

FX Reserves:

Another cloudy month

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Samuel Theophilus Artha

samuel.artha@bca.co.id

Victor George Petrus Matindas

victor.matindas@bca.co.id

BCA Consumer Spending Index*



BCA Business Transaction Index*



o **Indonesia's FX reserves declined by USD 2.7 Bn MoM to USD 151.9 Bn in Feb-26.** The decline was mainly due to repayment of FX debt, along with continued FX intervention to support Rupiah.

▪ **February has been an eventful month for Indonesia's financial market.** MSCI and Moody's warnings have led to a major sell-off in stocks along with rising yields for government bonds. Interestingly, there has been virtually no change in stocks' foreign ownership during this tumult, while bonds merely recorded minor outflow of around USD 0.2 Bn. On the other hand, BI had increased SRBI net issuance to around USD 5.0 Bn, resulting in a USD 1.7 Bn in foreign inflow.

• The overall inflow towards the portfolio account, then, raised another question: **where does the forex go?** A probable answer would be FX intervention, as has been announced by BI several times. We could see this broadly in Rupiah's value throughout Feb-26, which have remained broadly stable (up 0.08% MoM) compared to previous months.

• Looking forward, **there remains several factors that may push down reserves.** The Q1-26 period is likely to see seasonal decline, as religious & ethnic holidays led to higher consumer goods imports. The negative outlook from Fitch and the ongoing US-Iran war could likewise spark more risk-off sentiment from markets, leading to portfolio outflows.

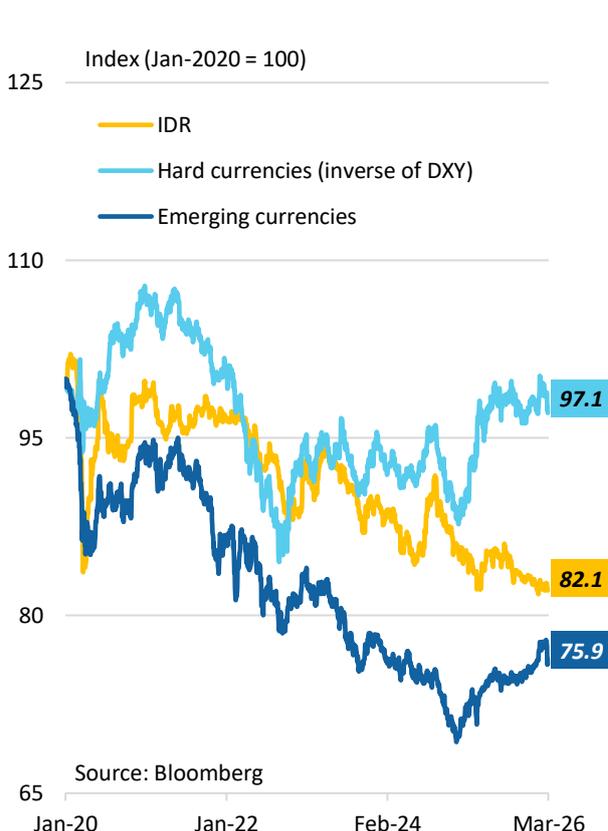
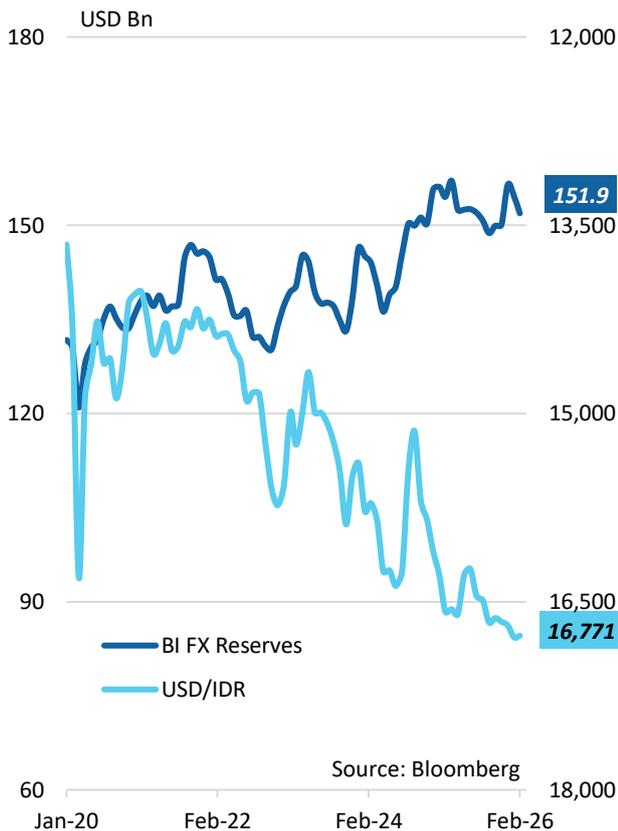
• However, there remains good news to come. The rising geopolitical tension have resulted in **rising prices** for some of Indonesia's exports commodities, while the newly implemented revision to FX repatriation rule could then **contain these funds**

