











Indonesia Economic Outlook 2021: Escaping from the Survival Phase

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Many countries will have contraction this year before gradually recovers in 2021

Area	2019	IMF		World Bank*				Bloomberg		OECD	
		2020F	2021F	2020F Baseline	2020F Low Case	2021F Baseline	2021F Low Case	2020F	2021F	2020F	2021F
World 	2.9	-4.4	5.2	-5.2	-	4.2	-	-3.9	5.2	-4.5	5.0
US 	2.3	-4.3	3.1	-6.1	-	4.0	-	-4.0	3.8	-3.8	4.0
Euro Area 	1.2	-8.3	5.2	-9.1	-	4.5	-	-7.9	5.5	-7.9	5.1
Indonesia 	5.0	-1.5	6.1	-1.6	-2.0	4.4	3.0	-1.3	5.2	-3.3	5.3
Japan 	0.7	-5.3	2.3	-6.1	-	2.5	-	-5.6	2.5	-5.8	1.5
China 	6.1	1.9	8.2	2.0	1.6	7.9	4.8	2.1	8.0	1.8	8.0
India 	4.2	-10.3	8.8	-3.2	-	3.1	-	-	8.9	-10.2	10.7
Russia 	1.3	-4.1	2.8	-6.0	-	2.7	-	-4.1	3.1	-7.3	5.0
Brazil 	1.1	-5.8	2.8	-8.0	-	2.2	-	-5.2	3.5	-6.5	3.6
ASEAN-5 	4.8	-3.4	6.2	-3.5	-4.7	5.1	3.4	-	-	-	-

Note: *) Baseline refers to a scenario of severe growth slowdown followed by a strong recovery, while lower case refers to a scenario of a deeper contraction followed by a sluggish recovery

Source : IMF, World Economic Outlook Oct-20; World Bank, Global Economic Prospect Jun-20 and East Asia & Pacific Economic Update Oct-20; OECD, Economic Outlook Interim Report Sep-20; and Bloomberg

The Blessing in disguise from Stronger China Recovery: Higher Commodity Prices!

