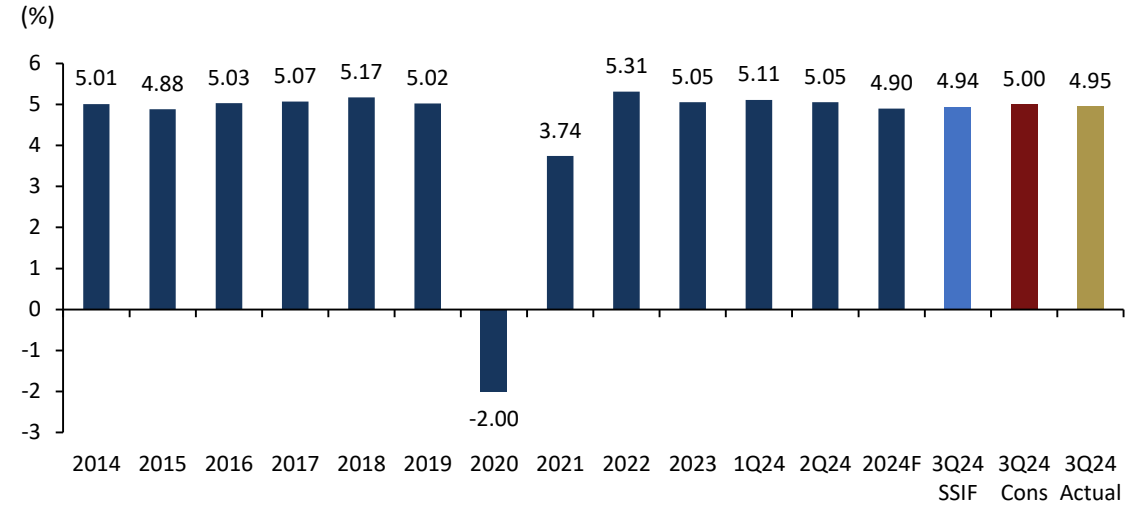


Gross Domestic Product 3Q24: 5 November 2024

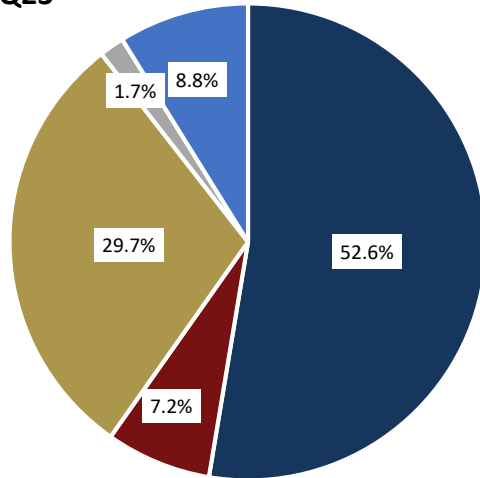
- Indonesia's economy exhibited a tempered growth rate of 4.95% year-on-year (yoy) in the third quarter of 2024, in line with our projection (4.94%) albeit slightly below market expectations of 5.0%. This modest expansion, down from 5.05% in the previous quarter, underscores a slowdown, marking the weakest GDP growth since Q3 of 2023. Private consumption, a primary driver of Indonesia's economic growth, remained nearly stagnant at 4.91% compared to 4.93% in Q2, reflecting subdued household spending despite stable macroeconomic conditions. Contracted PMI, persistent deflation, and low consumer confidence index have become evidence of this restrained phenomenon.
- Trade dynamics were mixed, with exports growing 9.09%—an improvement over the previous quarter's 8.28%—yet falling short of the surge in imports, which accelerated to 11.47% from 7.79%. This widening gap indicates increased domestic demand for foreign goods and services amid the recent appreciation of the IDR. While this suggests strong consumption and investment activity, the IDR has depreciated again, as higher imports weighed on the trade balance. On a positive note, fixed investment grew 5.15%, up from 4.43%, pointing to investor confidence and heightened activity in infrastructure and capital-intensive sectors. Government spending also rose significantly, expanding 4.62% against previous increase of 1.42%, showcasing fiscal stimulus efforts aimed at supporting growth amid external and domestic challenges.
- Sector-wise, production showed mixed results. Notably, there was a deceleration in sectors crucial to the services industry, such as transportation, which grew at a slower rate of 8.64% compared to 9.56% in Q2, and communications, which slowed to 6.86% from 7.66%. Other key sectors, including wholesale and retail trade, insurance and financial services, as well as healthcare, also experienced slower growth. Wholesale and retail trade edged down to 4.82% from 4.86%, and financial services grew just 5.49%, a notable decline from previous quarter's 7.90%. Healthcare services saw similar downtrend, expanding 7.64% compared to 8.56% previously. These shifts reflect moderating activities in consumption-driven sectors, which have been instrumental in sustaining Indonesia's economic momentum over recent years.
- Looking ahead, we expect the economy to grow 4.97% for the entire year, considering the anticipated low government spending in Q4 due to bureaucratic adjustments, which in turn, is leading to sustained low consumption. In 2025, we expect GDP growth to remain relatively flat from current levels on global economic slowdown coupled with the need for enhanced local coordinated efforts from new ministers and ministries to tackle both domestic and overseas challenges.

Indonesia's GDP Growth (YoY)



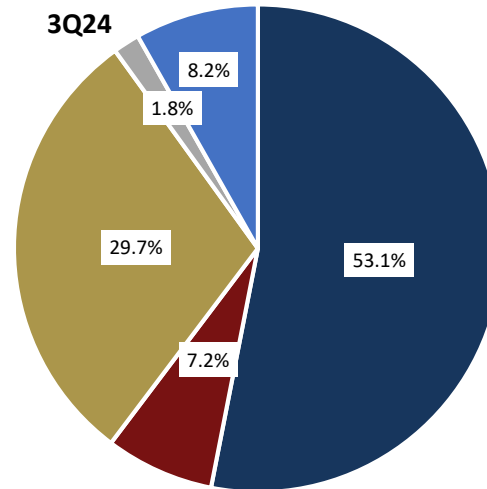
Distribution of GDP, 3Q23 vs 3Q24

3Q23



■ Household Consumption ■ Government Spending
■ Investment ■ Net Export
■ Others

3Q24



■ Household Consumption ■ Government Spending
■ Investment ■ Net Export
■ Others

Indonesia Manufacturing PMI

