

Indonesia Investments

Modest Islamic Celebrations

- Palm Oil Planters Thrive on High Palm Oil Price
- Overview of Indonesia's Textile Industry
- Economic Impact of Ramadan and Lebaran
- A New Commodities Supercycle in the 2020s?
- Inflation Remains Low at the Start of Ramadan
- Manufacturing Activity Reaches Record High
- Bank Indonesia Leaves Key Rates Unchanged
- Rupiah Stabilizes as US Treasury Yields Ease
- Corporate Earnings Reports 2020
- And More ...

APRIL 2021

Van Der Schaar Investments B.V.
CV Indonesia Investments



Indonesia Investments

Monthly Report – April 2021

‘Modest Islamic Celebrations’



Table of Contents

Preface	5
Introduction	10
Contact	20
Coronavirus Tips: How to Protect Yourself and Others	21

Analyses & Columns – Economy, Politics & Social Developments

• Indonesia Benefits from Near-Record High Crude Palm Oil Prices, But India’s Demand May Soon Drop	23
• The Textile and Garment Industry of Indonesia; More than Just Clothes, but Challenges Persist	37
• How Does the COVID-19 Crisis Affect Ramadan, Idul Fitri and the Mudik in 2021? And, How Will That Affect the Indonesian Economy?	54
• Commodity Prices Have Been Soaring Since 2H-2020, Will We Witness a New ‘Commodities Supercycle’ in the 2020s?	71

Updates Indonesia – Macroeconomic Indicators

• Consumer Price Index (CPI) of Indonesia; Inflation Remains Low at the Start of the Ramadan Month	94
• Indonesia’s Manufacturing Activity Gains Momentum in April 2021 Thanks to Steep New Order Growth	103
• Direct Investment Realization into Indonesia Continues to Rise amid Ongoing COVID-19 Crisis	107
• Monetary Policy and Rupiah Update: Bank Indonesia Leaves Interest Rate Unchanged	112
• Indonesia Shows an Impressive Export and Import Performance in March 2021; Have We Reached the End of COVID-19 Crisis, Trade-Wise?	124
Public Holidays Indonesia	139
Forecast Macroeconomic Indicators Indonesia	140
Corporate Earnings Reports Indonesia’s Listed Companies: Full-Year 2020	142
Back Issues Monthly Reports and Research Report	152

Preface

The monthly report of Indonesia Investments is written and published by Van Der Schaar Investments B.V., located in Delft, the Netherlands. The report aims to inform the reader of the latest, most relevant, political, economic and social developments in Indonesia as well as those crucial international developments that impact on the economy of Indonesia or on its politics.

Our reports are intended for a diverse audience, including individual and corporate investors, financial market participants, diplomats, policymakers, decision-makers, academics, journalists, and analysts.



The website www.indonesia-investments.com is the key reference and access point for gaining knowledge about the markets, economy, business sectors, politics, and cultures of Indonesia. This online platform is owned by Van Der Schaar Investments B.V., a privately-held investment company (Ltd.) that was established in 2009 but

stands in a tradition that stretches back to urban development in the Dutch capital city of Amsterdam in the early 20th century.

We offer two types of subscriptions (or individual purchases):

(1) **Weekly updates + monthly reports**; on average we send one or two analyses of relevant subjects per week (“weekly updates”) to make sure that our audience gets the latest and most relevant news quickly (and complete with an analysis). These updates also form the basis of the forthcoming monthly report (in which the topics are usually discussed in more depth as we have more time to make an analysis).

(2) **Monthly reports only**; usually between the 2nd and 5th of the month, we release our monthly report. As mentioned above, this report discusses the most relevant economic, political, and social developments that took place in Indonesia (or global developments that impact on Indonesia) in the preceding month.

