



Indonesia Macro Outlook 2023

Capitalizing the momentum

Andry Asmoro
Chief Economist

14 Juli 2023



Faktor apa saja yang perlu kita perhatikan saat ini?

Risiko Global

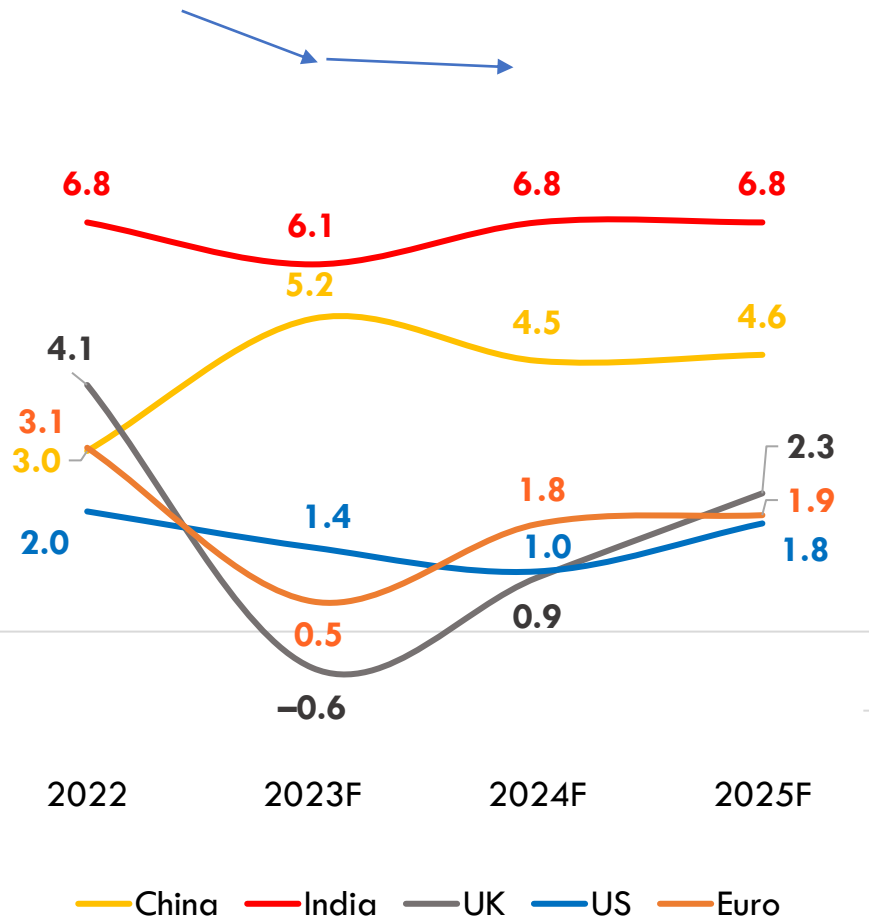
Risiko Domestik



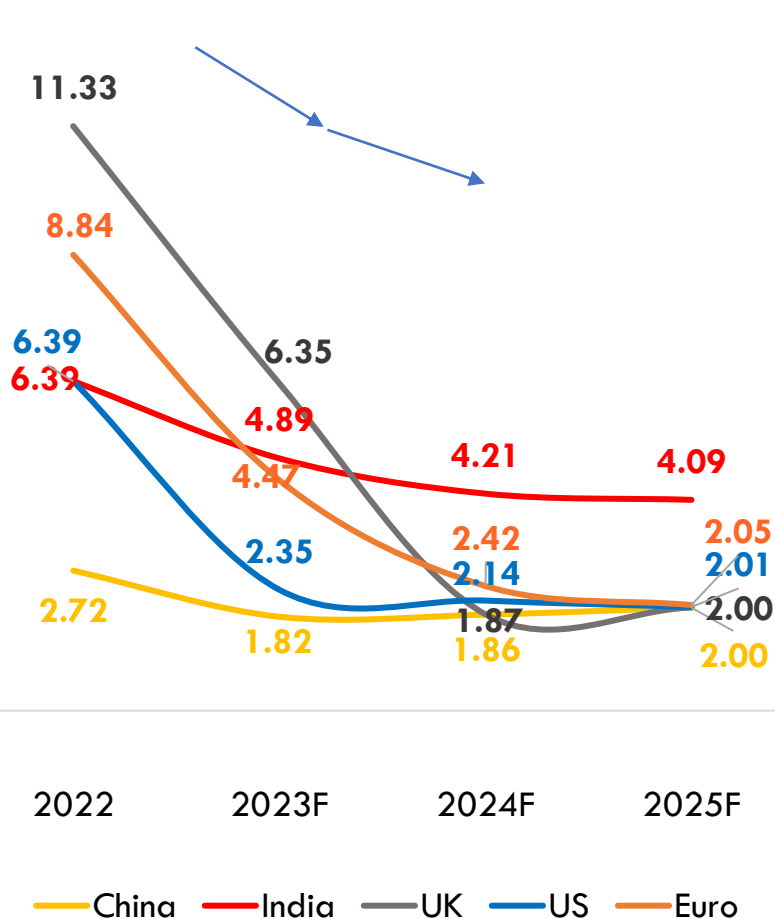
	1H23	2H23: Opportunities	2H23: Risks
Global	<ol style="list-style-type: none"> Stubborn inflation leading to major central banks to hike policy rates. Higher for longer policy rates weighed on global economic activities which reduced the positive impact of China's economic reopening. Flagging global growth caused commodity prices to decline. Ongoing geopolitical conflicts. 	<ol style="list-style-type: none"> Improving global tourism, supported by the fully end of COVID-19 pandemic and cheaper energy prices. Increasing demand for ESG financing and investment. 	<ol style="list-style-type: none"> Major central banks maintain their hawkish stance by signaling more policy rate hikes amid stubborn inflation (increasing uncertainty in global financial market). Global slowdown will have effect on commodity prices (further declining risk) and global trade activities. Worsening geopolitical conflicts.
Domestic	<ol style="list-style-type: none"> Inflation has been back to within the target range of 2 – 4%. Thus, BI could maintain BI7DRRR flat. Despite shrinking, trade balance continued to record surplus, marking a surplus for 37th straight month. GDP growth in 1Q23 accelerated, thanks to controlled inflation and the end of PPKM. Fiscal/budget balance kept booking surplus, lowering the needs of financing. This led to declining SBN yield. 	<ol style="list-style-type: none"> If the food supply is maintained, inflation could be around 3% at the end of the year, supporting the current stance of BI (maintaining stability and support growth). Disinflation and improving public mobility could further boost consumption activities. The 2024 national election preparation will increase spending on subsidy, material, and capital. Acceleration of National Strategic Project realization. 	<ol style="list-style-type: none"> El Nino gives risk on food inflation. Increasing uncertainty in global financial market and further decreasing commodity prices could hit Indonesia's external sector (trade balance could post deficit), giving risk on Rupiah exchange rate stability. Political year amid national election triggers wait and see action from investors.

Kesimpulan 3 Indikator Global: Pentingnya memitigasi siklus ekonomi yang singkat

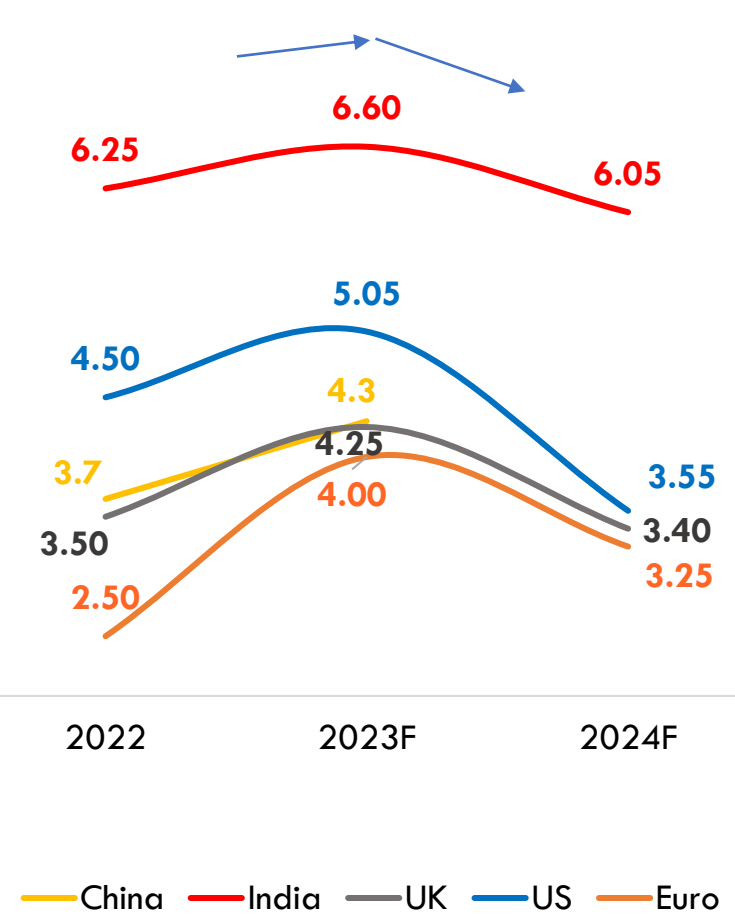
Pertumbuhan Ekonomi (%)



