Economic Update

Highlight July :

- **The Central Statistics Agency (BPS) announced that national economic growth in the first quarter of 2025 reached 4.87% *year on year* (yoy).**

- **The Central Statistics Agency (BPS) recorded annual inflation of 2.37% in July 2025. Meanwhile, monthly inflation in July 2025 reached 0.30%, up from 0.19% mtm in the previous month.**

- **The Central Statistics Agency (BPS) reported that the goods trade surplus reached US$4.10 billion in June 2025. This surplus was lower than the US$4.30 billion recorded the previous month.**

- **The Bank Indonesia Board of Governors Meeting (RDG) on July 15-16, 2025 decided to lower the BI-Rate by 25 bps to 5.25%.** the ***Deposit Facility*** **interest rate by 25 bps to 4.50%, and the** ***Lending Facility interest rate*** **by 25 bps to 6.00%.**

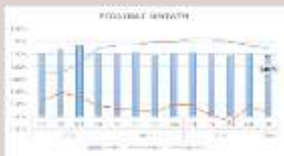
Table 1. Economic Indicators		
Indicator	**June' 25**	**July' 25**
Inflation (yoy)	1.87%	2.37%
Inflation (mtm)	0.19%	0.30%
Trade balance (USD Billion)	4.10	*
Foreign Exchange Reserves (USD Billion)	152.6	*

*Note: *not yet released*
Source: bi.go.id

Table 2. Economic Indicators		
Indicator	**Q4'24**	**Q1'25**
GDP	5.03%	4.87%
NPI (USD Million)	7,900	(504)
CAD (USD Million)	(1,100)	(177)

Source: bps.go.id

Economic growth



The Central Statistics Agency (BPS) announced that national economic growth in the first quarter of 2025 reached 4.87% ***year-on-year*** **(yoy).** Gross Domestic Product (GDP) at current prices (ADHB) in the first quarter of 2025 was recorded at IDR 5,665.9 trillion, while at constant prices (ADHK) it reached IDR 3,264.5 trillion. This economic growth was lower than the 5.02% YoY growth recorded in the fourth quarter of 2024, and also lower than the 5.11% YoY growth recorded in the first quarter of 2024.[1]

The Central Statistics Agency (BPS) recorded annual inflation of 2.37% for the Consumer Price Index (CPI) in July 2025. This represents an increase from 1.87% in the previous month. **Meanwhile, monthly inflation in July 2025 reached 0.30%, up from 0.19% in the previous month.** Consequently, calendar-year inflation, or through July 2025, reached 1.69%, and annual inflation in June 2025 increased from 106.9% in July 2024 to 108.60% in July 2025.[2]

Indonesia 's Trade Balance

The Central Statistics Agency (BPS) reported that the goods trade surplus in June 2025 reached US$4.10 billion. This surplus was lower than the previous month's US$4.30 billion. The goods trade surplus remained in June 2025 due to higher export performance compared to imports. Exports in June 2025 reached US$23.44 billion, up 11.29% *year-on-year* (yoy), but down 4.75% *month-on-month* (mtm). Meanwhile, imports in June 2025 reached US$19.33 billion, up 4.28% yoy, but down 4.83% month-on-month (mtm).[3]

Bank Indonesia (BI) recorded Indonesia's foreign exchange reserves at US$152.6 billion at the end of June 2025, a slight increase compared to US$152.5 billion at the end of May 2025. The increase in foreign exchange reserves stemmed from tax and service revenues and the issuance of government *global bonds*, amidst Bank Indonesia's Rupiah exchange rate stabilization policy in response to persistently high global financial market uncertainty. Foreign exchange reserves at the end of June 2025 were equivalent to financing 6.4 months of imports or 6.2 months of imports and servicing government foreign debt, and were above the international adequacy standard of around 3 months of imports.[4]

[1] Bps.go.id
[2] Bps.go.id
[3] Bi.go.id
[4] Bi.go.id

Table 3. Commodities		
Commodity	**June '25**	**July '25**
Brent Oil (USD/Barrels)	67.61	72.53
WTI (USD/Barrels)	65.11	69.26
CPO (MYR/Metrictons)	3,958.00	4,175.00
Batu bara (USD/Metrictons)	109.90	115.15
Emas (USD/troy oz)	3,303.14	3,289.93

Sumber : bloomberg

Tabel 4. Currencies			
Currencies	**Juni'25**	**Juli'25**	**% Change**
USD/IDR	16,238	16,456	-1.34%
USD/HKD	7.8499	7.8498	0.00%
USD/SGD	1.2716	1.2981	-2.08%
USD/MYR	4.2095	4.2690	-1.41%
USD/CNY	7.1638	7.2000	-0.51%
JPY/USD	144.03	150.75	-4.67%
AUD/USD	1.5196	1.5563	-2.42%
EUR/USD	0.8484	0.8760	-3.26%
GBP/USD	0.7282	0.7572	-3.98%

