INDOPREMIER

MacroInsight

05 August 2026

Macroeconomics Indicator

	2024	2025F	2026F
GDP growth (%yoy)	5.0	5.1	5.2
Inflation (%yoy)	1.6	2.9	3.2
BI rate (% Year-end)	6.00	4.75	6.00
Rp/US$ (Average)	15,848	16,475	17,700
CA deficit (% of GDP)	-0.6	-0.1	-1.8
Fiscal deficit (% of GDP)	-2.3	-2.9	-2.9

Kefas Sidauruk

PT Indo Premier Sekuritas

kefas.sidauruk@ipc.co.id

+62 21 5088 7168 ext. 717

2Q26 GDP: strong investment was offset by slowdown in consumption

- GDP grew +5.29% yoy in 2Q26, driven by investment acceleration that offset softer household and government consumption.
- Service sector continued to outpace goods-producing sectors as manufacturing slowed to +4.5% yoy, consistently underperforming GDP.
- We expect 2H26 growth to slow further on gov't spending decline and headwind to the purchasing power; we maintain FY26 forecast at +5.20%.

2Q26 GDP growth slowed to +5.29% yoy, but still beat expectations

GDP growth eased slightly to +5.29% yoy in 2Q26 from +5.6% yoy in 1Q26, though still beating consensus (5.14%) and our estimate (5.18%). Investment (Gross Fixed Capital Formation) accelerated to +6.9% yoy (1Q26: +6.0% yoy), while household and government consumption slowed to +5.1% yoy (1Q26: +5.5% yoy) and +16.0% yoy (1Q26: +21.8% yoy), respectively. Net exports remained a drag at -20.0% yoy (1Q26: -21.3% yoy) as import growth (+8.8% yoy) outpaced exports (+4.1% yoy).

Investment acceleration was offset by slowdown in consumption

Investment strength was driven by two areas: 1) +6.6% yoy growth in buildings, an 8-year high, and 2) +26% yoy growth in vehicles, also at 5-year high. These investment drivers were reflected on the supply side, where construction grew +6.7% yoy and trade grew +6.4% yoy. On household consumption, only housing & equipment (+5.1%) and health & education (+5.3%) accelerated in 2Q26, while other categories slowed. The largest sub-category, food & beverage (non-restaurant), softened to +4.2% yoy (1Q26: +4.5%) reflecting post-Lebaran normalization. From the public sector, government consumption was driven by individual consumption (+33.3% yoy), a category reflecting household-oriented spending (e.g., free meal program, KDMP). Government collective consumption (e.g., defence, law enforcement) grew +5.4% yoy but still accounted for 56% of total government consumption. This gov't spending composition was also reflected on the supply side, with food services and accommodation sector grew +10.6% yoy.

Service sector was leading the overall growth

Service-producing sectors continued to lead, growing +6.3% yoy (1Q26: +6.7% yoy), while goods-producing sectors slowed to +3.9% yoy, dragged by mining's (-1.6% yoy) which marked fourth consecutive quarter of contraction. Notably, service-producing sectors' real GDP first exceeded goods-producing sectors in 1Q25 and has remained ahead since - a structural shift in Indonesia's economic composition. Manufacturing, the largest goods-producing sector, grew only at +4.5% yoy — undershooting overall GDP for the past year. Within manufacturing, basic metals underwent a significant slowdown: after averaging +14.5% yoy per quarter between 2023-25, the sector slowed to +3.8% yoy in 1Q26 and barely grew at +0.7% yoy in 2Q26.

