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Ministry of Finance Indonesia

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RECENT ECONOMIC DEVELOPMENT

July 2026

OVERVIEW

1

Macroeconomic Performance

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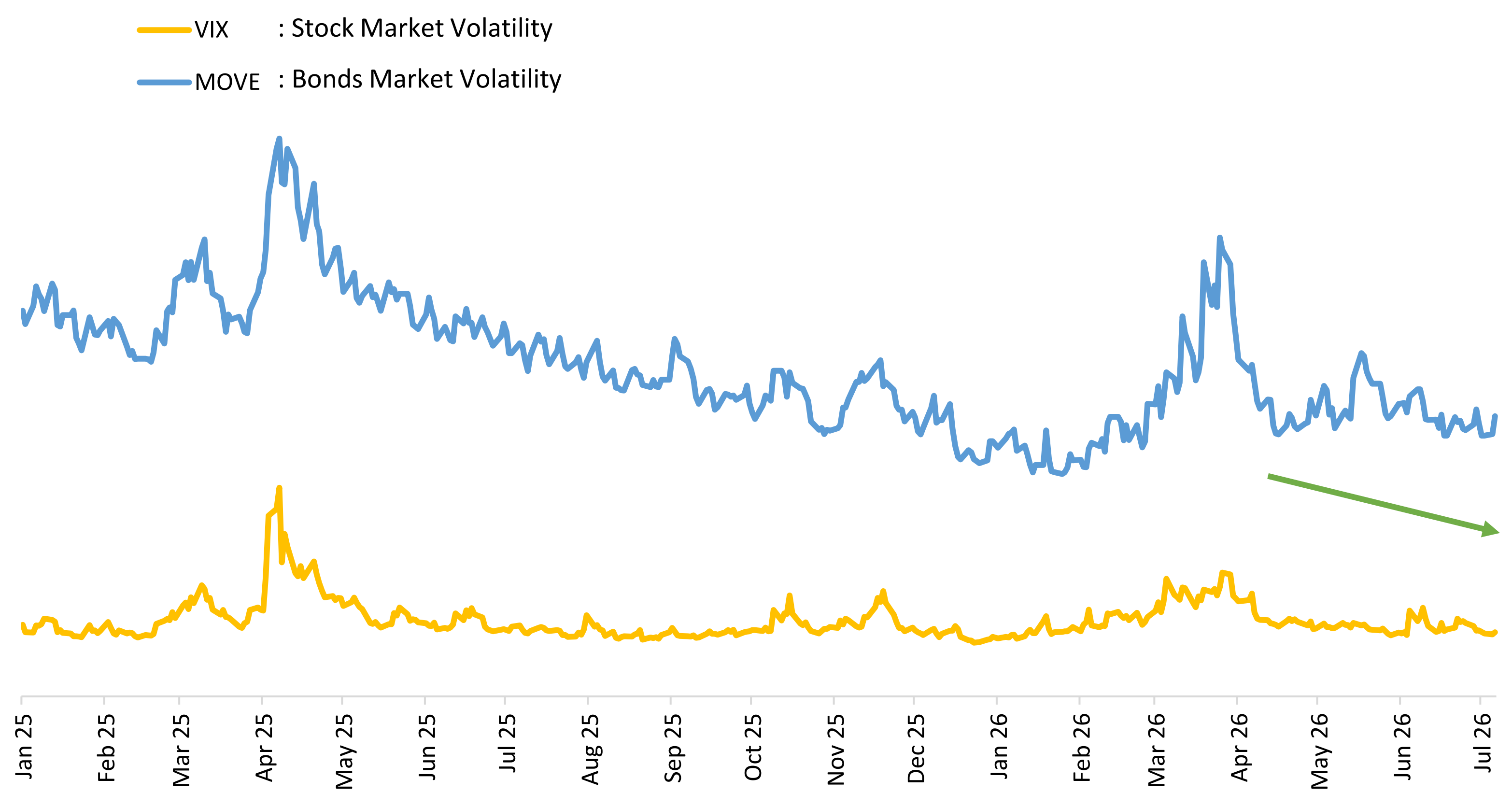
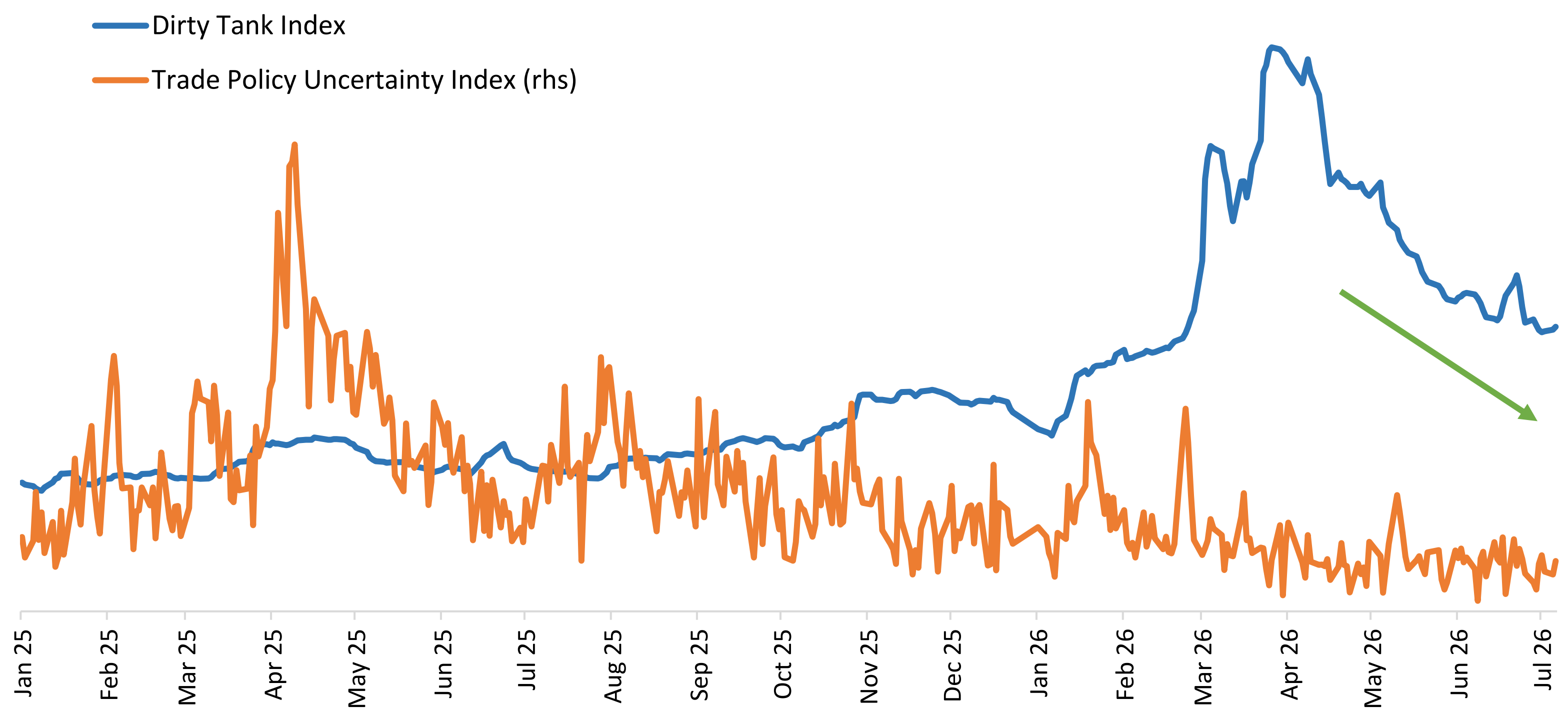
GLOBAL ECONOMIC OUTLOOK: GLOBAL UNCERTAINTY DECLINES, BUT RISKS REMAIN PERSISTENT

Uncertainty Indicators Ease

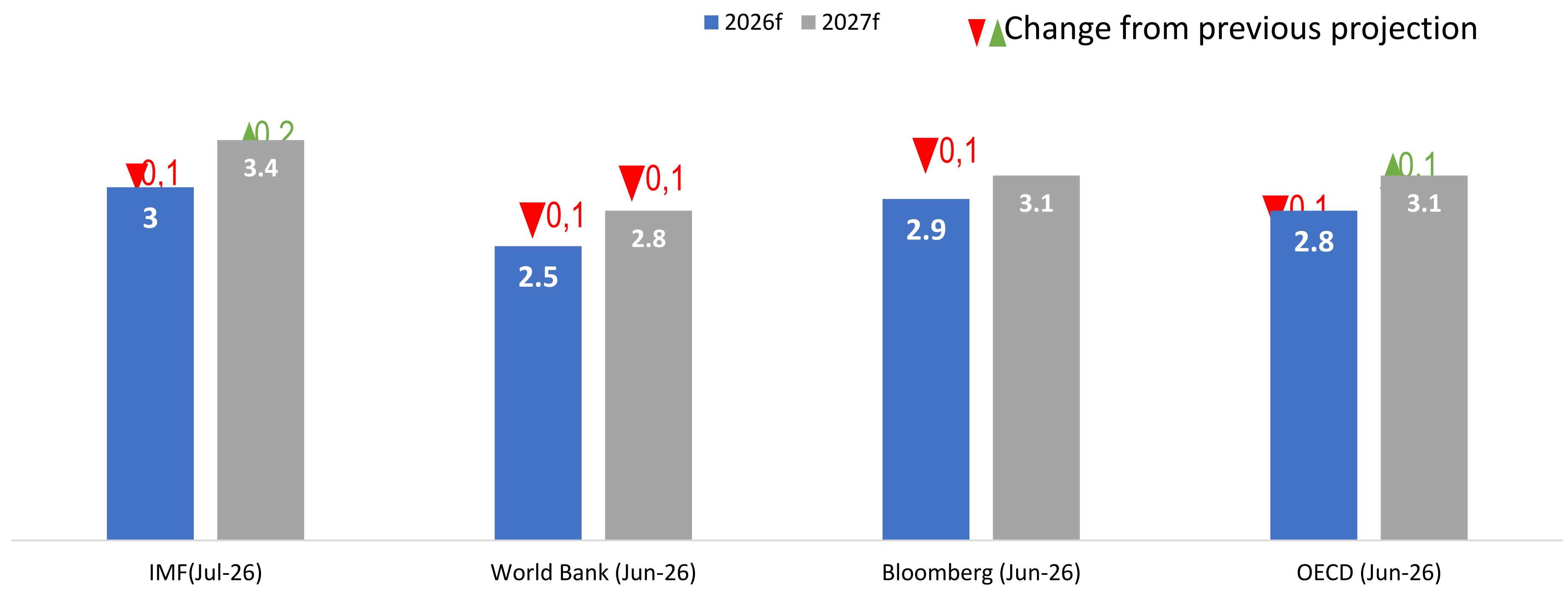




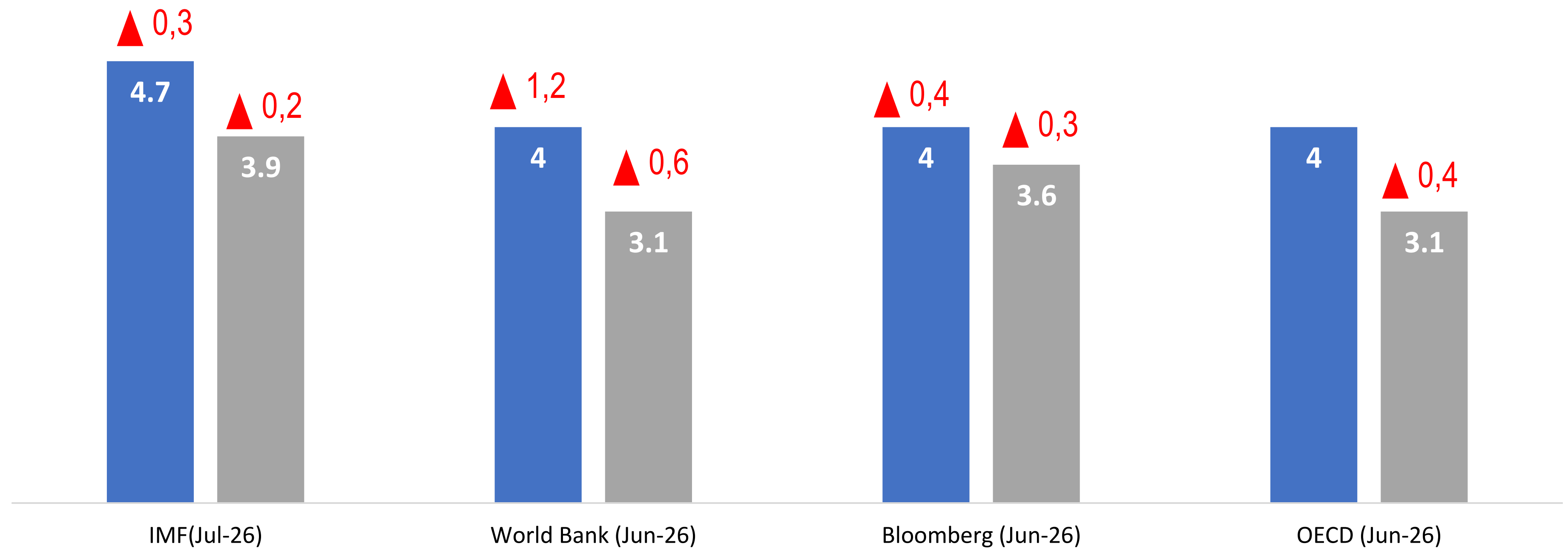
Source: Bloomberg, policyuncertainty.com

Economic Prospects Still Overshadowed by Risks: Economic Growth Projections Revised Downward, Inflation Rises

Global GDP Growth Projection (%yoy)



Global Inflation Projection (%yoy)

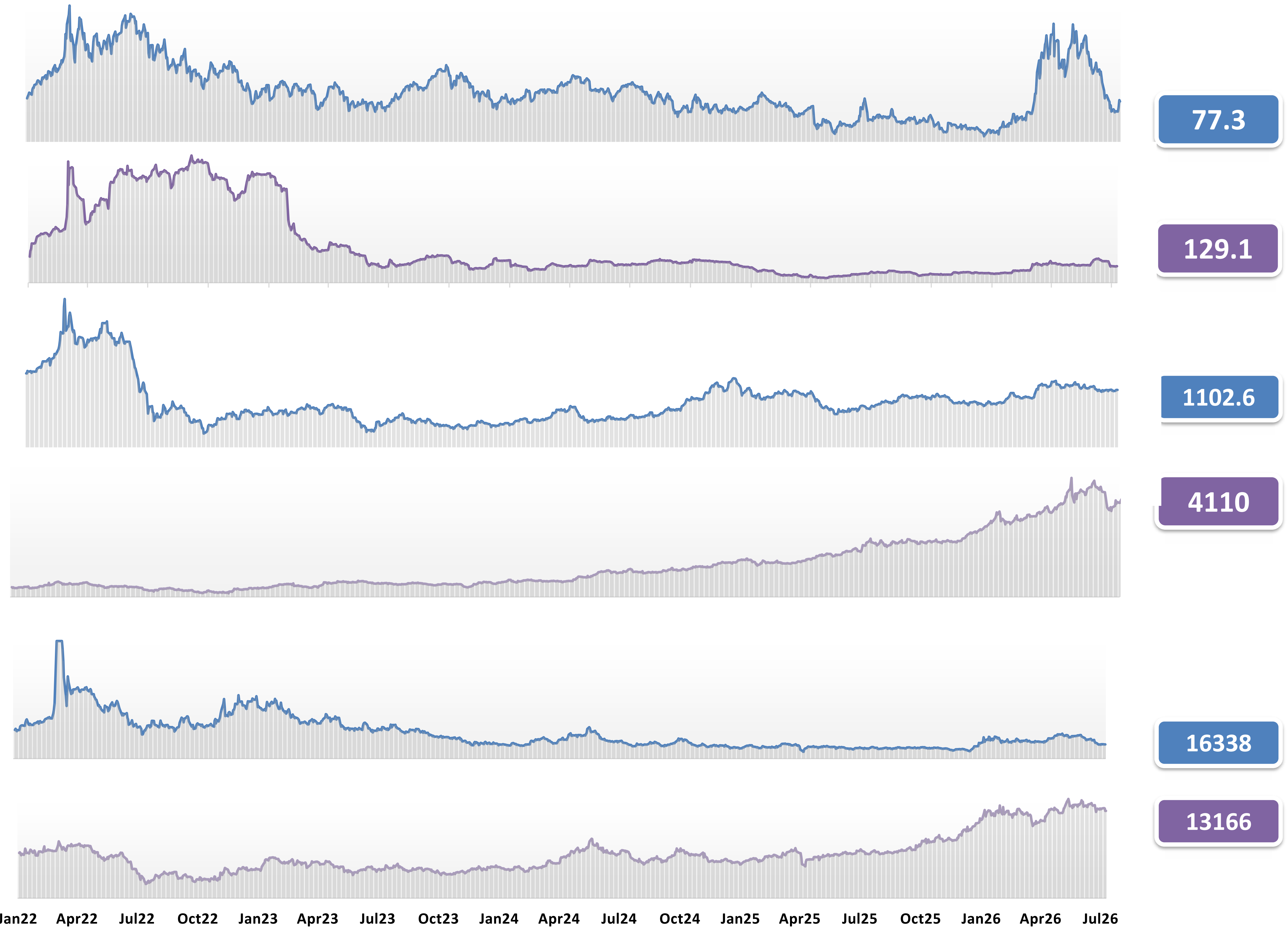


Source: IMF, OECD, WB, Bloomberg

ENERGY PRICE REMAINS VOLATILE

Brent oil prices rebounded following uncertainties of US-Iran ceasefire

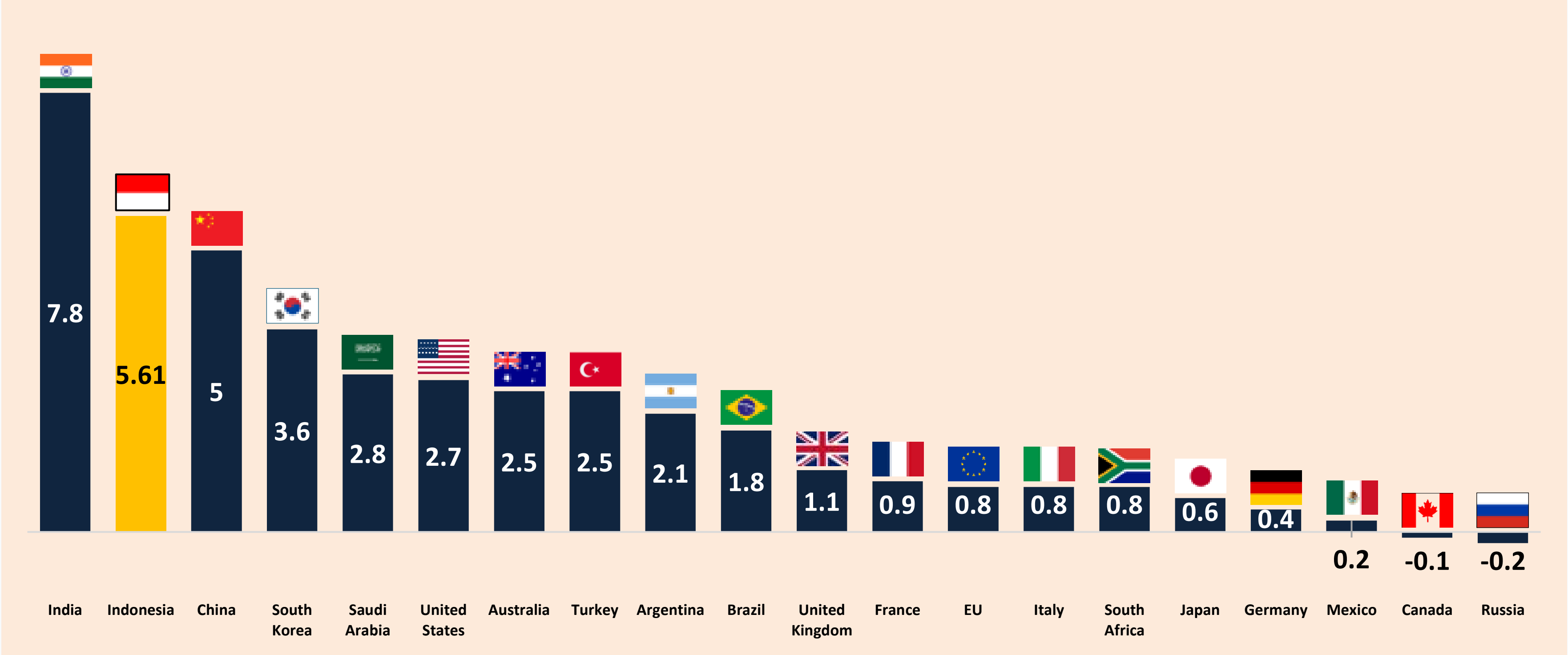
Commodity	MoM	YoY	YtD
Brent (USD/Barel)	-15.5%	22.8%	27.0%
Coal (USD/Ton)	-14.0%	23.1%	20.1%
CPO (USD/Ton)	0.8%	9.3%	13.2%
Gold (USD/Troy Ounce)	-5.3%	51.0%	-4.9%
Nickel (USD/Ton)	-9.6%	14.6%	-1.9%
Copper (USD/Ton)	-3.3%	38.8%	6.0%



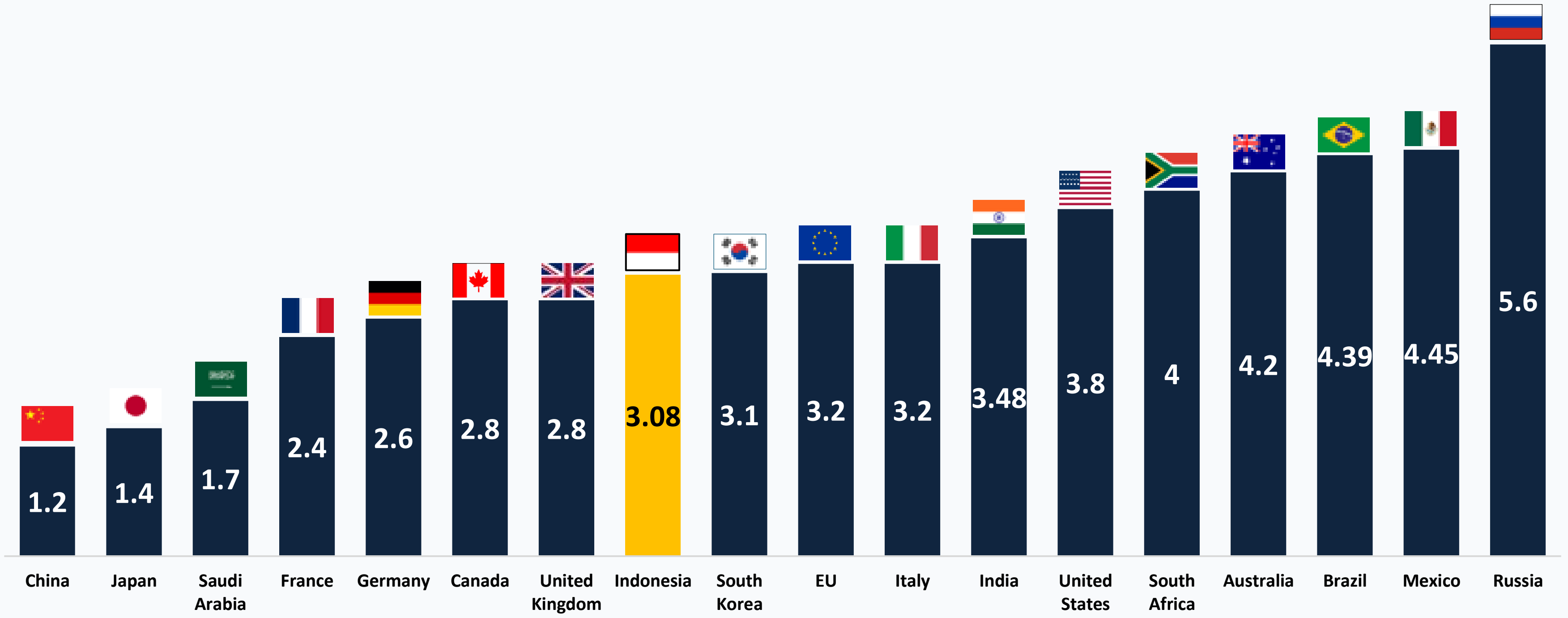
Source: Bloomberg; data as of July 9, 2026, 09:30 JKT time. YoY reflects the year-to-date average compared with the same period in the previous year.

