



# August 2021







## Foreword

The Monetary Policy Review (MPR) is published monthly by Bank Indonesia after the Board of Governors' Meeting each January, March, May, June, August, September, November and December. This report is intended as a medium for the Board of Governors of Bank Indonesia to present to the public the latest evaluation of monetary conditions, assessment, and forecast for the Indonesian economy,

in addition to the Bank Indonesia monetary policy response published quarterly in the Monetary Policy Report in February, April, July and October. Specifically, the MPR presents an evaluation of the latest developments in inflation, the exchange rate, and monetary conditions during the reporting month and decisions concerning the monetary policy response adopted by Bank Indonesia.



## The Board of Governors

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**PERRY WARJIYO**  
Governor

**DESTRY DAMAYANTI**  
Senior Deputy Governor

**SUGENG**  
Deputy Governor

**ROSMAYA HADI**  
Deputy Governor

**DODY BUDI WALUYO**  
Deputy Governor

**DONI PRIMANTO JOEWONO**  
Deputy Governor



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# Executive Summary

The global economic recovery is proceeding as expected despite the recent surge of the Delta Covid-19 variant. At home, the domestic economic recovery is projected to endure. Indonesia's Balance of Payments (BOP) is predicted to remain solid, thereby reinforcing external sector resilience. The Rupiah is strengthening in response to Bank Indonesia's stabilisation measures and maintained foreign capital inflows to domestic financial markets. Inflation remains low and is reinforcing economic stability. Liquidity conditions remain loose in line with Bank Indonesia's accommodative monetary policy stance and the impact of synergy between Bank Indonesia and the Government to support the national economic recovery. A maintained low policy rate and loose liquidity conditions in the banking industry have prompted lower lending rates despite ongoing rigidity. Financial system resilience is still solid despite further opportunities to revive the bank intermediation function.

Bank Indonesia will continue to orient payment system policy towards accelerating the national economic recovery and increasing economic and financial digitalisation by prioritising inclusivity, security and efficiency.

The BI Board of Governors Meeting agreed on 18<sup>th</sup> and 19<sup>th</sup> August 2021 to hold the BI 7-Day Reverse Repo Rate at 3.50%, while also maintaining the Deposit Facility (DF) rates at 2.75% and Lending Facility (LF) rates at 4.25%. The decision is consistent with the need to maintain exchange rate and financial system stability amid projected low inflation and efforts to revive economic growth. In addition, Bank Indonesia continues to optimise its policy mix towards maintaining macroeconomic and financial system stability, while supporting efforts to improve the national economy.



## CHAPTER I

# Global and Domestic Economic Developments

**The global economic recovery is proceeding as expected despite the recent surge of the Delta Covid-19 variant.**

Economic growth realisation in the second quarter of 2021 continued to improve across many jurisdictions, supported by a faster vaccination rollout and policy stimuli. In the third quarter of 2021, however, further economic gains in countries with a low vaccination rate, such as India and the ASEAN region, will be more subdued in line with the spread of the Delta variant.

Notwithstanding, solid economic recoveries in the United States, Europe and China will prop up the global economic outlook, as confirmed by several early indicators in July 2021, including the manufacturing Purchasing Managers Index (PMI), consumer confidence and retail sales.

Therefore, global economic growth for 2021 remains in line with the previous projection of 5.8%. World trade volume and international commodity prices are also expected to increase, thereby continuing to bolster strong export performance in developing economies. Global

financial market uncertainty is moderating slightly in line with the favourable global economic outlook despite ongoing risks relating to the US Federal Reserve's tapering policy and Delta variant transmission. Such conditions are driving global capital flows to and strengthening currencies in developing economies, including Indonesia.

**At home, the domestic economic recovery is projected to endure.** GDP realisation in the second quarter of 2021 stood at 7.07% (yoy), up sharply from the 0.71% (yoy) contraction recorded in the previous period. The significant gain was influenced by persistently solid export performance amid improving household consumption, investment and government consumption. All economic sectors are expanding and economic growth in all regions is accelerating, thus supporting national economic performance. In the latter half of 2021, the domestic economic recovery is expected to persist, although slightly restrained by intense pressures in the third quarter of 2021 given tighter mobility restrictions

introduced by the Government to overcome the surge in Delta cases. The latest developments at the beginning of August pointed to early signs of improving economic activity, as confirmed by several indicators, namely public mobility, payment transactions through the National Clearing System (SKNBI) and Bank Indonesia – Real Time Gross Settlement (BI-RTGS) system, as well as an uptick of accommodation and food service activities. Moving forward, public mobility will drive the domestic economy as restrictions are relaxed and the vaccination rollout is accelerated, coupled with ongoing policy stimuli, the reopening of priority sectors and MSME support, as well as solid export performance. Therefore, the economic outlook for 2021 remains in line with Bank Indonesia's own projection of 3.5-4.3%.

**Indonesia's Balance of Payments (BOP) is predicted to remain solid, thereby reinforcing external sector resilience.** The current account deficit is expected to remain low and manageable in the second quarter of 2021, supported by strong export performance in response to growing global demand and rising international commodity prices, despite higher imports fuelled by the domestic economic recovery. The capital and financial account surplus is expected to persist on the back of foreign capital inflows in the form of direct investment and portfolio investment. In July 2021, the trade balance recorded a USD2.6 billion surplus, supported by major export commodities, such as crude palm oil (CPO), coal, organic chemicals and metal ore. Foreign capital inflows as portfolio investment have been maintained, reaching a net inflow of USD2.0 billion on 16<sup>th</sup> August 2021. The position of reserve assets at the end of July 2021 stood at USD137.3 billion, equivalent to 8.9 months of imports or 8.6 months of imports and servicing government external debt, which is well above the 3-month international adequacy standard. Looking ahead, Bank Indonesia projects a low and manageable current account deficit in 2021 at approximately 0.6-1.4% of GDP, thus supporting external sector resilience in Indonesia.

**The Rupiah is strengthening in response to Bank Indonesia's stabilisation measures and maintained foreign capital inflows to domestic financial markets.** As of 18<sup>th</sup> August 2021, the rupiah appreciated 0.89% on average and by 0.63% (ptp) on the July 2021 level. The stronger rupiah is supported by increasing foreign capital inflows to domestic financial markets in line with lower global financial market uncertainty and the positive perspective of investors concerning the domestic economic recovery. As of 18<sup>th</sup> August 2021, therefore, the rupiah recorded 2.24% (ytd) depreciation on the level

recorded at the end of 2020, which is lower than depreciation in several other peer countries, including the Philippines, Malaysia and Thailand. Bank Indonesia constantly strengthens rupiah exchange rate stabilisation measures in line with the currency's fundamental value and market mechanisms through effective monetary operations and adequate market liquidity.

