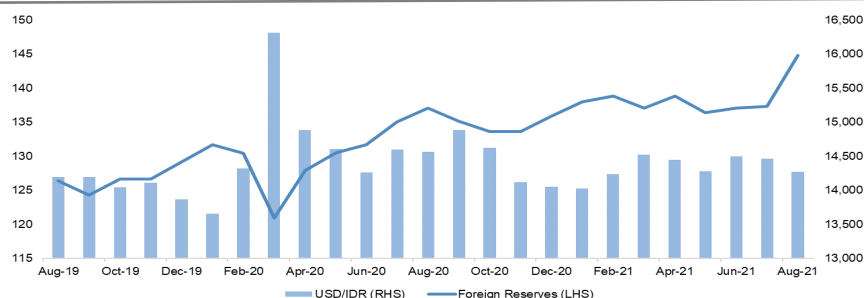


Macroeconomic Report

August's Forex Reserves Increase

Indonesia's Foreign Exchange Reserves



Source: Bloomberg, NHKS Research

IMF's Special Drawing Rights Support Forex Reserves

Bank Indonesia (BI) recorded the foreign exchange (forex) reserves for the August period at USD 144.8 billion, an increase of 5.5% from July at USD 137.3 billion. In more detail, BI also stated that this increase was mainly due to the additional allocation of Special Drawing Rights (SDR) of 4.46 billion SDR, or equivalent to USD 6.31 billion received by Indonesia from the International Monetary Fund (IMF). This SDR facility was obtained as Indonesia became one of the IMF member countries. Furthermore, the current forex reserves position is equivalent to financing 9.1 months of imports, or equivalent to 8.7 months of imports and servicing the government's foreign debt.

Income Tax on Bond Interest Cut to 10%

The government through Government Regulation (PP) Number 91 of 2021, reduced the rate of Income Tax (PPh) on bond interest obtained by local investors to 10%. Meanwhile, the previous rate was 15%, and this policy is effective as of August 30, 2021. NHKSI Research sees that this bond tax relaxation has the opportunity to attract domestic retail investors to place their funds in Government Securities (SBN). For the record, the ownership of domestic investors in SBN is more dominant compared to foreign investors. Based on data from the Directorate General of Budget Financing and Risk Management (DJPPR), foreign investor ownership in SBN is worth IDR 985.1 trillion, or represents only 22.4% of tradable SBN worth a total of IDR 4,390.5 trillion as of September 2, 2021.

The Fed's Dovish Tone Boosts Sukuk Auction

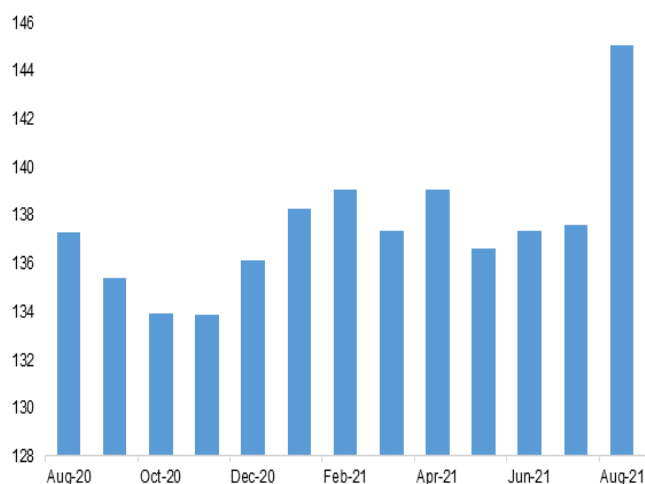
Based on data from the Directorate General of Budget Financing and Risk Management, the sukuk auction on (date) recorded an incoming bid of IDR 56.6 trillion, surpassing the previous sukuk auction at IDR 52.46 trillion. Market participants responded positively to the Fed's dovish stance, as the United States (US) employment data was lower than market expectations. Domestically, investors' interest was supported by positive sentiment on the reduction in income tax (PPh) on bond yields from 15% to 10%. In this auction, the government managed to absorb a total of IDR 10 trillion, or won the six series offered. Meanwhile, the weighted average yield was at 4.26% level for PBS031, 5.01% level for PBS032, 6.40% level for PBS029, 6.44% level for PBS004, and 7.02% level for PBS028. On the other hand, Sukuk offer more attractive yields than Government Securities (SUN), amidst the certainty of the burden sharing policy in 2022.

