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GOVERNMENT SECURITIES MANAGEMENT

February 12, 2024





Outline

1. BUDGET FINANCING STRATEGY & REALIZATION
2. GOVERNMENT SECURITIES PERFORMANCE

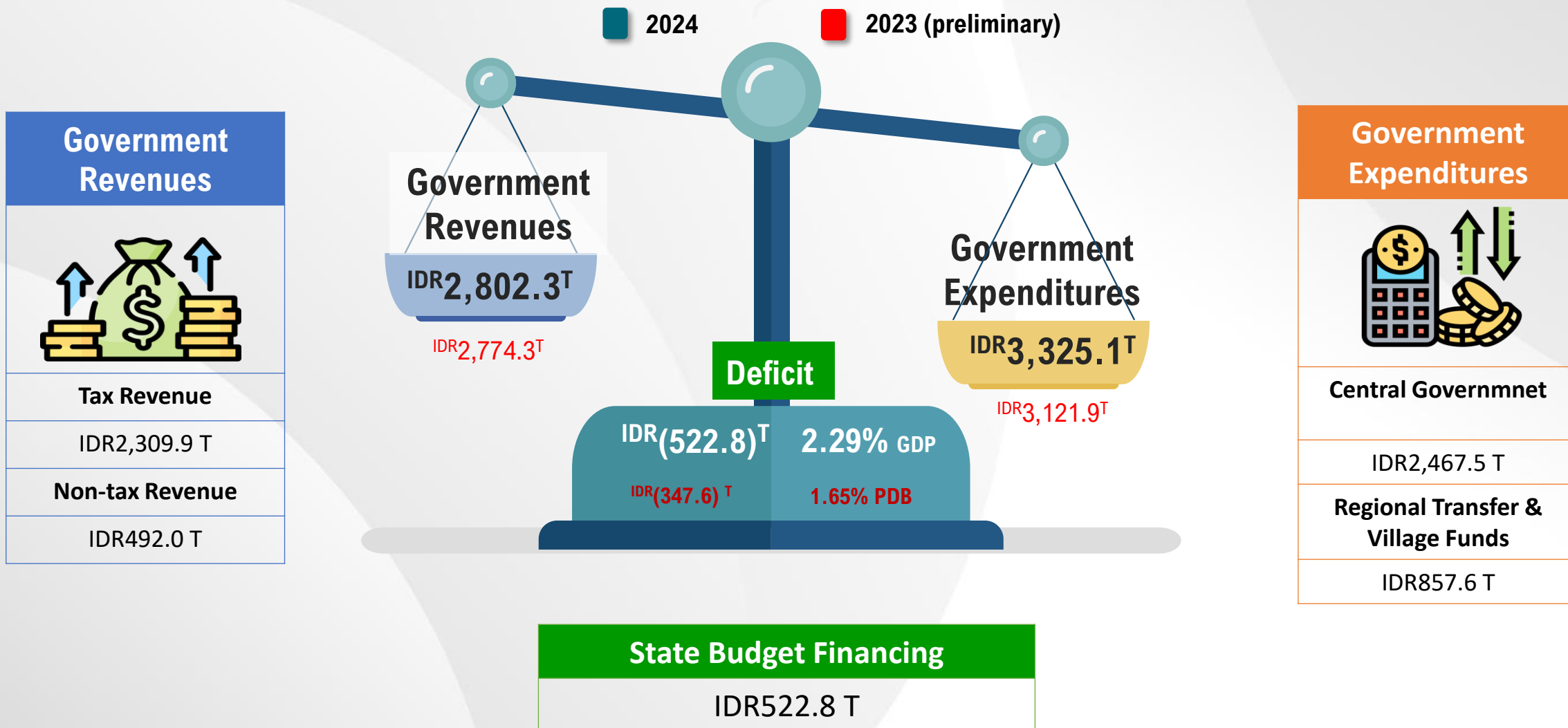


BUDGET FINANCING STRATEGY & REALIZATION



2024 STATE BUDGET – DEFICIT 2.29% GDP

To accelerate inclusive and sustainable economic transformation












BASIC MACROECONOMIC ASSUMPTIONS & DEVELOPMENT TARGETS AND INDICATORS FOR 2024







Basic Macroeconomic Assumptions

Indonesia's economic growth is projected to remain relatively strong, supported by maintained macroeconomic stability amidst global uncertainty

INDICATORS	2024
 Economic Growth (%)	5.2
 Inflation (% , yoy)	2.8
 Exchange Rate (IDR/US\$)	15,000
 SBN-10 year yield (%)	6.7
 Oil Prices (US\$/barrel)	82
 Oil Lifting (rbph)	635
 Gas Lifting (rbsmph)	1,033

