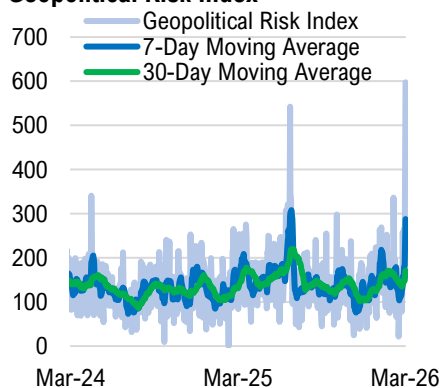




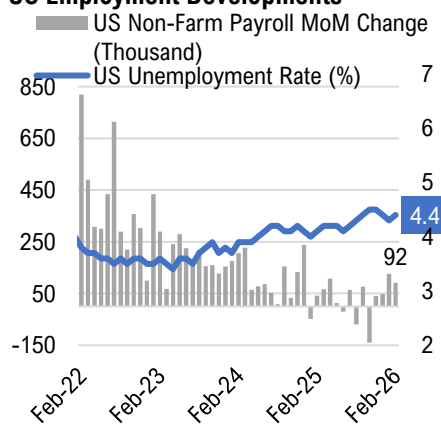
## Data Highlights of the Week

### Geopolitical Risk Index



Source: Caldara, Dario and Matteo Iacoviello (2022)

### US Employment Developments



Source: Bloomberg

## Hormuz Locked, Inflation Peaks: A Serious Test of Global and National Economic Resilience in 2026

### Global Economic

- Global economic stability remains highly volatile amidst the war in the Middle East and escalating global fragmentation.** Last weekend's US and Israeli attacks on Iran killed Iran's Supreme Leader, Ayatollah Khamenei, along with the Défense Minister and the IRGC commander. Despite the power vacuum, Iran continued to retaliate with a wave of missiles and drones targeting US bases in the region and major Israeli cities. Tensions have also escalated to critical levels following the closure of the Strait of Hormuz and the disruption of tanker traffic, resulting in a drastic 83% drop in tanker traffic. Meanwhile, efforts to limit the US President's ability to attack Iran through a Senate resolution failed, with a 53-47 vote in favor of a bill requiring prior Congressional approval for military action. If this situation persists for more than a month, it is feared that it could lead to a spike in oil prices reaching USD100 per barrel, rising logistics costs, fueling inflation, and a flight to safety campaign that could trigger volatility in financial markets.
- The US labor market unexpectedly turned around in Feb'26, with the Non-Farm Payrolls report reporting a decline of 92,000 jobs for the month (worse than expected: +59,000) and pushing the unemployment rate to 4.4%.** Furthermore, a downward revision of 4,000 jobs to 126,000 in Jan'26 further suggests further weakness. Despite this, average hourly earnings still rose 15 cents, or 0.4% month-on-month (MoM: 3.8% YoY) (Jan'26: 3.7%), to USD37.32. This suggests a "mini-stagflation," where economic activity cools but labor cost pressures remain high. Coupled with ongoing energy commodity price pressures due to the ongoing war, this puts the Fed in a difficult position: it must respond to weakening growth without re-igniting a surge in inflation.
- The Eurozone economy is at a crossroads** as economic growth slowed to 1.2% YoY in Q4-2025 (Q3-2025: 1.4%) and the labor market remains resilient with an all-time low unemployment rate of 6.1%. Although the minutes of the last meeting released stated that the European Central Bank (ECB) is optimistic that inflation will remain below target, as the realization of Feb'26 showed an increase in consumer inflation to 1.9% and core inflation to 2.4% (Jan'26: 1.7% and 2.2%), the surge in energy prices due to the Middle East conflict is a concern and is weighing on the existing outlook. This dynamic could suddenly change the direction of monetary policy from a stable to a more cautious one, with the market now starting to factor in the possibility of an interest rate hike in late 2026 to mitigate the risk of energy inflation that threatens economic stability amidst weakening consumption and investment trends.
- The Japanese economy exhibited contradictory dynamics in early 2026,** with corporate optimism reflected in a 6.5% year-on-year surge in capital expenditure in Q4-2025 (Q3-2025: 2.9%) and a Feb'26 Composite PMI indicator (53.9), indicating the fastest expansion of private sector activity since mid-2023 (Jan'26: 53.1). However, this strengthening business activity has not been fully transmitted to the labor market, as the unemployment rate crept up to 2.7% (Dec'25: 2.6%) with a significant decline in employment in Jan'26.
- China set a more conservative 2026 economic growth target of 4.5%–5%,** signaling a shift in focus to stability through strong fiscal support—including a fiscal deficit of 4% of GDP, targeting inflation of around 2.0%, promoting the creation of 12 million jobs, issuing CNY4.4 trillion in local government bonds to fund investment projects, and CNY1.3 trillion in ultra-long bonds to strengthen fiscal support. Furthermore, the government committed to strategic intervention in the property sector by converting unsold housing stock into subsidized housing, accelerating the renovation of dilapidated urban homes, and expanding the supply of subsidized housing to stabilize the real estate market and address structural supply-and-demand imbalances.
- From ASEAN, Bank Negara Malaysia maintained its benchmark interest rate at 2.75%** to maintain support for economic growth and price stability. **Inflation reports in Feb'26 from the three countries also showed diverging trends,** with Thailand still facing deflationary pressures of -0.88% YoY, continuing last month's trend (-0.66%), although core inflation remained in positive territory (0.56% YoY) (Jan'26: 0.60% YoY). Meanwhile, the Philippines

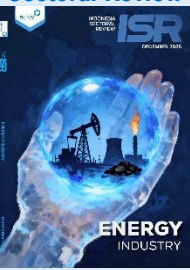
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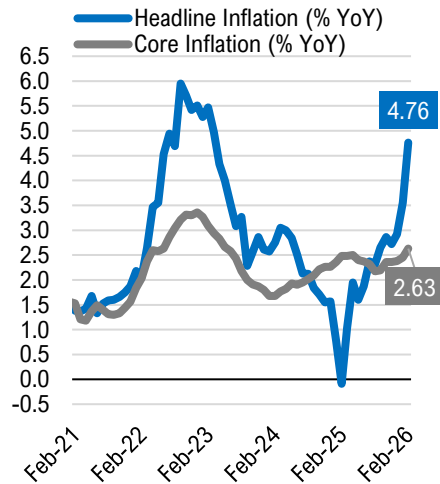
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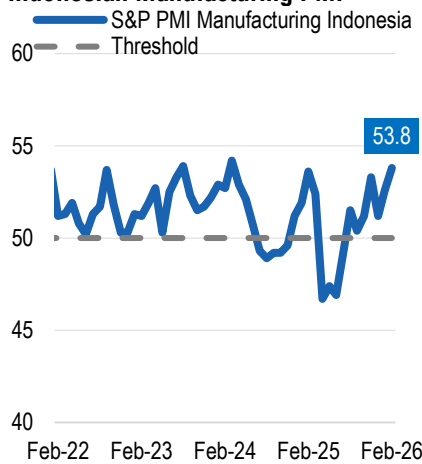
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### Indonesia Consumer Inflation Rate



