

NAVIGATING ECONOMIC RECOVERY IN THE NEW NORMAL

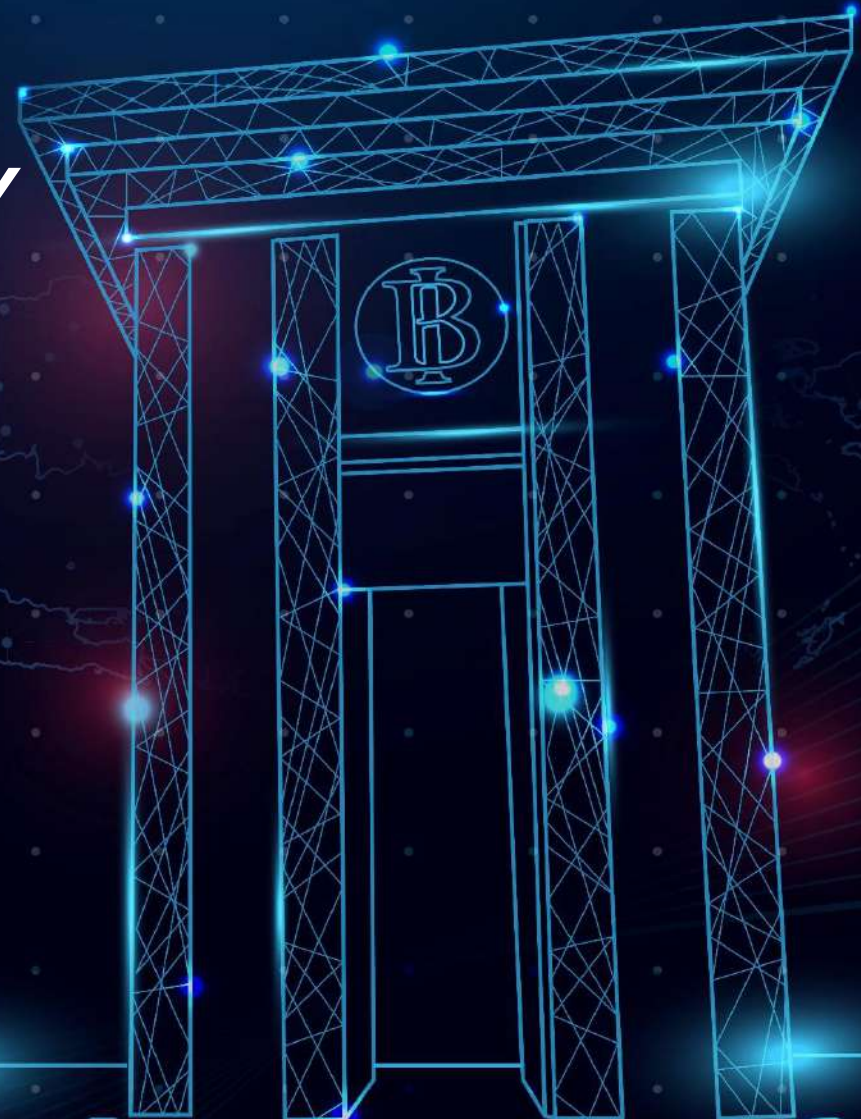
Once the dust settles from this crisis, we will see a new world

PERHIMPUNAN PEDAGANG SURAT UTANG (HIMDASUN)

24 June 2020

Nanang Hendarsah

Executive Director
Monetary Management Department
BANK INDONESIA

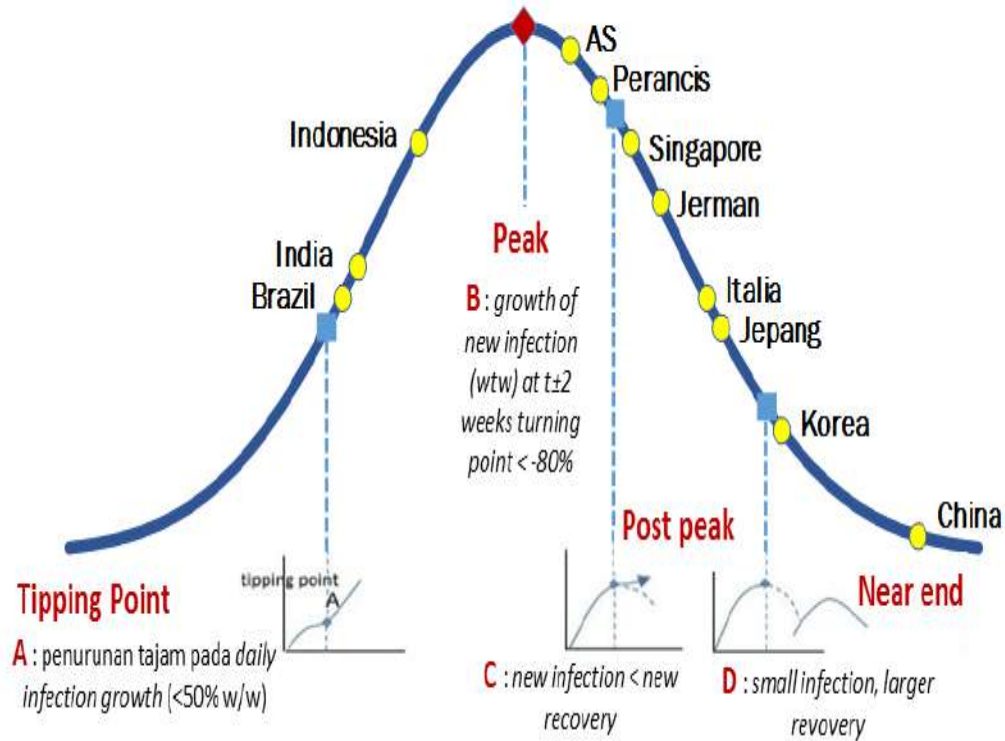


Global Economy :

An Unprecedented Decline, But Recent Data
Consistent With Rebound

This pandemic is a historical novelty, which will drastically change all aspects of our lives. Once the dust settles from this crisis, we will wake up a to a new world

Containment measures reached a peak in April in most AEs, as stabilization of infection rates have led to some relaxation in lockdowns



Estimasi berdasarkan data Bloomberg 30 Mei 2020

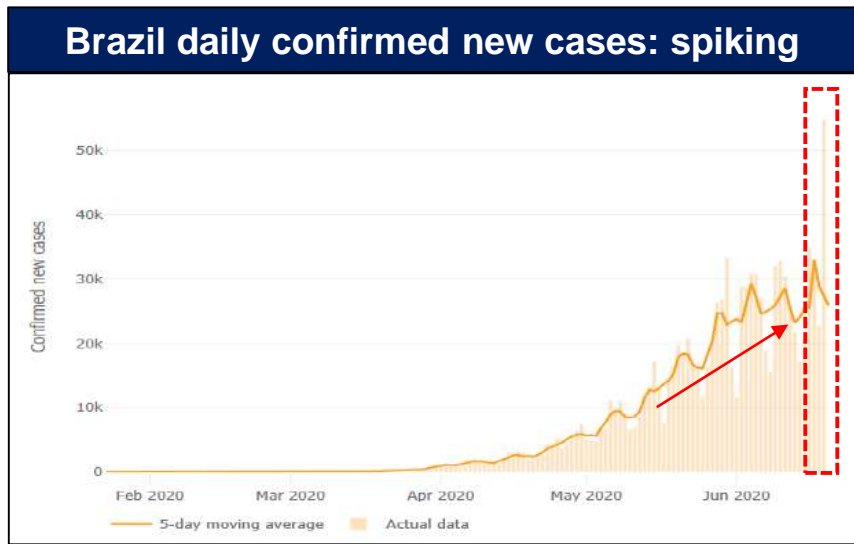
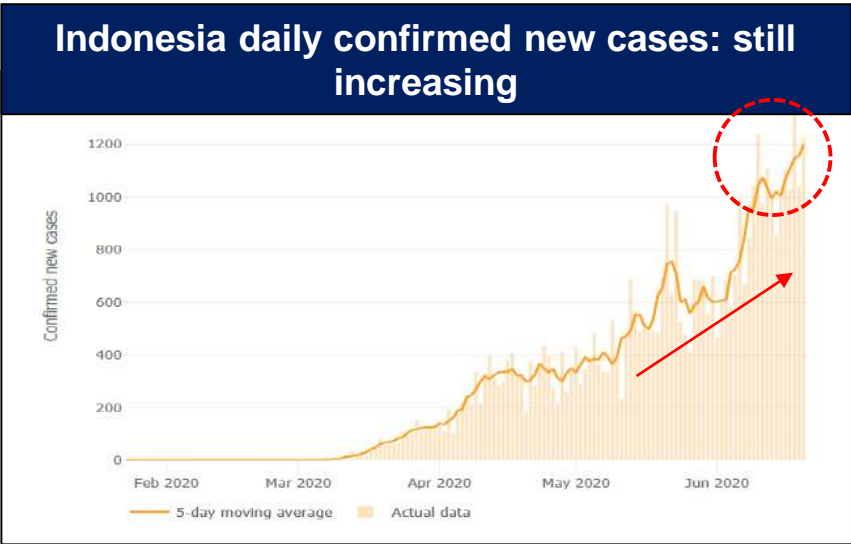
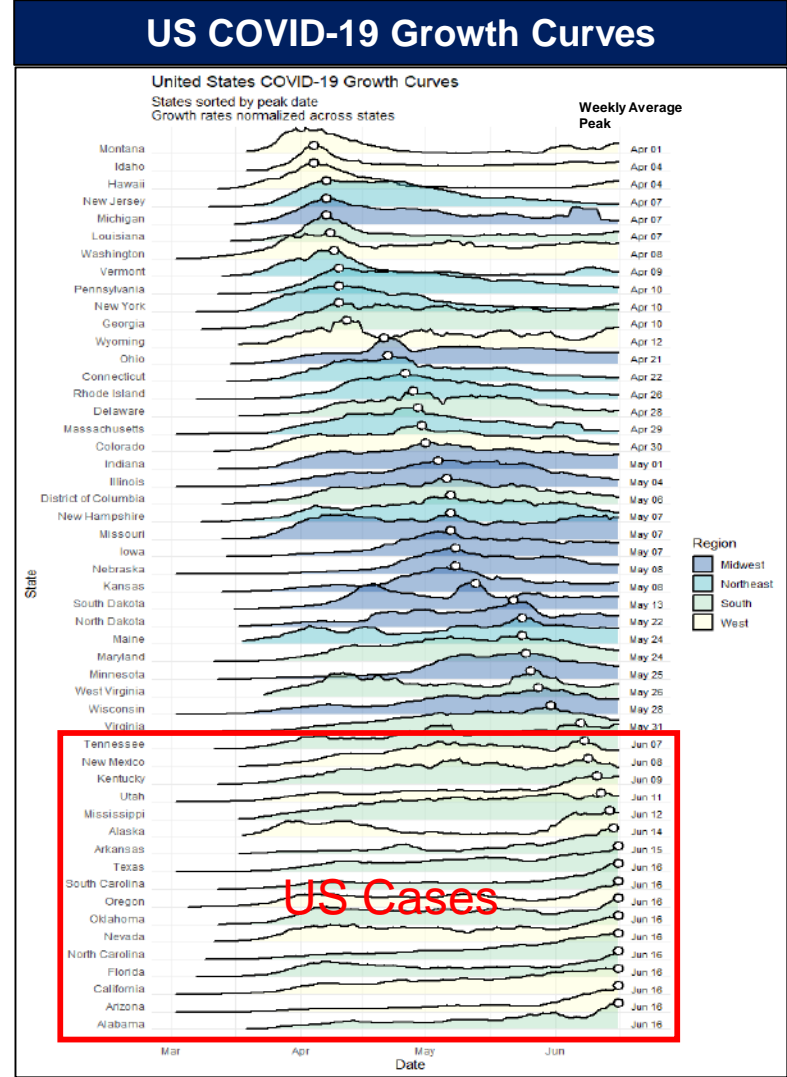
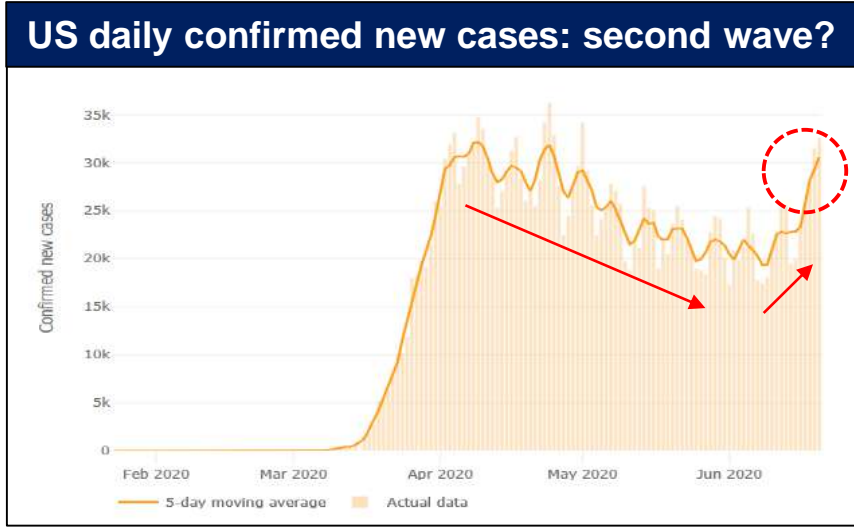
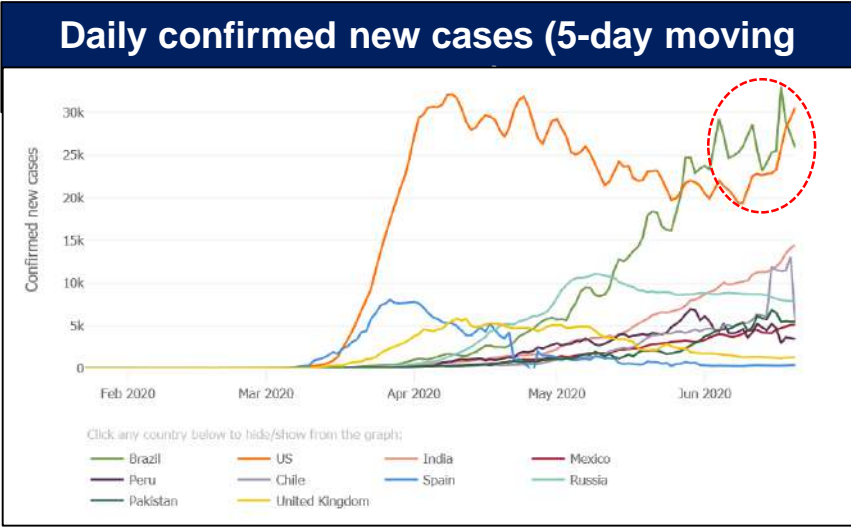


Sumber: Reuters 21 Mei'20

Sekolah Restoran Toko Penerbangan Internasional Public Transportation

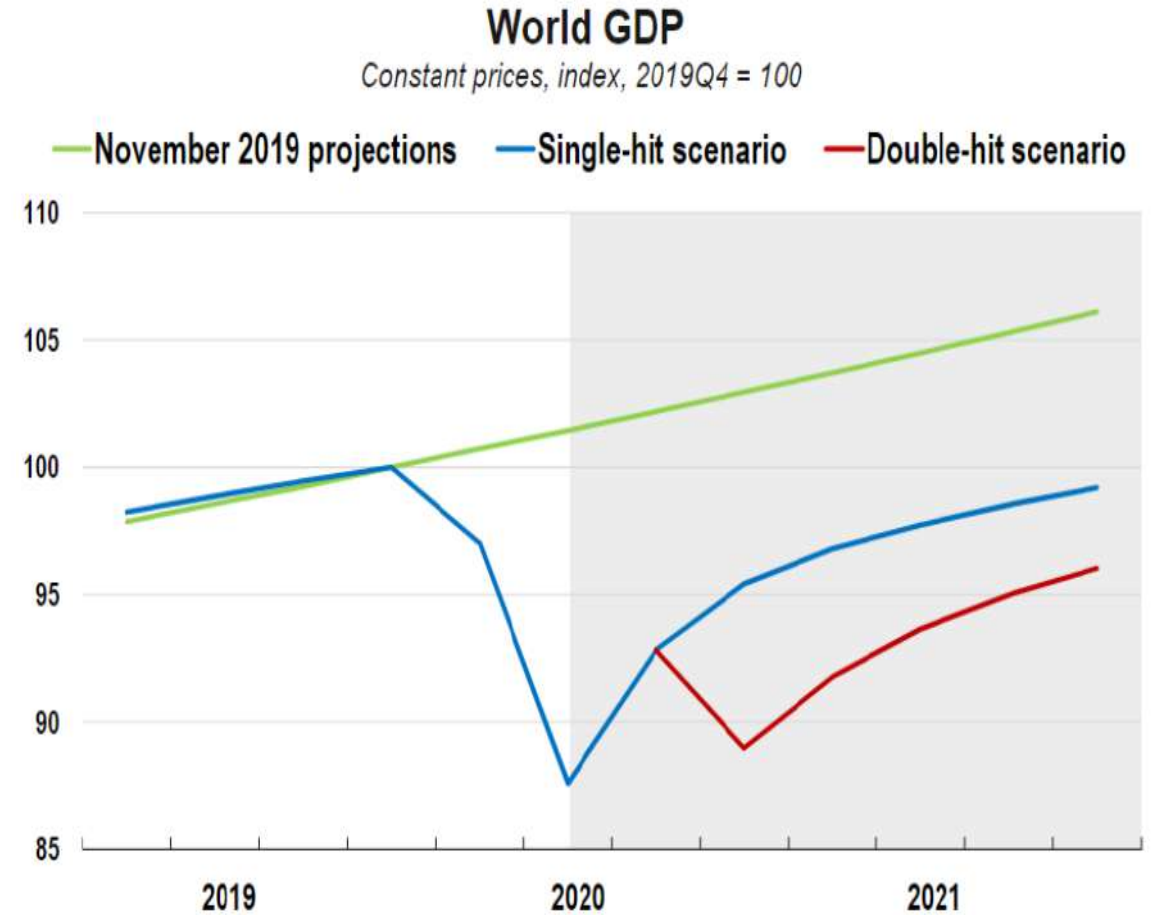
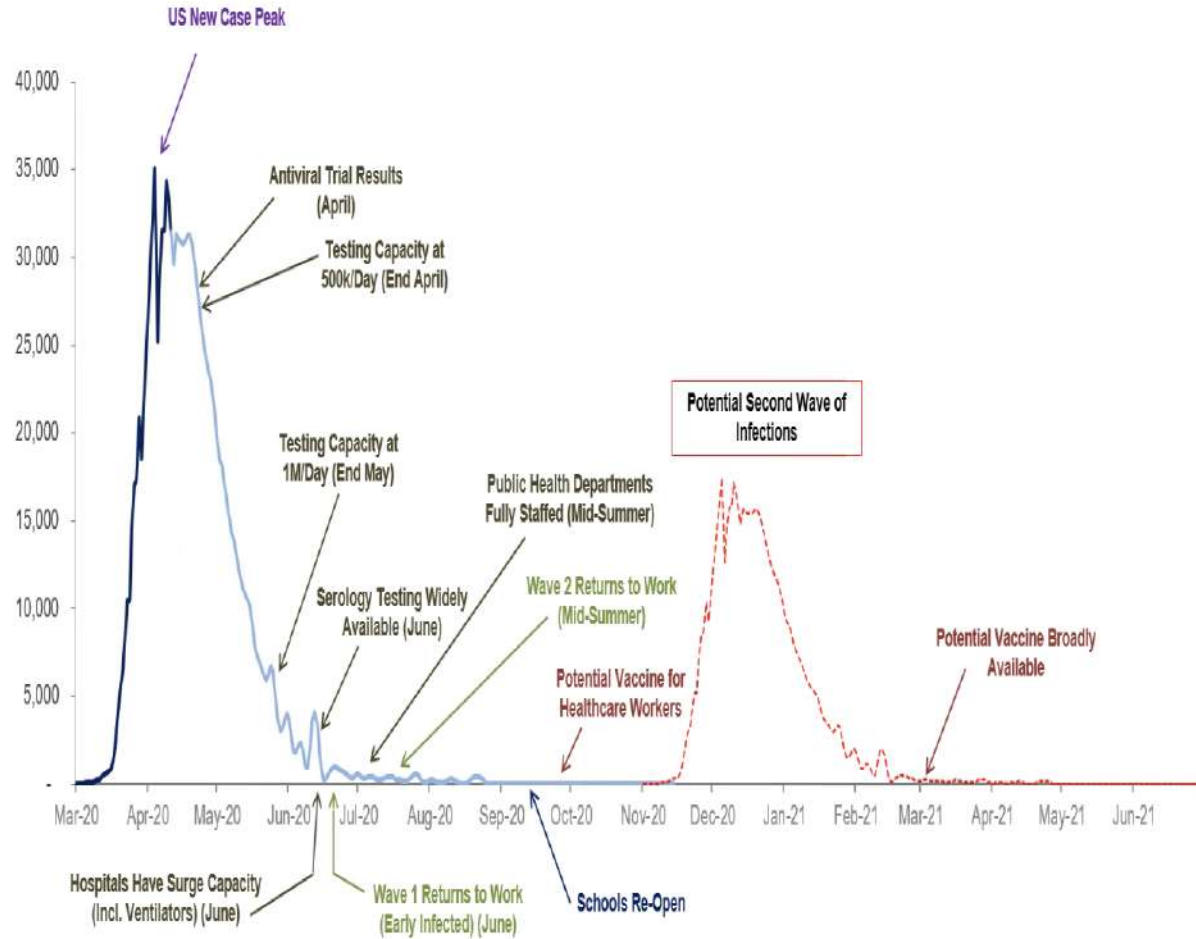
OPEN REGIONAL/PARTIAL CLOSED/ESSENTIALS ONLY

As the growth in new cases of infection appears to be rising in some countries, what comes next?

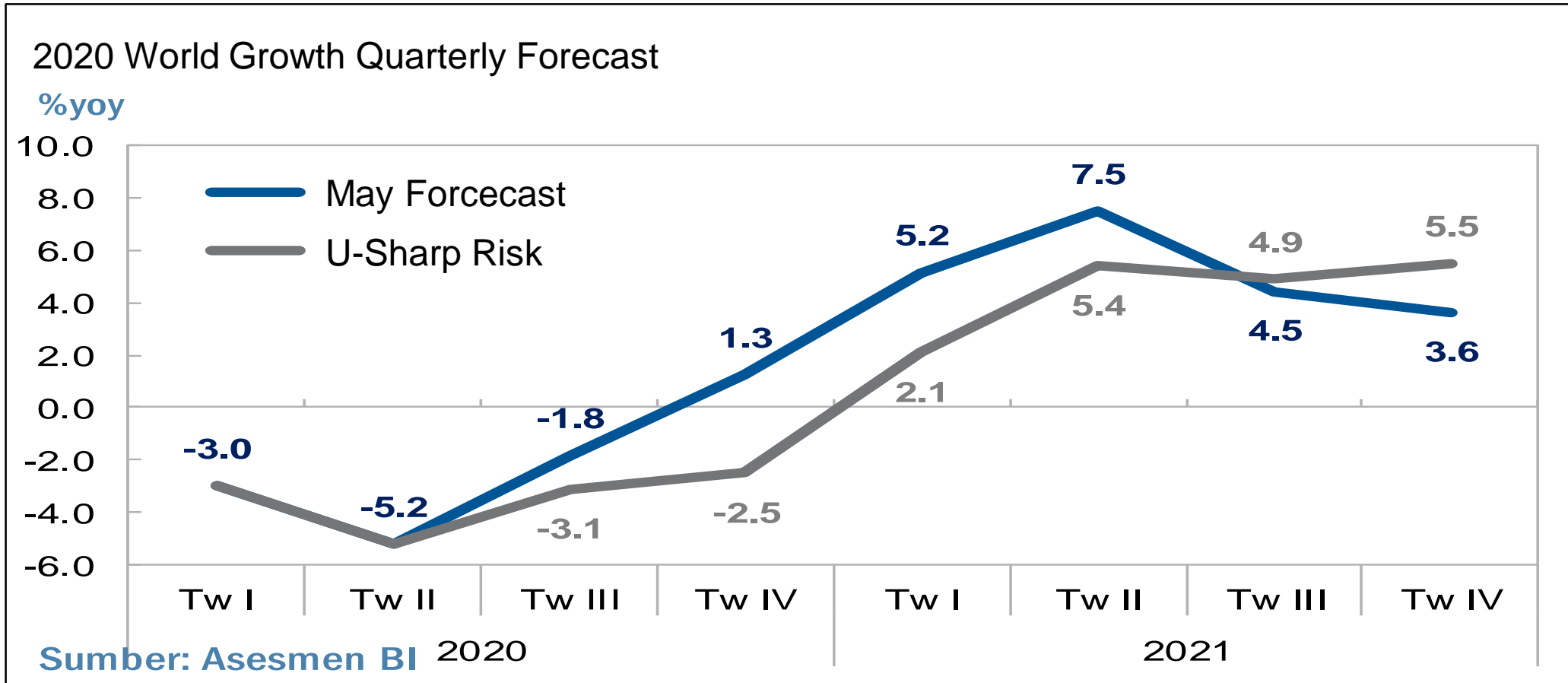


Source: Johns Hopkins University

V-Sharp, Double V-Sharp, or U Sharp Recovery ?



BI see a "sharp but short" recession ending by 2021 as economies surge back to pre-pandemic output levels.



- Perekonomian global diperkirakan kontraksi -2,2% di 2020, sisi suplai perekonomian mendahului sisi permintaan didorong stimulus kebijakan untuk industri dan UMKM
- WTV 2020 direvisi ke atas ke -4,7% dengan lebih baiknya realisasi triwulan I 2020
- Harga minyak Brent 2020 direvisi ke atas menjadi \$37/bbl dengan semakin rendahnya prakiraan net suplai seiring pemotongan produksi OPEC+
- Harga komoditas 2020 revisi ke atas ke -7,6% dengan adanya disrupsi suplai terutama logam
- PDB 2020 berisiko turun menjadi -3,5% jika pemulihan tidak sesuai harapan
- Perekonomian global dan harga komoditas diperkirakan tumbuh positif di 2021

The global economy is projected to contract sharply -2,2% in 2020, before swinging to 5.2 % growth by 2021

Following the sharpest economic decline in recent history, a lengthy uphill climb will be required to get back to pre-pandemic levels. Global economic growth is forecast to contract by -2.2% in 2020. We expect advanced economies (AEs) to contract by -4.7% and emerging markets (EMs) -0.5%. China's economy is anticipated to pull back by 1.8%.

	2018	2019	WEO IMF				WORLD BANK				CONSENSUS FORECAST				BANK INDONESIA									
			Jan-20		Apr-20		Jan-20		Jun-20		Apr-20		Mei-20		Asumsi Mei-20		Tracking Jun-20							
			2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021						
World	3.6	2.9	3.3	3.4	-3.0	↓	5.8	↑	3.2	3.3	-4.1	↓	4.3	↑	-0.9	5.0	-3.1	↓	5.6	↑	-2.2	5.2	-2.2	5.2
Advanced economies	2.2	1.7	1.6	1.6	-6.1	↓	4.5	↑	1.4	1.5	-7.0	↓	3.9	↑	-4.9	4.1	-5.9	↓	4.7	↑	-4.7	4.1	-4.7	4.1
United States	2.9	2.3	2.0	1.7	-5.9	↓	4.7	↑	1.8	1.7	-6.1	↓	4.0	↑	-4.0	3.9	-5.4	↓	4.3	↑	-3.7	4.3	-3.7	4.3
Euro area	1.9	1.2	1.3	1.4	-7.5	↓	4.7	↑	1.0	1.3	-9.1	↓	4.5	↑	-5.7	5.4	-7.9	↓	6.2	↑	-6.1	3.2	-6.1	3.2
Japan	0.3	0.7	0.7	0.5	-5.2	↓	3.0	↑	0.7	0.6	-6.1	↓	2.5	↑	-3.3	2.1	-5.5	↓	2.4	↑	-5.1	2.7	-5.1	2.7
Emerging economies	4.5	3.7	4.4	4.6	-1.0	↓	6.6	↑	4.1	4.3	-2.5	↓	4.6	↑	1.9	5.8	-0.8	↓	6.4	↑	-0.5	5.8	-0.5	5.8
Tiongkok	6.6	6.1	6.0	5.8	1.2	↓	9.2	↑	5.9	5.8	1.0	↓	6.9	↑	2.0	7.8	1.4	↓	8.1	↑	1.8	8.0	1.8	8.0
India	7.1	5.3	5.8	6.5	1.8	↓	7.2	↑	5.8	6.1	-2.6	↓	2.0	↓	2.7	6.3	0.2	↓	7.2	↑	1.5	6.8	1.5	6.8
ASEAN-5	5.3	4.8	4.8	5.1	-0.6	↓	7.8	↑							0.0	5.6	-2.1	↓	5.6	↑	0.5	6.2	0.5	6.2
LatAm	1.1	0.1	1.6	2.3	-5.2	↓	3.4	↑							-4.2	3.0	-4.2	↓	3.0	↑	-5.0	3.2	-5.0	3.2
Emerging Europe	3.1	2.1	2.6	2.5	-5.2	↓	4.2	↑							-5.1	4.1	-5.1	↓	4.1	↑	-4.5	2.8	-4.5	2.8
Middle East & North Africa	1.0	1.2			-3.3	↓	4.2	↑													-2.5	3.4	-2.5	3.4

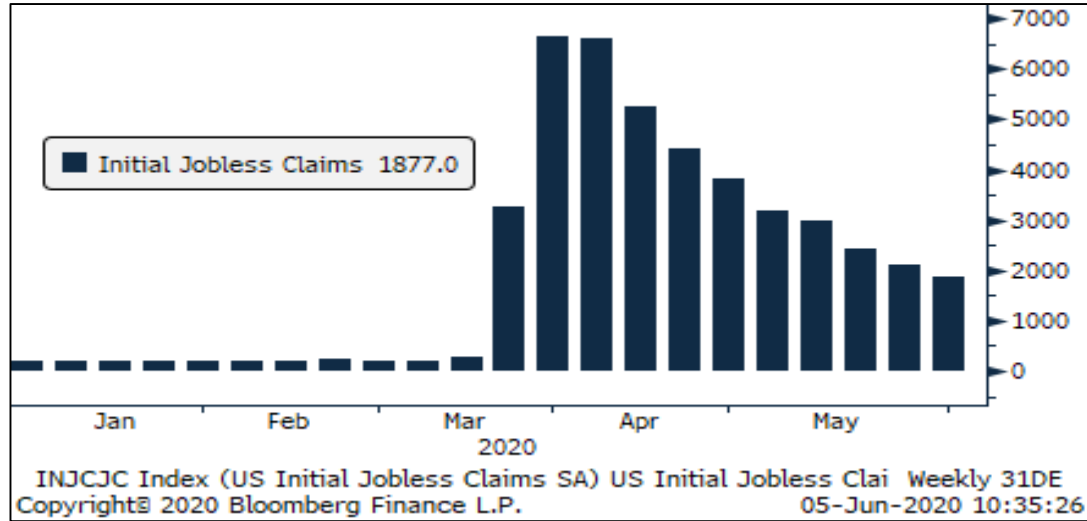
¹ Asumsi PDB India BI, WEO IMF dan World Bank sudah disesuaikan menjadi Tahun Kalender (estimasi). Angka FY WEO Apr 2020: 1.9% (2020) dan 7.4% (2021). Angka FY World Bank Jun 2020: -3.2% (2020) dan 3.1% (2021)

² Arah panah Asumsi BI dibandingkan dengan angka Tracking April 2020. Arah panah asumsi lembaga lain dibandingkan dengan periode sebelumnya.

