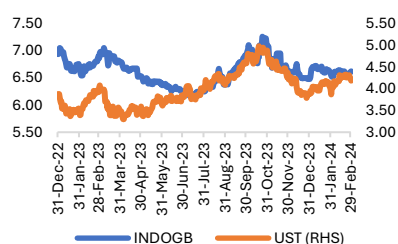
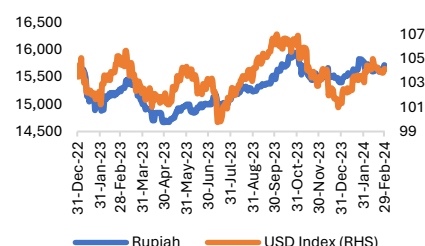


INDOGB 10yr vs UST (%)



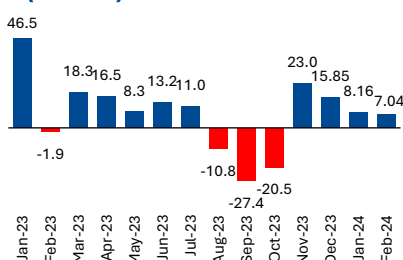
Source: Bloomberg

USD/IDR vs USD Index



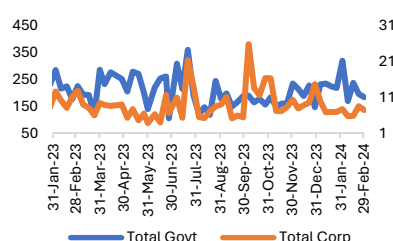
Source: Bloomberg

Capital Inflow/Outflow EQY & FI (IDR tn)



Source: Bloomberg

Total Vol. Trading (IDR tn) - Weekly



Source: Bloomberg

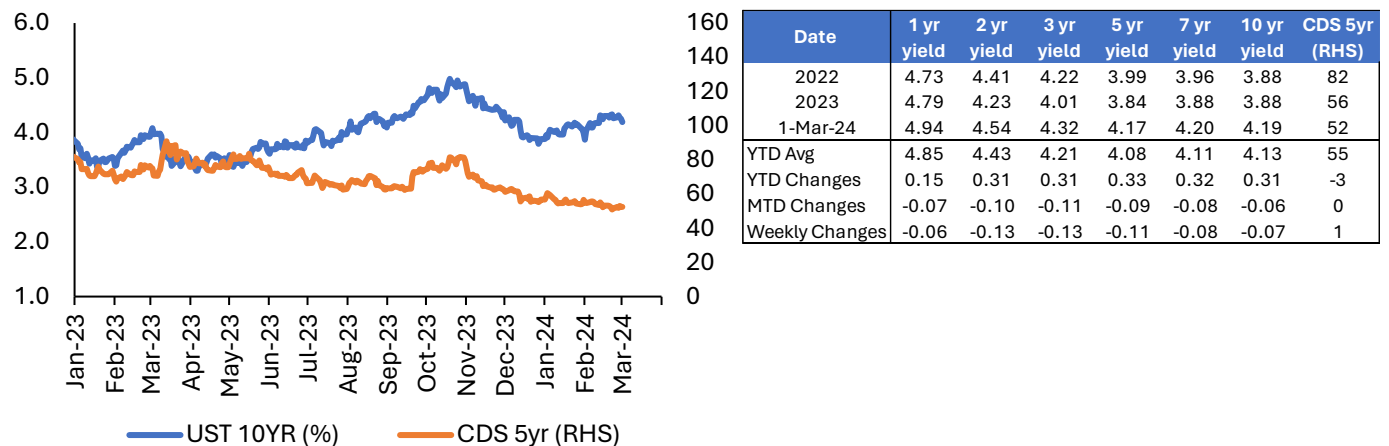
Indonesia election process in February was marked by peaceful and conducive atmosphere, key important element for stability. Initial results from quick counts suggest significant victory for Prabowo-Gibran, with over 58% of the votes. The ongoing real count also corroborates such outcome. We note 3 main key points: **1. Prabowo-Gibran not only met but exceeded the legal requirements for winning in the first round, 2. Prabowo-Gibran is convincingly leading in >35 provinces 3. In the legislative arena, the Prabowo-Gibran coalition parties lead in the legislative quick count with 43% of the votes.** Looking ahead, **Prabowo-Gibran's single-round victory outcome is poised to alleviate uncertainties**, particularly concerning policy continuity. Moreover, **Fitch Ratings and Moody's, two prominent credit rating agencies, have also expressed apprehension that Prabowo's campaign pledges may lead to a more expansive fiscal policy.** Therefore, there is a need for substantial efforts to boost government income. Additionally, Moody's Analytics has cautioned that potential alterations in the composition of the cabinet could raise investor concerns.

The exuberance in the market is now shifting towards Prabowo's significant initiatives. We delve further into Prabowo's key economic plans, with a specific focus on the execution of the Free Lunch program, fiscal deficit outlook and the push towards a 23% tax ratio. **1. Free lunch - The program will be gradually phased in from 2025 to 2029, and our estimates project the program's budget to reach IDR 424 trillion by 2029.** Options on reallocation of fuel subsidy would potentially put risk on consumption; **2. During the initial years of Prabowo's term, there is room within the fiscal space to accommodate increased spending.** However, starting from the third year onward, the new government must intensify its efforts to increase revenue growth to keep the fiscal deficit below 3%. **3. The primary focus is on achieving the 23% tax ratio**, meaning the 27% of tax growth even though on historical average, tax only grew by 7%.

Tax Office Separation – the Key Assessment and Findings. We turn our attention to potential policy under consideration of the next government, involving the separation of the Tax Directorate General (DJP) from the Ministry of Finance (MoF), mainly to address the target of a 23% tax ratio. Our assessment on the formation of the State Revenue Agency touches on three key perspectives: legality, technicality, and implications. In summary, the new government would need to garner majority support from Parliament as well as to further raise GDP/capita to ensure continue improvement on personal tax.

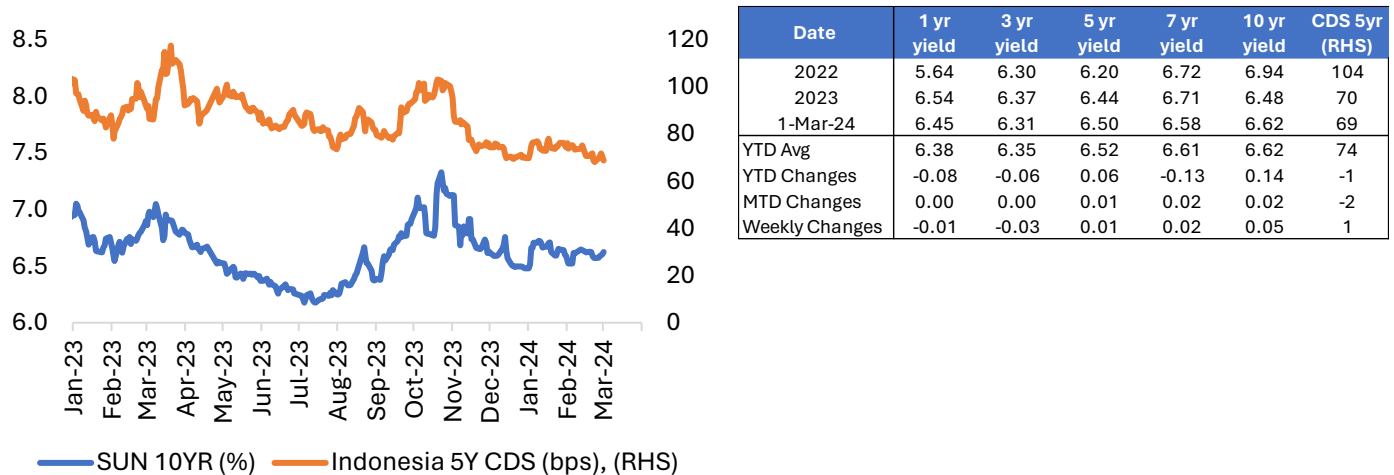
Capital Market – Fixed Income Update- The 10-year yield for US Treasury went up by 26 basis points to 4.25% in February. Meanwhile 10-year INDOGB yield also increased at a slower pace to 6.61% from 6.58% in the end of January. The Dollar Index weakened by 0.16% during February, providing some support to the Indonesian Rupiah (IDR), which strengthened by 0.41% to IDR15,715 per USD. Additionally, Indonesia's 5-year Credit Default Swaps (CDS) decreased by 4 bps to 70. **Concerns on The Fed stance higher for longer stance, Indonesia potential fiscal deterioration has led to further foreign outflow.** Foreign ownership of domestic government securities (SBN) experienced an outflow of IDR4.76 tn in February, bringing the overall ownership down to IDR837.13 tn as of 29 February, recorded a IDR4.93 tn outflow in 2024. On the other hand, Bank Indonesia ownership (exclude repo) rose significantly by IDR131.95 tn in February to IDR1,200.1 tn as of 29 February.

