

Indonesia Investments

Indonesian Q3-2022 GDP

- Indonesian Economy Expanded 5.72% (Y/Y) in the Third Quarter of 2022
- Indonesia's GDP Growth Performance Was Better than Most Analysts Expected
- Key Drivers of Growth Were Exports, Investment and Household Consumption
- Coal, Palm Oil, and Iron & Steel Were the Key Drivers of Strong Export Growth
- Household Consumption Still Needs Time to Recover to Pre-COVID-19-Crisis Times
- International Environment Poses Big Challenges for Indonesia

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Update – 11 November 2022

**‘Economic Update Indonesia: Impressive
5.72% Growth Rate in Q3-2022’**



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. Topics in these updates will often be discussed in more detail (and in an updated form) in forthcoming monthly reports.

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- Economy -

Economic Update Indonesia: Impressive 5.72% Growth Rate Recorded in Q3-2022

Despite the challenging international conditions (aggressive monetary tightening in the United States, the Russo-Ukrainian war, stagflation, a looming recession across the West, and weak growth in China) and a significant rise in the prices of subsidized fuels on 3 September 2022, Indonesia posted another solid economic growth rate. Based on the latest data from Indonesia's Statistical Agency (*Badan Pusat Statistik*, BPS), the Indonesian economy expanded by 5.72 percent year-on-year (y/y) in Q3-2022. It is a result that is better than most analysts had predicted.

Table 1; 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	-0.70	5.02
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	5.72
Q4	4.94	5.19	5.18	4.96	-2.17	5.02	
Full-Year	5.03	5.07	5.17	5.02	-2.07	3.69	

Source: Badan Pusat Statistik (BPS)

It is even a better performance than in Q2-2022 when the Indonesian economy grew at an upward revised growth rate of 5.45 percent (y/y), which was the quarter when the country enjoyed the traditional peak in consumption amid the Ramadan month and Idul Fitri celebrations. Meanwhile, on a quarterly basis, the Indonesian economy expanded 1.81 percent (q/q) in Q3-2022 thanks to impressive exports, strong direct investment, and a sharp increase in government spending.

Table 2; GDP Growth Indonesia on a Quarterly Basis (quarterly % growth):

	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2022
GDP Growth	1.55	1.06	-0.94	3.72	1.81

Source: Badan Pusat Statistik (BPS)

Although it is very important in the context of Indonesia's economic growth, we are not going to discuss the state of the global economy in this article because we offer these analyses in our monthly reports. However, we do emphasize that Indonesia's key trading partners (China, US, Japan and the European Union) have experienced a challenging Q3-2022. And while this is not really reflected in the latest data, we are concerned that weak growth in these countries will affect the Indonesian economy more profoundly in the period ahead (perhaps starting from Q4-2022).

When we take a look at Indonesian GDP in current and constant prices (the latter being adjusted for inflation, and thus a better way to measure true growth), we can

see a structurally rising trend after Indonesia hit rock bottom in Q2-2020 during the COVID-19 crisis (see tables 3 and 4 below).

Table 3; GDP of Indonesia – Current Prices (in IDR trillion):

	2019	2020	2021	2022
Quarter I	3,783.9	3,922.6	3,971.2	4,513.3
Quarter II	3,963.4	3,687.7	4,175.9	4,920.4
Quarter III	4,067.8	3,894.7	4,325.4	5,091.2
Quarter IV	4,018.8	3,929.2	4,498.3	
Full-Year	15,832.7	15,438.0	16,970.8	

Table 4; GDP of Indonesia – Constant Prices 2010 (in IDR trillion):

	2019	2020	2021	2022
Quarter I	2,625.2	2,703.1	2,684.0	2,818.8
Quarter II	2,735.2	2,589.7	2,772.9	2,924.0
Quarter III	2,818.9	2,720.6	2,815.9	2,976.8
Quarter IV	2,769.9	2,709.0	2,846.1	
Full-Year	10,949.2	10,723.1	11,118.9	

Source: Badan Pusat Statistik (BPS)

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