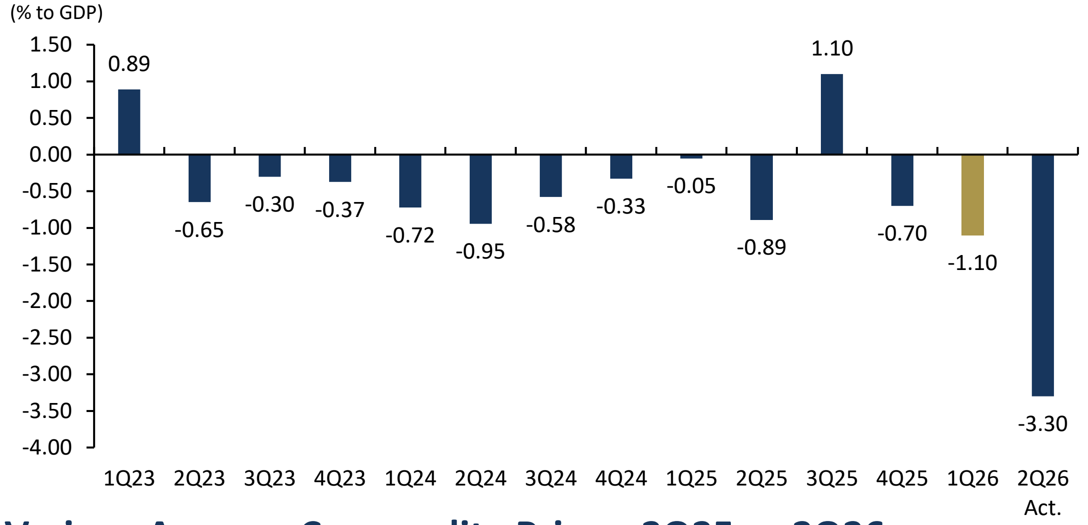
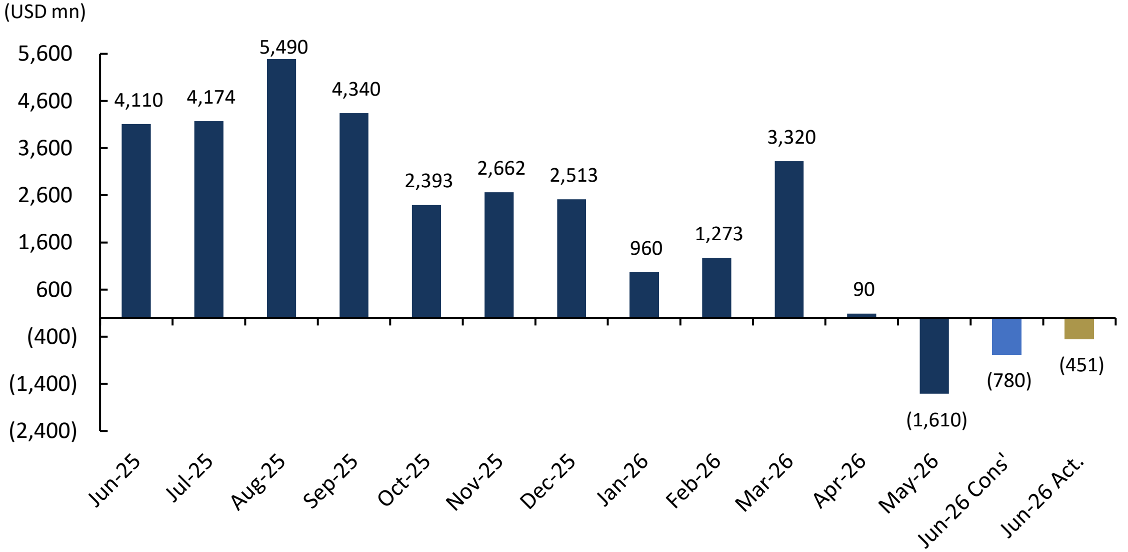
Current Account Balance 2Q26: 21 August 2026

