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Analysis of Financial Performance and Bonds Rating to Corporate Bond Yield in Indonesia Stock Exchange

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Abstract:

- ***Background:***

Bond Trade activity related to bond yield. In Indonesia, corporate bonds research has not been done much. Therefore, research on financial performance and bond ratings towards yield Corporate bond yield.

- ***Objective:***

The study aims to analyze the impact of financial performance consisting of Return to equity ratio (ROE), Current Ratio (CR), Debt to equity ratio (DER) and the bond rating yield on the corporate bond yield in Indonesia stock Exchange.

- ***Theory:***

Research is based on signal theory and Teori Agency.

- ***Method:***

The study uses a quantitative approach to the type of associative research. The population of this research is a company that publishes corporate bonds listed on the Indonesia Stock Exchange in 2018 with a total of 13 samples by using the purposive sampling technique.

- ***The Results:***

Based on T-Test statistics It was shown that Return on Equity (ROE) and bond ratings were positively and significantly influential on Yield bonds. While the Current Ratio (CR) and Debt to Equity Ratio (DER) are influential and significant to the Yield on bonds.

Keywords:- *Return on equity (ROE), Current Ratio (CR), Debt to Equity Ratio (DER), bond rating and bond Yield.*

I. INTRODUCTION

Capital market is a lon-term market in which there are various instruments of capital market that can be traded. Bonds are letterstanda bukti bahwa investor pemegang Bonds provide debt loans to bond issuing issuers (Tandelilin, 2010). In bonds investment, the income (return) will be obtained by the investor from the placement of the funds in the bonds named yield. As an investment instrument change yield the yield rate of the bonds obtained. Investor I underwent change over time. In accordance with expectation theory, investors will likely expect high returns to publishers (issuer) for long-term investments.

Investment instruments of capital market bonds will still be an attractive option for investors in the year 2018. Because these two investment instruments can provide an attractive yield or yield for investors. The market trend of Obligasi throughout the year 2018 initiated positive developments due to low interest rates which greatly affects the issuance of corporate bonds. PT Indonesian Securities Rating (Pefindo) recorded the realization of bond issuance in 2016 reached Rp 115.06 trillion, in 2017 bonds reached Rp 161.36 trillion of increase up to 40.23 percent from the position of corporate bonds reached Rp 127.1 trillion throughout the period of January-November 2018. JA no bond in year 2018 information published by CNBC Indonesia on the bond market, which BECAME the benchmark is 5 years (FR0077), 10 (FR0078), 15 (FR0068), and 20 years (FR0079). yield Tenor Bonds 5, 10, 15, and 20 years of benchmark series of 0.4 bps, 0.6 bps, 2.7 bps, and 4.2 bps respectively. As information, yield the bond yield movement is inversely priced. When the yield drops, it means the price is going up. Conversely, when the yield rises, means the price is down. Below is presented data on the yield movement of Bonds Indonesia Reference series in Figure 1 as follows:

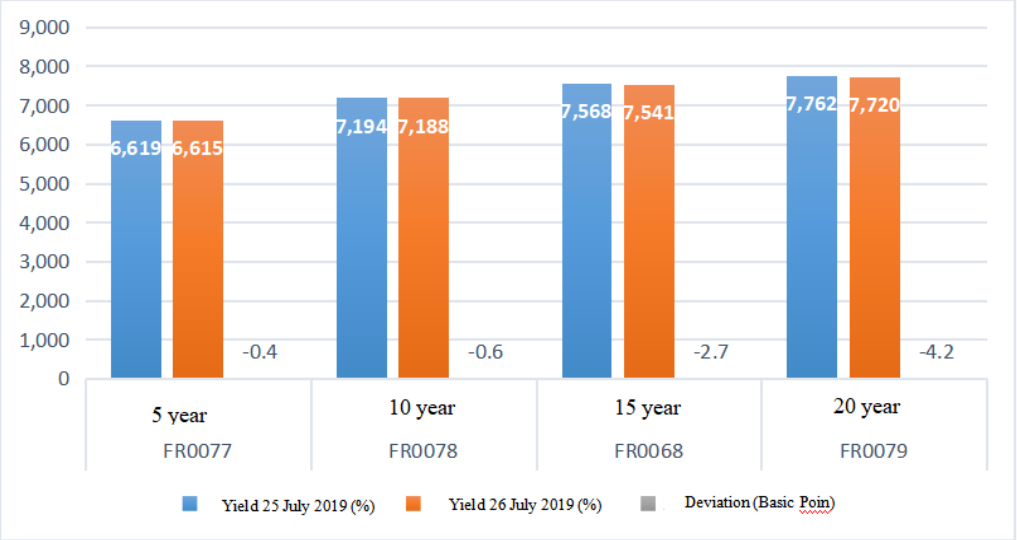

Fig 1:- Indonesia Bond Yield Movement Series
Source: CNBC Indonesia (2019)

In the picture shown the addition of the number of issuers on the Indonesia stock Exchange from 231 issuers to 274 issuers in the period of 5 years. Accompanying the addition of the number of issuers, the recorded emission values were seen increased from Rp 430 trillion in 2014 to Rp 616 trillion in the year 2018 which also climbed by the last position of bonds amounting to Rp 412 trillion from the value of the final bond Rp 251 trillion in 2014.

Meanwhile, judging by the secondary market bond activity in year 2018, the average daily transaction volume of outright type government bonds increased by 18.61 percent YoY to RP 16.58 trillion/day in 2018 from RP 13.97 trillion/day in 2017. The average daily frequency is also recorded up by 5.79 percent YoY to 886 transactions/day of 837 transactions/day. The following Is the average daily transaction volume data of an outright type corporate bond in Figure 2 as follows:

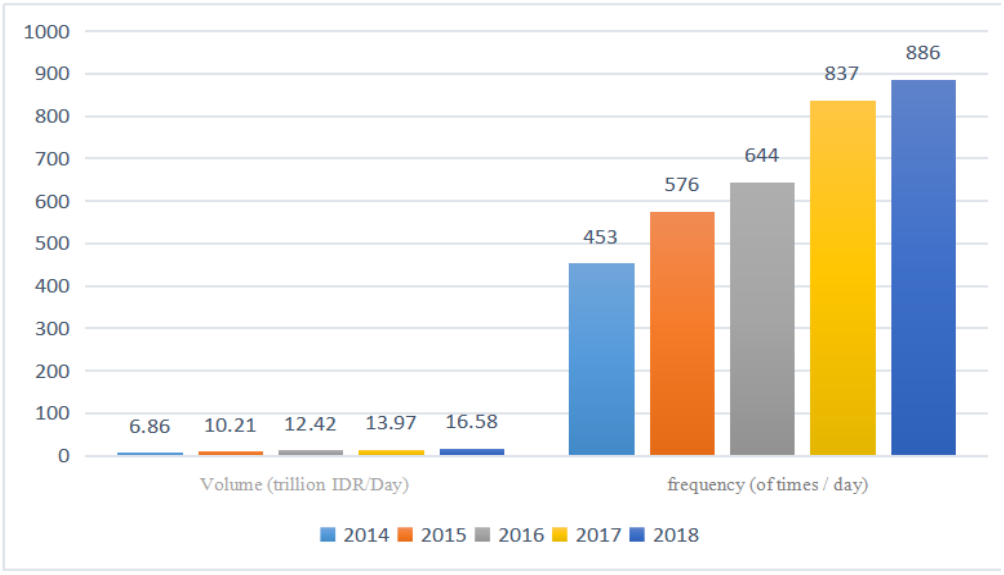

Fig 2:- Average daily transaction Volume of Outright type corporate bonds
Source: IPBA Data (2019)

Bond Yield is a measure of the bond income that the investor will receive, which tends to be non-permanent. Research that has been done in Indonesia especially for corporate bonds has not done much and is still relevant to do. Therefore, research is interested in reviewing.

