



# Indonesia Investments

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## Normalizing Economic Growth

- Economic Growth Slightly Below Expectations in the Last Quarter of 2022
- Improved Financial Sustainability of the National Healthcare Program (JKN)
- Can Pertamina Geothermal Energy's IPO Boost Geothermal Power Development?
- New Presidential Regulation Impacts on Media and Foreign Internet Giants
- Rupiah Depreciates Again Against the US Dollar as Markets Expect Fed to Be More Hawkish; US Recession Looms?

FEBRUARY 2023

Van Der Schaar Investments B.V.  
CV Indonesia Investments

# Indonesia Investments

Monthly Report – February 2023

**‘Normalizing Economic Growth after  
the COVID-19 Crisis & Rebound’**



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## Preface

The monthly report of Indonesia Investments is written and published by business consultancy CV Indonesia Investments, headquartered in Yogyakarta (in Indonesia), with the assistance of investment company Van Der Schaar Investments B.V. (based in Delft, the Netherlands). This report aims to inform the reader of the latest, most relevant, political, economic and social developments in Indonesia as well as those crucial international developments that (may) impact on the economy of Indonesia or on its politics.

Our reports are intended for a diverse audience, including individual and corporate investors, financial market participants, diplomats, policymakers, decision-makers, academics, journalists, and analysts.



The website [www.indonesia-investments.com](http://www.indonesia-investments.com) is the key reference and access point for gaining knowledge about the markets, economy, business sectors, politics, and

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## Introduction – February 2023 Report

When we look back at the Indonesian economy in February 2023 (which was a short month), then there were not any big stories that made a lasting impression. Perhaps the economy took a ‘breather’ as the Ramadan month will start in the third week of March 2023; typically a period when economic activity rises (with demand for food and clothing in particular peaking).

What, perhaps, was the biggest economic news story we learned about in February 2023 was the release of Indonesia’s 2022 gross domestic product (GDP) data. These data, which are discussed in detail in the first article of this report, narrowly missed expectations, though, as Indonesia’s economic growth in the last quarter of the year was perhaps slightly disappointing (for some).

And, with a 5.01 percent year-on-year (y/y) economic growth rate in Q4-2022 we can argue that Indonesia’s economy is more-or-less back at normal conditions since this was a normal growth rate in pre-COVID-19-crisis times (although we do –again– emphasize that certain matters still need time to recover, such as retail sales and the tourism sector). So, after the unprecedented hiccup in the 2020-2021 period and the big rebound in the 2021-2022 period, the high and low bases have now been filtered out, which implies economic growth has normalized to a robust extent (see the table on the next page).

The table shows that in the 2016-2019 period an economic growth rate around 5.0 percent (y/y) was normal. And, considering global commodity prices have found a downward trajectory in recent months, while government spending in the context of corporate and social aid (related to the COVID-19 crisis) has been wound down, the Indonesian economy might now be back in 'autopilot-mode'.

### Gross Domestic Product Growth Indonesia per Quarter (annual % change):

Quarter	2016	2017	2018	2019	2020	2021	2022
Q1	4.94	5.01	5.06	5.06	2.97	-0.71	5.01
Q2	5.21	5.01	5.27	5.05	-5.32	7.07	5.45
Q3	5.03	5.06	5.17	5.01	-3.49	3.51	5.73
Q4	4.94	5.19	5.18	4.96	-2.17	5.02	5.01
Full-Year	5.03	5.07	5.17	5.02	-2.07	3.70	5.31

Source: Badan Pusat Statistik (BPS)

Meanwhile, besides the perhaps slightly disappointing GDP data that were released by the Statistical Agency (BPS) in February 2023, we also saw other macroeconomic data that show the Indonesian economy is still experiencing challenges. For example after marked appreciation in the first month of the year, the Indonesian rupiah has been weakening against the US dollar over the past couple of weeks, while inflation went back upwards, and Indonesian trade continued to contract.

But besides analyses of various macroeconomic indicators, such as GDP, inflation, trade, and manufacturing activity, we also offer articles on topics such as geothermal energy in Indonesia (related to the initial public offering, IPO, of geothermal energy producer Pertamina Geothermal Energy on the Indonesia Stock Exchange), and the national healthcare program of Indonesia (*Jaminan Kesehatan Nasional*, or JKN) that is managed by BPJS Kesehatan. This JKN program is a crucial asset to the country's social development. After all a healthy economy needs healthy people. Unfortunately though, the program has been plagued by financial trouble since its launch in 2014. But, fortunately, there now is some good news to share!

Looking forward to March 2023, it will be interesting to follow to what extent the Ramadan period is going to boost consumption across the Archipelago. Purchasing power has been recovering ever since Q2-2021, so we hope to see a further recovery in the country's retail sales during the upcoming Ramadan-Idul Fitri period.

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Yogyakarta, Indonesia

4 March 2023



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# Coronavirus Tips: How to Protect Yourself & Others

In case you have fragile health or a serious medical condition it is important to avoid being overly exposed to the COVID-19 virus. Unfortunately, all people are exposed to the COVID-19 virus (whether vaccinated or not, and whether wearing masks or not). But to reduce the risk of severe illness:

You can protect yourself and help prevent spreading the virus to others if you:



- **Cover your nose and mouth** with a (disposable) tissue or flexed elbow **when you cough or sneeze**. Wear a face mask when going outside (this won't stop aerosols unfortunately but should prevent larger droplets from spraying).

**When not feeling well, stay home!**

- **Strengthen your immune system**; people who are healthy (which are usually young people) may not even notice that they are infected with COVID-19. The trick here is that their immune system is stronger (generally). Therefore, now is the time to take some efforts to strengthen your immune system by eating healthy (fruits and vegetables each day), and get some sunshine in the morning for your vitamin D. Also do not forget to exercise! Taking enough time to sleep and avoiding stress are also crucial to improve the immune system. Lastly, it is highly recommended to quit bad habits, most notably: smoking!



- **Ventilation**; make sure that rooms inside houses, apartments, and buildings are properly ventilated as a COVID-19 infected person can spread aerosols so small that a facemask cannot prevent them from going into the air or from going into the lungs of someone who wears a facemask. Ventilation systems need to get a good supply of fresh air from outside and/or use a good filter. It is also advised to open windows or doors in closed spaces so there is a good supply of fresh air.

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