WEEKLY ECONOMIC UPDATE

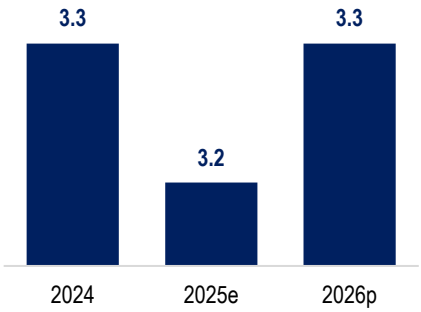
Period of January 19-23, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

Scan here for our other publications

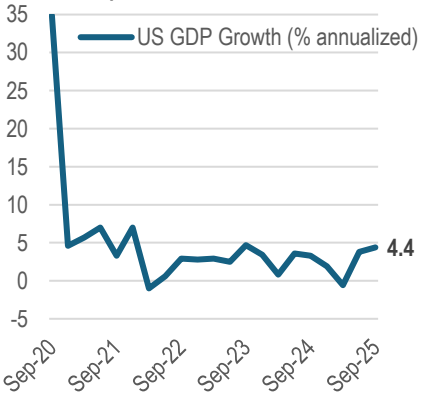
Data Highlights of the Week

Global Economic Growth Projection by IMF as of January 2026 (%)



Source: IMF, January 2026

United States Economic Growth (%, annualized)



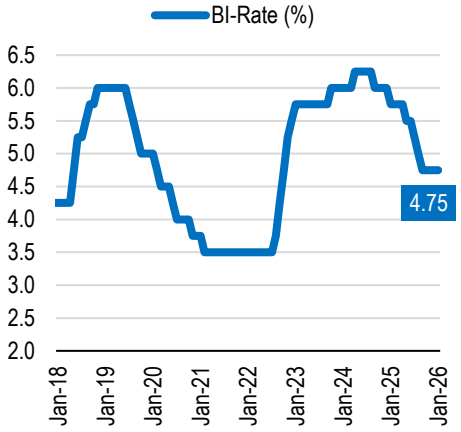
Source: Bloomberg

Geopolitical Risks Overshadow the Prospects for Global Economic Growth, while the Domestic Economy in Q4-2025 is Monitored as Solid.

Global Economic

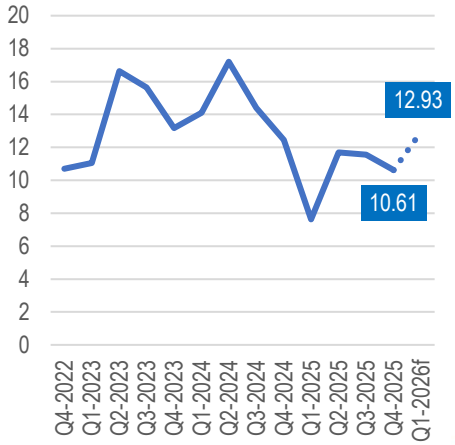
- **The International Monetary Fund (IMF) raised its 2026 global economic growth forecast to 3.3% from 3.1% and warned that significant risks are rising.** This upward correction reflects resilient, though uneven, economic activity, a strong labor market, and significant investment in new technologies, particularly artificial intelligence. However, the IMF warned that these same forces could be a source of instability. Rapid investment driven by AI, particularly in North America and Asia, is supporting growth and equity markets, but if productivity gains fail to materialize, it could trigger a sharp market correction and weaken household wealth. Trade and geopolitical risks also remain high. While the impact of past tariffs is expected to fade, new disputes or a shift toward protectionism could erode corporate profits and keep inflationary pressures high.
- **Geopolitical tensions continued to develop throughout the week, with the World Economic Forum (WEF) meeting in Davos in the spotlight.** At the event, US President Donald Trump further inflamed tensions by threatening to impose tariffs of up to 25% on European NATO allies if Denmark refused to "sell" Greenland to the US. Furthermore, Trump also threatened 100% tariffs on Canada if its trade agreement with China continues. Responding to this situation, the IMF warned that this rhetoric risks triggering an "escalation spiral" that could destabilize the global economy and trigger a sell-off in financial markets. Meanwhile, in the Middle East, tensions have reached their most dangerous level in decades, with Iran threatening all-out war against the US.
- **Several central banks held monetary policy meetings, with the main focus being the Bank of Japan (BoJ) and the People's Bank of China (PBoC), both of which remained unchanged.** The BoJ maintained its benchmark interest rate at 0.75%, the highest since September 1995. This policy, taken ahead of the midterm elections in February 1996, was supported by an 8-1 vote, as the assessment of risks to the economic outlook and prices remained generally balanced. This decision was also made after inflation in December 1995 was reported to have fallen sharply to 2.1% (2.9% in November 1995). Meanwhile, the PBoC also maintained its 1-year and 5-year loan prime rates at 3.0% and 3.5% for eight consecutive months, following previous reductions in the relending and rediscount rates. Going forward, the PBoC will continue to implement a moderately loose monetary policy in 2026 and will use instruments such as reserve requirement ratio (RRR) cuts and interest rate cuts to ensure sufficient liquidity. In addition to these two countries, the central banks of Malaysia and Norway also maintained their interest rates at 2.75% and 4%, respectively. Meanwhile, the Central Bank of Turkey cut its interest rate by 100 basis points to 37%.
- **The US released several key data points on strong economic conditions.** The advance estimate for Q3-2025 GDP was revised upward to 4.4% (annualized) (early estimate: 4.3%), marking the strongest GDP growth since Q3-2023. The correction occurred due to stronger exports, fewer inventory constraints, stable consumer spending, and higher government spending. Furthermore, PCE inflation in Nov'25 was also reported to have risen 0.2% MoM (Oct'25: 0.2%) to 2.8% YoY (Oct'25: 2.7%). Core PCE inflation also increased 0.2% MoM to 2.8% YoY (Oct 2025: 2.7%).
- **The Eurozone and the UK reported quite contrasting inflation figures for December 2025.** Eurozone consumer inflation slowed to 1.9% (Nov'25: 2.1%; initial estimate: 2.0%), falling below the ECB's target for the first time since May'25. Core inflation also eased to 2.3% YoY, a four-month low. This reinforced expectations that interest rates would remain unchanged for some time. Meanwhile, in the UK, inflation rose to 3.4% YoY (Nov'25: 3.2%), with core inflation remaining at 3.2% YoY. Acceleration later this year could complicate the Bank of England's efforts to reduce inflation to 2%.
- **The UK labor market reported a steady unemployment rate of 5.1% in Sep-Nov'25, with average weekly wages slowing to only 4.5% YoY to GBP689 per week** (previously: 4.6%). This unemployment rate was the highest since Mar'21, while average wage growth was the weakest since Feb-Apr'22. Real wages rose 0.6%, unchanged for the second consecutive quarter.