Thus, the author intends to conduct research with the title "Influence of financial performance and bond ratings against corporate bond yield on Indonesia Stock Exchange"

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II. THEORY STUDY

- **Theori Signaling (signaling theory):** Signaling Theory is aimed at reducing the asymmetry of information regarding what is done by the management aimed at realizing the owner's wishes from the parties investors and creditors. From the way it is done to reduce asymmetry by providing entrusted financial information and owners of integrity that reduce uncertainty about the performance of the forthcoming company (Wolk dkk 2004).

- **Agency Theory:** The agency's theory relates to the relationship between the company's management (agent) and the investor. According to Darmawati et al (2005), the essence of the agency relationship is the separation between the principal/Investor and the control (agent/manager).

- **Bonds:** Bonds is a long-term debt instrument used by Governments, government agencies and corporations to increase the amount of liquidity of its money. Features Bonds traits, including 1) pay a semiannual coupon with a set coupon interest rate; 2) has a short tenor (1-5 years) long (30 years); and 3) have a nominal value (PAR value) that must be paid each fall tempo Sihombing (2018).

- **Yield bonds:** According to the Tandelillin (2010) bond yield, which is a measure of bond income received by fluctuating investors and as befits a bond coupon relating to the return level which is referred by the investor. There are 5 kinds of bond yield sizes that investors use:

- *Nominal yield*

The Nominal yield is a coupon rate given to bonds. For example, Bond gives 10 a 10 percent per cent coupon, the bond has a nominal yield of 10 percent. an easy to show the characteristic of coupons from an obligation is nominal Yield.

- *Current yield*

Current yield is the market price of bonds is the ratio of bond interest rates. Current yield gives a daily report on the mass media. Information about Current yield will be very useful for investors, because the current yield has given a picture of a comparison of bond coupons against bond market prices.

- *Yield to Maturity (YTM)*

Yield to maturity here turn rate received by the investor when the bond is in the current market price and will suppress the bone so it is due. The yield or yield to maturity size provides return with the interest rate Mejemuk the investor expects, if the two assumptions in the charge can be fulfilled, then the yield to maturity that is expected to be the same as realized yield. The yield to Maturity formula can be used as follows:

$$YTM = \frac{Ci\ \frac{Pp - P}{n}}{\frac{Pp + P}{2}}$$

Where:
Ytm: Yield to maturity
D: bonds price at this time (t = 0)
N: Number of years u to maturity of bond
Ci: Coupon payment for Bonds i annually
Pp: par value of bonds

- *Yield to call*

Yield to call is a callable yield bond earned on a repurchased. This means that unit can pay off or buy back the bonds that have been issued from the investor holding the bonds before maturity.

- *Realized (Horizon)*

Realized Horizon is an investor's expected return rate of bonds, when the bonds are re-sold to investors before maturity time. To estimate that is to use the realized Yield Horizon.

- **Financial performance:** According to Munawir (2015) Financial performance is an activity to assess the financial condition and performance of the company. The analysis requires that some of the benchmarks used are ratios and indices that link two financial words between each other. Financial performance can be measured through analysis of financial statements for analysis of financial statements in addition to being used as a tool to determine the level of profitability, solvency, activities and liquidity is also used as a tool to determine the level of risk or health of the company.

- **Bond ratings:** according to Brigham and Houston (2006) Indicators of the risk of failure of the pay can be seen from the bond rating. Changes in bond ratings will affect its ability to borrow both long-term capital and capital costs, including finance Ratio, Qualitative factors, bond contact terms and miscellaneous Qualitative factor. The lowest bond rating, demanding a high rate of return in the capital market. The following Bond ranks are categorized into two categories OF PT Pefindo, including:

1. Investment grade is entitled to idAAA, idAA +, idAA, idAA-, idA +, Ida, idA-, idBBB +, idBBB, idbbb-.
2. Not worth the investment (Noninvestment grade) consists of idBB +, idBB, idBB-, idB +, idB, idB-, idCCC +, idCCC, idCCC-, idC +, idC, idC-, idD. The rank used is the investment grade category and is stated at the lowest scale of 1 to 10 for the highest rating. Scoring from the lowest to highest rating is 1 for idBBB rating bonds-up to 10 for idAAA rating bonds.

