GDP Q2 Report:

Great liquidity, great responsibility

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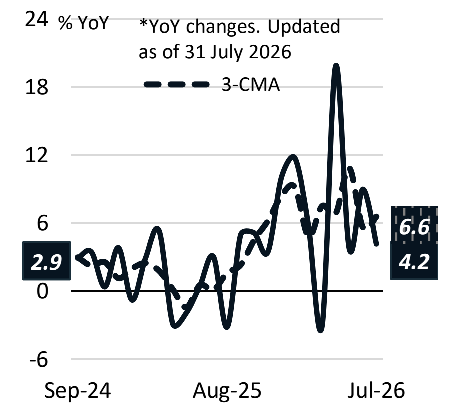
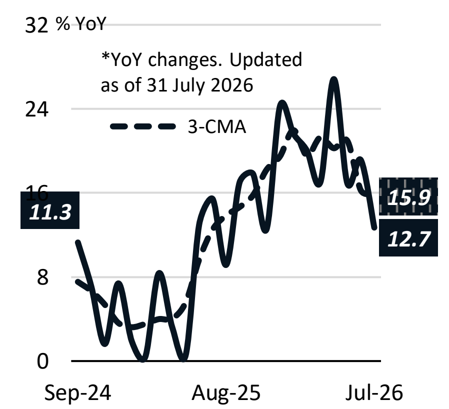
BCA Consumer Spending Index*



