Macroeconomic Monitor

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HIGHLIGHTS

March 2025

The US Services PMI dropped to 51.0 in February 2025 from January 2025's 52.9, above the flash estimate of 49.7 yet below expectations of 53, signalling the slowest growth in services sector since November 2023. The US annual inflation rate eased to 2.8% YoY. While the consumer price index (CPI) has seen a marked decline from the pandemic-era peak of 9.1% in June 2022. Despite this significant pullback, inflation remains above the Federal Reserve's long-term target of 2%. At March 2025 meeting, the Federal Reserve held the federal funds rate steady at 4.25%–4.5%, extending the pause in its rate-cut cycle that began in January 2025.

In January 2025, the Euro Area's seasonally adjusted unemployment rate held at 6.2%, unchanged from December 2024 and down from 6.5% in January 2024. The overall EU unemployment rate was slightly lower at 5.8%, reflecting continued improvements in labor market conditions. Furthermore, in February 2025, the Euro Area's annual inflation eased to 2.4% YoY, from 2.5% in the previous month. This overall deceleration was largely due to slower price increases in the services and energy sectors.

China's automotive sector showed modest but encouraging growth, with overall car sales increasing by 1.3% compared to the same period last year. Retail activity continued its gradual recovery as well, with year-to-date retail sales rising by 4.0% YoY over the first two months—surpassing market expectations and marking an improvement from the 3.5% YoY growth seen in 2024. However, the property sector remains a drag on overall growth, as new and existing home prices recorded modest declines of -0.14% and -0.34% respectively in February 2025.

Indonesia's headline CPI inflation turned negative in February 2025, falling 0.09% year-on-year, the first annual deflation since March 2000. Moreover, in January–February 2025, the state budget recorded a Rp 31.2 trillion deficit, a reversal from a surplus in the same period the year before. State revenues were down 20.8% YoY due to declines in commodity-related earnings. On the other hand the Retail Sales Index (RSI) ticked up to 213.2, rising 0.8% MoM in February 2025 as consumer activity picked up ahead of Ramadan.

RECENT ECONOMIC DEVELOPMENT : GLOBAL MARKET

Recent economic development : global market

United States

MANUFACTURING SECTOR

In February 2025, the US Manufacturing PMI jumped to 52.7, comfortably surpassing the preliminary estimate of 51.6 and marking a 1.5-point rise from previous month's 51.2. This increase not only signalled the second consecutive month of expansion—the strongest growth seen since June 2022—but also highlighted the sector's robust performance, with output growing at its fastest pace since May 2022 and new orders surging at the quickest rate in a year. However, some of the momentum appears to be fuelled by forward buying as market participants brace for potential price hikes and supply disruptions driven by anticipated tariff impositions. During this period, ten industries, include Petroleum and Coal Products, Miscellaneous Manufacturing, and Primary Metals, recorded growth. Conversely, some sectors, such as Furniture and Related Products, Textile Mills, and Non-metallic Mineral Products, reported contractions.

SERVICES SECTOR

In February 2025, the US Services PMI dropped to 51.0 from January's 52.9—above the flash estimate of 49.7 yet below expectations of 53—signalling the slowest growth in services sector since November 2023. The slowdown is largely attributed to lower new business activity, driven by uncertainties around government policies and trade tariffs that have dampened both domestic and export demand. As a result, companies have begun cutting headcounts for the first time in three months, and overall business sentiment has fallen to its lowest since September 2024. Despite these headwinds, firms remain cautiously optimistic about a rebound over the next year, with some hopeful that President Trump's new administration will soon improve the business climate.

LABOR MARKET

In February 2025, the US labor market exhibited a mixed yet broadly balanced picture. The addition of 151,000 jobs, while slightly below the consensus expectation of 160,000, aligns closely with the 12-month average of 168,000, suggesting that employment gains remain within a sustainable range. The uptick in the unemployment rate—from 4.0% to 4.1%—likely reflects a combination of a slight deceleration in job growth and minor shifts in labor force participation, which itself dipped modestly from 62.6% to 62.4%. This small decline in participation remains consistent with recent trends and indicates that the overall pool of available workers has not changed dramatically.

Notably, sector-specific dynamics reveal that job creation has been robust in key areas such as health care, finance, and construction, underscoring the resilience and continued expansion in these segments of the economy. Government employment saw a net gain of 11,000 jobs, even though there was a decline at the federal level of 10,000 jobs. This suggests a compensatory effect from state and local governments, which may be responding to increased fiscal pressures or targeted local initiatives.

Moreover, wage growth appears to be steady and supportive of consumer spending, with average hourly earnings rising by 0.3% month-over-month (MoM) and 4% on a year-over-year (YoY) basis. This level of wage inflation not only reinforces the labor market's resilience but also helps underpin domestic demand, even as broader economic uncertainties persist. Overall, while the downward revision in the three-month average of job gains—from 236,000 in January to 200,000—signals some caution, the continued wage growth and sector-specific gains suggest that the underlying strength of the labor market remains intact. Moving forward, policymakers and market participants will need to closely monitor these trends, particularly in the context of evolving fiscal policies and external economic pressures that could impact future employment and wage trajectories.

In February 2025, The U.S. Manufacturing PMI rose to **52.7** and CPI inflation fell to **2.8%,** but unemployment increase to **4.1%.** The Fed held rates at **4.25%-4.5%,** citing upcoming inflation risks.

INFLATION

In February 2025, the U.S. annual inflation rate eased to 2.8% YoY, down from 3.0% YoY in January 2025 and slightly under forecasts of 2.9% YoY. This deceleration comes after energy costs, which had risen 1% in January—the first increase in six months—declined by 0.2% year-on-year in February. Within the energy sector, gasoline prices fell more sharply (down 3.1% compared to a 0.2% drop previously) and fuel oil continued its decline (down 5.1% versus 5.3%), while natural gas prices surged, increasing 6% year-on-year compared to 4.9% in January. Other components also contributed to the easing trend: shelter inflation moderated to 4.2% from 4.4%, used cars and trucks fell to 0.8% from 1%, and transportation inflation decelerated to 6% from 8%, with new vehicle prices continuing their decline at -0.3%. In contrast, food prices saw a slight acceleration, rising 2.6% compared to 2.5% the previous month.

The consumer price index (CPI) has seen a marked decline from the pandemic-era peak of 9.1% in June 2022. Despite this significant pullback, inflation remains above the Federal Reserve's long-term target of 2%. The ongoing moderation in both headline and core inflation suggest that price pressures are easing, which could potentially create a more favorable environment for monetary policy adjustments in the near future. However, with inflation still running above the Fed's target, policymakers are likely to remain cautious, balancing the need to support economic growth while ensuring that inflation expectations remain well-anchored.