Indonesia's Benchmark Interest Rate



Source: Bank Indonesia

Business Activity Survey (%)



Source: Bank Indonesia

Upcoming Week Economic Calendar

Date	Development Releases
Jan 28	Bank of Japan meeting minutes Dec'25
	Bank of Canada Benchmark Interest Rate
Jan 29	Fed Fund Rate Jan'25
	Policy Statement by the Monetary Authority of Singapore
	US Initial Jobless Claims Jan-24, 2026
Jan 30	Japan Unemployment Rate
	Initial Estimates of Euro Zone Q4-2025 GDP
Jan 31	China NBS Composite PMI Jan'26

- **China's economy grew 4.5% YoY in Q4-2025 (4.8% in Q3-2025), the weakest growth in three years**. This latest result comes as retail sales in Dec'25 grew at their slowest pace in three years, weighed down by a prolonged property market downturn and deflationary pressures despite continued consumer subsidies. Meanwhile, the unemployment rate stood at 5.1% for the third consecutive month, while industrial output growth accelerated. Nevertheless, full-year growth reached 5%, in line with the government's target and unchanged from 2024, supported by an all-time high trade surplus as strong exports to non-US markets helped offset tariff pressures and weaker fixed investment. However, the growth outlook for 2026 remains clouded by rising protectionism and unpredictable US policy.

Domestic Economy

- **The IMF estimates that Indonesia's economy will grow by 5.1% in 2026, following 5.0% growth in 2025**. This growth is strong amidst external pressures, supported by maintained macroeconomic stability, controlled inflation, a solid policy framework, and a commitment to inclusive growth and sustainable development amid external pressures from global risks that require vigilance. The IMF recommends the implementation of data-driven monetary and exchange rate policies to maintain stability, the gradual normalization of loose macroprudential policies as credit recovers, and the acceleration of structural reforms to strengthen governance, trade integration, and the investment climate for sustainable long-term growth in support of the Golden Indonesia 2045 vision.
- **Bank Indonesia (BI) maintained its benchmark interest rate at 4.75% for the fourth consecutive month**, in line with expectations. This policy was taken to limit further exchange rate depreciation amid heightened global uncertainty. Furthermore, concerns remain over the transmission of monetary policy easing, which needs to be further encouraged, despite bank lending growth of 9.69% year-on-year in 2025 (within the 8-11% forecast range). Bank Indonesia (BI) estimates that inflation in 2026 will remain within the target range of 2.5% ± 1%, supported by a stable rupiah and ongoing measures to maintain economic growth. BI maintains its GDP growth forecast at 4.7%–5.5% for 2025 and 4.9%–5.7% for 2026. BI still has room to continue cutting interest rates, with inflation expected to remain low this year.
- **Economic liquidity, or broad money supply (M2), accelerated by 9.6% YoY in Dec'25 (8.3% in Nov'25), reaching IDR10,133.1 trillion**. This realization was supported by growth in narrow money (M1) of 14.0% YoY and quasi-money of 5.5% YoY. The increase in the money supply was influenced by growth in net receivables to the Central Government of 13.6% YoY (Nov'25: 8.7%) and accelerated credit distribution of 9.69% YoY (Nov'25: 7.9%). Meanwhile, net foreign assets grew slightly slower at 8.9% YoY (Nov'25: 9.7%).
- **The Business Activity Survey (SKDU) indicates that business activity performance in Q4-2025 remained positive, albeit relatively slowing to 10.61%** (Q3-2025: 11.55%). Most business sectors remained positive, in line with increased activity during the Christmas and New Year religious holidays, which boosted domestic demand. Average production capacity utilization in Q4-2025 remained at 73.15%, with the highest utilization rate in the electricity supply sector (80.82%) and the lowest in mining and quarrying (68.77%). In Q1-2026, the SKDU is expected to increase to 12.93%, particularly in several business sectors, in line with increased demand during Ramadan and Eid al-Fitr 1447 H.
- **Bank Indonesia's Prompt Manufacturing Index (PMI-BI) in Q4-2025 was reported to be in an expansionary phase, rising to 51.86%** (Q3-2025: 51.66%). This increase was driven by expansion in most components: Production Volume, Finished Goods Inventory Volume, and Total Order Volume, with most sub-sectors experiencing expansion. In Q1-2026, the manufacturing industry is expected to continue improving and enter an expansion phase of 53.17%.

Week Ahead Highlights

The last week of January will bring several important developments for the global economy. The Federal Reserve and the Bank of Canada will hold their first meetings of the year. US Finance Minister Scott Bessent also stated that Jerome Powell's successor could be announced as early as next week. Furthermore, Canada and the Eurozone will release their preliminary GDP estimates. In Asia, the release of the Bank of Japan's Dec'25 Meeting Minutes will be eagerly awaited following the interest rate decision to 0.75%. Japan's

unemployment rate data will also be released next week. Meanwhile, China will release its first PMI data for the year, which is expected to show a slight improvement. GDP data will also be released by the Philippines and Taiwan, while the Monetary Authority of Singapore will guide its monetary policy.

