WEEKLY ECONOMIC UPDATE

Period of December 1-5, 2025

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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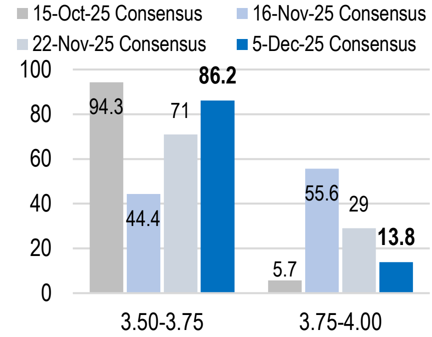
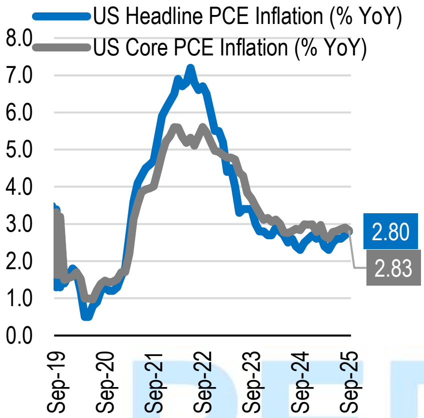
Data Highlights of the Week

Probability of Fed Funds Rate Cut at December 2025 FOMC Meeting (%)



Source: CME Fedwatch

US PCE Inflation (% YoY)



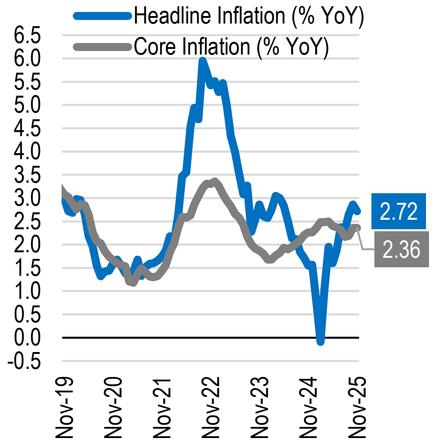
Source: Bloomberg

Ahead of the Fed Funds Rate Cut, We Await Further Policy Direction

Global Economic

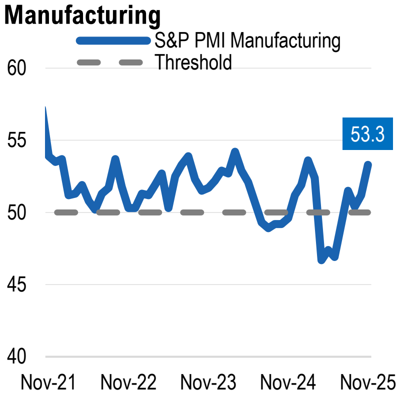
- **The OECD estimates that global economic growth will slow from 3.2% in 2025 to 2.9% in 2026 and recover slightly to 3.1% in 2027**. The expected slowdown in the coming period is due to tariffs, weak trade, and geopolitical uncertainty weighing on global economic activity. Several key regions are projected to experience a slowdown, such as the US, China, the Eurozone, the UK, and Japan, as challenges in each region continue to loom.
- **The release of US Personal Consumption Expenditures (PCE) inflation data for Sep'25**, which was delayed due to the government shutdown, **was reported to have accelerated as expected to 2.8% YoY** (Aug'25: 2.7%), the highest since Apr'24. In contrast, core PCE inflation was reported to have slowed to 2.8% YoY (Aug'25: 2.9%). This situation paved the way for the Fed to cut interest rates, as employment data showed that US companies announced 71,321 layoffs in Nov'25, far exceeding the 57,727 reported in Nov'24. Throughout Jan-Nov'25, private companies announced 1,170,821 layoffs, the highest since 2020 and 54% higher than in 11M2024.
- **The Eurozone released various key economic data, which remained stable.** GDP growth in Q3-2025 was confirmed at 1.4% YoY, slowing from Q1 and Q2 2025 (1.6% YoY). On the employment side, the unemployment rate in October 2025 was also stable at 6.4%, although slightly above the forecast (6.3%), as the number of unemployed people fell by 13,000 from the previous month to 11.033 million. At the price level, consumer inflation in November 2025 remained near the target, although it edged up slightly to 2.2% YoY (Oct'25: 2.1%) due to a slight acceleration in services inflation. However, core inflation remained stable at 2.4% YoY and came in below the 2.5% forecast.
- **The Bank of Japan is weighing the pros and cons of a mid-December interest rate hike**. Governor Kazuo Ueda stated that with US tariff risks easing, he noted that the central bank's economic and price projections are increasingly likely to be met, suggesting that conditions for a rate hike are forming. Ueda emphasized the importance of wage setting, saying the BoJ must assess whether active corporate behavior will persist.
- **South Korea's economy grew 1.3% QoQ or 1.8% YoY in Q3-2025**, slightly above previous estimates (1.2% QoQ and 1.7% YoY). This growth is the strongest in nearly four years, supported by strong exports and resilient private consumption. Meanwhile, **inflation in Nov'25 was stable at 2.4% YoY**, remaining at its highest level since Jul'24. Various price components, including food and non-alcoholic beverages, experienced price acceleration.
- **The US Commerce Secretary confirmed that general tariffs on imports from South Korea, including autos, will be reduced to 15% retroactively to November 1** as South Korea has introduced legislation in parliament to implement US strategic investment commitments (Reuters).
- **The Reserve Bank of India (RBI) lowered its benchmark repo rate by 25 basis points to 5.25%**, in line with projections, amid confidence in a weaker inflation outlook. Since the start of the year, the RBI has cut rates by 125 basis points, bringing the repo rate to its lowest level since Jul'22. The central bank also announced INR1 trillion (USD11.14 billion) of open market operations to purchase bonds this month, along with an additional USD5 billion in foreign exchange swaps to inject liquidity into the banking system and accelerate the transmission of lower interest rates. Regarding the economic outlook, the RBI raised its GDP growth projection for FY2025/26 to 7.3%, up from its previous estimate of 6.8%.
- **Several ASEAN countries reported relatively contrasting inflation figures.** The Philippines reported that inflation slowed to 1.5% YoY in Nov'25 (1.7% in Oct'25), marking the slowest price increase in three months. This reflects increasingly weak annual price increases and opens up room for further monetary easing. Meanwhile, Thailand reported deflation of 0.49% YoY, improving from the previous steeper deflation (-0.76% in Oct'25), although it remained in a deflationary trend for eight consecutive months and below the central bank's 1%-3% target range. This persistent deflation was driven by lower energy prices in line with movements in global energy markets and government policies to curb the cost of living. In contrast, Vietnam reported inflation accelerated to 3.58% YoY in Nov'25 (3.25%).

