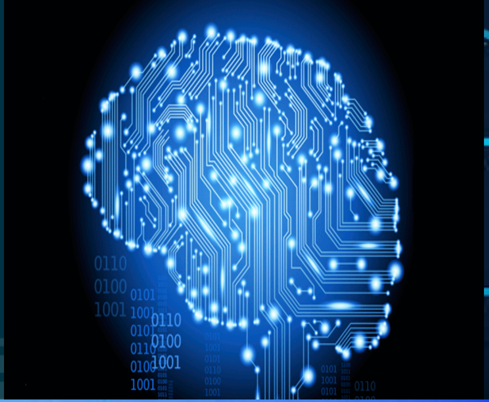




PETA PEREKONOMIAN INDONESIA MEMASUKI ERA DIGITAL

Faisal Basri

3 Oktober 2017

Bagian I

Makroekonomi Stabil, dengan beberapa Catatan

Jarang hampir semua indikator makro membaik dan stabil dalam kurun waktu cukup lama (1)

- Suhu tumbuh (inflasi) di bawah 4%, terendah sejak krisis 1998.
- Tekanan darah (suku bunga) berangsur turun, walaupun belum serendah yang diinginkan pemerintah.
- Detak jantung (nilai tukar rupiah) stabil dengan volatilitas terendah di Asia Tenggara bersama dengan ringgit Malaysia.
- Cadangan devisa meningkat hingga mencapai aras tertinggi sepanjang sejarah.

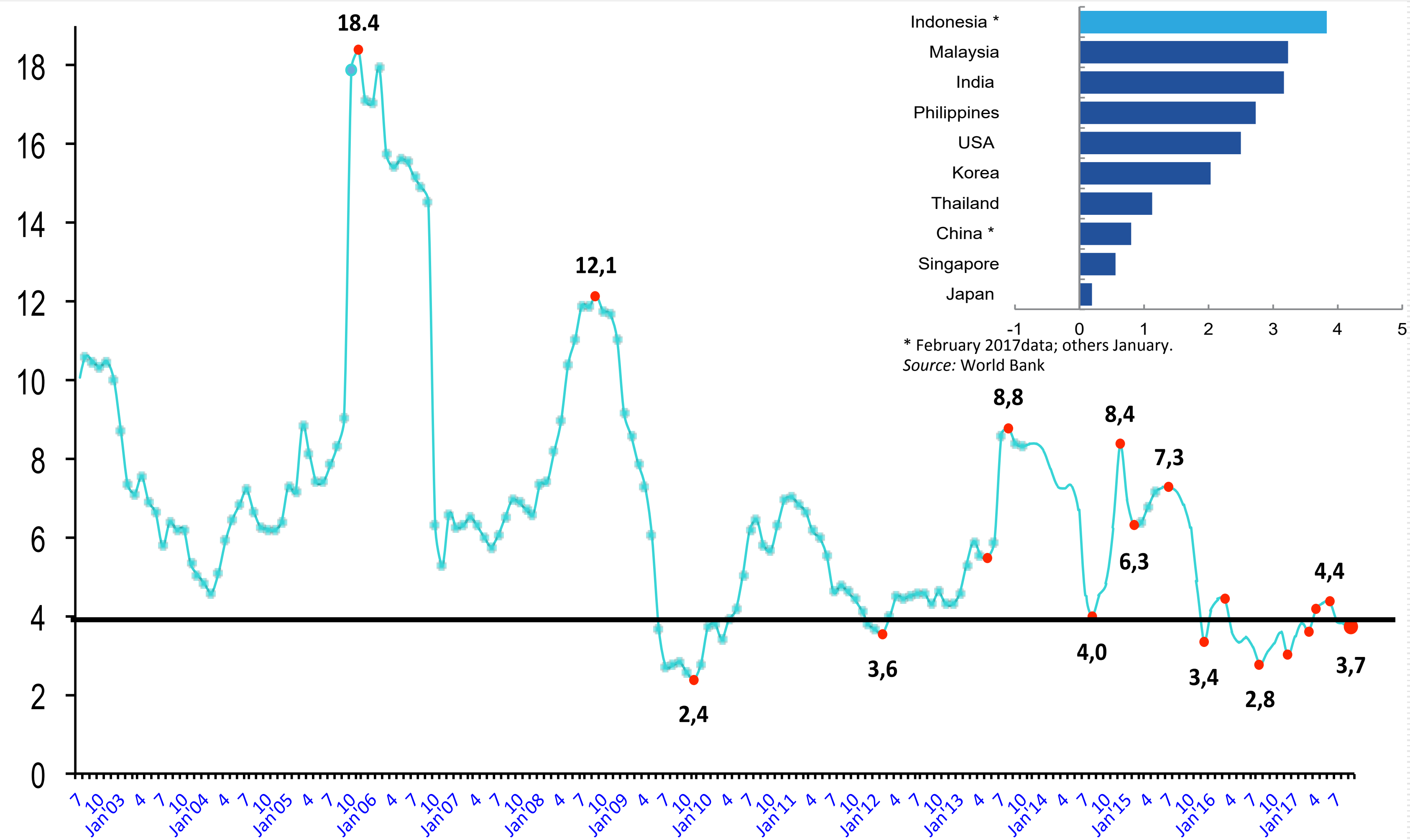
Jarang hampir semua indikator makro membaik dan stabil dalam kurun waktu cukup lama (2)

- Pasar saham terus menunjukkan kenaikan indeks, sudah 19 kali mencetak rekor baru sejak pertengahan Maret 2017.
- Arus masuk penanaman modal asing langsung (FDI) dan portofolio meningkat.
- Kondisi umum perbankan relatif sehat.
- Nilai ekspor tumbuh dua digit, setelah 5 tahun berturut-turut selalu merosot.
- Surplus perdagangan (ekspor minus impor) menunjukkan peningkatan.

Laju inflasi turun hingga di bawah 4% akibat pemerintah kendalikan harga pangan & BBM

BI target:4% ± 1%
Calender year = 1.21%

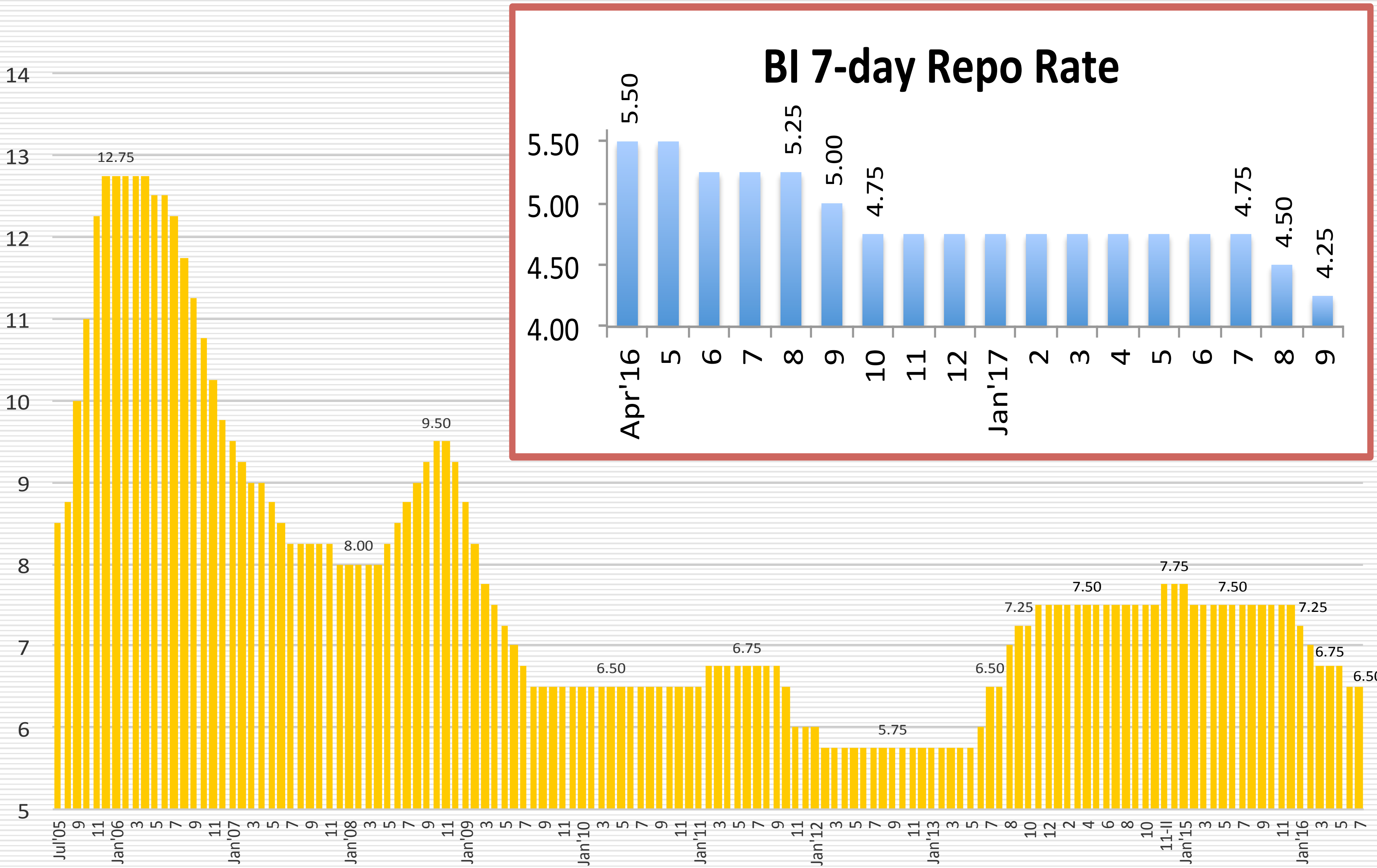
Inflation comparison across countries (growth, yoy, %)



* February 2017data; others January.
Source: World Bank

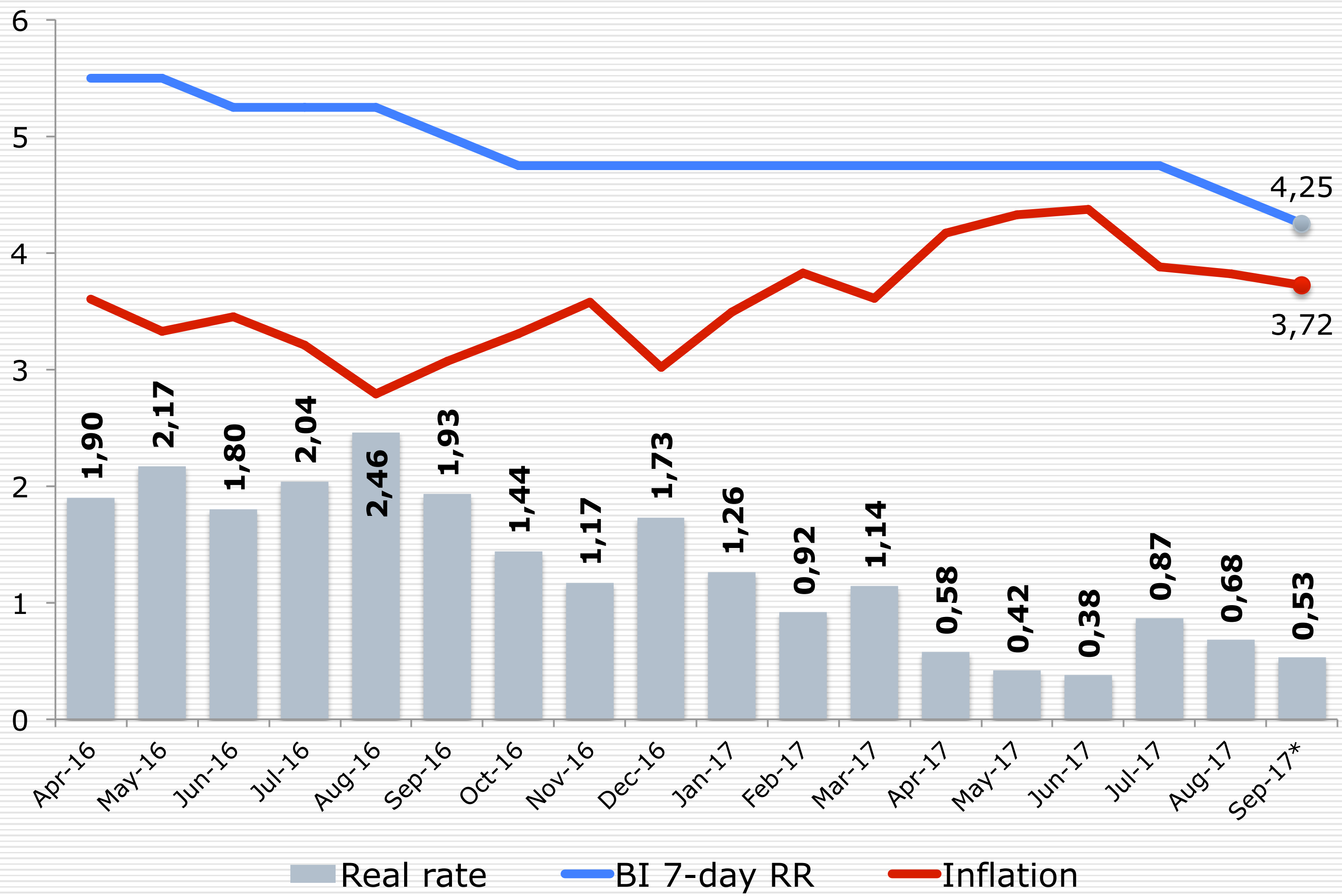
Source: BPS-Statistics Indonesia.

Setelah bertengger di aras 4,75% selama 10 bulan, BI pangkas bunga acuan 50 bp 2 bulan berturut-turut



Source: Bank Indonesia

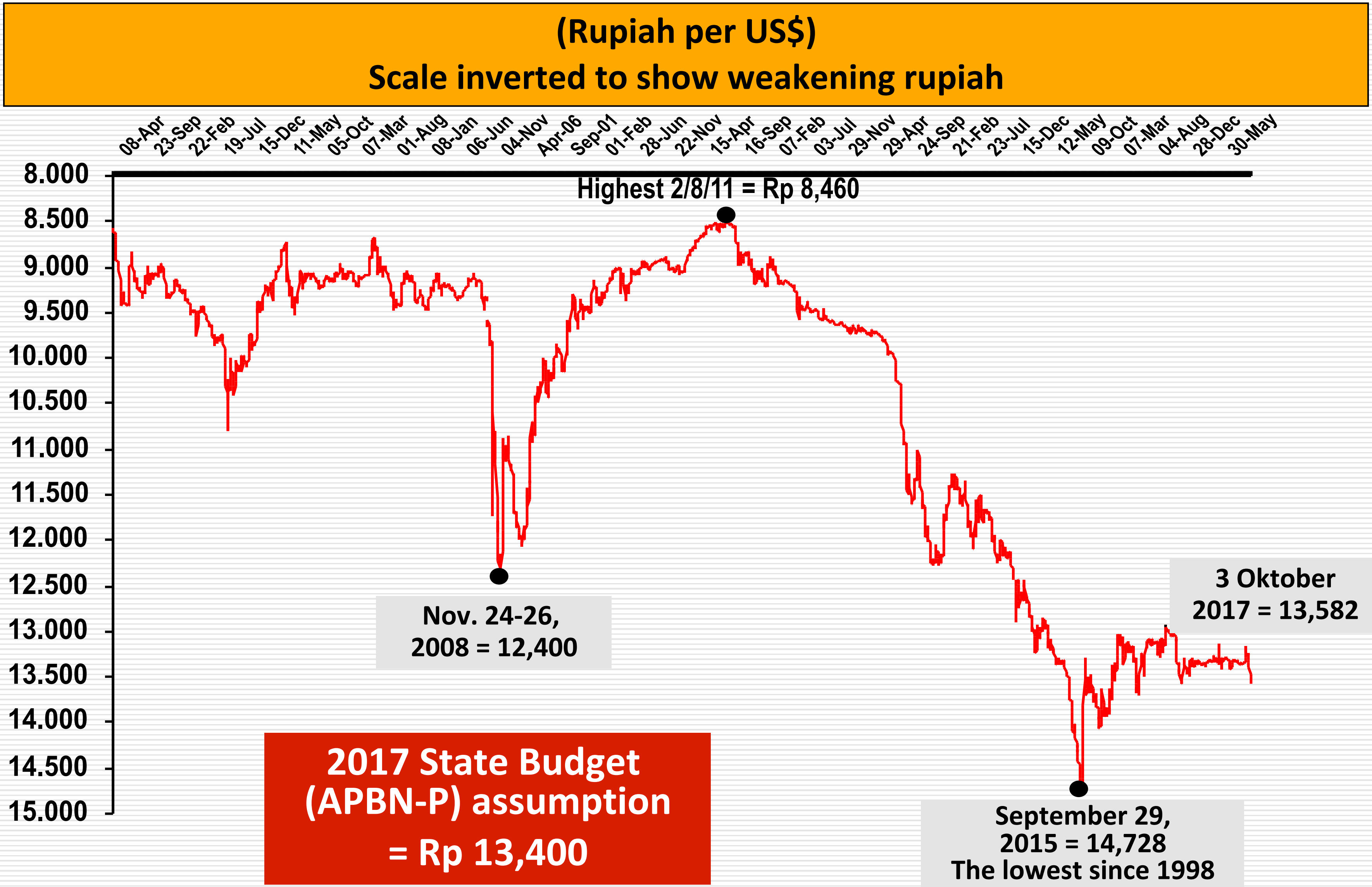
Suku bunga riil acuan BI mendekati nol persen



** Prediction.*

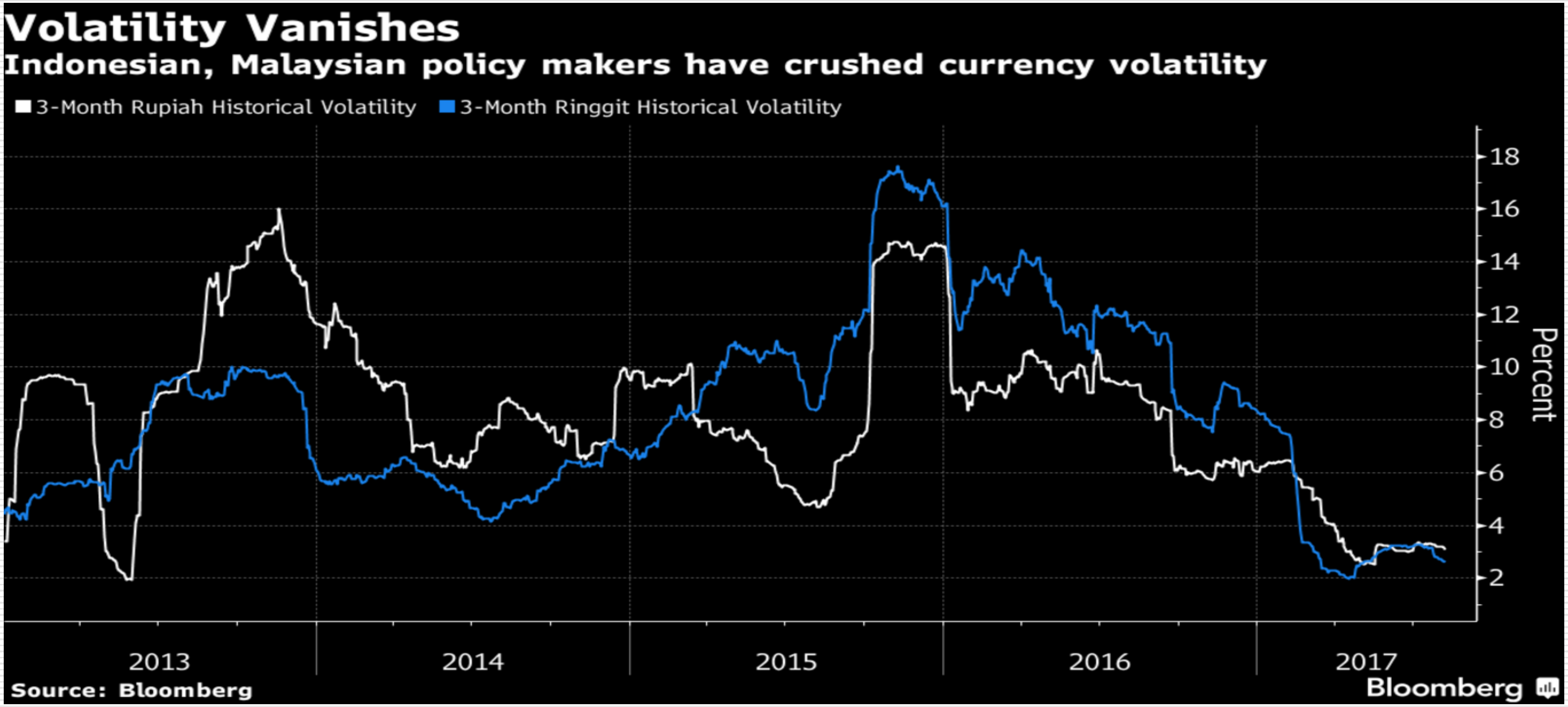
Sources: Bank Indonesia and BPS-Statistics Indonesia.

Setahun terakhir rupiah stabil, namun sejak akhir minggu lalu melemah, hari ini dekati Rp 13.600/US$



Source: Bank Indonesia

Taming of Asia's most volatile currencies creates new danger

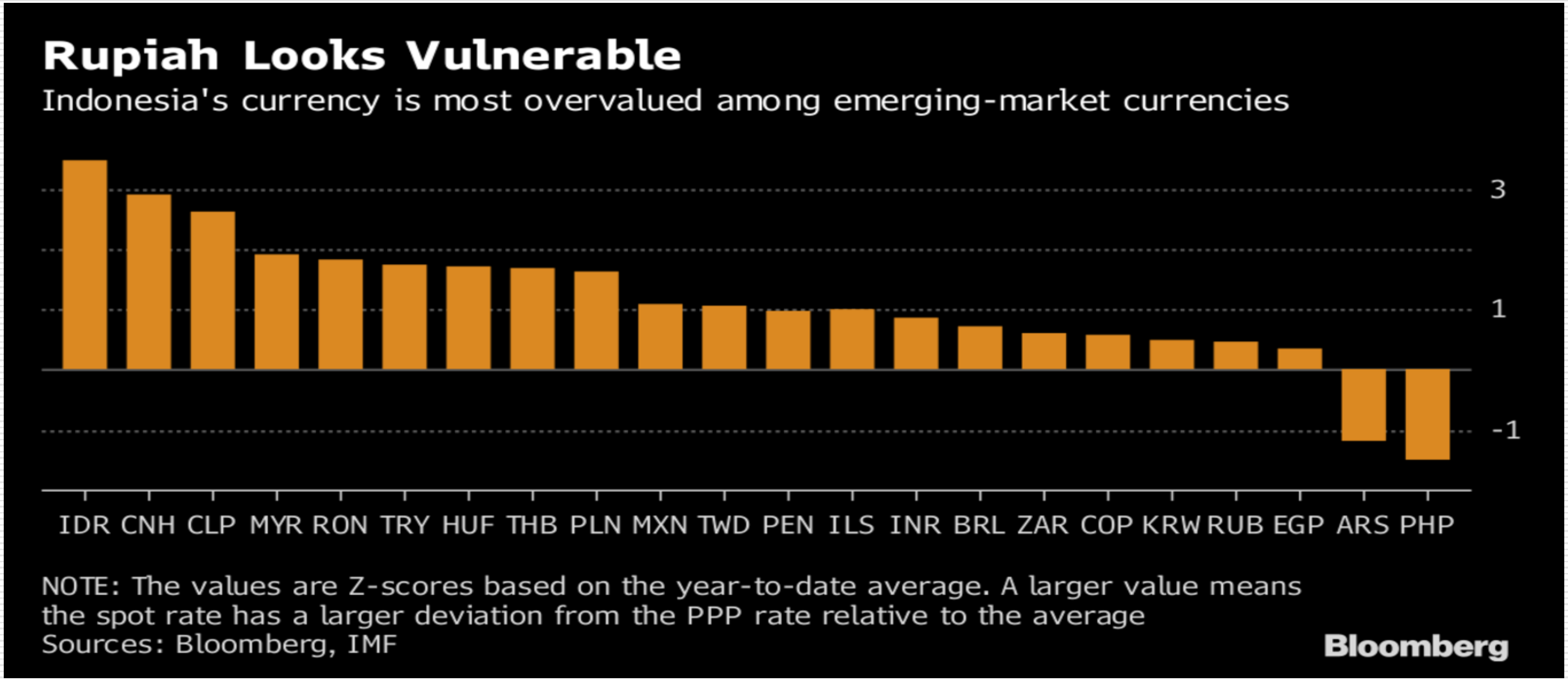


Three-month historical volatility for Indonesia’s rupiah has slumped for four straight quarters, falling to a four-year low of 2.53 percent in May from as high as 16 percent in 2013.

“The problem with stability is that it generates instability because you become complacent,” ..

Source: https://www.bloomberg.com/news/articles/2017-08-13/taming-of-asia-s-most-volatile-currencies-is-creating-new-danger

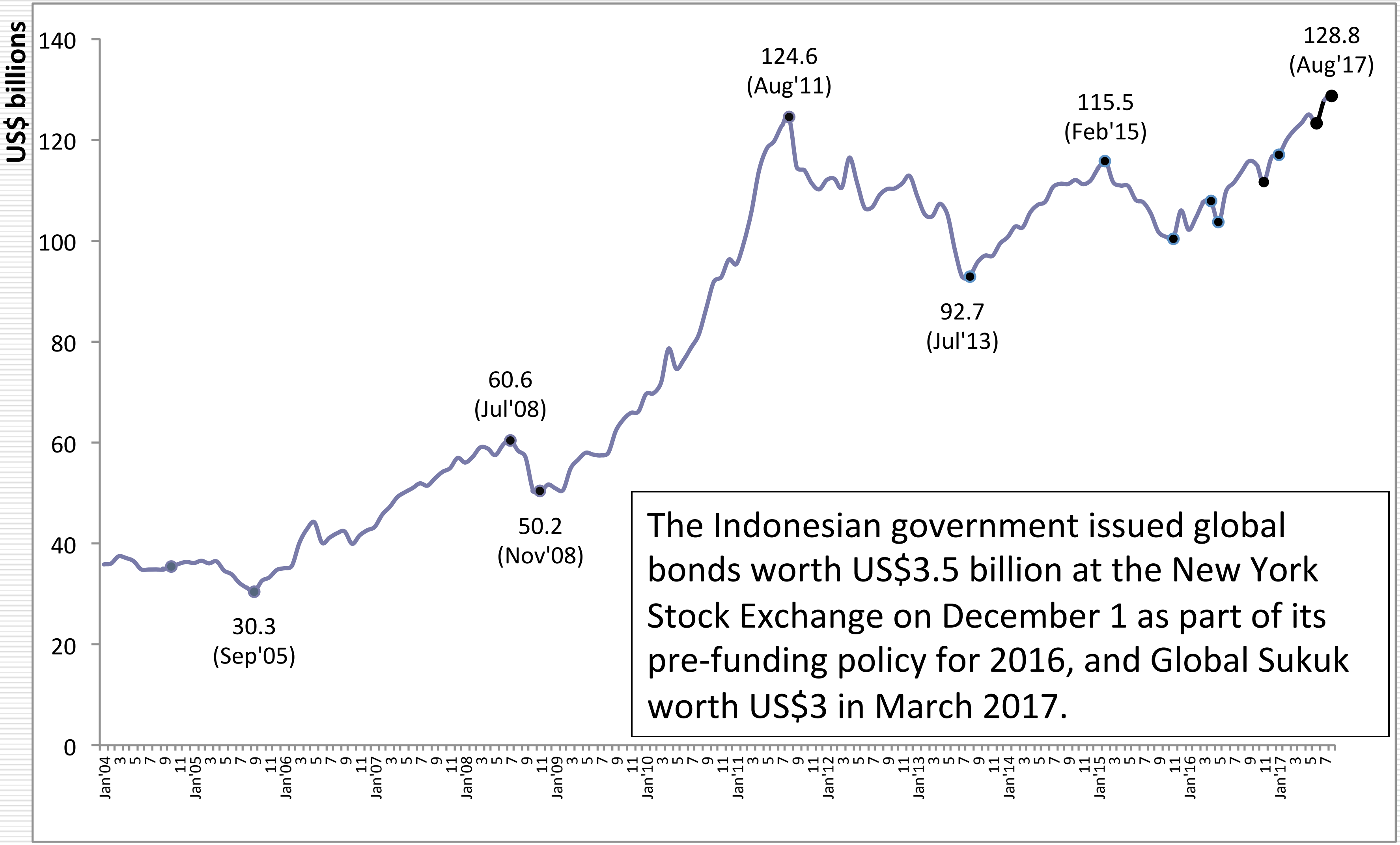
Most-overvalued emerging currency may be set for reality check?



With a policy rate of 4.5 percent, the rupiah is the most over-priced among the 22 currencies in Bloomberg's EM bond index, based on the deviation of the spread between spot and purchasing-power parity rates from the year-to-date average. Yet, the currency has risen just over 2 percent against the dollar, the third-worst in Asia. Half the gains were chalked up this past week.

Source: https://www.bloomberg.com/news/articles/2017-09-14/most-overvalued-emerging-currency-may-be-set-for-reality-check

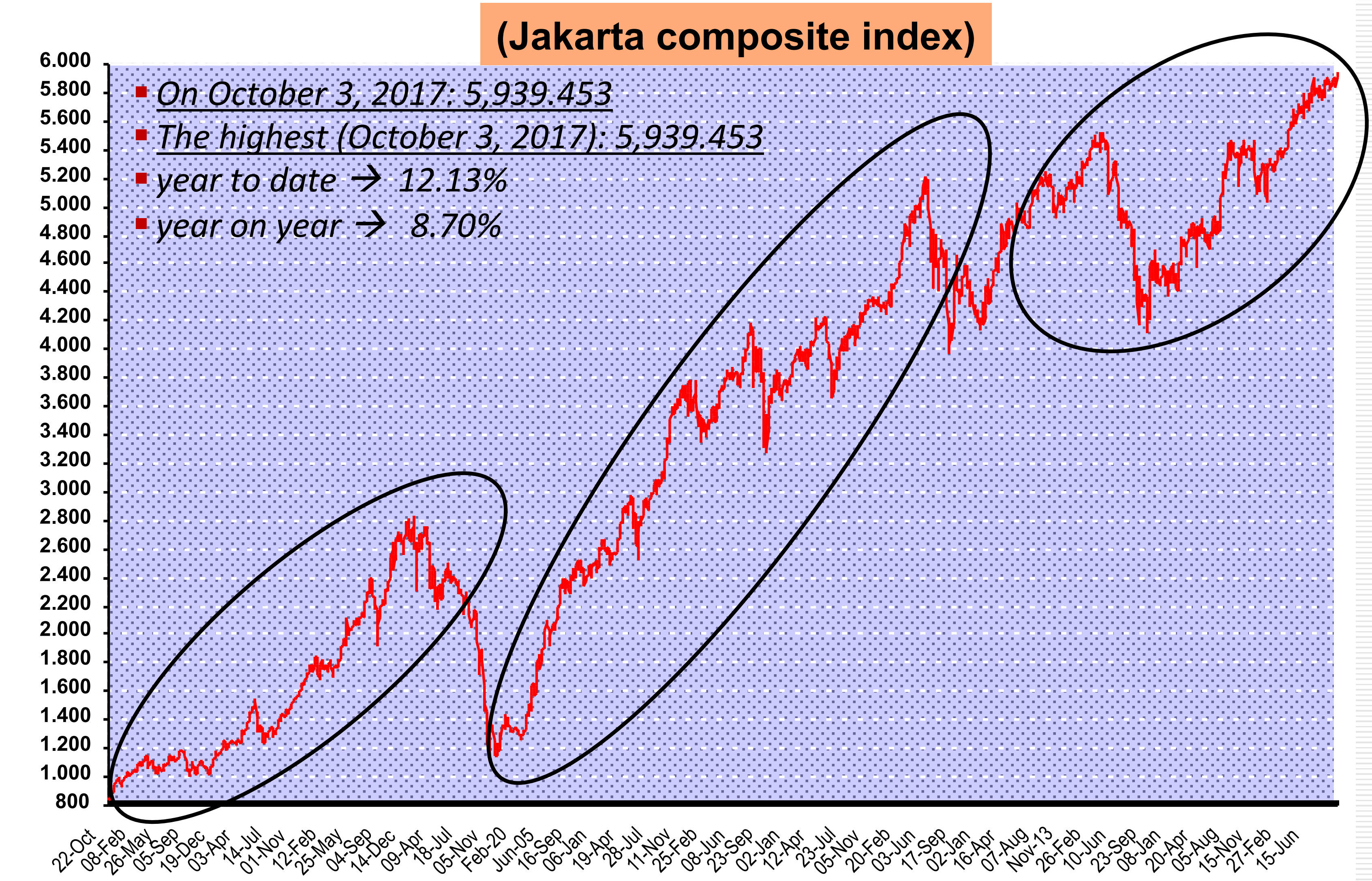
Cadangan devisa bertambah US$17.3 miliar dalam 9 bulan terakhir



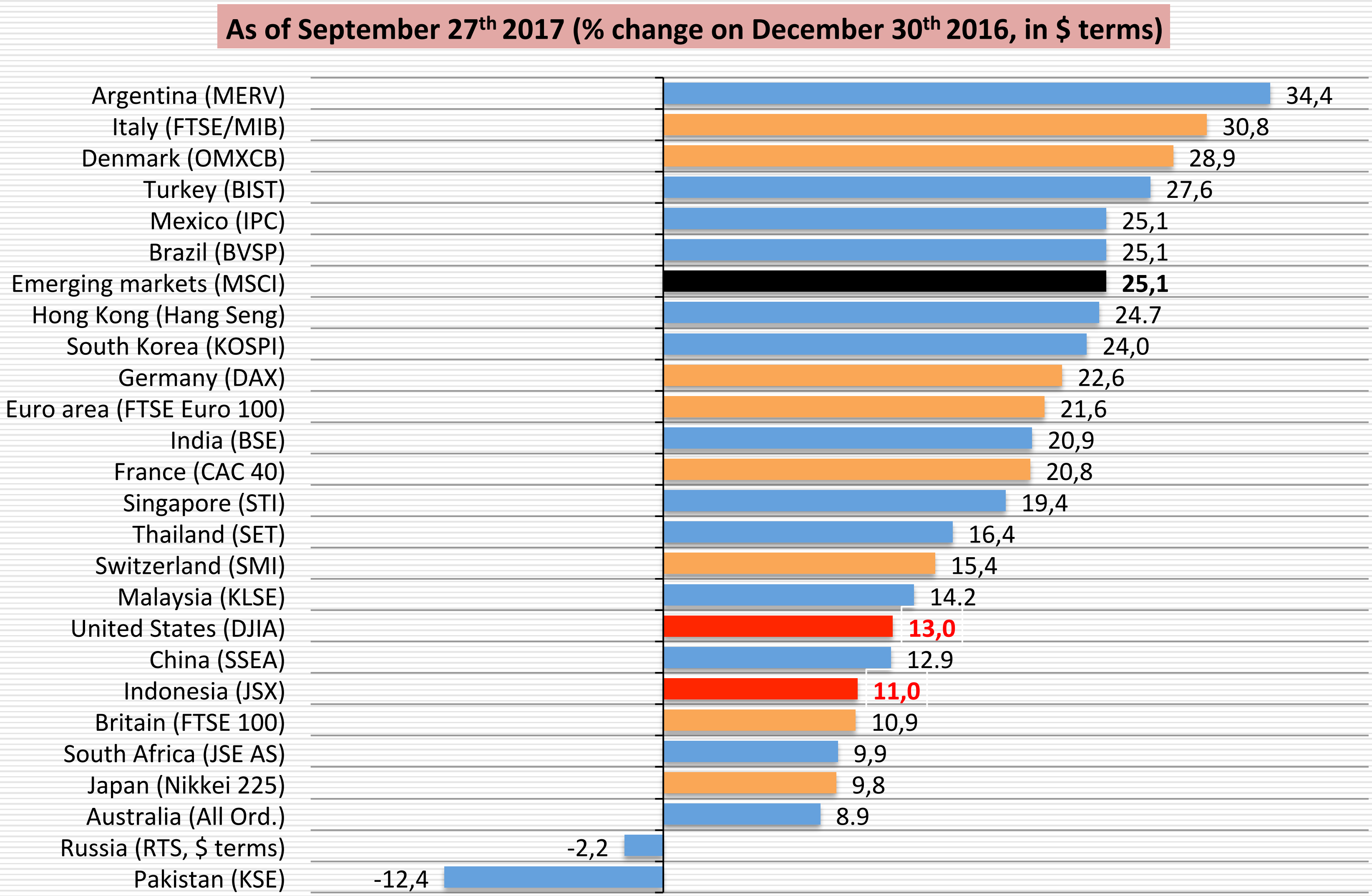
The Indonesian government issued global bonds worth US$3.5 billion at the New York Stock Exchange on December 1 as part of its pre-funding policy for 2016, and Global Sukuk worth US$3 in March 2017.

