

09 September 2025

Macroeconomics Indicator

	2023	2024	2025F
GDP growth (%YoY)	5.05	5.03	5.02
Inflation (%YoY)	2.61	1.57	1.97
BI rate (% Year-end)	6.00	6.00	5.50
Rp/US\$ (Average)	15,244	15,853	16,571
CA deficit (% of GDP)	-0.1	-0.7	-1.5
Fiscal deficit (% of GDP)	1.65	2.3	2.8

F: forecast, P: preliminary; all baseline scenario

A slight mom drop in Aug25 FX reserve

- FX reserves fell to US\$150.7bn in Aug25 (vs. US\$152.0bn in Jul25), mainly from external debt payments and Rupiah stabilization.
- Rupiah, on average, slipped by -0.1% mom in Aug25 despite Rp12.2tr foreign inflows into JCI, SBN, and SBRI.
- Reserves may fall again in Sep25 before stabilizing in 4Q25, while BI may cut rates by 25bps in 4Q25 as risks ease and growth takes priority.

Foreign Reserve declined to stabilize Rupiah

FX reserves fell to US\$150.7bn in Aug25, as BI pointed to external debt payments and Rupiah stabilization efforts. Despite the drop, reserves still covered 6.3 months of imports, close to the 5-year average of 6.6 months. After accounting for debt repayment, the Aug25 figure could cover 6.1 months of imports. Looking at the composition, BI has been selling foreign currency and securities since Apr25, following the peak in holdings, while gold and other claims continued to rise. This suggests BI continues to use reserves actively to manage external obligations and stabilize the Rupiah.

Rupiah turnaround in mid-Aug25 prompted the BI intervention

Indonesia recorded Rp12.2tr of foreign inflows in Aug25 across JCI, SBN, and SRBI. JCI saw its first inflow in three months at Rp11tr, while government bonds stayed resilient with Rp18.1tr. SRBI remained the only instrument with outflows at c.Rp17tr. The net inflows pushed Rupiah to its YTD low of Rp16,110/US\$ by mid-Aug, but domestic unrest has led to weakening Rupiah to Rp16,500/US\$ by month-end. We note that Exchange Market Pressure (EMP) rose in Aug25, ending the stable trend of previous months.

Short-term OMO should ease pressure on direct intervention

After months of decline in BI's open market operations (OMO) from SRBI redemptions (SRBI outstanding: -Rp202.6tr YTD), OMO started to pick up again since Jun25, supported by shorter-tenor instruments. If Rupiah weakness persists, we expect BI to lean more on short-term OMO than SRBI to absorb liquidity and limiting the drop in FX reserve. We view that BI still has room to tighten liquidity in the short-term due to: (1) banks' limited appetite for lending and (2) improving liquidity from rise in fiscal spending, evident by the decline in gov't cash balance in BI.

Expect FX Reserve to stabilize in 4Q25 and another BI rate cut to follow

We expect FX reserves to decline again in Sep25 as BI intervened to stabilize Rupiah in early September amid domestic instability. External risks for Rupiah from tariffs and geopolitical tensions appear mostly priced in, leaving domestic factors i.e. recent demonstration remain as the key drag on Rupiah. Once domestic risks ease, we see capital inflows returning, helping Rupiah stabilize c.Rp16,100/US\$ by year-end, supported by (1) further FFR cuts that widen yield premium, (2) a weaker USD, and (3) Indonesia's stronger growth outlook compared to other EM.

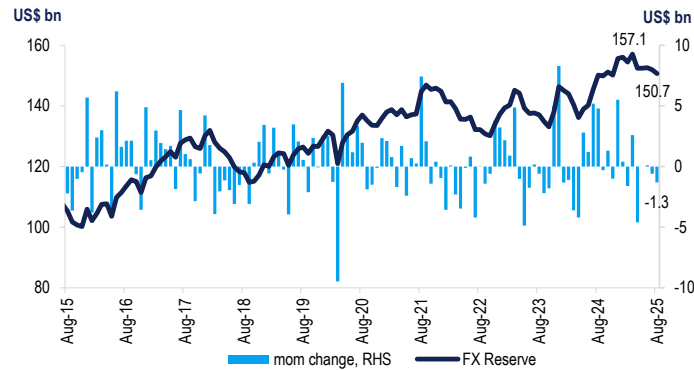
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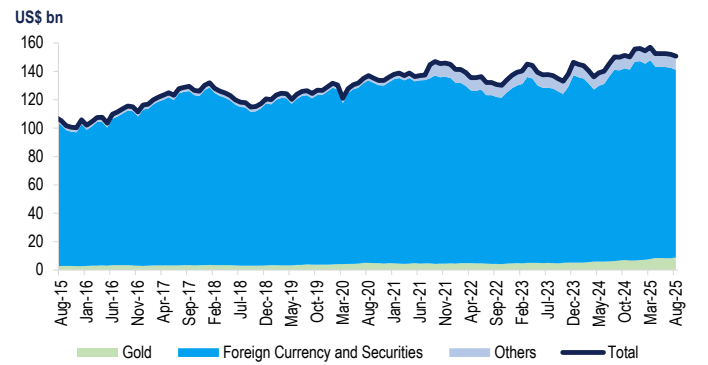
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Fig. 1: FX Reserve declined to US\$150.7bn in Aug25...



