

06 November 2025

## Macroeconomics Indicator

	2023	2024E	2025F
GDP growth (%YoY)	5.05	5.03	5.10
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	-0.7	-1.5
Fiscal deficit (% of GDP)	1.65	2.3	2.8

## GDP growth eased in 3Q25; expect a rebound in 4Q25

- GDP growth eased to +5.04% yoy in 3Q25 (+5.12% in 2Q25) as private consumption slowed to +4.89% (+4.97% in 2Q25).
- Manufacturing grew +5.5% yoy, outperforming GDP for two consecutive quarters. Its share rose to 19.1% on 4-quarter rolling average.
- We upgrade our FY25F GDP expectation to c.+5.1% yoy, primarily from higher household consumption in 4Q as government ramps up stimulus.

### Household consumption to accelerate after softening in 3Q

GDP growth slowed slightly to 5.04% yoy in 3Q25 (vs. 5.12% in 2Q25), reflecting softer household consumption (4.89% vs. 4.97%) and a normalization in investment (Gross Fixed Capital Formation) to 5.0% (vs. 7.0%). Household consumption was mainly concentrated in service products (51%), followed by goods (44%) and unspecified items (4%). Within services, transportation & communication grew strongly (+6.4% yoy), while food & beverage (non-restaurants) remained the largest contributor (+4.1% yoy) among goods categories—indicating continued essential spending patterns. The recent moderation in household consumption likely marked a trough, as government stimulus and holiday-driven demand are expected to lift private consumption to +5.05% yoy in 4Q25, boosting FY25F household consumption to +5.0% — slightly above prior years (FY22/FY23/FY24: +4.9%/+4.8%/+4.9%)

### Net export jumped on softer import, expected to normalize in 4Q

Net exports surged +57.8% yoy in 3Q25 (vs. +8.3% in 2Q25) due to modest import growth (+1.2% yoy) while exports remained robust (+9.9% yoy). Non-Oil & Gas exports rose +12.6% yoy, while O&G exports fell -18.1% yoy — a decline also seen, though milder, on the import side. As a result, net exports became the second-largest contributor to 3Q25 GDP growth after household consumption. However, this momentum is expected to ease in 4Q25F, as imports rebound following higher volumes in Sep25, while exports moderate after peaking in Aug25.

### Investment normalized as construction slowed

Investment growth eased to +5.0% yoy in 3Q25, down from +7.0% in 2Q25, as building investment slowed to +3.0% yoy (vs. +4.9%) amid weaker government infrastructure spending. Growth was instead driven by machinery and equipment investment, which surged +17.0% yoy — a rare occurrence seen only twice in the past fifteen years (2020 and 2022). Vehicle investment also strengthened to +6.2% yoy (vs. +0.4%) supported by higher vehicle imports.

### Manufacturing outpaced GDP growth for two consecutive quarters

By industry, manufacturing continued to outperform overall GDP, expanding +5.5% yoy (Manufacturing vs. GDP in 2Q25: 5.7% vs. 5.1%). This marked the first consecutive outperformance since 2011, lifting manufacturing's 4-quarter rolling contribution to GDP to 19.1% — its highest since 1Q22. While manufacturing momentum remained strong, service-producing sectors sustained robust growth at +6.7% yoy, whereas goods-producing sectors (including agriculture) grew more modestly at +4.0% yoy.

### We upgrade our FY25F GDP estimate to 5.1% (previously 5.0%)

Given the current fiscal stance, we expect the government spending to prioritize demand stimulus through expanded social assistance and job creation programs. The reallocation of fiscal resources toward these measures should help lift private consumption growth to +5.0% yoy, prompting us to upgrade our FY25 GDP growth forecast to +5.1%.

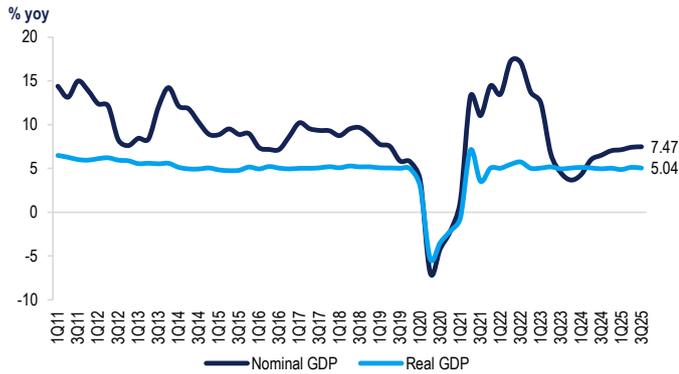
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**Fig. 1: GDP growth eased to 5.04% in 3Q25**