RETAIL SALES

In February 2025, U.S. retail sales (excluding automobiles and gasoline) declined by 0.22% on a monthly, seasonally adjusted basis, yet they still registered a 2.3% year-over-year increase. This modest dip reflects the mounting headwinds from rising tariff concerns, particularly after President Trump's announcement of heightened tariffs on goods from China, Canada, and Mexico. Harsh winter weather and diminishing consumer confidence—evidenced by the drop in the University of Michigan's sentiment index—further compounded the slowdown. Despite these challenges, core retail sales also slipped by 0.22% month-over-month but maintained a healthy 4.11% annual growth, underscoring that, even under pressure, underlying demand remains resilient, and the economy continues to show strong fundamentals.

Sectoral analysis reveals a mixed picture of consumer behavior amid ongoing uncertainty. Online and non-store sales saw a modest monthly gain of 0.46% (seasonally adjusted) and a striking 36.51% jump year-over-year, highlighting the growing importance of e-commerce channels in the retail landscape. In contrast, traditional sectors such as clothing and accessories experienced a 0.78% monthly decline, though they still posted a 3.75% annual increase. Grocery and beverage sales grew by 4.08%, indicating steady consumer spending on both necessities and discretionary items. Electronics and appliance sales were virtually unchanged, declining by a marginal 0.06%, while building and garden supply sales dropped by 3.34% and furniture and home furnishings sales declined by 3.67%. Additionally, sporting goods, hobby, music, and book sales grew by 3.57%, showing some resilience in select discretionary areas despite overall cautious consumer sentiment amid tariff uncertainties and broader economic pressures. Overall, while tariffs and external uncertainties weigh on near-term monthly figures, robust year-over-year gains across core sectors signal enduring consumer demand and a gradually stabilizing retail environment.

THE FEDERAL OPEN MARKET COMMITTEE (FOMC) MINUTES

At its March 2025 meeting, the Federal Reserve held the federal funds rate steady at 4.25%–4.5%, maintaining a wait-and-see approach amid rising economic uncertainty. This decision extends the pause in its rate-cut cycle that began in January 2025, in line with previous guidance. While policymakers remain committed to lowering interest rates by 50 basis points in 2025, as projected in December 2024, they acknowledge that evolving macroeconomic conditions warrant a cautious stance.

The Fed's updated economic projections reflect a more subdued growth outlook. GDP growth for 2025 was revised downward to 1.7% from 2.1%, with further downward adjustments for 2026 and 2027. Meanwhile, inflation remains sticky, with core PCE inflation now expected to reach 2.8% in 2025, up from the prior 2.5% estimate, as persistent service-sector inflation and the impact of recent trade policy measures exert upward pressure on prices.

In a shift toward a more measured policy approach, the Fed announced it will slow the pace of quantitative tightening by reducing the monthly cap on Treasury runoff from $25 billion to $5 billion starting in April 2025. This move signals an effort to harmonise inflation management with financial stability, ensuring that liquidity conditions remain supportive while the Fed assesses the trajectory of inflation and growth.

Euro Zone

UNEMPLOYMENT RATE

In January 2025, the Euro Area's seasonally adjusted unemployment rate held at 6.2%, unchanged from December 2024 and down from 6.5% in January 2024. The overall EU unemployment rate was slightly lower at 5.8%, reflecting continued improvements in labor market conditions since the record low of 6.2% reached in October 2024, compared to a historical average of 9.24% from 1995 to 2025.

Among key economies, Spain reported the highest unemployment rate at 10.4%, followed by Sweden at 8.9% and Greece at 8.7%, while Poland maintained strong performance with an impressively low rate of 2.6%.

CONSUMER CONFIDENCE INDEX

In February 2025, the consumer confidence indicator in the Euro Area climbed by 0.6 points from the previous month to -13.6. Consumers' expectations about the general economic situation in their country improved slightly, the highest level in four months and in line with preliminary estimates. In the broader EU, consumer sentiment improved by 0.4 points, reaching -12.9, as households became less pessimistic about the general economic outlook and showed increased readiness to make major purchases. Despite these gains, perceptions regarding both expected and past financial situations remained essentially unchanged.

Notably, the improvement in confidence was driven by a more optimistic view of the overall economic environment and stronger purchase intentions. At the country level, Belgium and Romania led the gains, with consumer confidence rising by 4.1 and 3.3 points respectively, reflecting localized boosts amid the broader regional recovery.

INFLATION

In February 2025, the Euro Area's annual inflation eased to 2.4% YoY, down from 2.5% YoY in January 2025, though it still slightly exceeded market forecasts of 2.3% YoY. This overall deceleration was largely due to slower price increases in the services and energy sectors—with service inflation falling to 3.7% YoY in February 2025 from 3.9% YoY in the previous month, and energy inflation dropping sharply to 0.2% YoY compared to 1.9% YoY in the previous month. However, inflation pressures were evident in other areas, as unprocessed food prices surged to 3.1% YoY in February 2025 from 1.4% YoY in previous month and non-energy industrial goods climbed modestly from 0.5% YoY in January 2025 to YoY 0.6% in the following month. Core inflation, which excludes the volatile food and energy segments, eased to 2.6% YoY in February 2025—just above the 2.5% forecast but still marking its lowest level since January 2022. This mixed picture indicates that while overall disinflation is taking hold, specific sectors continue to experience upward price pressures, suggesting that policymakers need to remain attentive to potential supply constraints or demand shifts that could influence future inflation trends.

MANUFACTURING SECTOR

In February 2025, the Eurozone Manufacturing PMI climbed to 47.6—still below the 50 threshold, confirming that the sector remains in contraction, but the recovery signs are promising with the mildest decline recorded since early 2023. Key economies such as Germany, France, Italy, and Austria witnessed a slower rate of decline, suggesting that established industrial bases are experiencing less stress, while the Netherlands managed to stabilize after seven consecutive months of contraction, and Ireland even reported an expansion in factory activity. However, the overall picture remains mixed, as Spain saw factory activity contract for the first time in over a year, highlighting uneven performance across the region.

Furthermore, manufacturing output fell at its slowest pace in nine months, and new orders declined at the gentlest rate in nearly three years, signaling that demand pressures are easing. Overall, while the PMI remains below 50 and indicates contraction, the slower pace of decline and improvements in output and orders suggest that the manufacturing sector may be on the verge of a stabilization phase, albeit with cautious sentiment given the ongoing challenges such as labor shedding and cost pressures.

SERVICES SECTOR

In February 2025, the Eurozone Services PMI was slightly revised to 50.6, down 0.7-points from 51.3 in January, marking a third straight month of expansion, though at a slower pace. New orders fell for the first time since November as weaker demand from non-domestic customers drove the decline—the mildest drop in seven months—while increased activity helped clear backlogs at the fastest pace in over a year. Despite persistent cost pressures, with input costs remaining at a nine-month high and output prices surging, the sector kept adding jobs, underscoring its ongoing resilience.

