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Economic Update

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## Indonesia's GDP 3Q24

### Unlocking GDP Growth's Potential

Economic Indicator	2022	2023	2024F	2025F
GDP Growth (%)	5.31	4.80	5.05	5.0
Inflation (%)	4.20	4.50	4.50	3.0
US\$/Rp (Average)	14,908	14,800	16,000	16,000
BI 7-D RRR (%)	3.52	4.5	5.50	4.0
Current Account (% GDP)	1.0	0.7	-0.7	0.4
Trade Balance (US\$ bn)	54.46	48	48	34
Indonesia 10 Year Yield (%)	6.99	6.46	6.5	6.0
Gov't Deficit (% GDP)	1.21	-2.8	-2.8	-2.5
Debt to GDP (%)	40.9	34	34	34
Sovereign Rating (S&P)	BBB	BBB	BBB	BBB+
Primary Balance	0.2	0.2	0.2	0.1

#### Slower spending after peak season

Indonesia's economy expanded by 4.95% yoy in 3Q24 (vs. 5.05% in 2Q24), below our projection of 5.15% and market consensus of 5.00%. On a qoq basis, the Indonesian economy grew 1.50% in 3Q24. Household consumption grew 4.91% yoy (vs. 4.93% in 2Q24). BPS stated that slower household spending was due to seasonal factors after the 2Q24 festive season. Meanwhile, exports grew 9.09% yoy (vs. 8.28% in 2Q24), and imports grew 11.47% yoy (vs. 8.57% in 2Q24). Fixed investment grew 5.15% yoy (vs. 4.43% in 2Q24). Government spending grew 4.62% yoy (vs. 1.42% in 2Q24). On the production side, transportation & warehousing output grew 8.64% yoy (vs. 9.56% in 2Q24), and accommodation, food & beverages grew 8.33% yoy (vs. 10.17% in 2Q24). The manufacturing industry is the major driver of 3Q24 GDP, growing by 4.72% yoy (vs. 5.17% in 2Q24).

#### Historical 5-Yr Key Performance (2019–2024):

GDP Growth (%)	3.60	Trade Balance (US\$)	1.82
Inflation (%)	2.93	Current Account (US\$)	-2.18
Rp/US\$	14,541	Current Acct GDP (%)	-0.86
Indonesia 10-year yield (%)	6.98	Gov't Deficit GDP (%)	-3.50
BI 7-D RRR (%)	4.66	Debt to GDP (%)	35.55

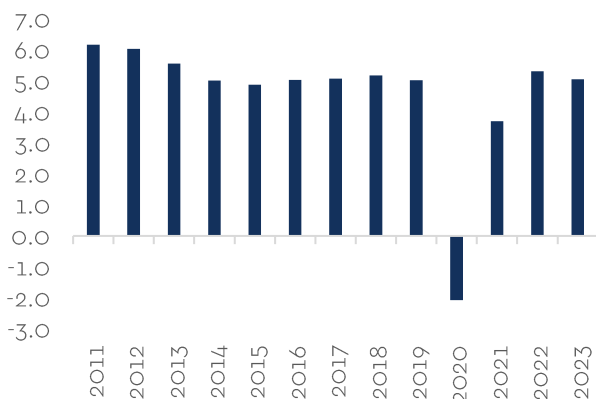
#### Household spending growth constraints

Household spending growth in Indonesia has remained below 5.0% for three consecutive quarters, constraining GDP growth. In 3Q24, growth slipped to 4.91% from 2Q24's 4.93%, preventing overall GDP from surpassing 5% this year. The reduced spending on durable goods like clothing, home appliances, and footwear was one of the main factors for this slip. Without a rebound in household spending above 5%, economic expansion potentially only reaches 5.05% in 2024, with limited potential to exceed 5.1%.

#### Economic Data

Bloomberg Ticker:	IDGPY
Frequency:	Quarterly
Source:	Badan Pusat Statistik

#### Indonesia's GDP Growth Rate (% YoY)



#### 12-Month Projection of GDP Growth

Baseline	: 5.2%
Best	: 5.5%
Worst	: 4.0%

#### Shifting consumption patterns & recovery outlook

Pre- and post-COVID-19 spending patterns imply that food and beverage consumption (excluding restaurant spending) now accounts for up to 36% of household budgets, a decline attributed to shifting habits, with mid to high-income families dining out more often, boosting hotel and restaurant spending. Meanwhile, rising food prices have pressured food, cigarette, and beverage expenditures for mid to low-income families. Mid to high-income families also prioritize leisure over durable goods, such as clothing and home appliances, further dampening household spending. This shift has notable effects since durable goods comprise 16% of expenditures. We expect a recovery in durable goods spending as purchasing power improves, supported by government stimulus. In 2025, initiatives like the Rp71tn nutritious meal program and higher government salaries should boost food, staple, and durable goods spending, driving household spending growth above 5.0%.

