

FX Reserves:

Tightrope Walk

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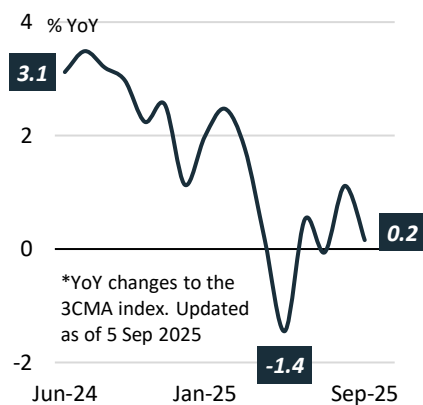
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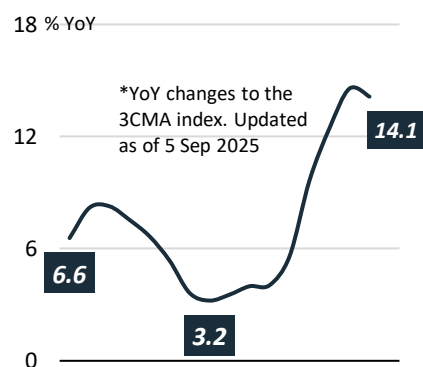
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BCA Consumer Spending Index*



BCA Business Transaction Index*



• **Indonesia's foreign exchange reserves continued their decline**, falling to USD 150.7 Bn in August from USD 152.0 Bn in July. This occurred despite net capital inflows from equities (USD +0.67 Bn) and bonds (USD +1.05 Bn). Government FX-denominated bonds also recorded a net inflow of USD +0.15 Bn, as the new Kangaroo bond issuance (USD +0.52 Bn) outweighed maturing Samurai bonds (USD -0.37 Bn). Meanwhile, SRBI remained negative with an outflow of USD -1.47 Bn (though slower than USD -2.66 Bn in July) and a lower foreign ownership percentage of 17.1% (compared to 19.8% in July).

• So, why this sudden decline? **One key reason is Bank Indonesia's continuous Rupiah intervention in response to capital outflows** during the wave of protests in Indonesia towards the end of August. Thanks to these stabilization efforts, the Rupiah only weakened by a mere 0.13% month-on-month to IDR 16,490/USD, a relatively insignificant response.

