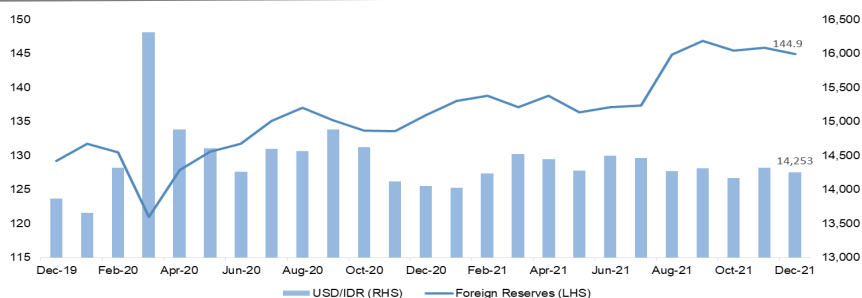


# Macroeconomic Report

## 2021 Forex Reserves Increase

### Indonesia's Foreign Exchange Reserves



Source: Bloomberg, NHKS Research

#### Supported by Commodity Price Increase

Bank Indonesia (BI) booked foreign exchange (forex) reserves in December 2021 at USD 144.9 billion. This is USD 9 billion higher compared to its position at the end of 2020 at USD 135.9 billion, supported by potential surplus of balance of payments due to the upward trend of global commodity prices. Furthermore, the December 2021 forex reserves position was influenced by payment of principal installments of domestic and foreign loans, amounting to IDR 1.33 trillion and IDR 73.6 trillion respectively. This figure is a cumulative figure for the 11-month period in 2021. NHKSI Research sees that the movement of forex reserves in 2022 will be influenced by the planned acceleration in tapering off by the Fed, and increases in the Fed Fund Rate.

#### Expansive 4Q21 Manufacturing PMI

IHS Markit recorded Indonesia's Manufacturing PMI to reach 53.5 in December, lower than the previous month's 53.9. Although declining, Indonesia's Manufacturing PMI for 4Q21 is still in the expansion trend, or above 50-level mark. As a note, Manufacturing PMI for the October 2021 period was 57.2, a historical high. In details, IHS Markit recorded operations for all manufacturing sectors in Indonesia throughout December 2021 have continued to recover, though on a slower rate compared to November 2021. Meanwhile, supply chain bottleneck still affected the manufacturing sector, amid the decline in suppliers' performance, and price increases that impacted the production process.

#### Low FR0093 Coupon

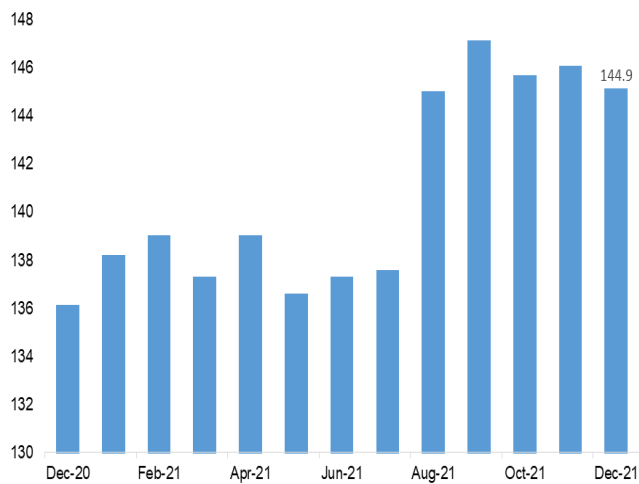
The first Sovereign Debt Instruments (SUN) auction in 2022 held on Tuesday (04/11) successfully established FR0093 coupon at 6.375%. This is relatively lower compared to other SUN of similar tenor, and amid the current downward trend of SUN yield. Furthermore, FR0093 booked incoming bid of up to IDR 26.8 trillion or 35% of the total incoming bid during the auction. Meanwhile, the yield of FR0093 is around 6.35% to 7%, with an average weighted yield of 6.46%. In this auction, the incoming bid reached IDR 77.58 trillion, a bid to cover ratio of 3.1x. Last week, Indonesia also released the Consumer Price Index (CPI) for December, which was 1.87% and 0.57% on a yearly and monthly basis. This figure surpassed consensus of 1.81% YoY and 0.52% MoM. Meanwhile, Indonesia's Consumer Confidence Index for December was relatively stable at 118.3.

