

MONETARY POLICY

REVIEW

June 2022





Foreword

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

as well as the Bank Indonesia monetary policy response. Specifically, the MPR consists of an evaluation of the latest developments in the global and domestic economy, and the monetary policy response implemented by Bank Indonesia.



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Executive Summary

The global economy is blighted by persistently high inflation amid lower growth projections. At home, the domestic economic improvements remain intact on the back of growing domestic demand amid persistently solid exports. Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external sector resilience. The Rupiah is confronted by escalating depreciatory pressures in line with other regional currencies due to elevated global financial market uncertainty. Domestic inflation is rising due to intense supply-side pressures as a corollary of higher international commodity prices. Bank Indonesia continues to normalise liquidity policy by raising Rupiah reserve requirements incrementally without disrupting liquidity conditions in the banking industry. The banking industry continues to lower interest rates in line with lower credit risk. Financial system resilience remains solid, accompanied by a gradual revival of the bank intermediation function. Bank Indonesia is accelerating

payment system digitalisation to strengthen the economic and financial ecosystem and support economic recovery.

The BI Board of Governors Meeting agreed on 22nd and 23rd June 2022 to hold the BI 7-Day Reverse Repo Rate (BI7DRR) 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 manage inflation and maintain exchange rate stability, while continuing to foster economic growth amid escalating external pressures stemming from the emerging risk of stagflation in several countries. Moving forward, global economic uncertainty is expected to remain elevated given the looming risk of an economic downturn and persistently high global inflation, including the expansion of inward-looking policies, particularly affecting food, in a number of countries.



CHAPTER 1

Global and Domestic Economic Developments

The global economy is blighted by persistently high inflation amid lower growth projections. Ongoing geopolitical tensions between Russia and Ukraine, accompanied by further rounds of sanctions and China's strict implementation of zero-Covid policy, have impacted supply chain disruptions. Such conditions, together with the expansion of inward-looking policies, particularly affecting food, in a number of countries, have pushed up international commodity prices significantly, thus intensifying inflationary pressures globally. In response, several countries, including the United States (US), have tightened monetary policy more aggressively, which could potentially impede the global economic recovery and increase the risk of stagflation. Economic growth in several countries, including the US, Europe, Japan, China and India, is expected to be lower than previously projected. World trade volume is also expected to be lower than previously forecast. This has prolonged elevated global financial market uncertainty, while

restraining foreign capital flows and exacerbating currency pressures in developing countries, including Indonesia.

At home, the domestic economic improvements remain intact on the back of growing domestic demand amid persistently solid exports. This was confirmed by several early indicators in May 2022 and the results of Bank Indonesia's latest surveys, including consumer confidence, retail sales and an expansionary Manufacturing Purchasing Managers Index (PMI), which pointed to ongoing domestic demand gains in line with increasing public mobility and financing disbursed by the banking industry. Export performance remains strong, particularly coal, iron and steel and metalliferous ores, despite the risks posed by weaker demand compressed by the global economic slowdown. Spatially, all regions of Indonesia recorded positive export growth in the reporting period, especially Kalimantan and Sumatra. Economic gains were also reflected in a number of key

construction, which continue to improve. Moving forward, Bank Indonesia expects the domestic economic recovery to endure, supported by increasing mobility, sources of finance and business activity, and accompanied by solid export performance. Therefore, the economic growth in 2022 is expected to remain in line with Bank Indonesia's own projection at 4.5-5.3%.

Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external sector resilience. The current account is expected to maintain a surplus in the second quarter of 2022, continued surplus achievement from the previous period. This achievement is buoyed by a positive trade balance in line with strong exports of most major commodities and despite a larger services trade deficit as more outbound Indonesian travellers visit abroad. Meanwhile, foreign capital inflows to domestic financial markets booked a net inflow totalling USD1.5 billion in the second quarter of 2022 (as of 21st June 2022), undeterred by increasing global financial market uncertainty. The position of reserve assets at the end of May 2022 stood at USD135.6 billion, equivalent to 6.8 months of imports or 6.6 months of imports and servicing government external debt, which is well above the 3 months international adequacy standard. BOP performance in 2022 will be maintained in line with a low current account deficit (0.5-1.3% of GDP), primarily supported by persistently high international commodity prices. Furthermore, a positive yet lower than previously projected capital and financial account will also support BOP performance in 2022, amid strong foreign direct investment (FDI) in response to the propitious domestic investment climate.

The Rupiah is confronted by escalating depreciatory pressures in line with other regional currencies due to elevated global financial market uncertainty. As of 22nd June 2022, the Rupiah depreciated 1.93% (ptp) on the level recorded at the end of May 2022, spurred by increasing global financial market uncertainty given more aggressive monetary policy tightening in several countries in response to an uptick of inflationary pressures and concerns stoked by global economic moderation. Meanwhile, the domestic supply of foreign exchange has been maintained and the perception of Indonesia's economic outlook remains positive. Consequently, the Rupiah as of 22nd June 2022, experienced 4.14% (ytd) depreciation on the level recorded at the end of 2021, which is nevertheless relatively lower than the currency depreciation experienced in other developing countries, such as India (5.17%), Malaysia (5.44%) and Thailand (5.84%). Moving forward, Bank Indonesia will continue to

monitor forex supply and strengthen Rupiah stabilisation policy in line with market mechanisms and economic fundamentals, thereby supporting efforts to manage inflation and maintain macroeconomic stability.

Domestic inflation is rising due to intense supply-side pressures as a corollary of higher international commodity prices. In May 2022, the Consumer Price Index (CPI) recorded 0.40% (mtm) inflation of 3.55% (yoy), up from 3.47% (yoy) one month earlier, edged upwards by international commodity prices. Core inflation remains under control at 2.58% (yoy) amid growing domestic demand and policy consistency by Bank Indonesia to anchor inflation expectations. Meanwhile, volatile food (VF) inflation has increased, primarily influenced by higher global food prices and supply-side constraints caused by inclement weather. Inflationary pressures on administered prices (AP) remain high, impacted by airfares and energy prices. Looking ahead, CPI inflation is expected to increase on the back of global energy and food prices. In 2022, therefore, headline inflation is predicted to exceed the target corridor slightly before returning to 3.0%±1% in 2023. Bank Indonesia will remain vigilant of inflationary pressures moving forward and their impact on inflation expectations, and is prepared to adjust interest rates if signs of higher core inflation are detected. Furthermore, Bank Indonesia will also strengthen policy coordination with the Government through national and regional inflation control teams (TPIP and TPID).

Bank Indonesia continues to normalise liquidity policy by raising Rupiah reserve requirements incrementally without disrupting liquidity conditions in the banking industry. The initial phase of higher Rupiah reserve requirements and RR incentives, introduced on 1st March 2022, has absorbed approximately Rp119 trillion of liquidity in the banking industry without eroding the banks' ability to disburse loans/financing to the corporate sector or purchase SBN to fund the State Revenue and Expenditure Budget (APBN). In May 2022, the ratio of liquid assets to third-party funds remained high at 30.80%, thus supporting the banking industry's ability to disburse loans. Bank Indonesia increased the Rupiah RR incentives in June 2022, demonstrating support for bank loans/financing to priority and inclusive sectors. Meanwhile, through fiscal-monetary coordination in accordance with the Joint Decree of the Minister of Finance and Governor of Bank Indonesia, effective until 31st December 2022, Bank Indonesia has continued to purchase SBN in the primary market to fund the national economic recovery as part of the State Budget in 2022 totalling Rp32.54 trillion (as of 22nd June 2022) via primary

auction, greenshoe options and private placement. In May 2022, liquidity in the economy remained ample, as reflected by narrow money (M1) and broad money (M2) aggregates, which grew 18.37% (yoy) and 12.15% (yoy) respectively.

