mandiri

Indonesia Update

September 2015

Office of Chief Economist

Contents

Promoting Optimism amidst the Economic Slowdown

Andry Asmoro

"Optimism is the faith that leads to achievement. Nothing can be done without hope and confidence." —Helen Keller

Economic growth continued to slow in the second quarter as expected

As expected by many analysts, economic growth continued to slow in the second quarter of this year to 4.67%, thus prolonging the downward trend experienced since the second quarter of 2012. While there have been some admirable achievements in terms of economic growth since the reform period, since the second quarter of 2010 the overall trend has been one of slowdown. Nevertheless, even amidst the downward trend of that time, the economy did in fact enjoy several rebounds, most noticeably in the second half of 2011 and in early 2012.

This year, signs of weakening in the second quarter were in fact evident from an early stage, for example in the indicators for car and motorcycle sales and cement consumption, as well as a decline in the import of capital goods and the continued contraction of raw materials imports. Interestingly, this decline in imports has on its own coincided with Indonesia's economic slowdown, thus indicating that the real sector has not expanded this year and has instead chosen to wait until the economic situation improves.

Overall, the first half of the year closed with a growth rate of 4.69%. The big question now is whether economic growth has reached its lowest level and will now turn around in the coming period or instead slow even more?

It is interesting to observe that in the last six years, Indonesia's economic performance in the second half of each year has consistently been lower than that in the first half. For example, economic growth in the second half of 2010 (a period of relatively stability after the global financial crisis of 2010) stood at 6.33%, while that in the first half was recorded at 6.42%.

This year, several real sector indicators show that the potential for further economic slowdown still exists. This was encapsulated as recently as July 2015 by the Consumer Confidence Index (CCI) issued by Bank Indonesia which fell to 109.9 points, down 1.4 points from the previous month. If we look at this in more detail, one of the elements of the CCI, the Consumer Expectation Index (the index representing expectations as to income, the availability of jobs and business activities in the next 6 months as compared to current conditions) has on average declined over the last two months. This means that business people, and the public as a whole, remain less than optimistic about these indicators in the coming six months.

We believe it is very likely that the second half of this year will see better economic growth

These indicators were previously reflected in the performance of retail issuers, both those which target the lower middle class and upper middle class, whose retail sales growth in the first half of the year was somewhat lower than that from 2012 to 2014. Furthermore, the decline in commodity prices also drove contractions among the majority of plantation sector issuers in the first half of this year compared to the same period last year. This means that people in areas that depend on crop yields can expect earnings to be hard to come by this year.

As such, in general, the economic picture today continues to depict a slowing trend, one that did not just manifest this year but has instead been in effect over the past several years. Looking ahead, some formidable challenges on both the external and internal fronts remain. Factors such as China's slowing economy, the interest rate policy of the US Central Bank, and the euro zone volatility weigh heavily on current external conditions and will continue to do so in the years ahead. On the domestic front, weakening commodity prices, which many analysts predict will last until at least next year, will put further pressure on Indonesia's exports and ultimately squeeze the earnings of many people in Indonesia who are particularly reliant on the commodities sector. This has been confirmed by economic contractions in some major commodity producing areas.

The main driving factor behind the economic improvement is the acceleration of spending by both the central and local governments

This brings us to the question as to what prospects the economy holds in the period ahead. We believe it is very likely that the second half of this year will see better economic growth. It is almost unanimously accepted that the main driving factor behind such possible improvement is the acceleration of spending by both the central and local governments. Some, however, have argued that the share of government spending does not account for 10 percent of our GDP, and thus has no major effect on the economy. This argument fails to take into account plans for ramping up government spending and the important fact that government spending can create a multiplier effect on other indicators in the economy, such as household consumption. One more thing, the acceleration of government spending is certain to encourage optimism and confidence amongst business owners, as well as the wider public, in Indonesia.

In this period of slowdown, the role of countercyclical government policies is becoming increasingly important. One positive aspect of the current situation is that the government is now widely implementing a stimulus program for the economy. Fiscal and monetary consolidation between the government and Bank Indonesia also merits appreciation. However, the power and effectiveness of government spending depend not only on the amount of expenditure but also on how quickly budget allocations are disbursed, in particular for infrastructure projects. It is anticipated that planned government spending will be realized in the second half of the year, and it is hoped that this will help revive the Indonesian economy.

One thing to consider is the importance of fiscal coordination between the central and local governments

To this end, infrastructure development remains this year's focus. Such infrastructure development aims to enhance investor confidence as, at present, almost all of Indonesia's fundamental problems are derived from the country's poor infrastructure. Any talk about competitiveness, increased incomes, maintaining purchasing power, access to finance, education, tourism and health all boils down to the matter of the availability of a solid infrastructure.

One thing to consider is the importance of fiscal coordination between the central and local governments. The Minister of Finance has said that there is still around IDR273,5 trillion in funds that have been transferred to the regions but remain unspent by local governments. A reward and punishment scheme to be carried out may indeed prove to be a significant solution to this slow disbursement of regional expenditure. However, it should be noted, starting this year about 269 local elections will be taking place simultaneously, putting at risk fiscal sustainability in the areas concerned. It is thus critical that early coordination takes place, thereby accelerating the realization of regional spending, especially in those areas greatly affected by the decline in commodity prices. To date, the average ratio of capital expenditure in the provinces to the total has not changed significantly, from 18.7% in 2005 to 19.6% in 2014. In light of this, similar coordination with the *Tim Pengendalian Inflasi Daerah*/ Regional Inflation Control Team (TPID) will play an important role in encouraging and enabling the new Regional Heads to pay proper and due attention to the issue of capital expenditure acceleration.

Tangible infrastructure development is certain to boost confidence among investors

In general, Indonesia has huge potential to record better growth. Nonetheless, focus and speed of execution are the two things awaited by investors and business people alike. We are confident that the economy will improve in line with an improvement in investment. This improvement in investment is however contingent on budget allocations actually being spent on tangible infrastructure projects. With estimated economic growth of between 4.8% - 5% this year, Indonesia remains one of the world's strongest growing economies. That being said, economic growth ultimately needs to be reflected in the improvement of people's income across the entire archipelago. As the famous US author Helen Keller, whom I also quoted earlier, once said, "Nothing can be done without hope and confidence". Tangible infrastructure development is certain to boost confidence among investors across the board. As such, it is hoped that many infrastructure projects will be realized in the second half of this year so that investors will feel confident enough to begin expanding once again in Indonesia. At this stage, we remain confident that the government will be able to meet the expectations of these potential investors and reverse the current economic slowdown.

Banking Performance : Credit Quality Worsened

Rully Arya Wisnubroto

Loan growth was the slowest pace in the past five years, as the national economic growth was still slowing

Banking industry's loan grew 10.4% (YoY) in May 2015. The loan growth in May was relatively flat compared to the previous month of 10.42% (YoY). Loan growth was the slowest pace in the past five years, as the national economic growth was still slowing in 2Q15 to 4.67% (YoY). Rupiah loans growth was relatively flat at 10% (YoY) from 10.4% in the previous month. Forex loans however, grow faster to 12.2% from 10.7% in the prevous month. But after adjusting with rupiah depreciation, the forex loan actually contracted 1.4% compared to a year earlier. Working capital loans grew faster to 10.4% (YoY) from 9.1% in April, while investment and consumption loan growth slowed to 11.1% and 9.7% from 11.2% and 11.9% respectively. Loan to wholesale and retail trade sector growth, contributing 19.7% of total industry loan, was slowing to 9.2% (YoY), from 10% in April. Loan to agriculture, hunting and forestry sector, contributing 5.8% of total loan, grew slower to 13.3% from 13.8% in the previous month. Meanwhile, loans to processing industry sector, contributing 18.2% of total loan, grew 16.5% (YoY), slightly higher from 16.1% (YoY) in the previous month. Loan to electricity, gas and water contracted 3.1% (YoY) and loan to transportation and werehousing contracted 2,3%.

