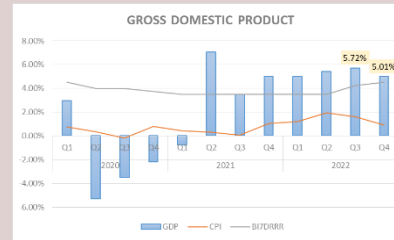


## Economic Update

### April highlights :

- The Central Statistics Agency (BPS) noted that inflation in April 2023 was 0.33%, calendar year inflation or *year to date* (ytd) was recorded at 1.01% ytd, and *year on year* (yoy) was 4.33%.
- Based on data from the Central Bureau of Statistics, Indonesia's trade balance surplus continued in March 2023 of US\$2.91 billion, after recording a surplus of US\$5.46 billion in February 2023.
- The Ministry of Finance (Kemenkeu) noted that the government's debt position until the end of March 2023 was at the level of IDR 7,879.07 trillion.
- Board of Governors' Meeting (RDG) on April 17-18 2023 decided to maintain the *BI 7-Day Reverse Repo Rate (BI7DRR)* at 5.75%, the *Deposit Facility* interest rate at 5.00%, and the *Lending Facility* interest rate at 6.50%.
- The Federal Reserve again raised interest rates by 25 basis points (bps) to a range of 5 – 5.25 percent on Wednesday (3/5) and signaled it would halt further hikes.

### Economic growth

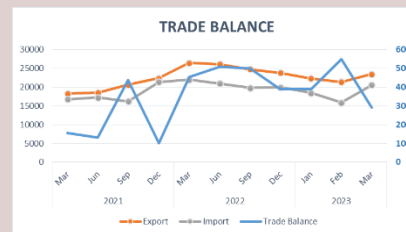


The Central Statistics Agency (BPS) reported that Indonesia's economic growth in the fourth quarter of 2022 was 5.01 percent on an annual basis (*year on year/yoy*). This realization slowed compared to the third quarter of

2022 which grew 5.72 percent (yoy).<sup>1</sup>

The Central Statistics Agency (BPS) noted that inflation in April 2023 was 0.33 %. Furthermore, if you look at inflation on an annual basis or year on year (yoy), inflation was recorded at 4.33 % yoy. Thus, *calendar year inflation or year to date* (ytd) was recorded at 1.01 % ytd, and *year on year* (yoy) was 4.33%. The biggest contributor to inflation by expenditure group is the transportation group. The commodity with the biggest contribution to inflation is air freight. This commodity contributed to inflation of 0.06 %.

### Indonesia 's trade balance



Based on data from the Central Bureau of Statistics, Indonesia's trade balance surplus continued in March 2023 of US\$2.91 billion, after recording a surplus of US\$5.46 billion in February 2023.

Bank Indonesia views this development as positive for efforts to continue to maintain the external resilience of the Indonesian economy. The trade balance surplus in March 2023 was mainly driven by the continued surplus in the non-oil and gas trade balance, the non-oil and gas trade balance recorded a surplus of US\$4.58 billion supported by the continued strong performance of non-oil and gas exports of US\$22.16 billion. Non-oil and gas exports which remained strong were mainly due to increased exports of natural resource-based commodities such as coal, precious metals, metal ores, as well as iron and steel in line with high global commodity prices.<sup>2</sup>

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

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

Table 1. Economic Indicators		
Indicator	Mar'23	Apr'23
Inflation (yoy)	4.97%	4.33%
Inflation (mtm)	0.18%	0.33%
Trade balance (USD Billion)	2910	*
Foreign Exchange Reserves (USD Billion)	145.2	*

Table 2. Economic Indicators		
Indicator	Q3'22	Q4'22
GDP	5.72%	5.31%
BOP (USD Millions)	(1,300)	3,865
CAD (USD Millions)	4,544	4,300

