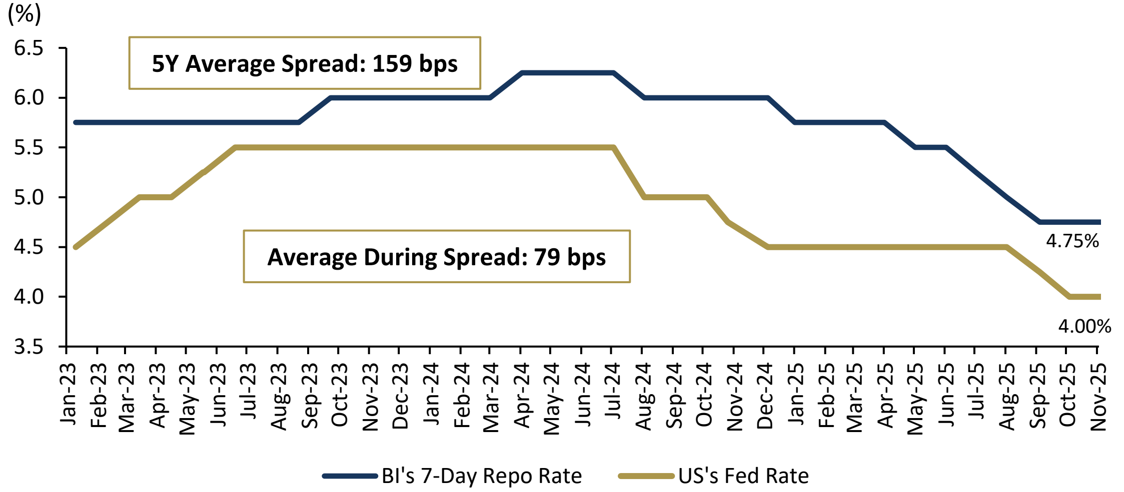
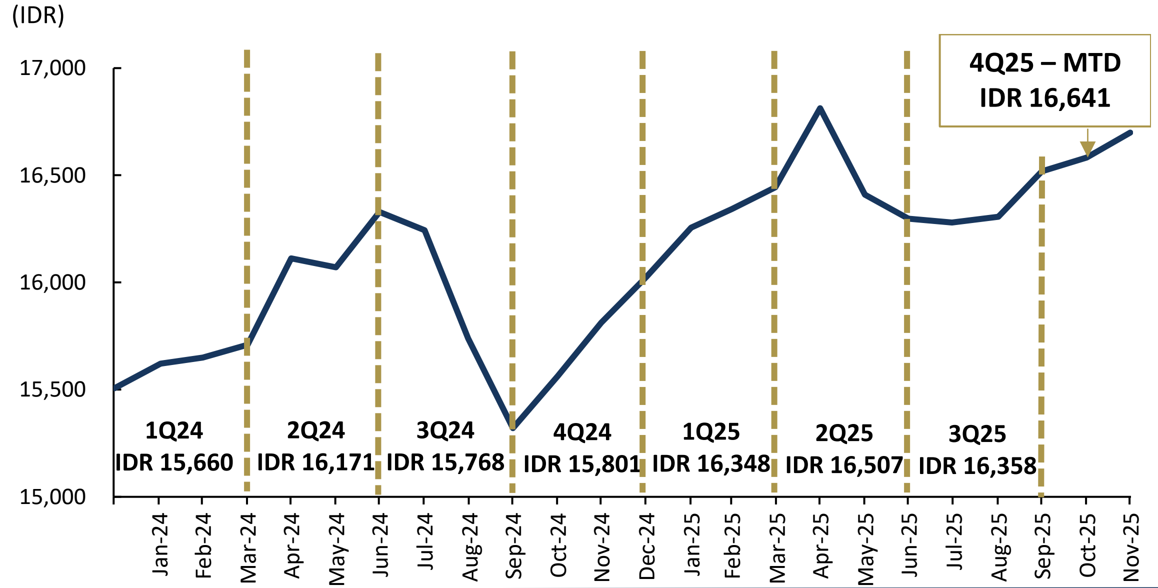
BI's 7-Day Repo Rate: 20 November 2025