- Hitting an all-time high record, Indonesia's current account deficit (CAD) widened significantly to USD12.49 bn in 2Q26, equivalent to 3.3% of quarterly GDP, from USD2.89 bn a year earlier. The result was materially weaker than SSI's USD7.0 bn forecast, implying USD5.49 bn downside miss. While the 3.3% figure reflects the deficit relative to quarterly GDP and not necessarily apple-to-apple with Bank Indonesia's full-year CAD projection of 0.5–1.3% of GDP, the magnitude still highlights a clear deterioration in Indonesia's external balance and could breach BI's upper band target of 1.3% by year end.
- The weakening was mainly driven by a large decline in goods surplus to USD1.32 bn from USD10.52 bn in Q2 2025, reflecting resilient domestic demand alongside higher energy import costs amid elevated geopolitical risks in Mid-East. This was consistent with Q2 national accounts, where real exports of goods and services grew 4.13% YoY while imports rose much faster at 8.82% YoY. While part of the import acceleration reflects healthy domestic activity and investment, imports growing more than twice as fast as exports suggests that the external balance is becoming less supportive.
- Pressure was also visible outside the goods account. The services deficit widened to USD5.98 bn from USD5.30 bn, while the primary income deficit remained elevated at USD9.67 bn. Together with the USD4.01 bn deficit in Q1, the cumulative H1 2026 CAD reached around USD16.5 bn. Foreign portfolio inflows of USD8.5 bn in Q2 provided an important buffer, although greater reliance on portfolio flows also increases sensitivity to shifts in global risk appetite.
- From a market perspective, we see the data as moderately negative for the IDR and mildly bearish for the longer end of the government bond curve. The wider CAD increases Indonesia's external financing requirement and reduces the room for aggressive monetary easing, reinforcing the case for BI to maintain its pro-stability stance in the near term.
- Looking ahead, we expect the CAD to remain under pressure as oil prices potentially continue to be elevated, import growth to remain solid and export receipts to be under pressure on the back of slowing global economic growth. That said, following cumulative H1 deficit of USD16.5 bn, not breaking BI's full-year upper range CAD projection of 1.3% of GDP will be a tall order, keeping us cautious on the IDR and Indonesia's external outlook.

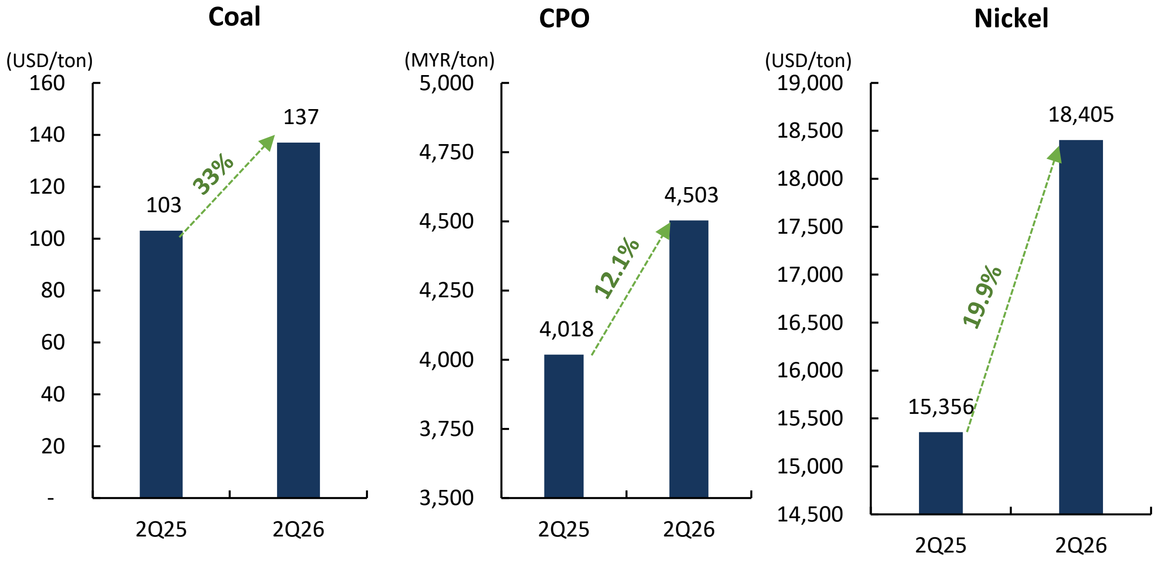
Current Account Balance, 1Q23 – 2Q26



Indonesia Trade Balance



Various Average Commodity Prices, 2Q25 vs 2Q26



Sources: Bank Indonesia, Bloomberg, SSI Research

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