Spotlight on Commodity Price Trends (as of January 23, 2026)

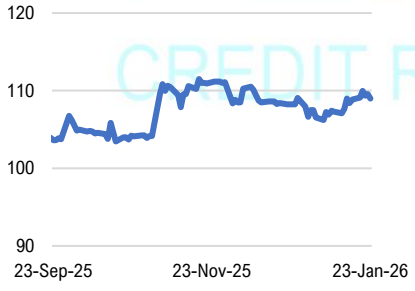
Brent Crude Oil (USD/Barrel)

Closing (USD/Brl)	(% Change)			
	WoW	MoM	YoY	YTD
65.88	2.73	5.61	-15.85	8.27

Gold (USD/troy oz)

Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,987.49	8.52	11.22	81.04	15.47

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
109.00	0.14	0.69	-6.44	1.40

Commodity prices strengthened, driven by geopolitical risks and supply disruptions.

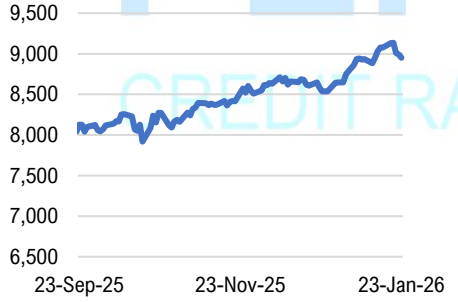
- Brent crude oil prices rose by around 2.73% over the past week and closed at a more-than-one-week high of around USD65.88 per barrel, driven by rising geopolitical risk premiums and supply disruptions. The main sentiment stemmed from U.S. President Donald Trump's move to intensify pressure on Iran by deploying military assets to the Middle East and imposing new sanctions on Iranian oil tankers and shipping companies. Given that Iran produces around 3.2 million barrels per day and is a key supplier to China, this escalation has heightened concerns over potential supply disruptions in a strategically important region. On the fundamental side, the rally was also reinforced by the shutdown of production at Kazakhstan's giant Tengiz oil field following a fire, which could cut national output by around 700–800 thousand barrels per day from normal levels. The combination of geopolitical risks and reduced physical supply supported the weekly strengthening of Brent prices.
- Gold prices surged sharply by around 8.52% over the past week and approached the psychological record level of USD5,000 per ounce, reflecting a strong increase in safe-haven demand amid rising global geopolitical uncertainty. Tensions between the United States and Iran, issues related to Greenland involving NATO, and concerns over the independence of the Federal Reserve strengthened investors' appetite to shift portfolios into gold as a hedge. On the monetary side, expectations of Federal Reserve rate cuts in the second half of 2026 further enhanced the appeal of the precious metal, as gold typically performs well in a low-interest-rate environment. Buying interest was also driven by gold's role as a strategic diversification instrument amid financial market volatility and global tariff risks. The combination of geopolitical sentiment, prospects of monetary easing, and central bank demand has made the gold rally broad-based and sustainable, although short-term corrections remain possible due to profit-taking.
- Crude palm oil (CPO) prices rose by around 2.53% over the past week, holding near a two-month high amid a constructive mix of demand and supply sentiment. Futures contracts on Bursa Malaysia Derivatives strengthened to around MYR4,140–4,190 per ton, supported by expectations of a double-digit percentage decline in January production and stronger biodiesel demand prospects following the United States' plan to raise the biofuel blending mandate to a total of 24.02 billion gallons in 2026. Externally, firmer prices of competing vegetable oils in Dalian and stable import demand from Asia also underpinned sentiment. Although profit-taking emerged toward the end of the week alongside an almost 1% appreciation of the ringgit, which reduced foreign buyers' purchasing power, on a weekly basis, the market continued to reflect optimism that solid export demand and biomass-based energy policies would keep CPO prices in a short-term uptrend.
- Global coal prices posted a slight increase of around 0.14% over the past week, fluctuating and closing at USD109 per ton amid a tug-of-war between supply and demand sentiment. On the positive side, the market responded to Russia's plan to raise Kuzbass coal exports to Asia to at least 60 million tons in 2026 through expanded railway quotas, reaffirming its commitment to maintaining supply to China as the main consumer. However, this was offset by demand-side pressure, particularly in China, where thermal coal prices at northern ports softened ahead of the Lunar New Year holiday due to lower buying activity from power plants, still-high inventories, and pre-holiday selling. Cold-weather forecasts briefly raised hopes of higher consumption for power generation and heating, but overall, the market remained cautious, keeping the weekly gain limited.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	5.28	70.00	19.67	33.71	43.11	Crude Palm Oil (MYR/Ton)	4,175.00	2.53	3.44	-0.36	3.09
Nickel (USD/MT)	18,613.31	6.62	18.63	13.55	12.20	Rubber (USD/Kg)	185.80	2.37	4.62	-6.59	3.28
Copper (USD/MT)	13,115.00	2.44	8.74	42.06	5.57	Wheat (cents/bu)	529.50	2.22	2.42	-4.42	4.44
Aluminium (USD/MT)	3,169.00	1.12	7.83	20.79	5.79	Corn (cents/bu)	430.50	1.35	-3.80	-12.10	-2.21
Iron Ore (USD/MT)	106.86	-2.35	-0.43	4.57	0.03	Sugar (c/lb)	14.73	-1.54	-3.09	-21.19	-1.87

Stock markets posted modest losses amid rising global uncertainty and cautious investor sentiment. The US dollar weakened due to geopolitical uncertainty, while the rupiah strengthened amid Bank Indonesia's stabilization policies.

