

## BI Policy:

# Jolted into action

09 June 2026

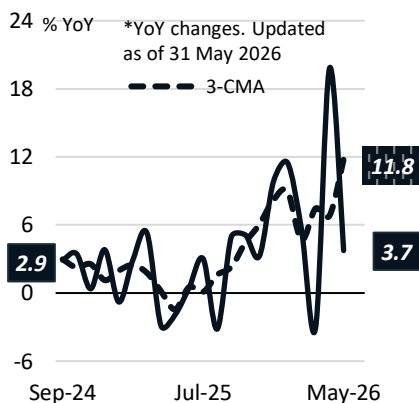
**Lazuardin Thariq Hamzah**

[Lazuardin\\_hamzah@bca.co.id](mailto:Lazuardin_hamzah@bca.co.id)

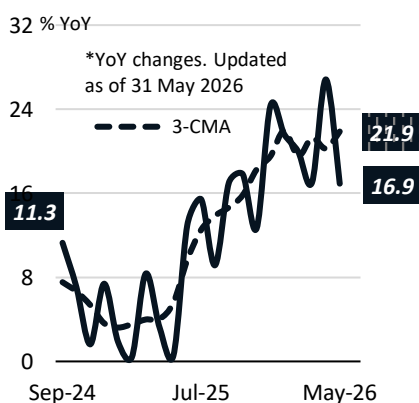
**Victor George Petrus Matindas**

[Victor\\_matindas@bca.co.id](mailto:Victor_matindas@bca.co.id)

### BCA Consumer Spending Index\*



### BCA Business Transaction Index\*



- **Bank Indonesia increased its policy rate by 25 bps to 5.50%**, ahead of the regular policy meeting scheduled for next week. The surprise move appears to have been well received by the market, with the USD/IDR exchange rate strengthening by as much as 113.5 points from its opening level to IDR 18,045/USD after the news broke, while the equity market also rallied.

- BI is not sugarcoating the rationale behind the unscheduled rate hike. The official communiqué reveals the central bank's view on inflation (*see Chart 4*), judging it to be significant enough to warrant such a pre-emptive move. **BI also acknowledged that stronger domestic demand for FX, driven by the worsening external balance, together with continued capital outflows, had caused the Rupiah to weaken more than expected**, prompting the central bank to show greater tolerance for higher yields to attract investors (*see Chart 3*).