Source: Bank Indonesia.

Stock index had a new record 12 times in 2015, and 20 times in since 17 March 2017



Pasar saham global: sejak awal 2017 Indonesia tercecer di antara emerging markets



Source: The Economist (http://www.economist.com/news/economic-and-financial-indicators/21693195-markets).

Defisit akun lancar (*current account*) terkendali, terkompensasi oleh arus modal masuk yg naik

US$ miliar	2014	2015	2016	2016*	2017*	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17
I. CURRENT ACCOUNT	**-27,510**	**-17,697**	-16,769	-9,897	**-7,326**	**-4,708**	**-5,189**	**-4,974**	**-1,897**	**-2,363**	**-4,963**
A. Goods, net (Trade account)	6,983	14,049	15,437	6,401	10,434	2,648	3,753	3,923	5,112	5,646	4,788
1. Exports, f.o.b.	175,293	149,124	144,445	69,324	79,917	33,039	36,285	34,891	40,229	40,760	39,157
2. Imports, f.o.b.	-168,310	-135,076	-129,008	-62,924	-69,483	-30,391	-32,533	-30,967	-35,117	-35,114	-34,369
B. Services, net	-10,010	-8,697	-6,964	-3,506	-3,557	-1,122	-2,384	-1,530	-1,928	-1,257	-2,300
C. Primary Income, net	-29,703	-28,379	-29,685	-15,194	-16,307	-7,439	-7,755	-8,343	-6,148	-7,769	-8,538
D. Secondary Income, net	5,220	5,508	4,444	2,401	2,111	1,205	1,196	976	1,067	1,016	1,095
II. CAPITAL ACCOUNT	**27**	**17**	41	6	**5**	**1**	**5**	**6**	**29**	**0**	**5**
III. FINANCIAL ACCOUNT	**44,916**	**16,843**	28,721	11,007	**13,826**	**4,098**	**6,909**	**9,856**	**7,858**	**7,969**	**5,857**
1. Direct investment	14,733	10,704	15,943	6,117	7,330	2,786	3,331	6,519	3,308	2,755	4,575
2. Portfolio investment	26,067	16,183	18,995	12,742	13,993	4,438	8,304	6,563	-309	6,571	7,422
3. Financial derivatives	-156	20	-9	-47	-47	-22	-25	-28	66	-72	25
4. Other investment	4,272	-10,064	-6,209	-7,804	-7,449	-3,104	-4,700	-3,198	4,793	-1,285	-6,164
IV. NET ERRORS & OMISSIONS	**-2,184**	**-439**	96	760	**-1,253**	**323**	**437**	**820**	**-1,484**	**-1,092**	-161
V. RESERVES & RELATED ITEMS	**-15,249**	**1,098**	-12,089	-1,875	**-5,253**	**287**	**-2,162**	**-5,708**	**-4,505**	**-4,514**	-739

* First semester.
Source: Bank Indonesia.

Kondisi perbankan cukup sehat: CAR relatif tinggi dan NPL relatif rendah di bawah 3%

Indicators	Dec'13	Dec'14	Dec'15	Dec'16	Jul'17
Total asset (Trillion Rp)	4,954	5,615	6,129	6,730	6,965
Deposits (Trillion Rp)	3,664	4,114	4,413	4,837	5,033
- Demand deposits	847	890	988	1,124	1,171
- Saving accounts	1,213	1,284	1,396	1,552	1,544
- Time deposits	1,604	1,940	2,029	2,161	2,318
Loans (Trillion Rp)	3,293	3,674	4,058	4,377	4,507
Capital adequacy ratio (CAR) (%)	18.4	19.4	21.4	22.7	23.23
NPL gross, without channeling (%)	1.8	2.2	2.5	2.9	3.0
Returns on assets (%)	3.1	2.8	2.3	2.2	2.49
Net interest margin (%)	5.4	4.1	5.4	5.6	5.35
Ops.Expenses/Ops.Icome (BOPO)(%)	74.1	76.3	81.5	82.2	78.85
Loan to deposit ratio (%)	90.6	89.3	92.1	90.7	89.20
Number of banks	120	119	118	116	115
Number of bank offices	31,847	32,739	32,963	32,730	32,659

Source: Bank Indonesia and Financial Services Authority (OJK).

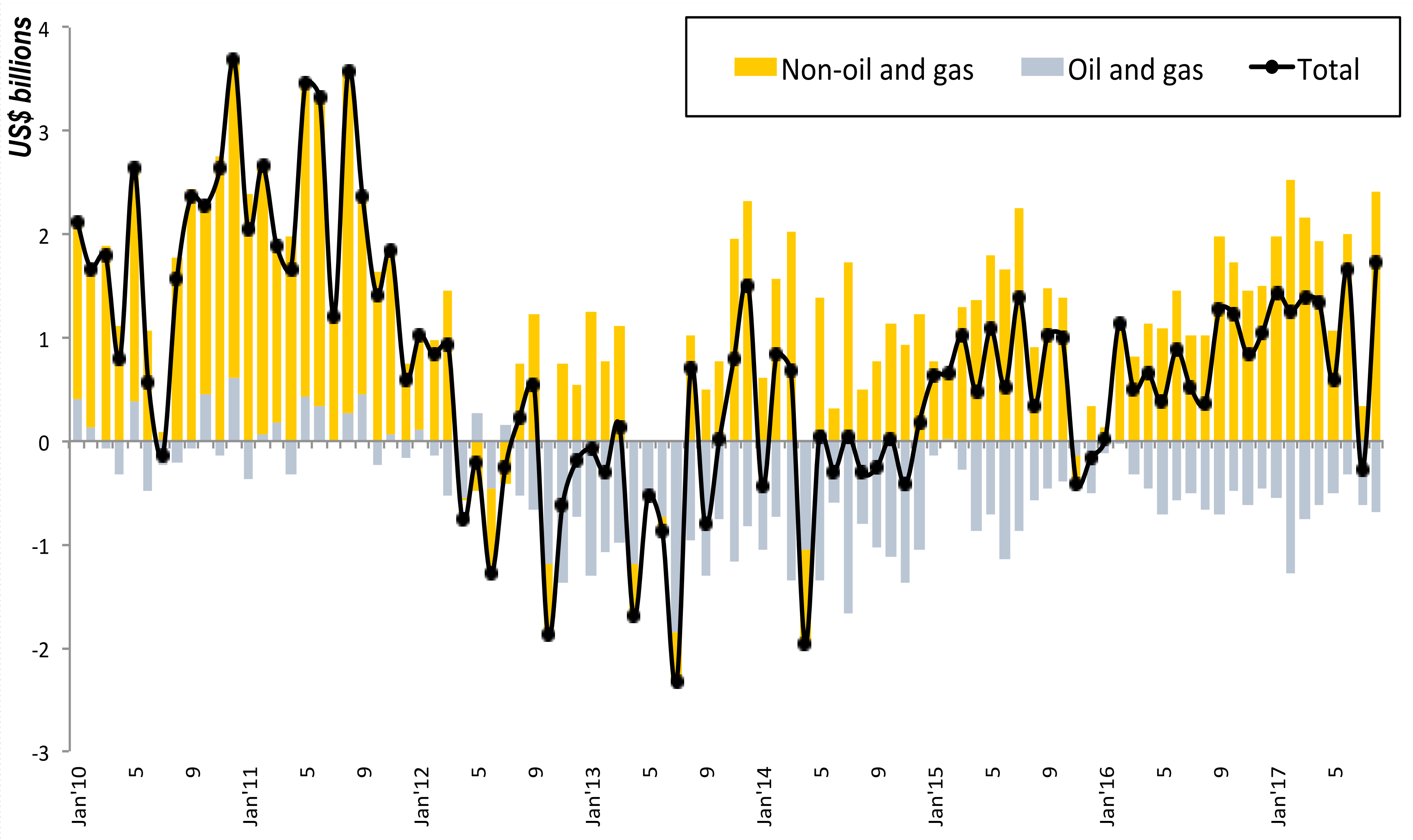
Sejak 2017 ekspor dan impor tumbuh 2 digit, setelah 5 tahun berturut-turut selalu merosot

Trade account

Description	US$ billion						Growth, % (yoy)					
	2012	*2013*	*2014*	*2015*	2016	2017*	*2012*	*2013*	*2014*	*2015*	2016	2017*
Total export	**190.0**	**182.6**	**176.0**	**150.4**	**144.5**	**108,8**	**-6.6**	**-3.9**	**-3.4**	**-14.6**	**-3.9**	**17.6**
Non-oil and gas	153.1	149.9	146.0	131.8	131.4	98.8	-5.5	-2.0	-2.6	-9.8	-0.3	17.7
Oil and gas	37.0	32.6	30.0	18.6	13.1	10.8	-10.9	-11.8	-7.0	-38.2	-29.4	16.1
Total import	**191.7**	**186.6**	**178.2**	**142.7**	**-135.6**	**-99.7**	**8.0**	**-2.6**	**-4.5**	**-19.9**	**-4.9**	**14.1**
Non-oil and gas	149.1	141.4	134.7	118.1	-116.9	-84.3	9.0	-5.2	-4.7	-12.3	-1.0	11.8
Oil and gas	42.6	45.3	43.5	24.6	-18.7	-15.4	4.6	6.4	-4.0	-43.4	-23.9	27.9
Surplus (Deficit)	**(-1.6)**	**(-4.1)**	**(-2.2)**	**7.7**	**8.9**	**9.1**						
Non-oil and gas	4.0	8.6	11.3	13.7	14.5	14.4						
Oil and gas	(-5.6)	(-12.6)	(-13.5)	(-6.0)	(-5.6)	(-5.3)						

* January-August.
Source: BPS-Statistics Indonesia.

Hampir selalu mengalami surplus perdagangan bulanan sejak 2015



Source: BPS-Statistics Indonesia.

Harga minyak mentah merangkak naik dalam 4 bulan terakhir, di atas US$50 per barrel

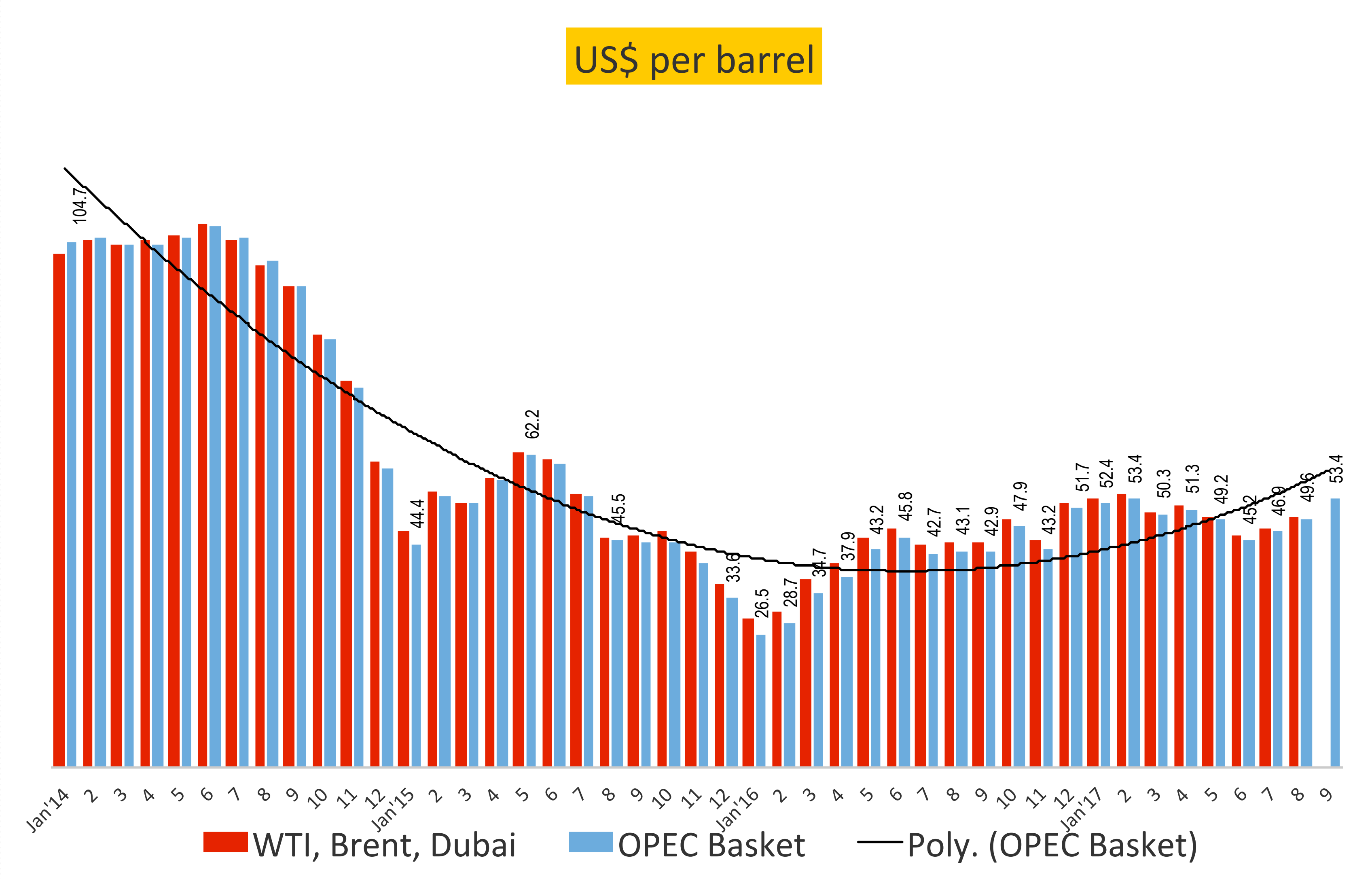
Brent Crude Last Day (ICE) October 2017

Source: http://www.nasdaq.com/markets/crude-oil.aspx

Crude Oil Light Sweet Pit (Nymex) October 20017

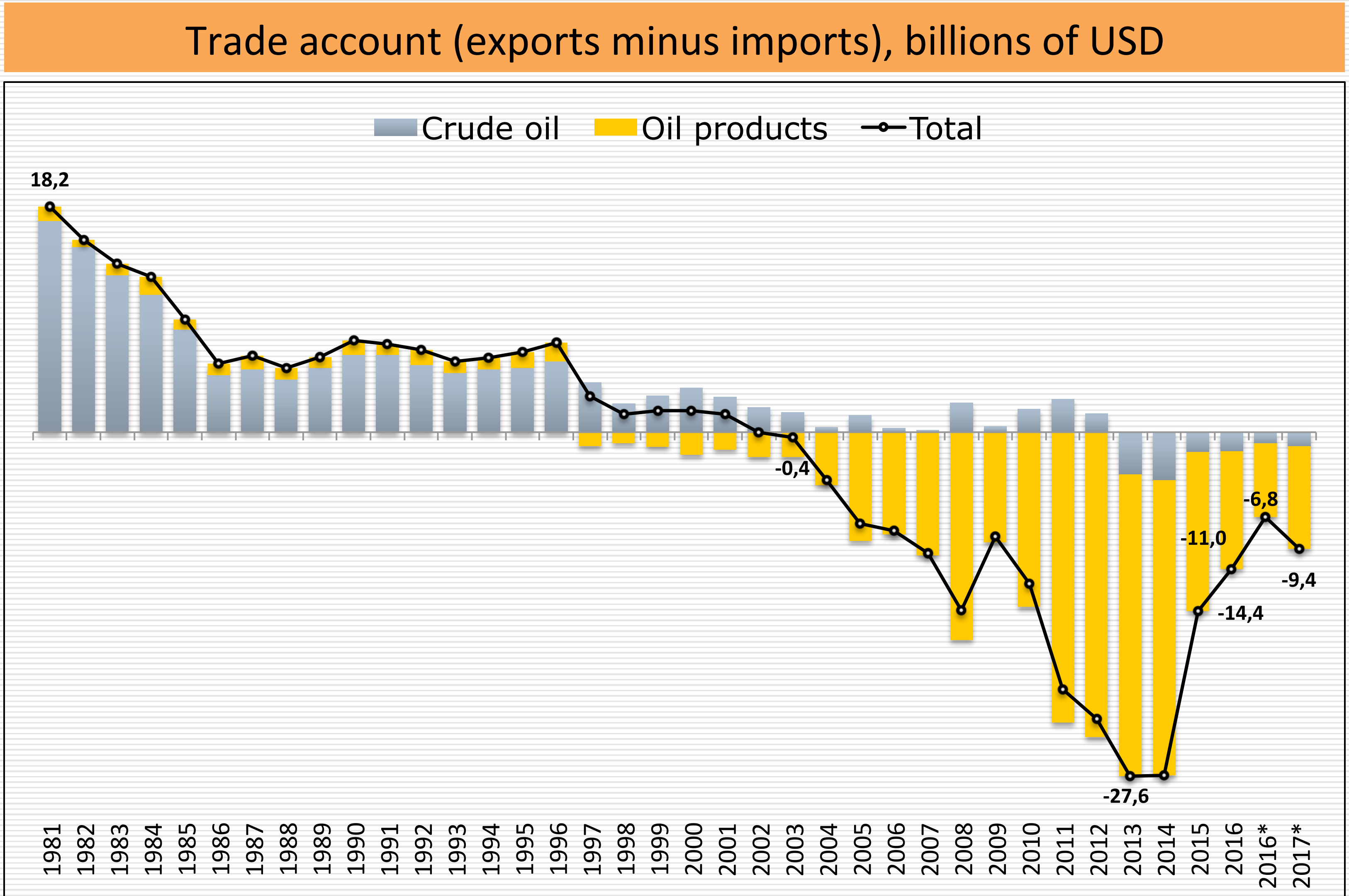
Source: http://www.nasdaq.com/markets/crude-oil-brent.aspxc

Harga minyak “keranjang” OPEC mengikuti trend harga rerata Brent-WTI-Dubai



Sources: World Bank (http://www.worldbank.org/en/research/commodity-markets and OPEC (http://www.opec.org/opec_web/en/data_graphs/40.htm).

Defisit minyak Indonesia Januari-Agustus melonjak



* January-August.

Source: BPS-Statistics Indonesia.

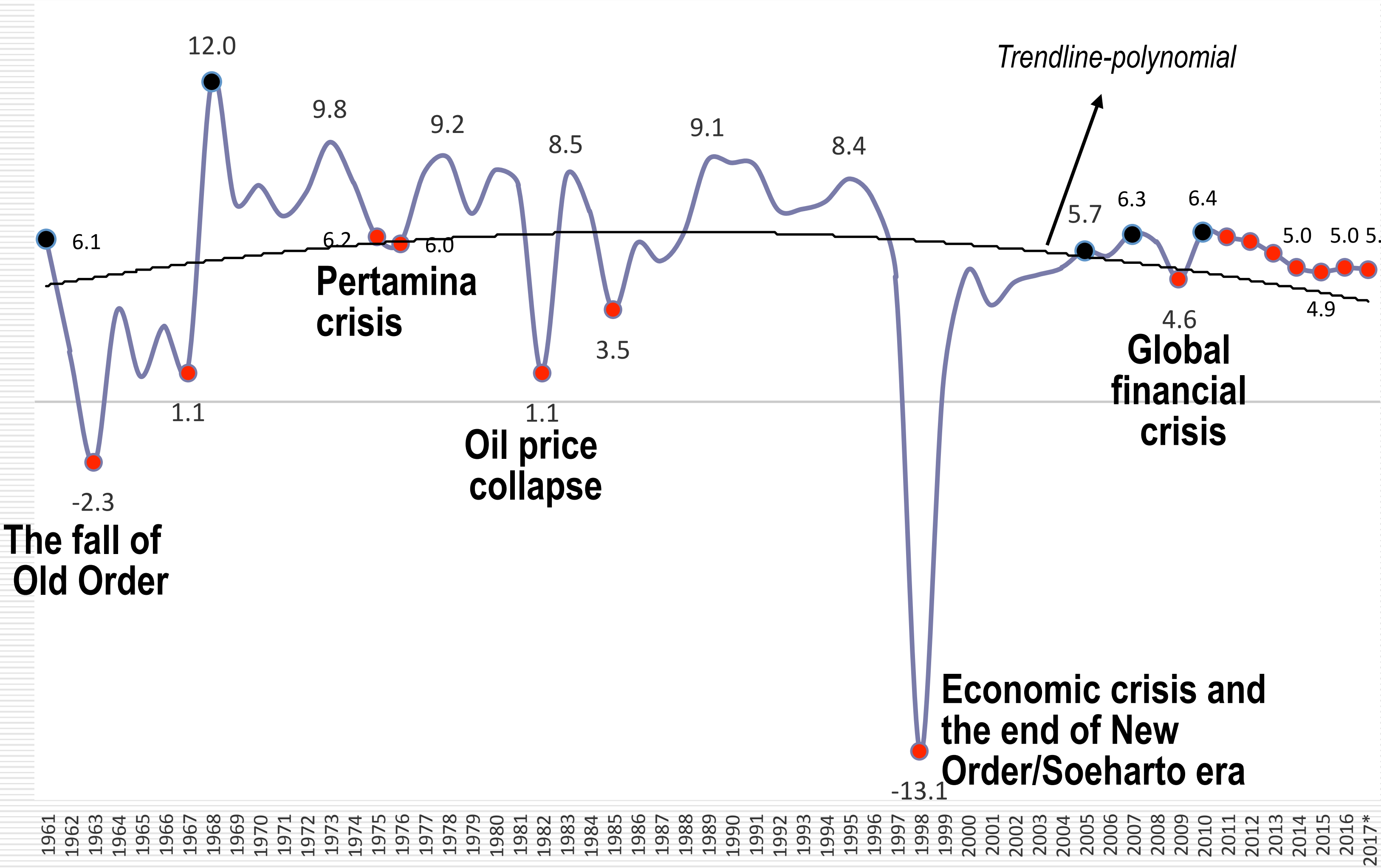
Bagian II

Namun, Mengapa Pertumbuhan Melambat (Keseimbangan Ekonomi Lebih Rendah)

Pertumbuhan ekonomi melambat

- Dari rerata *double digit* menjadi rerata 8%, lalu 7%, 6%, dan akhirnya dalam 4 tahun terakhir menjadi 5%.
- Kurang darah, daya kedua jantung masih lemah (perbankan dan pemerintah/APBN), dan kurang sinar matahari.
- Perlu darah segar, suntikan energi baru:
  - Industry 4.0?
  - *Digital economy*?
  - Reorientasi kebijakan

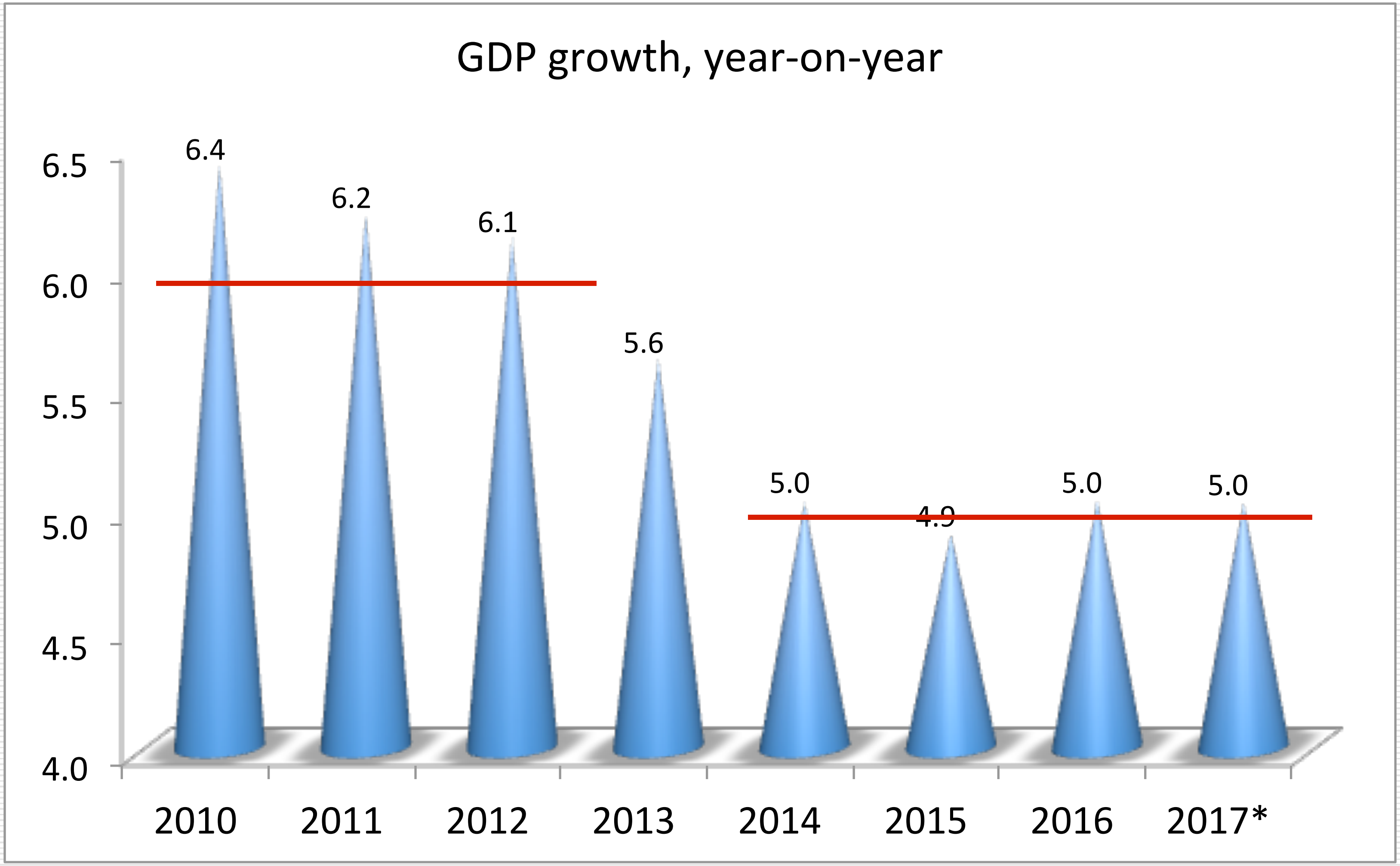
Kebangkitan dan kejatuhan perekonomian Indonesia: pertumbuhan PDB, 1961-2017 (%)



* First semester.

Source: BPS-Statistics Indonesia.

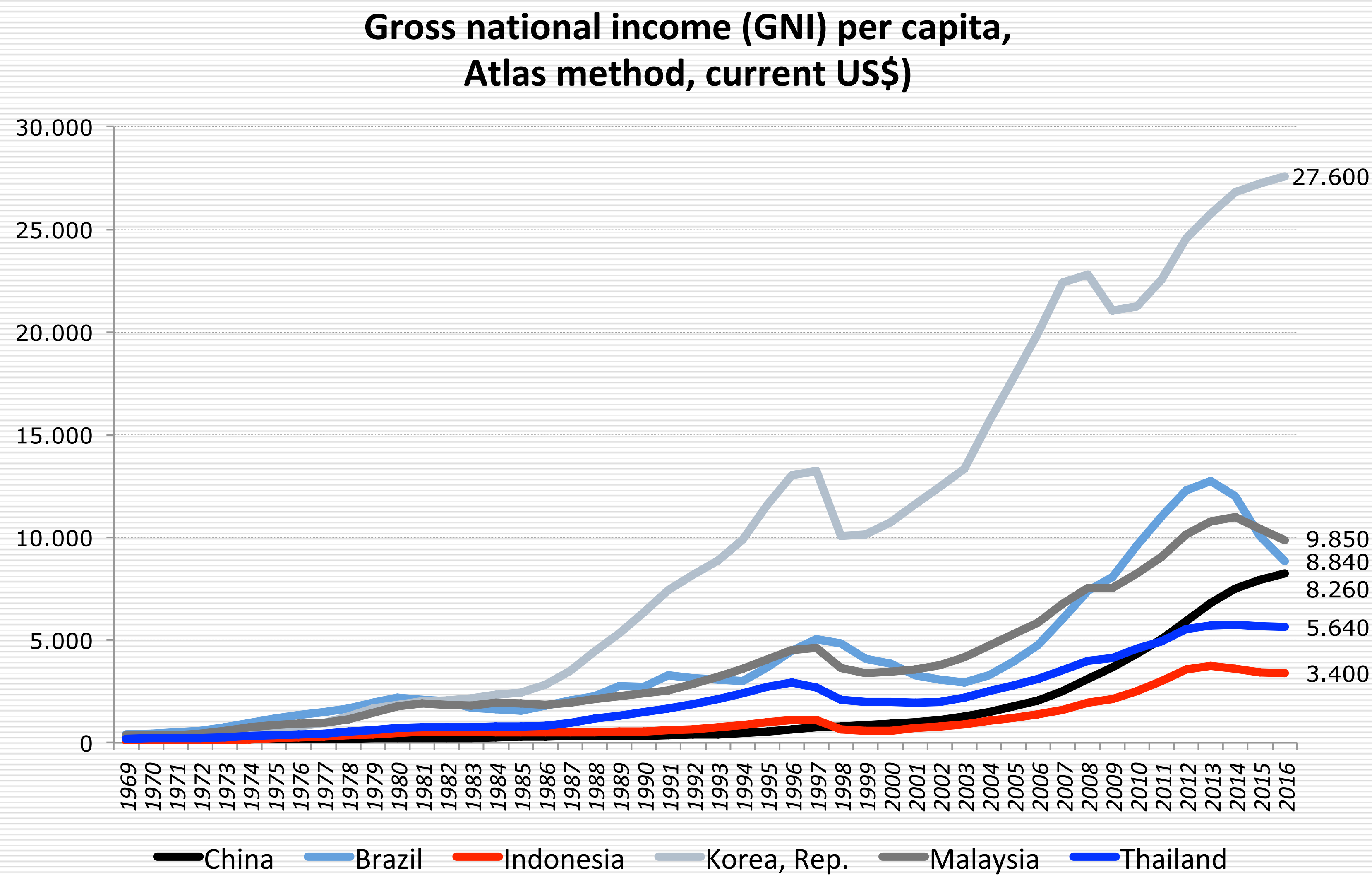
Menuju keseimbangan ekonomi (pertumbuhan) yang lebih rendah terus berlanjut



* First semester.