Exhibit 1. Movement of US Treasury Yield (%)



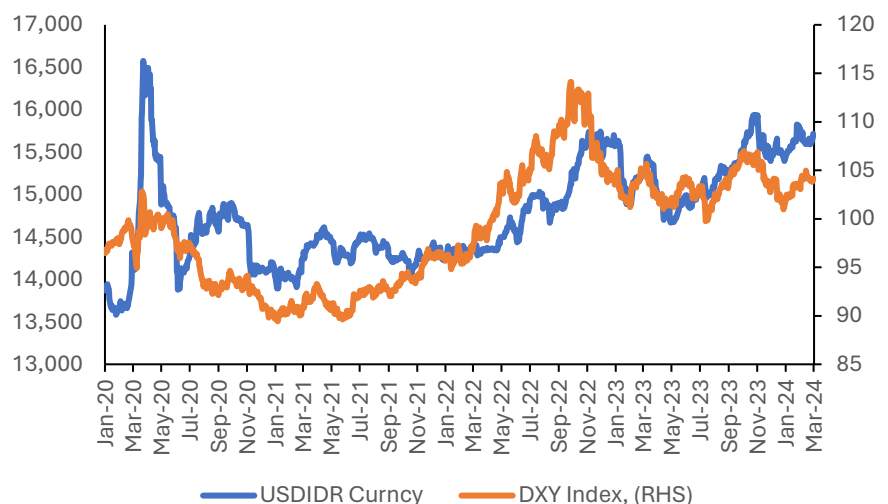
Source: Bloomberg

Exhibit 2. Movement of Indonesia Government Bonds (%)



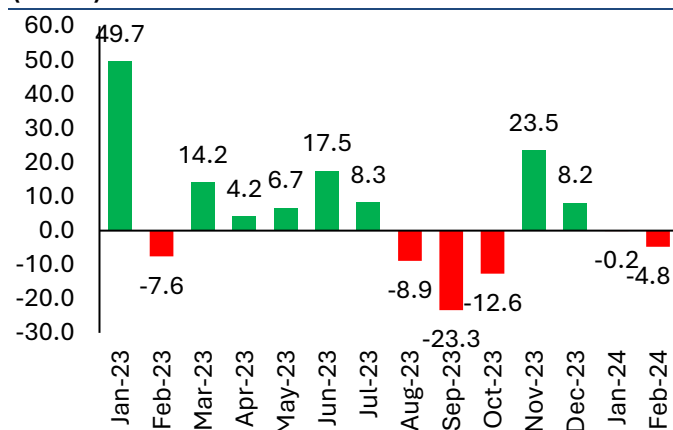
Source: Bloomberg

Exhibit 3. USD IDR vs DXY Index



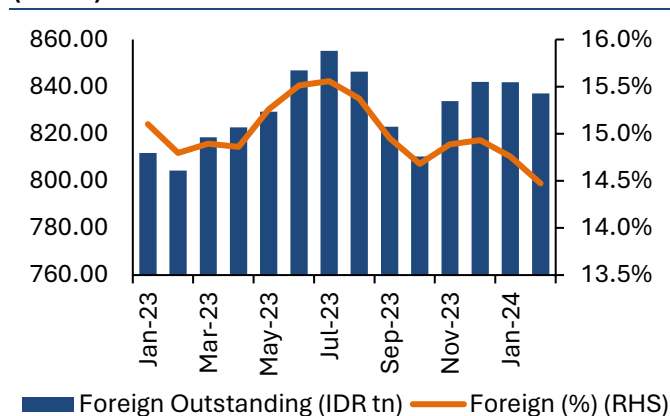
Source: Bloomberg

**Exhibit 4. Net Foreign Buy/Sell as of Feb 29, 2024
(IDR tn)**



Source: DJPPR

**Exhibit 5. Foreign Outstanding as of Feb 29, 2024
(IDR tn)**



Source: DJPPR

Global

Slower US CPI and PCE in January 2024

US Inflation was recorded at 3.1% in January 2024, a slight decrease from December's 3.4%, but higher than market's expectation of 3%. Core inflation, which excludes volatile food and energy prices, remained relatively stable than December with a year-on-year increase of 3.9%. Despite both inflation metrics surpassing expectations, the overall trend of disinflation persists amidst a slower pace than anticipated. In line with the CPI trend, in January 2024, the annual Personal Consumption Expenditures (PCE) inflation rate in the United States decelerated to 2.4%, marking the lowest level since February 2021, down from 2.6% in the prior month. This aligns with market expectations of 2.4%. Meanwhile, the US core PCE price index, which is the Federal Reserve's preferred metric for measuring inflation, increased by 2.8% from the previous year in January 2024, representing the slowest growth since March 2021.

In the fourth quarter of 2023, the US economy demonstrated an annualized growth rate of 3.2%, slightly below the initial advance estimate of 3.3%. This follows a growth rate of 4.9% in the third quarter. The downward revision can be attributed to private inventories, which subtracted 0.27 percentage points from the overall growth. This contrasts with the initial estimate, which indicated an addition of 0.07 percentage points from private inventories.

In February 2024, the ISM Manufacturing Purchasing Managers' Index (PMI) in the United States declined to 47.8 from 49.1 in the preceding month. This figure was significantly below market expectations of 49.5, indicating the 16th consecutive period of contraction in manufacturing activity. This outcome dashed earlier expectations for a resurgence in the sector, signaling ongoing challenges.

In light of recent data, market expectations for a rate cut are now more aligned with the Federal Reserve's projections, indicating a later commencement of rate cuts later this year. In the previous month, the market anticipated that rate cuts would begin in May 2024, with rates in December forecasted to be between 4.00% and 4.25%. Currently, the market foresees that the rate cut will initiate in June 2024, with rates in December expected to range between 4.25% and 4.50%.

China CPI declined by 0.8% y-y in January 2024. 5Y LPR cut to 3.95%.

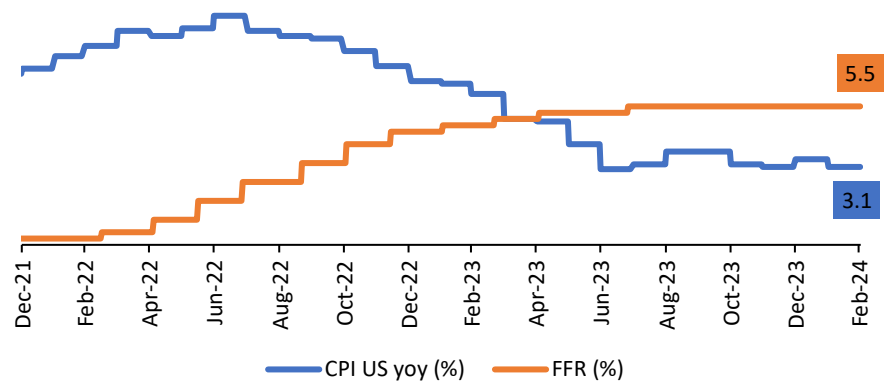
China's consumer prices fell by 0.8% y-y in January 2024, the most in more than 14 years and worse than market forecasts of a 0.5% fall. Therefore, PBoC decided to cut a benchmark for mortgage rate China 5Y Loan Prime Rate to 3.95% in February 2024, the first rate cut since June and the largest since the rate inception in 2019. The rate cut in 5Y LPR would help alleviate the pressure in the beaten China property market by reducing the mortgage payment and boosting the demand for residential property.

