



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

RECENT MACROECONOMIC and FISCAL DEVELOPMENT

January - 2025





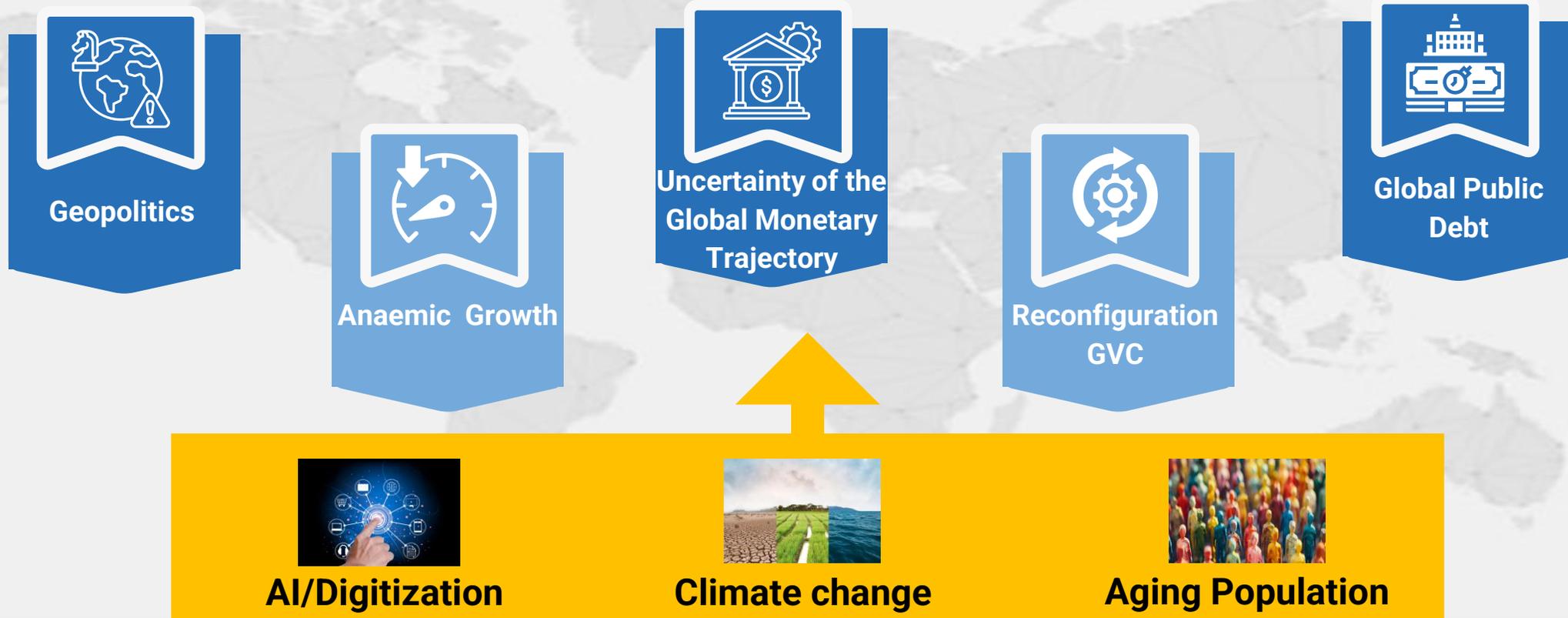
MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

01

MACROECONOMIC UPDATES



DYNAMIC & UNCERTAIN GLOBAL ECONOMIC SITUATION THROUGHOUT 2024



- Dovish outlook for FFR Cut
- Trump 2.0
- High fiscal pressure



- Weak growth
- Low domestic consumption
- Property sector crisis
- Hidden debt of the local government *Trump 2.0 effect*



- Weak growth*
- Political instability*
- Trump 2.0 effect*



- Strong manufacturing growth and performance
- Monetary policy is still restrictive
- High inflation

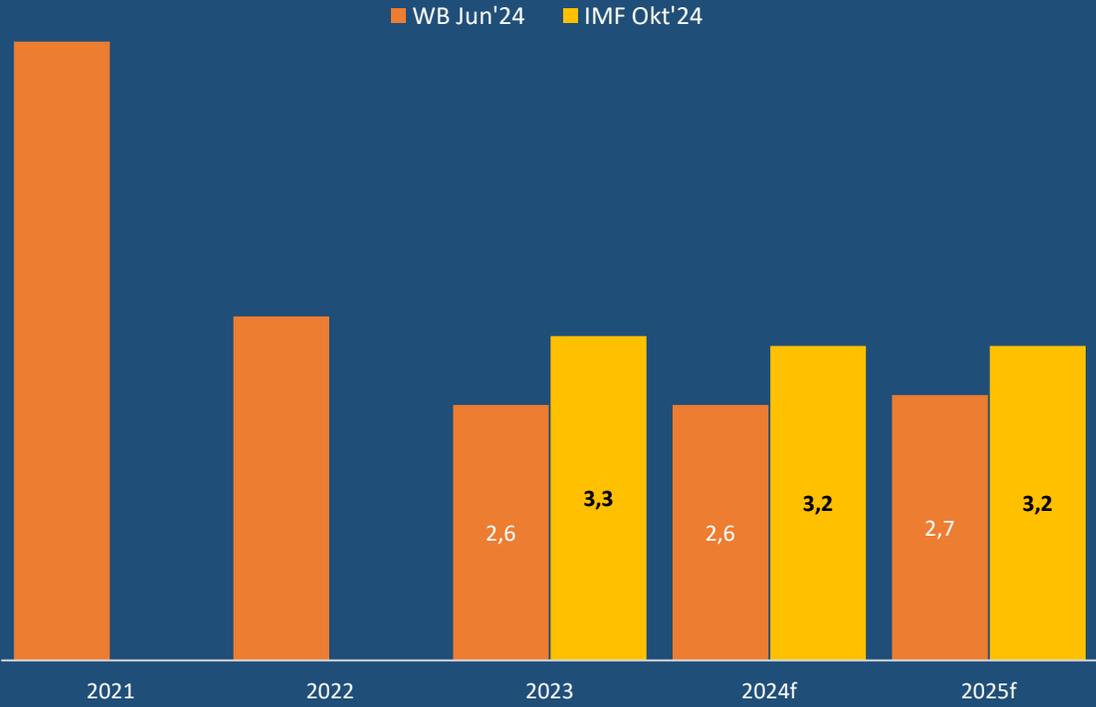


- Epicentrum of growth
- Spillover of Trump 2.0 and China's Weakening?

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

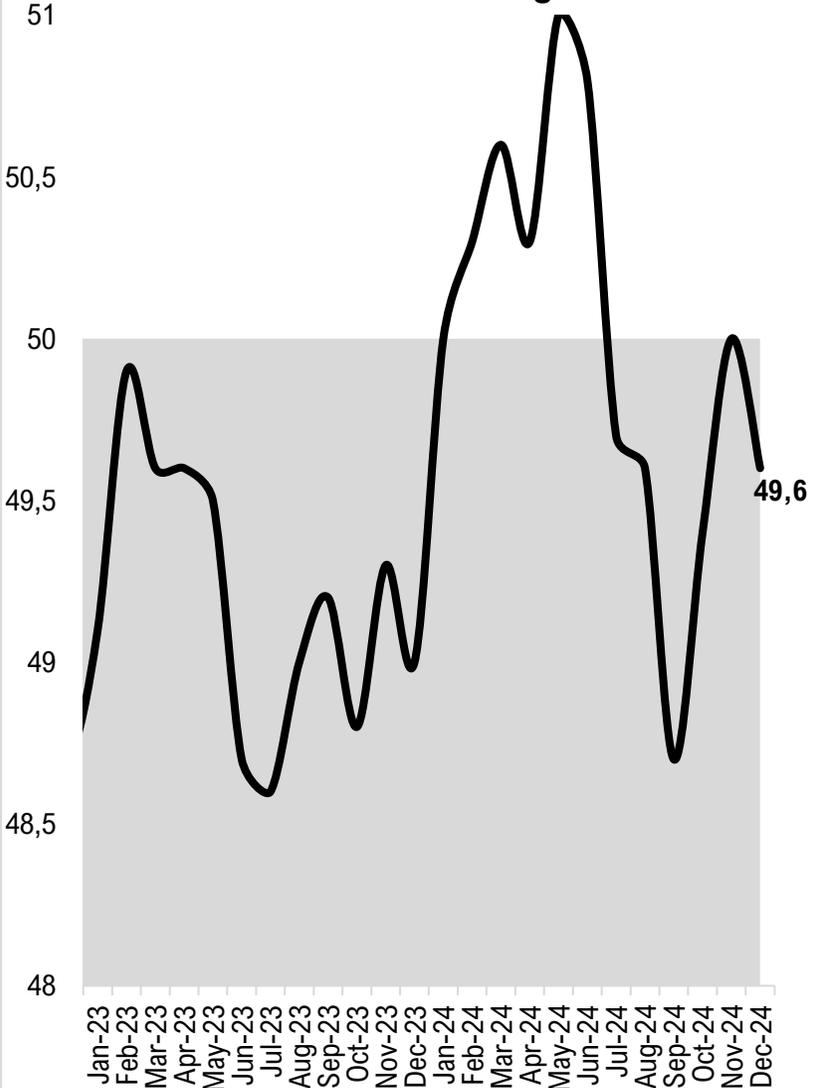
Global Inflation Projection	2024	2025
	5.8% (↓ 0.1 pp)	4.3% (↓ 0.1 pp)