The banking industry continues to reduce interest rates in line with lower credit risk. In the markets, the IndONIA rate was fairly stable in May 2022 at 2.79% compared with conditions in May 2021, while the 1-month deposit rate fell 75bps from May 2021 to 2.86% in May 2022. In the credit market, the banking industry lowered lending rates by 52bps in the same period as risk perception continued to improve. Nevertheless, Bank Indonesia still acknowledges a further opportunity for the banking industry to increase lending/financing, including through lower lending rates, to hasten the national economic recovery.

Financial system resilience remains solid, accompanied by a gradual revival of the bank intermediation function. The Capital Adequacy Ratio (CAR) in the banking industry remained high in April 2022 at 24.28%, with persistently low NPL ratios of 3% (gross) and 0.83% (nett). Bank intermediation continued to improve in May 2022, with deposit growth recorded at 9.93% (yoy) and credit growth at 9.03% (yoy), affecting all bank groups as well as most economic sectors, particularly corporate and MSME loans, as corporate and household activity gained recovery momentum. On the supply side, the banking industry relaxed lending standards, primarily in the trade, manufacturing and agricultural sectors in line with lower credit risk perception. On the demand side, the corporate recovery remains intact, as confirmed by improving sales, thus increasing demand for bank funding, repayment capacity and capital expenditures (CapEx). In addition, MSME loan growth accelerated to 16.97% (yoy) in May 2022. Bank Indonesia urges the banking industry to increase lending to priority and inclusive sectors, while

strengthening synergy with the Government, other authorities and the business community to accelerate the intermediation recovery and strengthen economic recovery momentum.

Bank Indonesia is accelerating payment system digitalisation to strengthen the economic and financial ecosystem and support economic recovery. Digital economic and financial transactions are developing rapidly in line with greater public acceptance and growing public preference towards online retail as well as the expansion and convenience of digital payments and digital banking. The value of electronic money transactions grew 35.25% (yoy) in May 2022 to reach Rp32 trillion and the value of digital banking transactions climbed 20.82% (yoy) in the same period to reach Rp3,766.7 trillion. Meanwhile, the value of ATM card, debit card and credit card transactions expanded 5.43% (yoy) to Rp630.9 trillion. Seeking to nurture payment system innovation, Bank Indonesia will continue to implement the National Open API Payment Standard (SNAP), particularly for first mover payment service providers (PSP). In addition, Bank Indonesia is collaborating with the Coordinating Ministry for Economic Affairs of the Republic of Indonesia and relevant associations to host the Indonesia Digital Economy and Finance Festival (FEKDI) 2022 as a concrete measure towards digital economic and financial ecosystem integration, which is a side event of G20 series showcasing various digital initiatives and innovations in Indonesia. In terms of cash, currency in circulation expanded 8.97% (yoy) in May 2022 to reach Rp927.6 trillion. Meanwhile, Bank Indonesia continues to ensure the availability of quality Rupiah currency fit for circulation throughout the territory of the Republic of Indonesia, including institutional cooperation to distribute Rupiah banknotes and coins to 3T (outlying, frontier, remote) regions.



CHAPTER 2

Bank Indonesia Policy Response

The BI Board of Governors Meeting agreed on 22nd and 23rd June 2022 to hold the BI 7-Day Reverse Repo Rate (BI7DRR) 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 manage inflation and maintain exchange rate stability, while continuing to foster economic growth amid escalating external pressures stemming from the emerging risk of stagflation in several countries. Moving forward, global economic uncertainty is expected to remain elevated given the looming risk of an economic downturn and persistently high global inflation, including the expansion of inward-looking policies, particularly affecting food, in a number of countries. Therefore, Bank Indonesia is bolstering its policy mix as follows:

1. Strengthening exchange rate policy to maintain Rupiah stability and to support managing inflation in line with market mechanisms and economic fundamentals;
2. Accelerating liquidity policy normalisation by strengthening the effectiveness of increasing reserve requirements and Rupiah monetary operations;
3. Maintaining prime lending rate transparency in the banking industry with a focus on the overhead cost component;
4. Extending low National Clearing System (SKNBI) fees of Rp1 from Bank Indonesia to the banking industry and up to Rp2,900 charged by banks to their customers from 30th June 2022 to 31st December 2022 to increase cost efficiency and stimulate economic activity, while facilitating financial transactions to foster economic recovery;
5. Strengthening international policy by expanding cross-border payment connectivity, promoting trade and investment in priority sectors in synergy with the relevant institutions as well as ensuring the success of

the six priority agendas in the Finance Track of Indonesia's G20 Presidency in 2022.

Bank Indonesia continues to monitor the risks associated with inflationary pressures moving forward, including inflation expectations and their impact on core inflation, while implementing monetary policy normalisation measures based on current data and dynamic conditions.

Bank Indonesia is also strengthening coordination with the central and regional governments as well as relevant institutions through national and regional inflation control

teams (TPIP and TPID) to manage inflationary pressures on the supply side and bolster production. Furthermore, Bank Indonesia continues to build monetary and fiscal policy coordination with the Government to maintain macroeconomic stability and support the national economic recovery process. Similarly, coordination under the auspices of the Financial System Stability Committee as well as bilateral coordination between Bank Indonesia and the Financial Services Authority (OJK) are continuously strengthened to maintain financial system stability.

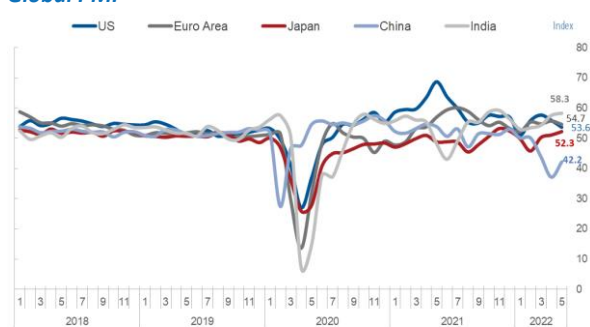
The global economy is blighted by persistently high inflation amid lower growth projections

Global GDP Growth

| Country | 2019 | 2020 | 2021 | 2022* |
|----------------------------|------------|-------------|------------|------------|
| World | 2.9 | -3.1 | 6.1 | 3.5 |
| Advanced economies | 1.7 | -4.5 | 5.2 | 3.1 |
| United States | 2.3 | -3.4 | 5.7 | 3.2 |
| Europe | 1.6 | -6.4 | 5.3 | 2.7 |
| Japan | -0.2 | -4.5 | 1.6 | 2.1 |
| Emerging economies | 3.7 | -2.0 | 6.8 | 3.8 |
| China | 6.0 | 2.2 | 8.1 | 4.8 |
| India | 4.5 | -6.6 | 8.3 | 7.1 |
| ASEAN-5 | 4.9 | -3.4 | 3.4 | 4.8 |
| Latin America | 0.1 | -7.0 | 6.8 | 2.3 |
| Emerging Euro | 2.5 | -1.8 | 6.7 | -1.5 |
| Middle East & Central Asia | 2.2 | -2.9 | 5.7 | 4.3 |