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

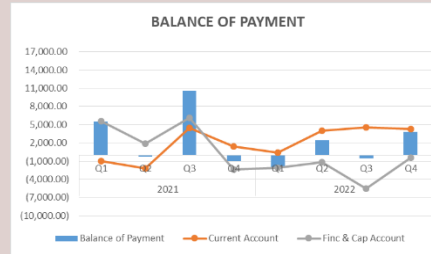
Note: \* not yet released  
Source: bps.go.id

Table 3. Commodities		
Komoditas	Mar'23	Apr'23
Brent Oil (USD/Barrels)	79.77	79.54
WTI (USD/Barrels)	75.67	76.78
CPO (MYR/Metrictons)	4,058.00	3,937.00
Batu bara (USD/Metrictons)	177.25	189.70
Emas (USD/troy oz)	1,969.28	1,990.00

Sumber : bloomberg

Tabel 4. Currencies			
Currencies	Mar'23	Apr'23	% Change
USD/IDR	14,996	14,674	2.15%
USD/HKD	7.8498	7.8496	0.00%
USD/SGD	1.3309	1.3344	-0.26%
USD/MYR	4.4152	4.4622	-1.06%
USD/CNY	6.8737	6.9184	-0.65%
JPY/USD	132.86	136.30	-2.59%
AUD/USD	1.4958	1.5118	-1.07%

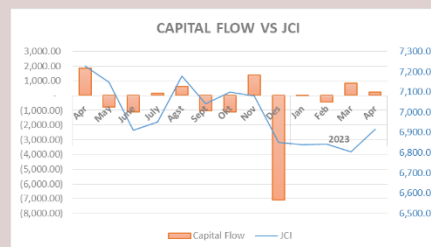
## Indonesia's Balance of Payments



Indonesia's balance of payments (BOP) performance in the fourth quarter of 2022 remains solid and is able to support Indonesia's external resilience. The balance of payments in the fourth quarter of 2022 recorded a surplus of US\$4.7 billion, an increase compared to the previous quarter's performance which recorded a deficit of US\$1.3 billion. The BOP performance in the fourth quarter of 2022 was supported by a high current account surplus and an improvement in the capital and financial account deficit .<sup>3</sup>

The Ministry of Finance (Kemenkeu) noted that the government's debt position until the end of March 2023 was at the level of IDR 7,879.07 trillion. This figure indicates that government debt rose to IDR 17.39 trillion from IDR 7,861.68 trillion in the previous month, with a ratio of government debt to Gross Domestic Product (GDP) of 39.17%. The government needs debt to finance policies related to the Covid-19 pandemic. In addition, the government also has to deal with debt interest arising from the policy .<sup>4</sup>

## Inflow of Capital



The Composite Stock Price Index (JCI) fell 29.76 points or weakened 0.43% to a level of 6,915.72 at the closing of the stock exchange Friday, April 28 2023. However, the JCI has appreciated 155.39 points or 2.30 percent in the past month and up 0.94 percent year to date (YtD). The transportation and logistics sector led to an increase of 4.51 % in a week. The strengthening was followed by the primary consumer goods sector by 2.78 % and the property and real estate sector which strengthened by 2.78%. The technology sector also strengthened 1.99 %. The health sector rose 1.70%. The infrastructure sector rose 1.69 %. The energy sector rose 1.37 %. The raw goods sector strengthened 1.12 %. The non-primary consumer goods sector strengthened 0.19 %.<sup>5</sup>

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

<sup>4</sup>Kemenkeu.go.id

<sup>5</sup>Kontan.co.id

EUR/USD	0.9226	0.9075	1.63%
GBP/USD	0.8106	0.7957	1.83%

Source: bloomberg

Table 5. Reference Interest Rate		
Indicator	Mar'23	Apr'23
BI 7DRR	5.75%	5.75%
Fed Funds Rate	4.75-5.00%	4.75-5.00%

