



MINISTRY OF FINANCE  
REPUBLIC OF INDONESIA

# RECENT MACROECONOMIC AND FISCAL DEVELOPMENT

## Investor Presentation

Republic of Indonesia  
August 2024



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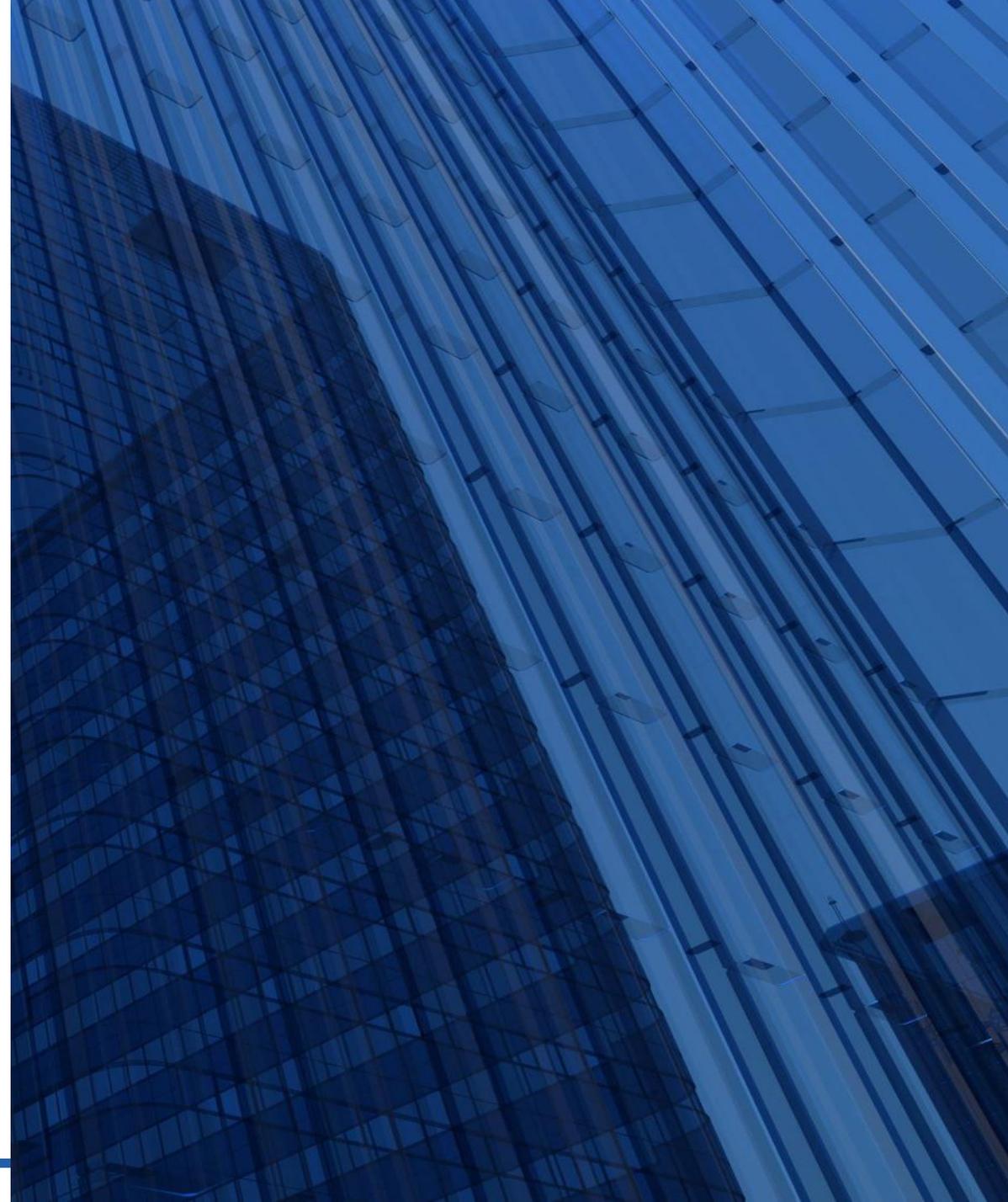
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**01**

**MACROECONOMICS UPDATE**

**02**

**FISCAL UPDATE**



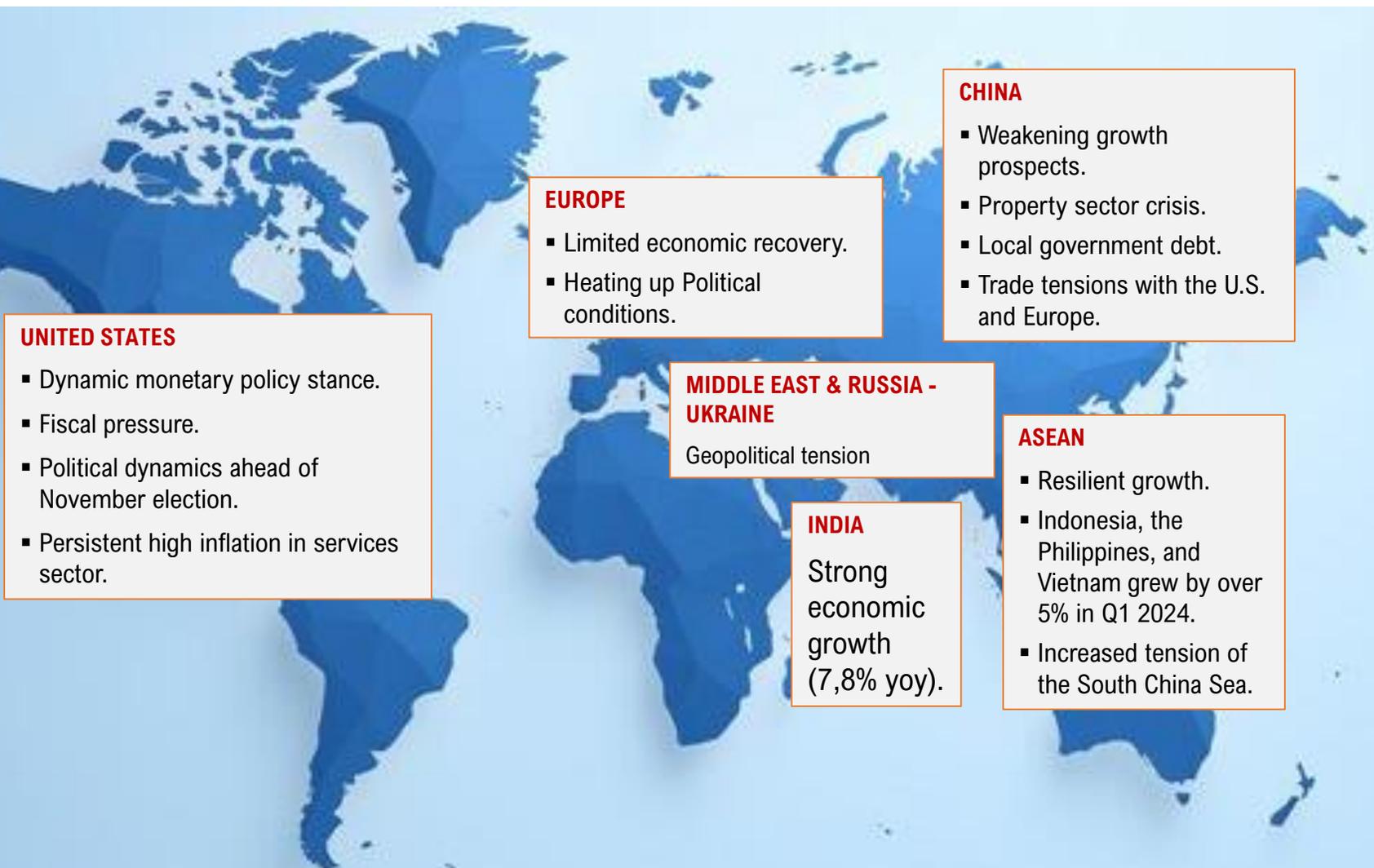
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01

