



Macroeconomic Monitor

April 2025

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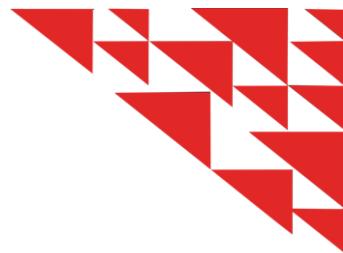
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HIGHLIGHTS

April 2025



The U.S. economy showed signs of resilience in early 2025, although underlying pressures remain. The Fed maintained its policy rate at 4.25%-4.5% amid concerns that tariff-related inflation may persist longer than initially projected, despite growing downside risks to employment. GDP growth slowed to 2.4% (year-on-year/yoY) in Q4 2024 from 3.1% (yoY) in the previous quarter, with consumer and government spending remaining primary drivers. Inflationary trends softened, with headline CPI falling to 2.4% (yoY) in March, though core PCE remained at 2.8% (yoY). Manufacturing PMI dipped below the expansion threshold, and services growth weakened, pointing to softening demand. Despite this, retail sales climbed 4.6% (yoY) in March, although the unemployment rate ticked up to 4.2% (yoY). Meanwhile, producer prices eased, and the trade deficit narrowed on stronger exports.

In the Euro Area, macroeconomic indicators showed a mix of cautious optimism alongside persistent structural headwinds. The ECB cut key interest rates by 25 basis points (bps), citing progress toward its 2% inflation target and easing wage pressures. March inflation moderated to 2.2% (yoY), with declines in energy and services prices. Retail activity improved, with sales rising 2.3% (yoY) in February, indicating consumer activity. Labor market conditions tightened further, with unemployment edging down to 6.1% (yoY). However, consumer sentiment

weakened to a three-month low, reflecting concerns about the general economic outlook. The current account surplus narrowed slightly due to softer income flows, although the goods surplus widened. The ECB reiterated a data-driven policy stance amid ongoing global trade risks and a subdued growth outlook.

China sustained its economic recovery momentum in Q1 2025, with GDP growing 5.4% (yoY) — the strongest pace in 18 months. The expansion was led by robust activity in manufacturing and high-tech industries, while fixed asset investment rose 4.2% (yoY) to reach USD1.4 trillion. Industrial output accelerated sharply in March to 7.7% (yoY), driven by broad-based gains ahead of new U.S. tariffs. Exports surged 12.4% (yoY), lifting the trade surplus to USD 102.6 billion, while imports continued to contract. Retail sales increased 5.9% (yoY), supported by targeted policy measures, although persistent deflationary pressures and soft household demand suggest caution in consumer behavior. The PMIs for both manufacturing and services improved, while the urban unemployment rate eased to 5.2% (yoY), signaling labor market stabilization.

Domestically, Bloomberg's latest analysis projects Indonesia's economic growth to reach only 4.9% (yoY) in 2025, largely due to disruptions in the global economy most notably, the impact of U.S. tariff

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policies. These tariffs are expected to elevate trade risks and suppress investment performance, thereby weighing on the country's overall economic expansion. From a trade perspective, the imposition of a 10% baseline tariff by the U.S. presents significant risks to Indonesia's export performance, particularly in sectors which are highly dependent on the U.S. market. This is despite the fact that Indonesia recorded a trade surplus this month reaching USD 4.33 billion. As a mitigation strategy, Indonesia has proposed expanding its imports from the U.S., especially in energy products as well as agricultural commodities. However, this strategy requires careful monitoring, particularly in terms of adjusting import volumes to avoid domestic market imbalances.

On the fiscal front, the government's initiative to reduce import income tax (PPh Impor) tariffs on selected goods could potentially lead to a decline in revenue. This is particularly concerning as Indonesia recorded a fiscal deficit of IDR 104.2 trillion this month. To address rising external pressures—particularly from U.S. tariff policies—the government has also ramped up the issuance of government securities (SBN), accounting for 44% of this year's financing target. Nevertheless, Indonesia still holds a strong external buffer, with foreign exchange reserves reaching an all-time high of USD 157.1 billion as of March 2025. In the monetary sector, Bank Indonesia left benchmark interest rate at 5.75% at this month, marking steady rates in a three-month row in the first quarter of the year. However, Bank Indonesia may remain lookout the room to cut the rate in response to trade war that potentially dims growth prospect.

Additionally, several indicators point to emerging challenges. While Indonesia recorded a general inflation rate of 1.03% (yoy) following two

consecutive months of deflation at the beginning of 2025, concerns over weakening purchasing power remain. For instance, the growth of the Retail Sales Index (RSI) has slowed to 8.32% this year compared to 9.32% during the same period around Eid al-Fitr last year. Consumer pessimism is also evident in the continued decline of the Consumer Confidence Index (CCI), which fell to 121.1 in March, with all six sub-components showing a decrease. These components reflect consumer sentiment regarding current and future economic conditions. Nevertheless, the Eid al-Fitr season has provided some positive momentum for Indonesia's economy. Notably, Indonesia's PMI outperformed those of several neighboring countries, supported by strong domestic manufacturing activity. In addition, the Wholesale Price Index (WPI) recorded an uptick, particularly driven by rising prices in food and textile products further signaling resilience in select domestic sectors.

From sectoral analysis, several industries in Indonesia are currently facing both internal and external challenges. In the information and communication sector, performance has weakened due to intense market competition and subdued purchasing power. In contrast, the mining sector has benefited from the recent surge in gold prices. However, nickel prices have been trending downward since peaking in May 2024, reflecting potential signs of weakening demand. Additionally, the growing shift toward non-nickel battery technologies, such as lithium iron phosphate (LFP) batteries, has further pressured nickel demand. The property sector is grappling with several macroeconomic challenges, primarily driven by domestic factors. Affordability remains a critical issue amid persistently weak purchasing power and tight liquidity conditions. Meanwhile, the healthcare sector is set to undergo a significant transformation

in 2025 with the implementation of KRIS (Kelas Rawat Inap Standar). While this reform is expected to improve access for Class III patients, it also raises concerns about the potential widening of the JKN (National Health Insurance) deficit, particularly if membership contribution rates remain unchanged.

The upcoming US Tariff policy has increased the market uncertainty and volatility, from global market equities perspectives negative prices return persist on March 2025, S&P 500 slumped by -5.63%, followed by Nasdaq -8.53% and Dow Jones -4.06%. Significant sell-off also happened in all markets except gold. However, domestically JCI Index began to recover in March 2025 as it closed the month with an increase from 3.83% compared to -11.80% in February 2025. However, the spread between SBN 10 Y and 5y yield has shown bull steepening as the spread between SBN 10Y and 5Y steepening to 24 bps from 16 bps. Tightening domestic liquidity has increase rate, except for SRBI. Forward looking, Volatility is expected to remain high, especially in global markets, after the announcement of the U.S. reciprocal tariff, both the equity and bond markets remain prone to foreign outflows. However, SBN is expected to remain relatively stable pushes by resilient domestic macroeconomic condition that can shelter investors



RECENT ECONOMIC DEVELOPMENT: GLOBAL MARKET

Recent economic development : global market

United States

MANUFACTURING SECTOR

In March 2025, manufacturing PMI dropped to 49 from 50.3 in February, indicating the first contraction in manufacturing in three months. Declines were seen in new orders (45.2 vs 48.6), backlog of orders (44.5 vs 46.8), employment (44.7 vs 47.6), and production (48.3 vs 50.7). Price pressures surged to 69.4, the highest since June 2022, while inventories rebounded (53.4 vs 49.9), and supplier deliveries remained slower (53.5 vs 54.5).

SERVICES SECTOR

The Services PMI declined sharply to 50.8 in March from 53.5 in February, reflecting the weakest expansion since June of last year. New orders (50.4 vs 52.2) and inventories (50.3 vs 50.6) slowed, while employment fell significantly (46.2 vs 53.9). Production accelerated (55.9 vs 54.4), and price pressures slightly eased (60.9 vs 62.6). Tariff-related cost increases were reported by more businesses.

PRODUCER PRICE INDEX

Annual producer price growth eased to 2.7% (yoy) in March, down from 3.2% (yoy) in February, marking the smallest gain since September. On a monthly basis, prices dropped 0.4%, following a 0.1% revised increase in February, largely due to energy cost declines. New tariffs are expected to add pressure in the coming months.

The US economy expanded an annualized **2.4% (YoY) in Q4 2024**, slightly lower than 3.1% (YoY) in the previous quarter. This growth was mainly attributed to **increased consumer and government spending**, partially offset by **reduced investment**.

UNEMPLOYMENT RATE

The unemployment rate in the U.S. rose to 4.2% (yoy) in March, the highest since November. The unemployed population increased by 31,000 to 7.08 million, while employment grew by 201,000, totaling 163.51 million. The labor force participation rate edged up to 62.5%, with the employment-population ratio steady at 59.9%.

INFLATION RATE

U.S. annual inflation moderated to 2.4% (yoy) in March from 2.8% (yoy) in February. Gasoline (-9.8% vs -3.1%) and fuel oil (-7.6% vs -5.1%) prices declined more sharply, while natural gas prices rose (9.4% vs 6%). Food inflation accelerated (3% vs 2.6%). Core inflation fell to 2.8% (yoy), its lowest since March 2021,

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FED INTEREST RATE DECISION

According to the March 2025 FOMC minutes, the Federal Reserve noted that elevated tariffs are expected to elevate inflation pressures this year, although the magnitude and persistence of these effects remain uncertain. Most Fed officials pointed to the possibility of inflation being more persistent than previously expected, with nearly all participants viewing inflation risks as tilted upward, while downside risks were noted for employment. The Fed maintained the federal funds rate at 4.25%-4.5%, continuing its rate pause initiated in January. It also revised inflation projections upward for 2025 and 2026 and lowered the 2025 growth outlook, while keeping its projection for a 50-bps rate cut unchanged from December.

with monthly core CPI rising just 0.1% (yoy). Core PCE, the Fed's preferred measure, rose to 2.8% (yoy) in February, up slightly from 2.7% (yoy). In addition, retail sales increased 4.6% (yoy) in March of 2025 over the same month in the previous year.

