

INDONESIA

GDP growth picked up significantly in the second and third quarters of 2009. Private consumption was the main driver. Investment rebounded strongly in the third quarter, but it continues to suffer from a dearth of credit. Exports are growing faster than imports, sustaining the trade and external current account surpluses. Inflation fell rapidly in the first semester. Activity is projected to gather some further impetus, buoyed by rising investment and easing credit conditions.

The monetary easing cycle appropriately came to an end in September. Interest rate cuts and the liquidity-enhancing measures put in place earlier in the year in response to the global crisis have eased pressure on the interbank market. Implementation of fiscal stimulus is being delayed by capacity bottlenecks. But, given that the recovery appears to have begun in earnest, additional fiscal easing would not be advisable.

Indonesia: Macroeconomic indicators

	2007	2008	2009	2010	2011
Real GDP growth	6.3	6.1	4.5	5.3	5.6
Inflation	6.5	10.4	4.0	5.5	5.5
Fiscal balance (per cent of GDP)	-1.2	-0.1	-1.8	-1.1	-0.9
Current account balance (\$ billion)	10.5	0.6	4.9	4.0	1.7
Current account balance (per cent of GDP)	2.4	0.1	0.9	0.6	0.2

Note: Real GDP growth and inflation are defined in percentage change from the previous period.

Inflation refers to the end-year consumer price index.

Source: OECD Economic Outlook 86 database.