INDONESIA ECONOMIC OUTLOOK 2019

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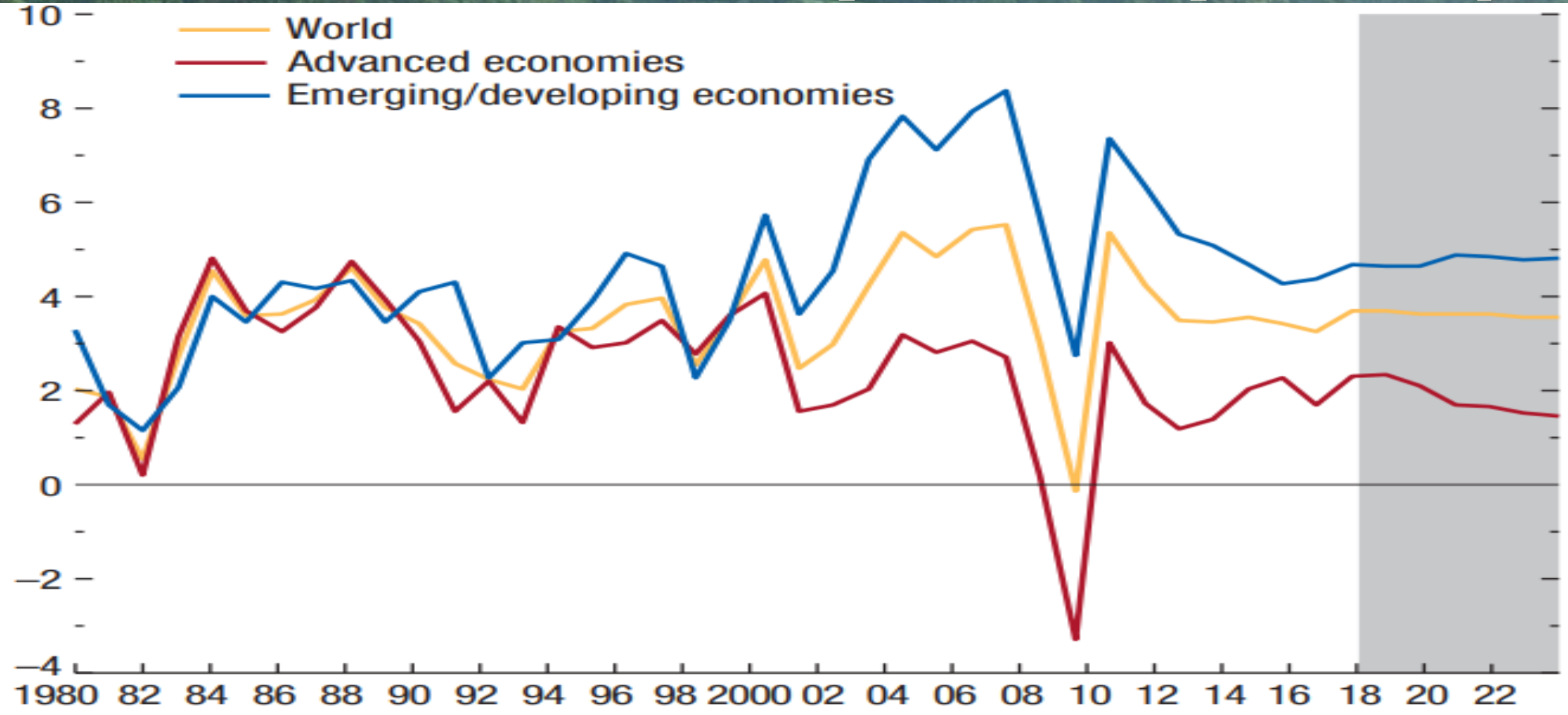
MACROECONOMIC OUTLOOK

Economic Performance 2018

Main Issues:

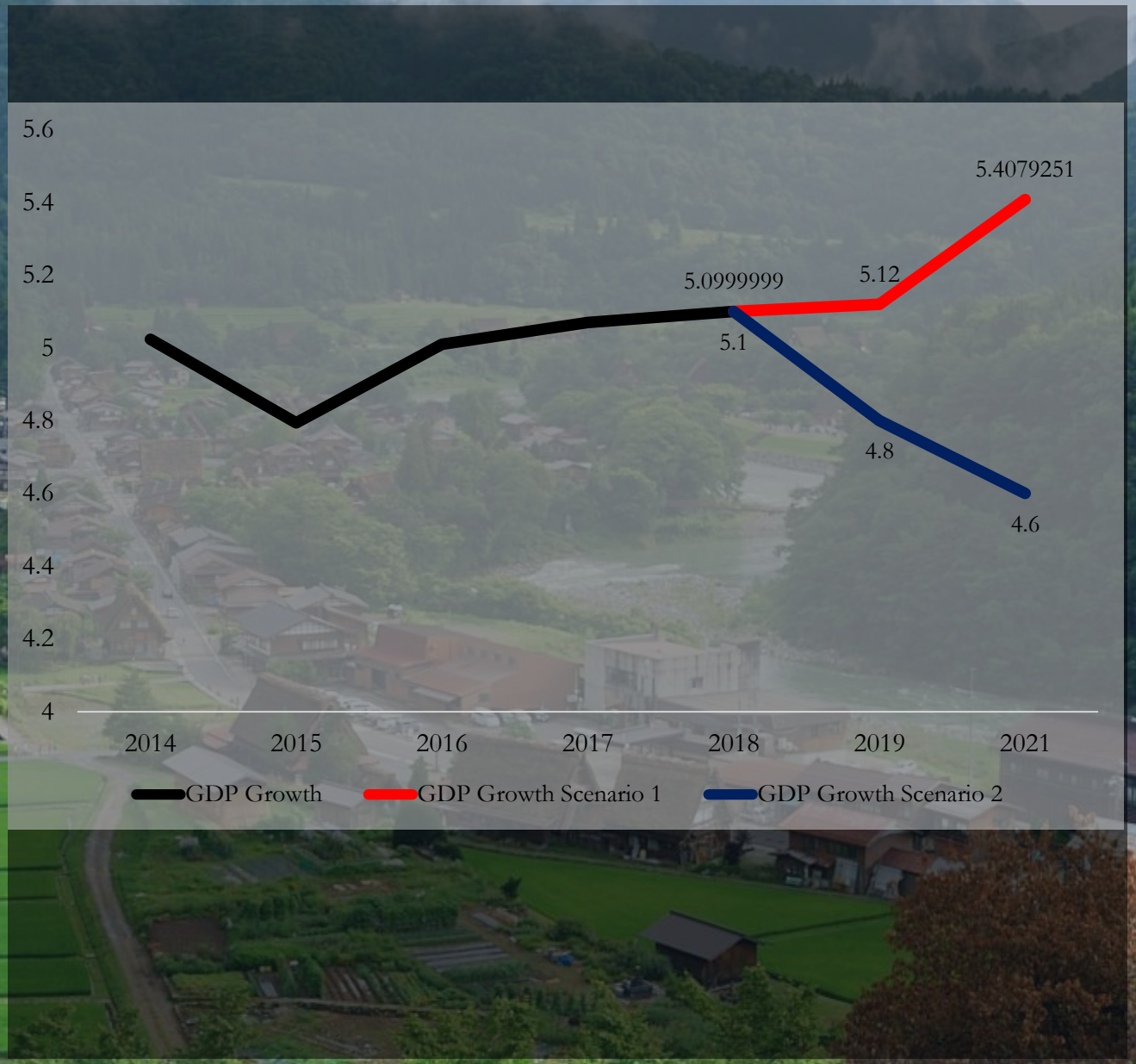
- Fluctuations in global commodity prices
- Decreasing Export Performance
- Sluggish global growth
- Growing Populism
- Uncertainty over the impact of the Fed interest rate policy