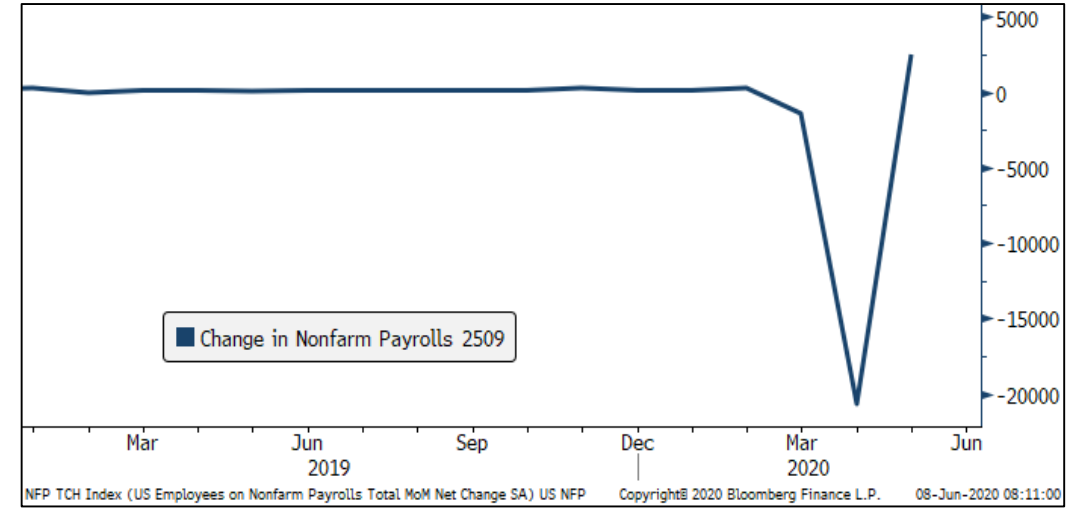
³ Proyeksi PDB World Bank tanpa bobot PPP tahun 2020 dan 2021 adalah -5.2 dan 4.2 (Proyeksi Jun 2020) dan 2.5 dan 2.6 (Proyeksi Jan 2020)

Evidence is building that growth turned positive in May/june, as US employment grew and US manufacturing indicators started to improve

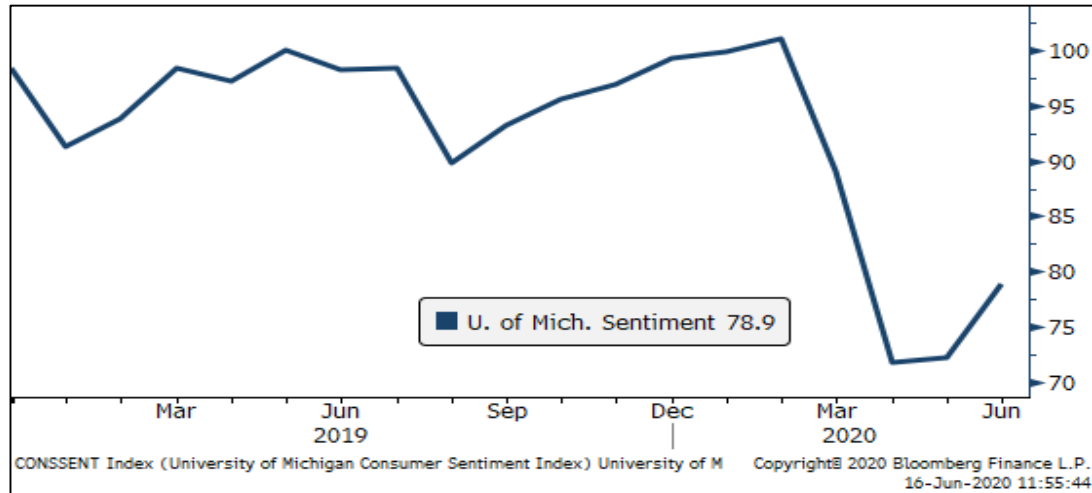
US Initial Jobless Claim



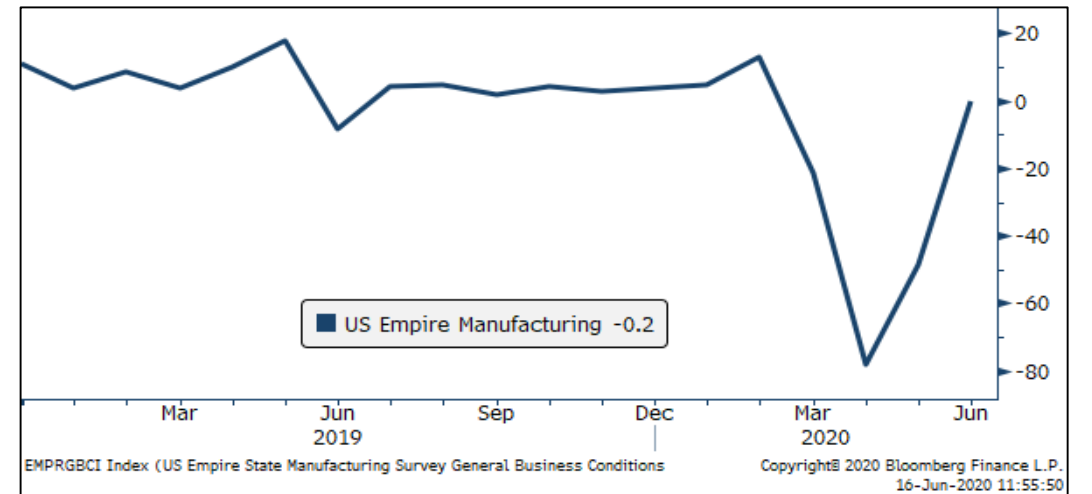
US Change in Nonfarm Payrolls



Univ. of Michigan Sentiment



US Empire Manufacturing

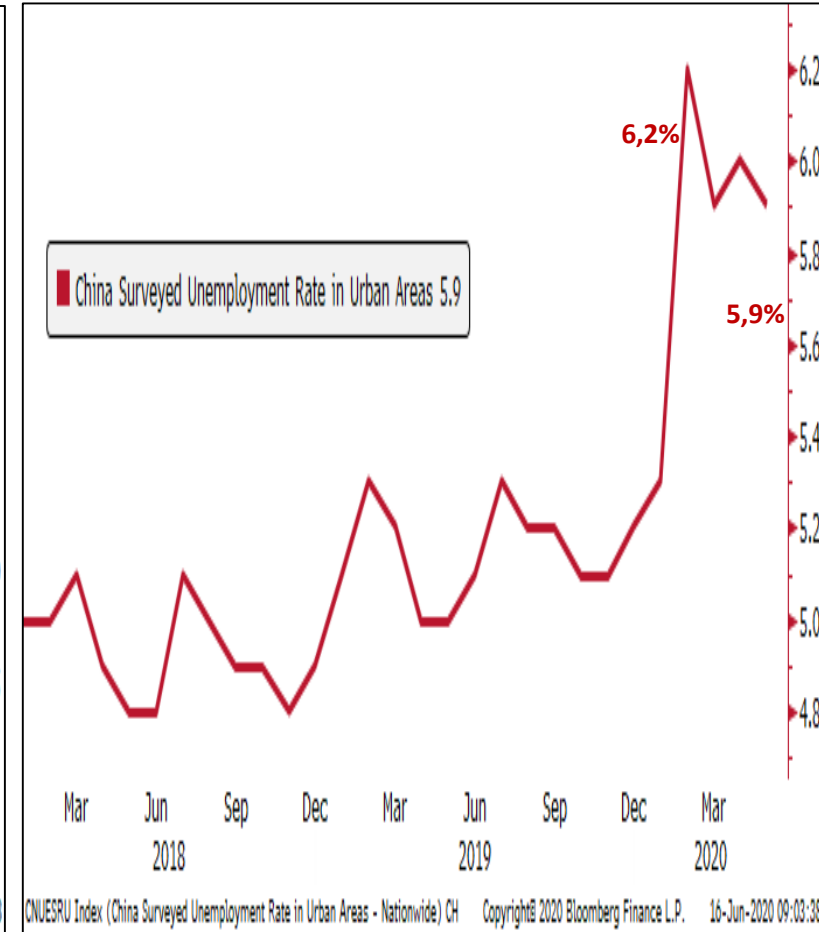
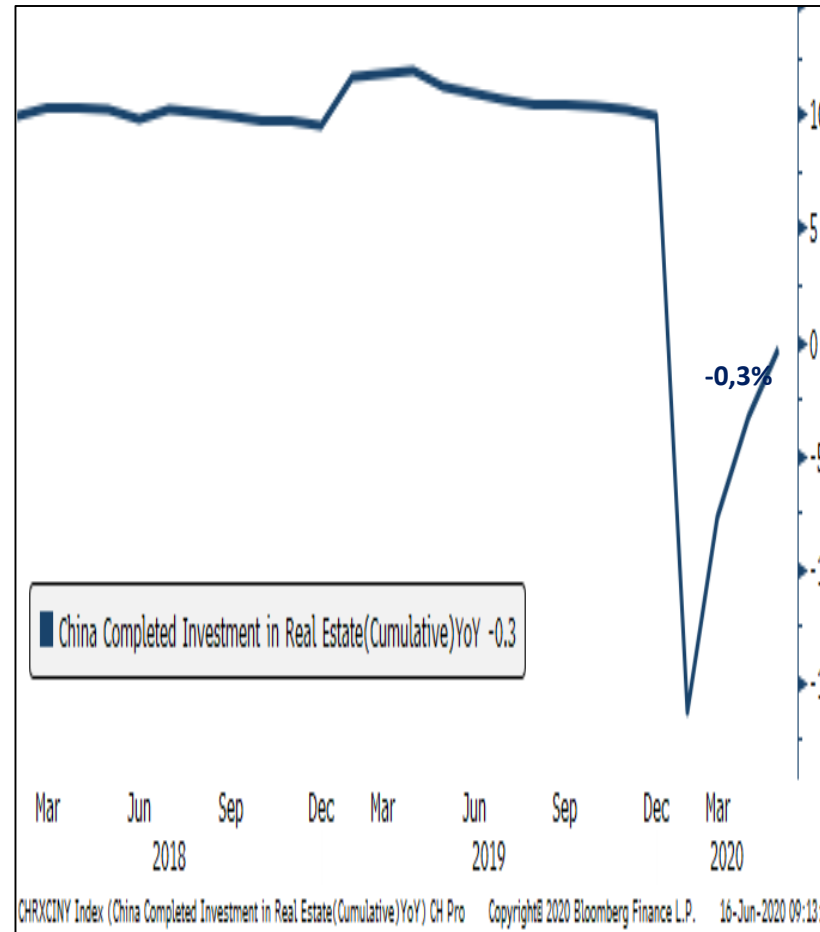
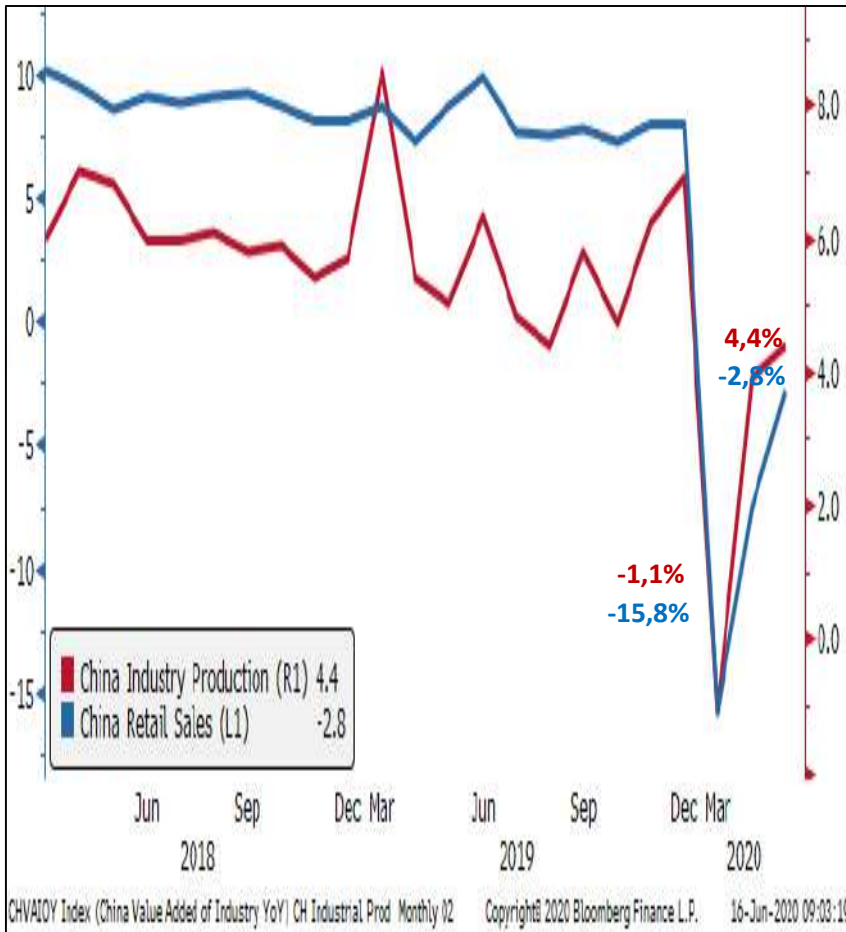


All eyes have been on China as another case study on how economies might perform once restrictions are lifted. China manufacture activities is starting to pick up

China Industrial Production

China completed investment in Real Estate

China Unemployment Rate

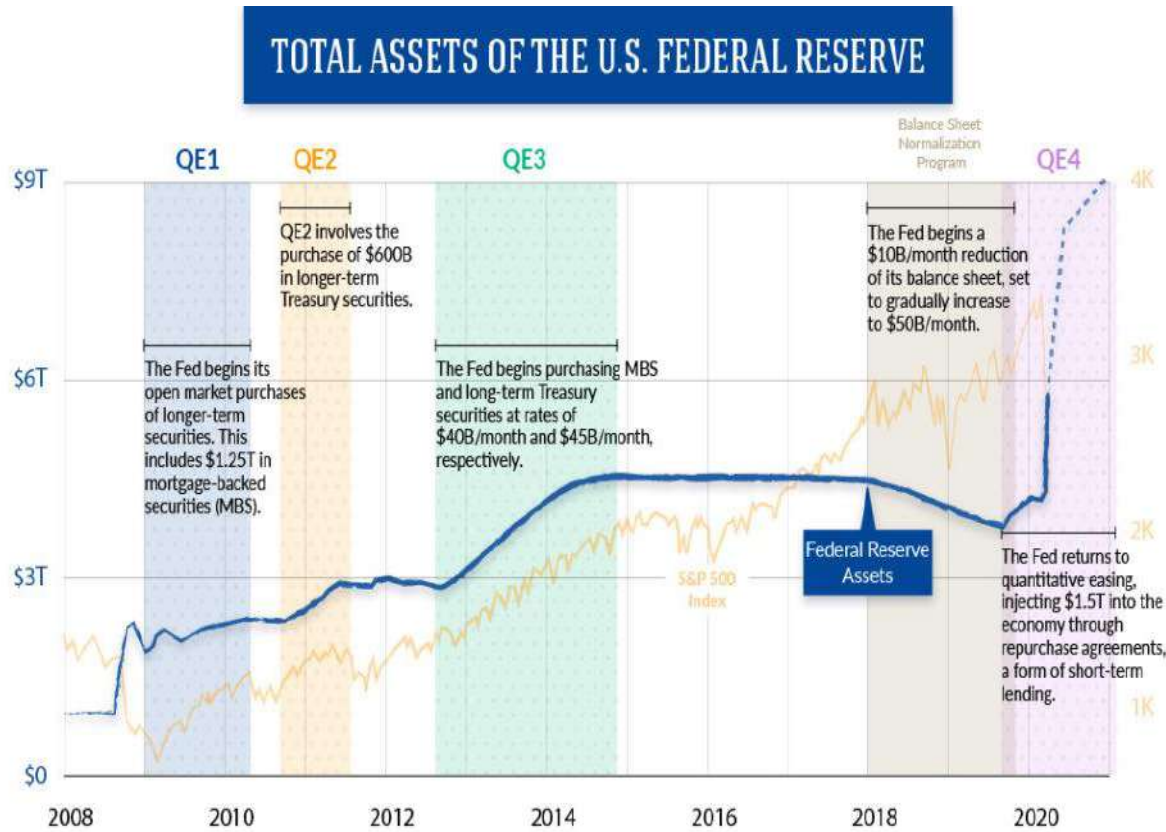


As the global economy will roar back to pre-pandemic levels by the fourth quarter and fuel a strong commodities market bounce into 2021

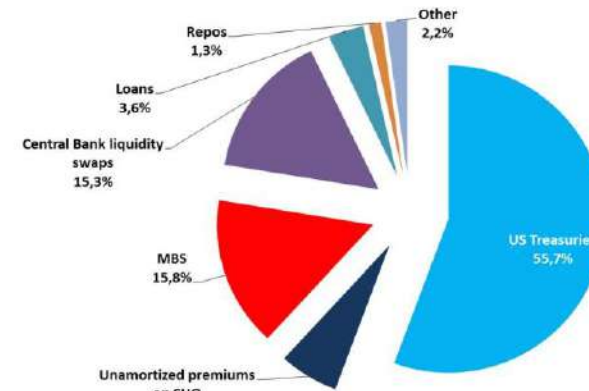
HARGA KOMODITAS (%YOY)

Komoditas	2018	2019	MAY 2020 FORECAST					MAY 2020 FORECAST						
			Q1'20	Q2'20	Q3'20	Q4'20	2020	2021	Q1'20	Q2'20	Q3'20	Q4'20	2020	2021
			Tembaga	6.7	-7.8	-7.8	-44.9	-32.7	-22.5	-27.0	13.8	-7.8	-14.0	-8.7
Batubara	2.5	-8.6	-8.0	-36.2	-20.8	-11.1	-19.0	7.9	-8.0	-36.2	-20.8	-9.0	-18.5	4.0
Palm Oil	-19.2	-2.3	33.3	-29.4	-16.6	-17.8	-7.6	35.5	33.3	6.6	5.7	-13.4	8.0	9.6
Karet	-16.8	12.4	-18.6	-50.5	-25.7	-16.0	-27.7	16.8	-18.6	-24.8	-7.4	-4.6	-13.8	4.1
Nikel	27.8	7.0	3.8	-32.9	-50.4	-32.4	-28.0	13.9	3.8	-0.4	-21.1	-19.9	-9.4	1.3
Timah	0.5	-7.5	-17.2	-50.1	-29.0	-18.9	-28.8	7.7	-17.2	-22.3	-10.9	-8.5	-14.7	1.2
Alumunium	7.4	-14.1	-5.8	-38.0	-29.3	-21.0	-23.5	7.0	-5.8	-17.6	-13.9	-11.1	-12.1	10.5
Kopi	-15.4	-11.8	14.8	-13.2	-9.9	-16.1	-6.1	16.4	14.8	-2.8	-4.0	-9.6	-0.4	2.5
Others	-0.1	-0.7	-2.1	-5.6	-4.9	-4.2	-4.2	1.7	-2.1	-5.6	-4.9	-4.2	-4.2	3.6
IHKEI NM 8	-4.4	-3.9	2.9	-36.5	-22.8	-16.1	-18.1	17.3	2.9	-18.0	-10.2	-10.2	-8.9	5.8
IHKEI NM Total	-2.8	-3.0	1.5	-27.7	-17.7	-12.7	-14.2	12.9	1.5	-14.5	-8.7	-8.5	-7.6	5.2

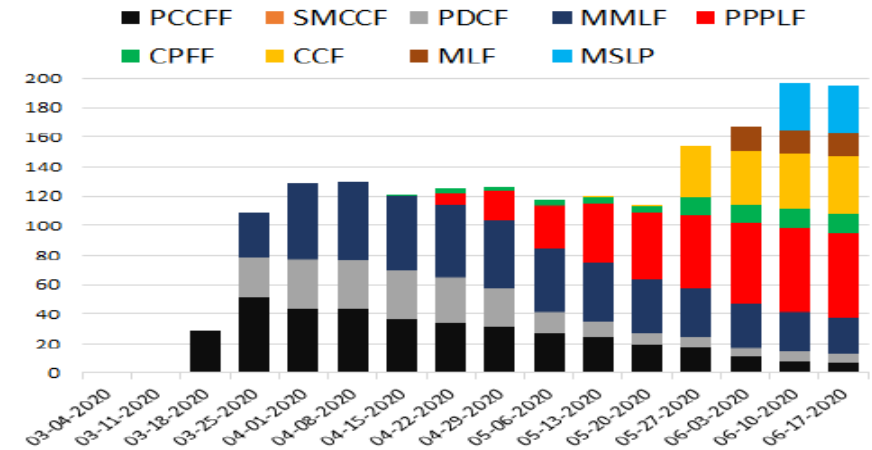
The gains were likely helped by the quick stimulus response of monetary and fiscal polivies. The US Federal Reserve opted to go big and go early with extensive monetary stimulus and forays into new credit markets, and US Congress enacted more fiscal aid than in the GFC in a fraction of the time



Percentage weight of the main components of the FED balance sheet expansion between 26 February and 27 May 2020



SPVs on Fed's Balance Sheet, Billions \$

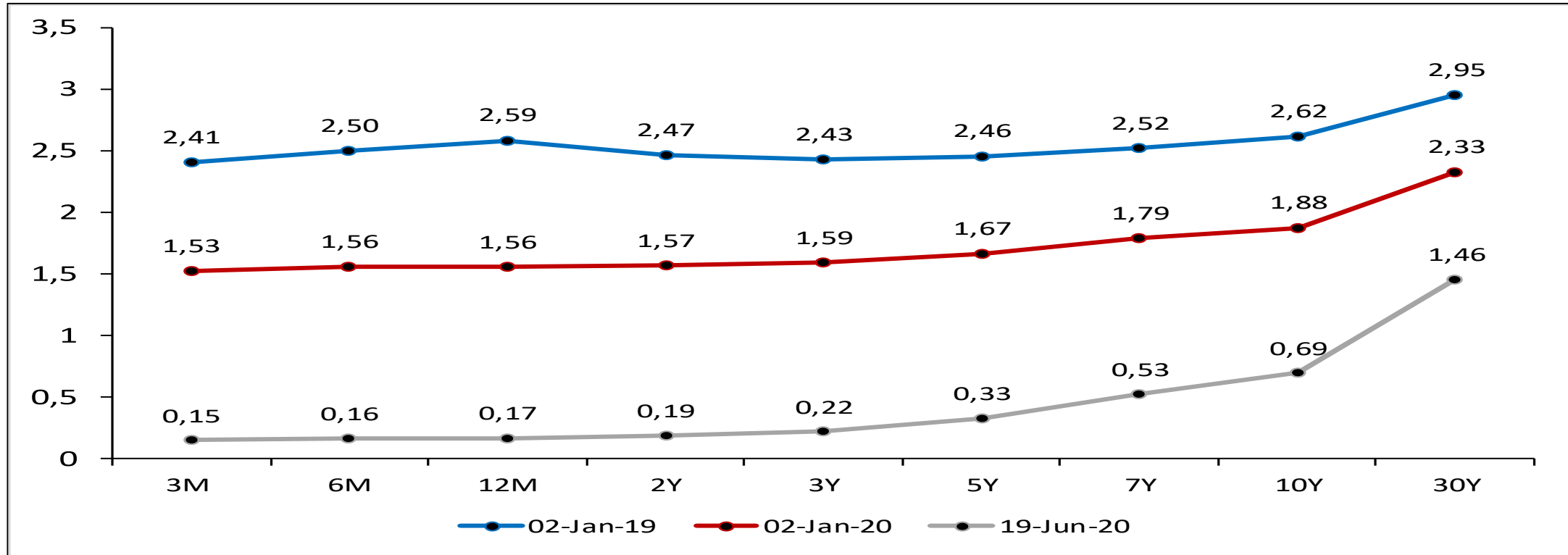


Source: Fed H.4.1. Balance Sheet

These measures should help reduce the degree of permanent scarring on households and businesses from the stoppage in economic activity. But, it won't prevent them all together. It will take time for the economy to fully recover from the shock, even as social distancing measures ease and activity picks up. Not all jobs will return and business insolvencies will be higher in the post-pandemic world.

As central banks pump trillions into the world economy, investors are setting their sights on what could be the next big thing in global monetary policy: yield curve control

US Treasury Yield Curve

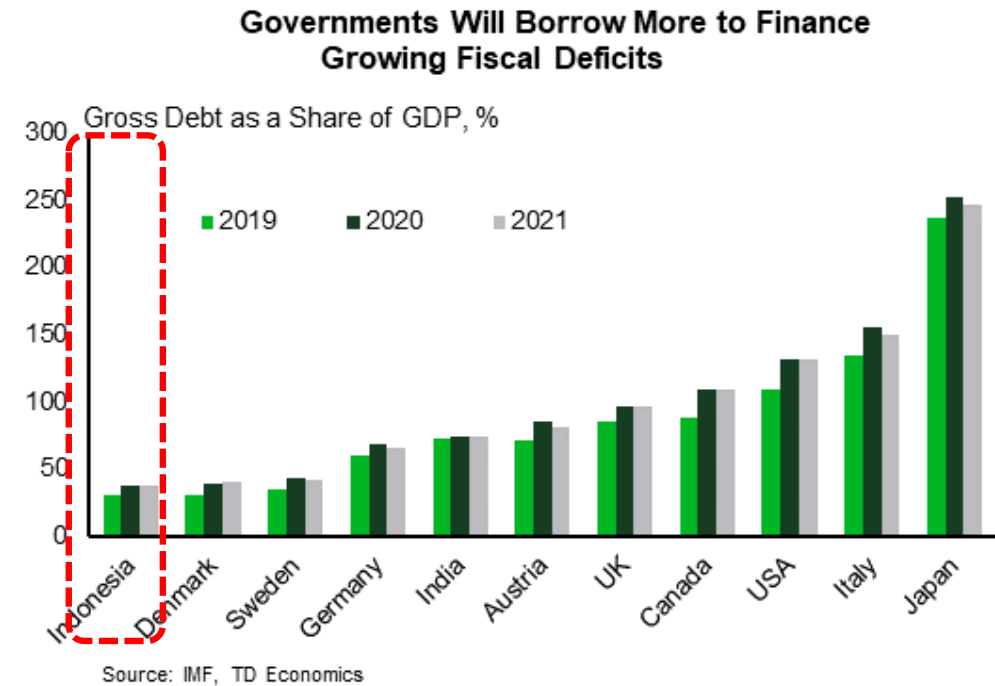
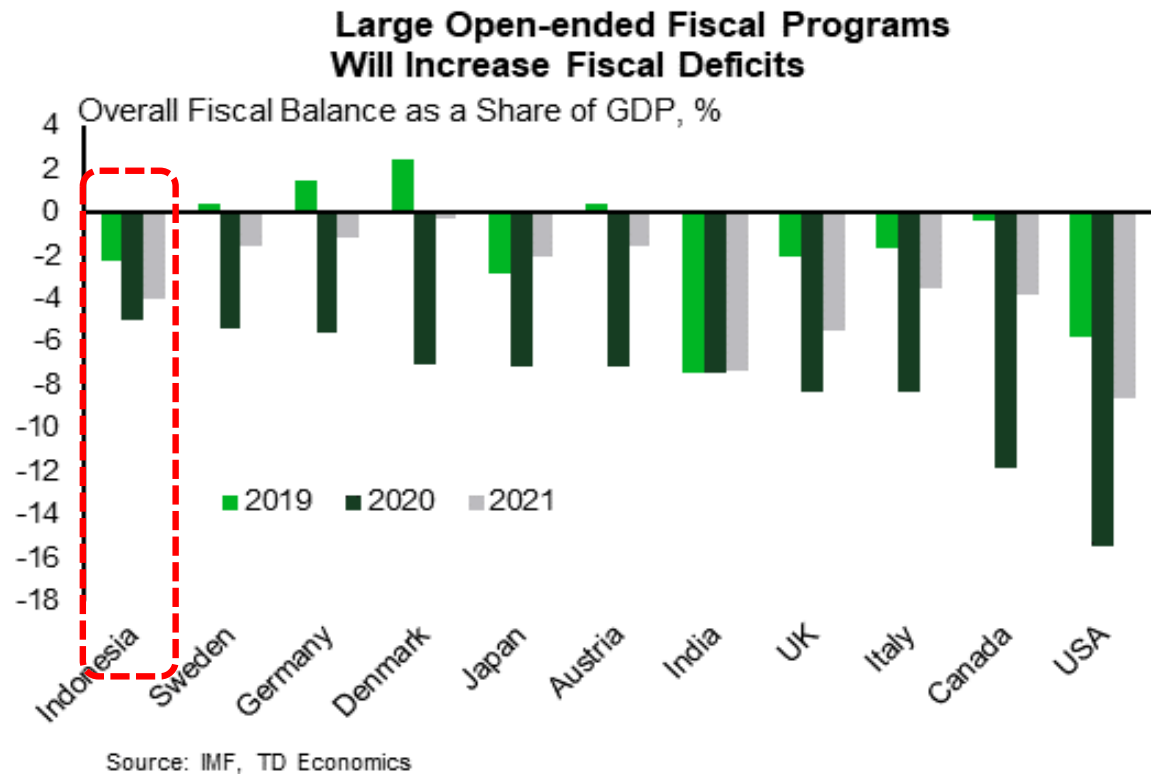


- The strategy, which involves using bond purchases to pin down yields on certain maturities to a specific target, was once deemed an extreme and unusual measure, only **deployed** by the Bank of Japan four years ago after it became clear that a two-decade deflationary spiral wasn't going away.
- No longer. This year, the Reserve Bank of Australia adopted its own version. And despite officials' attempts to cool it, speculation is rife that the U.S. Federal Reserve and Bank of England will follow later this year.
- Should yield curve control go global, it would cement markets' perception of central banks as the buyers of last resort, boosting risk appetite, lowering volatility and intensifying a broader hunt for yield. While money managers caution that such an environment could fuel reckless investment already stoked by a flood of fiscal and monetary stimulus, they nonetheless see benefits rippling across credit, equities, gold and emerging markets.

the focus is on the ample amount of liquidity being supplied either from central banks or fiscal authorities, boosting risk appetite and intensifying a broader hunt for yield.



