

FX Reserves:

Navigating a controlled descent

8 August 2025

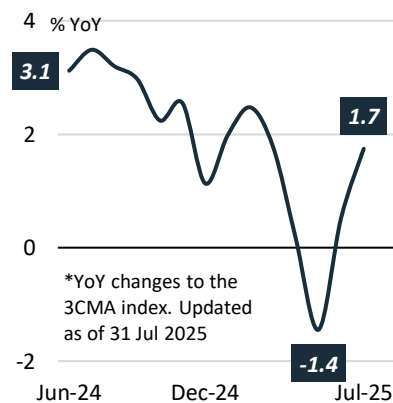
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Indonesia's foreign exchange reserves edged down to USD 152.0 Bn in July from USD 152.6 Bn in June.** The decline was primarily driven by the maturity of government FX-denominated bonds (USD -1.6 Bn) and continued intervention by BI in the FX market, compounded by portfolio outflows from both Bank Indonesia's Sekuritas Rupiah (SRBI) instruments (USD -2.66 Bn) and the stock market (USD -0.51 Bn).

- The equity outflows were largely influenced by concerns over corporate earnings. Meanwhile, the **reduction in SRBI holdings aligns with BI's tendency to pursue a more convergent policy** against a backdrop of a stable Rupiah (by reducing its issuance of liquidity absorption instruments). Compared to its average in June, the Rupiah strengthened slightly (0.11%), while the weighted average 12-month SRBI yield fell by 47 bps.

- Conversely, the **domestic bond market continued to attract foreign capital**, recording inflows of USD +1.05 Bn in July. This was fueled by growing expectations of monetary easing, prompted by signs of a US economic slowdown and a de-escalation of Trump's tariff policy. Furthermore, while inflows into DHE FX term deposits were limited, we noted stronger inflows into the SVBI instrument (USD +1.27 Bn), suggesting a potentially robust trade balance performance in July.

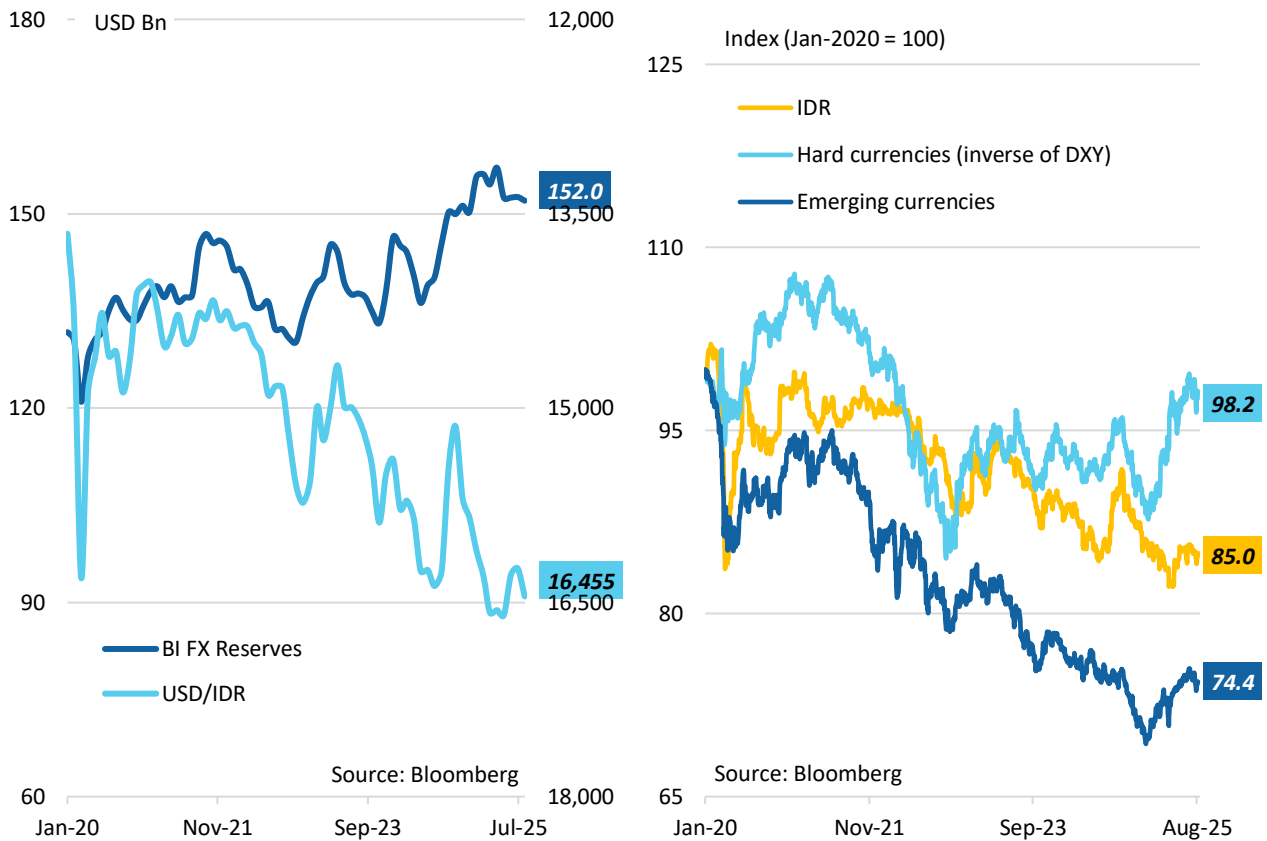
- Going forward, the government's issuance of Kangaroo bonds in August should provide an additional boost to reserves. In addition, we **anticipate that further economic data from the US will increasingly point to a slowdown.** Provided these remain within a soft-landing scenario, it could channel capital into emerging markets. That said, the compressed yield spread versus the US will likely temper the extent of future capital inflows.