Expect softer GDP in 2H26, FY26 forecast maintained at c.+5.2%

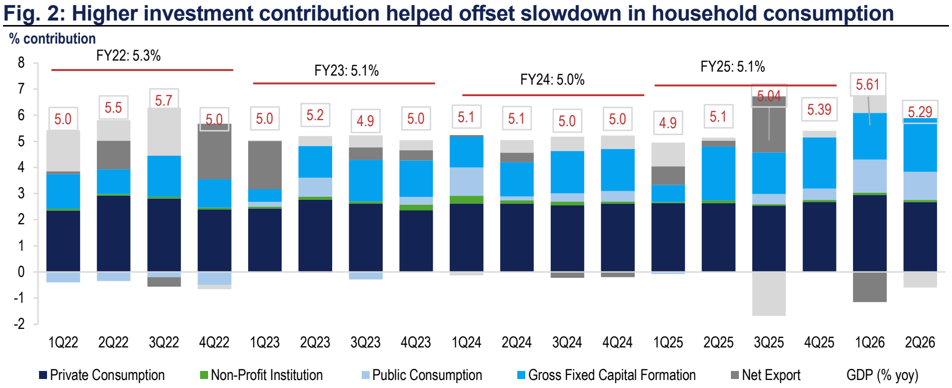
We expect GDP growth to slow further in 2H26 as government spending faces high base effects as spending is more evenly distributed across quarters in 2026 and should see contraction by 4Q26. Household consumption comes under pressure from higher food prices and the fading government consumption tailwind. To partially offset consumption pressure, the government is planning to distribute ~US$1bn worth of rice (997K tonnes) to 33.2mn families to dampen food inflation impact and support purchasing power. Taking this into account, we maintain our FY26 GDP growth forecast at +5.20%.

Fig. 1: GDP growth slowed to +5.29% yoy

	2025				2026		FY25	FY26F
	1Q25	2Q25	3Q25	4Q25	1Q25	2Q26		
GDP	**4.9**	**5.1**	**5.0**	**5.4**	**5.6**	**5.3**	**5.1**	**5.2**
Domestic Demand	4.3	5.0	3.0	5.6	7.1	6.3	4.5	4.4
Consumption	**4.3**	**4.4**	**4.9**	**5.0**	**7.1**	**6.3**	**4.7**	**5.2**
Private Sector	5.0	5.0	4.89	5.1	5.5	5.1	5.0	5.2
Non-Profit Institution	3.1	7.8	4.3	5.9	6.3	6.9	5.1	4.7
Public Sector	-1.4	-0.3	5.5	4.6	21.8	16.0	2.5	5.0
Gross Fixed Capital Formation	**2.1**	**7.0**	**5.0**	**6.1**	**6.0**	**6.9**	**5.1**	**4.5**
Inventory (inc. Discrepancy)	**21.9**	**0.7**	**-35.7**	**61.7**	**14.4**	**3.3**	**-3.9**	**-11.0**
Net Export	**16.8**	**8.1**	**57.8**	**-0.3**	**-24.3**	**-20.0**	**20.0**	**19.9**
Export of Goods & Services	6.5	10.9	9.9	3.3	0.9	4.1	7.6	7.0
Import of Goods & Services	4.2	11.5	1.2	4.0	7.2	8.8	5.1	4.4

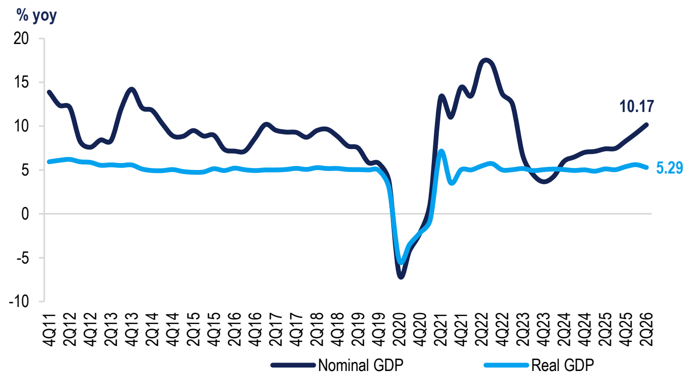
Source: BPS, Indo Premier

Fig. 2: Higher investment contribution helped offset slowdown in household consumption