**Inflation remains low and is reinforcing economic stability.** In July 2021, the Consumer Price Index (CPI) recorded 0.08% (mtm) inflation, thus bringing inflation for the calendar year to 0.81% (ytd). Annually, CPI inflation stood at 1.52% (yoy), up from 1.33% (yoy) the month earlier. Core inflation remains low and under control in line with compressed domestic demand, maintained exchange rate stability and consistent Bank Indonesia policy to anchor inflation expectations to the target corridor. Inflationary pressures on volatile food and administered prices intensified slightly due to higher prices of horticultural commodities and the ongoing transmission of higher tobacco duties. Bank Indonesia remains firmly committed to maintaining price stability and strengthening policy coordination with the central and regional governments through national and regional inflation control teams (TPI and TPID) to safeguard supply during mobility restrictions. Therefore, Bank Indonesia projects inflation within the 3.0%±1% target corridor in 2021 and 2022.

**Liquidity conditions remain loose in line with Bank Indonesia's accommodative monetary policy stance and the impact of synergy between Bank Indonesia and the Government to support the national economic recovery.** Bank Indonesia has injected liquidity through quantitative easing to the banking industry totalling Rp114.15 trillion in 2021 (as of 16<sup>th</sup> August 2021). In addition, Bank Indonesia continues to purchase SBN in the primary market is an integral part of policy synergy between Bank Indonesia and the Government to fund the 2021 State Revenue and Expenditure Budget (APBN). As of 16<sup>th</sup> August 2021, SBN purchases in the primary market stood at Rp131.96 trillion, consisting of Rp56.50 trillion through primary auction and Rp75.46 trillion through greenshoe options (GSO). The expansive monetary policy stance supports loose liquidity conditions in the banking industry, as reflected in July 2021 by a ratio of liquid assets to deposits of 32.51% and deposit growth of 10.43% (yoy). Liquidity in the economy has also increased, as indicated by narrow (M1) and broad (M2) money supply aggregates, which grew 14.9% (yoy) and 8.9% (yoy) respectively in July 2021. The primary drivers of money supply growth are expansive fiscal and monetary policies as well as positive growth of outstanding loans disbursed

by the banking industry. Moving forward, increasing lending activity is expected to expand the contribution of liquidity in terms of driving economic recovery through a higher velocity of money in the economy.

**A maintained low policy rate and loose liquidity conditions in the banking industry have prompted lower lending rates despite ongoing rigidity.** In the markets, the overnight interbank rate and 1-month deposit rate have fallen 128bps and 202bps since June 2020 to 2.80% and 3.50% respectively in June 2021. In the credit market, the banking industry continues to lower prime lending rates despite rigidity, thus falling 155bps since June 2020 to 8.82% in June 2021. A lower cost of loanable funds (CoLF) and overhead cost (OHC) continue to drive down prime lending rates, while higher profit margins persist at state-owned banks and national private commercial banks. On the other hand, interest rates on new bank loans at all bank groups have increased in line with the higher risk premium triggered by a spike in Covid-19 cases in June 2021. Nevertheless, lower interest rates on new housing loans stimulated growth. The prime lending rate on housing loans fell 212bps during the period from June 2020 until June 2021, accompanied by a 124bps decline in interest rates on new housing loans in the same period. Bank Indonesia expects the banking industry to continue lowering lending rates as part of the shared responsibility to stimulate lending to the corporate sector.

**Financial system resilience is still solid despite further opportunities to revive the bank intermediation function.** The Capital Adequacy Ratio (CAR) in the banking industry remained high in June 2021 at 24.30%, accompanied by persistently low NPL ratios of 3.24% (gross) and 1.06% (nett). Buoyed by loose liquidity conditions and lower interest rates on new loans, the bank intermediation function maintained positive yet moderate growth at 0.50% (yoy) in July 2021. Growth of consumer loans continues to accelerate, primarily driven

by housing loans that expanded 6.79% in July 2021 on strong demand. MSME loans also recorded positive 1.93% growth in July 2021 despite retreating slightly on the previous month due to public mobility restrictions. Seeking to promote economic and financial inclusion as well as strengthen the role of MSMEs in the national economic recovery, Bank Indonesia will issue Macprudential Inclusive Financing Ratio (RPIM) policy, effective from 1<sup>st</sup> September 2021.

**Bank Indonesia will continue to orient payment system policy towards accelerating the national economic recovery and increasing economic and financial digitalisation by prioritising inclusivity, security and efficiency.** Growth of digital economic and financial transactions remained high in July 2021 given greater public acceptance and growing public preference towards online shopping as well as the expansion of digital payments and acceleration of digital banking. The value of electronic money transactions soared 57.71% (yoy) to Rp25.4 trillion, while the value of digital banking transactions grew 53.08% (yoy) to Rp3,410.7 trillion and the volume of digital banking transactions grew 56.07% (yoy) to reach 649.8 million transactions. The value of payment transactions using ATM cards, debit cards and credit cards stood at Rp642.3 trillion, with growth recorded at 6.84% (yoy) in line with increasing economic activity. Bank Indonesia continues to promote non-cash transactions by expanding QRIS merchants and coordinating with relevant government ministries/agencies and payment service providers to accelerate development of the digital economic and financial ecosystem. On the cash side, currency in circulation in July 2021 stood at Rp852.9 trillion, up 11.82% (yoy). Bank Indonesia continues to strengthen an effective and secure distribution system amid restrictions on public activity to safeguard the availability of Currency Outside Banks (COB).



## CHAPTER II

# Bank Indonesia Policy Response

The BI Board of Governors Meeting agreed on 18<sup>th</sup> and 19<sup>th</sup> August 2021 to hold the BI 7-Day Reverse Repo Rate at 3.50%, while also maintaining the Deposit Facility (DF) rates at 2.75% and Lending Facility (LF) rates at 4.25%. The decision is consistent with the need to maintain exchange rate and financial system stability amid projected low inflation and efforts to revive economic growth. In addition, Bank Indonesia continues to optimise its policy mix towards maintaining macroeconomic and financial system stability, while supporting efforts to improve the national economy through the following policy measures:

1. Maintaining rupiah exchange rate policy to preserve stability in line with the currency's fundamental value and market mechanisms.
2. Continuing the strengthening strategy for monetary operations to reinforce the effectiveness of the accommodative monetary policy stance.
3. Nurturing intermediation by strengthening prime lending rate (PLR) transparency with an emphasis on PLR transmission to interest rates on new loans, particularly housing loans.
4. Accelerating Quick Response Code Indonesia Standard (QRIS) uptake, including cross-border QRIS, and implementing the National Open API Payment Standard (SNAP) towards broader digital economic and financial integration.
5. Maintaining a seamless and reliable payment system, while supporting government programs through collaborative trials of social aid program (bansos) digitalisation and the Government Transaction Electronification program.
6. Promoting trade and investment as well as continuing to socialise the use of local currency settlement (LCS) in conjunction with other relevant institutions.