1) Price Overview Weekly Updates + Monthly Reports:

1 month	IDR 200,000	USD \$15	EUR €15
3 months	IDR 570,000	USD \$41	EUR €35
6 months	IDR 1,080,000	USD \$77	EUR €65
12 months	IDR 2,040,000	USD \$146	EUR €124

2) Price Overview Monthly Reports Only:

1 edition	IDR 150,000	USD \$11	EUR €11
3 editions	IDR 428,000	USD \$31	EUR €26
6 editions	IDR 810,000	USD \$58	EUR €50
12 editions	IDR 1,530,000	USD \$110	EUR €95

To purchase an edition of our monthly report (or to subscribe for a longer period), you can inquire about further details via email – info@indonesia-investments.com – or by phone: +62(0)882.9875.1125 or +62(0)8788.410.6944 (including WhatsApp text messages). Also for general questions, comments and any other feedback we can be contacted through email and telephone.

Content and photography in our monthly reports are copyright of Van Der Schaar Investments B.V. (all rights reserved) except when indicated otherwise or obtained from Pixabay. Our permission is needed by those who want to publish or distribute (parts of) the content or photography in our reports (Dutch law applies).¹

This also means that our reports cannot be shared with (or distributed to) others (which would be a copyright infringement). We therefore offer a special corporate

¹ CV Indonesia Investments owns the exclusive right to sell and distribute reports of Indonesia Investments on the markets in the Asia-Pacific (including Indonesia).

subscription to those companies/institutions that seek to distribute our updates and monthly reports among their staff-members and/or boards:

Price Overview Corporate Subscriptions:

1 month	IDR 1,500,000	USD \$100	EUR €95
3 months	IDR 3,600,000	USD \$240	EUR €230
6 months	IDR 5,400,000	USD \$360	EUR €340
12 months	IDR 7,200,000	USD \$480	EUR €450

We also offer a distributor subscription for those institutions that want to distribute our reports to (paying) members within their network. For example, a chamber of commerce that buys this subscription is allowed to distribute our monthly reports to those (paying) companies/institutions within its network. Just like the corporate subscription, a distributor subscription always includes both weekly updates and monthly reports.

Price Overview Distributor Subscriptions:

1 month	IDR 4,000,000	USD \$275	EUR €225
3 months	IDR 8,000,000	USD \$600	EUR €550
6 months	IDR 15,000,000	USD \$1,100	EUR €1,000
12 months	IDR 25,000,000	USD \$1,800	EUR €1,600

Back issues can be ordered through email (info@indonesia-investments.com) or by phone (+62[0]882.9875.1125 or +62[0]8788.410.6944). Reports released over a year ago are available at attractive discounts.

Disclaimer

Lastly, we would like to emphasize that – although we strive to present accurate, up-to-date, and objective information in our reports – Indonesia Investments cannot guarantee the accuracy of all data and information that is included. We also do not intend to provide legal, investment, tax, or accounting advice through the contents of this report, and therefore the reader should not perceive this report as such. In short: Indonesia Investments cannot be held responsible for decisions based on the content of this report.

[Return to Table of Contents](#)

Introduction – April 2021 Report

For Indonesia, the month of April 2021 was particularly dominated by the arrival of Ramadan, the holy fasting month for the Muslim community. From the evening of 12 April 2021 Muslims fast (typically from sunrise to sunset) up to 12 May 2021. It is also known as a period of intensified praying and reading the Qur'an for the Muslim community as well as higher focus on generosity.



Meanwhile, the Ramadan also has a significant impact on the economy of Indonesia. While on the one hand, economic activity generally tends to ease during this month as most people are not in the usual 'work-mode', it is spending on (and consumption of) food and beverage products that tends to peak in this period. Those who have ever visited a supermarket in Indonesia during Ramadan must have noticed that certain food and beverage products such as biscuits, dates, and syrup are suddenly piled up in the middle of stores (often available at discounted prices). The reason is clear. Demand for these items rises amid Ramadan (as these products are consumed

and shared among family or friends when breaking the fast in the late-afternoon or early evening, or, given as presents when visiting family or friends).

