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Indonesia 1H21 Economic Performance:
Mitigating the risks from rising Covid Case

Office of Chief Economist
PT Bank Mandiri, Tbk.

June 28 2021

Short to Middle Term Factors: Anticipating the risk of Policy direction changes

Variables	2020	2021	2022	2023	2024	2025
Global						
Growth	Contraction	High Growth (Low Based)	Normalized			
FFR	Low	Low	Low	Low / start to hike		hike to MT/LT level
BOJ rate	Low	Low	Low	Low	Low	Low
ECB rate	Low	Low	Low	Low / start to hike		hike to MT/LT level
QE The Fed	Continues	Continues	Continues with decelerated rate	Tapering	Tapering	Tapering
Domestic						
Growth	Contraction	Below 5%		Start to stay at 5%		5% - 6%
Inflation	Low	Back to mid range	Back to mid range	Higher range		
BI rate	low	low	low	Low / start to hike		hike
LDR	80% - 85%	80% - 85%	85% - 90%	85% - 90%	85% - 90%	90% - 95%
Black Swan						
	Covid-19	The Fed cut down on asset purchasing		Different Cycle of Global Monetary and Fiscal Policy		
		Food crisis	Faster recovery		Election year (Indonesia)	

Source: Office of Chief Economist Bank Mandiri

Vulnerability Comparison Across EM Countries

Taper Tantrum (2013) Vs. Recent Tantrum (2021)

↑ *Less vulnerable*

Current Account Balance (% of GDP)

2013		2020	
Philippines	4.0	Thailand	7.0*
Vietnam	3.6	Vietnam	4.8*
Malaysia	3.4	Malaysia	4.4
China	1.5	China	2.0
India	-1.7	Indonesia	-0.5
Thailand	-2.1	India	-0.8
Indonesia	-3.2	Brazil	-0.9
Brazil	-3.2	Philippines	-0.9*
South Africa	-5.8	South Africa	-3.0*
Turkey	-5.8	Turkey	-5.1
Average	-0.9	Average	0.7

Fiscal Deficit (% of GDP)

2013		2020	
Thailand	0.3	Thailand	1.0
Philippines	0.2	Turkey	-3.5
Turkey	-0.1	Malaysia	-3.6*
China	-0.9	China	-3.7
Indonesia	-2.5	India	-4.6
Malaysia	-3.2	Indonesia	-6.1
South Africa	-4.1	South Africa	-6.3*
Brazil	-4.7	Philippines	-7.6
India	-6.6	Brazil	-13.8
Average	-2.4	Average	-5.4

Debt to GDP (%)

2013		2020	
Indonesia	24.8	China	20.6
Turkey	31.2	Turkey	32.7*
China	37.0	Indonesia	39.4
Vietnam	41.4	Thailand	44.9
Thailand	42.2	India	46.5
Philippines	43.8	Vietnam	48.5
South Africa	44.1	Philippines	54.5
Malaysia	55.7	Malaysia	62.2
Brazil	60.2	South Africa	62.2*
India	67.4	Brazil	88.8
Average	44.8	Average	50.0

FX Reserve (USD Billion)

2013		2020	
China	3880.4	China	3216.5
Brazil	358.8	India	542.2
India	298.1	Brazil	342.7
Thailand	167.2	Thailand	246.0
Malaysia	134.9	Indonesia	128.4
Turkey	131.1	Malaysia	102.6
Indonesia	99.4	Philippines	96.5
Philippines	83.2	Vietnam	77.9*
South Africa	49.7	Turkey	48.5
Vietnam	25.9	South Africa	44.3
Average	522.9	Average	484.6

Inflation (%)

2013		2020	
Thailand	1.67	Thailand	-1.17
China	2.50	China	-0.30
Malaysia	3.22	Malaysia	-0.20
Philippines	3.77	Vietnam	0.70
South Africa	5.36	Indonesia	1.38
Brazil	5.91	South Africa	3.20
Vietnam	6.04	India	4.06
Turkey	7.40	Brazil	4.56
India	7.66	Philippines	4.70
Indonesia	8.08	Turkey	15.61
Average	5.16	Average	3.25

Currency Volatility (30day, %)

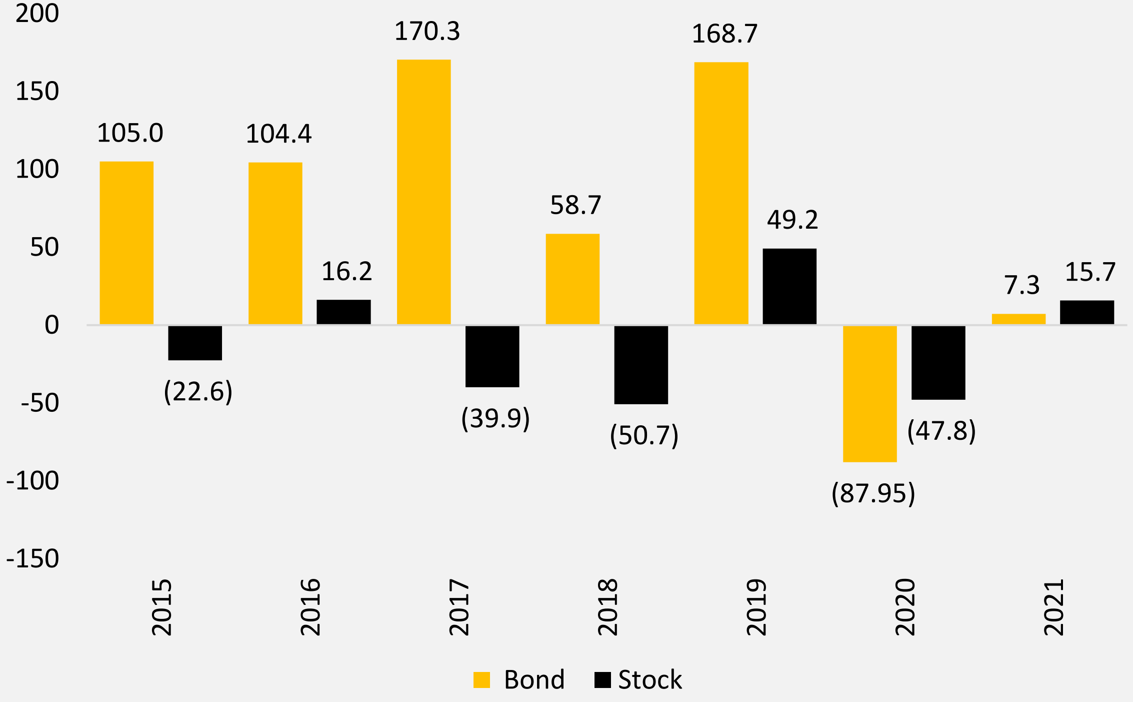
2013		2020	
Vietnam	0.77	Vietnam	0.79
China	0.88	Philippines	1.15
Philippines	3.82	China	2.21
Thailand	4.36	India	3.21
Malaysia	5.17	Malaysia	3.28
India	6.79	Indonesia	3.35
Indonesia	8.96	Thailand	5.02
South Africa	10.45	South Africa	11.6
Turkey	11.56	Turkey	14.65
Brazil	14.59	Brazil	16.88
Average	6.74	Average	6.21

Note: Numbers with ‘*’ is 2019 data
Sources: Bloomberg, WEO, theglobaleconomy.com

Foreign capital inflows were posted this year with a much lower level to pre-pandemic