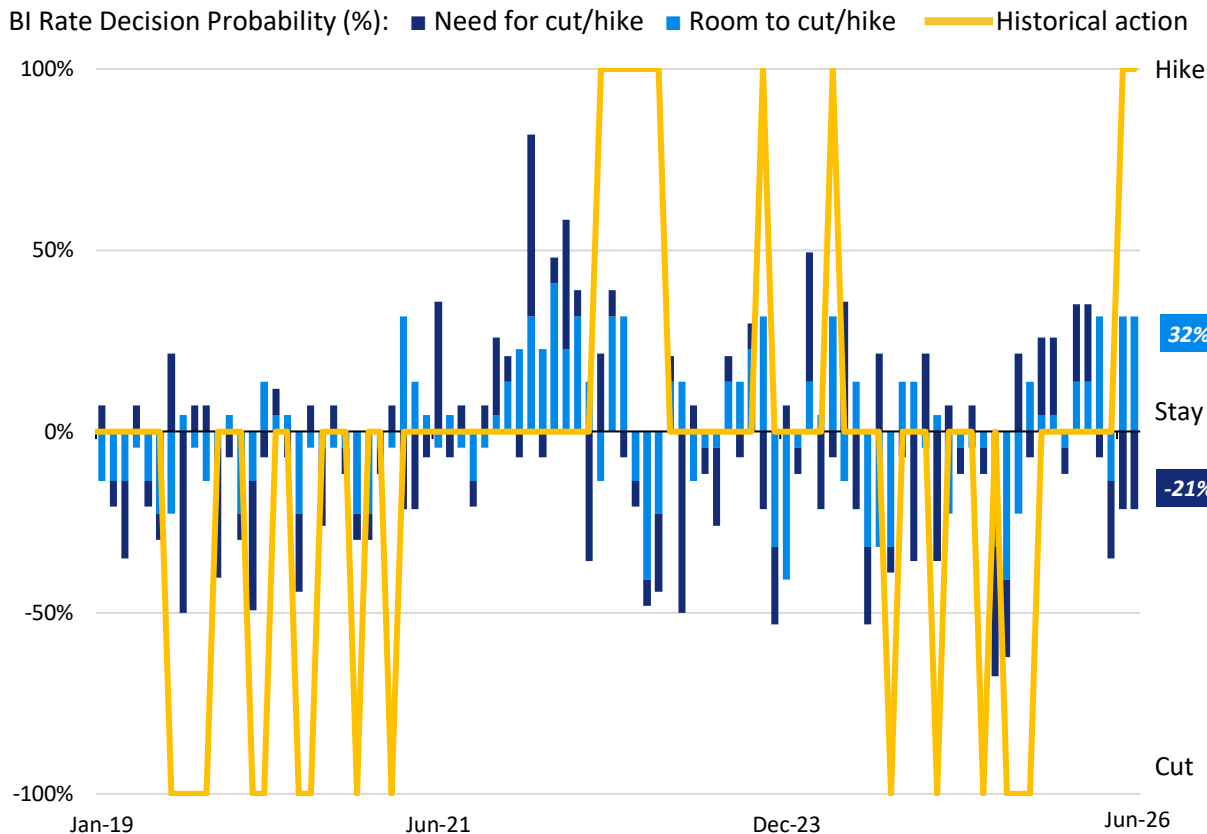
- Nevertheless, **the central bank is not abandoning the fiscal-monetary coordination for higher growth**, which has now officially become part of its mandate. Despite ceasing its operation in the SBN market, BI has announced an expansion to its repo facility, providing the liquidity needed for banks to maintain their activity in the SBN market (*see Chart 2*).

- BI will also start offering higher remuneration on the government's cash reserves, providing the government with additional revenue that may help offset the higher interest burden. As a result, **the government may continue to face limited urgency to deliver on its frequently touted budget-saving campaign**, thereby prolonging the dynamic that has thus far driven some investors towards the exit.

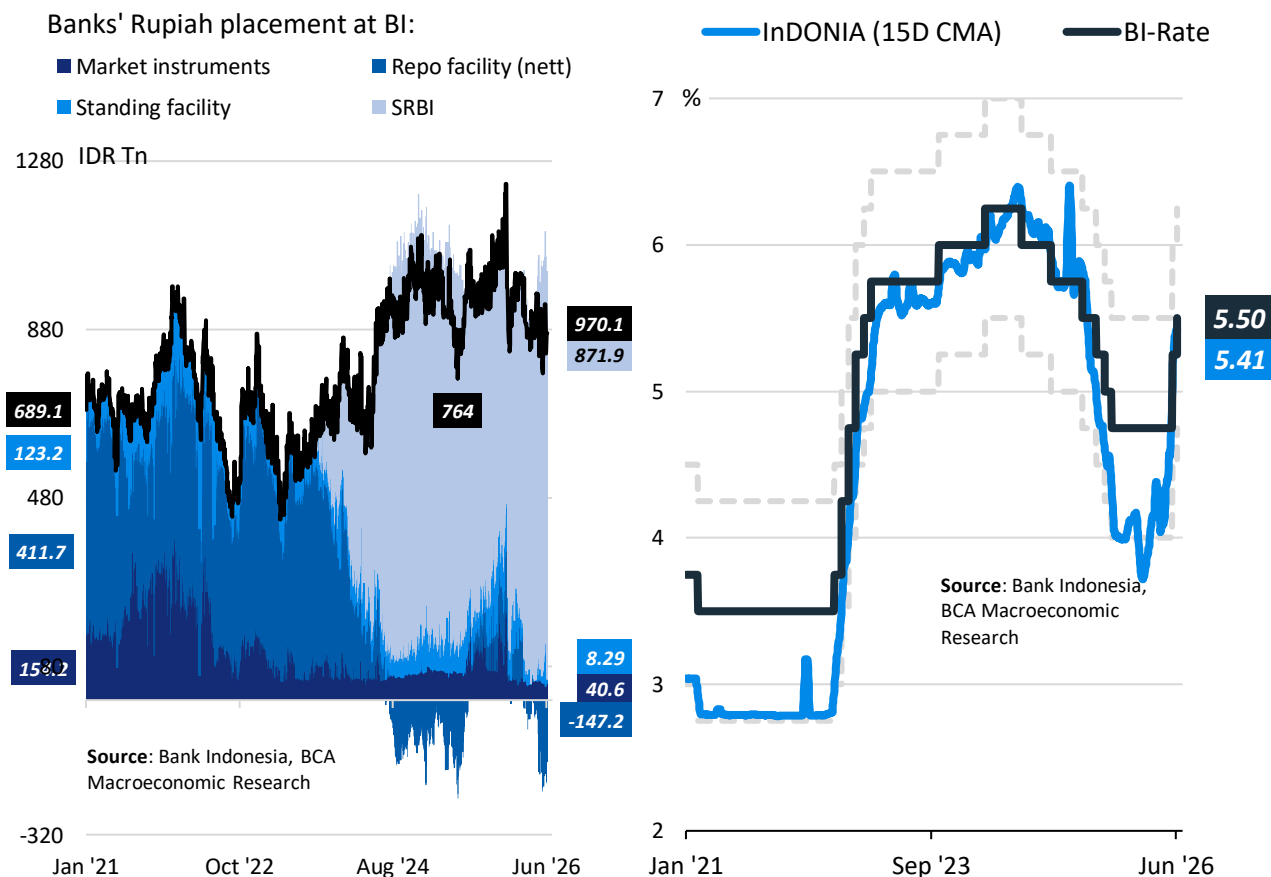
- Finally, while the unscheduled rate hike has been largely positive, **more things need to be done for the Rupiah to turn the corner**.

