



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

RECENT MACROECONOMIC AND FISCAL DEVELOPMENT

Republic of Indonesia
December 2024



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

01

MACROECONOMICS UPDATES

02

FISCAL UPDATES



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

01

MACROECONOMICS UPDATES



GLOBAL RISKS & UNCERTAINTIES REMAIN HIGH



- Resilient economic growth
- Trump 2.0
- High fiscal pressure



- Weak economic growth
- Political instability



- Weak growth outlook
- Low domestic consumption
- Property sector crisis
- Hidden Local Government Debt



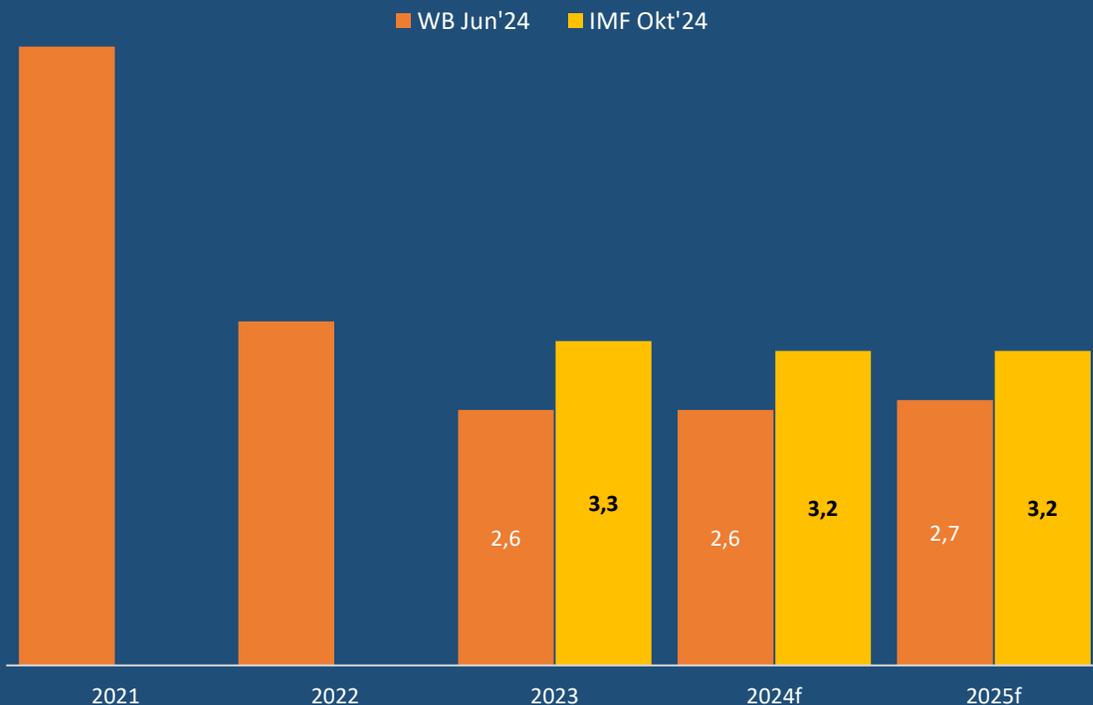
- Epicentrum of growth
- Spillover of Trump 2.0 and China's Weakening ?



GLOBAL GROWTH REMAINS STABLE DESPITE WEAKENING

Forecast upgrade in US offsett the downgrade in Euro area. Likewise in developing economies, downward revision in Middle-East, Central Asia, and Sub-saharan Africa compensated by upgrade in emerging Asia

Global Economic Growth Projections, % yoy



Economic Growth Projections of Several Countries (% yoy)

Country	2023	2024f	2025f
World	3.3	3.2	3.2
United States	2.5	2.8	2.2
Euro Area	0,5	0.8	1.2
China	5.2	4.8	4.5
Indonesia	5.0	5.0	5.1
India	8.2	7.0	6.5
ASEAN-5	4.1	4.5	4.5

Global Inflation Projection

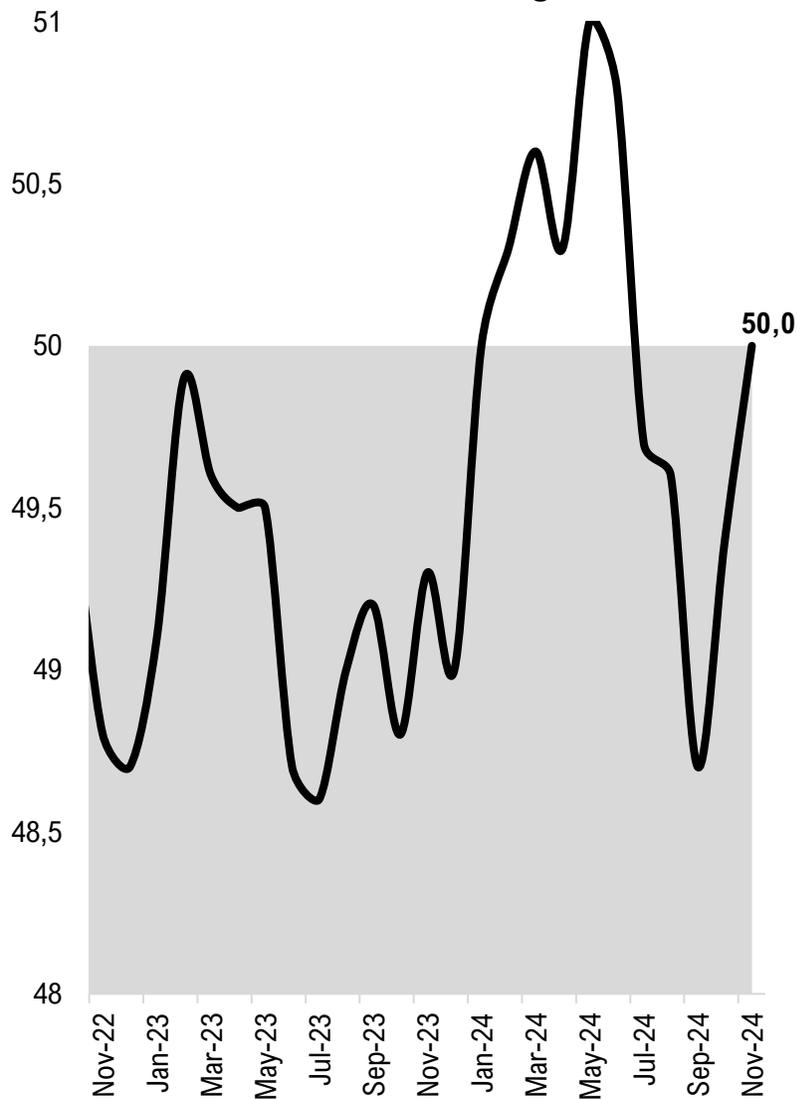
2024
5.8% (↓ 0.1 pp)

2025
4.3% (↓ 0.1 pp)

