

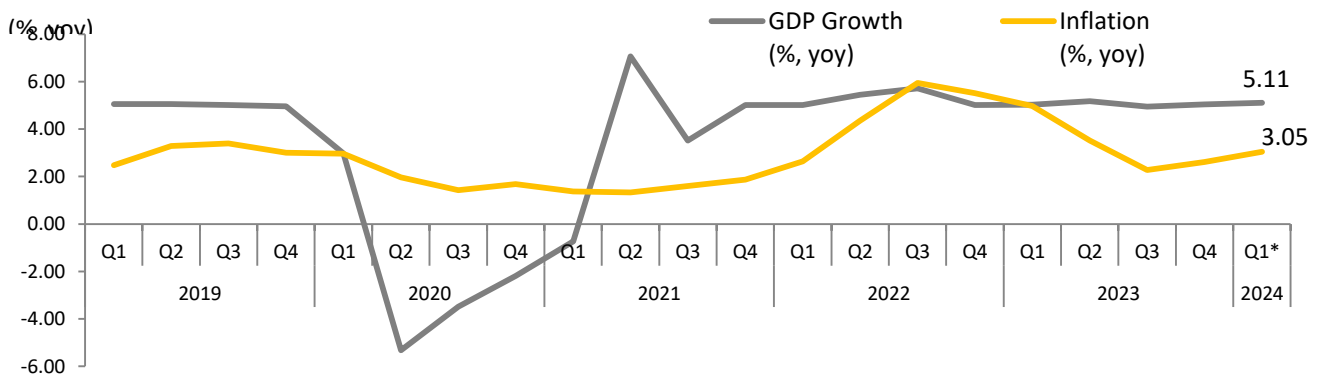
Continuing Robust Economic Growth in 1Q24

Indonesia's economic growth remained steady in 1Q24 at 5.11% yoy or -0.83% qoq (Cons: -0.86% qoq or 5.08% yoy, KBVS: -1.01% qoq or 4.92% yoy, Prev: 0.45% qoq or 5.04% yoy). This is a notably positive development amidst political instability surrounding the Presidential Election (Pilpres) and Legislative Election (Pileg) on 14 Feb'24 and related disputed, alongside an inflation rate capped at 3.05% yoy at the end of 1Q24. From the expenditure side, the positive aspects of 1Q24 can be observed in the increased growth of Household Consumption Expenditure to 4.91% yoy (Prev: 4.47% yoy), accompanied by Government Consumption Expenditure growing at 19.90% yoy (Prev: 2.81% yoy), and the sustained investment side indicated by the growth of Gross Fixed Capital Formation at 3.79% yoy (Prev: 5.02% yoy). Meanwhile, concerning sectors, economic growth was propelled by Manufacturing Industry at 19.08% yoy (Prev: 4.07% yoy); Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles at 12.96% yoy (Prev: 4.09% yoy), and Agriculture, Forestry, and Fisheries at 11.39% yoy (Prev: 1.12% yoy).

Regarding labor force, Indonesia's unemployment rate (TPT) decreased to 4.82% (Prev: 5.32%), reflecting 7.20 mn unemployed individuals, while 142.18 mn people are categorized as Employed, and 64.88 mn others are Not in the Labor Force. Thus, the labor force participation rate reached 69.80% in the same period (Prev: 69.48%). In the past year, the largest employment absorption came from the Accommodation and Food Service sector with 0.96 mn individuals, followed by the Trade sector with 0.85 mn individuals, and the Government Administration sector with 0.76 mn individuals.

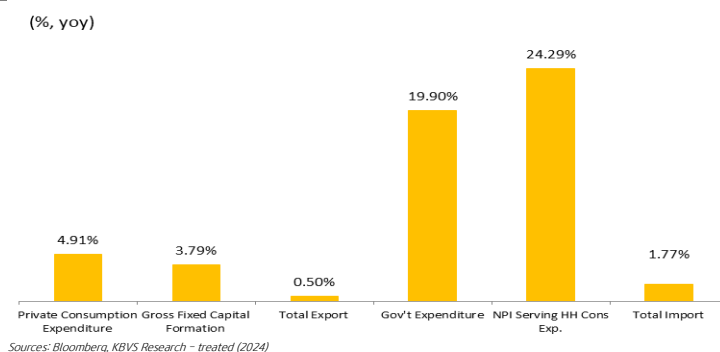
With a promising start in 1Q24, we expect this momentum to sustain economic growth at 5.2% yoy throughout 2024. We anticipate this will be supported by (a) reduced inflation risks and increased purchasing power to boost household expenditure; (b) Regional Elections (Pilkada) and the new government stimulating better government expenditure in 2H24; (c) Expectations for domestic political stability to drive investment; and (d) Improved prices of Indonesian export commodities and increased global demand, particularly from trading partners, amidst global economic recovery and the expected decline in the global cost of funds following anticipated Fed Rate cuts in 2H24. Additionally, the relocation of the national capital to the Capital Region (IKN) is expected to foster spatial economic distribution. However on sector basis,, the contracted growth recorded in 1Q24 by the Agriculture, Forestry, and Fisheries sector (-3.54% yoy); limited growth in the Financial and Insurance Services sector; (3.91% yoy) and Real Estate (2.54% yoy) sectors are concerns that may hinder achieving better economic growth and labor absorption. This is compounded by the ongoing global economic volatility amidst geopolitical uncertainties and concerns of flight to safety in global financial markets.

