



MINISTRY OF FINANCE
REPUBLIC OF INDONESIA

RECENT MACROECONOMIC and FISCAL DEVELOPMENT

February - 2025



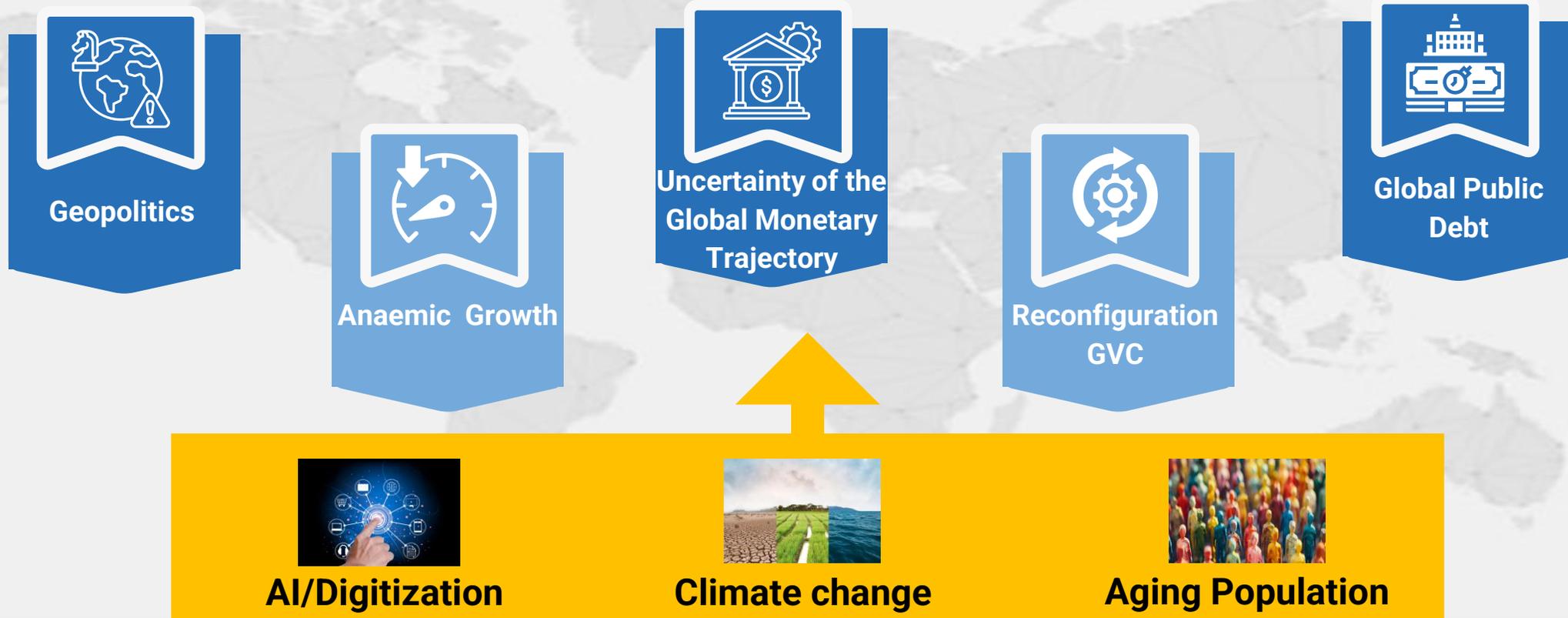


01

MACROECONOMIC UPDATES



DYNAMIC & UNCERTAIN GLOBAL ECONOMIC SITUATION THROUGHOUT 2024



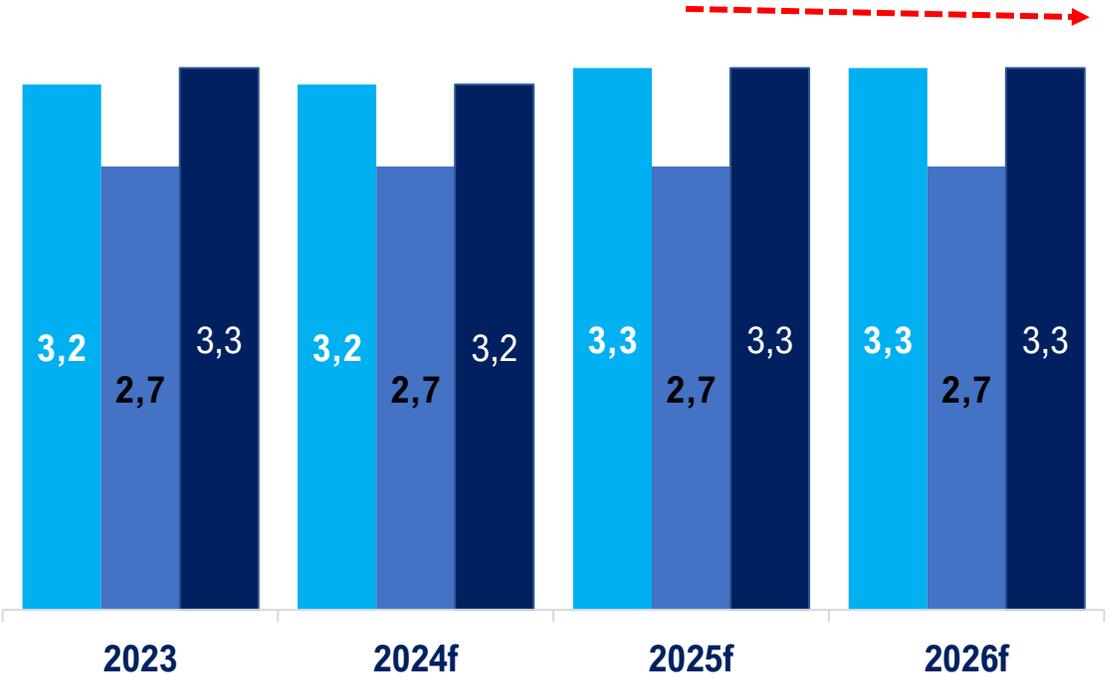
 <ul style="list-style-type: none"> <input type="checkbox"/> Dovish outlook for FFR Cut <input type="checkbox"/> Trump 2.0 <input type="checkbox"/> High fiscal pressure 	 <ul style="list-style-type: none"> <input type="checkbox"/> Weak growth <input type="checkbox"/> Low domestic consumption <input type="checkbox"/> Property sector crisis <input type="checkbox"/> Hidden debt of the local government <i>Trump 2.0 effect</i> 	 <ul style="list-style-type: none"> <input type="checkbox"/> <i>Weak growth</i> <input type="checkbox"/> <i>Political instability</i> <input type="checkbox"/> <i>Trump 2.0 effect</i> 	 <ul style="list-style-type: none"> <input type="checkbox"/> Strong manufacturing growth and performance <input type="checkbox"/> Monetary policy is still restrictive <input type="checkbox"/> High inflation 	 <ul style="list-style-type: none"> <input type="checkbox"/> Epicentrum of growth <input type="checkbox"/> Spillover of Trump 2.0 and China's Weakening?
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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

■ OECD Dec '24 ■ WB Jan '25 ■ IMF Jan '25



Sources: WEO IMF, WB GEP, OECD

Economic Growth Projections of Several Countries (% yoy)

