FX Reserves:

One floodgate closed, another one remains

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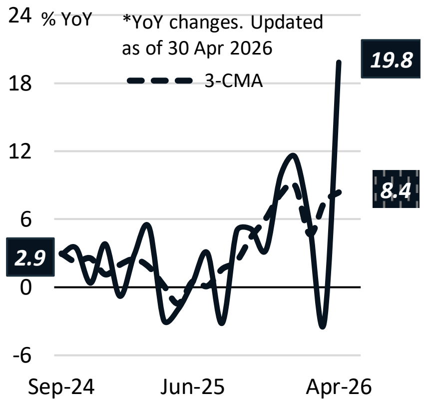
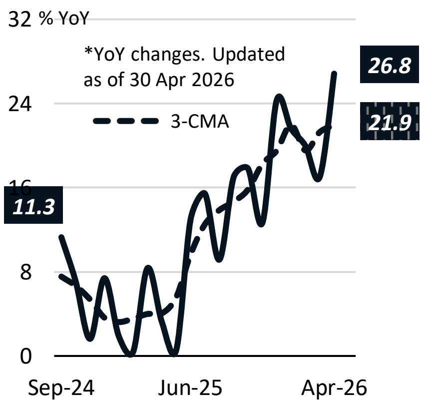
BCA Consumer Spending Index*

