

## External Pressure Still Continues

Economic Indicators	2022	2023F
Real GDP (% yoy)	5.31	5.04
Inflation (% yoy, eoy)	5.51	3.00
Inflation (% yoy, avg)	4.21	3.79
BI 7D RR Rate (%)	5.50	6.00
USD/IDR (eoy)	15,568	15,523
USD/IDR (avg)	14,874	15,443
CA (% of GDP)	1.00	-0.65

F = OCE BMRI forecast  
yoy = year on year  
eoy = end of year  
avg = average

Key Rates (%)	Dec'22	Oct'23*
BI 7D RR Rate	5.50	6.00
Deposit Facility Rate	4.75	5.25
Lending Facility Rate	6.25	6.75
IndONIA	5.02	5.82
JIBOR 1-month	6.20	6.65
JIBOR 3-month	6.62	6.96
JIBOR 6-month	6.71	6.95
Fed Funds Rate	4.50	5.50
ECB Rate	2.50	4.50
BOE Rate	3.50	5.25
BOJ Rate	-0.10	-0.10

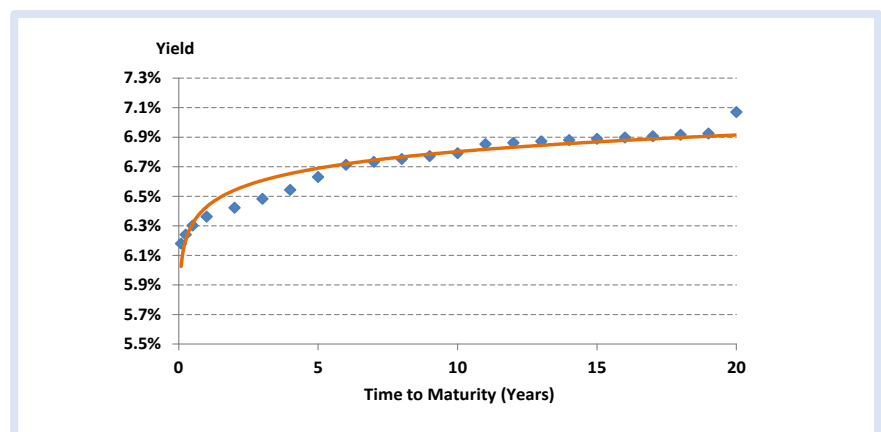
\*) as of 30 October 2023

IDR Bond Yield (%)	2022	2023F
1-year	5.64	6.42
2-year	6.08	6.48
3-year	6.35	6.54
5-year	6.20	6.71
10-year	6.94	6.85
20-year	7.11	7.07

Source: OCE BMRI forecast, Bloomberg, CEIC

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- The Government has issued SBN (gross issuance) of IDR669.86 tn throughout 2023.** The bond market remains an attractive investment for investors amid higher global volatility. As of October 17, 2023, Rupiah government bond issuance reached IDR375.12 tn and sukuk at IDR235.77 tn. As of October 27, 2023, the capital inflow was reported at IDR46.8 tn (ytd) or capital outflow of IDR14.1 tn (mtd). At the time, foreign ownership was recorded at IDR808.9 tn (14.7% of total SBN holdings), an increase compared to the end of December 2022, which amounted to IDR762.2 tn (14.4% of total SBN holdings).
- Bank Indonesia raised its benchmark interest rate.** In the 18 - 19 October 2023 Governors' meeting, Bank Indonesia (BI) agreed to raise the BI 7-Days Reverse Repo Rate (BI 7D RRR) by 25 bps to 6.00% as the policy now focuses on bolsters rupiah stabilization policy against heightening global uncertainty, and as a pre-emptive and forward-looking measure to mitigate the impact of imported inflation. Bank Indonesia still supported rupiah stabilization through intervention in the foreign exchange market with a focus on spot transactions and Domestic Non-Deliverable Forwards (DNDF), as well as issuing Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Currency Securities (SVBI) and Bank Indonesia Foreign Currency Sukuk (SUVBI) as pro-market monetary instruments for money market deepening to strengthen rupiah and optimize SBN assets held by the Central Bank as underlying to attract capital inflows.
- Global market pressure is still high, dominated by external factors and the Fed's move.** Currently, the Fed Funds Rate is in the range of 5.25% - 5.50%, which is the highest level in 22 years. Indications that the Fed is still hawkish mean that global financial markets are still exposed to the risk of volatility. The impact can be seen from the strengthening of the USD as a safe haven currency and the increase in US Treasury yields, followed by the rise in domestic bond yields. The market will pay close attention to the results of the November 2023 FOMC meeting to ascertain the direction of interest rates going forward.
- Our View: Interest rate policy will determine the movement of bond yields.** As of October 30, 2023, the yield on the Government's benchmark rupiah bonds with a tenor of 10-year was 7.23% (+29 bps ytd). We see a 10-year benchmark bond yield at 6.85% due to higher BI 7D RRR at 6.00% and USD/IDR around 15,523 at the end of 2023. Mitigation of capital outflows will continue to be carried out through a policy mix and attracting investors to enter the domestic market.

