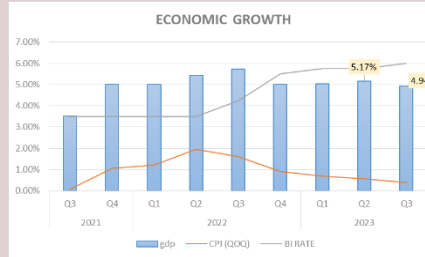


Economic Update

November Highlights :

- Data from the Central Statistics Agency (BPS) shows that Indonesia's economic growth in the third quarter of 2023 continues to grow strongly at 4.94% (yoy).
- Based on data from the Central Statistics Agency, Consumer Price Index (CPI) inflation for November 2023 was recorded at 0.38% (mtm), so that on an annual basis it will be 2.86% (yoy).
- Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus continued in October 2023 at 3.48 billion US dollars, higher than the surplus in September 2023 of 3.41 billion US dollars.
- The Bank Indonesia Board of Governors (RDG) meeting on 22-23 November 2023 decided to maintain BI 7- Day The Reverse Repo Rate (BI7DRR) is 6.00%, the Deposit Facility interest rate is 5.25%, and the Lending Facility interest rate is 6.75% .

Economic growth

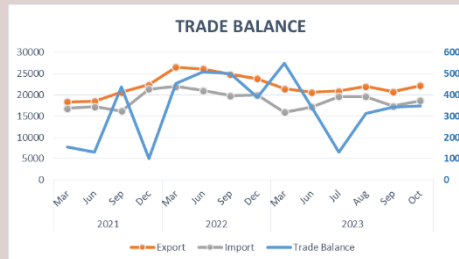


Data from the Central Statistics Agency (BPS) shows that Indonesia's economic growth in the third quarter of 2023 continues to grow strongly at 4.94% (yoy), although it has slowed slightly from growth in the previous quarter which was 5.17%

(yoy). In the future, economic growth will be supported by domestic demand, both private and government consumption, as well as investment. With these developments, Bank Indonesia predicts that economic growth in 2023 will remain in the range of 4.5 -5.3 %.¹

Based on data from the Central Statistics Agency, Consumer Price Index (CPI) inflation for November 2023 was recorded at 0.38% (mtm), so that on an annual basis it will be 2.86% (yoy). With these developments, Bank Indonesia believes that inflation will remain under control within the target range of 3.0 ± 1% in 2023 and 2.5% ± 1% in 2024.²

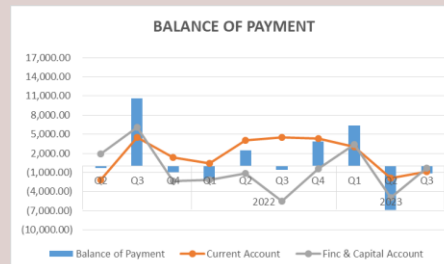
Indonesia 's Trade Balance



Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus continued in October 2023 at 3.48 billion US dollars, higher than the surplus in September 2023 of

3.41 billion US dollars. The trade balance surplus in October 2023 came mainly from the continued non-oil and gas trade balance surplus which reached 5.31 billion US dollars, relatively stable compared to the previous month's achievement of 5.33 billion US dollars.³

Balance of Payments



Indonesia's Balance of Payments (NPI) performance in the third quarter of 2023 improved amid increasing uncertainty in the global economy. NPI in the third quarter of 2023 showed

¹Bps.go.id

²Bi.go.id

³Bi.go.id

Table 1. Economic Indicators		
Indicator	Oct'23	Nov'23
Inflation (yoy)	2.56%	2.86%
Inflation (mtm)	0.17%	0.38%
Trade balance (USD Billion)	3480	*
Foreign Exchange Reserves (USD Billion)	133.1	*

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

Table 2. Economic Indicators		
Indicator	Q2'23	Q3'23
GDP	5.17%	4.94%
NPI (USD Million)	(7,400)	(1,181)
CAD (USD Million)	(1,900)	(900)

Source: bps.go.id

Table 3. Commodities		
Commodity	Oct'23	Nov'23
Brent Oil (USD/Barrels)	87.41	82.83
WTI (USD/Barrels)	81.02	75.96
CPO (MYR/Metrictons)	3,564.00	3,754.00
Batu bara (USD/Metrictons)	121.10	132.15
Emas (USD/troy oz)	1,983.88	2,036.41

Sumber : bloomberg

Tabel 4. Currencies			
Currencies	Okt'23	Nov'23	% Change
USD/IDR	15,885	15,510	2.36%
USD/HKD	7.8239	7.8104	0.17%
USD/SGD	1.3697	1.3373	2.37%
USD/MYR	4.7635	4.6613	2.15%
USD/CNY	7.3165	7.1351	2.48%
JPY/USD	151.68	148.20	2.29%
AUD/USD	1.5780	1.5139	4.06%
EUR/USD	0.9456	0.9184	2.87%
GBP/USD	0.8228	0.7922	3.72%

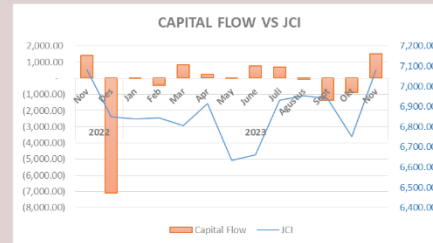
Sumber : bloomberg

significant improvement by recording a deficit of 1.5 billion US dollars, lower than the deficit in the previous quarter of 7.4 billion US dollars. This condition was supported by a current account deficit and improving capital and financial transactions.

