

13 October 2025

Macroeconomics Indicator

	2023	2024	2025F
GDP growth (%YoY)	5.05	5.03	5.02
Inflation (%YoY)	2.61	1.57	2.20
BI rate (% Year-end)	6.00	6.00	4.50
Rp/US\$ (Average)	15,244	15,853	16,550
CA deficit (% of GDP)	-0.1	-0.6	-1.5
Fiscal deficit (% of GDP)	1.65	2.3	2.8

F: forecast, P: preliminary; all baseline scenario

3Q25 GDP preview: expecting a slower growth trajectory

- We estimate moderation in 3Q25 GDP growth to c.+4.96% yoy as both consumption and investment softened to c.+4.80% and c.+4.22% yoy.
- Strong gov't cons. (c.+33.45% yoy) may lift momentum ahead; higher commodity prices supported export (c.+10.96% yoy) as import were flat.
- We expect FY25 GDP to grow at c.5% on stronger 4Q momentum from government stimulus, rising investment, and steady commodity exports.

Consumption softening on employment pessimism and late stimulus

We expect Indonesia's 3Q25 GDP growth to moderate to 4.92% yoy vs. 5.12% in 2Q25, as household consumption and investment softened. Household consumption growth is projected at +4.80% yoy, reflecting soft spending momentum, while investment growth is likely to ease to +4.22% yoy after a strong +6.99% in 2Q25. Consumption moderation is due to: (1) declining retail sales (-0.2% yoy in 3Q25), (2) worsening Employment Condition Index (94.3 vs. 97.1 in 2Q25), and (3) lower current income sentiment (117.4 vs. 121.3). Despite the overall weakness, mobility-related indicators remained relatively strong, suggesting that service-sector consumption is holding up. However, services only make up about 32% of total household spending. Gov't consumption is expected to grow sharply by +33.45% yoy, reflecting the acceleration in recent fiscal data. Our spending proxy implies a significant jump in government consumption towards the end of 3Q25, though the impact on households will likely be more visible in 4Q25.

Investment to decelerate after a strong 2Q

After a strong +6.99% yoy increase in 2Q25, we expect investment growth to slow to +4.22% yoy in 3Q25, weighed by declines across several key proxies. Based on Jul-Aug25 data, government capital spending is estimated to contract -32.5% yoy in 3Q25 (vs. +30.3% yoy in 2Q25), reflecting the uneven disbursement pace. From the private sector, heavy equipment and cement sales are expected to fall by -13.1% yoy and -3.0% yoy respectively (vs. +31.5% and +1.8% yoy in 2Q25). Meanwhile, non-passenger car sales still in contraction but improve slightly (-2.3% yoy in 3Q25 vs. -7.4% yoy in the 2Q25).

Net Export marched higher on higher merchandise surplus

We expect export growth to reach +10.96% yoy in 3Q25F, supported by strong performance in palm oil (volume/price rose +48.5%/+13.2% yoy) and a solid increase in international tourist arrivals (+14.0% yoy/+15.3% qoq) that should narrow service deficit. These gains helped offset the fading front-loading effect seen in 2Q25. Coal price rebounded in Aug25 and stable Iron & Steel export growth also contributed positively. Meanwhile, imports are expected to stay flat at +0.8% yoy, following +11.6% yoy growth in 2Q25, as merchandise imports fell -6.2% yoy in Jul-Aug25 (vs. +9.9% yoy in 2Q25).

GDP growth to stay at c.+5.0% in FY25

We expect c.+5.0% GDP growth in FY25 with stronger momentum in 4Q25 following a wave of government stimulus rolled out at the end of 3Q. Additional consumption support i.e. 4Q25F social aid of c.Rp37.3tr and potential budget reallocation from underperforming programs, should lift household spending growth to c.+4.9% yoy. On the investment front, government capital expenditure (Rp72.1tr in 4Q25F) and the Danantara project (Rp82-100tr) are expected to boost investment activities. Meanwhile, export performance should remain stable as commodity prices, particularly in palm oil and metal-related sectors are projected to stay elevated through 4Q25.

