

FX Reserves:

Running out of ammo

09 June 2026

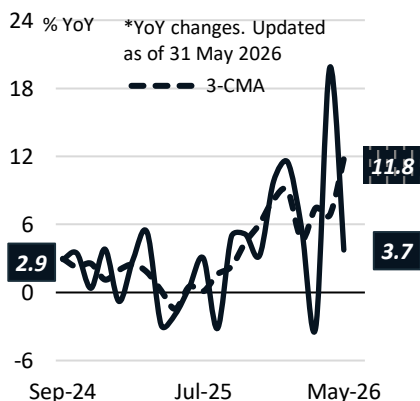
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's FX reserves continued its downward trajectory to USD 144.9 Bn in May 2026**, slipping USD 1.3 Bn from the month before. The decline occurred despite net capital inflows, driven by substantial SRBI gains (USD 1.24 Bn), while equities and bonds drained by USD 0.22 Bn and USD 0.21 Bn respectively. The overarching reserves depletion suggests these domestic inflows were likely absorbed by open market operations, global debt repayments, and potential trade remedies.

- **Indonesia's financial market sentiment continues to take blows.** Moody's decision to assign a negative outlook to PT Danantara Investment Management (mirroring Indonesia's sovereign rating) dampened prospects for foreign investors, while uncertainty surrounding PT Danantara Sumberdaya Indonesia as a middleman entity spooks the market.

- **Speaking of which, Indonesia's trade balance also seem to be under pressure.** In April 2026, the trade surplus plummeted to a near-record low of USD 89 Mn, and the tepid capital market inflows point to an equally weak (if not weaker) surplus for May.

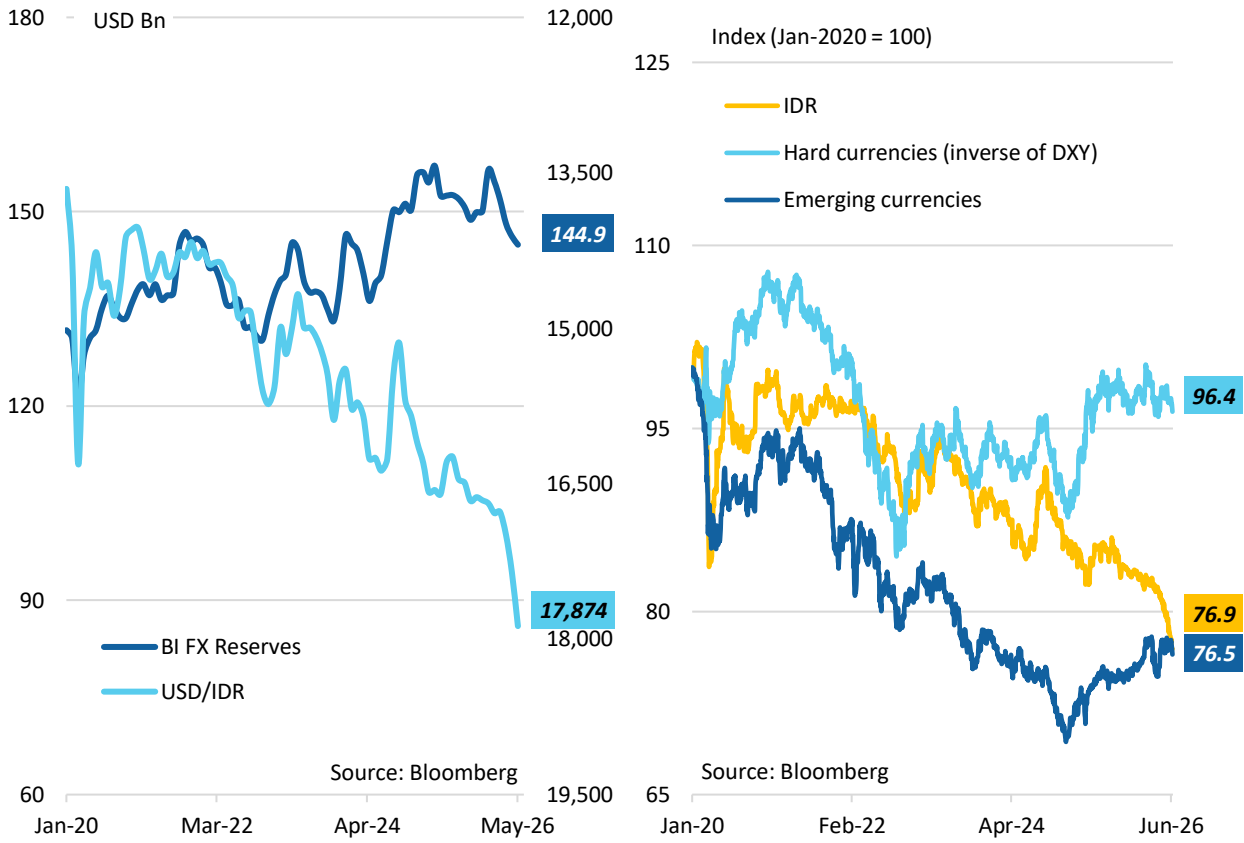
- The government is reportedly eyeing the issuance of Panda bonds in mid-June to help stimulate market inflows. This follows the central bank's decision to hike interest rates mid-May, a move intended as a straightforward defense strategy. **Nonetheless, the road ahead remains bumpy.**

