



djppr

# GOVERNMENT SECURITIES MANAGEMENT

Aug 20, 2024



# Outline

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

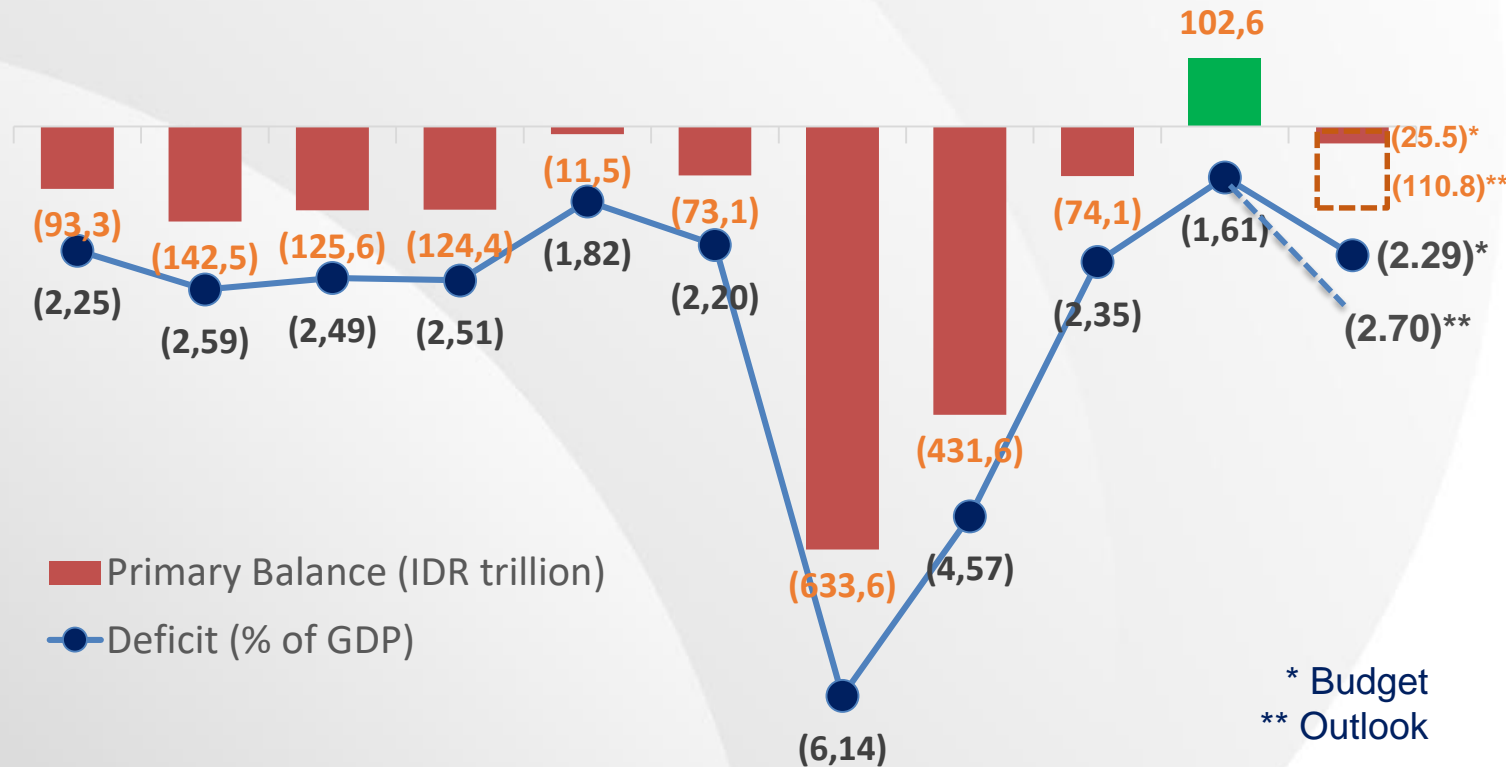


# **BUDGET FINANCING STRATEGY & REALIZATION**



## Primary Balance and Deficit to GDP 2014 - 2024

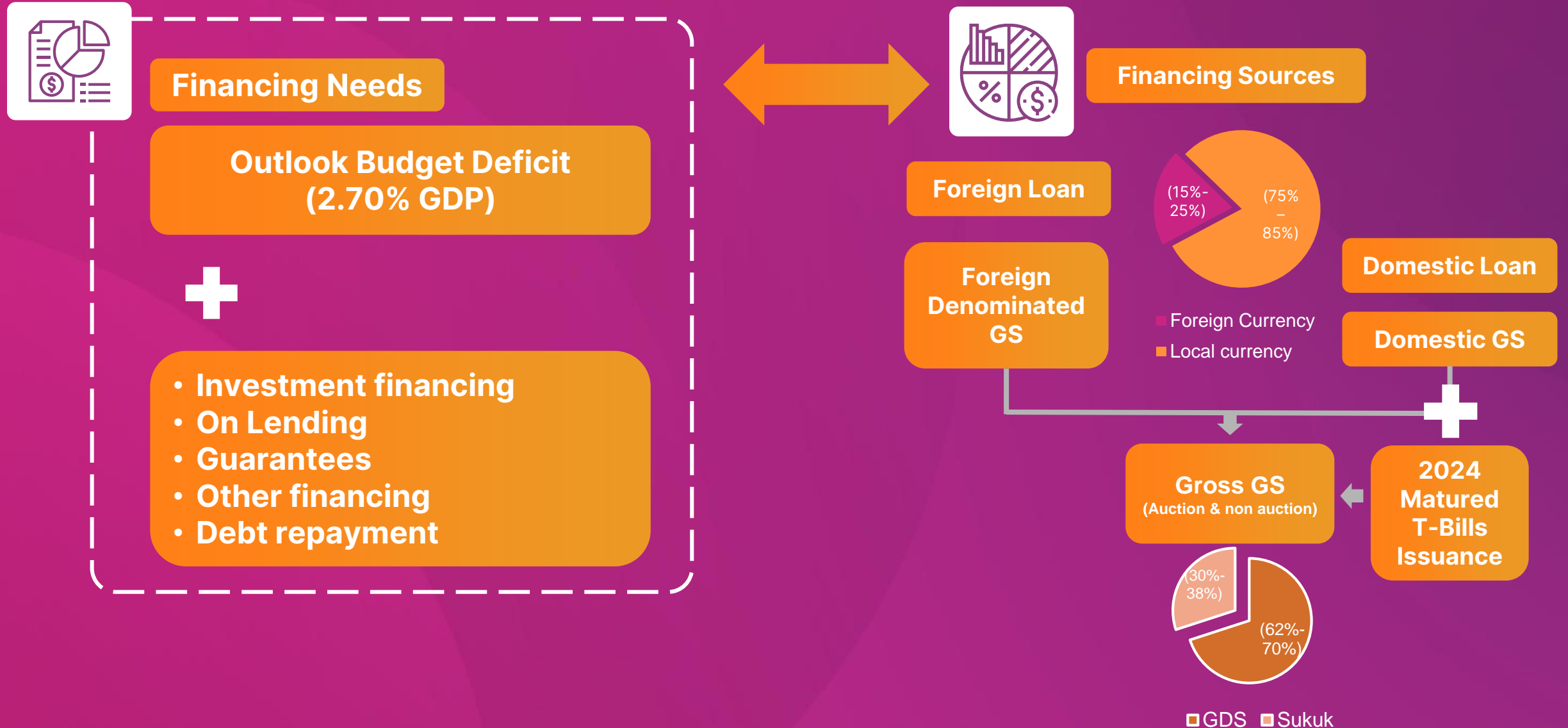
2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024