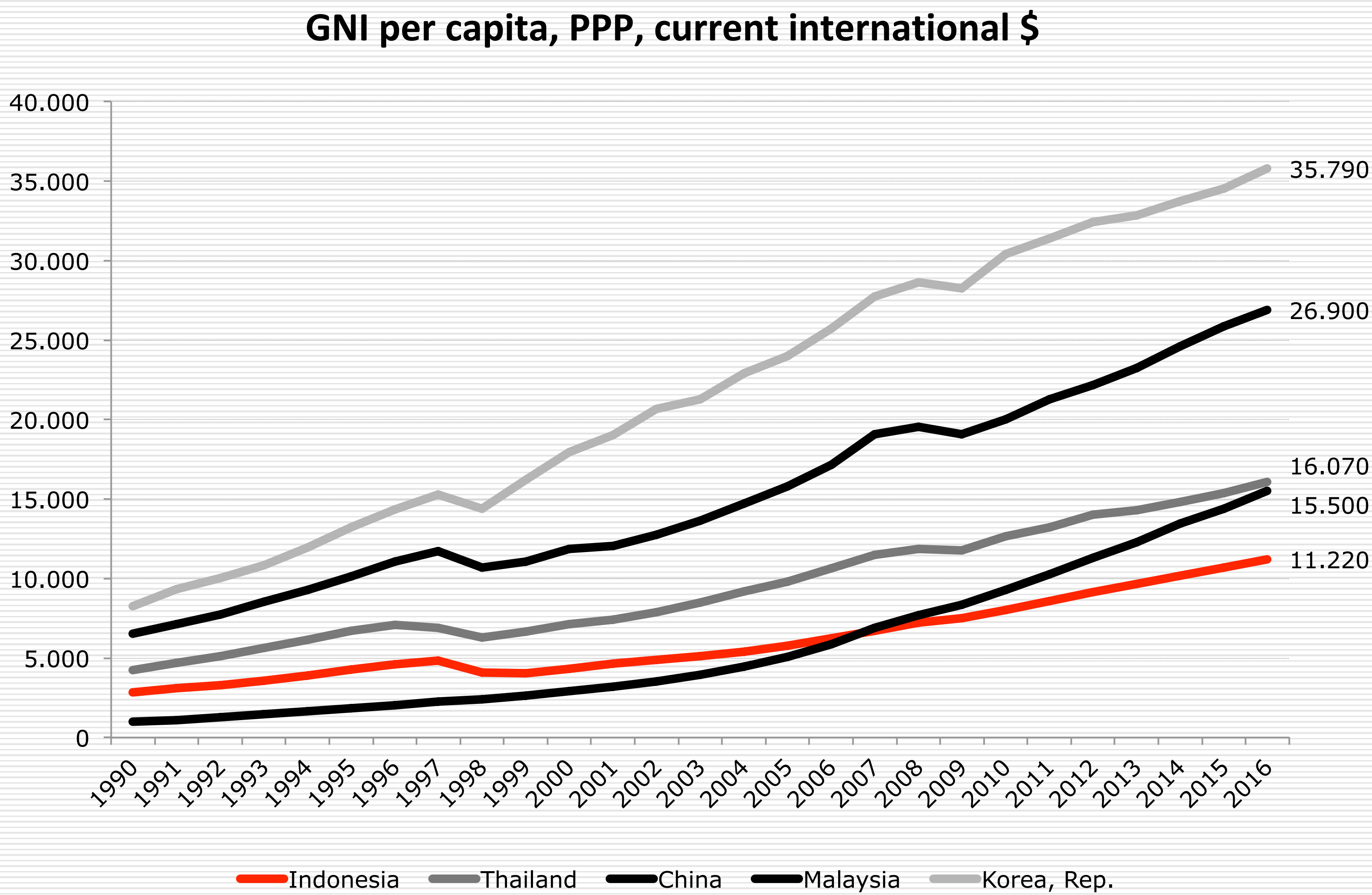
Source: BPS-Statistics Indonesia.

Setting off from a point where neighboring countries started their journey too (1)



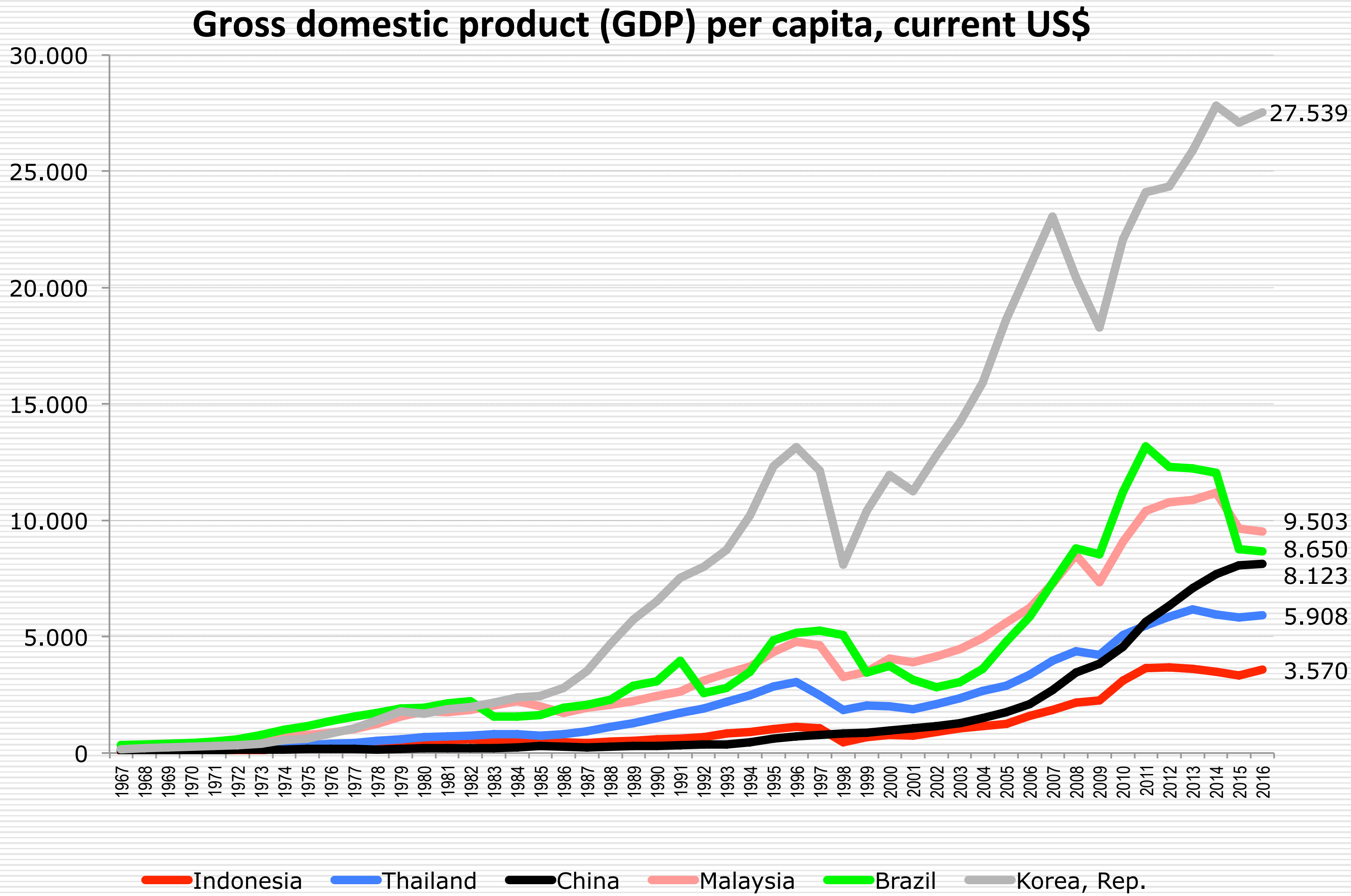
Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Setting off from a point where neighboring countries started their journey too (2)



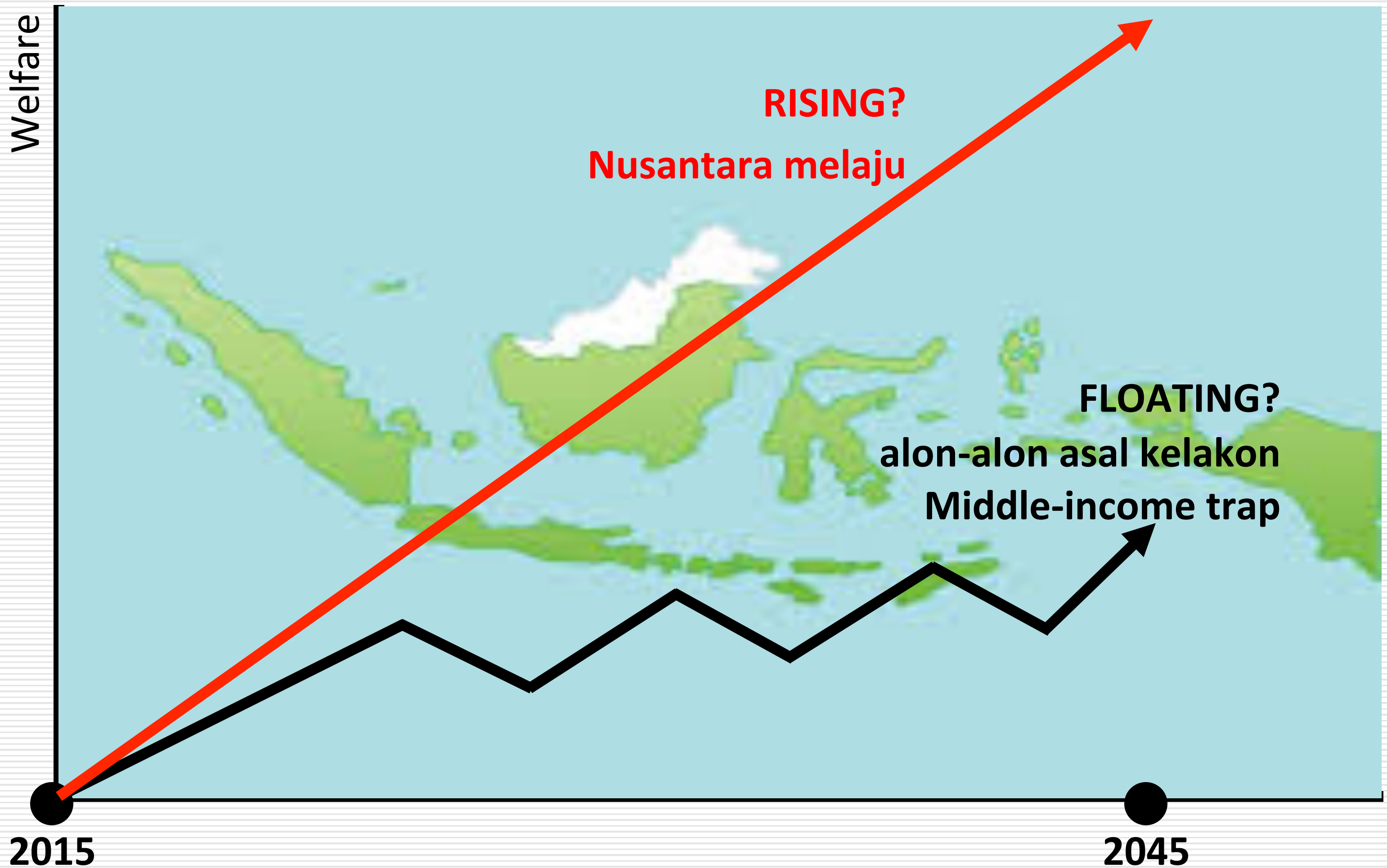
Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Setting off from a point where neighboring countries started their journey too (3)



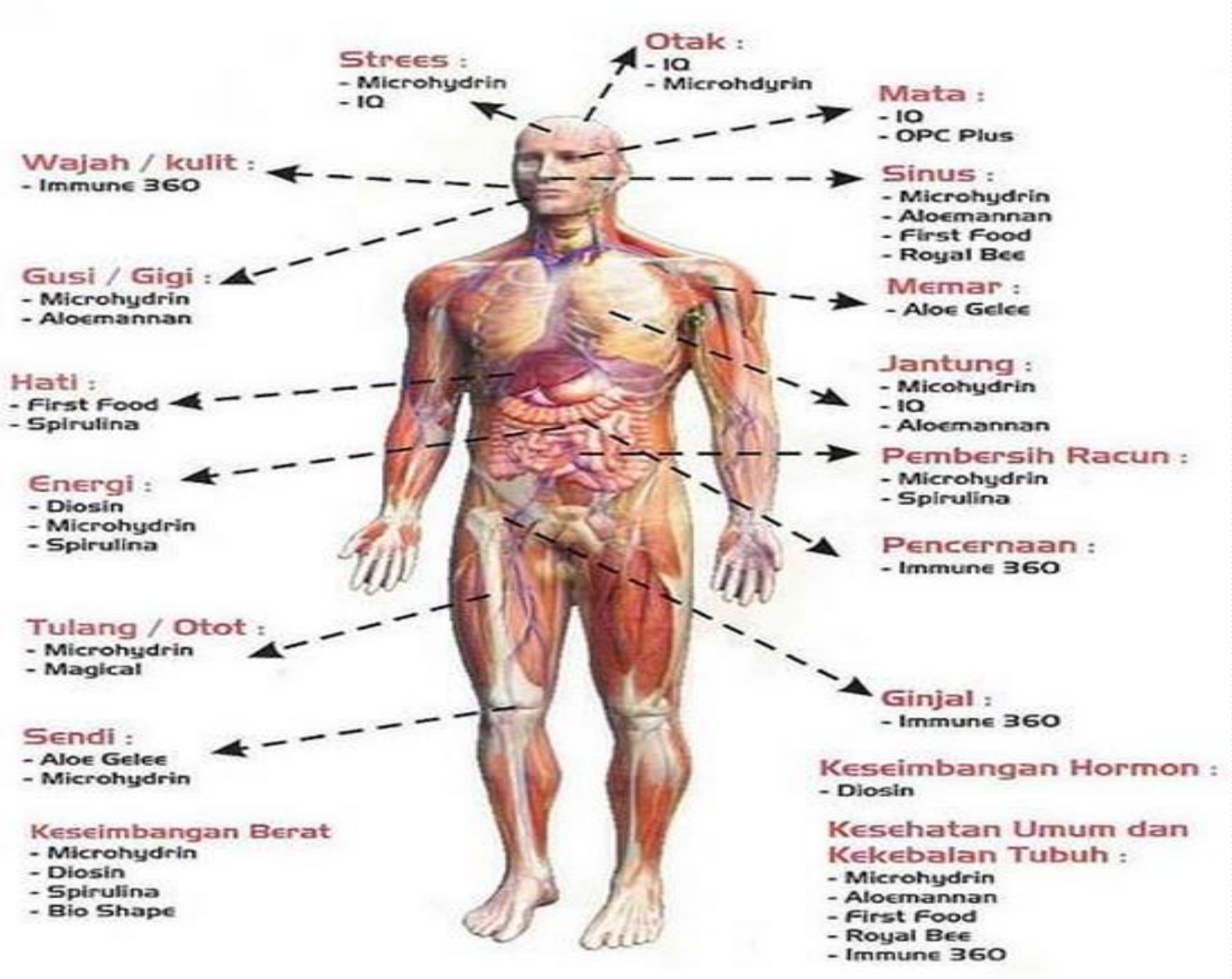
Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Indonesia: avoiding the trap



Source: Adopted from world Bank, Indonesia: Avoiding The Trap, Development Policy Review, May 2014.

Analogi perekonomian dengan anatomi tubuh manusia

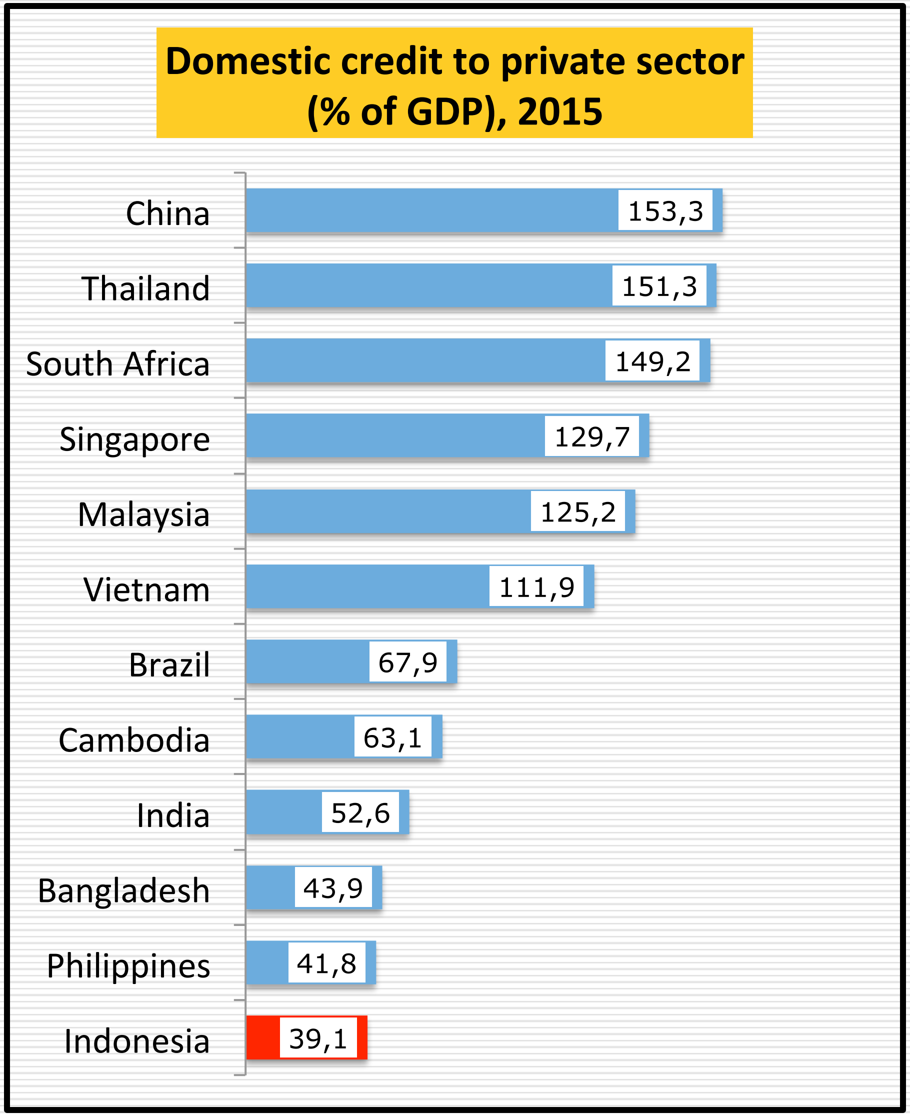


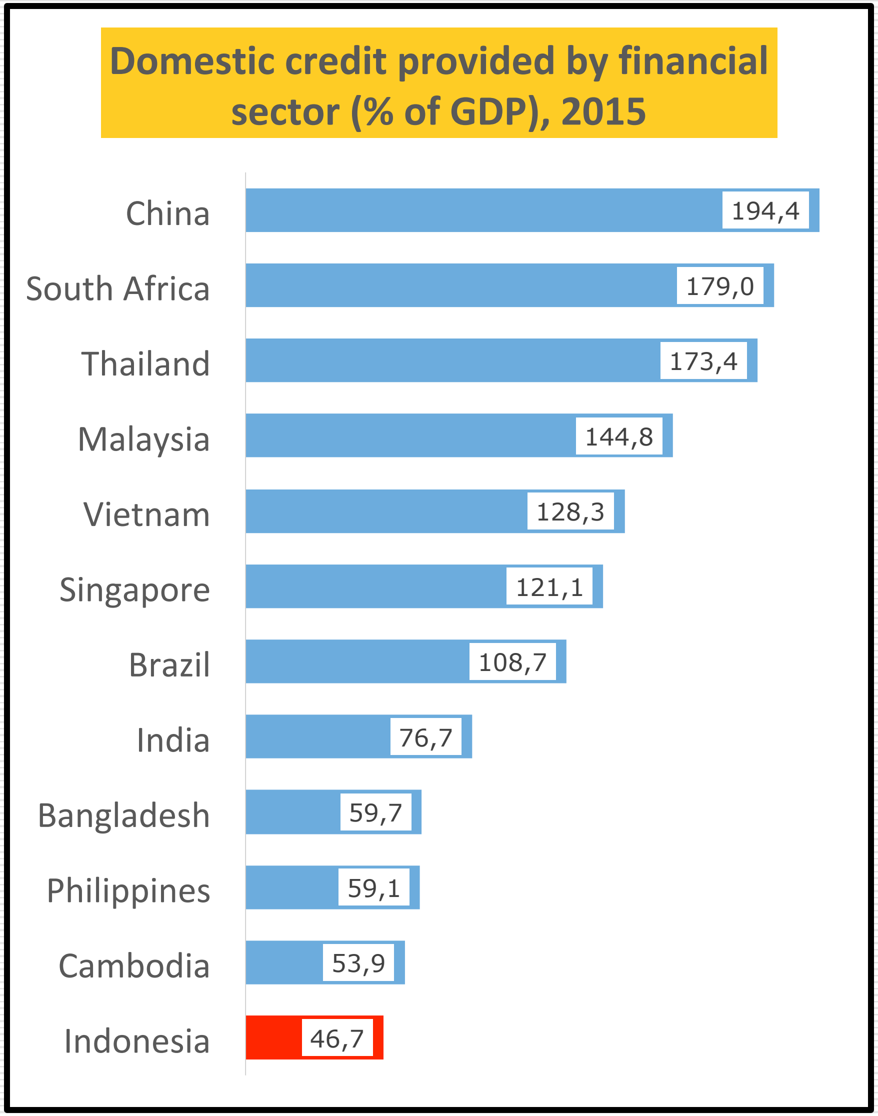
Menjadi juara: asupan harus bermutu, kerja keras, disiplin, rajin latihan dan bertanding

Michael Phelps/theguardian.com

Usain Bolt/edgardaily.com

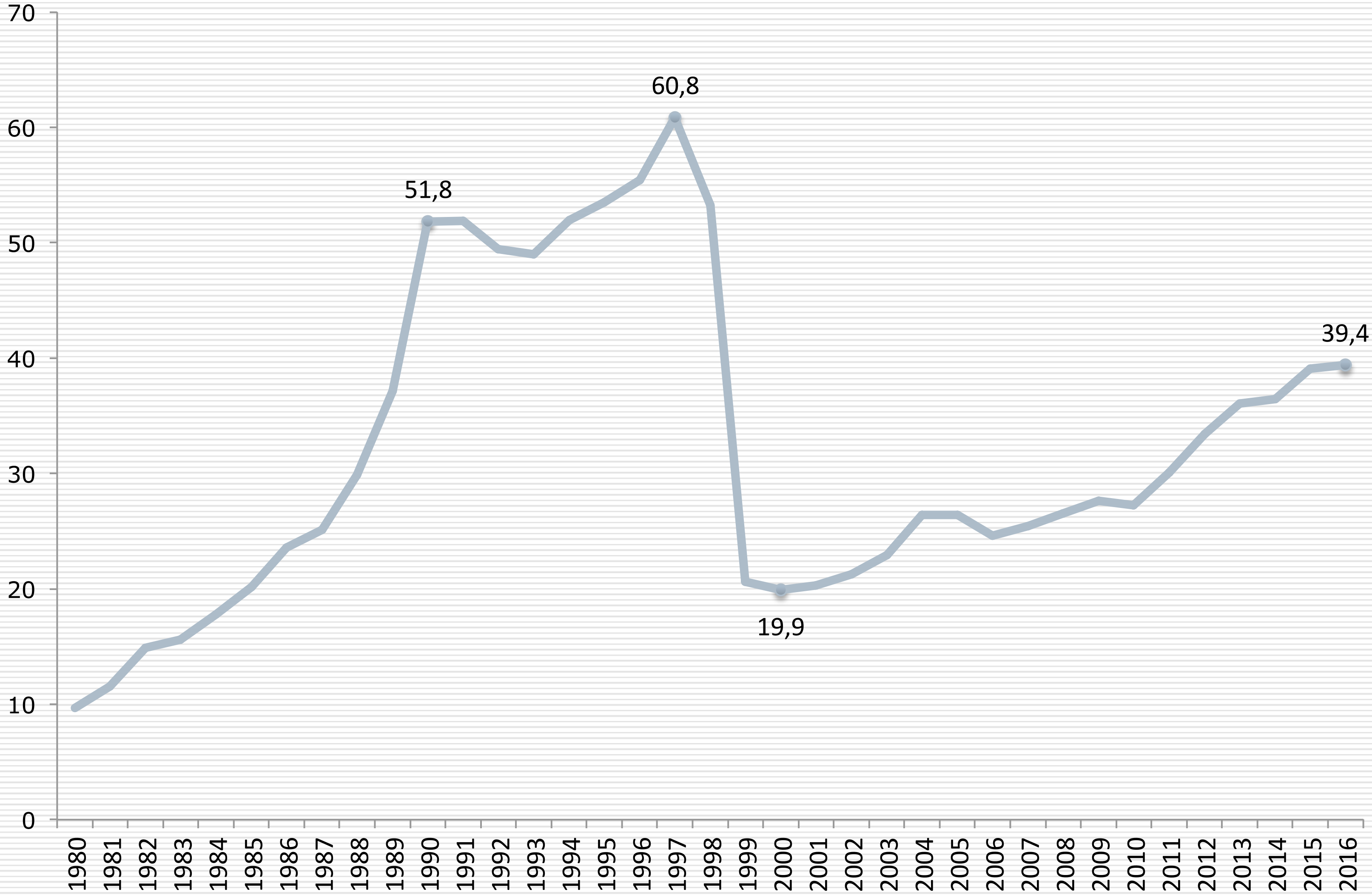
Credit penetration in Indonesia is still very low





Source: World Bank, World Development Indicators.

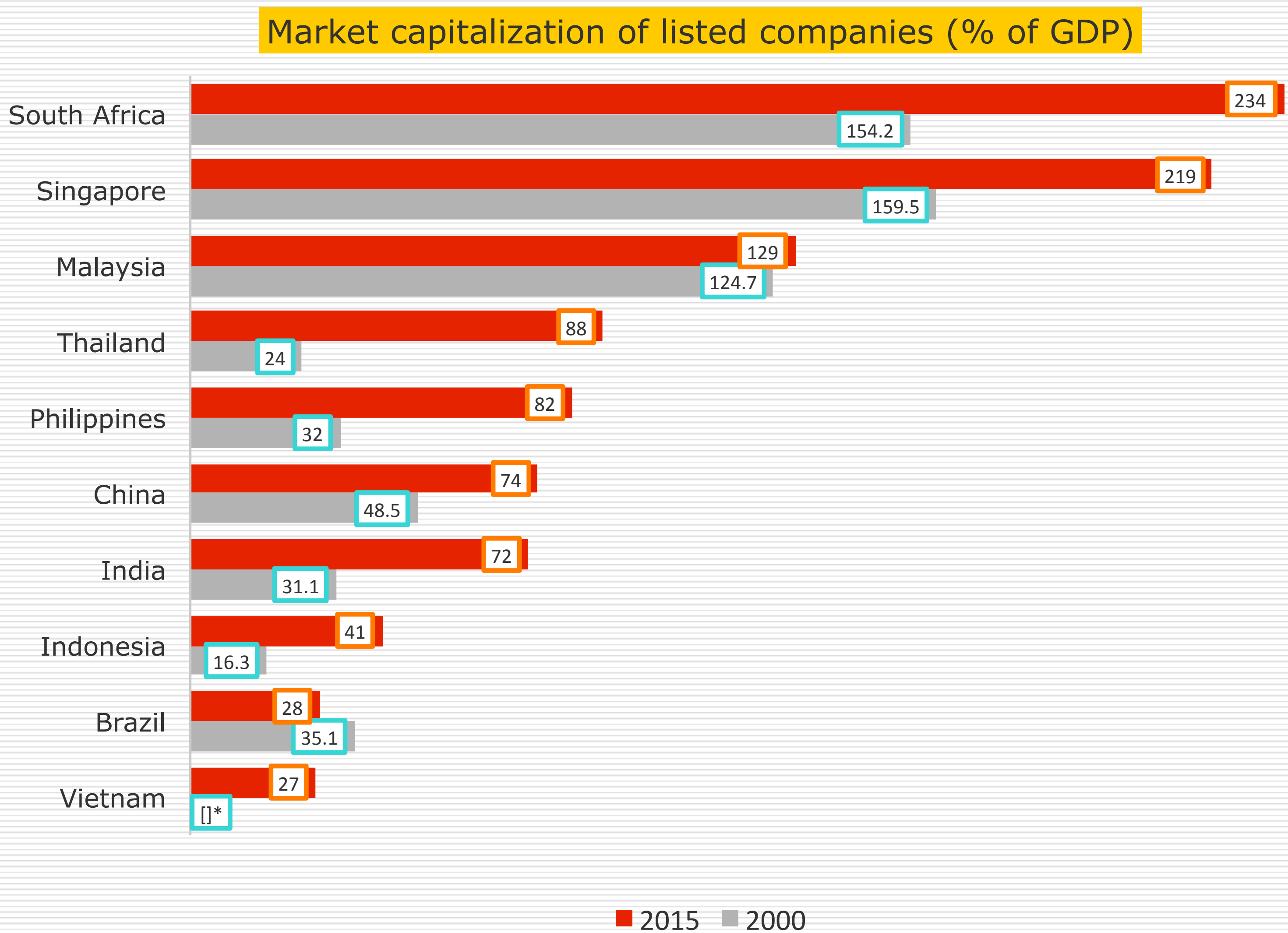
Indonesia: domestic credit to private sector



* 2003

Source: World Bank, World Development Indicators.

Stock market capitalization

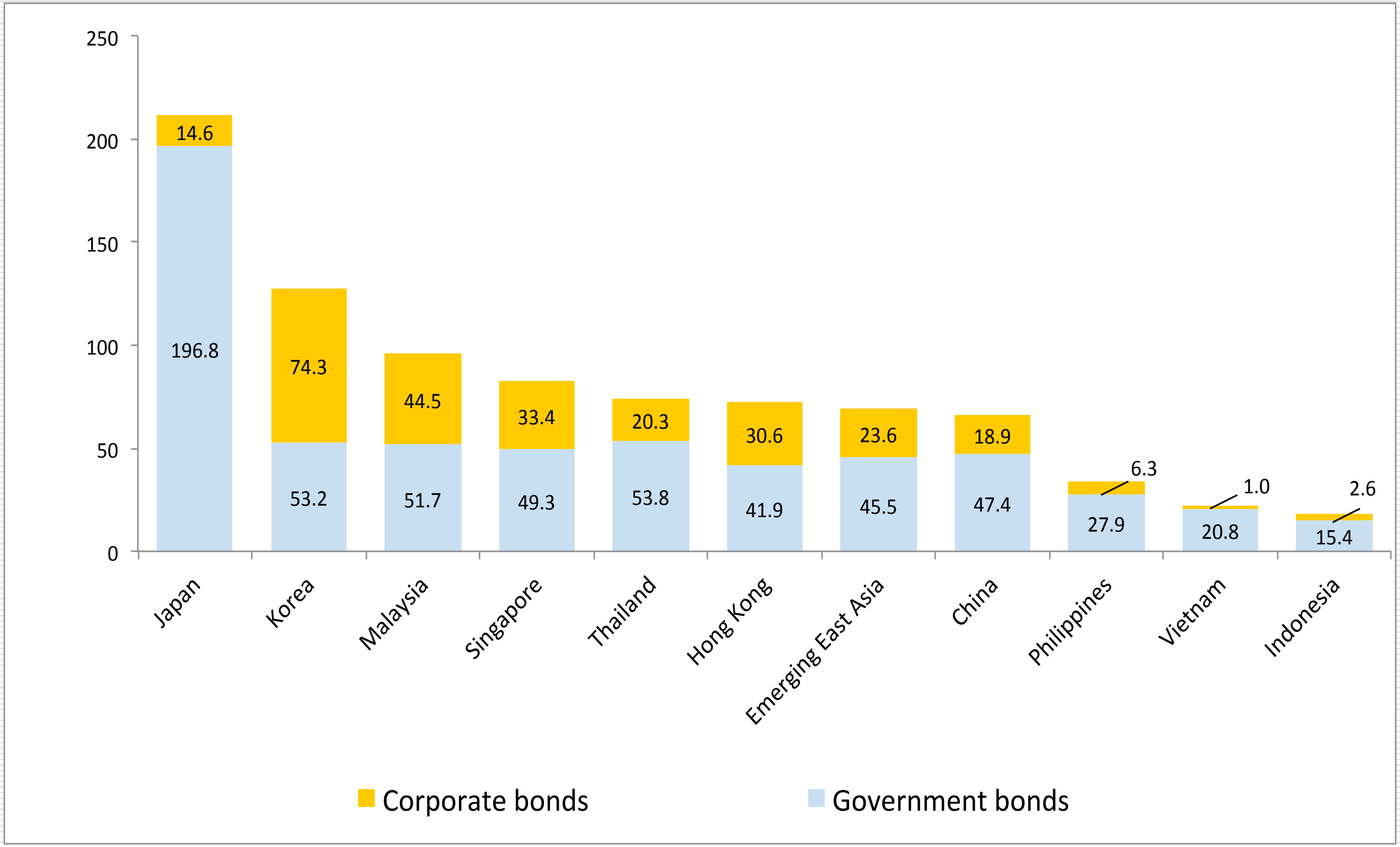


* 2003

Source: World Bank, World Development Indicators.

