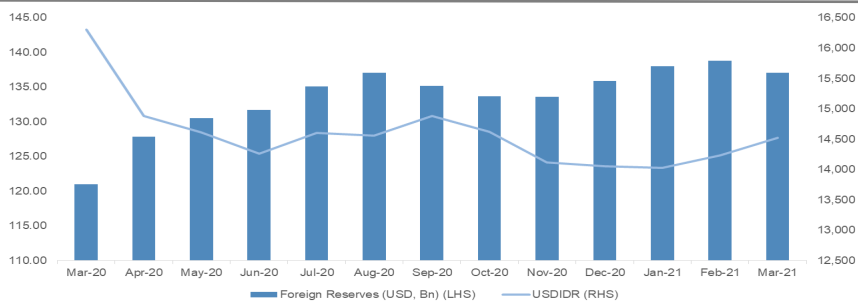


# Macroeconomic Report

## Indonesia Manufacturing PMI at Highest Level

### Indonesia's Forex Reserves



Source: Bloomberg, NHKS Research

Investors have started buying Government Bonds (SUN), be it short, medium, or long tenures. This may potentially lead the 5-year FR0086 and 10-year FR0087 benchmarks back to par. Meanwhile the yield of the 15-year FR0088 benchmark is relatively the same with FR0087. Investors have responded positively to the economic data releases this week: slightly lower foreign exchange reserves, low inflation, and record high Manufacturing PMI.

#### March Foreign Reserves at USD 137.1 Bn

Bank Indonesia (BI) recorded the foreign exchange (forex) reserves in March 2021 at USD 137.1 billion. This is lower than the previous month which was booked at USD 138.8 billion. This decline is in line with the servicing of the government's foreign debt. Meanwhile, the reserve is equal to 10.1 month of import, or 9.7 months of import and servicing of the government's foreign debt. NHKSI Research sees this to be adequate, as it is above the international adequacy standard of three months imports, supported by stability and maintained economic prospect. We also see the trend of surplus balance of trade will also boost forex to reach USD 140 billion this year.

#### Food, Beverage, and Tobacco Portions at 0.10%

This group of goods experienced a monthly inflation of 0.4%. However, commodities with the highest inflation in the group are cayenne pepper at 0.04%, shallot at 0.02%, as well as broiler chicken, onion, fresh fish, preserved fish, and household assistant salary, each at 0.01%. Overall, inflation in March 2021 was booked at 0.08% MoM or 1.38% YoY.

#### New Domestic Demand Boosts Manufacturing PMI

IHS Markit recorded Indonesia Manufacturing PMI in March at 53.2. This number is significantly higher than the previous month at 50.9, boosted by new demands and output. Although new demand is mostly domestic, as export was still feeling the impact of the Covid-19 pandemic. However, production has been recorded to increase in the past five months, as confidence in business reached its highest position.

**Arief Machrus**

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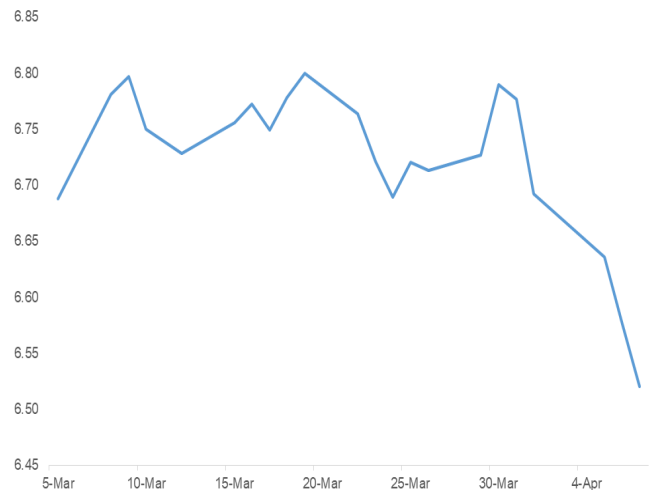
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Indonesia USDIDR (%) | Mar. 2020 - Mar. 2021



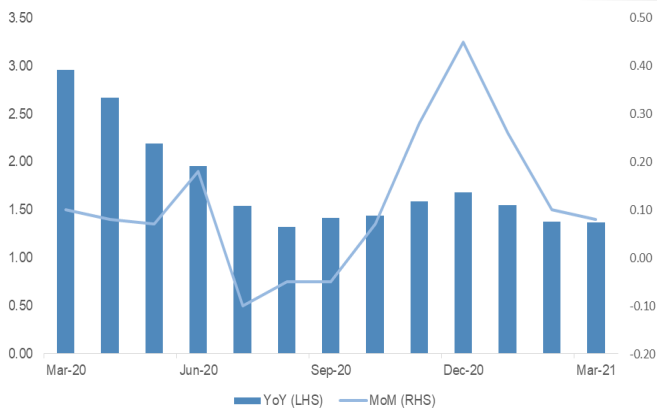
Source: Bloomberg, NHKS Research

Indonesia GIDN10Y (%) | Mar. 5 - Apr. 7



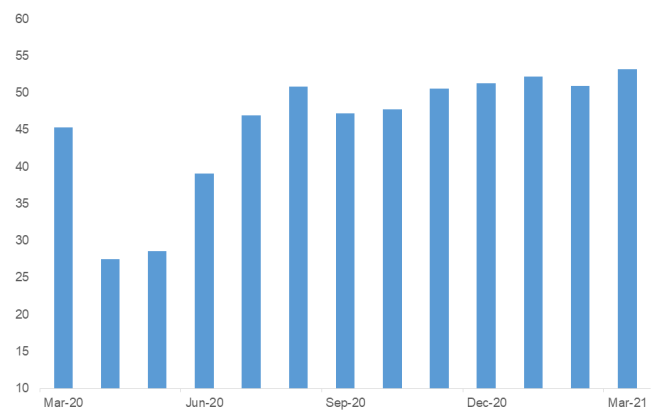
Source: Bloomberg, NHKS Research

Indonesia Inflation (%) | Mar. 2020 - Mar. 2021



Source: Indonesia Statistics, NHKS Research

Indonesia Manufacturing PMI | Mar. 2020 - Mar. 2021



Source: Bloomberg, NHKS Research

Indonesia Forex Reserves (%) | Mar. 2020 - Mar. 2021



Source: Bloomberg, NHKS Research

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