## 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 July 31 <sup>st</sup>	Growth (%)	LKPP (Unaudited)	Budget	Realization ao July 31 <sup>st</sup>	% to budget	Growth (%)
<b>A. Revenue</b>	<b>2,637.2</b>	<b>1,614.9</b>	<b>4.1</b>	<b>2,783.9</b>	<b>2,802.3</b>	<b>1,545.4</b>	<b>55.1</b>	<b>(4.3)</b>
I. Tax Revenue	2,118.3	1,258.9	3.7	2,154.2	2,309.9	1,199.7	51.9	(4.7)
1. Tax	1,818.2	1,109.1	7.8	1,867.9	1,988.9	1,045.3	52.6	(5.8)
2. Custom & Excise	300.1	149.8	(19.1)	286.3	321.0	154.4	48.1	3.1
II. Non-Tax Revenue	515.8	355.7	5.5	612.5	492.0	338.0	68.7	(5.0)
<b>B. Expenditure</b>	<b>3,117.2</b>	<b>1,461.2</b>	<b>1.2</b>	<b>3,121.2</b>	<b>3,325.1</b>	<b>1,638.8</b>	<b>49.3</b>	<b>12.2</b>
I. Central Government	2,302.5	1,020.4	(1.0)	2,239.8	2,467.5	1,170.8	47.5	14.7
II. Regional Transfer & Village Funds	814.7	440.9	6.6	881.4	857.6	468.0	54.6	6.1
<b>C. Primary Balance</b>	<b>(38.5)</b>	<b>394.6</b>	<b>24.6</b>	<b>102.6</b>	<b>(25.5)</b>	<b>179.3</b>	<b>(703.2)</b>	<b>(54.6)</b>
<b>D. Surplus (Deficit)</b>	<b>(479.9)</b>	<b>153.7</b>	<b>44.2</b>	<b>(337.3)</b>	<b>(522.8)</b>	<b>(93.4)</b>	<b>17.9</b>	<b>(160.8)</b>
<b>% to GDP</b>	<b>(2.27)</b>	<b>0.74</b>		<b>(1.61)</b>	<b>(2.29)</b>	<b>(0.41)</b>		
<b>E. Financing</b>	<b>479.9</b>	<b>164.5</b>	<b>(16.7)</b>	<b>356.7</b>	<b>522.8</b>	<b>217.0</b>	<b>41.5</b>	<b>31.9</b>



	2023 (end of year) - IDR trillion			2024 (as of July) - IDR trillion		
	Budget	Realization (Audited)	% of Budget	Budget	Realization (Preliminary)	% of Budget
Debt Financing	421.2	403.95	95.9	648.1	266.3	41.1
GS (nett)	437.8	308.19	70.4	666.4	253.0	38.0
Non Debt Financing	58.7	(47.3)	(80.6)	(125.3)	(49.3)	39.4

- By adhering to prudent, measured, opportunistic, and flexible principles, budget financing management through debt and non-debt instruments remains under control.
- The deepening of the domestic market and the strengthening of the financial system, which involves synergy across the fiscal, monetary, and financial sectors, continue to enhance the independence of state budget financing.
- Deficit control goes together with the development of innovative and creative financing to maintain fiscal sustainability.



# GS ISSUANCE REALIZATION 2023-2024

(Trillion IDR)

	2023	ao Aug 20, 2024
Government Securities	807.25	729.02
Government Debt Securities (SUN)	506.05	491.78
IDR Denominated	447.08	439.52
- Prefunding	-	25.93
- Auction	369.92	370.21
- Private Placement	11.57	-
- Retail	65.59	43.37
FX Denominated	58.97	52.26
Sovereign Sharia Securities (SBSN)	301.20	237.24
IDR Denominated	269.80	198.21
- Prefunding	-	13.14
- Auction	181.00	143.89
- Private Placement	6.83	0.17
- Retail	61.94	41.00
FX Denominated	31.40	38.43