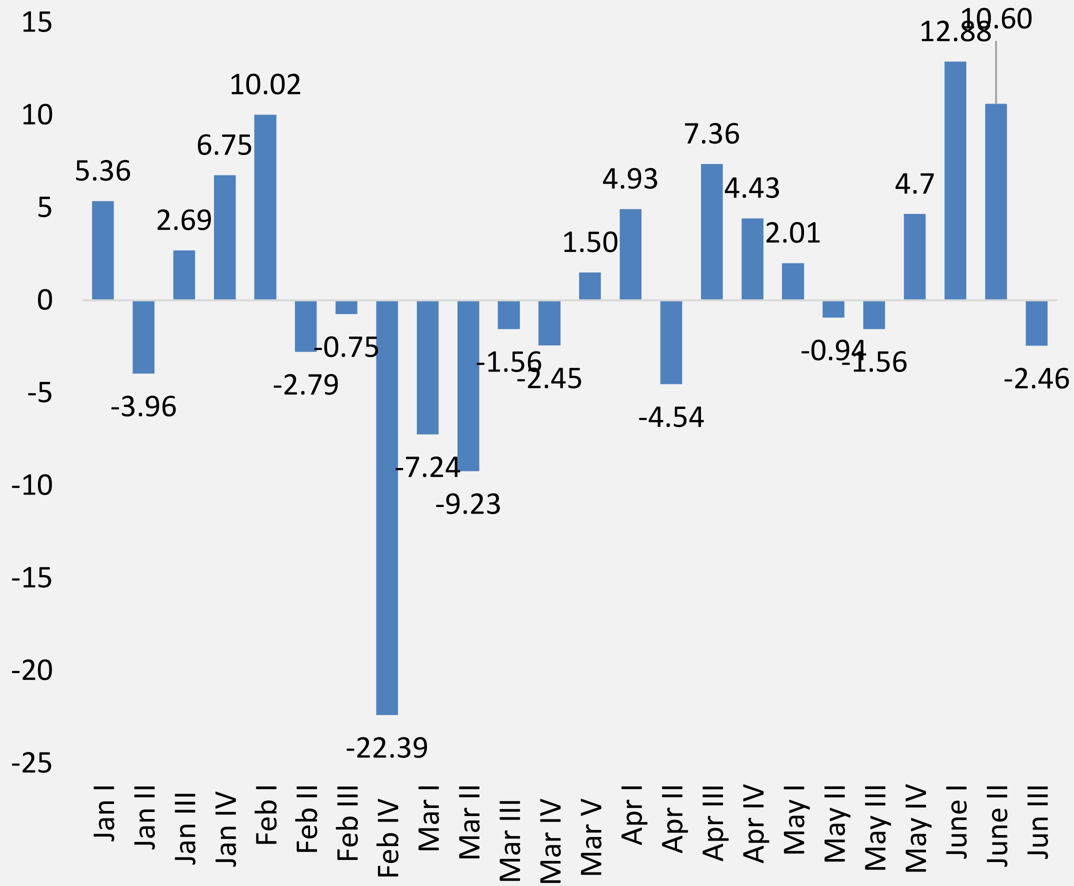
Monthly Net Capital Inflow/outflow in Bond and Stock Market (IDR tn)

Bond market as of June 17, 2021: Net Inflow, IDR7.3 tn ytd
Stock Market as of June 17, 2021 : Net Inflow IDR15.7 tn ytd



2015: Net inflow of IDR82.4 tn
2016: Net inflow of IDR120.6 tn
2017: Net inflow of IDR130.5 tn
2018: Net inflow of IDR7.9 tn
2019: Net inflow of IDR217.8 tn
2020: Net Outflow of IDR135.8 tn

Weekly Net Capital Inflow/outflow in Bond Market (IDR tn) 2021



Source: Office of Chief Economist Bank Mandiri

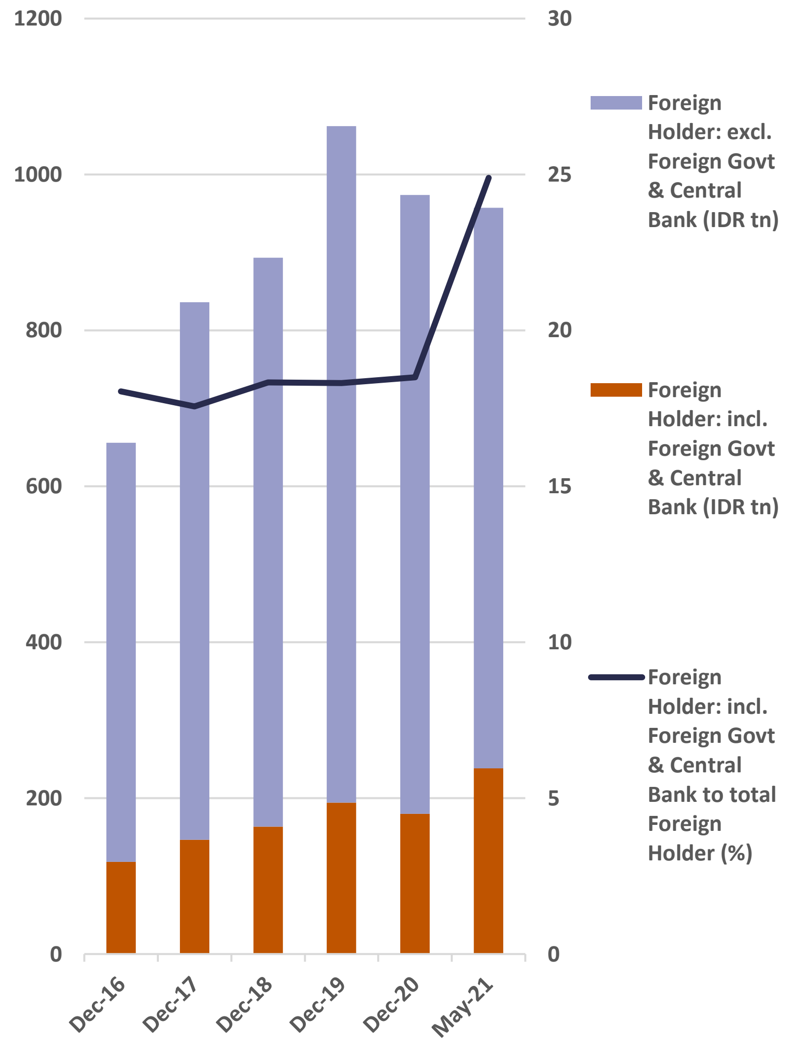
Updated on June 17, 2021

Impact of the The Fed's taper plan should not that severe compared to 2013

Monthly Foreign Outflow/Inflow in 2013-2014

Period	Foreign Ownerships		
	IDR tn	% of Total	Monthly Change
1/1/2013	273	32.8%	3
2/1/2013	282	32.9%	8
3/1/2013	281	32.6%	-1
4/1/2013	299	34.2%	18
5/1/2013	303	33.8%	4
6/1/2013	283	31.8%	-20
7/1/2013	286	31.3%	3
8/1/2013	284	30.6%	-2
9/1/2013	294	31.2%	10
10/1/2013	318	32.3%	24
11/1/2013	324	32.3%	6
12/1/2013	324	32.5%	0
1/1/2014	329	32.5%	5
2/1/2014	345	33.5%	16
3/1/2014	361	33.6%	16
4/1/2014	377	34.6%	16
5/1/2014	397	35.7%	20
6/1/2014	404	35.7%	6
7/1/2014	418	36.3%	15
8/1/2014	434	37.0%	16
9/1/2014	447	37.3%	13
10/1/2014	460	37.8%	12
11/1/2014	481	39.4%	21
12/1/2014	461	38.1%	-20

Foreign CB and Government ownerships in Govt Bonds



Possible Intervention simulation

Description	Nominal (IDR tn)	% of total	Total outstanding
Foreign ownerships (2021)	971	23%	4,220
A. Lowest level during crises (March 2009) - 14% of total or drop 9% from current position	380	14%	
B. Last Year's outflow (equity + bonds)	136	3%	