Brent Crude Oil
USD48.8/bbl

2017 : 17.7%
2018 : -19.5%
2019 : +22.7%

WTI Crude Oil
USD45.7/bbl

2017 : 12.5%
2018 : -24.8%
2019 : +34.5%

CPO
USD 892.7/MT

2017 : -16.1%
2018 : -19.4%
2019 : +53.4%

COAL
USD76 MT

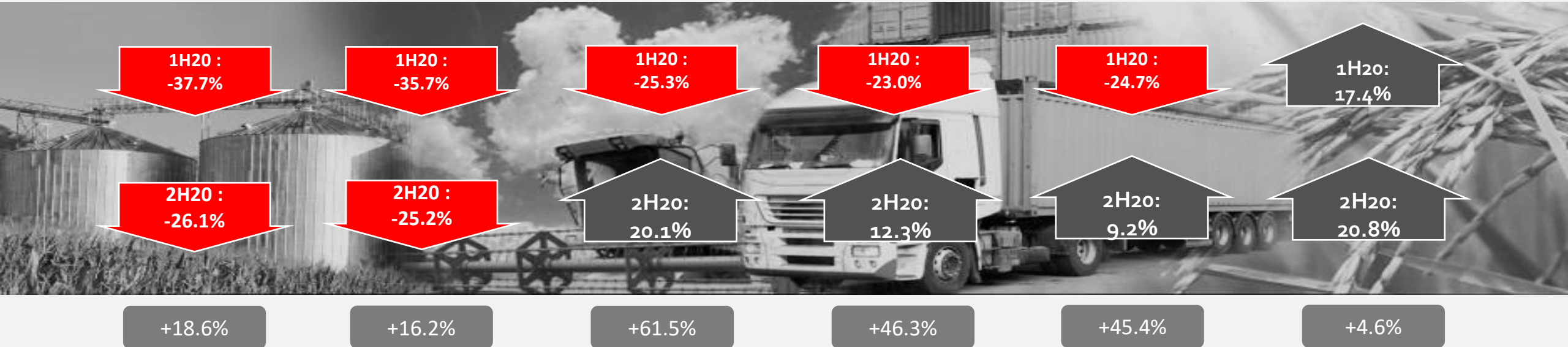
2017 : 14.0%
2018 : 1.2%
2019 : -33.7%

Rubber
USD 1.58Kg

2017 : -24.1%
2018 : -15%
2019 : +16.3%

Gold
USD 1832.3 Ons

2017 : 13.1%
2018 : -1.6%
2019 : +18.3%

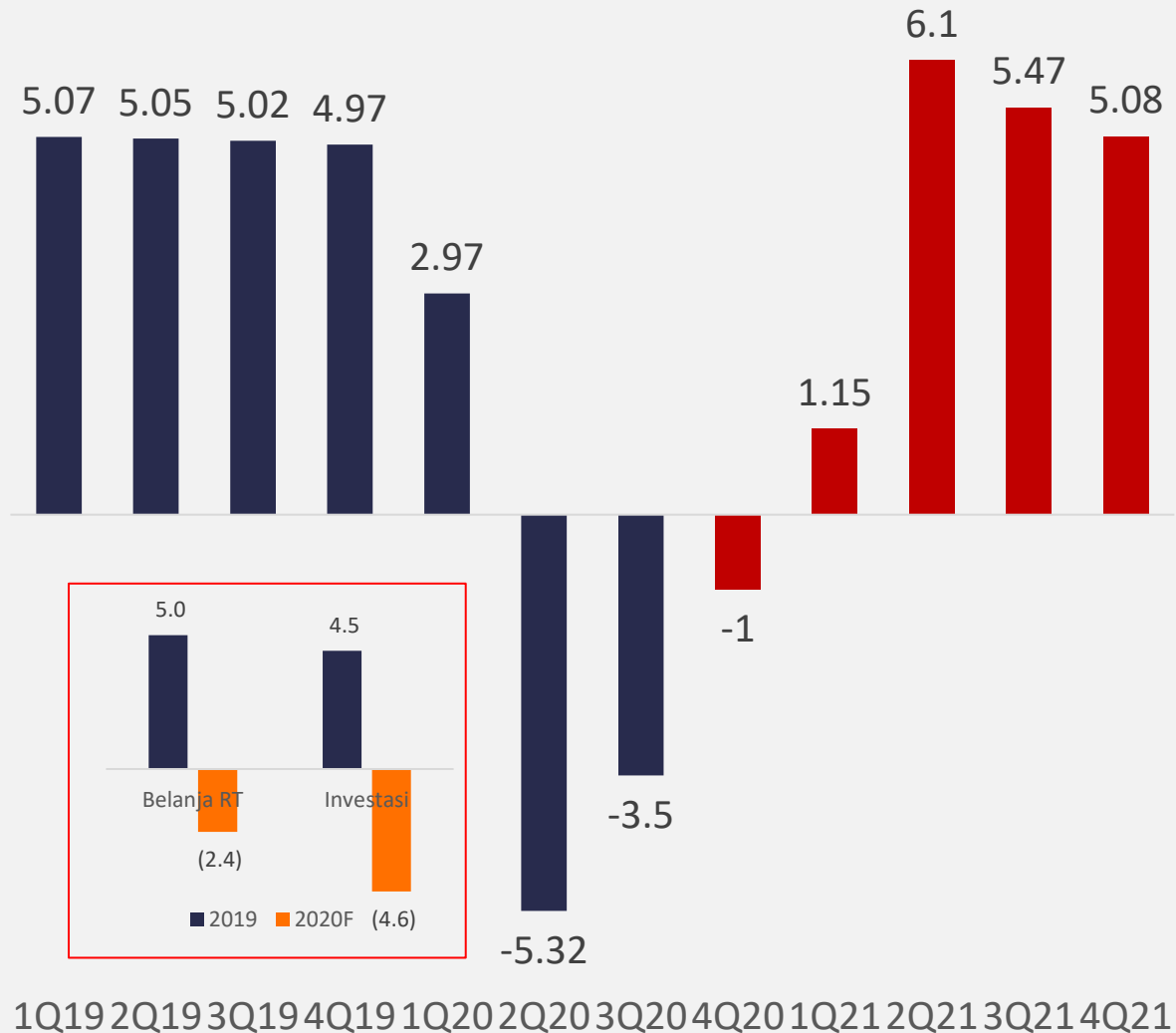


changes in Dec 2020 compared to June 2020

Source: Bloomberg, as of Dec 7, 2020

Indonesia's economy might recover starting from 1Q2021

GDP Growth Trajectory (% yoy)



Positive Factors:

- Some spending indices have been recovered from the rock-bottom level. $G \rightarrow C \rightarrow I$
- Commodity prices improvement and stay higher in 2021 (vs 2020)
- Policies responds (Monetary and Fiscal Stimulus) accompanied by some reforms in Omnibus Law.
- Vaccine is the game changer to support confidence

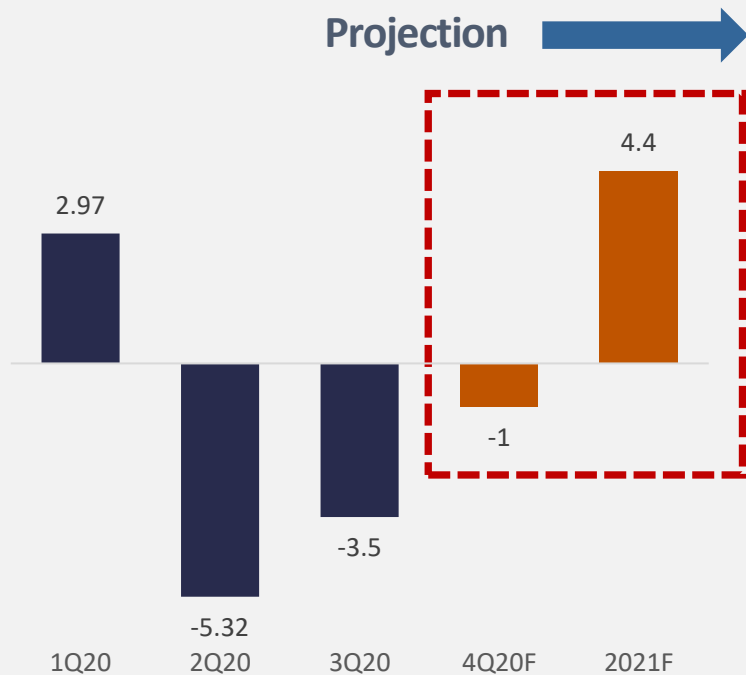
Risk Factors:

- Still rising Covid-19 case, limit mobility and transaction
- Limited Vaccine distribution across countries.
- 'The Black Swan' from Global Market as in Change of policy direction