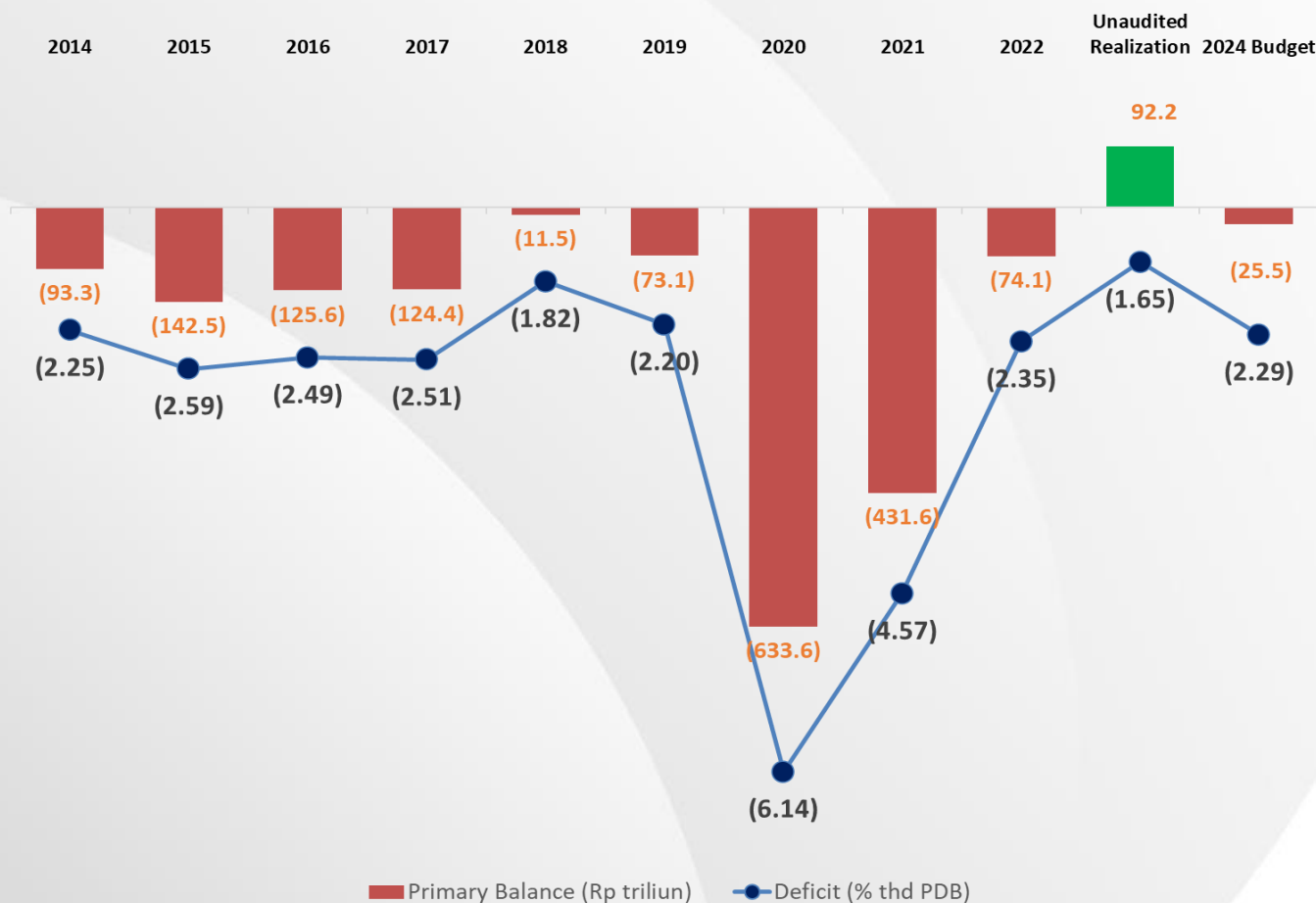
Development Targets and Indicators

Development targets and development indicators in 2024 are in line with efforts to encourage increasingly high-quality and inclusive economic growth

COMPONENTS	2024
 Unemployment (%)	5.0 – 5.7
 Poverty (%)	6.5 – 7.5
 Gini Ratio (index)	0.374 – 0.377
 Human Development Index	73.99 – 74.02
 Farmer Exchange Rates	105 – 108
 Fisherman's Exchange Rate	107 – 110



