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GOVERNMENT SECURITIES MANAGEMENT

May 28, 2024



Outline

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

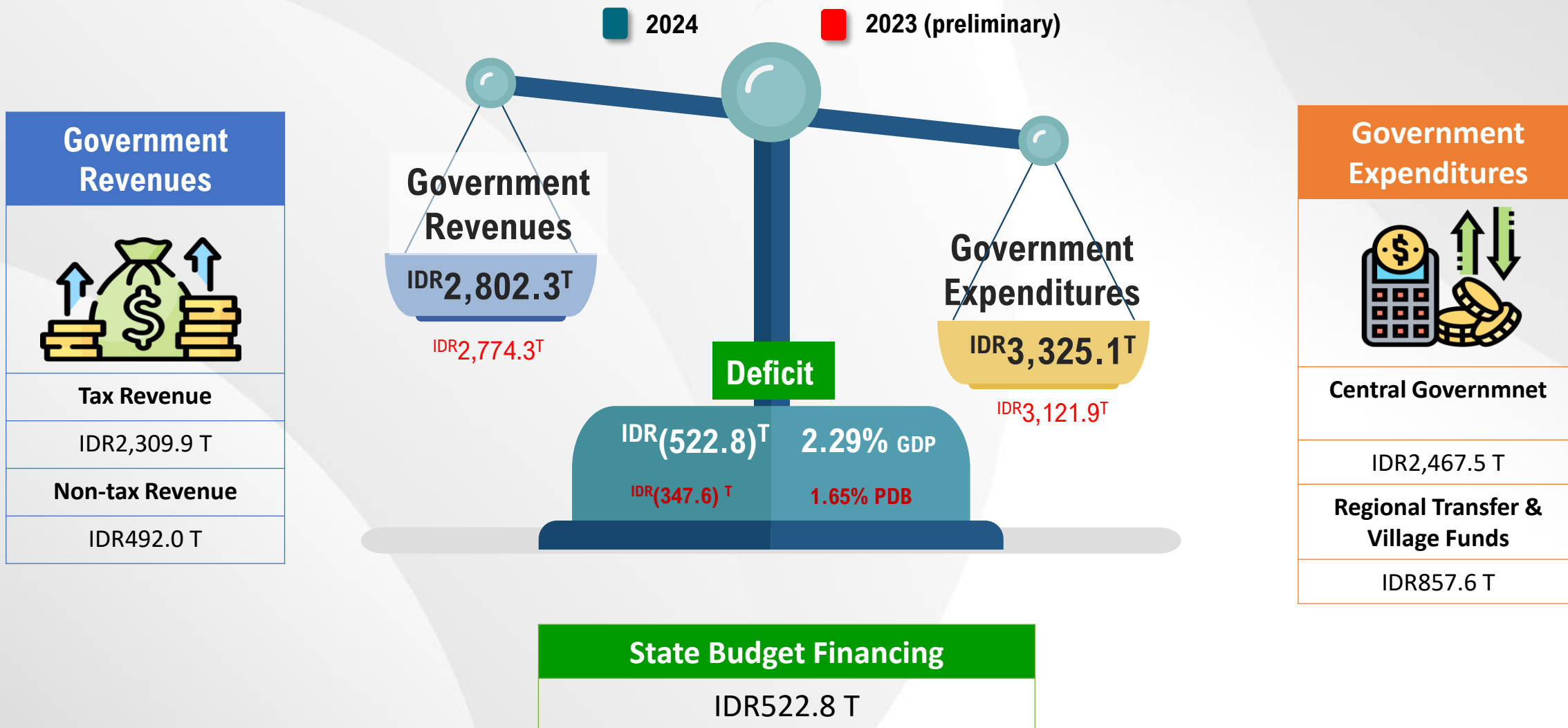


BUDGET FINANCING STRATEGY & REALIZATION



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

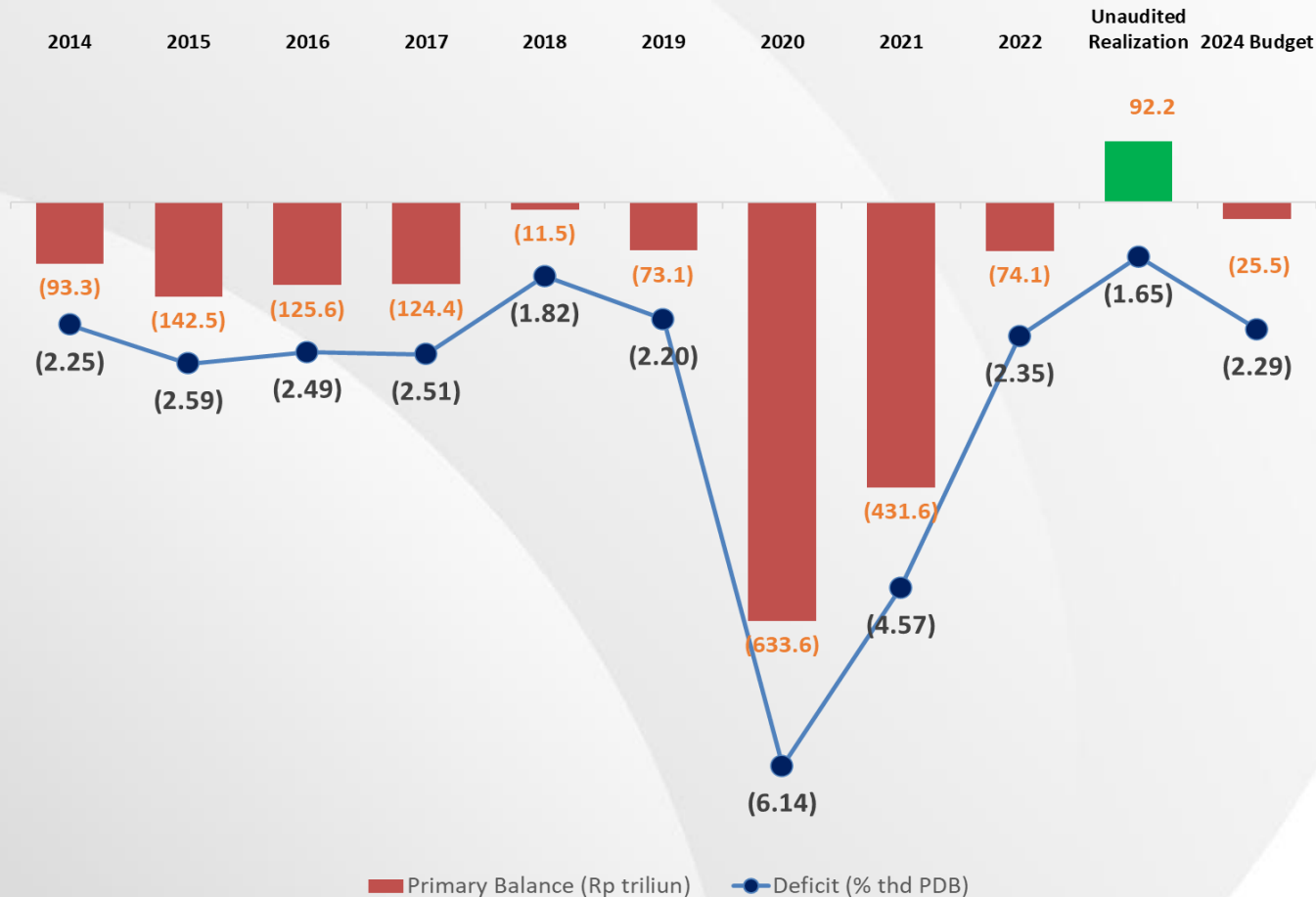
Development Targets and Indicators

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

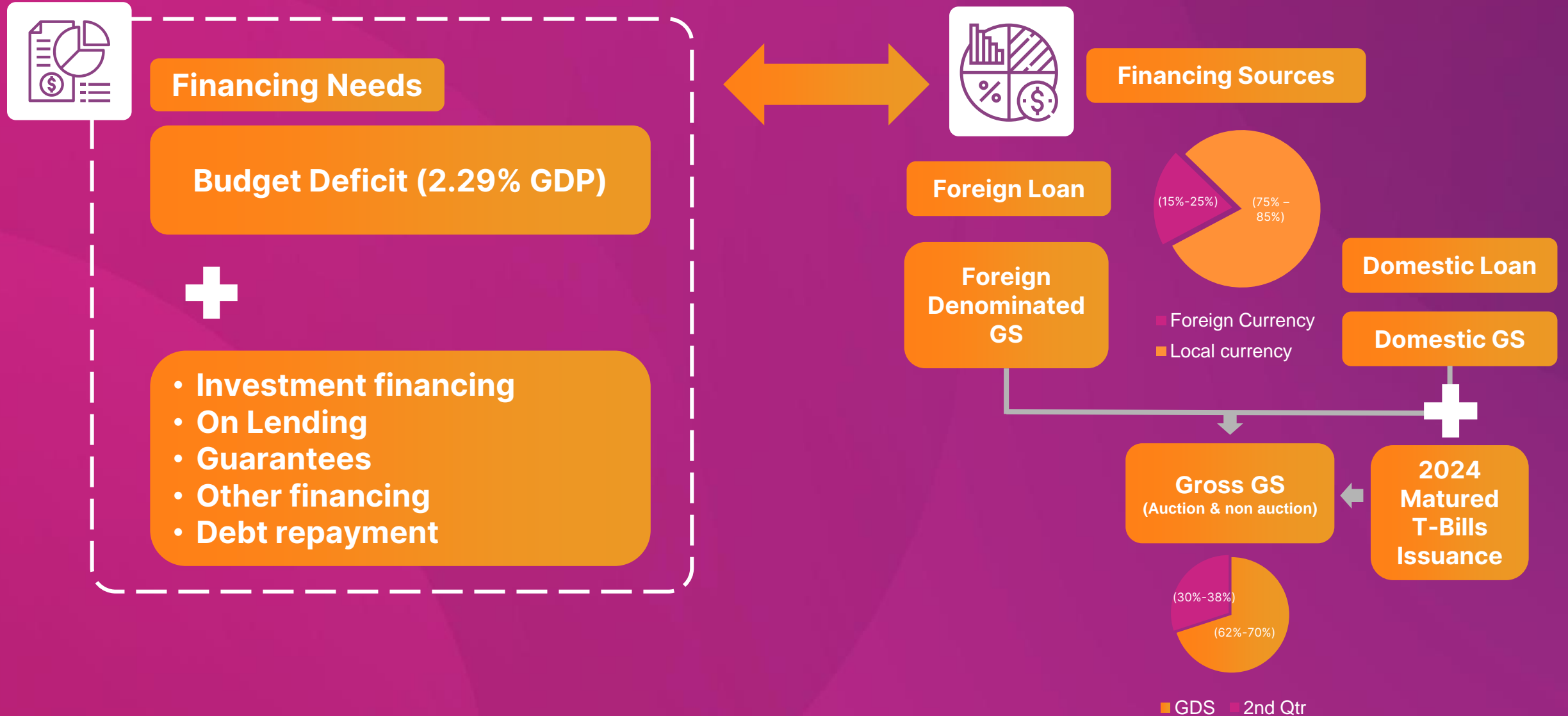


2024 Financing Policies

- **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





Account (IDRtn)	2023				2024			
	Perpres 75/2023	Realization ao Apr 30	Growth (%)	LKPP (Unaudited)	Budget	Realization ao Apr 30	% to budget	Growth (%)
A. Revenue	2,637.2	1,000.6	17.3	2,783.7	2,802.3	924.9	33.0	(7.6)
I. Tax Revenue	2,118.3	782.7	15.8	2,154.2	2,309.9	719.9	31.2	(8.0)
1. Tax	1,818.2	688.2	21.3	1,867.9	1,988.9	624.2	31.4	(9.3)
2. Custom & Excise	300.1	94.5	(12.8)	286.3	321.0	95.7	29.8	1.3
II. Non-Tax Revenue	515.8	217.9	22.9	612.6	492.0	203.3	41.3	(6.7)
B. Expenditure	3,117.2	765.8	2.0	3,121.2	3,325.1	849.2	25.5	10.9
I. Central Government	2,302.5	522.7	2.9	2,239.7	2,467.5	591.7	24.0	13.2
II. Regional Transfer & Village Funds	814.7	243.1	1.6	881.4	857.6	257.5	30.0	5.9
C. Primary Balance	(38.5)	374.4	69.8	102.5	(25.5)	237.1	(929.6)	(36.7)
D. Surplus (Deficit)	(479.9)	234.9	128.7	(337.4)	(522.8)	75.7	(14.5)	(67.8)
% to GDP	(2.27)	1.12		(1.62)	(2.29)	0.33		
E. Financing	479.9	224.4	56.7	356.7	522.8	71.1	13.6	(68.3)