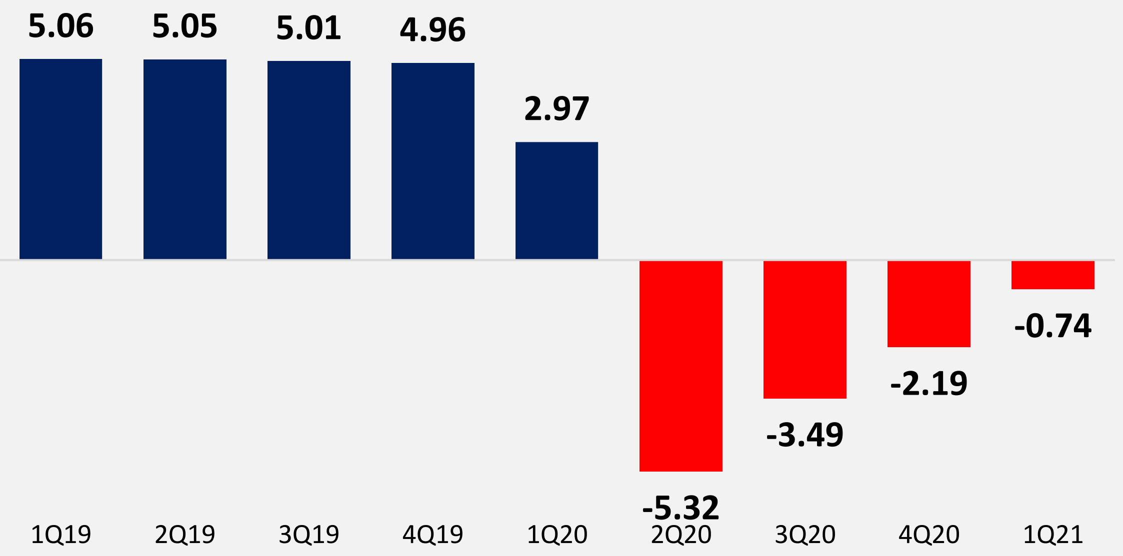
BI intervention power

	Nominal FX reserve (USDbn)	month of imports and debt payment
BI FX reserve (as per April)	136	9.1
Impact to FX reserve		
A. Outflow IDR380tn or USD26.2bn	**110**	**7.3**
B. Outflow IDR136tn atau USD9.4bn	**127**	**8.5**

Source: CEIC, Office of Chief Economist Bank Mandiri

The economic growth momentum was seen since March-April. But, possible drop due to rising Covid Cases

Annual GDP Growth (%)



2Q21 Growth Simulation (% yoy)

Simulation	Growth Forecast
If 2Q21 GDP were similar with 1Q21 GDP	3.60
If taking average additional GDP (2Q - 1Q)	7.21
If the addition were only a half	5.41

Plausible result based on leading indicators before the rising Covid Case

GDP by expenditure components

% yoy	2019				2020				2021		Contribution to GDP	2019	2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2F			
GDP	5.06	5.05	5.01	4.96	2.97	-5.32	-3.49	-2.19	-0.74	7.04	100	5.02	-2.07
Household spending	5.02	5.18	5.01	4.97	2.84	-5.52	-4.05	-3.61	-2.23	6.57	56.93	5.04	-2.63
Non-Profit Institutions	16.96	15.29	7.41	3.53	-5.01	-7.82	-1.97	-2.14	-4.53	-3.24	1.23	10.62	-4.29
Government Expenditure	5.22	8.23	0.98	0.48	3.74	-6.90	9.76	1.76	2.96	10.47	6.70	3.26	1.94
Investment	5.03	4.55	4.21	4.06	1.70	-8.61	-6.48	-6.15	-0.23	9.75	31.98	4.45	-4.95
Exports	-1.58	-1.73	0.10	-0.39	0.36	-12.02	-11.66	-7.21	6.74	17.81	19.18	-0.86	-7.70
Imports	-7.47	-6.84	-8.30	-8.05	-3.62	-18.29	-23.00	-13.52	5.27	22.7	18.09	-7.39	14.71

Source: BPS, Office of Chief Economist Bank Mandiri

Notes: Excluding discrepancy & inventory change statistics

The Challenge: The recovery pattern vs Break Event Point (BEP) per industry

No	Industri/Sektor	Titik BEP	Keterangan
1	Hotel	46,2%	Occupancy rate
2	Restaurant	66,8%	Revenue to normal level
3	Retail:		
	FMCG	31,8%	Revenue to normal level
	Non-FMCG	42,2%	Revenue to normal level
4	Air Trasportation	68,7% - 74,9%	Load Factor
5	Cement Industry	53,5%	Capacity Utilization
6	CPO Plantation		
	Big scale and integrated	USD 435/ton	Harga CPO (FOB Malaysia)
	Medium scale	USD 558/ton	Harga CPO (FOB Malaysia)
7	Coal:		
	Production below 10mn Ton	USD 53,7-60,6 per ton	Harga batubara (Newcastle)
	Production above 10mn Ton	USD 44,4 - 62,9 per ton	Harga batubara (Newcastle)
8	Oil and Gas – upstream		
	Onshore	USD 7,2 - 39,9 per barrel	Brent Crude Oil
	Offshore	USD 15,2 - 41,7 per barrel	Brent Crude Oil

Catatan: *1) Diestimasi dari data perusahaan listed di IDX dan BPS.*

2) Estimasi terhadap restoran Pizza Hut (PT Sari Melati Kencana) dan Marugame Udone (PT Sriboga Marugame Indonesia).

3) Diestimasi dari data AMRT (Alfa Mart) untuk FMCG dan RALS (Ramayana) untuk Non-FMCG.

4) Angkutan udara menggunakan SIA untuk estimasi angka terrendah dan GIA untuk angka tertinggi.

5) Industri semen diestimasi dari data PT Semen Padang, Tonasa, Indocement, SIG.

6) Diestimasi dari data perusahaan listed di IDX dan BPS.

7) Diestimasi dari data perusahaan listed di IDX dan BPS.

8) Dikutip dari SKK Migas.

Source: Office of Chief Economist Bank Mandiri

The economic growth momentum was seen since March-April. But, possible drop due to rising Covid Cases

Month ---------------→

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Pemulihan Cepat (Total Share 36,5%)		
PDB Lapangan Usaha (Seri 2010)	Pertumbuhan (%)	Share di PDB (%)
Pertanian, Kehutanan, dan Perikanan	1.8	13.7
Pertambangan Bijih Logam	20.3	0.9
Industri Makanan dan Minuman	1.6	6.9
Industri Logam Dasar	5.9	0.8
Pengadaan Listrik dan Gas	-2.3	1.2
Pengadaan Air, Pengelolaan Sampah, Limbah dan Daur Ulang	4.9	0.1
Informasi dan Komunikasi	10.6	4.5
Administrasi Pemerintahan, Pertahanan dan Jaminan Sosial Wajib	0.0	3.8
Jasa Pendidikan	2.6	3.6
Jasa Kesehatan dan Kegiatan Sosial	11.6	1.3

Pemulihan Sedang (Total Share 53,7%)		
PDB Lapangan Usaha (Seri 2010)	Pertumbuhan (%)	Share di PDB (%)
Pertambangan Minyak, Gas dan Panas Bumi	-6,0	2,2
Pertambangan Batubara dan Lignit	-5,4	1,8
Pertambangan dan Penggalian Lainnya	-1,2	1,6
Industri Manufaktur (kecuali industri barang galian bukan logam, makan-minum dan logam dasar)	-4,3	24,6
Perdagangan Besar dan Eceran; Reparasi Mobil dan Sepeda Motor	-3,7	12,9
Angkutan Rel	-42,3	0,1
Angkutan Darat	-5,3	2,5
Angkutan Laut	-4,6	0,3
Angkutan Sungai Danau dan Penyeberangan	-13,0	0,1
Pergudangan dan Jasa Penunjang Angkutan; Pos dan Kurir	-17,6	0,9
Real Estate	2,3	2,9
Jasa Perusahaan	-5,4	1,9
Jasa lainnya	-4,1	2,0

Pemulihan Sedang (Total Share 19,0%)		
PDB Lapangan Usaha (Seri 2010)	Pertumbuhan (%)	Share di PDB (%)
Angkutan Udara	-53.0	0.7
Penyediaan Akomodasi dan Makan Minum	-10.2	2.6
Konstruksi	-3.3	10.7
Industri Barang Galian bukan Logam	-9.1	0.6
Jasa Keuangan dan Asuransi	3.3	4.5

Source: Office of Chief Economist Bank Mandiri

There are some support from Commodity Prices Rebound...

