

Economic Update

February 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 February 2024 was recorded at 0.37% (mtm), so that on an annual basis it will be 2.75% (yoy).
- The Central Statistics Agency (BPS) reported that Indonesia's trade balance recorded a surplus of US\$2.02 billion in January 2024.
- Indonesia's foreign exchange reserve position at the end of January 2024 remained high at 145.1 billion US dollars, although it decreased compared to the position at the end of December 2023 of 146.4 billion US dollars.
- The Bank Indonesia Board of Governors (RDG) meeting on February 20-21, 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

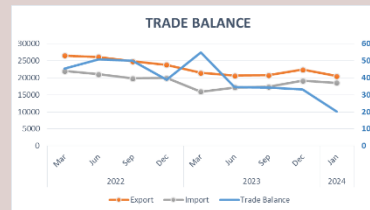


Data from the Central Statistics Agency (BPS) shows that economic growth in the fourth quarter of 2023 grew by 5.04% (yoy), an increase compared to growth in the previous quarter of 4.94% (yoy). With these developments, Indonesia's overall

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

Based on data from the Central Statistics Agency, CPI inflation in February 2024 was recorded at 0.37% (mtm), so that on an annual basis it will be 2.75% (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.²

Indonesia 's Trade Balance



The Central Statistics Agency (BPS) reported that Indonesia's trade balance recorded a surplus of US\$2.02 billion in January 2024. The value of Indonesia's trade balance surplus in January 2024 shrank by US\$1.27 billion compared to the previous month or December 2023, which was US\$3.32 billion. On an annual basis, the trade balance surplus in January 2024 was also US\$ 1.87 billion lower compared to the achievement in January 2023.³

Indonesia's foreign exchange reserve position at the end of January 2024 remained high at 145.1 billion US dollars, although it decreased compared to the position at the end of December 2023 of 146.4 billion US dollars. The decline in the position of foreign exchange reserves was influenced, among other things, by the maturity of the government's foreign debt payments. The position of foreign exchange reserves is equivalent to financing 6.6 months of imports or 6.4 months of imports and payment of 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

¹Bps.go.id

²Bi.go.id

³Bi.go.id

Table 1. Economic Indicators		
Indicator	Jan'24	Feb'24
Consumer Price Index (yoy)	2.57%	2.75%
Consumer Price Index (mtm)	0.04%	0.37%
Trade Balance (USD Billion)	2015.1	*
Foreign Reserves (USD Billion)	145.1	*

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

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

Source: bps.go.id

Table 3. Commodities		
Comodity	Jan'24	Feb'24
Brent Oil (USD/Barrels)	81.71	83.62
WTI (USD/Barrels)	75.85	78.26
CPO (MYR/Metrictons)	3,814.00	4,025.00
Batu bara (USD/Metrictons)	116.50	131.00
Emas (USD/troy oz)	2,039.52	2,044.30

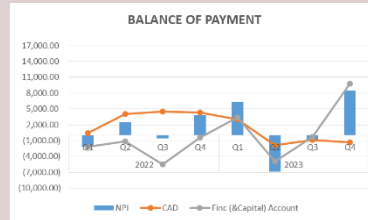
Sumber : bloomberg

Table 4. Currencies			
Currencies	Jan'24	Feb'24	% Change
USD/IDR	15,783	15,719	0.41%
USD/HKD	7.8181	7.8290	-0.14%
USD/SGD	1.3408	1.3456	-0.36%
USD/MYR	4.7330	4.7428	-0.21%
USD/CNY	7.1689	7.1886	-0.27%
USD/JPY	146.92	149.98	-2.08%
AUD/USD	1.5226	1.5391	-1.08%
EUR/USD	0.9244	0.9255	-0.12%
GBP/USD	0.7881	0.7921	-0.50%