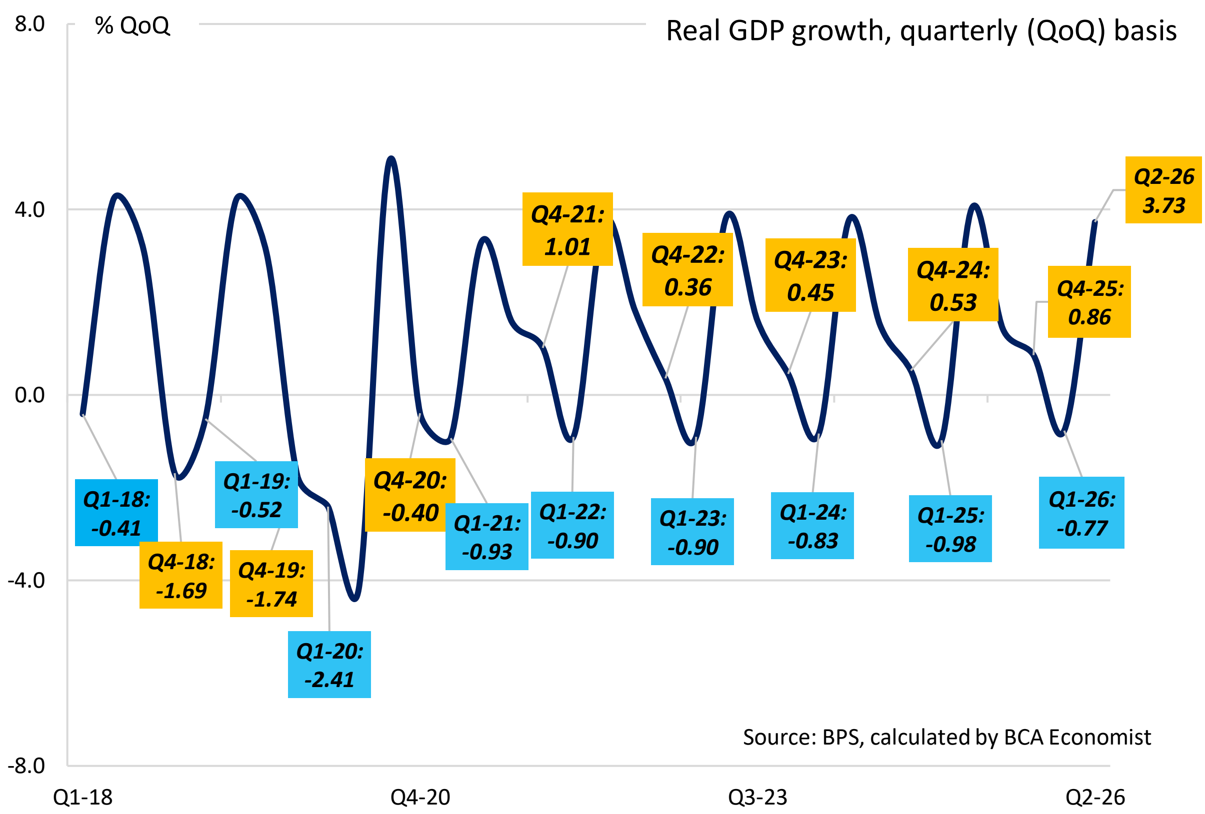
BCA Business Transaction Index*



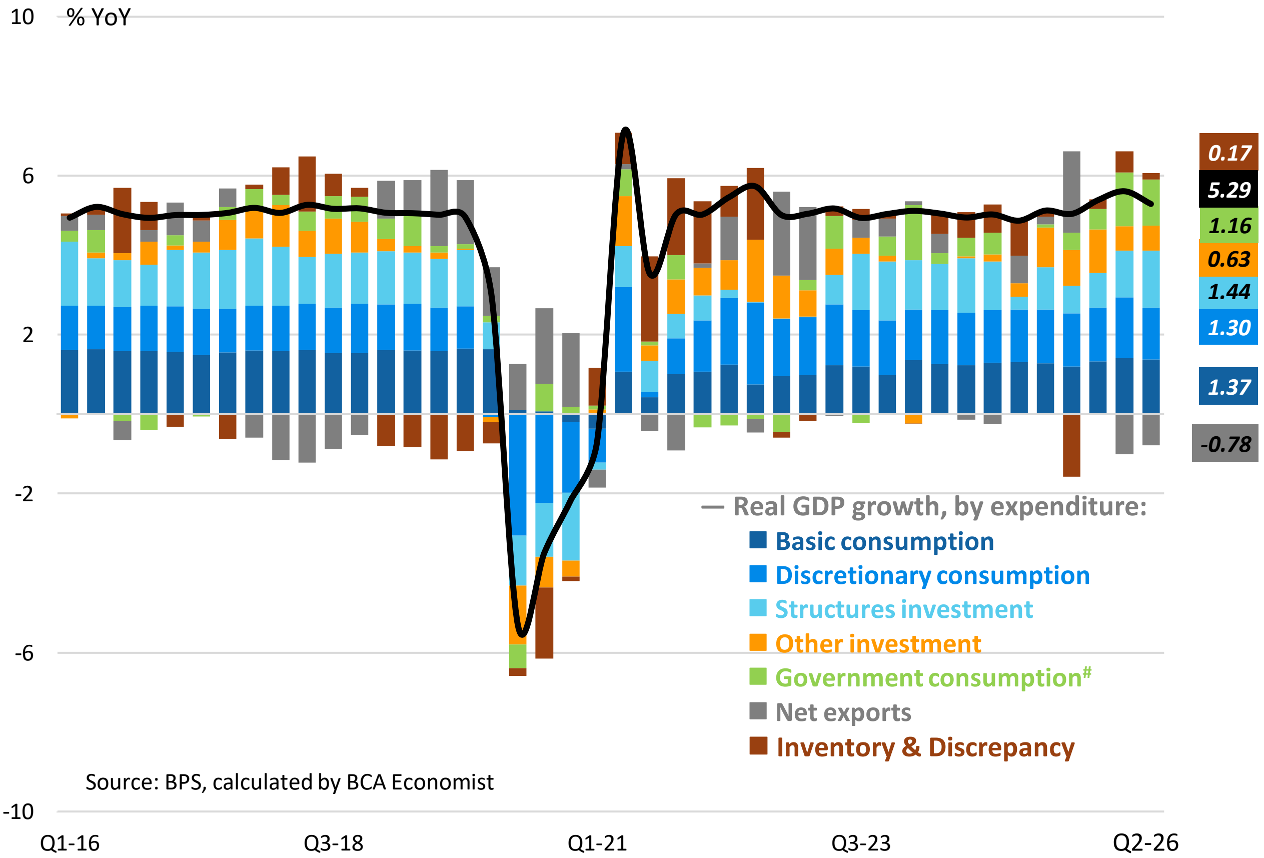
- **Indonesia's GDP grew 5.29% YoY – an expected slow down from Q1's 5.61% YoY**, yet surpassing market expectations once again. The deceleration was very much anticipated, especially given the significantly worse economic backdrop in Q2. The prolonged war has crept, driving up cost across the board – with nominal GDP growing at a considerably faster 10.17% YoY.
- Indonesia is no longer benefitting as much as it once did during the previous energy crisis. In nominal terms, net exports have turned negative for the first time since 2019, while continuing its negative growth contribution for the third consecutive quarter.
- Meanwhile, consumer consumption continued to slow – even nominal growth remained subdued despite higher inflation, with actual volume growth faring even worse (5.06% vs 5.52% in Q1-26). Suggesting that earlier consumption strength was merely driven by a low base and relied heavily on the multiplier effect of government expenditure.
- **Fortunately, the growth is carried by accelerating investment (6.87% YoY) alongside government expenditure** – even when the latter slowed – subsequently contributing 2.06% and 1.07% toward GDP growth. This trend appears to contradict the deterioration in the manufacturing PMI, but the devil is in the detail. The investment acceleration was largely driven by government priority programmes, most notably the red-white cooperatives, in line with the pickup in the construction sector, contributing 0.62% to growth (up from 0.53% in Q1-26), which may not be picked up by the index.
- The question is whether this will be sustainable. The government has implemented various efficiency measures on the budget side, with the **government seems to offload some of that weight by channelling through SOE banks lending**. But every room has its ceiling – for the banks, it's their LDR. The MoF appears to have noticed this, with the government standing ready to inject additional liquidity into SOE banks. While it may have helped Indonesia achieve its current growth through accelerating investments, if not accompanied by a balancing capital inflow, it results in a trade-off with depreciation.