And, it is not only snacks or syrup that are in high demand. Typically, demand for a range of food items rises during Ramadan (such as chicken meat, eggs, beef, garlic, and red chili pepper), especially when approaching Idul Fitri or Lebaran (referring to the festivities that mark the end of the Ramadan), as people take more effort to organize 'dinner parties' in the evening (or cook food at home and then give part of it to their neighbours; a sign of generosity).

What this means is that, normally, inflation tends to peak in Indonesia in this period (moreover, particularly prior to the Joko Widodo administration, inflationary peaks were particularly high around Ramadan because the central government was often late in allowing more imports of certain food items when domestic supplies became scarce, such as garlic, while there were also 'naughty' importers or stakeholders – for example the 'beef mafia' – who deliberately waited for stocks to become scarce on the market, hence causing prices to rise, before delivering new supplies).

However, the difference this year (and last year) is that we are still in the middle of the COVID-19 crisis. So, we should not expect to see normal rates of consumption yet. In many urban areas on Java, Sumatra and Bali there are still social and business restrictions that aim at limiting people's gatherings, while part of the population has

seen its spending power being reduced in the crisis (for example because they were laid off or saw a wage cut). Others may simply be too concerned to go out and meet other people amid the pandemic.

The tables below show how the COVID-19 crisis managed to drag down household consumption in Indonesia since Q1-2020 (and considering household consumption accounts for around 57 percent of total economic growth, it significantly 'helped' to push the Indonesian economy into a recession).

Indonesia's Household Consumption Growth in 2015-2020 (annual % change):

	2015	2016	2017	2018	2019	2020
Household Consumption Growth	4.96	5.01	4.95	5.05	5.04	-2.63

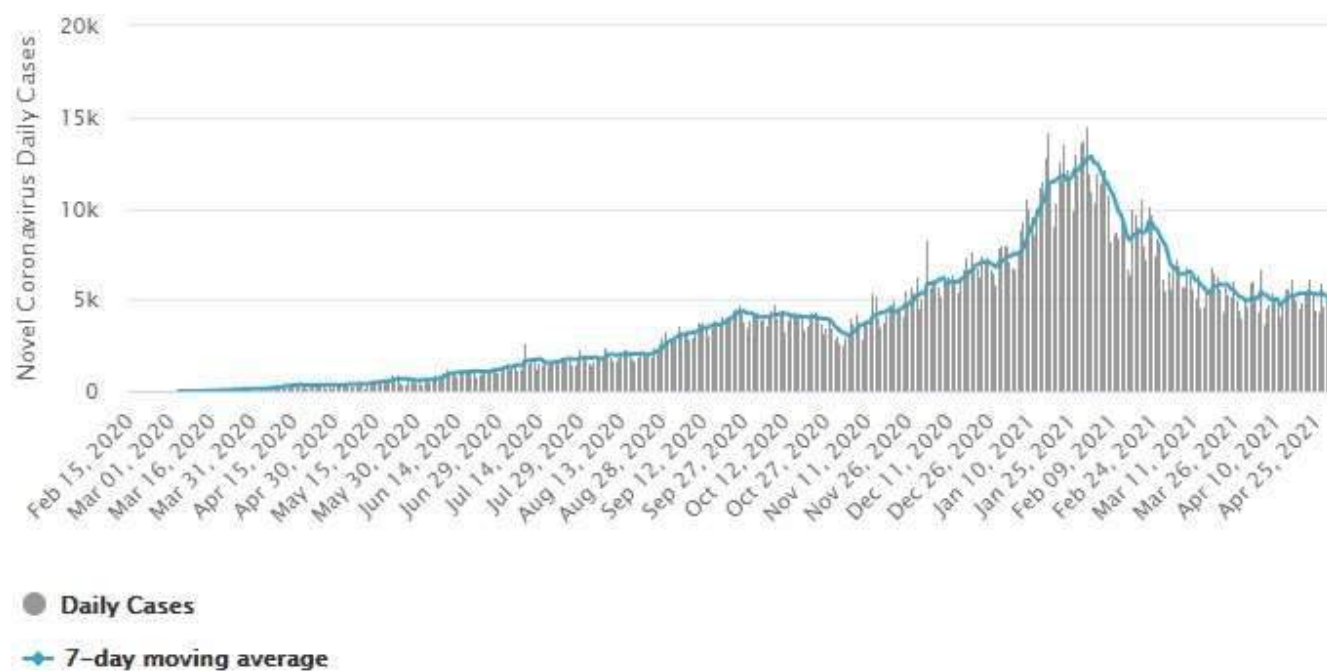
	Q1-2020	Q2-2020	Q3-2020	Q4-2020
Household Consumption Growth	2.84	-5.52	-4.04	-3.61

