BI Policy:

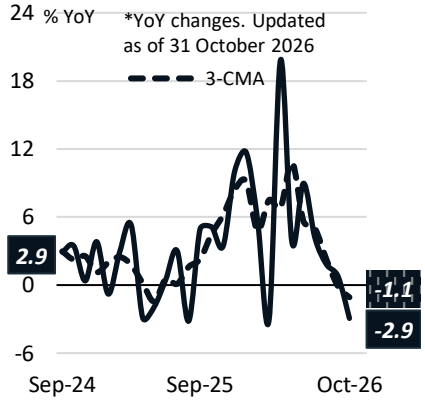
A stitch in time

18 November 2026

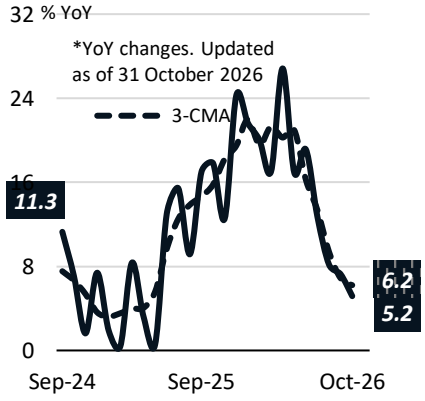
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BCA Consumer Spending Index*



BCA Business Transaction Index*



- **Bank Indonesia (BI) raised the BI Rate by 25 bps to 6.00% at its Nov-26 meeting**, a pre-emptive to anchor Rupiah stability and inflation. The decision went against the consensus of a hold, yet it was hardly out of the blue. The Rupiah has weakened by around 1.37% since the last meeting, even hit a record low near IDR 18,290/USD earlier this week, making it Asia's worst-performing currency in 2026. As the first hike in five months, it brings cumulative tightening to 125 bps since May.

- Why pre-emptive? October inflation of 3.23% YoY is edging toward the upper bound of BI's 2.5±1% target, and external pressures are building, with markets pricing a Fed hike in December at around 90% probability. Acting now keeps inflation expectations anchored and the interest rate differential supportive at a lower cost than a later catch-up.

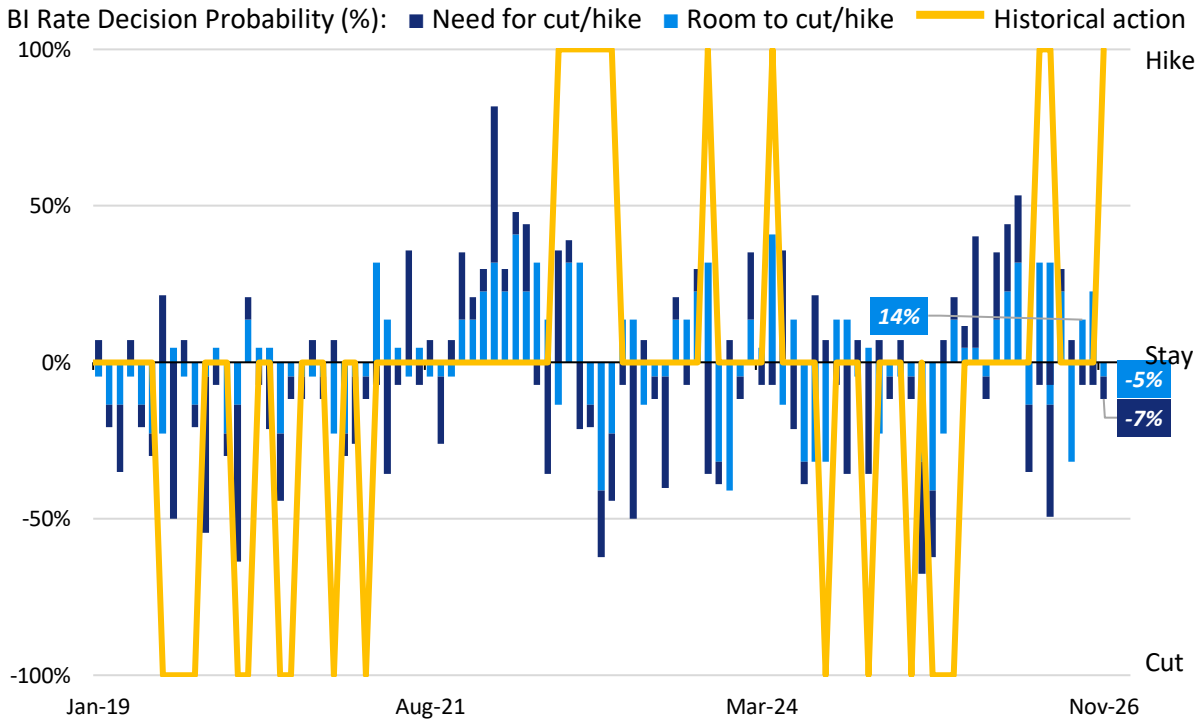
- BI's pro-growth stance of recent months has paid off. Domestic credit growth remained solid at 13.21% YoY (13.26% in Sep-26). **Investment loans continued their strong run at 21.32% YoY, mostly driven by government priority programs**. Lending tied to these programs grew 20.8% YoY, followed by private corporate loans at 20.4% YoY. With this, BI has room to tighten without derailing intermediation.

