

We forecast USD/IDR with an End Of Year Target at 17,250-17,350 due to external geopolitical uncertainties causing lack of confidence with Indonesia. Furthermore, the negative outlook given by multinational credit ratings agencies Moody's and Fitch has raised concerns over the lack of clarity with impacts from the current administration's social programs as a measure for aggressive economic growth.

## PART I : Geopolitical Jitters Shake Off Foreign Funds

### Cooling Down After US-Iran Ceasefire

- **DXY Dropping Below 100.** During the US-Israel-Iran conflict, U.S. Dollar Index (DXY) penetrated above 100, and hovered between 99-100. After the 2-week announcement of the ceasefire agreement, DXY formed a bearish open gap and has stayed steady at 98.7-98.9 range. As tensions ease, we view DXY will begin to weaken further to index area during the early stages of the conflict at 97.45-97.55.

### America Blundering Global Leadership Role

- **Nations Forming Negotiations On Their Own.** Under the frustration of nations not willing to back-up the United States in toppling the reigning Islamic Iranian regime, President Donald Trump has posted for nations to "get your own oil". This has prompted the United Kingdom and France to create a 40-nation coalition to negotiate for the opening of the Strait of Hormuz. The coalition did not bear any progress.

## PART II : Fragile Fiscal Management

### Spending Of Program Under Fire As Energy Prices Overshoots Forecasts

- **MoF Targets On Dated Assumptions.** On 6<sup>th</sup> of March 2026, The Ministry of Finance Purbaya has attempted to calm the public by assuring the ministry has done a stress test on the 2026 State Budget *APBN* with oil price reaching USD 92 / barrel. Current Brent Crude Oil Price stands at USD 98.17 / barrel from a peak of USD 118.35 / barrel.

### MoF Ready To Resign If Key Target Is Not Met

- **MoF Purbaya Post Hinges On 6% GDP Growth.** With the current public anxiety over rising global prices in oil, Finance Minister Purbaya announced Indonesia's GDP in 2026 has to reach 6% or else he is ready to resign at the end of the year. As of Apr-2026, the GDP Growth consensus stands at 5% - lower than target.

## PART III : Indonesia's Historical Cases For Curr. Deprec.

### Currency Depreciation Case #1 : 1956 Soekarno-Era Mismanagement

### Currency Depreciation Case #2 : 1998 Asian Financial Crisis

### Currency Depreciation Case #3 : 2013 Taper Tantrum

## PART IV : Bank Indonesia (BI) Being Pressured On Both Ends

### Yearning To Be Dovish, Needing To Be Hawkish

- **BI Governor Called To Answer To DPR.** On 13-Apr-2026, Governor of Bank Indonesia (BI) Perry Warjiyo has been scheduled to explain the current depreciation of the Rupiah to the People's Representative Council (*DPR*). With the Indonesian Rupiah falling out of favor further above IDR 17,000, his current dovish stance is being questioned.
- **BI Independence In Question With President's Nephew Appointment.** The central bank's independence has been under recent scrutiny as the President's nephew Thomas Djiwandono transferred his position as the vice minister of finance to being vice governor of BI. We view the introduction of BI Vice Governor Thomas Djiwandono has a dovish skew for BI rate decisions. .

### Rupiah Weakening As BI's Forex Reserves Weaken

- **Rupiah Depreciation Shooting Down Doves.** While the President has made it clear for BI to synergize with the current administration to achieve 8% economic growth, BI's swing from pro-stability stance under Jokowi and SBY presidency to pro-growth under Prabowo has led to three (3) rate cuts in the latter half of 2025.
- **Limiting Purchase On Forex To Combat Capital Flight.** BI has downgraded the maximum limit for foreign currency purchases against the Rupiah from USD 100,000 to USD 50,000 per person per month. Apart from that, BI has also raised the transaction limit for Domestic Non-Deliverable Forwards (DNDF) and swap transaction limits to USD 10 million (vs USD 5 million previously). The central bank has also tightened the Foreign Exchange Traffic (LLD) requirements by lowering the threshold for mandatory supporting documents from foreign currency transfers to USD 50,000 (vs USD 100,000 previously).

## Forecasting USD/IDR with an End of Year Target at 17,250—17,350

We forecast USD/IDR with an End Of Year Target at 17,250-17,350 due to external geopolitical uncertainties causing lack of confidence with Indonesia. Furthermore, the negative outlook given by multinational credit ratings agencies Moody's and Fitch has raised concerns over the lack of clarity with impacts from the current administration's social programs as a measure for aggressive economic growth. There have been concerns over the programs being used as featherbedding to cushion the spiking unemployment and underemployment rate; this may cause increased need for borrowing and expenditure from APBN to continue the longevity of the programs. Higher oil prices caused by the war have also begun a flurry of efficiencies amongst government bodies despite claims from the finance minister and coordinating minister of economic affairs proclaiming current allocation of energy subsidies are enough until the end of the year.

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Update | 14<sup>th</sup> April 2026

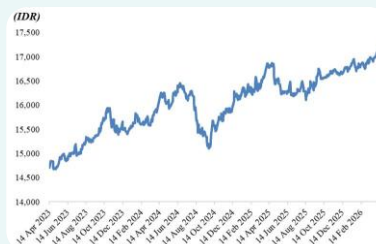
## USD/IDR

End Of Year Target	17,250—17,350
% Deviation To Target	0.88—1.46%
Consensus	17,100

### Currency Data

Last Point	17,125.85
Point date as of	14 <sup>th</sup> April, 2026
52 wk range (Hi/Lo)	17,140—16,685

### USD/IDR Performance



	YTD	3M	6M	12M
Abs.Ret	+2.63%	+1.65%	+2.63%	+1.84%

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# **PART I :**

## **Geopolitical Jitters Shake Off Foreign Funds**

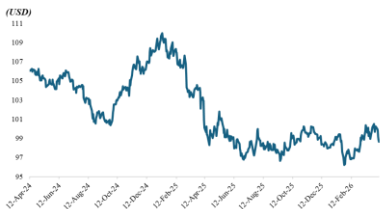
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### PART I : Geopolitical Jitters Shake Off Foreign Funds

#### Cooling Down After US-Iran Ceasefire But No Deal In Sight

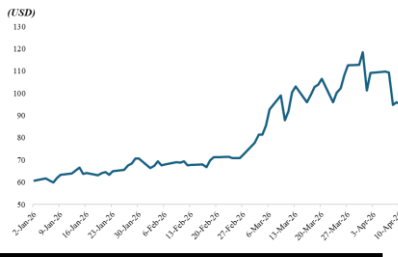
- **DXY Dropping Below 100.** During the US-Israel-Iran conflict, U.S. Dollar Index (DXY) penetrated above 100, and hovered between 99-100. After the 2-week announcement of the ceasefire agreement, DXY formed a bearish open gap and has stayed steady at 98.7-98.9 range. As tensions ease, we view DXY will begin to weaken further to index area during the early stages of the conflict at 97.45-97.55.
- **Spot Oil Price Leapt Before nosediving.** Brent Crude Futures Price rocketed up to a peak of USD 111.46 as the Strait of Hormuz was closed by the Iranian regime. The black gold commodity has since de-elevated to USD 96.17 after Trump's ceasefire agreement mediated by Pakistani's high-ranking government and military officials.