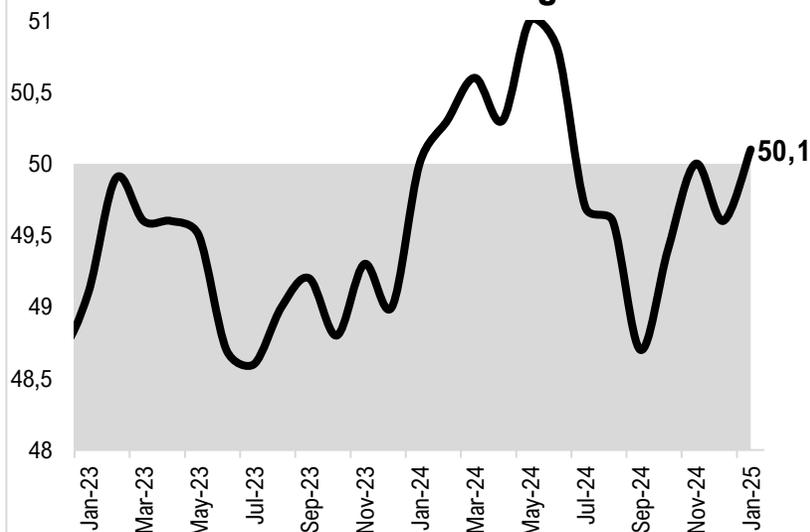
Country	2023	2024f	2025f
World	3.3	3.2	3.2
United States	2.5	2.8	2.2
Euro Area	0,5	0.8	1.2
China	5.2	4.8	4.5
Indonesia	5.0	5.0	5.1
India	8.2	7.0	6.5
ASEAN-5	4.1	4.5	4.5

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

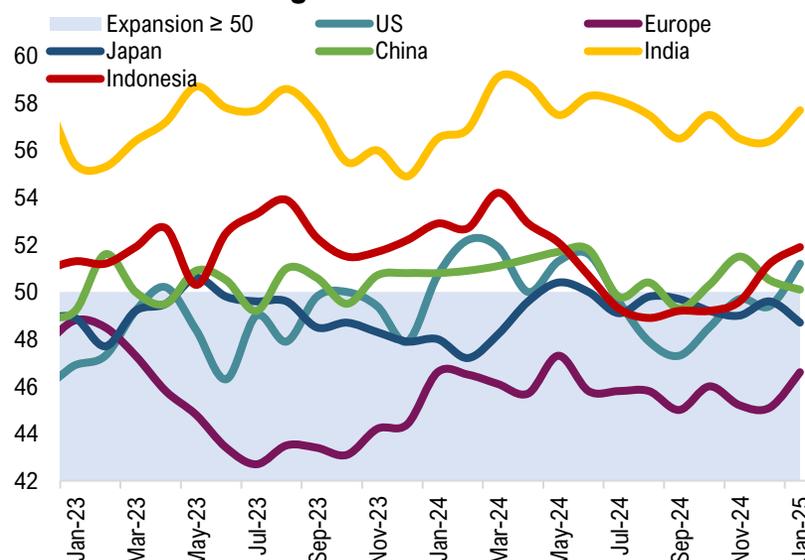


GLOBAL MANUFACTURING ACTIVITY RETURNS TO EXPANSION ZONE IN JANUARY 2025, SERVICES SECTOR CONTINUES STRONG GROWTH

Global Manufacturing PMI



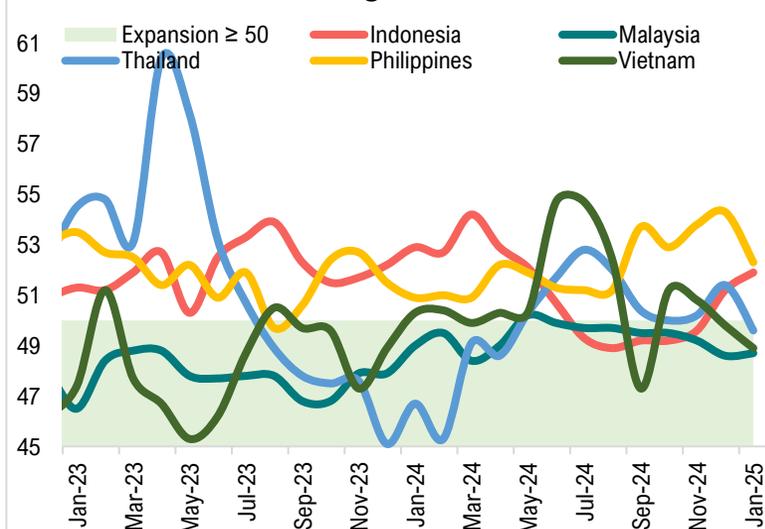
Manufacturing PMI - several G20 countries



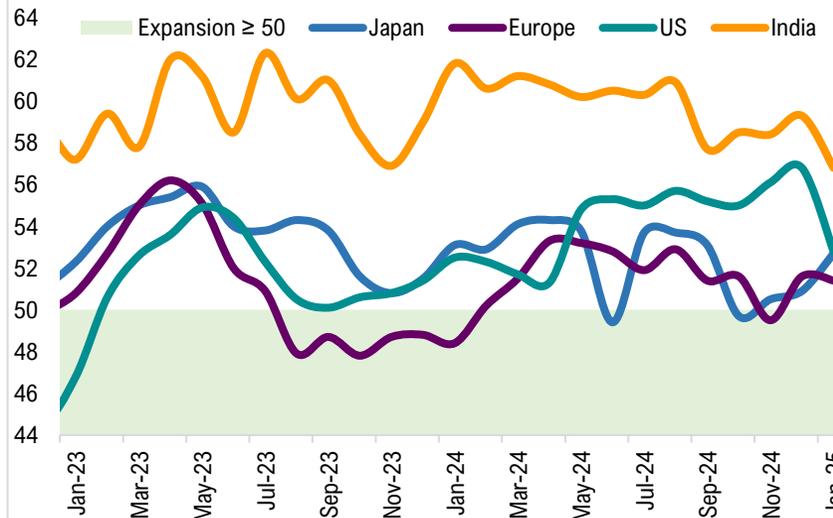
Distribution of Manufacturing PMI in January 2025 for G20 and ASEAN-6 countries (minus MEX, ARG)



Manufacturing PMI - ASEAN countries



Services PMI - several G20 countries

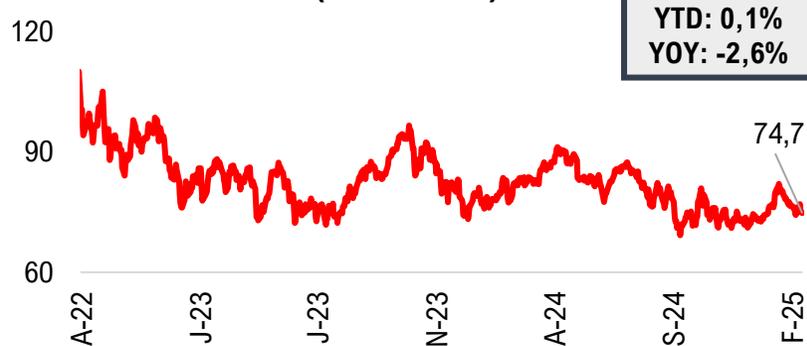


GLOBAL COMMODITY PRICES REMAIN VOLATILE

Commodity prices are influenced by global demand and supply, market expectations and global trade policy movements, including Trump's Tariff

ENERGY COMMODITIES

Brent (US\$/barrel)



