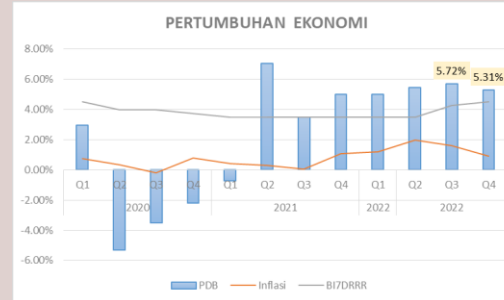


Economic Update

January highlights :

- Indonesia's economy in 2022 will grow by 5.31 percent, higher than the achievements in 2021 which will experience growth of 3.70 percent. The Central Bureau of Statistics released Indonesia's trade balance in December 2022 again recording a surplus, namely 3.89 billion US dollars.
- Based on BPS data, CPI inflation in January 2023 was recorded at 0.34% (mtm), lower than inflation in the previous month of 0.66% (mtm). Annual CPI inflation was recorded at 5.28 % (yoy), lower than inflation in the previous month which reached 5.51% (yoy).
- The Central Statistics Agency released, Indonesia's trade balance in December 2022 again recorded a surplus, namely 3.89 billion US dollars.
- The Bank Indonesia Board of Governors' Meeting (RDG) on 18-19 January 2023 decided to increase the BI7Day Reverse Repo Rate (BI7DRR) by 25 bps to 5.75%, the Deposit Facility rate by 25 bps to 5.00%, and Lending Facility interest rate by 25 bps to 6.50%.

Economic Growth

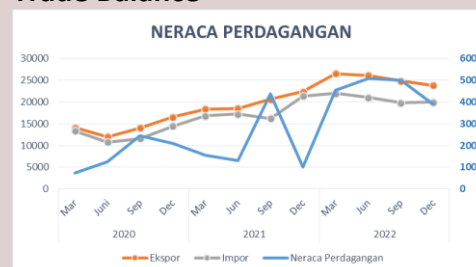


Indonesia's economy in 2022 will grow by 5.31 percent, higher than the achievements in 2021 which will experience growth of 3.70 percent. From the production side, the highest growth occurred in the

Transportation and Warehousing Business Field of 19.87 percent. Meanwhile, from the expenditure side, the highest growth was achieved by the Goods and Services Export Component of 16.28 percent. The Indonesian economy in quarter IV-2022 compared to quarter IV-2021 grew by 5.01 percent (y-on-y). Indonesia's economy in the fourth quarter of 2022 compared to the previous quarter grew by 0.36 percent (q-to-q).¹

Based on BPS data, CPI inflation in January 2023 was recorded at 0.34% (mtm), lower than inflation in the previous month of 0.66% (mtm). Actual inflation (mtm) was mainly driven by a decline in inflation in the *volatile food* and *administered prices groups*. With these developments, annual CPI inflation was recorded at 5.28 % (yoy), lower than inflation in the previous month which reached 5.51% (yoy). This positive development of CPI inflation is inseparable from the influence of inflation control policy coordination with the Central Government, Regional Governments, and other strategic partners through the Central and Regional Inflation Control Teams (TPIP and TPID) as well as the National Food Inflation Control Movement (GNPIP) in various regions.²

Trade Balance



The Central Statistics Agency released, Indonesia's trade balance in December 2022 again recorded a surplus, namely 3.89 billion US dollars. This positive performance has continued Indonesia's trade

balance surplus since May 2020, although lower than the surplus in the previous month of USD 5.13 billion. With these developments, Indonesia's overall trade balance in January December 2022 recorded

¹Bps.go.id

²Bi.go.id

Table 1. Economic Indicators		
Indicator	Dec'22	Jan'23
Inflation (yoy)	5.51%	5.28%
Inflation (mtm)	0.66%	0.34%
Trade balance (USD Billion)	3890	*
Foreign Exchange Reserves (USD Billion)	137.2	*

Note: * not yet released

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)	*
CAD (USD Millions)	4,400	*

Note: * not yet released

Source: bps.go.id

Table 3. Commodities		
Commodity	Dec'22	Jan'23
Brent Oil (USD/Barrel)	85.91	84.49
WTI (USD/Barrels)	80.26	78.87
CPO (MYR/Metrictons)	4,174.00	3,720.00
Coal (USD/Metrictons)	404.15	251.75
Gold (USD/roy oz)	1,824.02	1,928.36

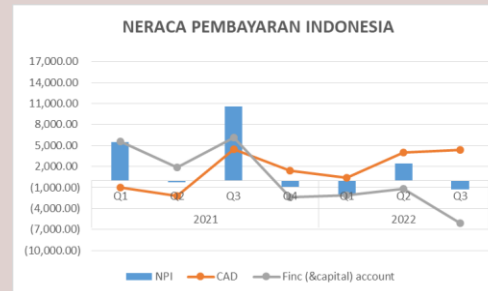
Source: bloomberg

Table 4. Currencies			
Currencies	Dec'22	Jan'23	%Change
USD/IDR	15,573	14,991	3.74%
USD/HKD	7.8016	7.8405	-0.50%
USD/SGD	1.3395	1.3139	1.91%
USD/MYR	4.4045	4.2677	3.11%
USD/CNY	6.8986	6.7553	2.08%
USD/JPY	131.12	130.09	0.79%
AUD/USD	1.4678	1.4174	3.43%
EUR/USD	0.9342	0.9205	1.46%
GBP/USD	0.8276	0.8117	1.92%