#### Investment spending to offset slower household spending

Despite the persistent sub-5.0% growth in household spending, investment growth has remained robust, exceeding 5.0%. We anticipate that this strength in investment spending will help counterbalance slower household consumption. The certainty around the new President's upcoming inauguration and expected Bank Indonesia rate cuts in 4Q24—which would lower lending rates—will likely drive increased loan disbursements, further supporting a surge in investment spending in 4Q.

Economic Summary

Fig. 1: GDP by expenditure component (% YoY)

	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Real GDP by Expenditure	5.73	5.01	5.04	5.17	4.94	5.04	5.11	5.05	4.95
Household Consumption	5.4	4.5	4.53	5.22	5.05	4.47	4.91	4.93	4.91
Consumption of NPISH	5.99	5.72	6.16	8.59	6.18	18.11	24.29	9.98	10.79
Government Expenditure	-2.5	-4.72	3.31	10.47	-3.93	2.81	19.90	1.42	4.62
Gross Fixed Capital Formation	4.98	3.33	2.11	4.63	5.77	5.02	3.79	4.43	5.15
Exports of Goods and Services	19.09	14.95	11.74	-2.91	-3.91	1.64	0.50	8.28	9.09
Imports of Goods and Services	25.73	6.49	4.15	-3.23	-6.75	-0.15	1.77	8.57	11.47

Source: BPS, Sucor Research

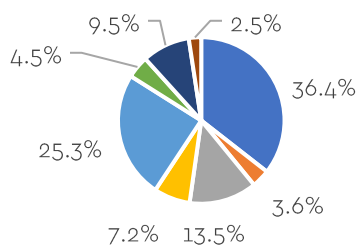
Fig. 2: GDP by tradable economic sector (% YoY)

Date	3Q24	2Q24	1Q24	2023	2022	2021	2020	2019
Household Final Consumption Expenditure	4.91	4.93	4.91	4.82	4.94	2.08	-2.59	5.05
Food and Beverages, except of Restaurants	4.3	4.1	4.3	3.45	3.45	1.50	0.55	5.18
Clothing and Services Related	3.4	1.7	1.7	4.48	4.35	-0.10	-4.20	4.28
Dwelling and Utilities Related	3.7	4.4	5	3.83	2.80	2.20	2.30	4.65
Health and Education Services	4.2	3.7	3.7	4.00	2.45	1.68	3.15	6.58
Transportation and Communication	6.5	6.8	6.4	7.60	9.43	2.80	-9.53	4.80
Restaurants and Hotels	6.6	6.8	6.4	6.38	6.58	4.35	-8.08	5.95
Other Expenditures	3.9	3.8	2.8	2.90	2.70	1.88	-0.63	3.08
Final Consumption Expenditure of NPISH	11.69	9.98	24.29	9.76	5.66	1.62	-4.15	10.79

Source: BPS, Sucor Sekuritas

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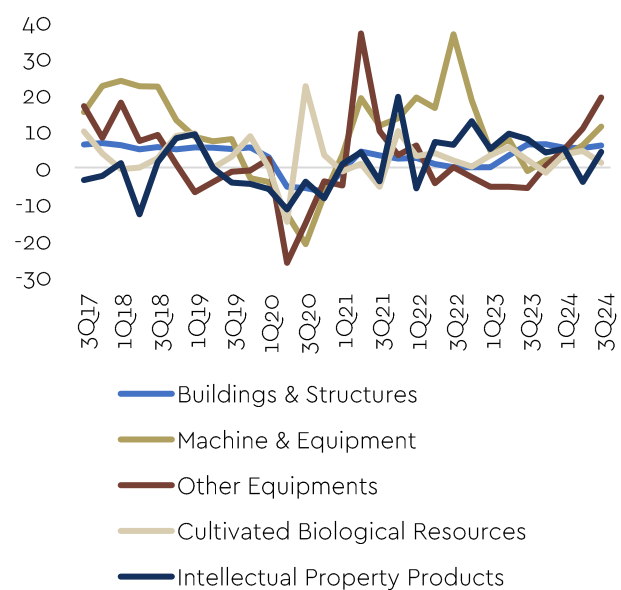
Fig. 3: Component of Household spending in GDP



- Food and Beverages, except of Restaurants
- Clothing and Services Related
- Dwelling and Utilities Related
- Health and Education Services
- Transportation and Communication
- Other Expenditures
- Restaurants and Hotels

Source: BPS, Sucor Sekuritas

Fig. 4: Investment spending by components (% YoY)



Source: BPS, Sucor Sekuritas

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rating definition,  
analyst certification,  
and important disclosure**

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- Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
- Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
- Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

**Ratings for Stocks**

- Buy : We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.
- Hold : We expect this stock to give return of between -10% and 10% over the next 12 months.
- Sell : We expect this stock to give return of -10% or lower over the next 12 months.

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