The current account balance improved, supported by improvements in the performance of the trade balance in goods and services, which remained solid. In the third quarter of 2023, the current account recorded a deficit of 0.9 billion US dollars (0.2% of GDP), much lower than the deficit of 2.2 billion US dollars (0.6% of GDP) in the previous quarter.

The performance of capital and financial transactions also improved amidst increasing global financial market uncertainty. Capital and financial transactions in the third quarter of 2023 recorded a deficit of 0.3 billion US dollars (0.1% of GDP), much lower than the deficit of 4.8 billion US dollars (1.4% of GDP) in the previous quarter.

Capital Inflow



The Composite Stock Price Index (IHSG) closed November 2023 with a gain of 4.87 % to 7,080.74. The LQ45 index also strengthened 4.22% throughout the 11th month. The strengthening of the LQ45 index was accompanied by a number of jumps in several shares. If you look closely, technology stocks are indeed on the rise.⁴

Exchange Rate Movements



The rupiah exchange rate against the United States (US) dollar closed lower, based on Bloomberg data Thursday (30/11/2023) at 15.00 WIB, the rupiah closed down 0.75% or 15 points to a level of IDR 15,510 per US dollar. The

majority of Asian currencies were observed to weaken against the US dollar, for example the Hong Kong dollar fell 0.04 %, the Singapore dollar fell 0.05%, the Taiwan dollar weakened 0.27%, and the Korean won corrected 0.17%. Meanwhile, Uncle Sam's currency index was observed to rise 0.21 % to 102.98.⁵

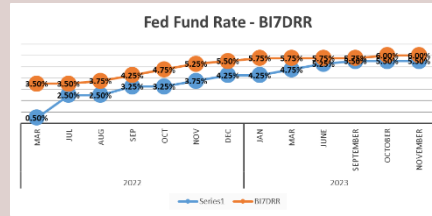
⁴Kontan.co.id

⁵Cnbcindonesia.com

Interest rate

Table 5. School Bunga Acuan		
Indicator	Oct'23	Nov'23
BI 7DRR	6.00%	6.00%
Fed Funds Rate	5.25-5.50%	5.25-5.50%

Source: bloomberg



The Bank Indonesia Board of Governors (RDG) meeting on 22-23 November 2023 decided to maintain BI 7-Day *The Reverse Repo Rate (BI7DRR)* is 6.00%, the *Deposit Facility*

interest rate is 5.25%, and the *Lending Facility* interest rate is 6.75% . This decision remains consistent with the policy of stabilizing the Rupiah exchange rate from the impact of high global uncertainty and as a *pre-emptive* and *forward looking step* to mitigate its impact on imported inflation , so that inflation remains under control within the target of 3.0 ± 1% in 2023 and 2.5±1% in 2024.⁶

⁶Bi.go.id

Our View						
Macroeconomics Indicators and Forecast						
Indicator	2018	2019	2020	2021	202 2	202 3 f
GDP	5.17%	5.02%	-2.19%	5.02%	5.31%	4.50%-5 .30 %
Inflation (yoy)	3.13%	2.72%	1.68%	1.87 %	5.51 %	4.00%-4.75%
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	15.750-16.000

Achievement of GDP or economic growth. Economic growth In 2023, Indonesia is projected to grow in the range of 5 percent. This is mainly influenced by global economic conditions which are still shrouded in uncertainty and the momentum of general elections. Indonesia has held two elections amidst global economic turmoil.

Inflation. The inflation rate in December 2023 will increase, because there are Christmas and New Year events, so cyclically inflation at the end of the year tends to rise, especially for food products. Apart from that, there is an increase in demand in the midst of the campaign towards the general election in 2024.

Fed Funds Rate (FFR). The Fed Funds Rate still has the potential to increase in December 2023, however, based on the latest assessment and developments at the last FOMC meeting, the probability of an increase in the FFR in December 2023 is smaller than previously estimated. This is because economic activity in the United States is still quite strong. The inflation rate in the country has also shown a downward trend, but it tends to be slow.

Bank Indonesia (BI). There is still a chance for BI to raise interest rates at its December 2023 meeting amidst the global situation, especially US inflation, which still opens up the possibility for the Fed to further tighten its policy.

Rupiah exchange rate. The Rupiah still has a chance of strengthening again by the end of the year, in line with the decline in global bond yields which could make domestic financial instruments attract investors' interest again.