INDONESIA'S ECONOMIC AND FISCAL PERFORMANCE IN 2025 WAS BETTER COMPARED TO THE G-20 AND SEVERAL OTHER COUNTRIES

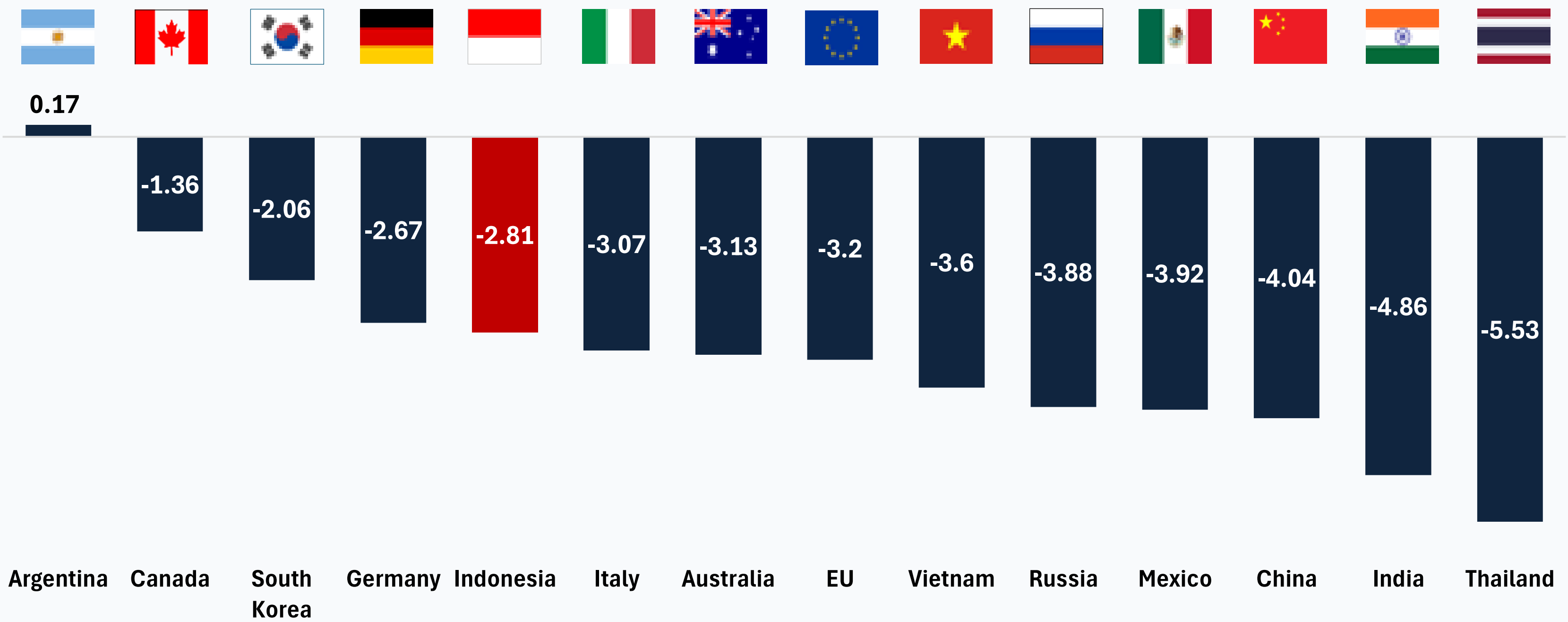
Economic Growth of G20 and Several Other Countries in Q1 2026



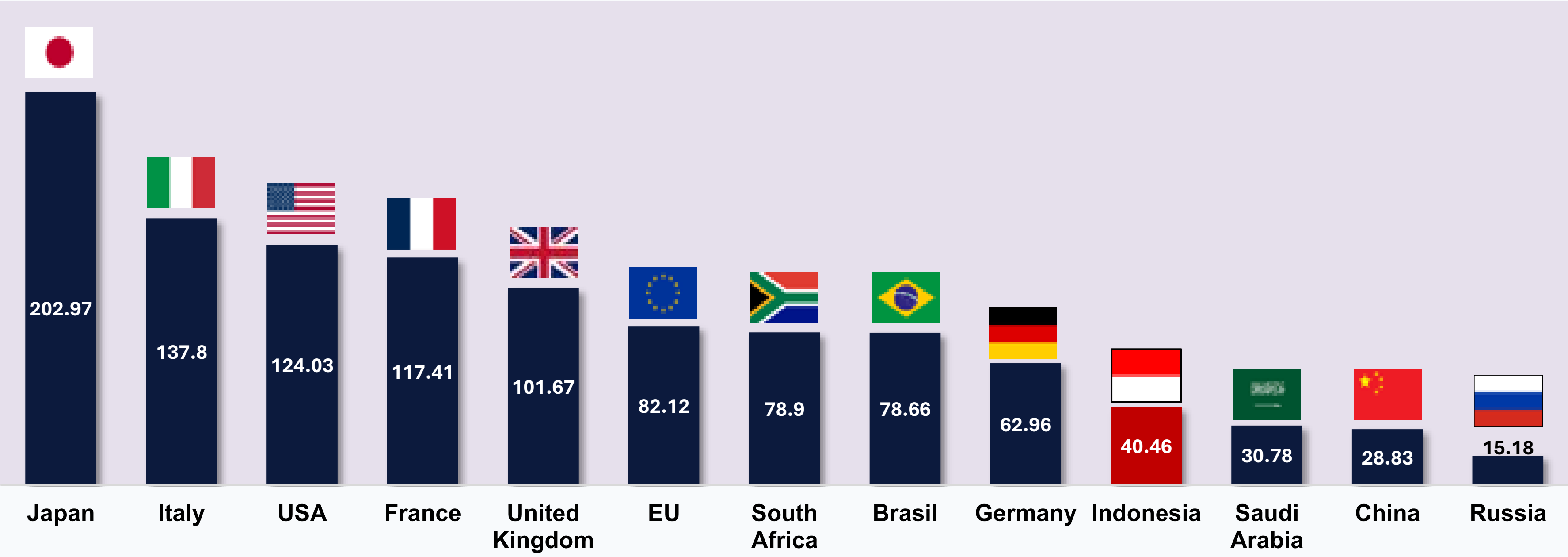
Inflation of G20 Countries as of May 2026



Fiscal Balance (%) of G20 and Several Other Countries in 2025



Debt to GDP Ratio (%) of G20 Countries in 2025



Source: CEIC, processed; *Some countries in 2025 still use Q4 2025 period*

ECONOMIC PERFORMANCE REMAINS RESILIENT, WHILE GLOBAL RISKS CONTINUE TO BE JOINTLY ANTICIPATED

A Strong Economic Growth

Q1 ‘26

5.61%

(Full year outlook 5.4-6.0%)

Highest in 3 Years, fueled by festive spending and government programs

B Controlled Inflation

June ‘26

3.34% yoy

0.44% mom

Inflation remains under control, purchasing power preserved

C Capital Inflows Increased

July 10, ‘26

Inflow accumulation

IDR 105,9 trillion

supported by strong inflows into government securities (SBN) and Bank Indonesia rupiah securities (SRBI)

D Adequate Foreign Reserves

May‘26

USD 144.9 billion

Equivalent to 5.5 months of imports and government external debt payments

E Money Supply (M0-Non Adjusted) Growth

June ‘26

14.1% yoy

Economic liquidity sufficient to support higher growth

F Credit Growth

May ‘26

11.5% yoy

Driven by strong investment credit growth of 22.0% yoy

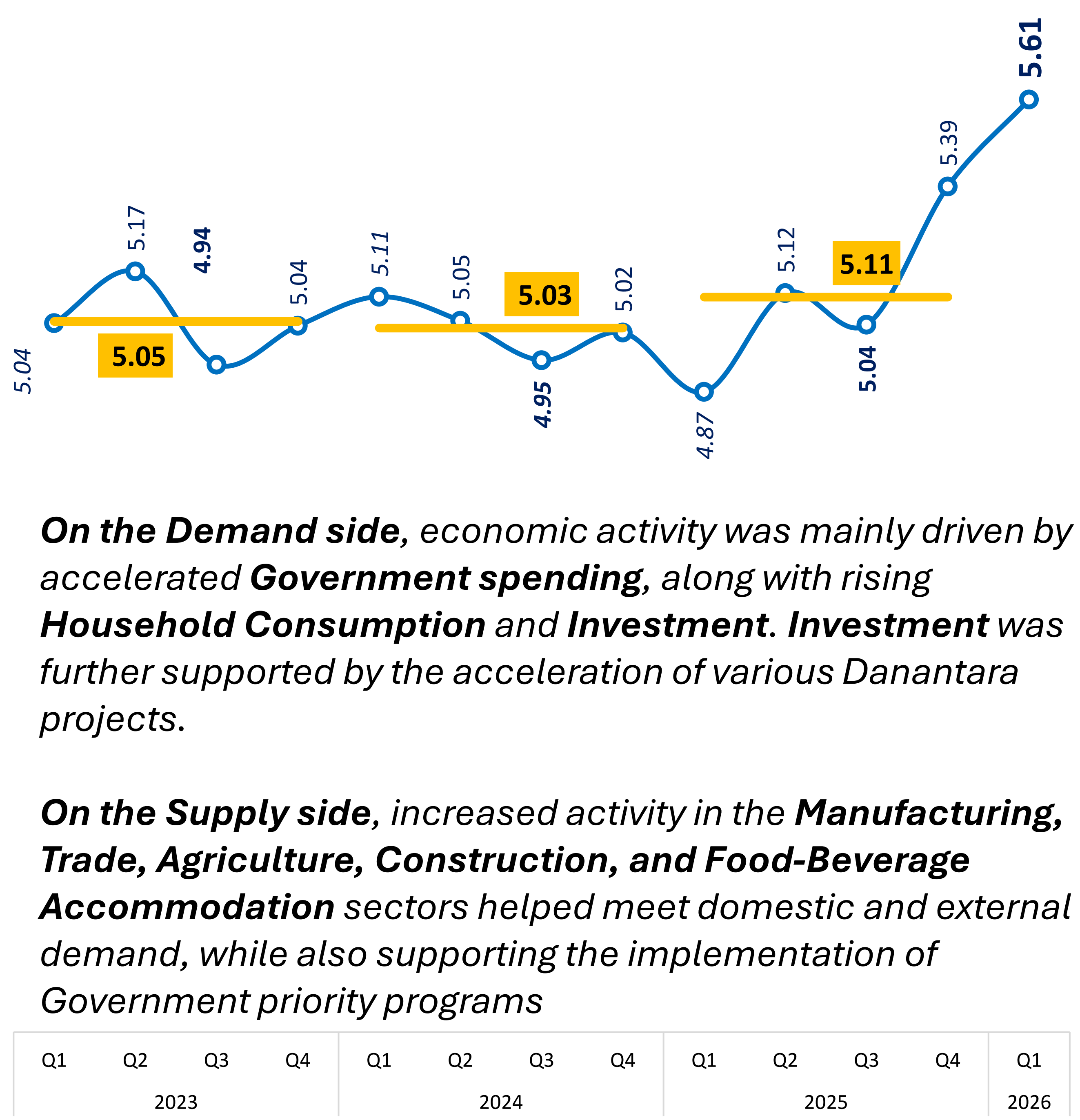
Source: Statistics Indonesia, BI, Bloomberg, dan IHS Markit, processed

INDONESIA'S ECONOMY GREW STRONGLY BY 5.61% (YoY) IN Q1 2026

Acceleration of Government spending, particularly through priority expenditures, contributed to the increase in household consumption and investment, as well as activities in the manufacturing, trade, agriculture, construction, and food-beverage accommodation sectors.

Economic Growth (%,yoy)

Source: Statistics Indonesia

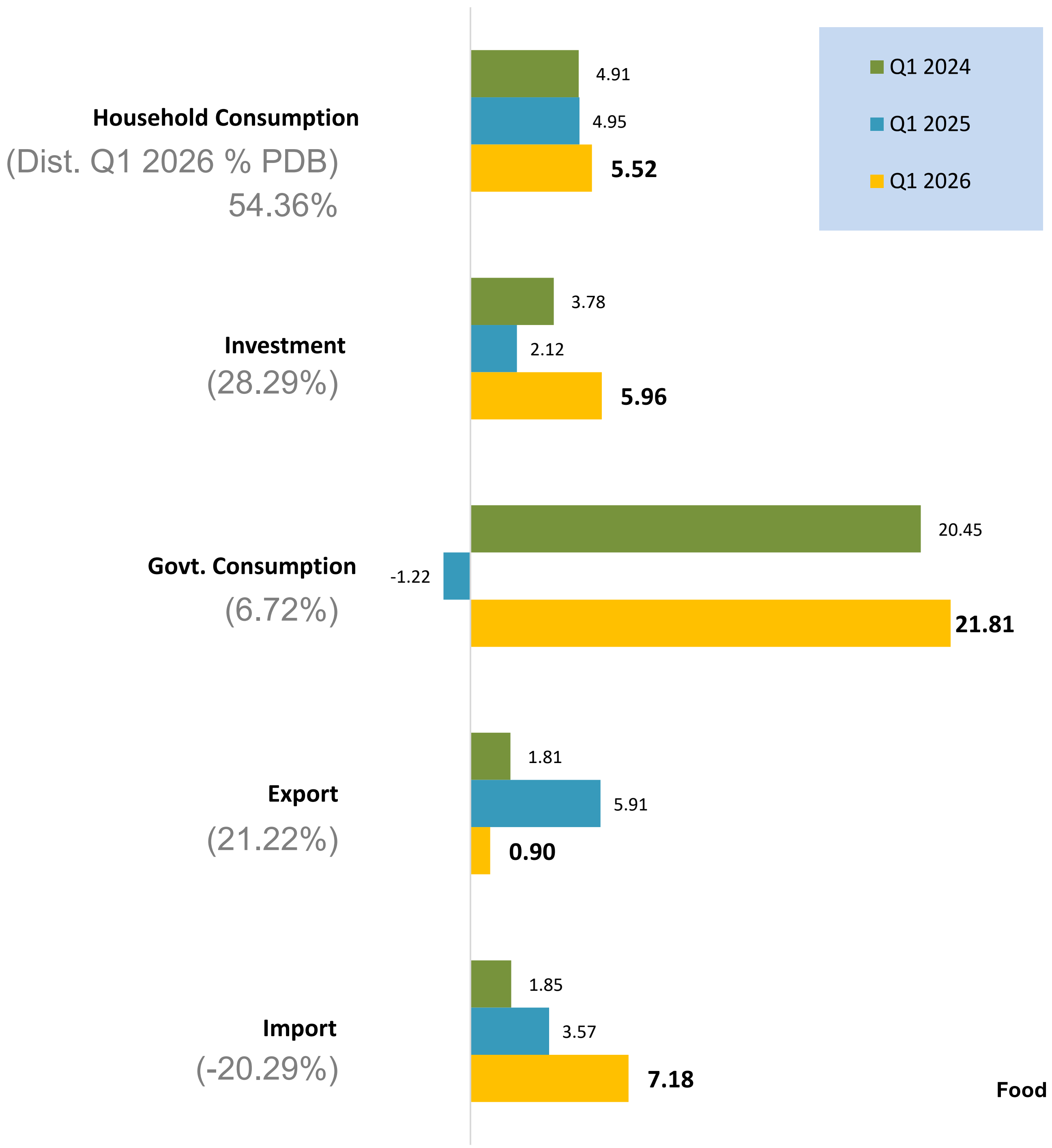


***On the Demand side**, economic activity was mainly driven by accelerated **Government spending**, along with rising **Household Consumption** and **Investment**. **Investment** was further supported by the acceleration of various Danantara projects.*

***On the Supply side**, increased activity in the **Manufacturing, Trade, Agriculture, Construction, and Food-Beverage Accommodation** sectors helped meet domestic and external demand, while also supporting the implementation of Government priority programs*

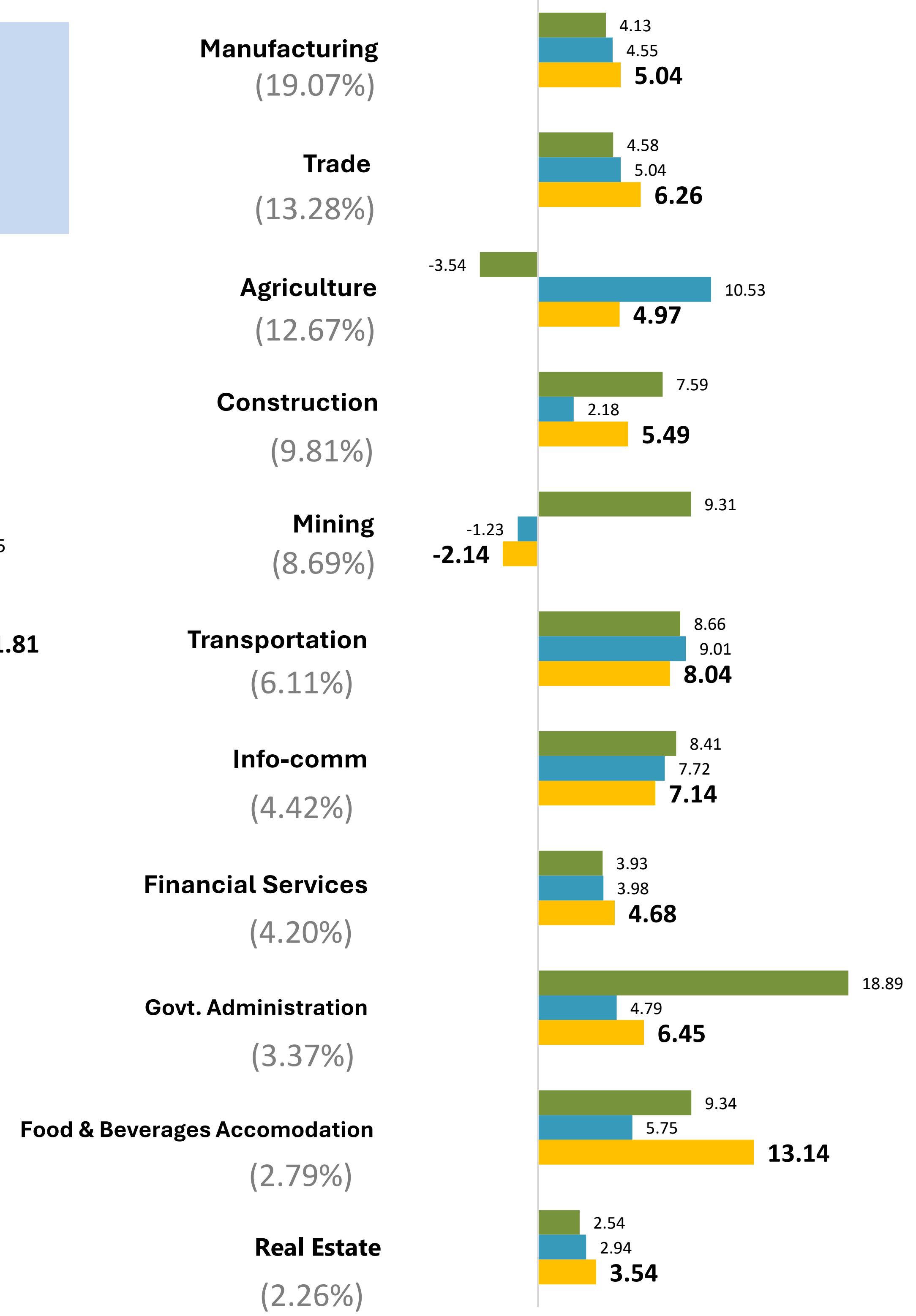
GDP Growth : Expenditure (%, yoy)

Source: Statistics Indonesia



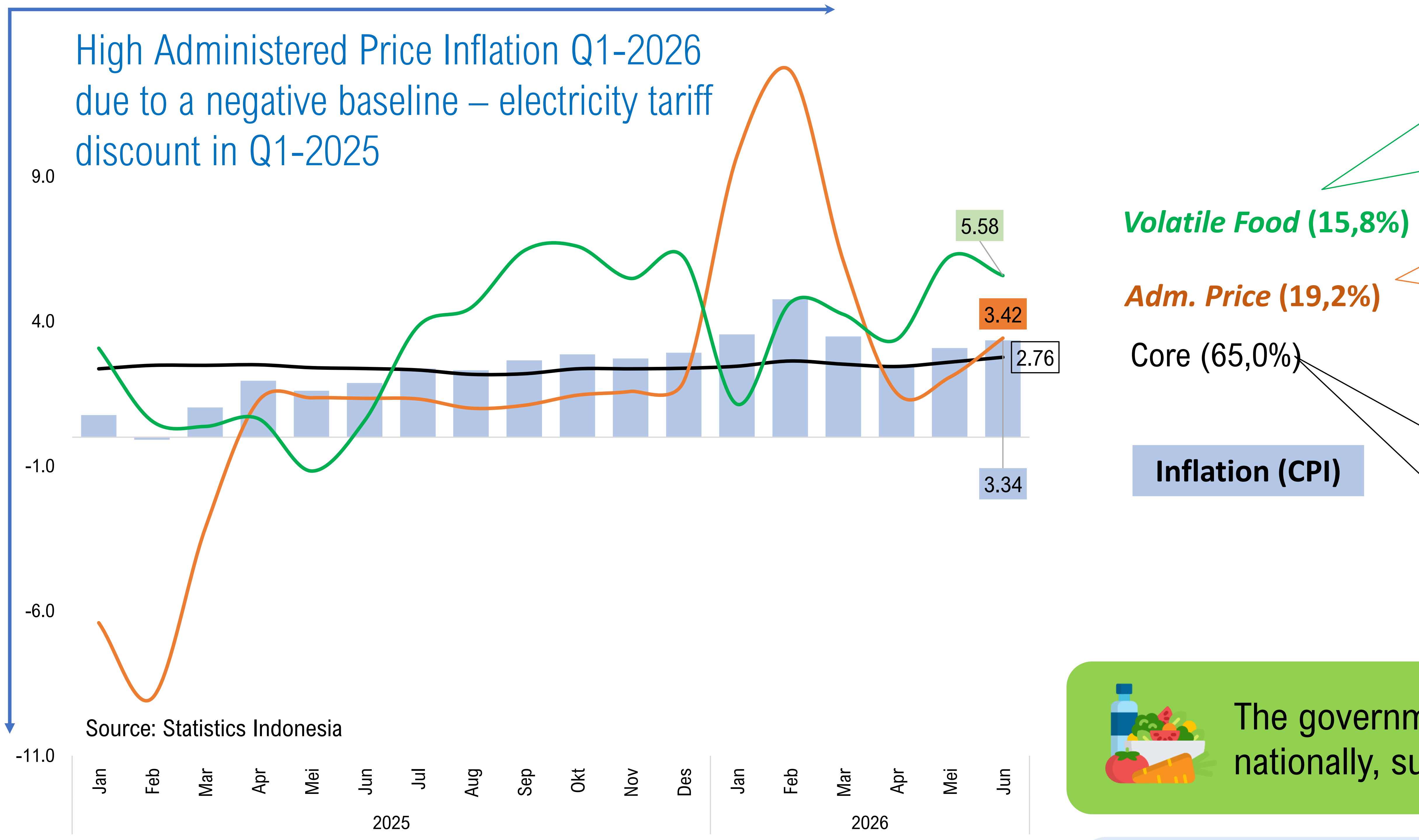
GDP Growth : Production (%, yoy)

Source: Statistics Indonesia



CONTROLLED INFLATION AMID GLOBAL PRESSURES

The impact of rising global commodity prices and currency depreciation on inflation needs to be anticipated



Volatile food inflation slowed, influenced by declining prices of chicken meat and eggs. However, there was an increase in the prices of various onions, chilies, and rice.

