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WEEKLY ECONOMIC UPDATE

Period of August 24-28, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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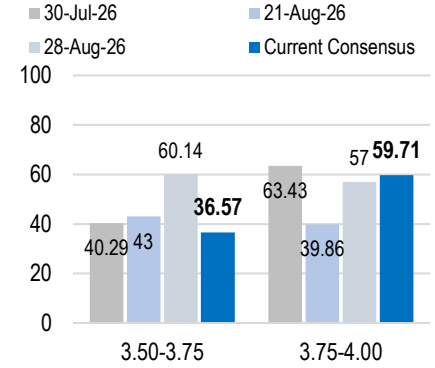
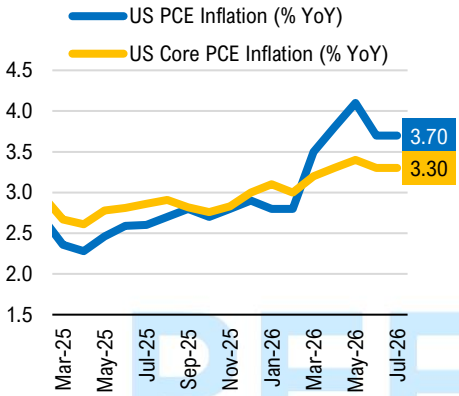
Data Highlights of the Week

Probability of a Fed Funds Rate Cut at the September 2026 FOMC Meeting (%)



Source: CME Fedwatch

US PCE Inflation



Source: Bloomberg

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Further Monetary Policy Tightening Cannot Be Ruled Out

Global Economic

- **Global geopolitical developments over the past week were dominated by the intensifying crisis in the Middle East following the U.S. launch of "Operation Economic Outcast."** This operation targeted 60 entities and vessels accused of facilitating funding for the IRGC, triggering a plunge in the Iranian Rial to a record low and driving domestic inflation to 66%. Iran responded with threats to blockade the Strait of Hormuz, alongside an increase in Houthi missile attacks on tankers in the Red Sea. On the global political-economy front, China rejected U.S. secondary sanctions targeting nations that purchase energy from Iran, asserting that unilateral economic pressure would only exacerbate the situation. Overall, this series of events has sustained high volatility in the global economy as market participants worry about potential military escalation.
- **Federal Reserve official Kevin Warsh stated that U.S. interest rates could potentially be raised.** He made these remarks at the Jackson Hole conference (Aug 28th), causing market expectations for a Fed rate hike in September 2026 to rise to 55.7% (up from 36%), given that inflation remains above the 2% target and financial conditions are not yet fully restrictive. Warsh noted that while consumer inflation and PCE data for the summer of 2026 were better than anticipated, the underlying trend has not shown significant improvement; notably, 49% of the components in the PCE basket recorded year-over-year increases exceeding 3% over the past six months. He emphasized the need for the Fed to be confident that inflation is moving toward the target at an adequate pace and reiterated that interest rates remain the primary tool for price control. Warsh explicitly rejected the use of forward guidance as a standard communication tool for the Fed, aiming to reduce market reliance on central bank signals and encourage a greater focus on actual economic data rather than speculation.
- **U.S. economic data released during the week pointed to the possibility of further interest rate hikes.** The US Personal Consumption Expenditures (PCE) price index held steady at 3.7% YoY in July 2026, exceeding market expectations of 3.6%. The rise was primarily driven by increasing inflation in the services sector. On a monthly basis, PCE inflation rose by 0.2% MoM (Jun'26: -0.1%). Core PCE inflation also remained at 3.3%, in line with forecasts. Non-farm payroll figures underwent a revision, showing 79,000 fewer jobs added over the 12-month period ending in Mar'26; this reflects a downward adjustment of 0.1%. The second estimate of US economic growth for the second quarter of 2026 remained at an annualized rate of 1.5% (Q1-2026: 2.1%). Growth was supported by a 3.4% surge in personal consumption—the largest increase since the Q3-2025—and a 7.0% rise in fixed investment, fueled by increased spending on equipment and intellectual property products driven by high demand related to artificial intelligence (AI).
- **Minutes from the ECB's July meeting reveal that policymakers unanimously agreed to keep interest rates unchanged following the June hike, citing high uncertainty and the fact that the full inflationary impact of the energy price surge had not yet fully materialized.** However, some indicated they would not oppose further hikes, noting that it was unlikely further tightening would prove unnecessary. It was emphasized that the July policy pause should not be interpreted as the end of the tightening cycle, as further rate hikes remain likely unless the inflation outlook improves significantly.
- **Bank of Japan Deputy Governor Ryozo Himino stated that the BoJ remains vigilant regarding upside inflation risks and will discuss the need for rate hikes amidst growing market expectations for further increases.** Himino added that the central bank would evaluate various risks to the economic outlook, including the conflict in the Middle East, currency exchange rate movements, and rising demand linked to artificial intelligence (AI). He also argued that "raising interest rates in a timely manner" could prevent accelerating inflation and avoid the need for drastic rate hikes later on—ultimately benefiting small businesses, mortgage borrowers, and public finances. The timing and pace of policy adjustments will depend on the likelihood of the baseline economic and price outlook materializing, as well as associated risks.

