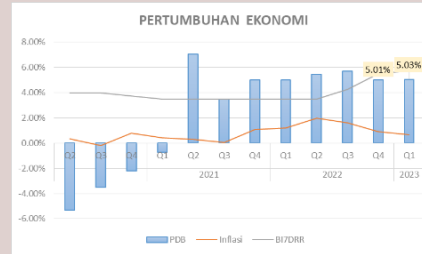


Economic Update

July 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).
- The Central Statistics Agency (BPS) noted that July 2023 inflation was 0.21% on a monthly basis with a Consumer Price Index (CPI) of 115.24.
- Based on Agency data The Center for Statistics, Indonesia's trade balance in June 2023 recorded a surplus of US\$3.45 billion, higher than the surplus in May 2023 of US\$0.43 billion.
- The Bank Indonesia Board of Governors' Meeting (RDG) on 24-25 July 2023 decided to maintain the BI 7- Day Reverse Repo Rate (BI7DRR) at 5.75%, the Deposit Facility interest rate at 5.00%, and the Lending Facility interest rate at 6.50%.

Economic growth

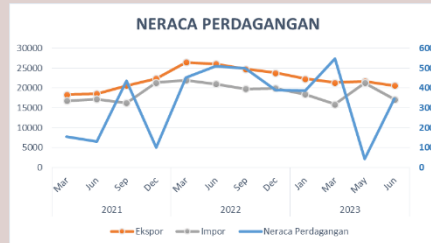


Data from the Central Statistics Agency (BPS) show that Indonesia's economic growth in the first quarter of 2023 was recorded at 5.03 % (yoy), slightly increasing compared to the growth in the previous quarter of

5.01% (yoy).¹

The Central Statistics Agency (BPS) noted that July 2023 inflation was 0.21% on a monthly basis with a Consumer Price Index (CPI) of 115.24. This inflation increased when compared to the achievement of inflation in June 2023 which was 0.14% on a monthly basis with a CPI of 115.00. The biggest contributor to monthly inflation in July 2023 is the transportation group. With a share of 0.08 %, this group recorded inflation of 0.58% mom.²

Indonesia 's trade balance



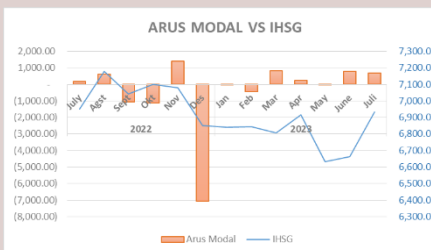
Based on Agency data The Center for Statistics, Indonesia's trade balance in June 2023 recorded a surplus of US\$3.45 billion, higher than the surplus in May 2023 of US\$0.43 billion. Bank Indonesia views

this development as positive for efforts to continue to maintain the external resilience of the Indonesian economy. Going forward, Bank Indonesia will continue to strengthen policy synergies with the Government and other authorities to continue to enhance external resilience and support national economic recovery.³

Table 1. Economic Indicators		
Indicator	June'23	Jul'23
Inflation (yoy)	3.52%	3.08%
Inflation (mtm)	0.14%	0.21%
Trade balance (USD Billion)	3460	*
Foreign Exchange Reserves (USD Billion)	137.5	*

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

Inflow of Capital



The Composite Stock Price Index (IHSG) closed up 31.12 points or 0.45% to a level of 6,931.35 at the close of trading on Monday (31/7). As long as the JCI trade moves more in the green zone, the total trading volume of shares on the IDX on Monday (31/7) reached 22.19 billion

¹Bps.go.id

²Bi.go.id

³Bi.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	June'23	Jul'23
Brent Oil (USD/Barrel)	74.90	85.56
WTI (USD/Barrels)	70.64	81.80
CPO (MYR/Metrictons)	3,751.00	3,792.00
Batu bara (USD/Metrictons)	128.05	137.30
Emas (USD/troy oz)	1,919.35	1,965.09

Sumber : bloomberg

Tabel 4. Currencies

Currencies	Juni'23	Jul'23	% Change
USD/IDR	14,993	15,080	-0.58%
USD/HKD	7.8338	7.7984	0.45%
USD/SGD	1.3492	1.3296	1.45%
USD/MYR	4.6663	4.5070	3.41%
USD/CNY	7.2242	7.1428	1.13%
JPY/USD	144.07	142.29	1.24%
AUD/USD	1.4956	1.4887	0.46%
EUR/USD	0.9124	0.9093	0.33%
GBP/USD	0.7844	0.7791	0.67%

Sumber : bloomberg

Table 5. Reference Interest Rate

Indicator	June'23	Jul'23
BI 7DRR	5.75%	5.75%
Fed Funds Rate	5.00-5.25%	5.25-5.50%

Source: bloomberg

with a total transaction value of IDR 13.67 trillion. There were 262 stocks that rose, 287 stocks that fell and 200 stocks that didn't change. However, foreign investors recorded *net sales* of Rp 1.48 trillion in all markets amid the strengthening of the JCI.⁴

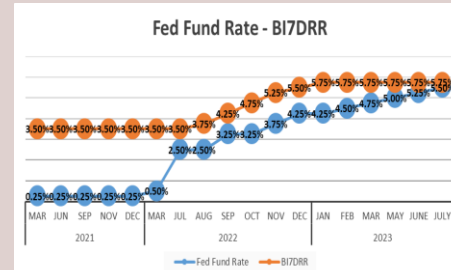
Exchange Rate Movements



The rupiah exchange rate closed higher quoting Bloomberg data, Monday (31/7/2023) at 15.15 WIB, the rupiah exchange rate strengthened 0.17 percent or 25 points to IDR 15,080 per US dollar, the rupiah strengthened

along with several other Asian currencies today. This strengthening was also supported by expectations of market players that the potential for the United States central bank (Federal Reserve/The Fed) to stop the era of increasing benchmark interest rates is getting bigger.⁵

Interest rate



The Bank Indonesia Board of Governors' Meeting (RDG) on 24-25 July 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% in the remainder of 2023 and 2.5 ± 1% in 2024.⁶

The central bank of the United States (US) The Federal Reserve (The Fed) raised its benchmark interest rate by 25 basis points (bps) to 5.25 -5.5 % at the 25-26 July 2023 meeting. The Fed is still open to the possibility of future hikes depending on developments in economic data. The increase is expected to be the last this year, but the rate decision will depend heavily on developing data.

⁴Kontan.co.id

⁵Cnbcindonesia.com

⁶Bi.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%
Inflasi (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%-6.00%
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. It is estimated that inflationary pressure in August 2023 will fall below 3%, but there is also something that must be considered regarding the potential risk of increased inflation caused by natural phenomena of El Nino, especially in the food price commodity sector.

Fed Funds Rate (FFR). It is estimated that the United States (US) Central Bank or The Fed will raise interest rates again until September by 25 bps, it is predicted that the Fed Fund Rate will be in a fairly high range of 5.75 percent. Furthermore, after the hike in September, the Fed will not immediately cut interest rates but will hold it while looking at economic conditions in 2024. So it is certain that The Fed's interest rates will remain high compared to the previous period.

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

Rupiah exchange rate The rupiah exchange rate is projected to weaken in 2023. Sentiment affecting the movement of the rupiah still depends on how much external pressure is. Such as the risk of a global economic slowdown, as well as inflation and benchmark interest rates that are still high in several countries.