

Economic Indicators	2024	2025F
Real GDP* (% yoy)	5.05	5.13
Inflation (% yoy, eoy)	1.57	2.38
IDR/USD (eoy)	16,102	15,974
BI Rate (%)	6.00	5.50
CA (% of GDP)	+0.01	-1.19

F = OCE BMRI forecast
 yoy = year-on-year
 eoy = end of year
 avg = average
 * = using 2024 forecast

Key Rates (%)	Dec-24	Feb-25*
BI Rate	6.00	5.75
Deposit Facility Rate	5.25	5.00
Lending Facility Rate	6.75	6.50
IDR 10Y Bond Yield	7.00	6.97
Fed Funds Rate	4.50	4.50
ECB Rate	3.40	2.90
BoE Rate	4.75	4.75
BoJ Rate	0.25	0.50

*) as of 31-Jan-25

Source: Bloomberg

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Indonesia's Direct Investment Surpassed the 2024 Target

Direct investment accelerated in 4Q24, ending 2024 on a positive note

- Indonesia recorded direct investment in 4Q24 amounting to IDR452.8 tn, increased 23.8% yoy and absorbed 580,916 workers.
- Cumulatively, direct investment throughout 2024 amounted to IDR1,714.2 tn, growing 20.8% yoy, or 103.9% of the 2024 target of IDR1,650 tn. Investment realization in 2024 absorbed 2.5 million workers, marking a 34.7% yoy growth.

Foreign investment grew faster than domestic investment

- Direct investment in 4Q24 was still dominated by foreign direct investment (FDI), whose share rose to 54.3% of total investment, reaching IDR245.8 tn. Meanwhile, domestic direct investment (DDI) reached IDR207 tn, representing 45.7% of the total.
- FDI grew faster than domestic investment, with growth rates of 33.3% yoy and 14.1% yoy, respectively. Cumulatively, the share of FDI in 2024 stood at 52.5% or IDR900.2 tn, while DDI contributed 47.5% or IDR814 tn.

Investment destinations remain dominated by areas outside Java

- Investment outside Java continued to dominate, accounting for 57.5% of total investment, with a growth of 40.8% yoy to IDR260.4 tn in 4Q24. Meanwhile, investment in Java amounted to IDR192.4 tn, growing 6.4% yoy and representing 42.5% of total investment in Indonesia during 4Q24.
- Cumulatively, throughout 2024, the trend remained similar, with investment outside Java accounting for 52.2% of total investment, while Java contributed 47.8%.

Base metal and mining industries remain the main investment targets

- Investment in the base metal industry reached IDR60.4 tn, accounting for 13.3% of total investment, followed by the mining sector at IDR52.2 tn (11.5%) and transportation at IDR42.7 tn (9.4%).
- Throughout 2024, the base metal industry remained the main investment target, accounting for 13.9% of total investment (IDR238.4 tn), followed by transportation at IDR189.9 tn (11.1%) and mining at IDR184.7 tn (10.8%).
- In 4Q24, Singapore invested USD5.7 bn in Indonesia, followed by China with USD2.3 bn, and Hong Kong with USD2.2 bn.

Downstream investments remain dominated by mineral commodity smelters

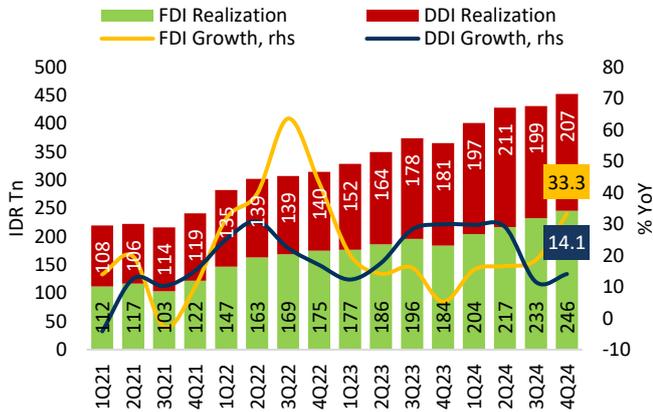
- Investment in mineral smelters amounted to IDR74.3 tn, accounting for 55.1% of total downstream sector investment of IDR134.9 tn in 4Q24. Other downstream sectors that attracted significant investments included pulp and paper (IDR30.3 tn), CPO (IDR23 tn), petrochemicals (IDR5.6 tn), and electric vehicle batteries (IDR1.6 tn).
- Cumulatively, downstream sector investments in 2024 totalled IDR407.8 tn, reflecting an 8.6% increase from the previous year.

