



A member of MUFG

treasury.economist@danamon.co.id

FX & Interest Rate

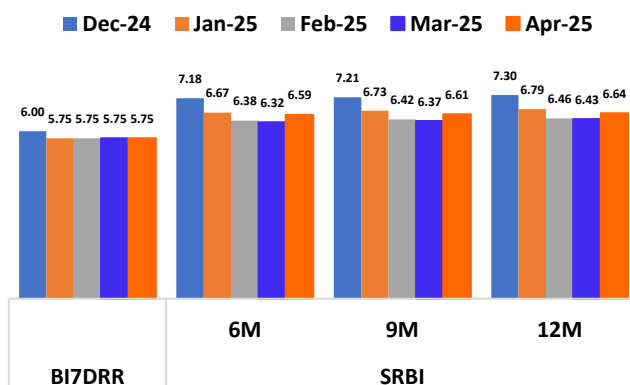
In April 2025, global market volatility was significantly influenced by President Trump's tariff announcement, including a 34% additional tariff on imports from China. This decision, effective on April 5, triggered a shift in investor sentiment, moving capital towards safe-haven assets like gold. On April 22, gold prices reached a new record high of nearly \$3,500 per ounce, marking a significant increase from the previous month. Meanwhile, currencies like the Swiss Franc and Japanese Yen strengthened against the U.S. dollar, while the Indonesian Rupiah (IDR) weakened significantly, hitting its lowest range around 16,800 IDR/USD on April 16-28, pressured by the ongoing global uncertainty and U.S. dollar strength. Bank Indonesia (BI) maintained its benchmark rate at 5.75% in April to manage external volatility and inflation risks, despite moderate domestic growth.

Bank Indonesia took proactive measures to stabilize the IDR amidst rising currency volatility. On April, BI intervened in the Non-Deliverable Forwards (NDF) market, marking the first time the central bank engaged in this market. These interventions were aimed at curbing the Rupiah's depreciation, especially considering external factors like the U.S. tariff policy and commodity price fluctuations. Furthermore, IDR 254.3 tn worth of SRBI maturities were set to mature in the upcoming months, providing a potential source of liquidity to support the currency and help mitigate the impact of external pressures.

Looking ahead, Indonesia's economic outlook remains cautious but resilient. With strong commodity exports from sectors like gold, copper, palm oil, and nickel, Indonesia continues to be cushioned from some of the trade war's impacts. However, with inflation under control and expected GDP growth below 5%, there is potential for Bank Indonesia to consider a rate cut of 25 basis points by mid-2025. The upcoming 1Q25 GDP data, set for release on May 5, will be key in determining the likelihood of further policy action. Additionally, foreign reserves hit USD 157.1 bn in March, following efforts to stabilize exchange rates.

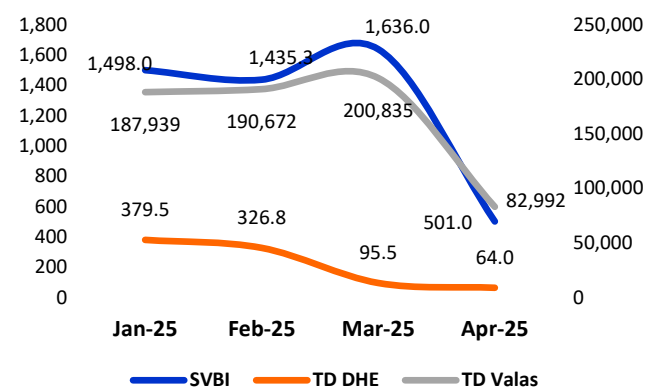
Please see the important disclaimer and information on the back of this report.

Chart 1. SRBI and BI Rate



Source: Bloomberg

Chart 2. TD DHE, TD Valas, and SVBI Issuance in 2025



Source: CEIC; Bank Indonesia

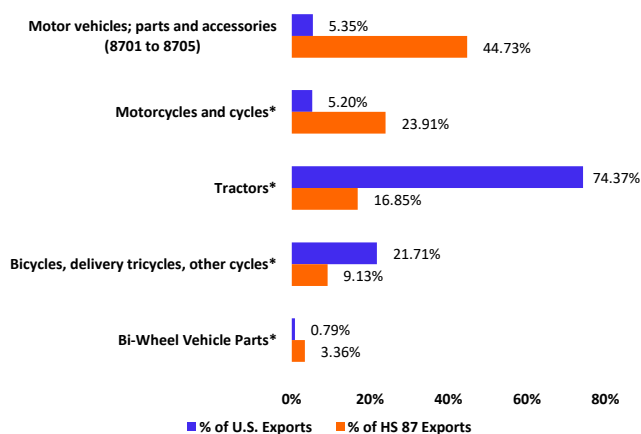
Automotive Industry

Automotive sales declined in Mar-25 as the Eid boost faded and economic headwinds persisted. After showing growth in Feb-25, 4W wholesales contracted by 5.1% yoy to 70,090 units, while 2W sales dropped 7.2% yoy to 541,684 units, partly due to fewer working days in Mar-25. Structural factors also played a role, including a reduced volume of exodus at 146 mn (-24.4% yoy), a shift in consumer preferences from motorcycles to trains for travel, and weaker consumer confidence (121.1) as concerns over job availability grew. With household savings continuing to decline to 13.8% on Mar-25 and Manufacturing PMI contracted to 46.7, we anticipate further softness in automotive wholesales in the coming months, with BI rate cuts positioned as a potential catalyst for recovery.