# MACROECONOMICS UPDATES



# GLOBAL ECONOMIC CONDITIONS REMAIN CHALLENGING



## Potential Risks to EMs:

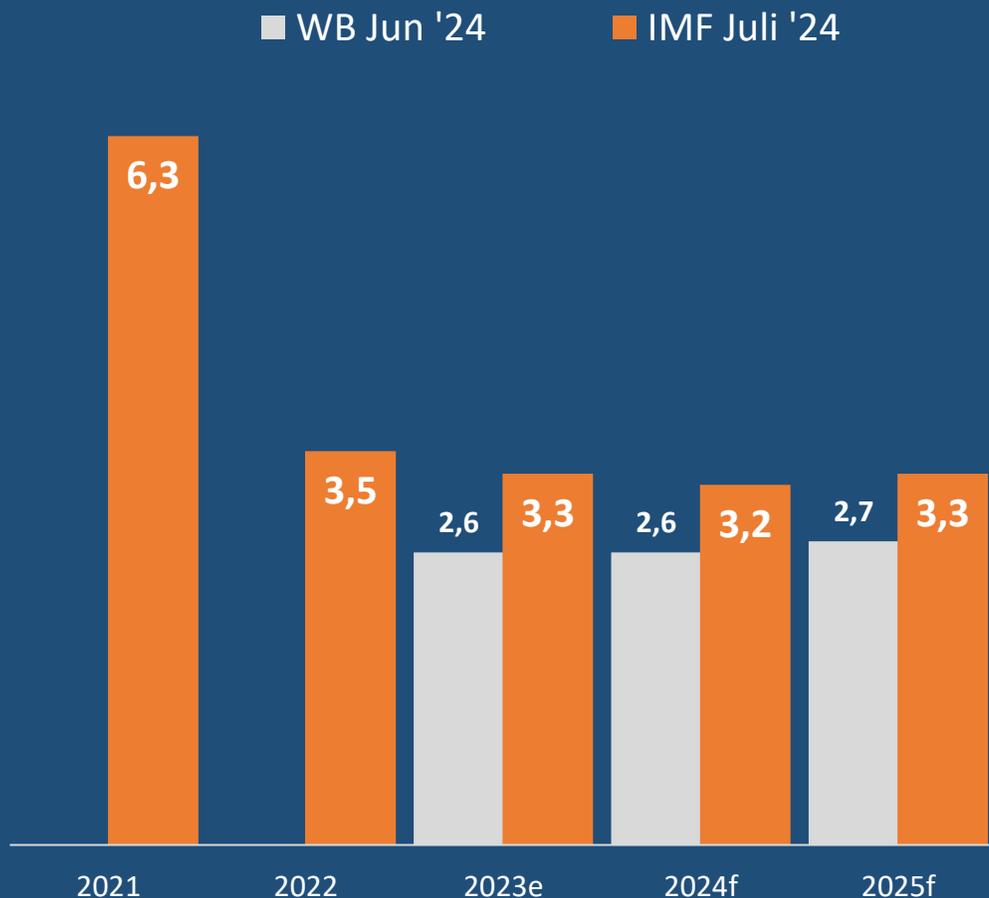
- Economic Growth ↓
- Purchasing Power ↓
- Currency Risk ↑
- Cost of Fund ↑
- Risk Appetite of Global Investors ↓



# STAGNANT GLOBAL GROWTH OUTLOOK

Cautious on China's economic development in the second quarter and the latest U.S. economic and labor data

## Global Economic Growth Projections, % yoy



Sources: WEO IMF April 2024, WB GEP Jun 2024 processed

## Economic Growth Projections of Several Countries (% yoy)

Country	2022	2023	2024f	2025f
World	3,5	3,3	3,2	3,3
United States	1,9	2,5	2,6	1,9
Euro Area	3,4	0,5	0,9	1,5
China	3,0	5,2	5,0	4,5
<b>Indonesia</b>	5,3	5,0	5,0	5,1
India	7,0	8,2	7,0	6,5
ASEAN-5	5,5	4,1	4,5	4,6

### Global Inflation Projection

2024  
5.9% (unchanged)

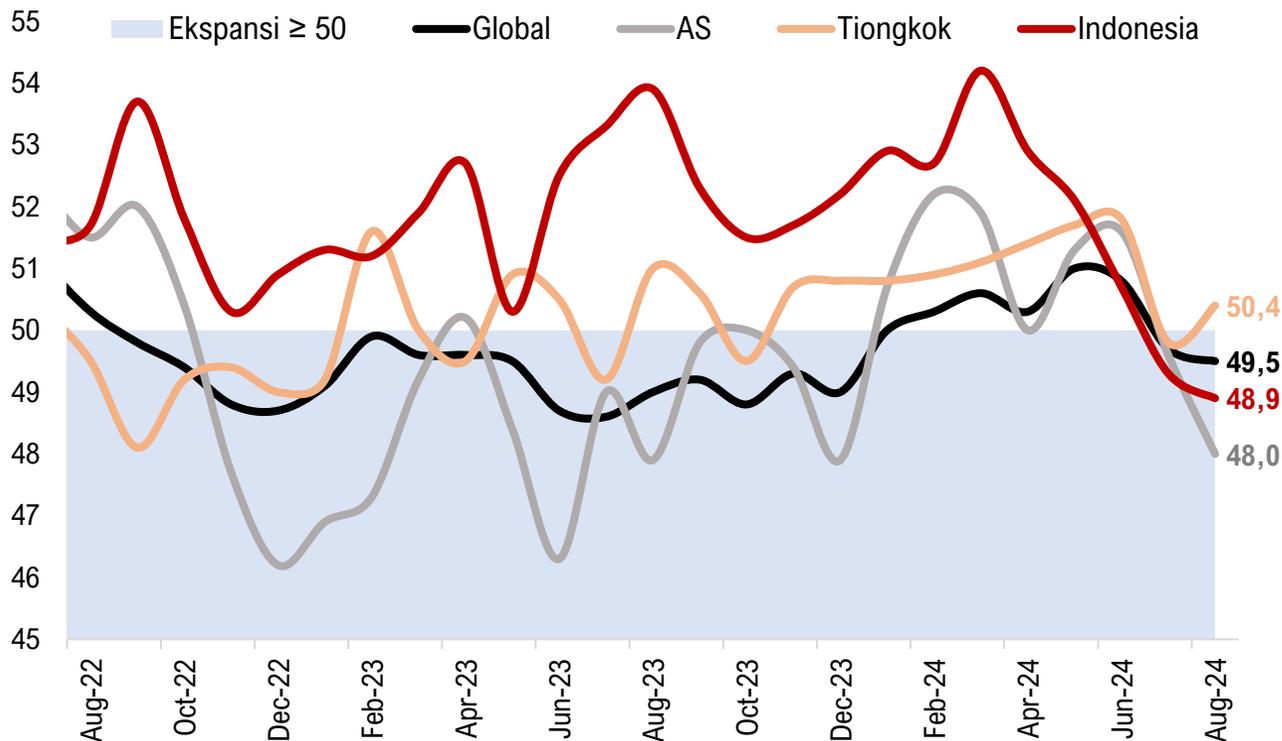
2025  
4.4% (↓ 0.1 pp)



# Manufacturing Activities are Weakening

Manufacturing activity in more than half of the G20 and ASEAN-6 countries is back to contractionary zone along with weakening global demand

### Manufacturing PMI in Selected G20 Countries



### Manufacturing PMI Breakdown

Component	US	China	Indonesia
Output	48.2	50.6	47.6
New Order	46.3	50.2	48.6
New Export Order	47.3	49.3	46.0
Input Purchases	48.2	47.8	48.6
Finished Goods Inventory	51.2	48.5	51.7
Jobs	49.2	50.0	49.1

### Distribution of Manufacturing PMI in August 2024 for G20 and ASEAN-6 countries (minus ARG)

**58.8%**

The US, Europe, Germany, France, Italy, Japan, Indonesia, Malaysia, Canada, Mexico, South Africa, Turkiye, Australia

**41.2%**

The UK, South Korea, China, India, Singapore, Philippines, Thailand, Russia, Viet Nam, Saudi Arabia, Brazil