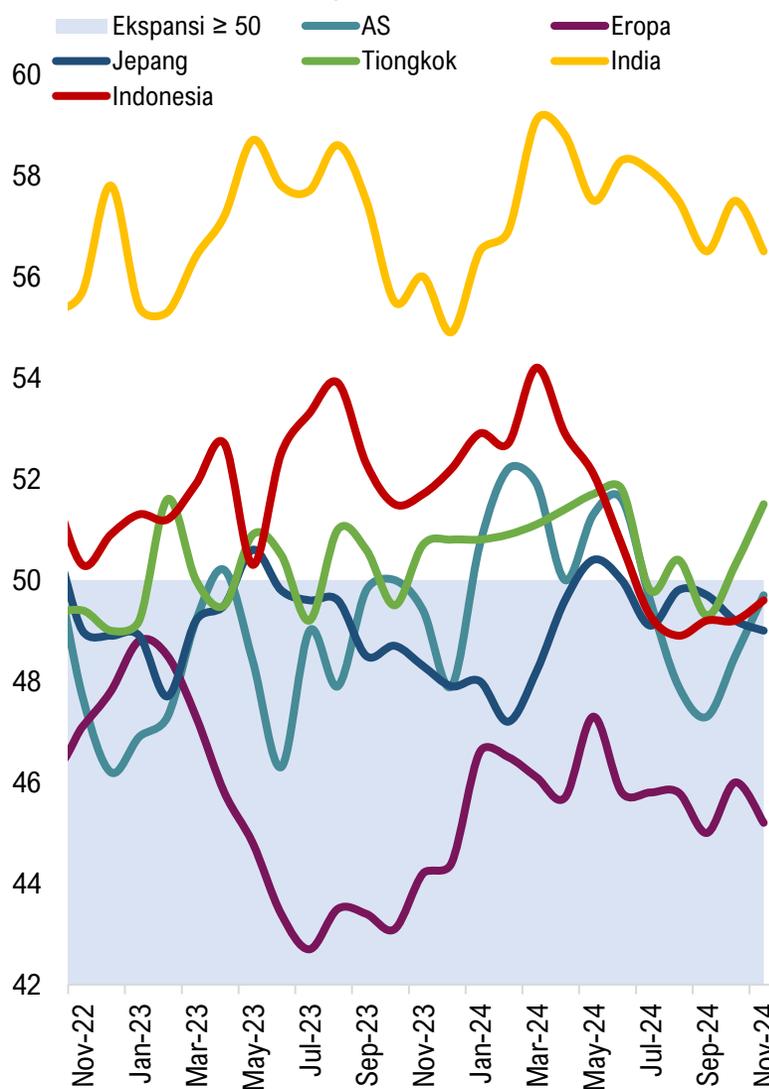


GLOBAL MANUFACTURING ACTIVITIES STABILIZE IN NOVEMBER

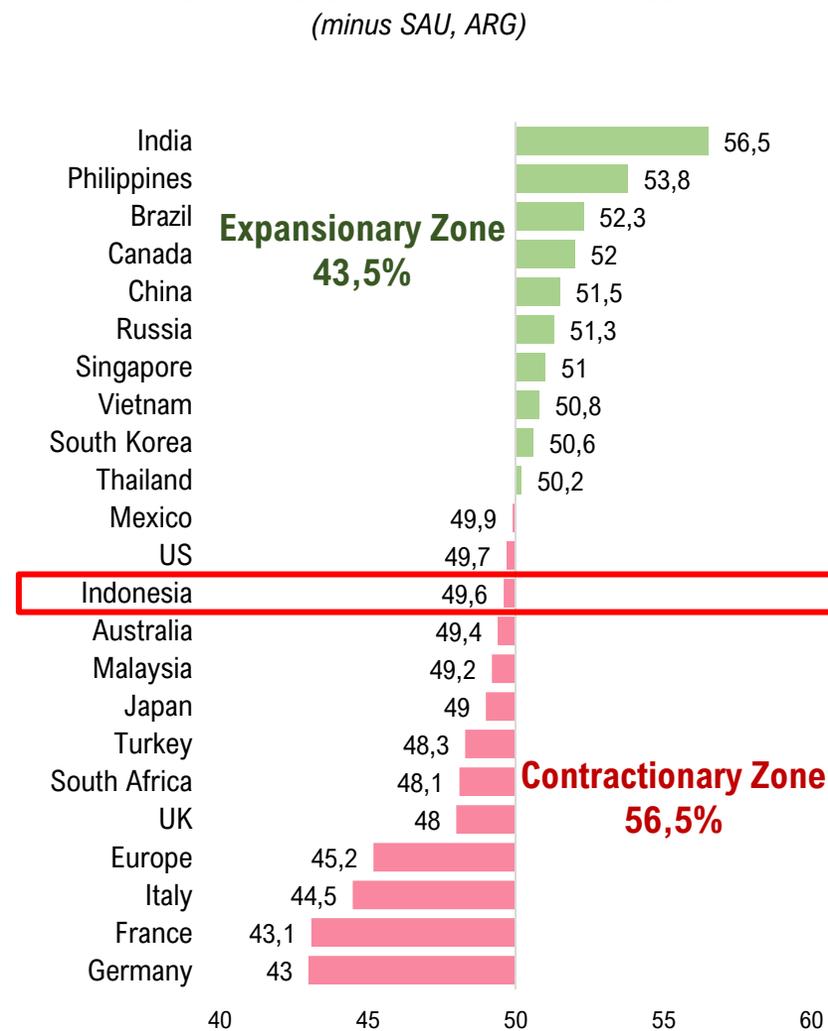
Global Manufacturing PMI



Manufacturing PMI - G20 countries



Distribution of Manufacturing PMI in November 2024 for G20 and ASEAN-6 countries (minus SAU, ARG)





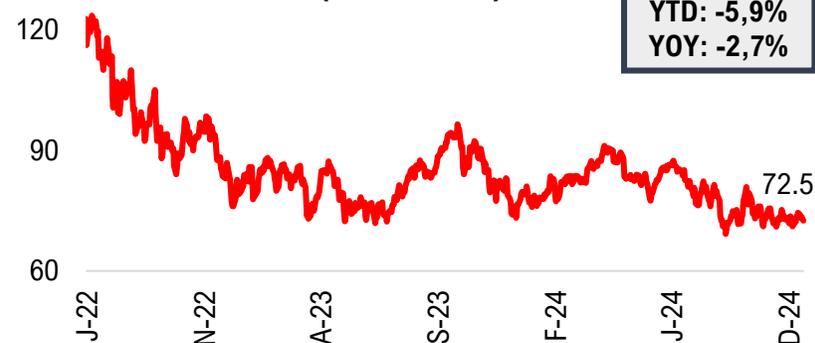
GLOBAL COMMODITY PRICES REMAIN VOLATILE

Commodity price volatility is shaped not only by supply and demand but also by geopolitical factors and climate change.

ENERGY COMMODITIES

Brent (US\$/barrel)

MOM: -0,4%
YTD: -5,9%
YOY: -2,7%



Reuters

Oil settles up \$1 as EU agrees further sanctions threatening Russian oil flows



Oil prices settled more than \$1 higher on Wednesday after the European Union agreed to an additional round of sanctions threatening Russian oil flows that...

AGRICULTURAL COMMODITIES

CPO (US\$/Ton)

MOM: -6,3%
YTD: 31,2%
YOY: 9,2%



ShiaWaves

Global food prices reach 19-month high, driven by vegetable oils

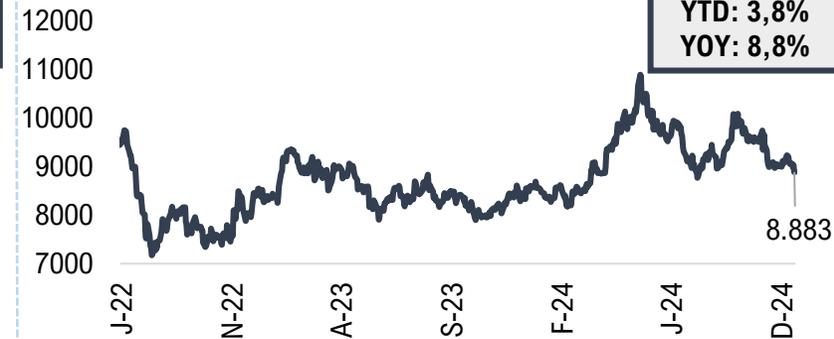


The United Nations' global food price index surged in November to its highest level since April 2023, marking the steepest increase in 19 months.

METAL MINERAL COMMODITIES

Copper (US\$/MT)

MOM: -2,3%
YTD: 3,8%
YOY: 8,8%



Forbes

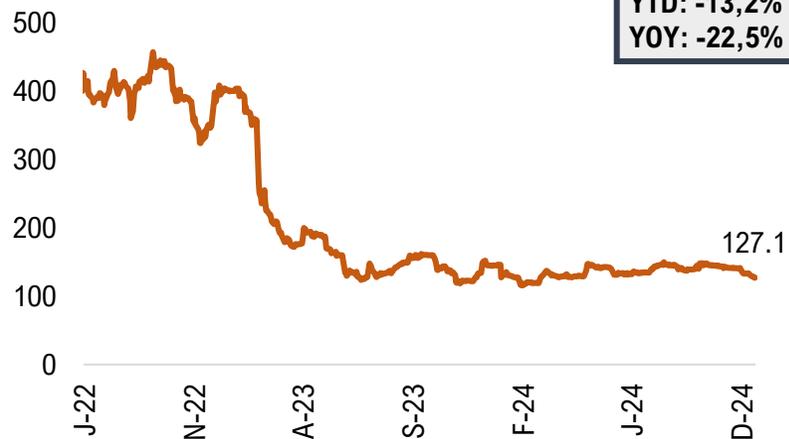
Copper's Falling Price Points To Low Global Growth Next Year



Copper prices remain low due to multiple economic indicators of slow growth.