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Fig. 1: Our in-house nowcasting suggests growth will decelerate to 4.96% yoy in 3Q25

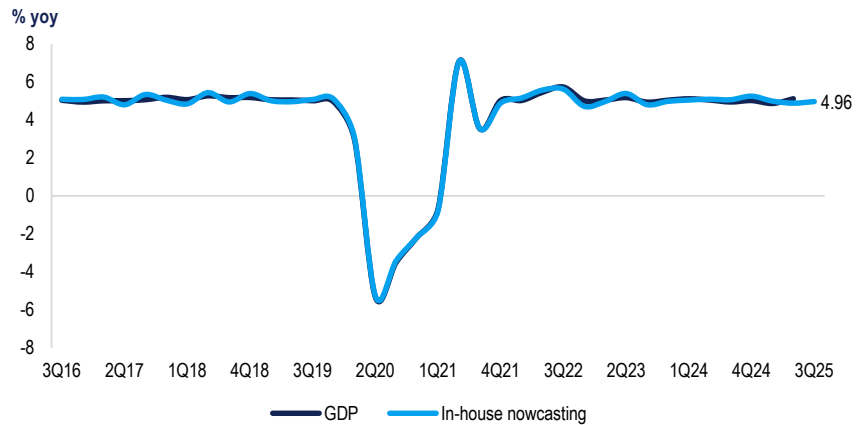


Fig. 2: Our proxy suggests qoq decline in Household Consumption...

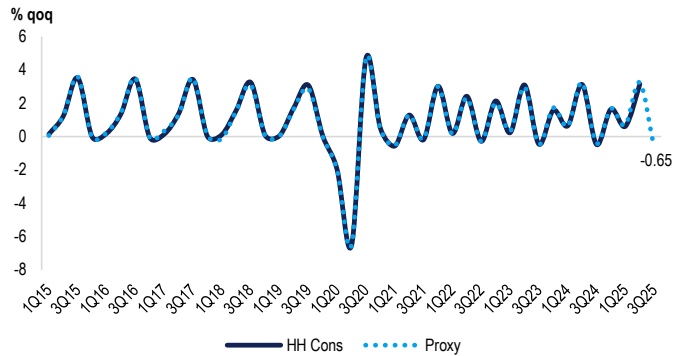


Fig. 3: ...leading to 4.80% yoy growth in 3Q25F

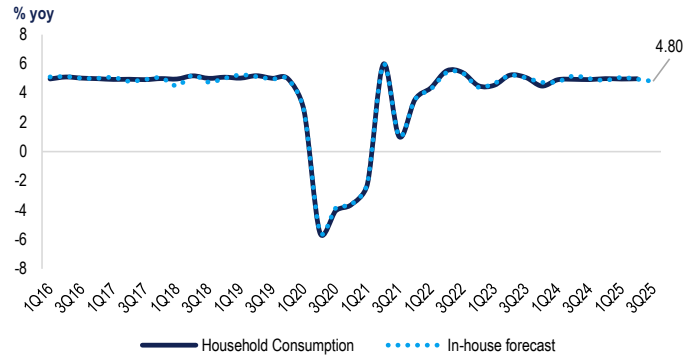


Fig. 4: Consumption still service concentrated...