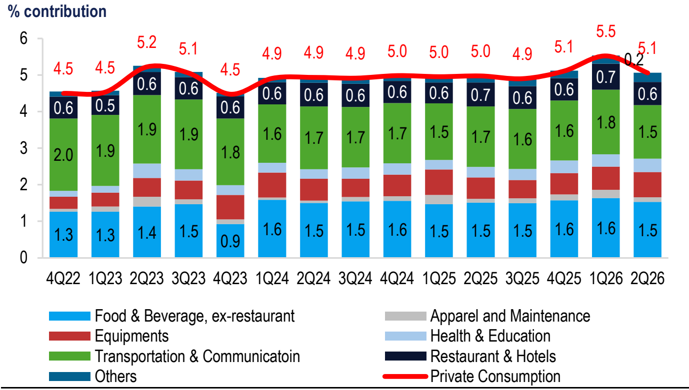
Source: BPS, Indo Premier

Fig. 3: Nominal GDP growth surged to +10.2% yoy



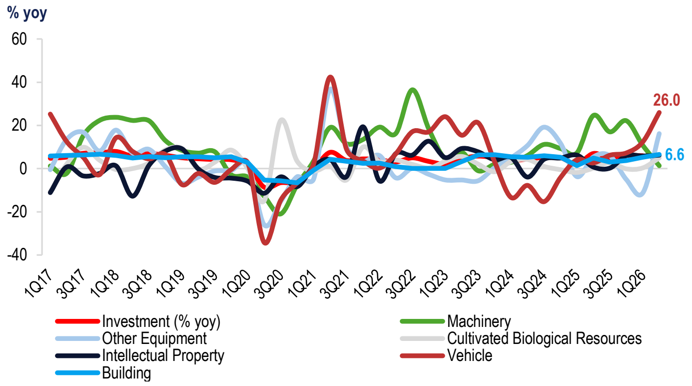
Source: BPS, Indo Premier

Fig. 4: All lebaran-related consumption shows normalization



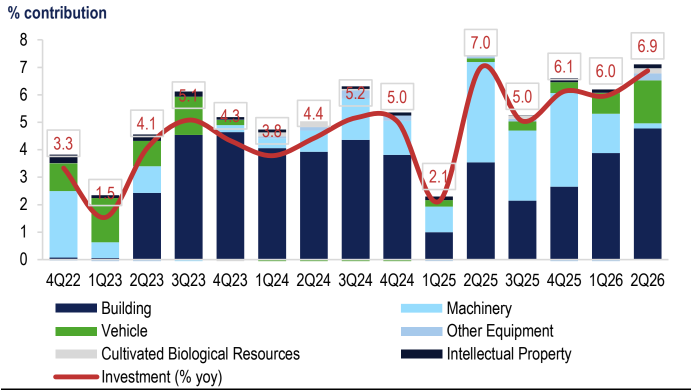
Source: BPS, Indo Premier

Fig. 5: Vehicle and building accelerated in 2Q26…



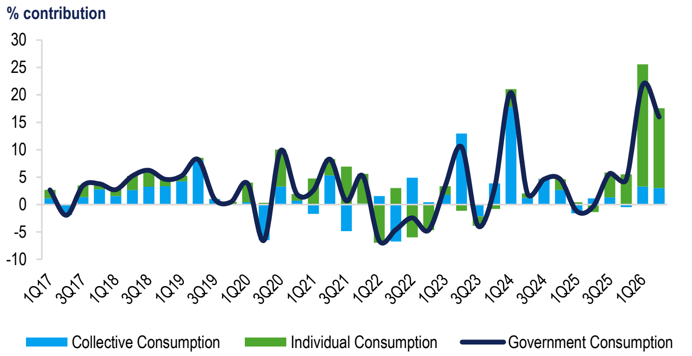
Source: BPS, Indo Premier

Fig. 6: …and helped drive investment acceleration to +6.9% yoy



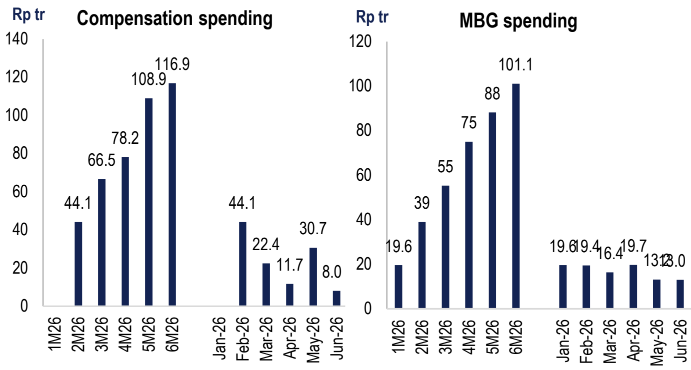
Source: BPS, Indo Premier

Fig. 7: There's a slowdown in gov't individual consumption, while collective consumption remained steady



