FX Reserves:

The Art of Holding the Line

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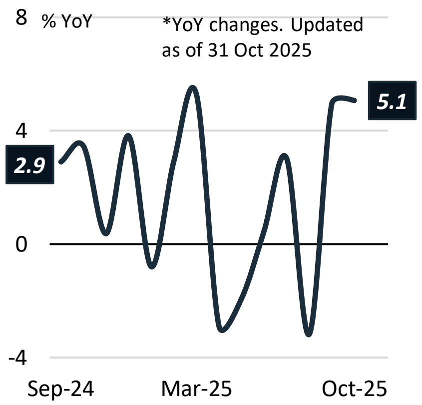
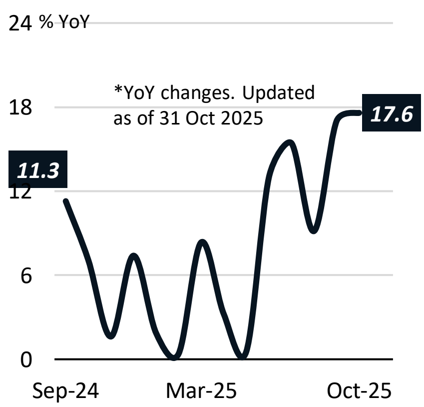
BCA Consumer Spending Index*

