WEEKLY ECONOMIC UPDATE

Period of 28 September-2 October, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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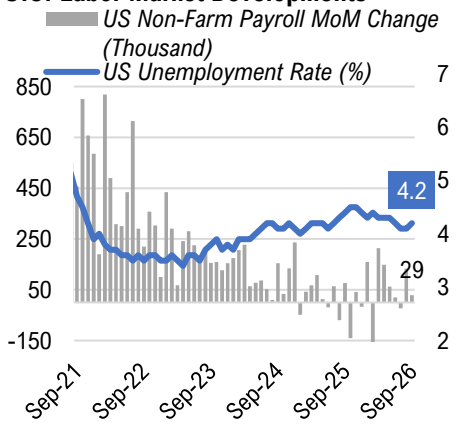
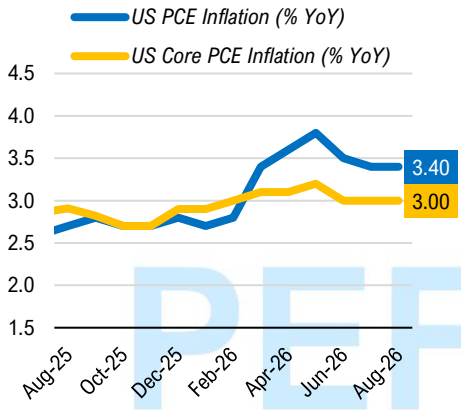
Data Highlights of the Week

U.S. Labor Market Developments



Source: Bloomberg

U.S. PCE Inflation



Source: Bloomberg

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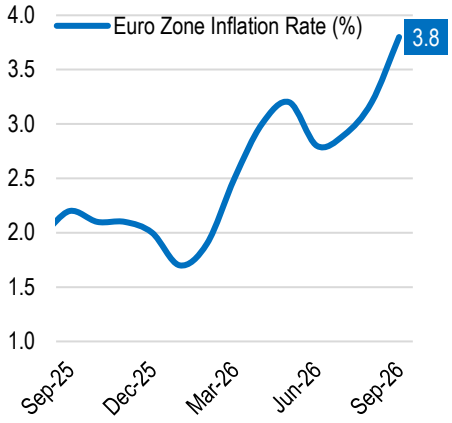
Domestic Economic Growth Momentum Remains Intact Amid Persistently High Global Economic Uncertainty

Global Economy

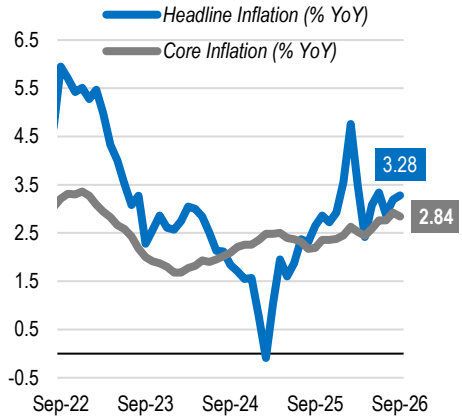
- **Global geopolitical developments continued to be dominated by the U.S.–Iran war and its spillover effects in the Middle East, although diplomatic channels through mediators re-emerged.** Iran has yet to reopen the Strait of Hormuz, while attacks on vessels and increased Houthi activity in Yemen keep the risk of energy supply disruptions elevated. In the Russia–Ukraine war, attacks intensified ahead of winter, with Russia expanding strikes on Kyiv's infrastructure while Ukraine plans to step up attacks on Russian oil refineries; at the same time, Germany strengthened its military support for Kyiv. More broadly, these conflicts continue to signal persistently high inflation risks and global market volatility.
- **In its Sep'26 Interim Report, the OECD stated that the global economy remained resilient to a series of shocks, but buffers to absorb the next shock were becoming increasingly depleted.** Global economic growth is projected at 2.9% in 2026 (+0.1% from the Jun'26 outlook) and 3.0% in 2027 (-0.1%), while G20 inflation is expected to rise to 4.1% in 2026 (+0.1%) before easing to 3.6% in 2027 (+0.5%). The energy shock from the Middle East conflict has so far been contained through inventory releases, supply diversification, lower consumption, and government support, but energy inventories are now much thinner. At the same time, long-term sovereign yields have risen to their highest levels in 15 years or more in many countries, increasing fiscal pressure. The OECD also highlighted risks from trade fragmentation, food-price shocks, and a potential correction in AI investment.
- **The FAO Food Price Index rose for a third consecutive month to 136 in Sep'26, its highest level since Nov'22** (Aug'26: 134). Sugar prices surged 6.1% to their highest level since Apr'25, mainly driven by expectations of tighter global sugar supplies in the 2026/27 season. Cereal prices jumped 5.1% to their highest level since Dec'23, reflecting a 6.3% increase in wheat prices amid logistics constraints in the Black Sea region and dry weather in parts of North America. Vegetable oil prices rose 0.9% to their highest level since Jun'22, chiefly due to higher global palm oil prices. In contrast, meat prices fell 1.1%, reflecting lower poultry and pork prices, while dairy prices were broadly stable as lower cheese prices were almost entirely offset by higher milk powder prices.
- **The U.S. economy continued to post solid growth, although signs of labor-market weakness began to emerge while inflationary pressures remained relatively high.** PCE inflation in Aug'26 rose 0.3% MoM (Jul'26: 0.1%), while annual inflation remained at 3.4% YoY (Jul'26: 3.4%) and core PCE inflation stood at 3.0% YoY, still above the Fed's 2% target. Pressure mainly came from higher energy and services prices. On the growth side, the U.S. economy expanded by an annualized 2.2% in Q2-2026 (previous estimate: 1.3%), supported by investment, consumption, and government spending. However, labor-market momentum began to weaken, as payrolls increased by only 29 thousand in Sep'26 (Aug'26: 133 thousand), job creation for Jul–Aug was revised down by a total of 60 thousand, and annual wage growth slowed to 3.0% YoY (Aug'26: 3.1%), the lowest since May'21. This pushed the unemployment rate up to 4.2% (Aug'26: 4.1%).
- **The Euro Area faced a sharp rise in inflation while its labor market remained relatively resilient.** The preliminary estimate for Euro Area inflation in Sep'26 rose to 3.8% YoY (Aug'26: 3.2%), well above the ECB's 2% target, due to an 18.8% YoY surge in energy prices. Services inflation also increased to 3.2% YoY, while core inflation edged up to 2.5% YoY (Aug'26: 2.4%). Meanwhile, the Euro Area labor market remained relatively resilient, with the unemployment rate holding at 6.4% since Feb'26 despite the number of unemployed rising by 26 thousand to 11.36 million. This indicates that the ECB faces an increasingly complex dilemma.