BALANCE OF TRADE

In February 2025, the U.S. trade deficit narrowed to USD122.7 billion from January's record USD130.7 billion. The goods deficit declined by USD8.8 billion to USD147 billion, while the services surplus slipped to USD24.3 billion. Exports rose 3.1% (mont-on-month/mom) to USD278.5 billion, driven by items such as nonmonetary gold, passenger cars, computer accessories, trucks, buses, and civilian aircraft. Imports remained elevated at USD401.1 billion, though stable, with declines in some key categories offset by gains in finished metal shapes, nonmonetary gold, and civilian aircraft, offsetting higher purchases for cell phones and other household goods, pharmaceutical preparations, and computers.

GROSS DOMESTIC PRODUCT (GDP)

The US economy expanded an annualized 2.4% (yoy) in Q4 2024, slightly lower than 3.1% (yoy) in the previous quarter. This growth was mainly attributed to increased consumer and government spending, partially offset by reduced investment. Personal consumption rose 4% (yoy), slightly below the previous 4.2% (yoy) estimate, yet marking the strongest gain since Q1 2023. Spending grew for both goods (6.2% vs 6.1%) and services (3% vs 3.3%). Government expenditure increased more significantly (3.1% vs 2.9%), and fixed investment contracted at a slower rate (-1.1% vs -1.4%), especially in equipment (-8.7% vs -9%).

Euro Zone

UNEMPLOYMENT RATE

The Euro Area unemployment rate fell marginally to a new low of 6.1% (yoy) in February, down from 6.2% (yoy) in January. The number of unemployed dropped by 70,000 to 10.58 million. The number of unemployed individuals decreased by 70 thousand from the prior month to 10.580 million. Meanwhile, the youth unemployment rate, reflecting those under 25 seeking employment, rose slightly to 14.2% from 14.1% in the prior month. Among the bloc's largest economies, Germany (3.5%) and the Netherlands (3.8%) posted the lowest rates, while higher levels persisted in Spain (10.4%), France (7.4%), and Italy (5.9%).

CONSUMER CONFIDENCE INDEX

Eurozone consumer confidence dropped by 0.9 points to -14.5 in March from -13.6 in February, its lowest level in three months. The decline was driven

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primarily by growing pessimism regarding the future general economic situation, and to a lesser extent, household financial situations—both past and expected.

RETAIL SALES

Retail sales in the Euro Area increased by 2.3% (yoY) in February 2025, building on an upwardly revised 1.8% (yoY) expansion in January, indicating improving consumer activity.

INFLATION

Annual inflation in the Euro Area eased to 2.2% (yoY) in March, down from 2.3% (yoY) in February. Energy prices resumed their downward trend, falling 1% following a slight 0.2% gain in the prior month. Inflation in services decelerated (3.5% vs 3.7%), remained flat for non-energy industrial goods (0.6%), and accelerated for food, alcohol, and tobacco (2.9% vs 2.7%).

CURRENT ACCOUNT

The Eurozone's current account surplus narrowed slightly to EUR33.1 billion in February 2025 from EUR33.8 billion a year earlier. This was attributed to a reduced services surplus (EUR7.1 billion vs EUR7.4 billion) and a decline in the primary income surplus (EUR2.1 billion vs EUR4.4 billion). On the upside, the goods surplus widened (EUR38.3 billion vs EUR36.7 billion), and the secondary income deficit improved slightly (EUR14.3 billion vs EUR14.8 billion).

ECB INTEREST RATE DECISION

The European Central Bank (ECB) lowered all three key rates by 25 basis points in March, bringing the refinancing rate to 2.40%, the deposit rate to 2.25%, and the marginal lending facility to 2.65%. This move signals increased confidence in inflation converging toward the 2% target. Both headline and core inflation have continued to ease, with services

inflation also cooling. Wage growth is moderating, and firms are absorbing some of the cost pressure. Nonetheless, the ECB highlighted persisting risks from global trade tensions and weakening economic prospects. The ECB acknowledged that growth prospects have weakened and emphasized a data-dependent approach going forward. It made no commitment to further cuts, underlining those future decisions will depend on economic data, inflation dynamics, and the strength of monetary transmission.

China

MANUFACTURING SECTOR

China's Caixin Manufacturing PMI rose to 51.2 in March 2025, up from 50.8 in February, the highest since November 2024. Output growth accelerated on the back of stronger demand, with new domestic and foreign orders increasing. Export sales rose at the fastest pace in 11 months, prompting firms to scale up purchasing activity.

INDUSTRIAL PRODUCTION

Industrial output surged 7.7% (yoY) in March 2025, up from 5.9% (yoY) in January–February. It was the fastest pace since June 2021, ahead of looming hefty U.S. tariffs. Growth was seen across all major segments: manufacturing (7.9% vs 6.9% in January–February), electricity, heat, gas, and water production and supply (3.5% vs 1.1%), and mining (9.3% vs 4.3%).

SERVICES SECTOR

The Caixin Services PMI also improved, increased to 51.9 in March from 51.4 in February. This marked the most robust services expansion since December 2024. New orders surged at a three-month high,

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supported by broader demand conditions and enhanced marketing strategies.

UNEMPLOYMENT RATE

China's surveyed urban unemployment rate declined to 5.2% (yoy) in March from February's two-year high of 5.4% (yoy). Among locally registered workers, the rate stood at 5.3%, while non-local registered workers posted a lower rate of 4.9%. Unemployment among agricultural registrants was 5%. Across 31 major cities, the urban survey unemployment rate also came in at 5.2%. The average workweek in enterprises reached 48.5 hours, with Q1's overall unemployment averaging 5.3%.

INFLATION

China's consumer price index fell by -0.1% (yoy) in March 2025, following a -0.7% (yoy) decline in February. While deflation persisted, the pace of decline moderated, aided by a smaller drop in food prices—driven by rising pork prices and recovering fresh fruit costs. The ongoing U.S. trade dispute continues to exert downward pressure on prices.

RETAIL SALES

Retail sales advanced 5.9% (yoy) in March, the strongest reading since December 2023. Gains were broad-based, with notable increases in categories such as grain, oil and food (13.8% vs 11.5% in Jan-Feb), tobacco and alcohol (8.5% vs 5.5%), clothing, shoes, hats (3.6% vs 3.3%), sports and entertainments (26.3% vs 25%), household appliances (35.1% vs 10.9%), jewelry (10.6% vs 5.4%), and personal care (8.8% vs 5.7%).

BALANCE OF TRADE

The trade surplus widened significantly to USD 102.64 billion in March, up from USD 58.65 billion a year earlier. The surge was fueled by a 12.4% (yoy) jump in exports, the strongest since October 2024, as exporters rushed shipments ahead of pending U.S. tariffs. Growth was notable in agricultural products (+5.7%), fertilizers (+42.7%), and electronic goods (+7.6%). Imports contracted by 4.3% YoY due to subdued domestic demand, with significant declines in refined oil (-20.2%), natural gas (-16%), rare earths (-31%), and steel (-10.5%).

China's GDP grew **5.4% YoY in Q1 2025**, maintaining the same pace as in Q4 2024, and representing the **strongest pace in a year and a half**.

GROSS DOMESTIC PRODUCT

China's GDP grew 5.4% (yoy) in Q1 2025, maintaining the same pace as in Q4 2024, and representing the strongest pace in a year and a half. The economy sustained its recovery trajectory during the first quarter, with robust performance driven primarily by manufacturing and high-tech industries. Investor sentiment remained strong, reflected in solid growth in fixed asset investment across major industries. Total fixed asset investment reached US\$1.4 trillion for the period, marking a 4.2% (yoy) increase compared to the same quarter in the previous year. On the trade front, exports recorded their strongest growth since October as firms accelerated shipments ahead of looming tariffs,

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while a drop in imports narrowed. On the consumer front, retail sales continued to gain momentum, supported by targeted policy measures and a revival in economic activity. Nonetheless, underlying consumer demand appeared restrained, with ongoing deflationary pressures dampening price

levels and indicating persistent caution among households.



RECENT ECONOMIC DEVELOPMENT : DOMESTIC MARKET

Recent economic development : domestic market:

ECONOMIC GROWTH

Bank Indonesia trimmed Bloomberg Economics forecasts Indonesia's economic growth in 2025 to reach only 4.9% (yoY), a downward revision from the previous estimate of 5.1%. This reflects weaker investment performance and heightened trade risks stemming from U.S. President Donald Trump's tariff threats. Although Indonesia is relatively less affected by the tariffs compared to other countries given that exports to the U.S. account for only 10% of Indonesia's total exports and less than 2% of its GDP—the indirect impacts are expected to be significant. Investment, which constitutes approximately 30% of GDP, is projected to come under pressure, particularly as foreign direct investment (FDI) inflows are likely to face headwinds. This is due to the anticipated reshoring of U.S. manufacturing prompted by the tariffs. Furthermore, weakening global demand is expected to exert downward pressure on energy and commodity prices, posing risks to around 25% of Indonesia's export revenues. Indonesia's Finance Minister has indicated that the U.S. tariff measures could potentially reduce the country's GDP growth by 0.3 to 0.5 percentage point

INFLATION

After experiencing deflation during the first two months of 2025, Indonesia registered a return to inflation in March 2025, with increases recorded

Bloomberg Economics forecasts Indonesia's **economic growth** in 2025 to reach **only 4.9% (yoY)**, a downward revision from the previous estimate of 5.1%.

both on a monthly and annual basis—1.65% month-on-month (mom) and 1.03% year-on-year (YoY), respectively. The primary contributor to this inflation was the expiration of electricity tariff discounts for prepaid customers, as indicated by an 8.45% (mom) increase in the housing, water, electricity, and household fuels expenditure group. In contrast, air transportation fares typically rising during the Eid al-Fitr period declined by 0.08% (mom), likely attributable to government subsidies of approximately 13%–14%. Core inflation, meanwhile, remained stable at 2.48% (yoY). Most expenditure components recorded upward price movements, particularly clothing and footwear, driven by heightened demand in anticipation of Eid al-Fitr celebrations. These inflation dynamics suggest that weaker demand is not prominently reflected in the March 2025 data, despite the earlier deflationary trend.