Primary Balance and Deficit to GDP 2014 - 2024

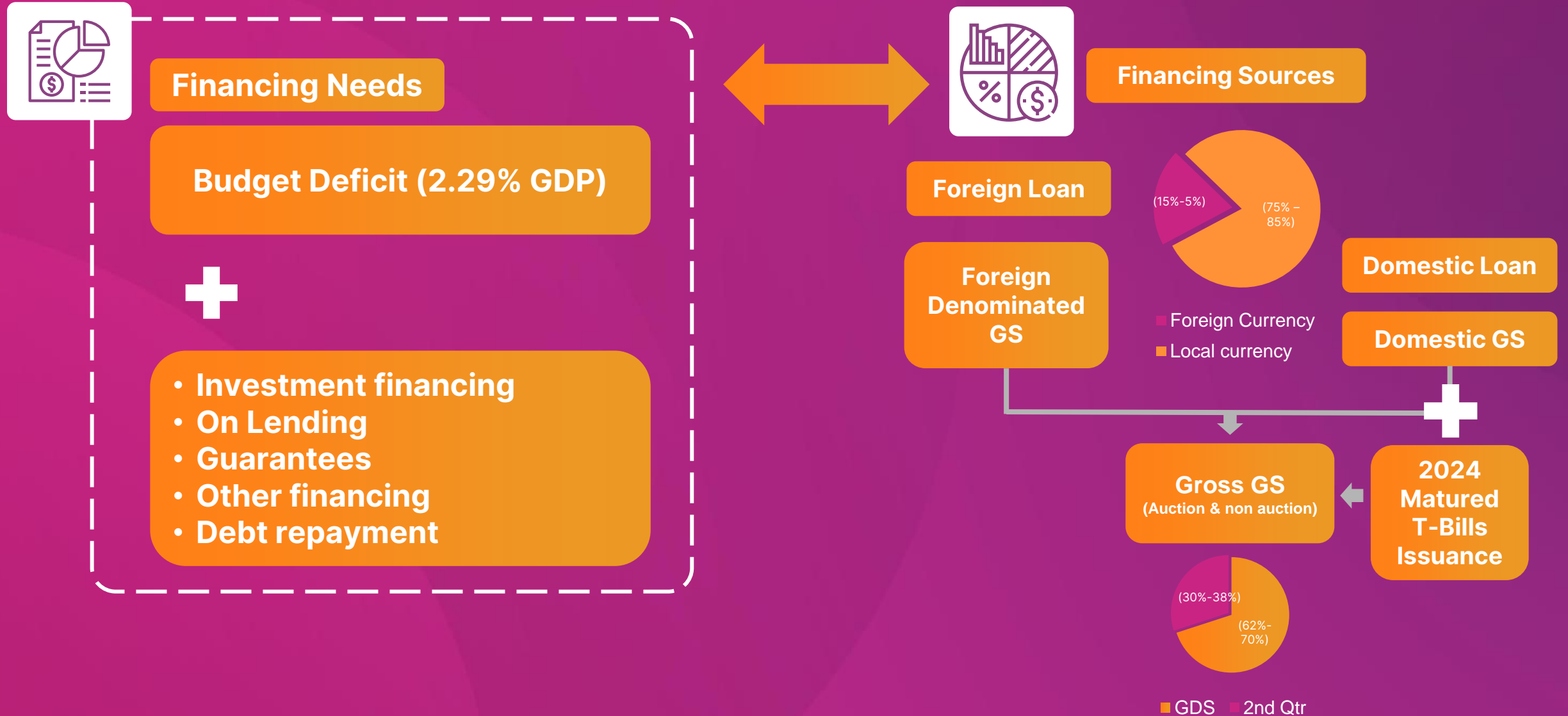


2024 Financing Policies

- **Primary balance approaching positivity.** The State Budget (APBN), serving as a shock absorber in handling the pandemic, caused the negative primary balance to surge significantly, but was successfully reduced swiftly.
- **APBN deficit and debt financing decreased and remained manageable** amid increasing global interest rates and in line with fiscal consolidation.
- **Effective and measurable investment financing** to support economic transformation.
- **Optimizing the use of SAL** to anticipate global uncertainty.



2024 FINANCING NEEDS & SOURCES





2023 STATE BUDGET REALIZATION

The budget deficit is back below 3 percent, and for the first time, the tax target is above IDR 2,000 tn

Account (IDRtn)	2022		2023					
	Audited	Growth (%)	Budget	Perpres 75/2023	Realization (Preliminary)	% to Budget	% to Perpres 75/2023	Growth (%)
A. Revenue	2,635.8	31.0	2,463.0	2,637.2	2,774.3	112.6	105.2	5.3
I. Tax Revenue (DG Tax & Custom-Excise)	2,034.6	31.4	2,021.2	2,118.3	2,155.4	106.6	101,7	5.9
1. Tax	1,716.8	34.3	1,718.0	1,818.2	1,869.2	108.8	102.8	8.9
2. Custom & Excise	317.8	18.0	303.2	300.1	286.2	94.4	95.4	(9.9)
II. Non-Tax Revenue	595.6	29.9	441.4	515.8	605.9	137.3	117.5	1.7
B. Expenditure	3,096.3	11.1	3,061.2	3,117.2	3,121.9	102.0	100.2	0.8
I. Central Government	2,280.0	14.0	2,246.5	2,302.5	2,240.6	99.7	97.3	(1.7)
II. Regional Transfer & Village Funds	816.2	3.9	814.7	814.7	881.3	108.2	108.2	8.0
C. Primary Balance	(74.1)	(82.8)	(156.8)	(38.5)	92.2	(58.8)	(239.4)	(224.5)
D. Surplus (Deficit)	(460.4)	(40.6)	(598.2)	(479.9)	(347.6)	58.1	72.4	(24.5)
% to GDP	(2.35)		(2.84)	(2.27)	(1.65)			
E. Financing	591.0	(32.2)	598.2	479.9	359.5	60.1	74.9	(39.2)



2023 DEFICIT FINANCING REALIZATION

Debt Financing Amounted to IDR 407.0 T (58.4% of APBN or 96.6% of Presidential Decree 75/2023)

Budget Financing (IDR Trillion)		2022				2023				
		Revised Budget (Perpres 98/2022)	Audited	% of revised budget	Growth (%)	Initial Budget (UU APBN)	Revised Budget (Perpres 75/2023)	Realization (Preliminary)	% of revised budget	Growth (%)
Debt Financing		943.7	696.3	54,3	(20.0)	696.3	421.2	407.0	96.6	(41.5)
a.	GS	961.4	658.8	52,5	(24.9)	712.9	437.8	308.8	70.5	(53.1)
b.	Loans	(17.7)	37.2	(46,9)	(633.7)	(16.6)	(16.6)	98.2	(591.0)	164.0

- **Debt Financing Realization 2023 DECREASED 41,5% compared than 2022**
- **The state budget financing is safe and manageable, supporting fiscal sustainability and fiscal consolidation** through an optimal composition of debt and non-debt financing.
- **In line with fiscal consolidation and national economic recovery**, debt financing can be reduced, from the original debt financing target of IDR 696.3 T (APBN) and IDR 421.2 T (Perpres 75) to IDR 407.0 T.
- Amidst global dynamics and financial market volatility, SBN yields are under control, and the cost of funds can be efficiently managed.



GS FINANCING REALIZATION 2023-2024

(Trillion IDR)

	2023	ao Feb 12, 2024
Government Securities	807,25	199,78
Government Debt Securities (SUN)	506,05	151,49
IDR Denominated	447,08	119,68
- Prefunding	-	25,93
- Auction	369,92	93,75
- Private Placement	11,57	-
- Retail	65,59	-
FX Denominated	58,97	31,81
Sovereign Sharia Securities (SBSN)	301,20	48,29
IDR Denominated	269,80	48,29
- Prefunding	-	13,14
- Auction	181,00	31,15
- Private Placement	6,83	-
- Retail	61,94	-
FX Denominated	31,40	-

