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WEEKLY ECONOMIC UPDATE

Period of August 31-September 4, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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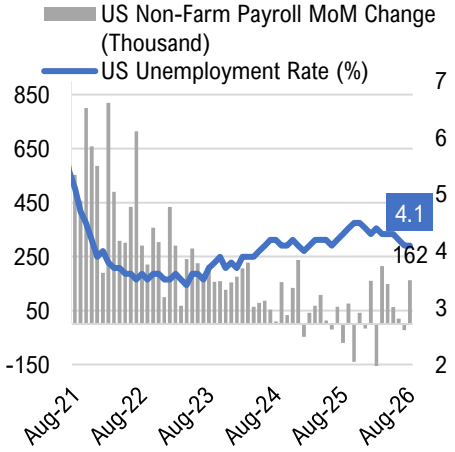
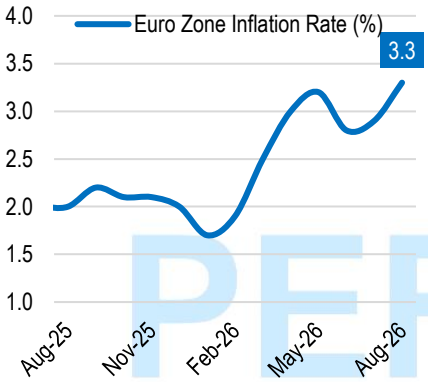
Data Highlights of the Week

US Labour Market Development



Source: Bloomberg

Euro Zone Consumer Inflation Rate



Source: Bloomberg

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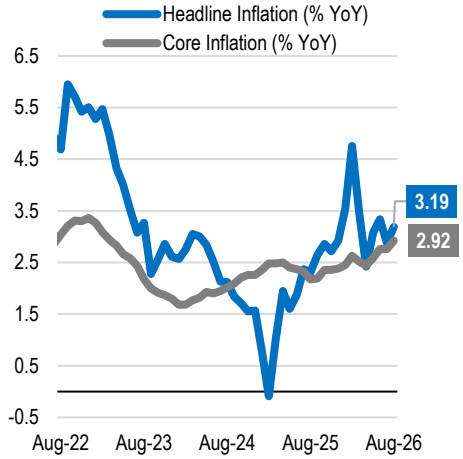
Inflationary Pressures and Tight Labor Markets Cloud the Economic Outlook for Various Countries

Global Economic

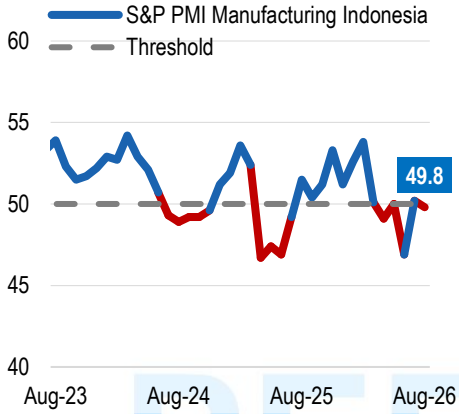
- **The conflict between the United States (US) and Iran has escalated significantly once again, ending a month-long period of relative calm.** The US military launched a series of airstrikes against radar facilities, air defense systems, and rocket launchers belonging to Iran's Revolutionary Guard (IRGC) on Larak and Kharg Islands; the IRGC retaliated by launching a barrage of ballistic missiles and drones at US military bases and allied territories in Jordan, Kuwait, Bahrain, and Erbil. Attacks on oil tankers in the Strait of Hormuz also persist, keeping shipping traffic and energy supplies relatively constrained.
- **The International Monetary Fund (IMF) has warned that surging bond yields in advanced economies**—driven by high debt levels, persistent inflation, and capital requirements for artificial intelligence (AI) investment—**risk spilling over globally and increasing the debt-servicing burden for developing nations.** This situation threatens the fiscal improvements and credibility established by emerging markets.
- **The US labor market showed solid strength in Aug'26.** Non-farm payroll data revealed the addition of 162,000 jobs (Jul'26: -23,000)—the highest figure in five months and well above expectations. Growth was primarily driven by the food services, local gov education, manufacturing, and healthcare sectors, although the information sector experienced a decline. The unemployment rate remained stable at 4.1%, alongside an improvement in labor force participation to 61.6% and a decrease in the broader unemployment rate. Regarding wages, average hourly earnings rose 0.3% MoM to USD37.75, though YoY growth slowed to 3.1%, marking the slowest pace of increase since May'21.
- **The Eurozone is experiencing a renewed, rapid rise in inflationary pressure amidst relatively stable labor market conditions.** Consumer price inflation in Aug'26 surged to 3.3% YoY (Jul'26: 2.9%)—the highest level since Sep'23—while producer price inflation (PPI) jumped 5.8% YoY (Jul'26: 4.6%), driven primarily by a sharp rise in energy and natural gas prices due to the conflict in the Middle East. This spike in inflation reinforced expectations of a 25-bps interest rate hike by the European Central Bank (ECB) in Sep'26 and pushed European government bond yields to multi-year highs. Conversely, core inflation eased slightly to 2.4%, while the unemployment rate Jul'26 remained stable (6.4%).
- **Bank of Japan (BoJ) board member Hajime Takata, known for his hawkish stance, urged the adoption of a flexible, data-dependent approach to raising interest rates, warning that inflation is nearing the 2% target and the risk of economic overheating is rising.** Speaking to business leaders in Hokkaido, he characterized 2026 as a period of policy "regime change," where policy would no longer be tied to a fixed pace but would instead adjust to domestic and global conditions. Meanwhile, Governor Kazuo Ueda affirmed that policymakers would continue to raise interest rates as long as financial conditions remain accommodative, while weighing inflation risks against the cumulative impact of previous policy measures. He stated that the board would closely monitor whether economic and price trends remain aligned with their baseline projections and discuss these risks at the upcoming policy meeting.
- **South Korea's inflation rate rose to 3.1% YoY in Aug'26 (Jul'26: 2.8%), moving further away from the central bank's 2% target but remaining below market expectations (3.2%).** The increase was primarily driven by a low base effect resulting from temporary mobile service discounts the previous year; this caused mobile service costs to surge 26.7% YoY, pushing up public service prices by 6.5% YoY. Oil prices also remained high, rising 14.2% YoY (Jul'26: 15.5%). According to the Ministry of Finance, excluding the temporary impact of mobile service costs, the inflation rate would have been around 2.5%, while the national fuel price cap policy helped suppress the headline inflation figure by 0.3%. On the other hand, core inflation rose sharply to 3.4% from 2.6%, marking the fastest annual increase since May'23.
- **China's NBS Composite PMI Output Index edged up to 49.5 in Aug'26 from a 3.5-year low of 49.3 in July.** However, this latest figure marks a second consecutive month of overall

