

Money Supply and 3Q25 GDP Nowcast:

Light at the end of the tunnel

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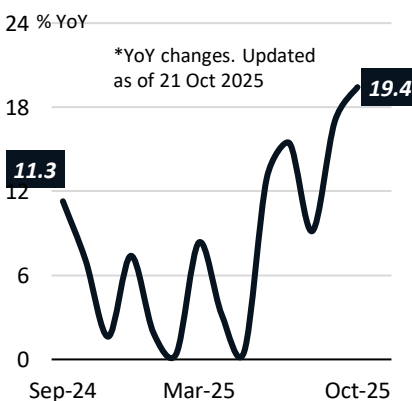
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's broad money supply (M2) continued its strong momentum, expanding by 8.0% YoY** in September 2025, up from 7.6% (Aug-25). This acceleration was supported by two factors: a strong trade balance surplus and net government spending.

- Growth in net foreign assets increased to 12.6% YoY (from 10.7% in Aug-25) and growth in net claims on central government rose to 6.5% YoY (from 5.0% in Aug-25). These factors helped sustain domestic liquidity while the increase in credit growth remained relatively modest at 7.2% YoY (from 7.0% in Aug-25).

- The acceleration in money supply marks a strong finish for Q3, just weeks before the release of Q3 GDP figures. According to Fisher's equation, this, combined with improving money velocity, could indicate better nominal GDP growth. In our model, **nominal GDP in Q3 is estimated to improve to 7.45% - 8.10% YoY (vs 7.41% YoY in Q2-25).**

- However, the real GDP story may unfold differently, as it appears that a portion of the money supply growth is due to price inflation. The CPI index showed accelerated growth in Q3, averaging 2.44% YoY (vs 1.81% YoY in Q2), and the WPI index also accelerated in Q3, averaging 2.08% YoY (vs 1.41% YoY in Q2). Similarly, the exchange rate weakened more sharply in Q3 (-3.80% YoY) compared to Q2 (-2.08% YoY). **Incorporating these factors, our forecast for real GDP growth for Q3 slows to a range of 4.91 - 5.05% YoY (vs 5.12% YoY in Q2).**

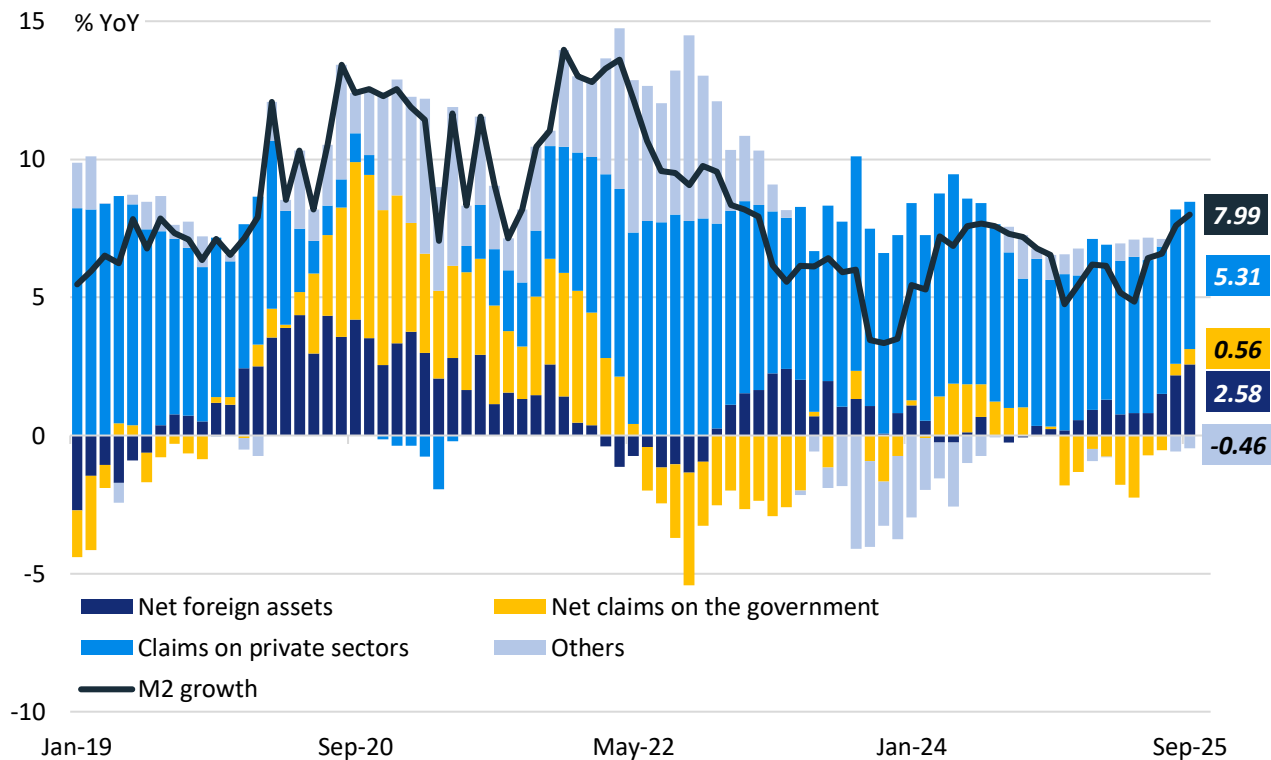
- Well, statistically speaking, but is it really slowing down? We have reasons to believe that is indeed the case. Despite the