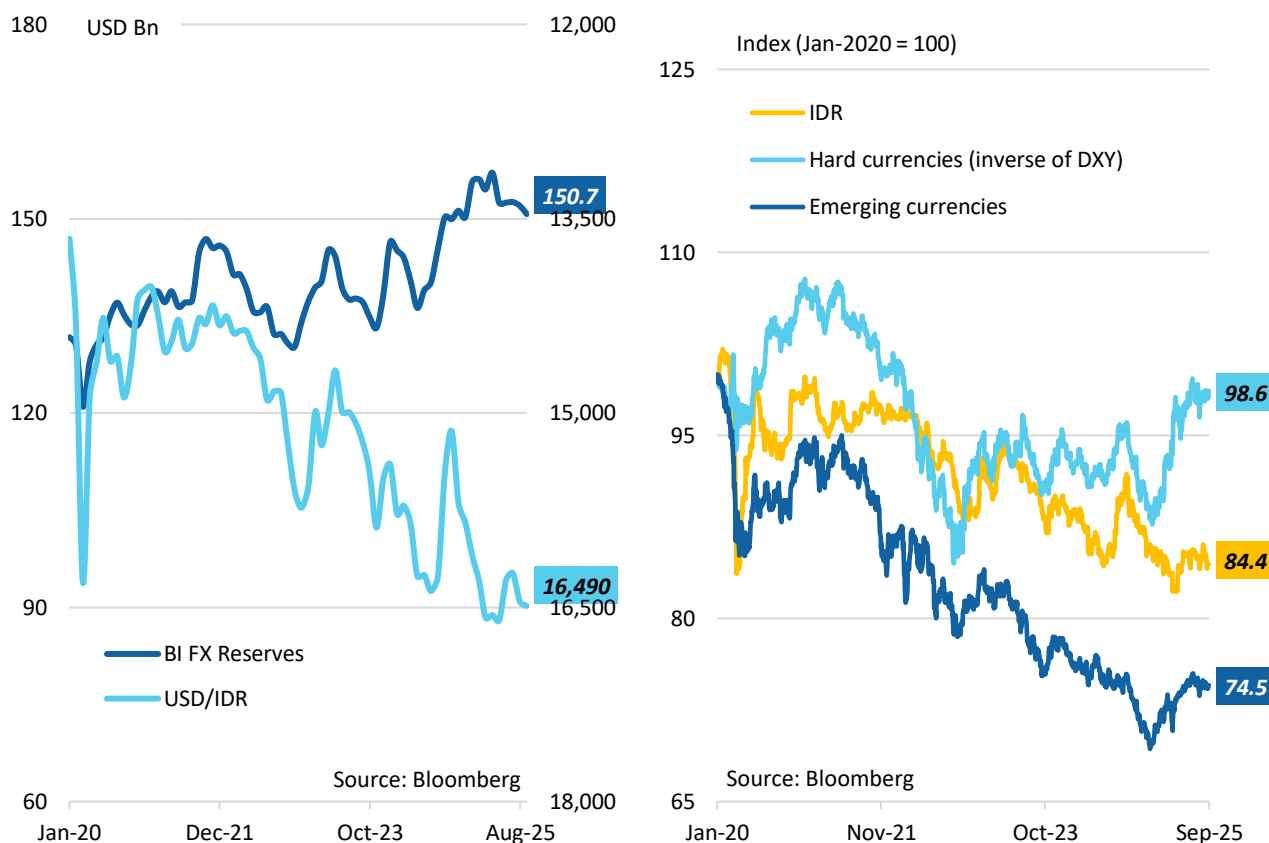
• **Another possible cause is the narrowing trade surplus in August.** Imports may continue to be supported by government and private spending, but export potential remains limited. Recent developments, such as the official implementation of Trump tariffs and court rulings declaring them illegal, could cause US importers to pause activities and await further clarity. Not to mention the potential worsening of China's structural bilateral deficit, which could hinder Indonesia's export activities to that country.

• Looking ahead, challenges persist for the Rupiah, and by extension, the outlook for foreign exchange reserves. Most short-term risks likely stem from domestic factors, or rather a continuation of last month's events. **The market appears to still be assessing ongoing changes**, such as the cabinet reshuffle. Meanwhile, the Rupiah has now reached IDR 16,453/USD,