Source: bloomberg

a surplus of US\$54.46 billion, much higher than the achievement in the same period in 2021 of US\$35.42 billion. Going forward, Bank Indonesia will continue to strengthen policy synergies with the Government and policy authorities in order to further enhance external resilience and support national economic recovery.³

Indonesia's Balance of Payments

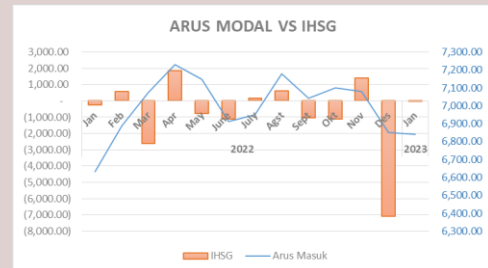


Indonesia's balance of payments (BOP) performance in the third quarter of 2022 remains strong supporting the external resilience of the balance of payments in the third quarter of 2022

recorded a deficit of 1.3 billion US dollars.⁴

Indonesia's Foreign Debt (ULN) in November 2022 remains under control. At the end of November 2022, Indonesia's external debt was recorded at US\$392.6 billion. With these developments, Indonesia's external debt growth in November 2022 contracted by 5.6% (yoy), continuing the contraction in the previous month of 7.6% (yoy). This growth contraction came from public sector external debt (the government and the Central Bank) and the private sector.⁵

Inflow of Capital



The Composite Stock Price Index (IHSG) closed in the red zone at the end of trading Tuesday (31/1/2023). JCI closed down 0.48 percent or 33.13 points to 6,839.34. JCI had

moved to reach its highest level of 6,880.96 during the trading session and occupied today's lowest level of 6,827.24. The decline was influenced by the weakening of a number of stock sectors, such as shares in the technology sector which fell 1.37%, the financial sector fell 0.82%, the property sector 0.71%, and the industrial sector 0.60%. On the other hand, strengthening hit the health sector stocks 2.18 %, the non-primary consumer sector 0.25%, and the primary consumer sector 0.04%.⁶

³Bi.go.id

⁴Bi.go.id

⁵Kemenkeu.go.id

⁶Kontan.co.id

Table 5. Reference Interest Rate

Indicator	Dec'22	Jan'23
BI 7DRR	5.50%	5.75%
Fed Funds Rate	4.25-4.50%	4.25-4.50%

Source: bloomberg

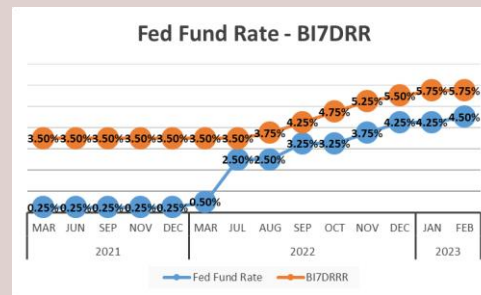
Exchange Rate Movements



The rupiah exchange rate against the US dollar closed lower at IDR 14,990.5 in the last trading month of January (31/1/2023) compared to the previous closing position of IDR 14,970, ahead of the Fed's decision on interest rates. The rupiah closed down

0.14 percent or 20.5 points to IDR 14,990.5 per US dollar.

Interest Rate



The Bank Indonesia Board of Governors' Meeting (RDG) on 18-19 January 2023 decided to increase the BI 7 - Day Reverse Repo Rate (BI7DRR) by 25 bps to 5.75%, the Deposit Facility rate by 25 bps to 5.00%, and Lending Facility interest

rate by 25 bps to 6.50% . The decision to increase interest rates in a more measured manner is a follow-up step in a *front loaded, preemptive* and *forward looking manner* to ensure the continued decline in inflation expectations and future inflation. ⁷

⁷Bi.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% -6.00 %
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 Indonesia's economic growth. National economic growth is predicted in 2023 of 5.3%, in line with projections in the range of 4.7% to 5.1% from various international institutions. The projected national economic growth in 2023 is much higher than the *outlook for the global economy* in 2023 which is estimated to be in the range of 2.2% to 2.7%.

Inflation Inflation control in Indonesia will still be a challenge for the central bank and authorities this year. Bank Indonesia (BI) estimates that 2023 inflation in Indonesia could reach 4%. In the first half, inflationary pressure is still high, food and prices are regulated by the government in the first semester of 2023, it is necessary to control it, several regions will face food price hikes. Issues of various factors such as weather, availability of supplies, and distribution of goods must be of particular concern to the authorities.

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) Bank Indonesia (BI) is expected to continue its steps to raise the benchmark interest rate or the BI 7-Day Reverse Repo Rate (BI7DRR) in February. Bank Indonesia will raise the benchmark interest rate by 25 basis points (bps) in February 2023 to 6 percent. The policy was carried out following a 25 bps increase in the previous month.

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.