contracting

expanding



# GLOBAL COMMODITY PRICES REMAIN VOLATILE

## ENERGY COMMODITY PRICES

**Brent (US\$/barrel)**

YOY: 2,8%  
YTD: 4,5%



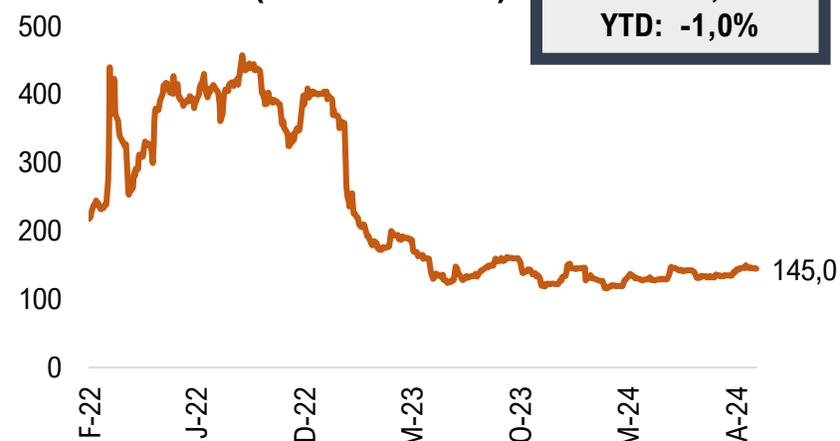
**Natural Gas (US\$/MMBtu)**

YOY :-26,4 %  
YTD: 18,8%



**Coal (US\$/Metric Ton)**

YOY :-30,0%  
YTD: -1,0%



## AGRICULTURAL/FOOD COMMODITY PRICES

**CPO (US\$/Ton)**

YOY :-1,5%  
YTD: 16,4%



**Wheat (US\$/Bushels)**

YOY :-14,6%  
YTD: -16,3%



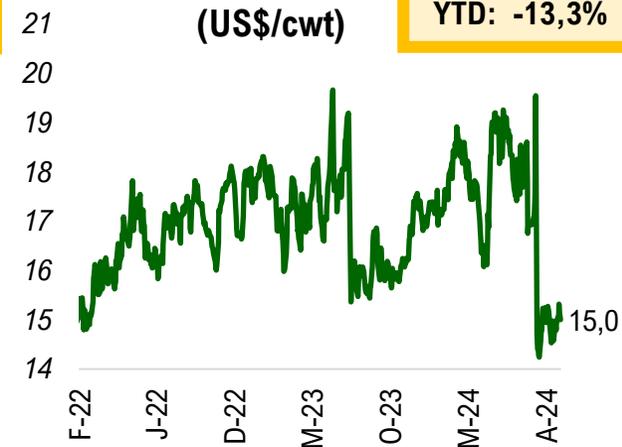
**Soybean (US\$/bu.)**

YOY :-9,1%  
YTD: -19,6%



**Rice (US\$/cwt)**

YOY :0,3%  
YTD: -13,3%

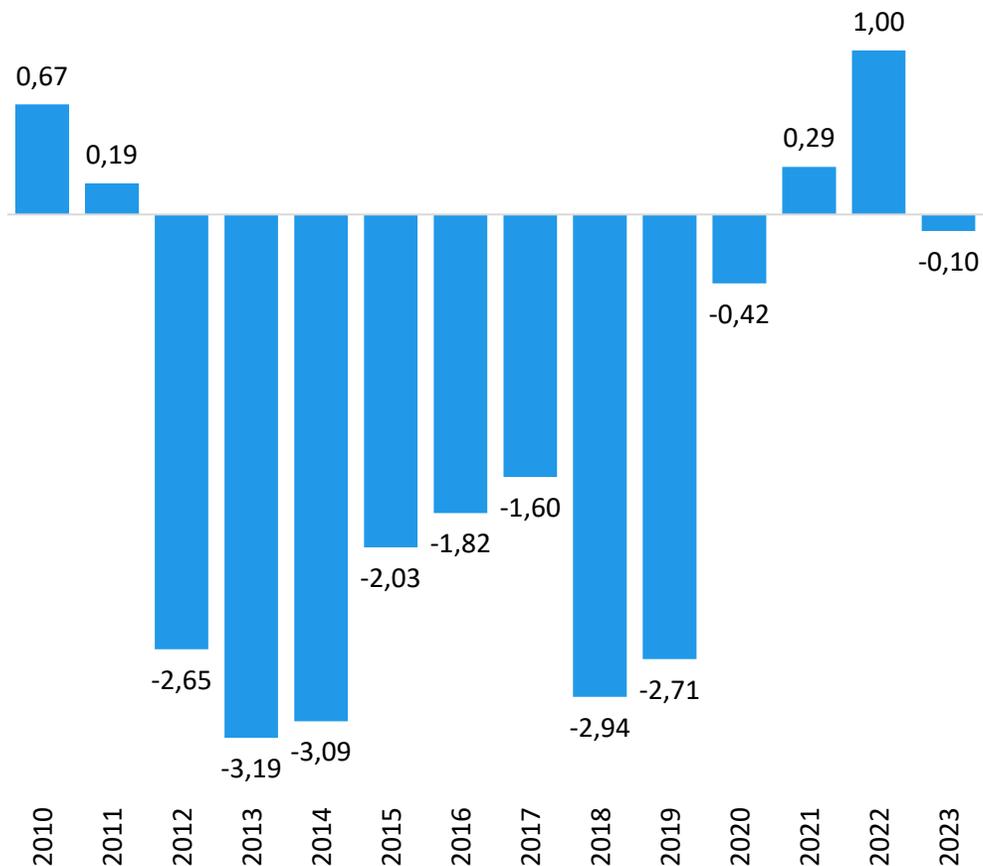




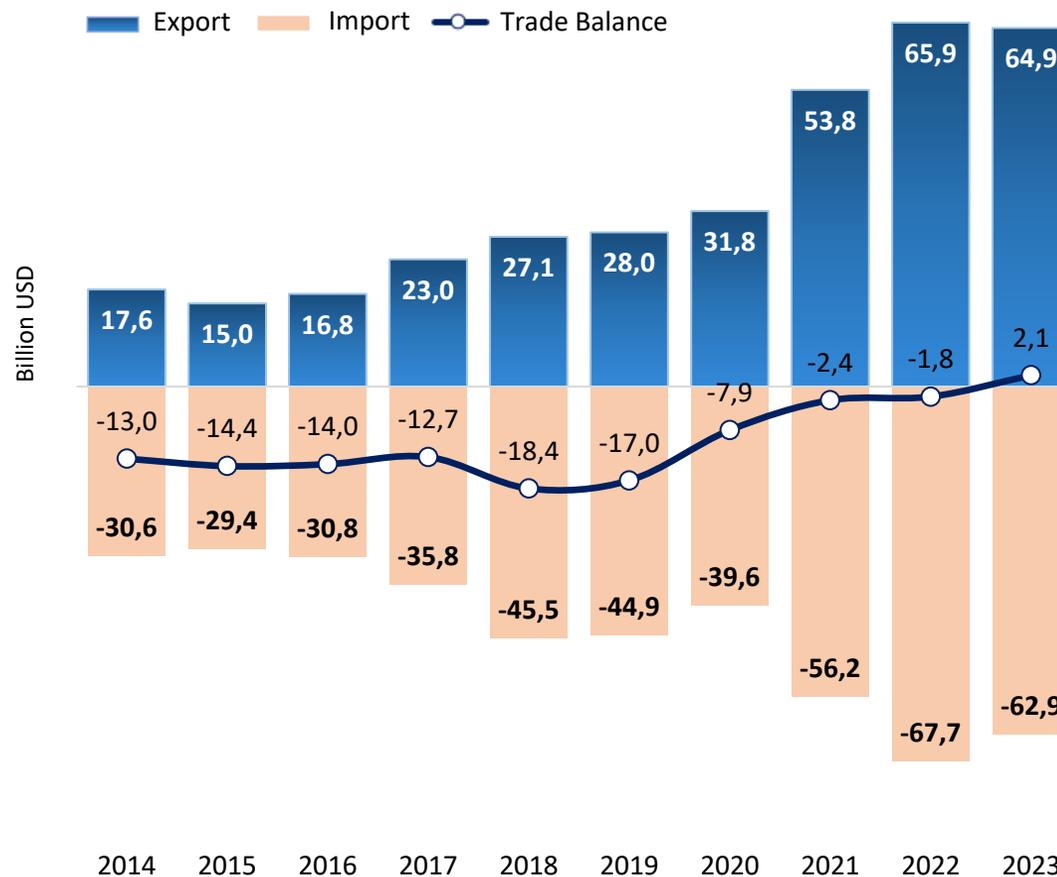
# EXTERNAL POSITION CONTINUED TO STRENGTHEN

The Indonesia trade balance with China recorded a surplus for the first time in history

