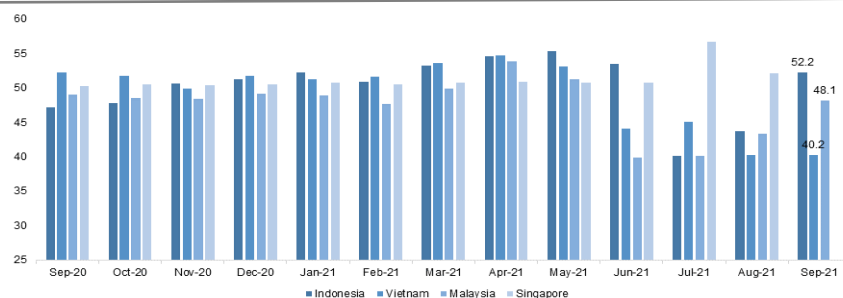


Macroeconomy Report

Manufacturing PMI Back to Expansion Zone

Indonesia's PMI Manufacture



Source: Bloomberg, NHKS Research

Signs of Domestic Economy Recovery

NHKS Research saw Indonesia's Manufacturing PMI for September 2021 was recorded at 52.2, or back in the expansion zone, a sign of domestic economic recovery. We also projected the recovery to continue until the end of the year, due to the government's success in handling the Delta variant in the past two months. The government has been implementing more relaxed PPKM since August 2021, and in September 2021, manufacturing performance recovered and grew. Manufacturing PMI was contracted, at 43.7 in August 2021 and 40.1 in July 2021. Domestic economic recovery is also seen from improved public consumption. This is reflected in the Consumer Price Index for the core components in September which experienced an inflation.

Public Consumption Activity

Based on the data from Statistics Indonesia (BPS), yearly inflation data indicated an increase in public consumption activity rate recovery. On a yearly basis, inflation in September 2021 was booked at 1.6% YoY or higher than the previous month at 1.59% YoY. Meanwhile, core inflation for September 2021 was recorded at 0.13% MoM. Furthermore, some inflation components increased, such as clothing, provision of food and beverages, recreation, routine household equipment, and transportation. Meanwhile, September 2021 booked deflation of 0.04% MoM or a slight change from the previous month which recorded inflation of 0.03% MoM.

FR0091 Average Weighted Yield Up 13 Bps

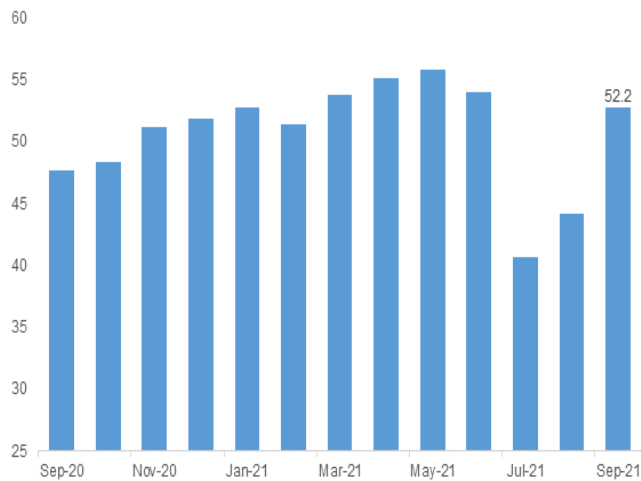
The 10-year Government Debt Securities (SUN) benchmark candidate booked average weighted yield of 6.12% in the SUN auction last week. This figure increased by 13 bps compared to the previous SUN auction in mid-September 2021. The volatility follows the yield increase United States Treasury 10-Years (UST10Y), which has the same tenor, and penetrated 1.5%. This yield is the highest since June 2021. US inflation which is projected to stay high, caused concern that the Fed will increase the benchmark interest rate sooner than the market expects.

