



December 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.



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Executive Summary

Global economic growth in 2021 is consistent with projections and expected to persist in 2022 despite ongoing supply chain disruptions and increasing cases of Covid-19. Bank Indonesia expects the domestic economic recovery process to endure and accelerate in 2022. Indonesia's Balance of Payments (BOP) remains solid. In response to external sector resilience and Bank Indonesia's stabilisation measures, rupiah exchange rate movements remain under control despite continued global financial market uncertainty. Inflation remains low, thereby reinforcing economic stability. Liquidity conditions remain very 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's decision to maintain a low policy rate, coupled with very loose liquidity conditions in the banking industry, have maintained a lower lending rate trend. Financial system

resilience is solid, accompanied by a gradual revival of the bank intermediation function. Bank Indonesia will continue to expand payment system digitalisation and accelerate integration of the digital economy and finance ecosystem, including financial and economic inclusion and reviving economic growth.

The BI Board of Governors Meeting agreed on 15th and 16th December 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. Bank Indonesia continues to optimise its policy mix towards maintaining macroeconomic and financial system stability, while supporting national economic recovery efforts.



CHAPTER 1

Global and Domestic Economic Developments

Global economic growth in 2021 is consistent with projections and expected to persist in 2022 despite ongoing supply chain disruptions and increasing cases of Covid-19. Less divergent global economic growth is expected moving forward, with economic gains in Europe, Japan and India accompanying the recoveries in the United States and China. Such developments have been made possible by higher vaccination rates, policy stimuli and a gradual recovery of business activity. Several economic indicators in November 2021, including the Purchasing Managers Index (PMI), consumer confidence and retail sales, pointed to an ongoing recovery, despite a sluggish PMI Suppliers' Delivery Times Index. Bank Indonesia, therefore, projects global economic growth in 2021 at 5.7% and 4.4% in 2022. World trade volume and international commodity prices continue to rise, thereby supporting the export outlook in developing economies. Global financial market uncertainty continued in response to the Omicron variant of Covid-19 and the

announcement by the Fed concerning an earlier monetary policy tightening cycle than planned, thus restricting capital flows and intensifying currency pressures in developing countries, including Indonesia.

Bank Indonesia expects the domestic economic recovery process to endure and accelerate in 2022. Economic growth is projected to improve in the fourth quarter of 2021 in line with increasing mobility after the Government successfully introduced measures to break the domestic chain of Delta variant transmission. Private consumption, investment and government consumption are set to increase amid maintained export performance. In addition, economic performance is also supported by the major economic sectors, including the manufacturing industry, trade and mining. As of December 2021, several indicators confirmed the recovery is intact, such as increasing community mobility in several regions, higher retail sales, growing consumer confidence and an expansionary Manufacturing PMI. Overall, economic

growth in 2021 remains in line with Bank Indonesia's projection, namely 3.2-4.0%. Economic gains in 2022 will primarily stem from increasing private consumption, exports and fiscal spending, which are in line with increasing mobility, broader economic reopening and ongoing policy stimuli. Bank Indonesia, therefore, projects stronger domestic economic growth in 2022 in the 4.7-5.5% range.

Indonesia's Balance of Payments (BOP) remains solid.

Current account performance improved in the fourth quarter of 2021 given the ongoing goods trade surplus. The trade balance in November 2021 recorded a USD3.5 billion surplus, supported by strong exports of major commodities, including coal, iron and steel as well as organic chemicals. Meanwhile, foreign capital inflows to domestic financial markets recorded a net outflow totalling USD2.3 billion in the period from October to 14th December 2021. Notwithstanding, the position of reserve assets at the end of 2021 increased to USD145.9 billion, equivalent to 8.3 months of imports or 8.1 months of imports and servicing government external debt, which is well above the 3-month international adequacy standard. Looking ahead, Bank Indonesia projects a current account in the surplus 0.3% to deficit 0.5% of GDP range in 2021 and deficit 1.1-1.9% of GDP in 2022, thus supporting external sector resilience in Indonesia.

In response to external sector resilience and Bank Indonesia's stabilisation measures, rupiah exchange rate movements remain under control despite continued global financial market uncertainty. As of 15th December 2021, the value of the rupiah depreciated slightly by 0.07% (ptp) and 0.70% on average compared with the November 2021 level. The weaker rupiah stems from foreign capital outflows despite a maintained domestic supply of foreign exchange and the positive perception of investors concerning the promising domestic economic outlook. Compared with the level at the end of 2020, therefore, the rupiah has depreciated by 1.97% (ytd), which is relatively lower than the depreciation experienced in several other developing economies, namely India (3.93% ytd), the Philippines (4.51% ytd) and Malaysia (4.94% ytd). Bank Indonesia continues to strengthen rupiah exchange rate stabilisation policy in line with the currency's fundamental value and market mechanisms through effective monetary operations and adequate market liquidity.

Inflation remains low, thereby reinforcing economic stability. In November 2021, the Consumer Price Index (CPI) recorded 0.37% (mtm) inflation, thus bringing headline inflation to 1.30% (ytd) for the year. Annually, CPI inflation stood at 1.75% (yoy), up from 1.66% (yoy) in

October 2021. Despite early signs of growing domestic demand, core inflation remains low at 1.44% (yoy), supported by maintained supply, exchange rate stability and anchored inflation expectations. Lower volatile food inflation was recorded due to adequate supply, while inflationary pressures on administered prices have intensified on rising airfares in line with greater mobility. Inflation is projected, therefore, below the lower bound of the 3.0%±1% target corridor in 2021 and within the target range in 2022. Bank Indonesia is 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 control headline inflation within the target.

Liquidity conditions remain very 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 (QE) to the banking industry totalling Rp141.19 trillion in 2021 (as of 14th December 2021). Bank Indonesia in 2021 has purchased SBN to fund the 2021 State Revenue and Expenditure Budget (APBN) totalling Rp201.32 trillion, comprising: (i) Rp143.32 trillion through primary market in accordance with the Joint Decree (KB) issued by the Minister of Finance and Governor of Bank Indonesia on 16th April 2020 and subsequently extended on 11th December 2020 until 31st December 2021, and (ii) Rp58 trillion through private placement in November 2021 to fund the health and humanitarian budgets for Covid-19 pandemic handling in accordance with the Joint Decree (KB) issued by the Minister of Finance and Governor of Bank Indonesia on 23rd August 2021. The expansive monetary policy stance supports very loose liquidity conditions in the banking industry, as reflected in November 2021 by a high ratio of liquid assets to deposits of 34.24% and deposit growth of 10.37% (yoy). Liquidity in the economy has also increased, as indicated by narrow (M1) and broad (M2) money supply aggregates, which grew 14.7% (yoy) and 11.0% (yoy) respectively in the reporting period, primarily driven by outstanding loans disbursed by the banking industry and fiscal expansion.