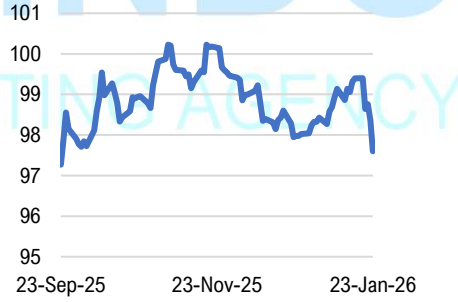
- **Wall Street posted modest losses over the past week**, with the S&P 500 down 0.35%, the Nasdaq Composite slipping 0.06%, and the Dow Jones Industrial Average falling 0.53%, amid rising volatility driven by a combination of geopolitical sentiment and the start of the earnings season. The main pressure came from the technology sector, particularly a 17% plunge in Intel shares after its revenue and profit outlook fell short of expectations, sparking concerns that the AI investment boom has entered a "show-me" phase in which earnings growth must be clearly validated. Meanwhile, mega-cap stocks such as Microsoft, Meta, Amazon, and Nvidia continued to post gains, helping to limit deeper corrections in the Nasdaq and S&P 500. Market sentiment was also influenced by geopolitical tensions related to potential U.S. tariffs on Europe and the Greenland issue, which encouraged a cautious investor stance. The energy sector, however, emerged as the best performer, supported by higher oil prices and a rotation into commodity-based stocks.
- **Over the past week, the Jakarta Composite Index (IHSG) corrected by 1.37% and closed at 8,951.01**, reflecting mounting selling pressure amid deteriorating global and domestic risk sentiment. Externally, markets were overshadowed by escalating U.S.–Greenland geopolitical tensions and threats of tariffs on Europe, prompting a shift toward safe-haven assets, as reflected in gold prices reaching record highs. On the macro front, uncertainty over the direction of Federal Reserve policy and leadership succession issues at the U.S. central bank also dampened appetite for risk assets. Domestically, the weakening of the rupiah to around IDR 16,800 per U.S. dollar, driven by concerns over a fiscal deficit approaching 3% of GDP, further weighed on sentiment, along with worries about potential foreign outflows related to changes in MSCI methodology. Pressure on conglomerate stocks and the consumer staples sector dragged the index lower, although the healthcare sector and commodity-linked stocks were relatively defensive amid rising prices of gold, oil, and nickel.
- **The US dollar index softened amid geopolitical tensions and rising hedging costs**. The US Dollar Index (DXY) closed at 97.60 on January 23, 2026, a 1.80% decline from the previous week, as trade risks escalated amid the United States government's rhetoric over Greenland and tariff threats against French products. This decline was triggered by investor diversification into the euro and the Swiss franc, as well as by increased hedging by non-US investors against dollar-denominated securities. Pressure on the US dollar intensified following commitments by European financial institutions, such as Danish pension funds, to sell US Treasury assets, reflecting a shift in market perception of the United States' sovereign credit risk amid aggressive foreign policy uncertainty.
- **The rupiah strengthened against the US dollar**. The rupiah appreciated 0.40% to IDR16,820 per USD on January 23, 2026, despite non-resident capital outflows totaling IDR5.96 trillion during the period of January 19–22, 2026, consisting of net sales of IDR2.67 trillion in the stock market, IDR1.44 trillion in Government Securities (SBN), and IDR1.85 trillion in Bank Indonesia Rupiah Securities (SRBI). Short-term pressure is expected to persist amid high US Treasury yields, geopolitical risks, and volatility in global capital flows, prompting Bank Indonesia (BI) to maintain the BI-Rate at 4.75% and to continue market interventions to stabilize the rupiah.

Jakarta Composite Index (JCI)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
8,951.01	-1.37	4.27	23.76	3.52

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
97.60	-1.80	-0.38	-9.67	-10.04

Rupiah Exchange Rate (USD/IDR)

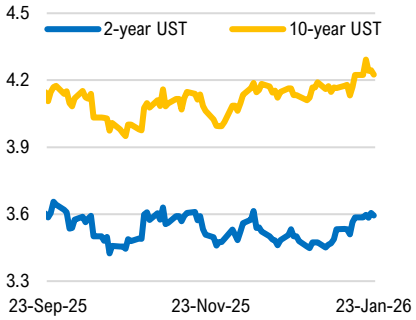
Closing	(% Change)			
	WoW	MoM	YoY	YTD
16,820	-0.40	0.33	3.29	4.26

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	6,915.61	-0.35	0.08	13.02	1.02	Euro (EUR/USD)	1.18	1.98	0.42	13.57	14.24
Dow Jones (AS)	49,098.71	-0.53	1.35	10.17	2.15	Canadian Dollar (USD/CAD)	1.37	-1.55	0.16	-4.76	-4.76
Nasdaq (AS)	23,501.24	-0.06	-0.26	17.19	1.12	Poundsterling (GBP/USD)	1.36	1.97	1.02	10.44	9.00
Euro Stoxx 50 (Zona Euro)	5,948.20	-1.35	3.46	14.00	2.71	Japanese Yen (USD/JPY)	155.70	-1.53	-0.15	-0.22	-0.95
FTSE100 (Inggris)	10,143.44	-0.90	2.57	18.43	2.14	Chinese Yuan (USD/CNY)	6.96	-0.10	-0.75	-4.43	-4.60
Nikkei225 (Jepang)	53,846.87	-0.17	6.81	34.76	6.97	Singapore Dollar (USD/SGD)	1.27	-1.26	-0.83	-6.07	-6.81
Shanghai (Tiongkok)	4,136.16	0.84	5.51	28.05	4.22	Malaysian Ringgit (USD/MYR)	4.01	-1.28	-1.01	-9.86	-10.41
Hang Seng (Hong Kong)	26,749.51	-0.36	3.78	35.78	4.37	Thailand Baht (USD/THB)	31.07	-1.23	-0.00	-8.58	-9.55

