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WEEKLY ECONOMIC UPDATE

Period of September 14-18, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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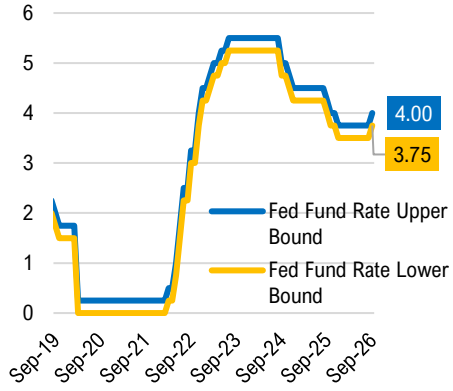
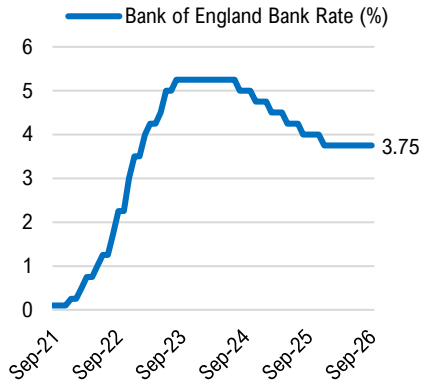
Data Highlights of the Week

Federal Funds Rate (%)



Source: The Federal Reserve, 2026

Bank of England Benchmark Interest Rate



Source: Bloomberg, 2026

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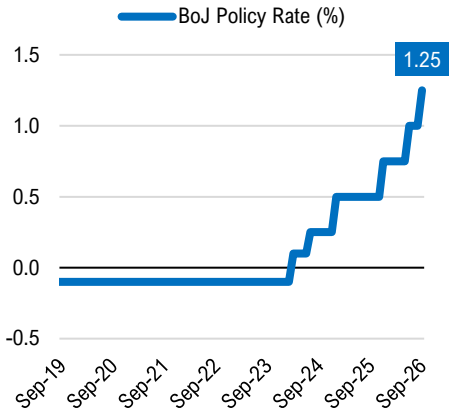
Global Interest Rates Tighten, Domestic Resilience Remains Intact

Global Economy

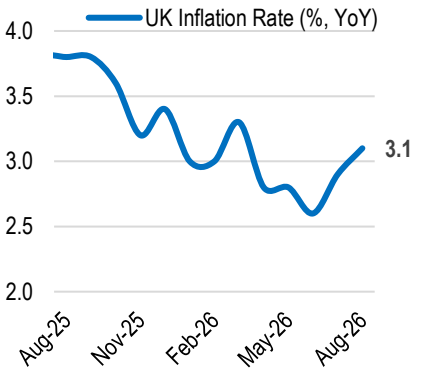
- **The United States (US)–Iran war is shifting from a bilateral conflict into a regional crisis with ever clearer global repercussions.** Diplomatic efforts to reopen the Strait of Hormuz have yet to produce a breakthrough, while Iran continues to pressure shipping lanes and the US faces a choice between maintaining military pressure and renewing efforts toward negotiations. At the same time, the Houthis in Yemen have intensified attacks against Saudi Arabia, including an attempted missile strike on Riyadh, making the conflict increasingly resemble a multi-front regional war. Violence also continues in Israel–Lebanon–Gaza despite various ceasefire and diplomatic efforts. Meanwhile, China is seeking to play a diplomatic role with Iran by urging it to curb escalation and reopen Hormuz. Beyond the Middle East, attention is also focused on Ukraine–Russia, particularly Ukraine's large-scale drone attack on the Moscow region, as well as Taiwan, which held joint military exercises involving drones ahead of the Trump–Xi meeting.
- **The Federal Reserve unanimously raised the target range for the Fed Funds Rate by 25 basis points (bps) to 3.75%–4.00%.** This was the first increase since 2023. Policymakers noted that inflation remained high and that the move was intended to support a faster return of inflation to the 2% target. The latest projections show that 16 of 18 officials see the possibility of at least one more 25-bps rate increase this year, while four officials expect two additional increases. Chairman Warsh again did not submit a projection.
- **The UK labor market showed mixed conditions while inflationary pressures increased.** The UK unemployment rate for May–Jul'26 remained stable at 4.9%, and total employment rose to 34.478 million, although the number of payroll employees fell again by 26 thousand in August. Total wage growth slowed to 3.9% YoY (Apr–Jun'26: 4.2%), or 0.9% in real terms (Apr–Jun'26: 1.2%), as weaker private-sector pay growth was partly offset by a surge in public-sector wages. At the same time, inflationary pressures increased again in Aug '26, with consumer inflation rising to 3.1% YoY (Jul'26: 2.9%) due to higher transportation and fuel costs, in line with an acceleration in factory-gate producer price inflation to 3.7% YoY (Jul'26: 3.3%).
- **The Bank of England decided to maintain its benchmark interest rate (Bank Rate) at 3.75%.** Three members proposed a 25-bps increase to 4%, as at the July 2026 meeting. The Monetary Policy Committee (MPC) stated that the prolonged conflict in the Middle East had driven up both crude and refined energy prices and increased volatility, contributing to higher UK inflation, with further increases expected in the coming quarters. The Committee emphasized that policy must ensure inflation returns sustainably to the 2% target while assessing the scale and duration of the energy shock. So far, evidence of significant second-round effects on wages and prices remains limited, although the risk could increase if energy costs remain high. The MPC also unanimously agreed to reduce government bond holdings to zero through a multi-year program, disposing of the holdings at an average annual pace of GBP46 billion through 2034.
- **The Bank of Japan raised its short-term benchmark interest rate by 25 bps to 1.25%, the highest level since Apr '95 and the shortest interval between rate increases since 1990.** The tightening decision, marked by internal disagreement in a 7–2 vote, was driven by concerns over persistent inflationary pressures projected to approach 3% early next year due to higher oil prices, as well as pressure from the United States government. The decision was made even though Japan's inflation in Aug'26 remained at 1.9% YoY, with core inflation easing slightly to 1.7% and staying below the 2% target for seven consecutive months.
- **China's economic conditions in Aug'26 showed uneven dynamics, as production growth was unable to offset the deterioration in domestic consumption and investment.** Although industrial production exceeded expectations with growth of 5.2% YoY (Jul'26: 4.5%), retail sales growth slowed sharply to 0.4% YoY (Jul'26: 0.6%) due to plunging sales of automobiles and building materials. At the same time, the urban unemployment rate rose to 5.3%, while fixed-asset investment in Jan–Aug '26 fell 7.2% YoY, led by a 19.9% YoY decline in the property sector. Weak consumer sentiment and lower property activity ultimately