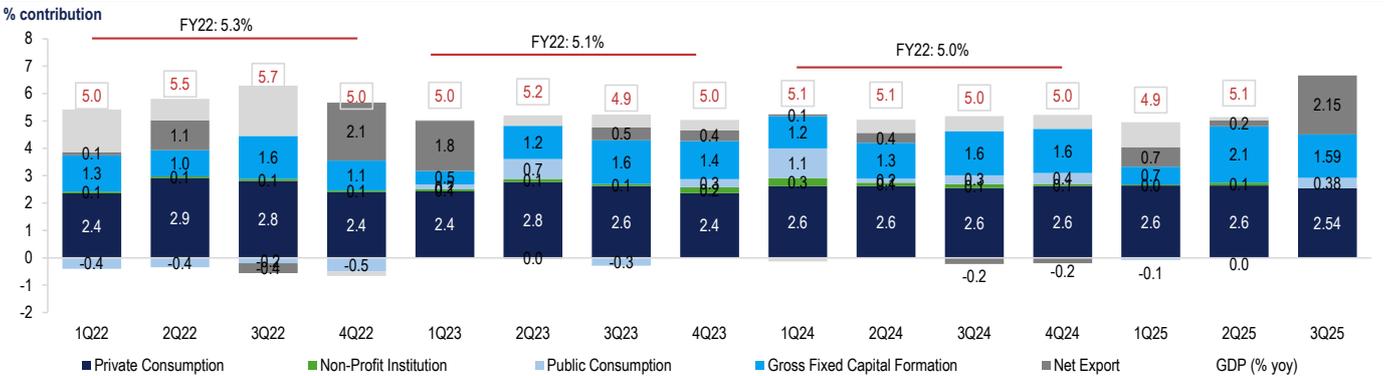
Source: BPS, Indo Premier

**Fig. 2: Total consumption accelerated from higher gov't spending**



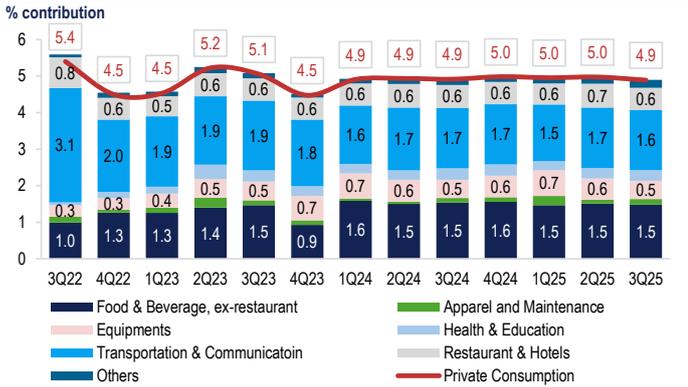
Source: BPS, Indo Premier

**Fig. 3: Higher Net Export contribution helped offset lower Private Consumption and Investment (Gross Fixed Capital Formation)**