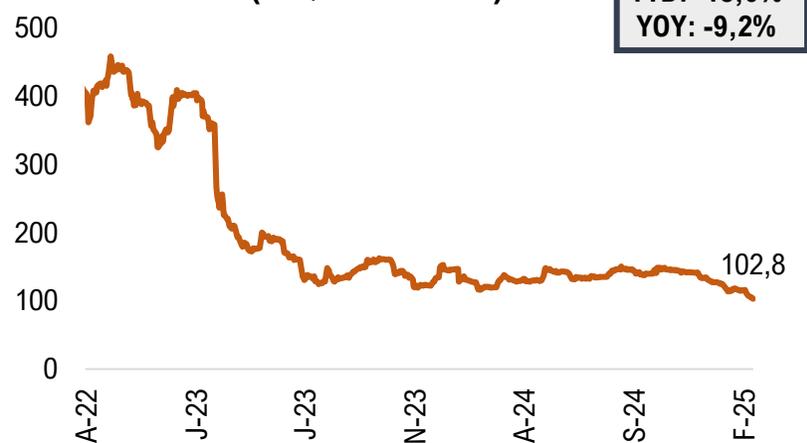
Anadolu Ajansı

Oil prices fall on Russia-Ukraine peace hopes, rising US inventories



Improving prospects for a peace settlement in Russia-Ukraine war ease market player's supply concerns - Anadolu Agency.

Coal (US\$/Metric Ton)



AGRICULTURE COMMODITIES

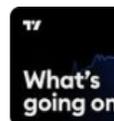
CPO (US\$/Ton)



TradingView

Palm ticks up on firmer crude oil, set for fourth weekly gain

Malaysian palm oil futures inched higher on Friday, supported by firmer crude oil prices, and were on track for a fourth straight weekly gain,...

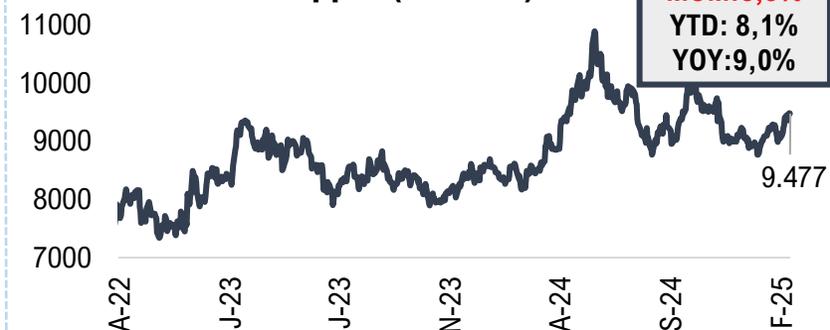


Rice (US\$/cwt)



MINING COMMODITIES

Copper (US\$/MT)



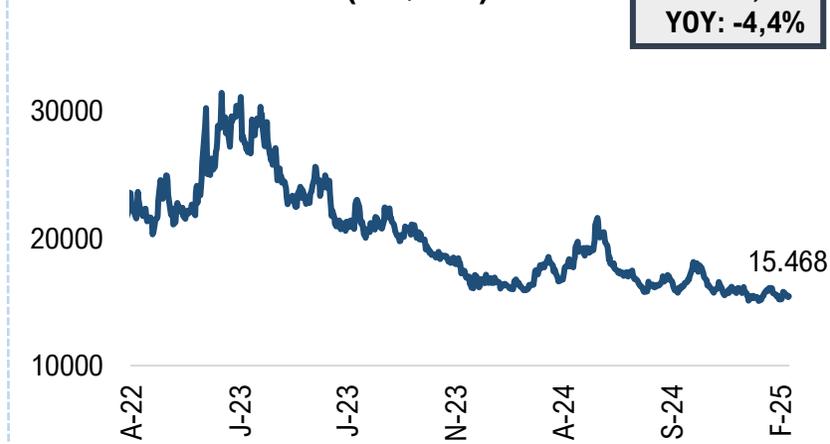
Crude Oil Prices Today | OilPrice.com

Contango Signals Caution for Copper Bulls

Copper prices are experiencing volatility due to tariff expectations and shifting global demand, with a record delta between exchanges and contango...



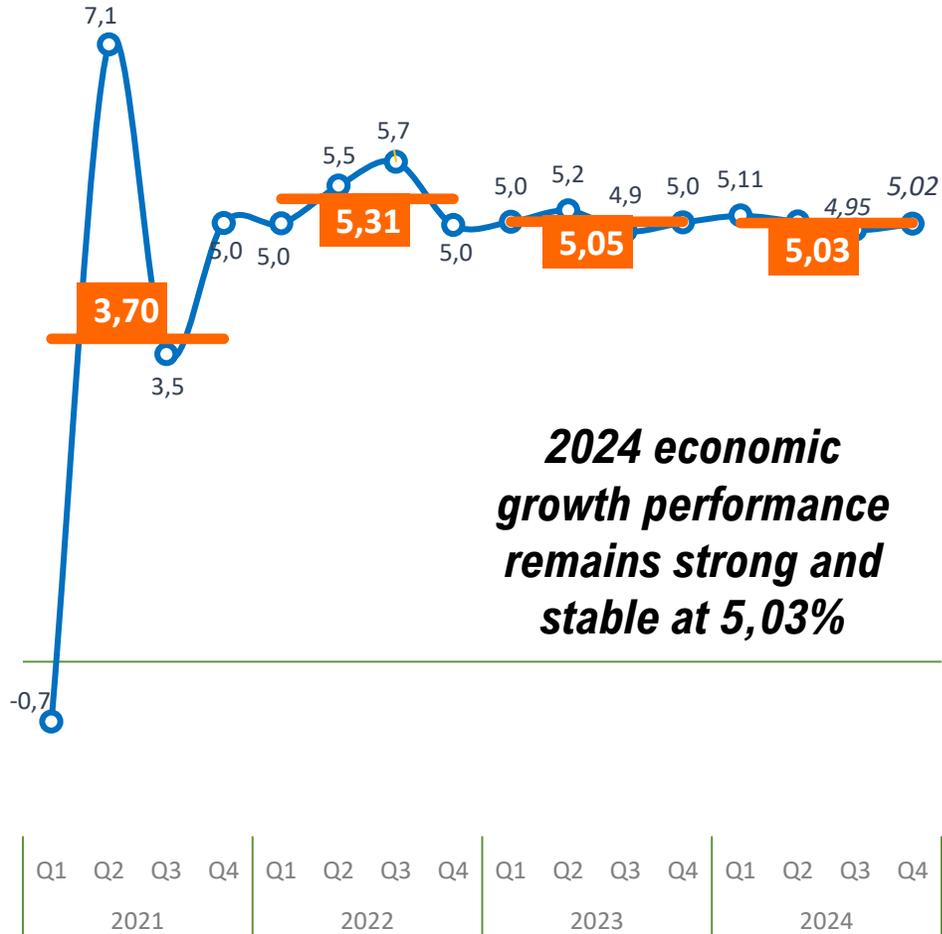
Nickel (US\$/MT)