Bank of Japan Benchmark Interest Rate



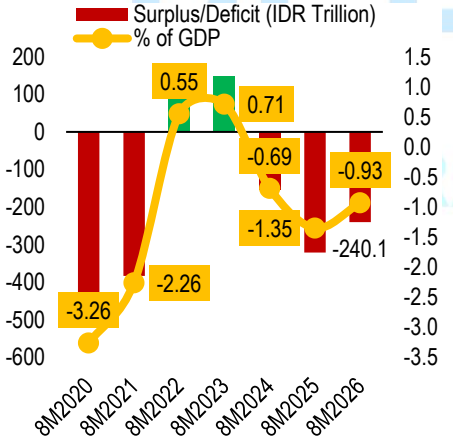
Source: Bloomberg

UK Consumer Inflation Rate



Source: Bloomberg, 2026

Indonesia State Budget as of August 2026



Source: Ministry of Finance (processed by PEFINDO)

Next Week's Economic Calendar

Date	Development Release
Sep 21	China's 1-year and 5-year Loan Prime Rates, Sep '26
Sep 23	Indonesia benchmark interest rate (BI Rate), Sep '26
Sep 24	Summit Meeting between Presidents Trump and Xi Jinping
	US current account balance, Q2 2026
	Indonesia money supply, Aug '26

restrained credit demand, as reflected in new bank yuan lending of only CNY60 billion, far below market expectations of CNY400 billion.

- **India's labor market strengthened in Aug'26 despite rising inflationary pressures.** The unemployment rate improved to 5.0%, the lowest since Feb'26, driven by lower rural unemployment and increased labor-force participation, including among female workers. Meanwhile, inflation rose to 4.82% YoY due to a surge in energy prices triggered by the Middle East conflict, pressure on the rupee, and the effects of El Niño weather on food, although the rate remained within the Reserve Bank of India's tolerance band.

Domestic Economy

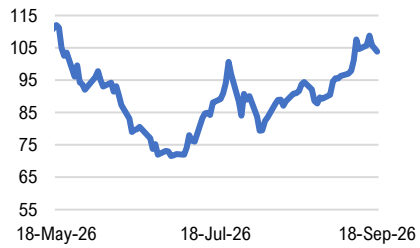
- **Suahasil Nazara was inaugurated as Minister of Finance of the Republic of Indonesia, replacing Purbaya Yudhi Sadewa.** The change in the finance minister position is viewed positively because Suahasil, who previously served as Deputy Minister of Finance, is considered experienced in fiscal administration, capable of maintaining continuity and stability in budget discipline, and able to strengthen coordination between fiscal and monetary policy.
- **The State Budget as of the end of Aug'26 recorded a deficit of IDR240.1 trillion, or 0.93% of GDP** (Jul'26: deficit of IDR235.6 trillion/0.91% of GDP; Aug'25: deficit of IDR321.3 trillion/1.35% of GDP). The narrower deficit compared with last year was supported by state revenue growth of 25.4% YoY (Aug'25: -7.8%) amid slower state expenditure growth of 17.1% YoY (Aug'25: 1.5%). Under these conditions, budget financing reached IDR473.5 trillion (Jul'26: IDR417.9 trillion), with net debt financing of IDR506.0 trillion, or 60.8% of the State Budget target (Aug'25: IDR464.6 trillion). Government financing, at around twice the size of the deficit, was undertaken as a precautionary measure to maintain adequate government liquidity.
- **Indonesia's external debt in Jul'26 was reported to have accelerated by 4.9% YoY (Jun'26: 4.4%) to USD454.8 billion.** The increase was driven by government external debt growth, which accelerated to 3.2% YoY (Jun'26: 2.9%), while private external debt contracted more deeply by -1.2% YoY (Jun'26: -0.1%). The rise in government external debt resulted from inflows into international government securities (SBN), while the private-sector contraction was caused by a deeper decline in external debt in non-financial service sectors. Overall, Indonesia's external debt stood at 30.7% of GDP (Jun'26: 30.6%) and was dominated by long-term maturities.