Brent Crude Oil USD72.5/ bbl	WTI Crude Oil USD 71.5/ bbl	CPO USD 830.4/ MT	COAL USD 126.0/ MT	Rubber USD 1.61/ Kg	Gold USD 1,786.7 /ounce
2017 : 17.7% 2018 : -19.5% 2019: 22.7%	2017 : 12.5% 2018 : -24.8% 2019: 34.5%	2017 : -16.1% 2018 : -19.4% 2019: 53.4%	2017 : 14.0% 2018 : 1.2% 2019: -33.7%	2017 : -24.1% 2018 : -15% 2019: 16.3%	2017 : 13.1% 2018 : -1.6% 2019: 18.3%
2020 : -21.5%	2020 : -20.5%	2020: 30.2%	2020: 18.9%	2020: 3.58%	2020: 25.1%
2021: 41.1%	2021: 46.1%	2021: -11.4%	2021: 56.5%	2021: 7.4%	2021 : -6.7%

Source: Bloomberg, as of June 17, 2021

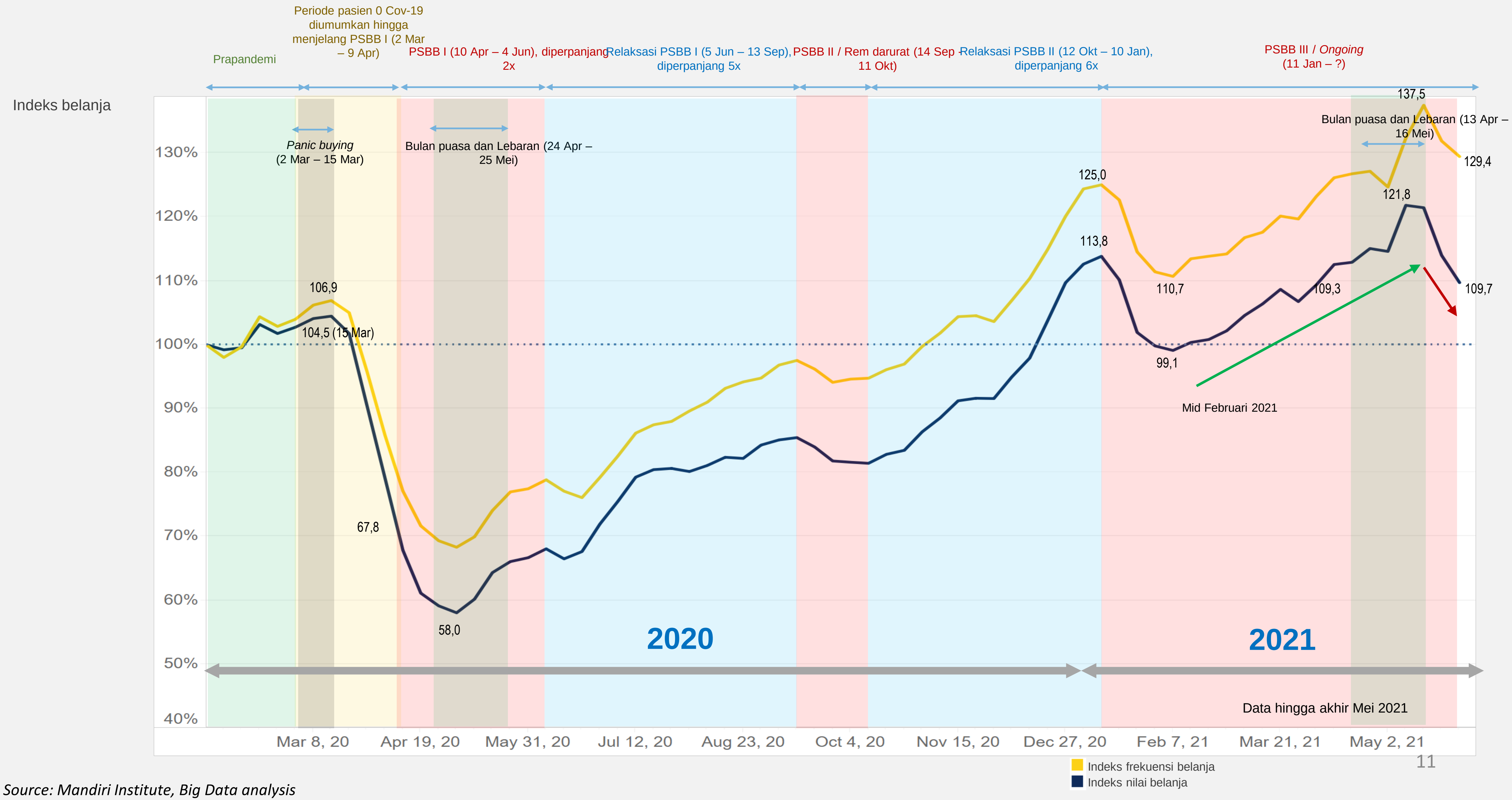
...which support for trade performance and lower CAD

USD bn

Periode	Export	Import	Trade Balance
2017	168.8	157.0	11.8
2018	180.0	188.7	9.7
2019	167.7	171.3	8.4
2020	163.3	141.6	8.0
4M20	53.9	51.7	5.0
4M21	66.4	59.7	3.0

