Sovereign Rating Update

S&P Global · Foreign & Local Currency · 13 July 2026

S&P affirms Indonesia at BBB/A-2 with a Stable outlook — the only major agency not on Negative, but the margin to a downgrade trigger is now razor-thin

Long-Term Rating	Outlook	Interest / Revenue 2026F	Ext. Financing Needs 2026F
BBB / A-2	**Stable**	**15.7%**	**98.9%**
Affirmed, no change (13 Jul 2026)	S&P now the only agency not on Negative	Above the 15% downside trigger	Near stress zone; eases to 96.1% by 2029

KEY TAKEAWAYS

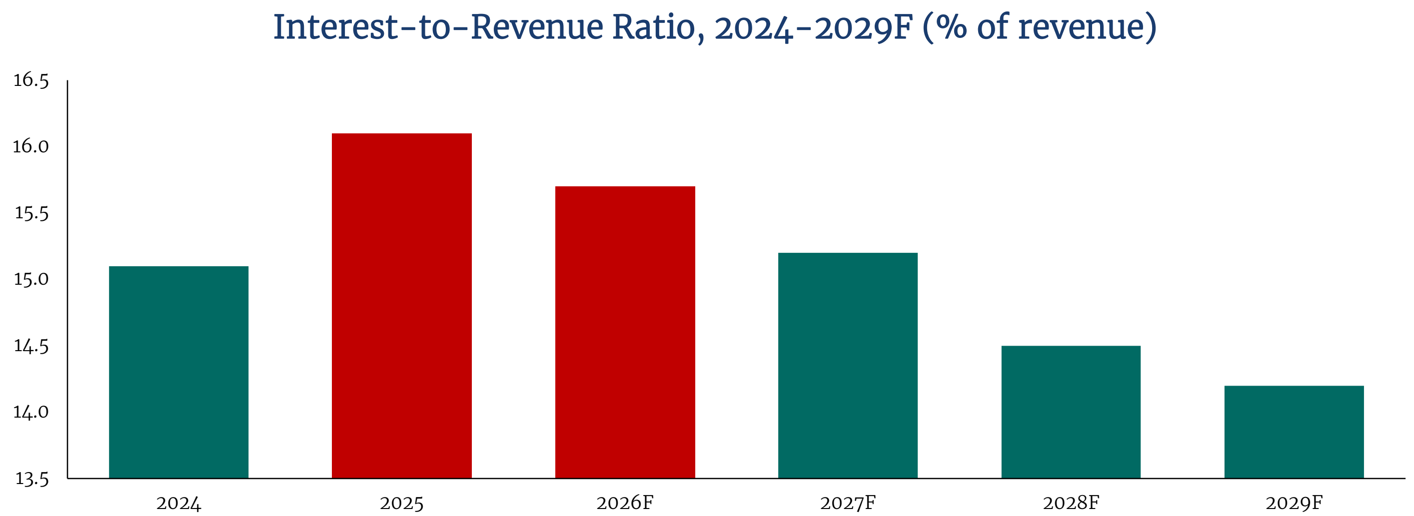
- S&P Global Ratings affirmed Indonesia at BBB long-term and A-2 short-term on 13 July 2026, keeping a Stable outlook and no notching between foreign- and local-currency ratings. The affirmation matters most for what it signals about peers: S&P is now the only major agency still on Stable, after Moody's (Baa2) and Fitch (BBB) both moved to Negative earlier in 2026. S&P frames the recent fiscal and external softening as cyclical and reversible rather than a structural credit event, tied to high oil prices, a weaker rupiah, elevated rates, and lingering post-pandemic debt.
- The support comes from a still-solid growth and debt profile. Real GDP grew 5.6% year on year in the first quarter of 2026, with S&P forecasting 5.1% for the full year and a 4.9% average through 2029, comfortably above income peers. Net general government debt stays contained near 36.7% of GDP in 2026, drifting only to 37.4% by 2029, while revenue is recovering at around 21% year on year in the first half of 2026 as 2025's tax-administration and VAT-refund distortions fade. S&P also reads Bank Indonesia's June rate hike to defend the rupiah as a credible, independent policy response.
- The concern is how little cushion is left against S&P's own triggers. The interest-to-revenue ratio stays above 15% through 2026 and 2027, easing only to 15.7% in 2026 from 16.1% in 2025 against an explicit above-15%-sustained downside threshold, and net debt is set to rise 3.1% of GDP in 2026, a hair above the 3%-per-year trigger. Externally, the current account has flipped to a 2.2% of GDP deficit in 2026 from near balance in 2025, and gross external financing needs climb to 98.9% of current account receipts plus reserves, near stress territory before an expected easing toward 96.1% by 2029.
- For markets, the read-through is a real-versus-financial divergence S&P itself flags: despite firm growth, the JCI lost over 30% of market capitalisation and the rupiah weakened around 7% in the first half of 2026, linked to policy-execution uncertainty around new institutions such as Danantara and DSI. The affirmation buys time, not comfort — an upgrade needs the deficit near 1% of GDP, which is far off, while a single sustained slip on debt growth or interest burden could align S&P with the other two agencies. *Key watch: interest-to-revenue and external financing needs into 2027 — a commodity reversal or renewed rupiah weakness could tip the outlook to Negative before the next review.*

