



KEMENTERIAN KEUANGAN  
REPUBLIK INDONESIA

# GOVERNMENT SECURITIES MANAGEMENT

Sep 19, 2023



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# BUDGET FINANCING STRATEGY & REALIZATION

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# 2023 BUDGET FINANCING

Increasing productivity for an inclusive and sustainable economic transformation

Description (IDR Trillion)		Budget 2023
<b>A. State Revenue</b>		<b>2,463.0</b>
1.	Tax Revenue	2,021.2
2.	Non-tax Revenue	441.4
3.	Grants	0.4
<b>B. State Expenditure</b>		<b>3,061.2</b>
1.	Central Government Expenditure	2,246.5
2.	Regional Transfer & Village Fund	814.7
<b>C. Primary Balance</b>		<b>(156.7)</b>
<b>D. Surplus (Deficit)</b>		<b>(598.2)</b>
% of GDP		(2.84)
<b>E. Financing</b>		<b>598.2</b>

## Macroeconomic Assumption for 2023 Budget



Economic Growth  
5.3%



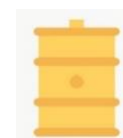
Inflation  
3.6%



Exchange Rate  
IDR14,800/USD



10Y T-Bonds Rate  
7.90%



ICP  
US\$90/barrel



Oil Lifting  
660 thousand  
barrel/day



Gas Lifting  
1,100 thousand  
barrel of oil  
equivalent/day

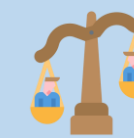
## 2023 Development Target



Unemployment rate  
5.3 – 6.0



Human Development Index  
73.31 – 73.49



Gini Ratio  
0.375 – 0.378



Poverty Level  
7.5 – 8.5



Peasant Exchnage Rate  
105 - 107



Fisherman Exchnage Rate  
107 - 108

# FISCAL POLICY FOCUS 2023



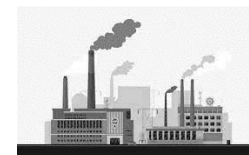
Human Resources



Infrastructure



Bureaucratic Reform

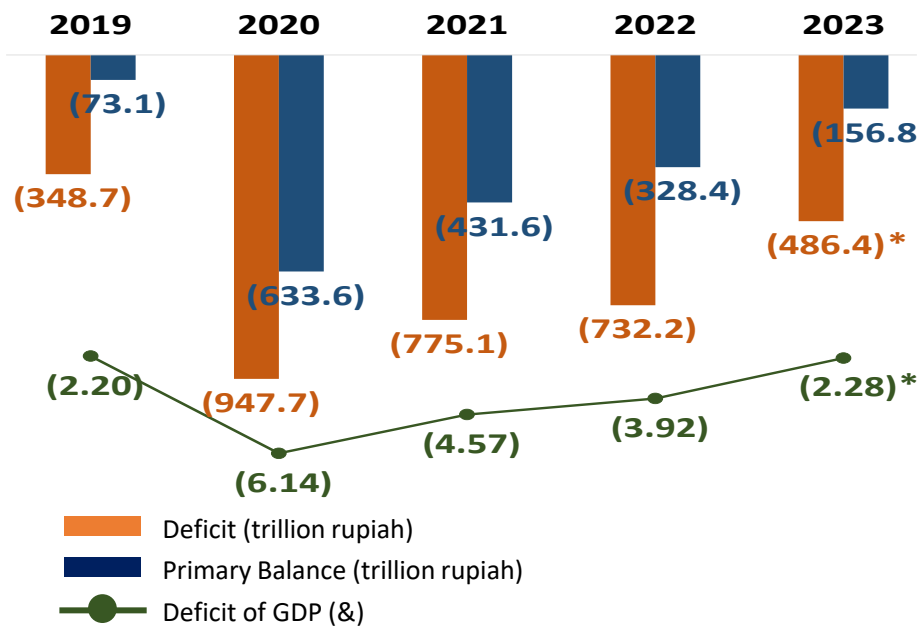


Industrial Revitalization



Green Economy

The 2023 State Budget supports consolidation to maintain fiscal sustainability



\*1<sup>st</sup> Semester Report Outlook

Strengthening the Role of the APBN and Continuing Quality Fiscal Consolidation

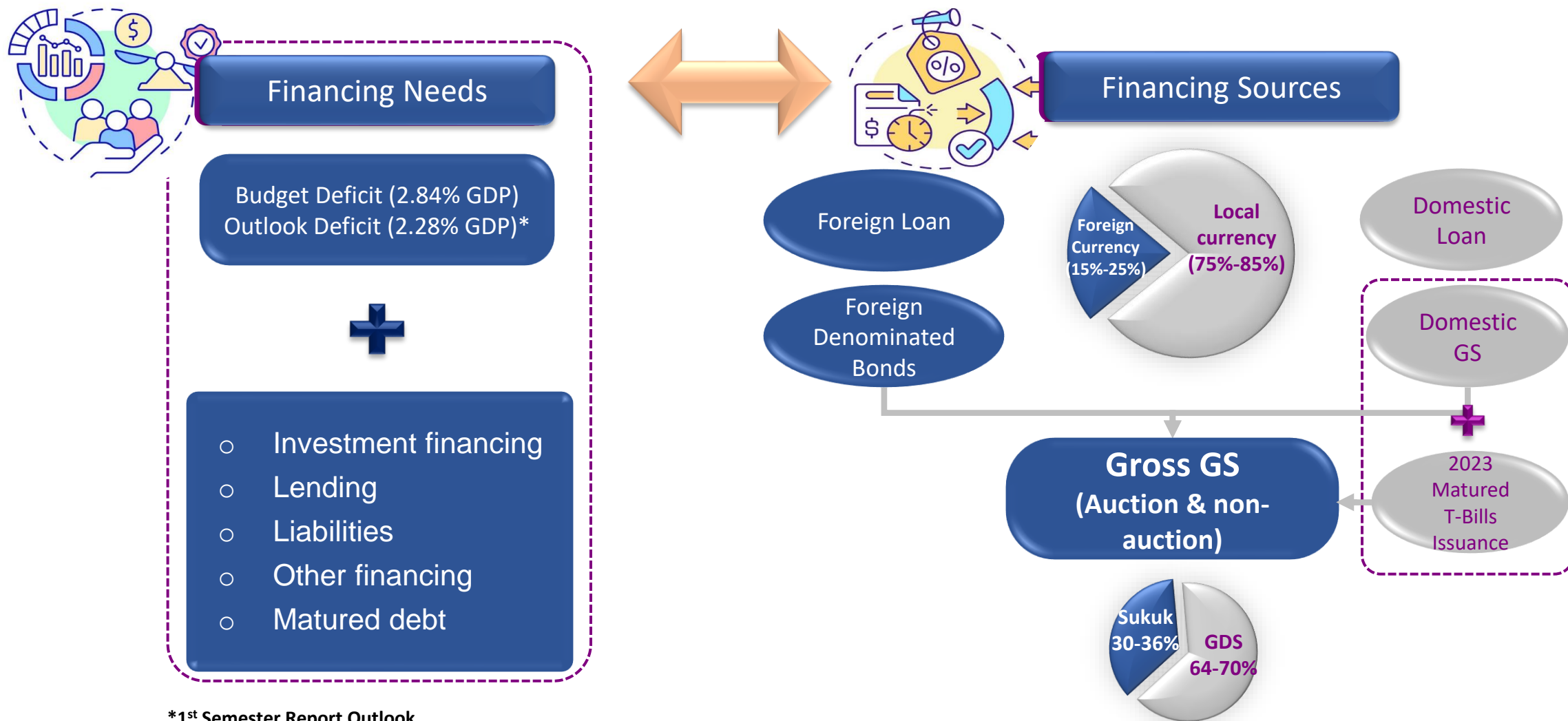
Revenue Mobilization

Quality Expenditure

Innovative Financing



# 2023 FINANCING NEEDS & SOURCES



# 2023 FINANCING POLICIES

Our debt financing policies encourage a flexible and sustainable approach to debt management in order to support economic transformation. In the midst of increasing global risks, fiscal pressures, and moderating domestic SBN demand, we will optimize non-debt financing sources, taking into account the financing needs and choosing the right time for issuance.