**Exhibit 1. US Dollar Index (DXY)**



Source : Investing.com, NHKSI Research

**Exhibit 2. Brent Oil Futures Price**

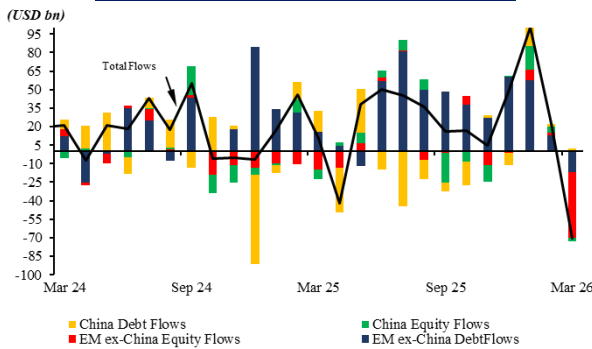


Source : Investing.com, NHKSI Research

#### America Blundering Global Leadership Role

- **Nations Forming Negotiations On Their Own.** Under the frustration of nations not willing to back-up the United States in toppling the reigning Islamic Iranian regime, President Donald Trump has posted for nations to "get your own oil". This has prompted the United Kingdom and France to create a 40-nation coalition to negotiate for the opening of the Strait of Hormuz. The coalition did not bear any progress.
- **Ignoring Sanctions For Basic Necessities.** With oil prices rising and supplies facing shortages, Thailand and the Philippines have bought sanctioned oil from Russia. The United States also issued a 30-Day waiver (expiring on 11 April 2026) for the purchase of Russian crude oil loaded on or before March 12, 2026. This move by the U.S. has prompted international criticism from European allies as an indirect support of Russian war effort against the Ukrainians.
- **Tensions Deplete Reserves.** The geopolitical tension in the Middle East has bolstered US currency appreciation as indicated by the stronger DXY before the ceasefire. Because of this, central banks around the world experienced a shrinkage of their US currency reserves to keep their respective currency at a manageable rates to the greenback.

**Exhibit 3. Total Portfolio Flows into Emerging Markets**

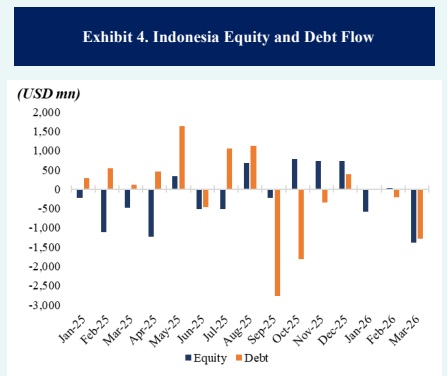


Source : IIF, NHKSI Research

#### Foreign Outflows From Emerging Markets

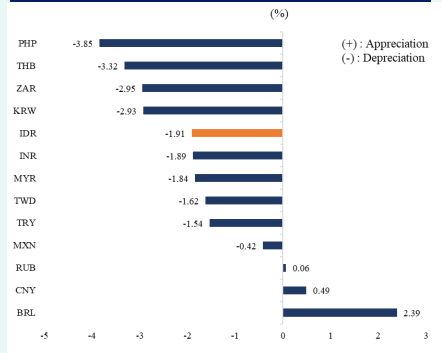
- **Retreating When War Heats Up.** The Institute of International Finance (IIF) noted that Mar-2026 saw outflow as much as USD 70.3 bn which is the largest since pandemic era Mar-2020. IIF pointed out that the biggest hit in the emerging markets (EM) was equities with USD 56 bn in recorded outflow.
- **Growth Dependency On Foreign Institutions Creates EM Vulnerability.** The International Monetary Fund (IMF) has noted EMs have become increasingly dependent on capital investments from large foreign hedge funds and pension funds to grow. However, this has resulted in the EMs becoming more dependent on that foreign money for substantial GDP bump.

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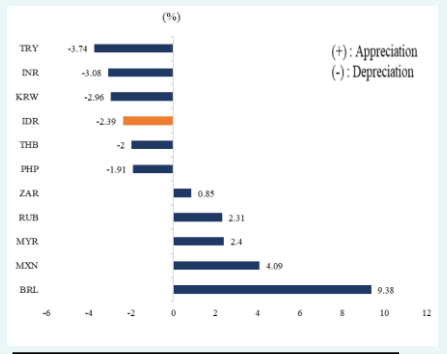
Source : IIF, NHKSI Research

**Exhibit 5. Exchange Rate Movements Since the Escalation of the Middle East Conflict in Late February 2026**



Source : Bloomberg, NHKSI Research

**Exhibit 6. Exchange Rate Performance During YTD 2026**



Source : Bloomberg, NHKSI Research

# PART II :

# Fragile Fiscal Management

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## PART II : Fragile Fiscal Management

### Spending Of Program Under Fire As Energy Prices Overshoots Forecasts

- **MoF Targets On Dated Assumptions.** On 6<sup>th</sup> of March 2026, The Ministry of Finance Purbaya has attempted to calm the public by assuring the ministry has done a stress test on the 2026 State Budget *APBN* with oil price reaching USD 92 / barrel. Current Brent Crude Oil Price stands at USD 98.17 / barrel from a peak of USD 118.35 / barrel.
- **Efficiencies On Governmental Bodies And Rationing.** While oil prices rise, the Government has decreed that non-subsidized and subsidized diesel prices alike will not be hiked. Yet the government has issued a maximum usage

Exhibit 7. Fuel Distribution Control Policy (Diesel and Gasoline RON 90)

Fuel Type	Vehicle Type	Category	Maximum Limit (Liters/Day/Vehicle)
Diesel (Gas Oil)	Private motor vehicles	4-wheel (passenger/goods transport)	50
	Public motor vehicles	4-wheel (passenger/goods transport)	80
	Public motor vehicles	6-wheel or more (passenger/goods transport)	200
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50
Gasoline (RON 90)	Private/Public motor vehicles	4-wheel (passenger/goods transport)	50
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50

Source : BPHMIGAS, NHKSI Research

### MoF Ready To Resign If Key Target Is Not Met

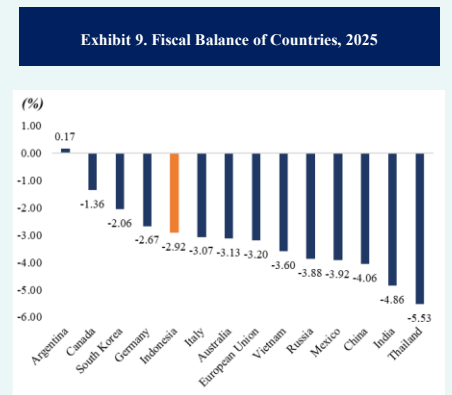
- **MoF Purbaya Post Hinges On 6% GDP Growth.** With the current public anxiety over rising global prices in oil, Finance Minister Purbaya announced Indonesia's GDP in 2026 has to reach 6% or else he is ready to resign at the end of the year. As of Apr-2026, the GDP Growth consensus stands at 5% - lower than target.
- **MoF Rebuking Foreign Consensus.** Finance Minister Purbaya made headlines earlier this year on February 3<sup>rd</sup> at the Indonesia Economic Summit 2026 by refuting the forecasts made by a Citi Bank Economist that the State Budget will breach the 3% Deficit-To-GDP threshold in 2026. Additionally, the Minister had to publicly disagree with the World Bank for their GDP forecast for Indonesia which is 4.7%. He states the international institution used the "wrong formula."
- **Purbaya's Honeymoon Phase Coming to A Close.** In politics, the first 100 days is typically seen as a honeymoon phase that is characterized by high approval ratings (commonly above 70%) and higher frequency of positive media coverage. After a month of being in office, an Oct-2025 Idsight survey had Minister Purbaya raking in 83.7% approval with 12.5% neutral and 3.8% negative. In that same period, IndexPolitica Indonesia showed Purbaya's high favorability with 22.5% of the electorate having him top of mind for the Presidency in 2029. However, while there has been no recent surveys published, we have noted fervor in support of Purbaya has begun to wane on public social media forums as negative comments began to lean more towards criticism.
- **Overly Optimistic Or Dismissing Reality?** Finance Minister Purbaya has stubbornly held on to the narrative that the Indonesian economy is at an expansionary stage; the National State Budget (*APBN*) is still flexible enough to support the needed growth for Indonesia even in the face of a global energy crunch. The minister has urged investors that the index's fall means it is a good time to buy as he espouses the Jakarta Composite Index (*IHSG*) still being capable to reach 10,000 by the end of 2026. While he made the forecast at the beginning of this year, he re-iterated his bullish forecast for IHSG on Mar-2026 after the MSCI debacle.

