

24 June 2025

Macroeconomics Indicator

	2023	2024	2025F
GDP growth (%YoY)	5.05	5.03	5.02
Inflation (%YoY)	2.61	1.57	1.97
BI rate (% Year-end)	6.00	6.00	5.00
Rp/US\$ (Average)	15,244	15,853	16,571
CA deficit (% of GDP)	-0.1	-0.6	-1.5
Fiscal deficit (% of GDP)	1.65	2.3	2.8

Decelerating M2 growth but CIC improved from holiday activity

- M2 grew slower at +4.9% yoy in May25 (+5.2% yoy in Apr25) from NDA, but currency in circulation (CIC) rose to +10.7% from national holidays.
- Net foreign assets (NFA) slightly rose to +3.9% yoy (+3.6% yoy in Jun25), underpinned by higher bonds inflow at +US\$1.6bn.
- We see lower GDP at c.+4.8% in 2Q25 (+4.9% in 1Q25) from lower external trade contribution amid flattish household consumption.

Rising CIC amid multiple holidays during the month

Broad money (M2) growth fell further to +4.9% yoy in May25 (+5.2% yoy in Apr25). The slower growth came from lower net domestic assets (NDA) at +5.1% yoy (+5.6% yoy in Apr25), though it was partially offset by higher net foreign assets (NFA) growth at +3.9% yoy (+3.6% yoy in Apr25). In the meantime, currency-in-circulation (CIC) increased to +10.7% yoy (+8.7% yoy in Apr25), likely reflecting rising retail economic activity during the five days of national holiday in May25. We expect this trend to persist in Jun25 from Eid Al-Adha festivity (average 10Y growth of CIC during Eid Al Adha month at +9.5% yoy).

Lower NDA from moderate government spending

In the NDA, net claims on the central government declined further by -25.7% yoy in May25 (-21.0% yoy in Apr25). This mainly reflected the weaker state spending at -11.3% yoy (-5.1% yoy in Apr25) with key categories such as material and subsidy contracting by -31.6%/-15.1% yoy (-35%/-8.5% yoy in Apr25). Meanwhile, private loan growth slowed to +13.4% yoy (+15.3% yoy in Apr25). The slower loan was due to moderation in investment and consumption loans to +13.4%/+8.7% yoy (+15.3%/+8.9% yoy in Apr25), while working capital loans rose slightly to +4.5% yoy (+4.3% yoy in Apr25).

Improved NFA amidst higher bonds inflow

In the NFA, the higher growth was supported by foreign inflow in bond at +US\$1.62bn in May25 (+US\$0.46bn in Apr25). This reflected the government's front-loading strategy in SUN issuance, with around c.US\$0.65bn of the inflow coming from Samurai bonds. On the other hand, both US\$ third-party funds/term deposits declined to -0.7%/+3.0% yoy (+1.3%/+7.6% yoy in Apr25), indicating lower onshore demand for US\$. We think this may be linked to the lower foreign ownership of SRBI, which fell to 24.6%/24.1% in May/Apr25 (26.3% in Mar25).

Maturing SRBI shall unlock higher base money

In the recent BI meeting, the central bank emphasized its strategy to expand liquidity through a pivot in open market operation (OMO). Already, total outstanding SRBI declined by -Rp97.8tr over Jun/May25 to Rp811.1tr (Rp908.9tr in Apr25), marking the steepest drop and the lowest level since Apr24. With c.Rp464.7tr of SRBI set to mature in 2H25 (c.52.9% of total outstanding), we expect higher base money (M0) in the economy which will provide more liquidity for the financial system.

We expect the GDP growth to be at c.+4.8% in 2Q25

We project 2Q25 GDP growth to soften to c.+4.8% yoy (+4.9% yoy in 1Q25), due mostly to the decline in external trade contribution at c.0.4% (from 0.8% in 1Q25). Meanwhile, household spending may remain stable at c.+4.9% (flat vs. 1Q25), supported by school holiday activity and the government stimulus package budgeted at Rp24.4tr (see our fiscal report [here](#)).