## General debt policy direction



Management of prudent and sustainable debt financing by controlling debt risk at a safe and credible level



Prioritizing domestic sources of financing to increase financial independence



Procurement of foreign debt as an effort to mitigate the crowding out effect



Flexibility in debt financing, both in terms of timing and composition, to obtain the most favorable costs and risks for the government



Utilizing cash loans within the framework of financing flexibility to ensure the fulfillment of financing, while the choice of cash loan currency takes into account cash requirements and debt portfolio management

# 2023 BUDGET FINANCING 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			
	Real. as of Jul	Growth (%)	Budget	Real. as of Jul	% to Budget	Growth (%)
<b>A. Revenue</b>	<b>1,551.2</b>	<b>50.4</b>	<b>2,463.0</b>	<b>1,614.8</b>	<b>65.6</b>	<b>4.1</b>
I. Tax Revenue (DG Tax & Custom-Excise)	1,213.6	53.8	2,021.2	1,258.9	62.3	3.7
1. Tax	1,028.5	58.8	1,718.0	1,109.1	64.6	7.8
2. Custom & Excise	185.1	31.1	303.2	149.8	49.4	(19.1)
II. Non-Tax Revenue	337.3	39.2	414.4	355.5	80.6	5.4
<b>B. Expenditure</b>	<b>1,444.6</b>	<b>5.6</b>	<b>3,061.2</b>	<b>1,461.2</b>	<b>47.7</b>	<b>1.2</b>
I. Central Government	1,031.0	8.2	2,246.5	1,020.4	45.4	(1.0)
1. Line Ministries Spending	490.7	(10.7)	1,000.8	493.0	49.3	0.5
2. Non-Line Ministries	540.4	33.9	1,245.6	527.4	42.3	(2.4)
II. Regional Transfer & Village Funds	413.6	(0.5)	814.7	440.9	54.1	6.6
<b>C. Primary Balance</b>	<b>316.6</b>	<b>320.7</b>	<b>(156.8)</b>	<b>394.5</b>	<b>(251.7)</b>	<b>24.6</b>
<b>D. Surplus (Deficit)</b>	<b>106.6</b>	<b>131.7</b>	<b>(598.2)</b>	<b>153.5</b>	<b>(25.7)</b>	<b>44.0</b>
<b>% to GDP</b>	<b>0.54</b>		<b>(2.84)</b>	<b>0.72</b>		
<b>E. Financing</b>	<b>197.5</b>	<b>(56.0)</b>	<b>598.2</b>	<b>163.9</b>	<b>27.4</b>	<b>(17.0)</b>

Source: Ministry of Finance.