In August and September 2021, Bank Indonesia will promote trade and investment in the United Arab Emirates, China, Australia, Sweden, UK, Singapore and Malaysia.

Bank Indonesia continues to strengthen policy synergy with the Financial System Stability Committee in terms of optimising implementation of the Integrated Policy

Package to maintain financial system stability and stimulate lending to the corporate sector and other priority sectors, including micro, small and medium enterprises (MSMEs). Bank Indonesia will also strengthen policy coordination with the Government and other relevant authorities to revive economic growth, including monetary-fiscal policy coordination, export stimuli as well as economic and financial inclusion.

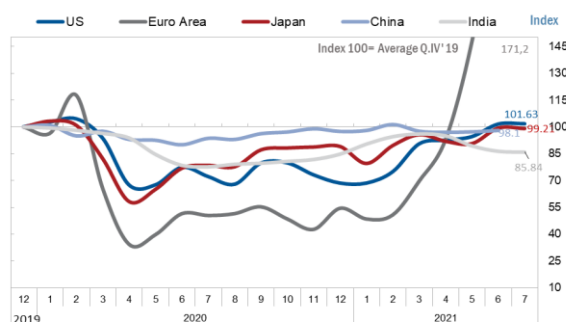
## The global economic recovery is proceeding as expected despite the recent surge of the Delta Covid-19 variant

### Global GDP Growth

Country	2018	2019	2020	2021*
<b>World</b>	<b>3.6</b>	<b>2.8</b>	<b>-3.2</b>	<b>5.8</b>
<b>Advanced economies</b>	<b>2.3</b>	<b>1.6</b>	<b>-4.6</b>	<b>5.4</b>
United States	3.0	2.2	-3.5	6.8
Europe	1.9	1.3	-6.5	4.5
Japan	0.6	0.3	-4.7	2.8
<b>Emerging economies</b>	<b>4.5</b>	<b>3.6</b>	<b>-2.1</b>	<b>6.0</b>
China	6.7	5.8	2.3	8.4
India	6.5	4.7	-7.0	8.8
ASEAN-5	5.3	4.8	-3.4	4.8
Latin America	1.2	0.2	-7.0	3.6
Emerging Euro	3.4	2.4	-2.0	3.7
Middle East & Central Asia	2.0	1.4	-2.6	3.7

Source: IMF WEO. \*Bank Indonesia Projection

### Consumer Confidence Index



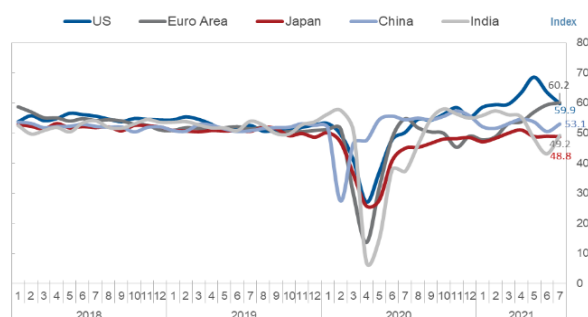
Source: Bloomberg, calculated

### World Trade Volume and Global GDP



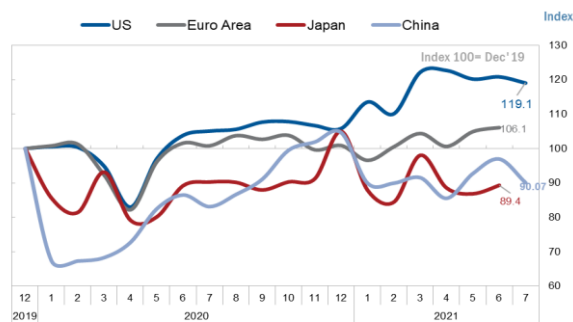
Source: CPB, IMF, \* Bank Indonesia Projection

### Global PMI



Source: IHS Markit, Bloomberg(China)

### Retail Sales



Source: CEIC, calculated

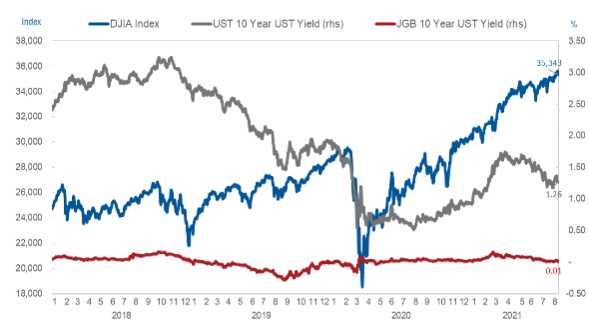
### Commodity Prices

Commodity	2018	2019	2020				2020	2021		
			Q1	Q2	Q3	Q4		Q1	Q2	YTD*
Copper	6.7	-7.8	-7.8	-12.3	11.8	21.6	3.3	50.3	80.3	48.4
Coal	2.5	-8.6	-8.0	-28.2	-27.9	-9.8	-18.5	19.5	92.8	75.2
CPO	-19.2	-2.3	33.3	14.0	35.5	34.9	29.4	47.1	84.6	48.5
Rubber	-16.8	12.4	-18.6	-22.7	3.8	36.4	-0.3	37.7	42.7	21.1
Nickel	27.8	7.0	3.8	0.0	-8.1	3.9	-0.1	37.9	41.4	28.7
Tin	0.5	-7.5	-17.2	-20.4	3.1	12.6	-5.5	46.1	86.1	63.8
Aluminium	7.4	-14.1	-5.8	-15.9	-2.6	9.8	-3.7	22.9	57.7	34.1
Coffee	-15.4	-11.8	14.8	-2.8	2.9	-3.4	3.0	6.7	39.0	30.0
Others	1.2	-0.7	-2.1	-5.6	-4.9	-4.5	-4.3	0.3	7.6	3.9
Indonesian Export Commodity Prices	-2.8	-3.0	1.5	-10.4	-1.7	7.5	-0.8	23.7	58.5	40.2
Oil (Brent)**	71	64	51	31	43	45	42	61	69	66

Source: Bloomberg. Data as of 17<sup>th</sup> August 2021

\*\*Oil in USD/ Barrel, other commodities (% , yoy)

### 10 Yr UST & JGB Yield and DJIA Index



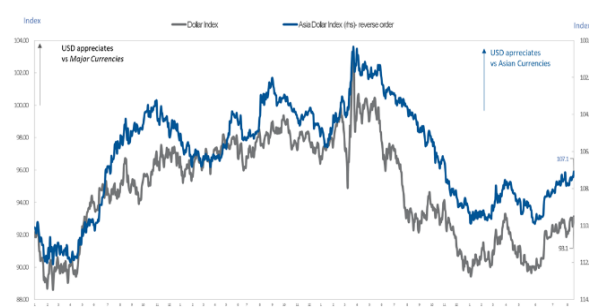
Source: Bloomberg. Data as of 17<sup>th</sup> August 2021