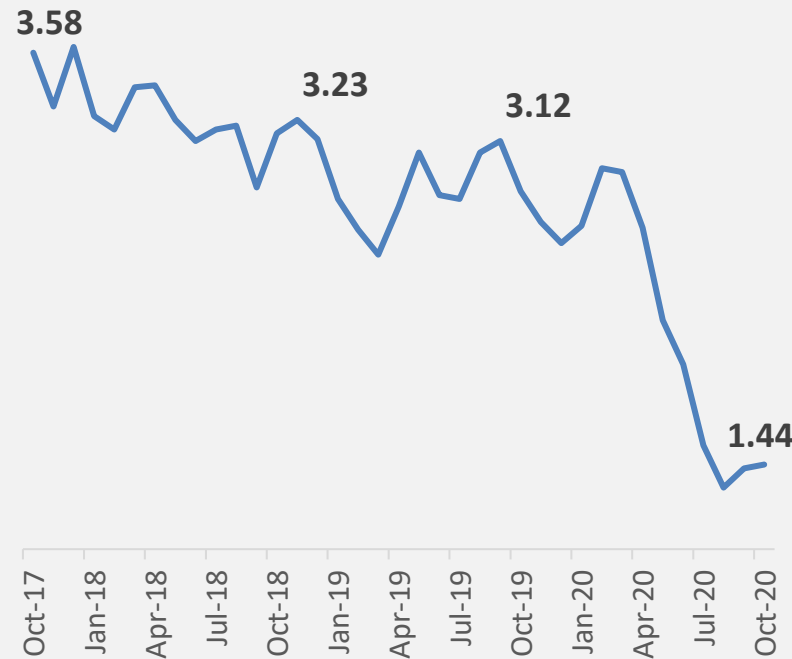
Indonesia economic growth is expected to record a contraction in 2020, but gradually will recover. Inflation and CAD will be lower.

- Indonesia economy may contract by -1 to -2% and expected to gradually recovers and grow moderately by 4.4% in 2021.
- On the positive side, the demand contraction reflected in the record-low inflation rate at 1.4% (October), thus still supports the consumers purchasing power.
- External balance is well maintained reflected in the declining current account deficit (CAD) due to sharp contraction in imports. CAD by end of the year is estimated will reach -0.3% to GDP.