Exhibit 6. Target Rate Probability for Fed Meeting in 2024 – First Rate Cut Expectation moved to June 2024

CME FEDWATCH TOOL - MEETING PROBABILITIES									
MEETING DATE	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550
3/20/2024				0.0%	0.0%	0.0%	0.0%	5.0%	95.0%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	26.8%	72.0%
6/12/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	16.5%	53.8%	29.0%
7/31/2024	0.0%	0.0%	0.0%	0.0%	0.5%	11.0%	40.8%	37.7%	10.1%
9/18/2024	0.0%	0.0%	0.0%	0.4%	8.3%	33.3%	38.4%	17.0%	2.5%
11/7/2024	0.0%	0.0%	0.2%	4.9%	22.4%	36.2%	26.3%	8.8%	1.1%
12/18/2024	0.0%	0.1%	3.5%	17.1%	32.1%	29.3%	14.1%	3.4%	0.3%
1/29/2025	0.1%	2.1%	11.5%	25.9%	30.5%	20.4%	7.8%	1.6%	0.1%
3/12/2025	0.9%	5.7%	17.1%	27.7%	26.6%	15.5%	5.4%	1.0%	0.1%

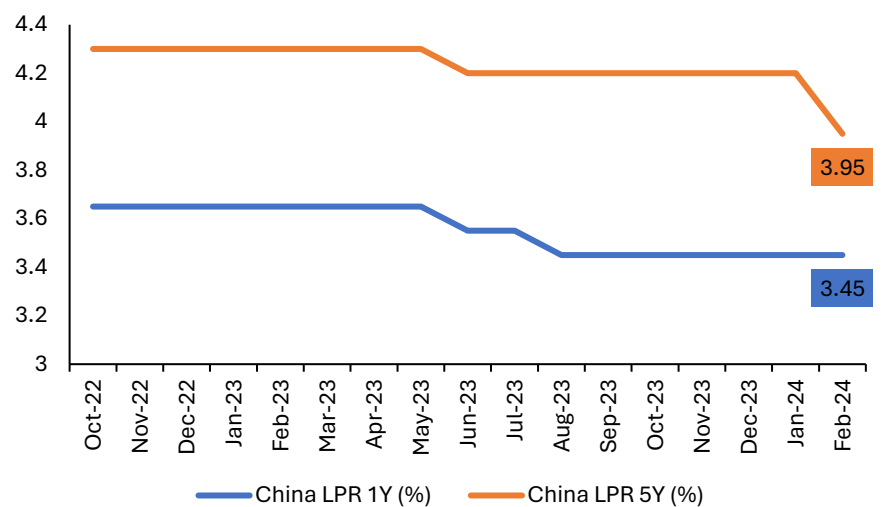
Source: CME Fedwatch

Exhibit 7. FFR & US Inflation



Source: Bloomberg

Exhibit 8. China Loan Prime Rate



Source: Bloomberg

Domestic

Indonesia economic growth remained stable.

Indonesia GDP increased by 5.04% in 4Q23, slightly ahead of our projections of 4.98% (Consensus: 4.95%). This performance led to a **full-year growth of 5.05% in 2023**. On a quarterly basis, GDP expanded by 0.45%, in line with the seasonal patterns typically observed in the fourth quarter. For FY23, Consumption slowed to 4.82% in 2023 (compared to 2022: 4.94%), reflecting robust yet slowing demand amid higher prices. However, investment reached a four-year high at 4.40%, driven by several housing programs, toll road construction in Java and Sumatra, and dam construction. Gov't consumption rose 2.95% and Nonprofit consumption rose 9.83%. The Net Trade Balance rose 17.5% due to declining import. We also note that statistical discrepancies remain high with 5% contribution to the Expenditure side of GDP.

However, **Foreign exchange reserves in Indonesia decreased to USD 145.1 billion in January 2024** from a more than two-year peak of USD 146.4 billion in the previous month, reflecting the government's external debt repayments. Bank of Indonesia viewed that forex reserves in the upcoming months would stay abundant, supported by a sustained economic growth outlook as well as mixed policy responses from the central bank and the government.

The Trade Balance surplus decreased to USD2.02bn driven by a continuation of the decline in exports. The surplus streak extended to 45 months. Export figures dropped to USD20.5 billion, marking an 8% decline from the previous year and the previous month. Imports totaled USD18.5 billion, representing a marginal 0.4% annual increase. On a monthly basis, imports declined by 3.1%, driven by a 20.0% decrease in oil & gas imports, with oil product imports down by 2.25%.

Fiscal Surplus declined to IDR31.3tn in January 2024.

Government spending reached IDR184.2tn in January 2024, a strong growth of 30.2% y-y. The growth indicates a front-loading pattern that had been stated by the Finance Minister at the start of the year. However, gov't revenue declined by 7.2% y-y to IDR215.5tn, weighed by Tax (excl. Customs) decline of 8.1% annually. Primary balance surplus was recorded at IDR61.4tn.

Current Account deficit widened to USD1.3bn (0.4% in GDP) in 4Q23.

from 3Q's deficit of USD0.9bn due to narrowing goods trade surplus. Deficit in service trade balance and primary income narrowed to USD4.8bn and USD 9.1bn from USD5.4bn and USD9.6bn, respectively. For FY23, the current account turned deficit at USD1.6bn (0.1% of GDP) from 2022's surplus at USD13.2bn (1% of GDP).

Bank Indonesia maintained the BI-Rate at 6.00% in February 2024.

The timing of initial rate cuts is widely anticipated, with Bank Indonesia (BI) projecting that any reduction in rates is improbable until the second half of 2024, both for the BI-Rate and FFR. As such, BI has opted to keep the BI-Rate steady at 6.00%, depicting continuity in its current rate trajectory. Regarding banking sector liquidity at the present time, BI has recognized a funding gap between Third Party Funds vs Loans whereby the former's growth is lagging behind the latter's. In response, BI is encouraging banks to leverage internal funding by reallocating assets, such as converting government bond portfolios to liquid cash, to facilitate increased lending.

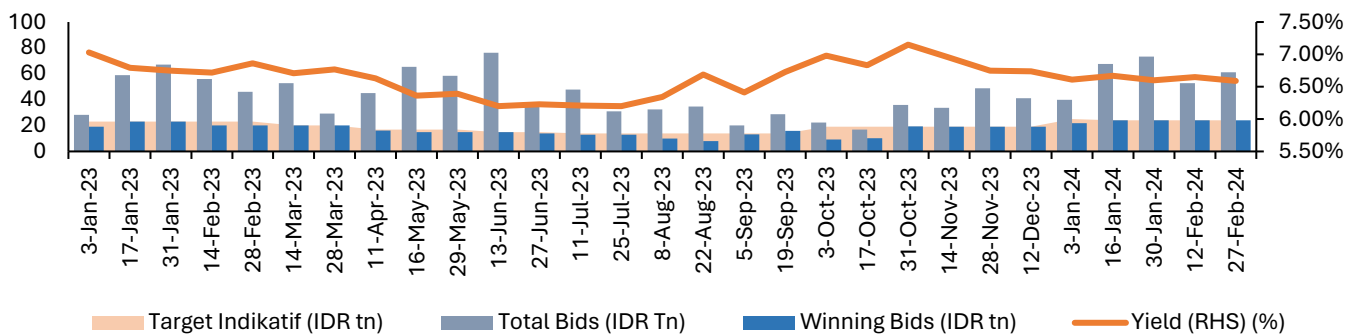
An anticipation of a higher inflation rate is expected with the commencement of Ramadan.

Inflation accelerated to 2.75% year-on-year, with a month-on-month increase of 0.37%, up from January's 2.57%, slightly below our estimated 2.82%. This represents the highest monthly inflation for February since 2021, primarily propelled by a substantial 5.32% month-on-month surge in rice prices. Notably, nearly all provinces witnessed elevated rice prices in February.

Core inflation maintained its stability at 1.68% year-on-year, unchanged from January's 1.68%, putting an end to its 13-month streak of continuous deceleration. Administered prices decelerated to 1.67% year-on-year, a decrease from January's 1.74%. However, volatile inflation rose to 8.47% year-on-year, marking the highest level since the increase in Peralite prices back in September 2022. The elevated volatile inflation was primarily attributed to the surging prices of rice and chili, contributing 0.67 and 0.17 percentage points to headline inflation, respectively. Chili prices saw a significant 17.8% month-on-month increase.

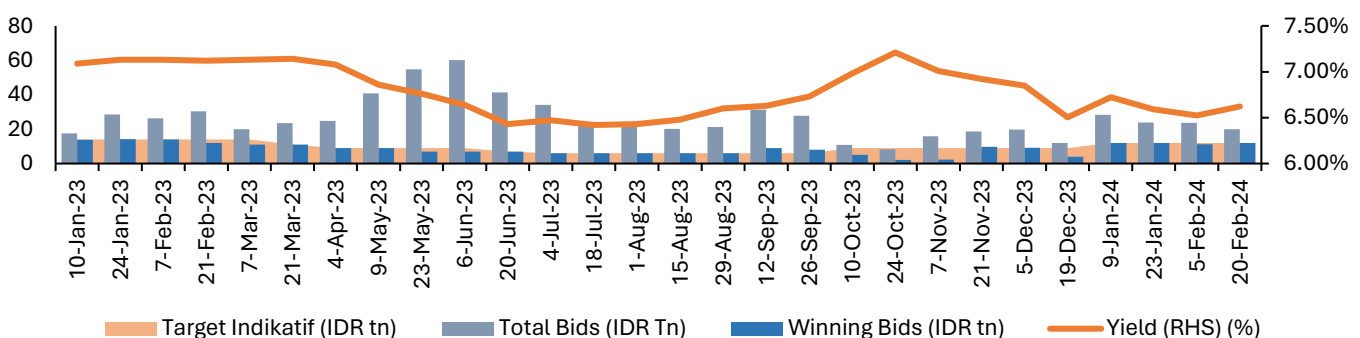
As we enter March, the forthcoming holy month of Ramadan awaits. Historically, inflation during Ramadan tends to rise compared to the previous month, especially if supply constraints persist, amplifying pressure from the demand side. However, the government has disclosed an anticipated harvest of over 3 million tons of rice in early March, with the aim of augmenting supply and potentially alleviating pressure on rice prices. While this may contribute to mitigating rice price pressures, it underscores the importance of ongoing efforts to manage increasing prices in other commodities.