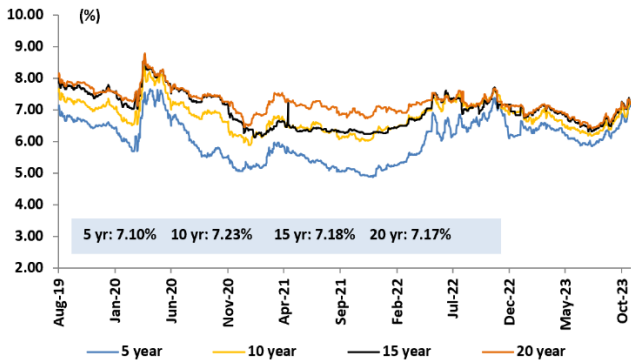


# Bond Market Focus

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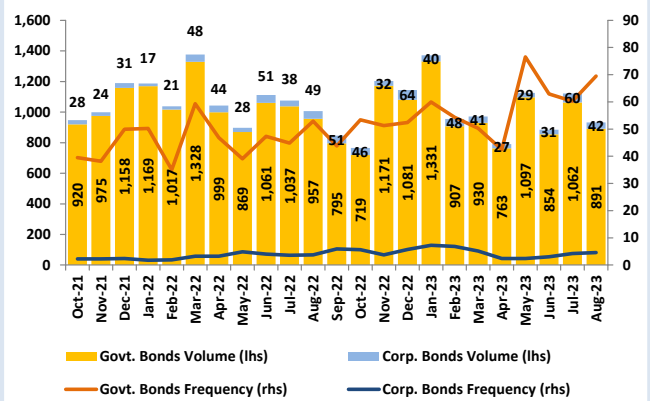


## Government Bond Yield of Benchmark Series



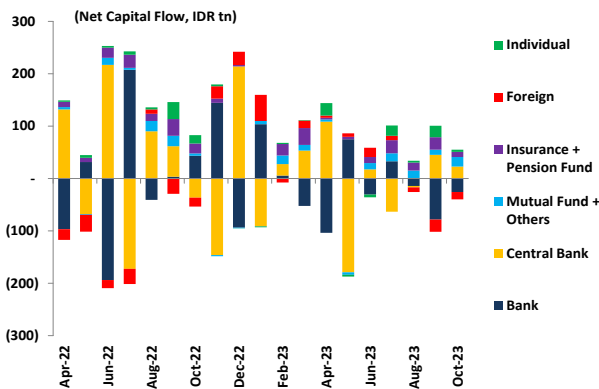
Source: Bloomberg, as of 30 October 2023