## Current Account Balance (% of GDP)



## Indonesia's Trade Balance with China (Bill USD)



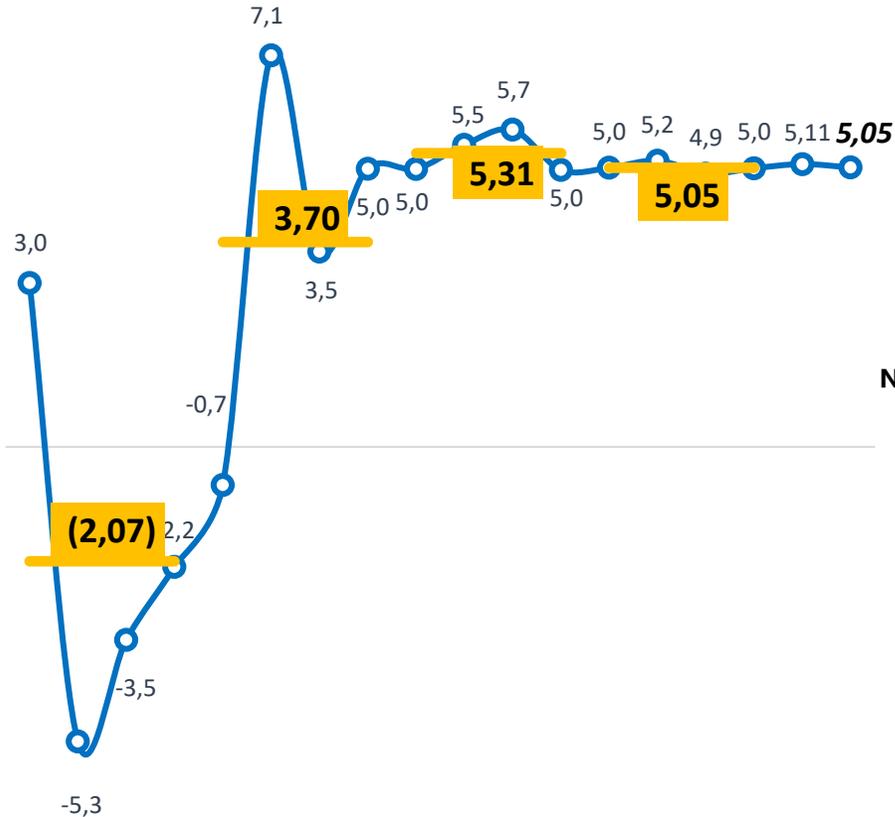
Sources: BPS, Trademap, CEIC processed



# STRONG GROWTH IN THE SECOND QUARTER OF 2024

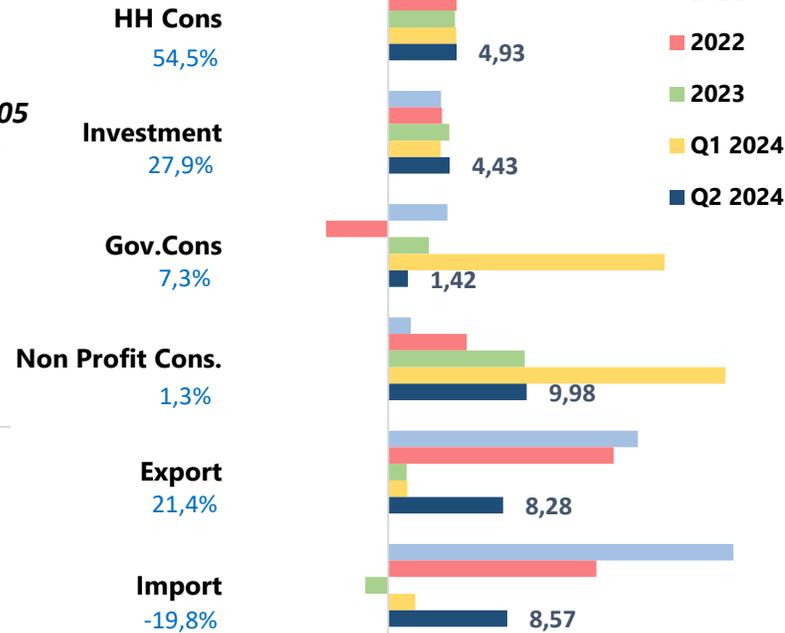
Household consumption drives growth, alongside expansion in the manufacturing sector

## GDP Growth (% YoY)

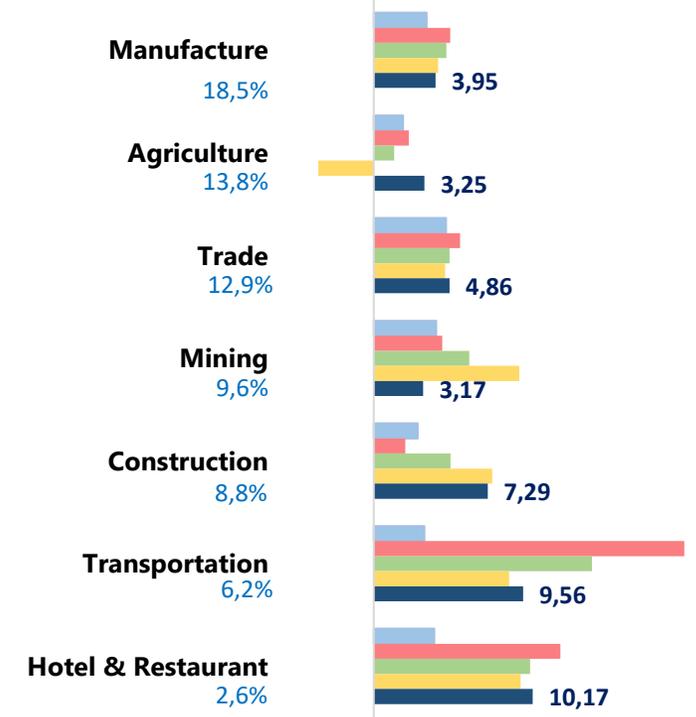


## GDP Growth: Expenditure (% YoY)

(Dist. Q2 2024: % GDP)



## GDP Growth: Production (% YoY)



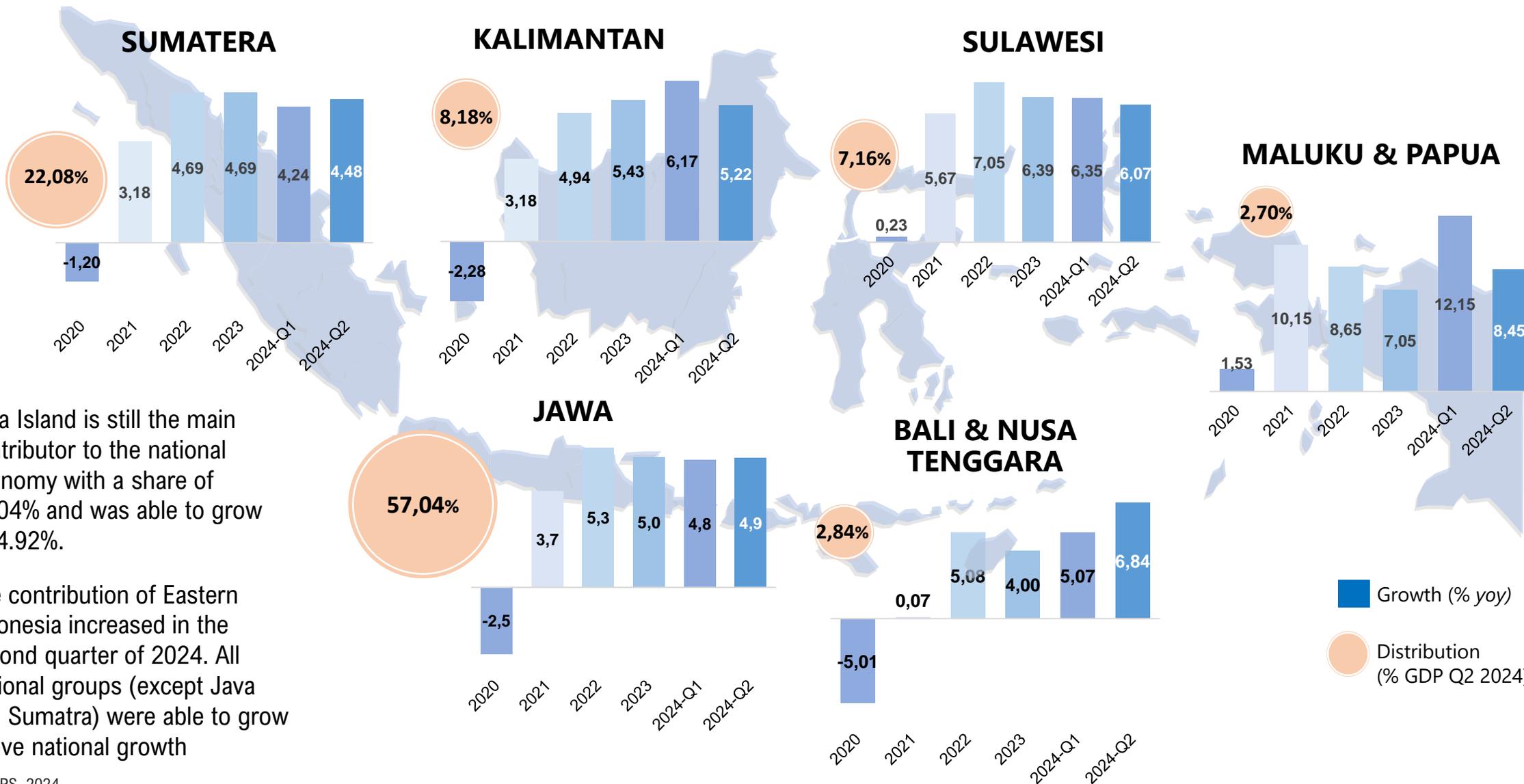
- Strong consumption growth supported by controlled inflation, increased economic activities during holiday and school break, as well as salary increases, and bonuses for civil servants.
- Export and import grew significantly in the second quarter of 2024, thanks to increased export of steel and mineral fuel.

- All main sectors expanded.
- Manufacturing remains a key contributor, fueled by strong domestic demand, with food and beverage industry as the main driver.
- Construction sustained high growth, supported by the development of infrastructure projects from the government and private sector.

Year	Q1	Q2	Q3	Q4
2020	3,0	(2,07)	-3,5	2,2
2021	-0,7	3,70	3,5	7,1
2022	5,0	5,0	5,5	5,7
2023	5,0	5,0	5,2	4,9
2024	5,0	5,05	5,11	5,05



# STRENGTHENING SPATIAL ECONOMIC STRUCTURE



- Java Island is still the main contributor to the national economy with a share of 57.04% and was able to grow by 4.92%.
- The contribution of Eastern Indonesia increased in the second quarter of 2024. All regional groups (except Java and Sumatra) were able to grow above national growth