Exhibit 9. Auction Result SUN



Source: DJPPR

Exhibit 10. Auction Result SBSN



Source: DJPPR

Exhibit 11. Incoming and Winning Bids SRBI

Total Incoming Bids (IDR tn) - SRBI											
Tenor		5-Jan	12-Jan	19-Jan	26-Jan	2-Feb	16-Feb	23-Feb	1-Mar	Changes to prev auction	Avg 2024
6 Months	Incoming Bids	7.90	7.52	6.02	7.57	9.54	2.71	0.75	0.90	0.14	5.36
	Winning Bids	7.05	7.52	3.00	5.00	9.00	1.71	0.73	0.90	0.16	4.36
9 Months	Incoming Bids	5.32	5.84	6.14	7.69	5.69	1.04	0.43	0.27	(0.16)	4.05
	Winning Bids	2.00	2.00	2.00	4.00	5.00	1.04	0.40	0.10	(0.30)	2.07
12 Months	Incoming Bids	18.45	20.47	27.83	22.17	24.82	10.04	6.89	3.83	(3.06)	16.81
	Winning Bids	13.00	10.00	20.00	20.00	15.00	10.04	6.45	2.97	(3.48)	12.18
Total Bids - IDR	Incoming	31.67	33.83	39.99	37.43	40.05	13.79	8.07	5.00	-5.72	26.23
	Winning	22.05	19.52	25.00	29.00	29.00	12.79	7.58	3.97	-5.21	18.61
Bid to Cover Ratio		1.44	1.73	1.60	1.29	1.38	1.08	1.06	1.26		

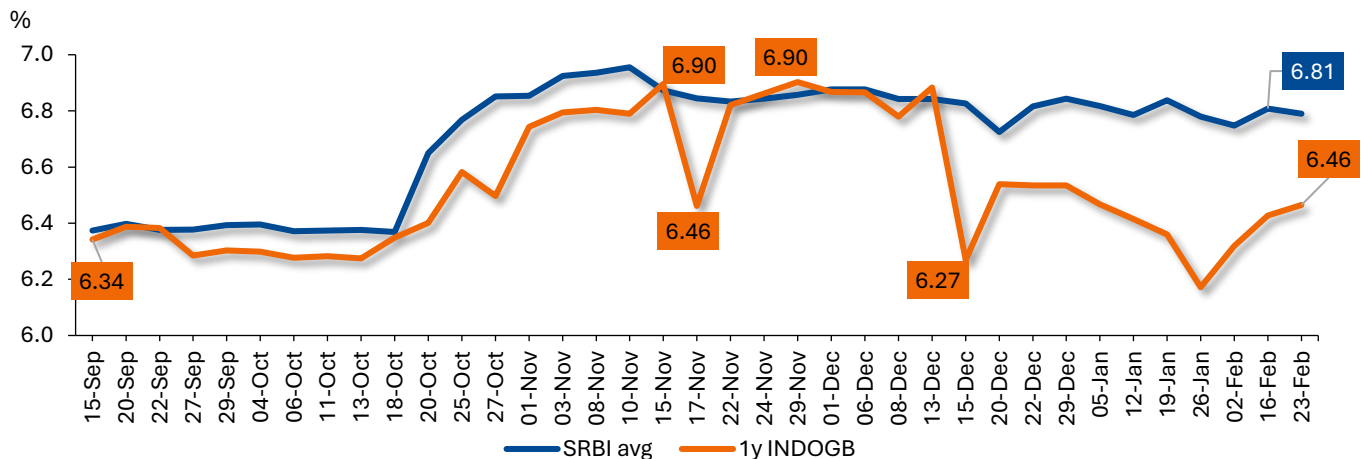
Source: Bank Indonesia

Exhibit 12. Incoming and Winning Yield SRBI

		Yield (%)																	
Series		05-Jan-24		12-Jan-24		19-Jan-24		26-Jan-24		02-Feb-24		16-Feb-24		23-Feb-24		01-Mar-24		Difference	
6 Months	Range incoming yield	6.60	6.80	6.60	6.72	6.55	6.75	6.58	6.75	6.58	6.70	6.59	7.09	6.60	6.79	6.60	6.79	-	-
	avg winning yield	6.70		6.68		6.69		6.66		6.62		6.79		6.62		6.64		0.02	-
9 Months	Range incoming yield	6.77	6.90	6.77	6.85	6.74	6.80	6.65	6.80	6.65	6.75	6.65	6.77	6.69	6.90	6.70	6.84	0.01	-0.06
	avg winning yield	6.80		6.78		6.77		6.72		6.70		6.70		6.71		6.70		-0.01	-
12 Months	Range incoming yield	6.82	7.00	6.81	6.95	6.80	6.91	6.79	6.92	6.78	6.90	6.73	6.89	6.78	7.05	6.80	7.05	0.02	-
	avg winning yield	6.89		6.87		6.85		6.84		6.82		6.82		6.83		6.84		0.01	-

Source: Bank Indonesia

Exhibit 13. SRBI – Yield Trend (%)



Source: Bank Indonesia

Exhibit 14. Country Comparison

EM Country	Lowest rating	10-yr LCY Yield (%)	CPI yoy (%)	Central Bank Rate	Real Benchmark Rate	Changes in Yield (bps)		Changes in Central Bank Rate (bps)		CDS 5-yr (bps)
						2023	Ytd	2023	Ytd	
Thailand	BBB+	2.59	(1.11)	2.50	3.61	15	(11)	125	-	42
Portugal	BBB+	3.07	2.10	4.50	2.40	(78)	28	200	-	37
Croatia	BBB+	3.34	4.10	4.50	0.40	(32)	3	200	-	83
Indonesia	BBB	6.62	2.75	6.00	3.25	(36)	14	50	-	69
Philippines	BBB	6.27	2.80	6.50	3.70	(109)	25	100	-	60
Bulgaria	BBB	4.50	3.80	3.80	-	(153)	-	250	-	86
Italy	BBB	3.90	0.75	4.50	3.75	(47)	19	200	-	70
Mexico	BBB-	9.15	4.88	11.25	6.37	(3)	14	75	-	84
Hungary	BBB-	6.39	3.80	9.00	5.20	(305)	46	(225)	(175)	123
Romania	BBB-	6.60	7.41	7.00	0.41	(201)	30	25	-	149
India	BBB-	7.06	5.10	6.50	1.40	(13)	(14)	25	-	46
Average		5.41	3.31	6.00	2.70	(88)	14	93	(16)	77
BBB+		3.00	1.70	3.83	2.14	(32)	7	175	-	54
BBB		5.32	2.53	5.20	2.68	(87)	15	150	-	71
BBB-		7.30	5.30	8.44	3.14	(131)	19	(25)	(44)	100
Min		2.59	(1.11)	2.50	(0.41)	(305)	(14)	(225)	(175)	37
Max		9.15	7.41	11.25	6.37	15	46	250	-	149

Source: Trading Economic, Bloomberg as of Mar 01, 2024

Exhibit 15. BRIDS On Going Bonds Issuance

Bond ID	Bond Name	Rating	Total Issuance (IDR bn)	Total Issuance (USD mn)	Tenor	Range Coupon (%)	Indicative Spread	Book Building Date	Payment Investor*	Distribution Date*
LPPI	Obligasi Berkelanjutan II Lontar Papyrus Pulp & Paper Industry Tahap III Tahun 2024	idA	2,200	-	370 days	7.75 - 8.25	152 202	24 Jan - 5 Feb 2024	26-Feb-24	27-Feb-24
					3 years	10.50 - 10.75	424 449			
					5 years	11.00 - 11.25	451 476			
BBRI	Obligasi Berwawasan Lingkungan Berkelanjutan I Bank BRI Tahap III Tahun 2024	idAAA	4,000	-	370 days	5.80 - 6.60	-39 41	29 Jan - 19 Feb 2024	13-Mar-24	14-Mar-24
					2 years	5.90 - 6.70	-43 37			
					3 years	5.90 - 6.70	-43 37			
PNMP	Obligasi Berkelanjutan V PNM Tahap II Tahun 2024	idAA+	2,000	-	370 Days	6.00 - 6.80	-34 46	05 - 20 Feb 2024	18-Mar-24	19-Mar-24
					3 years	6.10 - 6.90	-13 67			

