Bond Market Focus

Office of Chief Economist

SEPTEMBER 2018 Edition

Economic Indicator	2017	2018F
Real GDP (% YoY)	5.1	5.16
Inflation (% YoY)	3.61	3.6
USD/IDR	13,568	14,635
Current Acc. (% of GDP)	-1.7	-2.5
Ext. Debt (% of GDP)	31	29

F= forecast

Key Rates (%)	Dec'17	Sep'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	5.40
JIBOR 1-month	5.50	6.93
JIBOR 1-year	6.00	7.54
IDR Lending Rate	13.99	13.58
USD Lending Rate	5.88	5.86
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 28 September 2018*

IDR Bond Yield (%)	2017	2018F
1-year	5.26	7.30
2-year	5.54	7.40
3-year	5.83	7.48
5-year	5.96	7.71
10-year	6.32	7.94
20-year	7.06	8.59

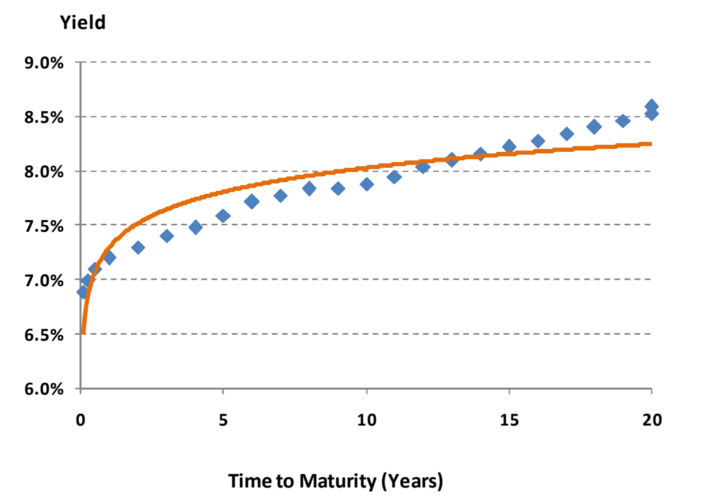
Source: Office of Chief Economist, Bloomberg, CEIC

Tekanan Eksternal Berlanjut

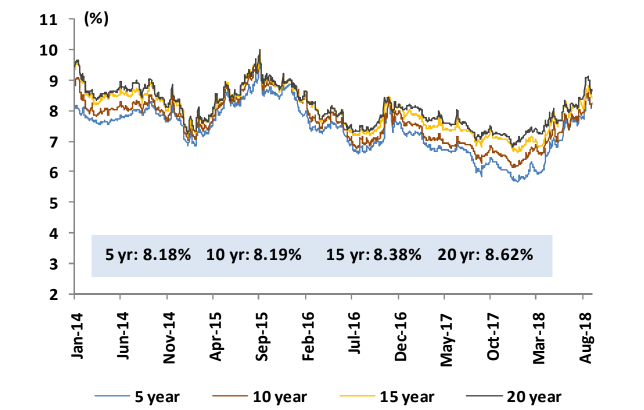
- **Pemerintah menargetkan penerbitan (*net*) SBN sebesar IDR798,9 triliun.** Per 19 September 2018 *net issuances* mencapai IDR616,7 triliun (77,2% terhadap total target). Penerbitan terbesar merupakan instrumen obligasi Pemerintah dengan denominasi Rupiah yang mencapai IDR338,4 triliun.

- **Kepemilikan asing menurun di pasar obligasi domestik.** Per 26 September 2018, kepemilikan asing tercatat sebesar IDR844,5 triliun (36,9% 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 AS yang dapat mendorong terjadinya *capital flight*. Sesuai ekspektasi, Bank Sentral AS memutuskan untuk menaikkan suku bunga acuan, *Fed Funds Rate (FFR),* dalam pertemuan 25 - 26 September sebesar 25 bps menjadi 5,75%.

- **Bank Indonesia kembali menaikkan suku bunga acuan.** Pada RDG 26 - 27 September 2018, BI memutuskan untuk menaikkan level *7-days Reverse Repo Rate* (7D RRR) sebesar 25 bps ke level 5,75% sebagai langkah untuk menghadapi ketidakpastian ekonomi global yang tinggi dan menjaga stabilitas Rupiah. Hal ini juga sebagai respon setelah Bank Sentral AS menaikkan FFR sebesar 25 bps. Ke depan, kami memproyeksikan level suka bunga acuan BI akan berada di level 5,75% sampai akhir tahun. Kami menargetkan *yield* obligasi acuan rupiah dengan tenor 10 tahun akan mencapai 7,94% (di atas proyeksi awal kami yang sebesar level 7,46%).