This Week's Highlights

The still-escalating conflict in the Middle East will continue to influence market movements as major central banks raise interest rates to curb inflation, while calls to slow advances in AI could affect sectors that have supported global equity markets, credit issuance, and commodity prices. The meeting between US President Donald Trump and Chinese President Xi Jinping will also be in focus next week. On the monetary front, the central banks of Sweden, Switzerland, Norway, China, and Indonesia will hold policy meetings. Economic data releases from major economies will be limited, including inflation and unemployment in Singapore, the trade balance in Thailand, and money-supply developments in Indonesia.

Spotlight on Commodity Price Trends (as of September 18, 2026)

Brent Crude Oil (USD/Barrel)

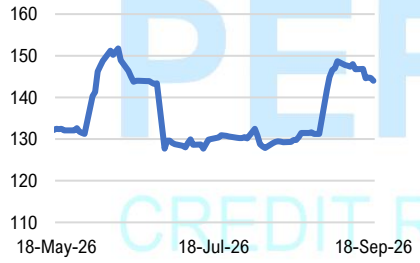


Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
103.87	-0.71	14.12	54.02	70.70

Gold (USD/troy oz)

Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4.378.63	0.68	1.02	20.15	1.37

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
144.00	-1.87	10.98	39.33	33.95

Oil and Coal Slip While Gold and CPO Gain as Inflation Fears Ease.

- **Brent crude fell 0.71% over the past week** and closed at USD104.87 per barrel on Friday (Sept 18). It had earlier surged close to a nearly four-month high at the start of the week, after oil loadings at Yanbu, Saudi Arabia, were halted. The decline was triggered by a diplomatic signal, as China, at Riyadh's request, asked Iran to limit Houthi attacks on Saudi oil infrastructure. Even so, market sentiment remained cautious. The Strait of Hormuz is still almost cut off, the Saudi East-West pipeline is damaged with repair timing unclear, and US-Iran peace talks have not resumed since the June agreement collapsed. US refinery capacity constraints also pushed diesel to a record USD6.45 per gallon. JPMorgan even admitted it has no clear baseline view, leaving the price outlook shrouded in uncertainty.
- **Spot gold rose 0.68% over the past week** and stood at around USD4,378.11 per ounce on Friday (Sept 18). That is its highest level since September 11 and its first weekly gain in four weeks. A 1.2% daily jump was driven by Brent falling for a third straight session, which eased inflation concerns and led investors to rush to close short positions, even though the Fed raised interest rates to 3.75%-4% and the odds of another hike in October are about 55%. Sentiment remained cautious. The US dollar strengthened to its highest level in more than seven weeks, gold demand in India was sluggish, and the risk of a Middle East supply shock has not gone away. On the other hand, gold premiums in China were stable, supported by investment demand.
- **Coal prices fell 1.87% over the past week,** with pressure continuing in Friday's (Sept 18) trading. Market sentiment leaned negative. The main pressure came from India, where coal-fired power generation did not grow between the first half of 2024 and the first half of 2026. This is the first two-year period in more than 50 years without growth, as non-fossil generation posted its largest growth in history. Even so, India continues to invest in new coal-fired power plants and coking coal. On the supply side, China's August output fell 7.7% year on year to 361.82 million tons following tighter mine safety enforcement after deadly accidents, which acted as a support for prices.
- **CPO prices rose 1.74% over the past week**, although they came under pressure in Friday's (Sept 18) trading. Short-term sentiment leaned negative as competing vegetable oil prices weakened. Crude oil, down for three consecutive days, reduced CPO's appeal as a biodiesel feedstock, while a stronger ringgit made prices more expensive for foreign buyers. The market is also awaiting clarity on India's possible import tariff cut. On the other hand, the projected 12-15% plunge in Kalimantan palm oil output in Q4 2026, due to dry weather and fires, acted as a support.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	2.91	2.86	4.90	-0.92	-21.00	Crude Palm Oil (MYR/Ton)	4,898.00	1.74	0.78	10.44	20.94
Nickel (USD/MT)	16,069.97	-1.79	-3.70	1.43	-5.46	Rubber (USD/Kg)	236.80	-2.63	5.34	38.80	31.63
Copper (USD/MT)	14,521.50	1.98	3.83	46.09	16.89	Wheat (cents/bu)	714.25	1.03	7.49	36.24	40.88
Aluminum (USD/MT)	3,288.50	1.09	2.11	22.50	9.78	Corn (cents/bu)	527.50	3.38	13.87	24.48	19.82
Iron Ore (USD/MT)	96.60	-0.30	-0.20	-8.15	-9.58	Sugar (c/lb)	17.36	-4.35	-0.63	12.87	15.66

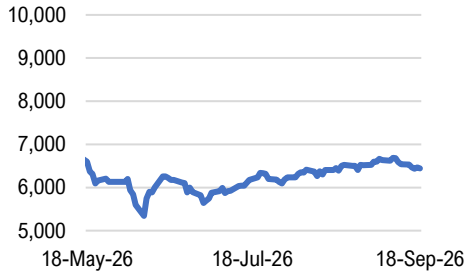
Interest rate hikes are weighing on the stock market, strengthening the US dollar, and pressuring the rupiah exchange rate, alongside lingering uncertainty regarding the direction of Bank Indonesia's policy.

