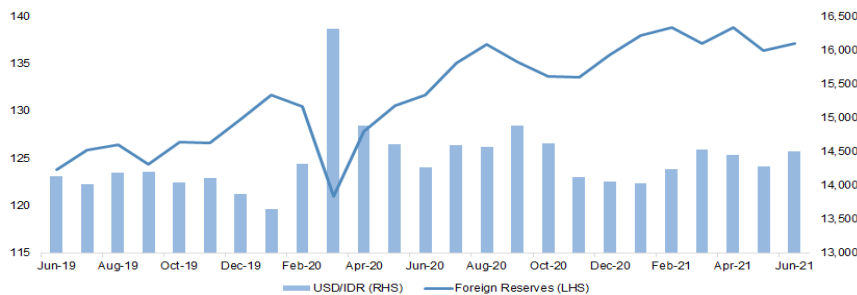


# Macroeconomic Report

## Global Sukuk Issuance Support Foreign Reserves

### Foreign Reserves Vs. USD/IDR



Source: Bloomberg, NHKS Research

### Foreign Exchange Reserves Stable Amid Rupiah Volatility

On Thursday (07/07), Bank Indonesia (BI) recorded Indonesia's foreign exchange (forex) reserves in June 2021 at USD137.1 billion. It was relatively stable compared to the previous month at USD136.4 billion. Other than tax and service revenue, June's reserves position was also supported by Global Sukuk issuance. At the beginning of June, the government successfully launched Global Sukuk of USD 3 billion; USD 1.25 billion in 5-year maturity, USD 1 billion in 10-year maturity, and USD 750 million in 30-year maturity. The transaction was rated Baa2 by Moody's Investor Service, BBB by S&P Global Ratings Services and BBB by Fitch Ratings. The Global Sukuk with 30-year maturity is actually the first for the Indonesian government, and also the first in the world. NHKSI Research sees that the stable forex reserves value will support BI in maintaining the volatility of Rupiah exchange rate.

### Emergency PPKM Influences Consumer Optimism

Consumer Confidence Index (CCI) for the June period increased again from 104.4 to 107.4. This marks the fifth month of increases in a row. In detail, CCI increased in all spending groups and education, as well as most respondent age groups. However, this rally must be maintained amid the enforcement of Emergency Public Activity Restrictions (PPKM). NHKSI Research also sees that the consumer confidence has not been accompanied by recovery in business owners' perception who are still holding expansion back. Other than the implementation of Emergency PPKM, some businesses still see the unfinished pandemic to hinder expansion.

### The government Wins 2022 Benchmark Candidate

In the Auction of Government Bond (SUN) on last Tuesday (06/07), the government successfully won the FR0090 (5.8-years) with average weighted yield of 5.44% and 5.125% coupon. Meanwhile, FR0091 (10.8-year) was at 6.58% and 6.375%, and FR0092 (21-year) was at 7.28% and 7.125%. The series will be around 5-year, 10-year, and 20-year next year, leading NHKSI Research to expect that they may potentially be the benchmark SUN for 2022. On the other hand, as FR0086, FR0087, and FR0083 were not offered since the auction last Tuesday, it may potentially cause the series to be low on supply in the secondary market. The government won IDR 34 trillion in the auction, or higher than the previous SUN auction at IDR 30 trillion.

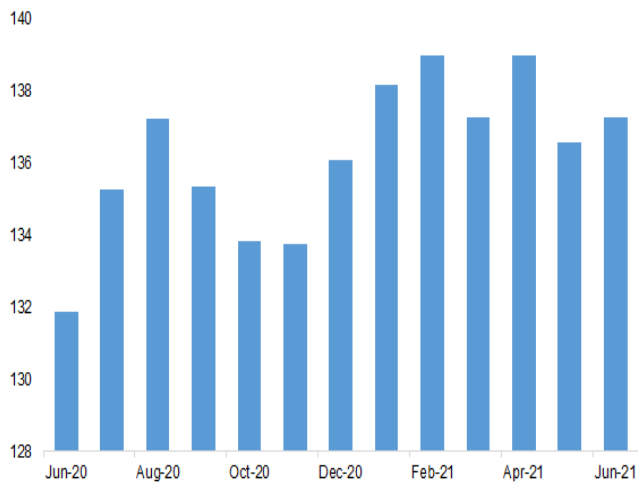
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Please consider important disclaimer