Inflasi Dunia (%)



Suku bunga acuan (%)



Source: IMF Jan-23 WEO, IMF Oct-22 WEO, Bloomberg

Market masih memproyeksikan FFR naik sekali lagi bulan depan dan flat hingga akhir tahun 2023

Indicators	2023		2024	2025	Long-run
	Jun-23 FOMC Projection	As of 4-Jul-23	Jun-23 FOMC Projection		
GDP	1.0%	1Q23 = 1.6% yoy	1.1%	1.8%	1.8%
U	4.1%	May-23 = 3.7%	4.5%	4.5%	4.0%
PCE Inflation	3.2%	May-23 = 3.8%	2.5%	2.1%	2.0%
Policy Rate	5.75%	Jun-23 = 5.25%	4.75%	3.50%	2.5%

MEETING PROBABILITIES													
MEETING DATE	275-300	300-325	325-350	350-375	375-400	400-425	425-450	450-475	475-500	500-525	525-550	550-575	575-600
7/26/2023					0.0%	0.0%	0.0%	0.0%	0.0%	7.6%	92.4%	0.0%	0.0%
9/20/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.4%	78.8%	14.8%	0.0%
11/1/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.1%	64.6%	27.3%	2.9%
12/13/2023	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	18.4%	56.3%	21.9%	2.3%
1/31/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	8.6%	34.8%	41.4%	13.4%	1.3%
3/20/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	5.4%	24.3%	38.8%	24.6%	6.1%	0.5%
5/1/2024	0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	7.0%	25.6%	37.6%	23.0%	5.6%	0.5%	0.0%
6/19/2024	0.0%	0.0%	0.0%	0.0%	0.4%	4.4%	17.9%	32.6%	29.0%	12.8%	2.6%	0.2%	0.0%
7/31/2024	0.0%	0.0%	0.0%	0.4%	3.9%	16.2%	30.8%	29.5%	14.8%	3.9%	0.5%	0.0%	0.0%
9/25/2024	0.0%	0.0%	0.3%	3.5%	14.6%	28.9%	29.6%	16.7%	5.3%	0.9%	0.1%	0.0%	0.0%
11/6/2024	0.0%	0.3%	2.8%	12.3%	26.0%	29.5%	19.4%	7.6%	1.8%	0.3%	0.0%	0.0%	0.0%
12/18/2024	0.2%	1.7%	8.0%	19.8%	27.9%	24.0%	13.0%	4.5%	1.0%	0.1%	0.0%	0.0%	0.0%

Perkembangan Harga Komoditas

Brent Crude Oil
USD79.4/bbl

WTI Crude Oil
USD74.8/bbl

CPO
USD826.0/MT

COAL
USD131.0/MT

Nickel
USD20,525.0/MT

Gold
USD1,934.5/ounce

2017 : 17.7%
2018 : -19.5%
2019: 22.7%
2020 : -21.5%
2021 : 50.2%

2017 : 12.5%
2018 : -24.8%
2019: 34.5%
2020: -20.5%
2021 : 55.0%

2017 : -16.1%
2018 : -19.4%
2019: 53.4%
2020 : 30.2%
2021: 28.2%

2017 : 14.0%
2018 : 1.2%
2019: -33.7%
2020 : 18.9%
2021 : 110.7%

2017 : 27.5%
2018 : -16.5%
2019: 31.5%
2020 : 18.6%
2021 : 26.0%

2017 : 13.1%
2018 : -1.6%
2019: 18.3%
2020 : 25.1%
2021 : -3.6%

2022:
10.5%

2022:
6.7%

2022:
-23.7%

2022:
138.3%

2022:
43.3%

2022 :
-0.3%

2023:
-7.6%

2023:
-6.8%


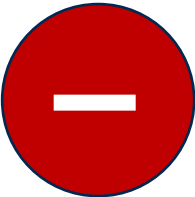
2023:
-12.8%

2023:
-67.6%

2023:
-31.4%

2023:
6.1%

Faktor apa yang perlu diperhatikan pada sektor komoditas?

	Batu Bara	Minyak & Gas	Logam	CPO
	<ul style="list-style-type: none"> • Peningkatan permintaan karena economic recovery paska pandemi Covid-19. • Ekspektasi cuaca ekstrim. • Konflik Ukraina & Rusia (<i>Geo Economic Fragmentation</i>). • Pembukaan ekonomi Tiongkok. 	<ul style="list-style-type: none"> • Pemotongan target produksi OPEC+ sebesar 1,7 juta bph menjadi 40,2 juta bph hingga akhir 2023. • <i>Geo Economic Fragmentation</i> (Contoh: eskalasi konflik Rusia-Ukraina). • Pembukaan ekonomi Tiongkok. • <i>Driving season</i> di negara Uni Eropa dan AS. 	<ul style="list-style-type: none"> • Peningkatan permintaan dalam masa transisi energi. • Rendahnya stok pada pasar perdagangan logam (LME & SHFE). 	<ul style="list-style-type: none"> • Peningkatan kebutuhan biodiesel baik domestik maupun internasional • Ekspektasi meningkatnya permintaan dari Tiongkok • Normalisasi harga mendorong kembali permintaan.
	<ul style="list-style-type: none"> • Ekspektasi pelemahan ekonomi global. • Normalisasi produksi dan inventori energi di negara-negara Eropa, Cina, dan India. • Peningkatan produksi dari eksportir utama batu bara (Indonesia & Australia). • Percepatan pengembangan EBT. 	<ul style="list-style-type: none"> • Ekspektasi pelemahan ekonomi global. • Normalisasi produksi dan inventori energi di negara-negara Eropa. 	<ul style="list-style-type: none"> • Inovasi teknologi yang menciptakan produk substitusi. • Peningkatan cadangan (<i>reserve</i>) global karena investasi meningkat pada hulu tambang. • Ekspektasi pelemahan ekonomi global. 	<ul style="list-style-type: none"> • Berlakunya UU Deforestasi Uni Eropa pada pertengahan tahun 2024 • Risiko El Nino sejak Juni 2023. • Ekspektasi perlambatan ekonomi global • Kenaikan upah dan kelangkaan tenaga kerja di Malaysia.

Saat ini, Indonesia paling baik dalam indikator kesehatan suatu negara

EM Countries	S&P Rating	Central Bank Policy Rate	CPI %YoY	Current Account Balance (% of GDP)	Fiscal Balance (% of GDP)	Gross Public Debt (% of GDP)	External Debt (% of GDP)	FX reserves in months of imports	Vulnerability Index
Indonesia	BBB	5.75	4.33	1.30	0.61	39.10	30.08	6.40	4.71
South Korea	AA	3.50	3.70	1.00	-3.00	48.06	39.96	6.93	6.57
Bulgaria	BBB	2.77	14.00	0.63	-0.80	23.15	52.54	7.57	7.14
Thailand	BBB+	1.75	2.67	0.73	-2.70	53.56	39.89	8.11	5.71
Peru	BBB	8.57	8.70	-2.77	-1.37	34.02	41.80	17.82	8.43
Malaysia	A-	2.80	3.40	5.49	-4.84	60.37	63.98	6.37	9.57
India	BBB-	6.50	5.66	-2.16	-6.85	55.11	20.02	8.77	9.43
Philippines	BBB+	6.25	6.60	0.50	-7.33	60.93	27.52	7.42	9.86
Brazil	BB-	13.75	4.65	-2.43	-4.55	73.05	30.03	16.41	11.43
Poland	A-	6.75	14.70	-1.44	-3.70	49.12	52.80	5.53	12.14
South Africa	BB-	7.75	7.10	-0.97	-4.36	71.02	40.59	4.63	13.00
Czech Republic	AA-	7.00	15.00	-4.65	-3.64	44.11	65.54	7.06	12.86
Mexico	BBB	11.25	6.85	1.21	-3.34	51.66	41.61	3.42	10.71
Uruguay	BBB	11.25	7.61	-5.61	-3.17	51.79	77.88	12.63	12.71
Turkey	B	8.50	43.68	-4.20	-0.91	31.74	51.34	1.96	13.43
Romania	BBB-	7.00	14.53	-6.88	-5.75	47.33	50.57	4.89	14.57
Colombia	BB+	13.25	12.82	-6.08	-4.89	61.87	53.41	10.38	15.14
Ukraine	CCC+	25.00	21.30	0.25	16.27	71.57	64.93	5.20	14.86
Chile	A	11.25	11.10	-6.45	1.36	40.48	77.44	5.15	13.14
Argentina	CCC+	91.00	104.30	1.11	-3.81	79.28	44.78	4.44	16.57
Egypt	B	18.25	32.70	-3.70	-3.91	68.60	32.75	4.44	15.71
Pakistan	B-	21.00	36.42	-4.60	-6.10	69.10	34.51	2.40	17.86
Hungary	BBB	13.00	25.20	-9.96	-6.24	70.99	152.09	2.57	20.43