Sumber : bloomberg

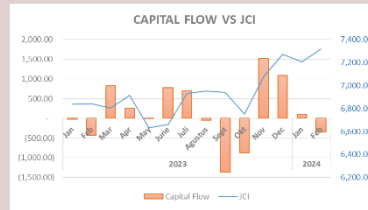
Table 5. Interest Rate		
Indicator	Jan'24	Feb'24
BI 7DRR	6.00%	6.00%
Fed Funds Rate	5.25-5.50%	5.25-5.50%

Source: bloomberg



surplus of 8.6 billion US dollars , a significant increase compared to the previous quarter's performance which recorded 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

Capital Inflow



The Composite Stock Price Index (IHSG) fell 12.52 points or 0.17% to 7,316.11 at the close of trading Thursday (29/2/2024). Based on the IDX-IC Sectoral Index, eight sectors fell, with the technology sector falling

the most at minus 1.9%, followed by the property and real estate sector and the non-primary consumer goods sector which fell by 0.75% and 0, respectively. 53%. Meanwhile, three other sectors increased, led by the raw goods sector by 1.37 %, followed by the infrastructure sector and the primary consumer goods sector by 0.58% and 0.06% respectively.⁵

Exchange Rate Movements

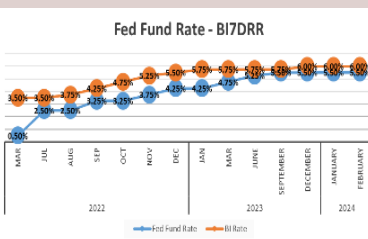


Quoting Bloomberg data, the rupiah exchange rate against the US dollar in trading on Thursday (29/2/2024) closed lower. The Garuda currency closed at Rp. 15,719 per US dollar or down 27 points or 0.17 percent.

Meanwhile the dollar index was recorded at 103.76 or slipped 0.14%. The market focus is currently still on the PCE price index data, the Fed's preferred inflation measure.⁶

Interest rate

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% . The decision to maintain the BI-Rate at 6.00% remains consistent with the focus of *pro-stability monetary policy* , namely to



strengthen the stabilization 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 ± 1% in 2024.⁷

⁴Bi.go.id

⁵Kontan.co.id

⁶Cnbcindonesia.com

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. Indonesia's economic growth is estimated to be below 5% due to weakening global commodity prices which will put pressure on Indonesia's exports and income. Apart from that, the World Bank is also concerned about China's economic slowdown which will have an impact on the Indonesian economy. Because China is one of Indonesia's largest export destinations.

Inflation. Inflation pressure is expected to increase in March 2024 along with the momentum of Ramadan. Apart from seasonal effects, the increase in inflation is also influenced by the prices of processed industrial raw materials. However, it is estimated that inflation will remain maintained at a level below 3% until March 2024, mainly supported by Bank Indonesia and government policies.

Fed Funds Rate (FFR). The United States central bank or Federal Reserve (The Fed) maintained its benchmark interest rate, and dismissed expectations that cuts would begin in March 2024. The FOMC showed that it was not in a rush to reduce interest rates immediately, until it had greater confidence that inflation was moving steadily. sustainable towards the 2% target.

Bank Indonesia (BI). BI's policy of holding the benchmark interest rate at 6% is projected to last until the end of the first quarter of 2024. Furthermore, BI is expected to start reducing BI-7DRR in the second quarter of 2024. The median estimate from surveys suggests interest rates will remain on hold until at least the end of March, followed by cuts of 25 basis points in each quarter until the end of the year. Thus, at the end of this year, the BI interest rate is estimated to be at the level of 5.25 %.

Rupiah exchange rate . The rupiah exchange rate against the United States (US) dollar continues to experience depreciation. This happened amidst strong US economic data and China's deteriorating situation. Several reasons why the rupiah experienced a decline were that US consumer inflation (CPI) was recorded to have increased, expectations of a cut in interest rates had been pushed back, US employment data was still hot, appreciation in the movement of the US dollar index (DXY), and slowing Chinese economic growth.