Indonesia Economic Prospects, June 2025

Economic Update and Outlook

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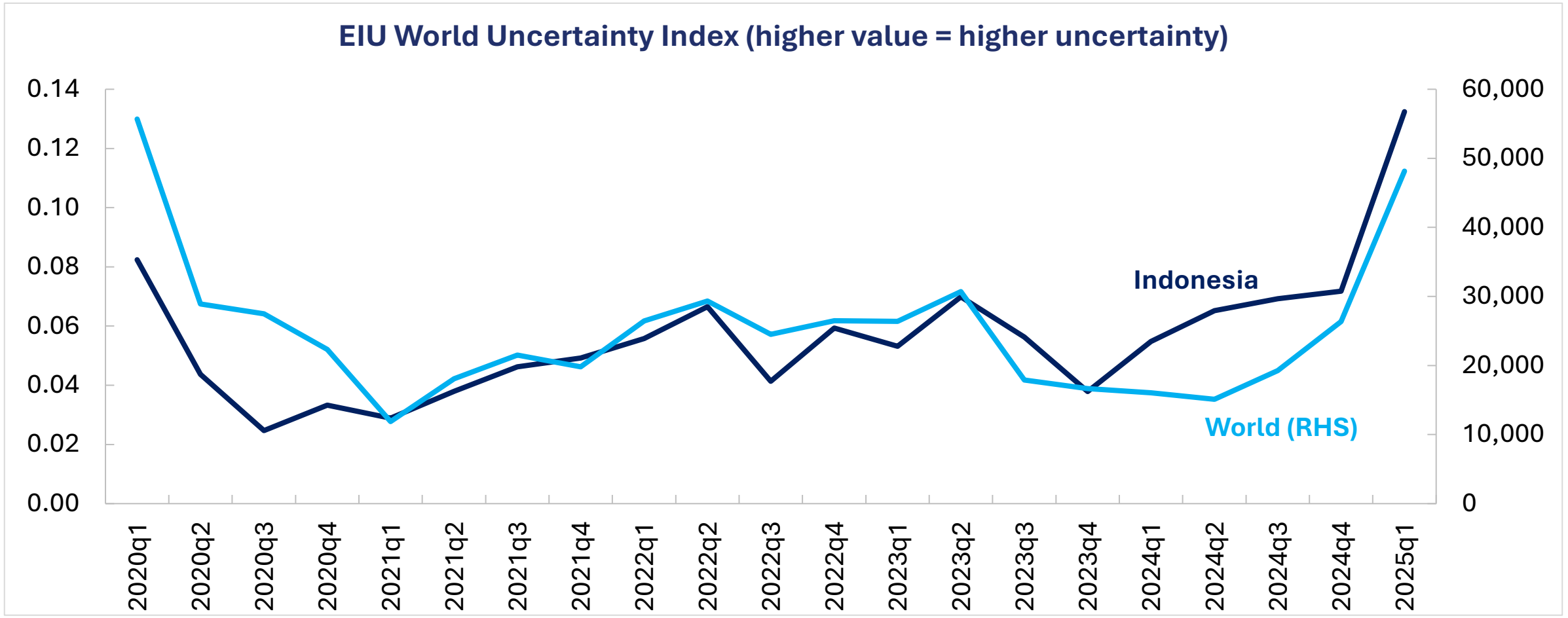
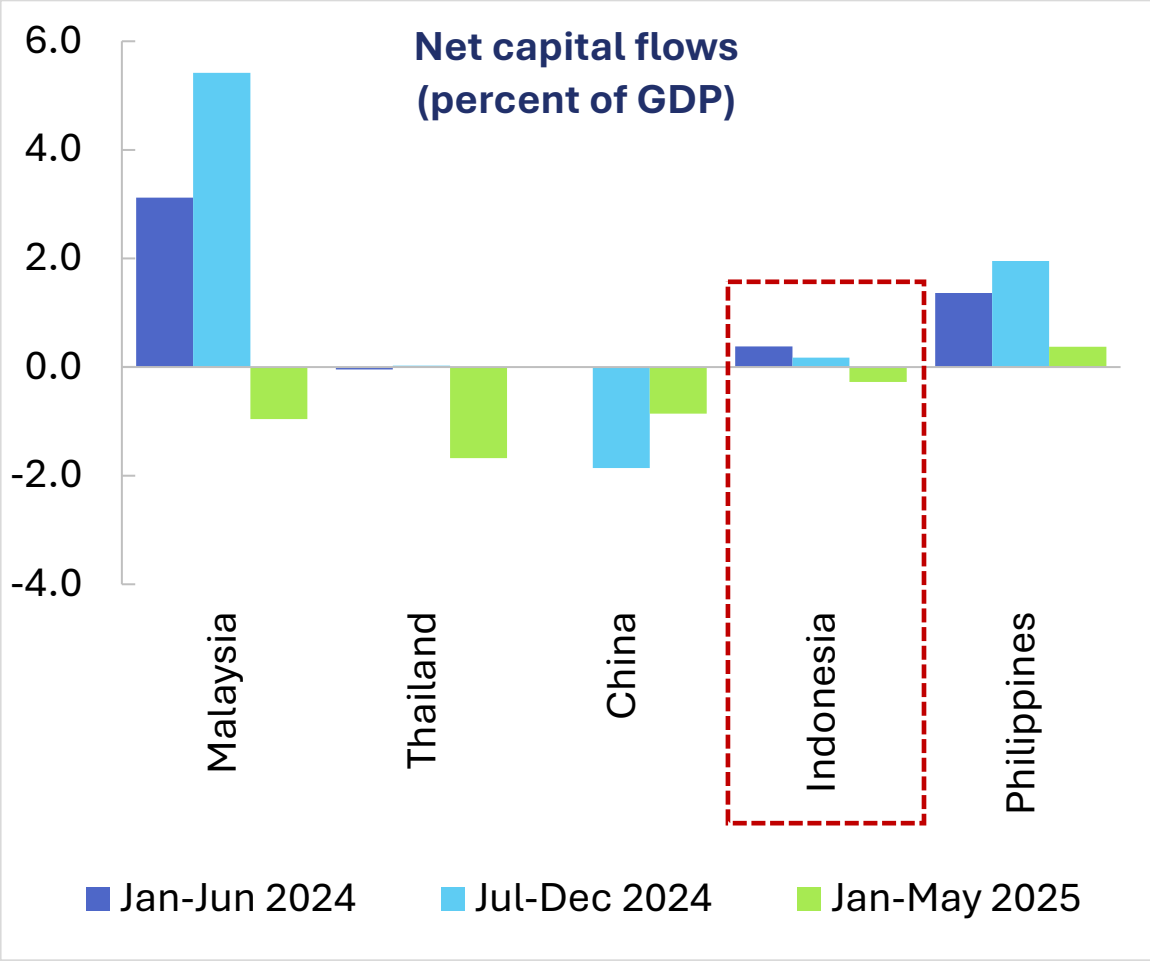
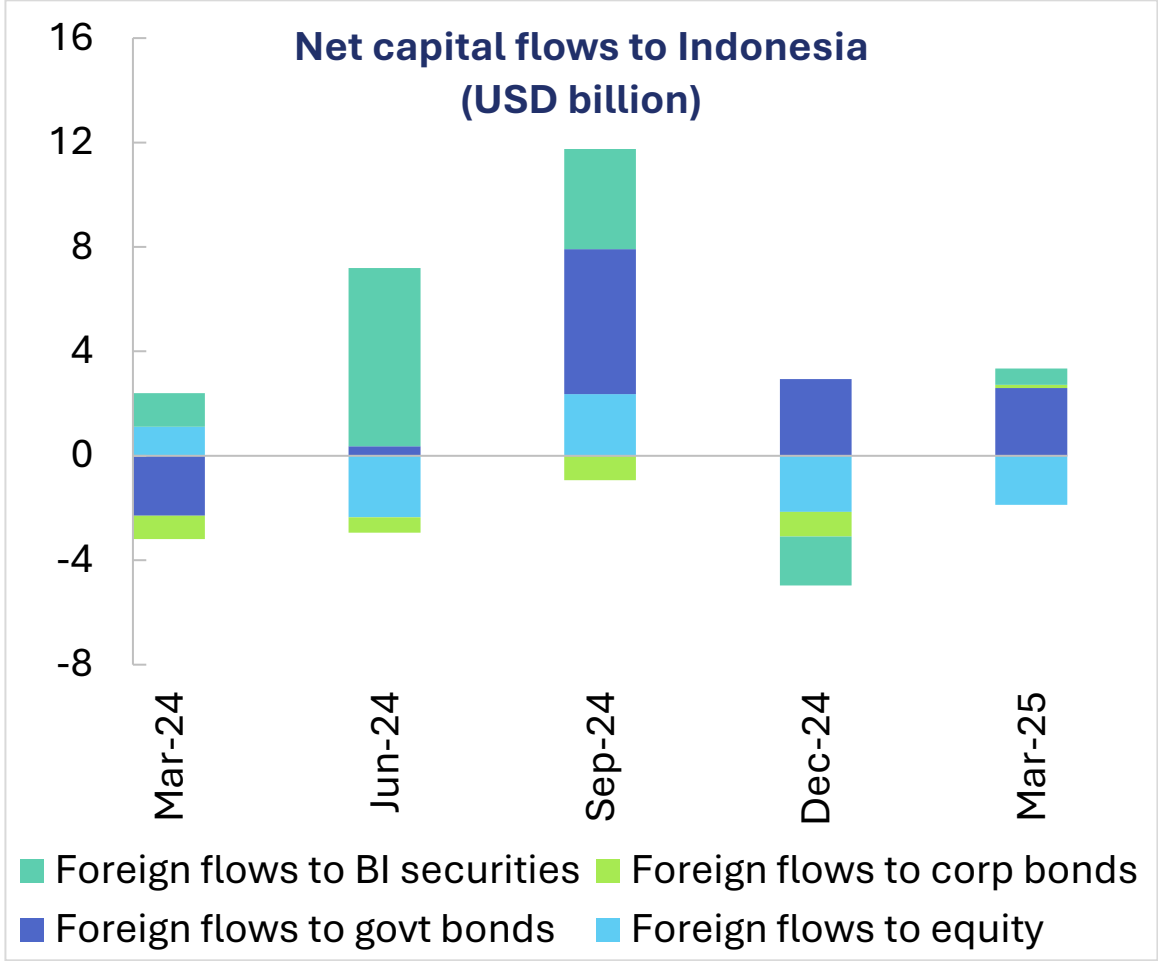
Six months characterized by change and uncertainty