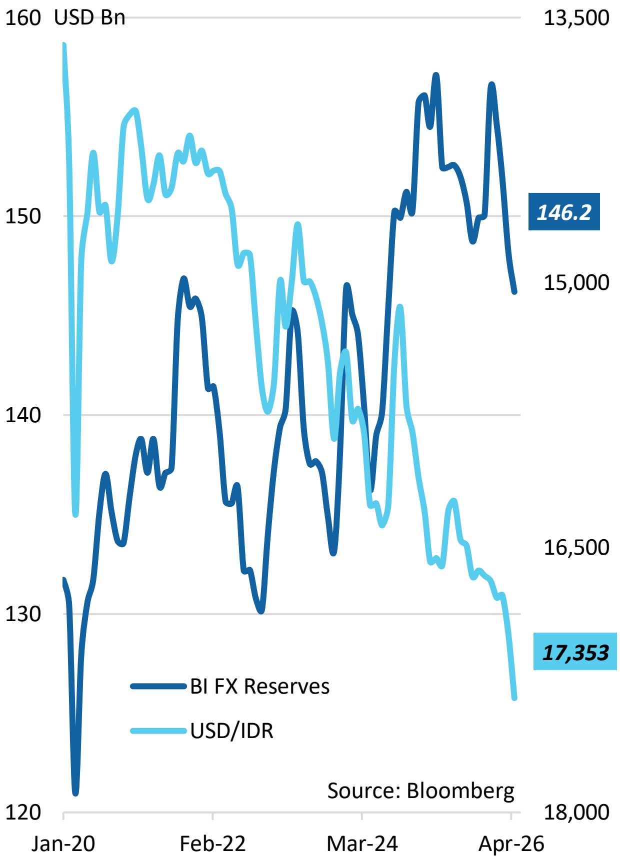


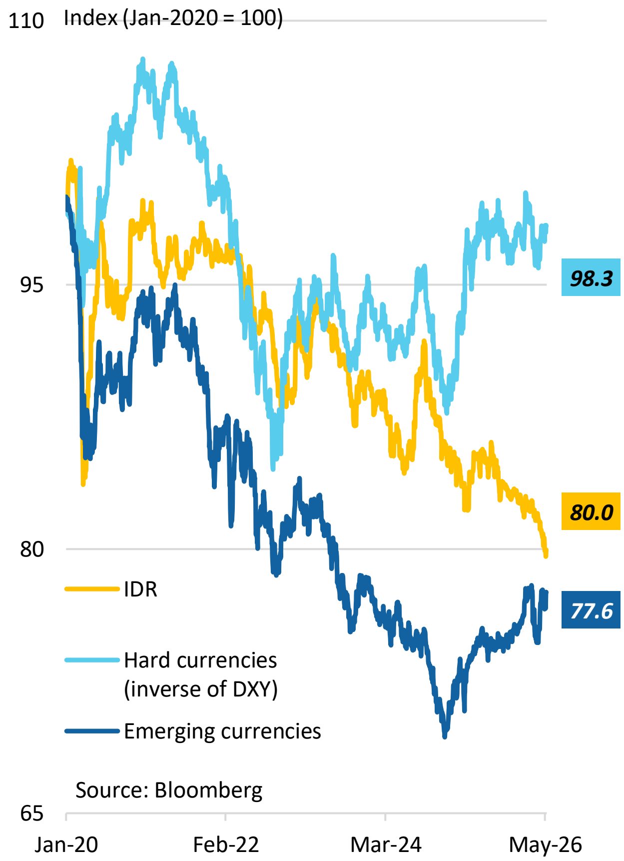
BCA Business Transaction Index*



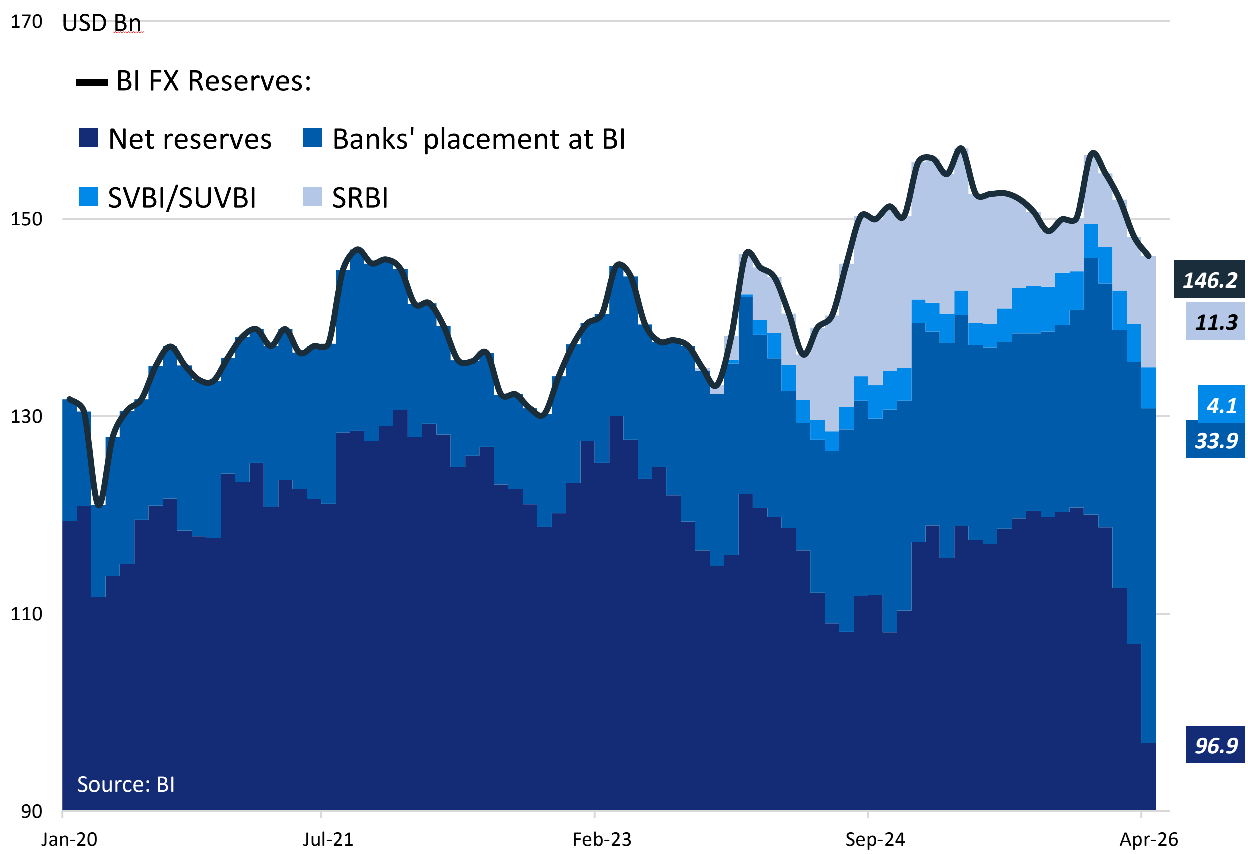
- **Indonesia's FX reserves stood at USD 146.2 Bn in April 2026, falling by USD 2.0 Bn from the previous month.** Foreign debt payments, lower gold prices, and seasonal outflows (Hajj pilgrimage, dividend repatriation) play a part, but Bank Indonesia's continued interventions in the currency market remain the biggest driver behind the dwindling FX reserves.
- BI did not have much of an alternative other than pushing through with its open market interventions. **BI continues to set a high target for liquidity creation (adjusted M0 grew by 14.3% YoY in April 2026), limiting exchange rate stabilisation efforts to market interventions**. At the same time, Indonesia's worsening external balance appears to undermine the currency's fundamentals, leaving the Rupiah under pressure despite the sidelining DXY index ***(see Chart 1)***.
- **Meanwhile, the 5.61% YoY GDP growth in Q1-2026 shows that the growth outlook should not be the primary concern**, allowing BI to direct its focus on currency stabilisation. Indeed, SRBI issuance has been aggressive lately (net issuance reached IDR 71.96 Tn since April 2026), attracting foreign inflows needed to avoid further weakness in the economy's external balance ***(see Chart 2 & 4)***. The government is also looking to issue FX bonds to encourage inflows, with USD 1.1 Bn Samurai bonds issuance in late April is expected to be followed by Panda (CNY-denominated) bonds issuance.
- **BI and the MoF have also taken alternative approaches to stem further capital outflows.** BI has halved the limit of FX conversion without any underlying assets to USD 25k/month. Meanwhile, the MoF would implement its long-awaited revision to FX repatriation rules on June 1st, restricting account openings to SoE banks and limiting Rupiah conversion to 50% ***(see Chart 3)***.
- Alas, **the job is still far from over**. Still-elevated oil prices (and the resulting fiscal expansion) will continue to gnaw on Indonesia's current account, even though tighter FX conversion and higher SRBI yields (average auction yield for 12M SRBI + 89.9 bps since 1 April 2026) may rein in portfolio outflows. BI's 7-pronged defensive strategy may help to stabilise the Rupiah for now, but BI should not be afraid to bring the bigger gun (policy rate hike) should a bigger shock to real interest rates, such as subsidised fuel price adjustments, happen ***(see Chart 6)***.

