BANK INDONESIA POLICIES TO MAINTAIN THE ECONOMIC STABILITY

**CURRENT TRENDS**

**GLOBAL ECONOMY**

The global economic growth trend to bias on below of early prediction which followed by the high risks in global financial market.

- China’s economic slowed down even though it has made some easing policies, additionally followed by the decline of stocks price.
- European economies are expected to improve, held by the renewed domestic demands amid the Greek debt crisis.

**BALANCE OF TRADE**

Indonesia’s balance of trade on June 2015 is predicted to record a surplus.

<table>
<thead>
<tr>
<th>Balance of Payment</th>
<th>First Quarter in 2015</th>
<th>Balance of Trade May 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>US$ 1.3 Billion</td>
<td>US$ 0.95 Billion</td>
</tr>
<tr>
<td>Capital Account</td>
<td></td>
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</tbody>
</table>

**RUPIAH EXCHANGE RATE**

The Rupiah is evenly weakened 128% (mthm) which mainly influenced by external factors, namely concerns over Greece’s fiscal negotiations ahead of the maturity of debt and investor anticipation of the Fed’s policy decision on the FOMC meeting in June 2015.

The average exchange rate on June 2015: Rp. 12,311/US$ 1.28% (mthm)

**ECONOMIC GROWTH**

Economic growth in the second quarter of 2015 was still limited and will improve in the upcoming third quarter of 2015.

- Fourth Quarter in 2014: 5.0% (yoy)
- First Quarter in 2015: 4.7% (yoy)

**INFLATION**

Inflation in June 2015 is increased, driven by rising prices of food entering the month of Ramadan.

- CPI: 7.26% (yoy)
- Administered Prices: 0.54% (mthm)
- Core Inflation: 0.26% (mthm)
- Volatile Food Inflation: 1.74% (mthm)

**FOREIGN EXCHANGE RESERVES**

US$ 108.0 Billion

Can Finance 7.0 MONTHS IMPORT

OR 6.8 MONTHS IMPORT + FOREIGN DEBT PAYMENT

**FINANCIAL SYSTEM STABILITY (FSS)**

The financial system stability remains solid.

- CAR: 20.3%
- NPL (provision): 2.6%
- Credit Growth: 10.4% (yoy)
- Deposit Growth: 12.5% (yoy)

**RISKS**

Inflation in June 2015 is increased, driven by rising prices of food entering the month of Ramadan.

- Global oil prices trends
- Exchange rate trends
- Administered prices adjustment
- The volatility of food prices related to the possibility of El Nino

**FUTURE PROSPECTS**

- Economic Growth in 2015: 5.0 - 5.4% (yoy)
- Inflation in 2015 remains on 4±1% (yoy)
- Current Account Deficit in Second Quarter of 2015: 2.5% dari PDB

**POLICY MIX**

Based on the evaluation of the latest developments, prospects and future economic risks, the Board of Governors of Bank Indonesia on July 14, 2015 decided:

- The BI rate: 7.50%
- 8.00% Money Market Lending Rate
- 5.50% Deposit Facility Reference Rate
- 4±1% in 2015 and 2016

**Bank Indonesia’s Policy Mix**

- Maintaining monetary policy to maintain macroeconomic stability amid continued uncertainty of the global economic.
- Maintaining the economic growth through the implementation of accommodative macro-prudential easing policy.
- Achieving the inflation target: 4±1%
- Directing the current account deficit into the better level in the range of 2,5-3% towards GDP in the medium term

For further information, please visit Bank Indonesia’s website: www.bi.go.id

Bank Indonesia Channel: Bank_indonesia

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