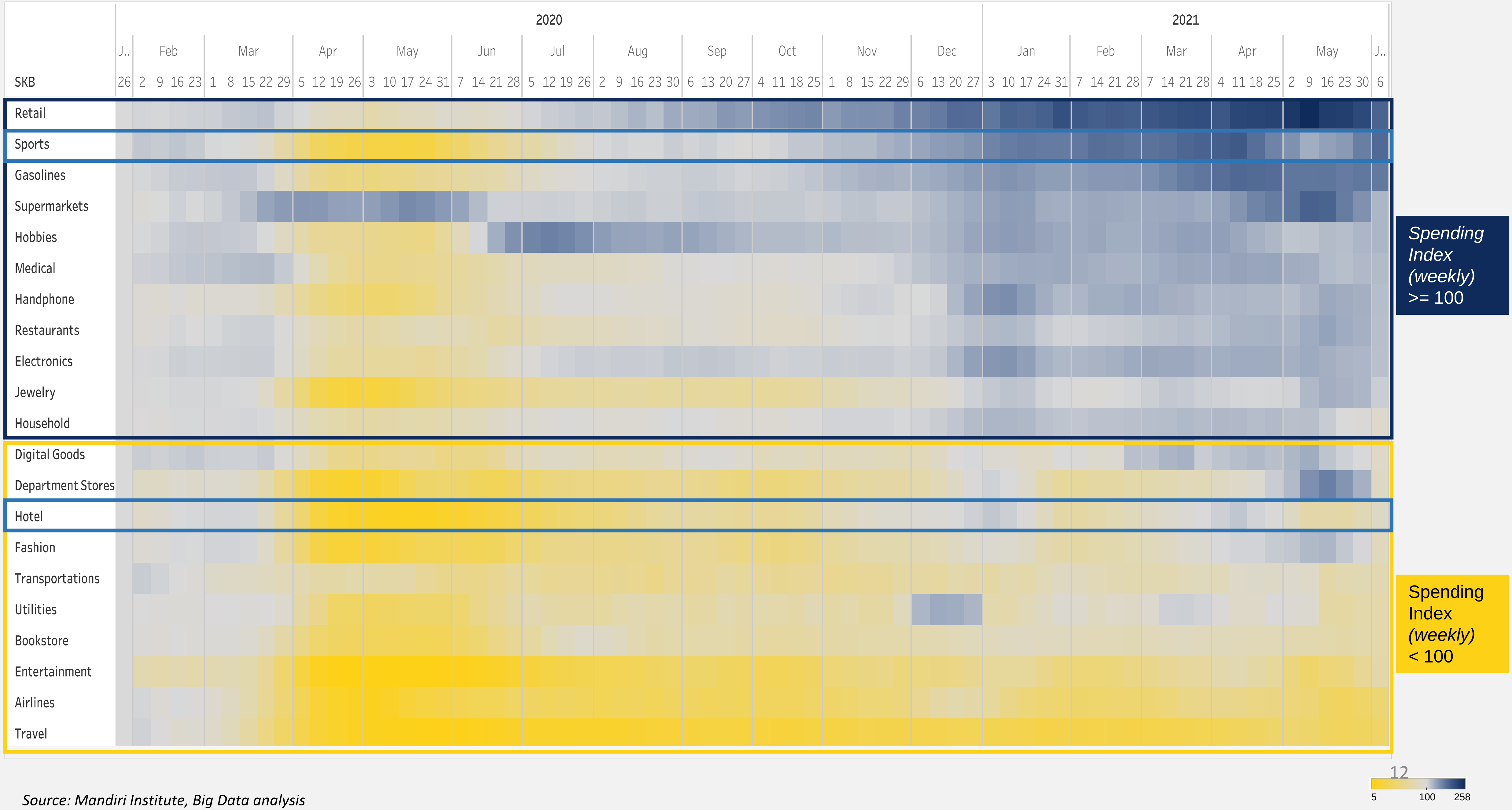
Source: CEIC, Office of Chief Economist Bank Mandiri

Rising consumer trend was trending down post Ramadhan. Some mobility restriction will affect further to the consumption pattern



Source: Mandiri Institute, Big Data analysis

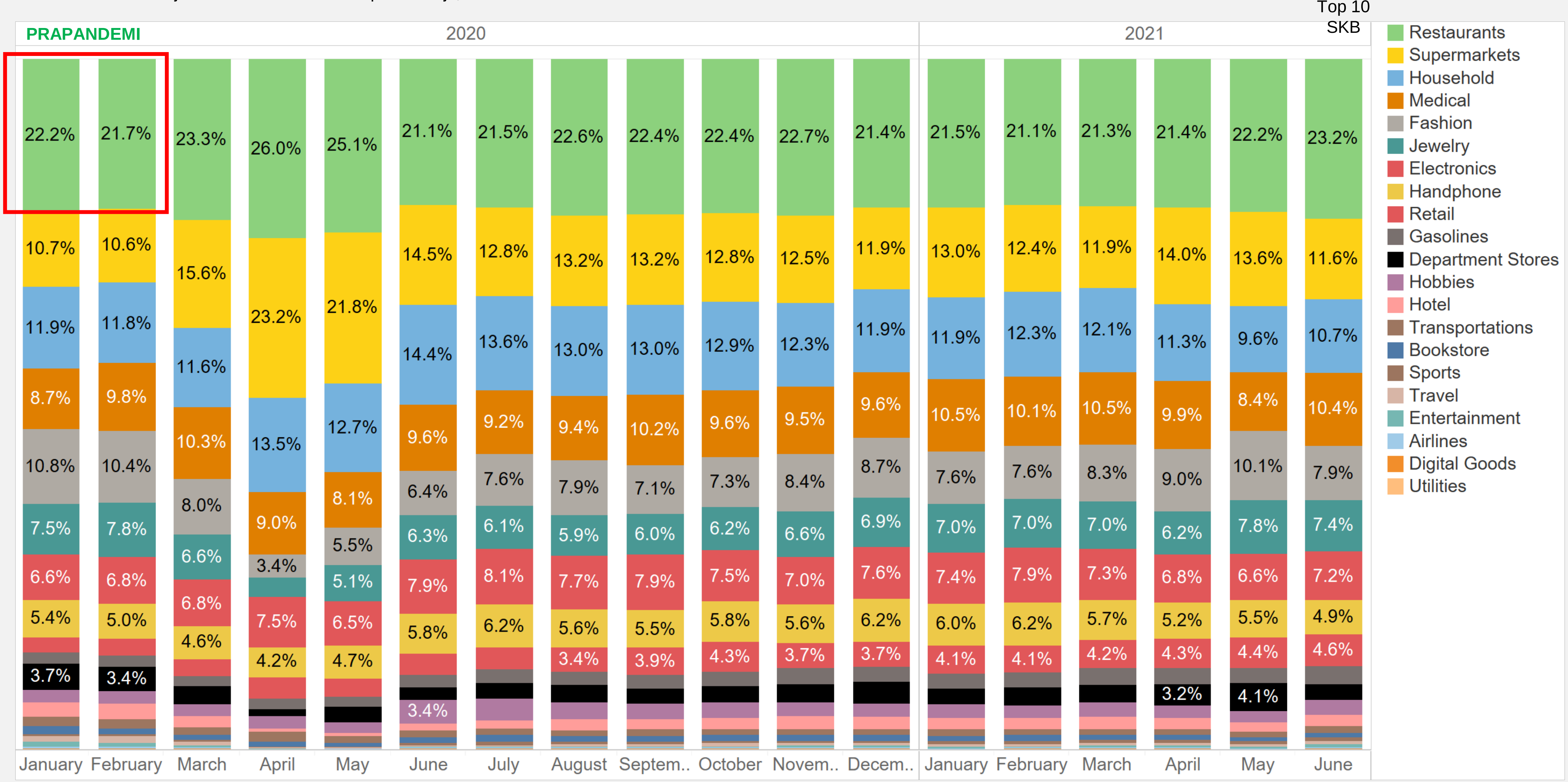
Retail, Sports and Gasoline have the fastest rebound in Sub-Spending Group