- Bank Indonesia kept its benchmark interest rate unchanged at 4.75% in the Nov-25 policy meeting, fully in line with market expectations. The policy stance maintains the benchmark at its lowest level since Oct-22, following cumulative 150 bps of easing since September last year. BI's decision underscores confidence that inflation in 2025 will remain comfortably within the target range of 2.5% ± 1%, supported by stable rupiah and favourable balance between price stability and growth momentum.
- The central bank also maintained the overnight deposit facility rate at 3.75% and the lending facility rate at 5.50%, signaling continuity in its accommodative posture. For markets, the hold decision reinforces BI's strategy of safeguarding inflation expectations while ensuring adequate monetary support to sustain domestic demand. With core price pressures staying manageable and the rupiah trading within a relatively stable band amid improving capital inflows, BI appears well-positioned to prioritize growth without jeopardizing macroeconomic stability.
- The policy hold also aligns with broader macro conditions, including resilient household consumption, early signs of a rebound in investment, and ongoing government efforts to strengthen industrial capacity through downstreaming and infrastructure acceleration. The combination of stable food supplies, targeted fiscal support, and improved supply-chain coordination has helped keep inflation pressures manageable, even as global commodity prices show intermittent volatility.
- Externally, risks persist but are more contained than in previous quarters. Softer U.S. Treasury yields have eased pressure on emerging-market currencies, although geopolitical tensions and global trade uncertainty still call for caution. Even so, Indonesia's improving real yield differential and solid external buffers—including healthy FX reserves and gradually narrowing current account position—provide additional cushion against sudden changes in global risk appetite.
- Looking ahead, BI's policy bias remains neutral with data-dependent stance. Given anchored inflation and growth showing resilience, the central bank, in the near term, is likely to maintain its current position of consistent balancing act between stability and growth while closely monitoring upcoming CPI readings, global financial market conditions, and the pace of domestic credit expansion.

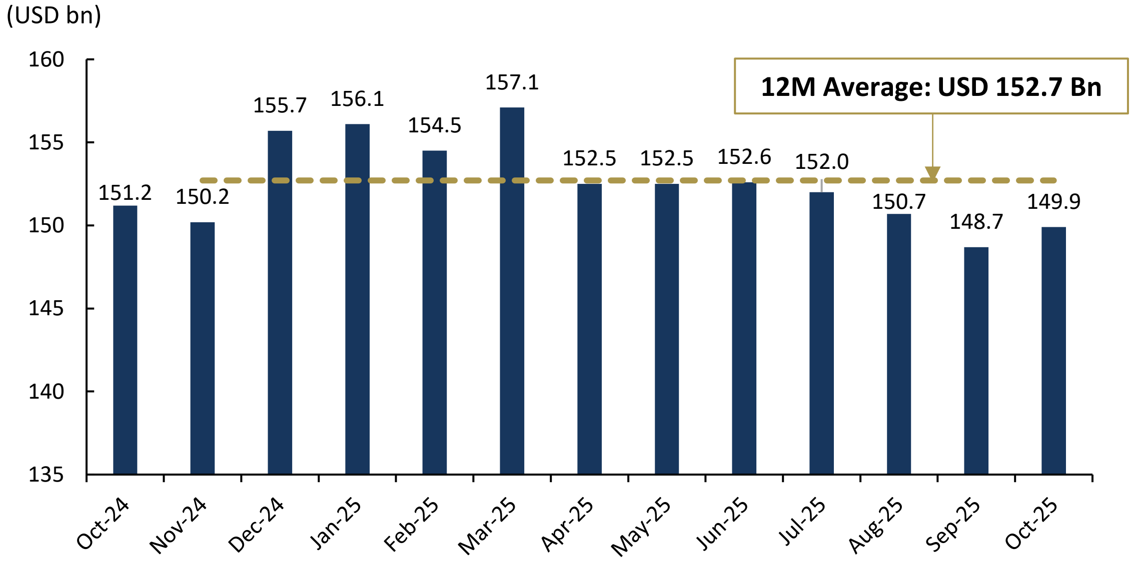
Fed Rate vs BI's Rate



Quarterly USD/IDR Rate 1Q24 – 4Q25 MTD



Monthly FX Reserves



Sources: Bloomberg, Bank Indonesia, SSI Research

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