Indikator Indonesia lebih baik dibandingkan peersnya

Country	S&P Rating	GDP % yoy	Current Account Balance (% of GDP)	Fiscal Balance (% of GDP)	Gross Public Debt (% of GDP)	External Debt (% of GDP)	Inflation % yoy
Thailand	BBB+	2.69	3.06	-3.46	53.79	39.89	2.67
Philippines	BBB+	6.44	0.50	-6.91	61.05	27.52	6.61
Uruguay	BBB+	-0.13	-5.61	-3.17	51.79	77.88	7.61
Croatia	BBB+	4.00	-9.25	0.40	68.38	74.53	8.84
Average rating BBB+		3.25	-2.83	-3.29	58.75	54.96	6.43
Indonesia	BBB	5.03	0.89	1.12	39.10	30.08	4.33
Italy	BBB	1.05	0.58	-8.00	144.41	128.96	8.16
Bulgaria	BBB	2.63	-2.11	-2.80	23.15	52.54	11.63
Peru	BBB	-0.43	-1.70	-2.06	32.86	41.80	8.04
Mexico	BBB	3.87	1.21	-3.75	51.66	41.61	6.25
Average rating BBB		2.43	-0.23	-3.10	58.24	59.00	7.68
India	BBB-	4.36	-2.16	-6.85	55.11	20.02	4.70
Hungary	BBB-	-0.90	-9.96	-6.08	70.26	152.09	24.00
Romania	BBB-	4.55	-6.88	-6.20	47.33	50.57	11.23
Average rating BBB-		2.67	-6.33	-6.38	57.57	74.23	13.31

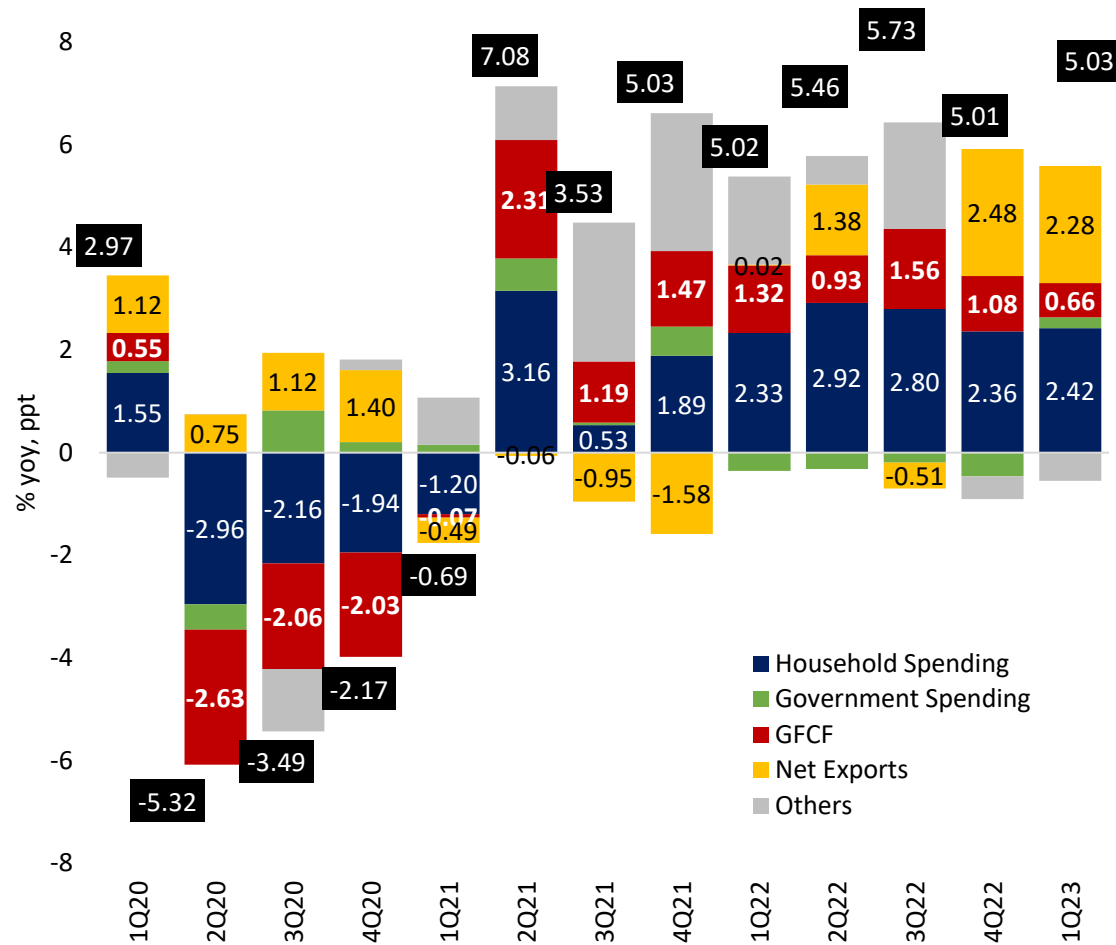
Perkembangan Ekonomi Domestik:

Menjaga Daya Beli Masyarakat dan *appetite* Investasi

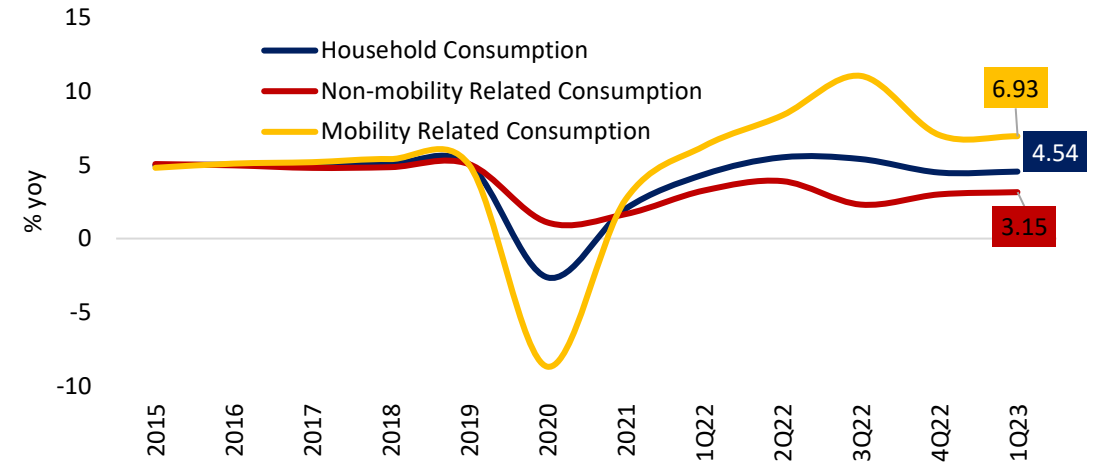
- Perekonomian Indonesia masih dapat tumbuh di 5,03% dengan dorongan: Konsumsi dan Belanja Pemerintah
- Mendorong investasi merupakan tantangan besar di tahun politik. Fokus untuk sektor domestik dan sektor yang didorong oleh Pemerintah