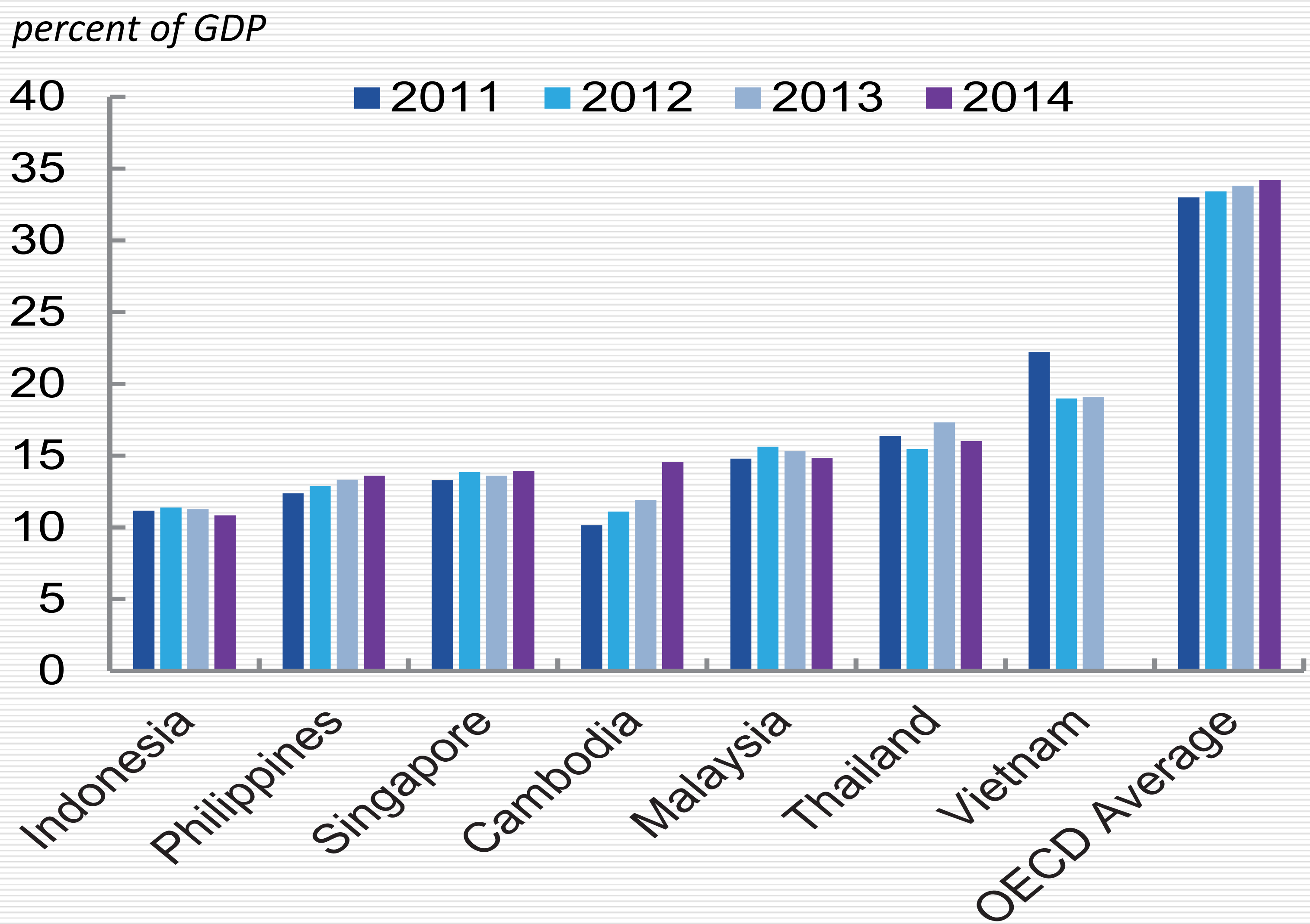
Size of local currency bonds market: Indonesia is still lagging behind in the long-term financing

(% of GDP, Q2-2017)



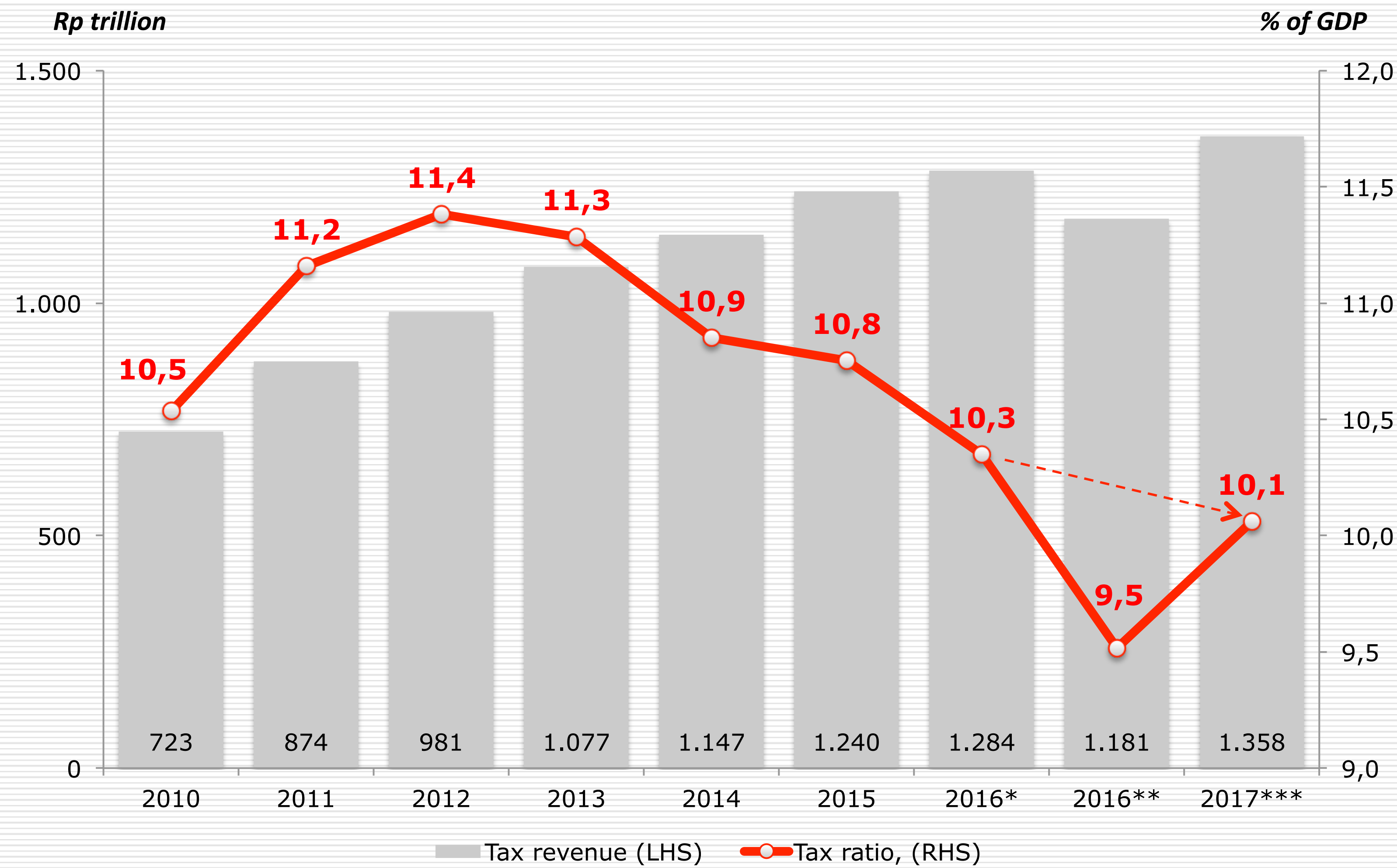
Source: Asian Development Bank, Asia Bond Monitor, June 2017.

Jantung-2 lemah dan melemah: tax-to-GDP ratio terendah dibandingkan negara tetangga



Source: World Bank, Indonesia Economic Quarterly, March 2017, p. 21.

Tax ratio turun dalam 5 tahun terakhir



* Preliminary actual.
** Without penalties from tax amnesty.
*** Own projection.
Sources: Tax revenue from Ministry of Finance; GDP from BPS-Statistics Indonesia based on 2010 Serie and current prices.

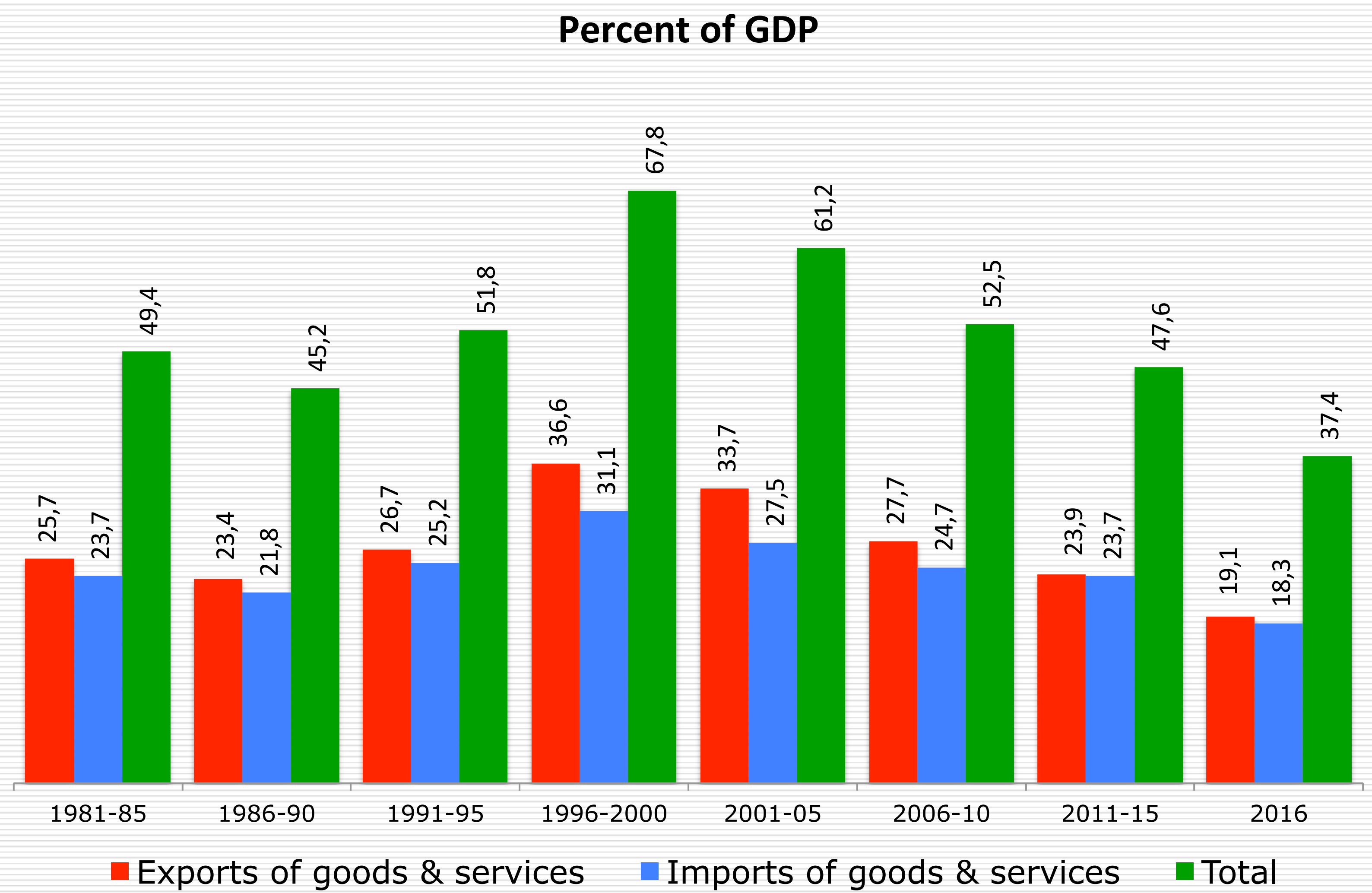
Degree of openness: (X + M)*/GDP

Country	Population (mil.,2016)	Exports (X) 1981	Exports (X) 2016	Imports (M) 1981	Imports (M) 2016	X + M 1981	X + M 2016
China	1,378.7	7.5	19.6	7.5	17.4	15.0	37.0
India	1,324.2	5.8	19.2	8.4	20.6	14.2	39.8
United States	323.1	9.5	**12.6	9.9	**15.4	19.4	**28.0
Indonesia	**261.1**	**29.0**	**19.1**	**24.0**	**18.3**	**53.0**	**37.4**
Brazil	207.7	9.4	12.5	9.8	12.1	19.2	24.6
Japan	127.0	14.4	**17.6	13.7	**18.0	28.1	**35.6
Philippines	103.3	23.8	28.0	27.2	36.9	51.0	64.9
Vietnam	92.7	***36.0	93.6	***45.3	91.1	***81.3	***184.7
Germany	82.7	20.2	46.0	24.1	38.4	44.3	84.4
Thailand	68.9	23.8	68.9	30.1	54.2	53.9	123.1
United Kingdom	65.6	25.4	28.1	22.5	30.0	47.9	58.1
South Africa	55.9	28.4	30.3	30.4	30.2	58.8	60.5
Korea, Rep.	51.2	32.1	42.2	37.2	35.4	69.3	77.6
Malaysia	31.2	51.6	67.2	57.7	60.8	109.3	128.0
Netherlands	17.0	55.9	80.8	51.2	69.9	107.1	150.7
Sweden	9.9	28.7	44.4	28.1	39.8	56.8	84.2
Hongkong SAR, China	7.3	91.1	187.4	92.6	185.2	183.7	372.6
Denmark	5.7	36.1	53.1	34.9	46.2	71.0	99.3
Singapore	5.6	198.2	172.1	201.6	146.3	399.8	318.4

* Exports and imports of goods and services. **2015 ***1990

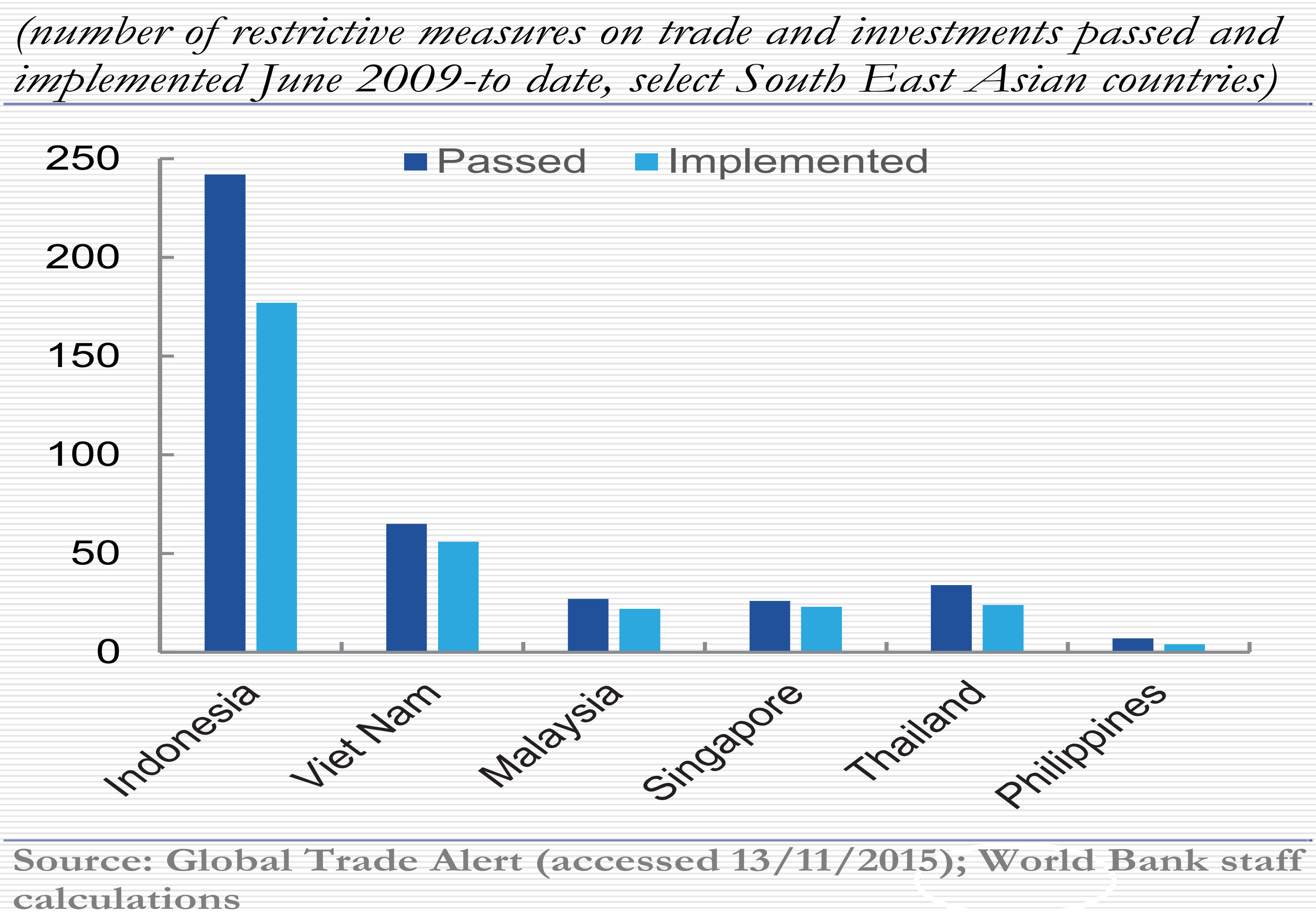
Source: World Bank: for population downloaded from http://databank.worldbank.org/data/reports.aspx?source=2&series=SP.POP.TOTL&country= on August 14, 2017; for exports downloaded from http://databank.worldbank.org/data/reports.aspx?source=2&series=NE.EXP.GNFS.ZS&country= on August 14, 2017; and for imports downloaded from http://databank.worldbank.org/data/reports.aspx?source=2&series=NE.IMP.GNFS.ZS&country= on August 14, 2017.

Indonesia: degree of openness, 1981-2016



Source: World Bank: for exports downloaded from http://data.worldbank.org/indicator/NE.EXP.GNFS.ZS); and for imports downloaded from http://data.worldbank.org/indicator/NE.IMP.GNFS.ZS. Downloaded on August 14, 2017.

Indonesia has actively used restrictive trade and investment measures



Source: World Bank, Indonesia Economic Quarterly: Reforming Amid Uncertainty, December 2015, p. 35.

Strategi menyerang lebih ampuh, musim 2016-17

England - Premier League - Table

#	Team Name	P	W	D	L	F	A	GD	Pts
1	Chelsea	38	30	3	5	85	33	52	**93**
2	Tottenham Hotspur	38	26	8	4	86	26	60	**86**
3	Manchester City	38	23	9	6	80	39	41	**78**
4	Liverpool	38	22	10	6	78	42	36	**76**
5	Arsenal	38	23	6	9	77	44	33	**75**
6	Manchester United	38	18	15	5	54	29	25	**69**

Spain - LaLiga Santander - Table

#	Team Name	P	W	D	L	F	A	GD	Pts
1	Real Madrid	38	29	6	3	106	41	65	**93**
2	Barcelona	38	28	6	4	116	37	79	**90**
3	Atletico Madrid	38	23	9	6	70	27	43	**78**
4	Sevilla	38	21	9	8	69	49	20	**72**
5	Villarreal	38	19	10	9	56	33	23	**67**
6	Real Sociedad	38	19	7	12	59	53	6	**64**

Bagian III

Kinerja Pertumbuhan Sektoral

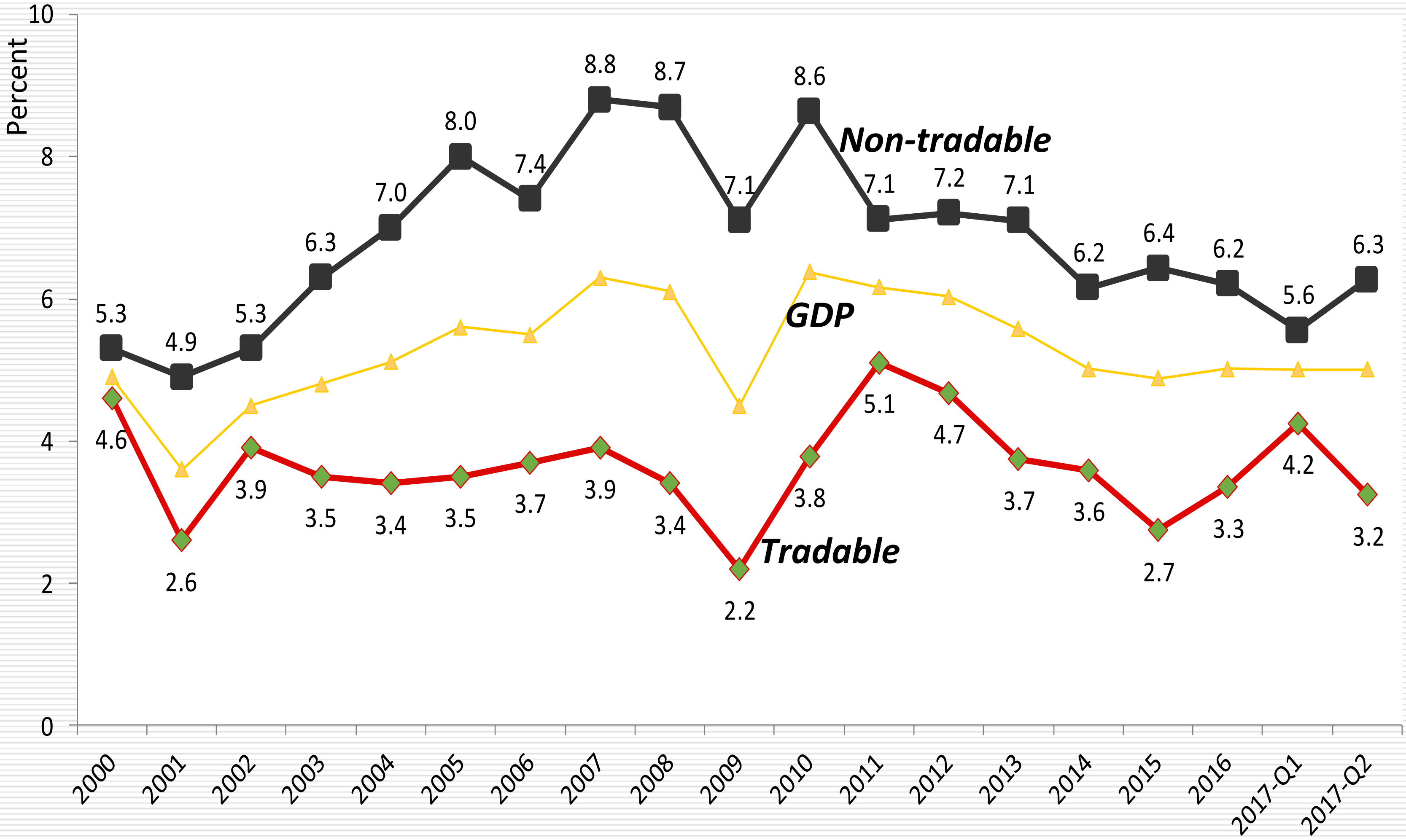
GDP growth by sector

Sectors	2012	2013	2014	2015	2016	Q1-17	Q2-17	Share 2017*
Agriculture, forestry & fishery	4.59	4.20	4.24	3.77	3.25	7.12	3.33	13.76
Mining and Quarrying	3.02	2.53	0.43	-3.42	1.06	-0.64	2.24	7.65
Manufacturing industry	5.62	4.37	4.64	4.33	4.29	4.24	3.54	20.37
Electricity and gas	10.06	5.23	5.90	0.90	5.39	1.60	-2.53	1.19
Water, waste management, cesspit and recycling	3.34	3.32	5.24	7.07	3.60	4.39	3.67	0.07
Construction	6.56	6.11	6.97	6.36	5.22	5.95	6.96	10.17
Wholesale & retail trade, cars & motorcycles reparations	5.40	4.81	5.18	2.59	3.93	4.96	3.78	13.13
Transportation and warehousing	7.11	6.97	7.36	6.68	7.74	8.03	8.37	5.24
Accommodation, food and beverages	6.64	6.80	5.77	4.31	4.94	4.68	5.07	2.87
Information and communication	12.28	10.39	10.12	9.69	8.87	9.13	10.88	3.81
Finance and insurance	9.54	8.76	4.68	8.59	8.90	5.99	5.94	4.25
Real estate	7.41	6.54	5.00	4.11	4.30	3.67	3.86	2.82
Business services	7.44	7.91	9.81	7.69	7.36	6.80	8.14	1.75
Public adm., defense, and compulsory social security	2.13	2.56	2.38	4.63	3.19	0.22	-0.03	3.59
Education	8.22	7.44	5.47	7.33	3.84	4.09	0.90	3.18
Health and social activities	7.97	7.96	7.96	6.68	5.00	7.10	6.40	1.07
Other services	5.76	6.40	8.93	8.08	7.80	8.01	8.63	1.76
Gross domestic product	**6.03**	**5.56**	**5.01**	**4.88**	**5.02**	**5.01**	**5.01**	**100.00**

* First semester; excluding taxes minus subsidies.

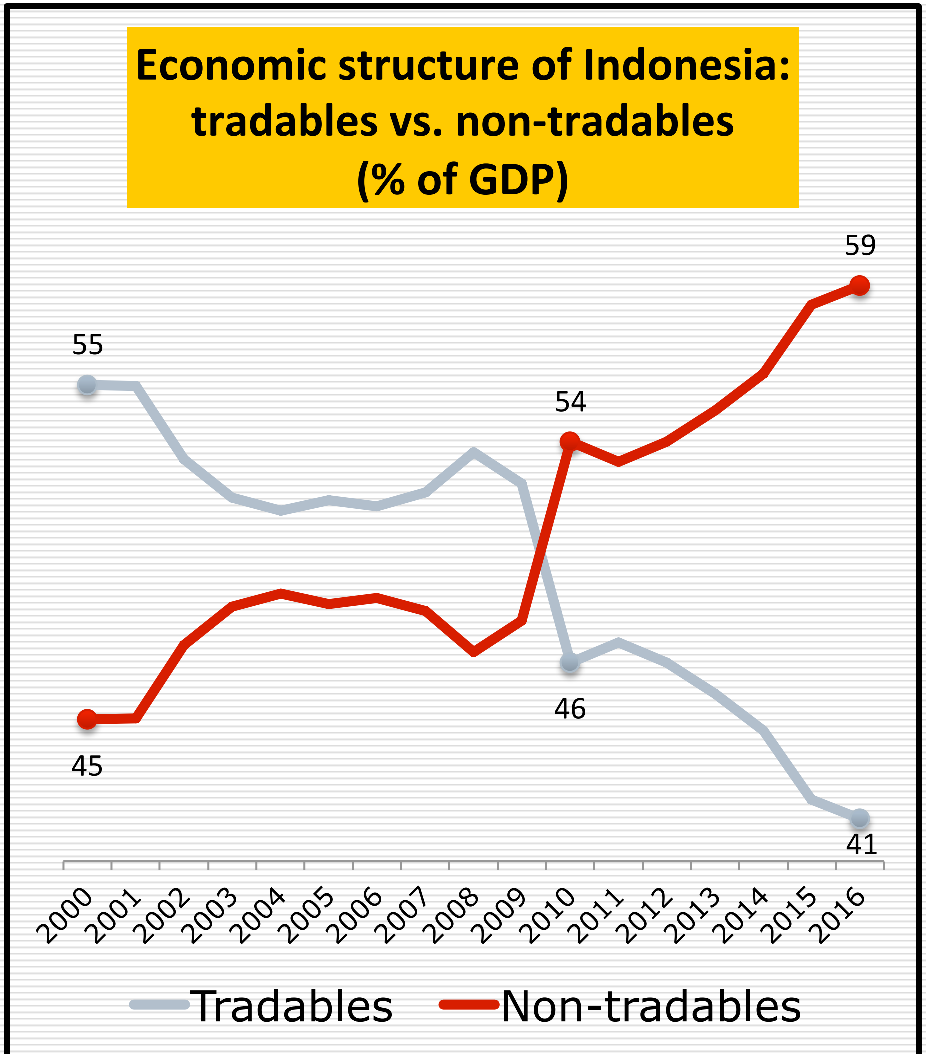
Source: BPS-Statistics Indonesia.

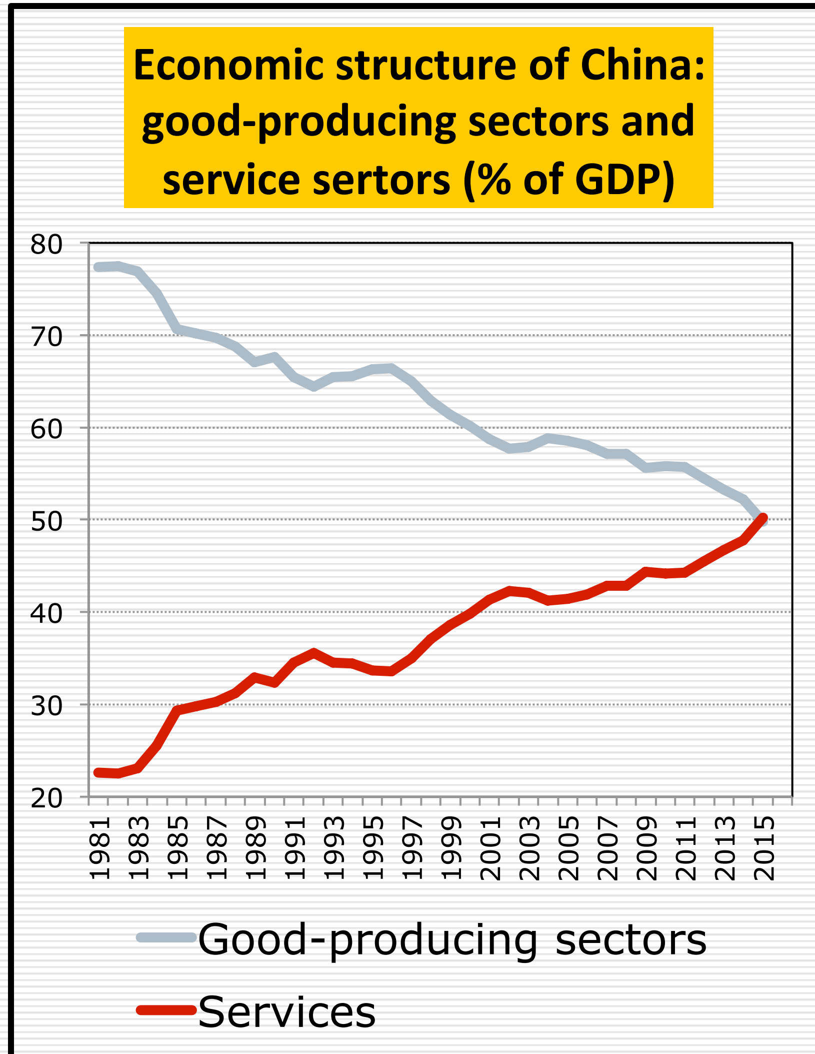
Low quality of growth: tradable sector versus non-tradable sector



Source: BPS-Statistics Indonesia.

The service sectors have dominated the Indonesian economy: too early?





Sources: BPS-Statistics Indonesia and World Bank

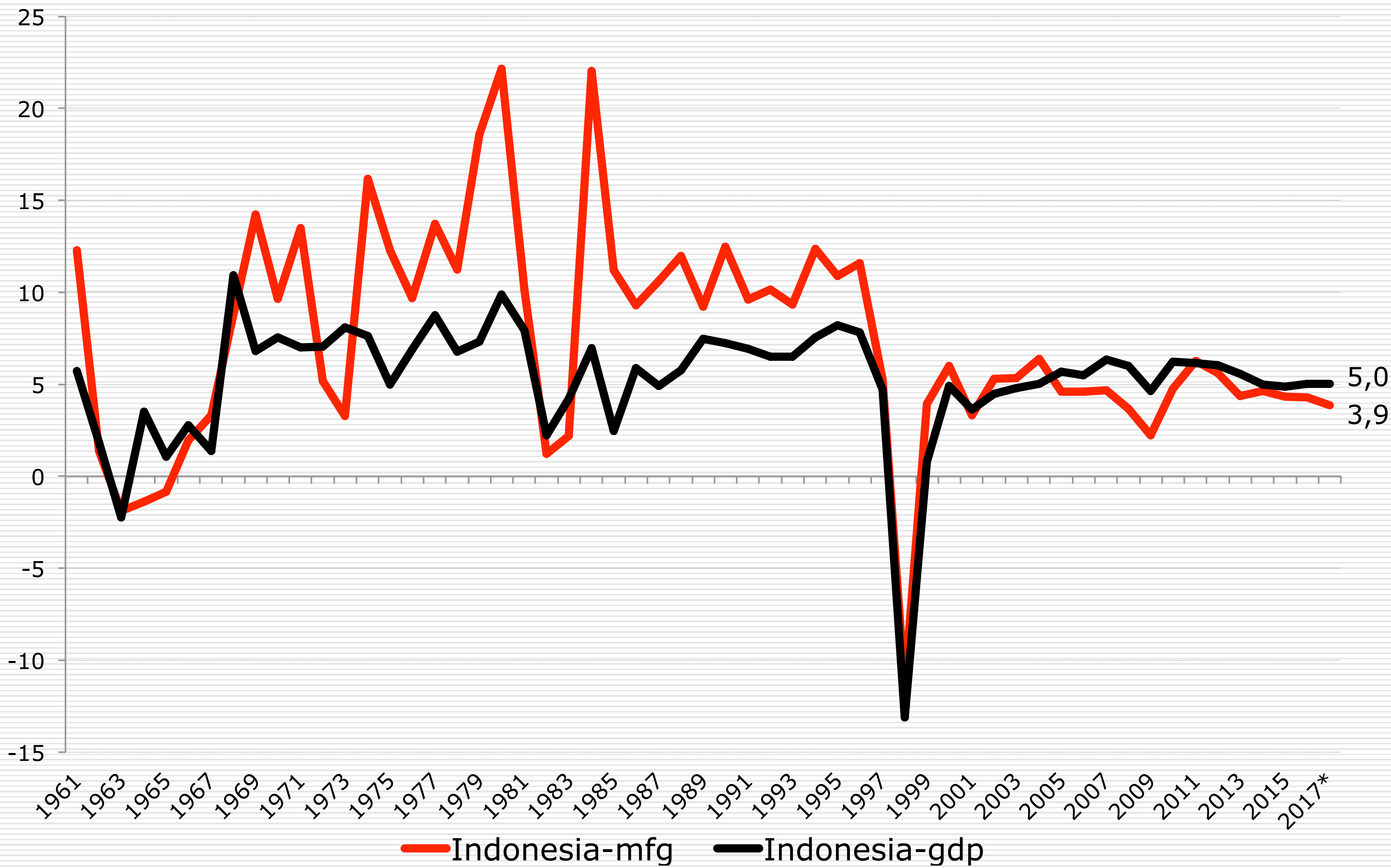
Growth of manufacturing industries, 2011-17

	2011	2012	2013	2014	2015	2016	Average 2011-16	2017*
GDP Total	**6.17**	**6.03**	**5.56**	**5.08**	**4.88**	**5.02**	**5.46**	**5.01**
Manufacturing, Total	**6.26**	**5.62**	**4.37**	**4.64**	**4.33**	**4.29**	**4.92**	**3.88**
Non-oil & gas manufacturing	**7.46**	**6.98**	**5.45**	**5.61**	**5.05**	**4.42**	**5.83**	**4.35**
Coal and Refined Petroleum Products	-0.33	-2.40	-2.64	-2.12	-1.13	3.24	-0.90	0.12
Food Products and Beverages	10.98	10.33	4.07	9.49	7.54	8.46	8.48 ✓	7.69
Tobacco Products	-0.23	8.82	-0.27	8.33	6.24	1.64	4.09	1.83
Textiles and Wearing Apparel	6.49	6.04	6.58	1.56	-4.79	-0.13	2.63	1.92
Leather & Related Products & Footware	10.94	-5.43	5.23	5.62	-3.97	8.15	3.42	5.62
Wood & of its products (except furniture)	-2.72	-0.80	6.19	6.12	-1.63	1.80	1.49	-2.51
Paper & Paper Products; Repro of Recorded	3.89	-2.89	-0.53	3.58	-0.16	2.16	1.01	1.30
Chem & Pharma & Botanical Products	8.66	12.78	5.10	4.04	7.61	5.48	7.28 ✓	8.10
Rubber & Plastics Products	2.08	7.56	-1.86	1.16	5.04	-8.34	0.94	3.28
Non-Metallic Mineral	7.78	7.91	3.34	2.41	6.03	5.46	5.49	-2.16
Manufacture of Basic Metals	13.56	-1.57	11.63	6.01	6.21	0.76	6.10	2.13
Computer, Optical Products & Elec.Equip	8.79	11.64	9.22	2.94	7.83	4.34	7.46 ✓	3.90
Machinery and Equipment	8.53	-1.39	-5.00	8.67	7.58	5.05	3.91	3.49
Transport Equipment	6.37	4.26	14.95	4.01	2.40	4.52	6.09 ✓	1.78
Furniture	9.93	-2.15	3.64	3.60	5.17	0.47	3.44	2.63
Other Manuf, Repair & Instr of Machinery	-1.09	-0.38	-0.70	7.65	4.66	-2.91	1.21	-1.83