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WHOLESALE PRICE INDEX (WPI)

In March 2025, the Wholesale Price Index (WPI) recorded an increase of 0.75% month-on-month (mom), 1.58% year-on-year (YoY), and 1.69% year-to-date (YtD). The highest contribution to the WPI came from the Agriculture, Forestry, and Fisheries sector, which experienced inflation of 2.95%, contributing 0.54 percentage points. This is in line with the increase in the Farmer's Terms of Trade Index (It), which rose by 1.51% Monthly, during the same period. The momentum of Idul Fitri also contributed to upward pressure on wholesale prices in the Food, Beverage, and Tobacco Products sector, as well as the Textiles, Apparel, and Leather Products sector, both of which saw a 0.52% MoM increase. On an annual basis, a significant rise was observed in the Metals, Machinery, and Equipment sector, with a YoY increase of 2.61%. This YoY trend was mirrored by the Construction Wholesale Price Index, which posted inflation of 1.00% in March 2025. The highest contributor to this increase came from the public works subcategory, particularly road, bridge, and port construction. These wholesale price movements suggest that price pressures remain concentrated in seasonal sectors, particularly in food and textile product, due to festive demand associated with Ramadan and Idul Fitri. Meanwhile, the more moderate increases in manufacturing-related sectors and construction materials indicate that broader cost-push inflation remains manageable at this stage.

PURCHASING MANAGER INDEX (PMI)

Indonesia's manufacturing sector, as measured by the S&P Global Manufacturing PMI, remained above the expansion threshold of 50.0 for the fourth consecutive month. In March 2025, the index stood at 52.4, slightly down from 53.6 in February,

indicating that while the sector continued to expand, the pace of improvement had moderated. Survey results pointed to a deceleration in both production and new orders compared to the previous month. Despite the slowdown, Indonesia's manufacturing performance was relatively the strongest among ASEAN countries. This resilience is largely attributed to the religious festivities of Idul Fitri, which supported domestic demand more robustly than in neighboring economies. However, the outlook warrants caution, as the implementation of a 10% base tariff by the U.S. administration under President Trump may disrupt production processes and dampen new orders for Indonesian manufactured goods with strong linkages to the U.S. market.

CONSUMER CONFIDENCE INDEX

The Consumer Confidence Index (CCI) continued its downward trajectory in March, declining to 121.1 from 126.4 in February marking the third consecutive monthly decrease and the lowest level since October 2024. All six sub-components of the index registered declines, indicating widespread consumer pessimism. The current economic conditions sub-index dropped to 110.6, reflecting weakening confidence in short-term household financial conditions. Notably, the sub-index measuring perceptions of the present situation compared to six months prior showed a significant decline in views on job availability, falling by 5.88 points month-on-month, emphasizing job availability insecurity. Meanwhile, the future expectations sub-index recorded substantial declines across all three components: income expectations (-6.28 points), expectations for job availability (-8.30 points), and business conditions (-6.29 points). Looking ahead, the continued deterioration in consumer sentiment poses a

notable downside risk to domestic demand—particularly private consumption—which remains a key driver of Indonesia's GDP growth.

RETAIL SALES INDEX

Driven by the seasonal effects of Eid al-Fitr, along with retailers' promotional strategies through price discounts, retail sales in March 2025 grew by 8.32% on a month-to-month (mom) basis and recorded a slight increase of 0.55% year-on-year. The largest contributors to this growth were the food, beverages, and tobacco category (9.28%), followed by clothing (17.61%), and information and communication equipment (7.91%). However, this increase in demand was relatively lower than the growth observed during the Eid al-Fitr period last year, which stood at 9.92%. This suggests a modest decline in household purchasing power during this year's Eid festivities. This trend is further supported by data from the Ministry of Transportation, which reported a 4.69% decline in travel movements during the 2025 Eid period compared to the previous year. This phenomenon may also be linked to previous readings of the Consumer Confidence Index, which indicated rising pessimism among consumers regarding future economic conditions. As a result, households may have adopted a more cautious stance by reducing current consumption as a precautionary measure.

STATE BUDGET

The state budget (APBN) recorded a deficit of IDR 104.2 trillion in March 2025. Unlike in previous years, the fiscal deficit in 2025 emerged as early as January, primarily driven by a slowdown in tax revenue performance. As of March 2025, tax revenues had declined by 18.1% year-on-year, from IDR 393.9 trillion in the same period of the previous year.

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By the end of March 2025, the government had disbursed a total of IDR 250 trillion in budget financing—significantly higher than the IDR 85.6 trillion recorded in the first three months of fiscal year 2024. Of this, net financing from government securities (SBN) amounted to IDR 282.6 trillion, or approximately 44% of the annual target. The substantial year-over-year debt issuance was not driven by insufficient state revenue to meet expenditure needs, but rather as a precautionary measure to mitigate potential financial market volatility. This was prompted by U.S. President Donald Trump's renewed trade war campaign, which included the imposition of high tariffs on imports from all countries. Looking ahead, there is a need to anticipate the risk of a widening fiscal deficit in response to Trump's tariff policy, which may adversely affect government revenues. This includes the potential impact of reduced import income tax (PPh Impor) tariffs on electronic goods, mobile phones, and laptops projected to decrease by 2%—as well as possible shortfalls in export and import duty adjustments, which could lower non-tax revenues.

TRADE BALANCE

Indonesia recorded a trade surplus of USD 4.33 billion in March 2025, marking a 5.95% increase month-on-month and a 3.16% increase year-on-year. This extends the country's streak of monthly trade surpluses to 59 consecutive months since May 2020. The surplus was primarily supported by non-oil and gas commodities, which contributed USD 6 billion to the overall balance. Key contributors to the surplus included vegetable and animal oils and fats, mineral fuels, and iron and steel. In contrast, the oil and gas trade balance recorded a deficit of USD 1.67 billion, mainly due to deficits in crude oil and refined petroleum products. The widening of this deficit is

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attributed to a spike in fuel consumption during the Ramadan–Eid al-Fitr period and the depreciation of the rupiah throughout March, which increased the cost of oil and gas imports. Meanwhile, U.S. President Donald Trump has imposed a new 10% poses risks for Indonesia's exports particularly in textiles, furniture, electronics, that are highly dependent on the U.S. market. To mitigate the trade imbalance with the U.S., Indonesia has proposed concrete measures to expand its imports from the United States, including energy products (such as crude oil, LPG, and gasoline) and agricultural commodities like soybeans and wheat. Although such efforts primarily shift the origin of imports without significantly altering their total volume, the implications for Indonesia's trade balance must be closely monitored going forward to ensure continued trade performance stability.

MONETARY POLICY

Bank Indonesia left benchmark interest rate at 5.75% marking steady rate in a three-month row in a first quarter of the year after the surprise cut in January. The decision underlying that the stability of rupiah is still a top priority of Governor and his Board after weakening rupiah touch down to 4.6% this year and in light of the volatility Trump Tariff. Besides, uncertainty at home and abroad have weighted instability rupiah knowing the fact that foreign investor have pulled out their stock up to \$3 billion this year on top \$2 billion on last quarter of 2024 marking further weakening in rupiah – by far the most weaken currency among ASEAN countries. Forward looking, Bank Indonesia will strengthen their currency stability measure and continuing to intervene in offshore non deliverable market and optimize the issuance of their own securities to lure more foreign flow to anchor the currency. However,

Bank Indonesia may remain lookout the room to cut the rate in response to trade war that potentially dims growth prospect. In addition, in synergizing the monetary and fiscal policy, central bank already buying the government bonds up to xxx, that indirectly financing the government program to boost econs growth.

POSITION OF MONETARY OPERATION

Bank Indonesia continues its efforts to utilize pro-market instruments as part of its strategy to deepen the foreign exchange and money markets, as well as to attract foreign investors. As of the third week of April, the total outstanding positions of SRBI, SVBI, and SUVBI were recorded at IDR 881.86 trillion, USD 1.40 billion, and USD 277 million, respectively. As of April 21, 2025, non-resident ownership of SRBI amounted to IDR 209.90 trillion, representing 23.80% of the total outstanding—slightly lower in percentage terms compared to the previous month's 26%. In this context,

FOREIGN EXCHANGE RESERVES

Indonesia's foreign exchange reserves surged to an all-time high of USD 157.1 billion in March 2025, amidst ongoing global market volatility and persistent depreciation pressures on the rupiah. This increase in reserves was primarily driven by tax and service revenues as well as the disbursement of government external borrowings. These inflows occurred alongside Bank Indonesia's exchange rate stabilization efforts in response to heightened global financial market uncertainty. With reserve levels equivalent to more than 6.9 months of imports and significantly exceeding the country's short-term external debt obligations, Bank Indonesia retains ample policy space to manage capital outflows and support rupiah stabilization.



SECTORAL ANALYSIS

MARKETS REBOUNDED BUT FOREIGN OUTFLOWS CONTINUED

Several Indonesian companies released their earnings with mixed results, but generally foreign selling trend has continued. After plunging below 6,000-psychological threshold in early April, local institutional and retail investors pushed up the index to 6,675 as of April 25. In 1Q25, the equity market booked a net foreign outflow of USD 1.83bn. Although slightly lower than the USD 2.09bn recorded in 4Q24, the figure reflects sustained pressure from global risk-off sentiment. The sell-off began in November following the re-election of former U.S. President Donald Trump, who has since signed a series of executive orders imposing new and additional tariffs — reigniting fears of rising global trade tensions and economic uncertainty. Domestically, investor sentiment was further dampened by policy uncertainty under Indonesia's new administration. Despite recent market rebound, the JCI is still down around -17% from its September peak, weighed by sharp sell-offs of major banking stocks.

