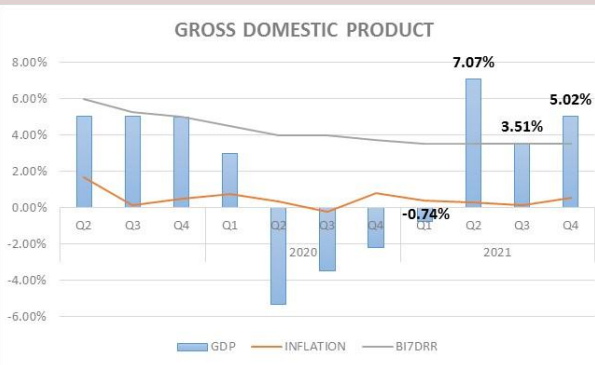


Economic Update

January Highlight :

- Indonesia's economic growth in the fourth quarter of 2021 grew positively at 5.02% (yoy), lower than the previous quarter's achievement of 3.51% (yoy).
- the Consumer Price Index (CPI) in January 2022 experienced 0.56% (mtm) inflation, a slight decrease from the previous month's inflation of 0.57% (mtm).
- Indonesia's trade balance surplus in December 2021 remained high at USD 1.02 billion, although lower than the surplus in the previous month of USD 3.52 billion.
- Based on data from the Indonesia Stock Exchange (IDX), throughout January, the JCI rose 0.75 percent or 49.67 points to a level of 6,631.15 from the position of 6,581.48 at the end of trading last December.
- The Board of Governors Meeting (RDG) of Bank Indonesia on January 19-20 2022 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%.

Economic Growth



positive performance is in line with the process of recovering domestic economic activity after the outbreak of the Delta variant of the Covid-19 in the third quarter of 2021, both in terms of expenditure and business fields. With these developments, Indonesia's economy as a whole in 2021 grew by 3.69% (yoy), much higher than the previous year's performance which contracted 2.07% (yoy).

Indonesia's economic growth in the fourth quarter of 2021 grew positively at 5.02% (yoy), lower than the previous quarter's achievement of 3.51% (yoy). This

Based on data from the Central Statistics Agency (BPS), the Consumer Price Index (CPI) in January 2022 experienced 0.56% (mtm) inflation, a slight decrease from the previous month's inflation of 0.57% (mtm). This development was influenced by the decline in volatile food and administered prices inflation, amid rising core inflation. Annually, CPI inflation in January 2022 was recorded at 2.18% (yoy), higher than the previous month's inflation of 1.87% (yoy).¹

Indonesia's Trade Balance



Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus in December 2021 remained high at USD 1.02 billion, although lower

than the surplus in the previous month of USD 3.52 billion. With these developments, Indonesia's overall trade balance in 2021 recorded a surplus of 35.34 billion US dollars, much higher than the achievement

¹ Bi.go.id

Tabel 1. Economic Indicator		
Indicator	Dec'21	Jan'22
Consumer Price Index (yoy)	1.87%	2.18%
Consumer Price Index (mtm)	0.57%	0.56%
Trade Balance (USD Billion)	1020.00	*
Foreign Reserves (USD Billion)	144.9	*

Keterangan : * belum rilis

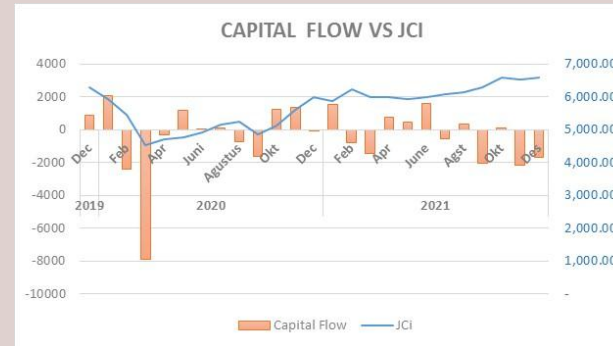
Tabel 2. Economic Indicator		
Indicator	Q2'21	Q3'21
GDP	7.07%	3.51%
NPI (USD Million)	(282)	10,597
CAD (USD Million)	(2,200)	4,500

Tabel 3. Comodity		
Comodity	Dec'21	Jan'22
Brent Oil (USD/Barrels)	77.78	91.21
WTI (USD/Barrels)	75.21	88.15
CPO (MYR/Metrictons)	5,159.00	5,785.00
Batu bara (USD/Metrictons)	169.60	222.75
Emas (USD/troy oz)	1,829.20	1,797.17