Euro Area Consumer Inflation



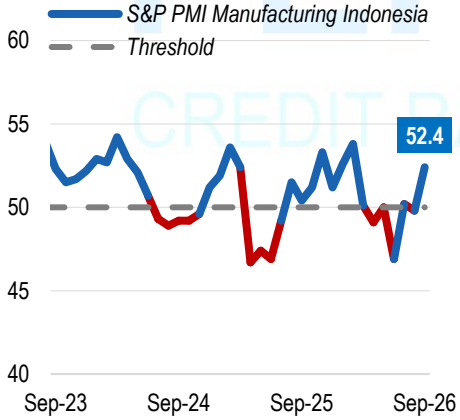
Source: Bloomberg

Indonesia Consumer Inflation



Source: Bloomberg

S&P Global Indonesia Manufacturing PMI



Source: S&P Global Capital IQ

Next Week's Economic Calendar

Date	Data Release
Oct 5	Japan Consumer Confidence Sep'26
Oct 6	U.S. Trade Balance Aug'26
Oct 7	Reserve Bank of India Policy Rate
	Indonesia Foreign Exchange Reserves Sep'26
Oct 8	FOMC Meeting Minutes Sep'26
	ECB Meeting Minutes Sep'26

- **A subsequent estimate showed that the UK economy grew 1.4% YoY in Q2-2026, accelerating from Q1-2026 (0.8%) and revised up from the preliminary estimate (1.2%).** This marked the strongest expansion since Q1-2025, mainly driven by 1.7% YoY growth in services output, while production grew 0.4% YoY and construction contracted 1.0%. On the expenditure side, household consumption and government consumption each rose 1.2%. Gross fixed capital formation increased 3.1%, with business investment up 5.2%. Exports rose 4.2% and imports increased 2.5%, resulting in a positive contribution from net trade.
- **The Bank of Japan's Summary of Opinions from its Sep'26 meeting indicated growing support among policymakers for further interest-rate increases**; some called for faster hikes or for rates to move promptly toward the central bank's "target" level. These views strengthened expectations of another rate increase amid persistent inflationary pressures.
- **Japan's economic conditions continued to tighten.** The unemployment rate rose to 2.5% in Aug'26 (Jul'26: 2.4%), while employment increased by 300 thousand to 68.34 million and the job-openings-to-applicants ratio remained high at 1.18, indicating solid labor demand. Meanwhile, the monetary base contracted again by 15.2% YoY in Sep'26 (Aug'26: -15.7%), extending its decline to 14 consecutive months, mainly due to an 18.3% fall in current-account balances at the Bank of Japan (Aug'26: -18.9%). This reflects continued liquidity normalization after a prolonged period of ultra-loose monetary policy, although the tight labor market continues to support economic activity and potential wage pressures.
- **The Reserve Bank of Australia unanimously raised its cash-rate target by 25 basis points to 4.60%**, marking the fourth increase this year and taking borrowing costs to their highest level since 2011. Policymakers noted that higher global energy prices, stronger-than-expected recent inflation, and persistent domestic capacity constraints were contributing to inflation. Demand related to artificial intelligence (AI) also pushed up global technology-goods prices, while firms reported higher costs and plans to pass them on to consumers. The Board stated that further tightening might be needed to prevent inflation from becoming entrenched and to return it sustainably to target.
- **China's NBS Composite PMI Output Index rose to 50.7 in Sep'26** (Aug'26: 49.5), the highest since Dec'25 and the first expansion in business activity since Jun'26. The improvement reflected faster manufacturing output growth (50.1) and a return to expansion in services after two months of contraction (50.2). Positive sentiment was supported by strong global demand for AI hardware, expectations of further policy support, and recovery from weather-related disruptions in Aug'26. However, headwinds persist, including weak domestic demand, high energy costs that squeeze factory margins, and uneven momentum across sectors.
- **Vietnam's economy grew a very strong 9.95% YoY in Q3-2026** (Q2-2026: 8.81%), the fastest pace since Q3-2022, driven by solid performance in industry and construction, services, and a 21.39% surge in fixed investment. Cumulatively in Q1–Q3 2026, the economy grew 9.01%, also supported by a 23.27% rise in exports, although imports grew faster at 28.75%. However, strong growth was accompanied by rising price pressures, with inflation reaching 5.08% YoY in Sep'26 and core inflation at 4.45% YoY, while global uncertainty continued to pose risks to exports, investment, and the exchange rate. Vietnam therefore faces the challenge of sustaining expansion without increasing inflationary pressures and external imbalances.

Domestic Economy

- **Indonesia's inflation rose to 3.28% YoY in Sep'26 (Aug'26: 3.19%), the highest since Jun'26,** but remained within Bank Indonesia's 1.5%–3.5% target range. Food inflation reached a three-month high (4.37% vs. 3.86% in Aug'26), reflecting the continued impact of El Niño disruptions. Additional upward pressure came from transportation (4.84% vs. 4.79%). Core inflation eased to 2.84% YoY from a more-than-three-year high of 2.92% in Aug'26.

	Indonesia Consumer Confidence Index Sep'26
Oct 9	Brazil Inflation Sep'26
	Canada Employment Sep'26
	Indonesia Retail Sales Index Aug'26 and Sep'26 Projection

