



ASIAN DEVELOPMENT OUTLOOK

September 2024

Economic Outlook of Indonesia

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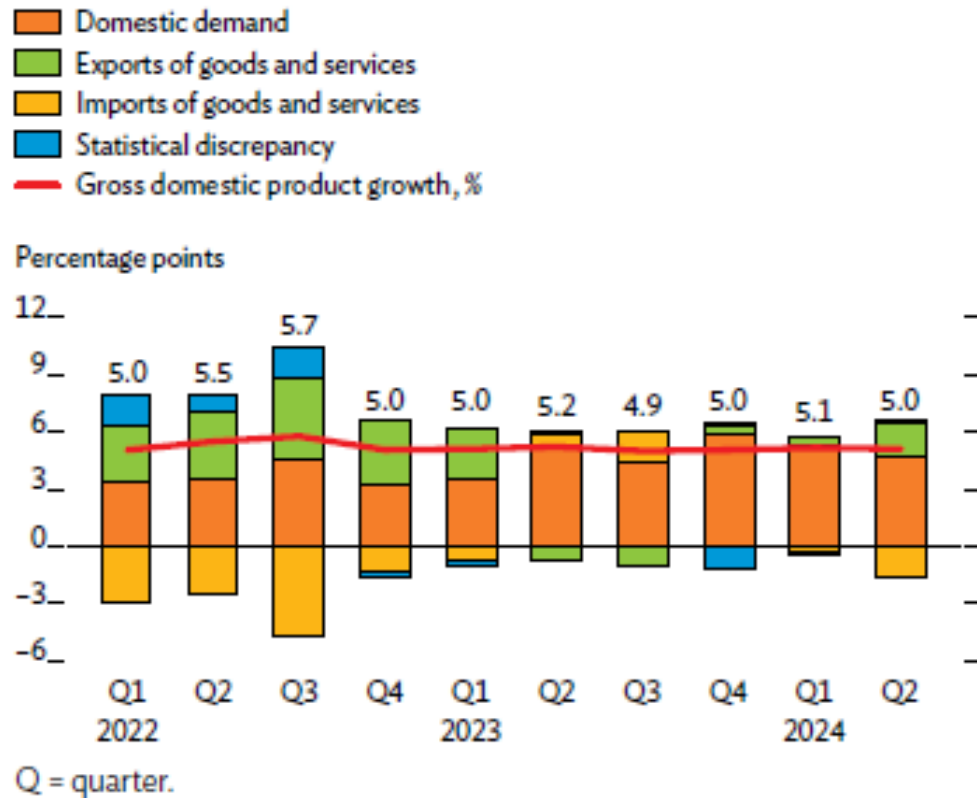
Asian Think Tanks Forum

2 October 2024

The economy has performed in line with ADO April 2024 forecasts

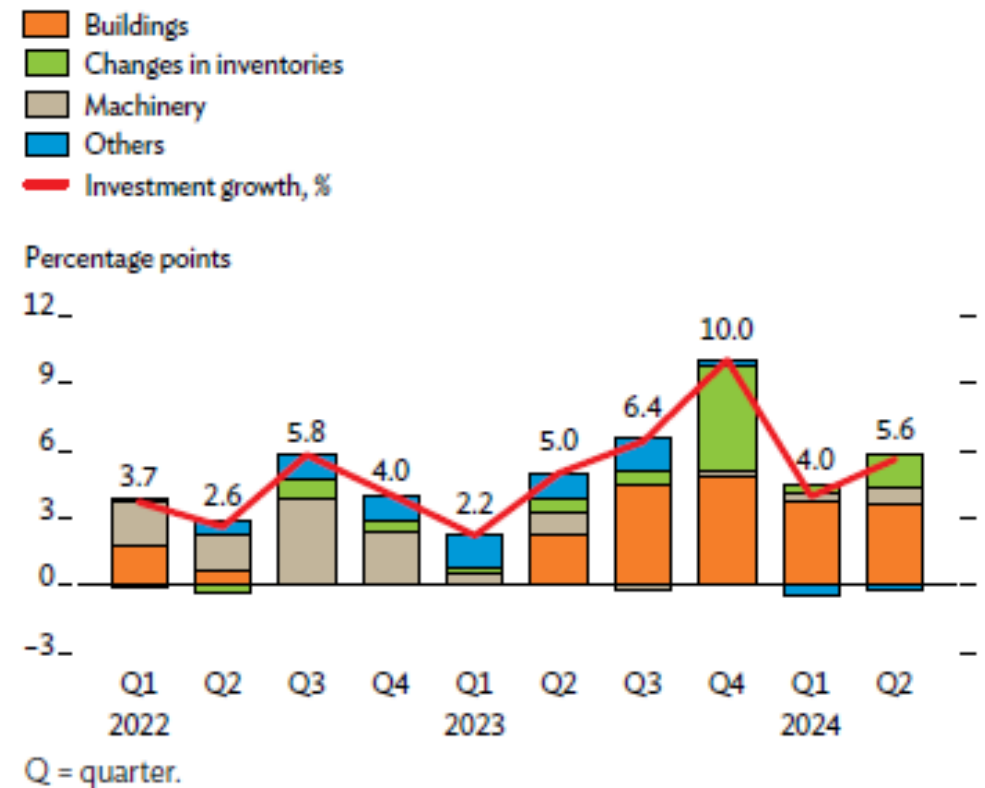
Domestic demand continued to be the principal growth driver