Real GDP Growth: By Country Group

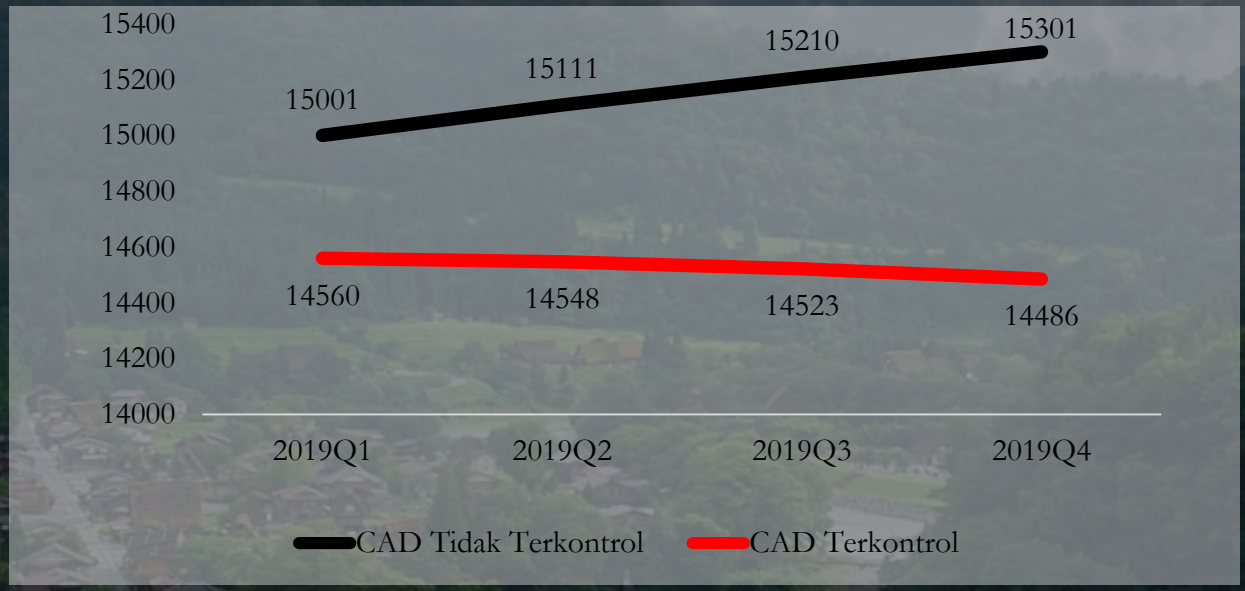


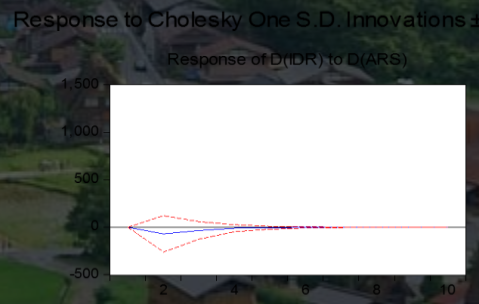
Source: IMF, *World Economic Outlook*, October 2018.
Note: Grey area denotes projections.