Bank Indonesia's decision to maintain a low policy rate, coupled with very loose liquidity conditions in the banking industry, have maintained a lower lending rate trend. In the markets, the overnight interbank rate and 1-month deposit rate have fallen 25bps and 145bps respectively since November 2020 to 2.79% and 3.05% in November 2021. In the credit market, the banking industry continues to lower prime lending rates (PLR), accompanied by lower interest rates on new loans across

all bank groups, except regional government banks. Increasing economic activity and public mobility have improved risk perception in the banking industry, prompting low interest rates on new loans. Notwithstanding, significantly smaller reductions in lending rates compared to deposit rates have increased the spread between lending and deposit rates and increased the net interest margin (NIM) in the banking industry. Consequently, Bank Indonesia acknowledges adequate room for the banking industry to continue lowering lending rates.

Financial system resilience is solid, accompanied by a gradual revival of the bank intermediation function. The Capital Adequacy Ratio (CAR) in the banking industry remained high in October 2021 at 25.30%, with persistently low NPL ratios of 3.22% (gross) and 1.02% (nett). The bank intermediation function expanded 4.73% (yoy) in November 2021. Furthermore, the banking industry confirmed broad-based credit growth across all loan types, including working capital loans, investment loans and consumer loans, growing 5.38% (yoy), 4.30% (yoy) and 4.11% (yoy) respectively. By sector, credit growth was also broad based across nearly all economic sectors and MSMEs, indicating growing demand for loans in line with recovering business activity. On the supply side, Bank Indonesia maintained a loose macroprudential policy stance and the banking industry loosened lending standards in line with lower risk perception. Furthermore, Bank Indonesia will continue to strengthen policy synergy with the Government and other financial sector authorities to revive bank lending to the corporate sector,

particularly on the demand side in line with increasing economic activity.

Bank Indonesia will continue to expand payment system digitalisation and accelerate integration of the digital economy and finance ecosystem, including financial and economic inclusion and reviving economic growth.

Digital economic and financial transactions continue to proliferate given greater public acceptance and growing public preference towards online retail as well as the expansion of digital payments and digital banking. The value of e-money transactions increased 61.82% (yoy) to Rp31.3 trillion in November 2021. Similarly, the value of digital banking transactions increased 47.08% (yoy) to Rp3,877.3 trillion in the same period and the value of payment transactions using ATM cards, debit cards and credit cards grew 8.39% (yoy) to Rp674.9 trillion. Bank Indonesia continues to maintain a reliable and seamless payment system, while supporting government programs through coordination and monitoring digitalisation trials for social aid program (bansos) 4.0, as well as local government financial transactions and the electronification of various transportation modes. In addition, Bank Indonesia is poised to launch BI-FAST on 21st December 2021 as retail payments infrastructure operating in real time and 24/7. On the cash side, currency in circulation in November 2021 grew 7.81% (yoy) to reach Rp867.8 trillion. Bank Indonesia continues to digitalise rupiah currency management, cash services in particular, to ensure safe and convenient public services during the new normal era and to ensure adequate cash availability in all regions of the archipelago.



CHAPTER 2

Bank Indonesia Policy Response

The BI Board of Governors Meeting agreed on 15th and 16th December 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 national economic recovery efforts through the following measures:

1. Confirming the Bank Indonesia Policy Mix direction for 2022 as conveyed at the 2021 Bank Indonesia Annual Meeting held on 24th November 2021. Monetary policy in 2022 will be oriented towards maintaining stability, while pro-growth macroprudential and payment system policies will focus on driving economic growth together with money market deepening as well as an inclusive and green economy and finance.
2. Maintaining rupiah exchange rate policy to preserve stability in line with the currency's fundamental value and market mechanisms.
3. Continuing the strengthening strategy for monetary operations to reinforce the effectiveness of the accommodative monetary policy stance.
4. Strengthening prime lending rate (PLR) transparency in the banking industry by deepening the assessment of prime lending rate spread against term deposit rates by bank group.
5. Maintaining the Rp1 fee charged by Bank Indonesia to banks using the National Clearing System (SKNBI) and Rp2,900 maximum charged by banks to their

customers, which was due to end on 31st December 2021, until 30th June 2022 to support the national economic recovery.

6. Targeting 15 million new QRIS users in 2022 to boost QRIS transactions through coordination with Payment Service Providers (PSP) and relevant government ministries/agencies.
7. Promoting trade and investment as well as continuing to socialise Local Currency Settlement (LCS) in

conjunction with other relevant institutions. In December 2021 and January 2022, promotional activities will be organised in China and Finland.

Bank Indonesia will also continue to strengthen policy coordination with the Government and Financial System Stability Committee to maintain financial system stability and revive bank lending to the corporate and priority sectors, thereby helping to catalyse economic growth and exports as well as economic and financial inclusion.

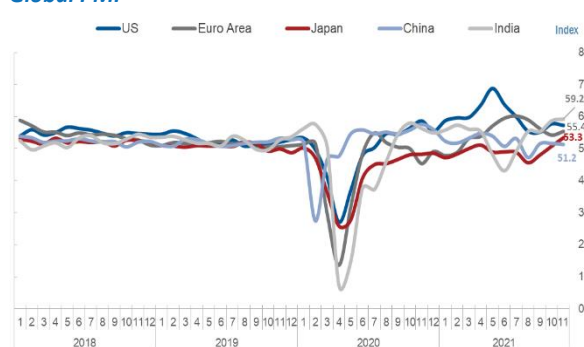
Global economic growth in 2021 is consistent with projections and expected to persist in 2022 despite ongoing supply chain disruptions and increasing cases of Covid-19

Global GDP Growth

Country	2019	2020	2021*	2022*
World	2.8	-3.1	5.7	4.4
Advanced economies	1.7	-4.5	5.1	3.9
United States	2.3	-3.4	5.9	3.9
Europe	1.5	-6.3	4.8	4.4
Japan	0.0	-4.6	2.4	2.5
Emerging economies	3.7	-2.1	6.1	4.9
China	6.0	2.3	8.0	5.4
India	4.8	-7.1	8.8	8.1
ASEAN-5	4.9	-3.4	3.9	5.4
Latin America	0.1	-7.0	5.1	2.8
Emerging Euro	2.5	-2.0	4.7	3.7
Middle East & Central Asia	1.5	-2.8	3.9	3.8