Next Week's Economic Calendar

Time	Development Releases
Aug 31	China NBS Composite PMI (Aug'26)
	India's economic growth in Q2 2026
Sep 1	Composite, Manufacturing, and Services PMIs for various countries (Aug'26)
	Indonesia's Inflation (Aug '26)
	Indonesia's trade balance (Jul'26)
	Foreign tourist arrivals in Indonesia (Jul'26)
	Eurozone flash inflation estimate (Aug'26)
	Eurozone unemployment rate (Jul'26)
	Brazil's economic growth Q2-2026
Sep 2	South Korea inflation (Aug'26)
	Bank of Canada interest rate
Sep 3	US trade balance (Jul'26)
Sep 4	US labor market developments (Aug'26)

- **Several Asian nations have adopted divergent monetary policy measures.** The Bank of Korea (BoK) and the Bangko Sentral ng Pilipinas (BSP) both raised their benchmark interest rates by 25 basis points—to 3% and 5%, respectively—to curb persistent inflationary pressures driven by an AI-led export boom in South Korea and elevated energy and food price risks in the Philippines. Conversely, the Bank of Thailand (BoT) reached a consensus to hold interest rates at 1% to maintain an accommodative policy stance, given that its domestic economic recovery remains slow and uneven amidst relatively controlled inflation.

Domestic Economy

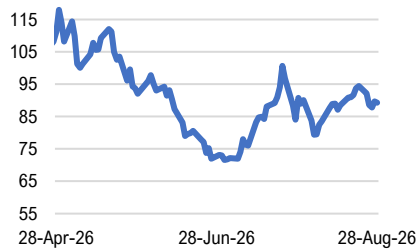
- **Economic liquidity (broad money/M2) in July 2026 was reported to have slowed to 8.3% YoY, reaching IDR10,371.1 trillion (Jun'26: 8.7%).** Liquidity growth was driven by an acceleration in credit disbursement, which rose by 13.0% YoY (Jun'26: 12.1%), even as net claims on the central government slowed to 4.6% YoY (Jun'26: 10.1%). The acceleration in credit growth was fueled by a rise in corporate lending to 20.9% YoY (Jun'26: 19.3%) and individual lending growth of 3.6% YoY (Jun'26: 3.5%). By usage purpose, working capital and investment loans accelerated, growing by 11.6% YoY (Jun'26: 9.6%) and 23.1% YoY (Jun'26: 22.5%) respectively, while consumer loans slowed to 5.3% YoY (Jun'26: 5.7%).
- **Destry Damayanti has been appointed Governor of Bank Indonesia (BI) for the 2026–2031 term.** Additionally, Aida S. Budiman has been named Senior Deputy Governor, and Solihin M. Juhro as Deputy Governor for the same period. With a focus on price stability and supporting economic growth, Destry's appointment is expected to maintain the continuity of BI's prudent monetary policy while adjusting liquidity in line with global conditions.
- **The government plans to pilot restrictions on the purchase of subsidized Pertalite fuel for households in the 9th and 10th deciles in 2026.** This policy is expected to generate savings of 10%—or IDR21 trillion—in the energy subsidy budget. The trial of these purchase restrictions will be conducted on a limited scale while awaiting improvements to the accuracy of household decile data. Initiating restrictions with the 10th decile is considered a way to minimize the impact on households on the verge of affordability limits, while also serving as a pragmatic step, balancing fiscal reform with targeting accuracy.
- **Fitch Ratings assesses that the risk of Indonesia's fiscal deficit widening in 2027 remains present, highlighting financing through quasi-fiscal channels.** Thus far, the 2027 Draft State Budget sets a lower deficit target of 2.4% of GDP, down from the 2026 outlook (2.85% of GDP). However, a widening of the fiscal deficit remains a distinct possibility, as the assumptions of 6% growth and an exchange rate of IDR17,500/USD are viewed as quite optimistic and could potentially drive up government spending. The greatest uncertainty regarding signals of fiscal sustainability stems from potential financing via quasi-fiscal channels. If a growing share of government financing needs is met through quasi-fiscal channels, long-term fiscal transparency and the effectiveness of state financial management could be compromised. Currently, a low revenue ratio limits the government's fiscal space, making fiscal consolidation vulnerable to economic growth slowdowns, rising expenditure needs, or a combination of both.