Source: Economist Intelligence Unit (EIU) Uncertainty Index

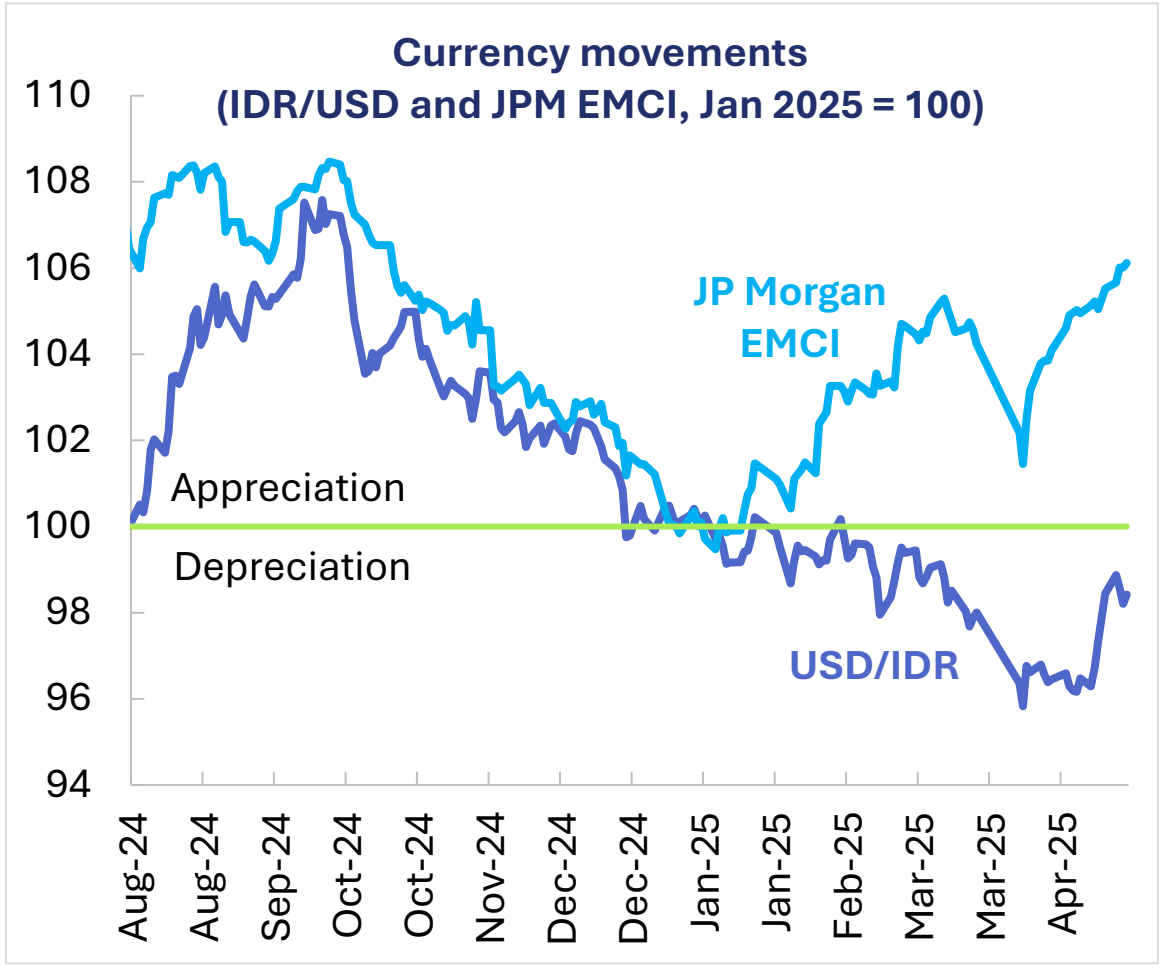
Contributing to selloff in emerging market assets