**Arief Machrus**

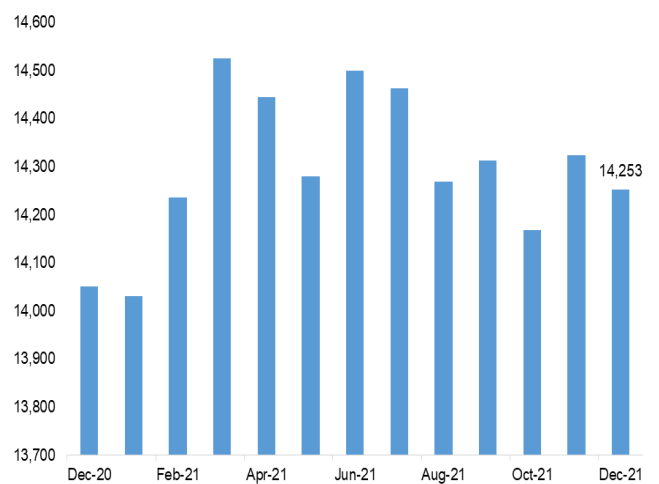
arief.machrus@nhsec.co.id

Please consider important disclaimer

Foreign Exchange Reserves | Dec. 2020 - Dec. 2021



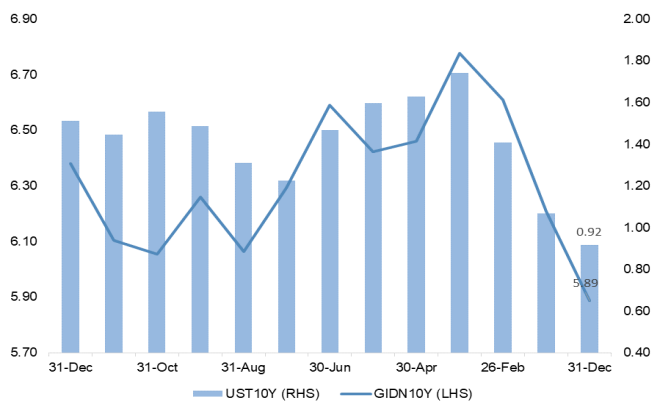
Indonesia's Rupiah | Dec. 2020 - Dec. 2021



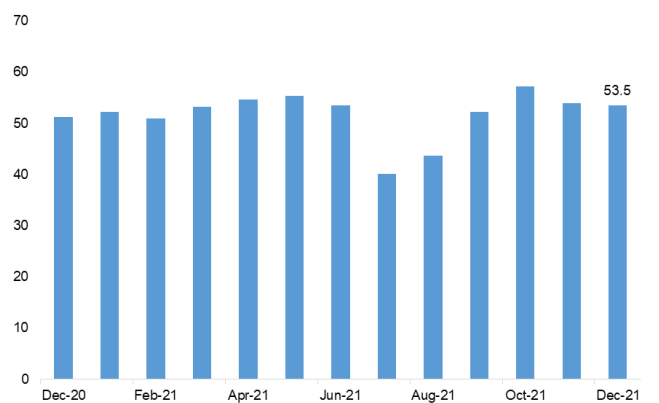
Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

GIDN10Y Vs. UST10Y | Dec. 2020 - Dec. 2021



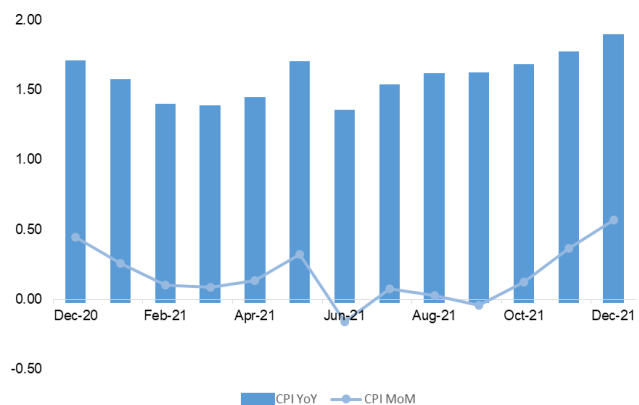
Indonesia's PMI Manufacture | Dec. 2020 - Dec. 2021



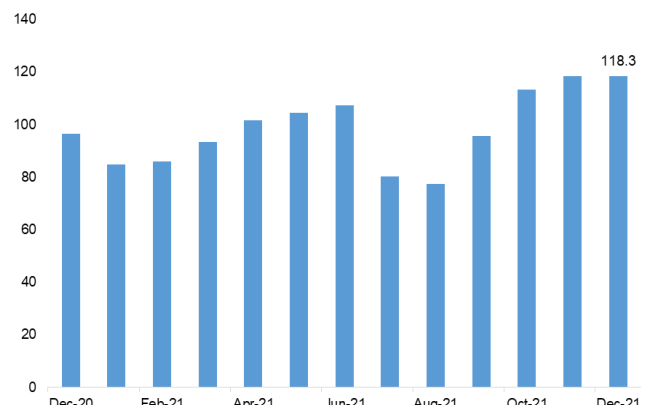
Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

Indonesia's CPI | Dec. 2020 - Dec. 2021



Indonesia's Consumer Confidence Index | Dec. 2020 - Dec. 2021



Source: Bloomberg, NHKS Research

Source: Bloomberg, NHKS Research

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