- The most headline-grabbing developments were (1) the expansion of BI's mandate through the revision of the P2SK Law, and (2) reports that BI will also increase the remuneration on the government's cash accounts held at the central bank, with the aim of reducing the

government's net interest burden. The ball is now in the market's court, as investors weigh whether these new policies represent a credible solution or an additional source of uncertainty. In theory, policies that add Rupiah liquidity into the system would also entail higher sterilization costs, weighing on foreign exchange reserve levels. Therefore, the market's initial answer may already be visible in today's USD/IDR exchange rate (which briefly breached 18,200) and the 10-year yield (which momentarily crossed 7.1%). All in all, we believe BI needs to maintain a hawkish tone heading into its upcoming meeting.

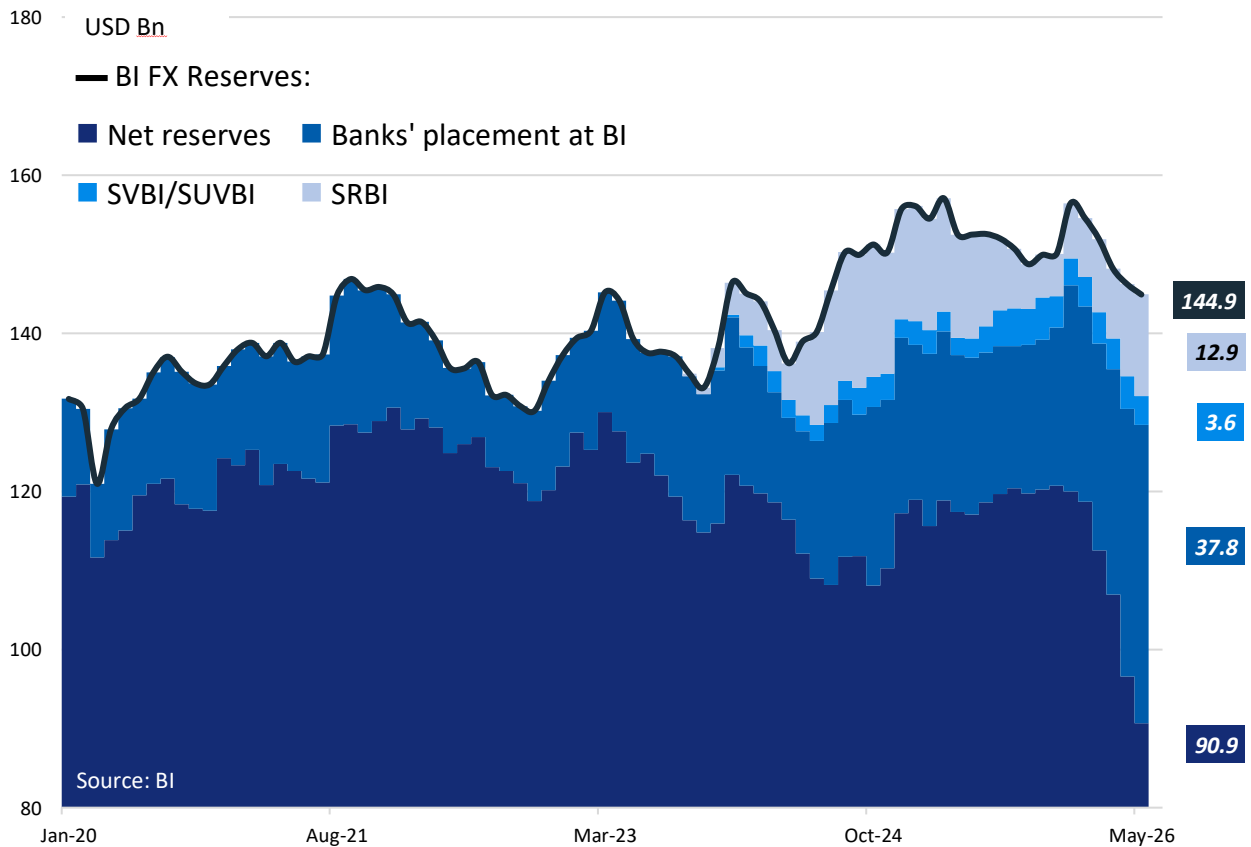
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The Rupiah continues depreciating as domestic sentiment worsens

