INDOPREMIER

MacroInsight

13 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

Kefas Sidauruk

PT Indo Premier Sekuritas

kefas.sidauruk@ipc.co.id

+62 21 5088 7168 ext. 717

Purchasing Power in 4Q25: A gradual recovery as job and income improve

- Household consumption eased in 3Q25, but high-frequency data showed signs of recovery toward quarter-end.
- Sentiment improved in early 4Q25, a positive sign, but consumers still face some challenges i.e. higher loan repayment rate.
- Better employment condition, ongoing fiscal stimulus, and higher business confidence could sustain the purchasing power recovery.

Household spending slowed in 3Q25 but signs of recovery is emerging

Household consumption growth moderated to +4.89% yoy in 3Q25 (+4.97% in 2Q25), indicating a mild slowdown in spending momentum. However, high-frequency indicators suggest an improvement toward quarter-end. In Sep25, retail sales rose +3.7% yoy, while the PMI Manufacturing survey showed new orders increasing for a second consecutive month. Big ticket items demand also improved — 4W sales contraction narrowed to -15.1% yoy (May-Aug25 avg: -18.4% yoy) and 2W sales surged to +7.3% yoy. Residential house sales contraction shrank while commercial property demand growth jumped to 3Y high at 1% yoy. Moreover, durable goods purchases rose annually for the first time since Jan25, signalling a gradual recovery in household demand.

Early 4Q25 data showed purchasing power recovery, albeit still held back by loan repayment

In Oct25, Bank Indonesia's data showed improvement, though momentum remains uneven. Consumer confidence jumped to 121.2 (from 115.0 in Sep25), supported by stronger sentiment in current income and durable goods purchases. However, rising optimism has yet to fully translate into higher spending. Loan repayment ratios continued to climb (3M rolling average: 11.2% - the highest since COVID), while savings rates also increased across all expenditure groups for the first time this year, reducing disposable income available for consumption. As a result, retail sales rose modestly by +4.3% yoy (+3.7%/+3.9% in Sep25/3Q25). Other indicators showed a similar pattern: two-wheeler sales accelerated to +8.4% yoy, while passenger car sales still contracting but narrowed to -4.4% yoy, reflecting a gradual recovery in purchasing power.

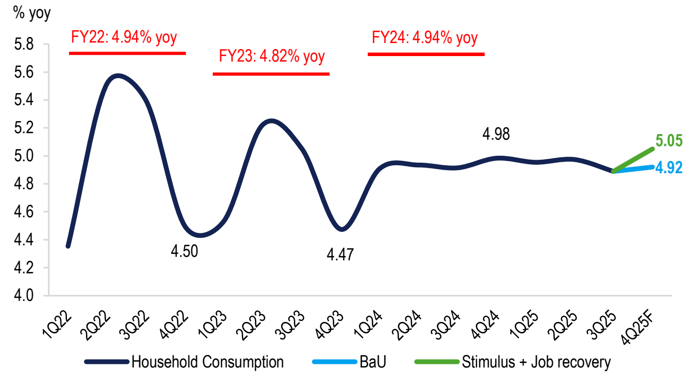
Labor market turnaround could sustain purchasing power recovery

The recovery may be sustained by two key factors: government stimulus and improving employment conditions. Beyond government's labor data, labor market signals remain encouraging. (1) Bank Indonesia's consumer survey showed optimism on job availability turning positive for the first time since May25. (2) Active job postings continued to rise, reaching a 2.5-year high (~57K, 4W rolling average) according to Revelio data. (3) The Indonesia Manufacturing PMI survey reported employment growth for the third straight month, reflecting greater business confidence among manufacturers and a healthier hiring outlook ahead.