Indonesia Consumer Inflation



Source: Bloomberg

S&P Global PMI Manufacturing Indonesia



Source: S&P Global Capital IQ

Next Week Economic Calendar

Time	Development Releases
Sep 7	Indonesia Foreign Exchange Reserves Aug'26
Sep 8	Japan Balance of Payments Jul'26
	Japan Q2 2026 GDP
	China Trade Balance Aug'26
Sep 9	South Korea Unemployment Rate Aug'26
	China Consumer and Producer Inflation Aug'26
	Consumer Confidence Index Aug'26
Sep 10	ECB Benchmark Interest Rate
	US Producer Inflation Aug'26
	Retail Sales Index Jul'26 and Aug'26 Projection
	Indonesia International Investment Position Q2 2026
Sep 11	UK GDP Jul'26
	Brazil Consumer Inflation Aug'26
	US Consumer Inflation Aug'26
Sep 12	US Monthly Fiscal Budget Report Aug'26

business activity contraction, as weak service sector activity continues to weigh on growth despite a return to expansion in manufacturing output. Weak domestic demand and a prolonged slump in the property sector remain key headwinds, while trade tensions add uncertainty to the external outlook. Notably, the August figures reflect the impact of extreme weather in several regions of China.

- **India reported Q2-2026 economic growth of 7.8% YoY, unchanged from Q1-2026 and in line with market expectations (7.8%).** The data reinforces India's position as the fastest-growing G20 nation and reflects its resilience amidst economic turbulence, as the conflict in the Middle East has triggered a surge in energy prices, pressured the rupee, and compelled the Reserve Bank of India (RBI) to intervene in the market to stabilize financial assets.
- **Bank Negara Malaysia maintained its benchmark interest rate at 2.75% for the seventh consecutive meeting.** The Monetary Policy Committee stated that the current policy stance remains appropriate for maintaining price stability and supporting economic growth. The central bank projects that robust growth in the first half of 2026 (5.7%) will drive the full-year growth figure to around 5%, while solid economic fundamentals are expected to sustain growth resilience into 2027. Price pressures are expected to remain manageable despite rising global commodity prices resulting from tensions in the Middle East.

Domestic Economy

- **The S&P Global Indonesia Manufacturing PMI fell to 49.8 in Aug'26 (Jul'26: 50.2), indicating a slight decline in factory activity.** Output and employment levels have declined in five of the last six surveys; the latest drop in output was attributed to stiffer competition and higher goods prices. Demand conditions were generally neutral. Industrial sector purchasing activity stabilized after contracting for five months. On the cost front, price pressures continued to ease, though input costs and product selling prices remained historically high, reflecting elevated raw material and supplier costs that were often passed on to customers. Finally, business confidence strengthened to a seven-month high, supported by expectations of stronger demand and stable market conditions.
- **Indonesia's inflation rate rose to 3.19% YoY in Aug'26, up from a three-month low in Jul'26 (2.88%). The** increase was driven by rising prices for food, beverages, and tobacco, as well as higher costs for personal care and transportation. Despite the rise, the inflation rate remained within Bank Indonesia's target range (1.5%–3.5%). Core inflation rose to 2.92% YoY, the highest level since Mar'23.
- **Indonesia's trade balance unexpectedly recorded a surplus of USD0.13 billion in Jul'26 (expectation: USD0.3 billion deficit; Jul'25: USD4.13 billion surplus).** This marked the first monthly trade surplus in three months. Export growth slowed to 6.05% YoY (Jun'26: 8.84%) but exceeded forecasts (3.4%), driven by growth in exports of mineral fuels (34.86%), iron and steel (20.31%), and electrical machinery and equipment, including parts (22.52%). Meanwhile, imports also slowed to 27.02% YoY (Jun'26: 34.27%) but surpassed estimates (24.1%) amidst high oil prices. During the Jan-Jul'26, the trade surplus reached USD3.70 billion, with exports and imports rising by 4.43% and 19.94%, respectively.
- **Foreign tourist arrivals in Indonesia in Jul'26 increased by 2.95% YoY to 1.52 million (Jun'26: -2.15%), recovering alongside improved travel demand.** This recovery reflects stronger momentum in the tourism sector—supported by seasonal factors and the easing of mobility restrictions—following a prior decline in visitor numbers. Increases in arrivals were recorded from Malaysia (7.83%), Singapore (2.67%), China (8.45%), and Australia (8.67%), while declines were noted from Timor-Leste (-1.49%), India (-6.72%), South Korea (-12.13%), and the European Union (-1.35%). During the Jan–Jul'26 period, the number of foreign tourist arrivals rose by 5.23% compared to the same period the previous year, reaching 8.95 million.

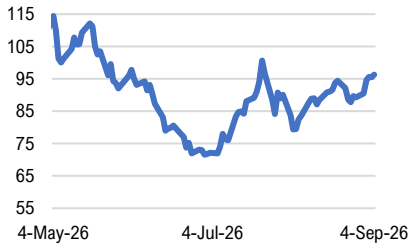
Week Ahead Highlights

Developments in the Middle East will remain under close scrutiny following the outbreak of hostilities between Iran and the US, which has prolonged volatility in global energy supplies. On the data front, the US is set to release consumer and producer inflation figures—key indicators ahead of the Federal Reserve's decision this September. Canada and Brazil will also release inflation data. In Europe, the ECB will hold a monetary policy meeting where it is expected to raise interest rates by 25 basis points, bringing the benchmark deposit rate to

2.5%. That same week, the Eurozone will report final GDP growth estimates and labor market conditions for the Q2-2026. The UK will release Jul'26 GDP data alongside trade balance figures. Meanwhile, in Asia, Japan will report revised Q2-2026 GDP estimates, the producer price index, the current account balance, and aggregate wages. China will release trade balance data as well as consumer and producer inflation figures. Within ASEAN, Thailand will report Aug'26 inflation, while the Philippines and Malaysia will release unemployment data. During the same week, Indonesia will report several key indicators: Aug'26 foreign exchange reserves, the Aug'26 consumer confidence index, the Q2-2026 international investment position, and the retail sales index for Jul'26 along with projections for Aug'26.

