

FX Reserves:

The cost of calm

08 July 2026

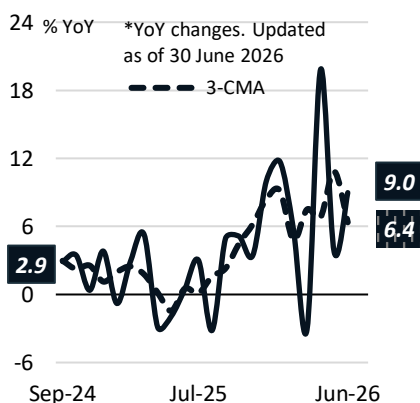
Elbert Timothy Lasiman

elbert_lasiman@bca.co.id

Victor George Petrus Matindas

victor_matindas@bca.co.id

BCA Consumer Spending Index*



BCA Business Transaction Index*



▪ **Indonesia's FX reserves marginally recovered to USD 145.6 Bn in June 2026**, from a multi-month low of USD 144.9 Bn the previous month. **The recovery was primarily driven by debt-based inflows** (*Chart 2*), specifically higher foreign investment in SRBI and SBN, coupled with improving fundamentals like oil prices returning to pre-war levels. Despite this, lower gold prices led to a USD 1.4 billion decline in the gold component of FX reserves.

▪ FX reserves were pressured over the past two months by a lack of significant trade surpluses, **primarily due to elevated oil prices and production cuts impacting exports. This is an unfortunate opportunity loss, given still-high terms-of-trade.** Looking ahead, export performance remains uncertain, dependent on government commodity policies. While oil imports may normalize, overall imports will see upward pressure from sustained government spending.

▪ While equity markets continued to record net outflows, bond market conditions reversed following the second BI rate hike last month, with 10-year SBN yields consistently holding above 7%. **The largest inflows continued to come from SRBI**, driven by higher net issuance and yields reaching up to 7.7%. The next two key determinants in this category are: the outcome of the USD 1 Bn Panda bond issuance by the end of this July, and the evolving domestic perception from rating agencies such as S&P.

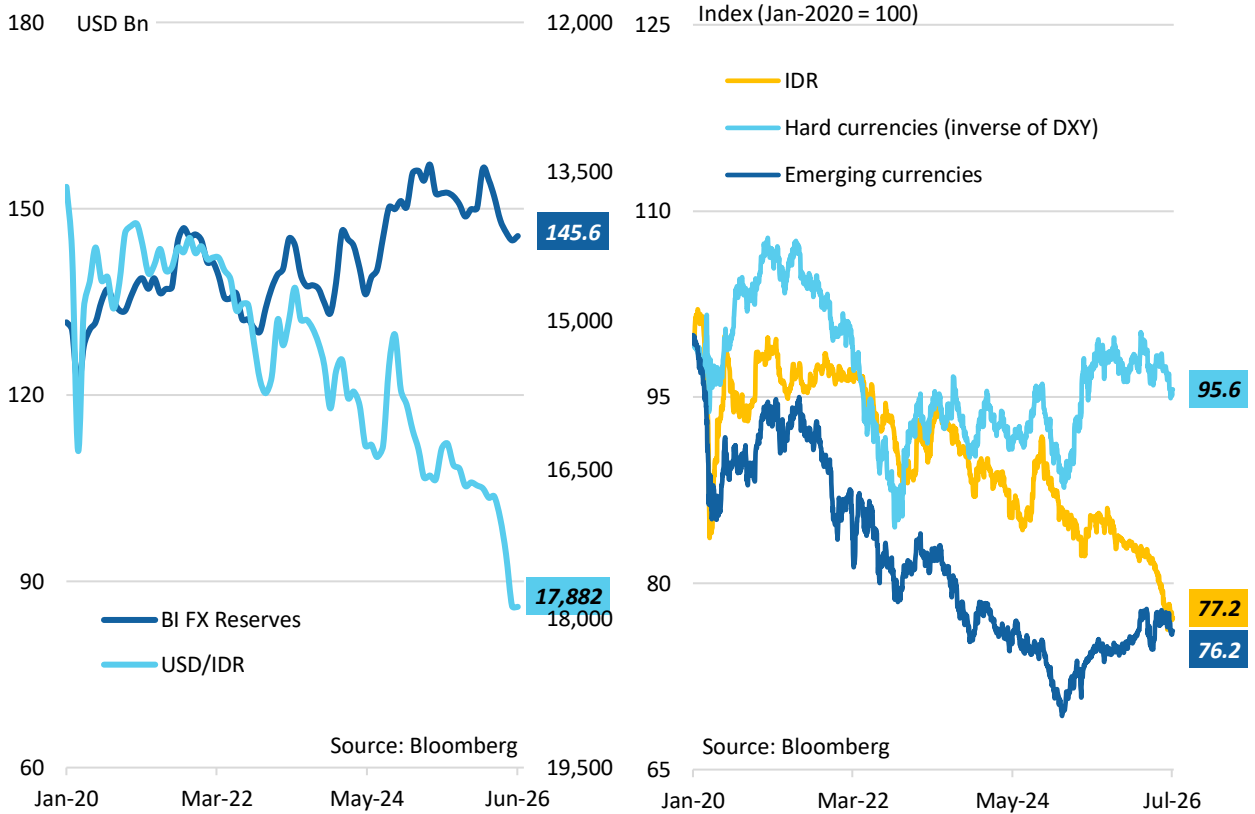
▪ But the other main question is: what is the cost associated with this increase in FX reserves? Firstly, SRBI maturities alone amount to IDR 114 Tn (~USD 6.3 Bn) this July, with another IDR 300 Tn (~USD 16.7 Bn) due in Q4. Secondly, **the current attractiveness of SRBI is underpinned by a 10% hedging swap rate discount**, which led to a sharp increase in BI's FX swap position (*Chart 3*). This implies

