

Moody's Rating Agency's Positive Affirmation and Increasing Consumer Confidence Index, Reflecting Indonesia's Economic Resilience



COORDINATING MINISTRY FOR ECONOMIC AFFAIRS REPUBLIC OF INDONESIA

PRESS RELEASE

HM.4.6/63/SET.M.EKON.3/2/2022

Moody's Rating Agency's Positive Affirmation and Increasing Consumer Confidence Index, Reflecting Indonesia's Economic Resilience

Jakarta, February 12th, 2022

Rating agency Moody's, has decided to maintain the Republic of Indonesia's Sovereign Credit Rating at Baa2 rating with a stable outlook on February 10, 2022. Affirmation of this rating supported by sustainable economic resilience and expectations for the effectiveness of monetary and macroeconomic policies that are maintained amidst the risk of rising global interest rates. Moody's also considers that structural reforms that are continuously overseen by the Government can support increased investment and export competitiveness.

"Along with the improvement in various economic indicators, the Government and all stakeholders have succeeded in maintaining the optimism of foreign investors. This rating affirmation is one of the validations for the Government to continue to implement the implementation of the Job Creation Law, while continuing to follow up on the decisions of the Constitutional Court. The operationalization of derivative regulations in all sectors, both at the central and regional levels, will continue to be carried out," said Coordinating Minister for Economic Affairs Airlangga Hartarto.

One of the implementations of the Job Creation Law that will provide benefits to the Indonesian economy is the operation of the Indonesia Investment Authority (INA). The presence and operation of INA in 2022 is believed to be able to answer various challenges in attracting investment to Indonesia and will become a special attraction, both for foreign and domestic investors.

Rating agency Moody's also conveyed that Indonesia's average economic growth projection for the next two years will return to pre-pandemic levels of 5%, which is higher than other countries with the same rating. This projection provides optimism for the achievement of Indonesia's economic growth target in 2022 of 5.2%.

"This achievement further provides good prospects for the Indonesian economy in 2022. Maintaining Indonesia's investment rating will be the initial capital to accelerate the improvement of the investment climate through structural reforms so it's can encourage increased investment as well as job creation in 2022," said Coordinating Minister Airlangga Hartarto.

Various economic indicators also support the prospect of economic recovery. In early February, IHS Markit released that the level Purchasing Managers' Index (PMI) remained in the expansion zone and increased to 53.7 in the January 2022 report. This increase in manufacturing activity reflects the response of increased production by producers to increased domestic demand.

"In the future, domestic demand is expected to strengthen further, as reflected in the Consumer Confidence

Index in January 2022 which increased to a level of 119.6. This also indicates that consumer optimism about economic conditions is getting more solid," said Coordinating Minister Airlangga.

In increasing consumer confidence in January 2022, this was also driven by improved consumer perceptions of current economic conditions, especially perceptions of current income and purchases of durable goods. In line with improved perceptions of economic conditions, consumer expectations of future economic conditions also recorded improvement in all of the constituent indices.

"The government is committed to continuing to maintain the synergy of economic recovery that occurs between the supply and demand," concluded Coordinating Minister Airlangga Hartarto. (dep1/frh/dlt/alr/fsr)

**Head of Communications, Information Services, and Meetings Bureau
Coordinating Ministry for Economic Affairs of the Republic of Indonesia
Haryo Limanseto**

Website: www.ekon.go.id

Twitter, Instagram, Facebook, Tiktok, & Youtube: @PerekonomianRI

Email: humas@ekon.go.id

LinkedIn: Coordinating Ministry for Economic Affairs of the Republic of Indonesia