Corporate earnings: Q2-2026

Robust yet cautious

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Summary

- Indonesia's corporate sector recorded strong revenue & margin growth in Q2-26, led by exports-oriented industries.
- Capex spending trend has entered downsize territory, likely exacerbated by the downturn in asset prices during the period.
- Workforce growth has declined in parallel with capex spending, with significant capex growth largely confined to capital-intensive sectors.
- The continued leveraging of Indonesian companies' balance sheets could be attributed to accelerating growth in inventories as well as cash & marketable securities.

- The US continued to provide much fanfare to the financial markets this past week. In contrast to the negative market reaction to Scott Bessent tactics to lower interest rates, Warsh's continued hawkish tone at Jackson Hole's Economic Symposium seemed to reassure market participants around The Fed's credibility. Expectations for a September rate hike surged from approximately 35% to over 65%, while 30-year yields experienced a slight decline. The Dollar Index strengthened concurrently, unfortunately exerting pressure on the Rupiah.
- However, it's important to not overstate the degree of change in Warsh's stance. The Chairman primarily reiterated his previously held position, which had contributed to the Fed's decision to hold rates thus far, influenced by weakening labour data and significant uncertainty surrounding the conflict in Iran.
- In comparison to the eventful week in the US financial markets, the domestic front has been relatively quiet, with no official data releases last week. Ms Destry was formally appointed as BI's newest governor for a 5-year term, quieting earlier anxieties around the Central Banks' independence.
- The new governor seemed to adopt an alternative approach to her predecessor regarding SRBI, BI's primary tool for attracting foreign inflows. The auction schedule of the instrument was seemingly reduced to every two weeks, and Rupiah's recent strengthening prompted a dovish impulse from BI, leading to a rapid decline in the 12-month SRBI auction yield (dropping to 7% from 7.37% two weeks prior). This pattern of lowering yields and outstanding amount may be the default modus operandi, at least until the Rupiah need further support.
- Moving onto the fiscal space, the finance minister recently announced a IDR 120 trillion dividend from Danantara this year. While this helps the government lower its deficit, it

comes at a potential cost to Danantara's own operations, given the numerous loans and debts the sovereign wealth fund has issued to date.

A mirror image

- Although representing a slight slowdown from Q1-26, Indonesia's GDP growth in Q2-26 remained robust and significantly above the historical average. This tailwind has extended to Indonesia's public companies, with revenue growth continuing its upward trend despite the ongoing oil crisis, while margins have remained relatively high ***(see Chart 1)***.
- A closer examination of sectoral-level data ***(see Table 1)*** reveals that the rapid revenue growth during Q2-26 was largely concentrated in export-oriented industries (CPO, metals, and energy). This increase could be attributed to the rapid depreciation of the Rupiah throughout Q2-26, coupled with some uplift in staple commodity prices.
- However, there remains questions if these robust revenue numbers would be sustainable beyond the quarter. We have seen notable slowdown of US and Chinese economies lately, and the upcoming 'Godzilla' El Niño could disrupt production of agricultural goods, putting considerable pressure on the CPO & agribusiness sector.
- There are also potential headwinds for non-export sectors, as we have seen a rapid divergence between Wholesale Prices inflation (5.66% in Jul-26) compared to CPI (2.88% in Jul-26), indicating a divergence between producer input and output prices. However, the lack of a decline in firms profit margins implies a deliberate cost saving measure by existing firms, which does increase operational efficiency but may risk reducing overall economic activity.
- Furthermore, despite revenue increases over the past few quarters, Capital Expenditure have shown the opposite trend ***(see Chart 2)***, reaching downsize territory for the first time ever since the pandemic. One possible reason for this decline is the existing war in Iran, as the extended blockade of the Strait of Hormuz have cut-off crucial inputs for some sectors and reduced firms' appetite for investment. But to reiterate, the lack of a fall in revenue growth and profit margin seems to imply minimal production disruption so far, pointing to a forward-looking 'chilling effect' across firms.