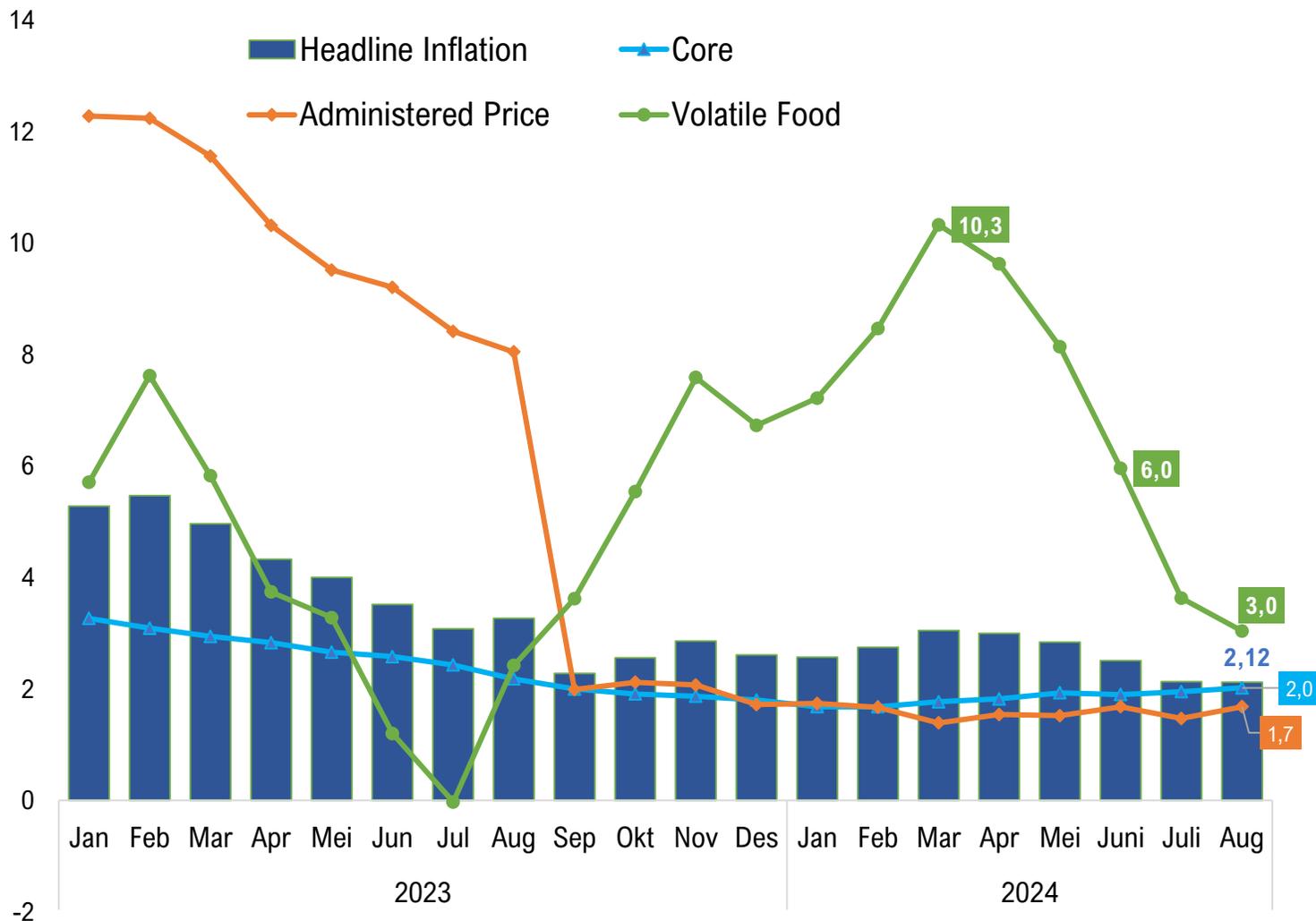
Sumber: BPS, 2024



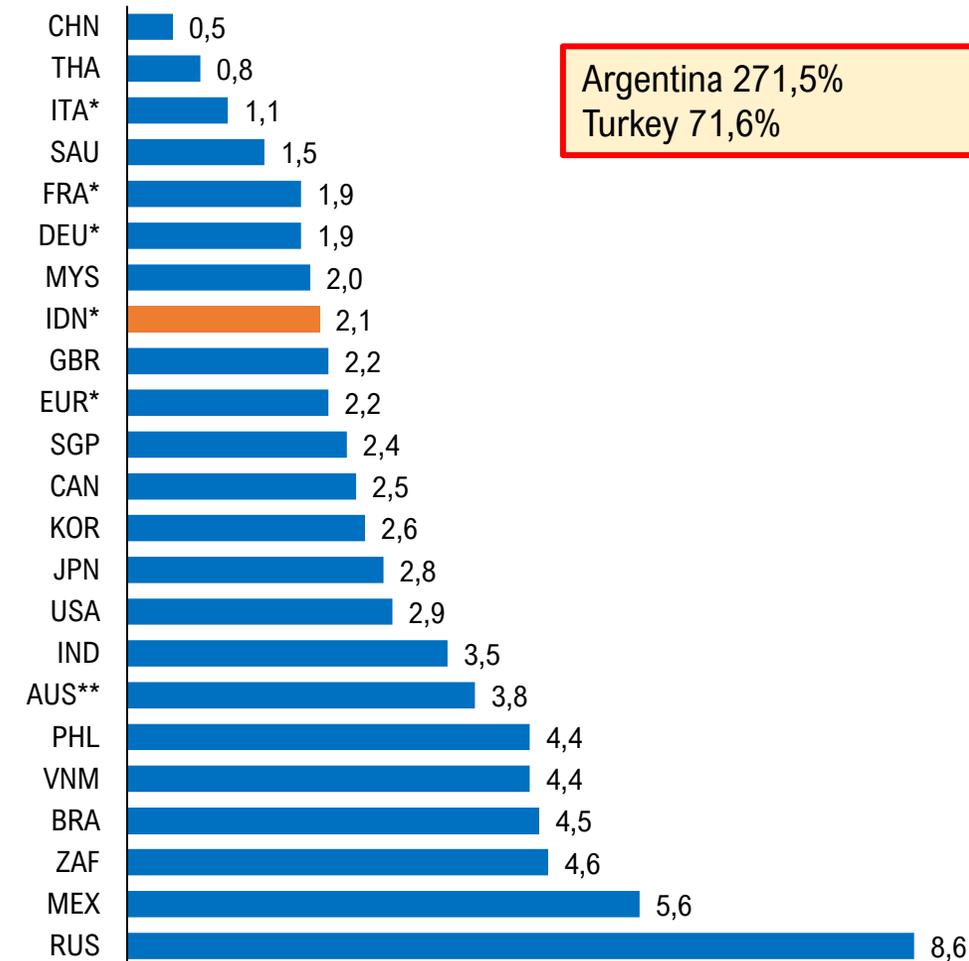
# INFLATION IS UNDER CONTROL, SUPPORTED BY LOWER FOOD PRICES

Inflation Rate August 2024: 2,12% yoy, -0,03% mtom, 0,87% ytd

## Indonesia's Inflation Rate (% , yoy)



## July 2024 Inflation Rate by Country (% eop, yoy)



\* August Inflation Rate

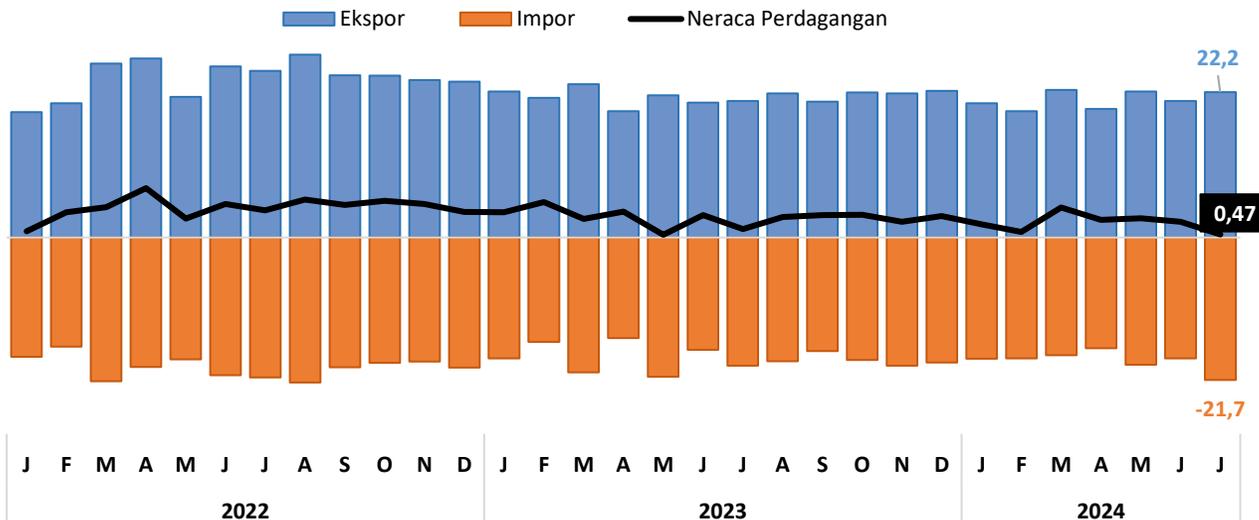
\*\* June Inflation Rate

Source: Bloomberg

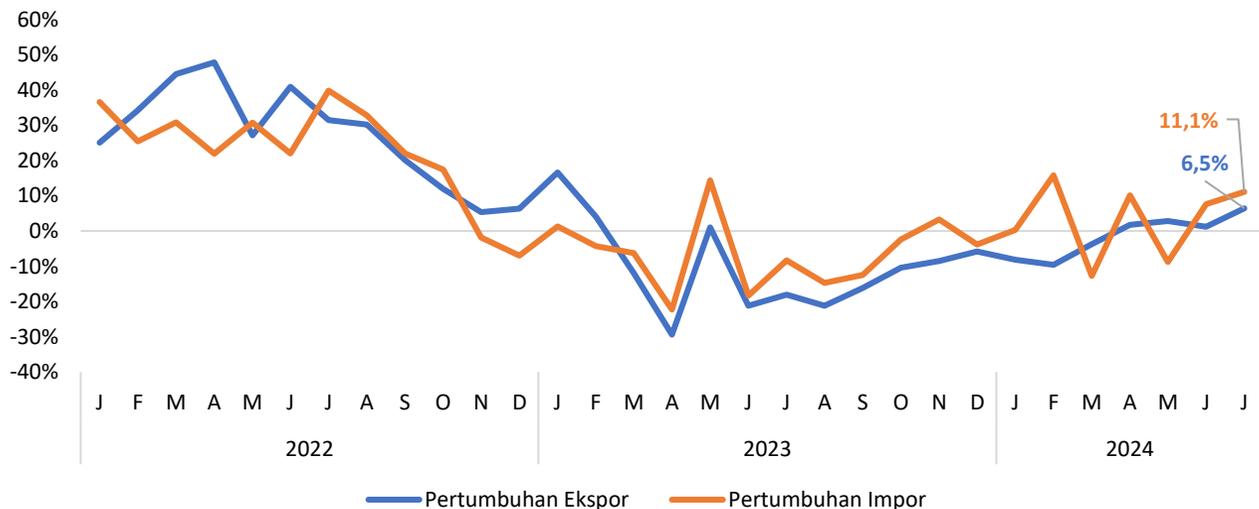


# TRADE BALANCE MAINTAINS A SURPLUS, BUT GOING FORWARD GLOBAL RISKS NEED TO BE MITIGATED

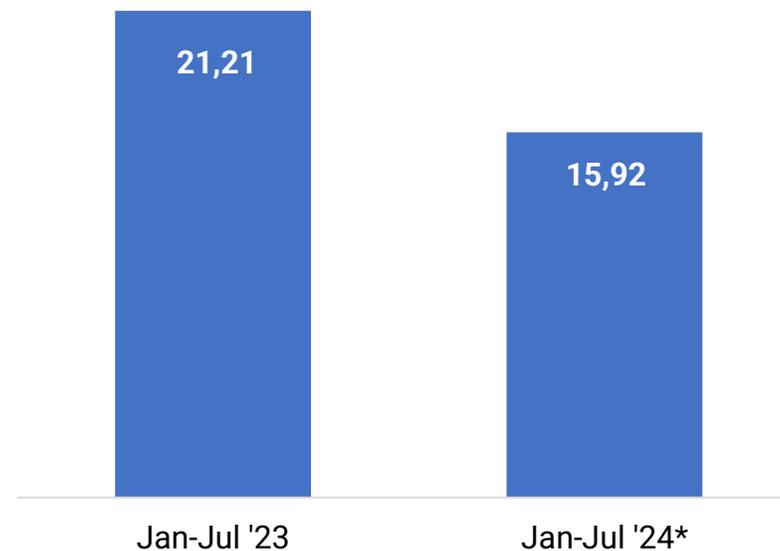
### Indonesia's Trade Balance (US\$ Billions)



### Export and Import Growth (% , yoy)



### Cummulative Trade Balance (US\$ Billions)



- Exports for July were recorded at **USD22,2 billion** (grow 6,5%, yoy), while imports reached **USD21,7 billion** (grow 11,1%, yoy).
