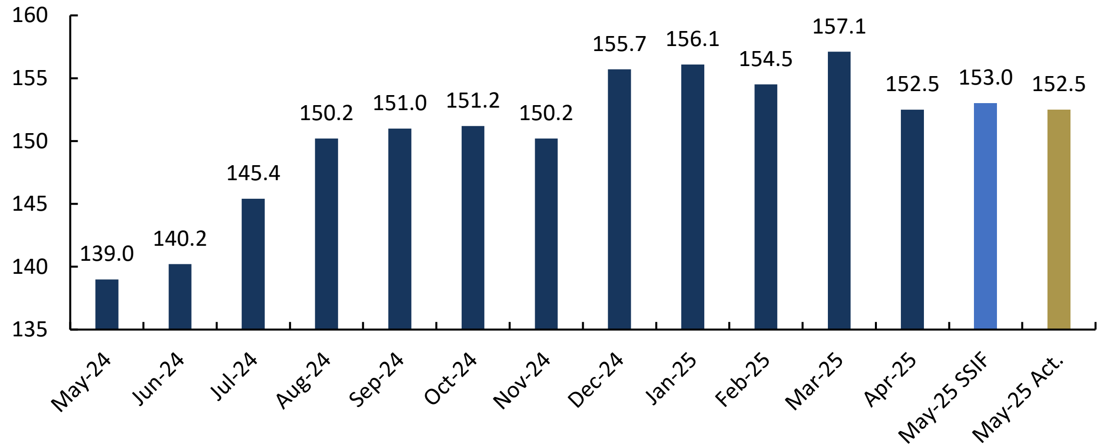
Indonesia Foreign Exchange Reserves: 10 June 2025

- Indonesia's FX Reserves held steady at USD 152.5 bn in May-25, unchanged from April, reflecting the country's external sector resilience amidst global financial market volatility. The data was in line with SSI's projection of USD 153 bn, reinforcing expectations of stability in the country's external buffers.
- The reserve position was bolstered by steady tax receipts, robust service earnings, and continued foreign exchange inflows from oil and gas exports, which collectively helped offset the drag from government external debt repayments and Bank Indonesia's FX interventions aimed at tempering IDR volatility. These interventions were deemed necessary given continued uncertainties surrounding the U.S. Federal Reserve's policy trajectory, geopolitical risks, and capital flow fluctuations, which have at times pressured emerging market currencies, including our IDR.
- From a sustainability standpoint, the current reserve level is reassuring—it covers 6.4 months of imports or 6.2 months of imports and government external debt servicing, exceeding the international adequacy threshold of three months. This provides Indonesia with ample policy space to withstand external shocks, maintain IDR stability, and support domestic macroeconomic priorities.
- We see that reserves will remain sufficient in the near term, driven by a combination of resilient export performance, expectations of capital and financial account surpluses, and continued foreign investors' confidence, particularly as the fundamentals of Indonesia remain intact. The recent uptick in capital inflows into government securities and equities—despite global risk-off sentiment—suggests that Indonesia continues to be perceived as a relatively attractive destination, buoyed by relatively solid fiscal framework, low inflation, and supportive monetary stance.
- Looking ahead, the balance of risks to reserves remains manageable, as recurrent outflows and remittances are offset by inflows from portfolio investment and export revenues. Furthermore, the government's push for downstreaming and FDI inflows, particularly in the EV battery and green energy sectors, is likely to reinforce reserve accumulation in the medium term. In sum, Indonesia's foreign reserve buffer remains a critical anchor of macro-financial stability, helping shield the economy from global headwinds while underpinning the central bank's credibility in managing the currency and inflation expectations.

