BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

MONETARY POLICY REVIEW

FEBRUARY 2024

FOREWORD

Bank Indonesia has a mandate, namely to achieve Rupiah stability, maintain payment system stability, and to include maintaining financial system stability in order to support sustainable economic growth. Nevertheless, rupiah stability encompasses two aspects, namely price stability of goods and services, as reflected in stable inflation, as well as rupiah exchange rate stability to currencies in other countries. The inflation target was set by the Government, in coordination with Bank Indonesia, at 2.5±1% in 2024. To that end, Bank Indonesia implements sustainable, consistent, and transparent monetary policy that also pays due regard to the prevailing economic policies of the Government. In pursuance of its mandate, Bank Indonesia institutes an optimal mix of monetary, macroprudential, payment system and rupiah currency management policies. Bank Indonesia regularly publishes the Monetary Policy Review each month after the Board of Governors Meeting has been convened in January, February, March, April, May, June, July, August, September, October, November and December. The Review has two primary functions, namely: (i) to provide economic data, analysis and projections to help form and anchor rational expectations as part of the anticipative monetary policymaking framework; and (ii) as a medium for the Board of Governors to publicly explain and clarify the various considerations underlying monetary policy decision-making at Bank Indonesia.

The Board of Governors

PERRY WARJIYO
Governor

DESTRY DAMAYANTI
Senior Deputy Governor

DONI PRIMANTO JOEWONO
Deputy Governor

JUDA AGUNG
Deputy Governor

AIDA S. BUDIMAN
Deputy Governor

FILIANINGSIH HENDARTA
Deputy Governor

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Executive Summary

Global economic growth is expected to exceed the previous projection despite persistent financial market uncertainty. The world economy is forecast to grow 3.1% in 2023 and 3.0% in 2024, up from the 3.0% and 2.8% projected previously. The projection was primarily upgraded due to stronger economic performance in the United States (US) and India given high consumption and investment. Conversely, economic growth in China remains sluggish, while economic contractions in the UK and Japan over the past two consecutive quarters could impact the global economic growth outlook. Deepening geopolitical tensions could disrupt supply chains, increase food and energy prices as well as prolong the global disinflation process. Consequently, global financial market uncertainty remains high. The Federal Funds Rate (FFR) is not expected to decrease until the latter half of 2024 owing to persistently high US inflation. US Treasury bond yields have increased in line with the long-term risk premia (term-premia), leading to broad-based US dollar appreciation, while impacting foreign capital inflows and intensifying currency pressures in emerging market economies (EMEs).

At home, national economic growth in Indonesia surpassed the previous projection. Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external resilience. Rupiah stability has been maintained in line with the stabilisation policy instituted by Bank Indonesia. Low inflation has been maintained within the 2.5%±1% target corridor, supported by pro-stability monetary policy. Bank Indonesia continues strengthening its monetary policy response and innovation to increase policy effectiveness in terms of controlling inflation and maintaining rupiah stability. Monetary policy transmission remains effective, as reflected by interest rates in the money market and banking industry as well as SBN yields that moved in line with the BI-Rate. Loans disbursed by the banking industry experienced strong growth at the beginning of 2024. Banking industry resilience remains solid. Digital economic and financial transactions continue to perform solidly, supported by a secure, steady and reliable payment system.

The BI Board of Governors Meeting agreed on 20-21th February 2024 to hold the BI-Rate at 6.00%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.25% and 6.75% respectively. The decision to hold the BI Rate at 6,00% remains consistent with the pro-stability focus of monetary policy, namely to strengthen rupiah stabilisation policy, and as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024. Meanwhile, Bank Indonesia will maintain pro-growth macroprudential and payment system policies to foster sustainable economic growth. Bank Indonesia will hold an accommodative macroprudential policy stance to revive bank lending/financing to businesses and households. Payment system digitalisation will be accelerated to increase transaction volume and expand digital economic and financial inclusion, which includes the electronification of (central and regional) government transactions.

CHAPTER 1

Global and Domestic Economic Developments

Global economic growth is expected to exceed the previous projection despite persistent financial market uncertainty. The world economy is forecast to grow 3.1% in 2023 and 3.0% in 2024, up from the 3.0% and 2.8% projected previously. The projection was primarily upgraded due to stronger economic performance in the United States (US) and India given high consumption and investment. Conversely, economic growth in China remains sluggish, while economic contractions in the UK and Japan over the past two consecutive quarters could impact the global economic growth outlook. Deepening geopolitical tensions could disrupt supply chains, increase food and energy prices as well as prolong the global disinflation process. Consequently, global financial market uncertainty remains high. The Federal Funds Rate (FFR) is not expected to decrease until the latter half of 2024 owing to persistently high US inflation. US Treasury bond yields have increased in line with the long-term risk premia (term-premia), leading to broad-based US dollar appreciation, while impacting foreign capital inflows and intensifying currency pressures in emerging market economies (EMEs). Such conditions demand a strong policy response to mitigate the adverse impact of global spillovers, including in Indonesia.

At home, national economic growth in Indonesia surpassed the previous projection. Growth was recorded at 5.04% (yoy) in the fourth quarter of 2023, up from 4.94% (yoy) in the previous period, bringing overall growth in 2023 to 5.05% (yoy). Growth is primarily supported by higher exports, increasing building investment and the positive impact of the general election. By sector, economic growth in 2023 was primarily supported by mobility-related sectors, such as wholesale and retail trade, transportation and storage, information and communications as well as accommodation and food service activities. Spatially, solid national economic growth was reflected in most Indonesian regions, led by the Sulawesi-Maluku-Papua

Sulampua) region, followed by Kalimantan and Java. Moving forward, Bank Indonesia projects economic growth to increase in 2024 within the 4.7-5.5% range. The outlook is based on improving export performance in line with higher global economic growth, coupled with persistent domestic demand and supported by economic confidence. Household consumption and investment, particularly non-building investment, must be nurtured to support sustainable economic growth. Bank Indonesia will continue strengthening its policy mix, particularly through macroprudential policy and payment system policy in synergy with the fiscal stimuli implemented by the Government to foster economic growth, particularly from the domestic demand side.

Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external resilience. BOP performance in 2023 is projected to book a surplus on the back of a manageable current account deficit and a capital and financial account surplus. The latest developments point to a USD2.0 billion trade surplus amassed in January 2024 due to strong non-oil and gas exports. Despite persistent global financial market uncertainty, foreign capital inflows to domestic financial markets have been maintained, as reflected by a net portfolio inflow of USD3.1 billion recorded in the first quarter of 2024 (as of 19th February 2024). The position of reserve assets at the end of January 2024 remained high at USD145.1 billion, equivalent to 6.6 months of imports or 6.4 months of imports and servicing government external debt, which is well above the international adequacy standard of around 3 months of imports. Overall, Bank Indonesia expects a BOP surplus in 2024, underpinned by a persistent capital and financial account surplus in line with maintained foreign capital inflows given the positive investor perception of the promising domestic economic outlook along with attractive yields on financial assets for investment. Meanwhile, Bank Indonesia also projects a narrow current account deficit in the 0.1%-0.9% of GDP range.

Rupiah stability has been maintained in line with the stabilisation policy instituted by Bank Indonesia. As of After depreciating 2.43% in January 2024, the rupiah bounced back in February 2024 (as of 20th February 2024) to regain 0.77% (ptp) in value. Rupiah appreciation was attributable to the stabilisation policy implemented by Bank Indonesia, foreign capital inflows to domestic financial markets in line with positive investor perception of the promising economic outlook and maintained stability, as well as attractive yields on financial assets for investment. Consequently, the rupiah has depreciated just 1.68% from the level recorded at the end of December 2023, thereby outperforming the South Korean won, Malaysian ringgit and Thai baht that depreciated 3.69%, 4.27%, and 5.31% respectively. Moving forward, rupiah stability will be maintained, while tracking an appreciating trend in line with maintained foreign capital inflows and supported by Bank Indonesia stabilisation policy and optimising the pro-market monetary operations strategy through the SRBI, SVBI and SUVBI instruments. Moreover, Bank Indonesia will continue strengthening coordination with the Government, banking industry and businesses to support the effective implementation of instruments that retain the proceeds of natural resources exports in accordance with Government Regulation Number 36 of 2023 (PP DHE SDA) concerning the Foreign Exchange Proceeds of Exports and the Exploitation, Management and/or Processing of Natural Resources.