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

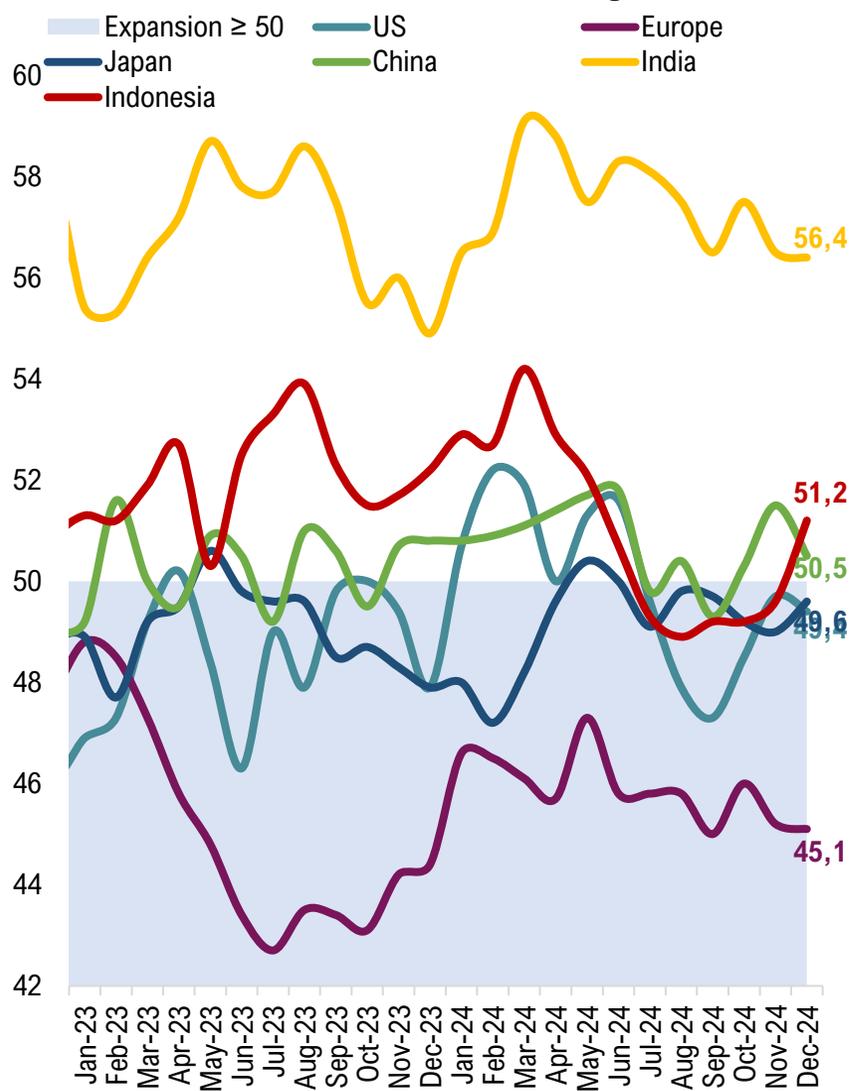


GLOBAL MANUFACTURING ACTIVITIES FLUCTUATES THROUGHOUT 2024

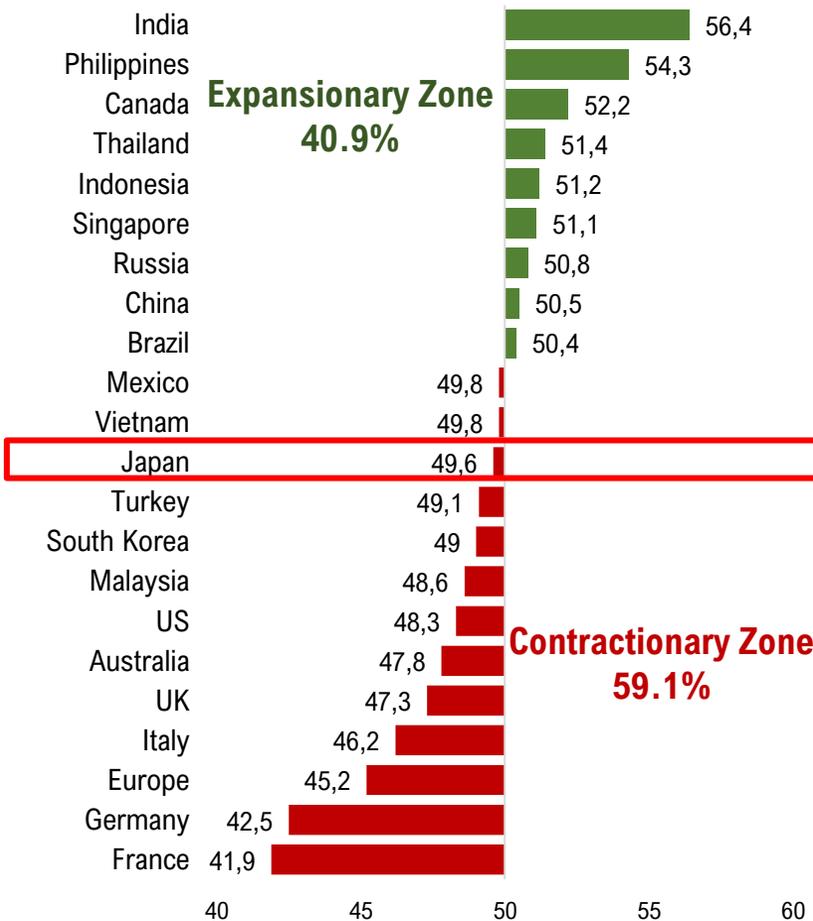
Global Manufacturing PMI



G20 Countries Manufacturing PMI



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



GLOBAL COMMODITY PRICES REMAIN VOLATILE

Brent prices are strengthening in line with global demand optimism, CPO tends to decline due to weak demand from India, while mining commodities prices are still affected by low demand.

ENERGY COMMODITIES

Brent (US\$/barrel)



MOM: 10,5%
YTD: 6,9%
YOY: -0,8%

Crude Oil Prices Today | OilPrice.com

Oil Prices Rise at the Start of 2025 as Demand Optimism Prevails

Oil prices rose on the first trading day of 2025 on positive economic signals from China and the US, suggesting a potential recovery from the 2024 decline.



AGRICULTURE COMMODITIES

CPO (US\$/Ton)



MOM: -13,9%
YTD: -6,5%
YOY: 32,4%

NST Online

Palm falls on poor demand from India

KUALA LUMPUR: Malaysian palm oil futures fell on Monday, weighed down by sluggish demand from key destination market, India.



