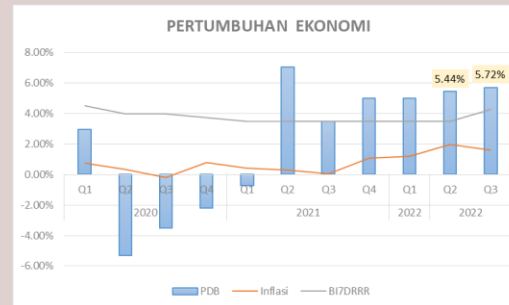


Economic Update

December highlights :

- Based on the Central Statistics Agency (BPS), CPI inflation in December 2022 was recorded at 0.66% (mtm) so that 2022 CPI inflation was 5.51% (yoy), an increase compared to 2021 CPI inflation of 1.87% (yoy) and higher than the target of 3.0 + 1%.
- The Central Statistics Agency (BPS) shows that Indonesia's trade balance in November 2022 again recorded a surplus, namely 5.16 billion US dollars.
- Indonesia's Foreign Debt (ULN) in the third quarter of 2022 declined again. At the end of the third quarter of 2022, Indonesia's external debt was recorded at US\$394.6 billion, decreased compared to the position of external debt in the second quarter of 2022 of USD 403.6 billion.
- The Bank Indonesia Board of Governors' Meeting (RDG) on 21-22 December 2022 decided to increase the BI 7-Day Reverse Repo Rate (BI7DRR) by 25 bps to 5.50%, the *Deposit Facility* interest rate by 25 bps to 4.75%, and *Lending Facility* interest rate by 25 bps to 6.25%.

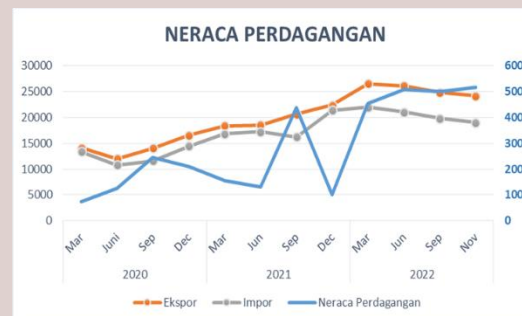
Economic growth



improvement in domestic demand and continued high export performance .

based on data Central Bureau of Statistics (BPS), CPI inflation in December 2022 was recorded at 0.66% (mtm) so that 2022 CPI inflation was 5.51% (yoy), an increase compared to 2021 CPI inflation of 1.87% (yoy) and more higher than the target of 3.0 + 1%, mainly influenced by the impact of subsidized fuel oil (BBM) price adjustments in September 2022. Controlled CPI inflation is inseparable from the positive influence of tighter policy synergies between the Central and Regional Governments, Banks Indonesia, as well as various strategic partners in reducing the inflation rate, including controlling the impact of further fuel price adjustments.¹

trade balance



Indonesia's trade balance surplus since May 2020. With these developments, Indonesia's trade balance in January-November 2022 as a whole recorded a surplus of US\$50.59 billion, much higher than the achievement in the same period in 2021 of 34, 41 billion US dollars. The surplus in the November 2022 trade balance will come from the continued surplus in the non-oil and gas trade balance and an improvement in the deficit in the oil and gas trade balance. In November 2022, the non-oil and gas trade balance surplus was recorded at US\$6.83 billion, slightly lower than the surplus in the previous month of US\$7.67 billion. This development was supported by

Economic growth in the third quarter of 2022 reached 5.72% (yoy), higher than the previous quarter's achievement of 5.44% (yoy). The economic performance that remained strong was supported by continued

The Central Statistics Agency (BPS) shows that Indonesia's trade balance in November 2022 again recorded a surplus, namely 5.16 billion US dollars. This positive performance has continued

The Central Statistics Agency (BPS) shows that Indonesia's trade balance in November 2022 again recorded a surplus, namely 5.16 billion US dollars. This positive performance has continued