that in addition to BI bearing high interest costs for SRBI, BI also forfeits its typical revenue from swap premiums. Thirdly, an increase in SBN yields could push the government's interest payment burden above 20% (of revenue).

- The idea is that risks stemming from an all-out policy to attract hot money would gradually resolve if global liquidity trends structurally improve, or if global monetary policy suddenly reverses due to factors like unemployment. However, for the time being, **BI will likely need to further hike its policy rate this year** to cope with ongoing and anticipated increases in the interest rate complex.

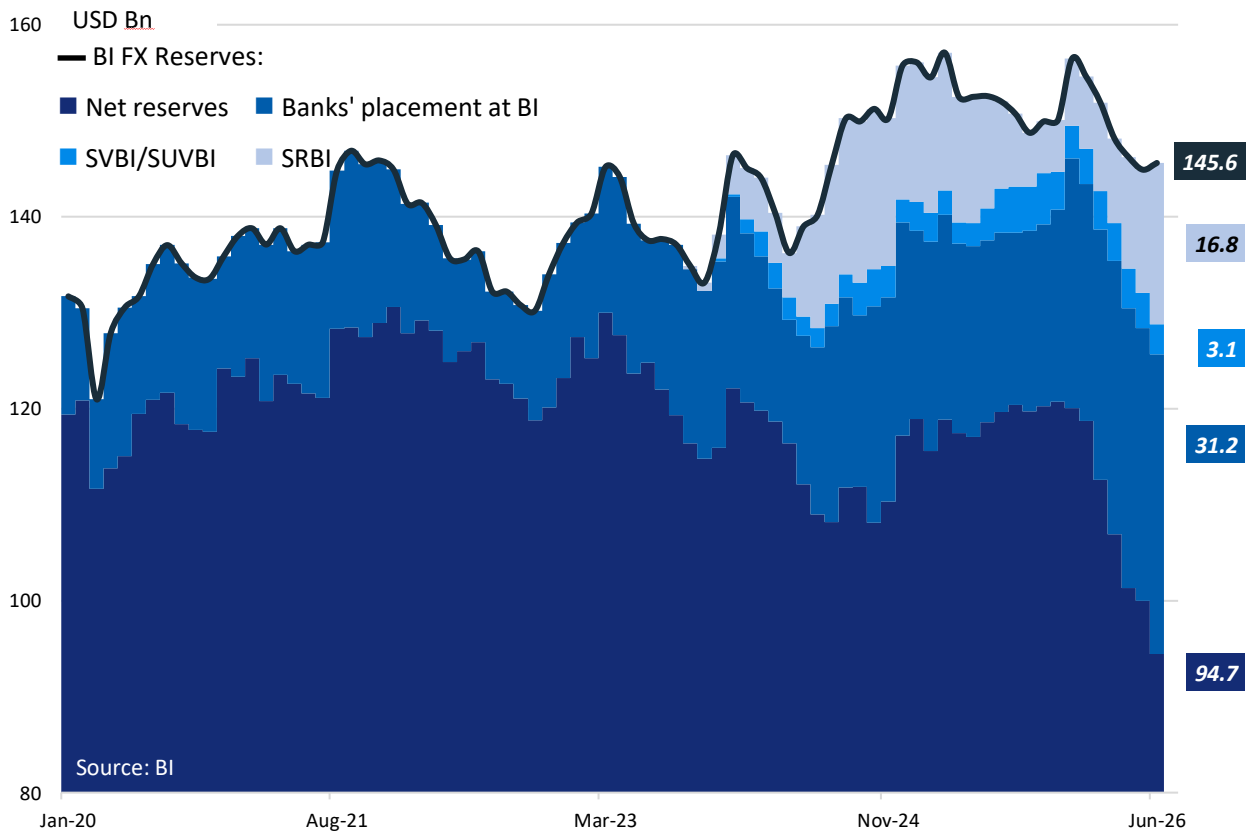
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FX reserves slightly increased but pressure on the rupiah still exists