Source: National Statistics Agency

### Indonesian Manufacturing PMI



Source: S&P Global

### Next Week Economic Calendar

Waktu	Rilis Perkembangan
Mar 9	China Consumer and Producer Inflation Feb'26
	Indonesian Consumer Confidence Survey Feb'26
Mar 10	Japan's final GDP estimate for Q4-2025
	China Trade Balance Jan-Feb'26
	Indonesia Retail Sales Survey Jan'26
Mar 11	US Consumer Inflation Feb'26
Mar 12	India Inflation Feb'26
	US Trade Balance Jan'26
	US Monthly Fiscal Budget Report Feb'26
Mar 13	UK GDP Jan'26
	US PCE Inflation Jan'26
	Second Estimate of US GDP Q4-2025
Mar 14	China's New Yuan Loan Feb'26

and Vietnam are beginning to face rising price pressures, with inflation reaching 2.4% and 3.35%, respectively, driven by surging food costs and the tourism services sector. Collectively, the region is on high alert for an escalation in the Middle East that could trigger global energy price volatility, which could disrupt domestic demand momentum and force monetary policy adjustments earlier than initially projected in 2026.

### Domestic Economy

- **Indonesia's inflation in Feb'26 rose to 4.76% YoY** (Jan'26: 3.55%), the highest since Mar'23. This surge was largely due to last year's low base effect due to electricity tariff discounts that continued until Feb'25. This realization put inflation above the central bank's target (1.5%–3.5%) for the second consecutive year. Upward price pressures came from most components, particularly food (3.51% vs. 1.54% in Jan'26) and housing (16.19% vs. 11.93%). Meanwhile, deflation in communications costs persisted (-0.09% vs. -0.19%). Core inflation rose to 2.63% YoY, the highest since May'23.
- **Indonesia's Manufacturing PMI rose to 53.8 in Feb'26** (Jan'26: 52.6), continuing the trend of expansion in manufacturing activity for seven consecutive months and marking the fastest pace since Mar'24. The acceleration reflected stronger domestic demand, as new orders grew for seven consecutive months at the fastest pace since Nov'25. Production also expanded at the fastest pace since Apr'24, while foreign demand increased for the first time in six months and was the strongest since May'22. Labor utilization and input purchases were reported to have increased, but supply pressures persisted due to flood-related shipping delays. Input costs remained high, although inflation eased to a six-month low. Finally, confidence weakened from January and remained below the long-term average.
- **Indonesia's trade balance in Jan'26 saw a surplus that narrowed sharply to USD0.95 billion** (Jan'25: USD3.49 billion) and was well below market expectations (USD2.76 billion), although it continued its 69-month surplus streak. This marked the smallest trade surplus since Apr'25. Imports surged 18.21% YoY to USD21.2 billion, driven by growth in imports of capital goods (35.23% YoY) and raw/auxiliary materials (14.67% YoY). Meanwhile, exports grew only 3.39% YoY to USD22.16 billion amid strong growth in palm oil exports (59.63% YoY) despite depressed coal exports (-16.04% YoY).
- **Indonesia's foreign exchange reserves fell to USD151.9 billion in Feb'26** (USD154.6 billion in January 2026), the lowest level since Nov'25. The decline was primarily driven by government foreign debt payments and Bank Indonesia's efforts to stabilize the Rupiah amid ongoing global financial market uncertainty. Nevertheless, Indonesia's foreign exchange reserves remained strong, covering 6.1 months of imports, or 5.9 months of imports and foreign debt payments (above the international adequacy standard of 3 months of imports).
- **Fitch Ratings changed the outlook on Indonesia's sovereign rating to negative from stable, but maintained its rating at BBB (triple-B)**. Fitch's revision was driven by its view that increasing policy uncertainty and weakening consistency in Indonesia's policy mix, driven by more centralized decision-making, could weigh on the fiscal outlook, investor confidence, and foreign exchange reserves. Fitch estimates the fiscal deficit to reach 2.9% of GDP in 2026, higher than the government's target of 2.7%, amid pressure from social spending, including the free nutritious meal program, which is estimated to reach around 1.3% of GDP in 2025–2029, and a low state revenue ratio of around 13.3% of GDP in 2026–2027, well below the median of 25.5% for BBB-rated countries. Additional risks also arise from potential semi-fiscal activities through the sovereign wealth fund Danantara, which is planned to channel investments of around USD26 billion or 1.7% of GDP in 2026. Nevertheless, the rating remains supported by macroeconomic stability, a projected government debt ratio of around 41% of GDP in 2026, still below the BBB median of 57.3%, and economic growth prospects of around 5% in 2026–2027, which is above the median for peer countries. However, the rating is also constrained by weak revenues, high debt costs, and below-average governance for a 'BBB' rating. This outlook downgrade follows a similar decision by Moody's on 5 Feb'26.

