

Subsidy bill hits 84% of ceiling with a quarter left; 9M26 deficit at 1.24% of GDP

STATE REVENUE	STATE SPENDING	FISCAL DEFICIT	SUBSIDY & COMPENSATION
9M26: IDR2,341.5Tn Target: IDR3,153.6Tn 74.2% of target · +25.5% yoy	9M26: IDR2,660.5Tn Ceiling: IDR3,842.7Tn 69.2% of ceiling · +19.0% yoy	9M26: -IDR319.0Tn Implied: -IDR530.6Tn -1.24% → -2.06% of GDP · ex one-offs	9M26: IDR376.8Tn Ceiling: ~IDR447.0Tn 84.3% of ceiling · +54.1% yoy

KEY TAKEAWAYS

- The budget looks comfortable through September, but the final month turned sharply. Revenue reached **IDR2,341.5 tn (+25.5% yoy, 74.2% of target)** against spending of **IDR2,660.5 tn (+19.0%, 69.2% of ceiling)**, leaving a deficit of IDR319.0 tn (1.24% of GDP) and a primary surplus of IDR125.5 tn. September alone ran a deficit of **IDR78.9 tn**, with spending of IDR364.8 tn some 27% above the January–August monthly average and the primary surplus shrinking by IDR28.5 tn.
- The pressure point is energy. Subsidy and compensation spending reached **IDR376.8 tn, or 84.3% of its back-calculated full-year ceiling**, with a quarter still to go. Subsidies stand at IDR222.5 tn (69.8% of budget, +26.4% yoy), but **energy compensation has more than doubled to IDR154.4 tn (+125.1% yoy)**, already 120.5% of the roughly IDR128.1 tn the ceiling implies. With ICP averaging USD91.9/bbl against a USD70 assumption and the Rupiah at 17,937/USD versus 16,500, the IDR41.9 tn monthly run rate points to a full-year bill of IDR502.4 tn, **an overshoot of IDR55.4 tn (12.4%)**.
- Revenue is the cushion, and so far it has outrun the budget. **Non-tax revenue has reached IDR492.3 tn, 107.2% of the full-year APBN (+41.7% yoy)**, on higher oil and mineral income and IDR57.1 tn recovered by the forest-area task force (Satgas PKH), while tax receipts of IDR1,607.6 tn (+24.1%, 68.2% of target) held that growth rate for a second month. Meeting the full-year target needs IDR270.7 tn a month in the fourth quarter versus a nine-month average of IDR260.2 tn, **a 4.0% step-up that September's IDR285.9 tn already clears**. MBG headroom, by contrast, has narrowed to about 6.6%, with IDR153.2 tn disbursed against the IDR218.8 tn ceiling.
- Stripping out non-recurring support gives a less comfortable picture.** Removing the revenue lift from lower tax-refund payouts (an estimated IDR156.6 tn across corporate income tax and domestic VAT) and the one-off IDR55.0 tn Bank Indonesia surplus **lifts the 9M26P deficit from 1.24% to an implied 2.06% of GDP**. On the same basis, with the subsidy overshoot funded, our illustrative **FY26F implied deficit is 3.7–3.9% of GDP against 2.90% reported**; way above the 3% legal ceiling (*please refer to page.4 for full detail*). The enacted **APBN 2027 budgets a smaller 2.40% deficit but still on a rather risky ICP assumption of USD75/bbl**, well below this year's USD91.9 realization. **Key watch: whether October–November compensation payments slow toward the IDR23.4 tn monthly room left in the ceiling or keep running near IDR42 tn, which would reopen the supplementary–budget question.**

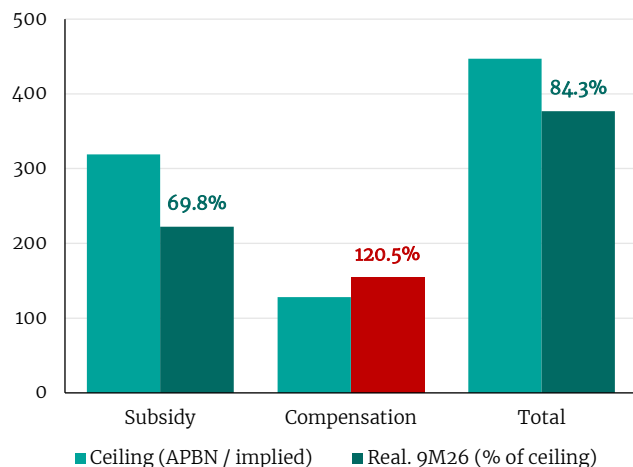
APBN Realization Scorecard · Jan–Sep 2026 (IDR Tn)