Luthfi Ridho

PT Indo Premier Sekuritas

luthfi.ridho@ipc.co.id

+62 21 5088 7168 ext. 721

Axel Azriel

PT Indo Premier Sekuritas

axel.azriel@ipc.co.id

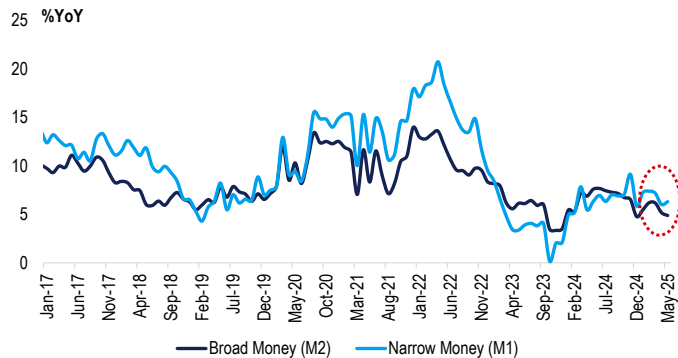
+62 21 5088 7168 ext. 717

Fig. 1: Money supply summary: M2 growth fell from declining net domestic asset (NDA)

	2019	2020	2021	2022	2023	2024	2025	Mar-25	Apr-25	May-25	Mar-25	Apr-25	May-25
	%YoY							%YoY			%MoM		
Broad Money (M2)	6.5	12.5	14.0	8.4	3.5	4.4	4.9	6.2	5.2	4.9	1.7	-0.5	0.2
Net Foreign Asset	4.4	13.6	5.8	4.9	3.6	0.8	3.9	6.0	3.6	3.9	-0.3	-3.2	-1.2
Net Domestic Asset	7.2	12.2	16.7	9.4	3.4	5.4	5.1	6.2	5.6	5.1	2.2	0.2	0.6
Narrow Money (M1)	7.4	14.9	17.9	9.5	2.1	5.8	6.3	7.2	6.0	6.3	2.5	-0.9	0.0
Deposit	6.4	11.4	12.2	9.4	3.8	3.7	3.9	4.7	4.4	3.9	0.8	0.2	0.2
Private Loan	5.9	-2.6	4.9	11.0	10.3	9.1	8.1	8.7	8.5	8.1	1.1	0.6	0.5
L/D Ratio (%)	97.0	84.9	79.4	80.5	85.6	90.1	90.3	89.6	90.0	90.3			