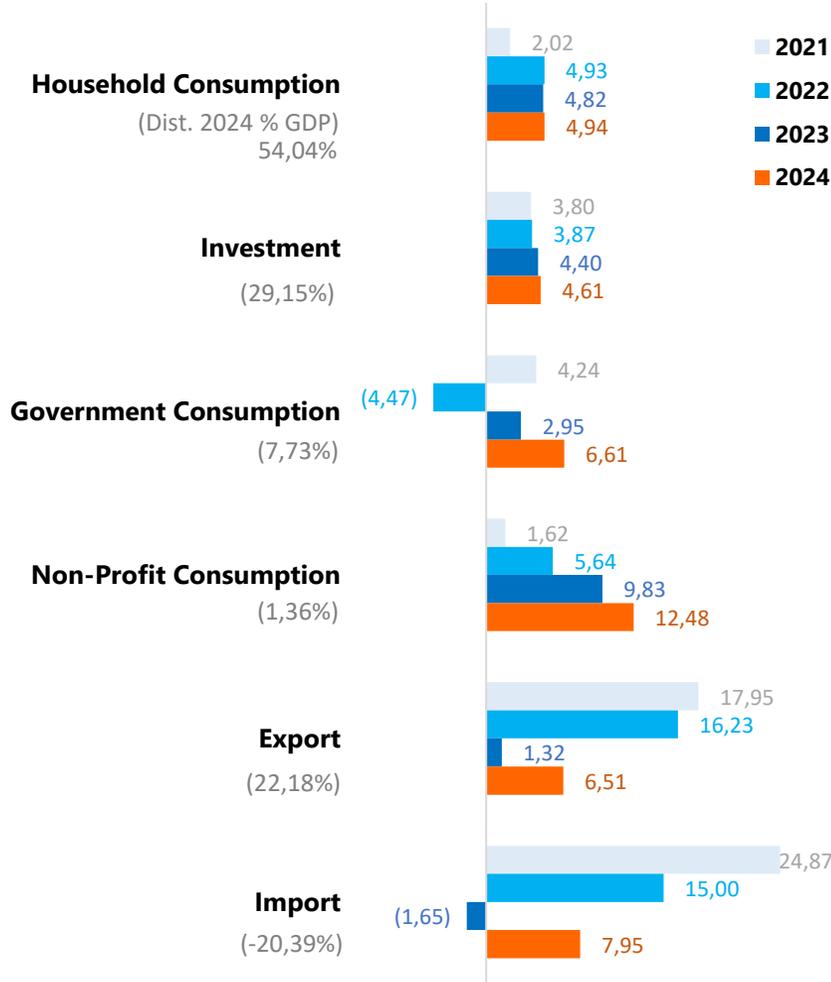
INDONESIA'S ECONOMY GREW 5,02% IN THE LAST QUARTER OF 2024

Driven by household consumption (4,98%, yoy) and manufacturing sector (4,89%) expansion

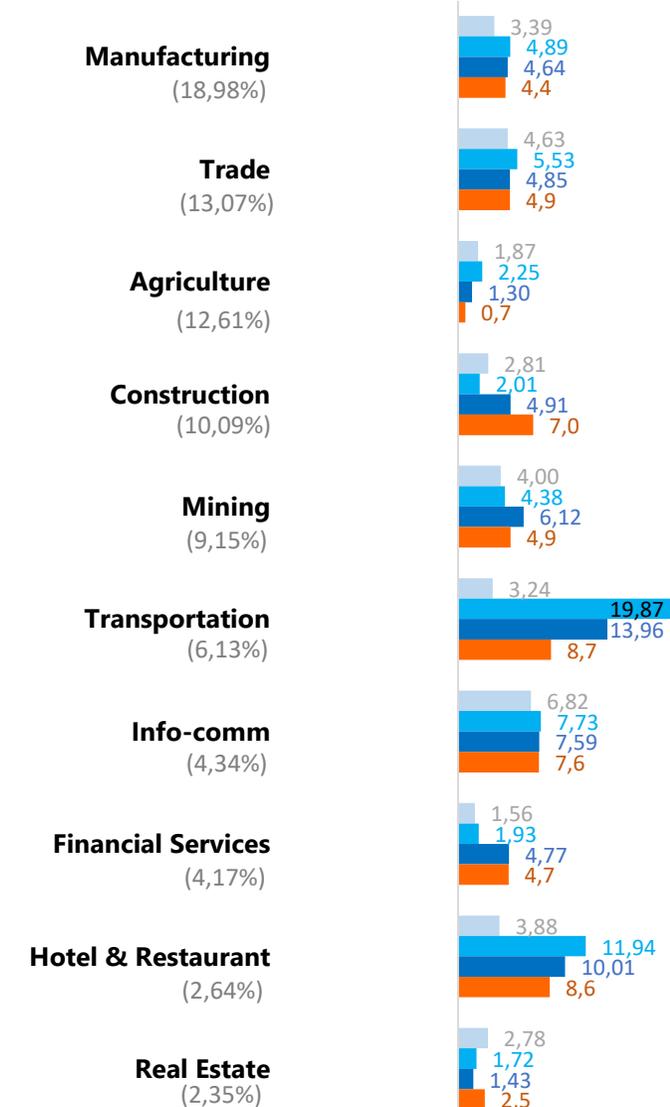
Economic Growth (% ,yoy)



GDP Growth: Expenditure (% ,yoy)

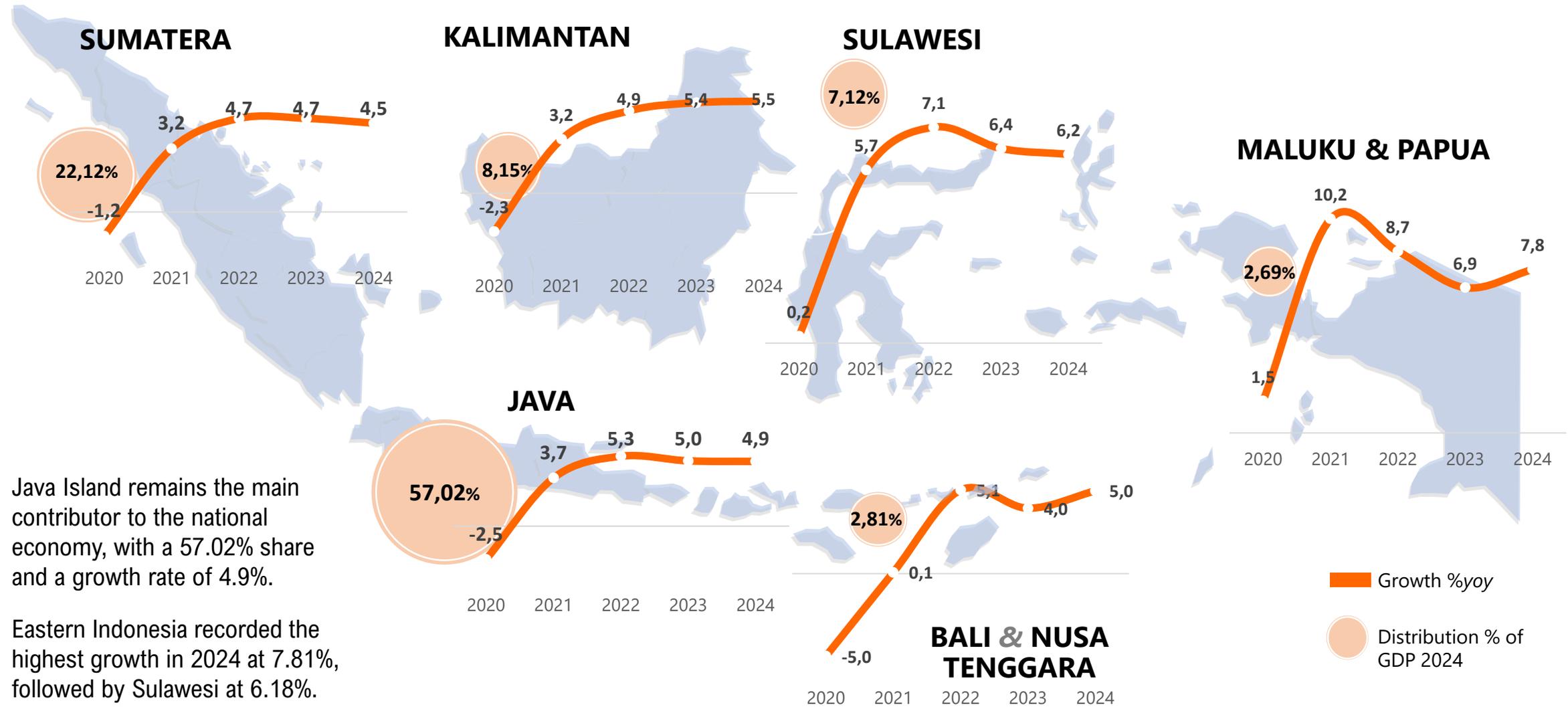


GDP Growth: Production (% ,yoy)