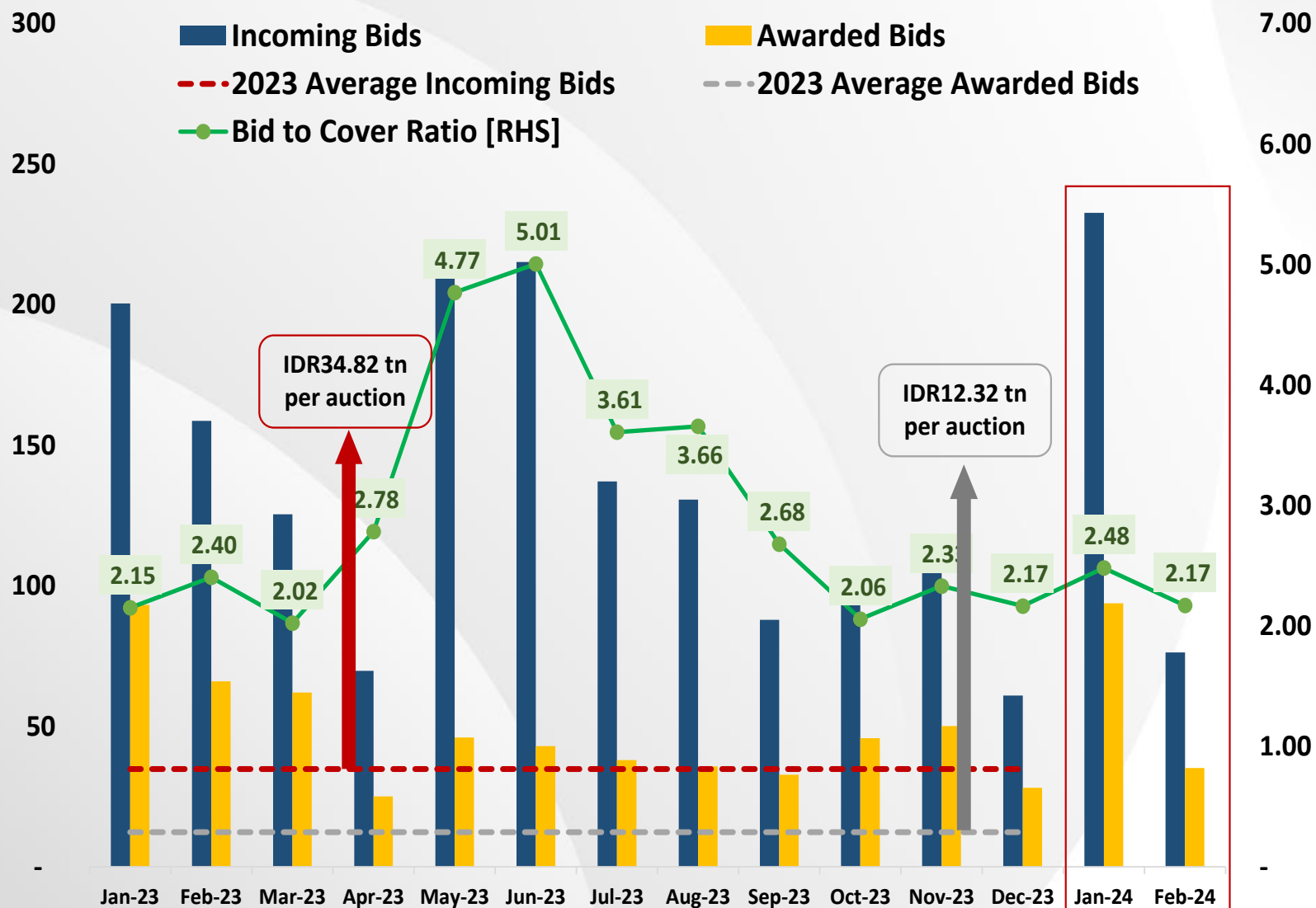


GOVERNMENT SECURITIES PERFORMANCE



PRIMARY MARKET PERFORMANCE 2023- 2024

Government Securities (GS)



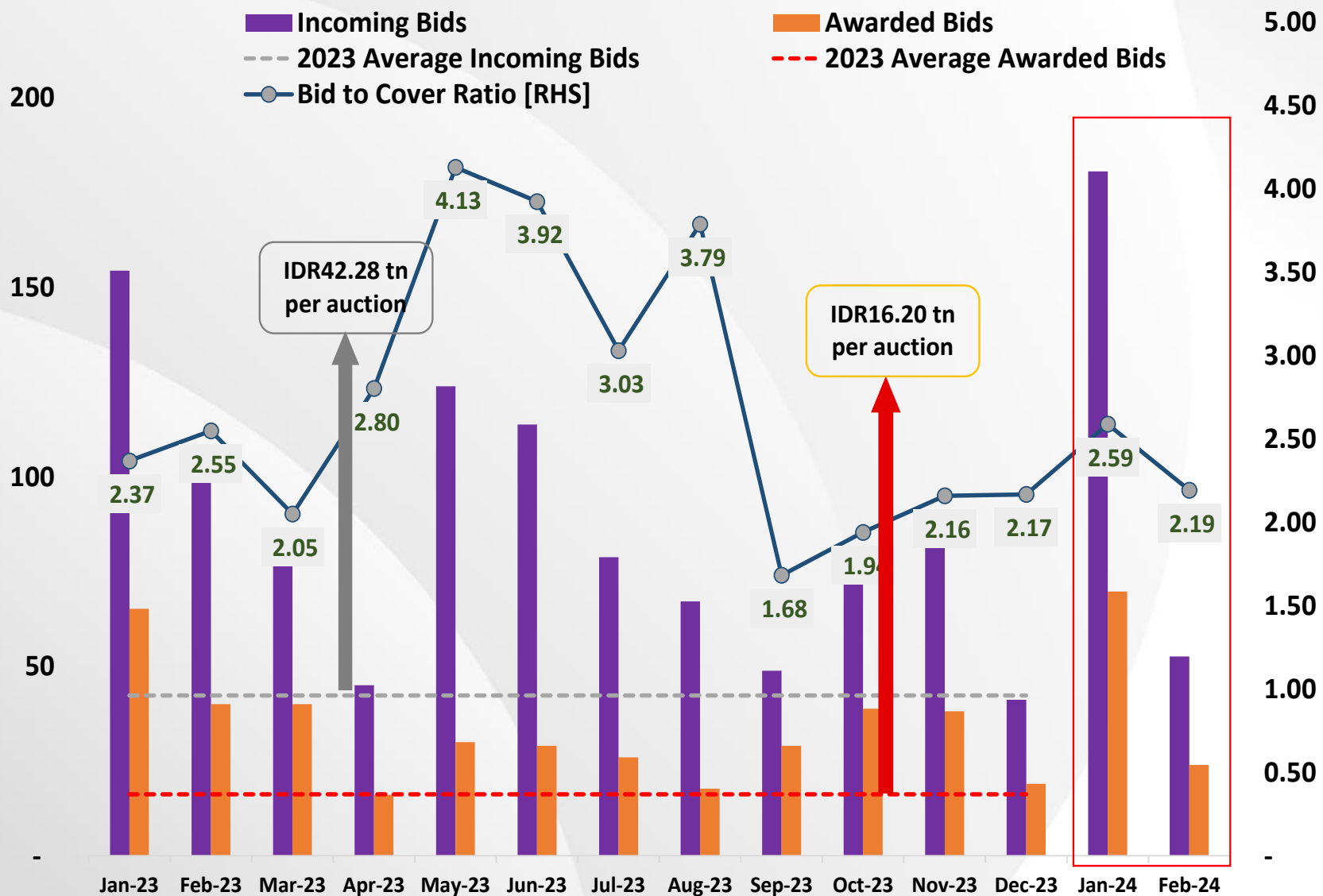
In 2024 :