Administered price inflation increased, driven by adjustments in non-subsidized fuel prices and airfares.

Core inflation increased, with commodities such as mobile phones, engine oil, and cooking oil rising due to high global oil prices and the impact of imported inflation.

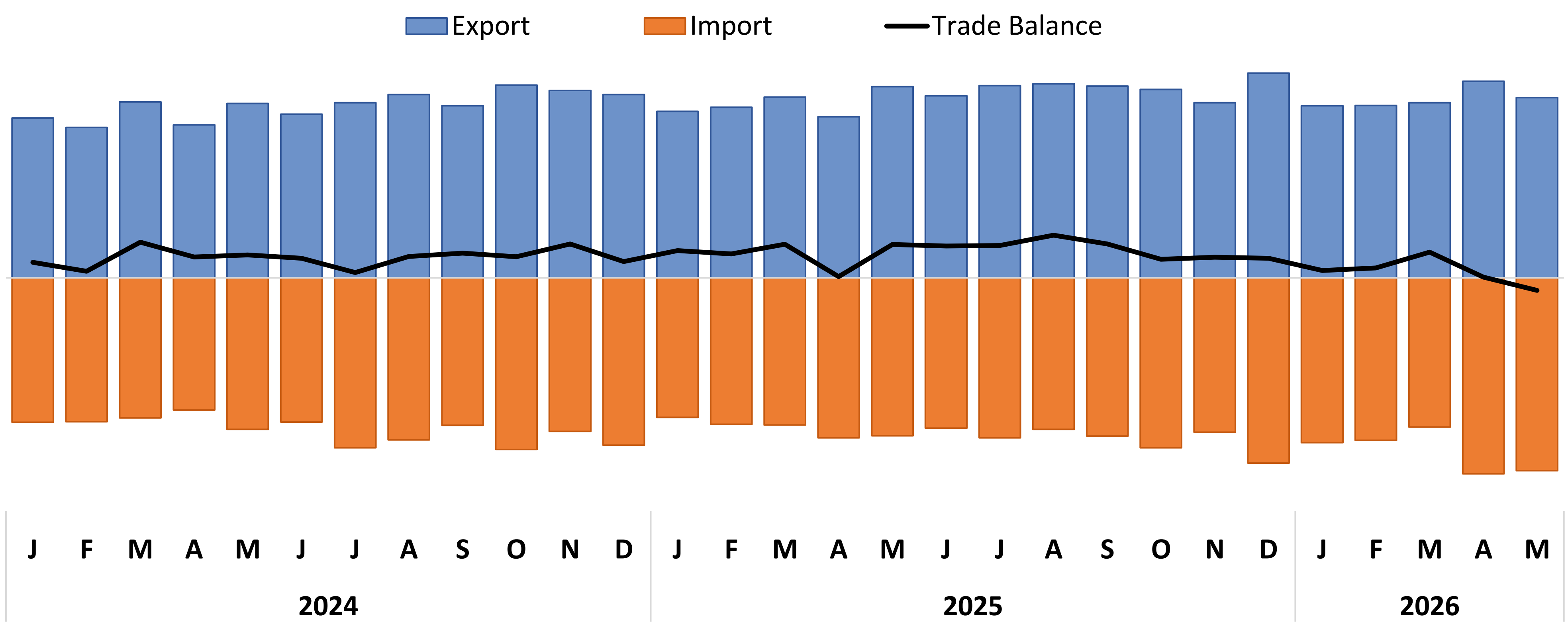
The government continues to control food prices nationally, supported by strong food reserves.

The government provided discounted airfares during the school holiday period and ensured that subsidized fuel prices remain affordable.

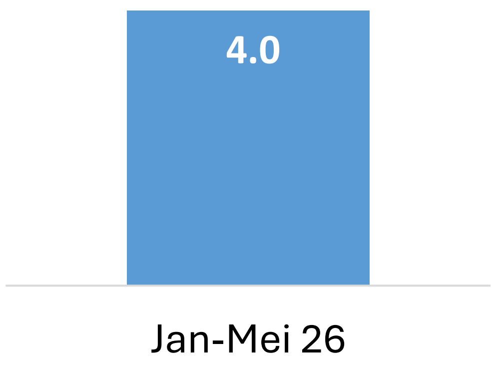
IMPORT ACCELERATION REFLECTS STRENGTHENING PRODUCTION ACTIVITY, BUT ERODING THE TRADE SURPLUS

Import growth reached 15.2% (ctc), far exceeding exports (3.0% ctc), driven primarily by increased imports of raw materials and capital goods

Indonesia Trade Balance, Monthly (US$ Billion)

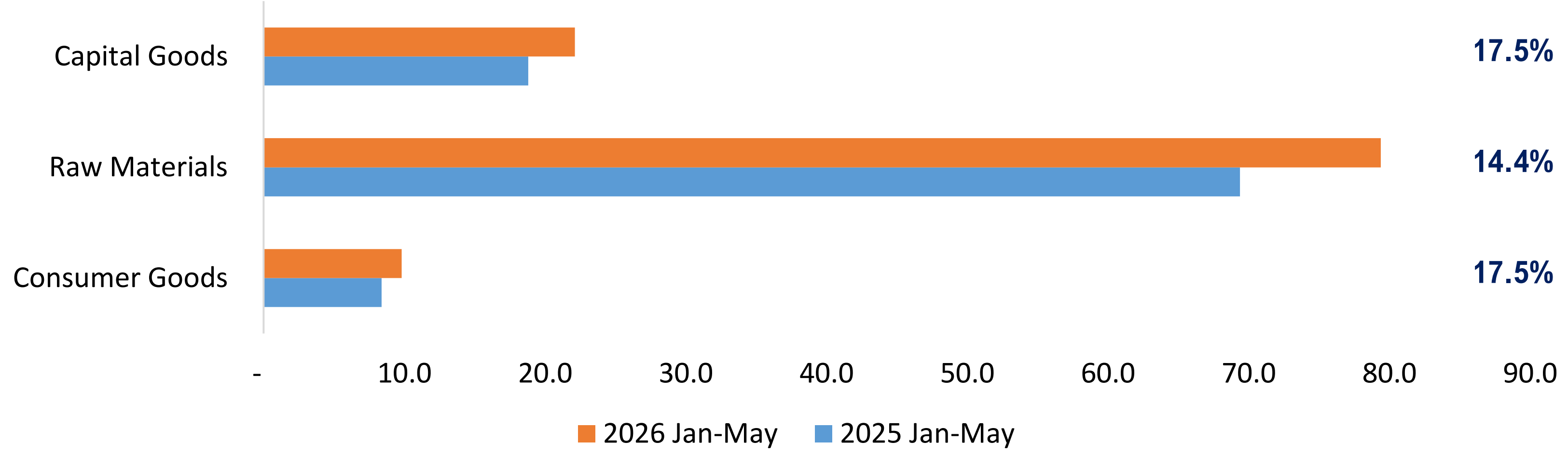


Trade Balance, Cumulative (US$ Billion)

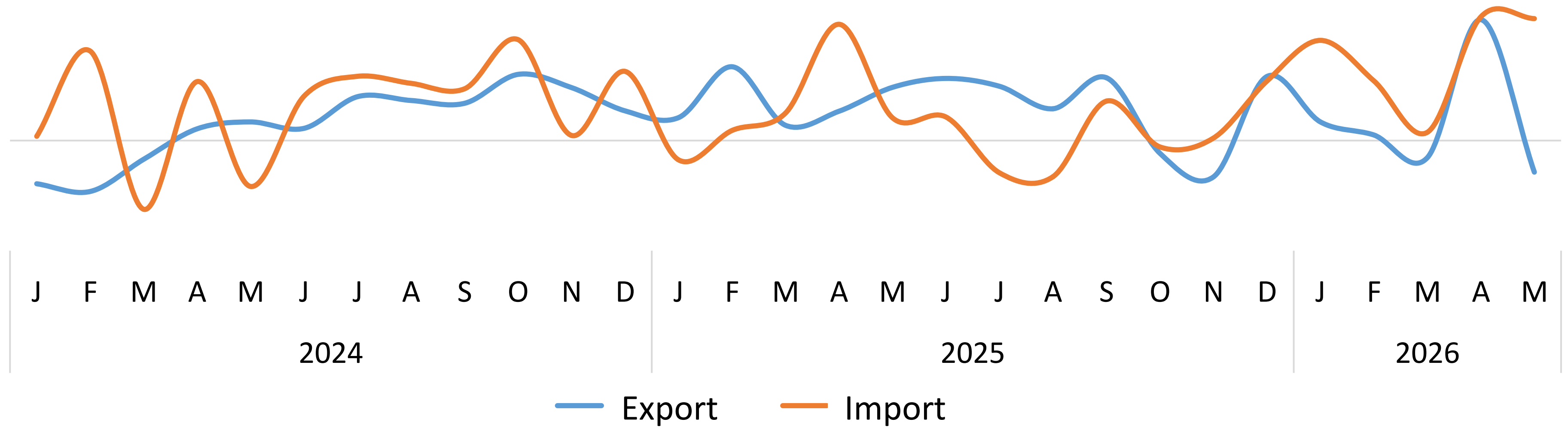


Export (Jan – May '26)	USD115.3 billion **(3.0% ctc)**
Import (Jan – May '26)	USD111.3 billion **(15.2% ctc)**

Imports by Type of Goods Used



Export & Import Growth (%, yoy)

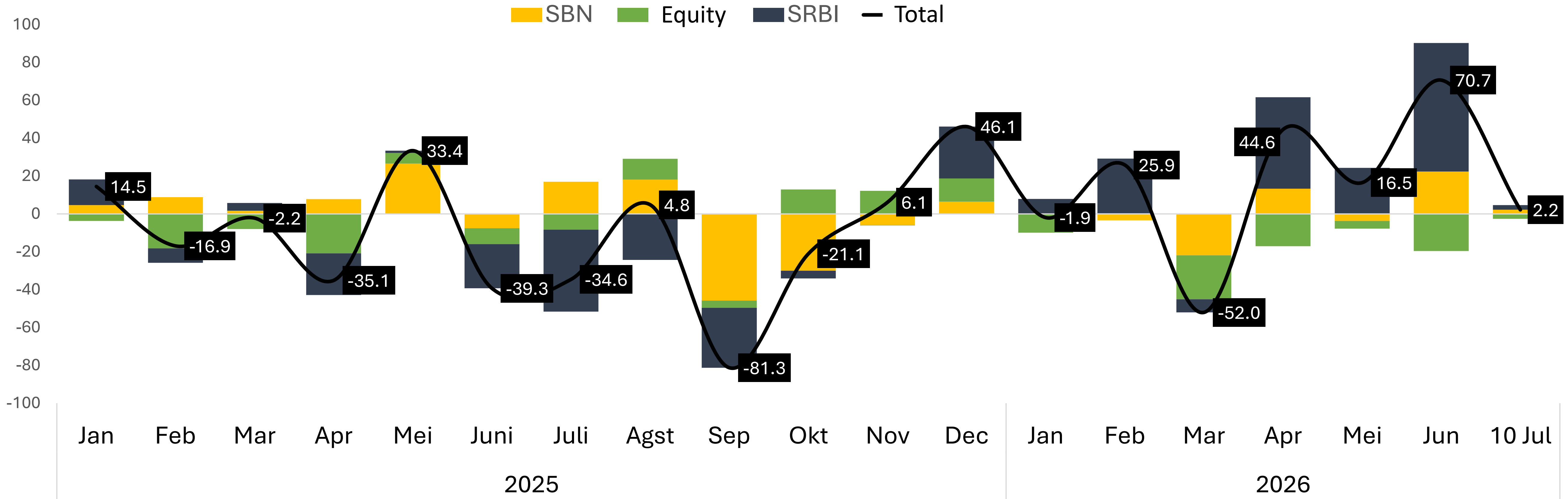


- Import growth increased significantly to 15.2% (ctc), far exceeding export growth of 3.0% (ctc), thus eroding the trade surplus to USD 4.0 billion.
- The increase in imports was dominated by raw materials (79.4%) and capital goods (22.1%), indicating an increasing need for production inputs and domestic investment.
- Going forward, the effectiveness of productive imports needs to be monitored to ensure they can drive increased exports and economic growth, rather than simply narrowing the trade surplus.

FOREIGN CAPITAL FLOWS RECORD NET INFLOW, SBN YIELDS MAINTAINED

Government remains committed to maintaining financial stability and bolstering market confidence

Capital flows are maintained, especially in SBN & SRBI



2026 Accumulation: *inflow* Rp105,9 T
(Monthly July up to 10 Jul: *inflow* Rp2,2 T)

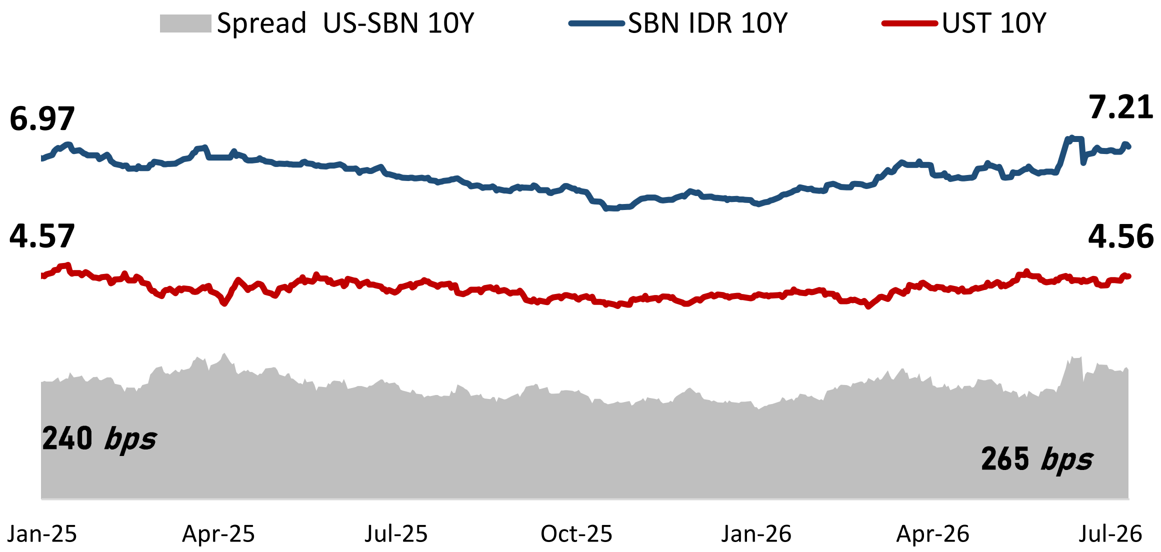
- **SBN** *inflow* Rp9,3 T
  (Monthly July up to 8 Jul: *inflow* Rp2,3 T)
- **SRBI** *inflow* Rp172,8 T
  (Monthly July up to 9 Jul: *inflow* Rp2,4 T)
- **Equity** *outflow* Rp76,2 T
  (Monthly July up to 10 Jul: *outflow* Rp2,5 T)

Note: SBN as of 8 July; SRBI as of 9 July; Equity as of 10 July

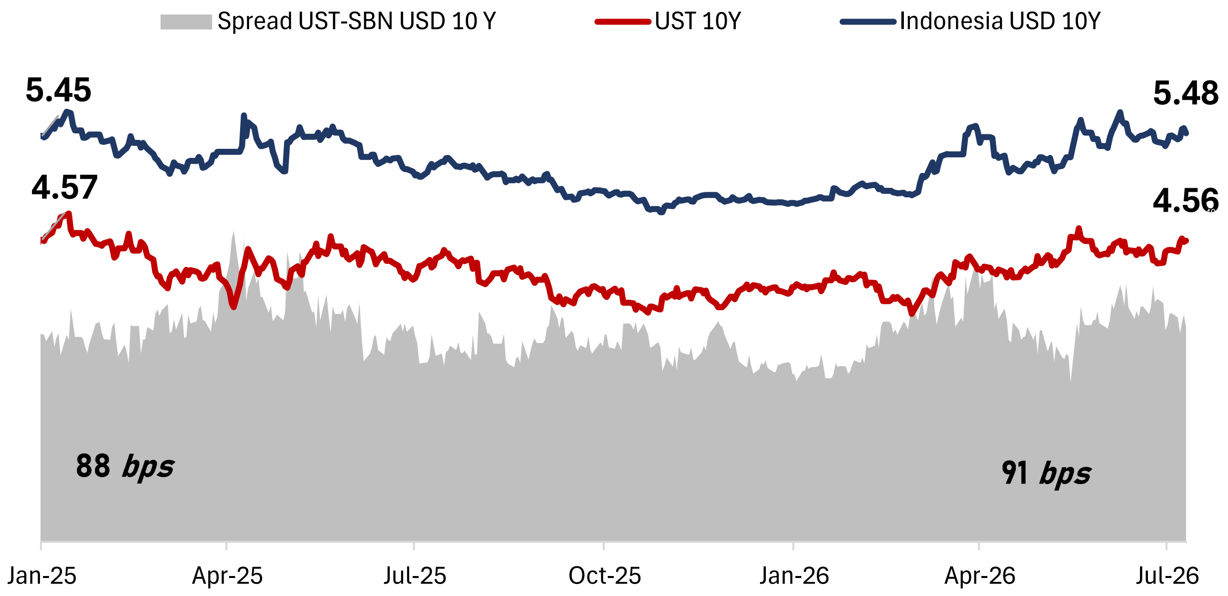
Source: Bloomberg, DJPPR, Bank Indonesia, proceed as of 10 July 26

Currency and Country Risk are maintained, SBN Spread is relatively low compared to EM Market

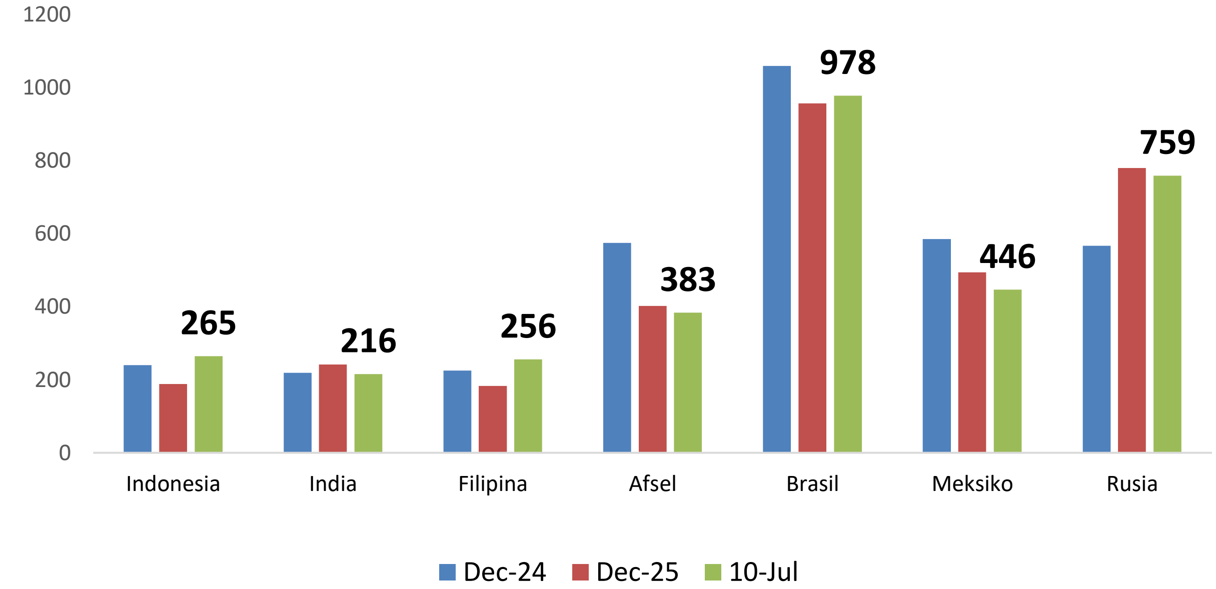
Currency Risk



Country Risk



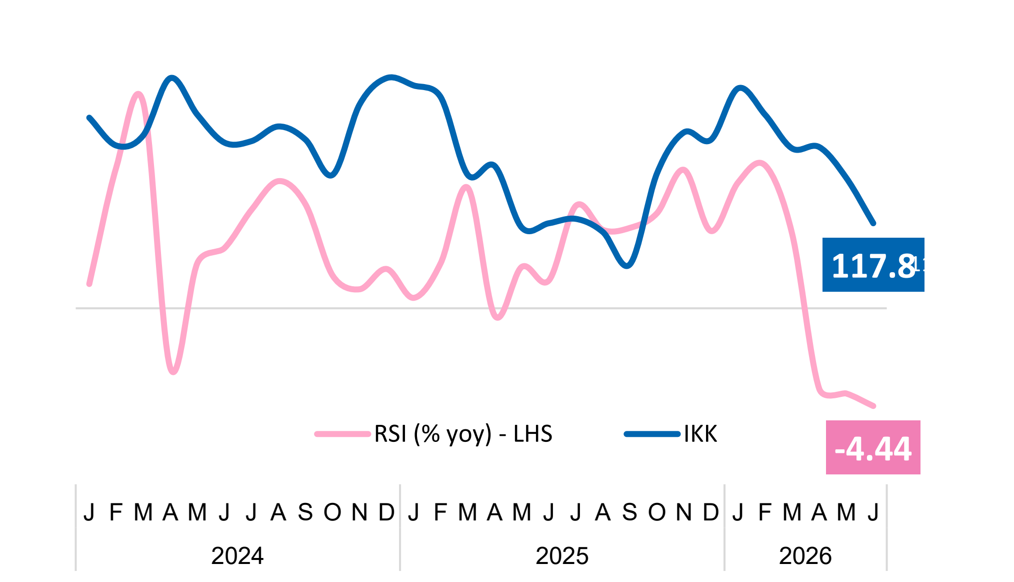
Spread Govt Bond Yield (local currency) with UST 10 Y



