



BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

MONETARY POLICY

REVIEW

JUNE 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 $2.5 \pm 1\%$ 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 financial market uncertainty remains high despite a stronger world economic outlook. Global economic growth in 2024 is expected to exceed the initial projection, reaching 3.2%, primarily driven by stronger growth in India and China. The US economy is gaining momentum on the back of improving domestic demand and higher exports, accompanied by a prolonged disinflation process. Such conditions are expected to prompt a lower Federal Funds Rate (FFR) towards the end of 2024. Meanwhile, the European Central Bank (ECB) has lowered its monetary policy rate sooner in response to milder inflationary pressures. Monetary policy divergence among advanced economies, coupled with deepening geopolitical tensions, has perpetuated high global financial market uncertainty. Such developments, together with higher US Treasury yields, have led to a strong US dollar, thereby exacerbating broad-based currency pressures on global currencies and restrained foreign capital inflows to emerging market economies (EMEs). Elevated global financial market uncertainty demands a strong policy response to mitigate the adverse impact of global uncertainty spillovers on emerging market economies, including Indonesia.

At home, Indonesia's economy remains solid despite global uncertainty, underpinned by the Bank Indonesia and Government policy mix. Indonesia's Balance of Payments (BOP) remains sound, thereby supporting external resilience. Rupiah stability remains intact in line with the policy commitment instituted by Bank Indonesia. Inflation is falling and remains within the $2.5\% \pm 1\%$ target corridor. Bank Indonesia continues optimising various pro-market monetary instruments, namely SRBI, SVBI and SUVBI, to strengthen Rupiah stability and achieve the inflation

target. Monetary policy transmission remains effective.

Credit growth remains high. Bank Indonesia has introduced the Bank Foreign Funding Ratio (RPLN) to strengthen the management of foreign funding in the banking industry, thus supporting loans/financing for the national economy in compliance with prudential principles. Financial system resilience remains solid. Digital economic and financial transactions remain solid, supported by secure, seamless and reliable payment systems. Payment system infrastructure stability has been maintained, supported by broader interconnection in the payment system industry.

The BI Board of Governors Meeting agreed on 19-20th June 2024 to hold the BI-Rate at 6.25%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.50% and 7.00% respectively. This decision is consistent with the pro-stability focus of monetary policy, namely as a pre-emptive and forward-looking measure to maintain inflation within the $2.5\% \pm 1\%$ target corridor in 2024 and 2025, which includes strengthening monetary operations to effectively sustain foreign capital inflows and safeguard Rupiah stability. 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 policy will be oriented towards bolstering reliable infrastructure and reinforcing the structure of the payment system industry, while expanding acceptance of payment system digitalisation.



CHAPTER 1

Global and Domestic Economic Developments

Global financial market uncertainty remains high despite a stronger world economic outlook. Global economic growth in 2024 is expected to exceed the initial projection, reaching 3.2%, primarily driven by stronger growth in India and China. The US economy is gaining momentum on the back of improving domestic demand and higher exports, accompanied by a prolonged disinflation process. Such conditions are expected to prompt a lower Federal Funds Rate (FFR) towards the end of 2024. Meanwhile, the European Central Bank (ECB) has lowered its monetary policy rate sooner in response to milder inflationary pressures. Monetary policy divergence among advanced economies, coupled with deepening geopolitical tensions, has perpetuated high global financial market uncertainty. Such developments, together with higher US Treasury yields, have led to a strong US dollar, thereby exacerbating broad-based currency pressures on global currencies and restrained foreign capital inflows to emerging market economies (EMEs).

Elevated global financial market uncertainty demands a strong policy response to mitigate the adverse impact of global uncertainty spillovers on emerging market economies, including Indonesia.

At home, Indonesia's economy remains solid despite global uncertainty, underpinned by the Bank Indonesia and Government policy mix. Private consumption is growing well in line with maintained public purchasing power and strong consumer confidence. Investment is increasing in terms of building and non-building investment given ongoing government infrastructure projects and improving private investment. Higher domestic demand in the second quarter of 2024 is reflected, among others, in positive household consumption and investment indicators, such as the Consumer Confidence Index (CCI), Real Sales Index (RSI) and Manufacturing Purchasing Managers Index (PMI). In addition, goods exports are increasing, driven by mining and manufacturing exports to Indonesia's

main trading partners, including China and India. Services exports are also improving as a corollary of economic recovery in the home countries of international travellers. By sector, economic growth in the current period is primarily supported by the manufacturing industry, construction sector as well as wholesale and retail trade. Consequently, economic growth in 2024 is expected in the 4.7-5.5% range. Bank Indonesia will continue strengthening synergy between macroprudential policy and the fiscal stimuli implemented by the Government consistently by applying prudent macroeconomic policy principles to support sustainable economic growth.

Indonesia's Balance of Payments (BOP) remains sound, thereby supporting external resilience. The current account deficit in the second quarter of 2024 is expected to remain narrow, supported by a surplus goods trade balance, which was recorded at USD5.6 billion as of May 2024. Meanwhile, capital inflows in the form of portfolio investment in the second quarter of 2024 (as of 14th June 2024) recorded a net inflow of USD4.0 billion despite persistently high global financial market uncertainty. The position of foreign reserves at the end of May 2024 increased to USD139.0 billion, equivalent to 6.3 months of imports or 6.1 months of imports and servicing government external debt, which is well above the international adequacy standard of around 3 months of imports. Overall, BOP performance in 2024 is expected to be maintained, underscored by a low and manageable current account deficit in the 0.1%-0.9% of GDP range. On the other hand, the capital and financial account is forecast to record a surplus given increasing foreign capital inflows in the form of foreign direct investment (FDI) and portfolio investment in line with positive investor perception of the promising domestic economic outlook and attractive yields on financial assets for investment.

Rupiah stability remains intact in line with the policy commitment instituted by Bank Indonesia. Rupiah stability in June 2024 (as of 19th June 2024) has been maintained, despite losing 0.70% (ptp) in value after appreciating 0.06% (ptp) in May 2024 compared with conditions at the end of the previous month. Rupiah depreciation was impacted by high global financial market uncertainty, primarily given a lack of assurance regarding FFR reductions, the strong US dollar and deepening geopolitical tensions. In terms of domestic factors, pressures on the Rupiah stem from higher corporate demand for foreign exchange for the repatriation of dividends, among others, as well as the current perception of fiscal sustainability moving forward. Consequently, the Rupiah has lost just 5.92% of the value recorded at the end of December 2023, less severe than the depreciation experienced by the

South Korean won, Thai baht, Mexican peso, Brazilian real and Japanese yen at 6.78%, 6.92%, 7.89%, 10.63% and 10.78%, respectively. Moving forward, the Rupiah exchange rate is expected to remain stable given Bank Indonesia's commitment to Rupiah stability, supported by foreign capital inflows, attractive yields, low inflation and solid economic growth in Indonesia. Furthermore, Bank Indonesia continues optimising the full panoply of monetary instruments available, which includes strengthening its 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 concerning the Foreign Exchange Proceeds of Exports and the Exploitation, Management and/or Processing of Natural Resources.