- **Wall Street closed mixed over the past week**: the S&P 500 fell 0.08%, the Nasdaq Composite rose 0.72%, and the Dow Jones dropped 1.69%, its deepest weekly decline since March. The week was marked by uncertainty ahead of the Fed's decision, amid August consumer inflation data that came in hotter-than-expected. The Fed ultimately raised interest rates by 25 bps to 3.75%-4% on Wednesday (Sept 16) and signaled further hikes. The odds of an October hike rose to 55.4% from 42.5% a week earlier. Inflation worries kept hanging over the market as oil prices stayed above USD100 per barrel, diesel hit a record, and the benchmark Treasury yield broke above 5%. Semiconductor stocks supported the Nasdaq, while broader weakness weighed on the Dow. On Friday, investors

played it safe ahead of the weekend, even though China's signal about the Houthis briefly weighed on oil prices. Market sentiment remained cautious.

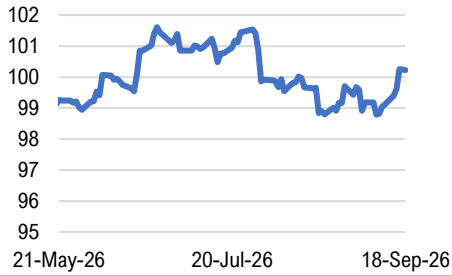
- **The ICI fell 1.53% over the past week** and closed at 6,441 on Friday (Sept 18), down 0.33% or 21 points from the previous day. It had briefly climbed to 6,521 before reversing to 6,419, then trimmed part of its losses toward the close. Domestically, investors are watching foreign capital flows, which are still in the net outflow of IDR70.7 trillion so far in 2026, although they turned to a net inflow of IDR8.9 trillion in Q3. Fiscal sentiment is relatively stable, with the state budget deficit through August at 0.93% of GDP and a primary balance surplus. Global sentiment remained cautious as the Fed and the Bank of Japan both raised interest rates, the odds of an October Fed hike stand at 55.4%, and the risk of a carry trade unwind could trigger outflows from emerging markets. The nearest support is the psychological 6,400 area.
- **The U.S. dollar strengthened amid the prospect of tighter Federal Reserve policy.** The U.S. Dollar Index (DXY) rose 1.11% WoW to 100.22 on Sept. 18, 2026. The increase followed a Federal Reserve (Fed) rate hike and signals of at least one additional increase this year. Fed Chair Kevin Warsh reiterated the central bank's commitment to bringing inflation under control.
- **The rupiah weakened every week, although pressure eased toward the end of the week.** USD/IDR rose 0.83% WoW to IDR17,758 per U.S. dollar on Sept. 18, 2026. Uncertainty over Bank Indonesia's (BI) policy direction weighed on sentiment, as BI needs to maintain the interest rate differential with the U.S. while supporting rupiah stability and economic growth. Lower oil prices helped ease pressure by reducing concerns over imported inflation.

Indonesian Composite Index (ICI)



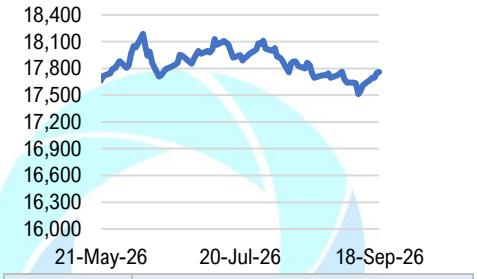
Closing	(% Change)			
	WoW	MoM	YoY	YTD
6,441.16	-1.53	-0.13	-19.57	-25.51

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
100.22	1.11	0.57	2.95	1.93

Rupiah Exchange Rate (USD/IDR)



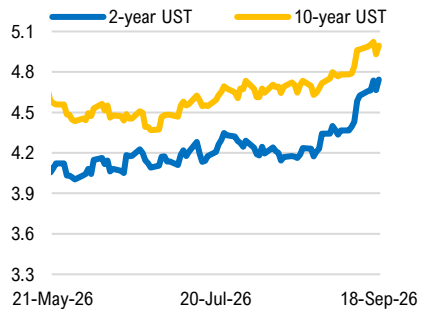
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,758	0.83	-0.58	7.45	6.46

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P 500 (US)	7,650.50	-0.08	-0.54	15.36	11.76	Euro (EUR/USD)	1.15	-0.97	-0.78	-2.56	-2.21
Dow Jones (US)	51,682.64	-1.69	-3.11	12.01	7.53	Canadian Dollar (USD/CAD)	1.40	0.84	0.64	1.38	1.92
Nasdaq (US)	26,522.54	0.72	0.89	18.03	14.11	Pound sterling (GBP/USD)	1.34	-0.95	-1.01	-1.18	-0.59
Euro Stoxx 50 (Eurozone)	6,236.20	-1.41	-3.59	14.29	7.68	Japanese Yen (USD/JPY)	156.88	2.13	-1.71	6.00	0.11
FTSE 100 (UK)	10,659.13	0.08	-0.64	15.51	7.33	Chinese Yuan (USD/CNY)	6.70	-0.17	-0.71	-5.85	-4.19
Nikkei 225 (Japan)	65,018.95	1.57	-3.62	43.52	29.16	Singapore Dollar (USD/SGD)	1.28	0.72	-0.16	-0.46	-0.72
Shanghai (China)	3,911.87	0.61	-1.97	2.09	-1.44	Malaysian Ringgit (USD/MYR)	4.08	0.28	0.55	-2.75	0.53
Hang Seng (Hong Kong)	24,750.78	-0.22	-2.83	-6.76	-3.43	Thailand Baht (USD/THB)	33.32	0.82	0.68	4.42	5.80

