

15 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	16,571
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

Fiscal revenue shortfall persists; gov't to focus on priority programs

- Fiscal revenue remained weak at -7.2% yoy while spending was flat amid lagging capital expenditure.
- Rp450tr expected to be disbursed for priority programs in 4Q25 to boost purchasing power and infrastructure spending.
- We expect Rp60-70tr re-allocation from underperforming programs as government balance stimulus measures and fiscal deficit limit.

Revenue contraction improved as tax collection grew yoy in Sep25

Fiscal revenue reached Rp1,863.3tr in 9M25, contracting by -7.2% yoy, a slight improvement from -7.8% in 8M25 as tax performance strengthen. Tax revenue fell -4.4% yoy in 9M25 (vs. -5.1% previously) as net tax collection rose +1.0% yoy in Sep25 after a -3.8% yoy drop in Aug25, slightly outpacing +0.9% yoy growth in gross tax receipts. Duty and excise revenue accelerated +7.1% yoy (vs. +6.4%), with all key components improving: excise +4.6% yoy (vs. +4.1%), export duty at +74.8% yoy (vs. +71.7% yoy) and import duty -4.6% yoy (vs. -5.1%). Non-tax revenue totalled Rp344.9tr, declining -19.8% yoy, improving from -20.1% previously. Overall, fiscal revenue reached 65.0% of the FY25 target, below the 10-year average of 71.3%. Even with the typical December boost, current trends suggest FY25 revenue may only reach 96% of target, implying a -2.0% yoy decline.

Spending turned flat in 9M25 after months of acceleration

Fiscal spending reached Rp2,234.8tr in 9M25, equivalent to 63.4% of the FY25 budget, remaining flat yoy after a +1.5% yoy rise in 8M25. Central government spending contracted -1.6% yoy (vs. +1.5% yoy previously), while regional transfers growth moderated to +1.5% yoy (vs. +1.7% yoy). The decline in central gov't spending was mainly driven by a -3.3% yoy drop in government capital expenditure, reflected in infrastructure spending which reached only Rp170.1tr or 42.3% of the FY25 allocation. On the other hand, material spending strengthened, rising +6.1% yoy in 9M25, up from +2.4% yoy in 8M25, indicating improving momentum toward year-end execution.

Priority Programs disbursement to accelerate in 4Q25

Gov't priority programs reached Rp480.4tr in 9M25, or 51.6% of the FY25 budget. With the government pushing for disbursement in 4Q25, around Rp450.3tr is expected to be spent to meet the FY25 target of gov't priority programs. Programs aimed at supporting purchasing power saw 64.8% realization (Rp153.3tr) in 9M25, leaving roughly Rp83.4tr to be disbursed in 4Q25. This includes allocations for PKH (Rp8.8tr), Non-Cash Food Aid (BPNT), teacher/lecturer allowances (Rp7.4tr), housing support (Rp27.3tr), and other assistance (Rp24.6tr). Meanwhile, public infrastructure programs such as school renovation and dam & irrigation maintenance will require Rp33.1tr, and non-energy subsidies still have Rp52.1tr left for disbursement.

Expect re-allocation to balance fiscal deficit and stimulus efforts

At the current pace, fiscal revenue is projected to reach Rp2,802tr (11.8% of GDP) by YE25, leaving limited room for the government to fully execute its FY25 spending target of Rp3,537tr (14.8% of GDP) without breaching the -3.0% deficit threshold. To stay within the target while maintaining growth momentum, we expect a Rp60-70tr budget reallocation in 4Q25 from underperforming programs toward priority initiatives. This adjustment would allow the government to intensify stimulus efforts and support overall GDP growth while keeping fiscal prudence intact.

