Bond Market Focus

Office of Chief Economist

OCTOBER 2018 Edition

mandiri

Economic Indicator	2017	2018F
Real GDP (% YoY)	5.1	5.16
Inflation (% YoY)	3.61	3.6
USD/IDR	13,568	15,600
Current Acc. (% of GDP)	-1.7	-2.5
Ext. Debt (% of GDP)	31	29

F= forecast

Key Rates (%)	Dec'17	Oct'18*
7-days Rev.Repo Rate	4.25	5.75
Deposit Facility Rate	3.50	5.00
Lending Facility Rate	5.00	6.50
JIBOR O/N	3.90	5.71
JIBOR 1-month	5.50	7.08
JIBOR 1-year	6.00	7.72
IDR Lending Rate	13.99	13.25
USD Lending Rate	5.88	4.77
Fed Funds Rate	1.50	2.25
ECB Rate	0.00	0.00
BoE Rate	0.50	0.75
BoJ Rate	0.10	0.10

**per 31 October 2018*

IDR Bond Yield (%)	2017	2018F
1-year	5.26	7.80
2-year	5.54	7.81
3-year	5.83	8.43
5-year	5.96	8.47
10-year	6.32	8.78
20-year	7.06	9.18

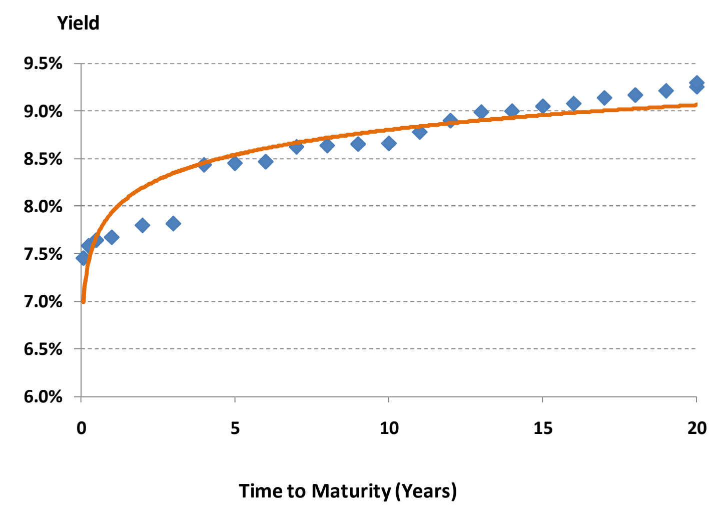
Source: Office of Chief Economist, Bloomberg, CEIC

Yield Obligasi Acuan Meningkat

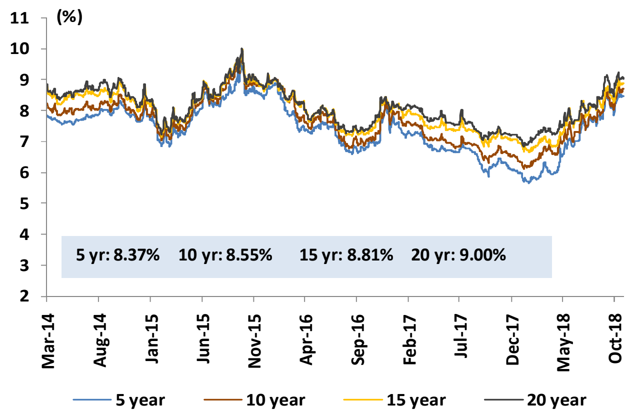
- **Pemerintah menargetkan penerbitan (*net*) SBN sebesar IDR798,9 triliun.** Per 17 Oktober 2018 *net issuances* mencapai IDR671,3 triliun (84% terhadap total target). Penerbitan terbesar merupakan instrumen obligasi Pemerintah dengan denominasi Rupiah yang mencapai IDR381,4 triliun.