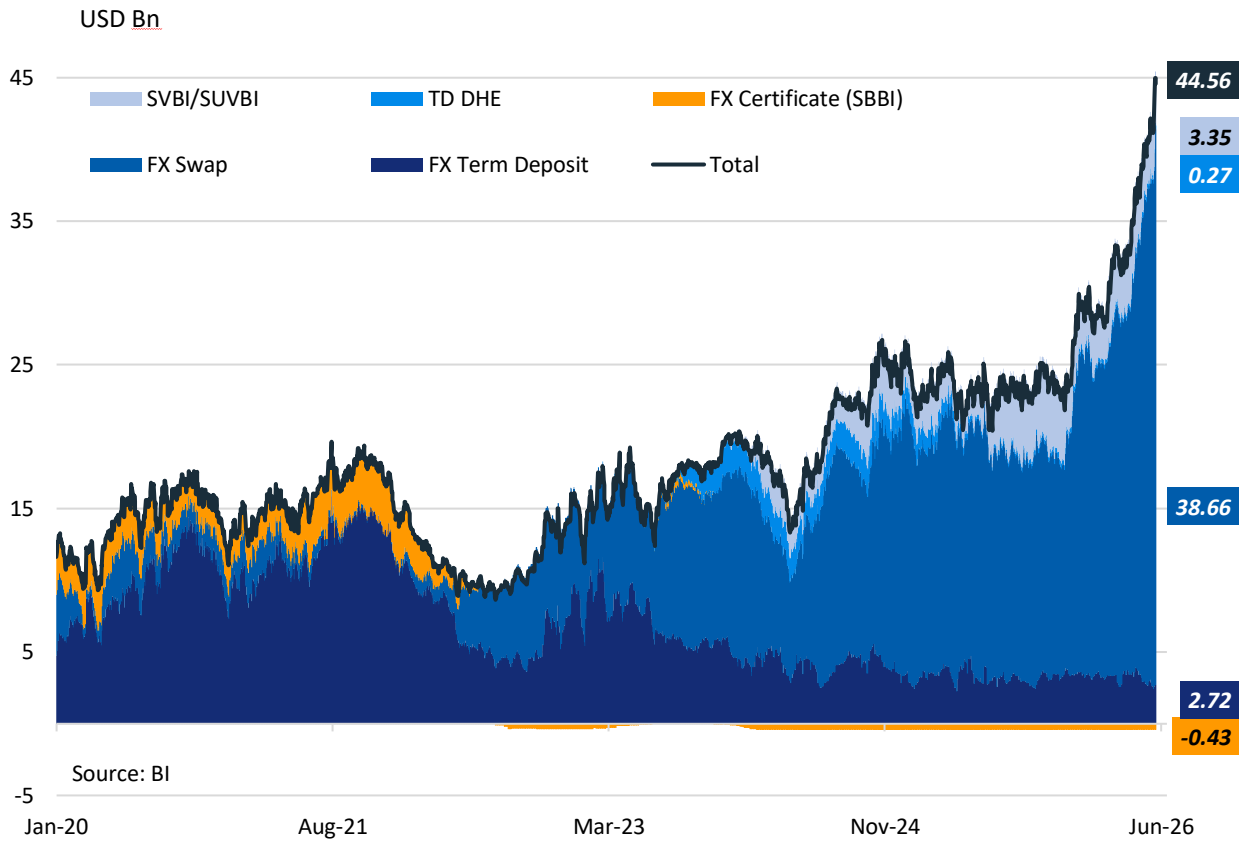


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