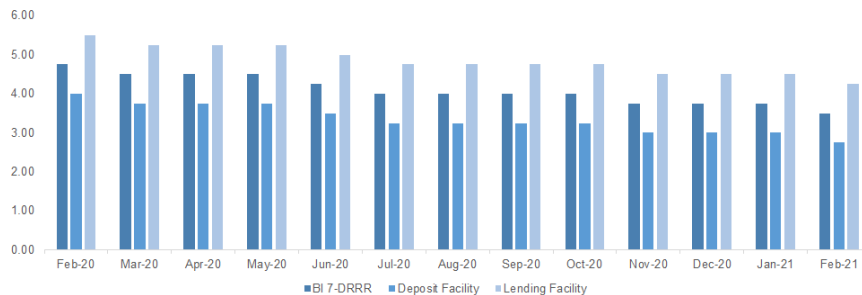


# BI Seven Days Reverse Repo Rate Report

## BI 7-DRRR Cut and Indonesian Economic Growth Revision

### BI 7-DRRR Movement (%)



Source: Bloomberg, NHKS Research

### BI Cuts BI 7-DRRR to 3.5%

Bank Indonesia (BI) decided to once again cut the BI 7 Days Reverse Repo Rate (BI 7-DRRR) benchmark interest rate. In BI's February 2021 Board of Governors Meeting, BI 7-DRRR for the February 2021 period is trimmed by 25bps to 3.5%. This decision is in line with the projected low inflation, and Rupiah exchange rate stability. Cuts to the benchmark rate also support the momentum for Indonesia's economic recovery. As a note, BI 7-DRRR is currently on its historic low after booking its lowest rate in November 2020 at 3.75%. Other than slashing the benchmark interest rate, BI also decreased deposit facility and lending facility interest rates by 25 bps each to 2.75% and 4.25%.

### BI Revised Economic Growth, FR0086 and FR0087 at Discount

The price of Sovereign Debt Instruments (SUN) on Thursday (02/18) closed lower, responding to BI's decision. Yields of FR0086 and FR0087 SUN both increased to 5.55% and 6.54%. Previously, BI has decreased the benchmark interest rate by 125 bps in 2020. The cut of BI 7-DRRR for the February 2021 is the first in 2021. On the other side, BI also revised its 2021 national economic growth projection to 4.3% - 5.3% from 4.8% - 5.8%.

### Negative Sentiments of SUN Market

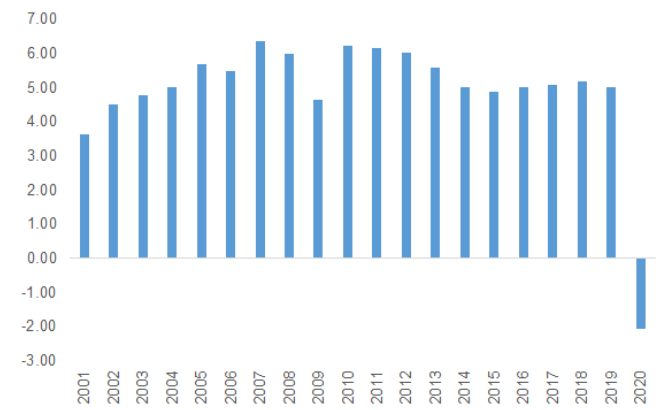
SUN market players are watching the negative sentiments of Bank Indonesia's revision of the economic growth. Some investors see that the cut in projection is due to the low economic growth realization in 4Q20. So overall in 2020 economic contraction reached 2.07%. In the future, we see that Indonesia's economy will depend on the recovery of global economy, and the effectiveness of national vaccination program which is targeted to be finished by the end of 2021. In the short term, investors can pay close attention to the benchmark series of SUN: FR0086, FR0087, FR0088, and FR0083.

**Arief Machrus**

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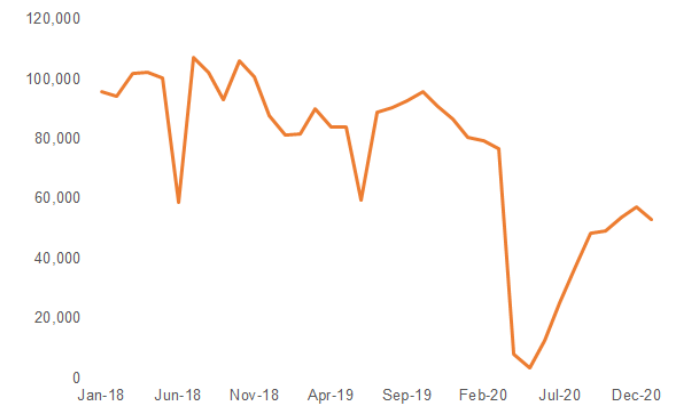
Please consider important disclaimer