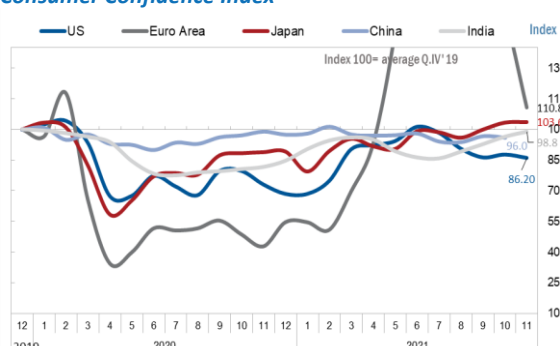
Source: IMF WEO. *Bank Indonesia Projection

Global PMI



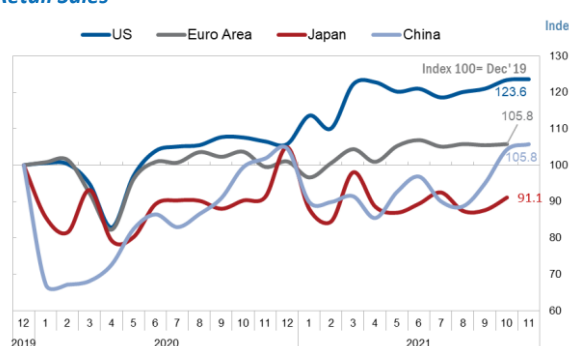
Source: IHS Markit, Bloomberg (China)

Consumer Confidence Index



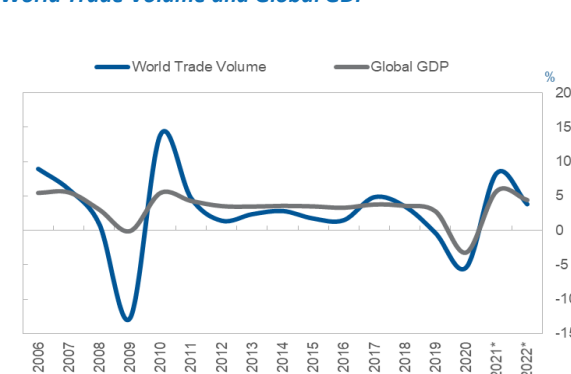
Source: Bloomberg, calculated

Retail Sales



Source: CEIC, calculated

World Trade Volume and Global GDP



Source: CPB, IMF. *Bank Indonesia Projection

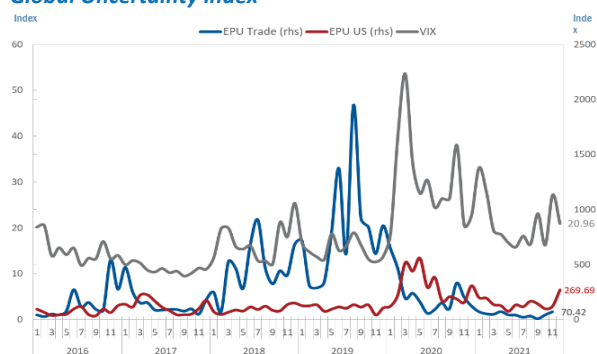
Commodity Prices

Commodity	2018	2019	2020					2021				
			Q1	Q2	Q3	Q4	2020	Q1	Q2	Q3	YTD	
Copper	6.7	-7.8	-7.8	-12.3	11.8	21.6	3.3	50.3	80.3	44.3	50.1	
Coal	2.5	-8.6	-8.0	-28.2	-27.9	-9.8	-18.5	19.5	92.8	203.9	123.6	
CPO	-19.2	-2.3	33.3	14.0	35.5	34.9	29.4	47.1	84.6	60.4	59.2	
Rubber	-16.8	12.4	-18.6	-22.7	3.8	36.4	-0.3	37.7	42.7	6.6	16.6	
Nickel	27.8	7.0	3.8	0.0	-8.1	3.9	-0.1	37.9	41.4	33.7	32.9	
Tin	0.5	-7.5	-17.2	-20.4	3.1	12.6	-5.5	46.1	86.1	91.1	80.3	
Aluminium	7.4	-14.1	-5.8	-15.9	-2.6	9.8	-3.7	22.9	57.7	52.2	43.0	
Coffee	-15.4	-11.8	14.8	-2.8	2.9	-3.4	3.0	6.7	39.0	55.2	49.0	
Others	1.2	-0.7	-2.1	-5.6	-4.9	-4.5	-4.3	0.3	7.6	3.9	3.9	
Indonesian Export Commodity Prices	-2.8	-3.0	1.5	-10.4	-1.7	7.5	-0.8	23.7	58.5	79.5	56.9	
Oil (Brent)**	71	64	51	31	43	45	42	61	69	73	70	

Source: Bloomberg. Data as of 14th December 2021

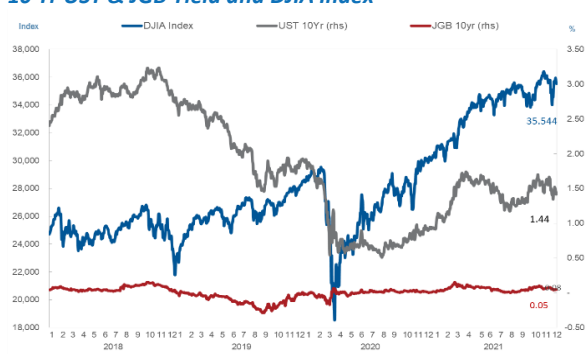
**Oil in USD/ Barrel, other commodities (% , yoy)

Global Uncertainty Index



Source: Bloomberg. Data as of 14th December 2021

10 Yr UST & JGB Yield and DJIA Index



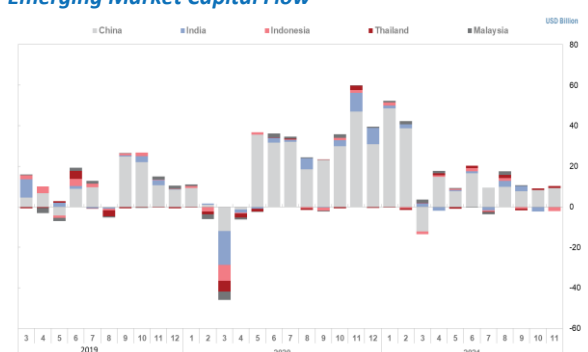
Source: Bloomberg. Data as of 14th December 2021

Risk Perception on EM and Indonesia



Source: Bloomberg. Data as of 14th December 2021

Emerging Market Capital Flow



Source: IIF

Bank Indonesia expects the domestic economic recovery process to endure and accelerate in 2022