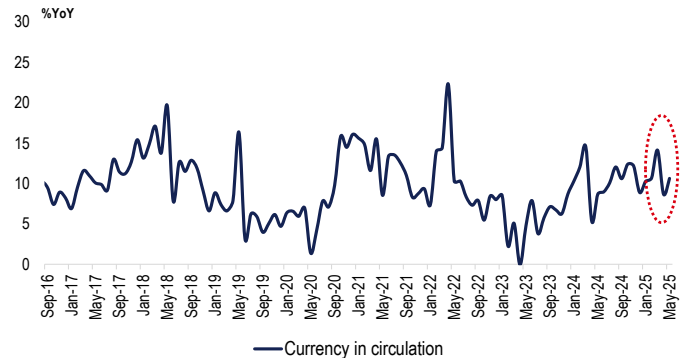
Source: BI, Indo Premier

Fig. 2: Narrow money (M1) growth improves, but M2 slightly fell



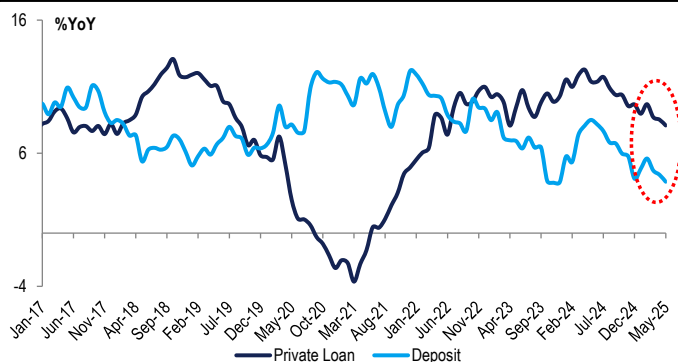
Source: BI, Indo Premier

Fig. 3: Higher currency in circulation from several national holidays



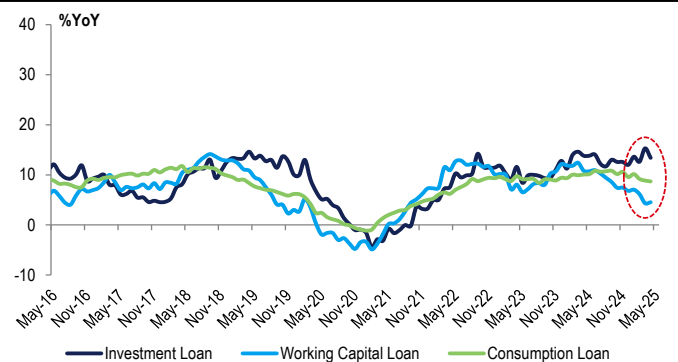
Source: BI, Indo Premier

Fig. 4: Both deposit & private loan growth decreased



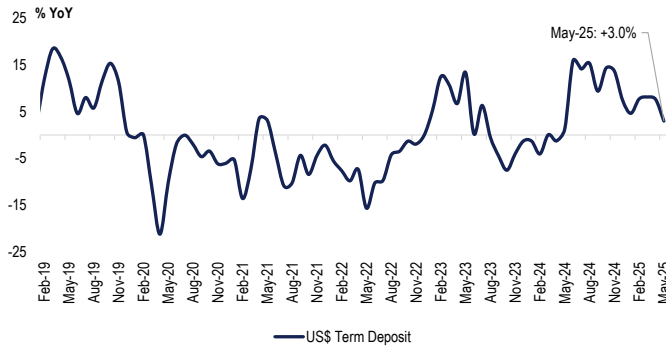
Source: BI, Indo Premier

Fig. 5: Working capital loan increased, but other categories declined



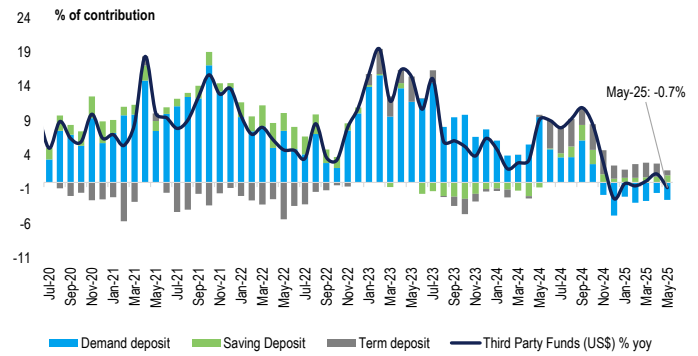
Source: BI, Indo Premier

Fig. 6: On-shore US\$ term deposit declined



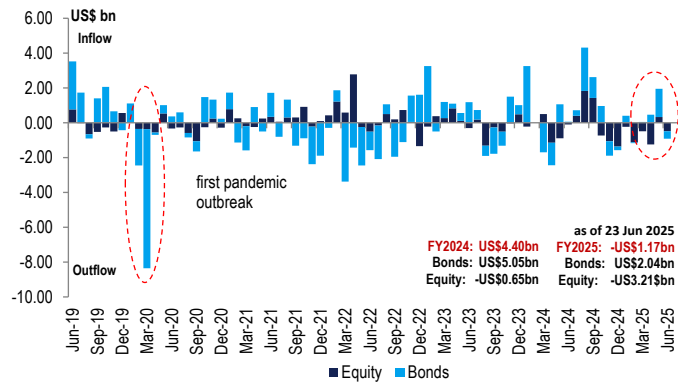
Source: BI, Indo Premier

Fig. 7: While overall US\$ third party deposit contracted



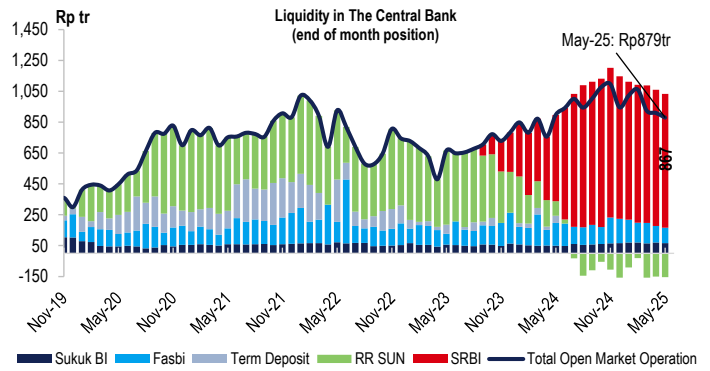
Source: BI, Indo Premier

Fig. 8: Capital recorded significant inflow in May25



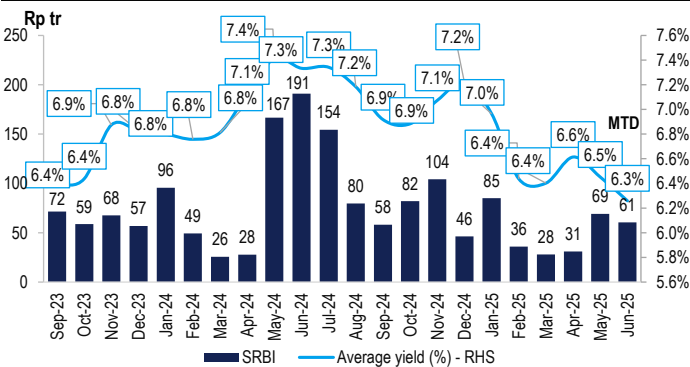
Source: BI, Indo Premier

Fig. 9: Liquidity in the central bank declined from SUN repo and SRBI



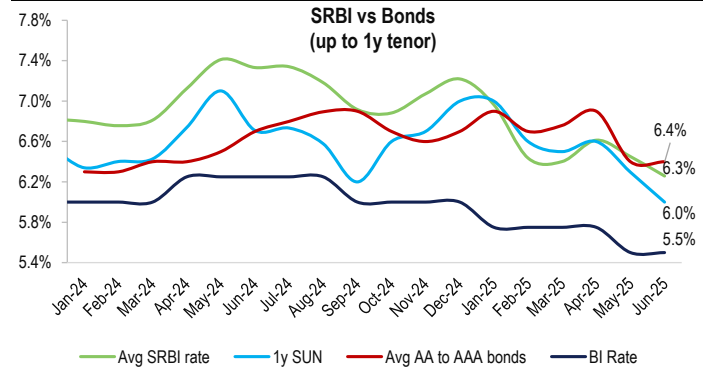
Source: BI, Indo Premier

Fig. 10: SRBI yield keeps trending down



Source: BI, Indo Premier

Fig. 11: Followed by other securities



Source: BI, Indo Premier

Fig. 12: SRBI position recorded further outflow