Week Ahead Highlights

Among developed nations, the US is set to release closely watched labor market data ahead of the next FOMC meeting. During the same week, the Federal Reserve's Beige Book and speeches by various Fed officials will be scrutinized for further clues regarding the outlook for US interest rates. Meanwhile, the Bank of Canada will hold its policy meeting. In Europe, data on Eurozone inflation and unemployment rates are awaited. In Asia, Japan will release figures on retail sales, unemployment, industrial production, and consumer confidence, while South Korea will report data on its trade balance and inflation. India is set to release its Q2 2026 GDP data. Within ASEAN, Indonesia, Vietnam, and the Philippines will release various data points, such as inflation, trade balances, and foreign tourist arrivals, while Malaysia will hold its monetary policy meeting. Purchasing Managers' Index (PMI) readings from various countries will also be awaited to gauge the private sector's resilience in the face of rising energy prices.

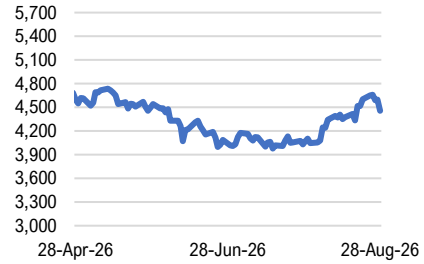
Spotlight on Commodity Price Trends
(as of August 28, 2026)

Brent Crude Oil (USD/Barrel)



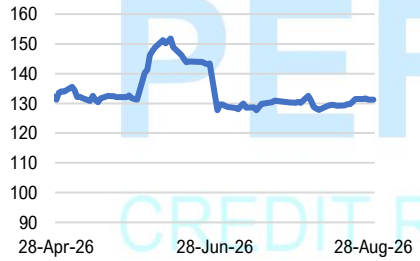
Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
89.31	-5.38	6.21	30.15	46.77

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,455.11	-3.21	10.56	30.38	3.14

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
131.20	-0.23	0.73	17.62	22.05

Energy and Food Commodity Prices Weaken Together for the Week, Pressured by Hawkish Fed Signals.

