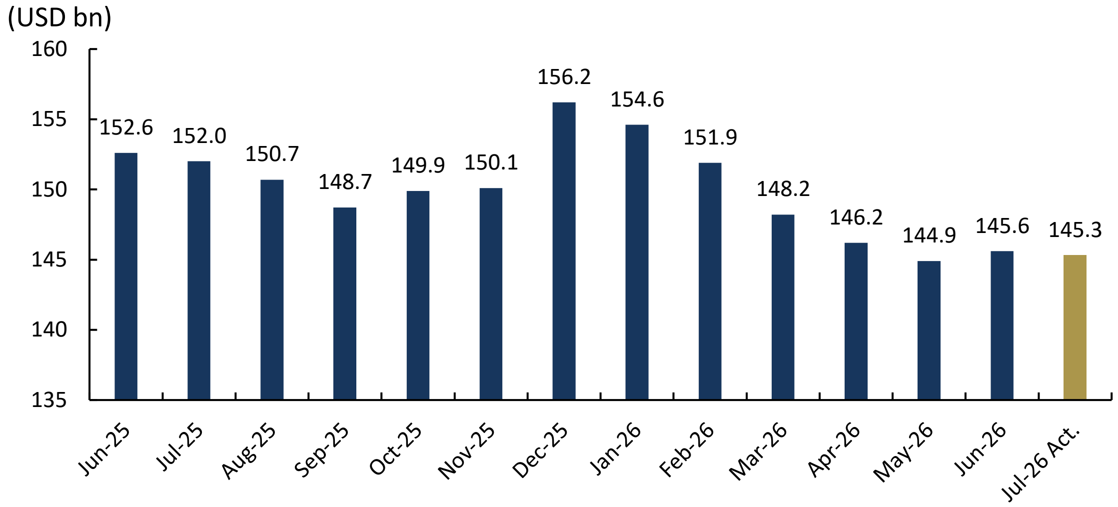
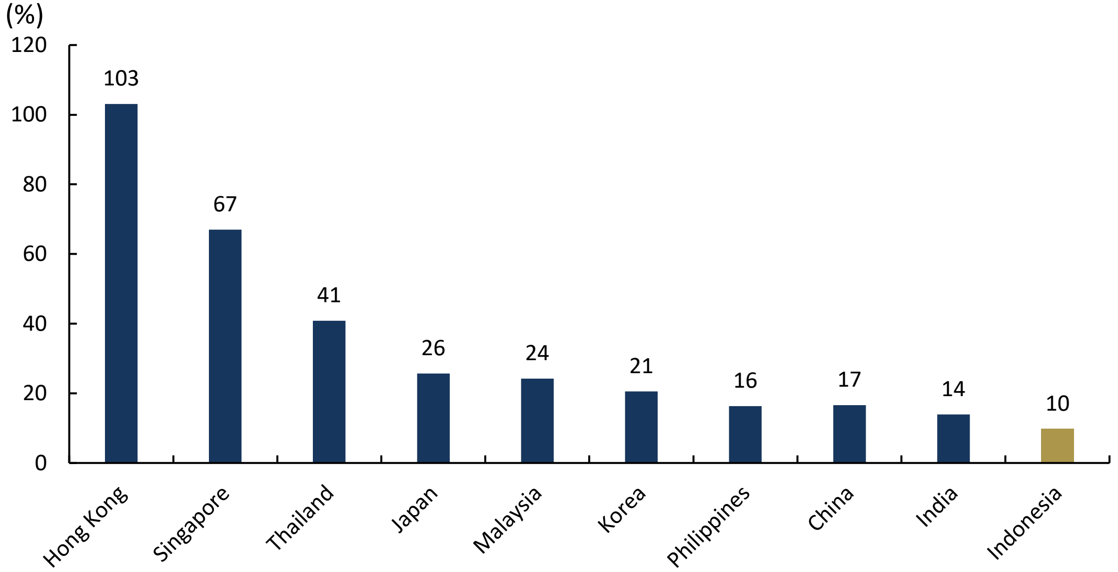
Indonesia Foreign Exchange Reserves: 7 August 2026