### Risk Perception on EM and Indonesia



Source: Bloomberg. Data as of 17<sup>th</sup> August 2021

### USD Index



Source: Bloomberg. Data as of 17<sup>th</sup> August 2021

## The domestic economic recovery is projected to endure

### Economic Growth - Expenditure Side

Components	2019	2020				2020	2021	
		I	II	III	IV		I	II
Household Consumption	5.04	2.83	-5.51	-4.05	-3.61	-2.63	-2.22	5.93
Non-Profit Institution Serving Household (NPISH) Consumption	10.62	-5.09	-7.76	-1.97	-2.14	-4.29	-4.03	4.12
Government Consumption	3.25	3.75	-6.90	9.76	1.76	1.94	2.34	8.06
Investment (GFCF)	4.45	1.70	-8.61	-6.48	-6.15	-4.95	-0.23	7.54
Building Investment	5.37	2.76	-5.26	-5.60	-6.63	-3.78	-0.74	4.36
NonBuilding Investment	1.80	-1.46	-18.62	-8.99	-4.71	-8.38	1.39	18.58
Exports	-0.87	0.23	-11.66	-11.66	-7.21	-7.70	7.03	31.78
Imports	-7.69	-2.19	-16.96	-23.00	-13.52	-14.71	5.46	31.22
<b>GDP</b>	<b>5.02</b>	<b>2.97</b>	<b>-5.32</b>	<b>-3.49</b>	<b>-2.19</b>	<b>-2.07</b>	<b>-0.71</b>	<b>7.07</b>

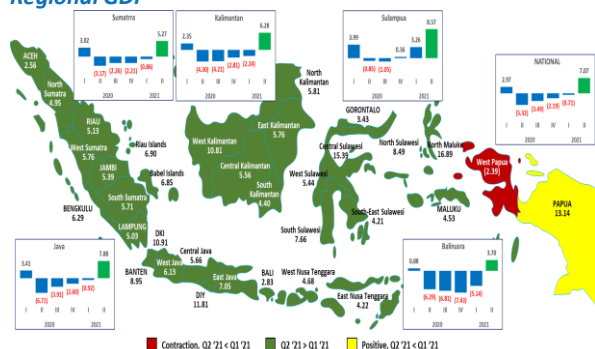
Source: BPS

### Economic Growth – Economic Sectors Side

Components	2019	2020				2020	2021	
		I	II	III	IV		I	II
Agriculture, Forestry, and Fisheries	3.64	0.02	2.19	2.16	2.59	1.75	3.33	0.38
Mining and excavation	1.22	0.45	-2.72	-4.28	-1.20	-1.95	-2.02	5.22
Manufacture	3.80	2.06	-6.19	-4.34	-3.14	-2.93	-1.38	6.58
Electricity and Gas Procurement	4.04	3.85	-5.46	-2.44	-5.01	-2.34	1.68	9.09
Water Supply	6.83	4.56	4.56	5.94	4.98	4.94	5.46	5.78
Construction	5.76	2.90	-5.39	-4.52	-5.67	-3.26	-0.79	4.42
Wholesale Retail, Car and Motorcycle Repairs	4.62	1.60	-7.57	-5.05	-3.64	-3.72	-1.23	9.44
Transportation and Warehousing	6.40	1.29	-30.84	-16.71	-13.42	-15.04	-13.12	25.10
Provision of Accommodation, Food and Beverages	5.80	1.95	-22.02	-11.81	-8.88	-10.22	-7.26	21.58
Information and Communication	9.41	9.80	10.88	10.72	10.91	10.58	8.71	6.87
Financial Services and Insurance	6.60	10.62	1.03	-0.95	2.37	3.25	-2.97	8.35
Real Estate	5.74	3.79	2.30	1.96	1.25	2.32	0.94	2.82
Corporate Services	10.25	5.39	-12.09	-7.61	-7.02	-5.44	-6.10	9.94
Government Administration, Defence and Compulsory Social Security	4.67	3.16	-3.22	1.82	-1.55	-0.03	-3.05	9.49
Education Services	6.29	5.89	1.21	2.41	1.36	2.63	-1.71	5.72
Health Services and Other Social Activities	8.68	10.39	3.71	15.29	16.54	11.60	3.32	11.62
Other Services	10.55	7.09	-12.60	-5.55	-4.84	-4.10	-5.16	11.97
<b>GDP</b>	<b>5.02</b>	<b>2.97</b>	<b>-5.32</b>	<b>-3.49</b>	<b>-2.19</b>	<b>-2.07</b>	<b>-0.71</b>	<b>7.07</b>

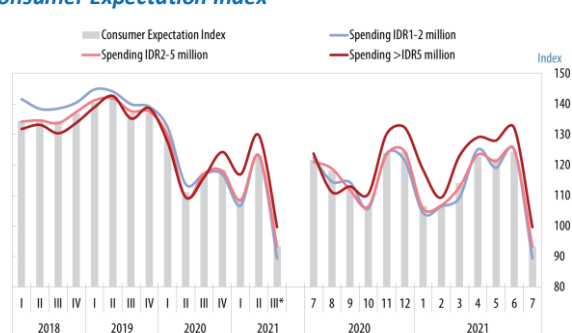
Source: BPS

## Regional GDP



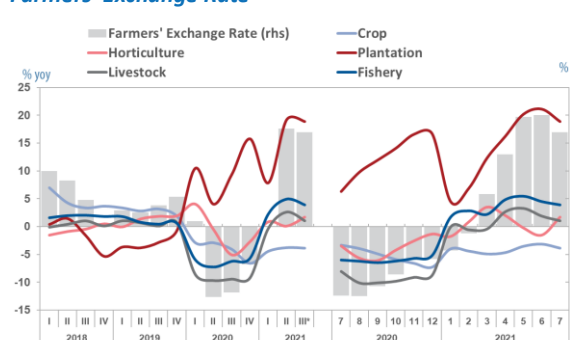
Source: BPS, calculated

## Consumer Expectation Index



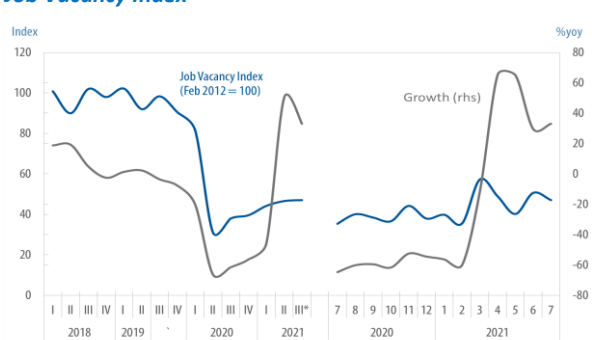
Source: Bank Indonesia \*Data as of July 2021