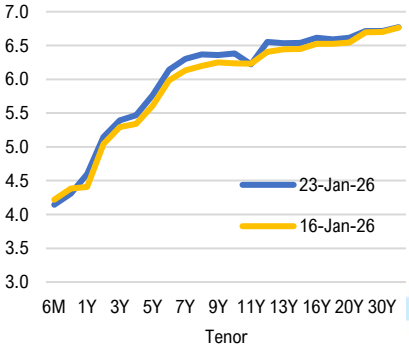
Key Data Developments in Global and National Bond Markets

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



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 3.594	1	9	-70	-65
5Y: 3.825	1	11	-63	-56
10Y: 4.225	0	9	-42	-34

Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 5.215	12	19	-168	-183
5Y: 5.787	15	16	-110	-125
10: 6.397	15	25	-68	-60

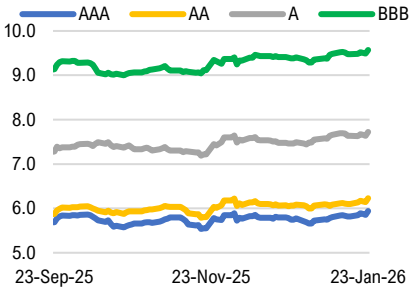
5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
73.95	4.04	6.47	-0.77	-6.26

Global bond market volatility increased amid United States fiscal risks and geopolitical tensions; domestically, the debt securities market faced selling pressure and higher risk premiums, driving yields higher.

- **US Treasury yields moved mixed**. The 2-year and 5-year yields rose by 1 basis point each to 3.594% and 3.825%, respectively, for the week ending January 23, 2026. Meanwhile, the 10-year yield remained at 4.225%. Pressure on the United States' bond market intensified amid geopolitical and fiscal risks. Tariff threats against European allies regarding the Greenland issue triggered expectations of increased European defense spending through additional bond issuances, worsening market sentiment. These conditions pushed the 10-year US Treasury yield to its highest level since August 2025, while the 30-year yield surged 13 basis points over two trading days to 4.91%. Selling pressure was also triggered by divestment plans from the Danish pension fund AkademikerPension and the re-emergence of the "Sell America" trading trend, reflecting investor anxiety over the long-term financial prospects of the United States government.
- **European pension funds accelerated divestments of United States government bonds**. The Swedish pension fund Alecta reported divesting a significant portion of its US Treasury holdings, valued at 70-80 billion Swedish krona, equivalent to USD7.7-8.8 billion. This strategic move was based on an assessment of increased sovereign risk stemming from large budget deficits, rising government debt, and reduced predictability of U.S. political policy. Alecta's divestment reinforces the "Sell America" trend among European pension fund institutions, following a similar move by Denmark's AkademikerPension, reflecting deteriorating investor confidence in the long-term fiscal stability and sovereign credit position of the United States.
- **Japanese bond market volatility pressured global debt markets**. A surge in long-term Japanese Government Bond (JGB) yields, driven by Japan's fiscal concerns and political uncertainty, could prompt up to USD130 billion in US Treasury sell-offs by risk parity funds. Japan has become a primary driver of global bond volatility, with every 10-basis-point increase in JGB yields estimated to push yields in the United States, Germany, and the United Kingdom up by 2 to 3 basis points. This contagion risk is exacerbated by worsening JGB liquidity indicators and by Japanese investors' position as the largest foreign holders of United States debt, increasing global market vulnerability to monetary and fiscal policy changes in Tokyo.
- **Asian bonds saw strong inflows of foreign capital in December 2025**. Foreign investors made net purchases totaling USD9.68 billion in the bond markets of South Korea, Thailand, Malaysia, India, and Indonesia. This was driven by improving manufacturing prospects and a move toward diversification away from equity markets. South Korea recorded the largest inflow at USD5.48 billion ahead of its inclusion in the World Government Bond Index (WGBI). Malaysia and Indonesia attracted USD2.35 billion and USD2.1 billion, respectively. Cumulatively, inflows into regional bond markets nearly offset the total capital outflows from Asian stock markets. Prudent fiscal fundamentals and expectations of monetary policy easing, as inflationary pressures subside, supported these inflows.
- **Climate risks are beginning to affect global banking and corporate funding costs.** Research from the European Central Bank (ECB) found that banks with high exposure to carbon-intensive activities face higher borrowing costs in the European repo market, with an average increase of 7% to 12% for each standard deviation increase in financed emissions. This phenomenon is reinforced by findings from the Central Bank of Ireland, which show that physical risks, such as flood threats, cause companies to pay interest 7 to 13 basis points higher and to require larger collateral. This liquidity price adjustment reflects market mechanisms responding to transitional and physical risks, potentially magnifying the financial system's vulnerability to environmental shocks and affecting monetary policy transmission.
- **Indonesian bond yields and risk premiums increased**. The 2-year government bond yield rose 12 basis points to 5.215% on January 23, 2026, while the 5-year and 10-year yields increased by 15 basis points each to 5.787% and 6.397%, respectively. Correspondingly, Indonesia's 5-year CDS rose 4.04% to 73.95, reflecting an adjustment in sovereign credit risk perception. These market conditions were accompanied by capital outflows, with nonresident investors recording net sales of IDR1.44 trillion in the SBN market, based on transaction data from January 19 to 22, 2026.

