

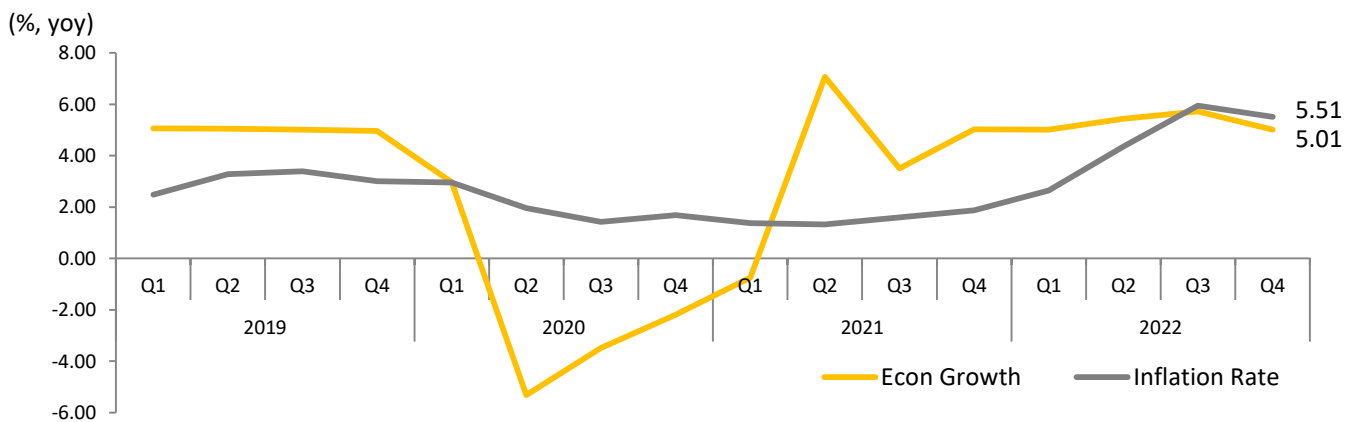
4Q22 GDP: Strong Manufacturing & Private Consumption Growth

In-line with our expectation, Indonesia's 4Q22 GDP growth came in at +5.01% (yoy) / +0.36% (qoq) and brought the overall 2022 GDP at +5.31% (vs. KBVS: 5.35% vs. 2021: +3.70% yoy). This condition also drove the nation's Per Capita GDP up from IDR62.2 million or USD4,349.5 in 2021 to IDR71.0 million or USD4,783.9 at the end of 2022. We also view this as one of the factors that driving economic growth from the expenditure side, especially Household Consumption Expenditure which grew +4.48% (yoy) in 4Q22 or +4.93% during 2022. Meanwhile, domestic commodity value-added initiative also contributed positively to the growth of the Processing Industry which surged +5.64% (yoy) in 4Q22 or +4.89% (yoy) during 2022.

However, the average inflation rate that reached +5.55% (yoy) during 4Q22 (vs. +5.19% yoy in 3Q22) was a contributing factor that dragged the economy below its full potential. Furthermore, the inflation, which was largely driven by the subsidized fuel price hike, dragged in the population's disposable income and hampered the people's mobility - during the high-season period of school holiday, Christmas, and New Year -, which reflected on the decrease in the Transportation and Warehousing sector growth of only +16.99% in 4Q22 (vs. +25.8% yoy in 3Q22). Meanwhile, government spending adjustment, specifically the reduced PEN program that was implemented during the pandemic, drove the economic growth slower from the Expenditure side at -4.77% yoy in 4Q22.

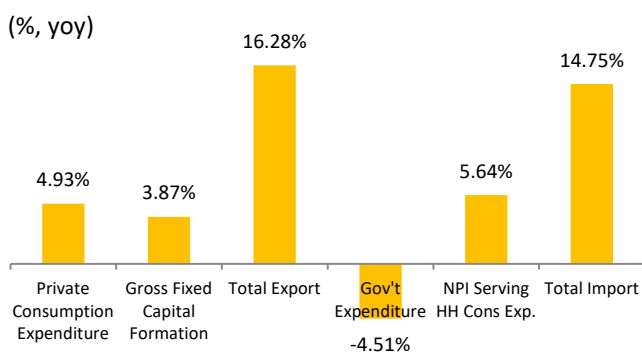
We are of the view that Indonesia's 2022 economic growth as positive and reduces concern over a domestic recession in 2023. Additionally, lower inflation expectations in 2023 is expected to be one of the catalysts that drive the domestic purchasing power, in addition to the continuing trade surplus. Therefore, we agree with Bank Indonesia's stance of "pro-stabilization and pro-growth" to encourage a lower domestic cost of funds as we anticipate the BI7DRRR pivot to occur by the end of 2023.