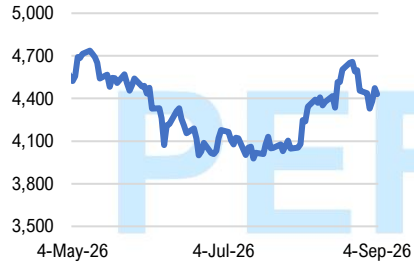
Spotlight on Commodity Price Trends (as of September 4, 2026)

Brent Crude Oil (USD/Barrel)



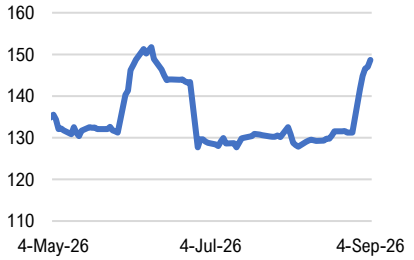
Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
96.28	7.80	21.32	43.72	58.23

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,429.98	-0.56	8.63	24.93	2.56

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
148.65	13.30	13.60	38.93	38.28

US-Iran Conflict Escalates, Oil and Coal Prices Surge Sharply for the Week.

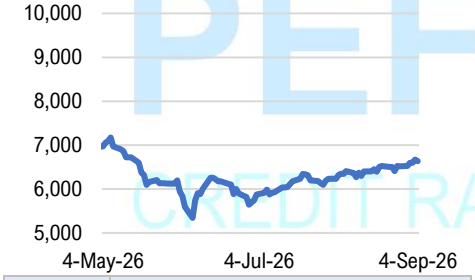
- **Brent crude oil prices posted a sharp 7.6% gain over the week**, closing at USD96.28 per barrel on Friday (9/4), following renewed escalation in the US-Iran conflict, which has now entered its seventh month. Market sentiment was dominated by concerns over supply disruptions in the Middle East, particularly following a US strike that killed dozens, including Iranian civilians, as well as disrupted vessel traffic through the Strait of Hormuz, which remained well below normal averages. Meanwhile, US diesel prices also surged to a record high of USD5.85 per gallon, reinforcing global inflation concerns and prompting institutions such as Citi and ANZ to raise their Brent price forecasts to USD86 and USD95 per barrel, respectively. However, Julius Baer analysts argued that the rally was driven more by fear-based sentiment and geopolitical risk premium than by concrete evidence of disrupted Middle East oil exports. Strong US employment data also weighed on crude prices by reinforcing expectations of a Fed rate hike in late September.
- **Gold prices weakened 0.56% over the past week**, with the sharpest decline occurring on Friday (9/4), when spot gold plunged nearly 1.00% to $4,429.98 per ounce after August US jobs data came in far stronger than expected, while the unemployment rate held steady at 4.10%. Market sentiment was dominated by concerns over a Fed rate hike, with the probability of a hike at the September 15-16 meeting jumping from 55% to 65% following the data release. Analysts said the strong jobs report reinforced the hawkish signal from Fed Chair Warsh's speech at Jackson Hole, further opening the door to a rate hike this month. A stronger US dollar also weighed on gold by making it more expensive for holders of other currencies. Market focus now shifts to next week's US CPI and PPI inflation data, which are expected to be decisive for the Fed's next policy direction and could trigger further volatility in precious metals.
- **Coal prices surged sharply by 13.30% over the past week**, closing at USD148.65 per ton on Friday (9/4), the highest level in 2.5 years. Bullish sentiment was driven by a 9% jump in oil prices amid renewed geopolitical tensions, given that oil and coal serve as substitute energy sources. Supply factors were also a key driver, with coal stockpiles at China's Qinhuangdao Port continuing to be squeezed by shrinking rail supply, while heavy rainfall in Inner Mongolia disrupted logistics. In Indonesia, drought conditions along several rivers in Kalimantan, such as the Kapuas River, prevented barges from operating at full capacity, hampering coal transport to ports. The situation was compounded by a stock crisis in India, where 50 power plants reported very low inventories, at just 48% of ideal requirements. Nevertheless, several analysts questioned the sustainability of this rally, noting that China's power demand has begun to cool as the summer season ends, suggesting the current price strength is driven more by supply constraints than by genuine demand growth.
- **Malaysian crude palm oil (CPO) futures edged up 0.72% over the past week**. Positive sentiment was supported by stronger soybean oil prices in Dalian, as well as a surge in crude oil prices that posted their largest weekly gain since mid-July amid rising US-Iran tensions, making palm oil more attractive as a biodiesel feedstock. However, pressure came from the supply side, with Malaysian palm oil inventories expected to climb to a seven-month high in August as production reached a nine-month peak, while exports weakened.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	2.98	3.01	10.92	-3.22	-19.29	Crude Palm Oil (MYR/Ton)	4,929.00	0.72	4.96	10.81	21.70
Nickel (USD/MT)	16,698.32	-0.13	-2.34	5.91	-1.44	Rubber (USD/Kg)	234.40	-2.50	8.07	33.94	30.29
Copper (USD/MT)	14,415.50	0.85	2.48	45.64	16.04	Wheat (cents/bu)	716.00	-6.65	12.14	42.56	41.22
Aluminum (USD/MT)	3,293.50	1.59	2.19	27.09	9.95	Corn (cents/bu)	512.00	0.00	15.77	28.08	16.30
Iron Ore (USD/MT)	102.13	4.38	8.68	-2.86	-4.40	Sugar (c/lb)	18.07	2.90	20.15	15.17	20.39

ICI Soars Boosted by Strong Foreign Capital Inflows, Wall Street Pressured by Robust US Jobs Data. The US dollar weakened on a weekly basis despite rebounding after strong labor market data, while the rupiah appreciated on dovish Fed sentiment.

