

2Q23 GDP Growth Climbed to 5.17% due to Higher Consumer Spending during Festive Season

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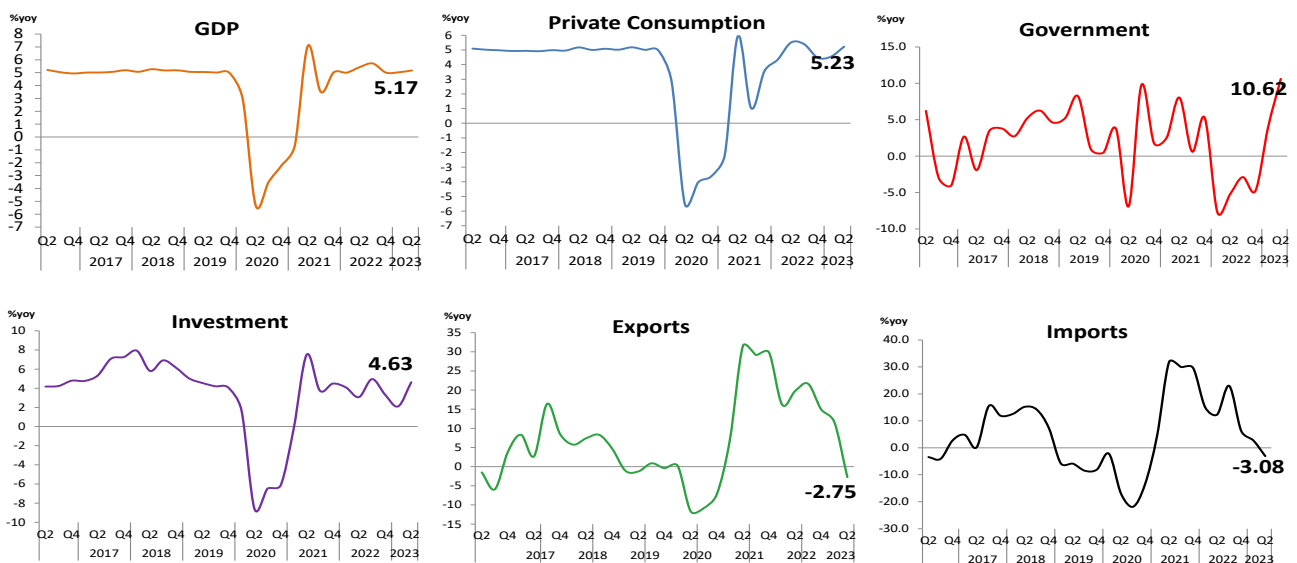
GDP Review

- Economic growth in 2Q23 posted 5.17%yoy from the previous quarter's 5.03%yoy. The Indonesia's economy was supported by household consumption and investment, which rose more than expected. From the supply side, manufacturing sector, trading, and transportation were the main contributors of GDP growth in 2Q23.
- Household consumption grew at faster pace at 5.23%yoy from 4.54%yoy in a quarter earlier. Household consumption strengthened due to rising consumption on transportation & communication and hotel & restaurant components during Festive Season, implying stronger demand due to seasonal factor. Both components posted 7.53%yoy and 6.76%yoy, respectively. The consumption was also supported by the downward trend in inflation to the level of 3.5%yoy. Some of consumer indicators showed slightly improvement in 2Q23. Retail sales growth rose by 8.0%yoy vs 4.8%yoy in 1Q23, while Farmer's Exchange Rate grew by 4.2%yoy vs 1.4%yoy in the previous quarter. Furthermore, imports of consumer goods also recorded slightly increase of 2.8%yoy vs. 2.7%yoy in 1Q23. However, other indicators, such as Consumer Confidence Index (CCI), contracted by 0.8%yoy, compared to previous quarter, which grew by 11.1%yoy. Car sales (retail) also recorded lower growth as it only increased by 1.9%yoy vs. 13.8%yoy in 1Q23, while motorcycle sales growth posted slightly lower growth, 44.0%yoy vs 44.5%yoy.
- Gross Fixed Capital Formation/Investment in 2Q23 rebounded to 4.63%yoy from 2.11%yoy, supported by building investment, which grew by 3.32%yoy from previously 0.08%yoy. Cement sales in the second quarter of 2023 still posted by -3.0%yoy (vs. -9.2%yoy) to 13.2 million tons. Lower contraction showed recovery in building investment. Machine investment also grew by 7.67%yoy from 4.62%yoy, reflected by imports of capital goods in the April-Jun 2023, which recorded growth of 17.7%yoy. Overall, investment growth in 2Q23 was reflected by growth of Domestic Direct Investment (DDI) and Foreign Direct Investment (FD) 17.6%yoy and 10.7%yoy, respectively.
- Net export decreased on the back of lower export growth due to slowdown in manufacturing from Indonesia's main trading partners. Net export contributed to -0.04ppt to GDP in 2Q23. Slower net exports tended to ease as indicated by contraction in non-oil and gas exports in the second quarter of 2023 which recorded contraction of 18.0%yoy from growth of 0.4%yoy in 1Q23. Meanwhile, non-oil and gas imports recorded -6.3%yoy vs. -3.2%yoy in the previous quarter.

