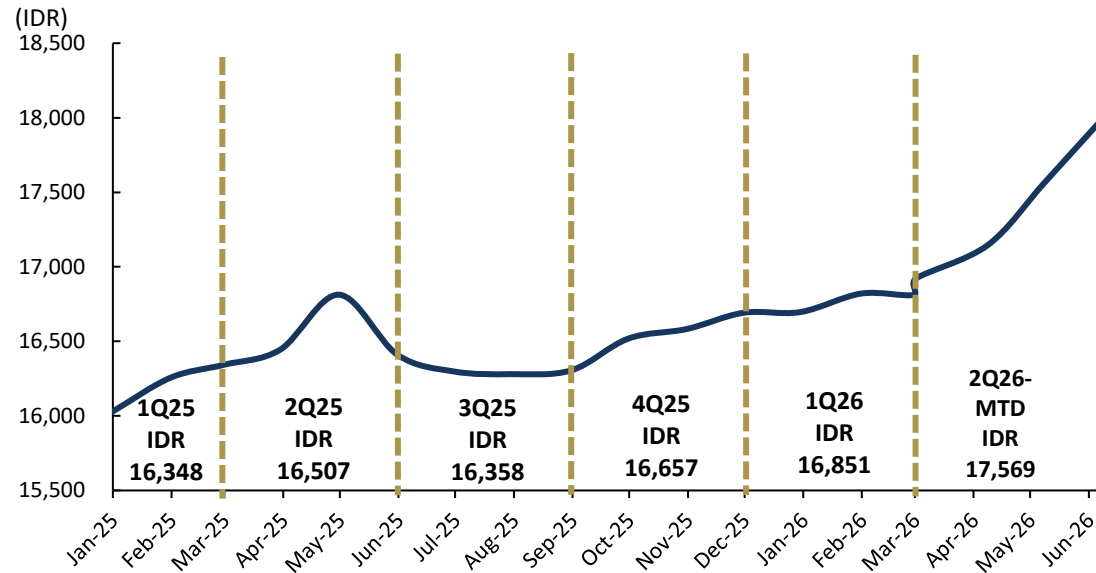


# BI's 7-Day Repo Rate: 9 June 2026

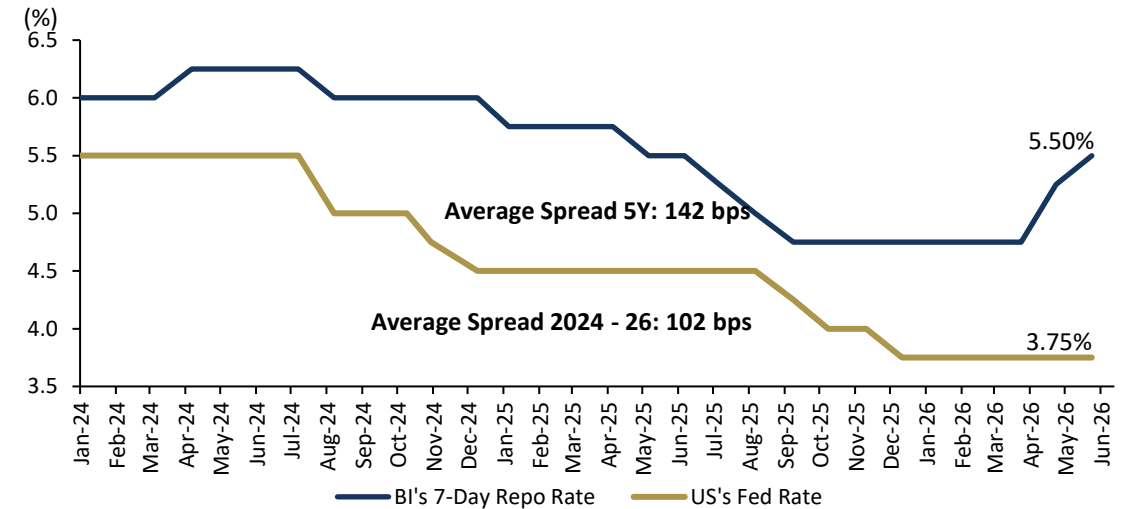
- Signaling a heightened sense of urgency in addressing ongoing IDR pressures, BI unexpectedly raised its benchmark rate 25 bps to 5.50% during a special weekly Board of Governors Meeting (RDG) on 9 Jun-26, following 50-bps hike delivered only three weeks earlier. BI also increased Deposit Facility and Lending Facility rates by 25 bps to 4.50% and 6.25%, respectively.
- According to BI, the move was motivated by the need to stabilize the IDR on continued foreign outflows from domestic financial markets. BI emphasized that the decision is both pre-emptive and forward-looking, aimed at safeguarding inflation within the target range for 2026-27. In addition, BI announced a comprehensive package of support measures, including higher yields on SRBI instruments across all tenors, lower hedging costs for foreigners, reopening of repo facilities for longer maturities, and intensified intervention in both onshore/offshore FX markets. The simultaneous hike in SRBI yields and reduced hedging costs to improve Indonesian financial assets attractiveness, particularly for foreign portfolio investors seeking higher yields.
- From a market perspective, the significance of this decision lies less in the magnitude of the 25-bps hike and more in the strong signal it sends. Acting on irregular schedule, BI has demonstrated clear willingness to deploy all available instruments to defend currency stability. Markets interpret unscheduled policy tightening as evidence that BI will move decisively when financial stability risks emerge. Thus, the IDR could experience some strengthening supported by expectations of stronger capital inflows, reduced speculative pressure against the IDR, and carry advantage with global investors highly sensitive to yield differentials.
- For the bond market, the initial reaction may involve some upward adjustment in short-end yields as investors reprice the policy path. However, longer-dated government bonds could eventually benefit if the move succeeds in reducing currency volatility and strengthening external stability. Meanwhile, the equity market may initially view the decision cautiously due to tighter monetary conditions, but a more stable FX environment would ultimately be supportive for investor sentiment.
- Looking ahead, we believe BI will continue its tightening decision during the upcoming Board of Governors' Meeting on 18 Jun-26 as more rate increases are required in its stabilization efforts to bring the IDR well below the 18k level, particularly if global and local conditions further deteriorate.

