

Indonesia Investments

‘Strong Start of the Month for the Indonesian Rupiah ’

- Appreciates 3% versus USD in H1-November
- Year-to-Date the Rupiah Remains Weaker
- Impact of US Elections & COVID-19 Vaccine
- Foreign Holdings of Indonesia’s Government Bonds Gradually Recover in Q2, Q3 and Q4
- Bank Indonesia Labels Rupiah “Undervalued”
- Indonesia Investments’ Rupiah Projection

15 NOVEMBER 2020

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Update – 15 November 2020

‘Strong Start of the Month for the Rupiah’



Preface

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What Made the Indonesian Rupiah Appreciate Versus the US Dollar in the First Half of November 2020?

The Indonesian rupiah had a good start of the month in November 2020. Based on Bank Indonesia's Jakarta Interbank Spot Dollar Rate (Jisdor), the rupiah appreciated 3.4 percent against the US dollar in the first two trading weeks of November 2020.

And, it certainly is no surprise to see significant movements in currency markets in the first half of November 2020. After all, a lot happened (or better: is happening) so far in November 2020, particularly in the United States. These are developments that are perceived as positive by market participants, hence risk appetite increases, and therefore emerging market assets – including the Indonesian rupiah – are able to strengthen.



It is important to note that Bank Indonesia's Jisdor rate is set each morning, hence it has not absorbed developments on Friday's trading day (13.11.2020) yet, when the

majority of emerging market assets were under pressure (further explained below). Therefore, the Jisdor rate is bound to weaken on Monday (16.11.2020).

Nonetheless, if we take a look at the Bloomberg Dollar Index, we see the same trend: appreciating from the level of IDR 14,625 per US dollar at the end of October 2020 to the level of IDR 14,170 on Friday (13.11.2020).

The index used by Business Insider even shows a steeper appreciation for the rupiah in the first half of November 2020 as the currency started this period from a weaker position (slightly above IDR 14,750 per US dollar at the end of October 2020).

Indonesian Rupiah versus the US Dollar (First Half November 2020):



Source: www.markets.businessinsider.com/currencies/usd-idr

[...]

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JULY 2020 – 1ST EDITION

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