Economic Growth - Expenditure Side

Components	2019	2020					2021		
		I	II	III	IV	2020	I	II	III
Household Consumption	5.04	2.83	-5.51	-4.05	-3.61	-2.63	-2.21	5.96	1.03
Non-Profit Institution Serving Household (NPISH) Consumption	10.62	-5.09	-7.76	-1.97	-2.14	-4.29	-3.99	4.15	2.96
Government Consumption	3.25	3.75	-6.90	9.76	1.76	1.94	2.58	8.03	0.66
Investment (GFCF)	4.45	1.70	-8.61	-6.48	-6.15	-4.95	-0.23	7.54	3.74
Building Investment	5.37	2.76	-5.26	-5.60	-6.63	-3.78	-0.74	4.36	3.36
NonBuilding Investment	1.80	-1.46	-18.62	-8.99	-4.71	-8.38	1.39	18.58	4.89
Exports	-0.87	0.23	-11.66	-11.66	-7.21	-7.70	7.09	31.98	29.16
Imports	-7.69	-2.19	-16.96	-23.00	-13.52	-14.71	5.38	31.72	30.11
GDP	5.02	2.97	-5.32	-3.49	-2.19	-2.07	-0.71	7.07	3.51

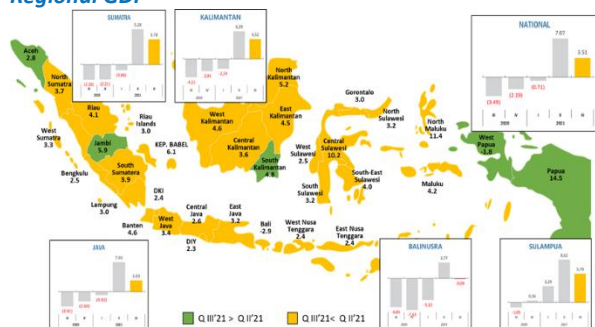
Source: BPS

Economic Growth – Economic Sectors Side

Components	2019	2020					2021		
		I	II	III	IV	2020	I	II	III
Agriculture, Forestry, and Fisheries	3.64	0.02	2.19	2.16	2.59	1.75	3.38	0.43	1.31
Mining and excavation	1.22	0.45	-2.72	-4.28	-1.20	-1.95	-2.02	5.22	7.78
Manufacture	3.80	2.06	-6.19	-4.34	-3.14	-2.93	-1.38	6.58	3.68
Electricity and Gas Procurement	4.04	3.85	-5.46	-2.44	-5.01	-2.34	1.68	9.09	3.85
Water Supply	6.83	4.56	4.56	5.94	4.98	4.94	5.46	5.78	4.56
Construction	5.76	2.90	-5.39	-4.52	-5.67	-3.26	-0.79	4.42	3.84
Wholesale Retail, Car and Motorcycle Repairs	4.62	1.60	-7.57	-5.05	-3.64	-3.72	-1.23	9.45	5.16
Transportation and Warehousing	6.40	1.29	-30.84	-16.71	-13.42	-15.04	-13.12	25.10	-0.72
Provision of Accommodation, Food and Beverages	5.80	1.95	-22.02	-11.81	-8.88	-10.22	-7.26	21.58	-0.13
Information and Communication	9.41	9.80	10.88	10.72	10.91	10.58	8.71	6.90	5.51
Financial Services and Insurance	6.60	10.62	1.03	-0.95	2.37	3.25	-2.97	8.33	4.29
Real Estate	5.74	3.79	2.30	1.96	1.25	2.32	0.94	2.82	3.42
Corporate Services	10.25	5.39	-12.09	-7.61	-7.02	-5.44	-6.10	9.94	-0.59
Government Administration, Defence and Compulsory Social Security	4.67	3.16	-3.22	1.82	-1.55	-0.03	-2.91	9.63	-9.96
Education Services	6.29	5.89	1.21	2.41	1.36	2.63	-1.53	5.89	-4.42
Health Services and Other Social Activities	8.68	10.39	3.71	15.29	16.54	11.60	3.38	11.68	14.06
Other Services	10.55	7.09	-12.60	-5.55	-4.84	-4.10	-5.15	11.97	-0.30
GDP	5.02	2.97	-5.32	-3.49	-2.19	-2.07	-0.71	7.07	3.51

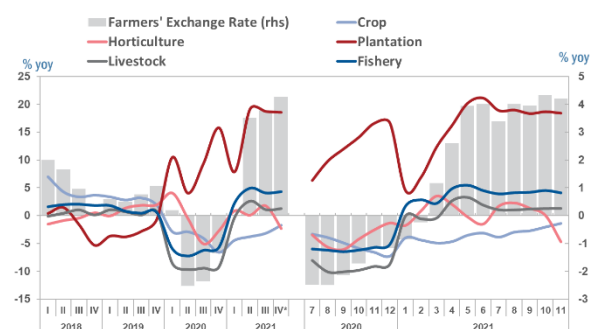
Source: BPS

Regional GDP



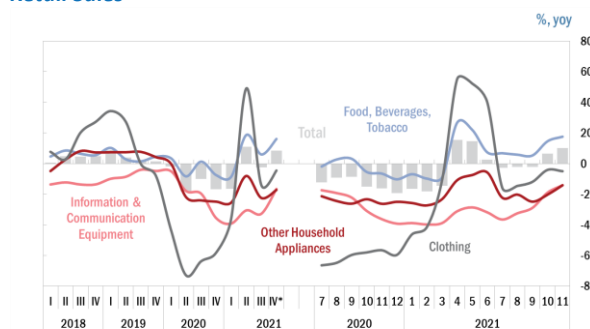
Source: BPS, calculated

Farmers' Exchange Rate



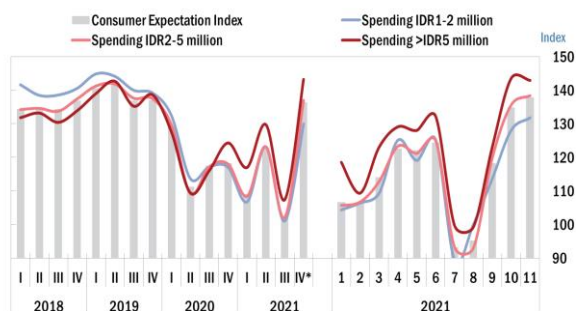
Source: BPS, calculated. *Data as of November 2021