For instance, triple deficits (CA, fiscal, S-I gap) continue to weaken Rupiah's fundamental, meaning that investors may demand higher yields to compensate against the risk. More rate hikes may be on the horizon, although it remains to be seen how this outlook will hold amid the weakening growth momentum.

**1 BI has shown bias towards exchange rate stability in the past two meetings**



**2 InDONIA may remain stable as BI seeks to inject liquidity via the strengthened repo facility**



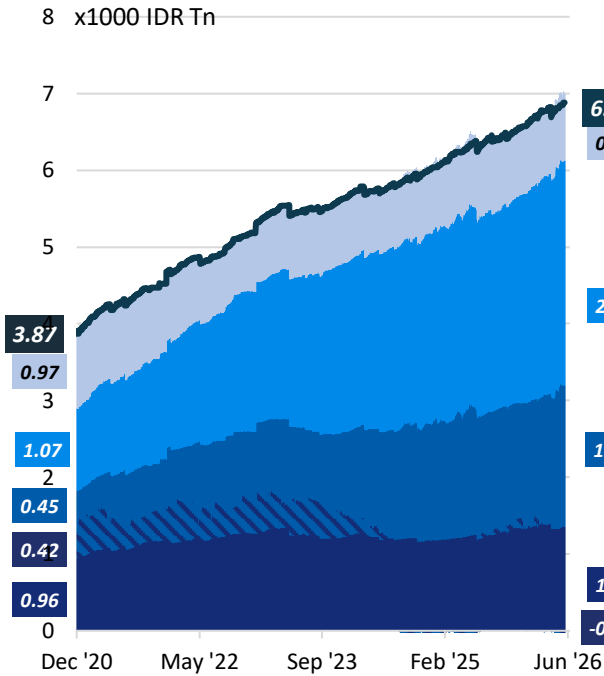
3

BI signals greater tolerance for higher yields, aimed at attracting capital inflows

Ownership of marketable SBNs:

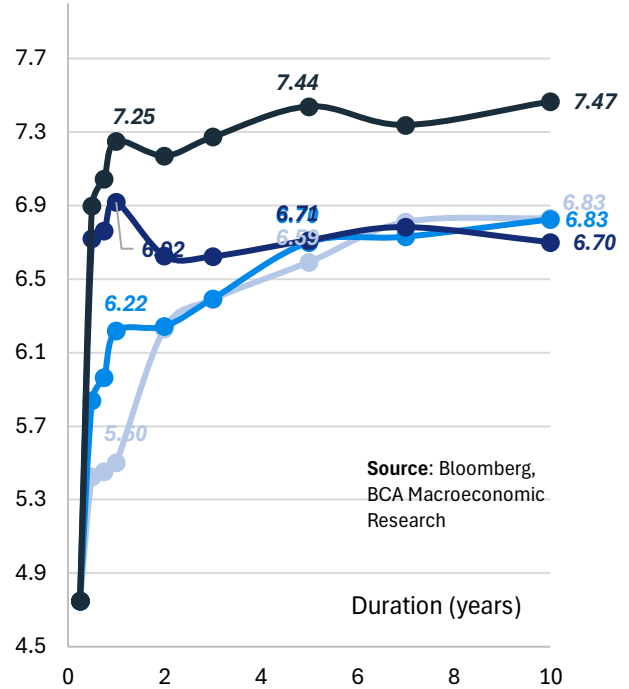
- Foreign
- Domestic non-banks
- BI
- SBN in monetary operations
- Banks

Source: DJPPR



Indonesia yield curve:

- Mar-26
- Apr-26
- May-26
- Current

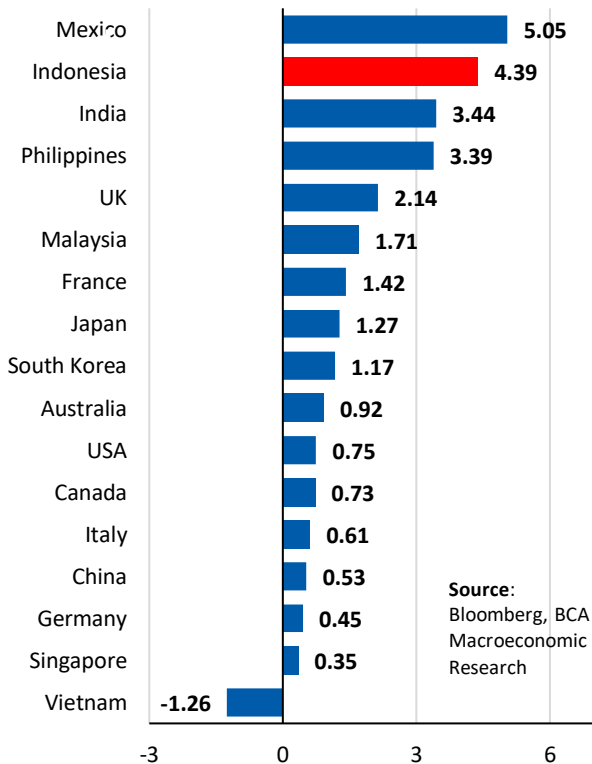


Source: Bloomberg, BCA Macroeconomic Research

4

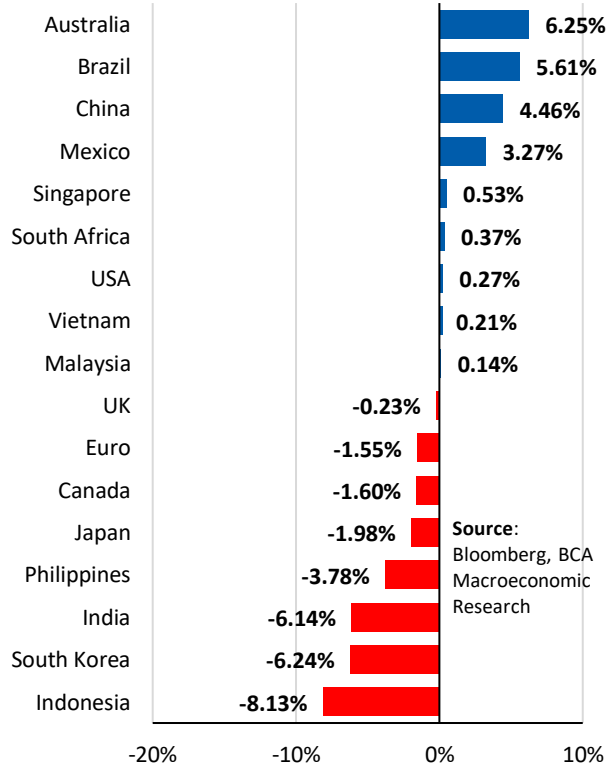
BI may need to keep its policy rate high as inflation risks may gnaw on the real interest rate