China

GROSS DOMESTIC PRODUCT (GDP)

In the first two months of 2025, key economic indicators in China provided insights into the potential trajectory of GDP growth for the first quarter. In the first two months of 2025, China's automotive sector showed modest but encouraging growth, with overall car sales increasing by 1.3% compared to the same period last year. Notably, passenger vehicle sales in February 2025 surged 26.1% year-over-year, reaching 1.41 million units, spurred by an expanded customer subsidy program and intensified competition in the smart electric vehicle segment. Retail activity continued its gradual recovery as well, with year-to-date retail sales rising by 4.0% YoY over the first two months—surpassing market expectations and marking an improvement from the 3.5% YoY growth seen in 2024. This acceleration in consumer spending underscores a steady, albeit cautious, rebound in domestic demand, which is critical for sustaining economic momentum amidst various headwinds.

On the property front, the sector remains a drag on overall growth, as new and existing home prices recorded modest declines of -0.14% and -0.34% respectively in February 2025. While overall prices are down by 9.8% for new homes and 16.9% for existing homes from their peaks, the pace of decline has notably slowed in recent months. At the annual parliamentary session, Chinese leaders reaffirmed their commitment to bolstering domestic consumption, announcing robust fiscal and monetary measures—including an allocation of 300 billion yuan ($41.5 billion) to expand the consumer goods trade-in scheme for electric vehicles, appliances, and more—to support economic recovery over the long term.

INFLATION

In February 2025, China's consumer price index (CPI) recorded a notable decline to -0.7% year-over-year, reversing previous month's 0.5% rise. This marks the first instance of consumer deflation since January 2024, reflecting a slowdown in seasonal demand following the Spring Festival, which took place in January this year. The decline was led by food prices, which plunged by -3.3%—a significant shift from the 0.4% increase observed in January 2025. This drop was primarily driven by a steep fall in fresh vegetable costs, which tumbled by -12.6% compared to a 2.4% rise the previous month, along with a marked deceleration in pork prices, which slowed to 4.1% from a robust 13.8%.

Non-food prices also contributed to the overall deflation, albeit modestly, with a 0.1% decline compared to a 0.5% increase in January. Gains in sectors such as housing and healthcare were largely offset by declines in education and transport, which dropped by 0.5% and 2.5% respectively. Core inflation, which excludes the volatile food and fuel components, also fell by 0.1% in February 2025, a stark contrast to the 0.6% rise in January 2025, reinforcing the deflationary trend. On a monthly basis, the CPI dropped 0.2%, marking the first monthly decline since November 2024 and exceeding the consensus expectation of a 0.1% fall, underscoring the persistent downward pressure on consumer prices amid broader economic uncertainties.

Meanwhile, producer prices remained under pressure, as the Producer Price Index (PPI) contracted by -2.2% year-over-year, marking the 29th straight month of factory gate deflation. This persistent decline signals ongoing weakness in the industrial sector, exacerbated by global trade concerns and tariff-related uncertainties. The continued contraction reflects lingering weak demand amid the Lunar New Year holiday in late January. Despite Beijing's ongoing efforts to stimulate demand, the industrial sector remains under pressure, with analysts closely monitoring potential policy responses to support price stability and economic recovery.

This deflationary trend is concerning because falling prices can dampen consumer spending, as people delay purchases in anticipation of even lower prices—a dynamic that can further weaken consumption, a vital component of economic growth.

China's GDP showed signs of recovery as vehicle sales **up 26.1%** YoY in February, combined with the acceleration of manufacturing and services PMI. However, CPI and PPI decline to deflation territory, contracting **-0.70%,** and **-2.2%** respectively.

MANUFACTURING AND SERVICES SECTOR

In February 2025, China's Manufacturing PMI climbed to 50.8—its highest since November—driven by robust gains in output and new orders, and a rebound in foreign sales. However, employment continued to weaken for the sixth consecutive month and backlogs expanded further, even as delivery times improved post-Spring Festival. Input prices edged up, largely due to rising copper and chemical costs, while output prices fell for the third month, nudging business confidence closer to its long-run average.

Meanwhile, China's Services PMI unexpectedly advanced to 51.4, exceeding market forecasts. This rebound was supported by a modest uptick in new business and a second month of higher foreign sales, reaching a three-month high. Employment showed a slight recovery following previous declines, and falling input prices—driven by reduced market demand and lower raw material costs—allowed firms to lower selling prices through promotional discounts. Overall sentiment improved to a three-month high, reflecting growing optimism about enhanced market demand and better economic conditions ahead.

RECENT ECONOMIC DEVELOPMENT : DOMESTIC MARKET

Recent economic development : domestic market

ECONOMIC GROWTH

The Organisation for Economic Co-operation and Development (OECD) has cut its projection for Indonesia's economic growth to 4.9% in 2025. This projection is lower than the previous estimate of 5.2%. The projection is stated in the OECD Economic Outlook, Interim Report March 2025: Steering through Uncertainty. Furthermore, the OECD estimates that Indonesia's economic growth in 2026 will be more moderate at 5%, although down from the previous period's projection of 5.1%. The OECD said that not only Indonesia, economic growth in developing G20 member countries in general is projected to slow down.

INFLATION

Indonesia experienced extraordinarily low inflation in early 2025. Headline CPI inflation turned negative in February 2025, falling 0.09% year-on-year, the first annual deflation since March 2000. This unusual drop was largely policy-driven: the government provided a 50% discount on electricity tariffs for Jan–Feb 2025, sharply reducing household utility costs. In January, inflation was already only +0.76% YoY, and by February the electricity subsidy pushed prices below year-ago levels. Lower food prices (with improved rice and chili supply) also contributed to the downturn. Underlying price pressures remain more normal – core inflation ticked up to 2.48% YoY in February 2025 (from 2.36% in January 2025) even as the headline index dipped. Notably, inflation is well below BI's target range of 1.5–3.5%, reflecting these temporary interventions. Looking ahead, inflation is expected to climb back into positive territory from March 2025 as the electricity discounts end. However, the government have introduced new discounts on select items (e.g. airfare and toll roads during Ramadan) to keep price pressures muted. Overall, Indonesia's inflation outlook for 2025 remains benign, with price stability bolstered by coordinated monetary-fiscal measures.

CPI fell to disflation on an annual basis for the first time since March 2000 to -**0.09%** in February 2025. Looking ahead, inflation is expected to climb back into positive territory from March 2025 as the electricity discounts end and Ramadan spending effect.

WHOLESALE PRICE INDEX (WPI)

Wholesale price trends have moderated alongside consumer inflation. In February 2025, Indonesia's National Wholesale Price Index rose 1.30% YoY, decelerating from the 2.11% annual increase recorded in January 2025. The Metal Products, Machinery, and Equipment category led the gains, up 2.42% YoY – reflecting higher costs for commodities and equipment such as palm oil, cooking oil, clove cigarettes, and motorcycles. Other industrial inputs saw more modest inflation: for example, the WPI for Construction Materials increased only 0.83% YoY in February, with price upticks noted in cement, timber, asphalt, gabion wire, and floor tiles. On a monthly basis, wholesale prices were nearly flat (+0.13% from Jan 2025 to Feb 2025), indicating fairly stable input costs overall. The year-to-date WPI inflation as of February 2025 stood at 0.94%, tracking the broader easing of price pressures in the economy. These wholesale price movements suggest that supply-chain cost pressures remain contained.