### Week Ahead Highlights

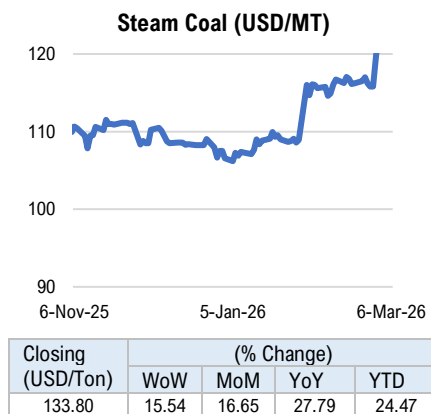
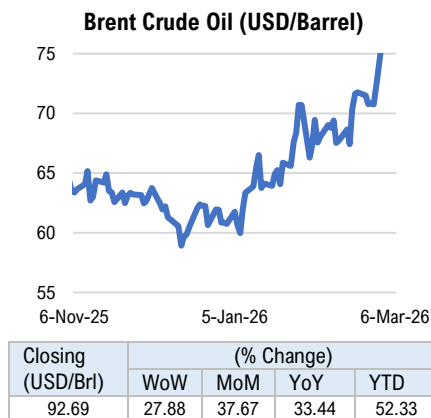
Geopolitical developments, particularly in the Middle East, will continue to attract attention due to their impact on energy commodity prices and the global inflation outlook. Reports from the

IEA and OPEC this week will reveal how these institutions view energy supply shocks. The focus of US economic data will be on consumer inflation in Feb'26 and PCE inflation in Jan'26. In Europe, the market will be awaiting monthly GDP developments in the UK and inflation releases in several Eurozone countries. In Asia, Japan and South Korea will report final figures for their Q4-2025 economic growth. The release of inflation data from China and India will highlight developments in the consumption side of these two largest developing economies. Domestically, several consumption indicators, such as consumer confidence in Feb'26 and retail sales in Jan'26, will be released.

### Rising geopolitical risks in the Middle East drove a rally in energy and several global commodities.

- Global crude oil prices recorded a significant rally over the past week, with Brent rising about 27.88% week-on-week** and closing at USD92.69 per barrel. The sharp increase was driven by rising risks of global energy supply disruptions following the escalation of conflict in the Middle East involving the United States, Israel, and Iran. The tensions resulted in the effective closure of the Strait of Hormuz—a strategic route through which around 20% of global oil trade passes daily—for approximately the past seven days. The closure could delay the distribution of roughly 140 million barrels of oil to global markets, triggering a sharp increase in geopolitical risk premiums in energy prices. As a result, market participants and refineries have sought alternative supply sources, particularly from the United States, as the world's largest oil producer. In addition, markets are responding to the potential suspension of energy exports from Gulf countries, which analysts estimate could push oil prices to USD100–150 per barrel if supply disruptions persist.
- Global gold prices corrected over the past week, declining around 2.03% week-on-week**, although they briefly strengthened toward the end of the week and traded around USD5,171.74 per ounce. The weekly decline was mainly driven by the strengthening US dollar index, which recorded its largest weekly increase in more than a year amid rising demand for safe-haven assets following escalating tensions between Israel and Iran in the Middle East. A stronger dollar makes gold, priced in US dollars, more expensive for foreign investors, thereby weakening global demand. Meanwhile, market sentiment was also influenced by weaker US labor market data, with nonfarm payrolls falling by 92,000 and the unemployment rate rising to 4.4%, signaling potential economic pressure and raising concerns about stagflation. Although the data maintained expectations of Federal Reserve rate cuts, the strengthening dollar continued to dominate short-term gold price movements.
- Global energy commodity prices also recorded significant gains over the past week, including coal prices rising about 15.54% week-on-week**, trading at USD133.80 per ton at the end of the period. The rally reflects increasing risk premiums in the global energy market amid escalating geopolitical tensions in the Middle East. Rising tensions between the United States, Israel, and Iran, which triggered the closure of the Strait of Hormuz—a vital global energy trade route—along with Iranian drone attacks on energy facilities in Ras Laffan and Mesaieed, Qatar, have heightened concerns about global energy supply stability. Disruptions at LNG facilities in Qatar—one of the world's largest liquefied natural gas suppliers—**also pushed natural gas prices up about 11.44% over the week**. The increase in gas prices triggered a substitution effect in the power generation sector, with several countries in Europe and East Asia increasing coal usage as an alternative fuel to maintain energy security. The combination of supply risks, rising gas prices, and stronger substitution demand has reinforced short-term bullish sentiment in the global coal market, although long-term demand remains overshadowed by the transition toward clean energy.
- Global aluminum prices increased around 9.75% over the past week**, driven by growing concerns over supply disruptions due to escalating conflict in the Middle East. The bullish sentiment mainly stems from potential production disruptions at Qatalum and Aluminium Bahrain, amid supply risks from a region that accounts for roughly 8% of global aluminum supply. However, the strengthening US dollar and rising aluminum inventories on the Shanghai Futures Exchange (SHFE) have limited further price gains.
- Crude palm oil (CPO) prices rose about 8.04% over the past week**, supported by positive sentiment in the global vegetable oil market. CPO prices on the Bursa Malaysia reached approximately MYR4,367 per ton, marking the highest level in five weeks. The increase was mainly driven by higher prices of other vegetable oils, such as soybean and rapeseed

### Spotlight on Commodity Price Trends (as of March 6, 2026)



oils, as well as the rally in crude oil prices, which increased the attractiveness of CPO as both an energy and a food feedstock. In addition, the depreciation of the Malaysian ringgit made palm oil more competitive for global buyers. The combination of these factors boosted CPO demand, though markets remain cautious amid ongoing geopolitical conflicts and potential global energy supply uncertainties.

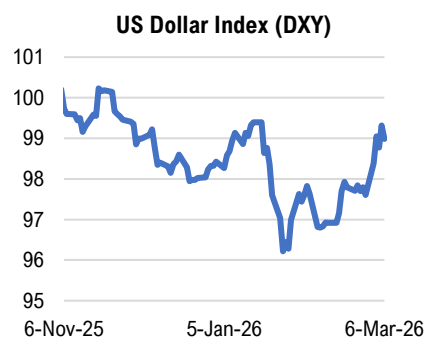
Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	3.19	11.44	-3.78	-25.94	-13.56	Crude Palm Oil (MYR/Ton)	4,367.00	8.04	3.61	-2.52	7.83
Nickel (USD/MT)	17,289.51	-2.22	-0.25	2.13	3.91	Rubber (USD/Kg)	195.70	-4.44	4.71	-3.69	8.78
Copper (USD/MT)	12,862.00	-3.61	-4.57	32.13	3.53	Wheat (cents/bu)	611.25	3.38	15.60	13.83	20.56
Aluminium (USD/MT)	3,446.00	9.75	10.93	27.77	15.04	Corn (cents/bu)	447.00	1.88	4.32	-0.56	1.53
Iron Ore (USD/MT)	103.88	2.77	-0.27	3.50	-2.76	Sugar (c/lb)	14.10	-1.40	-3.62	-22.23	-6.06

### Global risk-off sentiment pressured Wall Street, triggering a sharp correction in the JCI. The rupiah weakened amid global sentiment, rising oil prices, higher bond risk premiums, and seasonal domestic demand for US dollars.

