

## External debt:

### A bump in the road

18 February 2025

Samuel Theophilus Artha  
Economist/Analyst

Barra Kukuh Mamia  
Head of Macroeconomic Research

#### Executive Summary

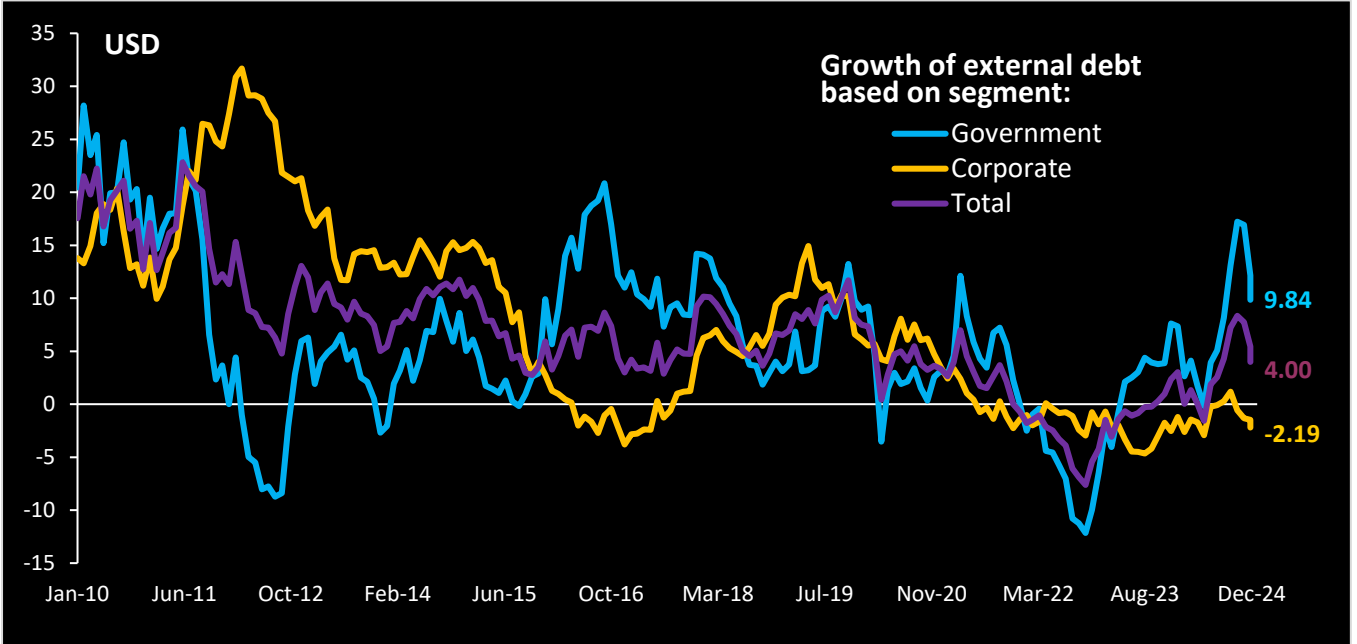
- Indonesia's external debt declined in Q4-24 to USD 424.8 Bn, growing by 3.3% YoY but contracting by -0.5% QoQ. Government sector growth slowed (to 9.8% YoY) while business sector (-2.2% YoY) contracted further.
- Rupiah depreciation, lower foreign holding, and negative net issuance during Q4-24 (in the case of SRBI) led to USD 3.2 Bn decline in government external debt.
- Business sector external debt continues to decline, signaling further slowdown in investment momentum in contrast to earlier FDI/DDI data.
- There could be a bigger speedbump ahead as large amount of SBN and SRBI is set to mature in Q2-25, but the government and BI seem to be preparing well via FX bonds issuance and more stringent export receipts (DHE) regulations.

