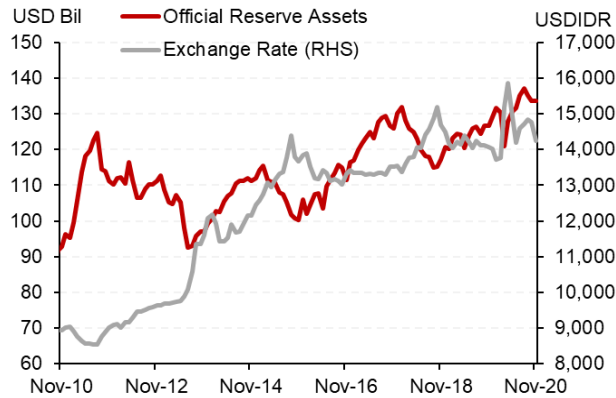


Indonesia Official Reserve Assets

Down slightly by USD0.1b to USD133.6b in November

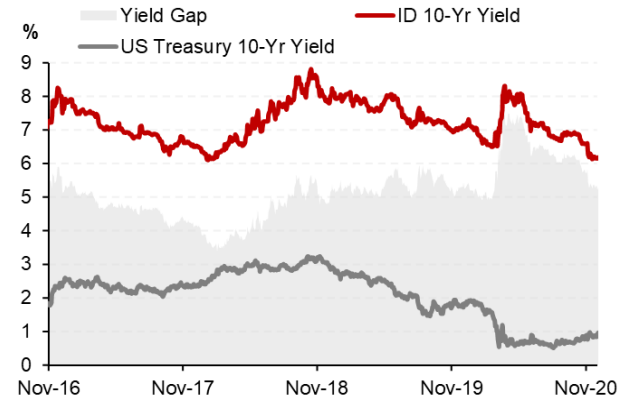
- Bank Indonesia (BI) official reserve assets fell slightly by 0.1% MoM or USD0.1b to USD133.6b as of end-November 2020**
 - Sufficient to finance 9.9 months of retained imports and are 9.5 times the total short-term external debt.
 - The decline was mainly due to the government’s external debt withdrawal and payments as well as lower taxes and oil & gas foreign exchange receipts. The reduction was also mainly due to a decrease in gold holdings (-6.7% MoM; Oct: 0.8%) but partially offset by higher foreign currency (0.2% MoM; Oct: -1.2%).
- Rupiah remained as the region’s best performer in November**
 - On average, the rupiah gained by 3.7% MoM to 14,236 against the greenback in November, primarily driven by vaccine optimism despite Bank Indonesia’s decision to slash its interest rate by 25 basis points (bps) to 3.75%.
 - Regional currencies (monthly average): In a similar trend, most regional currencies registered a positive trend led by THB (2.6%), followed by SGD (0.9%), MYR (0.9%), and PHP (0.5%).
- Chances of another rate cut hinges on rupiah’s stability**
 - We maintain our 50% probability of a 25 bps rate cut in December, given the relatively less sanguine economic growth outlook and its low inflation trend.
 - In addition, we believe that BI may still has room to cut its policy rate going into 2021 to further support the economic recovery. Nevertheless, the chances of another rate cut will depend on rupiah’s stability.

Graph 1: Official Reserves Assets Vs USDIDR (average)



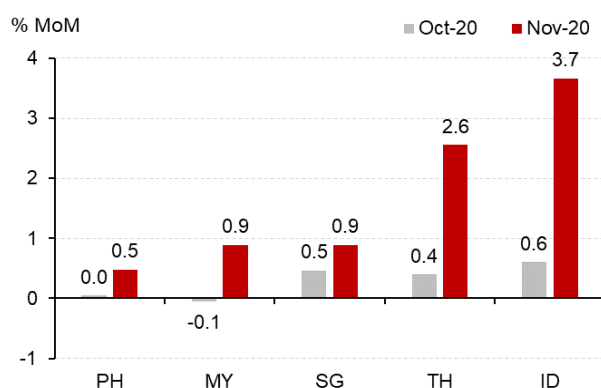
Source: BI, CEIC, Kenanga Research

Graph 2: 10yr US Treasury Vs 10yr ID Govt Yield



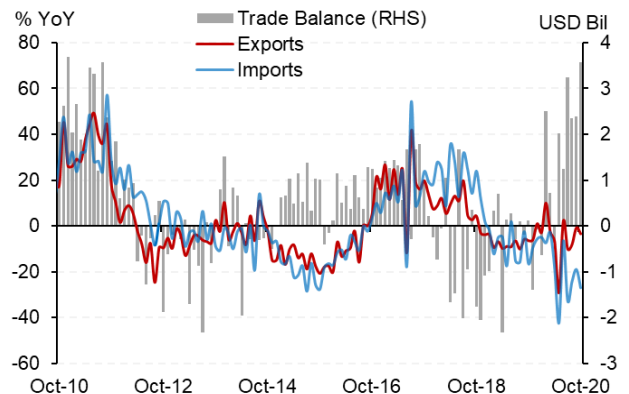
Source: Bloomberg, Kenanga Research

Graph 3: ASEAN-5 Currencies Vs USD (monthly average)



Source: CEIC, Kenanga Research

Graph 4: External Trade Performance



Source: CEIC, Kenanga Research

08 December 2020

Table 1: Latest Update and Historical Milestone for BI Official Reserve Assets (USD Bil)

	2018	2019	Nov-19	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20
International Reserve	120.7	129.2	126.6	131.7	135.1	137.0	135.2	133.7	133.6
Foreign Currency	114.2	122.1	119.7	124.0	126.8	128.7	127.0	125.5	125.7
IMF Reserve Position	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
SDRs	1.6	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6
Gold	3.2	3.8	3.7	4.5	5.0	5.0	4.8	4.8	4.5
Other	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7
Months of Imports	6.7	7.6	7.5	8.4	9.0	9.4	9.5	9.7	9.9
Months of Imports and Government External Debt	6.5	7.3	7.2	8.1	8.6	9.0	9.1	9.3	9.5

Source: Bank Indonesia, Kenanga Research, CEIC

For further information, please contact:**Wan Suhaimie Wan Mohd Saidie**

Head of Economic Research

wansuhaimi@kenanga.com.my**Atiqa Noor Azlan**

Economist

atiqa.noorazlan@kenanga.com.my**Muhammad Saifuddin Sapuan**

Economist

saifuddin.sapuan@kenanga.com.my**Afiq Asyraf Syazwan Abd. Rahim**

Economist

afiqasyraf@kenanga.com.my**Zalman Basree**

Research Assistant

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Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia

Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my