Economic Implication and Future Projection

- Despite higher-than-expected GDP growth figure in 2Q23, we still expect that economic growth in FY23 is estimated to be around 4.9-5.0%. The projection of economic slowdown was driven by the net exports which already stagnated during 2Q23. The export volume will likely to be more limited in the second half of 2023 due to slower growth on major Indonesia's trading partner, such as Eurozone and China. Entering campaign phase of general election in 3Q23 would also hamper recovery of investment for the rest of 2023. On the other side, household consumption will likely to support solid economic growth, especially during campaign phase of election.

GDP by Expenditure: Consumption Growth Surpassed 5%

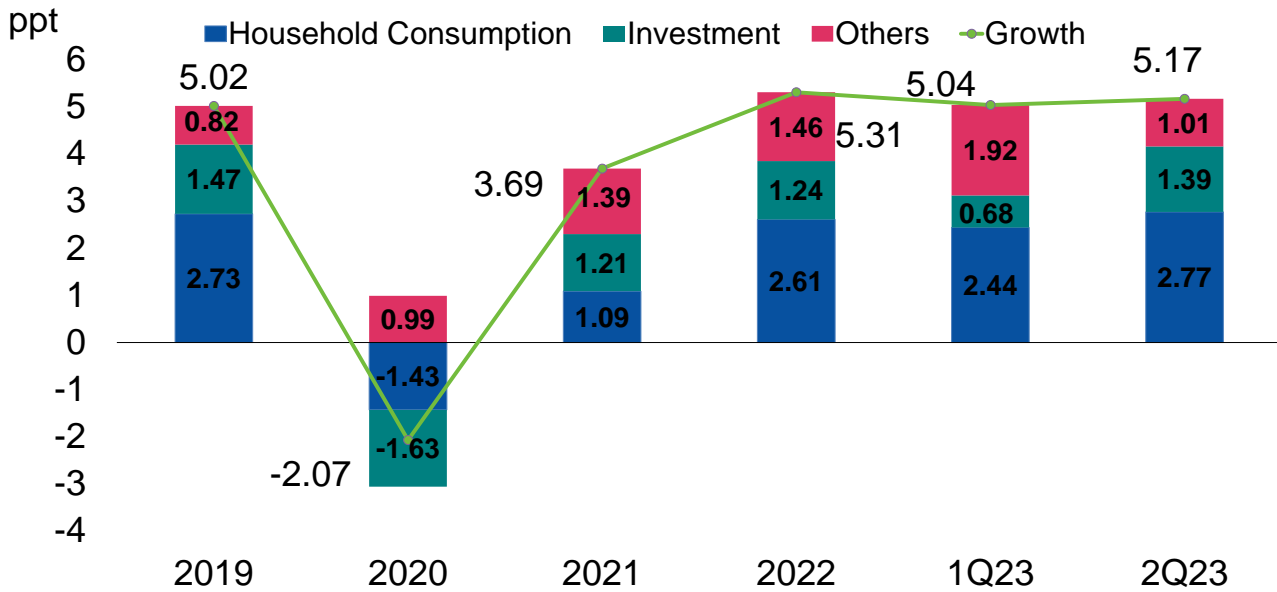


GDP by Industry: Transportation and Accommodation Still Recorded Fastest Growth

Sector	Growth (%)					Share to GDP (%)				
	2020	2021	2022	2023		2020	2021	2022	2023	
				Q1	Q2				Q1	Q2
Agriculture, Forestry & Fishery	1.8	1.8	2.3	0.3	2.0	13.7	13.3	12.4	11.8	13.3
Mining And Quarrying	-2.0	4.0	3.7	4.9	5.0	6.4	9.0	12.2	11.8	10.5
Manufacturing	-2.9	3.4	4.6	4.4	4.9	19.9	19.3	18.3	18.6	18.3
Electricity And Gas Supply	-2.3	5.6	8.1	2.7	3.1	1.2	1.1	1.0	1.0	1.0
Water Supply, Sewerage, Waste Management	4.9	5.0	3.4	5.7	4.7	0.1	0.1	0.1	0.1	0.1
Construction	-3.3	2.8	2.2	0.3	5.2	10.7	10.4	9.8	9.9	9.4
Wholesale & Retail Trade, Vehicle Repair	-3.7	4.7	5.2	4.9	5.3	12.9	13.0	12.8	12.9	12.8
Transportation & Storage	-15.0	3.2	21.0	15.9	15.3	4.5	4.2	5.0	5.6	5.9
Accommodation & Food Service Activity	-10.2	3.9	11.3	11.6	9.8	2.6	2.4	2.4	2.5	2.5
Information & Communication	10.6	6.8	7.4	7.2	8.0	4.5	4.4	4.1	4.2	4.2
Financial & Insurance Services	3.2	1.6	1.3	4.5	2.9	4.5	4.3	4.1	4.3	4.1
Real Estate	2.3	2.8	2.2	0.4	1.0	2.9	2.8	2.5	2.5	2.4
Business Services	-5.4	0.7	8.2	6.4	9.6	1.9	1.8	1.7	1.8	1.8
Public Administration And Defence; Compulso	0.0	-0.3	2.8	2.1	8.1	3.8	3.4	3.1	2.9	3.3
Education	2.6	0.1	0.7	1.0	5.5	3.6	3.3	2.9	2.6	2.9
Human Health And Social Work Activities	11.6	10.5	2.8	4.8	8.3	1.3	1.3	1.2	1.1	1.2
Other Services Activities	-4.1	2.1	8.9	8.9	11.8	2.0	1.8	1.8	1.9	1.9
Gross Domestic Product	-2.1	3.7	5.3	5.0	5.2	100.0				