- The remaining headwinds are largely external and sentiment-driven, including concerns over a potential MSCI market downgrade, persistently high energy prices, a severe El Niño, and a US dollar near a 19-month high amid hawkish Fed signals. The rate hike directly addresses these pressures.

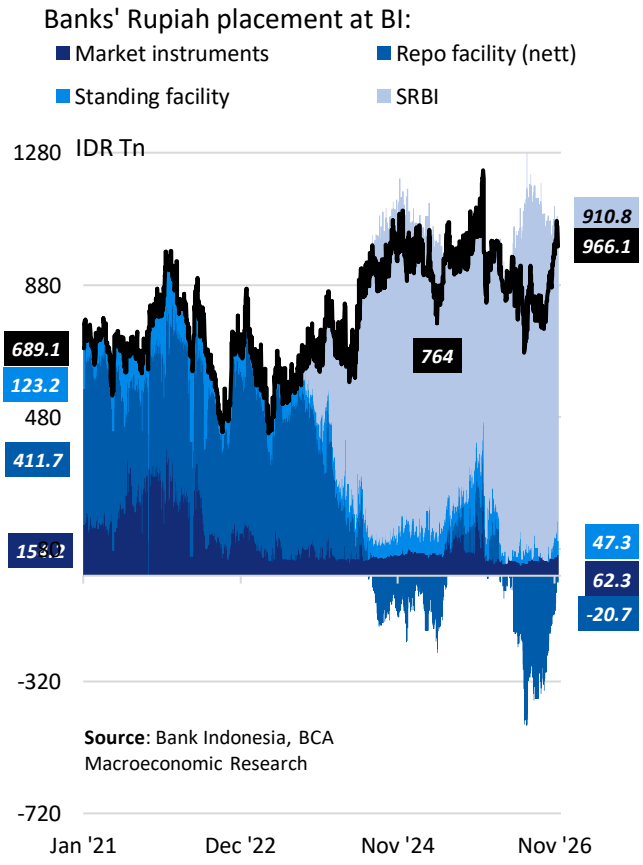
- **Rather than a change of course, BI is fine-tuning its hedging intervention**. DNDF (Domestic Non-Deliverable Forward) incentives for 6- and 12- month tenors were raised to 45% and 50% respectively, encouraging FX to stay onshore longer. BI also introduced Cross Currency Repo (CCR), which lets banks obtain Rupiah funding by pledging their FX assets (SVBI and SUVBI). Outstanding SVBI & SUVBI total USD 3.54 bn (around IDR 64.5 tn at IDR 18,245/USD). Simply put, BI tightens rates while keeping Rupiah liquidity accessible for lending. CCR takes effect no later than March 2027.