Large Open-Ended Fiscal Programs Will Increase Fiscal Deficits. High debt levels may be unsustainable, depending on countries' growth prospects and future debt servicing costs.

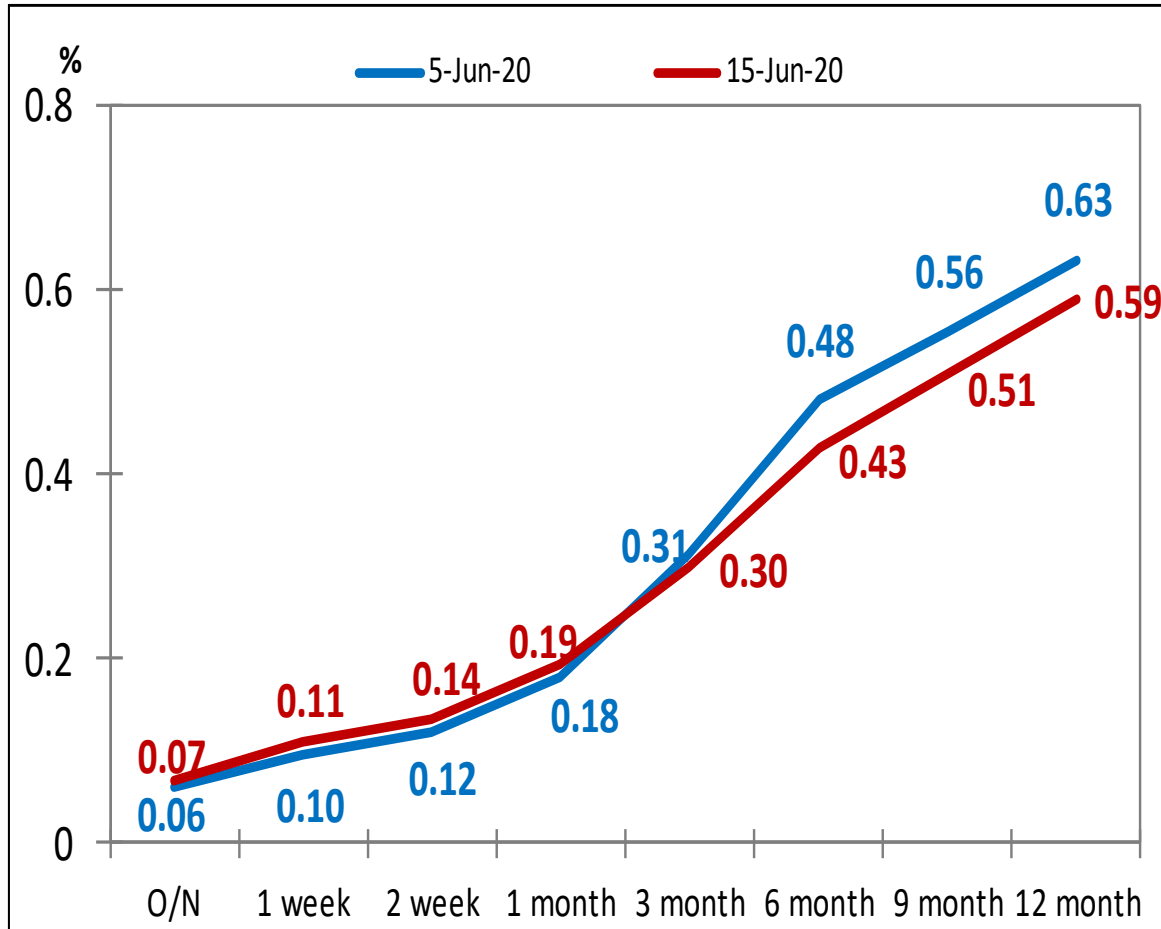


Large open-ended fiscal programs announced today will result in large fiscal deficits and debt burdens

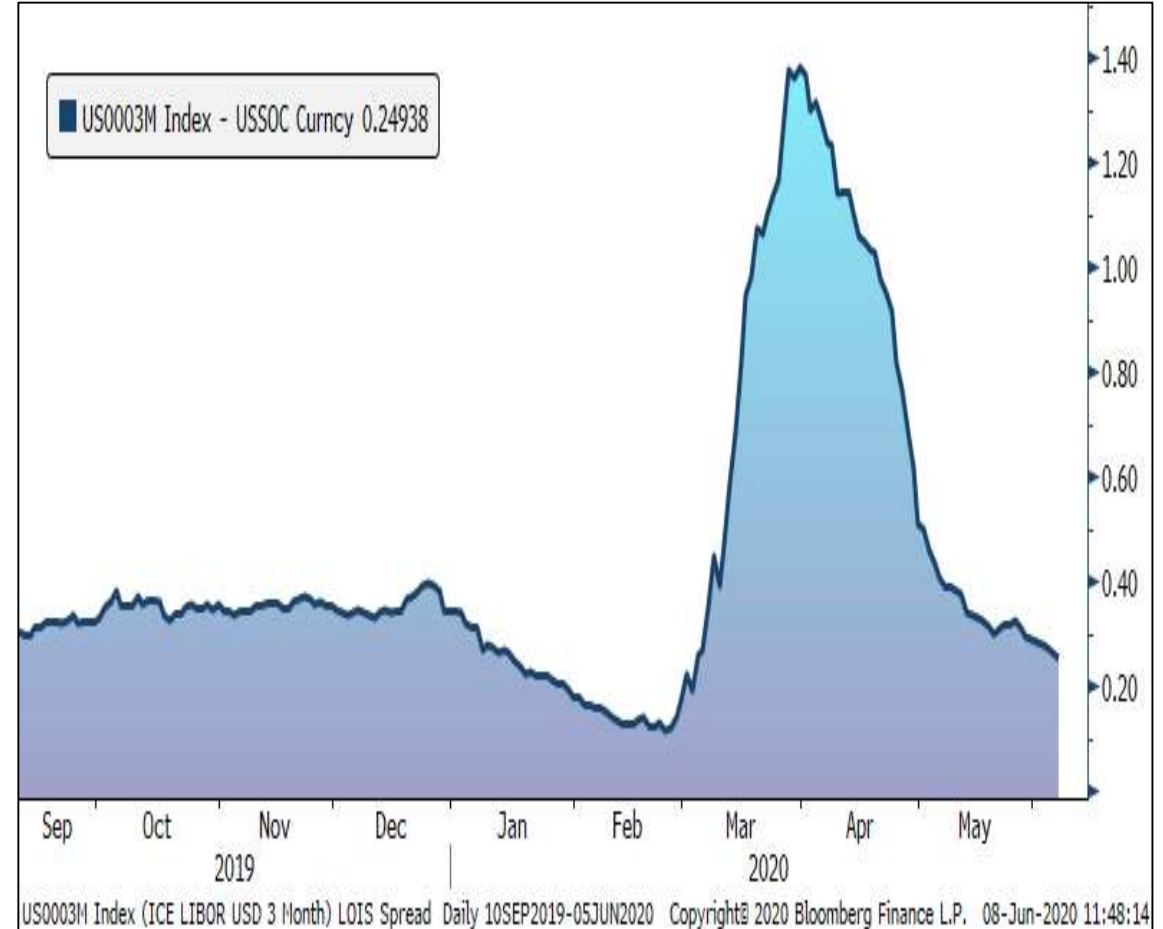
Persistently low oil prices have also exacerbated EM vulnerabilities, making government financing more difficult and increasing the risk of sovereign defaults. This is especially true for oil exporting EMs with large deficits or where reserves are not enough to meet financing needs.

Dollars were in huge demand in March and supply was tight, but conditions have stabilised recently after a raft of measures taken by the US Federal Reserve

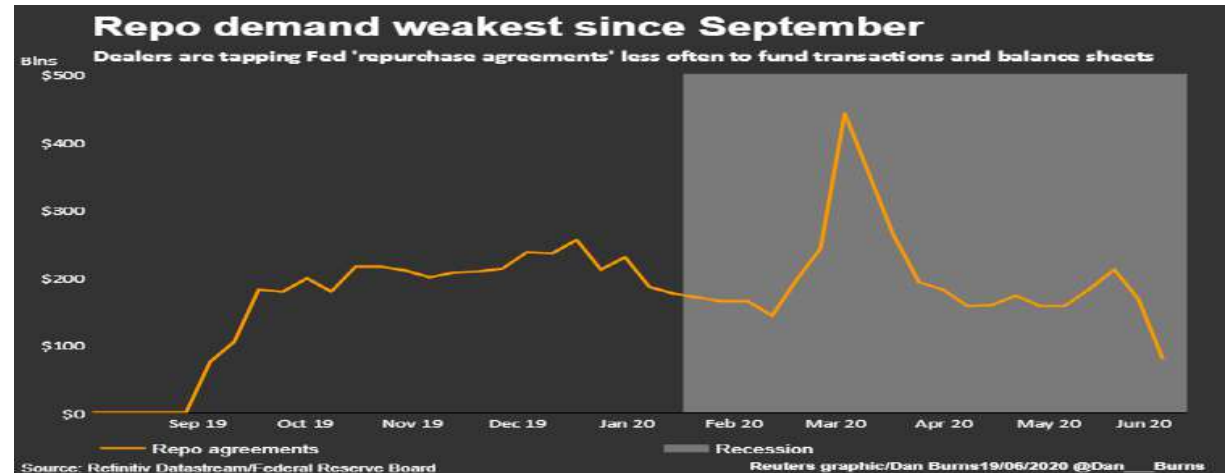
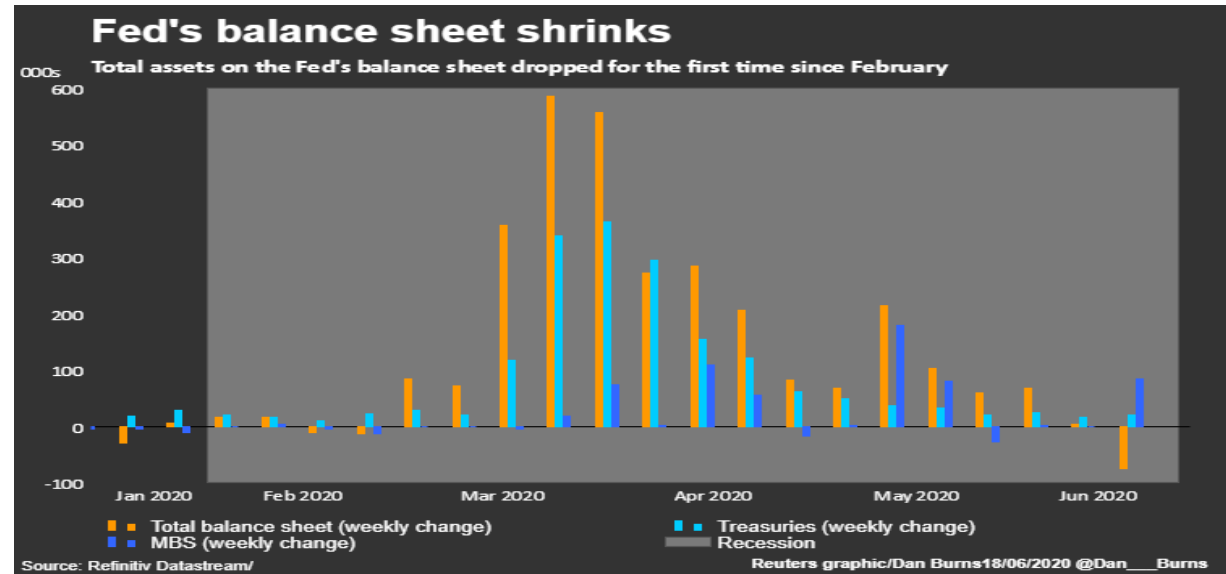
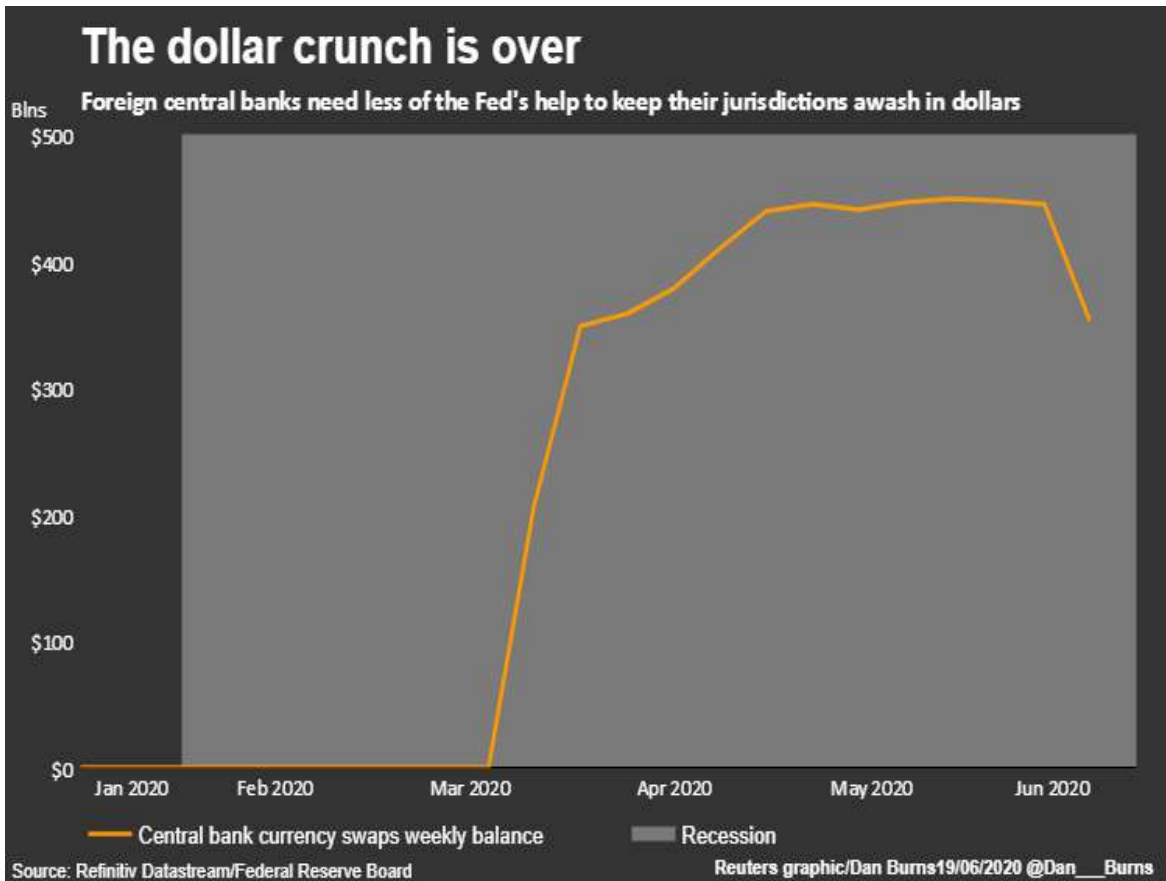
LIBOR (London Interbank Offer Rate)



LIBOR – OIS Spread



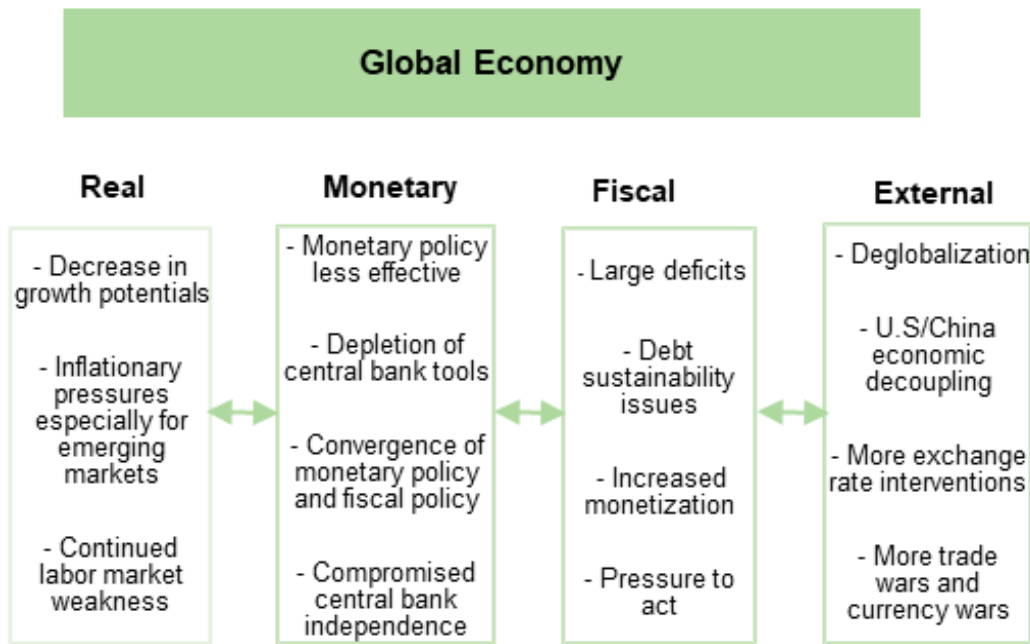
A global crunch for U.S. dollars that was a hallmark of the early moments of the coronavirus crisis appears to have passed, the latest milestone in a remarkable turnaround in financial conditions engineered by the Federal Reserve and other top central banks.





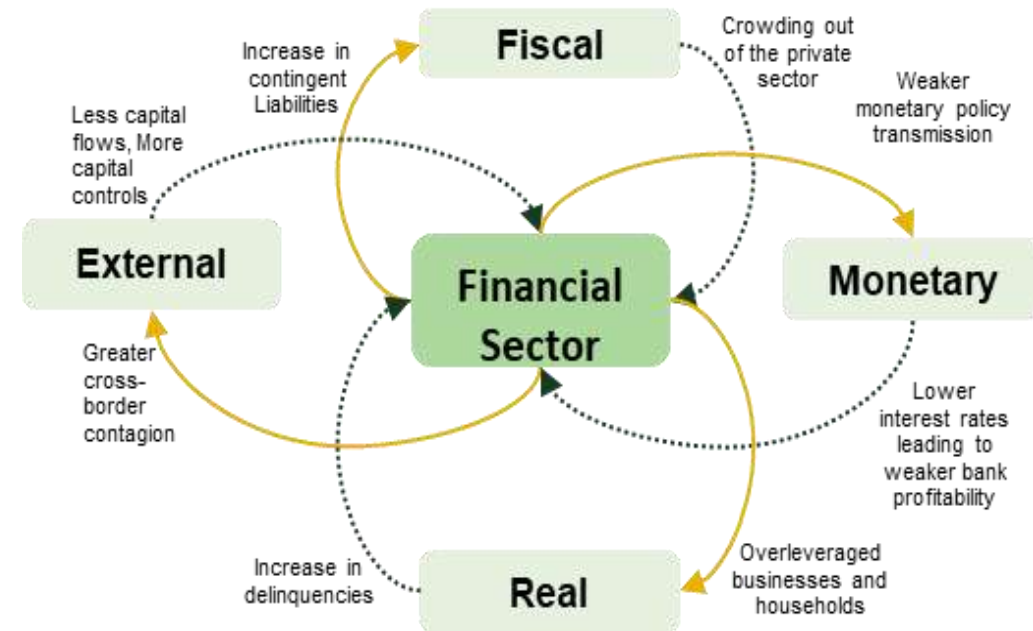
Global Economy Will Look Drastically Different ?

Global Economy will Change Across the Board



Source: TD Economics

Prolonged Weaknesses Will Increase Financial Sector Vulnerabilities

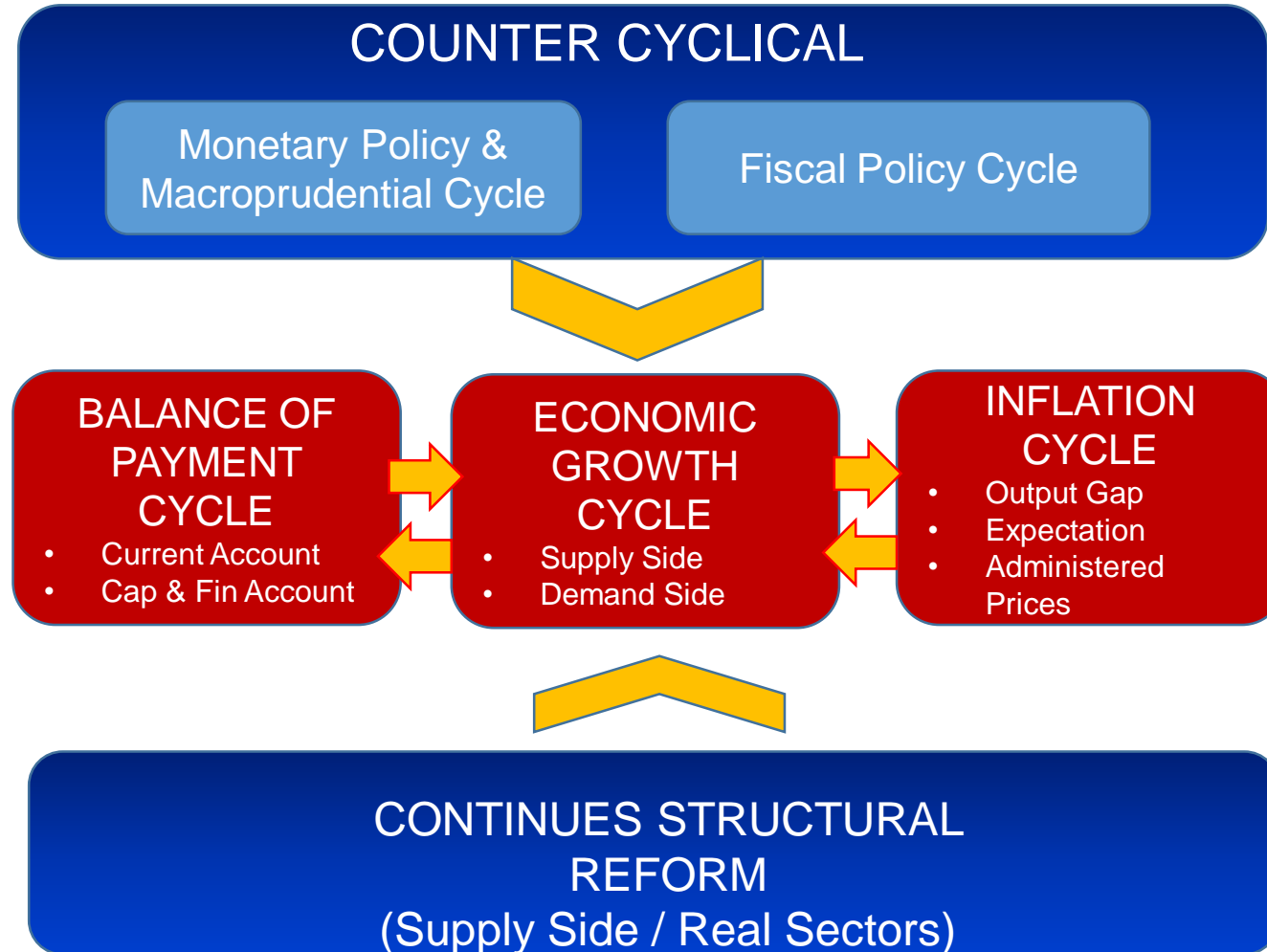


Source: IMF, TD Economics

Indonesian Economy:

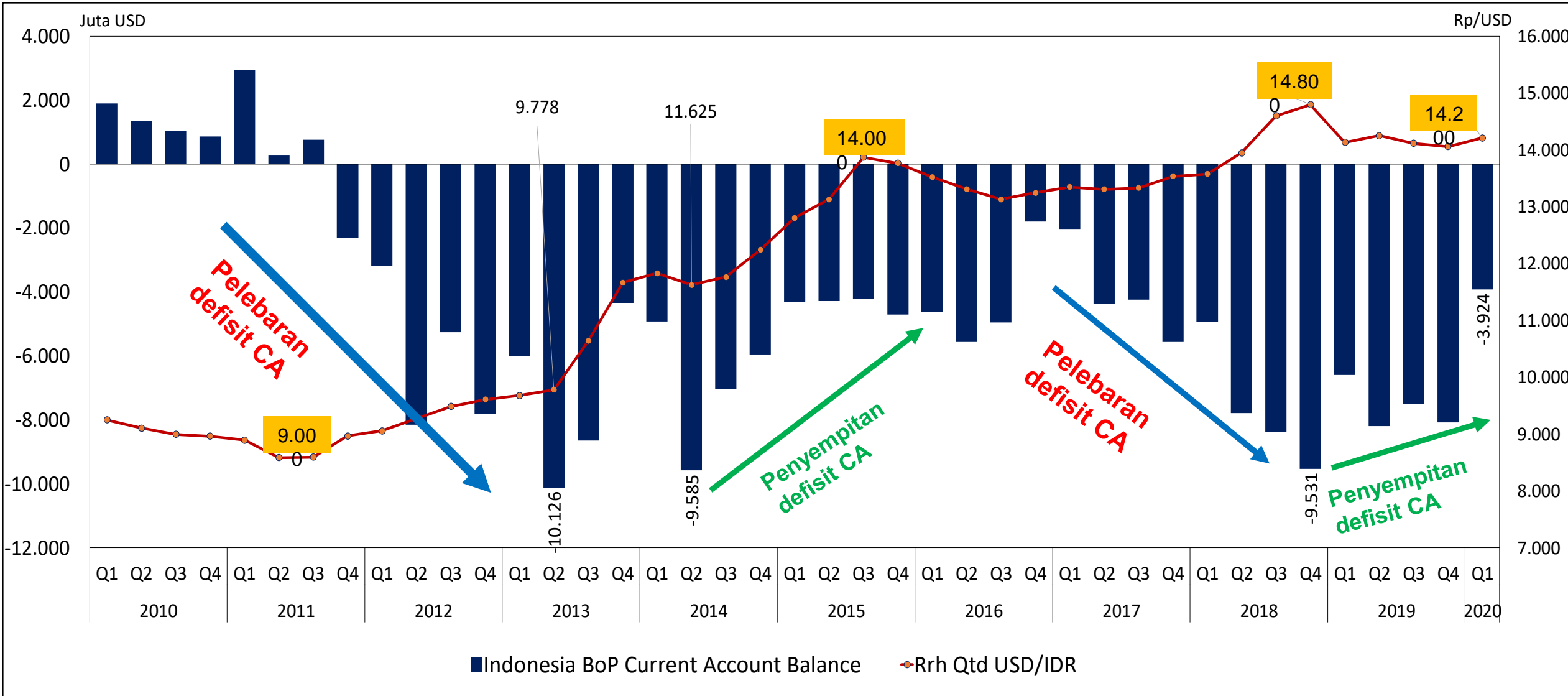
Navigating economic recovery in the new
normal

Global D-Shock & Indonesia Cycle



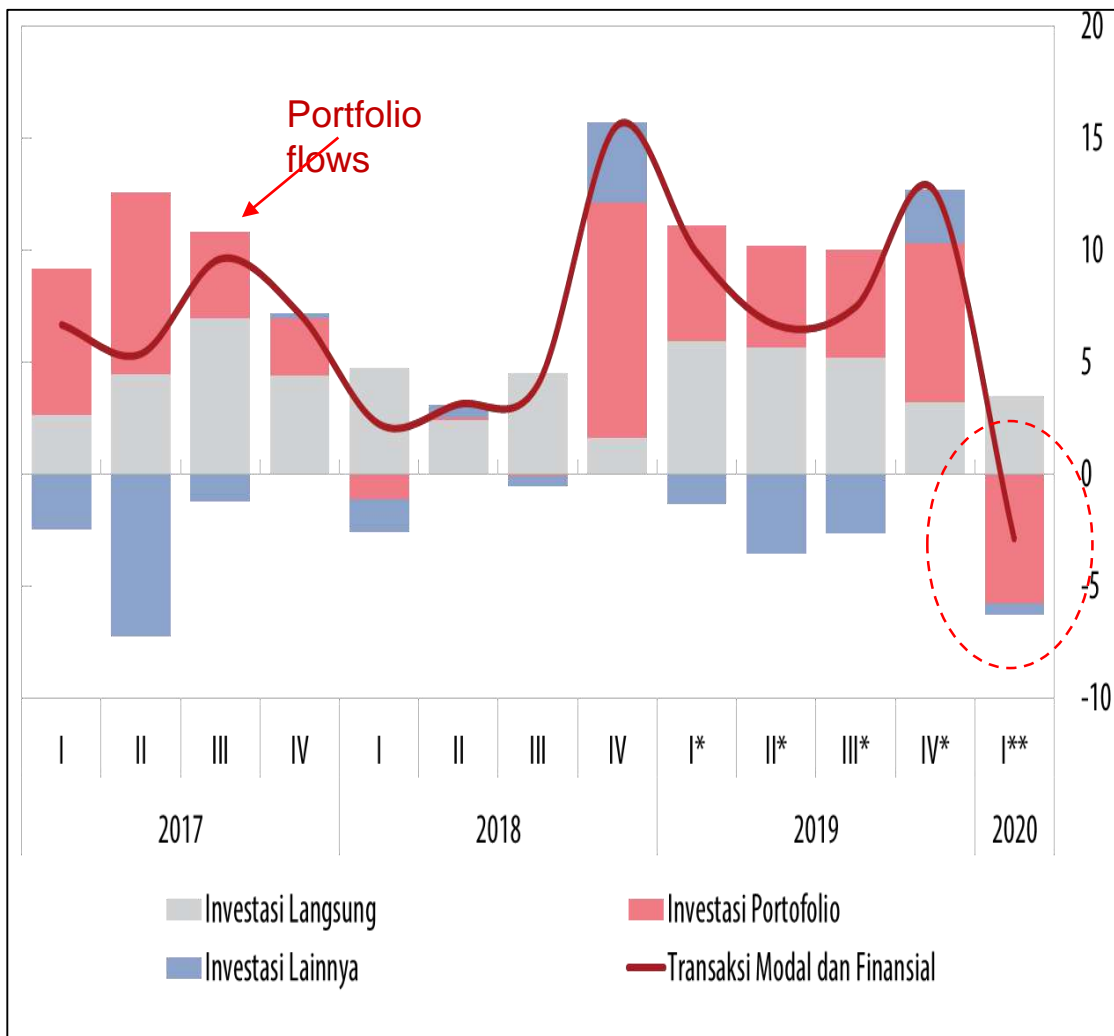
In the medium run, “Current Account Cycle” influenced “Exchange Rate Cycle”

Current Account Deficit (CAD)

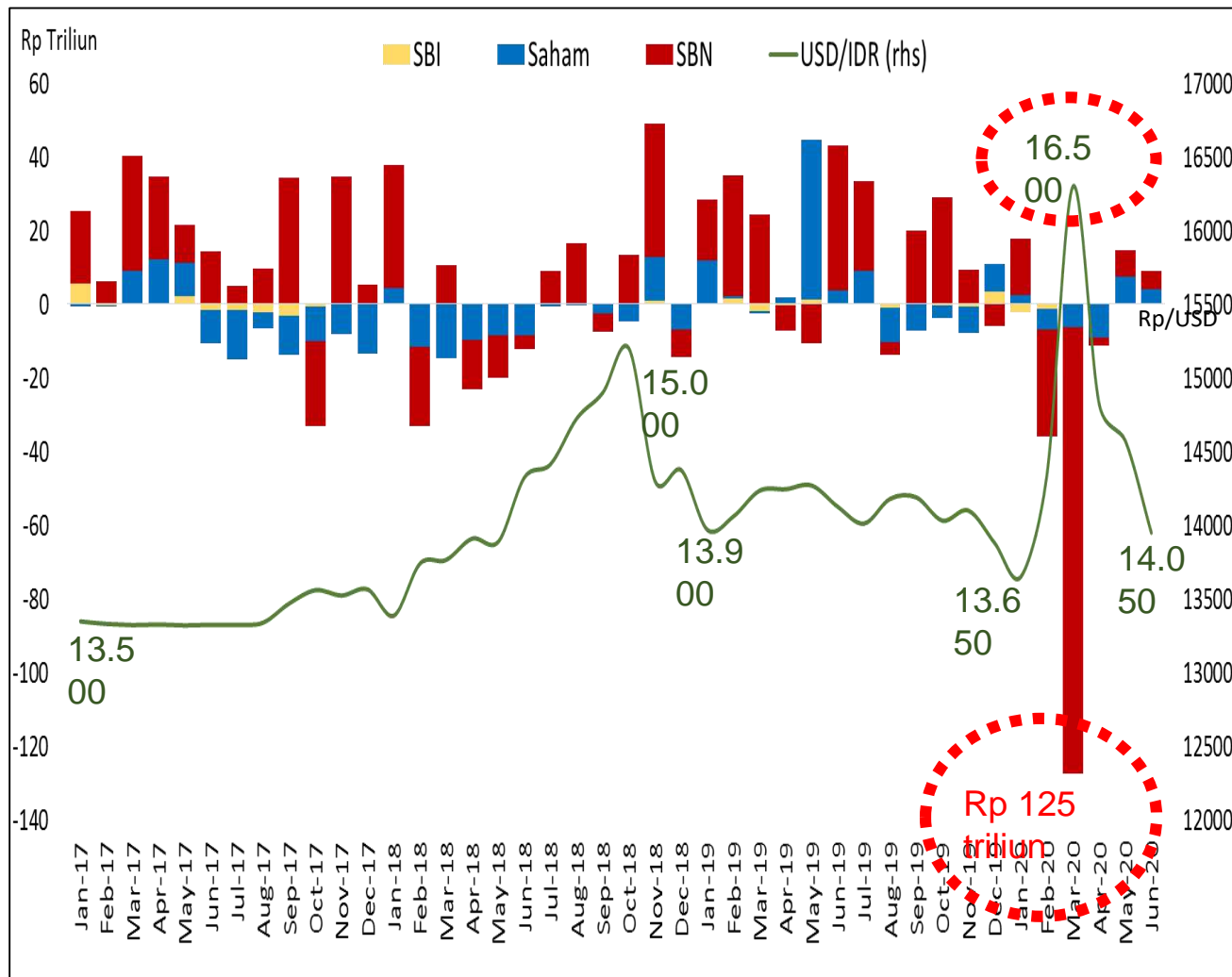


Primarily, as the global portfolio inflows” have been persistently filling the CA gap...

