

BI Policy:

The deep-lying playmaker

24 September 2026

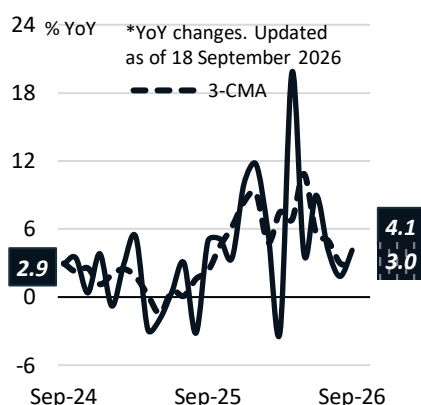
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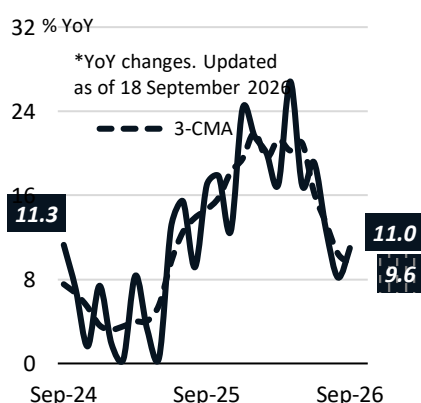
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Bank Indonesia (BI) kept the BI Rate unchanged at 5.75% at its Sept-26 meeting**, marking the third consecutive meeting of policy rate stability. The decision was notable given that several major central banks, including the Fed, ECB, and BoJ, raised their policy rates in Sept-26.

- The increase in foreign capital inflows into SBN (+IDR 7 Tn following the Fed rate hike) and the Rupiah remaining below the psychological level of 17,900–18,000 were key factors behind BI's decision to keep the BI Rate unchanged. This also reflects