Item	APBN 2026	Real. 9M26	% of APBN	Growth yoy	Note
State Revenue	3,153.6	2,341.5	74.2%	+25.5%	broad-based
Tax Revenue	2,693.7	1,847.7	68.6%	+21.8%*	tax +24.1%, customs +8.5%
Customs & Excise	336.0	240.1	71.5%	+8.5%	export duty +44.5%
Non-Tax Revenue (PNBP)	459.2	492.3	107.2%	+41.7%	above full-year APBN
State Spending	3,842.7	2,660.5	69.2%	+19.0%	Sep alone IDR364.8Tn
Central Govt Spending	3,149.7	2,061.3	65.4%	+29.6%	K/L +33.5% yoy
Transfer to Regions	727.2**	599.2	82.4%	-7.2%*	revised ceiling
Primary Balance	-89.7	125.5	n.m.	—	Sep alone -IDR28.5Tn
Fiscal Deficit	-689.1	-319.0	46.3%	-13.8%*	-1.24% of GDP

*Derived from disclosed totals. **Revised ceiling (APBN 2026 allocation: IDR693.0Tn). n.m. = not meaningful. Source: Kementerian Keuangan RI, APBN Kita; Aldiracita Research.

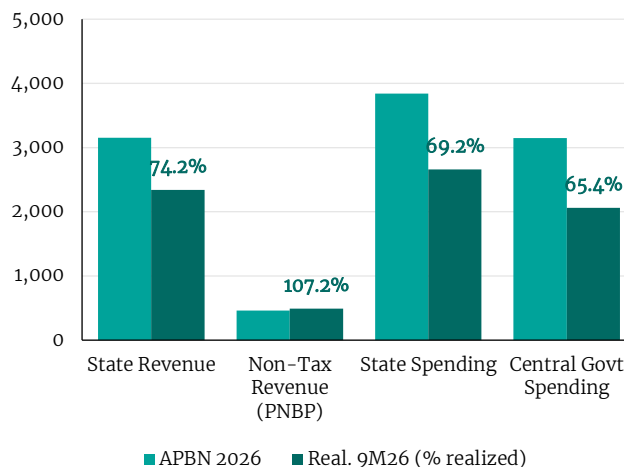
Charts · APBN Kita 9M26

Subsidy & Compensation: Realized vs Ceiling · 9M26 (IDR Tn)



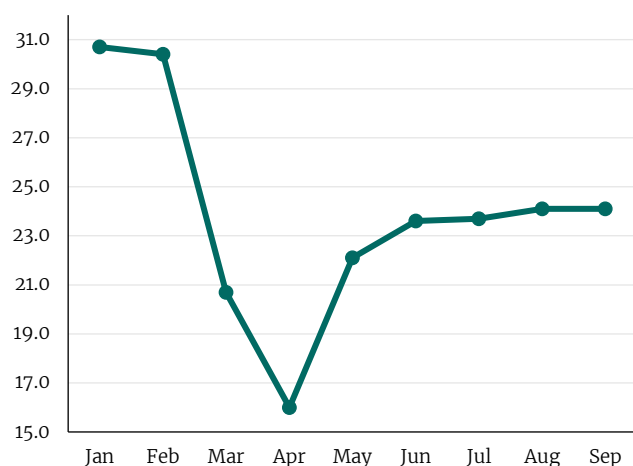
Compensation is already 120.5% of its implied ceiling; the total is at 84.3% with a quarter left.

APBN Realization by Major Line · 9M26 (IDR Tn)



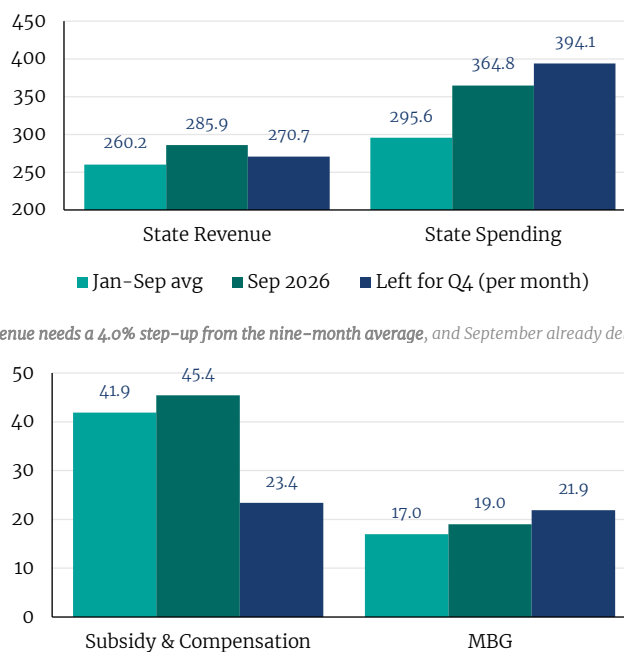
Non-tax revenue has passed its full-year budget (107.2%) while spending realization is 69.2%.