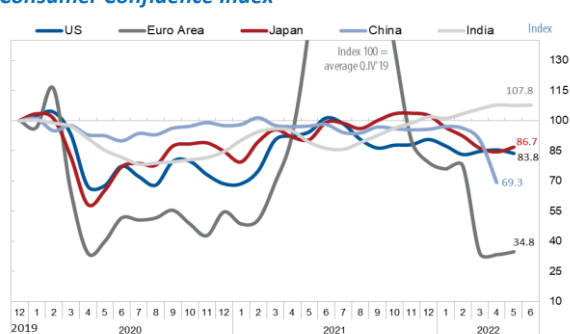
Source: IMF WEO. *Bank Indonesia Projection

Global PMI



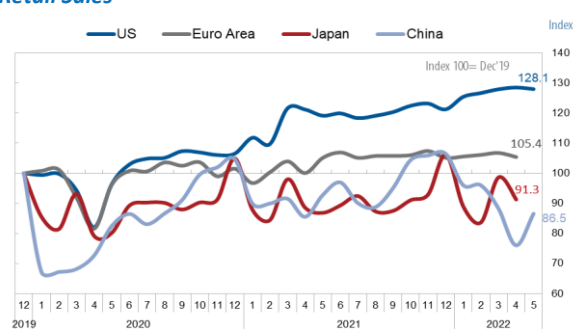
Source: IHS Markit, Bloomberg (China)

Consumer Confidence Index



Source: Bloomberg, calculated

Retail Sales



Source: CEIC, calculated

World Trade Volume and Global GDP



Source: CPB, IMF, * Bank Indonesia Projection

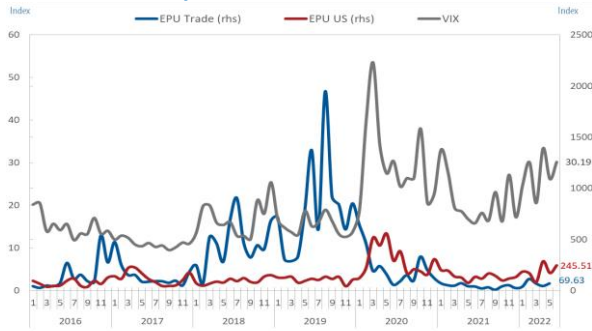
Commodity Prices

| Commodity | 2018 | 2019 | 2020 | | | | 2021 | | | | 2022 | | | |
|---|-------------|-------------|------------|--------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | | Q1 | Q2 | Q3 | Q4 | 2020 | Q1 | Q2 | Q3 | Q4 | 2021 | Q1 | YTD* |
| Copper | 6.7 | -7.8 | -7.8 | -12.3 | 11.8 | 21.6 | 3.3 | 50.3 | 80.3 | 44.3 | 33.1 | 52.0 | 17.4 | 5.7 |
| Coal | 2.5 | -8.6 | -8.0 | -28.2 | -27.9 | -9.8 | -18.5 | 19.5 | 92.8 | 203.9 | 204.7 | 130.2 | 94.1 | 31.6 |
| CPO | -19.2 | -2.3 | 33.3 | 14.0 | 35.5 | 34.9 | 29.4 | 47.1 | 84.6 | 60.4 | 53.0 | 61.3 | 56.7 | 44.7 |
| Rubber | -16.8 | 12.4 | -18.6 | -22.7 | 3.8 | 36.4 | -0.3 | 37.7 | 42.7 | 6.6 | -11.2 | 18.9 | 1.7 | 11.5 |
| Nickel | 27.8 | 7.0 | 3.8 | 0.0 | -8.1 | 3.9 | -0.1 | 37.9 | 41.4 | 33.7 | 23.0 | 34.0 | 59.4 | 56.3 |
| Tin | 0.5 | -7.5 | -17.2 | -20.4 | 3.1 | 12.6 | -5.5 | 46.1 | 86.1 | 91.1 | 101.2 | 81.1 | 80.6 | 29.9 |
| Aluminium | 7.4 | -14.1 | -5.8 | -15.9 | -2.6 | 9.8 | -3.7 | 22.9 | 57.7 | 52.2 | 43.0 | 43.9 | 54.3 | 25.2 |
| Coffee | -15.4 | -11.8 | 14.8 | -2.8 | 2.9 | -3.4 | 3.0 | 6.7 | 39.0 | 57.4 | 91.4 | 48.6 | 82.5 | 33.8 |
| Others | 1.2 | -0.7 | -2.1 | -5.6 | -4.9 | -4.5 | -4.3 | 0.3 | 7.6 | 3.9 | 4.0 | 3.9 | 5.2 | 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 | 76.5 | 59.6 | 47.0 | 23.8 |
| Oil (Brent)** | 71 | 64 | 51 | 31 | 43 | 45 | 42 | 61 | 69 | 73 | 79 | 71 | 101 | 106 |

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

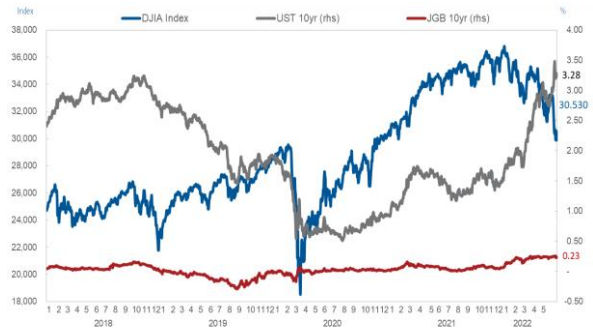
Source: Bloomberg. Data as of 21st June 2022

Global Uncertainty Index



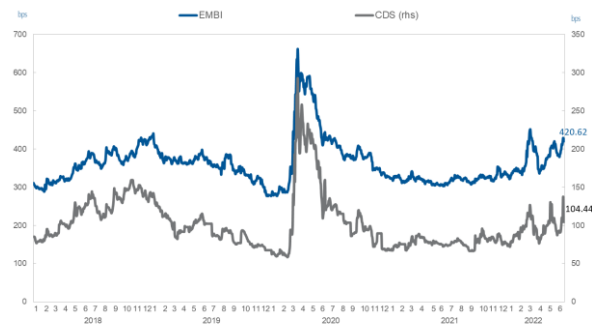
Source: Bloomberg. Data as of 21st June 2022

10 Yr UST & JGB Yield and DJIA Index



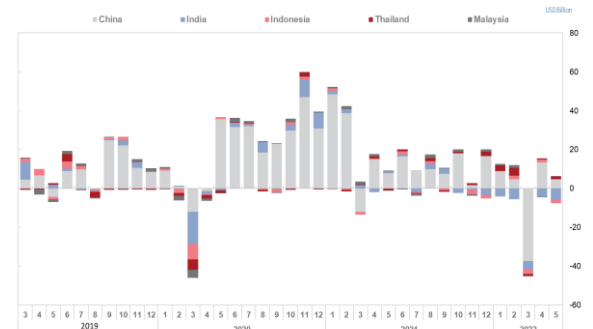
Source: Bloomberg. Data as of 21st June 2022

Risk Perception on EM and Indonesia



Source: Bloomberg. Data as of 21st June 2022

Emerging Market Capital Flow



Source: IIF, calculated

The domestic economic improvements remain intact on the back of growing domestic demand amid persistently solid exports

