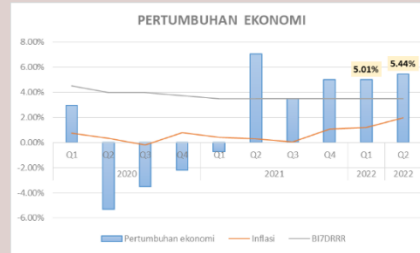


## Economic Update

### Highlight September:

- The realization of the Covid-19 Handling and National Economic Recovery Program (PC-PEN) until September 16, 2022 has only absorbed Rp 214.9 trillion or 47.2% of the ceiling allocated this year of Rp 455.62 trillion.
- Consumer Price Index (CPI) inflation at the end of 2022 will be more than 6% year on year.
- Indonesia's trade balance again posted a surplus in August 2022. The Central Statistics Agency (BPS) noted that the profit in the goods trade balance in the month under review was US\$ 5.76 billion.
- The Financial Services Authority (OJK) is considering extending the credit restructuring program due to Covid-19 which was supposed to end in March 2023.
- The Bank Indonesia Board of Governors Meeting (RDG) on September 21-22 2022 decided to increase the BI 7-Day Reverse Repo Rate (BI7DRR) by 50 bps to 4.25%, the Deposit Facility interest rate by 50 bps to 3.50%, and the Lending rate. Facility of 50 bps to 5.00%.

### Economic growth

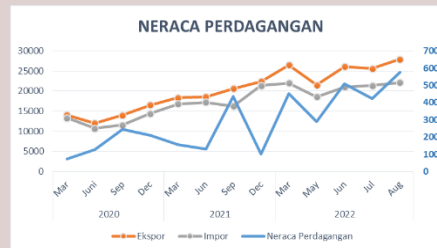


Indonesia's economic growth in the second quarter of 2022 still grew positively at 5.44% (yoy), higher than the previous quarter's achievement of 5.01% (yoy).

The Ministry of Finance reports that the realization of the Covid-19 Handling and National Economic Recovery Program (PC-PEN) until September 16, 2022 has only absorbed Rp 214.9 trillion or 47.2% of the ceiling allocated this year of Rp 455.62 trillion, this year. This is the last year of the Covid-19 handling and economic recovery program.

Bank Indonesia (BI) noted that the increase in the price of fuel oil (BBM) in September 2022 has the potential to raise inflation this year. An increase in fuel prices will provide additional inflation of 1.8% to 1.9%. Thus, the Consumer Price Index (CPI) inflation at the end of 2022 will be more than 6% year on year.<sup>1</sup>

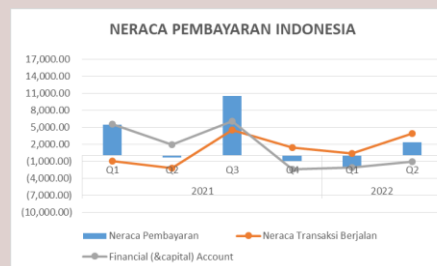
### Indonesia's Trade Balance



Indonesia's trade balance again scored a surplus in August 2022. The Central Statistics Agency (BPS) noted that the gain in the goods trade balance in the month under review was US\$ 5.76 billion.

The trade balance surplus was supported by a non-oil and gas (non-oil) commodity balance surplus, while Indonesia's oil and gas trade balance in August 2022 was a deficit.<sup>2</sup>

### Indonesia's Balance of Payments



Indonesia's Balance of Payments (BOP) in the second quarter of 2022 recorded a surplus that supported the maintenance of external resilience. In the second quarter of 2022, the BOP

<sup>1</sup> Bi.go.id

<sup>2</sup> Bi.go.id

**Tabel 1. Economic Indicator**

Indicator	Agst'22	Sept'22
Consumer Price Index (yoy)	4,69%	5,95%
Consumer Price Index (mtm)	-0,21%	1,17%
Trade Balance (USD Billion)	5.760	*
Foreign Reserves (USD Billion)	132,20	*