Source: BPS, Indo Premier

Fig. 8: Two of gov't key spending in 1H26



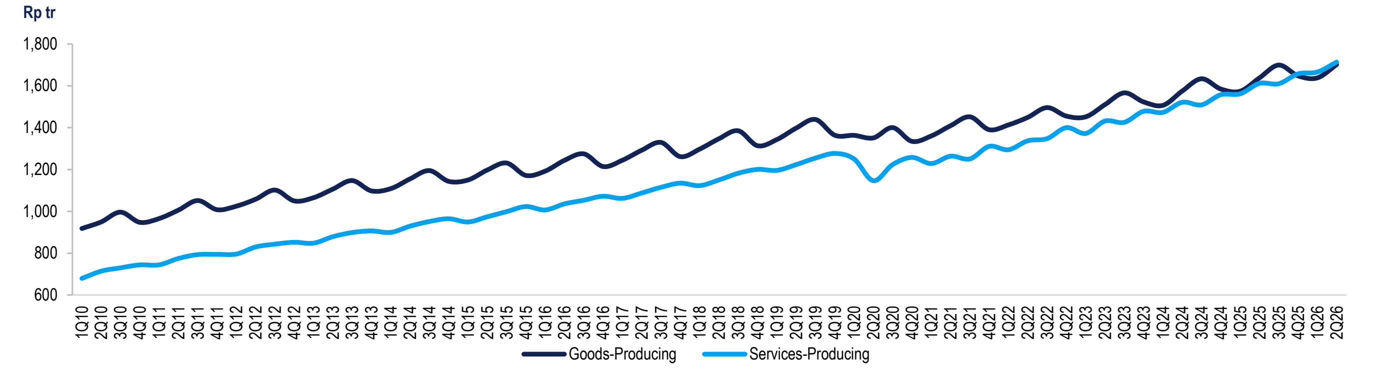
Source: MoF, Indo Premier

Fig. 9: Growth in goods-producing sectors dropped to the lowest since 1Q24

Goods vs. Service (% yoy)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
GDP	**5.0**	**5.5**	**5.7**	**5.0**	**5.0**	**5.2**	**4.9**	**5.0**	**5.1**	**5.1**	**5.0**	**5.0**	**4.9**	**5.1**	**5.0**	**5.4**	**5.6**	**5.3**
Goods-Producing	3.9	2.8	3.0	4.7	2.7	4.2	4.7	4.7	3.8	4.3	4.3	4.0	4.5	4.0	4.0	4.0	4.1	3.9
Agriculture, Forestry, and Fishing	1.2	1.7	2.0	4.5	0.4	2.0	1.5	1.1	-3.5	3.2	1.7	0.7	10.5	1.7	4.9	5.1	5.0	3.8
Mining	3.8	4.0	3.2	6.5	4.9	5.0	7.0	7.5	9.3	3.2	3.5	4.0	-1.2	2.0	-2.0	-1.3	-2.1	-1.6
Manufacturing	5.1	4.0	4.8	5.6	4.4	4.9	5.2	4.1	4.1	3.9	4.7	4.9	4.6	5.7	5.5	5.4	5.0	4.5
Construction	4.8	1.0	0.6	1.6	0.3	5.2	6.4	7.7	7.6	7.3	7.5	5.8	2.2	5.0	4.2	3.9	5.5	6.7
Services-Producing	5.4	5.8	7.8	6.8	6.0	7.1	5.8	5.6	7.3	6.3	5.9	5.4	6.0	5.9	6.7	6.4	6.7	6.3
Electricity & Gas	7.0	9.3	8.1	2.3	2.7	3.2	5.1	8.7	5.3	5.4	5.0	3.4	5.1	0.9	2.9	3.6	-1.0	10.8
Water Supply	1.4	4.5	4.3	2.8	5.7	4.8	4.5	4.7	4.4	0.8	0.0	1.1	0.2	0.8	3.3	-0.5	0.4	0.0
Trade	5.7	4.4	5.4	6.6	4.9	5.3	5.1	4.1	4.6	4.8	4.8	5.2	5.0	5.4	5.5	6.1	6.3	6.4
Transport & Storage	15.8	21.3	25.8	17.0	15.9	15.3	14.7	10.3	8.7	9.6	8.6	7.9	9.0	8.5	8.6	9.0	8.0	5.6
Accommodation and Food Service Activities	6.6	9.8	17.8	13.8	11.5	9.9	10.9	7.9	9.3	10.2	8.2	6.5	5.8	8.2	8.5	7.2	13.1	10.6
Information and Communication	7.2	8.1	6.9	8.7	7.1	8.0	8.5	6.7	8.4	7.7	6.8	7.5	7.7	7.9	9.7	8.1	7.1	7.0
Financial and Insurance Activities	1.6	1.5	0.9	3.8	4.5	2.9	5.2	6.6	3.9	7.9	5.5	1.7	4.0	3.2	0.8	7.9	4.7	3.1