## Government and Corporate Bond Market Transactions



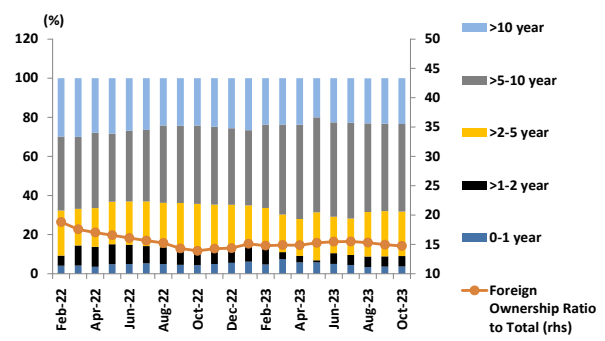
Source: Indonesia Stock Exchange (IDX)

## Tradable Domestic Government Bond Flow by Ownership



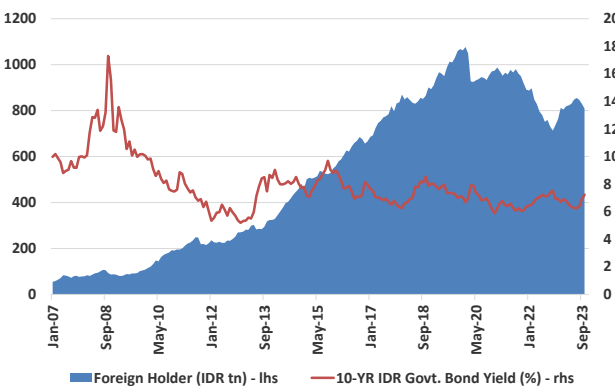
Source: DJPPR, as of 27 October 2023

## Foreign Ownership of Government Bond by Tenor



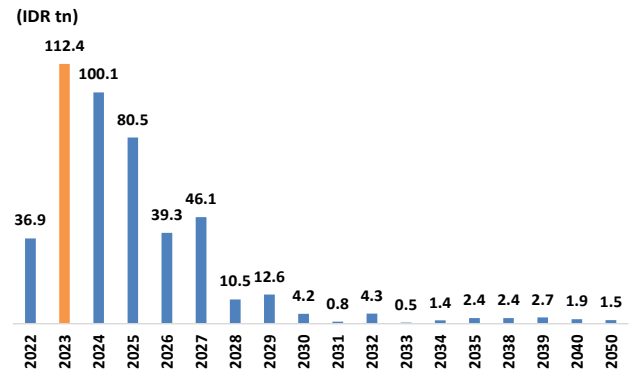
Source: DJPPR, as of 27 October 2023

## Foreign Ownership vs. 10-yr IDR Government Bond Yield



Source: DJPPR, Bloomberg, as of 30 October 2023

## Government Bond Maturity



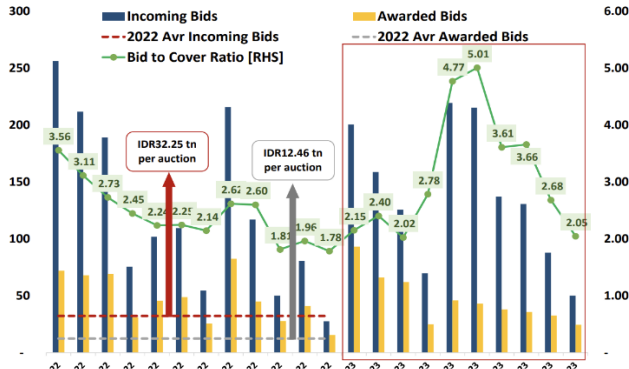
Source: KSEI

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## Government Securities Primary Market Performances