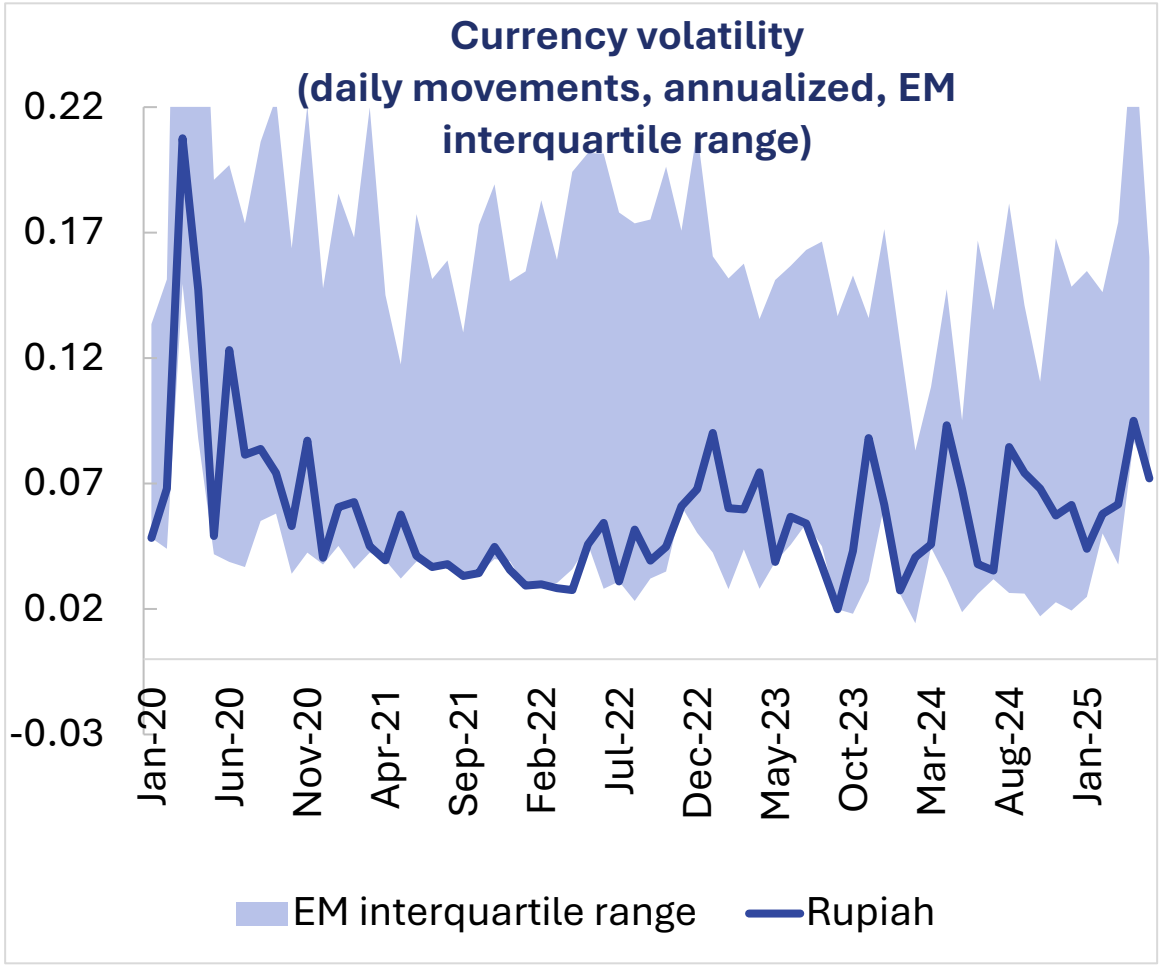




Source: BI, CEIC, World Bank staff calculations

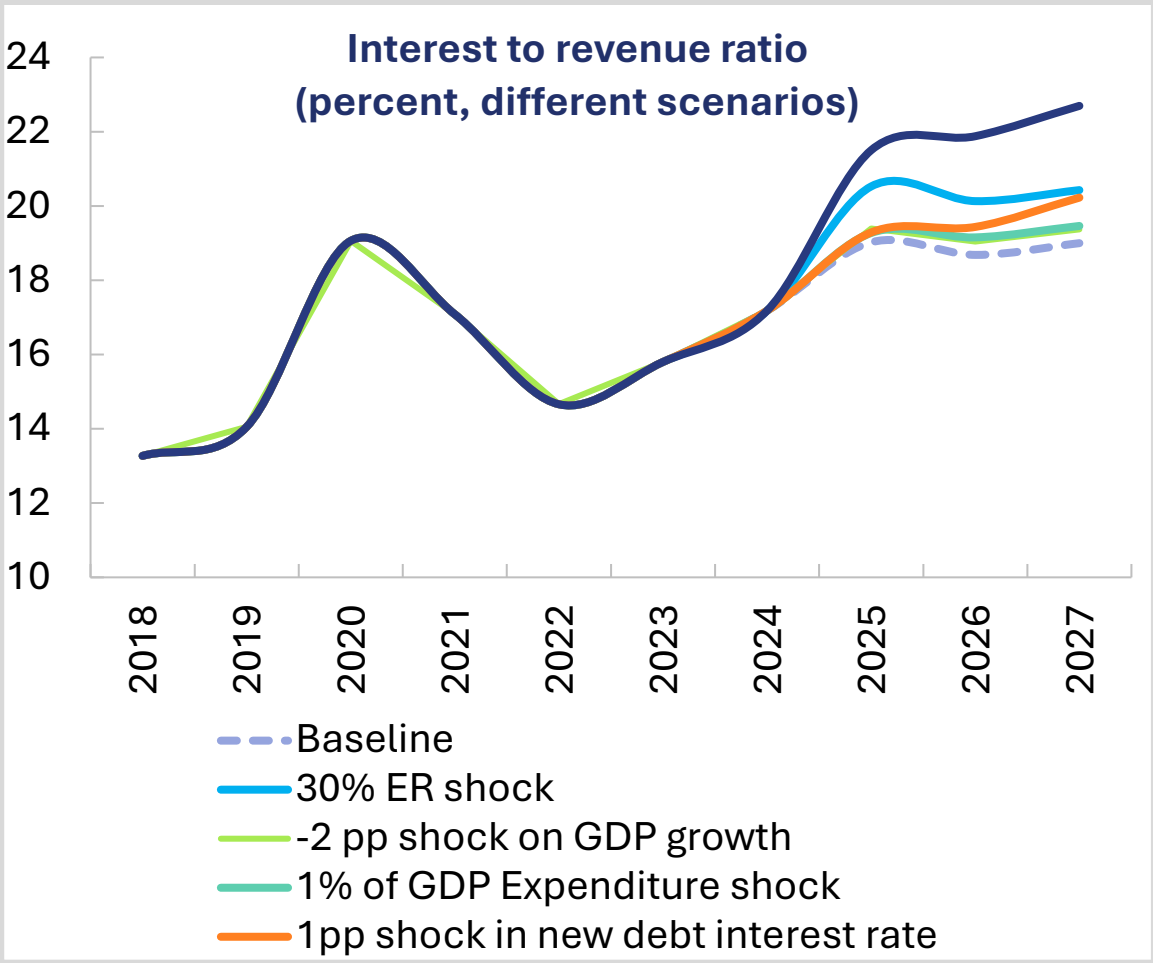
Adding pressure on exchange rates

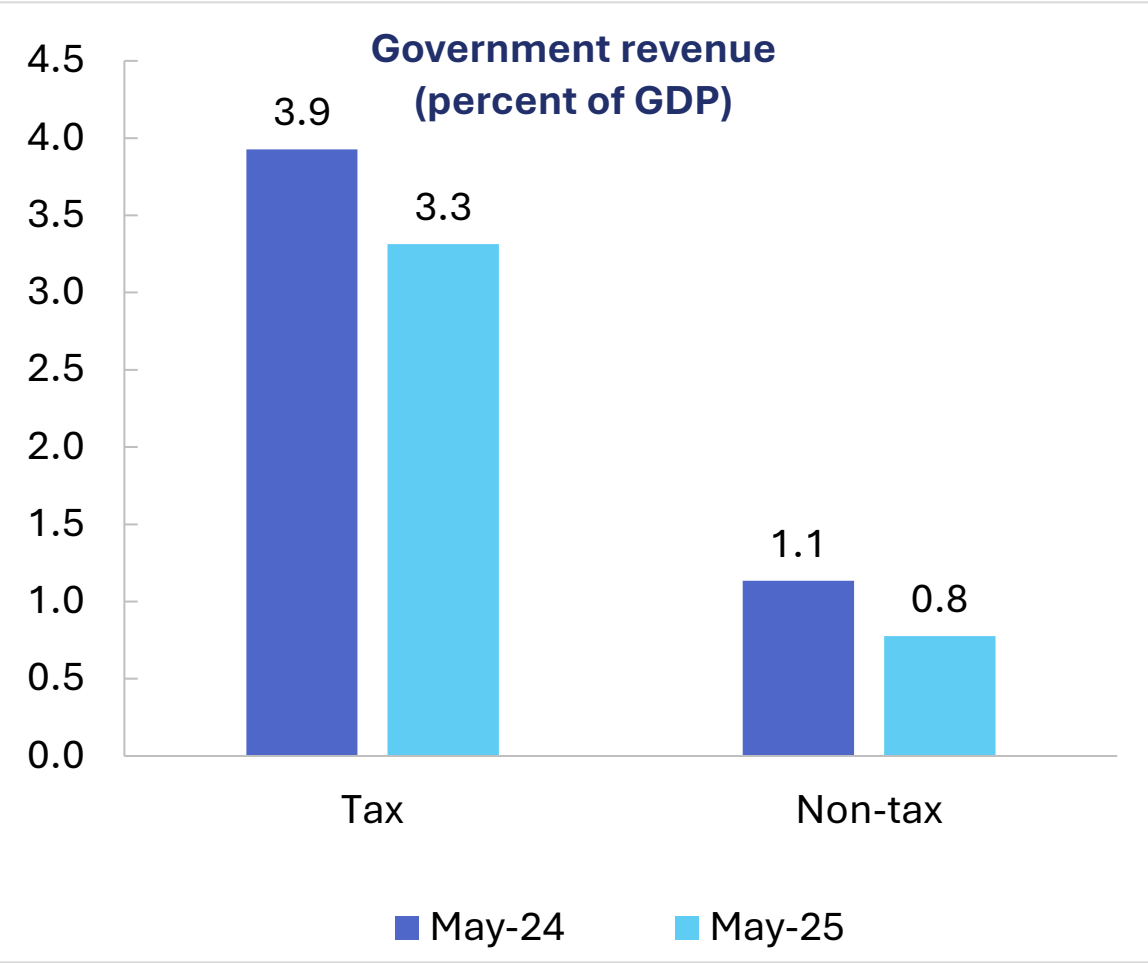