- Indonesia's external debt totaled USD 424.8 Bn in Q4-24, slowing down growth to 3.3% YoY (-0.5% QoQ) compared to 8.7% YoY (4.7% QoQ) last quarter. The slowdown is attributed to deeper decline in business sector debt (-2.2% YoY vs -0.6% YoY) as well as a slowdown in government sector debt growth (9.8% YoY vs 17.2% YoY).
- The bulk in government sector slowdown can be attributed to SRBI, which had experienced its first decline in foreign holding since its issuance in Sep-23. While foreign investors held around USD 16.8 Bn of SRBI in Sep-24, that number had dwindled to USD 13.9 Bn in Dec-24. However, it's important to note part of the decrease was attributable to significant Rupiah depreciation and also a slightly negative net issuance during Q4-24.
- Despite the decline in SRBI – which had become one of BI's key tools in defending the Rupiah last year – BI's arsenal to defend the Rupiah was actually bolstered by a surge of "currencies and deposits", likely through swaps with another central bank. This boosted FX reserves in the short-term, providing additional buffer for BI to intervene in FX market in the months to come.
- A similar scenario played out for government debt (SBN). While FX-denominated debt had increased due to fresh issuance in Nov-24, Rupiah debt decreased by USD 3.2 Bn. This seems to have stemmed from a combination of Rupiah depreciation and lower foreign ownership (14.5% in Dec-24 vs 14.7% in Sep-24), driven by the "Trump trade" during Q4-24.
- As for the private sector, the quarterly decline stemmed mainly from mining (-USD 1.1 Bn QoQ), real estate (-USD 430 Mn), and corporate services (-USD 351 Mn). The decline in the mining sector roughly tracked with recent investment data, where FDI inflow into mining had

significantly slowed down. This decrease in mining sector debt is coupled with headwinds in Chinese external debt. This is not an encouraging development, since we expect China to be a major source of FDI for Indonesia – given closer ties recently and China’s need to outsource production amid Trump’s threats.

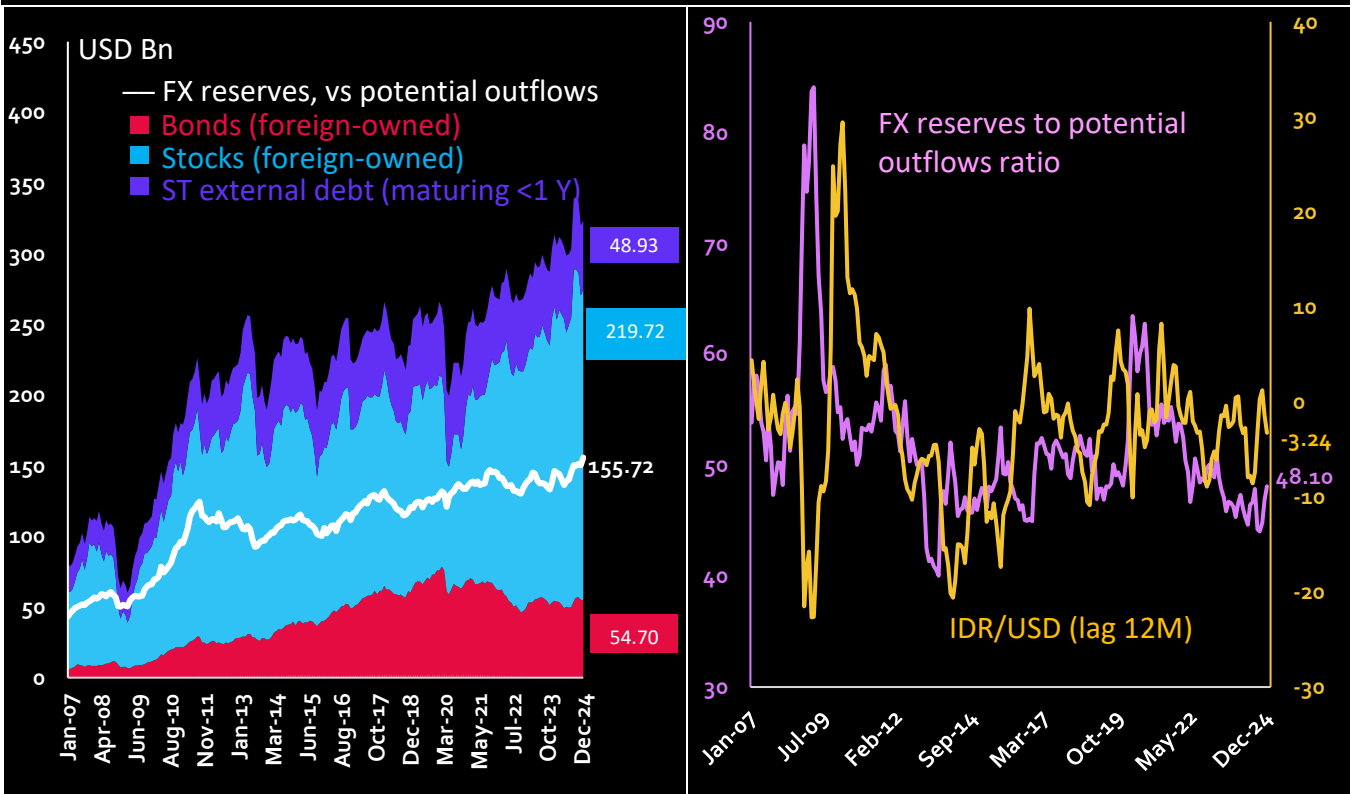
- Another source of concern is the recent slowdown for both domestic and foreign businesses’ external debt. While foreign businesses had experienced higher growth in yearly terms (1.5% YoY for foreign vs -6% YoY for domestic), both has been hit by declines in quarterly terms (-1.6% QoQ for foreign vs -1.1% QoQ for domestic).
- These near universal slowdown in the business sector may compound with other ongoing challenges. For example, a decline in public sector investment seems likely to occur, as the new administrations’ plan to reallocate around IDR 750 Tn of spending may reduce capital goods spending. With both FDI *and* DDI slowing and government spending dipping at least temporarily, growth during H1-25 will have to rely heavily on consumption.
- Nonetheless, we can probably expect external debt to rebound in Q1-25, given that the dip in Q4 was partly the result of Rupiah depreciation and “Trump trade”. Now that the latter is reversing and the USD weakening, we can expect the numbers to rebound.
- The more interesting question, however, is about Q2-25. During that quarter, a large amount of SRBI (around USD 17.8 Bn) and SBN (around USD 15 Bn) is set to mature, which will put the nexus of depreciation risk, bond yields, and foreign capital flow front and center again. Luckily, the government and BI seems to be anticipating this risk quite well, having issued FX bonds totaling USD 2 Bn + EUR 1.4 Bn YTD. And then there is also the recently ratified export receipts (DHE) requirements, which – if enforced properly – should net a considerable sum of FX liquidity into the domestic banking system.