* January-June

Source: BPS-Statistics Indonesia

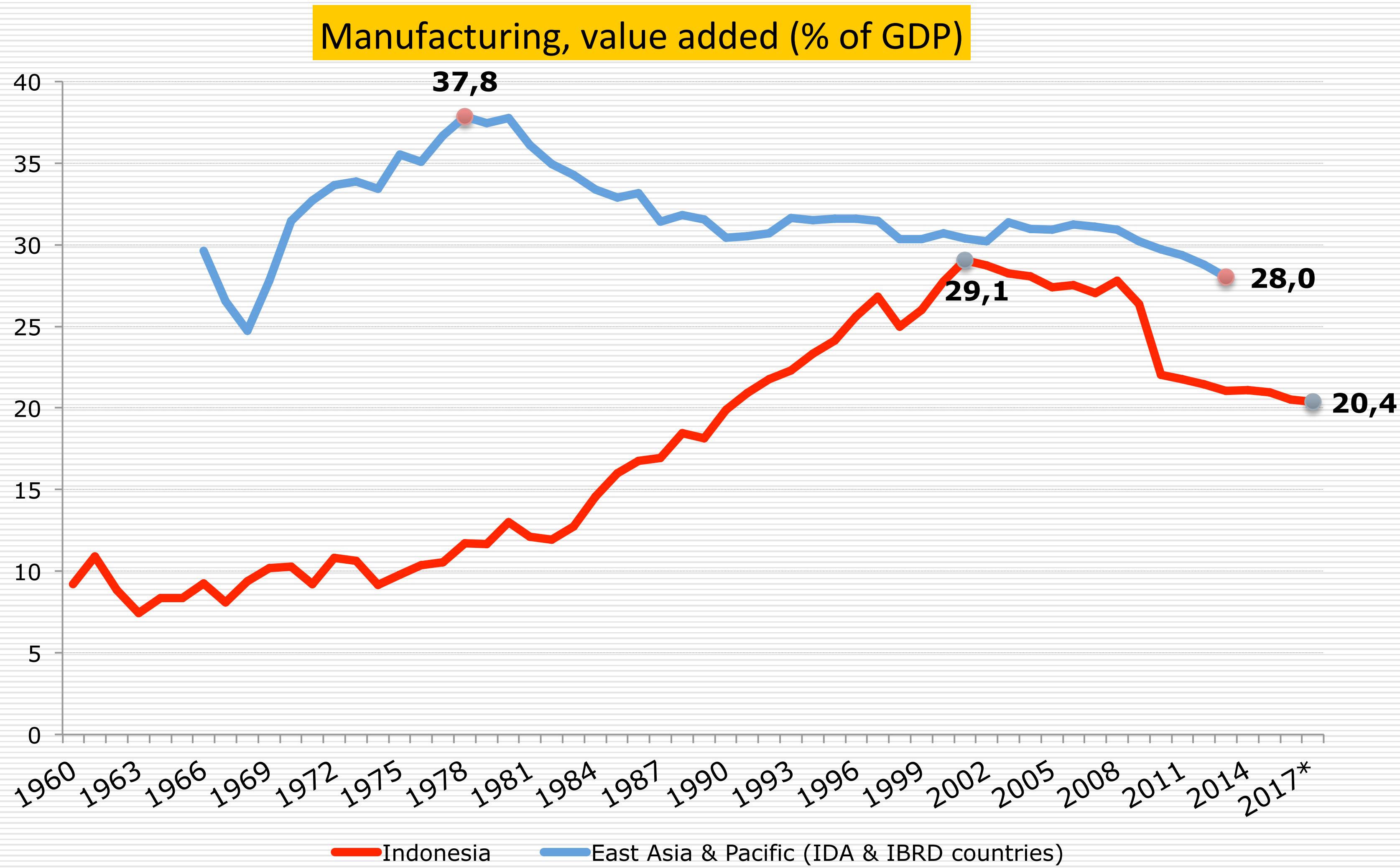
Growth of manufacturing industry vs GDP



* January-June

Source: BPS-Statistics Indonesia

Manufacturing matters: the share of manufacturing industry continued to decline



* First semester

Sources: World Bank and BPS-Statistics Indonesia

Labor productivity differences across sectors remain significant

(Sector labor productivity (real terms) compared with labor productivity in agriculture)

Sector	2000-03	2005-08	2009-12
Agriculture	1.0	1.0	1.0
Low-end services	2.4	2.5	2.2
Manufacturing industries	5.7	5.8	5.0
Transport & communication	2.8	3.5	5.5
Financial services	21.5	20.5	14.6
Mining and quarrying	46.8	26.7	18.0

Source: World Bank, Indonesia: Avoiding The Trap, Development Policy Review 2014, p. 6.

New primadona: tourism?

International visitors arrivals to Indonesia by port of entry
Growth Jan-Jul 2017 (yoy) = 23.53%

Port of Entry	**2014**	**2015**	**2016**	**2017***
Ngurah Rai	3,731,735	3,936,066	4,885,062	3,379,287
Soekarno-Hatta	2,246,437	2,368,628	2,603,195	1,437,679
Batam	1,454,110	1,585,719	1,510,203	724,483
Tanjung Uban	320,861	305,471	308,964	193,240
Juanda	217,193	204,200	231,455	124,707
Kualanamu	234,724	201,447	211,942	126,102
Husein Sastranegara	180,392	159,811	183,542	89,526
Adi Sucipto	89,156	82,126	114,639	75,407
Tanjung Pinang	97,672	91,341	93,924	59,588
Tanjung Balai Karimun	100,782	97,320	91,811	47,673
Lombok	69,881	70,248	91,102	71,720
Top_11	8,742,943	9,102,377	10,325,839	6,329,412
Others	692,468	1,128,398	1,193,436	1,482,918
Total	**9,435,411**	**10,230,775**	**11,519,275**	**7,812,330**

* January-July

Source: BPS-Statistics Indonesia

Mostly from Asia-Pacific

International visitors arrivals to Indonesia by nationality

Nationality	2014	2015	2016
China	1,052,705	1,249,091	1,556,771
Malaysia	1,418,256	1,431,728	1,541,197
Singapore	1,559,044	1,594,102	1,515,701
Australia	1,145,576	1,090,025	1,302,292
Japan	505,175	528,606	545,392
India	267,082	306,960	422,045
Korea	352,004	375,586	386,789
United States	246,397	269,062	316,782
Philippines	248,182	267,700	298,910
France	208,357	208,679	256,229
Taiwan	220,328	223,478	252,849
Top-11	7,223,106	7,545,017	8,394,957
Others	2,122,305	2,685,758	3,124,318
Total	**9,345,411**	**10,230,775**	**11,519,275**

* January-June

Source: BPS-Statistics Indonesia

Bagian IV

Domestic Demand Mengalami Tekanan, Namun Daya Beli Masyarakat Tidak Merosot

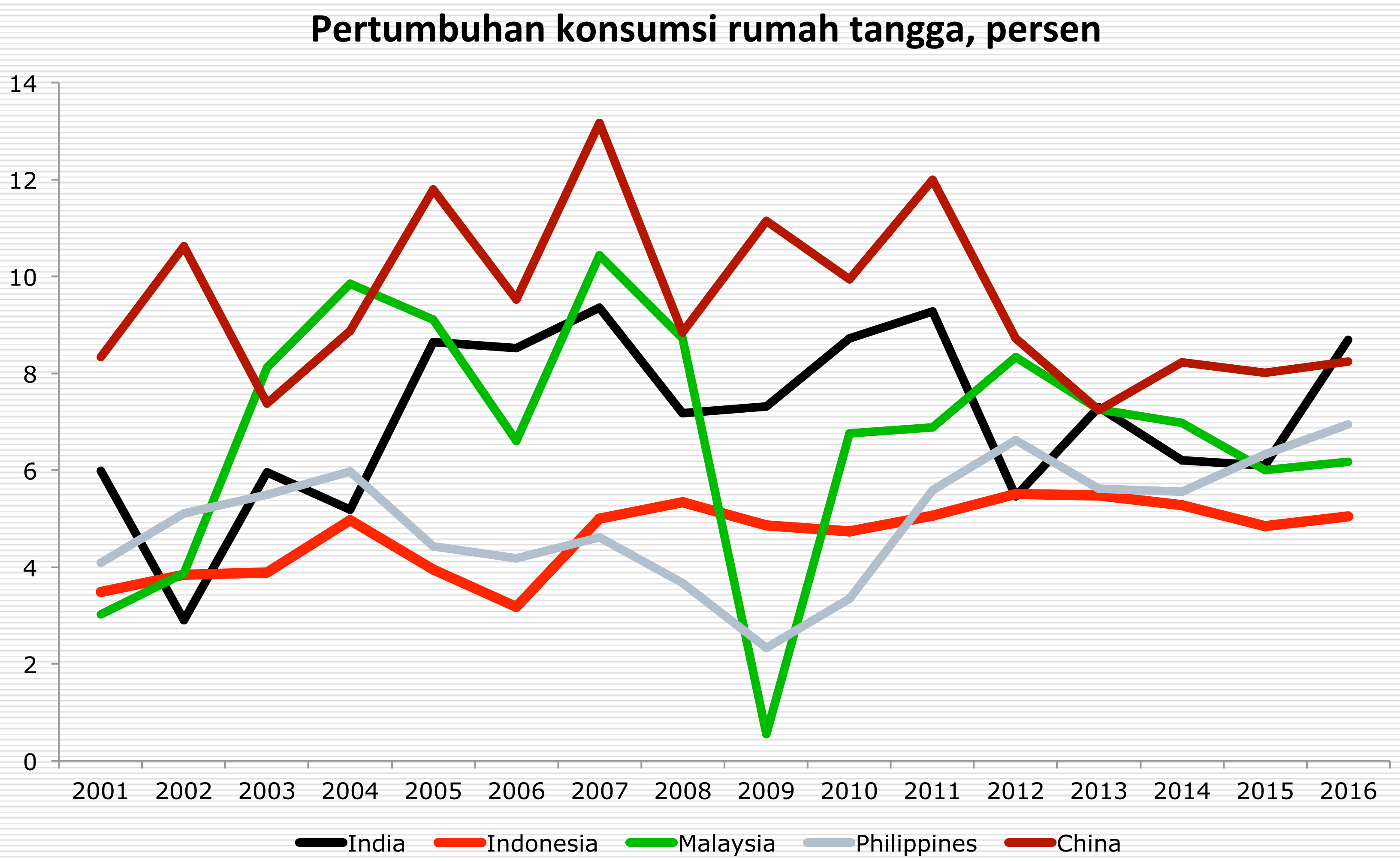
Konsumsi Rumahtangga dan Daya Beli Masyarakat

GDP growth by expenditure (percent)

	2012	2013	2014	2015	2016	Q1-17	Q2-17	*Share 2017**
Private consumption	5.49	5.43	5.15	4.96	5.01	4.94	4.95	*56.29*
LNPRT** consumption	6.68	8.18	12.19	-0.62	6.62	8.05	8.49	*1.19*
General government consumption	4.53	6.75	1.16	5.32	-0.15	2.68	-1.93	*7.60*
Gross domestic fixed capital formation	9.13	5.01	4.45	5.01	4.48	4.78	5.35	*31.46*
Exports of goods and services	1.61	4.17	1.07	-2.12	-1.74	8.21	5.76	*19.82*
Less imports of goods and services	8.00	1.86	2.12	-6.41	-2.27	5.12	2.80	*-18.25*
Gross domestic product	**6.03**	**5.56**	**5.01**	**4.88**	**5.02**	**5.01**	**5.01**	***100.00***

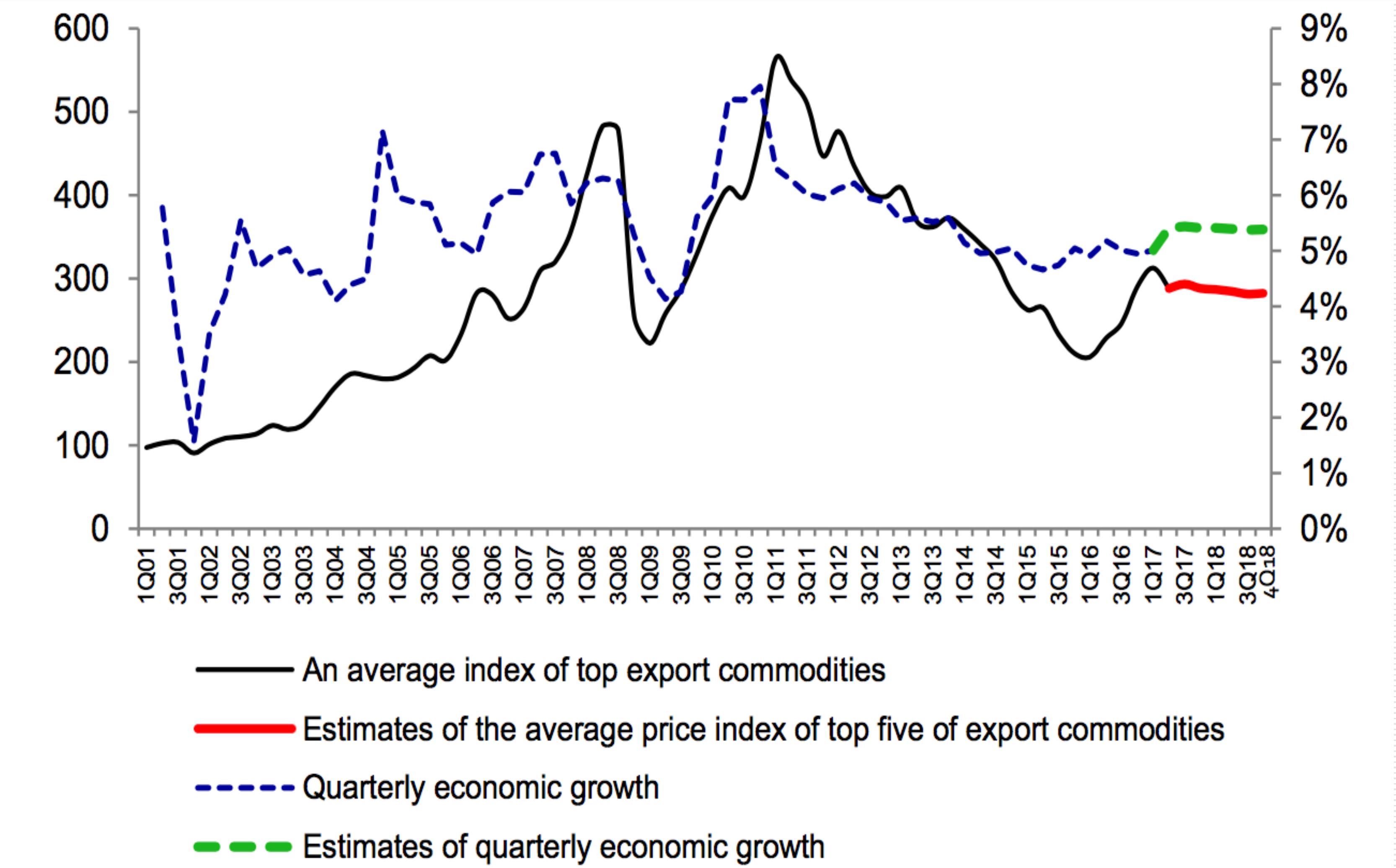
* First semester; not included change in inventory and statistical discrepancy.
** LNPRT stands for lembaga non-profit yang melayani rumah tangga (non-profit organization serving the household).
Source: BPS-Statistics Indonesia.

Dibandingkan negara tetangga, pertumbuhan konsumsi rumahtangga Indonesia stabil-rendah



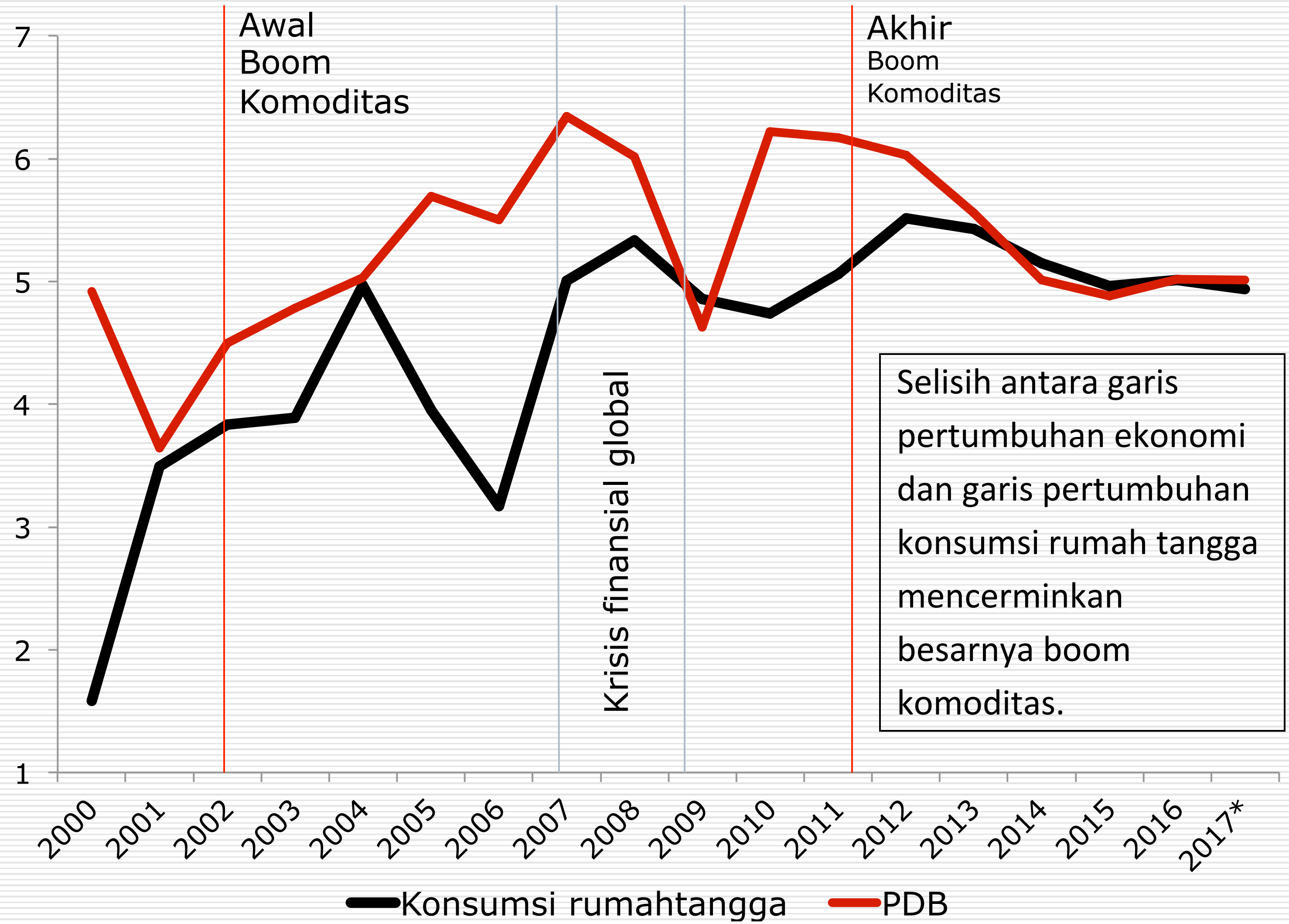
Source: Worls Bank.

Pertumbuhan ekonomi terkait erat dengan harga komoditas



Source: Office of Chief Economist, Bank Mandiri..

Pertumbuhan ekonomi dan konsumsi rumah tangga pasca boom komoditas



Source: BPS-Statistics Indonesia.

Prospek (indeks) harga komoditas

Source: World Bank.

Note: Shaded area (2017-20) denotes forecast.

Sektor perdagangan masih tumbuh walau mengalami perlambatan

- Wholesale and retail trade in Semester I-2017 grew by **4.66** percent.
- Indeed, the growth of this subsector fell from **5.41** percent in 1-2017 to **3.94** percent in Q2-207.

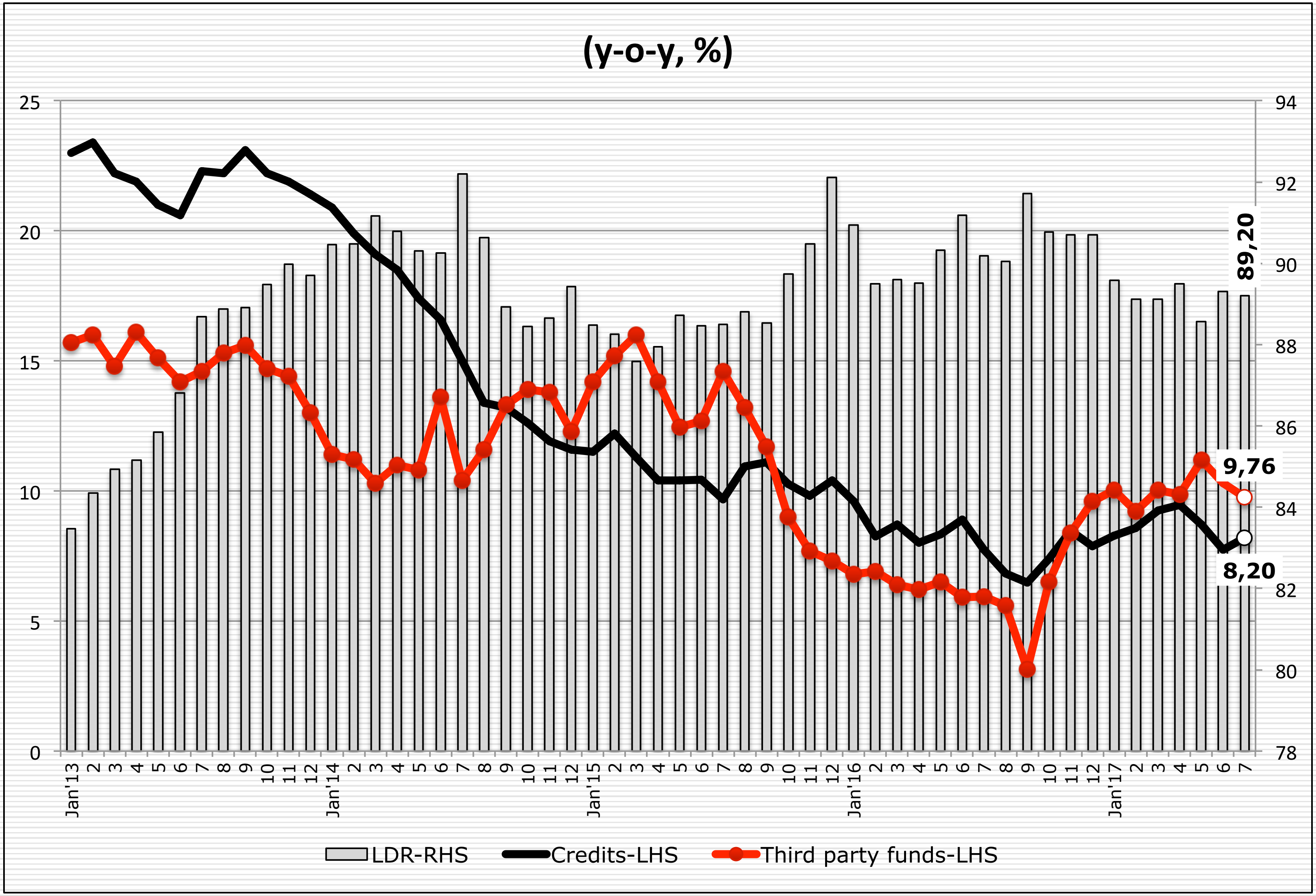
Daya beli masyarakat tidak turun!!! (1)

- Tidak ada kejadian luar biasa yang menyebabkan daya beli masyarakat secara nasional mengalami penurunan.
- Penurunan omzet atau laba beberapa outlet pasar modern dan pusat perbelanjaan tidak bisa dijadikan acuan terjadinya penurunan daya beli masyarakat.
- Begitu banyak ragam barang dan jasa serta berbagai kelompok pendapatan. Sangat boleh jadi penjualan beberapa produk turun dan daya beli kelompok pendapatan tertentu juga turun. Tetapi, secara keseluruhan naik, yang tercermin dari peningkatan riil konsumsi masyarakat sekitar 5%, sementara secara nominal naik sekitar 8%.

Daya beli masyarakat tidak turun!!! (2)

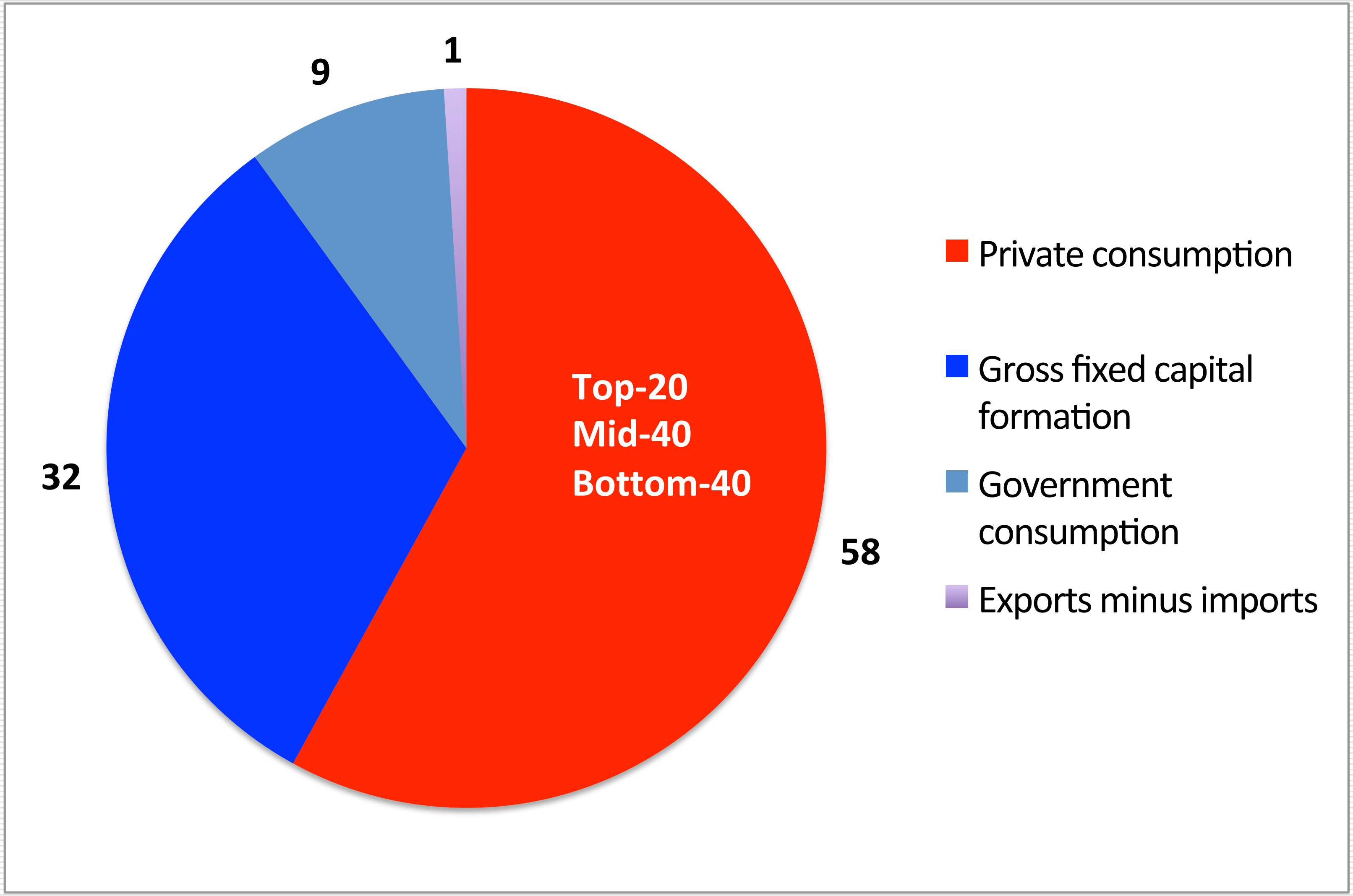
- Ada indikasi penurunan konsumsi (bukan daya beli) kelompok menengah-atas untuk berjaga-jaga dengan naikkan tabungan (*switching to saving*).
  - Porsi pendapatan yang ditabung pada Q2-17 meningkat menjadi 20.77 persen dari 18.60 persen pada Q2-2016. (Bank Mandiri, survei kepercayaan konsumen (IKK): dari 20,6% pada Juli menjadi 21,1% pada Agustus)
  - Pertumbuhan dana pihak ketiga (DPK) naik tajam sejak Oktober 2016 dan mencapai dua digit (11.2%) pada Mei 2017
- Ada pula yang beralih ke belanja *online* system/e-commerce, tetapi porsinya masih relatif kecil: tidak sampai 2 persen dari bisnis ritel total.

Credit grew only one digit for 19 months in a row, while deposit growth continued to rise



Sources: Bank Indonesia and Financial Services Authority (OJK).

Composition of GDP by expenditure, 2016 (%)

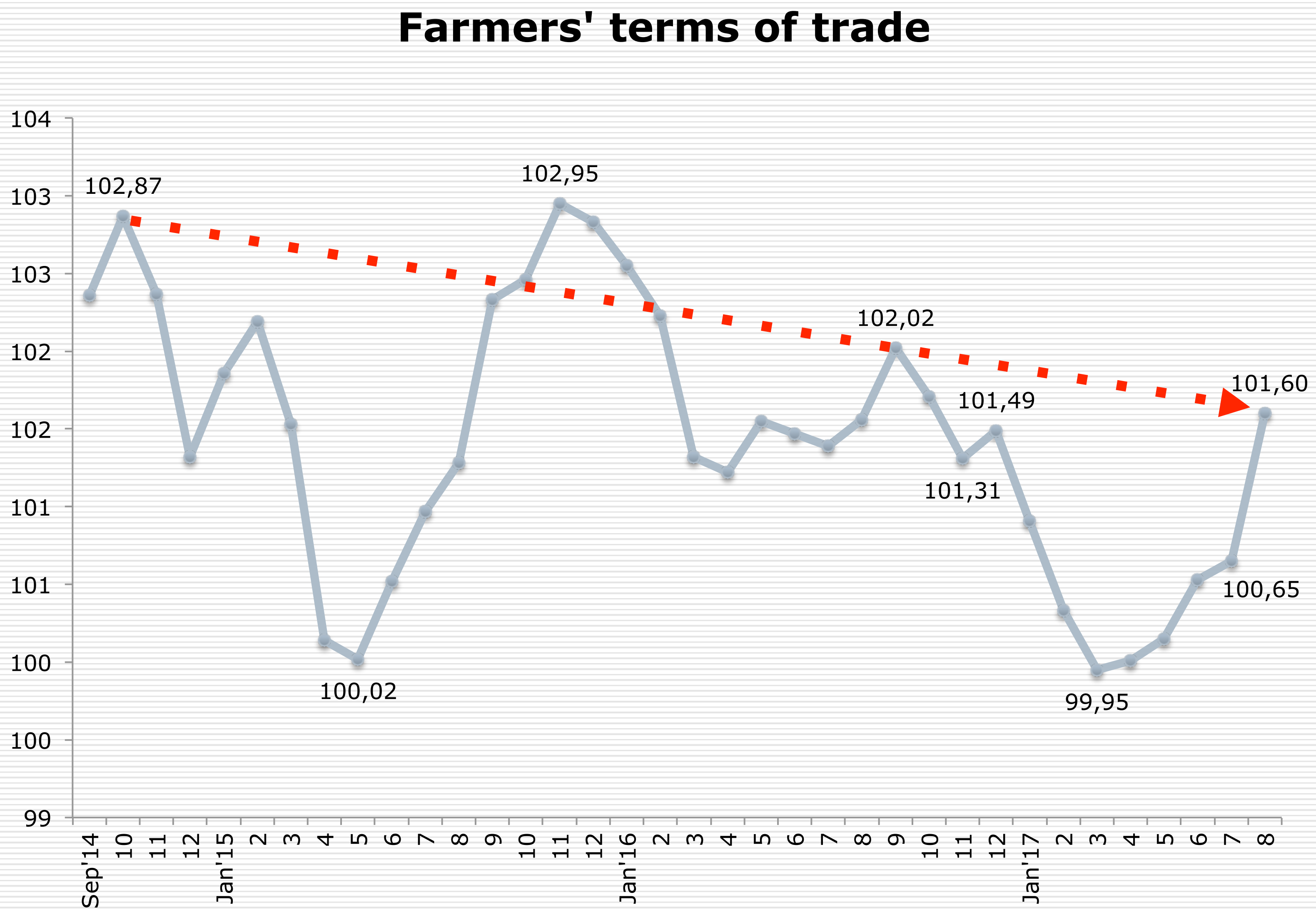


Source: BPS-Statistics Indonesia.