Fig 1. Indonesia's Economic Growth & Inflation



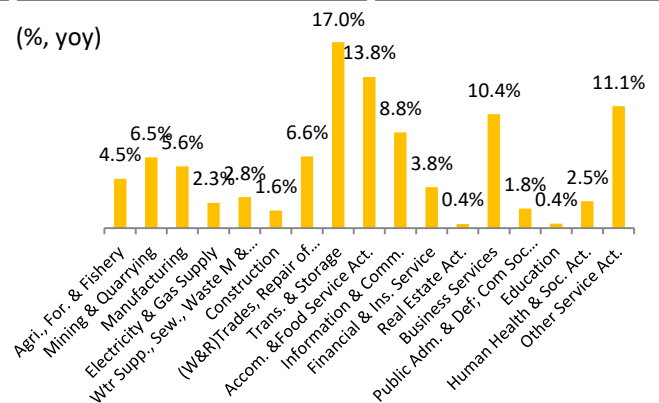
Sources: BPS, KBVS Research – treated (2023)

Fig 2. GDP Based On Expenditure, on 4Q '22



Sources: BPS, KBVS Research – treated (2023)

Fig 3. GDP Based On Industrial Origin on 4Q '22



Sources: BPS, KBVS Research – treated (2023)

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

Types	Current Price			Constant Price (2010)		
	2020	2021	2022	2020	2021	2022
Based On Expenditure						
Private Consumption Expenditure	8,899.9	9,236.0	10,160.4	5,780.2	5,896.7	6,187.2
NPI Serving Household Consumption Expenditure	201.5	207.9	229.0	130.3	132.4	139.9
Government Consumption Expenditure	1,491.2	1,569.5	1,500.7	874.1	911.2	870.1
Gross Fixed Capital Formation	4,897.0	5,227.9	5,697.3	3,419.2	3,549.2	3,686.6
Changes in Inventories	97.9	111.1	129.4	51.3	62.7	70.7
Total Export	2,676.5	3,634.4	4,797.7	2,083.9	2,458.0	2,858.3
Total Import	2,415.5	3,189.9	4,094.2	1,686.0	2,105.2	2,415.8
Statistics Discrepancy	-405.1	179.8	1,168.1	70.0	215.1	313.4
By Industrial Origin						
Agri., For. & Fishery	2,115.5	2,254.5	2,428.9	1,378.4	1,404.2	1,435.9
Mining & Quarrying	993.5	1,523.7	2,393.4	790.5	822.1	858.2
Manufacturing	3,068.0	3,266.9	3,591.8	2,209.9	2,284.8	2,396.6
Electricity & Gas Supply	179.7	190.1	204.7	108.8	114.9	122.5
Water Supply, Sew., Waste M & Rem. Activities	11.3	12.0	12.5	9.4	9.9	10.2
Construction	1,652.7	1,771.7	1,913.0	1,072.3	1,102.5	1,124.7
(W&R)Trades, Repair of Motorcycles & MC	1,994.0	2,199.9	2,516.6	1,385.7	1,449.8	1,529.9
Transportation & Storage	689.5	719.6	983.5	393.4	406.2	486.9
Accom. & Food Service Act.	394.0	412.3	472.1	299.1	310.7	347.9
Information & Comm.	696.0	748.8	812.8	652.1	696.5	750.4
Financial & Ins. Service	696.1	736.2	809.3	457.5	464.6	473.6
Real Estate Act.	453.8	468.2	488.3	324.3	333.3	339.0
Business Services	294.3	301.1	341.4	195.7	197.1	214.4
Public Adm. & Def; Com Soc Security	586.0	586.7	605.1	365.4	364.3	373.4
Education	551.2	557.7	566.6	350.3	350.7	352.7
Human Health & Soc. Act.	201.5	227.2	236.2	142.2	157.1	161.4
Other Service Act.	302.6	312.2	354.2	196.6	200.8	219.8
Indonesia's GDP	15,443.4	16,976.7	19,588.4	10,723.0	11,120.1	11,710.4

Sources: BPS, KBVS Research – treated (2023)

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KB Valbury Sekuritas

Headquarters

Sahid Sudirman Center Lantai 41 Unit AC
Jl. Jenderal Sudirman No. 86
Kelurahan Karet Tengsin, Kecamatan Tanah Abang
Jakarta Pusat 10220, Indonesia
T +62 21 250 98 300
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah

Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit

Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung

Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta

Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 6231111
F +62 274 - 623222

Galeri Investasi

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J-1 A/18 Cengkareng,
Jakarta Barat 11820
T +62 21 52392181

Semarang

Jl. MT Haryono 637 Semarang
T +62 24 8415195

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118

Surabaya

Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Solo

Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Malang

Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Denpasar

Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Banjarmasin

Jl. Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Manado

Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Salatiga

Jl. Diponegoro No. 68, Rt. 007 Rw. 011,
Kel. Salatiga, Kec. Sidorejo 50711
T +62 298 313007

Medan

Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru

Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang

Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Palembang

Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto
Kel. 8 Ilir Kec. Ilir Timur II
Palembang 30114
T 07115700281

Makassar

Kompleks RUKO Citraland City Losari Makassar,
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard
Kel. Maccini Sombala, Kec. Tamalate
Makassar, Sulawesi Selatan 90111
T +62 411 6000818

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541