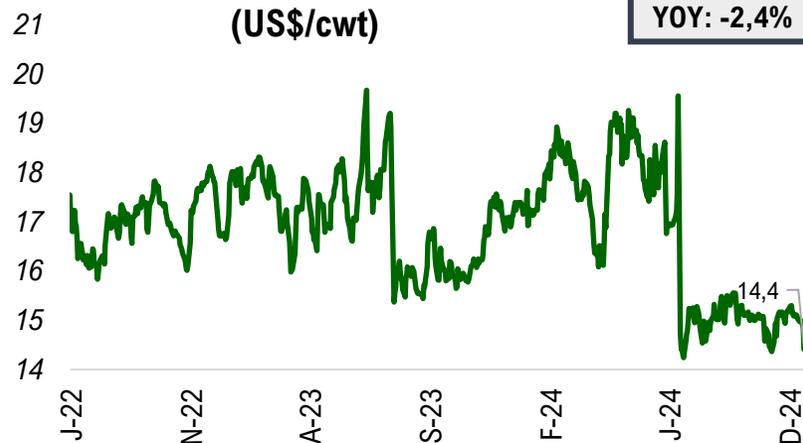
Coal (US\$/Metric Ton)

MOM: -10,2%
YTD: -13,2%
YOY: -22,5%



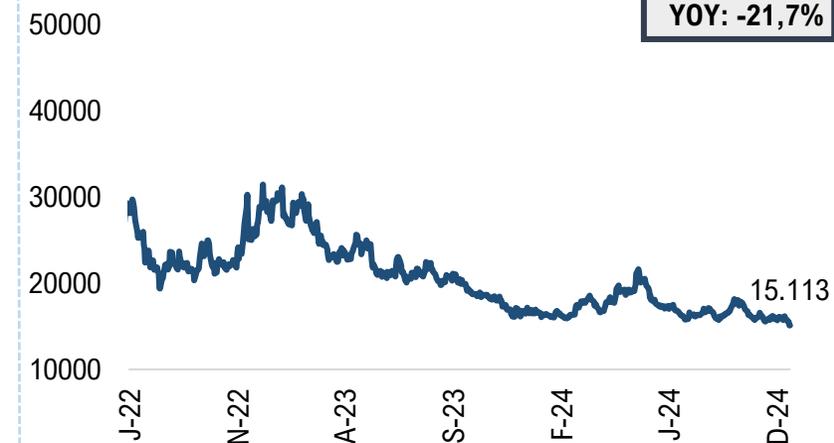
Rice (US\$/cwt)

MOM: -4,7%
YTD: -16,7%
YOY: -2,4%



Nickel (US\$/MT)

MOM: -5,0%
YTD: -9,0%
YOY: -21,7%

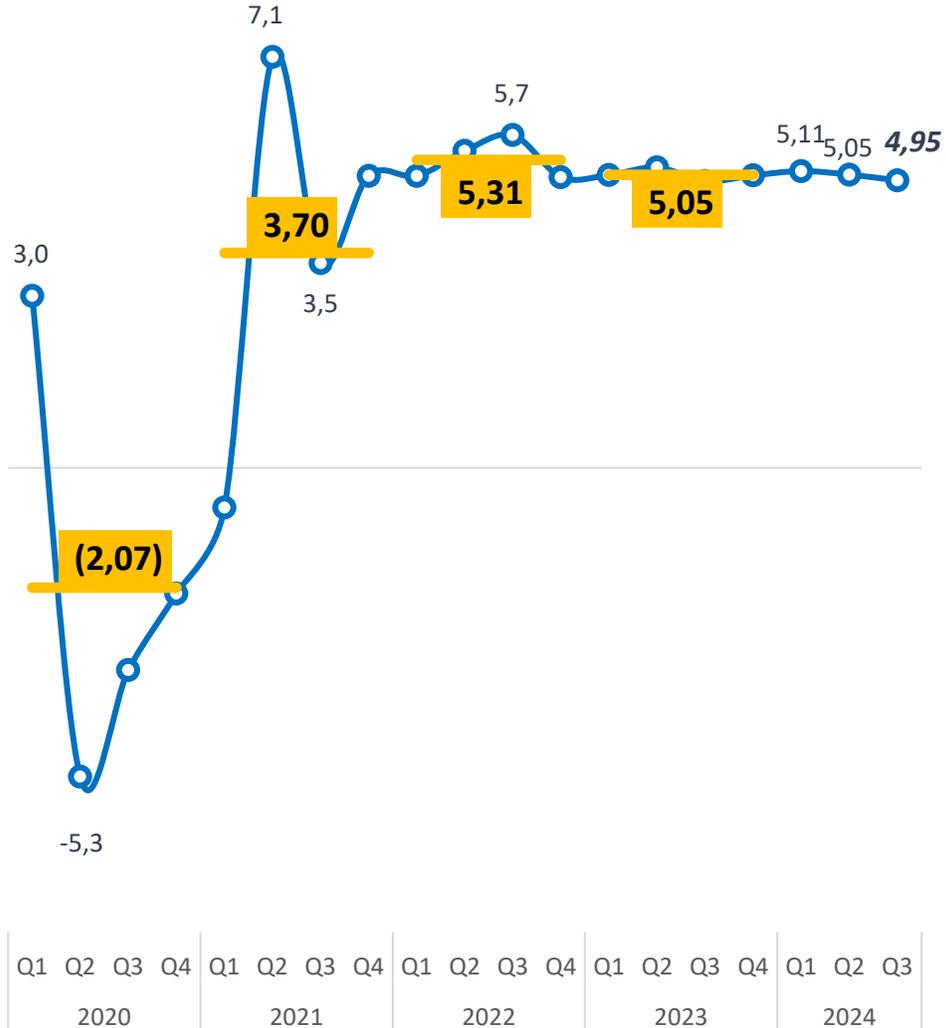




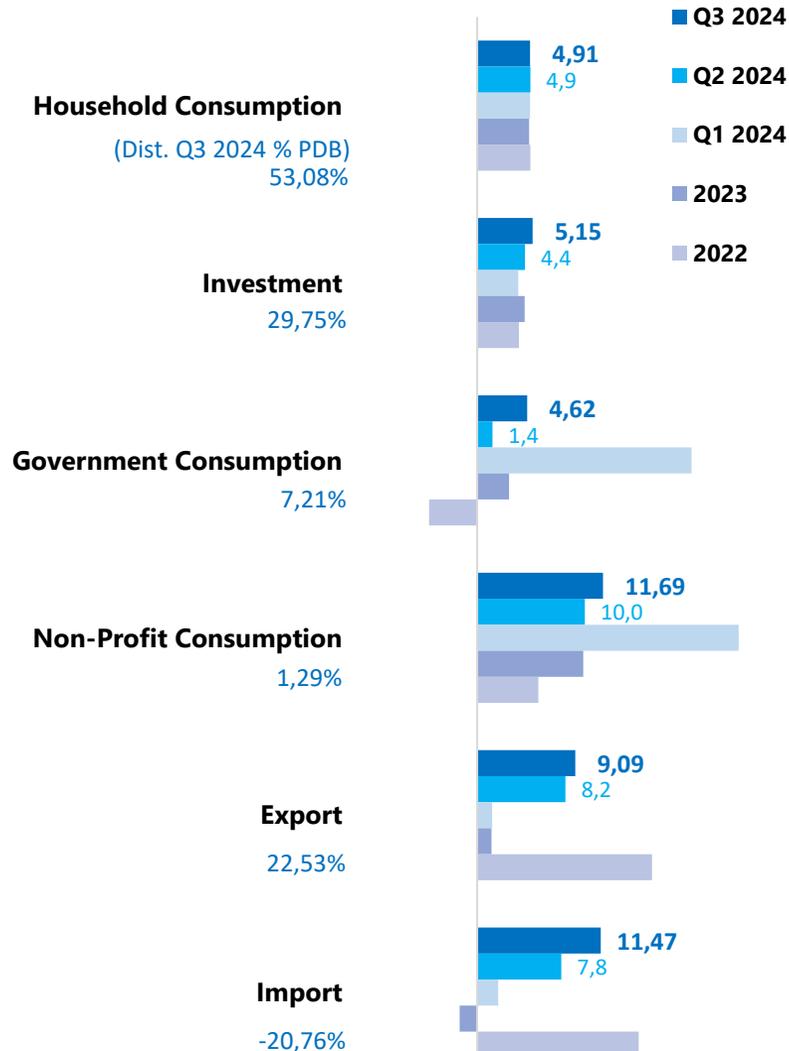
INDONESIA'S ECONOMY GREW 4.95% IN THE THIRD QUARTER OF 2024

Driven by strong household consumption (4.91%) and manufacturing sector expansion (4.72%)