❖ *Thinker Framework*

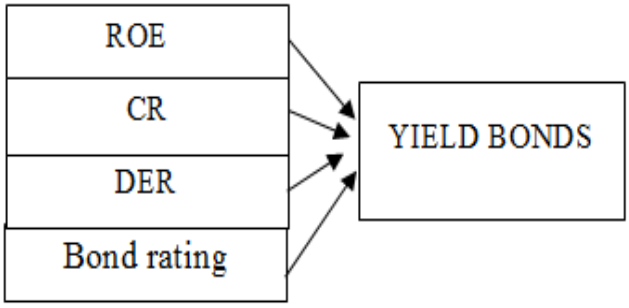

Fig 3:- Pictures thought Frameworks

H1: ROE (Return On Equity) negative effects bond yield.
H2: CR (current ratio) negative effects bond yields.
H3: DER (Debt to Equity ratio) positive effects the yield of bonds.
H4: Bonds rating negative effect bond yield

III. RESEARCH METHODS

➢ *Design Research*

The design of the research used in this study is a quantitative approach with the type of associative research, namely to prove the relationship between the bond rank variable and the financial performance using the ratio is Return On Equity (ROE), Current ratio (CR), and debt to the Equity Ratio (DER) on the Yield bonds of the Indonesian stock exchange in 2018 with termination from January to December.

➢ *Population and purposive sampling methods*

The population in this study is Companies issuing bonds Registered Company Corporation that registered On the Indonesian Stock Exchange in 2018.

Sampling uses a sampling method aimed at generating as many as 13 companies. The criteria used to select samples are the companies that issued corporate bonds in the Indonesia Stock exchange in 2018, bonds registered with PT PEFINDO Company and have an annual financial report, including Return on Equity (ROE), Current Ratio (CR), debt to equity ratio (DER)

➢ *Operational definitions and variable measurements*

➢ *Dependent variables*

Dependent variables in this study resulted in bonds. According to Tandelilin Bonds (2010) The Yield is a measure of bond income that investors will be able to do less likely to remain. Bond yields are not fixed, such as bonds (coupons), as bond yields will be heavily tied to the level of return the investor needs. Yield to Maturity (YTM) is the rate of return the investor receives, if it buys the bonds at the current market price and withholds the bonds until maturity. Yield to maturity is a widely used yield size, because the results reflect back with the level of compound interest that investors expect, if two necessary assumptions can be fulfilled, then the Yield to maturity is expected to be the same as the outcome Realize. The Yield formula to maturity, is.

$$YTM = \frac{Ci\ \frac{Pp - P}{n}}{\frac{Pp + P}{2}}$$

Description:
YTM: Yield to maturity
P: The current bond price (t = 0)
N: Number of years until maturity of bond
CI: Coupon payments for my bonds annually
PP: Bond Nominal value

➢ *Independent variables*

Independent variables in this study are as follows:

➢ *ROE (Return on Equity)*

To measure the effectiveness of the company in utilizing owners ' contributions using other sources of owners ' interests. ROE uses the following formula.

$$\textbf{ROE (Return On Equity)} = \frac{\textbf{Laba Bersih}}{\textbf{Total Modal (Equity)}}\ \textbf{x 100\%}$$

➢ *CR (Current Ratio)*

To prove how the availability of all current assets supports the company's capabilities. CR uses the following formula:

$$\textbf{CR (Current Ratio)} = \frac{\textbf{Aktiva Lancar}}{\textbf{Aktiva Tetap}}\textbf{x 100\%}$$

➢ *DER (Debt to Equity Ratio)*

To measure the debts owned by the capital itself. The ratio of debt to equity is used in this study and can be obtained with the following measurement formula.

$$\textbf{DER (Debt to Equity Ratio)} = \frac{\textbf{Tatal Hutang}}{\textbf{Modal}}\ \textbf{x100\%}$$

➢ *Bond rating*

A Bond rating is a risk indicator of failing to pay. Bond ratings are a symbol of the bond issuing company published by Pefindo. The bond rating variable is set as a ranking symbol and is determined by classifying the ranking according to the ranking category. The bonds range is categorized into two categories of PT Pefindo, including:

1. The investment value of idAAA, idAA +, idAA, idAA-, idA +, Ida, idA-, idBBB +, idBBB, idbbb->
2. Not worth the investment (non Grade investments) consist of idBBB +, idBB, idBB-, idB +, idB, idB-, idCCC +, idCCC, idCCC-, idC +, idC, idC-, idD. The rank used is the category of investment value and is expressed in the lowest scale of 1 to 10 for the highest rating. Rating from lowest value to highest rating 1 to rating idBBB bonds-up to 10 for idAAA rating bonds.

