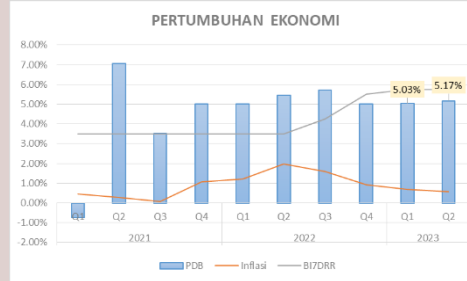


Economic Update

October Highlights :

- Based on data from the Central Statistics Agency (BPS), Consumer Price Index (CPI) inflation in October 2023 was recorded at 0.17% (mtm), bringing it to 2.56% (yoy) on an annual basis.
- Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus continued in September 2023 at 3.42 billion US dollars, higher than the surplus in August 2023 of 3.12 billion US dollars.
- The *Meeting* of the Board of Governors (RDG) of Bank Indonesia on 18-19 October 2023 decided to increase the *BI 7- Day Reverse Repo Rate (BI7DRR)* by 25 bps to 6.00%, the *Deposit Facility* interest rate by 25 bps to 5.25% , and the *Lending Facility* interest rate by 25 bps to 6.75%

Economic growth

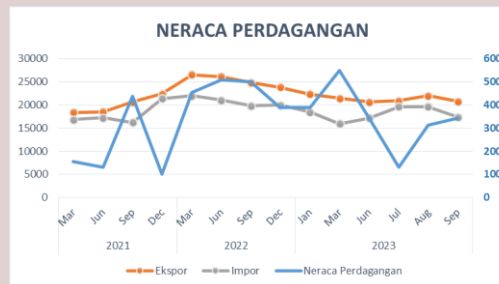


Data from the Central Statistics Agency (BPS) shows that Indonesia's economic growth in the second quarter of 2023 was recorded at 5.17% (yoy), an increase from growth in the previous quarter of 5.04% (yoy). Going forward, Bank

Indonesia will continue to strengthen the synergy of the Government's fiscal stimulus with Bank Indonesia's macroprudential stimulus to encourage economic growth, especially from the demand side. Bank Indonesia predicts economic growth in 2023 will reach the range of 4.5 -5.3 %.¹

Inflation in October 2023 will remain maintained within the target range of 3.0 ± 1%. Based on data from the Central Statistics Agency (BPS), Consumer Price Index (CPI) inflation in October 2023 was recorded at 0.17% (mtm), bringing it to 2.56% (yoy) on an annual basis. Maintained inflation is the real 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.²

Indonesia 's Trade Balance



Based on data from the Central Statistics Agency (BPS), Indonesia's trade balance surplus continued in September 2023 at 3.42 billion US dollars, higher than the surplus in August 2023 of

3.12 billion US dollars. Bank Indonesia views this development as positive for further supporting the external resilience of the Indonesian economy.³

¹Bps.go.id

²Bi.go.id

³Bi.go.id

Table 1. Economic Indicators		
Indicator	Sept'23	Oct'23
Inflation (yoy)	2.28%	2.56%
Inflation (mtm)	0.19%	0.17%
Trade balance (USD Billion)	3417.8	*
Foreign Exchange Reserves (USD Billion)	134.9	*

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

Table 2. Economic Indicators		
Indicator	Q1'23	Q2'23
GDP	5.03%	5.17%
NPI (USD Million)	6,500	(7,400)
CAD (USD Million)	2,982	(1,900)

Source: bps.go.id

Table 3. Commodities		
Commodity	Sept'23	Oct'23
Brent Oil (USD/Barrels)	95.31	87.41
WTI (USD/Barrels)	90.79	81.02
CPO (MYR/Metrictons)	3,689.00	3,564.00
Batu bara (USD/Metrictons)	160.10	121.10
Emas (USD/troy oz)	1,848.63	1,983.88

Sumber : bloomberg

Tabel 4. Currencies			
Currencies	Sept'23	Okt'23	% Change
USD/IDR	15,460	15,885	-2.75%
USD/HKD	7.8306	7.8239	0.09%
USD/SGD	1.3662	1.3697	-0.26%
USD/MYR	4.6950	4.7635	-1.46%
USD/CNY	7.2980	7.3165	-0.25%
JPY/USD	149.37	151.68	-1.55%
AUD/USD	1.5540	1.5780	-1.54%
EUR/USD	0.9458	0.9456	0.02%
GBP/USD	0.8197	0.8228	-0.38%