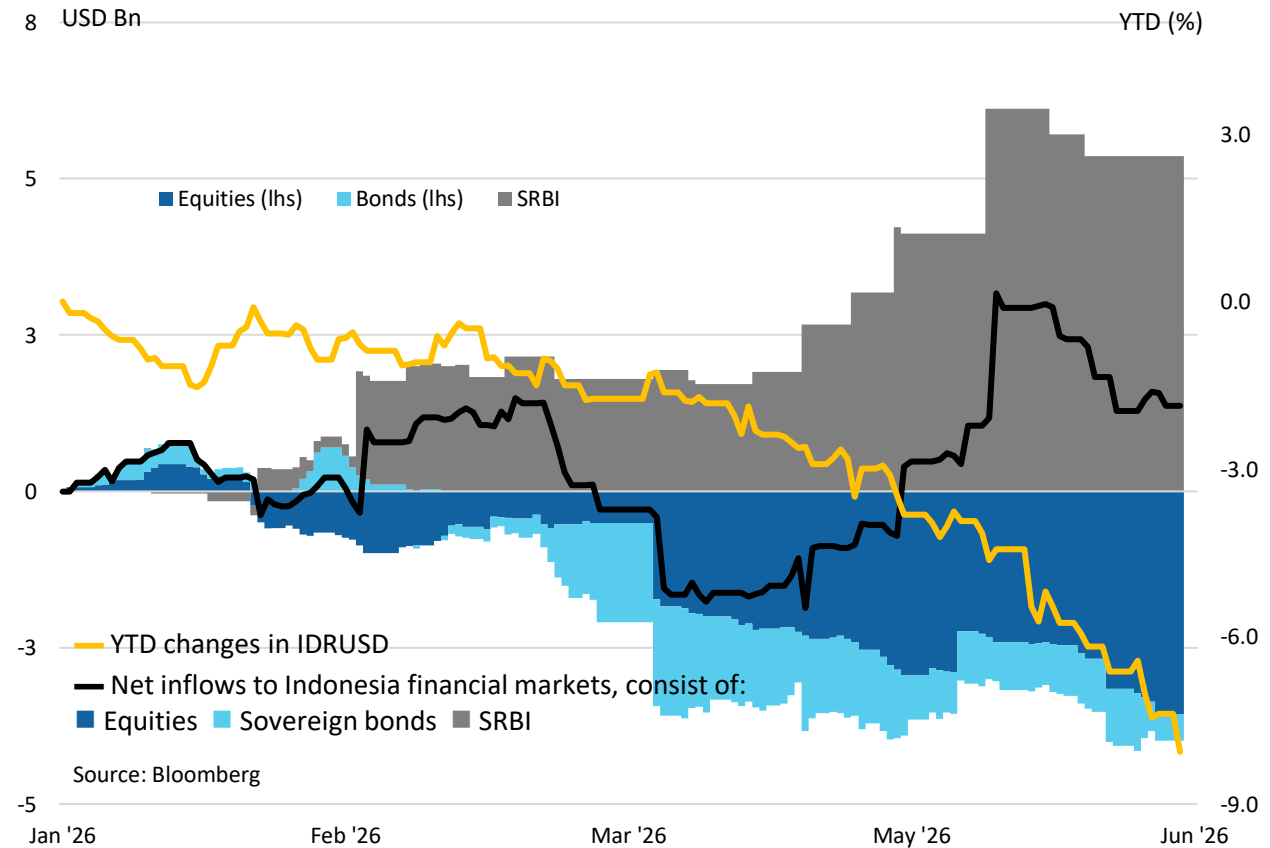
Market inflows are recorded due to SRBI, but FX reserves remain weakening