Inflation is falling and remains within the 2.5%±1% target corridor. Consumer Price Index (CPI) inflation in May 2024 was recorded at 2.84% (yoy), down from 3.00% in April 2024. Lower headline inflation was influenced by core inflation and administered prices (AP) inflation, which were recorded low at 1.93% (yoy) and 1.52% (yoy), respectively. Meanwhile, volatile food (VF) inflation fell from 9.63% (yoy) to 8.14% (yoy) in response to higher production of food commodities during the ongoing harvesting season, coupled with synergy to manage inflation between Bank Indonesia and the (central and regional) Government. Moving forward, Bank Indonesia is confident that CPI inflation in 2024 will remain under control and within the target corridor. Low core inflation is expected in line with anchored inflation expectations, massive economic capacity in response to domestic demand, low imported inflation in line with Rupiah stability, as well as the positive impact of digitalisation. Bank Indonesia also expects VF inflation to decline, underpinned by inflation control synergy with the TPIP and TPID teams through the GNPIP movement in various regions. Furthermore, Bank Indonesia will continue strengthening its pro-stability monetary policy stance and bolstering policy synergy with the (central and regional) Government to maintain inflation in 2024 and 2025 within the 2.5%±1% target range.

Bank Indonesia continues optimising various pro-market monetary instruments, namely SRBI, SVBI and SUVBI, to strengthen Rupiah stability and achieve the inflation target. This policy also aims to accelerate money market deepening efforts and attract foreign capital inflows. As of 14th June 2024, the respective positions of SRBI, SVBI and SUVBI instruments stood at

Rp666.53 trillion, USD2,301.50 million and USD395 million. SRBI issuances have attracted foreign capital inflows to Indonesia, as reflected by significant non-resident holdings of SRBI that totalled Rp179.86 trillion (26.98% of total outstanding) in the reporting period. Moving forward, Bank Indonesia will continue optimising the various innovative pro-market instruments in terms of volume and attractive yields, strengthened by solid economic fundamentals, in pursuit of further portfolio inflows to domestic financial markets.

Monetary policy transmission remains effective. The IndONIA money market reference rate is still moving within the BI-Rate range, recorded at 6.09% on 19th June 2024. SRBI rates remain attractive at 7.16%, 7.28% and 7.35% for tenors of 6, 9 and 12 months, respectively, 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 in line with the Bank Indonesia Policy Mix and the impact of PLR transparency policy to maintain interest rate efficiency in the banking industry. Accordingly, the 1-month term deposit rate and lending rate were relatively stable in May 2024 at 4.61% and 9.26%, respectively. Meanwhile, the yields on SBN of 2 and 10-year tenors increased as of 19th June 2024 to 6.70% and 7.13%, up 22bps, particularly in terms of the 10-year tenor, compared with conditions at the end of May 2024 in line with US Treasury yields and high risk premiums in global financial markets.

Credit growth remains high. Growth of disbursed loans was recorded at 12.15% (yoy) in May 2024, driven by loans extended to most economic sectors, particularly trade, manufacturing and corporate services. On the supply side, lending appetite has been maintained, supported by stronger 8.63% (yoy) TPF growth and the ongoing bank strategy to reallocate liquid assets to credit, accompanied by liquidity support given the implementation of Macroprudential Liquidity Incentive (MLI) policy by Bank Indonesia. On the demand side, loan growth is supported by maintained corporate and household sector performance. Positive capital expenditures and sales growth in the corporate sector are driving demand for working capital financing and investment financing. Meanwhile, household consumption remains solid, particularly among the middle and upper classes, in line with higher income expectations. By loan type, credit growth is primarily supported by investment loans, working capital loans and consumer loans, growing 14.80% (yoy), 11.59% (yoy) and 10.47% (yoy) in May 2024. Furthermore, sharia financing maintained high growth at 14.07% (yoy), while MSME loans increased 6.74%

(yoy). Consequently, Bank Indonesia projects credit growth to increase towards the upper bound of the 10-12% range in 2024.

Bank Indonesia has introduced the Bank Foreign Funding Ratio (RPLN) to strengthen the management of foreign funding in the banking industry, thus supporting loans/financing for the national economy in compliance with prudential principles. RPLN is an innovative countercyclical macroprudential policy instrument introduced by Bank Indonesia to strengthen the management of near-term foreign funding sources in the banking industry. RPLN policy regulates maximum short-term foreign obligations against bank capital, which can be adjusted in terms of the size of the countercyclical parameter based on forward-looking assessments of the financial cycle, external risks and financial system stability risks. In addition to provisions concerning countercyclical aspects, Bank Indonesia introduced new regulations concerning the definition and scope of the RPLN. RPLN efforts by the banking industry must adhere to prudential principles, including credit and market risk management as well as capital requirements in accordance with prevailing regulations. Bank Indonesia will continue strengthening the effective implementation of accommodative macroprudential policies and building synergy with the Government, Financial System Stability Committee (KSSK), banking industry and businesses to support lending/financing for sustainable economic growth.

Financial system resilience remains solid. Banking resilience is reflected by ample bank liquidity, low credit risk and solid capital capacity. Bank liquidity remains adequate, as reflected by a high ratio of liquid assets to third-party funds (LA/TPF) at 25.78%. The Capital Adequacy Ratio (CAR) in the banking industry is also still high at 25.97%, recorded in April 2024, supported by low credit risk, as indicated by NPL ratios of 2.33% (gross) and 0.81% (nett). Solid banking industry resilience is also supported by sound corporate and household repayment capacity. The results of BI stress tests further confirmed solid bank capital and liquidity resilience. Moving forward, Bank Indonesia will continue strengthening synergy with KSSK to mitigate various risks that could potentially disrupt financial system stability.

Digital economic and financial transactions remain solid, supported by secure, seamless and reliable payment systems. In May 2024, BI-RTGS transactions increased 0.16% (yoy) to reach Rp14,557.29 trillion, while BI-FAST transactions increased 53.08% (yoy) to Rp701.61 trillion. The value of digital banking transactions grew 10.82% (yoy) to Rp5,570.49 trillion and the value of electronic money transactions grew

35.24% (yoy) to Rp92.79 trillion. The value of QRIS transactions enjoyed impressive 213.31% (yoy) growth, with QRIS users and merchants totalling 49.76 million and 32.25 million respectively. On the other hand, the value of card-based payments using ATM/debit cards totalled Rp615.18 trillion in the reporting period, while the value of credit card transactions increased 6.60% (yoy) to reach Rp35.18 trillion. In terms of Rupiah currency management, total currency in circulation grew 6.82% (yoy) to Rp1,038.26 trillion.

Payment system infrastructure stability has been maintained, supported by broader interconnection in the payment system industry. In terms of infrastructure,

Bank Indonesia maintains a secure, seamless and reliable payment system, supported by adequate liquidity and operational functionality. Regarding the structure of the payments industry, payment system interconnection and the digital economy and finance ecosystem continue to expand. Payment transactions based on the National Open API Payment Standard (SNAP), which facilitates interconnection in the payment system, continue to grow as cooperation between industry players expands. In addition, Bank Indonesia will ensure adequate availability of Rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia, including frontier, outermost and remote regions.



