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Steady 3Q25 Growth, Indonesian Markets Remain Muted

As expected, Indonesia's economic growth in 3Q25 recorded 1.43% *quarter-on-quarter* (QoQ) and 5.04% *year-on-year* (YoY) (Cons: 1.40% QoQ and 5.00% YoY; KBVS: 1.40% QoQ, 5.01% YoY; Previous: 4.04% QoQ, 5.12% YoY). On a nominal basis, Indonesia's GDP reached IDR6,060.0 tn, while on a 2010 constant price basis, GDP stood at IDR3,444.8 tn. With an estimated population of 284.44 mn people, per capita income in 3Q25 was approximately IDR85.22 mn (or USD5,215) per year at current prices, or IDR48.44 mn (or USD2,964) per year in constant 2010 prices.

Regionally, the Java provinces were the primary driver of national growth, expanding 5.17% YoY and increasing their share of national GDP to 56.68%. Sulawesi also contributed positively, with growth of 5.84% YoY. In contrast, other regions underperformed relative to the national average: Sumatra (+4.90% YoY), Kalimantan (+4.70% YoY), Bali and Nusa Tenggara (+4.71% YoY), and Maluku and Papua (+2.68% YoY).

On the expenditure side, household consumption—which accounts for 54.25% of GDP—remained the primary growth driver but grew only 4.89% YoY (Prev: 4.97% YoY). This remains a concern, as consumption indicators have yet to fully recover; the consumer confidence index fell to its lowest level since Apr '22. Gross Fixed Capital Formation-PMTB (or investment), the second-largest contributor to growth, expanded in line with the national economy at 5.04% YoY (Prev: 6.99% YoY), supported by a 13.89% YoY increase in realized direct investment (domestic PMDN and foreign PMA). This was reflected in a 16.11% YoY rise in capital goods imports and a 17.00% YoY increase in the Machinery & Equipment sub-component. Government consumption also strengthened as fiscal spending expanded, growing 5.49% YoY (Prev: -0.49% YoY). Net exports recorded a notable improvement, reaching USD14.00 bn (Prev: USD9.96 bn), supported by a 9.91% YoY growth in exports (Prev: 10.95% YoY) and a moderate 1.18% YoY increase in imports (Previous: 11.48% YoY).

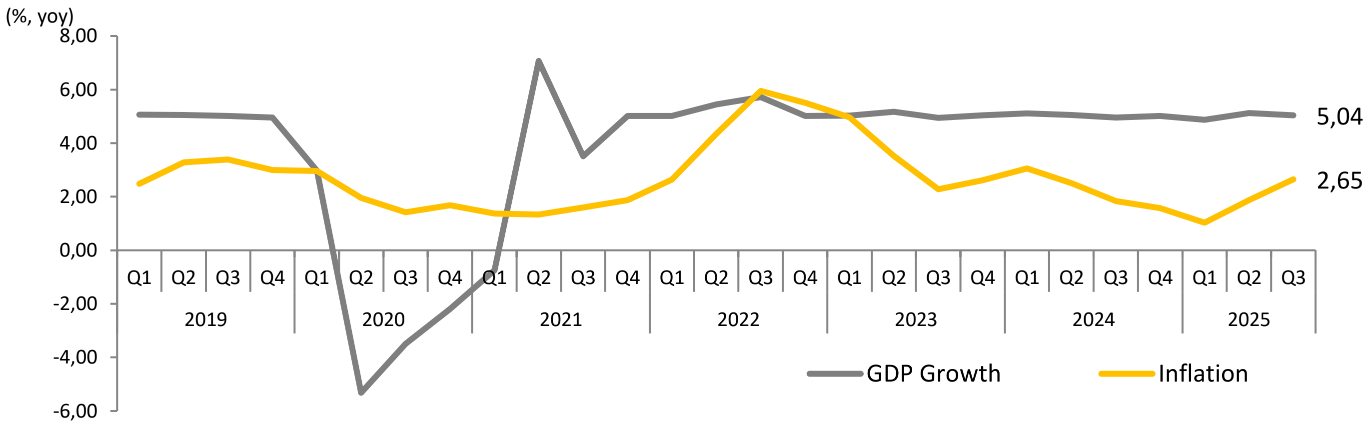
From the production perspective, sectoral dynamics were mixed. Manufacturing, contributing 19.15% to total GDP, grew strongly at 5.54% YoY (Prev: 5.68% YoY), driven by robust demand in Basic Metals (+18.62%) and Food & Beverages (+6.49%). Education (+10.59% YoY) and Business Services (+9.94% YoY) posted the highest growth rates, though their GDP contributions were smaller at 2.74% and 1.98%, respectively. Agriculture, Forestry, and Fisheries—accounting for 14.35% of GDP and employing the largest workforce (28.15 mn or 19.2% of total employed)—grew only at 4.93% YoY (Prev: 1.65% YoY).

Labor data for Aug '25 indicate that job creation reached 1.90 mn between August 2024–August 2025, slightly outpacing labor force growth of 1.89 mn workers. Consequently, the open unemployment rate declined marginally by -0.06% to 4.85%. However, labor force participation fell slightly to 70.59% (Prev: 70.60%), and full-time employment (≥35 hours/week) declined to 67.32% (Prev: 68.07%), raising concerns about household consumption and limiting growth in purchasing power.