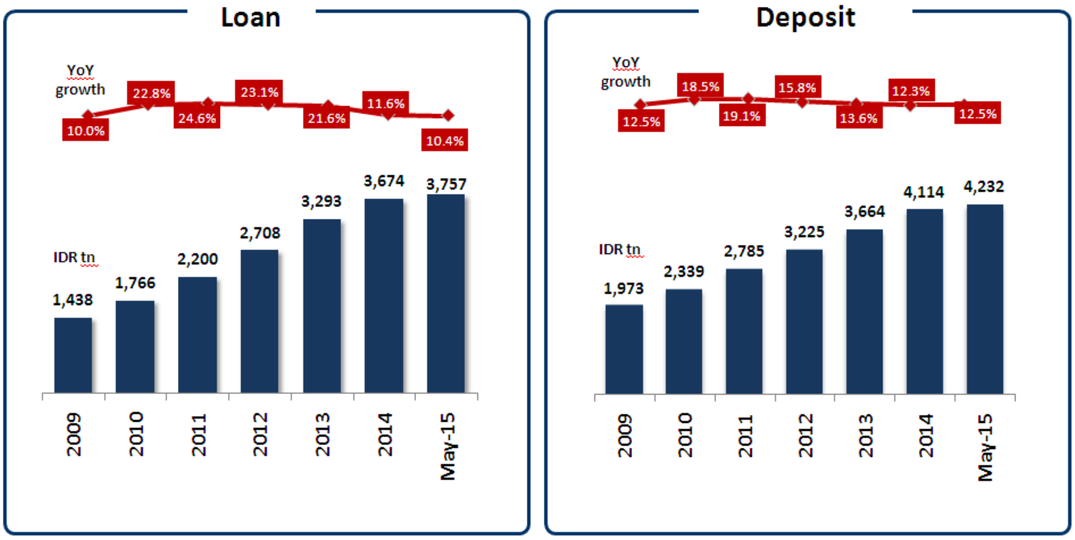


Figure 1. Credit and Deposit Growth. Loan to third party grew at the slowest pace in the past five years. Meanwhile, deposit growth also slowed in May 2015. (Source: OJK)

At the same time, deposit growth slowed to 12.5% from 14.2%, LDR to increase from 87.9% to 88.7%. Third party fund growth slowed to 12.5% (YoY) from 14.2% in April 2015. Demand deposit and time deposit grew slower, while saving deposit grew higher. Demand deposit growth in May slowed to 10% (YoY), from 12.9 % (YoY) in the previous month and time deposit in grew 19.5% (YoY), slower compared to 22.3% in April. Saving deposit grew 3.8% (YoY), higher compared to 3.3%. Deposit rates for 1M decreased 22.5 bps to 7.85% in May, and deposit rate for 3M and 6M, each decreased 12.3 bps and 3.7 bps to 8.71% and 8.97% respectively. The growth of third party fund will likely be slower in the next couple of months because of the decreasing deposit rate. Third party fund growth had been slowing for three months (February to May), and as a result, the liquidity of the banking sector in Indonesia had tightened and the LDR had steadily increased from 87.58 in March to 88.7 in May 2015.

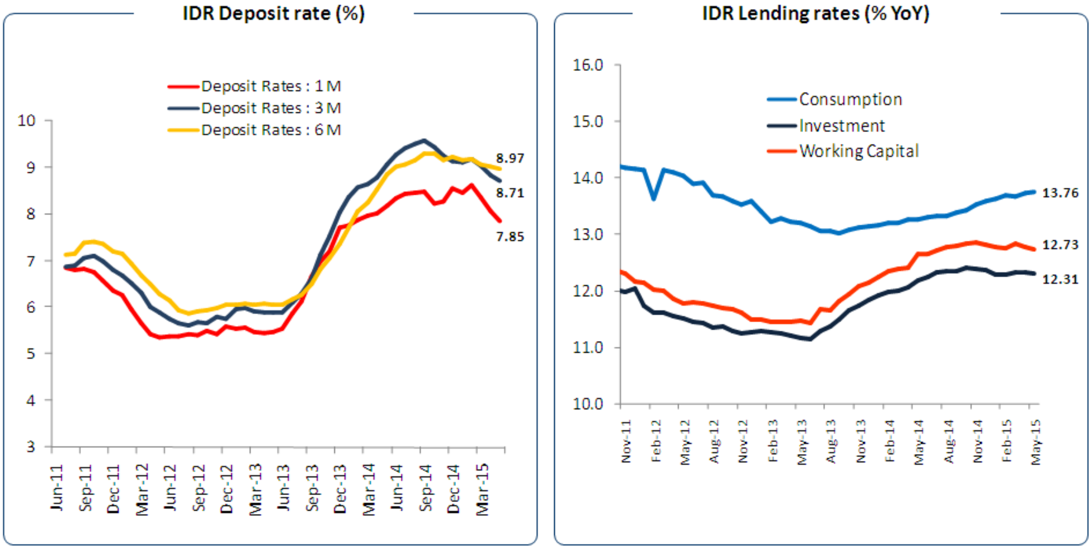
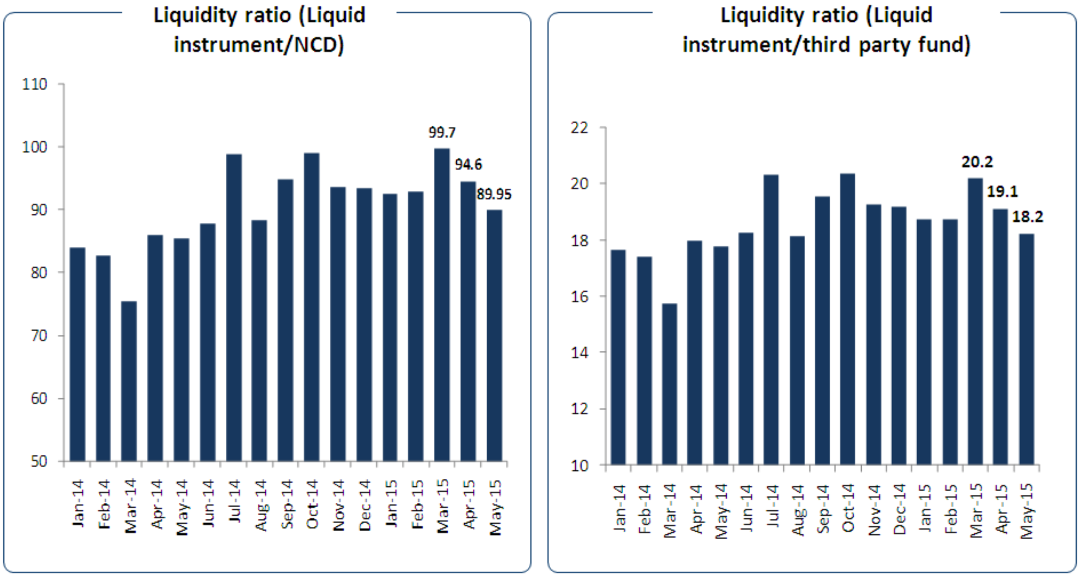


Figure 2. Deposit and Lending Rates. Deposit rates had been decreased significantly, especially the 1M. Lending rates also decreased except consumption. (Source: OJK)

Two measures of banking liquidity worsened in May. First measure of liquidity (liquid asset relative to non core deposit) fell to 89.95% from 94.6% in April, while the second measure of liquidity (liquid asset relative to third party fund) fell to 18.2% from 19.1%. The reason behind the decrease of the liquidity indicators was falling IDR excess liquidity (banking reserves minus statutory reserves). Excess IDR liquidity fell from IDR62.4 trillion in April to IDR47.1 trillion in May. We see that there is still a potential risk of continuing worsening liquidity in the second semester of this year because of the foreign capital reversal. We had seen a capital reversal in the Indonesian stock market since May till today. Total capital outflow in Indonesian stock market from May through August 25th reached IDR17.1 trillion (USD1.3 billion) because of the global market uncertainties, especially from the devaluation of Chinese Yuan. The asset prices, especially in the domestic bond and stock market, had deteriorated, shown by the significantly increasing government bond yield. As of August 25th, 10 Indonesian Government Bond yield reached 9.00%, highest level since January 2011.



Liquid instrument = cash + excess liquidity + placement at BI
NCD = Non core deposit = 30% demand deposit + 30% saving deposit + 10% time deposit

Figure 3. Banking Liquidity Ratio. The banking industry liquidity ratio fell in May because of decreasing reserves. (Source: Bank Indonesia, CEIC)

NPL is still worsening because of weak economy and rupiah depreciation

NPL worsened because of the slowing economy, tight monetary policy and rupiah depreciation. The credit quality of the Indonesian banking sector worsened. NPL in May increased to 2.58%. Biggest contributors to the worsening credit quality, again, was Construction, with NPL of 5.51% and Wholesale and Retail Trade with NPL of 3.71%, up from 3.58% in the previous month. All types of loans' NPL worsened. NPL of working capital loans in April rose to 2.86% from previous month of 2.79%. At the same time NPL of investment and consumption loans rose to 2.72% and 1.63% from 2.58% and 1.59 respectively. High NPL is still one of the main concerns now in Indonesian banking industry because of weak economy, uncertainty in the global economic condition, tight monetary policy and rupiah depreciation. NPL in those sectors need more attention because they have large proportion in total Indonesian banking industry loans and relatively higher loan growth. There are still risks of the increasing NPL in the coming months as the economic growth apparently is still slowing, global economic condition is still uncertain and rupiah continued to depreciate against US dollar. Currently, Indonesian banks are less optimistic, as shown in Indonesian Banking Survey in 2Q15. Respondents had cut the loan growth target rate to 12.2%. Even though it is higher than the loan growth in 2014, it is much lower compared to the previous target of 17.1% in the previous quarter.