MINING COMMODITIES

Copper (US\$/MT)



MOM: -1,4%
YTD: 3,7%
YOY: 5,8%

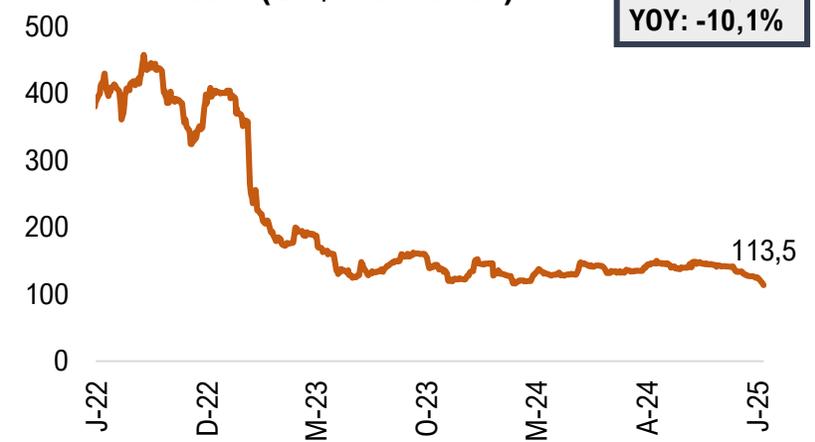
Finimize

Copper Prices Stay Low As Global Demand Slows

What's going on here? Copper prices hit a five-month low on the London Metal Exchange, pulled down by global manufacturing slowdowns and looming US tariff...



Coal (US\$/Metric Ton)



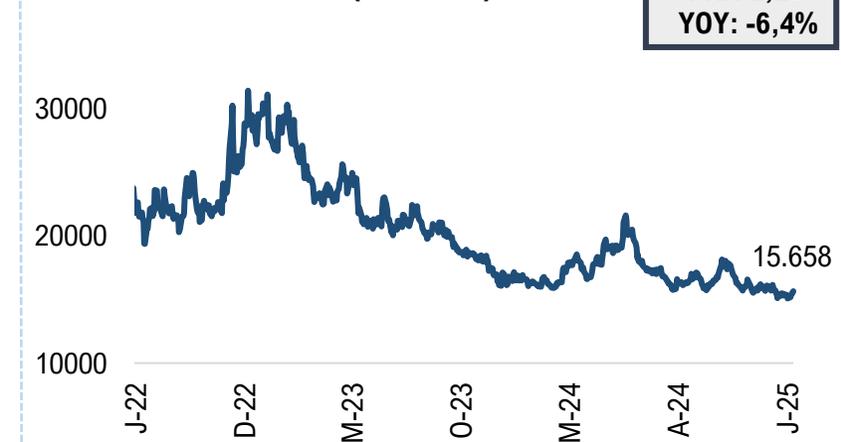
MOM: -14,9%
YTD: -9,4%
YOY: -10,1%

Rice (US\$/cwt)



MOM: -4,8%
YTD: 2,5%
YOY: -18,4%

Nickel (US\$/MT)



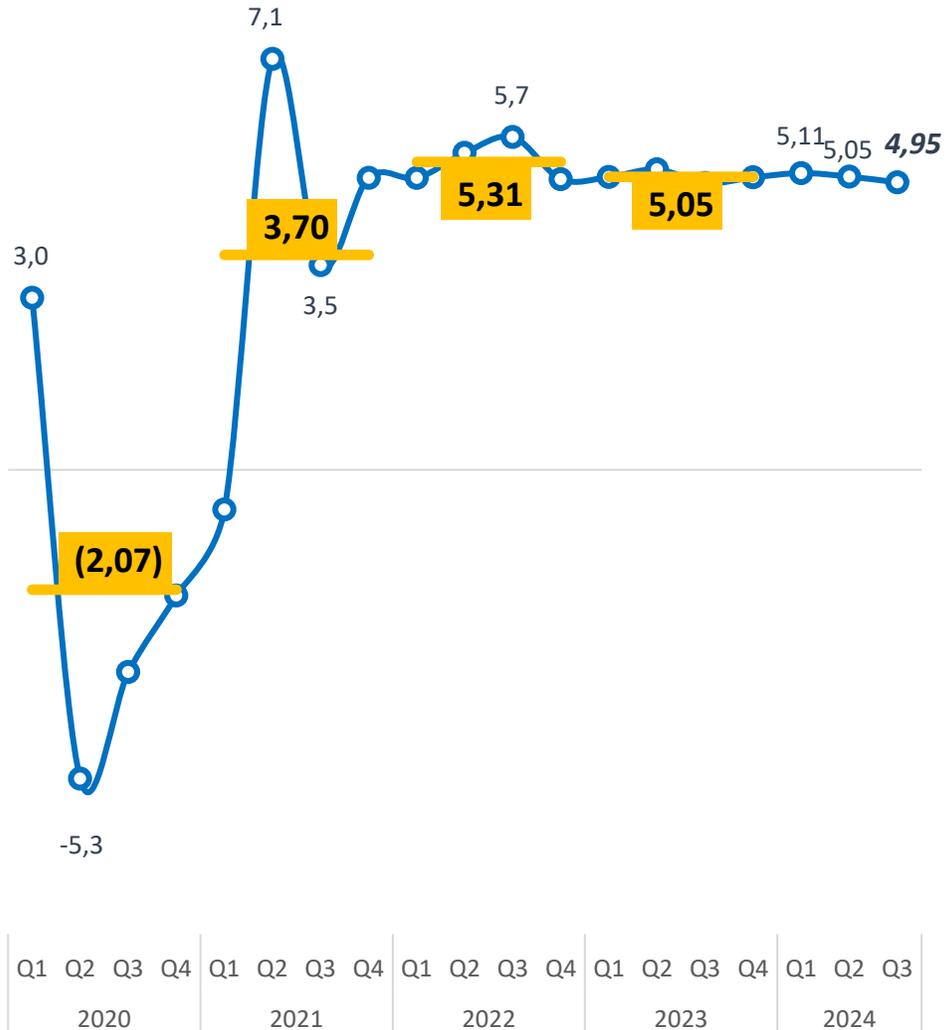
MOM: -0,4%
YTD: 2,2%
YOY: -6,4%



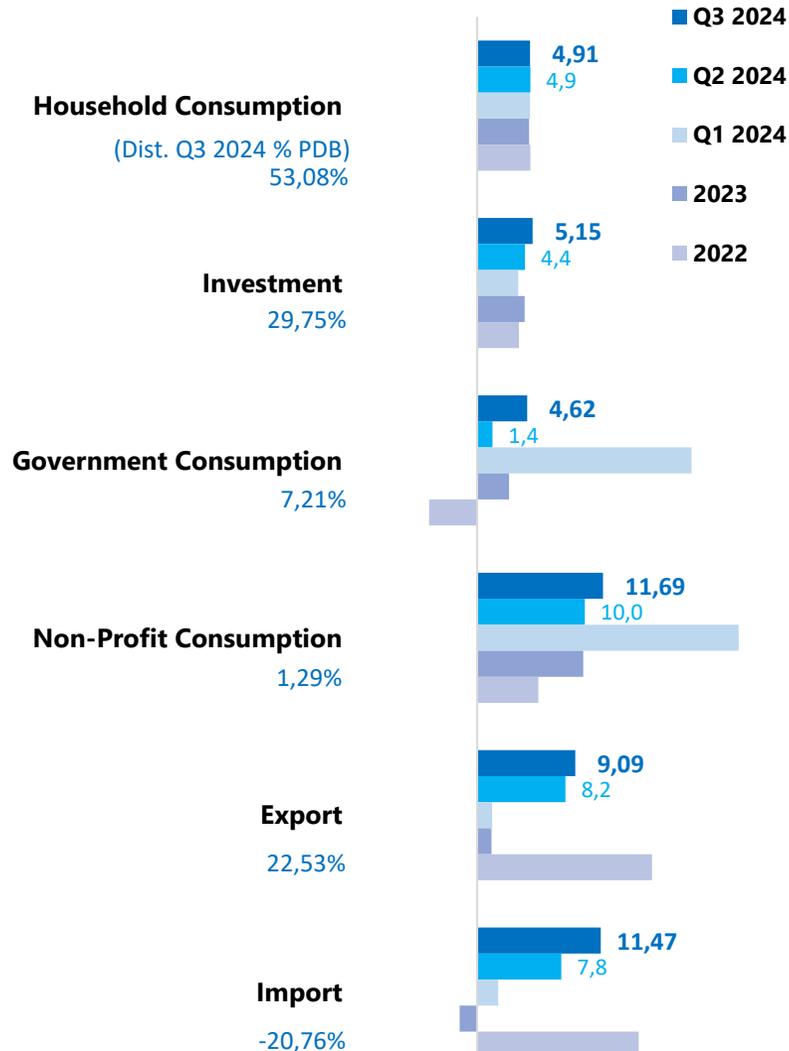
INDONESIA'S ECONOMY GREW 4.95% IN THE THIRD QUARTER OF 2024

