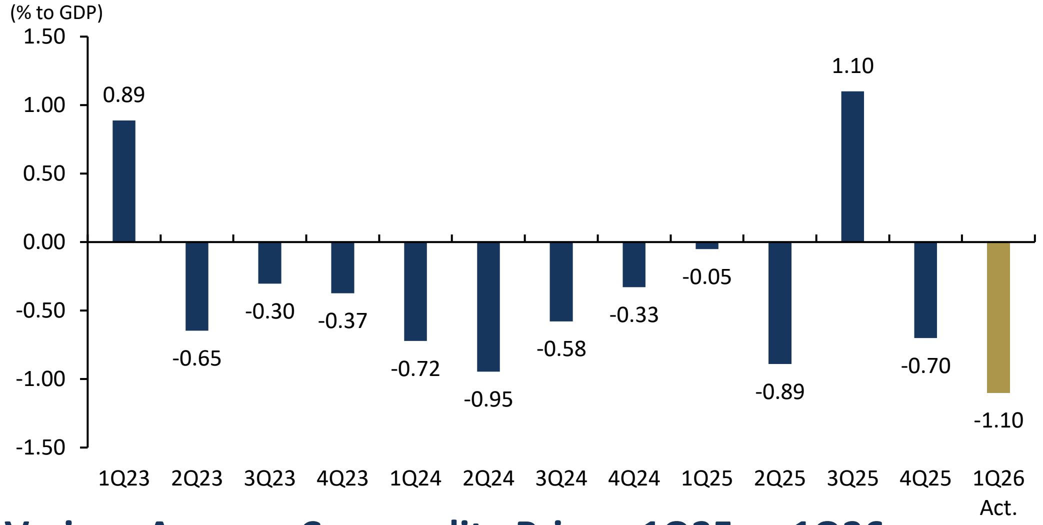
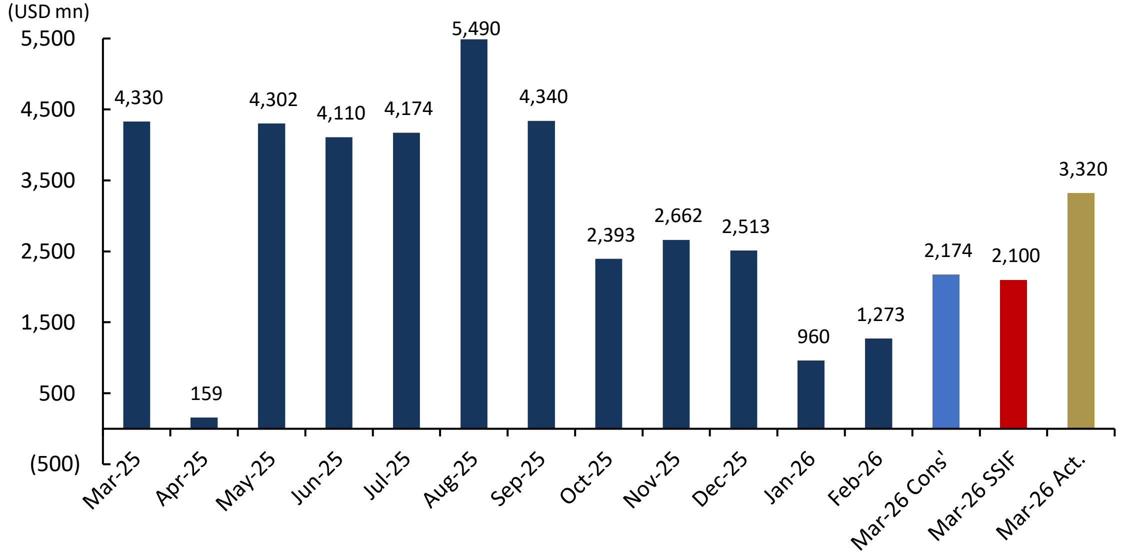
Current Account Balance 1Q26: 22 May 2026