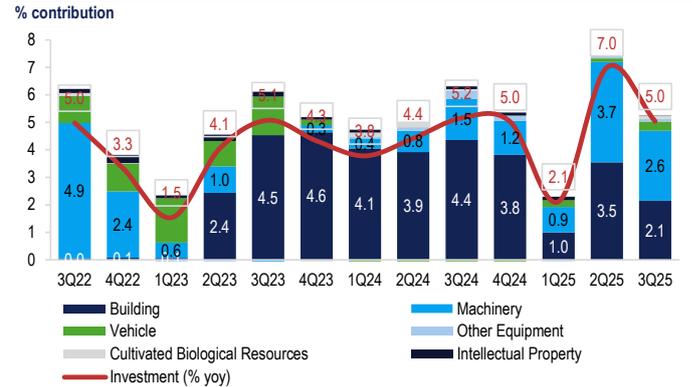
Source: BPS, Indo Premier

**Fig. 4: Private consumption remains concentrated on service product**



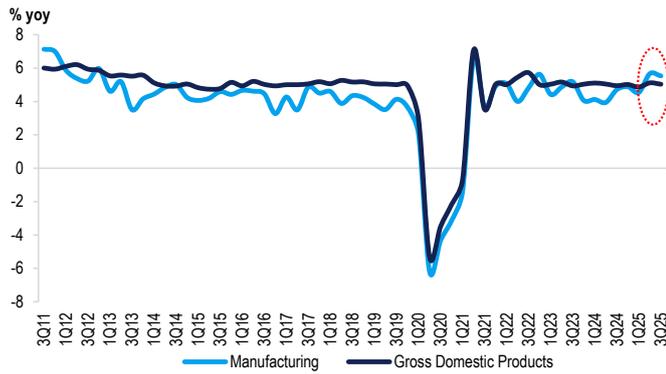
Source: BPS, Indo Premier

**Fig. 5: Investment growth driver has shifted to Machinery**



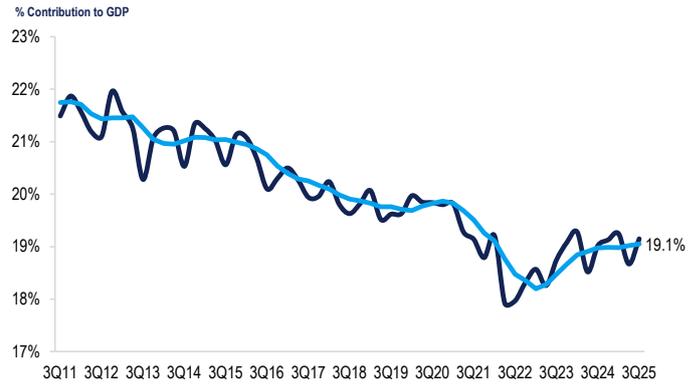
Source: BPS, Indo Premier

**Fig. 6: Manufacture continued to outperform GDP**



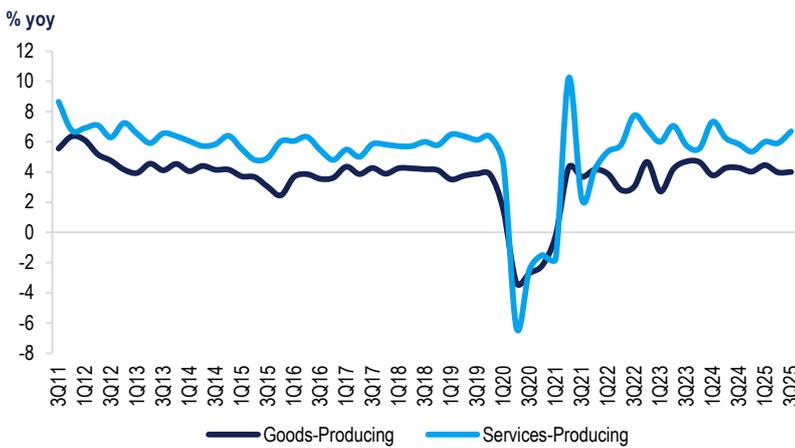
Source: BPS, Indo Premier

**Fig. 7: ...bringing the manufacturing share to 19.1%**



Source: BPS, Indo Premier

**Fig. 8: Compared with last quarter sectoral growth**



Source: BPS, Indo Premier

**Fig. 9: GDP by expenditure (% yoy in real terms)**

	2023				2024				2025		
	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
<b>GDP</b>	5.0	5.2	4.9	5.0	5.1	5.0	4.9	5.0	4.9	5.1	5.0
Domestic Demand	3.3	5.4	4.6	4.9	5.3	4.9	5.4	5.5	4.3	5.0	3.0
<b>Consumption</b>	4.5	5.9	4.0	4.5	6.7	4.7	5.0	4.9	4.3	4.4	4.9
Private Sector	4.5	5.2	5.1	4.5	4.9	4.9	4.9	5.0	5.0	5.0	4.9
Non-Profit Institution	6.3	8.8	6.4	18.4	24.1	9.8	11.5	6.1	3.1	7.8	4.3
Public Sector	3.3	10.5	-3.9	2.9	20.4	2.0	4.6	4.2	-1.4	-0.3	5.5
<b>Gross Fixed Capital Formation</b>	1.5	4.1	5.1	4.3	3.8	4.4	5.2	5.0	2.1	7.0	5.0
<b>Inventory (inc. Discrepancy)</b>	0.3	7.6	11.1	-80.4	-2.9	9.5	12.5	-569.0	21.9	0.5	-35.7
<b>Net Export</b>	67.1	-0.7	12.3	8.9	1.4	9.8	-5.6	-4.3	16.8	8.3	57.8
Export of Goods & Services	11.7	-2.8	-3.9	1.7	1.5	8.1	8.8	7.6	6.5	10.9	9.9
Import of Goods & Services	4.1	-3.2	-6.8	0.1	1.5	7.8	11.9	10.4	4.2	11.5	1.2