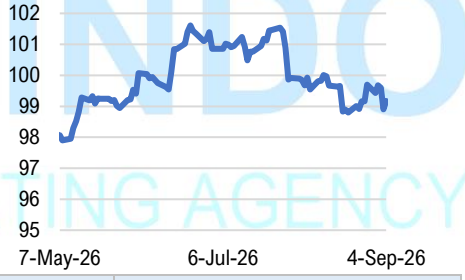
- **Wall Street posted a mixed performance over the past week,** with the S&P 500 edging up 0.09% and the Nasdaq Composite gaining 0.40%, while the Dow Jones Industrial Average fell 0.27%. The sharpest decline occurred at Friday's (9/4) close, when all three major indices fell in tandem after August employment data far exceeded expectations, with nonfarm payrolls rising by 162,000—nearly three times the consensus estimate of 56,000—while the unemployment rate held steady at 4.1%. The strong data was met with a negative market reaction, as it raised the probability of a Fed rate hike at the September 15-16 meeting to 58.4%, up from 49.4% the day before. Amid the broad-based weakness, the semiconductor sector stood out as a bright spot, rising 3.4%. Market focus now shifts to next week's CPI and PPI inflation data as the key determinant of the Fed's next policy direction.
- **The ICI posted a significant 1.82% gain, or 118.35 points**, over the past week, closing at 6,636, after briefly touching a new three-month high of 6,704. The rally was supported by gains across most sectors, with 528 stocks advancing against 205 declining, led by the industrial sector, which surged 6.53%, followed by energy at 4.51% and technology at 4.04%. Big-cap banking stocks were the main drivers of the index. Positive sentiment was further bolstered by strong foreign capital inflows, with net buying reaching IDR2.30 trillion over the week, sharply higher than IDR279.23 billion the previous week, with banking stocks such as BBRI, BBCA, and BMRI drawing the most interest from foreign investors. Even so, total foreign net selling for the year to date still stood at IDR68.05 trillion, although the recent trend of net buying has gradually begun to chip away at that figure.
- **The US Dollar Index (DXY) weakened over the week, though it rebounded toward the end.** The DXY closed at 99.18 on September 4, 2026, down 0.53% week-on-week (WoW) and 0.68% month-on-month (MoM). Stronger-than-expected US labor market data drove Friday's rebound. Nonfarm payrolls increased by 162,000 in August, above expectations of 56,000. The unemployment rate remained at 4.1%, while annual wage growth slowed to 3.1%. The market subsequently priced in a nearly 60% probability of a Federal Reserve (Fed) rate hike in September.
- **The rupiah appreciated against the US dollar on both a weekly and monthly basis.** USD/IDR closed at IDR17,642 per US dollar on September 4, 2026, down 0.29% WoW and 2.14% MoM. The rupiah's appreciation was supported by a weaker US dollar after dovish comments from Fed officials temporarily reduced expectations for a rate hike. Bank Indonesia Governor Destry Damayanti also stated that domestic inflation remained under control. However, concerns over potential food supply disruptions caused by El Niño limited the rupiah's gains. The market is also monitoring the upcoming releases of August foreign exchange reserves, consumer confidence, and July retail sales.

Indonesian Composite Index (ICI)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
6,636.48	1.82	5.01	-15.65	-23.25

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
99.18	-0.53	-0.68	0.84	0.87

Rupiah Exchange Rate (USD/IDR)

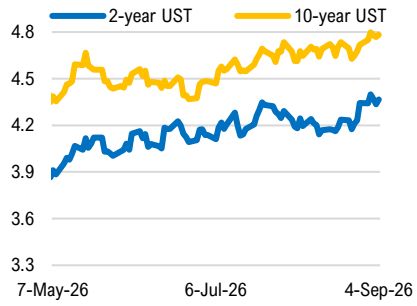
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,642	-0.29	-2.14	7.41	5.77

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	7,718.60	0.09	-0.23	18.71	12.75	Euro (EUR/USD)	1.16	0.25	0.72	-0.30	-1.12
Dow Jones (AS)	53,414.25	-0.27	-1.24	17.08	11.13	Canadian Dollar (USD/CAD)	1.38	-0.49	-1.60	0.14	0.82
Nasdaq (AS)	26,506.99	0.40	-0.29	22.11	14.05	Pound sterling (GBP/USD)	1.35	-0.14	0.50	0.63	0.33
Euro Stoxx 50 (Zona Euro)	6,392.93	-1.43	-1.45	19.57	10.39	Japanese Yen (USD/JPY)	156.26	-2.39	-0.94	5.23	-0.29
FTSE100 (Inggris)	10,831.09	0.06	-0.44	17.51	9.06	Chinese Yuan (USD/CNY)	6.71	-0.28	-0.57	-6.04	-3.99
Nikkei225 (Jepang)	65,020.94	-2.09	1.66	52.70	29.16	Singapore Dollar (USD/SGD)	1.27	-0.59	-1.22	-1.80	-1.46
Shanghai (Tiongkok)	3,930.12	-0.56	2.82	4.36	-0.98	Malaysian Ringgit (USD/MYR)	4.04	0.48	-1.27	-4.36	-0.38
Hang Seng (Hong Kong)	25,650.87	0.26	-0.78	2.36	0.08	Thailand Baht (USD/THB)	32.92	-0.58	-1.01	1.88	4.52

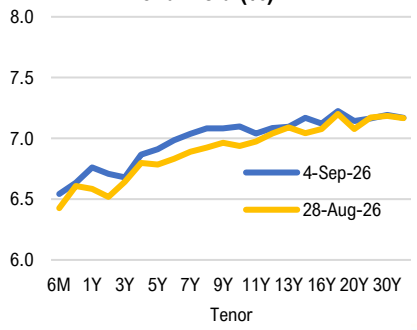
Key Data Developments in Global and National Bond Markets

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



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.366	2	17	78	89
5Y: 4.545	7	22	90	82
10Y: 4.782	6	17	62	62

Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 6.744	6	-30	142	175
5Y: 6.926	9	-40	119	137
10Y: 7.115	11	-22	72	105

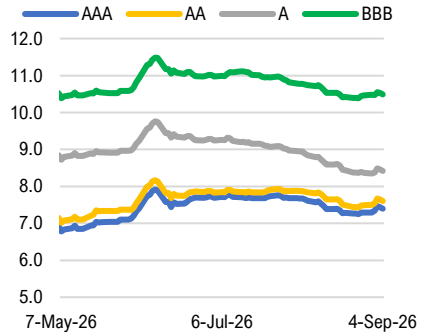
5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
83.64	-0.83	-8.53	19.09	21.47

Global yields remained under pressure amid expectations that interest rates would remain high, while Indonesian government bonds weakened despite improved credit risk and foreign inflows.