STABLE SPATIAL ECONOMIC STRUCTURE

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



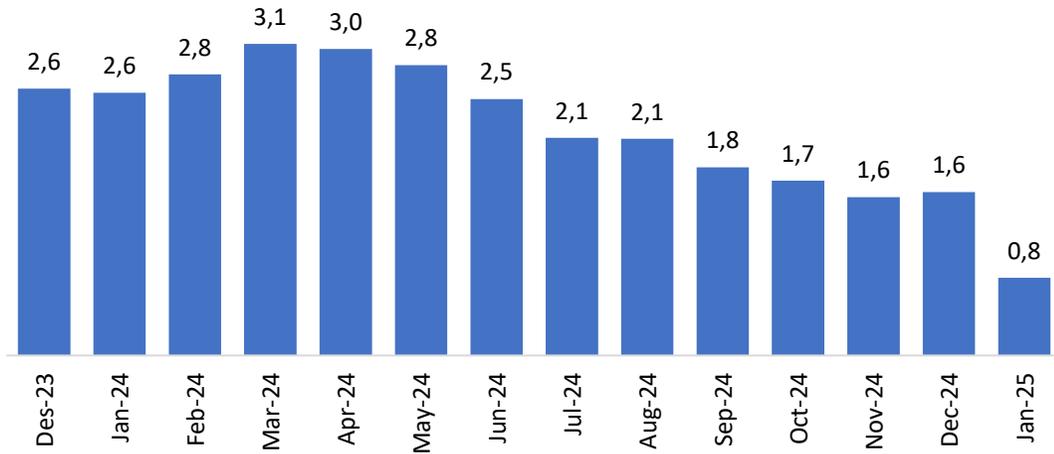
- Java Island remains the main contributor to the national economy, with a 57.02% share and a growth rate of 4.9%.
- Eastern Indonesia recorded the highest growth in 2024 at 7.81%, followed by Sulawesi at 6.18%.

 Growth %yoy
 Distribution % of GDP 2024

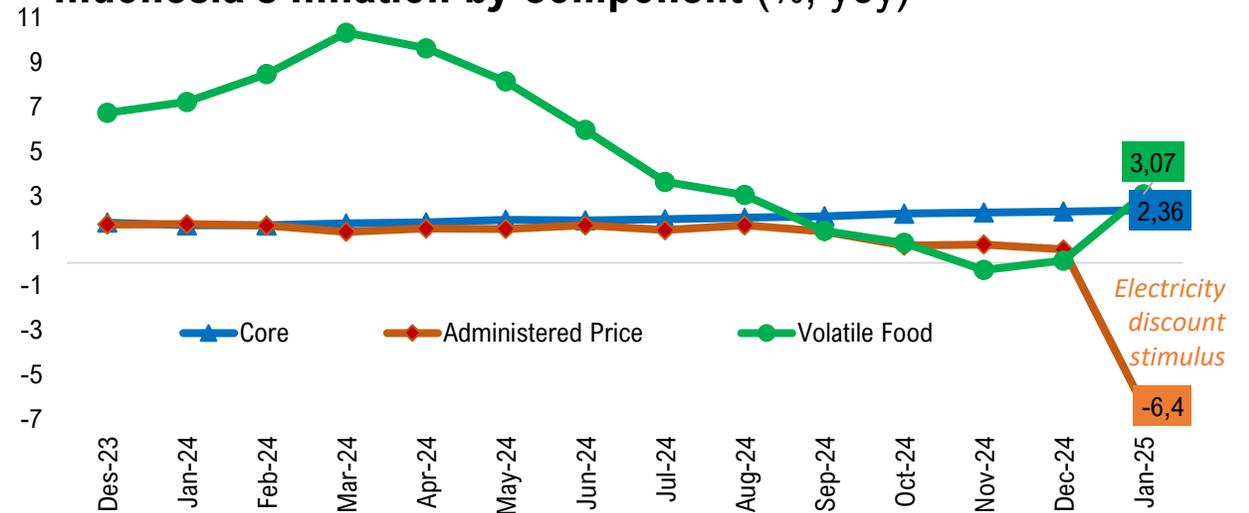
INFLATION TRENDS REMAIN MANAGEABLE

Short-term drop in Jan 2025 due to Government Stimulus 2025

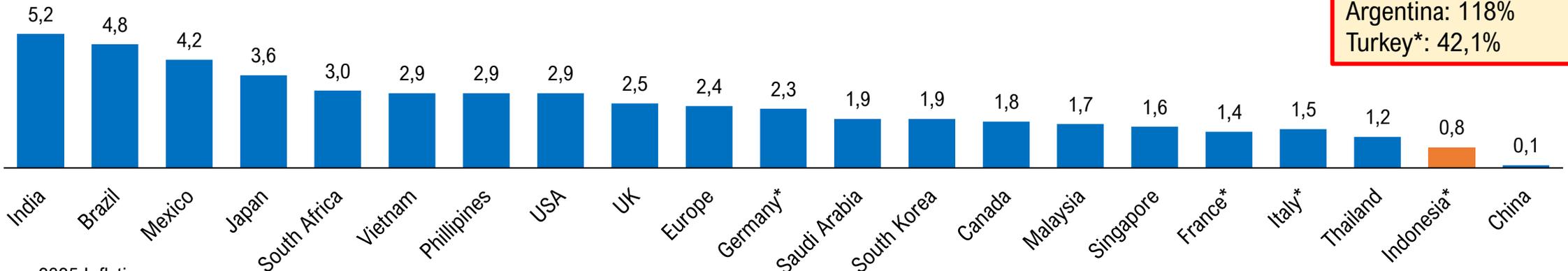
Indonesia's Inflation Rate (% , yoy)



Indonesia's Inflation by Component (% , yoy)



December 2024 Inflation Rate by Country (% eop, yoy)