1 The Rupiah continue to decline despite the sidelining DXY index

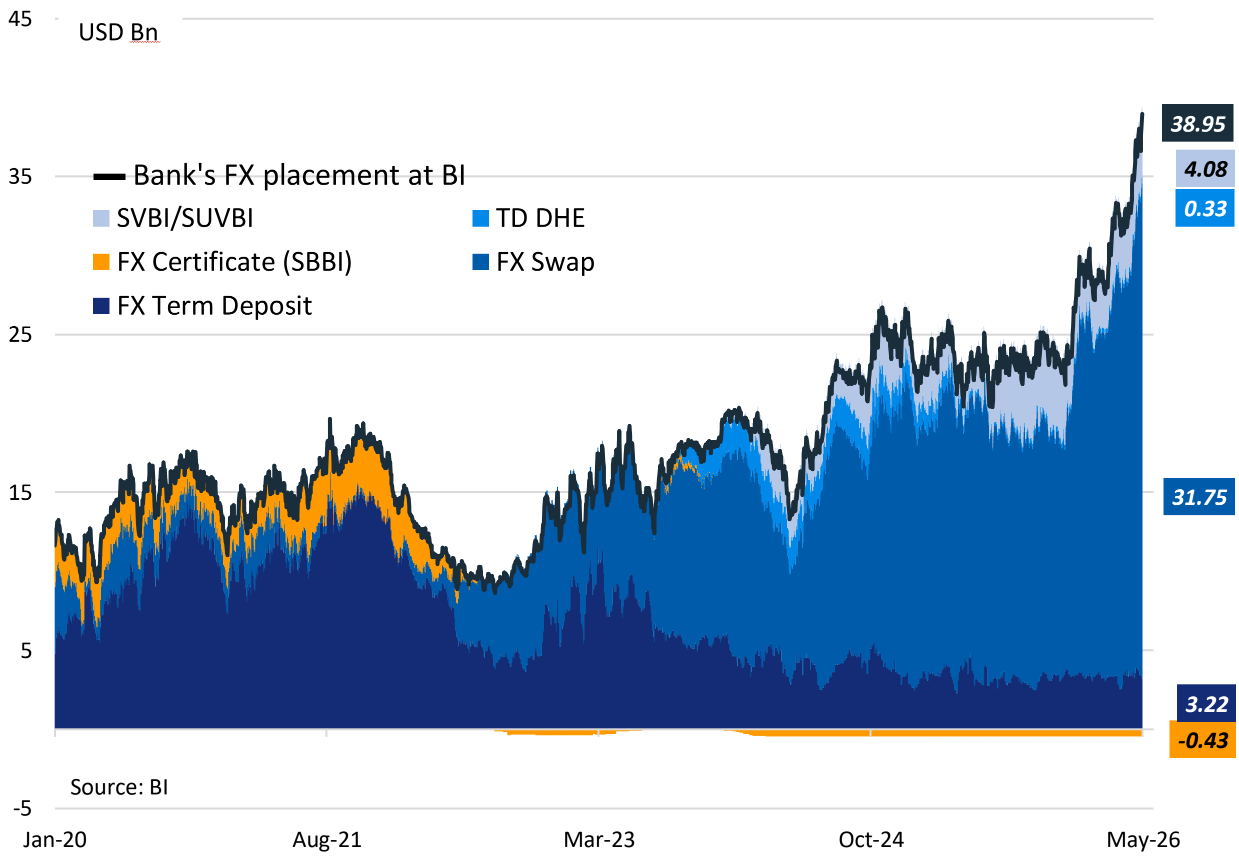




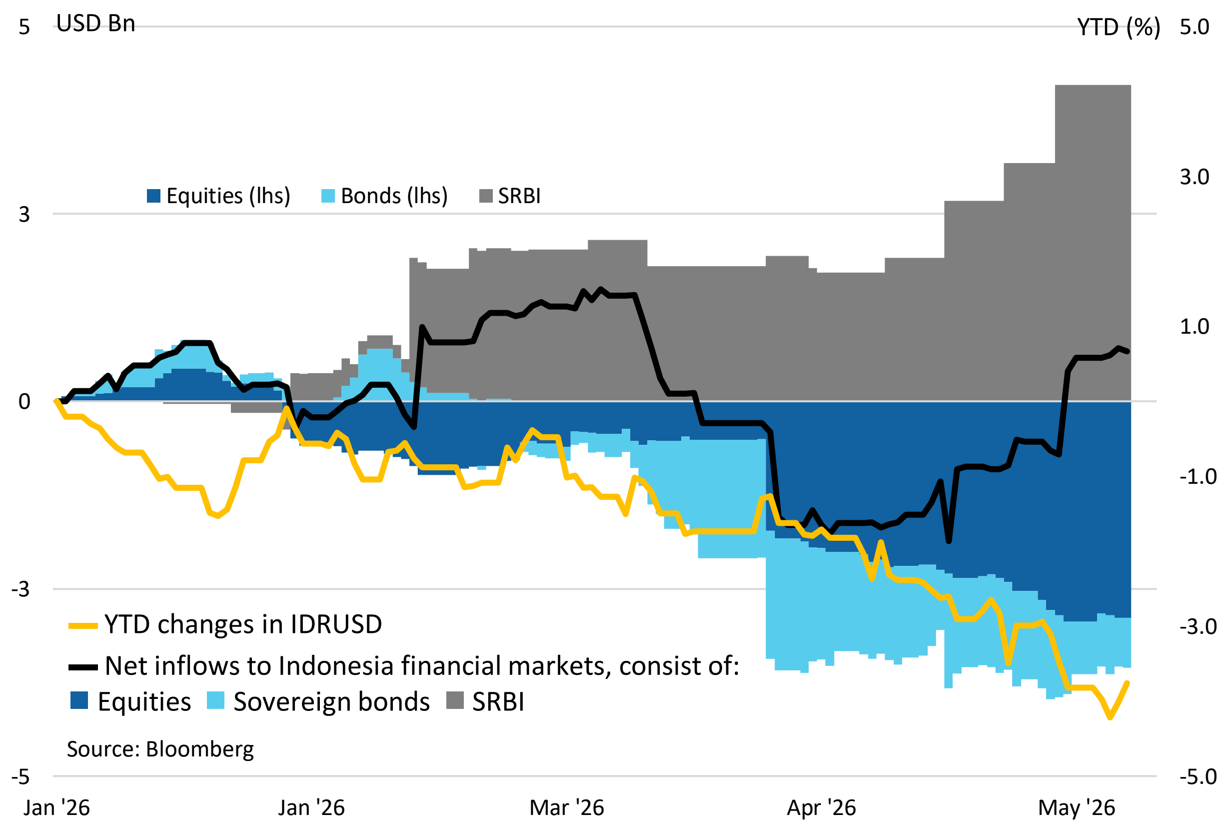
2 SRBI has been attracting inflows, yet aggressive interventions cause the FX reserves to decline