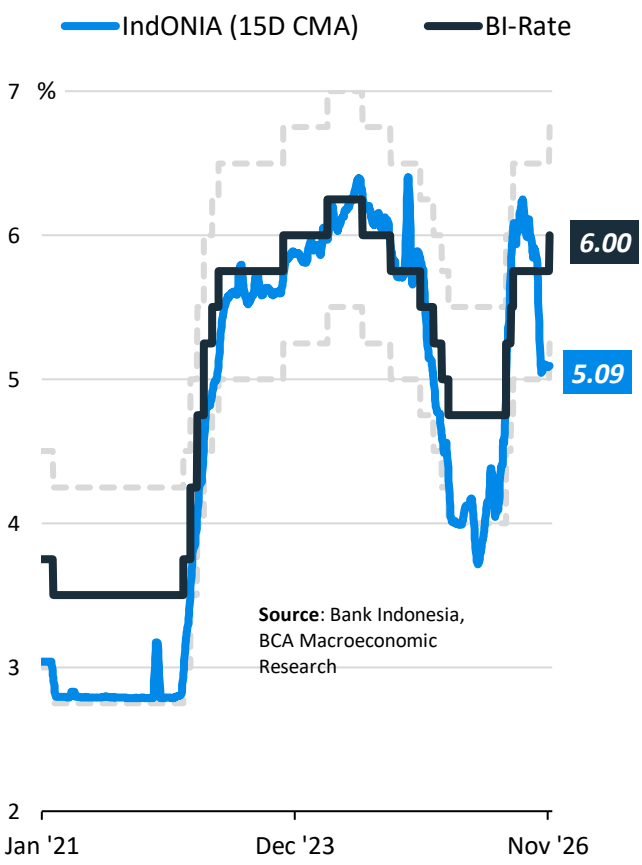
- **Having moved ahead of the Fed, we think BI can hold for the rest of this year**, barring a sharp escalation in inflation or exchange rate pressures. Looking to 2027, markets still price another Fed hike in the first half (around 95% probability), and we expect BI to follow suit.