Bottom-40 under considerable pressures

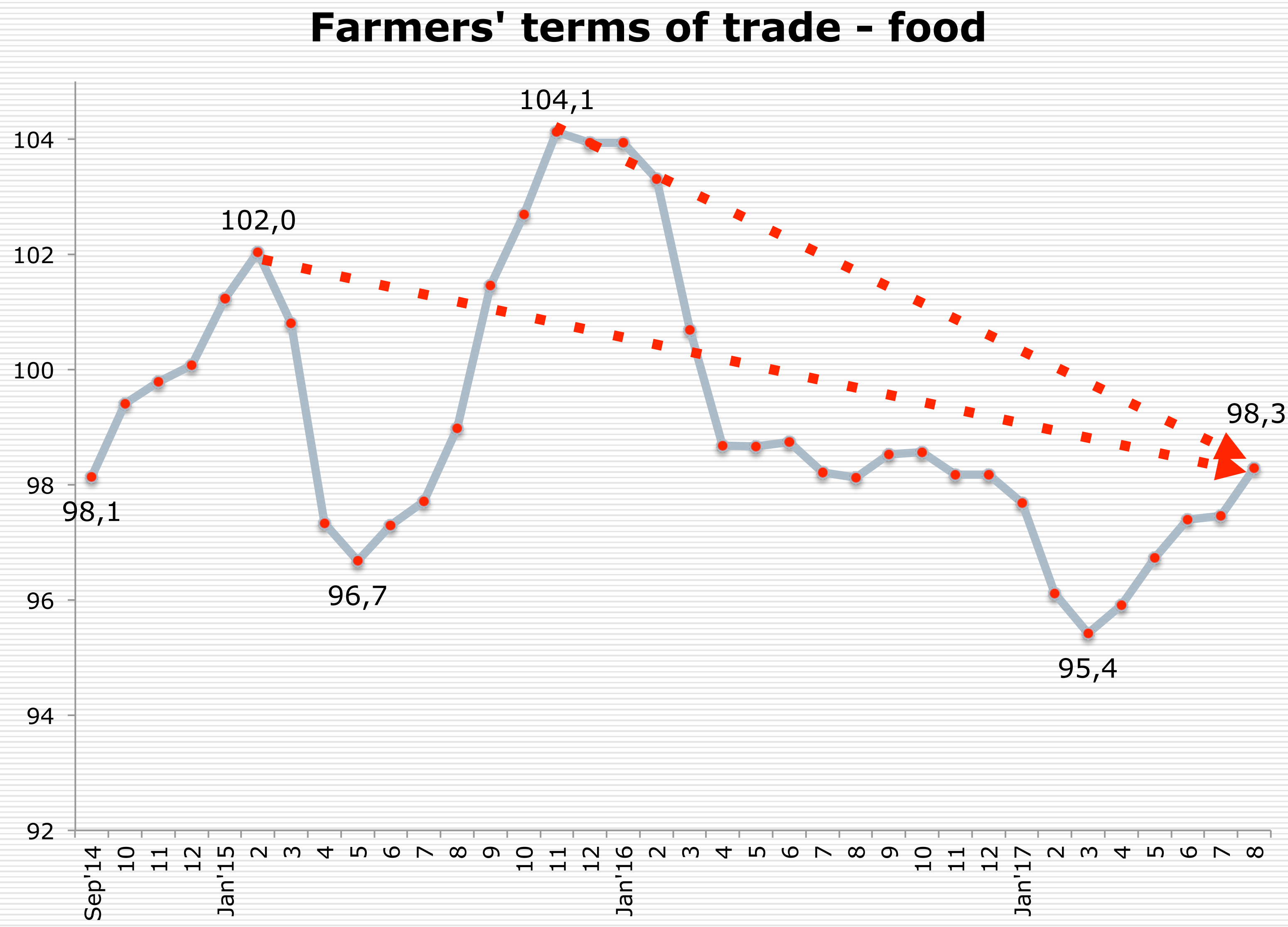
- The majority are farmers, farm workers, construction workers and other informal workers, and factory workers.
- Their purchasing power generally have decreased for quite long enough.
- Some can still survive by working longer hours, side jobs, or family members enter the labor market, so that family income does not go down significantly.
- The delay of disbursement of social assistance funds.
- The decline of purchasing power of this group on the national purchasing power is relatively small because their consumption share to the total private consumption is relatively low (17%).

Farmers' purchasing power under pressure



Source: BPS-Statistics Indonesia

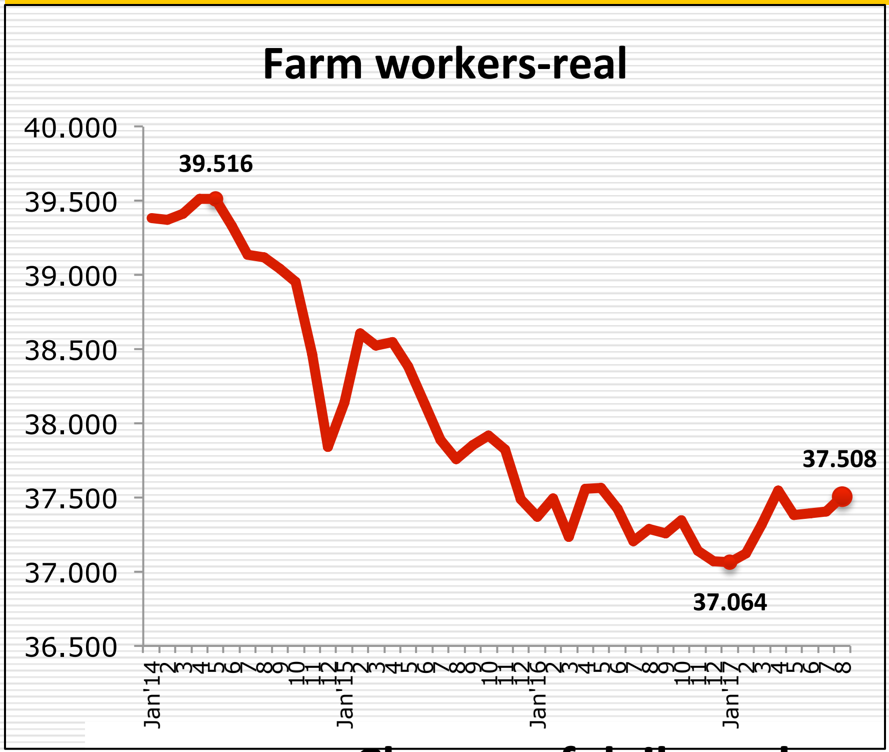
Farmers' purchasing power under pressure



Source: BPS-Statistics Indonesia

Informal workers in rural sufferred more than in urban

Daily real wages, rupiah



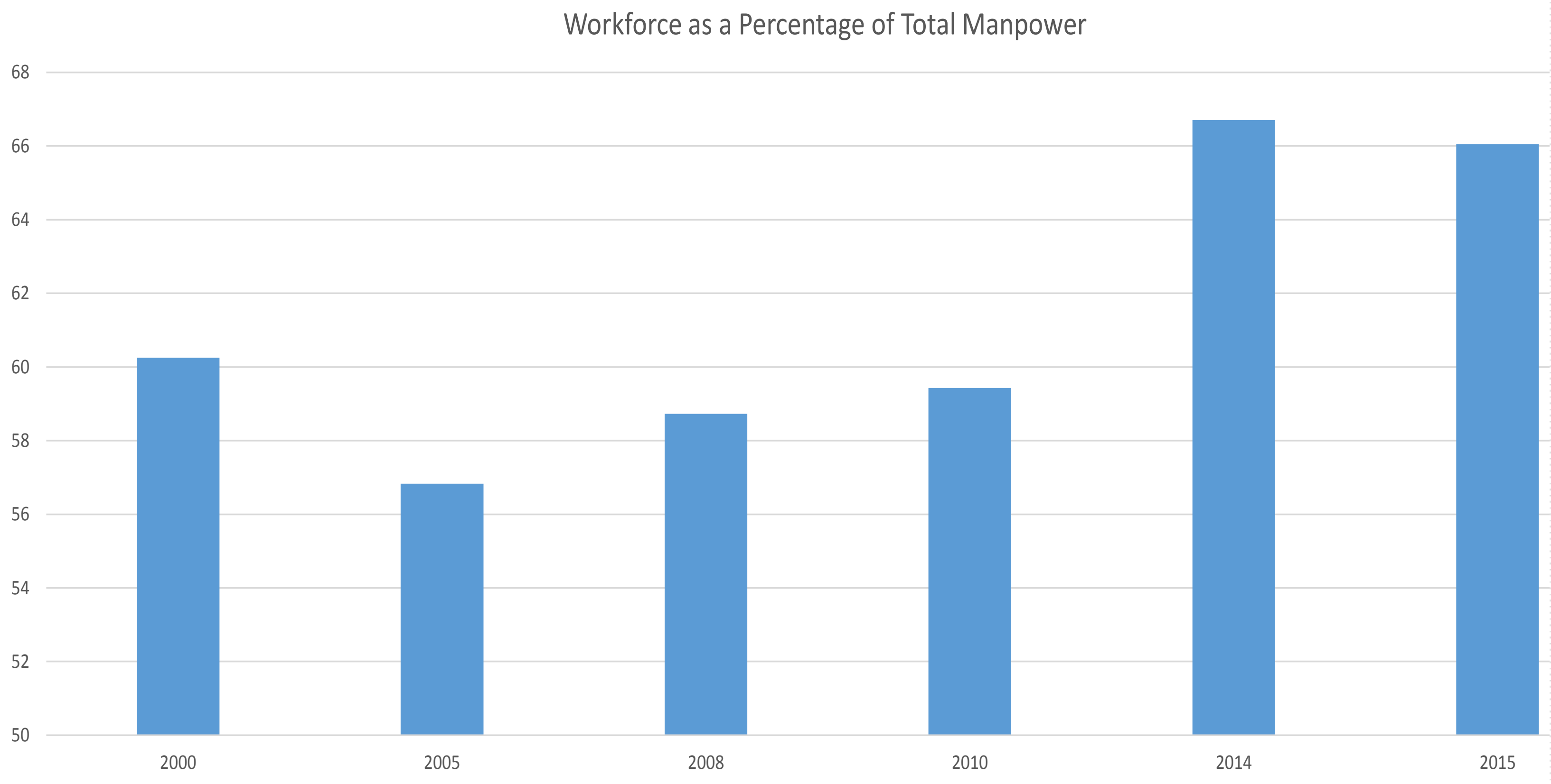
Change of daily real wages, year-on-year, percent

	Nov'15-Nov'14	Nov'16-Nov'15	Aug'17-Aug'16	Aug'17-Nov'14
Farm workers	-1.67	-1.80	0.58	-2.49
Construction workers	0.15	-0.91	-1.32	-2.12

Source: BPS-Statistics Indonesia.

Makin banyak angota keluarga yang bekerja

Labor force participation rate is on the rise to compensate for stagnation/declining real wage and shorter working hours



Source: DR. Ari Kuncoro based on BPS-Statistics Indonesia.

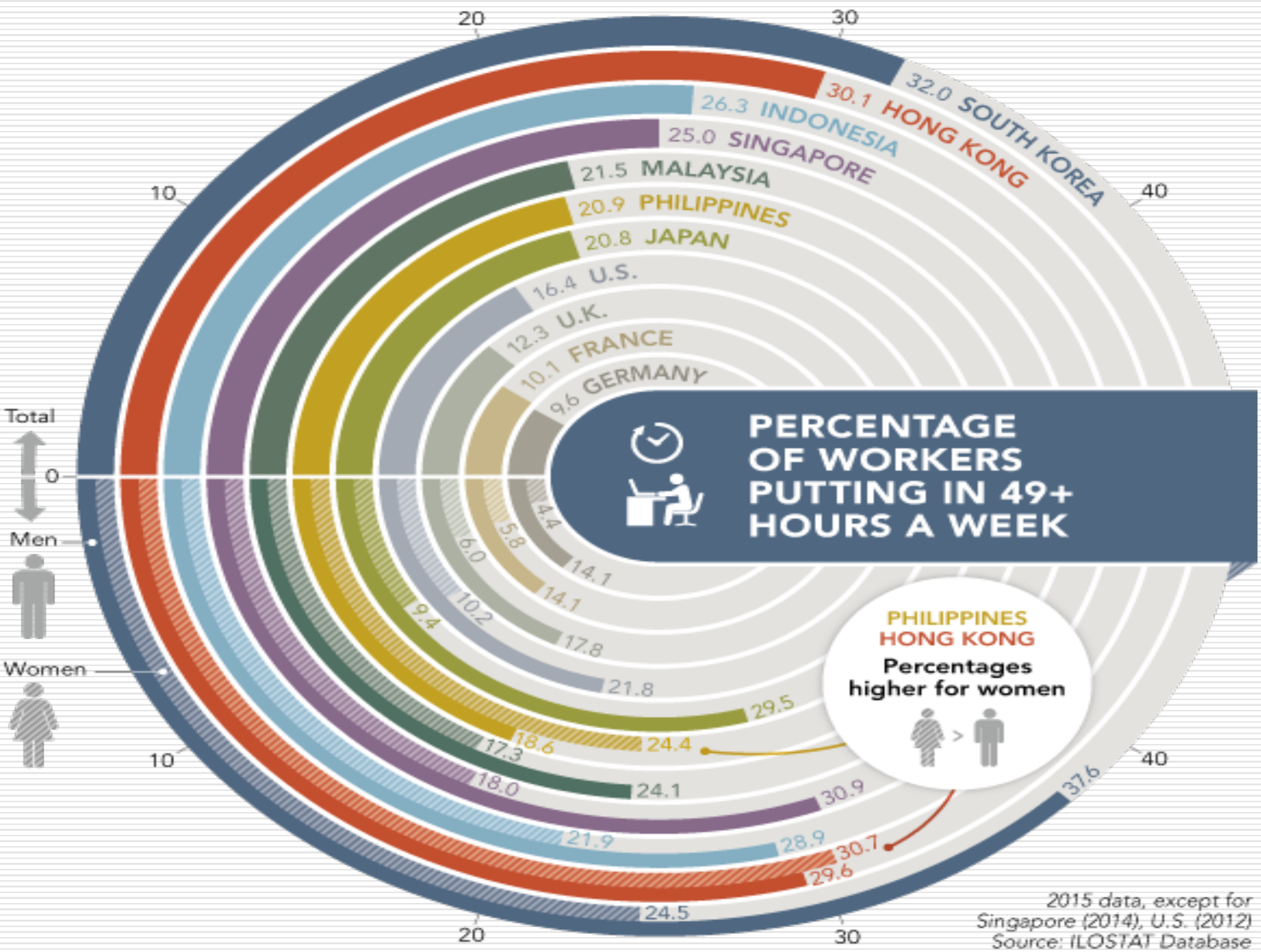
Pengangguran turun, tetapi lebih banyak menciptakan pekerja informal

Posisi Februari, persen

	2015	2016	2017
Informal	**57.94**	**58.28**	**58.35**
Berusaha sendiri	17.92	16.90	17.55
Berusaha dibantu buruh tidak tetap	15.55	17.41	17.09
Pekerja bebas di pertanian	4.20	4.34	4.30
Pekerja bebas di nonpertanian	5.63	5.80	4.83
Pekerja keluarga/tak dibayar	14.64	13.83	14.58
Formal	**42.06**	**41.72**	**41.65**
Berusaha dibantu buruh tetap	3.48	3.34	3.57
Buruh/karyawan	38.58	38.38	38.08

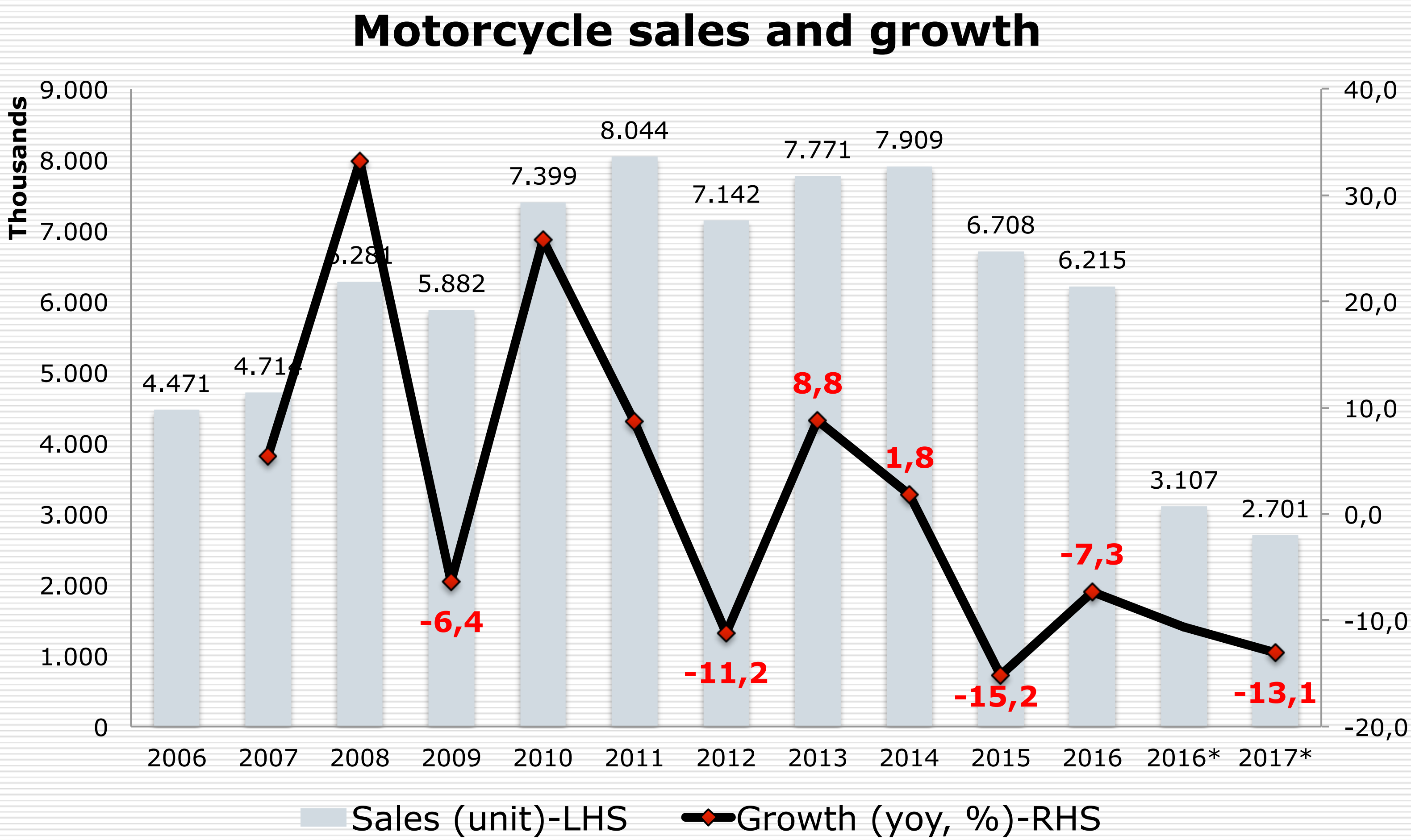
Sumber: Badan Pusat Statistik

Grappling with the issue of overwork: 26.3% of workers in Indonesia worked 49+ hours per week



Source: Nikkei Asian Review http://s.nikkei.com/2hvdkNO

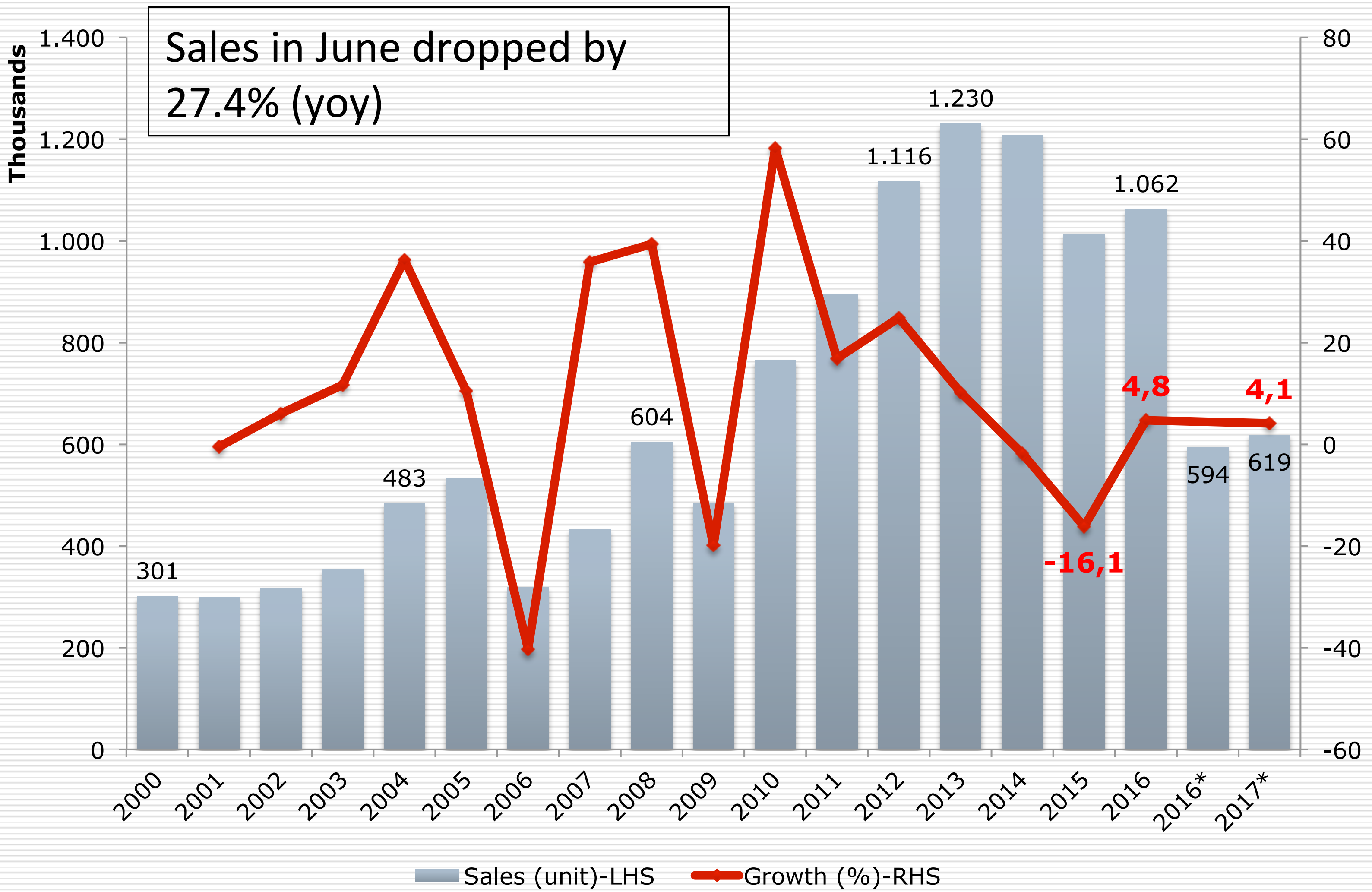
Motorcycle sales and growth dropped sharply since 2015



* January-June.

Sources: Asosiasi Industri Sepeda Motor Indonesia (AISI) and ASEAN Automotive Federation.

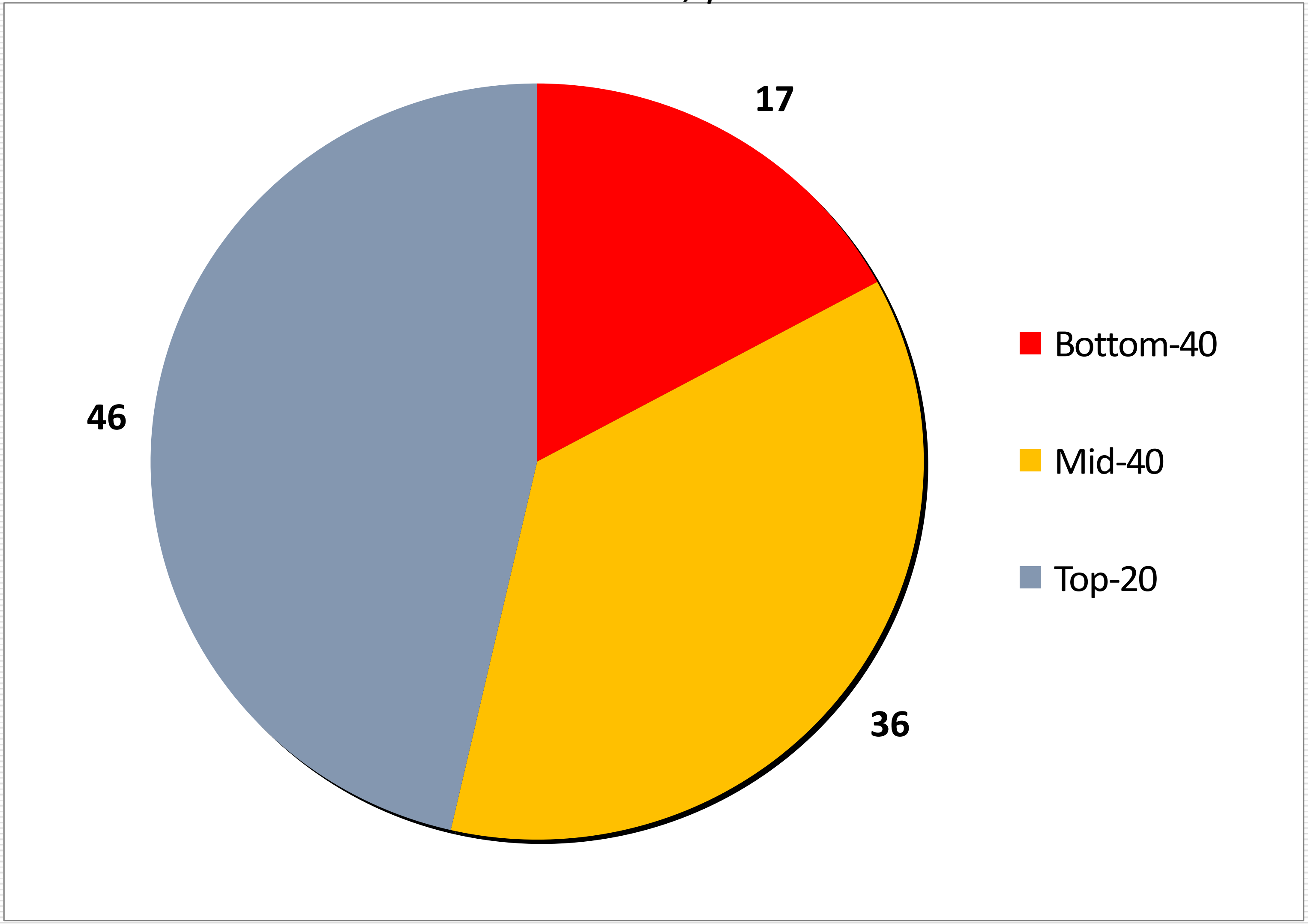
Car sales increased by 6.0 percent in Q1-2017



* January-July.
Source: Gaikindo

Distribution of spending by “income” group

March 2017, percent



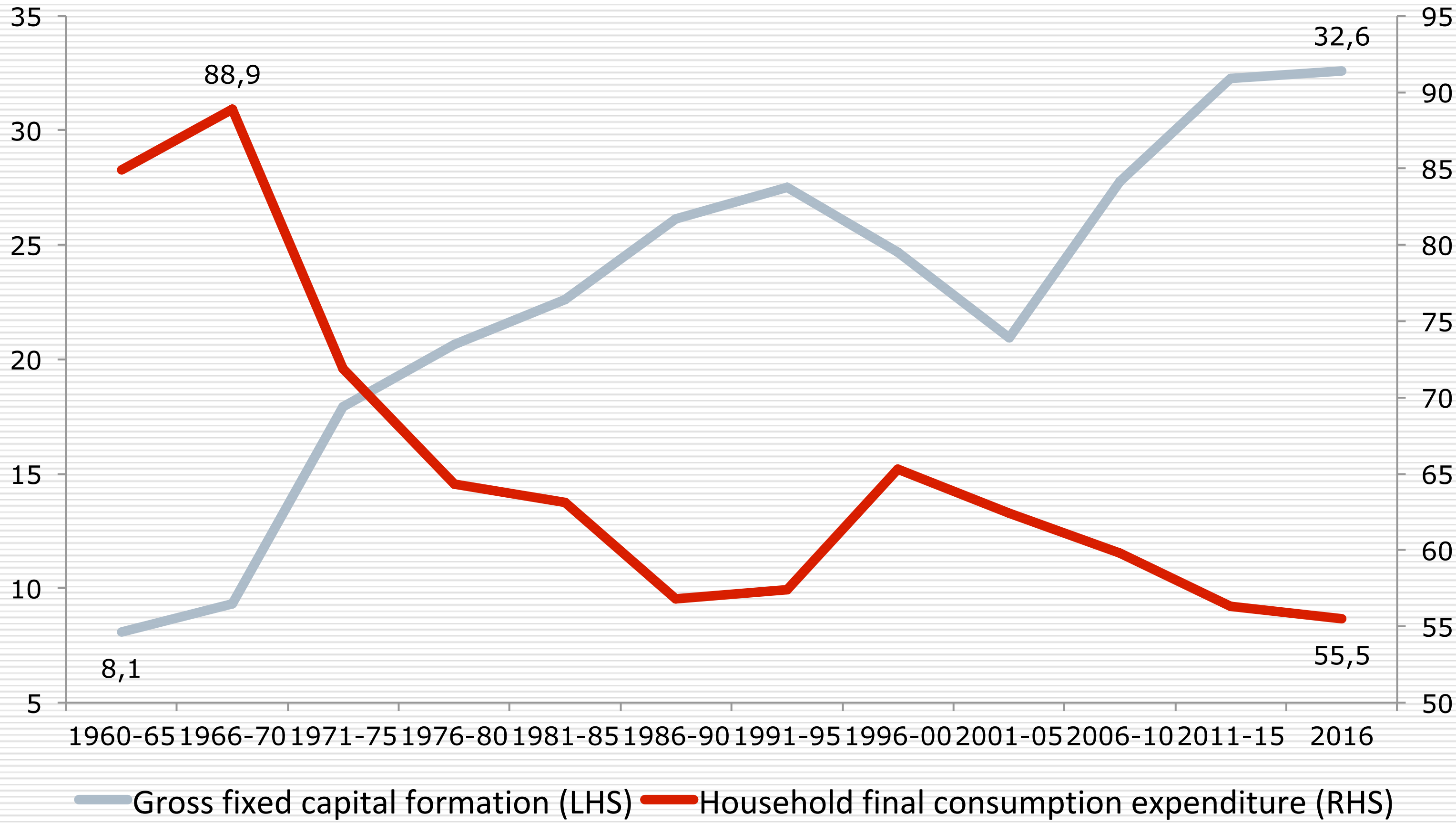
Source: BPS-Statistics Indonesia.

Mulai merembet ke kelompok lower-middle

- Elimination of of electricity subsidies for 900 VA customers (approximately 19 million). The average spending on electricity of this group went up from Rp 80,000 to Rp 170,000.
- Salaries of civil servants, soldiers, and police officers have not risen in the last two years. Also due to budget cuts for current expenditures.
- Sedan sales fell by 24% and 4X2 car sales fell by 7% in Jan-Jul 2017, switched to “cheap” cars (LCGC) that grew sharply by 35.8%.

Porsi konsumsi rumahtangga terus menurun, sebaliknya porsi investasi meningkat

Household final consumption expenditures and Gross fixed capital formation, percent of gross domestic product (GDP)



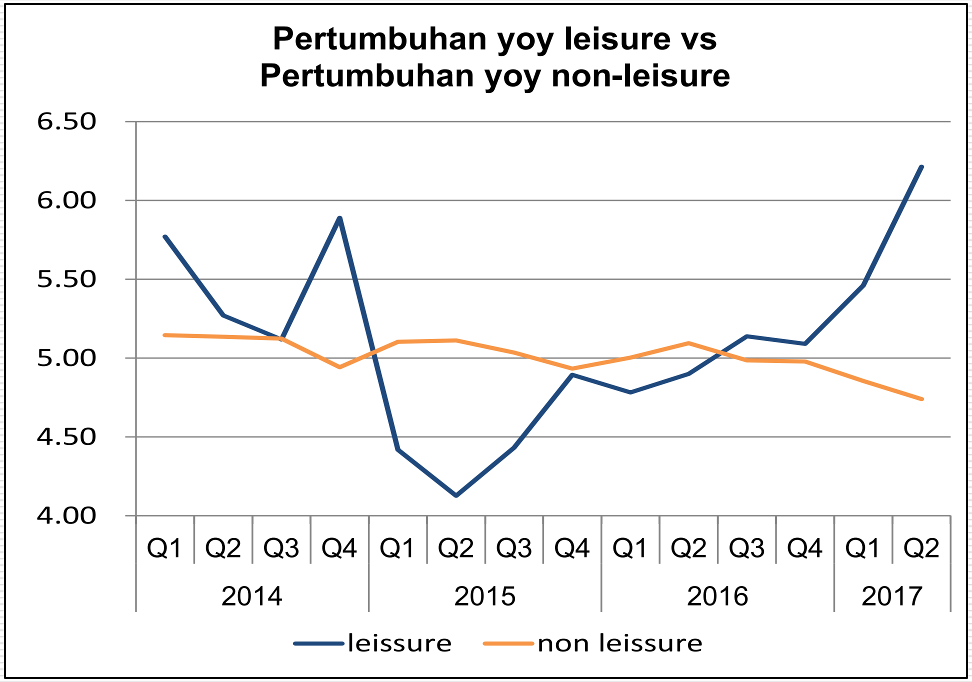
Source: World Bank, World Development Indicators..

Pergeseran pola konsumsi

- Ketika pendapatan masih sangat rendah, sebagian besar pendapatan dibelanjakan. Porsi terbesar untuk makanan.
- Peningkatan pendapatan mendorong pergeseran dari konsumsi karbohindrat ke protein, dan dari bahan makanan (belum diolah) ke makanan olahan (*processed food*).
- Pertumbuhan strata menengah (*consumer class*) dan kemajuan teknologi mendorong perubahan yang kian beragam: pergeseran pola konsumsi dari kebutuhan *non-leisure* ke *leisure (non-leisure:* makanan & apparel; *leisure: hospitality* (hotel dan restoran) serta rekreasi dan budaya)
- Kemajuan ICT mengubah cara bertransaksi, dari interaksi atau transaksi langsung tatap muka menjadi transaksi *online.* Transaksi *e-commerce* dan belanja *online* kian marak walaupun porsinya masih relatif sangat kecil.

Perubahan gaya hidup (*lifestyle*)

- Shift in consumption pattern from food and apparel to “leisure”.
- Leisure: hospitality (restaurants and hotels) and recreation & culture.



Source: BPS-Statistics Indonesia

Pertumbuhan nilai tambah sektor transportasi dan hospitality pun meningkat relatif tinggi

year on year, percent

	Q1-2017	Q2-2017
Transportation and warehousing	**8.03**	**8.37**
Railways transpot	12.30	18.03
Land transport	7.70	8.04
Sea transport	0.85	3.07
River, lake, and ferry transport	7.51	6.57
Air transport	13.23	11.92
Warehousing and support services for transportation, postal & courier	7.29	7.96
Accomodation, food and beverages	**4.68**	**5.07**
Accomodation	4.70	4.84
Food and beverages	4.68	5.13

Source: BPS-Statistics Indonesia.

