

**1Q25 GDP Growth Slowed To 4.87% Amid Constrained Fiscal Conditions**

As anticipated, Indonesia’s economic growth moderated in the 1Q25, recording **-0.98% qdq or 4.87% YoY, -0.98% qdq or 4.87% YoY (Cons: -0.90% qdq or 4.92% YoY, KBVS: -1.05% qdq or 4.76% YoY, Prev: 0.53% qdq or 5.02% YoY)**. The figure marks the slowest annual growth pace since 3Q21. The deceleration in economic activity was accompanied by subdued inflation, which stood at just 1.03% YoY at the end of 1Q25. At current prices, assuming population of 280.53 mn, this implies a modest increase 2.78% YoY of annualized GDP per capita to IDR80.79 mn (Prev: IDR78.6 mn).

**From the expenditure side, the main drag on growth stemmed from a -1.38% YoY contraction in government expenditure** (see Figure 2, p.3). This aligns with the Ministry of Finance’s latest APBN Kita report (see Table 1, p.2), which highlights the government’s cautious fiscal stance amid declining revenues. As of end-Mar ‘25, government revenue fell -16.7% YoY, resulting in a fiscal deficit of IDR104.2 tn or 0.43% of GDP. This fiscal constraint raises concerns about the government’s capacity to sustain public expenditure for the remainder of 2025, especially if tax revenue shortfalls persist and non-tax revenues continue to decline—particularly from falling commodity prices.

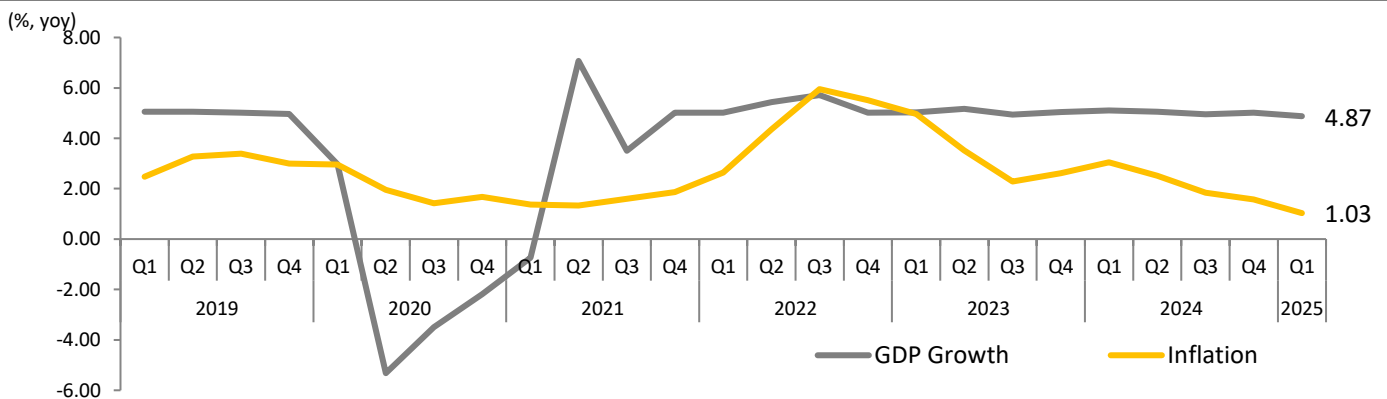
**On a more positive note, investment growth provided a key support pillar, with combined domestic and foreign direct investment rising by 15.87% YoY.** This momentum reflects increased interest in infrastructure development—particularly toll road projects in Riau and North Sumatra—as well as improved investment sentiment in the Real Estate&Property sectors. According to the Investment Coordinating Board (BKPM), significant inflows also targeted the Telecommunications, Transportation, Warehousing, and Mining sectors. Nonetheless, employment gains in these areas remain limited: only 20k jobs were added in Real Estate, 60k jobs in Construction (a proxy for Infrastructure development), 20k in Information&Communications, and around 370K in Accommodation&Food Services (a proxy for Warehousing-related demand) (see Figure 4, p.3).

**On the production side, sectoral dynamics were mixed.** The mining sector contracted by -1.23% YoY, while agriculture expanded strongly by 10.52% YoY. This divergence is reflected in labor data, with mining employment declining by -60K jobs, while agriculture added approximately 890k jobs over the past year (see Figure 4, p.3).

**Despite these gains, the overall labor market remains under pressure.** The labor force grew by 3.64 mn over the past year, while job creation reached only 3.59 mn—leading to a slight dip in the labor force participation rate from 70.63% in Feb ‘24 to 70.60% in Feb ‘25. Additionally, the share of formal employment fell from 40.83% to 40.60% over the same period. These trends may have weighed on consumer sentiment and spending behavior. This cautious sentiment was evident in consumer durables: wholesale car sales dropped -5.12% YoY in Mar ‘25, and motorcycle sales fell -3.08% YoY during the 1Q25. Furthermore, mobility during the Eid al-Fitr period—typically a peak in household spending—also declined (see Table 2, p.2).