Budget Financing (IDR Trillion)	2023				2024			
	Perpres 75/23	Real a.o Apr 30	Growth (%)	LKPP (Unaudited)	Budget	Real a.o. Apr 30	% to budget	Growth (%)
Budget Financing	479.9	244.2	56.7	356.7	522.8	71.1	13.6	(68.3)
1. Debt Financing	421.2	244.2	56.1	404.0	648.1	119.1	18.4	(51.2)
such as a. Govt Securities (nett)	437.8	240.0	68.8	308.2	666.4	128.6	19.3	(46.4)
2. Non-Debt Financing	58.7	(19.8)	50.5	(47.3)	(125.3)	(48.0)	38.3	142.4

- **As of April 30th 2024, debt financing (nett) amounted to IDR119.1 trillion (18.4% of total budget).**
- Budget financing through debt remains manageable, supported by the optimization of government securities issuance (auction and retail) and loans from multilateral and bilateral institutions, as well as the utilization of SAL.
- To achieve the most efficient and optimal financing, we execute financing strategies in a flexible and opportunistic manner in terms of timing, tenor, currency, and instrument.



GS ISSUANCE REALIZATION 2023-2024

(Trillion IDR)

	2023	ao May 28, 2024
Government Securities	807.25	458.66
Government Debt Securities (SUN)	506.05	331.33
IDR Denominated	447.08	279.06
- Prefunding	-	25.93
- Auction	369.92	229.21
- Private Placement	11.57	-
- Retail	65.59	23.92
FX Denominated	58.97	52.27
Sovereign Sharia Securities (SBSN)	301.20	127.33
IDR Denominated	269.80	127.33
- Prefunding	-	13.14
- Auction	181.00	92.66
- Private Placement	6.83	0.17
- Retail	61.94	21.36
FX Denominated	31.40	-