**Panel 1. External debt growth slowed as Trump Trade went to full effect in Q4-24**



Source: BI, calculation by BCA Economic Research

**Panel 2. DHE revision can potentially boost FX reserves further and lower risk of significant outflows**



Source: BI, KSEI, MoE, calculation by BCA Economic Research

**Table 1. External Debt Position of Indonesia (USD Million)**

		2020	2021	2022	2023	2024
<b>Short Term Debt ≤ 1 year</b>	<i>Government and Central Bank</i>	136	130	969	5,172	19,450
	1.1 <i>Government</i>	118	107	336	372	246
	1.2 <i>Central Bank</i>	18	23	633	4,800	19,204
	<i>Private</i>	43,209	47,199	47,047	47,167	45,323
	<b>Total</b>	<b>43,345</b>	<b>47,329</b>	<b>48,016</b>	<b>52,339</b>	<b>64,773</b>
<b>Long Term Debt &gt; 1 year</b>	<i>Government and Central Bank</i>	209,109	209,075	194,703	204,898	211,291
	1.1 <i>Government</i>	206,257	200,067	186,138	196,264	202,898
	1.2 <i>Central Bank</i>	2,852	9,007	8,565	8,635	8,393
	<i>Private</i>	164,481	157,569	153,810	151,655	148,785
	<b>Total</b>	<b>373,590</b>	<b>366,643</b>	<b>348,513</b>	<b>356,553</b>	<b>360,076</b>
<b>TOTAL ( 1 + 2 )</b>	<i>Government and Central Bank</i>	209,246	209,205	195,673	210,070	230,741
	1.1 <i>Government</i>	206,375	200,175	186,474	196,636	203,144
	1.2 <i>Central Bank</i>	2,871	9,030	9,198	13,434	27,597
	<i>Private</i>	207,689	204,767	200,857	198,821	194,108
	<b>TOTAL</b>	<b>416,935</b>	<b>413,972</b>	<b>396,529</b>	<b>408,892</b>	<b>424,849</b>
<b>Foreign Exchange Reserves</b>		<b>135,897</b>	<b>144,905</b>	<b>137,233</b>	<b>146,384</b>	<b>146,384</b>
<b>Vulnerability Indicators</b>		<b>3.1</b>	<b>3.1</b>	<b>2.9</b>	<b>2.8</b>	<b>2.3</b>