Transportasi penumpang pun naik cukup tinggi

Pertumbuhan angkutan penumpang dan barang Semester I 2017, persen

Penumpang angkutan udara domestik	10.22
Penumpang angkutan udara internasional	13.54
Penumpang angkutan laut domestik	3.62
Barang angkutan domestik	1.69
Penumpang angkutan kereta api	8.53
Barang angkutan kereta api	18.32

Source: BPS-Statistics Indonesia.

Tekanan dan Risiko Fiskal (APBN)

Target penerimaan pajak 2017 masih sangat ambisius, kemungkinan besar tidak tercapai

	2014 Actual audited	2015 Budget	2015 Revised Budget	2015 Actual audited	2016 Budget	2016 Revised Budget	2016 Actual	2017 Budget	2017 Revised Budget	2018 Proposed Budget
A. Revenues	1,550	1,794	1,762	1,508	1,822	1,786	1,547	1,750	1,736	1,878
I. Tax revenues	1,147	1,380	1,489	1,240	1,547	1,539	1,285	1,499	1,473	1,609
a. Income tax	546	644	679	602	757	856	666	788	784	853
i. Oil and gas	87	89	50	50	41	36	36	36	42	36
ii. Non-oil & gas	459	556	630	553	716	819	630	752	742	817
b. VAT/LGST	409	525	576	424	572	474	412	494	475	535
c. Excises	118	127	146	145	146	148	144	157	153	155
d. Others	73	84	88	70	71	61	64	60	60	66
II. Non-tax revenues	399	410	269	256	274	245	262	250	260	268
B. Expenditures	1,777	2,040	1,984	1,806	2,096	2,083	1,860	2,080	2,133	2,257
C. Overall balance	-227	-246	-223	-298	-274	-297	-308	-330	-397	-379
as percent of GDP	-2.2	-2.1	-1.9	-2.6	-2.2	-2.4	-2.5	-2.41	-2.92	-2.19

Sources: Ministry of Finance..

Pertumbuhan penerimaan perpajakan (luas)

Tahun	persen
2012	12.2
2013	9.9
2014	6.5
2015	8.1
2016	3.6
2017**	14.6

*Realisasi sementara
**APBN-P 2017 dibandingkan realisasi 2016.

- Pertumbuhan 2015 semu karena praktek "ijon" dan penundaan pembayaran restitusi. Tak ada lagi akrobat pajak pada 2016.
- Pertumbuhan 2016 tanpa penerimaan uang tebusan dari program amnesti pajak = **-4,7%**.
- Pertumbuhan 2017 (APBN) tanpa uang tebusan dibandingkan realisasi 2016 tanpa uang tebusan = **25.9%**.

- Pada APBN-P 2017, target penerimaan pajak **dipangkas sebesar Rp 26 triliun** dari target pada APBN 2017, sehingga pertumbuhan 2017 (APBN-P) dibandingkan realisasi 2016 tanpa uang tebusan = **23.7%**.

More focus on 2017 budget

Summary of State Budget 2014-2018 (IDR trillion unless otherwise indicated)

	2017 Budget	2017 Revised Budget	2017 Budget outlook	2018 Proposed Budget
A. Revenues	1,750	1,736	1,736	1,878
I. Tax revenues	1,499	1,473	1,473	1,609
a. Income tax	788	784	784	853
i. Oil and gas	36	42	42	36
ii. Non-oil & gas	752	742	742	817
b. VAT/LGST	494	475	475	535
c. Excises	157	153	153	155
d. Others	60	60	60	66
II. Non-tax revenues	250	260	260	268
B. Expenditures	2,080	2,133	2,099	2,257
C. Overall balance	-330	-397	-363	-379
as percent of GDP	-2.41	-2.92	-2.67	-2.19

Sources: Ministry of Finance..

Outlook penerimaan pajak 2017: skenario-1

	2016	2017
Penerimaan perpajakan (luas)	1,284,970.1	1,472,709.9
Penerimaan Ditjen Pajak (sempit)	1,105,974.5	1,283,565.9
Penerimaan dari tax amnesty (TA)	103,300.0	11,000.0
Penerimaan Ditjen Pajak tanpa TA	1,002,674.5	1,272,565.9

- Target penerimaan pajak dalam arti sempit (hanya yang menjadi kewenangan Ditjen Pajak, tidak termasuk cukai, bea masuk dan bea keluar) Rp 1.283,6 triliun.
- Realisasi penerimaan pajak selama delapan bulan pertama (Januari-Agustus) Rp 686 triliun atau 53,5% dari target APBN-P; dengan pertumbuhan tahunan 10,23 persen.
- Jika sampai akhir tahun pertumbuhan penerimaan pajak 10,23%, maka penerimaan pajak 2017 = **Rp 1.219 triliun** atau **95%** dari target. ***"Shortfall"*** **penerimaan pajak Rp 65 triliun,** *ceteris paribus.*
- Walaupun outlook pengeluaran sudah dipangkas Rp 34 triliun, defisit APBN naik menjadi **3,1%** (melebihi batas maksumum 3%).

Shortfall berpotensi naik karena tak ada lagi TA sampai akhir 2017: skenario-2

- *Shortfall* berpotensi naik karena tak ada lagi penerimaan dari TA sampai akhir tahun (penerimaan dari amnesti pajak tahun ini hanya Rp 11 triliun dari gelombang III TA: Januari-Maret).
- Tanpa denda yang diperoleh dari TA tahun lalu, pertumbuhan yang harus dicapai untuk memperoleh penerimaan pajak sebesar Rp 1.284 triliun tahun ini adalah **28%**. Butuh kerja keras luar biasa.
- Jika pertumbuhan penerimaan pajak tanpa TA sebesar **20%**, maka penerimaan pajak 2017 **Rp 1.204.** Berarti **shorfall = Rp 80 triliun, defisit APBN = 3,25%.**

Outlook penerimaan pajak 2017: skenario-3

	2016	2017
Penerimaan perpajakan (luas)	1,284,970.1	1,472,709.9
Penerimaan Ditjen Pajak (sempit)	1,105,974.5	1,283,565.9
Penerimaan dari tax amnesty	103,300.0	11,000.0
Penerimaan Ditjen Pajak tanpa TA	1,002,674.5	1,272,565.9

- Realisasi penerimaan pajak selama delapan bulan pertama (Januari-Agustus) Rp 686 triliun atau 53,5% dari target APBN-P; dengan pertumbuhan tahunan 10,23 persen.
- Realisasi rerata penerimaan pajak per bulan Rp 86 triliun.
- Dengan melakukan ekstrapolasi, penerimaan pajak 2017 **Rp 1.032 triliun** atau **80%** dari target.
- ***"Shortfall"* penerimaan pajak Rp 252 triliun; defisit APBN menggelembung ke aras 4,5%.**

Implikasi

- Tidak ada pilihan lain kecuali memangkas pengeluaran.
- Hampir tidak ada lagi ruang untuk memotong belanja rutin (current spending).
- Memangkas belanja modal (*capital spending*) merupakan keniscayaan, antara lain dengan:
  - Menjadwal ulang proyek-proyek infrastruktur.
  - Tidak mencairkan penyertaan modal negara (PMN)
- Secepatnya melakukan tindakan. Jika tidak, ancaman menghadang:
  - Peninjauan sovereign rating oleh rating agencies
  - Stabilitas makroekonomi goyah
  - Ongkos ekonomi dan politik sangat mahal, berpotensi mengalami “krisis kecil.”

Bagian V
Menghadapi Era Digital Economy

Potret Indonesia Menghadapi Era Digital Economy

IMD World Digital Competitiveness Ranking and its components, 2017 (n=63)

	Overall	Knowledge	Technology	Future Readiness	Score
Singapore	1	1	1	6	100.000
Sweden	2	2	5	5	95.938
USA	3	5	6	2	95.410
Finland	4	9	4	4	95.026
Denmark	5	8	10	1	94.524
Hong Kong	7	6	3	17	92.135
Taiwan	12	16	7	16	87.566
Australia	15	18	15	14	85.006
Korea, Rep	19	14	17	24	82.961
Malaysia	24	17	18	27	79.944
Japan	27	29	23	25	78.094
China	31	23	36	34	71.452
Thailand	41	44	30	45	63.771
Philippines	46	53	51	43	55.887
South Africa	47	49	53	42	55.709
India	51	37	59	51	54.367
Brazil	55	55	55	44	52.290
Indonesia	**59**	**58**	**56**	**62**	**44.225**
Venezuela	63	63	63	63	23.463

Source: IMD World Digital Competitiveness Ranking 2017

Indonesia: digital trends

Overall & factors

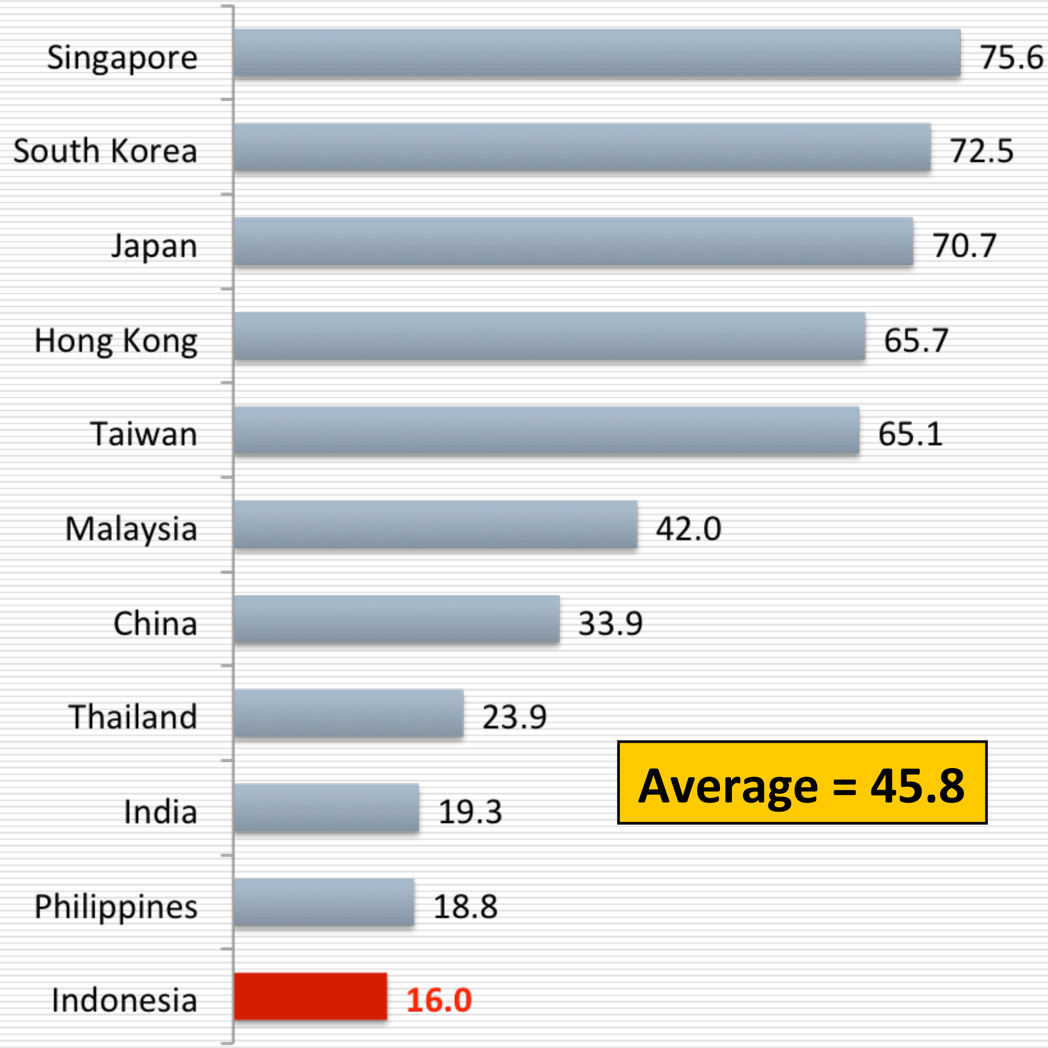
	2013	2014	2015	2016	2017
Overall	58	57	60	60	59
Knowledge	58	57	60	60	58
Technology	55	53	57	58	56
Future readiness	54	53	58	60	62

Factors & sub-factors, 2017

Knowledge	**58**
Talent	48
Training & education	59
Scientific concentration	54
Technology	**56**
Regulatory framework	61
Capital	37
Technological framework	58
Future readiness	**62**
Adaptive attitudes	63
Business agility	35
IT integration	61

Source: IMD World Digital Competitiveness Ranking 2017

Connecting capabilities: the Asian digital transformation index (overall score)

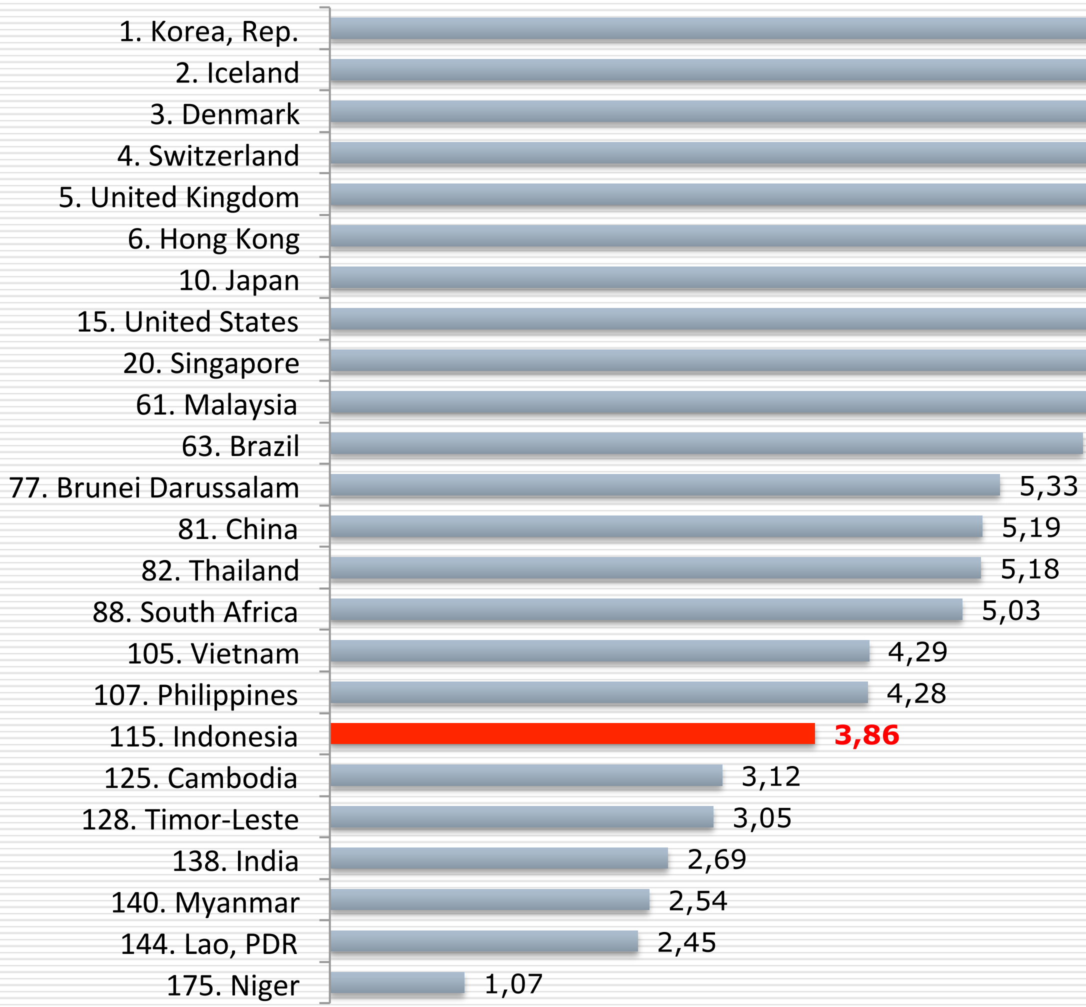


The ***Asian Digital Transformation Index***, which is a quantitative ranking of 11 economies in the comprised of 20 indicators across three thematic categories: digital infrastructure, human capital and industry connectedness. The categories, and the individual criteria within them, are weighted according to our assumptions of their relative importance in fostering digital transformation at organisations within countries.

Source: The Economist Intelligence Unit, *Connecting Capabilities: The Asian Digital Transformation Index*, 2016. http://connectedfuture.economist.com/article/connecting-capabilities/

ICT Indonesia tercecer, terendah di ASEAN-6

ICT Development Index 2016



- Tahun 2016, Indonesia di urutan ke-19 dari 34 negara Asia Pasifik.
- Tahun 2010, Indonesia di urutan 109 dari 167 negara dengan skor 3.11

Source: ITU

Indonesia: IDI sub-index

IDI ACCESS SUB-INDEX

4.71

Fixed-telephone subscriptions per 100 inhabitants
8.75

Mobile-cellular telephone subscriptions per 100 inhabitants
132.35

International internet bandwidth per Internet user (Bit/s)
6,584.25

Percentage of households with computer
18.71

Percentage of households with Internet access
38.40

IDI USE SUB-INDEX

2.19

Percentage of individuals using the Internet
21.98

Fixed (wired)-broadband subscriptions per 100 inhabitants
1.09

Active mobile-broadband subscriptions per 100 inhabitants
42.05

IDI SKILLS SUB-INDEX

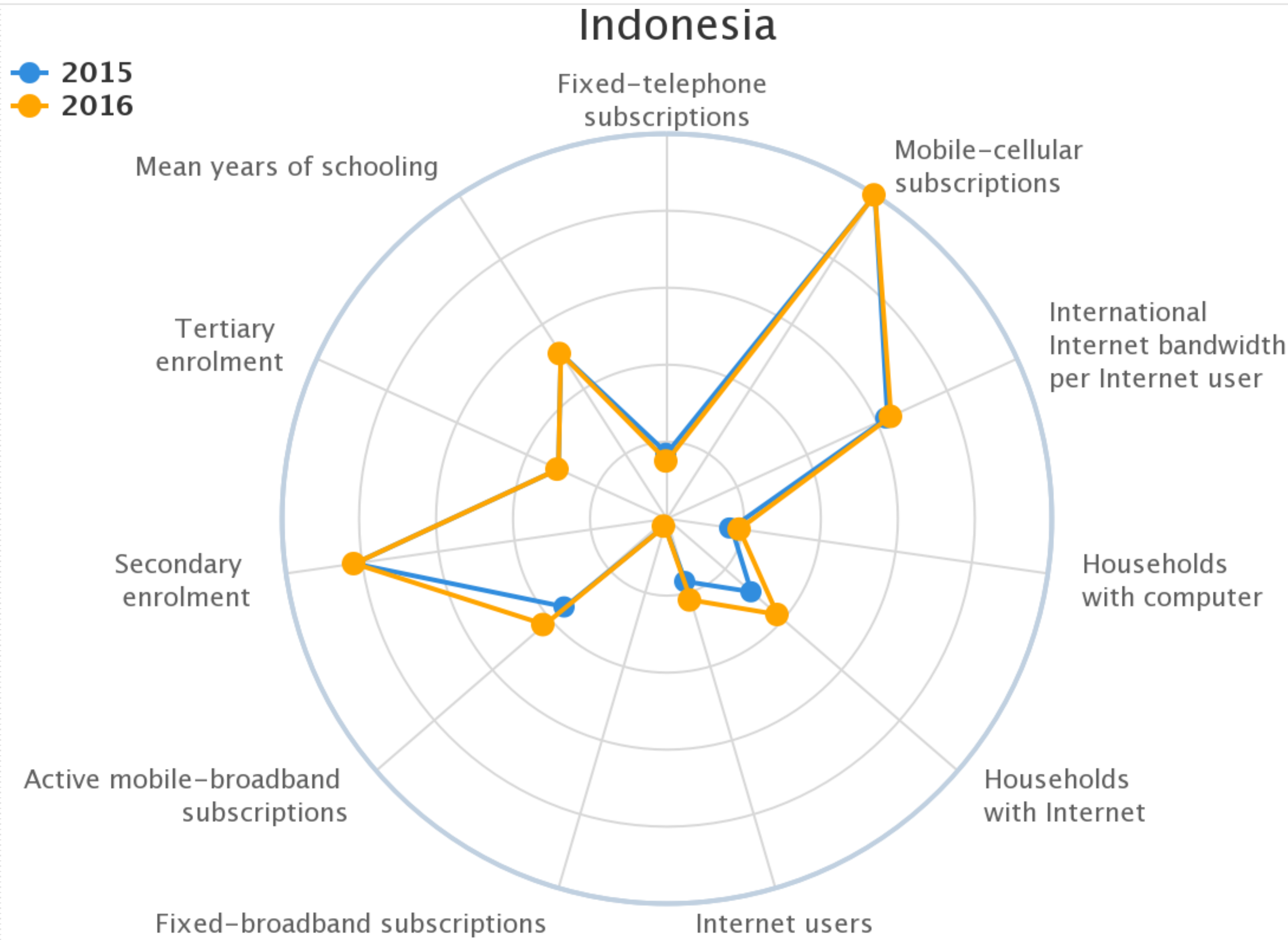
5.48

Mean years of schooling
7.59

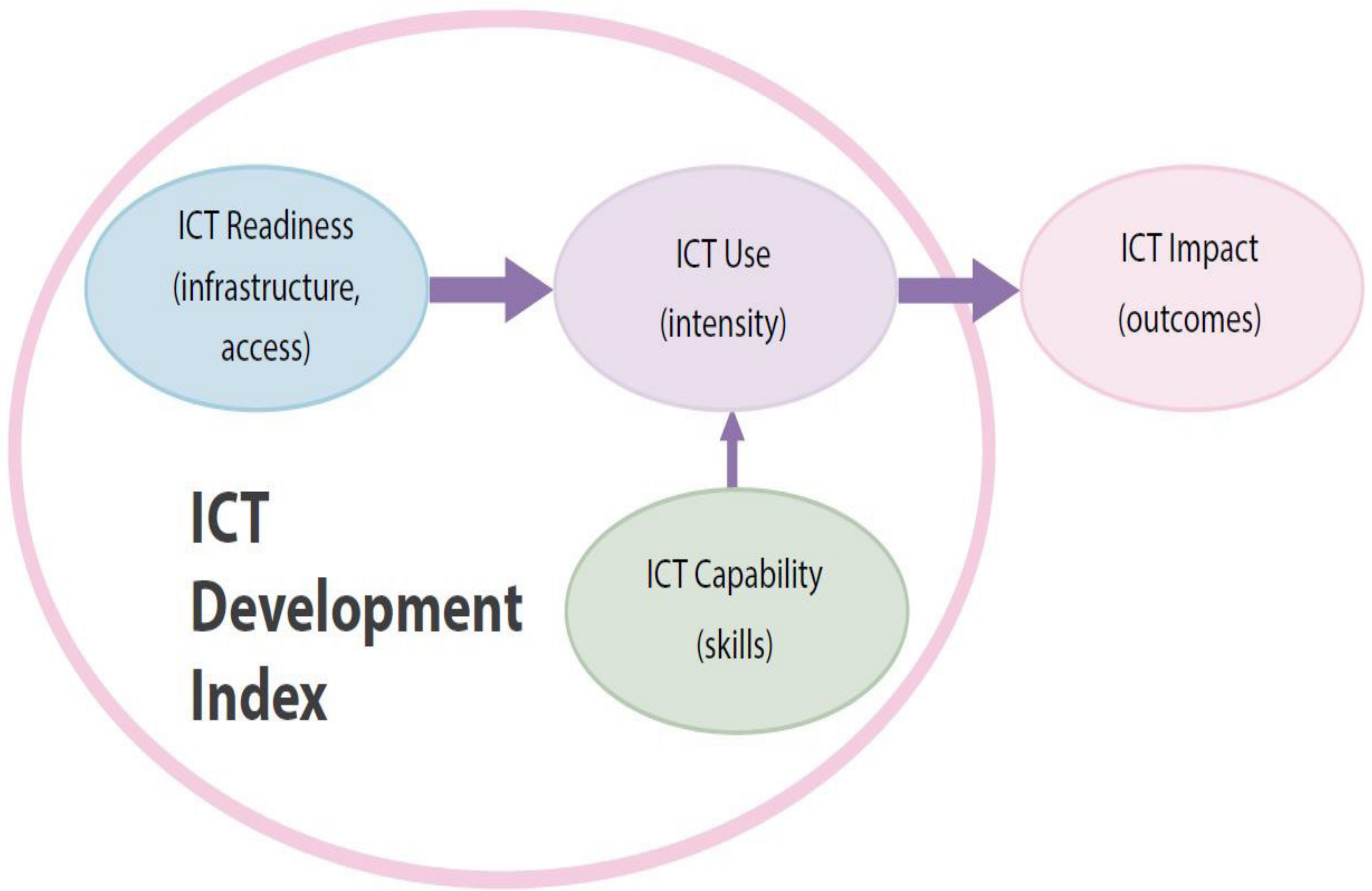
Secondary gross enrolment ratio
82.49

Tertiary gross enrolment ratio
31.29

Profil IDI Indonesia



Three stages in the evolution towards an information society



Source: International Telecommunication Union (ITU), *Measuring the Information Society Report 2016*, p. 8.

The three-stage model

- **Stage 1**: ICT readiness – reflecting the level of networked infrastructure and access to ICTs;
- **Stage 2**: ICT intensity – reflecting the level of use of ICTs in the society; and
- **Stage 3**: ICT impact – reflecting the results/ outcomes of more efficient and effective ICT use.

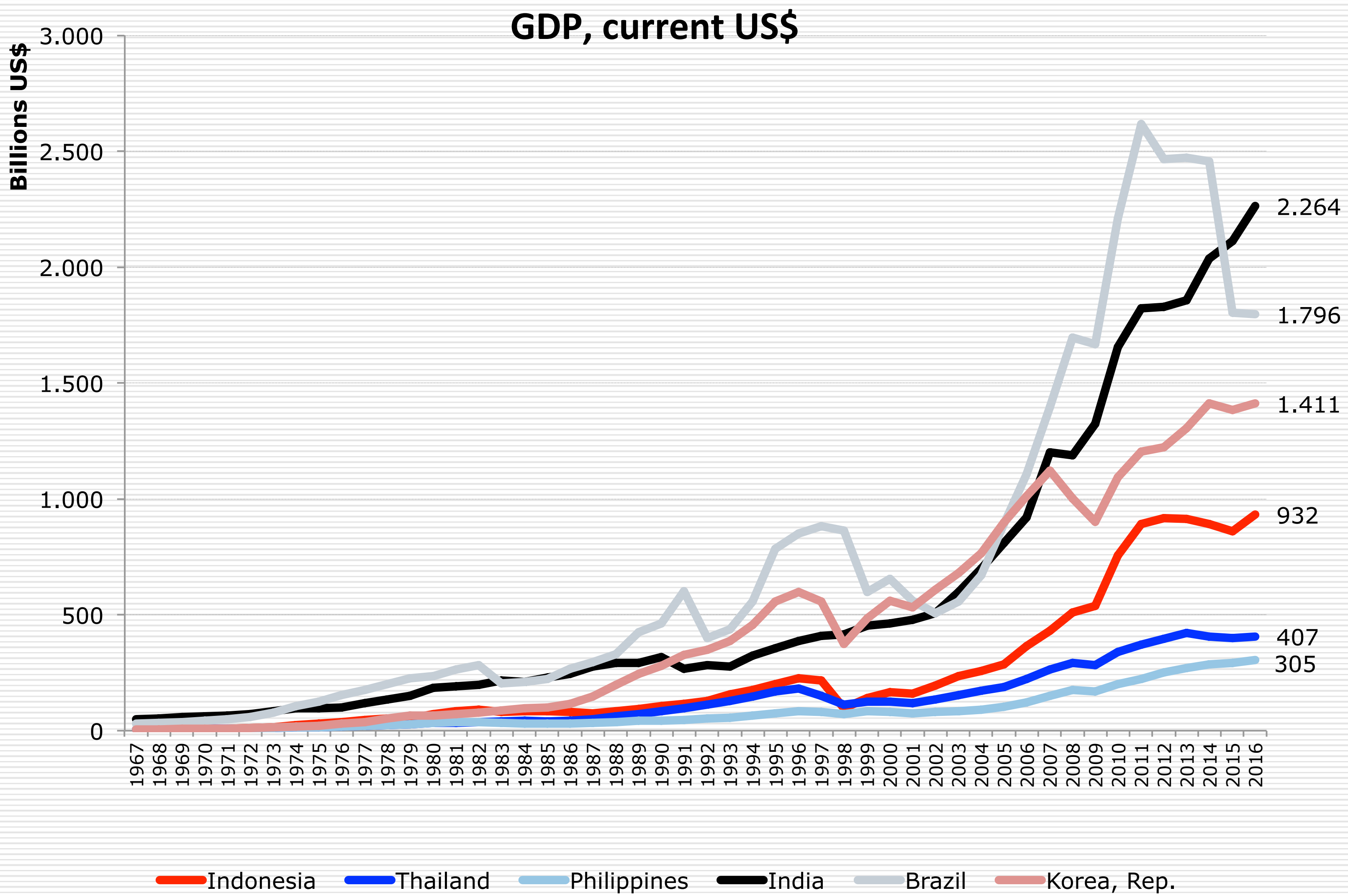
Potensi Besar untuk Berkembang dan Menggerakkan Perekonomian yang Inklusif

GDP growth by sector

Sectors	2010	2011	2012	2013	2014	2015	2016	Share 2016
Agriculture, forestry & fishery	3.53	3.96	4.59	4.20	4.24	3.77	3.25	13.45
Mining and Quarrying	4.10	4.29	3.02	2.53	0.43	-3.42	1.06	7.20
Manufacturing industry	3.79	6.26	5.62	4.37	4.64	4.33	4.29	20.51
Electricity and gas	8.09	5.69	10.06	5.23	5.90	0.90	5.39	1.15
Water, waste management, cesspit and recycling	6.74	4.73	3.34	3.32	5.24	7.07	3.60	0.07
Construction	6.84	9.02	6.56	6.11	6.97	6.36	5.22	10.38
Wholesale & retail trade, cars & motorcycles reparations	9.08	9.66	5.40	4.81	5.18	2.59	3.93	13.19
Transportation and warehousing	7.14	8.31	7.11	6.97	7.36	6.68	7.74	5.22
Accommodation, food and beverages	6.31	6.86	6.64	6.80	5.77	4.31	4.94	2.92
Information and communication	**14.86**	**10.02**	**12.28**	**10.39**	**10.12**	**9.69**	**8.87**	**3.62**
Finance and insurance	5.68	6.97	9.54	8.76	4.68	8.59	8.90	4.20
Real estate	8.72	7.68	7.41	6.54	5.00	4.11	4.30	2.81
Business services	8.37	9.24	7.44	7.91	9.81	7.69	7.36	1.70
Public adm., defense, and compulsory social security	7.89	6.43	2.13	2.56	2.38	4.63	3.19	3.86
Education	11.79	6.68	8.22	7.44	5.47	7.33	3.84	3.37
Health and social activities	5.90	9.00	7.97	7.96	7.96	6.68	5.00	1.07
Other services	7.94	8.22	5.76	6.40	8.93	8.08	7.80	1.71
Gross domestic product	**6.38**	**6.17**	**6.03**	**5.56**	**5.01**	**4.88**	**5.02**	**100.00**

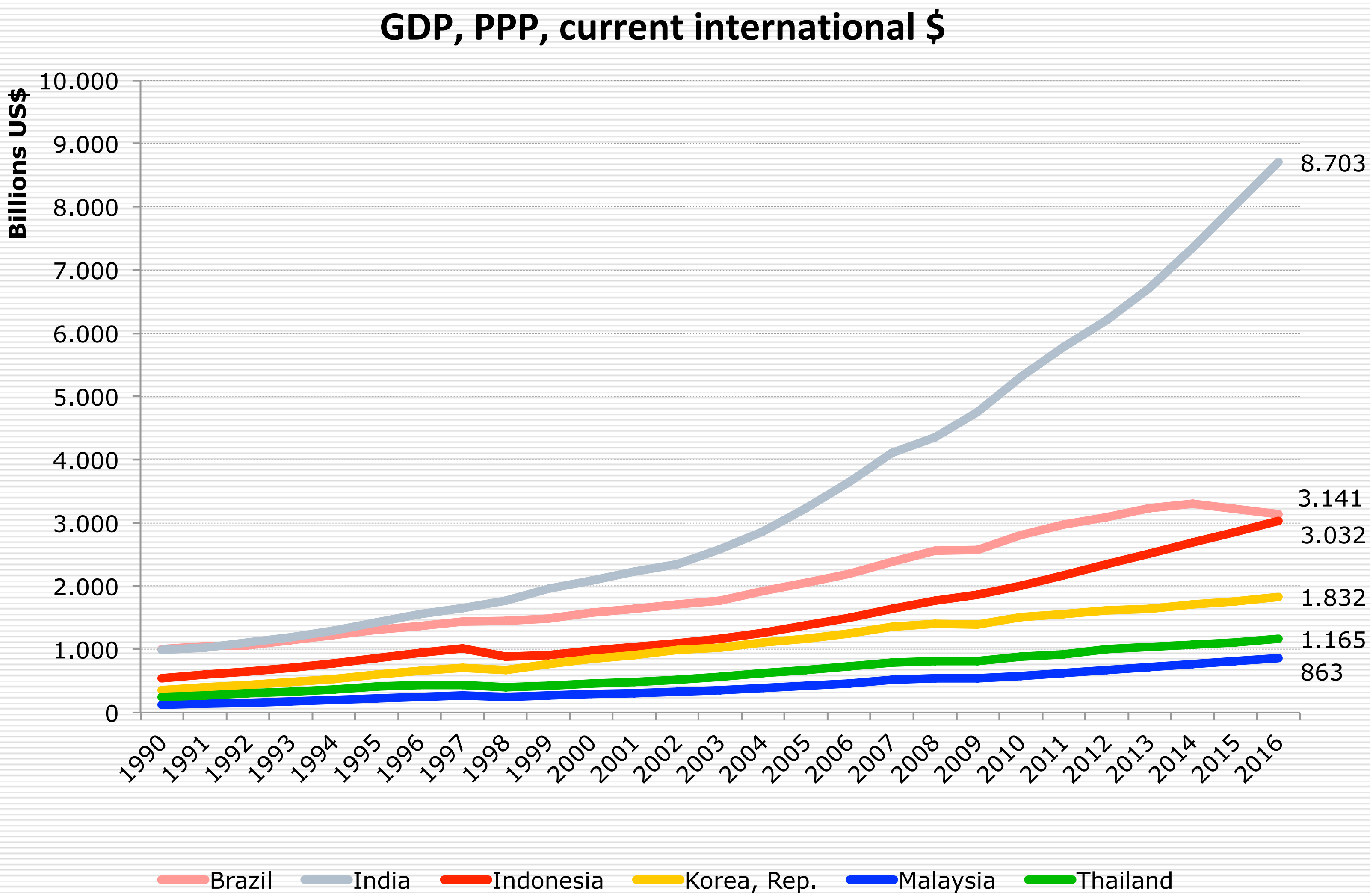
Source: BPS-Statistics Indonesia.