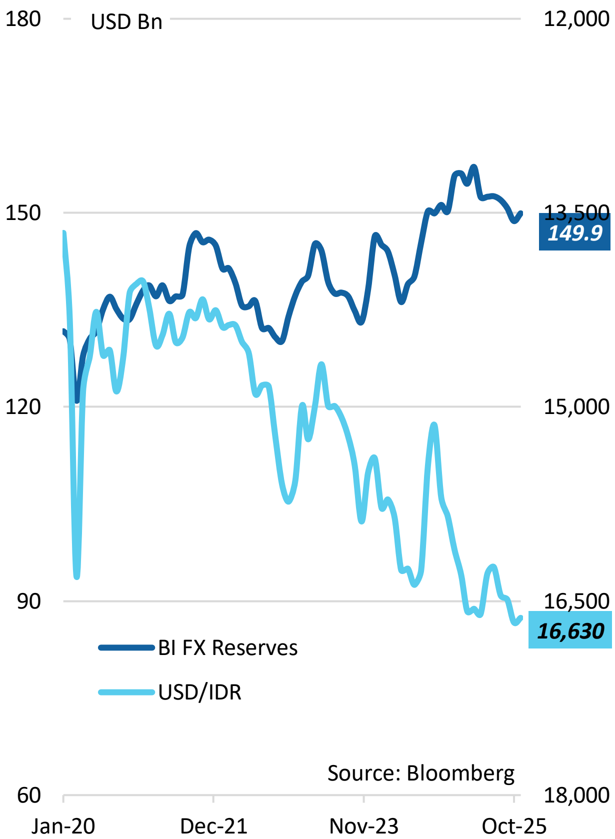


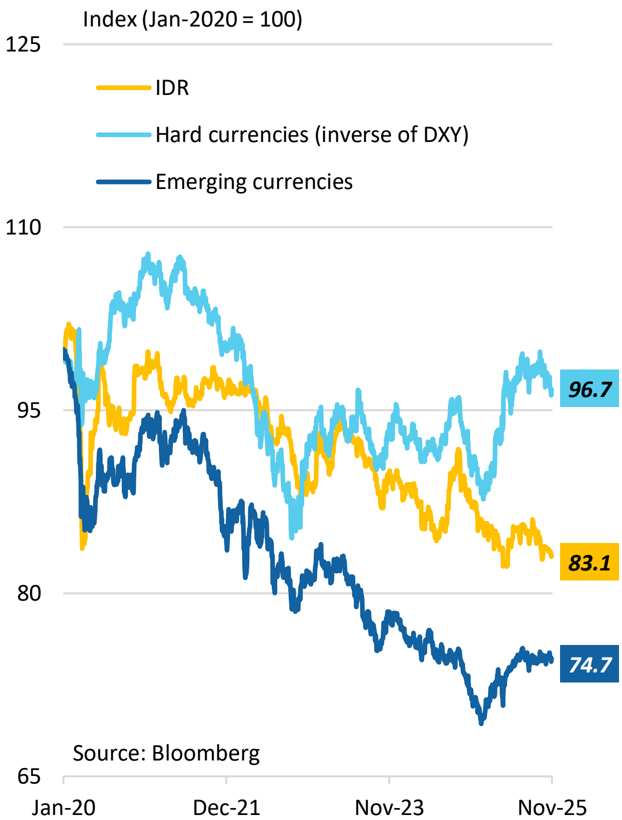
BCA Business Transaction Index*



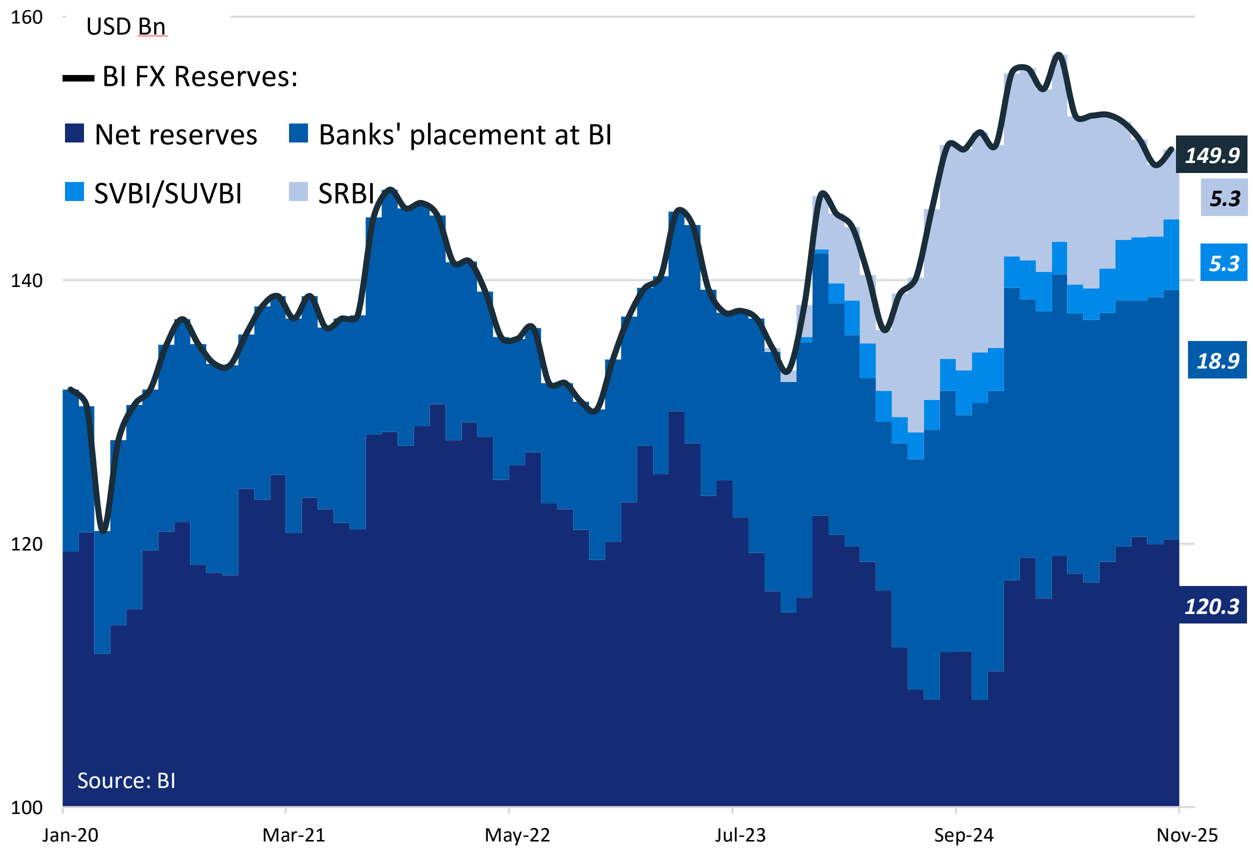
- **Indonesia's FX reserves rose to USD 149.9 Bn in Oct-25 (from USD 148.7 Bn in Sep-25 or 0.8% MoM)**, primarily supported by global government bond issuances, tax and service receipts, as well as Bank Indonesia's (BI) IDR interventions. Meanwhile, in the capital market, there was an inflow into equities (+USD 782 Mn), offset by outflows in government bonds (-USD 1.81 Bn) and SRBI (-USD 0.15 Bn).
- The government's issuance of global bonds contributed significantly to the uptick in FX reserves. **Toward the end of the month, the government issued Dim Sum Bonds worth CNH 6 Bn**, a very fitting policy given Indonesia's trade deficit with China. Meanwhile, global bonds issued in mid-October totaled USD 1.85 billion and EUR 600 million.
- However, when summed up, these issuances amount to around USD 3.39 billion in inflows, while FX reserves only increased by USD 1.2 billion. So, **where did the remainder of these inflows go?**
- Unfortunately, October was not a supportive month for the Rupiah. **Due to several tariff-related sentiments, the DXY index strengthened while commodity prices (including CPO) weakened**. As a result, BI's interventions to stabilize the Rupiah became one of the key factors putting pressure on FX reserves.
- A similar dynamic is likely to be reflected in October's trade surplus. Besides the weaker commodity price trend, the FX swap outflow (-USD 0.30 Bn), although not a perfect indicator, provides a reasonable hint of a continued downtrend in the Oct-25 trade surplus.
- **It appears that the government is anticipating potential exchange rate pressures over the coming months and has started implementing precautionary measures**. In recent weeks, state-owned banks have raised FX deposit rates to around 4.00%, and the government announced a review of the export proceeds (DHE SDA) regulation, with possible revisions ahead. In addition, BI adopted a more balanced stance last month, maintaining growth support while keeping the yield differential with the US within a comfortable range.
- Not all the news is negative, however. We also expect imports to pick up (and the trade surplus to narrow) as private spending begins to recover, supported by the government's stimulus programs. Moreover, **the current level of FX reserves provides sufficient policy space for BI to deliver one more rate cut before year-end**, assuming the probability of a Fed cut in December continues to rise.