- **US Treasury yields rose across all benchmark tenors after labor market data reinforced expectations of a rate hike.** The two-year yield rose by 2 bps to 4.366% on September 4, 2026. The five-year yield increased by 7 bps to 4.545%, while the 10-year yield rose by 6 bps to 4.782% from August 28, 2026. US nonfarm payrolls increased by 162,000 in August, well above expectations of 56,000. The market subsequently priced in a nearly 52% probability of a 25 bps increase in the federal funds rate in September. Yield pressure also reflected higher oil prices and Fed Chair Kevin Warsh's commitment to containing inflation. However, Fed Governor Waller left room for rates to remain unchanged if inflation continues to move toward the 2% target. The market will next focus on inflation data due next week to assess the likely direction of Fed policy.
- **Trump increased political pressure on the Fed to lower interest rates.** He urged the Federal Reserve (Fed) to cut rates after the US economy added 162,000 jobs in August 2026. Trump also threatened to halt trade with countries running deficits if his demand was not met. According to Trump, high interest rates weaken the United States' competitive position in global trade. He continued to speak positively about Fed Chair Kevin Warsh in his remarks. Short-term bonds weakened following the ultimatum, as investors continued to anticipate the risk that interest rates would remain high to contain inflation.
- **Selling pressure in the eurozone bond market began to ease.** The 10-year German Bund yield fell by 1.5 bps to 3.364% on September 3, 2026, after reaching 3.3951% a day earlier, its highest level in 15 years. Lower European gas and Brent crude oil prices eased concerns over energy-driven inflation that had previously weighed on the bond market. However, fiscal concerns in several countries continued to limit gains in the debt market. Money markets have also priced in a 25 bps European Central Bank (ECB) rate hike to 2.5% at its next meeting. Expectations that the ECB deposit rate will reach 3% by June 2027 continued to put pressure on short-term maturities, even as the two-year Bund yield fell 1.5 bps to 2.966%.
- **Indonesia's government bond market came under pressure across all tenors, despite lower credit risk and increased foreign holdings.** The two-year yield rose by 6 bps to 6.744% on September 4, 2026. The five-year yield increased by 9 bps to 6.926%, while the 10-year yield rose by 11 bps to 7.115% from August 28, 2026. The 10-year yield briefly fell to 7.10% on September 3. Indonesia's five-year Credit Default Swap (CDS) declined by 0.83% weekly to 83.64. Foreign holdings also increased from 907.30 on August 28 to 909.28 on September 2, 2026.
- **The government again offered Retail Waqf Sukuk.** Series SWR007 is being offered from September 4 to October 21, 2026, with a two-year tenor and maturity on October 10, 2028. The instrument offers a 6.70% return under a floating-with-floor structure linked to the BI Rate. The minimum subscription is IDR1 million per unit, with no maximum limit. SWR007 is non-tradable, and all returns are distributed to Nazhir to finance social programs and productive waqf activities. Issuance is scheduled for October 28, 2026, through six distribution partners appointed by the government.
- **Demand at the government bond auction remained strong.** The government accepted IDR34 trillion from total bids of IDR65.96 trillion at the September 1, 2026 auction, equivalent to an aggregate bid-to-cover ratio of approximately 1.94x. FR0110 recorded the largest awarded amount at IDR12.3 trillion, followed by FR0111 at IDR12 trillion. Together, the two series accounted for approximately 71.5% of the total amount awarded. The weighted average yields for FR0110 and FR0111 were 6.97942% and 7.06995%, respectively. FR0105 recorded the highest bid-to-cover ratio at 5.51x, although only IDR300 billion was awarded. The government also accepted bids for SPN totaling IDR5 trillion. Settlement for all securities awarded at the auction took place on September 3, 2026.
- **Bank Indonesia's dominant holdings have strengthened the buffer for the government bond market but increased dependency risks.** As of August 27, 2026, Bank Indonesia's (BI) gross holdings reached IDR1,732 trillion, or 24.84% of total tradable rupiah-denominated government securities of IDR6,976 trillion, exceeding the banking sector's 16.41% share and nonresident investors' 12.99% share. During 2026, BI increased its holdings by approximately IDR76 trillion while banks reduced theirs by around IDR182 trillion, helping to mitigate selling pressure. However, BI's dominant position could weaken

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

price discovery, reduce market liquidity, and create perceptions of closer alignment between monetary policy and fiscal financing. These risks are becoming more relevant as gross government securities issuance requirements for 2027 are estimated at approximately IDR1,495 trillion, comprising net issuance of IDR779.94 trillion and maturities of around IDR715 trillion.

- **BI is encouraging banks to reduce their allocations to government securities and SRBI.** Outstanding Bank Indonesia Rupiah Securities (SRBI) declined from approximately IDR1,100 trillion to IDR1,050 trillion, while their yields gradually fell from 7.6% to around 7.0%. Bank Indonesia (BI) also strengthened its Macroprudential Liquidity Incentive Policy (KLM) to a maximum of 6% to encourage financial intermediation. An additional 2% incentive, effective from September, is available only to banks whose liquid assets, including government securities and SRBI, are below 19% of third-party funds. The policy is intended to encourage banks to reduce holdings of liquid instruments and redirect funds toward lending.
- **Pension funds again increased their allocations to SRBI.** Conventional pension fund investments in Bank Indonesia Rupiah Securities (SRBI) reached IDR17.40 trillion in the first half of 2026, up 59.6% YoY from IDR10.90 trillion. SRBI's appeal reflects its relatively higher yields than government securities of comparable maturities, short tenor, good liquidity, and low risk. The cumulative 100 bps increase in the BI Rate during 2026 also increased the instrument's attractiveness. With the BI Rate at 5.75%, Bank Tabungan Negara Pension Fund (Dapen BTN) continues to view SRBI as an investment alternative. However, allocations remain dependent on market conditions, yields, liquidity requirements, and its Strategic Asset Allocation (SAA).
- **Waskita Karya's bond restructuring extends its repayment profile and reduces its financial burden.** The Bondholders' General Meeting (RUPO) on September 3, 2026, approved the restructuring of Shelf-Registered Bond III Phase IV 2019 with 97.14% of the vote. The maturity was extended to December 31, 2034, while the coupon was reduced to 5% per year effective May 17, 2024. Total debt has declined by 20.8% since the end of 2023 to IDR66.5 trillion. Past-due vendor payables also fell by 97.1% to IDR48 billion. The restructuring also eliminated late-payment penalties and established a minimum Interest Service Coverage Ratio (ISCR) of 1.00x beginning in fiscal year 2027.
- **PT Provident Investasi Bersama Tbk's (PALM) rating is supported by its portfolio quality, conservative financial policy, and strong liquidity.** PEFINDO assigned an idA rating with a Stable outlook to PALM and its outstanding Shelf-Registered Bonds I, II, and III. The rating is constrained by the concentration of its investment portfolio and the low proportion of recurring income. The rating could be raised if diversification and recurring income improve while the company maintains a conservative financial policy. Conversely, downward pressure could arise from weakening capitalization, cash flow protection, or portfolio value due to lower commodity prices, as well as from acquisitions of investments with weaker credit quality.
- **Debt-based financing could provide additional funding for VKTR.** PT Danantara Investment Management (DIM) is exploring financing of up to IDR2 trillion for PT VKTR Teknologi Mobilitas Tbk (VKTR) through debt with an equity conversion option. A non-binding term sheet was signed on August 28, 2026. The structure allows the debt obligation to be converted into equity subject to definitive documentation. Credit risk remains a consideration because VKTR's net profit in the first half of 2026 declined by 76.18% to IDR1.12 billion, although revenue increased by 56.2% YoY to IDR646.62 billion. Commercial viability also remains a concern because the business faces risks from slow asset turnover and dependence on government tenders.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0110	7.25	05/15/32	10,000.00	101.30	6.96	35,473,697
FR0106	7.13	08/15/40	100.00	98.40	7.17	9,171,570
PBS003	6.00	01/15/27	100,000.00	99.85	6.68	9,163,517
FR0108	6.50	04/15/36	200.00	95.50	7.10	8,558,901
PBS040	5.00	11/15/30	400.00	94.80	6.87	7,831,927