Exhibit 8. Potential Widening of State Budget Deficit Due to Rising Oil Prices (IDR tn)

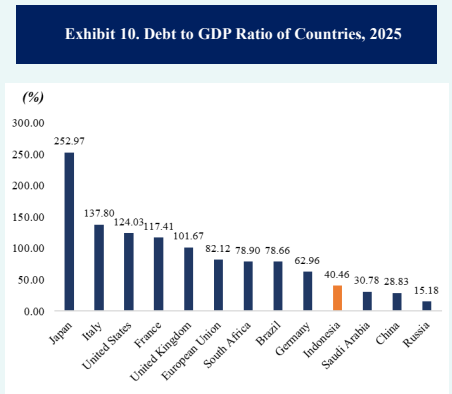
No	Description	APBN 2026	FX Rate Rp16800/USD			FX Rate Rp17000/USD			FX Rate Rp18500/USD		
			Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
			1(\$75/bbl)	2(\$84/bbl)	3(\$100/bbl)	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
A	Government Revenue (fixed)	3154	3154	3154	3154	3154	3154	3154	3154	3154	
B	Government Expenditure	3843	3866	3952	4058	4206	3871	3958	4066	3914	4008
	Central Government Spending	2923	2946	3032	3138	3286	2951	3038	3146	2994	3088
	Energy Subsidies	219	233	319	426	574	239	326	433	281	376
	Other Central Spending (fixed)	2713	2713	2713	2713	2713	2713	2713	2713	2713	2713
	Transfers to Regions (fixed)	920	920	920	920	920	920	920	920	920	920
C	Surplus / (Deficit) [A-B]	-689	-712	-798	-905	-1053	-718	-805	-913	-760	-855
Δ	Change vs Baseline	0	-23	-109	-215	-364	-29	-116	-224	-71	-166
%	Deficit to GDP	-2,68%	-2,77%	-3,10%	-3,52%	-4,09%	-2,79%	-3,13%	-3,55%	-2,96%	-3,32%

Source : CORE Indonesia, NHKSI Research

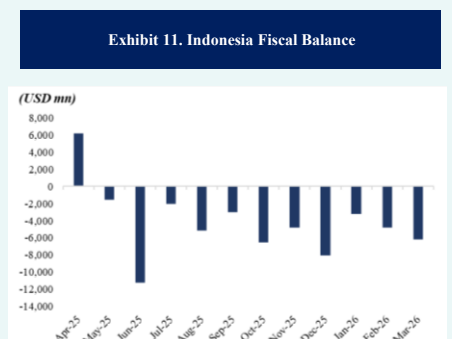
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Source : CEIC, NHKSI Research



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# **PART III:**

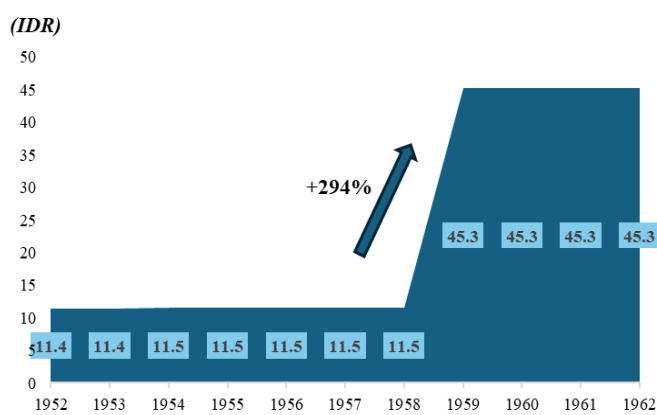
## **Indonesia's Historical Cases For Currency Depreciation**

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### Currency Depreciation Case #1 : 1956 Soekarno-Era Mismanagement

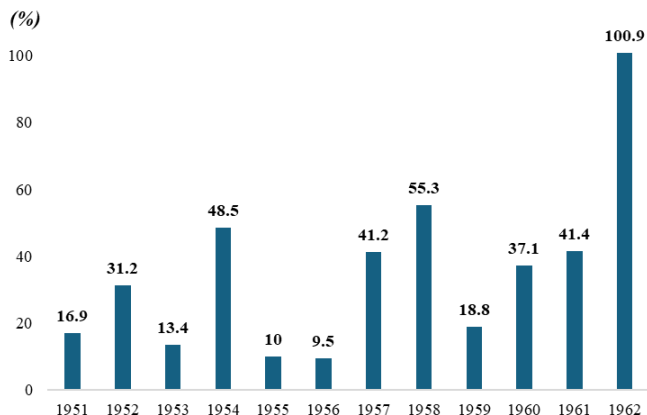
Indonesia officially adopted the rupiah as its national currency in 1949, but the Soekarno government's economic mismanagement quickly eroded its value, driving severe inflation that tripled prices between 1953 and 1959. A key driver of instability was the official exchange rate of Rp11.4 to the US dollar, which so drastically overvalued the rupiah that it gave rise to a thriving black market — one where the rate collapsed from Rp31 per dollar at end of 1956 to Rp49 in 1957 and Rp90 by 1958. The government attempted a structural fix in June 1957 by introducing a foreign exchange certificate system that effectively allowed the rupiah to float freely, but market pressure was so intense that certificates surged to 332% of face value within months. With conditions continuing to deteriorate, President Soekarno replaced the central bank governor to force through a sweeping 75% currency devaluation in August 1959, followed by a 90% devaluation of the largest banknotes. Lasting stabilization only came after Soekarno's fall from power, when the New Order administration restored fiscal discipline, reined in inflation, and renegotiated foreign debt — finally placing Indonesia on a more sustainable economic footing.

Exhibit 12. USD/IDR Depreciation During the Soekarno Era



Source : NBER, NHKSI Research

Exhibit 13. Money Supply Growth During the Soekarno Era



Source : NBER, NHKSI Research

Exhibit 14. Evolution of Economic Policy in Indonesia (1950–1957)

Cabinet	Monetary & Fiscal Policy	Nationalization	Indigenous Business Support	Foreign Investment	Other Policies
<b>Hatta (1949–1950)</b>	- Money control- Export certificates- Large budget deficit	- Railway nationalized	—	USD 100 mn US loan	Emergency labor law
<b>Natsir (1950–1951)</b>	- Tight credit (incl. foreign banks)- Establishment of state banks (BNI, etc.)- Turnover tax- Import liberalization- Tight budget	—	- Industrialization push- Benteng Program- Abolition of colonial rights	ECA agreement negotiated	Strike restrictions
<b>Sukiman (1951–1952)</b>	- Abandoned differential exchange rate	Bank Indonesia nationalized	Benteng loosened	MSA agreement	- Sumitro Plan- 2-year agricultural plan
<b>Wilopo (1952–1953)</b>	- Budget balance- Tight import restrictions- Import prepayments	No progress	Benteng tightened	Limited progress	- Army rationalization- Anti-squatter actions
<b>Ali I (1953–1955)</b>	- Large fiscal deficits- Balance of payments pressure- Trade policy adjustments (RTA abolished)	No progress	- Iskaq policy (open-handed)- Beginning of screening (Rooseno, 1954)	Draft regulations on foreign investment	—
<b>Burhanuddin (1955–1956)</b>	- Import liberalization- Prepayment system raised- BDP established (after KPU abolished)	No major progress	- “All programs called national”- Increased screening	—	- Anti-corruption drive- RTA abrogated
<b>Ali II (1956–1957)</b>	- Large budget deficits- Export certificates reintroduced- Proliferation of regulations- Deficit later reduced	No major progress	No major change	- Foreign Investment Bill submitted- USD 55 mn IMF loan	- 5-year plan- Debt to Holland abrogated- Labor law & regional boards
<b>Djuanda (1957–1959)</b>	- Bukti Export system- Heavy import restrictions	Dutch firms taken over (Dec 1957)	—	—	Munas program for regional economic development

Source : LPEM, NHKSI Research

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**Currency Depreciation Case #2 : 1998 Asian Financial Crisis**