1 **BI raised the BI rate by 25 bps,** despite market expectations of a hold

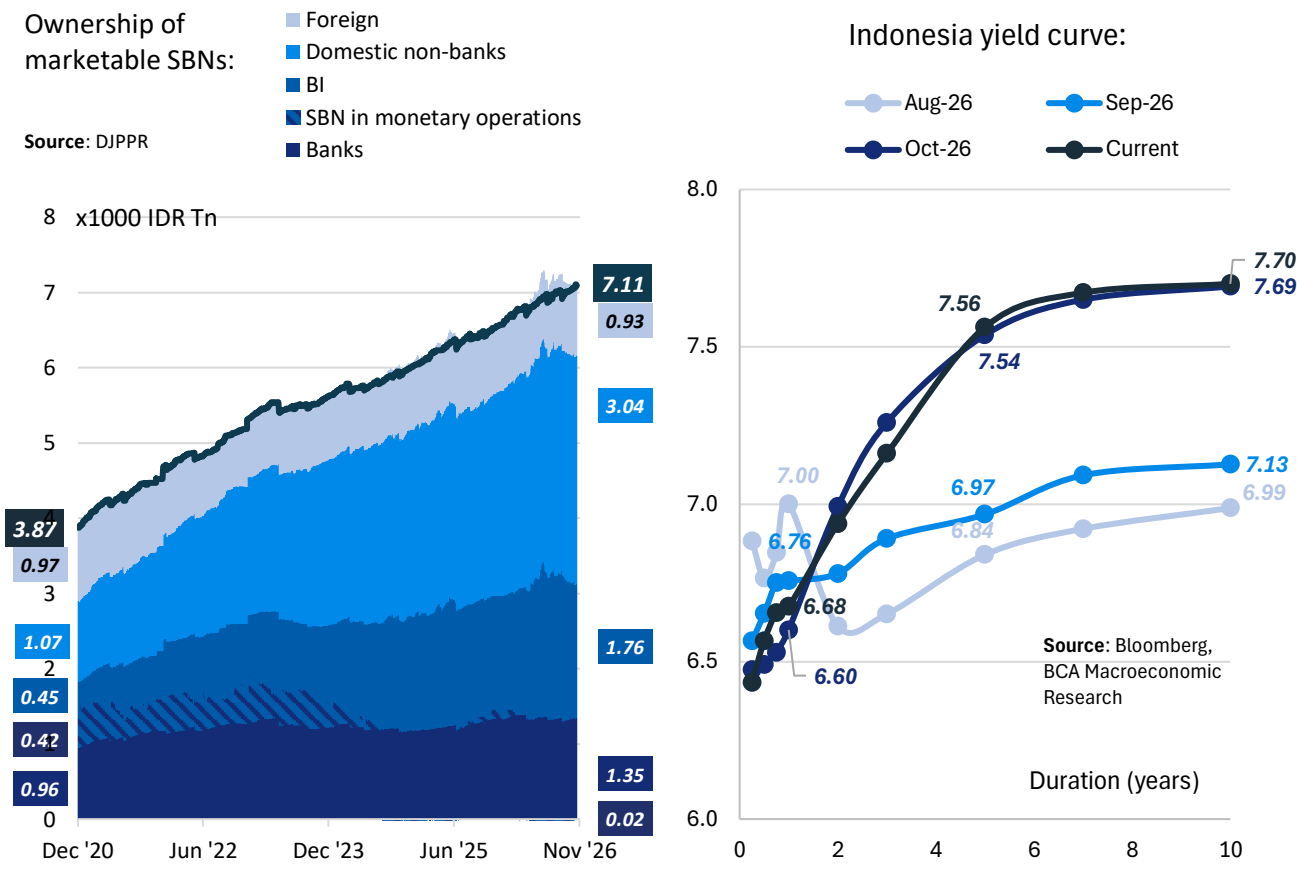


2 **Ample liquidity could push IndONIA lower**

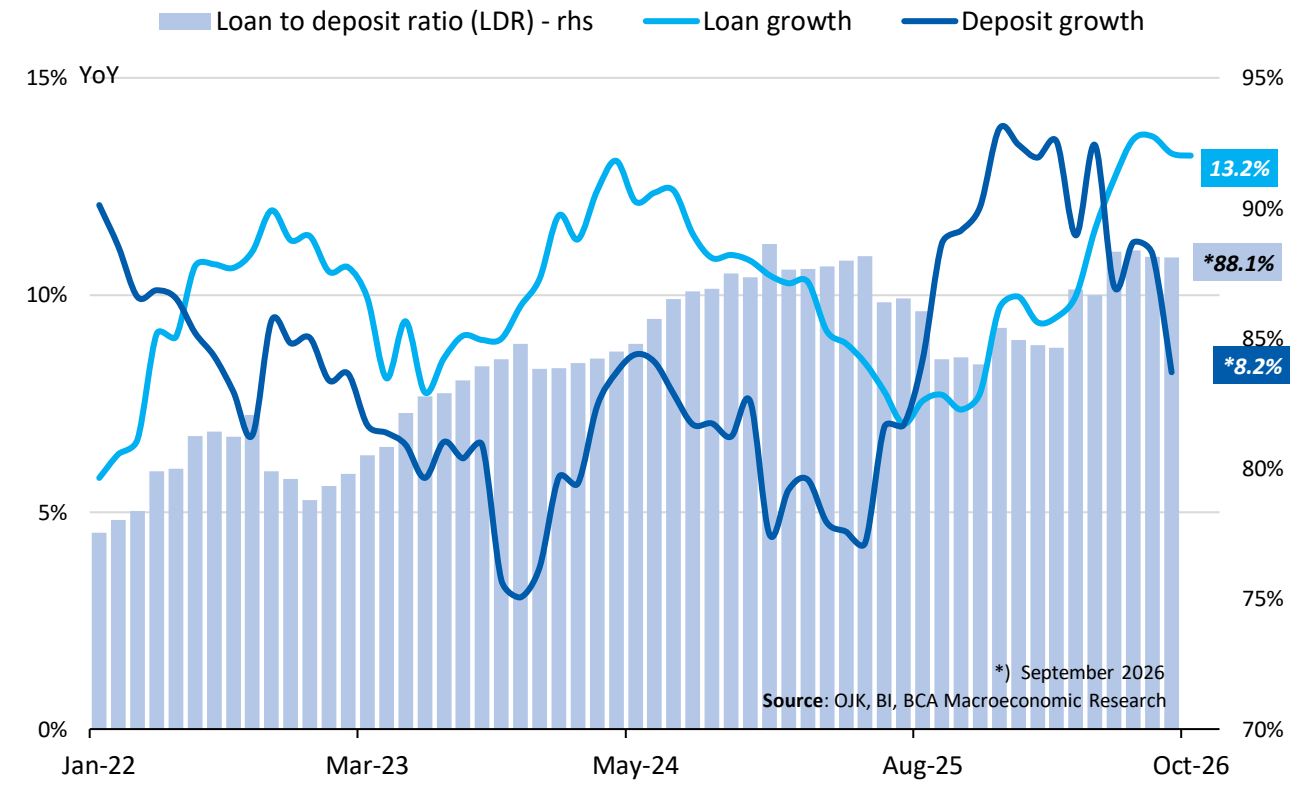




3 **Yield curve shifts higher,** reflecting domestic risks amidst uncertainty

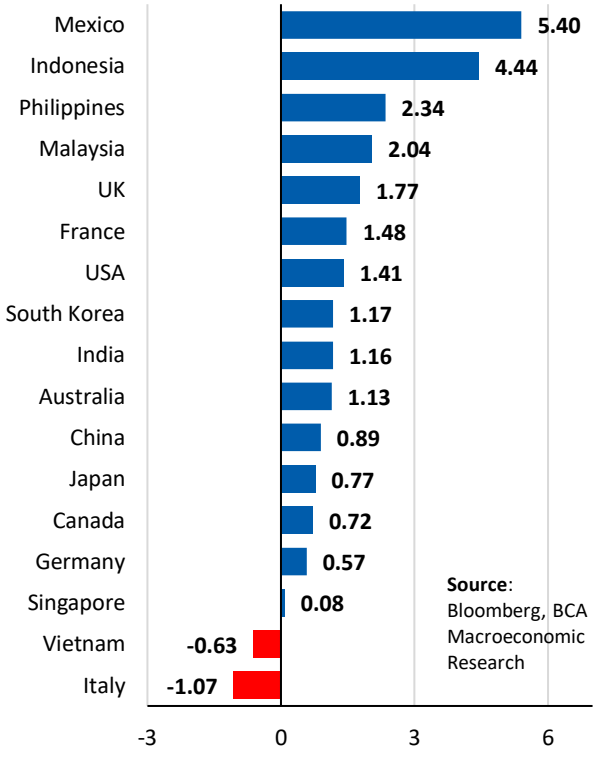


4 **Credit growth remained robust**, meanwhile deposit growth is slowing down