CHAPTER 2

Bank Indonesia Policy Response

The BI Board of Governors Meeting agreed on 19-20th June 2024 to hold the BI-Rate at 6.25%, while also maintaining the Deposit Facility (DF) rate and Lending Facility (LF) rate at 5.50% and 7.00% respectively. This decision is consistent with the pro-stability focus of monetary policy, namely as a pre-emptive and forward-looking measure to maintain inflation within the $2.5\% \pm 1\%$ target corridor in 2024 and 2025, which includes strengthening monetary operations to effectively sustain foreign capital inflows and safeguard Rupiah stability. 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 policy will be oriented towards bolstering reliable infrastructure and reinforcing the structure of the payment system

industry, while expanding acceptance of payment system digitalisation.

Bank Indonesia has, therefore, strengthened its mix of monetary, macroprudential and payment system policies amidst persistently elevated global financial market uncertainty to maintain stability and nurture sustainable economic growth through the following measures:

1. Strengthening the pro-market monetary operations strategy to enhance monetary policy effectiveness by:
 - i. Strengthening the interest rate structure of the Rupiah money market to maintain attractive yields and portfolio inflows to domestic financial assets for investment, thereby bolstering Rupiah stability.

- ii. Optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Forex Securities (SVBI) and Bank Indonesia Forex Sukuk (SUVBI).
2. Stabilising the Rupiah 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.
 3. Strengthening the competitive SBN term-repo and FX swap transaction strategies to maintain adequate liquidity in the banking industry
 4. Honing the Bank Foreign Funding Ratio (RPLN) as a countercyclical macroprudential policy instrument to strengthen funding ratios in foreign currencies in accordance with economic needs, effective from 1st August 2024 as follows:
 - i. Introducing new regulations concerning the definition and scope of foreign funding for calculating the near-term RPLN threshold,
 - ii. Setting the upper limit on short-term foreign funding to bank capital (RPLN threshold) at 30% with a countercyclical parameter of 0% or $\pm 5\%$ based on a forward-looking assessment by Bank Indonesia of the financial cycle, external risk and financial system stability risk, and
 - iii. Reviewing the current RPLN threshold of 30% with a countercyclical parameter of 0% every six months or as necessary,
 5. Strengthening prime lending rate (PLR) transparency policy with a focus on interest rates by economic sector.
 6. Extending the current fees for the National Clearing System (SKNBI) and credit card policy until 31st December 2024 as follows:
 - i. National Clearing System fees of Rp1 for banks and up to Rp2,900 for bank customers,
 - ii. Minimum payment policy for credit cardholders of 5% of the outstanding balance and late payment penalties of 1% of the outstanding balance up to a maximum of Rp100,000, and
 7. Strengthening international central bank cooperation, which includes payment system connectivity and local currency transactions (LCT), as well as promoting trade and investment in priority sectors through cooperation between the tourism sector and relevant institutions, among others.

Policy coordination between Bank Indonesia and the Government is also constantly strengthened to mitigate the risks posed by persistently high global uncertainty. In terms of controlling inflation, Bank Indonesia strengthens policy coordination with the (central and regional) Government through the National Movement for Food Inflation Control (GNPIP) in various regions within the Central Government and Regional Government Inflation Control Teams (TPIP and TPID). Monetary and fiscal policy coordination is strengthened to maintain macroeconomic stability and economic growth momentum. Furthermore, policy synergy between Bank Indonesia and the Financial System Stability Committee is also strengthened to maintain financial system stability and revive lending/financing to businesses.

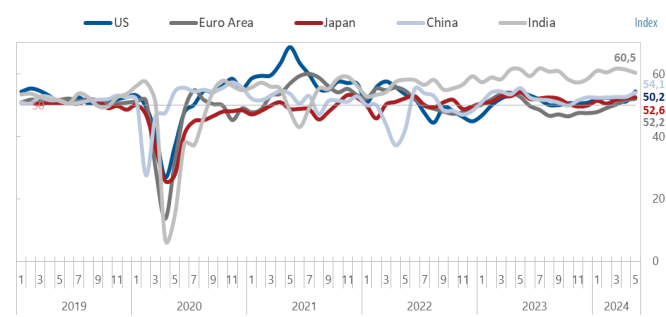
Global financial market uncertainty remains high despite a stronger world economic outlook

Global GDP Growth

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

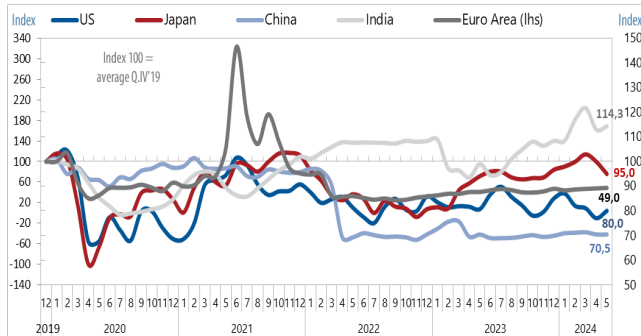
Source: IMF WEO. *Bank Indonesia Projection

Global PMI



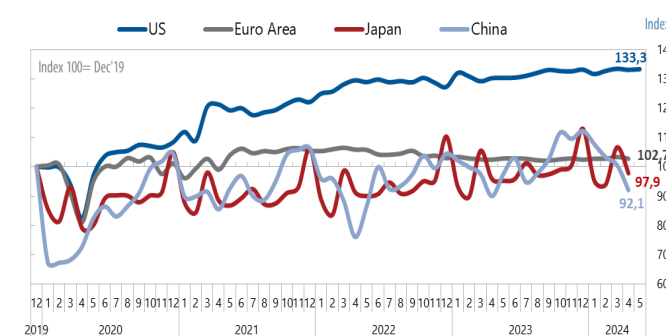
Source: IHS Markit, Bloomberg (China)

Consumer Confidence Index



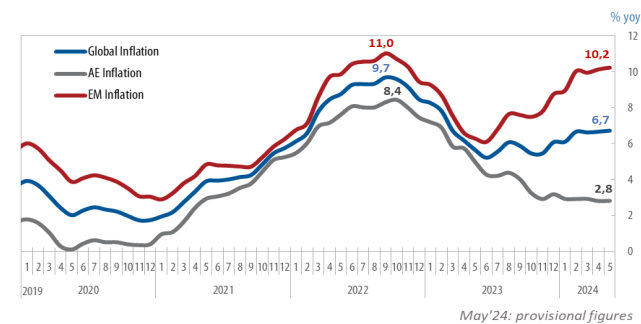
Source: Bloomberg, calculated

Retail Sales



Source: CEIC, calculated

Global Inflation



Source: Bloomberg and IMF, calculated

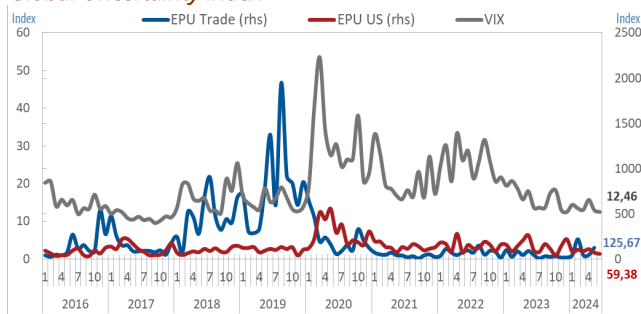
Commodity Prices

Commodity	2021				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	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
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
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
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
Nickel	37,9	41,4	33,7	23,0	33,3	59,4	66,7	18,0	30,3	42,1	-6,7	-22,6	-7,0	-31,8
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
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
Coffee	6,7	39,0	55,2	91,4	48,4	62,5	50,8	18,3	-21,2	24,6	-26,4	-19,3	-28,6	-2,1
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
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
Oil (Brent)**	61	69	73	79	71	101	113	101	88	101	81	78	87	84

