

WoW! 2Q25 Indonesia's GDP Growth Was Remarkably Strong

Indonesia's economy recorded a surprisingly strong performance in the 2Q25, growing by 4.04% QoQ and 5.12% YoY, significantly outperforming both market expectations (Cons: 3.69% QoQ, 4.80% YoY; KBVS: 3.63% QoQ, 4.71% YoY; Prev: -0.98% QoQ, 4.87% YoY). This result is particularly encouraging given that several key leading indicators for 2Q25 had previously suggested a weaker outlook. For example, motorcycle sales declined by -1.01% YoY and wholesale car sales dropped by -14.86% YoY during the same quarter (see Fig. 3, p.2); Indonesia's S&P Global Manufacturing PMI remained in contraction territory, standing at 46.7 in Apr, 47.4 in May, and 46.9 in Jun; Money supply growth was relatively subdued, with M1 growing by 8.08% YoY and M2 by 4.88% YoY as of end-May (see Fig. 4, p.2); Credit growth reached only 7.77% YoY by end-Jun '25, according to the Financial Services Authority (OJK); then the Government spending also contracted by -0.33% YoY (Prev: -1.37% YoY) during the same period.

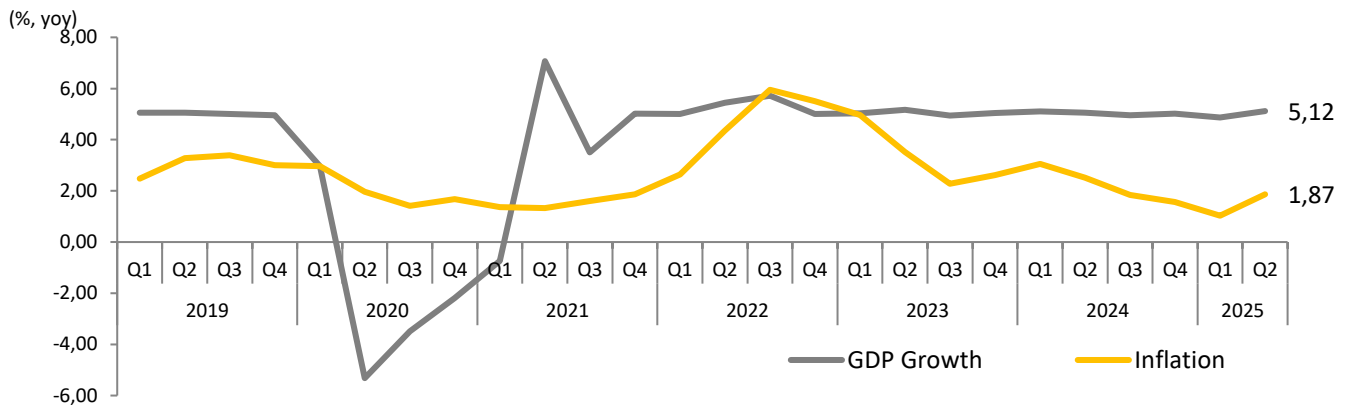
Despite these headwinds, **household consumption remained resilient, rising by 3.14% QoQ and 4.97% YoY (Prev: 0.625% QoQ, 4.95% YoY); as well as the Gross Fixed Capital Formation, a proxy for investment, surged by 4.10% QoQ and 6.99% YoY (Prev: -7.40% QoQ, 2.12% YoY).** The external sector also provided a strong boost, with Indonesia's trade surplus increasing to USD9.39 bn during the quarter. This was supported by a 4.85% QoQ and 10.67% YoY rise in exports of goods and services (Prev: -6.40% QoQ, 6.46% YoY), although this was accompanied by a 9.89% QoQ and 11.65% YoY increase in imports (Prev: -10.01% QoQ, 4.17% YoY). These developments suggest that Indonesia continues to play an important role in the global supply chain, despite concerns over potential trade disruptions stemming from renewed U.S. tariffs under the Trump administration and the still-fragile recovery in China.

On the production side, several key sectors showed encouraging growth. Agriculture, Forestry, and Fisheries expanded by 13.53% QoQ and 1.65% YoY (Prev: 9.74% QoQ, 10.52% YoY); Transportation and Warehousing rose by 6.58% QoQ and 8.52% YoY (Prev: -0.63% QoQ, 9.01% YoY); then Accommodation and Food & Beverage services grew by 6.43% QoQ and 8.04% YoY (Prev: -1.72% QoQ, 5.75% YoY). We expect this figure to have a positive impact on the financial market, particularly the equity market—especially in related sectors and export-oriented industries.