\*) including Budget Financing for Investment

# 2023 DEFICIT FINANCING REALIZATION

Budget Financing (IDR Trillion)	2022			2023			
	Real a.o Jul 31	% of Perpres 98/2022	Growth (%)	Budget	Real a.o Jul 31	% of Budget	Growth (%)
Debt Financing	237.0	25.1	(49.4)	696.3	194.9	28.0	(17.8)
a. Bonds	223.9	23.3	(54.1)	712.9	184.1	25.8	(17.8)
b. Loans	13.1	(74.0)	(170.3)	(16.6)	10.9	(65.4)	(17.0)

- **Financing realization as of Jul 31, 2023 reached Rp194.9 T (28.0% of the target).**
- Debt financing through bond issuances and loans is in line with the 2023 financing strategy.
- The timing of debt financing takes into account market conditions and the government's cash level.
- In line with the positive performance of the APBN, the deficit is projected to be lower, thereby reducing the need for debt financing



# GS FINANCING REALIZATION 2023

(Trillion IDR)

	Realization (ao. Sep 19, 2023)
Government Securities (GS)	607,31
Government Debt Securities (GDS)	413,87
IDR Denominated GDS	354,95
- Coupon GDS	261,82
- Conventional T-Bills	31,15
- Private Placement (+ Voluntary Disclosure Program)	10,89
- Retail Bonds	51,08
Foreign Denominated Bonds	58,92
- SEC USD-EUR ( - Buyback LM)	46,77
- Samurai Bond	11,24
- SDG Bonds	0,00
- Valas Voluntary Disclosure Program	0,92
Sovereign Sharia Securities (Sukuk)	193,44
Domestic Sovereign Sharia Securitoes	193,44
- IFR/PBS/T-Bills Sukuk (Islamic Fixed Rate Bond/Project Based Sukuk)	154,00
- Retail Sukuk	36,61
- Private Placement	2,83
Global Sukuk	0,00



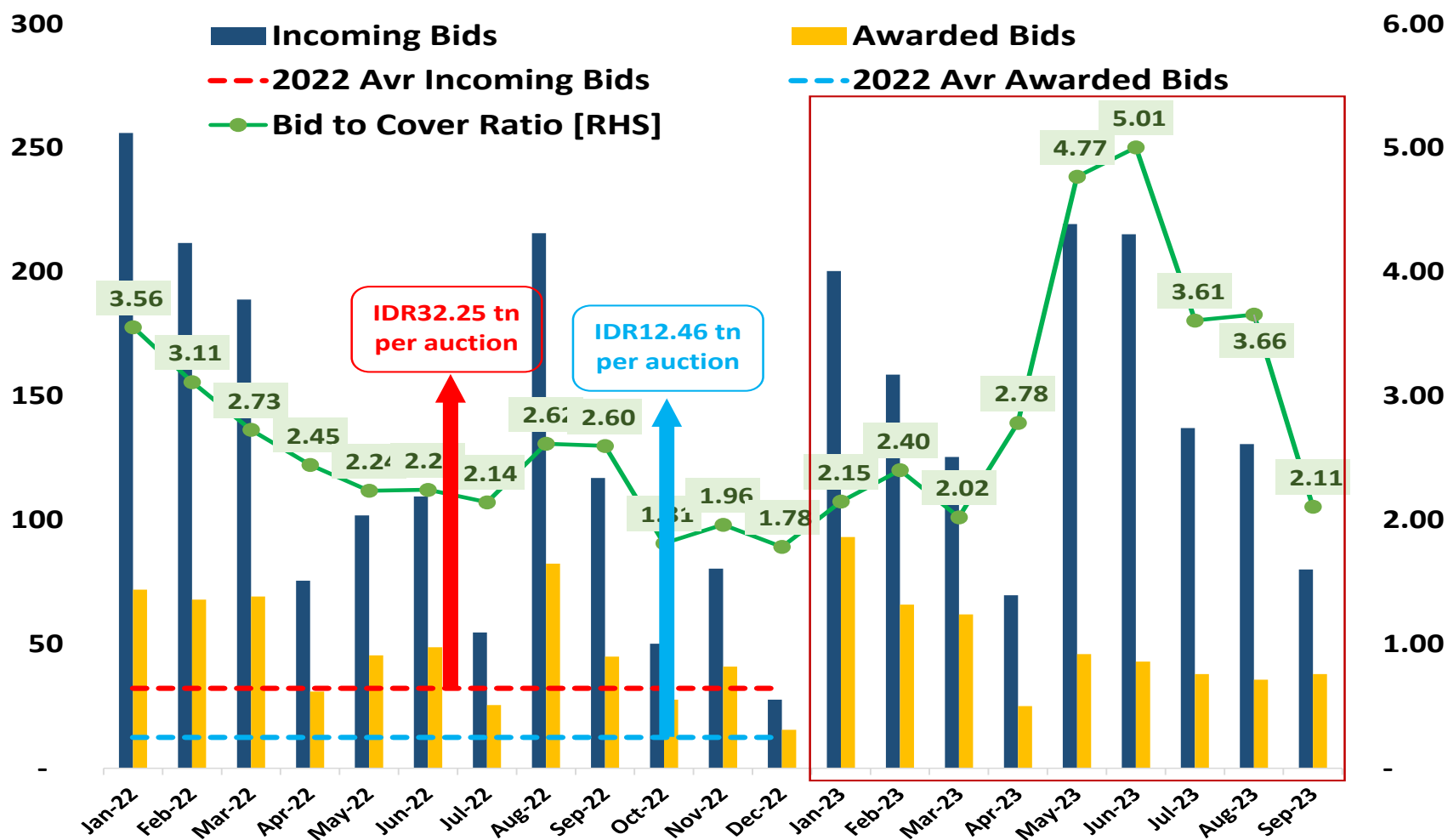
# GOVERNMENT SECURITIES PERFORMANCE

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# PRIMARY MARKET PERFORMANCE 2022 – 2023