Capital and Financial Account (USD billions)



Global Portfolio Flows in Indonesia (Rp trillions)

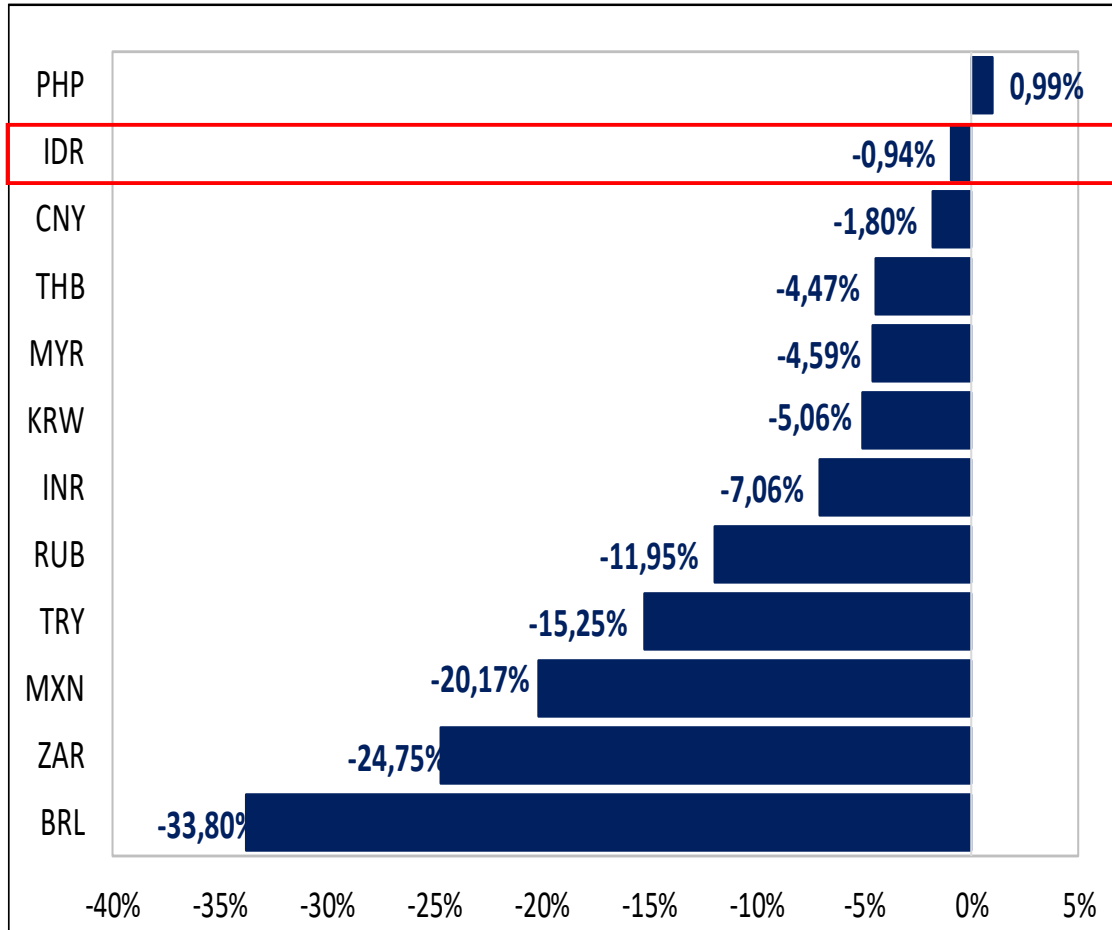


*Angka Sementara **Angka Sangat Sementara

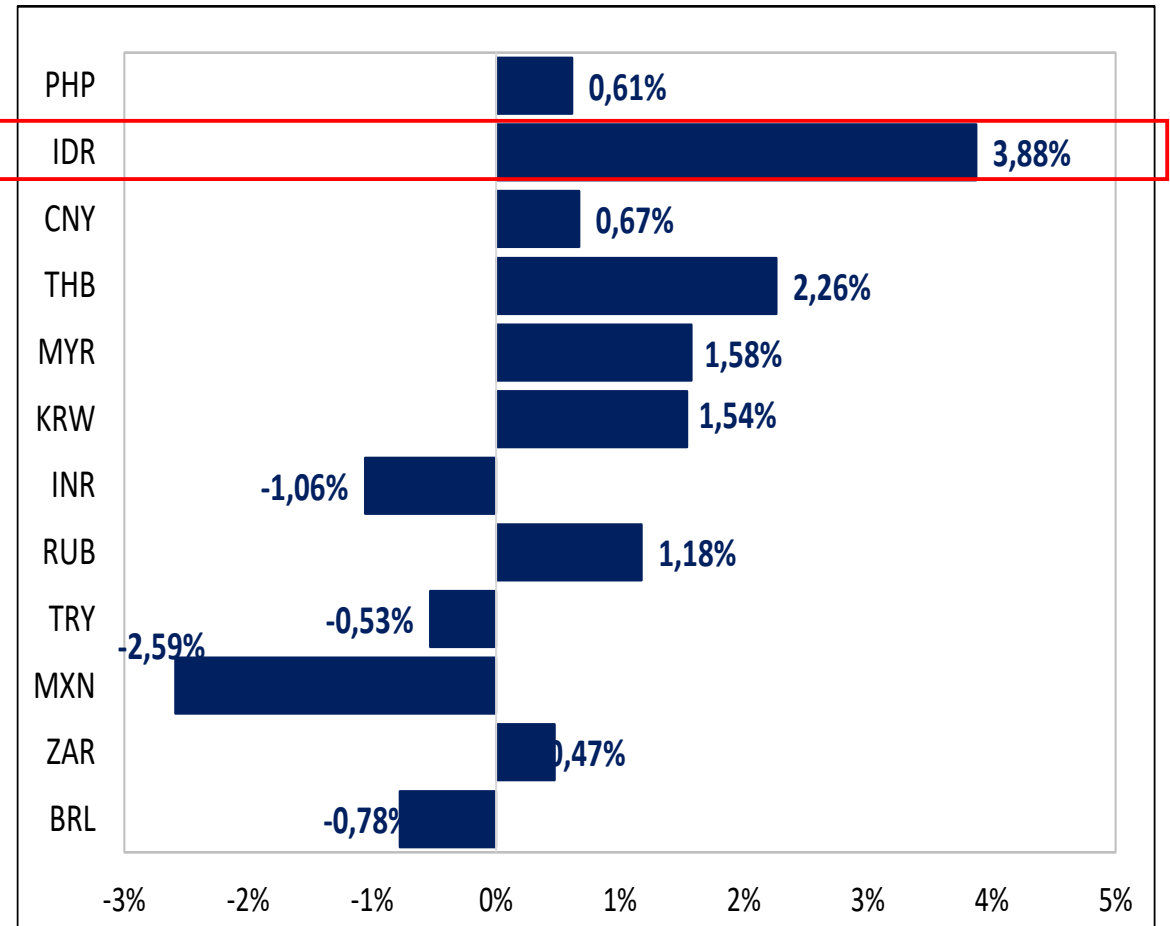
Data s.d. 11 Juni 2020

Rupiah surge in recent weeks, after hit by large scale outflows in March 2020

CHANGES EM FX (%YTD)



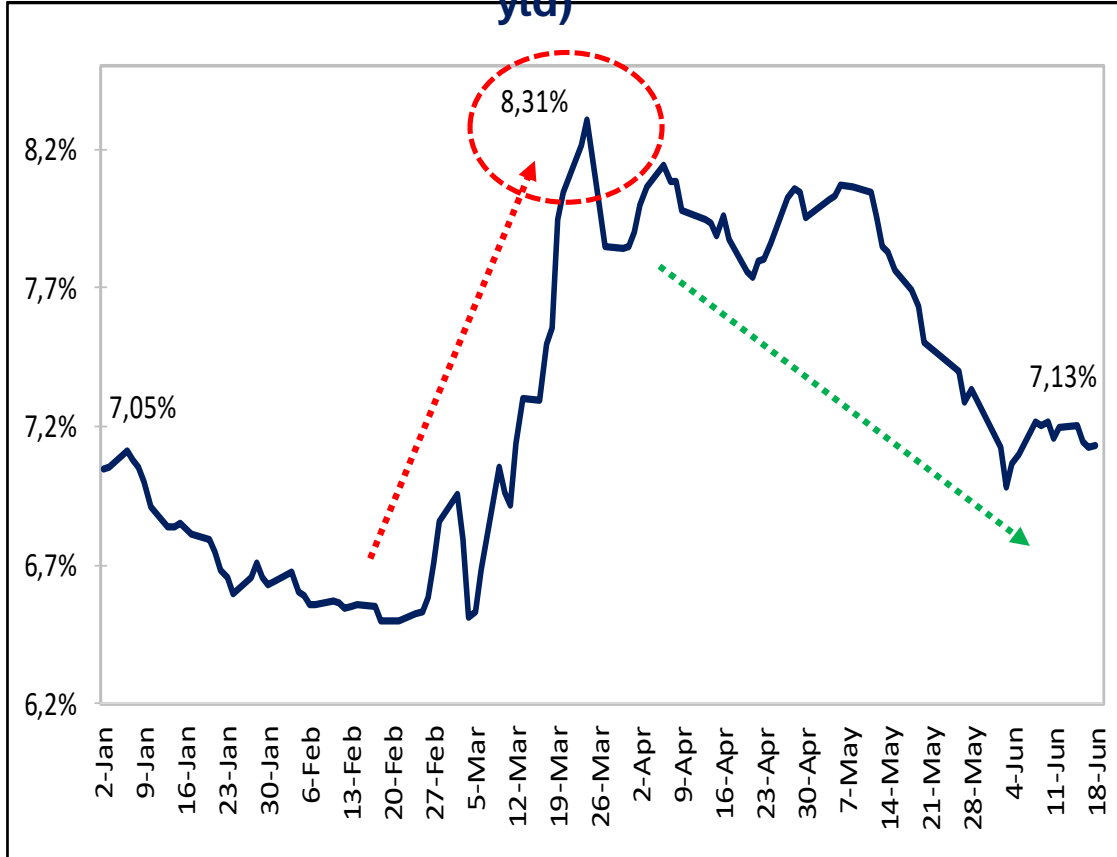
CHANGES EM FX (% MTD)



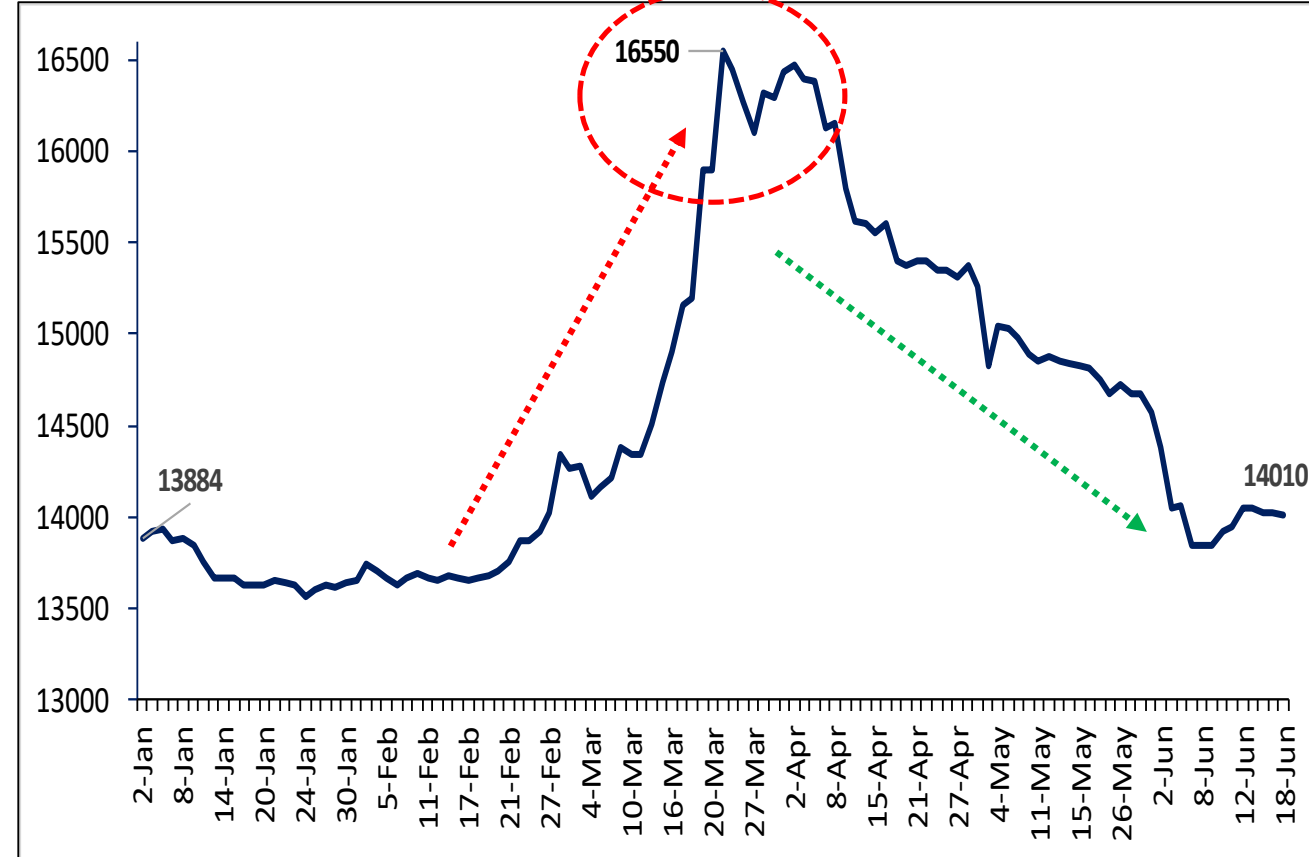
Sumber: Reuters (diolah) s.d 18 Juni 2020

Entering “unchartered territory” in March 2020

Yield Indo Govt Bond (2020 ytd)



USD/IDR (2020 ytd)



Data s.d. *closing* pasar domestik 18 Juni 2020

August 2011 – March 2018 : Episodes of foreign portfolio outflows averaged Rp24 trillion for 3 months, followed by episodes of inflows for an average of Rp 229 trillion for 21 months

POLA OUTFLOWS SBN DI PERIODE SHOCKS: RATA-RATA 29.2 TRILIUN DG PERIODE 4 BLN

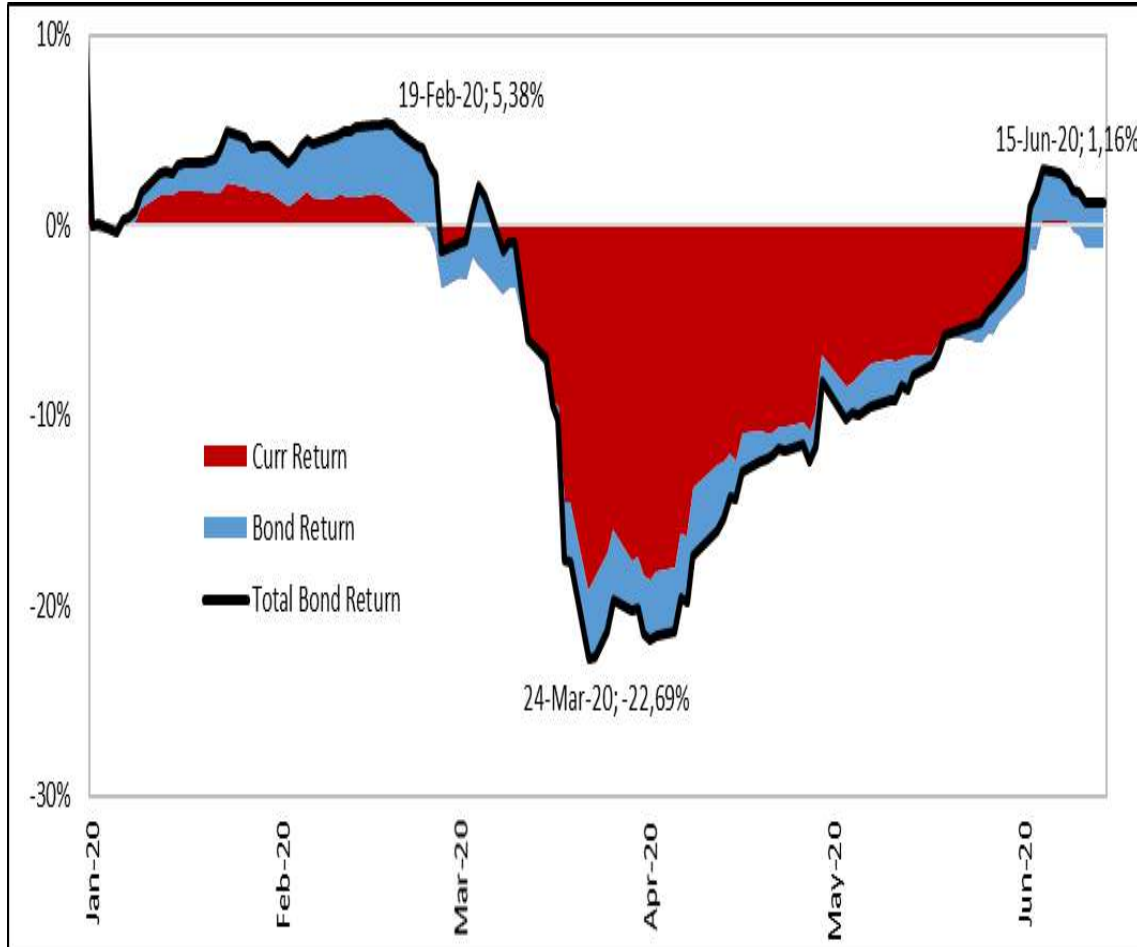
NO.	PERIODE		Δ OUTFLOW (RP MILIAR)	LAMA		KETERANGAN
				HARI	BULAN	
1	5 Agu'11	4 Nov'11	36,884	91	3	Black Monday (US credit rating downgrade by S&P)
2	18 Apr'13	14 Agu'13	23,524	118	4	Taper Tantrum
3	18 Jun'15	7 Sep'15	16,889	81	3	China Mkt Crash & Brexit
4	23 Mar'18	20 Sep'18	39,879	150	2	Trade Wars
Rata-rata			29,244	110	4	

POLA INFLOWS SBN PASCA SHOCKS: RATA-RATA 229 TRILIUN DG PERIODE 21 BULAN

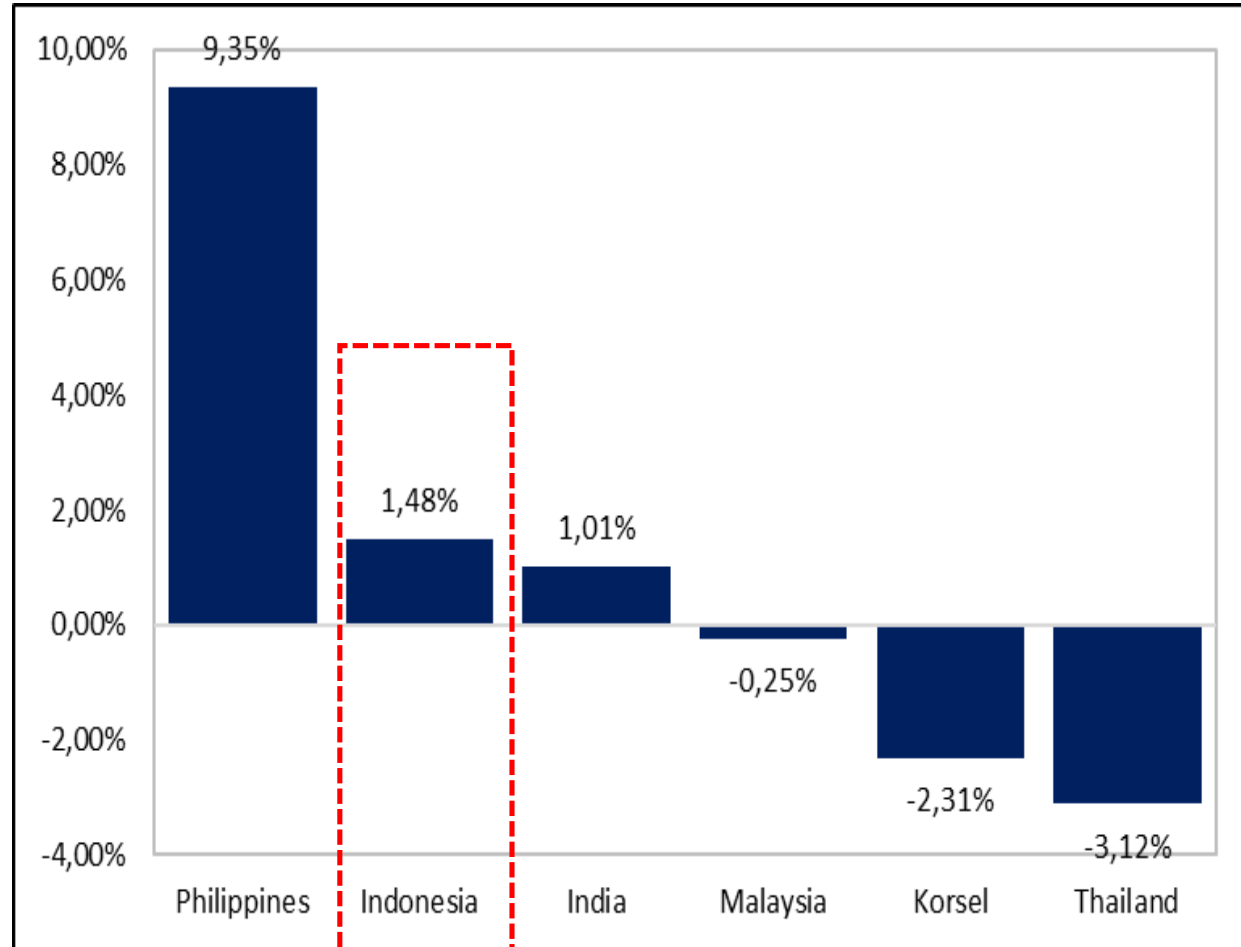
NO.	PERIODE		Δ INFLOW (RP MILIAR)	LAMA		KETERANGAN
				HARI	BULAN	
1	5 Nov'11	17 Apr'13	91,054	527	18	Pasca Black Monday
2	15 Agu'13	17 Jun'15	256,579	671	22	Pasca Taper Tantrum
3	8 Sep'15	6 Feb'18	324,815	882	29	Pasca China Mkt Crash & Brexit
4	21 Sep'18	28 Feb'20	243,791	472	16	Pasca Trade War
Rata-rata			229,060	638	21	

Indonesia Government Bonds started providing a positive total return...

Indo Govt Bond Total Return 2020 (ytd)



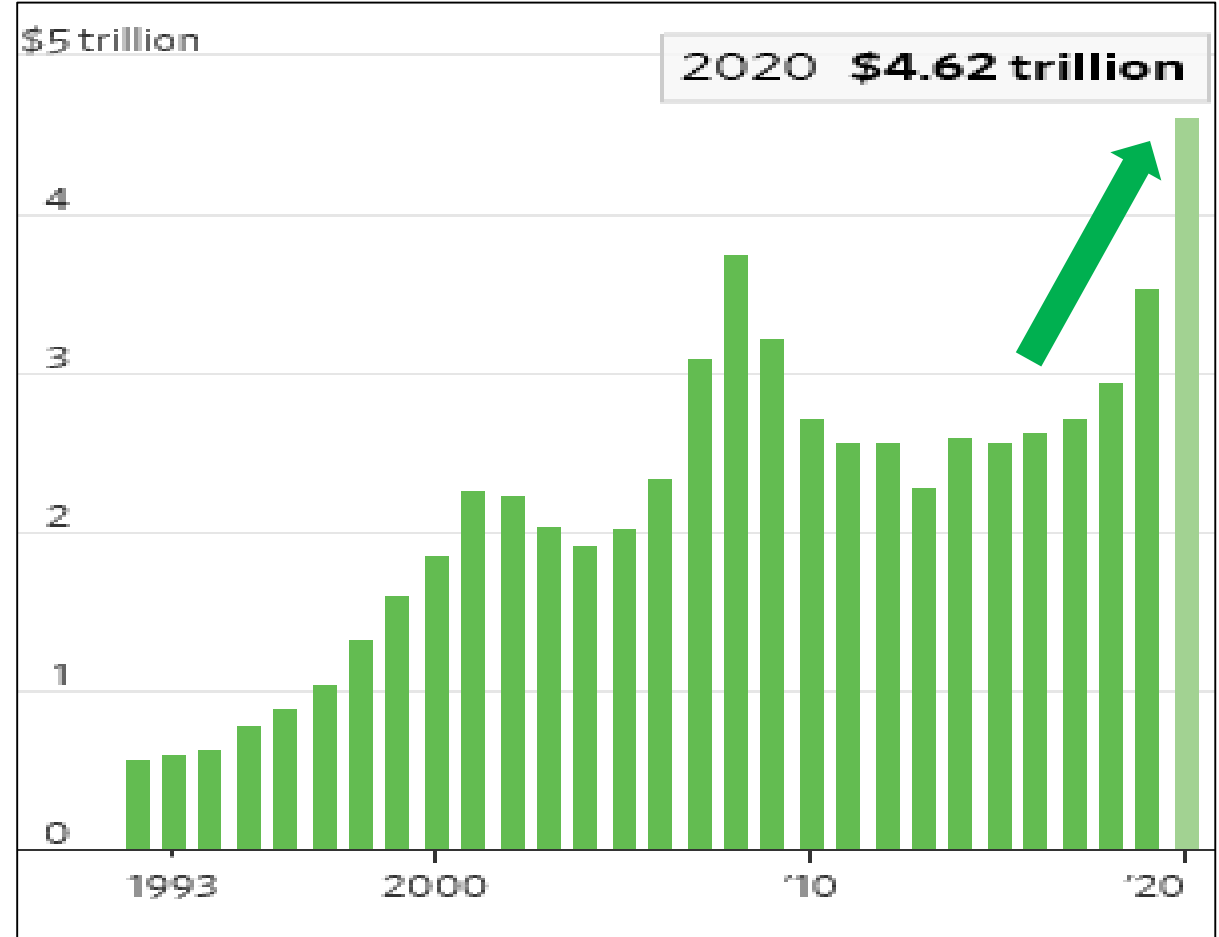
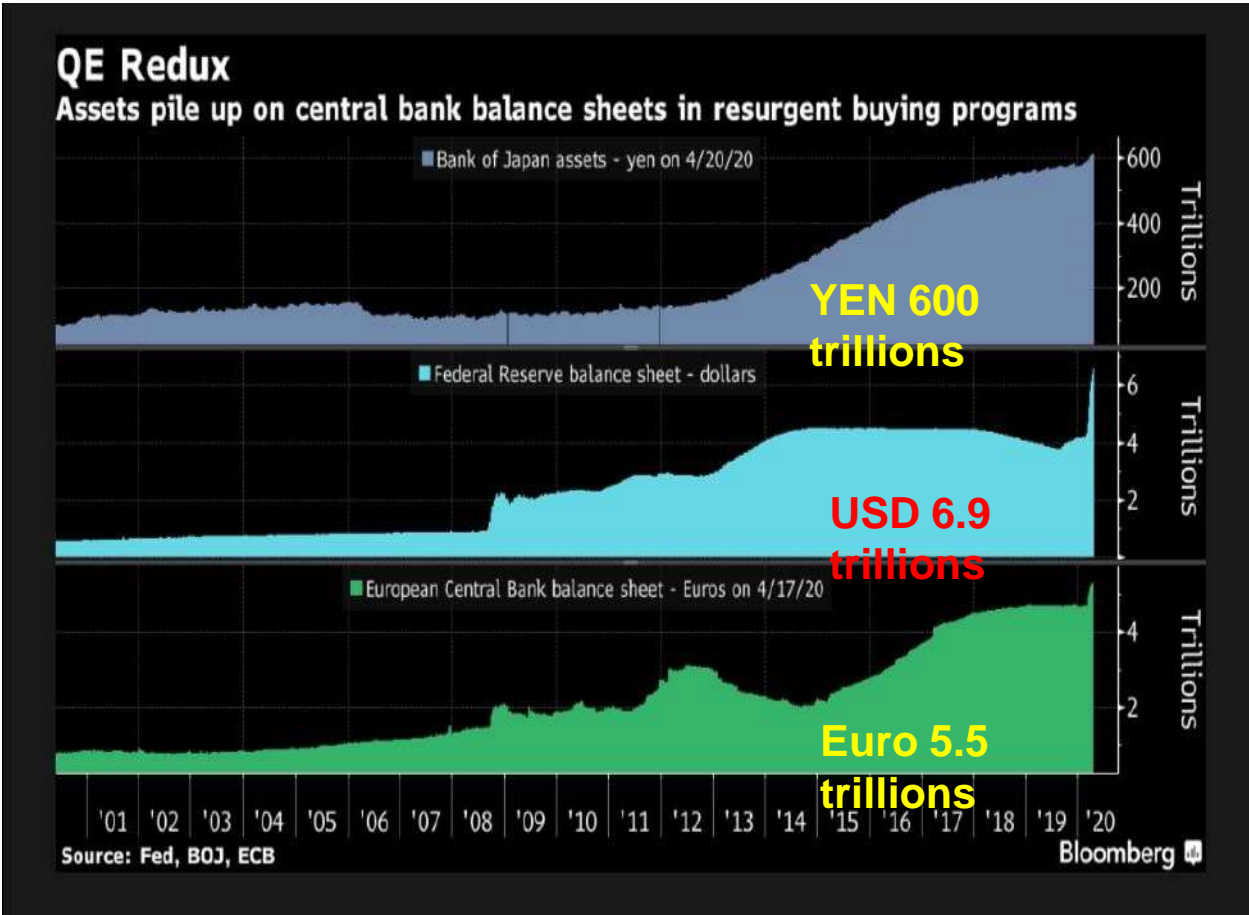
Asia Govt Bond Total Return 2020 (ytd)