Source: BI, JP Morgan, Haver Analytics, World Bank staff calculations

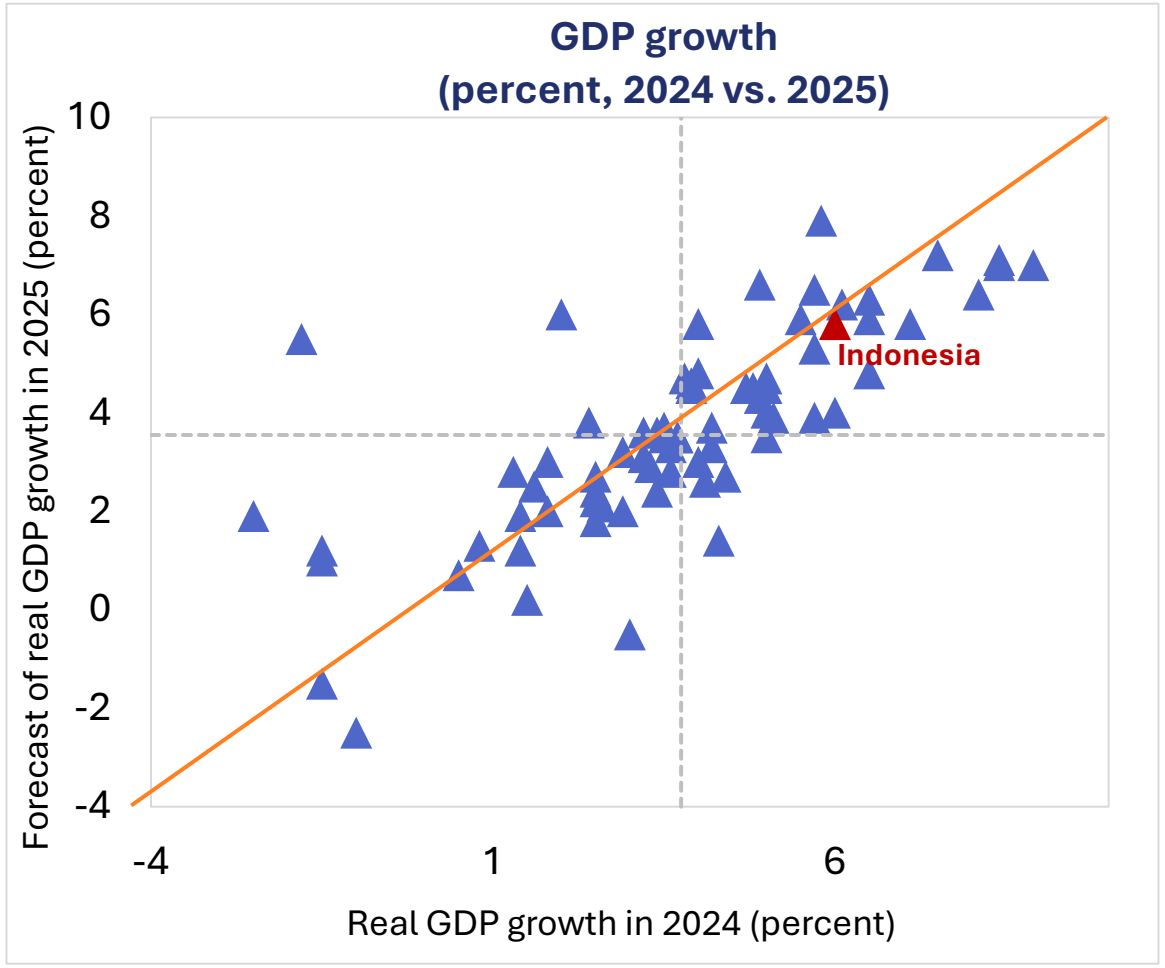
Financing costs and revenue have constrained fiscal space