- Indonesia's FX reserves edged down to USD145.3bn in July 2026 from USD145.6bn in June, mainly reflecting government external debt repayments and BI's ongoing intervention to stabilize the IDR amid elevated global and local tensions. While the USD0.3bn decline was relatively modest, continued intervention suggests that external and internal pressures on the currency remain present. Nevertheless, helped by additional overseas borrowings, reserve adequacy remains sufficient, covering around 5.5 months of imports or 5.3 months of imports and government external debt repayments, still above the conventional three-month international benchmark.
- Although reserves have stabilized around the USD145bn level in recent months, they remain materially below the USD156.5bn recorded at end-2025. This indicates that the external buffer has weakened compared with the beginning of the year and leaves BI with somewhat less room to absorb prolonged capital outflows or additional currency pressure. The current reserve level remains adequate, but a sustained recovery would be needed to provide greater confidence that external pressures have meaningfully subsided.
- Currency risks remain high, particularly given the IDR's position near the weaker end of its 52-week range at around IDR 17.9k per USD, versus IDR 16,085–18,197, implying some 10% YoY depreciation. Brent crude has also risen above USD 83/bbl, up more than 12% in 1M, amid continued geopolitical uncertainty surrounding Hormuz. As Indonesia remains a net oil importer, persistently high crude prices could widen the petroleum trade deficit, increase imported inflation pressures, and place further pressure on the IDR, potentially requiring BI' s more intensive intervention.
- Against this backdrop, our base case, with 55% probability, sees FX reserves remaining at USD142–147bn range through end-26. We expect Mid-East geopolitical tensions to remain volatile with Brent to trade within USD78–88/bbl range. Under this scenario, BI may need to maintain an active presence in the FX market, limiting the scope for a meaningful reserve rebuild. We expect the IDR to remain under pressure in the near term before recovering only gradually towards IDR17,500–17,800/USD in Q4 2026, assuming weak USD, easing geopolitical risks and supportive portfolio inflows into government securities. Thus, we maintain a cautiously constructive view on IDR-denominated assets in the next 6-12 months, while recognizing that near-term volatility is likely to remain elevated and that the balance of risks is still tilted to the downside.

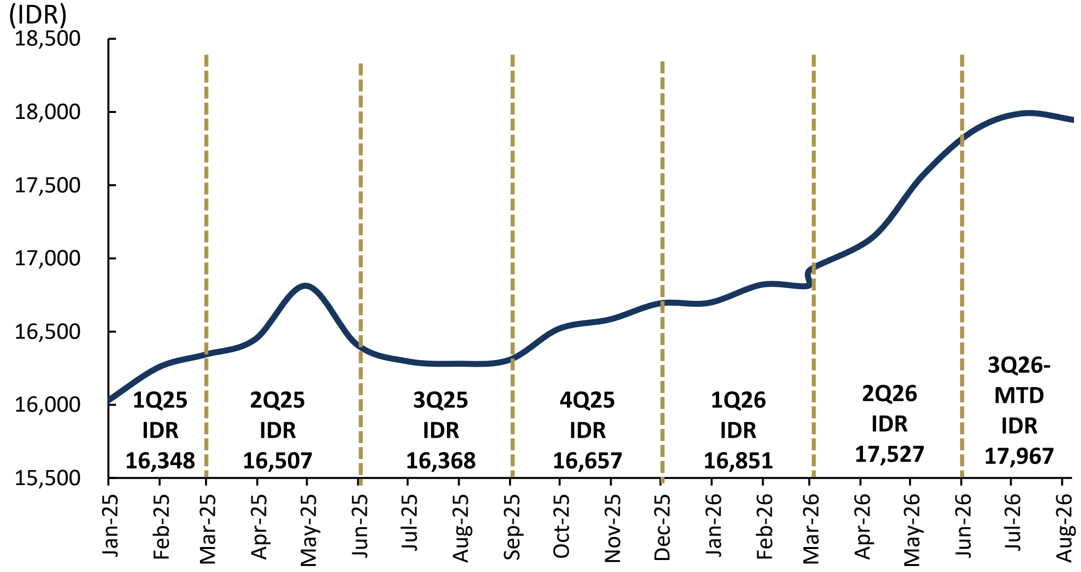
Indonesia Foreign Reserves, Jul-26



Regional FX Reserves to GDP, YTD



Quarterly USD/IDR Rate, 1Q25 – 3Q26 MTD



Sources: Bloomberg, SSI Research