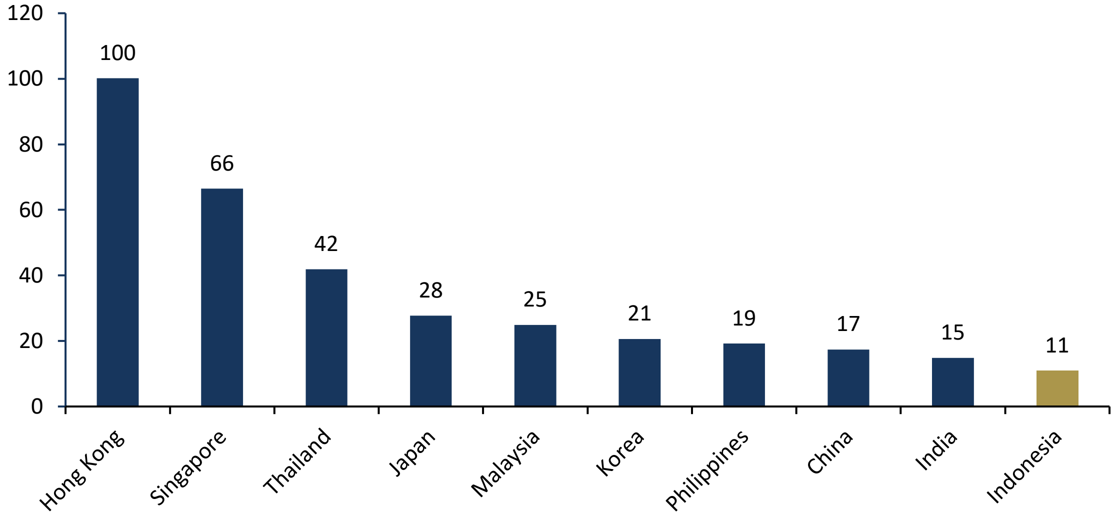
Indonesia Foreign Reserves, May 2024-25

(USD bn)



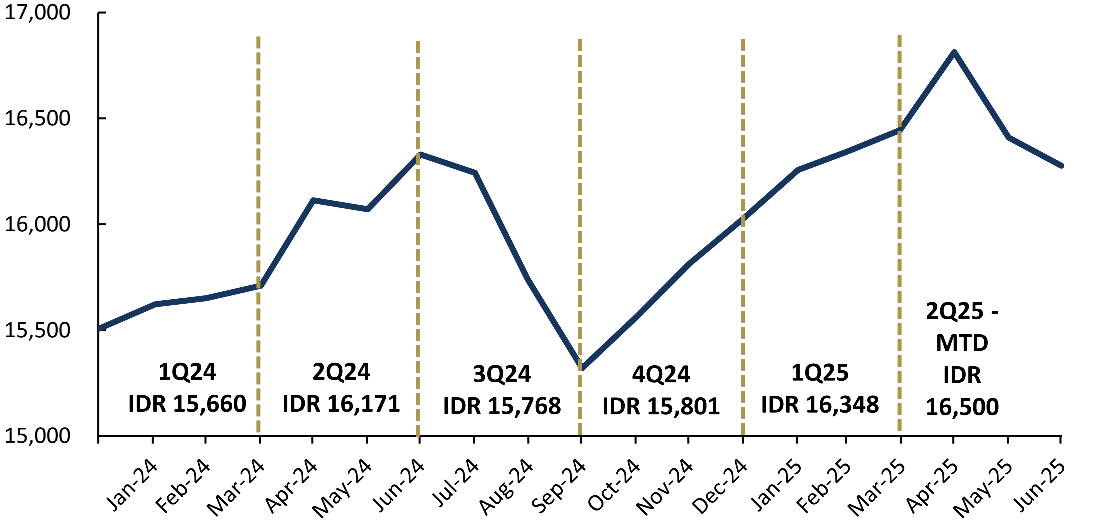
Regional FX Reserves to GDP, YTD

(%)



Quarterly USD/IDR Rate, 1Q24 – 2Q25 MTD

(IDR)



Sources: Bloomberg, SSI Research

Macro Strategy Team