As the advance countries central bank pledges ample liquidity to support the economy, some of the FX liquidity will also spread out to the most attractive risk adjusted return of EM-asset, as the case of GFC 2008

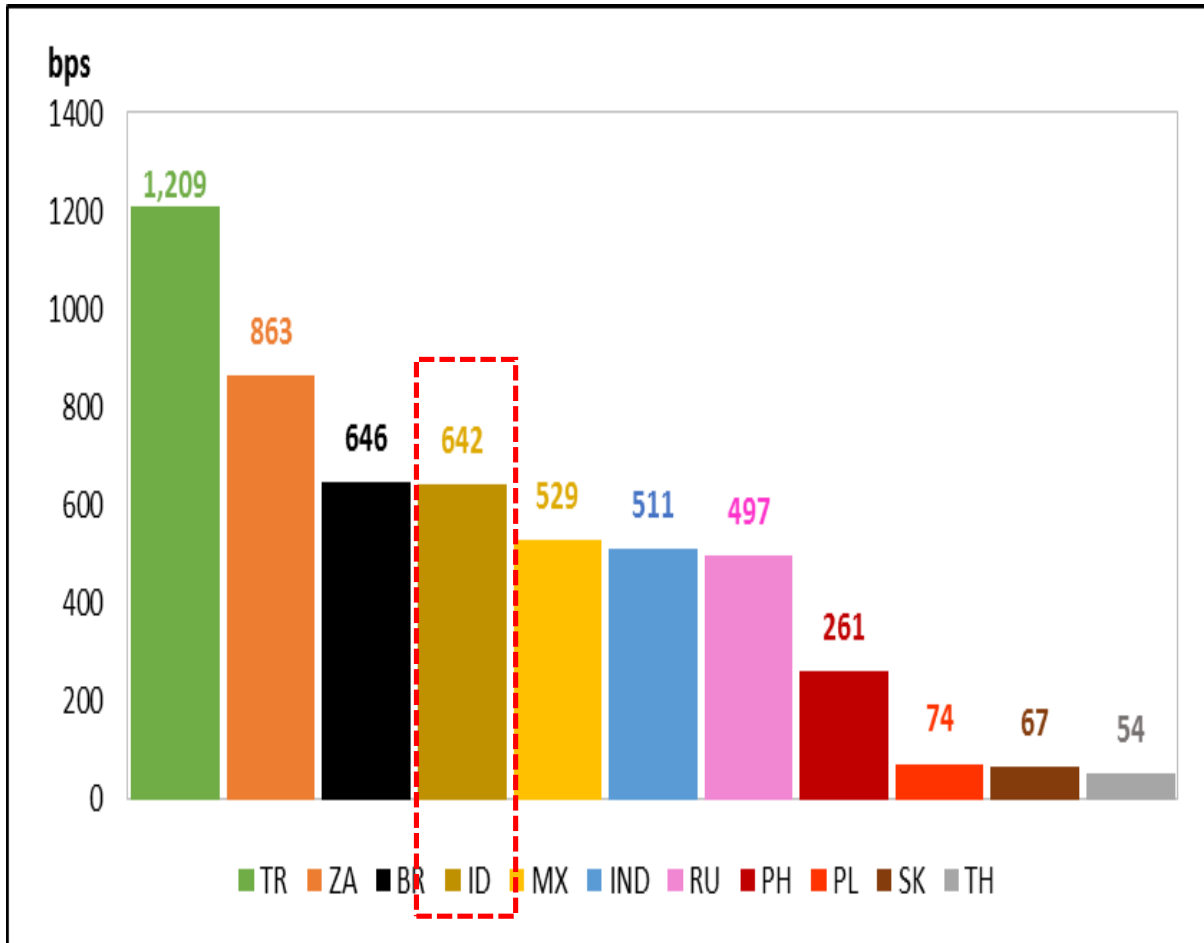
G-3 QE

Assets in Money Market Funds

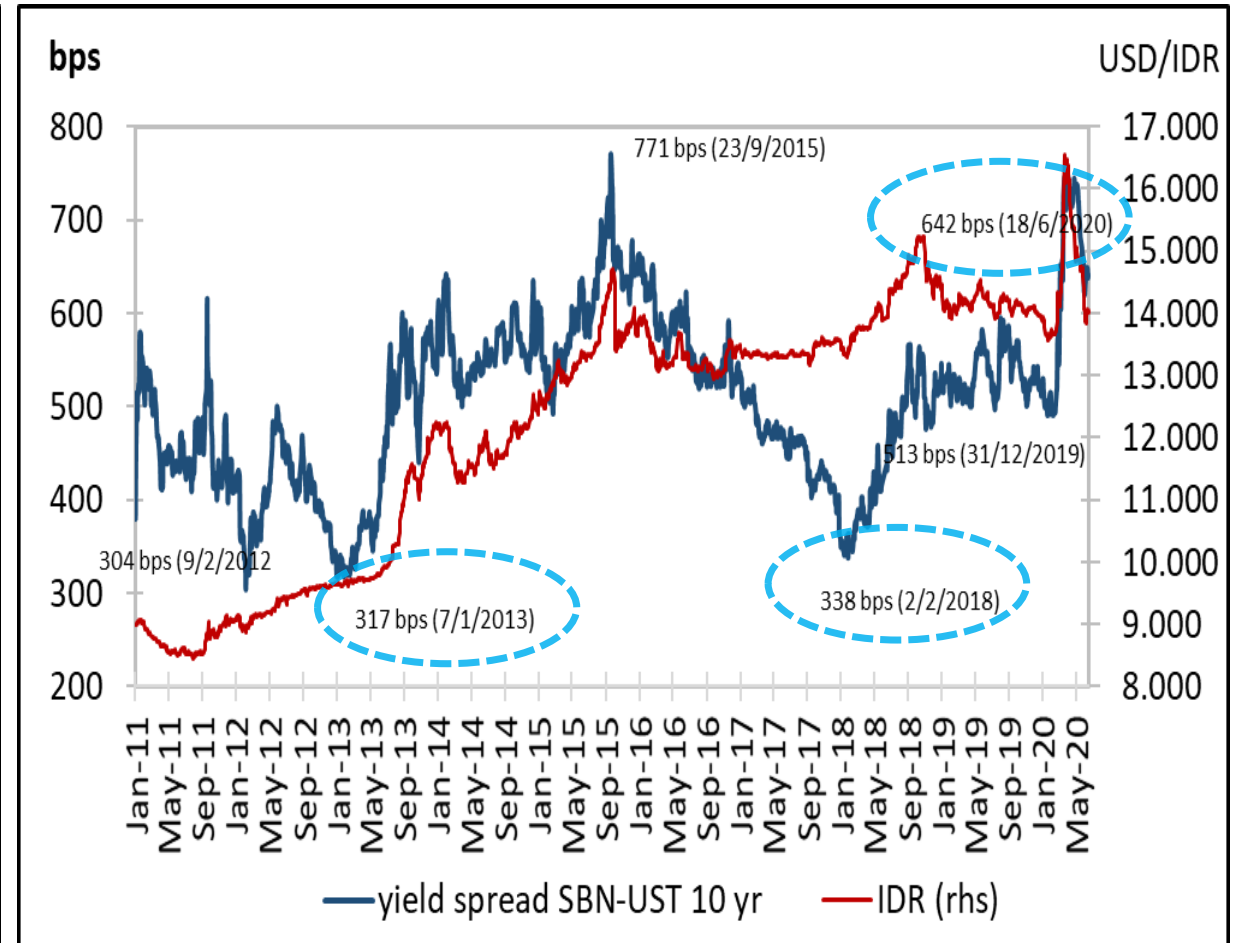


With Yield spread of 10 years Indo bond VS US bond at 642 bps, Indonesia Government Bonds offer one of the most attractive return among EM

Yield Spread SBN Denominasi Domestik and UST 10 Tahun



Yield Spread VS UST 10 YR DAN PERGERAKAN IDR



Data s.d. closing pasar domestik 18 Juni 2020

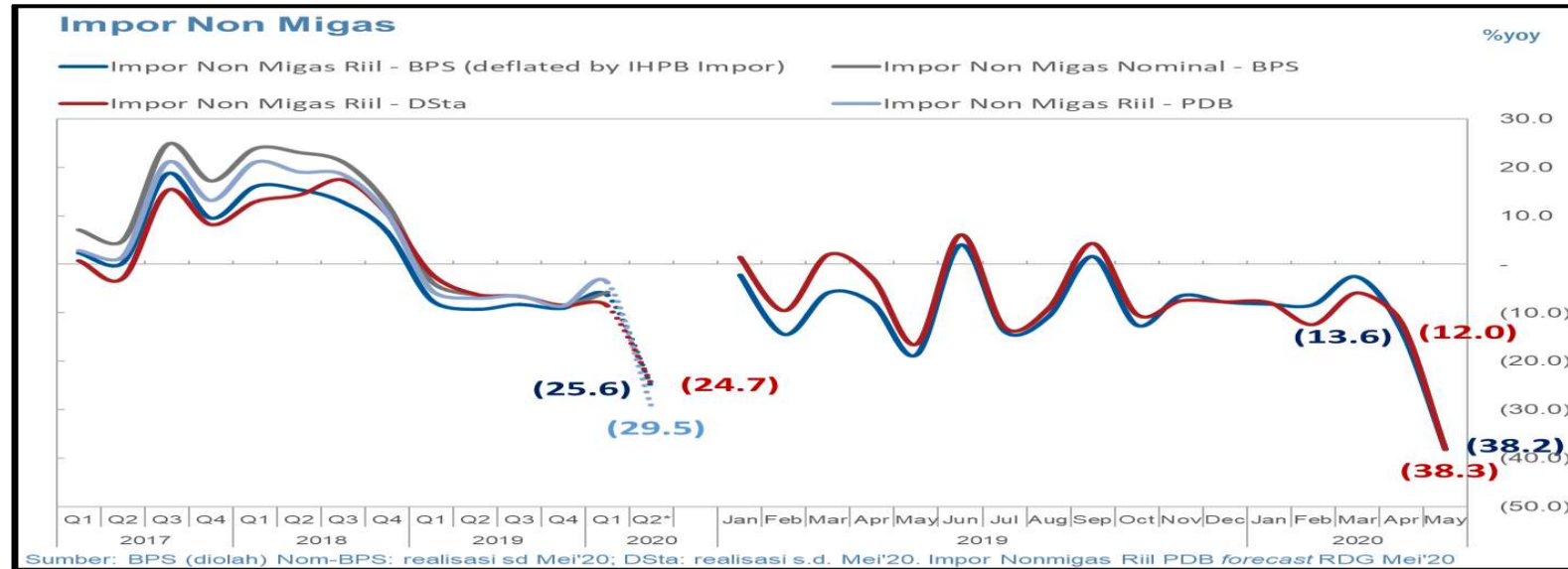
....also from the risk-adjusted return perspective ...at 5,29%

Indonesia Covered Interest Rate Parity vs Others

EM

Negara	Yield 10Y (%)	Yield UST 10Y (%)	Yield Spread (%)	Ekspektasi Inflasi (%yoy)	US Ekspektasi Inflasi (%)	CDS 5Y (%)	Fair Yield Spread (%)	Yield Spread (%)	Covered Interest Rate Parity (%)
Turki	12,8	0,88	11,92	15,2	0,7	4,27	18,77	11,92	7,65
Afsel	9,02	0,88	8,14	0	0,7	2,52	1,82	8,14	5,62
Indonesia	7,22	0,88	6,34	2,6	0,7	1,05	2,95	6,34	5,29
Brazil	7,19	0,88	6,31	0	0,7	2,07	1,37	6,31	4,24
Mexico	6,28	0,88	5,41	3,5	0,7	1,27	4,07	5,41	4,13
Rusia	5,93	0,88	5,06	4,8	0,7	0,77	4,87	5,06	4,28
India	5,81	0,88	4,93	3,6	0,7	0,95	3,85	4,93	3,98
Philipina	3,26	0,88	2,38	2,1	0,7	2,6	4	2,38	-0,22
Malaysia	2,93	0,88	2,05	-0,3	0,7	0,61	-0,39	2,05	1,45
China	2,82	0,88	1,95	3,1	0,7	0,42	2,82	1,95	1,53
Korsel	1,45	0,88	0,57	0,5	0,7	0,21	0,01	0,57	0,37
Chile	1,35	0,88	0,47	0	0,7	0,71	0,01	0,47	-0,24
Thailand	1,29	0,88	0,42	-0,8	0,7	0,36	-1,14	0,42	0,06

KINERJA IMPOR NONMIGAS PD TW II'20 TERINDIKASI BIAS ATAS MESKI MASIH TERKONTRAKSI

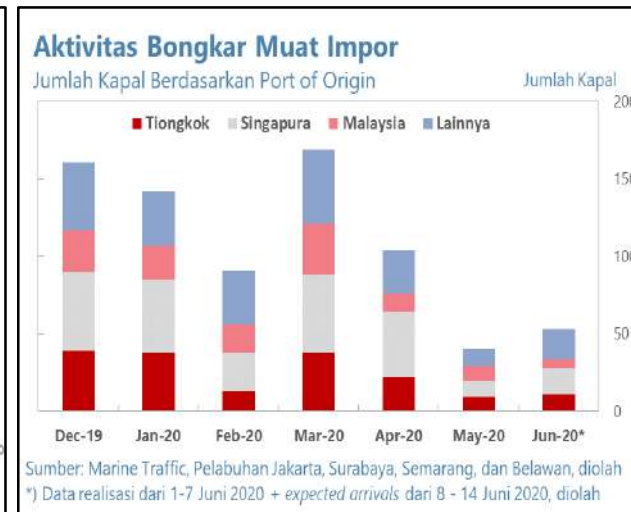
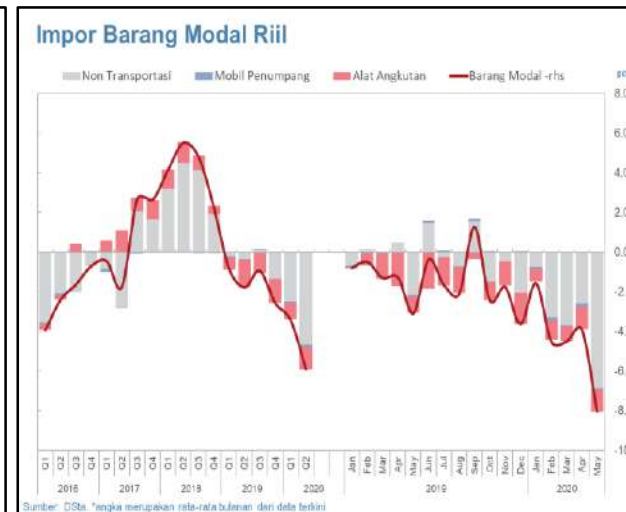
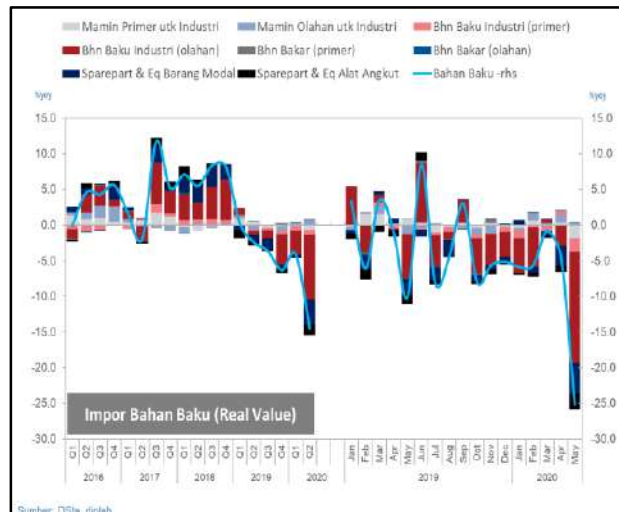
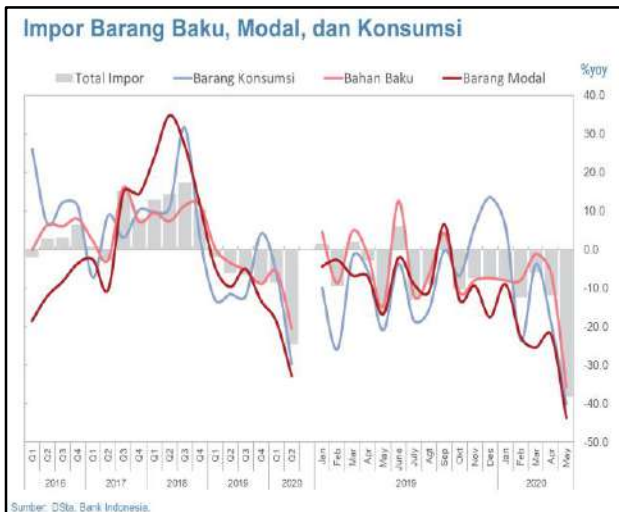


IMPOR NONMIGAS MEI'20: TERKONTRAKSI PADA SEMUA KATEGORI

KONTRAKSI IMPOR BAHAN BAKU TERUTAMA BAHAN BAKU INDUSTRI & SUKU CADANG

IMPOR BRG MODAL TURUN NAMUN DI MEI'20 TERTAHAN OLEH PERBAIKAN MOBIL PENUMPANG

TOTAL BONGKAR MUAT KAPAL IMPOR Q2 TURUN DARI Q1, MULAI NAIK DI JUNI

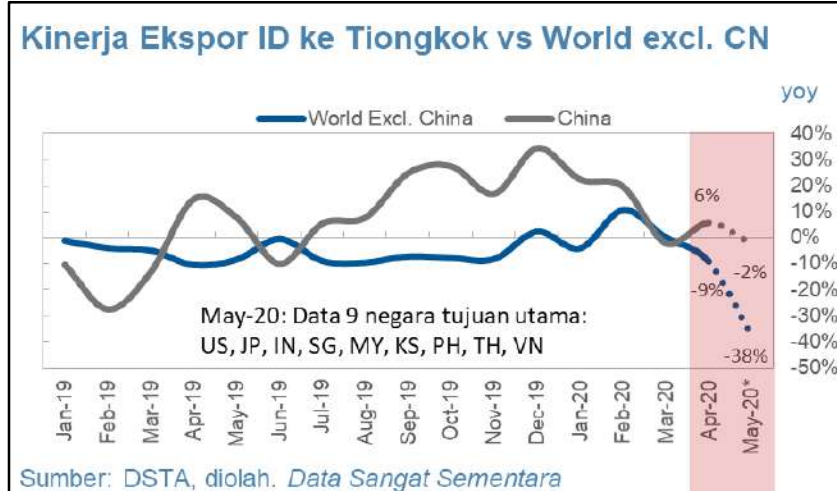


Export will improve in line with the recovery of China and the upturn of commodity prices

EKSPOR KE TIONGKOK

EKSPOR BESI BAJ KE TIONGKOK MENINGKAT DI Q2

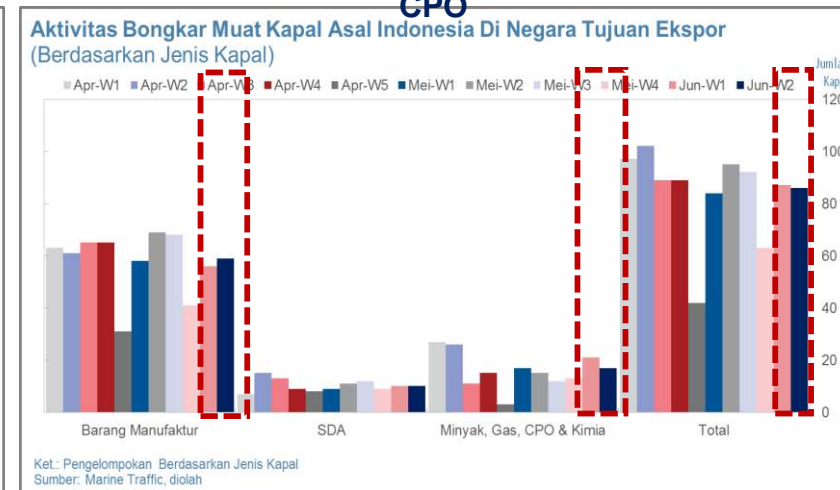
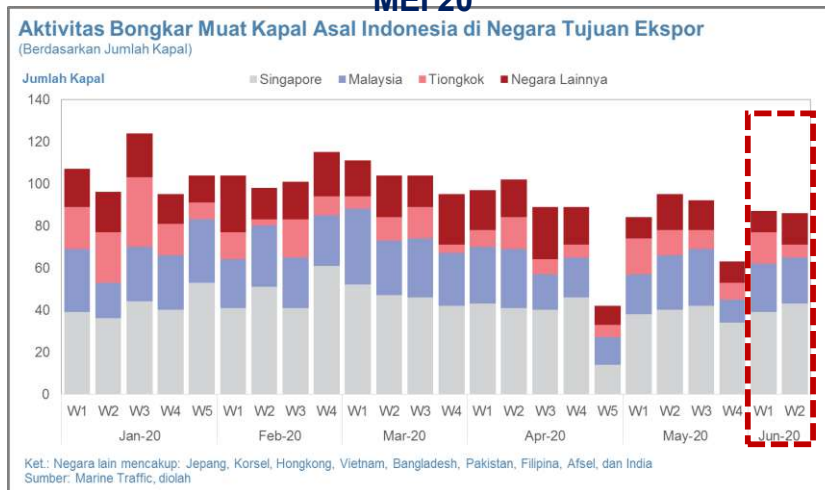
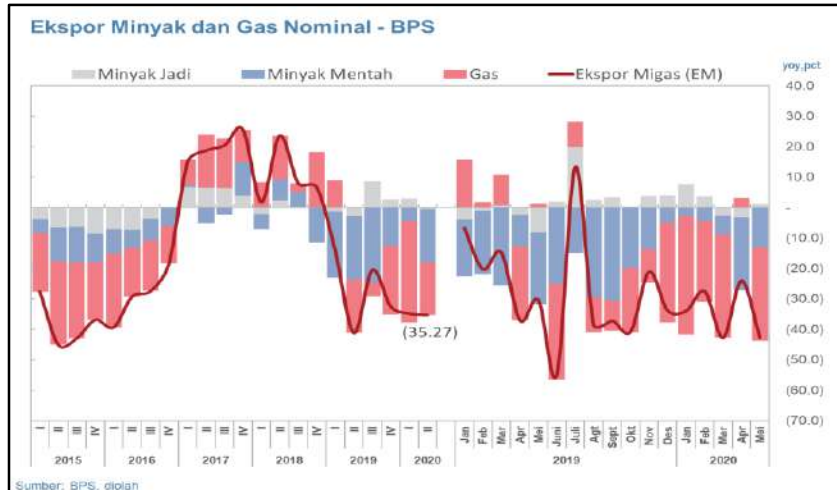
TERUTAMA BERASAL DARI SULAMPUA ...



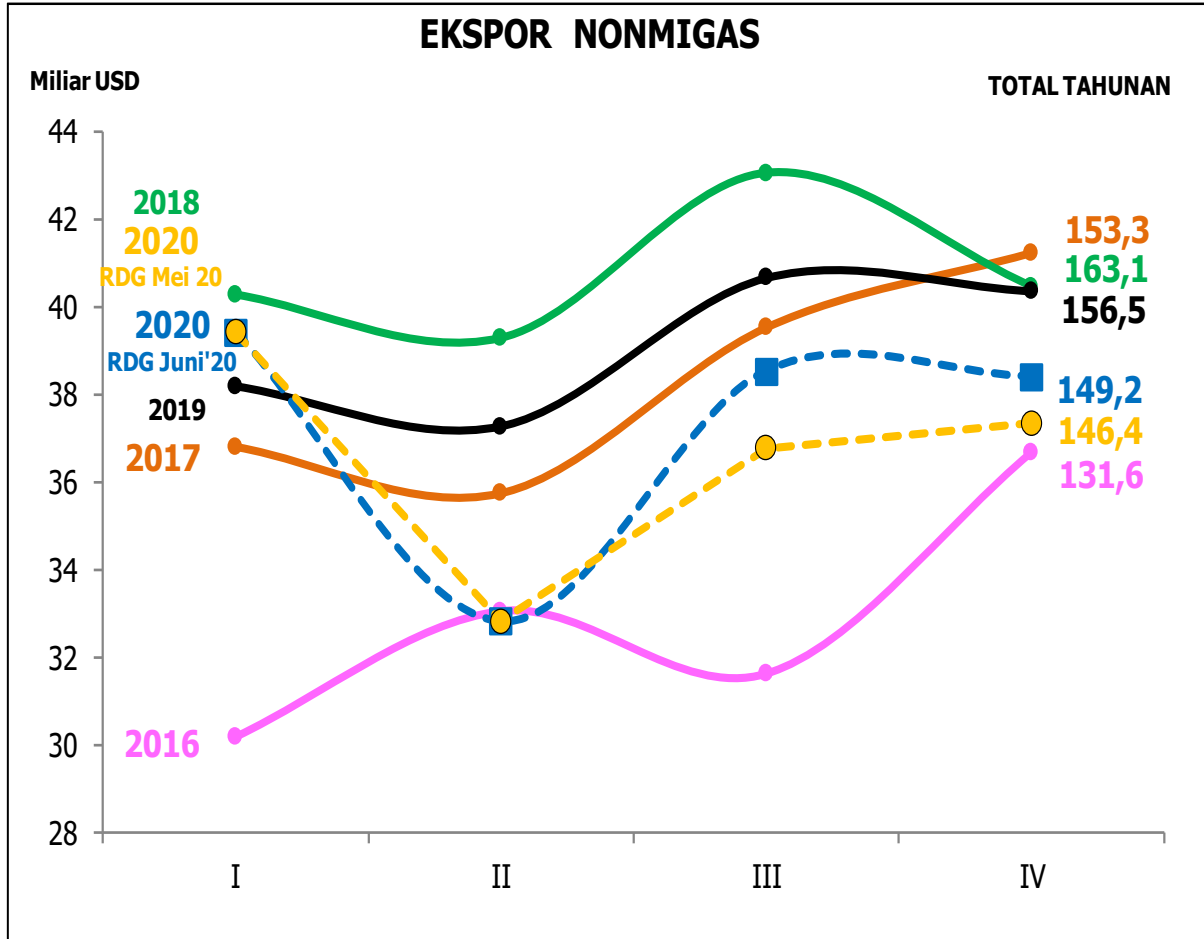
KONTRAKSI EKSPOR MIGAS APR'20 MEMBAIK AKIBAT EKSPOR GAS

BONGKAR MUAT KAPAL ASAL INDONESIA DI W.I-II JUNI'20 MENINGKAT DARI W-IV MEI'20

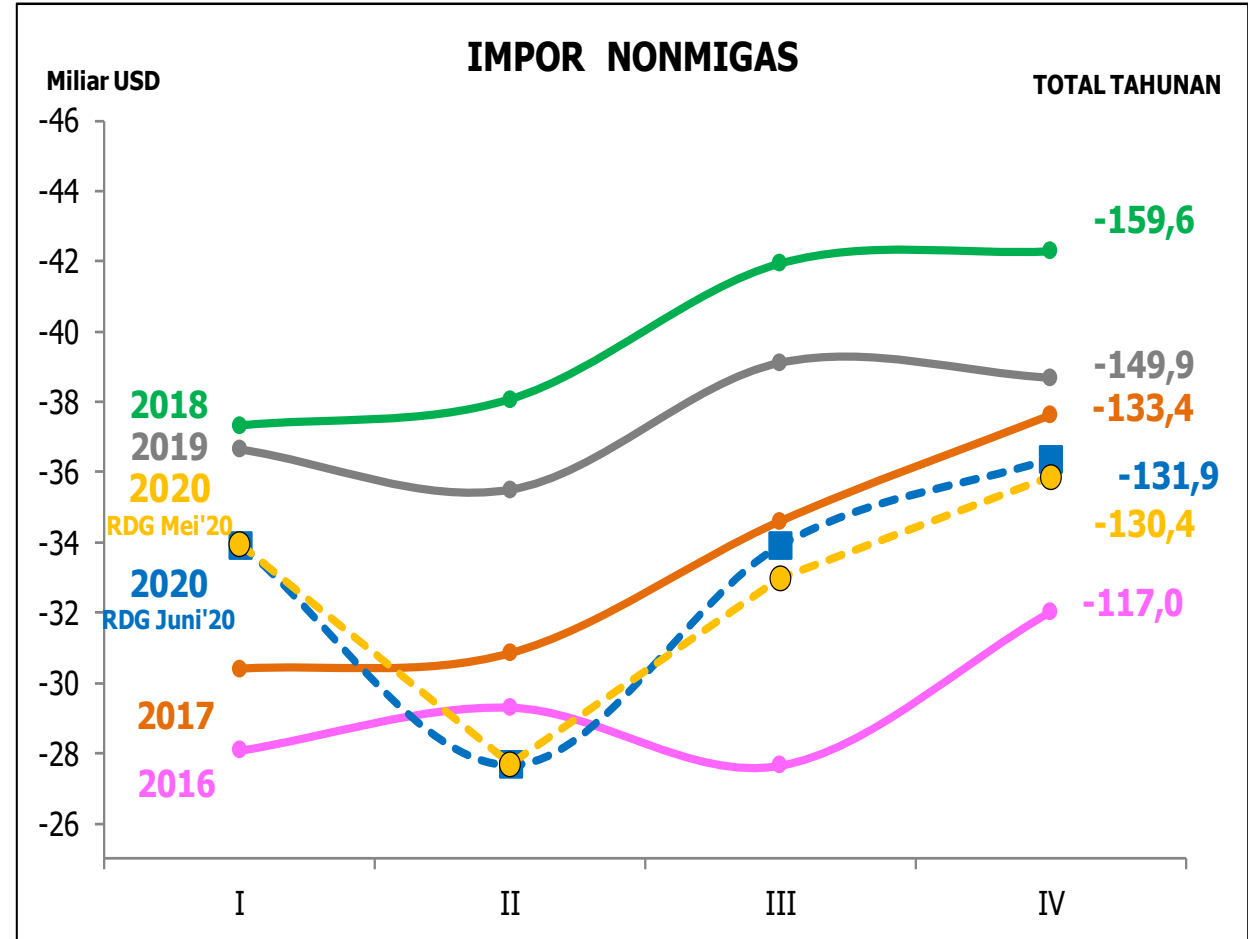
PENGAPALAN EKSPOR NAIK DI W.I-II JUN'20, DITOPANG MANUFATUR & CPO



Pola Ekspor Nonmigas Triwulanan (fob)