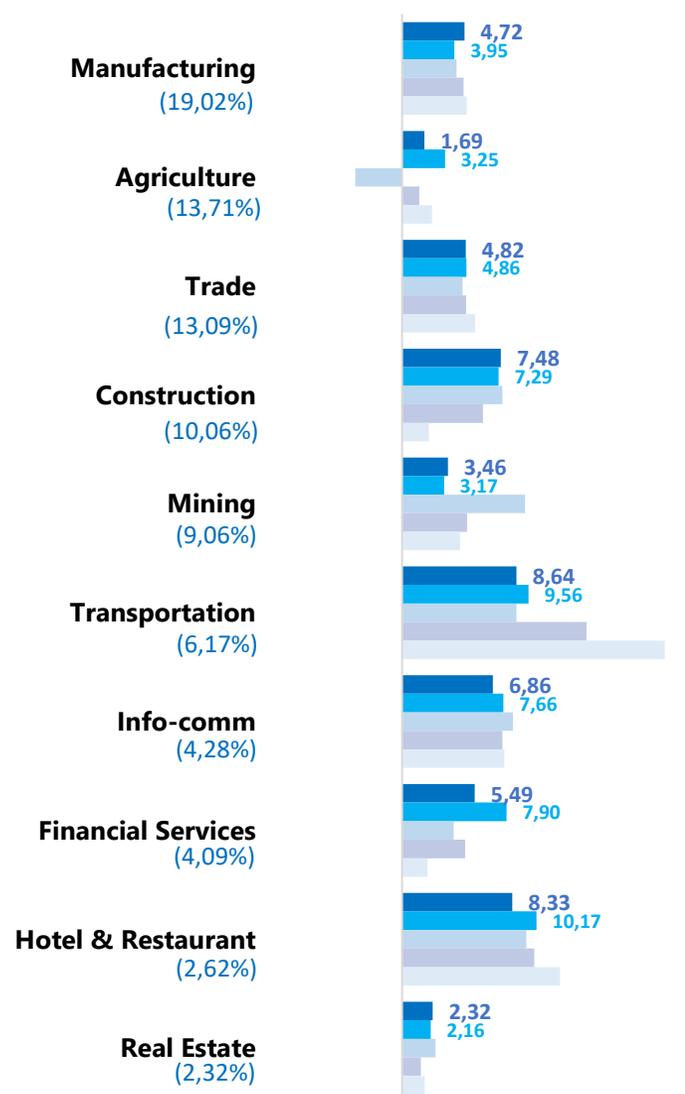
GDP Growth (% YoY)



GDP Growth: Expenditure (% YoY)



GDP Growth: Production (% YoY)

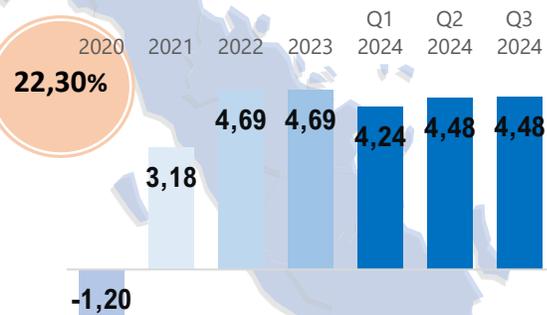




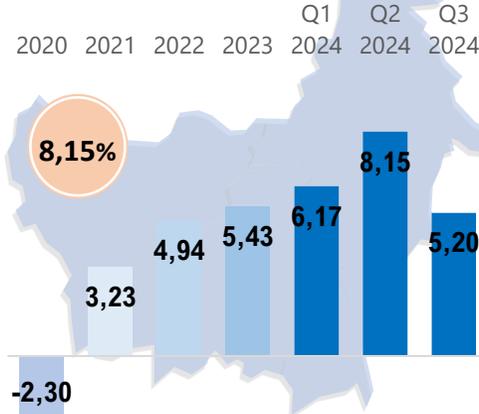
STABLE SPATIAL ECONOMIC STRUCTURE

Eastern Indonesia grew higher than national, supported by downstreaming performance in Maluku-Papua, Bali-Nusa Tenggara and Sulawesi

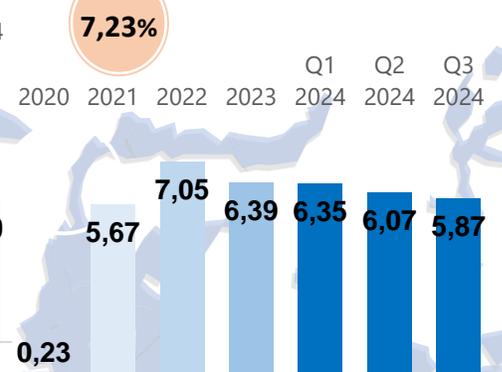
SUMATERA



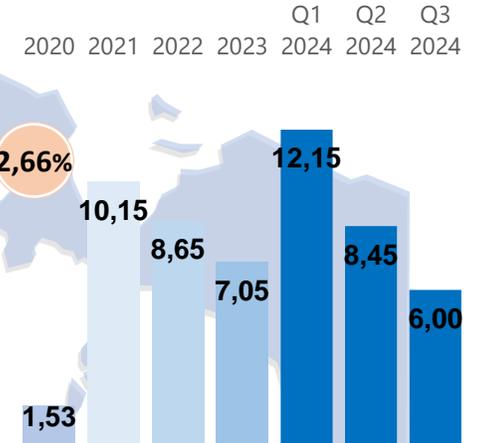
KALIMANTAN



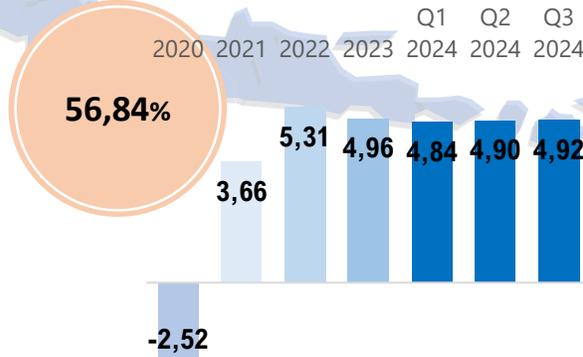
SULAWESI



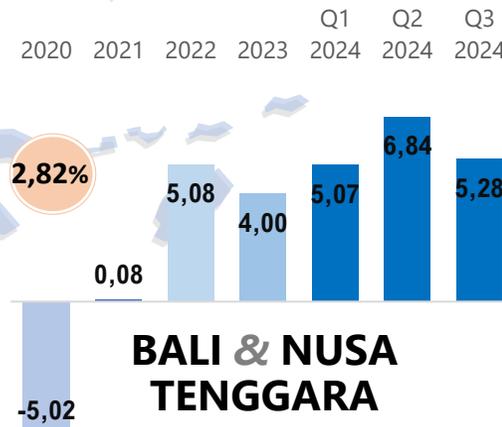
MALUKU & PAPUA



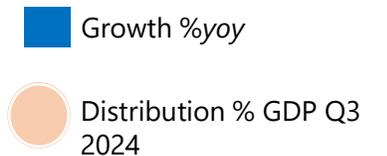
JAVA



BALI & NUSA TENGGARA



- Java Island continues to be the primary contributor for national economy with a 56.84% share and was able to grow by 4.92%.
- Eastern part contribution increased in the third quarter of 2024, with industrial sector in Sulawesi and Maluku-Papua as the main driver.