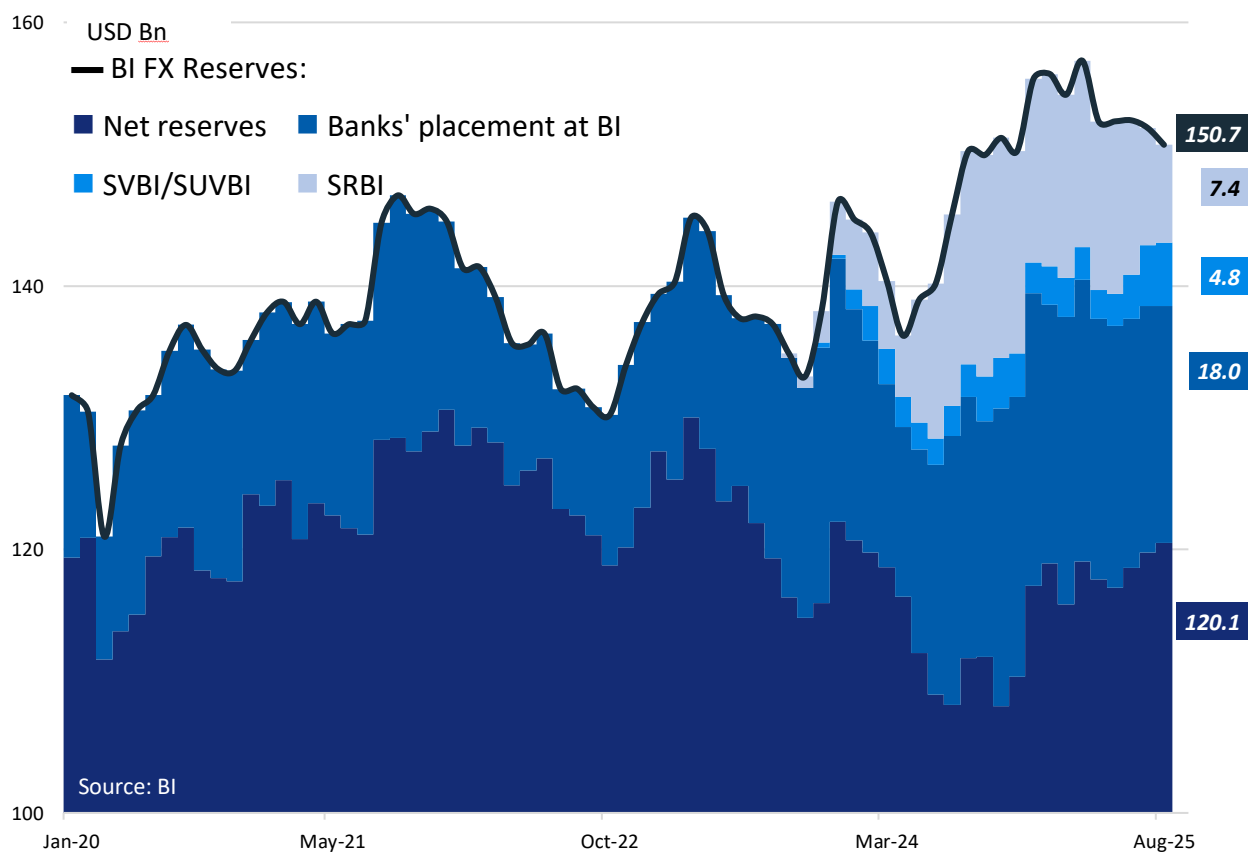
essentially offsetting the sharp strengthening observed in mid-August (16,115).

- **Increased short-term volatility makes the probability of BI cutting interest rates at the September meeting practically 50:50**, a divergence from the Fed's nearly 99% likelihood of a rate cut this month. Nonetheless, the necessity for further easing has only intensified amidst the deceleration of some real sector indicators. With one week remaining until the meeting, government assurances of domestic stability could help BI maintain its accommodative policy stance.