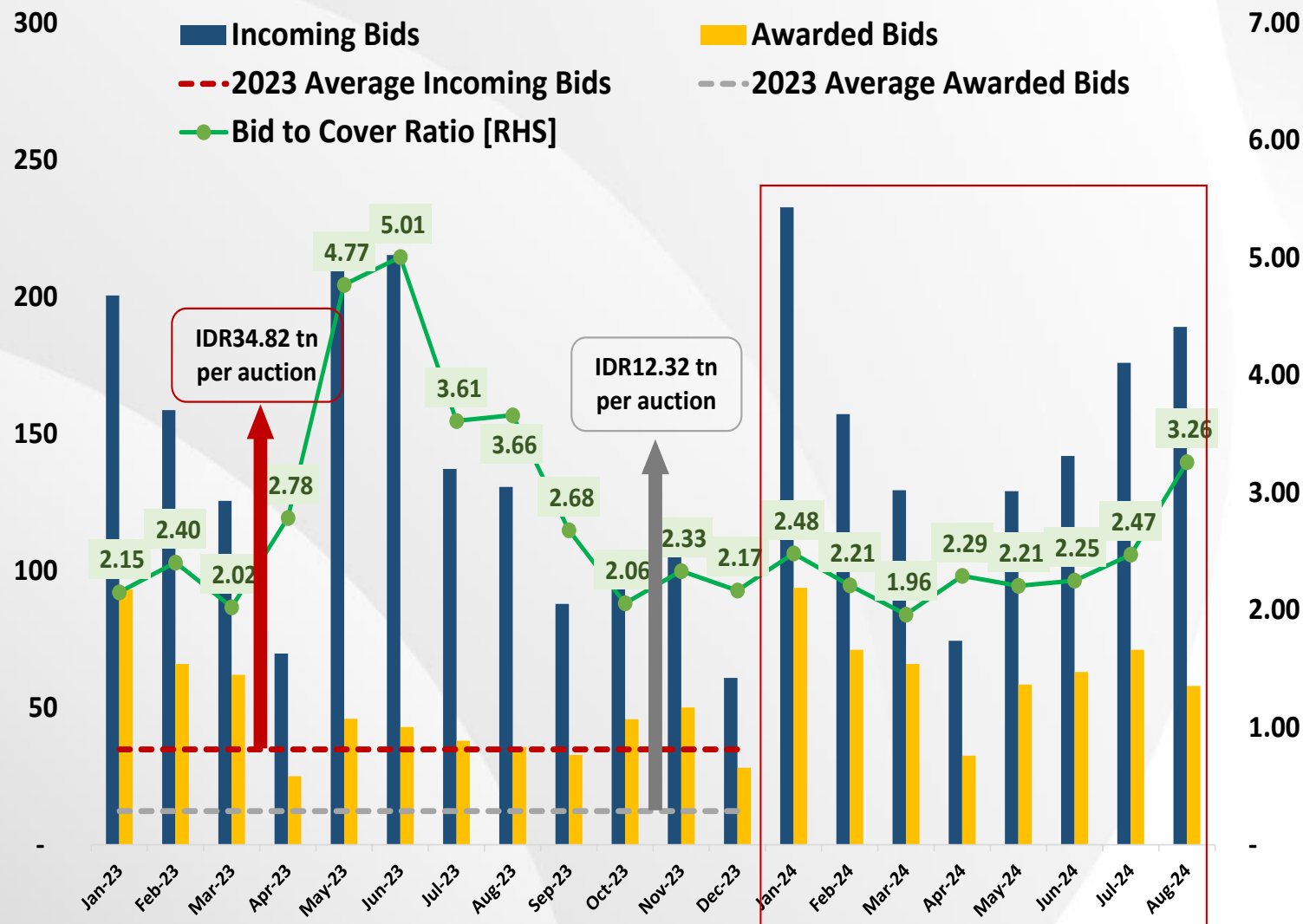


# GOVERNMENT SECURITIES PERFORMANCE



# PRIMARY MARKET PERFORMANCE 2023- 2024

Government Securities (GS)



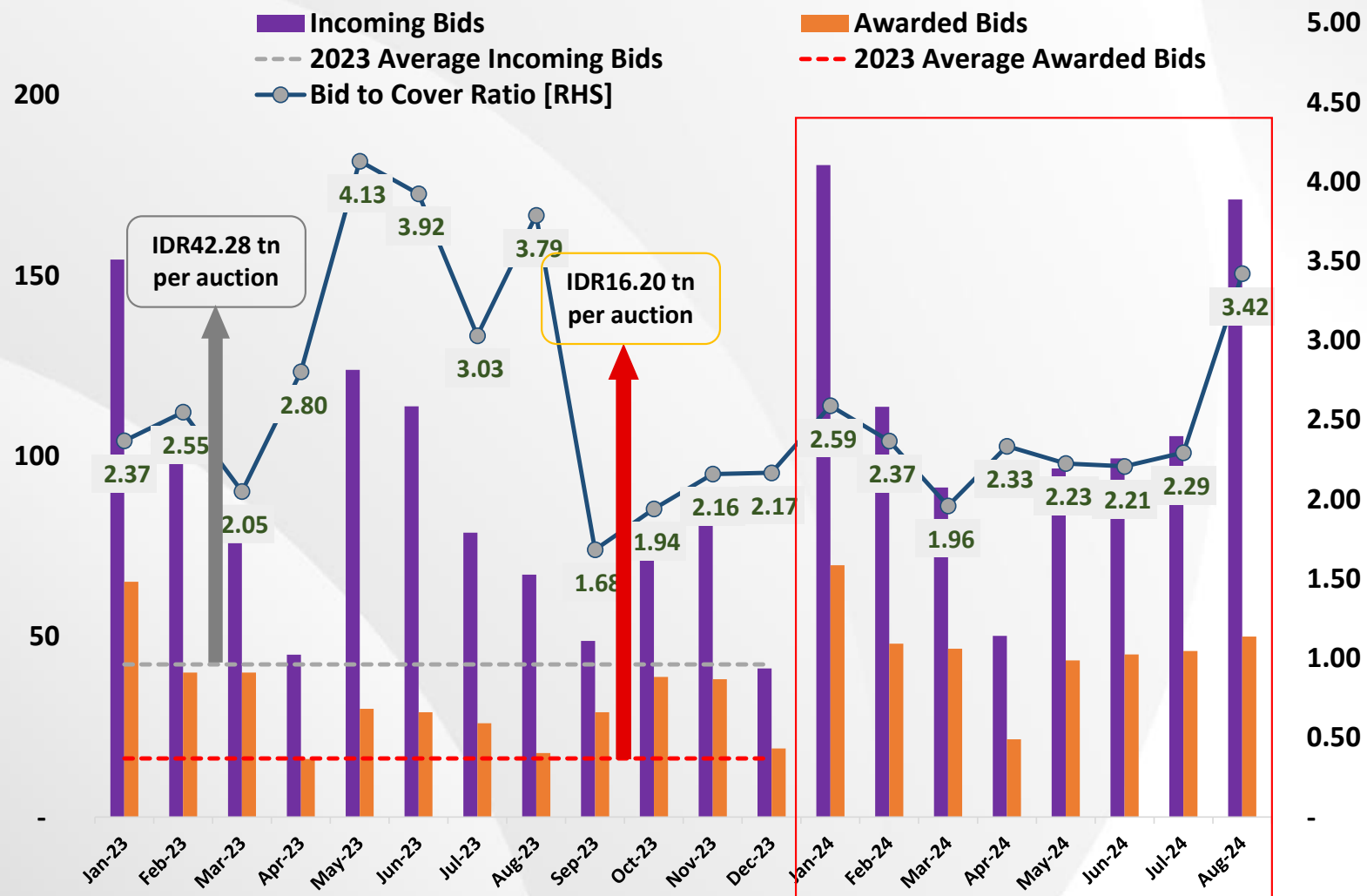
## In 2024 :

