

## Rupiah Forwards Surge Most in Three Years on Exports Outlook 2013-09-09 10:11:42.72 GMT

By Yudith Ho

Sept. 9 (Bloomberg) -- Indonesia's rupiah forwards advanced by the most in three years on speculation better-than-expected data from Asia's largest economies will boost exports and narrow the nation's trade deficit.

One-month non-deliverable forwards surged 2.1 percent to 11,515 per dollar as of 4:37 p.m. in Jakarta, the biggest gain since May 2010, data compiled by Bloomberg show. The contracts traded 3.1 percent weaker than the spot rate, which gained 0.1 percent to 11,160, according to prices from local banks. That's the smallest gap since Aug. 16.

Japan's economy expanded by an annualized 3.8 percent in the second quarter from the previous period, exceeding the 2.6 percent estimate, official data showed today. China's exports increased 7.2 percent from a year earlier, more than the 5.5 percent predicted by analysts, the government said yesterday. Indonesia's shipments to the two countries amounted to 24 percent of its non-oil and gas exports in July, when the trade shortfall widened to \$2.3 billion, the largest ever.

"Regional currencies including the rupiah advanced after sentiment in Asia improved," said Suriyanto Chang, head of treasury at PT Bank QNB Kesawan in Jakarta. "The chance of seeing the rupiah at 12,000 per dollar is smaller now, and exporters may start to sell dollars at these levels."

One-month implied volatility on the rupiah, a measure of expected moves in the exchange rate used to price options, slid 77 basis points, or 0.77 percentage point, to 19.96 percent, data compiled by Bloomberg show. A fixing used to settle the forwards was set at 11,605 per dollar today, from 11,694 on Sept. 6, according to the Association of Banks in Singapore.

### Forex Reserves

Foreign-exchange reserves increased last month for the first time since April to \$93 billion, from \$92.7 billion in July, Bank Indonesia said Sept. 6. The central bank began holding weekly foreign-currency swap auctions on July 25.

"The reserves were helped by \$3.9 billion accepted by Bank Indonesia by offering foreign-exchange swaps, but those may weigh on the reserves when they come due in the next few months," said David Sumual, Jakarta-based chief economist at PT Bank Central Asia, Indonesia's largest lender by market value.

The rupiah has dropped 11 percent this quarter, the worst performance among 24 emerging-market currencies tracked by

Bloomberg. A decline of 10 percent adds as much as 0.8 percent to inflation, according to Bank Central Asia, which revised its year-end forecast for consumer-price gains to 9.4 percent from 8.3 percent.

“Many industry associations haven’t increased prices in response to the rupiah yet,” BCA’s Sumual said. “So we may see that contribute to inflation in September or October.”

The yield on the nation’s 5.625 percent bonds due May 2023 rose one basis point to 8.93 percent, after reaching 8.96 percent earlier, the highest level since February 2011, prices from the Inter Dealer Market Association show.

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