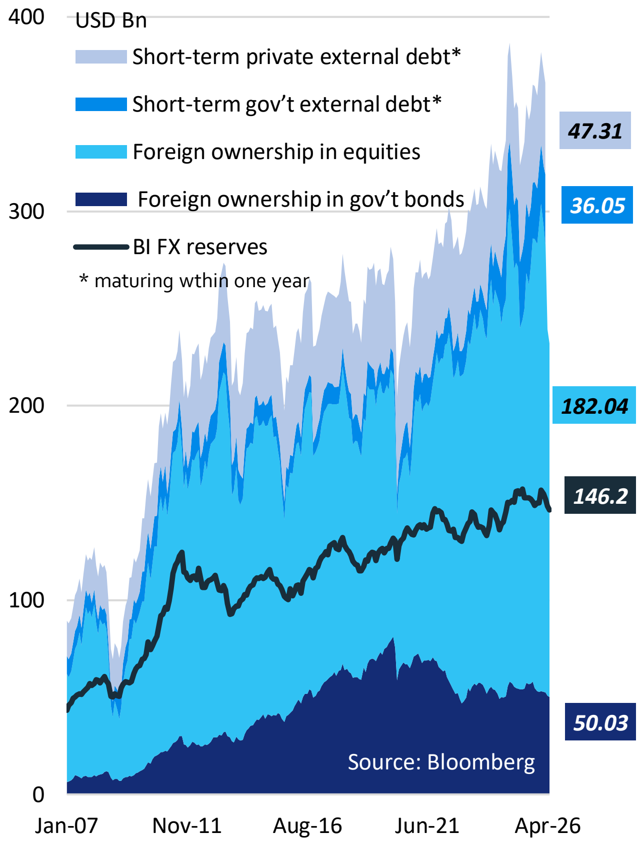
3 Stagnant FX liquidity and declining SVBI signal BI's direct intervention in the FX market