Low inflation has been maintained within the 2.5%±1% target corridor, supported by pro-stability monetary policy. Consumer Price Index (CPI) inflation in January 2024 was recorded at 2.57% (yoy), down from 2.61% (yoy) the month earlier, which is on target. Milder inflationary pressures were observed in terms of core inflation as a tangible outcome of consistent pro-stability monetary policy by Bank Indonesia together with close policy synergy between Bank Indonesia and the (central and regional) Government. Core inflation fell from 1.80% (yoy) in December 2023 to 1.68% (yoy) in January 2024 as a corollary of low imported inflation in line with rupiah stability, anchored inflation expectations to the target and massive economic capacity in response to domestic demand. Administered prices (AP) inflation is relatively stable at 1.74% (yoy), while volatile food (VF) inflation increased to 7.22% (yoy), primarily as a consequence of rice and shallots due to the impact of El Niño, along with seasonal factors and a shift in the planting season. Therefore, inflation control synergy through the TPIP and TPID teams by strengthening the GNPIP movement in various regions will be strengthened to manage food prices. Moving forward, Bank Indonesia is confident inflation in 2024 will remain low and manageable within the 2.5%±1% target corridor.

Bank Indonesia continues strengthening its monetary policy response and innovation to increase policy effectiveness in terms of controlling inflation and maintaining rupiah stability. To that end, Bank Indonesia continues optimising various pro-market monetary instruments issued in 2023, namely SRBI, SVBI and SUVBI, to replace the previous reverse repo monetary instrument that cannot be traded in the money market and foreign exchange market. As of 20th February 2024, the respective positions of SRBI, SVBI and SUVBI instruments stood at Rp391.82 trillion, USD1.89 billion and USD265 million. The SRBI, SVBI and SUVBI vehicles issued by Bank Indonesia are strengthening money market deepening efforts and supporting foreign capital inflows to Indonesia. This is reflected by non-resident holdings of SRBI totalling Rp88.55 trillion. Moving forward, the various innovative financial instruments issued by Bank Indonesia are expected to continue strengthening the external resilience of the Indonesian economy from the impact of global spillovers.

Monetary policy transmission remains effective, as reflected by interest rates in the money market and banking industry as well as SBN yields that moved in line with the BI-Rate. The IndONIA money market reference rate is moving within the BI-Rate range, recorded at 5.97% on 20th February 2024. SRBI rates remain attractive at 6.62%, 6.70%, and 6.82% for tenors of 6, 9 and 12 months respectively (as of 16th February 2024), thereby supporting SRBI effectiveness as a pro-market monetary instrument. Meanwhile, the banking industry maintained competitive interest rates given adequate liquidity in the banking system and PLR transparency policy to increase interest rate efficiency in the banking industry. Accordingly, the 1-month term deposit rate and lending rate remained low and stable in January 2024 at 4.62% and 9.30% respectively. Meanwhile, the yields on SBN of 2 and 10-year tenors decreased in line with high global financial market uncertainty.

Loans disbursed by the banking industry experienced strong growth at the beginning of 2024. Credit growth in January 2024 was recorded at 11.83% (yoy), driven by robust supply and demand. On the supply side, credit growth was driven by solid capital capacity and ample liquidity in the banking industry. This was reflected by a high ratio of liquid assets to third-party funds (LA/TPF) at 27.79% and supported by Macroprudential Liquidity Policy Incentives (KLM) from Bank Indonesia, specifically for banks channelling funds to priority sectors. Addressing the funding gap in line with 5.80% growth of third-party funds and to maintain lending capacity, banks have introduced two main strategies, namely the reallocation of liquid assets from securities as well as strengthening non-TPF funding. Banks tend to increase lending to potential sectors in accordance with risk appetite and expertise, including wholesale and retail trade, manufacturing, agriculture, corporate services and consumption. In general, such sectors are performing well, thereby maintaining repayment capacity. By loan type, credit growth was primarily supported by investment loans and working capital loans, growing 13.39% (yoy) and 12.26% (yoy) respectively, followed by consumer loans (9.64% yoy). On the demand side, loan growth increased in line with positive corporate and household sector performance. By sector, mining, social services and corporate services are currently the main drivers of credit growth. Furthermore, sharia finance maintained high growth at 15.67% (yoy) in January 2024, while MSME loan growth accelerated to 8.97% (yoy). Moving forward, Bank Indonesia expects credit growth to increase in the 10-12% range in 2024. Bank Indonesia will also continue strengthening the effectiveness of accommodative macroprudential policy and increasing synergy with the Government, financial authorities, government ministries/agencies, the banking industry and businesses.

Banking industry resilience remains solid. Bank liquidity remains adequate, as reflected by a high ratio of liquid assets to third-party funds (LA/TPF) of 27.79% recorded in January 2024. Furthermore, liquidity management in the banking system is improving given large banking industry placements in liquid securities. Strengthening the pro-market monetary operations strategy has also bolstered the lending capacity of the banking industry, which includes trading SRBI in the secondary market, thereby providing the banks flexibility in terms of liquidity management. In terms of capital, the Capital Adequacy Ratio (CAR) in the banking industry is still high at 27.66%, recorded in December 2023, supported by low credit risk, as indicated by NPL ratios of 2.19% (gross) and 0.71% (nett). Overall, solid banking industry resilience is supported by sound corporate and household repayment capacity, as demonstrated by improving corporate sales performance and improving expectations of household income. The results of BI stress tests further confirmed solid banking industry resilience in the face of various uncertainty risks moving forward. Bank Indonesia will continue strengthening synergy with the Financial System Stability Committee (KSSK) to mitigate various domestic and global economic risks that could potentially disrupt financial system stability.

Digital economic and financial transactions continue to perform solidly, supported by a secure, steady and reliable payment system. In January 2024, the value of digital banking transactions increased 17.19% (yoy) to reach Rp5,335.33 trillion and the value of electronic money transactions grew 39.28% (yoy) to Rp83.37 trillion. The value of QRIS transactions enjoyed impressive 149.46% (yoy) growth to reach Rp31.65 trillion, with QRIS users and merchants totalling 46.37 million and 30.88 million respectively, dominated by MSMEs. On the other hand, the value of card-based payments using ATM, debit and credit cards totalled Rp692.32 trillion in the reporting period, up 2.58% (yoy). In terms of rupiah currency management, total currency in circulation in January 2024 grew 9.21%

(yoy) to Rp1,015.68 trillion. Meanwhile, Bank Indonesia maintains a steady and reliable payment system, supported by adequate liquidity. The secure, steady and reliable payment system is also underpinned by mitigated liquidity risk and operational risk. In addition, Bank Indonesia continues ensuring the availability of rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia, particularly ahead of Ramadan and Eid-ul-Fitr 1445 H, through the SERAMBI 2024 program.

CHAPTER 2

Bank Indonesia Policy Response

The BI Board of Governors Meeting agreed on 20-21th February 2024 to hold the BI-Rate at 6.00%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.25% and 6.75% respectively. The decision to hold the BI Rate at 6,00% remains consistent with the pro-stability focus of monetary policy, namely to strengthen rupiah stabilisation policy, and as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024. Meanwhile, Bank Indonesia will maintain pro-growth macroprudential and payment system policies to foster sustainable economic growth. Bank Indonesia will hold an accommodative macroprudential policy stance to revive bank lending/financing to businesses and households. Payment system digitalisation will be accelerated to increase transaction volume and expand digital economic and financial inclusion, which includes the electronification of (central and regional) government transactions.

Bank Indonesia has, therefore, strengthened its mix of monetary, macroprudential and payment system policies to maintain stability and nurture sustainable economic growth through the following measures:

1. Rupiah stabilisation through foreign exchange market intervention with a focus on spot and Domestic Non-Deliverable Forward (DNDF) transactions, as well as government securities (SBN) in the secondary market.
2. Strengthening the pro-market monetary operations strategy for effective monetary policy, which includes optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Forex Securities (SVBI) and Bank Indonesia Forex Sukuk (SUVBI).
3. Deepening the money market and foreign exchange market by increasing the volume of repurchase agreements (repo) transactions and number of participants.