more effectively inside the domestic banking system. It's also important to mention the government's recent FX bond sale totalling USD 4.5 Bn that was finalized in March.

- Overall, considering the still-wide degree of uncertainty, **we expect BI to continue its pro-stability policy**, increasing SRBI issuance and yield to fish for foreign inflows. However, this prolonged 'hold' could complicate the pro-growth aim to further lower credit interest rate, as SRBI yields may have to continually rise to be effective in attracting foreign inflows.

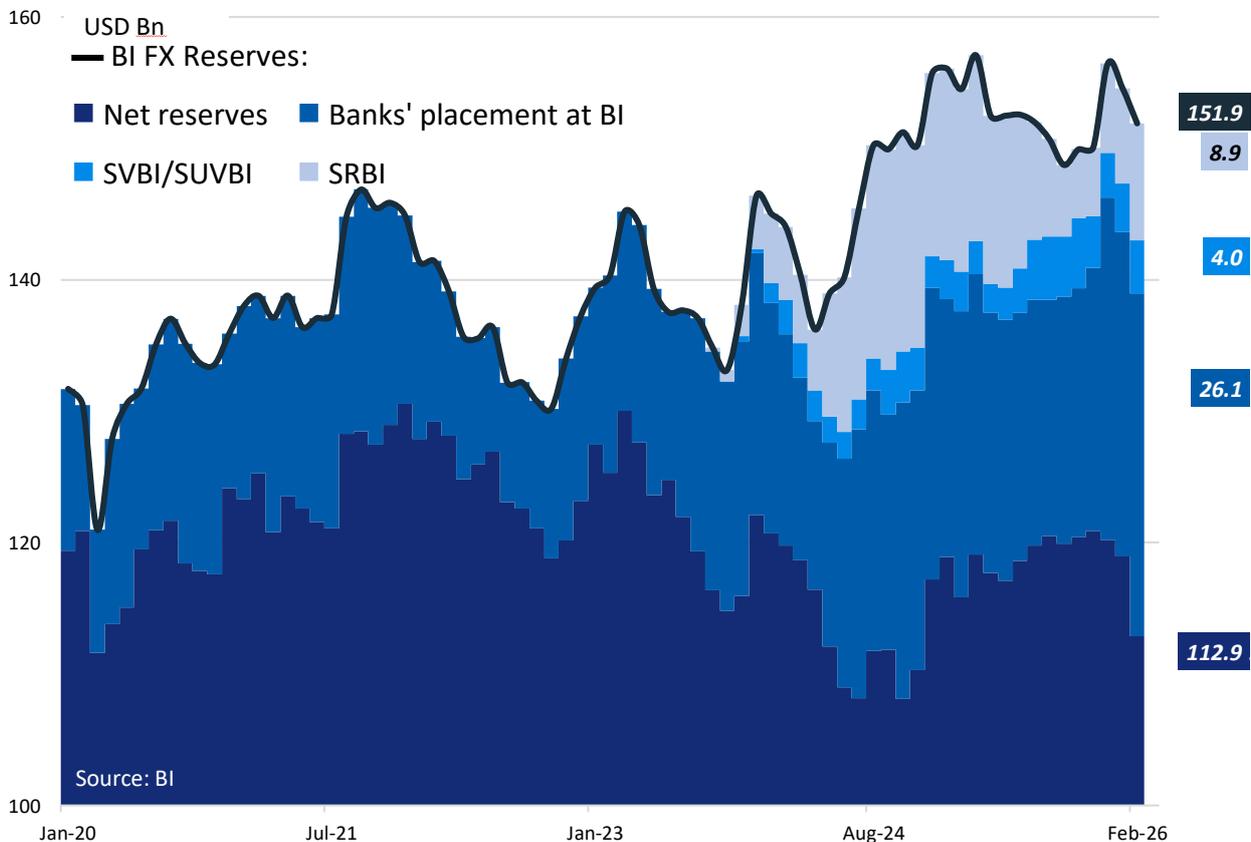
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Lower FX reserves amid portfolio inflows suggest BI intervention to stabilize Rupiah