The 1998 Monetary Crisis marked a period of severe economic turmoil that permeated every facet of Indonesian life, with the rupiah plummeting from 2,400 to the US dollar in December 1996 to 16,000 to the dollar by January 1998. Modern Diplomacy The crisis originated from economic contagion spreading from Thailand, whose baht collapsed in mid-1997, acting as a wake-up call for international investors to reassess Indonesia's macroeconomic fundamentals. Modern Diplomacy In the years prior to 1997, many private Indonesian companies had accumulated large, unhedged short-term offshore loans in US dollars — an enormous debt burden that became a time bomb as the rupiah depreciated. Indonesian companies rushed to buy dollars to cover their obligations, putting further downward pressure on the rupiah and deepening the crisis. Indonesia Investments The IMF arrived with a bailout package totaling \$43 billion, demanding fundamental reforms including the closure of 16 privately owned banks and the winding down of food and energy subsidies — but the reform package backfired, triggering bank runs and a withdrawal of billions of rupiah from savings accounts. Indonesia Investments President Suharto, after 31 years in power, was ultimately forced to step down on May 21, 1998, amid widespread rioting driven by sharp price increases caused by the drastic devaluation. Recovery began taking shape from mid-1998, with the rupiah strengthening from 16,000 to around 8,000 per dollar by October 1998, inflation easing, and non-oil exports beginning to revive. In the aftermath, Bank Indonesia was granted formal independence in 1999 and introduced an inflation-targeting regime, which helped stabilize the exchange rate and reduce average inflation to around 8 percent by the early 2000s.

**Exhibit 15. The 1998 Indonesian Riots**



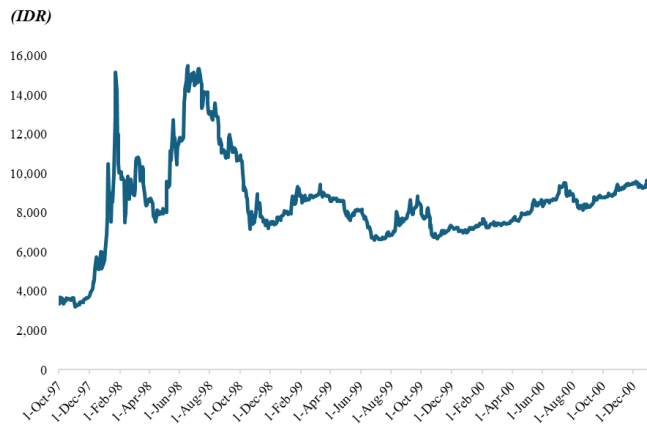
Source : BBC, NHKSI Research

**Exhibit 16. The Resignation of President Suharto**



Source : Kompas, NHKSI Research

**Exhibit 17. USD/IDR During the 1998 Monetary Crisis**



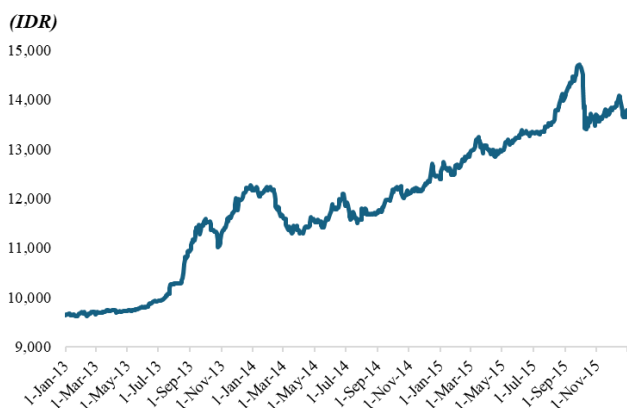
Source : Investing.com, NHKSI Research

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**Currency Depreciation Case #3 : 2013 Taper Tantrum**

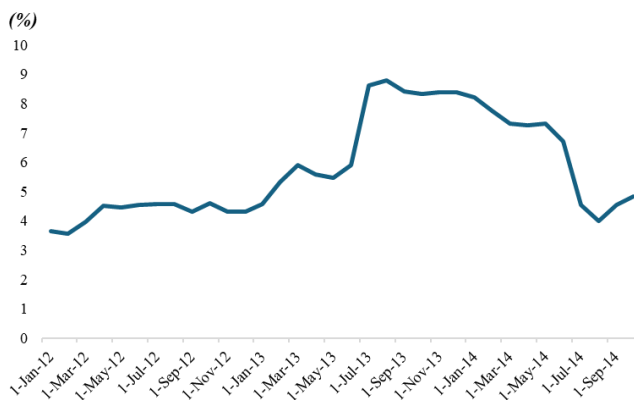
In May 2013, US Federal Reserve Chairman Ben Bernanke appeared before Congress and, for the first time, suggested that the Fed's large-scale bond-buying program — quantitative easing — might begin tapering within a few months. Global investors reacted sharply, triggering what became known as the Taper Tantrum: share prices and currencies tumbled across emerging markets as capital began flowing back toward the United States in search of higher yields. Indonesia was among the countries hit hardest, grouped alongside Brazil, India, South Africa, and Turkey as the "Fragile Five" — nations deemed especially vulnerable to capital outflows due to their high current account deficits. The situation worsened in August 2013 when Bank Indonesia revealed that Indonesia's current account deficit had reached \$9.8 billion, or 4.4% of GDP, sending the rupiah plummeting, collapsing the stock market, and causing government bond yields and credit default swap rates to soar. Over the course of the year, the rupiah depreciated by as much as 26%, with currency weakness feeding into inflation estimated to have risen by 3 to 5 percentage points as a result. In response, the government and Bank Indonesia took decisive action: fuel subsidies were cut — raising fuel prices by an average of 40% — and the central bank raised its policy rate by 200 basis points while allowing the rupiah to adjust to market forces. Policymakers were acutely aware that allowing an uncontrolled depreciation risked triggering a loss of confidence that could spiral into a repeat of the 1998 crisis, which shaped the measured but firm nature of their response. Ultimately, Indonesia managed to avoid a full-blown financial crisis, though the rupiah never fully recovered to its pre-crisis level, underscoring how deeply the Indonesian economy had come to rely on the foreign capital inflows that quantitative easing had generated.

**Exhibit 18. Rupiah Depreciation 2013**



Source : Investing.com, NHKSI Research

**Exhibit 19. Indonesia Inflation Rise in 2013**



Source : BI, NHKSI Research

**Exhibit 20. The Federal Reserve Building**



Source : Reuters, NHKSI Research

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# **PART IV:**

## **Bank Indonesia (BI) Being Pressured On Both Ends**

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### Bank Indonesia (BI) Being Pressured On Both Ends

#### Yearning To Be Dovish, Needing To Be Hawkish

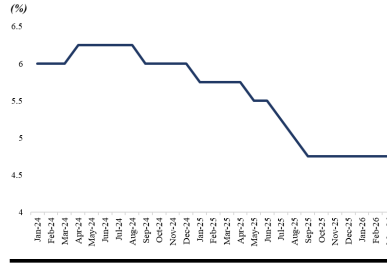
- **BI Governor Called To Answer To DPR.** On 13-Apr-2026, Governor of Bank Indonesia (BI) Perry Warjiyo has been scheduled to explain the current depreciation of the Rupiah to the People's Representative Council (DPR). With the Indonesian Rupiah falling out of favor further above IDR 17.000, his current dovish stance is being questioned.
- **BI Independence In Question With President's Nephew Appointment.** The central bank's independence has been under recent scrutiny as the President's nephew Thomas Djiwandono transferred his position as the vice minister of finance to being vice governor of BI. We view the introduction of BI Vice Governor Thomas Djiwandono has a dovish skew for BI rate decisions.