Cumulative Tax Revenue Growth · Jan-Sep 2026 (% yoy)



Tax growth bottomed at 16.0% in April and has held at 24.1% for the last two months.

Q4 Run-Rate Test · Revenue, Spending, Subsidy & MBG (IDR Tn per month)



Revenue needs a 4.0% step-up from the nine-month average, and September already delivered it.

Subsidy pace is 1.8x the monthly room left in its ceiling; MBG pace is below its room.

Source: Kementerian Keuangan RI, APBN KiTa press conference (9 October 2026); Aldiracita Research calculations; Various Source.

Spending Quality & Subsidy Scorecard · Jan-Sep 2026 (IDR Tn)

Item	Real. 9M25	Real. 9M26	% of APBN	Growth yoy	Note
Ministry/Agency Spending (K/L)	800.9	1,069.4	70.8%	+33.5%	MBG and social aid
Personnel	237.2	287.7	80.3%	+21.3%	new civil servants
Goods	277.9	463.9	65.8%	+66.9%	MBG IDR150.3Tn
Capital	173.1	202.0	71.1%	+16.7%	irrigation and roads
Social Aid	112.7	115.8	71.2%	+2.7%	education and health aid
Non-Ministry/Agency Spending	789.1	991.9	60.5%	+25.7%	pensions and subsidy
Subsidy & Compensation	244.6	376.8	84.3%	+54.1%	ceiling nearly used
Subsidy	176.0	222.5	69.8%	+26.4%	fuel volume +9.1%
Compensation	68.6	154.4	120.5%†	+125.1%	above implied ceiling
MBG (memo)	—	153.2	70.0%‡	—	of BGN ceiling IDR218.8Tn

†Against the implied compensation ceiling of IDR128.1Tn (total ceiling of IDR447.0Tn, back-calculated from the disclosed 84.3%, less the IDR318.9Tn subsidy budget). ‡Against the BGN ceiling of IDR218.8Tn, not disclosed in the APBN KiTa release. Source: Kementerian Keuangan RI, APBN KiTa, 9 October 2026; Various Source; Aldiracita Research.

Fixed Income & Macro Market Implications

Dimension	Assessment	Analysis
Rates / SBN	Watch	Net debt financing stands at IDR494.3 tn (59.4% of target; SBN net 62.2%), easing from IDR506.0 tn at end-August. The 10-year SBN yield is 7.17% against the 6.9% budget assumption, the spread to UST has narrowed to 188bps and capital inflows total IDR131.1 tn year to date (SBN IDR36.7 tn) — supportive, but a compensation overshoot funded through debt would add to fourth-quarter supply.
Rupiah / FX	Watch	The Rupiah stood at 17,937/USD on 2 October against a 16,500 budget assumption and the government's own 17,500 outlook, while ICP averaged USD91.9/bbl against USD70 budgeted and USD83 in the outlook. Both outlook assumptions sit below current levels, so the official subsidy projection may still prove light.
Subsidy & Fiscal Space	Negative	At the nine-month run rate, subsidy and compensation reach IDR502.4 tn against a roughly IDR447.0 tn ceiling, an overshoot of IDR55.4 tn (12.4%) . If funded by the deficit with all else on plan, the FY26F reported deficit rises to 2.90% of GDP from 2.68% budgeted , leaving roughly IDR27 tn of room to the 3% legal ceiling.
APBN 2027 Bridge	Watch	The enacted APBN 2027 budgets revenue of IDR3,435.1 tn, spending of IDR4,106.3 tn and a 2.40% deficit, with ICP at USD75/bbl and the Rupiah at 17,500. Both assumptions are closer to current levels than 2026's were, but the ICP assumption remains USD16.9/bbl below this year's realization, so compensation is again the swing line.

Source: Aldiracita Research, based on Kementerian Keuangan RI data and Various Source. For informational purposes only.

