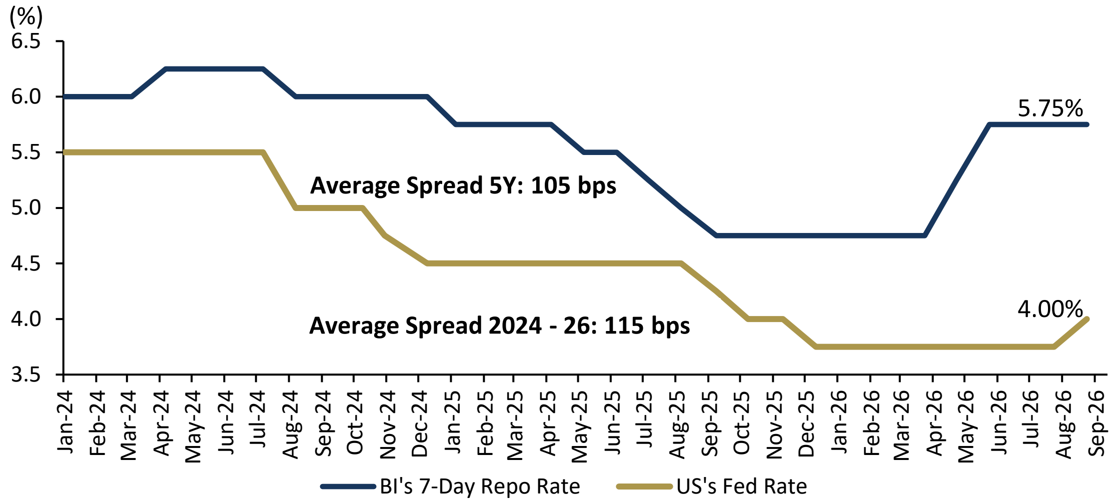
Bank Indonesia’s 7-Day Reverse Repo Rate: 23 September 2026

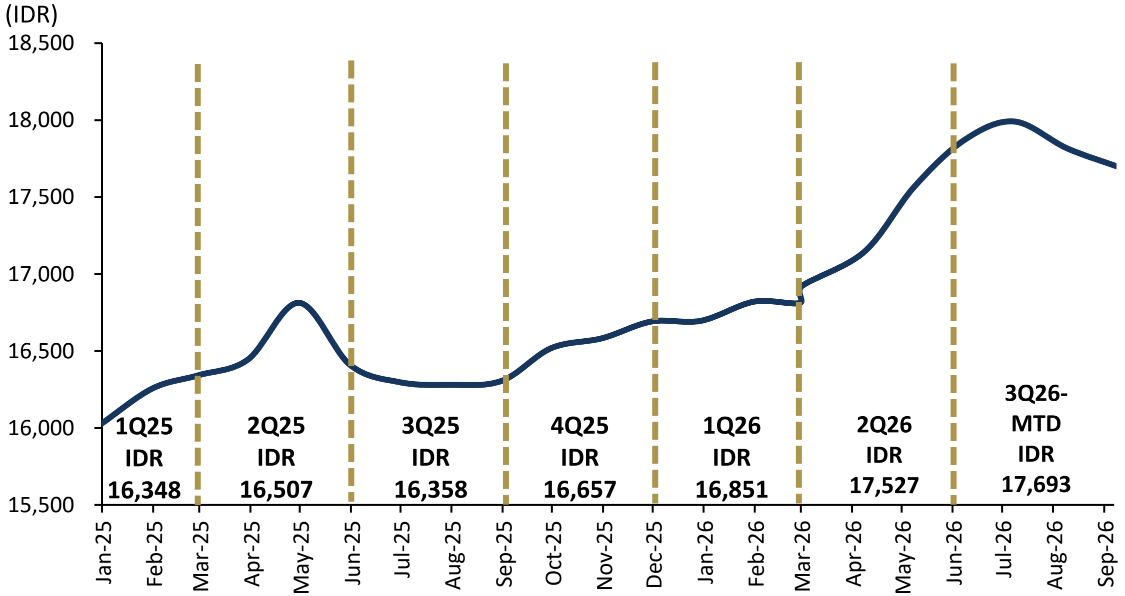
SAMUEL SEKURITAS INDONESIA
Your Lifelong Investment Partner