Indonesia Inflation Rate (% YoY)



Source: Bloomberg

S&P Global Indonesia PMI Manufacturing



Source: S&P Capital IQ

Upcoming Economic Calendar

Date	Development Release
Dec 8	Japan's Final Q3-2025 GDP
	China trade balance Nov'25
Des 9	Indonesia Consumer Confidence Survey Nov'25
Dec 10	Indonesia Oct'25 Retail Sales Survey and Nov'25 Projection
	China Consumer and Producer Inflation Nov'25
	Bank of Canada Reference Interest Rate
Des 11	The US Federal Reserve's Benchmark Interest Rate and Its Economic Projections
	US Sep'25 Trade Balance
	US Initial Jobless Claims 06 Dec'25
Dec 12	UK Monthly GDP Oct'25
	India Nov'25 Inflation
	China's New Yuan Loan Nov'25

Price pressures stemmed primarily from inflation in food, medicines and healthcare, and transportation costs. Core inflation slowed slightly to 3.28% YoY (Oct'25: 3.30%).

Domestic Economy

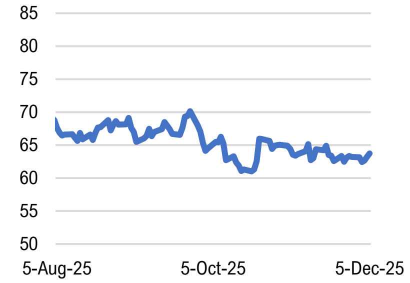
- **The domestic economy is expected to improve throughout November 2025**:
  - **Indonesia's Manufacturing PMI rose to 53.3 in Nov'25** (51.2 in Oct'25), the highest reading since Febr'25, marking the fourth consecutive month of expansion. The expansion was supported by new orders, which grew at the fastest pace since Aug'23, while output increased for the first time in three months and at the sharpest pace since Feb'25. Employment increased for the fourth month, although hiring declined slightly. Input purchases increased at the fastest pace in eight months. However, foreign orders experienced the sharpest decline in 14 months. Finally, sentiment slumped to a four-month low.
  - **Indonesia's consumer price index slowed slightly to 2.72% YoY in Nov'25** after reaching a 1.5-year peak (2.86% YoY in October 2025). This realization is within Bank Indonesia's target range (1.5%-3.5%). The slowdown was driven by slower price growth in several price components, such as food, housing, and accommodation and restaurants, amid continued declines in communication costs. Core inflation was reported stable for the second consecutive month at 2.36% year-on-year, the highest since June 2025.
- **Externally, the goods trade balance narrowed to a surplus of USD2.4 billion in Oct'25** (USD2.48 billion in Oct'24). This surplus was the smallest since Apr'25, as exports declined (-2.31% YoY) more than offsetting imports (-1.15% YoY). The decline in exports followed sharp growth (11.41% YoY in Sep'25) and marked the first decline since Mar'24. Exports to various countries, including the US, contracted amid the imposition of new US tariffs. Meanwhile, imports also contracted after growing 7.17% YoY due to continued weak purchasing power. During 10M2025, Indonesia recorded a trade surplus of USD35.88 billion, with exports and imports increasing 6.96% YoY and 2.19% YoY, respectively.
- **The number of foreign tourist arrivals in Indonesia in Oct'25 rose 11.19% YoY to 1.33 million** (Sep'25: 9.04%). Tourists from Malaysia (+17.19%), Australia (+5.37%), Singapore (+17.70%), and China (+23.08%) remained the largest. During Jan–Oct 2025, total foreign tourist arrivals increased 10.32% to 12.76 million, approaching the government's target of 14–16 million visits.
- **Foreign exchange reserves at the end of November 2025 were recorded as having increased to USD150.1 billion** (October 2025: USD 149.9 billion) in line with tax and service revenues and the withdrawal of government foreign loans amidst the ongoing Rupiah exchange rate stabilization policy. The foreign exchange reserves position remains strong, as it is equivalent to financing 6.0 months of imports and servicing the government's foreign debt (above the 3-month import adequacy standard).

Week Ahead Highlights

The focus over the next week will be on the Federal Reserve's monetary policy decision and its latest economic projections. Canada, Switzerland, Australia, Brazil, and Turkey will also be among the other major countries holding their monetary policy meetings. In Europe, the UK will release monthly GDP and trade data, while the Eurozone will have no major data releases. In Asia, Japan will release final figures for its Q3-2025 economic growth. Meanwhile, China will release data on consumer and producer inflation, as well as trade. Domestically, there will be the release of consumer confidence survey data and retail sales, which will show how consumption strengthened in the fourth quarter following various government stimulus measures.

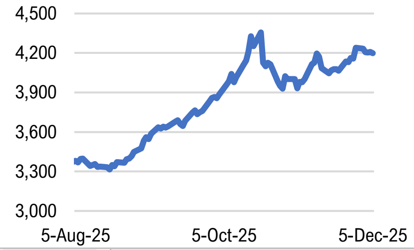
Spotlight on Commodity Price Trends (as of December 5, 2025)

Brent Crude Oil (USD/Barrel)



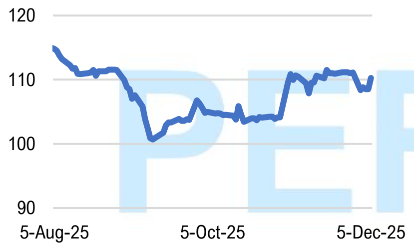
Closing (USD/Brl)	(% Change)			
	WoW	MoM	YoY	YTD
63.75	0.87	0.36	-11.57	-14.59

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,197.78	-0.98	5.48	59.51	59.95

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
110.25	-0.77	0.27	-17.26	-11.98

Commodity markets showed mixed performance this week, with oil and CPO gaining while gold and coal faced renewed pressure from shifting demand and macroeconomic sentiment.