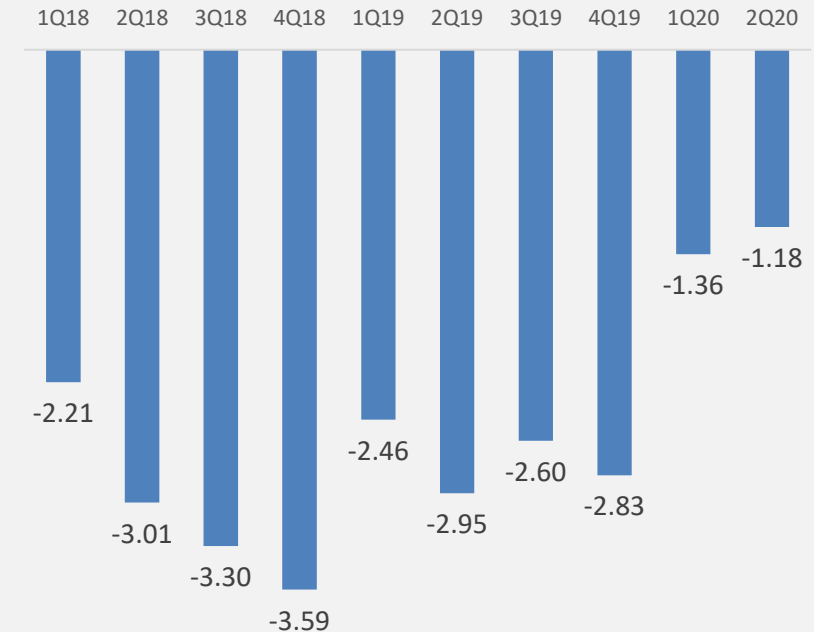
Economic Projection 2020: -1,77%YoY



Inflation Projection 2020: 1,5%YoY

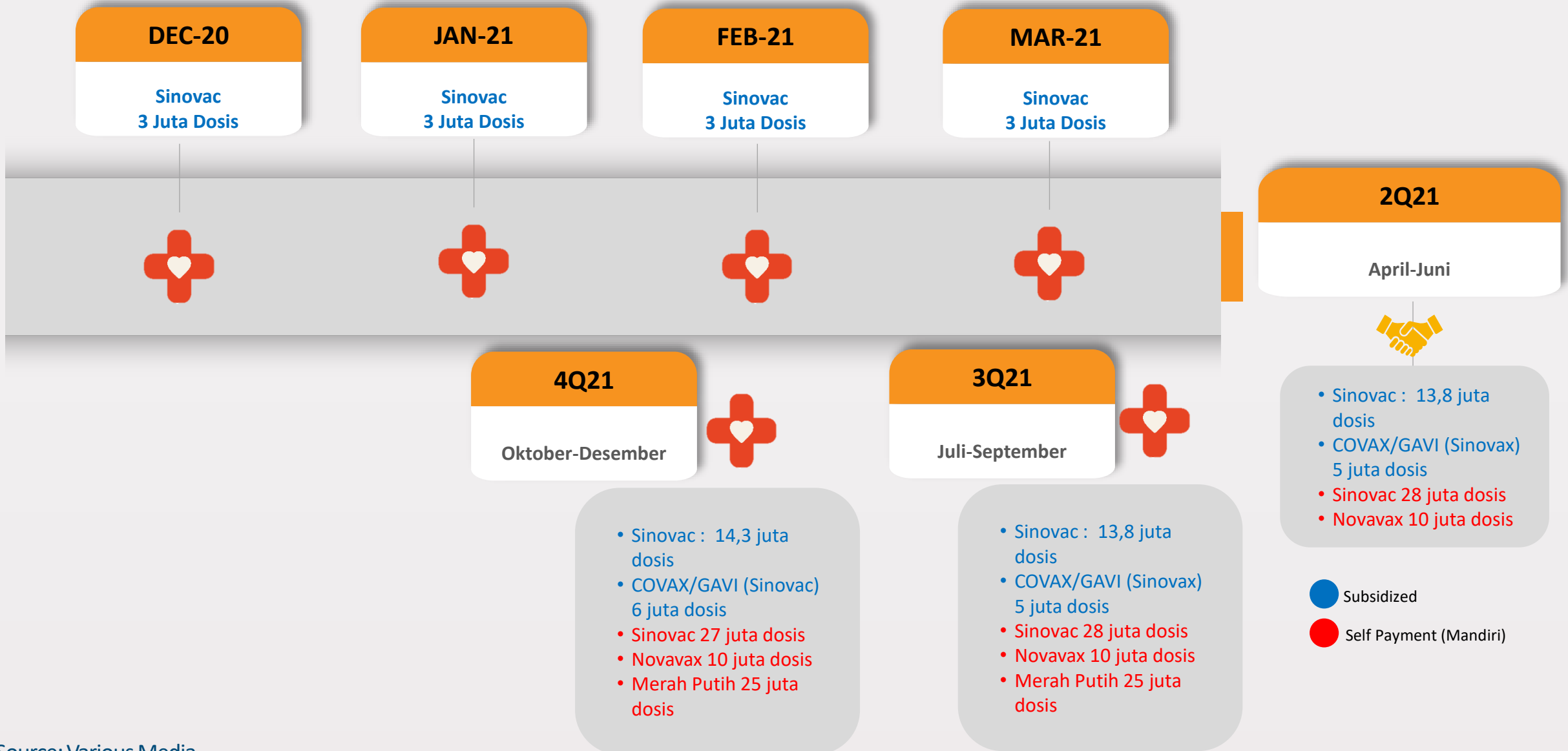


CAD Projection 2020: -0,32%



The Game Changer: Vaccination

The Vaccination Timeline in Indonesia



Gradual Recovery By Sectors– NEW NORMAL

- The economy will gradually recovers in the course of 2020, 2021 dan 2022.
- Fastest to recover (in 6 month time frame) are sectors related to daily necessities. Transportation, durable goods sectors are expected to have a moderate recovery in the period of 6 to 12 month. Sectors that may need more than 12 months to recover include Hotels, air transportation, non-infra construction, cement and building materials.

Months



0

Fast Recovery (Total Share: 37,74%)		
Sectors	Growth	Share
Telecomm	10,61%	4,56%
F & B	0,66%	7,02%
Health Services	15,33%	1,36%
Education	2,44%	3,57%
Energy and Water	6,04%	1,17%
Agriculture & Husbandry	2,15%	14,68%
Mining & Basic Metal	9,23%	1,69%
Government Administration	1,86%	3,69%

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Moderate Recovery (Total Share: 49,45%)		
Sectors	Growth	Share
Sea and Land Transport	-8,60%	3,88%
Manufacture (textile, electronic, auto, cement, dll)	-4,53%	19,86%
Wholesale & Retail Trade	-2,01%	12,83%
Construction	-4,52%	10,60%
Mining and Quarrying (oil & gas, coal, dll) except ores	-4,28%	6,16%

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Slow Recovery (Total Share: 14,63%)		
Sectors	Growth	Share
Hotel & Restaurants	-11,86%	2,49%
Air Transport	-63,88%	0,52%
Real Estate	1,98%	2,93%
Cement & Building Materials	-9,11%	0,56%
Financial Services	-0,95%	8,13%

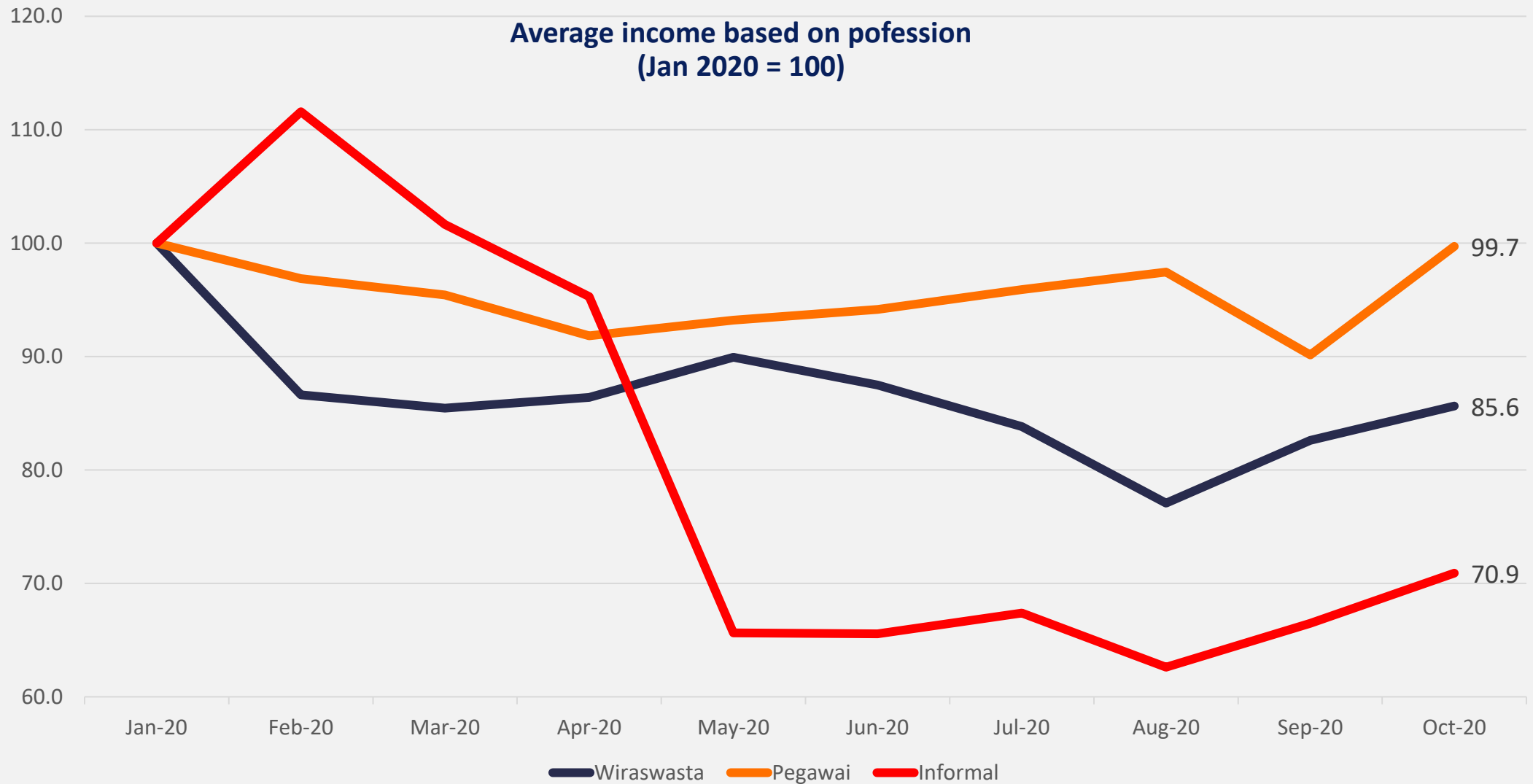
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Catatan: Share adalah kontribusi di dalam PDB Nasional pada 3Q20