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	50,000	101.61	6.42	1,771,400
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	25,000	113.05	6.51	1,139,800
Shelf Registration Sukuk Mudharabah V Indah Kiat Pulp & Paper Phase III Year 2026 Series B	idA+(sy)	10.50	09/03/31	200	100.50	7.74	1,021,640
Shelf Registration Bond I Merdeka Battery Materials Phase V Year 2026 Series A	idA	9.00	09/08/27	300	102.50	9.01	961,312
Bond III BUMA Year 2025 Series B	idA+/ A+(idn)	8.00	10/10/28	50,000	102.34	6.73	882,540

Corporate Bonds Issuance

Throughout the first week of September 2026, 2 companies issued corporate debt securities valued at IDR6,067 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Merdeka Battery Materials Tbk	Shelf Registration Bond I Phase V Year 2026 Series A	Sep-2-2026	1,711.58	9.00	1	idA
2	PT Merdeka Battery Materials Tbk	Shelf Registration Bond I Phase V Year 2026 Series B	Sep-2-2026	529.97	10.00	3	idA
3	PT Merdeka Battery Materials Tbk	Shelf Registration Bond I Phase V Year 2026 Series C	Sep-2-2026	95.34	10.50	5	idA
4	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Bond VI Phase III Year 2026 Series A	Sep-4-2026	1,714.47	10.00	3	idA+/irAA
5	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Bond VI Phase III Year 2026 Series B	Sep-4-2026	285.53	10.50	5	idA+/irAA
6	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration USD Bond III Phase II Year 2026 Series A (USD10.96 mn)	Sep-4-2026	183.45	6.75	3	idA+/irAA
7	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration USD Bond III Phase II Year 2026 Series B (USD2.80 mn)	Sep-4-2026	46.82	7.25	5	idA+/irAA
8	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Sukuk Mudharabah V Phase III Year 2026 Series A	Sep-4-2026	766.87	10.00	3	idA+/irAA
9	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Sukuk Mudharabah V Phase III Year 2026 Series A	Sep-4-2026	733.14	10.50	5	idA+/irAA
Total				6,067.16			

Source: KSEI, IDX, database PEFINDO

Corporate Bonds Maturity for October 2026 Reaches IDR12.86 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Bond III Phase V Year 2019 Series B	Oct-1-2026	445.00	8.40	7	idAAA
2	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Sukuk Ijarah III Phase V Year 2019 Series B	Oct-1-2026	10.00	8.40	7	idAAA(sy)
3	PT Toyota Astra Financial Services	Shelf Registration Bond IV Phase II Year 2023 Series B	Oct-3-2026	223.57	6.35	3	AAA(idn)
4	PT Lontar Papyrus Pulp & Paper Industry	Shelf Registration Bond II Phase II Year 2023 Series B	Oct-6-2026	1,483.07	10.50	3	idA
5	PT MNC Energy Investments Tbk	Shelf Registration Bond I Phase I Year 2023 Series B	Oct-6-2026	149.83	11.25	3	idA-
6	PT MNC Energy Investments Tbk	Shelf Registration Sukuk Wakalah I Phase I Year 2023 Series B	Oct-6-2026	49.30	11.25	3	idA-(sy)
7	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration USD Bond II Phase IV Year 2025 Series A (USD5.82 mn)	Oct-10-2026	94.74	5.50	1	idA+
8	PT Samator Indo Gas Tbk	Shelf Registration Bond III Phase I Year 2023 Series A	Oct-10-2026	41.00	7.40	3	A(idn)
9	PT Samator Indo Gas Tbk	Shelf Registration Sukuk Ijarah III Phase I Year 2023 Series A	Oct-10-2026	35.50	7.40	3	A(idn)(sy)
10	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration USD Bond Phase I Year 2023 Series A (USD1.50 mn)	Oct-11-2026	22.34	7.00	3	idA+/ irAA
11	PT Oki Pulp & Paper Mills	Shelf Registration Bond I Phase I Year 2023 Series B	Oct-12-2026	1,608.89	10.50	3	idA+/irAA-
12	PT Oki Pulp & Paper Mills	Shelf Registration Green Bond I Phase I Year 2023 Series B	Oct-12-2026	1,042.09	10.50	3	idA+/irAA-