- Looking ahead, **rising inflation compounded by a weakening Rupiah looks set to be the antagonist of the second half**, as purchasing power continues to erode should the situation remain unchanged. All of this is unfolding while Indonesia is pushing for extra liquidity in an increasingly tighter global liquidity environment. Growth is expected to remain resilient, though a further moderation looks likely, keeping our full-year growth forecast at 5.1%.

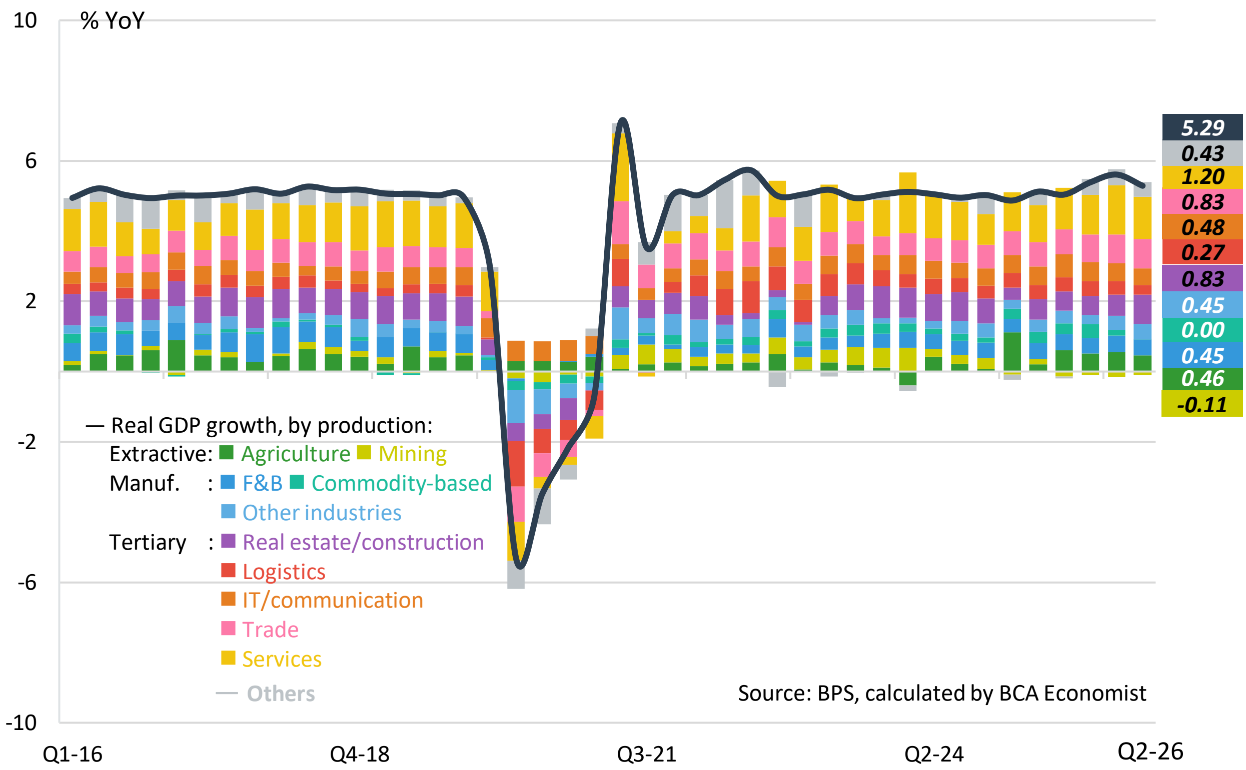
1 High base drive lower-than-usual increase in quarterly growth



