

GDP Q1 Report: (Too) many tailwinds

05 May 2026

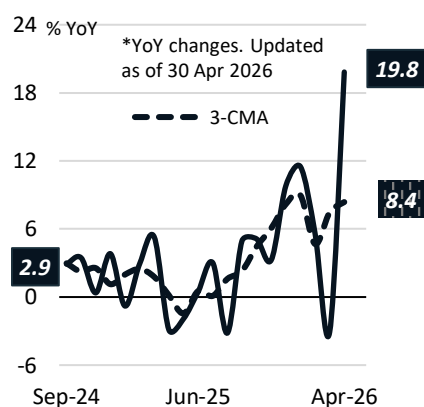
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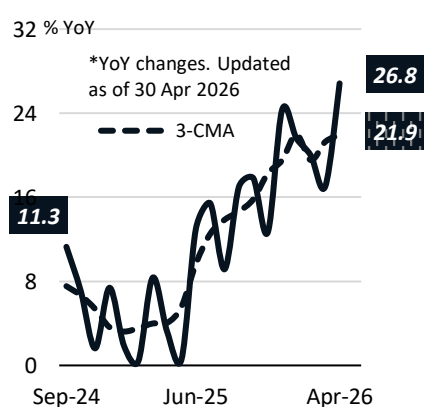
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's GDP grew 5.61% YoY in Q1-26 (5.39% YoY in Q4-25)**, surpassing market expectations and reaching its highest growth rate since Q3-22. While government consumption and FAI recorded above-average growth, net exports turned negative.

- The spectacular growth in government consumption (21.81% YoY) could be explained by several factors. First, the **acceleration of Free Nutritious Meals Program (FNMP) spending** due to the rapid expansion of nutritional units (SPPG). Second, the forward shift of some payments (such as fuel & electricity compensation) to equally distribute public spending throughout the year. Third, low-base effect due to spending efficiency enacted early last year.

- However, this **public tailwind isn't limited to consumption**. The robust Fixed Asset Investment growth this quarter (5.96% YoY) was partly buoyed by robust public spending on capital goods & services (36.69% YoY). Moreover, government affiliated programs like the Red & White Cooperatives have also started their build-out. This has resulted in a sharp growth for vehicles investments (12.39% YoY), even though domestic sales of passenger cars and motorcycles remained sluggish.

- True to econ textbooks, this **public spending spree has given tailwinds to private consumption**. Household spending grew by 5.52% YoY, its fastest growth since Q2-22. While some of the strong growth could partly be attributed to a shift in Eid Al Fitr holidays (the populace starts their vacations in mid-March), and the government's decision to keep existing subsidized fuel prices.

- Unfortunately, the increased spending across consumption and investments has **weighed negatively on Indonesia's Current Account**. Exports grew slowly at 0.9% YoY and was mainly propped up by service exports (9.11% YoY), while goods exports barely grew (0.17% YoY) due to a reduction in production permits for staple