Ekonomi masih tumbuh di 1Q, ditopang konsumsi dan belanja pemerintah

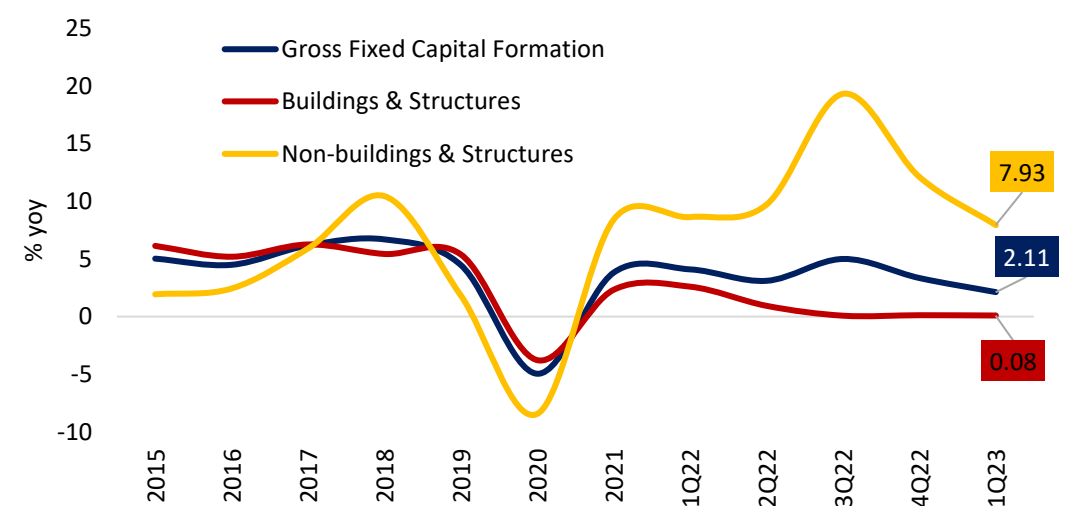
Economic Growth 2023F (%)



Consumption 2023F (%)



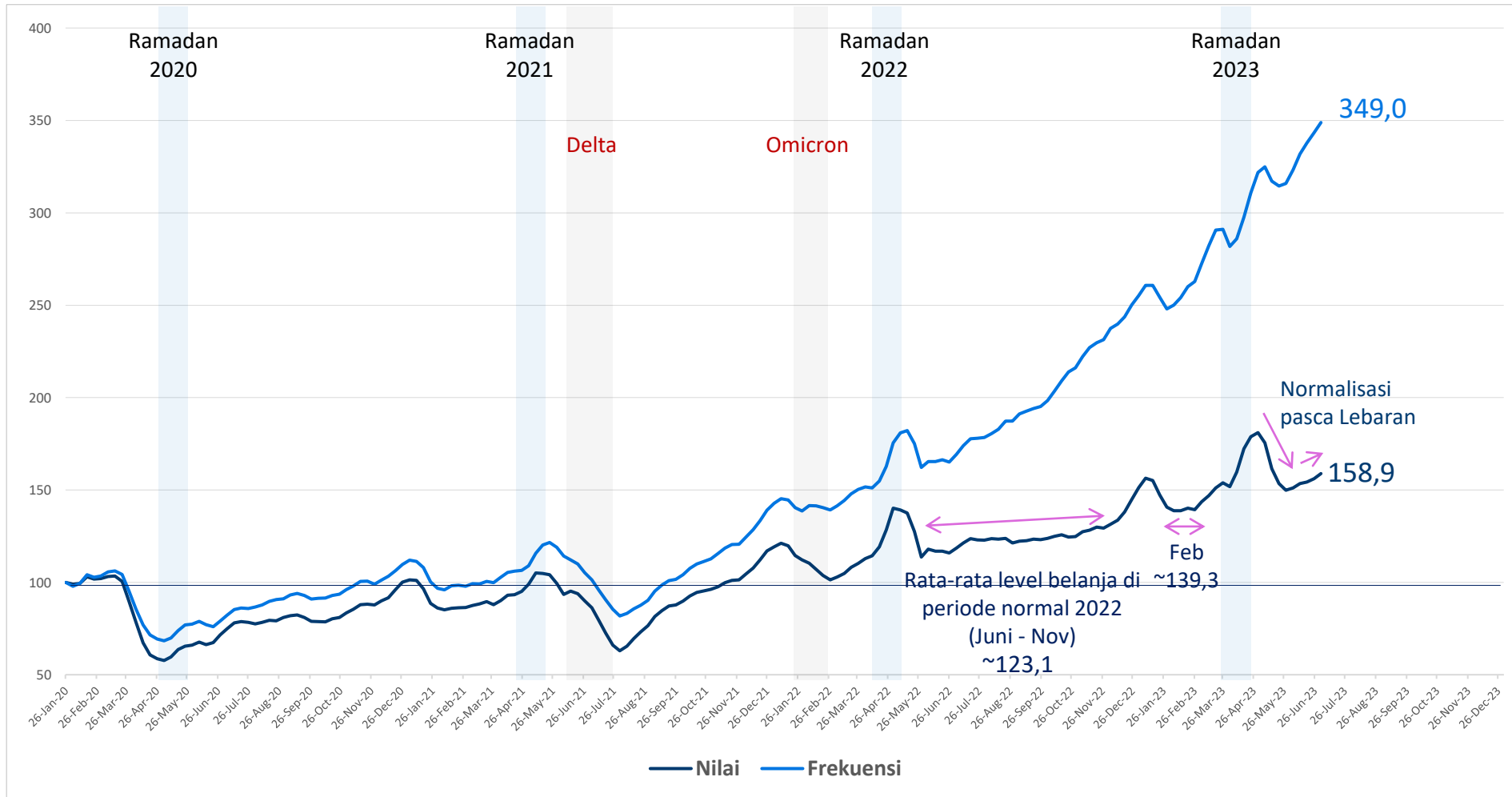
Investment 2023F (%)



Belanja kembali meningkat di Juni pasca normalisasi belanja di Mei

Indeks terus meningkat dari awal Juni hingga saat ini (awal Juli)

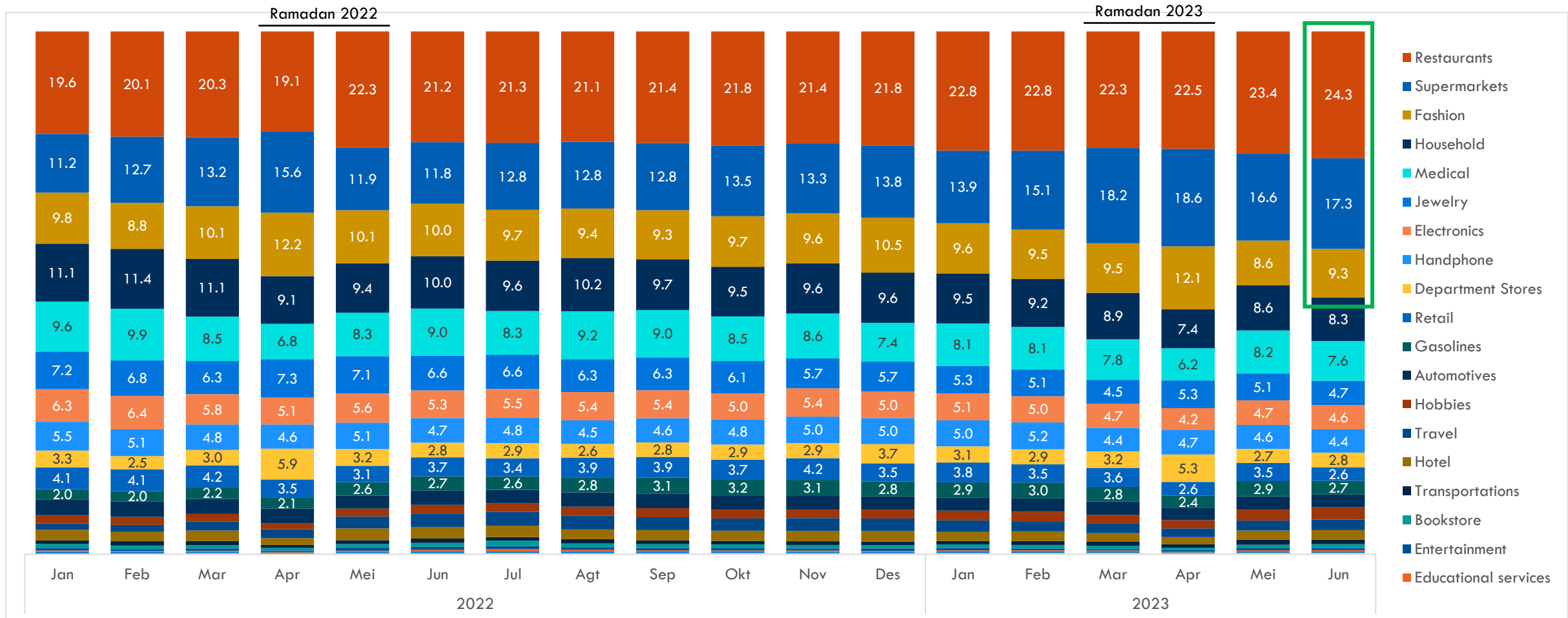
Mandiri Spending Index (MSI)