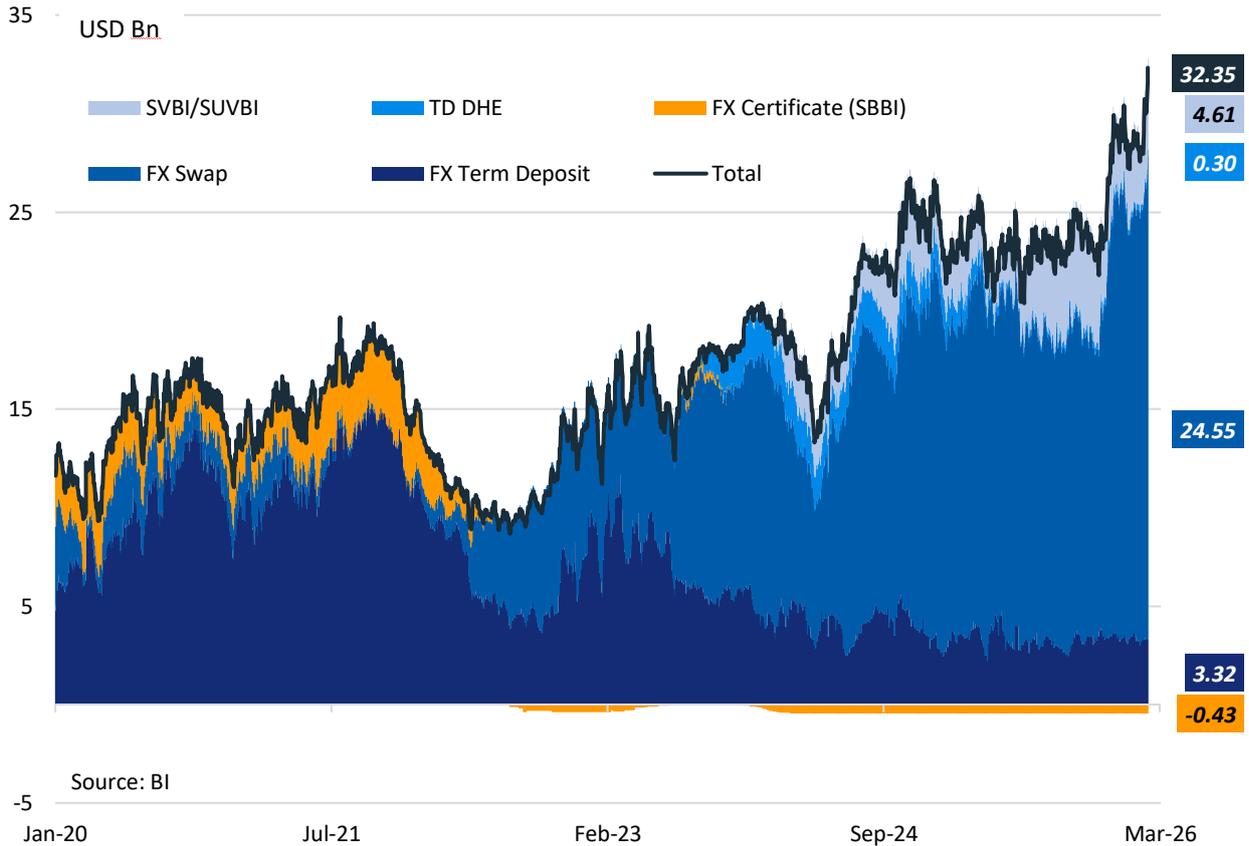


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