Source: Bank Indonesia. Vulnerability indicators: FX reserves divided by total short term debt position.

## Indonesia – Economic Indicators Projection

	2019	2020	2021	2022	2023	2024	2025E
Real GDP growth (% YoY)	5.0	-2.1	3.7	5.3	5.0	5.0	4.9
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	6.0	7.6
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	5005
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6	2.3
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	5.50
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97	7.47
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,887
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0	26.2
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6*	-0.9

**Notes:**

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time
- Numbers marked with (\*) for 2024 are our projections; other numbers for 2024 are final

### Economic, Banking & Industry Research Team

**David E.Sumual**

Chief Economist

david\_sumual@bca.co.id

+6221 2358 8000 Ext:1051352

**Victor George Petrus Matindas**

Head of Banking Research and Analytics

victor\_matindas@bca.co.id

+6221 2358 8000 Ext: 1058408

**Keely Julia Hasim**

Economist / Analyst

keely\_hasim@bca.co.id

+6221 2358 8000 Ext: 1071535

**Nicholas Husni**

Economist / Analyst

nicholas\_husni@bca.co.id

+6221 2358 8000 Ext: 1079839

**Agus Salim Hardjodinoto**

Head of Industry and Regional Research

agus\_lim@bca.co.id

+6221 2358 8000 Ext: 1005314

**Gabriella Yolivia**

Industry Analyst

gabriella\_yolivia@bca.co.id

+6221 2358 8000 Ext: 1063933

**Elbert Timothy Lasiman**

Economist / Analyst

Elbert\_lasiman@bca.co.id

+6221 2358 8000 Ext: 1007431

**Samuel Theophilus Artha**

Economist / Analyst

samuel\_artha@bca.co.id

+6221 2358 8000 Ext: 1080373

**Barra Kukuh Mamia**

Head of Macroeconomic Research

barra\_mamia@bca.co.id

+6221 2358 8000 Ext: 1053819

**Lazuardin Thariq Hamzah**

Economist / Analyst

lazuardin\_hamzah@bca.co.id

+6221 2358 8000 Ext: 1071724

**Thierris Nora Kusuma**

Economist / Analyst

thierris\_kusuma@bca.co.id

+6221 2358 8000 Ext: 1071930

## PT Bank Central Asia Tbk

### Economic, Banking & Industry Research of BCA Group

20<sup>th</sup> Grand Indonesia, Menara BCA

Jl. M.H Thamrin No. 1, Jakarta 10310, Indonesia

Ph : (62-21) 2358-8000 Fax : (62-21) 2358-8343

#### DISCLAIMER

This report is for information only, and is not intended as an offer or solicitation with respect to the purchase or sale of a security. We deem that the information contained in this report has been taken from sources which we deem reliable. However, we do not guarantee their accuracy, and any such information may be incomplete or condensed. None of PT. Bank Central Asia Tbk, and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof. The Company, or any of its related companies or any individuals connected with the group accepts no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein (including any error, omission or misstatement herein, negligent or otherwise) or further communication thereof, even if the Company or any other person has been advised of the possibility thereof. Opinion expressed is the analysts' current personal views as of the date appearing on this material only, and subject to change without notice. It is intended for the use by recipient only and may not be reproduced or copied/photocopied or duplicated or made available in any form, by any means, or redist ted to others without written permission of PT Bank Central Asia Tbk.

All opinions and estimates included in this report are based on certain assumptions. Actual results may differ materially. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice. For further information please contact: (62-21) 2358 8000, Ext: 1020451 or fax to: (62-21) 2358 8343 or email: [eri.tristanto@bca.co.id](mailto:eri.tristanto@bca.co.id)