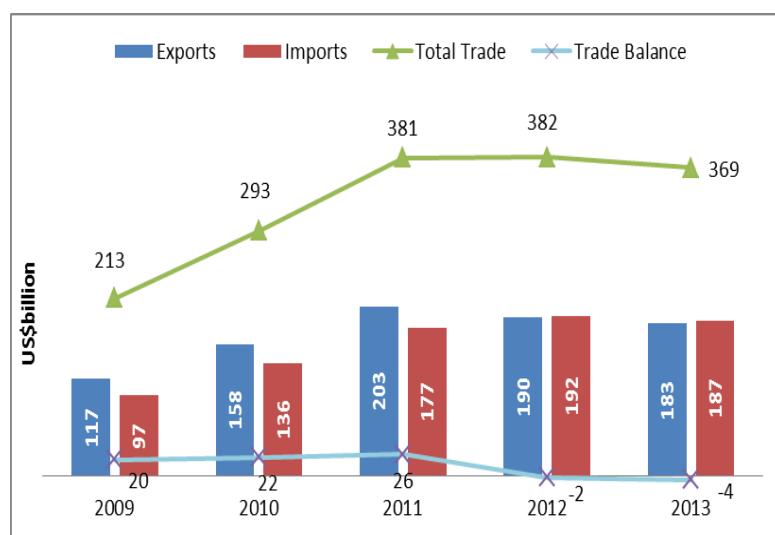


A Snapshot of Indonesian Economy

Domestic Economy & Macroeconomic Overview

- ❖ Indonesia's real GDP growth moderated to 5,8% in 2013 from an average of 6,3% over the previous 3 years, as investment decelerated sharply. Growth in fixed investment showed to 4,8% in 2013 after strong increases of 9,7% in previous year. This reflected the impact higher interest rates and Rupiah depreciation had on investment in machinery and equipment. On the other side, consumption activity remain robust where private consumption expanding by 5,3% and government consumption grew by 4,9%. In the external sector, higher net exports of goods and services made a significant contribution to GDP growth, despite weakness in major export markets and decline in world commodity prices.
- ❖ Inflation accelerated sharply from 3,8% at the start of 2013 to a peak of 8,2% in August 2013, propelled by increases of the price of fuel. Higher inflation and a weakening Rupiah was responded by the Central Bank to raise its policy interest rate by 175bps to 7,5%. The Central Bank hold the BI rate at same level until August 2014.
- ❖ Outlook:
 - Despite the moderation of economic growth, Indonesia Eximbank optimists that the Indonesian economy in 2014 remains good. Domestic demand still the main driver of economic growth. Exports performance expected to be better in line with increasing the economic growth of Indonesian major trading partner. Indonesia Eximbank also predicts the balance of payments will improve as export performance continues to increase.
 - Inflation is expected to be lower than the previous year. The impact of BI rate hike in 2013 led to declining the inflationary pressure from demand side. While the food inflation that are the biggest contributor to Indonesia's inflation is expected to be lower than in 2013 since there is likely no plan to hike fuel prices as last year that affect the price of the food groups.
 - The Central Bank is expected to keep BI Rate at 7.50% until the end of 2014. It is considered that the policy is consistent with efforts to steer inflation toward the target to $4.5 \pm 1\%$ in 2014 and $4 \pm 1\%$ in 2015, as well as lowering the current account deficit to a more healthy level.

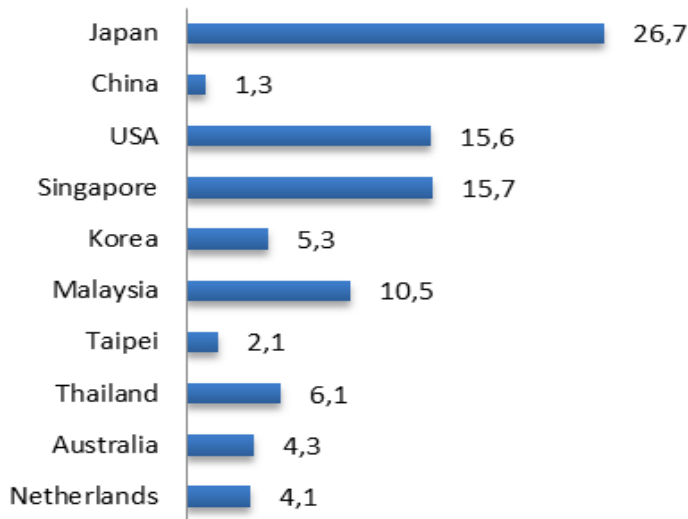
Trade and External Sector



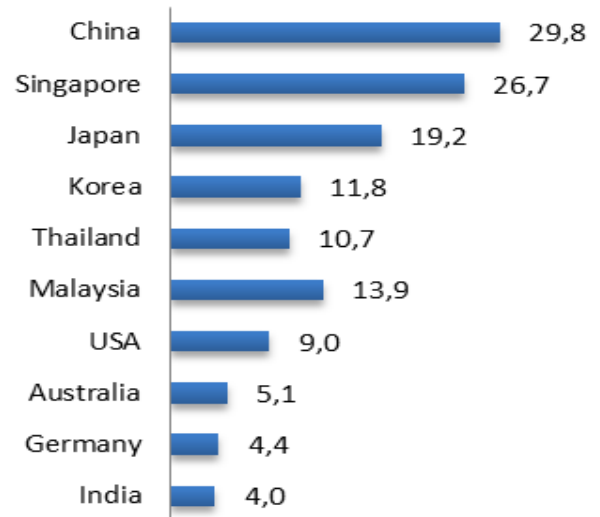
Source: Badan Pusat Statistik, CEIC

- Indonesia's Export increased from US\$117 bn in 2009 to US\$183 bn in 2013.
- Rise in trade deficit to US\$4 billion in 2013 from US\$2 billion in 2012.
- Exports-GDP ratio increased from 42,8% in 2009 to 47,4% in 2013.
- Share of Indonesia in world export was 1,01% in 2013, ranking 26th.