BI's confidence in its hedging incentive policy. **Accordingly, BI further increased hedging incentives for swap and DNDF transactions.**

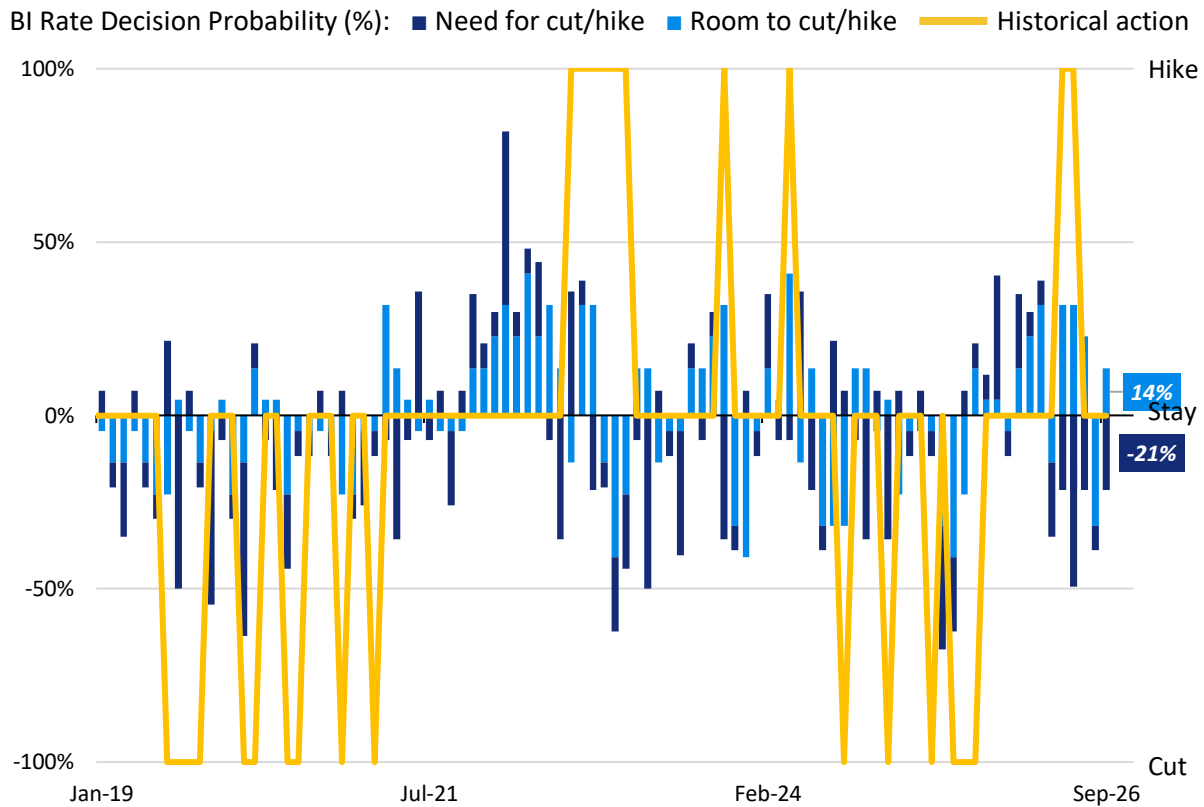
- More important, however, is the change in the hedging policy mechanism, with incentive rates now differentiated by tenors (3, 6, and 12 months). Notably, higher incentives for longer tenors may encourage FX to remain in the domestic financial system for longer amid global competition for liquidity. This may also help preserve FX liquidity amid rising import payment needs, particularly for energy and capital goods related to government programs. **Ultimately, it is an effort to bolster the financial account surplus on a sustained basis, in anticipation of a widening current account deficit.**