Source: bloomberg

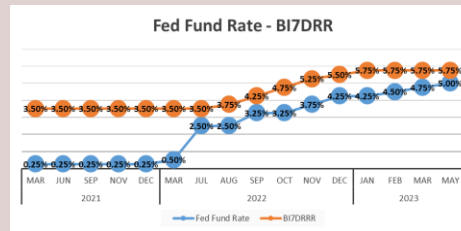
## Exchange Rate Movements



Rupiah exchange rate against the United States (US) dollar today Friday (28/4/2023) closed higher compared to yesterday's position. The movement of the Garuda currency is in the middle of the Yellow Continent currency

which is in the red zone. Referring to *Bloomberg* data, the rupiah this afternoon at 16.00 WIB on the *spot exchange market* closed at **IDR 14,674 per US dollar or strengthened 32.0 points (0.22%)** from the previous closing. The strengthening of the rupiah exchange rate was also supported by the flow of foreign funds into the stock market for eight consecutive trading days. Foreign investors also entered the Indonesian government bond market, thereby contributing to the support of the rupiah, which achieved the highest appreciation in Asia since the beginning of the year.

## Interest rate



**Board of Governors' Meeting (RDG) on April 17-18 2023 decided to maintain the BI 7-Day Reverse Repo Rate (BI7DRR) at 5.75%, the Deposit Facility interest rate at 5.00%, and the Lending**

**Facility interest rate at 6.50% .** This decision is consistent with a *pre-emptive and forward-looking* monetary policy stance to ensure the continued decline in inflation expectations and future inflation. Bank Indonesia believes that a BI7DRR of 5.75% is sufficient to steer core inflation under control within the 3.0±1% range for the remainder of 2023 and Consumer Price Index (CPI) inflation can return to the target of 3.0±1% earlier than previous forecast .<sup>6</sup>

**The Federal Reserve again raised interest rates by 25 basis points (bps) to a range of 5 – 5.25 percent on Wednesday (3/5) and signaled it would halt further hikes.** The move marks a new chapter in the US central bank's management of the recovery from the Covid-19 pandemic, and may be the final rate hike of the current tightening cycle, and heightens concern for the risks facing the economy.

<sup>6</sup>Bi.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%	5.31%	4.70%-5.30%
Inflasi (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%-6.00%
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 GDP or economic growth.** Indonesia's economic growth in the first quarter of 2023 is estimated to be in the range of 4.75 % to 5.25% on an annual basis (YoY). There are three factors that will support economic growth in this period, including consumption, investment and exports. The prospects for Indonesia's economic growth are still relatively good, mainly supported by the recovery of people's mobility due to the end of the pandemic which has stimulated consumption growth, as well as investment and exports which are still growing positively.

**Inflation.** Inflationary pressure in May 2023 is expected to decrease, this estimate is in line with respondents' confidence in the supply of goods. In line with expectations of reduced inflationary pressure, it is estimated that retail sales in May 2023 will increase.

**Fed Funds Rate (FFR).** The hike in the benchmark interest rate in May is expected to be the last, but the war against inflation is still not over given the rapid rise in prices. In addition, it is predicted that the Fed will maintain interest rates at this peak level until the first quarter of 2024, this is because inflation will gradually decrease and the labor market will show clearer signs of softening.

**Bank Indonesia (BI).** The increase in the US Federal Reserve 's benchmark interest rate ( FFR) of 0.25 percent will not be followed by Bank Indonesia (BI) by raising its benchmark interest rate. This is because BI has confirmed enough that inflation will tend to slow down until the end of this year, the exchange rate will also tend to be stable. So there is a possibility that BI will maintain its benchmark interest rate.

**Rupiah exchange rate.** The government and Bank Indonesia continue to work hand in hand so that inflation in Indonesia can be controlled. Inflation control carried out by the government together with BI has shown positive results, with inflation dropping to below 5%. This became a positive sentiment that made the rupiah slightly strengthen against the US dollar.