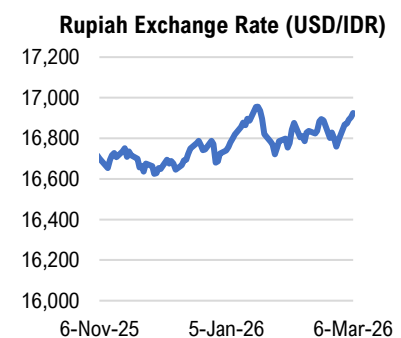
- Major Wall Street indices recorded declines over the past week amid rising global economic and geopolitical uncertainty.** On a weekly basis, the S&P 500 fell 2.02%, the Nasdaq Composite declined 1.24%, while the Dow Jones Industrial Average (DJIA) dropped more sharply by 3.01%. Market pressure was driven by a combination of disappointing US labor market data, with the unemployment rate rising to 4.4%, and a sharp surge in energy prices following the escalation of conflict in the Middle East, which disrupted supply through the Strait of Hormuz. Oil prices rising above USD90 per barrel have heightened concerns about energy-driven inflation and potential pressure on corporate profit margins. This situation also complicates the outlook for monetary policy, as the Federal Reserve is expected to be more cautious in cutting interest rates amid renewed inflation risks.
- JCI recorded a significant correction over the past week, declining 7.89%** and closing at 7,585.68 during the 2–6 March 2026 trading period. The decline was driven by a combination of global and domestic factors that increased investor caution toward risk assets. From the external side, escalating conflict in the Middle East triggered volatility in global energy markets and increased risk-off sentiment across emerging markets. Domestically, pressure also came from the revision of Indonesia’s sovereign outlook by Fitch Ratings to negative, along with growing concerns among investors regarding the direction of government fiscal policy. These conditions triggered foreign capital outflows from the domestic equity market, reflected in net foreign selling toward the end of the week, which further weighed on JCI performance.
- The strengthening of the US dollar index increased pressure on emerging market currencies.** The US Dollar Index (DXY) closed at 98.99 on March 6, 2026, up 1.41% week on week from February 27, 2026. The dollar’s appreciation was supported by rising US Treasury yields, which widened interest rate differentials, alongside a surge in global oil prices that heightened inflation concerns. In addition, several relatively strong US economic indicators—including low weekly unemployment claims and fourth-quarter nonfarm productivity growth of 2.8%—reinforced expectations that inflationary pressures may persist. Hawkish remarks from Federal Reserve officials regarding the possibility of elevated inflation in the coming months also supported the dollar’s strength in global markets.
- The rupiah weakened amid a stronger US dollar in global markets and rising investor caution.** The rupiah closed at IDR16,925 per USD on March 6, 2026, depreciating 0.82% week on week compared with the close on February 27, 2026. Pressure on the rupiah was influenced by higher global oil prices above the 2026 state budget assumption of USD70 per barrel, raising concerns over energy subsidy burdens and fiscal conditions. Market sentiment was also reflected in rising yields on government debt across almost all tenors, including the 10-year yield at around 6.6%, indicating that investors demanded higher risk premiums amid global uncertainty and risk-off sentiment related to geopolitical conflict in the Middle East. In addition, seasonal pressure from increased US dollar demand ahead of Ramadan and potential dividend repatriation by foreign companies also limited the rupiah’s short-term appreciation.



Closing	(% Change)			
	WoW	MoM	YoY	YTD
7,585.69	-7.89	-6.61	14.62	-12.27



Closing	(% Change)			
	WoW	MoM	YoY	YTD
98.99	1.41	1.59	-4.88	0.68



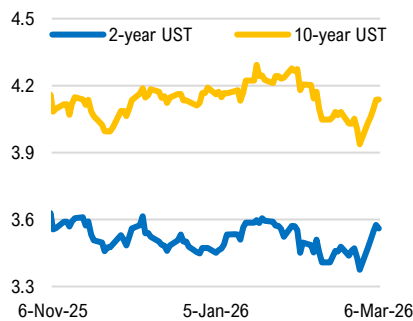
Closing	(% Change)			
	WoW	MoM	YoY	YTD
16,925	0.82	1.02	3.58	1.47

## Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	6,740.02	-2.02	-2.57	17.45	-1.54	Euro (EUR/USD)	1.16	-1.64	-1.70	7.72	-1.09
Dow Jones (AS)	47,501.55	-3.01	-3.53	11.56	-1.17	Canadian Dollar (USD/CAD)	1.36	-0.53	-0.53	-5.09	-1.14
Nasdaq (AS)	22,387.68	-1.24	-3.73	23.90	-3.68	Poundsterling (GBP/USD)	1.34	-0.51	-2.07	4.12	-0.46
Euro Stoxx 50 (Zona Euro)	5,719.90	-6.82	-4.59	3.61	-1.23	Japanese Yen (USD/JPY)	157.78	1.11	1.30	6.62	0.68
FTSE100 (Inggris)	10,284.75	-5.74	-0.29	18.45	3.56	Chinese Yuan (USD/CNY)	6.90	0.62	-0.49	-4.67	-1.21
Nikkei225 (Jepang)	55,620.84	-5.49	1.65	47.52	10.49	Singapore Dollar (USD/SGD)	1.28	1.00	0.61	-4.17	-0.60
Shanghai (Tiongkok)	4,124.19	-0.93	1.39	21.98	3.91	Malaysian Ringgit (USD/MYR)	3.95	1.40	0.39	-10.78	-2.76
Hang Seng (Hong Kong)	25,757.29	-3.28	-4.02	5.69	0.49	Thailand Baht (USD/THB)	31.87	2.67	0.69	-5.47	1.21

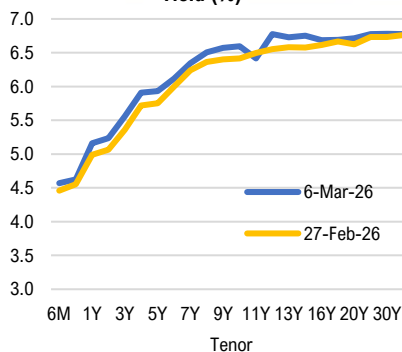
### Key Data Developments in Global and National Bond Markets

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



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
<b>2Y:</b> 3.561	19	-1	-40	9
<b>5Y:</b> 3.727	23	-10	-33	0
<b>10Y:</b> 4.138	20	-13	-14	-3

#### Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
<b>2Y:</b> 5.317	21	20	-123	32
<b>5Y:</b> 5.963	19	27	-71	41
<b>10Y:</b> 6.609	18	28	-26	54