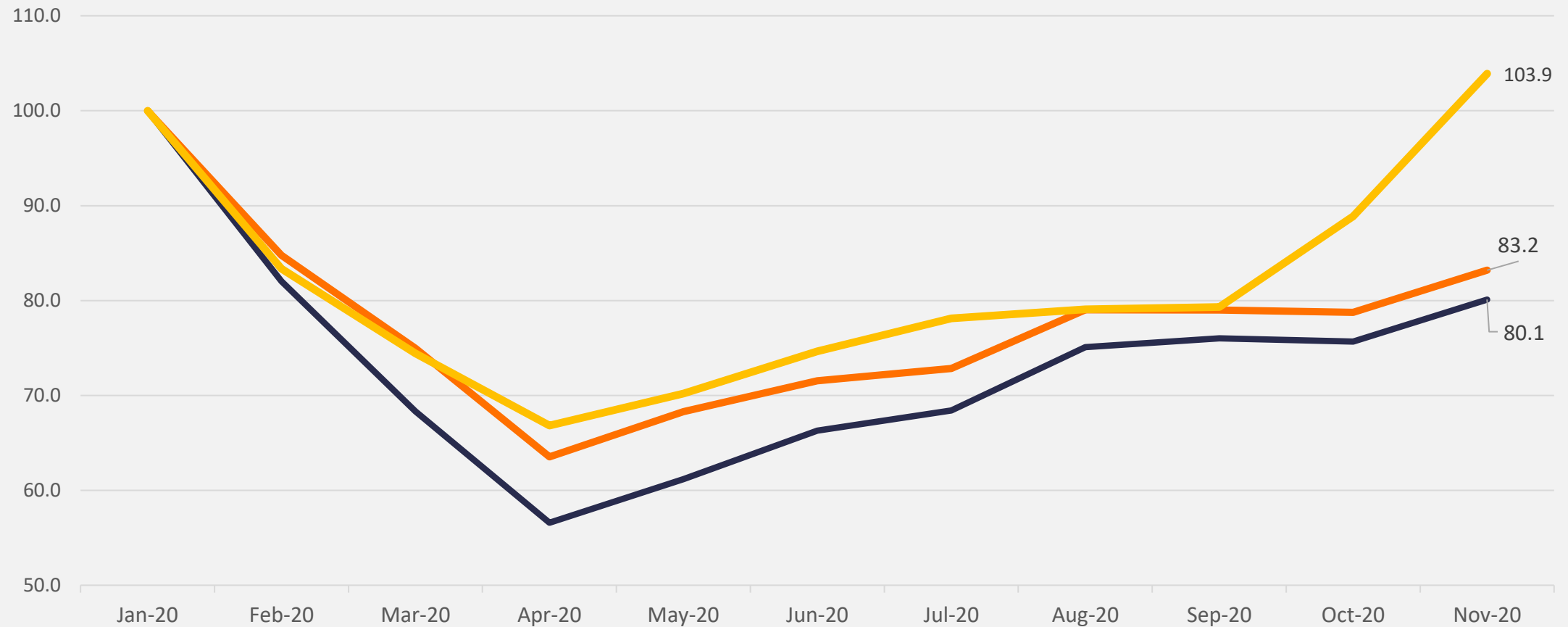


Indonesia Spending Trend Trajectory

People's average income is still below Pre-Covid Level but shows an improvement



Spending index of the middle to upper income group are still below Pre-Covid, unlike the low income group