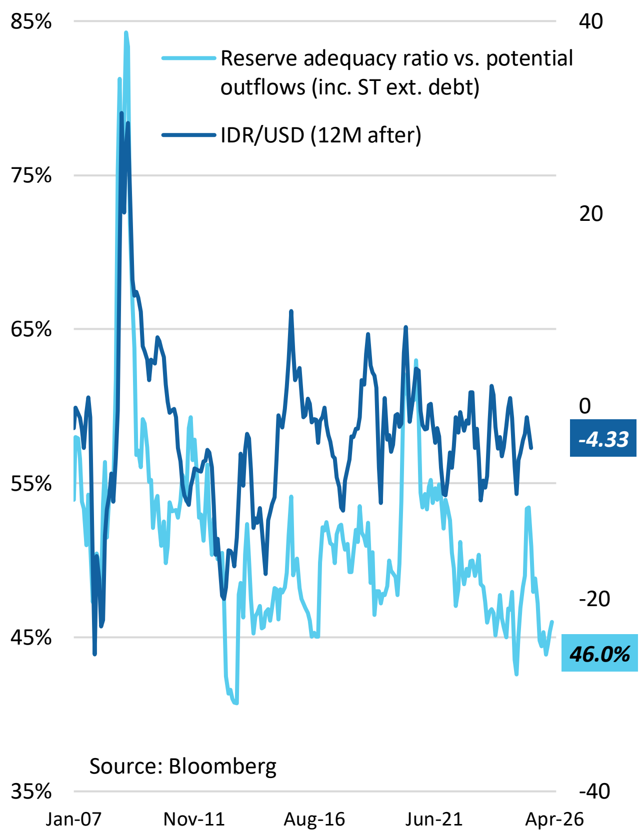


4 BI doubles down on SRBI issuance to offset outflows from equities and sovereign bonds

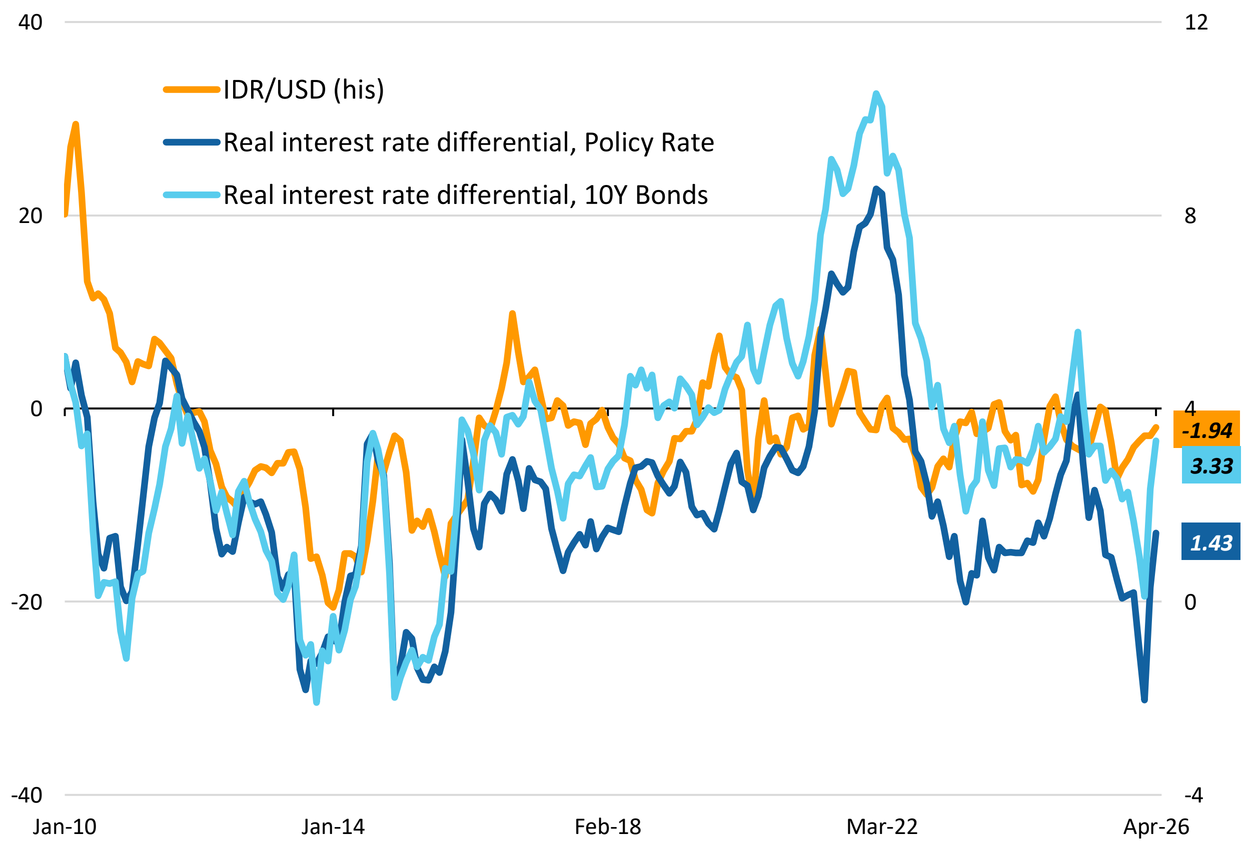


5 Low FX reserves coverage ratio highlight one of the Rupiah's weakness





6 Inflationary shocks may depress the real interest rate again, exacerbating outflows



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	3.75	Dec-25	0.45
UK	3.75	Dec-25	0.45
EU	2.15	Jun-25	-0.85
Japan	0.75	Dec-25	-0.75
China (lending)	2.00	Sep-24	3.35
Korea	2.50	May-25	-0.10
India	5.25	Dec-25	1.85
Indonesia	4.75	Sep-25	2.33

Money Mkt Rates	07-May	-1 mth	Chg (bps)
SPN (1Y)	5.83	5.22	60.9
SUN (10Y)	6.58	6.63	-4.6
INDONIA (O/N, Rp)	4.12	4.12	-0.3
JIBOR 1M (Rp)	5.03	5.03	0.0

Bank Rates (Rp)	Feb	Jan	Chg (bps)
Lending (WC)	8.05	8.06	-1.00
Deposit 1M	4.47	4.46	1.00
Savings	0.68	0.69	-1.00

Currency/USD	07-May	-1 mth	Chg (%)
UK Pound	0.738	0.756	2.42
Euro	0.853	0.866	1.60
Japanese Yen	156.9	159.7	1.75
Chinese RMB	6.804	6.882	1.14
Indonesia Rupiah	17,342	17,038	-1.75

Capital Mkt	07-May	-1 mth	Chg (%)
JCI	7,174.3	6,989.4	2.65
DJIA	49,597.0	46,669.9	6.27
FTSE	10,277.0	10,436.3	-1.53
Nikkei 225	62,833.8	53,413.7	17.64
Hang Seng	26,626.3	25,116.5	6.01

Foreign portfolio ownership (Rp Tn)	Apr	Mar	Chg (Rp Tn)
Stock	3,158.9	3,208.6	-49.72
Govt. Bond	862.4	853.6	8.80
Corp. Bond	5.8	6.2	-0.41