TLKM: FLAT GROWTH, WEIGHED BY MACRO

TLKM recorded revenue of IDR150.0tn in FY24, marking flat growth of 0.5% (YoY), while net profit declined by 3.7% (YoY) from IDR24.6tn to IDR23.7tn. The weaker performance was driven by intense competition and soft purchasing power, as reflected in the decline of Average Revenue per User (ARPU) from IDR47.5k to IDR44.4k (-6.6% (YoY)). However, data traffic continued to grow, increasing by 13.9% (YoY) to 20,386 PB, indicating sustained demand for data in Indonesia, which mainly supported by higher usage of social media and OTT entertainment platforms. TLKM's mobile subscribers stood at 159.4mn, remaining relatively stable. In the Fixed Broadband (FBB) segment, TLKM maintained its

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growth momentum, with Indihome B2C subscribers rising by 918k to 9.6mn (10.6% (YoY)). Meanwhile, Indihome's ARPU declined to IDR238k (-6.0% (YoY)), as the company aimed to serve more low-to-middle income customers by offering lower-priced packages under its EZnet product line.

UNVR: PRICE HIKE AMID WEAK SALES

UNVR posted sluggish sales of IDR9.4tn in 1Q25, a decline of 6% (YoY), while earnings dropped further by -15% (YoY) to IDR1.2tn. The company carried its first price hike in two years, an ASP increase of 1.3% to stabilize margin and offset the volume decline. Volume continues to be weak, marking 7.8% decline in 1Q25. By segment, home and personal care (HPC) segment suffer decline by 9% (YoY) to IDR5.8tn, attributable to pressure in competition and downtrading. Meanwhile, food refreshment (FR) remain steady at IDR3.6tn (-1% (YoY)). GPM slipped by 177bps (YoY) to 48.2%, attributable to higher input cost. Market value shares weaken, dropping from 34.7% in December 2024 to 32.8% in 1Q25. The ice cream divestment is expected to add 6% to the FY25 dividend yield, on top of the regular 5.6% from earnings, with distribution likely by end-FY25 or early FY26. Despite a recent share price spike, underlying performance remains weak due to downtrading and intense FMCG competition. UNVR anticipates a potential recovery in 2H25.

ANTM: STILL STRONG GOLD SALES.

Recent surge in gold prices have benefitted Antam, with bullion averaging USD2,896/oz in February 2025 (vs USD2,025/oz in February 2024). This commodity price divergence is reflected in PT Aneka Tambang Tbk's (ANTM IJ) FY24 performance. Gold sales volume jumped to 43.7 tonnes (+67.5% (YoY)), with ASP increasing to USD2,556/oz (+25.6% (YoY)). In contrast, nickel performance softened, as seen in

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ferronickel sales volume, which declined slightly to 19.4k tonnes (-3.4% (YoY)), accompanied by a lower ASP of USD13,332/tonnes (-10% (YoY)). The strong performance in the gold segment lifted ANTM's FY24 revenue to IDR69.2tn (+68.6% (YoY)), while net profit rose to IDR3.65tn (+18.5% (YoY)).

London Metal Exchange (LME) nickel prices have been trending downward since peaking in May 2024, reaching a monthly average of USD15,322/ton in February 2025 (vs May-24 peak of USD19,645/ton). This decline appears to be driven by rising LME inventories, which may indicate weakening demand. Stockpiles reached 189k tons as of March 2025, partly due to increased Chinese nickel exports amid sluggish domestic demand from the property and construction sectors—key end-users of stainless steel. On the EV front, the growing shift toward non-nickel batteries such as LFP has also added pressure to nickel demand.

PROPERTY: FLAT MARKETING SALES

Indonesia property sector faces macroeconomic challenges both from global and domestic pressure, FED rate cut uncertainty, trade wars and weakening rupiah lead to limited room for Bank Indonesia to cutting interest rate. Domestically, weak purchasing power, higher living cost, and tight liquidity keep to tighter mortgage market and softer demand. This issue led to affordability a core issue. The government efforts through VAT incentive, BPHTB tax removal for low earnings citizens, and 3mn housing program are efforts to boost property sector especially for lower- and middle-class segment. Developer pricing and project execution will be

essential to drive the property market amid a more cautious economic environment.

Indonesia top property developers maintain a cautious approach by maintain relatively flat 2025 marketing sales (presales) guidance target. Indonesia leading property developer, Ciputra Development (CTRA IJ), maintain IDR 11 trillion marketing sales which was flat compared to 2024. as of 1Q25 Ciputra booked IDR 3.2 trillion of marketing sales, declining 5% compared to 1Q24 which primarily driven by festive season and slightly high base numbers in 1Q24, with overall achievement of 29% to 2025 marketing sales target.

HEALTHCARE: UNCERTAINTY FROM KRIS POLICY

Indonesia's healthcare sector may undergo major revamp in 2025 with the implementation of KRIS (Kelas Rawat Inap Standar) starting 30 June 2025, which will standardize inpatient rooms for JKN Class I-III patients across 12 aspects, including a 4-bed per room setup. While this upgrade should benefit Class III patients, it raises concerns about a wider JKN deficit if membership fees remain unchanged, and potential downtrading by Class I patients—especially if the CoB (coordination of benefits) scheme is not effectively executed. Hospital operators are also awaiting the transition from INACBG to the more detailed iDRG reimbursement system, which is expected to better reflect case complexity and improve hospital reimbursement. On the private insurance side, claim ratios have moderated following 2023's spike due to repricing efforts, cashless insurance payment has also re-enabled are expected to support stronger patient traffic in FY24.



ASSET ALLOCATION

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Global market

U.S. equities faced a negative price return in March 2025. The S&P 500 slumped by -5.63%, followed by Nasdaq -8.53% and Dow Jones -4.06%, as the market anticipated the upcoming U.S. tariff policy. Moreover, EuroStoxx50 and Nikkei 225 decreased by -3.94% and -4.14%, respectively, while the Shanghai Composite was up by +0.45%. The UST yield curve underwent the bull steepening on the bond market side as the UST 2Y yield declined from 3.99% to 3.88%. UST 10Y yield increased at the beginning of the month but ended up close at 4.21%, unchanged vs. the February 2025 level. In early April, a significant sell-off happened in all markets except gold. Trump's trade war 2.0 has increased the market uncertainty and volatility, with VIX indices rising by 124.92% and MOVE rising by 33.97% in early April.

Domestic Equity Market

JCI Index began to recover in March 2025 as it closed the month with an increase from 3.83% compared to -11.80% in February 2025. The top three sectors contributing to the rise of JCI are basic materials, property, and infrastructure, each with an upside of 16.7%, 11.7%, and 10.6%. Several tailwinds appeared in March, mainly from the domestic side, such as the announcement of the Danantara Team that impressed the already-low-expectation investors. The confirmation that there will be no cabinet reshuffle has relieved investors in the stock market.

Domestic Bond Market

For the SBN market, the SBN 10Y yield went up by 10 bps from 6.89% to 6.99% in March 2025. The overall tenor saw an increase in yield level compared to last month. The spread between SBN 10Y and 5Y yield closed at 24 bps, widening from 16 bps in February 2025. The weakness in the SBN market is perceived

as normal, as the SBN market has performed quite well in the first two months of 2025 after the government clarified issues about fiscal revenue shortage and the possibility of resignation from Minister Sri Mulyani. CDS went down in March to 78 bps before climbing up again in early April

Domestic Money Market

Tightening domestic liquidity conditions has pushed rates upward, except for SRBI. The Bloomberg average deposit rate rose from 4.27% to 4.34% in March, along with efficiency efforts by the government and a surplus in the budget's primary balance. Moreover, the sluggish third-party fund growth remains outpaced by credit growth, albeit credit's slowing marginally. LDR stood at 89.58% in March, increased from 89.35% in Feb25.

Asset Allocation Takeaway

Volatility is expected to remain high, especially in global markets, after the announcement of the U.S. reciprocal tariff. The risk-off sentiment could continue during this quarter. As a result, both the equity and bond markets remain prone to foreign outflows. Investors need to pay more attention to dynamics in the IDR as it has behaved differently since the trade war began in early April.

SBN is expected to remain relatively stable while offering decent returns this quarter. Recent market turmoil has jittered bond investors, especially in the U.S. We believe Indonesia's resilient domestic macroeconomic condition can shelter investors; hence, the yield curve could shift downward. Meanwhile, the equity market starts to provide attractive entry points with relatively limited downside from this point. Multi-cycle low valuations and high dividends may cushion the market if further global market sell-offs exist.