## Government Securities (GS)

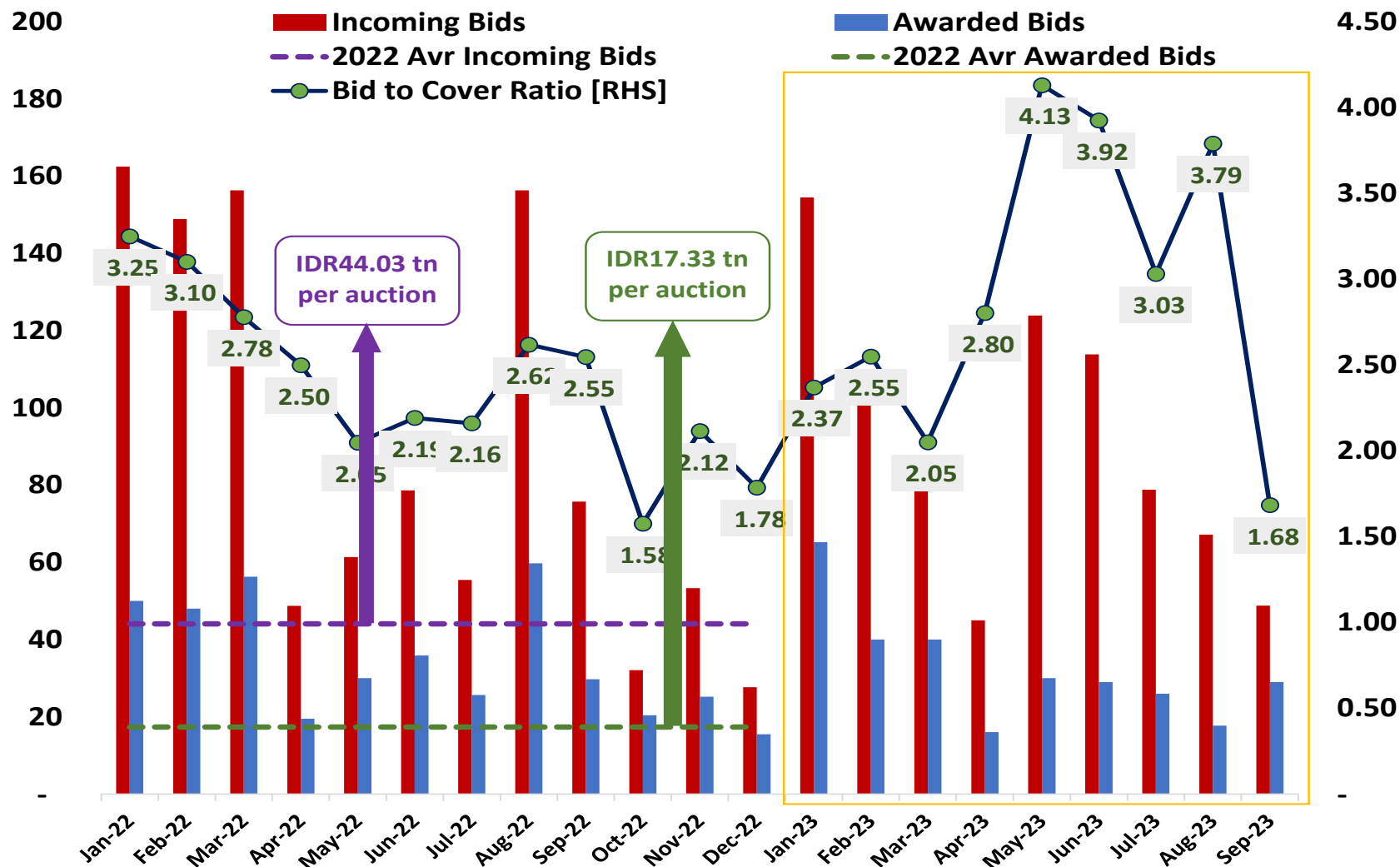


### In 2023:

- average incoming bid is **IDR38.20 tn/auction**
- average awarded bid is **IDR12.77 tn/auction**

# PRIMARY MARKET PERFORMANCE 2022 – 2023

## Government Debt Securities (GDS)



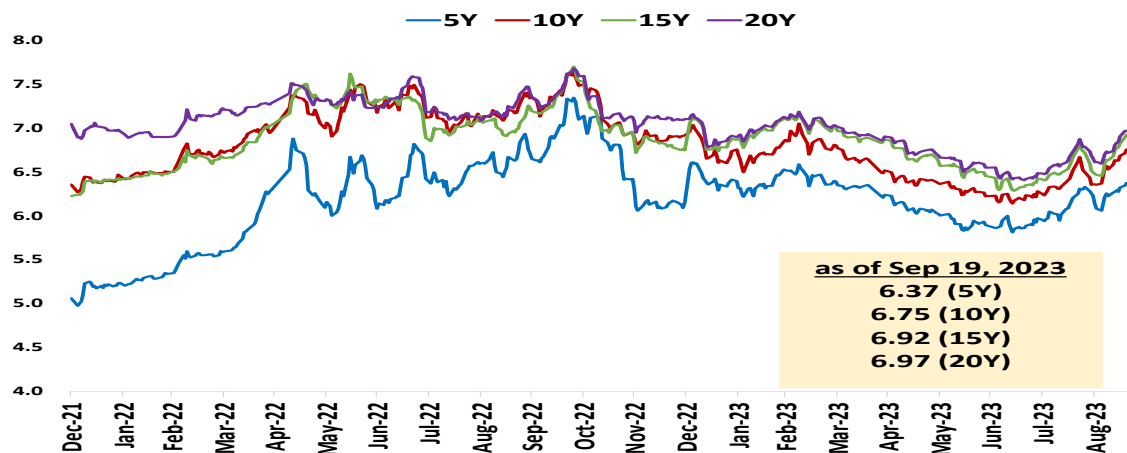
### In 2023:

- average incoming bid is **IDR45.32 tn/auction**
- average awarded bid is **IDR16.28tn/auction**



# SECONDARY MARKET PERFORMANCE

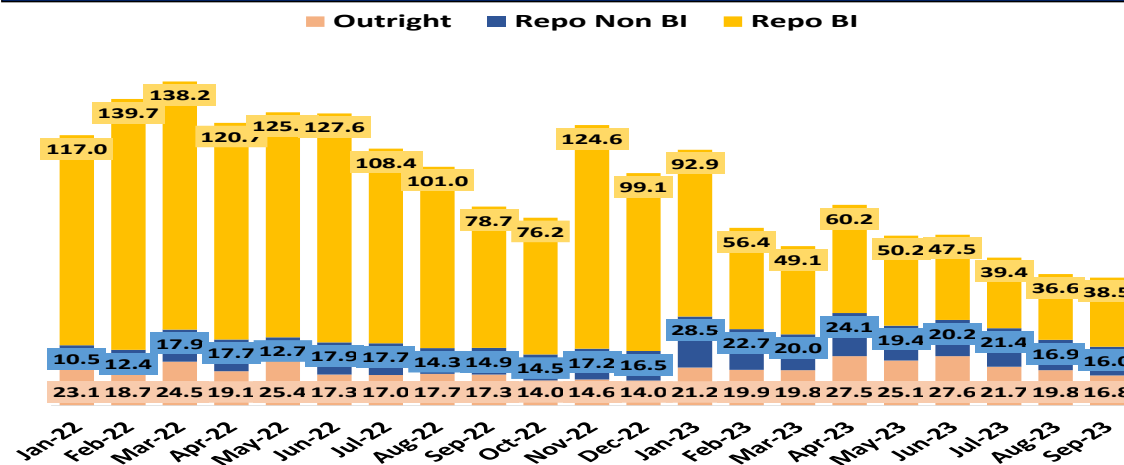
## Yields of Benchmark Series



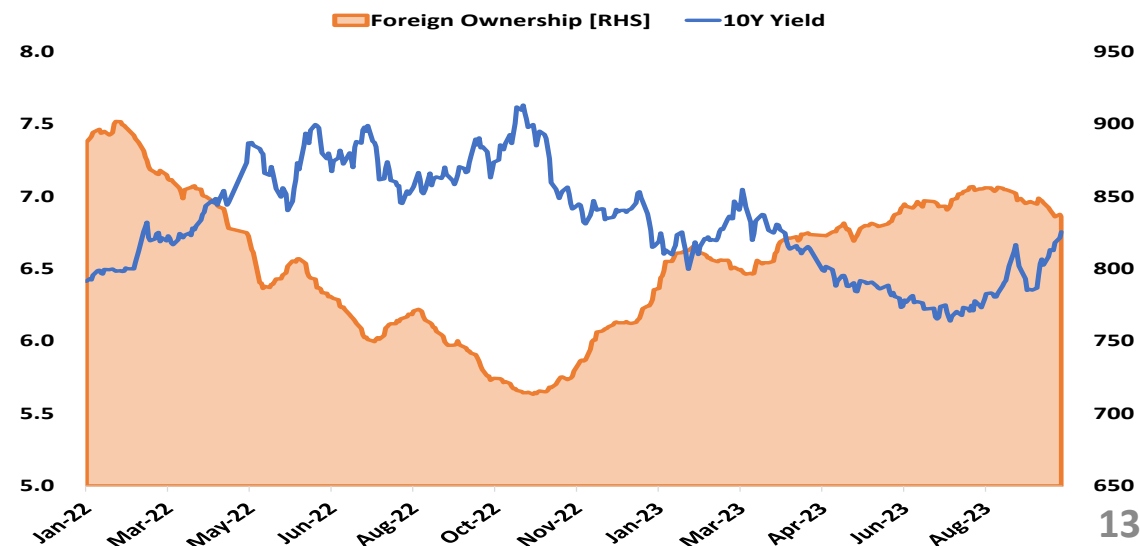
## Peers 10y Govt Bonds' Yield

LCY 10 Year Government Bonds (a.o Sep 19, 2023)	Latest Yield (%)	Prev Day Change (in bps)	YTD Change (in bps)
CN	2.68	▲ 0.5	▼ 16.0
HK	4.01	▼ 3.1	▲ 36.6
ID	6.77	▲ 4.2	▼ 17.4
JP	0.72	▲ 0.3	▲ 29.6
KR	3.95	▼ 2.3	▲ 21.7
MY	3.9	▲ 0.4	▼ 20.0
PH	6.43	▼ 1.3	▼ 55.8
SG	3.33	▼ 1.0	▲ 24.2
TH	3	▼ 0.8	▲ 36.0
VN	2.57	▼ 1.0	▼ 222.4