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

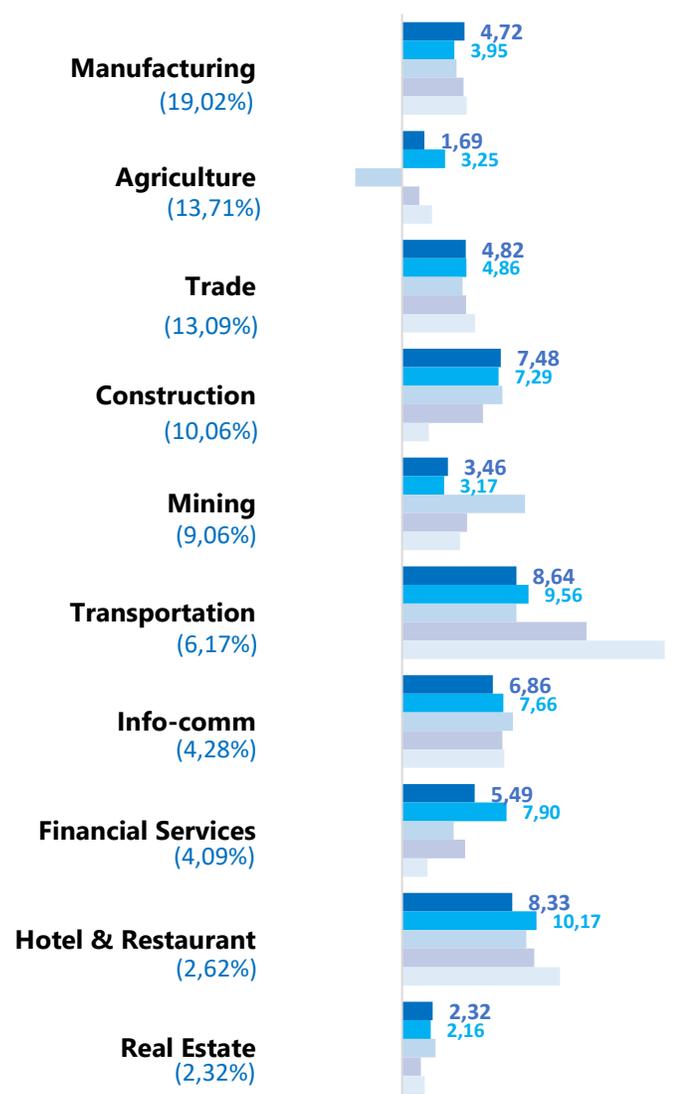
GDP Growth (% YoY)



GDP Growth: Expenditure (% YoY)

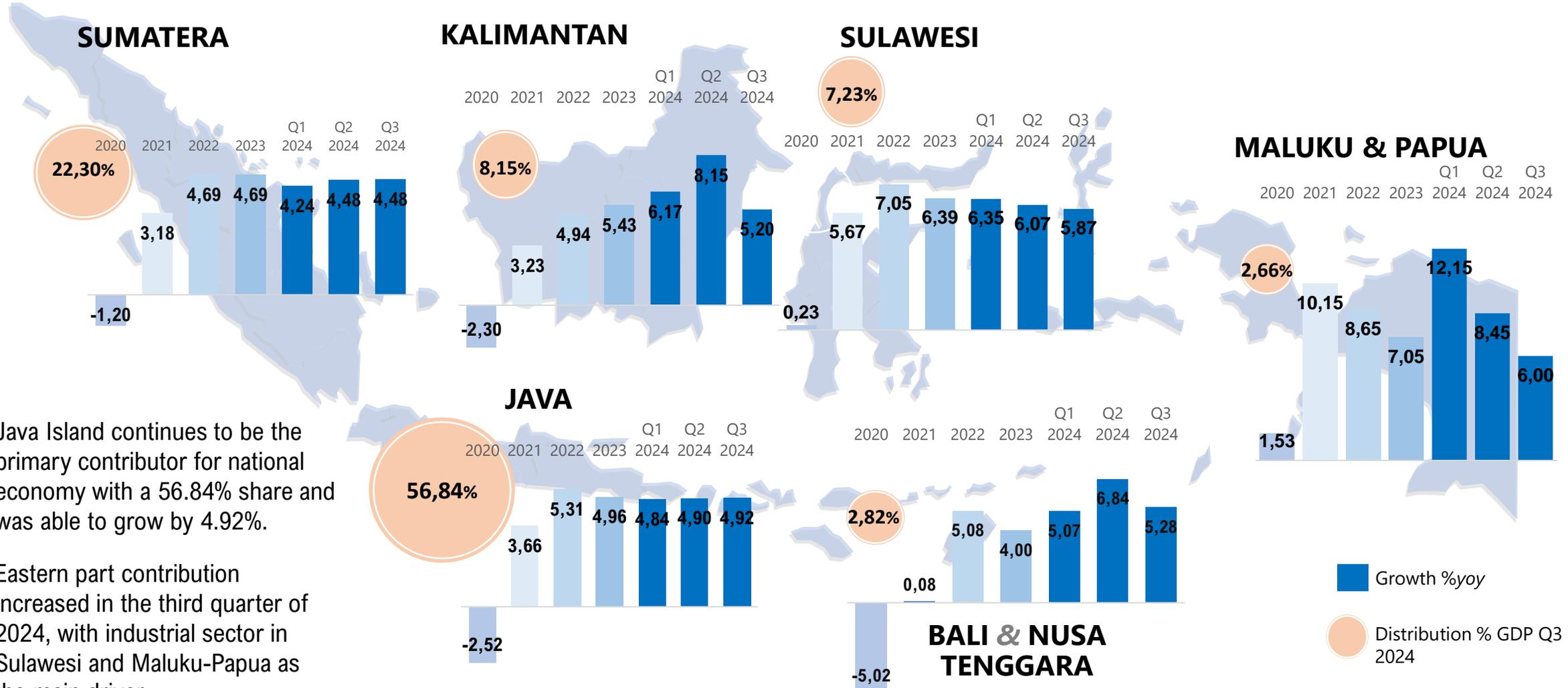


GDP Growth: Production (% YoY)



STABLE SPATIAL ECONOMIC STRUCTURE

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



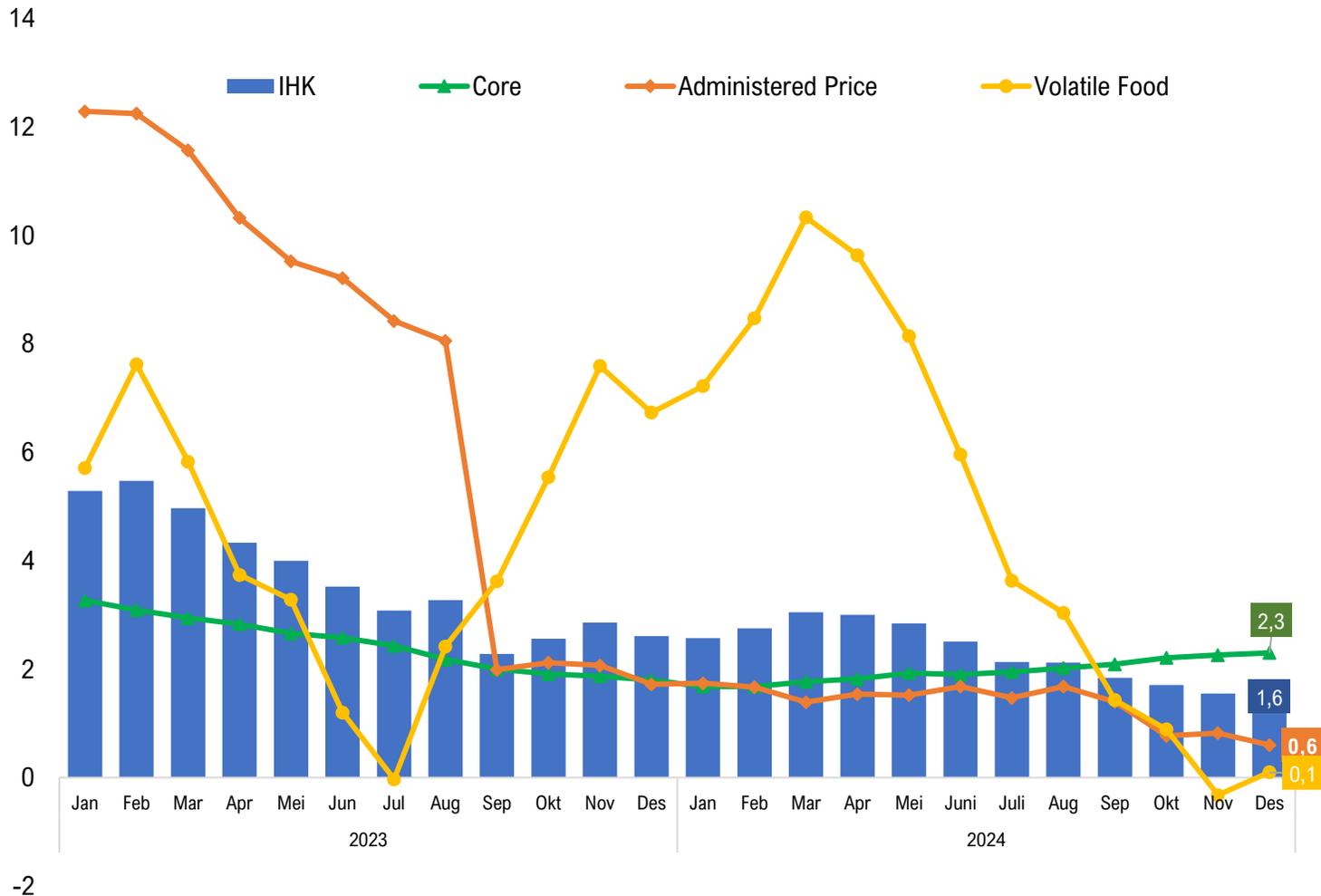
- Java Island continues to be the primary contributor for national economy with a 56.84% share and was able to grow by 4.92%.
- Eastern part contribution increased in the third quarter of 2024, with industrial sector in Sulawesi and Maluku-Papua as the main driver.