EXHIBITS

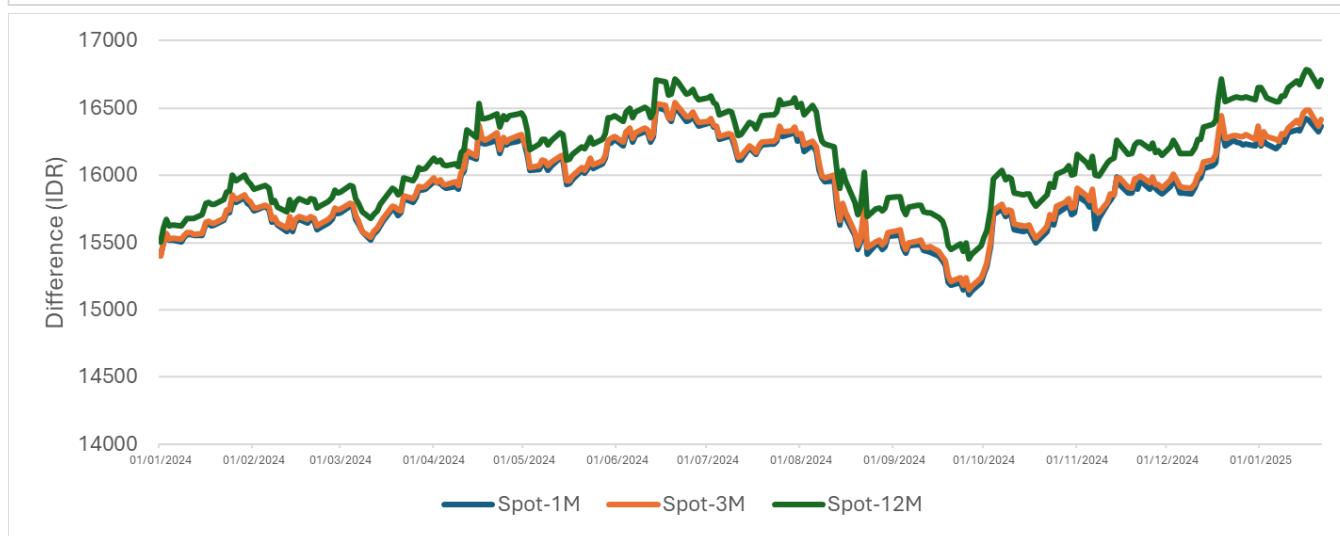
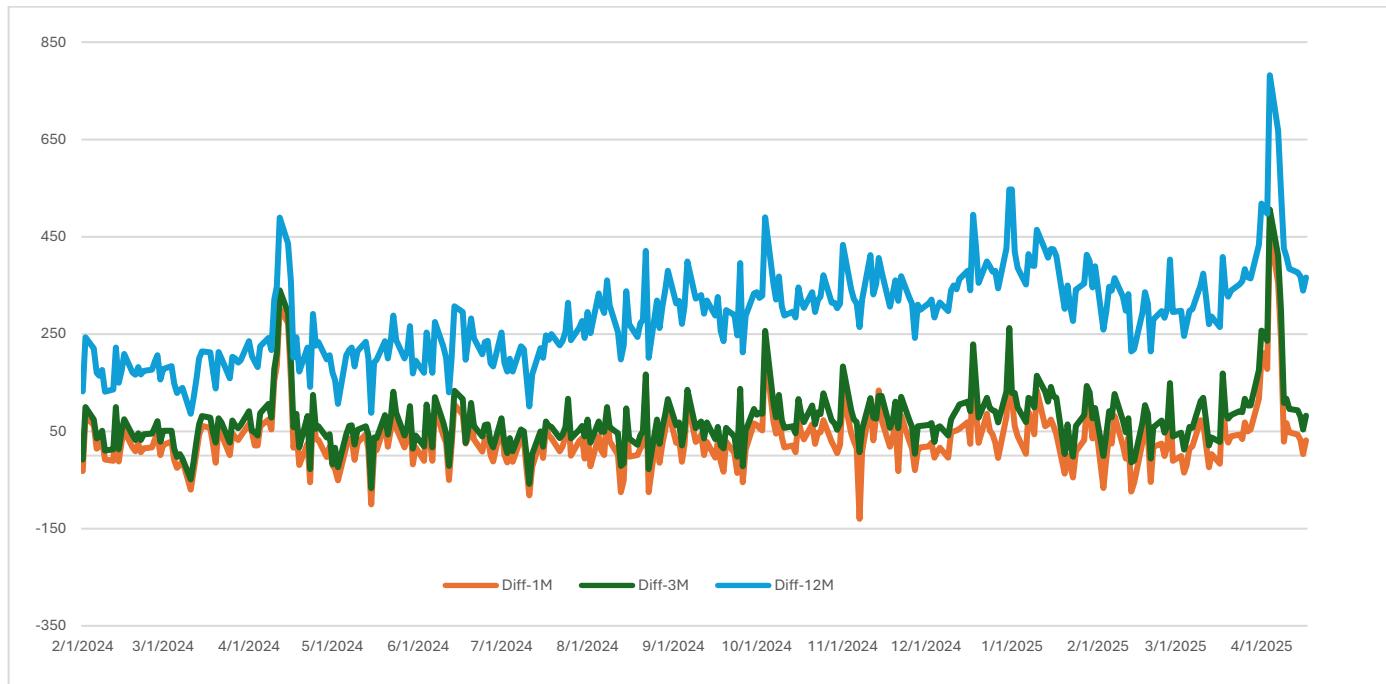
EXHIBIT 1 • INDONESIA MACROECONOMICS INDICATOR

			2024												2025		
			Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
CPI Inflation*	% YoY	2.57	2.75	3.05	3	2.84	2.51	2.13	2.12	1.84	1.71	1.55	1.57	0.76	-0.09	1.03	
Core Inflation*	% YoY	1.68	1.68	1.77	1.82	1.93	1.9	1.95	2.02	2.09	2.21	2.26	2.26	2.48	2.36	2.48	
Manufacturing PMI*	Level	52.9	52.7	54.2	52.9	52.1	50.7	49.3	48.9	49.2	49.2	49.6	51.2	51.9	53.6	52.4	
Exports*	% YoY	-8.06	-9.45	-4.19	1.72	2.86	1.17	6.46	7.13	6.44	10.25	9.14	4.78	4.68	14.05	23.25	
Imports*	% YoY	0.36	15.84	-12.76	4.62	-8.83	7.58	11.07	9.46	8.55	17.49	0.01	11.07	-2.67	2.30	18.92	
Foreign Reserves*	USD bn	131	130	126	121	124	125	130	135	134	135	135.1	140	140	157		
Money Supply (M2) *	% YoY	5.44	5.29	7.21	6.87	7.59	7.67	7.59	7.28	7.15	6.7	6.53	4.35	5.90	5.18	5.70	
Deposit*	% YoY	6.69	6.33	8.47	8.75	6.41	4.81	5.83	4.74	4.87	4.27	1.86	2.56				
Commercial Banking Credit*	% YoY	11.83	11.28	12.40	13.09	12.15	12.36	12.40	11.40	10.85	10.92	10.79	10.4	10.27			
Fiscal Surplus/Deficit*	% GDP			-2.2			-2.6			-2.7			-	2.29			

Source: *CEIC, **Bloomberg

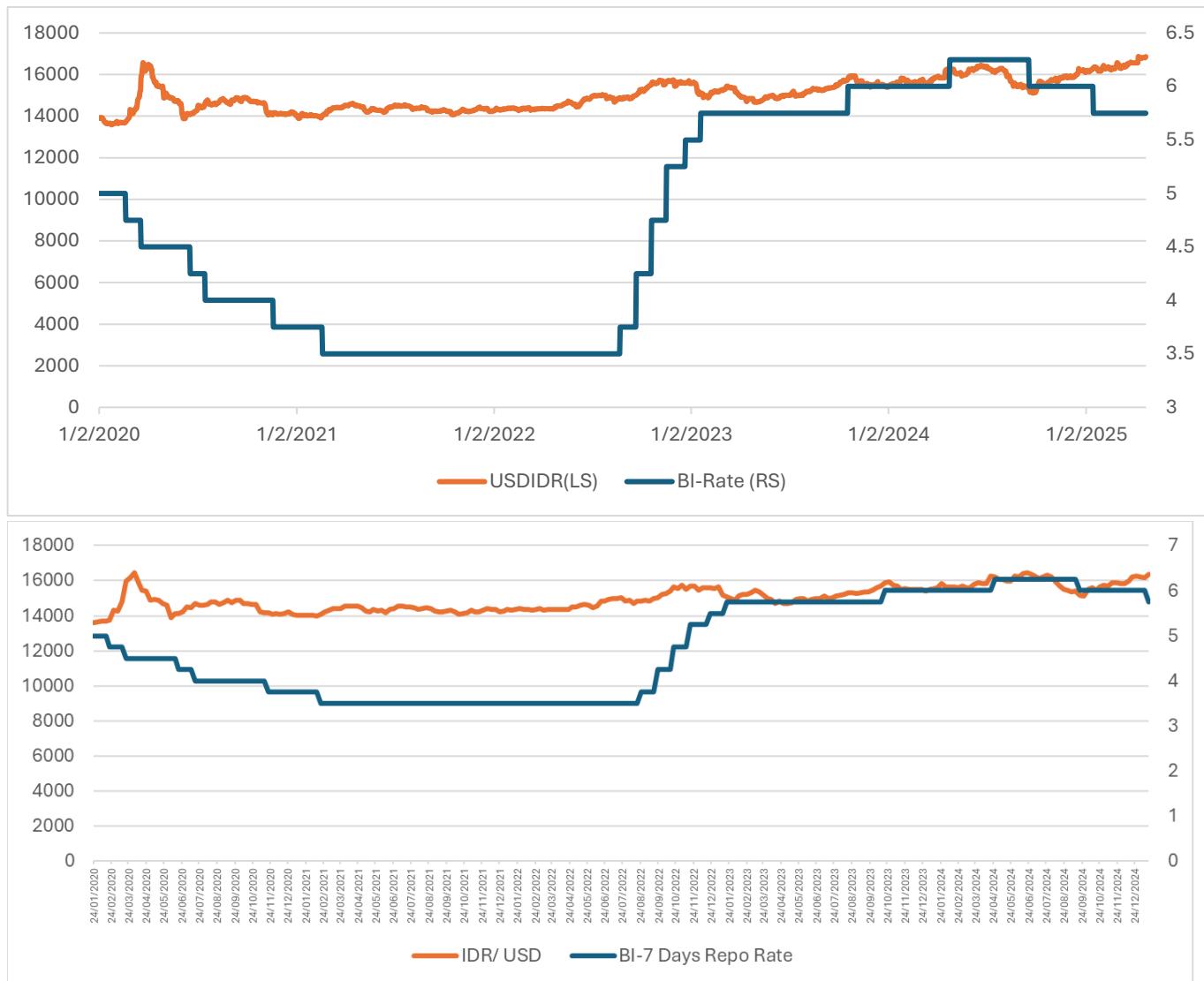
EXHIBIT 2 • EXCHANGE RATE

Exhibit 2.1 Difference of Spot and Forward IDR



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Exhibit 2.2 BI-Rate & Exchange Rate (IDR/USD)



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Exhibit 2.3 EM's Exchange Rate Against USD