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

Source: Bloomberg. Data as of June 18th 2024

Global Uncertainty Index



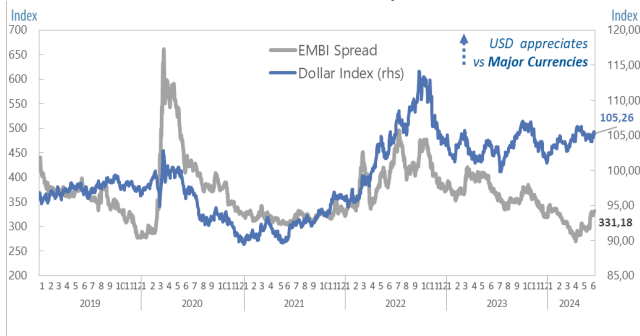
Source: Bloomberg. Data as of June 18th 2024

10 Yr UST & JGB Yield and DJIA Index



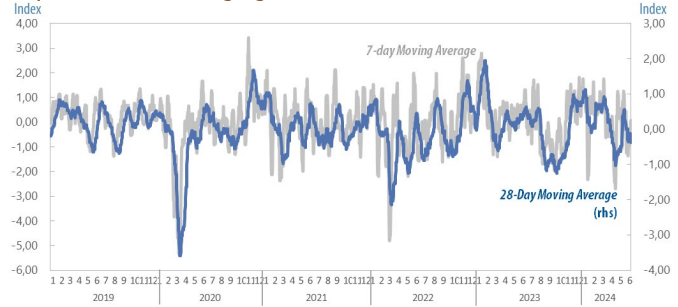
Source: Bloomberg. Data as of June 18th 2024

US Dollar Performance and Risk Perception Indicators on EM



Source: Bloomberg. Data as of June 18th 2024

Capital Flow to Emerging Market



Source: IIF, calculated. Data as of June 14th 2024

At home, Indonesia's economy remains solid despite global uncertainty, underpinned by the Bank Indonesia and Government policy mix

Economic Growth – Expenditure Side

Components	2019	2020	2021	2022				2023				2024		
				I	II	III	IV	2022	I	II	III		IV	
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	4.91
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	24.29
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	19.90
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	3.79
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	5.46
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	-0.64
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	0.50
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	1.77
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	5.11

Source: BPS

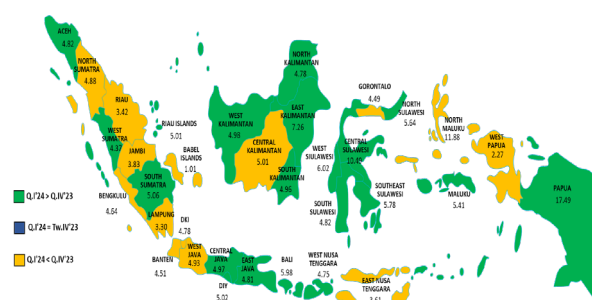
Economic Growth – Economic Sectors Side

Components	2019	2020	2021	2022				2023				2024		
				I	II	III	IV	I	II	III	IV	I		
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	-3.54
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	9.31
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	4.13
Electricity and Gas Procurement	4.04	-2.34	5.55	7.04	9.33	8.05	2.31	6.81	2.67	3.15	5.06	8.68	4.91	5.35
Water Supply	6.83	4.94	4.97	1.35	4.46	4.26	2.84	3.23	5.69	4.78	4.43	4.66	4.90	4.44
Construction	5.78	-3.26	2.81	4.83	1.02	0.63	1.61	2.01	0.32	5.23	6.39	7.68	4.91	7.59
Wholesale Retail, Car and Motorcycle Repairs	4.80	-3.79	4.63	5.74	4.43	5.37	6.56	5.53	4.94	5.29	5.10	4.09	4.85	4.58
Transportation and Warehousing	6.38	-15.05	3.24	15.79	21.27	25.80	16.99	19.87	19.93	15.28	14.74	10.33	13.96	8.05
Provision of Accommodation, Food and Beverages	5.79	-10.28	3.88	6.57	9.79	17.79	13.77	11.94	11.54	9.91	10.94	7.89	10.01	9.39
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	8.39
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	3.91
Real Estate	5.78	2.32	2.78	3.78	2.16	0.63	0.39	1.72	0.37	0.96	2.21	2.18	1.43	2.54
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	9.63
Government Administration, Defence and Compulsory Social Security	4.88	-0.03	-0.33	-1.29	-1.53	12.47	1.77	2.51	2.10	8.16	-6.24	1.61	1.50	18.88
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	7.34
Health Services and Other Social Activities	8.68	11.56	10.45	4.52	6.51	-1.70	2.48	2.75	4.77	8.28	2.91	3.09	4.68	11.64
Other Services	10.57	-4.10	2.12	8.25	9.26	9.13	11.14	9.47	8.90	11.09	11.14	10.15	10.52	8.92
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	5.11

Source: BPS

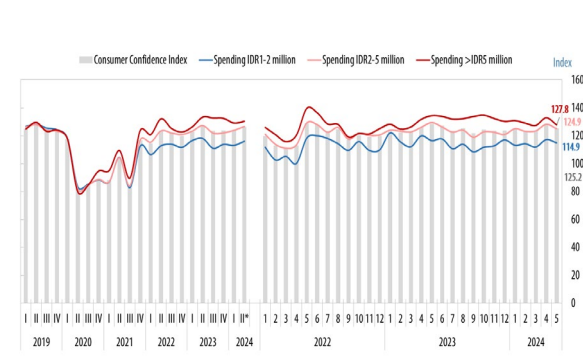
Growth of Regional Economic (GDRP) of the First Quarter of 2024

Realization of GDRP Quarter I 2024 (% yoy; compared to Quarter IV 2023)



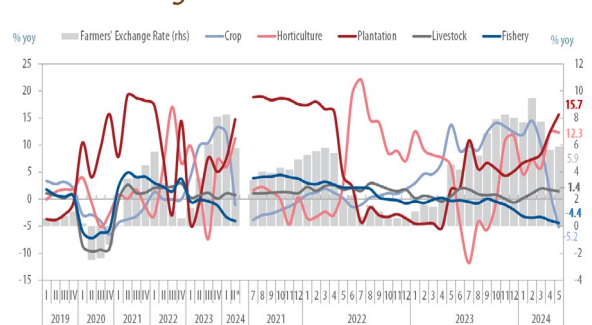
Source: BPS, calculated

Consumer Confidence Index



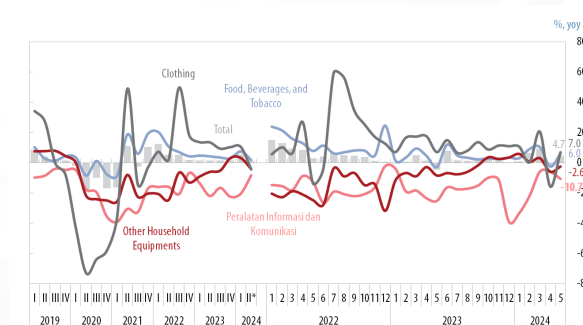
Source: Bank Indonesia. *Data as of May 2024

