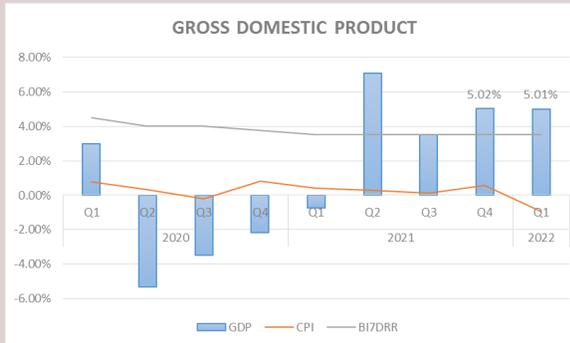


## Economic Update

### Highlight April :

- Indonesia's economic growth in the first quarter of 2022 still grew positively at 5.01% (yoy), lower than the previous quarter's achievement of 5.02% (yoy). Economic growth is in line with the government's forecast at the midpoint of 5.0% yoy.
- The Consumer Price Index (CPI) in April 2022 experienced inflation of 0.95% (mtm), after inflation was recorded at 0.66% (mtm) in the previous month.
- Indonesia's Trade Balance in March 2022 again recorded a surplus of 4.53 billion US dollars. The surplus is higher than the surplus in the previous month which reached 3.83 billion USD.
- Citing data from the Indonesia Stock Exchange (IDX) via RTI Business, the JCI rose 32.15 points or 0.45% to a level of 7,229. The strengthening of the JCI is influenced by expectations of an increase in public consumption ahead of the fasting and Eid season.
- The Bank Indonesia Board of Governors Meeting (RDG) on 18-19 April 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%.

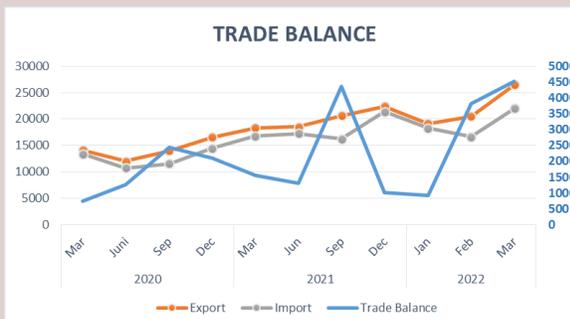
### Economic Growth



Indonesia's economic growth in the first quarter of 2022 still grew positively at 5.01% (yoy), lower than the previous quarter's achievement of 5.02% (yoy). This economic growth is in line with the government's forecast at the midpoint of 5.0% yoy. This positive performance was driven by increased domestic demand and maintained export performance. Improvements in the national economy occurred in the majority of business fields and throughout the region. Looking ahead, improvement in the domestic economy is predicted to continue to reach 4.5-5.3% for the whole of 2022, supported by accelerated vaccinations, wider opening of the economic sector, and policy stimulus from Bank Indonesia, the Government and other authorities.

Based on data from the Central Statistics Agency (BPS), the Consumer Price Index (CPI) in April 2022 experienced inflation of 0.95% (mtm), after inflation was recorded at 0.66% (mtm) in the previous month. This development was influenced by rising inflation in all groups, namely volatile foods, administered prices, and core. On an annual basis, CPI inflation in April 2022 was recorded at 3.47% (yoy), higher than inflation in the previous month which was 2.64% (yoy). Core inflation in April 2022 was recorded at 0.36% (mtm), an increase compared to March 2022 inflation of 0.30% (mtm).<sup>1</sup>

### Indonesia's Trade Balance



Indonesia's economic growth in the first quarter of 2022 still grew positively at 5.01% (yoy), lower than the previous quarter's achievement of 5.02% (yoy). This economic growth is

in line with the government's forecast at the midpoint of 5.0% yoy. This positive performance was driven by increased domestic demand and maintained export performance. Improvements in the national economy occurred in the majority of business fields and throughout the region. Looking ahead, improvement in the domestic economy is predicted to continue to reach 4.5-5.3% for the whole of 2022, supported by accelerated vaccinations, wider opening of the economic sector, and policy stimulus from Bank Indonesia, the Government and other authorities.