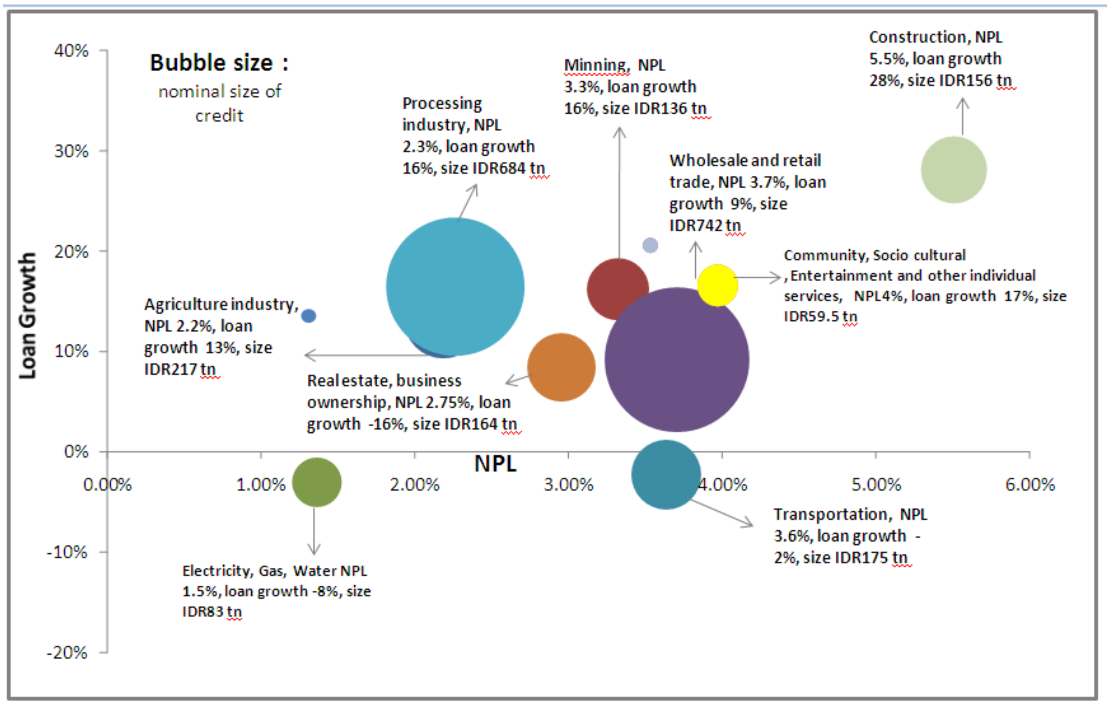


Figure 4. NPL and Loan Growth by Sector as of April 2015. NPL of construction and wholesale and retail trade brings potential risk in the banking system because of their high nominal and loan growth. (Source : Bank Indonesia)

Monetary policy will still be tight as the market volatility had increased sharply in the past couple of weeks. Market volatility is still expected to remained high

Monetary policy will remain tight to anticipate sudden capital reversal resulting from Chinese market rout and Fed's expected rate hike. Monetary policy had been tight in the past 26 months, since BI started to increase the BI rate. BI had increased the policy rate by 200 bps from 5.75% in May 2013 to 7.75% in November 2014. The central bank had eased some of the macro prudential policy. They cut the rate by 25 bps to 7.5% in February 2015. The central bank had also broadened the definition of loan to deposit Ratio (LDR) to loan to funding ratio (LFR) and loosened the maximum LFR of 92% to 94%. BI had also eased requirement for LTV for property and

At this point of time, the stability policy would still be needed, but at the other hand, the domestic private sectors really need to see an improving economic condition

automotive by average of 10% for houses and apartments and 5% for the automotive financing. However, we expect that the monetary policy stands will remain tight in the coming months as the market volatility had increased significantly in the last couple of weeks, resulting from turmoil from the global market. The JCI had fallen sharply by 13.8% from 4,802.5 at the end of July through 4,163.7 in August 24th 2015. It was the lowest level since January 2014. The foreign capital outflow from the Indonesian stock and bond market accelerated at the same time. Total foreign outflow in stock and bond market reached IDR10.3 trillion (USD760 million) in August. Global stock market index had also had fallen significantly along with the Chinese market. Shanghai index had collapsed as much as 25.5% since the devaluation of the Yuan through August 26th as market responded negatively to policies taken by the Chinese authorities to reduce the volatility. Almost all stock market all over the world were affected the suffering of the Chinese market. Dow Jones, at the same time, fell 10%, UK’s FT100 fell 8.8%, Nikkei Japan fell 14.1% and Hong Kong fell 12.6%. Increasing global market volatility had restrained The Fed to increase its policy rate next month, as many had previously expected. Fed’s official said that the international developments have increase the downside risk to US economic growth, but the policy rate would still be increased this year, adding the uncertainties of the global condition. The development of the global market condition in the past couple of week had been the main factor why the BI had kept the tight monetary policy stance since mid 2013 until currently. We expect that the monetary policy will still be tight as Rupiah had surpassed to 14,000 level against USD this month for the first time since 1998. This, together with the slowing economy, would affect the performance of the banking loan growth, non performing loans and the squeeze profitability. At this point of time, the stability policy would still be needed, but at the other hand, the domestic private sectors really need to see an improving condition to improve the business confidence to the national economy. This would be a very hard challenged faced by the Indonesian economic and financial authorities, creating higher growth and maintaining stability.

Jokowi's Reshuffle: Expecting an Improvement on Coordination

Aldian Taloputra, Leo Putra Rinaldi, and Wisnu Trihatmojo

Three out of six positions that were reshuffled were coordinating ministers. Yesterday, Jokowi has put his foot down as he decided to replace six ministerial positions, three of which were coordinating ministers. 1) Darmin Nasution (the former Central Bank Governor who also served as the Directorate General of Tax) was named the new Coordinating Minister for Economic Affairs replacing Sofyan Djalil. 2) Rizal Ramli (the former Coordinating Minister for Economic Affairs and also Finance Minister during Abdurrahman Wahid's era) was appointed as the new Maritime Affairs Minister, substituting Indroyono Soesilo. 3) Luhut Binsar Pandjaitan (Jokowi's chief of staff and former Industrial Minister during Abdurrahman Wahid's era) was named as the Coordinating Minister for Security Affairs, replacing Tedjo Edhy Purdijatno.

Meanwhile, three other positions were Andi Widjajanto's position on Cabinet Secretary which was replaced by Pramono Anung (a maverick PDI-P politician). Andrinof Chaniago's position on National Development Planning Minister was replaced by the former Coordinating Minister of Economic Affairs, Soyfan Djalil. And, Trade Minister Rahmat Gobel was replaced by Thomas Lembong.

Improving the coordination and communication in policy making between ministries

The message: improving the coordination and communication in policy making between ministries. The fact that all coordinating ministers (except Puan Maharani) were reshuffled indicates that the president wants to improve the coordination and decision making process among ministries to be more aligned to Jokowi's "Nawa Cita" plan. As mentioned above, Rizal Ramli and Luhut Panjaitan have rich experiences on coordination aspects. Darmin Nasution's knowledge on economy is unquestionable as he has a long list of history on the fiscal and monetary policy making environment. On the other hand, the new cabinet Pramono Anung should give a breath of fresh air on the communication between the government and PDI-P, which has been sour over the last several months.

The new ministries still need to be tested. After the reshuffle saga is over, the next stage that will be watched closely by the public is the actions and decisions made by the new ministries. If they could realign and coordinate policies more effectively, and communicate the policies in a clearer way to the public, the market should react positively on the reshuffle in the medium term. Specifically, the main focus will be on Darmin Nasution actions on improving fiscal policies to support economic growth. Despite that spending cut is unavoidable to manage a budget deficit of 2.3% of GDP in our opinion, we believe an improvement on the budget realization process (including land acquisition) and also the introduction of more friendly policies to attract private investment will give positive impact for the economy, the market and the public.

Draft Budget 2016: A Challenging Budget

Aldian Taloputra, Leo Putra Rinaldi, and Wisnu Trihatmojo

On Friday, August 14, the president delivered three speeches in the parliament before the upcoming of Indonesia's 70th Independence Day. We want to focus more on Jokowi's last speech about the government's 2016 budget plan (RAPBN 2016). Below are the key points including our view in the end of the note:

The government assumes next year's economic growth at 5.5% (vs. 5.7% in APBN-P 2015) and inflation at 4.7% (vs. 5.0% in APBN-P 2015)

The government assumes next year's economic growth at 5.5% (vs. 5.7% in APBN-P 2015) and inflation at 4.7% (vs. 5.0% in APBN-P 2015). Meanwhile, the average Rupiah next year is expected to reach IDR13,400/USD (vs. IDR12,500/USD) and the Indonesian Crude Price at USD60/bbl, the same with this year's assumption. (For other details on macro assumptions and budget figures, please see the table below).

