

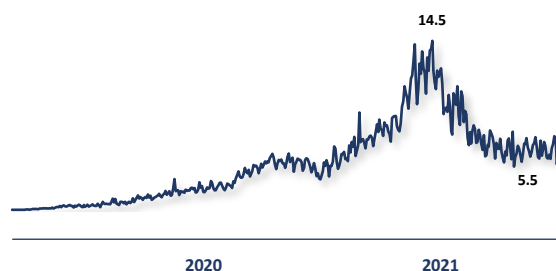
Our Latest Thinking on Indonesian Economy June 2021

Key Drivers

1 Underpinning rapid recovery in Indonesia's economy is a renewed hope from vaccination drive

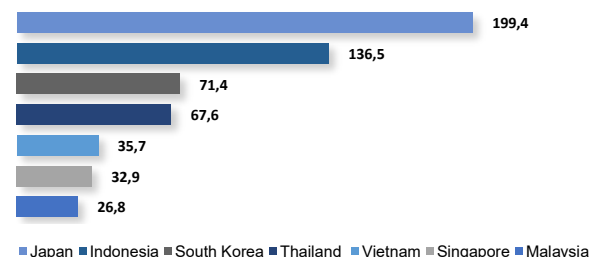
- Indonesia's Daily Covid-19 case peaked in January 2021 where it reached 14.5k and as of April 2021, daily new case has dropped significantly to 5.5k. Indonesian, in general, have coped with the new ways of living amidst global strict health protocol and there is an indication that vaccination drive in Indonesia *has positive impacts since it was first administered on mid January 2021*.
- Vaccination adoption is driven by high acceptance rate of C19 vaccine by the majority of Indonesian – at least 60% is willing to accept the C19 vaccine.
- The Government of Indonesia (GOI) targets to administer at least c.181.5 million people (or 70% of its c.267 million population), in order to achieve herd immunity by March 2022.
- As of 16th May, The Government managed to administer 13.3 million vaccines with an average of daily vaccines administered at 200k – 250k. Should this trend persist, Indonesia may reach its target in c.2.2 years or after its March 2022 initial target. The issue is exacerbated by the decline in daily doses administered during the Ramadhan Holy Month with 7-day rolling average at 136.5 thousand.
- The momentum of economic recovery will depend on the vaccination rate, whilst commitment exists, GOI needs to ensure that the execution is as planned.

Daily New Cases (May 2020 – Apr 2021)
In Thousand



Daily COVID-19 vaccine doses administered (as of May 14th, 2021)

Shown in rolling 7-day average. Counted as a single dose, and may not equal total number of people vaccinated, depending on the specific dose regime (e.g., people receive multiple doses).



2 Supporting growth through a harmonising policies between fiscal and monetary

- In better fared countries, especially in Asia, the Covid-19 Pandemic Crisis is marked by a swift rebound in GDP. China, for example, hit a 10.1% QoQ rebound after 9.3% QoQ slump in Q1 2020. The view of imminent recovery seems approved by The US 2 largest equity indices, the Dow and the S&P 500, hitting record high in May 2021.
- Consumer demand recovery and inflated equity valuation around the world came along with intensifying inflation expectation and therefore rising assets yield. Concern over taper tantrum disrupting the recovery that the Global economy is experiencing is still a view to be challenged. We still believe global benchmark rates to remain low in 2021 as central banks are still cautious to protect the economy from failing.

2 Largest US Equity Indices Hit Record High in May 21

Dow Jones Industrial Average vs S&P 500 Index Movement
Rebased (2015 = 100)
In rebased unit price



Our Latest Thinking on Indonesian Economy

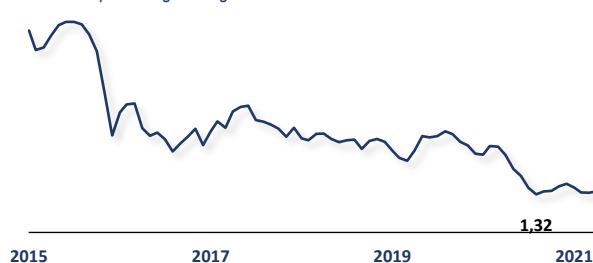
June 2021

2 Supporting growth through harmonising policies between fiscal and monetary

- Further rate cut is possible though has a slim probability. We believe BI will sustain a dovish policy because of: (1) Indonesia's low inflation rate; (2) Omnibus Bill is widely expected to improve FDI which will strengthened IDR and reduce the FDI Outflows driven inflation.
- Most ASEAN sovereigns give tax relief, raise healthcare and social transfer budget in their effort to stimulate the economy. Unlike its counterparts, Indonesia Government applies more targeted approach in providing incentives to workers with gross income under specific threshold and distribute larger social transfer to lower class population. The Government also plan to reduce corporate tax rates from 25% to 22% and 20% in 2021 to 2022 as a part of its National Economic Recovery Program (PEN).
- Monetary wise, central banks around the world are more proactive and implement hand in hand policies with the government. Given limited room to reduce rates, fiscal debt monetization will continue to be the main theme in 2021. Proactive play between fiscal and monetary bodies is much needed now. However, the government will need to pay attention towards its own constraint and promote external funding for a more sustainable recover where the recent Omnibus Law shall help them to do this.