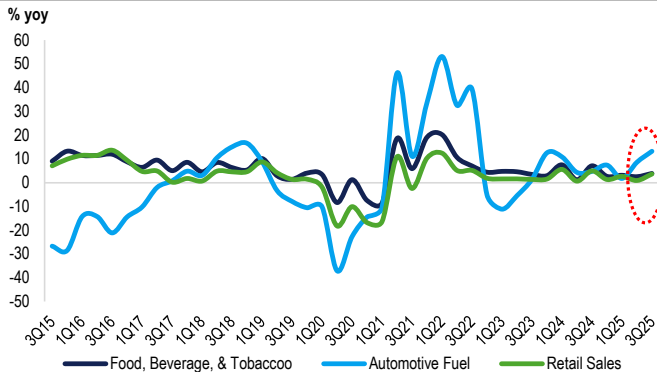


Fig. 5: Indicated by strong travelling activities

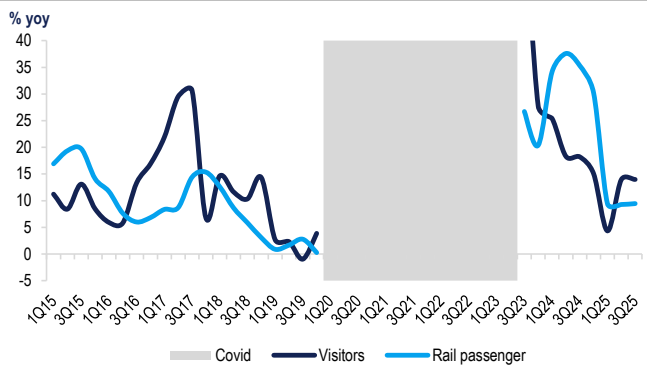
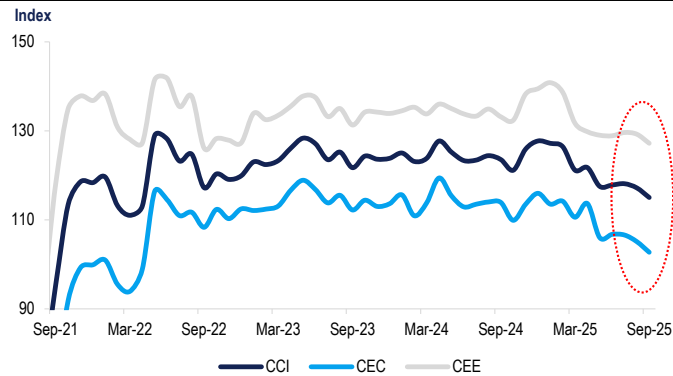
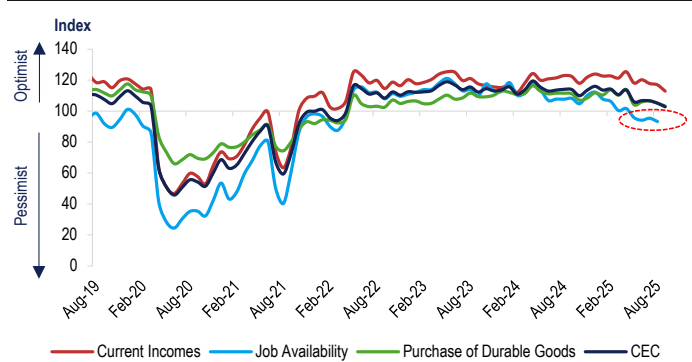


Fig. 6: Sentiment diminished in 3Q, especially on the current economic condition



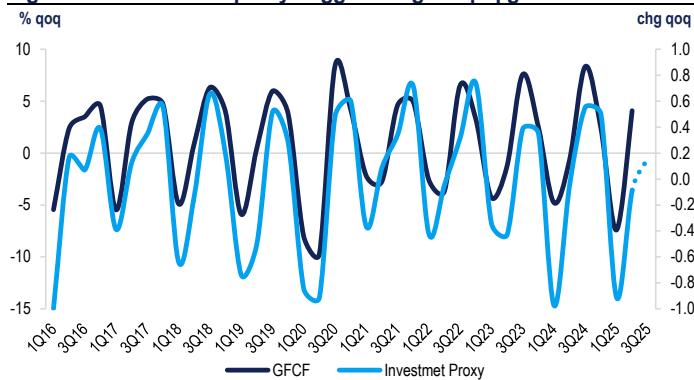
Source: BI, Indo Premier

Fig. 7: Pessimism on job availability is worsening, followed by less optimism on current income