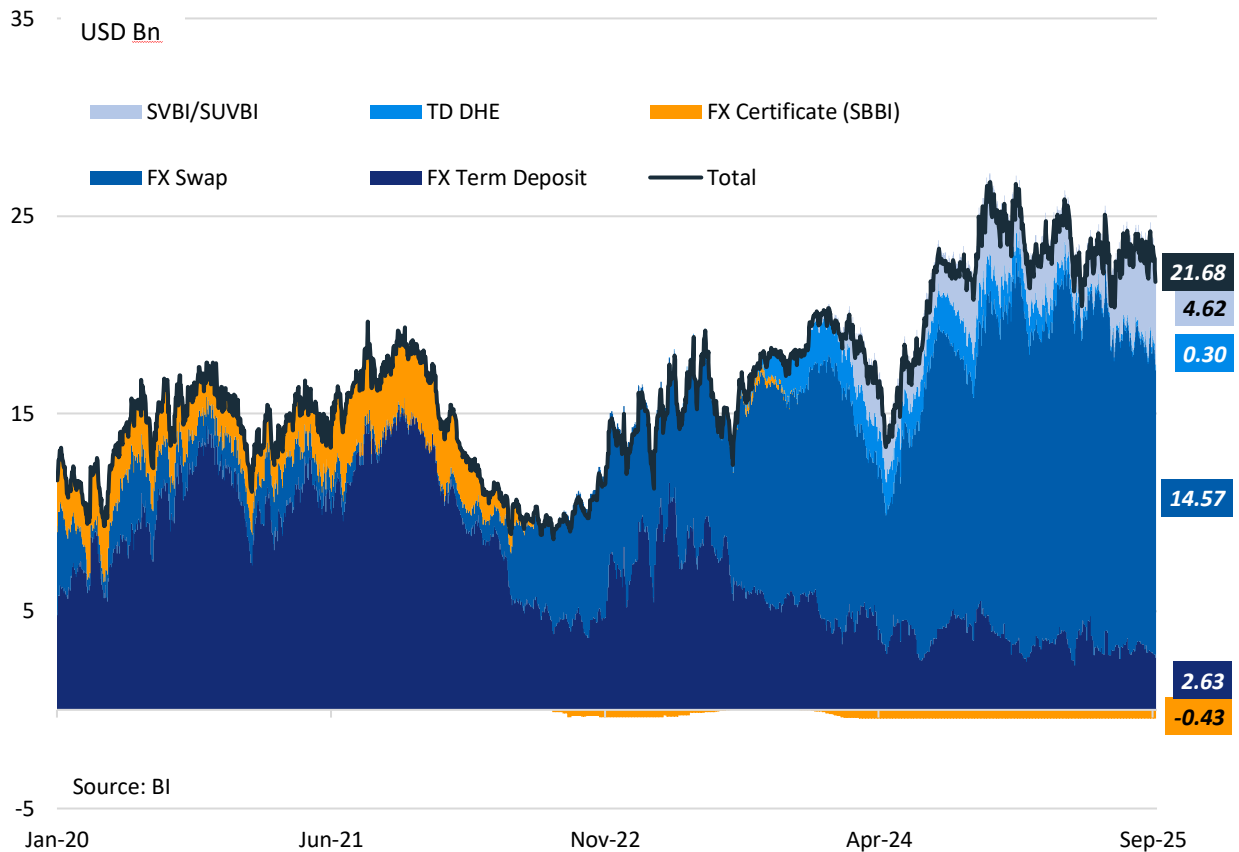
1 Rupiah continues to stumble throughout the month of August