Proporsi belanja beberapa *consumer goods* di Juni meningkat dibanding Mei

Proporsi belanja *Restaurants* terus meningkat sejak Maret seiring mobilitas yang kembali normal, merupakan yang tertinggi sejak 2022

Proporsi nilai belanja (%), diurut berdasarkan Juni 2023

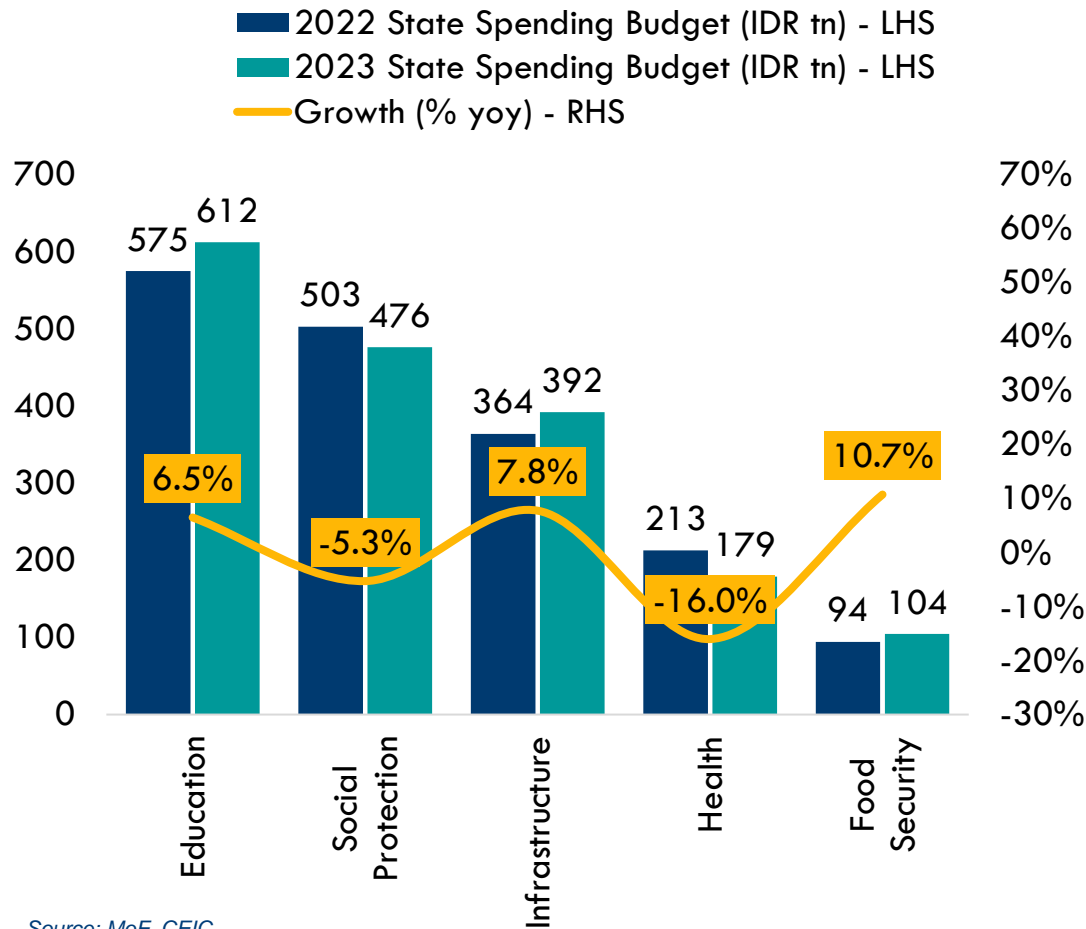


Percepatan infrastruktur, PSN, IKN serta berlanjutnya proyek hilirisasi akan menopang pertumbuhan, didukung oleh ruang fiskal yang memadai



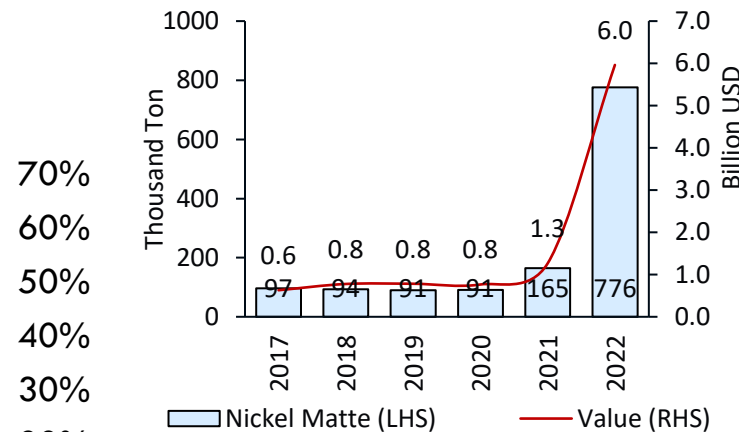
Infrastructure and IKN development will be one of the main driver of economic growth, with higher state budget allocation

The Government is committed to carry out down streaming process of mining products to increase value added.

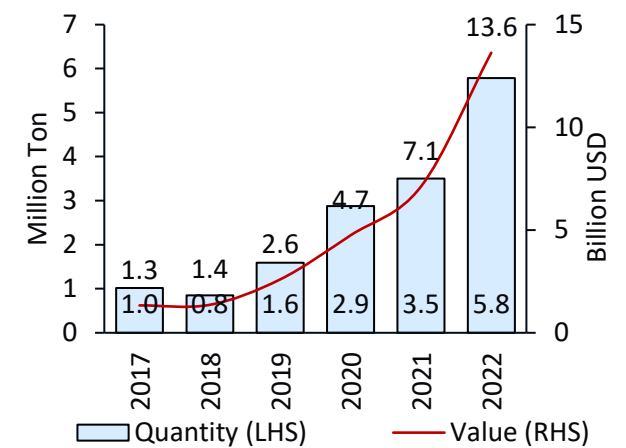


Source: MoF, CEIC

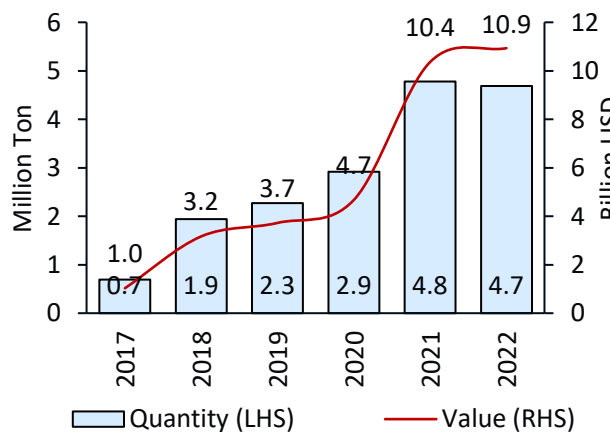
Export of Nickel Matte & Oxide Sinters (HS 7501)



Export of Ferro-nickel (HS 720260)