- Average incoming bid is **IDR39.67tn/auction**
- Average awarded bid is **IDR16.58 tn/auction**



# PRIMARY MARKET PERFORMANCE 2023- 2024

Government Debt Securities (GDS)



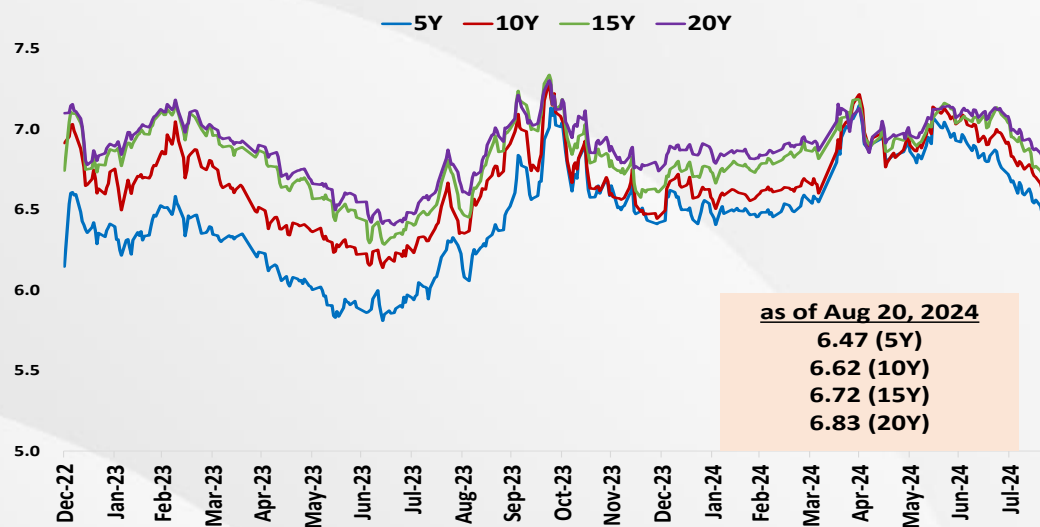
## In 2024 :

- Average incoming bid is **IDR56.77 tn/auction**
- Average awarded bid is **IDR23.14 tn/auction**



# SECONDARY MARKET PERFORMANCE

## Yields of Benchmark Series



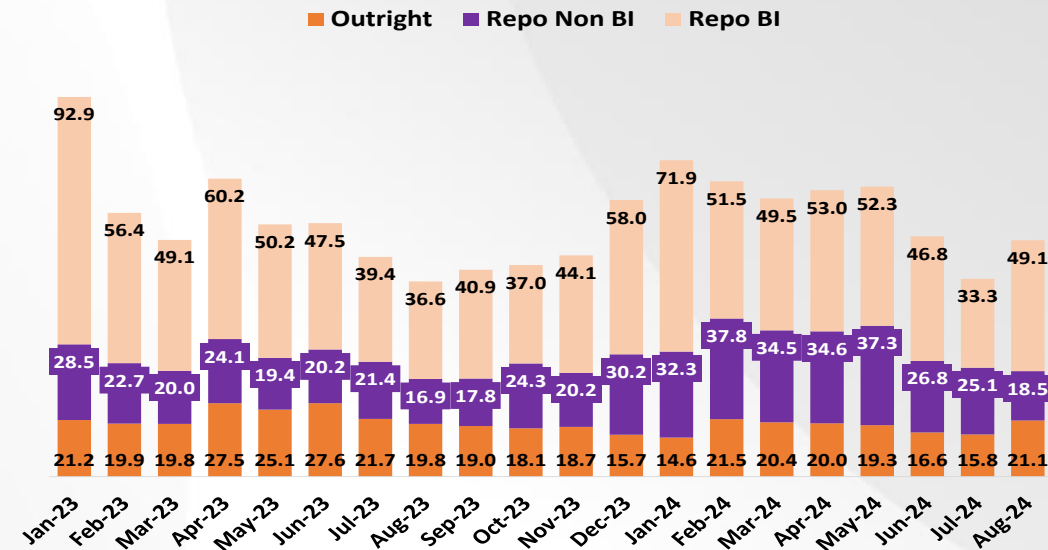
Source : BIPS

## Peers 10y Govt Bonds' Yield

LCY 10 Year Government Bonds (a.o Aug 20,2024)	Latest Yield (%)	Prev Day Change (in bps)	YTD Change (in bps)
CN	2.17	(0.50)	(39.10)
<b>ID</b>	<b>6.64</b>	<b>(4.60)</b>	<b>16.00</b>
JP	0.89	0.30	27.90
KR	3.00	1.50	(17.50)
MY	3.78	(0.40)	4.50
SG	2.75	(0.30)	6.30
TH	2.56	2.40	(12.00)
VN	2.72	(0.70)	48.20