**Geopolitical and fiscal uncertainty increased volatility in the bond market. Global and domestic yields rose, investor demand became more selective, while governments and corporations remained active in raising financing in the debt market.**

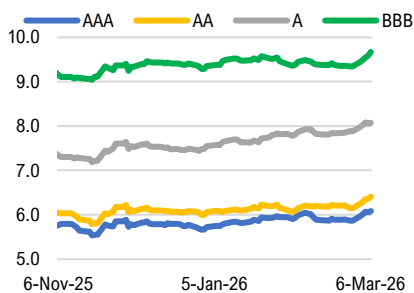
- US Treasury yields increased across all tenors amid rising inflation concerns.** The two-year US Treasury yield closed at 3.561%, up 19 basis points week on week. The five-year yield reached 3.727%, rising 23 basis points, while the 10-year yield climbed to 4.138%, up 20 basis points from February 27, 2026. The increase occurred despite rising geopolitical tensions following military strikes by the United States and Israel against Iran, as the bond market responded more strongly to the surge in oil prices that heightened inflation concerns. WTI crude prices rose about 7% to above USD72 per barrel, leading investors to view inflation risk as more dominant than demand for safe-haven assets, thereby pushing up yields on US government debt securities.
- Geopolitical tensions in the Middle East once again prompted investors to seek safe-haven assets, with preferences varying across global markets.** The US Dollar Index (DXY) rose about 1.41% during the week and strengthened against the Swiss franc and Japanese yen, while the strongest demand was recorded for short-term cash dollars. On the other hand, government debt securities did not receive strong defensive capital inflows because investors focused more on inflation expectations and fiscal risks, reflected in the 14-basis-point increase in the 10-year German Bund yield. Gold maintained its reputation as a hedge asset with a gain of about 240% over the past decade despite volatility, while global portfolio allocations to gold remain below 1%, far from the strategic range of 5–10%. In contrast, traditional safe-haven currencies such as the Swiss franc and Japanese yen weakened by 1.2% and 0.8%, respectively, while defensive equity sectors such as utilities and consumer staples also declined in the United States and Europe, even though major equity indices remained relatively stable.
- Fitch Ratings assessed that the stability of sovereign credit ratings in Middle Eastern countries is highly influenced by the duration and escalation of the Iran conflict.** Fitch stated that most countries in the region have the capacity to withstand short-term conflicts that do not escalate further. However, uncertainty over the direction of the conflict and potential damage to energy infrastructure could increase risks to rating stability. The main risk stems from the potential disruption or closure of the Strait of Hormuz, through which more than 20 million barrels of oil and petroleum products pass daily, which could affect energy exports, particularly for countries such as Bahrain, Kuwait, Qatar, and Iraq that lack alternative routes. Economic impacts are expected to be temporary in the non-oil sector, driven by flight disruptions, slower consumption, and pressure on the tourism sector. However, a prolonged conflict could weaken economic growth and increase the risk of credit rating downgrades in the region.
- Yields on Indonesia's government debt securities increased across all tenors in line with rising risk premiums.** The two-year yield closed at 5.317%, up 21 basis points week on week. The five-year yield reached 5.963%, rising 19 basis points, while the 10-year yield climbed to 6.609%, up 18 basis points from the previous week. The increase in yields also occurred alongside a rise in risk premiums, reflected in Indonesia's five-year CDS, which reached 86.51, up 3.16% week on week and 25.63% year to date.
- Sentiment toward Indonesia's government debt securities market may weaken in the short term amid rising fiscal and external uncertainty.** Government bond yields rose about 2–10 basis points across the tenor curve on March 4, 2026, after the circulation of a

5 Year Credit Default Swap (CDS)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
86.51	3.16	13.08	11.78	25.63

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

draft Fitch Ratings outlook revision from stable to negative before the official announcement on the same day. Market pressure was also influenced by rising inflation risks amid higher global energy prices, with oil prices remaining above USD80 per barrel, which could increase energy subsidy burdens in the state budget. In addition, the market is also watching for the possibility of similar actions by other rating agencies, such as S&P Global Ratings, which could further raise risk premiums and maintain upward pressure on government debt securities yields in the near term.

- The Ministry of Finance targets sales of Sharia government securities (SBSN) of IDR11 trillion in the auction on March 10, 2026, with a maximum ceiling of IDR22 trillion if investor demand is strong.** The government will offer eight SBSN series consisting of three short-term SPN-S discount instruments maturing in April, September, and November 2026, as well as five fixed-rate Project-Based Sukuk (PBS) with coupons ranging from 5.000% to 6.875% and maturities between 2028 and 2049, including the Green Sukuk series PBSG002 for environmentally friendly project financing. The auction will take place on March 10, 2026, from 09:00 to 11:00 WIB, via Bank Indonesia's auction system, using a multiple-price method. Results will be announced on the same day, with settlement on March 12, 2026 (T+2). The government also sets a maximum noncompetitive allocation of 99% for SPN-S and 30% for PBS of the total awarded amount, with underlying assets derived from 2026 state budget projects and state-owned assets approved by the House of Representatives.
- Investor demand for Indonesia's government debt securities has become more selective amid global uncertainty.** On March 5, 2026, investors were recorded accumulating purchases, particularly in the medium-tenor segment, indicating interest in locking in relatively attractive yields in emerging markets. Demand emerged despite market sentiment being influenced by Fitch's revision of Indonesia's outlook and geopolitical tensions in the Middle East. However, investor interest remains cautious amid high external and domestic uncertainties, while foreign ownership in the government debt securities market stood at around IDR876.07 trillion, down from the previous six months.
- The 2026 state budget deficit increased at the beginning of the year amid accelerated government spending.** As of February 28, 2026, the deficit reached IDR135.7 trillion or around 0.53% of GDP, higher than the same period last year at IDR30.7 trillion or 0.13% of GDP, but still below the deficit ceiling of 2.68% of GDP. The deficit occurred as government expenditure reached IDR493.8 trillion, up 41.9% year on year, while state revenue reached IDR358 trillion, with tax revenue contributing IDR245.1 trillion, up 30.4% year on year. At the same time, financing realization reached IDR164.2 trillion, up 33.2% year on year, while the primary balance recorded a deficit of IDR35.9 trillion.
- PEFINDO assigned an *idAA* rating with a stable outlook to PT Jasa Marga (Persero) Tbk and several of its bonds.** The rating covers the company's shelf-registered bond III program, with a maximum value of IDR4 trillion, as well as shelf-registered bond II and III, totaling IDR4.61 trillion, both valid from March 3, 2026, to March 1, 2027. The assessment reflects the company's strategic role for the government, its dominant position in the toll road sector, its diversified concession portfolio with long concession periods, and its strong financial flexibility. However, the rating is constrained by risks related to the development of new toll road projects and relatively high leverage. PEFINDO stated that the rating could be upgraded if the company strengthens its business profile through the operation of new toll roads with strong traffic volumes, while a downgrade could occur if government support weakens or financial performance deteriorates due to declining revenue or higher-than-expected debt increases.
- PT Steel Pipe Industry of Indonesia Tbk (ISSP) has prepared internal funds to repay bonds and sukuk maturing in April 2026.** The company allocated IDR352.40 billion, consisting of the principal of Shelf-Registered Bond II SPINDO Phase I 2023 Series B, amounting to IDR211.30 billion, and Shelf-Registered Sukuk Ijarah II Phase I 2023 Series B, amounting to IDR141.10 billion, both maturing on April 4, 2026. The repayment will be funded from the company's internal cash. Throughout 2025, ISSP recorded a net profit of IDR534.2 billion, up 0.78% year on year despite revenue declining 3% to IDR5.9 trillion due to falling global steel prices, while gross profit margin and net profit margin improved to 19.1% and 9.0%, respectively. The financial structure also remained strong with a liquidity ratio of 309%, a debt-to-equity ratio of 0.55 times, operating cash flow of IDR1.2 trillion, and a year-end cash position of IDR956 billion.