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

- **Bank Indonesia pursued a liquidity expansion strategy by purchasing SBN and reducing other monetary instruments.** Governor Perry Warjiyo explained that, as of January 20, 2026, the authority had acquired Government Securities (SBN) worth IDR23.69 trillion, underscoring the synergy between monetary and fiscal policies. Additionally, BI boosted domestic market liquidity by cutting the issuance of Bank Indonesia Rupiah Securities (SRBI), reducing the outstanding amount to IDR730.9 trillion from IDR916.97 trillion at the start of the previous year. These coordinated steps illustrate pro-growth policies and a looser liquidity approach for the rupiah to ensure financial market stability and support national funding capacity.
- **Demand for Government Debt Securities auctions remained solid despite the weakening exchange rate**. The government recorded incoming bids of IDR82.9 trillion in the January 20, 2026, auction, exceeding the indicative target of IDR33 trillion, although the bid amount decreased nominally by 7.89% compared to the previous auction. From this amount, the government absorbed IDR36 trillion, with demand concentrated in short- and medium-term instruments, such as Treasury Bills (SPN), which recorded a bid-to-cover ratio of up to 3.65 times. The investor focus on short tenors reflects a cautious stance toward external volatility and rupiah movements that briefly touched IDR16,950 per USD. These auction results indicate maintained fiscal credibility in financing the 2026 State Budget (APBN), although the yield structure shows the market continues to demand high risk premiums for long tenors above 6.7%.
- **BPI Danantara plans a follow-up issuance of Patriot Bonds worth IDR20 trillion**. This domestic debt instrument is targeted to support the company's strategic shift from a startup phase to large-scale investment execution, following its successful private placement of IDR50 trillion at a 2% coupon. The collected funds are allocated to finance energy transition projects, health infrastructure, and the development of property assets in Saudi Arabia to serve Hajj and Umrah pilgrims. With a fund distribution target of IDR200 trillion, Danantara relies on a combination of funding sources, including SOE dividends, a USD1 billion foreign syndicated credit facility, and plans to appoint external investment managers to place its portfolio in global markets in the second half of this year.
- **PT Sampoerna Agro Tbk completed the allocation of funds from the public offering to improve its capital structure**. The company reported using all net proceeds from the issuance of bonds and sukuk ijarah, amounting to IDR195 billion, out of total collected funds of IDR200 billion, for the repayment of bank loan principal as of December 31, 2025. The fund allocation includes public offering costs of IDR5 billion paid to various capital market supporting professions and institutions. This realization is consistent with the company's strategic plan to reduce borrowing costs by accelerating payments to banks and thereby strengthening its financial position.
- **PT Pindo Deli Pulp and Paper Mills completed its repayment obligations for maturing debt instruments.** The company, through the Indonesia Central Securities Depository (KSEI), repaid the principal of Shelf Registration Bond I Phase I Year 2024 Series A, worth IDR395.93 billion, and Shelf Registration Sukuk Mudharabah I Phase I Year 2024 Series A, worth IDR53.95 billion, on January 19, 2026. Management stated that fulfilling these financial obligations is part of routine operations and does not have a material impact on the company's financial condition or business continuity.
- **PT Sinergi Inti Andalan Prima Tbk targets funding of IDR1 trillion for digital infrastructure expansion**. The company plans to issue Bonds and Sukuk Ijarah I Year 2026, each worth IDR500 billion, with tenors of 370 days and 3 years, to accelerate the construction of a fiber-optic network in West Kalimantan. These instruments obtained ratings of $_{ir}A$ and $_{ir}A_{(sy)}$ from PT Kredit Rating Indonesia, reflecting a strong capacity to meet financial obligations. All proceeds from the emission will be allocated as working capital loans to subsidiaries for the procurement of FTTH network equipment to capture opportunities in increased fixed broadband penetration and national digital transformation.
- **The implementation of credit enhancement schemes can be a driver of corporate bond market activity in 2026**. The Indonesia Stock Exchange, PEFINDO, IIF, and BRI Danareksa Sekuritas are intensifying education regarding these credit rating enhancement services to improve the quality and attractiveness of debt securities in the eyes of institutional investors. With full guarantees from institutions such as the IIF, issuers can obtain credit ratings equivalent to those of the guarantor, thereby reducing the cost of funds and expanding the investor base through more credible transaction structures. This synergy

aims to achieve projected corporate debt issuance at a midpoint of IDR175.8 trillion, while supporting long-term financing sustainability for the infrastructure sector and strategic corporations.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0104	6.50	07/15/30	1.00	103.25	5.67	25,118,032
FR0108	6.50	04/15/36	10,000.00	100.80	6.39	21,446,982
FR0103	6.75	07/15/35	491,328.00	102.95	6.33	19,088,894
PBS030	5.88	07/15/28	25.00	101.45	5.24	14,639,226
FR0096	7.00	02/15/33	874.00	103.96	6.30	8,099,575

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	51,000	108.30	8.36	585,740
Shelf Registration Sukuk Wakalah I Bank Aladin Syariah Phase I Year 2025	irA-(sy)	8.25	01/18/27	39,200	100.00	8.24	538,000
Shelf Registration Bond VI Astra Sedaya Finance Phase IV Year 2024 Series B	AAA(idn)	6.70	10/02/27	100,000	101.97	5.47	500,000
Shelf Registration Sukuk Mudharabah II OKI Pulp & Paper Mills Phase II Year 2025 Series A	idA+(sy)	10.00	07/29/28	45,690	101.02	9.54	380,180
Shelf Registration Sukuk Ijarah II Moratelindo Phase II Year 2024 Series A	idA+(sy)	10.00	01/16/27	25,240	102.32	7.50	356,060

Corporate Bonds Issuance

Throughout the fourth week of January 2026, there was the issuance of corporate debt securities from 1 companies with a value reaching IDR500 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT TBS Energi Utama Tbk	Shelf Registration Bond I Phase II Year 2026 Series A	Jan-23-2026	100.00	7.25	3	idA
2	PT TBS Energi Utama Tbk	Shelf Registration Bond I Phase II Year 2026 Series B	Jan-23-2026	175.00	8.00	5	idA
3	PT TBS Energi Utama Tbk	Shelf Registration Bond I Phase II Year 2026 Series C	Jan-23-2026	225.00	8.65	7	idA
Total				500.00			

Source: KSEI, IDX, database PEFINDO.