- The two aforementioned catalysts will be essential, given that

the tailwind from the trade surplus is set to fade in H2. This is not only due to the direct impact of tariffs on exports and commodity prices but also a likely recovery in public and private spending, which would drive higher import demand. Consequently, **we foresee a stagnant-to-declining trend for FX reserves**, though they should remain at a sufficient level to maintain Rupiah stability and preserve BI's capacity to continue its accommodative policy stance.

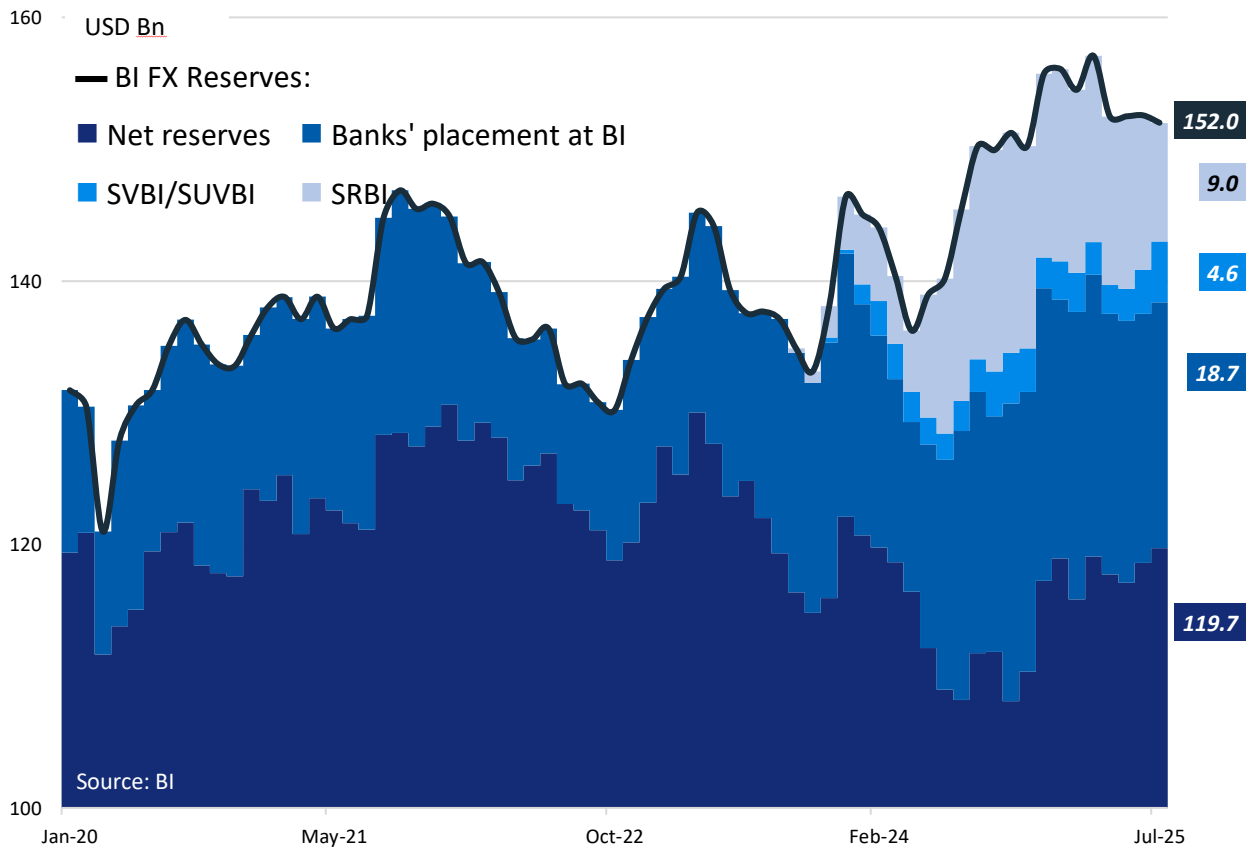
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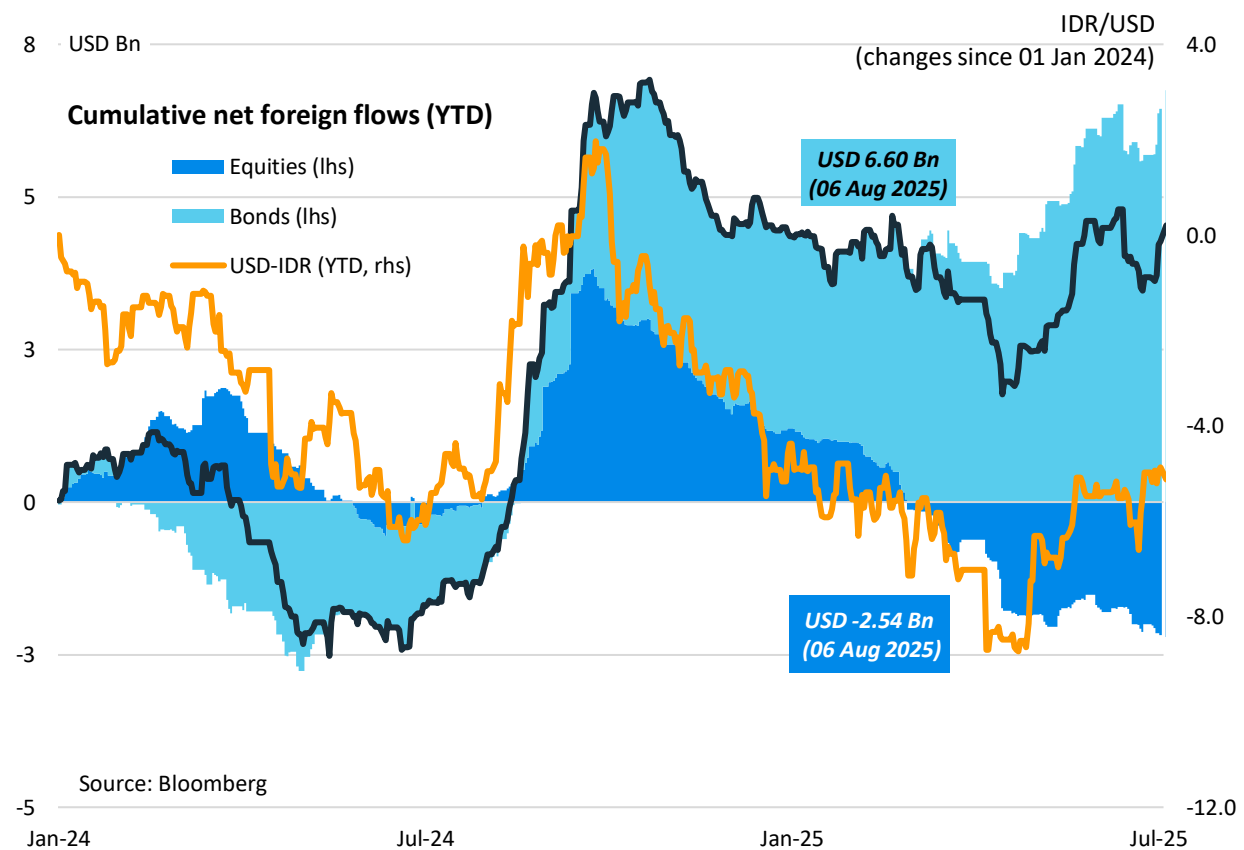
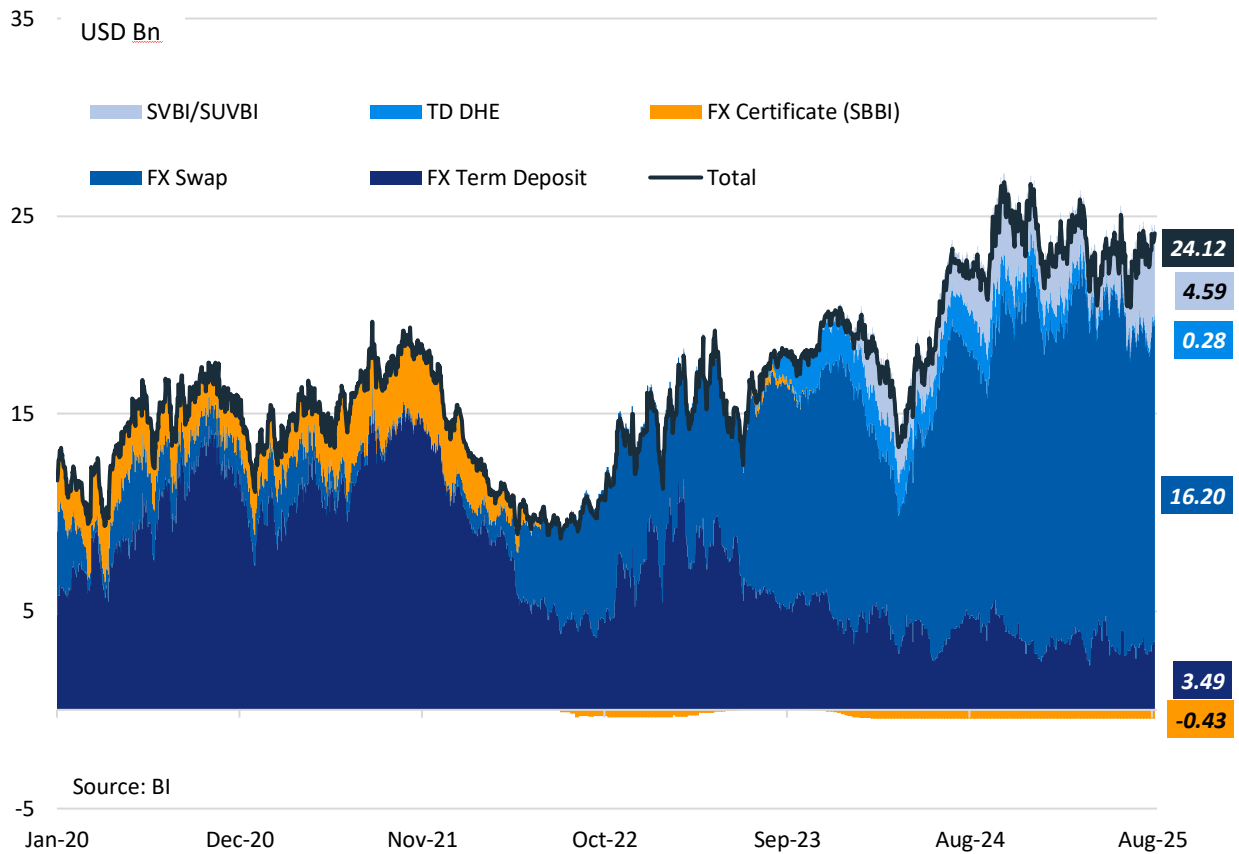
Rupiah slid in the last week of July, but are otherwise stable across the month