Economic Growth - Expenditure Side

| Components | 2020 | | | | 2021 | | | | 2022 | | |
|--|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | I | II | III | IV | I | II | III | IV | I | | |
| Household Consumption | 2.83 | -5.51 | -4.05 | -3.61 | -2.63 | -2.21 | 5.96 | 1.02 | 3.55 | 2.02 | 4.34 |
| Non-Profit Institution Serving Household (NPISH) Consumption | -5.09 | -7.76 | -1.97 | -2.14 | -4.29 | -3.69 | 3.99 | 2.79 | 3.29 | 1.59 | 5.98 |
| Government Consumption | 3.75 | -6.90 | 9.76 | 1.76 | 1.94 | 2.55 | 8.06 | 0.62 | 5.25 | 4.17 | -7.74 |
| Investment (GFCF) | 1.70 | -8.61 | -6.48 | -6.15 | -4.95 | -0.21 | 7.52 | 3.76 | 4.49 | 3.80 | 4.09 |
| Building Investment | 2.76 | -5.26 | -5.60 | -6.63 | -3.78 | -0.74 | 4.36 | 3.36 | 2.48 | 2.32 | 2.58 |
| NonBuilding Investment | -1.46 | -18.62 | -8.99 | -4.71 | -8.38 | 1.44 | 18.50 | 4.96 | 10.40 | 8.42 | 8.66 |
| Exports | 0.23 | -11.66 | -11.66 | -7.21 | -7.70 | 6.94 | 31.50 | 29.16 | 29.83 | 24.04 | 16.22 |
| Imports | -2.19 | -16.96 | -23.00 | -13.52 | -14.71 | 4.41 | 31.84 | 29.95 | 29.60 | 23.31 | 15.03 |
| GDP | 2.97 | -5.32 | -3.49 | -2.19 | -2.07 | -0.70 | 7.07 | 3.51 | 5.02 | 3.69 | 5.01 |

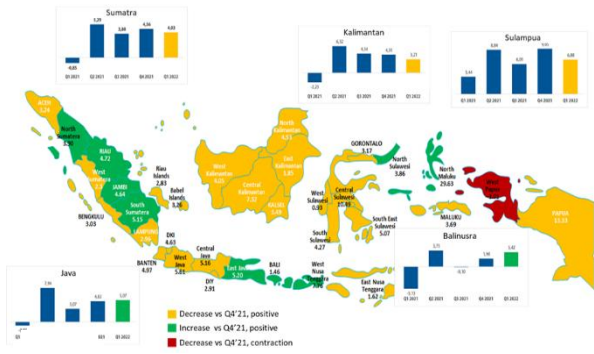
Source: BPS

Economic Growth – Economic Sectors Side

| Components | 2020 | | | | 2021 | | | | 2022 | | |
|---|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|
| | I | II | III | IV | I | II | III | IV | I | | |
| Agriculture, Forestry, and Fisheries | 0.02 | 2.20 | 2.17 | 2.63 | 1.77 | 3.44 | 0.53 | 1.43 | 2.28 | 1.84 | 1.16 |
| Mining and excavation | 0.45 | -2.72 | -4.28 | -1.20 | -1.95 | -2.02 | 5.22 | 7.78 | 5.15 | 4.00 | 3.82 |
| Manufacture | 2.06 | -6.18 | -4.34 | -3.14 | -2.93 | -1.38 | 6.58 | 3.68 | 4.92 | 3.39 | 5.07 |
| Electricity and Gas Procurement | 3.85 | -5.46 | -2.44 | -5.01 | -2.34 | 1.68 | 9.09 | 3.85 | 7.81 | 5.55 | 7.04 |
| Water Supply | 4.38 | 4.44 | 5.94 | 4.98 | 4.94 | 5.46 | 5.78 | 4.56 | 4.14 | 4.97 | 1.29 |
| Construction | 2.90 | -5.39 | -4.52 | -5.67 | -3.26 | -0.79 | 4.42 | 3.84 | 3.91 | 2.81 | 4.83 |
| Wholesale Retail, Car and Motorcycle Repairs | 1.50 | -7.67 | -5.13 | -3.66 | -3.78 | -1.26 | 9.52 | 5.15 | 5.56 | 4.65 | 5.71 |
| Transportation and Warehousing | 1.27 | -30.78 | -16.71 | -13.42 | -15.05 | -13.09 | 25.10 | -0.72 | 7.93 | 3.24 | 15.79 |
| Provision of Accommodation, Food and Beverages | 1.92 | -22.01 | -11.86 | -8.91 | -10.26 | -7.27 | 21.58 | -0.14 | 4.95 | 3.89 | 6.56 |
| Information and Communication | 9.82 | 10.85 | 10.72 | 10.99 | 10.61 | 8.72 | 6.90 | 5.54 | 6.21 | 6.81 | 7.14 |
| Financial Services and Insurance | 10.63 | 1.06 | -0.95 | 2.37 | 3.25 | -2.97 | 8.33 | 4.29 | -2.59 | 1.56 | 1.64 |
| Real Estate | 3.81 | 2.31 | 1.96 | 1.25 | 2.32 | 0.94 | 2.82 | 3.42 | 3.94 | 2.78 | 3.78 |
| Corporate Services | 5.39 | -12.09 | -7.61 | -7.02 | -5.44 | -6.10 | 9.94 | -0.59 | 0.89 | 0.73 | 5.96 |
| Government Administration, Defence and Compulsory Social Security | 3.16 | -3.21 | 1.81 | -1.55 | -0.03 | -2.26 | 9.95 | -9.95 | 0.98 | -0.33 | -1.45 |
| Education Services | 5.86 | 1.18 | 2.38 | 1.33 | 2.61 | -1.54 | 5.89 | -4.42 | 0.70 | 0.11 | -1.70 |
| Health Services and Other Social Activities | 10.33 | 3.67 | 15.26 | 16.53 | 11.56 | 3.39 | 11.69 | 14.06 | 12.16 | 10.46 | 4.38 |
| Other Services | 7.09 | -12.60 | -5.55 | -4.84 | -4.10 | -5.15 | 11.97 | -0.30 | 3.35 | 2.12 | 8.24 |
| GDP | 2.97 | -5.32 | -3.49 | -2.17 | -2.07 | -0.70 | 7.07 | 3.51 | 5.02 | 3.69 | 5.01 |

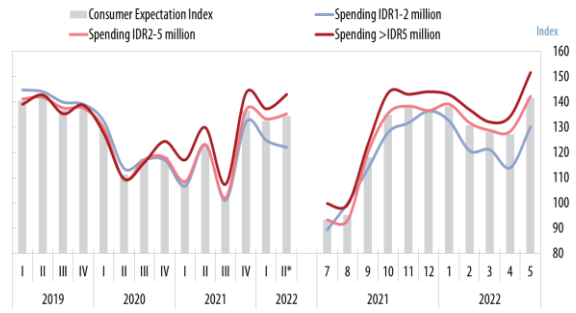
Source: BPS

Growth of Regional Economic (GDP) of the First Quarter of 2022



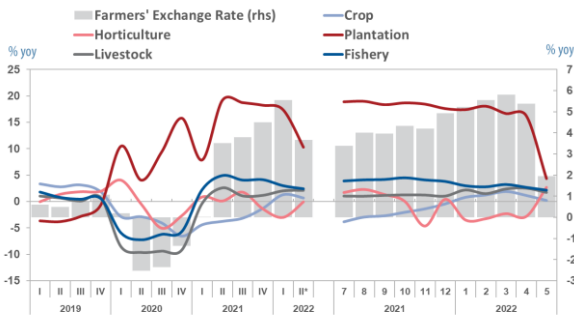
Source: BPS, calculated

Consumer Expectation Index



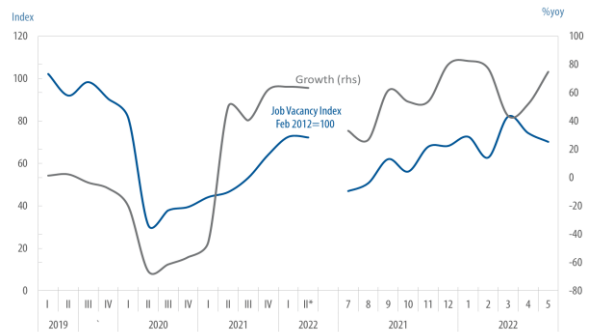
Source: Bank Indonesia. * Data as of May 2022