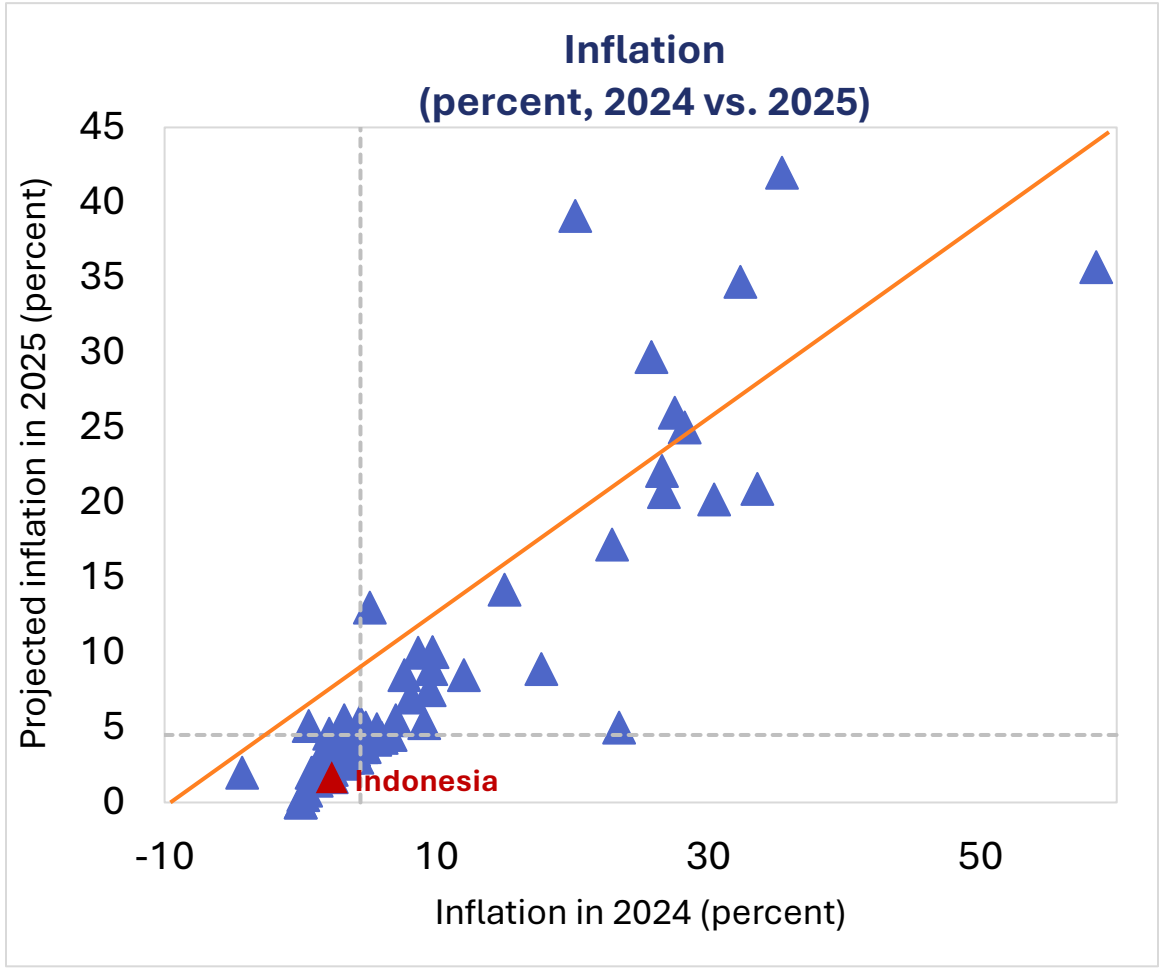




Source: Ministry of Finance, World Bank staff calculations

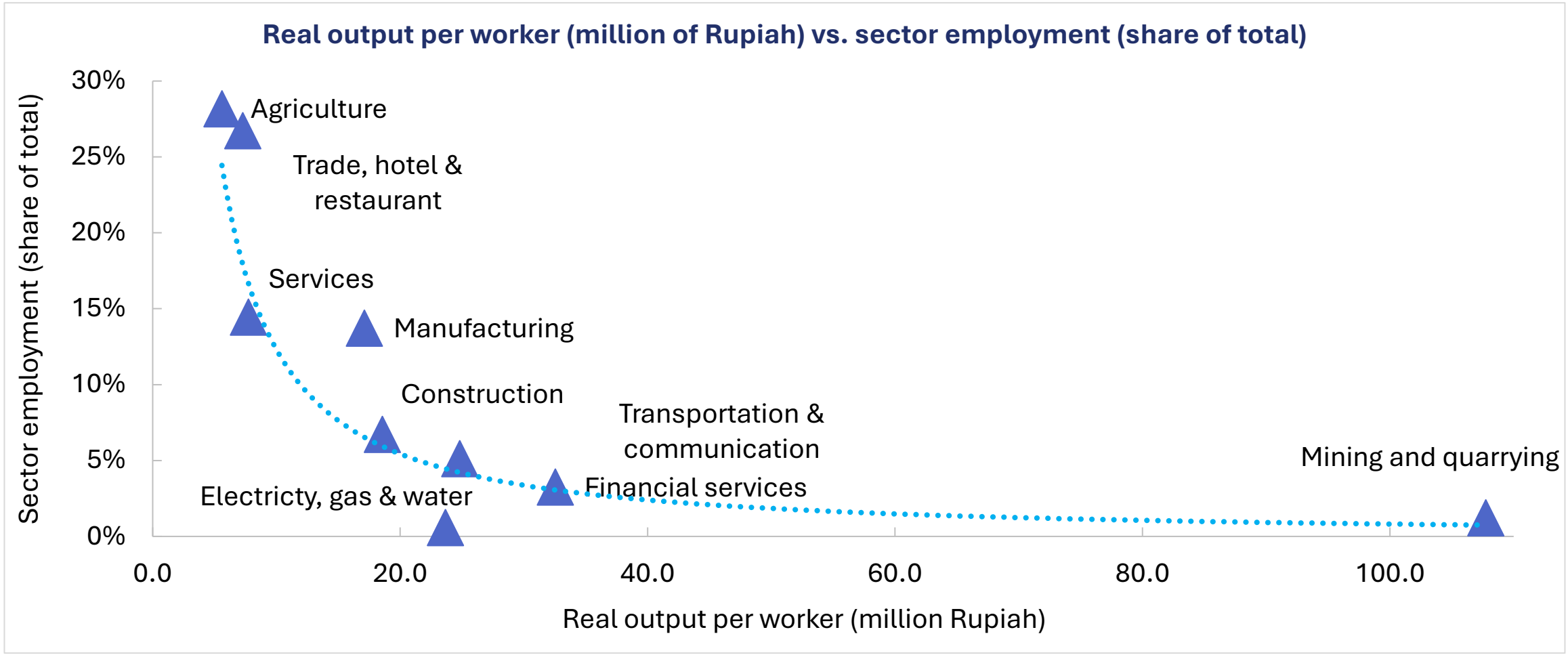
Yet macro fundamentals are expected to remain resilient





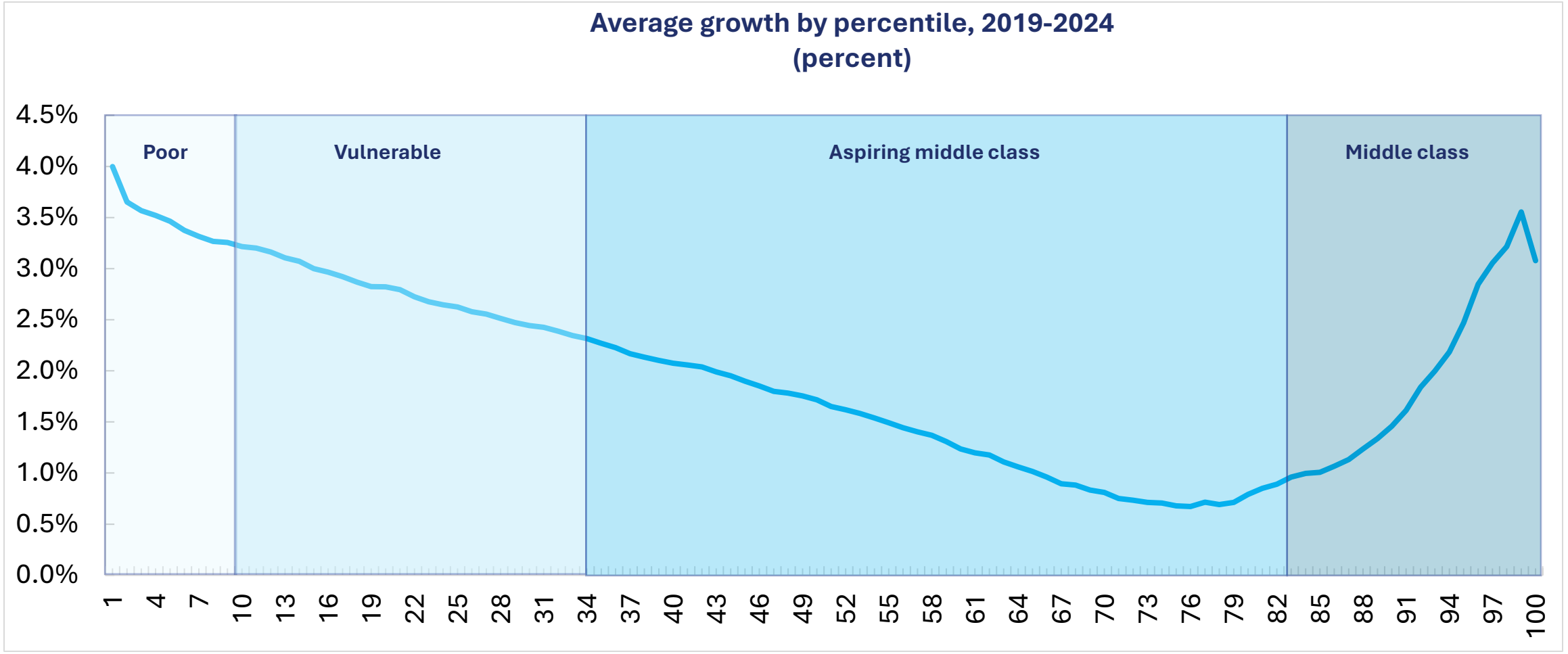
Source: Global Economic Prospects, June 2025; Macro Poverty Outlook, April 2025, World Bank

