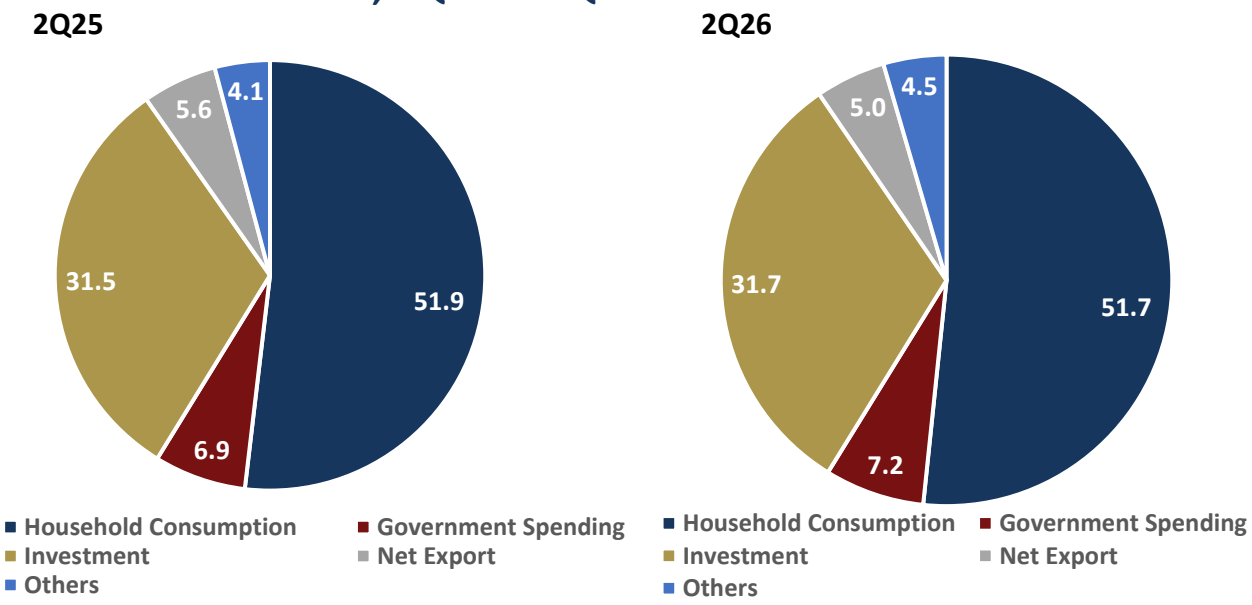
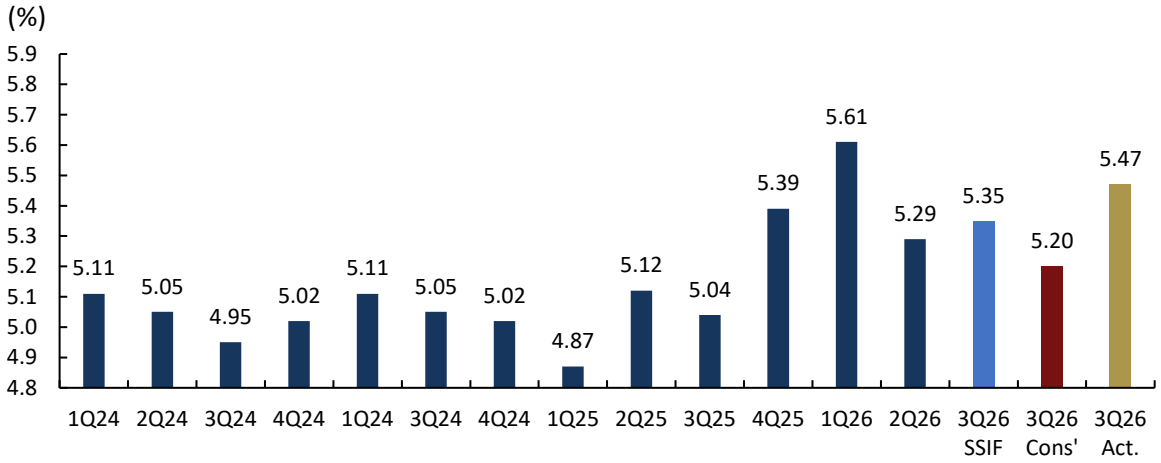
Gross Domestic Product 3Q26: 5 November 2026