Outlook and Implications

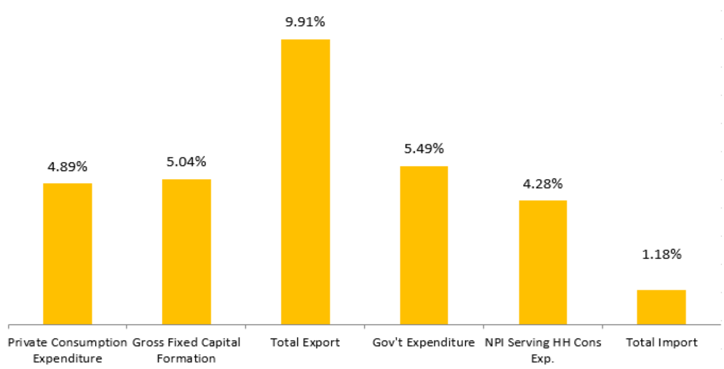
With limited growth in purchasing power, the risk of rising commodity prices and CPI inflation will remain critical for economic momentum. Government initiatives, including the Free Nutritious Meal (MBG) program—supporting the livestock sub-sector (+6.51%)—could help sustain household consumption. Ease of doing business measures and reducing the underground economy will also play a key role in further stimulating investment. Additionally, Rupiah stability is essential for supporting manufacturing employment and maintaining the flow of capital goods in global supply chains. **Overall, the 3Q25 economic data is likely to have a muted impact on equity markets and provides limited impetus for further declines in fixed-income yields.**

Fig 1. Indonesia's Economic Growth & Inflation



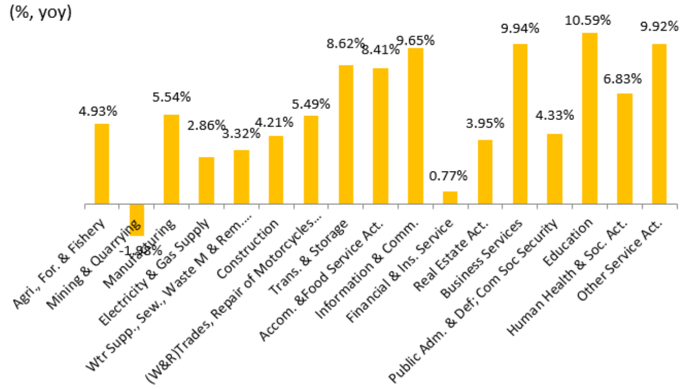
Sources: BPS, KBVS Research – treated (2025)

Fig 2. GDP Based On Expenditure on 3Q25



Sources: Bloomberg, KBVS Research – treated (2025)

Fig 3. GDP Based On Industrial Origin on 3Q25



Sources: Bloomberg, 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)		
	3Q24	2Q25	3Q25	3Q24	2Q25	3Q25
Based On Expenditure						
Private Consumption Expenditure	2,993.20	3,226.10	3,220.00	1,703.50	1,796.80	1,786.70
Gross Fixed Capital Formation	1,677.50	1,654.90	1,762.80	1,039.10	1,019.40	1,084.80
Total Export	1,270.40	1,325.10	1,432.40	794.3	813.50	870.80
Total Import	1,170.90	1,228.80	1,222.30	667.7	683.90	677.80
Government Consumption Expenditure	406.6	412.20	434.80	225.1	227.40	237.90
NPI Serving Household Consumption Expenditure	73	80.50	78.10	42.2	45.50	44.00
Changes in Inventories	216.1	154.90	102.50	106.9	75.20	49.60
Based On Industrial Origin						
Manufacturing						
Agri., For. & Fishery	1,072.60	1,110.30	1,160.60	667.6	676.90	704.60
(W&R)Trades, Repair of Motorcycles & MC	773.2	822.60	869.40	404.1	410.40	424.00
Mining & Quarrying	738.2	774.30	799.10	427.7	441.40	451.20
Construction	511.1	510.90	515.60	242	233.80	237.20
Transportation & Storage	567.3	563.70	595.00	320.2	316.90	333.60
Information & Comm.	347.9	369.10	369.90	153.5	164.90	166.70
Financial & Ins. Service	241.2	260.70	266.60	217.9	233.90	238.80
Education	230.9	247.10	237.90	129.8	136.40	130.80
Public Adm. & Def; Com Soc Security	147.7	163.40	166.10	88.2	95.60	97.60
Accom. &Food Service Act.	147.3	191.20	156.20	88.2	111.10	92.10
Real Estate Act.	147.6	160.60	162.60	104.4	112.30	113.10
Other Service Act.	130.9	135.90	138.40	88.6	90.60	92.10
Business Services	111.6	128.10	125.60	65.6	73.70	72.10
Human Health & Soc. Act.	106.3	135.90	138.40	63.1	90.60	92.10
Electricity & Gas Supply	69.8	73.20	75.90	45.8	47.10	48.90
Wtr Supp., Sew., Waste M & Rem. Activities	57.9	57.40	60.80	34.2	33.40	35.20
Indonesia's GDP	3.6	3.70	3.80	2.7	2.70	2.80

Sources: BPS, KBVS Research - treated (2025)

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