Macro Update

August 2026 CPI · July 2026 Trade · Indonesia · 01 September 2026

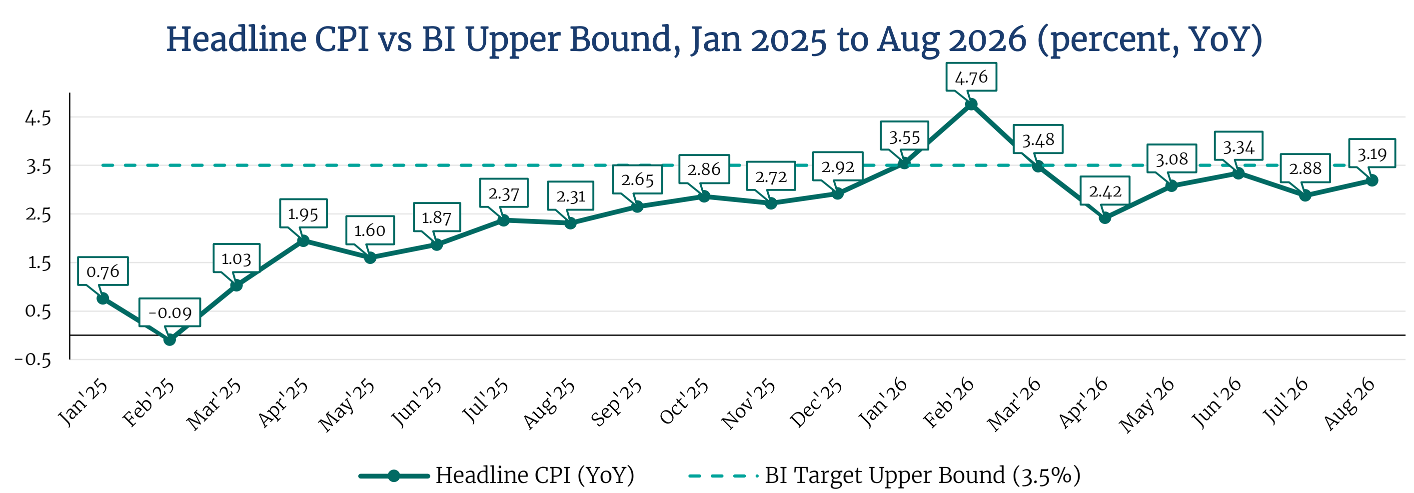
Inflation Re-Accelerates to 3.19% While July's Trade Surplus Survives on USD 0.12Bn

Headline CPI · Aug 2026	Core CPI · Aug 2026	Trade Balance · Jul 2026	Trade Balance · Jan-Jul 2026
3.19%	**2.92%**	**USD 0.12Bn**	**USD 3.70Bn**
YoY, from 2.88% in July; 31 bps below the 3.5% ceiling	YoY, cycle high; 2.17% in August 2025	Surplus restored after two deficit months	Down 84.4% from USD 23.77Bn a year earlier

KEY TAKEAWAYS

- Headline inflation re-accelerated to 3.19% YoY in August 2026 from 2.88% in July, leaving only 31 basis points of headroom below Bank Indonesia's 3.5% ceiling, with prices up 0.21% MoM after July's 0.14% deflation. Released the same morning, the July trade account posted a surplus of only USD 0.12Bn, ending two consecutive deficit months on the thinnest margin of the cycle. Read together, the external buffer has gone while the price level is climbing again.
- The re-acceleration came from food, not energy. Volatile prices rose 0.88% MoM, contributing 0.15pp on broiler chicken, bird's-eye chilli and rice, while administered prices fell 0.33% MoM as Pertamina cut Pertamax by roughly 2% and the domestic fuel surcharge cap was trimmed to 30% of the fare ceiling, pulling transport down 0.50% MoM. That is the mirror image of June. The uncomfortable detail sits underneath: core inflation reached 2.92% YoY, a cycle high against 2.76% in June, contributing 1.87pp of the headline.
- July's surplus is arithmetic, not strength. Exports rose 6.05% YoY to USD 26.22Bn on nickel and coal, but imports rose 27.02% YoY to USD 26.09Bn, and the surplus holds only because a nonmigas surplus of USD 3.10Bn just cleared a migas deficit of USD 2.98Bn. Cumulatively the January to July surplus collapsed 84.4% to USD 3.70Bn from USD 23.77Bn, a USD 20.07Bn swing. Raw-material imports were up 32.33% YoY, so part of the surge is productive; the nonmigas deficit with China alone is USD 17.67Bn.
- For policy the two prints pull the same way without yet forcing a move. The real policy rate stays positive near 2.56% with the BI-Rate at 5.75%, and administered-price deflation buys time, so we keep a hold as the base case for the September RDG at 50% probability against 35% for a 25 basis point step to 6.00%. The constraint is external: a goods account that no longer supplies dollars leaves BI's inflow-incentive defence of the Rupiah carrying the full load, with the ten-year US Treasury near 4.76% and WTI near USD 86.6 per barrel. *Key watch: the September RDG, where a Rupiah break beyond IDR 17,800 per US Dollar, a Federal Reserve hike, or a September CPI print above 3.5% would move a hike to 6.00% from our risk case to our base case.*

