

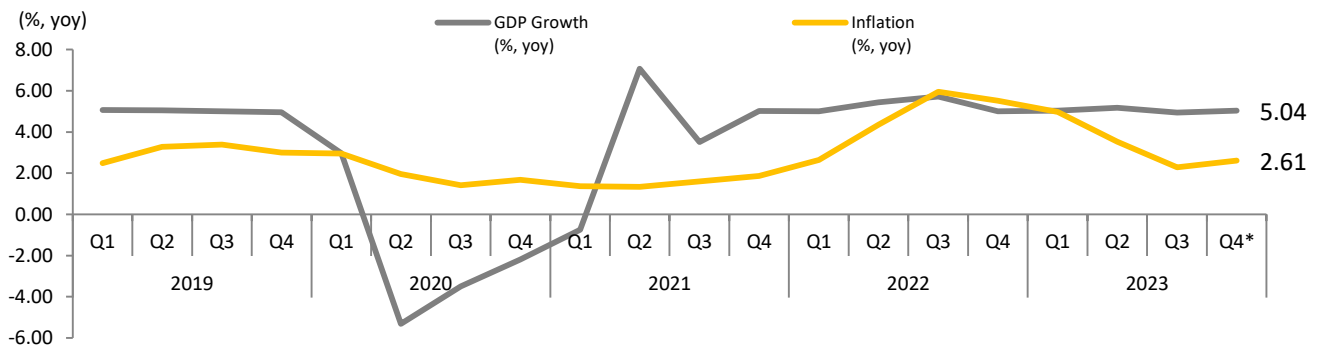
Continuing Robust Economic Growth in 4Q23

Indonesia's 4Q23 economic growth remained robust, achieving +0.45% QoQ and +5.04% YoY (Cons: +5.00% YoY, KBVS: +5.15% YoY, Prev: +4.94% YoY). From the Expenditure side -see Table 2, Page 2, the growth in Household Consumption Expenditure component declined from +5.05% in 3Q23 to +4.47% YoY in 4Q23, contributing 53.18% to the total economic growth in 4Q23. This slowdown restrained the overall economic growth, potentially influenced by the recent acceleration in Government Consumption Expenditure in the last two weeks of 2023, resulting in a notable improvement to +2.81% YoY (3Q23: -3.93% YoY) in the form of social assistance. However, its multiplier effect had a limited impact on supporting Household Consumption Expenditure in the same period, with expectations for a more pronounced impact in 1Q24. Simultaneously, Exports Of Goods and Services experienced constrained growth at +1.64% YoY, while Imports of Goods and Services showed a decline of -0.15% YoY. On the other hand, Gross Fixed Capital Formation exhibited robust growth at +5.02% YoY in 4Q23, but decrease from +5.77% YoY in the previous quarter, primarily driven by a 14.2% YoY increase in investment realization.

From the Sectoral perspective, the Manufacturing Industry continued to dominate Indonesia's economy with a share of 18.67% in 2023. However, its growth slowed to +4.07% YoY (Cons: +5.19% YoY). Meanwhile, Wholesale and Retail Trade: Car and Motorcycle Repair, contributing 12.94% to the total economy, also experienced a deceleration to +4.09% YoY (Prev: +5.10% YoY). The Agriculture, Forestry, and Fisheries sector, accounting for 12.53% of the total economy, saw diminished growth at +1.12% (prev: +1.49% YoY). The fourth and fifth largest components, Mining and Quarrying and Construction, recorded increased growth rates at +7.46% YoY (prev: +6.95% YoY) and +7.68% YoY (prev: +6.39% YoY), respectively, contributing 10.52% and 9.92% to the total economy in 2023. In 4Q23, the Transportation and Warehousing sector registered the highest growth at +10.33% YoY, although lower than 3Q23 of +14.74% YoY.

Maintaining headline inflation at +2.61% YoY at the end of Dec '23 is viewed positively in sustaining economic growth above +5.0% YoY. Looking ahead, the anticipated impact of front-loaded Government Expenditure, coupled with increased campaign funds, is expected to stimulate consumer purchasing power and Household Consumption Expenditure in 1Q24. Additionally, with indications of economic improvement, reflected in the Manufacturing PMI of key trading partners, particularly China and India, in Jan '24, we anticipate continued support for economic growth from the trade perspective. However, it is acknowledged that Gross Fixed Capital Formation may face limitations leading up to the upcoming Presidential and Legislative elections.