13	PT Oki Pulp & Paper Mills	Shelf Registration USD Bond I Phase I Year 2023 Series A (USD1.06 mn)	Oct-12-2026	15.76	7.00	3	idA+/irAA-
14	PT Oki Pulp & Paper Mills	Shelf Registration Sukuk Mudharabah I Phase I Year 2023 Series A	Oct-12-2026	333.20	10.50	3	idA+(sy)/irAA-
15	PT Bank Rakyat Indonesia (Persero) Tbk	Shelf Registration Green Bond I Phase II Year 2023 Series C	Oct-17-2026	500.00	6.30	3	idAAA
16	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	Shelf Registration Bond I Phase III Year 2019 Series C	Oct-18-2026	74.00	8.75	7	idAA
17	PT Trimegah Sekuritas Indonesia Tbk	Shelf Registration Bond II Phase II Year 2025 Series A	Oct-18-2026	100.00	6.75	1	idA
18	PT Sinar Mas Agro Resources and Technology Tbk	Shelf Registration Bond III Phase II Year 2021 Series C	Oct-19-2026	958.00	9.00	5	idAA-
19	PT Summarecon Agung Tbk	Shelf Registration Bond IV Phase II Year 2023 Series A	Oct-19-2026	468.00	7.35	3	idA+
20	PT Bukit Makmur Mandiri Utama	Bond III Year 2025 Series A	Oct-20-2026	503.15	6.75	1	idA+/A-(idn)
21	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase II Year 2023 Series B	Oct-20-2026	256.00	6.33	3	idAAA
22	PT Sumber Global Energy Tbk	Shelf Registration Bond I Phase II Year 2025 Series A	Oct-25-2026	273.65	10.00	1	idA-
23	PT Astra Sedaya Finance	Shelf Registration Bond VI Phase II Year 2023 Series B	Oct-26-2026	750.62	6.40	3	AAA(idn)
24	PT Permodalan Nasional Madani	Shelf Registration Sukuk Mudharabah Social Orange I Phase II Year 2025 Series A	Oct-27-2026	800.00	5.50	1	idAAA(sy)
25	PT Chandra Asri Pacific Tbk	Shelf Registration Bond III Phase IV Year 2021 Series A	Oct-29-2026	266.95	7.20	5	idAA-
26	Lembaga Pembiayaan Ekspor Indonesia	Shelf Registration Bond IV Phase VII Year 2019 Series D	Oct-29-2026	112.00	8.50	7	idAAA
27	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond II Phase III Year 2019 Series D	Oct-30-2026	945.25	8.30	7	idAAA
28	PT Adira Dinamika Multi Finance Tbk	Shelf Registration Bond VII Phase II Year 2025 Series A	Oct-31-2026	900.00	5.50	1	idAAA
29	PT Adira Dinamika Multi Finance Tbk	Shelf Registration Sukuk Mudharabah VI Phase II Year 2025 Series A	Oct-31-2026	400.00	5.50	1	idAAA(sy)
Total				**12,861.90**			

Weekly Sector Highlights

During 31 August–4 September 2026, domestic sectoral sentiment was dominated by various ongoing pressures, business strategies and policy direction.

Industries	Sentiment & Significance	News Highlights
Automotive	🟢🟢	**Strengthening the Domestic Supply Chain Is Key to Optimizing Electric Vehicle (EV) Investment.** Indonesia's autom component industry is considered to have sufficient capacity to support the development of EVs, making it important for investment to be directed toward strengthening the domestic production base and deepening the local supply chain. The gradual implementation of TKDN targets, increasing to as much as 80%, is viewed as essential to ensuring that EV investments generate greater value added for local industry and broaden the participation of domestic suppliers. In addition to promoting technology transfer and expanding production capacity for key components such as batteries, electric motors, and power control units, this policy also has the potential to strengthen the role of micro, small, and medium-sized enterprises (MSMEs) within the national automotive ecosystem. The government believes that its strategy to strengthen local content has already delivered positive results through the Low Carbon Emission Vehicle (LCEV) program, which has successfully attracted more than IDR5.5 trillion in investment, engaged hundreds of domestic suppliers, and created employment for approximately 195,000 workers.
Banking	🟢🟢	**Strong Capitalization and Liquidity Support Continued Credit Expansion.** Banking sector credit growth reached 13.58% yoy in July 2026, marking the fastest pace since August 2014 and reflecting increased domestic financing activity. This performance was primarily driven by investment loans, which grew 23.1% yoy, significantly outpacing the growth of working capital and consumer loans, indicating a shift in financing toward productive sectors. Credit expansion has also been supported by accommodative macroprudential policies, including the optimization of the Macroprudential Liquidity Incentive Policy (KLM), alongside the banking sector's continued resilience, as reflected in a capital adequacy ratio (CAR) of 23.7%, a gross non-performing loan (NPL) ratio of 2.09%, and adequate liquidity conditions. Although the outlook for credit growth remains positive, its sustainability will continue to depend on the recovery of the real sector and the banking industry's ability to extend productive lending in a prudent manner without taking on excessive risk.

Industries	Sentiment & Significance	News Highlights
Construction	🟢🟢	**State-Owned Construction Firms Accelerate Restructuring and Consolidation to Improve Performance.** The state-owned construction sector continues to demonstrate progress in its financial recovery efforts. PT Wijaya Karya (WIKA) successfully reduced its total debt by IDR2.15 trillion between Q2 2025 and Q2 2026 through the settlement of obligations to creditors and business partners, supported by improved operating cash flow, accelerated receivables collection, and an increase in gross profit margin to 14.1% from 8.1% in the corresponding period a year earlier. At the same time, the government is expediting the merger process between PT PP (PTPP) and PT Adhi Karya (ADHI), which is targeted for completion in 2026 as part of the consolidation of seven state-owned construction companies into three entities. The initiative aims to strengthen financial structures, improve operational efficiency, and support the recovery and restructuring of the state-owned construction sector without any workforce reductions (layoffs).
Hotel and Tourism	🟢🟢	**Ministry of Tourism Targets Up to US$28.6 Billion in Tourism Foreign Exchange Earnings in 2027.** In 2027, the Ministry of Tourism (Kemenpar) will focus on strengthening destination development, increasing investment, and promoting more balanced tourism development across regions. In line with these efforts, the government is targeting 17.6-19.1 million international tourist arrivals and 1.28 billion domestic tourist trips in 2027. These targets are expected to drive tourism sector investment to IDR71 trillion and generate foreign exchange earnings of US$25.5-28.6 billion.
Insurance and Guarantee	🔴🔴🔴	**General Insurance Industry Remains Under Pressure from Surging Claims.** The performance of the conventional general insurance and reinsurance industry continued to face pressure through July 2026, as reflected in net profit declines of 29.7% yoy and 25.3% yoy, respectively. The deterioration was primarily driven by a 23.9% yoy surge in gross general insurance claims that was not matched by premium growth, with gross premiums instead declining by 2.3% yoy, thereby putting pressure on underwriting results and industry profitability. This condition was also reflected in the general insurance claims ratio, which increased to 48.2% in H1 2026 from 38.5% in the corresponding period a year earlier, driven by higher claim expenses as well as weakening consumer purchasing power and rupiah depreciation, which raised claim costs for products with high imported content. Amid these challenges, industry players have begun strengthening risk mitigation strategies through more prudent risk selection, the implementation of risk-based pricing, and more conservative investment management in order to maintain sustainable performance and profitability.
Metal and Gold	🟢	**Krakatau Steel's Transformation Drives Revenue Growth and Strong Performance.** PT Krakatau Steel Tbk (KRAS) continued its business transformation agenda in 2026, recording operating revenue of US$622.7 million, up 35.1% compared with the previous period, while posting net profit of US$10.9 million. This improved performance further strengthened the company's position, leading to its inclusion in the *Fortune Indonesia: 100 Indonesia's Biggest Companies* ranking, supported by its success in generating net profit of US$339.6 million throughout 2025. The strengthening of the company's fundamentals has also been supported by shareholder backing through Danantara, including shareholder loan facilities and continued restructuring initiatives that have enhanced liquidity and operational efficiency. Going forward, KRAS will remain focused on improving operational performance, strengthening its financial structure, optimizing assets, and developing its business to sustain long-term growth amid the dynamics of the global steel industry.
Mining	○	**Indonesia Mineral Exchange Faces (BMKS) Challenges in Becoming a Global Pricing Benchmark.** The planned establishment of the BMKS reflects Indonesia's ambition to move beyond its role as a price taker and become a price setter in mineral commodity markets. However, the experience of the Shanghai Futures Exchange (SHFE) demonstrates that the existence of a domestic exchange alone is insufficient to establish influence over global price formation, which also requires high liquidity, credible governance, transparency, and strong integration with international markets. Industry participants believe that the success of BMKS will depend heavily on its ability to create a price discovery mechanism that is trusted by the market, supported by independent regulation and minimal intervention. In the initial stage, the exchange is considered more relevant for mineral commodities such as nickel and gold, which continue to reference prices from international exchanges, while policy clarity and the scope of commodities covered will remain important factors in providing certainty for businesses and investors.
Multifinance	○	**Multifinance Investment Financing Remains Weak, with Diversification Becoming a Key Strategy.** Investment financing performance in the multifinance industry remains under pressure amid economic uncertainty, as reflected in a 5.3% yoy decline in investment financing during H1 2026. This condition has been influenced by the more selective approach adopted by financing institutions in extending credit, as well as the cautious stance of businesses in seeking funding sources. To