Source: Statistics of Indonesia & PermataBank Economic Research

Share of HH Consumption and Investment to GDP Increased



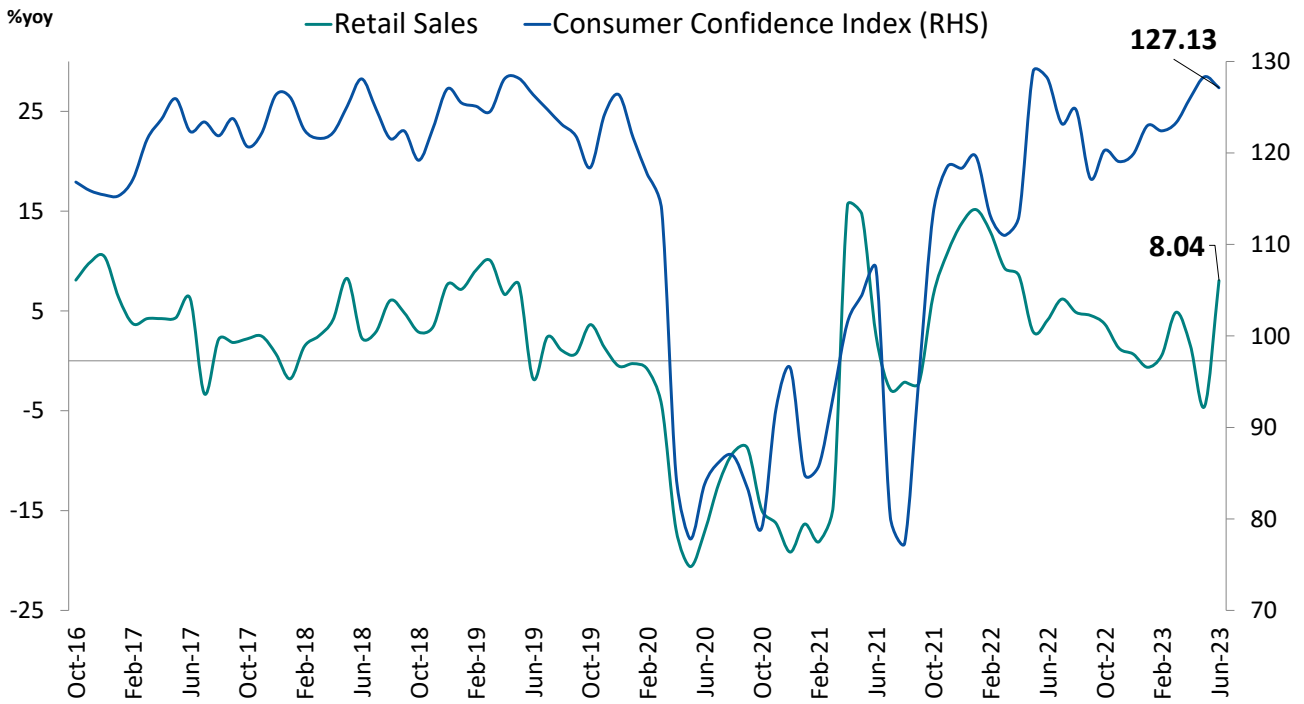
Household Consumption in 2Q23 Rose, particularly Spending on Food & Beverages and Transportation & Consumption

GDP by Expenditure	Growth (%)					Share to GDP (%)				
	2020	2021	2022	2023		2020	2021	2022	2023	
				Q1	Q2				Q1	Q2
Household Consumption	-2.6	2.0	4.9	4.5	5.2	57.7	54.4	51.9	52.9	53.3
Non-Profit Institution Consumption	-4.3	1.6	5.6	6.2	8.6	1.3	1.2	1.2	1.2	1.2
Government Consumption	1.9	4.2	-4.5	3.4	10.6	9.3	9.1	7.7	5.3	7.5
Investment	-4.9	3.8	3.9	2.1	4.6	31.7	30.8	29.1	29.1	27.9
Exports of Goods and Services	-7.7	24.0	16.3	12.2	-2.7	17.2	21.6	24.5	23.0	20.2
Less Imports of Goods and Services	-14.7	23.3	14.7	3.8	-3.1	16.0	18.9	20.9	19.8	18.5
Gross Domestic Product	-2.1	3.7	5.3	5.0	5.2	100.0				