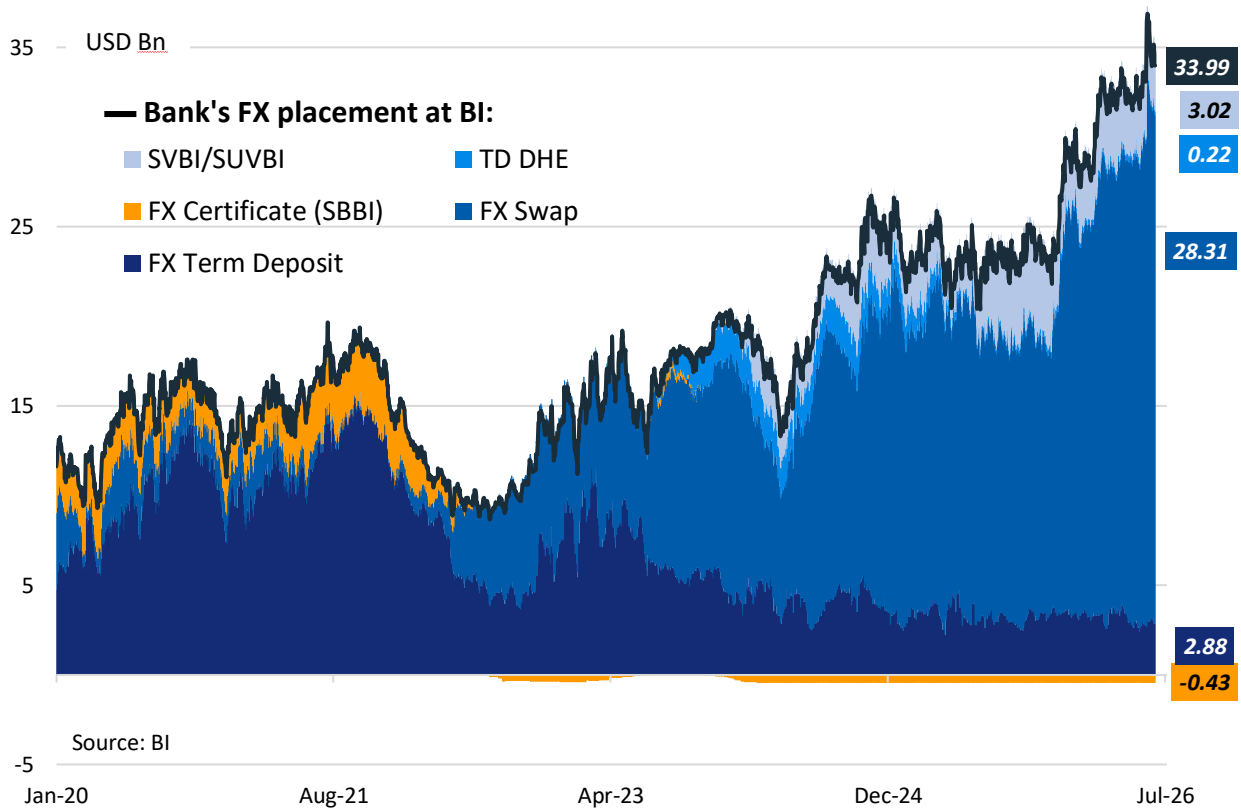


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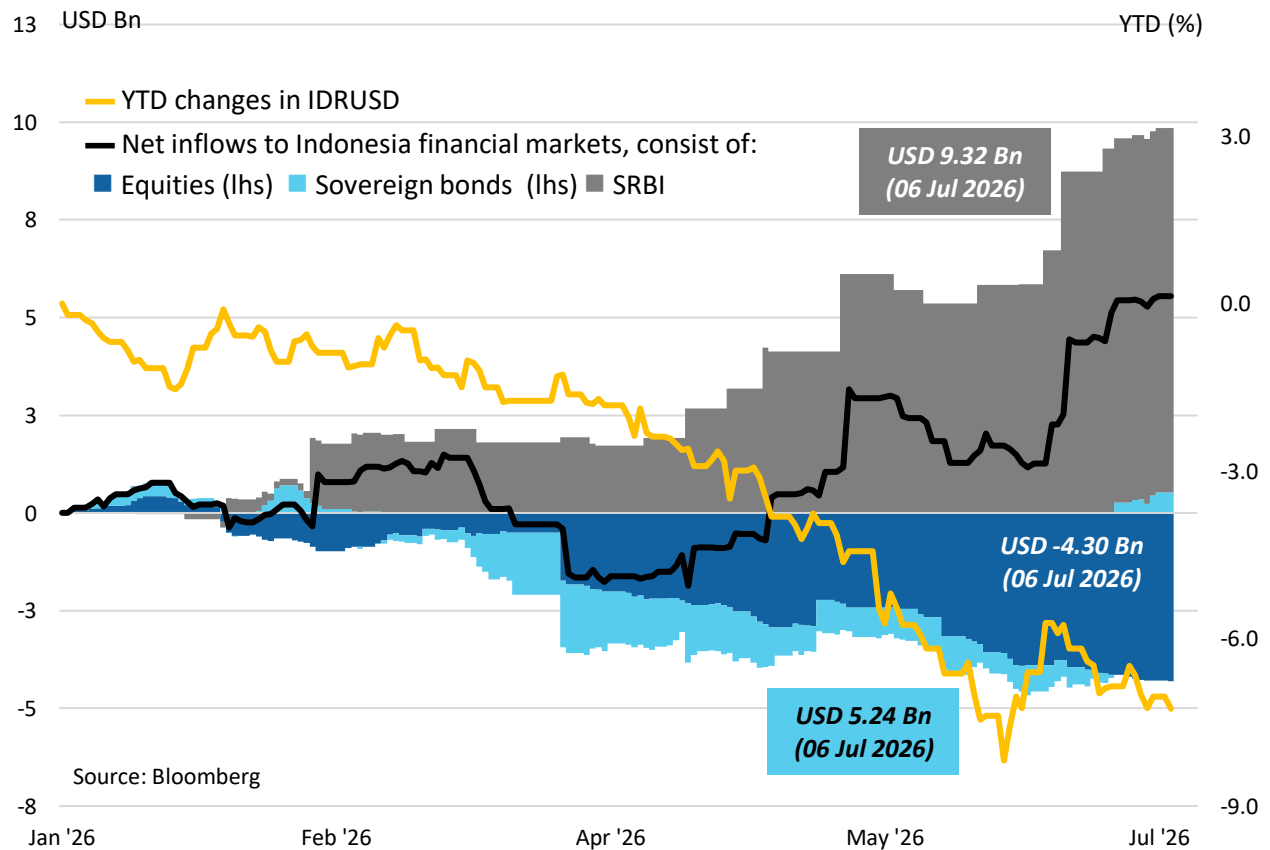
Net reserves declined significantly; SRBI and banks' FX placements are holding up total reserves.