S&P Selected Indicators — Indonesia (base case, % unless stated)

Indicator	2025	2026F	2027F	2028F	2029F
Real GDP growth (%)	5.1	5.1	4.9	4.9	4.8
Fiscal balance / GDP (%)	-2.9	-2.9	-2.9	-2.9	-2.9
Current account / GDP (%)	-0.1	-2.2	-1.7	-1.2	-0.7
Net gov. debt / GDP (%)	36.4	36.7	36.9	37.0	37.4
Change in net debt / GDP (%)	2.9	3.1	2.8	2.8	2.9
Ext. financing needs / CARs+res. (%)	92.9	98.9	98.2	97.3	96.1
IDR / USD, year-end	16,782	17,700	17,500	17,500	17,500
Interest / Revenue (%)	16.1	15.7	15.2	14.5	14.2

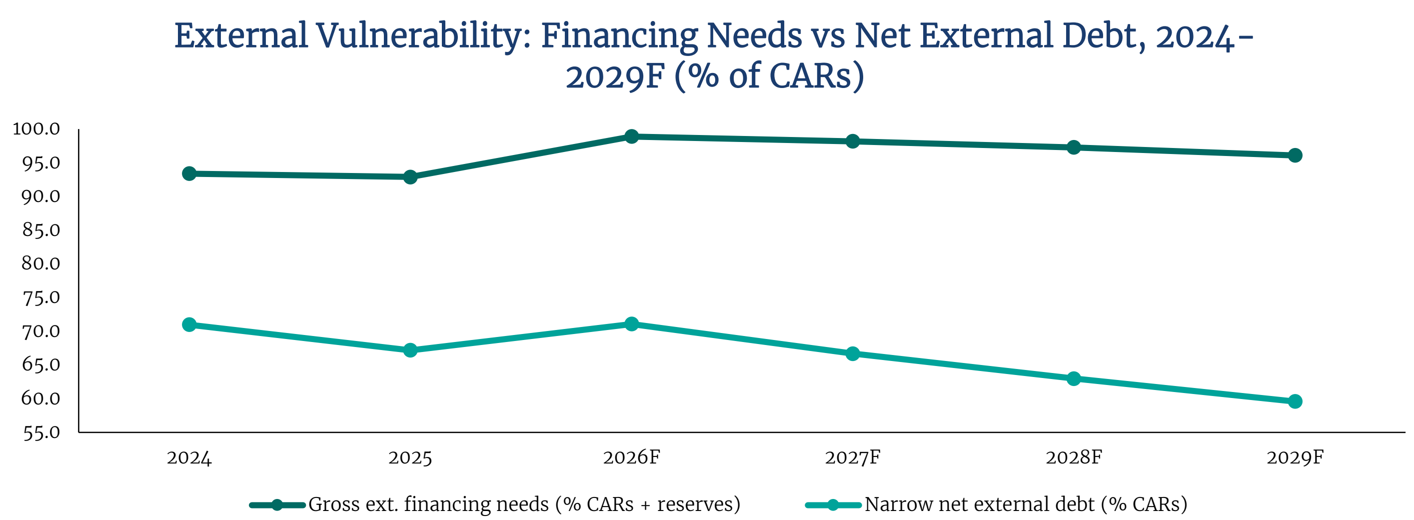
Source: S&P Global Ratings, Indonesia Selected Indicators (13 July 2026). F = base-case forecast. Red = at or above S&P downside triggers.

Interest burden sits above the trigger



Interest-to-revenue holds above S&P's 15% downside line in 2025-2026 before easing below it from 2028. Source: S&P Global Ratings (13 July 2026).

External financing needs approach the stress zone



Gross external financing needs peak near 99% of CARs plus reserves in 2026 even as net external debt keeps falling, a divergence S&P is watching closely. Source: S&P Global Ratings (13 July 2026).

Source: S&P Global Ratings, Indonesia Selected Indicators (13 July 2026).

Cross-Agency Comparison — Indonesia Sovereign Ratings

Agency	Rating / Outlook	Last action & read-through
S&P Global	BBB / Stable	Affirmed 13 Jul 2026. The only major agency still on a Stable outlook.
Moody's	Baa2 / Negative	Moved Negative 5 Feb 2026. One notch above S&P-equivalent on scale.
Fitch Ratings	BBB / Negative	Moved Negative 4 Mar 2026. Same rating level as S&P, weaker outlook.
Alignment risk	—	If S&P shifts to Negative, all three agencies would align, materially raising downgrade probability at the next reviews.

Source: S&P Global, Moody's, Fitch; compiled by Aldiracita Research. For informational purposes only.

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