4. Strengthening prime lending rate (PLR) transparency policy with a focus on interest rates by economic sector.
5. Accelerating payment system digitalisation to nurture economic and financial inclusion as well as expand the digital economy and finance (EKD), which includes expanding cross-border payment linkages in terms of transaction volume and the number of Payment Service Providers (PSP).
6. Expanding international cooperation in the area of central banking, which includes accelerating local currency transactions (LCT) to facilitate trade and investment, the payment system and financial market activity across borders.

Policy coordination between Bank Indonesia and the Government is also constantly improved to maintain macroeconomic stability and bolster economic growth. Bank Indonesia strengthens policy coordination with the (central and regional) Government and strategic partners, including the National Movement for Food Inflation Control (GNPIP) in various regions within the Central and Regional Inflation Control Teams (TPIP and TPID), as well as P2DD Teams to Accelerate and Expand the Electronification of Central and Regional Government Transactions. Furthermore, policy synergy between Bank Indonesia and the Financial System Stability Committee (KSSK) is also strengthened to maintain financial system stability and revive lending/financing to businesses, particularly those in priority sectors.

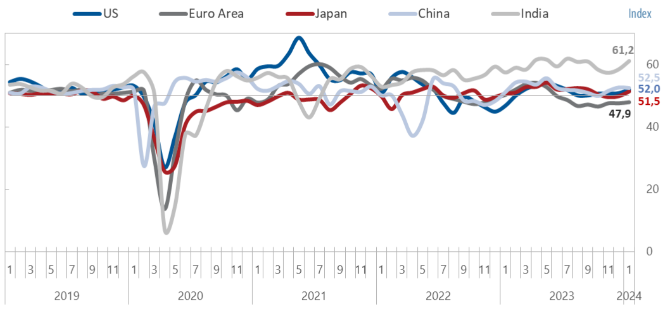
Global economic growth is expected to exceed the previous projection despite persistent financial market uncertainty

Global GDP Growth

Country	2019	2020	2021	2022	2023	2024*
World	**2,8**	**-2,8**	**6,3**	**3,5**	**3,1**	**3,0**
Advanced economies	**1,7**	**-4,2**	**5,6**	**2,6**	**1,6**	**1,6**
United States	2,3	-2,8	5,9	1,9	2,5	1,9
Europe	1,6	-6,1	5,6	3,4	0,5	0,8
Japan	-0,4	-4,2	2,2	1,0	1,9	1,1
Emerging economies	**3,6**	**-1,8**	**6,9**	**4,1**	**4,1**	**3,9**
China	6,0	2,2	8,4	3,0	5,2	4,5
India	4,8	-6,6	8,3	6,8	6,8	5,9
ASEAN-5	4,3	-4,4	4,0	5,5	4,4	4,6
Latin America	0,2	-7,0	7,4	4,2	2,5	2,0
Emerging Euro	2,5	-1,6	7,3	1,2	2,7	2,7
Middle East & Central Asia	1,6	-2,6	4,3	5,5	2,0	3,0

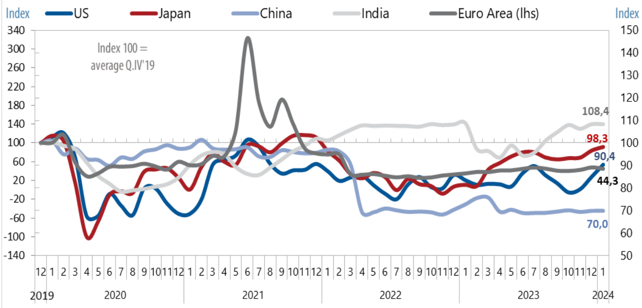
Source: IMF WEO. *Bank Indonesia Projection

Global PMI



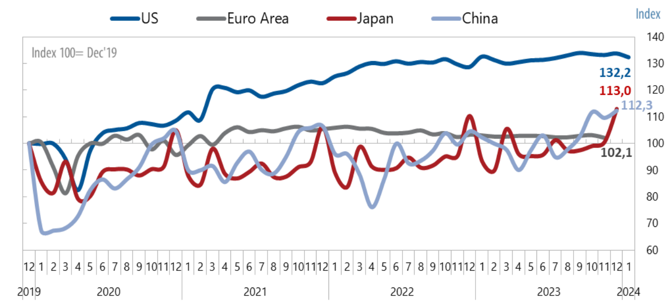
Source: IHS Markit, Bloomberg (China)

Consumer Confidence Index



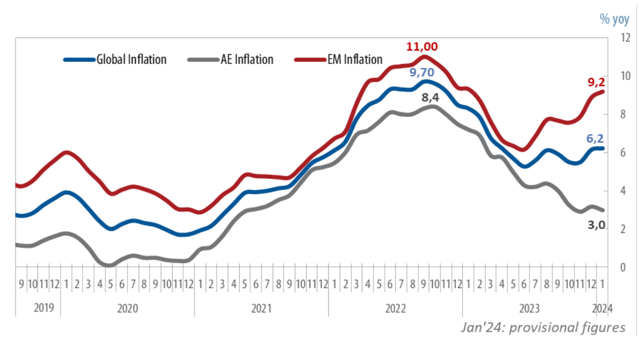
Source: Bloomberg, calculated

Retail Sales



Source: CEIC, calculated

Global Inflation



Source: Bloomberg and IMF, calculated

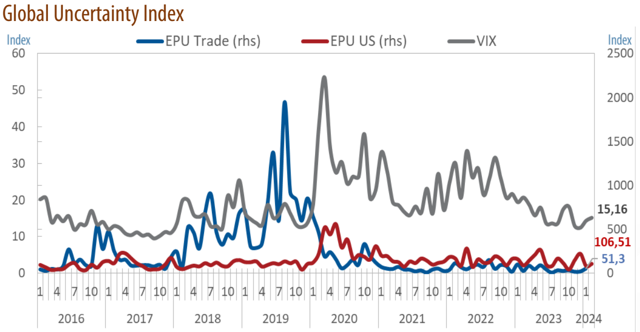
Commodity Prices

Commodity	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2021	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2022	2023 Q1	2023 Q2	2023 Q3	2023 Q4	2023	2024 YTD*
Copper	50,3	80,3	44,3	33,1	50,2	17,4	-1,8	-17,7	-16,4	-5,2	-10,2	-11,0	8,6	3,1	-3,3	-1,4
Coal	19,5	92,8	203,9	204,7	123,2	94,1	73,2	11,1	-1,6	32,3	-2,9	-27,7	-35,7	-35,8	-25,9	-11,1
CPO	47,1	84,6	60,4	53,0	59,9	56,7	55,5	-12,2	-24,9	15,3	-35,6	-42,0	-3,2	-5,9	-25,9	1,2
Rubber	37,7	42,7	6,6	-11,2	16,2	1,7	2,2	-6,0	-19,8	-4,9	-21,1	-27,3	-8,0	11,5	-13,5	17,2
Nickel	37,9	41,4	33,7	23,0	33,3	59,4	66,7	16,0	30,3	42,1	-6,7	-22,6	-7,0	-31,8	-17,3	-25,0
Tin	46,1	86,1	91,1	101,2	82,0	80,6	25,3	-30,3	-43,1	0,0	-38,6	-29,4	13,8	14,6	-16,8	-0,6
Aluminium	22,9	57,7	52,2	43,0	43,6	54,3	20,2	-11,0	-14,7	9,4	-24,9	-21,3	-6,6	-5,5	-15,7	-2,4
Coffee	6,7	39,0	55,2	91,4	48,4	82,5	50,8	18,3	-21,2	24,6	-26,4	-19,3	-28,6	-2,1	-20,1	8,6
Others	0,3	7,6	3,9	4,0	3,9	5,2	6,4	7,3	6,3	6,3	-1,5	-1,7	-2,2	-3,1	-2,1	-1,5
Indonesian Export Commodity Prices	**23,7**	**58,5**	**79,5**	**76,5**	**57,0**	**47,0**	**37,7**	**1,3**	**-6,8**	**15,3**	**-12,7**	**-21,7**	**-12,2**	**-12,0**	**-16,0**	**-3,0**
Oil (Brent)**	61	69	73	79	71	101	113	101	88	101	81	78	87	84	83	81