Fig 1. Indonesia's Economic Growth & Inflation



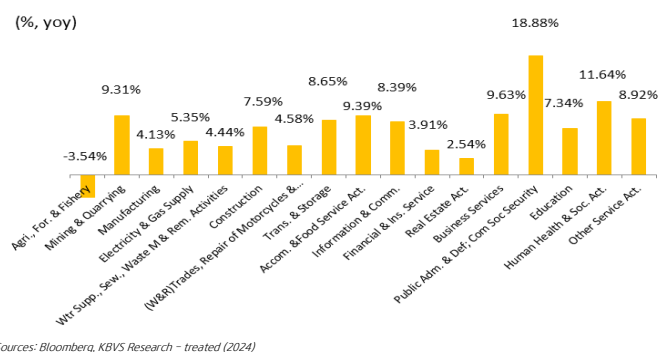
Sources: Bps, KBVS Research - treated (2024)

Fig 2. GDP Based On Expenditure on 1Q24



Sources: Bloomberg, KBVS Research - treated (2024)

Fig 3. GDP Based On Industrial Origin on 1Q24



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)		
	1Q23	4Q23	1Q24	1Q23	4Q23	1Q24
Based On Expenditure						
Private Consumption Expenditure	2,682.1	2,854.1	2,905.0	1,582.2	1,649.2	1,659.8
Gross Fixed Capital Formation	1,476.5	1,621.1	1,550.1	929.3	1,013.6	964.6
Total Export	1,161.7	1,198.7	1,130.0	718.3	770.1	721.9
Total Import	1,010.2	1,077.6	1,045.4	588.7	624.8	599.1
Government Consumption Expenditure	266.0	526.3	330.6	158.1	229.4	189.5
NPI Serving Household Consumption Expenditure	59.5	72.2	75.8	35.4	42.2	43.9
Changes in Inventories	121.8	-33.1	133.9	62.7	-16.7	66.6
Based On Industrial Origin						
Manufacturing	941.6	1,011.9	1,019.6	613.3	640.8	638.6
Agri., For. & Fishery	597	603.8	613.8	339.1	327.1	327.1
(W&R)Trades, Repair of Motorcycles & MC	657.1	687.0	695.4	389.6	407.0	407.5
Mining & Quarrying	600.9	510.0	439.3	214.3	240.4	234.2
Construction	501.2	556.1	541.2	285.5	315.3	307.2
Transportation & Storage	281.8	326.2	313.4	130.6	144.3	141.9
Information & Comm.	212.3	228.1	232.9	194.7	207.5	211.0
Financial & Ins. Service	218.4	221.3	227.8	124.4	126.4	129.2
Education	132.8	160.3	147.2	82.3	98.5	88.3
Public Adm. & Def; Com Soc Security	144.2	164.3	177.7	89.1	101.7	106.0
Accom. & Food Service Act.	124.8	139.1	138.5	91.2	100.7	99.8
Real Estate Act.	124.9	127.8	128.5	85.0	86.8	87.1
Other Service Act.	96.9	107.3	108.2	58.6	63.8	63.8
Business Services	90.7	99.4	102.0	55.4	59.7	60.8
Human Health & Soc. Act.	56.4	69.6	64.7	38.3	46.2	42.8
Electricity & Gas Supply	52.7	56.8	55.3	31.0	33.5	32.6
Wtr Supp., Sew., Waste M & Rem. Activities	3.2	3.4	3.5	2.6	2.7	2.7
Indonesia's GDP	5,071.5	5,302.5	5,288.3	2,961.5	3,139.1	3,112.9

Sources: BPS, KBVS Research - treated (2024)

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KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan 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 – Sudirman

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Bandung

Jl. HOS Cokroaminato No. 82
Bandung 40171
T. (022) 87255800

Palembang

Komplek PTC Mall Blok I No. 7
Jl. R. Sukanto
Palembang 30114
T. (0711) 5700281

Semarang

Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T. (024) 8501122

Jakarta – Kelapa Gading

Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta Utara 11620
T. (021) 29451577

Malang

Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Surabaya

Pelawon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 2955788

Makassar

Komplek RUKO Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0241) 16000818

Jakarta – Puri Indah

Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Banjarmasin

Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) – 3265918

Padang

Jl. Kampung Nias II No. 10,
Padang 25211
T. (0751) 8955747

Medan

Komplek Jati Junction No. PS-5A
Jl. Perintis Kemerdekaan
Medan 20218
T. (061) 88816222

Jakarta – Pluit

Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Pekanbaru

Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291
T. (0761) 839993

Yogyakarta

Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 623111

Denpasar

Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Investment Gallery

Jakarta

Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 522392181

Semarang

Jl. MT Haryono 637
Semarang 50242
T. (024) 8415195

Salatiga

Jl. Diponegara No. 68
Salatiga 50711
T. (0298) 313007

Solo

Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 6726306