- **Brent crude oil prices recorded a gain of around 0.87% over the past week**, closing at USD63.75 per barrel, the highest level in two weeks, supported by strong expectations that the Federal Reserve will cut interest rates next week. A rate-cut probability of 87% has boosted optimism over economic growth prospects and energy demand. This positive sentiment was reinforced by geopolitical uncertainties—from the failure of Ukraine peace talks, potential U.S. military action in Venezuela, to supply disruption risks from Russia—all of which raised market concerns over global supply. In addition, ongoing G7–EU discussions on tightening price-cap rules for Russian oil added further supply-side pressure. The combination of monetary-easing expectations and geopolitical tensions kept Brent prices moving higher throughout the week.
- **Gold prices fell 0.98% for the week,** despite stabilizing at the end of trading, supported by a weaker dollar and softer-than-expected U.S. labor data. Earlier in the week, gold briefly strengthened, climbing above USD4,239.43 per ounce in tandem with a rally in silver—which hit a new record—but pressure returned as prices remained on track for a weekly decline. Market sentiment was dominated by caution ahead of the release of PCE inflation data—the Fed's preferred gauge—which will determine the direction of interest rates. ADP data showing a decline of 32,000 private-sector payrolls strengthened the 89% probability of a rate cut at next week's Fed meeting, but the expectation was not enough to lift gold as traders largely stayed on the sidelines. Meanwhile, other precious metals such as silver, platinum, and palladium strengthened, though the gains were insufficient to offset gold's weekly weakness.
- **Coal prices fell 0.77% over the week,** dragged by weakening demand from China and India, deepening bearish sentiment in the market. In China, thermal coal prices at major ports continued to fall as traders slashed offers aggressively to spur buying interest—an action that instead worsened market psychology and caused buyers to delay purchases even further. The benchmark 5,500 kcal/kg NAR price posted its largest daily drop since the downtrend began in late November, signaling still-dominant pressure. In India, electricity consumption fell for the second consecutive month due to cooler weather and slower industrial activity, reducing coal demand for power generation. Coal-fired power output declined by over 5%, underscoring weak demand across South Asia. Despite a slight rebound at the end of the week, the coal market remained firmly in a weekly downtrend.
- **CPO prices rose around +0.92% for the week,** supported by a rebound in global vegetable oils, particularly palm olein and soyoil in Dalian and Chicago. Additional positive sentiment came from expectations that India will increase CPO purchases after canceling soybean-oil imports because of rising global prices and a weaker rupee, which made domestic soyoil more attractive than imports. This shift triggered buying interest and supported the weekly rally in CPO. However, gains were capped by expectations of rising Malaysian CPO stockpiles through late November and Indonesia's export tax reduction, which could increase supply from producers. Technically, prices are projected to retest resistance at 4,192 ringgit per ton, reflecting sustained bullish momentum despite fundamental pressures.

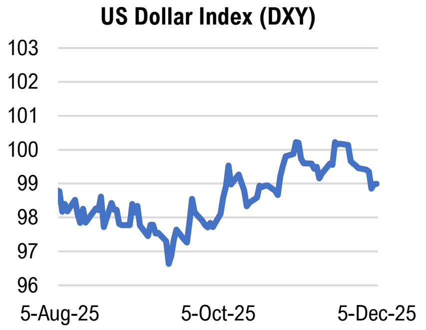
Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	5.29	9.05	24.98	71.78	45.58	Crude Palm Oil (MYR/Ton)	4,152.00	0.92	1.07	-19.14	-6.65
Nickel (USD/MT)	14,768.48	0.67	-1.02	-11.49	-7.51	Rubber (USD/Kg)	171.50	-4.72	1.96	-15.72	-13.12
Copper (USD/MT)	11,620.50	3.86	8.63	28.06	32.53	Wheat (cents/bu)	537.50	1.22	-3.11	-1.69	-2.54
Aluminium (USD/MT)	2,897.50	1.03	1.67	9.80	13.56	Corn (cents/bu)	436.75	0.29	0.34	2.40	-4.74
Iron Ore (USD/MT)	107.59	1.75	2.45	2.36	2.63	Sugar (c/lb)	14.80	-2.70	4.89	-30.19	-23.16

Global and domestic equities strengthened over the week as expectations of an imminent Federal Reserve rate cut fueled risk appetite and supported broad-based market gains. USD weakens amid high expectations of a Fed rate cut; IDR strengthens amid substantial foreign capital inflows.

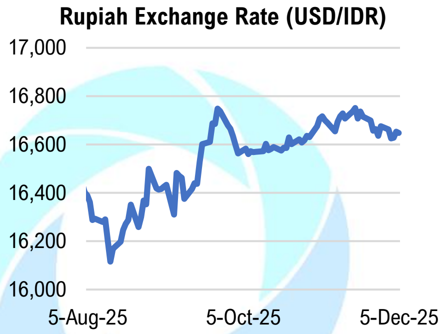
- **Wall Street posted moderate gains over the past week,** supported by strong expectations that the Federal Reserve will cut interest rates by 25 bps at its meeting next week. U.S. economic data—including consumer spending, PCE inflation, and Michigan consumer sentiment—came in as expected or slightly better, strengthening market confidence in monetary easing prospects. On a weekly basis, the S&P 500 rose 0.31%, the Nasdaq gained 0.91%, and the Dow Jones added 0.50%, marking the second consecutive weekly advance for all three major indexes. Optimism over lower interest rates also boosted rate-sensitive sectors such as communications and small-cap stocks, while individual movers like Warner Bros Discovery and Ulta Beauty added to positive sentiment amid still-solid trading volumes.