## Farmers' Exchange Rate



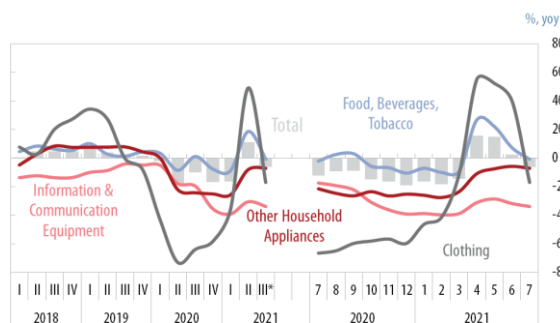
Source: BPS, calculated \*Data as of July 2021

## Job Vacancy Index



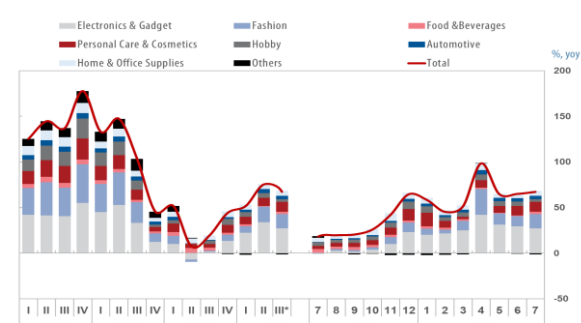
Source: Big Data Analytics Bank Indonesia \*Data as of July 2021

## Retail Sales



Source: Bank Indonesia \*Data as of July 2021

## Online Sales



Source: Big Data Analytics Bank Indonesia \*Data as of July 2021

## Realization of State Budget (APBN)

ITEMS	2020		2021	
	Realization (IDR Trillion)	% Realization PERPRES 72	Budget (IDR Trillion)	Realization as of June 2021 (IDR Trillion)
<b>A. State Income and Grants</b>	<b>1,647.8</b>	<b>96.9%</b>	<b>1,743.6</b>	<b>887.0</b>
<b>I. Domestic Income</b>	<b>1,629.0</b>	<b>95.9%</b>	<b>1,742.7</b>	<b>887.0</b>
1. Tax Income	1,285.1	91.5%	1,444.5	680.0
2. NonTax Income	343.8	116.9%	298.2	207.0
<b>II. Grant</b>	<b>18.8</b>	<b>1448.7%</b>	<b>0.9</b>	<b>0.1</b>
<b>B. State Expenditures</b>	<b>2,595.5</b>	<b>94.8%</b>	<b>2,750.0</b>	<b>1,170.2</b>
<b>I. Central Government Expenditures</b>	<b>1,833.0</b>	<b>92.8%</b>	<b>1,954.5</b>	<b>796.3</b>
1. Employee Spending	380.5	94.3%	421.1	210.5
2. Spending for Goods	422.3	154.6%	362.5	178.5
3. Capital Expenditures	190.9	139.0%	246.8	71.6
4. Payment of Debt Obligations	314.1	92.7%	373.3	166.9
5. Subsidies	196.2	102.2%	175.4	79.9
6. Grant Expenditure	6.3	123.7%	6.8	0.4
7. Social Assistance	202.5	116.1%	161.4	76.0
8. Other Expenditures	120.0	26.6%	207.3	12.4
<b>II. Transfer to Regions and Village Funds</b>	<b>762.5</b>	<b>99.8%</b>	<b>795.5</b>	<b>373.9</b>
1. Transfer to Regions	691.4	99.8%	723.5	346.6
2. Village Funds	71.1	99.9%	72.0	27.2
<b>C. Primary Balance</b>	<b>(633.6)</b>		<b>(633.1)</b>	<b>(116.2)</b>
<b>D. Budget Surplus/Deficit</b>	<b>(947.7)</b>		<b>(1,006.4)</b>	<b>(283.1)</b>
Surplus/Deficit (%GDP)	(6.1)		(5.7)	(1.7)

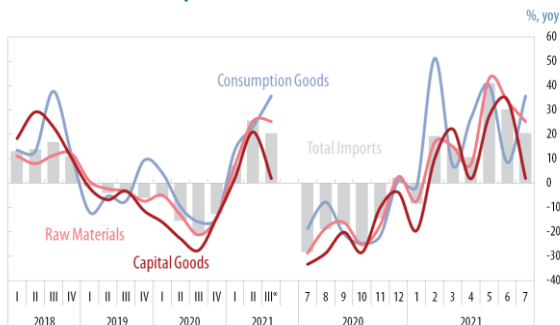
Source: Ministry of Finance

## Non-Oil and Gas Exports to Main Destination Countries



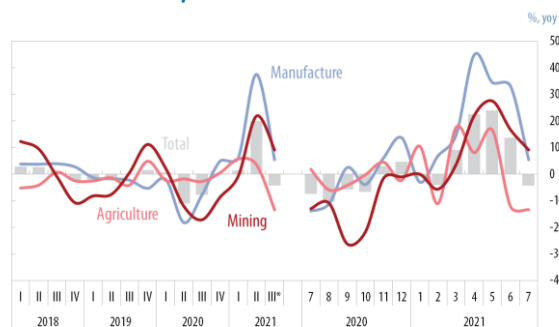
Source: Bank Indonesia

## Non-Oil and Gas Imports



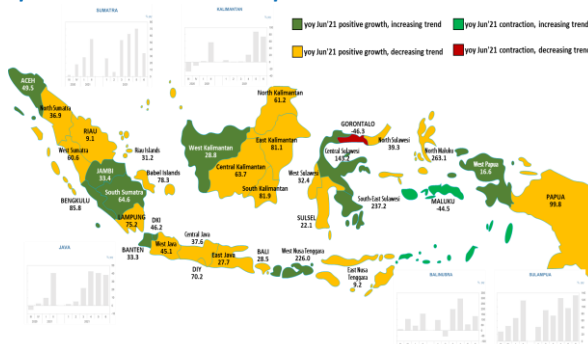
Source: Bank Indonesia \*Data as of July 2021