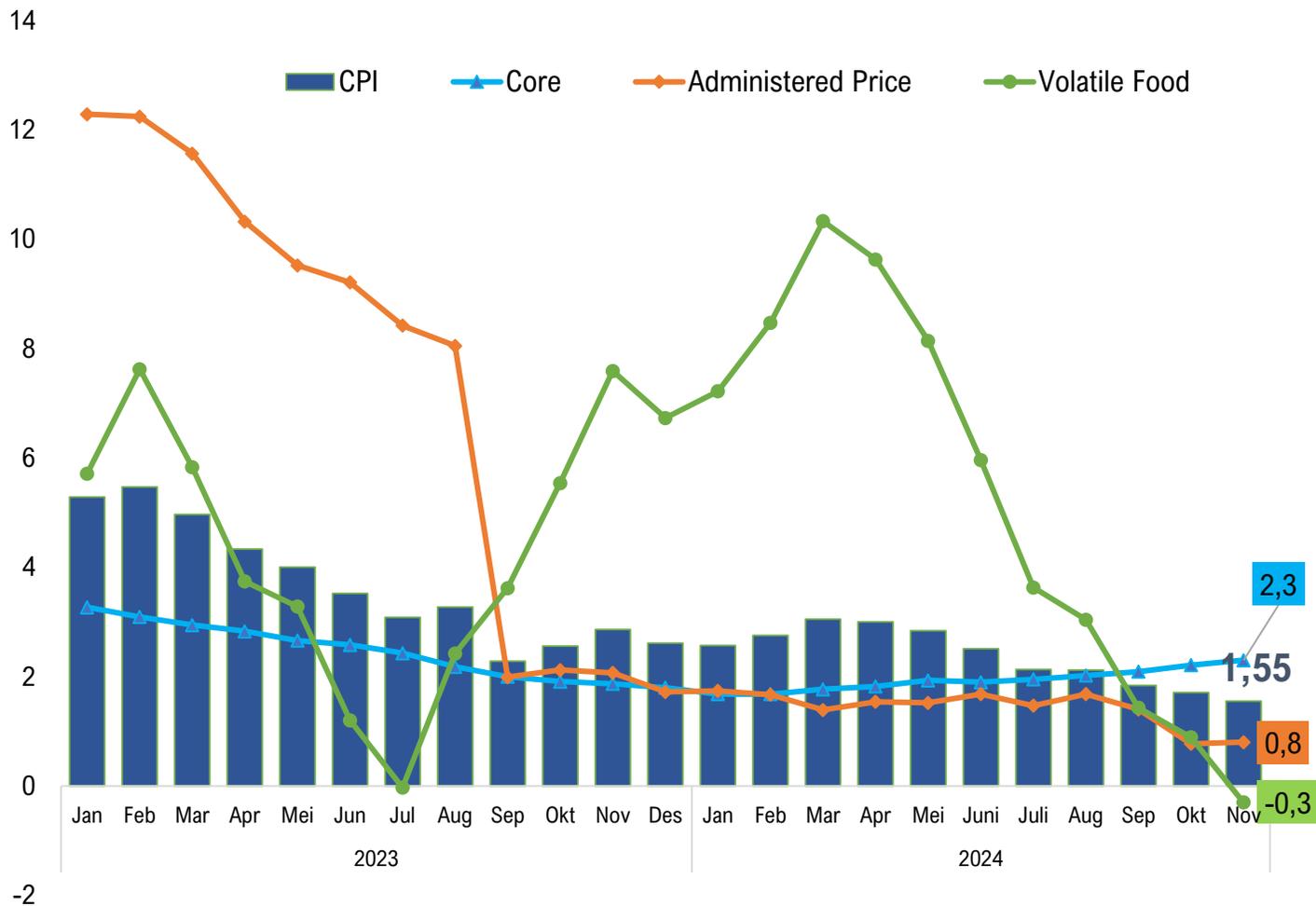




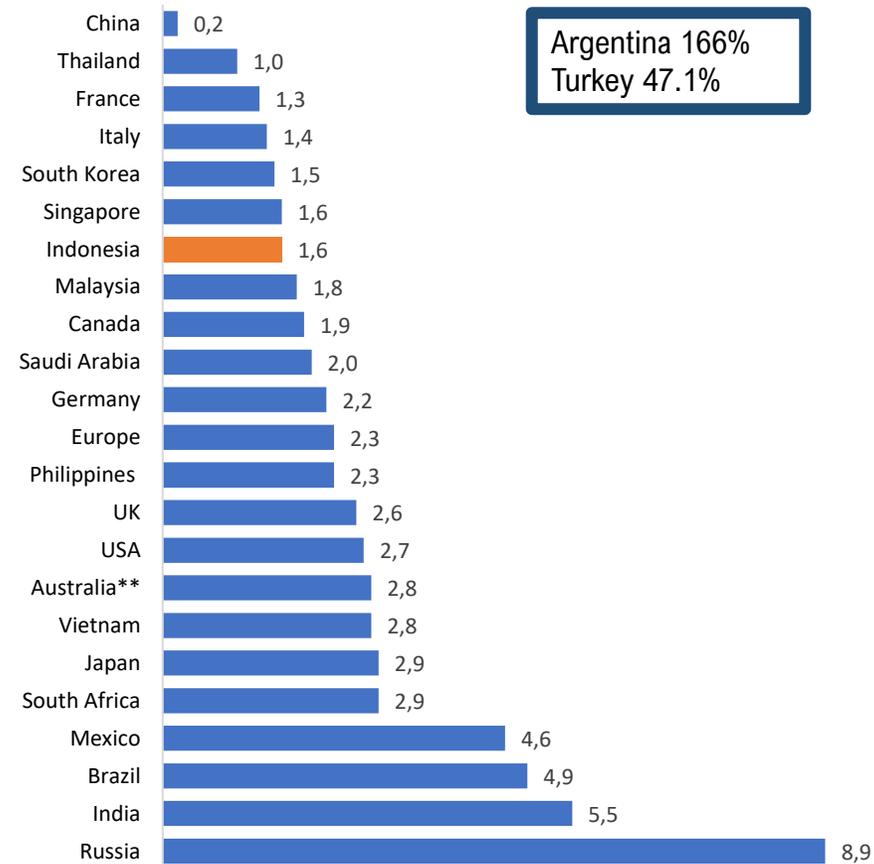
INFLATION RATE IS UNDER CONTROL, SUPPORTED BY LOWER FOOD PRICES

Inflation Rate November 2024: 1.55% yoy, 0.30% mtom, 1.12% ytd

Indonesia's Inflation Rate (% , yoy)



November Inflation Rate by Country (% eop, yoy)



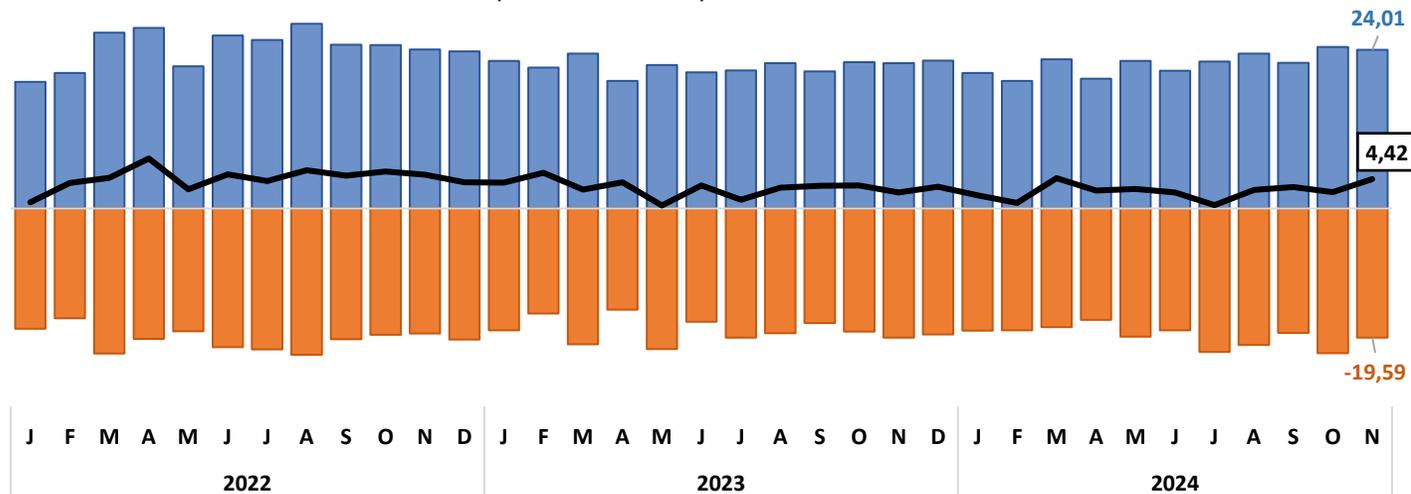
**September Inflation Rate



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

Indonesia's Trade Balance (US\$ Billion)