Key Data Developments in Global and National Bond Markets

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

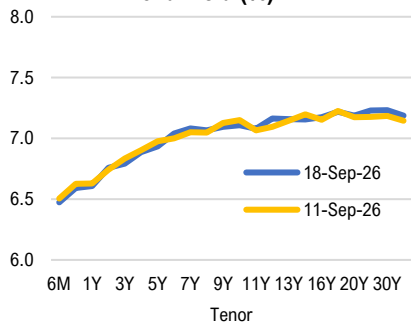


Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.743	12	57	118	127
5Y: 4.856	7	49	119	113
10Y: 4.996	3	29	89	83

Global monetary tightening kept yields elevated, while Indonesian bonds strengthened amid improving credit risk and mixed foreign flows.

- **Global markets remained under pressure from monetary tightening and energy-related inflation risks.** The Bank of Japan (BOJ) raised its policy rate to 1.25%, the highest level in 31 years, but the yen weakened 1% to 157.54 per U.S. dollar and fell 2.6% for the week. Four G10 central banks raised interest rates in September, while the Federal Reserve (Fed), European Central Bank (ECB), and Bank of England (BoE) maintained hawkish tones. Brent declined 2.8% to USD101.92 per barrel, while the 10-year U.S. Treasury yield stood at 4.93% after briefly exceeding 5%, its highest level since 2007.
- **Expectations for higher interest rates continued to pressure the U.S. Treasury market.** The 2-year yield rose 12 bps to 4.743%, while the 5-year yield increased 7 bps to 4.856%. The 10-year yield rose 3 bps to 4.996% and briefly exceeded 5.04% ahead of the Federal Open Market Committee (FOMC) decision, its highest level since 2007. The Federal Reserve (Fed) raised the federal funds rate by 25 bps to a range of 3.75%–4.00% and signaled at least one additional increase this year. Fed Chair Kevin Warsh reiterated the central bank's commitment to controlling inflation. Oil price volatility and geopolitical tensions in the Middle East also kept yields under upward pressure.

Weekly Development of Government Bond Yield (%)

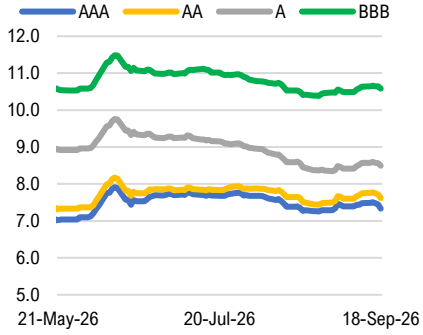


Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 6.802	-7	-1	180	181
5Y: 7.002	-3	0	164	145
10Y: 7.122	-3	-4	85	105

5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
82.01	-0.90	-3.29	16.47	19.10

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

- **Interest rate volatility remained low even as markets expected elevated yields to persist longer.** Three-month options on the 10-year U.S. Treasury rate implied annualized volatility of about 79.5 bps, well below 134 bps in October 2023. The yield increase was attributed more to the strong U.S. economic outlook than to concerns about bond demand. Corporate earnings growth is expected at 25%–26% over the next two quarters, with margins of about 17%, while credit spreads remain tight.
- **Foreign holdings of U.S. Treasury securities declined for a second consecutive month in July 2026.** Total holdings fell to USD9.248 trillion from USD9.298 trillion in June but remained 1.5% higher YoY. Japan reduced its holdings by 1.1% to USD1.104 trillion, while China's holdings fell 2.4% to USD618 billion, the lowest level since September 2008 and down more than 11% YoY. By contrast, U.K. holdings rose 6.2% to USD998.3 billion. U.S. Treasury securities recorded an outflow of USD3.6 billion, reversing a USD6.2 billion inflow in June, while total net capital inflows into the U.S. declined to USD83.7 billion from USD135.5 billion.
- **German Bund yields moved in different directions as markets pared expectations for further European Central Bank (ECB) tightening.** The 10-year yield fell about 2 bps over the week to 3.49% after reaching 3.5723%, its highest level since June 2009. The 2-year yield rose about 5 bps to 3.23%. Markets expect the ECB deposit rate to rise from 2.50% to 2.86% by December 2026, but the projection for November 2027 fell to 3.39% from 3.55% at the start of the week.
- **Foreign investment in Canadian securities slowed in July 2026, although demand for federal government bonds remained strong.** Foreign investors increased their holdings by CAD20.7 billion, down from CAD41.25 billion in June and below the CAD28.64 billion estimate. Purchases of federal government bonds reached CAD22.7 billion and purchases of Canadian equities totaled CAD7.2 billion, while money market instruments recorded CAD11.9 billion in sales. Cumulatively, from January through July, purchases of federal government bonds reached a record CAD104.0 billion, up from CAD13.8 billion a year earlier, lifting the foreign ownership share to 46.5% from 40.2%. Canadian investors also sold CAD30.6 billion of foreign securities, bringing net international fund flows into Canada to CAD51.3 billion.
- **Foreign inflows returned to Asian bonds, although Indonesia continued to record net outflows.** Foreign investors posted net purchases of USD311 million in August 2026, the first net inflow since May. India and Malaysia recorded inflows of USD773 million and USD721 million, respectively, while South Korea, Indonesia, and Thailand posted outflows of USD447 million, USD400 million, and USD337 million. Demand was supported by expectations for more accommodative Federal Reserve policy and the yield appeal of emerging markets.
- **The Indonesian government bond market strengthened despite a decline in foreign holdings.** The 2-year yield fell 7 bps to 6.802%. The 5-year and 10-year yields declined 3 bps each to 7.002% and 7.122%, respectively. Foreign holdings fell from 920.26 on Sept. 11 to 906.47 on Sept. 17, 2026. Credit risk also improved, as reflected in Indonesia's 5-year CDS, which declined 0.90% WoW to 82.01.
- **The government repaid Bank Indonesia Liquidity Assistance (BLBI) securities without issuing new debt.** The government completed the repayment in August 2026 using an IDR55 trillion Bank Indonesia (BI) surplus from its audited 2025 financial statements, which was required to be transferred to the state treasury. The transfer lifted Separated State Assets (KND) revenue to IDR58 trillion. The BLBI settlement followed the July 2020 repayment of recapitalization bonds tied to the 1997–1998 crisis, eliminating the government's remaining BLBI principal and interest obligations.
- **The government maintained fiscal discipline despite calls from the House of Representatives for greater flexibility in the deficit ceiling.** Deputy Finance Minister Juda Agung reiterated that the State Budget (APBN) deficit would be kept below 3% of GDP to preserve fiscal credibility. Commission XI of the House of Representatives proposed reviewing the ceiling to provide greater room for fiscal stimulus. Fiscal risks remain elevated, as interest costs of IDR650 trillion are equivalent to about 74% of IDR870 trillion in new debt, up from previous ratios of 60% and 66%, while the government revenue ratio remains weak.
- **Pension fund allocations to Bank Indonesia Rupiah Securities (SRBI) increased, supported by attractive yields and a favorable risk profile.** Investments in SRBI reached