strong Q2 GDP figures, **we believe our GDP forecast for Q3 is consistent with what the government is likely observing at present.** The economic slowdown is indeed ongoing, **which justifies BI's continued pursuit of pro-growth policies by cutting interest rates, and the government's launch of stimulus programs,** even to the tune of IDR 33 trillion in Direct Cash Assistance (BLT) in Q4.

- The second justification, of course, comes from global influences. Specifically, **China's economic growth decelerated to 4.8% YoY in Q3 (compared to 5.2% YoY in Q2)**. Meanwhile, US economic growth in Q3 is estimated to hold steady at 3.9% QoQ (annualized), following Q2's 3.8% QoQ.
- Now we will look at each component of the GDP one by one. For the household consumption, an improving nominal growth proxy comes from BI's retail spending index, which is also in line with our internal big data spending index (1.4% YoY in Q3 vs -1.3% YoY in Q2). However, **we still observe indications of downtrading and some spending shifting towards investment products like gold**.
- Investment activity presents a more mixed picture in Q3. Despite the manufacturing sector returning to the expansion zone and our business transactions index accelerating, imports of capital goods and raw materials have begun to slow. More granular indicators reveal an **improvement in business revenues, yet this has not translated into expansion**, suggesting firms are still adopting a wait-and-see approach.
- Exports grew by 11.6% YoY in Q3 (thanks to tariff front-loading and improved commodity prices), while imports rose only 1.9%, making **net exports a key contributor to GDP performance**. This import performance is certainly consistent with slower spending and business investment.
- On an annual basis, government spending growth in Q3 was relatively slower (-2.91% YoY) compared to Q2 (-0.04% YoY). This was due to a high base in Q3 because of regional election activities and the acceleration of legacy projects.
- **Nevertheless, looking ahead, we see a brighter outlook, at least for Q4**. The combined impact of BI's monetary policy and the government's fiscal policy will be more visible on household spending. The government's stimulus strategy aims to balance both the liquidity side (through an IDR 200 trillion injection into the banking system) and the demand side (via the 8+4+5 programs, BLT, and various Q4 consumer incentives). **We believe BI might still be able to implement at least one more interest rate cut before year-end to complement this fiscal policy**.