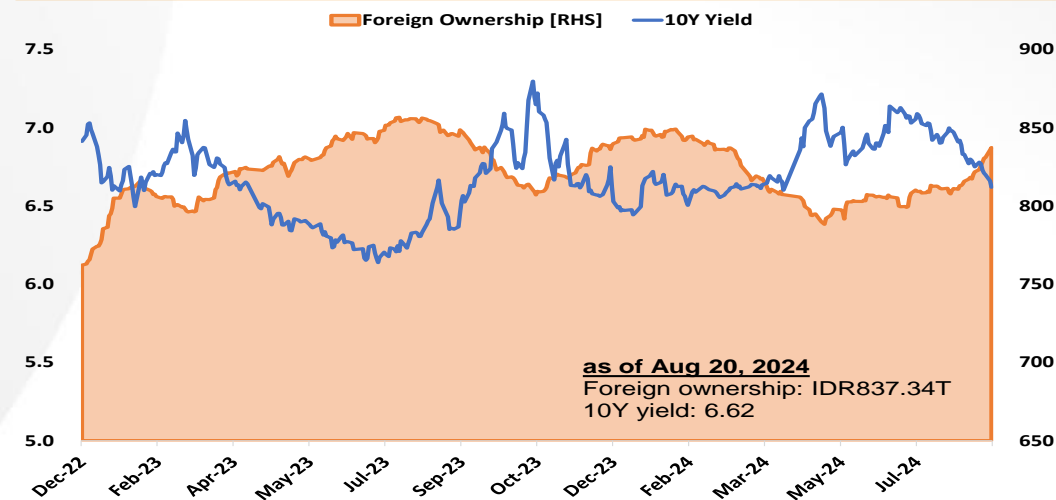
Source : Bloomberg

## 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		Aug-24	
Banks*	1,375.57	35.54%	1,591.12	34.01%	1,697.43	31.97%	1,578.26	28.14%	1,123.59	19.22%
Govt Institutions (Bank Indonesia**)	454.36	11.74%	801.46	17.13%	1,020.02	19.21%	999.44	17.82%	1,484.33	25.40%
Bank Indonesia (gross)	874.88	22.60%	1,220.73	26.09%	1,453.58	27.38%	1,363.42	24.31%	1,411.94	24.16%
GS used for Monetary Operation	420.51	10.86%	419.27	8.96%	433.57	8.17%	363.98	6.49%	(72.39)	-1.24%
Non-Banks	2,040.83	52.72%	2,286.40	48.87%	2,591.98	48.82%	3,031.77	54.05%	3,236.75	55.38%
Mutual Funds	161.32	4.17%	157.93	3.38%	145.82	2.75%	177.95	3.17%	183.57	3.14%
Insurance Company and Pension Fund	542.82	14.02%	655.24	14.00%	873.03	16.44%	1,034.95	18.45%	1,107.33	18.95%
Foreign Holders	973.91	25.16%	891.34	19.05%	762.19	14.36%	838.52	14.95%	837.34	14.33%
Foreign Govt's & Central Banks	178.31	4.61%	233.45	4.99%	203.11	3.83%	227.35	4.05%	237.03	4.06%
Individual	131.21	3.39%	221.41	4.73%	344.30	6.48%	431.92	7.70%	508.60	8.70%
Others	231.57	5.98%	360.47	7.70%	466.65	8.79%	548.43	9.78%	599.90	10.26%
Total	3,870.76	100%	4,678.98	100%	5,309.43	100%	5,609.48	100%	5,844.67	100%

64.26%

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

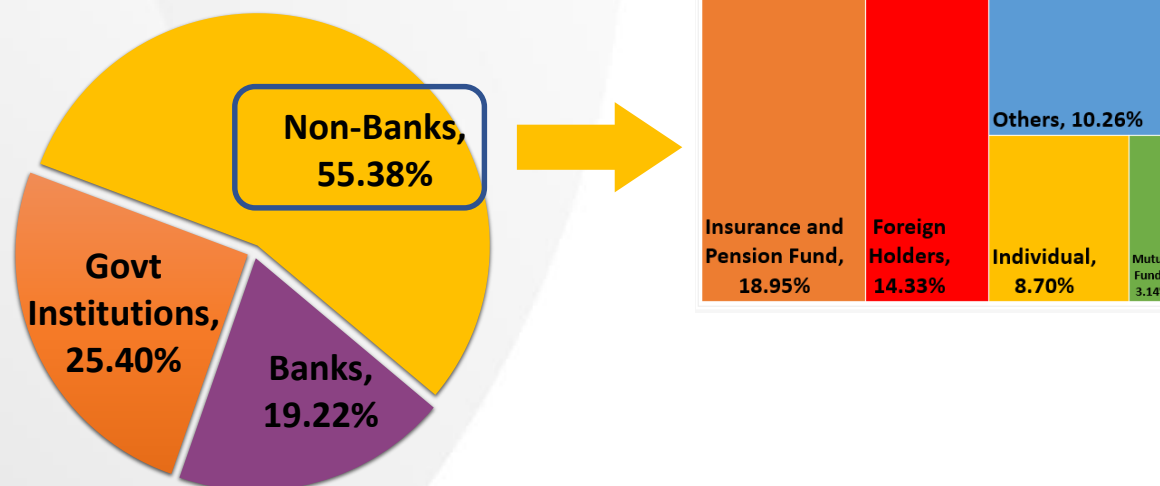
1) Non Resident consists of Private Bank, Fund/Asset Manager, Securities Company, Insurance Company, and Pension Fund.