Farmers' Exchange Rate



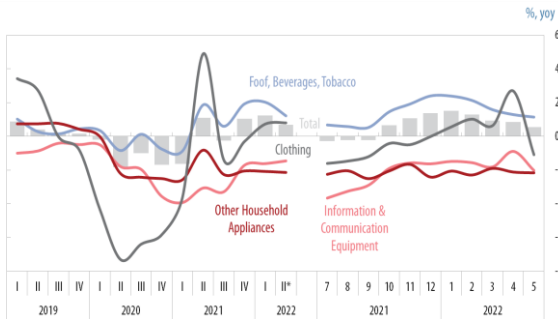
Source: BPS, calculated; * Data as of May 2022

Job Vacancy Index



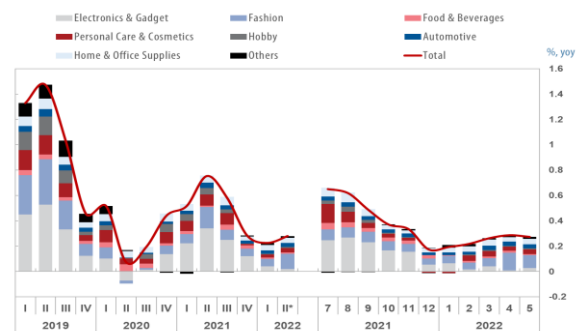
Source: Big Data Analytics Bank Indonesia. * Data as of May 2022

Retail Sales



Source: Bank Indonesia. * Data as of May 2022

Online Sales



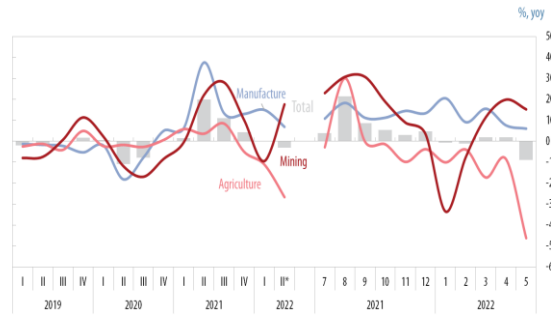
Source: Big Data Analytics Bank Indonesia. * Data as of May 2022

Realization of State Budget (APBN)

| ITEMS | 2020 | | 2021 | | 2022 | |
|--|----------------------------|--------------------------|-----------------------|--|-----------------------|---|
| | Realization (IDR Trillion) | % Realization PERPRES 72 | Budget (IDR Trillion) | Realization as of December 2021 (IDR Trillion) | Budget (IDR Trillion) | Realization as of April 2022 (IDR Trillion) |
| A. State Income and Grants | 1,647.8 | 96.9% | 1,743.6 | 2,009.6 | 1,846.1 | 853.5 |
| I. Domestic Income | 1,629.0 | 95.9% | 1,742.7 | 2,005.1 | 1,815.5 | 853.4 |
| 1. Tax Income | 1,285.1 | 91.5% | 1,444.5 | 1,546.8 | 1,510.0 | 676.1 |
| 2. Non-Tax Income | 343.8 | 116.9% | 298.2 | 458.3 | 335.6 | 177.3 |
| II. Grant | 18.8 | 1448.7% | 0.9 | 4.5 | 0.6 | 0.1 |
| B. State Expenditures | 2,595.5 | 94.8% | 2,750.0 | 2,773.6 | 2,714.2 | 750.5 |
| I. Central Government Expenditures | 1,833.0 | 92.8% | 1,954.5 | 1,987.9 | 1,944.5 | 508.0 |
| 1. Employee Spending | 380.5 | 94.3% | 421.1 | 387.7 | 426.5 | 139.9 |
| 2. Spending for Goods | 422.3 | 154.6% | 362.5 | 529.6 | 339.7 | 77.1 |
| 3. Capital Expenditures | 190.9 | 139.0% | 246.8 | 226.6 | 199.2 | 33.4 |
| 4. Payment of Debt Obligations | 314.1 | 92.7% | 373.3 | 343.5 | 405.9 | 117.8 |
| 5. Subsidies | 196.2 | 102.2% | 175.4 | 241.0 | 207.0 | 56.6 |
| 6. Grant Expenditure | 6.3 | 123.7% | 6.8 | 4.3 | 4.8 | 0.7 |
| 7. Social Assistance | 202.5 | 116.1% | 161.4 | 175.6 | 147.4 | 62.2 |
| 8. Other Expenditures | 220.0 | 26.6% | 207.3 | 79.5 | 214.0 | 20.4 |
| II. Transfer to Regions and Village Funds | 762.5 | 99.8% | 795.5 | 785.7 | 769.6 | 242.4 |
| 1. Transfer to Regions | 691.4 | 99.8% | 723.5 | 713.9 | 701.6 | 220.1 |
| 2. Village Funds | 71.1 | 99.9% | 72.0 | 71.9 | 68.0 | 22.3 |
| C. Primary Balance | (633.6) | | (633.1) | (420.5) | (462.2) | 220.9 |
| D. Budget Surplus/Deficit (SGDP) | (947.7) | | (1,006.4) | (764.0) | (868.0) | 103.1 |
| | (6.1) | | (5.7) | (4.5) | (4.9) | 0.5 |

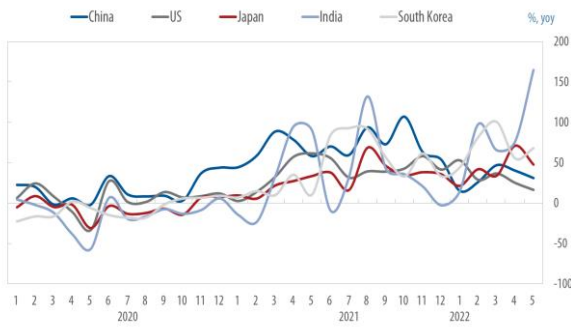
Source: Ministry of Finance

Non-oil and Gas Exports



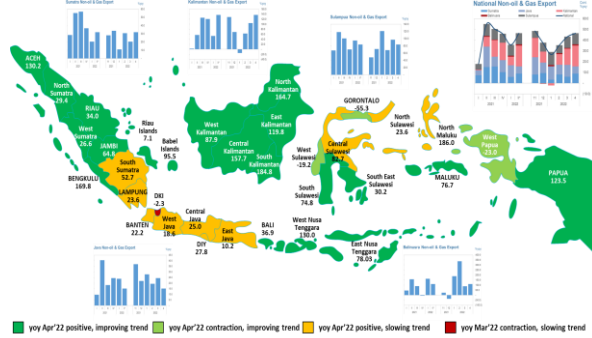
Source: Bank Indonesia. * Data as of May 2022

