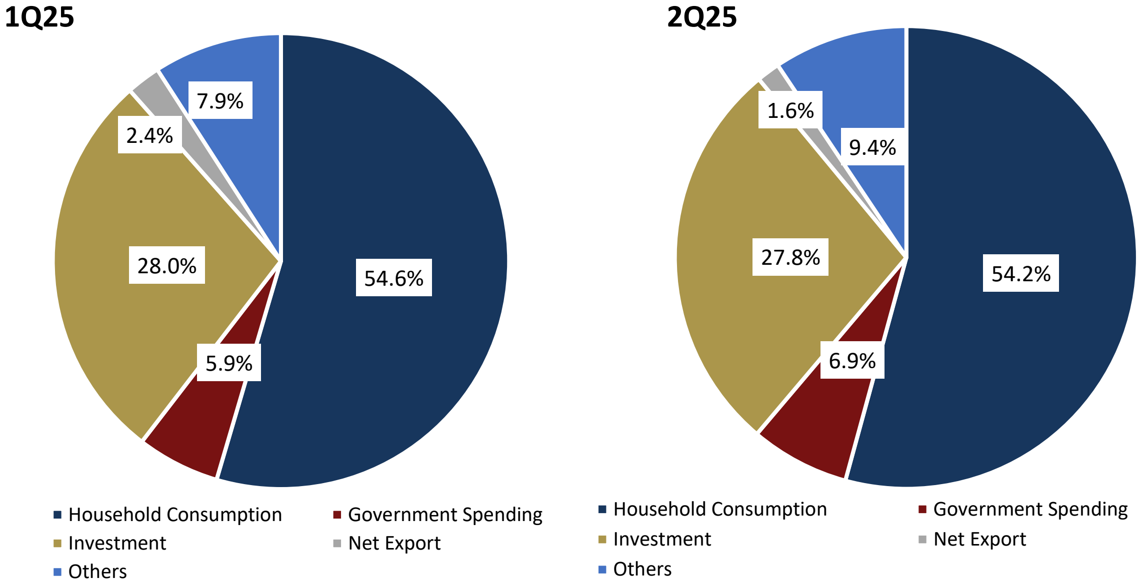
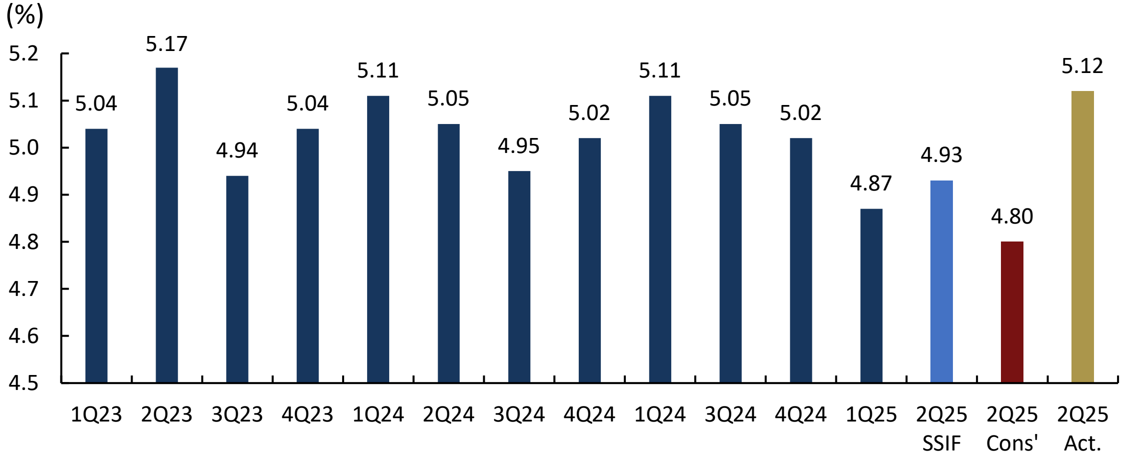
Gross Domestic Product 2Q25: 5 August 2025