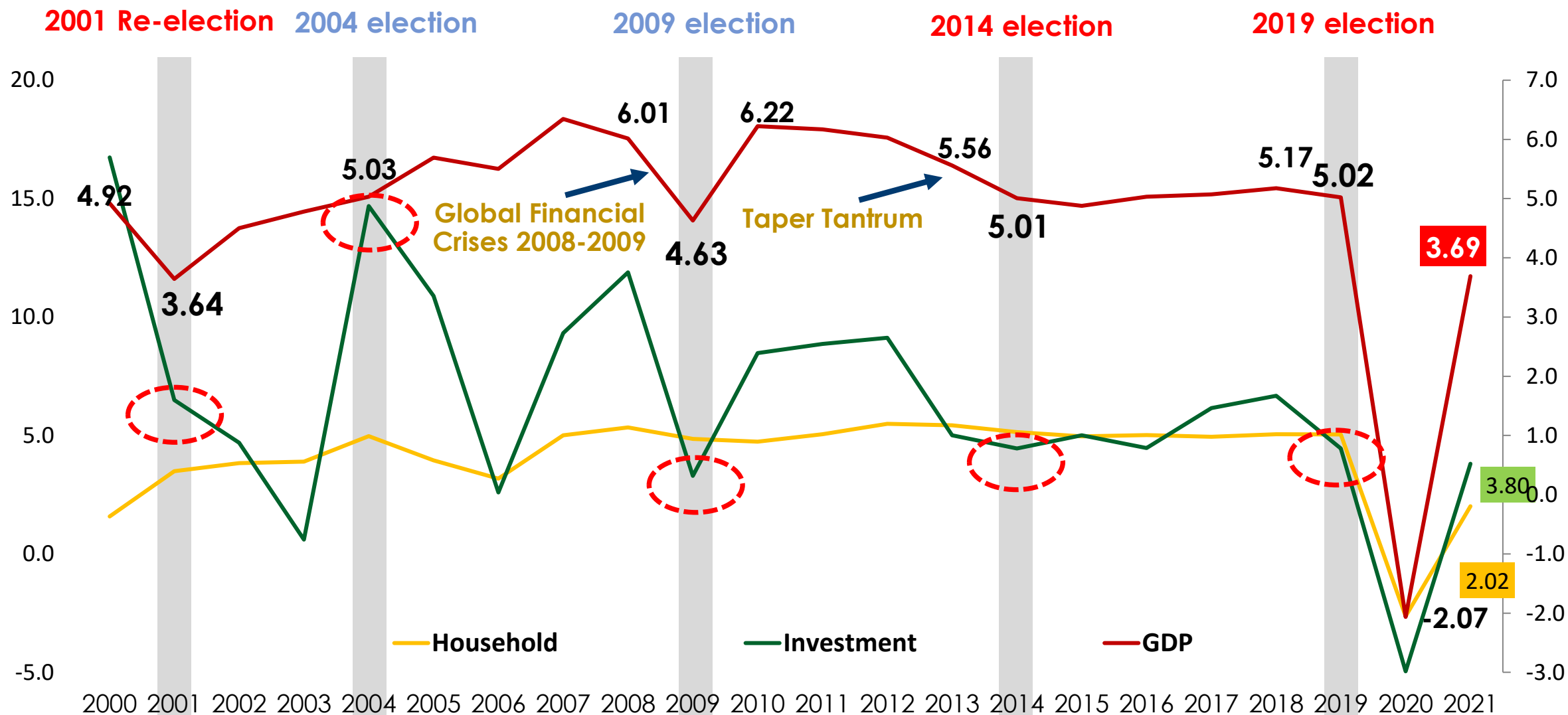
Export of Stainless Steel (HS 7218-7223)



Estimated Impact of Nickel Downstreaming:
 Additional net exports by USD11-12 billion, (adds around 0.4% surplus of Current Account to GDP)

Pemilu: How to break the investment cycle?

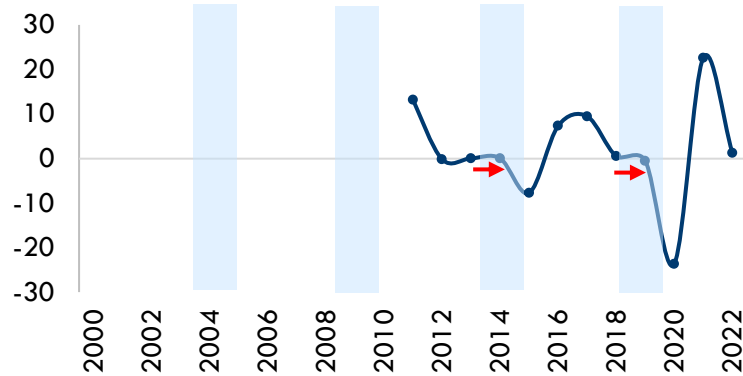
GDP, Investment, and Household spending Growth (% yoy)



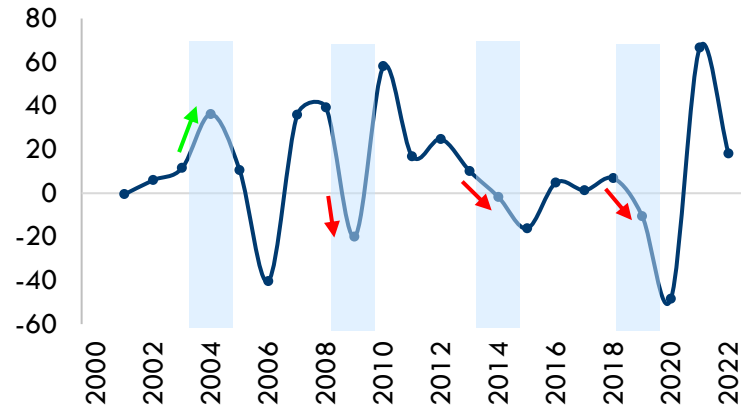
Indikator Sektoral di Tahun Politik (Pemilu 2004, 2009, 2014 & 2019)

Pemilu berdampak pada kinerja ekonomi sektoral/industri namun agak bias karena ada pengaruh faktor lain seperti, krisis ekonomi global 2009, berakhirnya bom komoditas dan trade war antara AS dan Cina.

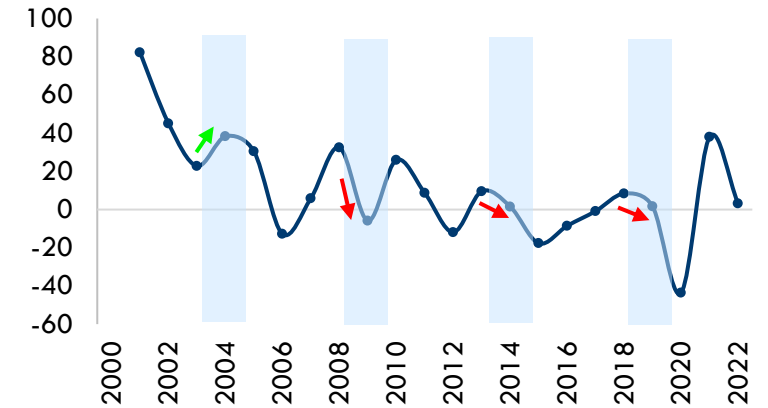
Pertumbuhan Indeks Keyakinan Konsumen (%)



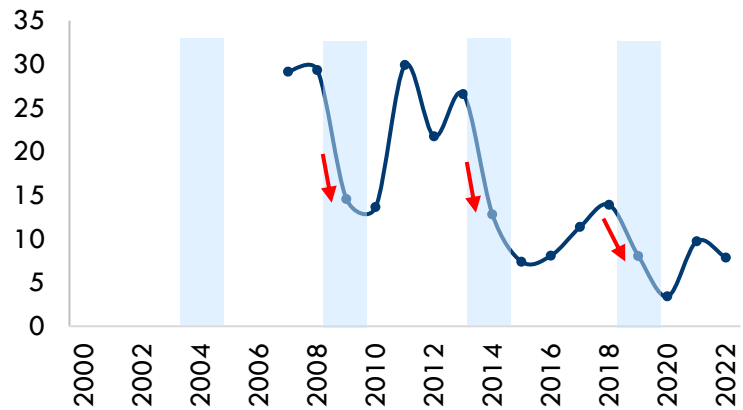
Pertumbuhan Penjualan Mobil (%)



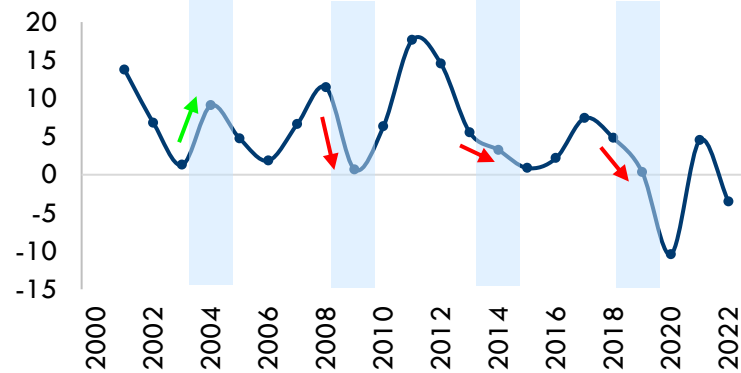
Pertumbuhan Penjualan Motor (%)



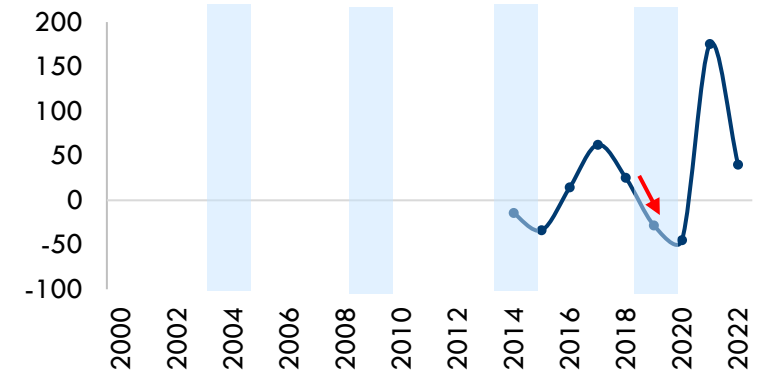
Pertumbuhan Kredit KPR dan KPA (%)



Pertumbuhan Penjualan Semen Domestik (%)