IDR18.52 trillion as of July 2026, up 132.76% year on year. Pension funds' return on investment increased to 0.95% from 0.02% in June. The Financial Services Authority (OJK) said there remained room for higher allocations, subject to diversification and alignment with liability profiles. Pension funds have also begun investing in gold ETFs, including through Muamalat Financial Institution Pension Fund (DPLK).

- **Foreign capital flows into Indonesia remained positive, with SRBI attracting the largest share.** Net inflows reached IDR141.6 trillion through Sept. 11, 2026, comprising IDR171.6 trillion into Bank Indonesia Rupiah Securities (SRBI) and IDR40.8 trillion into government securities (SBN), while equities recorded IDR70.7 trillion in outflows. In the third quarter of 2026, equities began recording inflows of about IDR2.9 trillion. The 10-year SBN yield stood at 7.17%, while the rupiah was at IDR17,691 per U.S. dollar.
- **The government approved a long-term repayment scheme for Whoosh debt and plans to change KCIC's ownership structure.** Installments are planned at about IDR1 trillion per year over 80 years, while 60% of KCIC shares will be transferred from the state-owned enterprise consortium to the Ministry of Finance and 40% will remain owned by Beijing Yawan HSR Co. Ltd. Due diligence and share valuation are still underway. Luhut Binsar Pandjaitan and NDRC Chairman Zheng Shanjie discussed the scheme in Beijing on Sept. 18, 2026, with the Chinese side reportedly not opposing the proposed repayment mechanism.
- **PEFINDO downgraded PT Adhi Karya Tbk (ADHI) to selective default after the company failed to pay a bond coupon.** ADHI's corporate rating was lowered to $_{id}$SD and its Shelf-Registered Bond III rating to $_{id}$D on Sept. 18, 2026, after an IDR60.82 billion coupon due Aug. 24 remained unpaid through the end of the remediation period on Sept. 14. ADHI's rating was lowered in stages from $_{id}$A- in March, to $_{id}$A-/CreditWatch Negative in June, $_{id}$BB in July, $_{id}$B in August, and $_{id}$SD in September 2026.
- **Fitch Ratings downgraded PT Asuransi Bintang Tbk (ASBI) amid weakening capitalization, performance, and governance.** The National Insurer Financial Strength (IFS) Rating was lowered to BBB+$_{(idn)}$ from A-$_{(idn)}$ and placed on Rating Watch Negative (RWN). Suspected fraud of about IDR54 billion was equivalent to 12% of equity at the end of 2025. The risk-based capital (RBC) ratio declined to 141% in July 2026 from 162%, while equity fell to about IDR403 billion from IDR465 billion. ASBI recorded a net loss of IDR4 billion in 7M26 compared with a net profit of IDR16 billion in 2025, while more than 60% of investment assets at end-2025 consisted of land and buildings.
- **Fitch Ratings affirmed Indonesia Investment Authority's (INA) ratings, reflecting continued strong government support.** Its Long-Term Foreign- and Local-Currency ratings remained at BBB/Outlook, its Short-Term rating at F2, and its National ratings at AAA$_{(idn)}$/Outlook and F1+$_{(idn)}$. The government support score was 45 out of 60. Revenue increased to IDR8.5 trillion in 2025 from IDR5.9 trillion, while net profit rose to IDR7.4 trillion from IDR5.4 trillion. Dividends from Bank Mandiri and Bank Rakyat Indonesia reached IDR4.6 trillion, or 55% of revenue. INA and its partners invested IDR15.7 trillion in 2025, while the Negative Outlook reflects Indonesia's sovereign Outlook.
- **PT Indonesia Infrastructure Finance (IIF) expanded its access to green financing through the Green Climate Fund (GCF).** Its Accredited Entity status, effective July 1, 2026, allows IIF to apply for up to USD250 million per proposal for loans or guarantees and USD50 million for equity investments. As of August 2026, IIF had booked nine new financing transactions totaling IDR3.2 trillion. Liquidity was also supported by a USD30 million loan, a IDR500 billion Term Loan & Treasury Line, and IDR220 billion in perpetual bonds.