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

Source: Bloomberg. Data as of February 19th 2024

Global Uncertainty Index

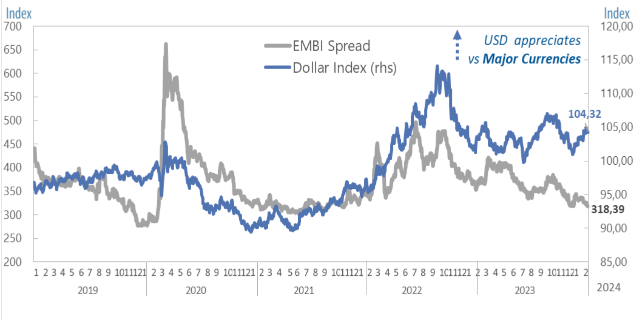


Source: Bloomberg. Data as of February 19th 2024

10 Yr UST & JGB Yield and DJIA Index

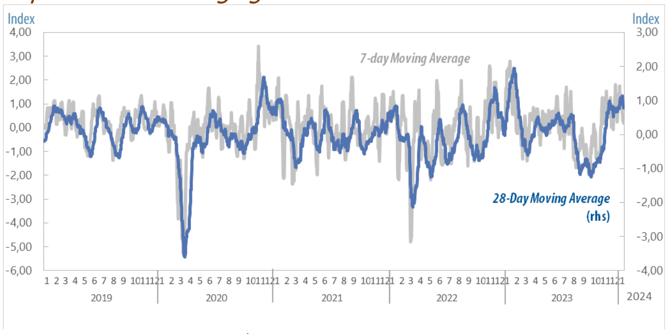
Source: Bloomberg. Data as of February 19th 2024

US Dollar Performance and Risk Perception Indicators on EM



Source: Bloomberg. Data as of February 19th 2024

Capital Flow to Emerging Market



Source: IIF. Data as of January 26th 2024

At home, national economic growth in Indonesia surpassed the previous projection

Economic Growth – Expenditure Side

Components	2019	2020	2021	2022 I	2022 II	2022 III	2022 IV	2022	2023 I	2023 II	2023 III	2023 IV	2023
Household Consumption	5.04	-2.63	2.01	4.35	5.52	5.40	4.50	4.94	4.53	5.22	5.05	4.47	4.82
Non-Profit Institution Serving Household (NPISH)	10.62	-4.21	1.62	5.91	5.03	5.99	5.72	5.66	6.16	8.59	6.18	18.11	9.83
Government Consumption	3.27	2.12	4.25	-6.60	-4.61	-2.50	-4.72	-4.47	3.31	10.47	-3.93	2.81	2.95
Investment (GFCF)	4.45	-4.96	3.80	4.08	3.09	4.98	3.33	3.87	2.11	4.63	5.77	5.02	4.40
Building Investment	5.37	-3.78	2.32	2.58	0.92	0.07	0.11	0.91	0.08	3.32	6.31	6.42	4.04
NonBuilding Investment	1.83	-8.44	8.42	8.63	9.71	19.32	12.11	12.53	7.93	8.30	4.45	1.60	5.34
Exports	-0.48	-8.42	17.99	14.40	16.32	19.09	14.95	16.23	11.74	-2.91	-3.91	1.64	1.32
Imports	-7.13	-17.60	24.86	16.06	13.06	25.73	6.49	15.00	4.15	-3.23	-6.75	-0.15	-1.65
GDP	**5.02**	**-2.07**	**3.70**	**5.02**	**5.46**	**5.73**	**5.01**	**5.31**	**5.04**	**5.17**	**4.94**	**5.04**	**5.05**

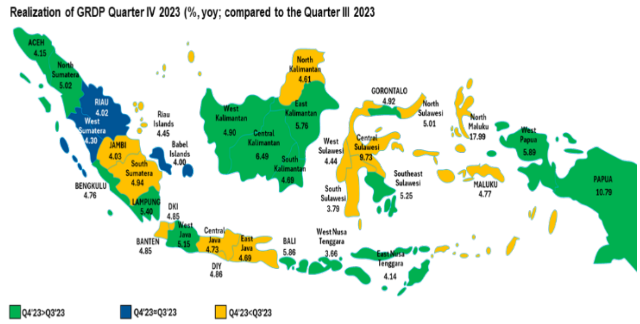
Source: BPS

Economic Growth – Economic Sectors Side

Components	2019	2020	2021	2022 I	2022 II	2022 III	2022 IV	2022	2023 I	2023 II	2023 III	2023 IV	2023
Agriculture, Forestry, and Fisheries	3.61	1.77	1.87	1.16	1.68	1.95	4.51	2.25	0.44	2.03	1.49	1.12	1.30
Mining and excavation	1.22	-1.95	4.00	3.82	4.01	3.22	6.46	4.38	4.92	5.01	6.95	7.46	6.12
Manufacture	3.80	-2.93	3.39	5.07	4.01	4.83	5.64	4.89	4.43	4.88	5.19	4.07	4.64
Electricity and Gas Procurement	4.04	-2.34	5.55	7.04	9.33	8.05	2.31	6.61	2.67	3.15	5.06	8.68	4.91
Water Supply	6.83	4.94	4.97	1.35	4.46	4.26	2.84	3.23	5.69	4.78	4.49	4.66	4.90
Construction	5.76	-3.26	2.81	4.83	1.02	0.63	1.61	2.01	0.32	5.23	6.39	7.68	4.91
Wholesale Retail, Car and Motorcycle Repairs	4.60	-3.79	4.63	5.74	4.43	5.37	6.56	5.53	4.94	5.29	5.10	4.09	4.85
Transportation and Warehousing	6.38	-15.05	3.24	15.79	21.27	25.80	16.99	19.87	15.93	15.28	14.74	10.33	13.96
Provision of Accomodation, Food and Beverages	5.79	-10.26	3.88	6.57	9.79	17.79	13.77	11.94	11.54	9.91	10.94	7.89	10.01
Information and Communication	9.42	10.61	6.82	7.15	8.06	6.94	8.72	7.73	7.11	8.03	8.51	6.74	7.59
Financial Services and Insurance	6.61	3.25	1.56	1.64	1.50	0.87	3.76	1.93	4.45	2.86	5.24	6.56	4.77
Real Estate	5.76	2.32	2.78	3.78	2.16	0.63	0.39	1.72	0.37	0.96	2.21	2.18	1.43
Corporate Services	10.25	-5.44	0.73	5.96	7.92	10.79	10.42	8.77	6.37	9.59	9.37	7.62	8.24
Government Administration, Defence and Compulsory Social Security	4.66	-0.03	-0.33	-1.29	-1.53	12.47	1.77	2.51	2.10	8.16	-6.24	1.61	1.50
Education Services	6.30	2.61	0.11	-1.41	-1.07	4.45	0.40	0.57	1.02	5.43	-2.07	2.63	1.78
Health Services and Other Social Activities	8.66	11.56	10.45	4.52	6.51	-1.70	2.48	2.75	4.77	8.28	2.91	3.09	4.66
Other Services	10.57	-4.10	2.12	8.25	9.26	9.13	11.14	9.47	8.90	11.89	11.14	10.15	10.52
GDP	**5.02**	**-2.07**	**3.70**	**5.02**	**5.46**	**5.73**	**5.01**	**5.31**	**5.04**	**5.17**	**4.94**	**5.04**	**5.05**