Source: Badan Pusat Statistik (BPS)

So, consumption across Indonesian society should remain under par in this year's Ramadan and Idul Fitri (compared to *Ramadans* and *Idul Fitri*s in the pre-COVID-

19-crisis era). However, compared to preceding months (well, the past 12 months actually) we should see a clear improvement in consumption, partly thanks to the special ‘holiday bonuses’ that are sent to workers and staff in the formal sector, but also because restrictions are currently less tight than during last year’s Ramadan, while people may also be less concerned as the COVID-19 virus turned out to be less fatal than initially reported by the World Health Organization (WHO) in early 2020. Moreover, the number of new confirmed COVID-19 cases has dropped significantly over the past couple of months. So, this should make people more willing to spend.

New Confirmed COVID-19 Cases in Indonesia (4 March 2020 – 30 April 2021):



Source: www.worldometers.info/coronavirus/country/indonesia/

Nonetheless, the *mudik* (referring to the exodus of millions of city-dwellers to their places of origin -usually in the suburban or rural regions- where they typically spend

a few days to celebrate Idul Fitri) was banned by the Indonesian government for the second year in a row. This too has economic implications as the *mudik* tends to give rise to a significant money rotation in the country, where money flows from urban to regional areas. This topic is discussed in more detail in one of the chapters in this report.

Still, besides the Islamic celebrations (and *mudik* ban as well as related restrictions), the month of April 2021 was a relatively quiet month for Indonesia. Pressures on the country's economy and financial conditions seem easing (reflected by a benchmark stock index and rupiah rate that are moving sideways, which is a pleasant change from the weakening trends we detected in the preceding month), while the number of new confirmed COVID-19 cases in Indonesia remains under control.

Indonesia Investments' Projections for the Indonesian Economy:

	Q1-2021	Full-Year 2021
Economic Growth (GDP) (annual % change)	-0.5%	+1.0% to +2.0%

Source: Indonesia Investments

However, while the context seems to improve, we still stand by our earlier estimate that Indonesia's GDP will contract by 0.5 percent year-on-year (y/y) in Q1-2021, hence extending the economic recession (but this recession should end in Q2-2021, especially thanks to the low base effect), while we also feel that the impact of the

COVID-19 pandemic (on the Indonesian economy) will probably continue to be felt for an extensive period of time, possibly even extending into 2023 as we expect the existing COVID-19 immunization programs to be partly ineffective. For example, the efficacy rate of Sinovac could be as low as 50 percent, while we also fear that certain COVID-19 mutations may not be curtailed by the existing vaccines. Moreover, if the government fully depends on vaccines to combat the virus and will only fully open the economy once the immunization program has been completed, we may need to wait a long time. Per 1 May 2021, a total of 7.68 million Indonesians had received their second (and final) shot in the immunization program, according to Indonesia's Health Ministry. Considering the central government aims to vaccinate 181.5 million people to reach herd immunity, and considering Indonesia's immunization program started in mid-January 2021, it could take years before the program is completed.

