

## Balance of Payment:

# Not all deficits are created equal

21 August 2025

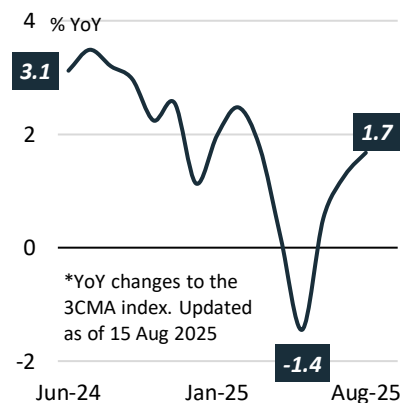
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### BCA Consumer Spending Index\*



### BCA Business Transaction Index\*



- **The balance of payments (BoP) posted a deficit of US\$ 6.7 Bn in Q2-25**, a sharp deterioration from the US\$ 787 million deficit in Q1-25. This was driven by outflows across both the current account (a US\$ 3.0 Bn deficit) and the capital and financial account (a US\$ 5.2 Bn deficit).

- Developments in the capital and financial account **reflected the relatively unfavorable external conditions during the quarter**. The first Trump's tariff announcement during "Liberation Day" in April triggered risk-off sentiment in global markets, prompting equity outflows. Meanwhile, seasonal dividend payments contributed to the deficit in the primary income account.

- However, **not all outflows signal negative developments**. The widening of the current account deficit was partly driven by a sharp increase in goods imports (amid resilient export performance), corresponding with the strong acceleration in domestic investment.

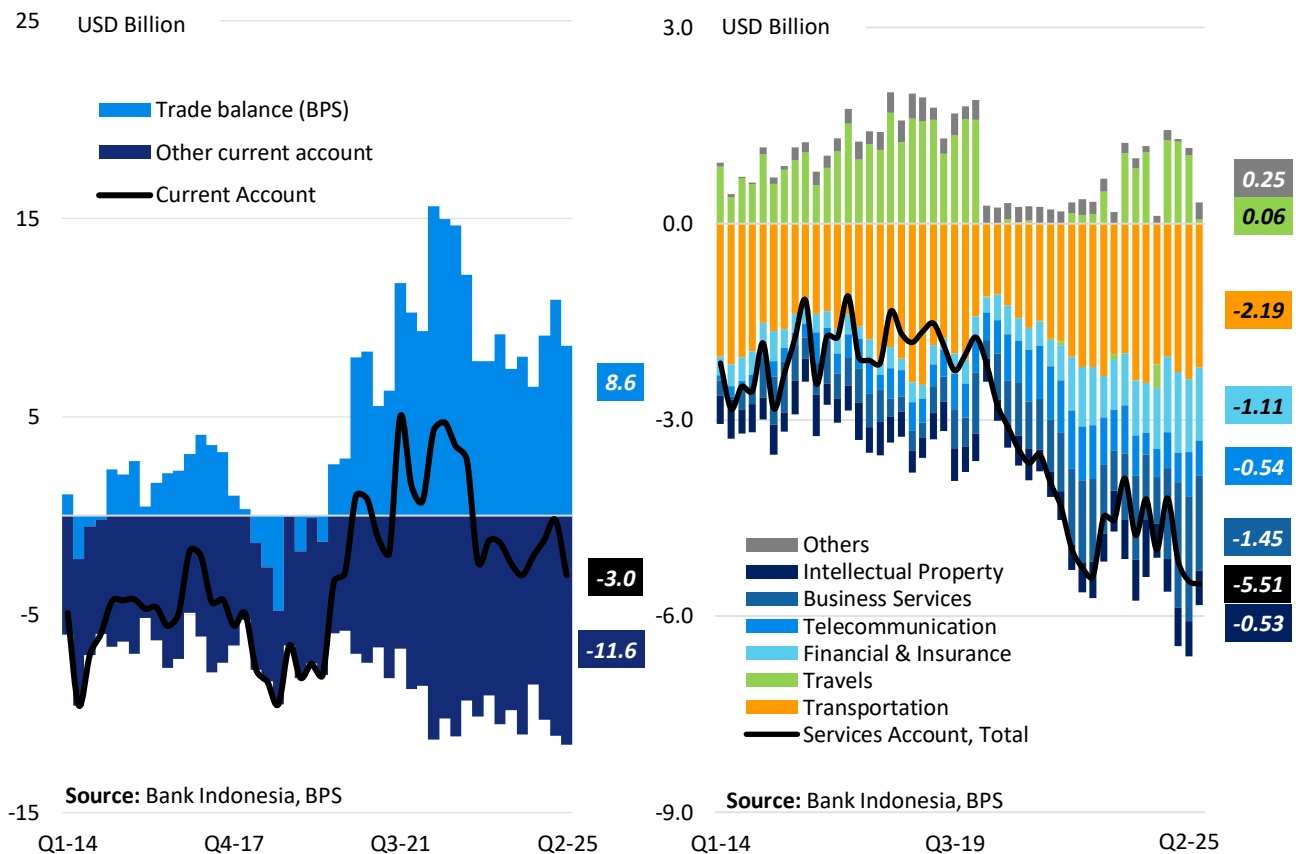
- This narrative is corroborated by **higher inflows in both FDI and other investment (OI) accounts**. OI registered a surplus of US\$ 311 Mn, a significant reversal from the steep US\$ 4.2 Bn deficit recorded in the previous quarter. This shift was attributed to new foreign loan disbursements to the private sector, which may indicate financing needs for domestic investment.