PURCHASING MANAGER INDEX (PMI)

Indonesia's manufacturing sector showed accelerating expansion in early 2025. The Manufacturing PMI jumped to 53.6 in February 2025, up from 51.9 in January 2025, marking an 11-month high and signaling the strongest factory growth in nearly a year. This PMI level was the highest in ASEAN, reflecting Indonesia's outperformance of regional peers. Indonesia's robust PMI reading was driven by rising output and new orders as domestic demand remained solid. Business sentiment is optimistic that momentum will continue, especially with expected demand boosts during the Ramadan–Eid period. Cost conditions were manageable despite some imported inflation from a stronger US dollar. Overall, the February PMI surge underscores Indonesia's manufacturing resilience, supported by a large domestic market and policy measures. Going forward, the sector looks poised to remain in expansion as long as external conditions do not deteriorate sharply.

CONSUMER CONFIDENCE INDEX

In February 2025, the Consumer Confidence Index (CCI) came in at 126.4, down just a touch from 127.2 in January 2025. This level indicates that optimism about economic conditions is still strong among consumers. The Present Situation Index rose to 114.2 in February 2025 as perceptions of the current economy and job availability improved. In contrast, the Expectations Index eased to 138.7, suggesting that while consumers remain highly optimistic, their outlook for the next six months is slightly less bullish. Supportive factors include low inflation boosting purchasing power and ongoing government social programs. Provided the economy continues to grow steadily and inflation remains under control, consumer sentiment should stay in a relatively high range, which bodes well for domestic spending in 2025.

RETAIL SALES INDEX

After a year-end surge and a brief pullback, Indonesia's retail spending is normalizing to a growth path. Moving into February 2025, the Retail Sales Index (RSI) ticked up to 213.2, rising 0.8% MoM as consumer activity picked up ahead of Ramadan. Certain categories saw notable improvements in February: information & communication equipment, clothing, and motor vehicle fuel sales all climbed. However, on a year-on-year basis, February retail sales were 0.5% lower than Feb 2024, largely due to base effects from last year's Lunar New Year boost. Looking forward, retailers expect an upswing in demand in March–April 2025 as Ramadan and Eid al-Fitr stimulate spending.

STATE BUDGET

The 2025 State Budget reflects a balanced fiscal strategy. Parliament approved Rp 3,621.3 trillion in expenditures against Rp 3,005.1 trillion in revenues, which equates to a projected deficit of Rp 616.2 trillion or 2.53% of GDP. To meet the revenue target, the government is relying on improvements in tax administration and steady economic growth. Early 2025 data showed some challenges: in January–February 2025, the state budget recorded a Rp 31.2 trillion deficit, a reversal from a surplus in the same period the year before. Revenues were down 20.8% YoY due to declines in commodity-related earnings, but the government is adjusting spending to keep the deficit within target.

TRADE BALANCE

Indonesia's trade balance reached a surplus of US$3.12 billion as of February 2025. Thus, Indonesia has recorded a surplus for 58 consecutive months since May 2020. The trade balance surplus was supported by non-oil and gas commodities of US$4.84 billion. Indonesia's export performance was recorded to have grown by 14.05% annually with a value reaching US$21.98 billion in February 2025. Meanwhile, on a monthly basis, the export value grew by 2.58% month to month (MtM) contributed by the non-oil and gas export value increasing by 2.29% MtM with a value reaching US$20.84 billion.

MONETARY POLICY

Bank Indonesia (BI) navigated a challenging monetary landscape in early 2025, balancing growth support and currency stability. In January 2025, BI cut its benchmark 7-Day Reverse Repo Rate by 25 basis points to 5.75% in response to subdued inflation and slowing external demand. However, it held the rate steady in February and March 2025 to curb capital outflows and support the rupiah amid global financial volatility. Foreign investors have sold off Indonesian equities for six consecutive months, totaling outflows of around $3.8 billion since October 2024 to February 2025. This pressure prompted BI to prioritize exchange rate stability over further easing. Rather than cutting rates again, BI opted to intervene in the FX market, enhanced macroprudential liquidity support, and extended loan incentives to key sectors. Governor Perry Warjiyo emphasized that future rate cuts remain on the table if global volatility eases and inflation remains low, but for now BI's stance is one of cautious vigilance.

POSITION OF MONETARY OPERATION

Bank Indonesia has maintained its strategy of using market-based monetary operations to manage liquidity and support the rupiah. As of mid-March 2025, the outstanding volume of Bank Indonesia Rupiah Securities (SRBI) reached Rp 892.4 trillion, with foreign ownership accounting for about 26%. BI also issued USD-denominated SVBI and SUVBI instruments, which stood at $2.3 billion and $320 million, respectively. The primary dealer system, introduced in 2024, has helped deepen the bond market and improve monetary transmission. In 2025, BI has already purchased around Rp 70.7 trillion in government securities, mostly through secondary market operations aimed at stabilizing bond yields. Money market rates such as IndONIA have trended lower following the January rate cut, and BI continues to expand instruments to enhance market efficiency and FX liquidity.

FOREIGN EXCHANGE RESERVES

Indonesia's foreign exchange reserves remain at historically high levels, providing a strong buffer against global financial shocks. Reserves stood at USD 154.5 billion in February 2025, slightly down from the record USD 156.1 billion in January 2025, primarily due to debt repayments and FX stabilization efforts. This reserve level is equivalent to 6.6 months of imports or 6.4 months including government external debt payments—well above international adequacy standards. BI credits the resilience to strong trade surpluses, disciplined fiscal policy, and sustained foreign inflows into BI securities. Despite recent capital outflows from equities and bonds, the reserves position ensures Indonesia retains adequate ammunition to smooth exchange rate volatility and meet external obligations.