**Looking ahead, revenue performance and budget reallocation efforts will be critical in revitalizing growth from the demand side.** Government programs such as the free nutritious meals initiative and the 3 mn homes project could serve as catalysts for broader consumption if executed effectively. **In parallel, ongoing trade negotiations are expected to shape Indonesia’s external sector.** Notably, net exports grew 6.78% YoY in 1Q25, and continued strength in this segment could help buffer domestic weakness. **We also hope to see greater investment channeled into labor-intensive industries, which would help reduce consumer caution and support a rebound in spending in 2Q25 and beyond.**

**Fig 1. Indonesia’s Economic Growth & Inflation**



Sources: BPS, KBVS Research - treated (2025)

Table 1. APBN Realization on 1Q25

APBN (IDR tn)	2024 Realization as of 31 Mar	2025 Realization as of 31 Mar
<b>I. Revenue</b>		
A. Tax Revenue	393.91	322.60
B. Custom and Excise Revenue	69.00	77.50
C. Non Tax Revenue	156.69	115.90
<b>TOTAL</b>	<b>619.60</b>	<b>516.10</b>
<b>II. Expenditure</b>		
A. K/L Spending	222.25	196.10
B. Non-K/L Spending	205.37	217.10
C. Transfer to Regions	184.32	207.10
<b>TOTAL</b>	<b>611.94</b>	<b>620.30</b>

Sources: MoF, KBVS Research – treated (2025)

Table 2. Population Mobility During the Eid Holiday (H-10 to H+10)

	Eid al-Fitr 2024	Eid al-Fitr 2025	Growth (%)
Population mobility (person)	162.2 mn	146.67 mn	-4.96%
Public transportation user	25.4 mn	27.5 mn	8.50%
Land-based transport user	4.4 mn	5.5 mn	19.88%
Train passenger	7.9 mn	8.2 mn	3.24%
Maritime transport user	1.7 mn	2.2 mn	21.19%
Air transport user	5.5 mn	5.6 mn	0.56%
Ferry services user	5.1 mn	5.8 mn	10.50%
Private vehicles entering and exiting Jakarta	6.4 mn	7.1 mn	8.48%
Road traffic accident	6.23k	4.64k	-34.31%
Average vehicle speed on toll road	76.06 km/hr	83.66 km/hr	9.90%

\*Population mobility: individual movement based on mobile positioning data

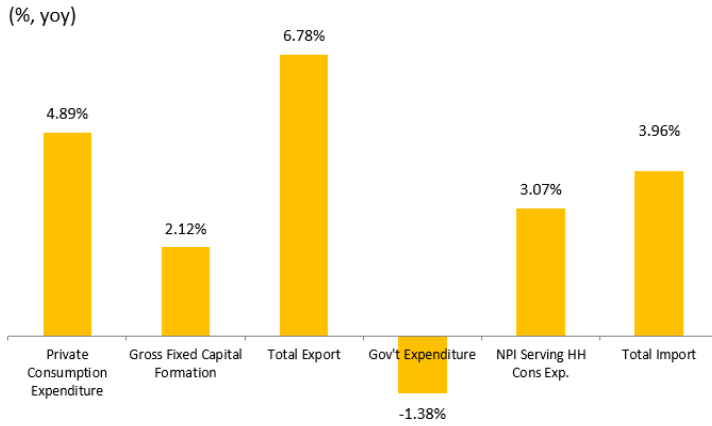
Sources: MoT, KBVS Research – treated (2025)

Table 3. Indonesia's GDP at Current Price and at Constant Price (2010) – in IDR TN

Types	Current Price			Constant Price (2010)		
	1Q24	4Q24	1Q25	1Q24	4Q24	1Q25
<b>Based On Expenditure</b>						
Private Consumption Expenditure	2,905.10	3,048.10	3,089.50	1,659.90	1,731.40	1,741.00
Gross Fixed Capital Formation	1,541.30	1,709.20	1,588.30	959.00	1,057.50	979.30
Total Export	1,135.90	1,325.50	1,263.30	728.80	828.90	778.20
Total Import	1,042.60	1,207.80	1,118.50	597.40	691.60	621.00
Government Consumption Expenditure	332.00	565.00	333.30	190.50	312.50	187.80
NPI Serving Household Consumption Expenditure	75.80	77.90	78.60	43.90	44.80	45.30
Changes in Inventories	133.90	-0.40	175.00	66.60	-0.20	85.20
<b>Based On Industrial Origin</b>						
Manufacturing	1,019.70	1,085.60	1,090.50	638.60	672.10	667.70
Agri., For. & Fishery	613.80	641.80	717.30	327.10	329.40	361.50
(W&R)Trades, Repair of Motorcycles & MC	695.40	739.70	749.00	407.50	428.10	428.00
Mining & Quarrying	493.90	535.70	509.20	234.20	249.90	231.30
Construction	541.20	591.60	557.30	307.20	333.60	313.80
Transportation & Storage	313.40	351.20	344.80	141.90	155.70	154.70
Information & Comm.	232.90	246.20	251.50	211.10	222.90	227.30
Financial & Ins. Service	227.90	229.10	240.70	129.30	128.60	134.40
Education	147.30	168.50	158.20	88.40	101.40	92.80
Public Adm. & Def; Com Soc Security	117.70	169.30	190.40	106.00	102.90	111.10
Accom. & Food Service Act.	138.50	152.50	150.20	99.80	107.40	105.50
Real Estate Act.	128.50	132.30	121.10	87.10	89.40	89.70
Other Service Act.	108.20	121.40	119.60	63.80	71.10	70.10
Business Services	102.00	109.20	112.10	87.10	89.40	89.70
Human Health & Soc. Act.	177.70	169.30	190.40	106.00	102.90	111.10
Electricity & Gas Supply	55.30	58.30	58.50	32.60	34.60	34.30
Wtr Supp., Sew., Waste M & Rem. Activities	3.50	3.70	3.70	2.70	2.80	2.70
<b>Indonesia's GDP</b>	<b>5,288.60</b>	<b>5,674.90</b>	<b>5,665.90</b>	<b>3,113.00</b>	<b>3,296.70</b>	<b>3,264.50</b>