## Non-Oil and Gas Exports



Source: Bank Indonesia \*Data as of July 2021

## Spatial Non-Oil and Gas Exports



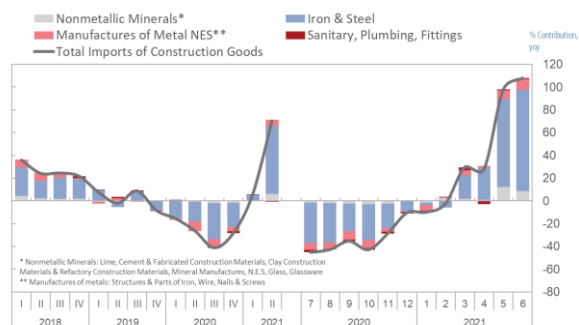
Source: Bank Indonesia, calculated

## Manufacturing Purchasing Managers' Index (PMI)



Source: Markit Economics

## Import of Construction Goods



Source: Bank Indonesia

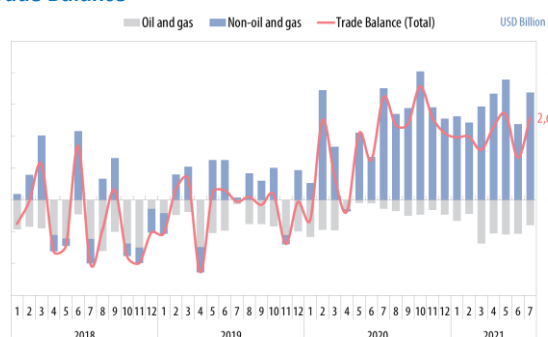
## Indonesia's Balance of Payment (BOP) Remained Solid, External Resilience Maintained

### Indonesia's Balance of Payments

Items (Billion USD)	2019*				2020*				2021	
	I	II	III	IV	Total	I	II	III	IV	Total
<b>Current Account</b>	-6.6	-8.2	-7.5	-8.0	-30.3	-3.4	-2.9	1.1	0.9	-4.3
A. Goods	1.3	0.6	1.4	0.3	3.5	4.5	4.0	9.8	10.0	28.2
- Exports, fob	41.2	40.2	43.7	43.4	168.5	41.7	34.6	40.8	46.2	163.4
- Imports, fob	-39.9	-39.6	-42.3	-43.1	-164.9	-37.2	-30.7	-31.0	-36.2	-135.1
a. Non-Oil and Gas	2.9	3.1	2.7	3.2	12.0	5.8	3.3	9.4	11.3	29.9
b. Oil and Gas	-2.1	-2.9	-2.1	-3.2	-10.3	-2.6	-0.8	-0.7	-1.2	-5.4
B. Services	-1.5	-1.9	-2.2	-2.0	-7.6	-1.7	-2.1	-2.7	-3.1	-9.6
C. Primary Income	-8.1	-8.9	-8.4	-8.3	-33.8	-7.9	-6.2	-7.4	-7.4	-28.9
D. Secondary Income	1.8	2.0	1.8	2.0	7.6	1.7	1.4	1.4	1.4	5.9
<b>Capital and Financial Account</b>	9.9	6.7	7.4	12.5	36.6	-3.0	10.8	0.9	-1.0	7.6
1. Direct Investment	5.9	5.8	5.2	3.6	20.5	4.3	4.2	0.9	4.2	13.6
2. Portfolio Investment	5.5	4.6	4.6	7.3	22.0	-6.3	9.7	-2.0	2.0	3.4
3. Other Investment	-1.6	-3.6	-2.5	1.6	-6.1	-0.6	-3.3	1.9	-7.4	-8.4
<b>Overall Balance</b>	2.4	-2.0	0.0	4.3	4.7	-8.5	9.2	2.1	-0.2	2.6
Memorandum:										
- Reserve Assets Position	124.5	123.8	124.3	129.2	129.2	121.0	131.7	135.2	135.9	137.1
In Months of Imports & Official Debt Repayment	6.7	6.7	6.9	7.3	7.3	7.0	8.1	9.1	9.8	9.7
- Current Account (% GDP)	-2.4	-2.9	-2.6	-2.8	-2.7	-1.2	-1.2	0.4	0.3	-0.4

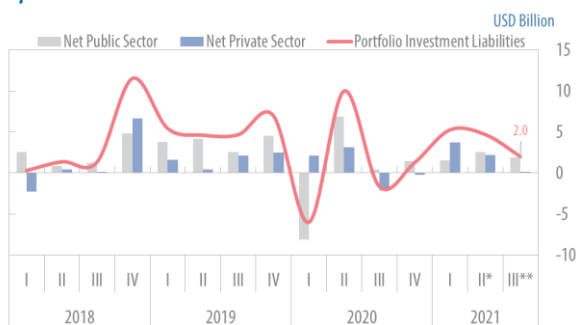
Source: Bank Indonesia. \*Provisional Figures; \*\* Very Provisional Figures

### Trade Balance



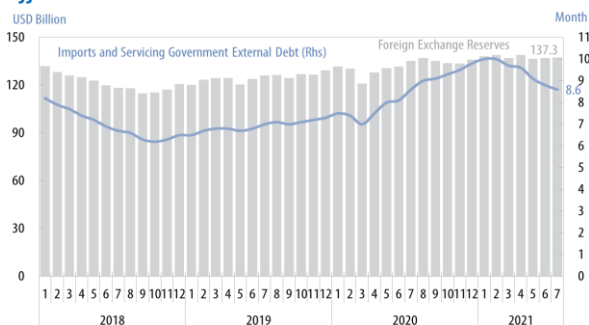
Source: BPS

### Capital Flows



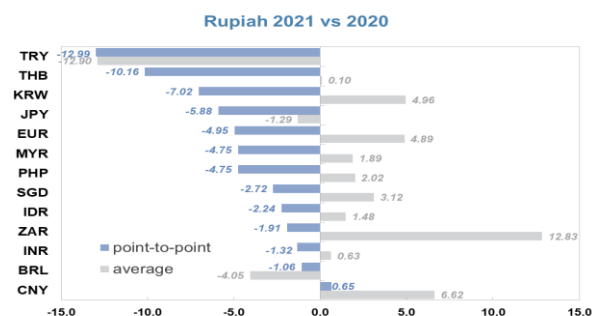
Source: Bank Indonesia. Data as of 16<sup>th</sup> August 2021; \*Provisional Figures; \*\* Very Provisional Figures