Pola Impor Nonmigas Triwulanan (cif)

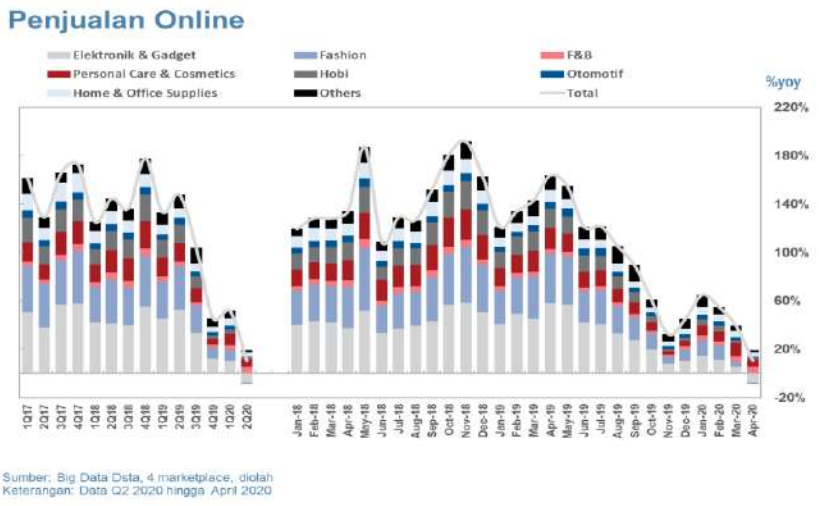


CA deficit will drop to 1.5% of GDP in 2020, a substantial decline from 2.7% in 2019

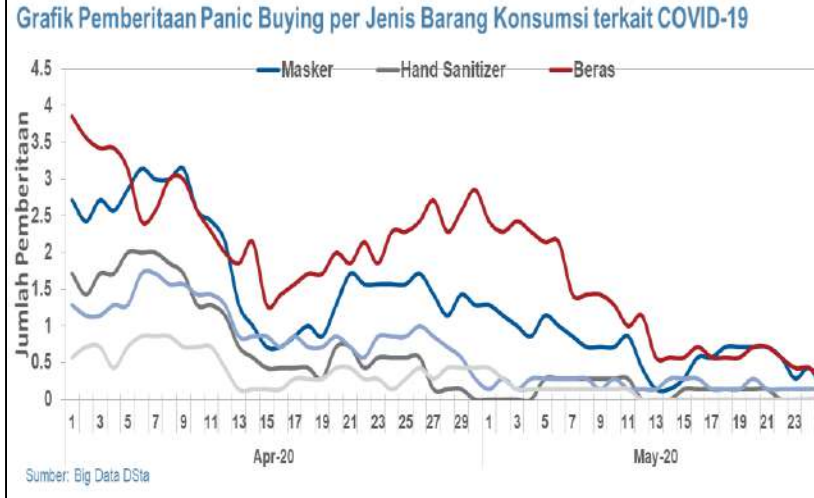
INDONESIA BALANCE OF PAYMENTS

Items (Billion USD)	2017					2018					2019					2020
	I	II	III	IV	Total	I*	II*	III*	IV*	Total*	I*	II*	III**	IV***	Total***	I*
Current Account	-2.0	-4.4	-4.2	-5.6	-16.2	-4.9	-7.8	-8.4	-9.5	-30.6	-6.6	-8.2	-7.5	-8.1	-30.4	-3.9
A. Goods	5.6	4.8	5.3	3.1	18.8	2.3	0.3	-0.4	-2.5	-0.2	1.3	0.6	1.4	0.3	3.5	4.4
- Exports, fob	40.8	39.2	43.4	45.6	168.9	44.4	43.7	47.7	44.9	180.7	41.2	40.2	43.7	43.4	168.5	41.8
- Imports, fob	-35.1	-34.3	-38.1	-42.5	-150.1	-42.1	-43.4	-48.1	-47.4	-181.0	-39.9	-39.6	-42.3	-43.1	-164.9	-37.3
a. Non-Oil and Gas	7.6	6.1	6.3	5.2	25.3	4.4	3.2	3.4	0.1	11.2	2.9	3.1	2.7	3.2	12.0	5.8
b. Oil and Gas	-2.2	-1.5	-1.3	-2.4	-7.3	-2.4	-2.7	-3.5	-2.8	-11.4	-2.1	-2.9	-2.1	-3.2	-10.3	-2.7
B. Services, Primary Income, Secondary Income	-7.7	-9.2	-9.5	-8.7	-35.0	-7.3	-8.1	-8.0	-7.0	-30.4	-7.9	-8.8	-8.9	-8.4	-34.0	-8.4
Capital and Financial Account	6.7	5.3	9.6	7.1	28.7	2.2	3.1	4.0	15.9	25.2	9.9	6.6	7.4	12.4	36.3	-2.9
1. Direct Investment	2.6	4.5	7.0	4.4	18.5	4.7	2.4	4.5	0.9	12.5	5.9	5.6	5.2	3.3	20.0	3.5
2. Portfolio Investment	6.5	8.1	3.8	2.6	21.1	-1.1	0.1	-0.1	10.5	9.3	5.2	4.6	4.8	7.0	21.5	-5.8
3. Other Investment	-2.5	-7.3	-1.2	0.2	-10.7	-1.5	0.6	-0.5	4.7	3.3	-1.3	-3.6	-2.7	2.1	-5.4	-0.5
Overall Balance	4.5	0.7	5.4	1.0	11.6	-3.9	-4.3	-4.4	5.4	-7.1	2.4	-2.0	0.0	4.3	4.7	-8.5
Memorandum :																
- Reserve Assets Position	121.8	123.1	129.4	130.2	130.2	126.0	119.8	114.8	120.7	120.7	124.5	123.8	124.3	129.2	129.2	121.0
In Months of Imports & Official Debt Repayment	8.6	8.6	8.6	8.3	8.3	7.6	6.9	6.3	6.43	6.43	6.7	6.8	6.9	7.3	7.3	7.0
Current Account (% GDP)	-0.8	-1.7	-1.6	-2.16	-1.6	-1.9	-3.0	-3.2	-3.7	-2.9	-2.5	-3.0	-2.6	-2.8	-2.7	-1.4

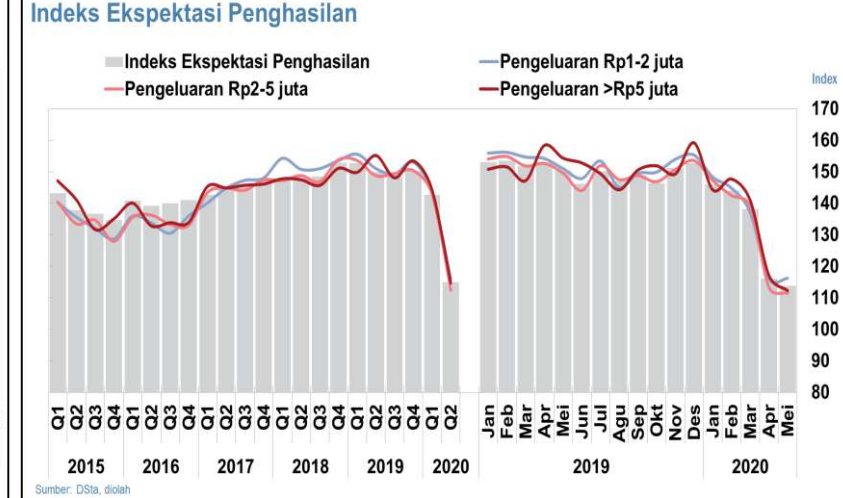
PENJUALAN ONLINE PADA APR-20 MELAMBAT, KHUSUSNYA PAKAIAN DAN ELEKTRONIK



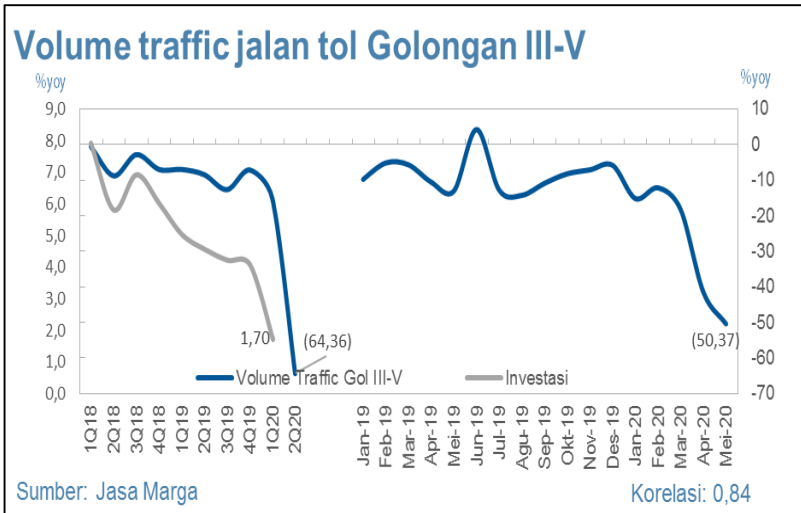
PANIC BUYING BERAS DAN BARANG KESEHATAN JUGA MENURUN



EKSPEKTASI PENGHASILAN MENURUN MESKI TERTAHAN DI MEI SEIRING RENCANA PELONGGARAN PSBB



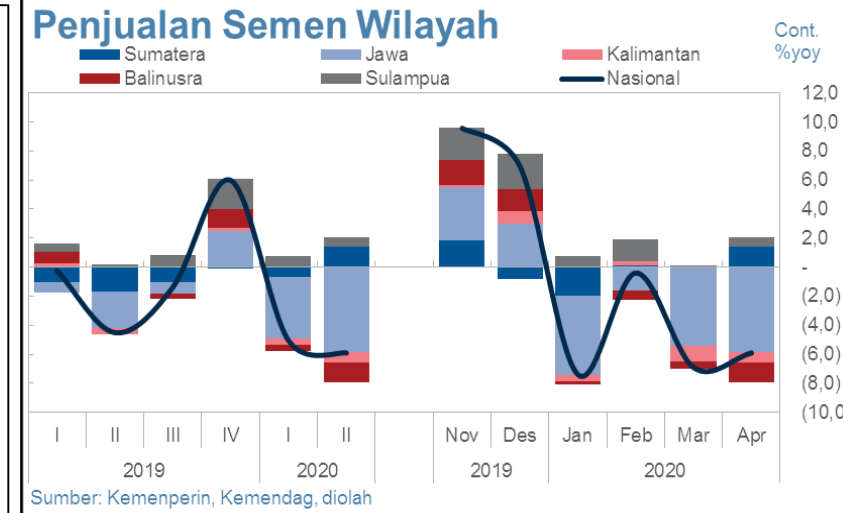
TURUNNYA TRAFFIC KEND. GOL III-V MENGONFIRMASI BERLANJUTNYA PERLAMBATAN INVESTASI



PENURUNAN INVESTASI JUGA BERDAMPAK PADA LABOR DEMAND

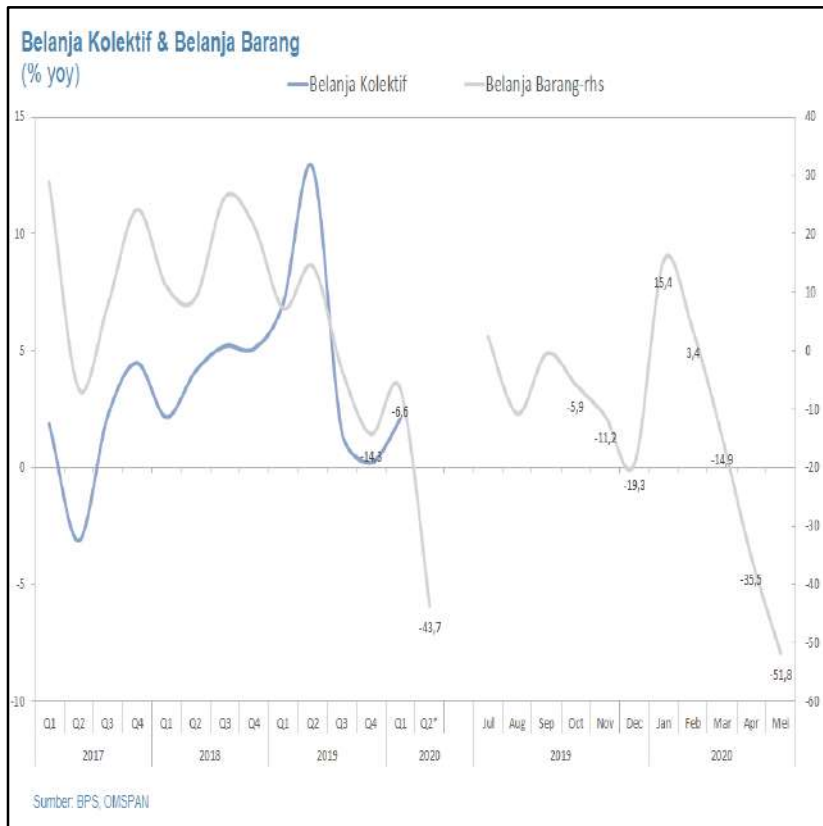


KONTRAKSI PENJUALAN SEMEN TERTAHAN; SUMATERA DAN SULAMPUA POSITIF (TOL TRANS SUMATERA; TAMBANG BWH TANAH DAN PON PAPUA)

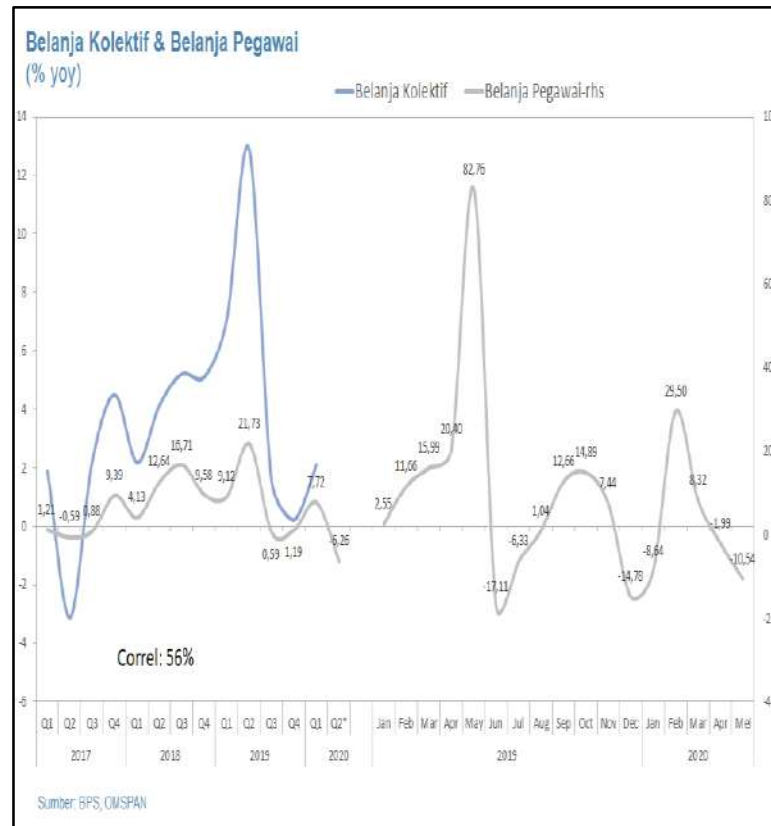


The government spending is expected to start speeding up since July 2020

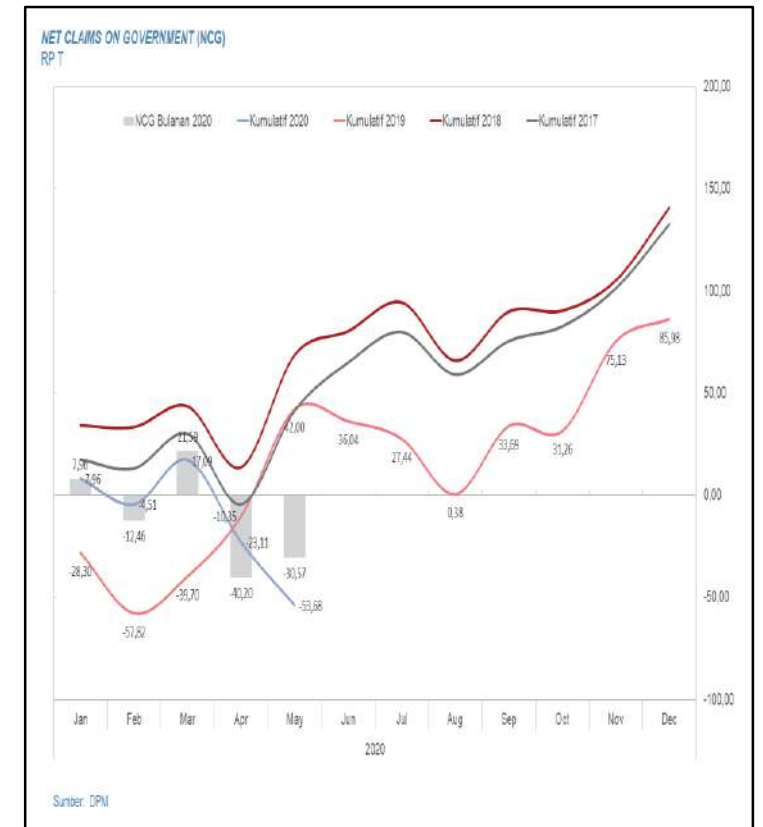
BELANJA BARANG KONTRAKSI PADA APR-MEI 2020



BELANJA PEGAWAI JUGA TERKONTRAKSI PADA APR-MEI 2020



OPERASI KEUANGAN PEMERINTAH NET KONTRAKSI Rp 53,7 T s.d. MEI 2020

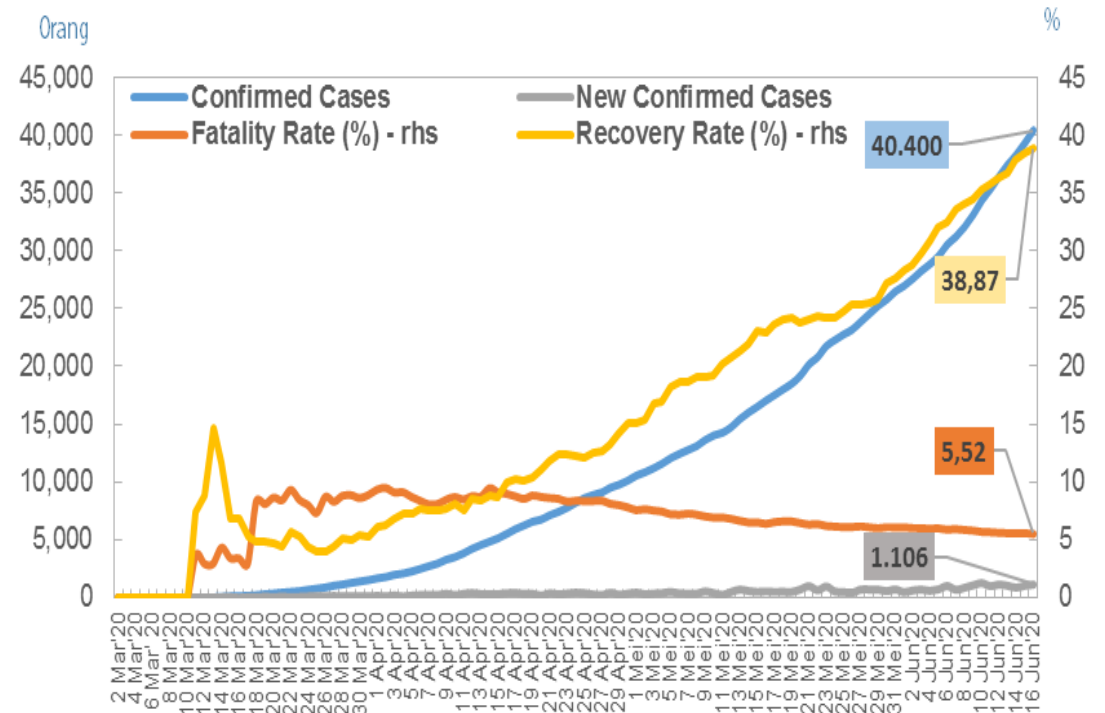


Growth is forecast to sharply decline in the Q2-2020, anticipated to pull back in Q3-2020 supported by PSBB relaxation since June and buttressed by strong government spending onward

PERTUMBUHAN EKONOMI SISI PENGELUARAN (% , YOY)

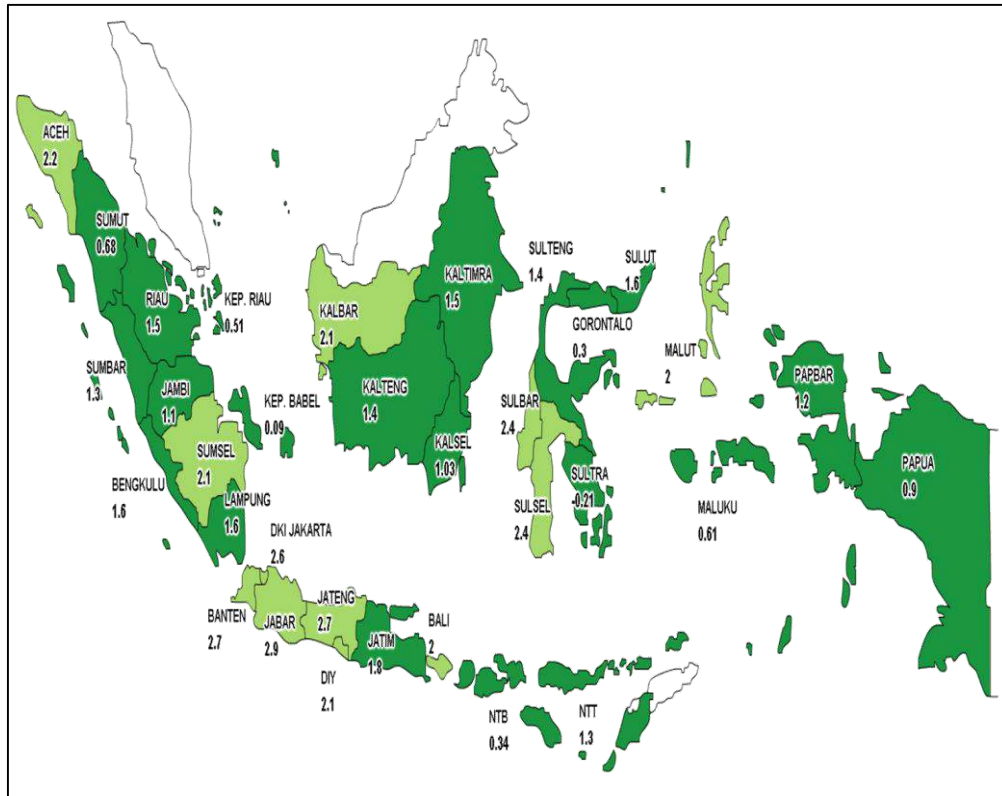
Komponen	2018				2018	2019				2019	2020
	I	II	III	IV		I	II	III	IV		
Konsumsi Rumah Tangga	4.96	5.17	5.00	5.08	5.05	5.02	5.18	5.01	4.97	5.04	2.84
Konsumsi Lembaga Nonprofit Melayani Rumah Tangga	8.12	8.77	8.61	10.82	9.10	16.96	15.29	7.41	3.53	10.62	-4.91
Konsumsi Pemerintah	2.71	5.21	6.26	4.56	4.80	5.22	8.23	0.98	0.48	3.25	3.74
Investasi (PMTDB)	7.92	5.81	6.92	6.01	6.64	5.03	4.55	4.21	4.06	4.45	1.70
Investasi Bangunan	6.12	4.96	5.60	5.02	5.41	5.48	5.46	5.03	5.53	5.37	2.76
Investasi Nonbangunan	13.56	8.33	10.73	8.96	10.31	3.69	1.96	1.95	-0.13	1.80	-1.46
Ekspor	5.84	7.48	8.34	4.59	6.55	-1.58	-1.73	0.10	-0.39	-0.87	0.24
Impor	12.46	14.94	13.77	7.11	11.88	-7.47	-6.84	-8.30	-8.05	-7.69	-2.19
PDB	5.06	5.27	5.17	5.18	5.17	5.07	5.05	5.02	4.97	5.02	2.97

KASUS POSITIF COVID-19 DI INDONESIA MASIH MENINGKAT



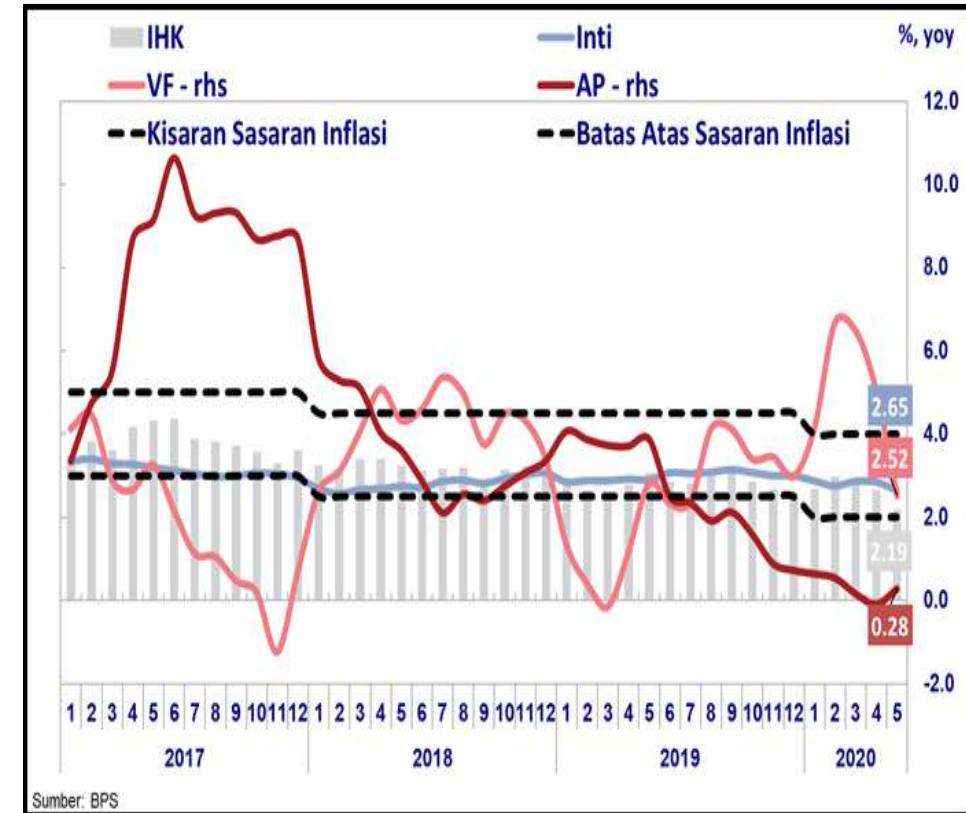
2020 CPI inflation is estimated to remain around 2.5% given the weak domestic demand and stronger IDR. Most of regional provinces reported inflation below 2.0%

INFLASI IHK APR'20 (YOY) TERJAGA DI SELURUH WILAYAH



Inf ≥ 4,0% 3,0% ≤ Inf < 4,0% 2,0% ≤ Inf < 3,0% Inf < 2,0%

INFLASI IHK MEI'20 MELAMBAT



TRACKING JUNE 2020

CPI 2020 = 2,49% (yoy)

CORE	AP	VF
2,08	1,80	4,86

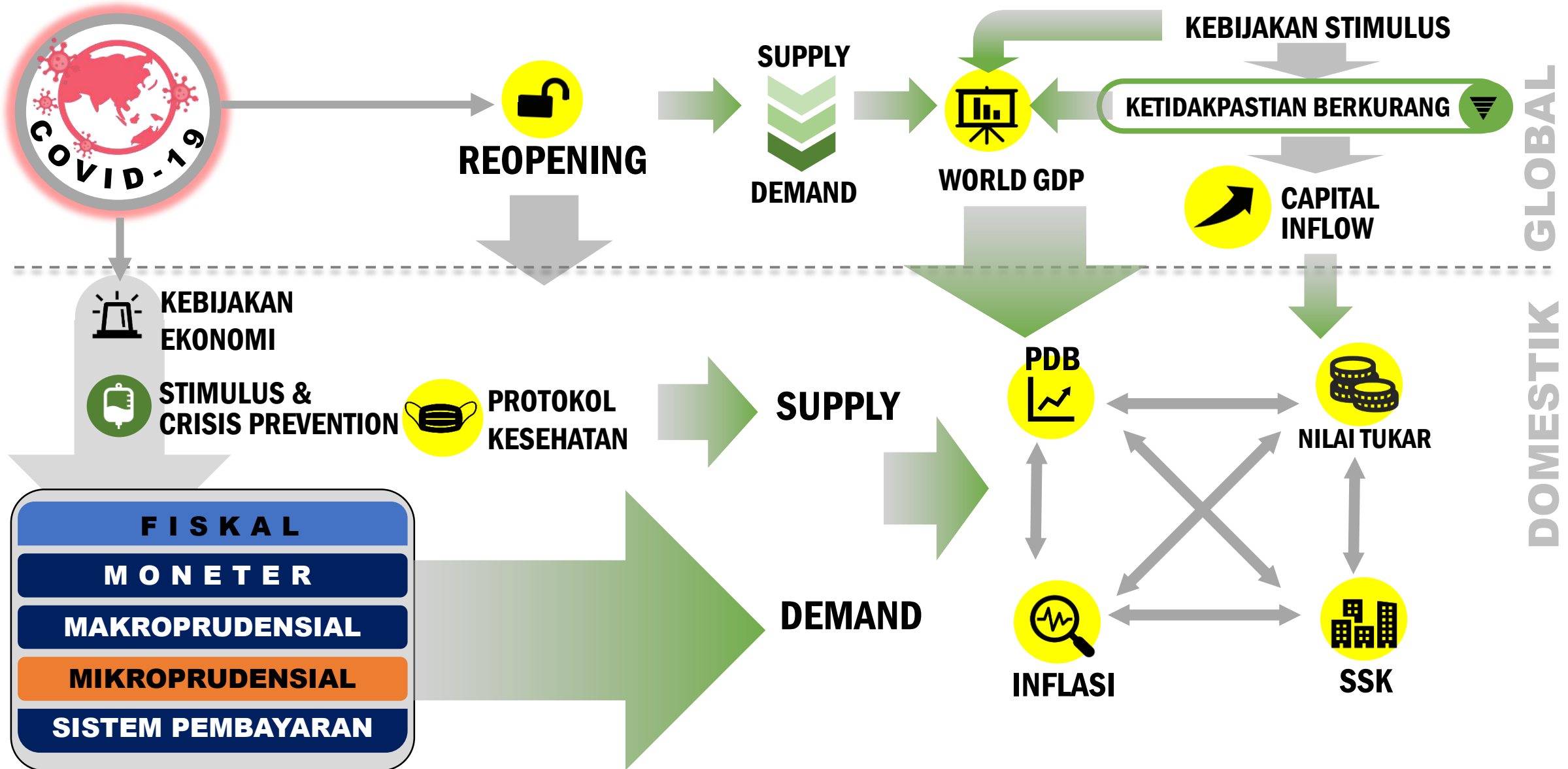
Consensus Forecast 2020 (Mei'20): 2,6%

Sumber: BPS



Policy Responses

Reaching the bottom...