Pertumbuhan Penjualan Alat Berat Domestik (%)



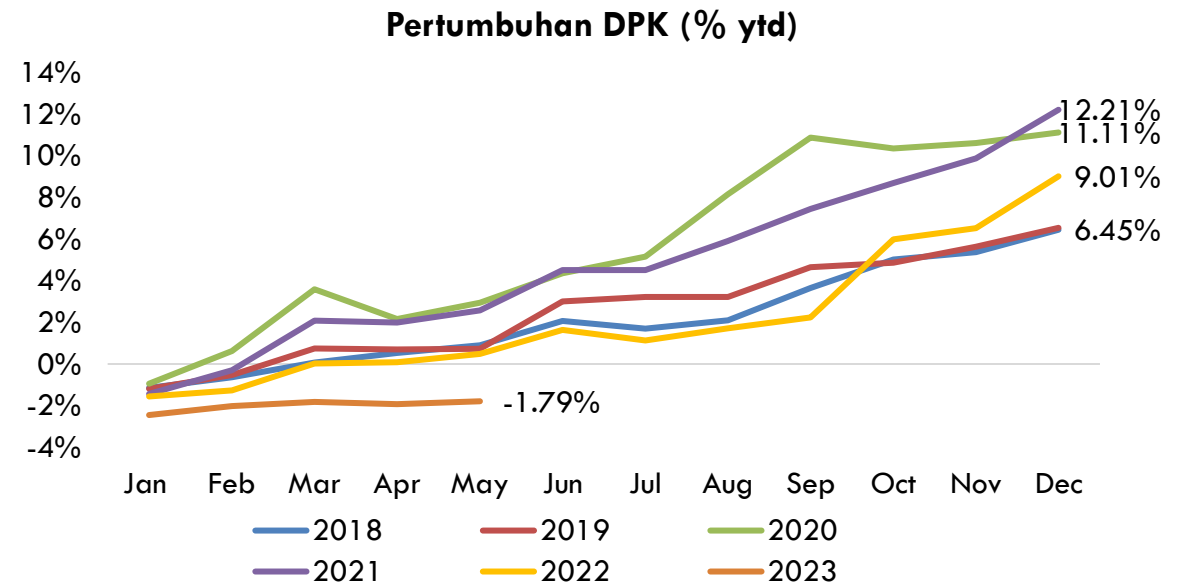
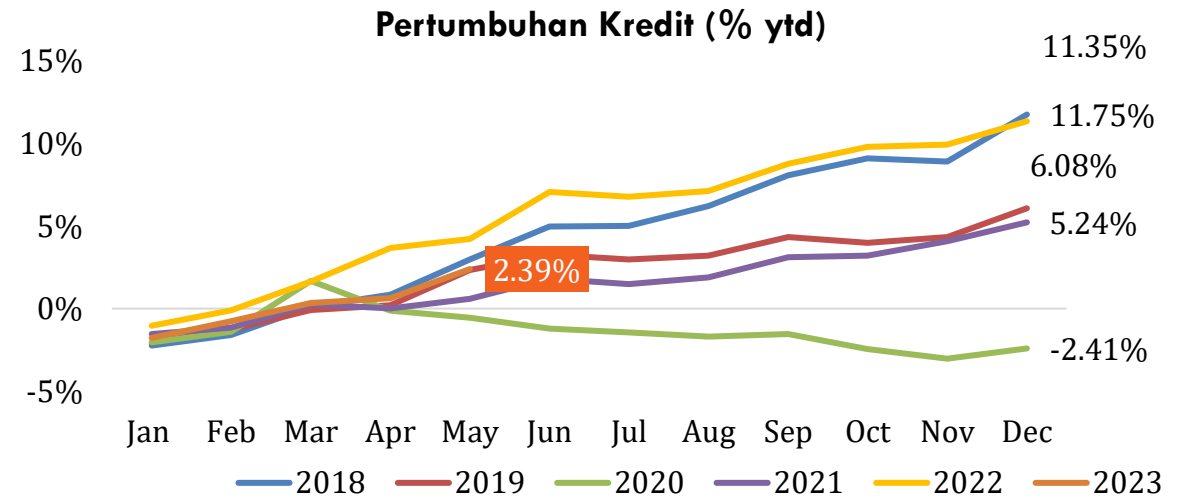
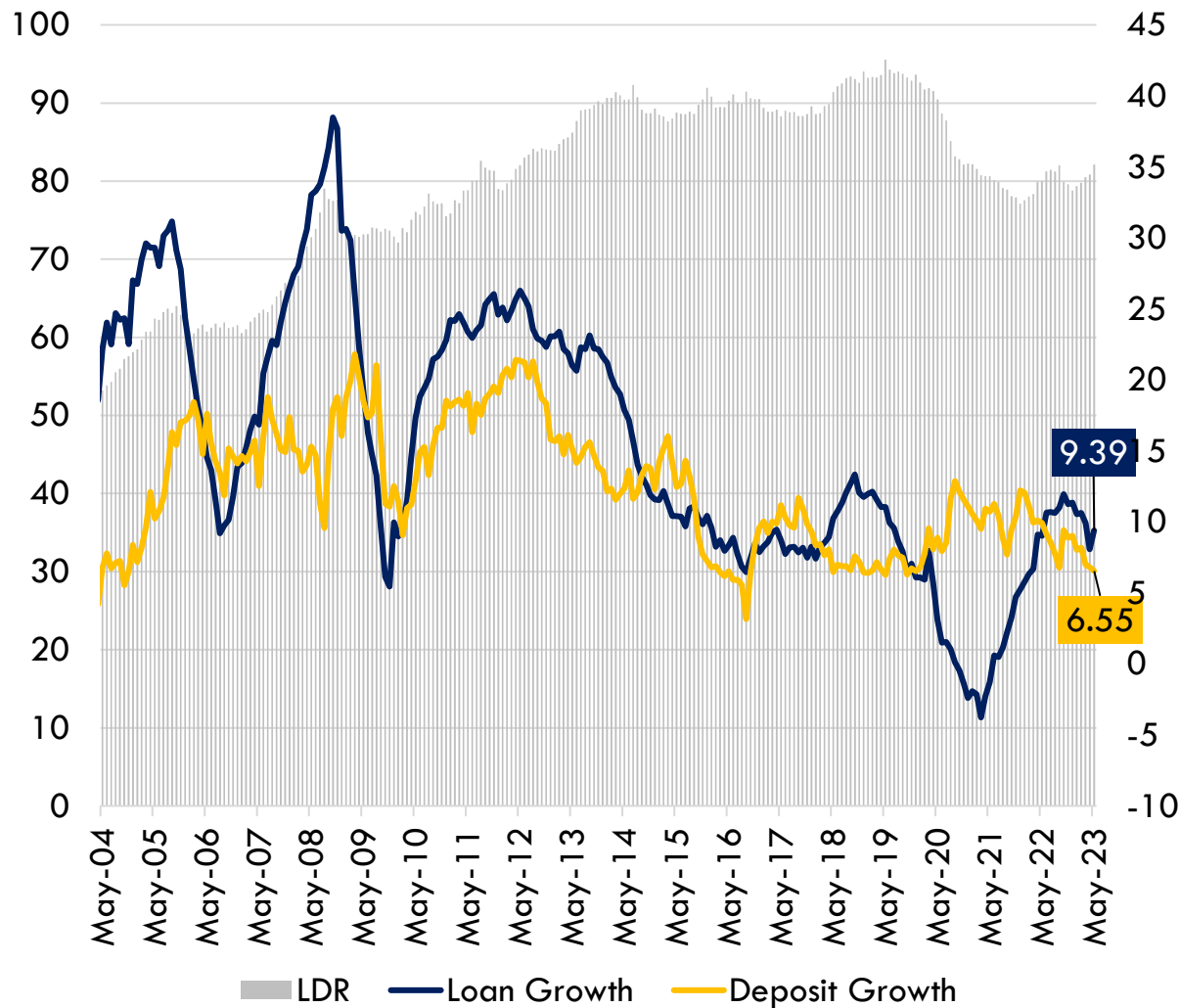
Evaluasi kinerja sektoral dan industri terakhir berdasarkan orientasi pasar

Sektor/industri orientasi domestik memiliki kinerja yang relatif baik didorong permintaan dalam negeri yang meningkat.

Sementara sektor/industri orientasi ekspor tertekan karena penurunan ekonomi global.