These improvements were likely supported by a sharp rise in mobility throughout 2Q25. Railway passenger volume increased significantly by 29.09% YoY to 135.54 mn people, and Sea Transportation passengers rose by 22.15% YoY to 8.53 mn people. Meanwhile, domestic air passengers declined by -9.65% YoY to 14.99 mn during the same period. Freight volume also improved, with domestic air cargo reaching 167.80k tons (up 11.99% YoY), sea cargo rising 33.87% YoY to 122.28k tons, while rail freight slightly declined by -0.27% YoY to 18.35k tons. These patterns were likely driven by a high number of public holidays in 2Q25, including Eid al-Fitr (April 1st, with joint leave until April 7th), Good Friday (April 18th), Ascension Day (May 29th), Eid al-Adha (June 6th), Islamic New Year (June 27th), and the end-of-school holiday period stretching from late May through Jun '25.

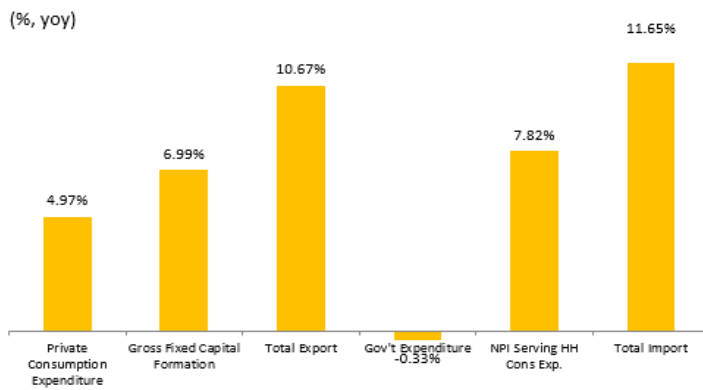
Looking ahead, several factors are expected to play a pivotal role in shaping the economic trajectory. The continued positive momentum in investment, coupled with the gradual easing of fiscal tightening, is anticipated to support job creation and help maintain household purchasing power. These dynamics may be further reinforced by **the transmission effect of Bank Indonesia's policy rate cuts** in May and Jul, each by 25 bps. Moreover, **the decline in cross-border distribution costs**—driven by falling global oil prices—**could offer additional support to overall economic activity.** Nonetheless, some downside risks remain. **The introduction of new U.S. import tariffs** may create external headwinds. While domestically, **the limited number of public holidays** in the 3Q25—only on August 18th—could weigh on seasonal consumption. In addition, **a degree of cautious or wait-and-see behavior among consumers** may continue to temper the pace of recovery in household spending.

Fig 1. Indonesia's Economic Growth & Inflation



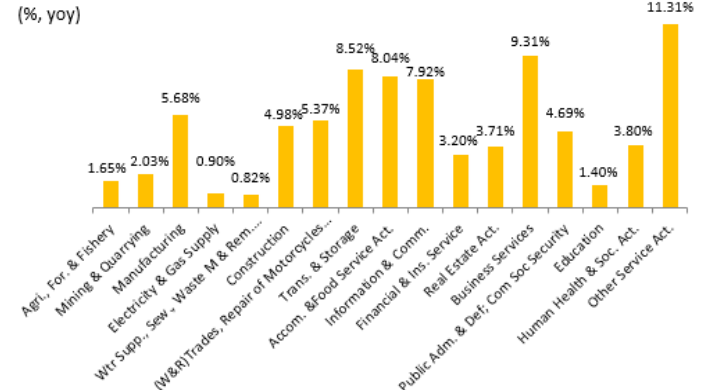
Sources: BPS, KBVS Research – treated (2025)