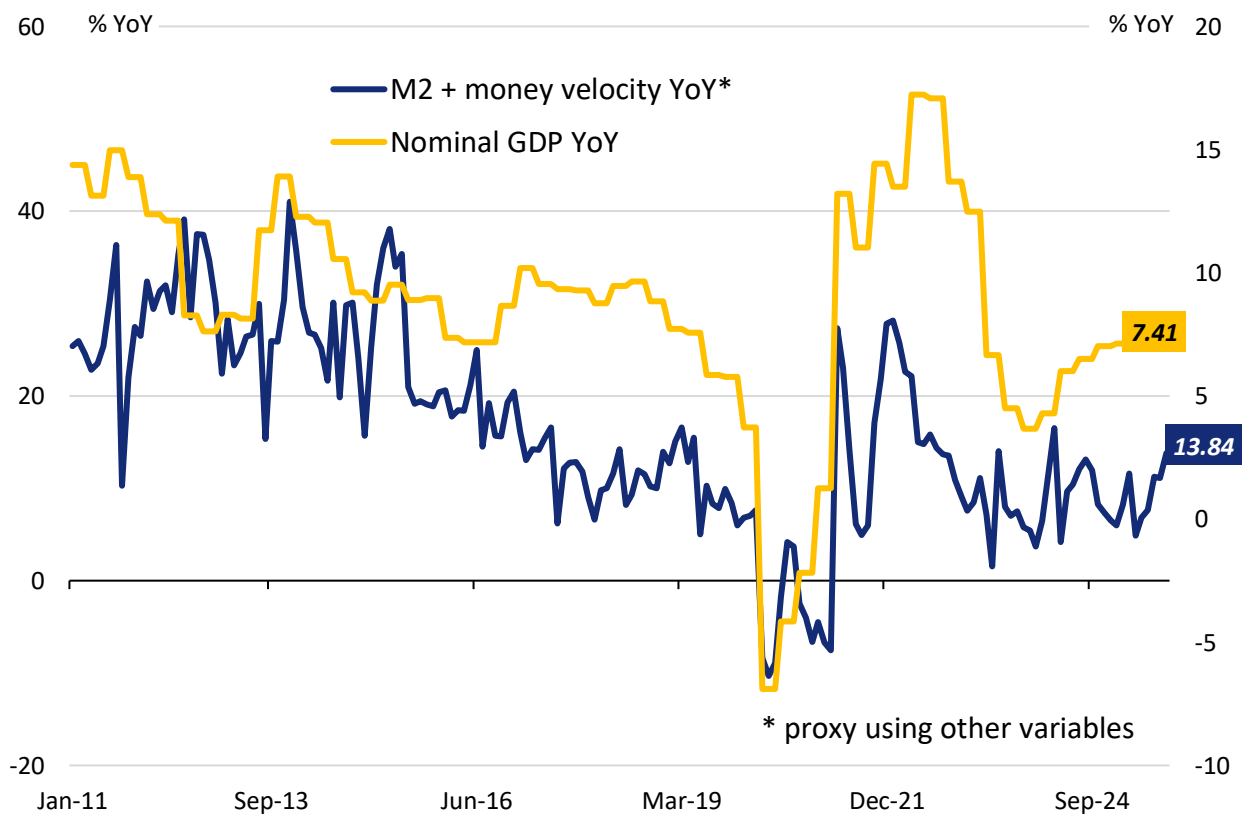
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Growth in NFA and NCG drove M2 growth despite a modest loan growth.