### Official Reserve Asset



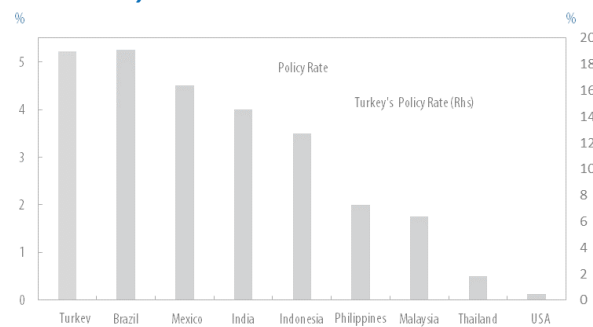
Source: Bank Indonesia

## Rupiah vs Peer Countries



Source: Bloomberg and Reuters. Data as of 18<sup>th</sup> August 2021

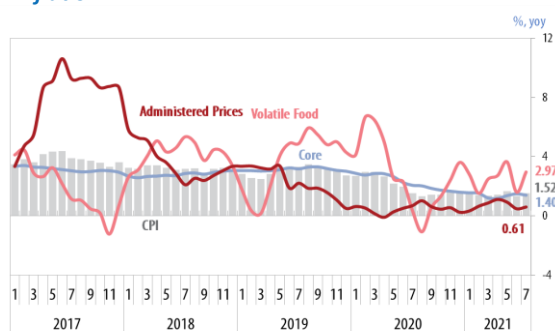
## Peers Country Interest Rate Policies



Source: Bloomberg. Data as of 16<sup>th</sup> August 2021

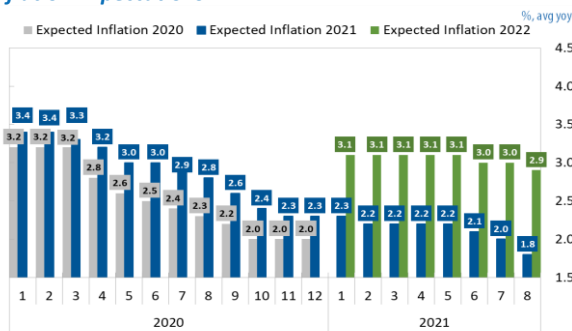
## Inflation remains low and is reinforcing economic stability

### CPI Inflation



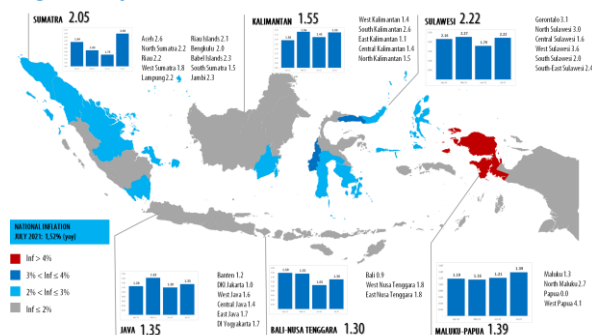
Source: BPS, calculated

### Inflation Expectations



Source: Consensus Forecast

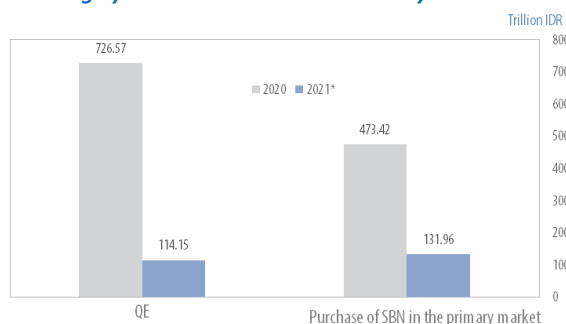
### Regional Inflation



Source: BPS, calculated

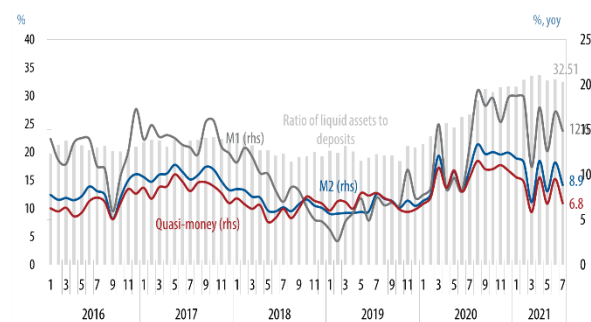
## Liquidity conditions remain loose and financial system resilience is still solid despite further opportunities to revive the bank intermediation function

### Quantitative Easing (QE) and Government Bonds Purchasing by Bank Indonesia in the Primary Market



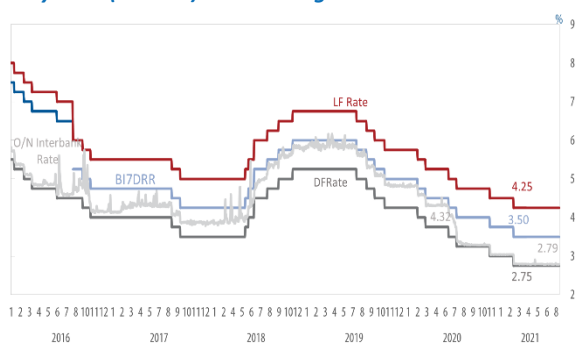
Source: Bank Indonesia. \*Data as of 16<sup>th</sup> August 2021