Farmers' Exchange Rate



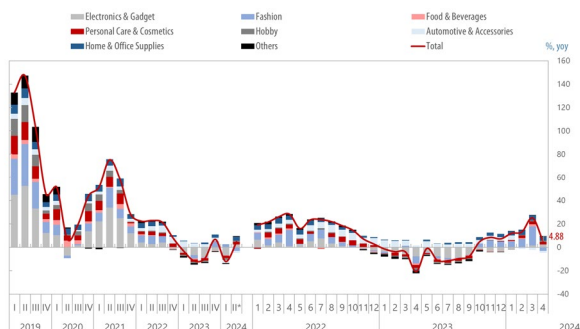
Source: BPS, calculated. *Data as of May 2024

Retail Sales



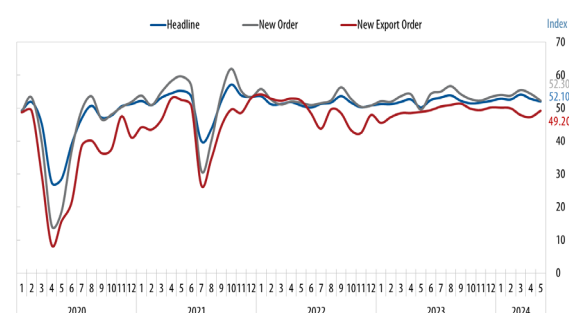
Source: Bank Indonesia. *Data as of May 2024

Online Sales



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

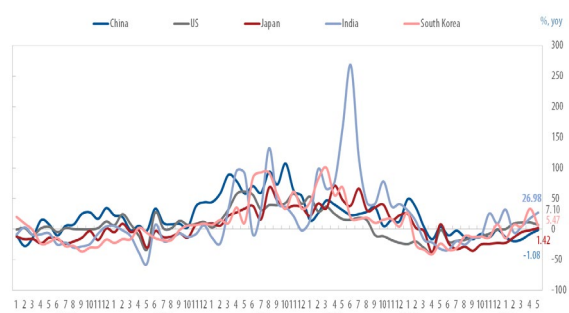
Manufacturing Purchasing Managers' Index (PMI)



Source: S&P Global (IHS Markit)

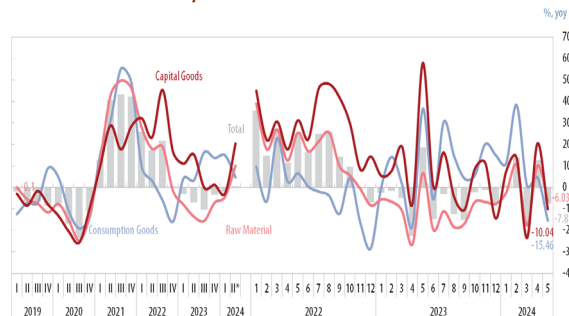
Source: Market Economics

Non-Oil and Gas Exports to Main Destination Countries



Source: Bank Indonesia

Non-oil and Gas Imports



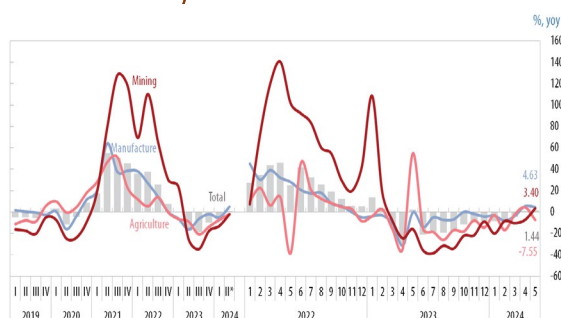
Source: Bank Indonesia. *Data as of May 2024

Realization of State Budget (APBN)

ITEMS	2020	2021	2022	2023	2024						
	Realization (Rp Trillion)	% Realization PERSYAS 12	Budget (Rp Trillion)	Realization as of December 2021 (Rp Trillion)	Budget (Rp Trillion)	Realization as of December 2022 (Rp Trillion)	Budget (Rp Trillion)	Realization as of December 2023 (Rp Trillion)	Budget (Rp Trillion)	Realization as of May 2024 (Rp Trillion)	
A. State Income and Grants	5,807.3	95.9%	5,765.1	2,086.4	5,965.1	2,263.2	5,202.4	2,403.0	2,776.2	2,403.0	876.1
1. Domestic Income	5,429.0	95.9%	5,387.7	2,055.1	5,585.6	2,263.2	5,202.4	2,403.0	2,776.2	2,403.0	876.1
1. Tax Income	3,385.1	95.9%	3,344.5	1,508.0	3,538.0	1,784.0	3,094.6	2,002.2	2,055.4	2,002.2	676.2
2. Non-Tax Income	343.8	105.9%	298.2	497.0	305.6	481.6	395.2	400.8	400.8	400.8	199.9
B. Grant	38.0	100.0%	77.4	45.5	79.5	0.0	5.8	0.0	0.0	0.0	1.7
B. State Expenditures	2,385.5	94.0%	2,750.0	2,750.0	2,750.0	2,750.0	3,055.5	3,055.5	3,055.5	3,055.5	940.0
1. Central Government Expenditures	2,385.5	94.0%	2,750.0	2,750.0	2,750.0	2,750.0	3,055.5	3,055.5	3,055.5	3,055.5	940.0
1. Employee Spending	385.5	94.0%	421.1	387.7	421.1	421.1	421.1	421.1	421.1	421.1	181.1
2. Spending for Goods	423.3	104.4%	362.1	520.6	393.7	393.7	426.4	387.0	426.4	387.0	109.9
3. Capital Expenditures	135.9	103.0%	146.8	228.6	196.2	196.2	204.4	196.2	204.4	196.2	42.8
4. Payment of Debt Obligations	334.1	92.7%	373.3	402.9	402.9	402.9	386.3	402.9	402.9	402.9	162.4
5. Subsidies	286.2	102.2%	275.4	203.7	203.7	203.7	203.7	203.7	203.7	203.7	53.8
6. Grant Expenditures	6.3	103.7%	6.3	4.3	4.3	4.3	5.3	0.0	0.0	0.0	1.3
7. Social Assistance	202.5	103.5%	184.4	170.4	170.4	170.4	165.5	165.5	165.5	165.5	55.5
8. Other Expenditures	120.0	95.0%	120.0	78.5	78.5	78.5	78.5	78.5	78.5	78.5	20.0
B. Transfer to Regions and Village Funds	762.5	98.0%	762.5	762.5	762.5	762.5	762.5	762.5	762.5	762.5	253.0
1. Transfer to Regions	684.4	98.0%	723.1	723.1	723.1	723.1	723.1	723.1	723.1	723.1	233.1
2. Village Funds	78.1	98.0%	39.4	39.4	39.4	39.4	39.4	39.4	39.4	39.4	20.0
C. Primary Balance	3,421.8	93.9%	3,015.1	1,338.0	3,425.5	1,514.0	2,107.8	1,400.0	2,107.8	1,400.0	100.0
D. Budget Surplus/Deficit	(878.2)		(684.9)	(663.6)	(664.4)	(486.8)	(853.1)	(652.5)	(279.3)	(652.5)	(66.4)
Surplus/Deficit (NDP)	(8.2)		(3.7)	(4.5)	(4.5)	(4.5)	(2.8)	(2.8)	(2.8)	(2.8)	(0.2)