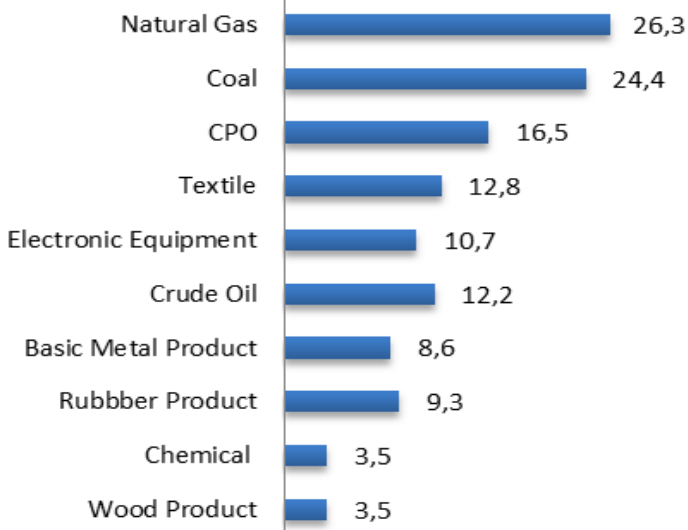
Top Export Destination, 2013 (US\$ bn)



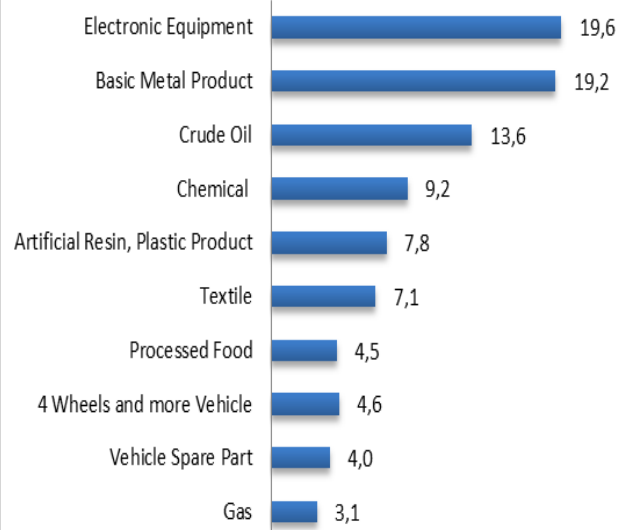
Top Import Sources, 2013 (US\$ bn)



Top Export Items, 2013 (US\$ bn)



Top Import Items, 2013 (US\$ bn)



Source: Bank Indonesia, CEIC

Indonesia: Macroeconomic Structure

Indicators	2008	2009	2010	2011	2012	2013
GDP (at current prices, US\$bn)	510,5	538,6	709,3	845,6	877,8	870,3
GDP Per capita (US\$)	2.210	2.299	2.985	3.508	3.591	3.510
Real GDP Growth (%)	6,0	4,6	6,2	6,5	6,3	5,8
Population (mn)	231.006	234.300	237.641	241.030	244.468	247.954
Inflation (Average Consumer Prices, %)	9,8	5,0	5,1	5,3	4,0	6,4
Government structural balance (% of GDP)	-0,1	-1,6	-0,7	-1,1	-1,9	-2,3
Exchange Rate (Rp/US\$,avg.)	9.694	10.396	8.991	9.068	9.638	12.170
Exports (US\$ bn)	137,1	116,5	157,8	203,5	190,0	182,6
Imports (US\$ bn)	128,9	96,8	135,7	177,4	191,7	186,6
Trade Balance (US\$ bn)	8,3	19,7	22,2	26,1	-1,7	-4,1
Service Exports (US\$ bn)	15,2	13,2	16,8	20,7	23,1	22,3
Service Imports (US\$ bn)	28,2	22,9	26,1	31,3	33,9	34,9
Service Balances (US\$ bn)	-13,0	-9,7	-9,3	-10,6	-10,8	-12,5
Current Account Balance (US\$ bn)	0,1	10,6	5,1	1,7	-24,4	-28,5
<i>CAB as Percentage of GDP (%)</i>	0,0	2,0	0,7	0,2	-2,8	-3,3
Forex Reserve (US\$ bn)	51,6	66,1	96,2	110,1	112,8	99,4
External Debt (US\$ bn)	155,1	172,9	202,4	225,4	252,4	265,6
<i>External Debt to GDP Ratio (%)</i>	30,4	32,0	28,5	26,6	28,6	30,2
<i>Total Debt Service Ratio (%)</i>	26,1	28,2	28,5	39,2	76,2	43,4
FDI Inflows (US\$bn)	3,4	2,6	11,1	11,5	13,7	13,7
FDI Outflows (US\$bn)	5,9	2,2	2,7	7,7	5,4	5,2

Source: IMF, Bank Indonesia, Ministry of Finance, CEIC, BPS, Moody's Statistical Books