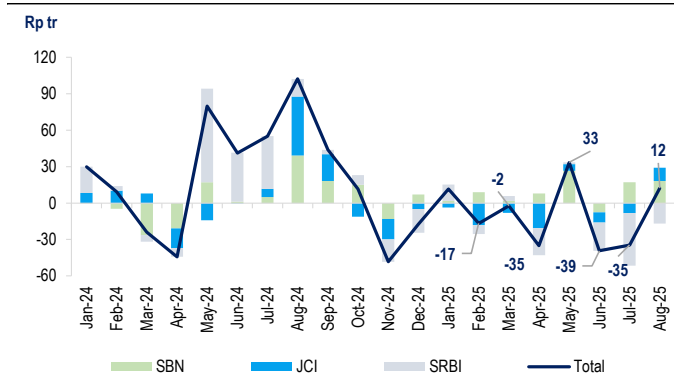
Source: BI, Bloomberg, Indo Premier

Fig. 2: ...As BI sold Foreign Currency and Securities to stabilize Rp



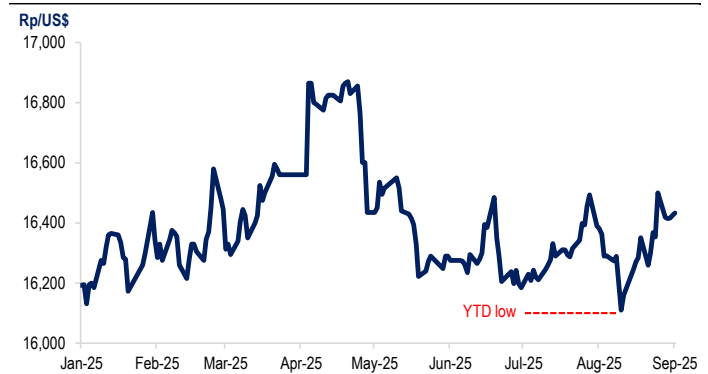
Source: BI, Bloomberg, Indo Premier

Fig. 3: Indonesia recorded foreign inflows in Aug25



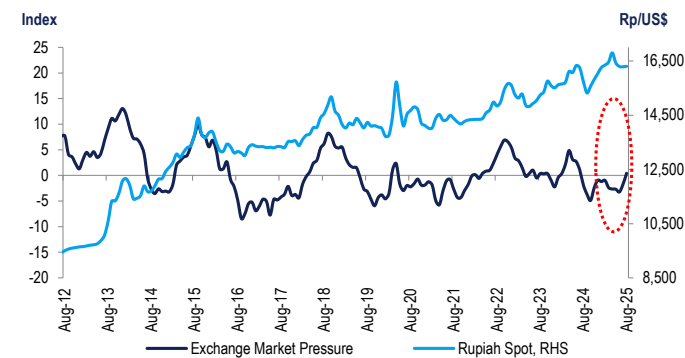
Source: Bloomberg, Indo Premier

Fig. 4: Rupiah reached YTD low by mid-Aug, but pressure rose



Source: Bloomberg, Indo Premier

Fig. 5: EMP rose after months of stable trend



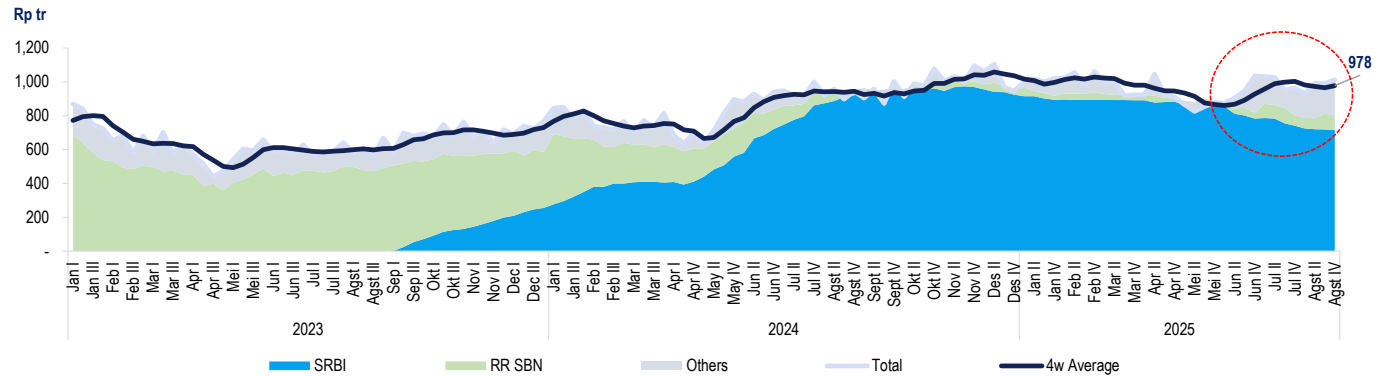
Source: BI, Indo Premier

Fig. 6: Indicating stabilization measures are still needed in near-term