- Trade balance continues to recorded a surplus, although it has decreased on a cumulative basis.

Sumber: BPS, diolah

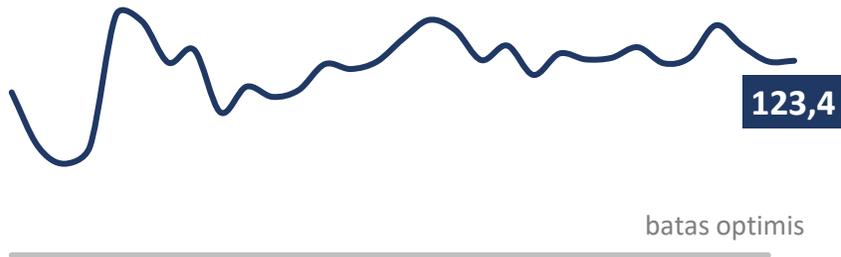


# SHORT-TERM PROSPECT REMAINS RELATIVELY STRONG

Consumption remains strong; anticipating global impact on production sectors

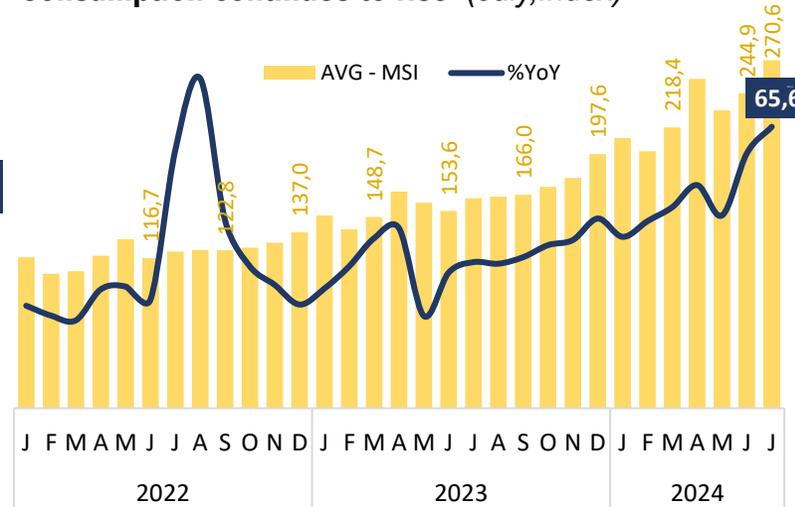
## The Consumers Index remains relatively high

(June, Index)



Source: Bank Indonesia

## Consumption continues to rise (July, Index)



Source: Mandiri Institute, as of end of June 2024

## Real Sales Index growth rebound

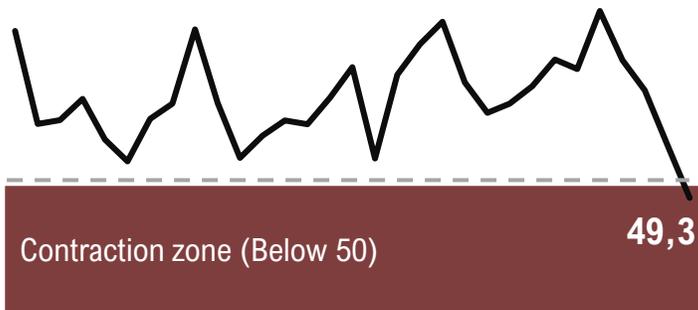
(July, % yoy)



Source: Bank Indonesia

## Manufacturing Activity slows down

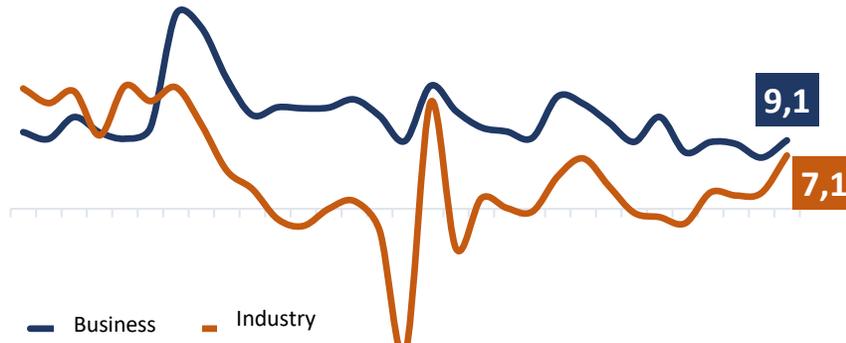
July, Index



Source: Bloomberg, IHS Markit

## Electricity Consumption shows improvement

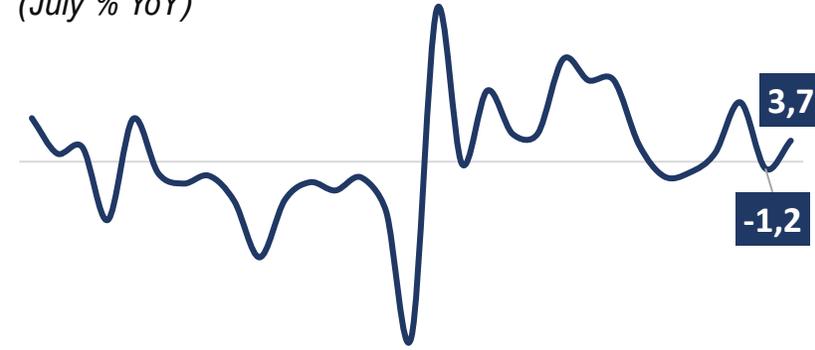
(July, % YoY)



Source: State Electricity Company

## Cement consumption rebound

(July % YoY)