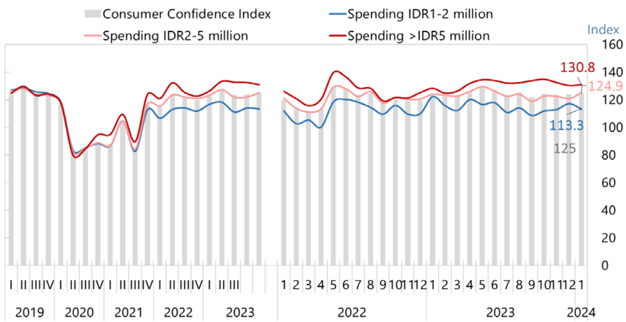
Source: BPS

Growth of Regional Economic (GDRP) of the Fourth Quarter of 2023



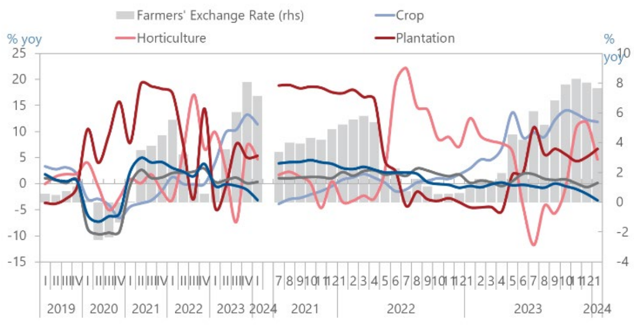
Source: BPS, calculated

Consumer Confidence Index



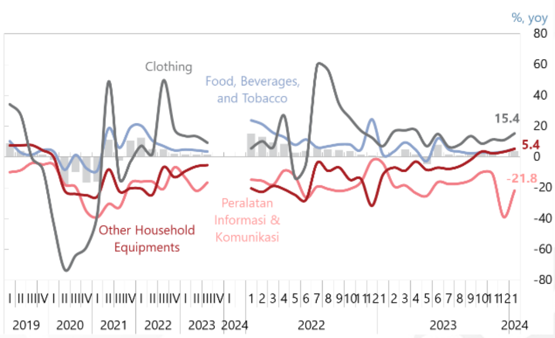
Source: Bank Indonesia. *Data as of January 2024

Farmers' Exchange Rate



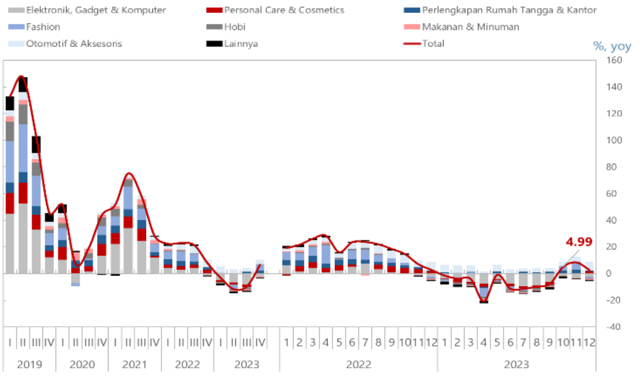
Source: BPS, calculated. *Data as of January 2024

Retail Sales



Source: Bank Indonesia. *Data as of January 2024

Online Sales



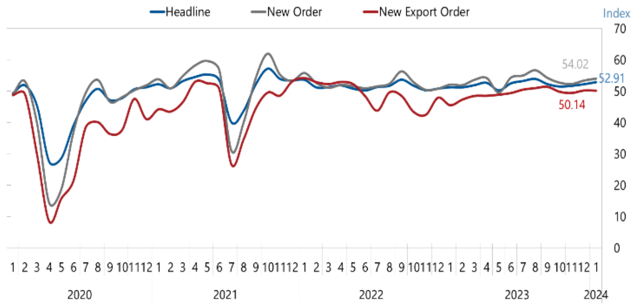
Source: Big Data Analytics Bank Indonesia. *Data as of January 2024

Realization of State Budget (APBN)

ITEMS	2020 Realization (IDR Trillion)	2020 % Realization PERPRES 72	2021 Budget (IDR Trillion)	2021 Realization as of December 2021 (IDR Trillion)	2022 Budget (IDR Trillion)	2022 PERPRES 98/2022 (IDR Trillion)	2022 Realization as of December 2022 (IDR Trillion)	2023 Budget (IDR Trillion)	2023 Realization as of Desember 2023 (IDR Trillion)	2024 Budget (IDR Trillion)	2024 Realization as of Januari 2024 (IDR Trillion)
A. State Income and Grants	1,647.8	96.9%	1,743.6	2,009.6	1,846.1	2,266.2	2,635.4	2,463.0	2,774.3	2,463.0	167.0
I. Domestic Income	1,629.0	95.9%	1,742.7	2,005.1	1,845.6	2,265.6	2,629.7	2,462.6	2,761.3	2,462.6	166.9
1. Tax Income	1,285.1	91.5%	1,444.5	1,546.8	1,510.0	1,784.0	2,034.6	2,021.2	2,155.4	2,021.2	125.0
2. NonTax Income	343.8	116.9%	298.2	458.3	335.6	481.6	595.2	441.4	605.9	441.4	41.9
II. Grant	18.8	1448.7%	0.9	4.5	0.6	0.6	5.6	0.4	13.0	0.4	0.0
B. State Expenditures	2,595.5	94.8%	2,750.0	2,773.6	2,714.2	3,106.4	3,095.5	3,061.2	3,121.9	3,061.2	184.2
I. Central Government Expenditures	1,833.0	92.8%	1,954.5	1,987.9	1,944.5	2,301.6	2,279.2	2,246.5	2,240.6	2,246.5	96.4
1. Employee Spending	380.5	94.3%	421.1	387.7	426.5	426.5	402.4	442.6	412.3	442.6	36.5
2. Spending for Goods	422.3	154.6%	362.5	529.6	339.7	339.7	426.0	387.0	429.8	387.0	13.0
3. Capital Expenditures	190.9	139.0%	246.8	228.6	199.2	199.2	240.4	199.1	307.3	199.1	4.1
4. Payment of Debt Obligations	314.1	92.7%	373.3	343.5	405.9	405.9	386.3	441.4	439.9	441.4	30.1
5. Subsidies	196.2	102.2%	175.4	241.0	207.0	283.7	252.8	298.5	269.6	298.5	0.0
6. Grant Expenditure	6.3	123.7%	6.8	4.3	4.8	4.8	5.8	0.0	0.2	0.0	-
7. Social Assistance	202.5	116.1%	161.4	173.6	147.4	147.4	161.5	148.6	157.6	148.6	12.4
8. Other Expenditures	120.0	26.6%	207.3	79.5	214.0	494.4	403.9	329.3	224.6	329.3	0.2
II. Transfer to Regions and Village Funds	762.5	99.8%	795.5	785.7	769.6	804.8	816.2	814.7	881.3	814.7	87.8
1. Transfer to Regions	691.4	99.8%	723.5	713.9	701.6	736.8	748.3	744.7	811.4	744.7	85.9
2. Village Funds	71.1	99.9%	72.0	71.9	68.0	68.0	67.9	70.0	69.9	70.0	1.9
C. Primary Balance	(633.6)		(633.1)	(420.5)	(462.2)	(434.4)	(46.4)	(156.8)	92.2	(156.8)	12.9
D. Budget Surplus/Deficit	(947.7)		(1,006.4)	(764.0)	(868.0)	(840.2)	(460.1)	(598.2)	(347.6)	(598.2)	(17.2)
Surplus/Deficit (%GDP)	(6.1)		(5.7)	(4.5)	(4.9)	(4.5)	(2.3)	(2.8)	(1.65)	(2.8)	(0.08)

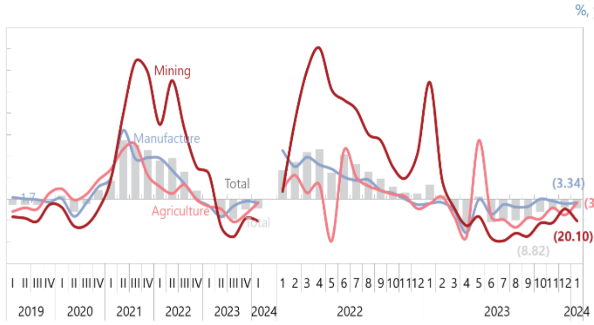
Source: Ministry of Finance

Manufacturing Purchasing Managers' Index (PMI)



