

Indonesia

The size of Indonesia's local currency (LCY) bond market expanded to IDR3,310.6 trillion (USD238.8 billion) at the end of December. Overall growth, while positive, moderated to 2.5% quarter-on-quarter (q-o-q) and 16.6% year-on-year (y-o-y) in the fourth quarter (Q4) of 2019 from 5.2% q-o-q and 16.8% y-o-y, respectively, in the previous quarter. The slower growth in outstanding bonds was due to an issuance slowdown in all bond segments in Q4 2019.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2018		Q3 2019		Q4 2019		Q4 2018		Q4 2019	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	2,838,177	197	3,229,879	228	3,310,632	239	2.7	13.7	2.5	16.6
Government	2,426,320	169	2,792,335	197	2,865,531	207	3.5	15.0	2.6	18.1
Central Govt. Bonds	2,368,451	165	2,664,332	188	2,752,741	199	2.7	12.8	3.3	16.2
of which: <i>Sukuk</i>	392,985	27	456,844	32	485,534	35	3.9	14.6	6.3	23.6
Central Bank Bills	57,869	4	128,003	9	112,790	8	49.5	477.7	(11.9)	94.9
of which: <i>Sukuk</i>	10,043	0.7	25,674	2	31,174	2	(5.6)	0.3	21.4	210.4
Corporate	411,857	29	437,544	31	445,101	32	(1.7)	6.3	1.7	8.1
of which: <i>Sukuk</i>	21,298	1	30,654	2	30,063	2	25.4	38.4	(1.9)	41.2

(-) = 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 IDR209.3 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 2019, new issuance of corporate bonds totaled IDR34.2 trillion, down 22.6% q-o-q but up 151.8% y-o-y. A total of 24 firms raised new funds from the debt market during the quarter, adding 68 series of corporate bonds. Among the largest issuers during the quarter were banks and financing companies led by Bank Rakyat Indonesia, Sarana Multi Infrastruktur, and Indonesia Eximbank.

Table 2: Notable Local Currency Corporate Bond Issuance in the Fourth Quarter of 2019

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Bank Rakyat Indonesia			Perusahaan Listrik Negara		
370-day bond	6.50	738	5-year bond	7.90	796
3-year bond	7.60	2,089	5-year <i>sukuk ijarah</i>	7.90	7
5-year bond	7.85	2,173	7-year bond	8.40	445
Sarana Multi Infrastruktur			7-year <i>sukuk ijarah</i>	8.40	10
370-day bond	6.75	655	10-year bond	8.60	6
3-year bond	7.75	728	10-year <i>sukuk ijarah</i>	8.60	92
5-year bond	7.85	481	15-year bond	9.40	166
7-year bond	8.30	945	15-year <i>sukuk ijarah</i>	9.40	135
Indonesia Eximbank			20-year bond	9.90	500
370-day bond	7.00	600	20-year <i>sukuk ijarah</i>	9.90	554
3-year bond	7.80	101	Kereta Api Indonesia		
3-year bond	7.50	88	5-year bond	7.75	900
5-year bond	8.10	26	7-year bond	8.20	1,100
5-year bond	7.90	1,551			
7-year bond	8.50	112			
7-year bond	8.20	23			
10-year bond	8.75	220			

IDR = Indonesian rupiah.

Note: *Sukuk ijarah* are Islamic bonds backed by a lease agreement.

Source: Indonesia Stock Exchange.

The 30 largest corporate bond issuers in Indonesia had aggregate bonds outstanding of IDR332.1 trillion, representing a 74.6% share of the corporate bond stock at the end of December. Leading the list were Indonesia Eximbank and Perusahaan Listrik Negara, both of which maintained their respective ranks from the previous quarter. Climbing to the third spot was Bank Rakyat Indonesia, which previously held the fourth spot. All three were state-owned firms that tapped the bond market for funding in Q4 2019.

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	37,252.5	2.69	Yes	No	Banking
2.	Perusahaan Listrik Negara	29,697.0	2.14	Yes	No	Energy
3.	Bank Rakyat Indonesia	25,025.5	1.80	Yes	Yes	Banking
4.	Sarana Multi Infrastruktur	22,105.5	1.59	Yes	No	Finance
5.	Bank Tabungan Negara	19,847.0	1.43	Yes	Yes	Banking
6.	Indosat	16,879.0	1.22	No	Yes	Telecommunications
7.	Sarana Multigriya Finansial	14,197.5	1.02	Yes	No	Finance
8.	Bank Mandiri	14,000.0	1.01	Yes	Yes	Banking
9.	Waskita Karya	13,707.0	0.99	Yes	Yes	Building Construction
10.	Bank Pan Indonesia	13,427.0	0.97	No	Yes	Banking
11.	Adira Dinamika Multifinance	11,051.2	0.80	No	Yes	Finance
12.	Bank CIMB Niaga	9,350.0	0.67	No	Yes	Banking
13.	Telekomunikasi Indonesia	8,995.0	0.65	Yes	Yes	Telecommunications
14.	Federal International Finance	8,976.5	0.65	No	No	Finance
15.	Permodalan Nasional Madani	8,189.0	0.59	Yes	No	Finance
16.	Pupuk Indonesia	7,945.0	0.57	Yes	No	Chemical Manufacturing
17.	Semen Indonesia	7,078.0	0.51	Yes	Yes	Cement Manufacturing
18.	Perum Pegadaian	6,851.0	0.49	Yes	No	Finance
19.	Astra Sedaya Finance	6,831.7	0.49	No	No	Finance
20.	Hutama Karya	6,825.0	0.49	Yes	No	Nonbuilding Construction
21.	Bank Maybank Indonesia	5,831.0	0.42	No	Yes	Banking
22.	Medco-Energi Internasional	5,332.2	0.38	No	Yes	Petroleum and Natural Gas
23.	Mandiri Tunas Finance	4,730.0	0.34	No	No	Finance
24.	Adhi Karya	4,526.5	0.33	Yes	Yes	Building Construction
25.	Bank Pembangunan Daerah Jawa Barat Dan Banten	4,500.0	0.32	Yes	Yes	Banking
26.	XL Axiata	4,476.0	0.32	No	Yes	Telecommunications
27.	Kereta Api	4,000.0	0.29	Yes	No	Transportation
28.	BFI Finance Indonesia	3,764.0	0.27	No	Yes	Finance
29.	Maybank Indonesia Finance	3,550.0	0.26	No	No	Finance
30.	Bank UOB Buana	3,188.0	0.23	No	No	Banking
Total Top 30 LCY Corporate Issuers		332,128.1	23.95			
Total LCY Corporate Bonds		445,101.4	32.10			
Top 30 as % of Total LCY Corporate Bonds		74.6%	74.6%			

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

Notes:

1. Data as of 31 December 2019.

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.