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	85,000.00	101.60	6.94	23,182,251
FR0109	5.88	03/15/31	5,000.00	96.02	6.92	19,248,198
PBS030	5.88	07/15/28	50.00	99.75	6.78	14,939,717
PBS040	5.00	11/15/30	500.00	94.10	6.95	13,685,332
FR0102	6.88	07/15/54	10,000.00	96.00	7.23	11,739,027

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Sukuk Mudharabah IV Pegadaian Phase II Year 2026 Series A	idAAA(sy)/ AAA(idn)(sy)	7.30	09/18/27	750	100.00	7.09	1,505,750
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	20,000	100.75	6.63	1,426,820
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	10,000	111.14	6.67	1,380,460
Shelf Registration Bond II Provident Investasi Bersama Phase III Year 2024 Series B	idA	9.75	09/18/27	50,000	100.92	7.92	1,053,380
Shelf Registration Bond I Pindo Deli Pulp and Paper Mills Phase II Year 2025 Series C	idA+/ irAA-	10.50	04/30/30	50,000	108.50	6.83	885,000

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 14-18 September 2026, domestic sectoral sentiment was shaped primarily by prevailing challenges across industries, business strategies adopted by market participants, and evolving policy directions.

Industries	Sentiment & Significance	News Highlights
Automotive	🟢🟢	**Outlook for the Automotive Components Industry Supported by EV Growth.** The rapid adoption of electric vehicles (EVs) in Indonesia is creating growth opportunities for the domestic automotive components industry. This is reflected in various expansion initiatives undertaken by industry players to manufacture EV components for a number of global automotive producers. In addition to rising demand for electric vehicles, the government's policy requiring a gradual increase in the Domestic Component Level (TKDN) is also expected to drive demand for locally produced components, particularly battery housings, aluminum body components, and thermal management systems. Despite the positive outlook, the industry continues to face challenges, including substantial investment and technological requirements, compliance with global quality standards, and competition from imported products.
Banking	🔴🔴	**Banks Become More Cautious Entering the Third Quarter.** The results of the OJK Banking Business Orientation Survey (SBPO) show that the Banking Business Orientation Index (IBP) declined to 56 in the third quarter, down from 59 in the second quarter and 65 in the fourth quarter of 2025. This increased caution among banks is primarily driven by deteriorating expectations for macroeconomic conditions amid high interest rates, global uncertainty, and potential inflationary pressures resulting from rising energy prices and production costs. Nevertheless, risk perceptions and the outlook for the banking industry's performance remain relatively strong, supported by solid credit growth and maintained asset quality. Several major banks also remain optimistic about credit growth through the end of the year, although net interest margins (NIMs) are expected to come under pressure due to high funding costs and intense competition for deposit gathering. These conditions indicate that the banking sector continues to have a sufficiently strong foundation, but will become more selective in maintaining liquidity, credit quality, and profitability amid increasing economic challenges.
Construction	🔴🔴🔴	**Rising Costs and Liquidity Pressures Weigh on the Construction Industry.** The national construction industry is facing dual pressures from rising fuel prices, material costs, and logistics expenses, which are increasing operating burdens and compressing contractors' margins. In addition, delays in VAT refunds have further deteriorated cash flow conditions, prompting industry players to urge the government to provide price escalation adjustments or optimize contract values to ensure project continuity. Meanwhile, several state-owned construction enterprises (SOEs) are continuing efforts to improve their financial structures through large-scale debt restructuring, although liquidity pressures and the ability to generate adequate cash flow remain their primary challenges.
Insurance and Guarantee	🔴	**Insurance Industry Has Yet to Fully Capture Opportunities Arising from Government Strategic Projects.** Various government priority programs and strategic projects, including the Free Nutritious Meals (MBG) Program, the development of supporting infrastructure, and large-scale energy projects, in fact, present significant risk protection opportunities for the insurance sector. However, the substantial project values, the complexity of risks, limited domestic underwriting capacity, and profitability challenges have prevented these opportunities from being utilized optimally. The Financial Services Authority (OJK) views the strengthening of industry capacity through consortium schemes and reinsurance support as key to enabling national insurance companies to participate more extensively in strategic projects.
Metal and Gold	🟢🟢🟢	**Global Steel Prices Strengthen, Outlook for Steel Issuers Remains Positive.** The increase in global steel prices has provided positive sentiment for the outlook of domestic steel issuers through 2027, supported by the strengthening prices of steel and hot rolled coil (HRC) over recent months. This development is reflected in the improved performance of several steel producers, with Krakatau

