

BI Holds Benchmark Rate at 5.75% for a Third Straight Meeting as Rupiah Stability Takes Priority

BI RATE	USDRUPIAH (22 SEP)	CPI, AUGUST YOY	CREDIT GROWTH, AUG YOY
5.75%	17,855	3.19%	13.65%
3rd straight hold	-0.78% ptp vs end-Aug	within 2.5±1% target	accelerating from 13.58% Jul

KEY TAKEAWAYS

- Bank Indonesia held the BI Rate at 5.75% at the 22–23 September RDG, the **third consecutive hold**, with the Deposit Facility unchanged at 4.75% and Lending Facility at 6.50% · fully in line with consensus (median 5.75%, 36 estimates). This was not a passive hold: BI simultaneously **widened its FX hedging incentives**, cutting Swap Beli Lindung Nilai premiums to a tenor-differentiated 15%/20%/25% (3/6/12-month, from a flat 12.5%) and DNDF premiums to 25%/30% (6/12-month, from 15%) · an active push to pull in foreign funding rather than move the policy rate.
- The rupiah is still the swing factor, and its path was not straight. It **strengthened through August into mid-September** before giving back the gains as Middle East tensions resurfaced and Brent briefly spiked to USD132/bbl (easing back under USD100 by 22 September); the rupiah closed the RDG window at **IDR 17,855, 0.78% weaker point-to-point versus end-August**. Compounding the external pressure, the **Fed Funds Rate rose to 3.75–4.00% in September, with BI itself flagging a meaningful chance of a further US hike** · keeping the yield-differential trade-off firmly in play.
- Inflation stayed inside the target band, but the composition shifted. August CPI printed **3.19% year on year**, up from July's 2.88%, driven by **volatile food jumping to 4.06%** (chicken, chilies, rice), even as core held steady at 2.92% and **administered prices eased to 3.32%** on lower avtur and non-subsidized Pertamina/Pertamax Turbo prices. With inflation still tracking inside 2.5±1% for 2026–2027, BI has room to hold rather than defend the rate with a hike.
- Bank credit grew **13.65% year on year in August**, accelerating from July, supported by BI's KLM liquidity incentive · banks have drawn **IDR 461.2 trillion** in total incentives, IDR 123.0 trillion of it through the money-market-deepening (PPU) channel that is squeezing banks out of SRBI. That channel is exactly what's rotating foreign money from SRBI into INDOGB in our flow data. **Key watch: whether the rupiah can re-establish its August–September rally once this bout of Middle East-driven risk aversion fades, or whether a fourth straight hold turns into an actual hike.**

POLICY MIX · RATE & FX HEDGING INCENTIVES (%)

Instrument	Prior	New	Effective	Δ	Note
BI Rate (%)	5.75	5.75	23-Sep-26	—	3rd straight hold
Deposit / Lending Facility (%)	4.75 / 6.50	4.75 / 6.50	23-Sep-26	—	unchanged
FX Swap Incentive, 3/6/12M (%)	12.5 flat	15 / 20 / 25	23-Sep-26	↑	tenor-differentiated
DNDF Incentive, 6/12M (%)	15 flat	25 / 30	23-Sep-26	↑	tenor-differentiated

Source: Various Source (Bank Indonesia RDG statement, 23 September 2026); Aldiracita Fixed Income & Macro Research.

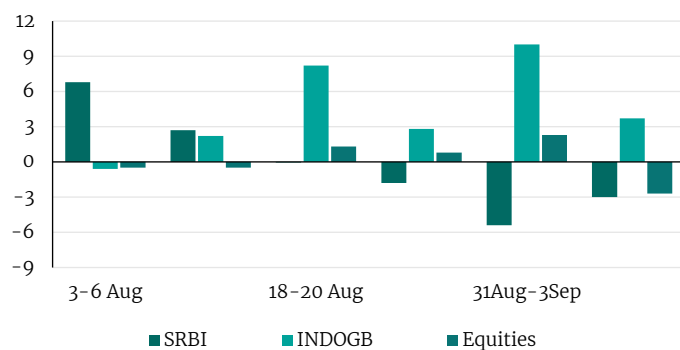
CPI COMPOSITION · AUGUST 2026 (% YOY)