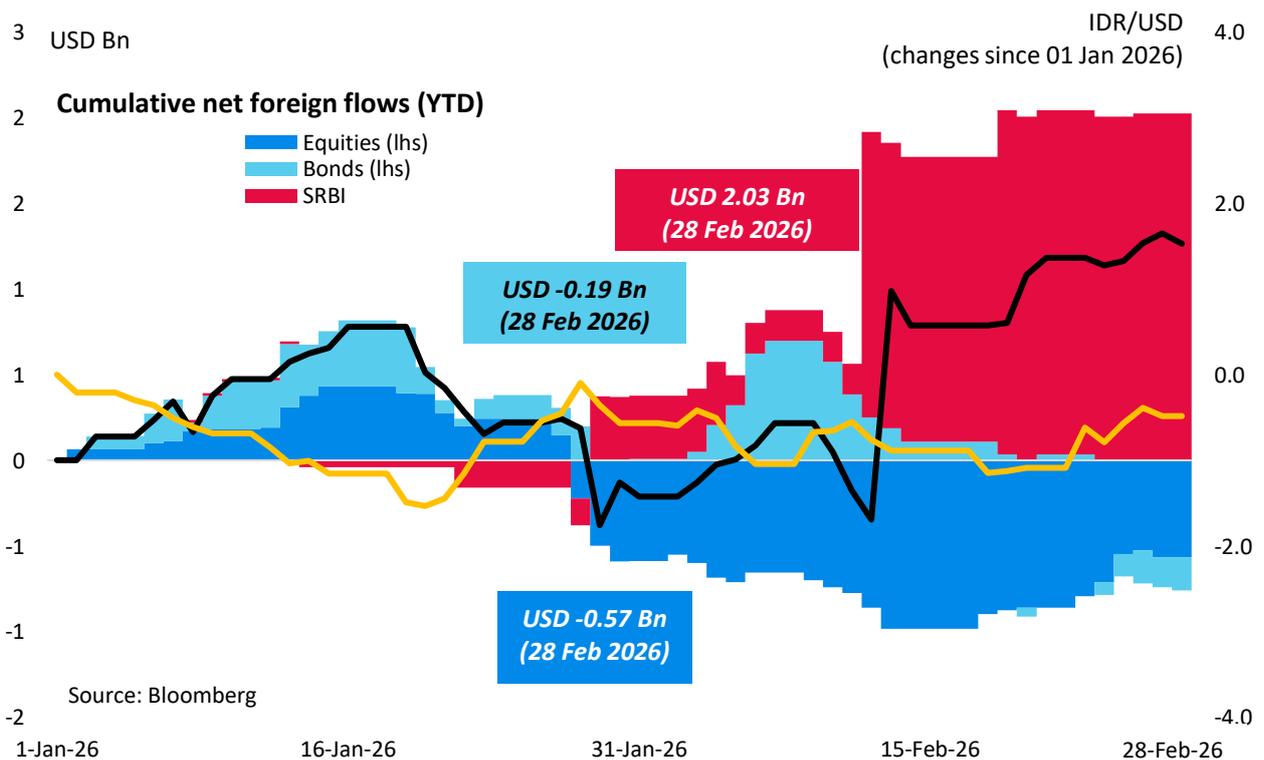
Banking system and SRBI recorded FX inflows, indicating extensive decline in 'net reserves'