- **The S&P Global Indonesia Manufacturing PMI rose to 52.4 in Sep'26 (Aug'26: 49.8), the highest since Feb'26 and signaling a return to expansion in factory activity.** Output and new orders grew at their fastest pace since Feb'26, while foreign demand increased for a second consecutive month at the strongest rate since May'22. Employment increased at the fastest pace since Feb'25, while backlogs rose at their sharpest rate in five years. Firms stepped up input purchases at the fastest pace since Feb'26 amid stable supply chains, although delivery times lengthened slightly. Input-cost inflation slowed to a six-month low but remained above its long-run average due to high raw-material and supplier costs, currency effects, shortages, and fuel-policy impacts. Business confidence remained very positive despite easing slightly.
- **Indonesia's trade surplus narrowed to USD3.55 billion in Aug'26** (Aug'25: USD5.49 billion) but exceeded expectations (USD0.6 billion). Exports rose 6.72% YoY (Jul'26: 6.05%), above the 4.2% forecast, as non-oil and gas exports grew 7.23% YoY to USD25.62 billion, while oil and gas exports fell 5.10% YoY to USD0.99 billion due to a 100.0% decline in crude-oil exports. Meanwhile, import growth slowed to 19.09% YoY (27.02%) and came in below the 31.7% estimate amid high oil prices. In 8M2026, Indonesia recorded a USD7.25 billion trade surplus, with exports and imports growing 4.74% and 19.84%, respectively.
- **Foreign tourist arrivals in Indonesia rose 6.27% YoY to 1.60 million in Aug'26 (Jul'26: 2.95%), supported by seasonal factors and strong travel demand.** Arrivals increased mainly from Malaysia (28.95%), China (15.57%), and Australia (10.41%). In 8M2026, foreign tourist arrivals rose 5.83% from 8M2025 to 10.58 million, the highest level since 2020.
- **The 2027 State Budget Law was officially enacted by the House of Representatives and the Government.** Economic growth is targeted at 6%, inflation at 2.5%, and the exchange rate at IDR17,500/USD. The budget deficit is projected at 2.4% of GDP, or IDR671.2 trillion. State revenue is targeted to grow 6.8% to IDR3,435.1 trillion to meet spending needs, which are set to rise 6.9% to a record IDR4,106.26 trillion. The lower deficit target assumes a 10-year government bond yield of 6.9% and an ICP oil price of USD75 per barrel. The Government reaffirmed its commitment to keeping the public-debt ratio below 60% of GDP; it currently stands at around 40%. Prudent budget management is required as interest payments amount to about 19% of state revenue. On budget governance, the 2027 State Budget Law adds a requirement that additional government bond issuance and the use of accumulated budget surplus funds outside cash management must first receive parliamentary approval.
- **The Government announced a range of stimulus measures and incentives for Q4-2026.** These include IDR31 trillion in social assistance (previously IDR26 trillion), the expansion of government-borne Article 21 income-tax incentives to all sectors, and confirmation that the government-borne VAT incentive for home purchases will continue in 2027. A government-borne VAT incentive will also apply to domestic economy-class airline tickets during the Christmas and New Year period. Raising the non-taxable income threshold remains under review and discussion. The increase in social assistance and expansion of incentives are expected to support household purchasing power.
- **Danantara Sumberdaya Indonesia (DSI) launched the pilot phase of the National Data Intelligence (Nadi) platform on October 1, 2026.** Nadi is designed to improve price transparency and export visibility for strategic commodities such as palm oil, coal, and ferroalloys, while ensuring smooth export activity. The platform uses data intelligence to integrate information across ministries, enabling real-time analysis that can identify price gaps between domestic sales and international markets. During the pilot phase, Nadi will focus its monitoring on selected exporter groups before gradually expanding to all exporters

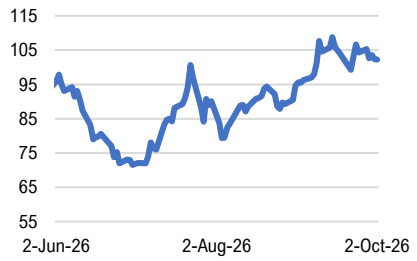
This Week's Highlights

In addition to the U.S.–Iran conflict, which remains in focus, bond markets will continue to attract attention following the recent surge in government bond yields. In the United States, the FOMC meeting minutes will be closely watched for further clues on the economic outlook and the direction of Fed policy. Elsewhere, key releases and developments—including the ECB

meeting minutes and Euro Area producer price index, Japan's consumer confidence and machine-tool orders, Australia's consumer confidence, and Canada's employment and trade figures—will be closely monitored among advanced economies. Among emerging economies, the Reserve Bank of India will announce its monetary policy decision. Thailand and the Philippines will report Sep'26 inflation, while the Philippines and Malaysia will also release unemployment data. The OPEC meeting and developments surrounding Brazil's presidential election will be other important events for global markets. In Indonesia, several key indicators will be released, including foreign-exchange reserves, the consumer confidence index, and the retail sales index.

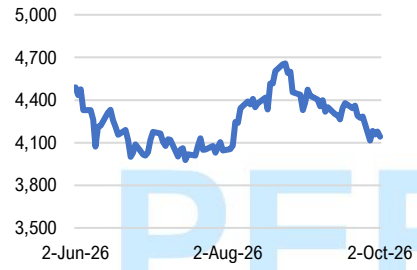
Spotlight on Commodity Price Trends (as of October 2, 2026)

Brent Crude Oil (USD/Barrel)



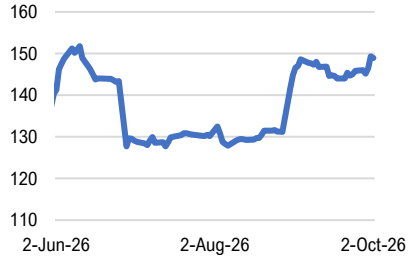
Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
102.25	-1.98	6.92	59.49	68.04

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,141.19	-3.35	-5.49	7.38	-4.13

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
148,95	2.13	1.60	42.06	38.56

Gold, Oil, and CPO Slide as Only Coal Gains.

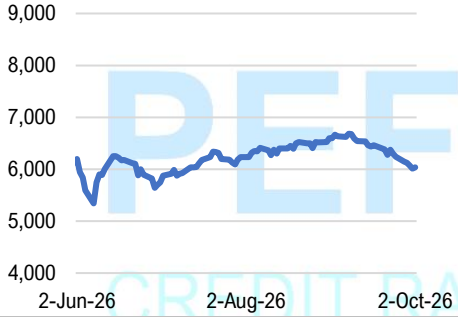
- **Brent crude weakened 1.98% over the past week** and closed at USD102.25 per barrel on Friday, after a slight 0.06% daily decline. The main pressure came from the European Union's agreement on France's proposal to release 50 million barrels of diesel, along with 50 million barrels of crude oil from IEA members, in line with US President Donald Trump's request to curb fuel prices. Market sentiment is mixed. On one hand, the reserve releases could push the market back into a slight surplus as oil flows from the Middle East recover. On the other hand, prices remain supported by China's halt to refined product exports, US-Iran tensions, and a tight physical market. Barclays even raised its Q4 Brent forecast to USD115 per barrel, reflecting the view that market fundamentals remain strong.
- **Spot gold closed at USD4,141.19 per ounce on Friday (Oct 2), down 3.35% over the past week**. Pressure came from a US dollar that is still strengthening on a weekly basis and from 10- and 30-year Treasury yields, which touched their highest levels since 2002. Gold briefly rose more than 1% after September nonfarm payrolls added only 29,000 jobs, far below the 90,000 forecasts, but the gain reversed. Sentiment remains cautious as the Federal Reserve is seen as retaining a hawkish bias and focusing on curbing inflation. Although the odds of an October rate hike fell to around 22% from 70% at the start of the week, analysts say gold's direction depends on the Fed's tolerance for labor market weakness. Gold has fallen more than 20% since the US-Israel war with Iran began in late February.
- **Newcastle coal rose 2.13% over the past week** and closed at USD148.95 per ton, approaching the USD150 level. Positive sentiment came from India's electricity consumption, which rose 11.3% YoY in September, while coal stocks were at critical levels at 77 of 190 thermal power plants. Indonesian shipments were also disrupted by receding river levels in Kalimantan due to El Niño. In China, Qinhuangdao thermal coal prices rose for 11 consecutive weeks to a three-year high, supported by disrupted domestic production and imports. However, Chinese buyers are still holding back purchases ahead of the holidays, and a 9.2% increase in Coal India's production could limit imports.
- **The CPO contract on Bursa Malaysia weakened 2.93% over the past week t**o MYR4,535 per ton, its second consecutive weekly decline, with six straight sessions of losses. The pressure stems from a supply-demand imbalance: Malaysia's September exports fell 17.1%–28.8% from August, while production rose sharply, leaving ending stocks at risk of exceeding 3 million tons. A mitigating factor was high crude oil prices due to uncertainty over US-Iran negotiations, which sustains palm oil's appeal as a biodiesel feedstock, but the effect has not been sufficient to offset weak export demand. A potential decline in 2027 production due to El Niño and tighter global vegetable oil supply could act as a recovery catalyst, while China's manufacturing PMI data will determine the direction of demand.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	3.04	-5.04	2.67	-11.82	-17.66	Crude Palm Oil (MYR/Ton)	4,535.00	-2.93	-8.53	2.00	11.98
Nickel (USD/MT)	15,470.39	-4.53	-8.07	-2.41	-8.99	Rubber (USD/Kg)	257.80	0.62	10.74	50.85	43.30
Copper (USD/MT)	14,258.50	-2.49	0.30	35.92	14.78	Wheat (cents/bu)	683.00	-2.88	-9.51	32.69	34.71
Aluminum (USD/MT)	3,100.50	-5.13	-5.57	15.15	3.51	Corn (cents/bu)	497.75	-5.77	-4.05	18.02	13.06
Iron Ore (USD/MT)	92.09	-3.88	-7.92	-10.87	-13.80	Sugar (c/lb)	19.93	13.89	6.58	21.52	32.78