■ Growth %yoy
○ Distribution % GDP Q3 2024

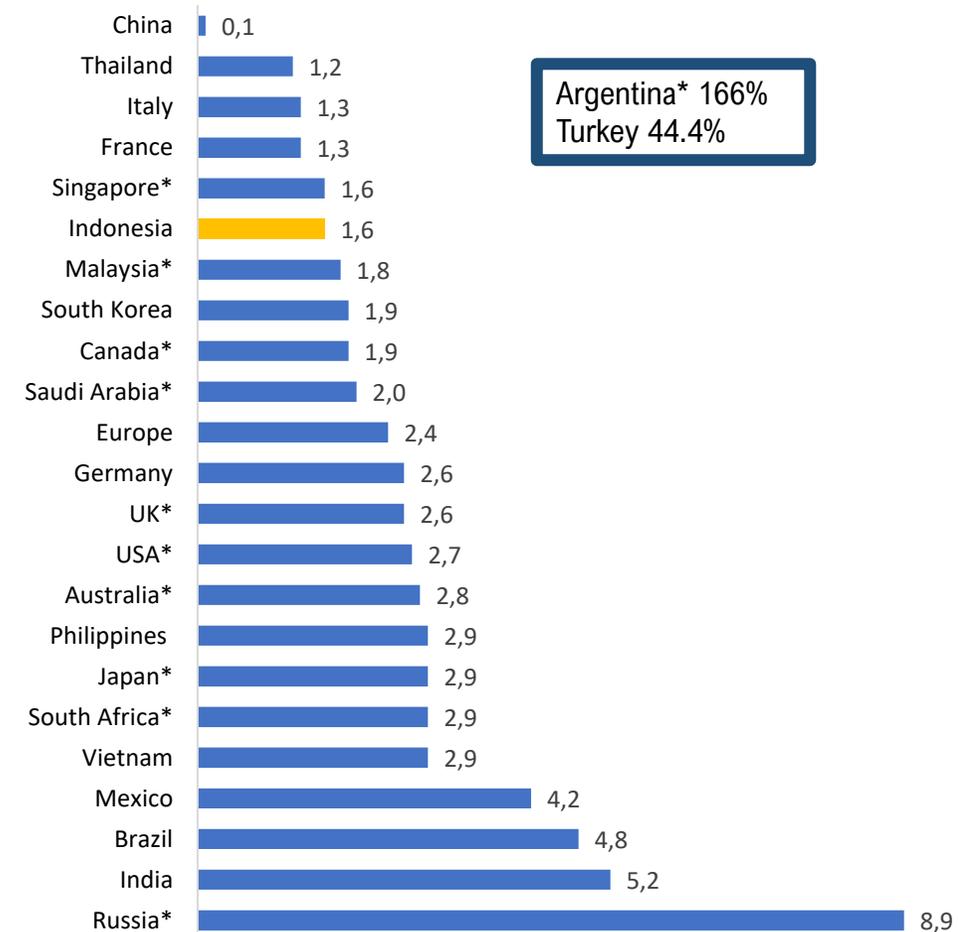
Sumber: October, BPS, 2024

INFLATION RATE IS UNDER CONTROL, SUPPORTED BY LOWER FOOD PRICES

Indonesia's Inflation Rate December (% , yoy)



December Inflation Rate by Country (% eop, yoy)



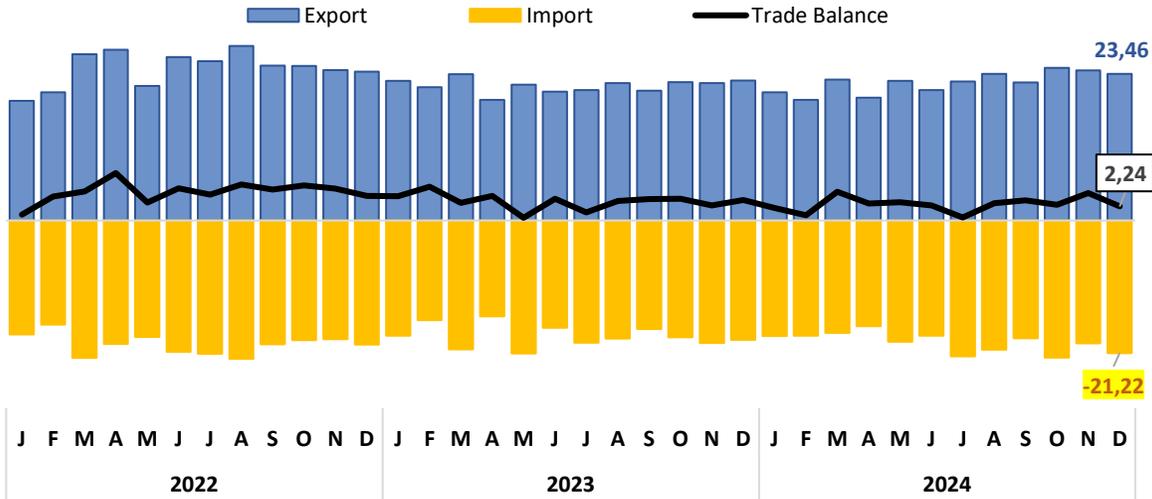
*November Inflation Rate



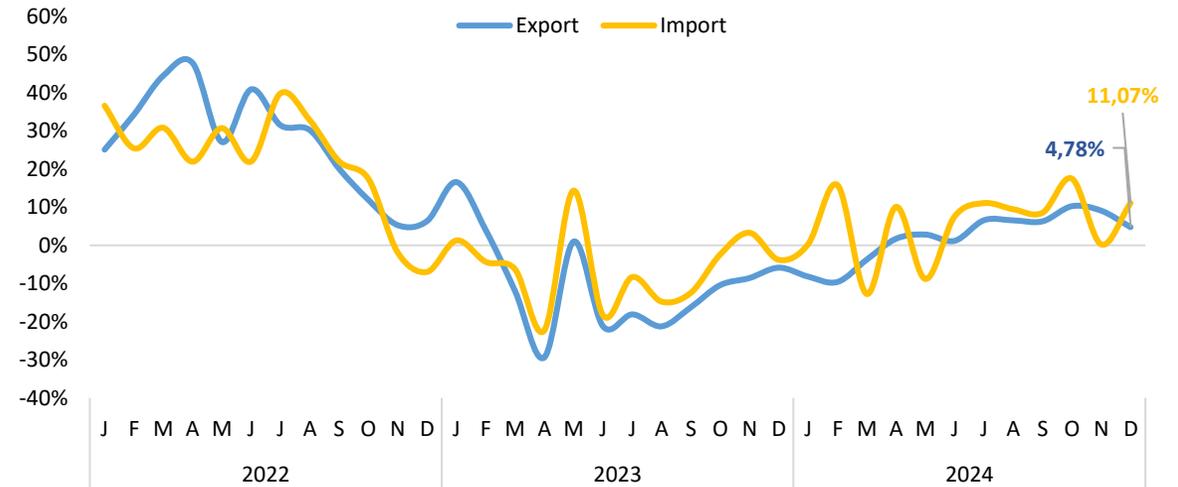
INDONESIA'S TRADE BALANCE THROUGHOUT 2024 CONSISTENTLY SURPLUS

Export-import performance in 2024 is expected to drive economic growth, create jobs, and increase national income