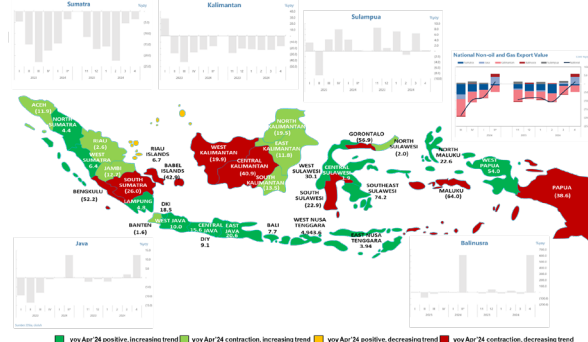
Source: Ministry of Finance

Non-oil and Gas Exports



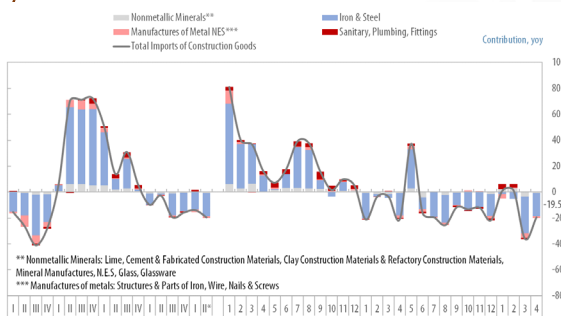
Source: Bank Indonesia. *Data as of May 2024

Spatial Non-oil and Gas Exports



Source: Bank Indonesia. *Data as of April 2024

Import of Construction Goods



Source: Bank Indonesia. *Data as of May 2024

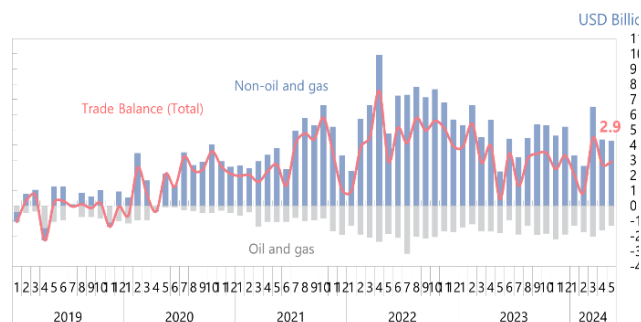
Indonesia's Balance of Payments (BOP) remains sound, thereby supporting external resilience

Indonesia's Balance of Payments

Items (Billion USD)	2019	2020	2021				2022				2023*				2023**		
			I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV	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	2.78	-2.36	-1.17	-1.12	-1.88
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	11.44	46.45
- Exports, fob	168.5	163.40	49.38	54.32	61.65	67.49	232.24	66.77	75.17	77.84	72.76	292.54	67.34	61.97	63.93	66.27	259.51
- Imports, fob	-164.9	-135.10	-41.75	-46.98	-46.24	-55.05	-189.03	-55.47	-58.38	-60.21	-55.81	-229.87	-52.62	-51.84	-53.77	-54.83	-213.06
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	17.69	67.74
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	-2.87	-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	-4.54	-4.82	-3.95	-4.98	-18.09
C. Primary Income	-33.8	-28.91	-6.75	-8.02	-8.27	-9.91	-31.96	-7.73	-9.00	-8.93	-9.63	-35.30	-8.85	-9.30	-8.63	-8.82	-35.61
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	4.09	-5.09	-0.03	11.07	10.04
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	4.38	3.92	3.16	3.31	14.77
2. Portfolio Investment	22.0	3.37	4.92	3.99	1.20	-0.02	5.09	-3.18	-3.61	-3.12	-1.72	-11.63	3.03	-2.64	-3.02	4.88	2.25
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	-6.30	-0.12	2.75	-7.19
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	138.13	136.38	130.78	137.23	145.19	137.54	134.86	146.38	146.38	1
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	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	0.83	-0.67	-0.34	-0.33	-0.14

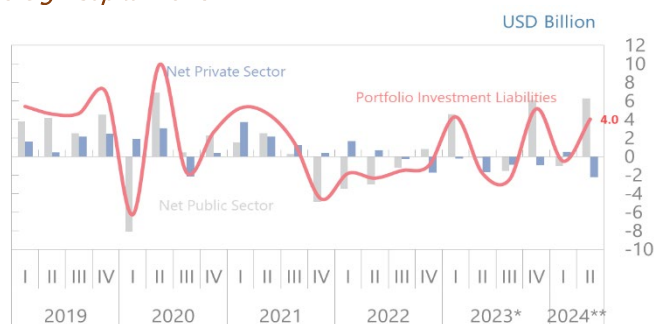
Source: Bank Indonesia. *Provisional Figures; ** Very Provisional Figures

Trade Balance



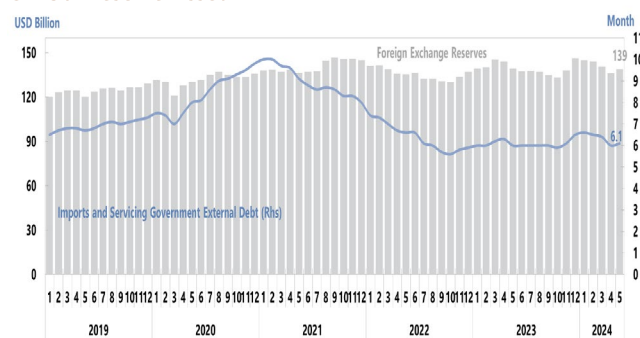
Source: BPS

Foreign Capital Flows



Source: Bank Indonesia. *Data as of 14th June 2024
Provisional Figures; ** Very Provisional Figures