Headline CPI Against Bank Indonesia's Upper Bound



Headline inflation has breached the 3.5% ceiling once in 2026, in February; August's 3.19% leaves 31 basis points of headroom. Source: BPS Berita Resmi Statistik (1 September 2026); Aldiracita Research.

Inflation by Component · August 2026 (percent)

Component	MoM %	Contrib. MoM (pp)	Aug 2025 YoY %	Aug 2026 YoY %	Contrib. YoY (pp)
General (Headline)	**0.21**	**0.21**	**2.31**	**3.19**	**3.19**
Core	0.21	0.13	2.17	2.92	1.87
Administered Prices	-0.33	-0.07	1.00	3.32	0.65
Volatile Foods	0.88	0.15	4.47	4.06	0.67

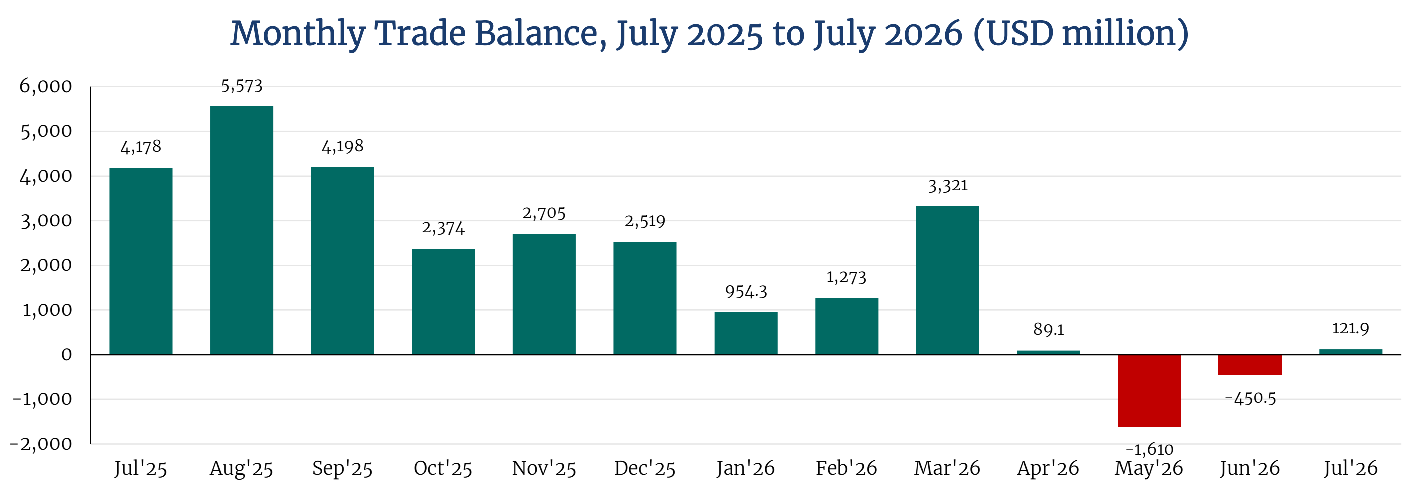
Source: BPS Berita Resmi Statistik, Badan Pusat Statistik (1 September 2026).

Inflation by Expenditure Group · August 2026 (percent)

Expenditure Group	MoM %	Contrib. MoM (pp)	YoY %	Contrib. YoY (pp)
General (Headline)	**0.21**	**0.21**	**3.19**	**3.19**
Food, Beverages and Tobacco	0.57	0.17	3.86	1.13
Clothing and Footwear	0.07	~0	1.20	0.06
Housing, Water, Electricity and Household Fuel	0.05	0.01	1.01	0.16
Household Equipment and Routine Maintenance	0.22	0.01	2.00	0.10
Health	0.20	~0	2.12	0.06
Transport	-0.50	-0.06	4.79	0.58
Information, Communication and Financial Services	0.18	0.01	1.72	0.10
Recreation, Sport and Culture	0.25	~0	1.75	0.03
Education	0.33	0.02	1.20	0.07
Food and Beverage Services / Restaurant	0.22	0.02	2.67	0.27
Personal Care and Other Services	0.37	0.03	9.25	0.63

Source: BPS Berita Resmi Statistik, Badan Pusat Statistik (1 September 2026). ~0 denotes a contribution too small to round to 0.01pp.