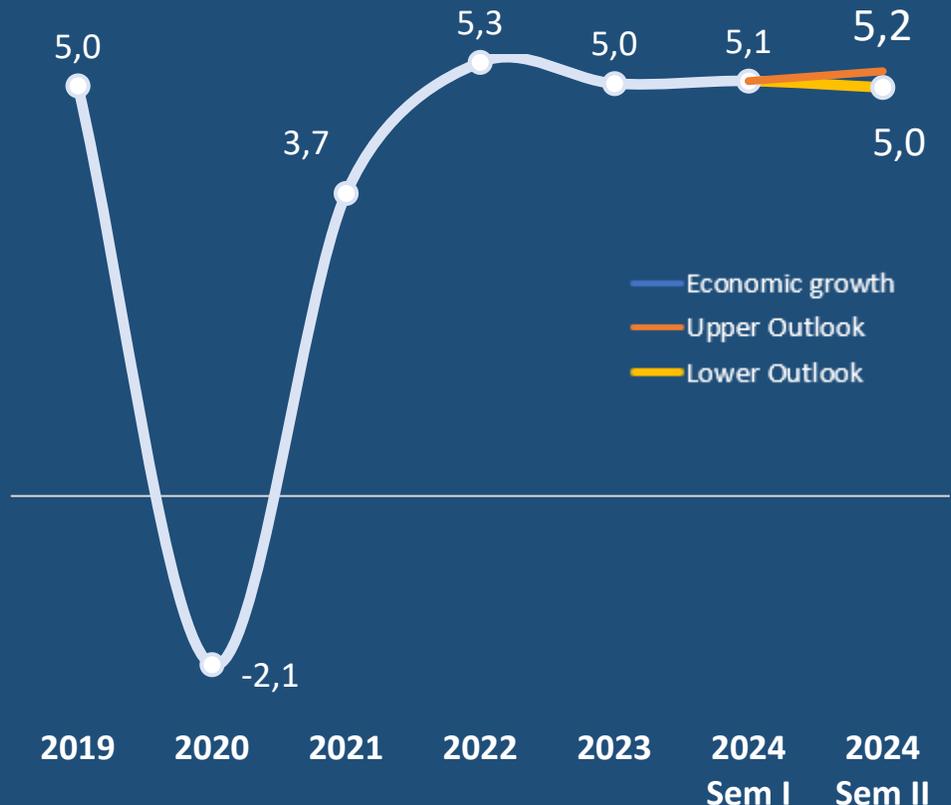
Source: Indonesian Cement Association



# STABLE ECONOMIC OUTLOOK IN 2024

## National Economic Growth (YoY, %)

Source: Statistics Indonesia, MoF's Estimate



- Domestic consumption is expected to remain strong with moderate inflation and job creation
- Acceleration of economic transformation is expected to continue (downstream, EV industry, digitalization)
- Strengthening structural reforms to improve ease of doing business would strengthen Indonesia's export competitiveness and investment

### International Agencies' Forecasts of National Economic Growth

 WEO July-24	2024 : <b>5.0</b> 2025 : <b>5.1</b>	 THE WORLD BANK GEP Jun-24	2024 : <b>5.0</b> 2025 : <b>5.1</b>
 ADO Apr-24	2024 : <b>5.0</b> 2025 : <b>5.0</b>	 OECD Econ Outlook May-24	2024 : <b>5.1</b> 2025 : <b>5.2</b>
<b>Bloomberg</b> Consensus Forecast		2024 : <b>5.0</b> 2025 : <b>5.1</b>	



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02

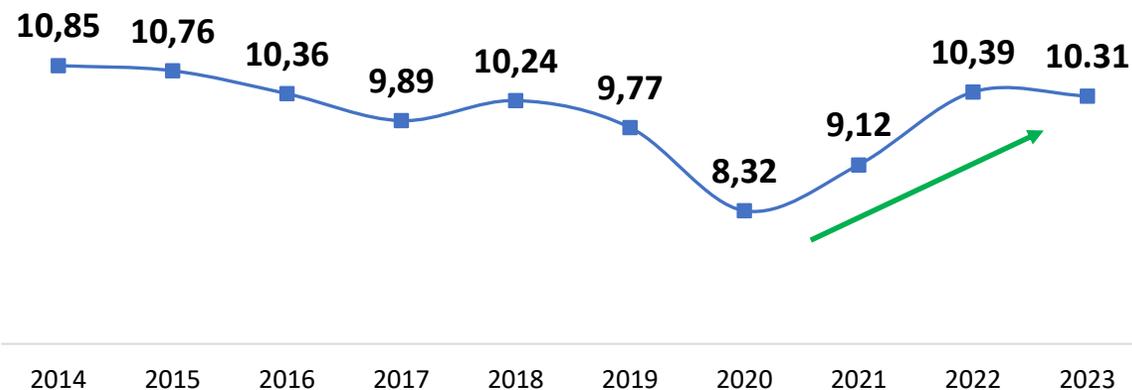
## FISCAL UPDATES



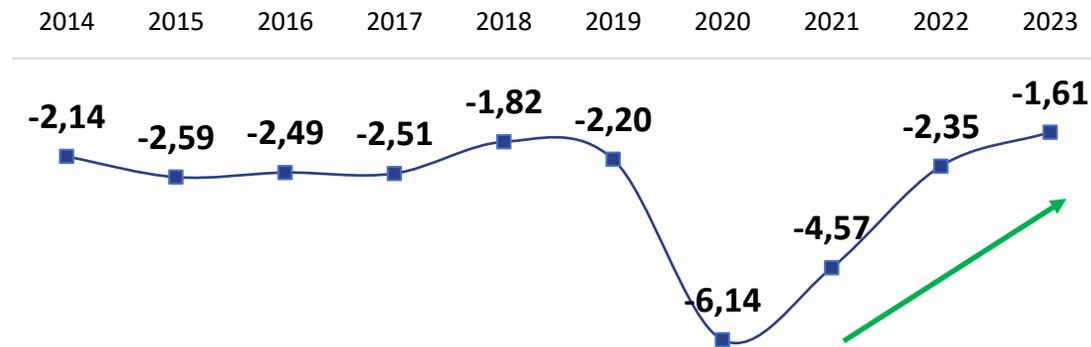
# OVERALL FISCAL POSITION CONTINUED TO IMPROVE

Robust economic growth and tax reform has been able to offset the adverse impact of the moderating commodity prices

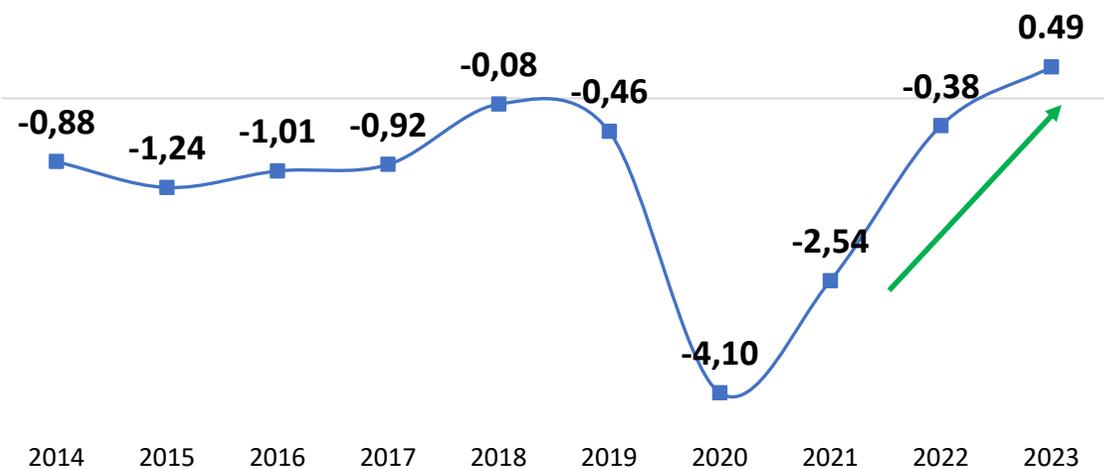
### Tax ratio increases in line with stronger recovery (% GDP)



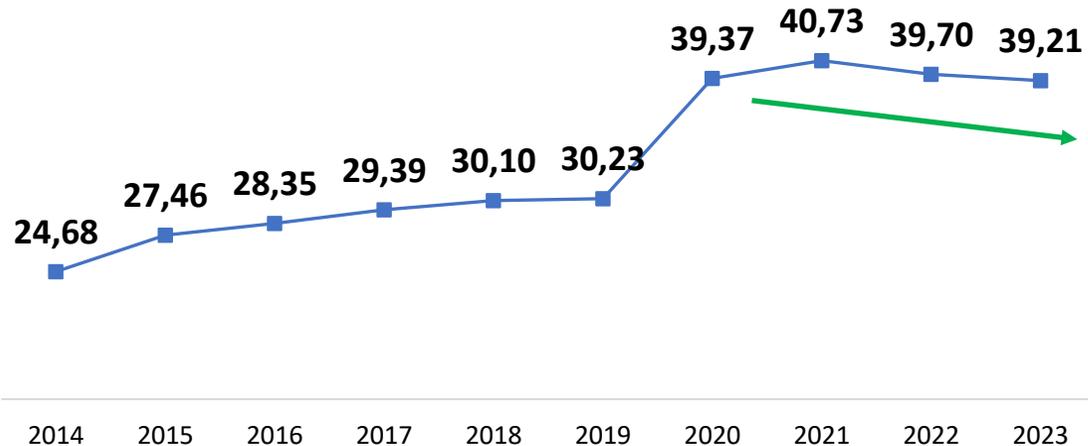
### Overall budget position improved significantly (% GDP)



