

---

# Indonesia Market Report

by

Association of Indonesian Securities  
Companies

Mumbai, November 2012

---

# Highlights

---

- Economic Performance
- Capital Market Performance
- Regulatory Developments
- Prospect for Indonesia Securities Industry & Challenges

# Economic Performance

- Indonesia economy in 2Q-2012 grew 6.4% (y-o-y), higher than market expectation of 6.1% driven by 12.3% expansion in investment, 7.0% in government spending, and 5.0% in private consumption.
- Foreign reserve has increased to \$110.172m in the end of 3Q-2012 from \$110.123m in the beginning of the year.
- The exchange rate of Rp depreciated from Rp8,991/US\$ (end of 2010) to Rp9,068/US\$ (end of 2011) and further down to IDR9,615 by October 2012.
- The Central Bank lowered BI rate to 5.75% in Feb 2012. It has maintained the rate for some time since the inflation is still at relatively low level of 4.61% as of October 2012.

IMF World Economic Outlook	GDP (%)		
	Actual	Projected	
	2011	2012	2013
Asia	7.8	6.7	7.2
Japan	-0.9	2.2	1.2
China	9.2	7.8	8.2
India	7.4	4.9	6.0
<b>ASEAN-5</b>	<b>4.8</b>	<b>5.4</b>	<b>5.8</b>
United States	1.8	2.2	2.1
Euro Area	1.4	-0.4	0.2
Russia	4.3	3.7	3.8
Latin America	4.5	3.2	3.9

Source IMF World Economic Outlook, October 2012

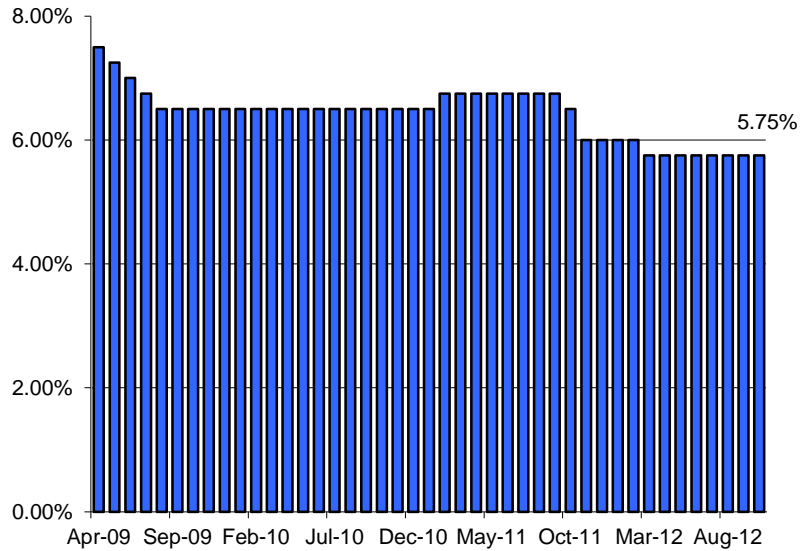
# Economic Performance

Indicator	2009	2010	2011	3Q-2012
GDP Growth Rate (% y-o-y)	4.5	6.1	6.5	6.17
Export (USD billion)	116.51	157.78	203.5	143.00
Import (USD billion)	96.83	135.66	177.4	141.97
Surplus (USD billion)	19.68	22.12	26.1	1.03
Exchange Rate-end period (IDR/USD)	9,425	8,991	9,068	9,615*
Foreign Exchange Reserve (USD million)	66,105	96,207	110,123	110,172
Unemployment Rate (%)	7.87	7.14	6.56	6.14

