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主 論 文 題 名 :				
Analysis of Government Bonds Markets in Indonesia and Japan				
(内容の要旨)				
<p>Along with the improvement of Indonesian economy, the global confidence towards Indonesian domestic government bonds market was also increased. The foreign ownership share was increased significantly. With total share about 29%, the foreign investors became the second largest group of government bonds holder after banks. The greater involvement of foreign investors has caused anxiety among the other market participants. Foreign investors have been percept to be more sophisticated than local investors they have significant amount of liquidity, experience and expertise (Dvorak, 2005). These attributes often make them act as the leader of the market. At this position, foreign investors are having the opportunity to enjoy maximum return. Depart from this perception, I investigate the investment patterns and investment performance in the Indonesian government bonds market, which will be described in Chapter 2. This study suggests that foreign investors might have become market followers instead of leader during the analysis period. However, cumulatively, they enjoy the highest returns.</p> <p>The result of investigation on foreign investor's behavior and performance in Chapter 2, led me to further question whether or not Indonesian government has manage its debt in sustainable manner. Currently Indonesian government maintains to issue two kinds of debts, i.e. domestic debt and external debt. Each type of debt has its own advantages and disadvantages. I develop a simple general equilibrium model to determine the optimal share for domestic and external government debts in Indonesia, which is described in Chapter 3. I emphasize the important role of Government debt's demand in forming the optimal structure of government debt. In addition, the back testing simulation suggests that the Indonesian government has to reduce the level of its external debt. Through a dynamic recursive simulation, it is suggested that, in the long run, the government must not hold any external debt while the Debt-to-GDP ratio is maintained at a level of 16%-17%.</p> <p>Japanese Government Bond market is a perfect example of how a government could maintain a fully domestic debt. Moreover, it also becomes an interesting case due to anomaly in the relationship between its stock-of-debt and interest-rate. In Chapter 4 I propose a model that would determine the optimal share of types of JGBs in the government's debt portfolio. I equipped the model with sensitivity simulations to</p>				

understand how these optimal proportions would change when certain variables changes. I found that the optimal proportion for fixed-rate, floating-rate, and inflation-indexed bonds depend on the risk appetite of the government; the government should pursue a different strategy depending on whether they are imposing risk averse or risk seeking policy. Further, It appears that the risk appetites of government and private sector are always opposite to each other. In addition, the stability of the bonds market would also be affected by the wealth of the investors since there is a positive correlation between interest rates and the ownership of government bonds relative to other assets owned by investors.