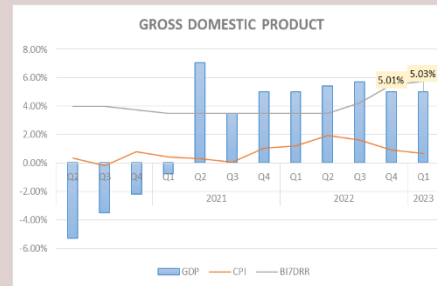


Economic Update

June highlights :

- Data from the Central Statistics Agency (BPS) shows that Indonesia's economic growth in the first quarter of 2023 was recorded at 5.03 % (yoy).
- Based on data from the Central Bureau of Statistics, June 2023 Consumer Price Index (CPI) inflation was recorded at 0.14% (mtm), bringing annual CPI inflation to 3.52% (yoy).
- The Central Statistics Agency (BPS) noted that the value of the goods trade balance in May 2023 was US\$ 0.44 billion or US\$ 440 million.
- Indonesia's balance of payments (BOP) performance in the first quarter of 2023 has improved.
- The Bank Indonesia Board of Governors' Meeting (RDG) on 21-22 June 2023 decided to maintain the BI 7- Day Reverse Repo Rate (BI7DRR) at 5.75%, the Deposit Facility rate at 5.00%, and the Lending Facility rate at 6.50% .

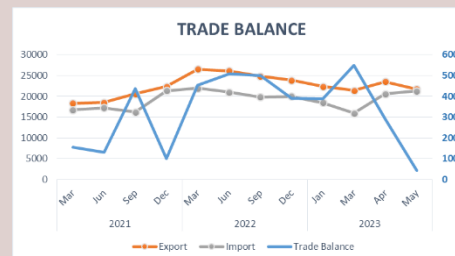
Economic growth



Data from the Central Statistics Agency (BPS) show that Indonesia's economic growth in the first quarter of 2023 was recorded at 5.03 % (yoy), slightly increasing compared to the growth in the previous quarter of 5.01% (yoy).¹

Inflation in June 2023 continued to decline so that it returned to the target range of 3+1%, faster than previously forecast. Based on data from the Central Bureau of Statistics, June 2023 Consumer Price Index (CPI) inflation was recorded at 0.14% (mtm) so that annual CPI inflation was 3.52% (yoy), lower than the previous month's CPI inflation which was recorded at 4.00% (yoy). CPI inflation in June 2023 will be mainly affected by core inflation. Core inflation was recorded at 0.12 % (mtm), higher than the previous month's 0.06% (mtm). The development of core inflation is in line with the increase in social mobility in line with the addition of the Eid al-Adha National Religious Holiday (HBKN).²

Indonesia 's trade balance



The Central Statistics Agency (BPS) noted that the value of the goods trade balance in May 2023 was US\$ 0.44 billion or US\$ 440 million. This value is greatly reduced when compared to the trade balance profit in April 2022 which amounted to US\$ 3.94 billion. This trade balance surplus was driven by higher export values than import values. It was observed that the export value in the reporting month was US\$ 21.72 billion and the import value of goods was US\$ 21.28 billion.³

¹Bps.go.id

²Bi.go.id

³Bi.go.id

Table 1. Economic Indicators		
Indicator	May'23	June'23
Inflation (yoy)	4.00%	3.52%
Inflation (mtm)	0.09%	0.14%
Trade balance (USD Billion)	440	*
Foreign Exchange Reserves (USD Billion)	139.3	*

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

Table 2. Economic Indicators		
Indicator	Q4'22	Q1'23
GDP	5.01%	5.03%
BOP (USD Millions)	4,700	6,500
CAD (USD Millions)	4,181	3,000

Source: bps.go.id

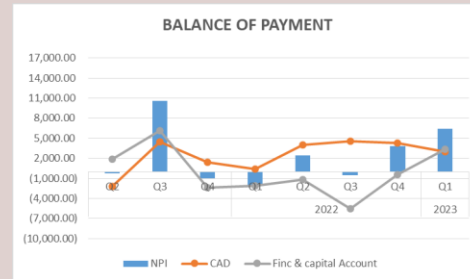
Table 3. Commodities		
Commodity	May'23	June'23
Brent Oil (USD/Barrel)	72.66	74.90
WTI (USD/Barrels)	68.09	70.64
CPO (MYR/Metrictons)	3,255.00	3,751.00
Coal (USD/Metrictons)	135.00	128.05
Gold (USD/troy oz)	1,962.73	1,919.35

Source: bloomberg

Table 4. Currencies			
Currencies	May'23	June'23	%Change
USD/IDR	14,994	14,993	0.01%
USD/HKD	7.8297	7.8338	-0.05%
USD/SGD	1.3516	1.3492	0.18%
USD/MYR	4.6130	4.6663	-1.16%
USD/CNY	7.1086	7.2242	-1.63%
JPY/USD	139.34	144.07	-3.39%
AUD/USD	1.5378	1.4956	2.74%
EUR/USD	0.9355	0.9124	2.47%
GBP/USD	0.8038	0.7844	2.41%

Source: bloomberg

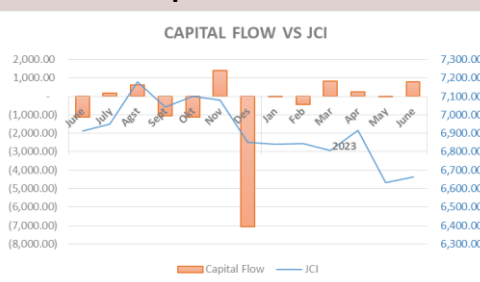
Indonesia's Balance of Payments



Indonesia's balance of payments (BOP) performance in the first quarter of 2023 has improved. BOP in the first quarter of 2023 recorded a surplus of US\$6.5 billion, an increase from US\$4.7 billion

in the fourth quarter of 2022. BOP performance This was supported by the continued current account surplus and was accompanied by a surplus in the capital and financial account .⁴