— High Income Group — Middle Income Group — Low Income Group

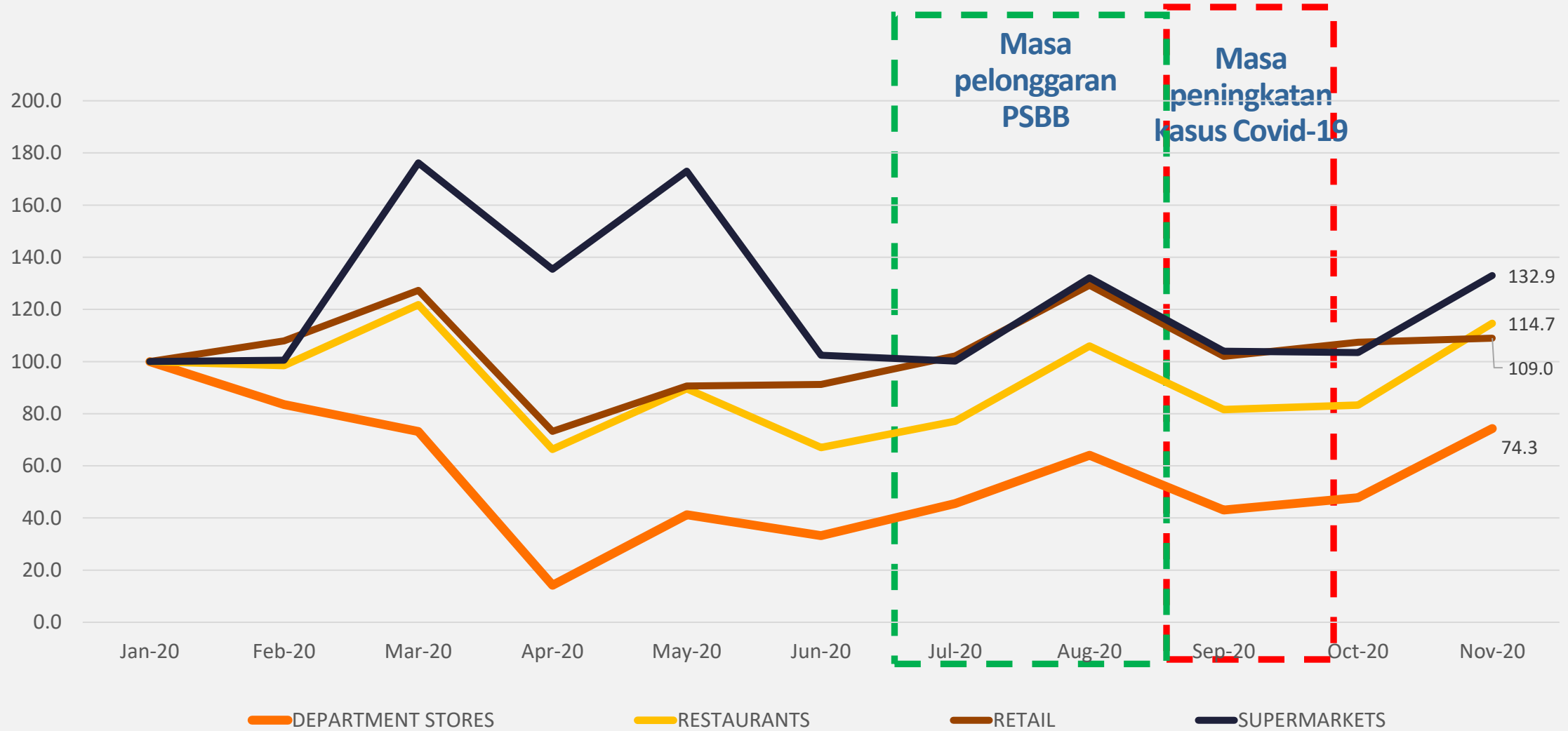
High income terdiri dari wiraswasta, profesional, konsultan, akuntan, dokter, insiyur, pejabat negara dan pengacara

Middle income terdiri dari pegawai swasta & pegawai BUMN

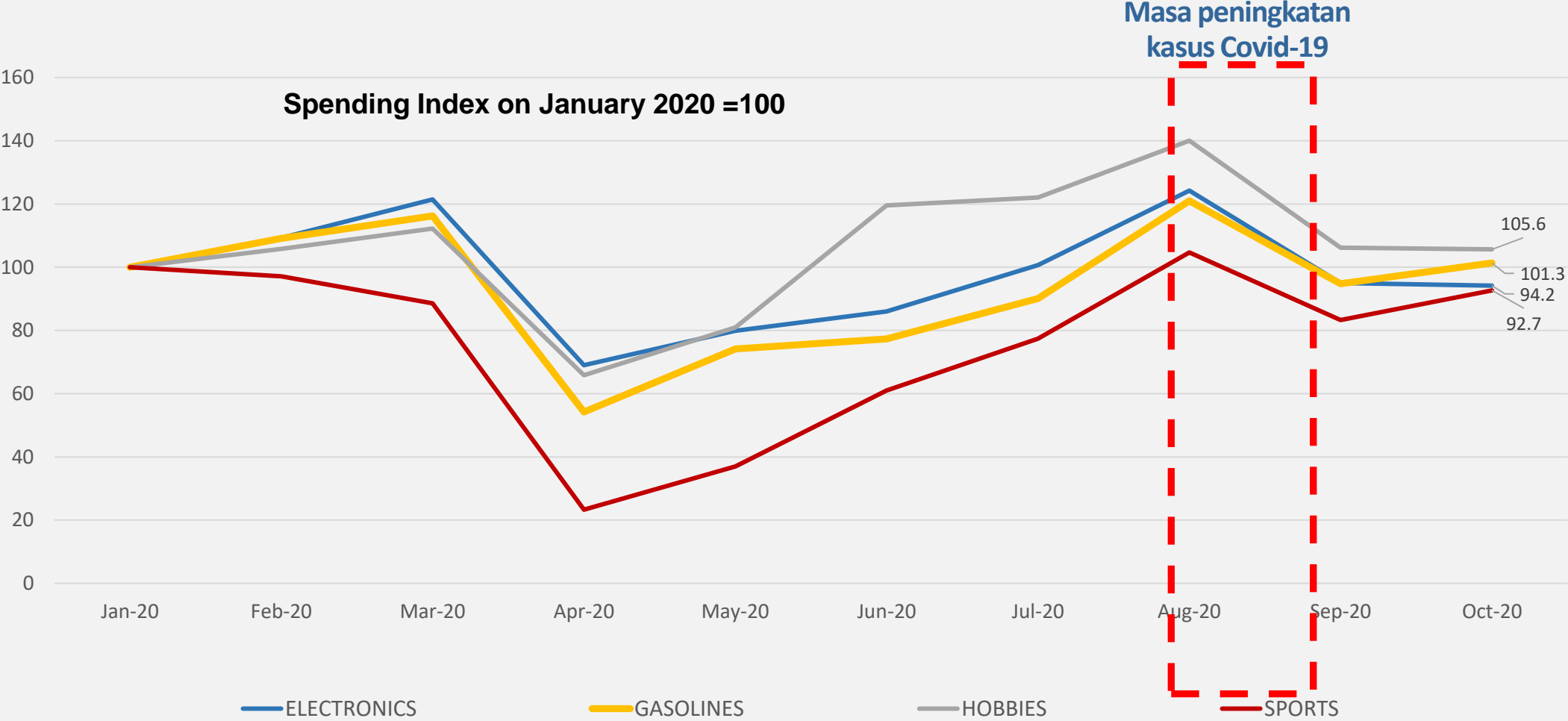
Low income terdiri dari pekerja sektor informal