"Rising revenue combined with declining capex trend points to a cautious attitude amongst public firms"

- **This 'chilling effect' could be caused by the rapid downturn in Indonesian assets during the period.** Indeed, Q2-26 recorded rapid depreciation of the Rupiah (-4.8% QoQ) and the stock market (-19.9% QoQ), coinciding with a persistent decline in consumer confidence index. We can also see the increased domestic outflow from Indonesia's Financial Account (US$ 11.7 Bn) during the period, signalling that some people have taken their money abroad to hedge against domestic downturns.
- Fortunately, the despondent atmosphere in Q2-26 have subsided somewhat, as we have seen a rebound in Rupiah and equities since then. The Indonesian government have also rolled out some policies which were received positively by the market (such as limiting DSI's

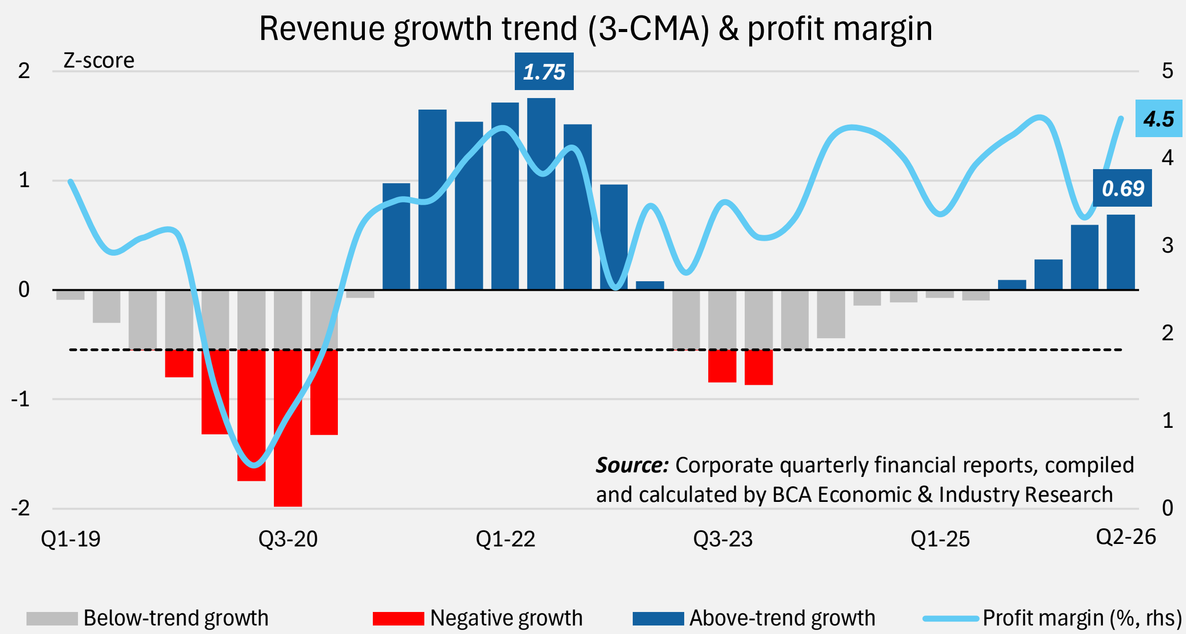
role to supervision, budget rationalization to some flagship programmes, and prudent deficit forecast), which could result in the optimism needed to restart expansion once again.

- These potential recovery in Indonesia's capex trend couldn't have come at a more opportune time though, considering the despondent capex trend have spilled over unto workforce growth as well. While public companies don't constitute the entirety of Indonesia's economy, their workforce is generally well-paid, providing a pivotal engine of growth, especially for consumer facing sectors. It also doesn't help that sectors with existing high capex growth tend to be capital-intensive, such as Information Technology and Metals & Mining.
- Interestingly, this low capex number coincides with continued leveraging of existing balance sheet ***(see Chart 3)***, contributing to the rapid increase in productive credit recently. **Why do companies continue to leverage their balance sheet even when simultaneously engaging in fewer capital expenditure?**
- One potential answer may lie in firms Current Assets. PMI readings throughout Q2-26 have described rising input costs as well as falling exports order for manufacturing firms. We can see this partially reflected in rising inventories growth during the period ***(see Chart 4)***. Rising inventory level incur ongoing storage cost for existing firms while simultaneously denying firms the revenue (and cash infusions) they normally would receive, thus inducing the need for working capital to smooth out cashflow. Indeed, we can see a corresponding rise in working capital loans growth around the period (8.94% YoY in Jun-26 vs 4.38% YoY in Mar-26).
- At the same time that inventories increased, we have also seen an increase in cash & marketable securities. While this may reflect new credit lines that have not yet been deployed, the earlier decline in capex and workforce levels complicates that explanation. A more convincing interpretation is that firms became more cautious amid turbulent global and domestic conditions, reducing their appetite for expansion and shifting toward safer assets instead.
- Unfortunately, either of these explanations generally preclude further expansion, making further growth in the private sector (and subsequently credit) predicated upon recovery of the private sector's animal spirits or further support from government programmes. However, it may be difficult to rely on government programmes moving forward, considering the lower growth of government spending planned for next year. With this in mind, the government would need to rely either on accommodative global condition and/or institutional reforms towards a more friendly business environment to fully realize its growth targets.