- Average incoming bid is **IDR44.14 tn/auction**
- Average awarded bid is **IDR18.41 tn/auction**



PRIMARY MARKET PERFORMANCE 2023- 2024

Government Debt Securities (GDS)

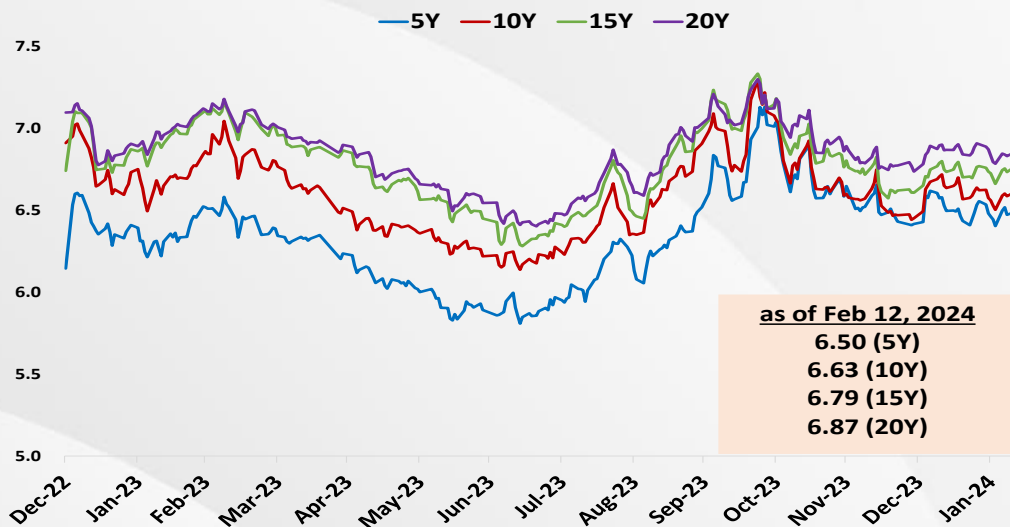


In 2024 :

- Average incoming bid is **IDR58.31 tn/auction**
- Average awarded bid is **IDR23.44 tn/auction**



Yields of Benchmark Series



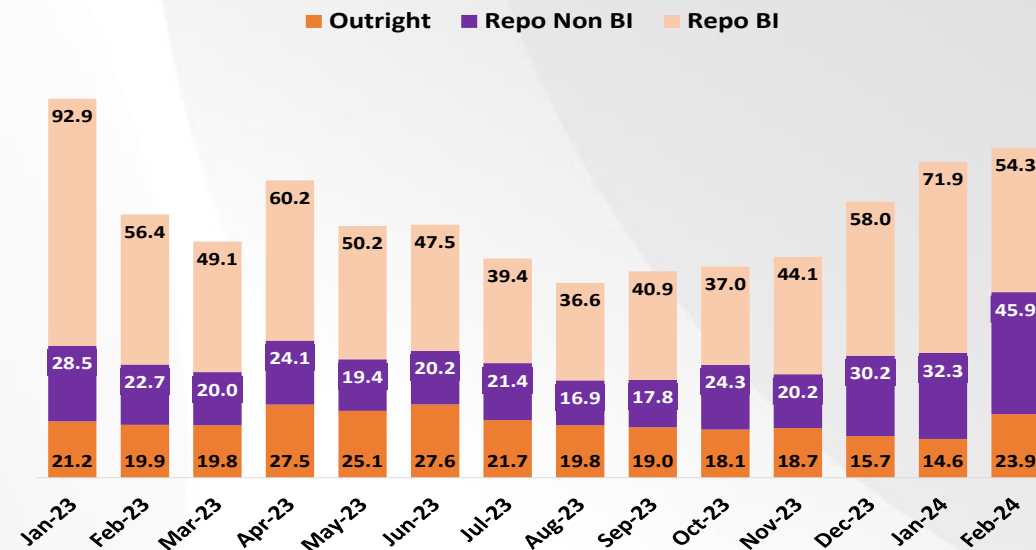
Source : BIPS

Peers 10y Govt Bonds' Yield

LCY 10 Year Government Bonds (a.o Feb 12, 2024)	Latest Yield (%)	Prev Day Change (in bps)	YTD Change (in bps)
CN	2.44	1.50	(12.20)
ID	6.65	2.80	16.50
JP	0.73	2.10	11.20
KR	3.41	2.30	23.00
MY	3.81	0.30	8.00
SG	2.96	1.00	27.20
TH	2.56	(8.00)	(11.40)
VN	2.30	-	6.20