*January 2025 Inflation

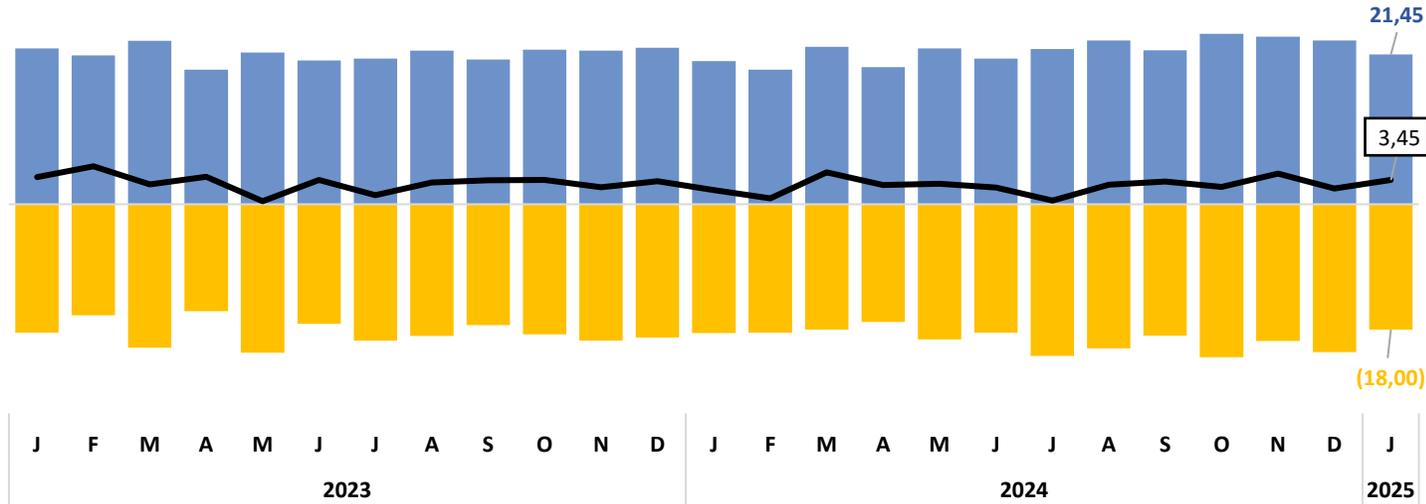


TRADE BALANCE IN JANUARY 2025 IS CONSISTENTLY SURPLUS

Strong trade performance is expected to drive economic growth, create jobs, and increase national income

Indonesia's Monthly Trade Balance (US\$ Billion)

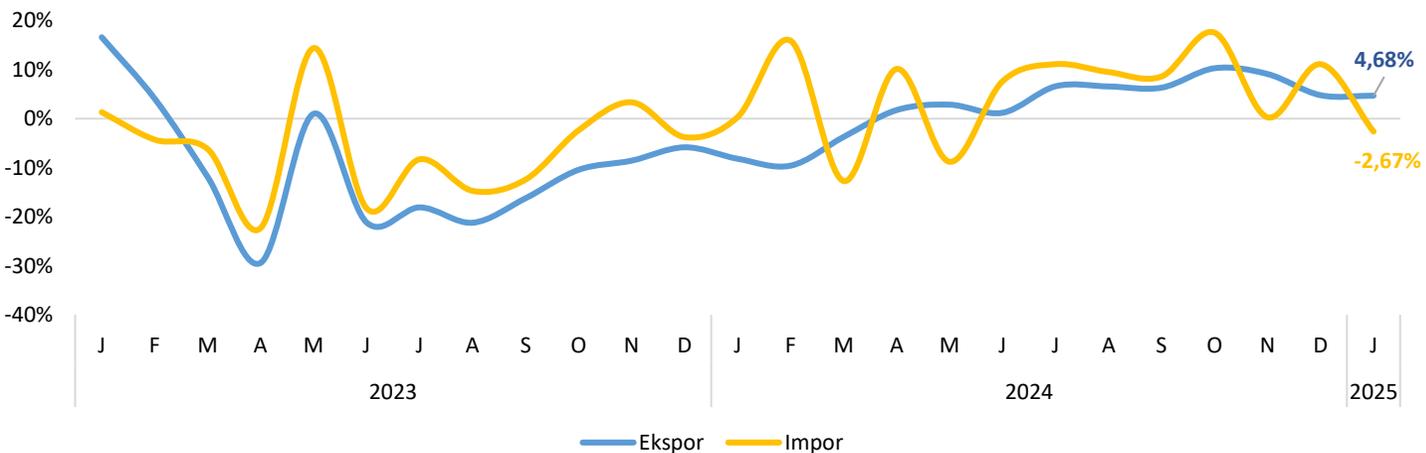
■ export ■ import — Trade balance



Trade Balance (US\$ Billion)



Export-Import Value Growth (% , yoy)



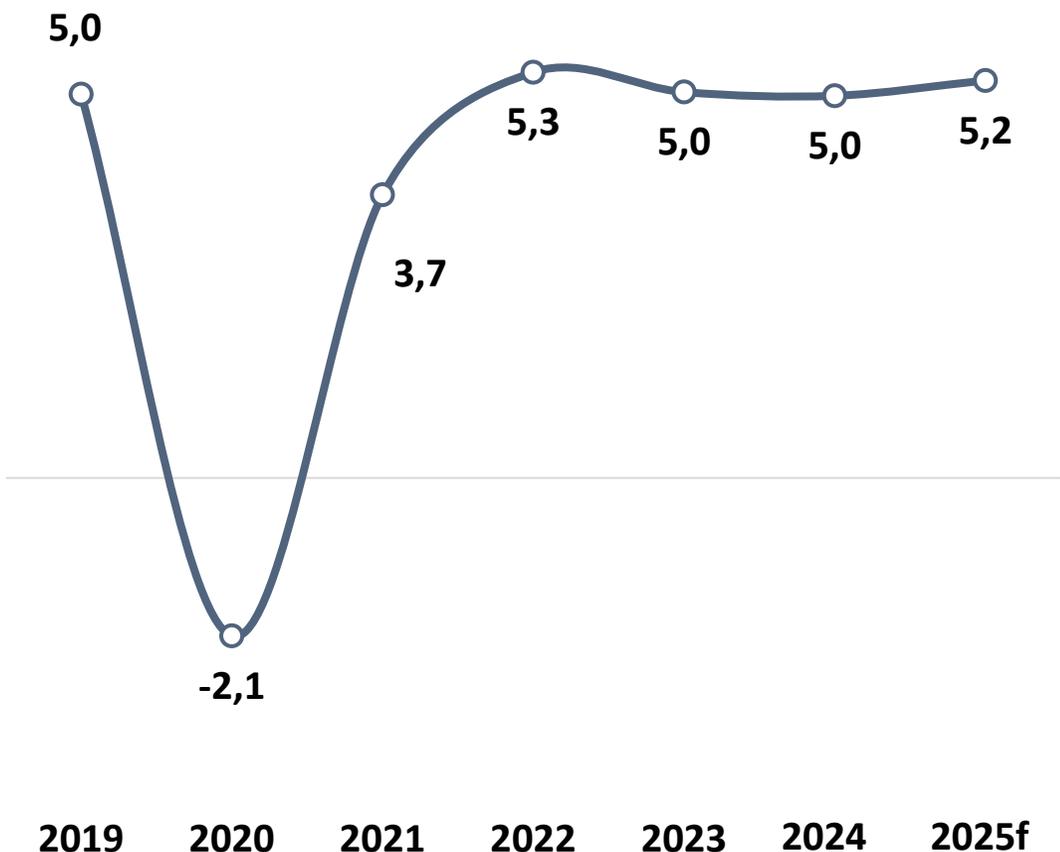
- Export value in January 2025 is recorded at USD21.45 billion (up 4.68%, yoy), while import value is at USD18 billion (down 2.67%, yoy)
- January 2025 trade balance is USD3.45 billion, showing an upgrade from January last year and continuing a surplus trend for 57 consecutive months.
- Trade surplus in January 2025 has potential to support GDP via net export strengthening, driven by increase in non-oil-and-gas export, particularly in agriculture and manufacturing sector. This positive export performance is reflecting structural development in value-added sector. Meanwhile, a 1,74% (yoy) growth for capital goods import is a positive signal for long-term investment and production capacity expansion, which is expected to strengthen domestic economy.