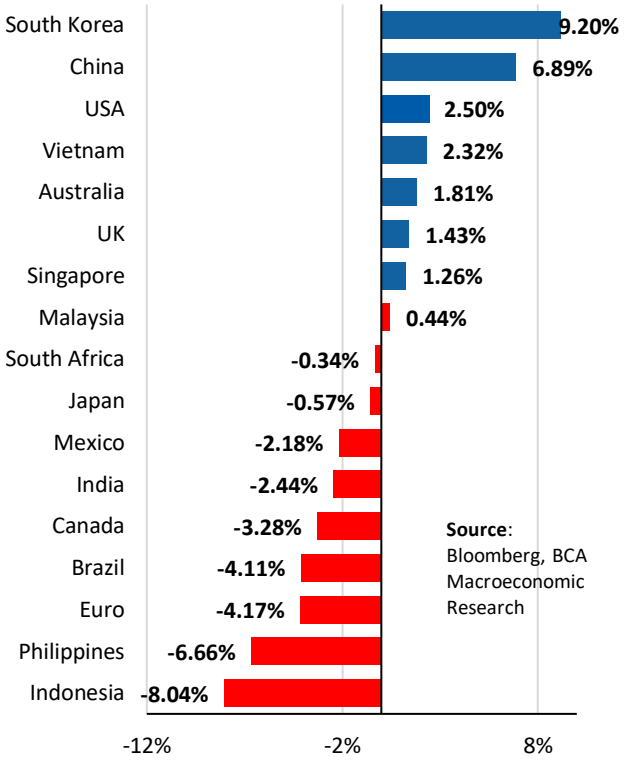


5 High real yields have yet to offset Rupiah weakness

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 (%)
US	4.00	Sep-26	0.30
UK	4.00	Nov-26	0.40
EU	2.65	Sep-26	-1.35
Japan	1.25	Sep-26	-0.85
China (lending)	2.00	Sep-24	3.65
Korea	3.00	Aug-26	0.20
India	5.50	Oct-26	-0.59
Indonesia	6.00	Nov-26	2.77