Source: BPS, Indo Premier

**Fig. 10: GDP by sector (% yoy in real terms)**

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
<b>Gross Domestic Products</b>	<b>5.0</b>	<b>5.2</b>	<b>4.9</b>	<b>5.0</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>	<b>5.0</b>	<b>4.9</b>	<b>5.1</b>	<b>5.0</b>
Goods-Producing	2.7	4.2	4.7	4.7	3.8	4.3	4.3	4.0	4.5	4.0	4.0
Agriculture, Forestry and Fishing	0.4	2.0	1.5	1.1	-3.5	3.2	1.7	0.7	10.5	1.7	4.9
Mining	4.9	5.0	7.0	7.5	9.3	3.2	3.5	4.0	-1.2	2.0	-2.0
Manufacturing	4.4	4.9	5.2	4.1	4.1	3.9	4.7	4.9	4.6	5.7	5.5
Construction	0.3	5.2	6.4	7.7	7.6	7.3	7.5	5.8	2.2	5.0	4.2
Services-Producing	6.0	7.1	5.8	5.6	7.3	6.3	5.9	5.4	6.0	5.9	6.7
Electricity & Gas	2.7	3.2	5.1	8.7	5.3	5.4	5.0	3.4	5.1	0.9	2.9
Water Supply	5.7	4.8	4.5	4.7	4.4	0.8	0.0	1.1	0.2	0.8	3.3
Trade	4.9	5.3	5.1	4.1	4.6	4.8	4.8	5.2	5.0	5.4	5.5
Transport & Storage	15.9	15.3	14.7	10.3	8.7	9.6	8.6	7.9	9.0	8.5	8.6
Accommodation and Food Service Activities	11.5	9.9	10.9	7.9	9.3	10.2	8.3	6.6	5.8	8.0	8.4
Information and Communication	7.1	8.0	8.5	6.7	8.4	7.7	6.8	7.5	7.7	7.9	9.7
Financial and Insurance Activities	4.5	2.9	5.2	6.6	3.9	7.9	5.5	1.7	4.0	3.2	0.8

Source: BPS, Indo Premier

**Fig. 11: Top-10 and bottom-10 industries growth**

% yoy	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	Δ growth
<b>Top-10 Industries</b>												
1 Farming	-3.0	-3.3	-1.3	-10.0	-24.7	12.5	4.5	9.3	42.3	-6.0	9.9	16.0
2 Education	1.0	5.4	-2.1	2.6	7.4	2.4	2.6	3.0	5.0	1.4	10.6	9.2
3 Other Manufacturing, Repair and Installation of Machinery and Equipment	1.7	-1.1	-3.0	-5.7	2.7	5.4	3.2	2.9	7.5	7.1	13.9	6.8
4 Financial Supporting Services	-1.4	-2.1	-1.9	-0.7	-1.5	-0.8	0.0	0.0	0.2	3.1	9.6	6.5
5 Farming, Livestock, Hunting	0.5	0.2	0.1	-0.1	-5.5	5.2	1.9	1.0	13.6	1.6	5.9	4.3
6 Farming Service & Hunting	0.9	0.3	-0.4	-0.1	-4.3	5.0	1.9	0.5	12.7	2.1	6.3	4.2
7 Fabricated Metal Products, Computer, Optical Products and Electronic Devices	12.8	17.3	13.7	11.1	2.8	4.1	7.3	10.3	6.2	2.0	6.0	3.9
8 Basic Metals	15.5	11.5	10.9	18.8	16.6	18.1	12.4	7.4	14.5	14.9	18.6	3.7
9 Agriculture, Forestry and Fishing	0.4	2.0	1.5	1.1	-3.5	3.2	1.7	0.7	10.5	1.7	4.9	3.3
10 Health & Social Activities	4.8	8.3	2.9	3.1	11.7	8.6	7.6	5.2	5.8	3.8	6.8	3.0
<b>Bottom-10 Industries</b>												
1 Leather and Related Products; and Footware	-2.7	-0.4	-3.0	4.9	5.9	1.9	10.1	9.2	7.0	8.3	-0.3	-8.6
2 Coal and Lignite	17.4	10.4	6.5	7.1	9.7	-0.2	3.4	14.2	-0.9	-0.1	-7.3	-7.2
3 Machinery and Equipment	1.0	0.0	1.9	-3.0	-1.3	-1.8	2.6	-1.3	-0.7	18.8	11.7	-7.0
4 Wood and Products of Wood and Cork, Articles of Straw and Plaiting Materials	-6.2	-1.9	7.5	6.1	4.0	4.1	3.1	0.0	0.1	-3.7	-9.6	-5.9
5 Tobacco Products	-7.3	2.5	13.3	11.6	7.6	5.1	0.0	1.9	-3.8	4.6	-0.9	-5.5
6 Metal Ore	-5.4	1.1	17.8	19.9	34.4	10.8	3.5	-8.0	-11.8	2.1	-3.2	-5.3
7 Furniture	-8.4	-2.7	-2.6	6.1	1.7	-0.7	6.8	0.7	9.9	-0.1	-4.3	-4.3
8 Mining	4.9	5.0	7.0	7.5	9.3	3.2	3.5	4.0	-1.2	2.0	-2.0	-4.0
9 Horticulture	-2.7	-0.8	3.4	-1.7	-0.3	1.1	-0.2	2.9	1.8	6.2	2.2	-3.9
10 Textiles; and Wearing Apparel	-0.1	-1.7	-2.7	-3.4	2.6	0.0	7.4	7.2	4.6	4.4	0.9	-3.4

Source: BPS, Indo Premier

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