Sumber : bloomberg

Table 5. Reference Interest Rates		
Indicator	**June '25**	**July '25**
BI 7DRR	5.50%	5.25%
Fed Funds Rate	4.25 - 4.50%	4.25 - 4.50%

Source: Bloomberg

Balance of Payments

Bank Indonesia (BI) recorded a US$0.8 billion deficit in the first quarter of 2025, compared to a US$7.9 billion surplus at the end of 2024. This deficit was due to a controlled deficit in the capital and financial account amid increasing global financial market uncertainty. Furthermore, the deficit was also driven by the capital and financial account performance.[5]

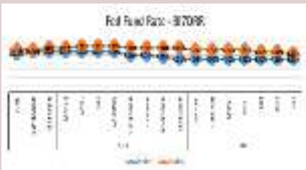
Capital Inflow

The Jakarta Composite Index (JCI) closed lower in the red at the close of trading this afternoon, Thursday (July 31, 2025), down -0.87%, or -65.551 basis points, to 7,484,337. Stock movements at the close of trading today were also dominated by a negative trend. A total of 412 stocks fell, 228 stocks rose, and 164 stocks remained unchanged. The sectors with the deepest declines were infrastructure (3.00%), raw materials (2.52%), transportation (2.09%), finance (1.26%), energy (1.03%), and industry (0.50%).[6]

Exchange Rate Movement

The rupiah closed lower on Thursday (July 31, 2025). The rupiah closed at Rp16,456 per US dollar this afternoon. The weakening occurred as the market focused on the approaching August 1 deadline for new tariffs set by US President Donald Trump. Furthermore, the prospect of the Fed dampening expectations of a September interest rate cut, as Fed Chairman Jerome Powell did not provide a timeline for easing, weakening the rupiah.[7]

Interest rate



The Bank Indonesia Board of Governors Meeting (RDG) on July 15-16, 2025 decided to lower the BI-Rate by 25 bps to 5.25%. The ***Deposit Facility*** **interest rate was lowered by 25 bps to 4.50% and the** ***Lending Facility*** **interest rate by 25 bps to 6.00%.** This decision is consistent with the lower inflation forecast for 2025 and 2026 within the target range of 2.5±1%, the maintained stability of the Rupiah exchange rate in line with its fundamentals, and the need to continue to stimulate economic growth.[8]

[5]Bi.go.id
[6]Katadata.co.id
[7]Kontan.co.id
[8] Bi.go.id

Our View

Macroeconomics Indicators and Forecast						
Indicator	**2020**	**2021**	**202 2**	**202 3**	**202 4**	**2025**
GDP	-2.19%	5.02%	5.31%	5.04%	5.03%	4. 70% - 5.00 %
Inflation (yoy)	1.68%	1.87 %	5.51 %	3.61%	1.57%	2.00 % - 3.50%
Other						
FFR	0.25%	0.25%	4.50 %	5.50%	4.50%	4.25% - 4.50 %
BI7DRR	3.75%	3.50%	5.50 %	6.00%	6.00%	5.25 % - 5.50 %
USD/IDR	14,050	14,263	15,572.50	15,399.00	16,132.00	16,300 - 16,500

GDP or economic growth achievement. Economic growth in the second quarter of 2025 is expected to be similar to the first quarter of 2025. Several factors contribute to this. In the first quarter of 2025, Ramadan and Eid al-Fitr were the main drivers of growth each year. However, this was not the case in the second quarter of 2025.

inflation has the potential to record low inflation, or experience deflation on a monthly basis (mtm) in the period from June to August 2025. This is triggered by a number of fiscal incentives disbursed by the government, such as electricity tariff discounts and cash social assistance (BSU), which are expected to suppress inflationary pressures in the short term.

Fed Funds Rate **(FFR).** The United States (US) central bank, the Federal Reserve (The Fed), again maintained its interest rate at 4.25-4.50% at the Federal Open Market Committee (FOMC) meeting in July 2025. Although the Fed has not yet cut interest rates, market participants expect the central bank to make at least one cut this year, possibly even two before the end of 2025. The first cut is expected to occur in September 2025.

Bank Indonesia (BI). BI has the potential to cut the BI-Rate by 25 basis points (bps) to 5.25% for the remainder of 2025. This projection is based on several important factors that are also key considerations for BI. Meanwhile, the main factor limiting the aggressiveness of interest rate increases is the Fed's policy, which is predicted to maintain its benchmark interest rate for at least the foreseeable future. The Fed's stance makes BI remain vigilant against the risk of capital outflows if the interest rate differential between Indonesia and the US narrows too much.

Rupiah exchange rate . The rupiah exchange rate is estimated to be between Rp16,300 and Rp16,800 per US dollar in the second quarter of 2025. Pressure on the rupiah is driven by high global uncertainty, which has impacted budget deficit financing. However, monetary policy easing by the US Central Bank (The Fed) is considered capable of reducing pressure on the rupiah. Bank Indonesia (BI) is also committed to maintaining exchange rate stability, attractive returns on domestic financial assets, controlled inflation, and a stable outlook for Indonesia's economic growth.