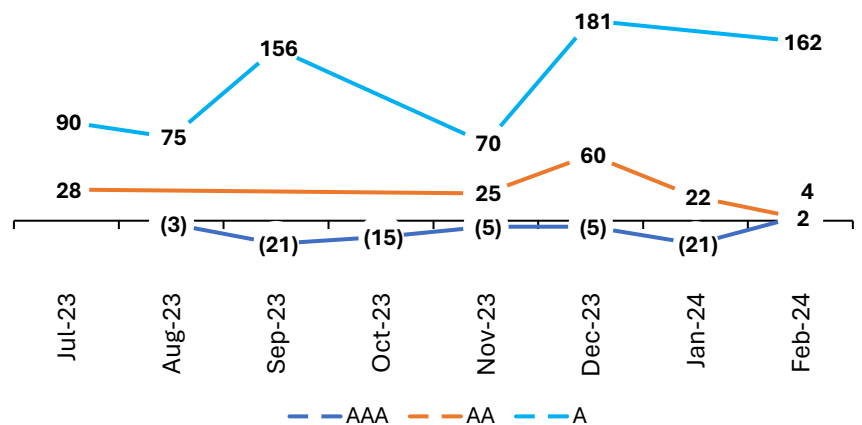
Source: KSEI Processed data, BRIDS Estimates

Exhibit 16. BRIDS's Latest Corp Bond Issuances

Bond ID	Bond Name	Rating	Book Building Date	Total Issuance (IDR bn)	Total Issuance (USD mn)	Tenor	Coupon		Benchmark as of		Spread		
							Indicative	Final	Start BB	End BB	Indicative	Final	
MEDC	Obligasi Berkelanjutan V Medco Energi Internasional Tahap II Tahun 2024	idAA-	21 Dec 23 - 12 Jan 24	1,500		3 years	7.10 - 7.95	7.35	6.49	6.35	62	146	100
						5 years	7.50 - 8.25	7.90	6.47	6.52	104	179	138
						7 years	8.20 - 8.95	8.50	6.77	6.65	143	218	185
PPGD	Obligasi Berkelanjutan V Pegadaian Tahap V Tahun 2024	idAAA	2 - 15 Jan 2024	1,000		370 days	6.95 - 6.50	6.20	6.40	6.41	-45	10	-21
						3 years	6.95 - 6.50	6.20	6.34	6.32	-39	16	-12
SMFP	Obligasi Berkelanjutan VII Sarana Multigriya Finansial Tahap III Tahun	idAAA	5 - 17 Jan 2024	1,850		370 days	5.90 - 6.90	6.39	6.46	6.49	-56	44	44
				3 years	5.95 - 6.95	6.39	6.45	6.41	-45	55	-2		
	Sukuk Musyarakah Berkelanjutan I Sarana Multigriya Finansial Tahap II Tahun 2024	idAAA(sy)		547	370 days	5.90 - 6.90	6.39	6.46	6.49	-56	44	44	
INKP	Obligasi Berkelanjutan IV Indah Kiat Pulp & Paper Tahap IV Tahun 2024	idA+	5 - 17 Jan 2024	4,000		3 years	10.00 - 10.25	10.25	6.45	6.41	360	385	384
				5 years	10.50 - 10.75	10.75	6.46	6.53	385	410	422		
	Sukuk Mudharabah Berkelanjutan III Indah Kiat Pulp & Paper Tahap IV Tahun	idA+(sy)		695	3 years	10.00 - 10.25	10.25	6.45	6.41	360	385	384	
				5 years	10.50 - 10.75	10.75	6.46	6.53	385	410	422		
	Obligasi USD Berkelanjutan I Indah Kiat Pulp & Paper Tahap III Tahun 2024	idA+/irAA			3 years	6.75 - 7.00	7.00	4.17	4.12	258	283	288	
					25	5 years	7.75 - 8.00	8.00	4.02	4.02	373	398	398

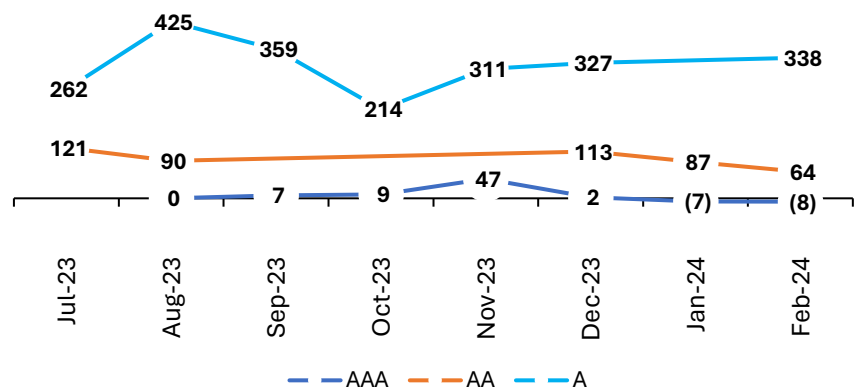
Source: KSEI Processed data, BRIDS Estimates

Exhibit 17. Corporate Bond vs INDOGB Yield Spread – 1Y Tenor



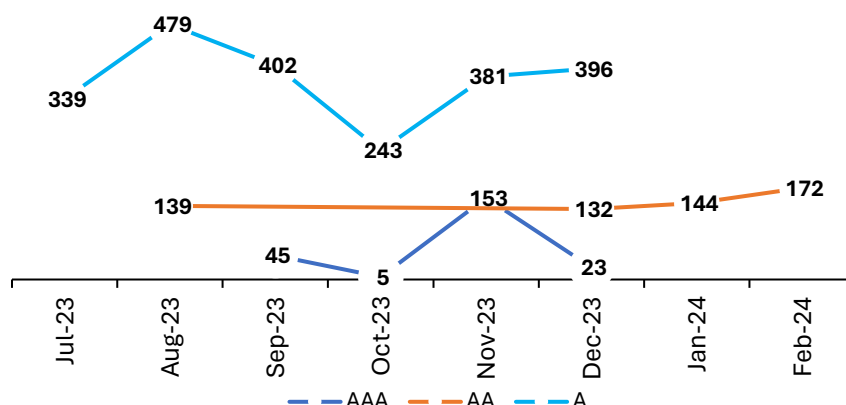
Source: Bloomberg

Exhibit 18. Corporate Bond vs INDOGB Yield Spread – 3Y Tenor



Source: Bloomberg

Exhibit 19. Corporate Bond vs INDOGB Yield Spread – 5Y Tenor



Source: Bloomberg

Exhibit 20. Indicator

Indicator	29-Feb-24	31-Jan-24	29-Dec-23
USDIDR Volatility	43.73	121.89	58.07
Core Inflation (%)	1.68	1.68	1.87
Flow Foreign (Rp tn)	(4.76)	(0.17)	8.17

Source: Bloomberg

Exhibit 21. IBPA Return Index

	Return IBPA		
	29-Feb-24	31-Jan-24	29-Dec-23
Government	370.26	368.50	366.67
Corporate	428.09	425.74	423.06
Composite	378.41	376.60	374.69

Source: Bloomberg

Exhibit 22. Issuance (IDR bn)

	Issuance (in IDR bn)		
	29-Feb-24	31-Jan-24	29-Dec-23
Government	71,150	93,750	32,140
Corporate	8,929	5,610	8,308

Source: Bloomberg

Exhibit 23. Maturity Profile (IDR bn)

	Maturity Profile (in IDR bn)		
	29-Feb-24	31-Jan-24	29-Dec-23
Government	39,443	4,500	550
Corporate	11,346	1,218	10,516

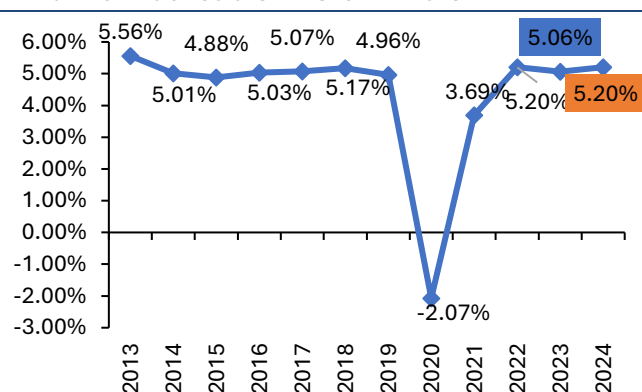
Source: Bloomberg

Exhibit 24. Proyeksi PDB

	Proyeksi GDP	
	2024F	2023FY
BRIDS	5.20%	5.06%
BRI	5.50%	5.20%
Danareksa	5.35%	5.20%
Bloomberg	5.30%	4.90%
IMF	5.00%	5.00%
ADB	5.00%	5.00%
OECD	5.10%	5.00%