1 USD started to show signs of possible recovery

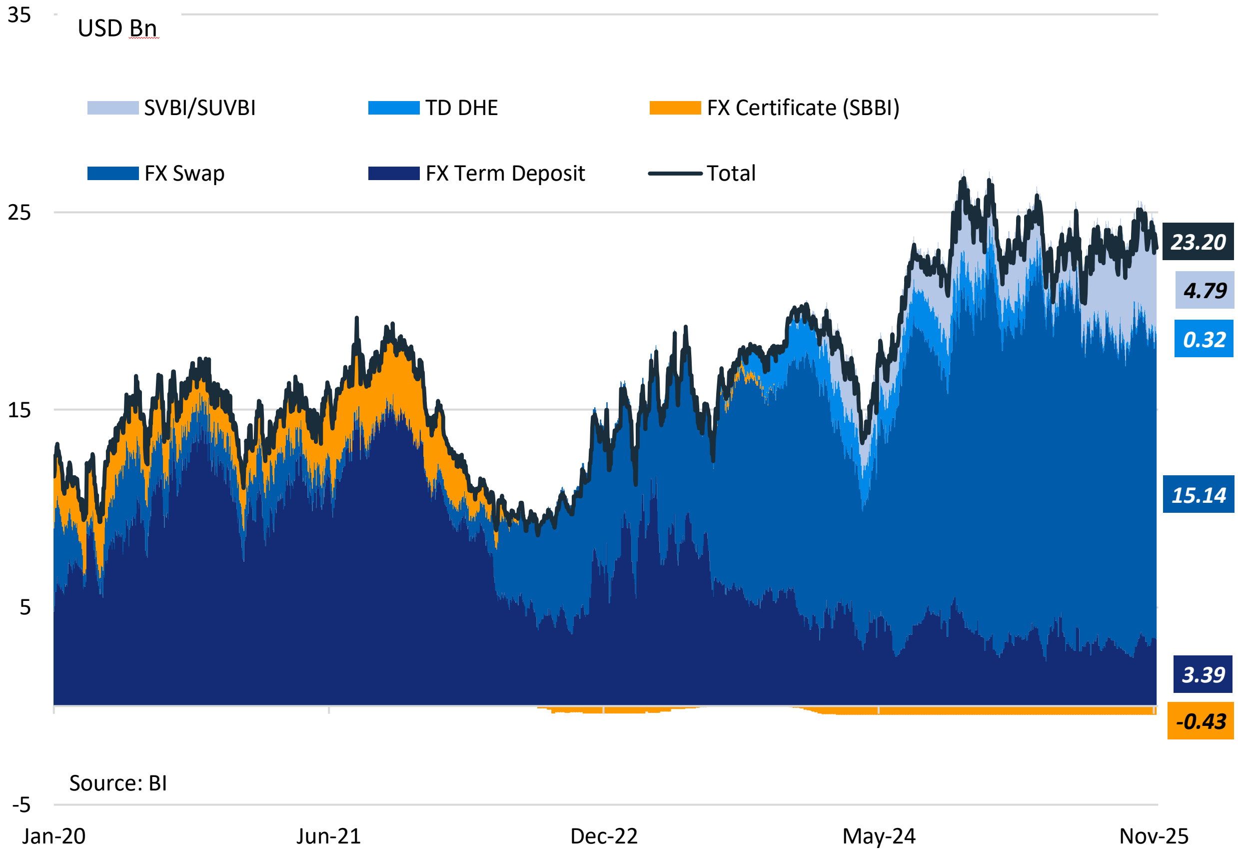




