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Indonesia Stocks Jump to 2-Year High as Foreign Fund Flow Gains  
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By Berni Moestafa

March 17 (Bloomberg) -- Indonesian stocks rose, driving the benchmark index to a two-year high, as overseas investors sought riskier assets after the U.S. Federal Reserve pledged to keep interest rates low. PT Bank Central Asia led gains on expectations a higher profit may raise dividends.

PT Astra International, the nation's biggest auto retailer, jumped 5.7 percent as a stronger rupiah reduces the cost of importing cars and auto spare parts. PT International Nickel Indonesia climbed 5.1 percent after nickel futures rose for a second day. The central bank said currency gains helped boost capital inflows, underscoring demand for domestic equities.

The Jakarta Composite index rose 3.3 percent to 2,756.26, the highest close since Feb. 28, 2008. Foreigners have bought a net 2 trillion rupiah (\$219 million) of Indonesian equities in the past seven days, making them net buyers for the year.

Standard & Poor's on March 12 raised Indonesia's sovereign debt rating to the highest level in 12 years, citing an improving government debt ratio and growing foreign currency reserves.

"There's increasingly good foreign capital inflows because of all the positive news on Indonesia," said Kenny Soejatman, who helps manage \$1.55 billion at PT Mandiri Manajemen Investasi in Jakarta. "People are just waking up to this fact."

The rupiah rose 0.7 percent to 9,115 against the dollar, the highest level since August 2008, according to data compiled by Bloomberg. Continued capital inflows into emerging markets including Indonesia boosted the rupiah, Bank Indonesia Deputy Governor Hartadi Sarwono said today.

#### Bank Central Asia

Bank Central Asia, Indonesia's biggest bank by market value, surged 12 percent to a record 5,800 rupiah. The shares rose on expectations 2009 earnings will be strong, leading to a dividend payout, according to Michael Handisurya, an analyst at PT Valbury Asia Securities in Jakarta.

Astra, which sells Toyota Motor Corp. vehicles and Honda Motor Co. motorcycles, advanced 5.7 percent to a record 40,850 rupiah.

International Nickel, the nation's biggest producer of the metal, gained 5.1 percent to 4,125 rupiah. Nickel for three-month delivery rose 1.5 percent to \$22,217 a metric ton in London as of 9:07 a.m. local time, extending yesterday's 1.9 percent increase.

Standard & Poor's increased Indonesia's long-term foreign-currency rating one notch to BB from BB-, two levels below investment grade. The Indonesian central bank on March 11 raised its growth forecast for Southeast Asia's biggest economy to as much as 6 percent from 5.6 percent, citing rising consumer spending.

Among other stocks, PT Perusahaan Gas Negara, the largest gas distributor, rose 4.3 percent to 4,250 rupiah after Standard & Poor's raised the company's rating by one notch to BB with a positive outlook.

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