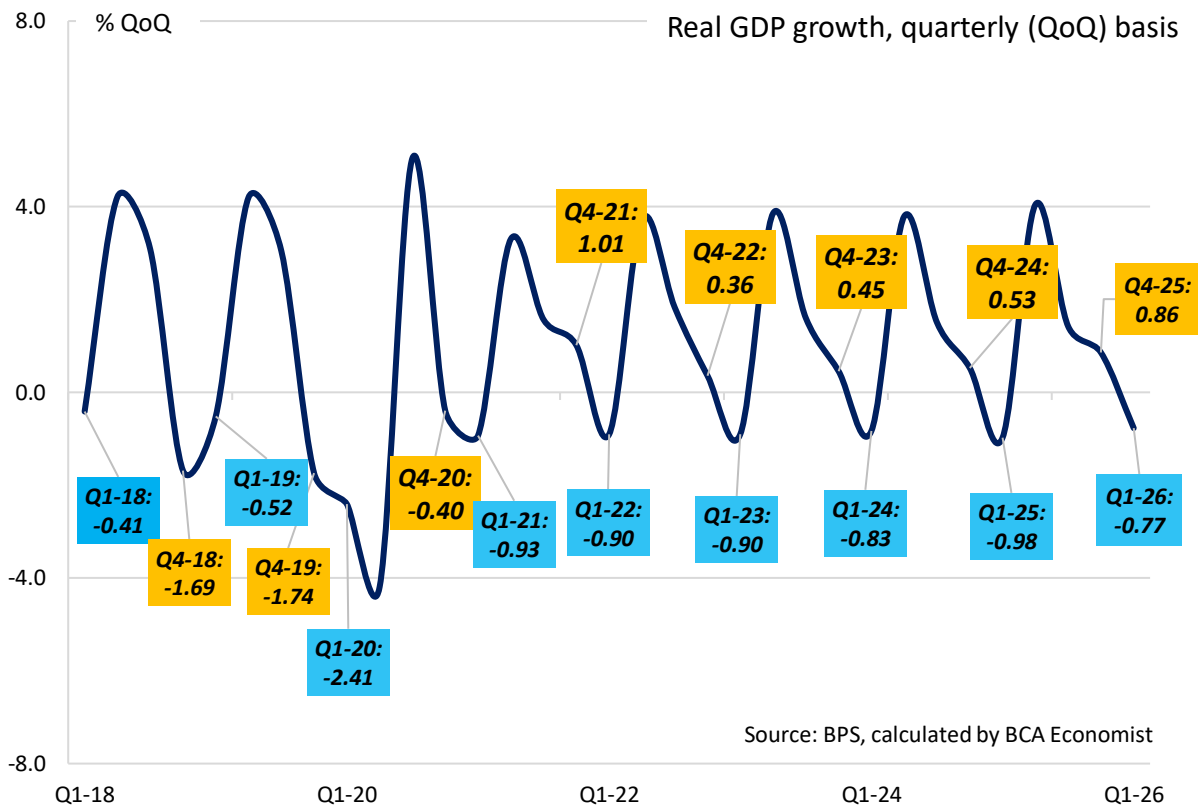
exports commodities. On the other hand, the build-out and subsequent operations of Red & White cooperatives & nutritional units requires imported foodstuffs and equipment, resulting in a 7.18% YoY growth of imports.

- When looking at sectoral growth, **there is a clear impact from government-related programmes**. Accommodation & FnB recorded the highest growth at 13.14% YoY, mainly driven by the expansion of FNMP and seasonal shift in religious holidays. However, we do not see