Stronger YE25 sales expectation support 4Q25 consumption

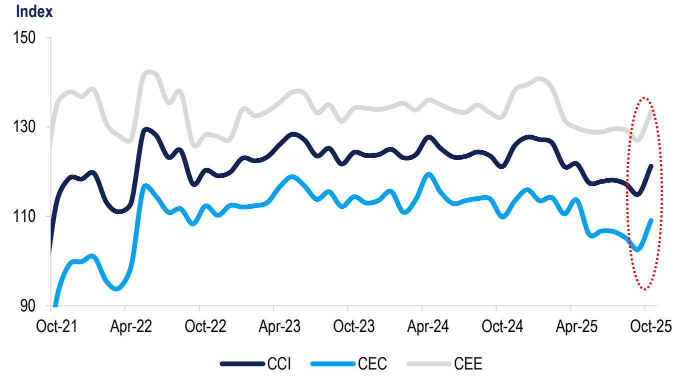
The number of retailers expecting higher sales toward year-end reached its highest level since the survey began (based on the next 3-month sales expectation survey as of Sep25). This optimism, combined with improving job conditions, provides a positive signal for spending momentum. Considering these factors, we maintain our view that household consumption will grow c.+ 5.05% yoy in 4Q25, bringing FY25 household consumption growth to 5.0% — a tad higher than the past three years (FY22/23/24: +4.94%/+4.82%+4.94% yoy).

Fig. 1: Simulation on Household Consumption growth in 4Q25



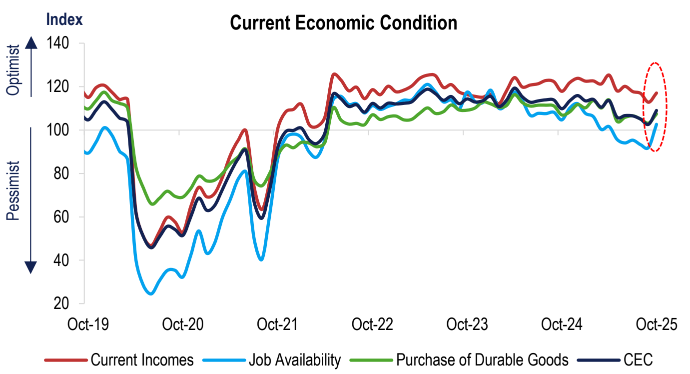
Source: BPS, Indo Premier

Fig. 2: Consumer Confidence jumped in Oct25



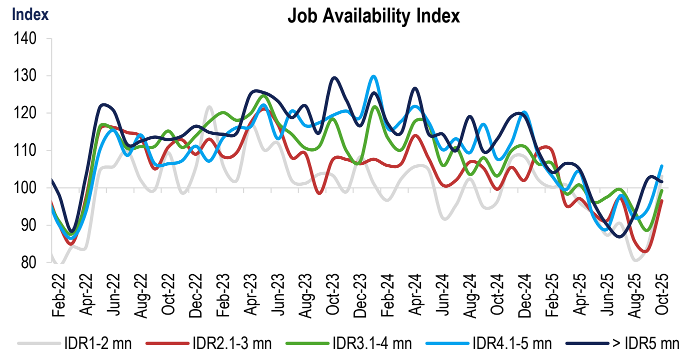
Source: Bank Indonesia, Indo Premier

Fig. 3: Supported by higher sentiment toward Current Income and Purchase of Durable Goods



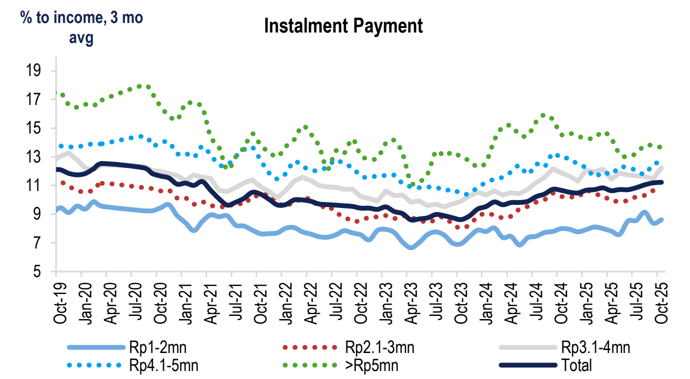
Source: Bank Indonesia, Indo Premier

Fig. 4: Current Job Availability has turned positive for the first time since May25, but still uneven across expenditure groups



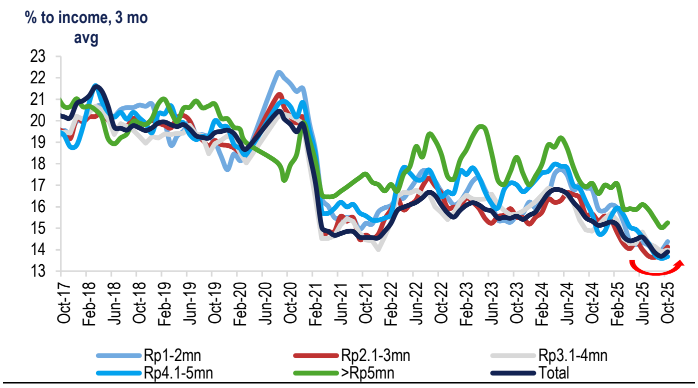
Source: Bank Indonesia, Indo Premier

Fig. 5: Despite the higher current income index, income usage for instalment payment continued to rise (highest since Covid)