- **Kepemilikan asing menurun di pasar obligasi domestik.** Per 30 Oktober 2018, kepemilikan asing tercatat sebesar IDR863,6 triliun (37,3% dari total kepemilikan SBN) lebih rendah dari posisi awal Januari 2018 yang sebesar IDR837 triliun (39,8% dari total kepemilikan SBN). Aksi jual investor asing terjadi karena dipengaruhi oleh kenaikan suku bunga yang dapat mendorong terjadinya *capital flight*. Bank Sentral AS masih *on track* untuk menaikkan suku bunga acuan, *Fed Funds Rate (FFR),* dalam pertemuan Desember 2018 mendatang (untuk ke empat kalinya tahun ini) menjadi 2,5% pada akhir tahun.

- **Bank Indonesia mempertahan suku bunga acuan.** Pada RDG 22 - 23 Oktober 2018, BI memutuskan untuk mempertahankan level *7-days Reverse Repo Rate* (7D RRR) sebesar 5,75%; konsisten untuk menurunkan defisit transaksi berjalan ke dalam batas aman dan mempertahankan daya tarik pasar keuangan domestik sehingga dapat semakin memperkuat ketahanan eksternal Indonesia di tengah ketidakpastian global yang masih tinggi. Ke depan, kami memproyeksikan level suka bunga acuan BI naik kembali sebesar 25 bps menjadi 6% pada akhir tahun. Kami menargetkan *yield* obligasi acuan rupiah dengan tenor 10 tahun akan mencapai 8,78%.

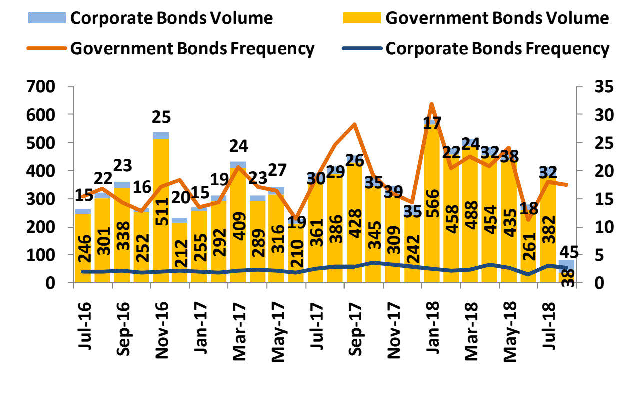


Government Bond Yield of Benchmark Series



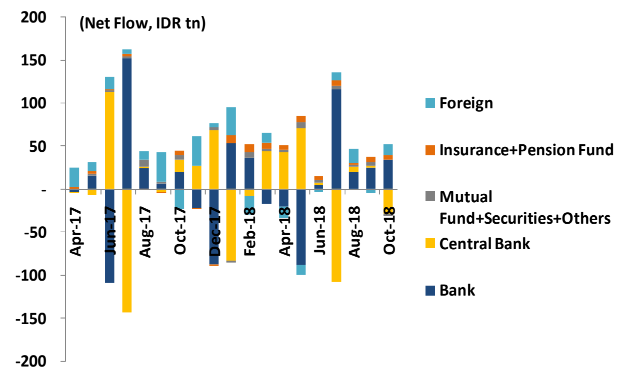
Sumber: Bloomberg per 31 Oktober 2018

Government and Corporate Bond Market Transaction



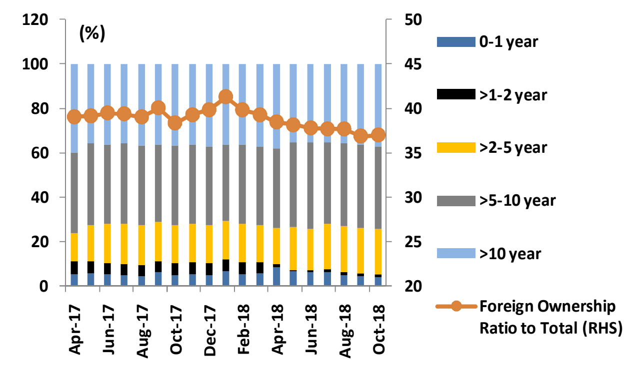
Sumber: Indonesia Stock Exchange (IDX)

