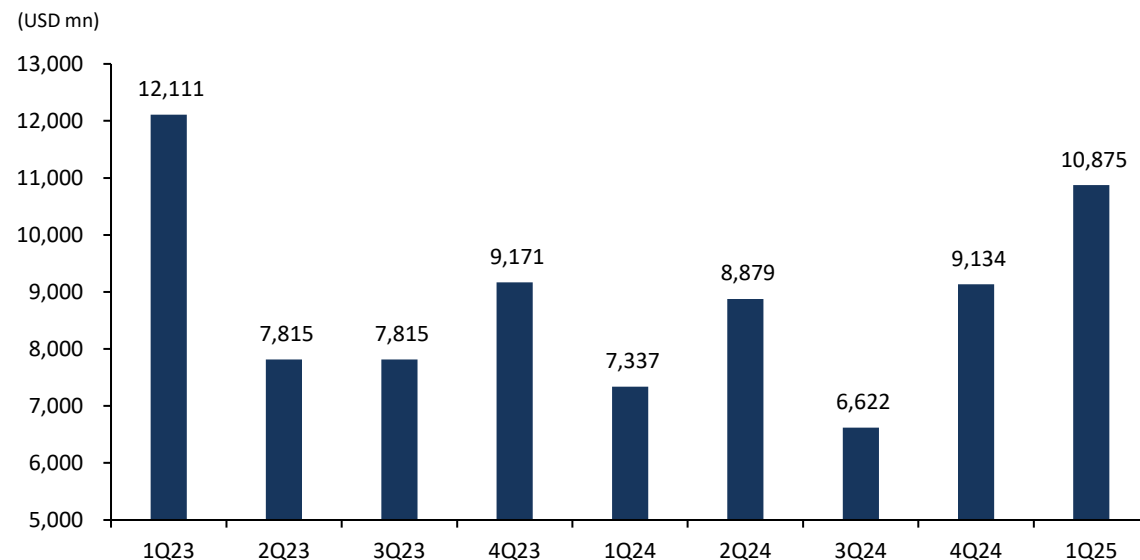


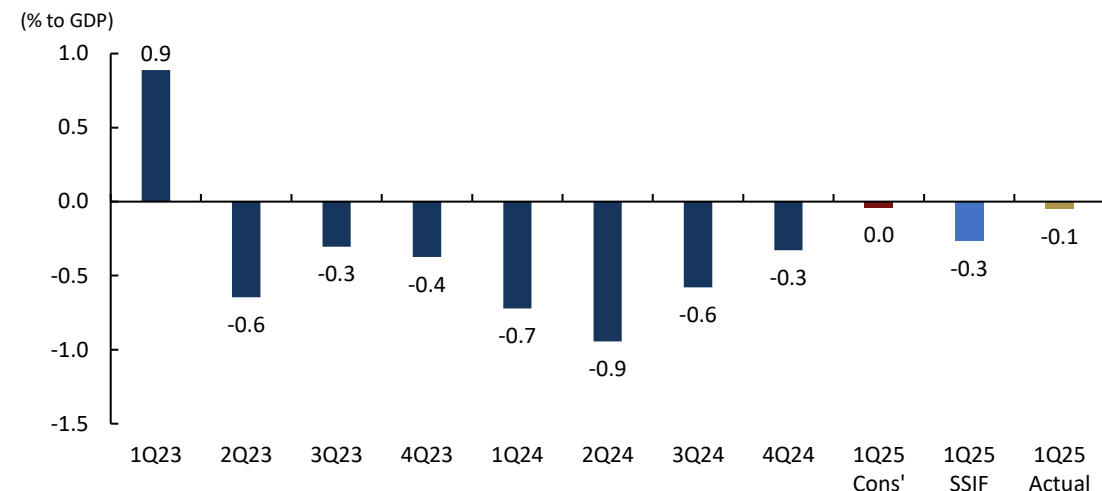
Current Account Balance 1Q25: 22 May 2025

- Indonesia booked its 8th consecutive current account deficit of USD 0.17 bn in 1Q25 (equivalent to 0.1% of GDP), but improving from 4Q24 level of 0.3% and was better than Samuel Sekuritas Indonesia's forecast of USD 0.91 bn or -0.27% of GDP. The improvement was driven by a robust merchandise trade surplus, which increased to USD 13.06 bn from USD 9.29 bn a year earlier, and stronger secondary income surplus of USD 1.57 bn (vs. USD 1.30 bn in 1Q24). These gains helped offset a widening services account deficit at USD 5.44 bn and a slightly higher primary income deficit of USD 9.37 bn, reflecting higher repatriation of investment income.
- The better-than-expected performance signals improved external financing conditions and a strengthening of Indonesia's external sector, especially as the current account remains well within BI's target range of 0.1%–0.9% of GDP. The improvement also aligns with stronger IDR, moderated global commodity volatility, and more balanced domestic demand following Ramadan. Market participants may view this as a sign of macroeconomic resilience supporting the central bank's recent easing stance while minimizing near-term pressure on the balance of payments.
- Looking ahead, Indonesia's current account is expected to remain manageable throughout 2025, underpinned by resilient commodity exports, a gradual recovery in tourism, and stable remittance flows. However, SSI maintains that downside risks still persist. In a more adverse scenario where global tariff tensions escalate and prolong, the current account deficit could widen up to 1.5% of GDP—well above BI's comfort zone. This would undermine external stability and potentially exert renewed pressure on the IDR and local inflation through the cost-push channel.
- Nonetheless, the narrowing of the current account in 1Q reinforces Indonesia's broader macroeconomic narrative ahead of fiscal and structural reforms targeted in 2H25. As the government pushes forward with deregulation and competitiveness agendas, and BI maintains accommodative monetary policy, the improved external balance provides a crucial buffer. Sustaining this trend would not only strengthen investor confidence but also reduce reliance on volatile capital inflows in an increasingly uncertain global landscape.

Quarterly Trade Balance, 1Q23 – 1Q25



Current Account Balance, 1Q23 – 1Q25



Various Average Commodity Prices, 1Q24 vs 1Q25