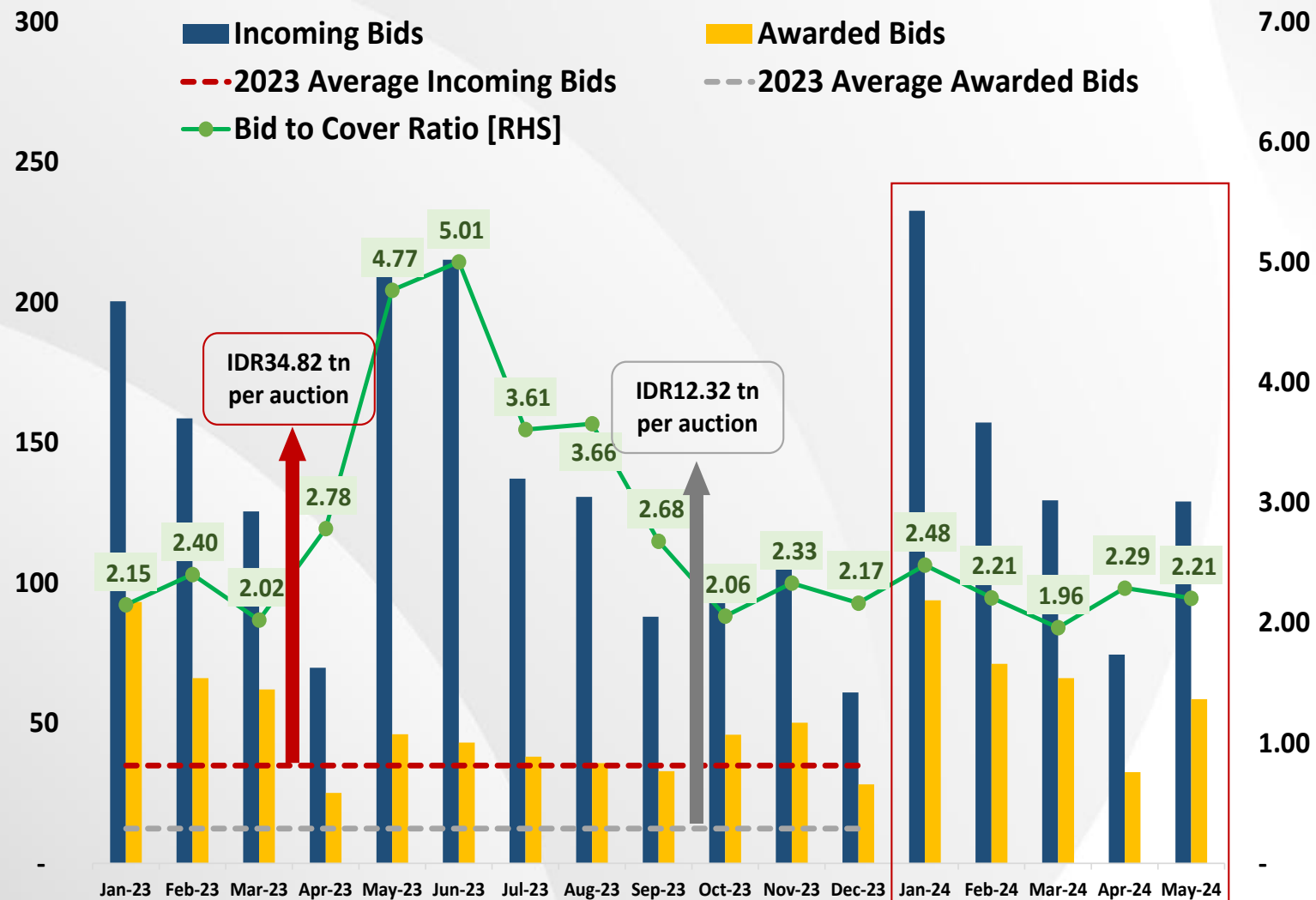


GOVERNMENT SECURITIES PERFORMANCE



PRIMARY MARKET PERFORMANCE 2023- 2024

Government Securities (GS)



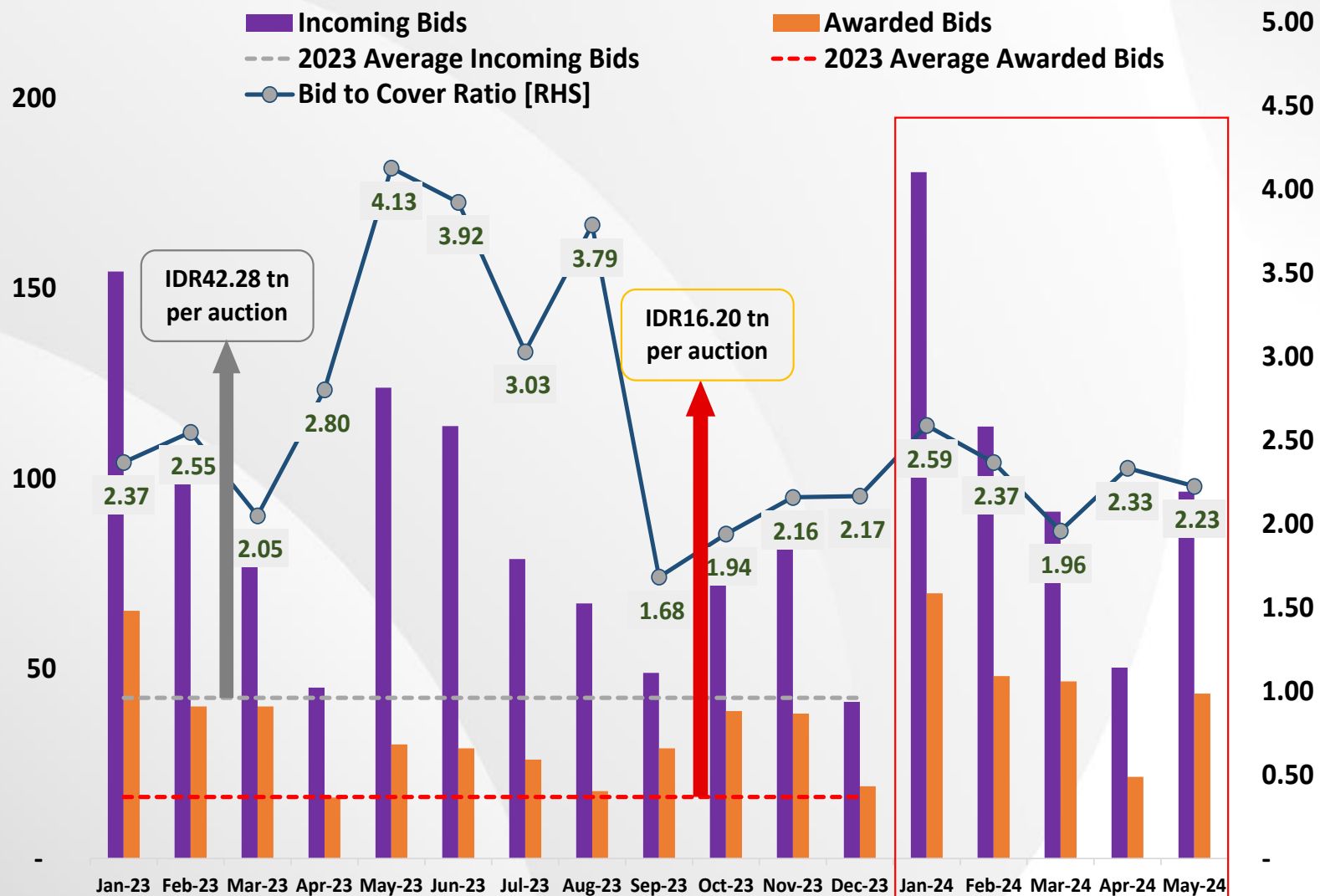
In 2024 :