Source: Bloomberg

Exhibit 25. Indonesia GDP Growth Rate



Source: Bloomberg

APPENDICES

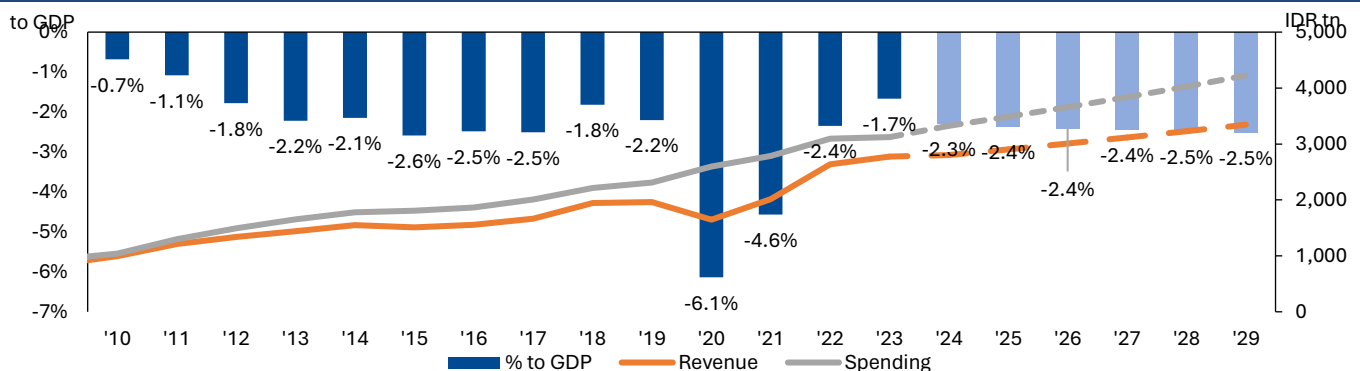
Appendix 1. Government Bonds Maturity in January 2024

No.	Provinces	Stunting Prevalence	# of Students 2022/2023	% to total students	Group	Rollout
1	Nusa Tenggara Timur	35%	1,401,516	2.4%	19.4%	2025 19.3% of students
2	Sulawesi Barat	35%	329,069	0.6%		
3	Papua	35%	777,024	1.3%		
4	Nusa Tenggara Barat	33%	1,297,274	2.2%		
5	Aceh	31%	1,257,803	2.2%		
6	Papua Barat	30%	257,326	0.4%		
7	Sulawesi Tengah	28%	696,321	1.2%		
8	Kalimantan Barat	28%	1,170,154	2.0%		
9	Sulawesi Tenggara	28%	689,329	1.2%		
10	Sulawesi Selatan	27%	1,997,776	3.4%		
11	Kalimantan Tengah	27%	628,824	1.1%	24.6%	2026 43.8% of students
12	Maluku Utara	26%	325,829	0.6%		
13	Maluku	26%	454,804	0.8%		
14	Sumatera Barat	25%	1,297,982	2.2%		
15	Kalimantan Selatan	25%	878,706	1.5%		
16	Kalimantan Timur	24%	867,284	1.5%		
17	Gorontalo	24%	263,084	0.5%		
18	Kalimantan Utara	22%	159,360	0.3%		
19	Sumatera Utara	21%	3,615,167	6.2%		
20	Jawa Tengah	21%	7,195,683	12.4%	38.1%	2027 82% of students
21	Sulawesi Utara	21%	499,894	0.9%		
22	Jawa Barat	20%	10,327,884	17.8%		
23	Banten	20%	2,665,629	4.6%		
24	Bengkulu	20%	455,767	0.8%		
25	Jawa Timur	19%	8,151,522	14.0%		
26	Sumatera Selatan	19%	1,910,767	3.3%		
27	Kep. Bangka Belitung	19%	323,598	0.6%		
28	Jambi	18%	811,765	1.4%		
29	Riau	17%	1,625,522	2.8%	13.3%	2028 95% of students
30	DI Yogyakarta	16%	718,824	1.2%		
31	Kepulauan Riau	15%	467,724	0.8%		
32	Lampung	15%	1,892,429	3.3%		
33	DKI Jakarta	15%	1,798,547	3.1%		
34	Bali	8%	853,707	1.5%	4.6%	2029 100% of students

Tahun	unit	2025	2026	2027	2028	2029	Assumption
Students Coverage	mn	11.4	26.1	49.1	57.7	61.0	- 1% growth per year - Students coverage start from 20% of total students from provinces with higher stunting prevalence
Expecting Mother	mn	1.2	2.4	3.6	4.8	4.8	- 4.8 million of pregnant mother each year - 1.2 mn of pregnant mother is expected to have stunting child, according to BKKBN)
Daily budget	IDR	16,000	16,400	16,810	17,230	17,661	- 13,000 for meal + 3,000 for milk - 2.5% inflation each year
# of days	days	365	365	365	365	365	
Total Budget	IDR tn	73.6	170.4	323.4	393.9	424.3	- Students coverage + pregnant mother

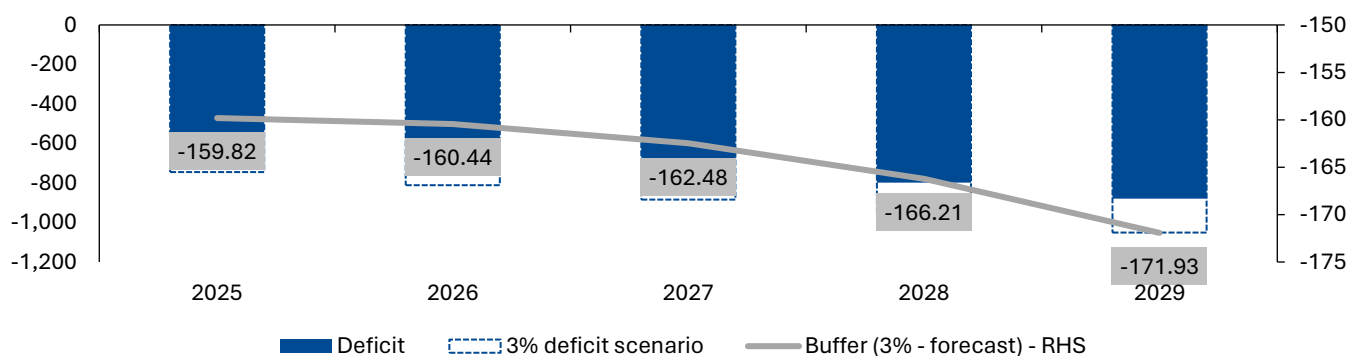
Source: KSEI, IDX processed data

Appendix 2. Baseline Expectation on Gov't Revenue & Spending Growth 2025-2029



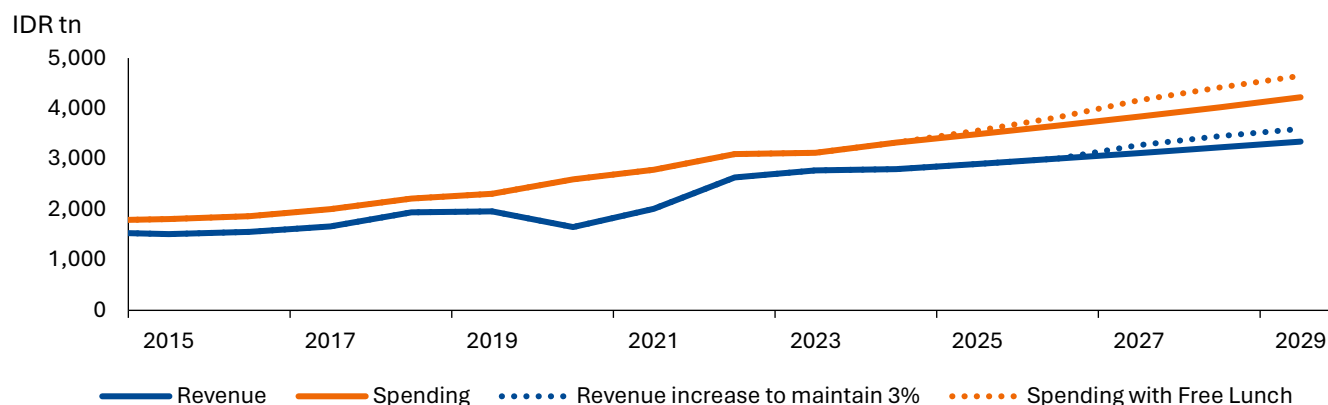
Source: Ministry of Finance, Bank Indonesia, BRIDS Estimates