Retail Sales



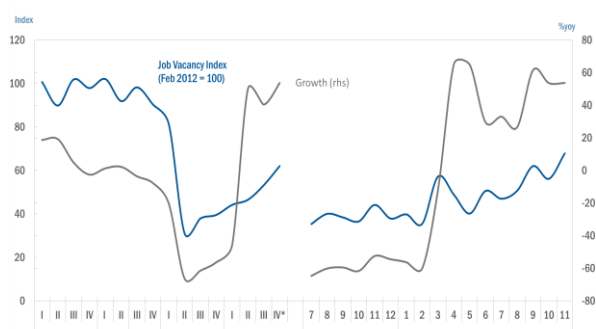
Source: Bank Indonesia. *Data as of November 2021

Consumer Expectation Index



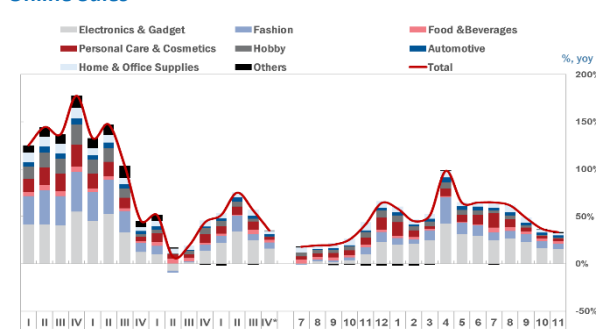
Source: Bank Indonesia. *Data as of November 2021

Job Vacancy Index



Source: Big Data Analytics Bank Indonesia. *Data as of November 2021

Online Sales



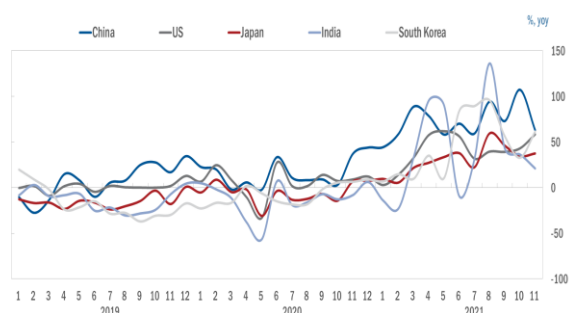
Source: Big Data Analytics Bank Indonesia. *Data as of November 2021

Realization of State Budget (APBN)

ITEMS	2020		2021		2022	
	Realization (IDR Trillion)	% Realization PERPRES 72	Budget (IDR Trillion)	Realization as of October 2021 (IDR Trillion)	Budget (IDR Trillion)	
A. State Income and Grants	1,647.8	96.9%	1,743.6	1,743.6	1,846.1	
1. Domestic Income	1,629.0	95.9%	1,742.7	1,742.7	1,845.6	
2. NonTax Income	1,285.1	91.5%	1,444.5	1,444.5	1,510.0	
3. Tax Income	343.8	116.9%	298.2	298.2	335.6	
4. Grant	18.8	1446.7%	0.0	0.0	0.5	
B. State Expenditures	2,595.5	94.8%	2,750.0	2,750.0	2,714.3	
I. Central Government Expenditures	1,833.0	92.8%	1,954.5	1,954.5	1,944.5	
1. Employee Spending	380.5	94.3%	421.1	421.1	426.5	
2. Spending for Goods	422.3	154.0%	362.5	362.5	339.7	
3. Capital Expenditures	190.9	139.0%	246.8	246.8	199.2	
4. Payment of Debt Obligations	314.1	92.7%	373.9	373.9	405.9	
5. Subsidies	196.2	102.2%	175.4	175.4	207.0	
6. Grant Expenditure	6.3	123.7%	6.8	6.8	4.8	
7. Social Assistance	202.5	116.1%	161.4	161.4	147.4	
8. Other Expenditures	120.0	26.6%	207.3	207.3	214.0	
II. Transfer to Regions and Village Funds	762.5	99.8%	795.5	795.5	769.8	
1. Transfer to Regions	691.4	99.8%	723.5	723.5	701.6	
2. Village Funds	71.1	99.9%	72.0	72.0	68.0	
C. Primary Balance	(633.6)		(633.1)	(633.1)	(462.3)	
D. Budget Surplus/Deficit	(947.7)		(1,006.4)	(1,006.4)	(868.0)	
Surplus/Deficit (%GDP)	(6.1)		(5.7)	(5.7)	(4.9)	

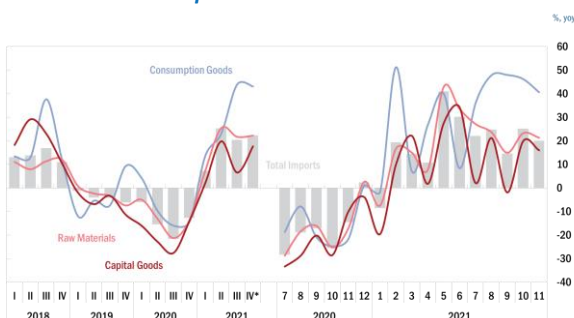
Source: Ministry of Finance

Non-Oil and Gas Exports to Main Destination Countries



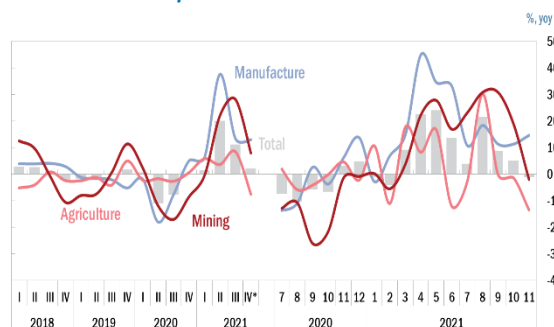
Source: Bank Indonesia

Non-oil and Gas Imports



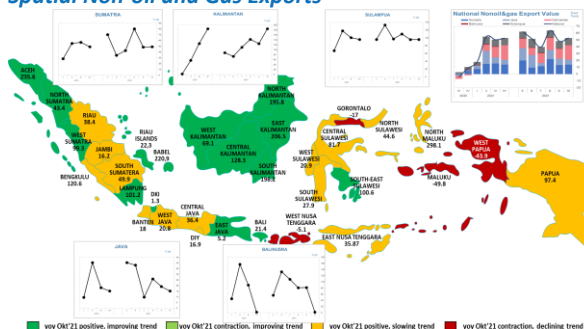
Source: Bank Indonesia. *Data as of November 2021