Spending Index pattern is improving

Spending Index on January 2020 =100

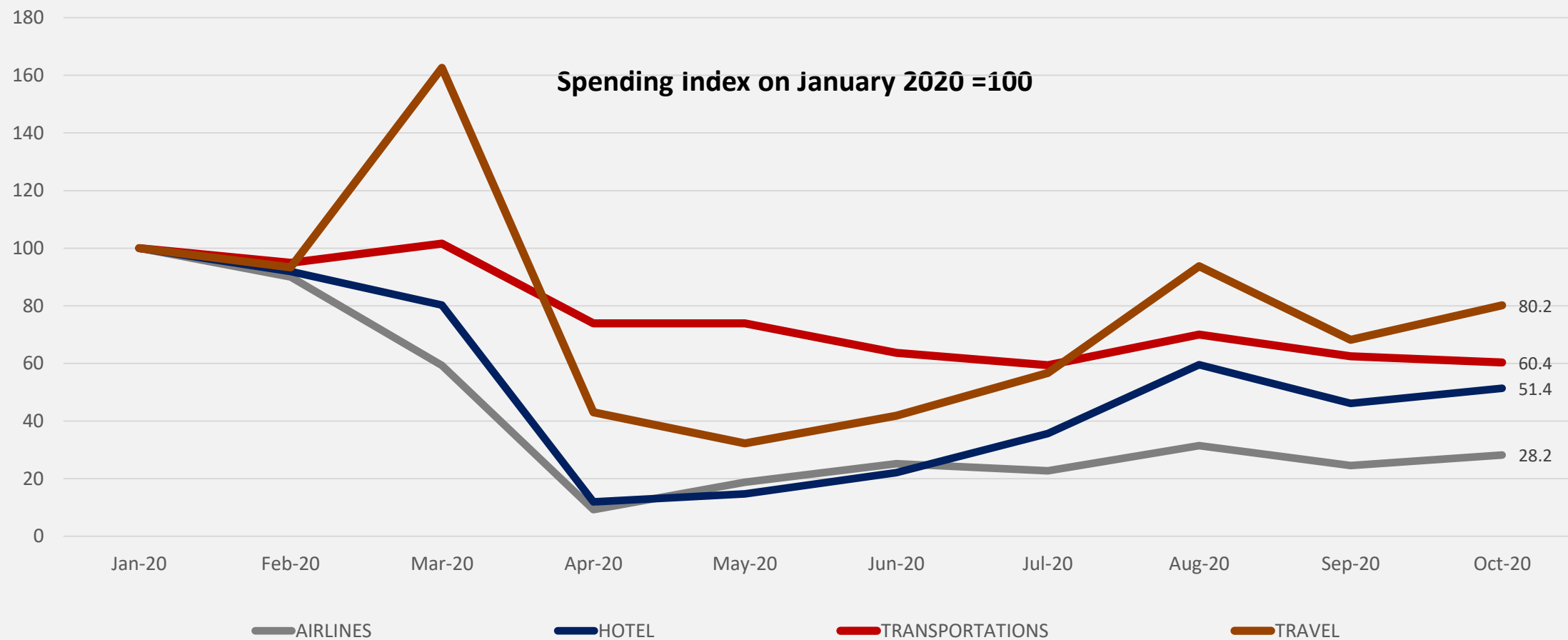


Spending index to Hobbies and Gasolines are improving. People tends to do more hobbies and mobile through land transportation



Source: OCE BMRI's estimation

The lagging sectors will be airlines and Hotels



A photograph of a modern, multi-story office building with a grid of windows. A sign on the building reads "mandiri". The image is partially obscured by a blue diagonal overlay on the left side.