Higher USD demand for intervention required BI to step up FX swaps

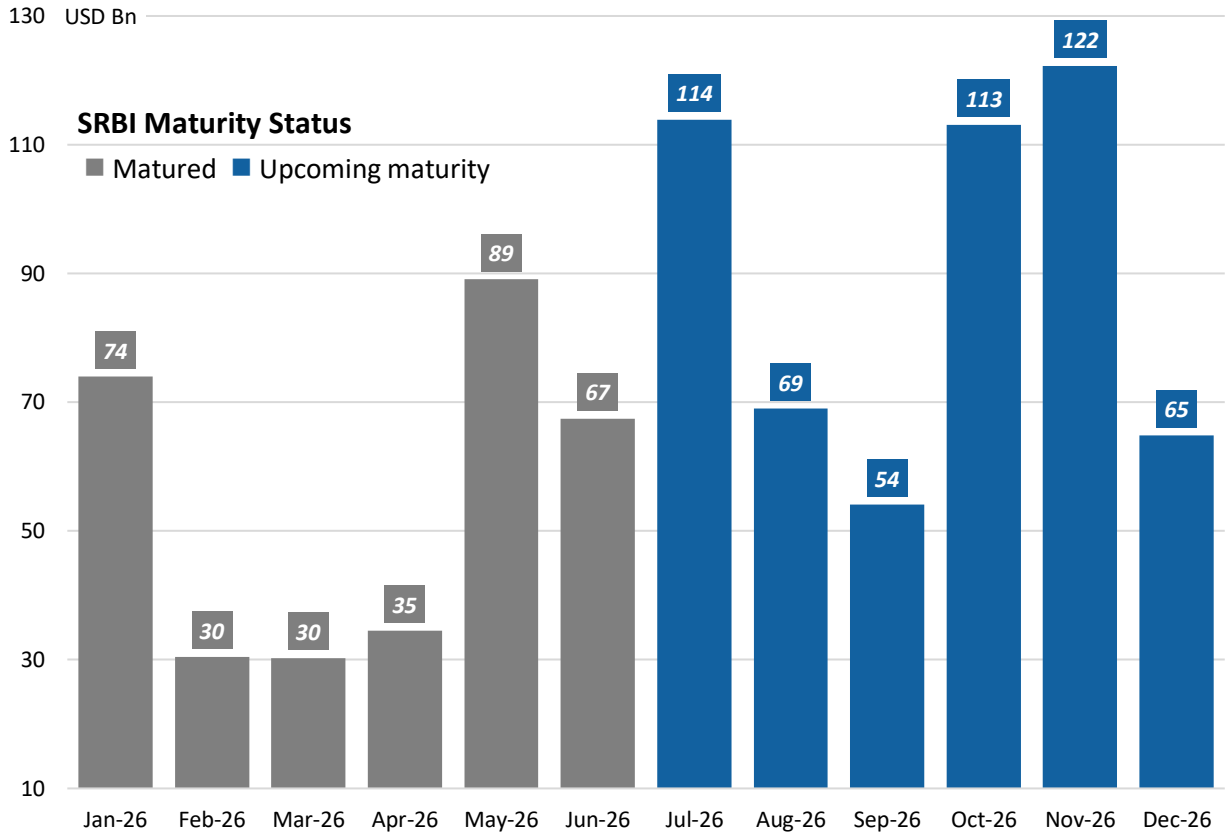


Equities still recorded net outflows despite higher inflows into SRBI and SBN



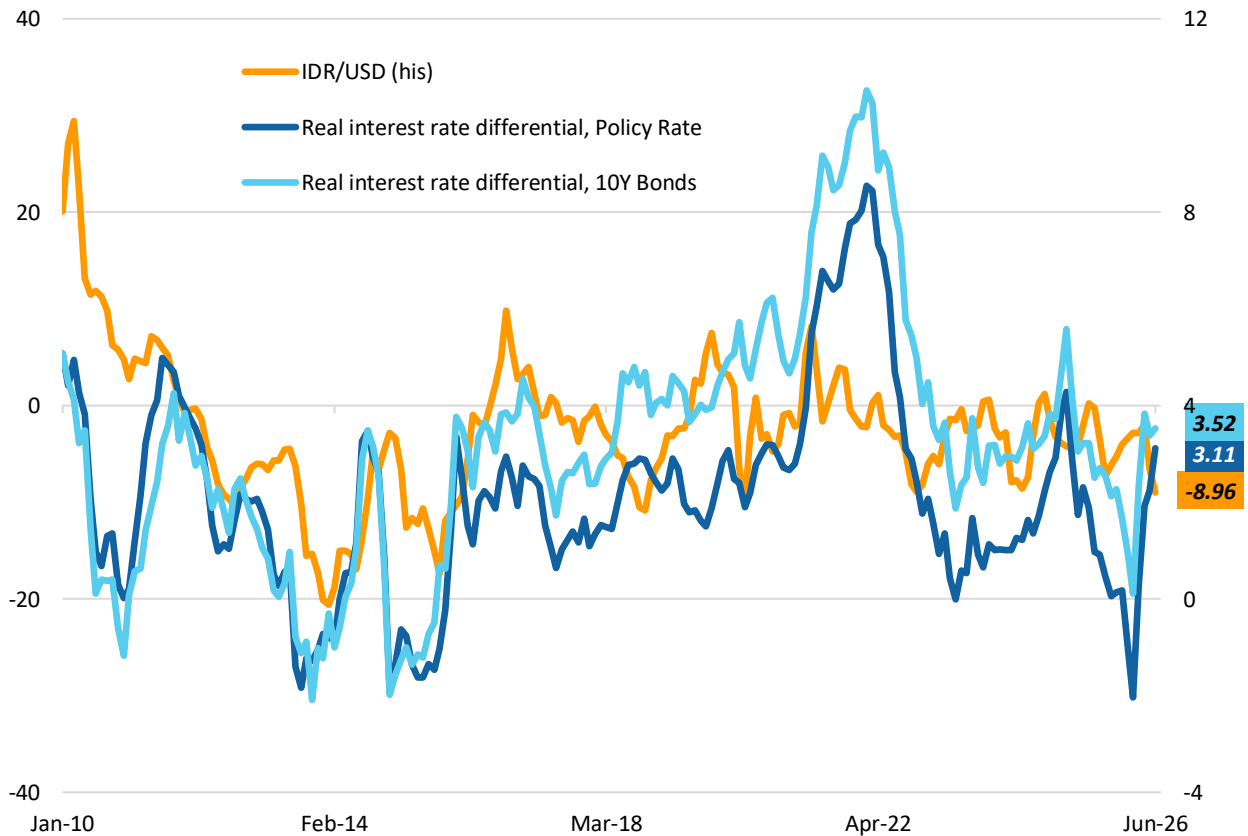
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Higher SRBI maturities in the second half will be costly for Indonesia



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Recent market pressures are keeping interest rates high