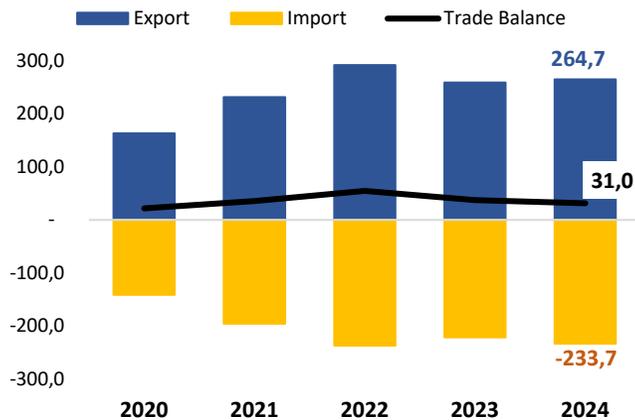
Indonesia Monthly Trade Balance (US\$ Billion)



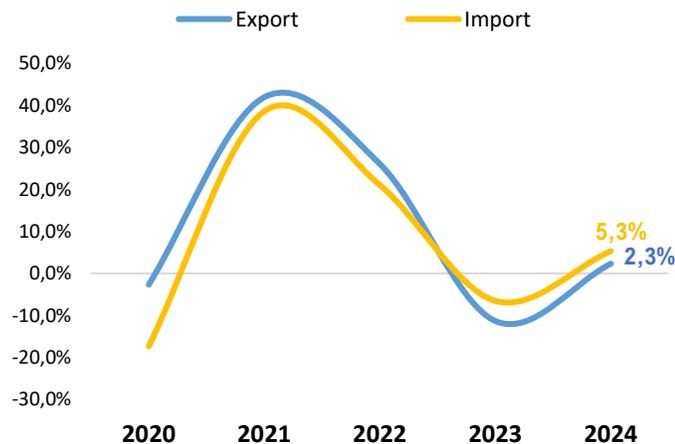
Monthly Import Export Value Growth (% , yoy)



Indonesia Annual Trade Balance (US\$ Billion)



Annual Import Export Value Growth (% , yoy)

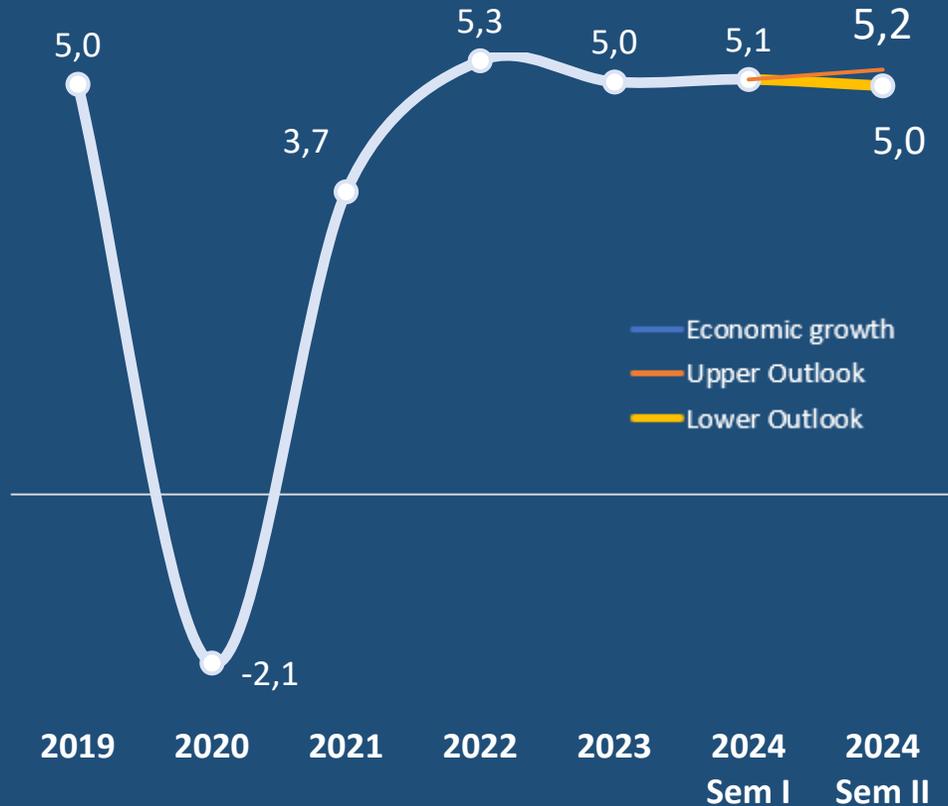


- **Indonesia's 2024 trade balance recorded a surplus of USD31.04 billion, lower than in 2023 (4th year surplus).** On a monthly basis, the December 2024 trade balance still recorded a surplus for the 56th consecutive month.
- **Export value in 2024 reached USD264.71 billion, growing 2.3% (yoy)** driven by the manufacturing sector.
- **Import value reached USD233.66 billion, growing 5.3% (yoy),** mainly contributed by imports of raw/auxiliary materials.
- **On a monthly basis,** exports in December 2024 reached USD23.46 billion (growing 4.78%, yoy). Meanwhile, imports in December 2024 were recorded at USD21.22 billion (growing 11.07%, yoy).

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	 THE WORLD BANK IEP - Dec-24	2024 : 5.0 2025 : 5.1
 ADO Dec-24	2024 : 5.0 2025 : 5.0	 OECD Econ Outlook Dec-24	2024 : 5.1 2025 : 5.2
Bloomberg Consensus Forecast		2024 : 5.0 2025 : 5.0	

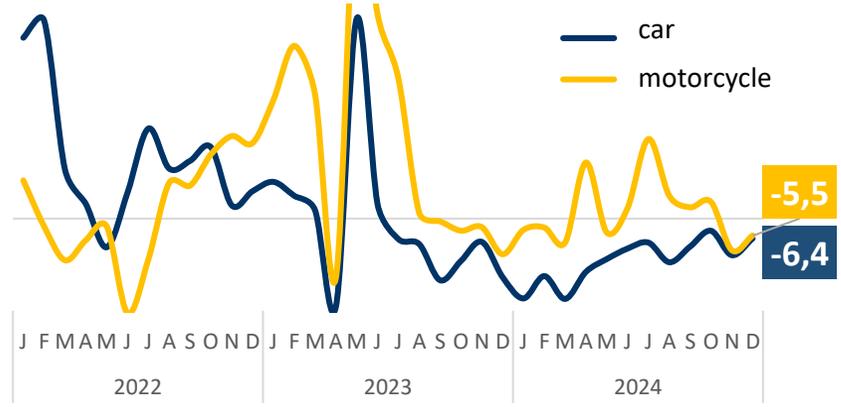
CONSUMPTION INDICATORS STRENGTHEN, MANUFACTURING PERFORMANCE RETURNS TO EXPANSION

Consumers Index strengthen, showing high public optimism (December, Index)



Source: Bank Indonesia

Vehicles sales show increase from previous month (December, % yoy)



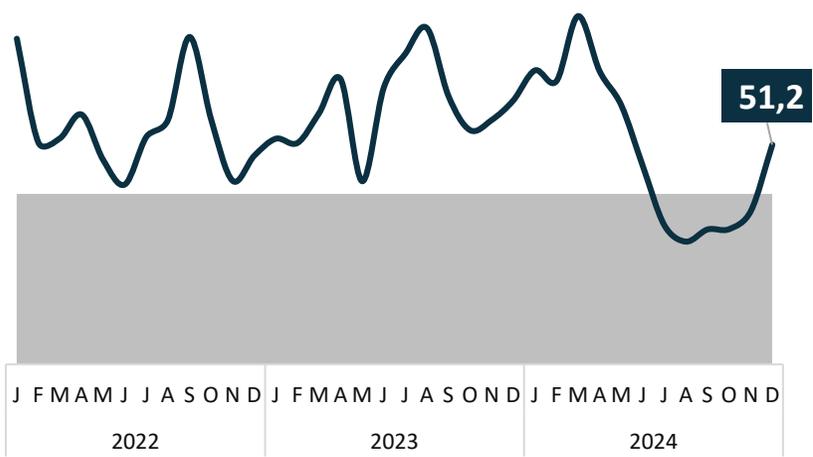
Source: Gaikindo, AISI

Real Sales Index shows positive growth (December, % yoy)