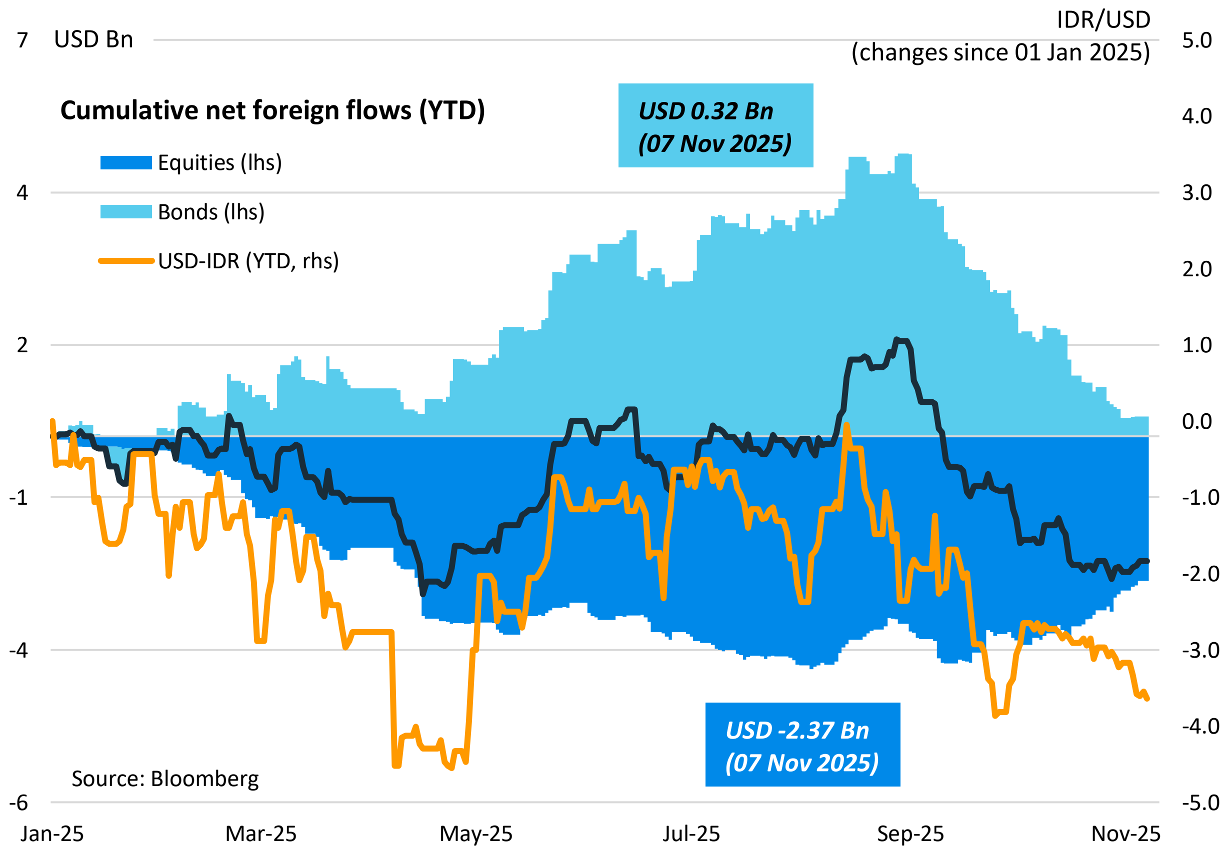
2 SRBI records significantly less outflows than the month before