## Quarterly USD/IDR Rate 1Q25 – 2Q26 MTD

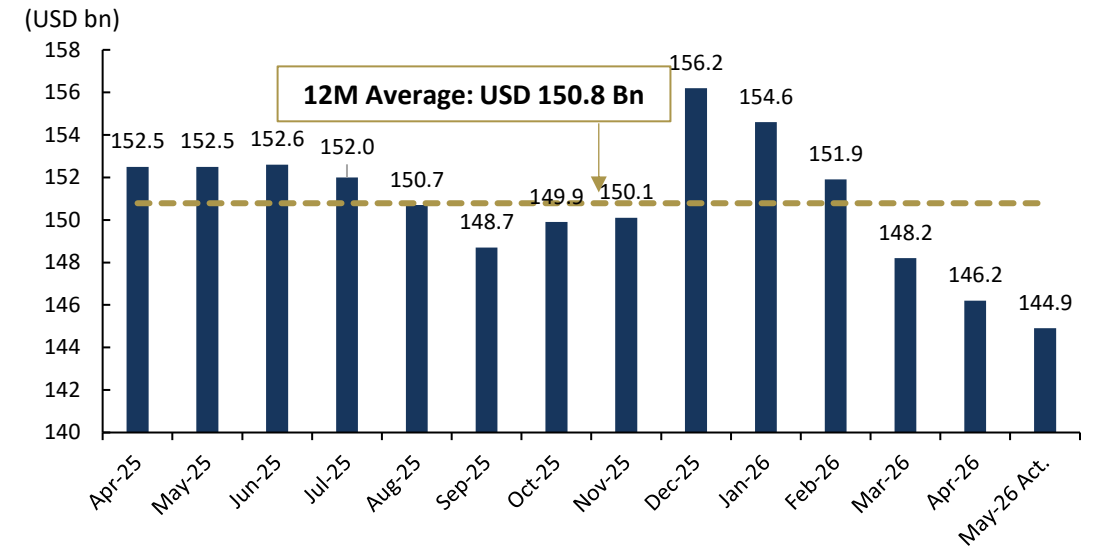


Sources: Bloomberg, Bank Indonesia, SSI Research

## Fed Rate vs BI's Rate



## Monthly FX Reserves



Macro Strategy Team