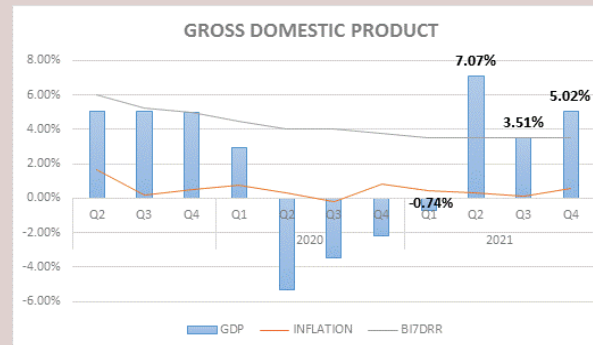


Economic Update

Highlight Maret :

- The Consumer Price Index (CPI) in March 2022 experienced inflation of 0.66% (mtm), after the previous month's recorded deflation of 0.02% (mtm).
- Indonesia's trade balance in February 2022 again recorded a surplus of 3.83 billion US dollars. The surplus was higher than the surplus in the previous month which reached 0.96 billion US dollars.
- Data on the Indonesia Stock Exchange (IDX) In March, the JCI rose 18.25 points, or 0.26%, to a level of 7,071, a surplus of USD 0.96 billion from the previous month. The strengthening of the JCI was influenced by falling commodity prices which are expected to reduce the cost of raw materials for consumer issuers as well as expectations of an increase in public consumption ahead of fasting and Eid.
- The Bank Indonesia Board of Governors Meeting (RDG) on March 16-17 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

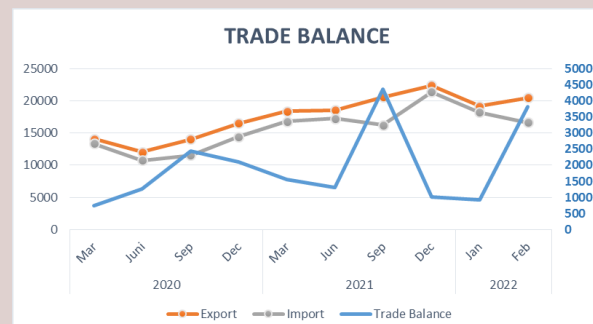


Indonesia's economic growth in the fourth quarter of 2021 grew positively at 5.02% (yoy), lower than the previous quarter's achievement of 3.51% (yoy). The government

estimates that economic growth in the first quarter of 2022 will be in the range of 5 percent because a number of sectors recorded positive performance or recovered from the impact of the Covid-19 pandemic. The recovery in purchasing power was one of the main drivers of economic growth at the beginning of the year. Sales of cement and commercial vehicles, imports of capital goods, electricity consumption, as well as increased sales of retail goods were among the drivers of economic growth in the first quarter.

Based on data from the Central Statistics Agency (BPS), the Consumer Price Index (CPI) in March 2022 experienced inflation of 0.66% (mtm), after the previous month's recorded deflation of 0.02% (mtm). This development was influenced by rising inflation in the volatile food and administered prices category, amidst relatively stable inflation in the core category. Annually, CPI inflation in March 2022 was recorded at 2.64% (yoy), higher than inflation in the previous month which was 2.06% (yoy). Going forward, Bank Indonesia will consistently maintain price stability and strengthen policy coordination with the Government, both at the central and regional levels, in order to keep inflation within the target range of 3.0±1% in 2022.¹

Indonesia's Trade Balance



Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance in February 2022 again recorded a surplus of 3.83 billion US dollars.

¹ Bi.go.id

Tabel 1. Economic Indicator

Indicator	Feb'22	Mar'22
Consumer Price Index (yoy)	2.06%	2.64%
Consumer Price Index (mtm)	-0.02%	0.66%
Trade Balance (USD Billion)	3820.00	*
Foreign Reserves (USD Billion)	141.4	139.1

Keterangan : * belum rilis

Tabel 2. Economic Indicator

Indicator	Q3'21	Q4'21
GDP	3.51%	5.02%
NPI (USD Billion)	10,597	(954)
CAD (USD Billion)	4,500	1,400

Tabel 3. Comodity

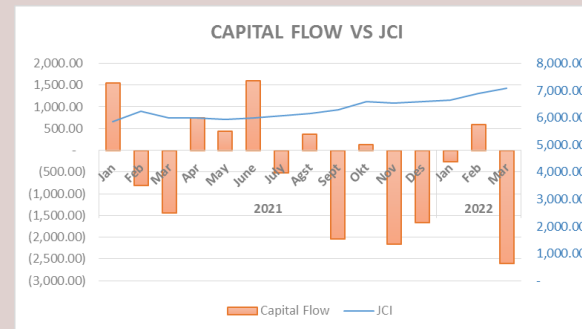
Comodity	Feb'22	Mar'22
Brent Oil (USD/Barrels)	100.99	107.91
WTI (USD/Barrels)	95.72	100.28
CPO (MYR/Metrictons)	7,451.00	6,391.00
Batu bara (USD/Metrictons)	274.50	259.00
Emas (USD/troy oz)	1,908.99	1,937.44

Tabel 4. Currencies

Currencies	Feb'22	Mar'22	% Change
USD/IDR	14,382	14,363	0.13%
USD/HKD	7.8138	7.8326	-0.24%
USD/SGD	1.3549	1.3545	0.03%
USD/MYR	4.1993	4.2040	-0.11%
USD/CNY	6.3093	6.3400	-0.49%
USD/JPY	115.00	121.70	-5.83%
AUD/USD	1.3769	1.3365	2.93%
EUR/USD	0.8914	0.9036	-1.37%
GBP/USD	0.7452	0.7612	-2.14%

