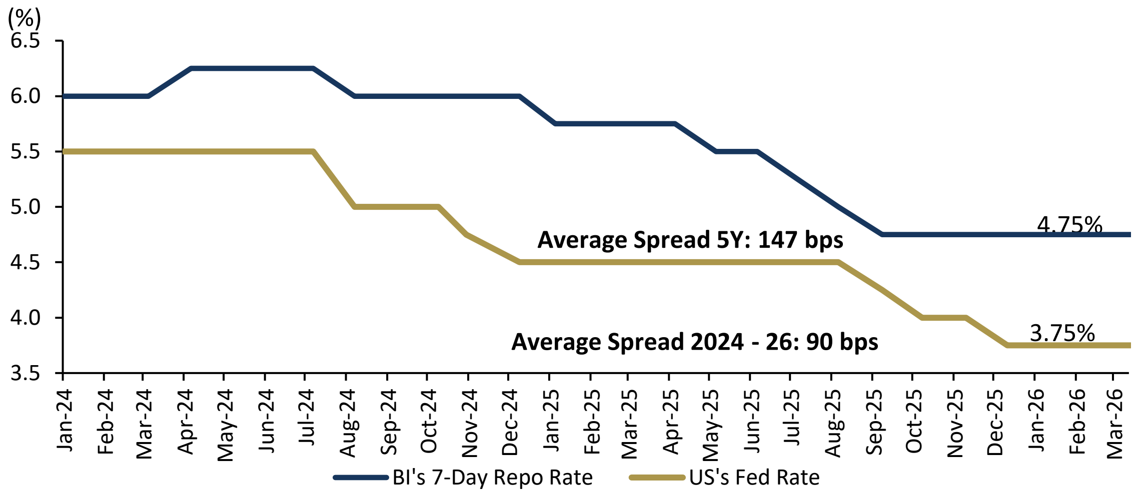
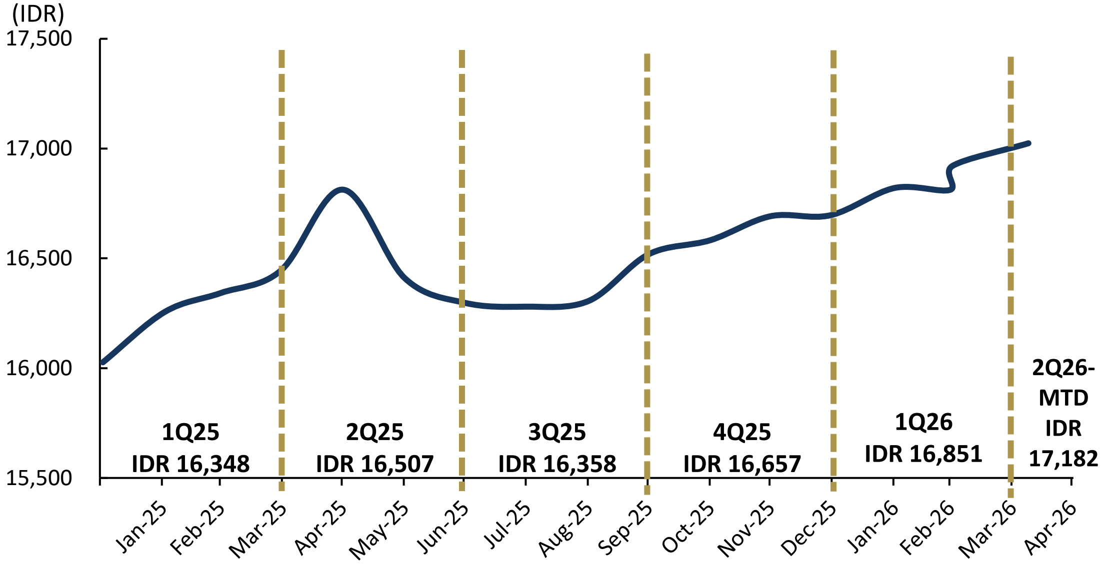
BI's 7-Day Repo Rate: 22 April 2026