- Bank Indonesia (BI) maintained BI Rate at 5.75% during September meeting, marking third consecutive hold following cumulative 100-bps tightening delivered in May and June. Decision was broadly in line with market expectations, although more dovish than SSI’s forecast of 25-bps rate hike. While BI also kept Deposit Facility and Lending Facility rates unchanged at 4.75% and 6.50%, respectively, we believe BI remains cautious as both external risks and domestic uncertainties continue to limit lower rates.
- From domestic perspective, CPI remains not without risks, with headline inflation reaching 3.19% YoY in August, close to BI’s upper 3.5% target range. However, domestic economic momentum remains a key concern amid weaker consumer confidence, slower purchasing power recovery, and uneven private-sector activity. Maintaining policy rate at restrictive level highlights BI’s priority on preserving macro stability, although prolonged high interest rates could further pressure credit growth, consumption, and investment recovery.
- We view September decision as temporary pause rather than end of tightening cycle. External risks remain elevated following Federal Reserve rate hike, higher global yields, volatile oil prices, and geopolitical uncertainty. Domestically, BI also needs to monitor potential risks from slower economic growth, weaker household spending, and market sentiment following recent political and social developments, particularly as currency remains vulnerable to renewed US dollar strength and foreign portfolio outflows.
- For the fixed income market, Indonesian government bonds may receive near-term support, particularly at short-to-medium tenor, although upside remains constrained by elevated UST yields, foreign flow volatility, and domestic risk premium. Meanwhile, IDR outlook remains vulnerable as absence of further rate hikes reduces additional yield support, leaving currency performance dependent on DXY movement, global risk appetite, and domestic confidence.
- Looking ahead, we maintain cautious monetary-policy outlook. September hold, despite SSI’s expectation of 25-bps hike, suggests BI is forced to remain supportive of economic growth amid uncertain economic conditions. We see limited room for rate cuts in near term, as BI will have to balance growth, IDR stability and inflation management. Further tightening could still be considered if external pressures intensify, particularly amid stronger US dollar, higher global yields, elevated oil prices, renewed capital outflows, or deterioration in domestic economic conditions. At the end of the day, BI is expected to maintain pro-stability stance, with external balance and domestic macro stability prioritized over growth support.

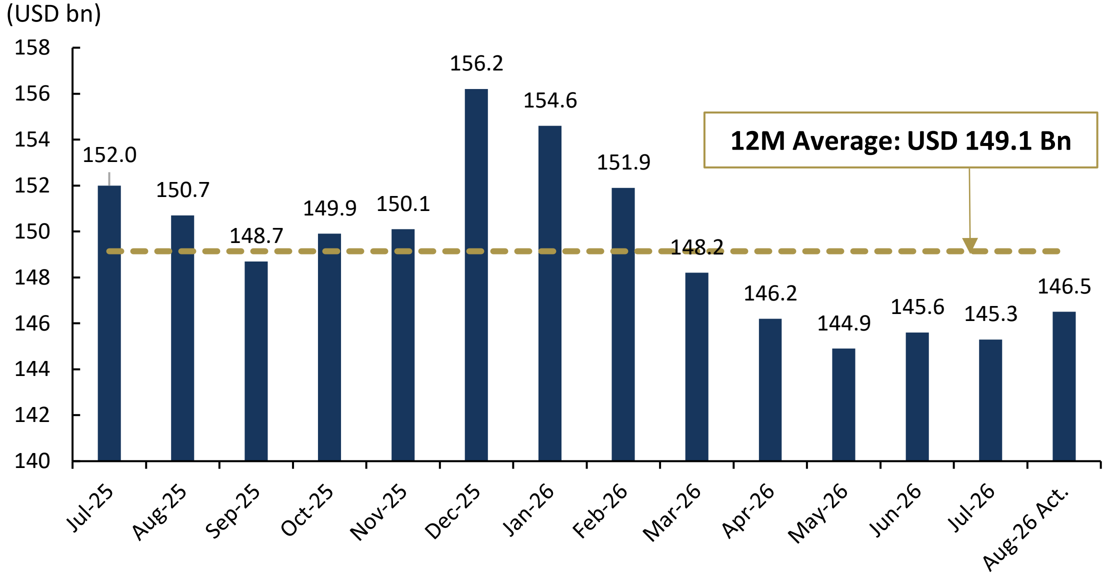
Fed Rate vs BI’s Rate



Quarterly USD/IDR Rate 1Q25 – 3Q26 MTD



Monthly FX Reserves



Sources: Bloomberg, Bank Indonesia, SSI Research

Macro Strategy Team