Indonesia CPI Inflation is Still Near Record Low

Indonesia CPI Inflation Rate
Rebased (2008 = 100)
In annual percentage change



Limited Room to Further Reduce Rates

Bank Indonesia 7 Days Repo Rate (7D RR)
In percentage

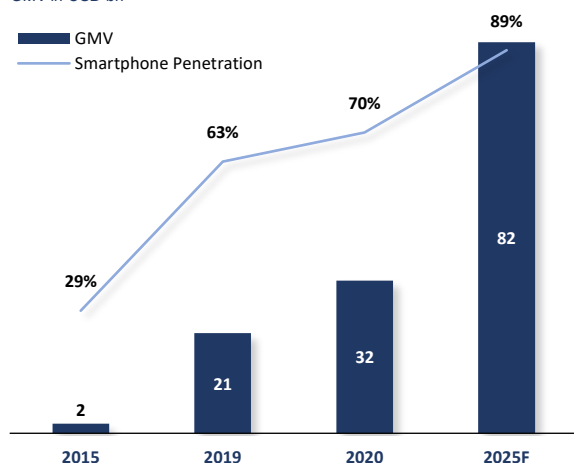


3 Underpinning rapid economic recovery in Indonesia is tech adoption

- Technology adoption has caused a complete shift in how Indonesian people live. Looking back 10 years ago, most people still perform conventional shopping. Nowadays, they don't mind buying online. Day-to-day tasks like paying utility bills or grocery shopping are more effortless as they are attainable in a matter of clicks. All these are possible through higher smartphone users penetration rate. The number was only 28.6% in 2015, but gradually increased to 70.1% in 2020 and expected to reach 89.2% by 2025 according to xxx.
- The pandemic brings accelerated shift to digital channels and e-commerce platforms play a pivotal part in helping retailers to operate during the difficult times. The merger between two largest unicorns, Gojek and Tokopedia, further creates growth opportunities for the economy. Furthermore, although existence of fintech has disrupted conventional lenders, these startup have been helping to allocate funds to the contributor of Indonesian economy, the SMEs.

Rising eCommerce GMV along with greater smartphone penetration

Indonesia smartphone penetration rate and eCommerce GMV
GMV in USD bn



Who Are We and What Can We Do to Help Your Growing Business

Dedicated Professional in Financial Advisory

We are dedicated people with solid finance and investment background honed in Indonesia and UK. We have carved out successful careers in finance, investments, and capital markets.



Andy Tjia, M.Sc., ACA

Andy graduated Masters in Economics from Imperial college and started his career at PwC UK providing external audit services to multinational companies, large financial institutions, start-up and tech companies. Previously, Andy was working in a London-based venture capital serving businesses in Indonesia seeking for equity investments. Currently, he is a M&A Advisor in Jakarta managing deals in the F&B, Manufacturing, Oil and Gas and FIG segments. Andy is a Chartered Accountant and currently a CFA candidate. During his career in M&A, Andy has advised a textile manufacturing company with an estimated deal size between USD 10 – 15 million. Andy has also helped an O&G company in a pre-IPO with an estimated market cap of >1 USD bn.



Immanuel Titus, M.Sc.

Immanuel graduated Masters of Investment and Finance in 2018 from Queen Mary University of London. In his early career, he joined PwC Advisory Indonesia as a Vocational Employee in Corporate Valuation division. He had worked with Central Bank of Indonesia as an economist assistant. His dedication in research is developed through his days at Buana Capital covering several sector from construction, banking, and telecom. During his career, he had participated in an IPO research of PT Bali United Tbk., a public company operating a football club with a market valuation of ~20 million USD. His dedication to finance has been demonstrated by passing CFA level 2 examination and he is also advising clients in tax-related matters.



Eko Raharjo, B.Sc.

Eko is an experienced Finance Supervisor with demonstrated history of working in the manufacturing industry. He is skilled in cash flow budgeting and forecasting, financial accounting and has equipped himself with Brevet AB Certification. He took bachelor in Public Finance from National Chengchi University. Eko is fluent in Chinese and English and has research experience from his days in Bank of Sinopac, Taipei, where he analyse Malaysia macro economics to decide its suitability for expansion.

Our SERVICES

- ☒ Industry Research
- ☒ Financial Accounting Services
- ☒ Due Dilligence
- ☒ Financial Modelling and Forecasting

All communications should be directed to one of the designated representatives of Atria Capital at the following contact detail.

Andy Tjia
+62 812 8548777
Andy.t.tjia@gmail.com