**Exhibit 21. Thomas A.M. Djiwandono Appointed as Deputy Governor of Bank Indonesia**



Source : BI, NHKSI Research

**Exhibit 22. Bank Indonesia (BI) Rate – Monthly (Jan-24 to Mar 26)**

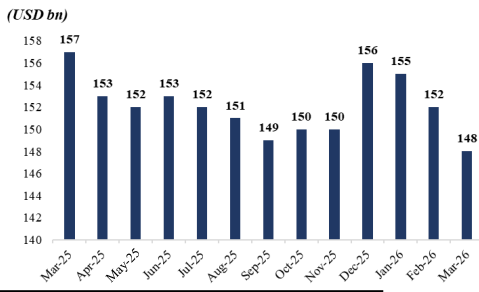


Source : BI, NHKSI Research

### Rupiah Weakening As BI's Forex Reserves Weaken

- **Rupiah Depreciation Shooting Down Doves.** While the President has made it clear for BI to synergize with the current administration to achieve 8% economic growth, BI's swing from pro-stability stance under Jokowi and SBY presidency to pro-growth under Prabowo has led to three (3) rate cuts in the latter half of 2025.
- **Limiting Purchase On Forex To Combat Capital Flight.** BI has downgraded the maximum limit for foreign currency purchases against the Rupiah from USD 100,000 to USD 50,000 per person per month. Apart from that, BI has also raised the transaction limit for Domestic Non-Deliverable Forwards (DNDF) and swap transaction limits to USD 10 million (vs USD 5 million previously). The central bank has also tightened the Foreign Exchange Traffic (LLD) requirements by lowering the threshold for mandatory supporting documents from foreign currency transfers to USD 50,000 (vs USD 100,000 previously).
- **Much Needed Hawkishness To Signal Stability.** We are of the opinion a temporary hawkish turn is the bitter medicine required to signal investors for a momentary pro-stability stance; this should incentivize foreign investors to turn to Indonesia, and by that token, USD/IDR should strengthen too. Despite Purbaya's initiative to inject liquidity into the banking system, loan growth grinded at a snail pace of 9.37% (as per February 2026); this reveals underlying consumer deposits only grew single digits meaning weak purchasing power. Consumers require time to recoup their capital and may be hesitant to utilize loans during uncertain times. We view these conditions lead to negligible effects of lower interest rates on sustainable and consumer-driven economic growth.

**Exhibit 23. Indonesia Forex Reserve**

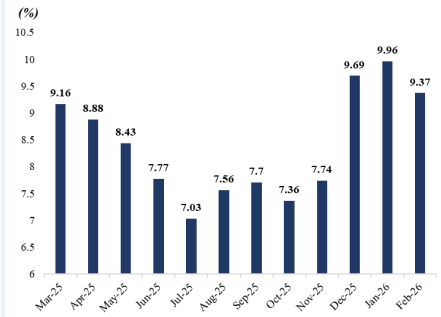


Source : Tradingeconomics NHKSI Analytics

- **Depleting Forex Reserve.** BI has reported a sizable decrease in forex reserve, from USD 151.9 bn in February to USD 148.2 bn in March. This notable decline has been driven by the fervent capital flight from Indonesia to other countries as government mulls over propositions for stricter capital control. Our research team's sources have indicated a rise in opening accounts by Indonesian high net worth individuals flocking in the nearby tax haven of Singapore and Hong Kong. As of 14<sup>th</sup> April 2026, SGD/IDR has depreciated 0.06% to IDR 13,462.24 and HKD/IDR has depreciated 0.19% to IDR 2,186.99.
- **Fed's Uncertain Chairman Adds Investor Suspense.** While Trump has explicitly pointed to Kevin Warsh as his top pick for current Fed Chairman Jerome Powell's replacement, Warsh's appointment for this year is still up-in-the-air as Trump has been preoccupied with the Iranian conflict. This has caused inflation in the US to rise 3.3% MoM for Mar-2026, and with Powell still in the helm, we view a more aggressively dovish tilt is unlikely.

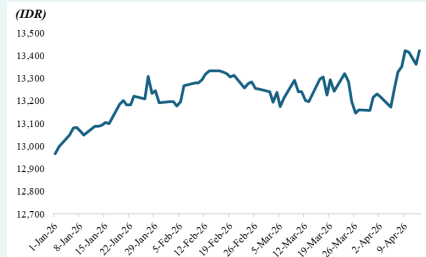
Please consider the rating criteria & important disclaimer

**Exhibit 24. Indonesia Loan Growth**



Source : Tradingeconomics, NHKSI Research

**Exhibit 25. SGD/IDR Along 2026**



Source : Investing.com, NHKSI Research

**Exhibit 26. HKD/IDR Along 2026**



Source : Investing.com, NHKSI Research

Exhibit 27. CNBC Central Banking Forum 2026



Source : NHKSI Research

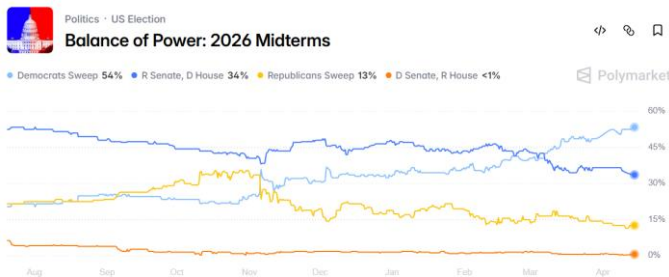
Exhibit 28. Our Team with Destry Damayanti, Senior Deputy Governor of Bank Indonesia



Source : NHKSI Research

In the CNBC Central Banking Forum 2026, BI Senior Deputy Governor Destry Damayanti stated that the Middle East war that began in late February 2026 has worsened the global economic outlook. The impact spreads through three channels: commodity prices (world oil above \$100/barrel), the financial channel (DXY rising, capital outflows from emerging markets), and the trade channel (significant decline in ship traffic through the Strait of Hormuz). Capital flows are largely directed to advanced economies, putting pressure on the rupiah. Post-conflict, the rupiah depreciated 1.91% and 2.39% year-to-date, although our exchange rate does not move alone as several peer countries are also experiencing significant outflows with a substantial risk premium. The direct impact of commodity prices is primarily felt in oil. On inflation, March 2026 headline inflation was recorded at 3.48% (YoY) or 0.41% (MoM), beginning to normalize after last year's electricity subsidy created a base effect. The government has not raised fuel prices, which is positive for supporting the rupiah. In response to these conditions, BI is intervening through DNDF, spot, and NDF, as well as expanding the base of NDF participants offshore. Spot has indeed risen but has not yet materialized into real transactions. The central bank will keep base money (M0) above 10% and continue expansion, as well as buy and sell securities as needed. Foreign exchange transaction governance, both transfer and domestic, will be strengthened, where FX transactions above 50k USD can be conducted but must have a clear underlying. Going forward, national resilience is focused on three areas: food, energy, and defense (security).

Exhibit 29. Polymarket's 2026 Midterm Balance Of Power



Source : Polymarket, NHKSI Research

Exhibit 30. Our Team with Former Foreign Minister Retno Marsudi



Source : NHKSI Research

Additionally, we also had a brief discussion with Former Foreign Minister Retno Marsudi. Mrs. Retno has cited that the war may extend longer than what was expected by the public. When questioned whether the current Iran-Israel-US conflict will end in 2-3 months, she disagreed and stated the war will be difficult to end in such a short time frame. The former foreign minister also added the economic impact will be felt for years to come. However, we are of the view President Donald Trump may not be able to extend the war coming into the midterms as the American public has a net negative perception of engaging in this current conflict. Currently, bettors on Polymarket are optimistic with a 54% chance of a Democratic Sweep; 34% Republican Senate and Democratic House; 13% Republican Sweep; and <1% chance of a Democrat Senate and Republican House.