Appendix 3. The buffer of fiscal deficit to maintain below 3% level



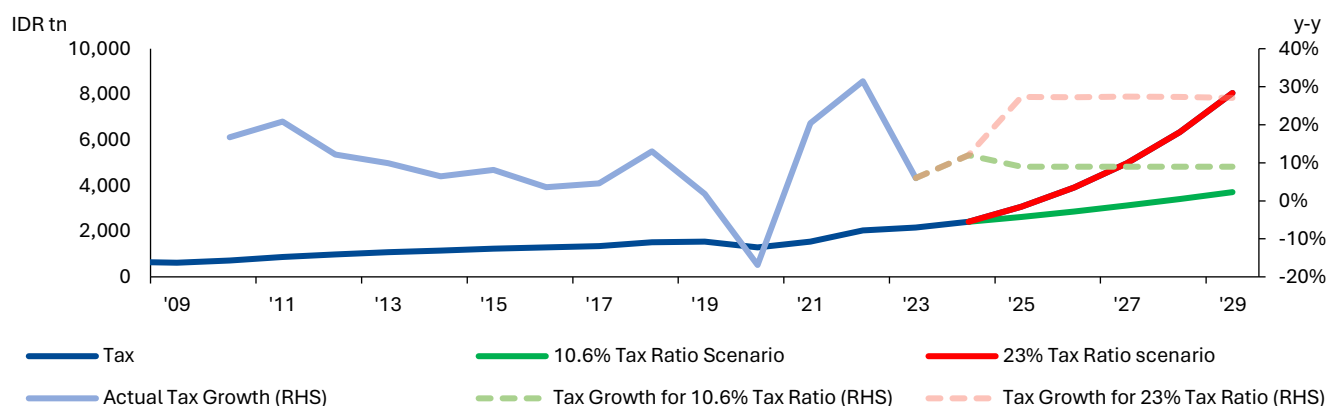
Source: Ministry of Finance, Bank Indonesia, BRIDS Estimates

Appendix 4. Revenue growth need to pick up to afford the free lunch program (assuming no budget re-allocation)






Source: Ministry of Finance, Bank Indonesia, BRIDS Estimates

Appendix 5. Tax Growth Scenario to reach 23% Tax Ratio by 2029



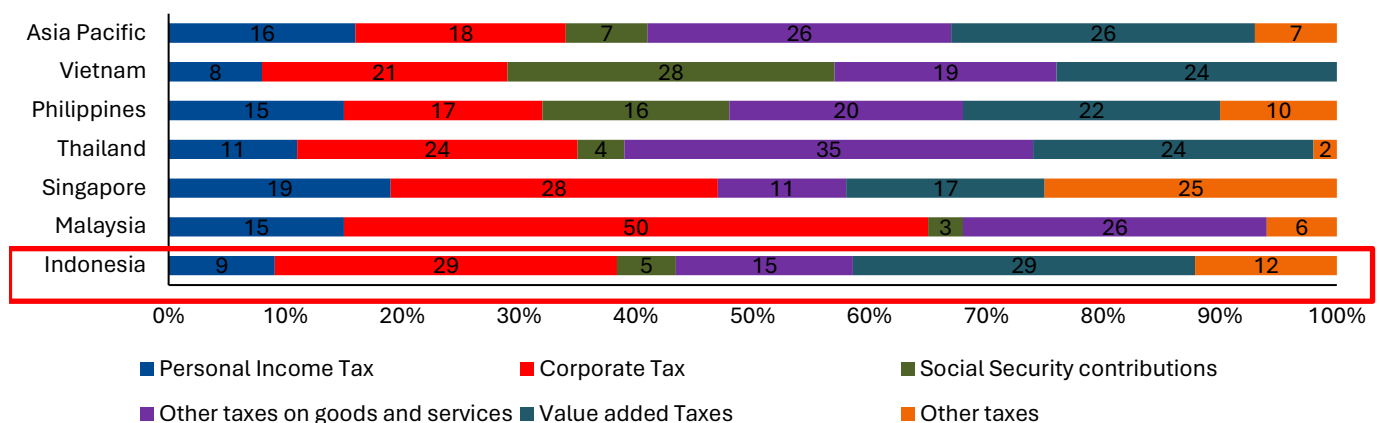
Source: Ministry of Finance, Bank Indonesia, BRIDS Estimates

Appendix 6. Striving to Increase Tax Ratio

 Legality	 Technicalities	 Implications
<p>The Constitutional Judges have rejected the request for the separation of the Directorate General of Tax (DJP) from the Ministry of Finance (MoF) in the Constitutional Court. The verdict states that the arrangement of DJP under MoF adheres to an open legal policy and does not violate the UUD 1945.</p> <p>According to MK's "Open Legal Policy" argument, it implies that the government can modify the existing law, with the approval of the Parliament, and establish a distinct revenue agency similar to a ministry.</p> <p>Although Prabowo has suggested a law revision, he still needs to garner support from a majority in the Parliament. Despite the Prabowo coalition leading the legislative election, they haven't officially secured a majority.</p>	<p>High-tax ratio countries like the UK and Denmark serve as examples of the separation between government revenue collection and budgeting.</p> <p>Since 2005, the UK has had a non-ministerial agency named Her Majesty Revenue & Customs (HMRC), while Denmark established its Ministry of Taxation in 1975.</p> <p>The technicalities of this separation would involve revising the law governing DJP under MoF. Our research indicates that taxpayers currently report their income to DJP. Assuming a displacement of DJP from MoF, tax payments would automatically be directed from MoF to the new revenue agency overseeing DJP for simplicity purposes.</p>	<p>Denmark demonstrates a noteworthy upward trend in tax revenue following the separation, while the UK does not exhibit a similar pattern.</p> <p>Countries like the US and the Philippines have managed to increase their Tax Ratio without resorting to the establishment of a separate agency.</p> <p>A significant observation in countries with a higher tax ratio is the greater share of income tax and a diminished proportion of VAT.</p> <p>With the exception of Vietnam, Indonesia boasts the lowest contribution of personal income tax within ASEAN. In the UK, personal income tax constitutes 26% of total revenue, whereas it accounts for 64% in Denmark.</p> <p>Indonesia holds the highest proportion of VAT among the major ASEAN economies.</p> <p>To bolster the growth of personal income tax, it is crucial to elevate GDP per capita. A study conducted in Vietnam reveals that an increase in GDP per capita has a positive impact on the Tax Ratio.</p>

Source: MoF, OECD, Tax Authority; BRI Danareksa Sekuritas;

Appendix 7. Personal Income Tax is large in higher tax ratio countries



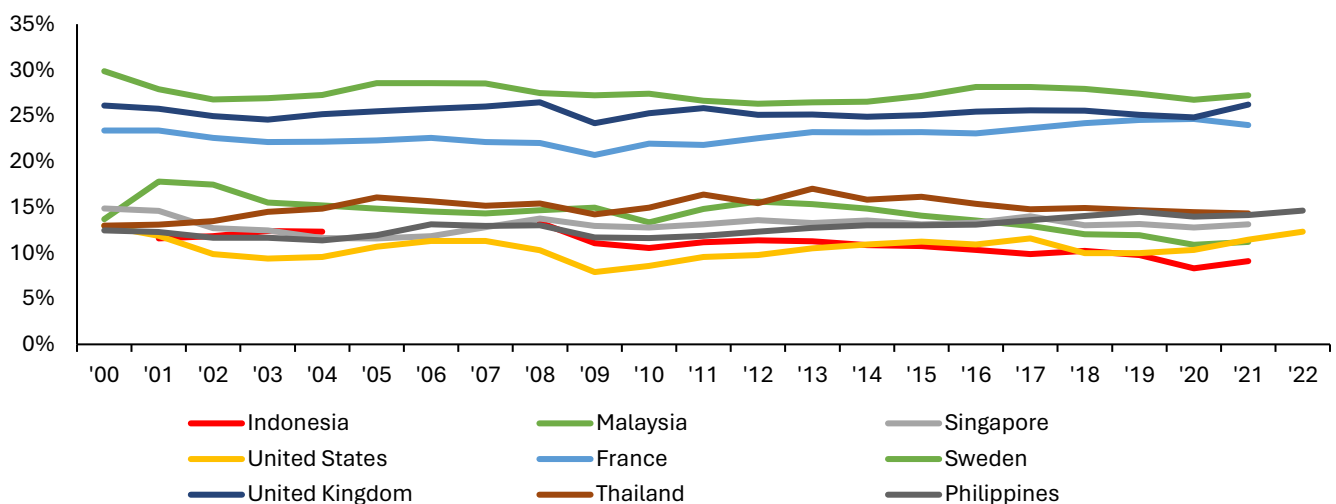
Source: MoF, OECD, Tax Authority; BRI Danareksa Sekuritas;