Source: Mandiri Institute, Big Data analysis

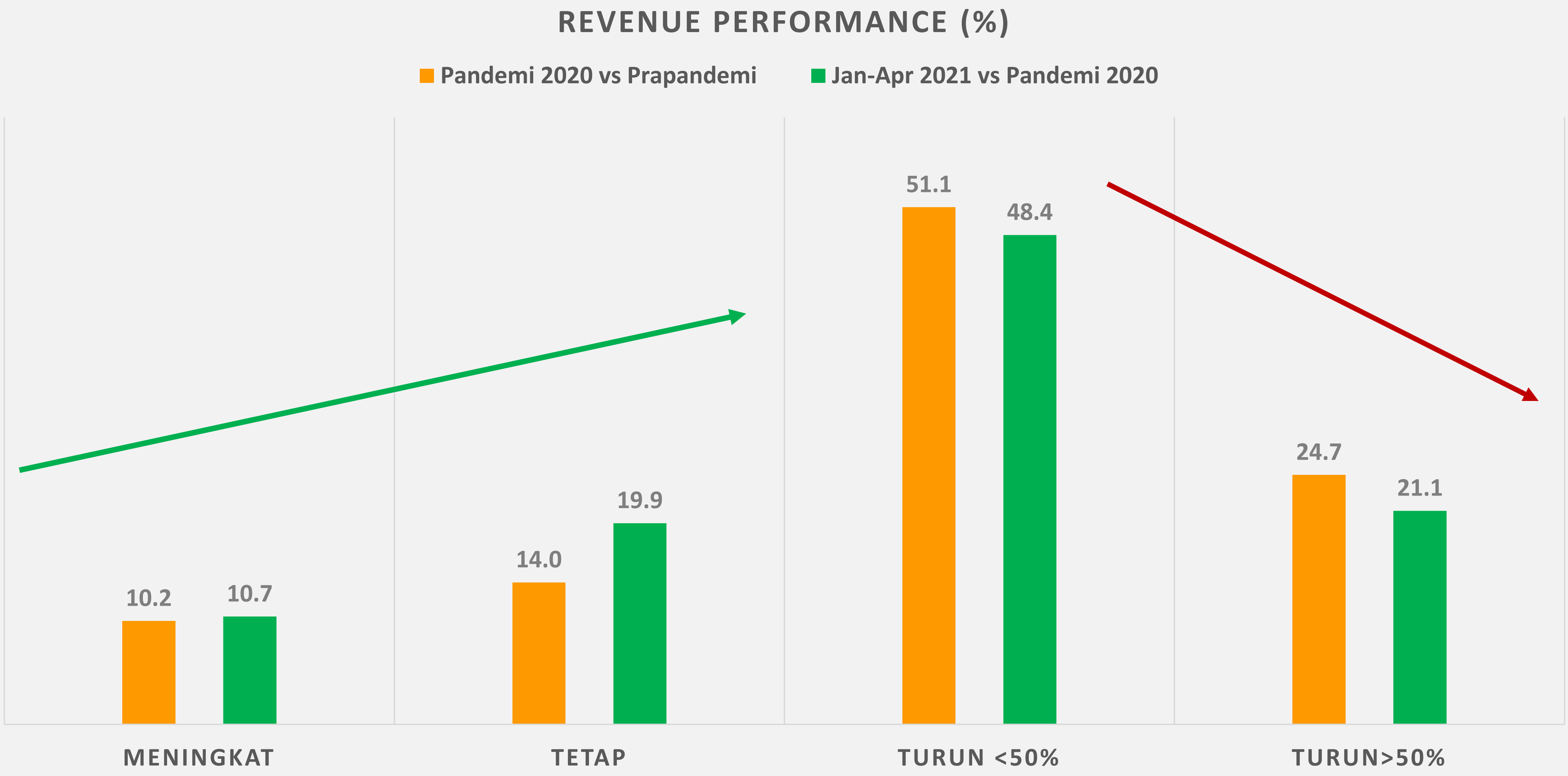
Spending on restaurants (Ready to serve F&B) contributes the most to Middle Income Class

Kontribusi nilai belanja berdasarkan sub kelompok belanja, diurut berdasarkan Mei 2021



Source: Mandiri Institute, Big Data analysis

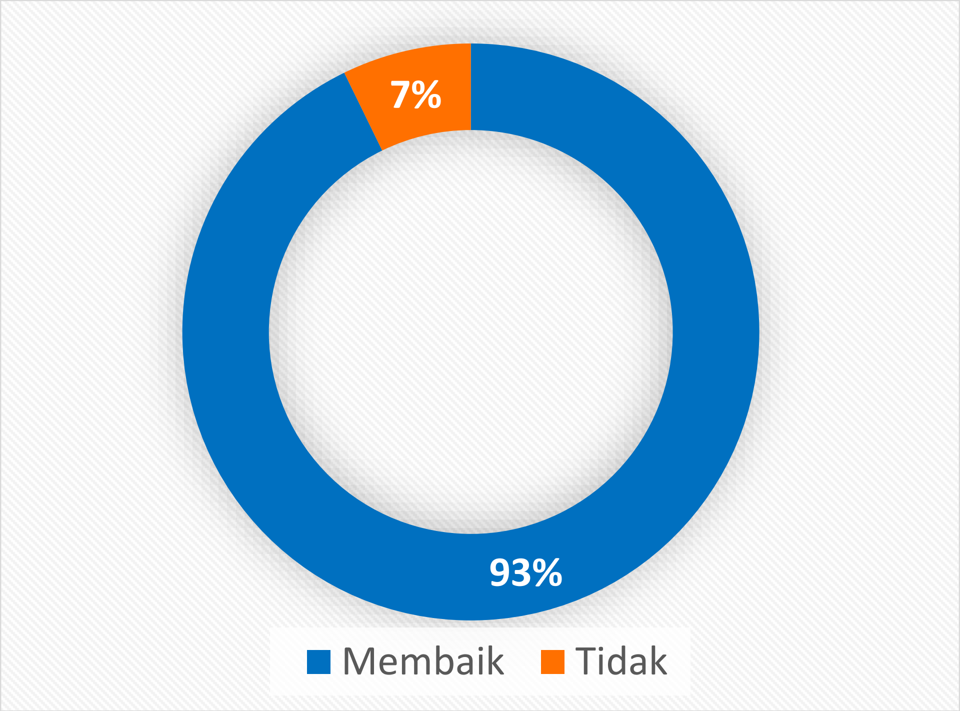
Better performance was also seen in SME. Based on Mandiri Survey, more SMEs recovered