Tabel 4. Currencies			
Currencies	Dec'21	Jan'22	% Change
USD/IDR	14,263	14,368	-0.74%
USD/HKD	7.7966	7.7974	-0.01%
USD/SGD	1.3490	1.3513	-0.17%
USD/MYR	4.1665	4.1855	-0.46%
USD/CNY	6.3561	6.3612	-0.08%
USD/JPY	115.08	115.11	-0.03%
AUD/USD	1.3768	1.4150	-2.77%
EUR/USD	0.8795	0.8901	-1.20%
GBP/USD	0.7390	0.7437	-0.63%

in 2020 of 21.62 billion US dollars. Bank 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 January, the JCI rose 0.75 percent or 49.67 points to a level of 6,631.15 from

the position of 6,581.48 at the end of trading last December. The potential for pressure is still quite large compared to the ability to rise, while sentiment is not yet visible, there is something that stands out to be a booster to the current JCI movement pattern.³

Exchange Rate Movement



The rupiah exchange rate in the spot market experienced a limited strengthening of 3 points or 0.02 percent to the level of Rp. 14,368 per US dollar on

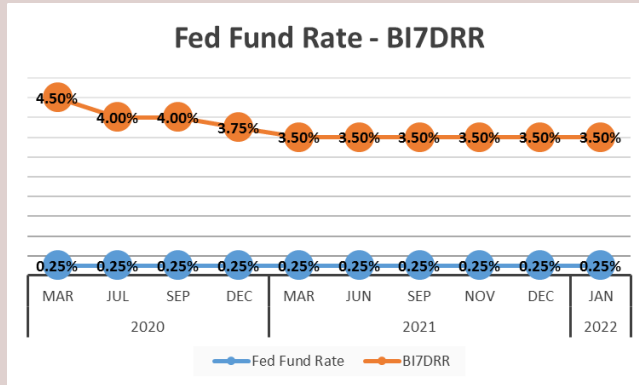
Monday (31/01/2022). The US dollar strengthened against other major currencies after Federal Reserve chairman Jerome Powell encouraged investors to hike US interest rates starting in March. The Fed keeps its policy rate unchanged but Powell predicts continued battle to tame inflation.⁴

² Bi.go.id

³ Cnbcindonesia.com

⁴ bisnis.com

Tabel 5. Suku Bunga Acuan		
Indicator	Dec'21	Jan'22
BI 7DRR	3.50%	3.50%
Fed Funds Rate	0.00 - 0.25%	0.00 - 0.25%



The Board of Governors Meeting (RDG) of Bank Indonesia on January 19-20 2022 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 inflation, exchange rates, and the financial system as well as efforts to support economic growth, amidst mounting external pressures.⁵

The global economic recovery is predicted to continue amid the increase in cases of the Omicron variant of the Covid-19 virus, high inflationary pressures, and accelerated normalization of monetary policy at several central banks. The recovery is predicted to be more balanced, not only relying on the United States (US) and China, but also accompanied by economic recovery in Europe, Japan and India. The ongoing improvement is confirmed by the performance of a number of indicators in December 2021, including the Purchasing Managers' Index (PMI), consumer confidence, and retail sales which remain strong. With these developments, Bank Indonesia predicts global economic growth will continue to reach 4.4% in 2022.

⁵ Bi.go.id

Our View						
<i>Macroeconomics Indicator and Forecast</i>						
Indicator	2017	2018	2019	2020	2021	2022f
GDP	5,07%	5,17%	5,02%	-2,19%	*belum rilis	3.8-5%
Inflation (yoy)	3,61%	3,13%	2,72%	1.68%	1.87%	2.8-3.3%
Other						
FFR	1,50%	2,50%	1,75%	0.25%	0.25%	0.25-1.00%
BI7DRR	4,25%	6,00%	5,00%	3.75%	3.50%	3.75-4.25%
USD/IDR	13.554	14.394	13.866	14.050	14.263	14.200-14.600

The achievement of GDP or Indonesia's economic growth in the first quarter of 2022 is predicted to increase slightly, although some regions are indicated by an increase in the COVID-19 variant of the Omicron. With the enactment of increasing PPKM level 1 to level 2 in several regions, it has an impact on public consumption, so it is feared that the fourth economic growth will experience an insignificant increase.

Inflationary pressures in February are not expected to be much different from last January. These developments were influenced by weak domestic demand as a result of the Covid-19 pandemic, stable exchange rates and maintained inflation expectations, availability of supply and smooth distribution of food ingredients. Optimism for economic recovery and the trend of surging global inflation will also lift domestic inflation up in early 2022.

The Fed indicated it would soon raise interest rates for the first time in more than three years. A 25 percentage point increase in the benchmark short-term lending rate is forthcoming. This will be the first increase since December 2018.

Bank Indonesia is predicted to maintain the low **interest rate** trend of 3.5% in February 2022 and will raise interest rates at the end of the first quarter. This policy is an effort to support economic growth in the midst of increasing external pressure.

The Rupiah exchange rate will remain under control, supported by Bank Indonesia's stabilization measures and the resilience of Indonesia's external sector, amidst continued uncertainty in global financial markets. The development of the Rupiah exchange rate was due to the limited inflows of foreign capital amidst the maintained supply of domestic foreign currency and positive perceptions of the outlook for the domestic economy.