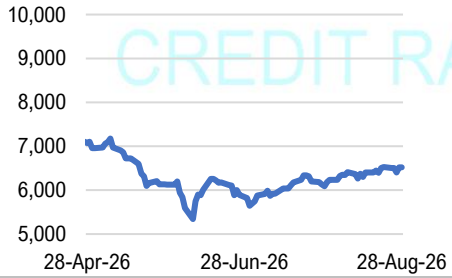
- **Brent crude oil prices fell 5.38% over the past week**, closing at USD89.31 per barrel on Friday (8/28), down 0.43% on the day. The decline was primarily driven by hawkish sentiment from Fed Chair Kevin Warsh, who signaled the possibility of an interest rate hike to curb inflation, weighing on global energy demand and strengthening the US dollar. Meanwhile, rumors of a deal to reopen the Strait of Hormuz added further selling pressure, even though vessel traffic through the strategic waterway remained fragile—only seven ships passed through, compared with a daily average of 15. Goldman Sachs noted that Gulf exports reached 15-16 million barrels per day, still below pre-war levels but up from the low point in March. Overall market sentiment leaned bearish, overshadowed by geopolitical uncertainty between Iran, the US, and Israel, as well as rising Russia-UK tensions over Ukraine, though there was limited optimism over the potential normalization of Middle East supply.
- **Gold prices plunged at the end of the week,** falling 3.21% for the week after touching a three-month high earlier in the period. The sharp decline was triggered by hawkish remarks from the Fed Chair, who stressed that inflation had not slowed significantly and that the Fed still had "work to do," pushing markets to raise the probability of a September rate hike to 58% from 36% previously, with the probability of a December hike reaching 89% according to the CME FedWatch tool. This sentiment weighed on gold, as the non-yielding asset lost its appeal amid expectations of higher interest rates, while the US dollar strengthened to its highest level in more than a week. Physical demand in India also weakened on speculation that a recent increase in import duties could be reversed, adding further bearish pressure on gold prices overall.
- **Coal prices were seen weakening slightly by 0.23% over the past week**, pressured by several key market factors. One of the main drivers was the monthly decline in China's thermal coal imports; although July 2026 imports of 29.11 million tons were still up 12.03% year-on-year, they fell 4.85% from June, indicating that thermal coal demand remains under pressure despite relatively strong seaborne prices. Over the January-July 2026 period, China's thermal coal imports reached 188 million tons, down 3.73% from the same period last year. On the domestic front, sentiment was also weighed down by the Indonesian government's preparations for a strategic minerals and commodities exchange, targeted to begin operations on January 1, 2027, as part of efforts to strengthen its influence over price formation for the country's leading export commodities. Overall, coal market sentiment leaned slightly bearish, driven by weaker Chinese demand and domestic commodity policy dynamics.
- **Crude palm oil (CPO) prices weakened 2.47% over the past week.** The weekly pressure was driven by concerns over softening demand, as India—the leading buyer—imported nearly 1.57 million tons of vegetable oil in August, limiting fresh demand for CPO. On the supply side, palm oil production estimates in Malaysia were mixed, with the MPOA reporting a 1.08% increase for August 1-20, while SPPOMA data showed production in southern Peninsular Malaysia falling by nearly 4.7%. Weaker global crude oil prices also weighed on CPO by making it less attractive as a biodiesel feedstock. Nevertheless, sentiment was partly supported by stronger soybean oil prices and concerns over the medium-term production outlook, leaving the market cautious as it awaits a new balance between supply and demand.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	2.89	4.15	8.49	-1.90	-21.65	Crude Palm Oil (MYR/Ton)	4,894.00	-2.47	5.43	10.00	20.84
Nickel (USD/MT)	16,720.65	-1.28	-1.02	5.82	-1.31	Rubber (USD/Kg)	240.40	3.31	10.73	38.64	33.63
Copper (USD/MT)	14,294.00	0.55	4.45	45.59	15.06	Wheat (cents/bu)	767.00	12.55	15.77	50.32	51.28
Aluminum (USD/MT)	3,242.00	0.14	3.00	24.45	8.23	Corn (cents/bu)	512.00	5.84	11.67	32.81	16.30
Iron Ore (USD/MT)	97.84	0.97	-0.49	-4.32	-8.42	Sugar (c/lb)	17.56	-0.28	20.69	6.55	16.99

Wall Street Rises for the Week, Boosted by Nvidia's Surge, While ICI Falls Amid Caution Ahead of Fed Policy Decision. The US dollar strengthened on hawkish Fed signals, while the rupiah stayed stable as domestic sentiment improved.