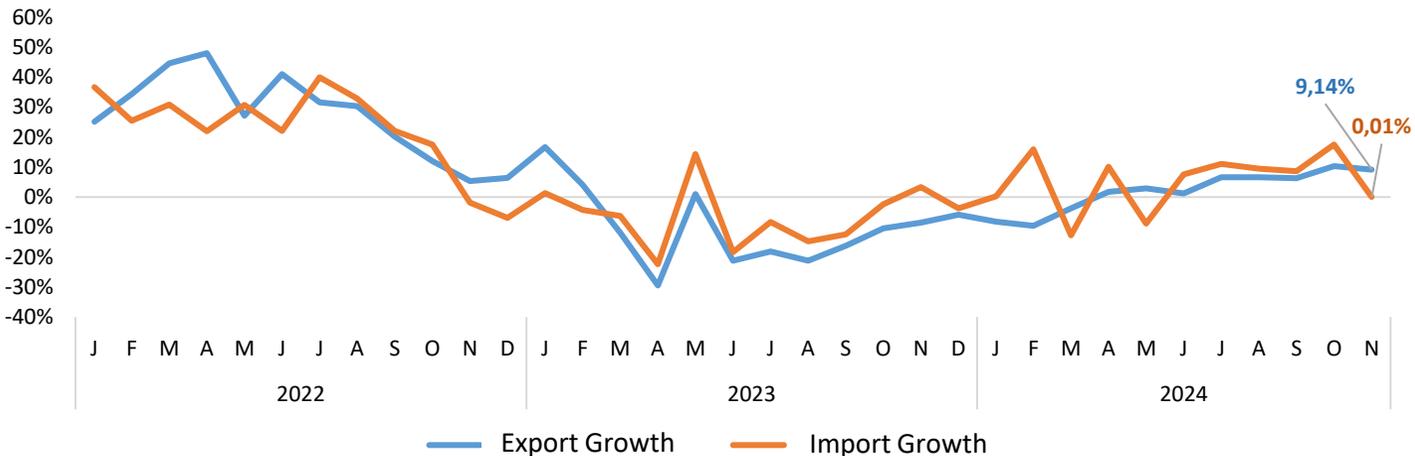
Export Import Trade Balance



Cummulative Trade Balance (US\$ Billions)



Export-Import Value Growth (% , yoy)



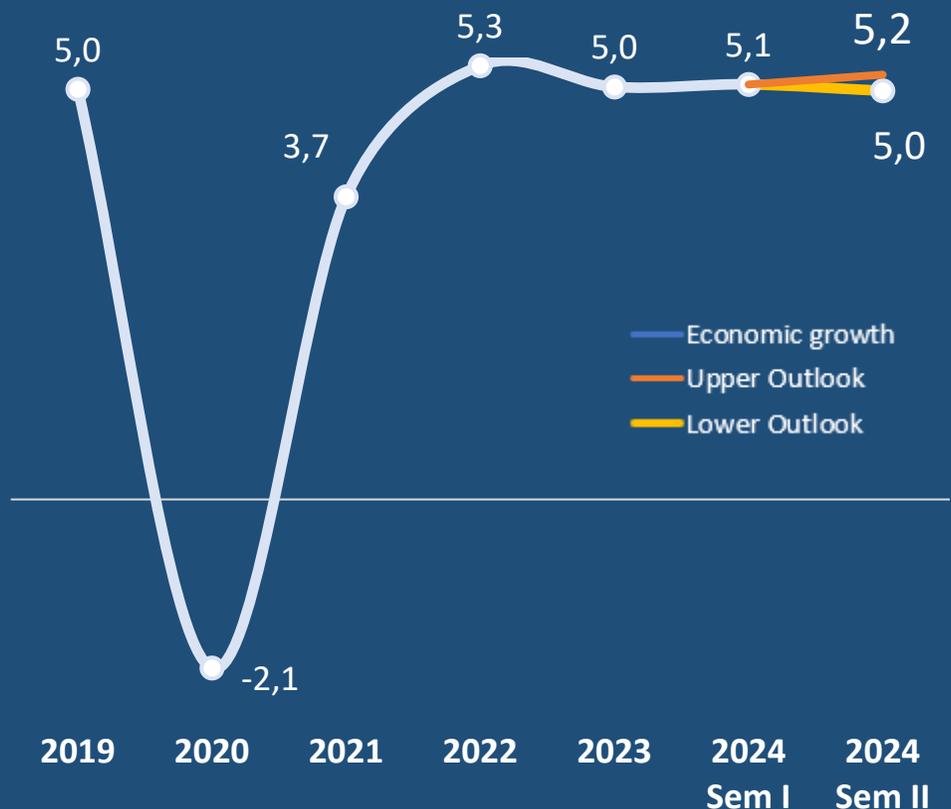
- Exports for November 2024 were recorded at **USD24.01 billion** (grow 9.14%, yoy), while imports reached **USD19.58 billion** (grow 0.01%, yoy).
- Trade balance continues to recorded a surplus, although it has decreased on a cumulative basis.
- Strong export performance and increased imports of raw materials are expected to drive economic growth, create jobs, and boost national income.



STABLE ECONOMIC OUTLOOK IN 2024

National Economic Growth (YoY, %)

Source: Statistics Indonesia, MoF's Estimate



- Domestic consumption is expected to drive economic growth, supported by 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 Oct-24	2024 : 5.0 2025 : 5.1	 EAP Oct-24	2024 : 5.0 2025 : 5.1
 ADO Apr-24	2024 : 5.0 2025 : 5.0	 Econ Outlook Sep-24	2024 : 5.1 2025 : 5.2
Bloomberg Consensus Forecast	2024 : 5.0 2025 : 5.1		

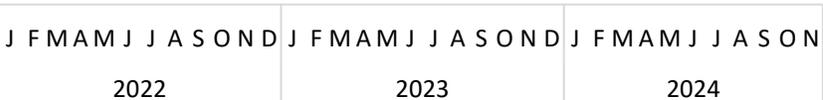
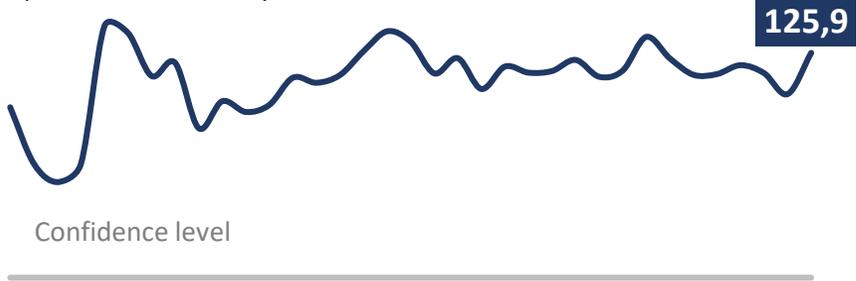


SHORT-TERM PROSPECT REMAINS RELATIVELY STRONG

Consumption remains strong; anticipating global impact on production sectors

Consumers Index remains high

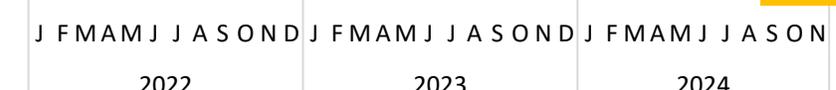
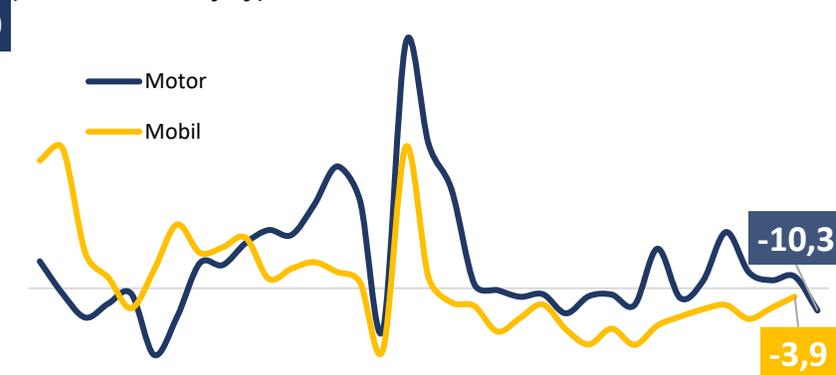
(November, Index)



Source: Bank Indonesia

Vehicles sales show contraction

(November, % yoy)



Source: Gaikindo, AISI

Real Sales Index start to grow at slower pace

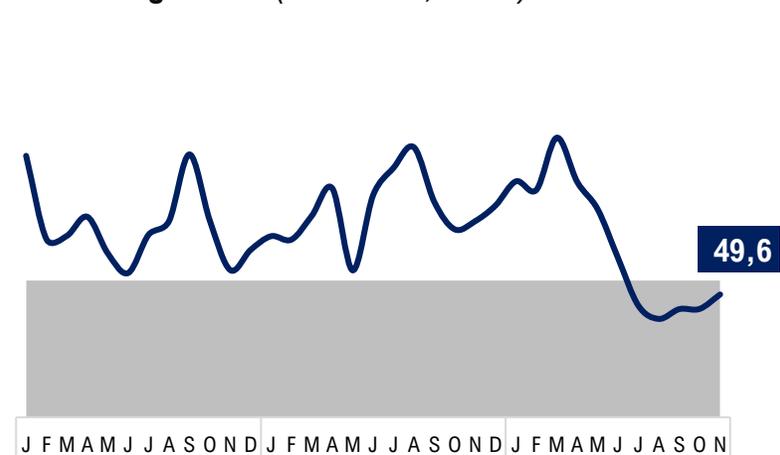
(November, % yoy)