Chart 1

Keeping steady

Indonesia's corporate sector continued recording robust revenue growth & margins even amidst the ongoing US-IR war and lower PMI readings.

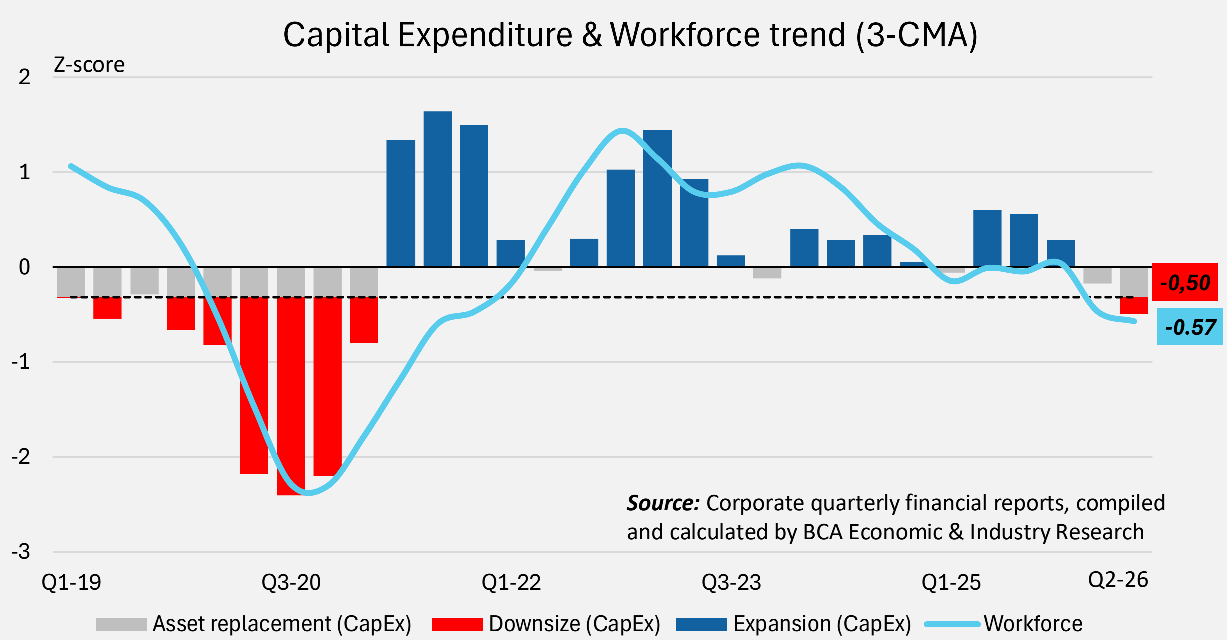


Source: Corporate quarterly financial reports, compiled and calculated by BCA Economic & Industry Research