### Surplus Primary Balance (% GDP)



### Debt Ratio Declines (% of GDP)





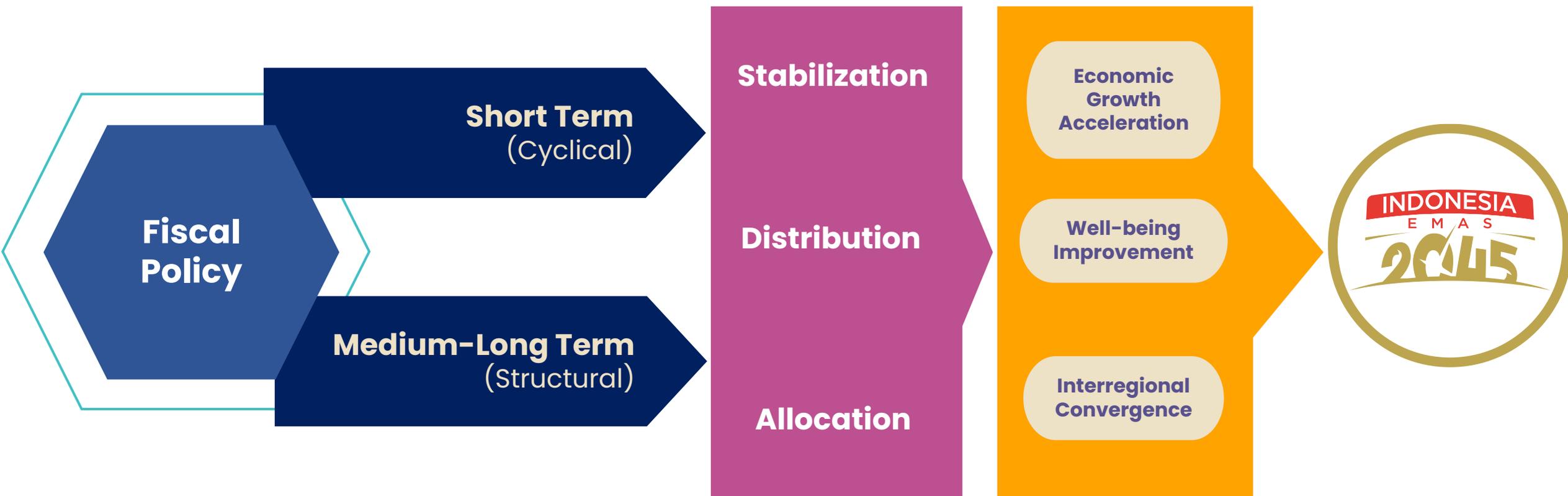
# 2024 BUDGET PERFORMANCE

Focused on Expediting Inclusive and Sustainable Economic Transformation

Account (IDR Tn)	2023				2024			
	Budget	Real. as of July 31	Growth (%)	Audited	Budget	Real. as of July 31	% to Budget	Growth (%)
<b>Revenue</b>	<b>2,637.2</b>	<b>1,614.9</b>	<b>4.1</b>	<b>2,783.9</b>	<b>2,802.3</b>	<b>1,545.4</b>	<b>55.1</b>	<b>(4.3)</b>
Tax Revenue	2,118.3	1,258.9	3.7	2,154.2	2,309.9	1,199.7	51.9	(4.7)
1. Tax	1,818.2	1,109.1	7.8	1,867.9	1,988.9	1,045.3	52.6	(5.8)
2. Costume and Excise	300.1	149.8	(19.1)	286.3	321.0	154.4	48.1	3.1
Non Tax Revenue	515.8	355.7	5.5	612.5	492.0	338.0	68.7	(5.0)
<b>Expenditure</b>	<b>3,117.2</b>	<b>1,461.2</b>	<b>1.2</b>	<b>3,121.2</b>	<b>3,325.1</b>	<b>1,638.8</b>	<b>49.3</b>	<b>12.2</b>
Central Government Expenditure	2,302.5	1,020.4	(1.0)	2,239.8	2,467.5	1,170.8	47.5	14.7
1. Line Ministries Spending	1,000.8	493.0	0.5	1,152.2	1,090.8	588.7	54.0	19.4
2. Non-Line Ministries Spending	1,301.6	527.4	(2.4)	1,087.6	1,376.7	582.1	42.3	10.4
Transfer to Region	814.7	440.9	6.6	881.4	857.6	468.0	54.6	6.1
<b>Primary Balance</b>	<b>(38.5)</b>	<b>394.6</b>	<b>24.6</b>	<b>102.6</b>	<b>(25.5)</b>	<b>179.3</b>	<b>(703.2)</b>	<b>(54.6)</b>
<b>Surplus (Deficit)</b>	<b>(479.9)</b>	<b>153.7</b>	<b>44.2</b>	<b>(337.3)</b>	<b>(522.8)</b>	<b>(93.4)</b>	<b>17.9</b>	<b>(160.8)</b>
<i>% to GDP</i>	<i>(2.27)</i>	<i>0.74</i>		<i>(1.61)</i>	<i>(2.29)</i>	<i>(0.41)</i>		
<b>Financing</b>	<b>479.9</b>	<b>164.5</b>	<b>(16.7)</b>	<b>356.7</b>	<b>522.8</b>	<b>217.0</b>	<b>41.5</b>	<b>31.9</b>



# 2025 FISCAL POLICY: ACCELERATING INCLUSIVE & SUSTAINABLE ECONOMIC GROWTH





# MACROECONOMIC ASSUMPTIONS FOR THE BUDGET



**Economic Growth**  
(%)

5.2

5.1

5.2

5.2



**Inflation**  
(%, yoy)

2.8

2.7

2.5

2.5



**10Y T-Bonds Rate**  
(%, average)

6.7

6.9

7.1

7.0



**Exchange rate**  
(Rp/US\$, average)

15,000

16,000

16,100

16,000



**Oil Price/ICP**  
(USD/barel, average)

82

82

82

82



**Oil Lifting**  
(tbpd)

635

596

605

605



**Lifting Gas**  
(tboepd)

1,033

995

1,005

1,005



# 2025 BUDGET PLAN

Account	2024 (IDR T)	2025 BUDGET PLAN (IDR T)		
	Budget	Budget Plan	% to GDP	Growth to 2024 Budget (%)
<b>Revenue</b>	<b>2,802.3</b>	<b>2,996.9</b>	<b>12.3</b>	<b>6.9</b>
Tax Revenue	2,309.9	2,490.9	10.2	7.8
1. Tax	1,988.9	2,189.3	9.0	10.1
2. Costume and Excise	321.0	301.6	1.2	(6.0)
Non Tax Revenue	492.0	505.4	2.1	2.7
<b>Expenditure</b>	<b>3,325.1</b>	<b>3,613.1</b>	<b>14.9</b>	<b>8.7</b>
Central Government Expenditure	2,467.5	2,693.2	11.1	9.1
Transfer to Region	857.6	919.9	3.8	7.3
<b>Primary Balance</b>	<b>(25.5)</b>	<b>(63.3)</b>	<b>(0.3)</b>	<b>148.3</b>
<b>Surplus (Deficit)</b>	<b>(522.8)</b>	<b>(616.2)</b>	<b>-2.53</b>	<b>17.9</b>
<b>% to GDP</b>	<b>(2.29)</b>	<b>(2.53)</b>		
<b>Financing</b>	<b>522.8</b>	<b>616.2</b>	<b>2.53</b>	<b>17.9</b>



# MAINTAINING SUSTAINABILITY OF THE 2025 PRIORITY BUDGET TO SUPPORT THE DEVELOPMENT AGENDA

Share to total spending



## EDUCATION Rp722,6 T

- Increasing access and quality of education i.e. PIP, KIP College, BOS, BOP PAUD, scholarships (LPDP)
- Providing nutritious food for school children, renovating schools and developing superior schools
- Strengthening links & matches with the job market (vocational & certification)

20%



## SOCIAL PROTECTION Rp504,7 T

- Continuing social security al. PKH, Basic Food Cards, PIP, College KIP
- Synergy and integration of social protection program
- Strengthening social security throughout life;
- Strengthening graduation from poverty i.e. Social protection based on empowerment

14%



## INFRASTRUCTURE Rp400,3T

- Development of agricultural infrastructure such as irrigation networks and dams
- Construction of integrated superior schools;
- Supporting infrastructure to support economic transformation (e.g. connectivity, downstreaming, food, energy)

11%



## HEALTH Rp197,8T

- Promotive and preventive efforts, accelerating the reduction of stunting and TB cases;
- Construction of quality hospitals, free health checks and effectiveness of the JKN program
- Strengthening technology and pharmaceutical independence
- Strengthening a reliable health system

5.5%



## FOOD SECURITY Rp124,4 T

- Intensification and extensification of agricultural land, strengthening of agricultural infrastructure and infrastructure (eg, dams and irrigation)
- Food storage & increasing access to financing for farmers
- Strengthening national food reserves (food availability and affordability)

3.4%



## LAW & DEFENCE Rp372,6 T

- Modernization of defense equipment
- Strengthening ICT from Cyber threats
- Support strategic industrial capabilities
- Implementation of legal and security operational activities

10.3%

A low-angle, blue-tinted photograph of a modern glass skyscraper. The building's facade is composed of a grid of windows and dark structural elements, creating a strong geometric pattern. The perspective is looking up, making the building appear to converge towards the top of the frame. The overall color palette is a range of blues, from deep navy to a lighter, hazy blue at the top. Centered over the building is the text "THANK YOU" in a bold, white, sans-serif font.

**THANK YOU**