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Based on data from the Central Statistics Agency (BPS), Indonesia's Trade Balance in March 2022 again recorded a surplus of 4.53 billion US

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

**Tabel 1. Economic Indicator**

Indicator	Mar'22	Apr'22
Consumer Price Index (yoy)	2.64%	3.47%
Consumer Price Index (mtm)	0.66%	0.95%
Trade Balance (USD Billion)	4529.2	*
Foreign Reserves (USD Billion)	139.1	*

Keterangan : \* belum rilis

**Tabel 2. Economic Indicator**

Indicator	Q4'21	Q1'22
GDP	5.02%	5.01%
NPI (USD Million)	(954)	*
CAD (USD Million)	1,400	*

**Tabel 3. Comodity**

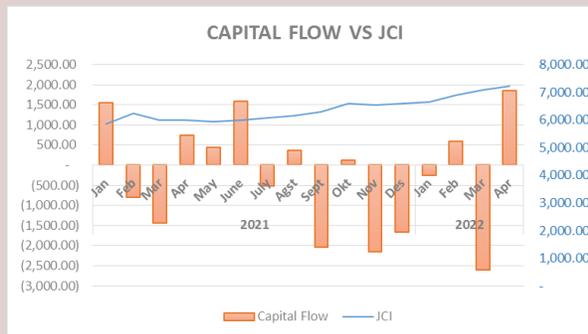
Comodity	Mar'22	Apr'22
Brent Oil (USD/Barrels)	107.91	109.34
WTI (USD/Barrels)	100.28	104.69
CPO (MYR/Metrictons)	6,391.00	7,683.00
Batu bara (USD/Metrictons)	259.00	326.60
Emas (USD/troy oz)	1,937.44	1,896.93

**Tabel 4. Currencies**

Currencies	Mar'22	Apr'22	% Change
USD/IDR	14,363	14,949	-4.08%
USD/HKD	7.8326	7.8470	-0.18%
USD/SGD	1.3545	1.3868	-2.38%
USD/MYR	4.2040	4.3640	-3.81%
USD/CNY	6.3400	6.6265	-4.52%
USD/JPY	121.70	130.85	-7.52%
AUD/USD	1.3365	1.4090	-5.42%
EUR/USD	0.9036	0.9524	-5.41%
GBP/USD	0.7612	0.8028	-5.46%

dollars. The surplus is higher than the surplus in the previous month which reached 3.83 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.<sup>2</sup>

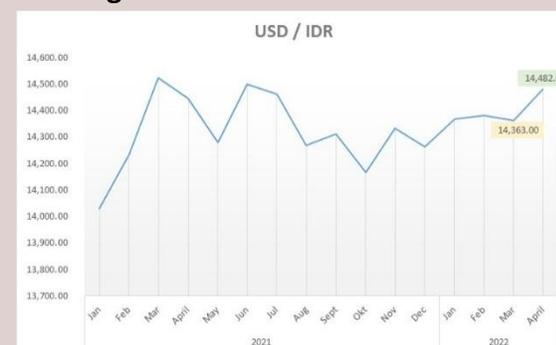
### Capital Inflow



The Composite Stock Price Index (JCI) closed in the green zone in late April trading. Citing data from the Indonesia Stock Exchange (IDX) via RTI Business, the JCI

rose 32.15 points or 0.45% to a level of 7,229 at the close of trading Thursday (28/4). Nine of the 11 IDX sectoral indexes strengthened along with the JCI. Only two sectors ended down. The technology sector eroded 0.80%. The infrastructure sector eroded 0.26%. The industrial sector jumped 3.94%. The energy sector shot up 3.29%. The financial sector rose 1.09%. The transportation and logistics sector rose 0.81%. The non-primary consumer goods sector rose 0.76%. The property and real estate sectors rose 0.62%. The health sector rose 0.32%. The primary consumer goods sector rose 0.08%. The raw goods sector rose 0.06% slightly. The strengthening of the JCI is influenced by expectations of an increase in public consumption ahead of the fasting and Eid season.<sup>3</sup>