- In line with this, **BI continues to support growth and exchange rate stability without raising interest rates.** Credit growth continued to accelerate to 13.65% YoY in August (from 13.58%), while slower deposit growth, at 10.94% YoY from 11.2%, suggests that banking liquidity remains tight. Despite remaining above the BI Rate, BI's liquidity injections through KLM PPU and repo facilities have helped gradually bring IndONIA below 6%. Meanwhile, the government's commitment to maintain IDR 200tn in SAL placements through July 2027 provides additional room for BI and SOEs banks to adjust liquidity conditions.

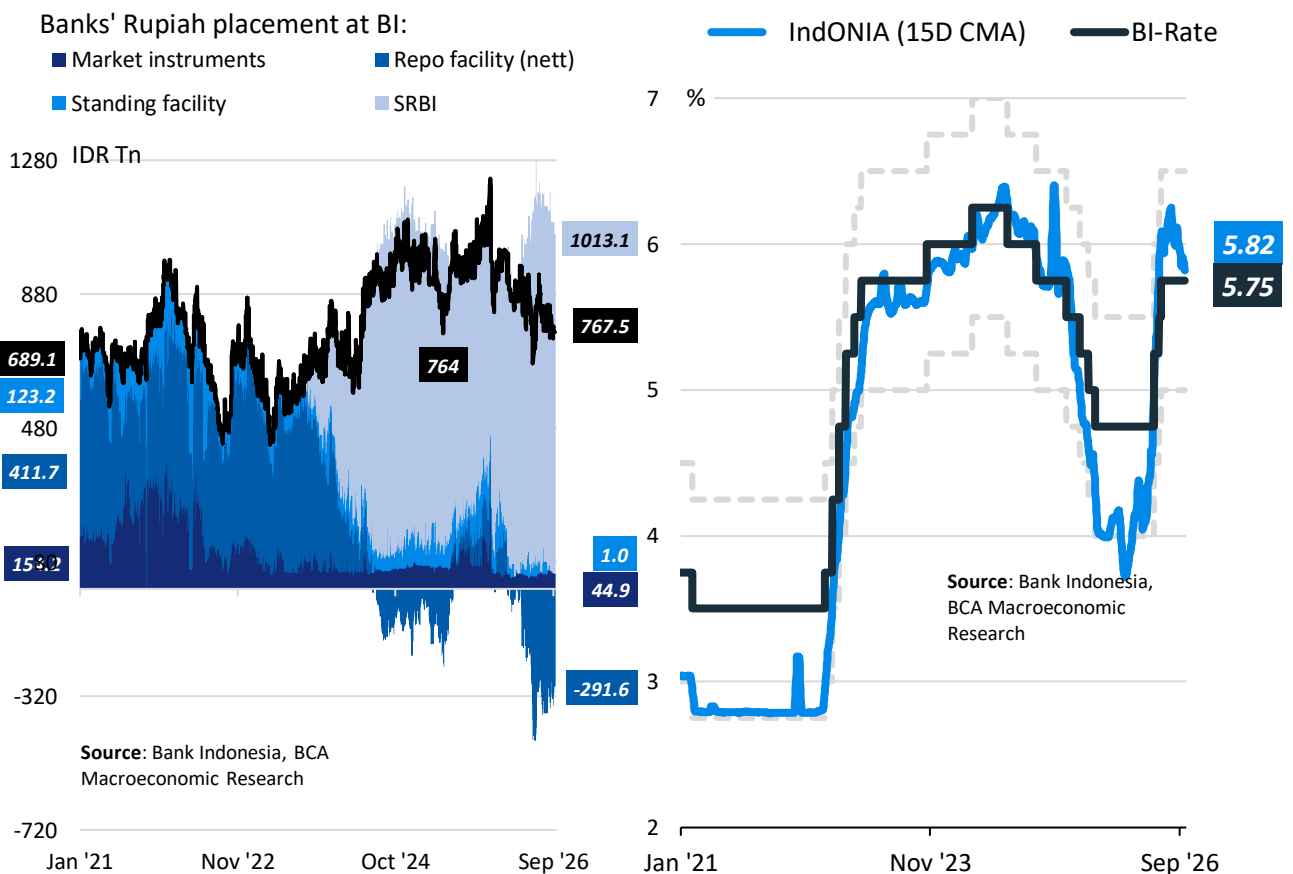
- While BI still has room to keep the BI Rate unchanged, pressure on the Rupiah remains. First, higher global rates could increase the