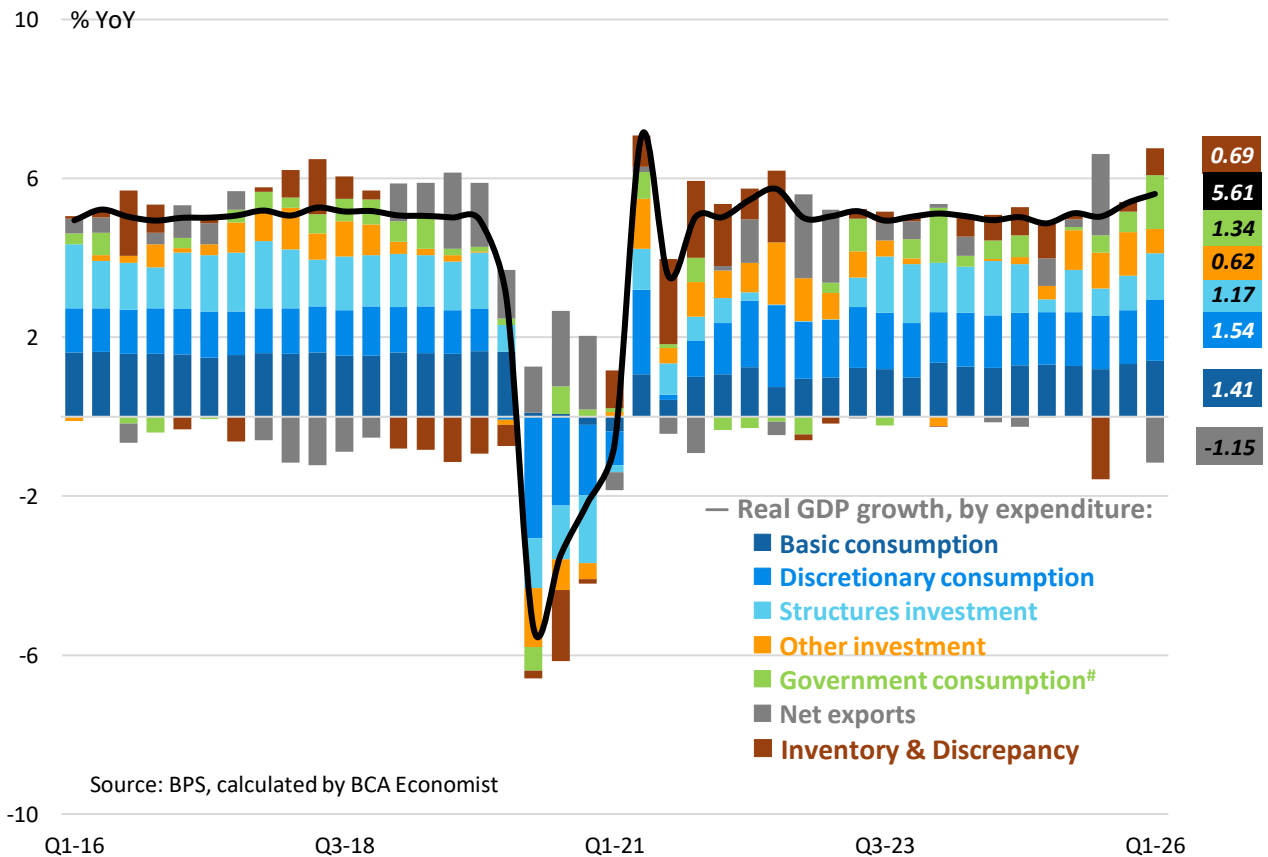
commensurate growth in either FnB manufacturing (7.04% YoY) or agriculture (4.97% YoY), reinforcing the need to import foodstuffs to bridge the gap.

- Unfortunately, there has also been some **laggards for sectors outside the government's expenditure priority**. Mining activities contracted by 2.14% YoY, partly due to output cuts following sluggish prices throughout 2025. While the ongoing war has given a lift for some of Indonesia's exports staples, the uncertain nature over the duration of the conflict and price spike in input cost makes it unclear if the industry would meaningfully expand production vis-à-vis 2025.
- However, it's important to note that **this contraction remains relatively narrow**. Despite output declines in upstream operations, midstream and downstream operations continue to grow, signified by growth in basic metals (3.78% YoY) and metal & electrical products manufacturing (10.35% YoY) respectively.
- Looking ahead, it's **unclear if the growth trajectory in Q1 could be sustained throughout the year**. The decision to promise no price increases for subsidized fuel, electricity, and fertilizer has tightened fiscal space. There are two main ways for the government to respond: either through efficiency measures (which could harm growth in some sectors), or through higher deficit (which could harm private investments through higher rates). However, further escalation in the Middle East and/or worsening exchange rates and oil price might force the government to go into third option: the adjustment of subsidized fuel prices.
- It looks like the government is also aware of this limitation and **has made strides to welcome FDI as an additional engine of growth**. We have seen Danantara and the Finance Minister attempts to court foreign investors throughout this year, and there has been plans to announce to introduce tax exemptions in Indonesia's Financial Special Economic Zone (FSEZ).