➢ *Data collection Methods*

this study, researchers used secondary data by collecting, recording, and reviewing secondary data in the form of financial statements and annual report bonds in the Indonesian Capital Market Directory (ICMD) and in the Indonesian Bond Market Directory (and reports published through the official website of the Indonesia Stock Exchange (IDX) (www.idx.co.id). The Financial Services Authority (www.ojk.go.id) website and the Indonesian bond pricing agency for bond market development data and bond rating data derive from PT PEFINDO (PEFINDO).

➢ *Data Analysis Methods*

- *Descriptive analysis*

Descriptive analysis provides an overview of data descriptions viewed from the average value of the presentation data through tables, graphs, pie charts, pictograms, mode calculations, median, mean, calculations, percentiles, data dissemination Through the Average calculation, standard deviation, and percentage calculation.

➢ *Multiple Linear regression analysis*

An analysis of the linear double regression analyses used in these studies is as follows:

$$\mathbf{Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e}$$

➢ *Hypothesis Testing*

The hypothesis testing used in this study is as follows:

➢ *Test Simultaneous (Test F)*

This test is to find out if all independent variables at the same time can affect the dependent variables (Ghozali 2011).

➢ *Partial test (Test T)*

This test is to find out if each individual variable independently affects the dependent variable (Ghozali 2011).

➢ *Coefficient of determination (R^2)*

Coefficient of determination according to (Ghozali 2011). Used to measure how far the model's ability is in describing variable dependent variations.

IV. RESEARCH RESULTS

Table 1. Indicates that the descriptive ROE statistics have a minimum of 0.39, maximum 18.00, mean 12.21, and STD deviation 5.40, indicating the variety of data in the ROE variable is quite stable.Table 2. Indicates that the descriptive statistics of CR have a minimum-35.97 maximum 237.00, mean 77.2400, and STD deviation 94.97 shows the variation of data on the average CR variable has a considerable liquidity value of 77.24%. Table 3. Indicates that descriptive statistics DER has a minimum of 0.70 maximum 183.16 mean 46.0431, and STD deviation 64.79034

Table 4. Indicates that descriptive statistics of bond ratings from level 4 to 7. Most sample companies have a 7th bond rating with idAA, idAAA-and idAAA, which are as many as 5 companies (38, 5%). These results indicate that the sample company included at a fairly good bond rating and worth the investment.

Table 5. Showing the Yield statistics bonds obtained a minimum value of 5, 48 and maximum 119, 01. Mean 15, 8915, standard deviation i.e. 31, 00554. Thus, this results in the presence of a sharp standard deviation gap in the bonds variable and indicates the stability of the data used.

Table 6. Indicates that the magnitude of Asymp. Siege (2-tailed) is 0.66 greater than 0.05. Besides the value of the Kolmogorov-Smirnov Z (K-S) amounting to 0730 and insignificant at 0.05 it can be said that the test normality meets the criteria of good normality.

Table 7. It shows that there is no independent variable that obtains a value of Tolerance below 0.10 as well as the value of the VIF above 10. ROE has a value of tolerance 0.869 and VIF 1.151; CR with value tolerance 0.939 and VIF 1.065; DER has a value of tolerance 0.499 and VIF 2.004; RATING has a value of tolerance 0.525 and VIF 1.903, thus the result shows that all independent variables are free of Multicholinerity problems.

Table 8. Indicates that the significance value Significance of each research variable is: ROE with Significance 0.134. CR with Significance 0.456; DER with Significance 0.687 and RATING with a significance of 0.449. Because of the Significance value obtained from the results of the test Method Glejser More than 0.05 then this result indicates that there is no problem of Heteroskedastisity with the model.

