
29.	Bank UOB Buana	3,800.0	0.3	No	No	Banking
30.	Indomobil Finance Indonesia	3,777.5	0.3	No	No	Finance
Total Top 30 LCY Corporate Issuers		303,189.4	21.1			
Total LCY Corporate Bonds		411,857.4	28.6			
Top 30 as % of Total LCY Corporate Bonds		73.6%	73.6%			

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

Notes:

1. Data as of end-December 2018.

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.