Gross Domestic Product 2Q26: 5 August 2026

SAMUEL SEKURITAS INDONESIA
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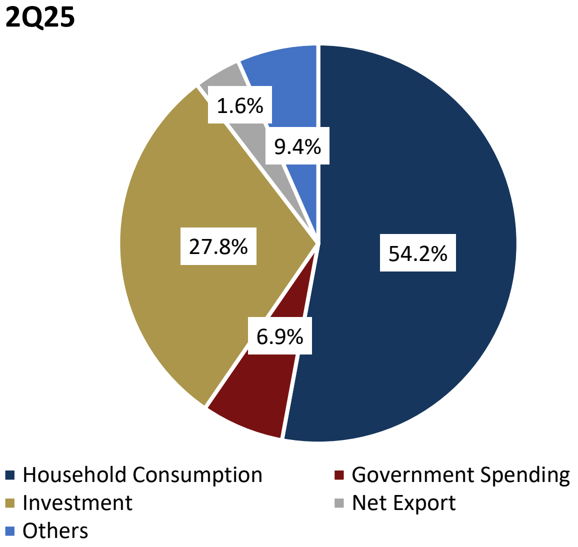
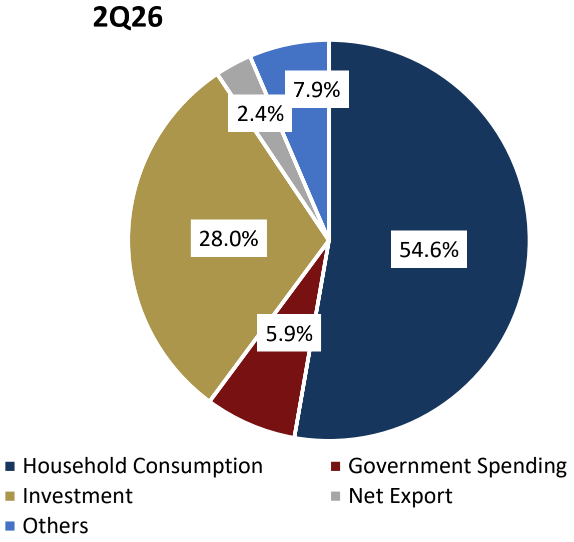
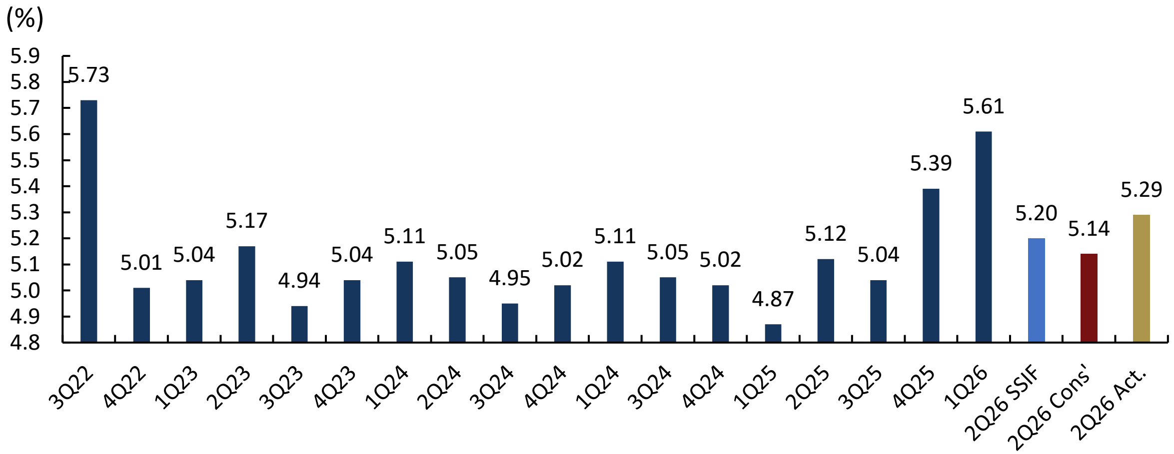
- Slowing from 5.61% in 1Q26, Indonesia's economy expanded 5.29% YoY in Q2, although above market consensus of 5.1% and exceeded SSI's baseline forecast of 5.20% (upper-bound estimate: 5.40%). The quarterly moderation suggests that growth momentum is beginning to normalize amid external uncertainty, higher import costs and tighter financial conditions. Overall, GDP growth reached 5.45% year-on-year in 1H26.
- From the expenditure side, the slowdown was mainly driven by household consumption, which moderated to 5.06% from 5.52%, and government consumption, which eased to 15.97% from 21.81%. Gross fixed capital formation improved from 5.96% in Q1 to 6.87%, supported by ongoing infrastructure and downstream investments. However, investment contribution was 2.06ppts to growth, still below the 2.67-ppt contribution from household consumption. Exports increased 4.13%, while imports grew considerably faster at 8.82%, indicating firm domestic demand but also a growing drag from net exports.
- On the production side, growth remained uneven. Manufacturing slowed to 4.52% from 5.04% in Q1, while information and communications and accommodation and food services also lost momentum. Construction accelerated to 6.68%, trade remained firm at 6.39%, and electricity and gas grew 10.81%. Meanwhile, mining contracted 1.64%. The weaker performance in manufacturing and mining suggests that growth remains dependent on selected service sectors, construction and investment rather than a broad-based improvement across the economy.
- SSI maintains our full-year 2026 GDP growth forecast at 5.35%. Following 1H26 growth of 5.45%, the forecast implies moderation towards around 5.2–5.3% in 2H26. Fiscal disbursement, infrastructure investment and household consumption should continue to support activity, although the pace of growth may become more difficult to sustain as external pressures remain elevated. The stronger-than-expected Q2 result provides some buffer, but does not materially remove downside risks for the second half.
- Risks remain tilted slightly to the downside. Slowing fiscal spending, continued weak IDR and weaker consumer purchasing power will weigh on the government's 5.4% target, not to mention persistently high import growth, softer manufacturing activity, elevated interest rates and weaker global demand. Overall, the Q2 result confirms that Indonesia's economy remains relatively resilient, but the composition of growth is becoming less balanced, with consumption moderating and government investment carrying a larger share of the expansion.