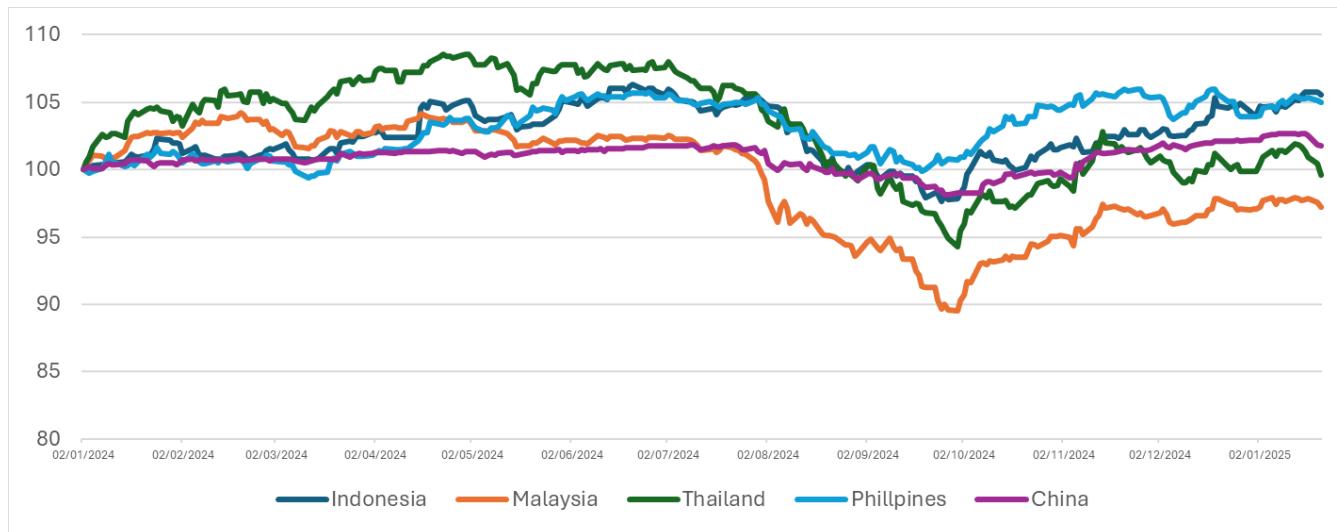
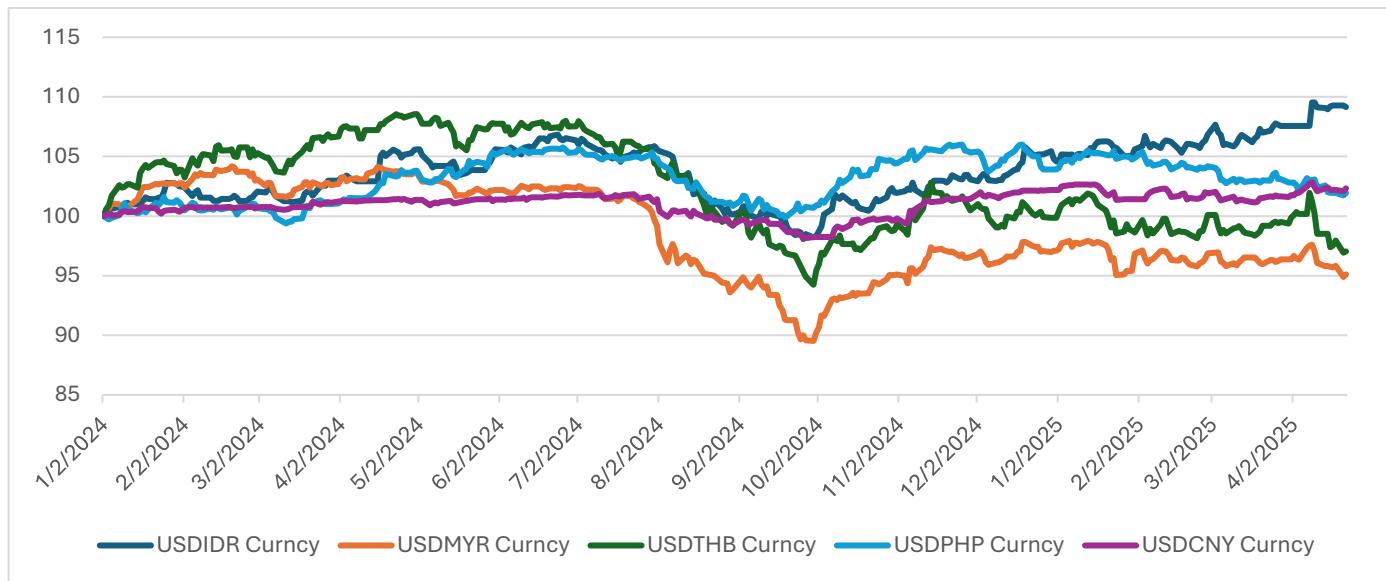


EXHIBIT 3 • INDONESIA'S LIQUIDITY

Exhibit 3.1 JIBOR 1 & 3 M and BI-Rate

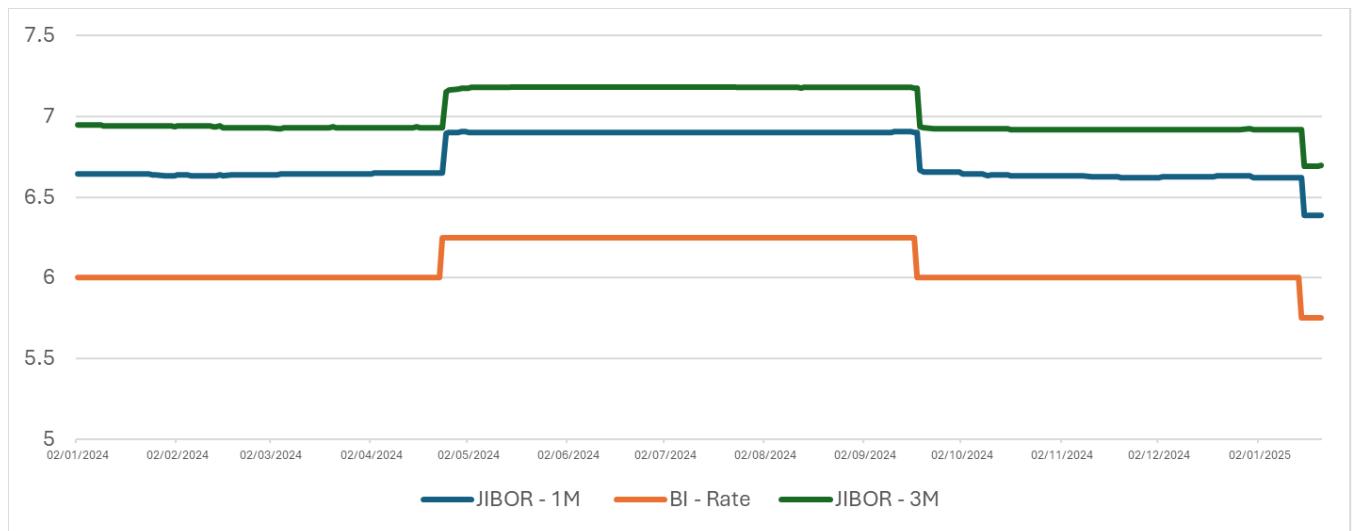
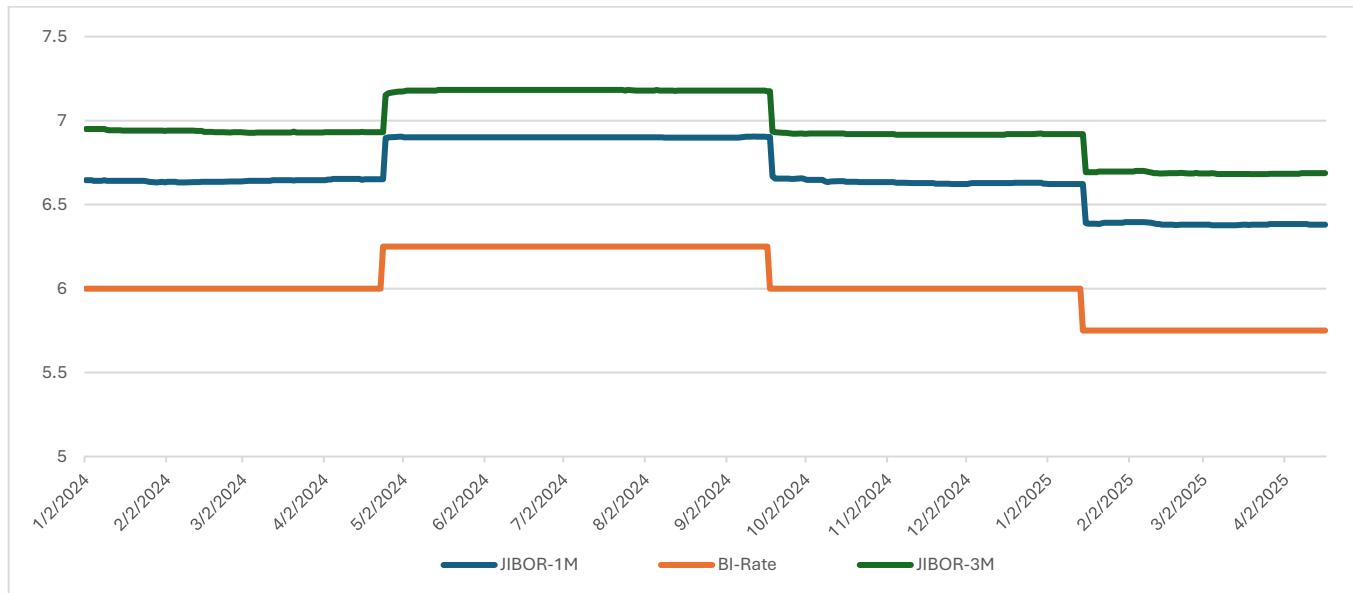