- **PEFINDO reaffirmed the rating of PT Bank Pan Indonesia Tbk (PNBN) at *idAA* with a stable outlook, while subordinated bonds were maintained at *idA+*.** The rating covers Bank Panin and Shelf-Registered Bond IV at *idAA*, as well as Subordinated Bond IV at *idA+*, which is placed two notches below the company rating due to the non-viability clause. The assessment is supported by a very strong capital profile, a solid business position, and strategic support from Australia and New Zealand Banking Group Ltd. (ANZ), the controlling shareholder, although asset quality below the industry average remains a constraining factor. As of December 31, 2025, Panin Bank recorded total assets of IDR237.3 trillion, equity of IDR58.8 trillion, a capital adequacy ratio (CAR) of 39.1%, and a nonperforming loan (NPL) ratio of 2.3%, down from 3% the previous year.
- **PT TBS Energi Utama Tbk (TOBA) prepared funds to repay the principal and interest of bonds maturing on March 3, 2026.** The company provided a total of IDR434.35 billion, consisting of IDR425 billion for the repayment of the principal of Bond I Year 2023 Series A and IDR9.35 billion for the 12<sup>th</sup> interest payment. The funds came from a combination of proceeds from Shelf-Registered Bond issuances, Phase I Year 2025, Phase II Year 2026, and internal company cash. The funds were deposited into the Indonesian Central Securities Depository (KSEI) no later than March 2, 2026, to be distributed to bondholders on March 3, 2026.
- **PEFINDO reaffirmed the rating of PT J Resources Asia Pasifik Tbk (PSAB) at *idBBB+* with a stable outlook amid the company's asset divestment plan.** The rating is supported by the company's production track record at the Bakan mine, relatively stable gold demand, and a still-moderate financial profile. The divestment of the Doup asset, valued at around USD540 million, through PT Arafura Surya Alam to PT Danusa Tambang Nusantara is viewed as providing significant additional liquidity for the company, although PEFINDO is still awaiting clarity on the use of the divestment proceeds. However, the rating remains constrained by the relatively moderate scale of operations and exposure to gold price volatility. Downward pressure on the rating may emerge if production declines at the remaining mines or if further divestments weaken the company's cash flow profile.

### The Most Traded Bonds During the Week

#### Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0109	5.88	03/15/31	200.00	101.00	5.64	23,210,233
FR0107	7.13	08/15/45	10,000.00	104.31	6.72	7,759,451
PBS032	4.88	07/15/26	100.00	100.37	3.78	5,465,436
FR0087	6.50	02/15/31	500.00	102.05	--	5,317,219
PBS030	5.88	07/15/28	3,000.00	101.50	5.19	5,086,377

#### Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Bond VI Indomobil Finance Phase II Year 2026 Series A	<i>idAA-</i>	4.95	03/04/27	750	100.00	4.95	3,125,470
Shelf Registration Bond VII Federal International Finance Phase III Year 2026 Series A	AAA(idn)	4.75	03/06/27	40,000	100.05	4.70	1,143,100
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	<i>idA</i> (sy)	-	12/05/28	5,000	97.65	--	954,040
Shelf Registration Bond V SANF Phase II Year 2026 Series A	<i>idAA+</i>	4.75	03/05/27	1,000	100.00	4.75	840,977
Shelf Registration Bond VII Adira Finance Phase III Year 2026 Series A	<i>idAAA</i>	4.80	03/06/27	10,000	99.93	4.87	816,000

## Corporate Bonds Issuance

Throughout the first week of March 2026, there was the issuance of corporate debt securities from 7 companies with a value reaching IDR7.152 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VIII Phase II Year 2026 Series A	Mar-2-2026	995.00	4.75	1	idAAA
2	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VIII Phase II Year 2026 Series B	Mar-2-2026	1,010.00	5.25	2	idAAA
3	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Sukuk Musyarakah II Phase II Year 2026	Mar-2-2026	808.07	4.75	1	idAAA <sub>(sy)</sub>
4	PT Wahana Ottomitra Multiartha Tbk	Shelf Registration Bond V Phase III Year 2026 Series A	Mar-4-2026	1,270.00	4.95	1	idAAA
5	PT Wahana Ottomitra Multiartha Tbk	Shelf Registration Bond V Phase III Year 2026 Series B	Mar-4-2026	230.00	5.50	3	idAAA
6	PT RMK Energy Tbk	Shelf Registration Bond I Phase II Year 2026 Series A	Mar-4-2026	450.00	7.75	5	idA
7	PT RMK Energy Tbk	Shelf Registration Bond I Phase II Year 2026 Series B	Mar-4-2026	150.00	8.25	7	idA
8	PT Provident Investasi Bersama Tbk	Shelf Registration Bond III Phase II Year 2026 Series A	Mar-4-2026	50.00	5.70	1	idA
9	PT Provident Investasi Bersama Tbk	Shelf Registration Bond III Phase II Year 2026 Series B	Mar-4-2026	325.11	7.00	3	idA
10	PT Provident Investasi Bersama Tbk	Shelf Registration Bond III Phase II Year 2026 Series C	Mar-4-2026	563.92	7.85	5	idA
11	PT Permodalan Nasional Madani	Sukuk Mudharabah <i>Jangka Menengah</i> VII Year 2025 Phase XI	Mar-5-2026	350.00	6.90	2	idAAA <sub>(sy)</sub>
12	PT Gading Danaestari	MTN III Year 2025 Phase IV	Mar-6-2026	50.00	9.50	3	-
13	PT CIMB Niaga Auto Finance	Shelf Registration Sukuk Wakalah Bi Al-Istitsmar I Phase IV Year 2026 Series A	Mar-6-2026	800.00	4.90	1	AAA(idn)
14	PT CIMB Niaga Auto Finance	Shelf Registration Sukuk Wakalah Bi Al-Istitsmar I Phase IV Year 2026 Series B	Mar-6-2026	100.00	5.45	3	AAA(idn)
<b>Total</b>				<b>7,152.09</b>			