ICI Plunges 3.28% for the Week as Wall Street Ends Mixed. The U.S. dollar remains strong, while the rupiah faces pressure from global conditions, capital flows, and rising external risks.

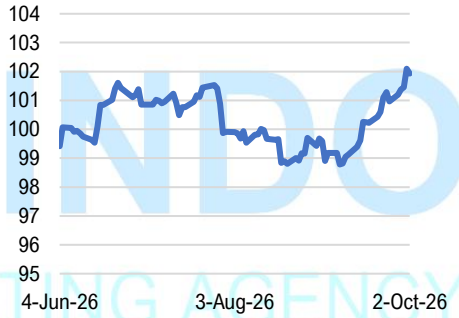
- **Wall Street posted mixed performance over the past week**: the S&P 500 fell 0.27%, the Dow Jones lost 1.26%, while the Nasdaq Composite rose 0.45%. On Friday (Oct 2), all three indices closed higher, with the Dow up 0.49% to 51,176, the S&P 500 up 0.73% to 7,722, and the Nasdaq up 1.19% to 27,190. The main driver was September nonfarm payrolls, which added only 29,000 jobs, well below the 90,000 estimates, cutting the odds of a Fed rate hike in late October to 22.7% from 64.2% a week earlier. Interest-rate-sensitive stocks such as real estate and the Russell 2000 gained, led by Tesla (+4.7%), which lifted the consumer discretionary sector. However, sentiment remains cautious as concerns about the economy and inflation persist.
- **The ICI ended the week negatively,** down 3.28% to 6,036, after briefly touching 5,973, its lowest level in three months. The weakness was broad-based, with all sectors closing in the red. The technology sector recorded the deepest correction at 12.45%, followed by basic materials at 5.29% and consumer cyclicals at 4.82%, while energy was relatively the most resilient with a 0.99% decline. Foreign selling pressure intensified with a net sell of IDR5.03 trillion, up from IDR3.15 trillion the previous week. Negative sentiment was driven by doubts over policy direction following the cabinet reshuffle, rising US Treasury yields, a weaker rupiah, and geopolitical risks. Meanwhile, the IDX began implementing short selling and adjustments to the minimum price limit at the end of last week.
- **The U.S. dollar remained strong amid uncertainty over Federal Reserve (Fed) policy.** The U.S. Dollar Index (DXY) closed at 101.93 on Oct. 2, 2026, up 0.95% WoW. The dollar strengthened on expectations of further Fed tightening amid elevated U.S. inflation and a weaker euro, driven by fiscal pressures and political gridlock in France. However, weak U.S. labor market data limited further gains. Nonfarm payrolls increased by only 29,000 in September, while the unemployment rate rose to 4.2% and wage growth slowed to 3.0% YoY. The market priced in a nearly 80% probability that the Fed would keep interest rates unchanged in October, while the probability of a rate hike in December was about 69%.
- **The rupiah remained under global pressure despite posting a modest weekly gain.** On Oct. 2, 2026, the rupiah closed at IDR17,882 per U.S. dollar, up 0.12% WoW, though it stayed near the IDR17,900 and IDR18,000 levels reached during the week. Pressure stemmed from a strong U.S. dollar, shifts in capital flows, weakness in the external sector, and uncertainty in the Middle East. Bank Indonesia (BI) Governor Destry Damayanti said pressure on the rupiah reflected global conditions, shifts in capital flows, and external weakness. Domestically, inflation rose to 3.28% YoY in September, the highest level in three months, mainly due to higher food prices, partly driven by El Niño.

Indonesian Composite Index (ICI)



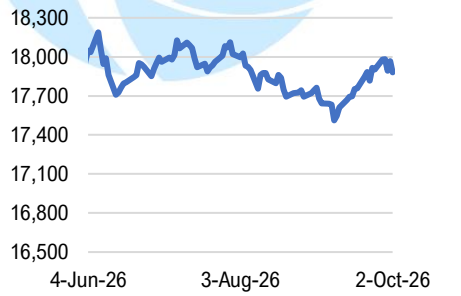
Closing	(% Change)			
	WoW	MoM	YoY	YTD
6.036.89	-3.28	-8.47	-25.20	-30.18

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
101.93	0.95	2.35	4.18	3.67

Rupiah Exchange Rate (USD/IDR)



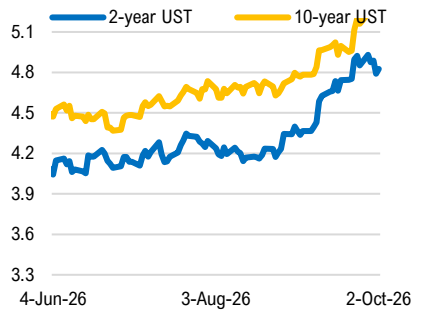
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,882	-0.12	0.67	7.74	7.21