Table 9. Multiple Linear regression equations based on the following table data processing results:

Y= –75,542 + 2,708 X1 – 0,082 X2 – 0,065 X3 + 11,737 RATING + e

The results of multiple linear regression equations can be described as follows:

Explanation

- Coefficient (constant) =-75,542 (significant negative), which means that when a variable ROE, CR, DER and Bond rank, then the Yield variable bonds will-75,542 tend to have a low value.
- Coefficient β1 = 2,708 (significant positives), meaning if the value of the ROE variable increases by 1%, this will make the Yield bonds also increased by 2.708 unit variables.
- Coefficient β2 = 0,082 (significant negative), meaning if the CR variable increases by 1%, while other variable values remain, it will result in the sequence of bond yield variables of- 0,082.

- Coefficient β3 = -0065 (significant negative), meaning if three DER increases by 1%, while other variable values remain, it will result in the sequence of Bond yield variables of -0065.
- Coefficient β4 =11, 737 (significant positives), meaning that if the value of bond rating variable increases by 1%, this will make the Yield on bonds also increase by 11,737

Table 10. The magnitude of the value of F Count is 13,572 with a significant value of 0.001 because of the significance value less than 0.05 it can be stated that all independent variables i.e. ROE, CR, DER, and bond ratings jointly affect bond yields.

- *Partial test (Test t)*

Hypothesis 1: ROE has a regression coefficient value of 2.708 and a significance level of 0.001 and T count 5.463. The T-count value is greater than the table T value (5.436 > 1.782) and the equivalent significance is smaller than 0.05 (0.001 < 0.05) significance. Thus, it can be concluded that the ROE has a significant effect on yield bonds. In hypotheses, it is noted that the ROE negatively affects bond yield, while a regression coefficient indicates that ROE Positive effect on yield bonds. Thus, this result showed that. Ha1 was rejected because ROE proved to be a significant impact in the positive direction of yield bonds.

Hypothesis 2: CR has a regression coefficient value of-0.082 and significance levels 0.017 and T Count-3.016. The T-Count value is greater than the table value T (3.016 > 1.782) and the equivalent significance is smaller than the significance of 0.05 (0.017 0.05). It can therefore be concluded that CR has a significant effect on bond yields. CR negative values regression coefficient indicates the negative influence of CR to yield bonds. Thus, these results indicate that. Ha2 is accepted

Hypothesis 3: DER has a regression coefficient value of-0.065 and a significance level of 0.269 and T count-1.188. The T-count value is smaller than the table T value (1.188 < 1.782) and the significance is greater than 0.05 (0.269 > 0.05) significance. It can thus be concluded that DER has no effect on the yield on bonds or. Ha3 rejected.

Hypothesis 4: The RATING has a regression coefficient value of 11.737 and a significance level of 0.008 and T Count 3.539. The T-count value is greater than the table T value (3.539 > 1.782) and the equivalent significance is smaller than 0.05 (0.008 0.05) significance. It can therefore be concluded that the RATING has a significant effect on the bond yield.

In hypotheses it is said that RATING has a negative impact on bond yield, while a regression coefficient indicates that the rating has a positive effect on yield bonds. Thus the result shows that the. Ha4 was rejected, because the RATING proved to be a significant impact in the positive direction to yield bonds.

Table 11. Indicates the value of r squared is 0.872 and the adjusted value of R squared is 0.807. Therefore the number of independent variables in this research is more than three, it is recommended to use the adjusted R Squared value to measure the magnitude of the coefficient of determination. Thus, the research is known that independent variables, i.e. ROE, CR, DER and RATING simultaneously give an impact of 80.7% on yield bonds (0.807 x 100%). Meanwhile, the remainder of 19.3% of the yield bonds is influenced by other variables not examined in this study.