The total expenditure is planned to reach IDR2,121 tn, which will be focused on i.e.) i.) infrastructure, especially projects that could improve connectivity such as roads, bridges, sea ports, and air ports. To make sure the project execution can be started by Jan16, the pre-tender process for infrastructure projects will be done immediately after the budget is approved (likely Sept – Oct15) ii.) improving energy and food securities especially on paddy, corn, wheat, sugar, meat and fish iii.) increasing Indonesia's economic competitiveness.

Infrastructure spending through fiscal decentralization…

The planned Infrastructure spending amounts IDR313.5 tn (8% of total expenditure), higher than APBN-P 2015 at IDR290 tn. What makes it interesting, however, is the approach. Different from previous years where the central government plays a centralistic role, it plans to enhance regional participation (fiscal decentralization). Specifically, the government plans to lower 2016 ministerial spending for infrastructure to IDR167.5 tn from IDR196.4 tn in APBN-P 2015 (the lower spending applies all across the board from the Ministry of Public Works to the Ministry of Energy), whereas transfers to regions and villages for infrastructure needs have been increased to IDR79.4 tn from IDR41 tn in the corresponding period. Overall, total transfers to regions rose to IDR782.2 tn from IDR665 tn in APBN-P 2015, making the transfers to regions larger than the ministerial spending for the first time (ministerial spending is posted at IDR780.4 tn in RABPN 2016).

…meanwhile energy subsidy continues to go down

The government is committed to continue the subsidy reform, reflected from the lower energy subsidy at IDR121 tn in 2016 (vs. IDR138 tn in APBN-P 2015). Non-energy subsidy is planned to be increased to IDR80 tn from IDR74 tn in the corresponding period.

Several programs will be the priority, such as raising the conditional cash transfer program for the very poor to 6 million families, increasing the membership of the national health insurance to 92.4 million people, and execute the one-million-house program for low income class.

Planning a friendly type of revenue

Total revenue and grant is planned to increase to IDR1,848 tn in 2016 or a 4.91% increase from the APBN-P 2015, with tax revenue planned to reach IDR1,566 tn (5.1% increase from the APBN-P 2015). The government stated that optimization of tax collection will not disturb the business climate. And, it plans to give further fiscal incentive for strategic economic activities.

Our view: 2016 budget draft is still a challenging budget….

The government's macro assumptions are more optimistic than ours. We expect economic growth and inflation to reach 5.2% and 4.7%, respectively whereas our Rupiah average forecast is expected to reach IDR13,625/USD in 2016 amid an escalating external risk. That said, the government has to assure that not only the capital expenditure realization has to be higher than average level at 85% in 2016, but also the spending is disbursed more equally along the year. This is needed to generate a larger multiplier effect to the economy and attract private investment from the beginning.

Moreover, the revenue and expenditure target remain challenging to achieve. First, the revenue side. At a glance, the 5.1% tax revenue increase is far lesser compared to the 30% increase target in 2015. Nevertheless if we compare the 2016 target with our tax revenue realization projection at IDR1,201 tn in 2015, next year's increase will still reach 31%. If the revenue collection could not be managed, it could be a boomerang to the government's economic growth target as revenue shortfall could lead to potential cut on infrastructure projects. That said, rigorous tax reform should be continued, especially on enhancing the tax coverage both on companies and individuals.

Second, the government's approach to implement fiscal decentralization, including on infrastructure projects, raises a question: could the regions execute the central's government plan as expected? Considering the resources - starting from human resources, administration capacity, and institution capacity - in every region are different. Therefore, the central government's supervision on the usage of the transfers to region funding should be strict and comprehensive.

ITEM	Government Budget		
	APBN-P 2015	RAPBN 2016	Changes between APBN-P 2015 and RAPBN 2016 (IDR tn)
A. REVENUE AND GRANT	**1,762**	**1,848**	**86.0**
I. DOMESTIC REVENUE	**1,758**	**1,846**	**87.3**
1. TAX REVENUE	**1,489**	**1,565**	**76.1**
a. Domestic tax	**1,440**	**1,524**	**83.5**
Income tax	679	764	84.1
Oil and gas	50	49	(1.0)
Non-oil and gas	630	715	85.2
Value Added Tax	576	574	(2.8)
Building Tax	27	19	(7.3)
Excise	146	155	9.3
Other taxes	12	12	0.2
b. International Trade Tax	**49**	**42**	**(7.5)**
Import tax	37	39	1.7
Export tax	12	3	(9.2)
2. NON-TAX REVENUE	**269**	**280**	**11.2**
a. Natural Resources Revenue	119	131	12.0
Oil and gas	**81**	**85**	3.4
- Oil	**62**	**66**	4.7
- Gas	**20**	**19**	(1.3)
Non-oil and gas	37.6	46	8.6
b. State Owned Enterprise Profit Share	37.0	31	(5.8)
c. Other non-tax revenues	90.1	82.8	(7.3)
d. Revenue from BLU	23.1	35.4	12.3
II. GRANT	3.3	2.0	(1.3)
B. EXPENDITURE	**1,984**	**2,121**	**137.2**
I. CENTRAL GOVERNMENT EXPENDITURE	**1,319**	**1,339**	19.6
1. Ministerial expenditure	795	780	(15.4)
2. Non-ministerial expenditure	524	559	35.0
e.g. Energy subsidy	138	121	(16.8)
Non energy subsidy	74	80	5.7
II. TRANSFER TO REGION AND VILLAGE FUND	**665**	**782**	117.6
1. TRANSFER TO REGION	**644**	**735**	91.4
1. Balanced Fund	522	711	189.0
General Allocation Fund	462.9	495.5	32.6
Special Allocation Fund	58.8	215.3	156.4
2. Special Autonomy Fund and Adjustment Fund	18	19	1.8
3. Incentive Region Fund	1.7	5.0	3.3
4. Other transfers	102.7	0.0	(102.7)
2. VILLAGE FUND	20.8	47.0	26.2
D. FISCAL SURPLUS/DEFICIT (A-B)	**(222)**	**(274)**	**(51.2)**
As a percentage of GDP	**-1.9**	**-2.1**	(0.2)
E. FINANCING	**223**	**273**	50.0
I. DOMESTIC FINANCING	**243**	**272**	29.0
II. Net EXTERNAL FINANCING	**(20)**	**1**	21.0

ITEM	Government Budget		
	APBN-P 2015	RAPBN 2016	Changes between APBN-P 2015 and RAPBN 2016 (IDR tn)
Assumptions			
GDP growth (% YoY)	**5.7**	**5.5**	(0.2)
Inflation (% YoY)	**5.0**	**4.7**	(0.3)
Exchange rate (IDR/US$)	**12,500**	**13,400**	900.0
Treasury note 3m (%)	**6.2**	**5.5**	(0.7)
ICP (USD/barrel)	**60**	**60**	0.0
Oil lifting (kbpd)	**825**	**830**	5.0
Gas lifting (kboepd)	**1,221**	**1,155**	(66.0)

Figure 5. Draft Budget 2016. (Source: Ministry of Finance)

Item	APBN P 2015	RAPBN 2016
I. Economic Infrastructure	**280.0**	**302.3**
1.) Ministerial spending	**196.4**	**167.5**
e.g. a.) Ministry of Public Work and Rural House	111.1	101.2
b.) Ministry of Transportation	59.1	47.2
c.) Ministry of Agriculture	8.9	6.2
d.) Ministry of Energy and Mineral Resources	8.1	3.6
2.) Non-ministerial spending	**6.8**	**5.1**
e.g. a.) Viability Gap Funding (including reserve fund for VGF)	1.2	1.1
b.) Grant	4.5	4.0
3.) Transfer to region and village	**41.0**	**79.4**
e.g. a.) Specific allocation fund	29.7	57.2
b.) Village fund for infrastructure	8.3	18.8
4.) Financing	**35.7**	**50.3**
e.g. a.) Government's investment on infrastructure	5.1	9.2
b.) Capital injection to SOE's	28.8	40.2
II. Social Infrastructure	**6.5**	**6.5**
a.) Ministry of Education	4.4	6.1
b.) Ministry of Religious affairs	2.1	0.5
III. Infrastructure Support	**3.9**	**4.7**
e.g. a.) National land agency	1.3	1.6
b.) Ministry of Industry	0.6	0.5
Total	**290.4**	**313.5**

Figure 6. Next Year's Planned Infrastructure Spending. (Source: Ministry of Finance)

Encouraging Reforms to the Household Electricity Subsidy Mechanism

Adjie Harisandi

Although counted among the globe's energy rich nations, Indonesia doesn't have enough reserves of oil or gas

Indonesia is one of the world's largest energy subsidy providers. Data from the IEA World Energy Outlook 2014 shows that Indonesia ranks 7th in the world in this regard, after Iran, Saudi Arabia, India, Russia, Venezuela, and Egypt. It comes across as somewhat of an oddity, in that Indonesia is counted among the globe's energy rich nations. However, whereas the six countries mentioned above sit on large reserves of oil or gas, the same cannot be said for Indonesia at present. In light of this, thankfully we have changed our way of thinking to some degree by abolishing most fuel subsidies, which largely failed to reach their intended targets anyway. Now, the greatest subsidies for energy in Indonesia are reserved for electricity. In the Revised State Budget for 2015, IDR73,1 trillion was allocated for electricity subsidies, accounting for 53% of total energy subsidies and 34.5% of total subsidy expenditure made by the government.