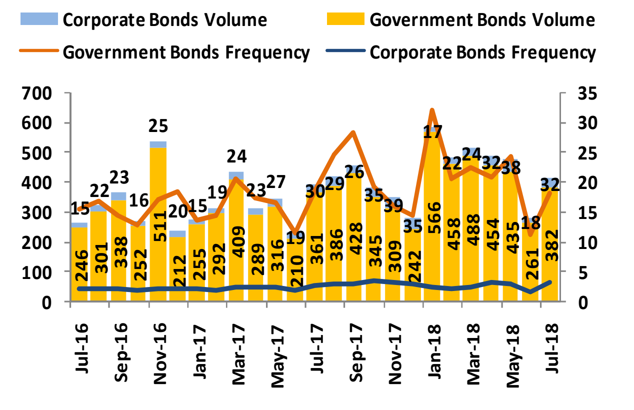


Government Bond Yield of Benchmark Series



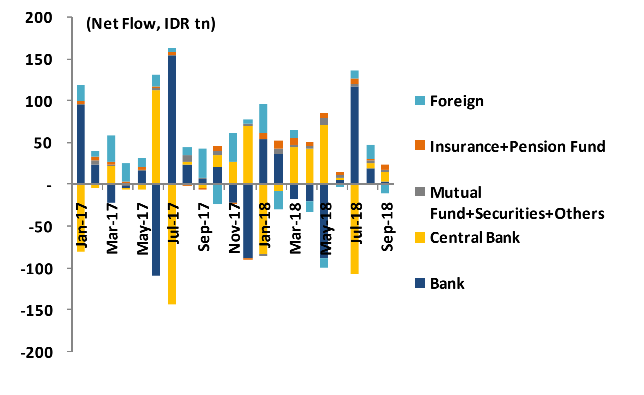
Sumber: Bloomberg per 28 September 2018

Government and Corporate Bond Market Transaction



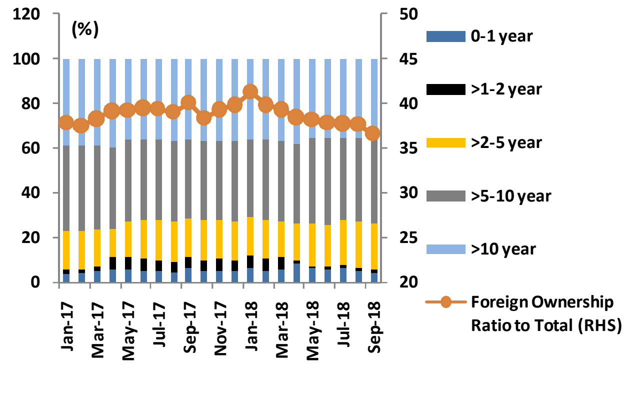
Sumber: Indonesia Stock Exchange (IDX)