The surplus was higher than the surplus in the previous month which reached 0.96 billion US dollars. This positive performance continues Indonesia's trade balance surplus since May 2020. Bank Indonesia views that the trade balance surplus has contributed positively to maintaining the external resilience of the Indonesian economy.²

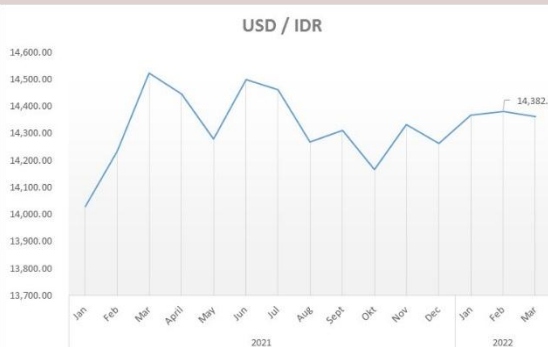
Capital Inflow



The Composite Stock Price Index (JCI) closed in the green zone at the end of March trading. Citing data from the Indonesia Stock Exchange (IDX) via RTI Business, the JCI rose 18.25 points or 0.26% to a level of 7,071 at the close of trading on Thursday (31/3). The increase in the JCI was supported by seven sets of scores from a total of 11 sectors on the IDX. The sector that shot the highest was energy 2.5%. Then the technology sector rose 1.16%. The transportation sector added 0.95%. The non-primary consumer goods sector rose 0.17%. The financial sector rose 0.10%. The primary consumer goods sector edged up 0.06% and the raw goods sector grew 0.05%.

The strengthening of the JCI was influenced by falling commodity prices, which are expected to reduce the cost of raw materials for consumer issuers. On the other hand, there is an expectation of an increase in public consumption ahead of the fasting and Eid season.³

Exchange Rate movement



The rupiah weakened 0.14% against the United States (US) dollar to Rp. 14,382/US\$ during last week which lasted only 3 trading days. The biggest pressure on the rupiah came from the war between Russia and Ukraine which made market players' sentiments deteriorate. Meanwhile, the market seems to be already anticipating a rate hike by the US central bank (The Fed) this month, even with a possible 50 basis points.⁴

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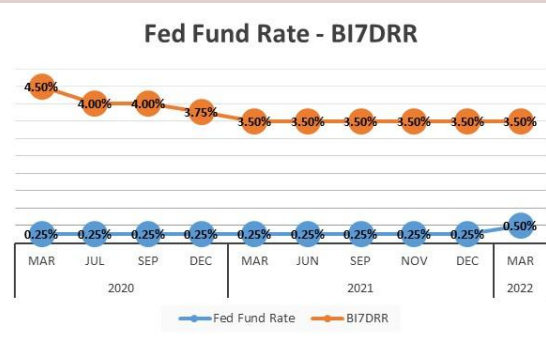
² Bi.go.id

³ Kontan.co.id

⁴ bisnis.com

Interest Rate

Tabel 5. Interest Rate		
Indicator	Feb'22	Mar'22
BI 7DRR	3.50%	3.50%
Fed Funds Rate	0.00 - 0.25%	0.25 - 0.50%



The Bank Indonesia Board of Governors Meeting (RDG) on March 16-17 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 exchange rate stability and control inflation, as well as efforts to continue to encourage economic growth, amidst increasing external pressures, especially related to the Russia-Ukraine geopolitical tensions.⁵

Economic sanctions imposed by a number of countries on Russia will affect world trade transactions. Thus, the global economy will also be affected. However, BI projects global economic growth to be lower than the initial prediction of 4.4 percent this year. This is because the uncertainty of global financial markets has given negative sentiment to the world economy. Economic sanctions imposed by a number of countries on Russia will affect world trade transactions. Thus, the global economy will also be affected.

⁵ Bi.go.id

Our View

Macroeconomics Indicator and Forecast

Indikator	2017	2018	2019	2020	2021	2022f
GDP	5,07%	5,17%	5,02%	-2,19%	5.02%	4.50-5.50%
Inflasi (yoy)	3,61%	3,13%	2,72%	1.68%	1.87%	2.8-3.8%
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%	3.50-4.00%
USD/IDR	13.554	14.394	13.866	14.050	14.263	14.200-14.600

Indonesia's GDP achievement or economic growth in the first quarter of 2022 is predicted to increase because a number of sectors recorded positive performance or recovered from the impact of the Covid-19 pandemic. The recovery in purchasing power was one of the main drivers of economic growth at the beginning of the year. The government also targets the Indonesian economy to grow better this year.

Inflation in April is estimated to increase sharply compared to the previous month due to the increase in Value Added Tax (VAT) rates, Pertamina prices, and increased demand for goods and services during Ramadan.

The Fed indicated it had raised interest rates for the first time last week. However, the Fed will raise interest rates by 50 basis points before the end of the second quarter of 2022. These are necessary steps to ensure price stability.

Bank Indonesia (BI) began to normalize monetary by reducing banking liquidity. Indonesia's Balance of Payments (BOP) performance is predicted to remain good, thus supporting the resilience of the external sector. BI is expected to start raising its benchmark interest rate in the second quarter of 2022 amid pressure from the US central bank's increasingly hawkish policy.

The Rupiah exchange rate is more or less affected by the conflict between Russia and Ukraine which is still heating up. The impact of this conflict on the movement of the rupiah exchange rate tends to be limited. The Rupiah exchange rate will strengthen limitedly in line with the increase in commodity prices due to the limited supply of commodities.