

Indonesia

The local currency (LCY) bond market in Indonesia expanded to a size of IDR4,517.3 trillion (USD321.5 billion) at the end of December. Overall growth quickened to 10.0% quarter-on-quarter and 28.7% year-on-year in the fourth quarter (Q4) of 2020. The faster growth stemmed from the increased financing needs of the government to support stimulus measures and recovery efforts amid the coronavirus disease (COVID-19) outbreak.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2019		Q3 2020		Q4 2020		Q4 2019		Q4 2020	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	3,508,742	253	4,108,191	276	4,517,251	322	2.3	14.2	10.0	28.7
Government	3,063,641	221	3,667,452	246	4,091,542	291	2.4	15.2	11.6	33.6
Central Govt. Bonds	2,752,741	199	3,461,396	233	3,870,757	275	3.3	16.2	11.8	40.6
of which: <i>sukuk</i>	485,534	35	617,771	42	686,561	49	6.3	23.6	11.1	41.4
Central Bank Bonds	102,354	7	38,416	3	55,421	4	(12.2)	76.9	44.3	(45.9)
of which: <i>sukuk</i>	31,174	2	38,416	3	55,421	4	21.4	210.4	44.3	77.8
Nontradable Bonds	208,546	15	167,640	11	165,365	12	(0.6)	(10.6)	(1.4)	(20.7)
of which: <i>sukuk</i>	43,788	3	38,256	3	38,778	3	3.4	7.7	1.4	(11.4)
Corporate	445,101	32	440,739	30	425,709	30	1.7	8.1	(3.4)	(4.4)
of which: <i>sukuk</i>	30,123	2	30,915	2	30,341	2	(1.7)	41.4	(1.9)	0.7

() = 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.

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

New issuance of LCY corporate bonds declined to IDR21.5 trillion in Q4 2020 from IDR37.4 trillion in the third quarter of 2020. Growth contracted 42.5% quarter-on-quarter and 37.1% year-on-year in Q4 2020. The decline in issuance coupled with an increase in maturities in Q4 2020 resulted in the LCY corporate bond stock to fall during the quarter.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2020

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Indah Kiat Pulp & Paper			Permodalan Nasional Madani		
370-day bond	8.50	505	370-day bond	6.50	905
3-year bond	10.00	2,468	3-year bond	7.75	537
5-year bond	11.00	583	5-year bond	8.75	292
Sarana Multi Infrastruktur			Federal International Finance		
3-year bond	6.30	2,216	370-day bond	6.25	855
5-year bond	6.70	1,115	3-year bond	7.25	645
Wijaya Karya			Indonesia Infrastructure Finance		
3-year bond	8.60	331	370-day bond	5.00	570
3-year <i>sukuk mudharabah</i>	8.60	184	3-year bond	6.65	810
5-year bond	9.25	429	5-year bond	6.90	120
5-year <i>sukuk mudharabah</i>	9.25	159			
7-year bond	9.85	740			
7-year <i>sukuk mudharabah</i>	9.85	157			

IDR = Indonesian rupiah.

Note: *Sukuk mudharabah* are Islamic bonds backed by a profit-sharing scheme from a business venture or partnership.

Source: Indonesia Stock Exchange.

At the end of December 2020, the aggregate bond stock of Indonesia's 30 largest corporate bond issuers reached IDR309.7 trillion, accounting for a 72.7% share of total outstanding bonds. Leading the list were seven state-owned firms, with energy firm Perusahaan Listrik Negara in the top spot. More than half of the firms on the top 30 list were from the banking and finance industry.

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. Perusahaan Listrik Negara	35,986	2.56	Yes	No	Energy
2. Indonesia Eximbank	29,000	2.06	Yes	No	Banking
3. Sarana Multi Infrastruktur	20,513	1.46	Yes	No	Finance
4. Bank Rakyat Indonesia	20,144	1.43	Yes	Yes	Banking
5. Sarana Multigriya Finansial	16,851	1.20	Yes	No	Finance
6. Bank Tabungan Negara	15,975	1.14	Yes	Yes	Banking
7. Bank Mandiri	14,000	1.00	Yes	Yes	Banking
8. Bank Pan Indonesia	13,427	0.96	No	Yes	Banking
9. Indosat	11,779	0.84	No	Yes	Telecommunications
10. Waskita Karya	10,577	0.75	Yes	Yes	Building Construction
11. Pegadaian	10,305	0.73	Yes	No	Finance
12. Permodalan Nasional Madani	9,423	0.67	Yes	No	Finance
13. Adira Dinamika Multi Finance	7,639	0.54	No	Yes	Finance
14. Astra Sedaya Finance	7,313	0.52	No	No	Finance
15. Semen Indonesia	7,078	0.50	Yes	Yes	Cement Manufacturing
16. Telekomunikasi Indonesia	7,000	0.50	Yes	Yes	Telecommunications
17. Bank CIMB Niaga	6,806	0.48	No	Yes	Banking
18. Indah Kiat Pulp & Paper	6,747	0.48	No	Yes	Pulp and Paper
19. Hutama Karya	6,500	0.46	Yes	No	Nonbuilding Construction
20. Pupuk Indonesia	6,296	0.45	Yes	No	Chemical Manufacturing
21. Federal International Finance	5,981	0.43	No	No	Finance
22. Bank Pembangunan Daerah Jawa Barat Dan Banten	5,248	0.37	Yes	Yes	Banking
23. Angkasa Pura II	5,000	0.36	Yes	No	Airport Management Services
24. Mandiri Tunas Finance	4,878	0.35	No	No	Finance
25. Bank Maybank Indonesia	4,849	0.35	No	yes	Banking
26. Chandra Asri Petrochemical	4,589	0.33	No	Yes	Petrochemicals
27. Adhi Karya	4,316	0.31	Yes	Yes	Building Construction
28. Kereta Api Indonesia	4,000	0.28	Yes	No	Transportation
29. Tower Bersama Infrastructure	3,788	0.27	No	Yes	Telecommunications Infrastructure Provider
30. Medco-Energi Internasional	3,690	0.26	No	Yes	Petrochemicals
Total Top 30 LCY Corporate Issuers	309,695	22.04			
Total LCY Corporate Bonds	425,709	30.30			
Top 30 as % of Total LCY Corporate Bonds	72.7%	72.7%			

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

Notes:

1. Data as of 31 December 2020.

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.