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 : SI-BISSSS

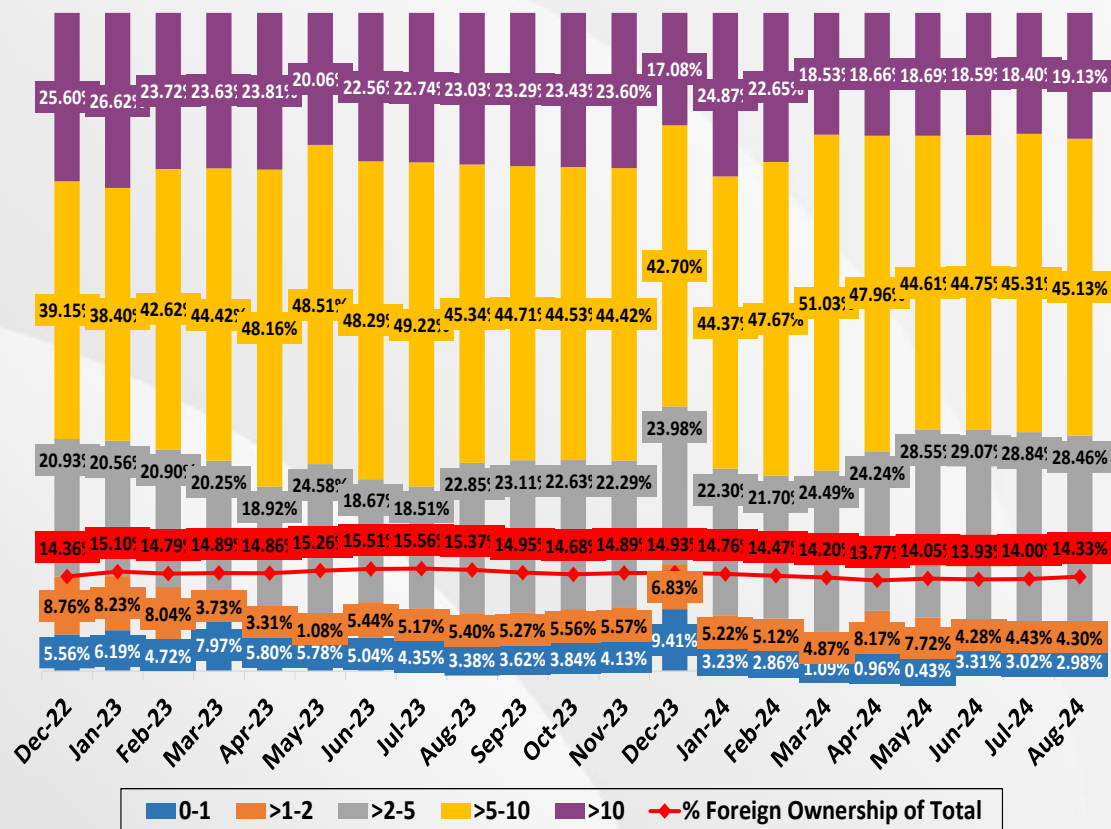




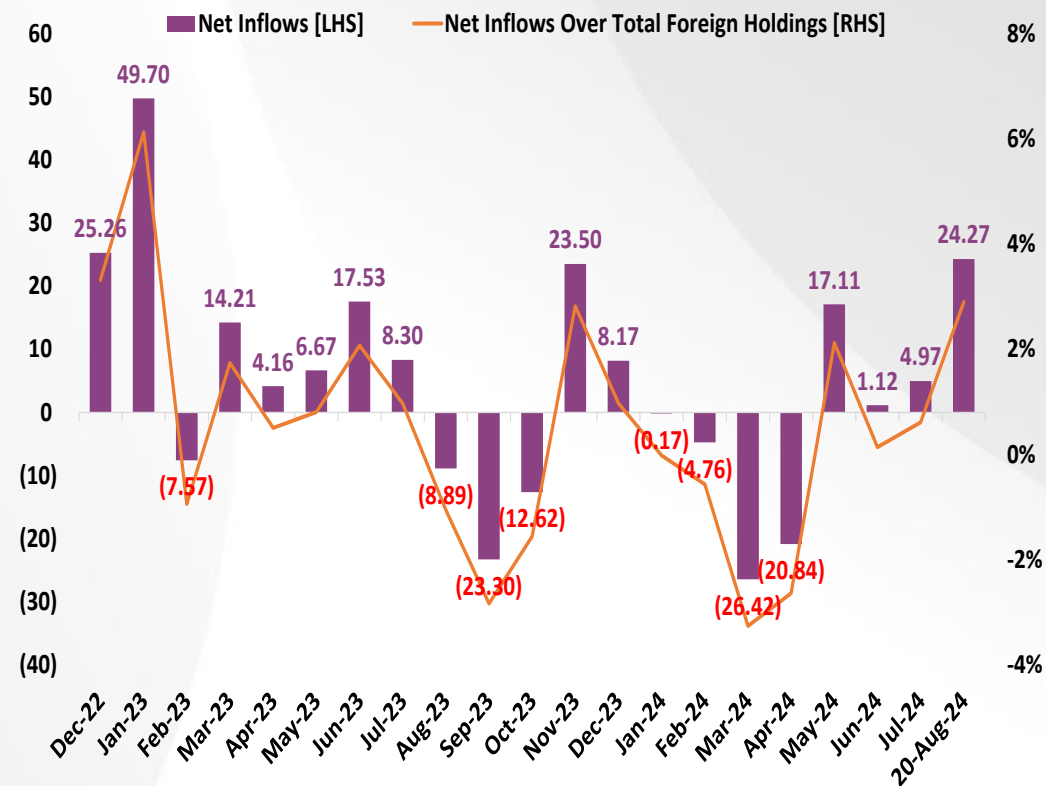
# FOREIGN INVESTOR ACTIVITY

Foreign investor mostly dominated by high quality long term investor

Foreign Ownership - Proportion by Tenor



Monthly Net Buyer (Seller) - Non Resident



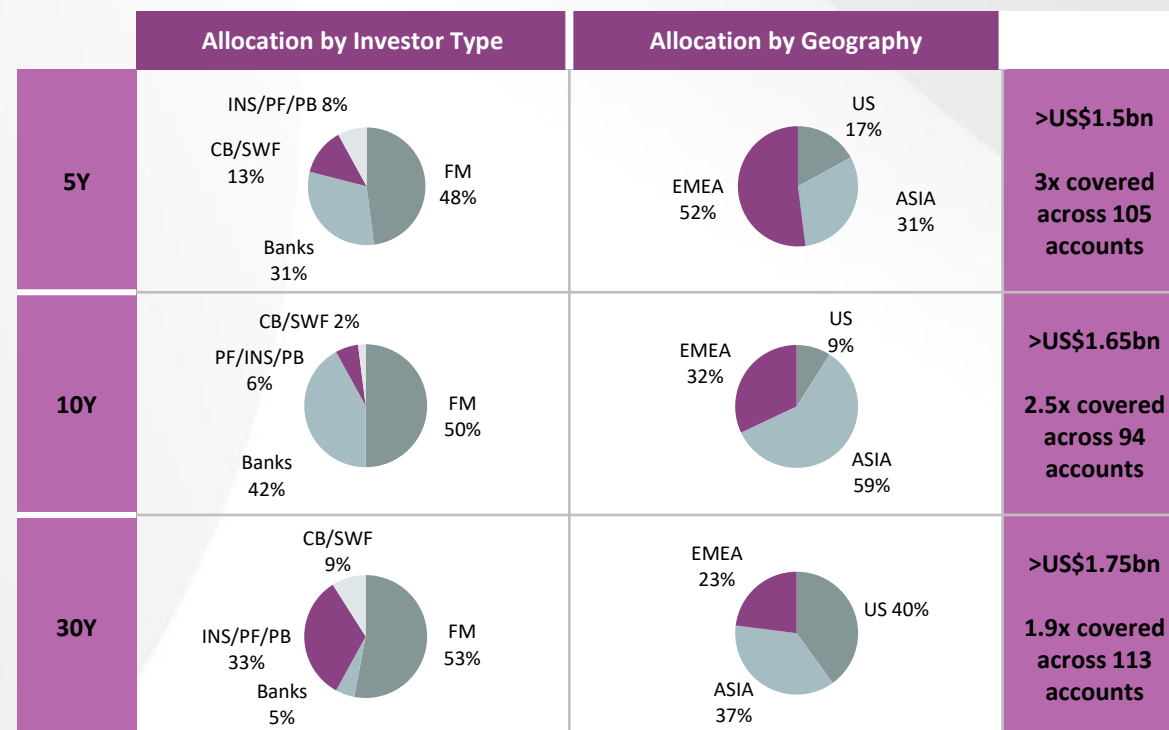




Issuer	Republic of Indonesia		
Issuer Rating	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)		
Format	SEC-Registered		
Pricing Date	January 3, 2024		
Settlement Date	January 10, 2024		