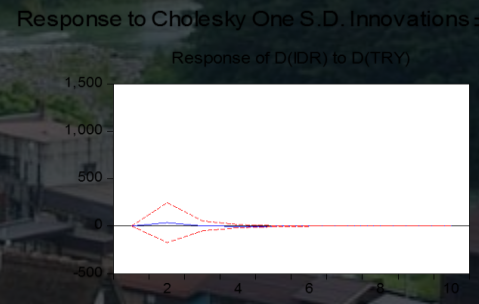
Economic Growth

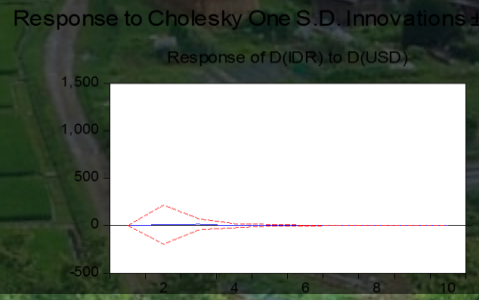


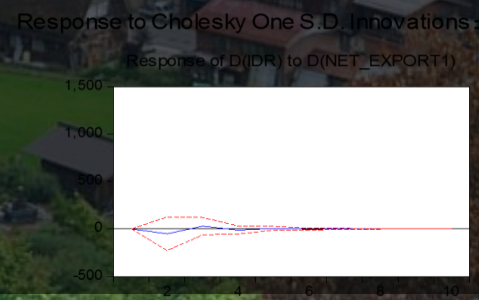
Exchange Rate Forecast

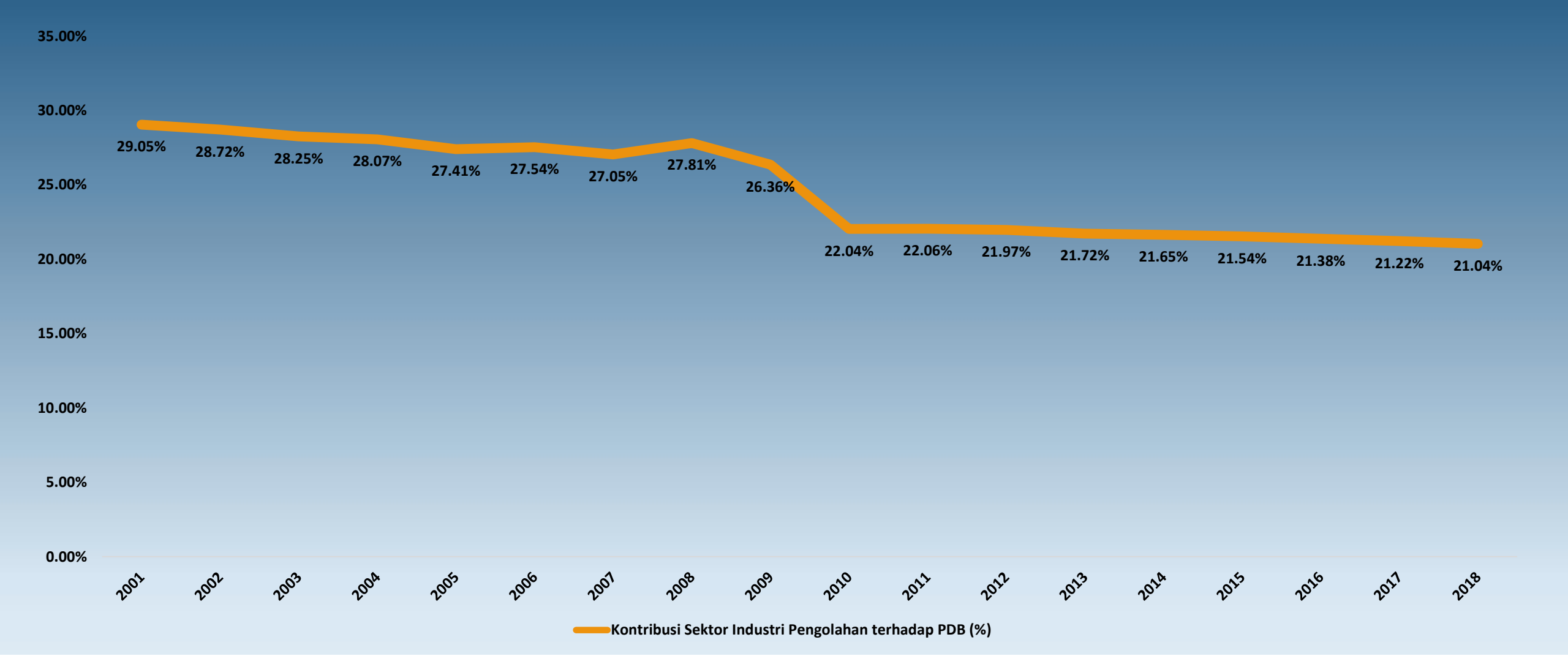




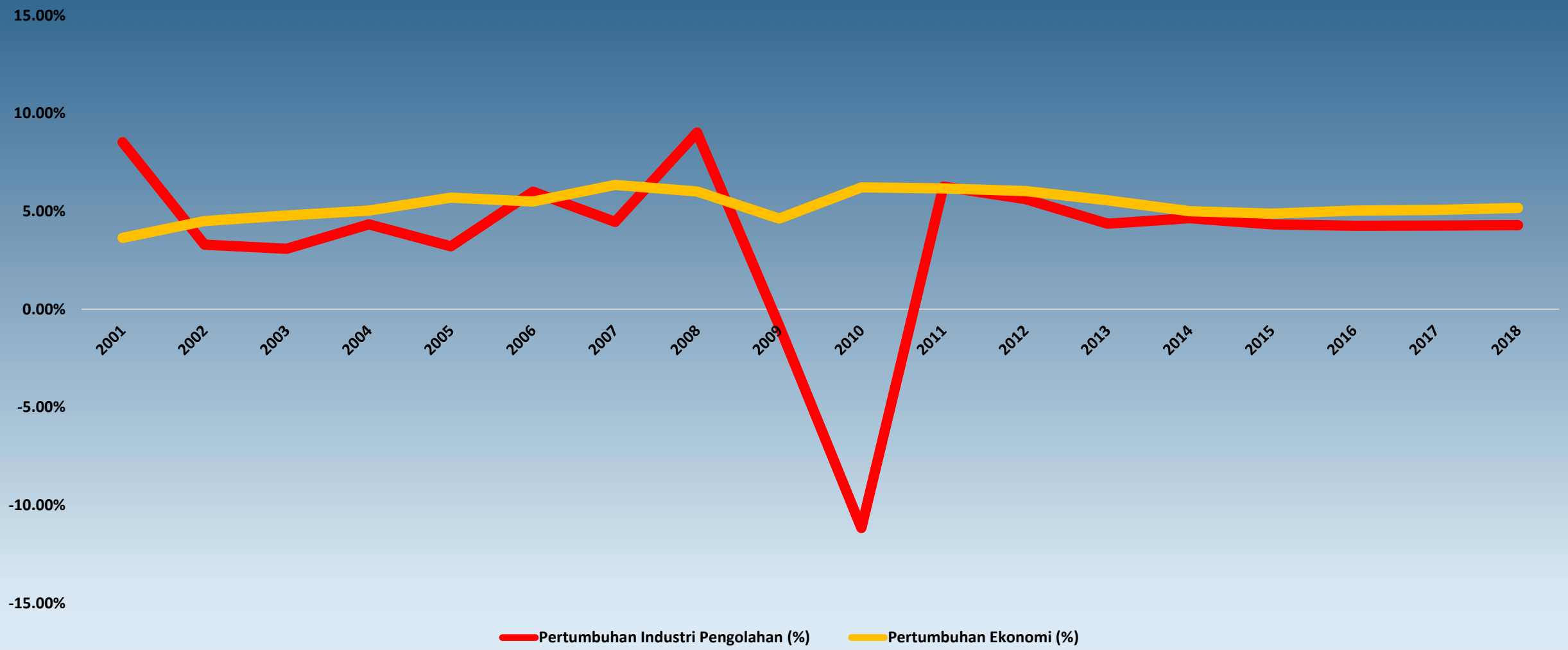








Deindustrialization…



Deindustrialization…

The 'Nawacita' Economic Growth—Impossible

YEAR	GDP GROWTH*	GDP REAL CONSTANT 2005 US$ (World Bank)	ΔGDP (US$)	ICOR (Bappenas)	EXPORT Growth***	Average EXPORT Growth**
2015	5,50%	497,654,242,319	25,944,060,026	5,12%	15,0%	12,9%
2016	6,10%	528,011,151,101	30,356,908,782	5,12%	17,0%	
2017	6,50%	562,331,875,922	34,320,724,821	5,12%	13,1%	
2018	6,80%	600,570,443,485	38,238,567,563	5,12%	11,4%	
2019	7,00%	642,610,374,529	42,039,931,044	5,12%	9,9%	

**Average Export Growth Required
***Export Growth Required

Source : LPEM FEB U

The Optimistic Economic Growth—Almost Impossible

YEAR	GDP GROWTH*	GDP REAL CONSTANT 2005 US$ (World Bank)	ΔGDP (US$)	ICOR (Bappenas)	EXPORT Growth***	Average EXPORT Growth**
2016	5,05%	519,564,236,866	25,211,965,823	5,12%	11,30%	9,80%
2017	5,50%	547,101,141,420	27,536,904,554	5,12%	9,20%	
2018	5,60%	577,191,704,198	30,090,562,778	5,12%	9,30%	
2019	5,80%	610,091,631,338	32,899,927,139	5,12%	9,30%	