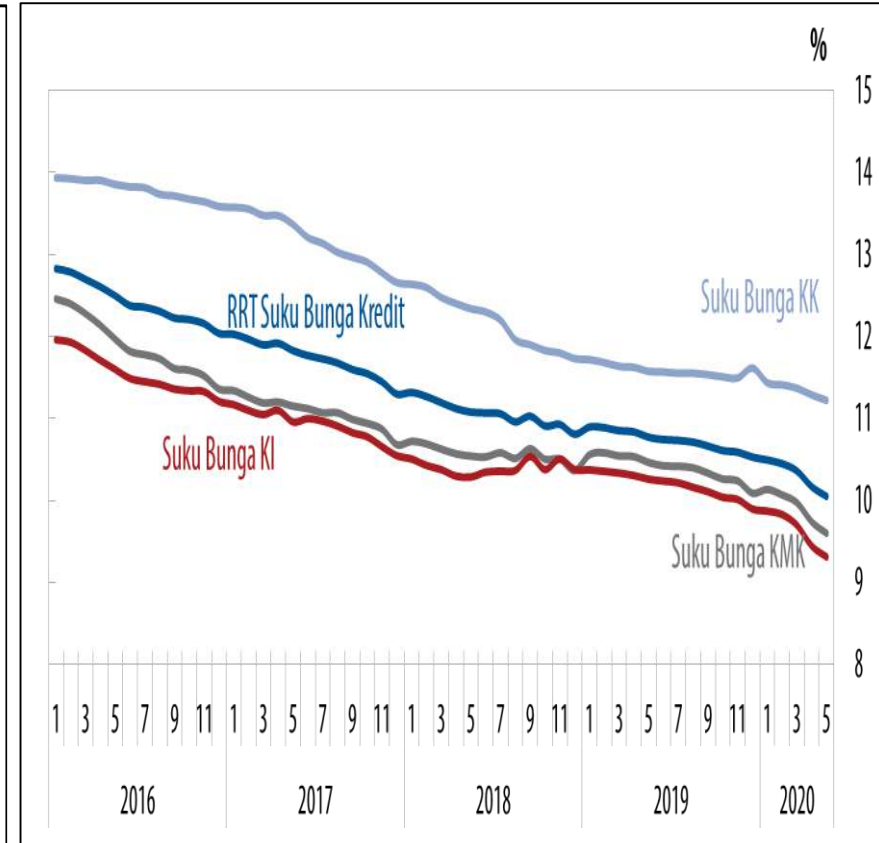
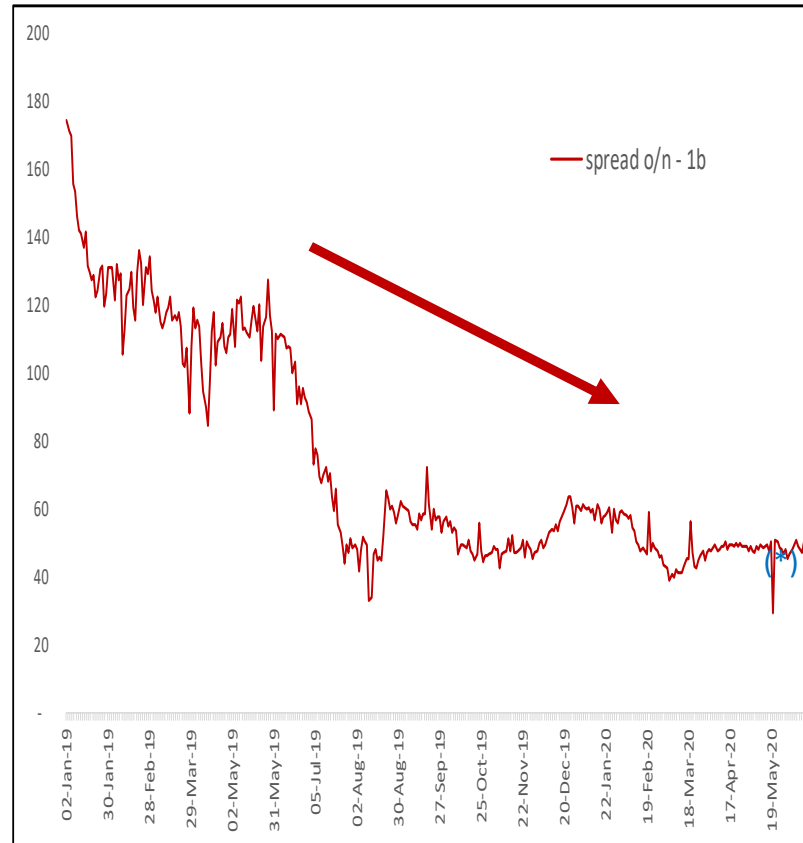
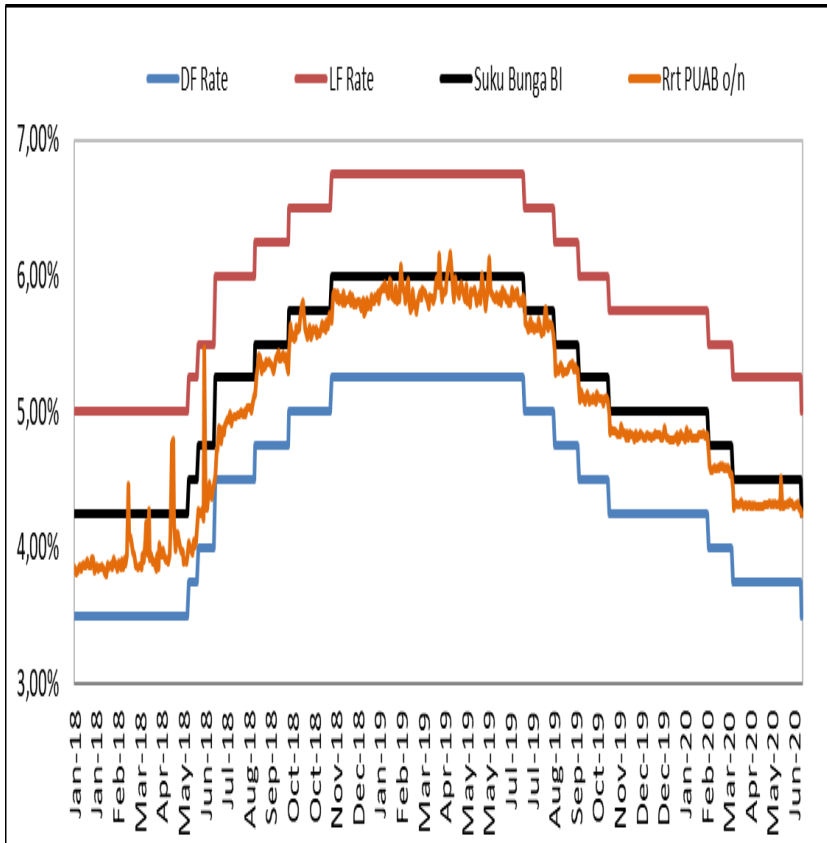


Effective monetary policy transmission in money market, though challenges remain in credit market

POLICY RATE

SPREAD JIBOR O/N & 1 BULAN

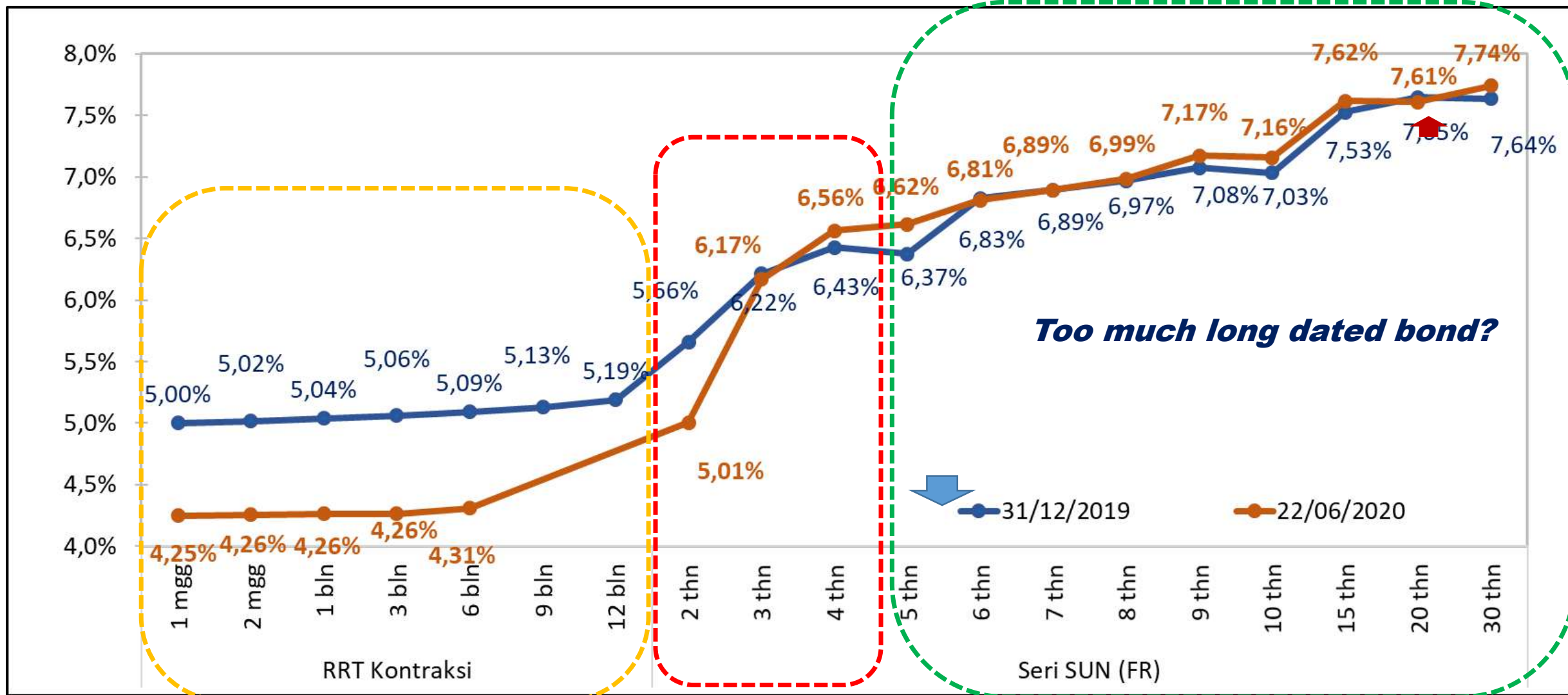
TRANSMISI SB. KREDIT PERBANKAN BERLANJUT



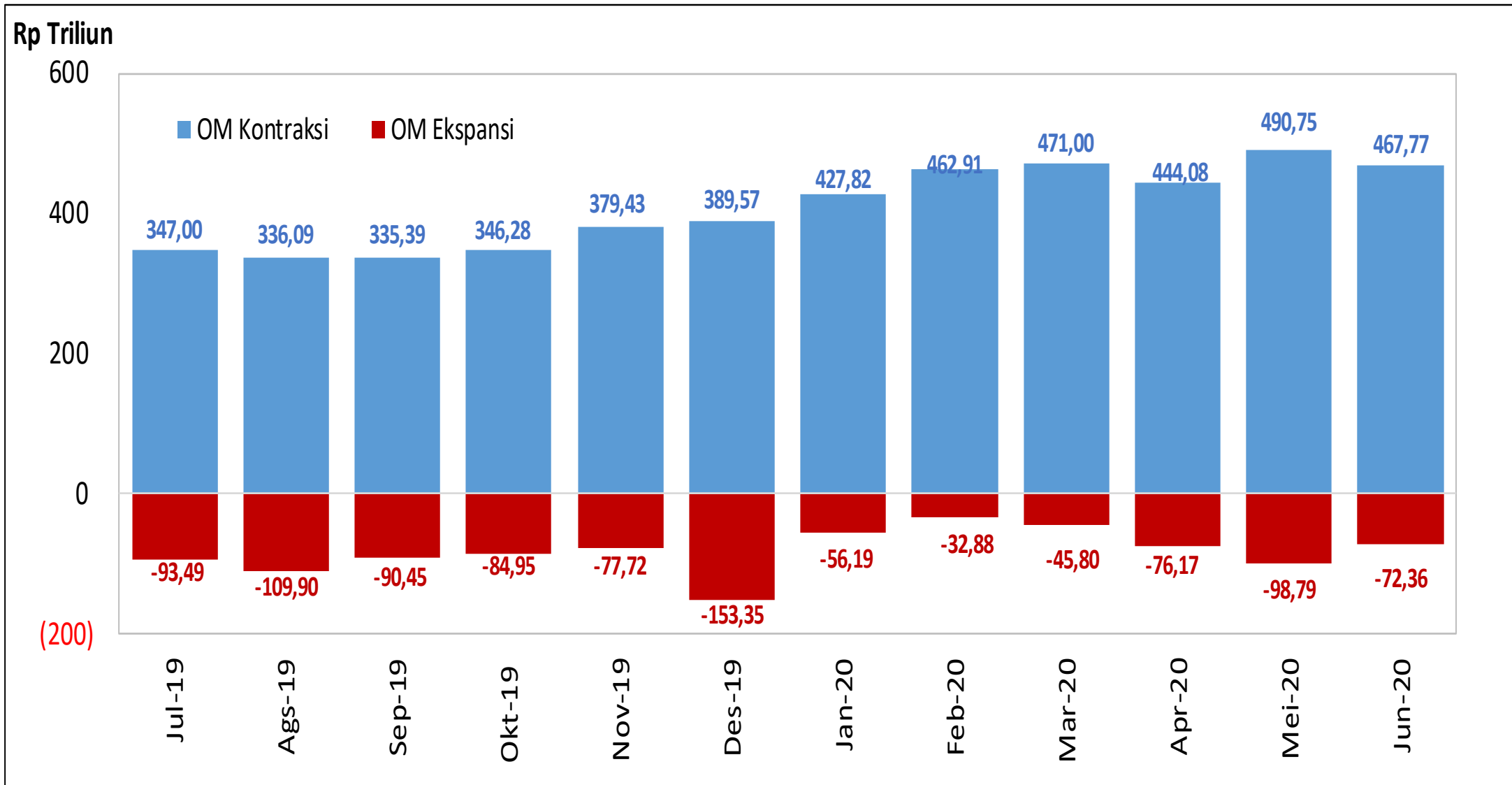
(*) Rate O/N (20/5) naik ke 4,52% d.r. Libur Idul Fitri (5 hr)

Incomplete interest rate term structure and market demand shortening duration

Yield Curve MO and Govt Bond



Two Side Monetary Operation : To ensure adequate liquidity in money market



BI liquidity expansion lower market interest rate, but bank credit remain weak

KEBIJAKAN MONETER

Des'18-Jun'19

- BI7DRR: 0 bps
- GWM: 0 bps
- OME: ↗ Rp 20 T

Jul'19-Mei'20

- BI7DRR: ↘150 bps
- GWM Rp¹⁾: ↘350 bps
- GWM Va²⁾: ↘400 bps
- OME: ↘ Rp 28 T

BANK UMUM

Δ PRICE	Periode	SKB. PASAR UANG		SKB. PERBANKAN	
		r PUAB ON	r JIBORON (IndONIA)	RRT rDepo	RRT rKredit
	Mei s.d. Nov'18	+ 169 bps	+ 189 bps	+ 84 bps	-19 bps
	Des'18 sd. Jun'19	-3 bps	-12 bps	+18 bps	-18 bps
	Jul'19 sd. Mei'20	-152 bps	-152 bps	-99 bps	-69 bps
	Mei'20	-0,3 bps (mtm)	-0,3 bps (mtm)	-7 bps	-12 bps

QUANTITY	Periode	gDPK (yoy)			INDIKATOR RISIKO PERBANKAN				gKredit (yoy)		
		Total	Rupiah	Valas	NPL	LDR	gCKPN	gLaba/Rugi	Total	Rupiah	Valas
	Mei'18	6,47%	7,54%	0,37%	2,79%	91,99	1,15%	6,59%	10,26%	9,90%	12,40%
	Des'18	6,45%	6,25%	7,67%	2,37%	94,78	3,47%	14,38%	11,76%	11,12%	15,47%
	Jun'19	7,42%	8,15%	3,11%	2,50%	94,98	1,53%	10,70%	9,92%	10,51%	6,63%
	Mei'20	8,87% ³⁾	7,62%	16,89% ³⁾	3,01%	90,42	63% ⁴⁾	6,43% ⁴⁾	3,04%	2,68%	5,14%

NON-BANK UMUM

Δ PRICE	Periode	IHSG	Yield Korp AAA	Yield SBN 1Y	Yield SBN 5Y	Yield SBN 10Y	Yield SBN 15Y	Yield SBN 20Y
	Des'18 sd. Jun'19	303 pts	-79 bps	20 bps	-95 bps	-50 bps	-42 bps	-26 bps
	Jul'19 sd. Mei'20	-1.605 pts	-59 bps	-120 bps	-5 bps	-2 bps	15 bps	-16 bps
	Mei'20 (mtm)	37 pts	-48 bps	-34 bps	-45 bps	-52 bps	-28 bps	-29 bps

QUANTITY	Periode	Pasar Modal	Saham	Obligasi Korp	MTN	BPR	IKNB	ULN non-LK	Fintech
	Des'18	9,1%	5,7%	9,1%	78,4%	9,8%	8,7%	17,8%	n.A
	Jun'19	7,7%	6,8%	13,3%	1,2%	11,0%	8,5%	8,9%	381,7%
	*Mei'20	4,9%	4,5%	7,6%	-0,6%	9,9%	4,2%	9,9%	67,2%

Pembiayaan Perekonomian

PERIODE	gPEMBIAYAAN
Mei'18	11,0%
Des'18	12,6%
Jun'19	9,5%
*Mei'20	5,1%

Note: *angka Mei'20 BPR, IKNB, ULN, Fintech diproksi dgn growth mtm periode yg sama tahun sebelumnya

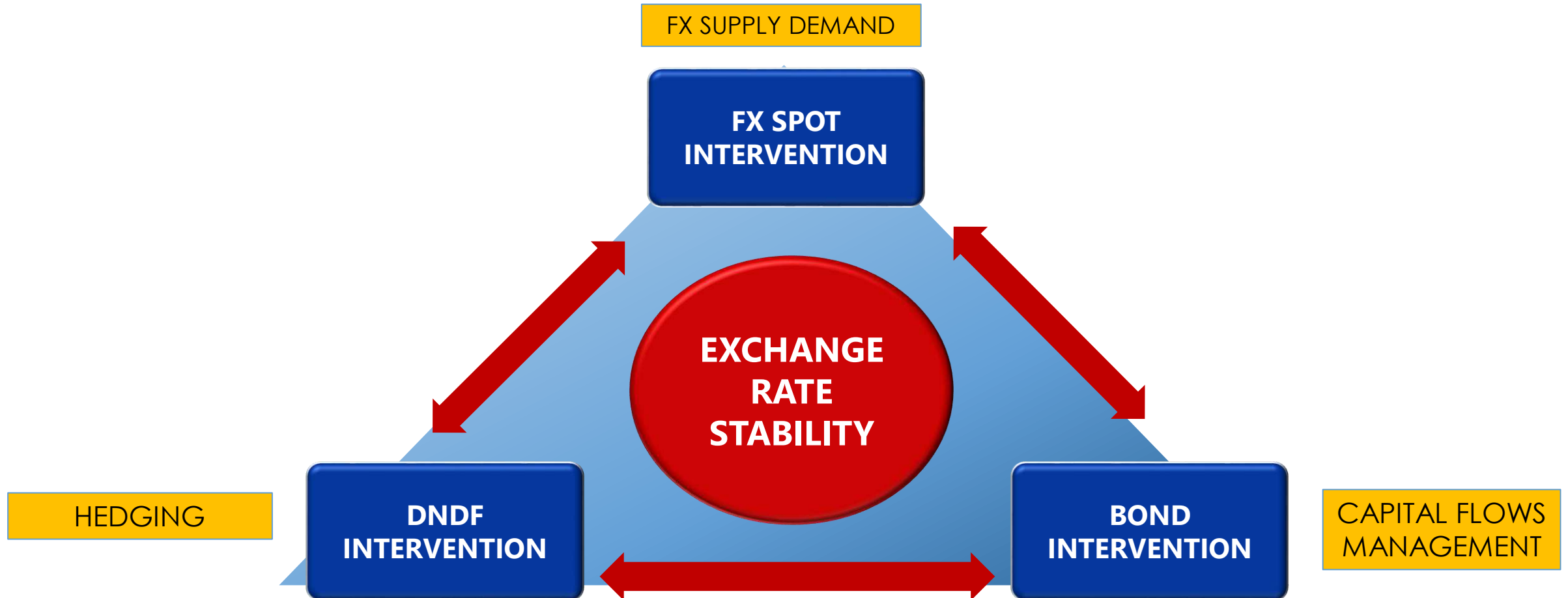
¹⁾ Penurunan GWM masing-masing 50 bps pada 1 Juli 2019 dan 2 Jan 2020, serta 200 bps (BUK) dan 50 bps (BUS/UUS) pada 1 Mei 2020. Selain itu, termasuk GWM insentif 50 bps pada 1 Apr'20.

²⁾ Efektif pada 16 Maret 2020

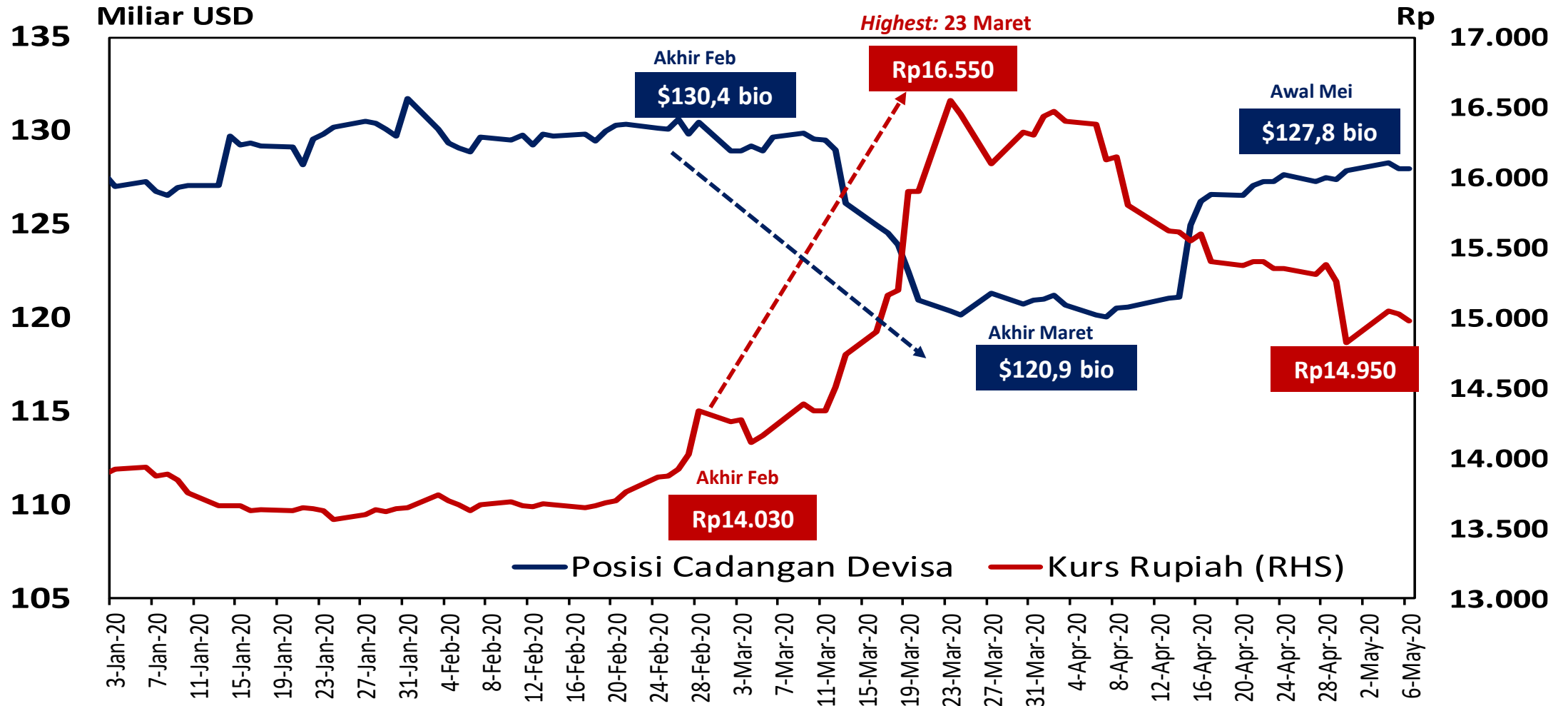
³⁾ g DPK Total Konstan = 8,26%,
g DPK Valas konstan = 14,13%

⁴⁾ Data terkini as of Mar'20

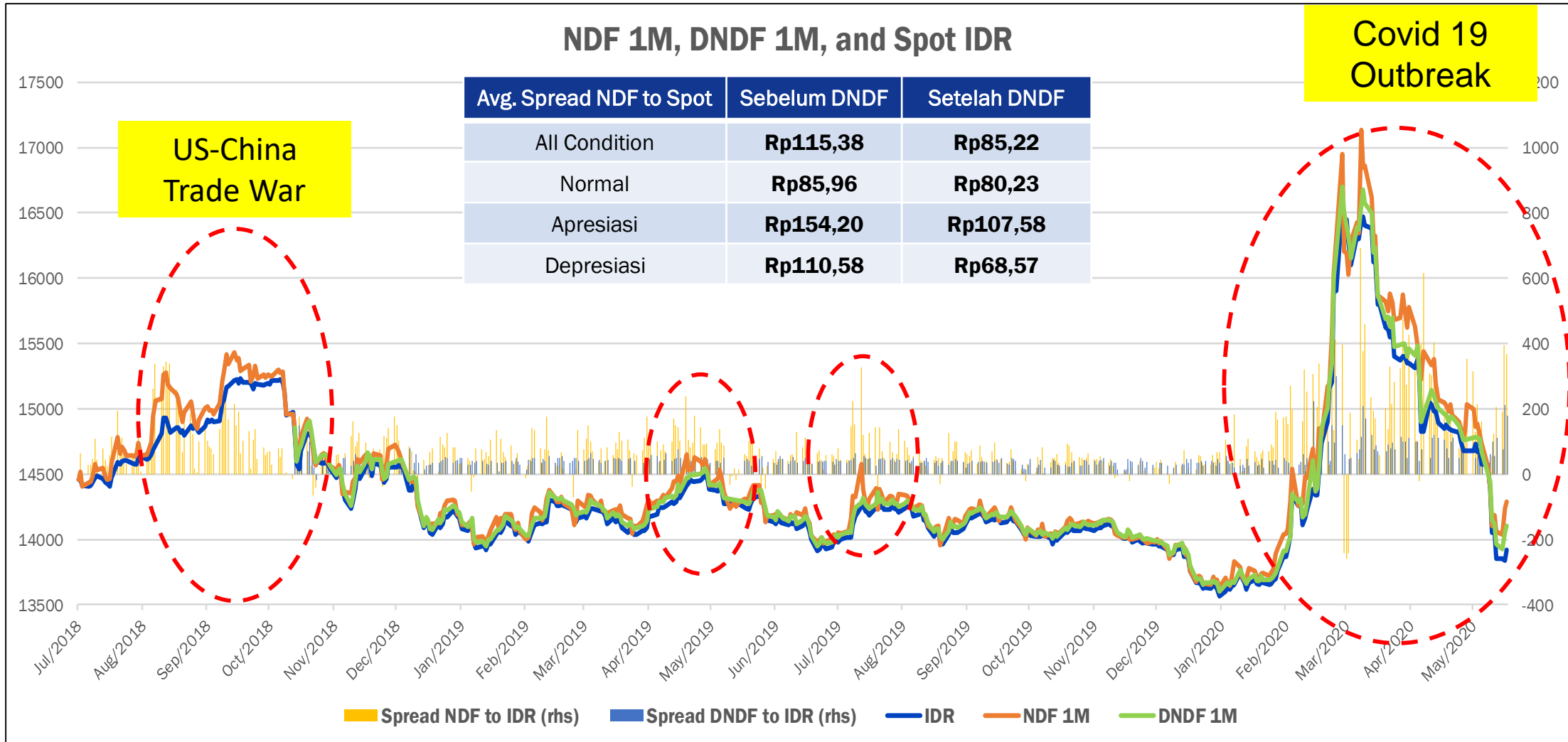
Bank Indonesia Instruments Mix : Three Lines of Defenses