## Average Daily Trading (IDR Trillion)



## Foreign Ownership V. 10Y Yield Movement



# OWNERSHIP OF TRADABLE DOMESTIC GS

Description	Dec-19		Dec-20		Dec-21		Dec-22		Sep-23	
Banks*	581.37	21.12%	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,676.79	30.74%
Govt Institutions (Bank Indonesia**)	262.49	9.54%	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	880.42	16.14%
Bank Indonesia (gross)	273.21	9.93%	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,359.05	24.92%
GS used for Monetary Operation	10.72	0.39%	420.51	10.86%	419.27	8.96%	433.57	8.17%	478.64	8.77%
Non-Banks	1,908.88	69.34%	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	2,897.39	53.12%
Mutual Funds	130.86	4.75%	161.32	4.17%	157.93	3.38%	145.82	2.75%	180.78	3.31%
Insurance Company and Pension Fund	471.67	17.13%	542.82	14.02%	655.24	14.00%	873.03	16.44%	994.79	18.24%
<b>Foreign Holders</b>	<b>1,061.86</b>	<b>38.57%</b>	<b>973.91</b>	<b>25.16%</b>	<b>891.34</b>	<b>19.05%</b>	<b>762.19</b>	<b>14.36%</b>	<b>836.01</b>	<b>15.33%</b>
Foreign Govt's & Central Banks	194.45	7.06%	178.31	4.61%	233.45	4.99%	203.11	3.83%	236.49	4.34%
Individual	81.17	2.95%	131.21	3.39%	221.41	4.73%	344.30	6.48%	377.08	6.91%
Others	163.32	5.93%	231.57	5.98%	360.47	7.70%	466.65	8.79%	508.73	9.33%
<b>Total</b>	<b>2,752.74</b>	<b>100%</b>	<b>3,870.76</b>	<b>100%</b>	<b>4,678.98</b>	<b>100%</b>	<b>5,309.43</b>	<b>100%</b>	<b>5,434.30</b>	<b>100%</b>

6841  
%

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

DR  
1,092.02  
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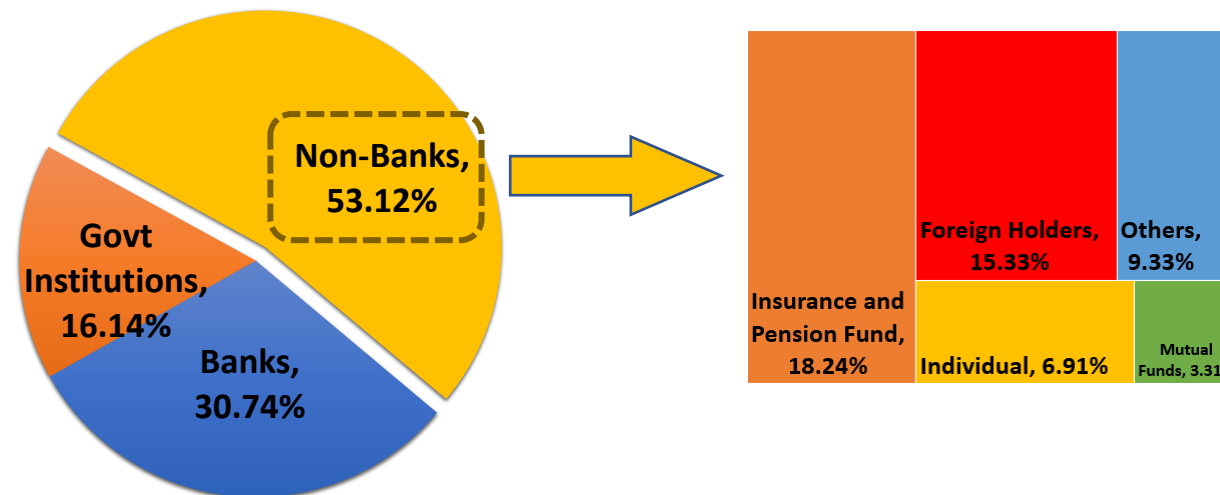
on January 24, 2020,  
foreign holders reach a record  
high in nominal terms

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.