3 The need for Rupiah intervention strengthens

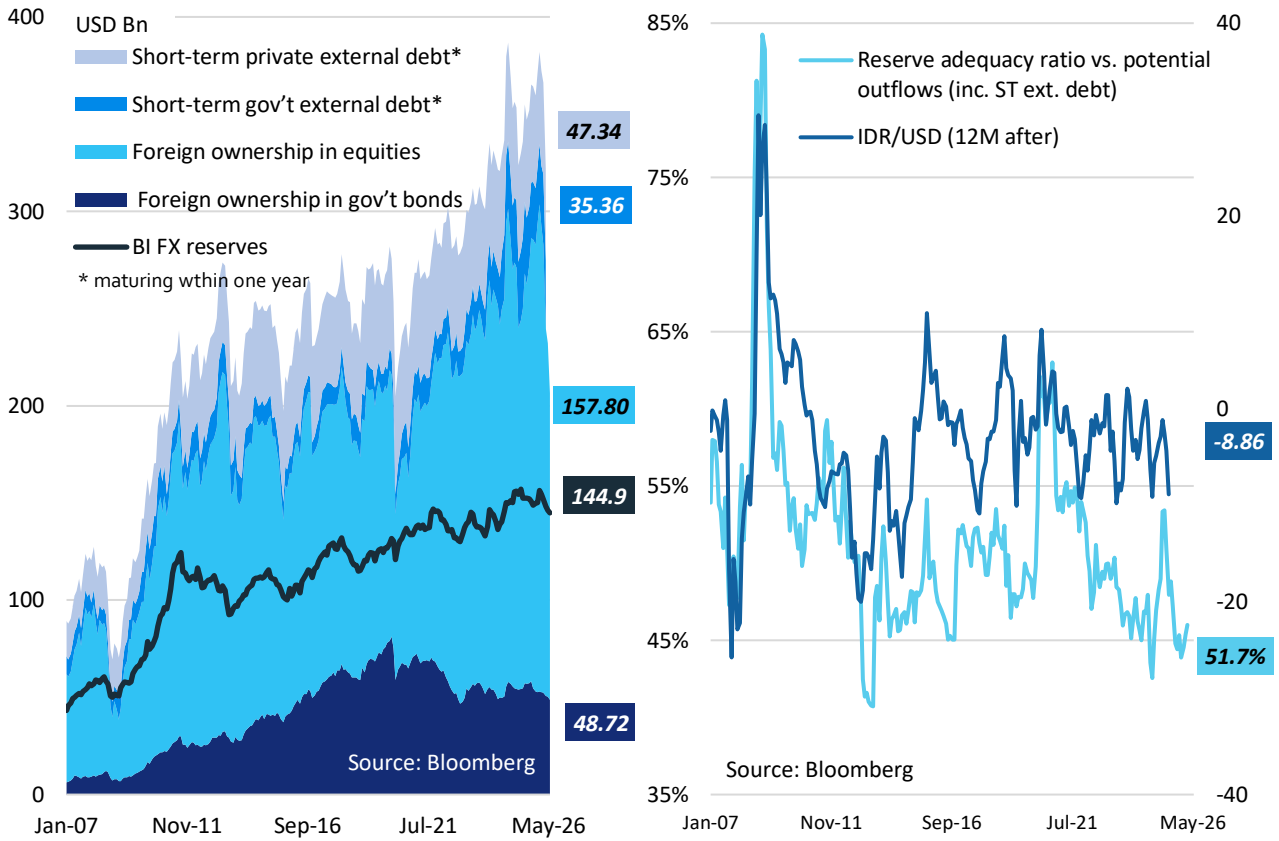


4 Foreign market records net inflows despite drainage in stocks and bonds