- **JCI had a solid 1.46% weekly gain during 1–5 December 2025**, closing at 8,632.76, driven by strong foreign inflows totaling IDR2.48 trillion, significantly higher than the previous week. Analysts noted that foreign accumulation strengthened in line with rising expectations of a Fed rate cut in December—now with a probability above 85%—alongside additional dovish signals from U.S. central bank officials. Easing geopolitical tensions and tariff conflicts, rising Wall Street indices, and higher commodity prices further bolstered market optimism. The combination of supportive global factors and robust foreign inflows helped the IHSG extend its rally and move toward the 8,665–8,700 resistance area.
- **USD index retreats ahead of the Fed meeting.** The USD Index (DXY), which measures the USD against six major currencies, closed the week at 98.99, down 0.47% from the previous period. This moderate pullback occurred even though US labor data showed jobless claims fell to 191,000, the lowest since September 2022. Expectations that the Fed would cut the benchmark interest rate by 25 basis points on December 10 dominated the market, with the CME FedWatch tool indicating an 87% chance of a cut.
- **Rupiah records a slight appreciation against the USD.** The Rupiah appreciated 0.16% against the USD, with the USD/IDR pair closing at 16,648. This was supported by substantial foreign capital inflows, as non-residents recorded a total net buy of IDR14.08 trillion between December 1 and 4, 2025. Net purchases included IDR2.11 trillion in the stock market, IDR1.06 trillion in the SBN market, and IDR10.92 trillion in Sekuritas Rupiah Bank Indonesia (SRBI).

Closing	(% Change)			
	WoW	MoM	YoY	YTD
8.632,76	1,46	3,78	18,04	21,93



Closing	(% Change)			
	WoW	MoM	YoY	YTD
98.99	-0.47	-1.21	-6.36	-8.75



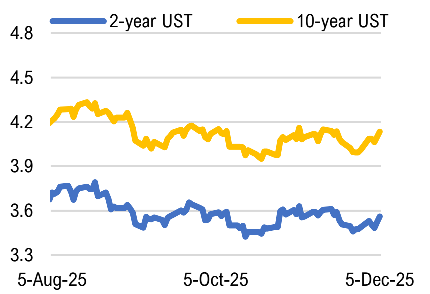
Closing	(% Change)			
	WoW	MoM	YoY	YTD
16,648	-0.16	-0.41	4.96	3.20

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	6,870.40	0.31	1.09	13.09	16.81	Euro (EUR/USD)	1.16	0.38	1.31	9.98	12.44
Dow Jones (AS)	47,954.99	0.50	1.36	7.12	12.72	Canadian Dollar (USD/CAD)	1.38	-1.14	-2.07	-1.47	-3.94
Nasdaq (AS)	23,578.13	0.91	0.33	19.68	22.10	Poundsterling (GBP/USD)	1.33	0.70	2.13	4.46	6.49
Euro Stoxx 50 (Zona Euro)	5,723.93	0.98	0.97	15.60	16.91	Japanese Yen (USD/JPY)	155.33	-0.54	0.79	3.48	-1.19
FTSE100 (Inggris)	9,667.01	-0.55	-1.13	15.78	18.28	Chinese Yuan (USD/CNY)	7.07	-0.04	-0.78	-2.58	-3.13
Nikkei225 (Jepang)	50,491.87	0.47	0.56	28.17	26.56	Singapore Dollar (USD/SGD)	1.30	-0.05	-0.84	-3.20	-5.10
Shanghai (Tiongkok)	3,902.81	0.37	-1.67	15.85	16.44	Malaysian Ringgit (USD/MYR)	4.11	-0.49	-1.88	-7.13	-8.04
Hang Seng (Hong Kong)	26,085.08	0.87	0.58	33.36	30.04	Thailand Baht (USD/THB)	31.91	-0.62	-1.75	-6.52	-7.11

Key Data Developments in Global and National Bond Markets

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

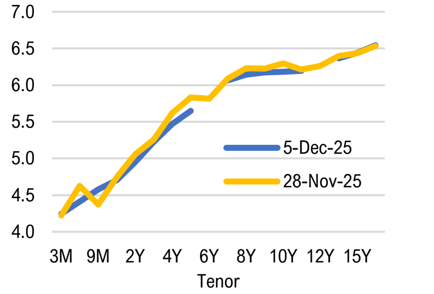


Global yields surge drastically; SUN rallies, but Indonesian fiscal risk of widening deficit looms.

- **US bond yields rise amid weak signals from the labor market.** US Treasury yields increased at the end of the week, with the 10-year yield closing at 4.135% and the 2-year at 3.560%. This rise came despite weak labor market data, including a surprising decline in private payrolls, and expectations that the Fed will cut rates. The CME FedWatch Tool shows almost 90% conviction that the Federal Reserve will reduce the benchmark rate by 25 basis points at the December 10 meeting, based on the view that the central bank will prioritize labor market risks over inflation. The ISM services sector report rose to 52.6%, also indicating resilience in the US economy.
- **Bank of Japan faces a policy dilemma amid soaring government bond yields.** The Bank of Japan (BoJ) is in a difficult position as its policy normalization is threatened by soaring Japanese Government Bond (JGB) yields. The 10-year JGB yield reached 1.917%, the highest since 2007, while the 30-year JGB yield hit a record 3.436%. BoJ must choose between raising rates, risking further economic slowdown and higher yields, or holding or cutting rates to support growth, which could accelerate inflation. These concerns are

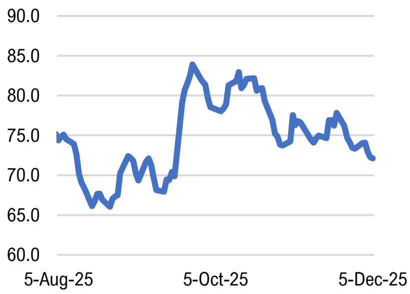
Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 3.560	7	-7	-58	-68
5Y: 3.711	11	-5	-36	-67
10Y: 4.135	12	-2	-4	-43

Weekly Development of Government Bond Yield (%)