Source: bloomberg

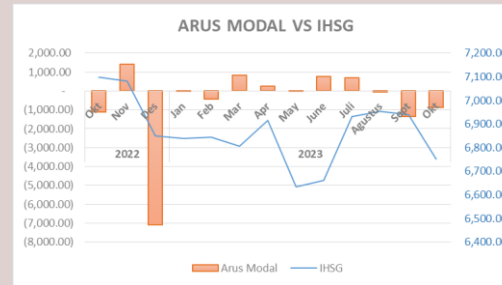
Table 5. Reference Interest Rates		
Indicator	Sept'23	Oct'23
BI 7DRR	5.75%	6.00%
Fed Funds Rate	5.25-5.50%	5.25-5.50%

⁴Kontan.co.id

⁵Cnbcindonesia.com

⁶Bi.go.id

Capital Inflow



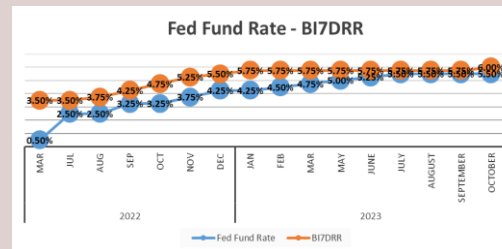
The composite stock price index (IHSG) closed in the green zone with a gain of 0.24 % or 16.32 points to the level of 6,752.21 in trading on Tuesday (31/10). Throughout trading, the composite index fluctuated in the daily range from 6,666.41 to 6,754.52. There are nine stock sectors that strengthened today. The technology sector rose the most, namely 2%, followed by the infrastructure sector and the property sector which rose 1.87% and 0.86% respectively. Meanwhile there were two stock sectors that were corrected, namely the health sector which was minus 0.44 % and the non-primary consumer goods sector fell 0.25%.⁴

Exchange Rate Movements



The rupiah exchange rate against the United States dollar closed higher at IDR 15,884.5 in trading today, Tuesday (31/10/2023). The Rupiah strengthened along with the strengthening of the US dollar. Along with the rupiah, the South Korean won rose 0.01%, the Philippine peso rose 0.24%, and the Taiwan dollar rose 0.02%. Meanwhile, the Japanese yen fell 0.85%, the Singapore dollar fell 0.17%, the Hong Kong dollar fell 0.04%, the Indian rupee fell 0.01%, the Chinese yuan fell 0.10%, the Malaysian ringgit fell 0.04 %, and the Thai baht fell 0.11%.⁵

Interest rate



The Meeting of the Board of Governors (RDG) of Bank Indonesia on 18-19 October 2023 decided to increase the BI 7- Day Reverse Repo Rate (BI7DRR) by 25 bps to 6.00%, the Deposit Facility interest rate by 25 bps to 5.25% , and the Lending Facility interest rate was 25 bps to 6.75% .⁶

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Source: bloomberg

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%	4.70%-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 %	5.50 % -6.00%
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 the third and fourth quarters is expected to be below growth in the second quarter of 2023. What needs to be paid attention to in the remainder of the year is the potential for inflation driven by El Niño. Apart from that, the condition of the global economy is still clouded by uncertainty due to the geopolitical crisis.

Inflation. It is estimated that Indonesia will experience an inflation rate of 5.25 percent at the end of 2023. Indonesia is currently one of the countries that has succeeded in suppressing inflation amidst the high inflation rates of developed countries such as the US, UK and other European countries. . Meanwhile, controlling inflation is still the main issue in developed countries today, such as the US, UK and Euro Zone countries. High inflation in these countries is increasingly exacerbated by increases in world commodity and oil prices.

Fed Funds Rate (FFR). The benchmark interest rate for the United States (US) will still rise until the end of the year, the FFR is expected to reach the level of 6% and last until next year. Inflation is still high, even in the US now it is still above 4% next year, even until the end of 2024 it will still be above 2%, so this causes the FFR to possibly be 5.75% this year, it could even be 6% and it is likely that it will still be high throughout 2024, higher for longer , so global challenges.

Bank Indonesia (BI). BI is expected to maintain its interest rate until the end of the first quarter of 2024, longer than previously estimated. The trend of increasing the BI benchmark interest rate will continue and will only decrease in 2024.

Rupiah exchange rate The potential for rupiah weakening still exists, because external pressure is still there, namely the world's most influential central bank will continue to increase interest rates, albeit at a lower rate in 2023, and will only be cut in 2024. In addition, the impact of monetary policy normalization and There is a risk of a world economic slowdown, which also has an impact on our current account balance and also *capital inflow* .