	Growth (%)					Share (%)				
	2020	2021	2022	2023		2020	2021	2022	2023	
				Q1	Q2				Q1	Q2
GDP Total	-2.07	3.69	5.31	5.04	5.17					
Household Consumption	-2.63	2.02	4.93	4.54	5.23					
Food & Beverages, Other than Restaurant	0.5	1.4	3.4	3.5	3.8	41.2	41.2	41.1	40.9	41.1
Apparel, Footwear & Maintenance Services	-4.2	-0.1	4.3	4.0	7.0	3.6	3.5	3.3	3.3	3.3
Equipments	2.3	2.2	2.8	2.8	3.8	13.3	13.2	12.8	12.6	12.3
Health & Education	3.1	1.7	2.4	2.5	5.5	7.3	7.3	7.0	6.9	6.7
Transportation & Communication	-9.6	2.6	9.4	7.8	7.5	20.2	20.2	21.3	22.0	22.1
Restaurant & Hotel	-8.1	3.9	6.6	5.9	6.8	9.6	9.8	9.9	9.8	9.9
Others	-0.7	1.8	2.7	2.7	3.7	4.8	4.8	4.6	4.6	4.6

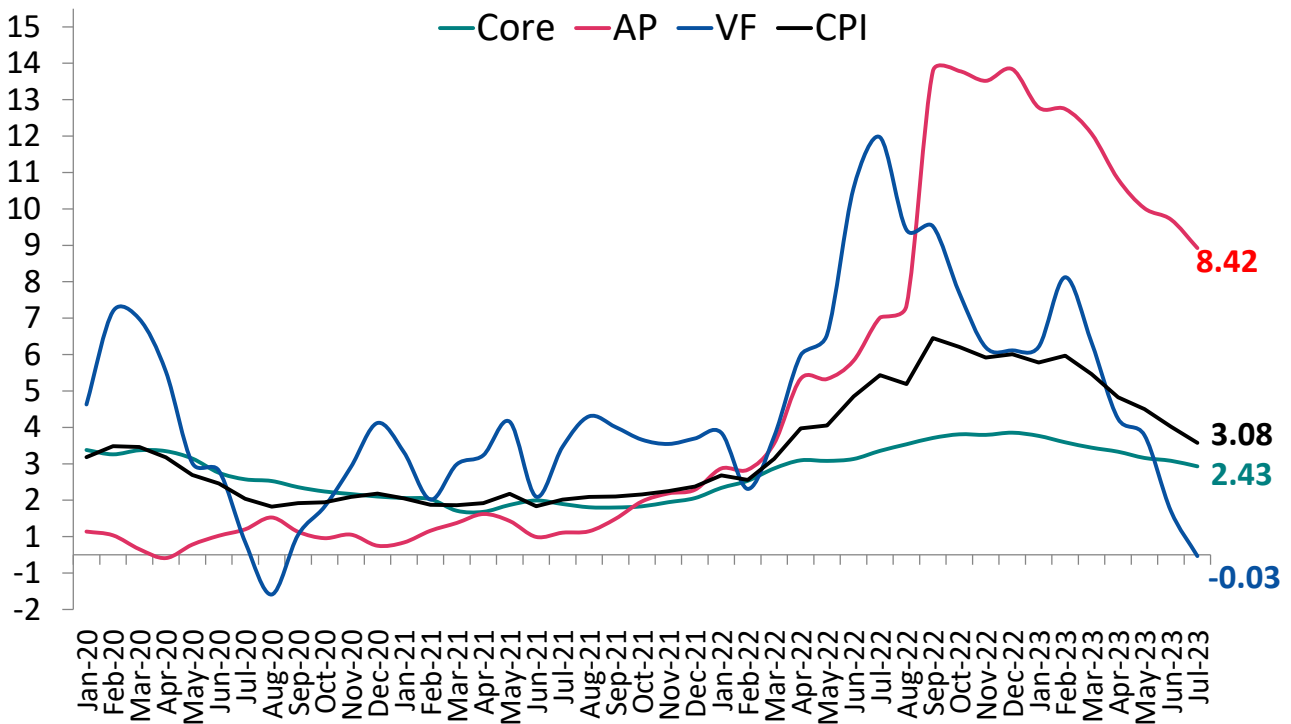
Source: Statistics of Indonesia & PermataBank Economic Research