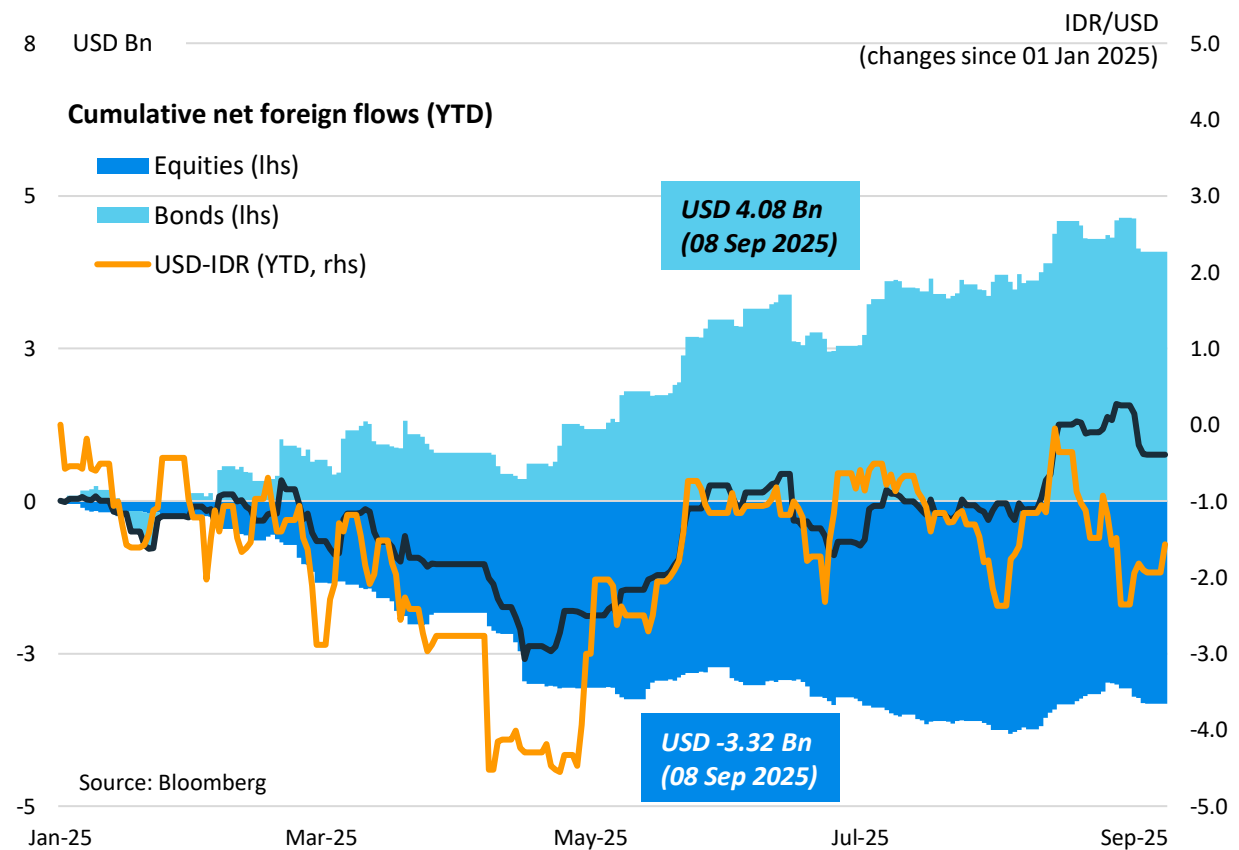
2 FX reserves fall despite a slight rise of net reserves