If we dissect the issue a little more deeply, we see that the largest group of electricity subsidy recipients are households with low-voltages of R1/450 VA and R1/900 VA. In the 2015 State Budget, these two customer segments received 84.8% of the total electricity subsidies allocated by the government. In terms of customer numbers, data from 2014 shows that these two segments comprise 44.3 million customers. If we were refer to one of the subsidy policy directions, which aims for public purchasing power, especially that of impoverished communities, to be maintained, these subsidies tend to miss their targets as there are only 27.7 million people classed as poor.

Furthermore, if calculated based on the number of families, with the assumption that one family owns one house, of course the number of poor families is fewer than the number of poor people. In addition, persistent weak supervision can also give rise to fraudulent practices. Several mass media outlets have reported that in order to save on electrical power, several meters can be installed in one house with the effect that even though the house requires large amounts of electrical voltage, it still only pays the subsidized rate.

Moreover, the electricity prices for these two customer segments were last made in 2004, meaning they have enjoyed 11 years without any change in rates. The upshot of this is that subsidies provided per each KWh have continually risen. As of 2014, electricity rates for the two groups were IDR414,9 (450 VA) and IDR586,5 (900 VA), whereas the basic cost of electricity supply in

2014 stood at IDR1.553,6. This means that the two customer segments in question were each being subsidized three times more than what they had to pay. These two customer segments account for the largest amount of consumption, resulting in an increasingly large amount of electricity subsidies being provided.

Indonesia can provide direct incentives to the public to consume electricity efficiently

In the view of the author, an interesting point to study is how Indonesia can provide direct incentives to the public to consume electricity efficiently, given that it is no longer an energy rich country. If we take the examples of some advanced countries like South Korea and Japan, they use a progressive pricing system for electricity when it comes to residential use. The greater the residential use of electricity, the greater the price that has to be paid per KWh. In this way, the public becomes invested in developing energy efficient behavior. Also, in South Korea electricity rates for industry are much lower than those for residential use. The price mechanism applied to industries is more oriented towards diverting peak loads from certain usage times. Industries are offered lower rates if they operate at times of low load. With the average rates offered to industry lower than those offered to residences, the government is seen to be encouraging the use of energy for more productive activities.

PLN has to sort itself out in terms of its energy mix policy, so that the cost of supplying electricity to the public can be made more affordable

Of course, the majority of R1/450 VA and R1/900 VA customers are said to be impoverished; and thus electricity subsidies are supposed to protect their purchasing power. However, it would be so much better if we could create a mechanism for providing subsidies that more accurately reaches its targets. What if subsidies are no longer provided by lowering the price of commodities, but are instead given directly to the people who are entitled to them? For example, subsidized rates are given in the form of a PLN credit voucher, to the value of the average usage of R1/450 VA and R1/900VA customers, to recorded poor communities. Alternatively, the amount of the subsidy provided through a voucher is set; in the same way as the regional minimum wage, according to the standard usage of each voltage group. This would be expected to continue protecting public purchasing power while also encouraging people to economize on electricity usage.

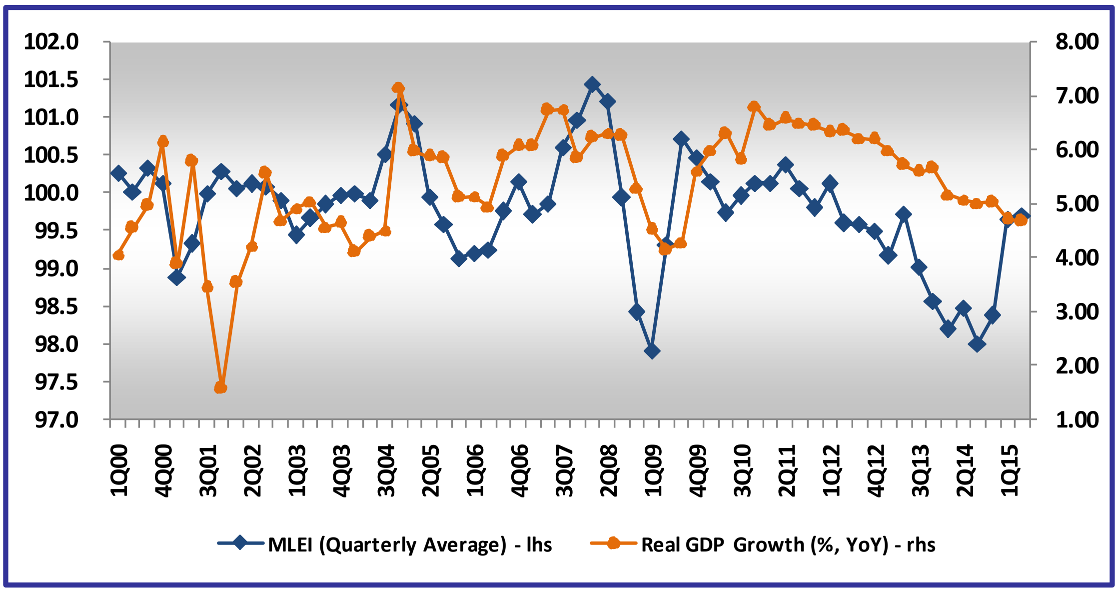
Once rates have returned to an economically viable level and subsidies have been given to people who are entitled to receive them, then PLN has to sort itself out in terms of its energy mix policy, so that the cost of supplying electricity to the public can be made more affordable. In 2014, it was evident that fuel oil-based energy costs still figured quite strongly in terms of PLN's fuel and lubricants expenditure, as recorded in its financial report, amounting to 42.9% - more than any other fuel type. PLN, with its power as a monopoly and thus sole responsibility for the energy needs of many people, must not be afforded a lack of incentive to continue striving to be more efficient and innovative in providing electrical power. As such, supervision by the government is absolutely necessary to ensure that PLN not only pursues profit, but also assumes the obligation of providing affordable electricity to people in every corner of Indonesia. Further, good corporate governance should also be installed into PLN to ensure that stakeholders can make sure that PLN is an efficient company serving its consumers.

Mandiri Leading Economic Index (MLEI)

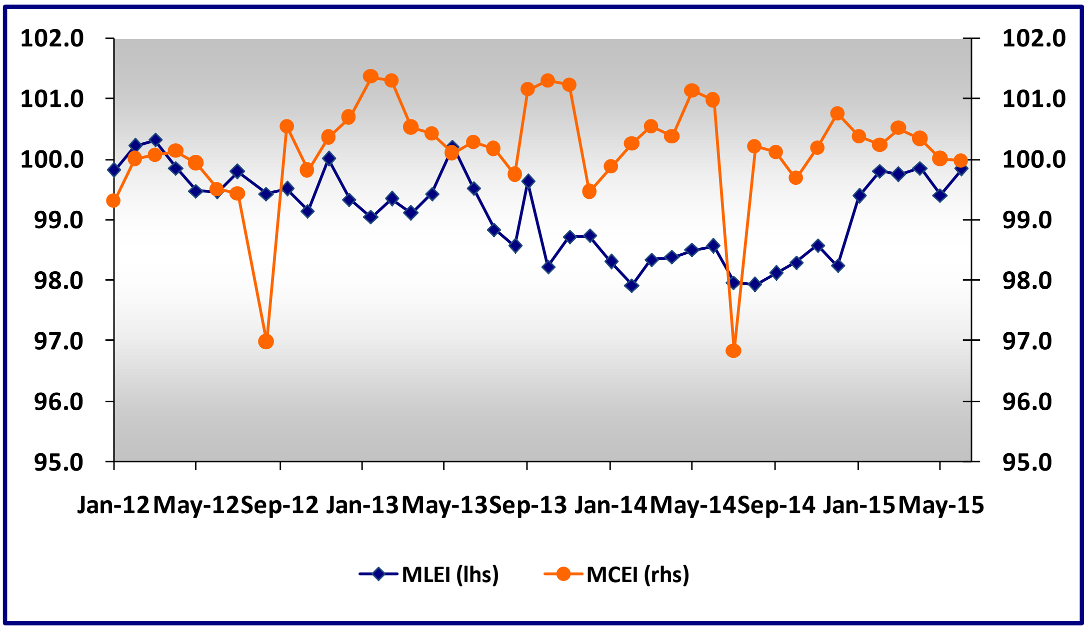
Economy Outlook: Growth Decelerated in 2015

In June 2015, MLEI increased 0.4% (MoM) to the 99.8 level. Seven out of eight constituent indicators of MLEI showed a higher growth in June 2015 (see detailed data on the following tables). Based on the quarterly average of MLEI in 1Q15 (98.6) that slightly higher than average MLEI in 4Q14 (98.4), it predicts the economy will experience a higher growth in 3Q15. From our latest forecast, the economic growth in 3Q15 will grow around 4.8% (YoY) above 4.67% (YoY) in 2Q15. For the whole year we predict the 2015 will reach around 4.8% - 5% (YoY), below 5.02% (YoY) in 2014.