Corporate Bonds Maturity for February 2026 Reaches IDR9.52 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Sinar Mas Multifinance	Shelf Registration Bond III Phase I Year 2023 Series B	7-Feb-26	851.85	10.25	3	irA+
2	PT Barito Pacific Tbk.	Shelf Registration Bond III Phase I Year 2023 Series A	8-Feb-26	52.52	8.25	3	idA+
3	PT CIMB Niaga Auto Finance	Sukuk Wakalah Bi Al-Istitsmar I Year 2023 Series B	8-Feb-26	300.00	7.15	3	AA+(idn)
4	PT Danareksa (Persero)	Bond VII Year 2023 Series A	8-Feb-26	255.00	7.50	3	idAA
5	PT XL Axiata Tbk	Shelf Registration Sukuk Ijarah II Phase II Year 2019 Series D	8-Feb-26	15.00	9.70	7	AAA(idn)(sy)
6	PT Agro Sejahtera Abadi	MTN Year 2020 Phase I Series B	10-Feb-26	50.00	10.50	3	-
7	PT Pembangunan Jaya Ancol Tbk.	Shelf Registration Bond II Phase II Year 2021 Series C	10-Feb-26	65.40	9.60	5	idA+
8	PT Sinar Mas Multifinance	Shelf Registration Bond II Phase II Year 2021 Series C	11-Feb-26	51.00	11.50	5	irA+
9	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Bond III Phase III Year 2019 Series C	19-Feb-26	183.00	9.35	7	idAAA
10	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Sukuk Ijarah III Phase III Year 2019 Series C	19-Feb-26	204.00	9.35	7	idAAA(sy)
11	PT Sinar Mas Agro Resources and Technology Tbk.	Shelf Registration Bond II Phase III Year 2021 Series C	19-Feb-26	220.00	9.50	5	idAA-
12	PT Provident Investasi Bersama Tbk.	Shelf Registration Bond II Phase IV Year 2025 Series A	20-Feb-26	353.53	8.25	1	idA
13	PT Lontar Papyrus Pulp and Paper Industry	Shelf Registration Bond III Phase II Year 2025 Series A	21-Feb-26	129.21	7.25	1	idA

14	PT Lontar Papyrus Pulp and Paper Industry	Shelf Registration Sukuk Mudharabah I Phase II Year 2025 Series A	21-Feb-26	520.82	7.25	1	idA(sy)
15	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VI Phase V Year 2025 Series A	22-Feb-26	2,045.19	6.80	1	AA+(idn)
16	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Bond VI Phase V Year 2025 Series A	24-Feb-26	997.10	6.75	1	idAAA
17	PT Agro Sejahtera Abadi	MTN Year 2020 Phase I Series C	24-Feb-26	50.00	10.50	3	-
18	PT Federal International Finance	Shelf Registration Bond V Phase V Year 2023 Series B	24-Feb-26	1,964.78	6.80	3	idAAA
19	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VIII Year 2025 Series A	24-Feb-26	453.67	6.55	1	idAAA
20	PT Sarana Multigriya Finansial (Persero)	Sukuk Musyarakah Berkelanjutan I Phase IV Year 2025	24-Feb-26	362.81	6.55	1	idAAA(sy)
21	PT Pyridam Farma Tbk	Shelf Registration Bond I Phase III Year 2024	27-Feb-26	400.00	9.50	2	irA-
Total				**9,524.87**			

Weekly Sector Highlights

From January 19 to 23, 2026, domestic sectoral sentiment was influenced by 2025's overall performance, the implementation and planned rollout of policies and industry outlooks.

Industries	Sentiment & Significance	News Highlights
Automotive	🔴🔴	**Risks of Ending EV Incentives for the Energy Transition and the State Budget.** INDEF views the discourse on discontinuing electric-vehicle incentives as potentially slowing the energy transition while increasing pressure on energy subsidies amid global uncertainty. EV adoption has, in fact, continued to rise, as reflected in more than 234,000 charging transactions during the 2026 Christmas–New Year holidays and a 141% surge in electric-car sales to 103,931 units. INDEF emphasizes that maintaining this momentum is crucial to preventing Indonesia from returning to dependence on fuel, particularly as the risk of rising oil prices could burden the state budget. Beyond stimulating demand, EV incentives also support nickel downstreaming, the battery industry, the expansion of public charging infrastructure, and the strengthening of electricity supply. For this reason, INDEF urges the government to maintain fiscal incentives, including VAT subsidies (PPN DTP) for electric vehicles and locally sourced components. The incentives are considered to contribute to job creation, accelerated investment, and reduced pressure on energy subsidies, which are projected to reach IDR210 trillion in 2026. In the medium term, greater EV adoption is seen as essential for safeguarding the resilience of the state budget and the competitiveness of national industries.
Banking	🟢🟢	**Stronger Credit Interest Rate Transmission, Bright 2026 Profit Outlook for Banks.** Bank Indonesia reported a more progressive decline in lending rates, which fell by 39 bps to 8.81% in December 2025, an improvement compared with the 24 bps decrease in the previous month. Monetary policy transmission is also reflected in funding rates, with one-month deposit rates falling 56 bps to 4.25%, while the BI-Rate has been cut by a total of 125 bps throughout 2025 and was kept at 4.75% in January 2026 to maintain rupiah stability. The decline in SRBI rates and government bond yields also indicates a loosening of monetary conditions, further supported by KLM incentives aimed at accelerating the reduction of bank lending rates. Major banks conveyed optimism that this year's profits have the potential to improve in line with the recovery in loan demand and the decline in funding costs.
Insurance and Guarantee	🟢🟢🟢	**The General Insurance Industry Returns to Profit.** The general insurance industry recorded a significant recovery, with after-tax profit reaching IDR16.9 trillion as of November 2025, reversing the loss of IDR13.5 trillion in the same period the previous year. This improvement was primarily driven by strengthened fundamentals, including underwriting discipline, restructuring of risk portfolios, and more measured exposure management, which collectively reduced claims pressure. Nevertheless, AAUI projects that profit growth in 2026 will remain positive but more moderate.
Mining	⚪	**Production Cut, but Government Still Pursues Non-Tax Revenue Targets.** The Ministry of Energy and Mineral Resources (ESDM) is targeting mineral and coal non-tax state revenue (PNBP) of IDR134 trillion in 2026, up from the previous year's target of IDR124.7 trillion, supported by rising commodity prices such as tin, nickel, and gold. This target was set even though the government has reduced RKAB allocations and lowered production projections for several commodities, including nickel ore, which was cut to 250–260 million tons, and coal, which was reduced to around 600 million tons. On the other hand, tin and gold production are expected to increase, providing support for state revenue. The implementation of export duties for coal and gold, including mineral export levies, is also expected to add IDR1.5–6 trillion in PNBP from minerals