Source: Bank Indonesia

Manufacturing activity is still at contractionary zone, but doing better

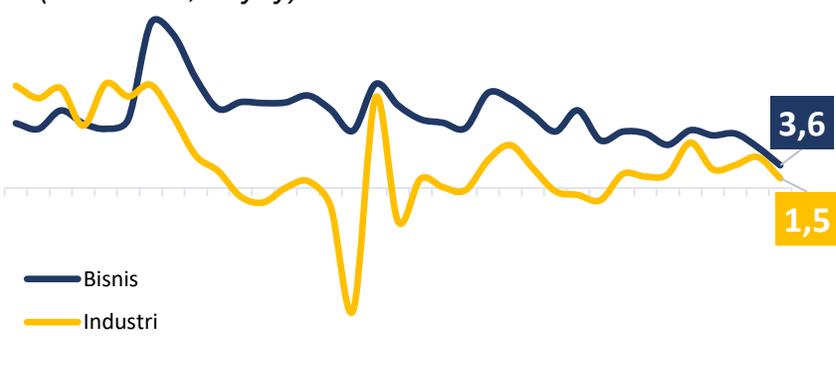
(November, Index)



Source: Bloomberg, IHS Markit

Electricity Consumption shows positive growth

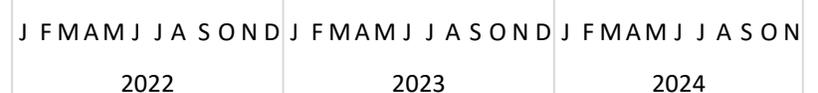
(November, % yoy)



Source: State Electricity Company

Cement consumption is slowing down

(November, % yoy)

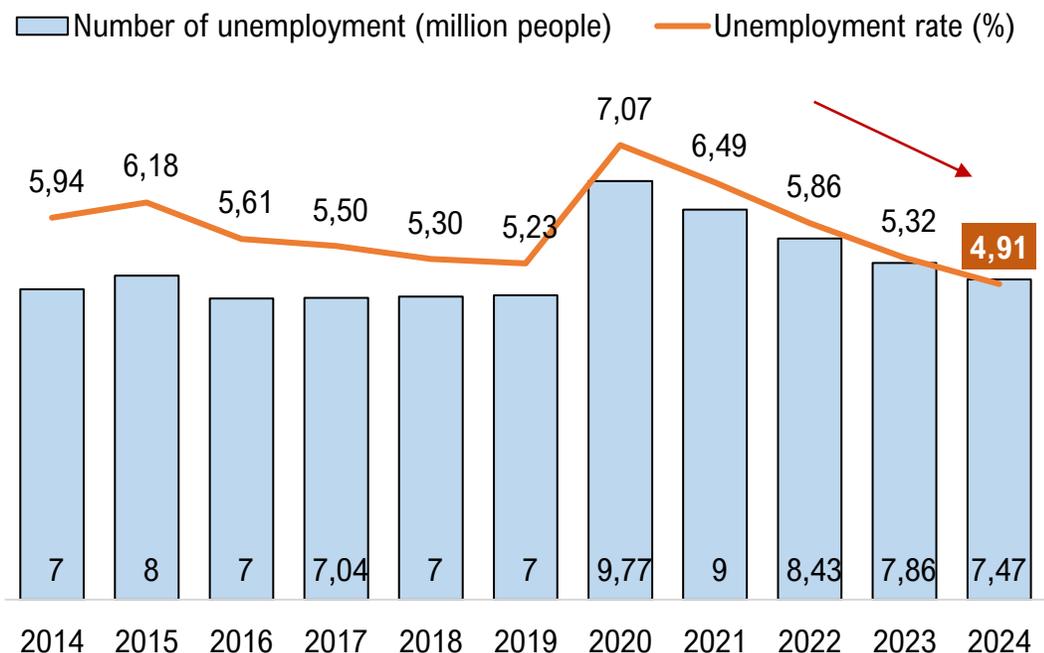


Source: Indonesian Cement Association



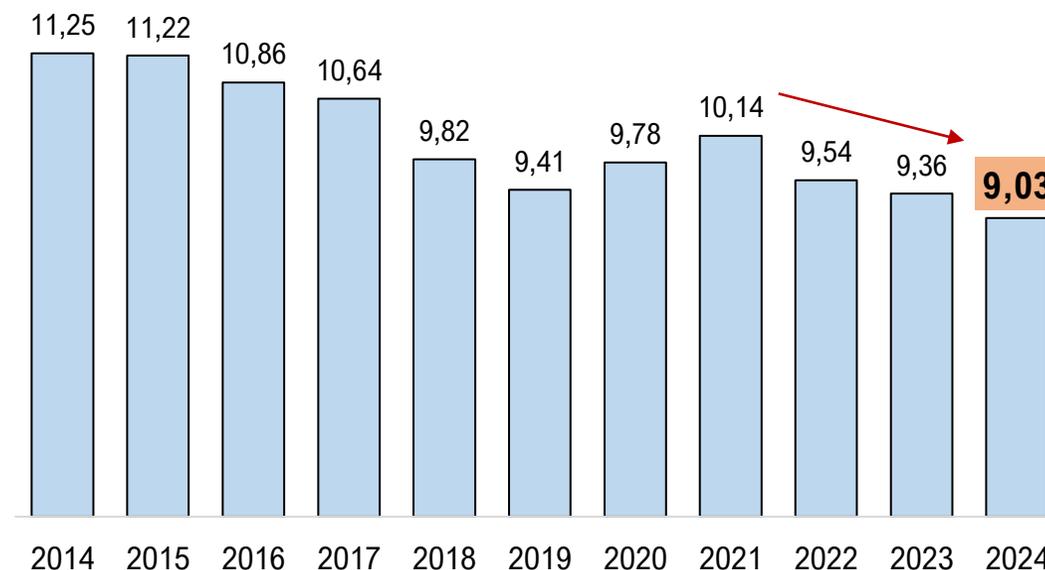
- The strengthened economic activities and various social assistance programs have contributed to reduce the open unemployment rate and to the decline in the poverty rate.

Unemployment Rate



Source: Statistics Indonesia, August Data

Poverty Rate (%)



Source: Statistics Indonesia, March Data



MINISTRY OF FINANCE
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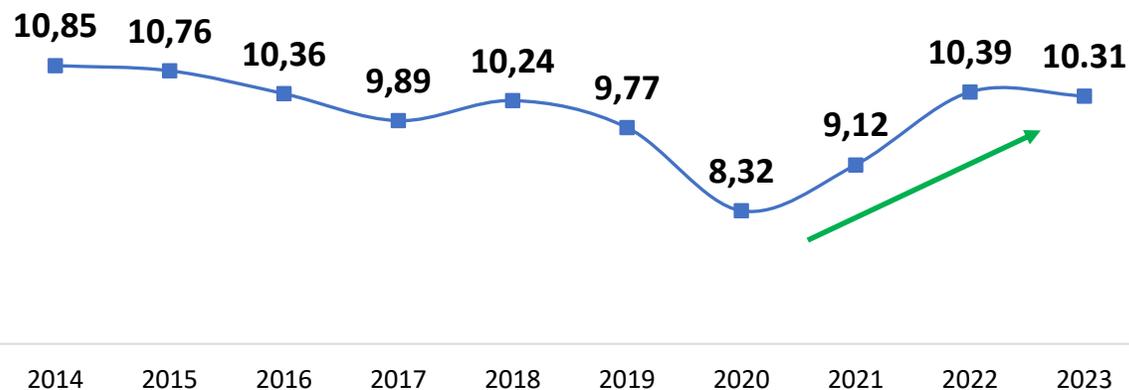
FISCAL UPDATES



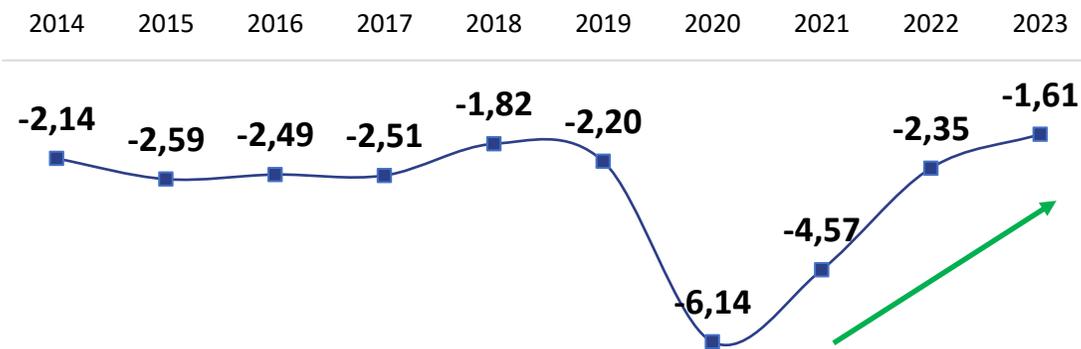
OVERALL FISCAL POSITION CONTINUED TO IMPROVE