3 Private domestic FX liquidity keeps rising, providing BI with more ammunition

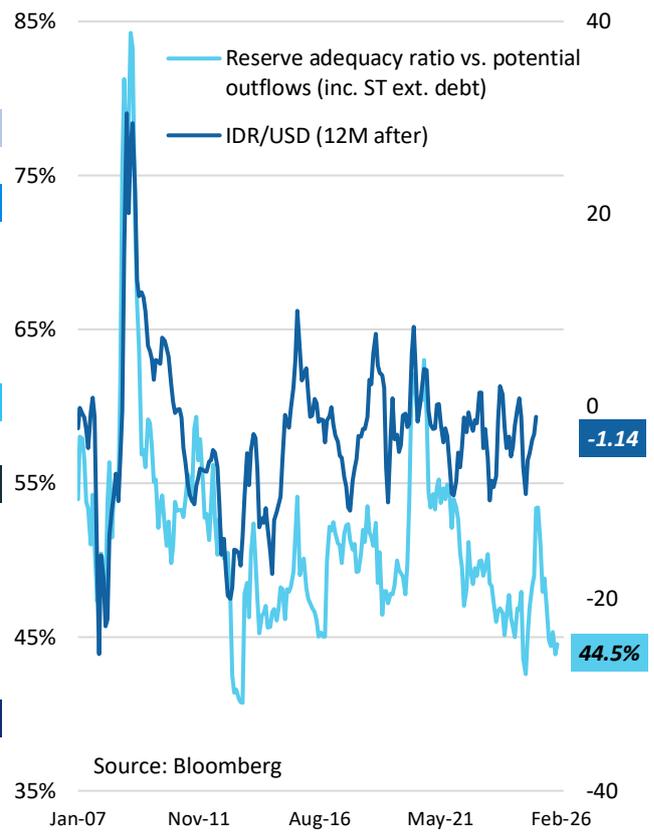
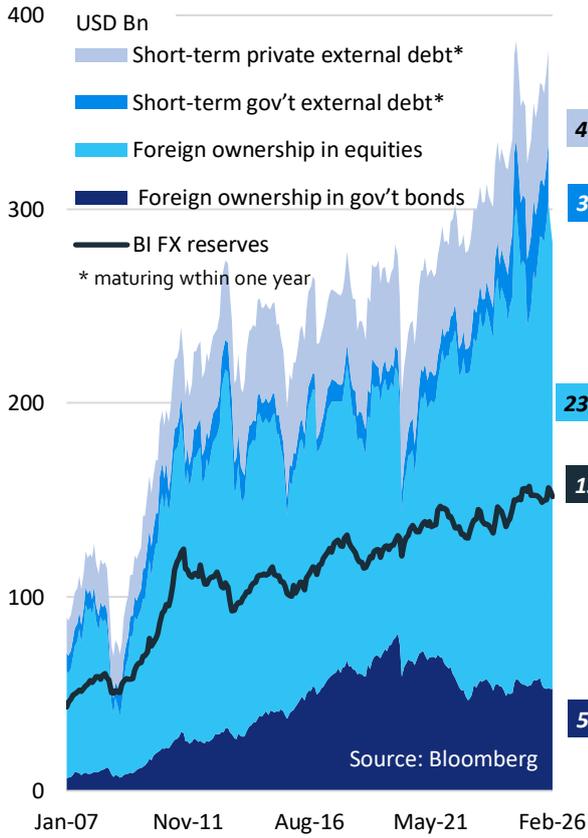