Description: \* not released yet  
Source: bi.go.id

**Tabel 2. Economic Indicator**

Indikator	Q1'22	Q2'22
GDP	5,01%	5,44%
NPI (USD Million)	(1.482)	2.818
CAD (USD Million)	221	3.900

Source : bps.go.id

**Tabel 3. Comodity**

Komoditas	Agst'22	Sept'22
Brent Oil (USD/Barrels)	96,49	87,96
WTI (USD/Barrels)	89,55	79,49
CPO (MYR/Metrictons)	4.003,00	3.327,00
Batu bara (USD/Metrictons)	425,00	433,70
Emas (USD/troy oz)	1.711,04	1.660,61

Source : bloomberg

**Tabel 4. Currencies**

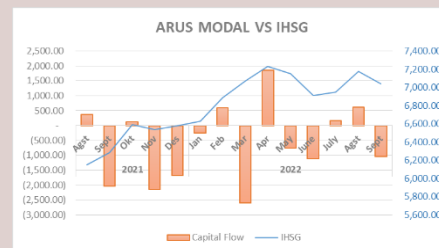
Currencies	Agst'22	Sept'22	% Change
USD/IDR	14.843	15.227	-2,59%
USD/HKD	7.8493	7.8498	-0,01%
USD/SGD	1.3971	1.4353	-2,73%
USD/MYR	4.4755	4.6375	-3,62%
USD/CNY	6.8904	7.1159	-3,27%
USD/JPY	138,96	144,74	-4,16%
AUD/USD	1.4617	1.5624	-6,89%
EUR/USD	0,9947	1,0202	-2,57%
GBP/USD	0,8604	0,8953	-4,05%

Source : bloomberg

recorded a surplus of US\$2.4 billion.

The position of Indonesia's external debt (ULN) in July 2022 declined again, Bank Indonesia (BI) noted that its external debt position in that period was recorded at US\$ 400.4 billion, down from the previous month's external debt position of US\$ 403.6 billion. The decline in Government external debt occurred due to a shift in the placement of funds by non-resident investors in the domestic Government Securities (SBN) market in line with the high uncertainty in global financial markets.<sup>3</sup>

### Capital Inflow



The Composite Stock Price Index (JCI) closed in the red zone after opening in the green zone on Friday (30/9). Citing data from the Indonesia Stock Exchange (IDX), the JCI edged up 4.6 points (0.07%) to 7,040.80,

after falling to 6,926.86.

The strengthening of the index was supported by the increase in a number of stock sectors, such as the health sector with 1.39 percent, the energy sector with 0.65% and the financial sector with 0.35%. The deepest losses hit stocks in the technology sector 1.22%, the property sector 1.44%, the infrastructure sector 1.08%, and the primary consumer sector 0.97%.<sup>4</sup>

### Exchange Rate Movement



The Rupiah exchange rate strengthened 0.24% or 36 Points against the US Dollar (Friday, 30 September 2022). Based on Bloomberg data, the rupiah exchange rate against the US dollar closed higher, so it closed at Rp15,227 per US

dollar. The movement of the rupiah was influenced, among other things, by President Jokowi's statement reminding the Minister of Finance (Menkeu) Sri Mulyani regarding the management of the State Revenue and Expenditure Budget (APBN), namely asking that the APBN be used for productive things and providing clear returns.

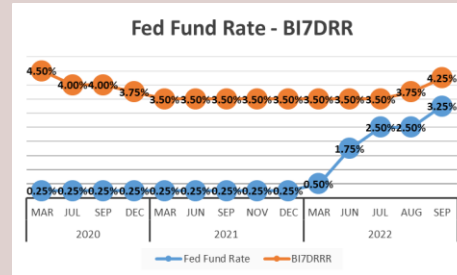
<sup>3</sup> Bi.go.id

<sup>4</sup> Kontan.co.id

Tabel 5. Interest Rate		
Indikator	Agst'22	Spt'22
BI 7DRR	3.75%	4.25%
Fed Funds Rate	2.25-2.50%	3.00-3.25%