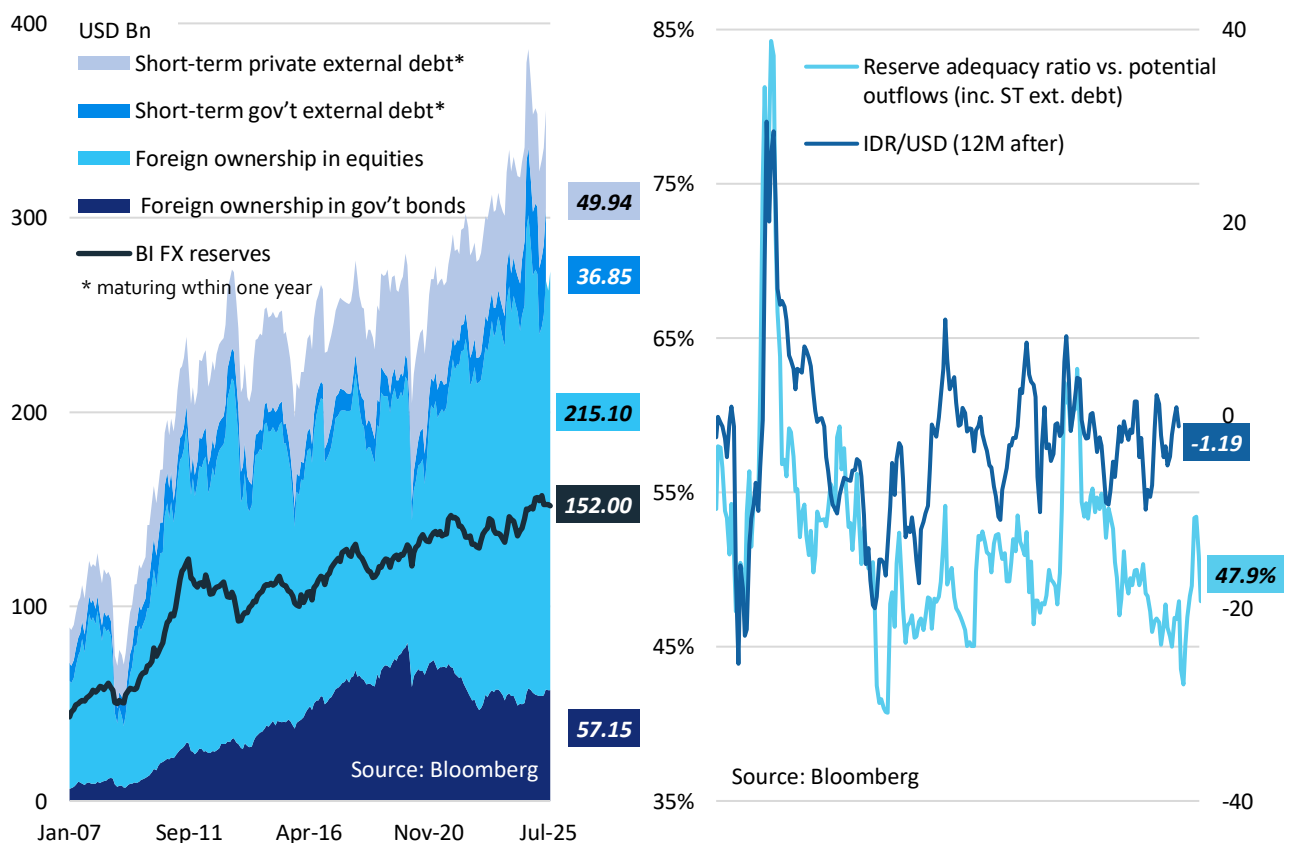