Industries	Sentiment & Significance	News Highlights
		Steel (KRAS) and Gunung Raja Paksi (GGRP) successfully turning losses into profits in the first half of 2026. Going forward, the outlook for the steel sector will be influenced by domestic demand, policies aimed at protecting the domestic market, as well as production dynamics and the potential for oversupply from China. With continued support from strong prices and conducive industrial policies, the steel sector could maintain its recovery momentum over the medium term.
Mining	●●●	**RKAB Restrictions and Operational Challenges Weigh on Coal Production.** National coal production in 2026 is expected to decline compared with 2025, in line with production control policies implemented through the Work Plan and Budget (RKAB) mechanism, as well as various operational constraints in the field. The Ministry of Energy and Mineral Resources (ESDM) estimates that this year's production will range between 720-722 million tons, lower than the 817 million tons recorded in 2025. In addition to production quota restrictions, industry players are also facing logistical challenges, particularly declining river water levels in Kalimantan due to the dry season, which has disrupted coal transportation. The industry believes that production realization through the end of the year will depend heavily on operational conditions, weather patterns, supply chain effectiveness, and the dynamics of both domestic and export market demand.
Multifinance	○	**Vehicle Financing Remains Weak as Multifinance Firms Drive Financing Innovation.** Although national car sales have continued to post positive growth throughout 2026, financing performance for four-wheeled vehicles by multifinance companies has yet to fully recover, with financing outstandings declining 2.43% yoy as of July 2026. To sustain business growth, industry players have begun introducing various innovations, including a 50:50 financing scheme that allows consumers to pay a substantial portion of a vehicle's purchase price upfront and settle the remaining balance at the end of the financing tenor. This initiative is expected to help revive growth in vehicle financing alongside improving demand in the automotive sector.
Oil and Gas	●●●	**Surging Oil Prices Risk Increasing the Energy Subsidy Burden.** The rise in global oil prices, which has exceeded the USD100 per barrel level, increases the risk of pressure on the State Budget (APBN) through a surge in energy subsidy requirements and government compensation. The widening gap between global oil prices and the assumed Indonesian Crude Price (ICP) could potentially increase the fiscal burden by tens of trillions, or even more than IDR100 trillion, particularly if elevated prices persist for a longer period. This risk is further amplified by the potential increase in subsidized fuel and 3 kg LPG consumption as households shift their consumption toward energy products that receive government subsidies.
Plantation and Agriculture	●●	**Compliance with the EUDR Becomes a New Challenge for the National Palm Oil Industry.** Ahead of the full implementation of the European Union Deforestation Regulation (EUDR) at the end of 2026, stakeholders in the palm oil industry have highlighted the growing presence of Palm Oil Mills (PKS) without plantations and inadequately regulated loading ramps as risks to the transparency and sustainability of the national supply chain. In addition to potentially affecting the sustainability credentials and reputation of Indonesian palm oil in global markets, these conditions are also raising concerns about the possibility of irregular trade practices, including the sourcing of raw materials with unclear origins. Consequently, the industry is advocating for the implementation of equivalent standards and oversight across all participants in the supply chain, accompanied by the strengthening of traceability systems and improved governance. These measures are considered essential to maintaining export competitiveness while ensuring transparent, inclusive, and sustainable growth of the palm oil industry.
Power and Energy	●●	**Geothermal Development Faces Social, Environmental, and Investment Challenges.** Several geothermal projects across various regions have encountered resistance from local communities concerned about potential impacts on water resources, living spaces, and cultural heritage areas. The government and industry stakeholders believe that community engagement from the early stages, information transparency, and the strengthening of environmental aspects are important factors in increasing public acceptance of such projects. At the same time, high development costs and exploration risks mean that the industry requires greater regulatory certainty, risk mitigation schemes, and stronger investment support. Nevertheless, geothermal energy continues to be regarded as a strategic component of the national energy transition, including through carbon monetization opportunities that could enhance the economic value of clean energy projects.
Property	●	**Danantara Accelerates the Completion of LRT City Projects Through New Funding Injection.** Danantara has allocated IDR456 billion in funding to continue the development of 12 LRT City projects developed by PT Adhi Commuter Properti Tbk (ADCP), including several locations where physical construction has not yet commenced. The current funding focus is to accelerate project completion and the handover of units to customers, making the option of customer refunds a lower

Industries	Sentiment & Significance	News Highlights
		priority at this stage. The government and Danantara will conduct an inventory and feasibility assessment of the projects, prioritizing locations with high sales rates and the strongest prospects for rapid completion. Of the approximately 5,400 units that have been sold, around 2,400 units have yet to be handed over to customers, making project completion the primary agenda over the coming months.
Transportation and Vehicle Rental	○	**Increase in Airline Fuel Surcharges.** The government raised the upper limit of domestic flight fuel surcharges in September 2026 in response to rising national jet fuel prices, a move that is expected to increase average airfares by approximately 8%. The policy is intended to help airlines maintain operational sustainability amid elevated cost pressures, particularly those stemming from higher fuel prices and flight operation disruptions. Although the measure may weigh on demand, industry players believe its impact on passenger volumes will be relatively limited compared with seasonal factors and the continued weakness in consumer purchasing power. These conditions suggest that the implementation of fuel surcharges serves more as a mechanism to balance operating costs than as a driver of increased airline profitability.

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

PEFINDO
CREDIT RATING AGENCY

Weekly Economic Update

Presented by the Economic Research Division of PEFINDO

pef-economic@pefindo.co.id

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Commodity and Stock Market Development	: Yollanda Nalita
Exchange Rates and Bond Market Development	: Ahmad Nasrudin
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Sectoral Highlights	: Anindita Budi Rahmayani

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