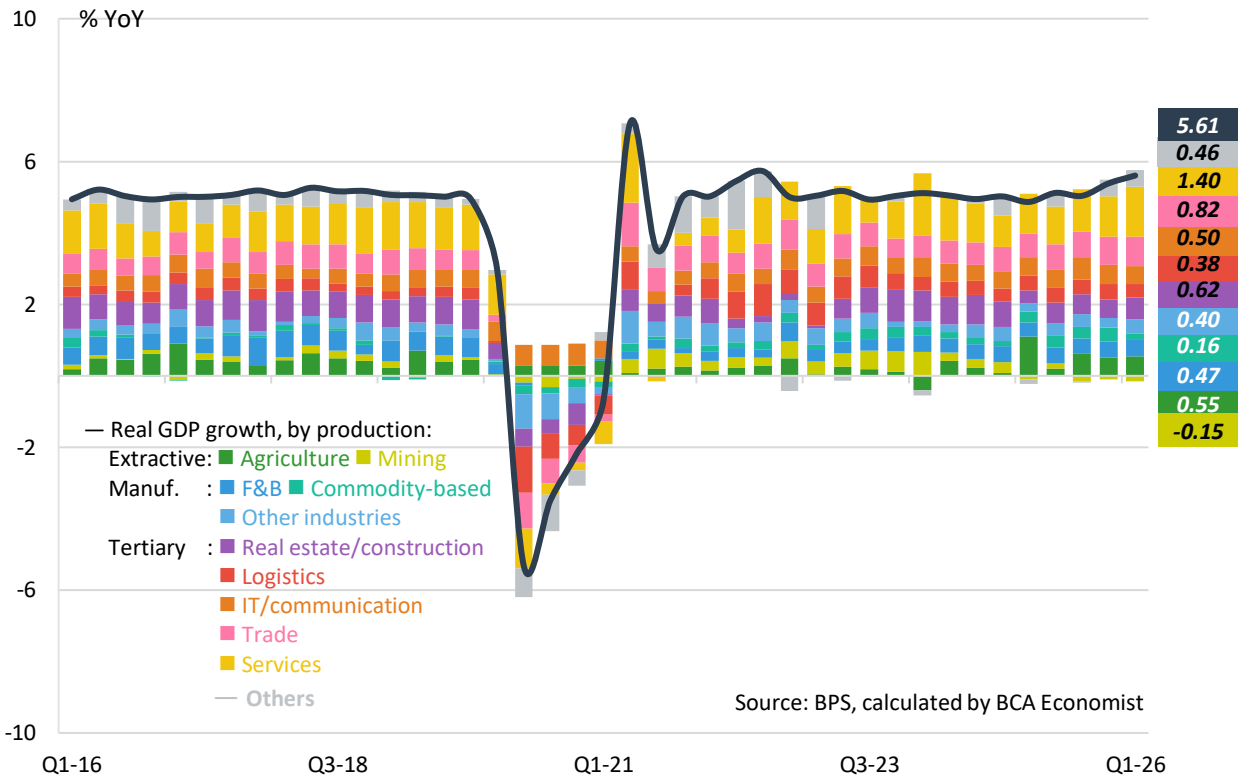
1 Lower-than-usual slowdown in quarterly comparison