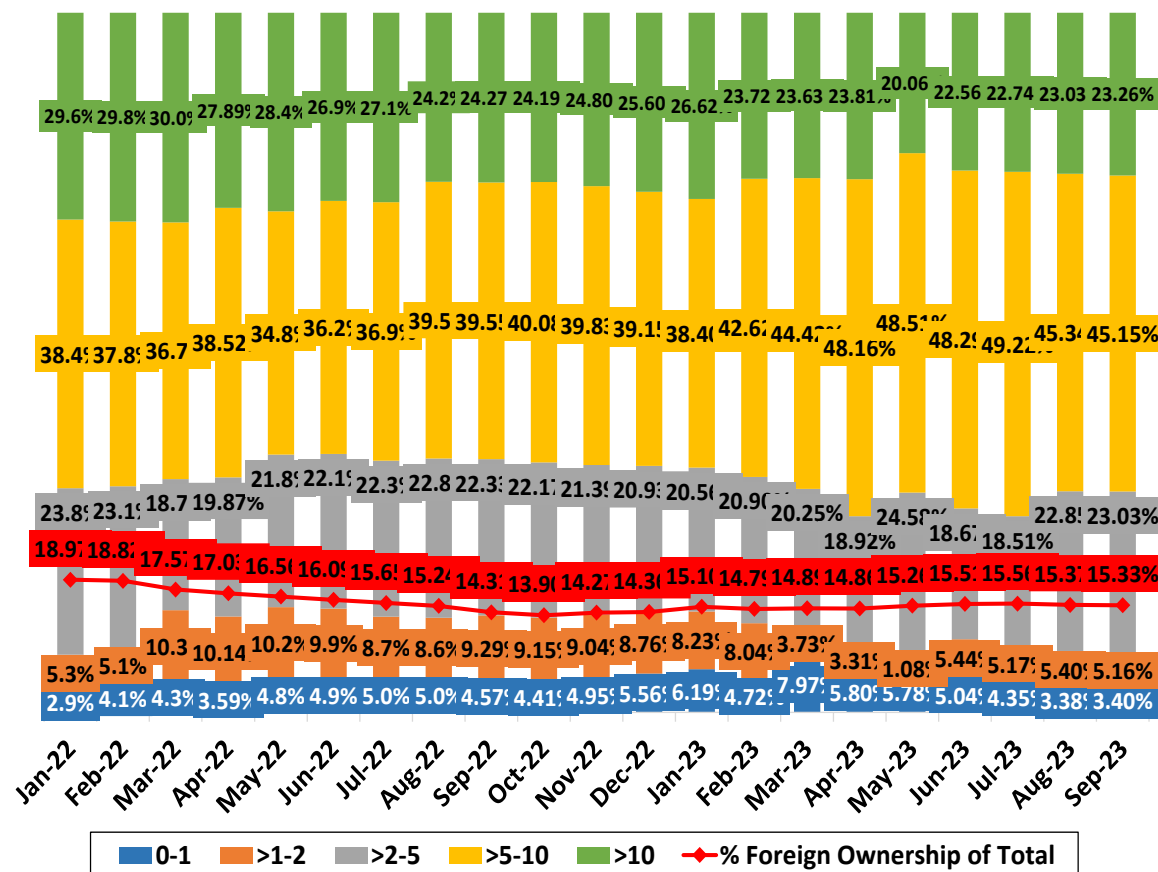




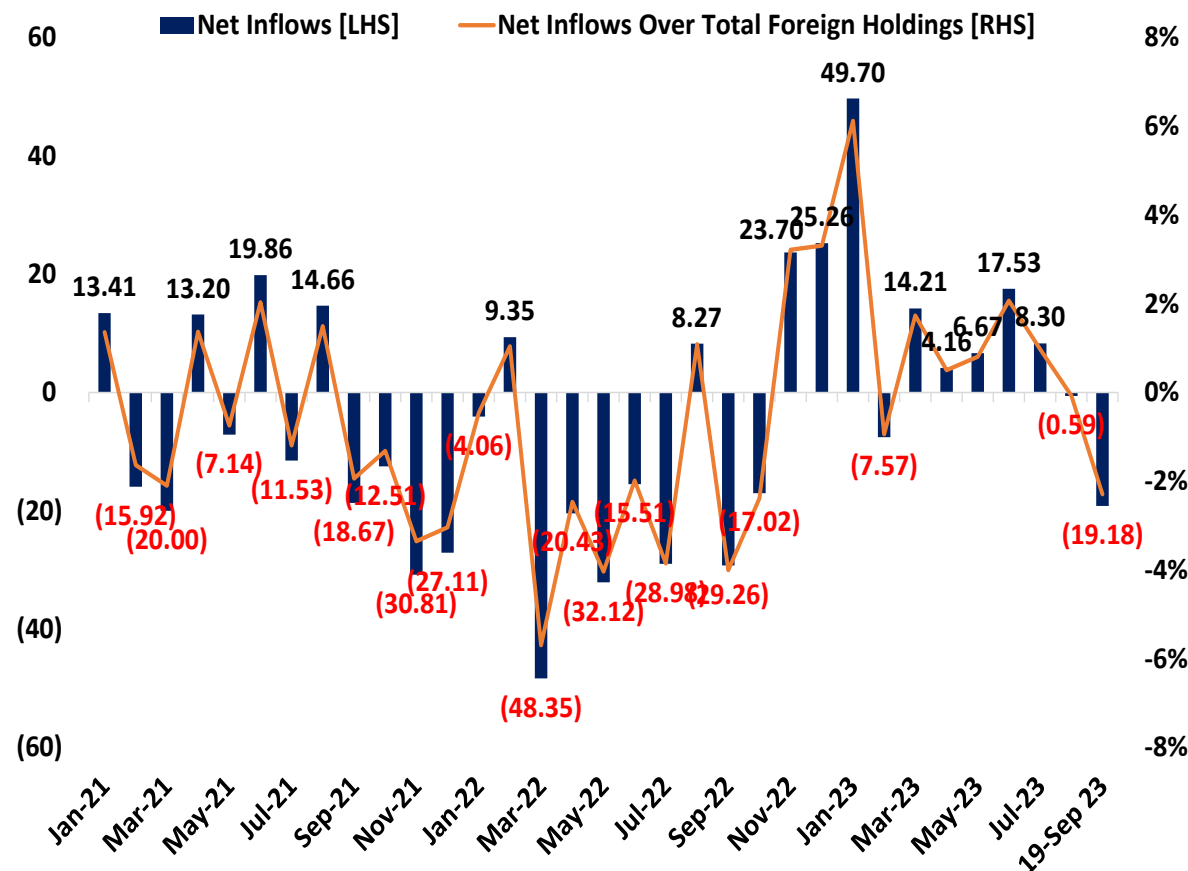
# FOREIGN INVESTOR ACTIVITY

Foreign investor mostly dominated by high quality long term investor

Foreign Ownership - Proportion by Tenor



Monthly Net Buyer (Seller) - Non Resident





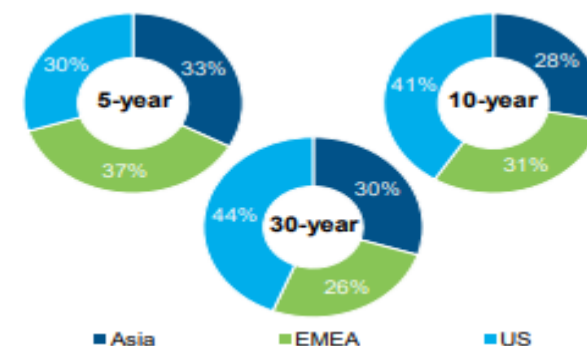
# REPUBLIC OF INDONESIA USD3 BN GLOBAL BONDS ISSUANCE

