

BI Holds at 5.75% but Lifts the Floor

BI RATE	USD/IDR (20 OCT)	CPI, SEPTEMBER YOY	CREDIT GROWTH, SEP YOY
5.75%	17,985	3.28%	13.26%
4th straight hold · DF raised to 5.00%	-0.61% ptp vs end-Sep	within 2.5±1% target	from 13.65% Aug; deposits 8.22%

KEY TAKEAWAYS

- Bank Indonesia held the BI Rate at **5.75%**, the **fourth consecutive hold**, with the Lending Facility at 6.50%, but **raised the Deposit Facility by 25bps to 5.00%**, narrowing the corridor floor to 75bps. Consensus was split: Bloomberg's October survey had **19 of 38 economists at hold and 19 calling a hike**. We read it as a **targeted tightening at the short end** without moving the headline rate.
- The Rupiah is again the trigger, and **MSCI has sharpened it**. MSCI's 15 October consultation on **reclassifying Indonesia to Standalone Market** (decision by 30 June 2027) sent the JCI down 11.6% on 16 October. The Rupiah weakened to **IDR 17,985 per USD** on 20 October, **0.61% weaker** ptp versus end-September, as foreigners **net sold IDR 11.1 trillion of equities in October**. Rupiah fixed income held up: **SRBI drew IDR 4.7 trillion of non-resident buying** in 12–15 October. BI **raised DNDF hedging premium cuts to 40%/45%** (from 25%/30%).
- Liquidity is loosened on the quantity side: the **reserve requirement for conventional banks falls to 7% from 9%** by 1 December, about IDR 190 trillion of liquidity per Governor Destry. With September loan growth at **13.26%** against deposit growth of **8.22%**, BI is funding credit through liquidity, not the rate. Inflation allows it: **core eased to 2.84%** even as headline rose to 3.28% on volatile food.
- Our September key watch got a half answer: **BI raised the floor, not the rate**. A 6.00% BI Rate stays in play if MSCI-driven outflows persist and the Fed hikes again. **Key watch: whether the higher deposit floor and larger DNDF incentive can offset MSCI-driven equity outflows and keep the Rupiah below 18,000.**

POLICY MIX · RATE CORRIDOR, FX HEDGING INCENTIVES AND RESERVE REQUIREMENT

Instrument	Prior	New	Effective	Δ	Note
BI Rate (%)	5.75	5.75	21-Oct-26	0 bps	4th straight hold
Deposit Facility (%)	4.75	5.00	21-Oct-26	+25 bps	corridor floor raised
Lending Facility (%)	6.50	6.50	21-Oct-26	0 bps	unchanged
DNDF incentive, 6/12M (%)	25 / 30	40 / 45	21-Oct-26	+15 / +15 pp	premium cut widened
Swap incentive, 3/6/12M (%)	15 / 20 / 25	15 / 20 / 25	continued	—	maintained
GWM, conventional banks (%)	9.0	7.0	1-Nov / 1-Dec-26	-200 bps	two 1pp steps
GWM, sharia banks (%)	7.5	5.5	1-Nov / 1-Dec-26	-200 bps	two 1pp steps
KLM incentive (% of DPK)	6.0	5.0	1-Dec-26	-100 bps	financing ≤3%, PPU ≤2%

Source: Bank Indonesia

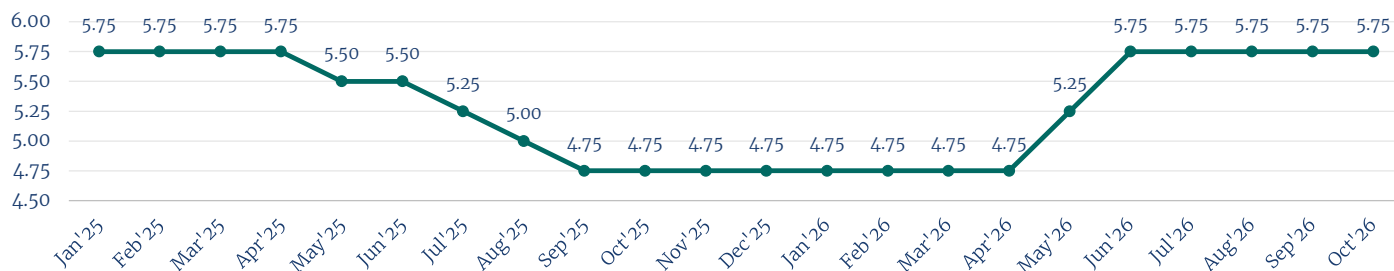
CPI COMPOSITION · SEPTEMBER 2026 (% YOY)