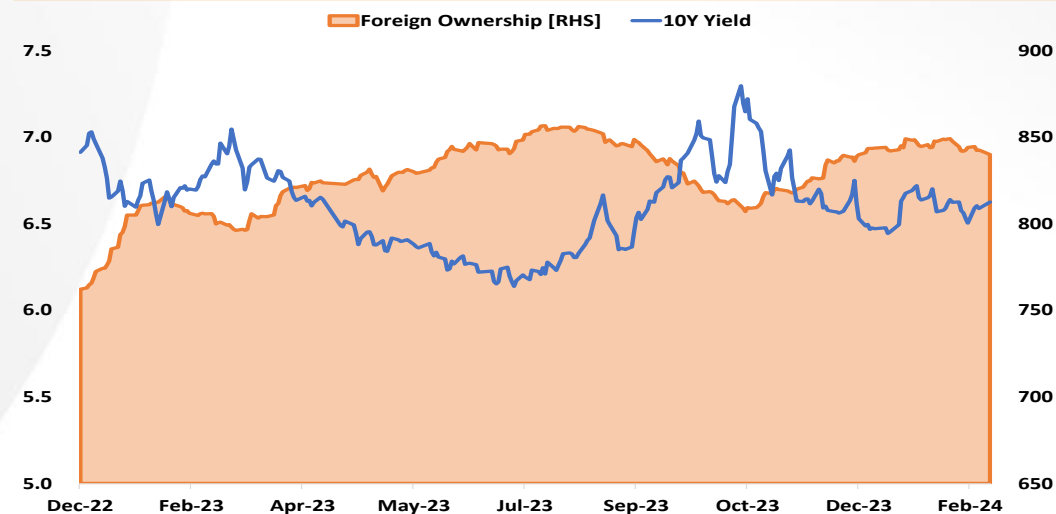
Source : Bloomberg

Average Daily Trading (IDR Trillion)



Source : BI-SSSS

Peers 10y Govt Bonds' Yield



Source : BI-SSSS



OWNERSHIP OF TRADABLE DOMESTIC GS

Description	Dec-20		Dec-21		Dec-22		Dec-23		Feb-24	
Banks*	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,495.39	26.52%	1,471.00	24.98%
Govt Institutions (Bank Indonesia**)	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	1,095.51	19.43%	1,184.11	21.61%
Bank Indonesia (gross)	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,363.90	24.19%	1,381.52	24.42%
GS used for Monetary Operation	420.51	10.86%	419.27	8.96%	433.57	8.17%	268.39	4.76%	197.41	2.82%
Non-Banks	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	3,048.51	54.06%	3,079.09	53.41%
Mutual Funds	161.32	4.17%	157.93	3.38%	145.82	2.75%	177.80	3.15%	179.57	3.13%
Insurance Company and Pension Fund	542.82	14.02%	655.24	14.00%	873.03	16.44%	1,041.40	18.47%	1,053.95	18.37%
Foreign Holders	973.91	25.16%	891.34	19.05%	762.19	14.36%	842.05	14.93%	840.00	14.20%
Foreign Govt's & Central Banks	178.31	4.61%	233.45	4.99%	203.11	3.83%	229.16	4.06%	228.88	3.93%
Individual	131.21	3.39%	221.41	4.73%	344.30	6.48%	435.28	7.72%	441.69	7.81%
Others	231.57	5.98%	360.47	7.70%	466.65	8.79%	551.98	9.79%	563.89	9.91%
Total	3,870.76	100%	4,678.98	100%	5,309.43	100%	5,639.41	100%	5,734.20	100%

69.85%

Portion of foreign ownership
in the mid & long term sector
(≥ 5 years)

IDR1,092.02

on January 24, 2020,
foreign holders reach a record
high in nominal terms

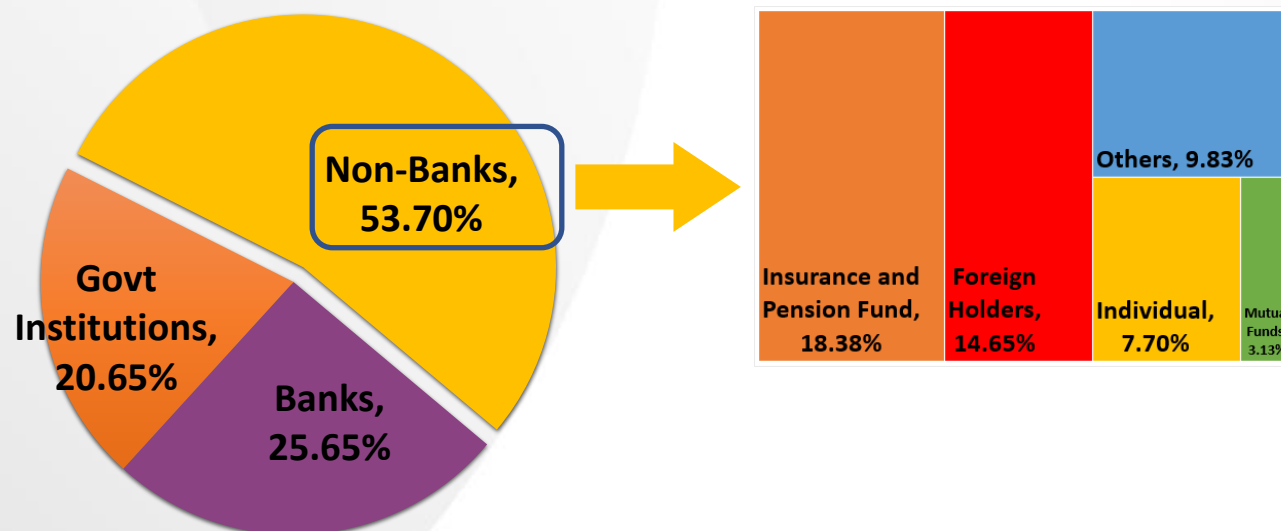
1) Non Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.

2) Others such as Securities Company, Corporation, and Foundation.

*) Including the Government Securities used in monetary operation with Bank Indonesia.