Trade & Commodities	07-May	-1 mth	Chg (%)
Baltic Dry Index	3,034.0	2,066.0	46.9
S&P GSCI Index	727.7	776.6	-6.3
Oil (Brent, $/brl)	100.1	109.8	-8.8
Coal ($/MT)	135.2	140.4	-3.7
Gas ($/MMBtu)	2.70	3.04	-11.2
Gold ($/oz.)	4,685.8	4,649.9	0.8
Copper ($/MT)	13,331.3	12,287.9	8.5
Nickel ($/MT)	18,943.6	16,898.1	12.1
CPO ($/MT)	1,152.1	1,181.3	-2.5
Rubber ($/kg)	2.25	2.06	9.2

External Sector	Mar	Feb	Chg (%)
Export ($ bn)	22.53	22.17	1.62
Import ($ bn)	19.21	20.89	-8.08
Trade bal. ($ bn)	3.32	1.27	160.82
Central bank reserves ($ bn)*	148.2	151.9	-2.47

Prompt Indicators	Mar	Feb	Jan
Consumer confidence index (CCI)	122.9	125.2	127.0
Car sales (%YoY)	-13.8	12.3	7.1
Motorcycle sales (%YoY)	-17.1	1.0	3.1

Manufacturing PMI	Apr	Mar	Chg (bps)
USA	54.5	52.3	220
Eurozone	52.2	51.6	60
Japan	55.1	51.6	350
China	52.2	50.8	140
Korea	53.6	52.6	100
Indonesia	49.1	50.1	-100

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	8.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5457
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.3
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	4.75
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	6.76
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,216
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	17,430
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*

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