Component	Jul-26	Aug-26	Target	Δ (pp)	Note
Headline CPI (% yoy)	2.88	3.19	2.5±1	+0.31	volatile food-led
Core CPI (% yoy)	2.76	2.92	—	+0.16	steady
Volatile Food (% yoy)	2.52	4.06	—	+1.54	chicken, chilies, rice
Administered Prices (% yoy)	3.58	3.32	—	-0.26	eased on avtur & Pertamina

Source: Various Source (Bank Indonesia RDG statement, 23 September 2026); Aldiracita Fixed Income & Macro Research.

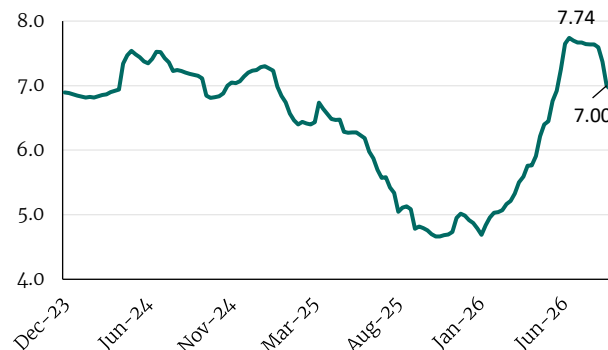
SRBI & FOREIGN FLOW MONITOR · SUPPORTING CHARTS

Weekly Foreign Net Flows by Asset (IDR Tn)



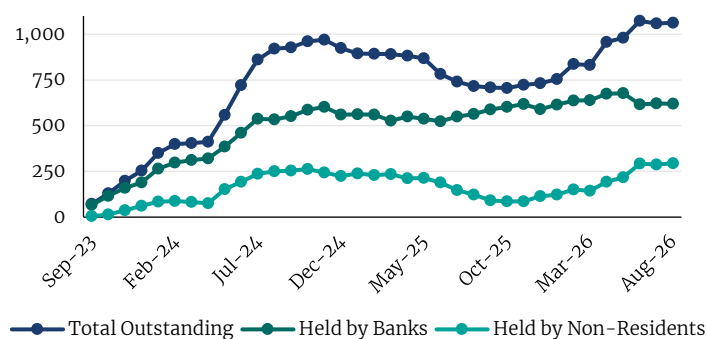
SRBI outflows are rotating into INDOGB and, lately, equities · not leaving the rupiah complex.

SRBI 12M Rate, Weekly (%)



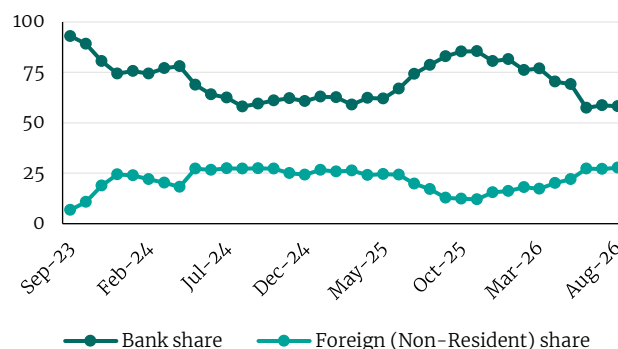
The 12-month rate has fallen 65bp since early August as BI pays less to roll SRBI.

SRBI Outstanding by Holder (IDR Tn)



Total outstanding is flat-to-down since June even as the holder mix shifts sharply.

SRBI Ownership Share (%)



Foreign share hit a record 27.7% in August as bank share fell to its lowest since inception.

Source: Bloomberg; Various Source (Bank Indonesia SRBI ownership file, 31 Aug 2026; BI/IDX/DMO weekly foreign flows to 10 Sep 2026); Aldiracita Fixed Income & Macro Research.



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