appeal of offshore assets. Second, higher global oil prices, El Niño risks, and faster credit growth could add to inflationary pressures, potentially pushing yields higher. The key question is whether hedging incentives can sufficiently offset risk perceptions and preserve the attractiveness of Indonesian assets. **Against this backdrop, we still see a case for BI to raise rates at least once or twice more.**

1 Rupiah stability supports BI's decision to keep rates unchanged



2 Lower SRBI issuance and repo liquidity injections push IndONIA lower

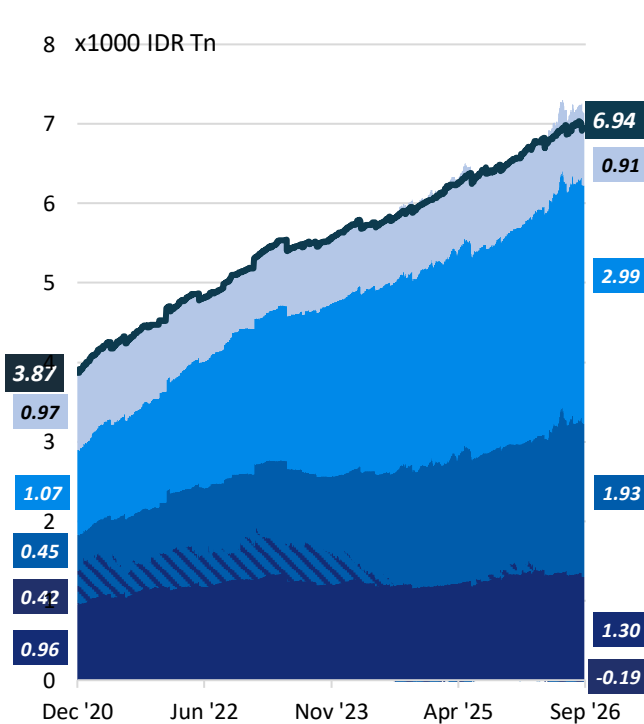


3 LT bond yields rise, reflecting higher inflation expectations amid global uncertainty

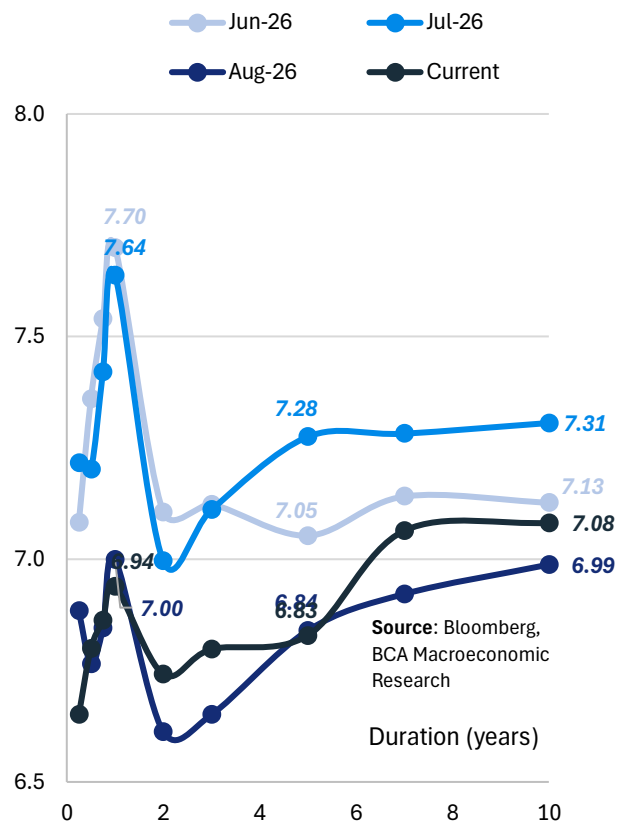
Ownership of marketable SBNs:

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

Source: DJPPR

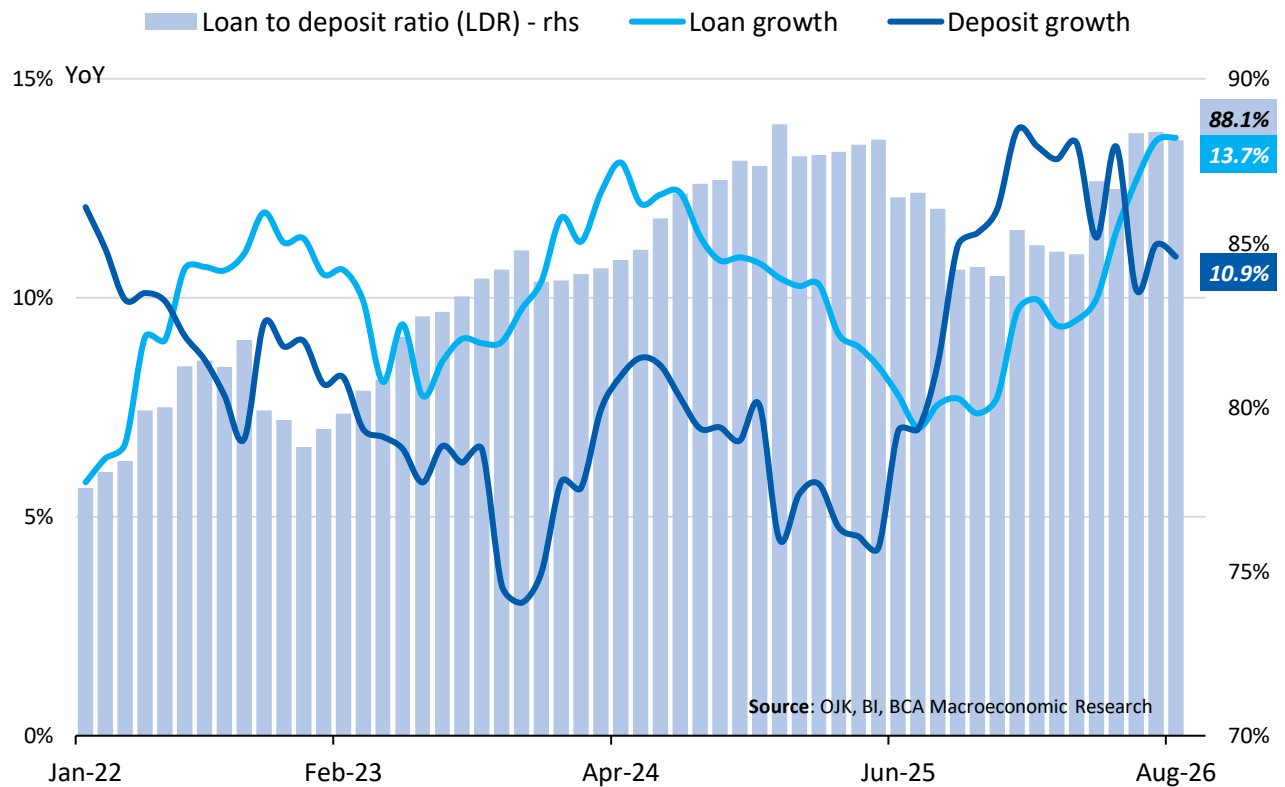


Indonesia yield curve:



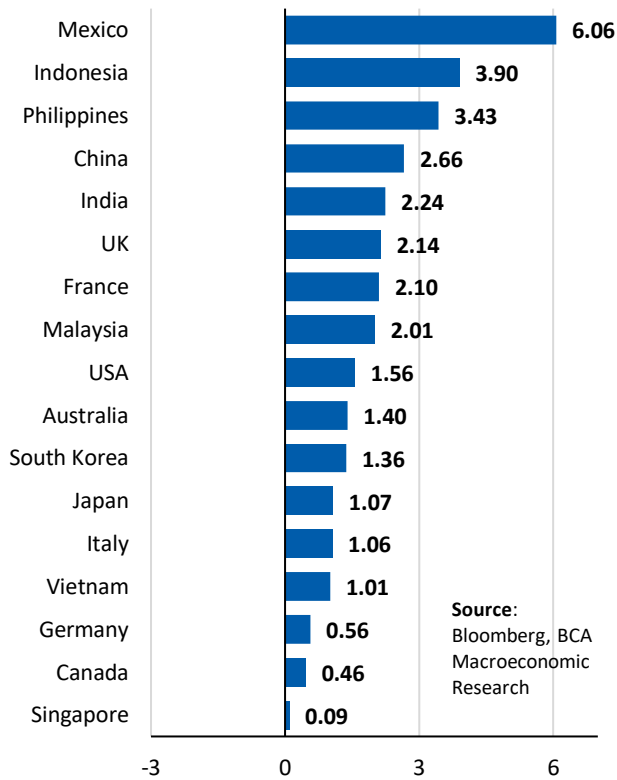
Source: Bloomberg, BCA Macroeconomic Research