Issuer	Republic of Indonesia		
Issuer Rating	Baa2 Moody's (Stable) BBB S&P (Negative) BBB Fitch (Stable)		
Format	SEC-Registered Notes Offering		
Pricing Date	January 5, 2023		
Settlement Date	January 11, 2023		
Issue Size	USD3 bn		
Tenor	5year	10year	30year
Maturity	January 11, 2028	January 11, 2033	January 11, 2053
Tranche Size	USD1,0 bn	USD1,25 bn	USD750 milion
Coupon (p.a.)	4.550%	4.850%	5.650%
Price	98.900%	98.061%	98.678%
Yield (p.a.)	4.800%	5.100%	5.750%
JLM	BofA Securities, DBS Bank Ltd., HSBC, Mandiri Securities and Standard Chartered Bank		
Listing	Singapore, Frankfurt Stock Exchange		
Use of Proceeds	Net proceeds from the sale of the Bonds will be used for the general purposes of the Republic		

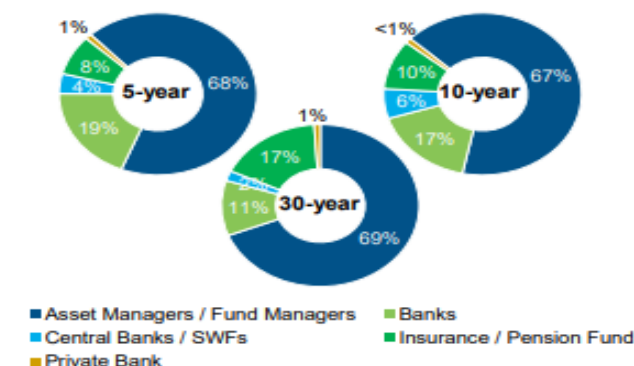
## Transaction Highlight

- The first Emerging Asian sovereign issuer in 2023 and marks the Republic's thirteenth successful SEC-registered US\$ transaction since 2018.
- A low new issuance concession for the transaction, which was also one of the lowest amongst the transactions launched on the same day

## Investor Breakdown by Region



## Investor Breakdown by Investor Type





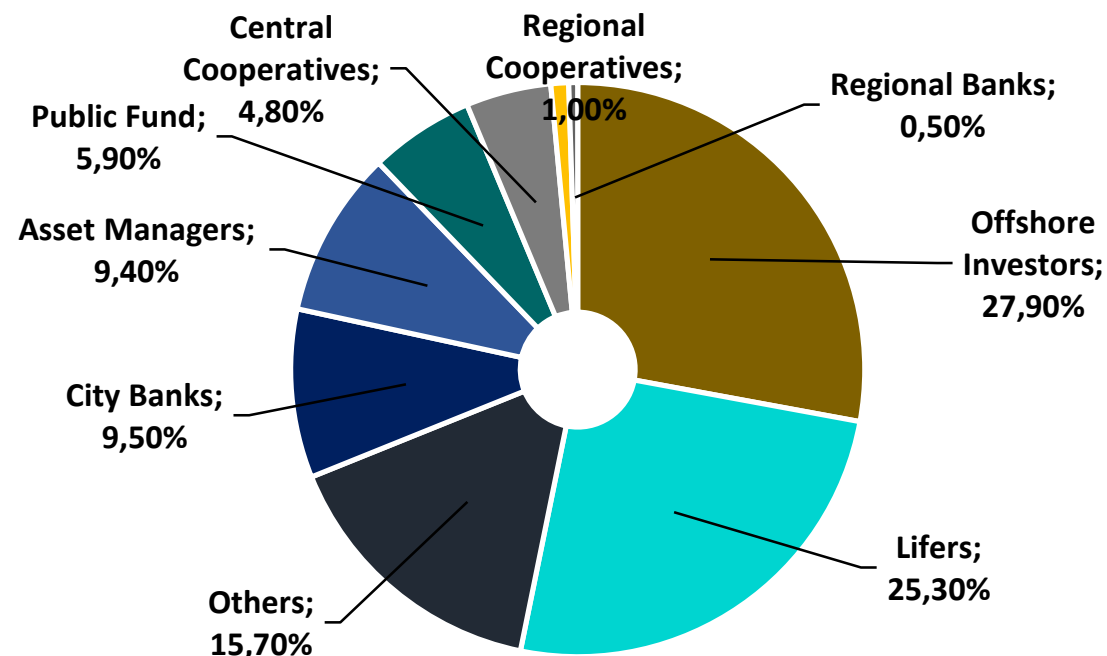
# REPUBLIC OF INDONESIA JPY104,8 BN SAMURAI BONDS ISSUANCE

Series	RIJPY0526B	RIJPY0528B	RIJPY0530 (Blue SB)	RIJPY0533 (Blue SB)
Tenor	3 Years	5 Years	7 Years	10 Years
Maturity Date	May 26, 2026	May 26, 2028	May 24, 2030	May 26, 2033
Pricing Date	19 Mei 2023			
Settlement Date	26 Mei 2023			
Size	JPY46.9 Bio	JPY37.2 Bio	JPY14.7 Bio	JPY6 Bio
Yield/ Coupon	0,74%	0,98%	1,20%	1,43%

## Transaction Highlight

- The Republic becomes the first Sovereign Blue Bonds issuer that publicly offered in accordance with ICMA principles.
- This issuance demonstrates the government's commitment to sustainable financing, particularly for the achievement of the Sustainable Development Goals (SDGs), and represents a major milestone for blue financing.
- The Republic successfully achieved its objective of marking lower yield levels across tranches despite a significant rise in underlying interest rates compared to the previous year's transaction.

## Investor breakdown by Investor Type





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



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# THANK YOU



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