But underlying challenge of good job creation is a priority



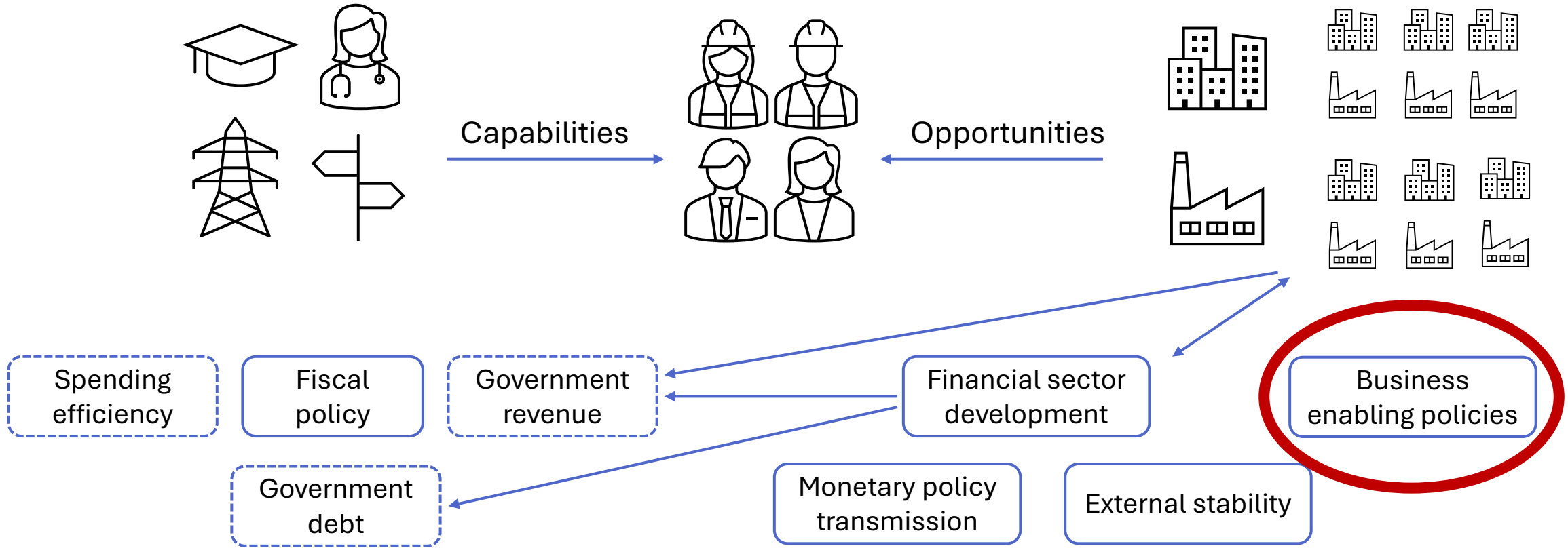
Source: World Bank staff estimates

Which will otherwise hold back the foundations for better standards of living and faster growth



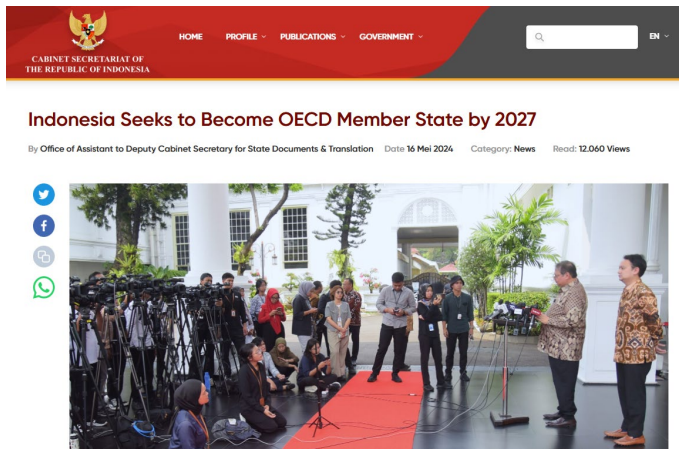
Source: World Bank staff estimates

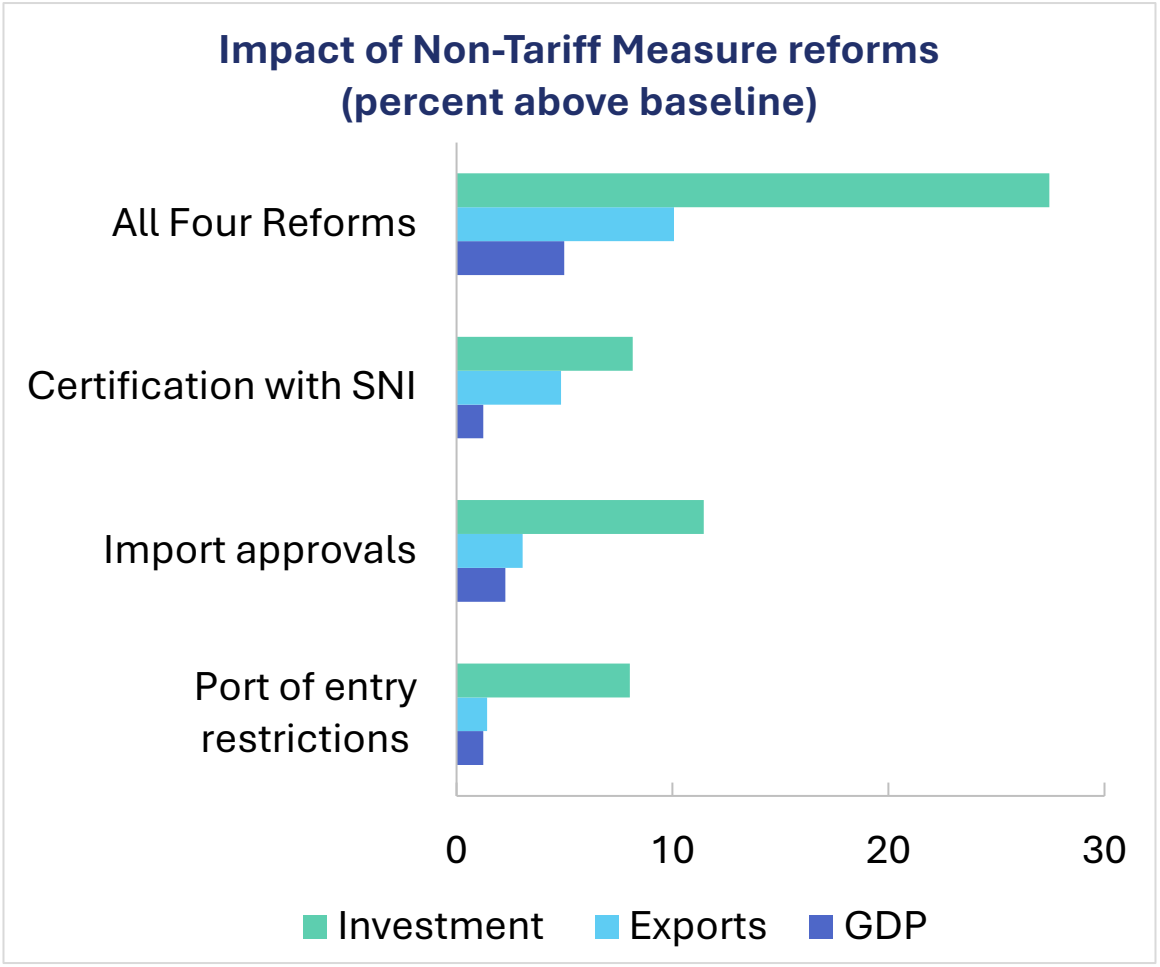
This requires business enabling policies to increase job opportunities



Source: World Bank staff

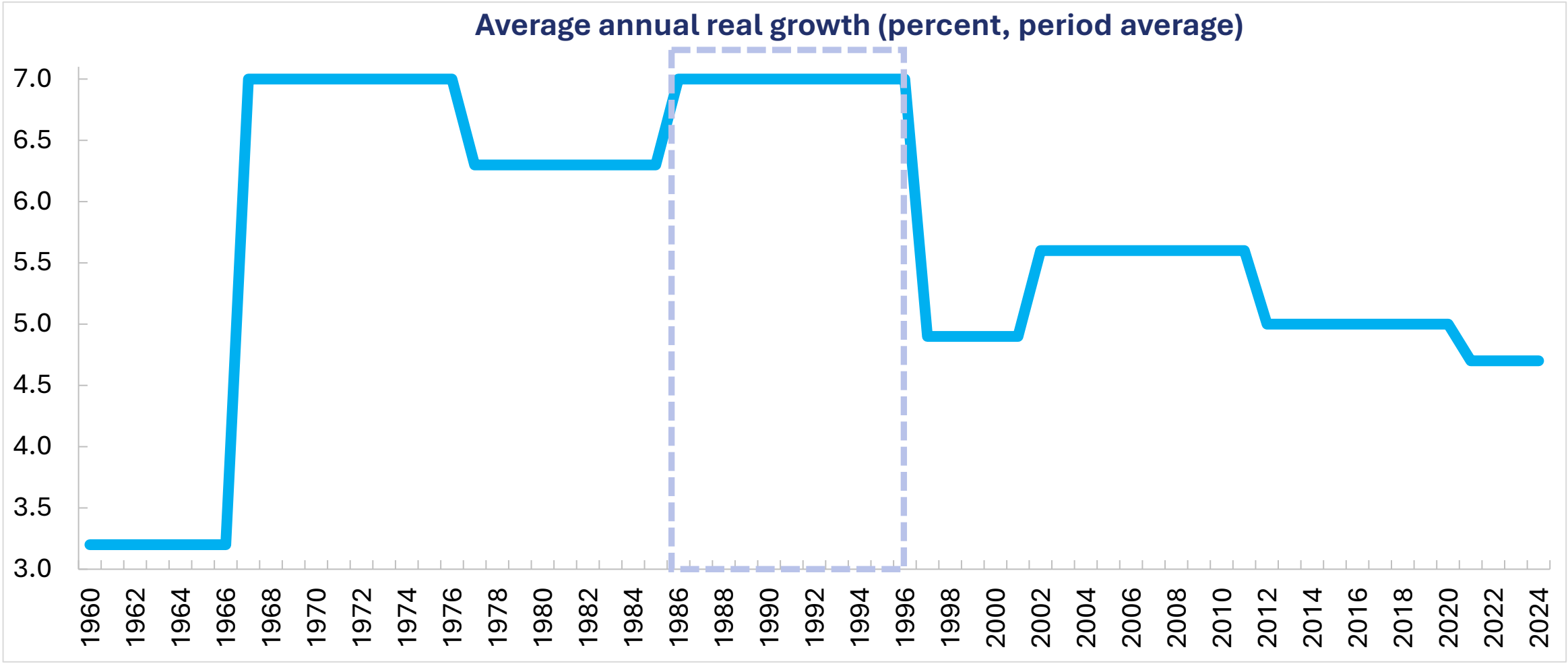
Which the government has committed to pursue





