

Indonesia Investments

Monetary Policy Indonesia

- Bank Indonesia Cuts Benchmark Interest Rate to 3.50%, a Historically Low Level
- Zero Down Payment Requirements for Purchases of Property and Vehicles (Cars and Motorcycles)
- Bank Indonesia Becomes Less Optimistic about Economic Conditions, Cuts 2021 Growth Outlook
- Indonesian Stocks Rise after Latest Monetary Policy Meeting, Rupiah under Modest Pressure
- Possibly Last Rate Cut for Indonesia, as US Yields Are on the Rise

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Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. Topics in these updates will often be discussed in more detail (and in an updated form) in forthcoming monthly reports.

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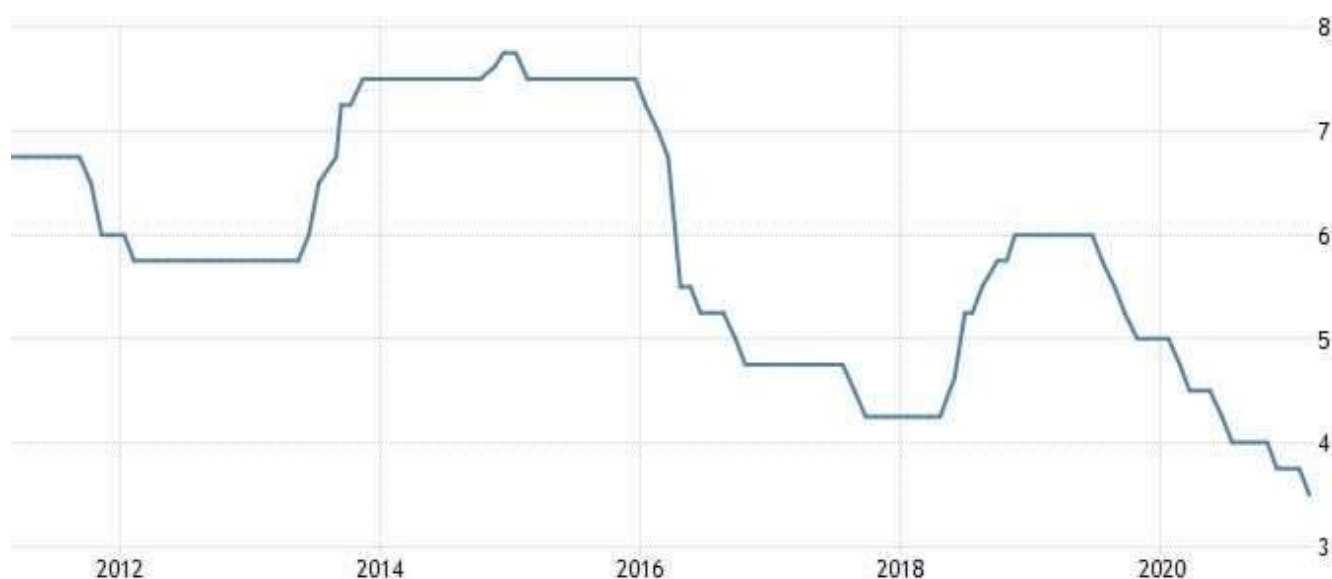
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Monetary Policy: Bank Indonesia Cuts Interest Rates, Sets Zero DPs for Property, Automotive Purchases

At its latest monetary policy meeting, completed on 18 February 2021, Indonesia's central bank (Bank Indonesia) decided to cut its benchmark interest rate (the seven-day reverse repurchase rate) by 25 basis points (bps) to 3.50 percent, a historically low level for Southeast Asia's largest economy. Also the deposit facility and lending facility rates were cut by 25 bps to 2.75 percent and 4.25 percent, respectively.

In combination with several other policy adjustments of Bank Indonesia as well as a less optimistic outlook for Indonesia's economic growth in 2021, it indicates that the central bank puts on the gloves a bit further to fight the ongoing economic recession.

Bank Indonesia's Benchmark Interest Rate:



www.tradingeconomics.com

Over the past 18 months or so, Bank Indonesia cut its key interest rate gradually, yet aggressively, from 6.00 percent to 3.50 percent in a clear effort to boost economic activity across the Archipelago. The COVID-19 crisis in particular has led to a drastic decline in consumption, production, trade, and investment that has dragged down the Indonesian economy and pushed it into a recession (with negative growth – on an annual basis – starting from Q2-2020).

[...]

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