- Indonesia's economy expanded 5.12% year-on-year in 2Q25, accelerating from 4.87% in 1Q25 and marking the fastest pace since 2Q23. This growth notably outperformed SSI's forecast of 4.93% and the market consensus of 4.8%, signaling stronger-than-expected resilience amid global headwinds and new tariff pressures from the U.S.
- From the expenditure side, the key driver was a significant rebound in gross fixed capital formation (PMTB), which rose 6.99% YoY, sharply higher than 2.12% in Q1. This indicates improving investor confidence and acceleration in infrastructure and machinery investment. Household consumption remained robust at 4.97% YoY, sustaining its role as the backbone of growth at over 54% of GDP. Exports of goods and services surged 10.67% YoY, reflecting front-loading of shipments ahead of the U.S. tariff implementation in August, while imports jumped 11.65% YoY, in line with stronger investment and production demand. Government spending contracted slightly by 0.33% YoY, but this was a milder drop compared to Q1 (-1.37%), softening its drag on growth.
- From the production side, manufacturing (Industri Pengolahan) was a major contributor, growing 5.68% YoY and underscoring the recovery in industrial output following a period of soft demand. Other high performers included transportation and warehousing (8.52% YoY), hospitality (8.04% YoY), and business services (9.31% YoY), reflecting both domestic demand and export-oriented activities. Regionally, Java remains the main growth engine, contributing 56.94% to national GDP with 5.24% YoY growth, followed by Sulawesi at 5.83% YoY as a rising production hub.
- The stronger-than-expected Q2 result highlights Indonesia's resilience despite external challenges, particularly the new 19% U.S. tariff on Indonesian goods, which replaced the initially threatened 32% rate. The surge in PMTB and manufacturing above 5% is a particularly encouraging signal for medium-term growth, as it suggests that domestic investment momentum is starting to align with the government's ambition to lift potential growth toward 5.1% this year. Looking ahead, Q3 growth may moderate due to the immediate impact of the U.S. tariff implementation in August and potential cooling in export shipments after the pre-tariff rush. However, continued infrastructure spending, resilient household consumption, and a firming manufacturing base should cushion the downside. Bank Indonesia's accommodative stance and stable inflation also provide continued supportive macro backdrop.

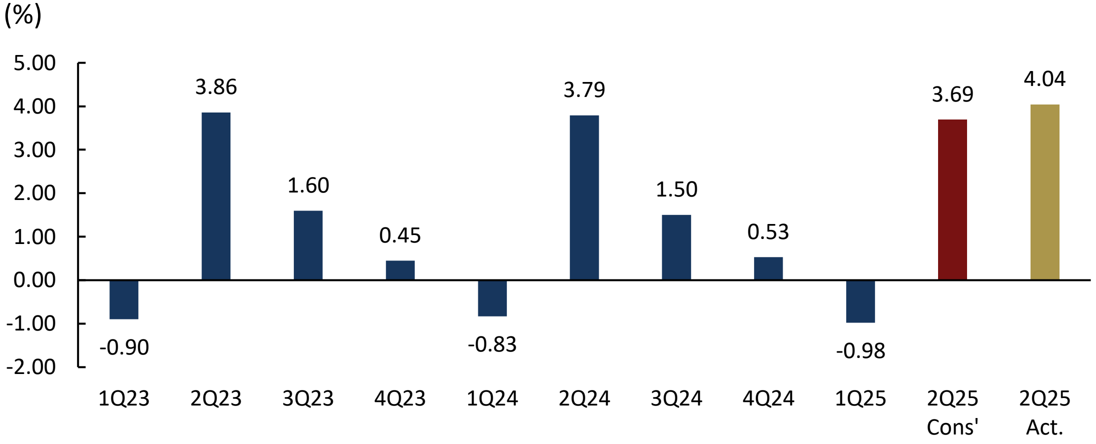
Distribution of GDP, 1Q25 vs 2Q25



Indonesia's GDP Growth (YoY)



Indonesia's GDP Growth (QoQ)



Sources: Bloomberg, BPS, SSI Research

Macro Strategy Team