Exhibit 3.2 Monetary Operations of BI

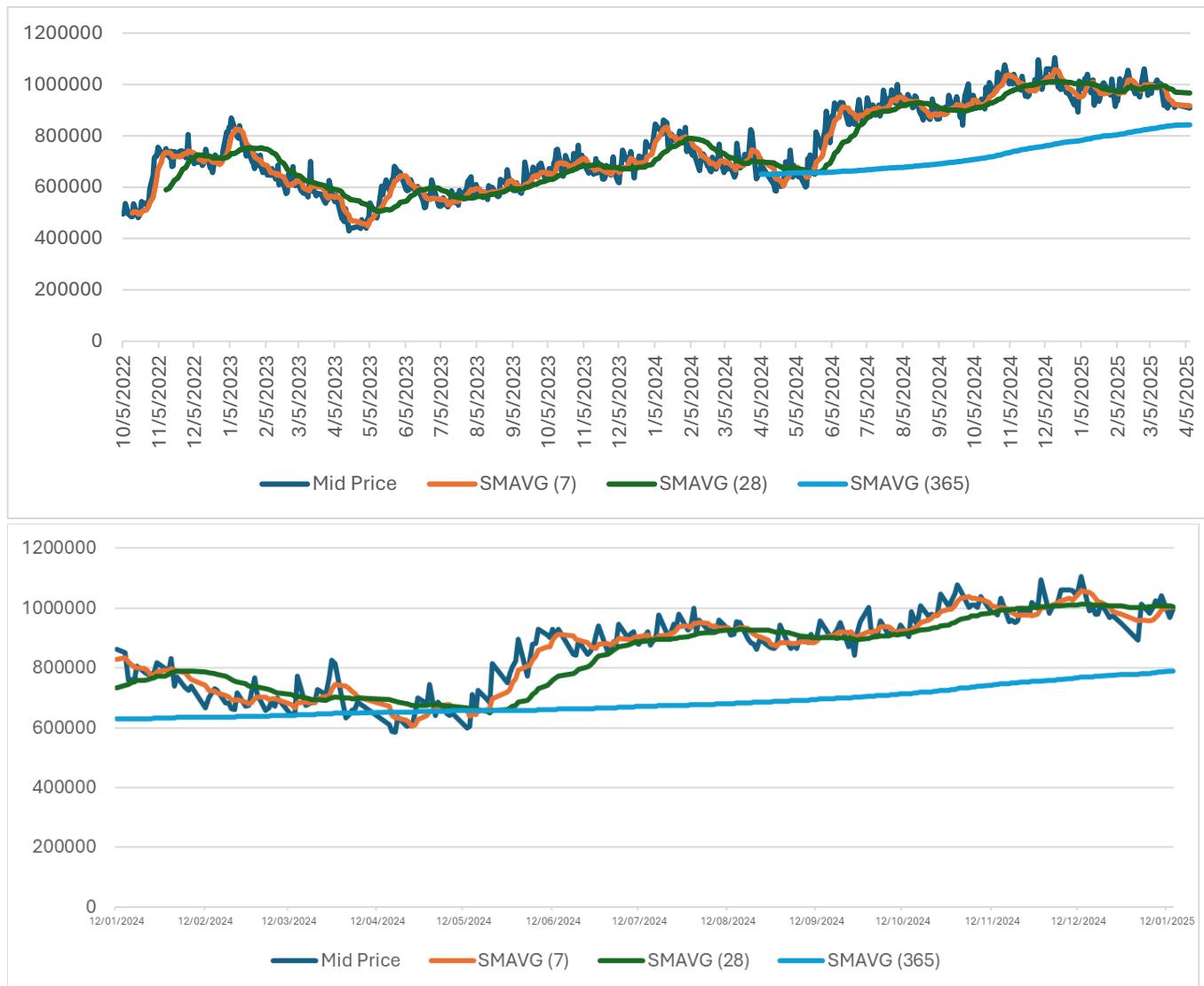


Exhibit 3.3 Indonesia's Net International Reserves USD

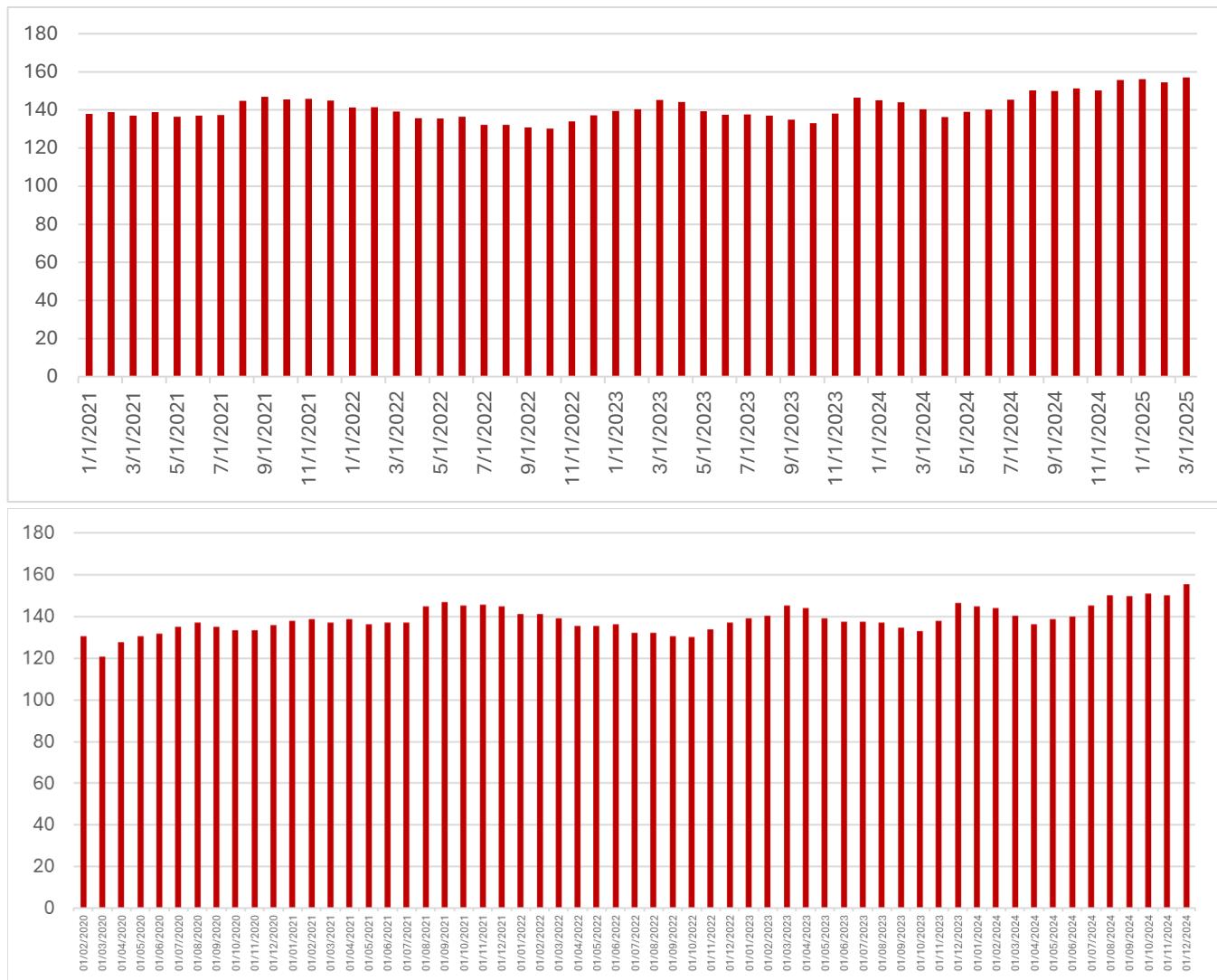


EXHIBIT 4 • FINANCIAL MARKET

Exhibit 4.1 Stock Market Index

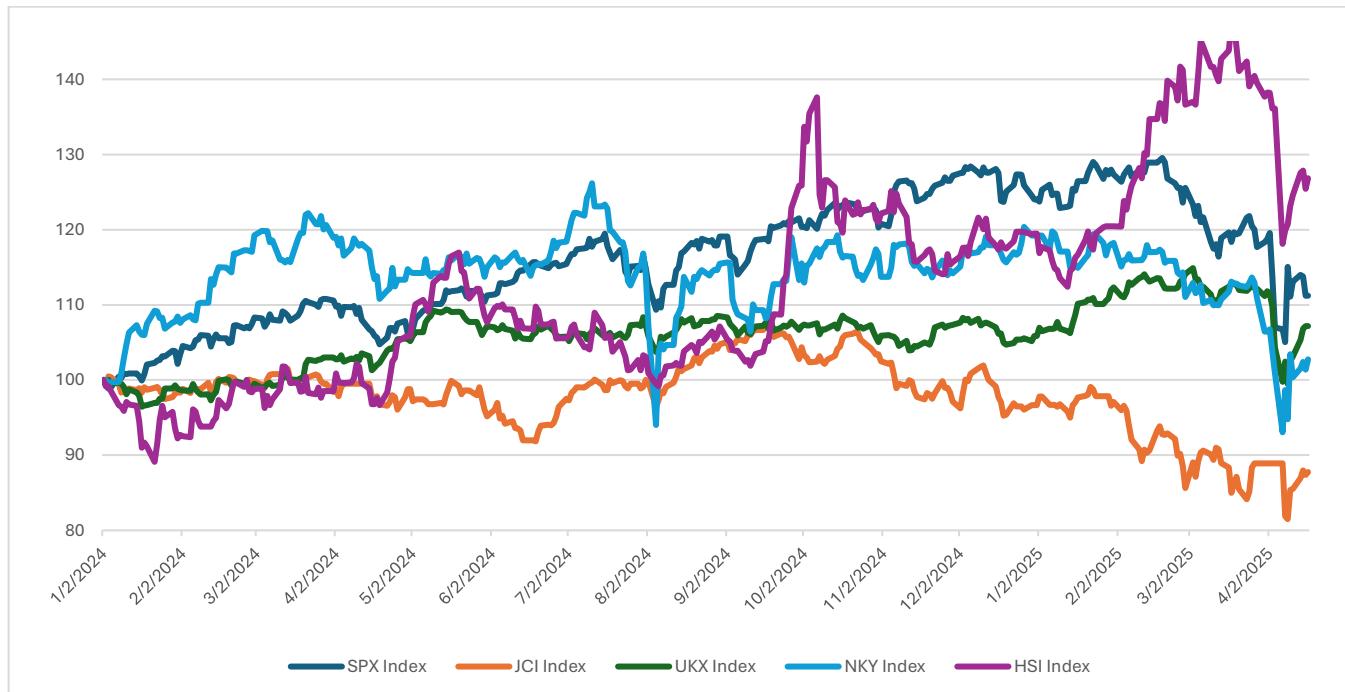


Exhibit 4.2 Indonesia Bond Yield Curve

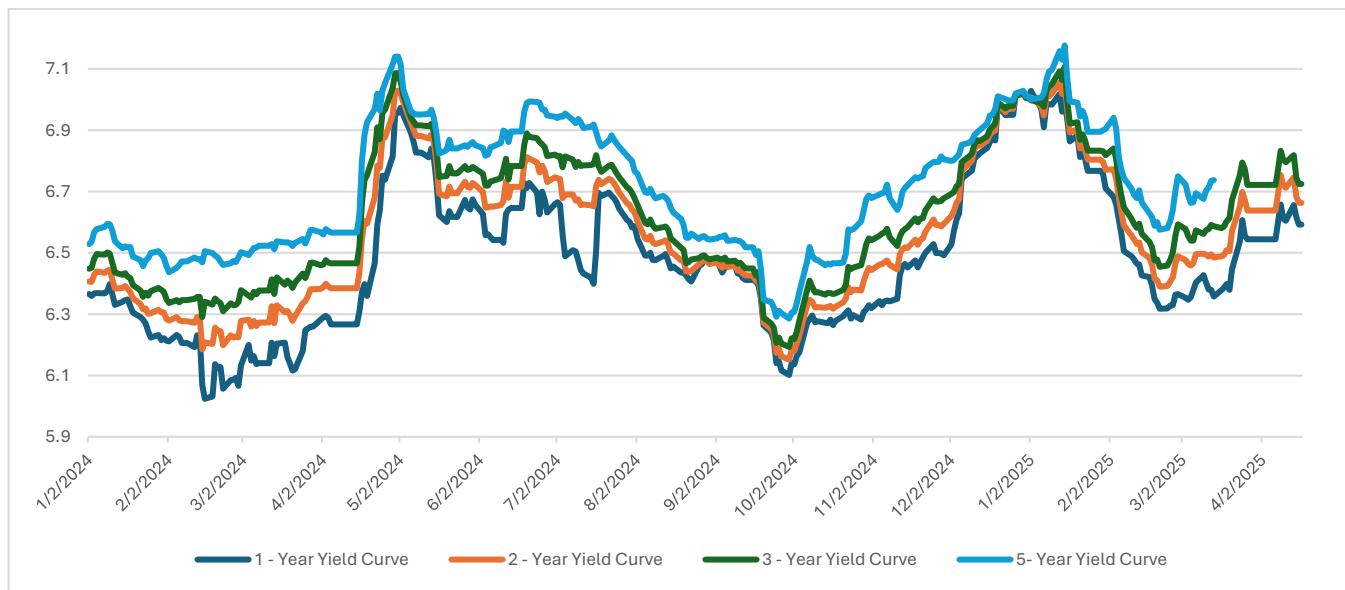


Exhibit 4.3 Indonesia Stock Market & Survivor

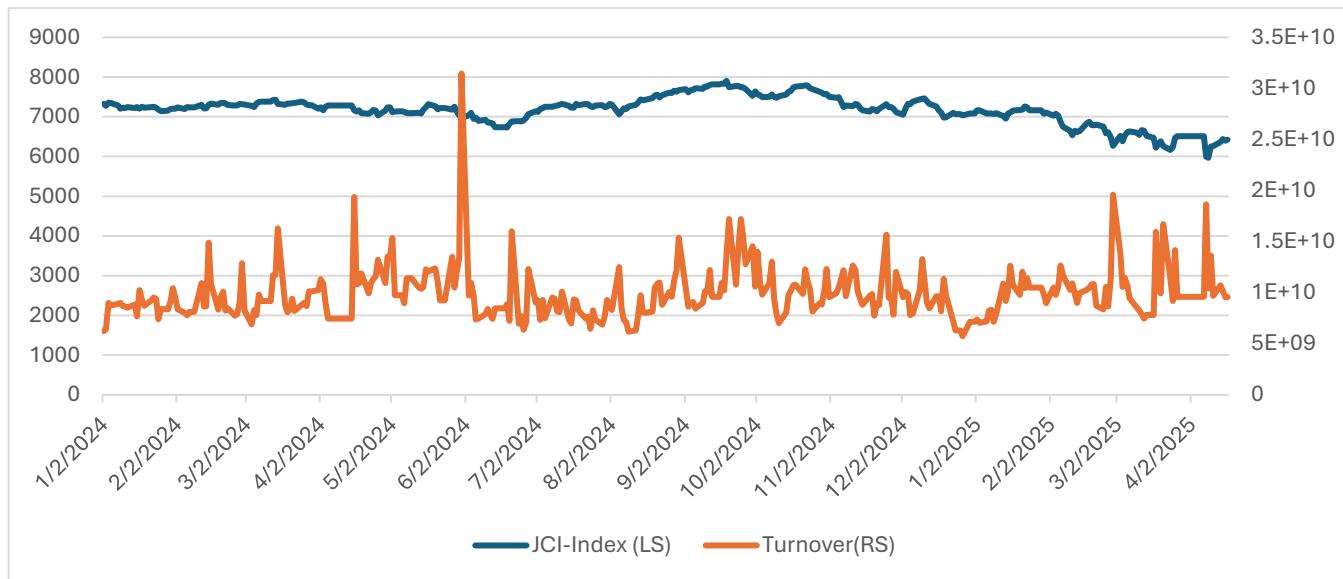
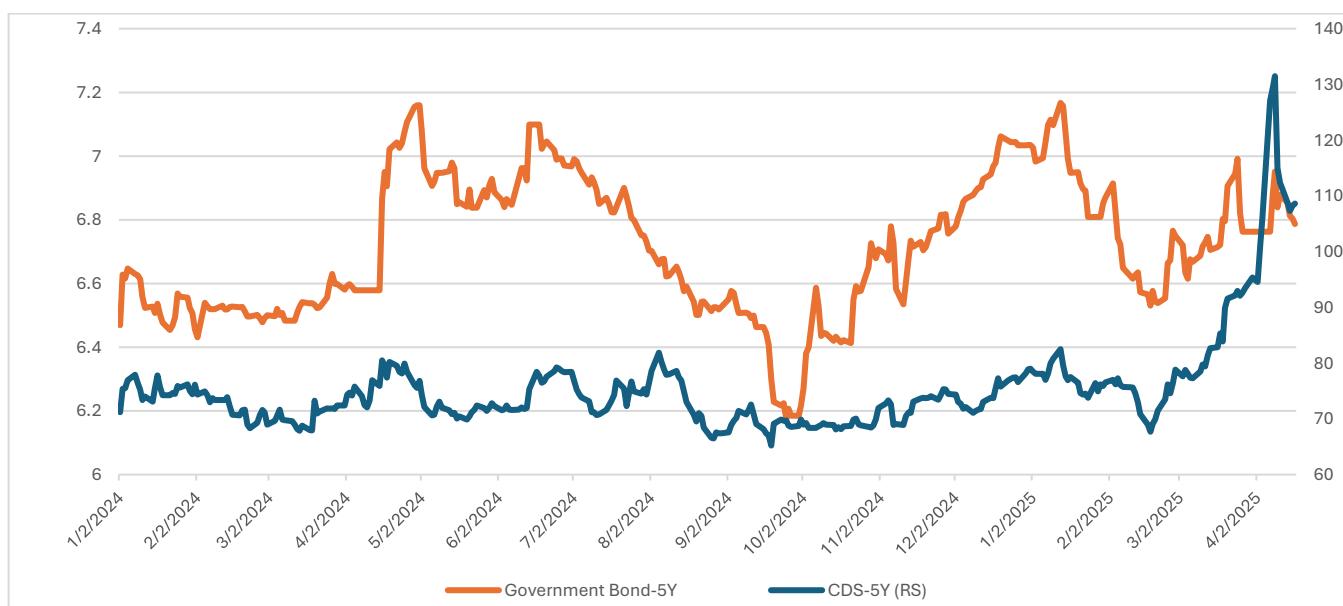


Exhibit 4.4 Indonesia CDS & Government Bond 5Y



FOOTNOTES AND REFERENCES

All of data sources: CEIC, Bloomberg, BI, and Various source

The conversion rate from US dollars to the local currency unit is shown by the exchange rates that are used, which stated as USD/LCU

The stock market indexes being taken into account are the S&P 500 (US), Jakarta Composite Index (JCI), FTSE 100 (UKX), Nikkei 225 (NKKY), and Hang Seng Index (HIS) which serve as regional benchmarks.

Ten-year US Treasury bill yield differential and Indonesian Government Bond denominated in USD serve as a proxy for Indonesia's sovereign risk.

The oil prices listed are based on the NYMEX current month futures price.

The natural gas prices listed are based on the NYMEX current month futures price.

The coal prices listed are based on the ICE Newcastle current month futures price.

A higher turnover index in the stock market typically indicates a higher level of trading activity.

Indonesia Financial Group (IFG)