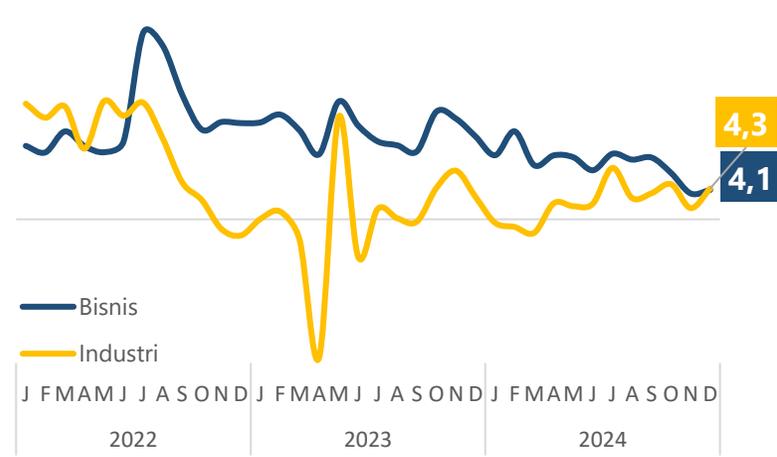
Source: Bank Indonesia

Manufacturing activity is still at contractionary zone, but doing better (December, Index)



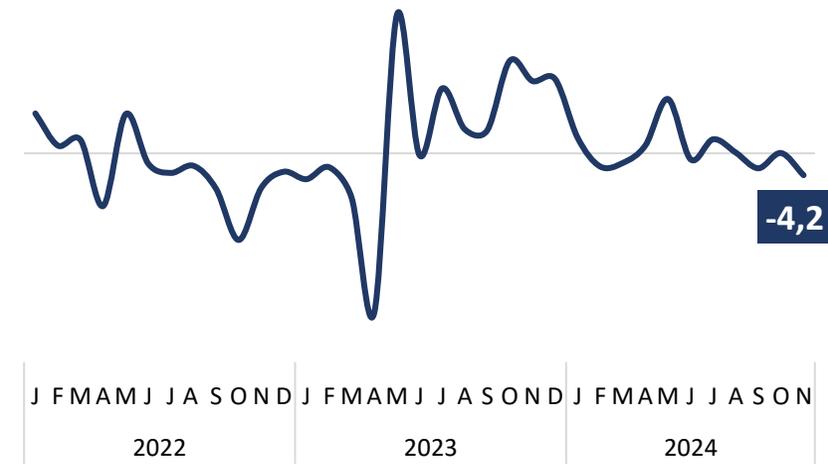
Source: Bloomberg, IHS Markit

Electricity Consumption shows positive growth (December, % yoy)



Source: State Electricity Company

Cement consumption is slowing down (November, % yoy)

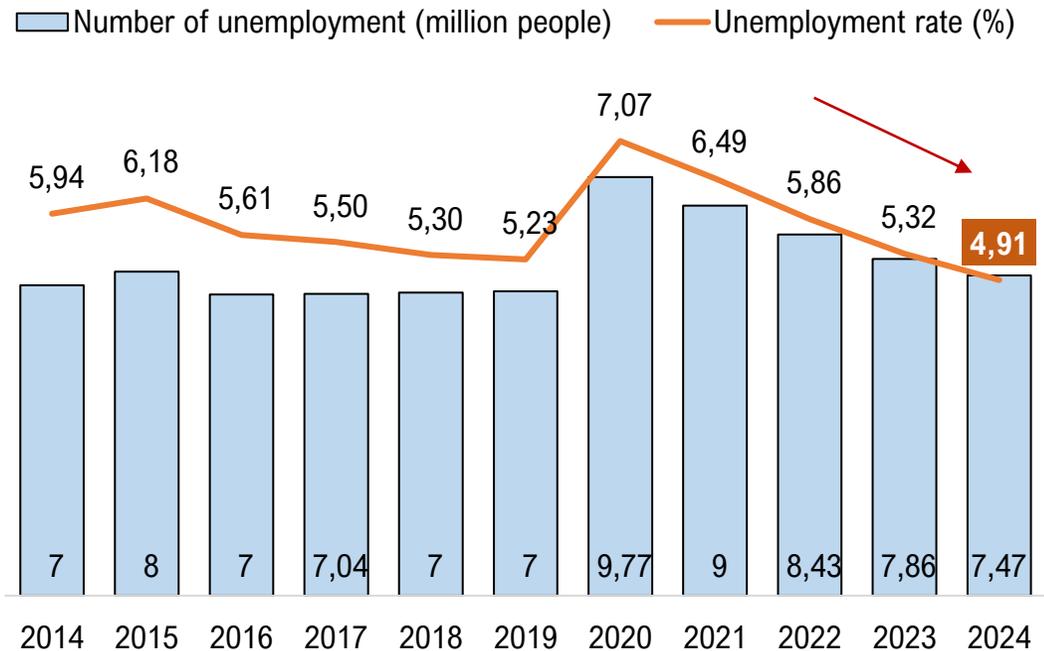


Source: Indonesian Cement Association

THE OPEN UNEMPLOYMENT RATE AND POVERTY CONTINUE TO DECREASE

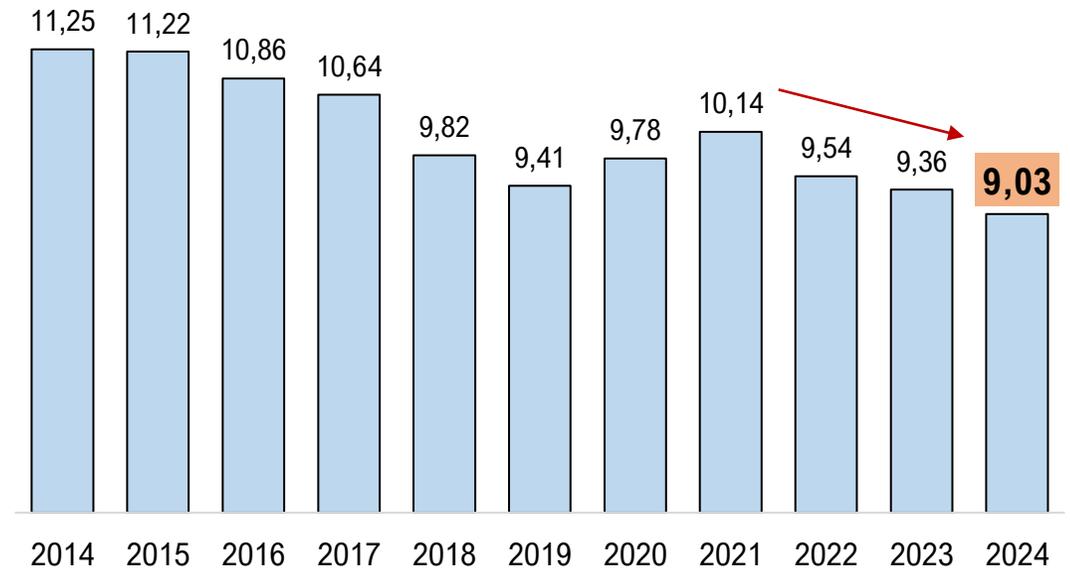
- The strengthened economic activities and various social assistance programs have contributed to reduce the open unemployment rate and to the decline in the poverty rate.