Source: Bloomberg, proceed as of 10 July 26

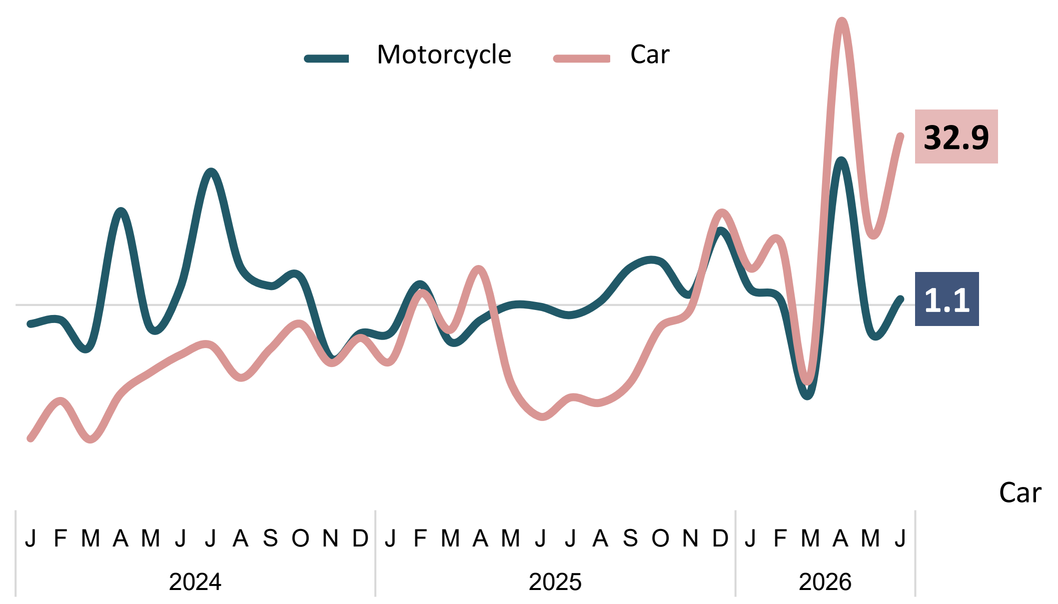
DOMESTIC REAL SECTOR ACTIVITY SHOWS RESILIENCE IN THE FIRST SEMESTER OF 2026

Consumer confidence remained optimistic, while retail sales contracted amid weaker food and fuel spending *(June, % yoy, Index)*



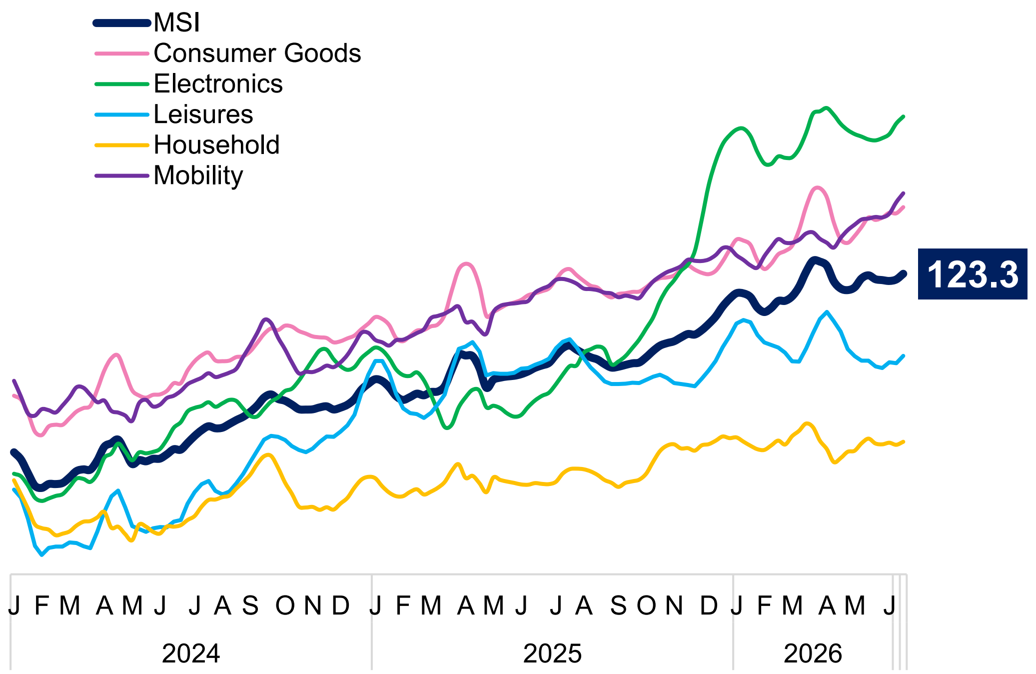
Source: Bank Indonesia

Car and motorcycle sales indicates that domestic market demand for vehicles remains strong *(June, % yoy)*



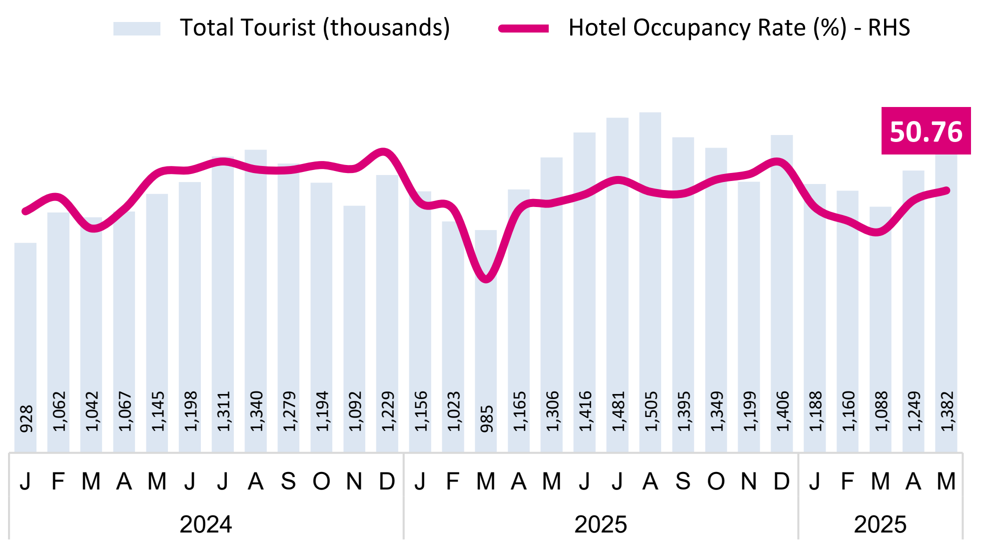
Source: Gaikindo & AISI

Consumer spending trends upward *(June 21, Index)*



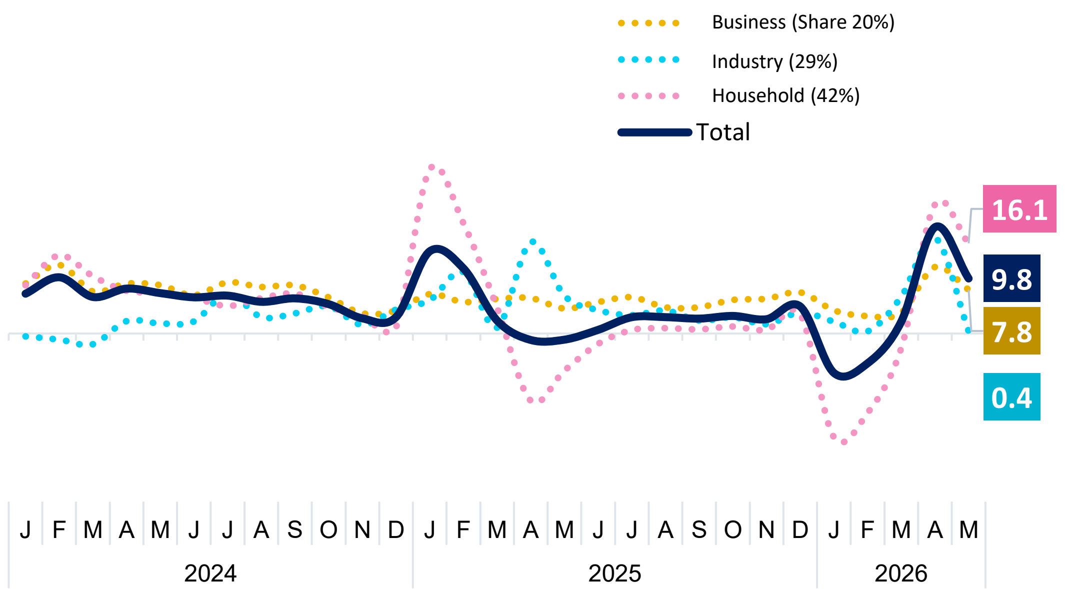
Source: Bank Mandiri

Foreign tourist arrivals and hotel occupancy rates is increasing *(May, % yoy)*



Source: CEIC

Total electricity sales recorded strong growth, reflecting solid economic activities *(May, % yoy)*



Source: PLN

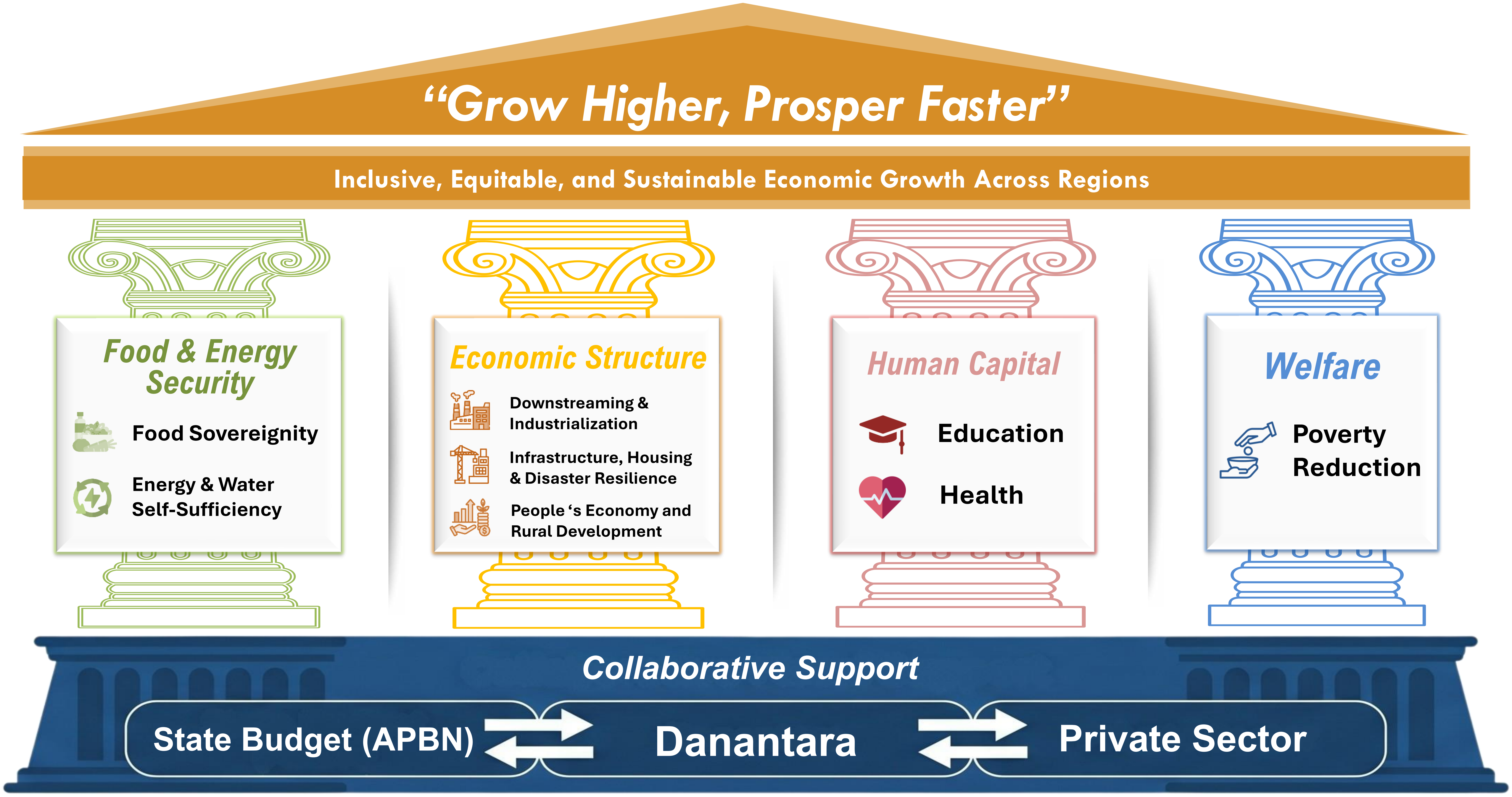
Domestic cement sales growth continue to record positive growth *(May, % yoy)*

Source: ASPERSSI

2

Fiscal and Strategic Policy

MACROECONOMIC FRAMEWORK TO SUPPORT NATIONAL PRIORITY WORK PROGRAMS (PKPN)



8 CLUSTERS OF NATIONAL PRIORITY WORK PROGRAMS

1. FOOD SOVEREIGNTY

- 5,000 “Red-and-White Fishermen Villages” Program
- 4,582 Modern Fishing Vessels
- 40,000 Thematic Inland Aquaculture Sites
- Revitalization of 14,090 Ha of Brackish Water Tilapia Ponds along the Northern Coast of Java
- Modeling and Replication of 2,000 Ha of Integrated Shrimp Farming Areas
- Development of 2,000 Ha of National Salt Industry Centers
- Development of Integrated Food Estate Areas
- Development of Plantation Areas (Palm Oil, Sugarcane, Cocoa, Coconut, Coffee, Cashew, Spices)
- Increased Production of Meat, Milk, and Eggs

2. ENERGY AND WATER SELF-SUFFICIENCY

- Mandatory Biodiesel 50 (B50)
- Mandatory Bioetanol 20 (E20)
- 100 GW Solar Power Plant Program
- Implementation of Minimum Energy Performance Standards
- Conversion of 6 Million Fuel-Based Motorcycles to Electric Motorcycles
- Development of City Gas Network for 1 Million Household Connections
- Increase in Oil and Gas Lifting (Production)
- Development of 10 Small-Scale Green Modular Refineries and 6 Storage Facilities (Deployable Mass Model)
- Exploration of 10 New Oil and Gas Fields
- Rural Electrification Program
- Waste-to-Energy Power Generation
- Development of Large-Scale Integrated Hydropower Plants
- Electric Stove Program for 2–5 Million Households
- Optimization of 45,000 Community Oil Wells
- Optimization of 13,000 Mature (Old) Oil Wells
- Water Self-Sufficiency

3. EDUCATION

- Free Nutritious Meals for School Children
- Revitalization of School/Madrasah Facilities and Infrastructure
- School Supplies Assistance
- 500 Integrated National Schools
- Teacher Studio Program
- Education Digitalization (2 Million Interactive Digital Boards)
- 20 New Garuda Schools and Transformation of 80 Existing Garuda Schools
- 514 Community Schools (Sekolah Rakyat)
- Establishment of 10 New Universities: STEMM-Based Medical Universities
- Vocational High Schools (SMK) Go Global Program
- Improvement of Teacher Welfare through Direct Allowance Transfers

4. HEALTH

- Free Nutritious Meals for Pregnant Women, Breastfeeding Mothers, and Children under five
- Upgrading of 66 Hospitals
- Free Health Check-Ups
- Tuberculosis Eradication

5. DOWNSTREAMING AND INDUSTRIALIZATION

- Strategic Industrial Downstreaming
- National Car Program
- National Motorcycle Program
- Aerospace Industry Ecosystem
- Development of the Semiconductor Industry

6. INFRASTRUCTURE, HOUSING, AND DISASTER RESILIENCE

- Giant Sea Wall
- Post-Disaster Rehabilitation and Reconstruction in Sumatra
- *ASRI* Movement (Roof Upgrading, Waste Management, and Greening)
- 3 Million Housing Program: 1 Million New Homes and 2 Million Home Renovations
- Development of the National Railway Network

7. PEOPLE’S ECONOMY AND RURAL DEVELOPMENT

- 80,000 Red-and-White Village/Sub-district Cooperatives
- Acceleration of Development in Disadvantaged, Frontier, and Outer Regions

8. POVERTY REDUCTION

- PRO-KESRA Integrated Social Assistance Program
- PRO-KESRA Program for 10 Million People to Engage in Entrepreneurship and Employment

SUPPORTED BY: DEFENSE AND SECURITY, LAW ENFORCEMENT, GOVERNANCE, DIGITALIZATION, AND ECONOMIC DIPLOMACY

FINANCING STRATEGY FOR THE NATIONAL PRIORITY WORK PROGRAMS

PRUDENT FISCAL PRINCIPLES

- **Expansionary and Measured** Fiscal Policy
- Deficit capped at a maximum of 3% (Commitment to maintaining fiscal discipline)
- Debt-to-GDP ratio maintained below 60% in accordance with the law
- Fiscal buffer to anticipate and manage uncertainties

ASSET AND REVENUE OPTIMIZATION

- **More Return on Asset**
  - Optimization of State Assets (Asset Recovery)
  - Enhancement of State Wealth Value (government balance sheet)
- ***Better Revenue Collection***
  - Exploration of Revenue Potential and Improved Natural Resource Management
  - Better performance of Coretax system
  - Strengthening Compliance and Law Enforcement

SPENDING EFFICIENCY AND EFFECTIVENESS

- Optimization of efficiency through a **Better Quality of Spending** approach
- **Frontloading spending** to support growth
- **Effectiveness of Priority Programs** (Pro-Growth and Pro-Welfare)

FINANCING SYNERGY AND INNOVATION

- Establishment **of Danantara as a Strategic Investment Manager**
- **Management of State-Owned Enterprises** to enhance investment and mobilize additional funding sources
- Attracting additional capital through **joint participation of investors alongside the government.**
- Expanding **private sector** involvement.

16

FISCAL STRATEGY – MAINTAIN A SOUND STATE BUDGET

COLLECTING MORE

- Maintaining tax buoyancy in line with economic growth
- **Effectiveness of the Coretax system** (e.g., collecting underpayments, improving compliance)
- **Increasing tax extensification**
- Managing tax refund
- Improve governance of natural resource revenues through SIMBARA and strengthen collection effectiveness via the Automatic Blocking System

01

SPENDING BETTER

- Improving **spending efficiency**
- **Encouraging the implementation of flagship programs** (e.g., MBG, KDMP, agriculture, etc.)
- **Countercyclical** to maintain economic stability and protect public purchasing power

02

INNOVATIVE FINANCING

- **Optimum** Portfolio
- **Domestically anchored** (financial deepening)
- Active **liability management**
- **Adequate** fiscal buffer & **Efficient** cash management\
- **Strengthening the investor base** and relationships
- Promoting infrastructure **through PPP**

03

Source: Ministry of Finance

MEDIUM-TERM ECONOMIC GROWTH FORECAST AND ITS ASSUMPTIONS

Indicator	Projection 2026	2027	2028	2029
Economic Growth (%)	5.4	5.8 – 6.5	5.9 – 7.5	6.0 – 8.0
Inflation (%, yoy)	2.5	1.5 - 3.5	1.5 - 3.5	1.5 - 3.5
Exchange rate (IDR/USD *average*)	16,500	16,800 – 17,500	16,800 – 17,500	16,800 – 17,500
10Y T-Bonds Rate (%, *average*)	6.9	6.5 - 7.3	5.9 -6.9	5.9 -6.9
ICP Indonesian (USD/barel, *average*)	70	70 - 95	70 - 90	70 - 90
Oil Lifting (tbpd)	610	602 - 620	585 – 677	602 – 797
Gas Lifting (tboepd)	984	951 – 990	956 – 1,102	1,076 – 1,372

Source: 2027 Macroeconomic Framework and Fiscal Policy Guidelines (KEM-PPKF 2027)

2027 STATE BUDGET AND MACROECONOMIC FRAMEWORK

Stable, Credible, and High-Growth Economy

MACROECONOMIC INDICATORS	2027 Assumptions	2026 Budget
Economic Growth (%, y-o-y)	5.8 – 6.5	5.4
Inflation (%, y-o-y)	1.5 – 3.5	2.5
10-Year Government Bond Yield (%)	6.5 – 7.3	6.9
Exchange Rate (IDR/USD)	16,800 – 17,500	16,500
Indonesian Crude Price (ICP) (USD/Barrel)	70 – 95	70
Oil Lifting (Thousand Barrels per Day)	602 - 620	610
Gas Lifting (Thousand BOE per Day)	951 - 990	984

These assumptions reflect **prudent and credible** parameters that underpin a healthy fiscal framework and support **inclusive and sustainable economic transformation.**

Notes:
- ICP : Indonesian Crude Price
- BOE : Barrel of Oil Equivalent

President Prabowo delivers the 2027 Macroeconomic Framework and Fiscal Policy Priorities at the House of Representatives, 20 May 2026. (Source: Antara)

2027 Fiscal Policy Architecture

"Collaborative, Targeted, and Measurable Fiscal Policy"

Revenue (% of GDP)
12.01 – 12.40

Expenditure (% of GDP)
13.81 – 14.80

Deficit (% of GDP)
1.80 – 2.40

3

2026 Budget Overview

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REALIZATION OF STATE BUDGET SEMESTER I 2026

Driving economic growth and achievement of national development agenda

(in IDR trillion)	2025				2026			
	Budget	First Semester Realization	% of Budget	Growth (%)	Budget	First Semester Realization	% of Budget	Growth (%)
A. REVENUE	**3,005.1**	**1,201.8**	**40.0**	**(9.0)**	**3,153.6**	**1,459.4**	**46.3**	**21.4**
I. Tax Revenue	2,490.9	978.3	39.3	(4.8)	2,693.7	1,187.8	44.1	21.4
1. Tax	2,189.3	831.3	38.0	(7.0)	2,357.7	1,035.7	43.9	24.6
2. Custom and Excise	301.6	147.0	48.7	9.6	336.0	152.0	45.2	3.4
II. Non-Tax Revenue	513.6	222.9	43.4	(22.7)	459.2	271.0	59.0	21.6
III. Grant	0.6	0.6	108.2	(85.2)	0.7	0.7	104.0	10.2
B. EXPENDITURE	**3,621.3**	**1,406.0**	**38.8**	**0.6**	**3,842.7**	**1,656.0**	**43.1**	**17.8**
I. Central Government Expenditure	2,701.4	1,003.6	37.1	0.6	3,149.7	1.298.6	41.2	29.4
1. Line Ministries Expenditure	1,160.1	470.5	40.6	(3.5)	1,510.5	658.9	43.6	40.0
2. Non-Line Ministries Expenditure	1,541.4	533.0	34.6	4.4	1,639.2	639.7	39.0	20.0
II. Transfer to Region	919.9	402.5	43.8	0.6	693.0	357.4	51.6	(11.2)
C. PRIMARY BALANCE	**(63.3)**	**52.8**	**(83.4)**	**(67.5)**	**(89.7)**	**85.1**	**(94.9)**	**61.0**
D. SURPLUS/ (DEFICIT)	**(616.2)**	**(204.2)**	**33.1**	**164.2**	**(689.1)**	**(196.5)**	**28.5**	**(3.8)**
% SURPLUS/ (DEFICIT) to PDB	***(2.53)***	***(0.84)***			***(2.68)***	***(0.76)***		
E. FINANCING	**616.2**	**283.6**	**46.0**	**68.8**	**689.1**	**452.0**	**65.6**	**59.4**

Revenue **IDR1,459.4 T**
▲ 21.4% (yoy)

- Strengthening economic activity
- Enhancing tax and customs supervision and governance
- Improving services of ministries/agencies and public service agencies (BLU)

Expenditure **IDR1,656.0 T**
▲ 17.8% (yoy)

- Driving the economy to higher growth
- Supporting the national development agenda
- Safeguarding national priority programs

Deficit **IDR196.5 T**
0.76% GDP

- Fiscal position remains within safe and controlled limits

*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds.