2 Government consumption became the main driver of Q1-26 growth



3 FnB and construction recorded higher growth, boosted by government flagship programs



4 Inventory continued rising as global demand hampered by war

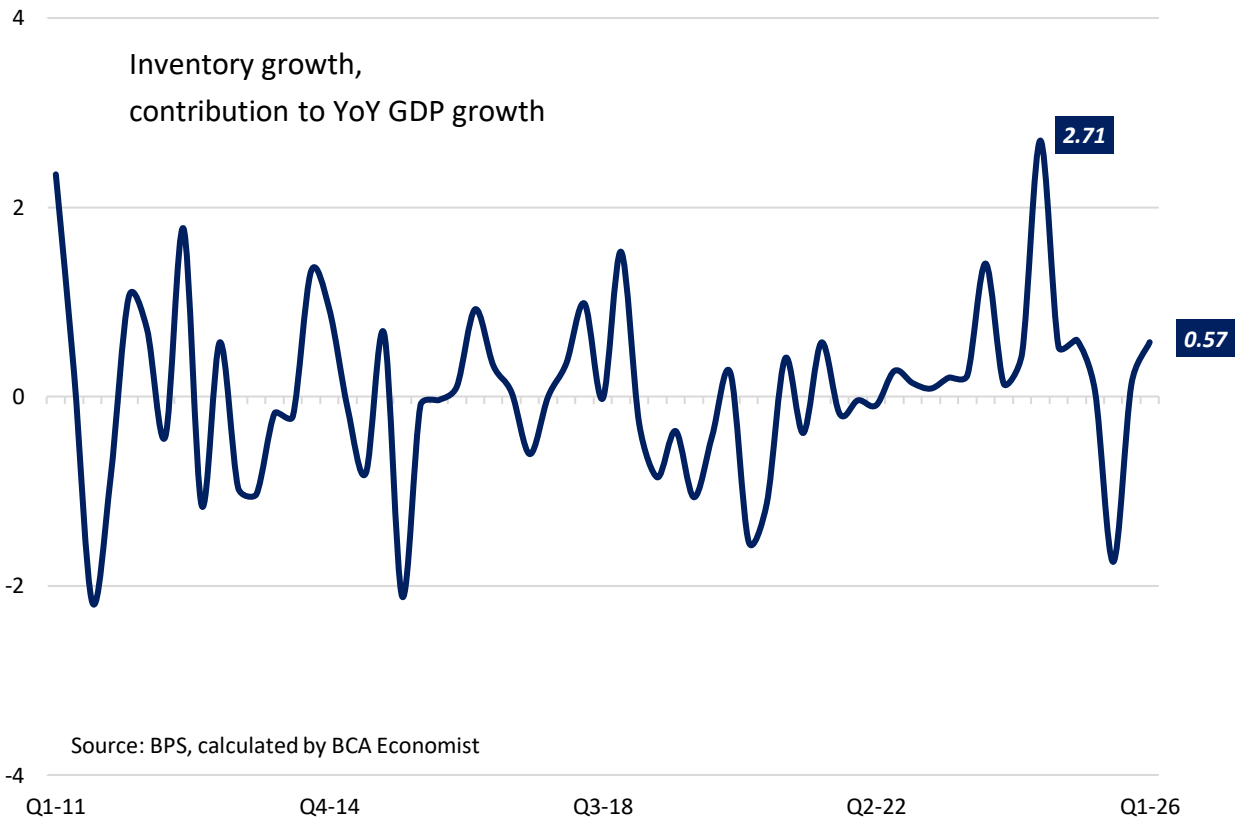


Table 1. Gross Domestic Products by Sector (nominal)

	2024		2025		Q1-25	Q2-25	Q3-25	Q4-25	Q1-26
	Rp Tn	Share	Rp Tn	Share	Rp Tn	Rp Tn	Rp Tn	Rp Tn	Rp Tn
Agriculture, livestock, forestry, and fishery	2,791.7	12.6	3,120.5	13.1	717.3	822.6	869.6	710.9	783.6
Mining and quarrying	2,026.6	9.2	2,084.6	8.8	509.2	510.9	515.6	548.9	537.8
Manufacturing industry	4,202.9	19.0	4,541.5	19.1	1,090.5	1,110.3	1,160.6	1,180.2	1,179.6
Electricity and gas	227.5	1.0	238.7	1.0	58.5	57.4	60.8	62.0	58.9
Water provisioning and waste recycling	14.3	0.1	14.9	0.1	3.6	3.7	3.8	3.7	3.8
Construction	2,233.5	10.1	2,340.9	9.8	557.3	563.7	595.0	624.8	607.1
Wholesale trade and repairs	2,893.3	13.1	3,136.6	13.2	749.1	774.5	799.1	813.8	821.4
Transportation and warehousing	1,358.1	6.1	1,466.3	6.2	344.8	369.1	369.9	382.4	378.2
Hotels, restaurant, and catering	583.9	2.6	639.0	2.7	150.1	160.6	162.6	165.8	172.7
Information and communication	960.0	4.3	1,048.7	4.4	251.5	260.7	266.6	269.8	273.6
Financial services and insurance	922.8	4.2	979.7	4.1	240.7	247.1	237.9	254.0	260.0
Real estate	520.7	2.4	534.8	2.2	121.0	135.9	138.4	139.5	140.0
Business services	424.2	1.9	471.7	2.0	112.1	118.8	119.8	121.1	122.0
Govt. administration, defence, and social security	673.5	3.0	715.1	3.0	190.4	191.4	156.3	177.0	208.3
Educational services	621.4	2.8	666.9	2.8	158.2	163.5	166.2	179.0	170.4
Healthcare and social services	278.2	1.3	299.7	1.3	69.9	73.2	76.0	80.5	76.7
Other services	454.3	2.1	508.9	2.1	119.6	128.1	125.6	135.6	136.3
GROSS DOMESTIC PRODUCT	22,139.0	100.0	23,821.1	100.0	5,665.9	5,947.5	6,060.4	6,147.2	6,187.2