CCI and Retail Sales in 2Q23 Posted Solid Numbers



Source: Bank Indonesia & PermataBank Economic Research

Slowing Inflationary Pressure Led to Improving Purchasing Power



Source: Statistics of Indonesia & PermataBank Economic Research

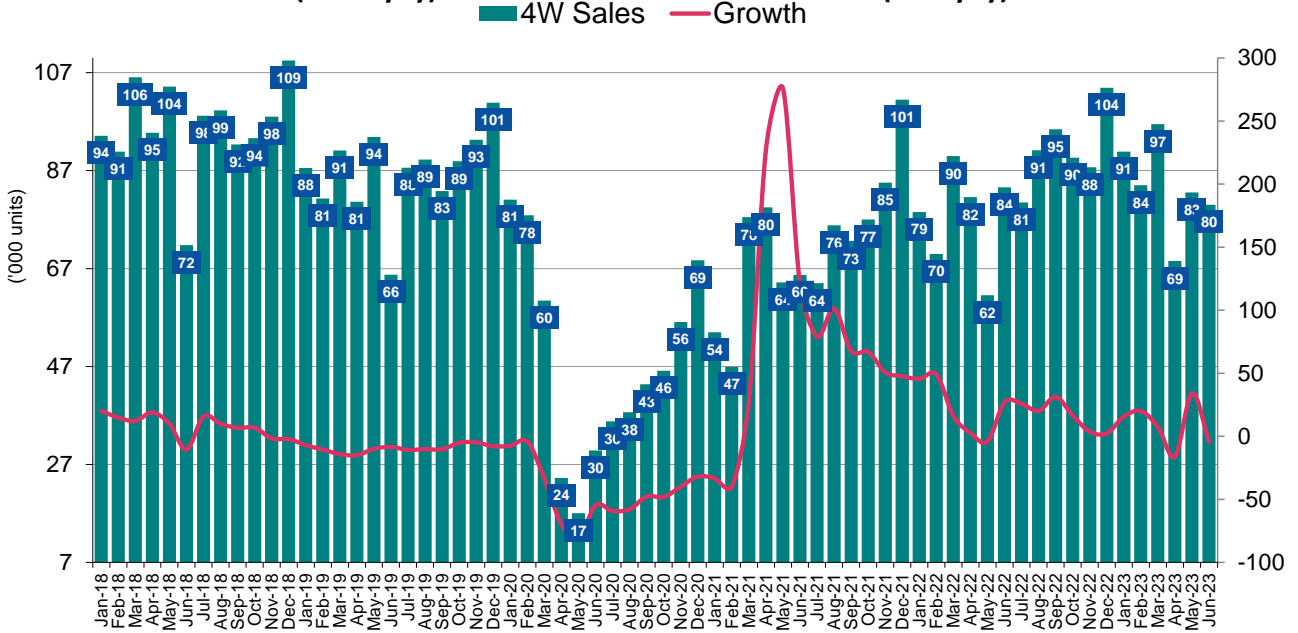
4W Sales Slowed Down in 2Q23

FY2021: 863k units (49.3%yoy)

1H22: 465k units (20.0%yoy)

FY2022: 1.01mn (17.4%yoy)

1H23: 503k units (8.0%yoy)



Source: Association of Indonesia Automotive Industries (GAIKINDO) & PermataBank Economic Research

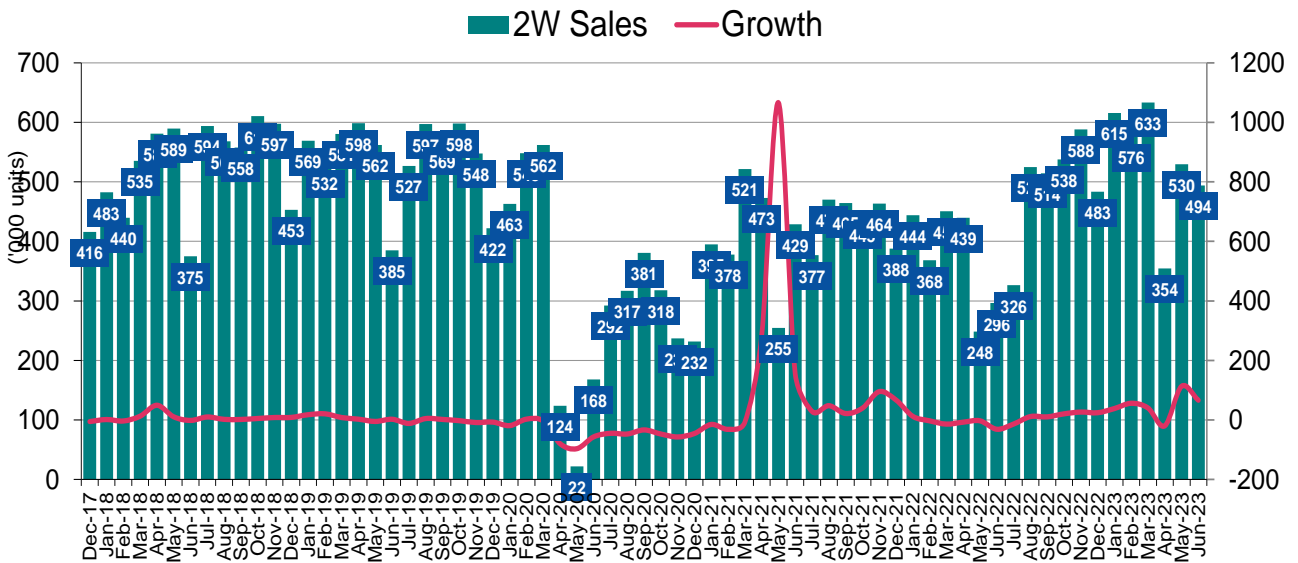
2W Sales Surged in 1Q23

FY2021: 5.06mn units (38.1%yoy)