4 BI has increased SRBI net issuance substantially to maintain inflows



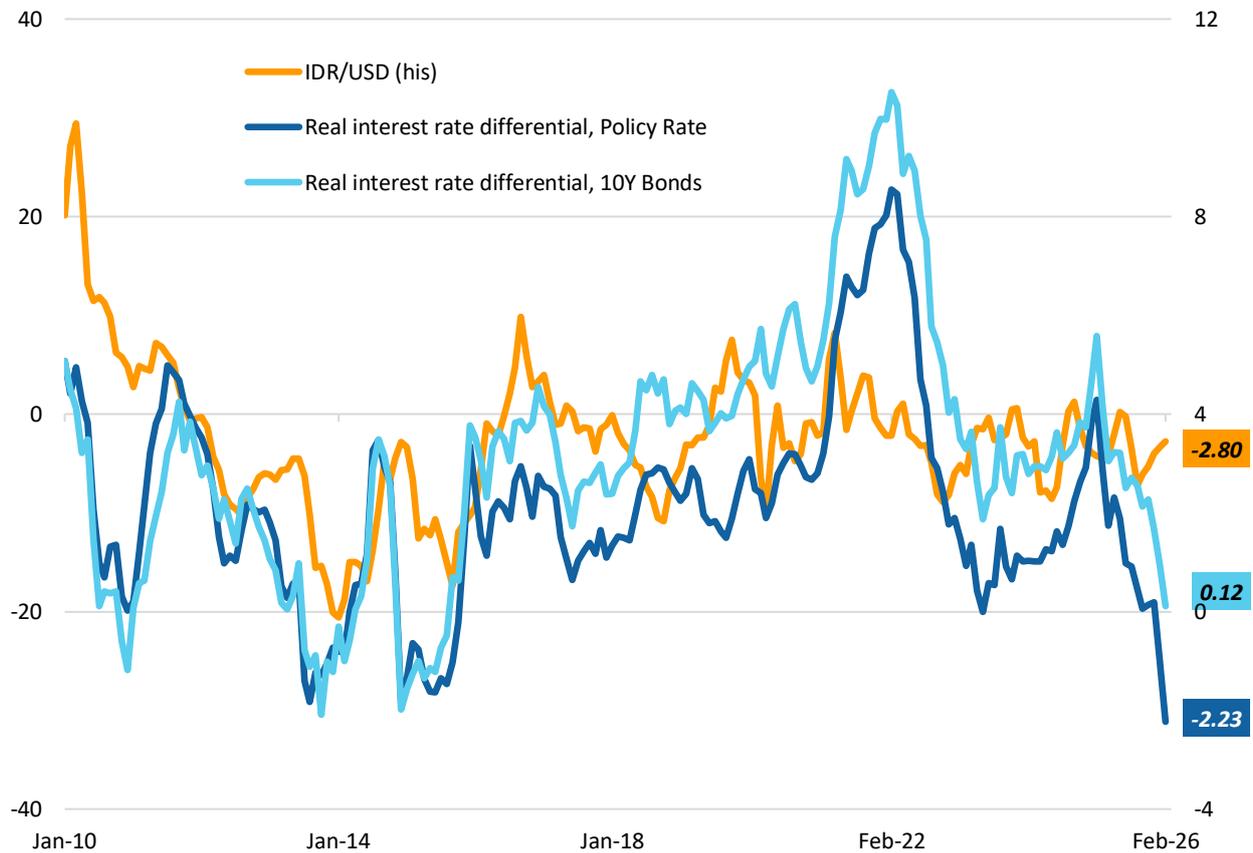
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