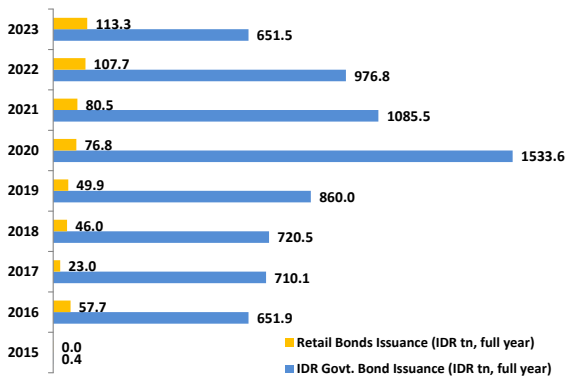
Source: DJPPR, as of 27 October 2023

## Government Securities Financing Realization

SBN Issuances (IDR tn)	2021 (YTD)	2022 (YTD)	2023 (YTD)
Gross Issuances	1301.65	1053.63	669.86
<b>Government Debt Securities (GDS)</b>	<b>764.63</b>	<b>542.96</b>	<b>434.09</b>
Domestic GDS	649.38	480.02	375.12
Coupon GDS	522.03	347.21	281.32
Conventional T-bills	55.35	68.61	31.15
Retail Bonds	48.50	52.00	51.08
Private Placement (+Voluntary Disclosure Program)	23.50	12.20	11.57
Global GDS	115.25	62.94	58.97
SEC USD-EUR (- Buyback LM)	92.41	53.23	46.77
Samurai Bonds	13.18	8.76	11.24
SDG Bonds	8.36	0.00	0.00
Liability Management	1.30	0.00	0.00
Valas Voluntary Disclosure Program	0.00	0.95	0.96
Special Instrument	-	-	-
<b>Government Islamic Debt Securities (GIDS)</b>	<b>322.02</b>	<b>286.67</b>	<b>235.77</b>
Domestic GIDS	279.23	237.16	235.77
IFR/PBS/T-bills sukuk	219.25	169.62	167.00
Retail Sukuk	48.73	55.42	61.94
Private Placement	11.25	12.12	6.83
Global GIDS	42.79	49.51	-
BI Purchase (SKB III)	215.00	224.00	-

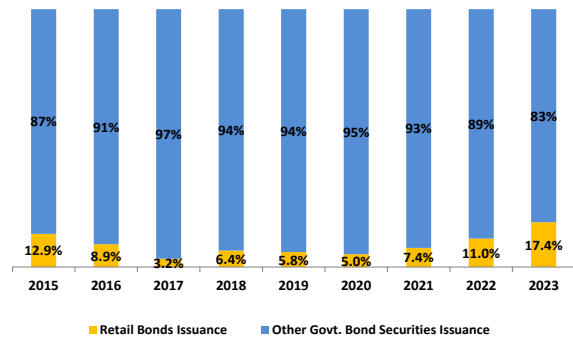
Source: DJPPR, as of 17 October 2023

## Government Bonds Issuance Trend



Source: DJPPR, as of 19 October 2023

## Retail Bonds to Total Issuance Ratio



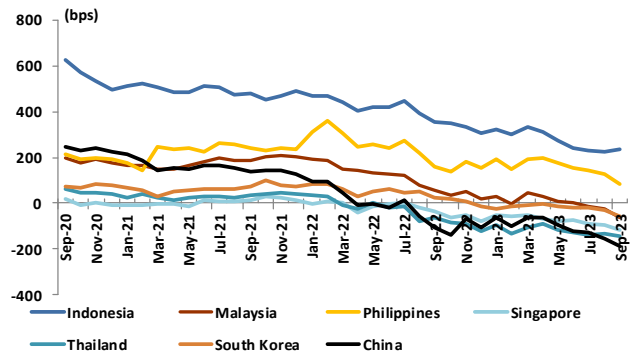
Source: DJPPR, as of 19 October 2023

## Indonesia LT Sovereign Credit Rating

Year	Rating Agency				
	Standard & Poor's	Fitch	Moody's	R&I	JCRA
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
2019	BBB	BBB	Baa2	BBB	BBB
2020	BBB	BBB	Baa2	BBB+	BBB+
2021	BBB	BBB	Baa2	BBB+	BBB+
2022	BBB	BBB	Baa2	BBB+	BBB+
2023	BBB	BBB	Baa2	BBB+	BBB+

Source: Bloomberg, as of 30 October 2023

## 10-year Regional Government Bond Yield vs. UST Spread



Source: Bloomberg, as of 30 October 2023

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