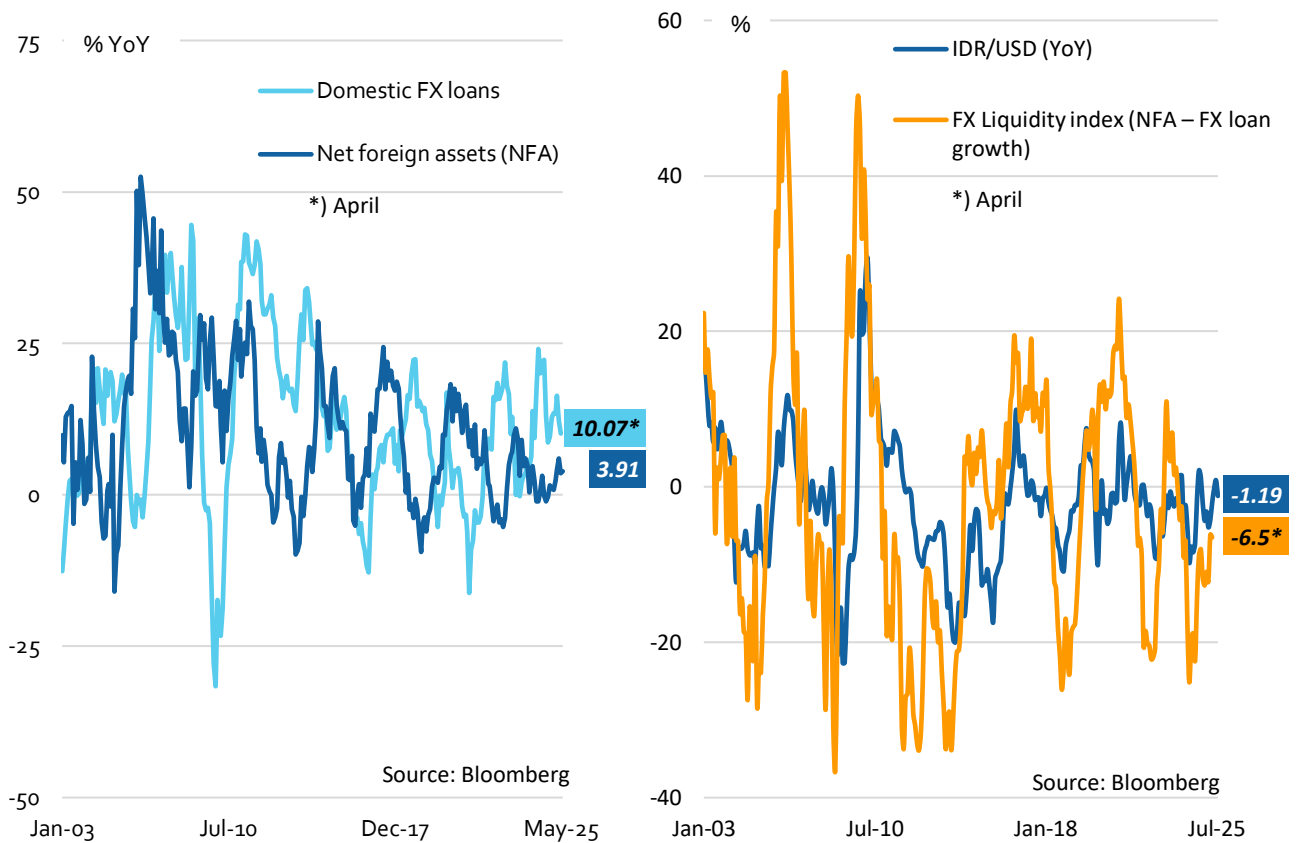