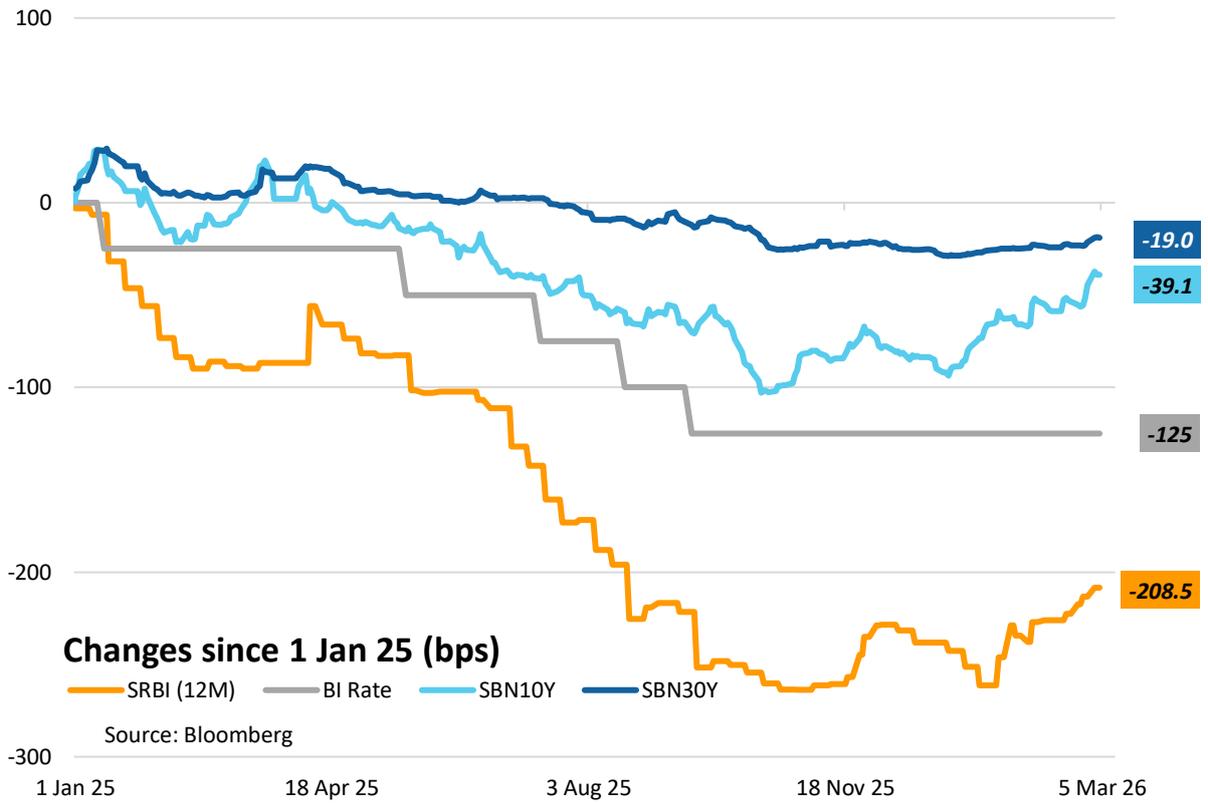
Declining foreign ownership in gov bonds signals concerns over Indonesia's fiscal outlook