Issue Size	USD2.05 bn		
Tenor	Long-5 year	Long-10 year	Long-30 year
Maturity	March 10, 2029	February 10, 2034	February 10, 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

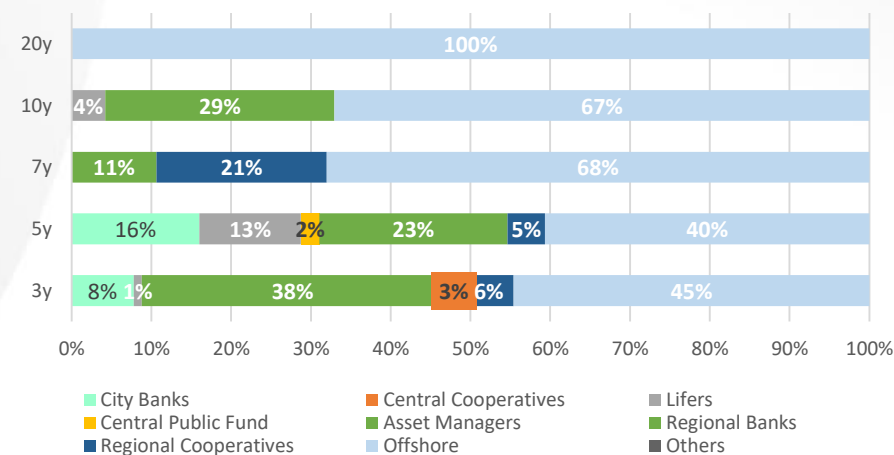
Issuer	Republic of Indonesia							
Bond Rating	Baa2 (Moody's), BBB (S&P), BBB (Fitch)							
Format	Samurai							
Pricing Date	May 17, 2024							
Settlement Date	May 27, 2024							
Total Size	JPY 200bn							
Tenor	3 years	5 years	7 years	10 years	7 years	10 years	20 years	
Maturity	May 27, 2027	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