Thank You

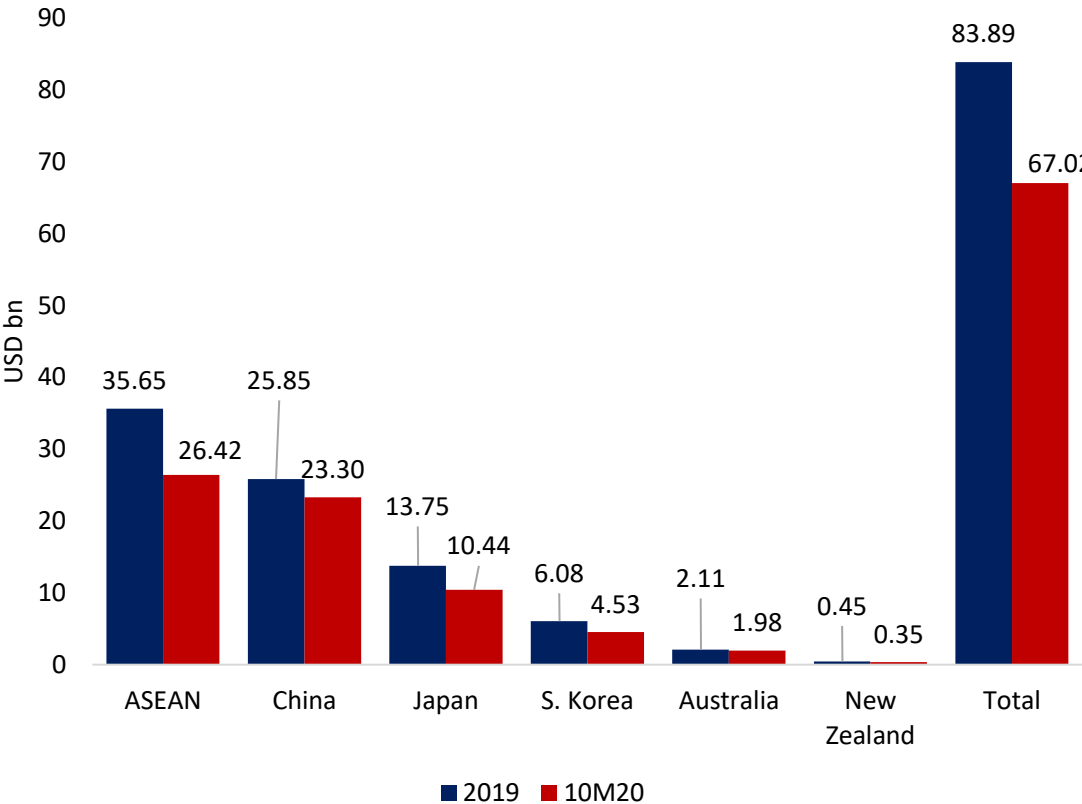


Prospect of International Cooperation

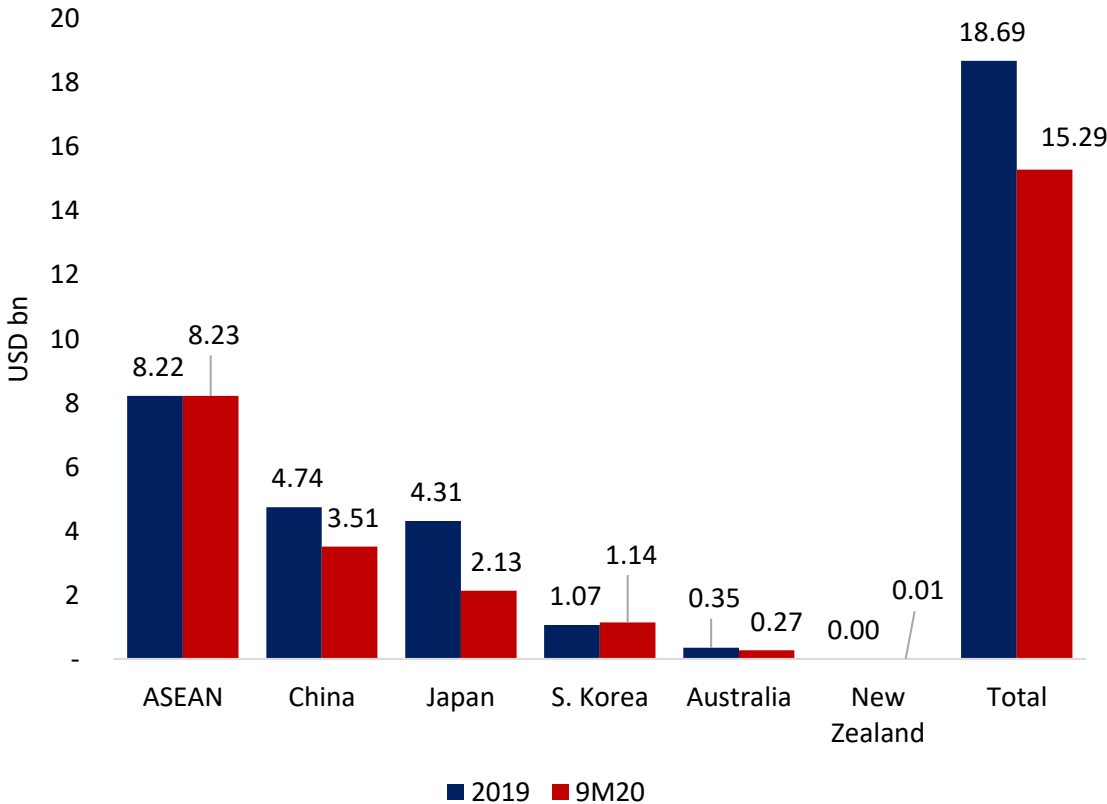
Prospect of International Cooperation in Trade and Investment Continue to Grow

The implementation of Regional Comprehensive Economic Partnership (RCEP), which is an economic partnership between ten ASEAN countries, China, Japan, South Korea, Australia and New Zealand, expected to open wider market access for trade and increase potential investment from member countries.

Indonesia's Exports to RCEP Members



FDI Inflows to Indonesia



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