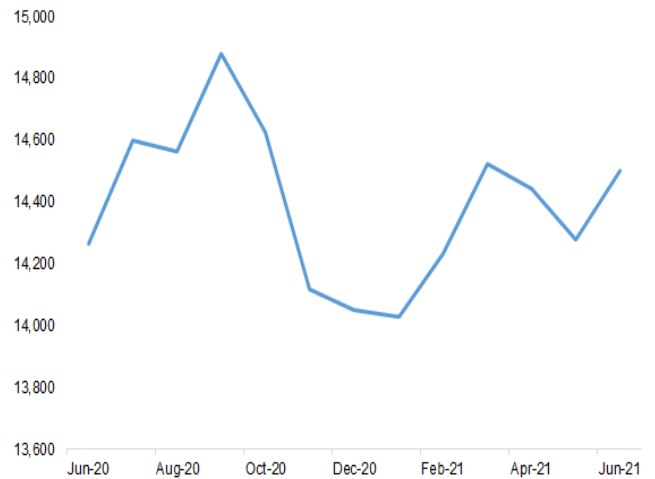
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Foreign Reserves | June 2020 - June 2021



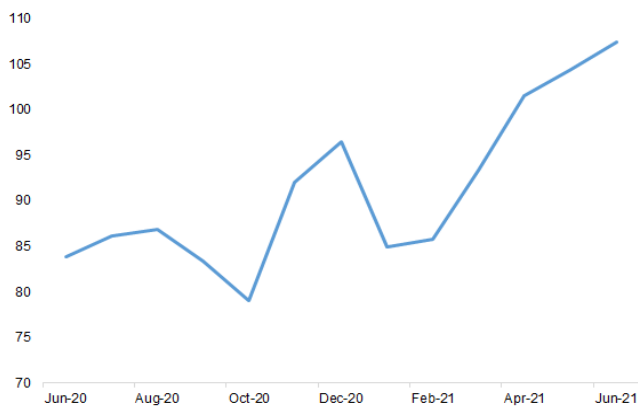
Source: Bloomberg, NHKS Research

USD/IDR | June 2020 - June 2021



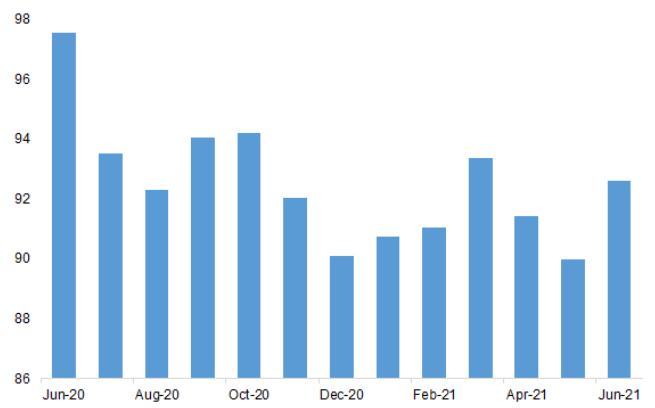
Source: Bloomberg, NHKS Research

Consumer Confidence Index | June 2020 - June 2021



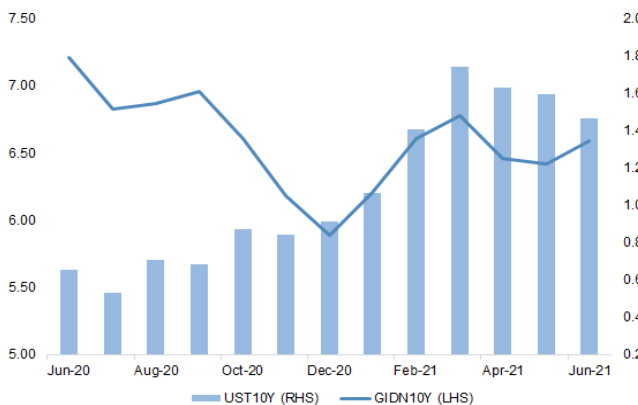
Source: Indonesia Statistics, NHKS Research

US Dollar Index | June 2020 - June 2021



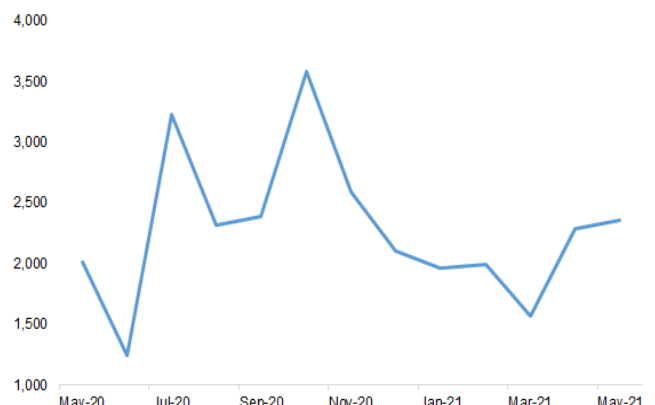
Source: Bloomberg, NHKS Research

GIDN10Y Vs. UST10Y Yield | June 2020 - June 2021



Source: Bloomberg, NHKS Research

Trade Balance | May 2020 - May 2021



Source: Bloomberg, NHKS Research

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