Chart 2

Staying inside while the storm rages

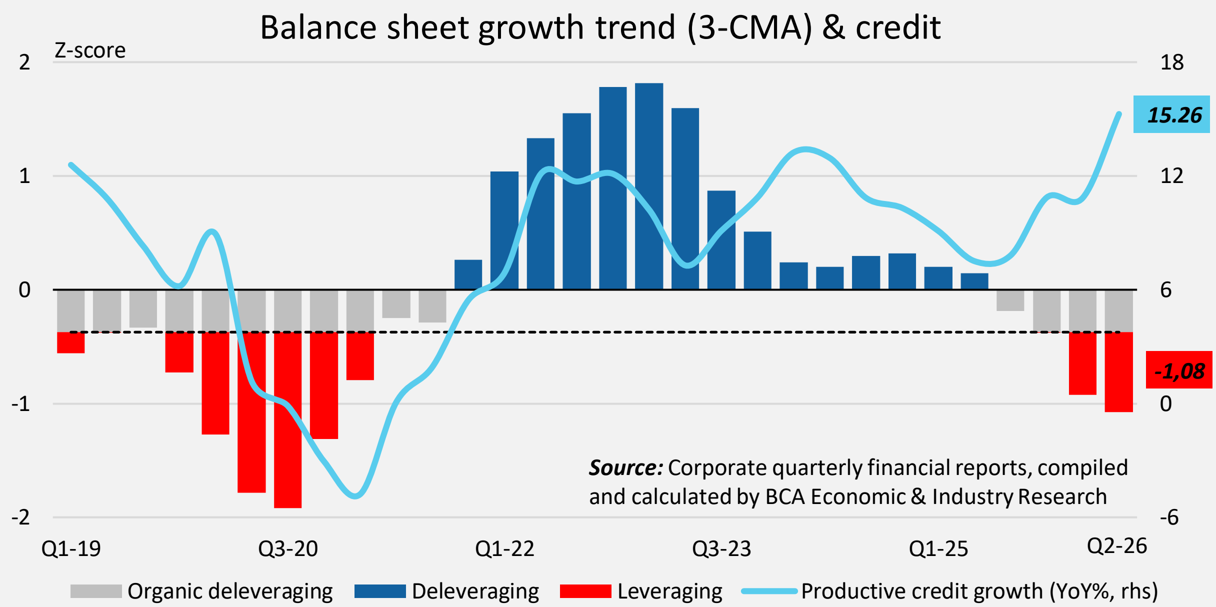
While revenue & profit margin has remained robust throughout Q2-26, private companies has adopted a wait-and-see approach to expansion, with downstream effects on employment.



Source: Corporate quarterly financial reports, compiled and calculated by BCA Economic & Industry Research

Chart 3

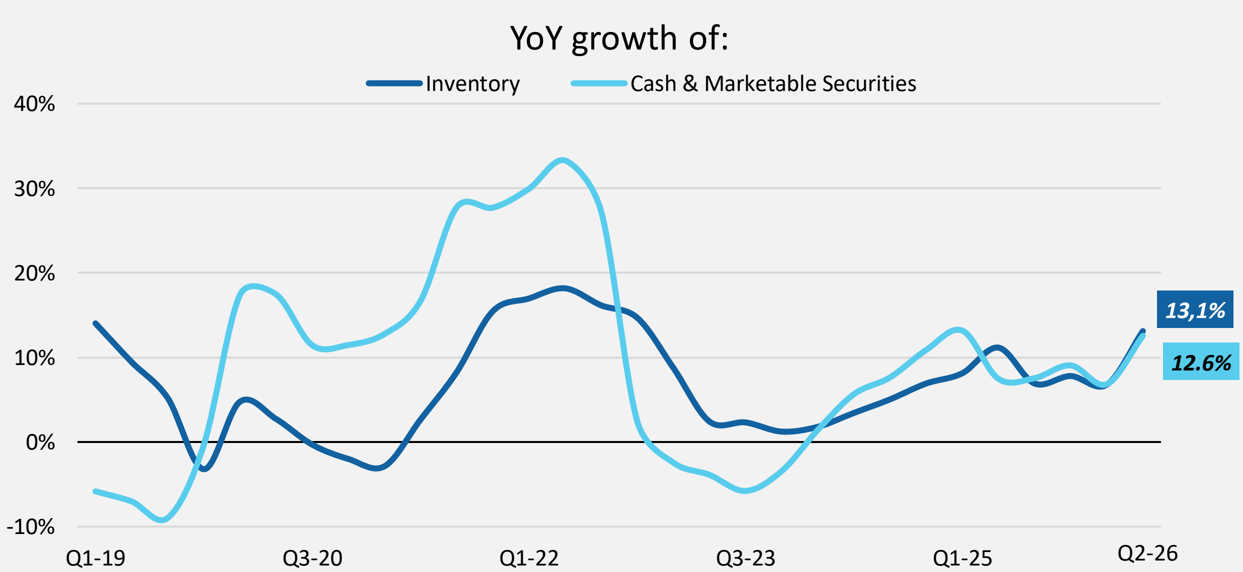
Locked & loaded
Even with low capex growth, companies have continued their leveraging trend, pushing up productive credit growth



Source: Corporate quarterly financial reports, compiled and calculated by BCA Economic & Industry Research

Chart 4

Waiting on the sidelines
The recent divergence between firms' higher leverage and capex may be explained by some disruptions in sales leading to inventory growth and risk-off attitude leading to cash hoarding



Source: Corporate quarterly financial reports, compiled and calculated by BCA Economic & Industry Research