Update Indonesia's COVID-19 Vaccine Program per 1 May 2021:

Total Target of the Program	181,554,465 individuals
------------------------------------	-------------------------

Category in 1st Phase	First Shot Completed	Second Shot Completed
Health Workers	1,492,380	1,354,040
Public Officials	8,415,096	4,808,166
Elderly	2,548,948	1,516,279
Total per 1 May 2021	12,457,164	7,678,485

Source: Health Ministry of the Republic of Indonesia

Regarding events in April 2021, two more notes. First, there was a cabinet reshuffle that was orchestrated by President Joko Widodo at the end of April 2021 (which had been approved by the House of Representatives, DPR, on 9 April 2021). However, it was a minor reshuffle only, albeit a quite unusual one as it merged the Ministry of Education and Culture with the Ministry of Research and Technology to create the Ministry of Education, Culture, Research, and Technology (headed by Nadiem Anwar Makarim who previously served as Minister of Education and Culture). The reshuffle also introduced the Ministry of Investment (headed by Bahlil Lahadalia who served as Chairman of the Indonesia Investment Coordinating Board, BKPM, so the BKPM has simply been turned into a ministry). Lastly, Laksana Tri Handoko was appointed as Head of the National Research and Innovation Agency (or BRIN), which has now become an independent state body.

Do we expect this reshuffle to make a significant impact? Well, not really, although in terms of Indonesia's investment environment there is the interesting difference that – previously – the BKPM was only able to execute laws and regulations made by the government or ministries (as it was a non-ministerial agency). However, now the BKPM is turned into a ministry it has the power to make and impose regulations by itself.

This could help to smoothen the investment environment because at the BKPM they should know what and how the flow of investment is disrupted into the country. So, this should put them in a position where they can formulate regulations that help to

ease these obstacles. However, considering Indonesia is plagued by thick layers of red tape and there are other structural bottlenecks too (that are beyond the scope of the Investment Ministry), we certainly do not expect to see any sudden and major changes as a consequence of the reshuffle.

Secondly, in April 2021, there was also a national tragedy that became a big topic in the local news (a story that was also picked up by the international press), namely the sinking of Indonesian navy submarine KRI Nanggala 402, with a crew consisting of 53 men. Contact was lost with the submarine in the early morning of 21 April 2021 after it was given permission to dive for a torpedo firing exercise.

Several hours later an oil slick was spotted in the area as well as the smell of diesel fuel. From around the world, navy ships joined the search mission over the next few days. Considering the submarine would be without oxygen within a few days, hurry was needed. However, objects from the missing submarine started to be found floating in the Bali Sea. Later, an underwater scan confirmed the submarine had sunk to a depth of 838 meters below the surface of the sea and had split into at least three parts, implying that there was no hope any of the 53 crew had survived the disaster.

Experts suspect it was either a very strong internal solitary wave, which is known to occur in the seas around Bali, that pushed the submarine vertically toward the ocean floor, or, material or mechanical failure that caused the catastrophic flooding of one

or more compartments inside the submarine (the KRI Nanggala 402 was old as it was built in 1978 and last overhauled in 2012, so metal fatigue could be at play).

What makes the disaster even more sensitive (especially for the families of the crew) is that it might be impossible to bring the deceased back to the surface. It is not only the sheer depth at which the submarine is positioned that makes it problematic to bring their remains onshore but it's also the fact that the submarine carried torpedos that may have been damaged at impact on the ocean floor. This makes it very risky for rescue teams to do their job.



Lastly, we want to thank you for purchasing this April 2021 edition of our monthly report, and we hope it contains valuable or interesting information for you!

CV Indonesia Investments

Yogyakarta, Indonesia

2 May 2021



[Return to Table of Contents](#)

Research Report 'Indonesia's Energy Sector'



Indonesia Investments

'Indonesia's Energy Sector'

- Need to Power Businesses and Households
- Electricity Grid in Need of Improvement
- A Deeper Look into PLN's Performance
- The Challenges Faced by Pertamina
- Energy Targets of the Indonesian Government
- Oil and Gas; Reversing the State of Decline
- Rising Resource Nationalism in Indonesia
- Coal Remains the Crucial Energy Commodity
- Gradual Development of Renewable Energy
- Impact Mining Law Revision on Investors
- The Investment Environment of Indonesia
- And More ...