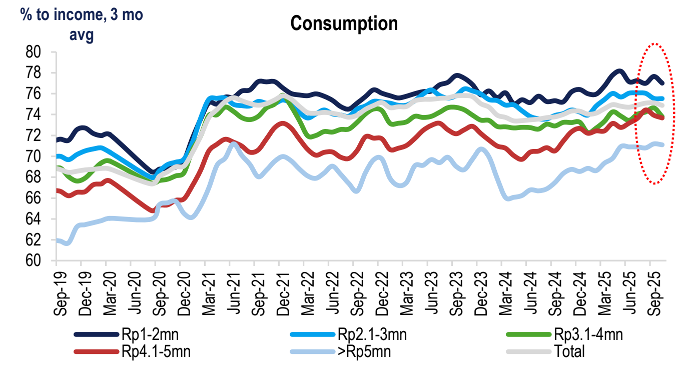
Source: Bank Indonesia, Indo Premier

Fig. 6: Consumers seem to also increase their saving rate in Oct25…



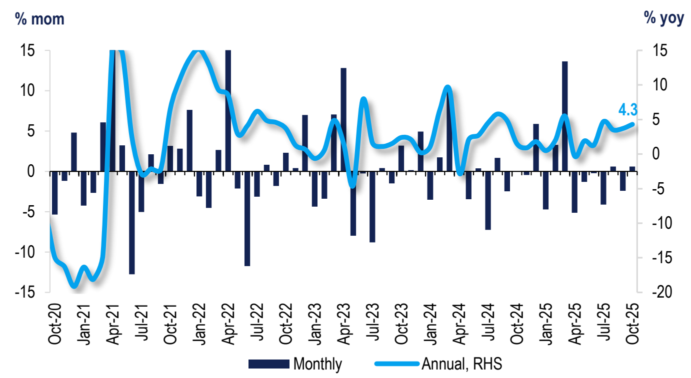
Source: Bank Indonesia, Indo Premier

Fig. 7: …which resulted in lower income usage for consumption



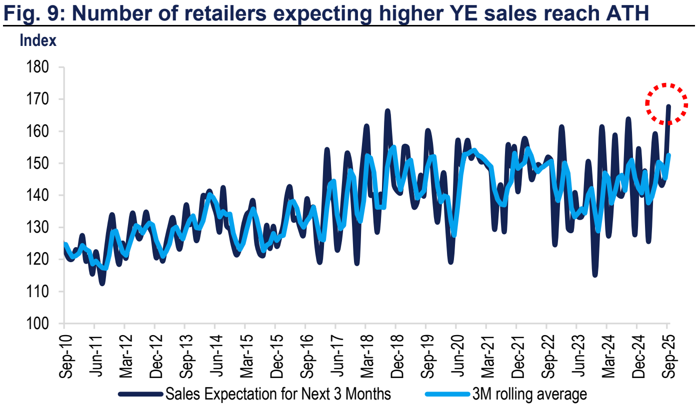
Source: Bank Indonesia, Indo Premier

Fig. 8: Hence, the modest increase in retail sales compared to 3Q25



Source: Bank Indonesia, Indo Premier

Fig. 9: Number of retailers expecting higher YE sales reach ATH



Source: Bank Indonesia, Indo Premier

Fig. 10: Weekly Job Posting reach 2Y high

Source: Revelio, CEIC, Indo Premier

Fig. 11: Most of Sectors are now showing improving job posting activities after months of unfavourable condition