**Average Export Growth Required
***Export Growth Required

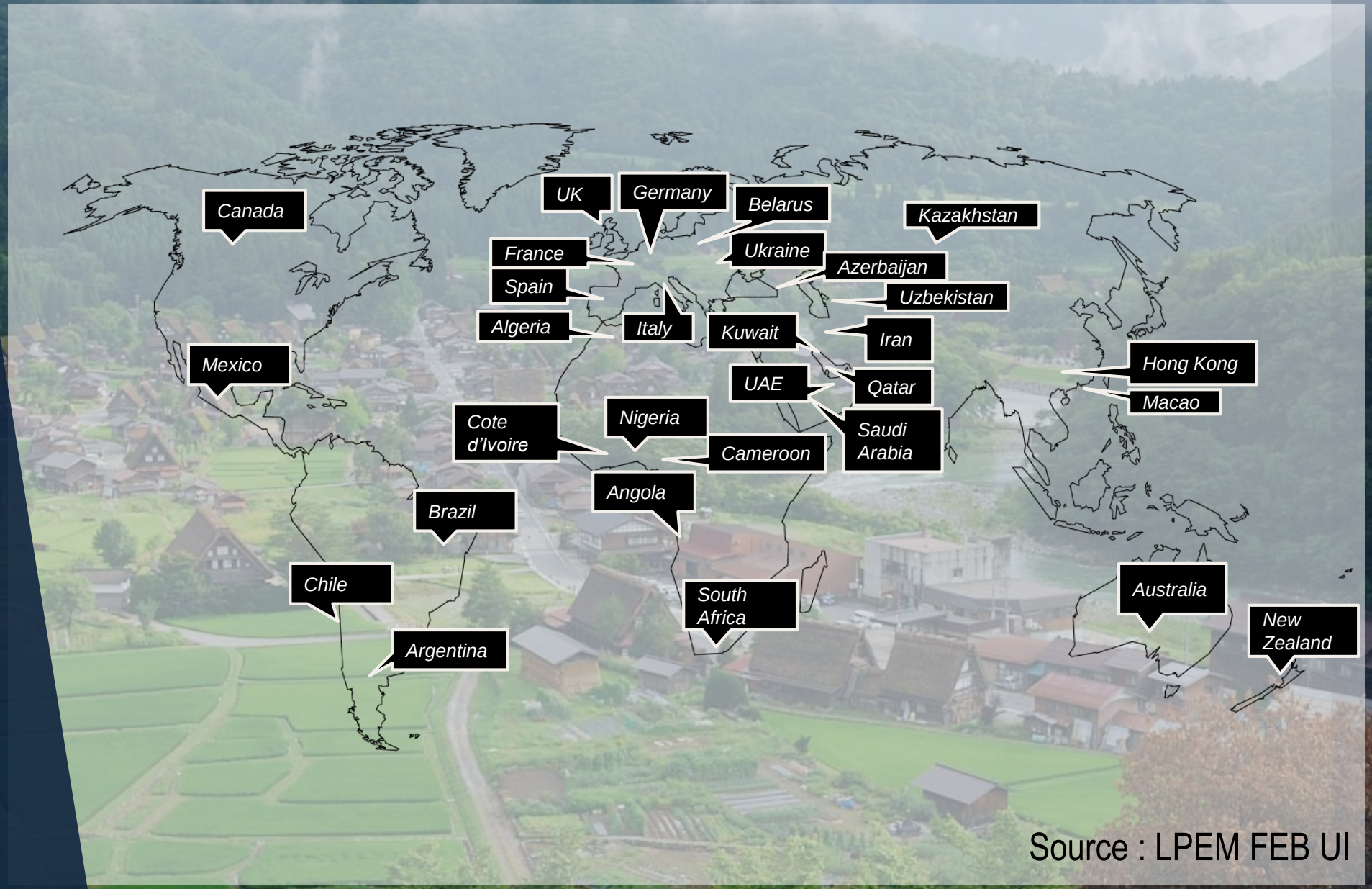
Source : LPEM FEB U

FTA Preferential Indicator

NO	FTA	COVERAGE RATE	UTILITY RATE	UTILIZATION RATE
1	ASEAN FTA	100%	30.43%	30.43%
2	ASEAN-China FTA	95.17%	34.24%	35.98%
3	ASEAN-Korea FTA	96.56%	32.45%	33.61%
4	ASEAN-India FTA	98.51%	5.96%	6.05%
5	Indonesia-Japan FTA	93.11%	30.40%	32.65%

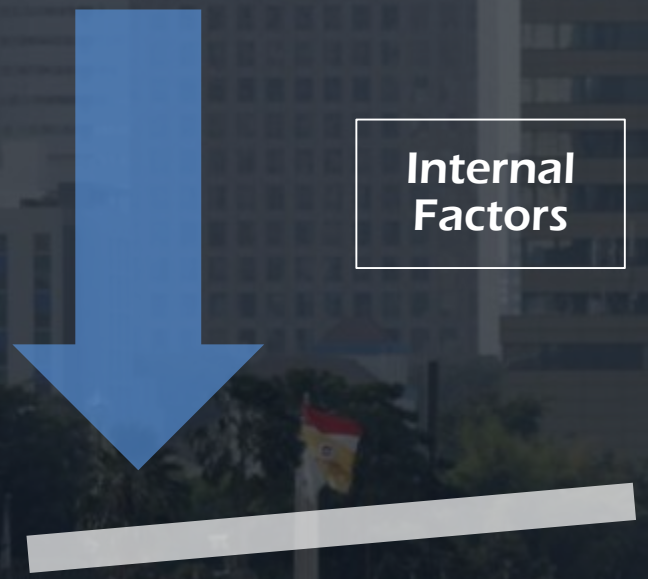
Source : Center of Regional and Bilateral Policies, Body of Fiscal Policy (2012)