		and around IDR24–25 trillion from coal. However, industry players believe that production cuts could risk pressuring PNBP realization and are calling for regulatory consistency to maintain business certainty. Analysts consider the ambitious 2026 target surprising, given that the 2025 performance was supported by production volumes that had not yet been reduced.
Multifinance	🟢🟢	**Multifinance Firms Remain Aggressive in Issuing Bonds Despite Weak Automotive Market.** The continued weakness in the automotive market has not dampened financing companies' aggressiveness in issuing bonds as a funding source. Multifinance bond issuance reached IDR37.98 trillion during January–November 2025, soaring 138% compared with the same period the previous year, making the sector the largest contributor with a 15.06% share of total corporate issuance. This trend is expected to continue in 2026 in line with improving economic prospects and substantial refinancing needs, with multifinance bonds maturing this year amounting to IDR33.93 trillion—the largest among financial subsectors. Overall, substantial working capital requirements and significant maturities remain the main drivers of multifinance companies' active presence in the bond market.
Oil and Gas	🔴	**Industrial Gas Supply in East Java Under Pressure.** Several industrial players in East Java are facing a gas emergency after PGN restricted the quota for HGBT gas consumption, which, in a notice dated 16 January 2026, was allocated at only between 43% and 68% of normal contract volumes. APGI noted that quotas falling even below 50% could disrupt the operations of glass manufacturing plants, particularly as gas prices outside the HGBT scheme reach USD9.5 per mmbtu with surcharges up to USD15 per mmbtu, while gas accounts for around 25% of production costs. The restrictions have forced some producers to reduce utilization, even though demand typically rises by up to 20% ahead of Ramadan–Eid al-Fitr. PGN management explained that supply adjustments occurred due to maintenance at several upstream gas suppliers' infrastructure, affecting supply to customers in East Java throughout January 2026.
Plantation and Agriculture	🔴	**Palm Oil Export Levy Raised to 12.5%.** The government has officially increased the palm oil export levy (*Pungutan Ekspor/* PE) from 10% to 12.5% starting mid-2026 to support the accelerated implementation of the mandatory B50 biodiesel program and maintain the balance of the Palm Oil Plantation Fund Management Agency (BPDP). The increase is necessary to ensure the sustainability of BPDP's programs, including smallholder palm oil replanting and support for cocoa and coconut commodities. The government views the biodiesel policy as crucial for strengthening energy security, reducing fuel imports, and promoting renewable energy use, following the rollout of B40 in January 2025. However, implementation of B50 still awaits the results of road tests and movements in the price disparity between diesel and CPO, which could influence the level of subsidies. Palm oil smallholders believe that the increase in the export levy could be implemented earlier, amid calls for B50 to be launched in 2026. On the other hand, GAPKI cautions that stagnant palm oil production could continue into 2026 and potentially weigh on exports, particularly as domestic demand for biodiesel rises. Concerns have emerged that non-growing production may drive up CPO prices, while Indonesia remains both the world's largest producer and consumer of palm oil.
Property	🔴	**Property Stocks Weaken After BI Holds Interest Rate at 4.75%.** Bank Indonesia's decision to keep the BI-Rate at 4.75% in the January 21, 2026 Board of Governors Meeting has slowed the pace of recovery in the property sector and immediately pressured most listed property stocks. Analysts view BI's decision as neutral-positive, as it can help maintain stability in mortgage rates; however, the interest-rate cuts needed to accelerate property sales are likely to occur gradually amid pressure on the rupiah and limited purchasing power. The property sector's recovery is projected to proceed gradually throughout 2026, supported by VAT subsidies (PPN DTP) and structural housing demand, although challenges remain due to weak 2025 marketing sales and elevated construction costs.

Source: Harian Ekonomi Neraca, Harian Kontan, Investor Daily, and Tabloid Kontan (2026).

Weekly Economic Update

Presented by the Economic Research Division of PEFINDO

pef-economic@pefindo.co.id

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

Disclaimer:

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fair value of debt securities and/or the value of the entity assigned a rating by PEFINDO.

All the data and information needed in the rating process are obtained from the party requesting the rating, which is considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every piece of information and data received and used as the basis for the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them.

PEFINDO and every one of its members of Board of Directors, Commissioners, Shareholders, and Employees are not responsible to any party for losses, costs, and expenses suffered or that arise because of the use of the contents and/or information in this rating report or publication, either directly or indirectly.

PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process.

PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process.

Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publications and publish the results of the review of the published ratings, both periodically and specifically, in case there are material facts or important events that could affect the previous ratings.