From recent developments, the Indonesia trade surplus widened in July 2015 due weak imports rather than strong exports. Trade surplus recorded a surplus USD1.3 billion in July 2015, higher than a USD528 million surplus in June 2015. This trade surplus was also higher than the market consensus of surplus USD601 million. Indonesia shipped USD11.4 billion worth of goods in July 2015, a fall of 19.2% (YoY), while imports dropped 28.4% (YoY) to USD10.1 billion. This was the eighth consecutive months in which the country posted a surplus, with a slowing domestic economy underpinning weak demand for imports.



The World Bank has cut its projection for Indonesia's economic growth this year. Indonesia's economy would expand at its slowest pace in five years as the government's slow infrastructure spending along with weaker growth in consumer spending. The World Bank forecasts Indonesia's economy to expand 4.7% (YoY) this year, from the initial projection of 5.2% (YoY) made late last year. That could be the slowest growth rate since the economy expanded at 4.6% (YoY) in 2009, in the era of the global financial crisis. The Indonesia's government itself has set a growth target of 5.7% (YoY) for the year, while Bank Indonesia says it expects a growth rate around 4.9% - 5.1% (YoY).



	2014			2015			2015		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun*
MLEI	98.3	98.6	98.2	99.4	99.8	99.7	99.8	99.4	99.8
Change (%MoM)	0.2	0.3	(0.3)	1.2	0.4	(0.1)	0.1	(0.4)	0.4
Average	98.4			99.6			99.7		

	Feb-15	Mar-15	Apr-15	May-15	Jun-15*	Jun-15* (% MoM)
Mandiri Leading Economic Index (MLEI)	**99.8**	**99.7**	**99.8**	**99.4**	**99.8**	**0.4**
Indonesia Stock Market Index	**101.7**	**97.8**	**98.4**	**98.8**	**99.0**	**0.2**
Consumer Confidence Expectation Index	100.6	100.9	100.5	99.3	100.3	1.0
Export Index	98.8	99.8	100.4	98.7	100.6	1.9
Import Index	99.1	99.7	99.3	98.9	100.5	1.6
Rupiah to USD Index	99.5	99.0	99.2	98.9	99.0	0.1
Private Deposit Index	99.6	101.1	101.3	100.7	99.3	(1.4)
Time Deposit Index	99.7	99.7	99.8	99.8	99.9	0.1
Saving Deposit Index	99.4	99.9	100.0	100.0	100.1	0.1

	2014			2015			2015		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun*
MCEI	99.7	100.2	100.8	100.4	100.2	100.5	100.3	100.0	100.0
Change (%MoM)	(0.4)	0.5	0.6	(0.4)	(0.1)	0.3	(0.2)	(0.3)	(0.0)
Average	100.2			100.4			100.1		

	Feb-15	Mar-15	Apr-15	May-15	Jun-15*	Jun-15* (% MoM)
Mandiri Coincident Economic Index (MCEI)	**100.2**	**100.5**	**100.3**	**100.0**	**100.0**	**(0.0)**
Business Activity Expectation Index	101.9	103.2	102.7	101.4	99.5	(1.8)
Usage of Labor Expectation Index	101.5	101.5	100.4	99.1	98.1	(1.0)
Industrial Production Index	100.6	100.2	99.2	100.5	101.1	0.6
Retail Sales Index	97.9	99.2	101.0	101.5	102.3	0.8
Motorcycle Sales Index	99.5	99.4	98.9	98.3	99.6	1.3
Cement Consumption Index	100.1	99.7	99.8	99.4	99.3	(0.0)

*note : *) preliminary*
Index > 100 and increasing indicates expansion
Index > 100 but decreasing indicates downturn
Index < 100 and decreasing indicates slowdown
Index < 100 but increasing indicates recovery
Changes in parentheses indicate negative numbers

Mandiri Leading Economic Index (MLEI) and Mandiri Coincident Economic Index (MCEI) are composite indices for predicting the movement of GDP (Gross Domestic Product) so they can be useful as an early warning on the movement of Indonesian economy. MLEI is used to predict the movement of GDP in the next 6 months, while MCEI is used to predict the movement of GDP in the same month. MLEI and MCEI composite indices are formed from several indicators deemed important in studying the movement of Indonesian economy

Mandiri Banking Pressure Index (MBPI)

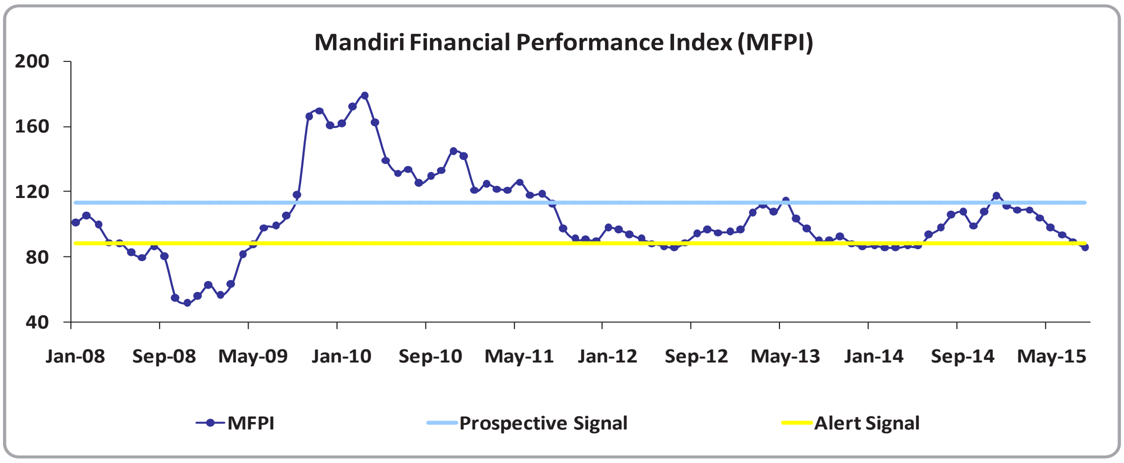
Facing Deceleration in Banking Sector

Bank Mandiri considers the importance of being aware of the banking sector development as a whole; both in booming times, recessions and crises through a leading indicator. From the importance of being knowledgeable on the financial (banking) sector development in the country in a clearer and measurable manner, Bank Mandiri established the Mandiri Financial Performance Index (MFPI) which is a reflection of the service sector and financial business performance, both historical and real time. Bank Mandiri also composed an index that can project the direction of MFPI future movement, called Mandiri Banking Pressure Index (MBPI).

Looking at the actual condition, MFPI in August 2015 reported at 85.5 levels. This position indicates that the condition of the Indonesian banking sector is in alert condition. In the mid of global economic uncertainty and currency volatility, deposits grew 12.5% (YoY) in May 2015, lower than 14.2% (YoY) in April 2015 while credit growth in May 2015 was stable at 10.4% (YoY). NPL worsen to 2.58% in May 2015 (the highest since November 2011) from 2.48% in April 2015.

Mandiri Banking Pressure Index (MBPI) is a leading indicator of the banking sector in Indonesia. It is an indicator that provides a predicted direction of MFPI's movement in the next 6-9 months. In May 2015, it increased to level 129.8 (+12.5% MoM). The position of MBPI is above 100 level, which means we still expect Indonesian banking **in prospective condition in the period from November 2015 to February 2016** with better economic activity and BI efforts to loosen macro-prudential policy. But we still see the potential hike in the US short-term Fed rate may lead to further liquidity tightening in the upcoming months.