2 Accelerating investment became the main driver of Q2-26 growth

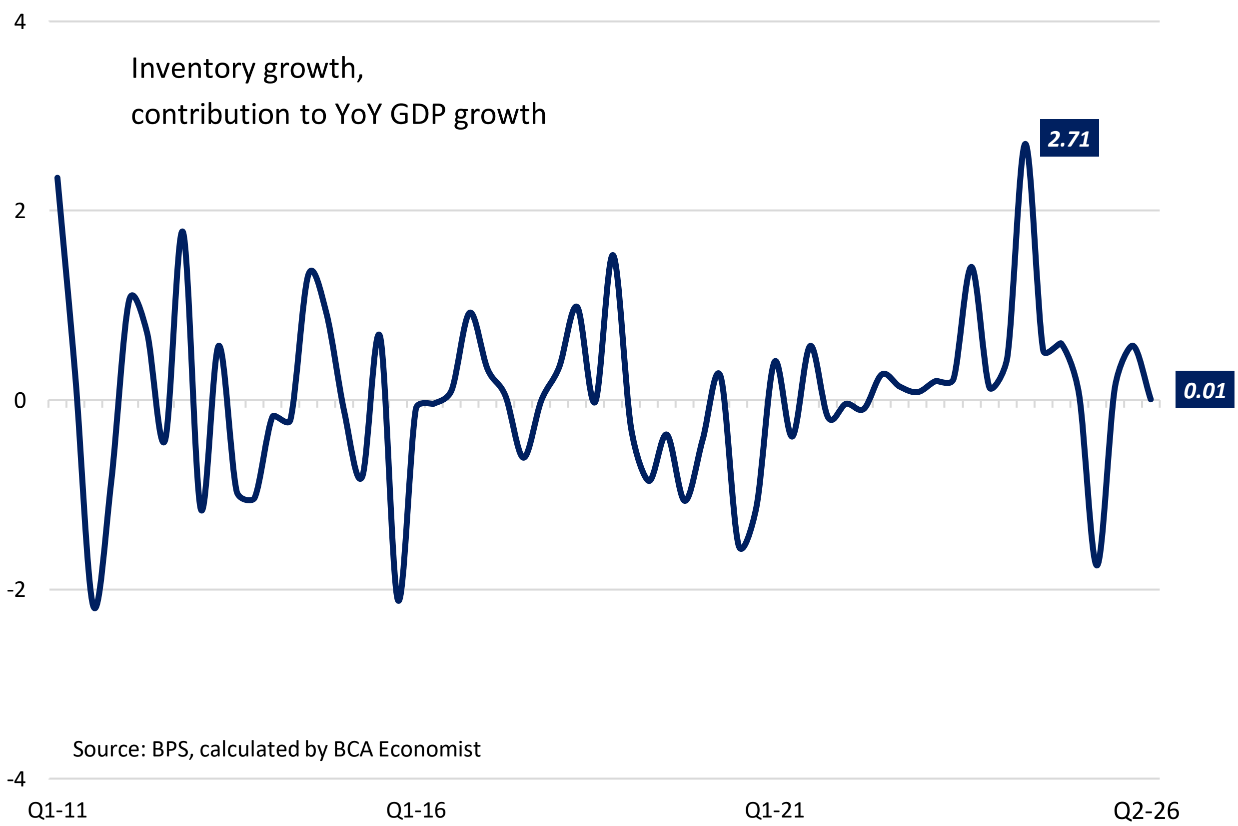


3 Constructions continue to record higher growth, boosted by government flagship programs



Source: BPS, calculated by BCA Economist

4 Inventory growth contribution slowed as manufacturing activity wanes



Source: BPS, calculated by BCA Economist

Table 1. Gross Domestic Products by Sector (nominal)