Money Mkt Rates	17-Nov	-1 mth	Chg (bps)
SPN (1Y)	6.05	6.01	3.7
SUN (10Y)	7.67	7.32	35.2
INDONIA (O/N, Rp)	5.10	4.99	11.4
JIBOR 1M (Rp)	5.03	5.03	0.0

Bank Rates (Rp)	Aug	Jul	Chg (bps)
Lending (WC)	8.17	8.14	3.00
Deposit 1M	5.45	5.35	10.00
Savings	0.75	0.68	7.00

Currency/USD	17-Nov	-1 mth	Chg (%)
UK Pound	0.757	0.750	-0.89
Euro	0.909	0.890	-2.14
Japanese Yen	159.4	158.0	-0.85
Chinese RMB	6.666	6.687	0.31
Indonesia Rupiah	18,251	18,012	-1.31

Capital Mkt	17-Nov	-1 mth	Chg (%)
JCI	5,304.8	5,185.1	2.31
DJIA	50,759.4	52,002.4	-2.39
FTSE	10,689.9	10,881.9	-1.76
Nikkei 225	58,860.4	65,324.3	-9.90
Hang Seng	23,508.2	24,186.8	-2.81

Foreign portfolio ownership (Rp Tn)	Oct	Sep	Chg (Rp Tn)
Stock	2,235.4	2,723.2	-487.83
Govt. Bond	914.8	907.5	7.38
Corp. Bond	4.3	4.3	-0.04

Trade & Commodities	17-Nov	-1 mth	Chg (%)
Baltic Dry Index	2,893.0	2,511.0	15.2
S&P GSCI Index	671.3	752.0	-10.7
Oil (Brent, $/brl)	93.1	109.9	-15.2
Coal ($/MT)	146.1	156.5	-6.6
Gas ($/MMBtu)	3.13	3.25	-3.7
Gold ($/oz.)	3,849.6	4,165.6	-7.6
Copper ($/MT)	13,232.5	14,496.9	-8.7
Nickel ($/MT)	16,271.0	15,164.3	7.3
CPO ($/MT)	1,021.1	1,091.4	-6.4
Rubber ($/kg)	2.45	2.53	-3.2

External Sector	Sep	Aug	Chg (%)
Export ($ bn)	27.59	26.61	3.68
Import ($ bn)	24.23	23.06	5.09
Trade bal. ($ bn)	3.36	3.55	-5.51
Central bank reserves ($ bn)*	146.3	146.5	-0.13

Prompt Indicators	Oct	Sep	Aug
Consumer confidence index (CCI)	119.9	118.1	118.5
Car sales (%YoY)	10.0	28.1	32.4
Motorcycle sales (%YoY)	7.9	15.4	3.2

Manufacturing PMI	Oct	Sep	Chg (bps)
USA	54.9	55.9	-100
Eurozone	52.7	52.9	-20
Japan	53.3	54.1	-80
China	52.0	52.1	-10
Korea	51.3	53.9	-260
Indonesia	54.0	52.4	160

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	5.4
Nominal GDP growth (% YoY)	-2.5	9.9	15.4	6.7	6.0	7.6	9.1
GDP per capita (USD)	3912	4350	4784	4920	4960	5083	5126
CPI inflation (% YoY)	1.7	1.9	5.5	2.6	1.6	2.9	3.2
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	7.91
USD/IDR exchange rate (average)	14,529	14,297	14,874	15,248	15,841	16,468	17,621
USD/IDR exchange rate (end of year)	14,050	14,262	15,568	15,397	16,102	16,690	18,238
Trade balance (USD Bn)	21.7	35.3	54.5	37.0	31.0	41.1	19.2
Real GDP growth (% YoY)	-2.1	3.7	5.3	5.0	5.0	5.1	5.4
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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