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P 500 (US)	7,722.72	-0.27	0.73	15.00	12.81	Euro (EUR/USD)	1.13	-1.19	-2.87	-3.93	-4.18
Dow Jones (US)	51,176.96	-1.26	-3.55	10.01	6.48	Canadian Dollar (USD/CAD)	1.43	0.77	2.95	2.03	3.84
Nasdaq (US)	27,190.86	0.45	3.71	19.03	16.99	Pound sterling (GBP/USD)	1.32	-0.05	-1.82	-1.48	-1.74
Euro Stoxx 50 (Eurozone)	6,238.50	-1.02	-1.94	10.50	7.72	Japanese Yen (USD/JPY)	157.85	0.36	-0.54	7.19	0.73
FTSE 100 (UK)	10,461.95	-2.18	-2.74	10.97	5.34	Chinese Yuan (USD/CNY)	6.71	-0.10	-0.21	-5.83	-4.04
Nikkei 225 (Japan)	68,309.46	2.93	6.19	52.01	35.70	Singapore Dollar (USD/SGD)	1.28	0.06	0.55	-0.85	-0.57
Shanghai (China)	3,842.20	-1.19	-2.52	-1.05	-3.19	Malaysian Ringgit (USD/MYR)	4.08	0.26	0.96	-2.90	0.60
Hang Seng (Hong Kong)	23,972.29	-2.19	-5.29	-12.15	-6.47	Thailand Baht (USD/THB)	33.56	0.52	1.08	3.44	6.56

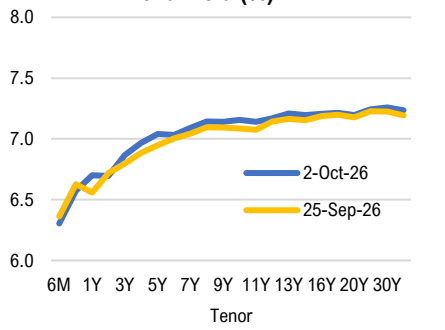
Key Data Developments in Global and National Bond Markets

2-Year and 10-Year US Treasury Yields (%)



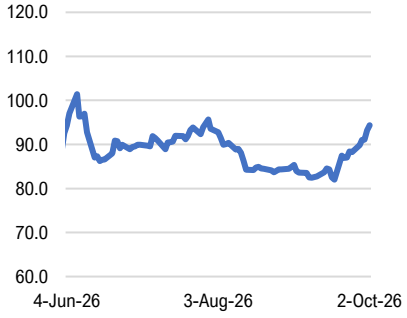
Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.825	-3	46	129	135
5Y: 5.054	7	52	138	133
10Y: 5.271	11	49	119	110

Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 6.794	-4	-4	179	180
5Y: 7.052	7	-5	158	150
10Y: 7.166	7	12	83	110

5 Year Credit Default Swap (CDS)

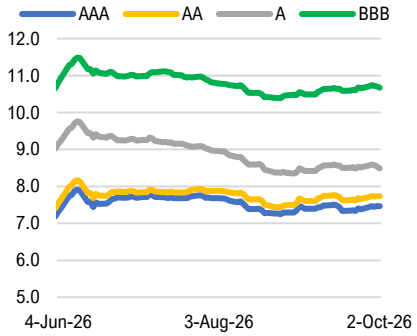


Closing	(% Change)			
	WoW	MoM	YoY	YTD
94.40	6.93	10.55	18.47	37.09

The bond market came under pressure from inflation, fiscal risks, energy prices, and the prospect of higher interest rates.

- **The International Monetary Fund (IMF) assessed that global bond markets remained functional despite rising financing costs.** Higher yields have not disrupted overall market functioning, although selling pressure has spread across several major economies. The IMF warned that the energy shock remains ongoing. Diesel, gasoline, and jet fuel prices remained 60%–97% above pre-conflict levels because of the war with Iran and limited global refining capacity. These conditions could sustain inflationary pressure and add to the challenges facing central banks in setting interest rates.
- **The U.S. Treasury yield curve steepened amid pressure on intermediate- and long-term maturities.** The two-year U.S. Treasury yield closed at 4.825% on Oct. 2, 2026, down 3 bps WoW. The five-year yield rose 7 bps to 5.054%, while the 10-year yield increased 11 bps to 5.271%. Pressure on longer maturities reflected concerns over energy inflation, U.S. fiscal risks, and increased debt issuance. Weak September labor market data restrained the rise in short-term yields. Nonfarm payrolls increased by only 29,000, the unemployment rate rose to 4.2%, and wage growth slowed to 3.0% YoY. The market priced in a nearly 80% probability that the Fed would keep interest rates unchanged in October.
- **The U.S. expanded its use of financial instruments abroad, while AI investment continued to put pressure on borrowing costs.** The Trump administration provided a USD20 billion swap line to Argentina to support the peso and coordinated with Japan on yen-buying intervention for the first time since 1998. These measures strengthened the dollar's position and U.S. financial influence without directly affecting domestic borrowing costs. U.S. Treasury Secretary Scott Bessent dismissed concerns about an AI bubble. Microsoft, Alphabet, and Meta Platforms continued to increase investment in AI, while Anthropic and OpenAI reported revenue growth. Bessent said these investments reflected the need to develop technology rather than excessive speculation, although higher AI spending continued to add pressure to borrowing costs.
- **El Niño risks added pressure to Southeast Asian bond markets through the potential for higher food inflation and interest rate expectations.** The U.S. Climate Prediction Center estimated a 75% probability that the current El Niño would become one of the strongest on record. The Philippines and Thailand are most vulnerable because food has a high weight in their consumer price indexes. During the 2023–2024 El Niño, food price increases coincided with high bond yields in both countries. Rising U.S. Treasury yields and oil prices have also added pressure. This combination could prompt central banks to maintain or raise interest rates if food inflation persists or becomes more broad-based. Indonesia and the Philippines face the risk of further rate hikes if inflationary pressures increase.
- **Medium- and long-term Indonesian government bond (SBN) yields rose amid external and domestic pressures.** The two-year SBN yield fell 4 bps WoW to 6.794% on Oct. 2, 2026, while the five- and 10-year yields each rose 7 bps to 7.052% and 7.166%, respectively. The increase in medium- and long-term yields reflected pressure from U.S. Treasury yields and the need to offer higher returns to attract investors and support the rupiah. Capital outflows and declining foreign holdings of domestic bonds also weighed on the market. Fiscal risks increased because of higher fuel subsidy costs, while concerns over the centralization of commodity exports added to pressure on market sentiment.
- **The Ministry of Finance is preparing payments on Koperasi Desa Merah Putih (KDMP) obligations through state-owned banks.** IDR37 trillion has been allocated for the first installment, due on Sept. 25, 2026, but disbursement is still awaiting administrative verification and validation. The program's total debt amounts to IDR240 trillion for 80,000 cooperatives, each with IDR3 billion in capital. The government plans to pay about IDR40 trillion annually for six years starting in September 2026. LPEM FEB UI assessed that these obligations could add to fiscal pressure and affect the government's spending capacity.
- **The Jakarta provincial government postponed issuing Jakarta Bonds while awaiting central government approval and preparing alternative financing.** Jakarta Governor Pramono Anung said the issuance would proceed only after receiving approval from the Ministry of Home Affairs, the Ministry of National Development Planning/Bappenas, and the Ministry of Finance. The Jakarta government is also preparing a creative financing scheme with the Daya Anagata Nusantara Investment Management Agency (Danantara) as a non-

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

bond funding alternative. In September 2026, the Ministry of Finance said discussions on the Jakarta bond issuance had not yet begun.