Unemployment Rate



Source: Statistics Indonesia, August Data

Poverty Rate (%)



Source: Statistics Indonesia, March Data

02 | FISCAL UPDATES



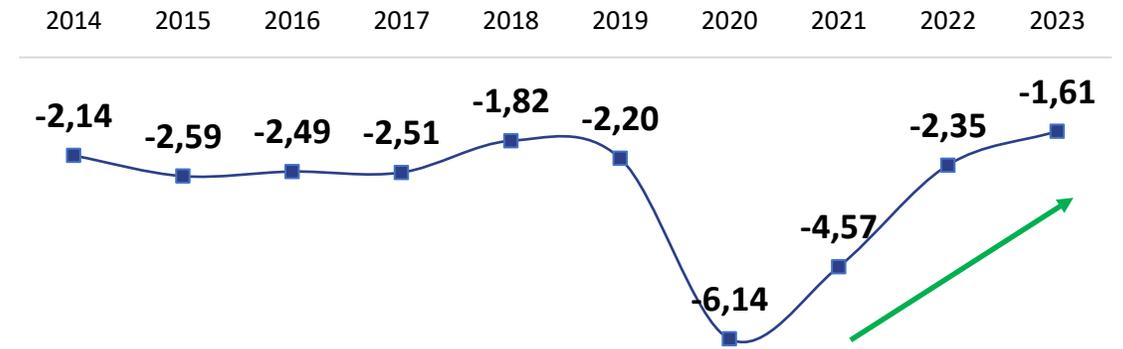
OVERALL FISCAL POSITION CONTINUED TO IMPROVE

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

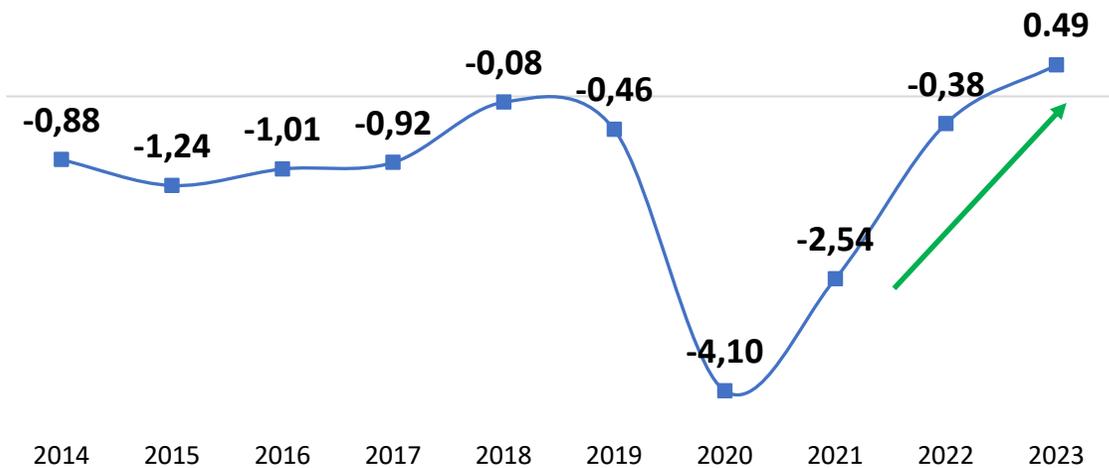
Tax ratio increases in line with stronger recovery (% GDP)



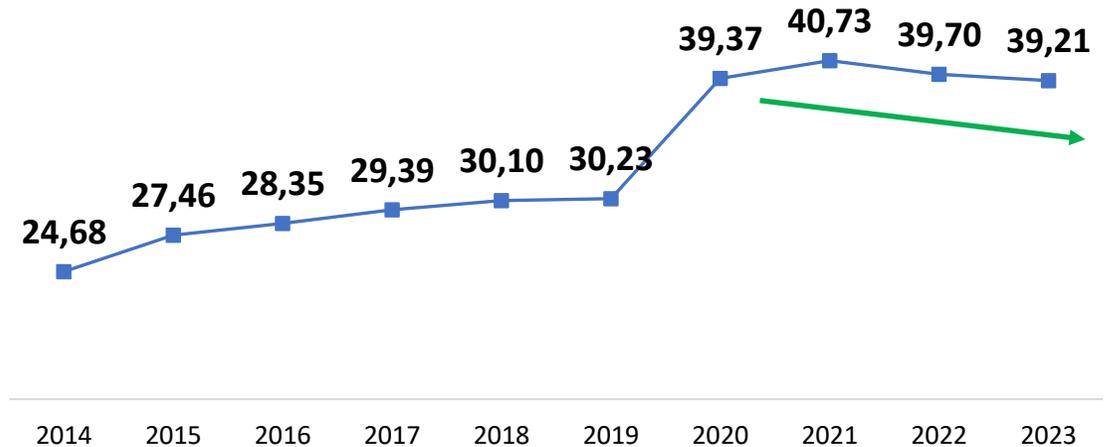
Overall budget position improved significantly (% GDP)



Surplus Primary Balance (% GDP)



Debt Ratio Declines (% of GDP)



2024 BUDGET PERFORMANCE

2024 budget deficit under control at 2.29% of GDP amid global turmoil

Account (IDR Tn)	2023		2024					
	Audited	Growth (%)	Budget	Outlook (Sem Report)	Realization	% to Budget	% to Outlook	Growth (%)
Revenue	2,783.9	5.6	2,802.3	2,802.3	2,842.5	101.4	101.4	2.1
Tax Revenue	2,154.2	5.9	2,309.9	2,218.4	2,232.7	96.7	100.6	3.6
1. Tax	1,867.9	8.8	1,988.9	1,921.9	1,932.4	97.2	100.5	3.5
2. Costume and Excise	286.3	(9.9)	321.0	296.5	300.2	93.5	101.3	4.9
Non Tax Revenue	612.5	2.8	492.0	549.1	579.5	117.8	105.5	(5.4)
Grant	17.2	201.7	0.4	34.9	30.3	7,034.5	86.7	76.3
Expenditure	3,121.2	0.8	3,325.1	3,412.2	3,305.3	100.8	98.2	7.3
Central Government Expenditure	2,239.8	(1.8)	2,467.5	2,558.2	2,486.7	100.8	97.2	11.0
1. Line Ministries Spending	1,152.2	6.2	1,090.8	1,198.8	1,315.0	120.6	109.7	14.1
2. Non-Line Ministries Spending	1,087.6	(9.0)	1,376.7	1,358.4	1,171.7	85.1	86.2	7.7
Transfer to Region	881.4	8.0	857.6	854.0	863.5	100.7	101.1	(2.0)
Primary Balance	102.6	(238.5)	(25.5)	(110.8)	(19.4)	75.9	17.5	(118.9)
Surplus (Deficit)	(337.3)	(26.7)	(522.8)	(609.7)	(507.8)	97.1	83.3	50.6
<i>% to GDP</i>	<i>(1.61)</i>		<i>(2.29)</i>	<i>(2.70)</i>	<i>(2.29)</i>			
Financing	356.7	(39.6)	522.8	609.7	553.2	105.8	90.7	55.1

THE 2025 BUDGET

Projected deficit at 2.53% of GDP, under control within safe limits

Macroeconomic Assumption for the Budget

Indicator	Assumptions		
	2024 Budget	2024 Realization	2025 Budget
 Economic Growth (%)	5.2	5.0	5.2
 Inflation (%, yoy)	2.8	1.6	2.5
 10Y T-Bonds Rate (%, average)	6.7	6.8	7.0
 Exchange rate (IDR/US\$, average)	15,000	15,847	16,000
 Oil Price/ICP (USD/barrel, average)	82	78.1	82
 Oil Lifting (tbpd)	635	571.1	605
 Lifting Gas (tboepd)	1,033	973	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

EDUCATION



Rp724,3 T

- Improving access and quality of education, including PIP, KIP College, BOS, BOP PAUD, scholarships (LPDP)
- **Providing free nutritious meals for school children, renovating schools, and building model schools**
- Strengthening link & match with the labor market (vocational & certification)

SOCIAL PROTECTION



Rp503,2 T

- Continuing social protection programs such as PKH, Kartu Sembako, PIP, KIP College
- Synergy and integration of social protection with **welfare cards**
- Strengthening lifelong social protection
- Strengthening graduation from poverty through empowerment-based social protection

HEALTH



Rp218,5 T

- Promotive and preventive efforts, accelerating the reduction of **stunting and TB cases**
- **Building quality hospitals, providing free health check-ups** and improving the effectiveness of the JKN program
- Strengthening technology and pharmaceutical independence
- Strengthening a reliable health system

FOOD SECURITY



Rp139,4 T

- Intensification and extensification of agricultural land, strengthening agricultural facilities and infrastructure (e.g., dams and irrigation)
- Food barns & increasing farmers' access to financing
- Strengthening national food reserves (availability and affordability of food)

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



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

THANK YOU



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