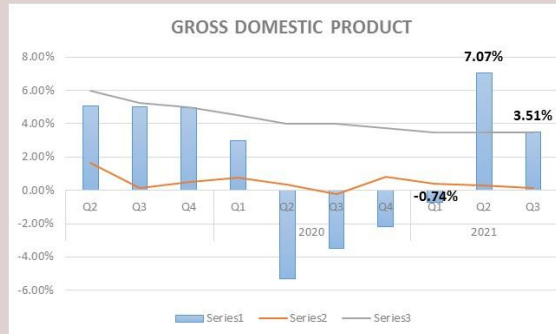


Economic Update

Highlight November :

- The Consumer Price Index (CPI) in November 2021 was 107.05 and experienced inflation of 0.37% (mtm), after recording 0.12% (mtm) inflation in the previous month.
- Indonesia's trade balance surplus in October 2021 reached 5.73 billion US dollars, higher than the surplus in the previous month of 4.37 billion US dollars.
- Data from the Indonesia Stock Exchange (IDX), Based on data from the Indonesia Stock Exchange (IDX), throughout November, the JCI fell 1.13 percent or 74.36 to a level of 6,533.93.
- The Bank Indonesia Board of Governors Meeting (RDG) on 17-18 November 2021 decided to maintain the BI 7-Day Reverse Repo Rate (BI7DRR) at 3.50%, the Deposit Facility interest rate at 2.75%, and the Lending Facility interest rate 4, 25%.
- The release of Indonesia's manufacturing PMI data slowed from 57.2 to 53.9 in November 2021 in line with the decline in output and demand towards the end of the year.

Economic Growth

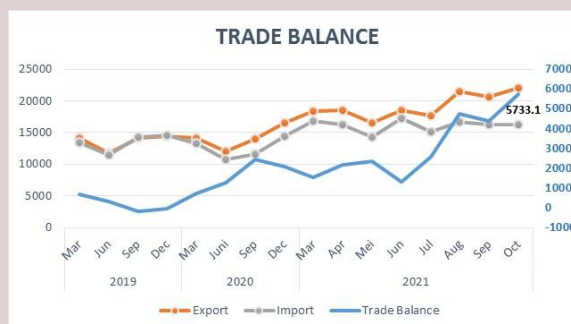


Indonesia's economy in the third quarter of 2021 grew positively by 3.51% (yoy), lower than the previous quarter's achievement of 7.07% (yoy).

Based on data from the Central Statistics Agency (BPS), the

Consumer Price Index (CPI) in November 2021 experienced inflation of 0.37% (mtm), an increase from inflation in the previous month which was recorded at 0.12% (mtm). This development was influenced by rising inflation in all groups, namely core, volatile foods and administered prices. On an annual basis, CPI inflation in November 2021 was recorded at 1.75% (yoy), higher than inflation in the previous month of 1.66% (yoy). Inflation is predicted to be below the lower limit of its target range of 3.0±1% in 2021 and maintained within the target range of 3.0±1% in 2022. Going forward, Bank Indonesia remains committed to maintaining price stability and strengthening policy coordination with the Government, both at central and regional levels, in order to keep inflation within the target range.¹

Indonesia's Trade Balance



Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus in October 2021 reached USD 5.73 billion, higher than the surplus in the previous month of

USD 4.37 billion. With these developments, Indonesia's trade balance has continued to record a positive value since May 2020. Indonesia's trade balance in January-October 2021 as a whole recorded a surplus of 30.81 billion US dollars, much higher than the achievement in the same period in 2020 amounted to 16.93 billion US dollars. Bank

¹ Bi.go.id

Tabel 1. Economic Indicator		
Indicator	October	November
Consumer Price Index (yoy)	1.66%	1.75%
Consumer Price Index (mtm)	0.12%	0.37%
Trade Balance (USD Billion)	5733.10	
Foreign Reserves (USD Billion)	145.5	145.9

Keterangan : * belum rilis

Tabel 2. Economic Indicator		
Indicator	Q2'21	Q3'21
GDP	7.07%	5.05%
NPI (USD Billion)	(282)	10,597
CAD (USD Billion)	(2,200)	4,500

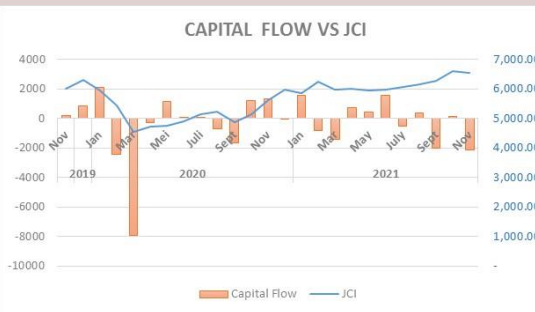
Keterangan : * belum rilis

Tabel 3. Comodity		
Comodity	October	November
Brent Oil (USD/Barrels)	84.38	70.57
WTI (USD/Barrels)	83.57	66.18
CPO (MYR/Metrictons)	5,402.00	5,188.00
Batu bara (USD/Metrictons)	223.45	152.00
Emas (USD/troy oz)	1,783.38	1,774.52