¹Bi.go.id

Table 1. Economic Indicators

Indicator	Nov'22	Dec'22
Inflation (yoy)	5.42%	5.51%
Inflation (mtm)	0.09%	0.66%
Trade balance (USD Billion)	5160	*
Foreign Exchange Reserves (USD Billion)	134	137.2

Note: * not yet released
Source : bi.go.id

Table 2. Economic Indicators

Indicator	Q2'22	Q3'22
GDP	5.44%	5.72%
BOP (USD Millions)	2,466	(1,300)
CAD (USD Millions)	4,023	4,400

Source: bps.go.id

Table 3. Commodities

Commodity	Nov'22	Dec'22
Brent Oil (USD/Barrel)	85.43	85.91
WTI (USD/Barrels)	80.55	80.26
CPO (MYR/Metrictons)	4,099.00	4,174.00
Coal (USD/Metrictons)	398.50	404.15
Gold (USD/troy oz)	1,768.52	1,824.02

Source: bloomberg

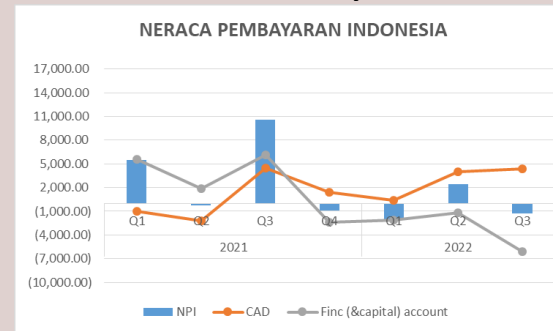
Table 4. Currencies

Currencies	Nov'22	Dec'22	%Change
USD/IDR	15,732	15,573	1.01%
USD/HKD	7.8098	7.8016	0.10%
USD/SGD	1.3614	1.3395	1.61%
USD/MYR	4.4460	4.4045	0.93%
USD/CNY	7.0924	6.8986	2.73%
USD/JPY	138.07	131.12	5.03%
AUD/USD	1.4732	1.4678	0.37%
EUR/USD	0.9610	0.9342	2.79%
GBP/USD	0.8293	0.8276	0.20%

Source: bloomberg

the continued strong performance of non-oil and gas exports, which were recorded at 22.99 billion US dollars.²

Indonesia's Balance of Payments

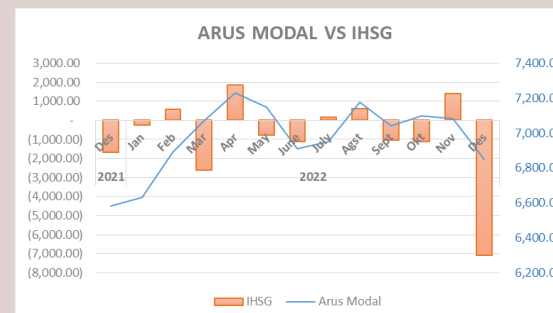


Indonesia's balance of payments (BOP) performance in the third quarter of 2022 remains strong supporting the external resilience of the balance of payments in the third

quarter of 2022 recorded a deficit of 1.3 billion US dollars.³

Indonesia's Foreign Debt (ULN) in the third quarter of 2022 declined again. At the end of the third quarter of 2022, Indonesia's external debt was recorded at US\$394.6 billion, decreased compared to the position of external debt in the second quarter of 2022 of USD 403.6 billion. This development was caused by a decrease in public sector (government and central bank) and private sector external debt. On an annual basis, the external debt position in the third quarter of 2022 contracted by 7.0% (yoy), deeper than the contraction in the previous quarter of 2.9% (yoy).

Inflow of Capital



The Composite Stock Price Index (IHSG) recorded a growth of 4.09 percent throughout 2022, closing lower at the level of 6,850.62 on Friday (30/12/2022).