- Indonesia's 1Q26 current account deficit (CAD) widened significantly to USD4.01 bn, or 1.1% of GDP, from only USD0.15 bn in 1Q25, wider than SSI's forecast of USD3.18 bn deficit, reflecting sharper deterioration in Indonesia's external balance, and marking the largest quarterly CAD since 4Q19. This widening deficit was primarily driven by the sharp narrowing in Indonesia's trade surplus, which declined to USD7.98 bn from USD13.07 bn in 1Q25.
- Several factors contributed to this development. First, moderating global economic activity has softened demand for Indonesia's key export commodities and manufactured goods. Second, escalating geopolitical tensions in Mid-East have continued to raise global transportation costs and delay export shipments. At the same time, stronger domestic consumption—particularly following the acceleration in government spending and relatively solid household consumption growth during Ramadan and Eid period—also supported import demand.
- On a more positive note, the primary income deficit narrowed slightly to USD9.15 bn, suggesting somewhat lower pressure from profit repatriation and investment income outflows. Meanwhile, the services deficit improved to USD4.58 bn from USD5.48 bn, potentially on stronger tourism-related inflows. The secondary income balance was also supportive, with surplus increasing modestly to USD1.75 bn, underpinned by continued workers' remittances.
- From a macroeconomic perspective, the CAD at 1.1% of GDP still remains relatively manageable and within BI's projected range of 0.5%–1.3% of 2026 GDP. Historically, Indonesia's external vulnerability tends to intensify when the CAD approaches levels above 2.5%-3.0% of GDP. As such, the current reading does mean that external buffers are becoming relatively thinner compared to last year's exceptionally low CAD of only 0.1% of GDP.
- The outlook for Indonesia's external balance will hinge on geopolitical tensions, global uncertainty, and weaker external demand to limit export performance. This condition may also reinforce BI's recent "pro-stability" policy stance, particularly in maintaining IDR stability amid external pressures and capital flow volatility.

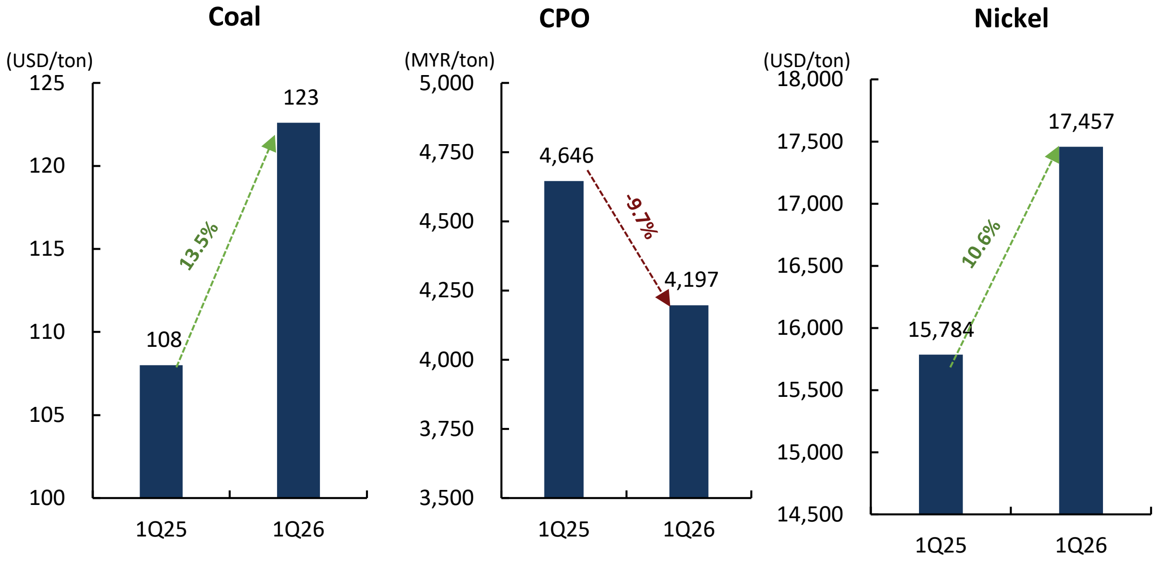
Current Account Balance, 1Q23 – 1Q26



Indonesia Trade Balance



Various Average Commodity Prices, 1Q25 vs 1Q26



Sources: Bank Indonesia, Bloomberg, SSI Research