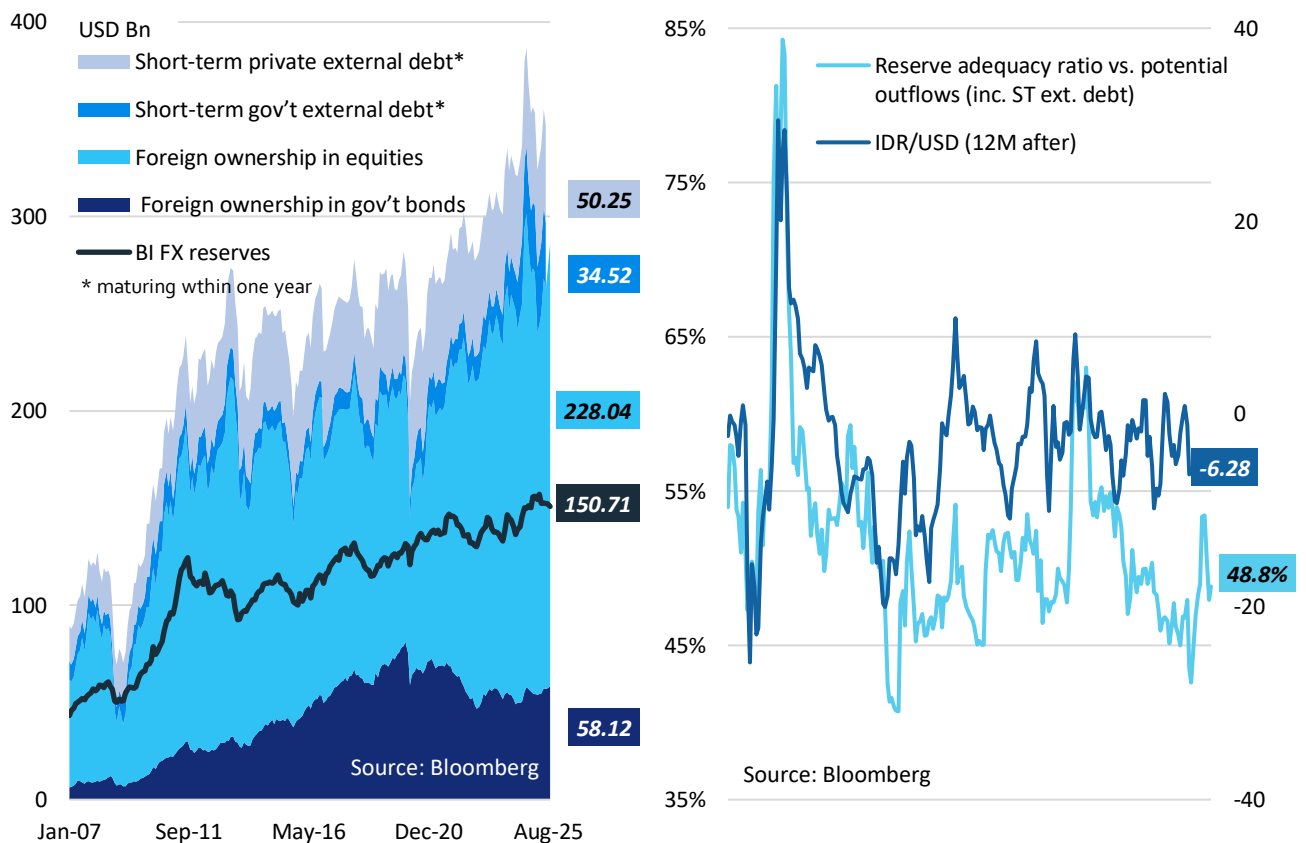