Source : bloomberg

## Interest rate



The Bank Indonesia Board of Governors Meeting (RDG) on September 21-22 2022 decided to increase the BI 7-Day Reverse Repo Rate (BI7DRR) by 50 bps to 4.25%, the Deposit Facility interest rate by 50 bps to 3.50%, and the Lending Facility interest

rate. by 50 bps to 5.00%. The decision to increase interest rates is a front loaded, pre-emptive, and forward looking step to lower inflation expectations and ensure core inflation returns to the target of 3.0±1% in the second half of 2023, as well as strengthen the rupiah exchange rate stabilization policy to be in line with the value of the rupiah. fundamentals due to high uncertainty in global financial markets, amid increasing demand for the domestic economy that remains strong.<sup>5</sup>

The Deposit Insurance Corporation (LPS) in the Board of Commissioners' Meeting (RDK) on Monday, September 26, 2022, determined to increase the Guarantee Interest Rate (TBP) for deposits in Rupiah at Commercial Banks and Rural Banks by 25 bps each, as well as for deposits in foreign exchange (forex) at commercial banks was 50 bps, as follows: **TBP of rupiah at commercial banks was 3.75 percent and foreign currency was 0.75 percent.** Then the TBP of Rupiah at Rural Banks (BPR) became 6.25 percent. **The TBP is valid from October 1, 2022 until January 31, 2023.**

The Federal Open Market Committee (FOMC) meeting which will take place on September 20-21, 2022, decided to increase the benchmark interest rate range for the Fed Fund Rate by 75 basis points to 3 – 3.25 percent. So that the Fed has raised its benchmark interest rate until September 2022 by a total of 300 basis points. The current Fed Fund Rate is the highest since the beginning of 2008.<sup>6</sup>

<sup>5</sup> Bi.go.id

<sup>6</sup> Kontan.co.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%	4.80-5.50%
Inflasi (yoy)	3,61%	3,13%	2,72%	1.68%	1.87%	3.40-3.80%
Other						
FFR	1,50%	2,50%	1,75%	0.25%	0.25%	3.75-4.00%
BI7DRR	4,25%	6,00%	5,00%	3.75%	3.50%	4.25-5.00%
USD/IDR	13.554	14.394	13.866	14.050	14.263	14.900-15.000

The achievement of Indonesia's GDP or economic growth in the third quarter of 2022 can reach 5.6% to 6%, one of the supporters of economic growth in the third quarter is exports. In addition, household consumption and investment also continued to grow well until the end of the third quarter of 2022.

**Inflation** inflationary pressures in September 2022 increased significantly, mainly due to the increase in fuel prices. It is estimated that inflation will subside starting in October, due to the effect of the fuel price hike starting to lessen. However, it is estimated that the monthly inflation rate in October 2022 will remain above the historical average due to the second round effect of rising fuel prices and annual inflation will remain high.

**This year, it is estimated that interest rate hikes will occur at every meeting of the Fed and this year it is scheduled that there will be two more meetings to be held.** So the Fed is predicted to raise interest rates 2 more times this year, namely another 50 basis points (bps) in September and 25 bps in November, which means it will bring the Fed funds rate to a range of 3.75% - 4% by the end of the year. This year.

**Bank Indonesia (BI)** will raise the benchmark interest rate until the end of the year, BI's consideration is not only based on the high domestic inflation factor due to the increase in fuel prices, but also responding to the global situation. BI will continue its policy of increasing its benchmark interest rate by 25 basis points each in October, November and December 2022.

**Rupiah exchange rate.** The rupiah exchange rate was under pressure, amidst the uncertainty in global financial markets that remained high. The steps taken by BI include the policy mix and market intervention, both through the spot market and through Domestic Non Deliverable Forward (DNDF). The intervention carried out by BI is so that market players do not worry about economic conditions in Indonesia. This is because the weakening of the rupiah exchange rate was dominated by external pressures.