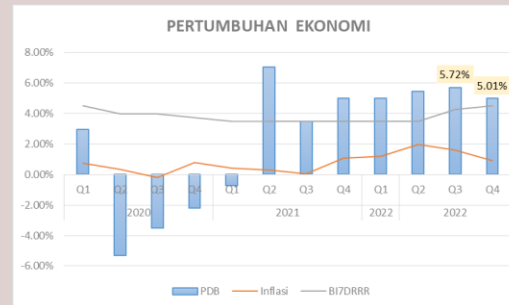


## Economic Update

### February highlights :

- 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*).
- Based on data from the Central Bureau of Statistics, Indonesia's trade balance in January 2023 again recorded a surplus, namely 3.87 billion US dollars, continuing the surplus in the previous month of 3.96 billion US dollars, and also a surplus in Indonesia's trade balance since May 2020.
- 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 Bank Indonesia Board of Governors' Meeting (RDG) on 15-16 February 2023 decided to hold the benchmark interest rate or BI 7-Day Reverse Repo Rate (BI7DRR) at 5.75 percent.

### Economic growth

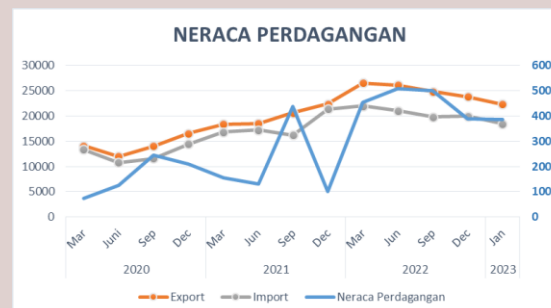


The Central Statistics Agency (BPS) reported that Indonesia's economic growth in the fourth quarter of 2022 was 5.01 percent on an annual basis (*year on year/yoy*).

This realization slowed

compared to the third quarter of 2022 which grew 5.72 percent (yoy). Indonesia's economic growth in the fourth quarter of 2022 was 0.36 percent (1.81 percent *quarter to quarter / qtq*), slowing compared to the previous quarter which reached 1.83 percent (qtq). The business field component, all showed positive growth. In the main sectors supporting economic growth, namely industry recorded growth of 5.64 percent (yoy), trade 6.55 percent, mining 6.46 percent, agriculture 4.51 percent, and construction 1.61 percent.<sup>1</sup>

### Indonesia's trade balance



Based on data from the Central Statistics Agency, Indonesia's trade balance in January 2023 again recorded a surplus, namely 3.87 billion US dollars, continuing the surplus in the

previous month of 3.96 billion US dollars, and also a surplus in Indonesia's trade balance since May 2020. The trade balance surplus January 2023 will stem from the continued surplus in the non-oil and gas trade balance and a slight reduction in the deficit in the oil and gas trade balance. In January 2023, the non-oil and gas trade balance surplus was recorded at 5.29 billion US dollars. This development was supported by the continued strong performance of non-oil and gas exports, which were recorded at US\$20.83 billion. The non-oil and gas export performance came mainly from the export of natural resource-based commodities, including rubber and coal which remained strong in line with the high global commodity prices.<sup>2</sup>

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

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

**Table 1. Economic Indicators**

Indicator	Jan'23	Feb'23
Inflation (yoy)	5.28%	5.47%
Inflation (mtm)	0.34%	0.16%
Trade balance (USD Billion)	3870.3	*
Foreign Exchange Reserves (USD Billion)	139.4	*

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

**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: bps.go.id

**Table 3. Commodities**

Commodity	Jan'23	Feb'23
Brent Oil (USD/Barrel)	84.49	83.89
WTI (USD/Barrels)	78.87	77.05
CPO (MYR/Metrictons)	3,720.00	4,113.00
Coal (USD/Metrictons)	251.75	192.85
Gold (USD/troy oz)	1,928.36	1,826.92

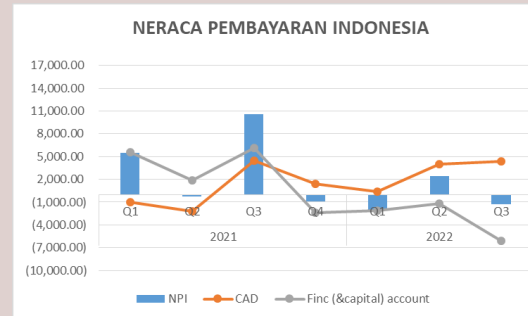
Source: bloomberg

**Table 4. Currencies**

Currencies	Jan'23	Feb'23	%Change
USD/IDR	14,991	15,261	-1.80%
USD/HKD	7.8405	7.8494	-0.11%
USD/SGD	1.3139	1.3484	-2.63%
USD/MYR	4.2677	4.4873	-5.15%
USD/CNY	6.7553	6.9356	-2.67%
JPY/USD	130.09	136.17	-4.67%
AUD/USD	1.4174	1.4861	-4.85%
EUR/USD	0.9205	0.9456	-2.72%
GBP/USD	0.8117	0.8318	-2.48%