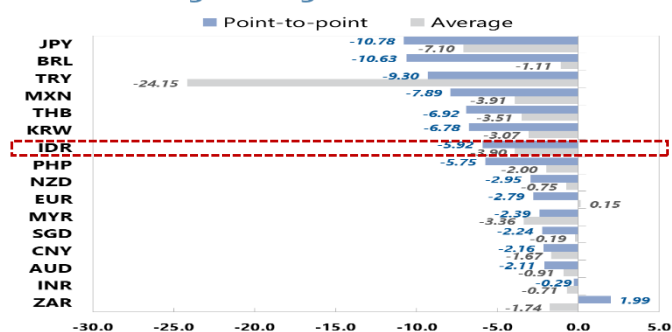
Official Reserve Asset



Source: Bank Indonesia

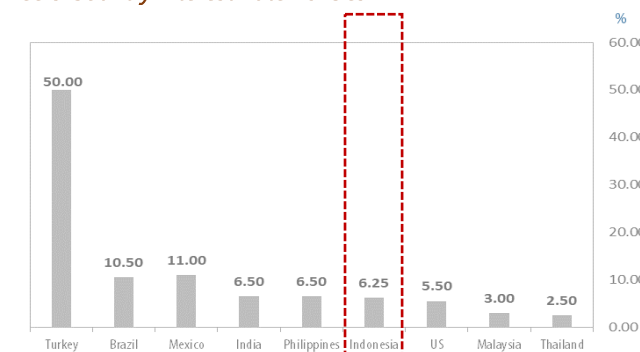
Rupiah vs Peer Countries

Exchange Rate against USD: 2024 vs 2023



Source: Bloomberg and Reuters. Data as of 19th June 2024

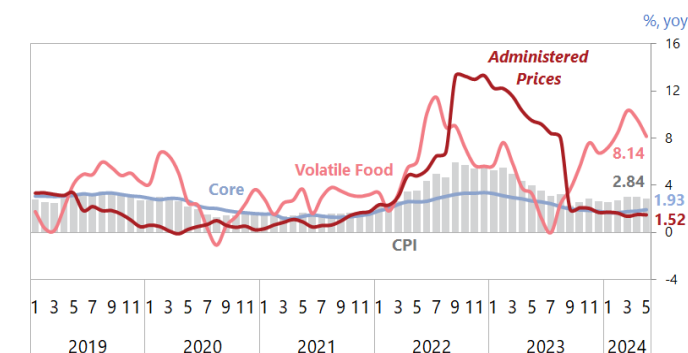
Peers Country Interest Rate Policies



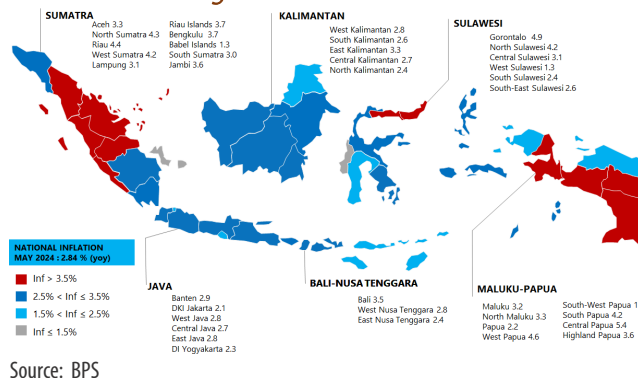
Source: Bloomberg. Data as of 19th June 2024

Inflation is falling and remains within the 2.5%±1% target corridor

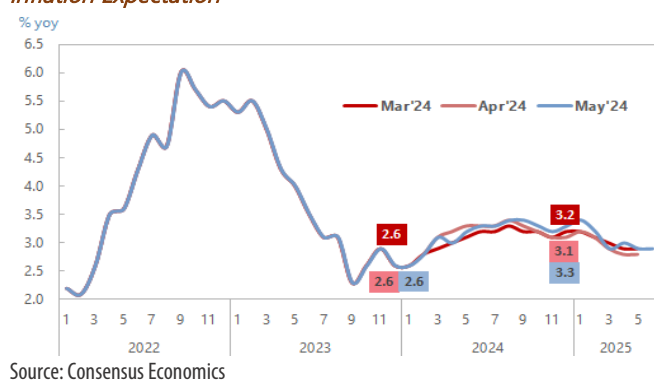
CPI Inflation



Inflation Rate among Cities in Province

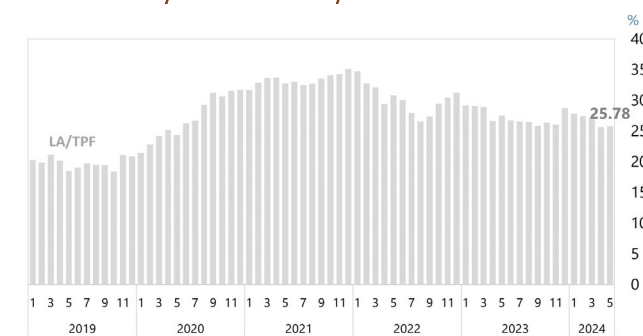


Inflation Expectation

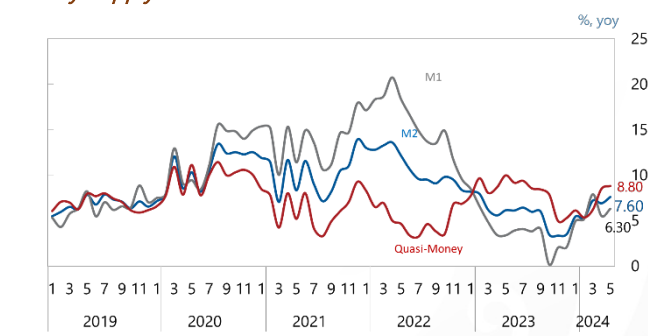


Bank Indonesia continues optimising various pro-market monetary instruments, namely SRBI, SVBI and SUVBI, to strengthen Rupiah stability and achieve the inflation target

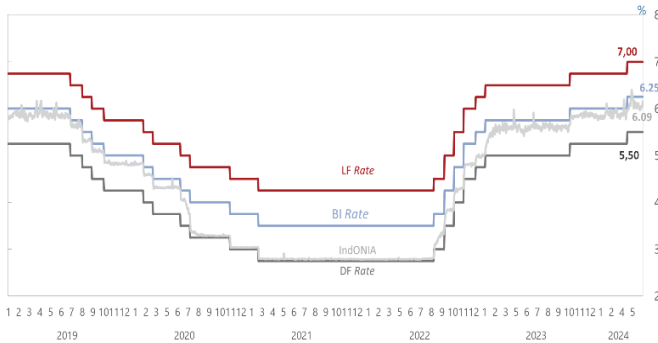
The Ratio of Liquid Assets to Deposits



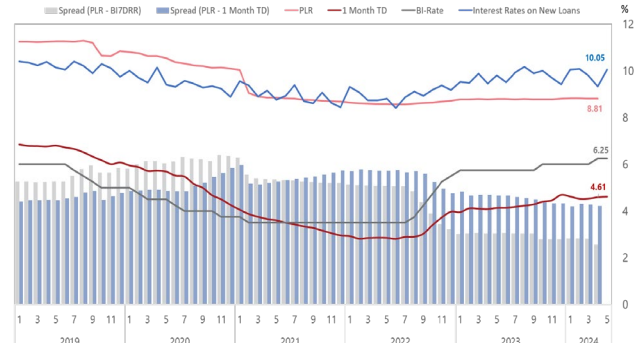
Money Supply



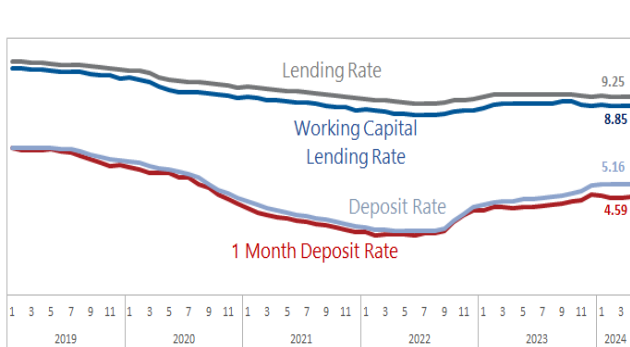
Policy Rate (BI Rate) and Overnight Interbank Rate