Demand-Side Contributions to Growth



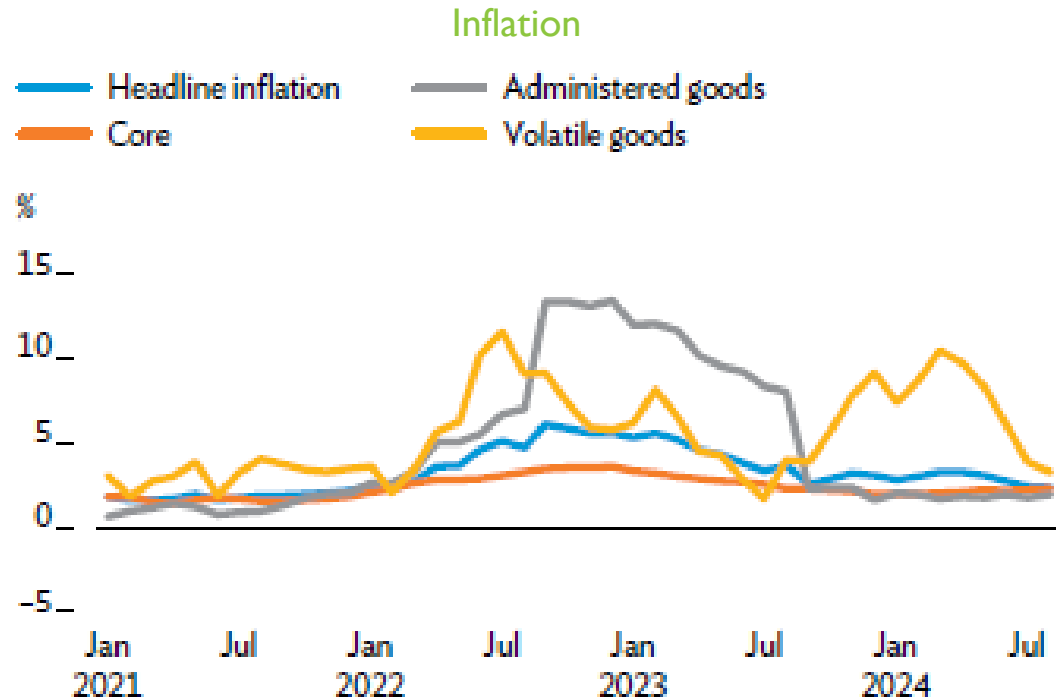
Increased public infrastructure spending spurred investment