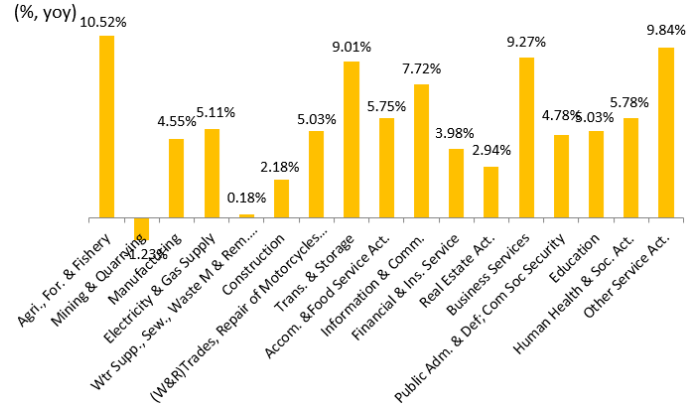
Sources: BPS, KBVS Research – treated (2025)

Fig 2. GDP Based On Expenditure on 1Q25



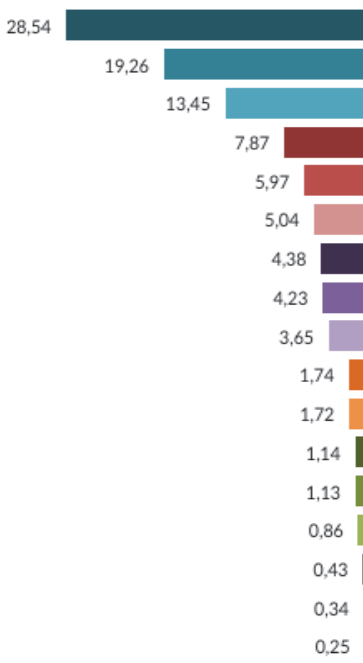
Sources: Bloomberg, KBVS Research - treated (2025)

Fig 3. GDP Based On Industrial Origin on 1Q25

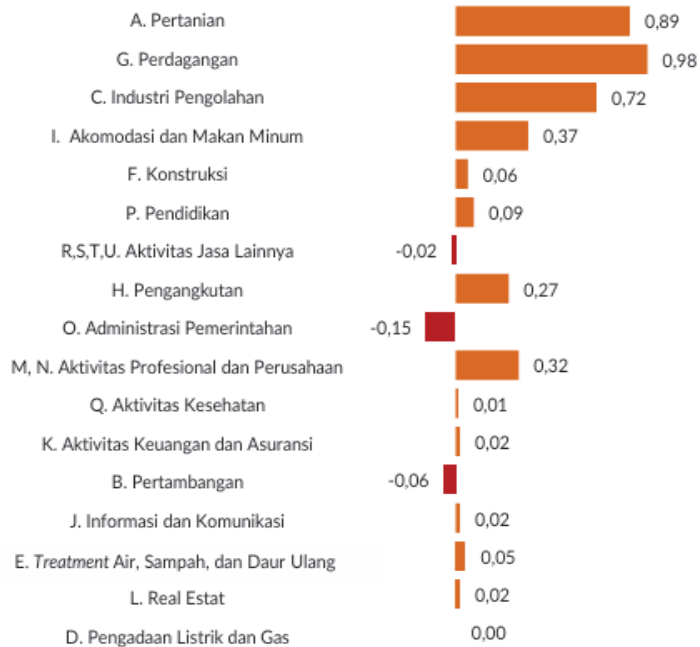


Sources: Bloomberg, KBVS Research - treated (2025)

Fig 4. Distribution and Change in Workforce by Industry as of February 2025



Distribusi Penduduk Bekerja Februari 2025 (persen)



Perubahan Feb 2024-Feb 2025 (juta orang)

Sources: BPS, KBVS Research - treated (2025)

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