Table 1

Sector*	Indicator	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26
Consumer Goods & Services	Revenue growth	1,5%	2,0%	2,9%	7,7%	5,4%	10,7%
	CAPEX growth	-8,9%	-18,5%	4,2%	6,6%	-1,6%	-0,6%
	Balance sheet (asset - liabilities growth)	1,9%	3,7%	3,6%	0,6%	1,6%	-2,8%
	Workforce growth	0,0%	-0,7%	-0,9%	-0,6%	-1,2%	1,0%
Energy & Commodities	Revenue growth	3,4%	-4,0%	-1,0%	2,4%	1,7%	21,6%
	CAPEX growth	45,5%	17,0%	25,3%	29,1%	-22,5%	-10,1%
	Balance sheet (asset - liabilities growth)	-2,1%	-4,2%	-5,4%	-3,3%	-3,5%	-5,7%
	Workforce growth	2,7%	1,9%	-4,6%	1,2%	0,8%	-4,4%
CPO & Agribusiness	Revenue growth	21,1%	6,6%	18,4%	15,6%	10,0%	21,7%
	CAPEX growth	-0,7%	37,7%	56,7%	25,2%	26,2%	-12,2%
	Balance sheet (asset - liabilities growth)	8,7%	7,5%	7,5%	2,7%	4,8%	-0,2%
	Workforce growth	-3,5%	-0,4%	1,2%	-2,2%	4,2%	0,8%
Metals & Mining	Revenue growth	36,3%	23,9%	-3,9%	35,8%	51,3%	26,3%
	CAPEX growth	38,5%	63,4%	61,6%	-4,4%	-42,6%	63,1%
	Balance sheet (asset - liabilities growth)	0,1%	-2,9%	-0,7%	-8,3%	-7,1%	-0,9%
	Workforce growth	-0,4%	3,6%	6,8%	7,4%	7,1%	1,6%
Industrial & Materials	Revenue growth	0,7%	17,0%	16,0%	14,9%	23,5%	23,1%
	CAPEX growth	-12,5%	-24,1%	60,1%	2,6%	11,4%	1,9%
	Balance sheet (asset - liabilities growth)	2,8%	1,6%	0,7%	0,3%	-0,8%	-7,2%
	Workforce growth	10,3%	-1,9%	12,6%	0,0%	-0,1%	-13,9%
Technology, Healthcare, & Utilities	Revenue growth	2,2%	5,7%	9,8%	10,3%	8,0%	17,2%
	CAPEX growth	45,6%	-4,5%	32,1%	31,1%	26,0%	113,9%
	Balance sheet (asset - liabilities growth)	-1,6%	-1,3%	1,4%	0,6%	2,9%	-4,5%
	Workforce growth	4,8%	4,8%	5,0%	4,7%	4,4%	0,7%
Property & Others	Revenue growth	-10,4%	-10,5%	7,8%	10,8%	11,4%	-3,9%
	CAPEX growth	-0,9%	-21,0%	-43,7%	-41,5%	-49,1%	-3,0%
	Balance sheet (asset - liabilities growth)	11,2%	2,7%	9,9%	5,6%	3,6%	2,4%
	Workforce growth	-30,4%	2,2%	1,8%	-3,5%	0,5%	1,1%

Source: Corporate quarterly financial reports, compiled and calculated by BCA Economic Research.
*) Colour format indicate how one sector compares against another for each indicator.

Economic Calendar

		Actual	Previous	Forecast*
01 September 2026				
ID	S&P Global Manufacturing PMI	49.8	50.2	50.5
ID	**Trade balance (Aug-26), USD Bn**	**0.13**	**-0.45**	**-0.3**
ID	**Inflation Rate YoY, %**	**3.19**	**2.88**	**3.2**
US	S&P Global Manufacturing PMI		53.9	53.2
03 September 2026				
US	Trade balance (Jul-26), USD Bn		-73.3	-91.2
04 September 2026				
EA	Retail Sales YoY, %		0.7	0.9
US	Non Farm Payrolls, th		-23	42.0
07 September 2026				
ID	**Foreign Exchange Reserves, USD Bn**		**145.3**	**-**
08 September 2026				
CN	Trade balance, USD Bn		112.5	120.0
09 September 2026				
CN	Inflation Rate YoY, %		0.5	-
ID	Consumer Confidence		116.8	117
10 September 2026				
ID	Retail Sales YoY, %		-3	-
ID	Motorbike Sales YoY, %		8.3	-
11 September 2026				
US	Inflation Rate YoY, %		3.4	-
ID	Car Sales YoY, %		33.3	-
15 September 2026				
CN	Retail Sales YoY, %		0.6	-
16 September 2026				
US	Retail Sales YoY, %		5	-
17 September 2026				
US	**Fed Interest Rate Decision, %**		**3.75**	**4**
23 September 2026				
ID	**BI-Rate Decision, %**		**5.75**	**5.75**
ID	Loan Growth YoY, %		13.58	-
24 September 2026				
ID	M2 Money Supply YoY, %		8.3	-
30 September 2026				
US	PCE Price Index YoY, %		3.7	-