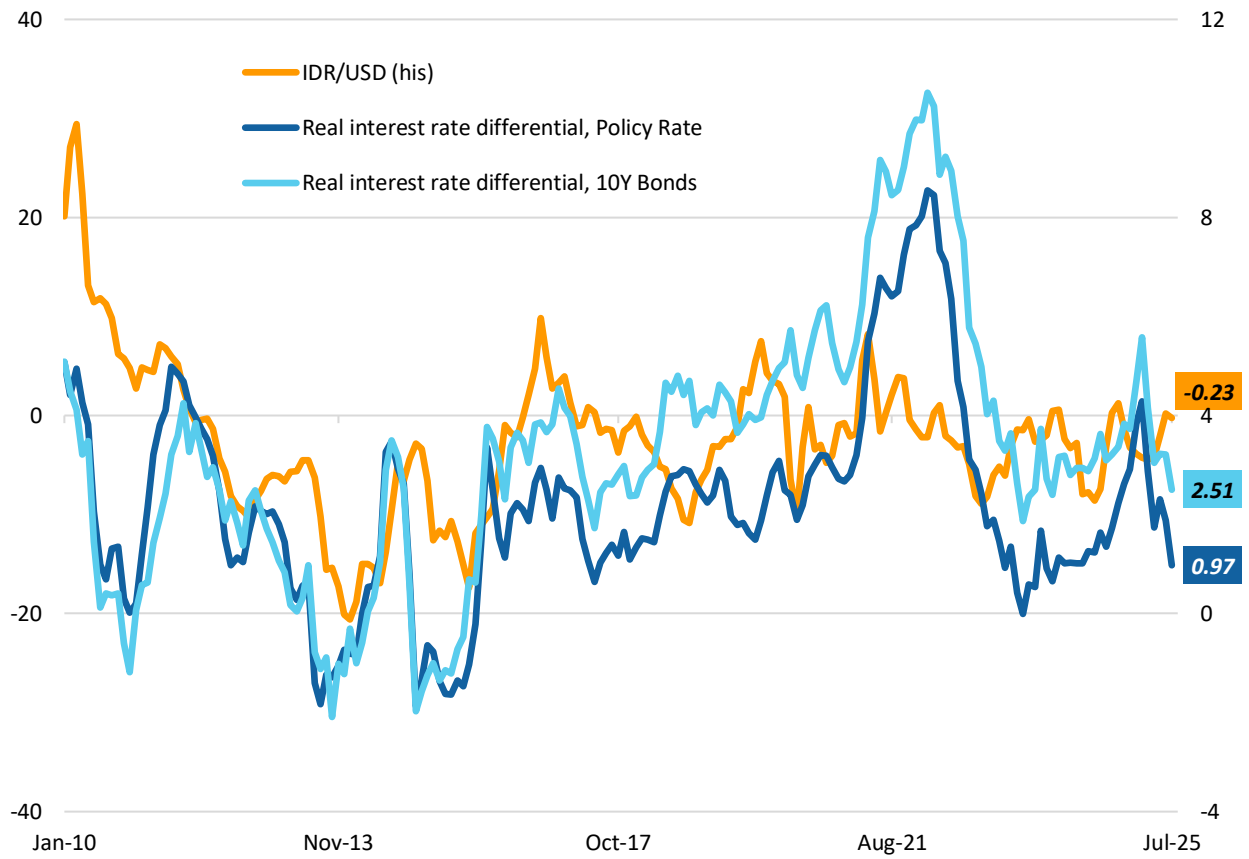
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Decline in FX reserves mainly due to outflow from SRBI









Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	7-Aug	-1 mth	Chg (%)
US	4.50	Dec-24	1.80	Baltic Dry Index	1,994.0	1,436.0	38.9
UK	4.25	May-25	0.65	S&P GSCI Index	539.2	553.5	-2.6
EU	2.15	Jun-25	0.15	Oil (Brent, \$/bbl)	67.5	69.6	-3.0
Japan	0.50	Jan-25	-2.80	Coal (\$/MT)	117.1	113.0	3.7
China (lending)	2.00	Sep-24	4.25	Gas (\$/MMBtu)	3.02	3.24	-6.8
Korea	2.50	May-25	0.40	Gold (\$/oz.)	3,377.0	3,336.5	1.2
India	5.50	Jun-25	3.40	Copper (\$/MT)	9,613.4	9,909.3	-3.0
Indonesia	5.25	Jul-25	2.88	Nickel (\$/MT)	14,927.7	14,972.2	-0.3
Money Mkt Rates	7-Aug	-1 mth	Chg (bps)	CPO (\$/MT)	998.8	951.4	5.0
SPN (1Y)	5.25	5.66	-41.4	Rubber (\$/kg)	1.71	1.65	3.6
SUN (10Y)	6.44	6.57	-12.4	External Sector	Jun	May	Chg (%)
INDONIA (O/N, Rp)	4.76	5.21	-45.1	Export (\$ bn)	23.44	24.61	-4.78
JIBOR 1M (Rp)	5.87	6.15	-28.1	Import (\$ bn)	19.33	20.31	-4.82
Bank Rates (Rp)	May	Apr	Chg (bps)	Trade bal. (\$ bn)	4.10	4.30	-4.60
Lending (WC)	8.64	8.66	-1.72	Central bank reserves (\$ bn)*	152.6	152.5	0.05
Deposit 1M	4.86	5.02	-15.57	Prompt Indicators	Jun	May	Apr
Savings	0.70	0.69	1.18	Consumer confidence index (CCI)	117.8	117.5	121.7
Currency/USD	7-Aug	-1 mth	Chg (%)	Car sales (%YoY)	-22.6	-15.1	5.0
UK Pound	0.749	0.735	-1.86	Motorcycle sales (%YoY)	-0.3	-0.1	-3.0
Euro	0.858	0.854	-0.47	Manufacturing PMI	Jul	Jun	Chg (bps)
Japanese Yen	147.7	146.1	-1.10	USA	49.8	52.9	-310
Chinese RMB	7.181	7.176	-0.07	Eurozone	49.8	49.5	30
Indonesia Rupiah	16,320	16,230	-0.55	Japan	48.9	50.1	-120
Capital Mkt	7-Aug	-1 mth	Chg (%)	China	49.5	50.4	-90
JCI	7,554.8	6,900.9	9.48	Korea	48.0	48.7	-70
DJIA	44,193.1	44,406.4	-0.48	Indonesia	49.2	46.9	230
FTSE	9,164.3	8,806.5	4.06				
Nikkei 225	41,114.7	39,587.7	3.86				
Hang Seng	24,955.5	23,887.8	4.47				
Foreign portfolio ownership (Rp Tn)	Jul	Jun	Chg (Rp Tn)				
Stock	3,539.4	3,336.8	202.60				
Govt. Bond	935.7	995.6	-59.93				
Corp. Bond	4.7	4.3	0.39				

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

	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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