

Macro Note

Indonesia: Foreign Reserves Down To USD135.2bn In September

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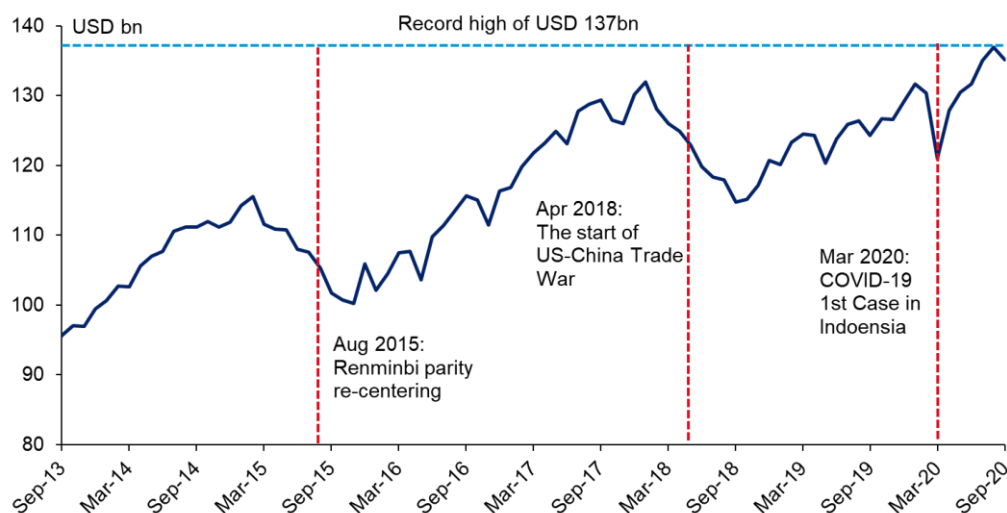
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- Indonesia's foreign exchange reserves fell by USD 1.8bn to USD135.2bn in September 2020, from a record-high of USD137bn in the previous month. The latest reserve level was equivalent to 9.5 months of import financing or 9.1 months of imports and payments of government external debt. This is well above the international adequacy standard of around 3 months of imports. Bank Indonesia views that the official reserve assets remain adequate, supported by the stability and solid economic outlook, in line with the policy response to nurture economic recovery.
- The decline in September's foreign exchange reserves was driven by government's foreign debt payment as well as efforts to stabilize the rupiah exchange rate amidst persistently high global financial uncertainty. Going forward, we might see a moderate build-up in FX reserves on the back of capital inflows, proceeds from exports, as well as other FX earnings, especially on the later stage after uncertainty slowly dissipate. Nevertheless, downside risks remain on the back of the ongoing uncertainty from COVID-19 development, which may result in capital outflows and slower FX earnings.

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Source: Bank Indonesia, UOB Global Economics & Market Research



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