Boosting Export: Non Traditional Trade Partner



Source : LPEM FEB UI

Main Issues in 2019

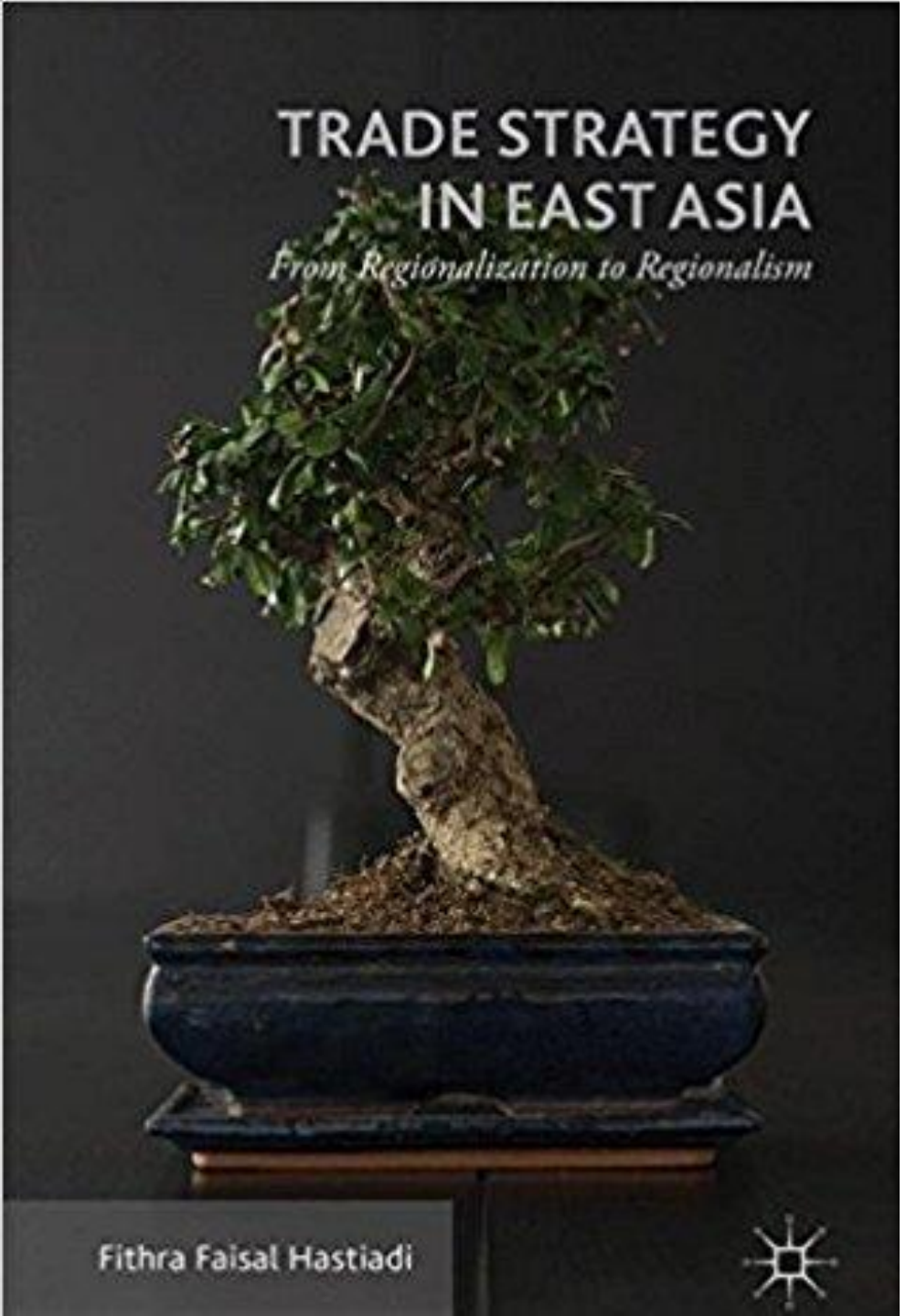


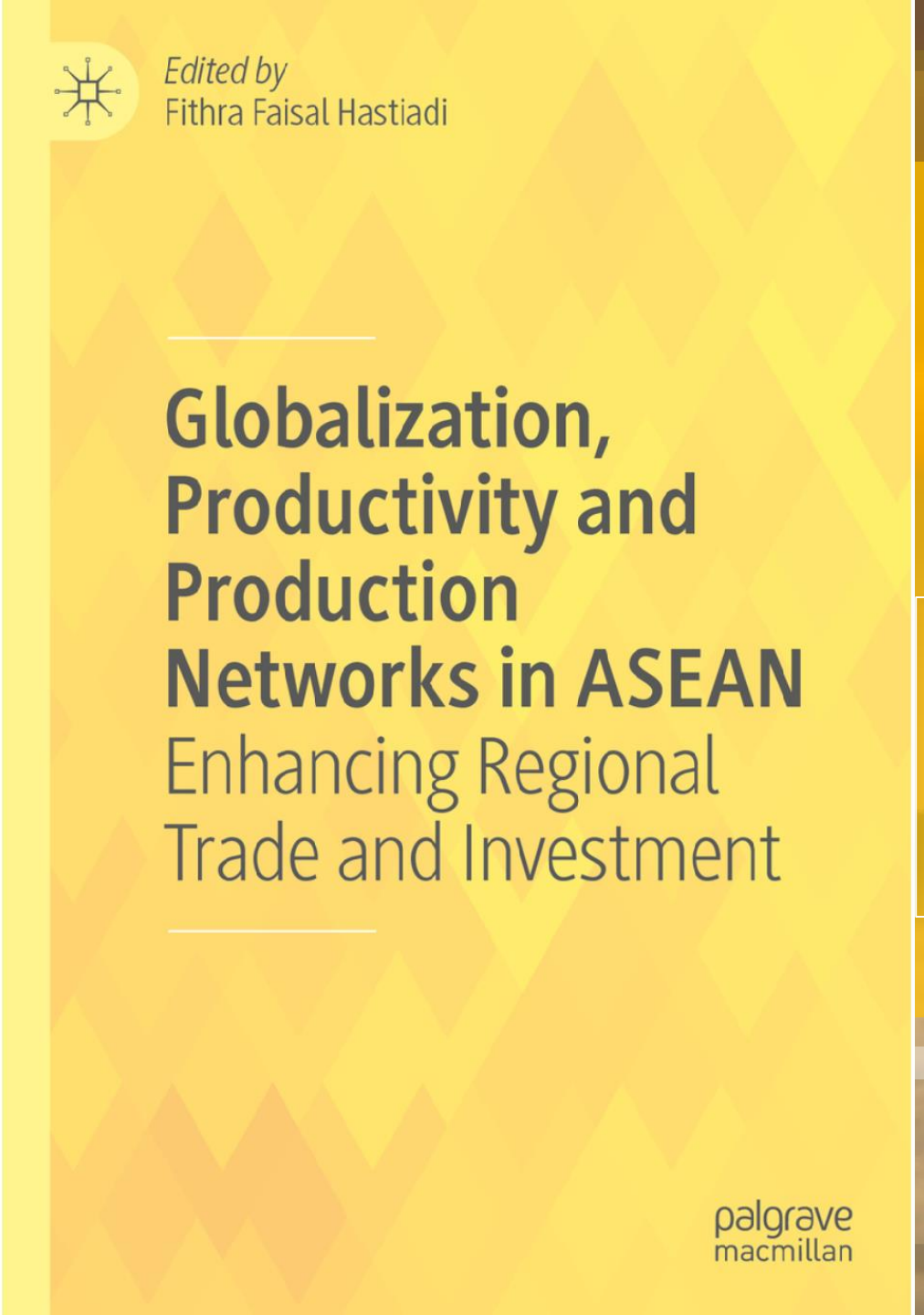
Internal Factors

- Current Account Deficit
- Institutional Capacity
- Policy Consistency
- Government Effectiveness

External Factors

- World Economic Growth
- The FED


TRADE STRATEGY IN EAST ASIA
From Regionalization to Regionalism
Fithra Faisal Hastiadi


Edited by
Fithra Faisal Hastiadi
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THANK YOU