- Average incoming bid is **IDR38.04 tn/auction**
- Average awarded bid is **IDR16.94 tn/auction**



PRIMARY MARKET PERFORMANCE 2023- 2024

Government Debt Securities (GDS)

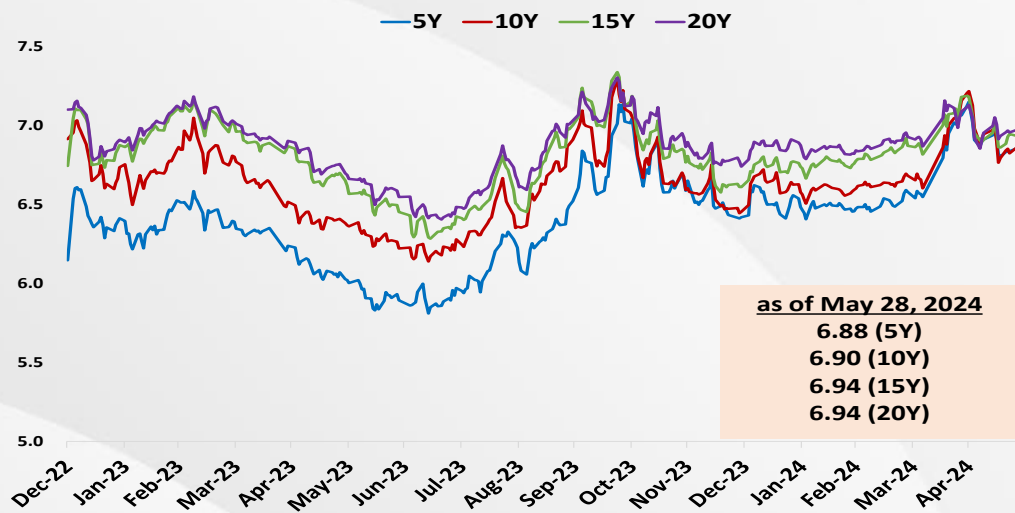


In 2024 :

- Average incoming bid is **IDR53.23 tn/auction**
- Average awarded bid is **IDR22.92 tn/auction**



Yields of Benchmark Series



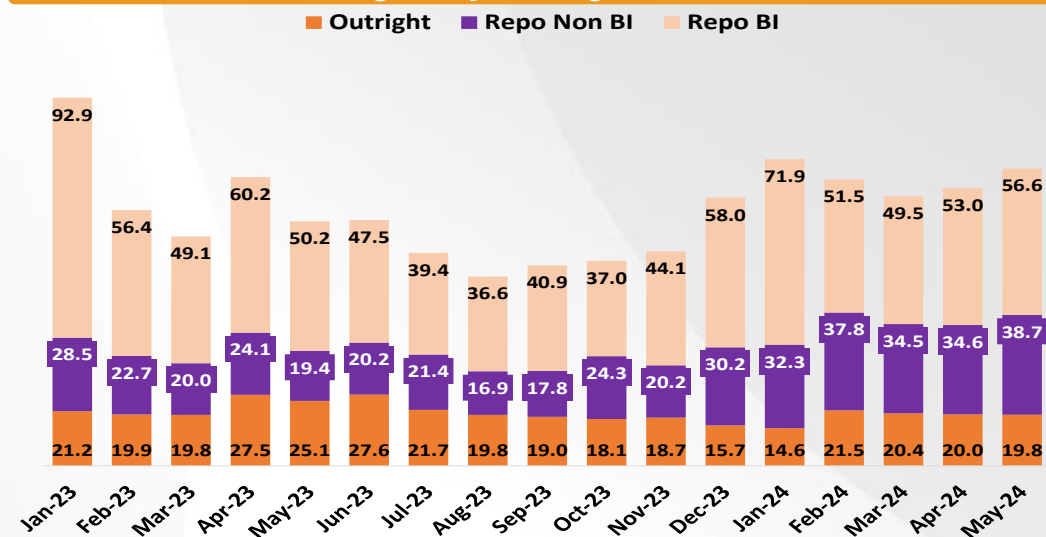
Source : BIPS

Peers 10y Govt Bonds' Yield

LCY 10 Year Government Bonds (a.o May 28,2024)	Latest Yield (%)	Prev Day Change (in bps)	YTD Change (in bps)
CN	2.30	(1.30)	(26.10)
ID	6.94	-	45.50
JP	1.03	0.50	41.60
KR	3.48	(2.00)	30.20
MY	3.90	(0.40)	16.50
SG	3.28	(0.60)	58.50
TH	2.79	(1.30)	11.70
VN	2.87	(2.50)	63.60

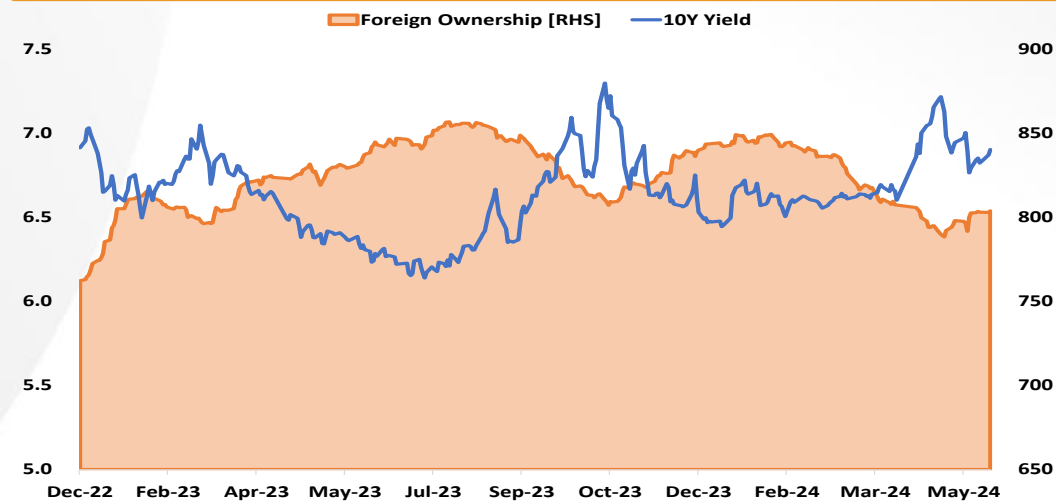
Source : Bloomberg

Average Daily Trading (IDR Trillion)