\* Based on the position of October 2012  
Source: BI, BPS

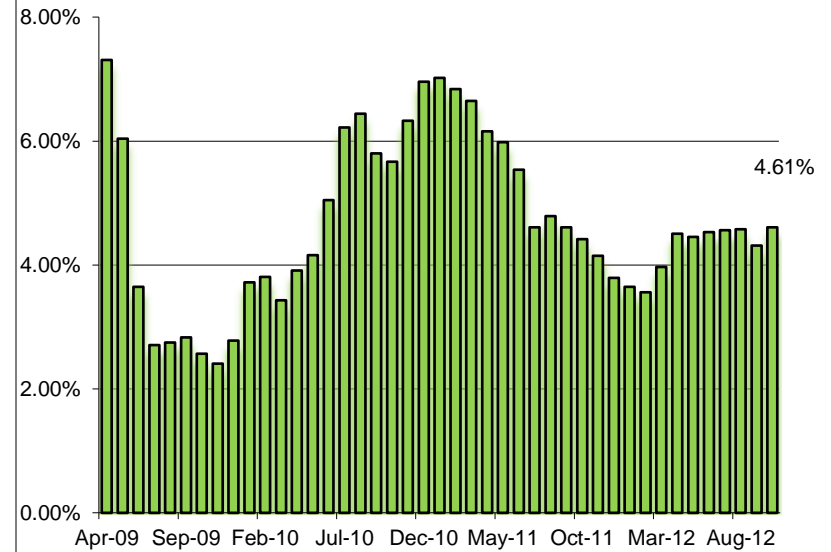
# Economic Performance

Indonesian Central Bank  
Interest Rate



Source : BI – Indonesia Central Bank

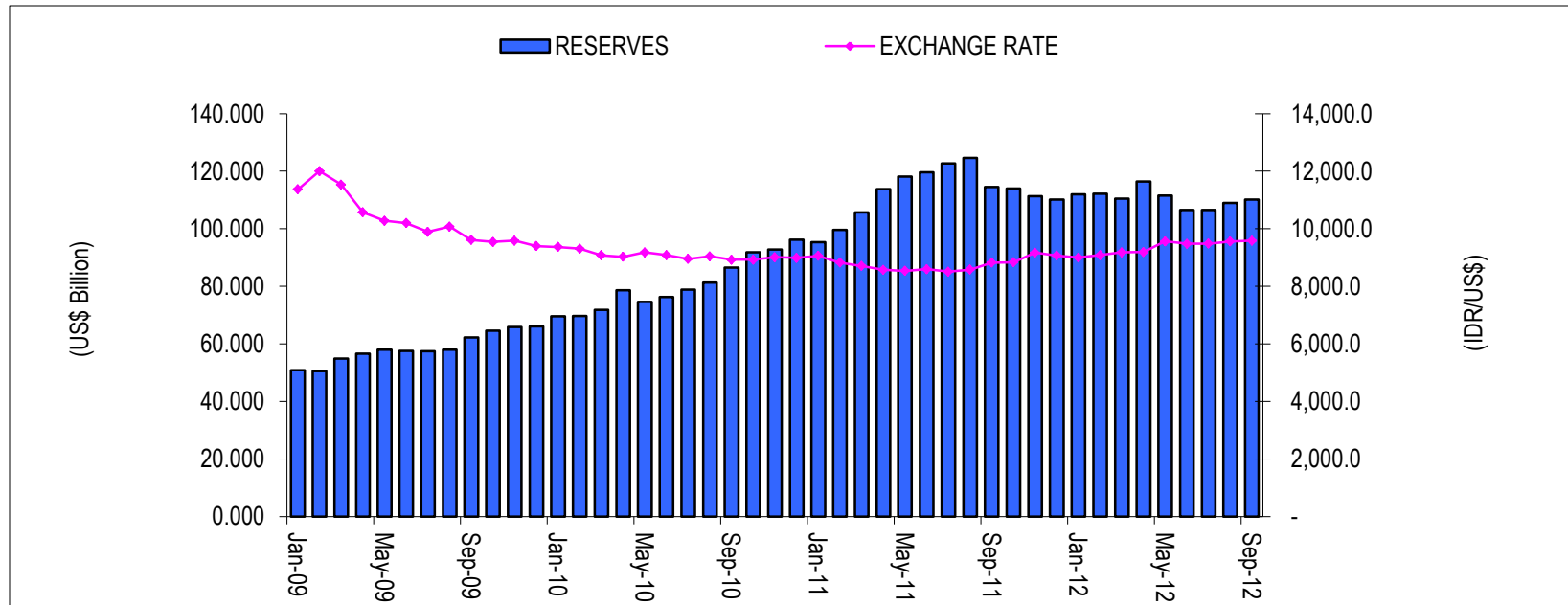
Indonesia Inflation - CPI



Source : BPS- Statistics Indonesia

# Economic Performance

Exchange Rate vs. Foreign Exchange Reserve (Jan 2008 – Sept 2012)



Source :BI- Indonesia Central Bank

Capital inflow to Indonesia has increased Foreign Exchange Reserve.