1H22: 2.3mn units (-8.3%yoy)

FY2022: 5.22mn units (3.24%yoy)

1H23: 3.2mn units (42.5%yoy)



Source: Association of Indonesian Motorcycle Manufacturers (AIMI) & PermataBank Economic Research

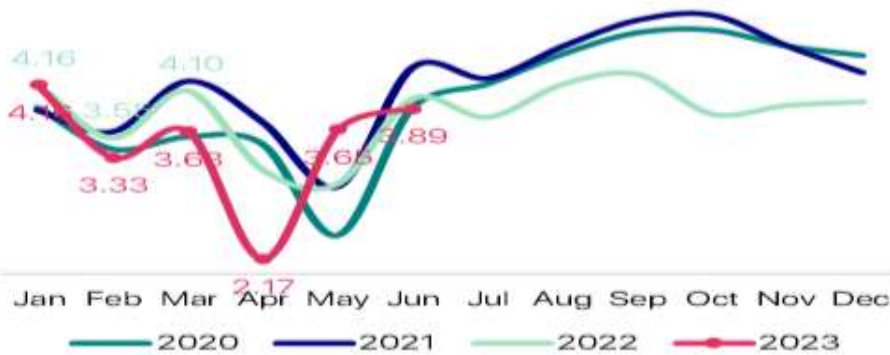
Building and Machinery Investment Rebounded in 2Q23

	Growth (%)					Share (%)				
	2020	2021	2022	2023		2020	2021	2022	2023	
				Q1	Q2				Q1	Q2
GDP Total	-2.07	3.69	5.31	5.04	5.17					
Gross Fixed Capital Formation	-4.95	3.80	3.87	2.11	4.63					
Buildings & Structures	-3.8	2.3	0.9	0.1	3.3	75.9	75.2	73.9	74.5	74.4
Machine & Equipment	-11.6	11.7	22.4	4.6	7.7	9.7	10.2	11.6	10.9	11.3
Vehicles	-13.0	11.7	10.3	24.1	15.5	4.6	4.9	5.2	6.1	5.5
Other Equipments	-10.6	9.3	-0.3	-5.3	-5.3	1.5	1.6	1.5	1.4	1.3
Cultivated Biological Resources	3.3	1.2	2.1	3.3	5.6	5.8	5.6	5.4	4.9	4.8
Intellectual Property Products	-7.7	4.6	5.2	5.1	9.3	2.4	2.4	2.4	2.1	2.7

Source: Statistics of Indonesia & PermataBank Economic Research

Cement Sales Have Not Recovered yet in 2Q23

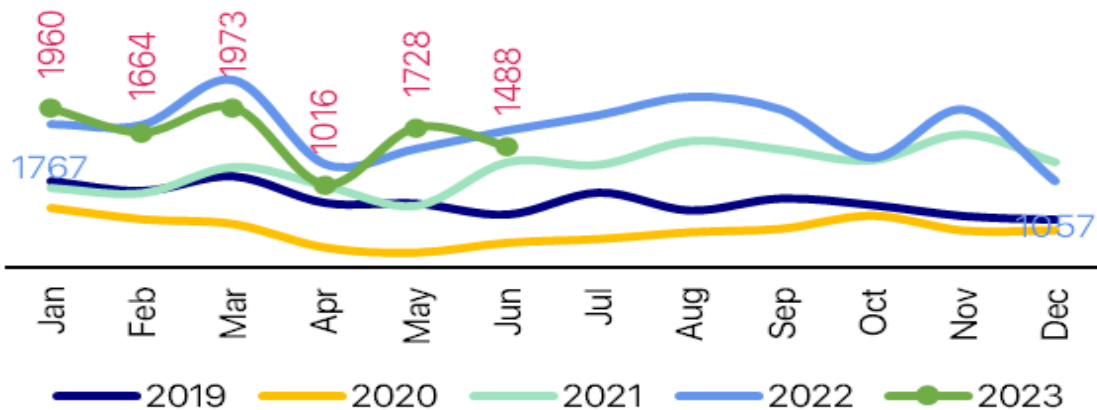
Cement in Bags Monthly Sales (Mn Tons)