Source: KSEI, IDX, database PEFINDO.





## Corporate Bonds Maturity for April 2026 Reaches IDR11.72 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Steel Pipe Industry of Indonesia Tbk	Shelf Registration Bond II Phase I Year 2023 Series B	Apr-4-26	211.30	9.50	3	idA
2	PT Steel Pipe Industry of Indonesia Tbk	Shelf Registration Sukuk Ijarah II Phase I Year 2023 Series B	Apr-4-26	141.10	9.50	3	idA <sub>(sy)</sub>
3	PT Bank Mandiri (Persero) Tbk	Shelf Registration Green Bond I Phase II Year 2025 Series A	Apr-5-26	500.00	6.35	1	idAAA
4	PT Oki Pulp & Paper Mills	Shelf Registration Bond II Phase I Year 2025 Series A	Apr-5-26	717.71	7.00	1	idA+
5	PT Oki Pulp & Paper Mills	Shelf Registration Bond USD II Phase I Year 2025 Series A	Apr-5-26	USD0,59 million/IDR9.35 billion	5.75	1	idA+
6	PT Bukit Makmur Mandiri Utama	Sukuk Ijarah I Year 2025 Series A	Apr-6-26	542.85	7.50	1	idA+
7	PT Oto Multiartha	Shelf Registration Bond I Phase III Year 2025 Series A	Apr-7-26	438.30	6.40	1	idAAA
8	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond IV Phase III Year 2025 Series A	Apr-7-26	506.96	6.40	1	idAAA
9	PT Pembangunan Perumahan (Persero) Tbk	Shelf Registration Bond III Phase III Year 2023	Apr-11-26	503.73	8.80	3	idA
10	PT Pembangunan Perumahan (Persero) Tbk	Shelf Registration Sukuk Mudharabah I Phase III Year 2023	Apr-11-26	126.75	8.80	3	idA <sub>(sy)</sub>
11	PT Permodalan Nasional Madani	Shelf Registration Sukuk Mudharabah I Phase II Year 2023 Series B	Apr-11-26	1,095.90	Floating	3	idAAA <sub>(sy)</sub>
12	PT Wahana Ottomitra Multiartha Tbk	Shelf Registration Bond IV Phase III Year 2023 Series B	Apr-11-26	779.00	7.00	3	AA(idn)
13	PT BFI Finance Indonesia Tbk	Shelf Registration Bond V Phase IV Year 2023 Series C	Apr-14-26	625.00	7.15	3	AA-(idn)
14	PT Chandra Asri Pacific Tbk	Shelf Registration Bond III Phase III Year 2021 Series B	Apr-15-26	587.95	8.50	5	idAA-
15	PT Bussan Auto Finance	Shelf Registration Bond II Phase III Year 2023 Series B	Apr-18-26	841.00	7.10	3	idAAA
16	PT Merdeka Battery Materials Tbk	Bond III Year 2025 Series A	Apr-22-26	824.95	7.50	1	idA

17	PT Lembaga Pembiayaan Ekspor Indonesia	Shelf Registration Bond IV Phase IV Year 2019 Series D	Apr-23-26	278.00	9.25	7	idAAA
18	PT Federal International Finance	Shelf Registration Bond VI Phase V Year 2025 Series A	Apr-25-26	1,640.20	6.40	1	idAAA
19	PT Bank Mandiri Taspen	Shelf Registration Bond I Phase II Year 2021 Series B	Apr-28-26	1,200.00	7.25	5	AA(idn)
20	PT Steel Pipe Industry of Indonesia Tbk	Shelf Registration Bond II Phase III Year 2025 Series A	Apr-30-26	71.47	7.25	1	idA
21	PT Steel Pipe Industry of Indonesia Tbk	Shelf Registration Sukuk Ijarah II Phase III Year 2025 Series A	Apr-30-26	76.69	7.25	1	idA <sub>(sy)</sub>
<b>Total</b>				<b>11,718.19</b>			

## Weekly Sector Highlights

During 2–6 March 2026, domestic sectoral sentiment was influenced by escalating geopolitical conflict, government policy actions, and corporate actions.