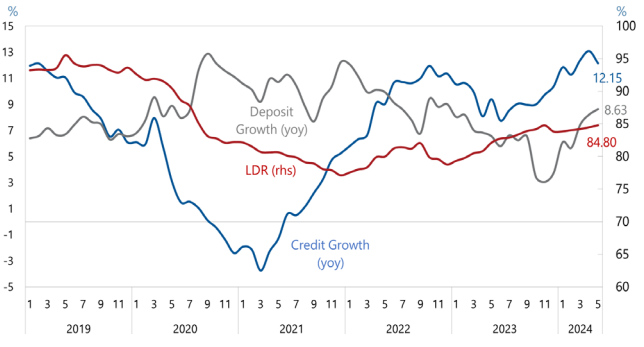
Interest Rate Development



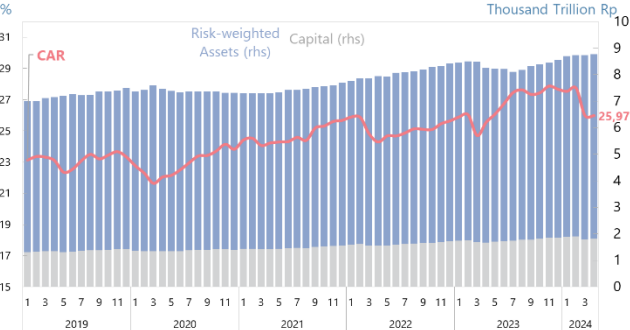
Banking Interest Rates



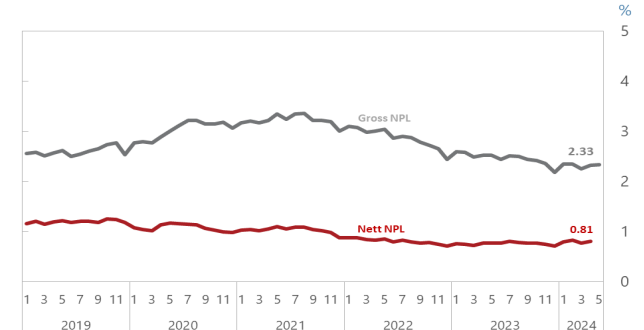
Credit and Deposit Developments



Banking Industry's Capital

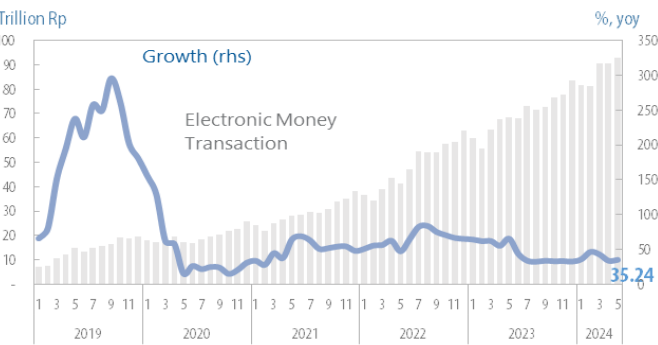


Credit Risk (NPL)

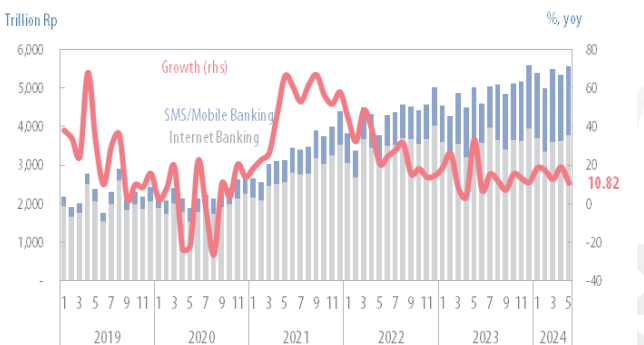


Digital economic and financial transactions remain solid, supported by secure, seamless and reliable payment systems

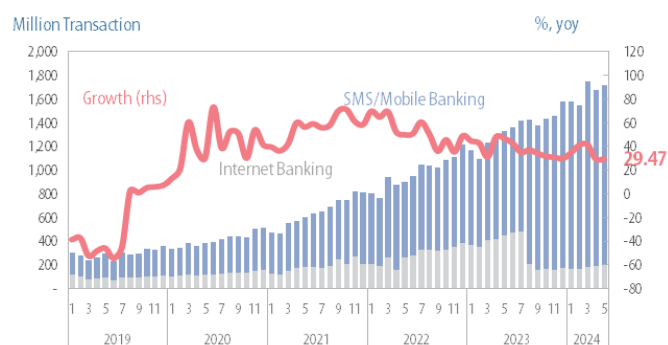
Electronic Money Transactions Value



Digital Banking Transactions Value

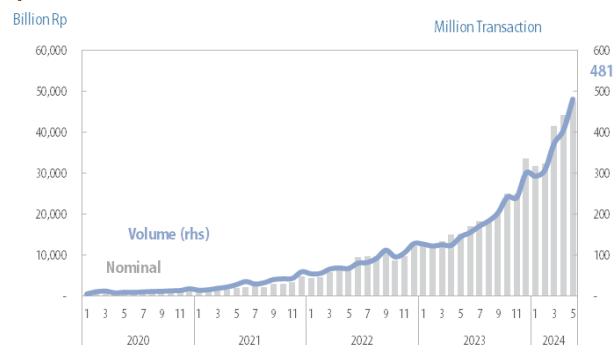


Digital Banking Transactions Volume



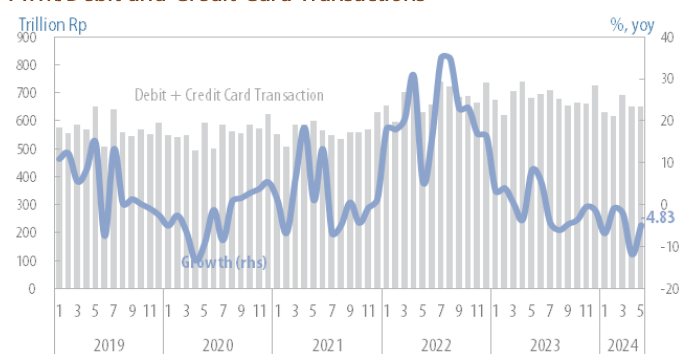
Source: Bank Indonesia

QRIS Transactions Value and Volume



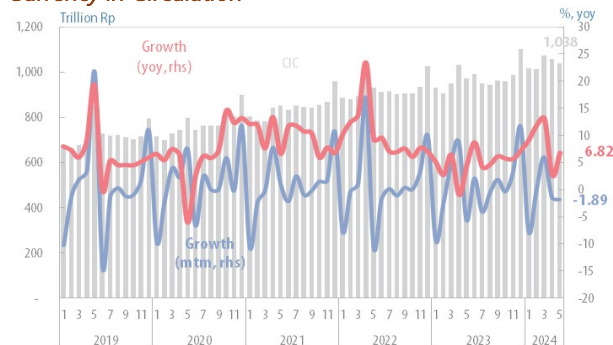
Source: Bank Indonesia

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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