	N	Minimum	Maximum	Mean	Std. Deviation
ROE	13	.39	18.00	11.2188	5.40051
Valid N (listwise)	13				

Table 1:- Descriptive statistics of return on equity
Source: Data Processing result SPSS 22, 2019

	N	Minimum	Maximum	Mean	Std. Deviation
CR	13	-35.97	237.00	77.2400	94.97394
Valid N (listwise)	13				

Table 2:- Descriptive statistics Current Ratio
Source: Data Processing result SPSS 22, 2019

	N	Minimum	Maximum	Mean	Std. Deviation
DER	13	.70	183.16	46.0431	64.78034
Valid N (listwise)	13				

Table 3:- Descriptive statistics Debt to Equity Ratio
Source: Data Processing result SPSS 22, 2019

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		Frequency	Percent
Valid	Peringkat 4 (idBBB, idBBB-, idBBB+)	1	7.7
	Peringkat 5 (idA, idA-, idA+)	4	30.8
	Peringkat 6 (idAA, idAA-, idAA+)	3	23.1
	Peringkat 7 (idAAA, idAAA-, idAAA+)	5	38.5
	Total	13	100.0

Table 4:- Descriptive statistics Bond Ratings
Source: Data Processing result SPSS 22, 2019

	N	Minimum	Maximum	Mean	Std. Deviation
YIELD	13	5.48	119.01	15.8915	31.00554
Valid N (listwise)	13				

Tabel 5:- Statistik Deskriptif Yield Obligasi
Source: Data Processing result SPSS 22, 2019

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		13
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	7.05641612
Most Extreme Differences	Absolute	.202
	Positive	.202
	Negative	-.156
Kolmogorov-Smirnov Z		.730
Asymp. Sig. (2-tailed)		.662

a. Test distribution is Normal.
b. Calculated from data.
Table 6:- Test result normality
Source: Data Processing result SPSS 22, 2019

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-63.310	76.600		-.826	.432
	ROE	2.947	1.767	.513	1.667	.134
	CR	-.076	.097	-.232	-.784	.456
	DER	-.081	.194	-.170	-.418	.687
	RATING	9.411	11.828	.315	.796	.449

a. Dependent Variable: ABSRESYIELD
Table 7:- Heteroskedastisity Test Results
Source: Data Processing result SPSS 22, 2019

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	ROE	.869	1.151
	CR	.939	1.065
	DER	.499	2.004
	RATING	.525	1.903

a. Dependent Variable: YIELD
Table 8:- Hasil Uji Multikolinearitas
Source: Data Processing result SPSS 22, 2019

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-75.542	21.479		-3.517	.008
	ROE	2.708	.496	.743	5.463	.001
	CR	-.082	.027	-.394	-3.016	.017
	DER	-.065	.055	-.213	-1.188	.269
	RATING	11.737	3.317	.619	3.539	.008

a. Dependent Variable: YIELD

Table 9:- Multiple Linear regression Analysis results
Source: Data Processing result SPSS 22, 2019

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4054.755	4	1013.689	13.572	.001[b]
	Residual	597.516	8	74.690		
	Total	4652.271	12			

a. Dependent Variable: YIELD
b. Predictors: (Constant), RATING, ROE, CR, DER

Table 10:- Test result F
Source: Data Processing result SPSS 22, 2019

Model Summary[b]				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.934[a]	.872	.807	8.64231

a. Predictors: (Constant), RATING, ROE, CR, DER
b. Dependent Variable: YIELD

Table 11:- Result coefficient of determination
Source: Data Processing result SPSS 22, 2019

V. DISCUSSION

- *The effect of return on equity (ROE) on corporate bonds of yield on Indonesia stock Exchange*

Based on the analysis of the measurement model built, obtained the value of the ROE regression coefficient is 2.708 with significance 0.001. Thus the result shows that ROE tends to have a positive impact on the corporate bond yield listed on the Indonesia Stock Exchange. This result is evidenced by the stats variable ROE which has a positive minimum value, which means the company in Indonesia is able to produce a good net profit that makes an increase in the yield bond.

The results of this research in line with the theory that the good company's ability to create profit (profit) is considered as good news, which makes high investor perception over the company's condition, so as to increase bond yield value .

Therefore, the hypotheses built on the study model were rejected because of the direction of the opposite relationship with the hypothesis. The results of this research are contrary to Terry Research findings (2009) stating that ROE has a negative influence on Yield bonds. The results of the research in line with NI Wayan and Nyoman (2015) which showed positive influence the profitability of bond yield.