Please consider the rating criteria & important disclaimer

## Bank Indonesia's Board of Governors



### **Perry Warjiyo**

#### **Governor**

#### **Professional Background**

- Governor of Bank Indonesia for the 2023–2028 term based on Presidential Decree No. 38/P of 2023 dated May 5, 2023, and officially sworn in on May 24, 2023
- Previously served as Governor of Bank Indonesia for the 2018–2023 term
- Deputy Governor of Bank Indonesia (2013–2018)
- Assistant Governor for monetary, macroprudential, and international policy, as well as Executive Director of the Economic Research and Monetary Policy Department (2009–2013)
- Executive Director at the International Monetary Fund, representing 13 member countries in the South-East Asia Voting Group (2007–2009)
- Has had a long-standing career at Bank Indonesia since 1984, with extensive experience in economic research, monetary policy, international issues, organizational transformation, central banking research and education, foreign exchange reserve management, and external debt management

#### **Educational Background**

- Bachelor's Degree in Economics, Universitas Gadjah Mada (1982)
- Master's Degree in Economics, Iowa State University (1989)
- Doctor of Philosophy (PhD) in Economics, Iowa State University (1991)



### **Destry Damayanti**

#### **Senior Deputy Governor**

#### **Professional Background**

- Senior Deputy Governor of Bank Indonesia for the 2024–2029 term based on Presidential Decree No. 74/P of 2024 dated July 10, 2024, and officially sworn in on August 7, 2024
- Previously served as Senior Deputy Governor of Bank Indonesia for the 2019–2024 term based on Presidential Decree No. 74/P of 2019 dated July 29, 2019
- Member of the Board of Commissioners of the Indonesia Deposit Insurance Corporation (2015–2019)
- Head of Economic Task Force, Ministry of State-Owned Enterprises (2014–2015)
- Chief Economist of Bank Mandiri (2011–2015)
- Chief Economist of Mandiri Sekuritas (2005–2011)
- Researcher and Lecturer at the Faculty of Economics, Universitas Indonesia (2005–2006)
- Senior Economic Adviser to the British Ambassador to Indonesia (2000–2003)

#### **Educational Background**

- Bachelor's Degree in Economics, Universitas Indonesia
- Master of Science in Regional Science, Cornell University, USA



### **Aida S. Budiman**

#### **Deputy Governor**

#### **Professional Background**

- Deputy Governor of Bank Indonesia based on Presidential Decree No. 147/P of 2021 dated December 24, 2021, for a term ending in 2027, and officially sworn in on January 6, 2022
- Assistant Governor overseeing Strategic Monetary Sector Policy, Bank Indonesia Policy Mix, and policy coordination with the national policy mix (2020–2022)
- Executive Director of the Economic and Monetary Policy Department (2018)
- Head of International Department (2014–2018)

#### **Educational Background**

- Bachelor's Degree in Agricultural Socio-Economics (Agribusiness), Institut Pertanian Bogor (1987)
- Master's Degree in Economics, University of Southern California (1996)
- Doctor of Philosophy (PhD) in Economics, Claremont Graduate University (2001)

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## Bank Indonesia's Board of Governors



### **Thomas A. M. Djiwandono**

#### **Deputy Governor**

##### **Professional Background**

- Member of the Board of Governors of Bank Indonesia based on Presidential Decree No. 10/P of 2026 dated February 3, 2026, and officially sworn in on February 9, 2026
- Vice Minister of Finance of the Republic of Indonesia (since July 2024; reappointed in October 2024)
- Ex-officio Member of the Board of Commissioners of Financial Services Authority of Indonesia from the Ministry of Finance (2025–2026)
- Formerly worked as a journalist before transitioning into finance and business, with experience as a financial analyst, consultant, and in various strategic roles in the private sector

##### **Educational Background**

- Bachelor's Degree in History, Haverford College, USA (1994)
- Master's Degree in International Relations and International Economics, Johns Hopkins University (2003)

### **Ricky P. Gozali**

#### **Deputy Governor**

##### **Professional Background**

- Member of the Board of Governors of Bank Indonesia based on Presidential Decree No. 68/P of 2025 dated July 29, 2025, and officially sworn in on August 11, 2025
- Began his career at Bank Indonesia in 1995 at the Central Java Representative Office
- Extensive experience in foreign exchange reserve management, both in domestic and international markets
- Assigned to the Bank Indonesia Representative Office in New York (2004–2008) and served as Chief Dealer in the foreign exchange market
- Held various strategic positions, including Head of Foreign Exchange Management Division, Head of International Market Analysis Division, and Head of International Relations and Policy Group
- Served as Head of Representative Offices in several regions, including Gorontalo (2018–2019), East Kalimantan (2022–2023), South Sumatra (2023–2025), and Jakarta (2025)
- Actively involved in strengthening MSME development, Islamic economy initiatives, payment system digitalization, and regional stakeholder coordination
- Vice Chairman of the Bank Indonesia Employees Association (IPEBI) (2020–2023) and coordinator for financial sector events during Indonesia's G20 Presidency

##### **Educational Background**

- Bachelor's Degree in Management, Universitas Pancasila (1992)
- Master's Degree in Management, Universitas Indonesia (2011)
- Completed Senior Executive Education Program at Bank Indonesia (SESPBI) (2019)
- Participated in executive leadership programs at Columbia University (2023), Bayes Business School (2022), and London Premier Center, Spain (2024)

### **Filianingsih Hendrta**

#### **Deputy Governor**

##### **Professional Background**

- Deputy Governor of Bank Indonesia based on Presidential Decree No. 21/P of 2023 dated March 15, 2023, for the 2023–2028 term, and officially sworn in on April 18, 2023
- Began her career at Bank Indonesia in 1986 • Head of Payment System Policy Department (2019–2022)
- Head of Macroprudential Policy Department (2015–2019)
- Head of Monetary Management Department (2013–2015)
- Assigned to various international institutions, including G20, BIS, FSB, IMF, World Bank, ECB, EMEAP, The Fed, Bank of Belgium, BOT, BNM, and Deutsche Bundesbank

##### **Educational Background**

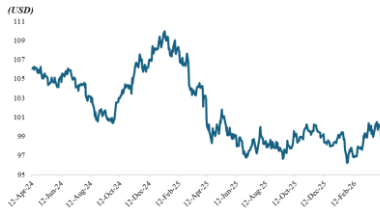
- Bachelor's Degree in Law, Universitas Airlangga (1985)
- Master's Degree in Economics and Finance, Boston University, USA (1992)



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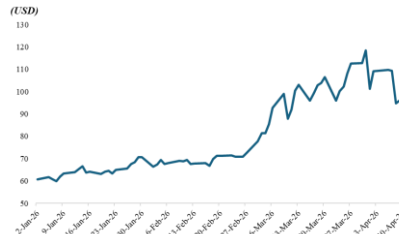
### Appendix (1/5)

Exhibit 1. US Dollar Index (DXY)



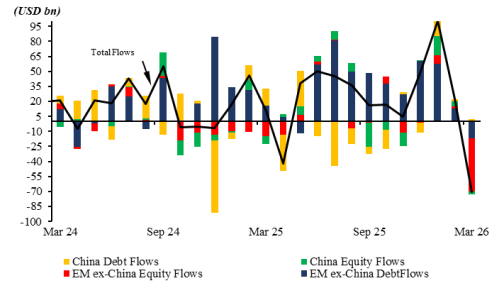
Source : Investing.com, NHKSI Research

Exhibit 2. Brent Oil Futures Price



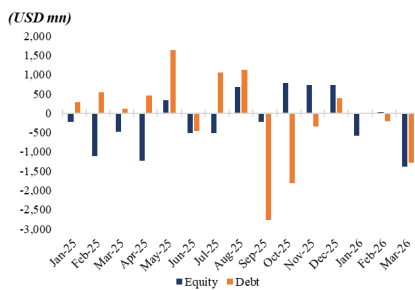
Source : Investing.com, NHKSI Research

Exhibit 3. Total Portfolio Flows into Emerging Markets



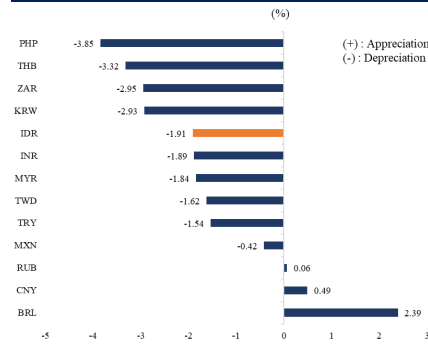
Source : IIF, NHKSI Research

Exhibit 4. Indonesia Equity and Debt Flow



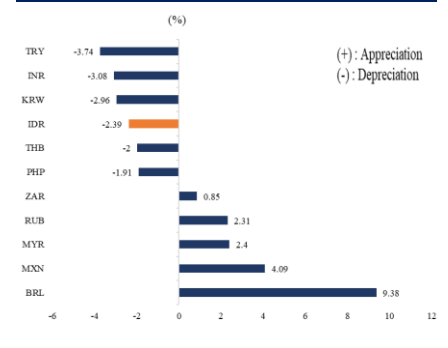
Source : IIF, NHKSI Research

Exhibit 5. Exchange Rate Movements Since the Escalation of the Middle East Conflict in Late February 2026



