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

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Update – 15 November 2020

'Strong Start of the Month for the Rupiah'



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.

Content in this update is copyright of Van Der Schaar Investments B.V. (all rights reserved), except when indicated otherwise (the majority of pictures are obtained from Pixabay). Our permission is required by those who seek to publish or distribute (parts of) the content in this update (Dutch law applies).¹

Disclaimer

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

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

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.



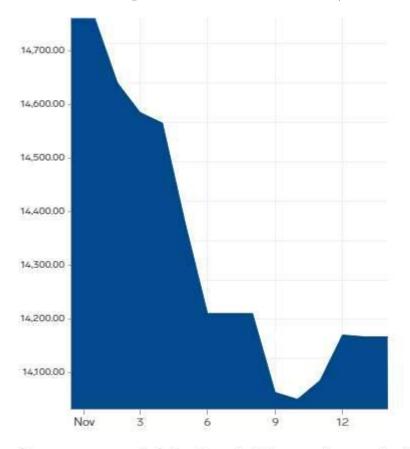
It is important to note that Bank Indonesia's Jisdor rate is set each morning, hence it has not absorbed developments on Friday's trading day (13.11.2020) yet, when the

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

[...]

To Read the Next 10 Pages, You Need to Be Subscribed to the Indonesia Investments' Report. Only Subscribers Will Be Sent These Updates on Key Economic, Political, and Social Developments in Indonesia.

Send an email to info@indonesia-investments.com or message (incl. WhatsApp) to +62.8.788.410.6944 for further subscription details.

Research Report 'Indonesia's Energy Sector'



Order by:

- Email: info@indonesia-investments.com

- Phone/WA: +62(0)8 788 410 6944