Real interest rates (10Y Sovereign bond yield - CPI inflation, %), per country:



Source: Bloomberg, BCA Macroeconomic Research

Nominal effective exchange rate (NEER), YTD % changes per country:



Source: Bloomberg, BCA Macroeconomic Research

## Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	08-Jun	-1 mth	Chg (%)
US	3.75	Dec-25	-0.05	Baltic Dry Index	2,916.0	2,978.0	-2.1
UK	3.75	Dec-25	0.95	S&P GSCI Index	695.4	732.2	-5.0
EU	2.15	Jun-25	-1.05	Oil (Brent, \$/bbl)	94.3	101.3	-7.0
Japan	0.75	Dec-25	-0.65	Coal (\$/MT)	151.3	134.5	12.5
China (lending)	2.00	Sep-24	3.15	Gas (\$/MMBtu)	3.10	2.68	15.9
Korea	2.50	May-25	-0.60	Gold (\$/oz.)	4,330.2	4,715.3	-8.2
India	5.25	Dec-25	1.77	Copper (\$/MT)	13,592.1	13,515.4	0.6
Indonesia	5.25	May-26	2.17	Nickel (\$/MT)	18,108.3	18,691.6	-3.1
Money Mkt Rates	08-Jun	-1 mth	Chg (bps)	CPO (\$/MT)	1,104.7	1,151.6	-4.1
				Rubber (\$/kg)	2.27	2.25	0.9
Bank Rates (Rp)	Mar	Feb	Chg (bps)	External Sector	Apr	Mar	Chg (%)
SPN (1Y)	6.67	5.80	87.1	Export (\$ bn)	25.30	22.53	12.32
SUN (10Y)	7.24	6.58	66.8	Import (\$ bn)	25.21	19.21	31.28
INDONIA (O/N, Rp)	5.37	4.16	120.7	Trade bal. (\$ bn)	0.09	3.32	-97.32
JIBOR 1M (Rp)	5.03	5.03	0.0	Central bank reserves (\$ bn)*	146.2	148.2	-1.32
Currency/USD	08-Jun	-1 mth	Chg (%)	Prompt Indicators	Apr	Mar	Feb
Lending (WC)	8.00	8.05	-5.00	Consumer confidence index (CCI)	123.0	122.9	125.2
Deposit 1M	4.47	4.47	0.00	UK Pound	0.750	0.734	-2.13
Savings	0.67	0.68	-1.00	Euro	0.867	0.848	-2.15
				Japanese Yen	160.2	156.7	-2.17
				Chinese RMB	6.783	6.801	0.25
				Indonesia Rupiah	18,178	17,373	-4.43
Capital Mkt	08-Jun	-1 mth	Chg (%)	Manufacturing PMI	May	Apr	Chg (bps)
JCI	5,342.1	6,969.4	-23.35	USA	55.1	54.5	60
DJIA	50,786.0	49,609.2	2.37	Eurozone	51.6	52.2	-60
FTSE	10,373.2	10,233.1	1.37	Japan	54.5	55.1	-60
Nikkei 225	64,024.6	62,713.7	2.09	China	51.8	52.2	-40
Hang Seng	24,657.1	26,393.7	-6.58	Korea	54.8	53.6	120
Foreign portfolio ownership (Rp Tn)	May	Apr	Chg (Rp Tn)	Indonesia	50.0	49.1	90
Stock	2,820.6	3,158.9	-338.29				
Govt. Bond	865.2	866.9	-1.77				
Corp. Bond	5.8	5.8	-0.01				