Tradable Domestic Government Bond Ownership



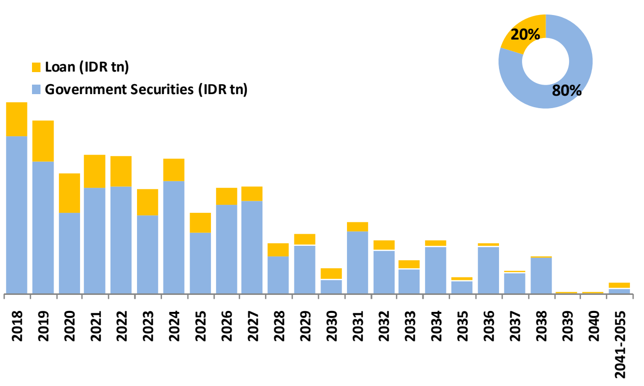
Sumber: DJPPR per 30 Oktober 2018

Foreign Ownership of Government Bond by Tenor



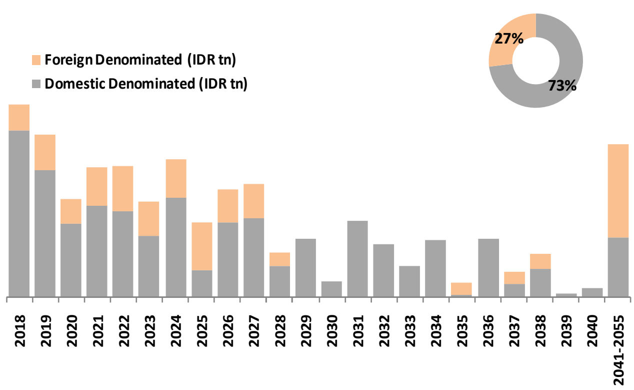
Sumber: DJPPR per 16 Oktober 2018

Government Bond Maturity Profile by Instrument



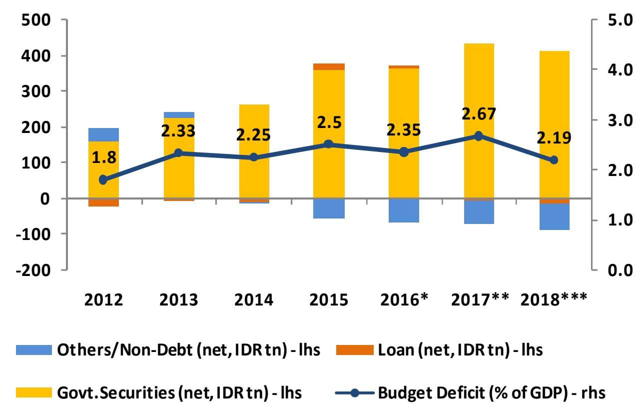
Sumber: DJPPR per Oktober 2018

Government Bond Maturity Profile by Currency



Sumber: DJPPR per Oktober 2018

Government Financing Trend (2005-2018**)



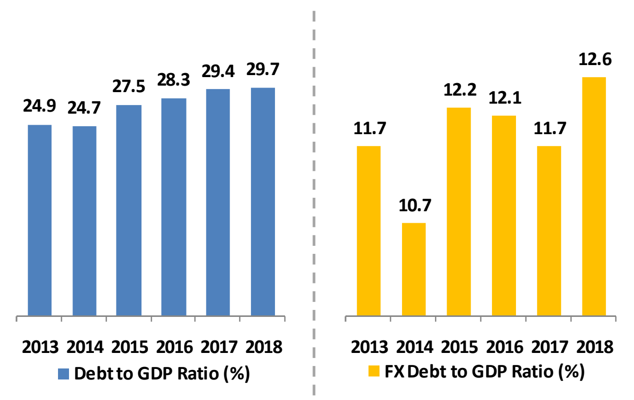
*Sumber: DJPPR, *APBNP 2016, **APBNP 2017, ***RAPBN 2018*