EXHIBITS

EXHIBIT 1 • INDONESIA MACROECONOMICS INDICATOR

													2024		2025
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Real															
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	0.8	-0.1
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	2.4	2.4
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	52	54
External															
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	4.7	14
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	-2.7	2.3
Foreign Reserves*	USD bn	131	130	126	121	124	125	130	135	134	135	135.1	140	140	
Monetary and Fiscal															
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	5.9	
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			
Fiscal Surplus/Deficit*	% GDP			-2.2			-2.6			-2.7			-2.3		

Source: *CEIC,
**Bloomberg

EXHIBIT 2 • EXCHANGE RATE

Exhibit 2.1 Difference of Spot and Forward IDR

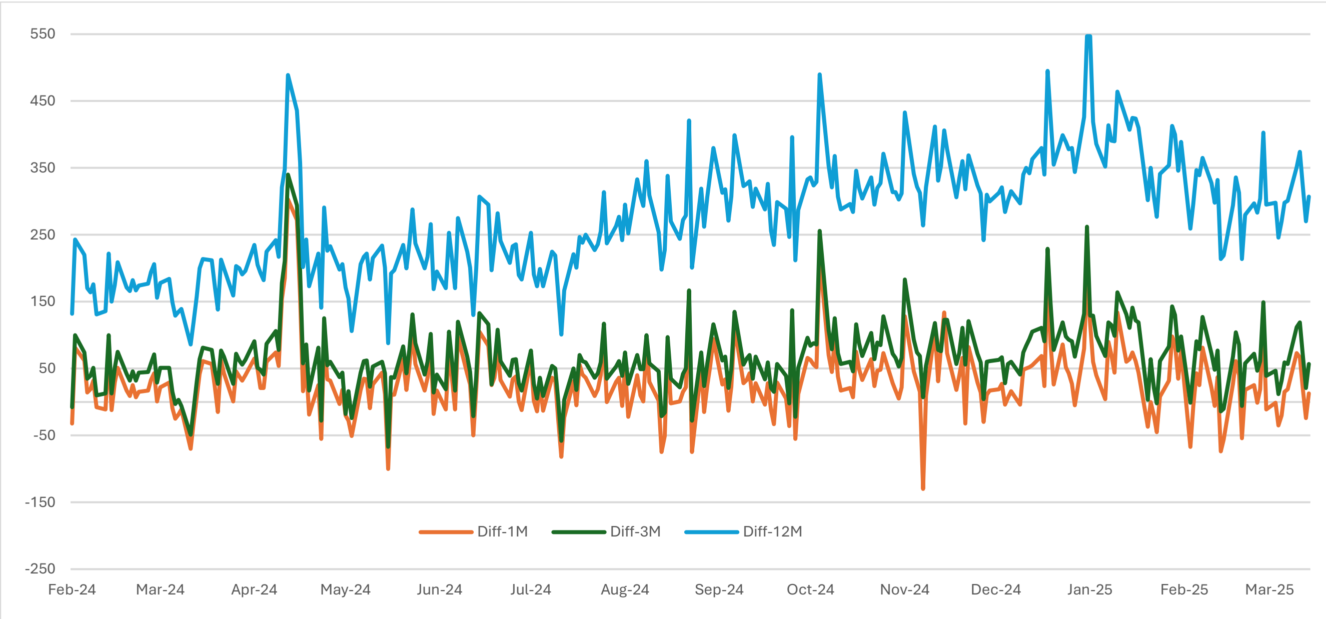

Exhibit 2.2 BI-Rate & Exchange Rate (IDR/USD)