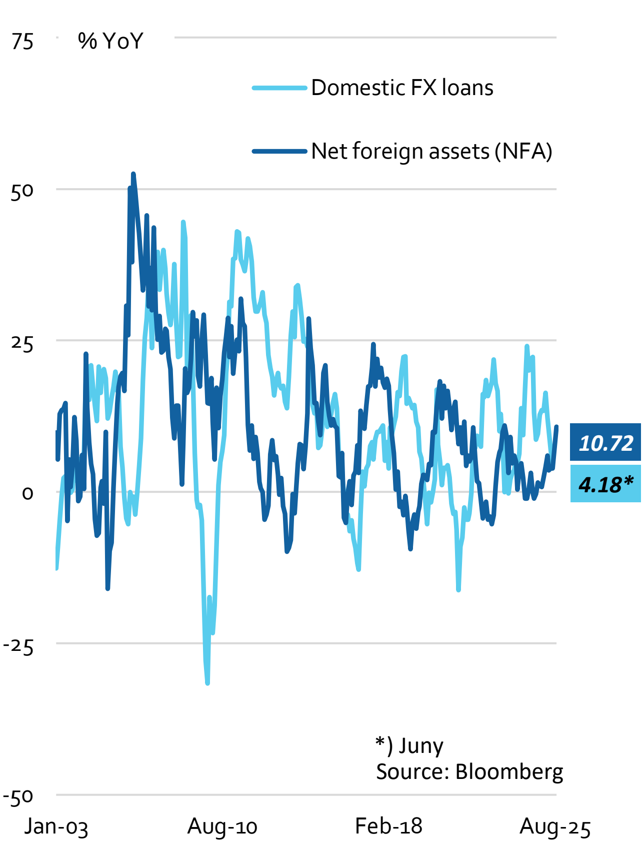
3 Outflows in FX Swap indicates a possible decrease in October trade balance