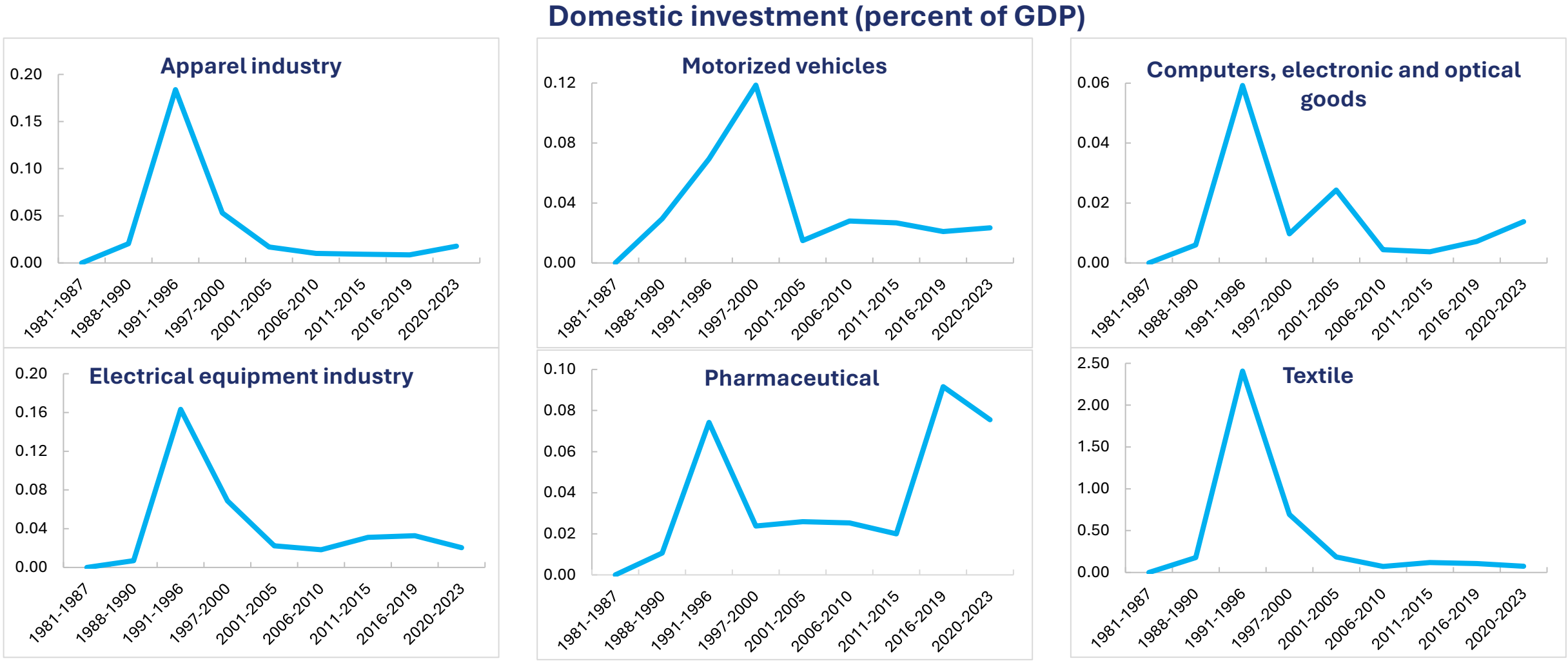
Source: World Bank staff estimates

Indonesia's own economic history illustrates how sustained structural reforms have driven sustained high growth



Source: BPS, CEIC, World Bank staff calculations

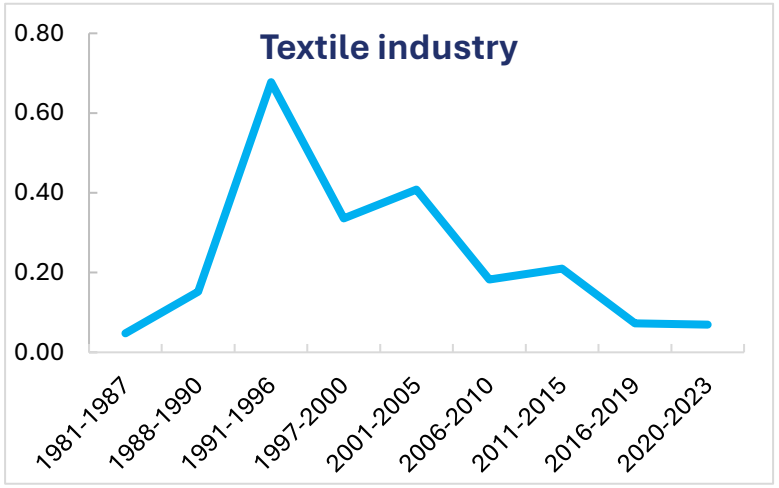
Thanks to a rapid acceleration in domestic investment

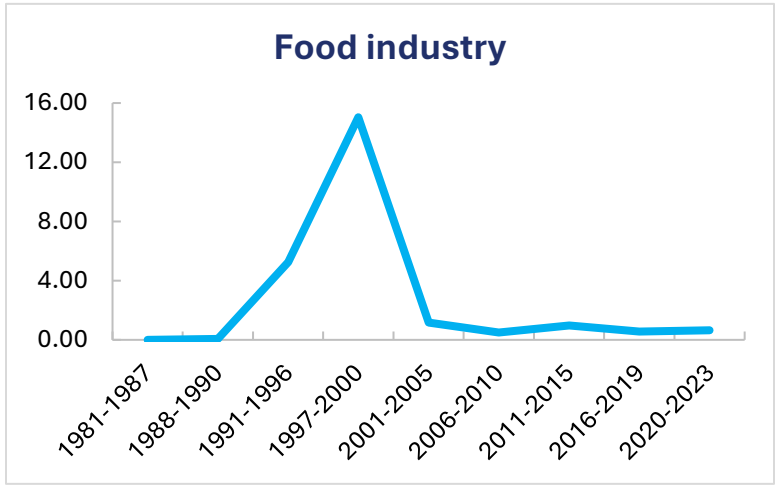


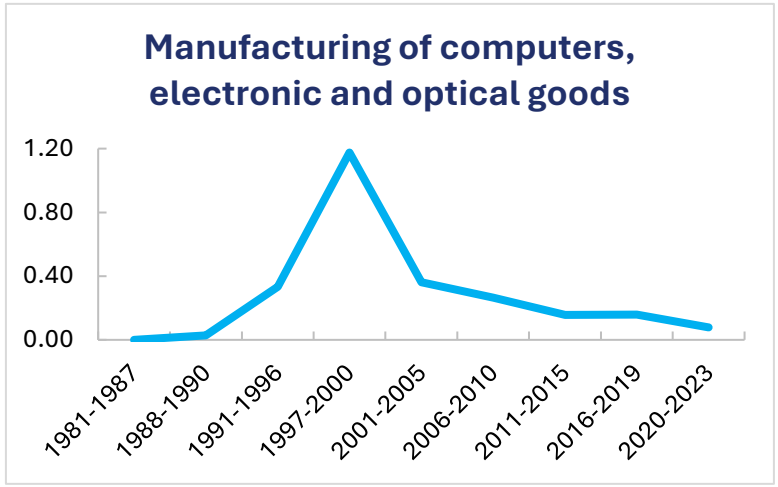
Source: BPS, CEIC, World Bank staff calculations