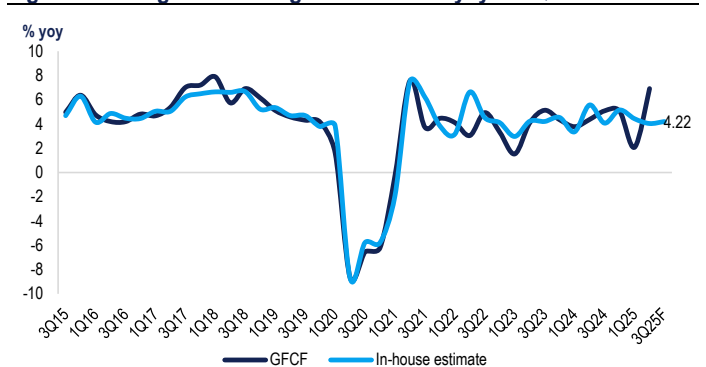
Source: BI, Indo Premier

Fig. 8: Our investment proxy suggests higher qoq growth



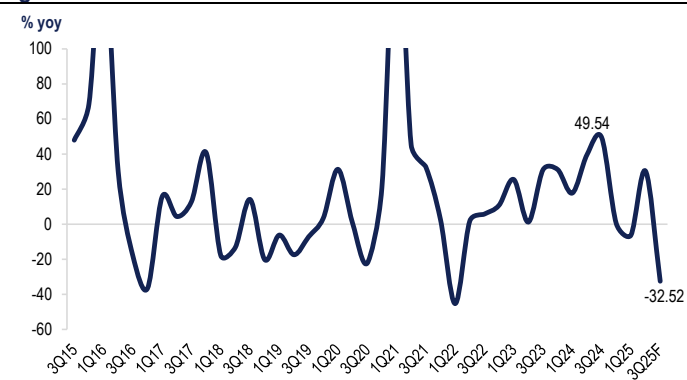
Source: MoF, CEIC, Indo Premier

Fig. 9: ...leading to a slower growth of 4.22% yoy in 3Q25



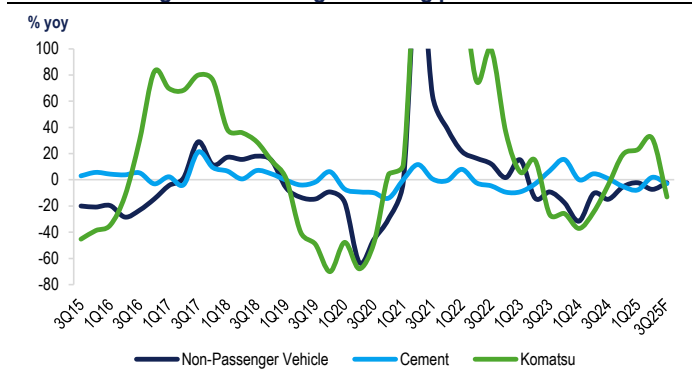
Source: MoF, CEIC, Indo Premier

Fig. 10: Gov't capex declined by -32.5% yoy in 3Q25 due to last-year's high-base...



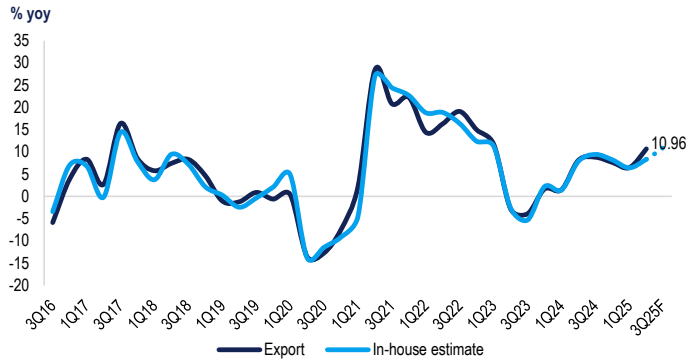
Source: MoF, CEIC, Indo Premier

Fig. 11: ...while private investments were declining as well, weighing the investment growth following the strong performance in 2Q