*Numbers in recent quarters are subject to revision from BPS

Table 2. Gross Domestic Products by Expenditure (nominal)

	2024		2025		Q1-25	Q2-25	Q3-25	Q4-25	Q1-26
	Rp Tn	Share	Rp Tn	Share	Rp Tn	Rp Tn	Rp Tn	Rp Tn	Rp Tn
Household consumption	11,965.4	54.0	12,834.8	53.9	3,091.2	3,226.2	3,220.5	3,296.8	3,363.1
Consumption by non-profit organizations	300.1	1.4	321.5	1.3	78.6	80.5	77.6	84.8	86.8
Government consumption	1,714.6	7.7	1,794.3	7.5	333.9	412.6	435.9	611.9	415.6
Fixed-asset investment	6,452.5	29.1	6,852.6	28.8	1,588.4	1,655.7	1,762.8	1,845.6	1,750.5
Exports of goods and services	4,939.1	22.3	5,442.3	22.8	1,258.5	1,329.4	1,435.5	1,418.9	1,312.8
Imports of goods and services	4,538.6	20.5	4,894.0	20.5	1,120.5	1,227.9	1,228.0	1,317.5	1,255.2
GROSS DOMESTIC PRODUCT	22,139.0	100.0	23,821.1	100.0	5,665.9	5,947.5	6,060.4	6,147.2	6,187.2

Source: BPS

Table 3. Gross Domestic Products by Sector (%YoY)

	Last 3 Years			Last 3 Quarters		
	2023	2024	2025	Q3-25	Q4-25	Q1-26
Agriculture, livestock, forestry, and fishery	1.29	0.53	5.56	4.93	5.14	4.97
Mining and quarrying	6.12	4.97	-0.62	-1.98	-1.31	-2.14
Manufacturing industry	4.64	4.42	5.29	5.54	5.40	5.04
Electricity and gas	4.91	4.80	3.11	2.86	3.55	-0.99
Water provisioning and waste recycling	4.90	1.60	0.95	3.32	-0.51	0.42
Construction	4.91	7.04	3.81	4.21	3.89	5.49
Wholesale trade and repairs	4.83	4.88	5.49	5.46	6.07	6.26
Transportation and warehousing	13.96	8.69	8.78	8.62	8.98	8.04
Hotels, restaurant, and catering	10.01	8.50	7.39	8.50	7.15	13.14
Information and communication	7.61	7.58	8.34	9.65	8.09	7.14
Financial services and insurance	4.77	4.76	3.97	0.77	7.92	4.68
Real estate	1.43	2.50	3.58	3.95	3.71	3.54
Business services	8.24	8.40	9.10	9.94	7.90	4.91
Govt. administration, defence, and social security	1.50	6.73	3.86	4.33	1.63	6.45
Educational services	1.79	3.85	5.11	10.59	3.43	5.18
Healthcare and social services	4.66	8.28	5.59	6.83	5.95	7.62
Other services	10.52	9.77	9.95	9.92	8.71	9.91
GROSS DOMESTIC PRODUCT	5.05	5.03	5.10	5.04	5.39	5.61

Table 4. Gross Domestic Products by Expenditure (%YoY)