Indonesia Financial Group (IFG) adalah BUMN Holding Perasuransian dan Penjaminan yang beranggotakan PT Asuransi Kerugian Jasa Raharja, PT Jaminan Kredit Indonesia (Jamkrindo), PT Asuransi Kredit Indonesia (Askrindo), PT Jasa Asuransi Indonesia (Jasindo), PT Bahana Sekuritas, PT Bahana TCW Investment Management, PT Bahana Artha Ventura, PT Bahana Kapital Investa, PT Graha Niaga Tata Utama, dan PT Asuransi Jiwa IFG. IFG merupakan holding yang dibentuk untuk berperan dalam pembangunan nasional melalui pengembangan industri keuangan lengkap dan inovatif melalui layanan investasi, perasuransian dan penjaminan. IFG berkomitmen menghadirkan perubahan di bidang keuangan khususnya asuransi, investasi, dan penjaminan yang akuntabel, prudent, dan transparan dengan tata kelola perusahaan yang baik dan penuh integritas. Semangat kolaboratif dengan tata kelola perusahaan yang transparan menjadi landasan IFG dalam bergerak untuk menjadi penyedia jasa asuransi, penjaminan, investasi yang terdepan, terpercaya, dan terintegrasi. IFG adalah masa depan industri keuangan di Indonesia. Saatnya maju bersama IFG sebagai motor penggerak ekosistem yang inklusif dan berkelanjutan.

Indonesia Financial Group (IFG) Progress

The Indonesia Financial Group (IFG) Progress adalah sebuah Think Tank terkemuka yang didirikan oleh Indonesia Financial Group sebagai sumber penghasil pemikiran-pemikiran progresif untuk memangku kebijakan, akademisi, maupun pelaku industri dalam memajukan industri jasa Keuangan.