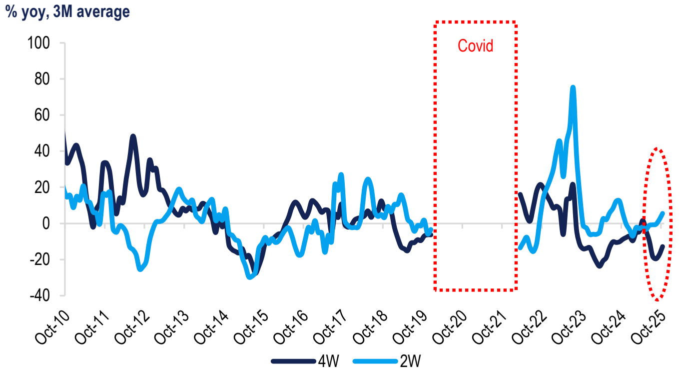
Weekly Active Job Posting	2023											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Agriculture, Forestry, Fishing & Hunting	628	884	772	681	673	494	339	318	304	388	394	525
Mining	669	779	786	674	581	767	704	640	578	663	573	498
Utilities	178	200	179	196	190	227	156	141	126	123	98	271
Construction	650	793	899	985	816	731	625	616	636	626	637	570
Manufacturing	7,200	8,094	7,723	7,730	6,681	6,300	6,515	7,591	7,698	7,770	5,660	5,854
Wholesale Trade	2,038	2,461	2,288	2,333	2,137	1,742	1,530	1,514	1,222	1,206	1,133	1,188
Retail Trade	2,798	3,023	2,769	2,868	2,778	2,343	2,115	2,119	1,850	1,956	1,809	1,733
Transportation & Warehousing	1,390	1,555	1,371	1,355	1,399	1,409	1,066	975	973	995	938	920
Information	10,720	11,322	10,013	11,455	12,187	10,854	8,128	7,744	6,597	6,200	5,955	5,736
Finance & Insurance	6,171	6,837	5,758	5,584	5,030	4,748	4,486	3,896	3,691	3,492	3,955	5,053
Real Estate Rental & Leasing	696	801	808	811	669	586	477	441	411	391	349	345
Professional, Scientific, & Technical Services	13,199	14,286	12,503	12,229	11,645	11,421	8,916	8,293	7,644	7,508	7,027	7,251
Management of Companies & Enterprises	254	299	287	244	177	131	71	66	67	84	69	67
Administrative, Support, Waste Management, & Remediation Services	6,180	7,891	8,276	8,279	7,673	7,594	6,598	4,759	4,716	4,517	4,335	4,151
Educational Services	1,857	2,249	2,035	2,134	2,173	2,022	1,396	1,241	966	835	838	851
Health Care & Social Assistance	630	650	526	603	585	471	450	549	528	512	460	479
Arts, Entertainment, & Recreation	360	317	368	368	370	400	370	418	259	329	258	334
Accommodation & Food Services	4,474	4,903	6,084	7,096	6,802	5,560	5,672	5,206	5,055	5,369	5,882	5,341
Other services	322	408	457	427	341	282	311	266	226	234	201	225
Public Administration	1,086	889	744	787	762	705	529	573	558	497	470	433
Non-classifiable Establishments	23	27	42	95	121	97	31	29	22	27	19	14

Weekly Active Job Posting	2024											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Agriculture, Forestry, Fishing & Hunting	607	433	258	225	238	279	392	530	393	412	478	336
Mining	401	441	537	584	529	505	676	750	794	699	652	417
Utilities	122	87	84	88	121	136	151	139	155	166	182	150
Construction	607	591	594	558	641	711	706	751	790	775	751	516
Manufacturing	6,062	4,556	5,093	4,787	5,266	5,990	6,865	7,206	6,867	6,621	7,136	6,014
Wholesale Trade	1,271	1,222	1,183	962	1,038	1,177	1,531	1,774	1,705	1,803	1,911	1,620
Retail Trade	1,614	1,397	1,447	1,513	1,591	1,677	2,100	2,515	2,345	2,471	2,814	2,403
Transportation & Warehousing	933	766	706	679	816	983	1,342	1,375	1,334	1,531	2,143	1,637
Information	6,315	5,732	5,680	5,621	6,022	5,975	6,485	7,673	7,529	7,676	7,218	5,352
Finance & Insurance	5,080	3,353	3,077	3,132	3,111	3,274	3,673	4,013	3,651	3,954	4,532	3,510
Real Estate Rental & Leasing	309	267	339	367	359	370	471	536	492	516	579	443
Professional, Scientific, & Technical Services	6,679	5,807	6,801	6,710	6,356	6,822	8,813	10,516	8,752	9,482	10,499	7,384
Management of Companies & Enterprises	63	56	87	79	108	125	147	158	140	144	185	194
Administrative, Support, Waste Management, & Remediation Services	3,775	3,271	3,480	3,840	6,809	4,927	5,055	5,416	4,860	4,787	4,131	3,122
Educational Services	820	852	887	854	1,014	1,263	1,718	1,932	1,918	1,891	1,946	1,735
Health Care & Social Assistance	460	403	411	447	1,250	1,266	1,908	3,068	1,877	1,914	1,206	871
Arts, Entertainment, & Recreation	273	195	248	228	267	386	312	374	304	277	284	208
Accommodation & Food Services	5,015	4,308	4,709	4,852	3,423	3,645	4,457	4,500	4,081	4,606	3,687	3,228
Other services	256	220	209	270	241	228	245	269	352	361	341	317
Public Administration	420	384	442	521	522	551	850	893	802	846	863	669
Non-classifiable Establishments	10	16	20	57	56	58	57	48	43	39	34	39