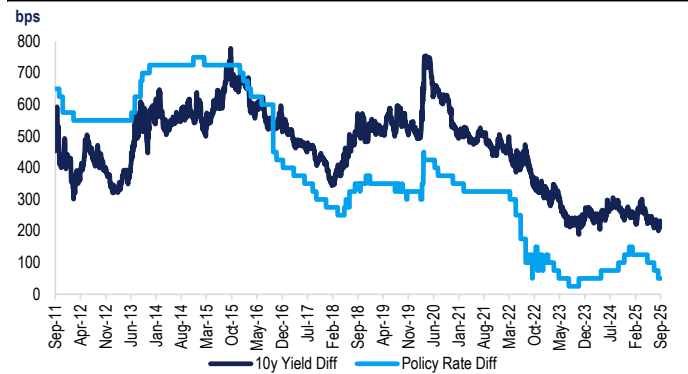
Source: BI, Indo Premier

Fig. 7: BI may rely more on OMO instrument with shorter tenor in supporting Rupiah in the short-term



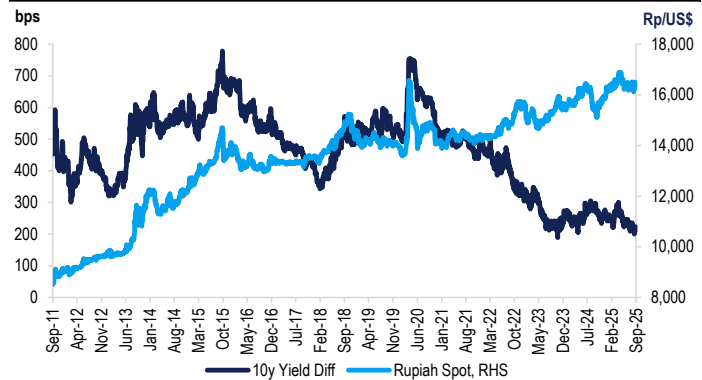
Source: BI, Indo Premier

Fig. 8: FFR cuts will widen our rate differential by YE25...



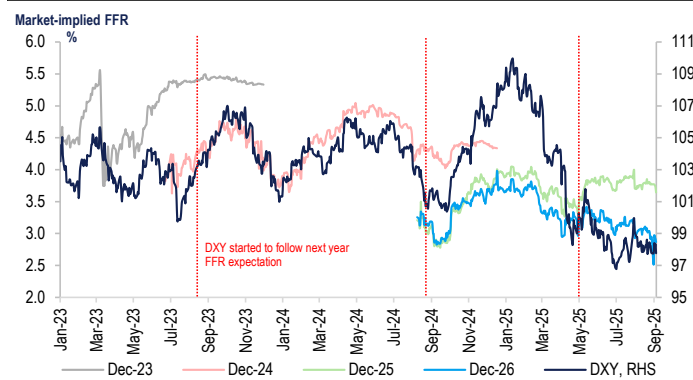
Source: Bloomberg, Indo Premier

Fig. 9: ...and support Rupiah with more attractive premium



Source: Bloomberg, Indo Premier

Fig. 10: Weakening US\$ will also play a key role



Source: Bloomberg, Indo Premier

ANALYSTS CERTIFICATION

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