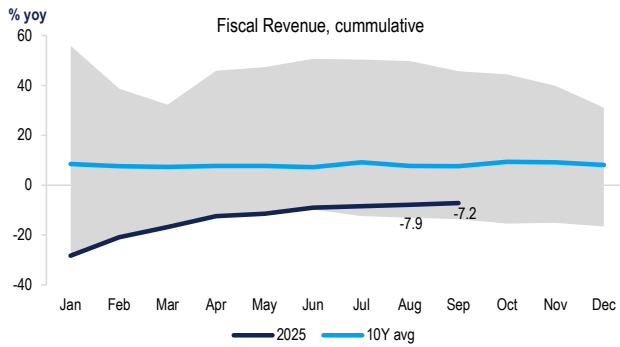
Kefas Sidauruk

PT Indo Premier Sekuritas

kefas.sidauruk@ipc.co.id

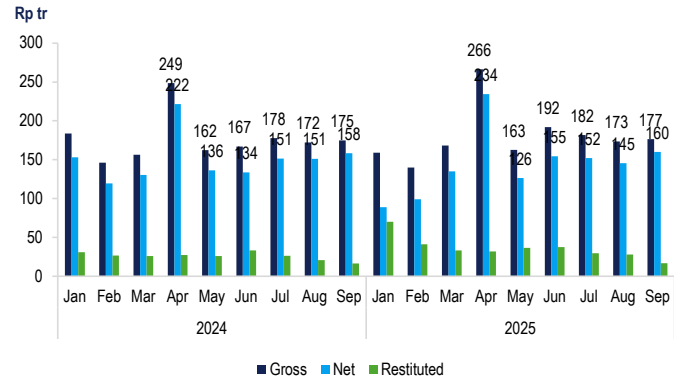
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Fig. 1: Fiscal revenue continues to improve with slower contraction rate at -7.2% yoy (vs. -7.9% yoy)...



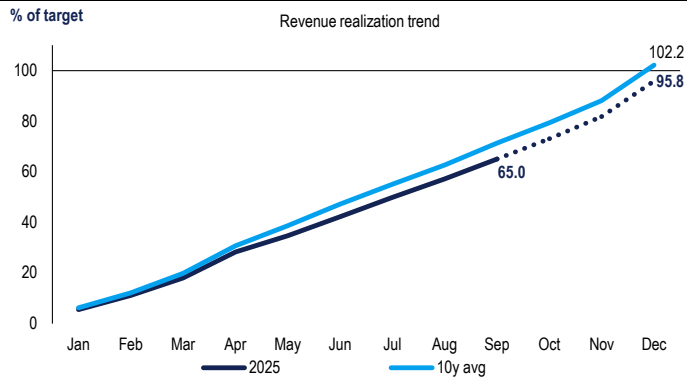
Source: MoF, Indo Premier

Fig. 2: As restitution burden has continued to decline since the middle of the year



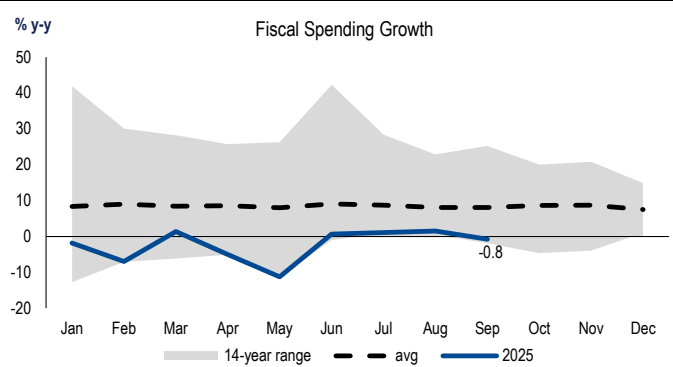
Source: MoF, Indo Premier

Fig. 3: With the current run rate, fiscal revenue might fail to achieve the FY target