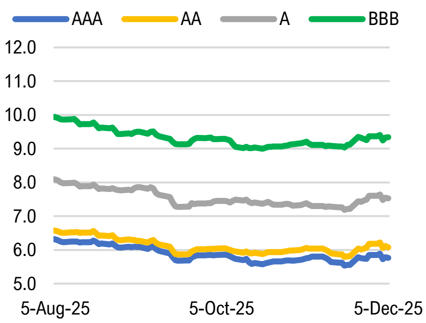
Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 5.077	-10	22	-174	-196
5Y: 5.683	-18	14	-117	-135
10Y: 6.198	-12	2	-72	-80

5 Year Credit Default Swap (CDS)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
72.13	-1.61	-5.46	0.41	-8.57

3-Year Corporate Bond Yield per Rating (%)



compounded by Japan's high debt-to-GDP ratio and the government's plan to issue JPY11.7 trillion in new debt to finance a large stimulus package. Rising Japanese yields narrow the yield gap with the US and fuel fears of an unwind in the global carry trade. However, strategists at State Street and HSBC do not predict a repeat of the 2024 market meltdown, as structural flows from Japanese investors buying foreign bonds are expected to curb large-scale fund repatriation.

- **Oracle's credit risk indicator hits a 2009 high due to AI bubble concerns**. The cost of protecting Oracle Corp.'s debt against default (CDS) jumped to about 1.28 percentage points per year, the highest closing level since March 2009, amid investor concerns that a bubble is forming in the artificial intelligence industry. This increase was driven by Oracle's surge in debt, including a USD18 billion bond sale in September to finance AI infrastructure, despite the company having a weaker credit rating than its peers. TD Securities strategist Hans Mikkelsen compared this debt surge to previous market manias. Oracle's CDS trading volume rose to around USD5 billion, indicating strong demand for hedging contracts amid uncertainty over the realization of profits from massive AI investments.
- **Indonesian bond yields fall amid foreign capital inflows.** The Indonesian government bond market posted gains, with Surat Utang Negara (SUN) yields declining across all tenors. The 5-year yield closed at 5.683%, leading the decline with 18 basis points. The 10-year and 2-year tenors closed at 6.198% and 5.077%, falling by 12 and 10 basis points. This yield decline was supported by a net buy of IDR1.06 trillion by non-residents in the SBN market. Positive sentiment was reflected in Indonesia's 5-year Credit Default Swap (CDS) premium, which fell 1.61% to 72.13 basis points.
- **The government successfully raised funds through the SUN auction amid strong market demand.** The Ministry of Finance absorbed IDR25 trillion from the auction of nine series of Surat Utang Negara (SUN) on December 2, 2025, with total incoming bids reaching IDR69.64 trillion. The largest absorption came from the FR0106 series (yield 6.45991%, due 2040), valued at IDR5.5 trillion. The highest bid demand, at IDR17.41 trillion, was recorded on the FR0109 series (yield 5.71000%, due 2031), showing strong investor interest in long tenors.
- **The government absorbed the SUN yield at its highest level in four months at the last auction**. The Ministry of Finance absorbed a higher yield on Surat Utang Negara (SUN) at last week's auction, reaching the highest level since early August. The weighted average yield for the 10-year SUN was 6.5%, while the one-year tenor reached 5%. The one-year SUN yield drew attention as it was almost equal to the Sekuritas Rupiah Bank Indonesia (SRBI) one-year interest rate of 4.95% at the November 28 auction, the highest since September 12. The volume of SRBI bids won by Bank Indonesia in the November 28 auction rose significantly to IDR24 trillion.
- **Ministry of Finance records 2025 retail SBN issuance realization surpassed the previous year.** The Ministry of Finance (Kemenkeu) recorded that the realization of retail Surat Berharga Negara (SBN) issuance in 2025 reached about IDR153 trillion, higher than the IDR148 trillion achieved in 2024, following the closing of the Sukuk Tabungan (ST015) offering period on December 3, 2025. Director General of Financing and Risk Management (DJPPR) Suminto explained that this increase was supported by strong demand from domestic retail investors, as evidenced by several SBN series undergoing quota additions (upsize) and being sold out before the offering period ended. This strong demand occurred despite declining yields as the market's interest rate trend fell.
- **APBN 2025 challenges post-government change trigger the risk of a wider fiscal deficit.** The execution of the 2025 State Budget (APBN) faces critical financial pressure due to policy changes after the transition from President Joko Widodo to President Prabowo Subianto. The main pressures come from the cancellation of the PPN hike to 12%, which could result in about IDR70 trillion in tax revenue, and the operation of Danantara, which diverts BUMN dividends from state coffers, resulting in an estimated IDR71 trillion in revenue. As of October 31, total state revenue was IDR2,113.3 trillion (down 5.98% YoY), while state spending rose 1.42% to IDR2,593 trillion, driven by President Prabowo's new programs and fiscal stimulus. This resulted in a deficit of IDR479.7 trillion (2.02% of GDP). Mega Capital Sekuritas research states the APBN risks a revenue shortfall of IDR150 to IDR160 trillion, potentially driving this year's fiscal deficit up to 3.16% of GDP and requiring further bond issuance to cover the gap.