Appendix 8. Tax Agency structural place

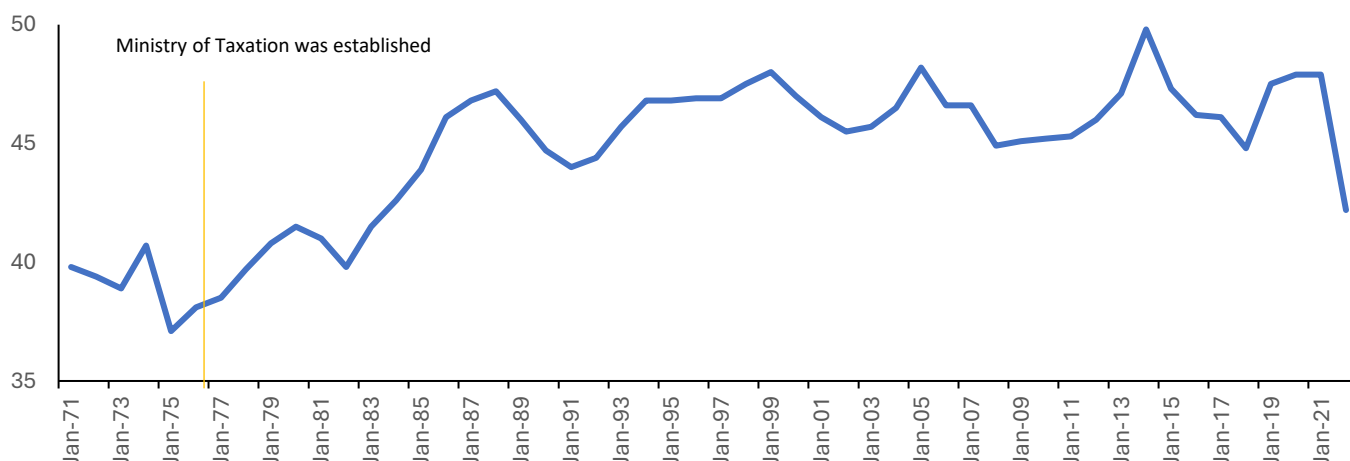
Country	Tax Ratio	Under Ministry of Finance
Malaysia	11.8	Yes
Singapore	12.6	Yes
Thailand	16.4	Yes
Philippines	18.1	Yes
Vietnam	18.2	Yes
US	27.7	Yes
UK	35.3	No
Sweden	41.3	Yes
Denmark	41.9	No
Belgium	42.4	Yes
Finland	43.0	Yes
Austria	43.1	Yes
Norway	44.3	Yes
France	46.1	Yes

Source: MoF, OECD, Tax Authority; BRI Danareksa Sekuritas;

Appendix 9. US and Philippines are able to increase the tax ratio without agency separation



Source: MoF, OECD, Tax Authority; BRI Danareksa Sekuritas;

Appendix 10. Denmark Tax Ratio was on an uptrend after Ministry of Taxation was formed


Source: MoF, OECD, Tax Authority; BRI Danareksa Sekuritas;

Appendix 11. Government Bonds Maturity in February 2024

No.	Series	Issue Date	Maturity Date	Coupon (%)	Amount (IDR bn)
1	ORI019	24-Feb-21	15-Feb-24	5.57	26,001
2	SPN12240201	2-Feb-23	1-Feb-24	-	5,602
3	SPN12240229	2-Mar-23	29-Feb-24	-	5,900
4	SPNS14022024	18-Aug-23	14-Feb-24	-	1,900
5	SPN03240214	16-Nov-23	14-Feb-24	-	40
Total					39,443

Source: KSEI, IDX processed data

Appendix 12. Government Bonds Maturity in March 2024

No.	Series	Issue Date	Maturity Date	Coupon (%)	Amount (IDR bn)
1	FR0070	29-Aug-13	15-Mar-24	8.38	121,791
2	SR014	24-Mar-21	10-Mar-24	5.47	16,705
3	SPN12240328	30-Mar-23	28-Mar-24	-	1,350
4	SPN03240313	14-Dec-23	13-Mar-24	-	650
Total					140,496

Source: KSEI, IDX processed data

Appendix 13. Corporate Bonds Issuance in February 2024

No.	Bond ID	Issue Date	Maturity Date	Coupon (%)	Rating	Amount (IDR bn)
1	PPGD05ACN5	6-Feb-24	16-Feb-25	6.20	idAAA	591
2	PPGD05BCN5	6-Feb-24	6-Feb-27	6.20	idAAA	201
3	TBIG06CN3	6-Feb-24	16-Feb-25	6.75	idAA+	2,700
4	SMFP07ACN3	6-Feb-24	16-Feb-25	6.39	idAAA	1,296
5	SMFP07BCN3	6-Feb-24	6-Feb-27	6.39	idAAA	212
6	SKSMFP01CN2	6-Feb-24	16-Feb-27	6.39	idAAA	529
7	MEDC05ACN2	13-Feb-24	13-Feb-27	7.35	idAA-	209
8	MEDC05BCN2	13-Feb-24	13-Feb-29	7.90	idAA-	428
9	MEDC05CCN2	13-Feb-24	13-Feb-31	8.50	idAA-	863
10	MDKA04ACN5	23-Feb-24	2-Mar-25	7.25	idA+	750
11	MDKA04BCN5	23-Feb-24	23-Feb-27	9.00	idA+	750
12	PYFA01CN3	27-Feb-24	27-Feb-26	9.50	irA+	400
Total						8.929

Source: KSEI, IDX processed data

Appendix 14. Corporate Bonds Maturity in February 2024

No.	Bond ID	Issue Date	Maturity Date	Coupon (%)	Rating	Amount (IDR bn)
1	TUFI04BCN1	8-Jan-19	8-Jan-24	9.75	idAA+	200
2	ADMF04CCN4	23-Jan-19	23-Jan-24	9.50	idAAA	328
3	SMADM03CCN3	23-Jan-19	23-Jan-24	9.50	idAAA(sy)	32
4	KETR01A	6-Jan-21	8-Jan-24	6.80	idAAA	415
5	BCAP03ACN1	10-Jan-23	20-Jan-24	10.50	idBBB+	243
Total						1,218

Source: KSEI, IDX processed data

Appendix 15. Corporate Bonds Maturity in March 2024

No.	Bond ID	Issue Date	Maturity Date	Coupon (%)	Rating	Amount (IDR bn)
1	PNBN02SBCN2	17-Mar-17	17-Mar-24	10.25	idAA	2,400
2	MEDC02CCN4	30-Mar-17	30-Mar-24	11.80	idA+	7
3	ISAT03CCN1	5-Mar-19	5-Mar-24	9.75	idAAA	185
4	SIISAT03CCN1	5-Mar-19	5-Mar-24	9.75	idAAA(sy)	29
5	AGII01BCN3	19-Mar-19	19-Mar-24	11.50	A-(idn)	16
6	WIKAO1ACN2	3-Mar-21	3-Mar-24	8.50	A-(idn)	495
7	SMWIKAO1ACN2	3-Mar-21	3-Mar-24	8.50	A-(idn)	134
8	PIHC02ACN2	10-Mar-21	10-Mar-24	5.60	AAA(idn)	350
9	PNMP03BCN5	17-Mar-21	17-Mar-24	7.25	idA+	159
10	SGRO01ACN2	17-Mar-21	17-Mar-24	9.45	idA-	128
11	SISGRO01ACN2	17-Mar-21	17-Mar-24	9.45	idA-(sy)	237
12	INKP01BCN4	23-Mar-21	23-Mar-24	9.50	idA+	1,895
13	MDKA02BCN1	26-Mar-21	26-Mar-24	9.85	idA	940
14	FIFA05ACN5	24-Feb-23	5-Mar-24	6.00	idAAA	1,035
15	MDKA04CN2	8-Mar-23	15-Mar-24	6.50	idA+	2,500
16	SANF04ACN2	16-Mar-23	26-Mar-24	6.00	idAA	350
17	PRTL03ACN2	21-Mar-23	31-Mar-24	6.35	AAA(idn)	2,761
Total						13,621

Source: KSEI, IDX processed data

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