ECONOMIC GROWTH IS PROJECTED TO REMAINS STRONG

Economic growth is expected to be at 5.2% in 2025

National Economic Growth (% , yoy)



- Domestic consumption remains strong, driven by increased economic activity during major religious holidays, year-end vacations, and stable inflation.
- Investment in both buildings and non-buildings continues to grow, supported by progress in completing National Strategic Projects (PSN).
- Economic activity in 2025 is projected to expand by 5.2%.
- To sustain household consumption, the government has introduced various incentives, including electricity bill discounts, income tax exemptions for workers in the textile, apparel, footwear, and furniture industries, and an extended VAT exemption on home purchases.

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**



Econ Outlook Dec-24

2024 : **5.1**
2025 : **5.2**

Bloomberg

Consensus
Forecast

2024 : **5.0** 2025 : **5.0**

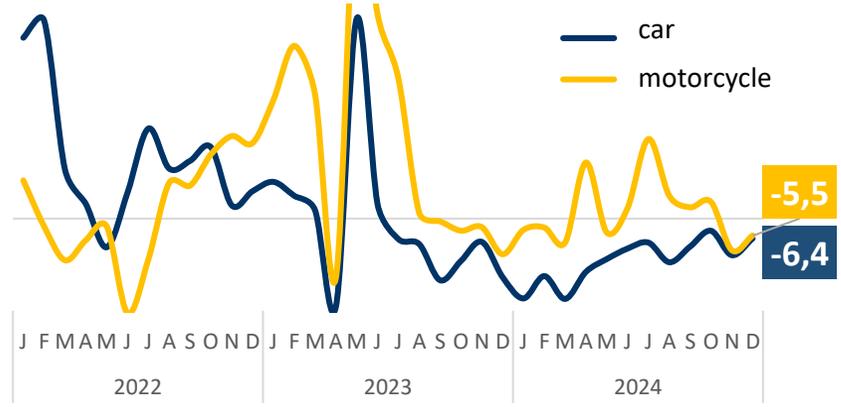
CONSUMPTION INDICATORS STRENGTHEN, MANUFACTURING PERFORMANCE RETURNS TO EXPANSION

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



Source: Bank Indonesia

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



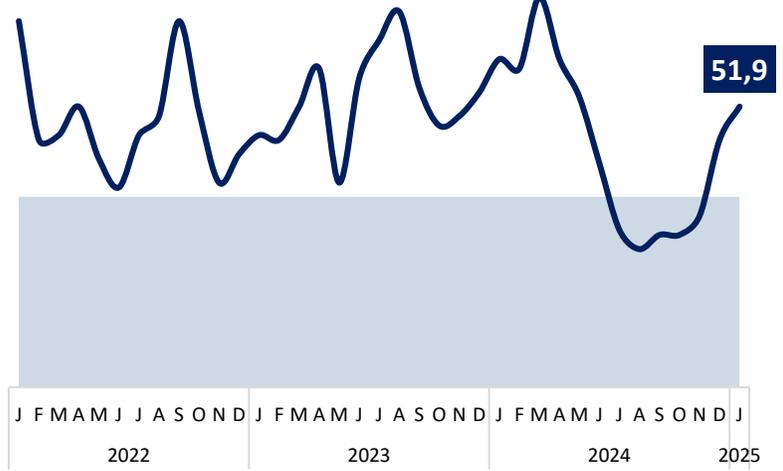
Source: Gaikindo, AISI

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



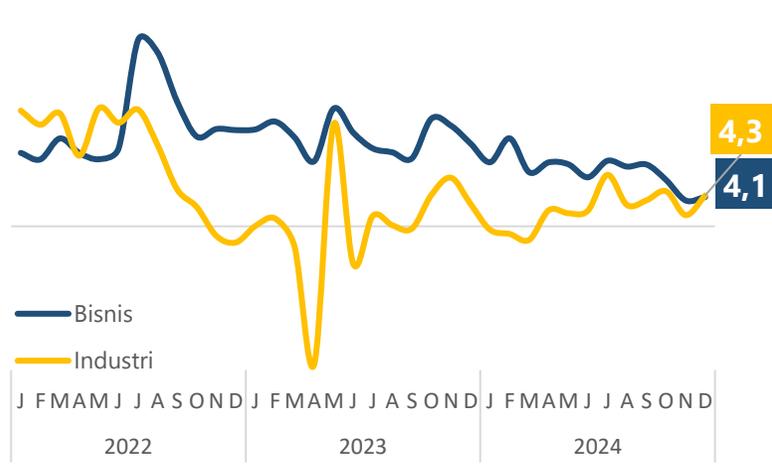
Source: Bank Indonesia

Manufacturing activity is expanding, driven by increased production and demand (January, Index)



Source: Bloomberg, IHS Markit

Electricity Consumption shows positive growth (December, % yoy)



Source: State Electricity Company

Cement consumption is slowing down (December, % yoy)