The resurgence of FX reserve as a Buffer against global shock

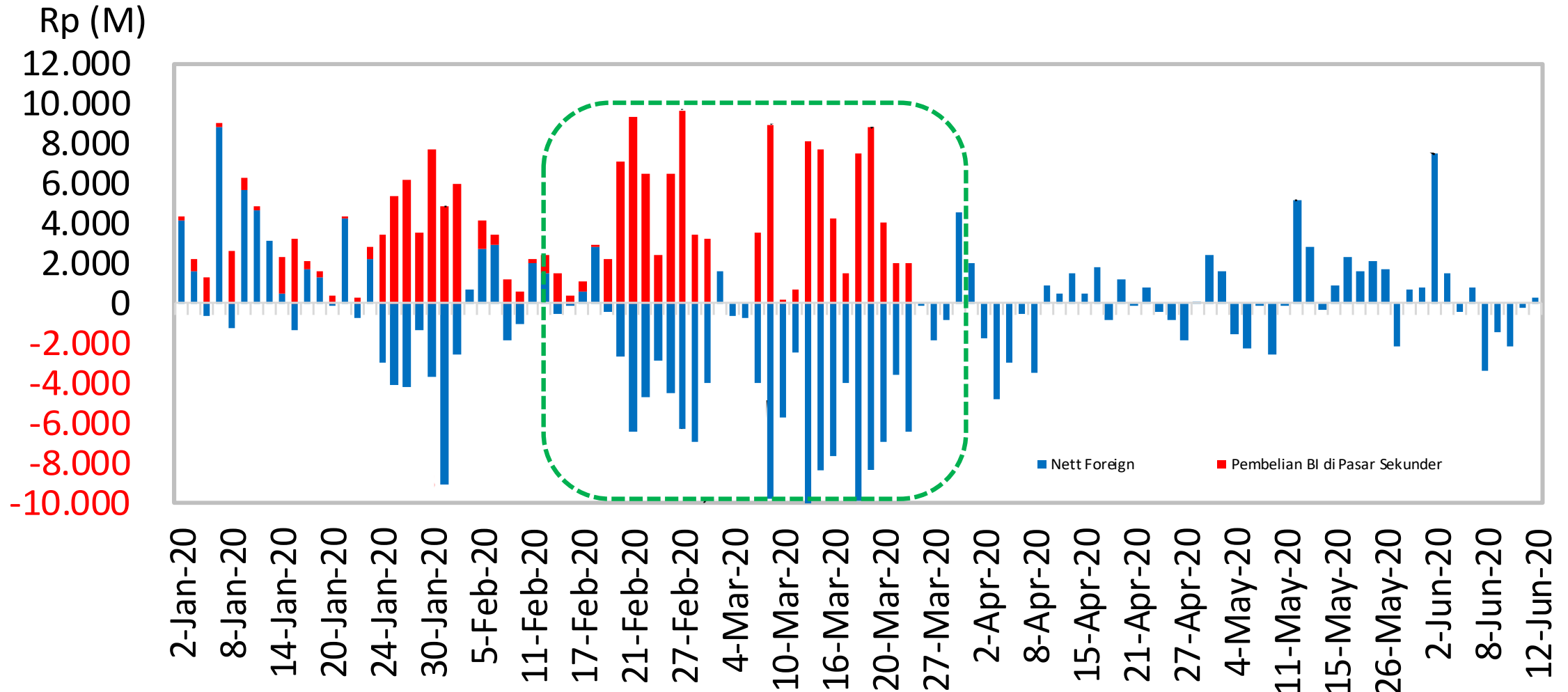


Domestic Non Deliverable Forward (DNDF) : “Smoothing FX Demand and Anchoring Offshore NDF”

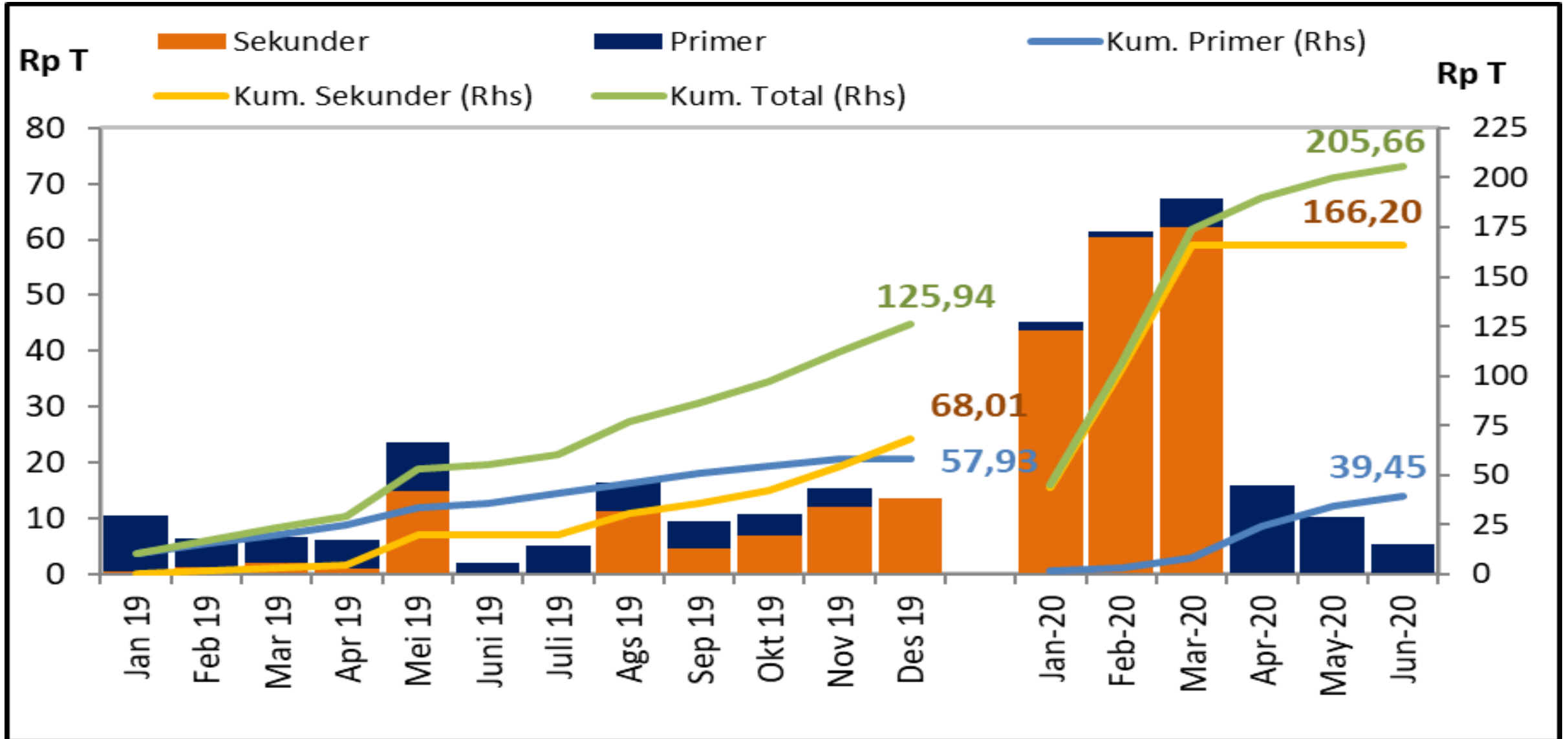


BI operation in bond market to contain the impact of large outflows on FX Spot

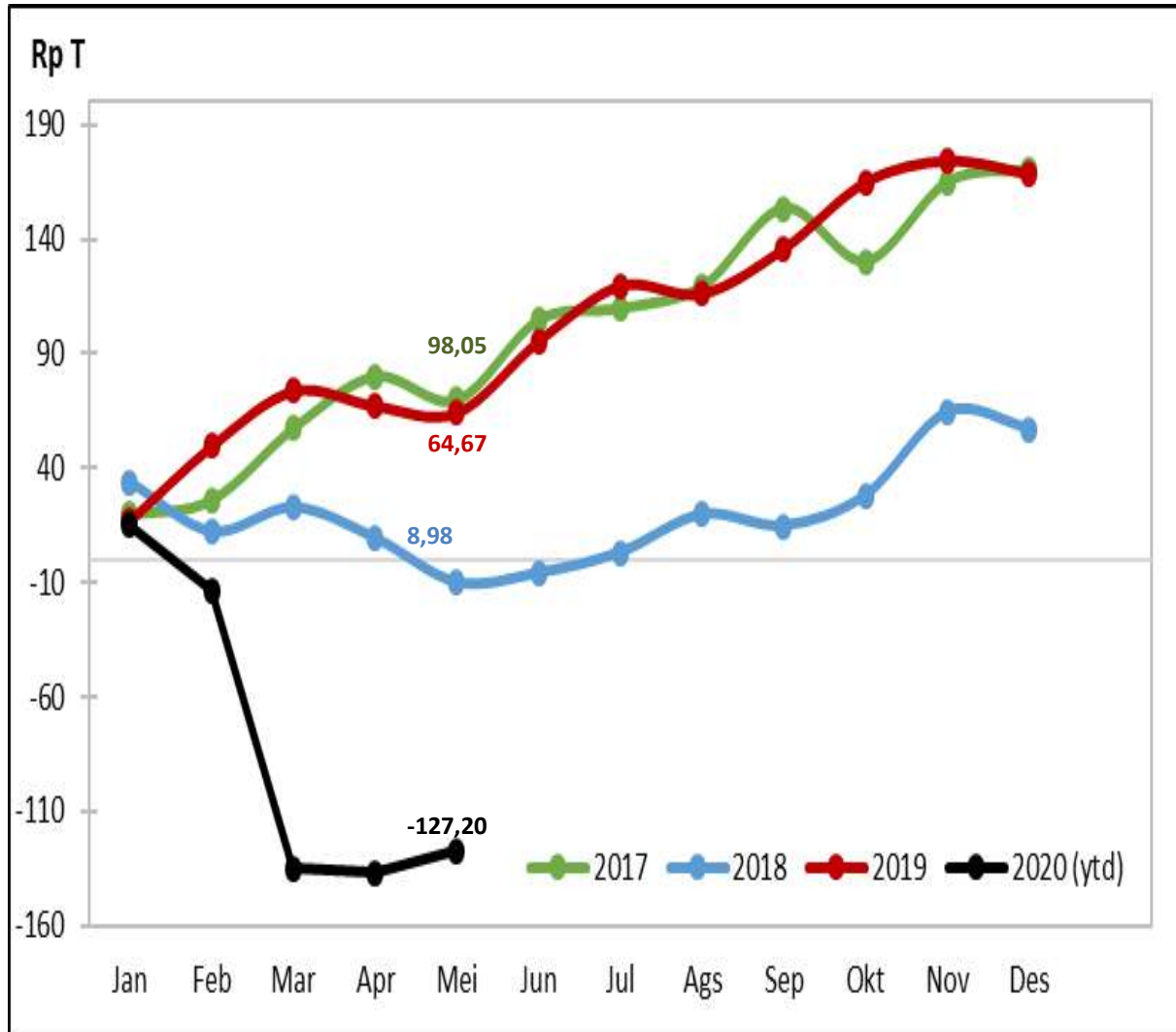
Flows Nonresiden di SBN dan Pembelian SBN BI di Pasar Sekunder



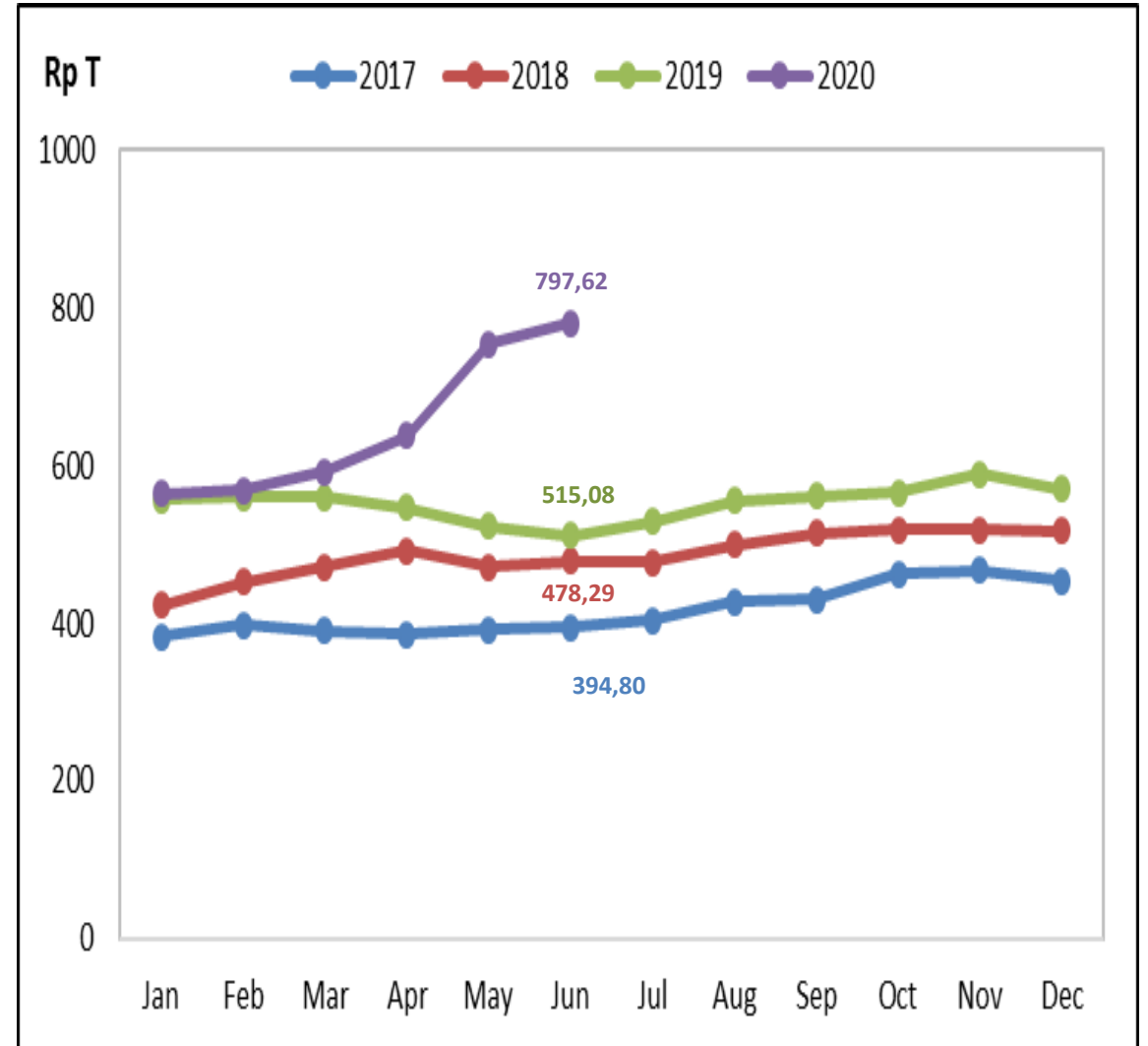
Bank Indonesia Purchase of Indo Govt Purchase (ytd)



Akumulasi Aliran Modal Non Residen di Pasar SBN



Kepemilikan SBN Bank



The Stages of BI purchase of tradable bond to support economic recovery

MEKANISME PEMBELIAN SUN/SBSN OLEH BI DI PASAR PERDANA

Tahap 1

NON-COMPETITIVE BIDDER

Yield sesuai RRT hasil lelang perdana hari yang sama

- Maks. bidding SUN: 25% dari target lelang maksimum
- Maks. bidding SBSN > 1 tahun: 30% dari target lelang maksimum

Tahap 2

GREEN SHOE OPTION

Yield sesuai RRT hasil lelang perdana hari sebelumnya

- Jika *bid* yang masuk lebih rendah dari target lelang
- Maksimal penawaran sama dengan penawaran sebelumnya

Tahap 3

PRIVATE PLACEMENT

Mengacu pada harga pasar terkini (PT. PHEI).

- Jika pemerintah ingin menambah pembiayaan
- *Terms & Condition* sesuai kesepakatan

Ownership of Govt Bond by Institution

POSISI PER KELOMPOK PELAKU (Rp M) PER DATA SETELMEN

KELOMPOK	12/06/2020	18/06/2020	% Kepemilikan 18 Jun'20	Δ wtd	Δ ytd 2020	Δ ytd 2019 (18 Jun'19)
Residen:	2.209.495	2.230.551	70,47	21.056	471.831	70.933
- Bank	776.043	797.662	25,20	21.619	227.013	-2.358
- Asuransi	277.800	277.846	8,78	46	62.831	34.859
- Bank Indonesia	446.905	448.682	14,18	1.778	175.472	12.447
- Reksadana	134.826	135.124	4,27	298	4.261	-11.696
- Dana Pensiun	228.992	229.168	7,24	176	-27.487	23.010
- Lainnya	344.930	342.069	10,81	-2.862	29.740	14.670
Non Residen:	935.214	934.659	29,53	-556	-127.199	64.665
- Lemb. Keuangan o.w Central Bank	147.979	148.825	4,70	846	-239.224	-8.903
- Reksadana	286.560	286.511	9,05	-49	4.000	34.847
- Korporasi	48.475	47.526	1,50	-949	365	13.325
- Dana Pensiun	90.068	90.688	2,87	620	12.848	11.939
- Lainnya	362.131	361.108	11,41	-1.023	94.812	13.457
Jumlah	3.144.709	3.165.209	100,00	20.500	344.632	135.598

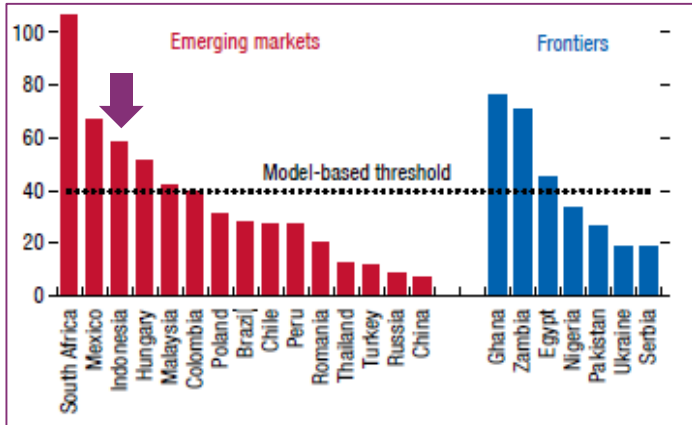
*kepemilikan sbn bank telah memperhitungkan transaksi RR dan Repo.

The foreign holding of Indonesia govt bond among the highest, susceptible to global market risk ON/OFF

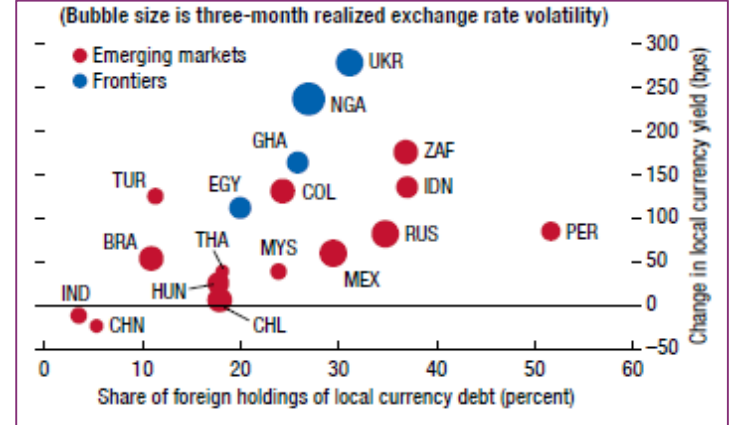
Tingginya komposisi asing di obligasi domestik..

menyebabkan peningkatan yield obligasi...

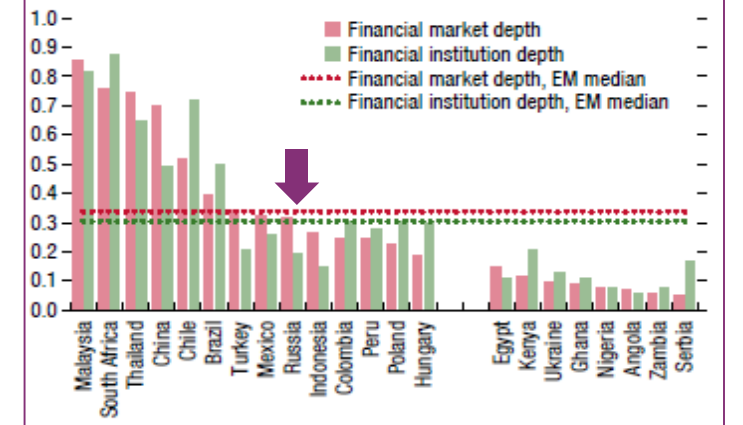
dan berpotensi meningkatkan volatilitas pasar keuangan...



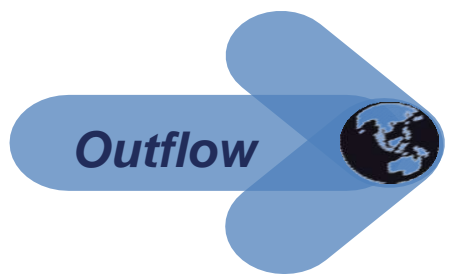
Kepemilikan asing di local debt Indonesia di atas threshold model-based IMF (40%) serta tertinggi ketiga diantara negara EM lainnya dalam model.



Secara umum, negara yang porsi kepemilikan asingnya besar, cenderung dapat mengalami lonjakan yield yang lebih tinggi.



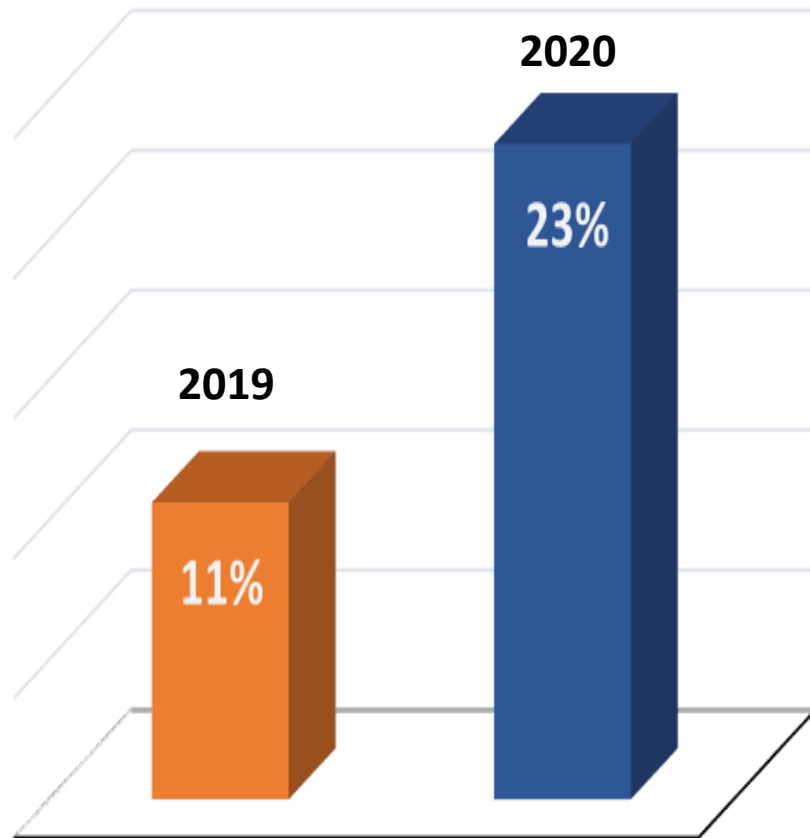
Indeks Indonesia untuk Financial Market Depth sebesar 0,26 (di bawah median EM 0,34) & Financial Institution Depth sebesar 0,14 (di bawah median EM 0,31).



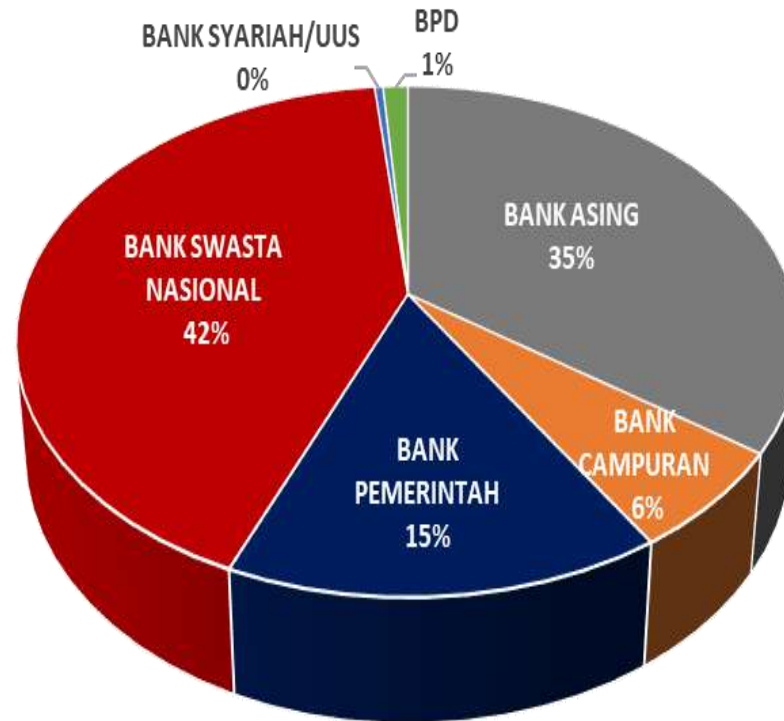
Vulnerabilitas yang tinggi **terekspos** saat terjadi **massive sell-off** di pasar keuangan domestik

Segmented Bond Market

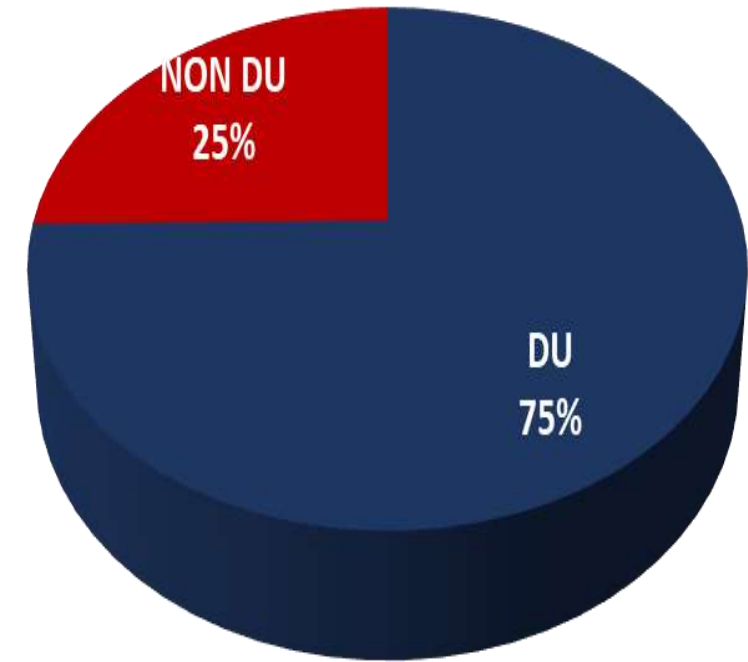
Pembelian SBN oleh Perbankan Saat *Outflows* Asing di 2019 hanya 11%, sementara selama 2020 menjadi 23% dari Keseluruhan Tanggal Asing Jual



Komposisi Aktivitas Transaksi Beli SBN



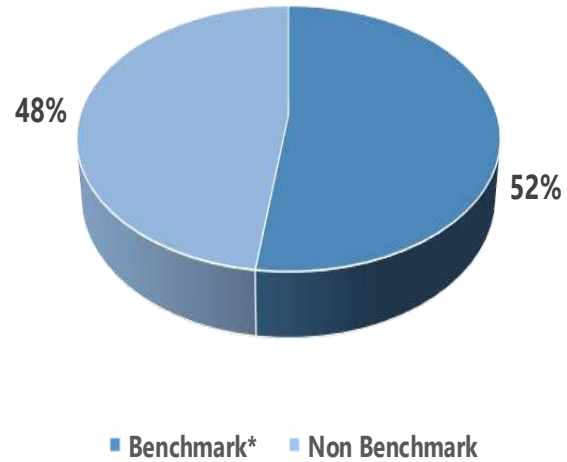
Komposisi Aktivitas Transaksi Beli SBN Bank Swasta Nasional



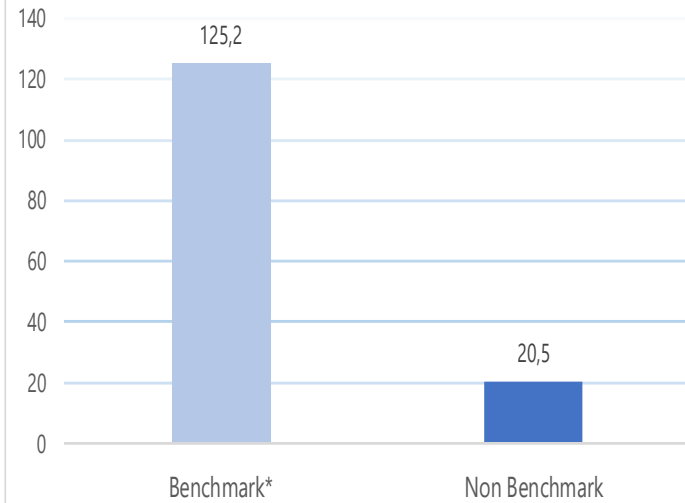
DU = Dealer Utama

OPTIMALISASI SERI OFF THE RUN DI TENGAH INFLOWS ASING

Volume Transaksi Harian SUN (Rp M)



Rata-Rata Volume per Seri (SUN)



Jumlah Kontributor Kuotasi Harga SUN

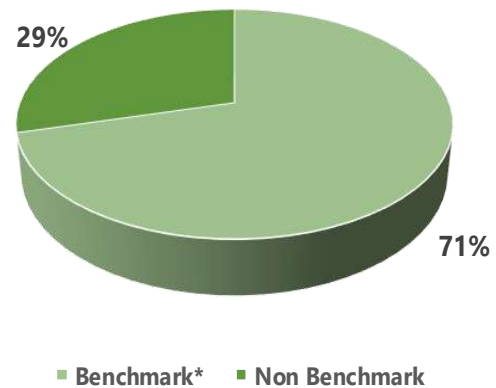
- 16** Seri Benchmark
- 11** Seri Non-Benchmark

Jumlah Kontributor Kuotasi Harga SBSN

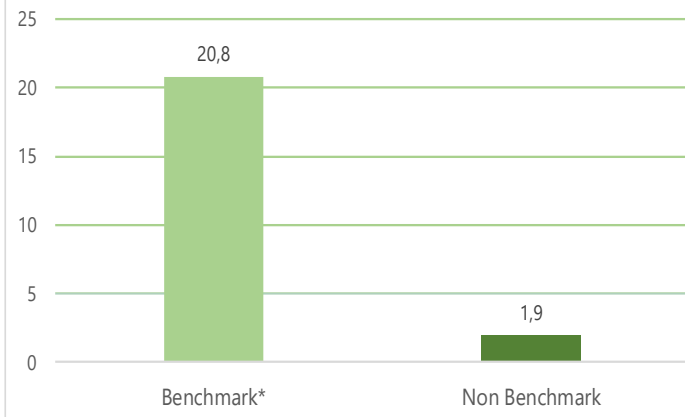
- 6** Seri Benchmark
- 3** Seri Non-Benchmark

Sumber: Bloomberg

Volume Transaksi Harian SBSN (Rp M)



Rata-Rata Volume per Seri (SBSN)



*Termasuk seri Benchmark Tahun 2019

Sumber: BI-SSSS

THANK YOU