

Economic & Market Commentary

February 2020



AN 2017

PT. Bank Negara Indonesia (Persero) Tbk.
New York Agency - Treasury Department

Global Market Update



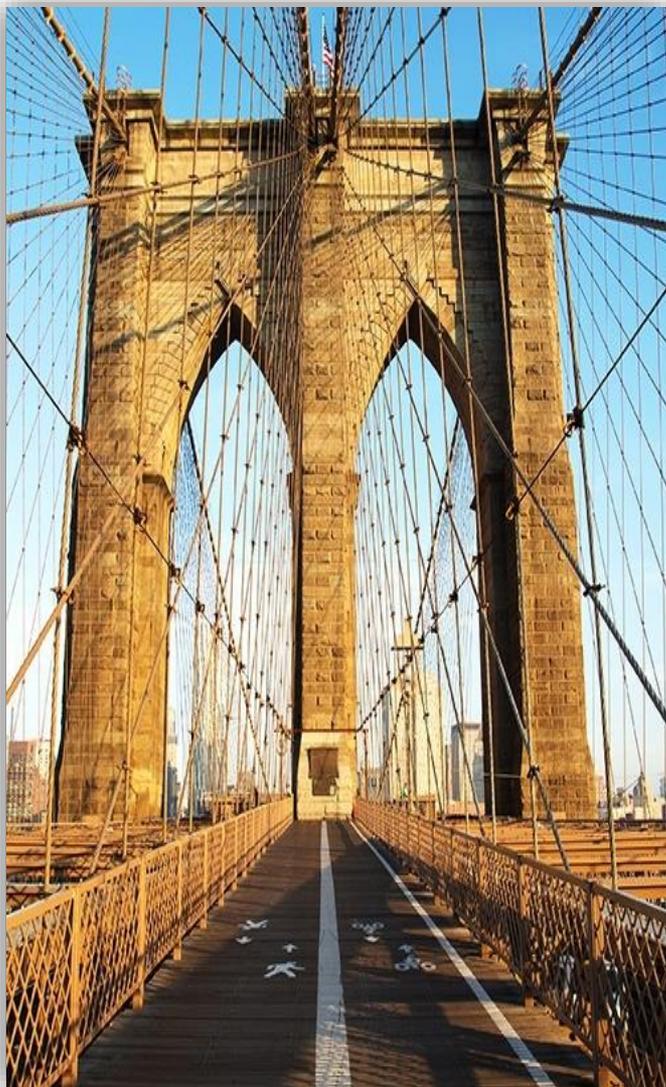
- There are signs the global growth slowdown and global easing cycle may be nearing an end, even as the coronavirus offers new downside economic risks. After U.S. and China's GDP growth were broadly steady in Q4.
- Monetary policy in the U.S. and across Europe also appears to be on hold. Brazil's central bank cut rates 25 bps but signaled an end to its easing cycle.



The Bank of England opted to keep policy rates unchanged. Political developments have weighed on both economies, with Brexit complications creating mixed sentiment towards the UK, while social unrest is hurting economic activity in Chile. As of now, we expect both central banks to stay on hold, but acknowledge the dovish language from each set of policymakers.

ASSET LIABILITY COMMITTEE (ALCO) MEETING

US Market Update



FED Fund Rate : 1.75%

Interest Rate on Excess Reserve : 1.60%



**Current Account (% of GDP) as of Q4 2019 is -2.3%
vs -2.5% on Q3 2019**



**Trade balance as of January 2020 is -\$45.4bn
vs -\$48.8bn on December 2019**



**Unemployment Rate (%) as of January 2020 is 3.6% vs
3.5% on December 2019**



**Export YoY (%) January 2020 is +1.0% &
Import YoY (%) January 2020 is -2.4%**



**Real GDP QoQ as of Q4 2019 is 2.1% VS 2.1% in Q3
2019**



**Gov't budget balance (% of GDP) as of Jan 2020 is
-3.8% VS -4.7% on December 2019**

US Market Update



- Real GDP grew 2.1% on an annualized basis in Q4, in part due to a boost from net exports. Year-to-year, real GDP is up 2.3%.
- The Fed left the target range for the federal funds rate unchanged, but slightly lifted the interest rate paid on excess reserves by 5 bps.
- There are signs the global growth slowdown and global easing cycle may be nearing an end, even as the coronavirus offers new downside economic risks. After U.S. and China's GDP growth were broadly steady in Q4.
- Monetary policy in the U.S. and across Europe also appears to be on hold. Brazil's central bank cut rates 25 bps but signaled an end to its easing cycle.

ID Market Update

- **Consumer Price Index (CPI) inflation remained low and under control in January 2020.** CPI inflation was recorded at 0.39% (mtm) in January 2020, influenced by controlled core inflation and deflation of administered prices. Moving forward, Bank Indonesia will continue to consistently maintain price stability and strengthen policy coordination with the central and local government to ensure low and stable inflation in 2020 within the target corridor of 3.0%±1%.
- **Core inflation has been kept under control, thus maintaining low headline inflation.** Administered prices experienced deflation in January 2020, which helped to control headline inflation. Rising prices of various food commodities have triggered inflationary pressures on volatile foods.



Thank You

PT Bank Negara Indonesia (Persero) Tbk
New York Agency
One Exchange Plaza, 5th Floor
55 Broadway, New York
NY, 10006