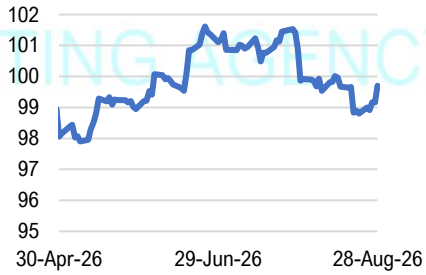
- **Wall Street posted a positive performance over the past week**, with the S&P 500 up 0.49%, the Nasdaq Composite up 0.85%, and the Dow Jones up 0.53%, even though markets closed lower on Friday (8/28) following hawkish remarks from Fed Chair Kevin Warsh at Jackson Hole, who stressed that the central bank still had "more work to do" if inflation was not clearly heading toward the 2% target. The weekly gain was mainly driven by Thursday's (8/27) rally, when the Nasdaq jumped 1.57%, and the S&P 500 rose 0.72% after Nvidia shares surged 8.7% on strong earnings guidance, reaffirming that AI-driven demand remains robust. Positive sentiment was further supported by gains of 22.6% in Salesforce and 20.5% in CrowdStrike after both companies raised their annual revenue guidance, easing concerns over AI-driven disruption in the software industry. However, market sentiment turned more cautious toward the end of the week following Warsh's speech, leaving traders evenly split between expectations of a rate hike or a pause in September.
- **The ICI sideways and remained volatile throughout the week,** closing 0.12% lower at 6,518.12 on Friday (8/28), down from 6,525.69 the previous week, with the sharpest pressure occurring on Wednesday before a strong rebound on Thursday. Key global sentiment stemmed from market caution over the direction of Fed policy, movements in US Treasury yields, and a stronger US dollar following Fed Chair Kevin Warsh's hawkish remarks, which raised the likelihood of a September rate hike. On the domestic front, investor attention centered on political stability, rupiah movements, and the MSCI rebalancing, which could increase market volatility. The basic materials and consumer non-cyclicals sectors were seen as having the potential to outperform, while the property and technology sectors warrant caution given their sensitivity to rising yields and a global risk-off environment.
- **The US Dollar Index strengthened after the Federal Reserve signaled a tighter policy stance.** The US Dollar Index (DXY) closed at 99.70 on August 28, 2026, up 0.91% from August 21, 2026. The appreciation followed higher short-term US Treasury yields after Federal Reserve (Fed) Chair Kevin Warsh said inflationary pressures remained persistent and the labor market was at full employment. Market expectations shifted toward a possible Fed rate hike at the next meeting. Gains in the DXY were capped by expectations of an interest rate increase by the European Central Bank (ECB) following indications of higher inflation in the eurozone.
- **Volatility in the yen has increased risks to global bond markets and US funding costs.** The yen weakened to around JPY160/USD after briefly strengthening to JPY155.20/USD following joint intervention by the United States and Japan on July 31, 2026. US Treasury Secretary Scott Bessent warned that disorderly yen movements could trigger forced unwinding, pressure the Japanese government bond market, and disrupt cross-border capital flows. Such spillovers could push global bond yields and credit spreads higher. Risks increased further after comments from Federal Reserve Chair Kevin Warsh renewed expectations of a US interest rate hike.
- **The rupiah remained stable as domestic sentiment improved.** The rupiah closed at IDR17,693/USD on August 28, 2026, appreciating by 0.01% from August 21, 2026. The rupiah reversed earlier losses on Friday after demonstrations in Jakarta remained orderly, with no major security disruptions. Sentiment was also supported by a statement from Acting Bank Indonesia Governor Destry Damayanti that policy coordination would not compromise the central bank's independence. Markets will next focus on August inflation, July trade data, and the process of appointing the next Bank Indonesia governor.

Indonesian Composite Index (ICI)



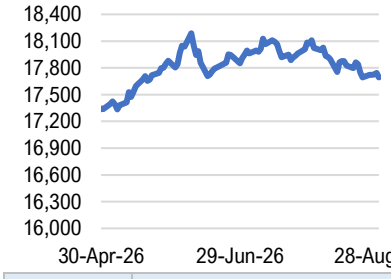
Closing	(% Change)			
	WoW	MoM	YoY	YTD
6,518.12	-0.12	6.32	-18.03	-24.62

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
99.70	0.91	-1.69	1.93	1.40

Rupiah Exchange Rate (USD/IDR)



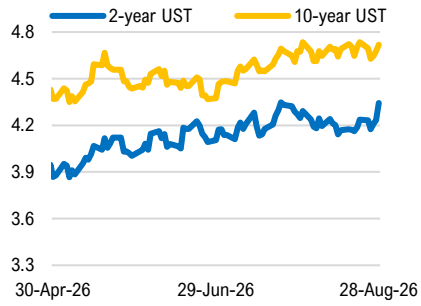
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,693	-0.01	-2.16	8.19	6.07