Source: The Indonesia Cement Association & PermataBank Economic Research

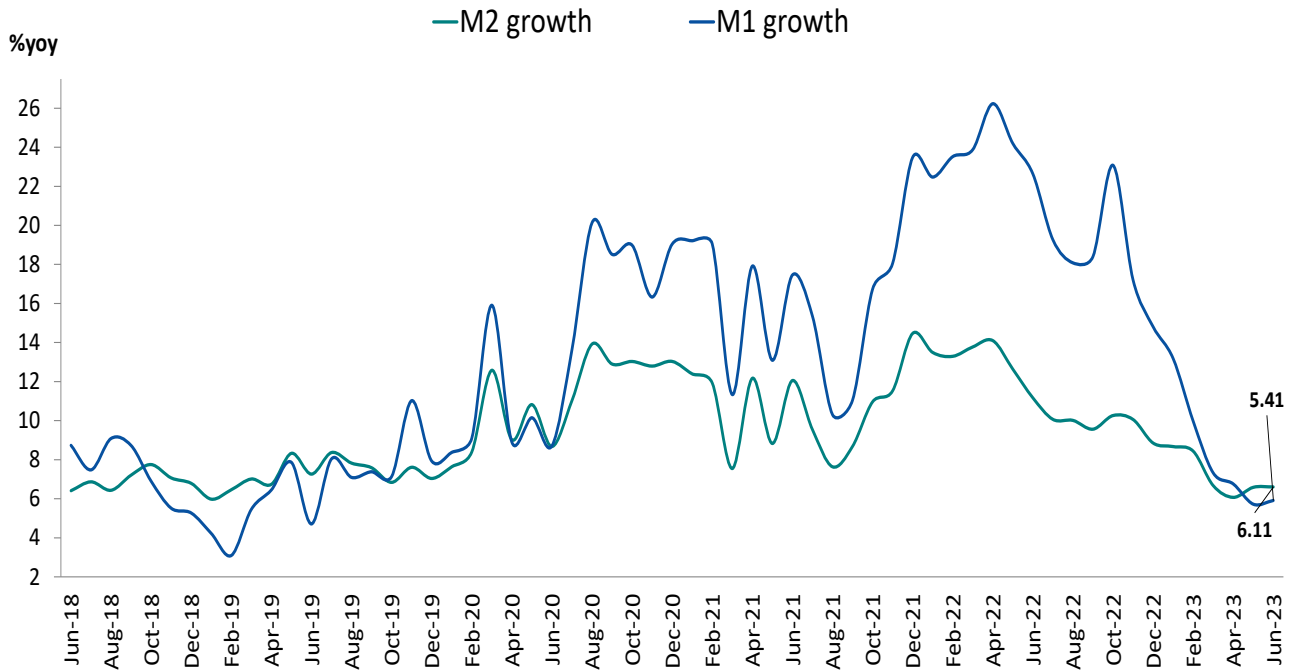
Heavy Equipment Sales Growth

Heavy Equipment Sales (Unit)



Source: United Tractor & PermataBank Economic Research

Money Supply Growth

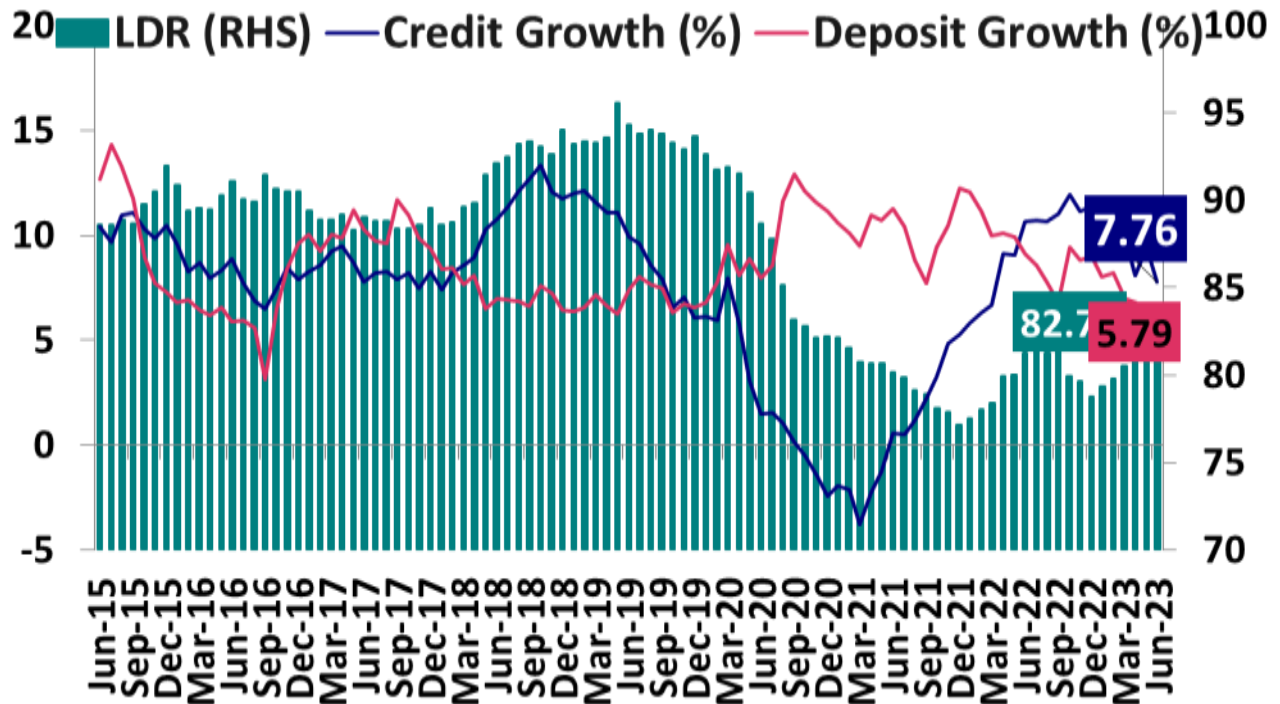


Source: Bank Indonesia & PermataBank Economic Research

Manufacturer of Electronic and Basic Metal Led the Growth amongst Manufacturing Sector