Weekly Active Job Posting	2025									
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Agriculture, Forestry, Fishing & Hunting	258	255	236	278	257	287	307	300	420	539
Mining	380	396	481	403	425	392	353	414	529	583
Utilities	134	114	104	125	126	113	101	113	148	186
Construction	466	536	474	515	538	544	498	509	642	701
Manufacturing	5,690	6,079	7,245	10,260	9,818	8,901	8,596	8,569	9,457	8,608
Wholesale Trade	1,445	1,468	1,442	1,585	1,449	1,395	1,308	1,342	1,673	2,061
Retail Trade	2,168	2,225	2,028	2,191	2,170	1,963	1,851	1,957	2,477	2,826
Transportation & Warehousing	1,396	1,445	1,305	1,434	1,635	1,505	1,287	1,390	1,535	1,694
Information	5,649	5,749	5,206	5,752	6,307	5,843	5,543	5,886	7,173	7,935
Finance & Insurance	3,153	3,310	3,070	3,054	3,416	3,011	3,020	3,506	4,276	5,316
Real Estate Rental & Leasing	435	446	394	417	427	381	325	382	463	544
Professional, Scientific, & Technical Services	6,247	6,175	5,289	5,768	5,777	6,207	6,124	6,111	8,320	10,187
Management of Companies & Enterprises	188	188	162	179	176	141	131	125	170	198
Administrative, Support, Waste Management, & Remediation Services	2,669	2,642	2,680	2,257	1,887	1,694	1,681	1,790	2,243	2,807
Educational Services	1,857	2,111	1,913	2,326	2,354	1,509	1,221	1,253	1,456	1,652
Health Care & Social Assistance	523	445	366	421	386	520	561	595	656	707
Arts, Entertainment, & Recreation	197	196	175	165	198	270	222	189	288	342
Accommodation & Food Services	3,424	3,296	2,849	3,185	2,844	2,768	6,275	8,083	8,398	8,826
Other services	286	265	269	272	261	243	242	237	290	331
Public Administration	712	749	516	670	598	546	560	694	779	937
Non-classifiable Establishments	45	45	32	29	26	18	16	17	30	25

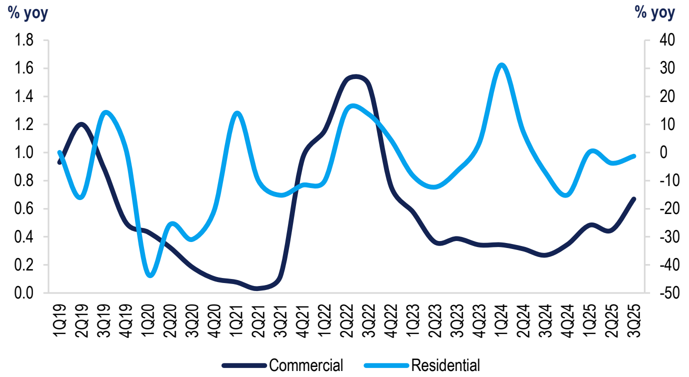
Source: Revelio, CEIC, Indo Premier

Fig. 12: 4W sales growth showing recovery sign with 2W continues to accelerate



Source: Bank Indonesia, Indo Premier

Fig. 13: Commercial and Residential property sales were all improving in 3Q25



Source: Bank Indonesia, Indo Premier

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