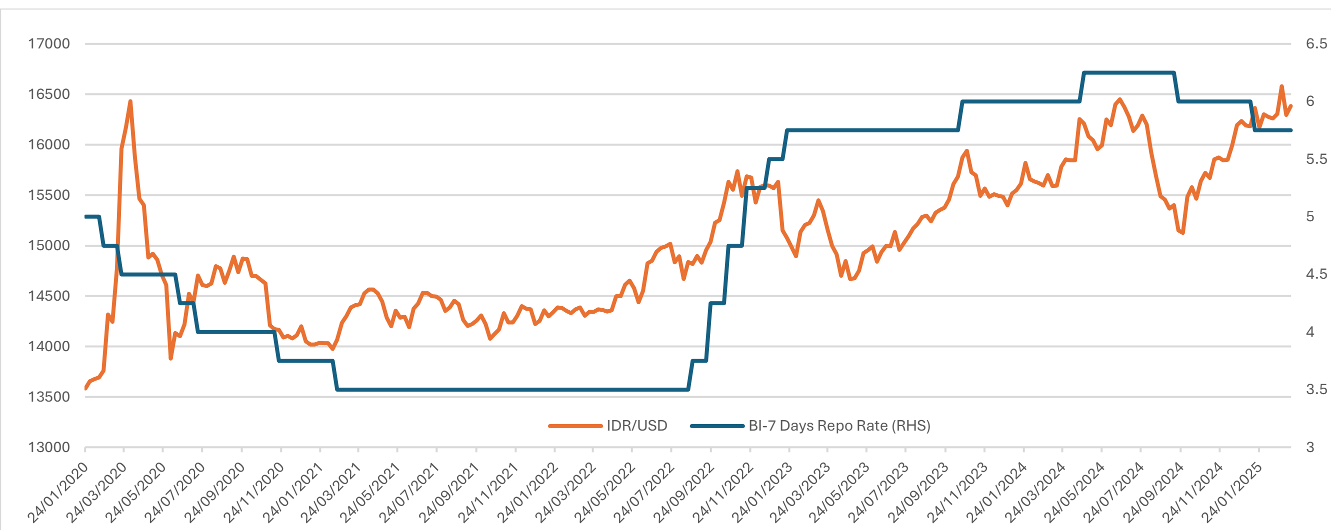

Exhibit 2.3 EM's Exchange Rate Against USD

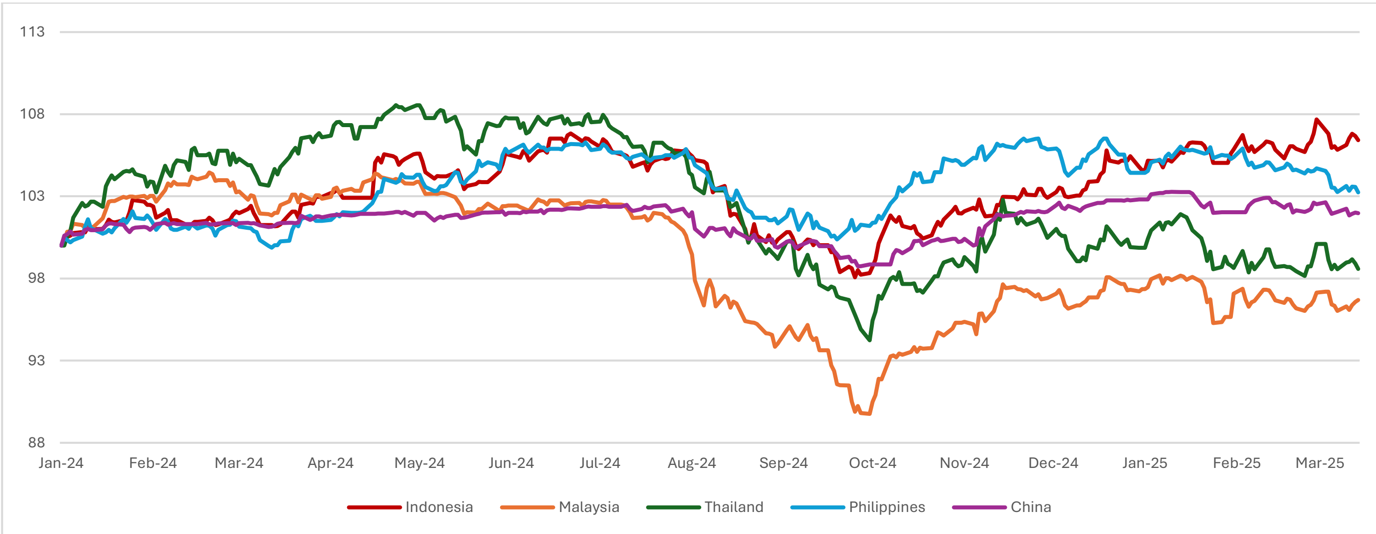

EXHIBIT 3 • INDONESIA'S LIQUIDITY

Exhibit 3.1 JIBOR 1 & 3 M and BI-Rate

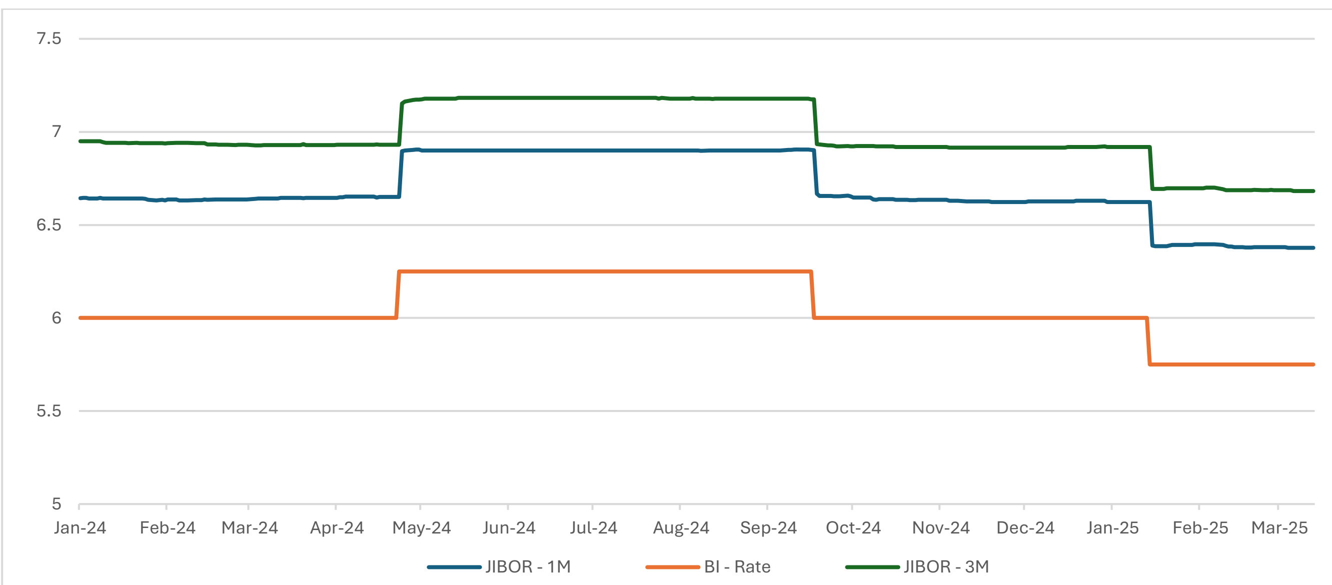

Exhibit 3.2 Monetary Operations of BI

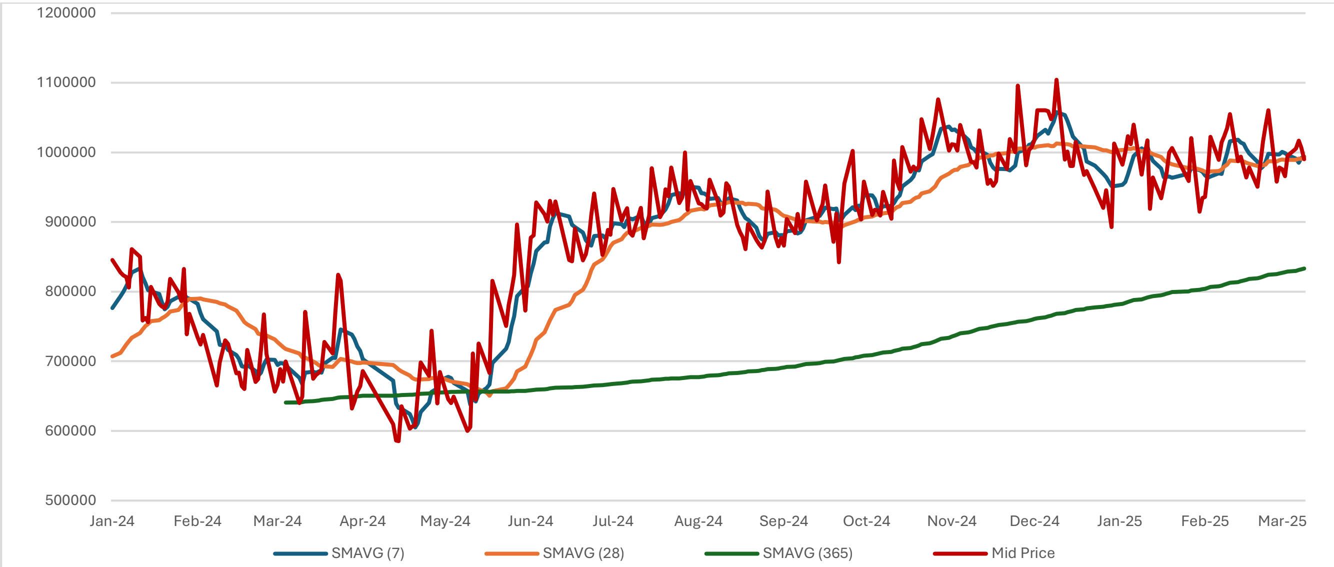

Exhibit 3.3 Indonesia's Net International Reserves USD

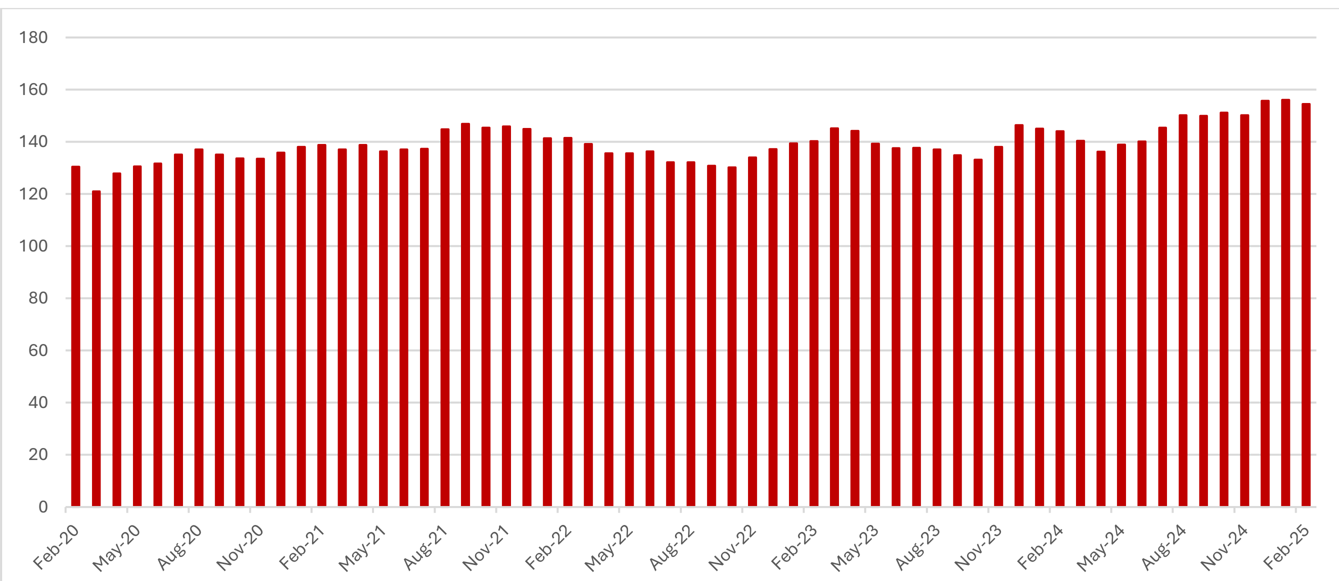

EXHIBIT 4 • FINANCIAL MARKET

Exhibit 4.1 Stock Market Index

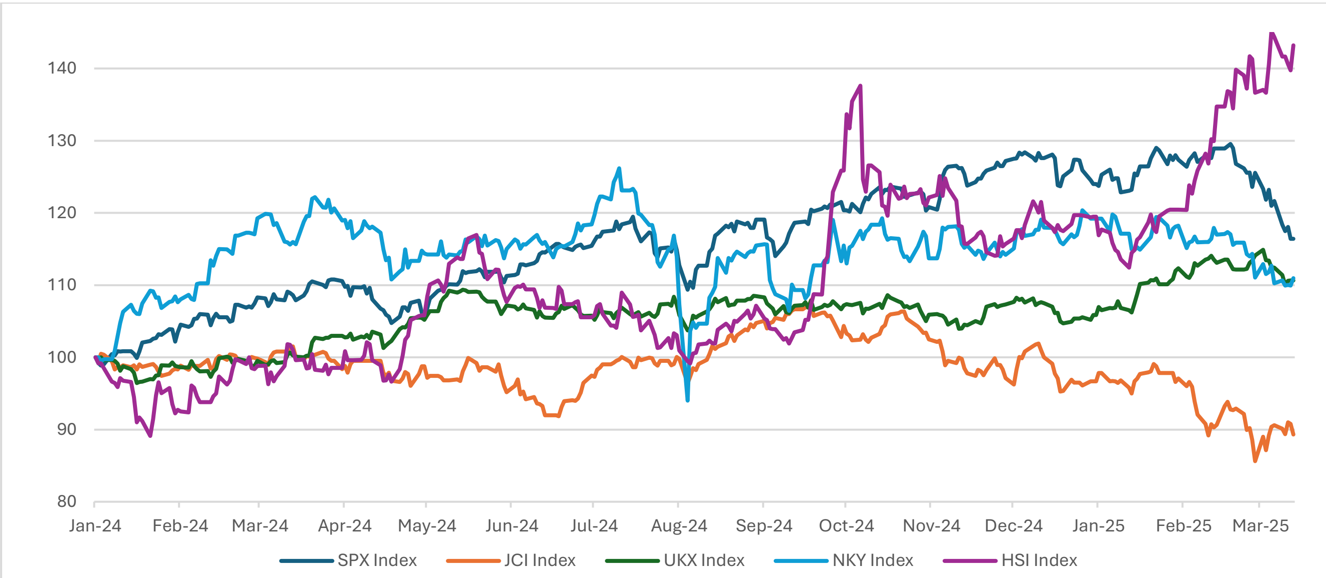

Exhibit 4.2 Indonesia Bond Yield Curve

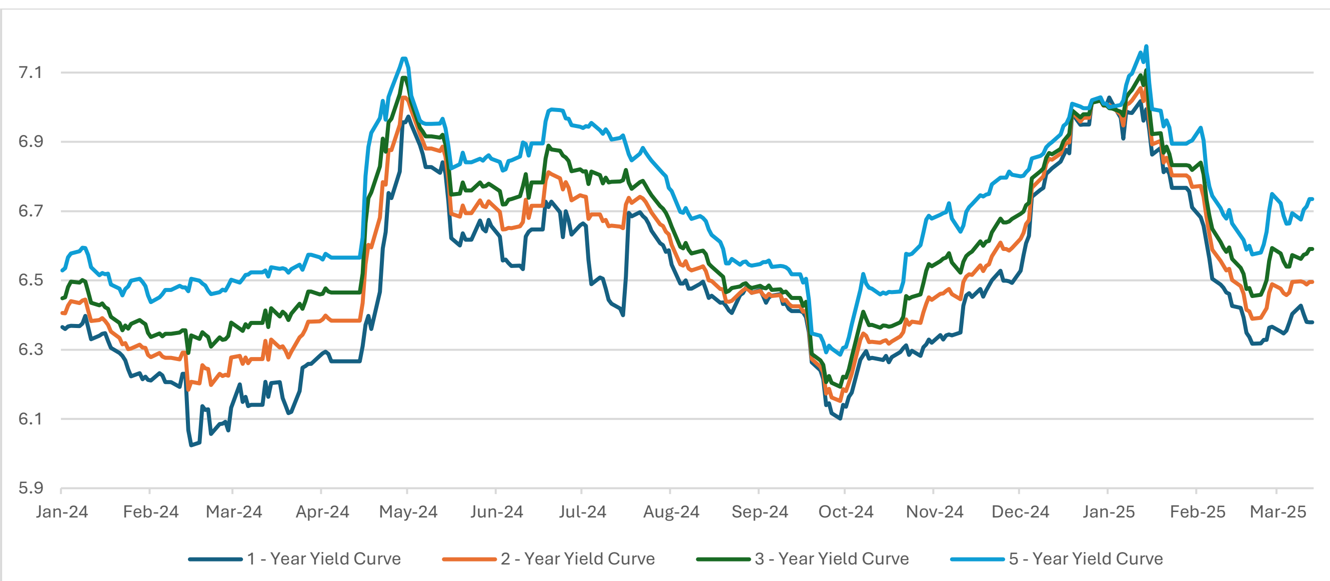

Exhibit 4.3 Indonesia Stock Market & Survivor