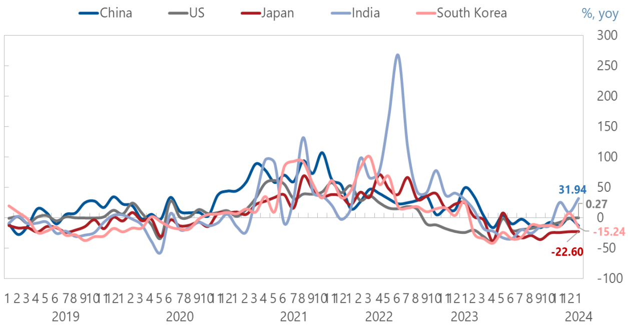
Source: Markit Economics

Non-oil and Gas Exports



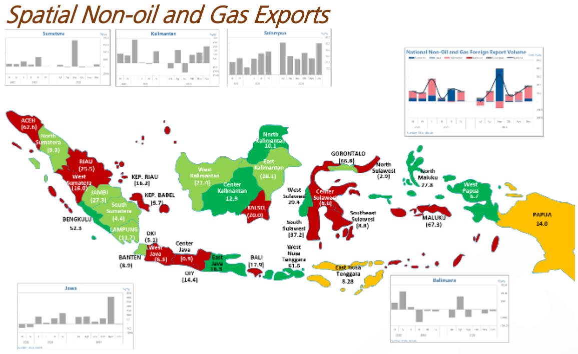
Source: Bank Indonesia. *Data as of January 2024

Non-Oil and Gas Exports to Main Destination Countries



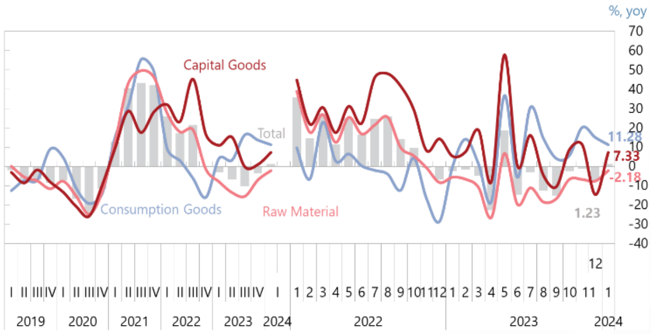
Source: Bank Indonesia

Spatial Non-oil and Gas Exports



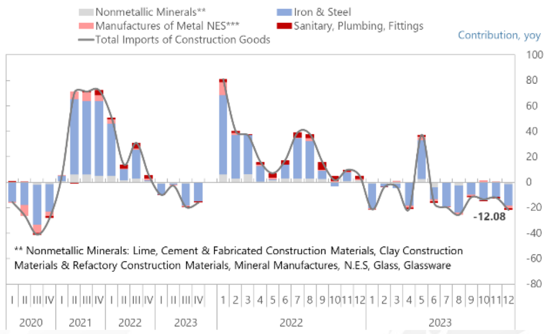
Source: Bank Indonesia. *Data as of January 2024

Non-oil and Gas Imports



Source: Bank Indonesia. *Data as of January 2024

Import of Construction Goods



Source: Bank Indonesia. *Data as of January 2024

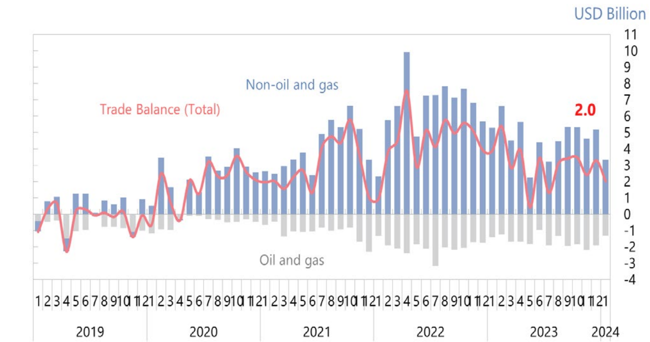
Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external resilience

Indonesia's Balance of Payments

Items (Billion USD)	2019	2020	2021 I	2021 II	2021 III	2021 IV	2021 Total	2022* I	2022* II	2022* III	2022* IV	2022* Total	2023 I*	2023 II*	2023 III**	2023 IV**	2023 Total**
Current Account	**-30.3**	**-4.43**	**-1.14**	**-1.88**	**5.02**	**1.51**	**3.51**	**0.72**	**4.28**	**4.71**	**3.50**	**13.22**	**3.01**	**-2.25**	**-1.04**	**-1.29**	**-1.57**
A. Goods	3.5	28.30	7.63	8.34	15.41	12.43	43.81	11.30	16.80	17.62	16.95	62.67	14.72	10.13	10.16	11.33	46.35
- Exports, fob	168.5	163.40	49.38	54.32	61.65	67.49	232.84	66.77	75.17	77.84	72.76	292.54	67.34	61.97	63.93	66.23	259.47
- Imports, fob	-164.9	-135.10	-41.75	-45.98	-46.24	-55.05	-189.03	-55.47	-58.38	-60.21	-55.81	-229.87	-52.62	-51.84	-53.77	-54.89	-213.12
a. Non-Oil and Gas	12.0	29.95	9.98	11.58	18.12	18.13	57.80	17.21	24.44	25.16	22.96	89.77	19.01	15.16	15.87	17.59	67.63
b. Oil and Gas	-10.3	-5.39	-2.27	-3.14	-2.51	-5.04	-12.97	-5.69	-7.19	-6.48	-5.42	-24.78	-3.96	-4.55	-5.28	-5.87	-19.66
B. Services	-7.6	-9.76	-3.45	-3.66	-3.53	-3.96	-14.60	-4.33	-4.97	-5.26	-5.39	-19.96	-4.53	-4.62	-3.98	-4.79	-17.92
C. Primary Income	-33.8	-28.91	-6.75	-8.02	-8.27	-8.91	-31.96	-7.73	-9.00	-8.93	-9.63	-35.30	-8.63	-9.18	-8.47	-9.07	-35.36
D. Secondary Income	7.6	5.93	1.43	1.46	1.42	1.95	6.26	1.49	1.46	1.28	1.57	5.80	1.45	1.43	1.25	1.24	5.36
Capital and Financial Account	36.60	7.92	5.84	1.54	7.32	-2.13	12.57	-2.01	-1.69	-5.58	0.61	-8.68	4.04	-5.01	-0.07	9.78	8.75
1. Direct Investment	20.5	14.14	4.52	5.39	3.48	3.89	17.29	4.65	6.60	3.44	3.38	18.07	4.32	4.05	3.13	3.05	14.56
2. Portfolio Investment	22.0	3.37	4.92	3.99	1.20	-5.02	5.09	-3.18	-3.61	-3.12	-1.72	-11.63	3.03	-2.63	-3.01	4.92	2.31
3. Other Investment	-6.1	-9.64	-3.72	-7.87	2.46	-1.09	-10.21	-3.62	-4.60	-5.94	-1.48	-15.64	-3.52	-6.36	-0.14	1.69	-8.33
Overall Balance	4.7	2.60	4.06	-0.45	10.69	-0.84	13.46	-1.82	2.39	-1.30	4.73	4.00	6.52	-7.37	-1.46	8.62	6.30
- Reserve Assets Position	129.2	135.90	137.10	137.09	146.87	144.91	144.91	139.13	136.38	130.78	137.23	137.23	145.19	137.54	134.86	146.38	146.38
In Months of Imports & Official Debt Repayment	7.3	9.76	9.66	8.78	8.64	7.77	7.77	6.97	6.41	5.73	5.90	5.90	6.22	5.98	5.97	6.47	6.47
- Current Account (% GDP)	-2.7	-0.42	-0.41	-0.65	1.67	0.48	0.30	0.23	1.27	1.39	1.06	1.00	0.90	-0.64	-0.30	-0.38	-0.11

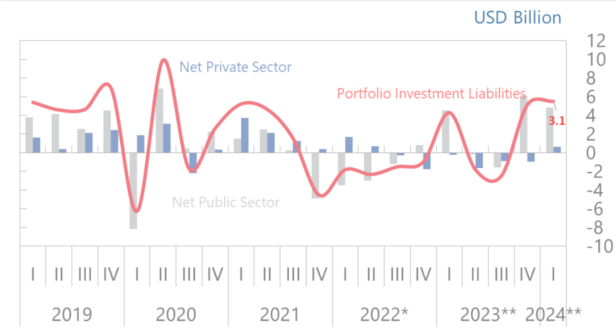
Source: Bank Indonesia. *Provisional Figures; ** Very Provisional Figures