Source : BI-SSSS

Foreign Ownership V. 10Y Yield Movement



Source : BI-SSSS



OWNERSHIP OF TRADABLE DOMESTIC GS

Description	Dec-20		Dec-21		Dec-22		Dec-23		May-24	
Banks*	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,578.26	28.14%	1,323.08	23.12%
Govt Institutions (Bank Indonesia**)	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	999.44	17.82%	1,264.08	22.09%
Bank Indonesia (gross)	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,363.42	24.31%	1,403.77	24.53%
GS used for Monetary Operation	420.51	10.86%	419.27	8.96%	433.57	8.17%	363.98	6.49%	139.69	2.44%
Non-Banks	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	3,031.77	54.05%	3,135.58	54.79%
Mutual Funds	161.32	4.17%	157.93	3.38%	145.82	2.75%	177.95	3.17%	175.40	3.06%
Insurance Company and Pension Fund	542.82	14.02%	655.24	14.00%	873.03	16.44%	1,034.95	18.45%	1,085.84	18.97%
Foreign Holders	973.91	25.16%	891.34	19.05%	762.19	14.36%	838.52	14.95%	803.76	14.04%
Foreign Govt's & Central Banks	178.31	4.61%	233.45	4.99%	203.11	3.83%	227.35	4.05%	225.73	3.94%
Individual	131.21	3.39%	221.41	4.73%	344.30	6.48%	431.92	7.70%	488.82	8.54%
Others	231.57	5.98%	360.47	7.70%	466.65	8.79%	548.43	9.78%	581.76	10.17%
Total	3,870.76	100%	4,678.98	100%	5,309.43	100%	5,609.48	100%	5,722.74	100%

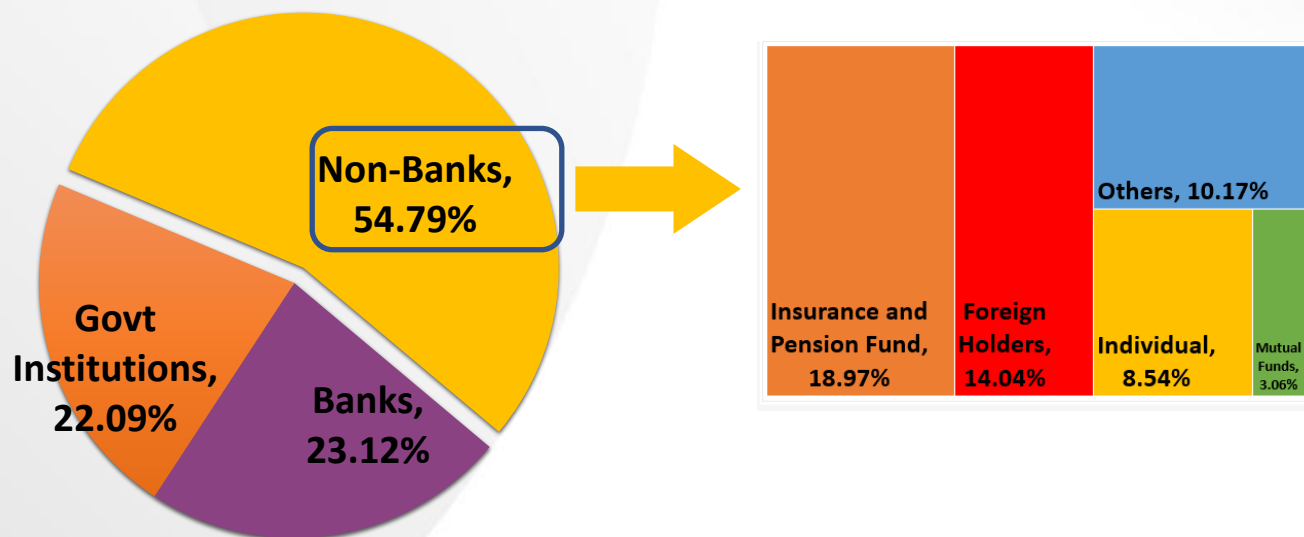
1) Non Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.