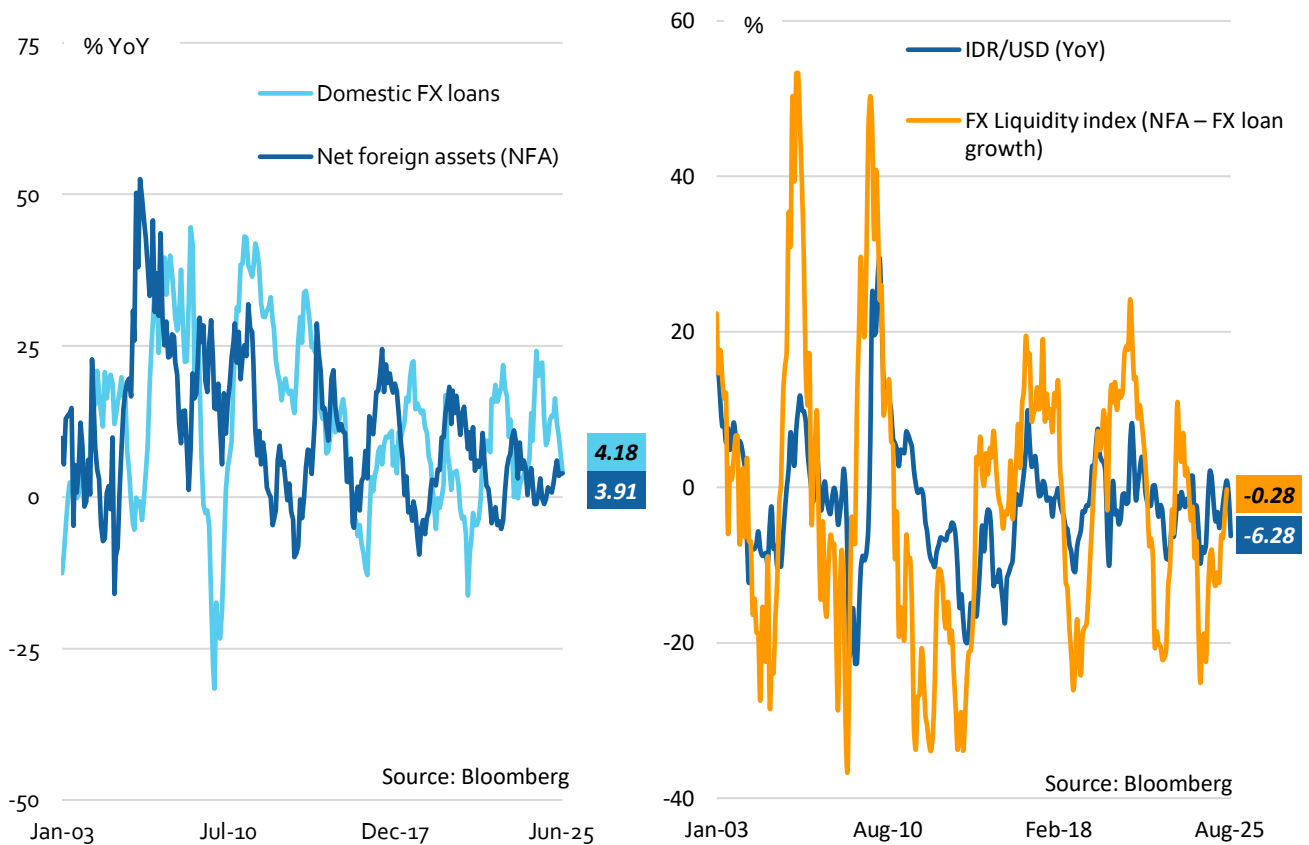