Tabel 4. Currencies			
Currencies	Oct	Nov	% Change
USD/IDR	14,168	14,332	-1.16%
USD/HKD	7.7790	7.7974	-0.24%
USD/SGD	1.3488	1.3656	-1.25%
USD/MYR	4.1403	4.2040	-1.54%
USD/CNY	6.4056	6.3645	0.64%
USD/JPY	113.95	113.17	0.68%
AUD/USD	1.3301	1.4031	-5.49%
EUR/USD	0.8652	0.8820	-1.94%
GBP/USD	0.7309	0.7519	-2.88%

Indonesia views the trade balance surplus as contributing positively to maintaining the external resilience of the Indonesian economy. Going forward, Bank Indonesia will continue to strengthen policy synergies with the Government and relevant authorities to support economic recovery.²

Capital Inflow



Based on data from the Indonesia Stock Exchange (IDX), throughout November, the JCI slumped 1.13 percent or 74.36 to a level of 6,533.93 from the position of 6,591.35 at the end of trading last October.

Total transactions were recorded at Rp. 20.67 trillion, with a net selling value of foreign investors of Rp. 973.93 billion. Foreign investors have been observed selling with the target of net selling on several issuers' shares.³

Exchange Rate Movement



The rupiah exchange rate in the spot market weakened by 13 points or 0.09 percent to the level of Rp. 14,332 per US dollar on Tuesday (30/11/2021). Rupiah has weakened for 7 trading days in a row.

The strengthening of the US dollar was driven by the re-nomination of Jerome Powell by President Joe Biden to continue to lead the US central bank. The Omicron variant first detected in South Africa prompted a sell-off in financial markets, amid fears the virus will further disrupt the burgeoning economic recovery after the pandemic.

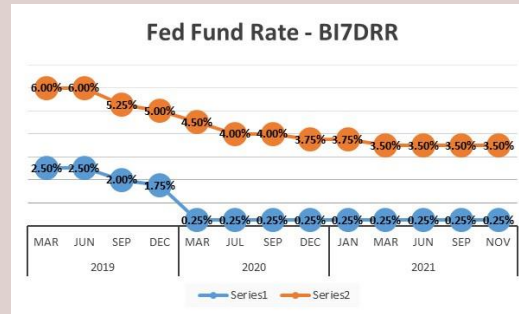
⁴

² Bi.go.id

³ Cnbcindonesia.com

⁴ Cnbcindonesia.com

Tabel 5. Interest Rate		
Indicator	Oct	Nov
BI 7DRR	3.50%	3.50%
Fed Funds Rate	0.00 - 0.25%	0.00 - 0.25%



The Bank Indonesia Board of Governors (RDG) meeting on 17-18 November 2021 decided to maintain the BI 7-Day Reverse Repo Rate (BI7DRR) at 3.50%, the Deposit Facility interest rate at 2.75%, and the

Lending Facility interest rate at 4,25%. This decision is in line with the need to maintain stability in the exchange rate and financial system, amidst the low inflation forecast and efforts to support economic growth. Bank Indonesia continues to strengthen policy synergies with the Government and the Financial System Stability Committee (KSSK) in order to maintain financial system stability and increase credit/financing to businesses in priority sectors to encourage economic growth, exports, and economic and financial inclusion.⁵

Meanwhile, the Central Bank of the United States (US) or The Federal Reserve (The Fed) has announced that it will start reducing its bond buying program (tapering off) at the end of November 2021. This tapering off in 2021 will not have the same impact as the taper tantrum of a year ago. First, the pace of increasing US real interest rates is quite transparent and the Fed's communications are quite open. Second, the condition of domestic macroeconomic stability.⁶

⁵ Bi.go.id

⁶ Bisnis.com

Our View						
Macroeconomics Indicator and Forecast						
	2016	2017	2018	2019	2020	2021f
National Account						
GDP	5,03%	5,07%	5,17%	5,02%	-2,19%	3.50-4.50%
Inflasi (yoy)	3,58%	3,61%	3,13%	2,72%	1.68%	1.75-2.20%
Other						
FFR	0,75%	1,50%	2,50%	1,75%	0.25%	0.00-0.25%
BI7DRR	4,75%	4,25%	6,00%	5,00%	3.75%	3.00-3.50%
USD/IDR	13.461	13.554	14.394	13.866	14.050	14.200-14.500

The achievement of GDP or Indonesia's economic growth in the fourth quarter is predicted to increase slightly due to several regions that have entered the green zone. With the implementation of PPKM outside Java, it has an impact on public consumption, so it is feared that the fourth economic growth will experience an insignificant increase.

The inflation rate in December this year will be lower than November's inflation which was recorded at 0.37 percent. This was due to the impact of Nataru's level 3 PPKM policy which tightened community activities at the end of the year.

The Fed is increasingly opening up opportunities to accelerate tapering off or reduce monetary stimulus, in line with high inflation in mid-December. The Fed started a tapering off in the form of reducing asset purchases of US \$ 15 billion every month to accelerate the pace of reducing asset purchases.

Bank Indonesia is predicted to maintain the trend of low **interest rates** of 3.5% this year and will increase interest rates in 2022. BI's macro-prudential and monetary policy mix will remain loose for the rest of the year.

The Rupiah exchange rate will weaken amidst the uncertainty of the global financial market which has decreased slightly. The strengthening of the US dollar was driven by the re-nomination of Jerome Powell by President Joe Biden to continue to lead the US central bank.