*Forecasts of some indicators are simply based on market consensus
Bold indicates indicators covered by the BCA Monthly Economic Briefing report

Selected Macroeconomic Indicator

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)
US	3.75	Dec-25	0.35
UK	3.75	Dec-25	0.85
EU	2.40	Jun-26	-0.90
Japan	1.00	Jun-26	-0.90
China (lending)	2.00	Sep-24	3.85
Korea	3.00	Jul-26	0.20
India	5.25	Dec-25	0.80
Indonesia	5.75	Jun-26	2.56

Money Mkt Rates	31-Aug	-1 mth	Chg (bps)
SPN (1Y)	6.75	7.45	-69.8
SUN (10Y)	6.99	7.31	-31.8
INDONIA (O/N, Rp)	6.07	6.23	-16.6
JIBOR 1M (Rp)	5.03	5.03	0.0

Bank Rates (Rp)	Jun	May	Chg (bps)
Lending (WC)	8.07	7.95	12.00
Deposit 1M	4.96	4.52	44.00
Savings	0.68	0.68	0.00

Currency/USD	31-Aug	-1 mth	Chg (%)
UK Pound	0.738	0.742	0.49
Euro	0.861	0.868	0.79
Japanese Yen	159.7	157.4	-1.46
Chinese RMB	6.720	6.753	0.50
Indonesia Rupiah	17,720	18,000	1.58

Capital Mkt	31-Aug	-1 mth	Chg (%)
JCI	6,525.5	6,236.1	4.64
DJIA	53,185.9	52,485.0	1.34
FTSE	10,824.3	10,868.1	-0.40
Nikkei 225	66,311.9	64,362.0	3.03
Hang Seng	25,567.0	25,884.4	-1.23

Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)
Stock	2,949.5	2,805.0	144.49
Govt. Bond	907.3	892.4	14.86
Corp. Bond	4.8	5.6	-0.74

Trade & Commodities	31-Aug	-1 mth	Chg (%)
Baltic Dry Index	3,186.0	2,732.0	16.6
S&P GSCI Index	716.7	686.1	4.5
Oil (Brent, $/brl)	90.5	90.1	0.4
Coal ($/MT)	144.0	137.2	5.0
Gas ($/MMBtu)	2.90	2.59	11.9
Gold ($/oz.)	4,437.4	4,046.2	9.7
Copper ($/MT)	14,445.6	13,835.7	4.4
Nickel ($/MT)	16,700.7	17,064.4	-2.1
CPO ($/MT)	1,143.3	1,099.8	4.0
Rubber ($/kg)	2.39	2.18	9.6

External Sector	Jul	Jun	Chg (%)
Export ($ bn)	26.22	25.46	2.98
Import ($ bn)	26.09	25.91	0.72
Trade bal. ($ bn)	0.12	-0.45	-127.06
Central bank reserves ($ bn)*	145.3	145.6	-0.17

Prompt Indicators	Jul	Jun	May
Consumer confidence index (CCI)	116.8	117.8	120.9
Car sales (%YoY)	33.3	33.0	14.0
Motorcycle sales (%YoY)	8.3	1.1	-5.1

Manufacturing PMI	Aug	Jul	Chg (bps)
USA	53.2	53.9	-70
Eurozone	52.7	51.9	80
Japan	54.9	54.5	40
China	51.5	50.9	60
Korea	52.3	53.1	-80
Indonesia	49.8	50.2	-40

Source: Bloomberg, BI, BPS

Notes:

*Data from an earlier period

For changes in currency: **Black indicates appreciation against USD, **Red** otherwise

***For PMI, **>50** indicates economic expansion, **<50** otherwise

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	5.3
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	9.1
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5126
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.2
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.00
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	7.31
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,621
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,238
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2

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

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