Regional Updates

Gross domestic product growth in the major advanced economies (%)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>September ADO 2020 Update</td>
<td>December ADOS</td>
</tr>
<tr>
<td>Major advanced economies</td>
<td>1.7</td>
<td>-6.2</td>
<td>-5.1</td>
</tr>
<tr>
<td>United States</td>
<td>2.2</td>
<td>-5.3</td>
<td>-3.5</td>
</tr>
<tr>
<td>Euro area</td>
<td>1.3</td>
<td>-8.0</td>
<td>-7.4</td>
</tr>
<tr>
<td>Japan</td>
<td>0.7</td>
<td>-5.4</td>
<td>-5.4</td>
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</tbody>
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ADO = Asian Development Outlook, ADOS = ADO Supplement.
Indonesia: Key Economic Updates

- Economic growth contracted by 3.5% year-on-year in the third quarter 2020, albeit at a slower pace from the previous quarter’s 5.3% contraction.
- Gradual recovery through 2021 is expected as continued spread of the COVID-19 virus will be accompanied by localized suppression polices.
- Real GDP contraction is expected to slow further in Q4 and overall contracting by -2.2% in 2020, before picking up to 4.5% in 2021.
- Business sentiment is to improve from investment climate reforms, including the Regional Comprehensive Economic Partnership trade agreement.
- The recovery of key trading partners coupled with rising international commodity prices will increase prospect for Indonesia’s exports and support manufacturing.
- A fuller recovery in domestic demand from 2022 will help the Indonesian economy to return headline growth to pre-pandemic rates.
# Key Economic Indicators

<table>
<thead>
<tr>
<th>GDP Growth</th>
<th>Inflation</th>
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<tr>
<td>-</td>
<td>-2.2</td>
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</table>

Indonesia’s economy entered recession as COVID-19 disruptions stifled domestic and external activity.

Economic growth contracted for the Q2 running, driven largely by sharp declines in household consumption…

…leading to a sharp rise in poverty and unemployment, affecting nearly 30 million people who lost jobs or had their working hours reduced.
Fixed investment contracted albeit at slower pace

Investment still contracted almost in all investment categories in Q3, albeit at slower pace than in Q2.

Contribution to fixed investment growth

- Buildings
- Machinery and equipment
- Vehicles
- Other investment
- Intellectual property products
- Gross fixed capital formation

Portfolio investment recorded net outflows in Q3. Net direct investment inflows also declined.

Financial account

Source: Statistics Indonesia

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Debt-to-GDP Ratio

Debt to GDP ratio rose driven by the economic downturn and financing requirement for Covid-19 mitigation and national economic recovery

Indonesia’s Central Government Debt to GDP Ratio (%)

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>23.0</td>
<td>24.9</td>
<td>24.7</td>
<td>27.7</td>
<td>28.3</td>
<td>29.2</td>
<td>30.0</td>
<td>29.9</td>
<td>37.8</td>
</tr>
</tbody>
</table>

Source: Ministry of Finance

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