4 Credit growth continued to accelerate, potentially driving a higher LDR.

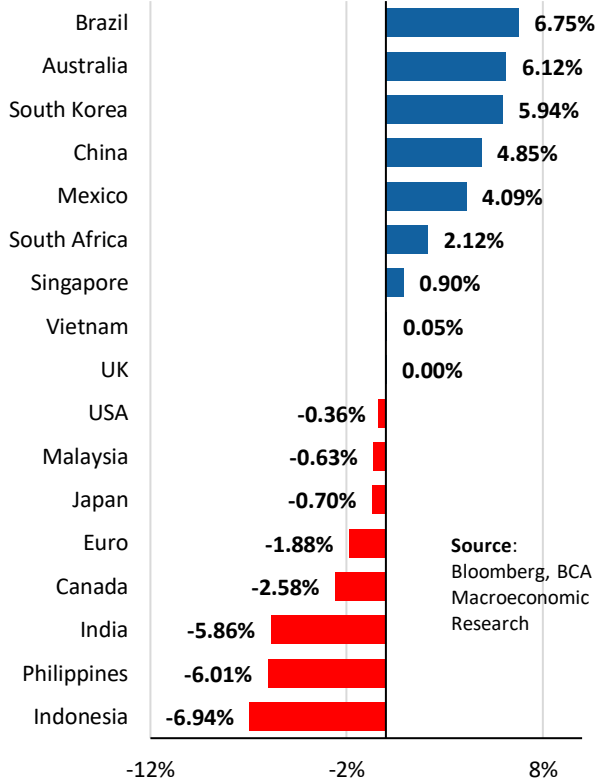


Source: OJK, BI, BCA Macroeconomic Research

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



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



Selected Macroeconomic Indicators

Key Policy Rates	Rate (%)	Last Change	Real Rate (%)	Trade & Commodities	23-Sep	-1 mth	Chg (%)
US	4.00	Sep-26	0.60	Baltic Dry Index	3,430.0	2,841.0	20.7
UK	3.75	Dec-25	0.65	S&P GSCI Index	741.4	717.2	3.4
EU	2.65	Sep-26	-0.55	Oil (Brent, \$/bbl)	103.1	94.4	9.2
Japan	1.25	Jun-26	-0.65	Coal (\$/MT)	142.7	139.8	2.1
China (lending)	2.00	Sep-24	3.55	Gas (\$/MMBtu)	3.07	2.81	9.2
Korea	3.00	Aug-26	-0.10	Gold (\$/oz.)	4,287.7	4,603.1	-6.9
India	5.25	Dec-25	0.43	Copper (\$/MT)	14,686.9	14,276.8	2.9
Indonesia	5.75	Jun-26	2.56	Nickel (\$/MT)	16,312.5	16,895.0	-3.4
Money Mkt Rates	23-Sep	-1 mth	Chg (bps)	CPO (\$/MT)	1,117.5	1,160.7	-3.7
				Rubber (\$/kg)	2.47	2.34	5.6
SPN (1Y)	6.66	6.81	-15.4	External Sector	Jul	Jun	Chg (%)
SUN (10Y)	7.08	6.93	15.4				
INDONIA (O/N, Rp)	5.98	6.08	-10.5	Export (\$ bn)	26.22	25.46	2.98
JIBOR 1M (Rp)	5.03	5.03	0.0	Import (\$ bn)	26.09	25.91	0.72
Bank Rates (Rp)	Jun	May	Chg (bps)	Trade bal. (\$ bn)	0.12	-0.45	-127.06
				Central bank reserves (\$ bn)*	145.3	145.6	-0.17
Lending (WC)	8.07	7.95	12.00	Prompt Indicators	Aug	Jul	Jun
Deposit 1M	4.96	4.52	44.00				
Savings	0.68	0.68	0.00				
Currency/USD	23-Sep	-1 mth	Chg (%)	Consumer confidence index (CCI)	118.5	116.8	117.8
UK Pound	0.755	0.733	-2.97	Car sales (%YoY)	32.4	33.3	33.0
Euro	0.879	0.856	-2.54				
Japanese Yen	158.3	159.0	0.40	Motorcycle sales (%YoY)	3.2	8.3	1.1
Chinese RMB	6.711	6.721	0.15				
Indonesia Rupiah	17,800	17,693	-0.60	Manufacturing PMI	Aug	Jul	Chg (bps)
Capital Mkt	23-Sep	-1 mth	Chg (%)				
JCI	6,374.9	6,525.7	-2.31	USA	53.9	53.9	0
DJIA	51,511.6	53,277.0	-3.31	Eurozone	52.7	51.9	80
FTSE	10,705.3	10,816.6	-1.03	Japan	54.9	54.5	40
Nikkei 225	65,019.0	66,016.4	-1.51	China	51.5	50.9	60
Hang Seng	24,834.1	26,009.5	-4.52	Korea	52.3	53.1	-80
Foreign portfolio ownership (Rp Tn)	Aug	Jul	Chg (Rp Tn)	Indonesia	49.8	50.2	-40
Stock	2,949.5	2,805.0	144.49				
Govt. Bond	907.8	892.4	15.35				
Corp. Bond	4.8	5.6	-0.74				

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



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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	9.0
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5128
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	4.5
BI Rate (%)	3.75	3.50	5.50	6.00	6.00	4.75	6.00
SBN 10Y yield (%)	5.86	6.36	6.92	6.45	6.97	6.05	8.01
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

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