Source : Bloomberg, NHKSI Research

Exhibit 6. Exchange Rate Performance During YTD 2026



Source : Bloomberg, NHKSI Research

Exhibit 7. Fuel Distribution Control Policy (Diesel and Gasoline RON 90)

Fuel Type	Vehicle Type	Category	Maximum Limit (Liters/Day/Vehicle)
Diesel (Gas Oil)	Private motor vehicles	4-wheel (passenger/goods transport)	50
	Public motor vehicles	4-wheel (passenger/goods transport)	80
	Public motor vehicles	6-wheel or more (passenger/goods transport)	200
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50
Gasoline (RON 90)	Private/Public motor vehicles	4-wheel (passenger/goods transport)	50
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50

Source : BPHMIGAS, NHKSI Research

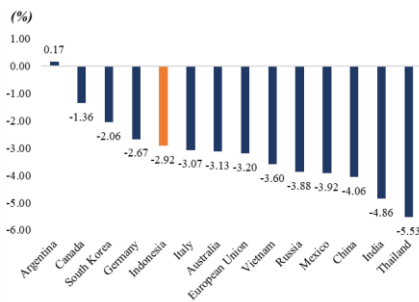
### Appendix (2/5)

**Exhibit 8. Potential Widening of State Budget Deficit Due to Rising Oil Prices (IDR tn)**

No	Description	APBN 2026	FX Rate Rp16800/USD			FX Rate Rp17000/USD			FX Rate Rp18500/USD		
			Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
			1(\$75/bbl)	2(\$84/bbl)	3(\$100/bbl)						
A	Government Revenue (fixed)	3154	3154	3154	3154	3154	3154	3154	3154	3154	
B	Government Expenditure	3843	3866	3952	4058	4206	3871	3958	4066	3914	4008
	Central Government Spending	2923	2946	3032	3138	3286	2951	3038	3146	2994	3088
	Energy Subsidies	219	233	319	426	574	239	326	433	281	376
	Other Central Spending (fixed)	2713	2713	2713	2713	2713	2713	2713	2713	2713	2713
	Transfers to Regions (fixed)	920	920	920	920	920	920	920	920	920	920
C	<b>Surplus / (Deficit) [A-B]</b>	<b>-689</b>	<b>-712</b>	<b>-798</b>	<b>-905</b>	<b>-1053</b>	<b>-718</b>	<b>-805</b>	<b>-913</b>	<b>-760</b>	<b>-855</b>
Δ	Change vs Baseline	0	-23	-109	-215	-364	-29	-116	-224	-71	-166
%	Deficit to GDP	-2,68%	-2,77%	-3,10%	-3,52%	-4,09%	-2,79%	-3,13%	-3,55%	-2,96%	-3,32%

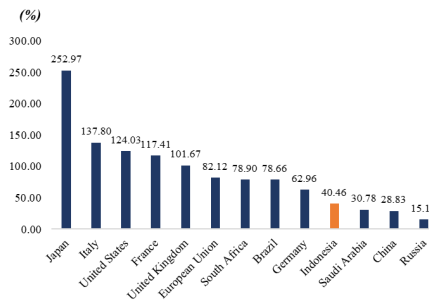
Source : CORE Indonesia, NHKSI Research

**Exhibit 9. Fiscal Balance of Countries, 2025**



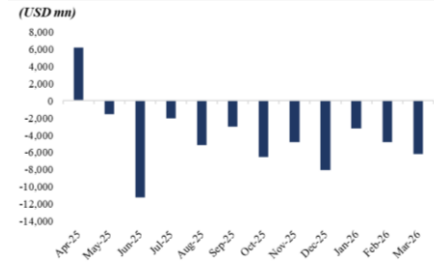
Source : CEIC, NHKSI Research

**Exhibit 10. Debt to GDP Ratio of Countries, 2025**



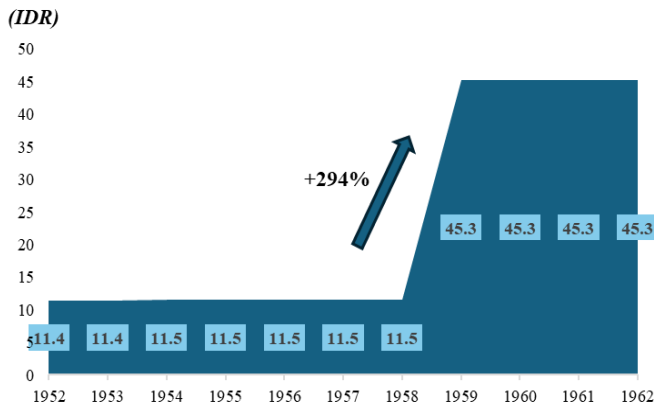
Source : CEIC, NHKSI Research

**Exhibit 11. Indonesia Fiscal Balance**



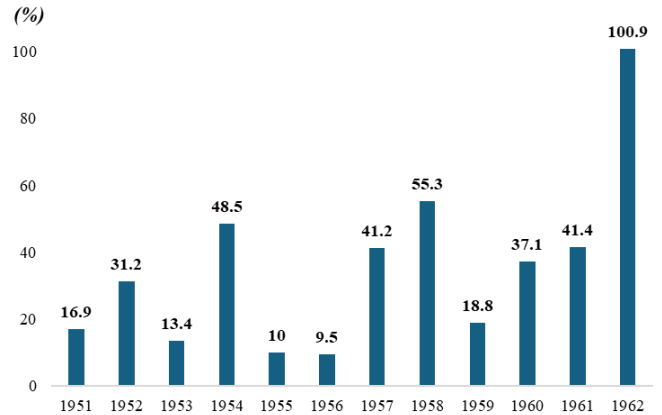
Source : CEIC NHKSI Research

**Exhibit 12. USD/IDR Depreciation During the Soekarno Era**



Source : NBER, NHKSI Research

**Exhibit 13. Money Supply Growth During the Soekarno Era**



Source : NBER, NHKSI Research

### Appendix (3/5)

Exhibit 14. Evolution of Economic Policy in Indonesia (1950–1957)

Cabinet	Monetary & Fiscal Policy	Nationalization	Indigenous Business Support	Foreign Investment	Other Policies
<b>Hatta (1949–1950)</b>	- Money control- Export certificates- Large budget deficit	- Railway nationalized	—	USD 100 mn US loan	Emergency labor law
<b>Natsir (1950–1951)</b>	- Tight credit (incl. foreign banks)- Establishment of state banks (BNI, etc.)- Turnover tax- Import liberalization- Tight budget	—	- Industrialization push- Benteng Program- Abolition of colonial rights	ECA agreement negotiated	Strike restrictions
<b>Sukiman (1951–1952)</b>	- Abandoned differential exchange rate	Bank Indonesia nationalized	Benteng loosened	MSA agreement	- Sumitro Plan- 2-year agricultural plan
<b>Wilopo (1952–1953)</b>	- Budget balance- Tight import restrictions- Import prepayments	No progress	Benteng tightened	Limited progress	- Army rationalization- Anti-squatter actions
<b>Ali I (1953–1955)</b>	- Large fiscal deficits- Balance of payments pressure- Trade policy adjustments (RTA abolished)	No progress	- Iskaq policy (open-handed)- Beginning of screening (Rooseno, 1954)	Draft regulations on foreign investment	—
<b>Burhanuddin (1955–1956)</b>	- Import liberalization- Prepayment system raised- BDP established (after KPU abolished)	No major progress	- “All programs called national”- Increased screening	—	- Anti-corruption drive- RTA abrogated
<b>Ali II (1956–1957)</b>	- Large budget deficits- Export certificates reintroduced- Proliferation of regulations- Deficit later reduced	No major progress	No major change	- Foreign Investment Bill submitted- USD 55 mn IMF loan	- 5-year plan- Debt to Holland abrogated- Labor law & regional boards
<b>Djuanda (1957–1959)</b>	- Bukti Export system- Heavy import restrictions	Dutch firms taken over (Dec 1957)	—	—	Munas program for regional economic development