Industries	Sentiment & Significance	News Highlights
<b>Banking</b>		<b>Loose Banking Liquidity Creates Credit Space to Support Economic Growth.</b> Bank Indonesia affirms that the resilience of the national financial system remains solid amid global uncertainty, supported by ample banking liquidity to facilitate credit distribution. As of January 2026, undisbursed loans reached IDR2,506.47 trillion, or 22.65% of total credit ceilings, indicating considerable room for further intermediation expansion. Credit growth of 9.69% year-on-year in 2025 helped sustain economic growth at 5.11%, and BI projects credit growth this year to fall within the 8–12% range, in line with January 2026’s realization of 9.96% YOY. To strengthen monetary policy transmission, BI is encouraging banks to adjust special rates so that lending rate reductions can occur more quickly. Meanwhile, KLM incentives totaling IDR427.5 trillion as of early February 2026 continue to be utilized to ensure adequate liquidity in priority sectors.
<b>Insurance and Guarantee</b>		<b>Outlook for Travel Insurance Amid Geopolitical Uncertainty.</b> The travel insurance business is facing contrasting dynamics due to rising risks of flight cancellations stemming from the conflict in the Middle East, even as demand is expected to increase ahead of the Eid homecoming season. PT Great Eastern General Insurance Indonesia reports higher activity in its travel insurance line, with most claims related to travel delays and cancellations. The company is expanding partnerships with upper-middle-segment travel agents and intensifying branding efforts to capture these opportunities. Meanwhile, Jasindo states that it has not yet seen a significant surge in claims but continues to anticipate increased potential risks through prudent management and reinsurance support. Ahead of Eid, demand for domestic travel insurance is expected to be the primary driver of growth for this business line.
<b>Mining</b>		<b>Risks of Production Quota Cuts on Industrial and Economic Stability.</b> The government’s plan to reduce coal and nickel production quotas has raised concerns over potential domino effects on the shipping industry, banking sector, and employment, given that every 1 million-ton reduction in coal output could affect an estimated 256 workers. APBI views the policy as perplexing due to the absence of clarity on the underlying calculation benchmarks, while significant cuts are considered economically unviable for long-term mining investments. In the shipping sector, a potential decline in coal production from 790 million tons to 600 million tons is expected to leave around 660 tug-and-barge units idle, pressuring corporate cash flows and increasing credit risks in the maritime sector. Meanwhile, in the nickel industry, the government is considering production cuts due to projected oversupply, even though domestic demand reaches 380–400 million tons, and imported supply from the Philippines remains very limited. Although higher prices for nickel and downstream products are possible, uncertainty in the coal market and rising energy-related cost pressures require the government to conduct comprehensive simulations to mitigate risks to state revenue and industrial stability.
<b>Multifinance</b>		<b>Rising Multifinance NPF Risks Amid Economic Pressures.</b> The non-performing financing (NPF) ratio of the multifinance sector increased to 2.72% in January 2026, up from 2.51% at the end of 2025, reflecting mounting pressure on financing portfolio quality. This increase is driven by post-Eid seasonal factors as well as potential spikes in energy and food prices due to the conflict in the Middle East, which could further weaken debtors’ repayment capacity. Analysts view the March–May period as a critical phase for financing companies to curb NPF growth through tighter credit selection and intensified collection efforts. OJK remains optimistic that leasing companies can maintain credit quality through strengthened risk management. Industry players acknowledge

	<p>that economic conditions and shifting purchasing power may continue to influence NPF levels in the near term.</p>
<p><b>Oil and Gas</b> <span style="color: red;">●●●</span></p>	<p><b>Risks of the U.S.–Iran Conflict to Indonesia’s Energy and Fiscal Stability.</b> The escalation of tensions between the U.S., Israel, and Iran has the potential to trigger a global energy shock, as the Strait of Hormuz—through which nearly 20% of global oil supply and 30% of global LNG trade pass—faces severe disruption. For Indonesia, reliance on imported fuel, which reaches 56–60%, means that every USD10-per-barrel increase risks adding IDR35–40 trillion to subsidy burdens, and could even reach IDR100–120 trillion if oil prices surge to USD110–130 per barrel. Rising LNG prices also threaten electricity generation costs (BPP), where a USD1/MMBTU increase can add up to IDR4–5 trillion per year, pressuring electricity compensation and industrial competitiveness. To mitigate these risks, the government needs to strengthen operational fuel reserves, maximize domestic energy use, and secure long-term LNG contracts with key suppliers.</p>
<p><b>Plantation and Agriculture</b> <span style="color: red;">●●</span></p>	<p><b>New CPO Export Levy Tariffs Effective March 2026.</b> The Ministry of Finance has officially implemented new export levy tariffs for crude palm oil (CPO) and its derivative products through Regulation of the Minister of Finance (PMK) No. 9/2026, effective March 1, 2026. The tariff adjustment aims to boost productivity in the plantation sector and enhance value creation in palm oil downstream industries. Under the new provisions, levies for CPO and upstream products are set at 12.5% of the CPO Reference Price, up from the previous 10%, while tariffs for semi-finished derivatives increase to 12% and refined products to 10%. Branded RBD Palm Olein in packaging up to 25 kg also faces a higher levy of 7.25%, up from 4.75%, and biodiesel FAME is now included in the levy scope. Meanwhile, certain raw materials such as palm kernel, palm kernel meal, and palm kernel shells are subject to fixed tariffs per metric ton. This policy marks the government’s effort to strengthen the management of plantation funds while further accelerating downstream development in the palm oil industry.</p>
<p><b>Power and Energy</b> <span style="color: red;">●●●</span></p>	<p><b>Declining Coal Stocks Threaten the Reliability of Private Coal-Fired Power Plants.</b> Coal supplies to several private power producers (IPPs) continue to decline, raising concerns about the reliability of the national electricity system, as IPPs supply nearly 50% of Indonesia’s electricity. APLSI reports that some plants are now operating with fewer than 10 days of coal inventory, far below the ideal safety threshold of 25 days. The limited supply is linked to the absence of additional commitments from coal producers and to delays in issuing the 2026 RKAB, although the Ministry of Energy and Mineral Resources has stated that around 10 companies have received their RKAB approvals. On the other hand, PLN has secured an allocation of 84 million tons from eight major suppliers and aims to fulfill the supply needs of all power plants before the Eid holiday to reduce deficit risks. With a total requirement of 124 million tons this year, the government affirms its commitment to managing coal supply and demand to maintain national power system stability.</p>
<p><b>Transportation and Vehicle Rent</b> <span style="color: green;">●</span></p>	<p><b>Danantara Opens the Possibility of Additional Capital Injection for GIAA.</b> Danantara Indonesia is opening the option for a further capital injection into Garuda Indonesia (GIAA) after previously providing USD1.4 billion (IDR23 trillion) in November 2025. However, Danantara emphasizes that its primary focus is currently the acceleration of the state-owned airlines’ holding or merger process in the first half of 2026 to improve fleet efficiency. The need for additional aircraft is the main reason for expediting consolidation, given that acquiring new fleets—such as Boeing aircraft—requires a waiting period of up to seven years. The plan to purchase 50 Boeing planes remains under intergovernmental discussion, with various funding schemes being considered, including supplier credit and installment-based payment options. Nevertheless, final decisions on the number of aircraft and funding sources will depend on the outcome of ongoing negotiations.</p>

Source: Bloomberg Technoz, Bisnis Indonesia, CNBC Indonesia, Harian Ekonomi Neraca, Harian Kontan, Investor Daily, and Kompas (2026).

## Weekly Economic Update

Presented by the Economic Research Division of PEFINDO

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Sectoral Highlights	: Anindita Budi Rahmayani

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