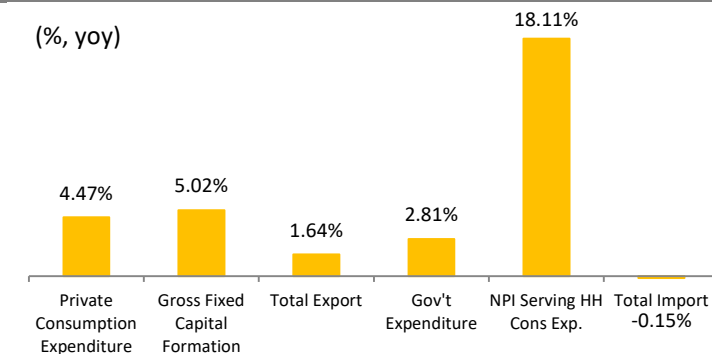
Fig 1. Indonesia's Economic Growth & Inflation



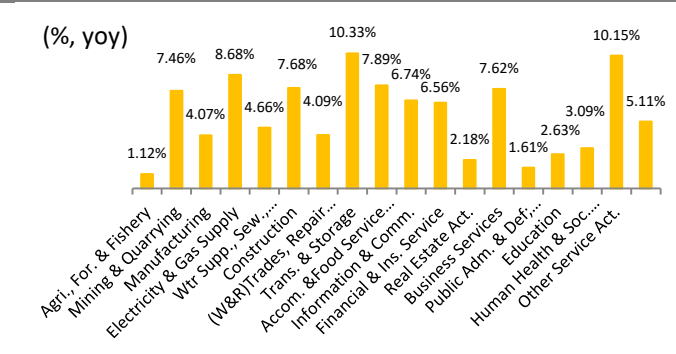
Sources: Bps, KBVS Research - treated (2024)

Fig 2. GDP Based On Expenditure on 2023

Fig 3. GDP Based On Industrial Origin on 2023



Sources: Bloomberg, KBVS Research - treated (2024)



Sources: Bloomberg, KBVS Research - treated (2024)

Table 2. Indonesia's GDP at Current Price and at Constant Price (2010) – in IDR TN

Types	Current Price			Constant Price (2010)		
	2021	2022	2023	2021	2022	2023
Based On Expenditure						
Private Consumption Expenditure	9,236.0	10,161.7	11,109.6	5,896.7	6,187.9	6,486.3
Gross Fixed Capital Formation	5,227.9	5,697.3	6,127.7	3,549.2	3,686.6	3,848.7
Total Export	3,635.8	4,799.8	4,543.4	2,458.8	2,858.0	2,895.8
Total Import	3,189.6	4,106.1	4,088.4	2,105.1	2,420.8	2,380.9
Government Consumption Expenditure	1,569.8	1,505.0	1,555.5	911.3	870.6	896.2
Statistics Discrepancy	177.9	1,172.0	1,135.3	62.7	70.7	127.7
NPI Serving Household Consumption Expenditure	207.9	229.0	260.7	132.4	139.9	153.7
Changes in Inventories	111.1	129.4	248.6	62.7	70.7	127.7
Based On Industrial Origin						
Manufacturing	3,266.9	3,591.8	3,900.1	2,284.8	2,396.6	2,507.8
Agri., For. & Fishery	2,254.5	2,428.9	2,617.7	1,404.2	1,435.9	1,454.6
(W&R)Trades, Repair of Motorcycles & MC	2,199.9	2,516.7	2,702.4	1,449.8	1,529.9	1,604.1
Mining & Quarrying	1,523.7	2,393.4	2,198.0	822.1	858.1	910.7
Construction	1,771.7	1,913.0	2,702.4	1,449.8	1,529.9	1,604.1
Transportation & Storage	719.6	983.5	1,231.2	406.2	486.9	554.8
Information & Comm.	748.8	812.7	883.6	696.5	750.3	807.3
Financial & Ins. Service	736.2	809.4	869.2	464.6	473.6	496.2
Education	557.7	566.5	583.6	350.7	352.7	358.9
Public Adm. & Def; Com Soc Security	586.8	604.9	616.4	364.2	373.4	379.0
Accom. & Food Service Act.	412.2	472.0	526.3	310.7	347.9	382.7
Real Estate Act.	468.2	488.3	505.5	333.3	339.0	343.9
Other Service Act.	312.2	354.2	405.2	200.8	219.8	242.9
Business Services	301.1	341.4	383.1	197.1	214.4	232.1
Human Health & Soc. Act.	227.2	236.2	252.0	157.1	161.4	168.9
Electricity & Gas Supply	190.1	204.7	218.2	114.9	122.5	128.5
Wtr Supp., Sew., Waste M & Rem. Activities	12.0	12.5	13.3	9.9	10.2	10.7
Indonesia's GDP	16,976.8	19,588.1	20,892.4	11,120.1	11,710.2	12,310.4

Sources: BPS, KBVS Research – treated (2024)

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