- Historically, services accounts tend to record substantially higher deficit in Q2 due to the seasonal hajj pilgrimage. As such, only slight growth in services deficit reflects a better performance for Indonesia's services exports.

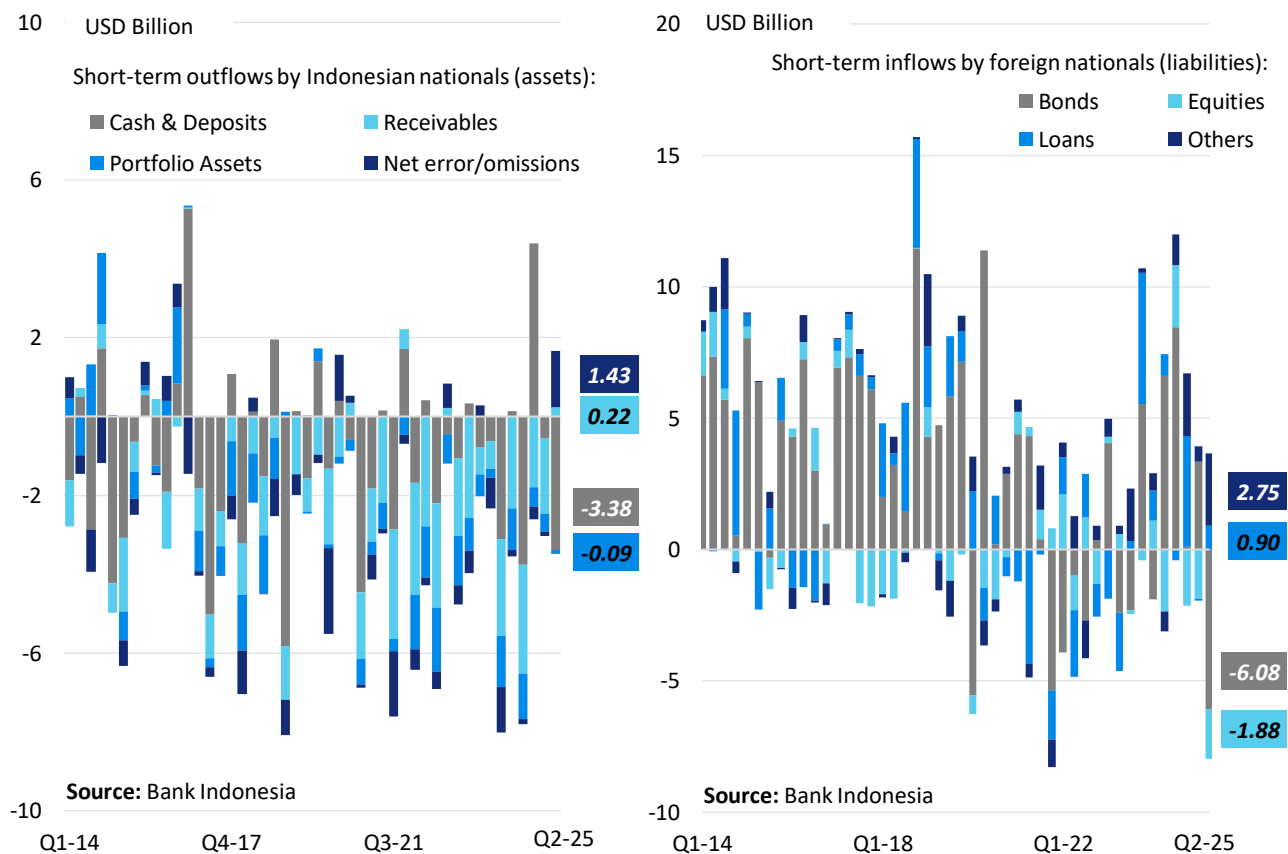
- Looking ahead, **we expect the CA to face persistent pressure from rising imports**, driven by higher household and government spending. On the other hand, exports could be constrained by the impact of Trump's tariffs.