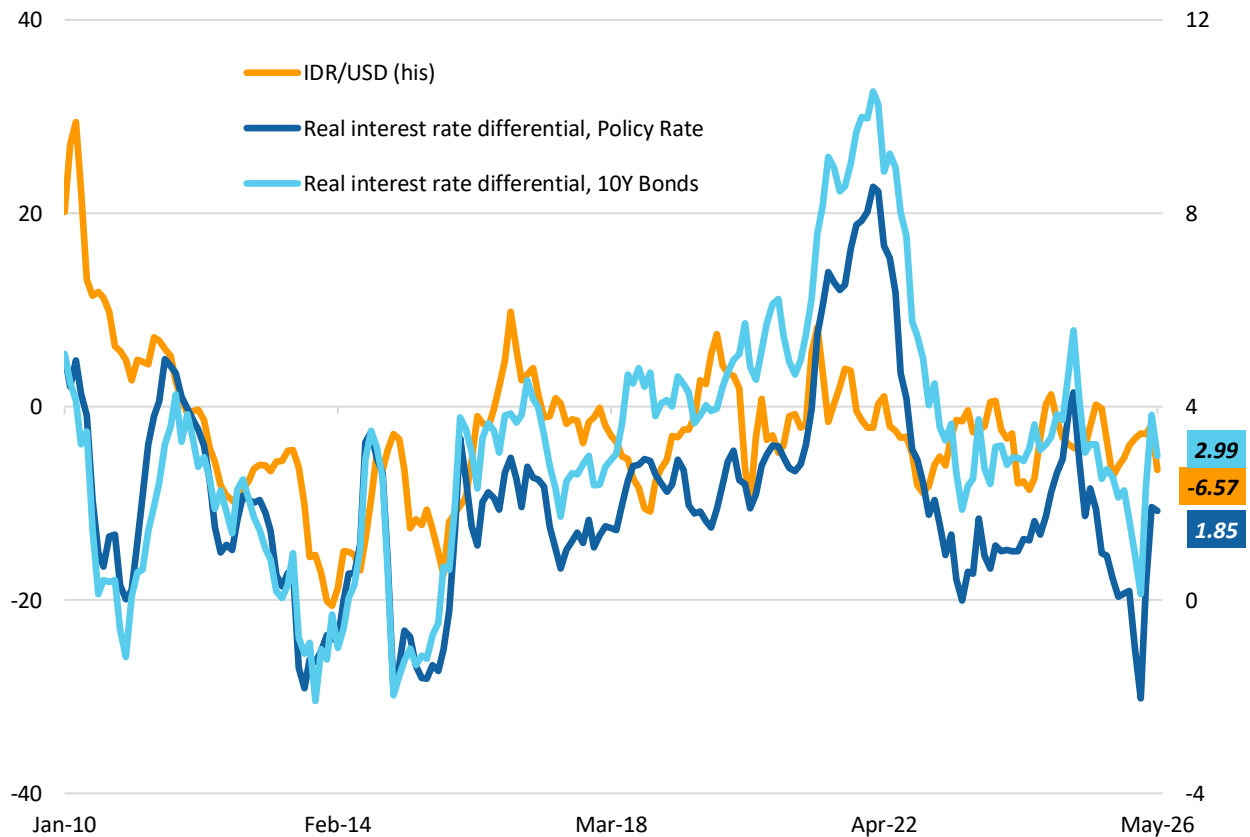
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Lower FX reserves signal a warning towards potential outflows