APPENDIX · Deep Dive: Normalized Deficit & Budget Headroom (IDR Tn)

Item	Basis	Baseline (IDR Tn)	Result (IDR Tn)	Note
Normalized Deficit: Restitution Effect & One-Off BI Surplus (9M26)				
PPh Badan (corporate income tax)	Net +29.0% / Gross +5.5%*	Net 2026: 276.7	+50.4	lower refund payouts
PPN Dalam Negeri (domestic VAT)	Net +51.3% / Gross +7.8%*	Net 2026: 369.5	+106.2	managed refunds
One-off Bank Indonesia surplus (PNBP-KND)	n/a	booked once	+55.0	1997/98 debt settlement
Total non-recurring / timing boost to revenue	—	—	+211.6	restitution effect plus BI surplus
Reported fiscal deficit	—	—	-319.0 (1.24% of GDP)	as released, 9 Oct 2026
Normalized / implied deficit (ex-restitution, ex-BI surplus)	—	—	-530.6 (~2.06% of GDP)	~0.82pp wider than reported
FY26F Illustrative Estimate: Reported vs Implied Deficit (Aldiracita illustrative estimate)				
Reported FY26F deficit (APBN + subsidy overshoot)	—	Budget: -689.1	-744.5 (2.90% of GDP)	incl. 55.4 subsidy overshoot
Implied FY26F, restitution effect at 9M level	—	+156.6 and +55.0	-956.1 (~3.72% of GDP)	lower bound
Implied FY26F, restitution effect at 9M run rate	—	+208.8 and +55.0	-1,008.3 (~3.92% of GDP)	upper bound
Subsidy & Compensation: Budget Headroom vs ICP Run Rate				
Realized 9M26	84.3% of ceiling	Implied ceiling: 447.0	376.8	back-calculated from disclosed %
Split: subsidy / compensation	69.8% / 120.5%	Ceiling: 318.9 / 128.1	222.5 / 154.4	compensation above ceiling
Run rate, Jan-Sep (avg/month)	—	Needed Oct-Dec: 23.4/mo	41.9	run rate ~1.8x room left
Projected FY2026 total at current run rate	—	Ceiling: 447.0	502.4 (+55.4, +12.4%)	Sep pace: +66.0 (14.8%)
MBG: Budget Headroom vs Disbursement Pace				
Realized 9M26	70.0% of ceiling*	FY ceiling*: 218.8	153.2	*BGN ceiling, post efficiency-cut
Run rate, Jan-Sep (avg/month)	—	Needed Oct-Dec: 21.9/mo	17.0	run rate below the required pace
Projected FY2026 total at current run rate	—	Ceiling: 218.8	204.3 (-14.5, -6.6%)	Sep pace: -8.6 (-3.9%)

*Gross growth assumed unchanged from the August release (the October release discloses net growth only); a ±3pp change in gross growth moves the 9M26 implied deficit by about ±IDR1.4 tn (±0.05pp of GDP). Restitution effect = net growth less what net would have grown at the gross (pre-restitution) rate. FY26F figures assume revenue lands on the APBN target and all other spending on plan; GDP basis IDR25,713 tn (APBN deficit of IDR689.1 tn = 2.68% of GDP). Source: Aldiracita Research calculations based on Kementerian Keuangan RI, APBN KiTa press conference, 9 October 2026; Badan Gizi Nasional (BGN) MBG ceiling.

Normalized deficit: removing the revenue lift from lower restitutions and the one-off BI surplus, raises the nine-month deficit from IDR319.0 tn (1.24% of GDP) to **an implied IDR530.6 tn, or roughly 2.06% of GDP** — still inside the 3% legal ceiling, but a materially less flattering picture of underlying fiscal balance than the headline print suggests.

FY26F illustrative estimate: with the subsidy overshoot funded, the reported deficit would be about 2.90% of GDP; on an implied basis it is **roughly 3.7–3.9% of GDP**. The refund effect is a timing item and could partly reverse if deferred refunds are paid, so the range is a gauge of underlying pressure rather than a forecast of the reported figure.

Subsidy & MBG headroom: back-calculating the full-year ceiling puts it at roughly IDR447.0 tn; the IDR41.9 tn monthly run rate is about 1.8x the IDR23.4 tn a month the remaining ceiling allows — if the pace holds through December, **spending would overshoot by IDR55.4 tn (12.4%)**. MBG has more room: **IDR14.5 tn (6.6%) of headroom** at the nine-month pace, narrowing to IDR8.6 tn (3.9%) if the September rate of IDR19.0 tn a month persists.



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