



Indonesia Investments

Q4-2021 GDP of Indonesia

- Indonesian Economy Expanded 5.02% (y/y) in Q4-2021, and 3.69% (y/y) in Full-Year 2021
- Household Consumption in Indonesia Showed Encouraging Performance in Q4-2021
- Direct Investment Touched Record High
- Exports & Imports Saw Their Impact on the National Economy Increase in 2021
- Tighter Social & Business Restrictions (PPKM) in Q1-2022 Likely to Disrupt the Economy in Q1-2022

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**Van Der Schaar Investments B.V.
CV Indonesia Investments**

Indonesia Investments

Update – 11 February 2022

Q4-2021 Gross Domestic Product (GDP) of Indonesia



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 may be discussed in more detail (and in an updated form) in the forthcoming report.

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- Macroeconomy -

Gross Domestic Product; Indonesia Ends 2021 Slightly Better-than-Expected; Start of 2022 Could Be Slightly Weaker as Restrictions Are Tightened

On 7 February 2022, Indonesia's Statistical Agency (*Badan Pusat Statistik*, or BPS) announced the latest gross domestic product (GDP) data of Indonesia, covering the final quarter of 2021.



In Q4-2021 the Indonesian economy expanded by 5.02 percent year-on-year (y/y). While at first sight, this may seem like a return to normal as the Indonesian economy typically expanded by around 5 percent (y/y) in pre-COVID-19-crisis times, we have to remember that growth still comes from a very low base (in Q4-2020 the economy of Indonesia was still feeling the heavy impact of the COVID-19 pandemic, reflected in the **2.19** percent y/y contraction in GDP; in fact, the impact is felt until today, albeit

the impact is gradually waning). So had economic activity really been back at normal levels, then we would have expected a growth level at 7 percent (y/y) in Q4-2021.

Below, we will see – for example by zooming in on household consumption – that Indonesia’s economic activity (thus growth) indeed remained disrupted in Q4-2021 (compared to normal times), but we did detect an encouraging improvement.

Meanwhile, with the Q4-2021 data in hand, it was also possible for BPS to announce the full-year 2021 economic growth figure for Indonesia, namely 3.69 percent (y/y), which is slightly above our projection (3.50 percent y/y). It is a solid rebound from the **2.07** percent (y/y) contraction that Indonesia experienced in the preceding year (which had been the first full-year contraction for Southeast Asia’s largest economy since the [Asian Financial Crisis](#) in 1998).

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

| Quarter | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------|------|------|------|------|-------|-------|
| Q1 | 4.94 | 5.01 | 5.06 | 5.06 | 2.97 | -0.71 |
| Q2 | 5.21 | 5.01 | 5.27 | 5.05 | -5.32 | 7.07 |
| Q3 | 5.03 | 5.06 | 5.17 | 5.01 | -3.49 | 3.51 |
| Q4 | 4.94 | 5.19 | 5.18 | 4.96 | -2.19 | 5.02 |
| Full-Year | 5.03 | 5.07 | 5.17 | 5.02 | -2.07 | 3.69 |

Source: Badan Pusat Statistik (BPS)

What is positive is that Indonesia's per capita GDP was higher in 2021 than in pre-COVID-19 times, and so it can certainly be argued that – overall – the COVID-19 crisis has been overcome (hence the whole economy was bigger in size in 2021 compared to pre-COVID-19-year 2019; as can be seen in the table below).

Gross Domestic Product (GDP) of Indonesia:

| | 2019 | 2020 | 2021 |
|--|----------|----------|----------|
| Per Capita GDP (in US dollars) | 4,174.9 | 3,911.7 | 4,349.5 |
| GDP Current Prices (in IDR trillion) | 15,833.9 | 15,434.2 | 16,970.8 |

Source: Badan Pusat Statistik (BPS)

However, what these data do not show is that the COVID-19 crisis has caused some significant shifts in the composition of the national economy (the question is to what extent these shifts are structural or temporary). For example, the contribution of household consumption to Indonesian GDP has declined quite significantly. While in full-year 2021 household consumption only contributed 54.4 percent to overall GDP, this figure used to fluctuate somewhere between 56-58 percent several years ago. We assume this is a situation that requires some time to heal as the declining role of household consumption toward the economy can be attributed to the government's social and business restrictions that made it difficult for people to consume, while

many people also preferred to avoid crowds (for example in shopping malls) in fear of a COVID-19 infection (a situation that was partly – but not fully – compensated by the significant increase in e-commerce and food delivery orders). And, it is also true that layoffs in Indonesia certainly undermined people’s purchasing power (with the country’s unemployment rate rising from 5.3 percent of the population in 2019 to 7.7 percent in 2020, before easing to 6.5 percent in 2021).

The contribution of investment to Indonesian GDP has also fallen as a consequence of the COVID-19 crisis as the uncondusive business circumstances due to COVID-19-related uncertainty made investors hesitant to invest.

[...]

Read the full article in the February 2022 report. This report can be ordered by sending an email to info@indonesia-investments.com or a message to +62.882.9875.1125 (including WhatsApp).

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This article - consisting of 28 pages - on the topic of Indonesia's Q4-2021 and full-year 2021 economic growth can also be ordered separately for the price of Rp 45,000