OUR VIEW: Higher optimism in 2025 amid mounting challenges

- The government's investment target is set to increase by 15.5% to IDR1,905 tn in 2025, signalling stronger optimism following the new government transition. Optimism for improved investment this year is also driven by the ongoing acceleration of downstreaming efforts, coupled with the government's champion programs aimed at strengthening food security.

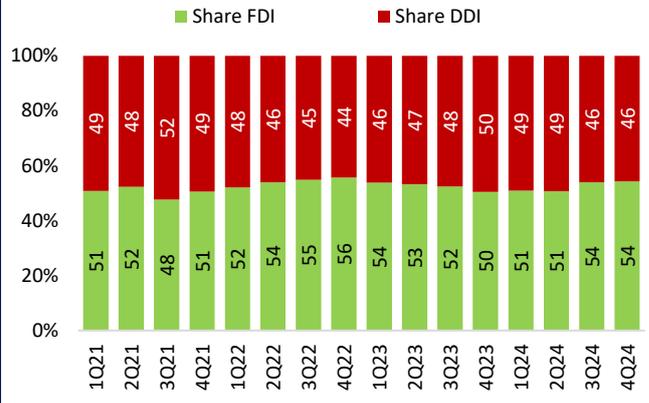
- Indonesia's economic growth, projected to remain around 5.1% this year, is expected to provide positive momentum in attracting larger investment inflows into the country.
- However, we acknowledge that the dynamics of Trump's policies could trigger shifts in the global supply chain and potentially limit direct investment inflows into Indonesia.
- The intensifying competition for global investments within the ASEAN region is also expected to reduce Indonesia's potential to attract foreign investment. Policy reforms and improvements to the competitiveness of Indonesia's investment ecosystem will be key to achieving this year's investment targets.
- In conclusion, we expect direct investment to remain strong this year, supporting Indonesia's economic growth and maintaining its 5% growth trajectory. However, achieving this will not be without challenges, as global and domestic factors may disrupt investment optimism in Indonesia this year.

Direct Investment



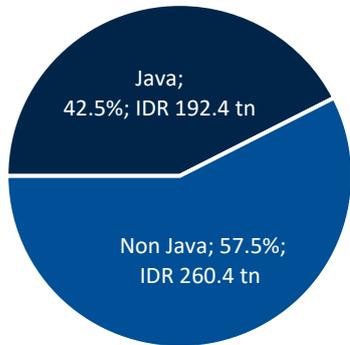
Source: Ministry of Investment and Downstream Industry

Share of DDI and FDI



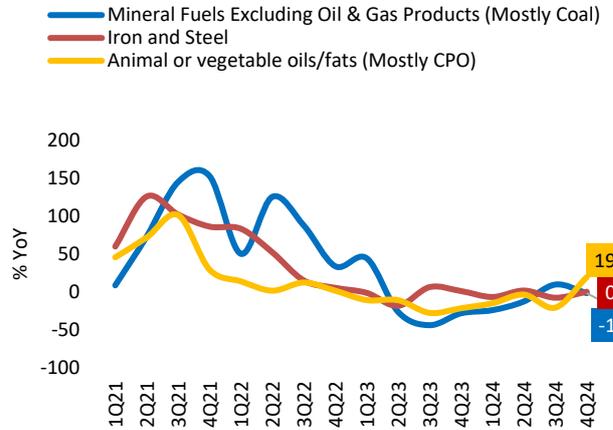
Source: Ministry of Investment and Downstream Industry

Direct Investment Java vs. Non-Java (4Q24)



Source: Ministry of Investment and Downstream Industry

Exports by Commodity (Related to Downstream Industry)



Source: CEIC

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