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 : SI-BISSSS



63.17%

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

IDR1,092.02

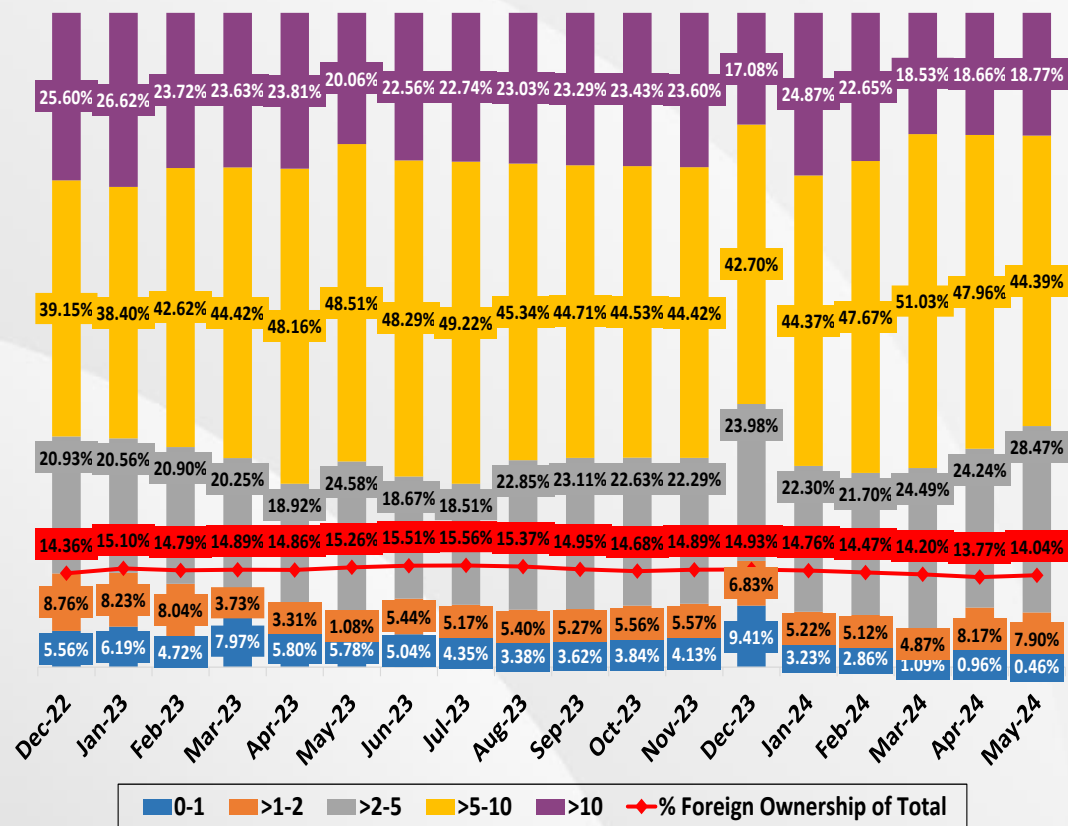
on January 24, 2020, foreign holders reach a record high in nominal terms