- Nevertheless, on the capital and financial account side, **increasingly accommodative sentiment surrounding the Fed is expected to support capital inflows** into the domestic market. We already see US\$ 2.0 Bn inflow into the domestic SBN market QTD, while reduced uncertainty regarding reciprocal tariffs may attract additional FDI in the coming quarters. We project that the net result of these dynamics in the two accounts will be broadly stabilizing for the exchange rate.

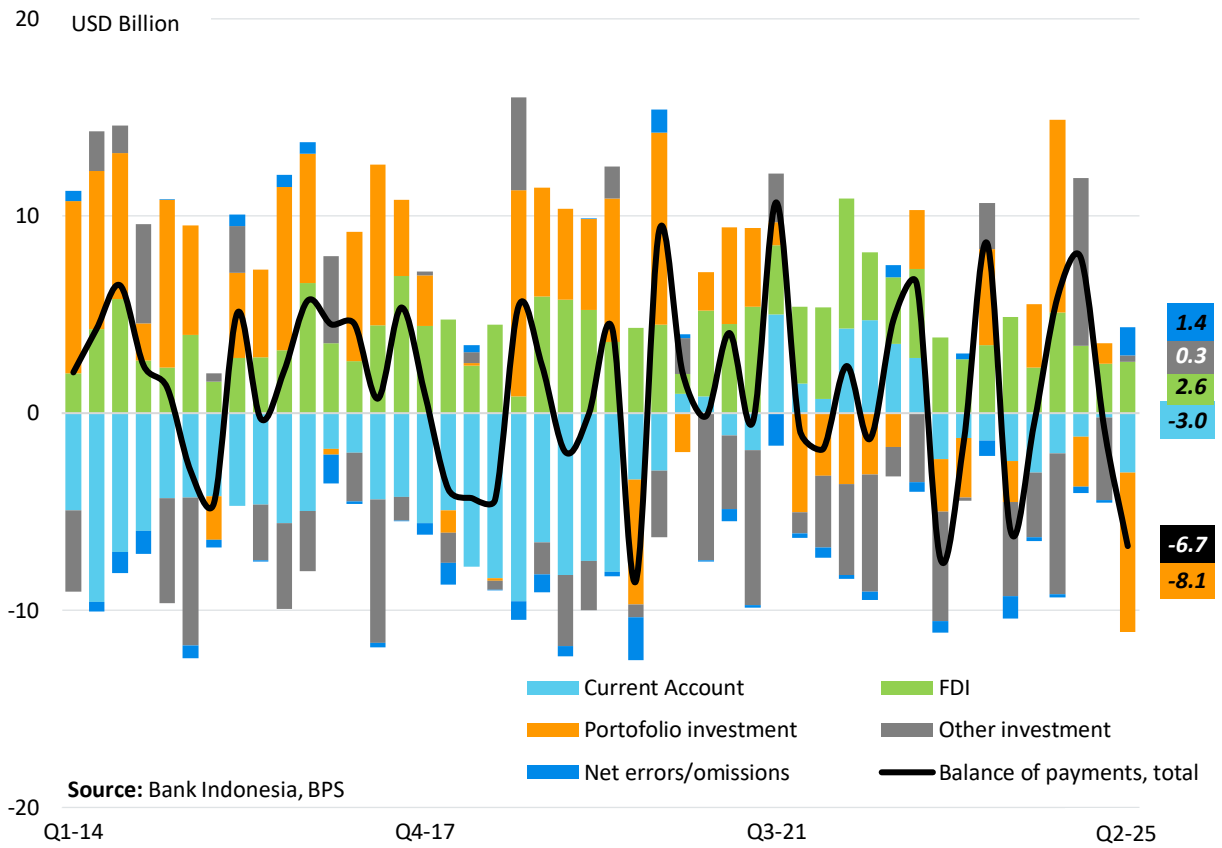
## 1 Deeper deficit in CA due to a rebound in imports growth and seasonal headwinds