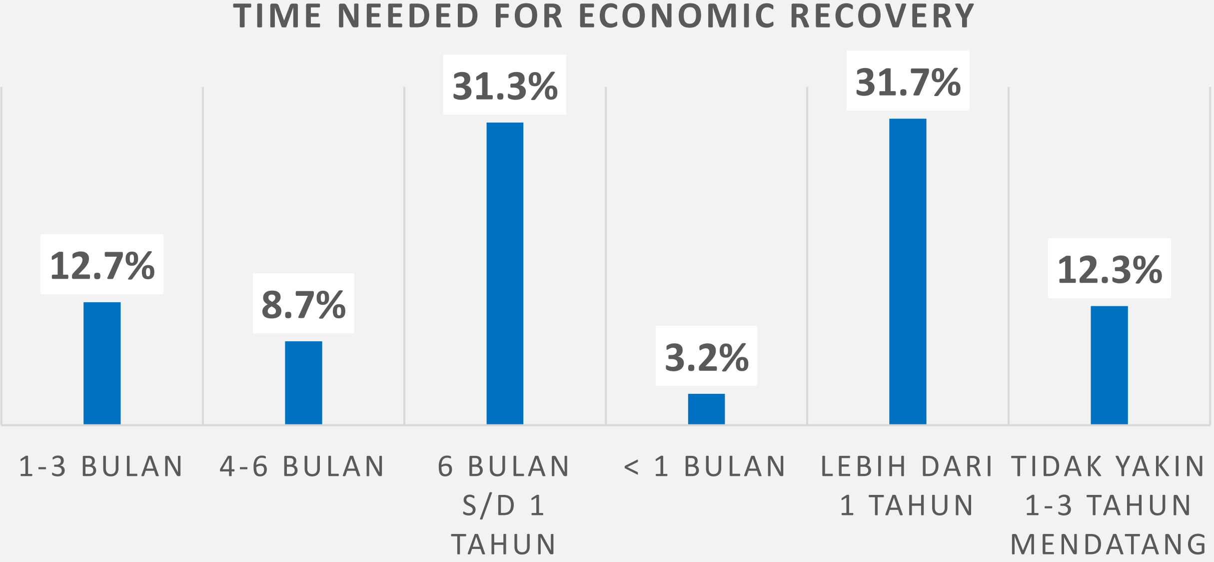


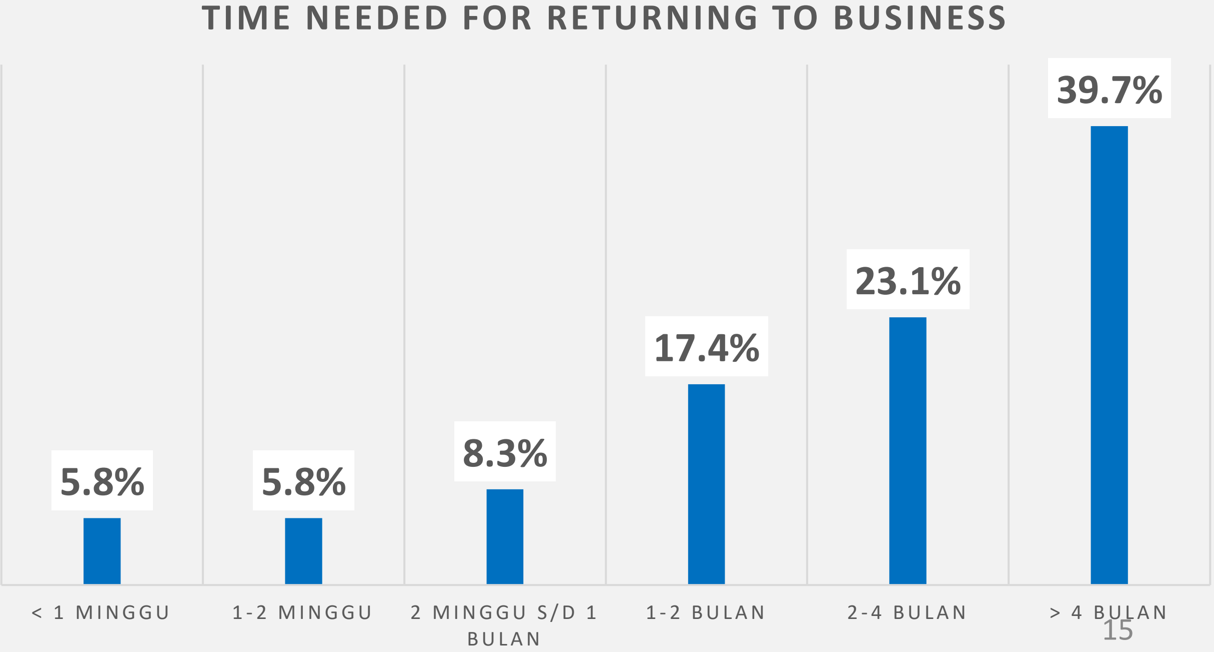
Source: Mandiri Institute, Survey of SME, April 2021

Most SME believes for the economic recovery, but cautious for the length for recovery period

- Majority of SME believes business will recover in 2021, but will take around 6 months to 1 year to return to normal
- SME will need around 2 months to rerun the business





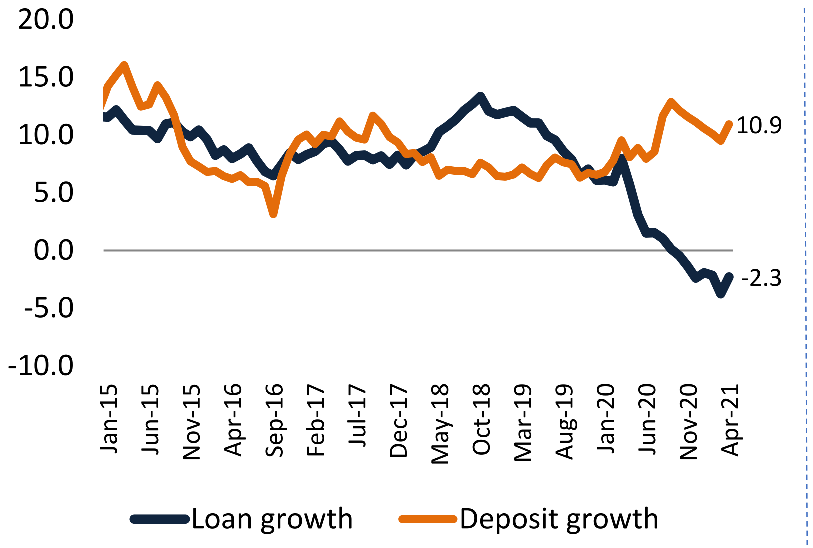


Source: Mandiri Institute, Survey of SME, April 2021

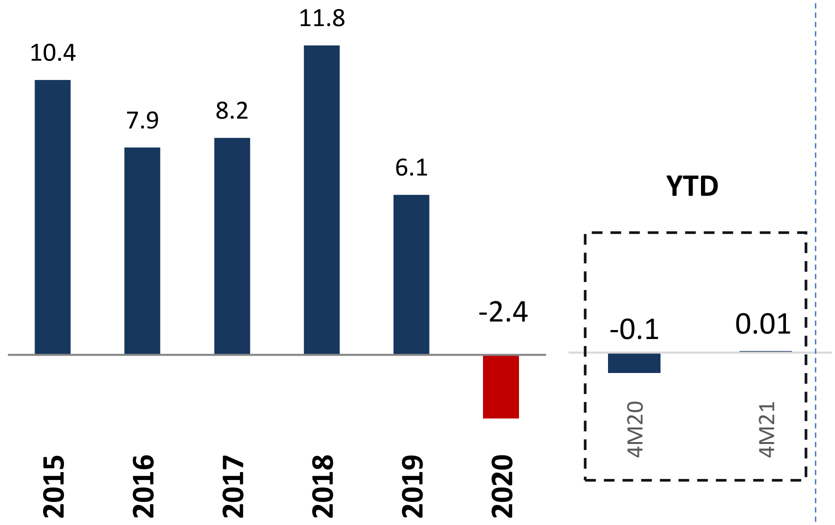
Thank You

Loan contraction eased in Apr-21

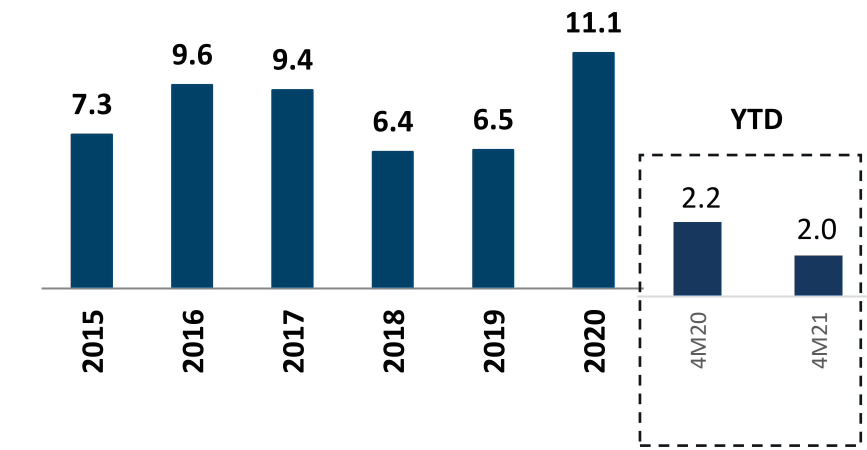
Loan and deposit growth (% yoy)



