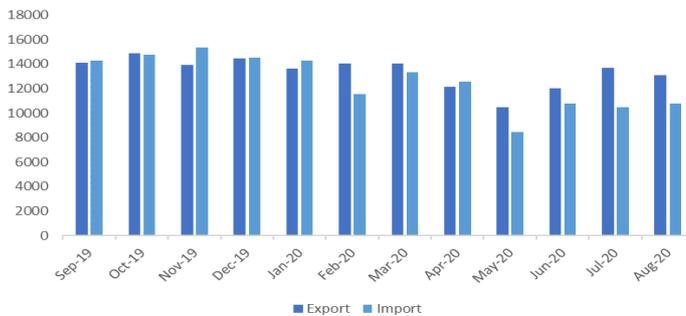


## Macroeconomic Report

# Import Remains Weak, Dimmer Outlook Ahead

18 September 2020

### Indonesia Total Export & Import (USD Million)



Sources: Indonesia Statistics, Bloomberg

### Trade Activities Stagnant, Signaling Slower Recovery

In August 2020, Indonesia had a trade balance surplus of USD 2.33 Bn, or the fourth consecutive months with a net export. Hence, for the year 2020, Indonesia trade balance is currently at a surplus of USD 11.05 Bn. Total export recorded at USD 13.07 Bn or a decline of 4.62% MoM and 8.36% YoY. Cumulatively, Indonesia's export for the period Jan-Aug 2020 stood at USD 103.16 Bn or a 6.51% contraction YoY. Meanwhile, August total Import reached 10.74 Bn, representing a 2.65% MoM increase. Although, recording a slight increase, the still weak import figure indicated that both domestic production and demand remained low. This is due to the fact that domestic productions are still depending on the import of raw material and capital goods. With the return of Jakarta region to Large Scale Social Limitations (PSBB), the road to recovery will face more challenges.

### Central Bank Holds Benchmark Rate

After its monthly Board of Governors meeting, Bank Indonesia decided to keep the BI-7DRRR rate at 4.00%. The benchmark rate has remained steady at this level since its last cut in July. One of the key factor behind this decision was the need to maintain stability of Indonesian Rupiah in the midst of low inflation. The USD/IDR exchange rate has been hovering slightly below the IDR 15,000/USD mark since the beginning of September. Hence, the central bank views that benchmark rate should be maintained in order to prevent further USD/IDR fluctuation. Another important note from the September meeting was Bank Indonesia decision to support the Micro Small & Medium Enterprises (MSME) sector through several ways. These include: extending the incentive period for banks to funnel MSME loans, and developing the money market instrument to support MSME financing as mandated in National Economic Recovery (PEN) program.

### Consumer Confidence Increases Slightly

The Consumer Confidence Index (CCI) level in August 2020 increased slightly to 86.9 from 86.2 in previous month. This was supported by improving consumer sentiments regarding household income, employment outlook, and purchase level of consumer goods. The indicator has been trending upward since its lowest level in May, but still considerably below the 100-level which indicates an optimistic view. The re-enforcement of PSBB in the capital city will potentially hamper consumption and put the CCI upward momentum on hold. Hence we expect this index to contract in the near future.

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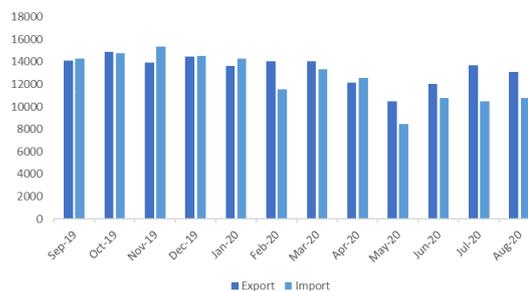
anggaraksa@nhsec.co.id

### Indonesia Trade Balance (in USD million)



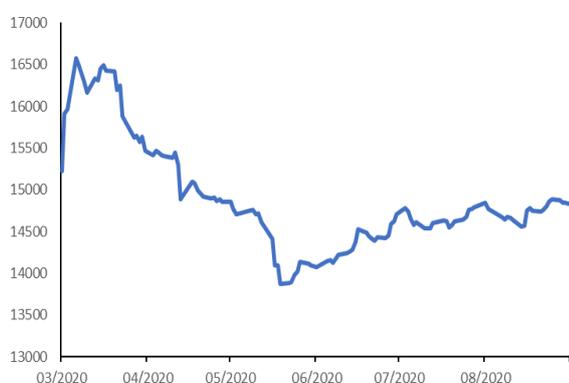
Sources: Bloomberg, NHKSI Research

### Indonesia Export & Import (in USD million)



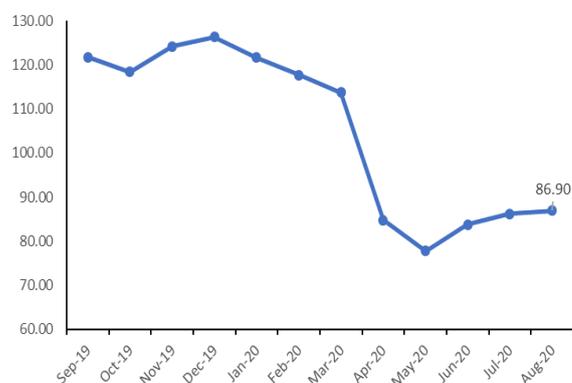
Sources: Indonesia Statistics, Bloomberg

### USD / IDR Exchange Rate



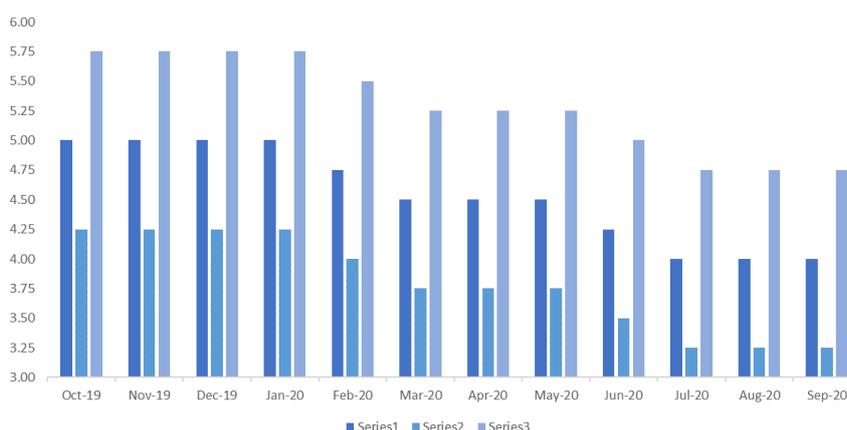
Sources: Bloomberg, NHKSI Research

### Indonesia Consumer Confidence Index



Sources: Bloomberg, NHKSI Research

### Bank Indonesia Benchmark Rate (%)



Sources: Bloomberg, NHKSI Research

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