- **The Financial Services Authority (OJK) remained optimistic that it could achieve the 2026 capital market fundraising target.** As of Oct. 2, 2026, realized fundraising reached IDR169.5 trillion, with a fundraising pipeline of IDR27.61 trillion and potential bond and sukuk refinancing of IDR24 trillion. Combined, the three components offered about IDR221.11 trillion in potential funding. Five companies in the IPO queue were projected to raise more than IDR2.02 trillion. In comparison, the Indonesia Stock Exchange (IDX) recorded seven companies in its IPO pipeline with total proceeds of IDR2.16 trillion. However, achieving the IDR250 trillion target will still depend on pipeline execution, credit market conditions, interest rates, and smooth IPO progress.
- **Bank Indonesia (BI) increased hedging incentives to maintain the attractiveness of rupiah assets and mitigate capital outflow risks.** Premium discounts for buy-swap hedging were set at 15% for the three-month tenor, 20% for six months, and 25% for 12 months. Domestic Non-Deliverable Forward (DNDF) premium discounts reached 25% for the six-month tenor and 30% for 12 months. The policy is intended to reduce hedging costs amid higher U.S. interest rates and the risk of rupiah depreciation. The spread between the 10-year Indonesian government bond (SBN) yield and the U.S. Treasury yield stood at 186 bps on Sept. 28, 2026, compared with 195 bps for India and 185 bps for the Philippines. Foreign portfolio flows through Sept. 21 still recorded a net inflow of about USD400 million in the third quarter of 2026.
- **Bank Indonesia (BI) expanded the assets eligible as repo collateral to strengthen liquidity and deepen the domestic financial market.** Since Oct. 1, 2026, BI has accepted bonds issued by PT Sarana Multi Infrastruktur (Persero) (PT SMI) as repo collateral, complementing bonds issued by PT Sarana Multigriya Finansial (Persero) (PT SMF), which had already met the required credit quality, liquidity, and track record criteria. The policy broadens the range of eligible repo assets, which previously relied primarily on Indonesian government securities (SBN). BI assessed that the measure could strengthen liquidity adequacy and support the development of the corporate bond market. Indonesia's outstanding corporate bonds currently amount to about 2.1% of GDP, compared with 60.7% in South Korea, 27.06% in Singapore, and 16.8% in Japan.
- **PT Merdeka Copper Gold Tbk. (MDKA) issued bonds to refinance obligations maturing toward the end of 2026.** The company issued Shelf-Registered Bond V Phase IV for about IDR4.12 trillion. Series A amounted to IDR1.8 trillion, carrying an annual coupon of 8.25% and a 367-day tenor, while Series B amounted to IDR2.31 trillion, carrying an annual coupon of 10.00% and a three-year tenor. About USD195 million, or IDR3.48 trillion, of the proceeds will repay a Single Currency Revolving Credit Facility maturing on Oct. 27, 2026. The remaining IDR614.9 billion will repay Shelf-Registered Bond IV Series B, which matures on Dec. 15, 2026. The bonds received an idA+ rating from PEFINDO, valid from Oct. 1, 2026, through Oct. 1, 2027. Interest is payable quarterly, with the first payment scheduled for Jan. 20, 2027. MDKA has the right to repurchase some or all the bonds one year after the allotment date.
- **PT Geo Dipa Energi (Persero) is preparing a green bond as an alternative funding source for geothermal projects without diluting equity ownership.** Proceeds will fund the development of Dieng Unit 2 and Patuha Unit 2, each with a capacity of 55 MW, adding a combined 110 MW of capacity. The financing will cover well drilling, power plant construction, and supporting infrastructure. The issuance plan has been included in the company's 10-year Long-Term Corporate Plan. The company will begin a detailed assessment of the issuance timing, amount, pricing, and coupon structure in 2027.
- **PT Wijaya Karya (Persero) Tbk. (WIKA) is targeting asset divestments as part of its restructuring efforts to strengthen liquidity and reduce liabilities.** The company targets about IDR5.5 trillion in divestments through 2028, including the planned sale of four assets valued at IDR1.9 trillion in 2026. In 2027, WIKA plans to divest three assets valued at IDR276 billion and two minor assets valued at IDR5 billion. Proceeds from the asset sales will support the restructuring of about IDR27.8 trillion in liabilities, comprising IDR10.2 trillion of bonds and sukuk and IDR17.6 trillion of bank loans. WIKA also targets non-joint-operation sales of IDR13.6 trillion in 2026, with gross profit of IDR1.25 trillion.
- **PT Bank Tabungan Negara (Persero) Tbk. (BTN) issued social bonds to support new financing and refinancing for socially oriented projects.** The Phase II Social Bond Public

Offering amounted to IDR2 trillion. Series A totaled IDR950 billion, offering a fixed annual coupon of 7.05% with a 370-day tenor, while Series B totaled IDR1.05 trillion, offering an annual coupon of 7.25% with a three-year tenor. About 80%–100% of the proceeds will fund new financing, while refinancing is capped at 20%. Proceeds will fund affordable basic infrastructure, subsidized housing, and financing for micro, small, and midsize enterprises. PEFINDO assigned the bonds an idAAA rating.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0109	5.88	03/15/31	1,459,000.00	95.81	7.04	26,590,522
FR0110	7.25	05/15/32	20,000.00	101.07	7.01	20,251,907
PBS003	6.00	01/15/27	3,240.00	99.85	6.42	16,899,569
FR0111	7.00	03/15/37	1,000.00	98.75	7.17	10,927,338
PBS030	5.88	07/15/28	500.00	99.75	6.74	9,159,857

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Bond VII Astra Sedaya Finance Phase IV Year 2026 Series A	idAAA	7.15	09/28/27	44,000	100.05	6.96	1,947,760
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	60,000	112.20	6.51	1,411,130
Shelf Registration Social Orange Sukuk Mudharabah I PNM Phase V Year 2026 Series A	idAAA(sy)	7.05	09/28/27	100,000	99.95	6.86	1,050,000
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	50,000	101.90	6.14	1,003,050
Bond III BUMA Year 2025 Series B	idA+/A+(idn)	8.00	10/10/28	50,000	102.66	7.62	902,500