Distribution of GDP, 2Q25 vs 2Q26

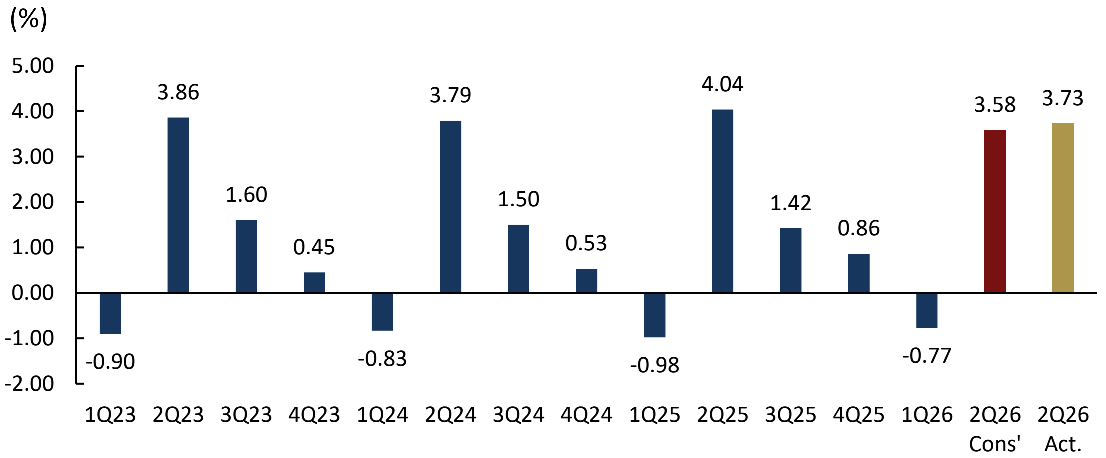




Indonesia's GDP Growth (YoY)



Indonesia's GDP Growth (QoQ)



Sources: Bloomberg, BPS, SSI Research