Tradable Domestic Government Bond Ownership



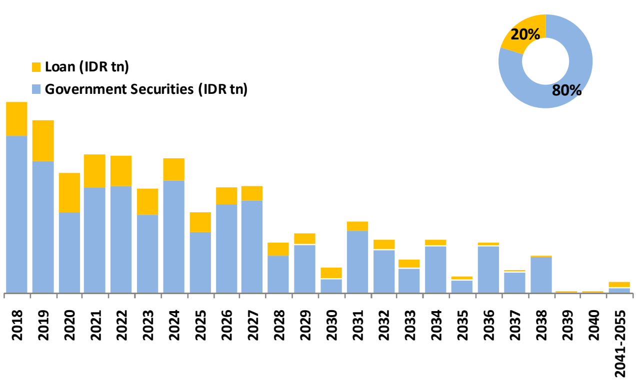
Sumber: DJPPR per 26 September 2018

Foreign Ownership of Government Bond by Tenor



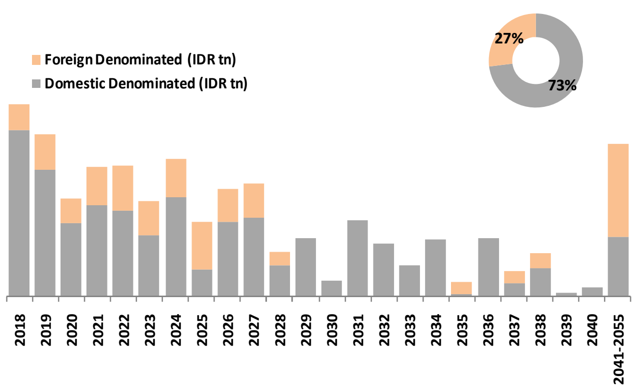
Sumber: DJPPR per 18 September 2018

Government Bond Maturity Profile by Instrument



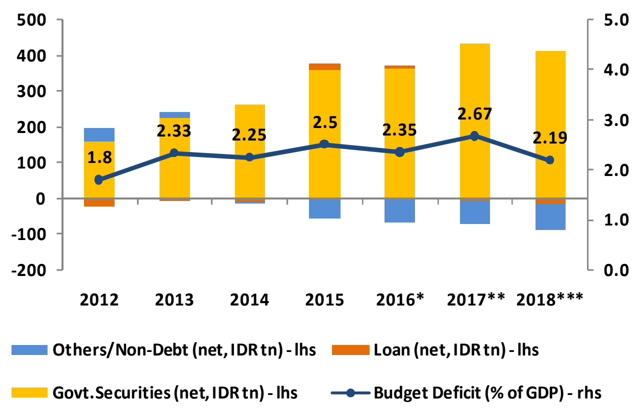
Sumber: DJPPR per September 2018

Government Bond Maturity Profile by Currency



Sumber: DJPPR per September 2018

Government Financing Trend (2005-2018**)



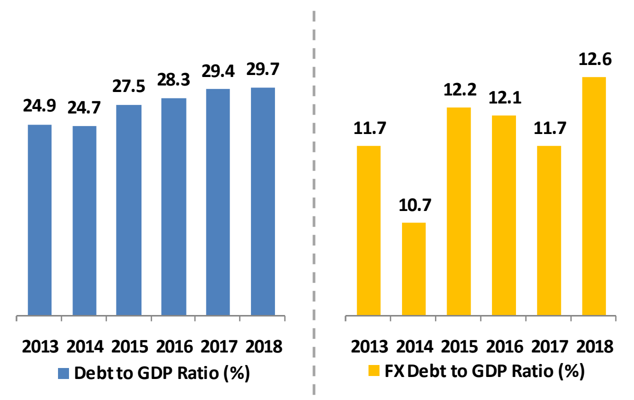
*Sumber: DJPPR, *APBNP 2016, **APBNP 2017, ***RAPBN 2018*

Government Securities Financing Realization

(in IDR tn)	APBN 2018	2018 (YTD)	Realizaton to Budget 2018
Net Issuances	383.2	287.1	74.9%
Government Debt Securities (GDS)		436.3	
Domestic GDS		338.4	
Conventional FR/VR		192.5	
T-bills/ZC bonds		123.0	
Retail Bonds (ORI)		13.7	
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)		180.4	
Domestic GIDS		139.1	
Global GIDS		41.4	

Sumber: DJPPR per 19 September 2018

Government Debt Ratios



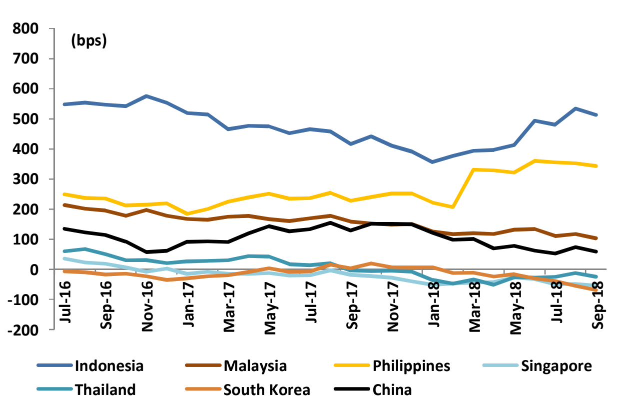
Sumber: DJPPR per September 2018

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 28 September 2018

Regional Government Bond Yield vs. UST Spread



Sumber: Bloomberg per 27 September 2018

Regional Government Bond

Country	Maturity	Last Price	% change (mom)	% change (ytd)
Thailand	5Y	100.0	0.00	0.00
	10Y	99.9	0.28	0.56
Malaysia	5Y	100.2	-0.21	-0.96
	10Y	101.1	-0.64	-0.89
South Korea	5Y	101.0	-0.54	-0.57
	10Y	104.1	-3.09	-1.86
Philippines	5Y	100.0	-0.05	0.33
	10Y	86.1	3.00	-3.18
China	5Y	100.3	1.21	2.48
	10Y	103.0	0.12	2.57
Singapore	5Y	99.8	-0.19	-0.26
	10Y	102.3	-0.63	-2.35

Sumber: Bloomberg per 27 September 2018

Our Team

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