Contributions of Investment Components to Growth

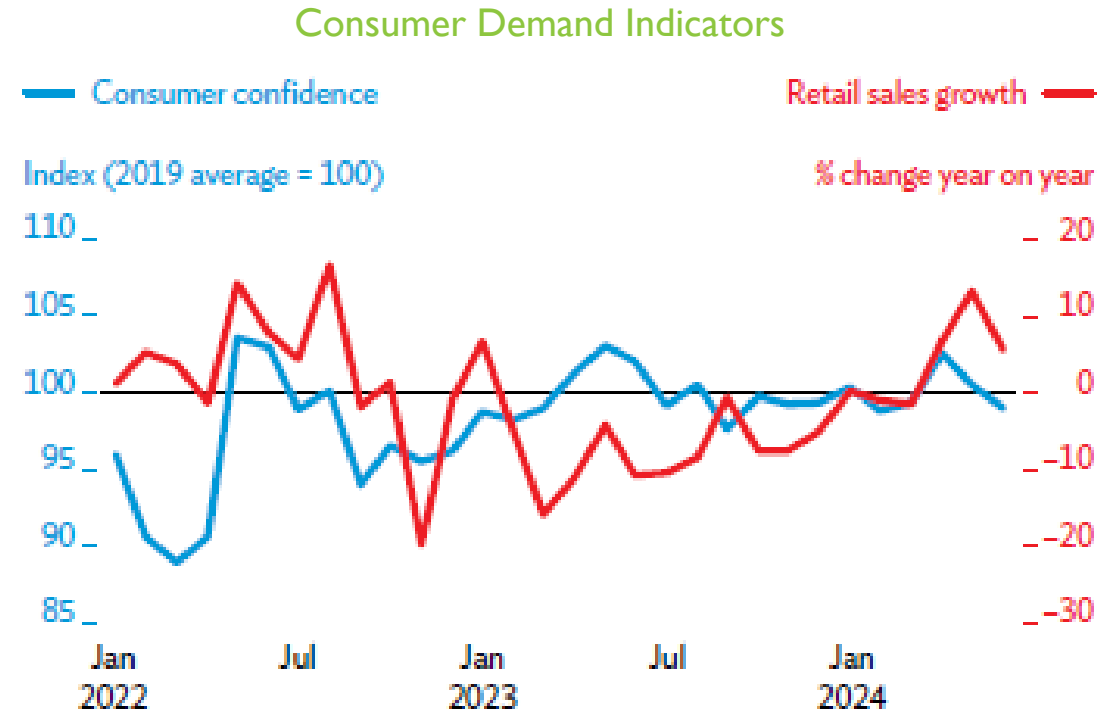


Effective supply management drove volatile food prices down

Core inflation remained muted, inflation expectations were well-anchored



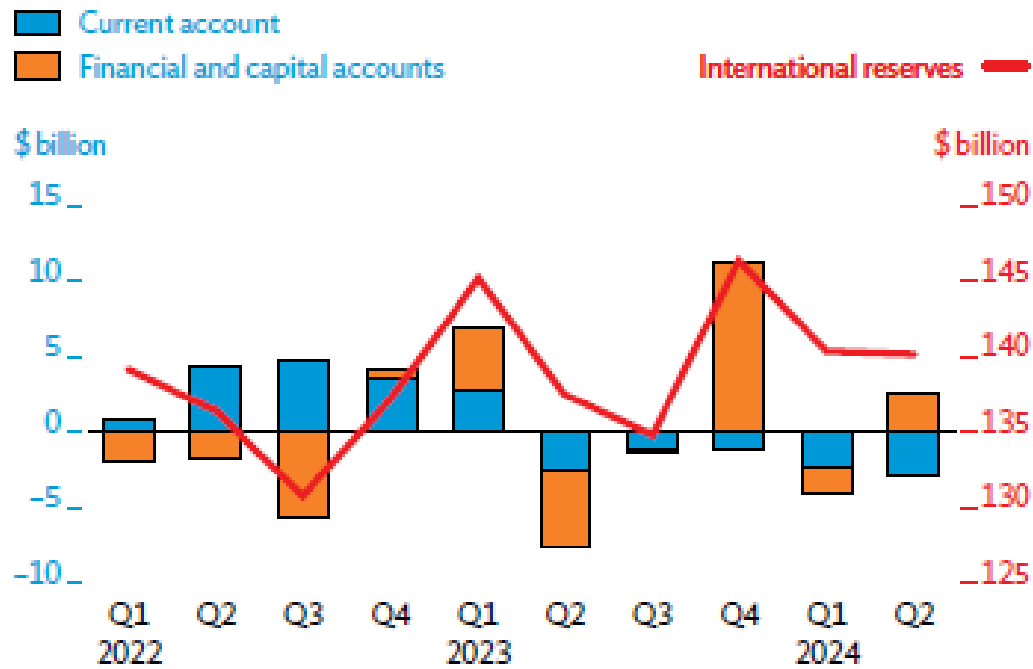
Consumer demand indicators were broadly at pre-pandemic levels



Balance of payments remained supportive to macroeconomic stability in H1 2024

The overall capital and financial account surplus rebounded to provide financing for the current account deficit

