

Indonesia

Indonesia's local currency bond market reached a size of USD5,950.8 trillion (USD382.2 billion) at the end of December with growth moderating in the fourth quarter (Q4) of 2022 on both a quarter-on-quarter and year-on-year basis. Growth in central government bonds eased as the government had mostly fulfilled its borrowing requirements for the year. The corporate bond segment contracted in Q4 2022 on tapered issuance amid rising borrowing costs as Bank Indonesia raised policy rates each month from August to December.

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

	Outstanding Amount (billion)						Growth Rate (%)			
	Q4 2021		Q3 2022		Q4 2022		Q4 2021		Q4 2022	
	IDR	USD	IDR	USD	IDR	USD	q-o-q	y-o-y	q-o-q	y-o-y
Total	5,314,547	373	5,747,003	377	5,950,757	382	4.4	17.7	3.5	12.0
Government	4,884,206	343	5,289,492	347	5,505,487	354	4.6	19.4	4.1	12.7
Central Govt. Bonds	4,678,977	328	5,101,614	335	5,309,430	341	4.9	20.9	4.1	13.5
of which: <i>sukuk</i>	841,973	59	961,761	63	980,189	63	0.9	22.6	1.9	16.4
Nontradable Bonds	143,892	10	141,668	9	142,934	9	(1.7)	(13.0)	0.9	(0.7)
of which: <i>sukuk</i>	31,666	2	26,412	2	31,054	2	1.6	(18.3)	17.6	(1.9)
Central Bank Bonds	61,337	4	46,209	3	53,123	3	1.0	10.7	15.0	(13.4)
of which: <i>sukuk</i>	61,337	4	46,209	3	53,123	3	1.0	10.7	15.0	(13.4)
Corporate	430,341	30	457,511	30	445,270	29	2.0	1.1	(2.7)	3.5
of which: <i>sukuk</i>	34,813	2	39,660	3	41,898	3	(3.7)	14.7	5.6	20.4

(-) = negative, IDR = Indonesian rupiah, q-o-q = quarter-on-quarter, Q3 = third quarter, Q4 = fourth quarter, USD = United States dollar, y-o-y = year-on-year.

Notes:

1. Bloomberg LP end-of-period local currency-USD rates are used.
2. Growth rates are calculated from a local currency base and do not include currency effects.
3. *Sukuk* refers to Islamic bonds.

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

Higher borrowing costs curtailed issuance of local currency corporate bonds in Q4 2022, with total bond sales of IDR27.0 trillion. This represented a contraction of 51.7% quarter-on-quarter and 13.6% year-on-year. Leading the list of new bond issuances during the quarter was Indah Kiat Pulp & Paper, which issued an aggregate IDR5.3 trillion by tapping the debt market twice (October and December), similar with Q4 2021.

Table 2: Notable Local Currency Corporate Bond Issuances in the Fourth Quarter of 2022

Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)	Corporate Issuers	Coupon Rate (%)	Issued Amount (IDR billion)
Indah Kiat Pulp & Paper ^a			Sarana Multi Infrastruktur		
370-day bond	6.00	905	3-year bond	6.98	3,536
370-day bond	7.00	399	Merdeka Copper Gold		
370-day <i>sukuk mudharabah</i>	6.00	481	5-year bond	10.30	3,101
370-day <i>sukuk mudharabah</i>	7.00	186	OKI Pulp & Paper Mills		
3-year bond	9.75	1,604	370-day bond	6.75	306
3-year bond	10.50	625	370-day <i>sukuk mudharabah</i>	6.75	627
3-year <i>sukuk mudharabah</i>	9.75	455	3-year bond	10.50	1,743
3-year <i>sukuk mudharabah</i>	10.50	127	3-year <i>sukuk mudharabah</i>	10.50	255
5-year bond	10.25	306	5-year bond	11.00	75
5-year bond	11.00	89	5-year <i>sukuk mudharabah</i>	11.00	4
5-year <i>sukuk mudharabah</i>	10.25	69			
5-year <i>sukuk mudharabah</i>	11.00	5			

IDR = Indonesian rupiah.

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

^a Multiple issuance of the same tenor indicates issuance on different dates.

Source: Indonesia Stock Exchange.

At the end of December, the 30 largest corporate bond issuers in Indonesia had aggregate outstanding bonds of IDR312.8 trillion, representing 70.2% of the corporate bond total. State-owned energy firm Perusahaan Listrik Negara remained the largest bond issuer, with its bonds outstanding accounting for 6.8% of the corporate total.

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	30,159	1.94	Yes	No	Energy
2.	Indah Kiat Pulp & Paper	22,260	1.43	No	Yes	Pulp and Paper Manufacturing
3.	Indonesia Eximbank	17,528	1.13	Yes	No	Banking
4.	Bank Rakyat Indonesia	16,759	1.08	Yes	Yes	Banking
5.	Sarana Multi Infrastruktur	16,269	1.05	Yes	No	Finance
6.	Merdeka Copper Gold	13,918	0.89	No	Yes	Mining
7.	Sarana Multigriya Finansial	12,803	0.82	Yes	No	Finance
8.	Pegadaian	12,297	0.79	Yes	No	Finance
9.	Bank Mandiri	11,900	0.76	Yes	Yes	Banking
10.	Wijaya Karya	11,487	0.74	Yes	Yes	Building Construction
11.	Permodalan Nasional Madani	11,028	0.71	Yes	No	Finance
12.	Waskita Karya	9,764	0.63	Yes	Yes	Building Construction
13.	Astra Sedaya Finance	9,600	0.62	No	No	Finance
14.	OKI Pulp & Paper Mills	8,493	0.55	No	No	Pulp and Paper Manufacturing
15.	Chandra Asri Petrochemical	8,380	0.54	No	Yes	Petrochemicals
16.	Tower Bersama Infrastructure	8,208	0.53	No	Yes	Telecommunications Infrastructure Provider
17.	Bank Tabungan Negara	8,182	0.53	Yes	Yes	Banking
18.	Hutama Karya	8,148	0.52	Yes	No	Nonbuilding Construction
19.	Bank Pan Indonesia	7,802	0.50	No	Yes	Banking
20.	Sinar Mas Agro Resources and Technology	7,626	0.49	No	Yes	Food
21.	Indosat	7,596	0.49	No	Yes	Telecommunications
22.	Pupuk Indonesia	7,272	0.47	Yes	No	Chemical Manufacturing
23.	Lontar Papyrus Pulp & Paper Industry	7,050	0.45	No	No	Pulp and Paper Manufacturing
24.	Medco-Energi Internasional	6,795	0.44	No	Yes	Petrochemicals
25.	Bank Pembangunan Daerah Jawa Barat Dan Banten	5,572	0.36	Yes	Yes	Banking
26.	Federal International Finance	5,469	0.35	No	No	Finance
27.	Adira Dinamika Multi Finance	5,447	0.35	No	Yes	Finance
28.	Bank Negara Indonesia	5,000	0.32	Yes	Yes	Banking
29.	Kereta Api Indonesia	5,000	0.32	No	No	Transportation and Logistics
30.	Adhi Karya	4,987	0.32	Yes	Yes	Building Construction
Total Top 30 LCY Corporate Issuers		312,796	20.09			
Total LCY Corporate Bonds		445,270	28.60			
Top 30 as % of Total LCY Corporate Bonds		70.2%	70.2%			

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

Notes:

1. Data as of 31 December 2022.

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.