ABSTRACT

Credit risk can be calculated using the credit spreads in the measurement of additional yield rates to be taken into account. During global crisis in 2008, risk of financial failure rapidly spread thoughout the world, including Indonesia, as seen from the turmoils in capital market and money market. This case demands investors to be more thorough in assessing the credit risk of debt instruments.

This study explored the influence of macroeconomic variables including interest rates, Rupiah exchange rate, and the return of the Composite Stock Price Index (IHSG) towards the bond credit spreads rate in Indonesia. The result of this study shows that the return of the IHSG did not have any significant influence on the credit spreads rate. However, the interest rates and Rupiah exchange rates had significant and positive influence on the creadit spreads rate of both long-term and short-term bonds in Indonesia. The positive direction showed that when increases occurred in those two variables, the credit spreads rate of bonds would increase as well. Increases in the credit spreads rate of bonds indicated higher risk that investors would experience as stock issuers had more burden in fulfilling their obigations to the investors.

Keyword: *credit risk, credit spreads rate, interest rate, Rupiah exchange rate, return of the composite shared price index, Indonesian bond*