Non-oil and Gas Exports



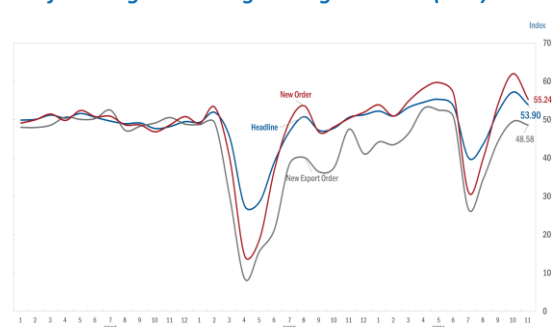
Source: Bank Indonesia. *Data as of November 2021

Spatial Non-oil and Gas Exports



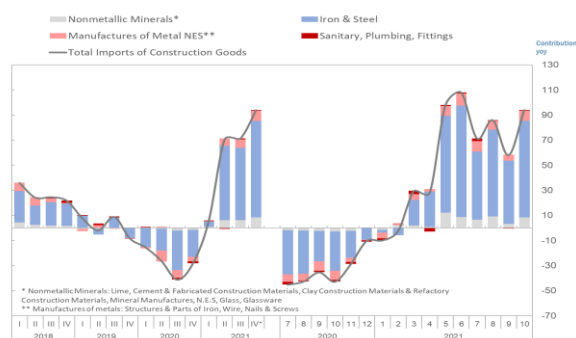
Source: Bank Indonesia

Manufacturing Purchasing Managers' Index (PMI)



Source: Markit Economics

Import of Construction Goods



Source: Bank Indonesia

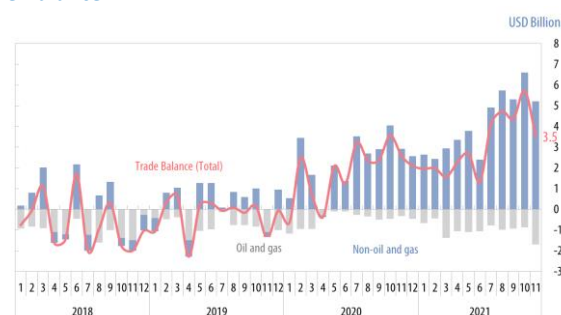
Indonesia's Balance of Payments (BOP) remains solid and in response to external sector resilience and Bank Indonesia's stabilisation measures, rupiah exchange rate movements remain under control despite continued global financial market uncertainty

Indonesia's Balance of Payments

Items (Billion USD)	2019	I	II	III	IV	Total	I*	II*	III*
Current Account	-30.3	-3.4	-2.9	1.1	0.9	-4.3	-1.1	-2.2	4.5
A. Goods	3.5	4.5	4.0	9.8	10.0	28.2	7.6	8.1	15.0
- Exports, fob	168.5	41.7	34.6	40.8	46.2	163.4	49.4	54.3	61.7
- Imports, fob	-164.9	-37.2	-30.7	-31.0	-36.2	-135.1	-41.7	-46.2	-46.7
a. Non-Oil and Gas	12.0	5.8	3.3	9.4	11.3	29.9	10.0	11.6	18.1
b. Oil and Gas	-10.3	-2.6	-0.8	-0.7	-1.2	-5.4	-2.3	-3.4	-2.9
B. Services	-7.6	-1.7	-2.1	-2.7	-3.1	-9.6	-3.4	-3.7	-3.6
C. Primary Income	-33.8	-7.9	-6.2	-7.4	-7.4	-28.9	-6.7	-8.1	-8.3
D. Secondary Income	7.6	1.7	1.4	1.4	1.4	5.9	1.4	1.5	1.4
Capital and Financial Account	36.6	-3.0	10.8	0.9	-1.0	7.6	5.5	1.9	6.10
1. Direct Investment	20.5	4.3	4.2	0.9	4.2	13.6	4.2	5.3	3.3
2. Portfolio Investment	22.0	-6.3	9.7	-2.0	2.0	3.4	4.9	4.4	1.1
3. Other Investment	-6.1	-0.6	-3.3	1.9	-7.4	-9.4	-3.6	-7.8	1.5
Overall Balance	4.7	-8.5	9.2	2.1	-0.2	2.6	4.1	-0.4	10.7
Memorandum :									
- Reserve Assets Position	129.2	121.0	131.7	135.2	135.9	135.9	137.1	137.1	146.9
In Months of Imports & Official Debt Repayment	7.3	7.0	8.1	9.1	9.8	9.8	9.7	8.8	8.6
- Current Account (% GDP)	-2.7	-1.2	-1.2	0.4	0.3	-0.4	-0.4	-0.8	1.5

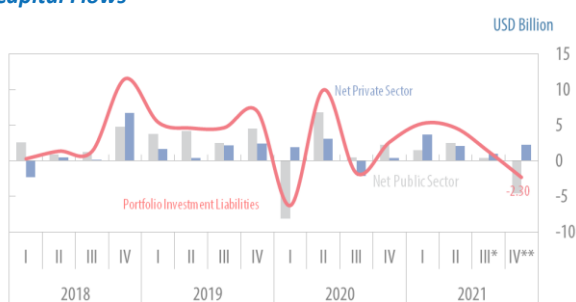
Source: Bank Indonesia. *Provisional Figures; ** Very Provisional Figures

Trade Balance



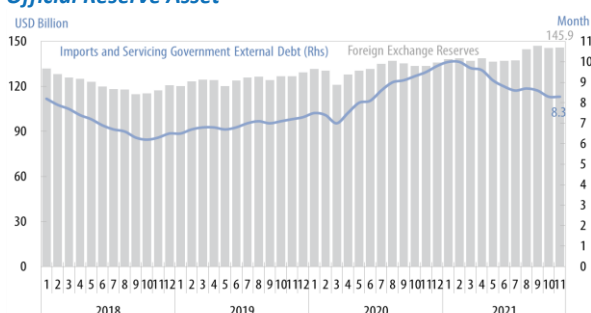
Source: BPS

Capital Flows



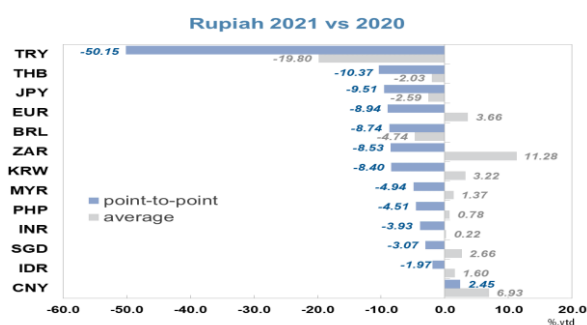
Source: Bank Indonesia. *Data as of 14th December 2021
 Provisional Figures; ** Very Provisional Figures