Non-Oil and Gas Exports to Main Destination Countries



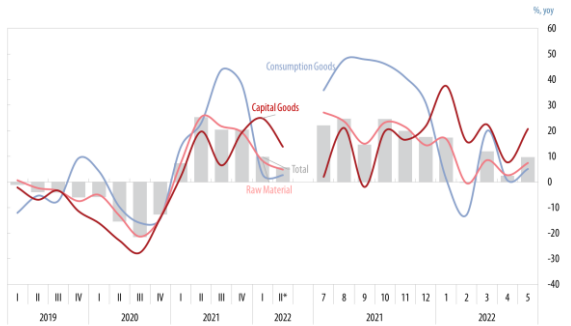
Source: Bank Indonesia

Regional Non-oil and Gas Exports



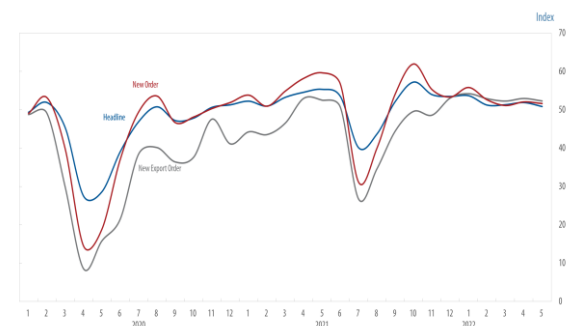
Source: Bank Indonesia. * Data as of April 2022

Non-oil and Gas Imports



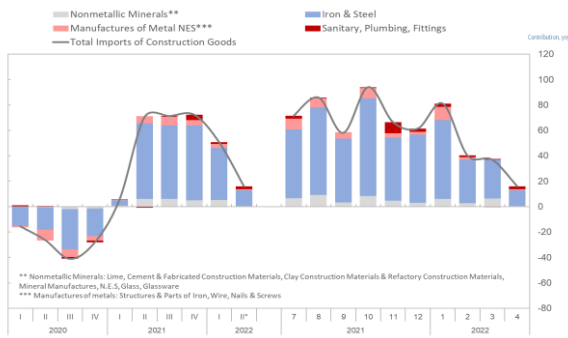
Source: Bank Indonesia. * Data as of May 2022

Manufacturing Purchasing Managers' Index (PMI)



Source: Markit Economics

Import of Construction Goods



Source: Bank Indonesia. * Data as of April 2022

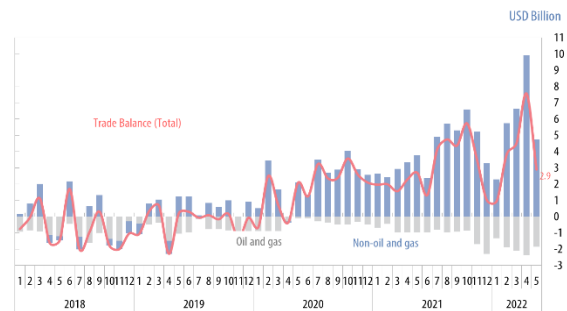
Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external sector resilience, and the Rupiah succumbed to depreciatory pressures in line with other regional currencies as global financial market uncertainty increased

Indonesia's Balance of Payments

| Items (Billion USD) | 2019 | | | | | 2020 | | | | | 2021* | | | | | 2022 | |
|--|--------|-------|-------|-------|-------|--------|-------|-------|-------|-------|--------|-------|-----|----|-------|------|--|
| | I | II | III | IV | Total | I | II | III | IV | Total | I | II | III | IV | Total | ** | |
| Current Account | -30.3 | -3.4 | -2.9 | 1.0 | 0.9 | -4.4 | -1.1 | -1.9 | 5.0 | 1.5 | 3.4 | 0.2 | | | | | |
| A. Goods | 3.5 | 4.6 | 4.0 | 9.8 | 10.0 | 28.3 | 7.6 | 8.3 | 15.4 | 12.4 | 43.8 | 11.1 | | | | | |
| - Exports, fob | 168.5 | 41.8 | 34.6 | 40.8 | 46.2 | 163.4 | 49.4 | 54.3 | 61.7 | 67.5 | 232.8 | 66.8 | | | | | |
| - Imports, fob | -164.9 | -37.2 | -30.7 | -31.0 | -36.2 | -135.1 | -41.7 | -46.0 | -46.2 | -55.1 | -189.0 | -55.6 | | | | | |
| a. Non-Oil and Gas | 12.0 | 5.9 | 3.3 | 9.4 | 11.3 | 30.0 | 10.0 | 11.6 | 18.1 | 18.1 | 57.8 | 17.2 | | | | | |
| b. Oil and Gas | -10.3 | -2.6 | -0.8 | -0.7 | -1.2 | -5.4 | -2.3 | -3.1 | -2.5 | -5.0 | -13.0 | -5.9 | | | | | |
| B. Services | -7.6 | -1.7 | -2.1 | -2.8 | -3.1 | -9.8 | -3.4 | -3.7 | -3.6 | -4.0 | -14.7 | -4.4 | | | | | |
| C. Primary income | -33.8 | -7.9 | -6.2 | -7.4 | -7.4 | -29.9 | -6.8 | -8.0 | -8.3 | -8.9 | -32.0 | -8.0 | | | | | |
| D. Secondary income | 7.6 | 1.7 | 1.4 | 1.4 | 1.4 | 5.9 | 1.4 | 1.5 | 1.4 | 1.9 | 6.3 | 1.5 | | | | | |
| Capital and Financial Account | 36.60 | -3.00 | 10.99 | 0.86 | -0.93 | 7.92 | 5.76 | 1.68 | 6.73 | -2.19 | 11.97 | -1.70 | | | | | |
| 1. Direct Investment | 20.5 | 4.3 | 4.5 | 1.0 | 4.4 | 14.1 | 4.5 | 5.4 | 3.2 | 3.8 | 16.9 | 4.5 | | | | | |
| 2. Portfolio Investment | 22.0 | -6.3 | 9.7 | -2.0 | 2.0 | 3.4 | 4.9 | 4.0 | 1.2 | -5.0 | 5.1 | -2.9 | | | | | |
| 3. Other Investment | -6.1 | -0.6 | -3.4 | 1.8 | -7.5 | -9.6 | -3.7 | -7.7 | 2.1 | -1.0 | -10.4 | -3.4 | | | | | |
| Overall Balance | 4.7 | -8.5 | 9.2 | 2.1 | -0.2 | 2.6 | 4.1 | -0.4 | 10.7 | -0.8 | 13.5 | -1.8 | | | | | |
| Memorandum : | | | | | | | | | | | | | | | | | |
| - Reserve Assets Position | 129.2 | 121.0 | 131.7 | 135.2 | 135.9 | 137.1 | 137.1 | 146.9 | 144.9 | 144.9 | 139.1 | | | | | | |
| 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 | 7.8 | 7.8 | 7.0 | | | | | |
| - Current Account (% GDP) | -2.71 | -1.22 | -1.19 | 0.38 | 0.31 | -0.42 | -0.39 | -0.67 | 1.65 | 0.47 | 0.29 | 0.07 | | | | | |

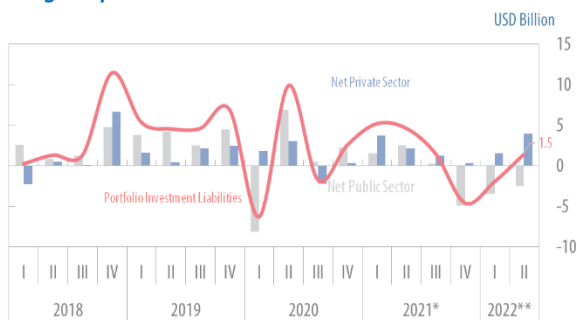
Source: Bank Indonesia. *Provisional Figures; ** Very Provisional Figures