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	07-Jul	-1 mth	Chg (%)
US	3.75	Dec-25	-0.45	Baltic Dry Index	2,875.0	2,981.0	-3.6
UK	3.75	Dec-25	0.95	S&P GSCI Index	631.4	693.8	-9.0
EU	2.40	Jun-26	-0.40	Oil (Brent, \$/brl)	74.2	93.1	-20.3
Japan	1.00	Jun-26	-0.50	Coal (\$/MT)	127.9	147.5	-13.3
China (lending)	2.00	Sep-24	3.15	Gas (\$/MMBtu)	3.13	3.06	2.4
Korea	2.50	May-25	-0.70	Gold (\$/oz.)	4,106.2	4,328.5	-5.1
India	5.25	Dec-25	1.32	Copper (\$/MT)	13,298.5	13,490.3	-1.4
Indonesia	5.75	Jun-26	2.41	Nickel (\$/MT)	16,132.9	18,360.1	-12.1
Money Mkt Rates	07-Jul	-1 mth	Chg (bps)	CPO (\$/MT)	1,103.2	1,112.7	-0.8
				Rubber (\$/kg)	2.18	2.33	-6.4
SPN (1Y)	7.67	6.48	119.3	External Sector	May	Apr	Chg (%)
SUN (10Y)	7.16	6.85	30.4	Export (\$ bn)	23.20	25.30	-8.30
INDONIA (O/N, Rp)	6.03	5.34	69.2	Import (\$ bn)	24.81	25.21	-1.59
JIBOR 1M (Rp)	5.03	5.03	0.0	Trade bal. (\$ bn)	-1.61	0.09	-1,907.18
Bank Rates (Rp)	Apr	Mar	Chg (bps)	Central bank reserves (\$ bn)*	144.9	146.2	-0.89
Lending (WC)	7.96	8.00	-4.00	Prompt Indicators	May	Apr	Mar
Deposit 1M	4.48	4.47	1.00	Consumer confidence index (CCI)	120.9	123.0	122.9
Savings	0.68	0.67	1.00	UK Pound	0.749	0.750	0.13
Currency/USD	07-Jul	-1 mth	Chg (%)	Euro	0.876	0.868	-0.95
				Japanese Yen	162.1	160.3	-1.12
				Chinese RMB	6.796	6.788	-0.11
				Indonesia Rupiah	17,982	18,020	0.21
Capital Mkt	07-Jul	-1 mth	Chg (%)	Manufacturing PMI	Jun	May	Chg (bps)
JCI	5,986.5	5,594.8	7.00	USA	53.9	55.1	-120
DJIA	52,925.2	50,866.8	4.05	Eurozone	51.4	51.6	-20
FTSE	10,665.9	10,368.1	2.87	Japan	54.8	54.5	30
Nikkei 225	68,257.0	66,588.1	2.51	China	51.7	51.8	-10
Hang Seng	23,496.9	24,962.0	-5.87	Korea	52.1	54.8	-270
Foreign portfolio ownership (Rp Tn)	Jun	May	Chg (Rp Tn)	Indonesia	46.9	50.0	-310
Stock	2,573.5	2,820.6	-247.08				
Govt. Bond	885.7	863.2	22.43				
Corp. Bond	5.7	5.8	-0.09				

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	9.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5128
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	4.5
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.25
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	8.01
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,600
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,171
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

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

Gabriella Yolivia

Industry Analyst

gabriella_yolivia@bca.co.id

+6221 2358 8000 Ext: 1063933

Thierris Nora Kusuma

Economist / Analyst

thierris_kusuma@bca.co.id

+6221 2358 8000 Ext: 1071930

Jennifer Calysta Farrell

Economist / Analyst

jennifer_farrell@bca.co.id

+6221 2358 8000 Ext: 1082423

Agus Salim Hardjodino

Head of Industry and Regional Research

agus_lim@bca.co.id

+6221 2358 8000 Ext: 1005314

Lazuardin Thariq Hamzah

Economist / Analyst

lazuardin_hamzah@bca.co.id

+6221 2358 8000 Ext: 1071724

Nicholas Husni

Economist / Analyst

nicholas_husni@bca.co.id

+6221 2358 8000 Ext: 1079839

Arif Agung Wibowo

Economist / Analyst

arif_agung@bca.co.id

+6221 2358 8000 Ext: -

Victor George Petrus Matindas

Head of Banking Research and Analytics

victor_matindas@bca.co.id

+6221 2358 8000 Ext: 1058408

Elbert Timothy Lasiman

Economist / Analyst

Elbert_lasiman@bca.co.id

+6221 2358 8000 Ext: 1007431

Samuel Theophilus Artha

Economist / Analyst

samuel_artha@bca.co.id

+6221 2358 8000 Ext: 1080373

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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