

Economic Update

March Highlights :

- Data from the Central Statistics Agency (BPS) shows that economic growth in the fourth quarter of 2023 grew by 5.04% (yoy), an increase compared to growth in the previous quarter of 4.94% (yoy).
- Based on data from the Central Statistics Agency, CPI inflation in March 2024 was recorded at 0.52% (mtm), so that on an annual basis it will be 3.05% (yoy).
- The Central Statistics Agency (BPS) noted that Indonesia's trade balance surplus in February 2024 was US\$ 0.87 billion. This figure decreased by US\$ 1.13 billion on a monthly basis, compared to January 2024 which was valued at US\$ 2.02 billion.
- The Bank Indonesia Board of Governors (RDG) meeting on 20-21 February 2024 decided to maintain the BI - Rate at 6.00%, the Deposit Facility interest rate at 5.25%, and the Lending Facility interest rate at 6.75% .

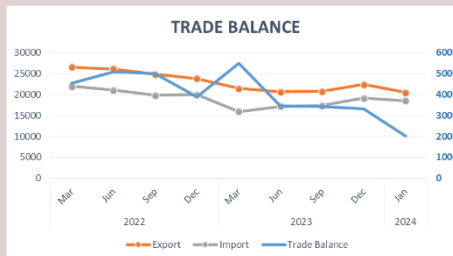
Economic growth



overall economic growth in 2023 recorded strong growth of 5.05 % (yoy).¹

Based on data from the Central Statistics Agency, CPI inflation in March 2024 was recorded at 0.52% (mtm), so that on an annual basis it will be 3.05% (yoy). Maintained inflation is the result of consistent monetary policy and close inflation control synergy between Bank Indonesia and the Government (Central and Regional) in the Central and Regional Inflation Control Teams (TPIP and TPID) through strengthening the National Food Inflation Control Movement (GNPIP) in various regions. Looking ahead, Bank Indonesia believes inflation will remain under control within the target range of 2.5 ± 1% in 2024.²

Indonesia's Trade Balance



The Central Statistics Agency (BPS) noted that Indonesia's trade balance surplus in February 2024 was US\$ 0.87 billion. This figure decreased by US\$ 1.13 billion on a monthly basis, compared to January 2024 which was valued at US\$ 2.02 billion. The continuing trade balance surplus in February 2024 mainly comes from the non-oil and gas trade balance surplus which remains good. The non-oil and gas trade balance in February 2024 recorded a surplus of 2.63 billion US dollars, in line with the continued strength of non-oil and gas exports which reached 18.09 billion US dollars.³

Indonesia's foreign exchange reserve position at the end of February 2024 remained high at 144.0 billion US dollars, although it decreased compared to the position at the end of January 2024 of 145.1 billion US dollars. The decline in foreign exchange reserves was influenced, among other things, by the government's foreign debt payments. The

¹Bps.go.id

²Bi.go.id

³Bi.go.id

| Table 1. Economic Indicators | | |
|---|--------|--------|
| Indicator | Feb'24 | Mar'24 |
| Inflation (yoy) | 2.75% | 3.05% |
| Inflation (mtm) | 0.37% | 0.52% |
| Trade balance (USD Billion) | 870 | * |
| Foreign Exchange Reserves (USD Billion) | 144 | * |

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

| Table 2. Economic Indicators | | |
|------------------------------|---------|---------|
| Indicator | Q3'23 | Q4'23 |
| GDP | 4.94% | 5.04% |
| NPI (USD Million) | (1,181) | 8,495 |
| CAD (USD Million) | (900) | (1,290) |

Source : bps.go.id

| Table 3. Commodities | | |
|----------------------------|----------|----------|
| Commodity | Feb'24 | Mar'24 |
| Brent Oil (USD/Barrels) | 83.62 | 87.48 |
| WTI (USD/Barrels) | 78.26 | 83.17 |
| CPO (MYR/Metrictons) | 4,025.00 | 4,325.00 |
| Batu bara (USD/Metrictons) | 131.00 | 129.10 |
| Emas (USD/troy oz) | 2,044.30 | 2,229.87 |

Sumber : bloomberg

| Tabel 4. Currencies | | | |
|---------------------|--------|--------|----------|
| Currencies | Feb'24 | Mar'24 | % Change |
| USD/IDR | 15,719 | 15,857 | -0.88% |
| USD/HKD | 7.8290 | 7.8263 | 0.03% |
| USD/SGD | 1.3456 | 1.3503 | -0.35% |
| USD/MYR | 4.7428 | 4.7345 | 0.18% |
| USD/CNY | 7.1886 | 7.2267 | -0.53% |
| JPY/USD | 149.98 | 151.38 | -0.93% |
| AUD/USD | 1.5391 | 1.5347 | 0.29% |
| EUR/USD | 0.9255 | 0.9269 | -0.15% |

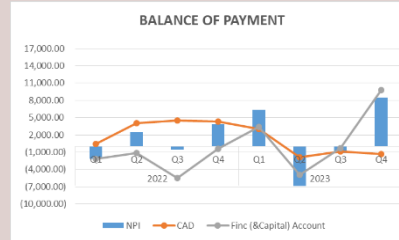
⁴Bi.go.id

⁵Kontan.co.id

⁶Cnbcindonesia.com

foreign exchange reserve position is equivalent to financing 6.5 months of imports or 6.3 months of imports and payments government foreign debt, and is above the international adequacy standard of around 3 months of imports.