		MARKET ORIENTED	
		Domestic Market Oriented	Export Market Oriented
KINERJA SEKTORAL (Pertumbuhan PDB Sektoral & Ekspor)	High	Informasi & Telekomunikasi Industri Alat Angkut (Otomotif) Industri Logam Dasar (Nikel) Industri Makanan & Minuman Hotel & Restoran Angkutan Darat Angkutan Laut Angkutan Sungai, Danau & Penyebrangan Pengadaan Air	Batubara
	Medium	Industri batubara & pengilangan migas Perdagangan Angkutan Udara Jasa Kesehatan Properti perumahan Industri mesin dan perlengkapan Konstruksi infrastruktur Pertanian Keuangan & Asuransi Listrik & gas Pemerintahan	Crude Palm Oil (CPO) Industri pulp dan kertas Industri elektronik
	Low	Industri barang galian bukan logam (Semen) Industri kulit Industri kimia dan farmasi Industri tembakau Properti investasi	Industri tekstil & produk tekstil Industri furnitur Industri kayu Industri karet

Pertumbuhan Kredit masih dapat mencapai 10% tahun ini



Banking Guidance 2023

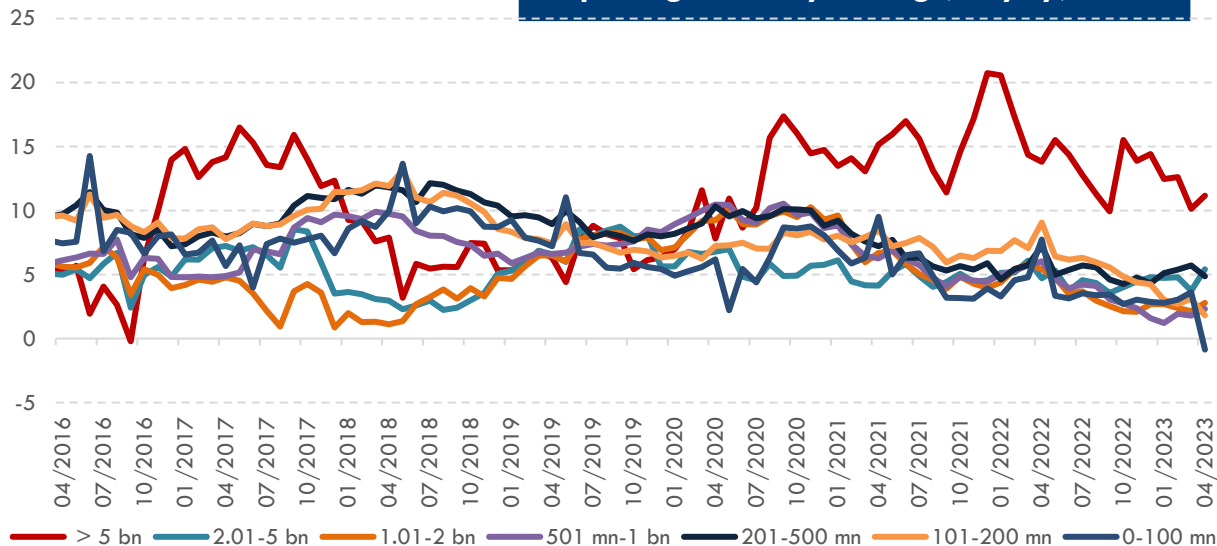
Loan growth	2022 Guidance	Actual	2023 Guidance
Bank Mandiri	≥ 11%	14.5%	10%–12%
BRI	9% - 11%	9.2%	10% - 12%
BNI	7.0% - 10.0%	10.90%	7.0% - 9.0%
BCA	8%-10%	11.0%	10%-12%
CIMB Niaga	7%-10%	9.4%	6% - 8%

NIM	2022 Guidance	Actual	2023 Guidance
Bank Mandiri	5.1% – 5.5%	5.47%	5.3%–5.6%
BRI	7.7% - 7.9%	7.85%	7.7% - 7.9%
BNI	4.6% - 4.8%	4.81%	4.5%– 4.7%
BCA	-	5.3%	5.7% - 5.8%
CIMB Niaga	4.65% - 4.75%	4.69%	4.6% - 4.8%

Cost of Credit	2022 Guidance	Actual	2023 Guidance
Bank Mandiri	1.4% – 1.7%	1.44%	1.3%–1.5%
BRI	2.7% - 2.9%	2.55%	2.2% - 2.4%
BNI	1.9% - 2.1%	1.9%	< 1.5%
BCA	-	0.7%	0.8%
CIMB Niaga	2.0% - 2.2%	1.8%	1.6% - 1.8%

DPK didominasi oleh tiering di atas Rp.5 miliar

Deposit growth by tiering (% yoy)



Yearly Deposit Change by Tiering (IDR tn)

Tiering	2019	2020	2021	2022	Apr-23	Share% to total
> 5 bn	162.6	401.9	649.4	544.3	419.4	52.3
2.01-5 bn	29.7	32.1	26.4	29.5	32.9	8.0
1.01-2 bn	27.1	38.8	18.6	12.7	13.3	6.1
501 mn-1 bn	37.4	42.0	23.7	8.7	12.7	7.1
201-500 mn	41.1	49.0	35.9	27.6	31.4	8.5
101-200 mn	20.9	27.2	25.9	17.2	7.5	5.3
0-100 mn	45.5	71.2	37.0	28.4	-8.7	12.7

Monthly Deposit Change by Tiering (IDR tn)

Tiering	Dec-20	Dec-21	Dec-22	Apr-22	Apr-23
> 5 bn	-47.7	56.0	83.2	-87.2	-57.3
2.01-5 bn	9.8	10.0	13.3	-9.3	0.5
1.01-2 bn	6.5	6.0	8.3	1.4	4.4
501 mn-1 bn	15.8	16.0	12.1	4.3	7.3
201-500 mn	11.7	16.0	13.1	14.4	9.7
101-200 mn	8.4	11.0	11.1	12.1	7.1
0-100 mn	25.7	34.0	33.6	67.0	23.9

Ratio of Deposit by Tiering to Total Deposit (%)

Nominal Tiering	2018	2019	2020	2021	2022	Apr-23
N > 5 M	45.7%	45.6%	47.1%	50.6%	53.2%	52.3%
2M < N ≤ 5 M	9.4%	9.3%	8.9%	8.3%	7.9%	8.0%
1M < N ≤ 2 M	7.0%	7.0%	6.9%	6.4%	6.0%	6.1%
500 Jt < N ≤ 1 M	8.0%	8.1%	8.0%	7.4%	6.9%	7.1%
200 Jt < N ≤ 500 Jt	9.2%	9.3%	9.1%	8.6%	8.2%	8.5%
100 Jt < N ≤ 200 Jt	5.9%	5.9%	5.7%	5.4%	5.2%	5.3%
N ≤ 100 Jt	14.9%	14.8%	14.4%	13.3%	12.5%	12.7%

Membaca peluang di 2024: Apa yang perlu kita optimalkan?

- Peluang: 1. Ekonomi Global berpeluang rebound di 2024; 2. Suku bunga akan lebih rendah; 3. Aliran modal Asing akan tetap masuk ke Indonesia; 3. Cost of Borrowing akan lebih rendah seiring dengan penurunan suku bunga acuan; 4. Harga Komoditas akan relatif flat atau rebound; 5. Sentimen di Pemerintahan yang baru (positif jika Pemilu berjalan lancar)

- Resiko: 1. Tahun Politik di Indonesia → Status Quo, Belanja bisa lebih lambat eksekusi; 2. Minat berinvestasi yang bisa lebih rendah; 3. Kalau Perlambatan ekonomi Global berlanjut dan suku bunga belum juga turun.

- Strategi: 1. Maksimalkan Peluang dari siklus bisnis yang pendek; 2. Manage cost agar lebih efisien; 3. Manfaatkan transaksi digital; 4. Melihat peluang jangka menengah-panjang: dari sisi ESG

- Positive outlook on Indonesia bonds, dengan faktor: 1. Defisit APBN yang akan rendah; 2. Inflasi dan Arah suku bunga yang menurun; 3. Potensi Foreign Capital Inflows; 4. CAD yang masih akan rendah; 5. Weaker USD sentimen; 6. Indikator Ekonomi Indonesia yang lebih baik dari peers. Kesimpulan: IDR bond yield akan bergerak di antara 6,2% -6,7% tahun 2023.

THANK YOU

This material is for information only, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. The information herein has been obtained from sources believed to be reliable, but we do not warrant that it is accurate or complete, and it should not be relied upon as such. Opinion expressed is our current opinion as of the date appearing on this material only, and subject to change without notice. It is intended for the use by recipient only and may not be reproduced or copied/photocopied or duplicated or made available in any form, by any means, or redistributed to others without written permission of PT Bank Mandiri Tbk. Additional information is available upon request. For further information please contact: Office of Chief Economist, Phone (021) 524 5516/5272 or Facsimile (021) 521 0430.