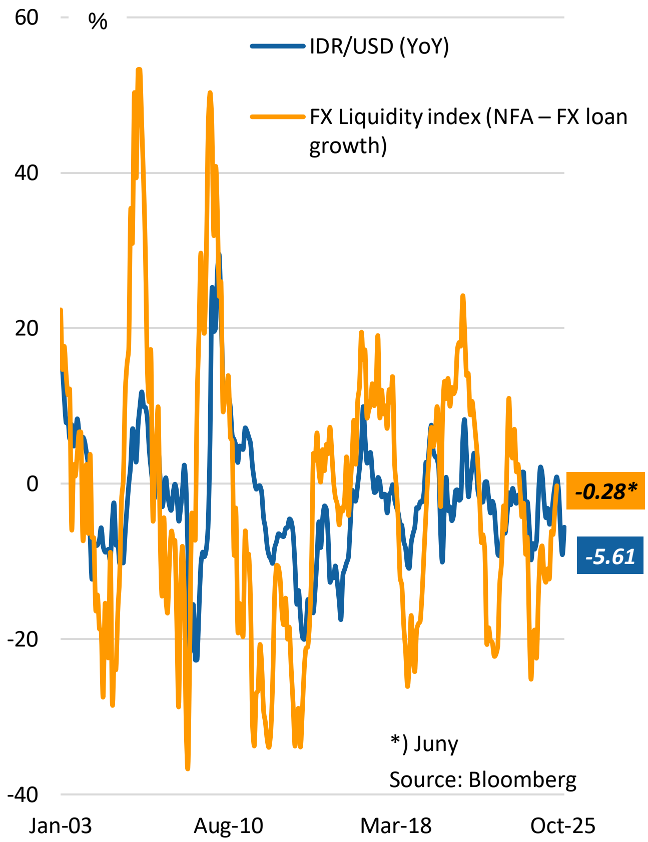


4 Bonds record outflows while foreign investors show trust in stocks

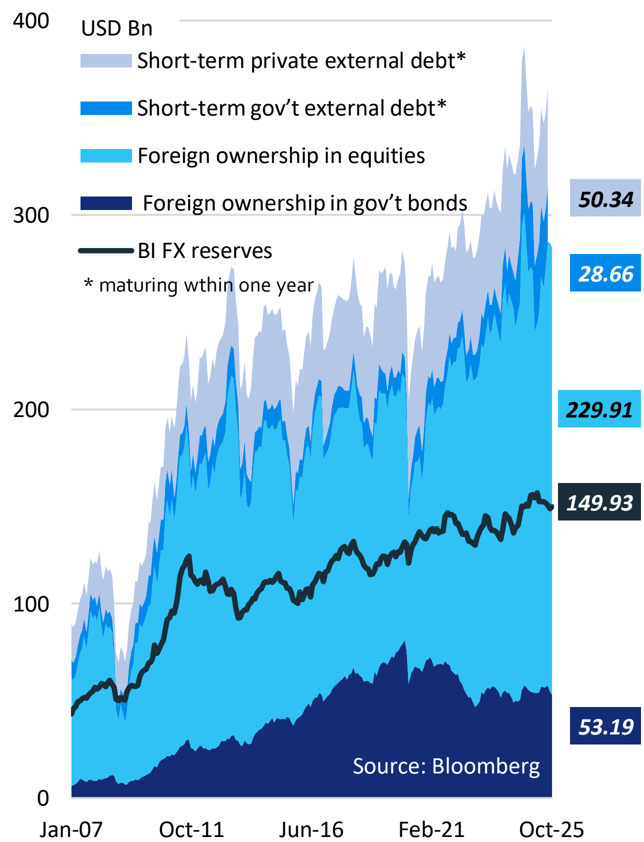


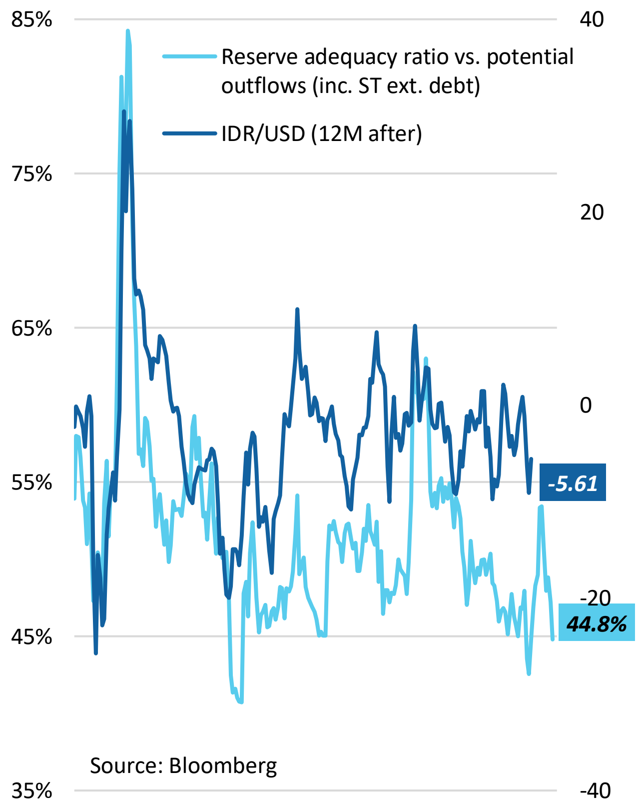
5 NFA acceleration pushes similar trend in FX liquidity