Monthly Trade Balance Since July 2025



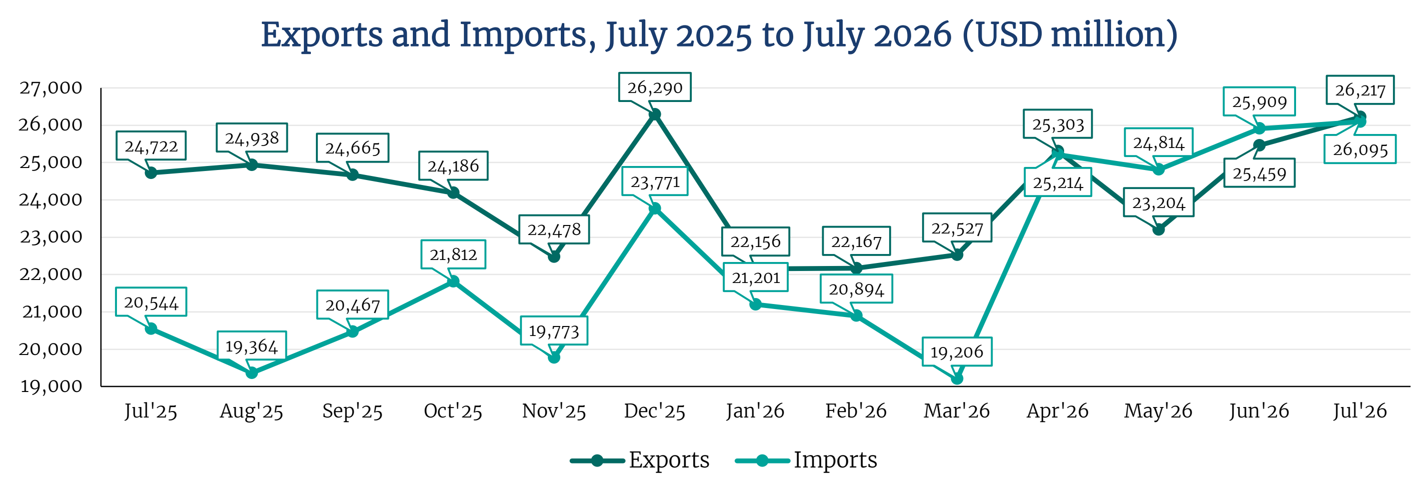
The balance has cleared USD 1Bn only twice since January, printed deficits in May and June, and returned a USD 0.12Bn surplus in July. Source: BPS Berita Resmi Statistik No.88/09/Th.XXIX (1 September 2026).

Exports, Imports and Trade Balance · July 2026 (USD million)

Item	Jul 2025	Jun 2026	Jul 2026	YoY %	MoM %	Jan-Jul 2026	C-to-C %
Total Exports	**24,722.1**	**25,458.7**	**26,216.7**	**6.05**	**2.98**	**167,031.0**	**4.43**
Migas	922.0	1,065.3	787.6	-14.58	-26.07	7,019.0	-10.63
Nonmigas	23,800.1	24,393.4	25,429.1	6.84	4.25	160,012.0	5.21
Total Imports	**20,544.3**	**25,909.2**	**26,094.8**	**27.02**	**0.72**	**163,332.1**	**19.94**
Migas	2,513.5	4,558.0	3,768.1	49.91	-17.33	25,771.6	40.24
Nonmigas	18,030.8	21,351.2	22,326.7	23.83	4.57	137,560.5	16.78
Trade Balance	**4,177.8**	**-450.5**	**121.9**	**-97.08**	**n.m.**	**3,698.9**	**-84.44**
Migas	-1,591.5	-3,492.7	-2,980.5	n.m.	n.m.	-18,752.6	n.m.
Nonmigas	5,769.3	3,042.2	3,102.4	-46.23	1.98	22,451.5	-34.54

Source: BPS Berita Resmi Statistik No.88/09/Th.XXIX, Badan Pusat Statistik (1 September 2026). n.m. denotes a sign change or negative base. C-to-C compares January to July 2026 with the same period of 2025.

Imports Have Converged on Exports



Import growth of 27.02% YoY against export growth of 6.05% has closed the gap to USD 0.12Bn. Source: BPS Berita Resmi Statistik No.88/09/Th.XXIX (1 September 2026).