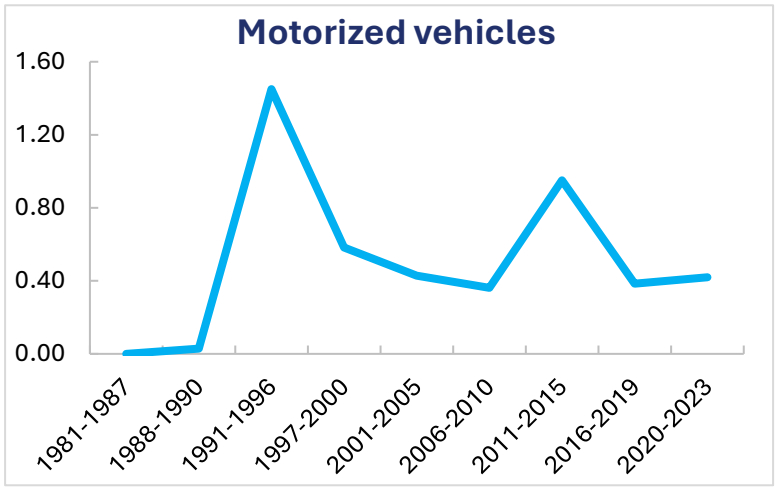
As well as foreign investment in labor intensive manufacturing

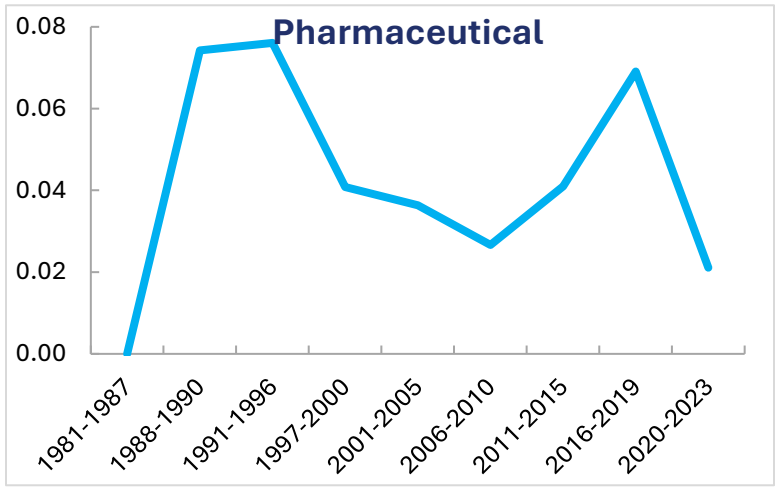
FDI (percent of GDP)

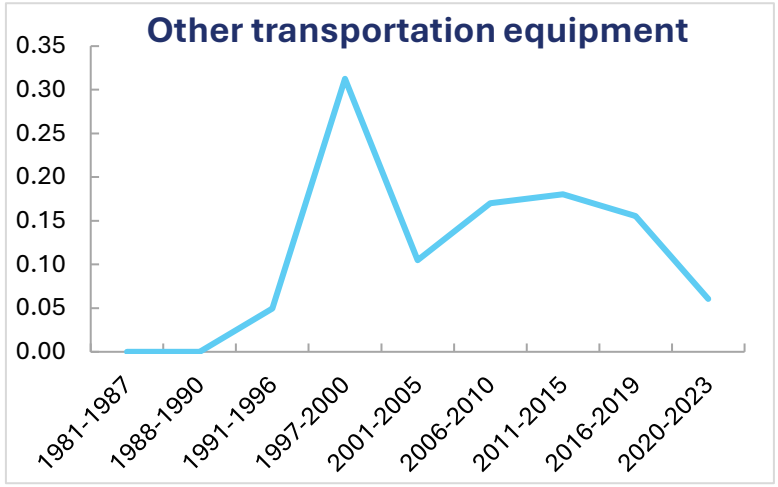






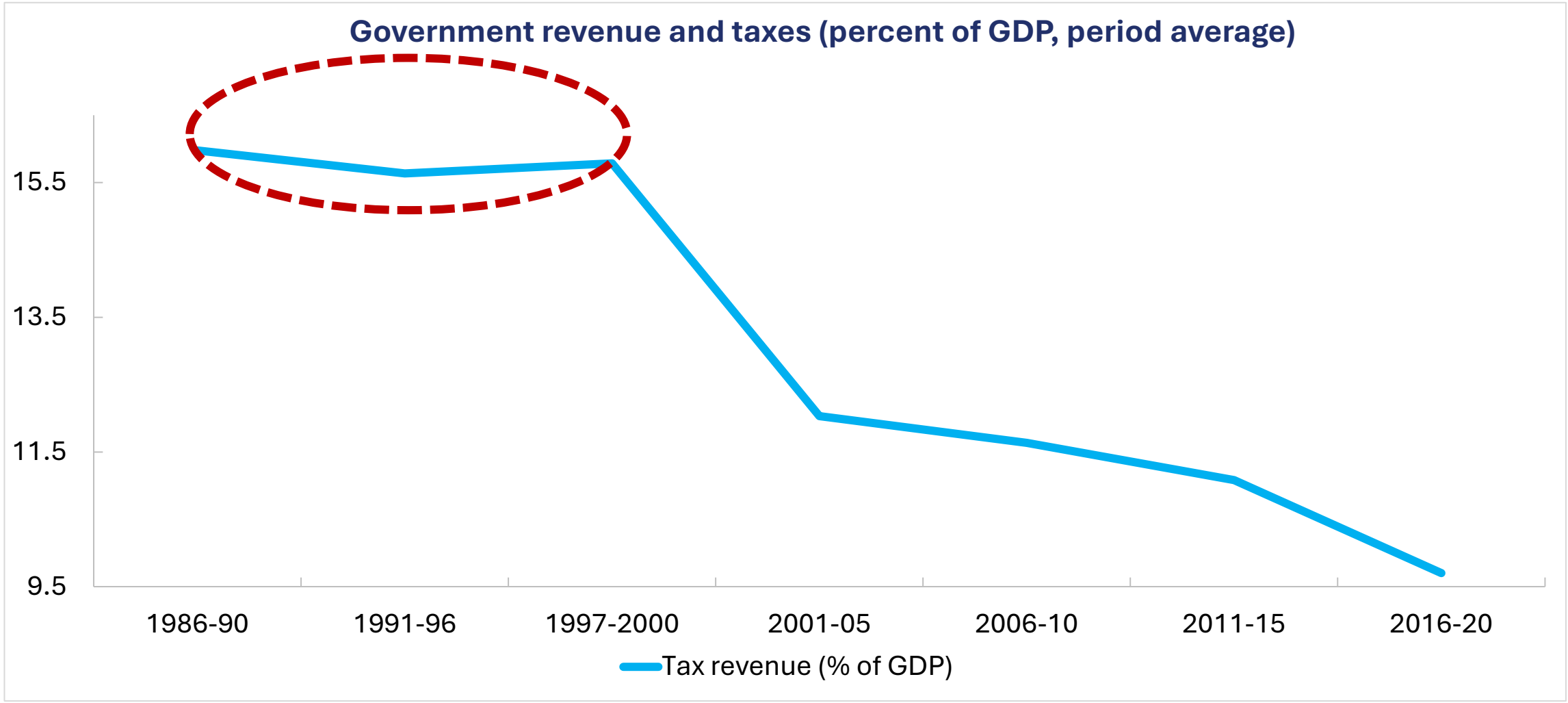






Source: BPS, CEIC, World Bank staff calculations

Coinciding with historically high level of tax collections



Source: Ministry of Finance, World Bank staff calculations

Thank You

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