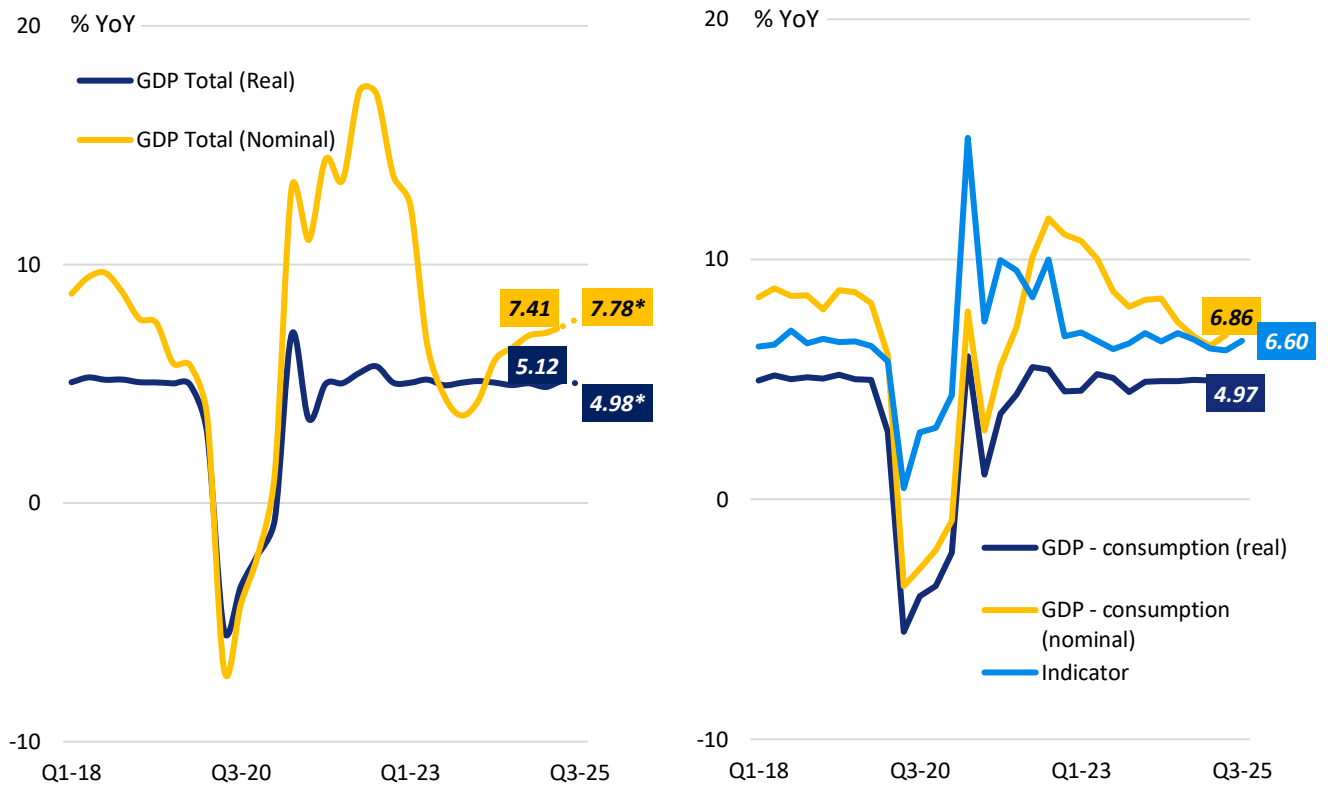
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GDP nominal expected to accelerate driven by stronger M2 and money velocity.