Corporate Bonds Issuance

Throughout the first week of October 2026, 2 companies issued corporate debt securities valued at IDR4,176 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Federal International Finance	Shelf Registration Bond VII Phase IV Year 2026 Series A	Sep-28-2026	1,410.87	7.15	1	AAA(idn)
2	PT Federal International Finance	Shelf Registration Bond VII Phase IV Year 2026 Series B	Sep-28-2026	1,089.13	7.40	3	AAA(idn)
3	PT Lontar Papyrus Pulp & Paper Industry	Shelf Registration Bond IV Phase IV Year 2026 Series A	Oct-1-2026	744.82	10.00	3	idA
4	PT Lontar Papyrus Pulp & Paper Industry	Shelf Registration Bond IV Phase IV Year 2026 Series B	Oct-1-2026	255.19	10.50	5	idA
5	PT Lontar Papyrus Pulp & Paper Industry	Shelf Registration Sukuk Mudharabah II Phase IV Year 2026 Series A	Oct-1-2026	537.96	10.00	3	idA(sy)
6	PT Lontar Papyrus Pulp & Paper Industry	Shelf Registration Sukuk Mudharabah II Phase IV Year 2026 Series B	Oct-1-2026	138.68	10.50	5	idA(sy)
Total				4,176.63			

Source: KSEI, IDX, database PEFINDO

Corporate Bonds Maturity for November 2026 Reaches IDR14.61 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Astra Sedaya Finance	Shelf Registration Bond VII Phase II Year 2025 Series A	Nov-4-2026	300.00	5.40	1	idAAA
2	PT Bank Victoria International Tbk.	Shelf Registration Subordinated Bond II Phase II Year 2019	Nov-8-2026	150.00	11.25	7	idBBB
3	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Bond VI Phase II Year 2023 Series B	Nov-9-2026	385.24	6.50	3	idAAA
4	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Sukuk Mudharabah V Phase II Year 2023 Series B	Nov-9-2026	48.73	6.50	3	idAAA(sy)
5	PT Lautan Luas Tbk.	Shelf Registration Bond III Phase II Year 2021 Series B	Nov-12-2026	135.00	9.75	5	idA

6	PT Bank UOB Indonesia	Shelf Registration Subordinated Bond II Bank UOB Indonesia Phase II Year 2019	Nov-13-2026	650.00	9.25	7	AA(idn)
7	PT Indonesia Infrastructure Finance	Shelf Registration Bond II Phase III Year 2025 Series A	Nov-15-2026	500.00	5.40	1	idAAA
8	PT Federal International Finance	Shelf Registration Bond VI Phase II Year 2023 Series B	Nov-16-2026	250.78	6.75	3	idAAA
9	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VI Phase II Year 2021	Nov-17-2026	2,800.00	6.00	5	idAAA
10	PT Wahana Inti Selaras	Shelf Registration Bond I Phase II Year 2025	Nov-17-2026	500.00	5.85	1	idA
11	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond I Phase I Year 2016 Series C	Nov-18-2026	700.00	8.65	10	idAAA
12	PT Indomobil Finance Indonesia	Shelf Registration Bond IV Phase II Year 2021 Series C	Nov-19-2026	593.54	7.50	5	idAA-
13	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Bond IV Phase III Year 2023 Series B	Nov-21-2026	739.72	10.25	3	idA+
14	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Sukuk Mudharabah III Phase III Year 2023 Series B	Nov-21-2026	303.56	10.25	3	idA+(sy)
15	PT Angkasa Pura Indonesia	Bond I Year 2016 Series C	Nov-22-2026	1,025.00	8.55	10	idAAA
16	PT Angkasa Pura Indonesia	Sukuk Ijarah I Year 2016 Series C	Nov-22-2026	96.00	8.55	10	idAAA(sy)
17	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Bond USD I Phase II Year 2023 Series B (USD0.90 mn)	Nov-22-2026	13.45	7.00	3	idA+
18	PT Medco Energi Internasional Tbk.	Shelf Registration Bond IV Phase II Year 2021 Series B	Nov-23-2026	58.20	8.50	5	idAA-
19	PT Pegadaian	Shelf Registration Bond VI Phase IV Year 2025 Series A	Nov-23-2026	2,700.00	5.25	1	idAAA
20	PT Pegadaian	Shelf Registration Social Sukuk Mudharabah I Phase III Year 2025 Series A	Nov-23-2026	1,300.00	5.25	1	idAAA(sy)
21	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VII Year 2024 Series B	Nov-26-2026	153.01	6.50	2	idAAA
22	PT Barito Pacific Tbk.	Shelf Registration Bond III Phase II Year 2023 Series A	Nov-28-2026	700.00	8.50	3	idA+
23	PT Bank Rakyat Indonesia (Persero) Tbk.	Shelf Registration Commercial Paper I Phase I Year 2025 Series D	Nov-29-2026	403.80	4.95	1	idA1+
24	PT Bussan Auto Finance	Shelf Registration Bond III Phase IV Year 2025 Series A	Nov-29-2026	100.00	5.00	1	idAAA
Total				**14,606.02**			

Weekly Sector Highlights

During 28 September-2 October 2026, domestic sectoral sentiment was dominated by various ongoing pressures, business strategies, and policy directions.

Industries	Sentiment & Significance	News Highlights
Automotive	●●	**Automotive Industry Assesses Readiness for Higher Local Content Requirements in Electric Vehicles.** The automotive industry has begun preparing for the planned increase in the Domestic Component Level (TKDN) requirement for electric vehicles to a minimum of 60% during the 2027-2029 period. Component manufacturers believe the TKDN policy has the potential to deepen the domestic supply chain, although its benefits will be maximized if supported by increased production scale and the localization of key electric vehicle components, particularly batteries. As such, higher TKDN compliance would not only stem from assembly processes but also reflect stronger competitiveness and enhanced capacity within the national automotive component industry.
Banking	○	**Foreign-Owned Banks Adopt a More Selective Lending Expansion Strategy.** Banks controlled by foreign investors are pursuing a more selective expansion strategy by balancing loan growth, asset quality, and portfolio diversification amid evolving liquidity conditions and financing demand. Data from the Financial Services Authority (OJK) show that lending by foreign bank branches grew 17.99% YoY as of July 2026, significantly outpacing the 2.36% growth recorded by national private banks. Several banks are leveraging the strengths of their controlling investors' ecosystems to expand corporate lending, while others remain focused on the domestic market by strengthening their corporate, MSME, and retail segments. Amid global economic uncertainty, industry players remain optimistic about credit growth through the end of the year, supported by diversification across financing sectors and continued strong demand for both working capital and investment financing.
Construction	●	**WIKA Accelerates Restructuring and Asset Divestment.** PT Wijaya Karya (Persero) Tbk (WIKA) is continuing its restructuring efforts as part of its performance recovery strategy, targeting debt restructuring of IDR10.2 trillion in debt securities and IDR17.6 trillion in bank loans in 2026. The company is also implementing a phased asset divestment program worth IDR5 trillion during 2026-

