

Indonesia Investments

'Indonesia Enters Recession'

- Economic Contraction 3.49% (y/y) in Q3-2020
- First Recession for Indonesia in 22 Years
- Recession Expected to Persist into Q1-2021
- Recovering Economic Activity Compared to Q2
- FY 2020 Contraction Estimated at 2.0% - 2.5%
- Government Too Focused on the Availability of a Vaccine; 'Plan B' Is Needed
- Unemployment Rate Weakest Since 2010

7 NOVEMBER 2020

Van Der Schaar Investments B.V.
CV Indonesia Investments

Indonesia Investments

Update – 07 November 2020

‘Indonesia Enters Recession’



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. The topics in these updates will be discussed in more detail (and in an updated form) in the forthcoming report.

Content in this update is copyright of Van Der Schaar Investments B.V. (all rights reserved), except when indicated otherwise (pictures are obtained from Pixabay). Our permission is required by those who want to publish or distribute (parts of) the content in this update (Dutch law applies).¹

Disclaimer

Lastly, we would like to emphasize that – although we strive to present accurate, up-to-date, and objective information in our updates – Indonesia Investments cannot guarantee the accuracy of all data and information that is included. We also do not intend to provide legal, investment, tax, or accounting advice through the contents of this update, and therefore the reader should not perceive this update as such. In short: Indonesia Investments cannot be held responsible for decisions based on the content of this update.

¹ CV Indonesia Investments owns the exclusive right to sell and distribute reports/updates of Indonesia Investments on the markets in the Asia-Pacific (including Indonesia).

Economic Update Indonesia: For the First Time in 22 Years Indonesia Experiences an Economic Recession

On Thursday 5 November 2020 Indonesia's Statistical Agency (in Indonesian: *Badan Pusat Statistik*, or BPS) announced that Indonesia's gross domestic product (or GDP) contracted **3.49** percent year-on-year (y/y) in the third quarter of 2020. This pace of economic contraction in Q3-2020 was slightly more severe than we had predicted. Indonesia Investments had its outlook for Indonesia's Q3-2020 economic growth at the range of **-3.0** to **-2.5** percent (y/y).

It also implies that Indonesia is now officially in an economic recession as the nation experienced two consecutive quarters of negative growth (Q2-2020 and Q3-2020). As is widely known, the self-imposed social and business restrictions in Indonesia (and around the globe), which aim at preventing the further spread of COVID-19 in society, have been causing serious damage to the Indonesian (and global) economy.



As expected, Indonesia's economic contraction in Q3-2020 was not as severe as the one we saw in the preceding quarter (-5.32 percent y/y). Main reason is that the social and business restrictions were tightest in Q2-2020 (in Indonesia and abroad), thereby seriously interrupting economic activity that quarter.

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

Quarter	2015	2016	2017	2018	2019	2020
Q1	4.71	4.94	5.01	5.06	5.07	2.97
Q2	4.66	5.21	5.01	5.27	5.05	-5.32
Q3	4.74	5.03	5.06	5.17	5.02	-3.49
Q4	5.04	4.94	5.19	5.18	4.97	
Full-Year	4.88	5.03	5.07	5.17	5.02	

Source: Statistics Indonesia (BPS)

[...]

To Read the Next 12 Pages, You Need to Subscribe to the Indonesia Investments' Report. Only Subscribers Will Be Sent These Updates on Key Economic, Political, and Social Developments in Indonesia.

Send an email to info@indonesia-investments.com or message (incl. WhatsApp) to +62.8.788.410.6944 for further subscription details.