NOVEMBER 2022

BI 7-Day Reverse Repo Rate Raised 50 bps to 5.25%

SYNERGY MAINTAINING STABILITY AND RECOVERY MOMENTUM

The BI Board of Governors Meeting agreed on 16th and 17th November 2022 to raise:

BI 7-Day Reverse Repo Rate to 5,25%

Deposit Facility (DF) rates to 4.50%

ility (LF) **5.00%**

The decision as a front-loaded, pre-emptive and forward-looking measure to:



Lower inflation expectations, which are currently overshooting and return core inflation to the 3.0%±1% target range earlier, specifically in the first half of 2023.



Strengthening exchange rate stabilisation policy in line with the rupiah's fundamental value in response to the strong US dollar and elevated global financial market uncertainty.

Amid strong and growing domestic economic demand.

2022 OUTLOOK

ECONOMIC GROWTH

4.5%-5.3%

CURRENT ACCOUNT

Surplus in the 0.4-1.2% of GDP range

INFLATION

Projected exceeding the upper limit of the 3.0%±1% target

7. INTEREST RATE

4.30% 150

compared to the end of July 2022

as of 16th November 2022

9.09%

IndoNIA 👚

Lending Rate 👚

Jul 2022 Oct 2022

Prime Lending Rates 👚

8.62% | 2

8.94%

ASSESSMENT



1. GLOBAL ECONOMY

The global economy is prone to moderation, accompanied by intense inflationary pressures, aggressive monetary policy rate hikes and financial market uncertainty.

2. DOMESTIC ECONOMY At home, the national

economic recovery remains

5.72% (yoy)

Third Quarter

intact.

Economic Growth:

5.45% (yoy)

Second Quarter





4. EXCHANGE RATE

The strong US dollar and elevated global financial market uncertainty are intensifying broad-based depreciatory pressures on all currencies globally, including the rupiah.





11.10% (ytd)



10.30% (ytd)

South Korea:

5. INFLATION Inflation expectations remain high notwithstanding a lower Consumer Price Index (CPI) than previously projected.



August - September 2022 8. FINANCIAL STABILITY

Financial system resilience remains solid, particularly the banking industry, in terms of capital and liquidity.

Transmission of the higher policy rate has

raised money market rates amid interest

143

2.89%

Jul 2022

1-Month Term Deposit Rate 👚

Short-term SBN Yields 👚

3.40%

Oct 2022

rate rigidity in the banking industry.



3. INDONESIA'S **BALANCE** OF PAYMENT

Indonesia's Balance of Payments (BOP) remains sound, thereby strengthening external resilience.



6. LIQUIDITY

Liquidity in the banking industry is increasing and adequate to support intermediation.



BI continues to purchase SBN in the primary market to fund the national economic recovery and finance the health and humanitarian aspects of the Covid-19 pandemic, totalling:

Rp142.35 Trillion as of 15th November 2022



PAYMENT SYSTEM

Bank Indonesia continues to improve payment system efficiency by strengthening payment system policy and accelerating payment system digitalisation to support inclusive economic growth.

Transaction Value:



23.52% (yoy) October 2022

POLICY MIX



Strengthening monetary operations by increasing the interest rate structure in the money market in accordance with the higher BI7DRR.



Strengthening rupiah stabilisation policy as part of the measures to control inflation.



Continuing to buy/sell SBN in the secondary market to strengthen transmission of the higher BI7DRR by increasing the attractiveness of SBN yields for foreign portfolio investment inflows to strengthen exchange rate stabilisation measures.



Issuing Bank Indonesia Sukuk (SukBI) for use as underlying instruments in the form of inclusive financing securities (inclusive SukBI), which are recognised as SPBI (Surat Berharga Pembiayaan Inklusif), in line with BI commitment to support inclusive financing and develop the sharia economy and finance.



Maintaining prime lending rate (SBDK) transparency policy in the banking industry with a focus on the response of interest rates in the banking industry to



Fostering the use of QRIS and continuing to develop QRIS features and services, including cross-border QRIS.



Fostering payment system innovation, including public acceptance of BI-FAST.



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