Fig 2. GDP Based On Expenditure on 1Q25



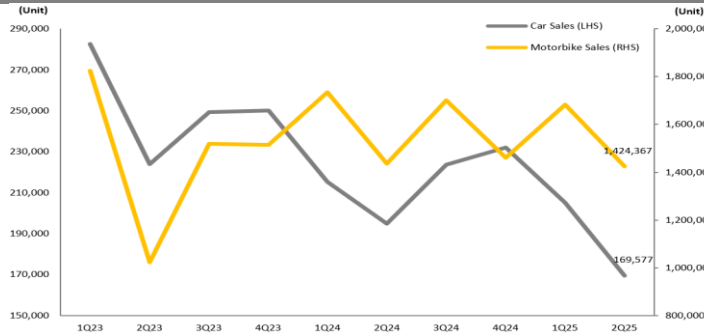
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 3. GDP Based On Industrial Origin on 1Q25



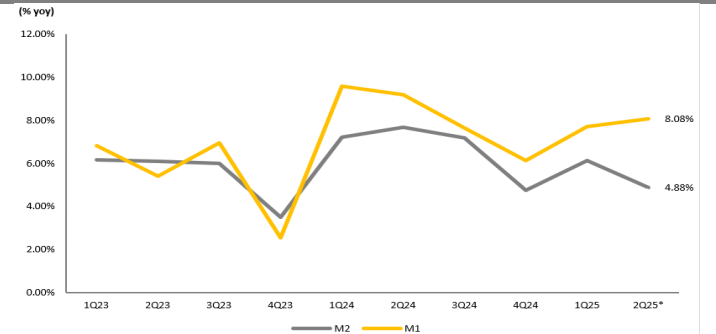
Sources: Bloomberg, KBVS Research – treated (2025)

Fig 4. Car and Motorbike Sales



Sources: Gaikindo/AIS, KBVS Research – treated (2025)

Fig 5. M1 & M2 Growth



Sources: BI, KBVS Research – treated (2025)

Table 1. Indonesia's GDP at Current Price and at Constant Price (2010) – in IDR TN

Types	Current Price			Constant Price (2010)		
	2Q24	1Q25	2Q25	2Q24	1Q25	2Q25
Based On Expenditure						
Private Consumption Expenditure	3,019.10	3,091.10	3,226.10	1,711.70	1,742.10	1,796.80
Gross Fixed Capital Formation	1,544.10	1,588.30	1,654.90	958.2	979.30	1,019.40
Total Export	1,184.80	1,258.90	1,325.10	735.6	775.90	813.50
Total Import	1,100.50	1,122.20	12,288.00	617	622.30	683.90
Government Consumption Expenditure	404.5	333.30	412.20	226.7	187.90	227.40
NPI Serving Household Consumption Expenditure	73.3	78.60	80.50	42.4	45.30	45.50
Changes in Inventories	148.7	175.00	154.90	73.3	85.20	75.20
Based On Industrial Origin						
Manufacturing	1,025.10	1,090.50	1,110.30	640.5	667.70	676.90
Agri., For. & Fishery	762.6	717.30	822.60	403.7	361.50	410.40
(W&R)Trades, Repair of Motorcycles & MC	719.4	749.00	774.30	418.8	428.00	441.40
Mining & Quarrying	485.9	509.20	510.90	229.1	231.30	233.80
Construction	533.3	557.30	563.70	301.9	313.80	316.90
Transportation & Storage	345.6	344.80	369.10	152	154.70	164.90
Information & Comm.	239.8	251.50	260.70	216.7	227.30	233.90
Financial & Ins. Service	235	240.70	247.10	132.2	134.40	136.40
Education	157.9	158.20	163.40	94.3	92.80	95.60
Public Adm. & Def; Com Soc Security	179.2	190.40	191.20	106.1	111.10	111.10
Accom. & Food Service Act.	145.9	150.20	160.60	104	105.50	112.30
Real Estate Act.	128.9	121.10	135.90	87.3	89.70	90.60
Other Service Act.	113.1	119.60	128.10	66.2	70.10	73.70
Business Services	106.7	112.10	135.90	63.1	89.70	90.60
Human Health & Soc. Act.	69.2	69.90	73.20	45.4	45.30	47.10
Electricity & Gas Supply	56	58.50	57.40	33.1	34.30	33.40
Wtr Supp., Sew., Waste M & Rem. Activities	3.6	3.70	3.70	2.7	2.70	2.70
Indonesia's GDP	5,536.50	5,665.90	5,947.00	3,231.00	3,264.50	3,396.30

Sources: BPS, KBVS Research - treated (2025)

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