6

Recent market pressures keep interest rate high



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	08-Jun	-1 mth	Chg (%)
US	3.75	Dec-25	-0.05	Baltic Dry Index	2,916.0	2,978.0	-2.1
UK	3.75	Dec-25	0.95	S&P GSCI Index	695.4	732.2	-5.0
EU	2.15	Jun-25	-1.05	Oil (Brent, \$/brl)	94.3	101.3	-7.0
Japan	0.75	Dec-25	-0.65	Coal (\$/MT)	151.3	134.5	12.5
China (lending)	2.00	Sep-24	3.15	Gas (\$/MMBtu)	3.10	2.68	15.9
Korea	2.50	May-25	-0.60	Gold (\$/oz.)	4,330.2	4,715.3	-8.2
India	5.25	Dec-25	1.77	Copper (\$/MT)	13,592.1	13,515.4	0.6
Indonesia	5.25	May-26	2.17	Nickel (\$/MT)	18,108.3	18,691.6	-3.1
Money Mkt Rates	08-Jun	-1 mth	Chg (bps)	CPO (\$/MT)	1,104.7	1,151.6	-4.1
				Rubber (\$/kg)	2.27	2.25	0.9
Bank Rates (Rp)	Mar	Feb	Chg (bps)	External Sector	Apr	Mar	Chg (%)
SPN (1Y)	6.67	5.80	87.1	Export (\$ bn)	25.30	22.53	12.32
SUN (10Y)	7.24	6.58	66.8	Import (\$ bn)	25.21	19.21	31.28
INDONIA (O/N, Rp)	5.37	4.16	120.7	Trade bal. (\$ bn)	0.09	3.32	-97.32
JIBOR 1M (Rp)	5.03	5.03	0.0	Central bank reserves (\$ bn)*	146.2	148.2	-1.32
Currency/USD	08-Jun	-1 mth	Chg (%)	Prompt Indicators	Apr	Mar	Feb
Lending (WC)	8.00	8.05	-5.00	Consumer confidence index (CCI)	123.0	122.9	125.2
Deposit 1M	4.47	4.47	0.00	UK Pound	0.750	0.734	-2.13
Savings	0.67	0.68	-1.00	Euro	0.867	0.848	-2.15
				Japanese Yen	160.2	156.7	-2.17
				Chinese RMB	6.783	6.801	0.25
				Indonesia Rupiah	18,178	17,373	-4.43
Capital Mkt	08-Jun	-1 mth	Chg (%)	Manufacturing PMI	May	Apr	Chg (bps)
JCI	5,342.1	6,969.4	-23.35	USA	55.1	54.5	60
DJIA	50,786.0	49,609.2	2.37	Eurozone	51.6	52.2	-60
FTSE	10,373.2	10,233.1	1.37	Japan	54.5	55.1	-60
Nikkei 225	64,024.6	62,713.7	2.09	China	51.8	52.2	-40
Hang Seng	24,657.1	26,393.7	-6.58	Korea	54.8	53.6	120
Foreign portfolio ownership (Rp Tn)	May	Apr	Chg (Rp Tn)	Indonesia	50.0	49.1	90
Stock	2,820.6	3,158.9	-338.29				
Govt. Bond	865.2	866.9	-1.77				
Corp. Bond	5.8	5.8	-0.01				

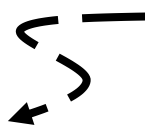
Source: Bloomberg, BI, BPS

Notes:

*Data from earlier period

For changes in currency: **Black indicates appreciation against USD, **Red** otherwise

***For PMI, >50 indicates economic expansion, <50 otherwise



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Indonesia – Economic Indicators Projection

	2020	2021	2022	2023	2024	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	8.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5457
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.3
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	5.75
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	6.76
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,600
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,171
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

Notes:

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time

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