### Exchange Rate Movement



The rupiah weakened 0.56% or 80.50 points against the United States (US) dollar to Rp 14,482/US\$. Market participants are considered to continue to monitor investment developments in the

first quarter of 2022, which continues to improve. The biggest pressure on the rupiah comes from the prospect of rising US interest rates and

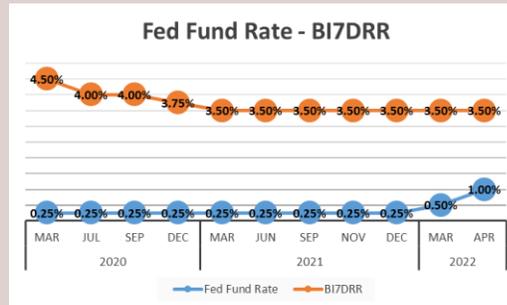
<sup>2</sup> Bi.go.id

<sup>3</sup> Kontan.co.id

Tabel 5. Interest Rate		
Indicator	Mar'22	Apr'22
BI 7DRR	3.50%	3.50%
Fed Funds Rate	0.25 - 0.50%	0.75-1.00%

safe-haven flows triggered by slowing growth in China and Europe. US earnings are likely to set the tone in financial markets later in the day, ahead of US growth data that predicts a sharp rise in interest rates. Meanwhile, Concerns about European energy security where Russia stops gas supplies to Poland.<sup>4</sup>

### Interest Rate



The Bank Indonesia Board of Governors Meeting (RDG) on 18-19 April 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 pressure related to the Russia-Ukraine geopolitical tensions and the acceleration of normalization of monetary policy in developed countries.<sup>5</sup>

The US central bank, the Federal Reserve, aka The Fed, finally announced a policy of increasing interest rates by 50 basis points after the FOMC meeting, Thursday (5/5/2022) in the morning Indonesian time. The policy will bring the target range for the federal funds rate to 0.75 percent to 1 percent, compared to the previous range of 0.25 percent to 0.5 percent. This is the most aggressive increase the Fed has ever made since 2000. The Fed said that this increase had to be taken in order to neutralize US inflation conditions.<sup>6</sup>

<sup>4</sup> Bisnis.com

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

<sup>6</sup> Bisnis.com

## 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%	3.3-3.8%
<b>Other</b>						
FFR	1,50%	2,50%	1,75%	0.25%	0.25%	0.75-1.5%
BI7DRR	4,25%	6,00%	5,00%	3.75%	3.50%	3.50-4.25%
USD/IDR	13.554	14.394	13.866	14.050	14.263	14.300-14.600

**The achievement of Indonesia's GDP or economic growth** in the second quarter of 2022 is predicted to increase following growth in the first quarter because a number of sectors recorded positive performance or recovered from the impact of the Covid-19 pandemic. The recovery of purchasing power back to normal is one of the main drivers of economic growth.

**Inflation** in May is expected to continue to rise sharply compared to the previous month. Triggers for the surge in inflation include the Eid moment that occurs at the beginning of the month. Some goods are still high and there is also an increase in transportation fares.

**The Fed** indicated it had raised interest rates by 50 basis points as early as May 2022, as steps needed to ensure price stability as inflation has hit four-decade highs.

**Bank Indonesia (BI)** immediately began adjusting its benchmark interest rate by raising interest rates at this month's meeting of the BI 7-Day Reverse Repo Rate (BI7DRR), if high inflation persists. Domestic inflation is expected to increase fundamentally and substantially in semester II/2022. BI will certainly continue macroprudential measures to remain accommodative in 2022 to support economic growth.

**The Rupiah exchange rate** is quite stable along with the Eid homecoming, many people use money enthusiastically. This is one of the reasons foreign market players consider Indonesia to be good enough to place their money and strengthen the rupiah even though the US dollar index has strengthened sharply. On the momentum of the upcoming US interest rate hike, the rupiah is expected to weaken to a limited extent. This is because an increase in interest rates will strengthen the US dollar index and make many investors shift their funds to the dollar as a safe haven.