Trade Balance



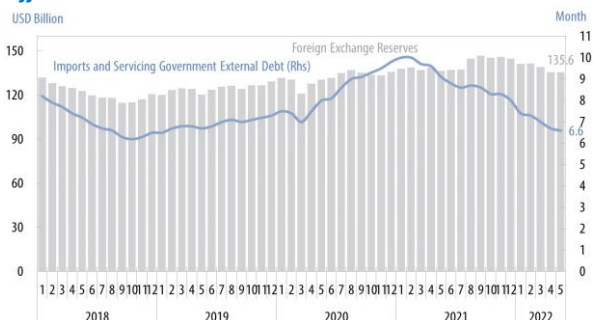
Source: BPS

Foreign Capital Flows



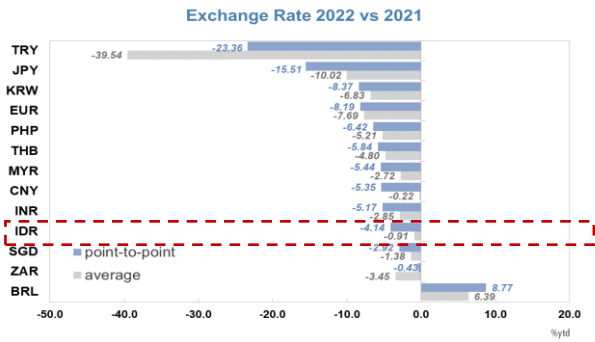
Source: Bank Indonesia. *Data as of 21st June 2022
 Provisional Figures; ** Very Provisional Figures

Official Reserve Asset



Source: Bank Indonesia

Rupiah vs Peer Countries



Source: Bloomberg and Reuters. Data as of 22nd June 2022

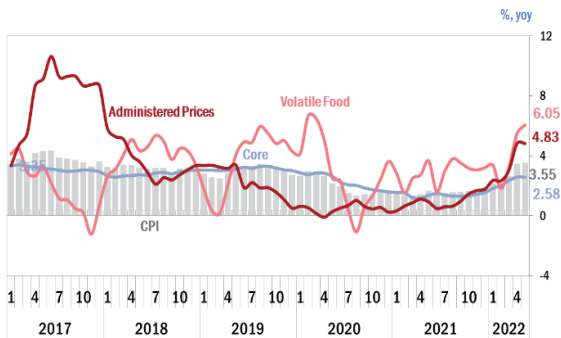
Peers Country Interest Rate Policies



Source: Bloomberg. Data as of 22nd June 2022

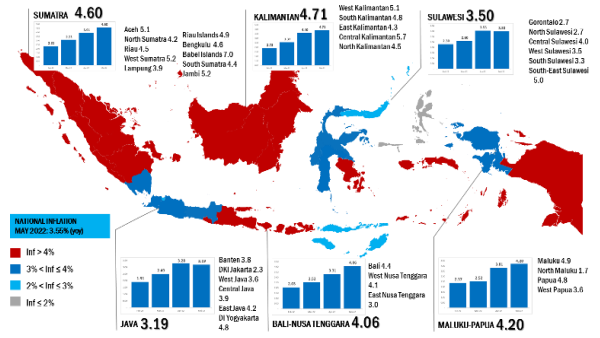
Domestic inflation is rising due to intense supply-side pressures as a corollary of higher international commodity prices

CPI Inflation



Source: BPS, calculated

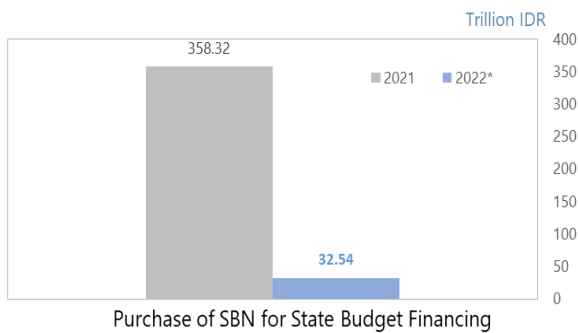
Regional Inflation



Source: BPS, calculated

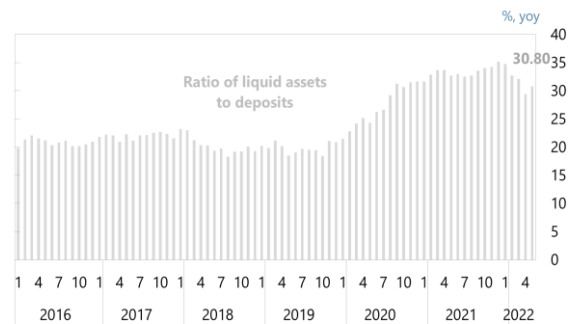
Bank Indonesia continues to normalise liquidity policy without disrupting liquidity conditions in the banking industry while financial system resilience remains solid, accompanied by a gradual revival of the bank intermediation function

SBN Purchases by Bank Indonesia for State Budget Financing



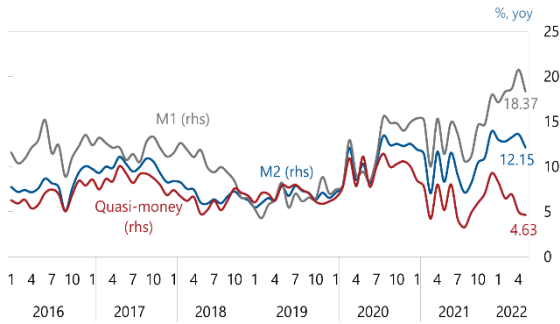
Source: Bank Indonesia. * Data as of 22nd June 2022