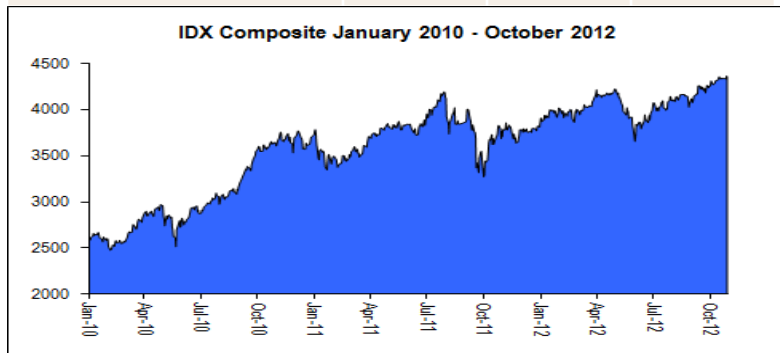
On April 2011 Indonesia Country Rating was upgraded by S&P to BB+ (one level below investment grade), marked with positive outlook, due to it's "resilient" economy and improving finances. Later, in early of January 2012, Moody's also increased the rating to Baa3.

# Capital Market Performance

## ■ Stock Market

- The recovery of Indonesia economy reflected by the performance of the IDX Composite Index, Listed Issuers and Market Capitalization.
- On 31st October 2012, the Composite Index was at 4,236 (↑10.84% ytd), with a record high at 4,364 on October 30th, 2012

	2010	2011	Oct 2012
Total Trading Value (IDR billion)	1,176,237	1,223,440	909,284
Average Trading Value per Day (IDR billion)	4,801	4,953 ↑ 3.17%	4,414 ↓ 10.88%
<b>Composite Index</b>			
High	3,786.10	4,193.44	4,364.60
Low	2,475.57	3,269.45	3,654.58
Close	3,703.51	3,821.99	4,236.30
Listed Issuers	420	440	455
Market Capitalization (IDR billion)	3,247,097	3,537,294 ↑ 8.94%	4,116,000 ↑ 16.36%



Source : IDX

## Performance of Various Global Stock Markets as of 31 Oct 2012

Country	Index	Last	mom Ch. %	ytd Ch. %	YTD Ch. % Chart
Spain	IBEX35	7,842.90	1.74%	-8.44%	Red bar
China	SHANGHAI	2,068.88	-0.83%	-5.94%	Red bar
Portugal	PORTUGAL PSI20	5,355.96	2.94%	-2.52%	Red bar
Brazil	IBOVespa	57,068.18	-3.56%	0.55%	Blue bar
Italy	FTSEMIB	15,539.71	2.94%	2.98%	Blue bar
United Kingdom	FTSE100	5,782.70	12.46%	3.78%	Blue bar
South Korea	KOSPI	1,912.06	-4.22%	4.73%	Blue bar
Japan	NKY	8,928.29	0.66%	5.59%	Blue bar
Netherlands	AEX	330.76	2.35%	5.85%	Blue bar
United States	DJ IA	13,096.46	-2.54%	7.19%	Blue bar
France	CAC	3,429.27	2.22%	8.53%	Blue bar
Indonesia	JCI	4,350.29	2.06%	13.82%	Blue bar
Singapore	FSSTI	3,038.37	-0.72%	14.81%	Blue bar
Hong Kong	HANGSENG	21,641.82	3.85%	17.40%	Blue bar
Greece	ATHEX COMP.	801.32	8.42%	17.77%	Blue bar
India	SENSEX	18,505.38	-1.37%	19.74%	Blue bar
Germany	DAX	7,260.63	0.62%	23.10%	Blue bar