	2024		2025		Q2-25	Q3-25	Q4-25	Q1-26	Q2-26
	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	822.6	869.6	710.9	783.6	889.1
Mining and quarrying	2,026.6	9.2	2,084.6	8.8	510.9	515.6	548.9	537.8	581.1
Manufacturing industry	4,202.9	19.0	4,541.5	19.1	1,110.3	1,160.6	1,180.2	1,179.6	1,212.1
Electricity and gas	227.5	1.0	238.7	1.0	57.4	60.8	62.0	58.9	65.1
Water provisioning and waste recycling	14.3	0.1	14.9	0.1	3.7	3.8	3.7	3.8	3.8
Construction	2,233.5	10.1	2,340.9	9.8	563.7	595.0	624.8	607.1	641.2
Wholesale trade and repairs	2,893.3	13.1	3,136.6	13.2	774.5	799.1	813.8	821.4	853.3
Transportation and warehousing	1,358.1	6.1	1,466.3	6.2	369.1	369.9	382.4	378.2	403.5
Hotels, restaurant, and catering	583.9	2.6	639.0	2.7	160.6	162.6	165.8	172.7	181.8
Information and communication	960.0	4.3	1,048.7	4.4	260.7	266.6	269.8	274.0	282.0
Financial services and insurance	922.8	4.2	979.7	4.1	247.1	237.9	254.0	260.0	265.2
Real estate	520.7	2.4	534.8	2.2	135.9	138.4	139.5	140.0	141.9
Business services	424.2	1.9	471.7	2.0	118.8	119.8	121.1	122.0	128.1
Govt. administration , defence, and social security	673.5	3.0	715.1	3.0	191.4	156.3	177.0	208.3	211.8
Educational services	621.4	2.8	666.9	2.8	163.5	166.2	179.0	170.4	177.8
Healthcare and social services	278.2	1.3	299.7	1.3	73.2	76.0	80.5	76.7	79.9
Other services	454.3	2.1	508.9	2.1	128.1	125.6	135.6	136.3	139.9
GROSS DOMESTIC PRODUCT	**22,139.0**	100.0	**23,821.1**	100.0	**5,947.5**	**6,060.4**	**6,147.2**	**6,187.6**	**6,552.1**

***Numbers in recent quarters are subject to revision from BPS**

Table 2. Gross Domestic Products by Expenditure (nominal)

	2024		2025		Q2-25	Q3-25	Q4-25	Q1-26	Q2-26
	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	3,226.2	3,220.5	3,296.8	3,363.2	3,493.5
Consumption by non-profit organizations	300.1	1.4	321.5	1.3	80.5	77.6	84.8	86.8	88.6
Government consumption	1,714.6	7.7	1,794.3	7.5	412.6	435.9	611.9	415.6	496.1
Fixed-asset investment	6,452.5	29.1	6,852.6	28.8	1,655.7	1,762.8	1,845.6	1,750.5	1,923.7
Exports of goods and services	4,939.1	22.3	5,442.3	22.8	1,329.4	1,435.5	1,418.9	1,315.7	1,515.5
Imports of goods and services	4,538.6	20.5	4,894.0	20.5	1,227.9	1,228.0	1,317.5	1,248.8	1,576.3
GROSS DOMESTIC PRODUCT	**22,139.0**	100.0	**23,821.1**	100.0	**5,947.5**	**6,060.4**	**6,147.2**	**6,187.6**	**6,552.1**

Source: BPS

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

	Last 3 Years			Last 3 Quarters		
	2023	**2024**	**2025**	**Q4-25**	**Q1-26**	**Q2-26**
Agriculture, livestock, forestry, and fishery	1.29	0.53	5.56	5.14	4.97	3.80
Mining and quarrying	6.12	4.97	-0.62	-1.31	-2.14	-1.64
Manufacturing industry	4.64	4.42	5.29	5.40	5.04	4.52
Electricity and gas	4.91	4.80	3.11	3.55	-0.99	10.81
Water provisioning and waste recycling	4.90	1.60	0.95	-0.51	0.42	0.03
Construction	4.91	7.04	3.81	3.89	5.49	6.68
Wholesale trade and repairs	4.83	4.88	5.49	6.07	6.26	6.39
Transportation and warehousing	13.96	8.69	8.78	8.98	8.04	5.65
Hotels, restaurant, and catering	10.01	8.50	7.39	7.15	13.14	10.60
Information and communication	7.61	7.58	8.34	8.09	7.14	6.97
Financial services and insurance	4.77	4.76	3.97	7.92	4.68	3.11
Real estate	1.43	2.50	3.58	3.71	3.54	3.64
Business services	8.24	8.40	9.10	7.90	4.91	5.08
Govt. administration, defence, and social security	1.50	6.73	3.86	1.63	6.45	6.89
Educational services	1.79	3.85	5.11	3.43	5.18	5.92
Healthcare and social services	4.66	8.28	5.59	5.95	7.62	6.88
Other services	10.52	9.77	9.95	8.71	9.91	6.36
GROSS DOMESTIC PRODUCT	**5.05**	**5.03**	**5.10**	**5.39**	**5.61**	**5.29**