**) net, excluding Government Securities used in monetary operation with Banks.

Source : Bloomberg

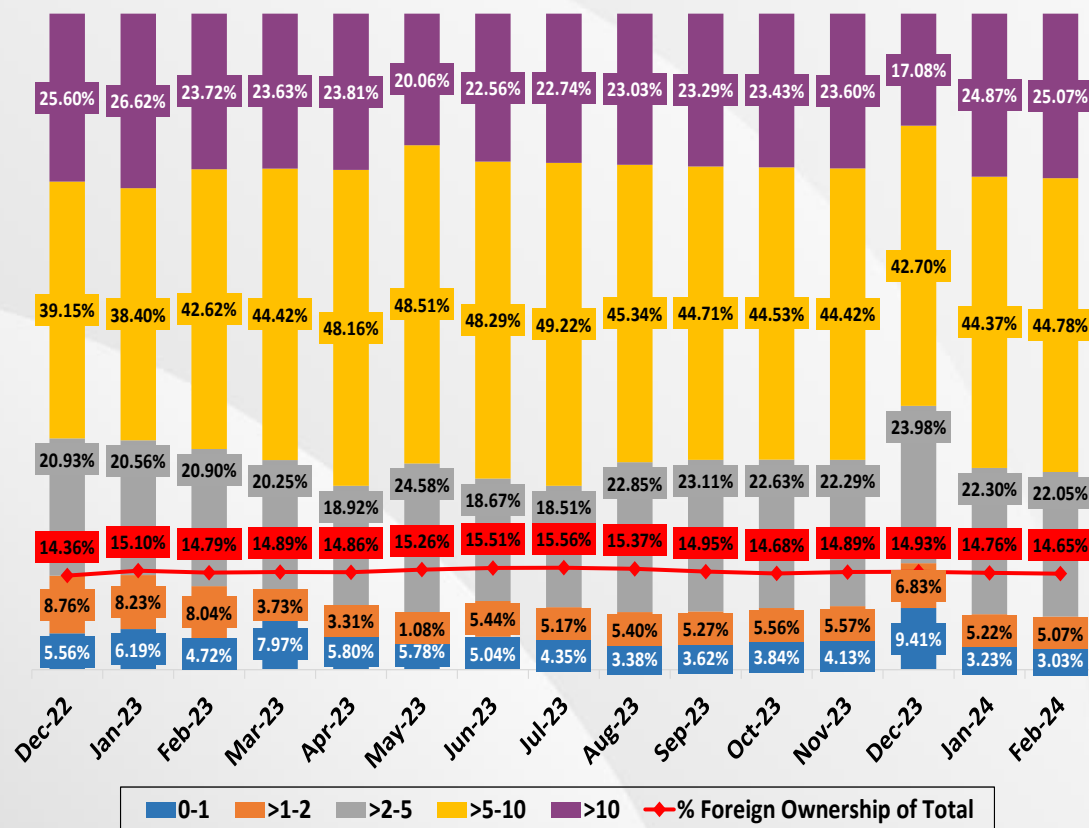




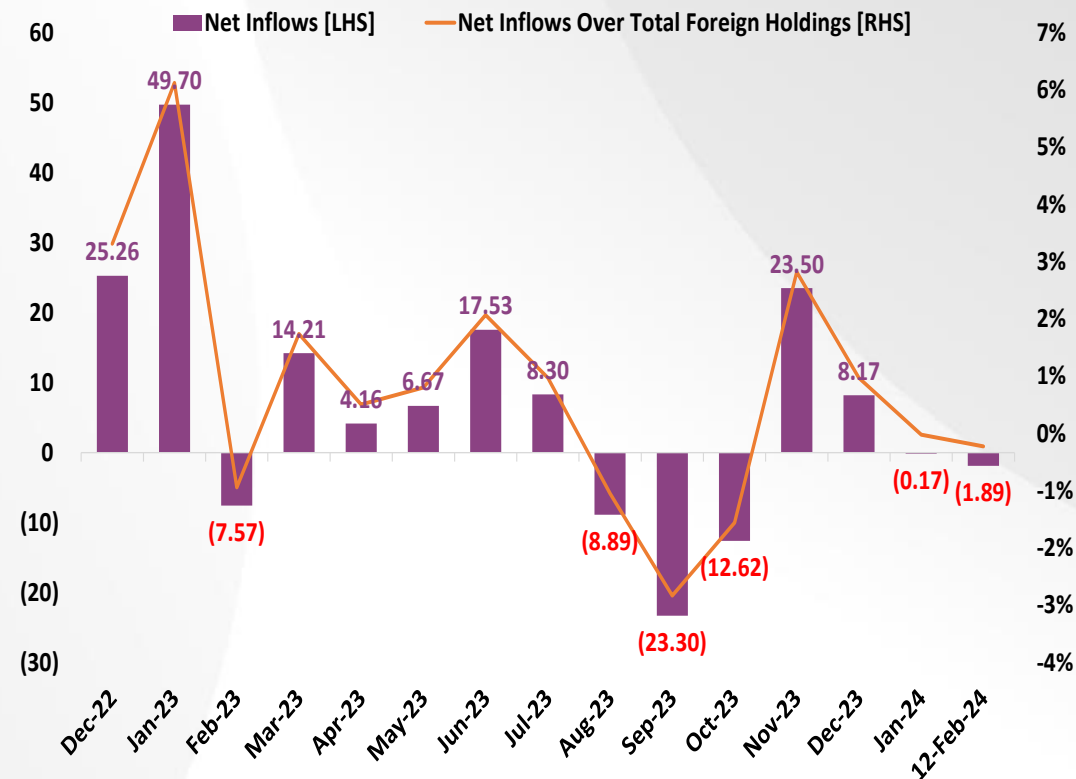
FOREIGN INVESTOR ACTIVITY

Foreign investor mostly dominated by high quality long term investor

Foreign Ownership - Proportion by Tenor



Monthly Net Buyer (Seller) - Non Resident



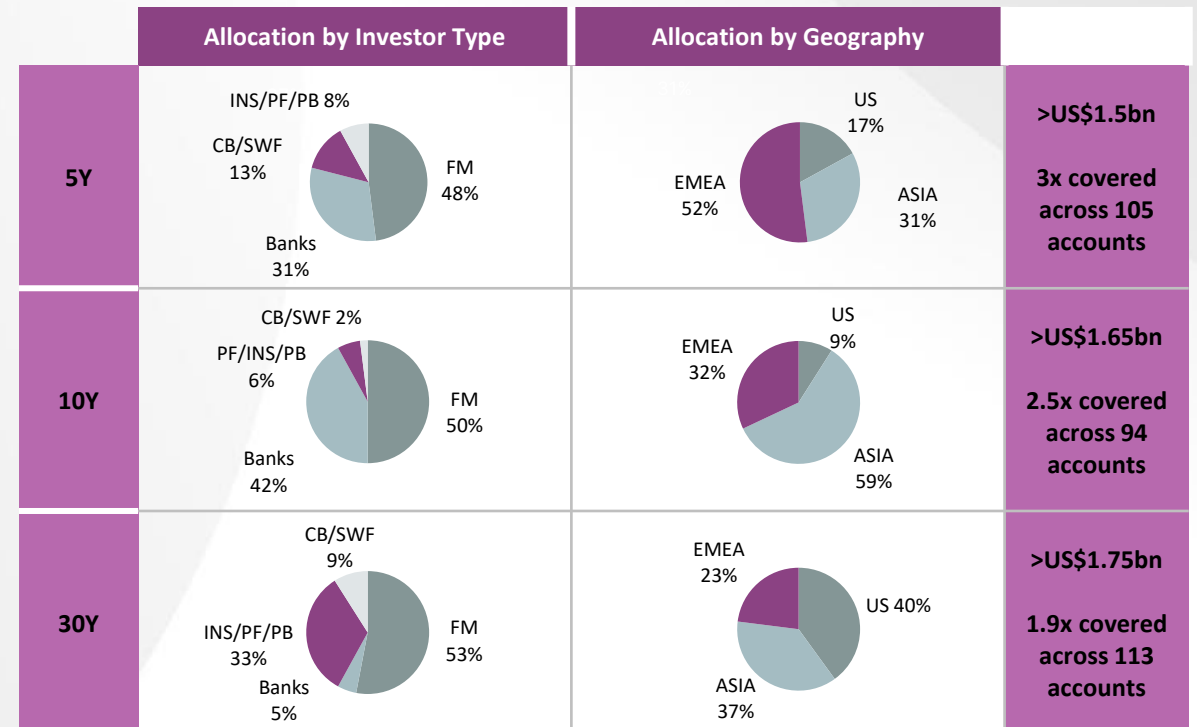
Source : BI-SSSS



Issuer	Republic of Indonesia		
Issuer Rating	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)		
Format	SEC-Registered		
Pricing Date	January 3, 2024		
Settlement Date	January 10, 2024		
Issue Size	USD2.05 bn		
Tenor	Long-5 year	Long-10 year	Long-30 year
Maturity	March 10, 2029	February 10, 2034	February 10, 2054
Tranche Size	USD500 million	USD650 million	USD900 million
Coupon (p.a.)	4.400%	4.700%	5.100%
Reoffer Price	98.852	98.810	98.481
Reoffer Yield	4.650%	4.850%	5.200%
JLM	ANZ, BofA Securities, Deutsche Bank, Morgan Stanley dan UBS		
Listing	SGX-ST and Frankfurt Stock Exchange		
Use of Proceeds	Net proceeds from the sale of the Bonds will be used for the general purposes of the Republic		

Key Transaction Highlight

- Benefiting from the Republic's robust credit profile, the offering drew significant investor interest from the get-go, with a high quality orderbook allowing significant IPG-FPG tightening
- The long 5-year, long 10-year and long 30-year tranches were priced 25bps, 20bps and 25bps respectively inside of its initial price guidance, achieving flat to negative new issue concessions
- The Republic achieved the tightest spreads across all tranches compared to the Republic's past SEC-registered offerings
- Pin-point pricing resulted in a stable first day morning of trading at Asia open, with bonds trading around reoffer price



SOLID POLICY COORDINATION IN MANAGING FINANCIAL MARKETS VOLATILITY