Source : WSJ

# Capital Market Performance

- Financial Ratios of various industries as of Mar-2012 and Jun-2012 with closing price of Sept-2012, the Average PER of 13.46x and PBV of 1.57x

Industry Groups	PER	PBV	Market Cap.	YTD Return
	(x)	(x)	IDR Bio	3Q12 (%)
Agriculture	41.14	5.80	122,192.35	4.48
Mining	5.36	2.78	343,654.73	-19.81
Basic Industry and Chemicals	8.30	1.57	310,793.38	15.15
Miscellaneous Industry	15.76	1.44	365,204.59	0.09
Consumer Goods	14.85	6.20	734,278.39	18.14
Property, Real Estate & Building Construction	22.24	1.97	208,338.87	35.46
Infrastructure, Utilities & Transportation	9.43	2.52	539,540.61	26.86
Finance	7.96	1.46	957,346.86	10.51
Trade, Services & Investment	14.43	1.87	446,400.34	26.11

Source : IDX



# Capital Market Performance

## ■ 20 Most Active Brokerage Houses in Total Value 3Q12

Rank	Name	Total (IDR-trill)	%	Rank	Name	Total (IDR-trill)	%
1	Credit Suisse Securities Indonesia	104.45	6.38	11	Mandiri Sekuritas	47.49	2.90
2	UBS Securities Indonesia	92.45	5.64	12	Merrill Lynch Indonesia	38.80	2.37
3	Deutsche Securities Indonesia	84.81	5.18	13	Indo Premier Securities	34.31	2.09
4	Kim Eng Securities	82.91	5.06	14	OSK Nusadana Securities Indonesia	32.80	2.00
5	Macquarie Capital Securities Indonesia	79.89	4.88	15	Citigroup Securities Indonesia	31.44	1.92
6	CIMB Securities Indonesia	79.28	4.84	16	Danareksa Sekuritas	30.79	1.88
7	Bahana Securities	71.43	4.36	17	MNC Securities	29.93	1.83
8	CLSA Indonesia	68.69	4.19	18	UOB Kay Hian Securities	27.66	1.69
9	JP Morgan Securities Indonesia	64.97	3.97	19	Ciptadana Securities	26.67	1.63
10	eTrading Securities	49.81	3.04	20	BNI Securities	26.12	1.59
<b>Total of 20 Firm</b>						<b>1,105.00</b>	
% of Total Transaction						67.43	
<b>Total Transaction</b>						<b>1,638.17</b>	

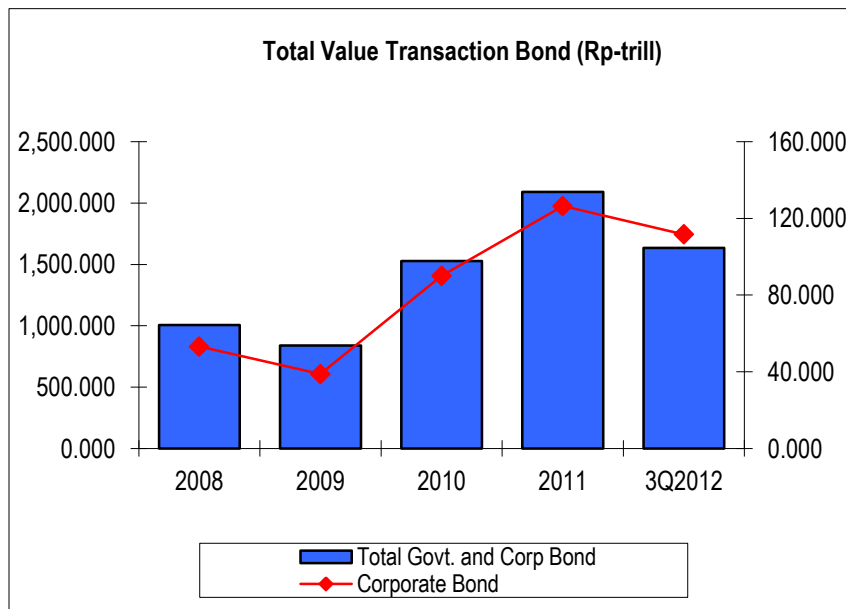
- 20 amongst 118 active brokerage houses accounted for 67% total value transactions (11 of these top 20 brokers are foreign houses, accounted for 46% total value transactions).

