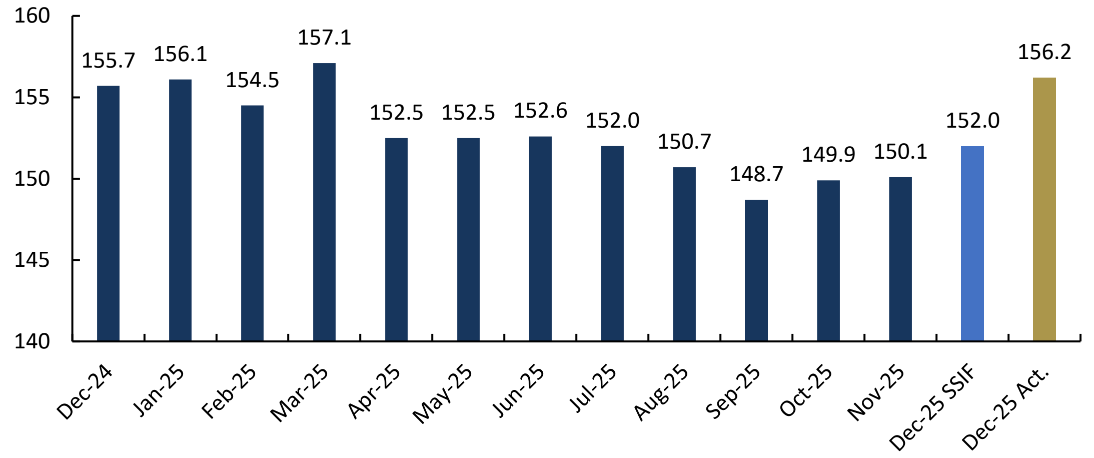
Indonesia Foreign Exchange Reserves: 8 January 2026

- On the back of increased government's global sukuk issuance and foreign loan withdrawals, Indonesia's FX reserves rose sharply to USD 156.5 bn in Dec-25, up from USD 150.1 bn in Nov-25, marking the highest level since March and exceeding SSI's forecast of USD 152 bn. This requires effective fiscal financing management amid weakening IDR coupled with still-volatile global financial conditions.
- The current reserve position remains at 6.4 months of import cover, or 6.3 months including government external debt repayments, more than double the commonly cited international adequacy benchmark of around three months of imports. This cushion is necessary to help strengthen BI's capacity to manage IDR volatility amid external shocks, where global interest rate cycles remain uneven and geopolitical risks persist.
- On the more positive note, the reserve accumulation is favorable for domestic liquidity and bond market dynamics. Strong FX buffers assist in anchoring sovereign risk perceptions, supporting stable government bond yields, and reducing vulnerability to sudden capital flow reversals. This environment is conducive to allowing the authorities to manage fiscal financing needs more smoothly without exerting undue pressure on the exchange rate or domestic liquidity conditions.
- Looking ahead, Indonesia's external resilience is expected to remain solid, helped by relatively still positive exports outlook, such as from down-streamed commodities, although this could remain challenging given expected slowdown in China's 2026 GDP growth of 4.2% based on IMF estimate (2025F: 4.8%). Additionally, this December reserve data is much needed to maintain our local currency strength as we enter 2026, particularly given 2025 IDR depreciation against the USD of 3.5%, one of the worst in the region.

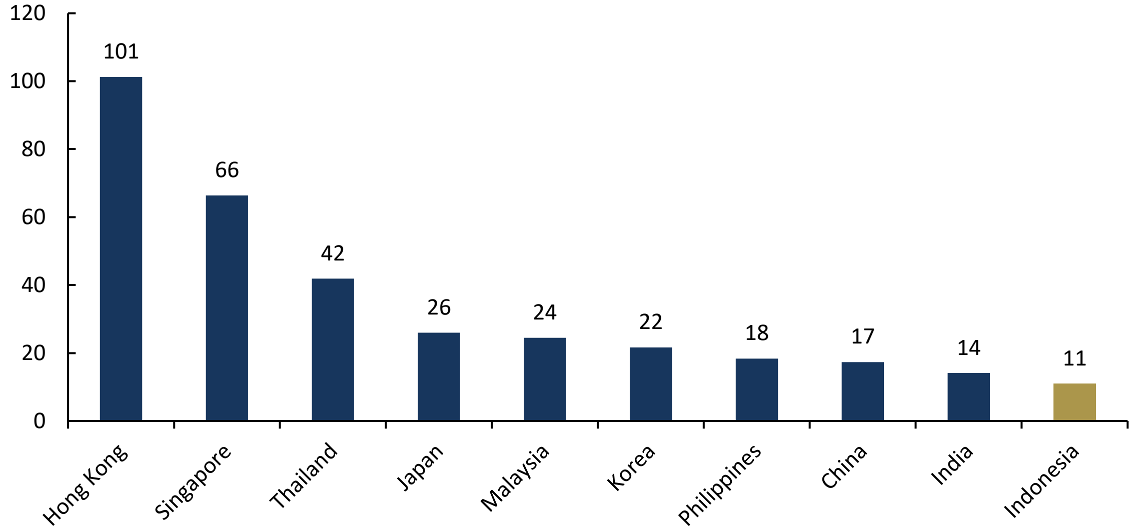
Indonesia Foreign Reserves, December 2024-25

(USD bn)



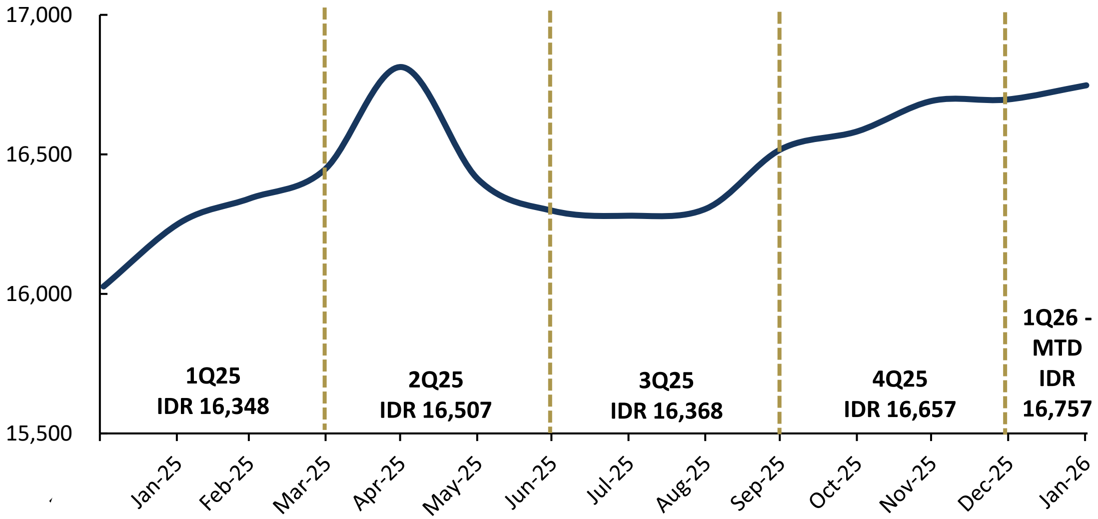
Regional FX Reserves to GDP, YTD

(%)



Quarterly USD/IDR Rate, 1Q25 – 1Q26 MTD

(IDR)



Sources: Bloomberg, SSI Research

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