The enactment of Law No. 9/2016 regarding Prevention and Mitigation of Financial System Crises as a legal foundation for the government to serve at the time of financial crisis in the form of Financial System Stability Committee (KSSK)



KSSK members: the Ministry of Finance, Bank Indonesia, the Financial Services Authority, and the Deposit Insurance Corporation



- Most important provisions stipulated in the Law:
- Financial system stability monitoring and maintenance by KSSK members
 - based on crisis management protocol of each member;
 - Prevention of financial system crisis, including the mitigation of
 - systemically important bank's liquidity and solvency problems;
 - Recovery Plan for Systemically Important Banks
 - Bank Restructuring Program

Gov't Securities CMP Level

NORMAL

NORMAL
AWARE

NORMAL
ALERT

SUSPECTED
CRISIS

Gov't Securities Crisis Management Protocol (CMP)

Indicators:

- Yield of benchmark series
- Exchange rate
- Jakarta Composite Index
- Foreign ownership in government securities

Policies to address the crisis at every level :

- Repurchase the government securities at secondary market
- Postpone or stop the issuance

Bond Stabilization Framework

First Line of Defense	
State's Budget	<ul style="list-style-type: none"> • Buyback fund at DG of Budget Financing and Risk Management • Investment fund at Public Service Agency (BLU) (min. level Normal Aware)
State Owned Enterprises (BUMN)'s Budget	Related SOEs (min. level Normal Aware)
State Owned Enterprises (BUMN)'s Budget	Related SOEs (min. level Normal Aware)
First Line of Defense	
State's Budget	<ul style="list-style-type: none"> • State General Treasury Account (Rekening KUN) (min. level Normal Alert) • Accumulated cash surplus (SAL) (min. Level Suspected Crisis)

THANK YOU



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Direktorat Jenderal Pengelolaan Pembiayaan dan Risiko
Kementerian Keuangan Republik Indonesia

Gedung Frans Seda

Jalan Dr. Wahidin Raya No. 1 Jakarta

Tel. 021-3864778; Fax. 021-3843712

www.djppr.kemenkeu.go.id