SRBI ownership (Rp tr)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Bank	320.3	384.6	461.3	537.7	534.8	552.1	586.3	601.7	560.8	562.3	560.5	526.2	549.1	538.1
Non bank	77.1	159.2	233.9	299.8	327.9	334.1	345.8	328.6	315.2	321.2	312.0	315.9	292.1	290.6
Resident	2.0	7.0	41.4	63.8	77.3	79.9	83.6	84.9	91.1	83.5	81.9	81.7	79.9	77.3
Non-resident	75.2	152.2	192.5	236.0	250.6	254.2	262.2	243.7	224.2	237.7	230.1	234.2	212.1	213.4
Others	13.2	14.5	25.9	22.8	58.1	41.4	28.6	38.9	47.5	10.5	20.9	49.0	40.7	38.6
Total	410.6	558.2	721.1	860.3	920.8	927.6	960.7	969.2	923.5	894.0	893.4	891.1	881.8	867.4
monthly increase	5.7	147.6	162.8	139.2	60.5	6.9	33.0	8.5	-45.6	-29.6	-0.6	-2.3	-9.3	-14.4

SRBI ownership (% of total)	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Bank	78.0	68.9	64.0	62.5	58.1	59.5	61.0	62.1	60.7	62.9	62.7	59.0	62.3	62.0
Non bank	18.8	28.5	32.4	34.9	35.6	36.0	36.0	33.9	34.1	35.9	34.9	35.5	33.1	33.5
Resident	0.5	1.3	5.7	7.4	8.4	8.6	8.7	8.8	9.9	9.3	9.2	9.2	9.1	8.9
Non-resident	18.3	27.3	26.7	27.4	27.2	27.4	27.3	25.1	24.3	26.6	25.8	26.3	24.1	24.6
Others	3.2	2.6	3.6	2.7	6.3	4.5	3.0	4.0	5.1	1.2	2.3	5.5	4.6	4.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: BI, Indo Premier

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.