Source: bloomberg

## Indonesia's Balance of Payments

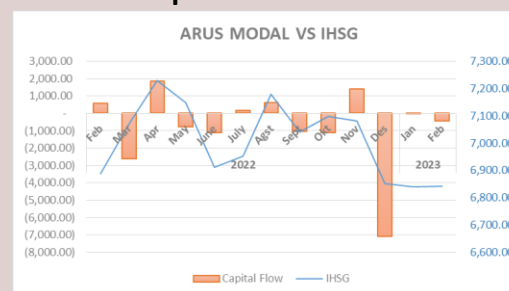


Indonesia's balance of payments (BOP) performance in the fourth quarter of 2022 remains solid and is able to support Indonesia's external resilience. The balance of payments in the

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>

**Indonesia's Foreign Debt (ULN) in the fourth quarter of 2022 remains under control.** ULN position Indonesia at the end of the fourth quarter of 2022 was recorded at US\$396.8 billion. With these developments, Indonesia's external debt growth in the fourth quarter of 2022 on an annual basis contracted by 4.1% (yoy), continuing the contraction in the previous quarter of 6.7% (yoy). This growth contraction was mainly sourced from the government's external debt and the private sector. The development of the external debt position in the fourth quarter of 2022 was also influenced by changes due to the weakening of the US dollar against the majority of global currencies.<sup>4</sup>

## Inflow of Capital



The Composite Stock Price Index (IHSG) fell 11.53 points or weakened 0.17% to a level of 6,843.239 at the close of trading on Tuesday, February 28,

2023. During trading, the composite index fluctuated, touching the lowest daily level at 6,843.24 and the highest level daily at 6,890.35. It was recorded that 230 stocks managed to gain, 284 stocks parked in the red zone and 222 other stocks closed stagnant. The infrastructure sector experienced the most significant decline with a correction of 0.96%, followed by the primary consumer goods sector which weakened 0.62%. The market capitalization was recorded at IDR

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

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

**Table 5. Reference Interest Rate**

Indicator	Jan'23	Feb'23
BI 7DRR	5.75%	5.75%
Fed Funds Rate	4.25-4.50%	4.50-4.75%

Source: bloomberg

9,529.57 trillion with a volume of shares traded of 19.75 billion units. The transaction value was recorded at IDR 14.64 trillion.<sup>5</sup>

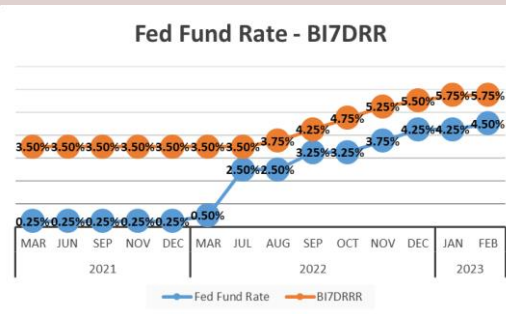
### Exchange Rate Movements



The rupiah exchange rate against the United States dollar closed higher at Rp. 15,260 at the close of trading on Tuesday (28/2/2023). The rupiah closed up 0.06 percent or rose 9.5 points to Rp. 15,260 per US dollar. US

economic data.

### Interest rate



The Bank Indonesia Board of Governors' Meeting (RDG) on 15-16 February 2023 decided to hold the benchmark interest rate or BI 7-Day Reverse Repo Rate (BI7DRR) at 5.75 percent. In line with this decision, the Deposit

Facility interest rate remains at 5 percent, and the Lending Facility interest rate remains at 6.5 percent. This is done to ensure a continued decline in inflation expectations and future inflation. Bank Indonesia believes that a BI7DRR of 5.75% is sufficient to ensure core inflation remains within the range of 3.0 ± 1% in the first half of 2023 and Consumer Price Index (CPI) inflation ) return to the target of 3.0 ± 1% in the second half of 2023 .<sup>6</sup>

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

<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 %
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 GDP or Indonesia's economic growth.** Indonesia's economic growth will be 4.8% in 2023, this is due to a number of factors, such as falling export demand and rising inflation risks in 2023. Weakening global demand can hurt Indonesia's export performance and reduce foreign investment flows. Global monetary tightening can also trigger greater capital outflows, as well as a depreciation of the rupiah which then triggers inflation.

**Inflation** Bank Indonesia (BI) believes that the inflation rate throughout 2023 can return to the range of 2% - 4%. This is also seen from the increase in *administered prices inflation* which was also not as high as expected, to 13.34% (yoy) in line with the adjustment in fuel prices and lower transportation fares.

**Fed Funds Rate (FFR).** The Federal Reserve's benchmark interest rate for the United States Central Bank is expected to reach a peak of 5 percent in the first quarter of 2023, but with higher risks, the Fed's benchmark interest rate could reach 5.25 to 6 percent. The increase in The Fed's interest rate will last throughout 2023. For a baseline with a peak of The Fed's interest rate of 5 percent, it will drop to 4.75 percent at the end of 2023.

**Bank Indonesia (BI) is expected to raise the Bank Indonesia 7 Day Reverse Repo Rate** reference rate to a level of 6% until the end of 2023 and will decrease in 2024. This is in response to the inflation rate which is also estimated to have decreased to 3.8% on an annual basis.

**Rupiah exchange rate .** In 2023, the rupiah will still be overshadowed by global economic uncertainty. Such as the risk of a global economic slowdown, inflation and reference interest rates that are still high in several countries, an increase in the US dollar index, and the potential for *capital flight* to be one of the things that can put pressure on the rupiah.