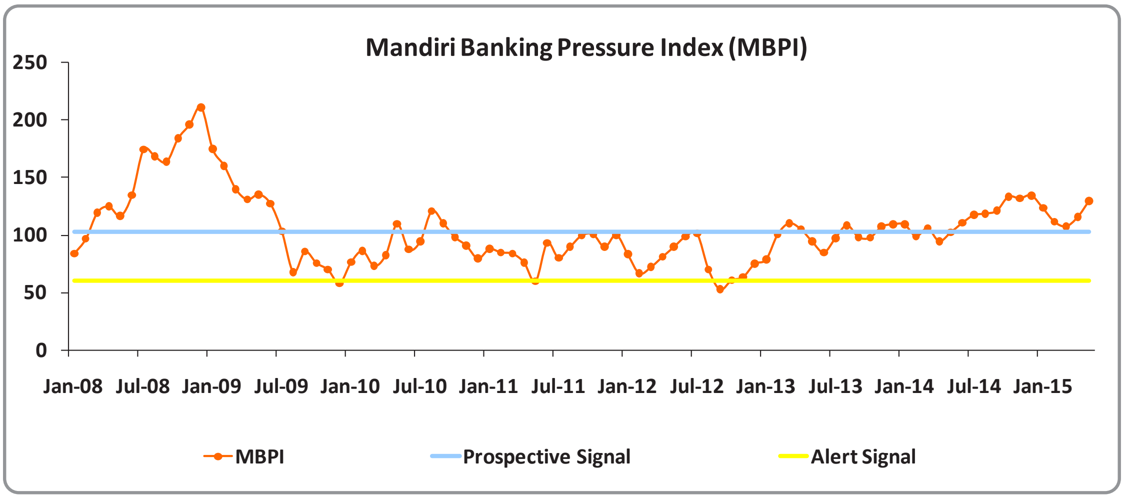
Bank Indonesia decided to keep benchmark interest rate unchanged at 7.5%. Bank Indonesia also kept the Deposit Facility rate at 5.5% and Lending Facility rate unchanged at 8%. The decision was still consistent to control inflation at the lower end of the 4±1% range in 2015 and 2016. The current policy direction is also consistent with Bank Indonesia's efforts to reduce the current account deficit to a more sustainable level. In the short term, Bank Indonesia is focused on efforts to stabilize the Rupiah amid uncertainty in the global economy, by optimizing monetary operations in the Rupiah and foreign exchange market. Going forward, Mandiri Economist Team estimated BI rate to stay at 7.5% this year.



Period	2012	2013	2014		2015	
	Dec	Dec	Nov	Dec	Jul	Aug*
MFPI	95.1	86.2	107.6	117.3	89.4	85.5
Chg (%MoM)	0.0	(2.3)	8.5	9.0	(4.6)	(4.4)

MFPI Threshold		
Prospective	:	MFPI > 113
Normal	:	88 < MFPI < 113
Alert	:	MFPI < 88

*note: * preliminary*



Period	2013		2014		2015	
	Nov	Dec	Nov	Dec	Apr	May*
MBPI	107.0	109.4	131.9	134.5	115.4	129.8
Chg (%MoM)	9.8	2.2	(1.0)	1.9	7.3	12.5

MBPI Threshold		
Prospective	:	MBPI > 103
Normal	:	61 < MBPI < 103
Alert	:	MBPI < 61

*note: * preliminary*

Mandiri Banking Pressure Index (MBPI) and Mandiri Coincident Banking Pressure Index (MCBPI) are composite indices for predicting Mandiri Financial Performance Index (MFPI) which is a reflection of the service sector and financial business performance, so they can be useful as an early warning on the movement of Indonesian banking sector. MBPI is used to predict the movement of banking condition in the next 6-9 months, while MCBPI is used to predict the movement of banking condition in the same month. MBPI and MCBPI composite indices are formed from several indicators deemed important in studying the movement of Indonesian financial condition

MACROECONOMIC INDICATORS AND FORECAST

	2011	2012	2013	2014	2015F	2016F
National Account						
Real GDP (% yoy)	6.2	6.0	5.6	5.0	5.3	5.8
Domestic Demand (% yoy)	6.3	6.6	5.5	4.6	5.5	6.3
Real Consumption: Private (% yoy)	5.1	5.5	5.4	5.1	5.2	5.4
Real Consumption: Government (% yoy)	5.5	4.5	6.9	2.0	5.0	5.0
Real Gross Fixed Capital Formation (% yoy)	8.9	9.1	5.3	4.1	6.2	8.0
Real Exports (% yoy)	14.8	1.6	4.2	1.0	2.4	4.5
Real Imports (% yoy)	15.0	8.0	1.9	2.2	2.6	5.0
GDP (IDR tn) - nominal	7,832	8,616	9,525	10,543	11,731	13,005
GDP (USD bn) - nominal	892	918	911	888	889	982
GDP per capita (USD) - nominal	3,686	3,742	3,662	3,520	3,472	3,779
External Sector						
Exports (% yoy) - Merchandise	27.4	-2	-2.8	-3.7	-6.9	3.8
Imports (% yoy) - Merchandise	32.2	13.6	-1.4	-4.5	-7.2	5.9
Trade Balance (US$ bn)	33.8	8.7	5.8	6.9	14.2	11.6
Current Account (% of GDP)	0.2	-2.8	-3.2	-3.0	-2.7	-2.9
Current Account (USD bn)	1.7	-24.4	-29.1	-26.2	-24.4	-28.6
External Debt (% of GDP)	22.7	24.5	27.7	29.9	35	36
International Reserves (USD bn)	110.1	112.8	99.4	111.9	117.0	124.0
Import cover (months)	8.4	7.6	6.8	8	9.2	9.3
IDR/USD (period average)	8,779	9,380	10,452	11,878	13,200	13,250
IDR/USD (year end)	9,068	9,670	12,189	12,440	13,300	13,400
Other						
BI rate (% period average)	6.58	5.77	6.48	7.54	7.31	7.10
BI rate (% year end)	6.00	5.75	7.50	7.75	7.25	7.00
Headline Inflation (% yoy, period average)	5.4	4.0	6.4	6.4	6.0	5.1
Headline Inflation (% yoy, year end)	3.8	3.7	8.1	8.4	4.5	4.8
Fiscal Balance (% of GDP)	-1.1	-1.8	-2.2	-2.2	-2.1	-2.0
S&P's Rating - FCY	BB+	BB+	BB+	BB+	BB+	BBB-
S&P's Rating - LCY	BBB-	BBB-	BBB-	BBB-	BBB-	BBB-