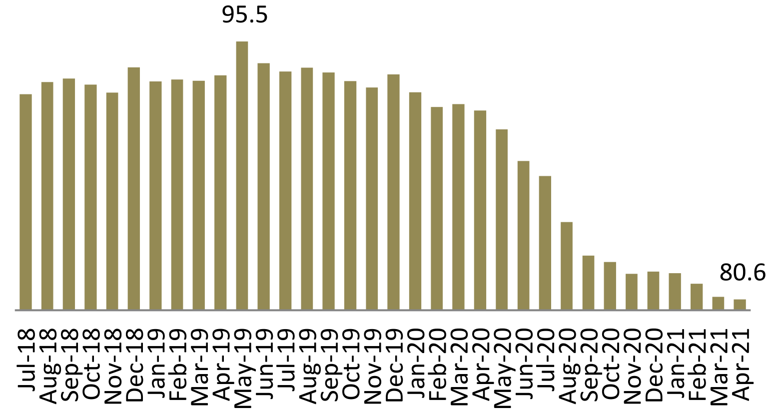
Yearly loan growth (%)



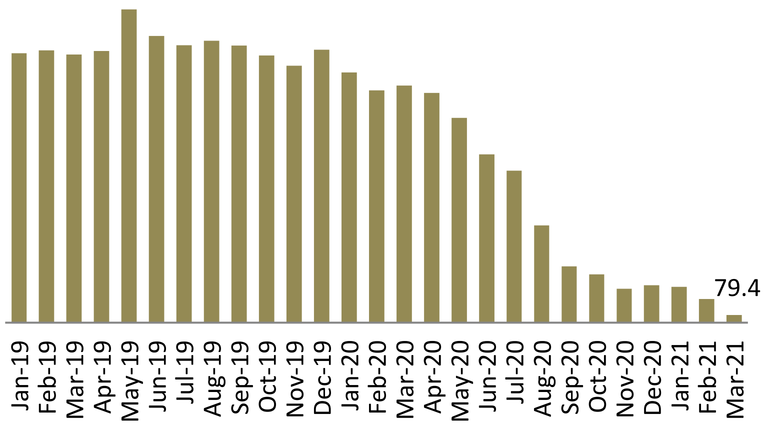
Yearly deposit growth (%)



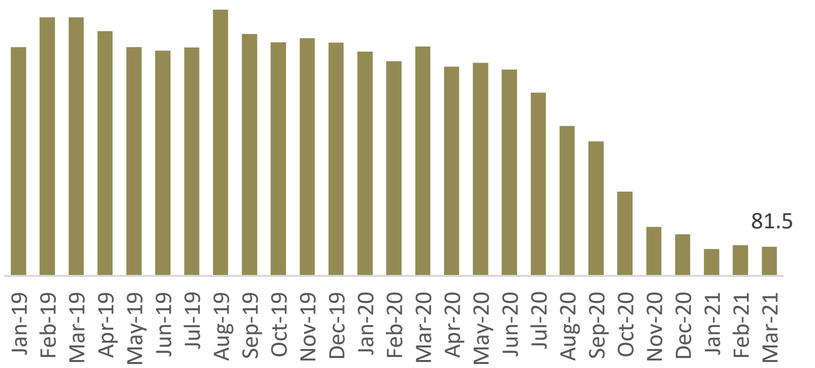
Loan to deposit ratio (%)



Loan to funding ratio (%)



Macroprudential intermediation ratio (%)

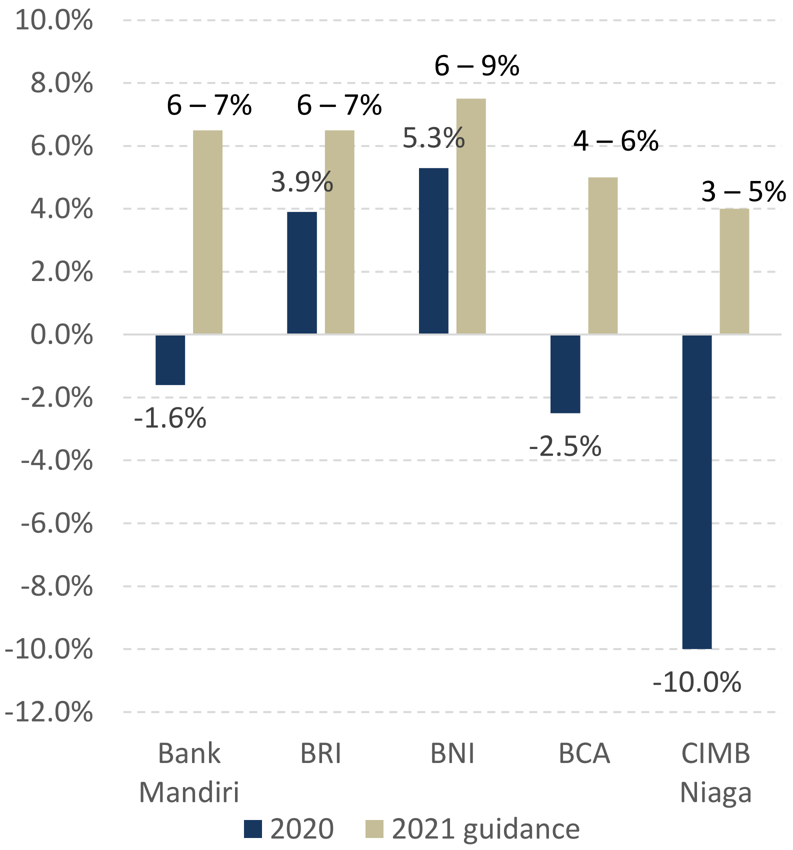


Source: OJK - as of Mar-21; Bank Mandiri Calculation

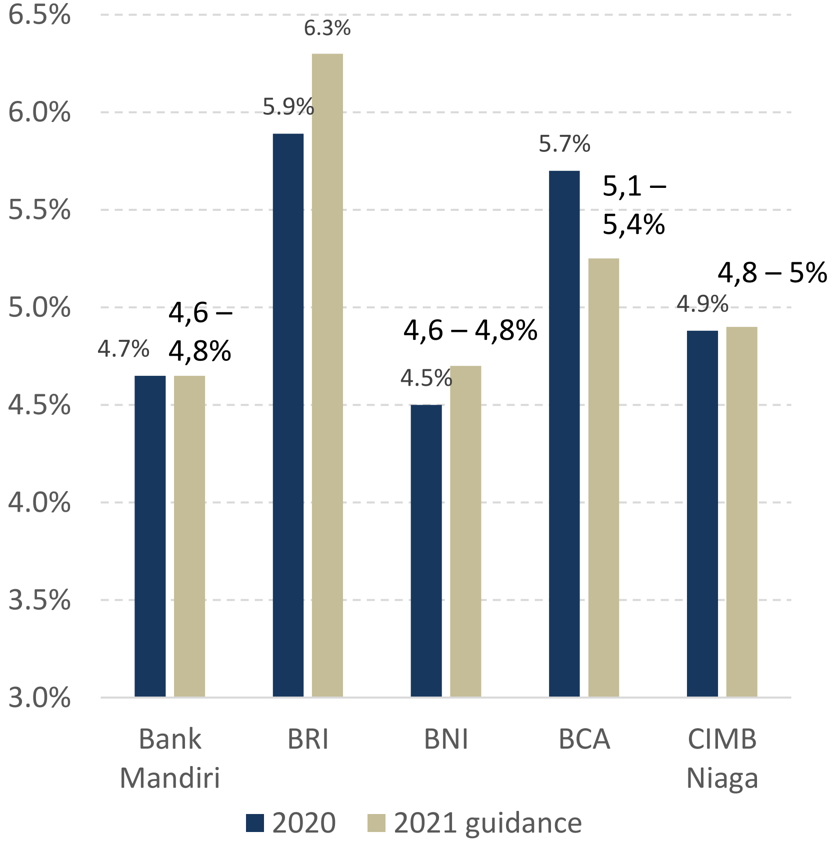
Guidance for 2021 : Mostly targeting single digit loan growth

Focus on segment and industry expertise and targeting a moderate NIM improvement

Loan growth



Net interest margin



Cost of credit