Official Reserve Asset



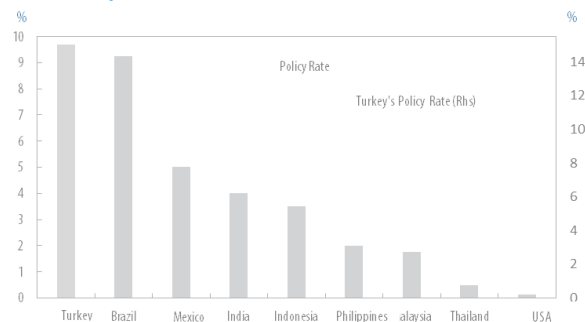
Source: Bank Indonesia

Rupiah vs Peer Countries



Source: Bloomberg and Reuters. Data as of 15th December 2021

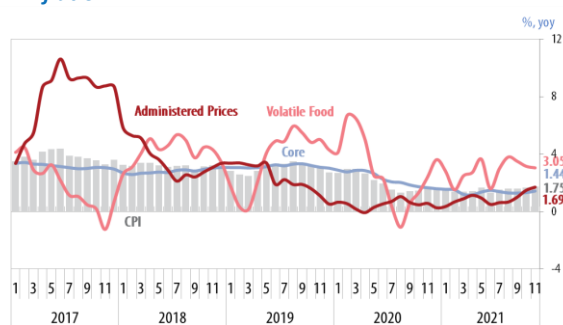
Peers Country Interest Rate Policies



Source: Bloomberg. Data as of 15th December 2021

Inflation remains low, thereby reinforcing economic stability

CPI Inflation



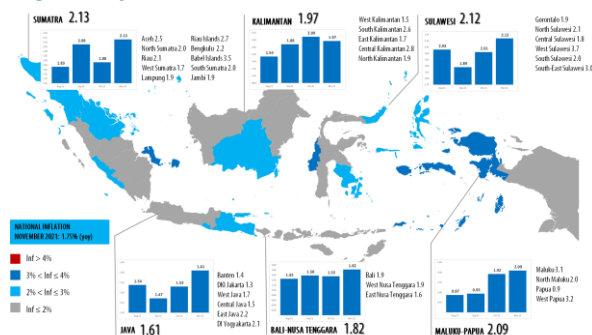
Source: BPS, calculated

Inflation Expectations



Source: Consensus Forecast

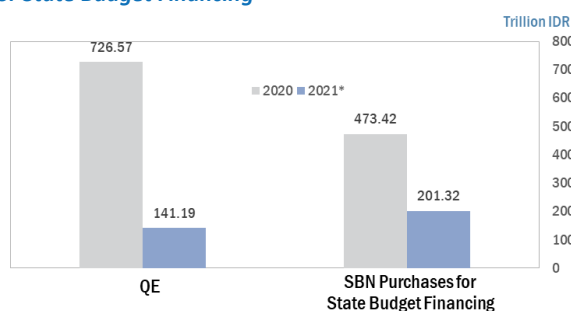
Regional Inflation



Source: BPS, calculated

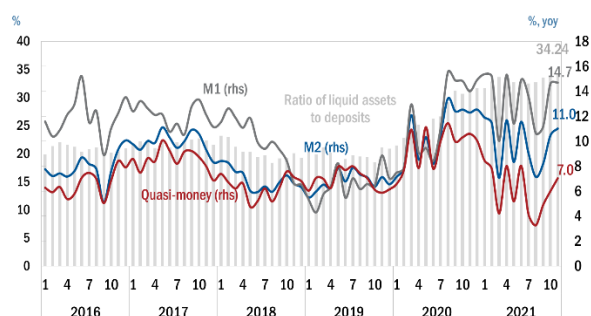
Liquidity remains very loose while financial system resilience is solid, accompanied by a gradual revival of the bank intermediation function

Quantitative Easing (QE) and SBN Purchases by Bank Indonesia for State Budget Financing



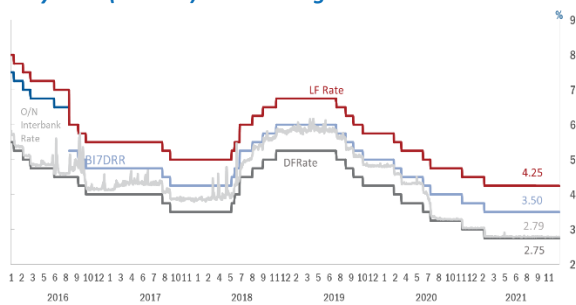
Source: Bank Indonesia. *Data as of 14th December 2021