Arief Machrus

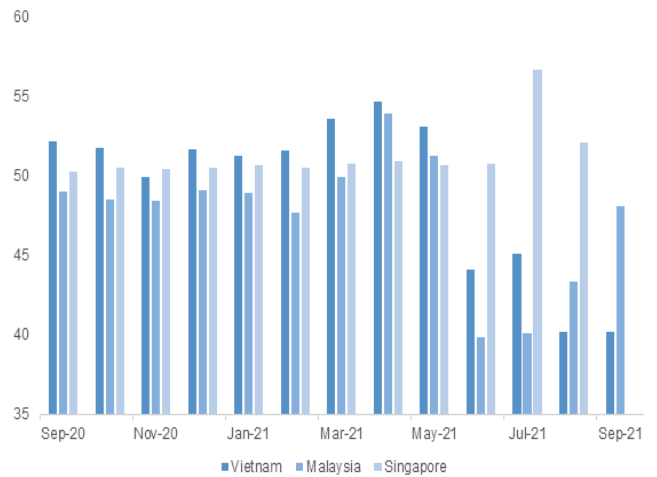
arief.machrus@nhsec.co.id

Please consider important disclaimer

Indonesia PMI Manufacture | Sept. 2020 - Sept. 2021



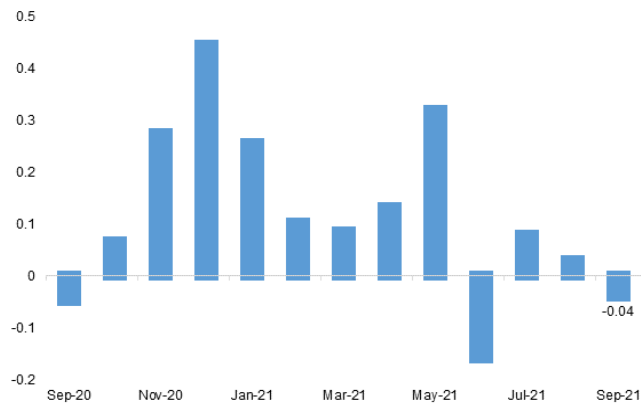
Regional PMI Manufacture | Sept. 2020 - Sept. 2021



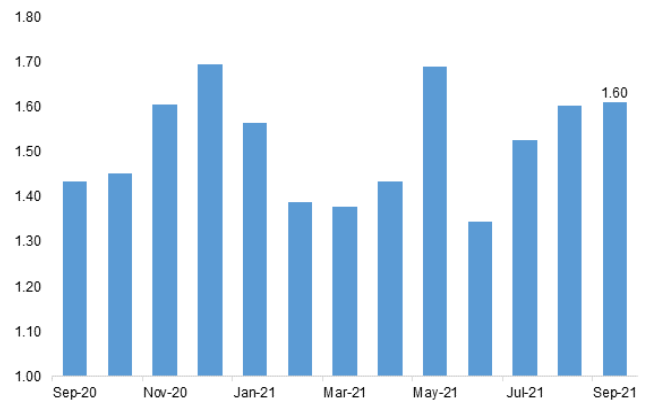
Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

Indonesia CPI MoM (%) | Sept. 2020 - Sept. 2021



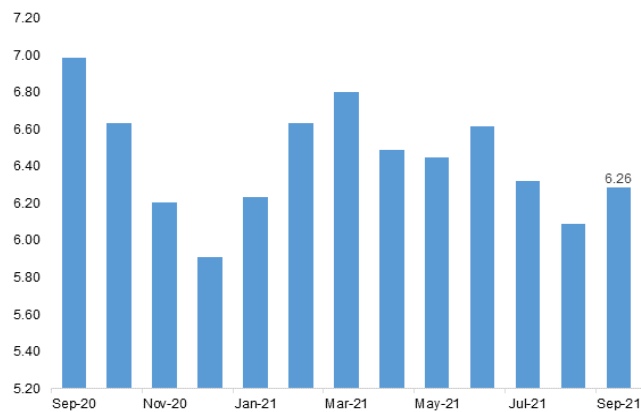
Indonesia CPI YoY (%) | Sept. 2020 - Sept. 2021



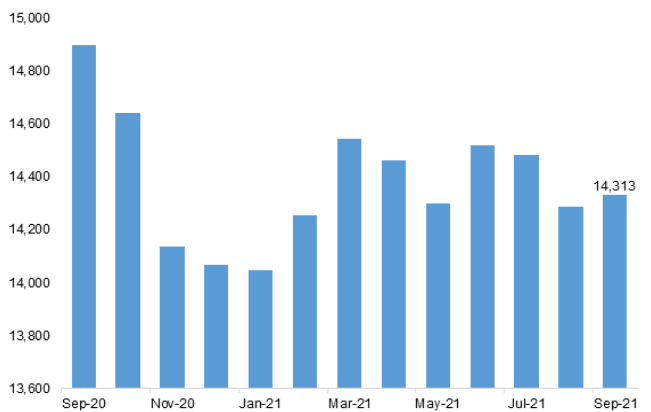
Source: Indonesia Statistics, NHKS Research

Source: Bloomberg, NHKS Research

GIDN10Y Yield | Sept. 2020 - Sept. 2021



USD/IDR | Sept. 2020 - Sept. 2021



Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

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