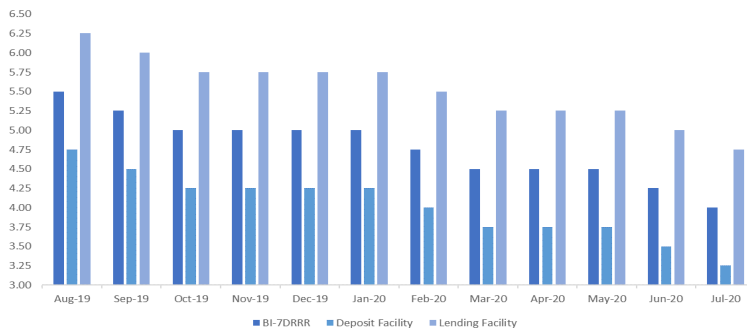


Macroeconomic Report

BI Cuts Benchmark Rate Again, June Trade Balance Still Surplus

Bank Indonesia Benchmark Rate (%)



Sources: Bloomberg, NHKSI Research

Slower Economic Recovery, BI-7DRRR Cut

Bank Indonesia once again cut BI-7DRRR by 25bps to 4.00 percent after the Board of Governors meeting on July 15-16 2020. The slow world economy recovery is one of the deciding factors for the cut. BI projected that Indonesian economic growth in QII/2020 would be deeply contracted in the range of 4%. The central bank also predicted low yearly inflation with YoY position of 1.96%, so further steps are needed to direct the inflation number to the set target. Other than cutting benchmark interest rate, this month's RDG also emphasize on some BI commitments, such as: continuing IDR exchange rate stability policy, purchase of government securities (SBN) from the primary market to support the 2020 state budget funding, and accelerating payment system digitization.

Non Oil and Gas Export Grows Significantly

Throughout June 2020, Indonesia's Trade Balance booked surplus of USD1.27 billion. This continues the positive trend from last month which also experienced a surplus of USD2.02 billion. On the export side, the non oil and gas sector had a jump of 15.73% compared to the previous month to USD11.45 billion. As for the biggest export destination countries this month are: China (USD2.43 billion), US (USD1.37 billion), and Japan (USD0.99 billion). Some of the factors that support the export performance increase this month are: recovering demand from China, and commodity price increases such as CPO, copper, and nickel. Cumulatively, the total export value throughout semester I/2020 is USD76.41 billion or down by 5.49% compared to 1H2019.

Import Activity Rises Post-PSBB

Meanwhile, the import side also booked a high growth reaching USD10.76 billion or up by 27.56% compared to May 2020. Non oil and gas import increased by 29.64% every month, while oil and gas import also increased by 2.98%. As for the type of goods with the largest contributions came from the machinery and mechanical tools of USD432.4 million (up by 33.98% MoM). The recovery of industrial activities post-PSBB were marked by the increase of Purchasing Manager Index (PMI), and able to drive the needs of imported goods in June 2020. Throughout 2020, the total import value reached USD70.9 billion or down compared to the same period last year which amounted to USD82.7 billion.

Anggaraksa Arismunandar

+62 21 5088 9134

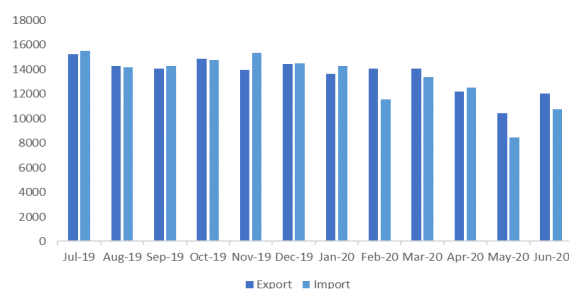
anggaraksa@nhsec.co.id

Indonesia Trade Balance (in USD million)



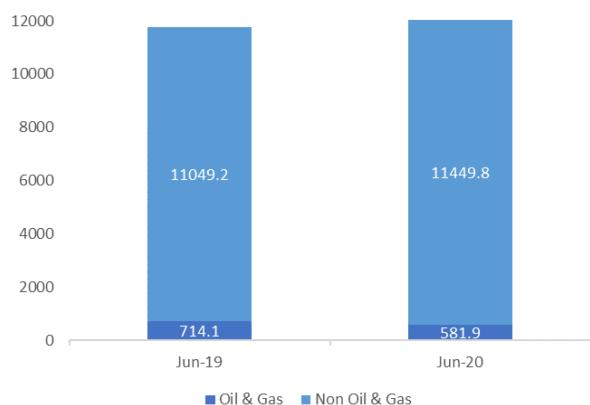
Sources: Bloomberg, NHKSI Research

Indonesia Export & Import (in USD million)



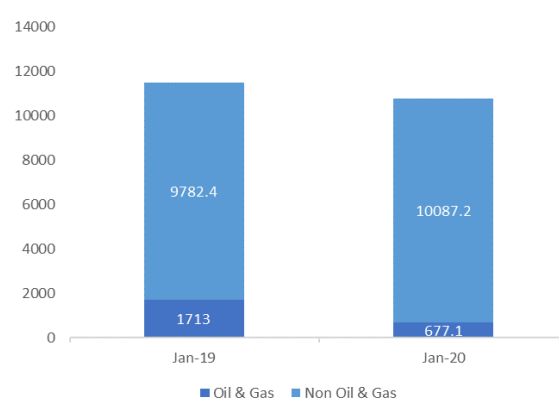
Sources: Bloomberg, NHKSI Research

Indonesia Export YoY (in USD million)



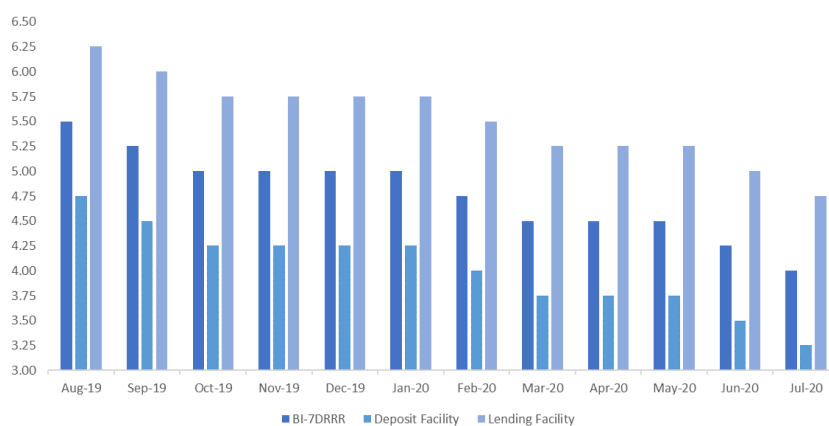
Sources: Central Bureau of Statistics, NHKSI Research

Indonesia Import YoY (in USD million)



Sources: Central Bureau of Statistics, NHKSI Research

Bank Indonesia Benchmark Rate (%)



Sources: Bloomberg, NHKSI Research

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.