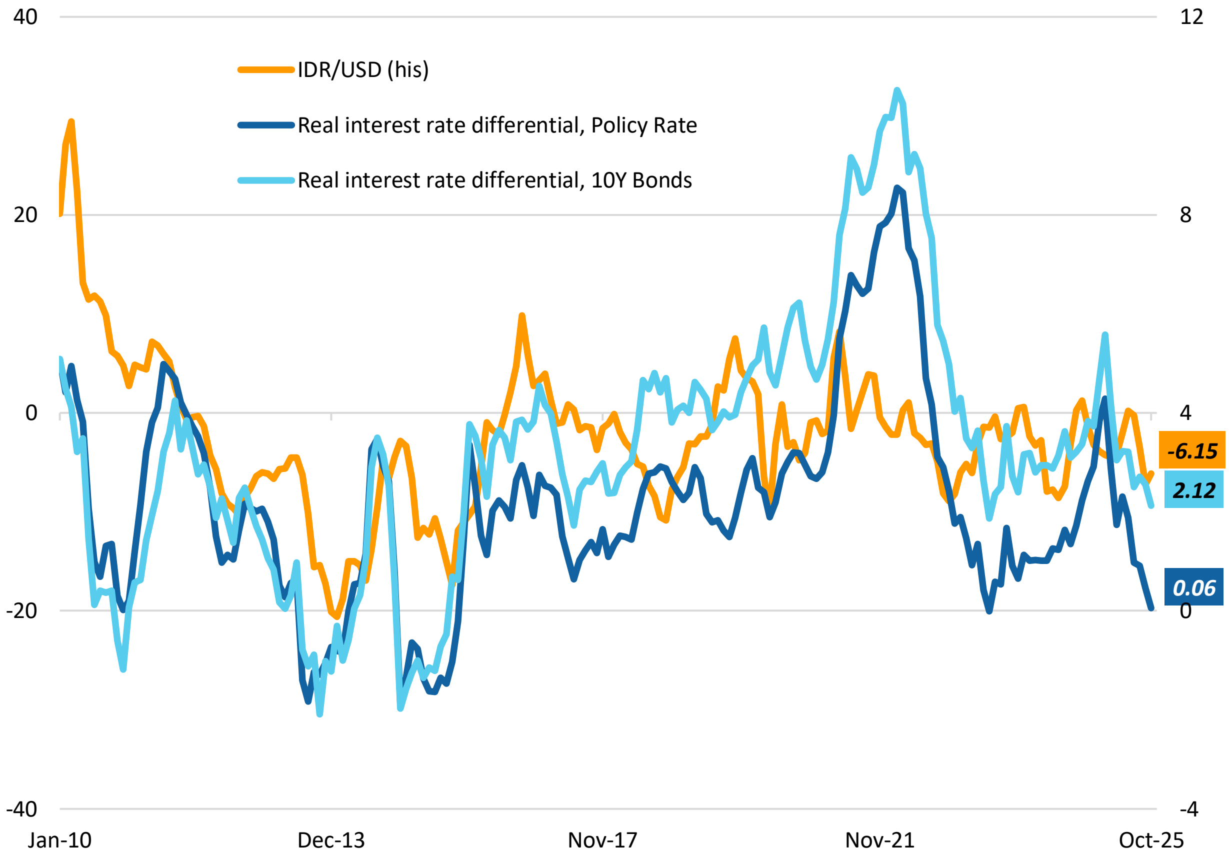


6 Reserve adequacy rasio continues to drop





7 Interest rate differential continues to lower



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	4.00	Oct-25	1.00
UK	4.00	Aug-25	0.20
EU	2.15	Jun-25	0.05
Japan	0.50	Jan-25	-2.40
China (lending)	2.00	Sep-24	4.15
Korea	2.50	May-25	0.10
India	5.50	Jun-25	3.96
Indonesia	4.75	Sep-25	1.89

Money Mkt Rates	07-Nov	-1 mth	Chg (bps)
SPN (1Y)	4.60	4.99	-38.9
SUN (10Y)	6.17	6.23	-6.3
INDONIA (O/N, Rp)	4.01	4.01	-0.2
JIBOR 1M (Rp)	5.06	5.16	-10.0

Bank Rates (Rp)	Aug	Jul	Chg (bps)
Lending (WC)	8.55	8.61	-6.00
Deposit 1M	5.24	5.36	-12.00
Savings	0.70	0.68	2.00

Currency/USD	07-Nov	-1 mth	Chg (%)
UK Pound	0.760	0.745	-1.97
Euro	0.865	0.858	-0.78
Japanese Yen	153.4	151.9	-0.99
Chinese RMB	7.122	7.122	0.00
Indonesia Rupiah	16,685	16,540	-0.87

Capital Mkt	07-Nov	-1 mth	Chg (%)
JCI	8,394.6	8,169.3	2.76
DJIA	46,987.1	46,603.0	0.82
FTSE	9,682.6	9,483.6	2.10
Nikkei 225	50,276.4	47,950.9	4.85
Hang Seng	26,241.8	26,957.8	-2.66

Foreign portfolio ownership (Rp Tn)	Oct	Sep	Chg (Rp Tn)
Stock	3,823.5	3,846.5	-23.05
Govt. Bond	880.5	1,213.4	-332.89
Corp. Bond	4.1	4.1	-0.02

Trade & Commodities	07-Nov	-1 mth	Chg (%)
Baltic Dry Index	2,104.0	1,947.0	8.1
S&P GSCI Index	553.6	552.3	0.2
Oil (Brent, $/brl)	63.6	65.5	-2.8
Coal ($/MT)	114.1	108.1	5.6
Gas ($/MMBtu)	3.76	3.31	13.6
Gold ($/oz.)	4,001.3	3,984.9	0.4
Copper ($/MT)	10,698.3	10,724.3	-0.2
Nickel ($/MT)	14,868.6	15,309.2	-2.9
CPO ($/MT)	983.7	1,045.4	-5.9
Rubber ($/kg)	1.72	1.73	-0.6

External Sector	Aug	Jul	Chg (%)
Export ($ bn)	24.96	24.75	0.87
Import ($ bn)	19.48	20.58	-5.35
Trade bal. ($ bn)	5.49	4.17	31.50
Central bank reserves ($ bn)*	150.7	152.0	-0.84

Prompt Indicators	Sep	Aug	Jul
Consumer confidence index (CCI)	115.0	117.2	118.1
Car sales (%YoY)	-15.1	-19.0	-18.4
Motorcycle sales (%YoY)	7.3	0.7	-0.5

Manufacturing PMI	Oct	Sep	Chg (bps)
USA	52.5	52.0	50
Eurozone	50.0	49.8	20
Japan	48.2	48.5	-30
China	50.6	51.2	-60
Korea	49.4	50.7	-130
Indonesia	51.2	50.4	80

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	4.50
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	16,461
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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