- *Effect of Current Ratio (CR) on corporate bond Yield in Indonesia Stock Exchange*

Based on the hypothesis test results, the value of the CR regression coefficient is-0.082 with the signing of 0.017 marked negatively. Thus, these results indicate that the CR proved to have a negative influence on the corporate bond yield listed In the Indonesia stock Exchange. This results because the CR variable statistics show that there is still a corporate company that has a CR is negative value or it does not have a good level of liquidity.

Thus the results of this research in line with the hypothesized hypothesis is that there is a CR influence on the bond yield. The results of this study are similar to research by Favero et al (2007) stating that liquidity negatively affects yield bond yield. If the purchased bonds have high enough liquidity, then the price of the bond tends to stabilize and increase. Thus, it causes the yield of bonds to decline, as the risk level is lower according to the high-risk high- return assumption.

- *Effect of Debt to Equity Ratio (DER) on corporate bond Yield in Indonesia Stock Exchange*

Based on the hypothesis test results, the DER regression coefficient value is-0.065 with the signing of 0.269 marked negatively. Thus the result indicates that DER has no influence on the corporate bond yield listed on the Indonesia Stock Exchange. In this research DER tends to have negative, but insignificant influence to tend to have a negative, but insignificant effect on yield bonds because The increase in DER tends to lower the yield on bonds by 0.065 units.

Therefore, based on the hypotheses built, the results of the study proved to be rejected, as DER significantly negatively affects Bond Yield. The results of the same research shown by research Isnaini desnitasari (2013) which shows the results of Debt to equity ratio has no significant research on yield to maturity.

- *Effect of bond rating on corporate bond Yield in Indonesia Stock Exchange*

Based on analysis of the measurement model built, obtained the value of the regression coefficient of bond rating of 11.737 with significance 0.008. Thus, these results indicate that the bond bond rating to have a positive influence on the corporate bond yield listed on the Indonesia Stock Exchange. This is because most sample companies have a category of companies with good bond ratings so as to provide an increase in the Company's bond yield.

Therefore, based on the hypothesis the resulting research was rejected because the hypothesis test results showed a different direction to the hypothesis. The same research result was demonstrated by Octavian et al (2015) stating that bond ratings have a positive and significant influence on bond Yield. This means that high-rating bonds tend to offer lower yield, whereas low-rating bonds tend to offer greater yield. This result is in accordance with the opinion the Tandelilin (2010) which indicates that the bonds with a relatively higher risk of payment failure (lower rate) will offer greater yield compared to the bonds that are relatively smaller (higher rate).

VI. CONCLUSION

- Return on Equity (ROE) positively affects the Yield Bond. This means the height of the company's ability to perform ROE, which will create a higher yield rate
- Current Ratio (CR) has a negative influence negatif and on bond Yield, meaning that if CR decreases. This illustrates, that the higher the current level of the Current ratio Company, then the show High Current assets owned by the company that can be used for the operational of the company and to pay off long-term liabilities.
- Debt to Equity Ratio (DER) has no effect on bond Yields. It means that DER is not a financial performance that is a benchmark in determining bond yield values.
- Bond ratings have a positive impact on bond yield. This means that bonds with lower risk of payment failure will offer greater results compared to relatively smaller bonds.

ADVICE

Suggested recommendations for various interested parties are as follows:

- Various issuers are engaged in different fields, there are possible factors that affect the yield of the bonds are also different. This needs to be considered by subsequent studies. So, to be examined if investing in bonds, it must have the knowledge and information up to date.
- Should consider the addition of the research period, so that the results can be more to precofigure existing conditions using larger samples.
- For further studies, you can use the bond ratings issued by PT Kasnic Credit Rating Indonesia (Moody's Indonesia) to obtain accurate data.

LIMITATIONS

Here are the limitations of this research, so it can be a solution in decision making to do further research. These limitations are:

- In this research, the number of samples used is a slight of 13 companies that restrict indicators to the data analysis process.
- The period of study is short, 1 year (in 2018).
- The rating of bonds used is limited to the issuance of PT Pefindo.

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