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Indonesia

Composite Rating: Baa2 / BBB / BBB

Bond/s: INDON 1.17 29

Outlook:

Country Overview

- Indonesia is the world's fourth-most populous nation and the largest economy in Southeast Asia
- The economy is diverse, with key sectors including manufacturing, agriculture, mining, and services.
- Indonesia is a significant producer of commodities like coal, palm oil, and natural gas.

Macro Fundamentals

- Indonesia has experienced relatively stable economic growth in recent years.
Indonesia is focused on infrastructure development to improve connectivity and support economic growth.
Government policies aim to attract foreign direct investment and promote exports.

Risks

- Global economic slowdowns can impact Indonesia's exports and commodity prices. Volatility in commodity prices poses a risk, despite economic diversification efforts.
- Political stability and policy consistency are important for investor confidence. Hence, infrastructure development can face challenges and delays.
- External debt levels and currency fluctuations are factors to monitor.

Catalyst

- Continued structural reforms that improve the business environment and could lead to successful infrastructure projects that boost efficiency and competitiveness.
- Growth in the digital economy and e-commerce and a growing middle class that drives domestic consumption paired with sound macroeconomic management that maintains stability.



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Key Macro Indicators

	FY2021	FY2022	FY2023	FY2024	2025F
Real GDP Growth	3.7%	5.3%	5%	5%	4.7%
Inflation Rate (end of period)	1.9%	5.4%	2.8%	1.6%	2.2%
Fiscal Balance/GDP	-4.4%	-2.31%	-1.91%	-2.29%	-2.59%
General Government Gross Debt, % of GDP	41.1%	40.1%	39.6%	40.2%	41%
Reserves/Import	6.37x	6.27x	6.28x	6.4x	5.84x

Sources: International Monetary Fund (IMF), Metrobank Research

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