- Reinforcing policy stance calibrated toward balancing external stability and domestic growth, BI's decision to hold its benchmark rate at 4.75% for the 7th consecutive month was inline with SSI and market consensus expectations. Amid persistently elevated global yields, BI's move also reflects prioritization of IDR stability to stem capital outflows, largely driven by global risk repricing and safe-haven flights. By holding rates steady rather than tightening further, BI signals confidence that its existing policy mix—combining interest rate policy, FX intervention, and macroprudential measures—is currently sufficient to manage volatility.
- On the domestic front, CPI trajectory with headline inflation of 3.48% YoY in March, within the 2.5% ±1% target band, provides BI with some leeway in its policy space. However, recent selective fuel (Dexlite +66%, Pertamax Turbo +48%, and Pertamina Dex +65%) and LPG (12kg +17-20% and 5.5kg +18-20%) price increases will raise inflationary pressure going forward and limit BI's ability for monetary loosening. In Apr-26, other higher priced commodities include aluminum +25%, ammonia +20%, and cooking oil +5%, eroding consumer purchasing power and challenging BI's growth-supportive stance.
- Looking ahead, the key variable to watch is momentum of global financial conditions—particularly US monetary policy and geopolitical risk premiums—which will continue to shape capital flows and FX stability. In the near term, the policy bias remains neutral-to-cautious, with a slight tilt toward stability. Rate cuts appear unlikely in the immediate horizon unless there is a clear easing in global volatility and a sustained strengthening of the IDR, which has depreciated 3.31% YTD, the worst in the region. This places BI in a "wait-and-see" equilibrium, relying on FX intervention and liquidity management as first lines of defence.

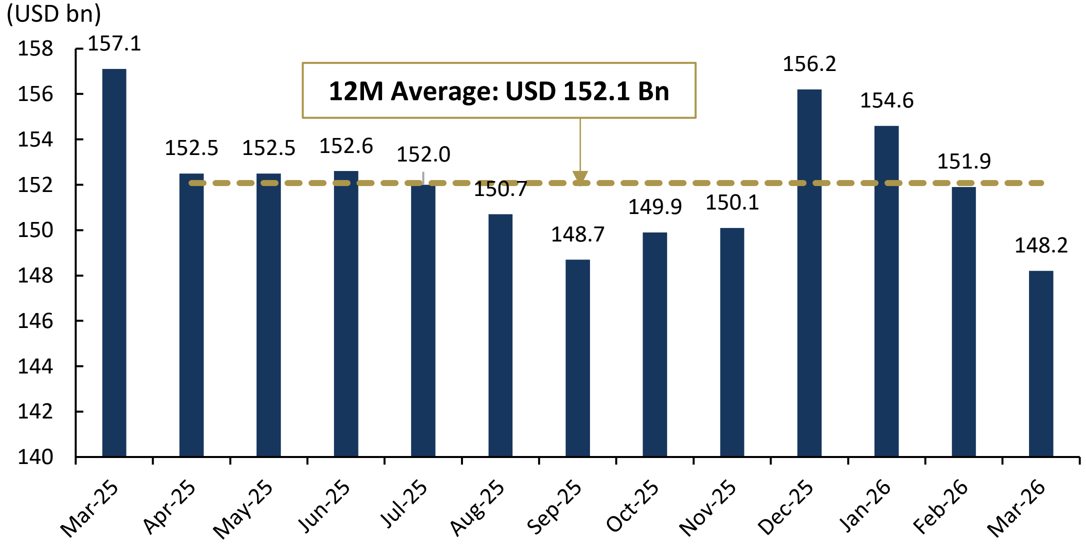
Fed Rate vs BI's Rate



Quarterly USD/IDR Rate 1Q25 – 2Q26 MTD



Monthly FX Reserves



Sources: Bloomberg, Bank Indonesia, SSI Research