No.	Industry	Growth (%)					Proportion to Manufacture Industry (%)				
		2020	2021	2022	2023		2020	2021	2022	2023	
					Q1	Q2				Q1	Q2
1	Coal; Oil & Gas Refinery	-6.8	0.6	3.7	1.9	8.2	10.0	9.8	10.1	9.7	10.7
2	Food & Beverages	1.6	2.5	4.9	5.3	4.6	34.5	34.3	34.5	34.9	35.0
3	Tobacco Processing	-5.8	-1.3	-1.6	-7.3	2.5	4.4	4.1	3.8	3.7	3.6
4	Textile & Wearing Apparel	-8.9	-4.1	9.3	-0.1	-1.7	6.1	5.5	5.6	5.4	5.4
5	Leather, Leather Products & Footwear	-8.8	7.8	9.4	-2.7	-0.4	1.3	1.3	1.3	1.3	1.3
6	Wood, Articles of Wood-Cork & Woven Goods of Bamboo, Rattan and the like	-2.2	-3.7	1.2	-6.2	-1.9	2.6	2.3	2.2	2.1	2.1
7	Paper, Paper Product, Printing & Reproduction	0.2	-2.9	3.6	2.2	4.5	3.6	3.5	3.6	3.6	3.7
8	Chemicals, Pharmaceutical and Traditional Medicine	9.4	9.6	0.7	-3.5	-1.4	9.7	10.4	10.0	9.5	9.3
9	Rubber and Product of Rubber and Plastics	-5.6	1.1	-4.1	1.7	-7.2	2.7	2.7	2.4	2.3	2.2
10	Non-Metallic Quarrying	-9.1	0.9	-1.8	-2.1	1.4	2.8	2.7	2.5	2.3	2.4
11	Basic Metals	5.9	11.5	14.5	15.5	11.5	3.9	4.2	4.7	4.8	4.9
12	Metal Product, Computer, Electronic, Optic and Electricity Equipment	-5.5	-1.6	6.5	12.8	17.3	8.2	7.9	7.9	8.5	8.6
13	Machinery and Equipment	-10.2	11.4	10.4	1.0	0.0	1.4	1.5	1.5	1.5	1.4
14	Transport Equipment	-19.9	17.8	10.5	17.3	9.7	6.8	7.7	7.9	8.7	7.8
15	Furniture	-3.4	8.2	-1.6	-8.4	-2.7	1.3	1.3	1.2	1.1	1.1
16	Other Manufacturing, Repair Services and Installation of Machinery	-0.9	-1.6	5.9	1.7	-1.1	0.8	0.7	0.7	0.7	0.6
	Manufacture Industry	-2.9	3.4	4.6	4.4	4.9	100.0				

Loan Growth Slightly Eased in 2Q23



Source: Indonesia Financial Services Authority & PermataBank Economic Research

Macro Economic Indicator

Indicators	2018	2019	2020	2021	2022	2023F
Inflation (%YoY)	3.1	2.7	1.7	1.9	5.51	3.25
Exchange Rate Eop (Rp/US\$)	14,390	13,866	14,050	14,253	15,568	15,000
Current Account (% GDP)	-3.0	-2.7	-0.4	0.28	1.00	0.64
Fiscal Balance (% GDP)	-1.8	-2.2	-6.1	-4.7	-2.4	-2.7
BI 7RR	6.00	5.00	3.75	3.50	5.50	5.75
Credit Growth (%)	11.8	6.1	-2.1	5.2	11.4	9.0
Deposit Growth (%)	6.4	6.5	11.1	12.2	9.0	7.1
NPL Commercial Banks (%)	2.4	2.5	3.1	3.2	2.4	2.7
Car Sales (1000 Units)	1,150	1,030	532	887	1,048	1,067
Car Sales Growth (%)	6.50	-10.61	-48.35	66.73	18.16	1.79
Motorcycle Sales (1000 Units)	6,383	6,487	3,663	5,057	5,221	5,943
Motorcycle Sales Growth (%)	8.45	1.63	-43.54	38.06	3.25	13.82
Government Capex (Rp tn)	184.9	180.9	188.8	241.5	238.8	189.2
Unemployment Rate (%)	5.40	5.16	7.07	6.49	5.86	5.79
International Reserve (US\$ bn)	120.7	129.2	135.9	144.9	137.2	143.0
Oil Prices (\$/barrel)	71.1	64.0	42.3	70.4	86.3	79.1
Coal Prices (\$/MT)	107.0	77.9	60.8	138.1	377.5	226.5
CPO Prices (\$/MT)	638.7	601.4	751.8	1130.6	907.0	874.5
Fed Rate	2.50	1.75	0.25	0.25	4.50	5.50
GDP Growth (%)	5.17	5.02	-2.07	3.69	5.31	4.94

Note : the red numbers are forecast

Source : PermataBank Economic Research

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