Source : IDX

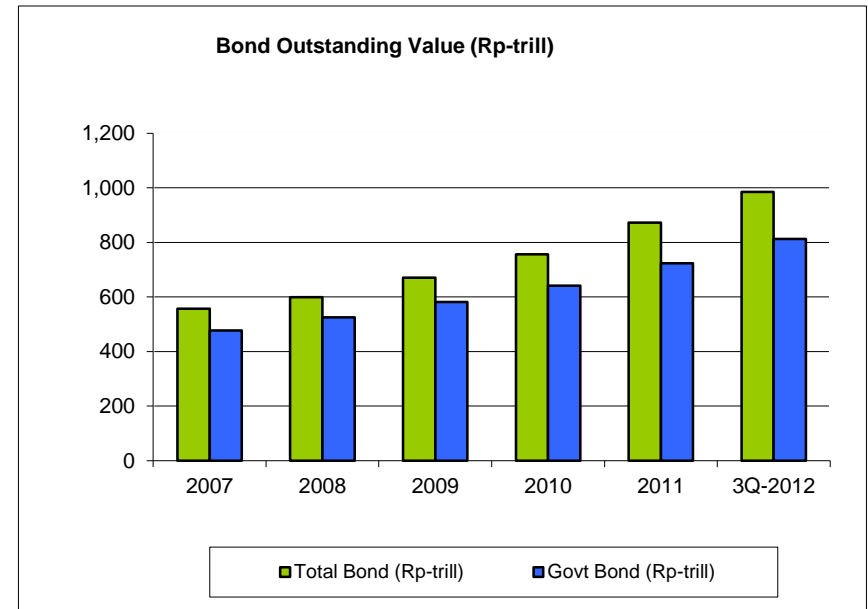
# Capital Market Performance

## ■ Bond Market

- The total transactions of bond market has increased significantly for the past two years.
- Government Bond holds the majority of the total bond volume transaction and outstanding.