Trade Balance



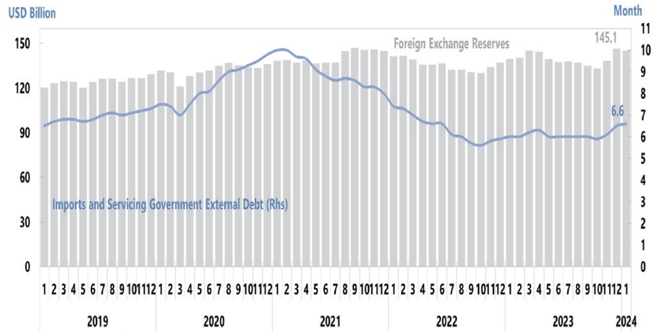
Source: BPS

Foreign Capital Flows



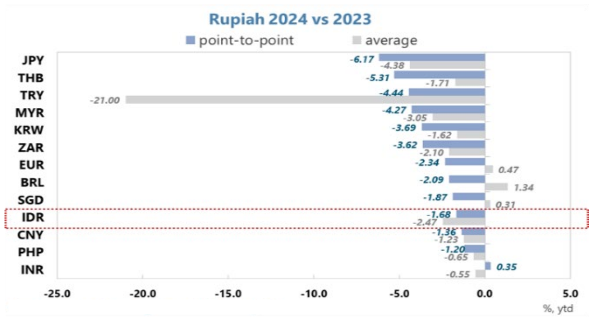
Source: Bank Indonesia. *Data as of 19th February 2024
Provisional Figures; ** Very Provisional Figures

Official Reserve Asset



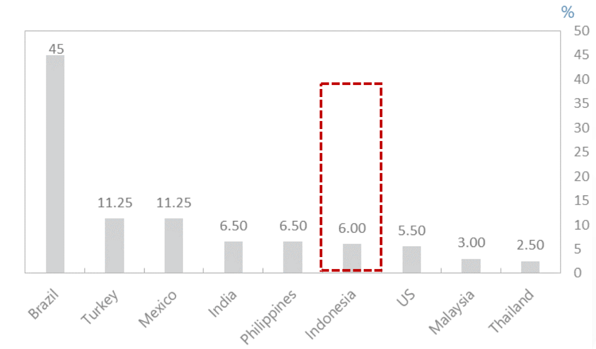
Source: Bank Indonesia

Rupiah vs Peer Countries



Source: Bloomberg and Reuters. Data as of 20th February 2024

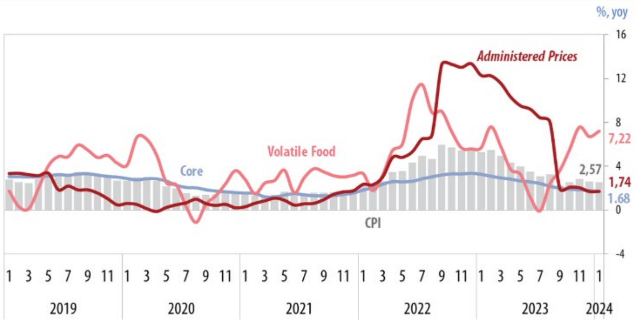
Peers Country Interest Rate Policies



Source: Bloomberg. Data as of 20th February 2024

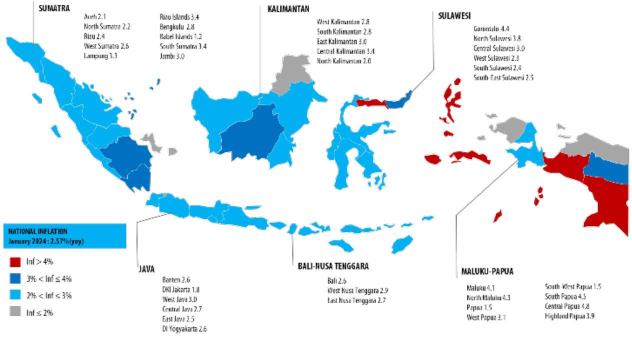
Low inflation has been maintained within the 2.5%±1% target corridor, supported by pro-stability monetary policy

CPI Inflation



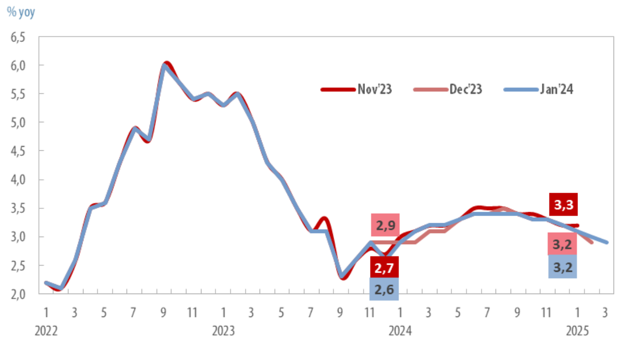
Source: BPS, calculated

Inflation Rate among Cities in Province



Source: BPS, calculated

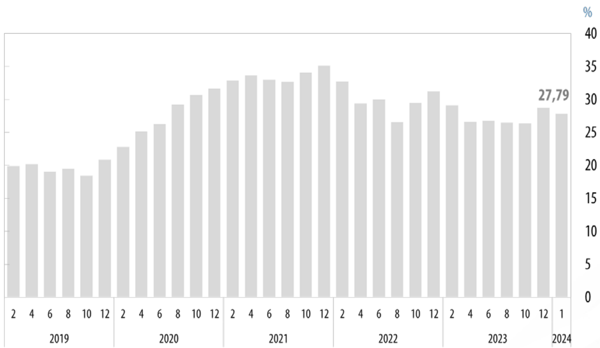
Inflation Expectation



Source: Consensus Economics

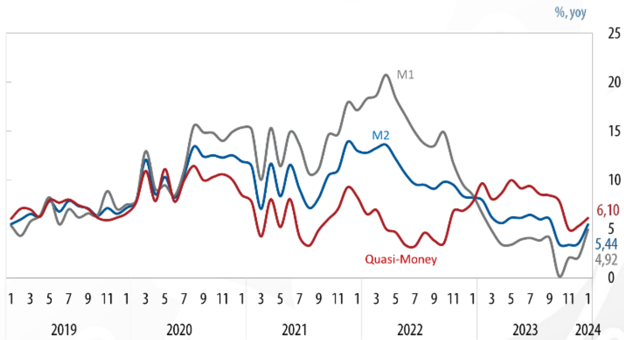
Bank Indonesia continues strengthening its monetary policy response and innovation to increase policy effectiveness in terms of controlling inflation and maintaining rupiah stability. Monetary policy transmission remains effective, as reflected by interest rates in the money market and banking industry as well as SBN yields that moved in line with the BI-Rate. Loans disbursed by the banking industry experienced strong growth at the beginning of 2024. Banking industry resilience remains solid.