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Temporary decline in rate differential due to low-base effect pushing up Indo inflation





Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	05-Mar	-1 mth	Chg (%)
US	3.75	Dec-25	1.35	Baltic Dry Index	2,233.0	2,124.0	5.1
UK	3.75	Dec-25	0.75	S&P GSCI Index	672.5	575.2	16.9
EU	2.15	Jun-25	0.25	Oil (Brent, \$/brl)	85.4	66.3	28.8
Japan	0.75	Dec-25	-0.75	Coal (\$/MT)	135.6	115.5	17.4
China (lending)	2.00	Sep-24	4.15	Gas (\$/MMBtu)	2.90	4.40	-34.1
Korea	2.50	May-25	0.50	Gold (\$/oz.)	5,082.3	4,661.4	9.0
India	5.25	Dec-25	2.50	Copper (\$/MT)	12,857.4	12,832.3	0.2
Indonesia	4.75	Sep-25	-0.01	Nickel (\$/MT)	17,017.1	16,608.3	2.5
Money Mkt Rates	05-Mar	-1 mth	Chg (bps)	CPO (\$/MT)	1,048.9	1,074.3	-2.4
				Rubber (\$/kg)	1.99	1.94	2.6
Bank Rates (Rp)	Dec	Nov	Chg (bps)	External Sector	Jan	Dec	Chg (%)
SPN (1Y)	5.10	4.63	47.0	Export (\$ bn)	22.16	26.35	-15.91
SUN (10Y)	6.58	6.31	27.0	Import (\$ bn)	21.20	23.83	-11.05
INDONIA (O/N, Rp)	4.19	3.85	33.3	Trade bal. (\$ bn)	0.95	2.51	-62.02
JIBOR 1M (Rp)	5.03	5.03	0.0	Central bank reserves (\$ bn)*	154.6	156.5	-1.21
Bank Rates (Rp)	Dec	Nov	Chg (bps)	Prompt Indicators	Jan	Dec	Nov
Lending (WC)	8.08	8.24	-16.00	Consumer confidence index (CCI)	127.0	123.5	124.0
Deposit 1M	4.54	4.60	-6.00	Car sales (%YoY)	7.0	17.9	-1.0
Savings	0.70	0.67	3.00	Motorcycle sales (%YoY)	3.1	14.5	2.1
Currency/USD	05-Mar	-1 mth	Chg (%)	Manufacturing PMI	Feb	Jan	Chg (bps)
UK Pound	0.749	0.732	-2.26	USA	51.6	52.4	-80
Euro	0.861	0.848	-1.54	Eurozone	50.8	49.5	130
Japanese Yen	157.6	155.6	-1.24	Japan	53.0	51.5	150
Chinese RMB	6.911	6.945	0.49	China	52.1	50.3	180
Indonesia Rupiah	16,883	16,790	-0.55	Korea	51.1	51.2	-10
Capital Mkt	05-Mar	-1 mth	Chg (%)	Indonesia	53.8	52.6	120
JCI	7,710.5	7,922.7	-2.68				
DJIA	47,954.7	49,407.7	-2.94				
FTSE	10,413.9	10,341.6	0.70				
Nikkei 225	55,278.1	52,655.2	4.98				
Hang Seng	25,321.3	26,775.6	-5.43				
Foreign portfolio ownership (Rp Tn)	Feb	Jan	Chg (Rp Tn)				
Stock	3,864.0	4,021.0	-156.95				
Govt. Bond	875.4	1,327.7	-452.36				
Corp. Bond	5.1	5.2	-0.13				

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

	2020	2021	2022	2023	2024	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	7.9
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5362
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	2.5
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	4.50
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	6.50
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	16,784
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	16,842
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	33.8
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-0.4

Notes:

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

BCA Economic & Industry Research

David E. Sumual

Chief Economist

david_sumual@bca.co.id

+6221 2358 8000 Ext: 1051352

Agus Salim Hardjodinoto

Head of Industry and Regional Research

agus_lim@bca.co.id

+6221 2358 8000 Ext: 1005314

Victor George Petrus Matindas

Head of Banking Research and Analytics

victor_matindas@bca.co.id

+6221 2358 8000 Ext: 1058408

Gabriella Yolivia

Industry Analyst

gabriella_yolivia@bca.co.id

+6221 2358 8000 Ext: 1063933

Lazuardin Thariq Hamzah

Economist / Analyst

lazuardin_hamzah@bca.co.id

+6221 2358 8000 Ext: 1071724

Elbert Timothy Lasiman

Economist / Analyst

Elbert_lasiman@bca.co.id

+6221 2358 8000 Ext: 1007431

Thieris Nora Kusuma

Economist / Analyst

thieris_kusuma@bca.co.id

+6221 2358 8000 Ext: 1071930

Nicholas Husni

Economist / Analyst

nicholas_husni@bca.co.id

+6221 2358 8000 Ext: 1079839

Samuel Theophilus Artha

Economist / Analyst

samuel_artha@bca.co.id

+6221 2358 8000 Ext: 1080373

Jennifer Calysta Farrell

Economist / Analyst

jennifer_farrell@bca.co.id

+6221 2358 8000 Ext: 1082423

Arif Agung Wibowo

Economist / Analyst

arif_agung@bca.co.id

+6221 2358 8000 Ext: -

PT Bank Central Asia Tbk

BCA Economic & Industry Research

20th Grand Indonesia, Menara BCA

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

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

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