STATE REVENUE SEMESTER I 2026: Rp1,459.4 T (46.3% of APBN) OR GREW 21.4% (YoY)

Taxation and Non-Tax State Revenue recorded strong growth – driven by higher commodity prices, robust economic activity, improved services of ministries/agencies, and extra effort.

SEMESTER I 2026 REALIZATION

IDR 1.459,4 T

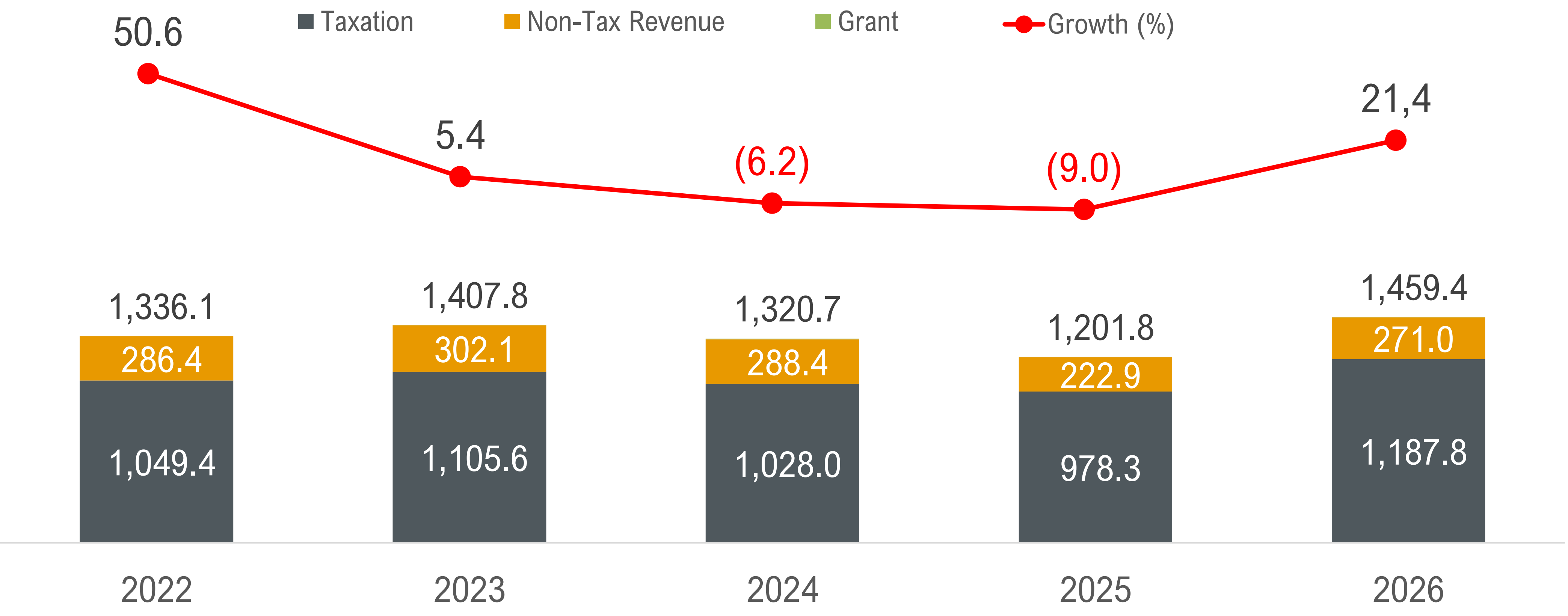
46,3 % Budget ▲ 21,4%

TAXATION	**IDR1.187,8 T** ▲ **21,4%**	**44,1% Budget**
NON-TAX REVENUE	**IDR271,0 T** ▲ **21,6%**	**59,0% Budget**

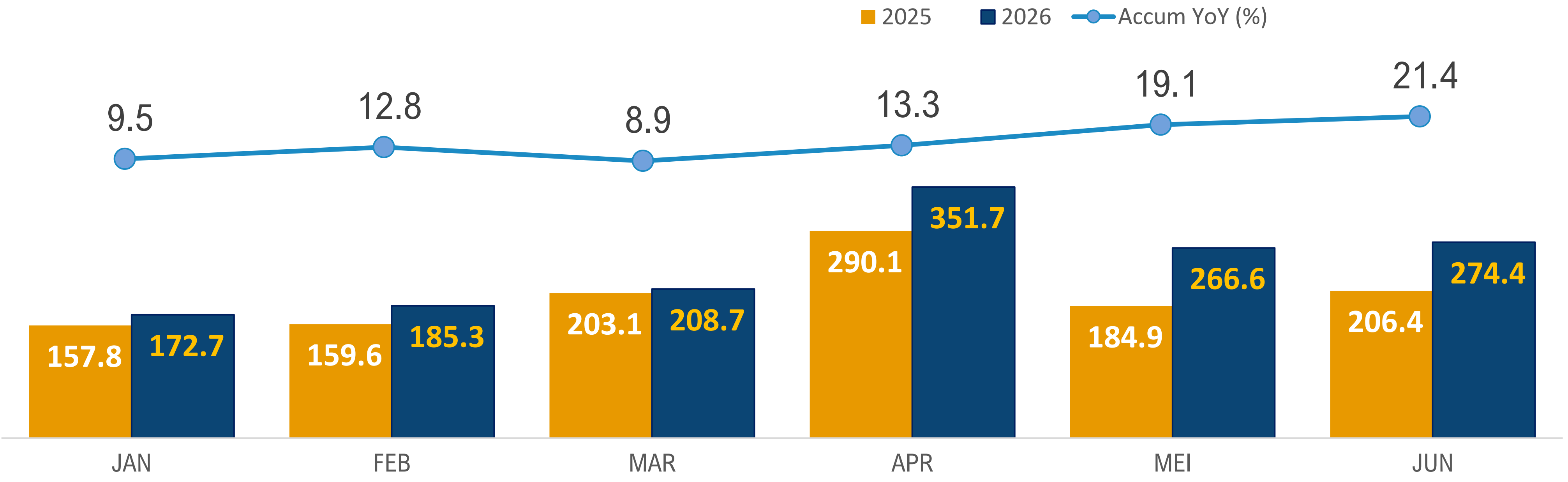
Taxation supported by: (1) **Taxes:** economic activity, salaries, wages, and holiday allowances (THR), as well as rising commodity prices. (2) **Customs & Excise**: tobacco production, CPO prices, and higher import values.

Non-Tax Revenue influenced by commodity prices, increased service volumes, and improved governance.

SEMESTER I REALIZATION 2022-2026



SEMESTER I REALIZATION 2025-2026 (MONTHLY)

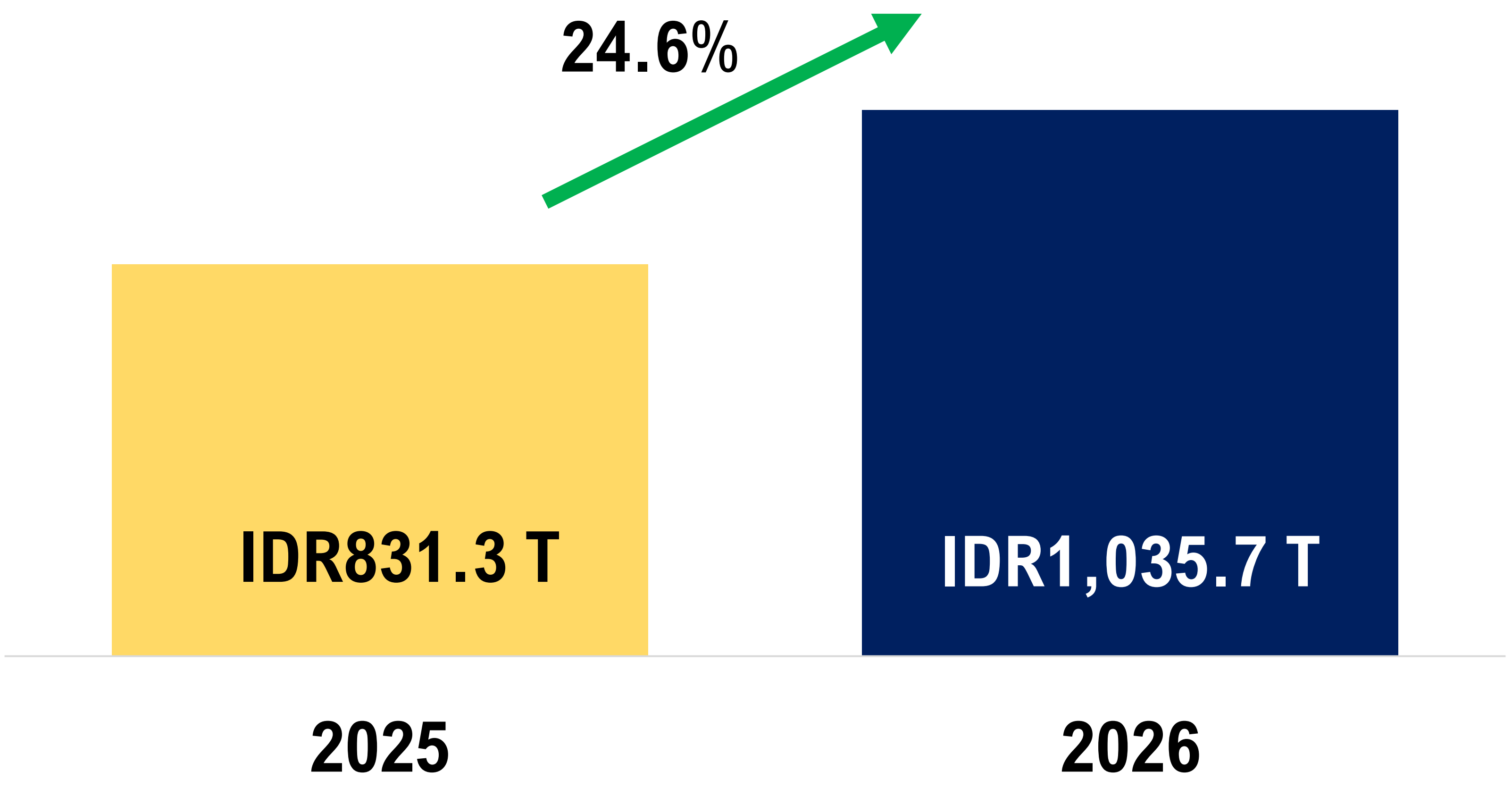


TAX REVENUE IN SEMESTER I 2026 GREW STRONGLY IN LINE WITH ECONOMIC ACTIVITY AND VARIOUS INTENSIFICATION AND EXTENSIFICATION EFFORTS

Tax Revenue Realization

	as of May 2026 35.4% of 2026 Budget	as of June 2026 43.9% of 2026 Budget
Corporate Income Tax & Corporate Income Tax Deposits	IDR167.6 T ▲ 23.9%	Rp196,1 T ▲ 28,6%
Personal Income Tax	IDR123.1 T ▲ 26.0%	Rp146,0 T ▲ 13,6%
Final Income Tax, Income Tax 22, & Income Tax 26	IDR138.7 T ▲ 5.2%	Rp159,9 T ▲ 1,4%
VAT & Luxury Tax	IDR315.7 T ▲ 41.3%	Rp380,0 T ▲ 42,2%
Others	IDR89.3 T ▼ -6.0%	Rp153,8 T ▲ 22,7%

Net Realization Growth as of June 2026



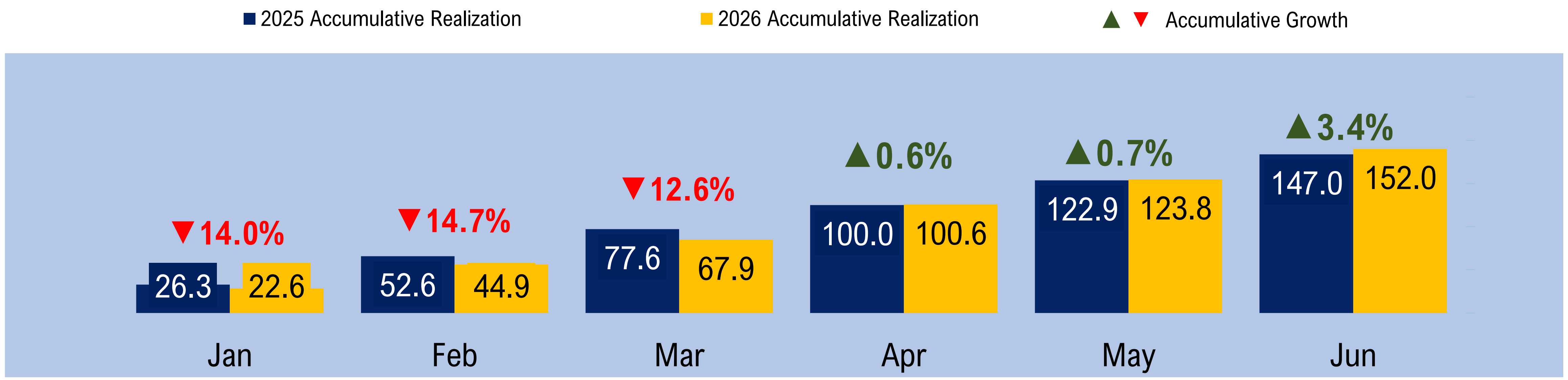
- **Tax revenue in Semester I 2026 recorded strong growth**, driven by solid economic expansion, the impact of Coretax implementation, and intensified efforts in both intensification and extensification.
- **Corporate Income Tax and personal income-related taxes grew at double-digit rates**, reflecting higher profits and rising individual earnings.
- **VAT and Luxury Goods Sales Tax posted robust growth**, underscoring resilient domestic consumption.

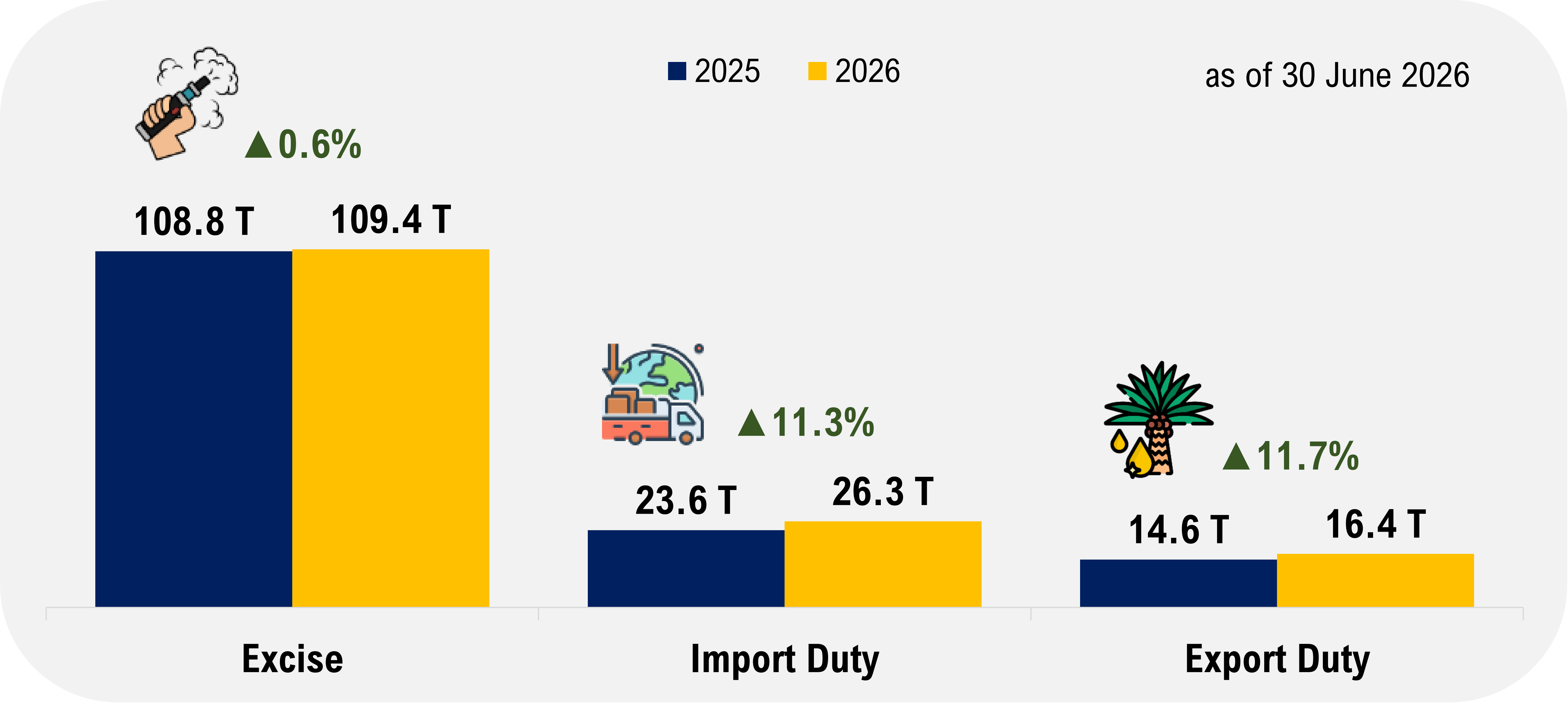
REALIZATION OF CUSTOMS AND EXCISE REVENUE SEMESTER I 2026

Revenue realization signals recovery, with cumulative growth of 3.4%

Total IDR152.0T

45.2% Budget | ▲ 3.4%



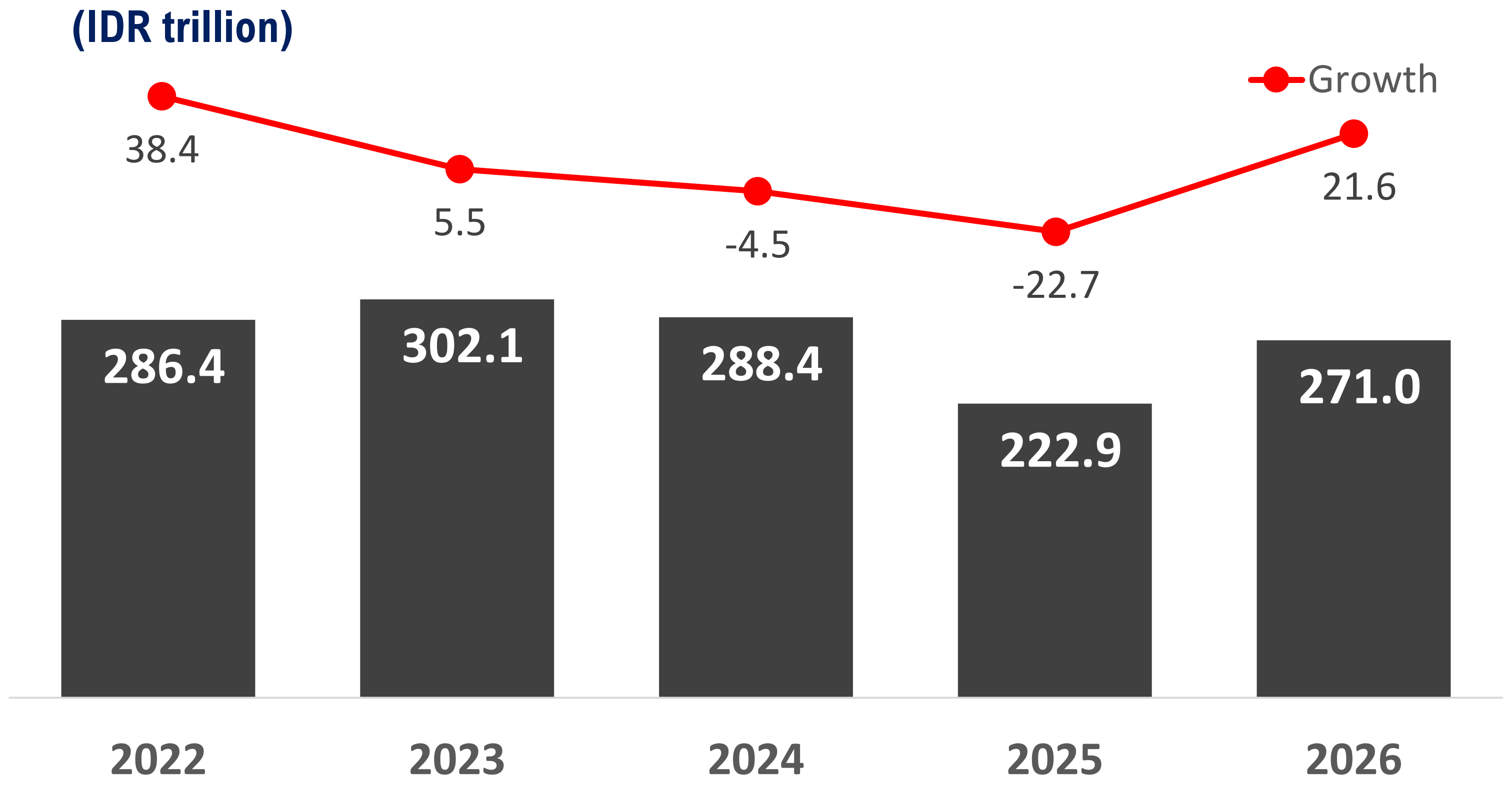


- **Excise** revenue grew, driven by increased **production of alcoholic beverages (MMEA)** and sustained **cigarette** production;
- **Import duties** maintained their growth, supported by higher duties from imports of **raw materials and intermediate goods;**
- **Export duties** rose, bolstered by **stronger CPO prices.**