Source : IDX



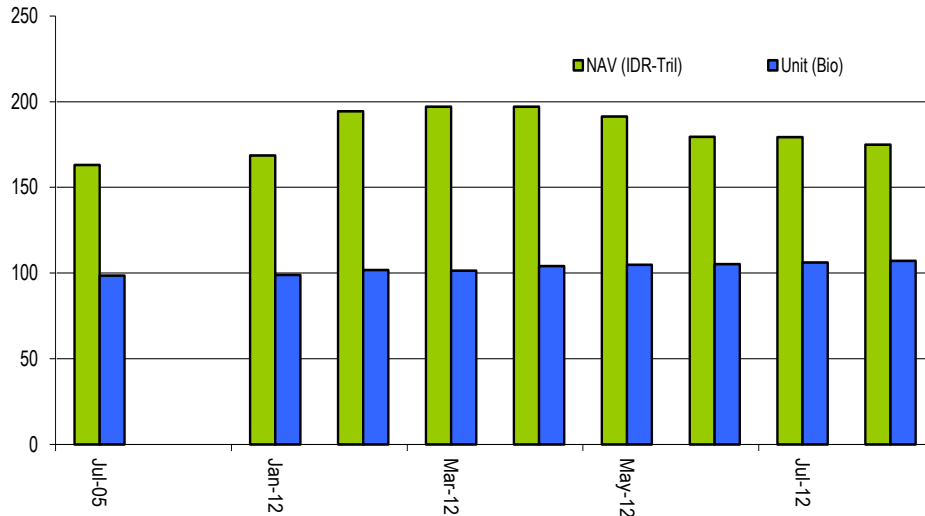
Source : IDX

# Capital Market Performance

## ■ Mutual Fund

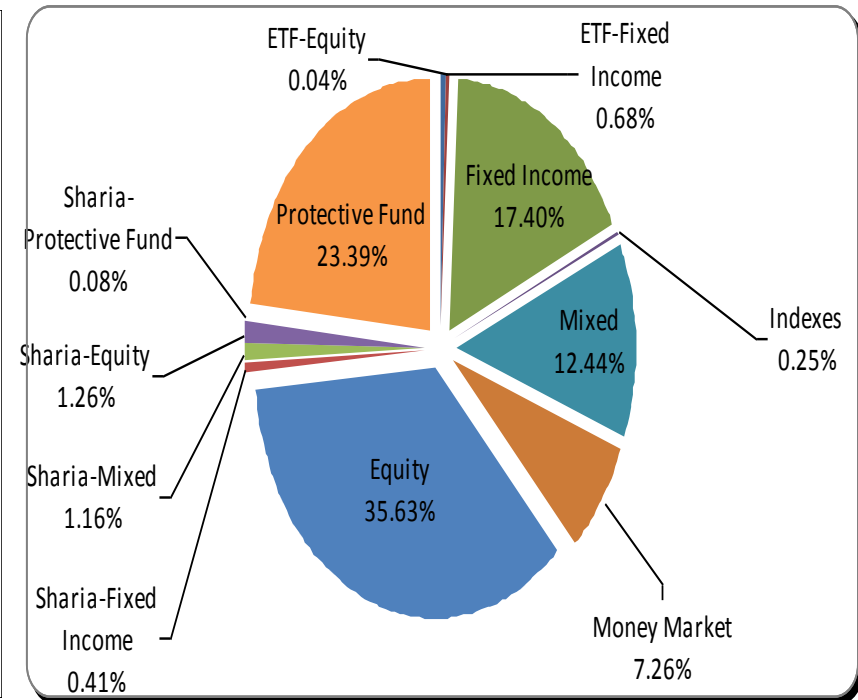
- The Mutual Fund industry also experienced healthy development

NAV of Mutual Fund and Unit  
2011 - Sept 2012



Source : Bapepam-LK

- Composition of Net Asset Value of Mutual Fund as of October 2012



# Regulatory Developments

Establishment of Financial Services Authority (Otoritas Jasa Keuangan/OJK) in 2013 (Banking sector 2014)

Internal Control for Securities Company

Tighter calculation of Net Adjusted Working Capital

Surveillance System to monitor irregular transactions

Securities Deposited to Indonesian Central Securities Depository (KSEI)

Formation of Investor Protection Fund

# Regulatory Developments

Segregated Cash Account for Clients at Payment Bank and individual Securities Sub-Account for Clients at the Indonesian Central Securities Depository (KSEI), effective in February 2012.

Single Investor Identification (SID) and Trading-ID

AKSes Card Facility

Integration of Securities Company Back Office system with the system of Indonesian Central Securities Depository (KSEI)

Straight Through Processing settlement

KYC and Anti-Money Laundering enhancement regulations

# Prospect for Indonesia Securities Industry & Challenges

- Positive economic outlooks:
  - The Indonesia economic growth is expected to reach around 6.1% in 2012 and accelerate to 6.5% - 7.5% (y-o-y) until 2014.
  - Inflation in 2012 is manageable (targeted at 4.5%) and interest rate is stable.
  - “Investment Grade” upgrade Ratings indicate country’s positive outlook.
- Estimated strong net profit growth while global economic upset by crisis of the Euro Zone
- Growing volume transactions.
- Strict market supervisory and broker internal control employed, paired with system enhancement to increase efficiency in the operation area, enforcing more robust operation for brokers.
- The Regulator’s focus on client asset protection will continue to strengthen the confidence of the investors.

# Prospect for Indonesia Securities Industry & Challenges

- The implementation of online trading and DMA facilities is expected to increase trading value and fasten the growth of investors significantly.
- Implementation of bureaucracy reform at Regulatory function system and supervision (OJK/ Financial Services Authority) that is integrated in overall activity of financial services sector.
- The OJK has main task of regulation and supervision of:
  - Financial services activities in banking sector
  - Financial services activities in capital market sector
  - Financial services activities in insurance, pension funds, financing institutions, and other financial services institutions.

---

# Thank You