- **Bank Indonesia ramps up SRBI auctions to fend off foreign capital exodus and stabilize the Rupiah.** To maintain Rupiah stability, Bank Indonesia (BI) increased the frequency of Sekuritas Rupiah Bank Indonesia (SRBI) auctions to twice a week as an urgent strategy to attract foreign investor interest. This move followed a massive net sell by foreign investors throughout the year, including IDR146.26 trillion in the SRBI market, which contributed to the Rupiah's year-to-date weakening of more than 3% against the USD. The increased frequency of SRBI auctions proved effective, with IDR10.27 trillion in foreign capital flowing in last week, the largest weekly inflow of the year. This helped the Rupiah record a 0.25% gain, consistent with Mandiri Sekuritas' view that BI's policy focus is on curbing currency weakness.
- **Indonesia Stock Exchange launches SPPA Repo as a deepening instrument for the money market.** The Indonesia Stock Exchange (BEI) recorded a total turnover of Repurchase Agreement (Repo) transactions through the Alternative Market Organizer System (SPPA) reaching IDR642.1 trillion since its launch in March 2025, with an average daily transaction value of IDR3.4 trillion. BEI President Director Iman Rachman stated that SPPA Repo has successfully made Repo trading more inclusive, provided good *price discovery*, and streamlined post-trade processes. The SPPA plays an important role in deepening the bond and money markets. The strengthening of the SPPA is in line with the P2SK Law mandate, which encourages coordination between Bank Indonesia and OJK in developing market infrastructure, especially after BEI received operational permission as an Electronic Trading Platform (ETP) Provider for Intermarket.
- **WSBP bondholders approve waiver of financial ratio covenants until 2026.** PT Waskita Beton Precast Tbk (WSBP) obtained majority approval from bondholders in the General Bondholders Meeting (RUPO) to waive financial ratio covenants, including a minimum Current Ratio of 1.0x, a maximum Debt to Equity Ratio of 2.5x, and a minimum Debt Service Coverage of 100% for the consolidated financial reports for December 31, 2025, and 2026. This approval provides room for business sustainability. WSBP focuses on performance recovery through operational efficiency, digitalization, *asset disposal*, and selective project financing, and emphasizes its commitment to GCG principles.
- **Bank Mandiri targets debut *sustainability bond* issuance.** PT Bank Mandiri (Persero) Tbk announced the offering of its Sustainable Bond I Phase I 2025 (Sustainability Bond) with an issuance target of IDR5 trillion. The bond, rated $_{id}$AAA by PEFINDO, will be issued in three series with tenors of 370 days, 3 years, and 5 years. According to Bank Mandiri Director of Treasury and International Banking Ari Rizaldi, the funds raised will be allocated to finance or refinance projects aligned with the framework for environmentally sound and social business activities, affirming the company's commitment to strengthening sustainable financing practices.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0103	6.75	07/15/35	25.00	103.30	6.29	10,588,676
FR0106	7.13	08/15/40	12,539.00	106.35	6.45	8,464,920
FR0109	5.88	03/15/31	20,000.00	101.45	5.55	7,218,954
PBS032	4.88	07/15/26	90,000.00	99.81	5.19	6,325,292
FR0108	6.50	04/15/36	2,000.00	102.55	6.16	5,299,264

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Bond VII Tower Bersama Infrastructure Phase II Year 2025 Series B	AA+(idn)	5.85	12/04/30	5,000	100.30	--	730,000
Sukuk Ijarah I Integrasi Jaringan Ekosistem Year 2025 Series B	idA(sy)	11.50	07/08/28	50,000	101.75	10.71	725,400
Shelf Registration Bond I Merdeka Battery Materials Phase I Year 2025 Series A	idA	7.50	07/15/26	100,000	101.83	4.40	480,780
Bond II Integrasi Jaringan Ekosistem Year 2025 Series B	idA	11.50	07/08/28	5,000	106.60	8.62	390,000
Shelf Registration Bond V Indah Kiat Pulp & Paper Phase II Year 2024 Series A	idA+	7.25	12/15/25	140,000	100.05	5.45	380,000

Corporate Bonds Issuance

Throughout the first week of December 2025, there was the issuance of corporate debt securities from 3 companies with a value reaching IDR2,900 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Gratama Finance Indonesia	MTN II Year 2025	Dec-2-2025	200.00	9.00	3	-
2	PT Bank Rakyat Indonesia (Persero) Tbk	Shelf Registration *Surat Berharga Komersial* I Year 2025 Phase I Series A	Dec-4-2025	45.90	4.50	1	idA1+
3	PT Bank Rakyat Indonesia (Persero) Tbk	Shelf Registration *Surat Berharga Komersial* I Year 2025 Phase I Series B	Dec-4-2025	30.30	4.60	1	idA1+
4	PT Bank Rakyat Indonesia (Persero) Tbk	Shelf Registration *Surat Berharga Komersial* I Year 2025 Phase I Series C	Dec-4-2025	20.00	4.85	1	idA1+
5	PT Bank Rakyat Indonesia (Persero) Tbk	Shelf Registration *Surat Berharga Komersial* I Year 2025 Phase I Series D	Dec-4-2025	403.80	4.95	1	idA1+
6	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VII Phase II Year 2025 Series A	Dec-5-2025	347.99	5.50	3	AA+(idn)
7	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VII Phase II Year 2025 Series B	Dec-5-2025	1,252.02	5.85	5	AA+(idn)
8	PT Tower Bersama Infrastructure Tbk	Sukuk Ijarah Berkelanjutan I Phase II Year 2025 Series A	Dec-5-2025	200.00	5.50	3	AA+(idn)(sy)
9	PT Tower Bersama Infrastructure Tbk	Sukuk Ijarah Berkelanjutan I Phase II Year 2025 Series B	Dec-5-2025	400.00	5.85	5	AA+(idn)(sy)
		Total		**2,900.00**			

Source: KSEI, IDX, database PEFINDO.