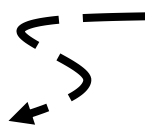
Source: Bloomberg, BI, BPS

Notes:

\*Data from earlier period

\*\*For changes in currency: **Black** indicates appreciation against USD, **Red** otherwise

\*\*\*For PMI, >50 indicates economic expansion, <50 otherwise



Scan for the link to our report depository or click:

[https://s.id/BCA\\_REI](https://s.id/BCA_REI)

## Indonesia – Economic Indicators Projection

	2020	2021	2022	2023	2024	2025	2026E
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.1
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	8.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5457
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.3
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.25
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	7.26
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,600
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,171
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Current account balance (% of GDP)	-0.4	0.3	1.0	-0.1	-0.6	-0.1	-1.3

**Notes:**

- USD/IDR exchange rate projections are for fundamental values; market values may diverge significantly at any moment in time

### BCA Economic & Industry Research

**David E.Sumual**

Chief Economist

david\_sumual@bca.co.id

+6221 2358 8000 Ext:1051352

**Gabriella Yolivia**

Industry Analyst

gabriella\_yolivia@bca.co.id

+6221 2358 8000 Ext: 1063933

**Thieris Nora Kusuma**

Economist / Analyst

thieris\_kusuma@bca.co.id

+6221 2358 8000 Ext: 1071930

**Jennifer Calysta Farrell**

Economist / Analyst

jennifer\_farrell@bca.co.id

+6221 2358 8000 Ext: 1082423

**Agus Salim Hardjodinto**

Head of Industry and Regional Research

agus\_lim@bca.co.id

+6221 2358 8000 Ext: 1005314

**Lazuardin Thariq Hamzah**

Economist / Analyst

lazuardin\_hamzah@bca.co.id

+6221 2358 8000 Ext: 1071724

**Nicholas Husni**

Economist / Analyst

nicholas\_husni@bca.co.id

+6221 2358 8000 Ext: 1079839

**Arif Agung Wibowo**

Economist / Analyst

arif\_agung@bca.co.id

+6221 2358 8000 Ext: -

**Victor George Petrus Matindas**

Head of Banking Research and Analytics

victor\_matindas@bca.co.id

+6221 2358 8000 Ext: 1058408

**Elbert Timothy Lasiman**

Economist / Analyst

Elbert\_lasiman@bca.co.id

+6221 2358 8000 Ext: 1007431

**Samuel Theophilus Artha**

Economist / Analyst

samuel\_artha@bca.co.id

+6221 2358 8000 Ext: 1080373

### PT Bank Central Asia Tbk

#### BCA Economic & Industry Research

20<sup>th</sup> Grand Indonesia, Menara BCA

Jl. M.H Thamrin No. 1, Jakarta 10310, Indonesia

Ph : (62-21) 2358-8000 Fax : (62-21) 2358-8343

#### DISCLAIMER

This report is for information only, and is not intended as an offer or solicitation with respect to the purchase or sale of a security. We deem that the information contained in this report has been taken from sources which we deem reliable. However, we do not guarantee their accuracy, and any such information may be incomplete or condensed. None of PT. Bank Central Asia Tbk, and/or its affiliated companies and/or their respective employees and/or agents makes any representation or warranty (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof. The Company, or any of its related companies or any individuals connected with the group accepts no liability for any direct, special, indirect, consequential, incidental damages or any other loss or damages of any kind arising from any use of the information herein (including any error, omission or misstatement herein, negligent or otherwise) or further communication thereof, even if the Company or any other person has been advised of the possibility thereof. Opinion expressed is the analysts' current personal views as of the date appearing on this material only, and subject to change without notice. It is intended for the use by recipient only and may not be reproduced or copied/photocopied or duplicated or made available in any form, by any means, or redist ted to others without written permission of PT Bank Central Asia Tbk.

All opinions and estimates included in this report are based on certain assumptions. Actual results may differ materially. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice. For further information please contact: (62-21) 2358 8000, Ext: 1020451 or fax to: (62-21) 2358 8343 or email: [eri\\_tristanto@bca.co.id](mailto:eri_tristanto@bca.co.id)