The Ratio of Liquid Assets to Deposits



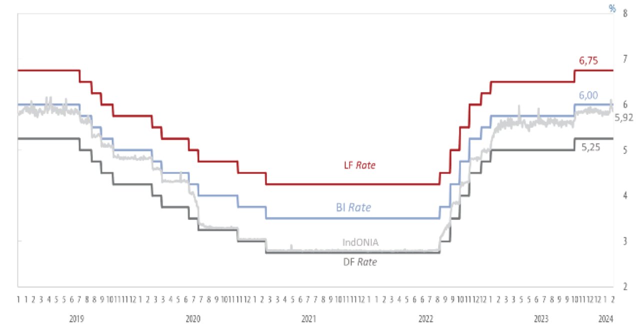
Source: Bank Indonesia

Money Supply



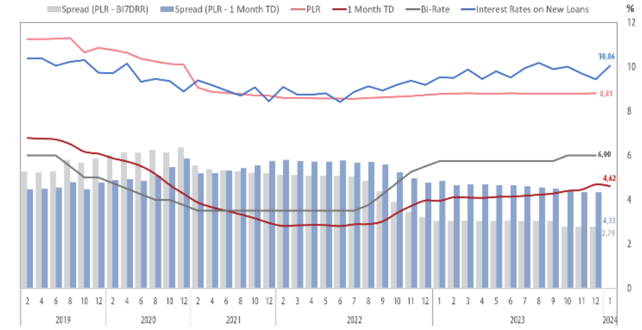
Source: Bank Indonesia

Policy Rate (BI Rate) and Overnight Interbank Rate



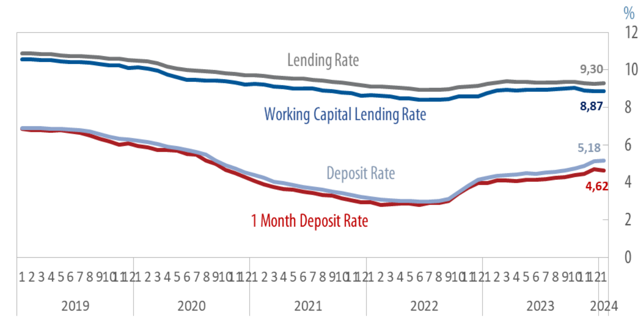
Source: Bank Indonesia

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



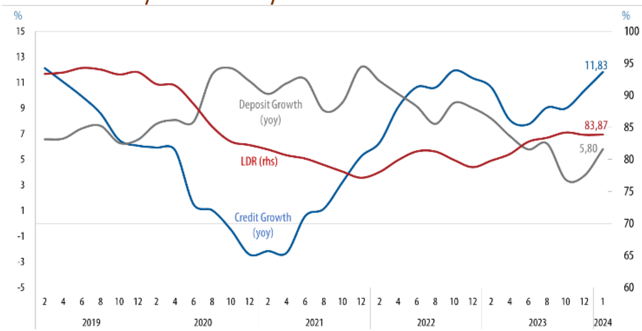
Source: OJK, Bank Indonesia, calculated

Banking Interest Rates



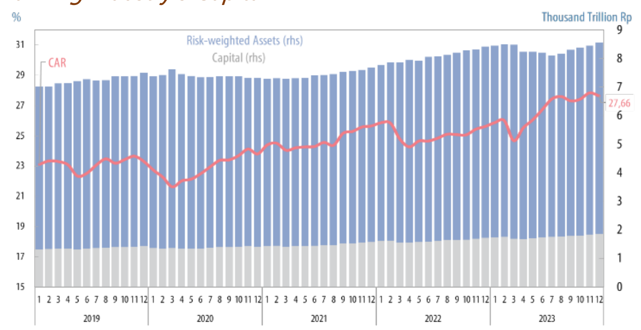
Source: Bank Indonesia

Credit and Deposit Developments



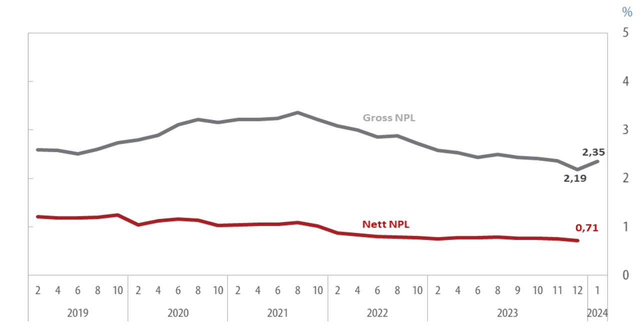
Source: OJK, Bank Indonesia

Banking Industry's Capital



Source: Bank Indonesia

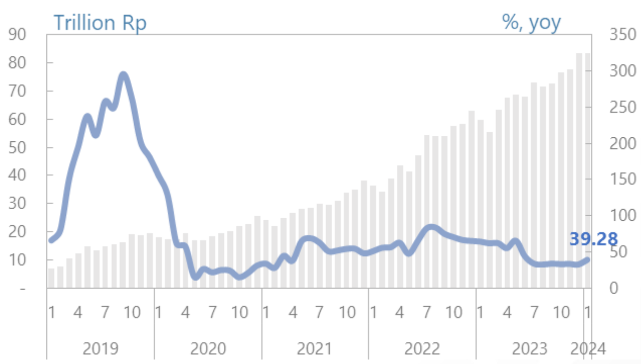
Credit Risk (NPL)



Source: OJK, Bank Indonesia

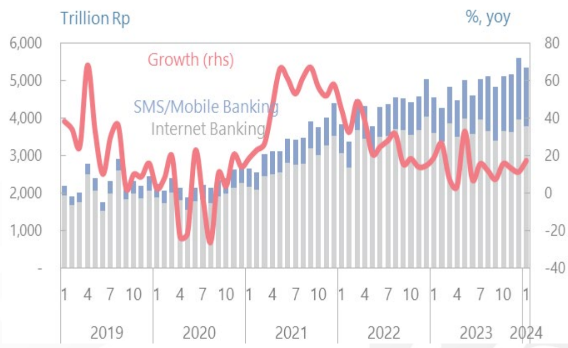
Digital economic and financial transactions continue to perform solidly, supported by a secure, steady and reliable payment system

Electronic Money Transactions Value



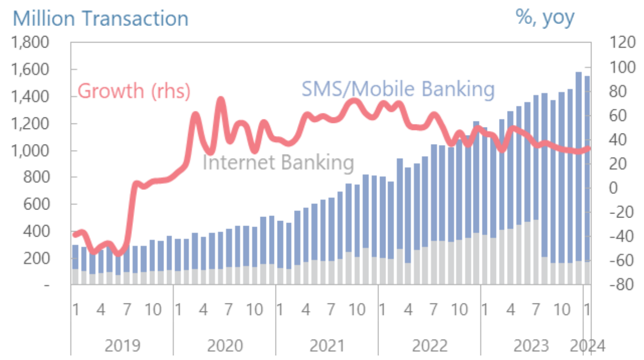
Source: Bank Indonesia

Digital Banking Transactions Value



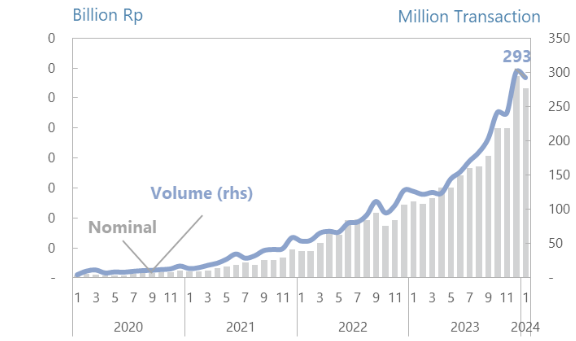
Source: Bank Indonesia

Digital Banking Transactions Volume



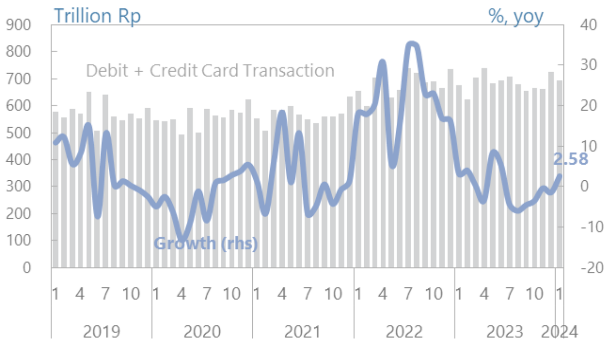
Source: Bank Indonesia

QRIS Transactions Value and Volume



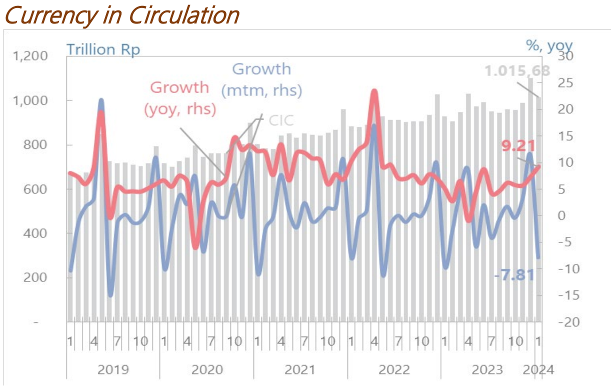
Source: Bank Indonesia

ATM/Debit and Credit Card Transactions



Source: Bank Indonesia

Currency in Circulation



Source: Bank Indonesia

BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

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