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

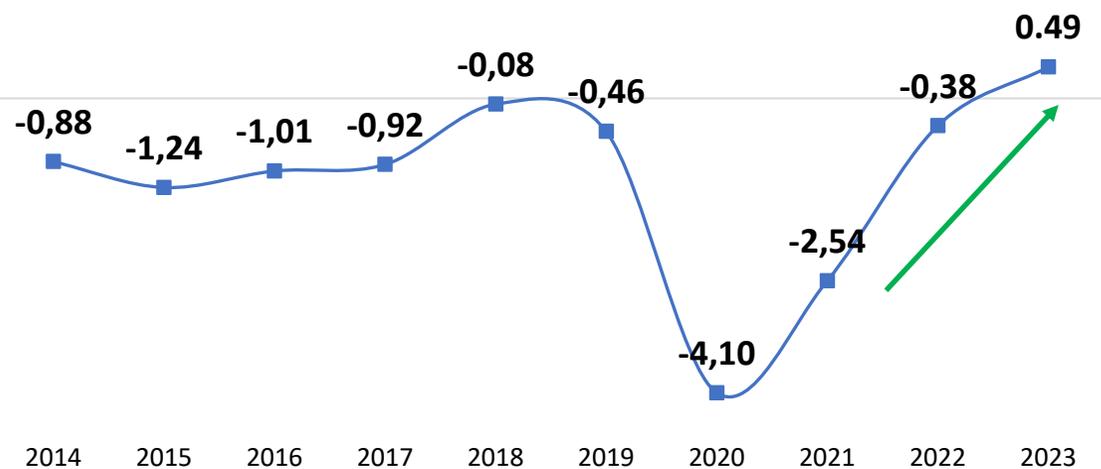
Tax ratio increases in line with stronger recovery (% GDP)



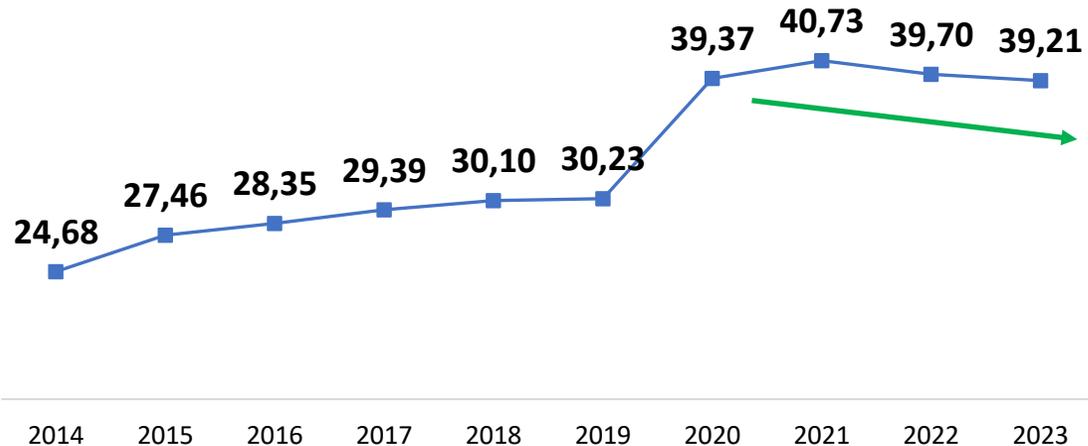
Overall budget position improved significantly (% GDP)



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 Nov 30	Growth (%)	Audited	Budget	Real. as of Nov 30	% to Budget	Growth (%)
Revenue	2,637.2	2,461.0	3.5	2,783.9	2,802.3	2,492.7	89.0	1.3
Tax Revenue	2,118.3	1,914.9	3.6	2,154.2	2,309.9	1,946.7	84.3	1.7
1. Tax	1,818.2	1,669.9	6.4	1,867.9	1,988.9	1,688.9	84.9	1.1
2. Costume and Excise	300.1	245.0	(12.6)	286.3	321.0	257.7	80.3	5.2
Non Tax Revenue	515.8	544.2	3.2	612.5	492.0	522.4	106.2	(4.0)
Expenditure	3,117.2	2,510.6	(4.0)	3,121.2	3,325.1	2,894.5	87.0	15.3
Central Government Expenditure	2,302.5	1,774.5	(5.7)	2,239.8	2,467.5	2,098.6	85.1	18.3
1. Line Ministries Spending	1,000.8	890.2	1.4	1,152.2	1,090.8	1,049.7	96.2	17.9
2. Non-Line Ministries Spending	1,301.6	884.3	(12.0)	1,087.6	1,376.7	1,048.9	76.2	18.6
Transfer to Region	814.7	736.1	0.6	881.4	857.6	795.8	92.8	8.1
Primary Balance	(38.5)	359.7	184.6	102.6	(25.5)	47.1	(184.6)	(86.9)
Surplus (Deficit)	(479.9)	(49.6)		(337.3)	(522.8)	(401.8)		
<i>% to GDP</i>	<i>(2.27)</i>	<i>(0.24)</i>		<i>(1.61)</i>	<i>(2.29)</i>	<i>(1.81)</i>		
Financing	479.9	284.3	(35.7)	356.7	522.8	428.8	82.0	50.9



Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2024 Budget	2024 Outlook	2025 Budget
 Economic Growth (%)	5.2	5.1	5.2
 Inflation (%, yoy)	2.8	2.7	2.5
 10Y T-Bonds Rate (%, average)	6.7	6.9	7.0
 Exchange rate (IDR/US\$, average)	15,000	16,000	16,000
 Oil Price/ICP (USD/barrel, average)	82	82	82
 Oil Lifting (tbpd)	635	596	605
 Lifting Gas (tboepd)	1,033	995	1,005

The 2025 Budget Posture

	Budget	% GDP
A. Revenue	3,005.1	12.36
I. Tax Revenue	2,490.9	10.24
1. Tax	2,189.3	9.00
2. Custom and Excise	301.6	1.24
II. Non-Tax Revenue	513.6	2.11
III. Grant	0.6	0.00
B. Expenditure	3,621.3	14.89
I. Central Government Expenditure	2,701.4	11.11
1. Line Ministries Expenditure	1,160.1	4.77
2. Non-Line-Ministries Expenditure	1,541.4	6.34
II. Transfer to Region	919.9	3.78
C. Primary Balance	(63.3)	(0.26)
D. Surplus/(Deficit)	(616.2)	(2.53)
E. Financing	616.2	2.53



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

Share to total spending



EDUCATION Rp724.3 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 Rp503.6 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 Rp399.3 T

- 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 Rp217.4 T

- 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

6%



FOOD SECURITY Rp139.4 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)

3.8%



LAW & DEFENCE Rp376.4 T

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

10.3%



2025 QUICK WIN UNDER THE NEW GOVERNMENT

Nutritious Meal Program

IDR71.0 T

Providing nutritious meal to pregnant women, breastfeeding mothers, toddlers, and students at all levels of education (e.g. preschool, primary education, secondary school)

Health Screening Program

IDR3.2 T

Free health screening for 52.2 million people, include blood pressure and blood sugar screening, and X-rays for catastrophic disease screening

Construction of High-Quality Hospital

IDR1.8 T

Upgrading of type-D hospitals to type-c hospital including improving the infrastructure and health equipment in region level

Eradication of TBC

IDR8 T

School Renovation

IDR20 T

Renovating including classroom, equipment, and restroom

Integrated Leading School

IDR2 T

Physical development of leading schools in 4 locations

National, Region, and Village Food Barn

IDR15 T

- Intensification 80,000 ha
- Extensification (rice field creation) 150,000 ha

A low-angle, blue-tinted photograph of a modern glass skyscraper. The building's facade is composed of a grid of windows, and the perspective makes the lines converge towards the top of the frame. The overall mood is professional and clean. The text "THANK YOU" is overlaid in a bold, white, sans-serif font, centered horizontally and positioned in the middle of the image.

THANK YOU