Imports by Use Category · July 2026 (USD million)

Category	Jul 2025	Jun 2026	Jul 2026	YoY %	MoM %	Jan-Jul 2026	C-to-C %
Total Imports	**20,544.3**	**25,909.2**	**26,094.8**	**27.02**	**0.72**	**163,332.1**	**19.94**
Consumption Goods	2,025.1	2,113.9	2,237.7	10.50	5.85	14,164.3	16.03
Raw Materials and Auxiliary Goods	14,174.4	18,550.0	18,757.2	32.33	1.12	116,704.6	20.42
Capital Goods	4,344.8	5,245.3	5,099.9	17.38	-2.77	32,463.2	20.00

Source: BPS Berita Resmi Statistik No.88/09/Th.XXIX, Badan Pusat Statistik (1 September 2026). Raw materials and auxiliary goods were 71.45% of January to July imports, capital goods 19.88% and consumption goods 8.67%.

External Balance Is Now the Binding Constraint

A January to July goods surplus of USD 3.70Bn, against USD 23.77Bn a year earlier, withdraws roughly USD 20Bn of dollar supply from the balance of payments in seven months and puts Bank Indonesia's 2026 current-account-deficit projection of 0.5% to 1.3% of GDP under clear revision risk. The migas gap is the structural half of the problem: crude exports have printed zero since June while crude and oil-product imports together ran at USD 3.77Bn in July, leaving a monthly energy deficit near USD 3Bn that neither nickel nor coal can offset indefinitely.

The nonmigas half is more ambiguous, and on balance less alarming. Raw materials at 71.45% of imports and capital goods at 19.88% mean the import surge is overwhelmingly input demand rather than consumption, consistent with the government-led construction and priority-programme spending that has underpinned domestic demand, so it should eventually show up in output rather than only in the deficit. For SBN the combination is still uncomfortable: a ten-year SUN at 7.03% against a US ten-year at 4.76% leaves a 226 basis point spread that has already compressed 37 basis points, and the currency channel argues for keeping duration in the belly rather than the long end.

Forward Scenarios · September RDG

Scenario	Probability / Next Move	Triggers and Conditions
Base · extended hold	50% · hold at 5.75%	Headline at 3.19% remains inside the 2.5% plus or minus 1.0% corridor; administered prices in deflation; real policy rate positive near 2.56%; the KLM money-market-deepening tranche only became effective on 1 September and BI will want to see it work.
Hawkish · step to 6.00%	35% · plus 25 bps	A Rupiah break beyond IDR 17,800 per US Dollar; a Federal Reserve hike or the US ten-year above 4.85%; a September CPI print above the 3.5% ceiling; a further widening of the monthly migas deficit beyond USD 3Bn.
Package · hold plus wider incentives	15% · hold, incentives widened	The Rupiah stabilises below IDR 17,700 and portfolio inflows hold, letting BI lean again on the hedging-swap, DNDF and KLM incentives rather than the policy rate, as it chose to do at the July RDG.

Source: Aldiracita Research estimates; Bank Indonesia RDG releases; BPS Berita Resmi Statistik (1 September 2026). For informational purposes only.

Market Implications · Transmission Channels

Channel	Read	Analysis
Rupiah	Negative	A monthly surplus of USD 0.12Bn and USD 3.70Bn year to date supplies far fewer dollars than the USD 23.77Bn of a year earlier, so the currency now leans on portfolio inflows that BI has to keep buying with incentives. The Rupiah at IDR 17,720 per US Dollar is already 5.8% weaker year to date.
SBN	Neutral to negative	The ten-year SUN at 7.03% against a US ten-year at 4.76% leaves a 226 basis point spread that has already compressed 37 basis points. Administered-price deflation caps near-term inflation risk, so we stay in the belly and avoid the 20 to 30 year segment.
Policy rate	Hold, hawkish risk	A real policy rate positive near 2.56% and core still below 3% support a hold at 5.75%, but core at a cycle high of 2.92% removes the argument that the overshoot is purely exogenous.
Equities	Mixed	Raw-material imports up 32.33% YoY and capital goods up 17.38% YoY point to input restocking and investment rather than consumption, which favours industrials and construction, while a weaker Rupiah and firmer food prices pressure consumer margins.
Current account	Negative	The USD 20.07Bn seven-month swing in the goods balance puts Bank Indonesia's 2026 current-account-deficit projection of 0.5% to 1.3% of GDP under revision risk.

Source: Aldiracita Research; Bloomberg; BPS Berita Resmi Statistik (1 September 2026). For informational purposes only.

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