Corporate Bonds Maturity for January 2026 Reaches IDR4.23 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Pegadaian	Shelf Registration Sukuk Mudharabah III Phase III Year 2024	4-Jan-26	752.01	6.25	2	idAAA(sy)
2	PT Ketrosden Triasmitra	Bond I Year 2020 Series B	8-Jan-26	168.00	7.25	5	idAAA(cg)
3	PT MNC Kapital Indonesia Tbk	Shelf Registration Bond III Phase I Year 2022 Series B	10-Jan-26	149.09	11.25	3	idBBB+
4	PT Permodalan Nasional Madani Ventura Syariah	Sukuk Mudharabah *Jangka Menengah* II Year 2022 Phase II	11-Jan-26	40.00	Floating	3	-
5	PT Pindo Deli Pulp and Paper Mills	Shelf Registration Bond I Phase I Year 2024 Series A	17-Jan-26	395.93	7.25	1	idA+
6	PT Pindo Deli Pulp and Paper Mills	Shelf Registration Sukuk Mudharabah I Phase I Year 2024 Series A	17-Jan-26	53.95	7.25	1	idA+(sy)
7	PT Gading Danalestari	MTN II Year 2020 Series E	18-Jan-26	50.00	10.50	5	-
8	PT MNC Kapital Indonesia Tbk	Shelf Registration Bond V Phase I Year 2024 Series A	20-Jan-26	252.98	9.25	1	idBBB+
9	PT Permodalan Nasional Madani Venture Capital	MTN III Year 2022 Series A	25-Jan-26	200.00	10.25	3	-
10	PT Permodalan Nasional Madani Venture Capital	MTN III Year 2022 Series B	25-Jan-26	150.00	10.25	3	-
11	PT Trimegah Sekuritas Indonesia Tbk	Shelf Registration Bond I Phase III Year 2025 Series A	25-Jan-26	250.72	7.70	1	idA
12	PT BFI Finance Indonesia Tbk	Shelf Registration Bond V Phase III Year 2023 Series C	27-Jan-26	256.00	7.38	3	AA-(idn)
13	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Bond III Phase IV Year 2023 Series A	27-Jan-26	909.33	10.50	3	idA+
14	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Sukuk Mudharabah II Phase IV Year 2023 Series B	27-Jan-26	501.59	10.50	3	idA+(sy)
15	PT Sinar Mas Multiartha Tbk	Shelf Registration Bond III Phase II Year 2025 Series A	27-Jan-26	100.00	7.00	1	irAA
	Total			**4,229.57**			

Weekly Sector Highlights

In general, during December 1–5, 2025, domestic sectoral sentiment was majorly influenced by regulation and investment plans, as well as sectoral prospects ahead in 2026.

Industries	Sentiment & Significance	News Highlights
Automotive	🟢	**Incentives Needed to Revive the National Automotive Industry.** The Ministry of Industry (Kemenperin) believes that the automotive industry requires incentives to maintain the sustainability of the ecosystem from upstream to downstream. Such policies are considered crucial to preserve production utilization, protect investments and jobs from layoffs, and enhance the competitiveness of domestic products. Although electric vehicle (EV) sales surged in 2025, 73% of the total 69,146 units were imports, meaning value creation and job absorption occurred abroad. Meanwhile, the conventional vehicle segment produced domestically continues to experience a sharp decline, far below annual production capacity. Incentives are expected to lower vehicle prices, improve market sentiment, and sustain consumer purchasing power, particularly among the middle class and first-time car buyers. Kemenperin's proposed incentives will be directed toward the mid-to-lower segment and based on local content value (TKDN).
Banking	🟢🟢	**Bank Indonesia Raises Next Year's Credit Growth Target to 8%–12%.** Bank Indonesia (BI) projects banking credit growth in 2026 to range between 8%–12%, higher than the 2025 target of 8%–11%. To support this goal, BI will maintain accommodative macroprudential policies while safeguarding financial system stability. One of the incentives offered is a reduction in the reserve requirement (GWM) of up to 5.5% for banks that channel credit to priority sectors and lower lending rates in line with BI's benchmark rate. This measure is expected to drive down lending rates and strengthen financing demand. As of October 2025, credit growth realization stood at 7.36% year-on-year, below this year's target. However, banks remain optimistic about a brighter outlook for 2026, supported by government stimulus, accelerated state spending, and projected economic growth above 5%. BNI, Maybank, and Mandiri forecast credit growth in 2026 at around 8%–11%, focusing on SME and corporate segments. Economists believe early-year government spending acceleration will serve as a key catalyst, complemented by seasonal patterns such as Ramadan, harvest periods, and school holidays.
Construction	🟢🟢	**Opportunities for Private Contractors in 2026.** After experiencing stagnation throughout 2024–2025, the national construction industry is expected to enter a recovery phase in 2026. The Indonesian National Construction Contractors Association notes that several early indicators point to a positive trend, driven by potential increases in government capital expenditure, acceleration of National Strategic Projects (PSN), and rising regional spending following the elections. The private sector is also beginning to expand, particularly in manufacturing, logistics, data centers, and commercial housing. The government continues to prioritize basic infrastructure development, PSN acceleration, and improved interregional connectivity. Overall, the 2026 outlook is projected as a gradual recovery phase, supported by positive sentiment from a combination of government initiatives, private sector expansion, and structural market factors.
Insurance and Guarantee	🟢🟢🟢	**OJK to Regulate Premium Rate Adjustment Mechanism.** The Financial Services Authority (OJK) is finalizing new regulations on the health insurance ecosystem, targeted to take effect in January 2026. The rules include premium rate adjustments, where increases (repricing) will be limited to a maximum of once per year. Adjustments will be based on claim history, rising risk, and inflation, and will apply after policyholder approval or upon contract renewal. This measure aims to address the trend of increasing claim ratios in recent years. Additionally, premium rates will consider a risk-sharing scheme between companies and customers. This feature is optional but may influence premium calculations. The regulator is preparing two options: 1) Copayment, where customers bear 5% of each claim; and 2) Deductible, which sets an annual claim threshold borne by customers. The policy is expected to provide certainty for customers in financial planning while strengthening the health insurance market amid weak purchasing power and economic slowdown.
Multifinance	🔴🔴🔴	**Motor Vehicle Loans Turn Negative After 43 Months of Positive Growth.** Motor vehicle loans have begun to contract after recording positive growth for 43 consecutive months. Household motor vehicle loans declined by -2.19% yoy or 1.49% mom as of October 2025, continuing a weakening trend that started in the second half of this year. Previously, vehicle loan growth had consistently slowed since February 2025 before reversing into a downward trend in October. The last time this type of loan recorded a decline was in February 2022, roughly 43 months ago. The non-performing loan (NPL) ratio also increased to 2.57% from 2.28% a year earlier. Although this