Broad Money and Ratio of Liquid Assets to Deposits



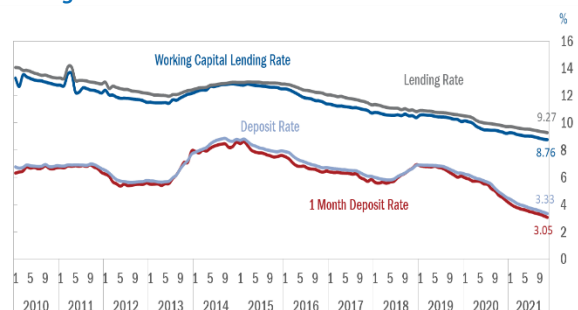
Source: Bank Indonesia

Policy Rate (BI7DRR) and Overnight Interbank Rate



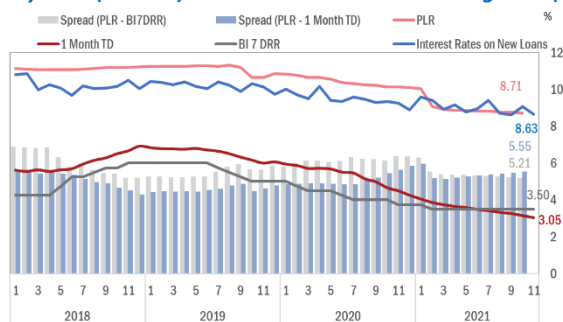
Source: Bank Indonesia

Banking Interest Rates



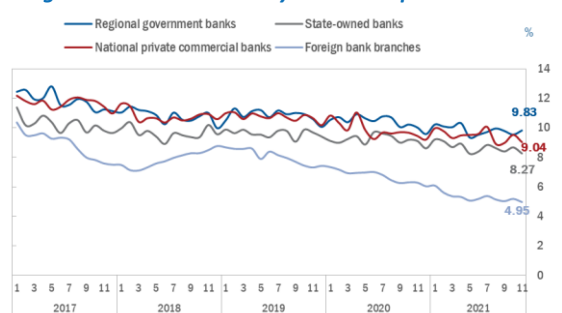
Source: Bank Indonesia

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



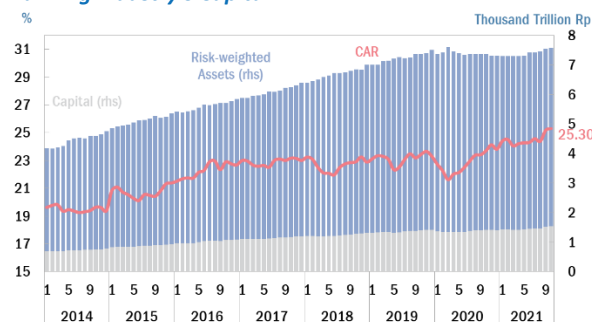
Source: OJK, Bank Indonesia, calculated

Lending Rates on New Loans by Bank Group



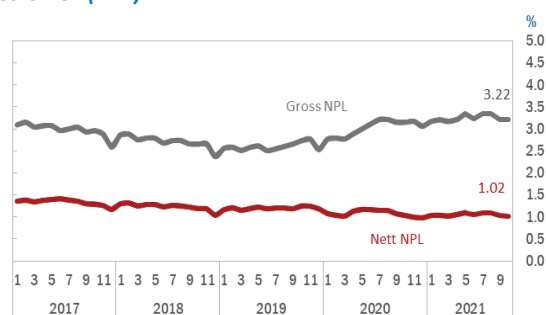
Source: OJK, Bank Indonesia, calculated

Banking Industry's Capital



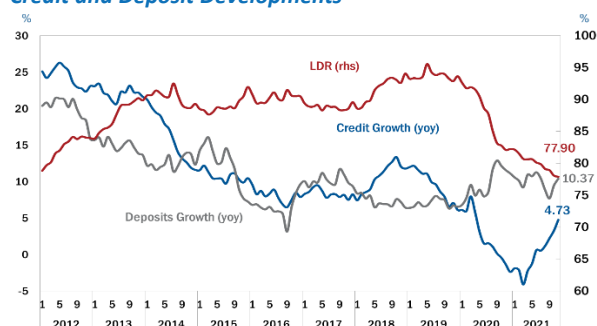
Source: Bank Indonesia

Credit Risk (NPL)



Source: OJK, Bank Indonesia

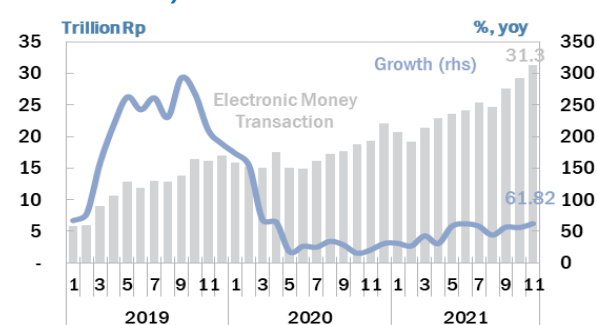
Credit and Deposit Developments



Source: Bank Indonesia

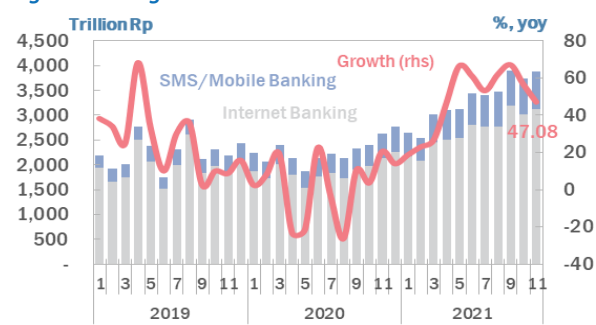
Bank Indonesia will continue to expand payment system digitalisation and accelerate integration of the digital economy and finance ecosystem, including financial and economic inclusion and reviving economic growth

Electronic Money Transactions



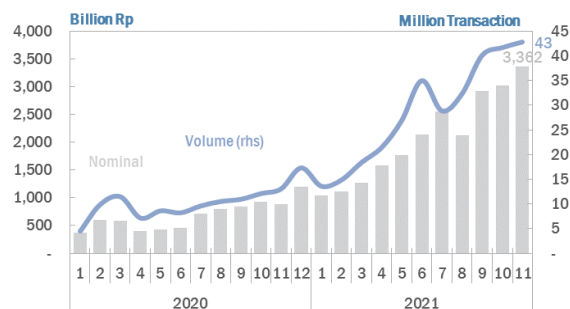
Source: Bank Indonesia

Digital Banking Transactions Value



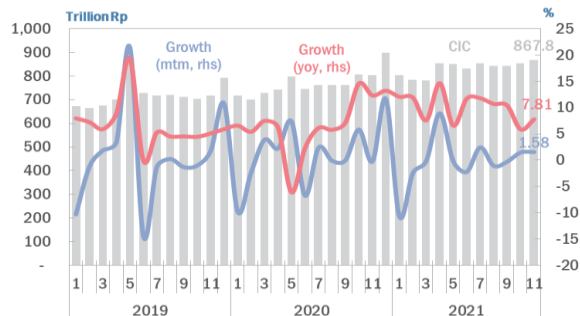
Source: Bank Indonesia

QRIS Transactions



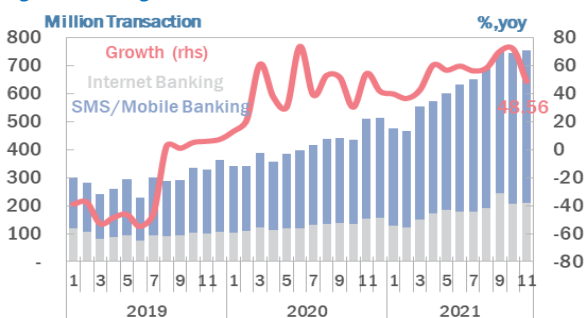
Source: Bank Indonesia

Currency in Circulation



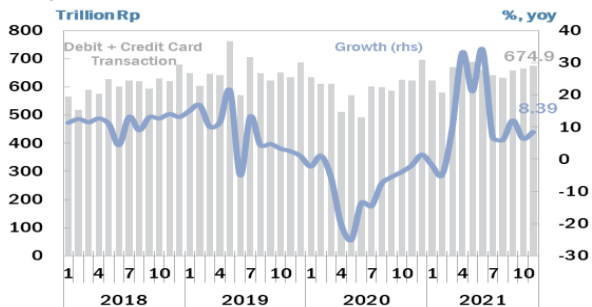
Source: Bank Indonesia

Digital Banking Transactions Volume



Source: Bank Indonesia

ATM/Debit and Credit Card Transactions



Source: Bank Indonesia



BANK INDONESIA

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