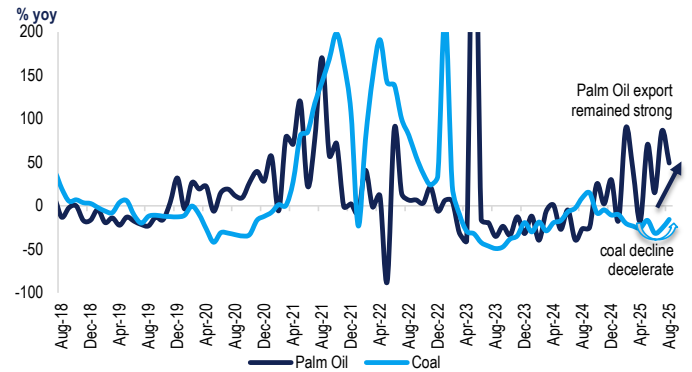
Source: CEIC, Indo Premier

Fig. 12: Export growth to remain robust in 3Q25 with 10.96% yoy increase...



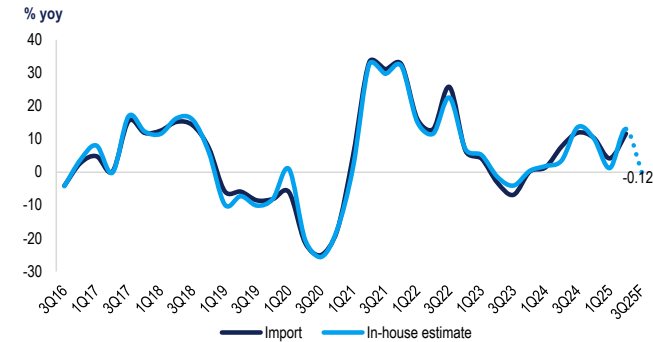
Source: Bloomberg, Indo Premier

Fig. 13: ...supported by the strong export of Palm Oil and rebound in other key commodity



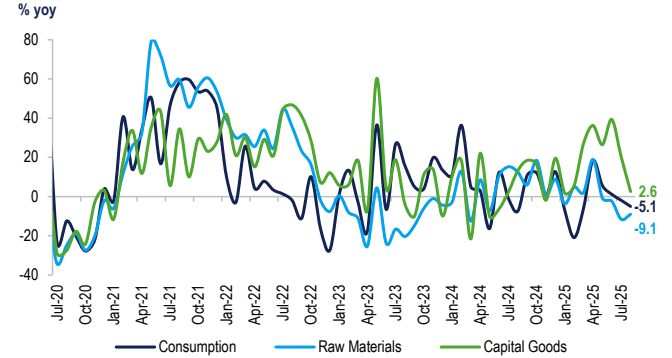
Source: BPS, Indo Premier

Fig. 14: Import is expected to be flat in 3Q25...



Source: Bloomberg, Indo Premier

Fig. 15: ...with all key imports were slowing down in Jul-Aug25



Source: Bloomberg, Indo Premier

Fig. 16: We expect FY25 growth stays at c.+5.0%

	2024				2025			FY24	FY25P
	Q1	Q2	Q3	Q4	Q1	Q2	Q3F		
GDP	5.1	5.1	5.0	5.0	4.9	5.1	4.9	5.0	5.0
Consumption									
Household	4.9	4.9	4.9	5.0	4.9	5.0	4.8	4.9	4.9
Non-Profit	24.3	10.0	11.7	6.1	3.1	7.8	6.6	12.5	5.1
Government	19.9	1.4	4.6	4.2	-1.4	-0.3	33.5	6.6	9.6
Gross Fixed Capital Formation	3.8	4.4	5.2	5.0	2.1	7.0	4.2	4.6	4.6
Export of Goods & Service	0.2	8.3	11.5	7.6	6.8	10.7	11.0	6.5	9.5
Import of Goods & Service	1.8	8.6	5.0	10.4	4.0	11.7	-0.1	8.0	4.6

Source: BPS, Indo Premier

ANALYSTS CERTIFICATION

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