On April 29, President Trump issued an Executive Order introducing incentives for domestic automotive production. It includes a partial levy reimbursement of 3.75% of the car's MSRP from April 3, 2025, to April 30, 2026, followed by a 2.5% reimbursement until April 30, 2027. Imports meeting Canada-U.S.-Mexico Agreement (CUSMA) requirements were exempted from the 25% import tariff, reflecting U.S. manufacturers' reliance on parts from Canada and Mexico. While this policy supports American carmakers, its impact on Indonesian parts exports remains limited due to their modest 5% share of U.S. exports and the exclusion of tractors and cycles from the tariff basket. A more significant factor for Indonesian exports will be the outcome of reciprocal tariff negotiations, currently in the technical phase until June 17, 2025.

Ten highest selling models in Mar-25 remain all-petrol, but Chinese-made electric MPVs are tailgating. In Mar-25, the top 10 in car sales remain 100% internal combustion engine (ICE) vehicles from Japanese brands, with a moderating Herfindahl-Hirschman Index (HHI) market concentration of 0.16. Among the group, 8 vehicles are seven-seaters, signaling a persistent consumer preference for a one-car fits all setup. This preference is also shown in the Battery Electric Vehicle (BEV) market. Two models which have now become the eleventh and twelfth-highest selling model are the Denza D9 and BYD M6, which are seven-seater MPVs. We expect the present trend to continue as the tax advantage for BEV purchases remained for the rest of 2025.

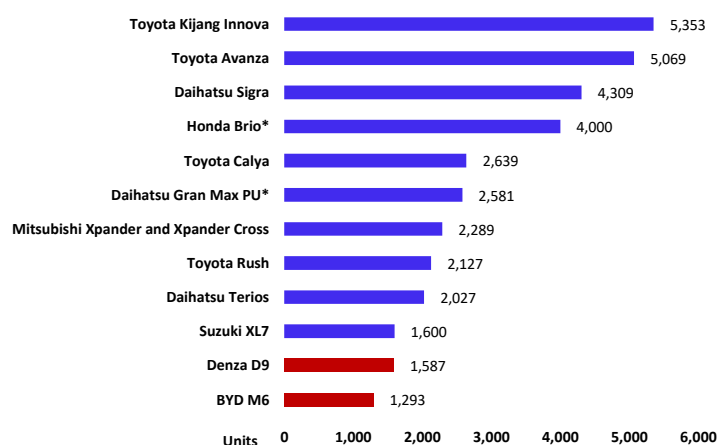
Chart 3. Top 5 Indonesian Exports to the U.S. (2024)



*: Exempted, as of now

Source: Trade Map

Chart 4. Top 12 4W Sales in Indonesia (Mar-25)



*: Non-seven seaters

Red: BEV

Source: GAIKINDO

Indonesia's Selected Economic Indicators

	2022	2023	2024	2025E
National Accounts				
Real GDP (% y-o-y)	5.3	5.0	5.03	4.80
Domestic demand ex. inventory (% y-o-y)	3.8	4.6	4.94	4.95
Real Consumption: Private (% y-o-y)	4.9	4.9	4.9	4.98
Real Gross Fixed Capital Formation (% y-o-y)	3.9	4.4	4.61	4.4
GDP (USD bn) — nominal	1,319	1,371	1,440	1,503
GDP per capita (USD) — nominal	4,783	4,920	4,960	5,219
Open Unemployment Rate (%)	5.9	5.3	4.9	5.0
External Sector				
Exports (% y-o-y, BoP Basis)	25.6	-11.3	6.51	4.17
Imports (% y-o-y, BoP Basis)	21.6	-7.3	7.95	2.41
Trade balance (USD bn, BoP Basis)	62.7	46.4	31.04	32.87
Current account (% of GDP)*	1.0	-0.1	-0.6	-0.5
Central government debt (% of GDP)	39.6	38.9	39.13	39.05
International Reserves –IRFCL (USD bn)	137.2	146.4	155.7	148.0
Reserve Cover (Months of imports & ext. debt)	5.9	6.5	6.5	6.3
Currency/USD (Year-end)	15,573	15,399	16,235	16,708
Currency/USD (Average)	14,855	15,244	15,920	16,625
USD/CNH (Year-end)	6.92	7.13	7.34	7.40
USD/CNH (Average)	6.74	7.09	7.21	7.33
Currency/CNH (Year-end)	2,248	2,161	2,199	2,258
Currency/CNH (Average)	2,205	2,150	2,199	2,270
Other				
BI 7-Day Reverse Repo rate (% year end)	5.5	6.0	6.0	5.5
Consumer prices (% year end)	5.51	2.61	1.57	1.51
Fiscal balance (% of GDP; FY)	-2.38	-1.65	-2.3	-2.5
S&P's Rating – FCY	BBB	BBB	BBB	BBB

Source: CEIC, E= Danamon Estimates

Treasury Economist



A member of  MUFG

PT Bank Danamon Indonesia, Tbk.

Menara Bank Danamon

Jl. H.R. Rasuna Said Kav. C-10, Kuningan

Jakarta 12940

Indonesia

Email: treasury.economist@danamon.co.id

Fax: +62 21 80645263

ANALYST CERTIFICATION

We hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views in this report.

DISCLAIMER

The information contained in this report has been taken from sources which we deem reliable. However, none of P.T. Bank Danamon Indonesia, Tbk. and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof. We expressly disclaim any responsibility or liability (express or implied) of P.T. Bank Danamon Indonesia, Tbk. its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitation for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as a result of acting in reliance upon the whole or any part of the contents of this report and neither P.T. Bank Danamon Indonesia, Tbk. its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission there from which might otherwise arise is hereby expressly disclaimed. The information contained in this report is not to be taken as any recommendation made by P.T. Bank Danamon Indonesia, Tbk. or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.