# 2024 GLOBAL SUKUK TRANSACTION SUMMARY

Issuer	Perusahaan Penerbit SBSN Indonesia III		
Issue Format	144A / Reg S, Senior, Unsecured, Wakala US\$ Trust Certificate ("Sukuk") issued under a USD\$35 billion Trust Certificate Issuance Programme		
Issuer Ratings	Baa2 Stb (Moody's) / BBB Stb (S&P) / BBB Stb (Fitch)		
Issue Ratings	Baa2 (Moody's) / BBB (S&P) / BBB (Fitch)		
Pricing Date	25 June 2024		
Issue Date	2 July 2024 (T+5)		
Tenor	5Y Sukuk	USD 10Y Sukuk	USD 30Y Sukuk (Green)
Maturity Date	2 July 2029	2 July 2034	2 July 2054
Tranche Size	USD 750 million	USD 1 billion	USD 600 million
Profit Rate	5.10% Fixed, Semi-annual, 30/360	5.20% Fixed, Semi-annual, 30/360	5.50% Fixed, Semi-annual 30/360
Re-Offer Price	100.00%	100.00%	100.00%
Reoffer Spread	UST + 83 bps	UST + 96 bps	UST + 111 bps
Reg S ISIN	USY68613AA90	USY68613AB73	USY68613AC56
144A ISIN	US71567TAA07	US71567TAB89	US71567TAC62
Use of Proceeds	<p>The Obligor intends to use the net proceeds it receives from the issue of Sukuk to meet part of its general financing requirements.</p> <p>The Obligor intends to invest an amount equal to the net proceeds from the issue of the trust certificates exclusively to finance or re-finance expenditure directly related to "Eligible SDGs Expenditures with Green and Blue focus" as defined in the Obligor's SDGs Government Securities Framework.</p>		
Other Details	USD200k/1k denoms., English / Indonesian Law		
Listing	SGX-ST and Nasdaq Dubai		
Joint Bookrunners	Citigroup (B&D), Dubai Islamic Bank, HSBC, Mandiri Securities and MUFG Securities		
Co-Managers	PT BRI Danareksa Sekuritas and PT Trimegah Sekuritas Indonesia Tbk		

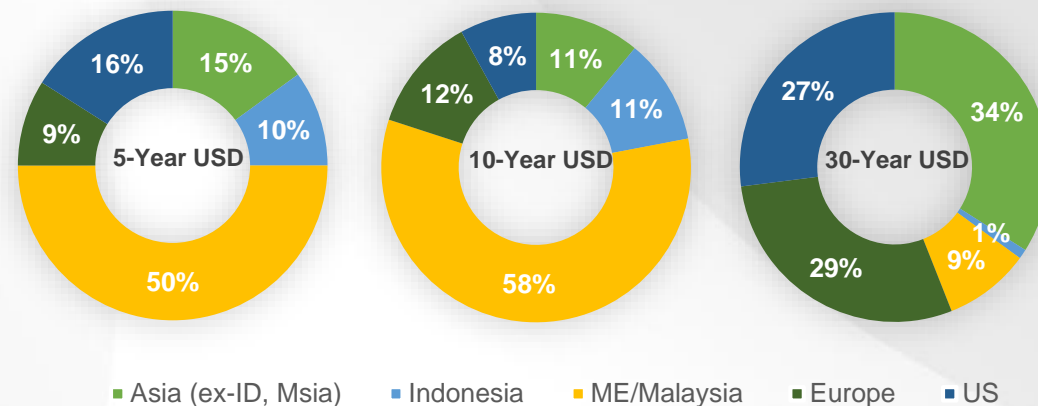
## Deal Highlight

- Several notable achievements of this transaction include:
  - Negative NIC for the 5-year tranche, and a low NICs for the 10 and 30 years
  - Peak orderbook stood at US\$ 8.0 billion, at 3.42x cover allowing 30bps tightening across all tranches, the steepest tightening from Indonesian global bonds issuance this year
  - Higher allocation to Islamic/Middle Eastern investors for the 5 and 10 year compared to 2023 issuance, increasing the diversity of investor base of ROI's securities
  - Largest USD issuance from ASEAN issuers this year
- The 30-year Green Sukuk tranche is the seventh global Green Sukuk issued by the Republic, and the second since the Republic published its SDGs Government Securities Framework in August 2021.

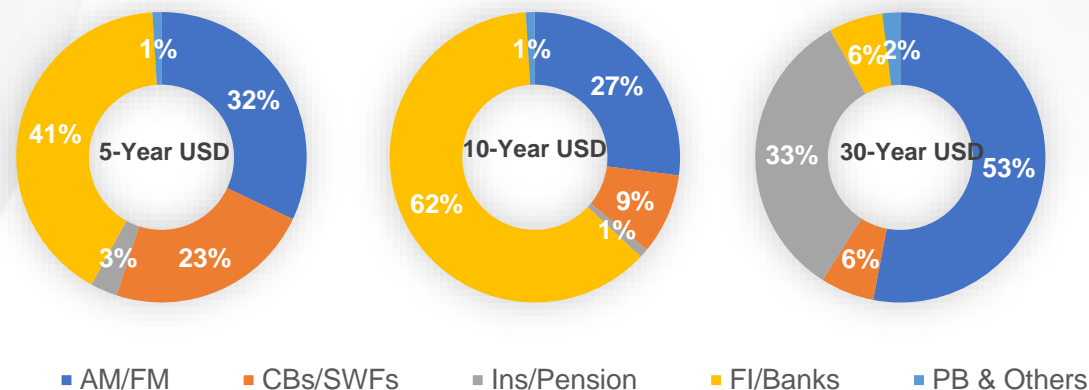
## ORDERBOOK DISTRIBUTION

5-Year USD	10-Year USD	30-Year USD
<b>US\$ 1.50bn+</b>	<b>US\$ 1.80bn+</b>	<b>US\$ 1.20bn+</b>
From 52 accounts	From 59 accounts	From 76 accounts

## INVESTORS BY GEOGRAPHY (ALLOCATION)



## INVESTORS BY TYPE (ALLOCATION)



# 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"> <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	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"> <li>• State General Treasury Account (Rekening KUN) (min. level Normal Alert)</li> <li>• Accumulated cash surplus (SAL) (min. Level Suspected Crisis)</li> </ul>



# THANK YOU



© 2023

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](http://www.djppr.kemenkeu.go.id)