Source : LPEM, NHKSI Research

Exhibit 15. The 1998 Indonesian Riots



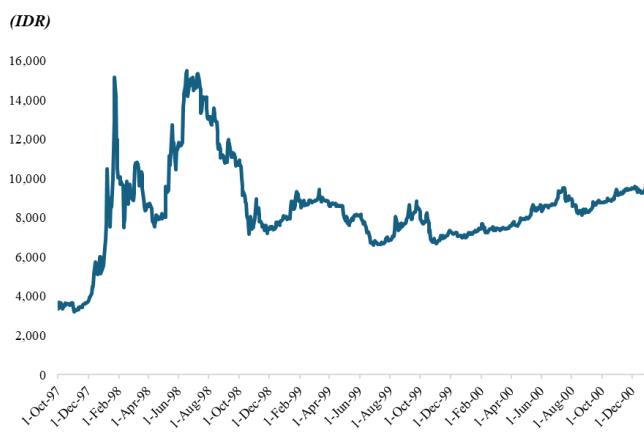
Source : BBC, NHKSI Research

Exhibit 16. The Resignation of President Suharto



Source : Kompas, NHKSI Research

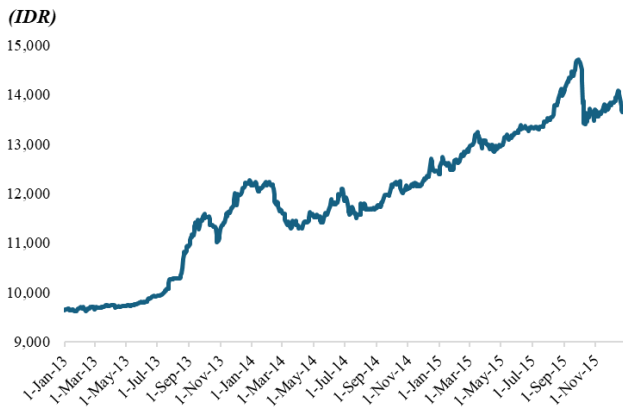
Exhibit 17. USD/IDR During the 1998 Monetary Crisis



Source : Investing.com, NHKSI Research

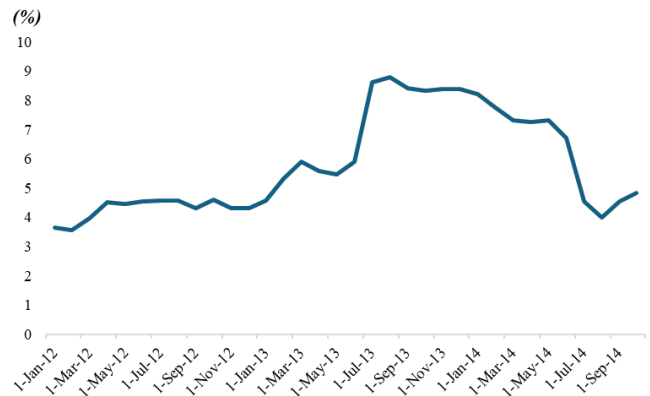
### Appendix (4/5)

Exhibit 18. Rupiah Depreciation 2013



Source : Investing.com, NHKSI Research

Exhibit 19. Indonesia Inflation Rise in 2013



Source : BI, NHKSI Research

Exhibit 20. The Federal Reserve Building



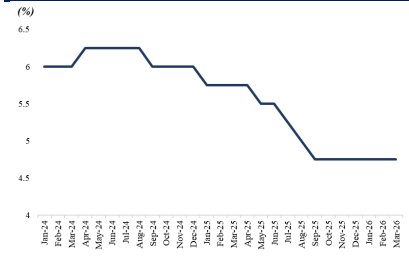
Source : Reuters, NHKSI Research

Exhibit 21. Thomas A.M. Djiwandono Appointed as Deputy Governor of Bank Indonesia



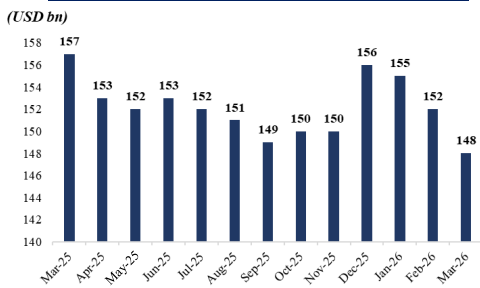
Source : BI, NHKSI Research

Exhibit 22. Bank Indonesia (BI) Rate – Monthly (Jan-24 to Mar 26)



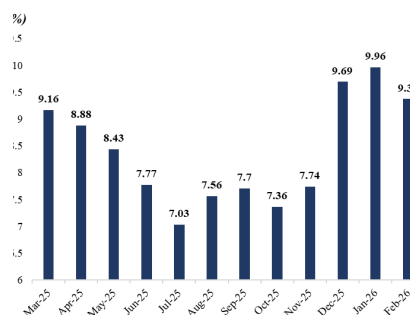
Source : BI, NHKSI Research

Exhibit 23. Indonesia Forex Reserve



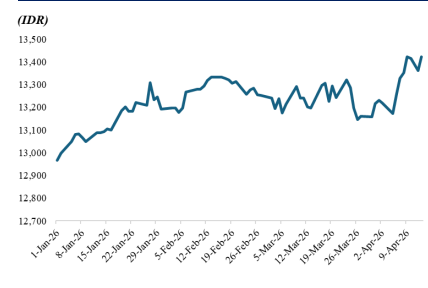
Source : Tradingeconomics NHKSI Analytics

Exhibit 24. Indonesia Loan Growth



Source : Tradingeconomics, NHKSI Research

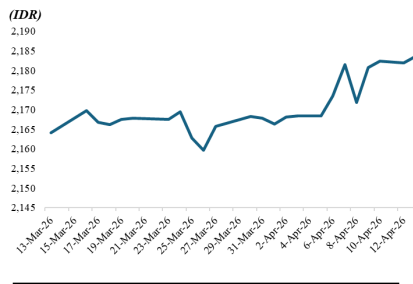
Exhibit 25. SGD/IDR Along 2026



Source : Investing.com, NHKSI Research

**Appendix (5/5)**

**Exhibit 26. HKD/IDR Along 2026**



Source : Investing.com, NHKSI Research

**Exhibit 27. CNBC Central Banking Forum 2026**



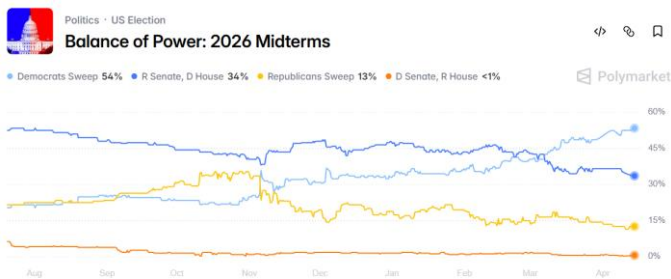
Source : NHKSI Research

**Exhibit 28. Our Team with Destry Damayanti, Senior Deputy Governor of Bank Indonesia**



Source : NHKSI Research

**Exhibit 29. Polymarket's 2026 Midterm Balance Of Power**



Source : Polymarket, NHKSI Research

**Exhibit 30. Our Team with Former Foreign Minister Retno Marsudi**



Source : NHKSI Research

### NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication
2. Rating system based on a stock's potential upside from the date of publication

- Buy : Greater than 15%
- Overweight : +5% to 15%
- Hold : -5% to +5%
- Underweight : -5% to -15%
- Sell : Less than -15%



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