Government Securities Financing Realization

(in IDR tn)	APBN 2018	2018 (YTD)	Realizaton to Budget 2018
Net Issuances	383.2	300.1	78.3%
Government Debt Securities (GDS)		479.3	
Domestic GDS		381.4	
Conventional FR/VR		222.0	
T-bills/ZC bonds		133.5	
Retail Bonds (ORI)		16.7	
Private Placement		9.3	
Global GDS		97.9	
USD Denominated Bonds		68.1	
EUR Denominated Bonds		17.0	
Samurai Bonds		12.8	
Domestic		0.0	
Government Islamic Debt Securities (GIDS)		192.0	
Domestic GIDS		150.6	
Global GIDS		41.4	

Sumber: DJPPR per 17 Oktober 2018

Government Debt Ratios



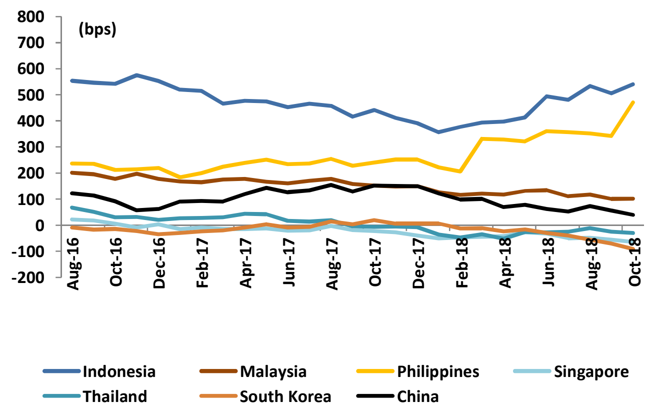
Sumber: DJPPR per Oktober 2018

Indonesia Sovereign Credit Rating

Year	Rating Agency				
	Standard & Poor's	Fitch	Moody's	R&I	JCRA
2008	BB-	BB	Ba3	BB+	BB
2009	BB-	BB	Ba2	BB+	BB+
2010	BB	BB+	Ba2	BB+	BBB-
2011	BB+	BBB-	Ba1	BB+	BBB-
2012	BB+	BBB-	Baa3	BBB-	BBB-
2013	BB+	BBB-	Baa3	BBB-	BBB-
2014	BB+	BBB-	Baa3	BBB-	BBB-
2015	BB+	BBB-	Baa3	BBB-	BBB-
2016	BB+	BBB-	Baa3	BBB-	BBB-
2017	BBB-	BBB	Baa3	BBB-	BBB-
2018	**BBB-**	**BBB**	**Baa2**	**BBB**	**BBB**

Sumber: Bloomberg per 31 Oktober 2018

Regional Government Bond Yield vs. UST Spread



Sumber: Bloomberg per 31 Oktober 2018

Regional Government Bond

Country	Maturity	Last Price	% change (mom)	% change (ytd)
Thailand	5Y	100.0	0.00	0.00
	10Y	99.9	0.26	0.56
Malaysia	5Y	100.2	-0.18	-0.96
	10Y	101.0	-0.47	-0.89
South Korea	5Y	101.2	0.42	-0.57
	10Y	105.0	-1.60	-1.86
Philippines	5Y	100.0	-0.05	0.33
	10Y	83.3	6.97	-3.18
China	5Y	100.7	1.71	2.48
	10Y	103.0	0.65	2.57
Singapore	5Y	99.7	-0.11	-0.26
	10Y	102.1	0.05	-2.35

Sumber: Bloomberg per 31 Oktober 2018

Our Team

Macroeconomic and Financial Market Research Department

Andry Asmoro	Head of Macroeconomic and Financial Market Research
Reny Eka Putri	Senior Quantitative Analyst
Rully A. Wisnubroto	Senior Financial Market Analyst
Faisal Rachman	Junior Economist
Andhi Prasetyo Hadi	Research Assistant

Email	oce@bankmandiri.co.id
Website	www.bankmandiri.co.id