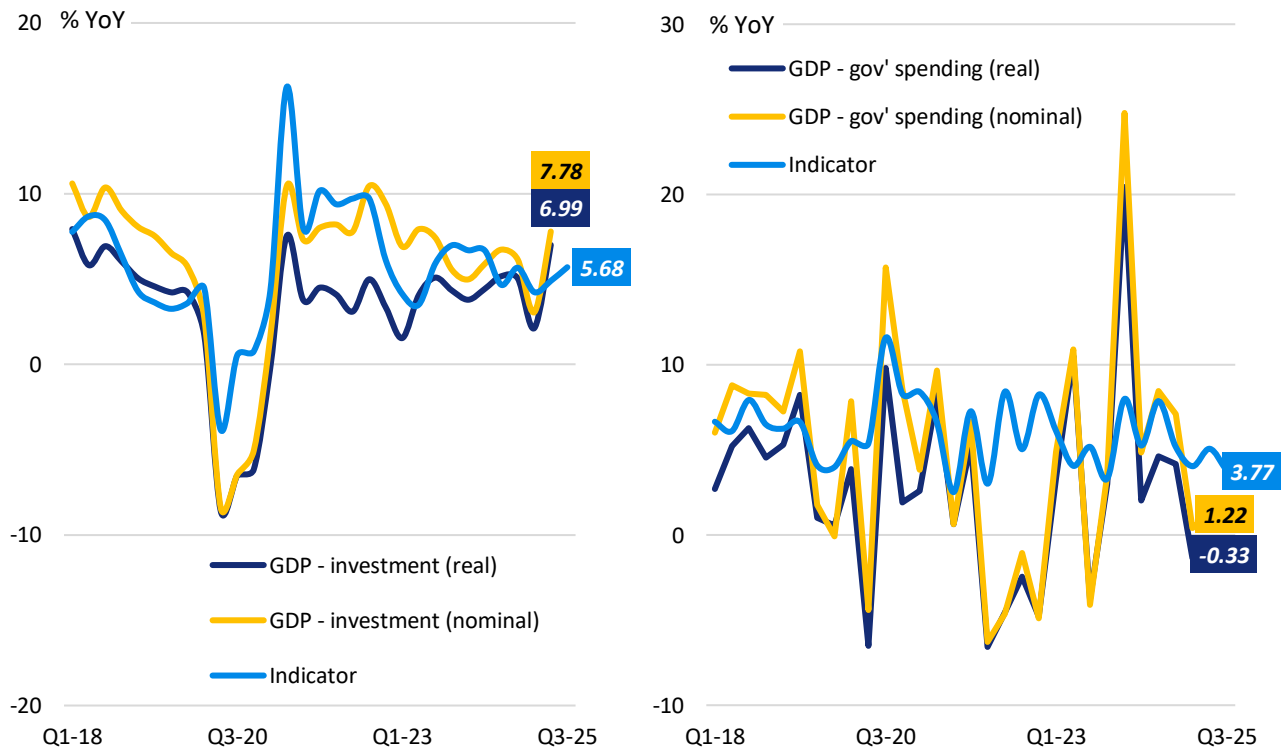
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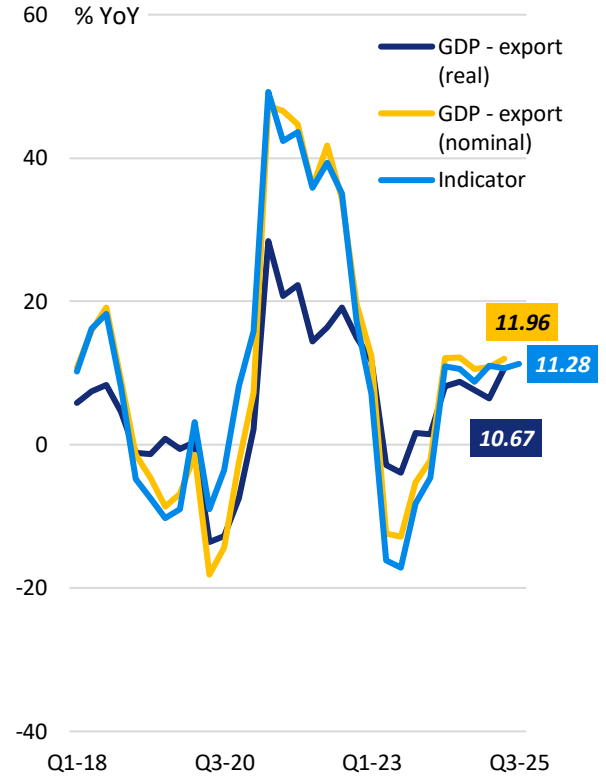
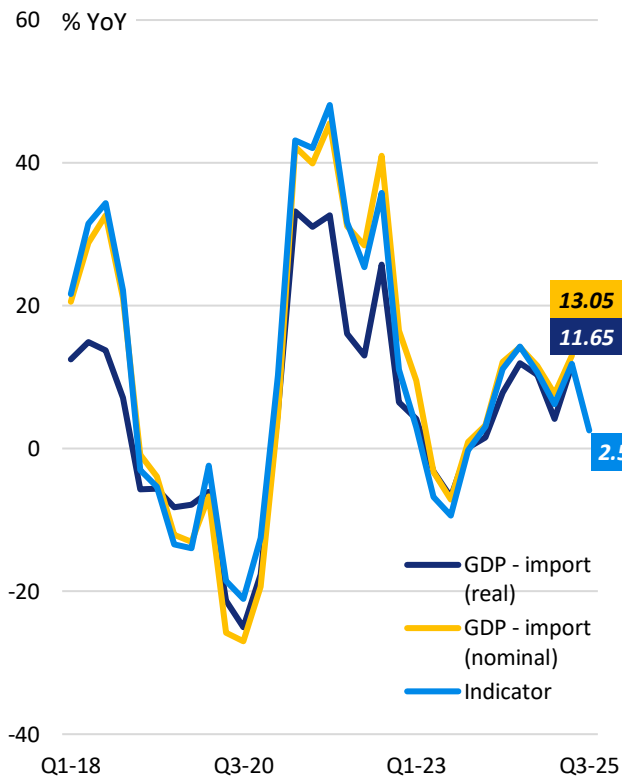
Household consumption showed sign of recovery, in line with internal spending index



4

Government spending growth slowed further due to high base.





Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	23-Oct	-1 mth	Chg (%)
US	4.25	Sep-25	1.35	Baltic Dry Index	2,057.0	2,172.0	-5.3
UK	4.00	Aug-25	0.20	S&P GSCI Index	561.5	546.0	2.8
EU	2.15	Jun-25	-0.05	Oil (Brent, \$/bbl)	66.0	66.6	-0.9
Japan	0.50	Jan-25	-2.40	Coal (\$/MT)	109.6	109.1	0.5
China (lending)	2.00	Sep-24	4.65	Gas (\$/MMBtu)	3.34	2.90	15.2
Korea	2.50	May-25	0.40	Gold (\$/oz.)	4,126.3	3,746.7	10.1
India	5.50	Jun-25	3.96	Copper (\$/MT)	10,843.0	9,900.1	9.5
Indonesia	4.75	Sep-25	2.10	Nickel (\$/MT)	15,172.4	15,035.6	0.9
Money Mkt Rates	23-Oct	-1 mth	Chg (bps)	CPO (\$/MT)	1,039.9	1,045.1	-0.5
				Rubber (\$/kg)	1.76	1.75	0.6
SPN (1Y)	4.69	4.97	-28.5	External Sector	Aug	Jul	Chg (%)
SUN (10Y)	5.98	6.31	-33.8	Export (\$ bn)	24.96	24.75	0.87
INDONIA (O/N, Rp)	4.00	4.17	-16.2	Import (\$ bn)	19.48	20.58	-5.35
JIBOR 1M (Rp)	5.12	5.21	-9.2	Trade bal. (\$ bn)	5.49	4.17	31.50
Bank Rates (Rp)	Jun	May	Chg (bps)	Central bank reserves (\$ bn)*	150.7	152.0	-0.84
Lending (WC)	8.62	8.64	-1.78	Prompt Indicators	Sep	Aug	Jul
Deposit 1M	4.89	4.86	2.28	Consumer confidence index (CCI)	115.0	117.2	118.1
Savings	0.71	0.70	0.82	Car sales (%YoY)	-15.1	-19.0	-18.4
Currency/USD	23-Oct	-1 mth	Chg (%)	Motorcycle sales (%YoY)	7.3	0.7	-0.5
UK Pound	0.750	0.740	-1.39	Manufacturing PMI	Sep	Aug	Chg (bps)
Euro	0.861	0.847	-1.57	USA	52.0	53.0	-100
Japanese Yen	152.6	147.7	-3.18	Eurozone	49.8	50.7	-90
Chinese RMB	7.123	7.115	-0.12	Japan	48.5	49.7	-120
Indonesia Rupiah	16,620	16,605	-0.09	China	51.2	50.5	70
Capital Mkt	23-Oct	-1 mth	Chg (%)	Korea	50.7	48.3	240
JCI	8,274.4	8,040.0	2.91	Indonesia	50.4	51.5	-110
DJIA	46,734.6	46,381.5	0.76				
FTSE	9,578.6	9,226.7	3.81				
Nikkei 225	48,641.6	45,493.7	6.92				
Hang Seng	25,968.0	26,344.1	-1.43				
Foreign portfolio ownership (Rp Tn)	Sep	Aug	Chg (Rp Tn)				
Stock	3,846.5	3,760.3	86.20				
Govt. Bond	912.8	1,213.4	-300.66				
Corp. Bond	4.1	4.5	-0.40				

Source: Bloomberg, BI, BPS

Notes:

*Data from earlier period

For changes in currency: **Black indicates appreciation against USD, **Red** otherwise

***For PMI, **>50** indicates economic expansion, **<50** otherwise



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Indonesia – Economic Indicators Projection

	2019	2020	2021	2022	2023	2024	2025E
Real GDP growth (% YoY)	5.0	-2.1	3.7	5.3	5.0	5.0	5.0
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	6.0	7.2
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	5100
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6	2.8
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	4.50
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97	6.32
USD/IDR exchange rate (average)	14,141	14,529	14,297	14,874	15,248	15,841	16,461
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,625
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0	26.0
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6	-0.75

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time

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