

Macro Note

Indonesia: Foreign Reserves Rose To USD138.8bn In February

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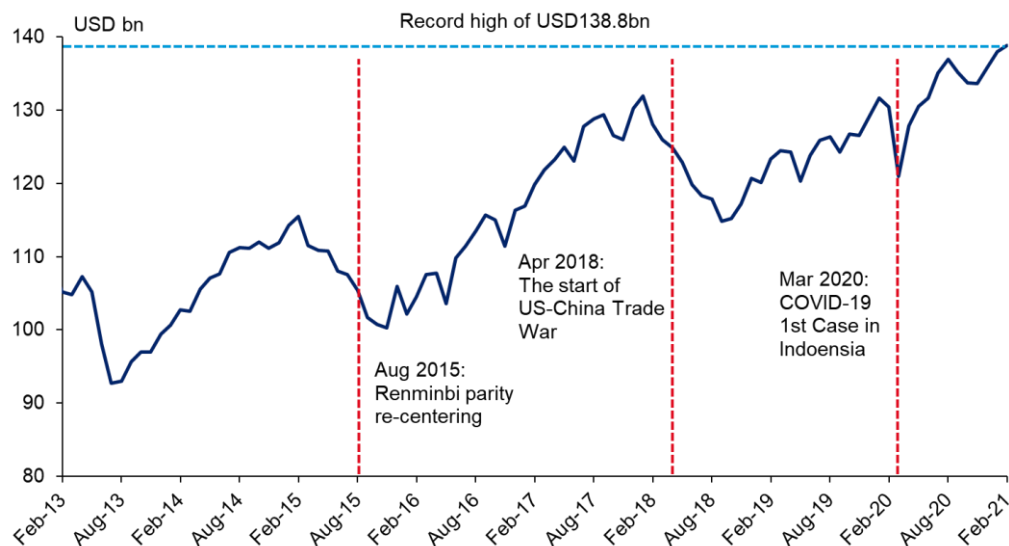
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- Indonesia's foreign exchange reserves increased by USD0.8bn to a new record high of USD138.8bn in February 2021, surpassing the previous record of USD138.0bn in the previous month. The latest reserve level was equivalent to 10.5 months of import financing or 10.0 months of imports and servicing government's external debt. This is well above the international adequacy standard of around 3 months of imports. Bank Indonesia views that the official reserve assets position was able to support the external sector resilience and maintain macroeconomic and financial system stability.
- The increase of reserve assets in February 2021 was mainly attributable to the government's foreign loan withdrawal and tax receipts which more than offset the capital outflow during the month. Going forward, we might see a moderate build-up in FX reserves especially later on in the 2H21 underpinned by capital inflows, more proceeds from exports, as well as other FX earnings, as the global economy recover with the vaccine as a game changer. Nevertheless, downside risks remain on the back of the ongoing uncertainty from COVID-19 development, US Treasury yield and inflation expectation, which may result in capital outflows and slower FX earnings.

Foreign reserves hit a new record high of USD138.8bn in February

Source: Bank Indonesia, UOB Global Economics & Market Research



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