Indonesia GDP (%) | 2001 - 2020



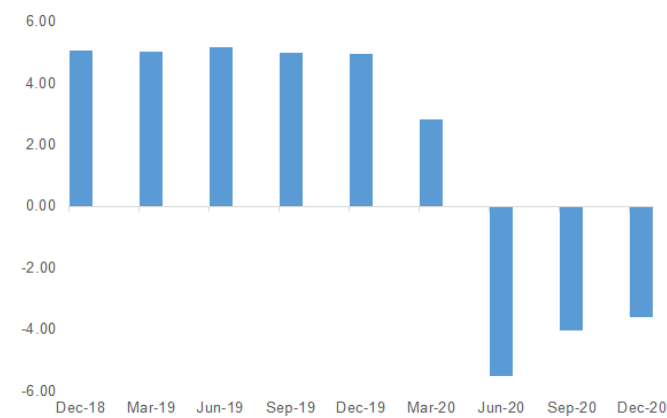
Source: Bloomberg, NHKS Research

Local Car Sales (unit) | Jan. 18 - Jan. 22



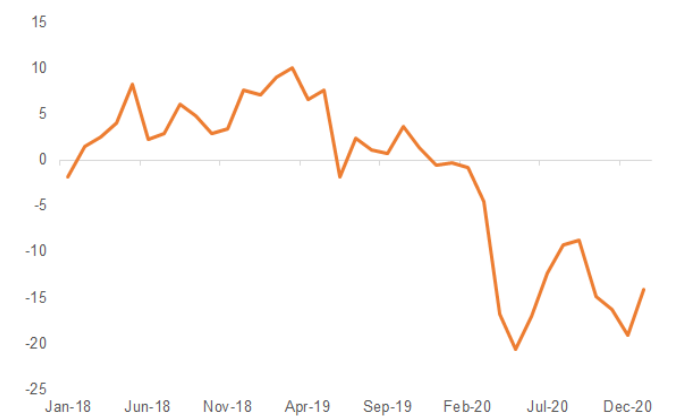
Source: Bloomberg, NHKS Research

Household Consumption (%) | Dec. 18 - Dec. 20



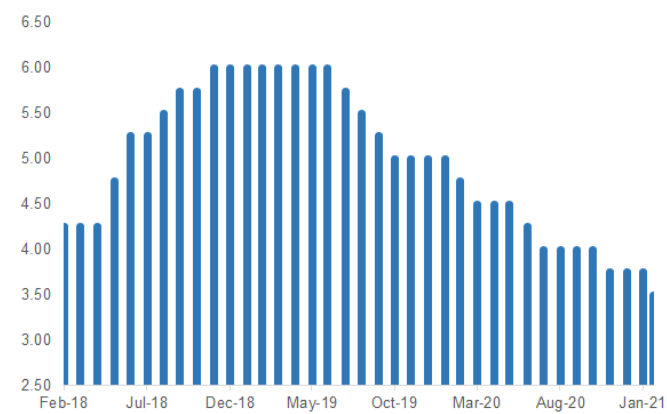
Source: Bloomberg, NHKS Research

Retail Sales (%) | Jan. 18—Jan. 21



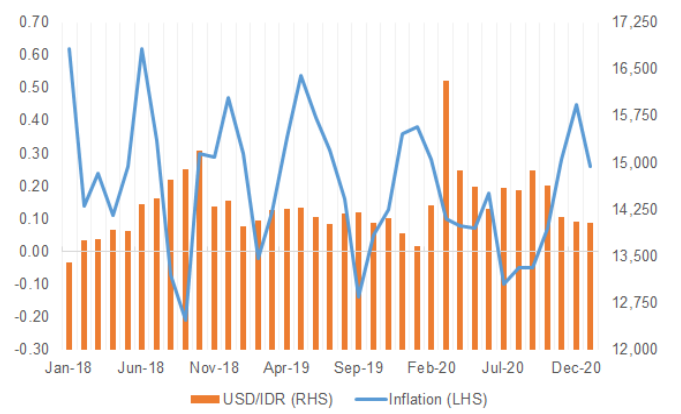
Source: Bloomberg, NHKS Research

BI 7-DRRR (%) | Feb. 18 - Feb. 21



Source: Bloomberg, NHKS research

USD/IDR Vs. Inflation (%) | Jan. 18 - Jan. 18



Source: Bloomberg, NHKS research

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Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 15 - Feb	ID	11:00	Trade Balance	Jan	\$1959m	\$1800m	\$2101m
<b>Tuesday</b> 16 - Feb	GE	17:00	ZEW Survey Current Situation	Feb	-67.2	-66.5	-66.4
	EC	17:00	GDP SA YoY	4Q20	-5.0%	-5.1%	-5.10%
<b>Wednesday</b> 17 - Feb	UK	14:00	CPI YoY	Jan	0.7%	0.6%	0.6%
	UK	14:00	CPI Core YoY	Jan	1.4%	1.3%	1.4%
	US	19:00	MBA Mortgage Applications	Feb	-5.1%	--	-4.1%
	US	21:15	Industrial Production MoM	Jan	0.9%	0.4%	1.6%
<b>Thursday</b> 18 - Feb	ID	14:20	Bank Indonesia 7D Reverse Repo	Feb	3.50%	3.50%	3.75%
	US	20:30	Initial Jobless Claims	Feb	861k	773k	793k
<b>Friday</b> 19 - Feb	ID	10:00	BoP Current Account Balance	4Q20		\$1250m	\$964m
	GE	15:30	Markit Germany Manufacturing PMI	Feb		--	57.1
	EC	16:00	Markit Eurozone Manufacturing PMI	Feb		--	54.8
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		--	54.1
	US	21:45	Markit US Manufacturing PMI	Feb		59	59.2

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