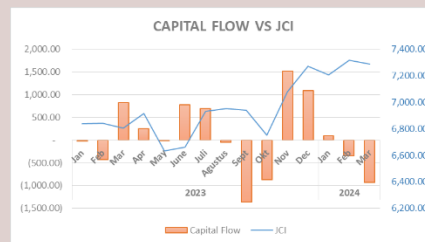
Balance of Payments



The performance of Indonesia's Balance of Payments (NPI) in the fourth quarter of 2023 improved, thereby supporting Indonesia's external resilience. NPI in the fourth quarter of 2023 recorded a surplus of 8.6 billion US dollars, a significant increase compared to with the previous quarter's performance recording a deficit of 1.5 billion US dollars. The NPI surplus was supported by an increasing capital and financial transaction surplus and a current account deficit that remained low.⁴

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Capital Inflow



Approaching the long holiday, the Composite Stock Price Index (IHSG) fell 21.27 points or 0.29% to 7,288.81 at the close of trading Thursday (28/3/2024). Based on the IDX-IC Sectoral Index, nine sectors were corrected, where the transportation & logistics sector fell the most by 2.92%, followed by the industrial sector and the property sector with 1.29% and 0.88% respectively. Meanwhile, only two sectors increased, namely led by the technology sector by 0.85%, followed by the primary consumer goods sector which rose by 0.74%.⁵

Exchange Rate Movements



Quoting Bloomberg data at 15.00 WIB, the rupiah closed up 0.01% to IDR 15,856.5 per US dollar. Meanwhile, the US dollar index strengthened 0.16% to 104.51 in trading today, Thursday (28/3/2024). Market focus is currently focused on the PCE price index data or the Fed's chosen inflation measure which will be released.⁶

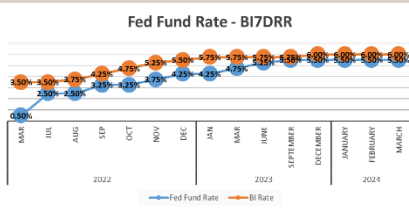
| | | | |
|---------|--------|--------|--------|
| GBP/USD | 0.7921 | 0.7922 | -0.01% |
|---------|--------|--------|--------|

Sumber : bloomberg

| Table 5. Interest Rate | | |
|------------------------|------------|------------|
| Indicator | Feb'24 | Mar'24 |
| BI 7DRR | 6.00% | 6.00% |
| Fed Funds Rate | 5.25-5.50% | 5.25-5.50% |

Source: bloomberg

Interest rate



The Bank Indonesia Board of Governors (RDG) meeting on 19-20 March 2024 decided to maintain the BI - Rate at 6.00%, the Deposit Facility interest rate at 5.25%, and the Lending Facility

interest rate at 6.75%. The decision to maintain the BI-Rate at 6.00% remains consistent with the focus of *pro-stability monetary policy*, namely to maintain the stability of the Rupiah exchange rate as well as *pre-emptive* and *forward looking steps* to ensure inflation remains under control within the target of $2.5 \pm 1\%$ in 2024.⁷

⁷Bi.go.id

| Our View | | | | | | |
|--|--------|--------|--------|--------|-----------|---------------|
| Macroeconomics Indicators and Forecast | | | | | | |
| Indicator | 2018 | 2019 | 2020 | 2021 | 2022 | 2024f |
| GDP | 5,17% | 5,02% | -2,19% | 5.02% | 5.31% | 4.90%-5.30% |
| Inflasi (yoy) | 3,13% | 2,72% | 1.68% | 1.87% | 5.51% | 2.00%-4.00% |
| Other | | | | | | |
| FFR | 2,50% | 1,75% | 0.25% | 0.25% | 4.50% | 3.50%-3.75% |
| BI7DRR | 6,00% | 5,00% | 3.75% | 3.50% | 5.50% | 5.00%-5.75% |
| USD/IDR | 14.394 | 13.866 | 14.050 | 14.263 | 15.572,50 | 15.000-15.800 |

Achievement of GDP or economic growth . Based on global dynamics and domestic economic potential, the Indonesian economy is estimated to still grow strongly in 2024, at 5.2 percent. In line with this, the 2024 APBN is directed at reducing external turmoil and accelerating economic transformation in an inclusive and sustainable manner.

Inflation. Inflation in April 2024 is estimated to be around 3.0 % to 3.5% yoy (annually), where the driving force for inflation still comes from volatile price inflation related to the continuing increase in food prices. Inflation in April will be driven by the transportation component, especially air transportation related to homecoming and return flow activities.

Fed Funds Rate (FFR). The Fed Fund Rate or FFR, which is currently in the range of 5.25%-5.5%, will decrease by 75 basis points (bps) in the second semester of 2024, influenced by weakening inflationary pressures in the US, which are currently starting to decline, although they are still at the level which is high in the range of 3%.

Bank Indonesia (BI). Bank Indonesia is estimated to have room to reduce the BI- *Rate* in the second half of 2024. BI is expected to reduce its benchmark interest rate by 25 bps in the third quarter of 2024 and by 50 bps in the fourth quarter of 2024. These estimates were made taking into account the latest developments from the global and domestic side.

Rupiah exchange rate . Movements in the rupiah exchange rate were triggered by high domestic demand for US dollars, starting from the need for fuel imports ahead of Eid al-Fitr 2024 to the dividend distribution season. Even though the rupiah has almost touched the level of IDR 16,000/US\$, it is estimated that the rupiah will not fall into that area, because Indonesia's external stability is still maintained, so the BI Rate benchmark interest rate is still stable at a high level.