JULY 2020 – 1ST EDITION

Van Der Schaar Investments B.V.
CV Indonesia Investments

Price:
USD \$750
Rp 10 Million

Order by:

- Email: info@indonesia-investments.com

- Phone/WA: +62(0)8 82 9875 1125

Contact

Van Der Schaar Investments B.V.

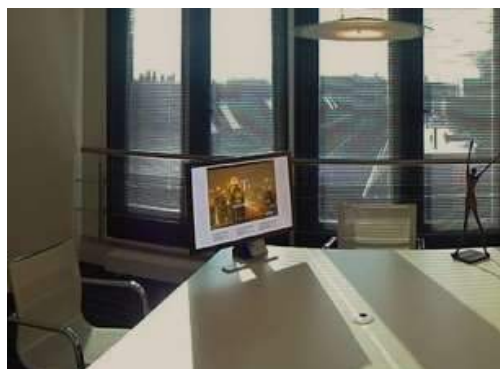
Vaandelstraat 42

2611 DB Delft

The Netherlands

M +31 (0)6 27 05 85 32

E info@vanderschaar-investments.com



CV Indonesia Investments

Nusa Harmoni Brajan, No. 5

Brajan RT. 14 Tamantirto, Kasihan

Bantul – 55183, Indonesia

Email: info@indonesia-investments.com

Tax Number (NPWP): 85.701.415.3-036.000

M +62 (0)8 788 410 6944 (incl. WA texts)

E info@indonesia-investments.com



Representative Jakarta, Indonesia

Ms. Lori Siregar

Director CV Indonesia Investments

Jl. Tanjung Duren Raya No. Kav 5-9

West Jakarta - 11470, Indonesia

M +62 (0)8 82 9875 1125 (incl. WA texts)

E info@indonesia-investments.com



[Return to Table of Contents](#)

Coronavirus Tips: How to Protect Yourself & Others

Immunization programs have started but it is important to remain careful to avoid becoming infected with COVID-19, or, infect others.

You can protect yourself and help prevent spreading the virus to others if you:



- **Wash your hands regularly and thoroughly** for 20 seconds, with soap and water, or alcohol-based hand rub. Remember that before your hands are clean, you should not touch your face, especially not (around) your eyes, nose and mouth as these are the key entrance points for any virus.

- **Cover your nose and mouth** with a (disposable) tissue or flexed elbow **when you cough or sneeze**. Wear a face mask when going outside (mainly to protect other people) and wash your hands often and thoroughly when back inside.



- **Stay Home**; avoid unnecessary contact with people as well as unnecessary traveling, particularly to crowded or public places. After returning home from necessary activities such as grocery shopping, do not forget to wash your hands. You may also want to wash the products you bought, because people often touch products that are put on display in the local supermarket. If possible, work from home!

- **Strengthen your immune system**; people who are healthy (which are usually young people) may not even notice that they are infected with COVID-19. The trick here is that their immune system is stronger (generally). Therefore, now is the time to take some efforts to strengthen your immune system by eating healthy (fruits and vegetables each day). And don't forget to exercise. Taking enough time to sleep is also crucial to help improve your immune system. Lastly, it is highly recommended to quit bad habits, most notably: smoking.



- **Ventilation**; make sure that rooms inside houses, apartments, and buildings are properly ventilated as a COVID-19 infected person can spread aerosols so small that a facemask cannot prevent them from going into the air or from going into the lungs of someone who wears a facemask. Ventilation systems need to get a good supply of fresh air from outside and/or use a good filter. It is also advised to open windows or doors in closed spaces so there is a supply of fresh air.

[Return to Table of Contents](#)