



Domestic Macro Flash

Money Supply | January 24th, 2024

Slower Money Supply Growth Contributes to Lower Inflation in Indonesia

Previous Data

Period	M2 (YoY)	M1 (YoY)	Loan Growth (YoY)
Nov 2024	6.5%	9.1%	10.7%
Oct 2024	6.8%	7.1%	10.9%
Sep 2024	7.2%	6.9%	10.8%

Source : Bank Indonesia

Headline Inflation

Period	MoM	YoY
Dec 2024	0.44%	1.57%
Nov 2024	0.30%	1.55%
Oct 2024	0.08%	1.71%

Source : Badan Pusat Statistik

Loan by Usage

Usage	Nov 24 (YoY)	Dec 24 (YoY)
Working Capital	7.4%	6.8%
Investment	12.6%	12.4%
Consumer	10.2%	9.8%

Source : Bank Indonesia

Comparison M2 by Country

AEs	Money Supply M2 (MoM)	EMDEs	Money Supply M2 (MoM)
Canada	0.14%	Brazil	0.54%
Euro Area	0.77%	China	0.53%
Japan	0.22%	India	1.03%
Singapore	0.69%	Malaysia	0.69%
Switzerland	1.95%	Mexico	2.16%
UK	0.15%	Russia	1.91%
US	0.64%	Thailand	0.26%

Source : Tradingeconomics

AEs–Negara Maju | EMDEs–Negara Berkembang

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Period	M2 (YoY)	M1 (YoY)	Loan Growth (YoY)
December 2024	4.4%	5.8%	10.4%

Figure 1. M2, M1 and Inflation

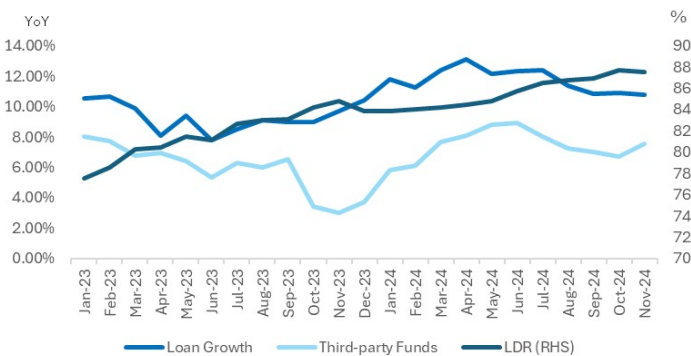


Source : Phintraco Sekuritas Research | Bank Indonesia (BI)

Broad money supply (M2) growth slowed to 4.4% YoY, reaching IDR 9,211 trillion in December 2024, down from 6.5% YoY in November 2024. By component, M2 money development was driven by narrow money (M1) growth of 5.8% YoY and quasi-money growth of 0.3% YoY in December 2024. M2 money supply growth was supported by M1 money supply growth of 56.7%, consisting of currency growth outside commercial banks rural banks and rupiah demand deposits comprising electronic money and rupiah savings. M2 money supply growth has experienced a decline over the past year, contributing to the downward inflation trend (Figure 1).

Bank lending growth recorded a slowdown to 10.39% YoY in December 2024 from 10.79% YoY in November 2024. This deceleration was partly due to Bank Indonesia's benchmark interest rate remaining high. Additionally, while several Indonesian banks view interest rate reductions as a positive catalyst but they remain cautious in extending credit amid weakening loan demand. This is supported by the Loan to Deposit Ratio (LDR), which decreased by 0.18% MoM to 87.34% in November 2024. Meanwhile, Third-Party Funds (TPF) grew by 7.5% YoY in November 2024, reaching IDR 8,836 trillion (Figure 2).

Figure 2. Figure 2. Loan Growth, Third-party Funds, Loan to Deposit Ratio



Source : Phintraco Sekuritas Research | Indonesia Financial Regulatory Authority (OJK)