Perekonomian Indonesia terbesar ke-16 berdasarkan PDB



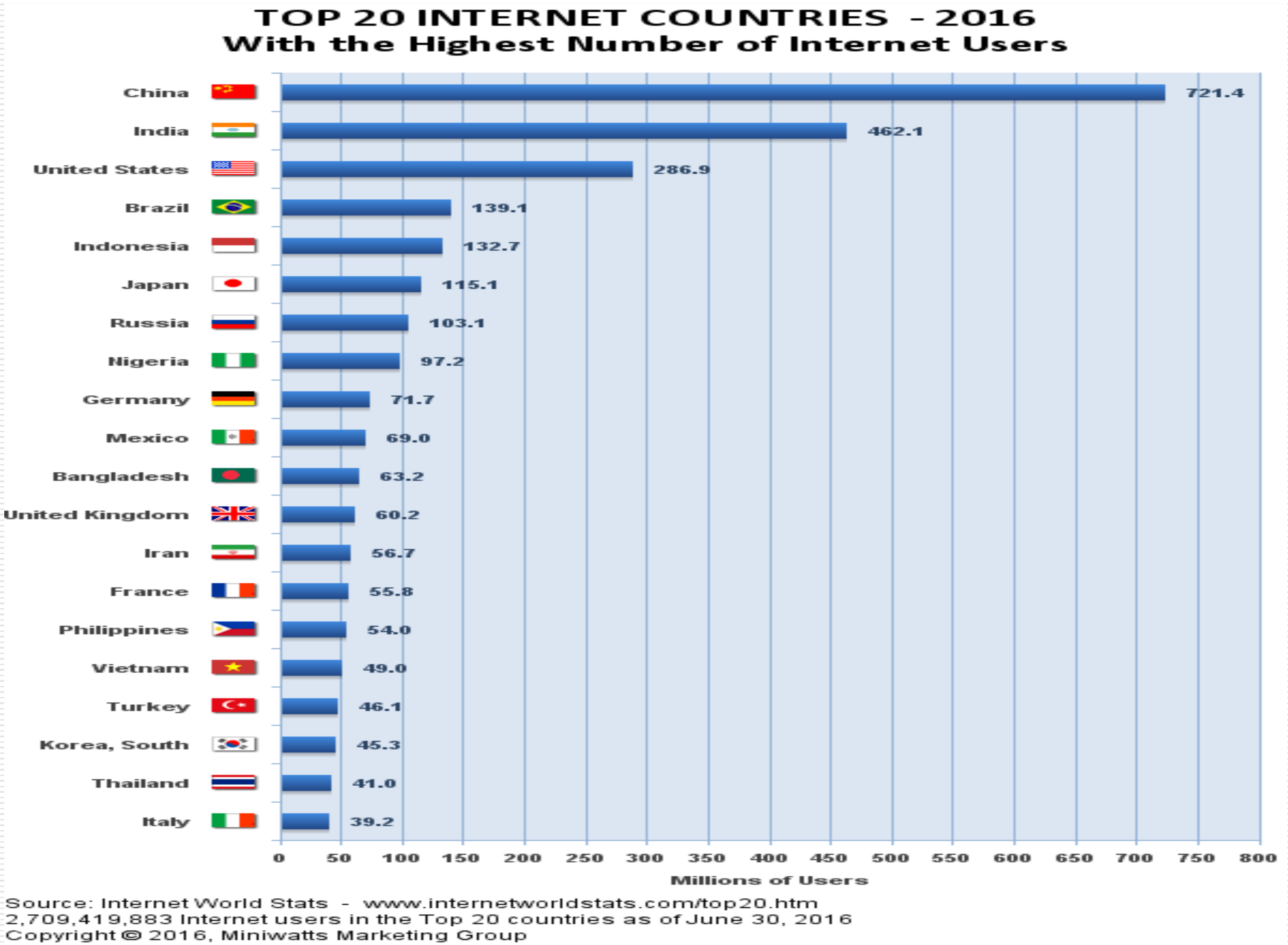
Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

Indonesia terbesar ke-8 berdasarkan PDB paritas daya beli, nyaris menyusul Brazil



Source: World Bank, World Development Indicators online, downloaded on August 31, 2017.

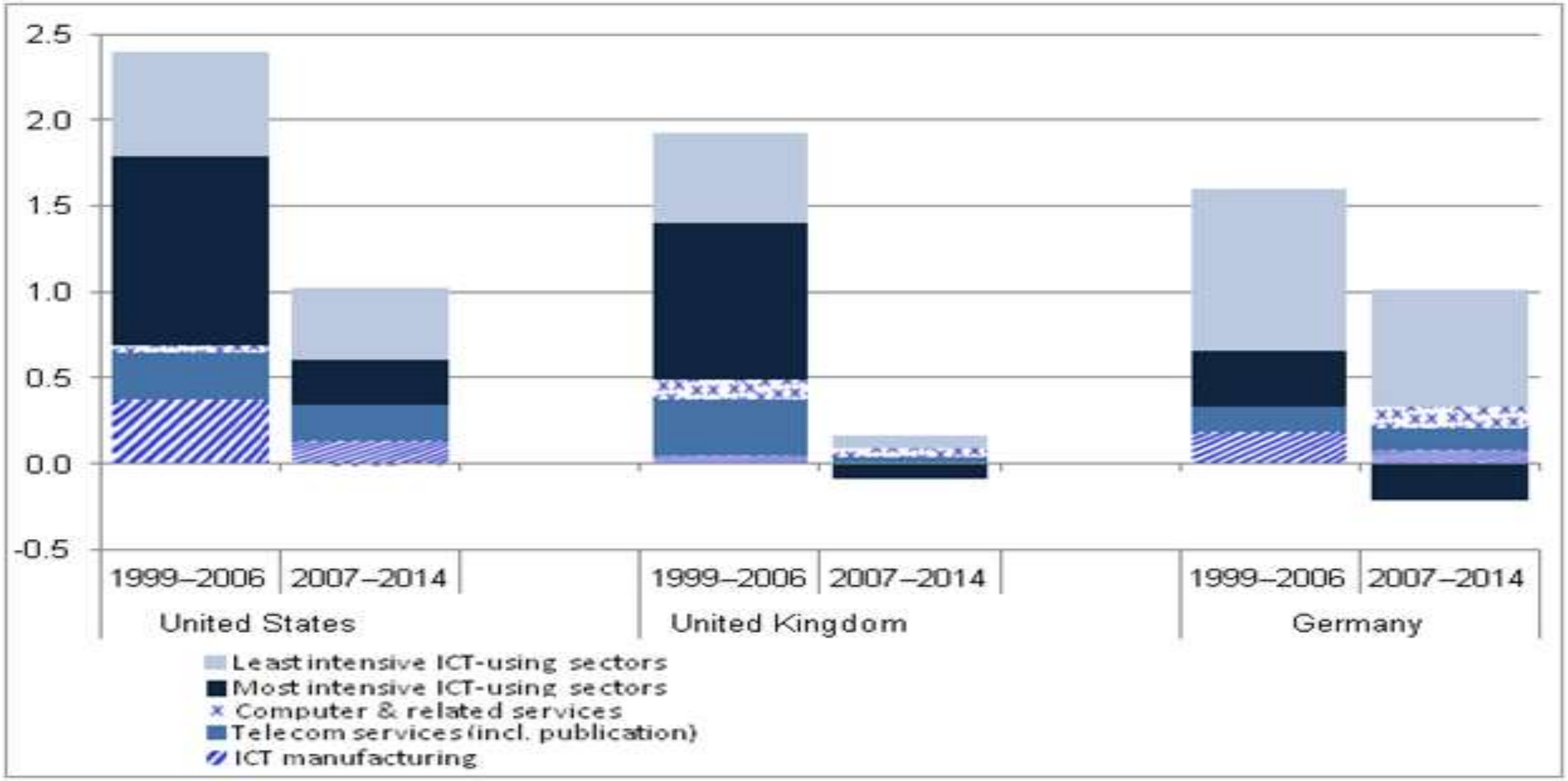
Pengguna internet di Indonesia terbanyak ke-5



Source: http://www.internetworldstats.com/top20.htm

The productivity paradox of the new digital economy

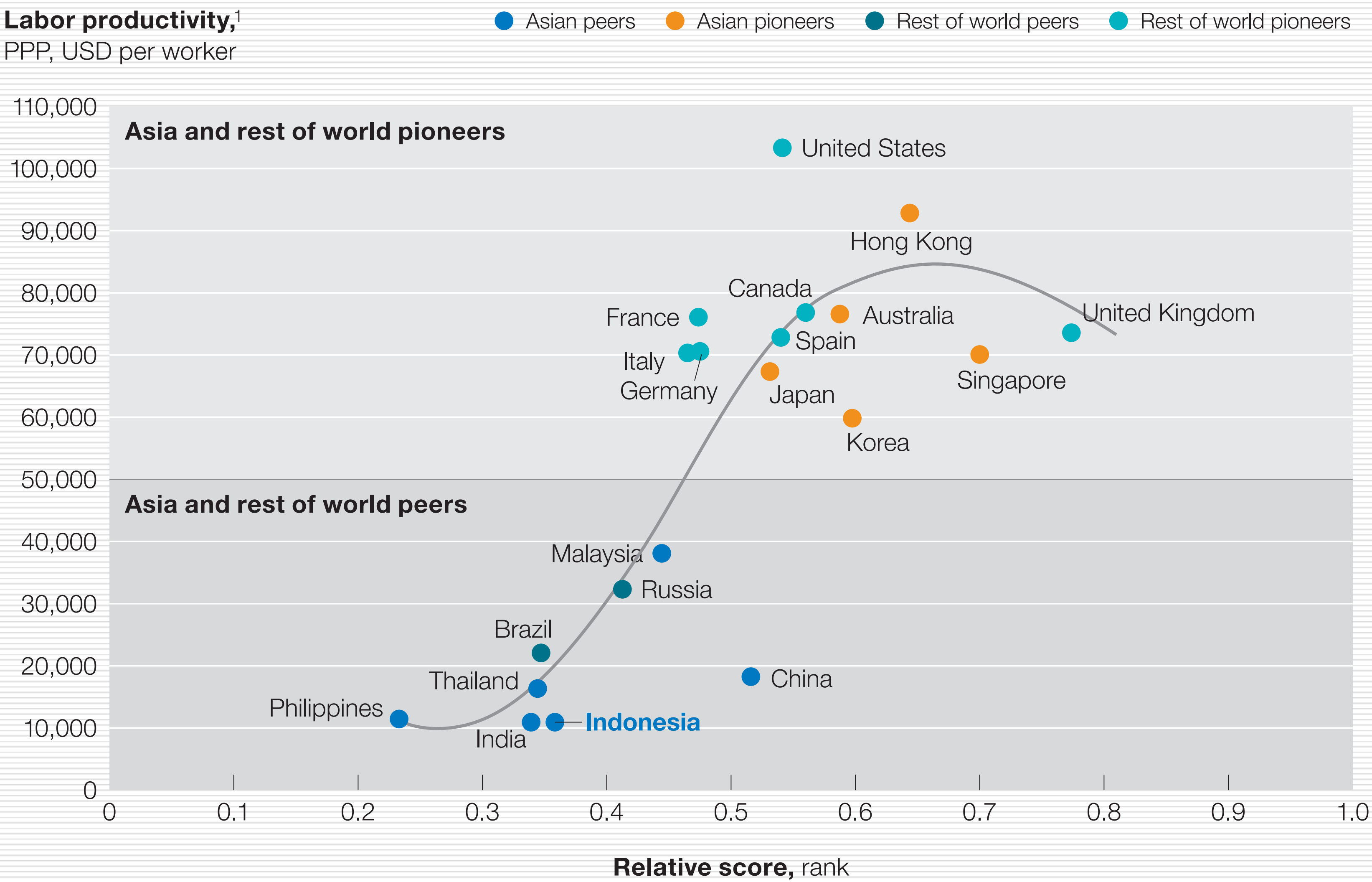
Contribution of ICT-Producing, Most Intensive ICT-Using and Least Intensive ICT-Using Industries to Total Economy Labour Productivity Growth, 1996–2006 and 2007–2014 (average percentage point change per year)



Note: "Most intensive ICT-using industries" refer to the top half of the industries with the highest share of value of ICT investment plus purchases of ICT services as a percentage of "synthetic output" (which is value added at industry level plus the intermediate use of ICT services) for each period. Least intensive ICT-using sectors refer to the bottom half of industries in terms of ICT intensity. The contribution of ICT-producing industries (which are also part of "most intensive ICT-using industries) to labour productivity growth are shown separately.
Source: van Ark *et al.* (2016)

Source: Bart van Ark, "The Productivity Paradox of the New Digital Economy," *International Productivity Monitor,* No.31, Fall 2016.

Improvement in digitalization results in increased labor productivity

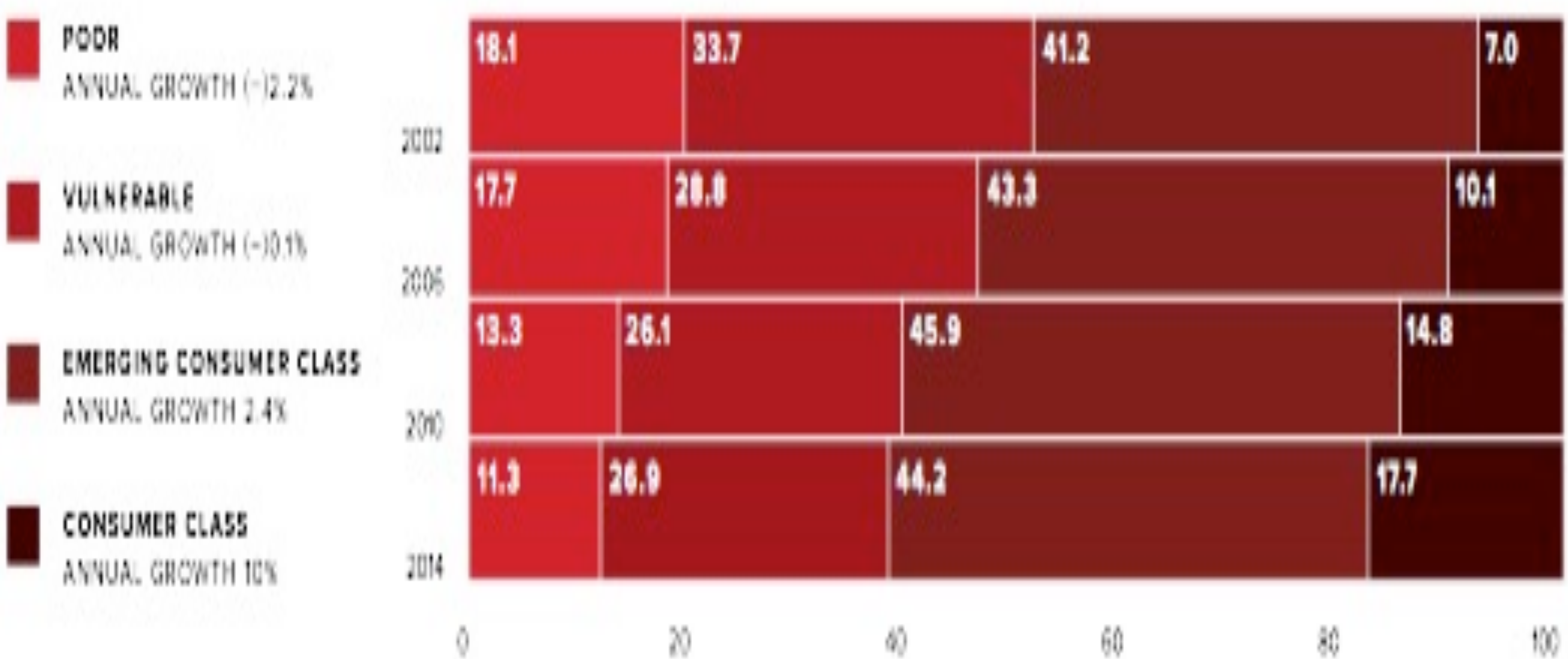


Source: McKinsey&Company, Indonesia Office, "Unlocking Indonesia's Digital Opportunity," October 2016.

Potensi lainnya

- Mayoritas penduduk Indonesia berusia muda.
- Pertumbuhan strata menengah sangat pesat.
- Penduduk semakin bergeser ke kota. Sekarang lebih banyak penduduk di perkotaan ketimbang di perdesaan.
- Dependency ratio terus turun → demographic bonus. Jangan sampai berwujud petaka atau beban demograpi.
- Basisnya masih sangat rendah

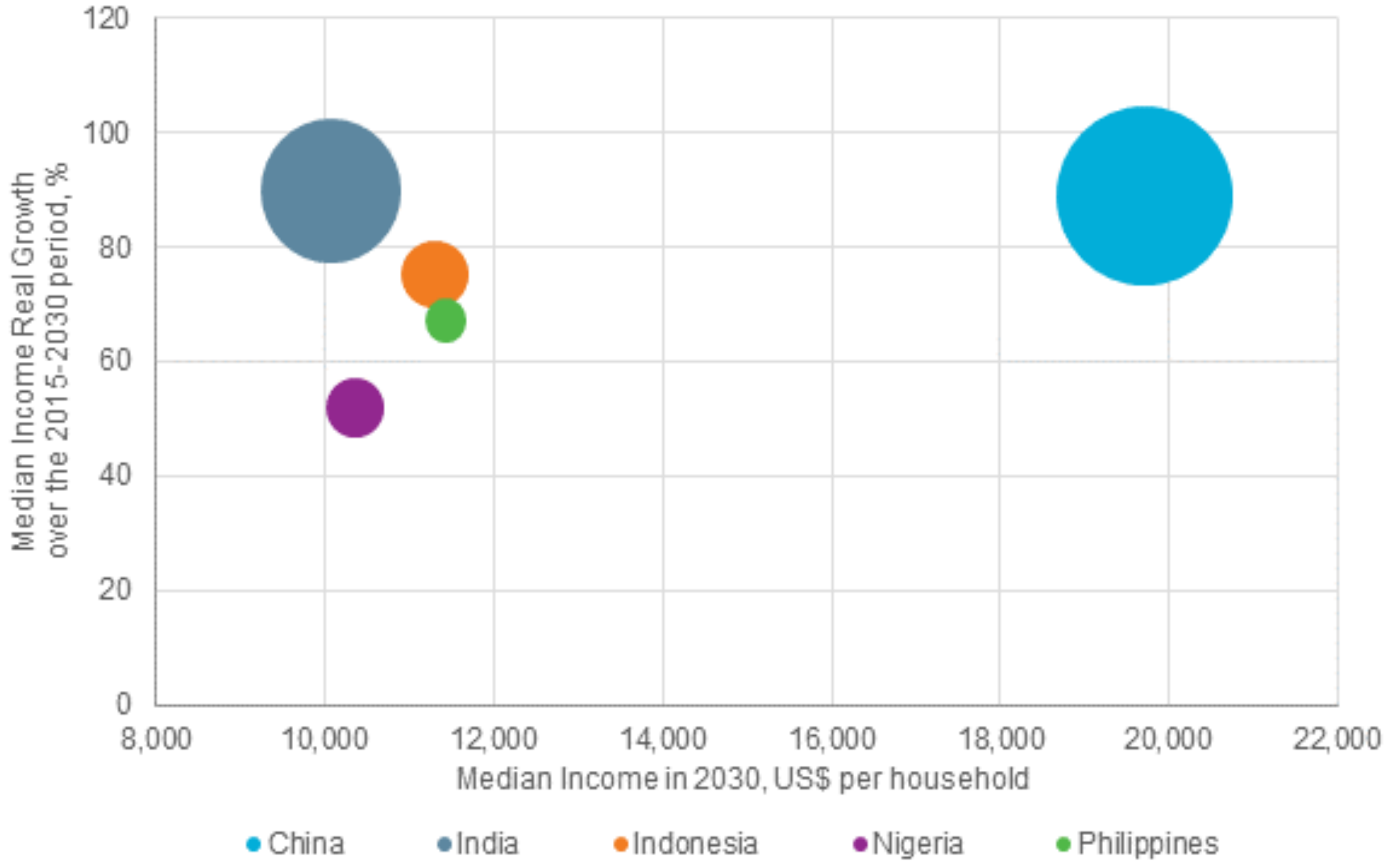
Population share by class, 2002-2014, percent



An economically secure "consumer" class has grown strongly at 10 percent per year since 2002, and now includes nearly one in five Indonesians. However, reductions in poverty and vulnerability have been very small.

Sources: World Bank, Indonesia's Rising Divide, March 2016.

Top five emerging markets with the best middle class potential 2015-2030



Source: Euromonitor International from national statistics (http://blog.euromonitor.com/2015/09/top-5-emerging-markets-with-the-best-middle-class-potential.html)

Ecommerce tumbuh pesat tetapi dari basis rendah

2016 Ecommerce share is still about 1.2% (156 T out of 1900T)

Fig. 38: Headline ecommerce stats

Country	Population (2015) (mn)	Internet Users (2015) (mn)	Internet Penetration ratio	ARPU (USD)	Retail sales ($mn) 2015	Ecommerce sales ($mn) 2015	Ecommerce sales as a % of retail sales (2015)	Number of users transacting online (mn)	Retail website traffic in past 6 months (mn)	Frequency of retail site visit per internet user	Bounce rate (%)
USA	322	284	88%	1,657	2,948,165	270,969	9.2%	163.55	2,993	10.5	37.2%
Singapore	6	5	82%	360	23,807	980	4.1%	2.72	29	6.3	34.9%
China	1,376	706	51%	743	2,120,530	293,045	13.8%	394.38	1,293	1.8	41.7%
Japan	127	115	91%	878	960,296	69,074	7.2%	78.63	1,204	10.5	38.4%
Vietnam	93	47	51%	22	89,058	698	0.8%	31.53	117	2.4	47.2%
Thailand	68	27	40%	131	92,676	1,441	1.6%	11.02	90	3.3	46.0%
Indonesia	258	50	19%	76	145,830	1,682	1.2%	22.17	183	3.7	45.2%
Malaysia	30	21	68%	42	49,981	519	1.0%	12.24	62	3.0	40.0%
Philippines	101	43	42%	14	73,352	354	0.5%	26.01	65	1.5	41.5%

Source: * For retail website traffic, we have taken the total number of visits on top 10 websites in a country in the past 6 months.

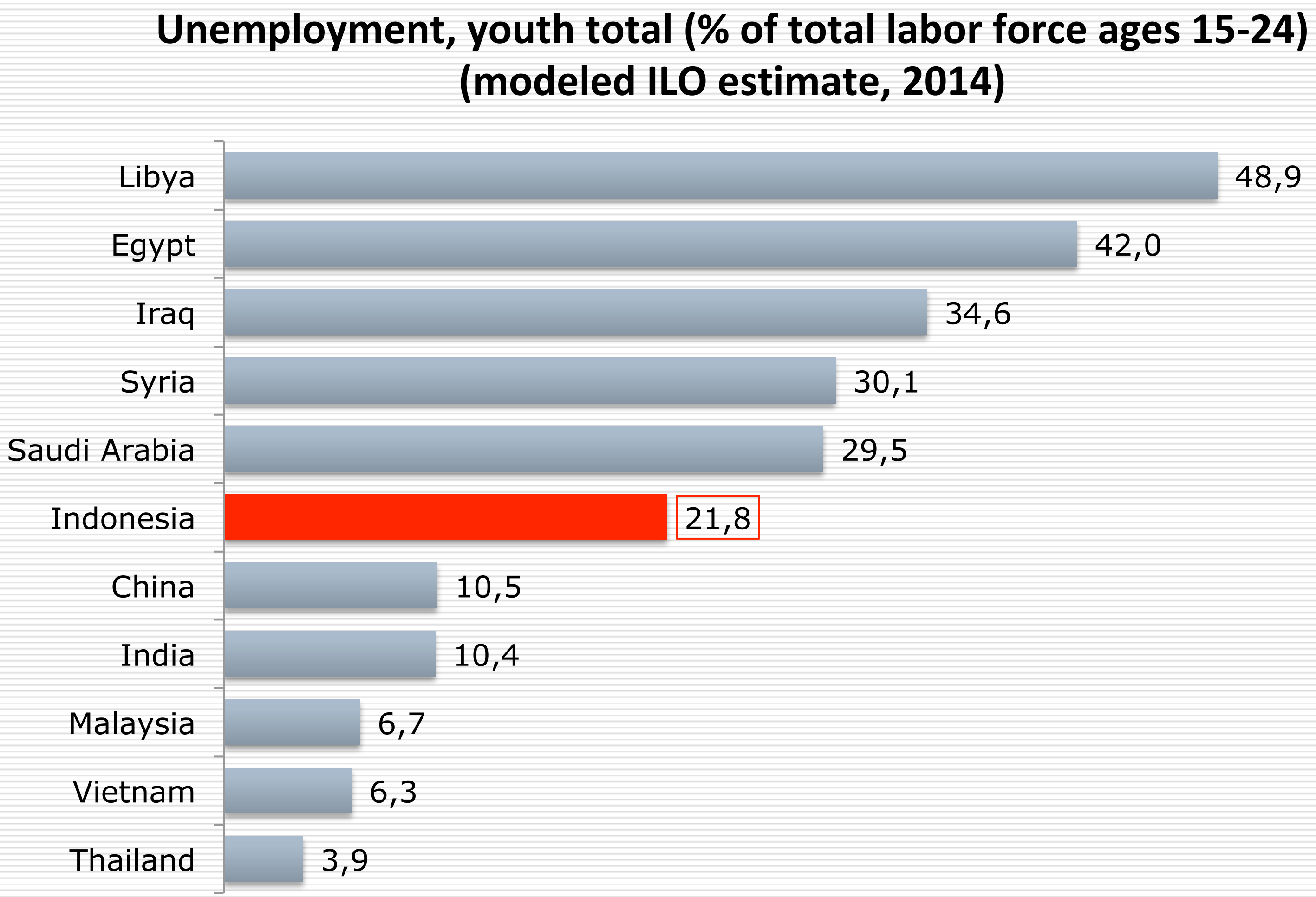
**Frequency implies the total number of visits on top 10 retail websites in past 6 months divided by number of internet users in the country.

***Bounce rate implies the percentage of visitors to a particular website who navigate away from the site after viewing only one page.

Source: Euromonitor, Internet live stats, Similarweb, Statista, PWC, Alexa, Nomura Research

Source: Nomura

Youth unemployment



Source: World Bank.

Indonesia's scores over time

	SCIENCE	READING	MATHEMATICS
2000	393	371	367
2003	395	382	360
2006	393	393	391
2009	383	402	371
2012	382	396	375
2015	403	397	386
Change since 2012	**21**	1	11
Change since first focal assessment in subject	10	**27**	**26**

Bold = significant change

Source: OECD, PISA.

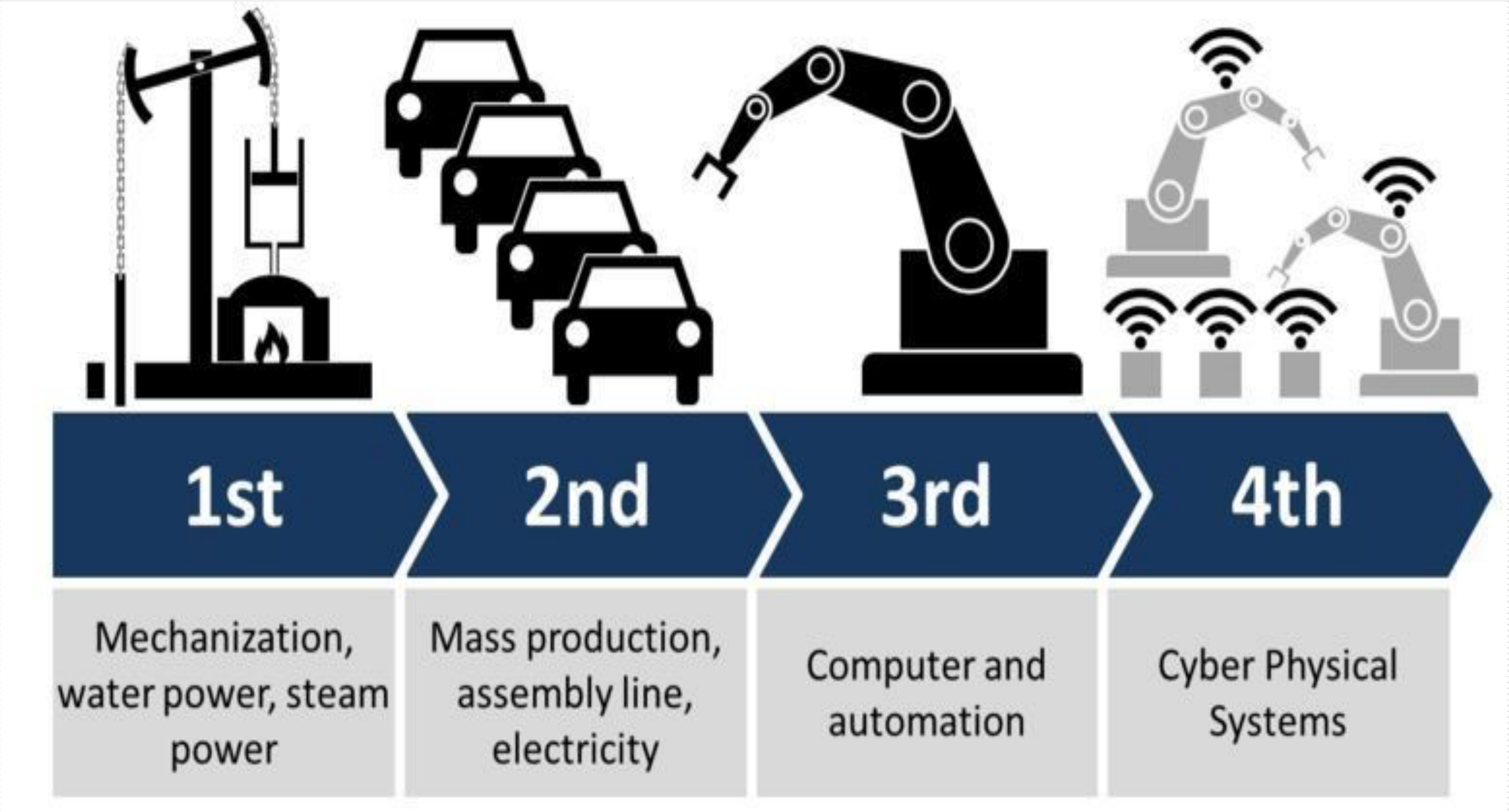
Knowledge & skills performance of the world's 15-year-olds students based on PISA surveys

2015 Rank (n=70)	Country/ Economy	Science				Reading				Mathematics			
		2000	2009	2012	2015	2000	2009	2012	2015	2000	2009	2012	2015
	OECD average	**500**	**501**	**501**	**493**	**500**	**493**	**496**	**493**		**496**	**494**	**490**
1	Singapore		542	551	556		526	542	535		562	573	564
2	Japan	550	539	547	538	522	520	538	516	557	529	536	532
4	Chinese Taipei		520	523	532		495	523	497		543	560	542
6	Macao (China)		511	521	529		487	509	509		525	538	544
8	Vietnam	-	-	528	525	-	-	508	487	-	-	511	495
9	Hong Kong (China)	541	549	555	523	525	533	545	527	560	555	561	548
10	B-S-J-G (China)*		575	580	518		556	570	494		600	613	531
11	Korea	552	538	538	516	525	539	536	517	547	546	554	524
12	New Zealand	528	532	516	513	529	521	512	509	537	519	500	495
14	Australia	528	527	521	510	528	515	512	503	533	514	504	494
16	Germany	487	520	524	509	484	497	508	509	490	513	514	506
25	United States	499	502	497	496	504	500	498	497	493	487	481	470
52	Malaysia		-	420	443		-	398	431		-	421	446
54	Thailand	436	425	444	421	431	421	441	409	432	419	427	415
62	**Indonesia**	**393**	**383**	382	**403**	**371**	**402**	**396**	**397**	**367**	**371**	**375**	**386**
63	Brazil	375	405	405	401	396	412	410	407	334	386	391	377

** Beijing-Shanghai-Jiangsu-Guangdong; before 2015 Shanghai only.*

Source: OECD, PISA (The Programme for International Student Assessment) database.

Robots have been taking our jobs for 50 years, so why are we worried?



Source: World Economic Forum
https://www.weforum.org/agenda/2017/07/robots-have-been-taking-our-jobs-for-50-years-so-why-are-we-worried-now?utm_content=buffer7f273&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

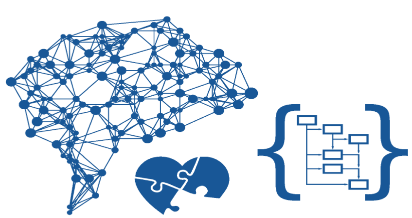
The 10 skills you need to thrive in the Fourth Industrial Revolution: top 10 skills

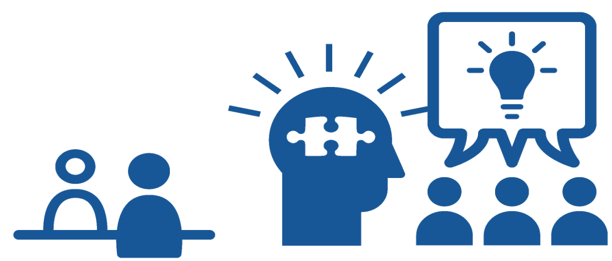
in 2020

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

in 2015

1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity





Source: Future of Jobs Report, World Economic Forum

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