Balance of Payments

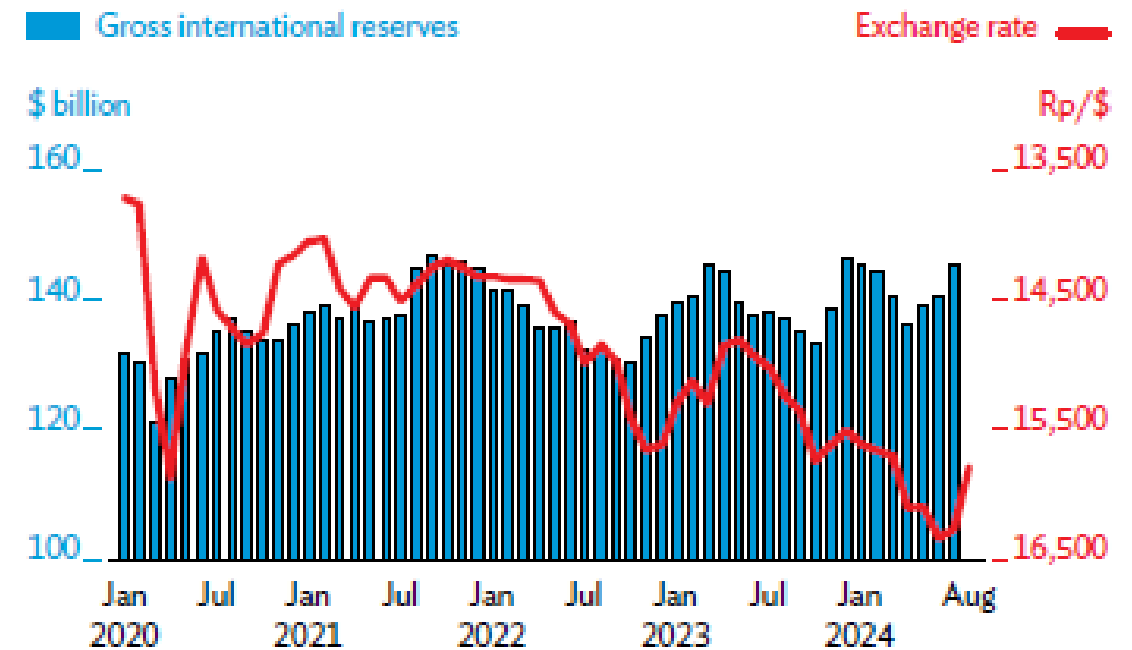


Q = quarter.

Source: Haver Analytics.

The rupiah appreciated, while gross international reserves recovered

Reserves and the Exchange Rate

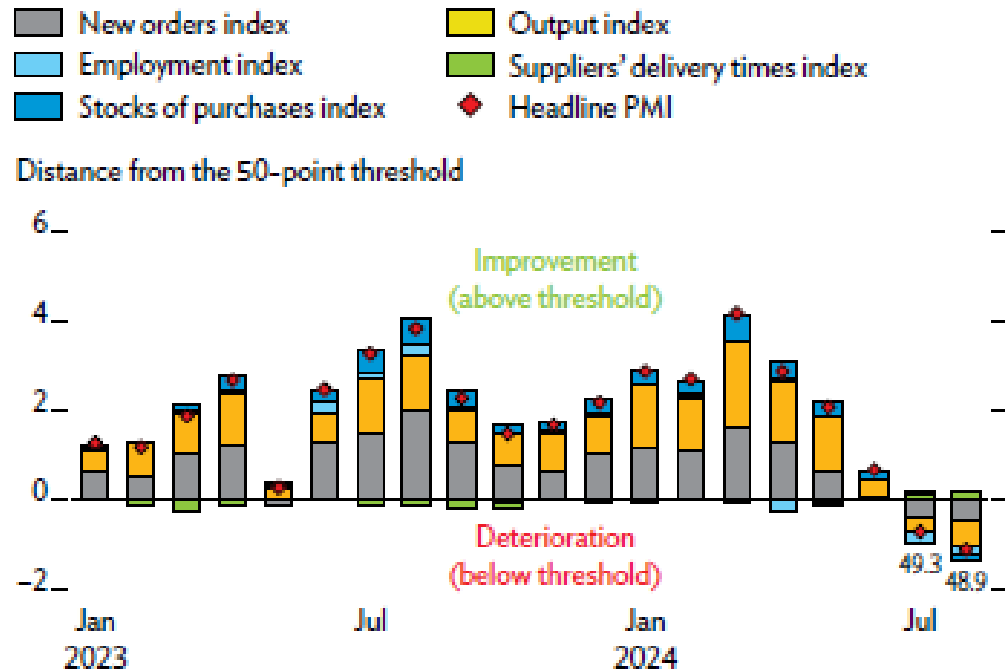


Source: Haver Analytics.

Growth and Employment Would Benefit From Continued Reform

Factory activity contracted for the second straight month in August, as foreign orders decreased at the fastest rate since January 2023

Purchasing Managers' Index, by Component and Distance from Threshold



PMI = Purchasing Managers' Index.

Source: Staff calculations using data from CEIC Database, and S&P.

Labor-intensive industries face ongoing challenges of weak global demand and a lingering problem with competitiveness

Manufacturing Growth, Selected Industries



Source: Haver Analytics.

GDP is projected to expand at 5.0% in 2024 and 2025

- Investment is expected to gradually improve
- Fiscal policy will likely continue to support growth
- Bank Indonesia will continue to manage capital flows and exchange rate fluctuations
- Inflation should remain within the target range
- Risks to the forecast are evenly balanced



THANK YOU