Ratio of Liquid Assets to Deposits



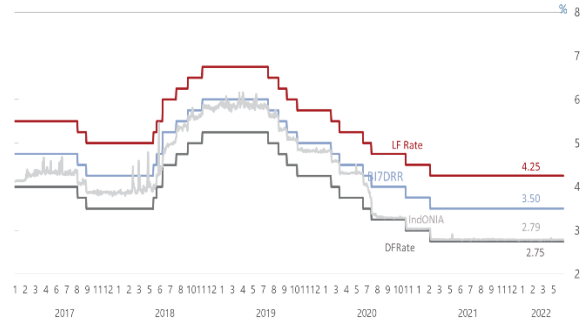
Source: Bank Indonesia

Money Supply



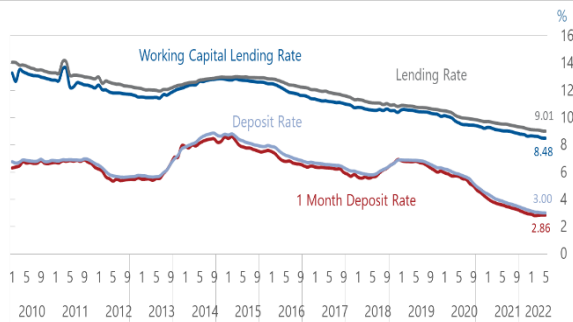
Source: Bank Indonesia

Policy Rate (BI7DRR) and Overnight Interbank Rate



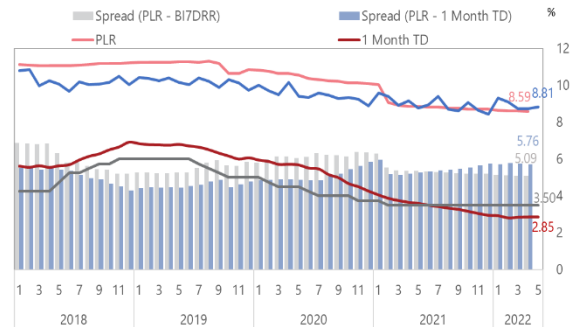
Source: Bank Indonesia

Banking Interest Rates



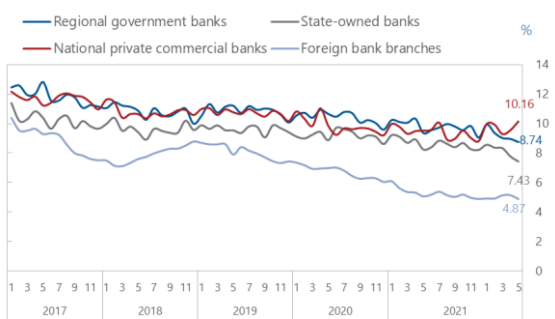
Source: Bank Indonesia

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



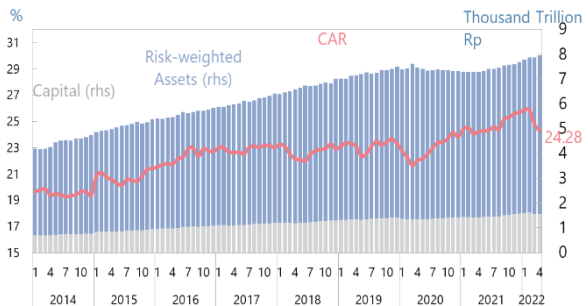
Source: OJK, Bank Indonesia, calculated

Lending Rates on New Loans by Bank Group



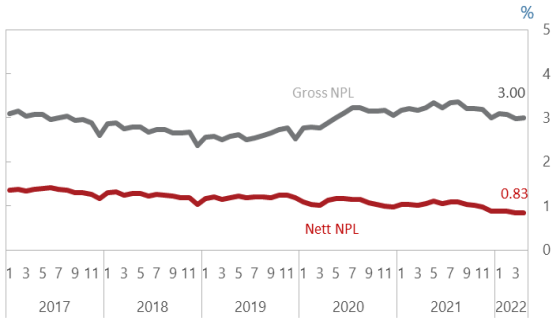
Source: OJK, Bank Indonesia, calculated

Banking Industry's Capital



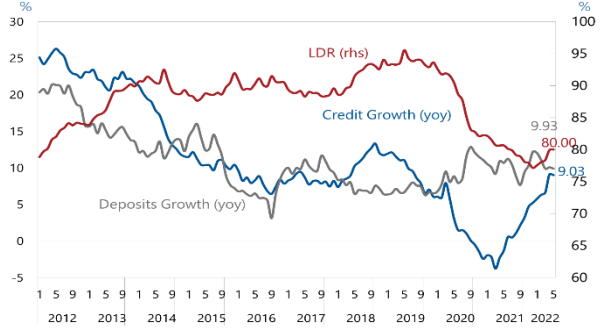
Source: Bank Indonesia

Credit Risk (NPL)



Source: OJK, Bank Indonesia

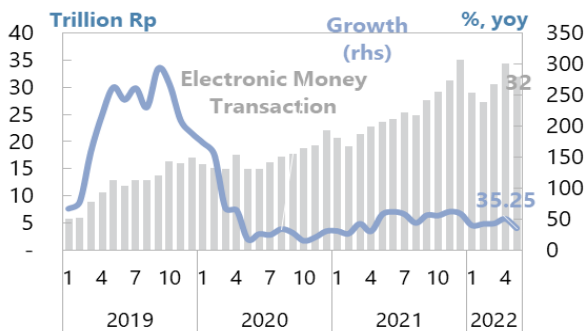
Credit and Deposit Developments



Source: Bank Indonesia

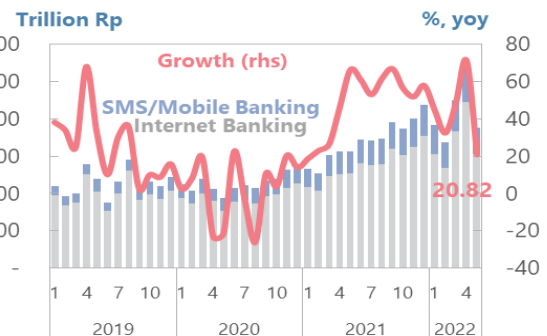
Bank Indonesia is accelerating payment system digitalisation to strengthen the economic and financial ecosystem and support economic recovery

Electronic Money Transactions Value



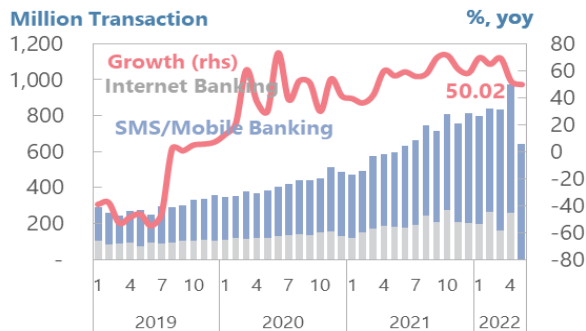
Source: Bank Indonesia

Digital Banking Transactions Value



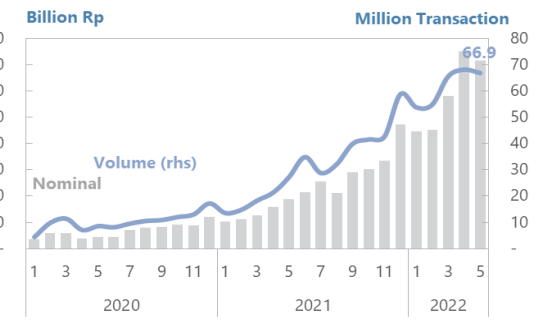
Source: Bank Indonesia

Digital Banking Transactions Volume



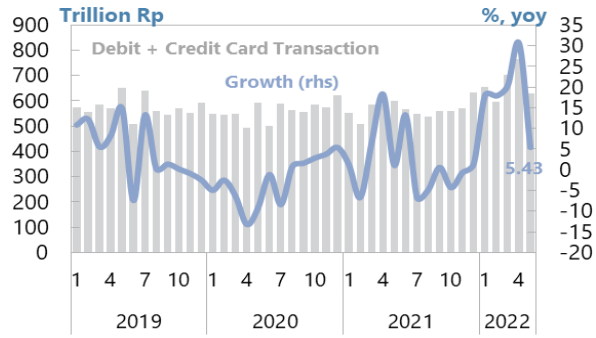
Source: Bank Indonesia

QRIS Transactions Value and Volume



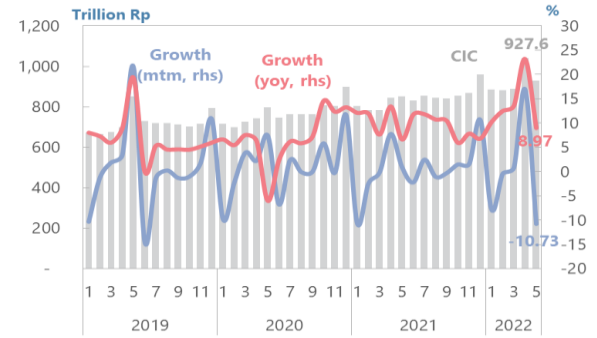
Source: Bank Indonesia

ATM/Debit and Credit Card Transactions



Source: Bank Indonesia

Currency in Circulation



Source: Bank Indonesia



BANK INDONESIA

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