### Broad Money and Ratio of Liquid Assets to Deposits



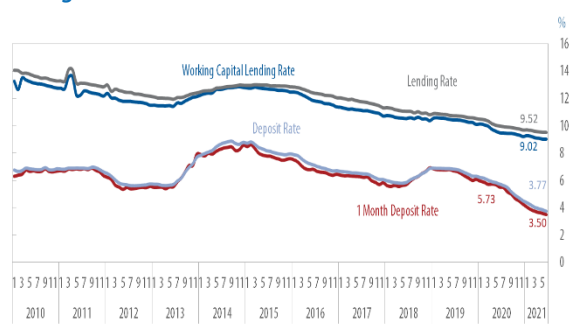
Source: Bank Indonesia

### Policy Rate (BI7DRR) and Overnight Interbank Rate



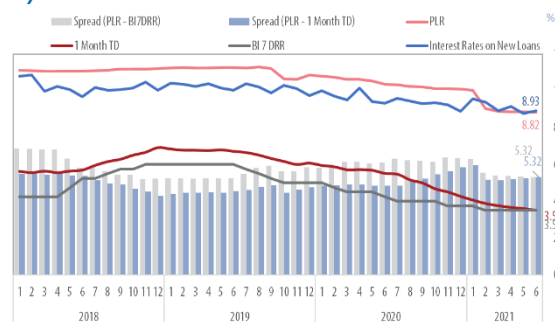
Source: Bank Indonesia

### Banking Interest Rates



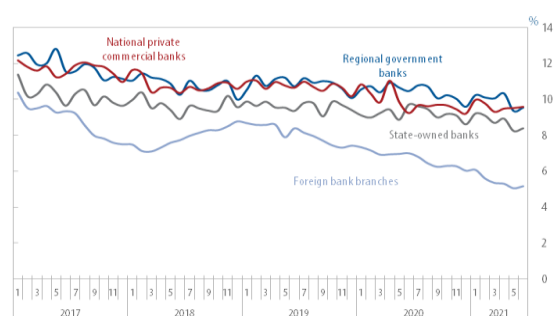
Source: Bank Indonesia

### Policy Rate (BI7DRR) Transmission to Prime Lending Rate (PLR)



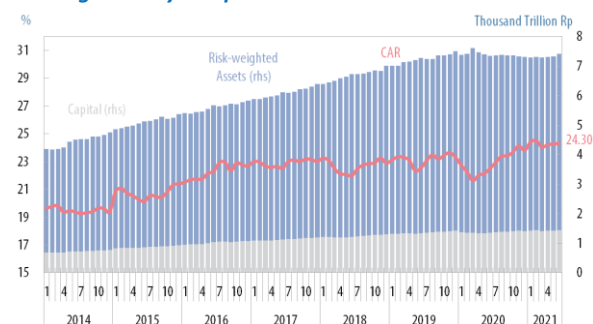
Source: OJK, Bank Indonesia, calculated

### Lending Rates on New Loans by Bank Group



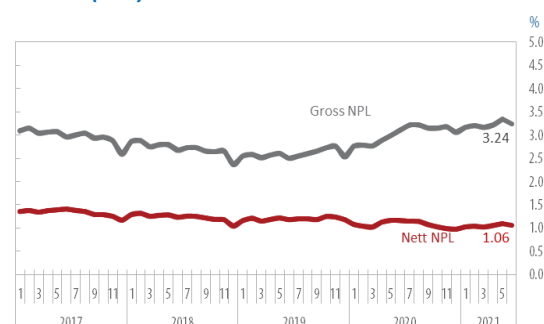
Source: OJK, Bank Indonesia, calculated

### Banking Industry's Capital



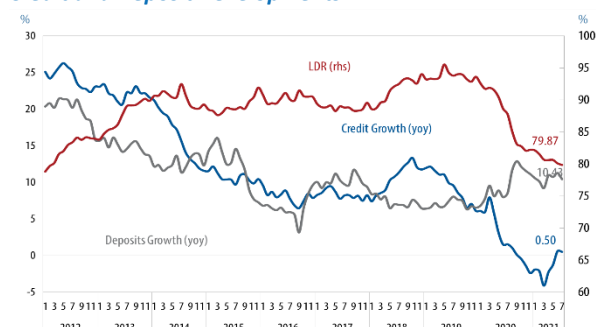
Source: Bank Indonesia

### Credit Risk (NPL)



Source: Bank Indonesia, OJK

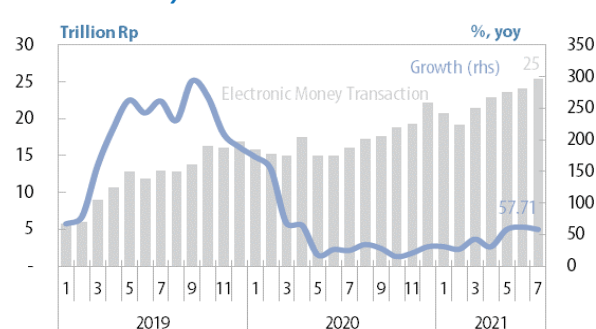
### Credit and Deposit Developments



Source: Bank Indonesia

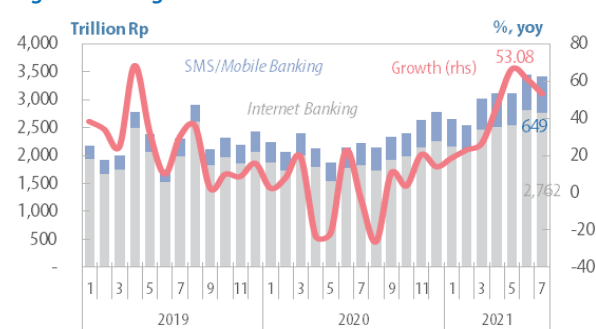
**Bank Indonesia will continue to direct payment system policy towards accelerating the national economic recovery and increasing economic and financial digitalisation by prioritising inclusivity, security and efficiency**

### Electronic Money Transactions



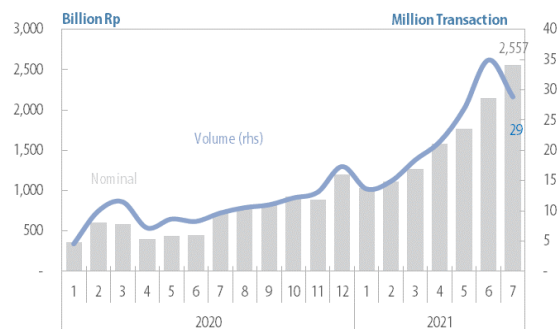
Source: Bank Indonesia

### Digital Banking Transactions Value



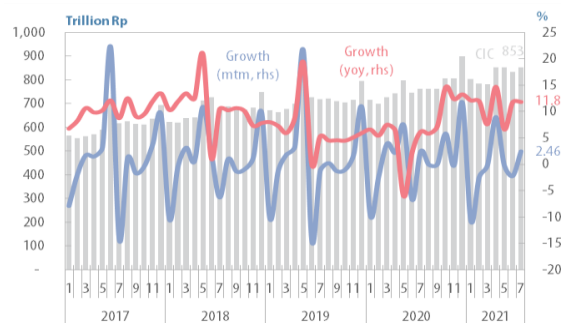
Source: Bank Indonesia

### QRIS Transactions



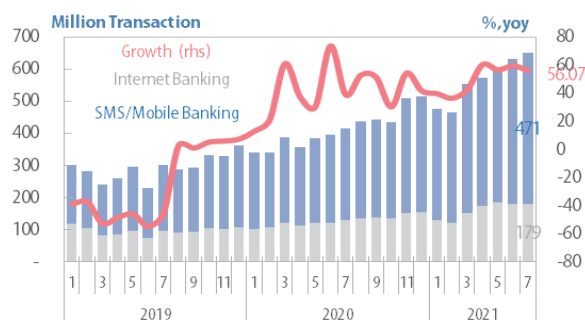
Source: Bank Indonesia

### Currency in Circulation



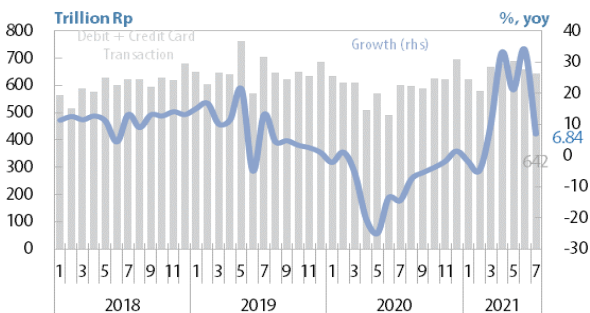
Source: Bank Indonesia

### Digital Banking Transactions Volume



Source: Bank Indonesia

### ATM/Debit and Credit Card Transactions



Source: Bank Indonesia



**BANK INDONESIA**

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