INDONESIA CURRENT DATA

Indicators	2009	2010	2011	2012	2013	2014												2015						
						Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Exchange Rate																								
End of Period	9,390	8,978	9,069	9,658	12,224	12,213	11,615	11,400	11,562	11,675	11,855	11,578	11,705	12,195	12,065	12,202	12,435	12,739	13,000	13,071	12,969	13,210	13,351	13,490
Average	9,462	9,021	9,059	9,634	12,023	12,099	11,921	11,428	11,430	11,536	11,897	11,679	11,712	11,900	12,130	12,151	12,461	12,573	12,777	13,085	12,949	13,115	13,306	13,381
Monetary Sector																								
Base money M0, eop	402.12	518.45	613.49	704.84	821.68	781.50	755.17	771.36	778.58	788.72	794.79	892.15	823.34	816.64	849.00	855.03	918.43	854.93	854.13	848.34	873.71	876.29	882.07	908.53
Narrow money M1	515.82	605.38	733.99	841.70	887.06	842.67	834.53	853.49	880.46	906.75	945.78	918.53	895.83	949.17	940.35	955.55	942.14	918.12	927.85	957.58	959.33	980.92	1,039.68	
Broad Money M2	2,141.38	2,469.40	2,877.22	3,304.65	3,727.70	3,649.27	3,639.49	3,656.44	3,725.94	3,784.86	3,861.66	3,891.43	3,887.55	4,009.86	4,024.15	4,076.29	4,170.73	4,174.16	4,230.67	4,246.28	4,274.91	4,288.37	4,359.55	
Outstanding Loan	1,446.81	1,783.60	2,223.69	2,738.05	3,322.68	3,287.39	3,296.10	3,334.92	3,386.45	3,428.36	3,493.47	3,516.73	3,527.00	3,590.30	3,587.74	3,626.20	3,702.92	3,662.72	3,699.56	3,714.76	3,747.39	3,794.12	3,865.47	
Outstanding Deposit	1,914.11	2,208.72	2,596.33	2,942.55	3,330	3,272	3,275	3,283	3,357	3,408	3,483	3,442	3,495	3,614	3,627	3,670	3,753	3,783	3,830	3,020	3,039	3,027	3,020.24	
Lending rate (working capital)	13.69	12.83	12.16	11.49	12.12	12.23	12.33	12.37	12.38	12.63	12.63	12.70	12.76	12.78	12.82	12.84	12,79	12.76	12.74	12.82	12.75	12.72	12.70	
3-month deposit rate, eop	6.85	7.06	6.81	5.76	7.61	7.95	8.03	8.28	8.34	8.90	8.34	9.19	9.43	9.37	9.24	9.02	8.94	8.91	8.94	8.81	8.59	8.50	8.27	
Overnight rate, eop	6.24	5.72	4.55	4.19	6.03	5.89	5.86	5.88	5.84	5.85	5.87	6.55	5.84	5.80	5.80	5.81	5.80	5.84	5.65	6.45	5.74	5.60	5.69	
Prices																								
Headline CPI (2012=100)	88.31	94.46	98.03	101.61	109.82	110.99	111.28	111.37	111.35	111.53	112.01	113.05	113.58	113.89	114.42	116.14	119.00	118.71	118.28	118.48	118.91	119.50	120.14	121.26
Year on year inflation rate	2.78	6.96	3.79	4.30	8.08	8.22	7.75	7.32	7.25	7.32	6.70	4.53	3.99	4.53	4.83	6.23	8.36	6.96	6.29	6.38	6.79	7.15	7.26	7.26
Month on month inflation rate	0.33	0.92	0.57	0.43	0.45	1.07	0.26	0.08	(0.02)	0.16	0.43	0.93	0.47	0.27	0.47	1.50	2.46	(0.24)	(0.36)	0.17	0.36	0.50	0.54	0.93
Year to date inflation rate	(925.00)	6.96	11.01	15.06	8.08	1.07	1.33	1.41	1.39	1.56	1.99	2.94	3.42	3.71	4.19	5.75	8.36	(0.24)	(0.61)	(0.44)	(0.08)	0.42	0.96	
Wholesale Price Index (2005=100)	167.35	177.87	185.76	192.06	121.52	124.17	124.89	125.70	126.42	125.67	126.62	128.13	128.34	128.87	129.98	131.53	134.77	135.41	134.28	135.46	135.70	137.69	138.84	140.01
Trade																								
Export	13.35	16.83	17.20	15.40	16.97	14.47	14.63	15.19	14.29	14.83	15.41	14.18	14.48	15.28	15.35	13.62	14.62	13.36	12.17	13.63	13.10	12.69	13.44	11.41
Oil	2.50	3.26	3.60	2.97	3.41	2.50	2.73	2.64	26.35	2.38	2.79	2.50	2.60	2.62	2.47	2.11	2.35	2.08	1.89	1.99	1.46	1.37	1.46	1.42
Non oil	10.85	13.57	13.60	12.43	13.56	11.97	11.90	12.55	11.64	12.45	12.62	11.67	11.88	12.65	12.88	11.51	12.27	11.28	10.42	11.73	11.65	11.19	11.98	9.99
Import	10.33	13.15	16.34	15.58	15.46	14.92	13.79	14.52	16.26	14.77	15.70	14.08	14.79	15.55	15.33	14.04	14.43	12.61	11.51	12.58	12.63	11.61	12.96	10.08
Oil	2.10	2.64	3.63	3.71	4.22	3.55	3.46	3.99	3.69	3.71	3.39	4.17	3.40	3.65	3.58	3.47	3.39	2.12	1.72	2.27	2.34	2.08	2.58	2.29
Non oil	8.22	10.50	12.71	11.88	11.23	11.37	10.33	10.53	12.56	11.06	12.30	9.81	11.39	11.89	11.75	10.57	11.05	10.50	9.79	10.31	10.29	9.53	10.39	7.78
Trade Balance	3.02	3.68	0.86	(0.18)	1.51	(0.44)	0.84	0.67	(1.96)	0.06	(0.29)	0.10	(0.32)	(0.27)	0.02	(0.43)	0.19	0.74	0.66	1.06	0.47	1.08	0.48	
Output																								
GDP (current price)	1,450.82	1,670.52	1,921.56	2,095.69	2,367.93			2,499.87			2,613.11			2,739.47			2,690.24			2,724.70			2,866.91	
GDP (constant price at 2010)	547.54	6,864.13	7,287.64	7,727.08	2,058.25			2,060.48			2,139.30			2,206.87			2,161.46			2,157.53			2,239.29	
Real Growth	4.04	6.89	6.17	6.03	5.61			5.22			5.03			4.92			5.01			4.71			4.67	
Capital Market																								
JCI Index, eop	2,534.36	3,703.51	3,821.99	4,316.68	4,274.18	4,418.76	4,620.22	4,768.28	4,840.15	4,893.91	4,878.58	5,088.80	5,136.86	5,137.58	5,089.55	5,149.89	5,226.95	5,289.40	5,450.29	5,518.68	5,086.43	5,216.38	4,910.65	4,802.53
Volume, avg	3,422.10	3,965.38	3,496.38	3,861.68	3,011.27	2,952.32	3,579.68	4,410.18	3,895.67	3,498.73	2,849.74	4,353.82	3,668.56	3,657.27	3,334.22	3,990.10	5,113.63	5,258.61	4,300.51	4,569.88	4,317.66	4,156.52	3,273.98	3,354.96
Value, avg	2,332.42	3,959.30	2,684.29	4,078.36	3,331.35	4,153.35	4,795.29	5,952.82	5,714.42	5,174.81	3,638.93	5,455.92	4,313.15	4,258.52	4,290.20	3,923.60	4,399.87	5,114.47	5,065.77	5,119.87	4,926.05	4,552.64	3,666.75	4,706.46
Consumer Confidence Index	108.70	109.30	116.60	116.40	116.50	116.70	116.20	118.20	113.90	116.90	116.30	119.80	120.20	119.80	120.60	120.10	116.50	120.20	120.20	116.90	107.40	112.80	111.30	109.90

Our Team

Destry Damayanti	Chief Economist and Executive Director Mandiri Institute

Strategic Research (Mandiri Institute)

Moekti P. Soejachmoen	Head of Strategic Research
Bobby Hermanus	Team Leader Strategic Research
Andjarsari Paramaditha	Senior Manager
Andrian B. Santoso	Manager
Elisabeth Carolina	Manager
Andhi P. Hadi	Clerk Strategic Research

Macroeconomic and Financial Market Research

Andry Asmoro	Head of Macroeconomic and Financial Market Research
Reny Eka Putri	Quantitative Analyst
Nurul Y. Karunia	Junior Economist
Rully A. Wisnubroto	Financial Market Analyst

Industry and Regional Research

Dendi Ramdani	Head of Industry and Regional Research
Nadia K. Dewi	Industry Analyst
Sindi Paramita	Industry Analyst
Adjie Harisandi	Industry Analyst
Mamay Sukaesih	Regional Analyst
Araminta Setyawati	Regional Analyst

Data and Administration Support

Fitri Yunita	Section Head
Adhiguna Wahyu Nugroho	Clerk Data Support and Administrative
Istiqomah	Clerk Data Support and Administrative
Marsella A. Ariwandi	Secretary
Romelan	Distribution and Logistic Support
Fikri Zulfikar	Distribution and Logistic Support

Email	oce@bankmandiri.co.id
Website	www.bankmandiri.co.id
	www.mandiri-institute.id

Overseas Offices

Hongkong Branch
7th Floor, Far East Finance Centre
16 Harcourt Road, Hongkong
Tel: 852-2527-6611
Fax: 852-2529-8131

Singapore Branch
12 Marina View #19-01, Asia Square Towers 2
Singapore 018961
Tel: 65-6213-5688
Fax: 65-6844-9833

Cayman Islands Branch
Cardinal Plaza 3rd Floor
30 Cardinal Avenue, PO Box 10198,
Grand Cayman, KY1-1002, Cayman Islands
Tel: 1-345-945-8891
Fax: 1-345-945-8892

Bank Mandiri (Europe) Limited, London
Cardinal Court (2nd Floor),
23 Thomas More Street
London EIW IYY, United Kingdom
Tel: 44-207-553-8688
Fax: 44-207-553-8699

Shanghai Representative Office
3401, Bank of China Tower
200 Yin Cheng (M) Road,
Pudong New Area, Shanghai, 200120
People's Republic of China
Tel: 86-21-5037-2509
Fax: 86-21-5037-2507

Dilli Branch – Timor Leste
Avenida Presidente Nicolao Lobato
No.12, Colmera
Dilli – Timor Leste
Tel: +670-331-7777
Fax: +670-331-7190/74444

Mandiri International Remittance Sdn. Bhd.
Wisma Mepro, 29 & 31 Jalan Ipoh 51200 Kuala Lumpur, Malaysia
Telp: +60-3-4045-988

Shanghai Branch
1201-1204 Bank Of Shanghai Tower
168 Yin Cheng Zhong Road, Pudong, Shanghai 200120
People's Republic Of China
Phone: (86-21) 20332603
Fax: (86-21) 20282817

Head Office

Office of Chief Economist
Plaza Mandiri, 18th Floor
Jl. Jend. Gatot Subroto Kav. 36-38
Jakarta 12190, Indonesia
Tel: (62-21) 524 5272
Fax: (62-21) 521 0430

mandiri

Budi G. Sadikin
President Director

Sulaiman A. Arianto
Vice President Director

Sentot A. Sentausa
Director Distribution

Ogi Prastomiyono
Director Technology & Operations

Pahala N. Mansury
Director Treasury & Market

Royke Tumilaar
Director Corporate Banking

Hery Gunardi
Director Consumer Banking

Tardi
Director Micro & Business Banking

Ahmad Siddik Badruddin
Director Risk Management & Compliance

Kartini Sally
Director Commercial Banking

Kartika Wirjoatmodjo
Director Finance & Strategy

Riyani T. Bondan
SEVP Retail Risk

Ventje Rahardjo
SEVP Corporate Transformation

Rico Usthavia Frans
SEVP Transaction Banking

Sanjay N. Bharwani
SEVP Human Capital

Joseph G. Godong
SEVP Chief Technology Officer

Mustaslimah
SEVP Internal Audit

Kepas Antoni A. Manurung
SEVP Wholesale Risk