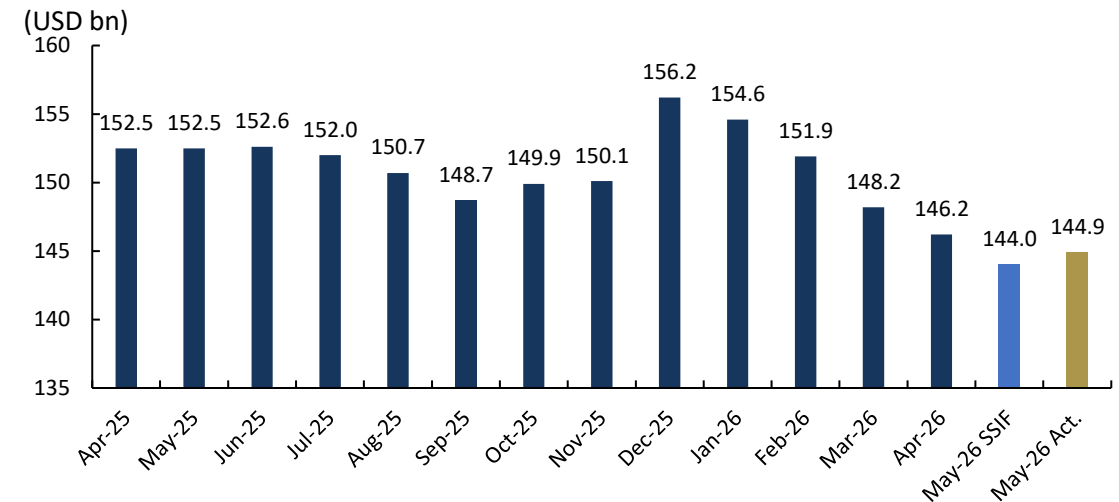


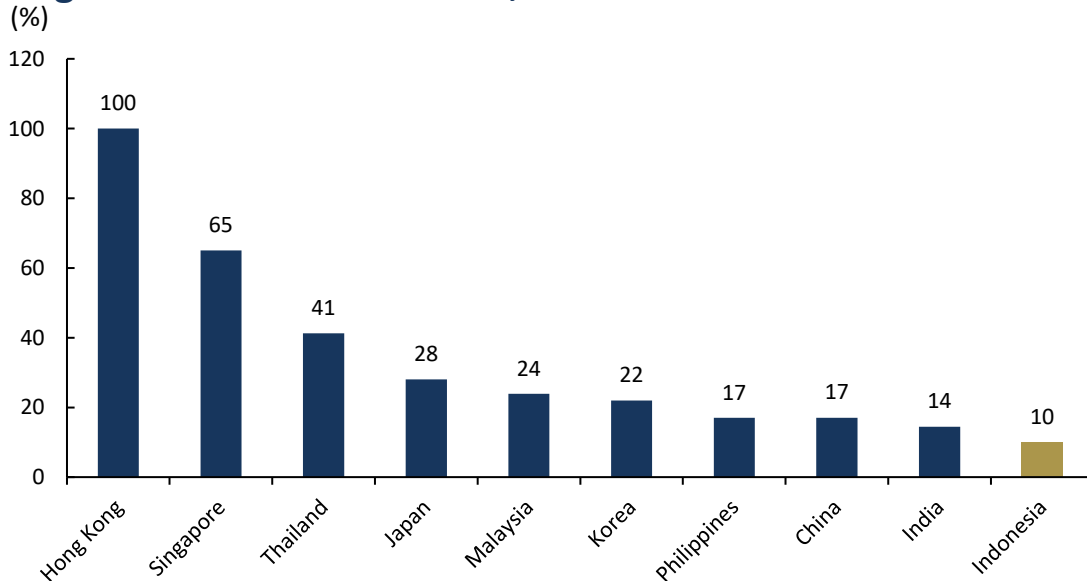
Indonesia Foreign Exchange Reserves: 8 June 2026

- Despite additional USD3.25bn debt issuance, Indonesia's foreign exchange (FX) reserves still declined to USD144.9bn in May-26 from USD146.2bn in Apr-26 (SSI: USD144.0bn), marking the lowest reserve position since Jun-24 and reflecting BI's intervention in the market to stabilize the IDR on stronger USD, particularly amid seasonal dividend repatriation.
- Indonesia's reserve position at 5.6 months of imports dropped from 5.8 months in Apr-26, although remaining above international adequacy threshold of three months. From a broader macroeconomic perspective, the reserve decline reflects increasing cost of maintaining currency stability amid challenging internal and external environments. Indonesia's external accounts have softened in recent months, with 1Q26 current account returning to 1.1% deficit to GDP and the trade surplus narrowing sharply. At the same time, portfolio flows have become more volatile as global investors reassess emerging market exposure in response to elevated US interest rates and geopolitical risks. These factors have increased the burden on FX reserves as a first line of defense against market volatility.
- Indeed, Bank Indonesia has actively utilized reserves as part of its stabilization toolkit to smooth excessive IDR volatility, while simultaneously tightening monetary policy through a 50 bps rate hike in May to reinforce external stability.
- Looking ahead, we expect Indonesia's FX reserves to remain under pressure in the near term with risks remaining tilted to the downside on the back of domestic issues such as Indonesia's widening CAD. Additionally, BI must also deal with intervention pressures stemming from the following external issues: continued geopolitical tensions, prolonged USD strength, and uncertainties surrounding global trade policies.
- Overall, the drop in reserves warrants monitoring given persistent capital outflows as seen by the IDR68tn (USD3.74bn) in ytd net foreign outflows in JCI's regular market trades (today's morning trade: net foreign outflow reached IDR325bn or USD17.8mn). With 7.3% ytd IDR depreciation, the worst in the region, we expect reserves stabilization to remain challenging, at the same time requiring further BI rate hikes ahead (next BI Board of Governors' Meeting: 17-18 Jun-26).

Indonesia Foreign Reserves, May-26



Regional FX Reserves to GDP, YTD



Quarterly USD/IDR Rate, 1Q25 – 2Q26 MTD