- Indonesia's economy is experiencing a fragile form of GDP growth with expansion from 5.29% in Q2 to 5.47% YoY in Q3 2026, despite rising above market expectations of 5.2% and SSI's forecast of 5.32%. Headline acceleration masks softer growth in household consumption and investment, suggesting that underlying domestic demand is weakened by inflation, high interest rates and lower confidence. While 9M26 growth reached 5.45%, sustaining this pace ahead will be challenging amid tight monetary conditions and pressure on purchasing power.
- Private consumption growth edged down to 5.04% YoY from 5.06%, while fixed investment moderated to 6.06% from 6.87%, indicating limited acceleration in domestic spending. Government spending growth also slowed to 8.95% from 15.97%, reducing the incremental fiscal impulse.
- Exports improved to 4.59% from 4.07%, but imports grew faster at 7.31%, helped by manufacturing growth acceleration from 4.52% to 5.87%, providing support to overall activity, alongside accommodation and food services at 11.22%, as well as transportation and warehousing at 8.03%. Nevertheless, strong sectoral output does not necessarily imply broad improvements in employment, household income, or productivity. If consumption stays down, companies will eventually be forced to slash production and clear out warehouses, leading to a sharp economic slowdown later.
- Looking forward, Q4 growth may benefit from seasonal consumption and investment realization, although the strength of these drivers remains uncertain. October's manufacturing PMI of 54.0 and record export order growth offer encouraging signals, but survey improvements need to translate into sustained production, hiring, and realized sales. Elevated interest rates, exchange-rate volatility, and persistent food inflation could limit household spending and discourage private-sector expansion.
- Full-year growth of approximately 5.4% remains achievable given 9M26 performance, although stronger underlying momentum entering 2027 remains uncertain, particularly on the back of current domestic political tension which erode future investment growth. SSI therefore remains cautious on the durability of this expansion with broader employment creation, stronger real incomes, and steady private investment needed to support more sustained outlook.

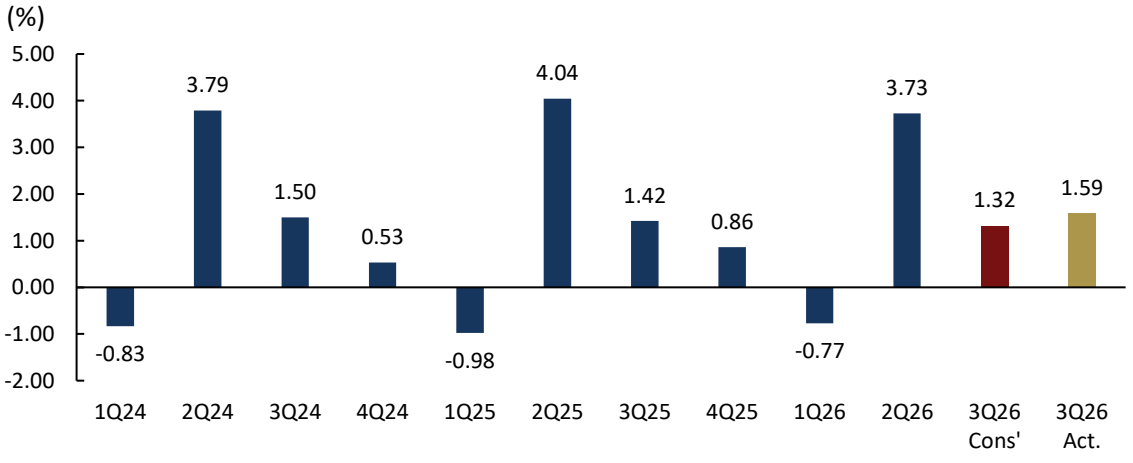
Distribution of GDP, 3Q25 vs 3Q26



Indonesia's GDP Growth (YoY)



Indonesia's GDP Growth (QoQ)



Sources: Bloomberg, BPS, SSI Research

Macro Strategy Team