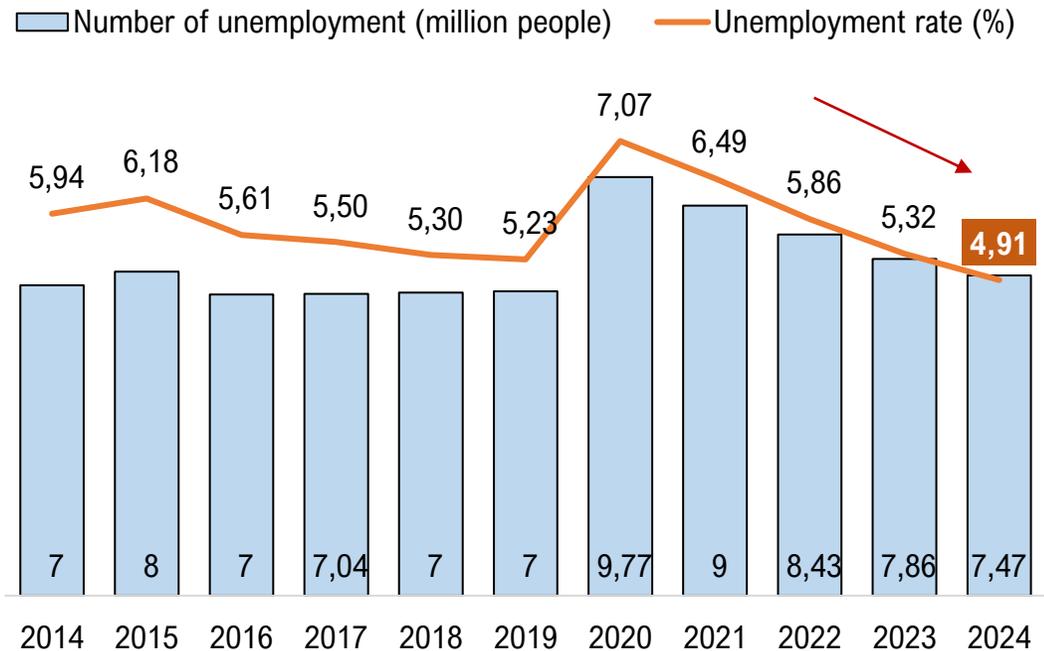


Source: Indonesian Cement Association

THE OPEN UNEMPLOYMENT RATE AND POVERTY CONTINUE TO DECREASE

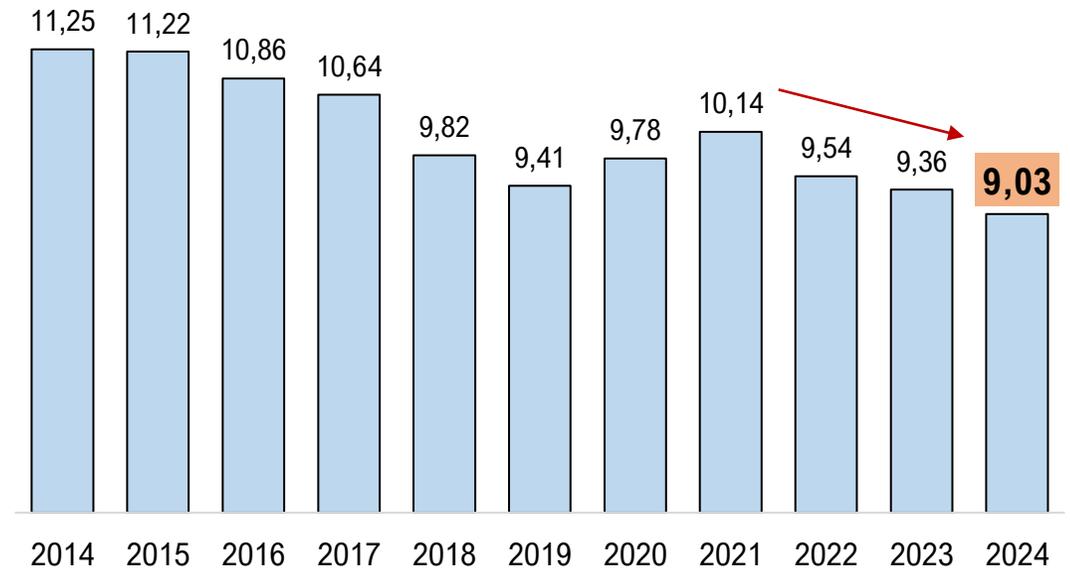
- The strengthened economic activities and various social assistance programs have contributed to reduce the open unemployment rate and to the decline in the poverty rate.

Unemployment Rate



Source: Statistics Indonesia, August Data

Poverty Rate (%)



Source: Statistics Indonesia, March Data

02 | FISCAL UPDATES



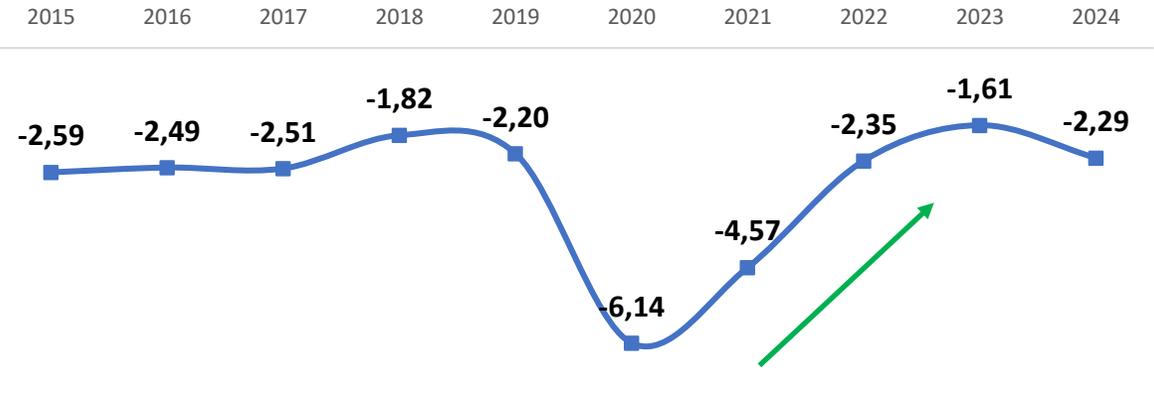
OVERALL FISCAL POSITION CONTINUED TO IMPROVE

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

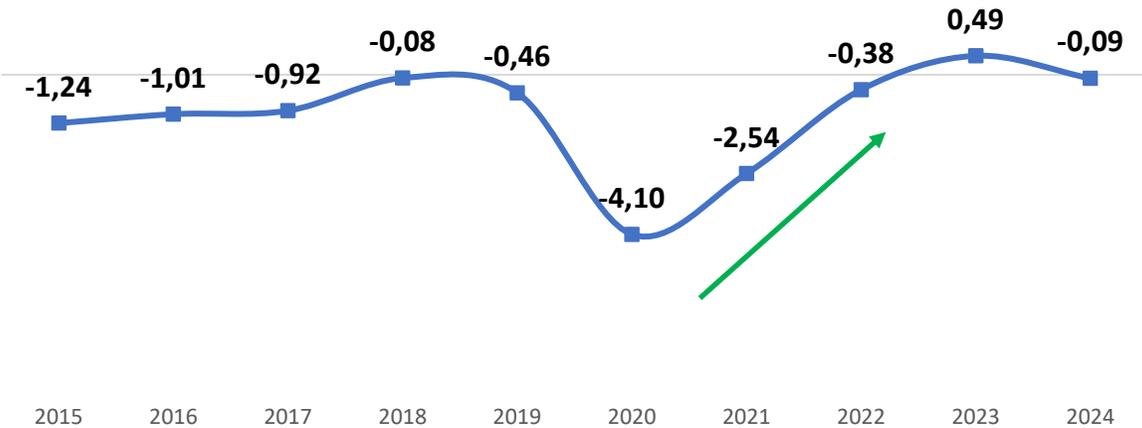
Revenue and tax ratio increases in line with stronger recovery (% GDP)



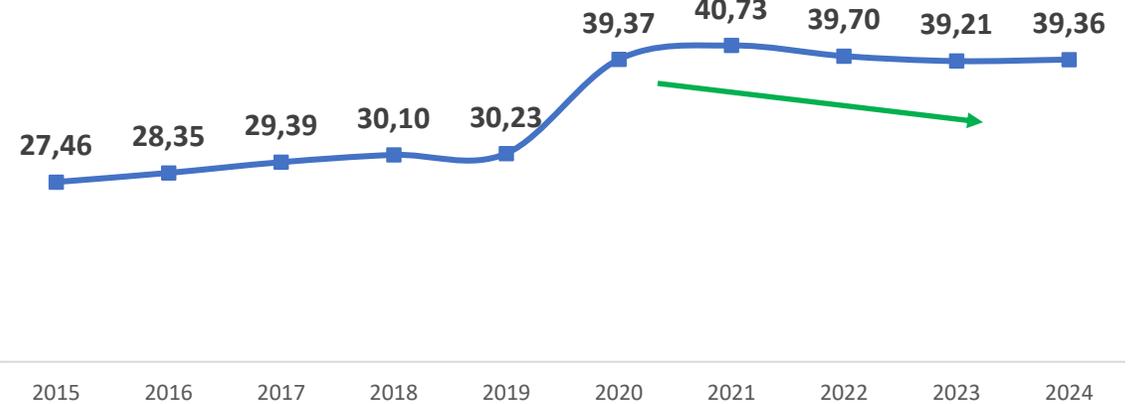
Overall budget position improved significantly (% GDP)



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)	Temporary 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



Rp144,6 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



[Fiskal.id/IRU](https://fiskal.id/IRU)