## 2 Portfolio outflow deepened as global uncertainty triggered sell-off from Indonesian assets



### 3 FDI saw slight growth in Q2-25, which may rise further after tariff uncertainty fades



## Selected Macroeconomic Indicators

**Table 1. Balance of payments (current USD Million)**

	2021	2022	2023	2024	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25
<b>CURRENT ACCOUNT</b>	<b>3,511</b>	<b>13,215</b>	<b>-2,042</b>	<b>-8,856</b>	<b>-3,008</b>	<b>-2,038</b>	<b>-1,208</b>	<b>-228</b>	<b>-3,014</b>
<i>(as % of GDP)</i>	<i>0.30</i>	<i>1.00</i>	<i>-0.11</i>	<i>-0.63</i>	<i>-0.88</i>	<i>-0.57</i>	<i>-0.34</i>	<i>-0.07</i>	<i>-0.84</i>
A. Goods	43,806	62,672	46,269	39,926	9,993	9,182	11,283	12,993	10,581
- Non-Oil/Gas	57,804	89,773	67,814	62,868	15,181	14,665	17,761	18,765	15,740
- Oil/Gas	-12,965	-24,777	-19,917	-19,651	-4,636	-4,447	-5,055	-4,685	-4,197
B. Services	-14,599	-19,957	-17,676	-18,667	-4,988	-4,196	-5,164	-5,466	-5,511
C. Income	-31,961	-35,303	-36,015	-36,092	-9,445	-8,546	-9,047	-9,347	-9,826
D. Current Transfers	6,264	5,803	5,380	5,977	1,432	1,521	1,720	1,592	1,741
<b>CAPITAL TRANSACTIONS</b>	<b>80.15</b>	<b>476.19</b>	<b>27.75</b>	<b>28.42</b>	<b>8.43</b>	<b>10.58</b>	<b>16.46</b>	<b>4.35</b>	<b>6.70</b>
<b>FINANCIAL TRANSACTIONS</b>	<b>12,492</b>	<b>-9,157</b>	<b>9,846</b>	<b>16,356</b>	<b>2,608</b>	<b>8,034</b>	<b>9,380</b>	<b>-442</b>	<b>-5,166</b>
A. Direct Investment	17,286	18,067	14,417	14,509	2,326	5,094	3,424	2,512	2,615
B. Portfolio Investment	5,086	-11,631	2,208	8,221	3,190	9,770	-2,525	1,041	-8,071
C. Derivative Instruments	332.71	48.36	167.29	291.42	392.86	330.85	-11.68	189.54	-21.06
D. Other Investment	-10,212	-15,642	-6,946	-6,665	-3,301	-7,161	8,494	-4,184	311
<b>NET ERRORS AND OMISSIONS</b>	<b>-2,622.30</b>	<b>-535.12</b>	<b>-1,531.48</b>	<b>-319.17</b>	<b>-165.02</b>	<b>-139.45</b>	<b>-319.31</b>	<b>-121.76</b>	<b>1,431.19</b>
<b>BALANCE OF PAYMENT</b> <i>(= change in BI international reserves)</i>	<b>13,461</b>	<b>3,999</b>	<b>6,301</b>	<b>7,210</b>	<b>-557</b>	<b>5,867</b>	<b>7,870</b>	<b>-787</b>	<b>-6,743</b>

Source: Bank Indonesia



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## 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	5.0
Nominal GDP growth (% YoY)	6.7	-2.5	9.9	15.4	6.7	6.0	7.2
GDP per capita (USD)	4175	3912	4350	4784	4920	4960	5100
CPI inflation (% YoY)	2.7	1.7	1.9	5.5	2.6	1.6	2.2
BI Rate (%)	5.00	3.75	3.50	5.50	6.00	6.00	4.75
SBN 10Y yield (%)	7.04	5.86	6.36	6.92	6.45	6.97	6.57
USD/IDR exchange rate (average)	14,141	14,529	14,297	14,874	15,248	15,841	16,350
USD/IDR exchange rate (end of year)	13,866	14,050	14,262	15,568	15,397	16,102	16,625
Trade balance (USD Bn)	-3.2	21.7	35.3	54.5	37.0	31.0	26.0
Current account balance (% of GDP)	-2.7	-0.4	0.3	1.0	-0.1	-0.6	-1.0

### Notes:

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

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