Industries	Sentiment & Significance	News Highlights
		2028, covering stakes in toll road concessions, water management businesses, and the energy sector, with divestment proceeds allocated to accelerate debt repayment. Management expects negotiations with creditors and bondholders to reach an agreement by the end of 2026, while asset divestments this year are targeted to reach IDR1.9 trillion. Although operational performance has begun to improve, WIKA continues to face pressure from its high debt burden, cash flow constraints, and capital structure challenges, making 2027 likely to remain a continuation of its turnaround process amid the ongoing suspension of the company's stock trading.
Hotel and Tourism	🟢🟢🟢	**Tourist Arrivals Continue to Grow.** Statistics Indonesia (BPS) reported annual growth in both international tourist arrivals and domestic tourist trips. The number of international tourist arrivals reached 1.60 million, up 6.27% YoY, bringing the cumulative total for January-August 2026 to 10.58 million arrivals, the highest level recorded for the same period since 2020. Meanwhile, domestic tourist trips totaled 104.30 million, increasing 11.47% YoY. Cumulatively, domestic tourist trips reached 842.15 million during the first eight months of 2026, up 4.29% YoY, the highest achievement for the January-August period since 2019.
Insurance and Guarantee	⚪	**Declining SRBI Yields Drive Portfolio Rebalancing.** The decline in yields on Bank Indonesia Rupiah Securities (SRBI) has prompted the insurance and pension fund industries to begin adjusting their investment strategies to maintain portfolio performance. The yield on 12-month SRBI fell to 6.76% from its peak of 7.74% amid Bank Indonesia's efforts to enhance liquidity in the economy, making portfolio rebalancing one of the options being considered by industry players. Although fund placements in SRBI continue to increase significantly, with general insurance investments reaching IDR1.61 trillion and pension fund investments totaling IDR18.52 trillion as of July 2026, investment decisions are increasingly taking into account the balance between returns, risk, asset-liability management requirements, and the attractiveness of alternative money market instruments.
Metal and Gold	🔴🔴	**Steel Industry Faces Margin Pressure Amid Recovery in Manufacturing Activity.** The increase in Indonesia's Manufacturing PMI to 52.4 in September 2026 signals a positive outlook for the steel industry through rising manufacturing activity and potential demand from new projects. However, prospects for higher production remain overshadowed by uncertainty surrounding demand, raw material availability, energy costs, and intense competition from imported products in the domestic market. The Indonesian Iron and Steel Industry Association (IISIA) believes that pressure on industry margins remains high, as increases in production and logistics costs cannot be fully passed on to selling prices due to intensifying competition.
Mining	🔴	**Stricter Regulations on Mining Services Activities.** A new policy introduced by the Ministry of Energy and Mineral Resources (ESDM) that tightens the use of subsidiaries or affiliated entities in mining services activities may increase operating costs and operational risks for certain mining companies. Companies that have relied on internal contractors are expected to adjust their business models, particularly if they are required to shift to non-affiliated mining service providers or local contractors operating near mining areas. While the regulation may weigh on operational efficiency in the short term, it could also create opportunities for independent mining service companies to capture a larger market share. Nevertheless, market participants believe that the overall outlook for the mining sector will continue to be driven more by commodity price movements and global demand than by this regulatory change.
Multifinance	🟢🟢	**Cash Loan Financing Continues to Grow.** Cash loan financing (refinancing) continues to be a key driver of growth in the multifinance industry amid still-weak consumer purchasing power and rising liquidity needs. Several companies have recorded significant growth in this segment. Industry players believe that demand for financing, both for consumptive and productive purposes, will continue to support growth through the end of the year, aided by easier access through digital channels. Despite the positive outlook, multifinance companies continue to prioritize prudent risk management in maintaining financing quality amid intensifying competition from fintech lending platforms and pawnshop operators.
Oil and Gas	🔴🔴🔴	**Indonesia Needs to Remain Vigilant Against the Risk of a Global Diesel Crisis.** The potential for a global diesel crisis, driven by escalating geopolitical conflicts in the Middle East and the ongoing Russia-Ukraine war, has prompted Indonesia to increase its vigilance regarding energy supply and price risks. Although domestic diesel supplies are considered relatively secure and supported by the B50 biodiesel program, which reduces dependence on imported diesel, Indonesia remains vulnerable to volatility in global energy markets due to crude oil imports, demand for specific diesel specifications, and movements in international benchmark prices. Analysts believe that the tightening of diesel supply is structural in nature and could persist through early 2027, while higher

Industries	Sentiment & Significance	News Highlights
		global prices may increase the burden of energy subsidies and put pressure on margins in both the non-subsidized diesel and industrial diesel segments.
Plantation and Agriculture	🔴🔴	**Agrarian Reform Law Increases Uncertainty for Listed Palm Oil Companies.** The enactment of the Agrarian Reform Law introduces an additional risk factor for listed palm oil companies, as it has the potential to affect the control and utilization of plantation land, particularly for companies with large landbanks and those facing legal or land dispute issues. Although the direct impact remains limited pending the issuance of implementing regulations, investors have begun to monitor potential plasma obligations and changes in land management that could affect the sector's medium-term outlook.
Property	🔴🔴	**Developers Propose an Increase in Subsidized Housing Prices.** Property industry players have proposed an approximately 12% increase in subsidized housing prices to maintain the sustainability of housing projects amid rising construction costs that continue to pressure developers' margins. The Real Estate Indonesia (REI) association noted that subsidized housing prices have not been adjusted since 2024, while production costs have increased due to higher prices of construction materials, transportation, fuel, and labor, with total construction cost increases estimated at 15%-20%. These cost pressures have narrowed developers' profit margins and contributed to a decline in the supply of subsidized housing, as reflected by first-half of 2026 sales, which fell by nearly 25% compared with the same period of the previous year.
Transportation and Vehicle Rental	🟢	**Garuda Plans Rights Issue, Danantara to Contribute Shares.** PT Garuda Indonesia (Persero) Tbk (GIAA) plans to undertake a rights issue as part of the continuation of its restructuring and financial recovery program. As part of the corporate action, Danantara Asset Management (DAM) will contribute shares of PT Garuda Maintenance Facility Aero Asia (GMFI) valued at IDR5.66 trillion as an in-kind contribution to exercise its rights in the capital increase, while other shareholders may participate through cash subscriptions. The company plans to issue up to 124.35 billion new shares, with the remaining proceeds from the rights issue to be used as working capital to support operational transformation and strengthen business resilience. This initiative forms part of Garuda's long-term recovery efforts, with 2026 focused on operational stabilization, followed by structural improvements in human resources, business processes, and digital capabilities beginning in 2027.

Source: CNBC Indonesia, CNN Indonesia, Harian Kontan, Investor Daily, Kompas, and Tabloid Kontan (2026).

PEFINDO
CREDIT RATING AGENCY

Weekly Economic Update

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Macroeconomic Development	: Suhindarto
Commodity and Stock Market Development	: Yollanda Nalita
Exchange Rates and Bond Market Development	: Ahmad Nasrudin
Issuance and Maturity Corporate Debt Securities	: Wasis Kurnianto
Sectoral Highlights	: Anindita Budi Rahmayani

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