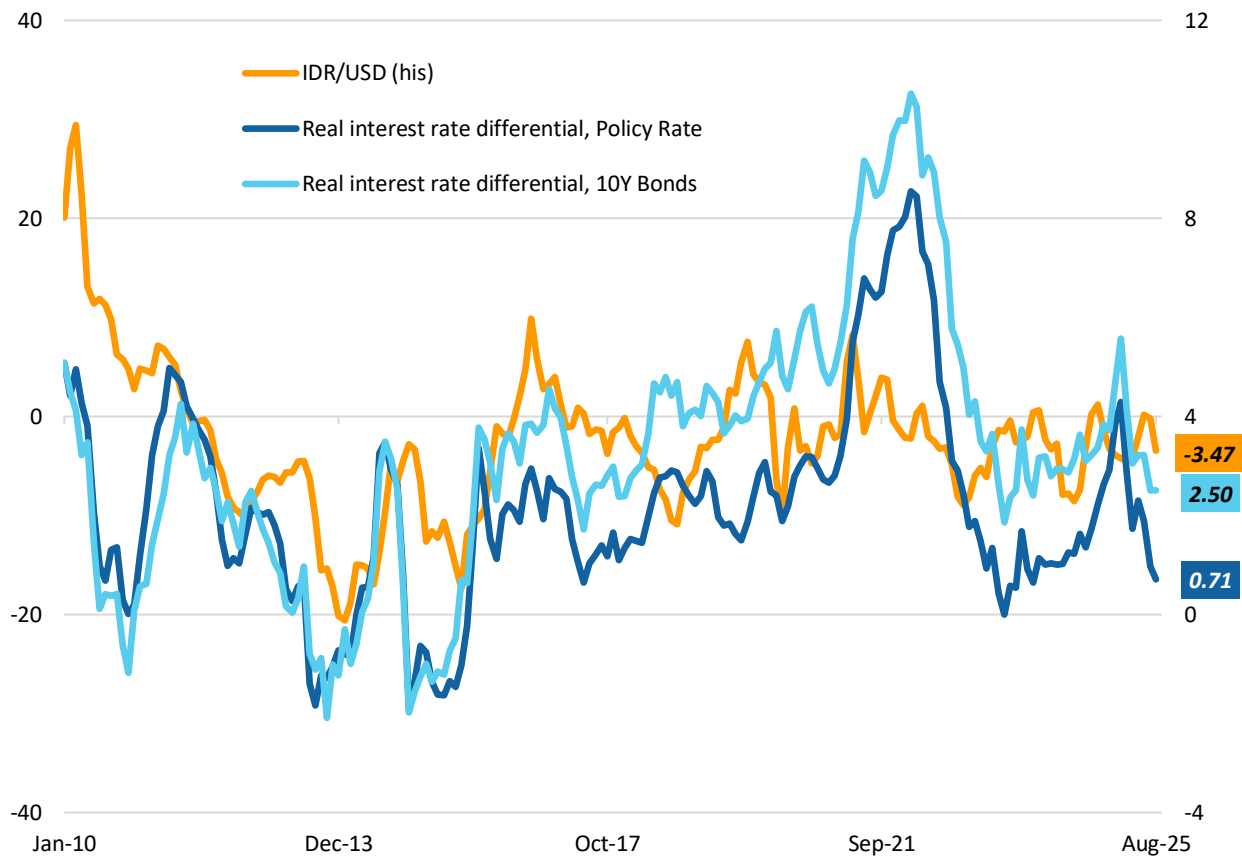
3 SVBI/SUVBI performance stays stable



4 Investors sell off bonds to slowly transition into equities







Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	8-Sep	-1 mth	Chg (%)
US	4.50	Dec-24	1.80	Baltic Dry Index	1,979.0	2,051.0	-3.5
UK	4.00	Aug-25	0.20	S&P GSCI Index	546.5	538.0	1.6
EU	2.15	Jun-25	0.05	Oil (Brent, \$/bbl)	66.0	66.6	-0.9
Japan	0.50	Jan-25	-2.60	Coal (\$/MT)	107.5	115.5	-6.9
China (lending)	2.00	Sep-24	4.35	Gas (\$/MMBtu)	3.11	3.03	2.6
Korea	2.50	May-25	0.80	Gold (\$/oz.)	3,636.0	3,397.8	7.0
India	5.50	Jun-25	3.95	Copper (\$/MT)	9,833.9	9,692.5	1.5
Indonesia	5.00	Aug-25	2.69	Nickel (\$/MT)	15,043.6	14,956.7	0.6
Money Mkt Rates	8-Sep	-1 mth	Chg (bps)	CPO (\$/MT)	1,037.3	994.9	4.3
SPN (1Y)	5.10	5.16	-5.6	Rubber (\$/kg)	1.81	1.71	5.8
SUN (10Y)	6.37	6.40	-3.3	External Sector	Jul	Jun	Chg (%)
INDONIA (O/N, Rp)	4.54	4.69	-15.2	Export (\$ bn)	24.75	23.44	5.60
JIBOR 1M (Rp)	5.53	5.87	-33.8	Import (\$ bn)	20.58	19.33	6.43
Bank Rates (Rp)	Jun	May	Chg (bps)	Trade bal. (\$ bn)	4.17	4.10	1.71
Lending (WC)	8.62	8.64	-1.78	Central bank reserves (\$ bn)*	152.0	152.6	-0.38
Deposit 1M	4.89	4.86	2.28	Prompt Indicators	Jul	Jun	May
Savings	0.71	0.70	0.82	Consumer confidence index (CCI)	118.1	117.8	117.5
Currency/USD	8-Sep	-1 mth	Chg (%)	Car sales (%YoY)	-18.4	-22.5	-15.1
UK Pound	0.738	0.743	0.69	Motorcycle sales (%YoY)	-0.5	-0.3	-0.1
Euro	0.850	0.859	1.05	Manufacturing PMI	Aug	Jul	Chg (bps)
Japanese Yen	147.5	147.7	0.16	USA	53.0	49.8	320
Chinese RMB	7.130	7.180	0.71	Eurozone	50.7	49.8	90
Indonesia Rupiah	16,304	16,291	-0.08	Japan	49.7	48.9	80
Capital Mkt	8-Sep	-1 mth	Chg (%)	China	50.5	49.5	100
JCI	7,766.8	7,533.4	3.10	Korea	48.3	48.0	30
DJIA	45,515.0	44,175.6	3.03	Indonesia	51.5	49.2	230
FTSE	9,221.4	9,095.7	1.38				
Nikkei 225	43,643.8	41,820.5	4.36				
Hang Seng	25,633.9	24,858.8	3.12				
Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)				
Stock	3,760.3	3,539.4	220.93				
Govt. Bond	953.9	1,213.4	-259.57				
Corp. Bond	4.5	4.7	-0.16				

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	2.8
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	6.32
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	-0.75

Notes:

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

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