		slowdown is not reflected in macroeconomic indicators such as the Real Sales Index and Consumer Confidence Index, it aligns with the sluggish automotive industry. Wholesale car sales from January to October 2025 fell by 10.6% yoy, while motorcycle sales grew only slightly by 0.19% yoy, nearly stagnant compared to the same period in 2024.
Mining		**Debate Over Extension of Mining Business Permits (IUP) in the IKN Area.** Several companies, particularly those operating in Zone 3 (an IKN support area covering 6,753 ha), have reported difficulties in extending their permits. The Ministry of Energy and Mineral Resources has emphasized that IKN zoning is not designated for mining activities, meaning permit extensions can only proceed with recommendations from the IKN Authority (OIKN). The Indonesian Coal Mining Association (APBI) reports that 53 coal mining companies in Zone 3 risk being unable to renew their permits, even though some are located far from the IKN core area. This uncertainty is seen as disrupting the investment climate and potentially eliminating thousands of jobs and social programs around mining sites. The Indonesian Mining Association (IMA) argues that unclear distinctions between new permits and extensions make businesses cautious, hindering long-term projects. A revision of Mining Area (WP) designations is considered necessary to avoid legal ambiguity. The government is advised to provide compensation or relocate Mining Business Permit Areas (WIUP) to other locations and promptly issue regulations that clearly differentiate areas still eligible for mining from those that are not.
Oil and Gas		**SKK Migas Targets USD16 Billion Upstream Investment in 2026.** SKK Migas is preparing an aggressive exploration program with at least 100 new wells to be drilled next year, involving an investment of USD16 billion (approximately IDR266 trillion). ReforMiner Institute considers this target realistic, noting that by August 2025, upstream oil and gas investment had reached USD9.38 billion, or 55% of the annual target of USD16.5 billion. Key success factors include not only oil prices but also streamlined licensing and regulatory harmonization, including taxation. Oil prices in the range of USD60–70 per barrel are deemed moderate enough to sustain operational activity. The target of drilling 100 wells is viewed positively, though its effectiveness depends on exploration locations. New areas offer potential for significant reserves, while existing fields yield limited results. Nevertheless, some industry practitioners regard the 2026 investment and exploration targets as ambitious, given that 2025 exploration achievements are expected to fall short. Other determining factors include oil prices, resource potential, fiscal terms, and strong support for large-scale field operations.
Plantation and Agriculture		**Coconut Downstream Investment Reaches IDR1.6 Trillion, Completion Targeted for 2025.** Coconut downstream processing is projected to boost the added value of plantation commodities, create millions of jobs, and improve farmers' welfare. Its investment is estimated at IDR1.65 trillion, with the potential to absorb 10,000 workers. Downstreaming will shorten the logistics chain, raise farm-gate prices, and strengthen the domestic industrial structure. Zhejiang FreeNow Food from China is recorded as the main investor with a value of USD100 million. The price of whole coconuts has risen from IDR600 to IDR3,500 per piece since the program began, with a minimum target of IDR6,000. The economic value of coconuts is expected to surge from IDR24 trillion to as much as IDR4,800 trillion if downstreaming is fully implemented. The government has also launched the "Five Million Coconut Trees Planting Movement" to strengthen national production. Meanwhile, the Indonesian Coconut Farmers Association (APKI) supports downstreaming but emphasizes the need for fairness for farmers through collaboration with the industry. Currently, exports of whole coconuts to China have jumped 143.9% to USD208.2 million during January–October 2025, highlighting significant potential for domestic processing.
Power and Energy		**PLN Requires IDR3,000 Trillion and Private Sector Participation for RUPTL 2025–2034.** The government needs an investment of up to IDR3,000 trillion to execute the Electricity Supply Business Plan (RUPTL) for 2025–2034. The target for additional power generation capacity is 69.6 GW, a significant increase from 40.6 GW in the previous RUPTL. Of the total additional capacity, 76% will come from renewable energy sources. This investment is expected to deliver a substantial multiplier effect on the economy through the development of power plants, transmission networks, and supporting infrastructure. The latest RUPTL includes 42.6 GW (61%) from renewables, 10.3 GW (15%) from storage, and 16 GW from fossil-based plants (10.3 GW gas and 6.3 GW coal). However, energy analysts warn that the success of this plan heavily depends on private sector participation, which has historically contributed 70% of power plant development through the Independent Power Producer (IPP) scheme. They emphasize the need for certainty in procurement schedules, transparency in planning, and strong government commitment to avoid past mistakes such as excess coal-fired power plant capacity.
Property		**Expectation of BI Rate Cut in 2026 Brings Fresh Momentum to Real Estate.** The anticipated reduction of Bank Indonesia's benchmark interest rate by 50–75 basis points through 2026 is creating positive sentiment for the property sector. Analysts believe that a BI rate cut could

		stimulate demand, particularly in the middle-class segment, although the impact on consumers may remain limited as mortgage rates are still relatively high. Beyond interest rates, stability in construction material prices and the rupiah exchange rate will be key factors influencing developers' performance. The residential segment priced between IDR1–5 billion is expected to remain dominant, but demand for premium housing above IDR5 billion is starting to strengthen. The 100% VAT incentive for properties priced up to IDR5 billion will remain in effect until 2027, while pre-sales contributions from the premium segment continue to rise.
Vehicle Rental and Transportation		**GIAA Strengthens Capital by IDR23.67 Trillion, Free Float Maintained at 7.96%.** PT Garuda Indonesia Tbk (GIAA) confirmed that its public shareholding (free float) remains at 7.96% following a private placement and rights issue, despite a dilution of around 71% from the previous 27.46%. The total outstanding shares have increased to 407 billion, while the company's authorized capital rose from IDR47.52 trillion to IDR100 trillion to strengthen equity and liquidity. The private placement involved issuing 315.61 billion Series D shares at IDR75 per share, fully subscribed by PT Danantara Asset Management (DAM) through the conversion of IDR6.65 trillion in loans and a cash injection of IDR17.02 trillion, bringing Garuda an additional capital of IDR23.67 trillion. The approved rights issue could add up to 7.28 billion shares to maintain the free float at 7.96%. This corporate action is expected to support operational recovery, enhance fleet reliability, and create room for Garuda's future growth.

Source: Antara, Bisnis Indonesia, CNBC Indonesia Harian Ekonomi Neraca, Harian Kontan, and Investor Daily (2025).

Weekly Economic Update

Presented by the Economic Research Division of PEFINDO
pef-economic@pefindo.co.id

Macroeconomic Development	: Suhindarto
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