Throughout the session, the JCI moved in the range of 6,838.58-6,888.73. A total of five sectors were observed to suppress the composite index. The primary consumer goods sector led the decline by 0.89% to a level of 716.56. Its position was followed by the technology sector which also fell 0.89% to a level of 5,162.04.⁴

²Bi.go.id

³Bi.go.id

⁴Kontan.co.id

Table 5. Reference Interest Rate		
Indicator	Nov'22	Dec'22
BI 7DRR	5.25%	5.50%
Fed Funds Rate	4.25-4.50%	4.25-4.50%

Source: bloomberg

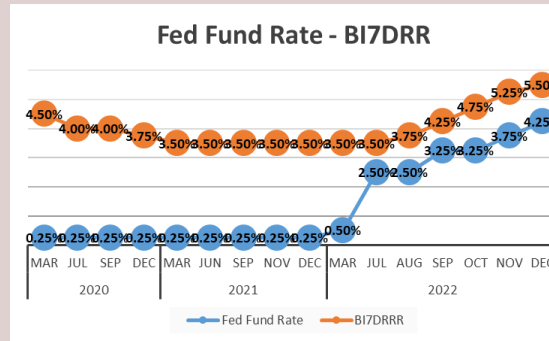
Exchange Rate Movements



The rupiah exchange rate against the United States dollar closed higher in trading on Friday (30/12/2022), together with the majority of currencies in other Asian regions. Based on Bloomberg

data, the rupiah ended trading strengthening by 0.54 percent or 85 points to IDR 15,572.50 per US dollar.

Interest rate



The Bank Indonesia Board of Governors' Meeting (RDG) on December 21-22 2022 decided to increase the BI 7 - Day Reverse Repo Rate (BI7DRR) by 25 bps to 5.50%, the Deposit Facility rate

by 25 bps to 4.75%, and Lending Facility interest rate by 25 bps to 6.25%. The decision to increase interest rates in a more measured manner is a follow-up step for *front-loaded, pre-emptive and forward-looking measures* to ensure the continued decline in inflation and inflation expectations so that core inflation is maintained within the range of $3.0 \pm 1\%$.⁵

⁵Bi.go.id

OurView						
Macroeconomics Indicators and Forecasts						
Indicator	2018	2019	2020	2021	202 2	202 3 f
GDP	5.17%	5.02%	-2.19%	5.02%	5.72% (Q3)	4.70 % -5.30 %
Inflation (yoy)	3.13%	2.72%	1.68%	1.87 %	5.51 %	5.50 % -6.50%
Other						
FFR	2.50%	1.75%	0.25%	0.25%	4.50 %	5.00% -6.0 0 %
BI7DRR	6.00%	5.00%	3.75%	3.50%	5.50 %	6.00 % -6.25 %
USD/IDR	14,394	13,866	14,050	14,263	15,572.50	15500-15590

Achievement of Indonesia's GDP or economic growth Amidst the ongoing global economic turmoil, the Indonesian economy continues to show resilience and good prospects. It is estimated that Indonesia's economic growth in 2023 will remain strong in the range of 4.5-5.3%, and will continue to increase to 4.7-5.5% in 2024 supported by private consumption, investment and continued positive export performance amid economic growth global slowdown.

Inflation The risk of inflationary pressures is predicted to be lower than initial estimates in line with the low impact of the fuel price adjustment and the lack of strong inflationary pressure from the demand side, although a number of global and domestic economic challenges are projected to affect the inflation rate.

Fed Funds Rate (FFR). It is estimated that the peak of the FFR will occur until the first quarter of 2023, but this will be the turning point which will make the direction of the FFR monetary policy sloping and not as aggressive as last year. The increase in the FFR which is expected until early 2023 with a *higher for longer* cycle will encourage the US dollar to remain strong thereby putting pressure on the weakening of exchange rates in various countries, including the rupiah.

Bank Indonesia (BI) Bank Indonesia is expected to still raise its benchmark interest rate in the first semester of 2023, even though Bank Indonesia's policy direction is not as aggressive as last year. This is because Indonesia is still overshadowed by uncertainty on global financial markets which could lead to capital outflows, which pose risks to the stability of the rupiah exchange rate and imported inflationary pressures.

Rupiah exchange rate . The movement of the rupiah in 2023 will still be influenced by external and internal factors. Market players are wary of a number of ongoing risks, such as the global economic slowdown and the plan to further increase the United States (US) central bank's benchmark interest rate.