Inflow of Capital



The Composite Stock Price Index (IHSG) was observed to be at the level of 6,661.88 on Tuesday (27/6). That value edged down 0.04 % or 2.79 points on a daily basis from the previous trading

Monday (26/6). However, on a monthly basis, the JCI still recorded a slight increase of 0.43 % (mtd) in June 2023. The weakening of the JCI in the first half of 2023 was due to global uncertainties, falling energy and commodity prices, and uncertainty over The Fed's interest rate policy. The sector that experienced the most negative performance based on monthly data as of June 27 was the energy and raw goods sector.⁵

Exchange Rate Movements



The rupiah exchange rate fell deeply in the first half of 2023. However, overall, recorded a brilliant performance in January-June this year. The rupiah closed at Rp. 14,990 / US \$ 1 in the last trade of this semester, Tuesday

(27/6/2023). This means that the rupiah strengthened 3.84 % against the United States (US) dollar in the first semester of 2023. One of the things that made the rupiah strengthen sharply was the swift capital inflow. Referring to Bank Indonesia (BI) data, foreign investors recorded

⁴Bi.go.id

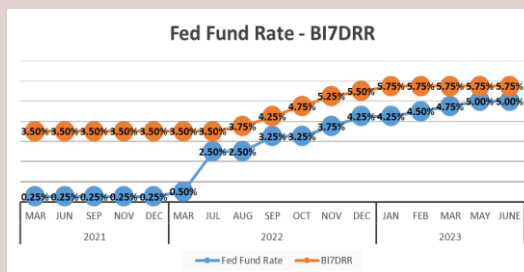
⁵Kontan.co.id

Table 5. Reference Interest Rate		
Indicator	May'23	June'23
BI 7DRR	5.75%	5.75%
Fed Funds Rate	5.00-5.25%	5.00-5.25%

Source: bloomberg

a net buy of IDR 94.68 trillion at the beginning of this year until June 26, 2023.⁶

Interest rate



The Bank Indonesia Board of Governors' Meeting (RDG) on 21-22 June 2023 decided to maintain the BI 7- Day Reverse Repo Rate (BI7DRR) at 5.75%, the Deposit Facility rate at

5.00%, and the Lending Facility rate at 6.50%. The decision to maintain the BI7DRR at 5.75% is consistent with the monetary policy stance to ensure that inflation remains under control within the target range of 3.0 ± 1% for the remainder of 2023.⁷

⁶Cnbcindonesia.com

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 %	4.25 % -5.25%
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 %	5.00 % -5.50%
USD/IDR	14,394	13,866	14,050	14,263	15,572.50	14.750-15.250

Achievement of GDP or economic growth. Bank Indonesia (BI) is optimistic that economic growth in the second quarter of 2023 will be in the range of 5.1 % year *on year* (yoy), slightly higher than growth in the previous quarter, which was 5.03% yoy. External conditions also have the potential to be maintained. Exports can have a positive effect on external resilience. Although observed to decrease, the value of exports is still high. The outlook is also positive amid the improving global economy which has the potential to increase demand from Indonesia.

Inflation. There is a possibility that inflation will return to the target range of 2% yoy to 4% yoy, this is in line with the inflation rate which is increasingly sloping when compared to the position at the end of 2023. As long as there are no global events that are surprising and cause inflation to fly high.

Fed Funds Rate (FFR). The benchmark interest rate in the United States (US), *the Fed Funds Rate*, is expected to rise to 5.5 % in July. Meanwhile, the trigger for this continued increase is inflation in the US which is still high. High inflation in the US was triggered by a supply that was difficult to increase.

Bank Indonesia (BI). It is estimated that Bank Indonesia (BI) will maintain the benchmark interest rate at the level of 5.75 percent until the rest of 2023 while remaining aware of future global economic developments which are still full of uncertainties.

Rupiah exchange rate . The rupiah exchange rate against the US dollar strengthened slightly throughout the month of June. The rupiah exchange rate against the US dollar in trading on the interbank money market strengthened 1 point from 14,994 rupiahs per US dollar at the close on May 31, 2023. The rupiah exchange rate against the US dollar, Tuesday (27/6), closed up 0.19 percent or 28 points from the previous day to 14,993 rupiah per US dollar. It is predicted that the movement of the Rupiah in the future will still be influenced by movements in the Fed's interest rate.

credit . The target for bank credit growth by the Financial Services Authority (OJK) is 10% to 12% in 2023, but so far it has only reached 9.39 % on an annual basis (yoy). It is predicted that credit growth at the end of this year will still slow down due to the anticipation of uncertainty in the political year.

Source:

1. Bank Indonesia Official Web Site-Central Bank of the Republic of Indonesia. (n.d.). July 04, 2023 , <https://www.bi.go.id/id/Default.aspx>
2. Central Bureau of Statistics. (n.d.). Retrieved July 04 , 2023, from <https://www.bps.go.id/>
3. CNBC. (n.d.). CNBC Indonesia - Business Economic News and In-Depth Analysis. Retrieved July 05 , 202 3 , from <http://www.cnbcindonesia.com/>
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5. www.business.com
6. www.kontan.com
7. www.kompas.com
8. Bloomberg, July 04, 2023 .