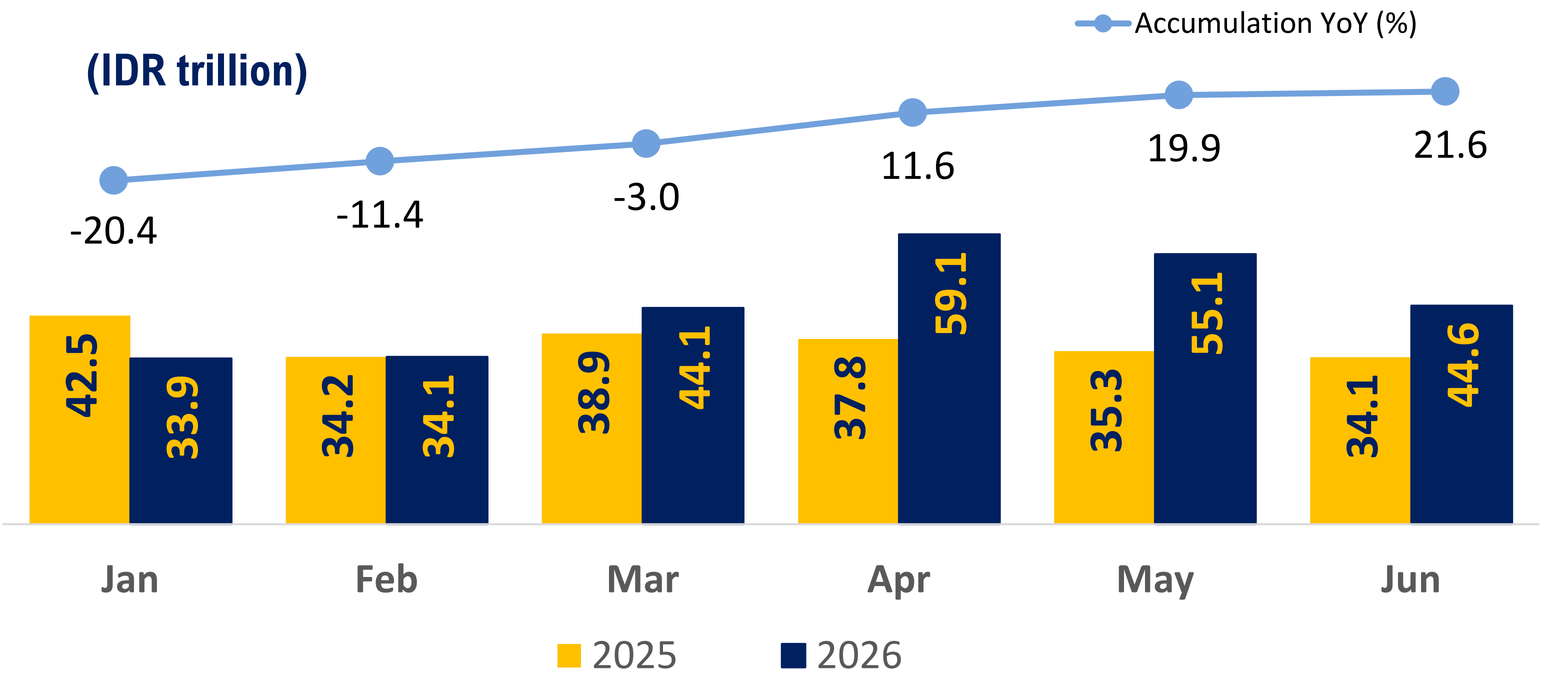
NON-TAX STATE REVENUE (PNBP) SEMESTER I 2026: Rp271 T (59% of target), GREW POSITIVE 21.6%

Driven by higher ICP and commodity prices, as well as improved services from ministries/agencies (K/L) and public service agencies (BLU)

PNBP REALIZATION SMT I 2022-2026



PNBP REALIZATION SMT I 2025-2026 (MONTHLY)



(IDR trillion)

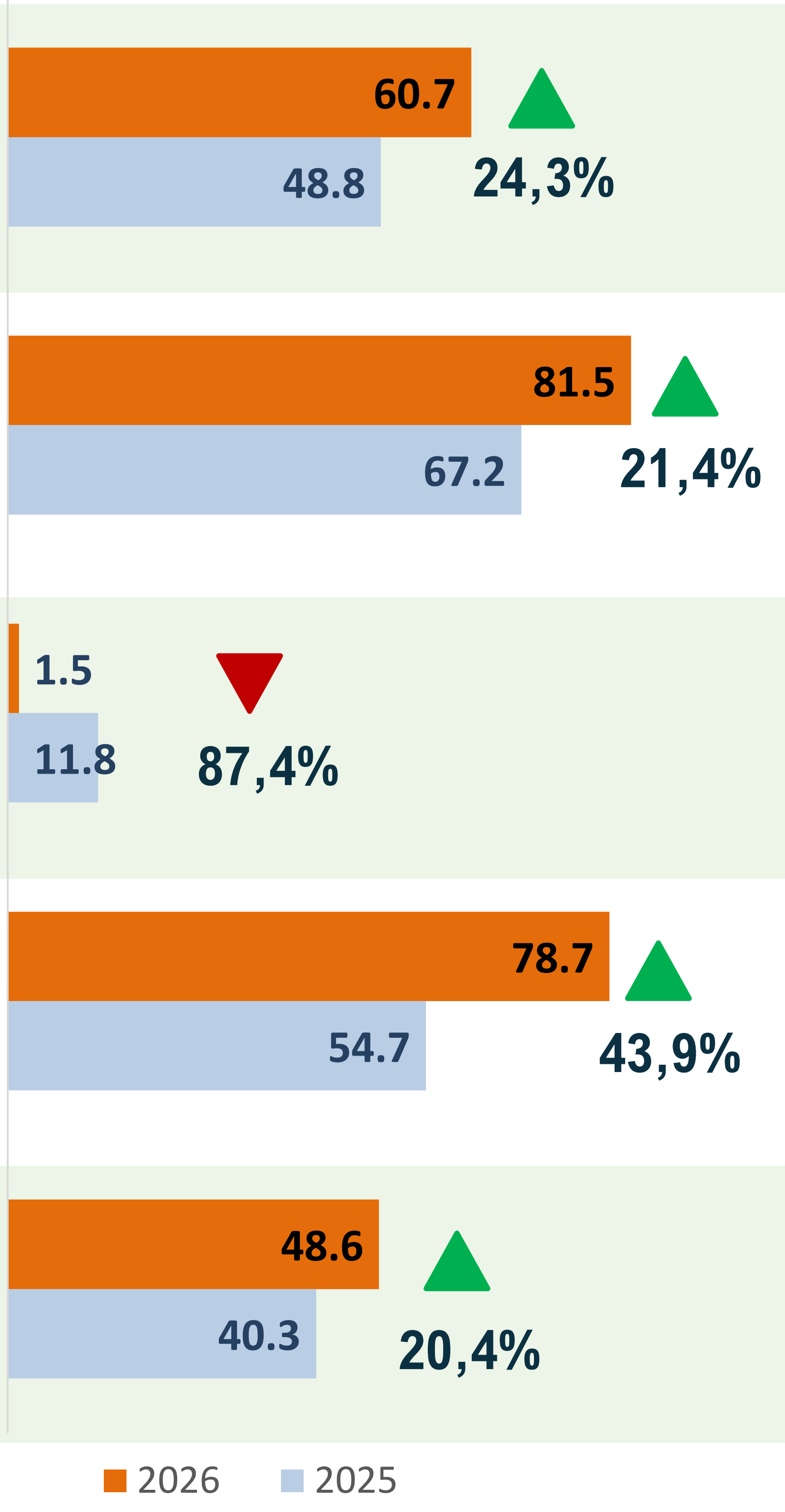
Oil & Gas Natural Resource Revenue
(Oil, Natural Gas, & DMO)
51,7% Budget

Non Oil & Gas Natural Resource Revenue
(Minerals, Forestry, Fisheries, Geothermal, and PHT (Forest Resource Rent Provision)
56,7% Budget

Seperated State Asset Revenue
82,6% Budget

Revenue from Ministries/Agencies (PNBP K/L)
80,4% Budget

BLU Revenue
49,4% Budget



Influenced by rising ICP, increased gas lifting, and Rupiah depreciation.

Supported by higher government non-tax revenues (HMA) from commodities such as nickel, copper, gold, and silver.

Decline due to the non-recurrence of dividend deposits from state-owned banks.

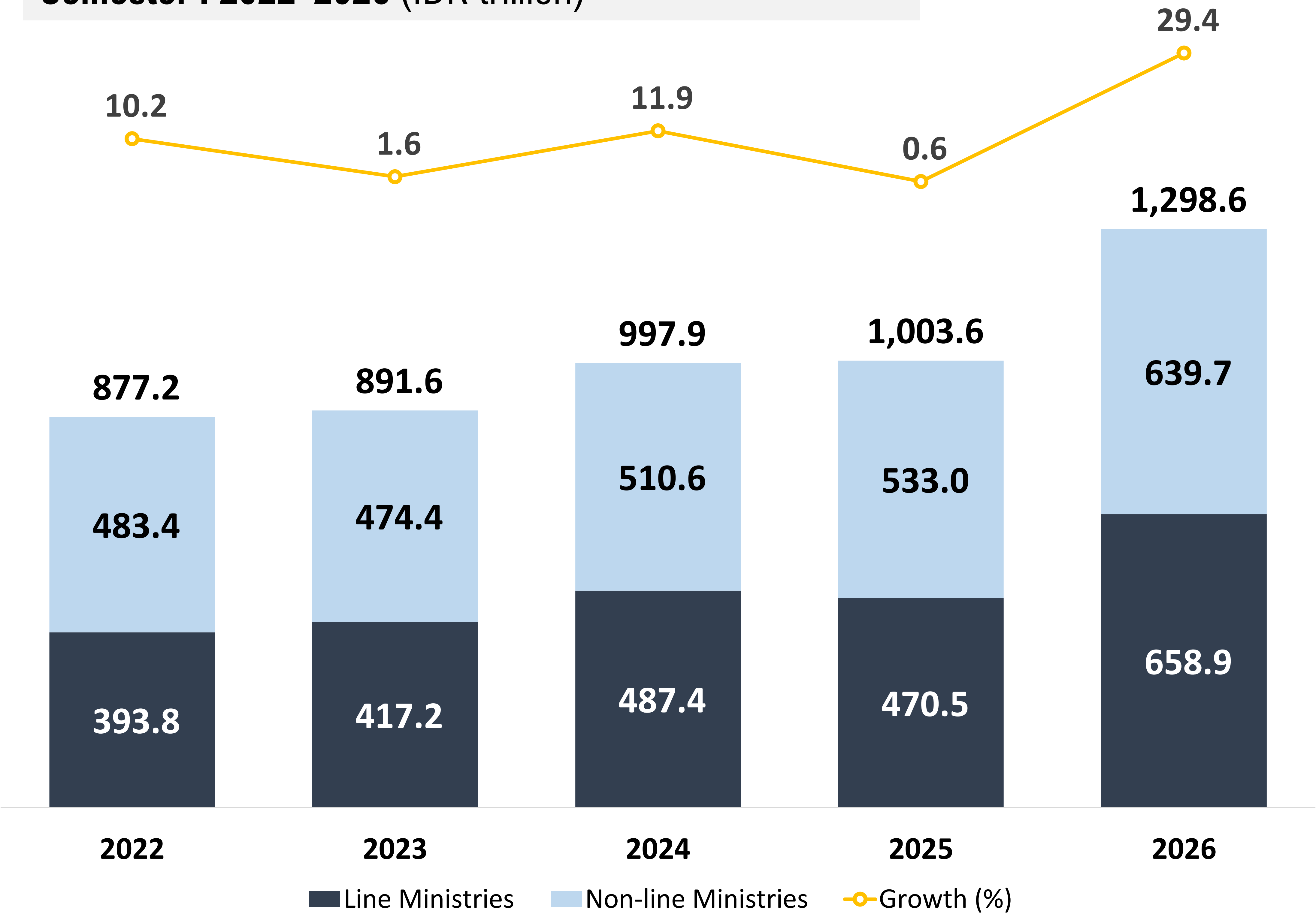
Backed by contributions from communication and information service revenues, as well as law enforcement revenues (results of Satgas PKH performance).

Driven by increased health service revenues, along with higher prices and export levy rates on palm oil (CPO) and its derivatives, in line with Minister of Finance Regulation No. 9/2026.

REALIZATION OF CENTRAL GOVERNMENT EXPENDITURE 2026: Rp1,298.6 T (41.2% of target)

Expansive spending supports priority programs and sustains economic growth momentum

Realization of Central Government Expenditure Semester I 2022–2026 (IDR trillion)



Realization of **Ministry/Agency (K/L) Spending influenced by**:

- Implementation of MBG
- Distribution of social assistance (PBI JKN, Food Card, PKH, and KIP College)
- Disbursement of holiday allowance (THR) and 13th salary for civil servants, military, and police
- Infrastructure for connectivity and food security (roads, dams, irrigation)

Realization of **Non-Ministry/Agency (Non K/L) Spending influenced by**:

- Payment of THR for retirees and 13th pension
- Settlement of underpaid compensation for Q2 2025
- Monthly payments of subsidies and compensation

FREE NUTRITIOUS MEAL

For building a healthy Indonesian generation

63.13 million recipients, 29,670 SPPG

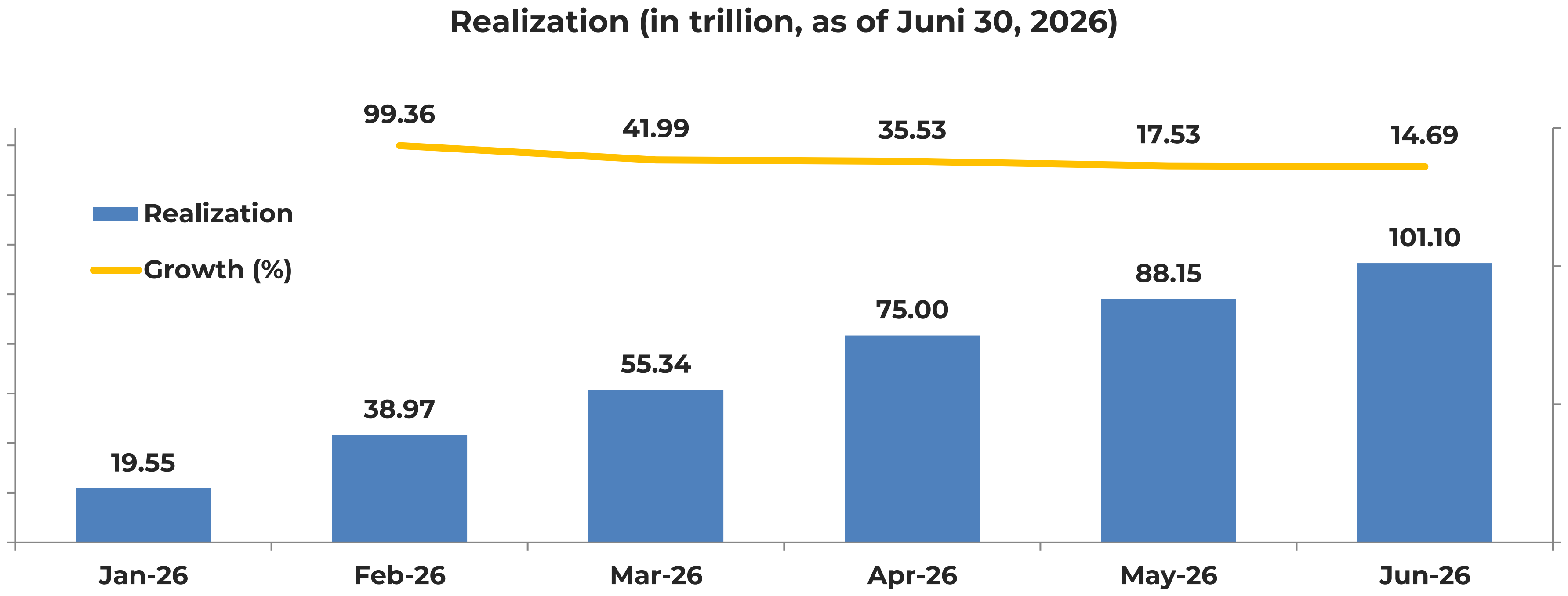
“Free Nutritious Meal becomes a long-term investment to improve the quality of health and human resources in Indonesia in the future,"

President Prabowo

Plenary Session of DPR RI, May 20, 2026

*) Each SPPG serves between 500–3,000 beneficiaries to achieve the targeted number of recipients.

Realization **IDR101,1 T**



Distribution of recipients:

Island	Recipients (Million People)	Island	Recipients (Million People)
Sumatera	13,93	Sulawesi	4,23
Jawa	38,15	Maluku-Papua	1,02
Kalimantan	2,52	Bali - Nusa Tenggara	3,29

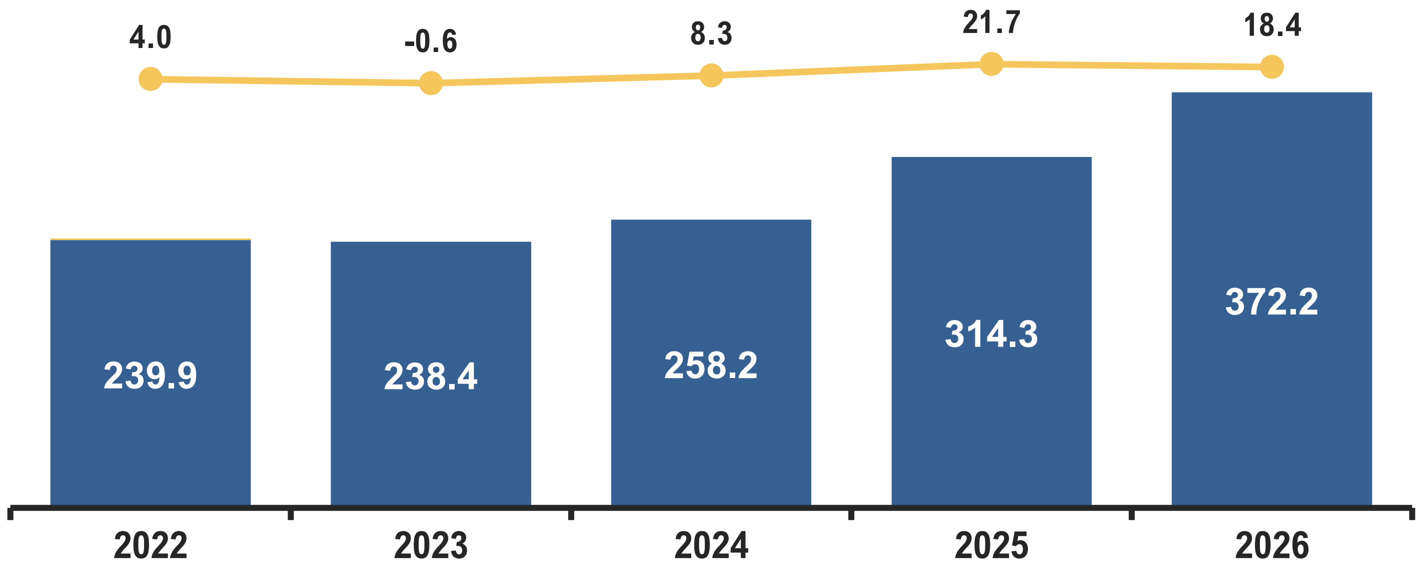
EDUCATION PROGRAM

To realize Excellent & Competitive Human Resources

EDUCATION BUDGET

IDR372,2 T (48,4% budget IDR769,1 T)

2022–2026 Realization as of June 30 (IDR Trillion)



Education Ecosystem includes:

Students/University Students: e.g., PIP, KIP Kuliah, and MBG	**IDR124,1 T**
Teachers/Lecturers/Education Personnel: e.g., TPG and Non-ASN TPD	**IDR128,7 T**
Schools/Campuses: e.g., BOS, BOPTN, and PAUD BOP	**IDR63,3 T**

PEOPLE'S SCHOOL

Smart Together, Growing Equally

"National development is not only oriented toward economic achievements, but also toward improving the quality of life of the people, one of which is through People's Schools."