Industries	Sentiment & Significance	News Highlights
		maintain growth and business resilience, a number of players have strengthened portfolio diversification and expanded into market segments considered to have positive growth prospects.
Oil and Gas	○	**Government Targets Higher Oil and Gas Lifting in 2027.** The government has proposed an oil lifting target of 612,500 barrels per day (bpd) in 2027, slightly higher than the 610,000 bpd target for 2026, while the gas lifting target has been reduced to 954,000 boepd from 984,000 boepd. To achieve these targets, the government has prepared various strategies, including the development of new fields, optimization of production from existing wells, the application of enhanced oil recovery (EOR) technologies, and the revitalization of mature wells. Although the targets are considered realistic by some stakeholders, their achievement remains challenged by the dominance of mature oil and gas fields, which are naturally experiencing production decline. Therefore, industry players emphasize the importance of accelerating exploration activities, finalizing a pro-investment Oil and Gas Law, and enhancing legal certainty and the competitiveness of the investment climate to sustainably boost national oil and gas production.
Plantation and Agriculture	●●	**Government Targets B60 Implementation in 2027, While Supply and Fiscal Challenges Persist.** The government is targeting the implementation of B60 biodiesel in 2027, although the recently introduced B50 program continues to face challenges related to feedstock availability, FAME production capacity, and dependence on methanol imports. To support the higher biodiesel blending mandate, the government is promoting improvements in palm oil productivity, the development of supporting industries, and research into the utilization of hydrotreated vegetable oil (HVO) to ensure the program's technical feasibility and economic viability. However, industry players and observers believe that increasing the biodiesel blending ratio will significantly raise CPO demand, potentially putting pressure on exports, reducing foreign exchange earnings, and increasing subsidy burdens if domestic supply proves insufficient. In addition, the successful development of B60 will depend on strengthening the supply chain, securing feedstock availability, and attracting new investment to accelerate the expansion of production capacity.
Power and Energy	●	**100 GW Solar Power Plant Tender Awaits Presidential Regulation.** The government is targeting the development of 100 GW of solar power generation capacity by 2029, with the tender process still awaiting the completion of a Presidential Regulation that will serve as the legal basis for the program. Development potential has been mapped through both ground-mounted and floating solar power plants, including the utilization of approximately 250 dams with a combined potential capacity of up to 43 GW. Beyond the completion of the regulatory framework, the success of the program will also depend on strengthening the electricity grid, developing the domestic manufacturing industry, and providing adequate energy storage systems. If realized, the 100 GW solar power project is expected to generate energy cost savings of up to IDR73.9 trillion, create more than 5,500 jobs, and reduce carbon emissions by 140.16 million tons of CO_2, while also opening significant opportunities in the carbon market.
Property	●●●	**High Interest Rates Continue to Weigh on Property Stock Performance.** The IDX Properties & Real Estate Index continues to record significant weakness, declining by 29.7% since the beginning of 2026, driven by risk-off sentiment in the equity market, increases in Bank Indonesia's policy rate, and sharp declines in several large-cap property stocks, including PT Pantai Indah Kapuk Dua Tbk (PANI) and PT Bangun Kosambi Sukses Tbk (CBDK). Elevated interest rates continue to suppress property demand, particularly through higher mortgage loan (KPR) costs, thereby limiting the sector's recovery. Nevertheless, the operational outlook for listed property companies in H2 2026 has the potential to improve, supported by the Government-Borne Value Added Tax (PPN DTP) incentive and loan-to-value (LTV) and financing-to-value (FTV) policies of up to 100% that remain in effect through year-end. Market participants believe that a stronger catalyst for the property sector is likely to emerge only if exchange rate pressures ease, creating room for BI to lower interest rates.
Transportation and Vehicle Rental	●●	**Higher Fuel Surcharge Ceiling May Drive Airfares Up Ahead of the 2026 Year-End Holiday Season.** Domestic airfares may increase ahead of the 2026 Christmas and New Year holiday period following the Ministry of Transportation's decision to raise the maximum fuel surcharge ceiling from 30% to 40% of the Upper Fare Limit (TBA). Although the impact is not expected to be immediately visible, as a portion of tickets had already been sold prior to the adjustment, fare increases are projected to become noticeable between October and November and are likely to be more significant for travel during the year-end holiday season. The policy was introduced in response to rising aviation fuel prices, which had increased by 6.5% as of September 2026. Nevertheless, airlines retain the flexibility to set fuel surcharges below the maximum ceiling based on their business strategies and market conditions, meaning fare competition may continue to keep ticket prices competitive.

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

Weekly Economic Update

Presented by the Economic Research Division of PEFINDO

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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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