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

	Last 3 Years			Last 3 Quarters		
	2023	**2024**	**2025**	**Q4-25**	**Q1-26**	**Q2-26**
Household consumption	4.82	4.94	4.98	5.11	5.52	5.06
Consumption by non-profit organizations	9.83	12.86	5.14	5.90	6.28	6.93
Government consumption	2.95	7.93	2.17	4.55	21.81	15.97
Fixed-asset investment	4.40	4.60	5.07	6.12	5.96	6.87
Exports of goods and services	1.32	7.25	7.11	3.25	0.90	4.13
Imports of goods and services	-1.65	8.48	4.88	3.96	6.43	8.82
GROSS DOMESTIC PRODUCT	**5.05**	**5.03**	**5.10**	**5.39**	**5.61**	**5.29**

Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	3.75	Dec-25	0.25
UK	3.75	Dec-25	1.15
EU	2.40	Jun-26	-0.50
Japan	1.00	Jun-26	-0.70
China (lending)	2.00	Sep-24	3.35
Korea	2.75	Jul-26	-0.05
India	5.25	Dec-25	0.87
Indonesia	5.75	Jun-26	2.87

Money Mkt Rates	04-Aug	-1 mth	Chg (bps)
SPN (1Y)	6.82	6.86	-3.7
SUN (10Y)	7.31	7.10	20.7
INDONIA (O/N, Rp)	6.29	5.67	61.9
JIBOR 1M (Rp)	5.03	5.03	0.0

Bank Rates (Rp)	May	Apr	Chg (bps)
Lending (WC)	7.95	7.96	-1.00
Deposit 1M	4.52	4.48	4.00
Savings	0.68	0.68	0.00

Currency/USD	04-Aug	-1 mth	Chg (%)
UK Pound	0.743	0.749	0.76
Euro	0.867	0.874	0.82
Japanese Yen	157.8	161.3	2.28
Chinese RMB	6.749	6.779	0.44
Indonesia Rupiah	18,023	17,954	-0.38

Capital Mkt	04-Aug	-1 mth	Chg (%)
JCI	6,319.6	5,875.8	7.55
DJIA	54,085.9	52,900.1	2.24
FTSE	10,879.4	10,679.0	1.88
Nikkei 225	63,957.5	69,744.1	-8.30
Hang Seng	25,852.9	23,350.0	10.72

Foreign portfolio ownership (Rp Tn)	Jul	Jun	Chg (Rp Tn)
Stock	2,805.0	2,573.5	231.50
Govt. Bond	892.0	885.7	6.39
Corp. Bond	5.6	5.7	-0.08

Trade & Commodities	04-Aug	-1 mth	Chg (%)
Baltic Dry Index	2,936.0	2,717.0	8.1
S&P GSCI Index	652.5	617.1	5.7
Oil (Brent, $/brl)	79.4	72.1	10.0
Coal ($/MT)	136.7	131.3	4.1
Gas ($/MMBtu)	2.69	3.37	-20.2
Gold ($/oz.)	4,078.0	4,176.9	-2.4
Copper ($/MT)	14,168.9	13,317.4	6.4
Nickel ($/MT)	16,995.2	16,219.3	4.8
CPO ($/MT)	1,101.0	1,091.6	0.9
Rubber ($/kg)	2.19	2.14	2.3

External Sector	Jun	May	Chg (%)
Export ($ bn)	25.46	23.20	9.72
Import ($ bn)	25.91	24.81	4.41
Trade bal. ($ bn)	-0.45	-1.61	-72.02
Central bank reserves ($ bn)*	145.6	144.9	0.48

Prompt Indicators	Jun	May	Apr
Consumer confidence index (CCI)	117.8	120.9	123.0
Car sales (%YoY)	32.9	14.0	55.0
Motorcycle sales (%YoY)	1.1	-5.1	28.1

Manufacturing PMI	Jul	Jun	Chg (bps)
USA	53.9	53.9	0
Eurozone	51.9	51.4	50
Japan	54.5	54.8	-30
China	50.9	51.7	-80
Korea	53.1	52.1	100
Indonesia	50.2	46.9	330

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	5.1
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	9.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5128
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	4.5
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.25
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	8.01
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,600
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,171
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

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

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