Presiden Prabowo

Central and Regional Government Coordination Meeting 2026

Ceiling: IDR24,9 T
Realization: IDR13,1 T (52,4% Ceiling)

Target Output: 104 permanent People's Schools

Ministry of Public Works	**Education Center Renovation**	**IDR12,3 T**
Ministry of Social Affairs	**Education Implementation**	**IDR0,7 T**

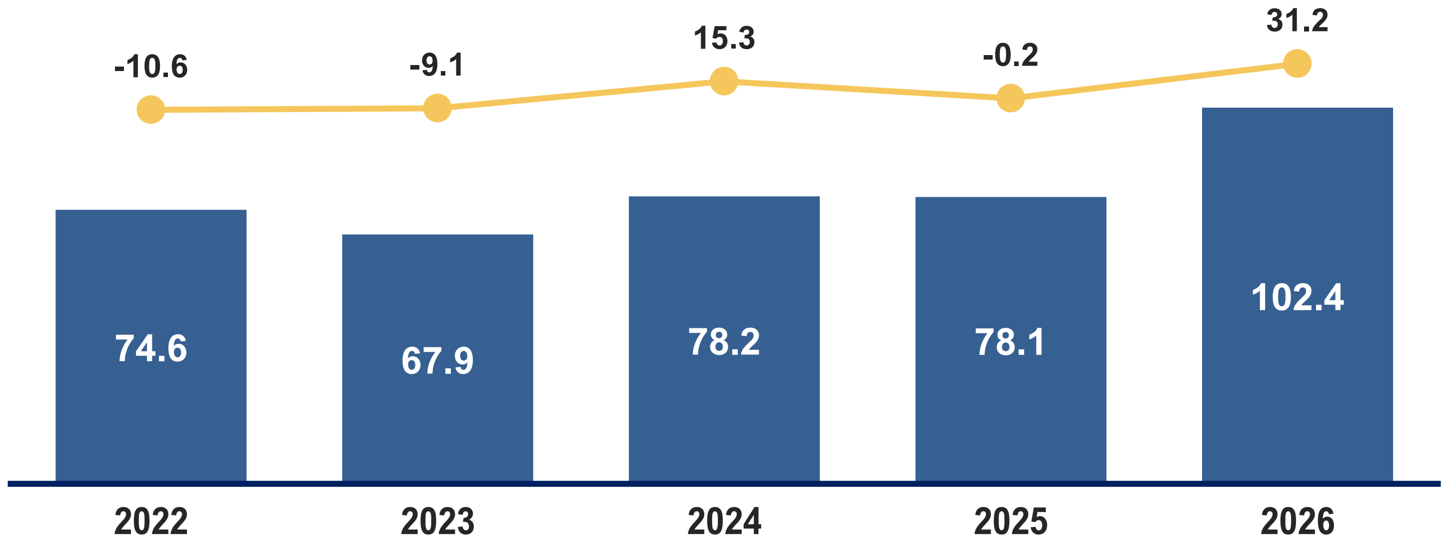
HEALTH PROGRAM

To improve access and equity of health services

HEALTH BUDGET

IDR102,4 T (41,4% Budget IDR247,3 T)

2022–2026 Realization as of June 30 (Trillion Rp)



Health Ecosystem includes:

Health facilities and infrastructure	IDR44,2 T
Public health services	IDR51,4 T

PRIORITY HEALTH PROGRAMS

Hospital Revitalization IDR2,9 T

Upgrading Class D/Primary to Class C, mainly strengthening facilities for KJSU (Cancer, Heart, Stroke, and Uronephrology)

Free Health Check IDR267,3 M

- ✓ 55,8 million participants

TB Eradication IDR34,4 M

- ✓ TB screening for 4.5 million participants

JKN Contribution Assistance IDR24,3 T

- ✓ PBI: 96,7 million participants (IDR23.2T)
- ✓ PBPU dan BP: 49,6 million participants (IDR1,1 T)

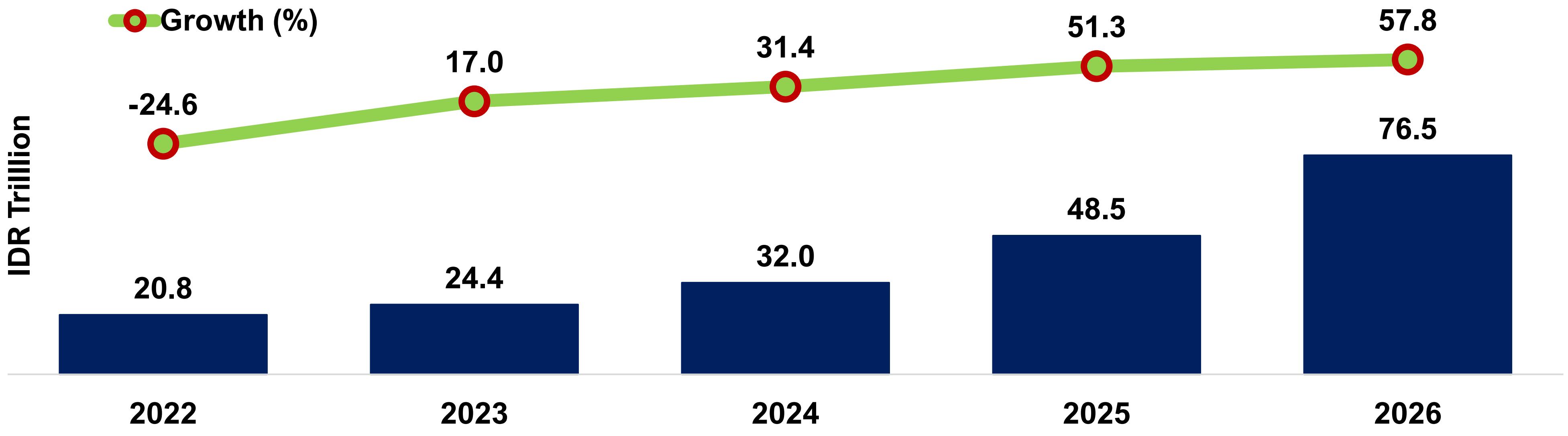
29

FOOD SECURITY

Driving national food production and stock

IDR76,5 T (36,4% Budget)

Realization of Food Security Budget Semester I 2022–2026



Through BPP IDR23,1 T | Subsidy IDR28,8 T | Financing IDR22,8 T

Government Investment Operator Fund (OIP) 2026

Semester I 2026 Realization

IDR 22,7 T (100%) for rice & unhusked rice

Unhusked rice

IDR22,6 T
3,5 million ton

Rice

IDR0,1 T
0,01 million ton

Corn

IDR0,1 T
0,02 million ton

✓ Bulog rice stock reached 5 million tons, the highest in the last 57 years

Year	PSO/CBP Rice Stock (million tons)
2020	956
2021	808
2022	326
2023	811
2024	1.792
2025	4.193
2026	5.180

Utilization includes:

Semester I 2026 realization, among others:

- Land optimization covering **7.079 ha**; New rice fields covering **189 ha**;
- Pump irrigation**3.864 unit**; Agricultural machinery assistance **26,1 thousand units**;
- Farm access roads **45 unit**; and Pipe irrigation **698 unit**

2026 Fertilizer Subsidy

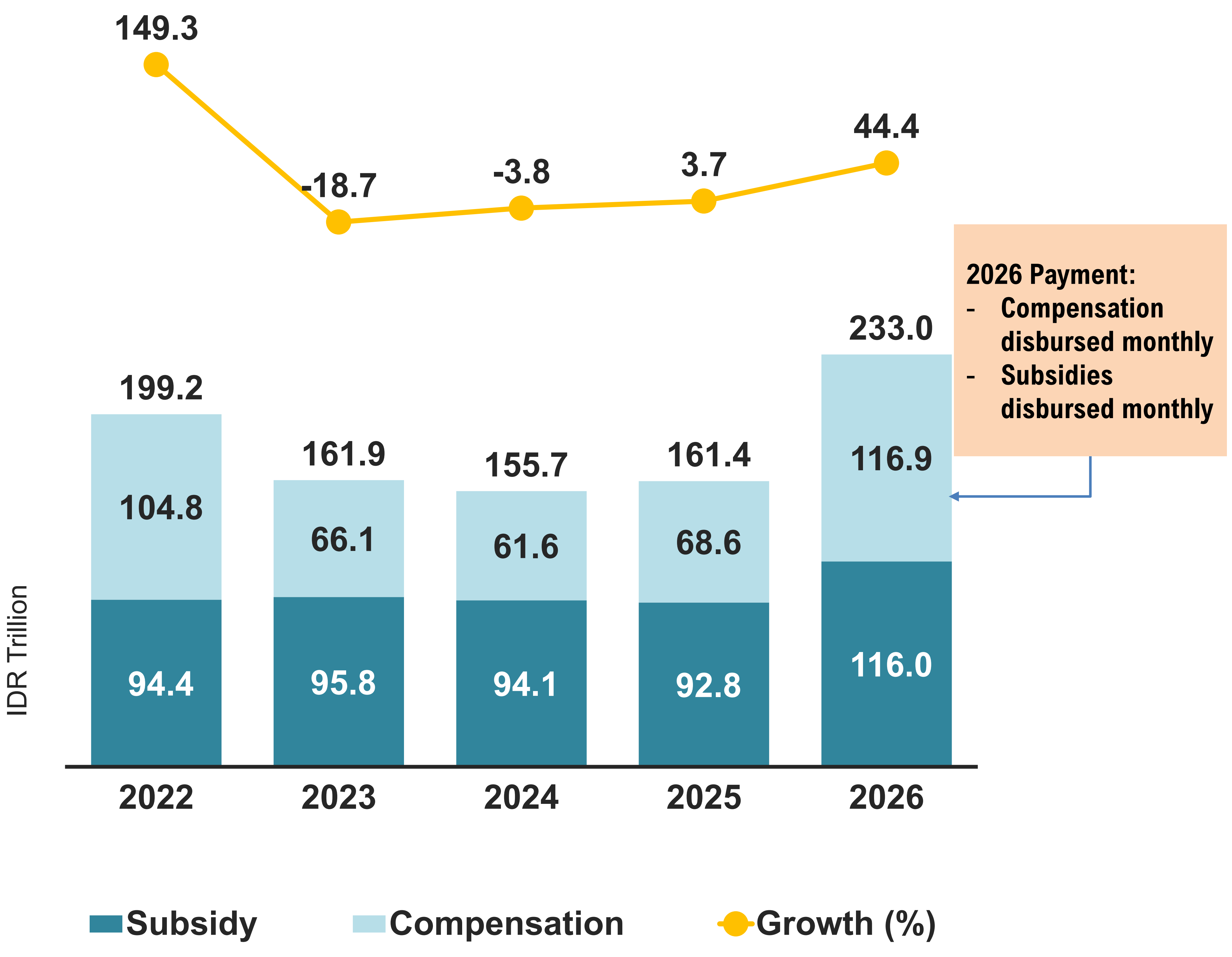
Semester I 2026 realization, among others:

- Fertilizer subsidy realization **IDR28,8 T**
- Distribution of subsidized fertilizer **4,5 million ton**
- Change in subsidized fertilizer governance through advance payment of Fertilizer Subsidy--> **Presidential Regulation No. 113/2025**

REALIZATION OF SUBSIDIES AND COMPENSATION Rp233.0 T (52.1% of ceiling) SAFEGUARDING HOUSEHOLD PURCHASING POWER

APBN acts as a shock absorber amid global energy price volatility.

Semester I Subsidy dan Compensation Realization



Realization of Subsidies and Compensation influenced by:

1. Fluctuations in ICP, Rupiah exchange rate, and increased volumes of subsidized fuel, LPG, and electricity.
2. Oil price volatility due to global geopolitical dynamics, which may raise energy subsidy realization. Indonesia has **prior experience managing such conditions, including during the 2022 Russia–Ukraine conflict.**
3. **Non-energy subsidies** mainly driven by higher fertilizer subsidy payments.

People enjoy access to various goods at subsidized prices

Subsidized Goods	Semester I Realization (2026)	Semester I Realization (2025)	Growth
Fuel Volume (thousand KL)	7.989,5	7.410,1	▲7,8%
3 Kg LPG Volume (million kg)	3.563,0	3.494,0	▲2,0%
Subsidized Electricity Customers (million customers)	43,1	42,2	▲2,1%
Fertilizer Volume (million ton)	4,5	3,7	▲21,4%
KUR Debtors (million debtors)	2,4	2,3	▲3,6%

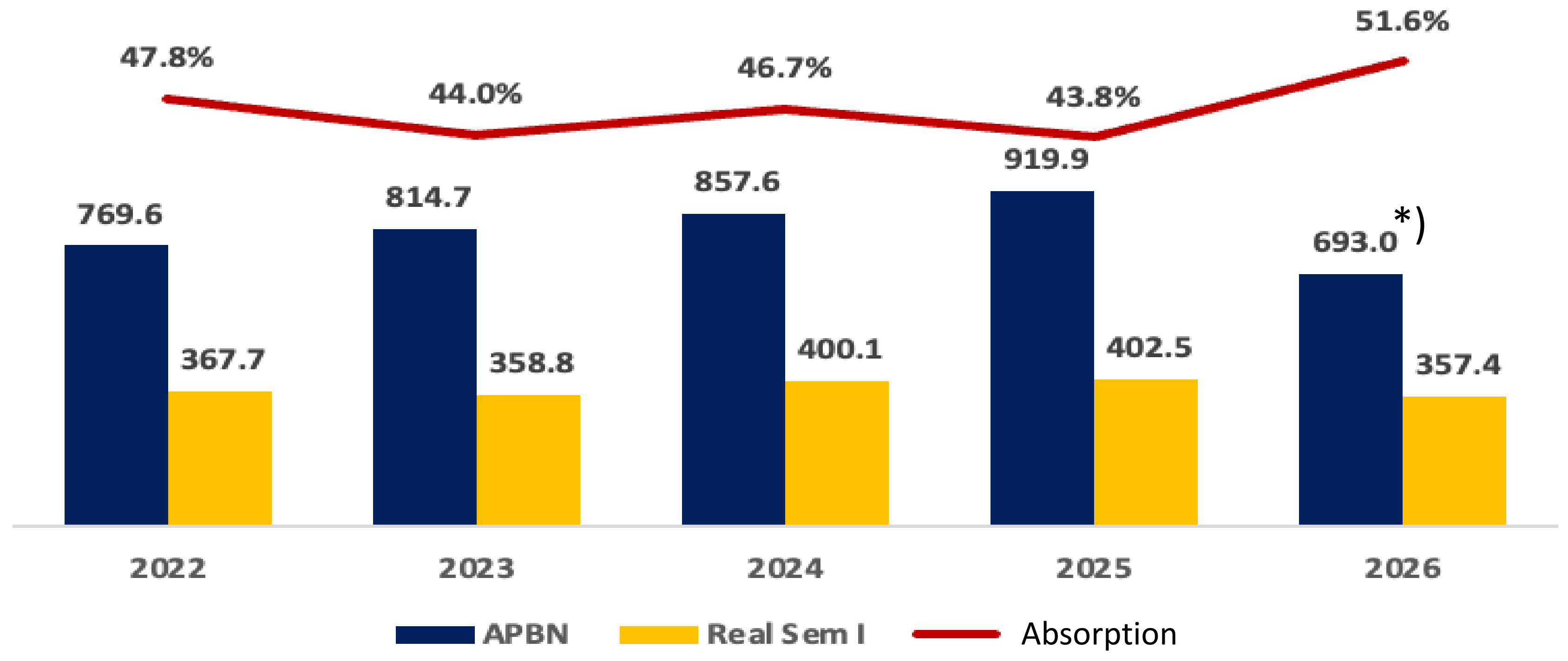
2026 2025

31

REALIZATION OF TRANSFERS TO REGIONS (TKD) Rp357.4 T (51.6% of APBN)

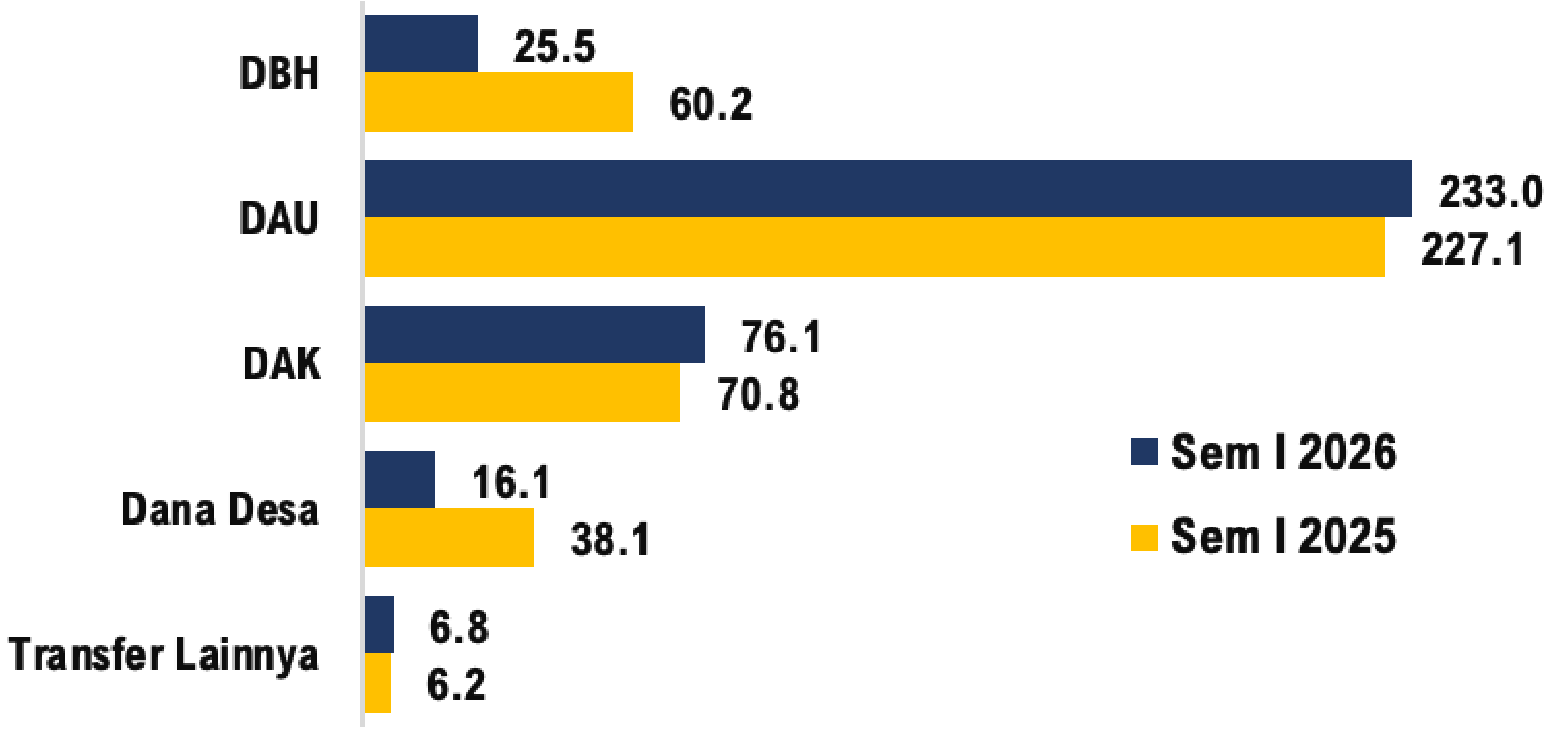
Influenced by local government performance in budget absorption and achievement of output targets

Realization of TKD Semester I 2022–2026 (IDR trillion)



*) Updated TKD ceiling: Rp706.3 T, including additional allocation for Sumatra disaster relief, as well as extra Special Autonomy (Otsus) and DTI funds

Realization of TKD Semester I by Type (IDR trillion)



Realization of TKD was influenced, among others, by:

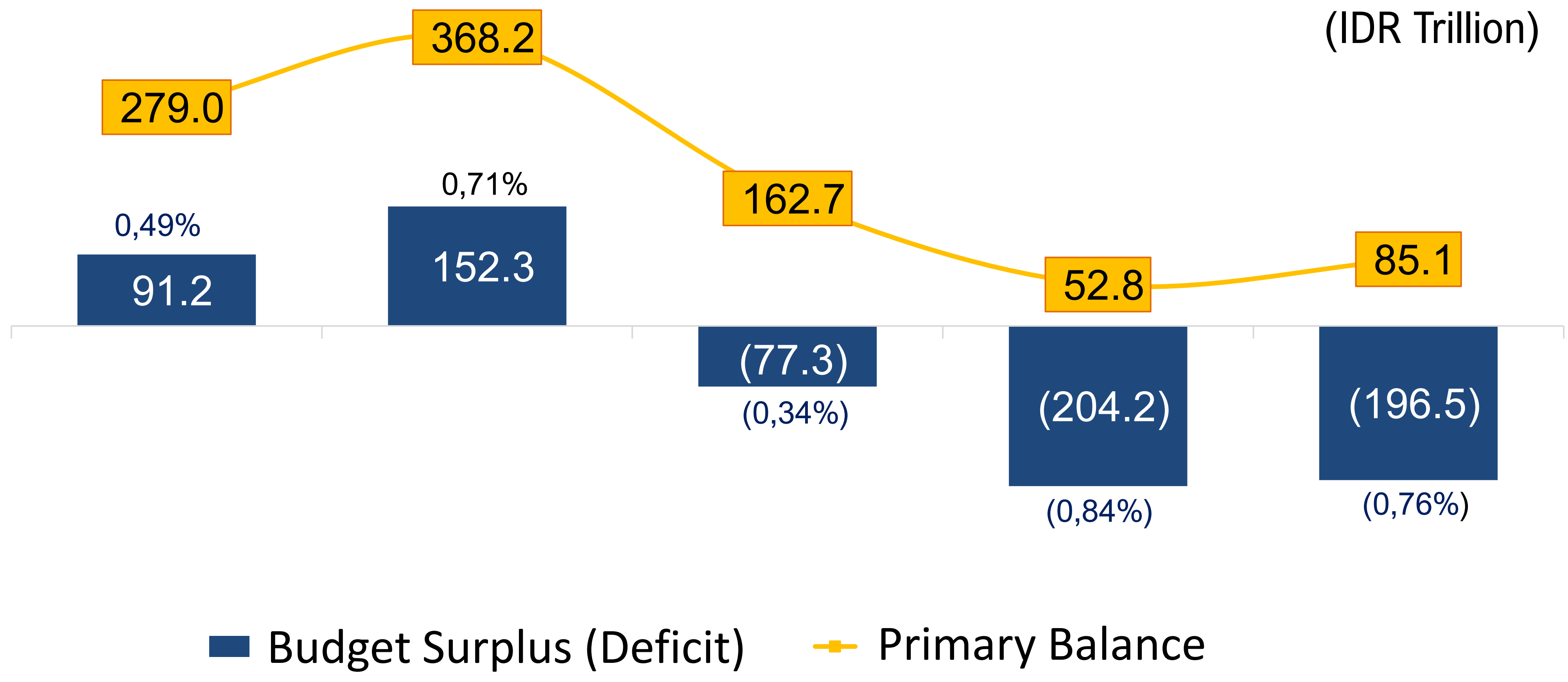
- **Revenue Sharing Fund (DBH): In percentage terms higher** than in 2025, but nominally lower in line with the DBH ceiling in APBN 2026.
- **Higher General Allocation Fund (DAU),** among others utilized for salaries of regional civil servants (PNSD) and government contract employees (PPPK).
- **Higher Special Allocation Fund (DAK),** influenced by the absorption performance of Non-physical DAK by local governments and disbursement recommendations from each supervising ministry/agency.
- **Village Fund** Influenced by policy restructuring through the separation of regular village funds and the implementation of KDMP.
- **Other Transfers** (Fiscal Incentive Fund, Special Autonomy Fund, and Special Fund for Yogyakarta) Influenced by local government performance in absorbing budgets and realizing output targets.

32

SEMESTER I PRIMARY BALANCE POSITIVE AT IDR85.1T

Financing controlled in meeting State Budget needs

Semester I 2022– 2026 Deficit and Primary Balance



Debt Financing Realization up to Semester I 2026

Uraian (triliun)	2025			2026			
	Budget	Smt I Real	% of Budget	Budget	Smt I Real	% of Budget	Growth (%)
I. SBN (Net)	642.6	308.6	48.0	799.5	501.2	62.7	62.4
II. Loans (Net)	133.3	6.9	5.1	32.7	(23.8)	(72.8)	(446.6)
Total Debt Repayment	775.9	315.4	40.7	832.2	477.4	57.4	51.4

- **Primary balance remains positive and deficit maintained** at 0.76% of GDP.
- Net debt financing reached 57.4% of the APBN with costs and risks controlled.
- Debt financing carried out prudently, flexibly, opportunistically, and in a measured manner, covering aspects of timing, size, instruments, and currency mix.
- **Cash position remains ample** supported by a sufficiently large SAL.