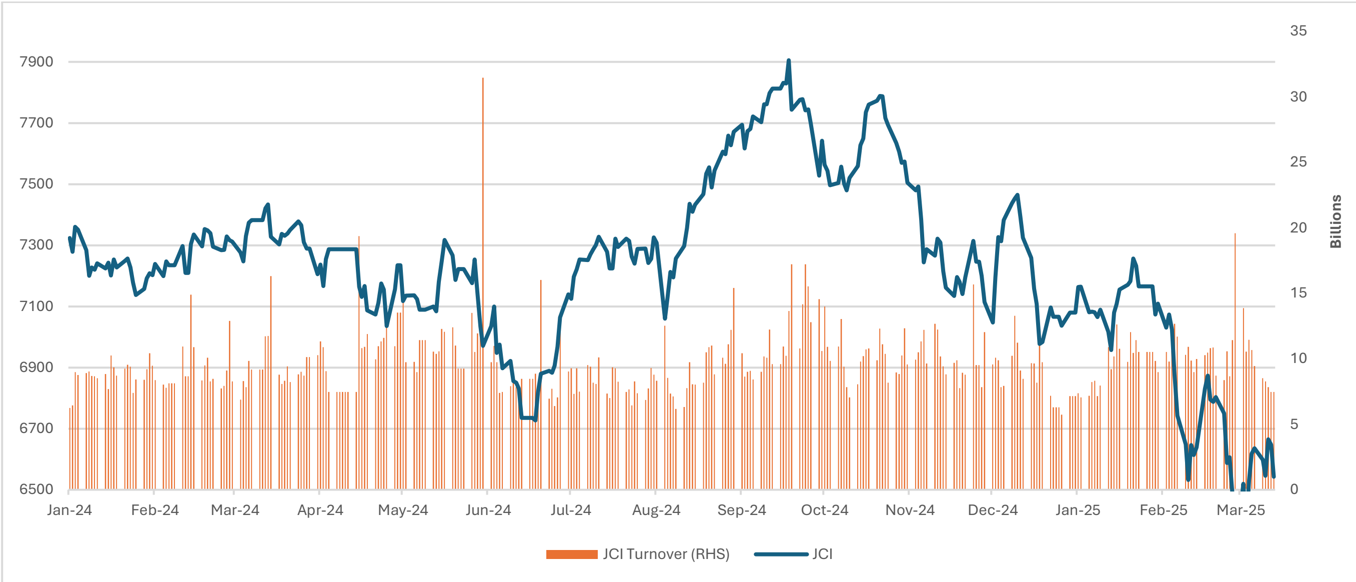

Exhibit 4.4 Indonesia CDS & Government Bond 5Y

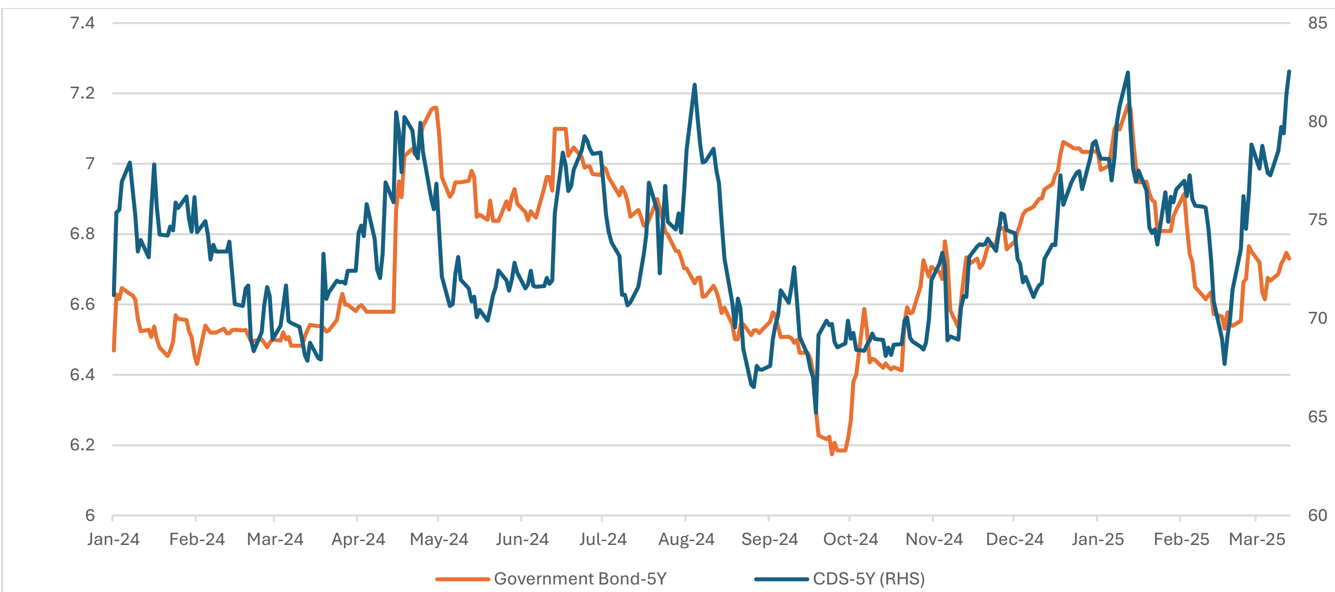

EXHIBIT 5 • Heatmap of IFG Progress Sectoral Healthiness Index (IPSHI) (2022 Q1 = 100)

Sectors	2022q2	2022q3	2022q4	2023q1	2023q2	2023q3	2023q4	2024q1	2024q2	2024q3	2024q4
Agriculture	62	61	54	60	69	62	49	59	71	63	61
Accommodation and Restaurant	63	57	65	64	73	68	74	79	71	76	79
Manufacturing	61	64	66	66	65	72	72	73	76	76	81
Health	68	69	65	70	73	64	66	69	71	69	90
Financial services	98	64	82	74	106	94	62	98	99	99	121
Education	48	46	67	59	78	78	65	60	64	62	82
Construction	65	53	72	62	59	66	65	61	69	72	85
Electricity and Gas	53	60	59	61	67	65	66	71	74	71	83
Trade	65	62	54	66	68	78	66	80	88	88	89
Mining and Quarrying	63	64	73	67	72	76	83	83	84	87	106
Property	58	61	64	64	64	62	66	62	67	66	72
Transportations and Communications	55	58	62	62	69	69	71	74	74	81	90

Source: CEIC, OJK, Central Bank of Indonesia, IFG Progress Analysis

FOOTNOTES AND REFERENCES

All data sources: CEIC, Bloomberg, Bank Indonesia, IMF, Reuters, Kementerian Keuangan,

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 pemangku kebijakan, akademisi, maupun pelaku industri dalam memajukan industri jasa Keuangan.

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