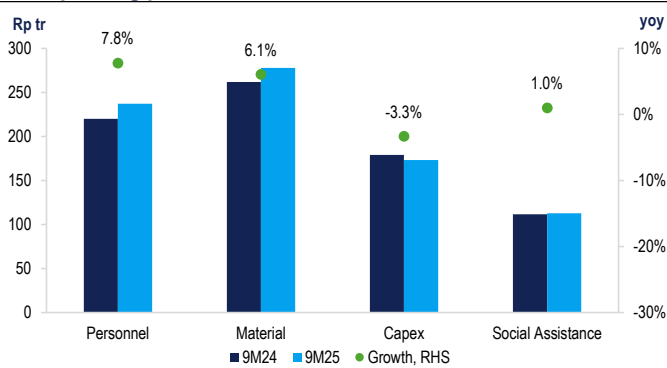
Source: MoF, Indo Premier

Fig. 4: Fiscal Spending was flat yoy in 9M25 after acceleration in Jul-Aug25



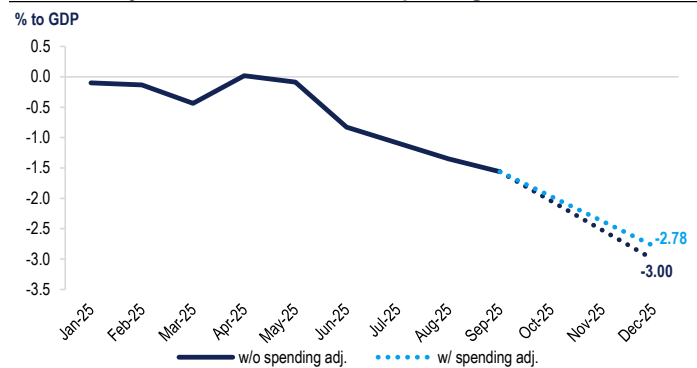
Source: MoF, Indo Premier

Fig. 5: Spending growth slowdown was weighed by capex decline as other spending posts accelerated



Source: MoF, Indo Premier

Fig. 6: At the current revenue run rate, gov't can breach the deficit limit if no adjustment is made to fiscal spending



Source: MoF, Indo Premier

Fig. 7: Gov't Priority Programs

Priority Programs, Rp tr	9M25	FY25 Budget	Realization
Purchasing Power			
PKH	19.9	28.7	69%
PIP/College/Scholarship	20.6	27.7	74%
Non-Cash Food Aid	35.9	51.2	70%
National Health Insurance	34.7	46.5	75%
Teacher/Lecturer Allowance	13.8	21.2	65%
Housing	24.8	52.1	48%
Health Check and TBC	3.6	9.3	39%
Public Service			
MBG	20.6	71	29%
People School	1.1	14.4	8%
Price Stabilization & Production			
Non-Energy Subsidy	52.4	104.5	50%
Energy Subsidy and Compensation	192.2	394.3	49%
Food Barn	8	23.2	34%
Bulog & Food Reserves	22.1	22.1	100%
Public Infra & Productivity			
School Renovation/Revitalization	12.8	20	64%
Dam, Irrigation, & Maintenance	10.3	23	45%
Road and Bridge Preservation	6.6	18.9	35%
Fisherman Village	1.7	2.6	65%
Total	480.4	930.7	52%

Source: MoF, Indo Premier

Fig. 8: Summary of State Budget Realization as of 8M25

	9M24 (Rp tr)	% to Budget	Growth (% yoy)	9M25 (Rp tr)	% to Budget	Growth (% yoy)	Delta
Revenue	2,008.6	71.7	-1.3	1,863.3	65.0	-7.2	-145.3
Tax	1,561.6	70.4	-1.4	1,516.6	63.5	-2.9	-45
Tax Revenue	1,354.9	70.5	-2.4	1,295.3	62.4	-4.4	-59.6
Excise	206.7	69.7	5.7	221.3	71.3	7.1	14.6
Non-Tax	430.3	78.4	-4.8	344.9	72.3	-19.8	-85.4
Spending	2,251.8	67.3	14.4	2,234.8	63.4	-0.8	-17
Central Gov't	1,616.3	65.0	15.7	1,589.9	59.7	-1.6	-26.4
K/L	803.4	73.6	20.0	800.9	62.8	-0.3	-2.5
Non-K/L	812.9	58.3	11.7	879.0	56.8	-2.9	66.1
Regional Transfer	635.6	74.1	11.3	644.9	74.6	1.5	9.3
Primary Balance	118.1	-270.1	-69.7	18.0	-16.4	-84.8	-100.1
Fiscal Balance	-243.2	45.0	-458.2	-371.5	56.1	52.7	-128.3
% to GDP	-1.1			-1.6			
Financing	347.9	64.3	113.1	458.0	69.2	31.7	

Source: MoF, Indo Premier

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