

Indonesia beats growth expectations at 5.18%

Indonesia's 4Q GDP grew by 5.18% despite a substantial trade deficit with momentum intact ahead of Jokowi's re-election bid



Source: Shutterstock

5.18% Indonesia 4Q GDP

Better than expected

Eighth consecutive streak of +5% growth

Growth in Indonesia managed to best market expectations with 4Q GDP hitting 5.18%, slightly faster than the Bloomberg consensus for 5.10% growth, to push full-year growth to 5.17%. Despite racking up a substantial trade deficit in the fourth quarter, despite the government's efforts to curb imports, the economy still posted decent growth in the run-up to President Joko 'Jokowi' Widodo's re-election bid in the 2Q.

Indonesia GDP



Source: Bloomberg

Growth expected to hover around 5% near term

With the government making headway in curbing import demand to reign in the current account deficit, growth is seen to remain at around 5% as consumption is set to buoy the overall economic growth momentum. With inflation in check and economic activity expected to pick-up ahead of the polls, household spending will look to offset the effects of the Bank of Indonesia's tightening cycle in 2018.