Arief Machrus

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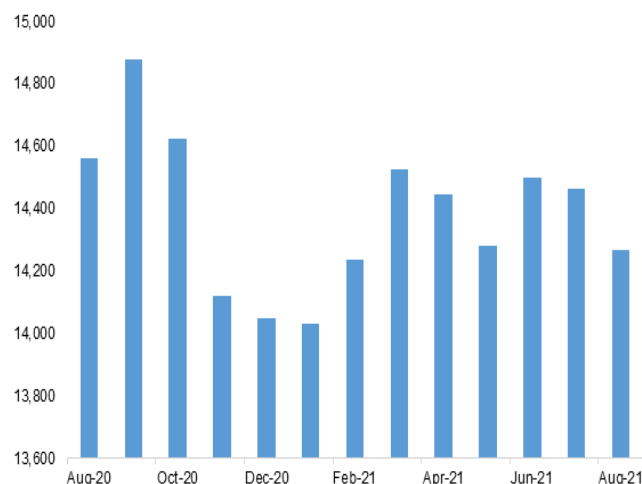
Please consider important disclaimer

Foreign Exchange Reserves | Aug. 2020 - Aug. 2021



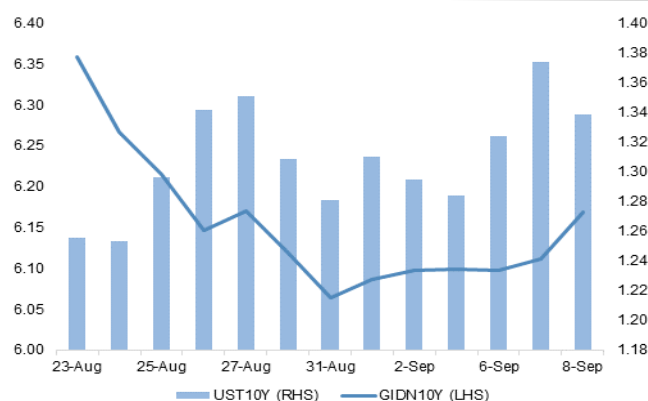
Source: Bloomberg, NHKS Research

Indonesia's Rupiah | Aug. 2020 - Aug. 2021



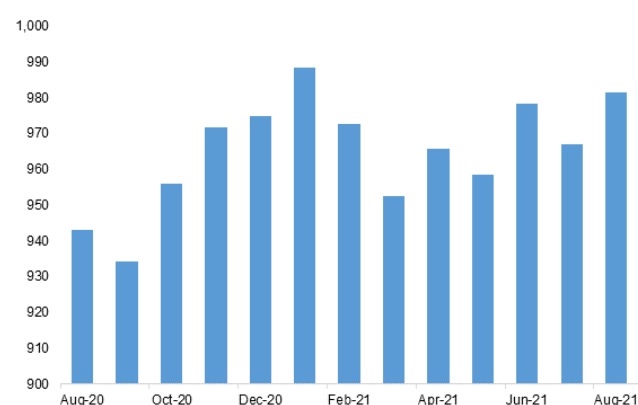
Source: Bloomberg, NHKS Research

GIDN10Y Vs. UST10Y | Aug. 23 - Sept. 8



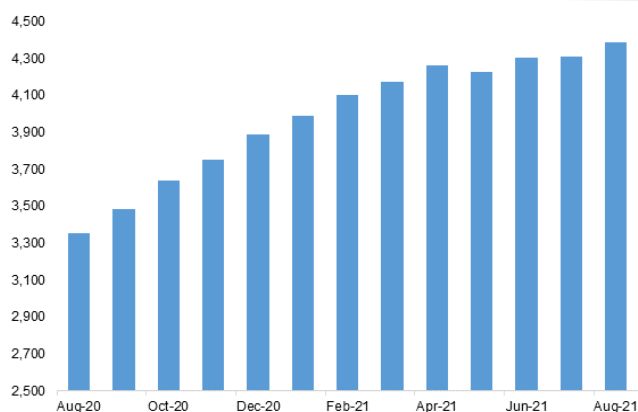
Source: Indonesia Statistics, NHKS Research

Non-Residence Ownership in Govt. Securities | Aug. 2020 - Aug. 2021



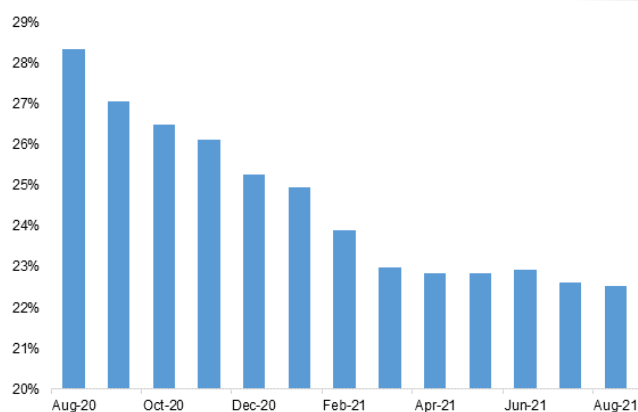
Source: Bloomberg, NHKS Research

Total Tradable Govt. Securities | Aug. 2020 - Aug. 2021



Source: Bloomberg, NHKS Research

Non-Residence Ownership in Govt. Securities (%) | Aug. 2020 - Aug.



Source: Bloomberg, NHKS Research

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