33

INVESTMENT FINANCING

Supporting Government Priority Programs

APBN 2026: IDR203,1 T.

Semester I 2026 realization (net): IDR52,2 T.

Realization and Output of Investment Financing (IDR54,8 T)

IDR9,6 T (100%)
Disbursement for land acquisition of National Strategic Projects (Area: 4.304.205 M²)

IDR5,0 T (20%)
Distribution of FLPP housing loans for 91,531 housing units

IDR15,0 T (60%)
Financing 20,870 LPDP awardees and 16,007 collaboration awardees (Kemendikdasmen, Kemdiktisaintek, and Ministry of Religious Affairs)

IDR22,7 T (100%)
Absorption of 3.5 million tons of unhusked rice (IDR22.6T) and 13.9 thousand tons of rice (IDR0.1T)

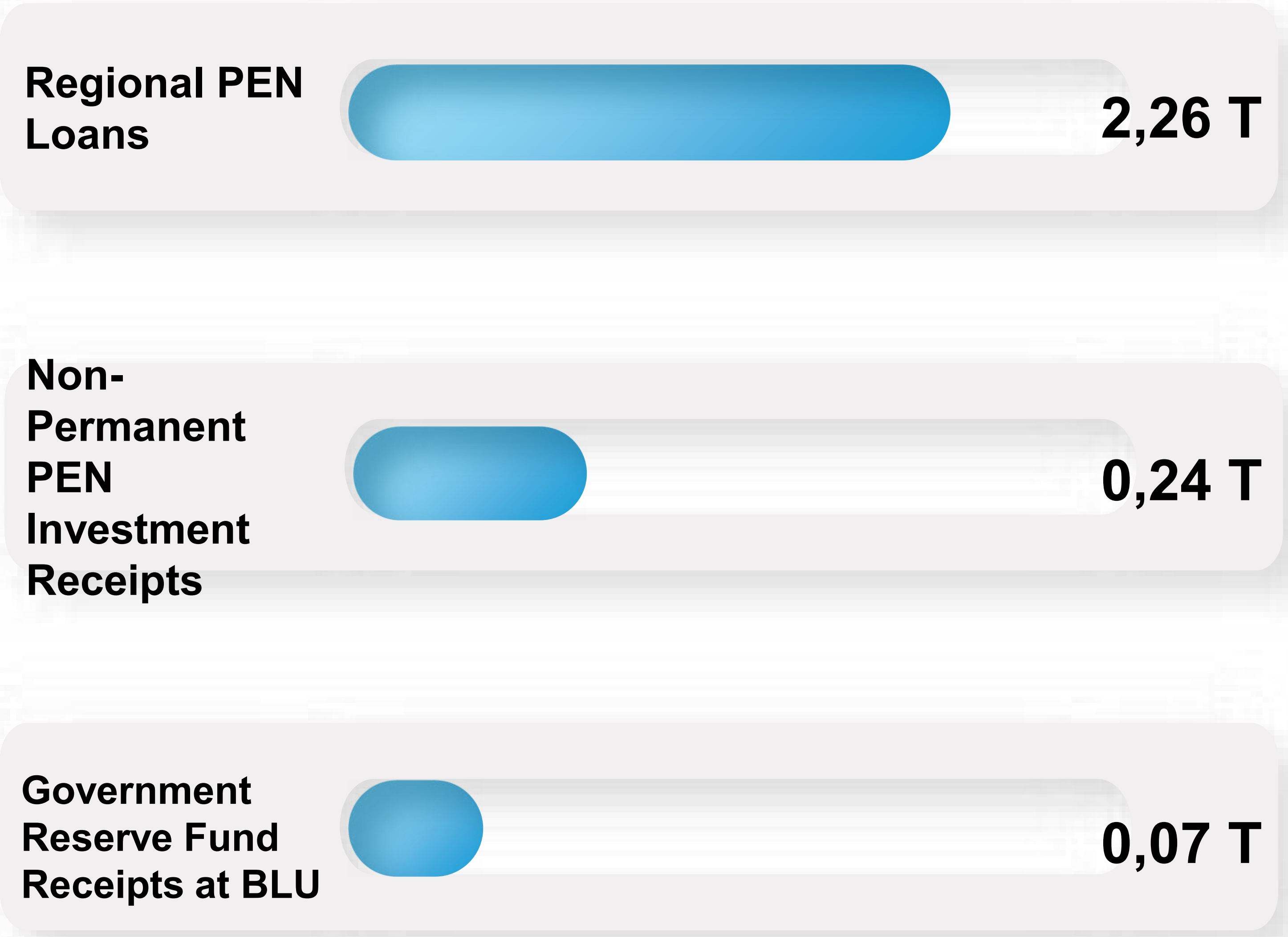
IDR1,1 T (29%)
Infrastructure financing to local governments amounting to IDR1.0T

IDR1,0 T (100%)
Financing of State Assets insurance premiums and disaster management activities

ORGANIZATION / LKI / BUI

IDR0,3 T (15%)
Payment of commitments to IFAD and IDA

Realization of Investment Returns IDR2,6 T



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2026 Budget Outlook

fiskal.id/IRU iru@kemenkeu.go.id

REALIZATION AND OUTLOOK OF KEY MACROECONOMIC ASSUMPTIONS 2026

Indicator	2026		
	Budget	H1 Realization	*Outlook*
Economic Growth (%)	5.4	5.61 [1)]	5.6 – 6.0
Inflation (%, *yoy*)	2.5	3.34	2.4 - 2.9
10-Year Government Bond Yield (%, *average*)	6.9	6.57 [2)]	6.7 – 7.1
Exchange Rate (Rp/USD, *average*)	16,500	17,197	17,000 - 17,500
Indonesian Crude Oil Price *(US$/barrel, average)*	70	91.87 [3)]	75 – 85
***Oil* Lifting** *(kbpd)*	610	564.66 [4)]	602 – 610
***Gas* Lifting** *(kboepd)*	984	933.41 [4)]	929 – 985

Economic growth is strong, underpinned by a significant rise in household consumption, investment, and accelerated government spending.

Inflation remains under control; *volatile food* and *administered prices* have eased, supported by energy and food price policies to maintain public purchasing power.

The Rupiah has weakened, influenced by geopolitical factors and the direction of global monetary policy.

Government bond *(SBN)* yield movements are influenced by global dynamics. Both the level and volatility can still be maintained

Oil price **dynamics are influenced by supply chain disruptions from** the Middle East conflict and developments in the resolution with the US

***Oil and gas* lifting continue to** be optimized amid still fairly volatile commodity market conditions

Notes:
1) Realization Q1 2026
2) As of the 23 June 2026 auction
3) Realization through May 2026
4) Realization through May 2026 (ytd); oil lifting includes crude + NGL, gas lifting excludes NGL

OUTLOOK OF 2026 STATE BUDGET

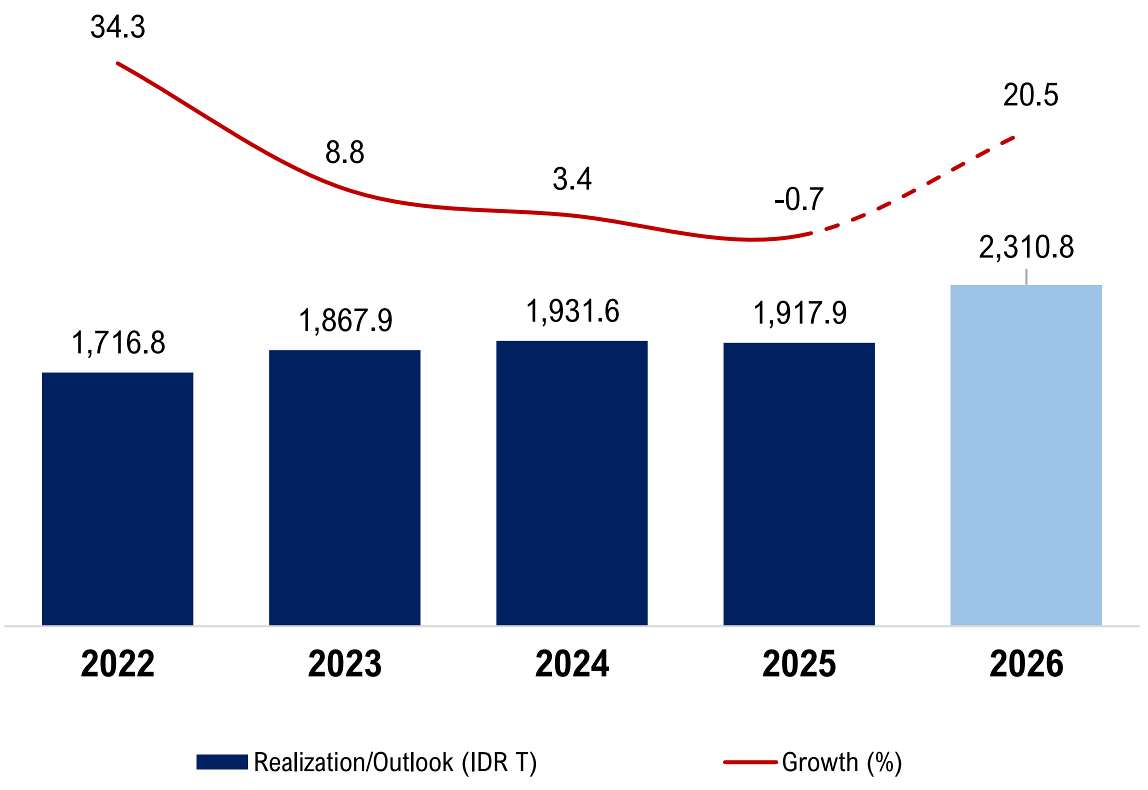
ITEM	2025		2026			
	LKPP (Audited)	Growth (%)	APBN	Outlook	% to APBN	Growth (%)
A. STATE REVENUE	**2,765.1**	**(3.0)**	**3,153.6**	**3,208.1**	**101.7**	**16.0**
I. Tax Revenue	**2,218.2**	**(0.6)**	**2,693.7**	**2,631.4**	**97.7**	**18.6**
1. Taxes	1,917.9	(0.7)	2,357.7	2,310.8	98.0	20.5
2. Customs & Excise	300.3	-	336.0	320.6	95.4	6.8
II. Non-Tax State Revenue	**541.5**	**(7.3)**	**459.2**	**575.1**	**125.2**	**6.2**
III. Grant	**5.4**	**(84.2)**	**0.7**	**1.5**	**227.5**	**(72.1)**
B. STATE EXPENDITURE	**3,435.5**	**2.3**	**3,842.7**	**3,942.4**	**102.6**	**14.8**
I. Central Govt. Expenditure	**2,586.4**	**3.6**	**3,149.7**	**3,245.5**	**103.0**	**25.5**
1. Line Ministry Exp.	1,483.8	12.1	1,510.5	1,630.4	107.9	9.9
2. Non-Line Ministry Exp.	1,102.6	(5.9)	1,639.2	1,615.1	98.5	46.5
II. Transfer to Regions	**849.0**	**(1.7)**	**693.0**	**696.9**	**100.6**	**(17.9)**
C. PRIMARY BALANCE	**(155.9)**	**652.1**	**(89.7)**	**(152.1)**	**169.5**	**(2.5)**
D. SURPLUS/ (DEFICIT)	**(670.3)**	**31.7**	**(689.1)**	**(734.3)**	**106.6**	**9.5**
% to GDP	*(2.81)*		*(2.68)*	*(2.85)*		
E. BUDGET FINANCING	**742.7**	**33.9**	**689.1**	**734.3**	**106.6**	**(1.1)**

1. **State Revenue: Rp3,208.1 T** (101.7% of APBN target)
   - **Tax Rp2,310.8 T** (98.0% of APBN target)
   - **Customs and Excise Rp320.6 T** (95.4% of APBN target)
   - **Non-Tax State Revenue**: Rp575.1 T (125.2% of APBN target)
2. **State Expenditure: Rp3,942.4 T** or 102.6% of APBN ceiling
   - **Ministries/Agencies Exp. Rp1,630.4 T** → supporting priority development programs
   - **Non-Ministries/Agencies Exp. Rp1,615.1 T** → maintaining food price stability and household purchasing power
   - **Transfers to Regions Rp696.9 T** (100.6%) → regional governance, disaster management, and additional special autonomy funds
3. Additional spending: Rp132 trillion for Government obligations (energy subsidies and compensation)
4. The Government proposes reallocations between Budget Section of General Treasury (BA BUN) and Budget Section of Ministries/Agencies (BA K/L) to strengthen social security in health and enhance institutional capacity for core functions and services (separate letter from the Minister of Finance to the Budget Committee leadership in accordance with the 2026 State Budget Law).
5. **Budget Deficit Rp734.3 T (2.85% of GDP).**
6. **Budget Financing Rp734.3 T**

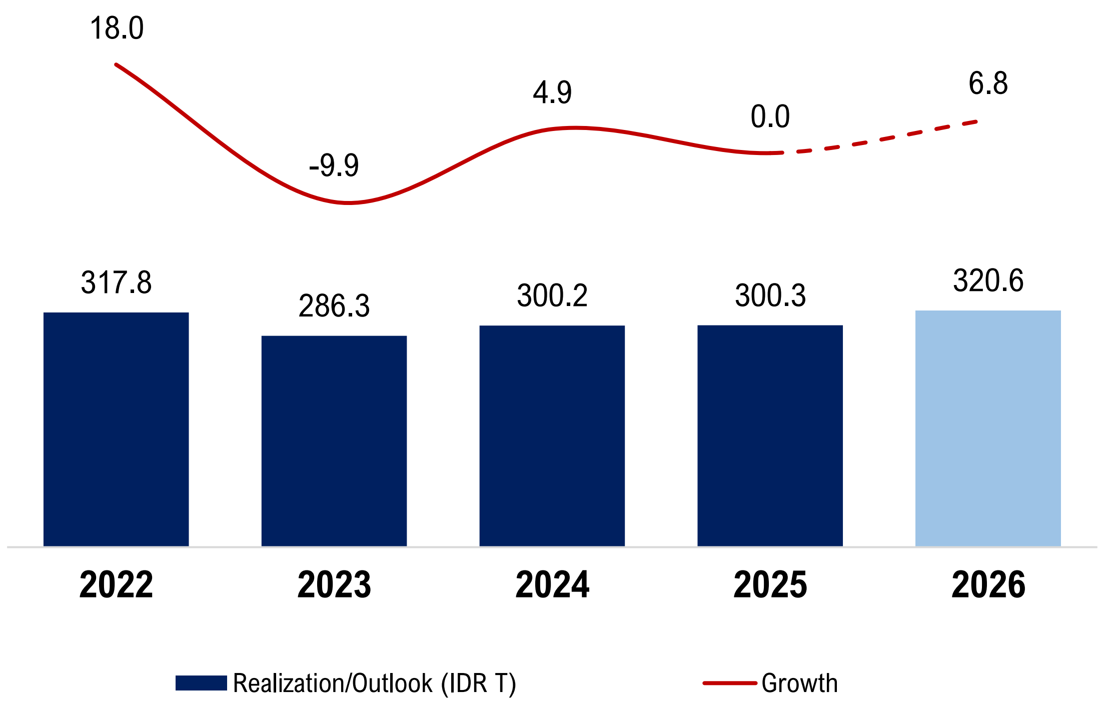
OUTLOOK OF STATE REVENUE EXPECTED TO GROW 16.0%

Driven by projections of the national economy, extra effort, and improved services of Ministries/Agencies (K/L)

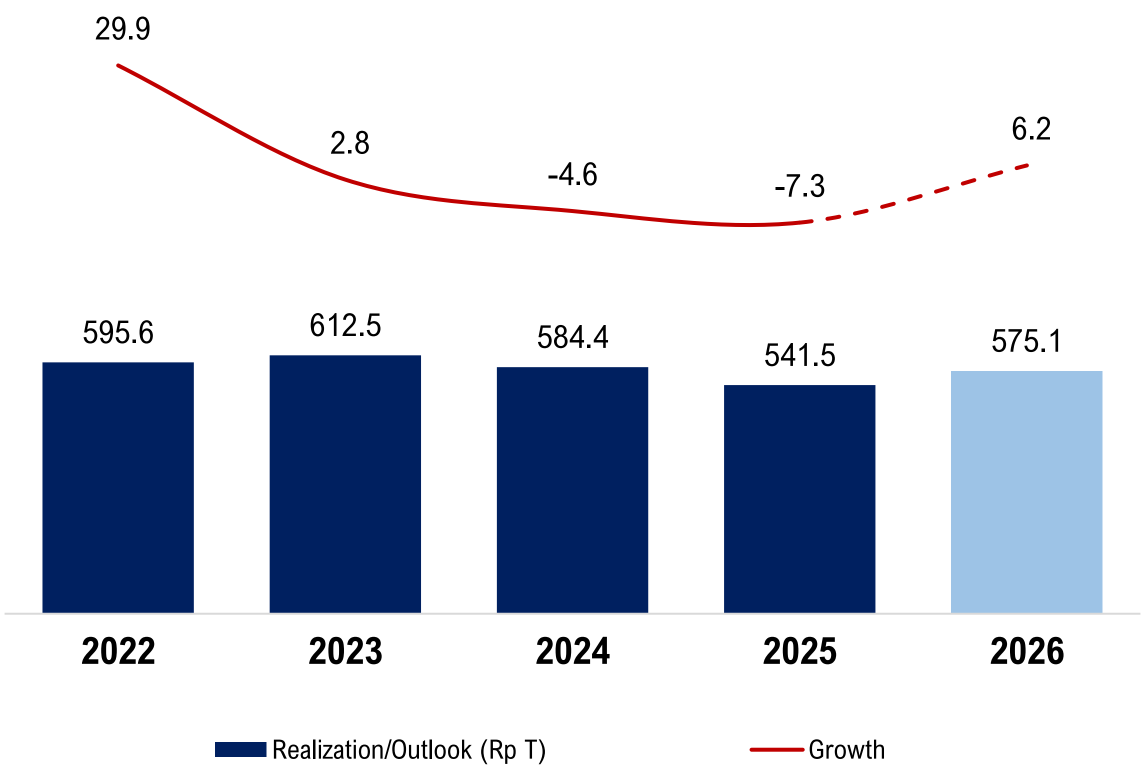
Tax Realization, 2022-2026



Customs and Excise Realization, 2022-2026



Non-Tax State Revenue (PNBP) Realization, 2022-2026



Tax revenue outlook is estimated at 98.0% of the State Budget (APBN) (growing 20.5%), influenced among others by:

- Sustained national economic performance
- Effectiveness of policy implementation and taxpayer compliance monitoring
- Semester II tax revenue projected higher than last year, supported by extra effort and expansion of the tax base
- Increasingly effective implementation of Coretax

Customs and excise outlook is estimated at 95.4% of the State Budget (APBN) (growing 6.8%), influenced among others by:

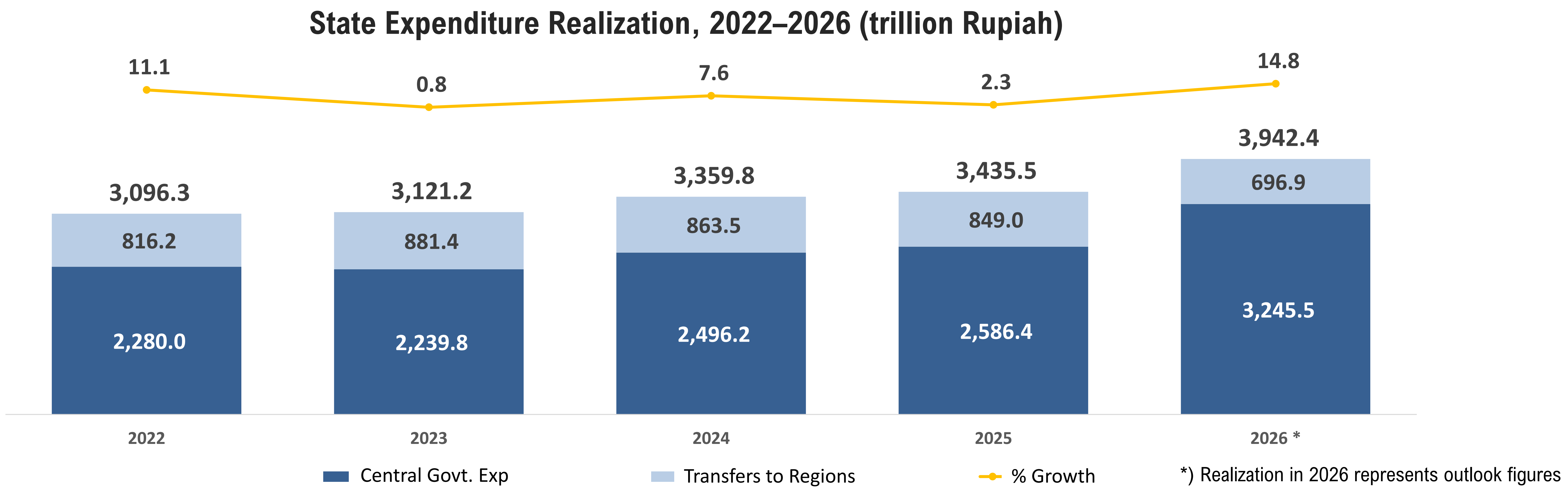
- Import Duty supported by efforts to curb under-invoicing practices and rising import volumes
- Imposition of Coal Export Duty and Excise on Sweetened Beverages has not yet been implemented
- Gold Export Duty collection aimed at safeguarding domestic availability
- Cigarette production increased as legal producers captured market share from illegal cigarettes

PNBP outlook is estimated at 125.2% of State Budget, mainly influenced among others by:

- Natural Resource PNBP still affected by fluctuations in Indonesian Crude Price (ICP), oil & gas lifting, and moderation of mineral prices
- Separated State Assets Revenue supported by Bank Indonesia surplus and dividends from SOE’s not transferred to BPI Danantara
- PNBP from Ministries/Agencies projected to increase, supported by improvements in service quality and quantity as well as law enforcement activities
- Public Service Agency (BLU) revenue projected to rise, supported by enhanced health services and tariffs of Palm Oil Export Levy (PE CPO) and its derivatives

OUTLOOK OF STATE EXPENDITURE 2026 EXPECTED TO INCREASE

Maintaining priority spending in Semester II 2026



The outlook for State Expenditure in FY 2026 takes into account, among others:

- Increase in subsidies and compensation spending to safeguard household purchasing power
- Higher State Expenditure to support Government priority programs, among others: people's schools, school revitalization, Garuda flagship schools, strengthening social security programs, and food security enhancement
- Spending for disaster management in Sumatra and provision of fiscal incentives to sustain growth momentum
- Transfers to Regions (TKD) influenced by the performance of local governments in absorbing budgets and realizing output targets

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THANK YOU!