Source: BPS, Indo Premier

Fig. 10: The first time service sectors outproduced goods sectors was in 1Q25 and has remained ahead ever since



Source: BPS, Indo Premier

Fig. 11: Base metal significant slowdown in 2026 after stable double digit growth in 2023-25

Manufacturing (% y-y)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Manufacturing	**4.4**	**4.9**	**5.2**	**4.1**	**4.1**	**4.0**	**4.7**	**4.9**	**4.6**	**5.7**	**5.5**	**5.40**	**5.0**	**4.5**
Coal and Refined Petroleum Products	1.9	8.2	7.0	-0.2	-1.4	-2.8	3.4	4.8	7.3	6.5	5.1	8.7	3.9	-4.0
Non Oil & Gas Manufacturing	4.7	4.6	5.0	4.5	4.6	4.6	4.8	4.9	4.3	5.6	5.6	5.1	5.1	5.3
Food Products and Beverages	5.3	4.6	3.3	4.7	5.9	5.5	5.8	6.4	6.0	6.2	6.5	6.8	7.0	6.5
Tobacco Products	-7.3	2.5	13.3	11.6	7.6	5.1	0.0	1.9	-3.8	4.6	-0.9	-5.0	-4.0	0.0
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	4.4	4.9	6.4
Leather and Related Products; and Footware	-2.7	-0.4	-3.0	4.9	5.9	1.9	10.2	9.2	7.0	8.3	-0.3	-1.0	5.3	11.3
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	0.3	0.0	4.0
Paper and Paper products; Printing and Reproduction of Recorded Media	2.2	4.5	5.5	5.8	6.1	0.0	2.7	1.7	1.1	5.0	2.2	5.3	5.2	0.4
Chemicals and Pharmaceuticals; and Botanical Products	-3.5	-1.4	4.5	0.9	8.1	8.0	3.1	4.5	3.7	9.4	11.7	8.7	7.4	5.0
Rubber, Rubber Products and Plastic Products	1.7	-7.2	-4.3	-4.5	-5.2	2.1	3.5	7.0	2.5	-2.5	-3.2	-12.5	-9.0	-7.0
Other Non-Metallic Mineral Products	-2.1	1.4	7.2	9.2	10.0	-0.1	-3.9	-6.5	-1.7	10.1	7.3	9.0	9.1	8.8
Basic Metals	15.5	11.5	10.9	18.8	16.6	18.1	12.4	7.4	14.5	14.9	18.6	14.8	3.8	0.7
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	4.1	10.3	8.0
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	26.6	21.9	4.8
Transport Equipment	17.3	9.7	7.3	-2.5	-5.3	-1.6	-0.1	-1.3	-3.5	-1.0	-1.4	-4.7	-5.0	5.5
Furniture	-8.4	-2.7	-2.6	6.1	1.7	-0.7	6.8	0.7	9.9	-0.1	-4.3	1.1	4.3	11.8
Other Manufacturing, Repair and Installation of Machinery and Equipment	1.7	-1.1	-3.0	-5.7	2.7	5.4	3.3	2.9	7.5	7.1	13.9	8.3	6.4	12.2

Source: BPS, Indo Premier

Fig. 12: GDP Forecast for FY26

	FY21	FY22	FY23	FY24	FY25	FY26F
GDP	**3.7**	**5.3**	**5.0**	**5.0**	**5.1**	**5.2**
Domestic Demand	4.3	4.7	4.6	5.3	4.5	4.4
Consumption	**2.3**	**3.7**	**4.7**	**5.3**	**4.7**	**5.2**
Private Sector	2.0	4.9	4.8	4.9	5.0	5.2
Non-Profit Institution	1.6	5.7	10.0	12.5	5.1	4.7
Public Sector	4.3	-4.4	3.0	6.6	2.5	5.0
Gross Fixed Capital Formation	**3.8**	**3.9**	**3.8**	**4.6**	**5.1**	**4.5**
Inventory (inc. Discrepancy)	**128.3**	**40.1**	**9.5**	**10.4**	**-3.9**	**-11.0**
Net Export	**-11.1**	**23.6**	**17.7**	**-0.1**	**20.0**	**19.9**
Export of Goods & Services	18.0	16.2	1.3	6.5	7.6	7.0
Import of Goods & Services	24.9	15.0	-1.6	7.9	5.1	4.4

Source: BPS, 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.