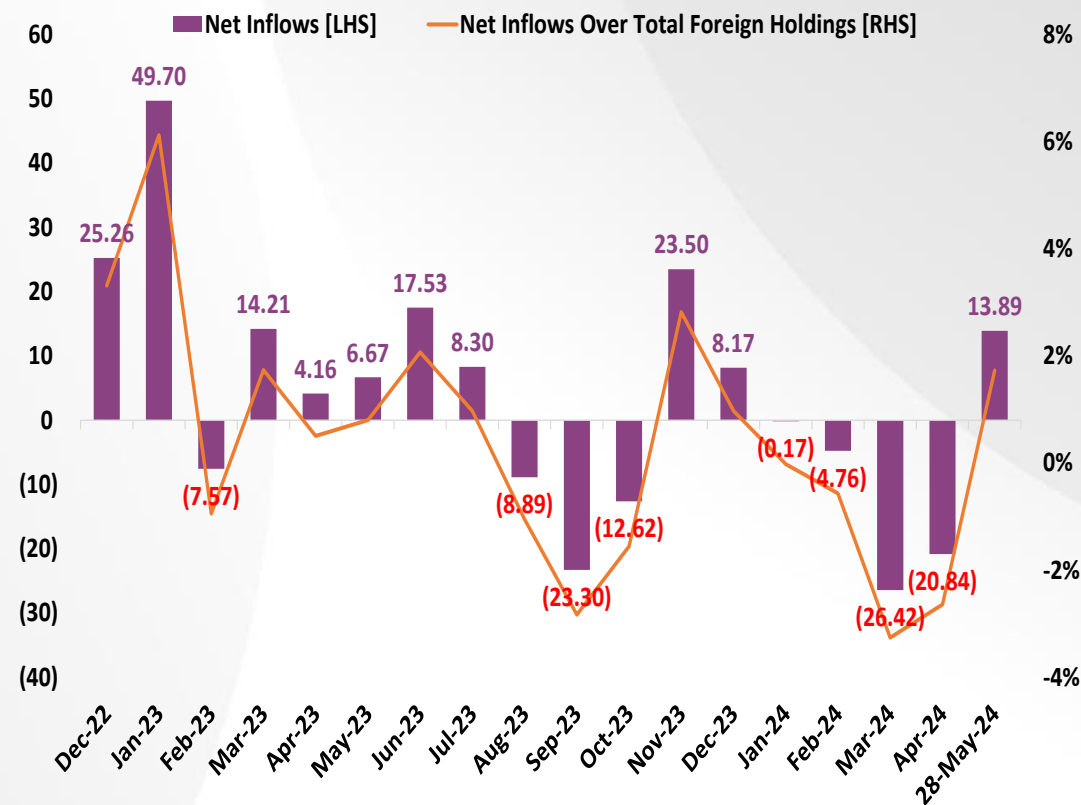
FOREIGN INVESTOR ACTIVITY

Foreign investor mostly dominated by high quality long term investor

Foreign Ownership - Proportion by Tenor



Monthly Net Buyer (Seller) - Non Resident



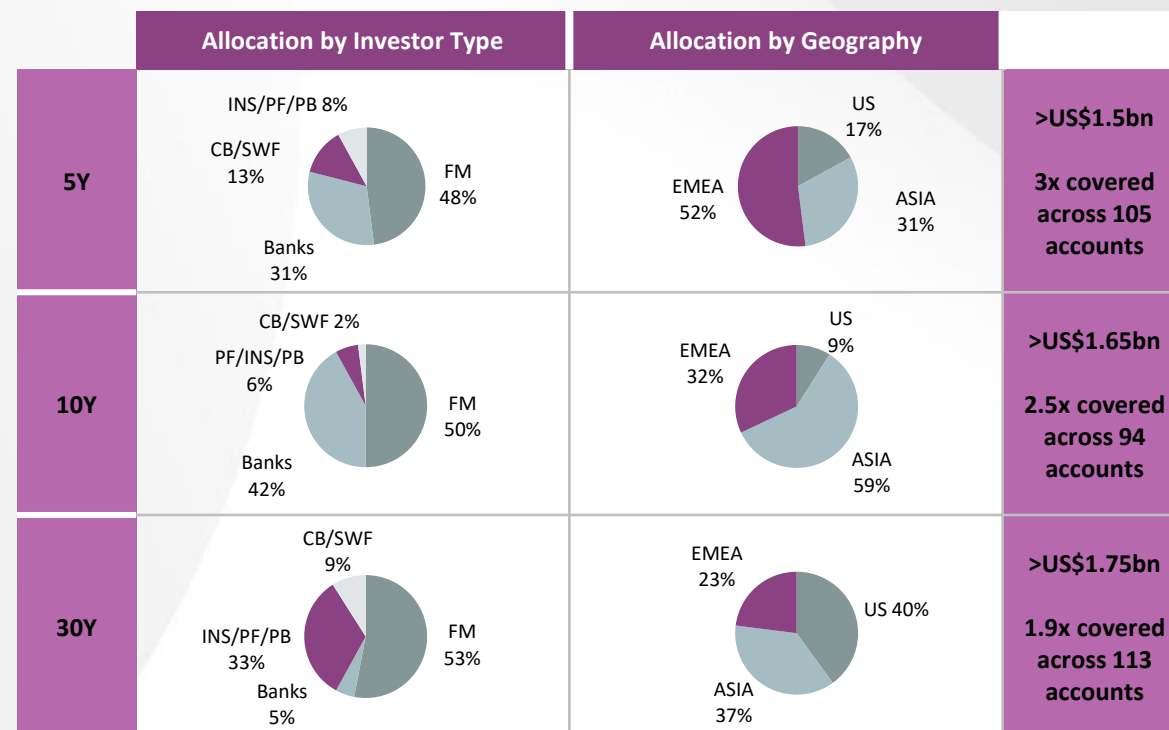
Source : BI-SSSS



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





2024 SAMURAI BONDS DEAL REVIEW

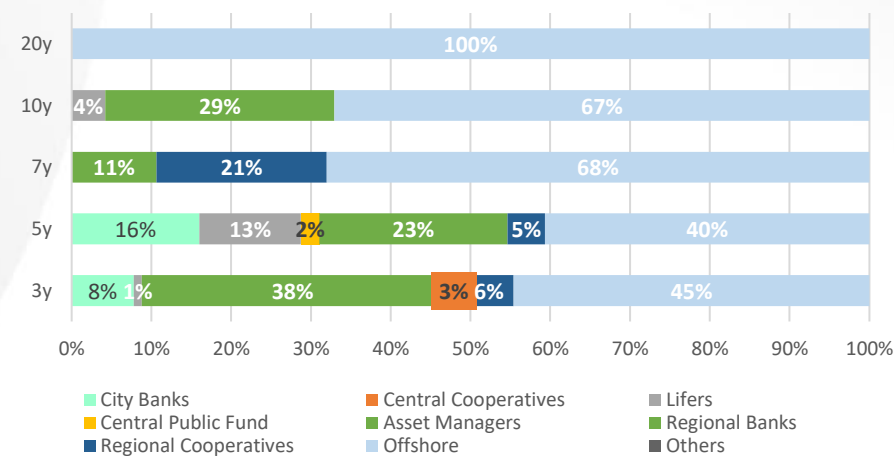
Issuer	Republic of Indonesia							
Bond Rating	Baa2 (Moody's), BBB (S&P), BBB (Fitch)							
Format	Samurai							
Pricing Date	May 17, 2024							
Settlement Date	May 27, 2024							
Total Size	JPY 200bn							
Tenor	3 years	5 years	7 years	10 years	7 years	10 years	10 years	
Maturity	May 27, 2027	May 25, 2029	May 27, 2031	May 26, 2034	May 27, 2031	May 26, 2034	May 27, 2044	
Tranche Size	JPY80.0bn	JPY88.0bn	JPY17.7bn	JPY19.3bn	JPY2.0bn	JPY6.8bn	JPY16.2bn	
Coupon (p.a.)	0.99%	1.33%	1.57%	1.91%	1.57%	1.91%	2.55%	
Reoffer Spread (bp)	MS+50	MS+70	MS+80	MS+92	MS+80	MS+92	MS+103	
JLM	Daiwa / Mizuho / Nomura / SMBC Nikko							

Blue Bond

Deal Highlight

- On May 17, the Republic of Indonesia ("RoI") successfully priced a JPY 200bn multi-tranche Samurai Bonds transaction with blue tranches, marking the tenth consecutive year to access to the Samurai market as well as RoI's second blue bonds following the inaugural issuance last year.
- The transaction marked a number of important milestones including:
 - The largest transaction size from RoI in the JPY bond markets with well oversubscribed orderbook
 - The largest issuance size from a sovereign issuer in the history of the Samurai market
 - The largest (JPY 25bn) and longest (20yr) blue bond issuance ever in the JPY bond markets
- The RoI has successfully priced 3yr and 5yr at spreads below those of the previous year and achieved the largest issue volume in 7yr and longer tranches, and issuance of 20 year for the first time since 2021. The successful transaction underscores the robust yen bond market and the strong investor base bolstered by RoI's annual issuances.

Investor Breakdown



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



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