Component (% yoy)	Aug-26	Sep-26	Target	Δ (pp)	Note
Headline CPI	3.19	3.28	2.5±1	+0.09	volatile food-led
Core CPI	2.92	2.84	—	-0.08	easing
Volatile Food	4.06	5.03	—	+0.97	weather, lower output
Administered Prices	3.32	3.25	—	-0.07	lower airfares

Source: Bank Indonesia

BI RATE PATH · MONTHLY SINCE JANUARY 2025 (%)

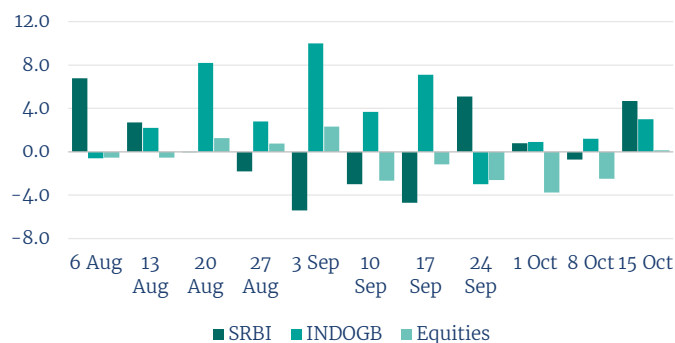
BI Rate, month-end (%)



Five cuts in 2025 (-125bps) took the rate to 4.75%; +100bps in May–June 2026 restored 5.75%, now held for four straight meetings.

Source: Bank Indonesia; month-end level (two decisions in June 2026).

FOREIGN FLOWS · WEEKLY BY ASSET (IDR TN)



SRBI back to inflows in 12–15 Oct (+IDR 4.7 tn); the MSCI equity selling hit on Friday 16 Oct. Monday–Thursday buckets, week ending shown.

Source: BI (SRBI), DMO (INDOGB), IDX (equities)

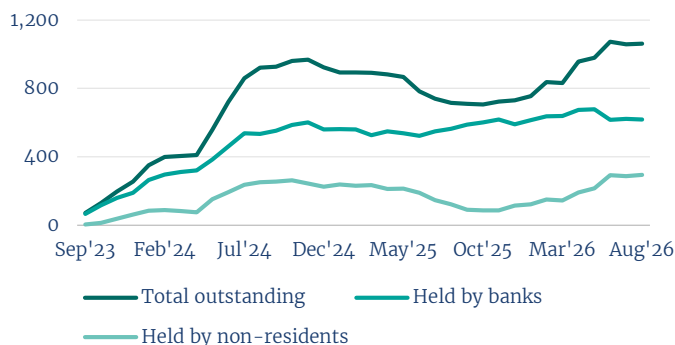
SRBI 12M RATE · BY AUCTION SINCE DEC 2023 (%)



Peaked at 7.74% in June 2026, eased to 6.94%; latest SRBI auction published by BI is 11 Sep 2026.

Source: Bank Indonesia

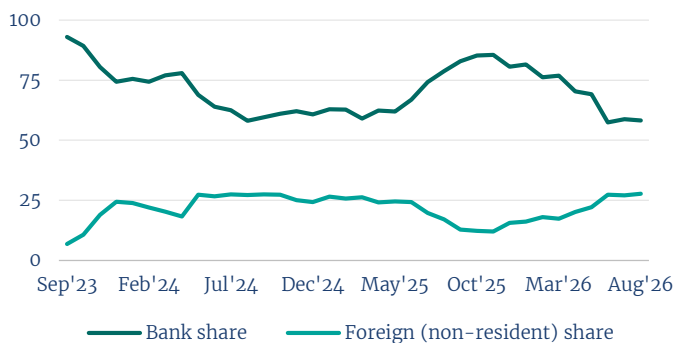
SRBI OUTSTANDING BY HOLDER (IDR TN)



IDR 1,062.9 tn at end-August, below the June peak of IDR 1,072.6 tn; non-residents at a record IDR 294.7 tn.

Source: Bank Indonesia

SRBI OWNERSHIP SHARE (%)



Foreign share at a record 27.7% in August; bank share 58.2%. Source: Bank Indonesia SRBI ownership file (31 Aug 2026);

Aldiracita calculation



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