	Last 3 Years			Last 3 Quarters		
	2023	2024	2025	Q3-25	Q4-25	Q1-26
Household consumption	4.82	4.94	4.98	4.89	5.11	5.52
Consumption by non-profit organizations	9.83	12.86	5.14	3.76	5.90	6.28
Government consumption	2.95	7.93	2.17	5.66	4.55	21.81
Fixed-asset investment	4.40	4.60	5.07	5.04	6.12	5.96
Exports of goods and services	1.32	7.25	7.11	9.14	3.25	0.90
Imports of goods and services	-1.65	8.48	4.88	0.86	3.96	7.18
GROSS DOMESTIC PRODUCT	5.05	5.03	5.10	5.04	5.39	5.61

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	04-May	-1 mth	Chg (%)
US	3.75	Dec-25	0.45	Baltic Dry Index	2,730.0	2,066.0	32.1
UK	3.75	Dec-25	0.45	S&P GSCI Index	777.8	771.8	0.8
EU	2.15	Jun-25	-0.85	Oil (Brent, \$/bbl)	114.4	109.0	5.0
Japan	0.75	Dec-25	-0.75	Coal (\$/MT)	142.0	143.9	-1.3
China (lending)	2.00	Sep-24	3.35	Gas (\$/MMBtu)	2.67	2.85	-6.4
Korea	2.50	May-25	0.30	Gold (\$/oz.)	4,521.9	4,676.8	-3.3
India	5.25	Dec-25	1.85	Copper (\$/MT)	12,916.4	12,287.9	5.1
Indonesia	4.75	Sep-25	2.33	Nickel (\$/MT)	19,182.1	16,898.1	13.5
Money Mkt Rates	04-May	-1 mth	Chg (bps)				
				CPO (\$/MT)	1,154.2	1,175.0	-1.8
				Rubber (\$/kg)	2.19	2.03	7.9
SPN (1Y)	5.74	5.23	50.7	External Sector	Mar	Feb	Chg (%)
SUN (10Y)	6.77	6.62	15.3	Export (\$ bn)	22.53	22.17	1.62
INDONIA (O/N, Rp)	4.71	4.11	60.3	Import (\$ bn)	19.21	20.89	-8.08
JIBOR 1M (Rp)	5.03	5.03	0.0	Trade bal. (\$ bn)	3.32	1.27	160.82
Bank Rates (Rp)	Feb	Jan	Chg (bps)	Central bank reserves (\$ bn)*	148.2	151.9	-2.47
Lending (WC)	8.05	8.06	-1.00	Prompt Indicators	Mar	Feb	Jan
Deposit 1M	4.47	4.46	1.00	Consumer confidence index (CCI)	122.9	125.2	127.0
Savings	0.68	0.69	-1.00	UK Pound	0.739	0.757	2.50
Currency /USD	04-May	-1 mth	Chg (%)	Euro	0.855	0.868	1.49
				Japanese Yen	157.2	159.7	1.55
				Chinese RMB	6.828	6.882	0.79
				Indonesia Rupiah	17,380	17,000	-2.19
Capital Mkt	04-May	-1 mth	Chg (%)	Manufacturing PMI	Apr	Mar	Chg (bps)
JCI	6,972.0	7,026.8	-0.78	USA	54.5	52.3	220
DJIA	48,941.9	46,504.7	5.24	Eurozone	52.2	51.6	60
FTSE	10,363.9	10,436.3	-0.69	Japan	55.1	51.6	350
Nikkei 225	59,513.1	53,123.5	12.03	China	52.2	50.8	140
Hang Seng	26,095.9	25,116.5	3.90	Korea	53.6	52.6	100
Foreign portfolio ownership (Rp Tn)	Apr	Mar	Chg (Rp Tn)	Indonesia	49.1	50.1	-100
Stock	3,158.9	3,208.6	-49.72				
Govt. Bond	862.4	853.6	8.80				
Corp. Bond	5.8	6.2	-0.41				

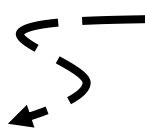
Source: Bloomberg, BI, BPS

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

	2020	2021	2022	2023	2024	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.0
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	7.9
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5457
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.3
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	4.75
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	6.76
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,216
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	17,430
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	33.8
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-0.4

Notes:

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

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