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	7,711.76	0.49	3.81	18.61	12.65	Euro (EUR/USD)	1.16	-0.80	1.74	-0.84	-1.37
Dow Jones (AS)	53,559.99	0.53	1.54	17.36	11.44	Canadian Dollar (USD/CAD)	1.39	1.05	-1.43	1.13	1.32
Nasdaq (AS)	26,402.42	0.85	6.13	21.64	13.60	Pound sterling (GBP/USD)	1.35	-0.78	1.87	0.19	0.47
Euro Stoxx 50 (Zona Euro)	6,485.67	0.36	3.12	20.18	11.99	Japanese Yen (USD/JPY)	160.09	0.72	-2.29	8.96	2.16
FTSE100 (Inggris)	10,824.26	0.07	-0.43	17.44	8.99	Chinese Yuan (USD/CNY)	6.73	0.11	-0.61	-5.63	-3.72
Nikkei225 (Jepang)	66,405.56	0.59	6.48	55.05	31.92	Singapore Dollar (USD/SGD)	1.27	0.37	-1.38	-0.65	-0.88
Shanghai (Tiongkok)	3,952.18	1.20	3.64	2.83	-0.42	Malaysian Ringgit (USD/MYR)	4.03	-0.33	-1.61	-4.55	-0.86
Hang Seng (Hong Kong)	25,584.79	-1.63	1.08	2.34	-0.18	Thailand Baht (USD/THB)	33.11	1.35	-1.32	2.58	5.14

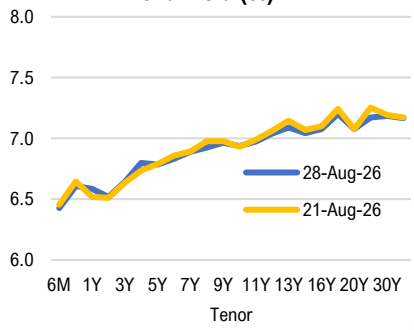
Key Data Developments in Global and National Bond Markets

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



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.343	11	6	71	87
5Y: 4.479	5	11	79	75
10Y: 4.718	-2	11	51	55

Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 6.686	4	-41	137	169
5Y: 6.832	-2	-55	118	128
10Y: 7.004	5	-36	69	93

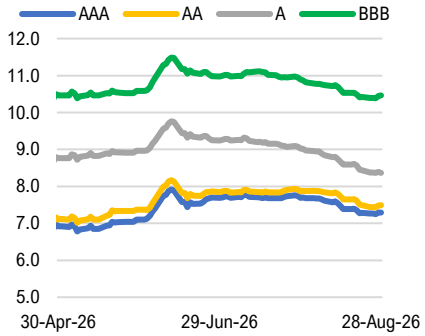
5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
84.34	-0.19	-10.20	25.00	22.49

US Treasury yields moved in different directions following hawkish Fed signals, while Indonesia's government bond market remained relatively stable as credit risk declined.

- **US Treasury yields moved in different directions, with pressure concentrated at the short end.** The two-year yield increased by 11 bps to 4.343% on August 28, 2026. The five-year yield rose by 5 bps to 4.479%, while the 10-year yield declined by 2 bps to 4.718% from August 21, 2026. Pressure increased after Federal Reserve (Fed) Chair Kevin Warsh said inflation had not slowed materially and that the 2% inflation target remained unchanged. Money markets subsequently priced in an almost 50% probability of a rate hike in Sep'26.
- **India has begun testing tokenization of corporate bonds to accelerate settlement in the debt market.** REC will issue tokenized bonds worth less than INR5 billion in Sep'26, with payments conducted using central bank digital currency. Selected investors will participate in the pilot phase, subject to a three-month lock-up period. Secondary-market trading is targeted for availability by Dec'26 at the latest. Blockchain infrastructure enables near-real-time ownership recording and settlement, potentially reducing liquidity risk and operating costs.
- **Indonesia's government bond market moved in different directions amid lower credit risk and stable foreign ownership.** The two-year yield increased by 4 bps to 6.686% on August 28, 2026. The five-year yield declined by 2 bps to 6.832%, while the 10-year yield increased by 5 bps to 7.004% from August 21, 2026. On a monthly basis, the 10-year yield declined by 34 bps but remained 64 bps higher than a year earlier. Indonesia's five-year credit default swap (CDS) declined by 0.19% to 84.34. Foreign holdings of government securities stood at IDR907.45 trillion on August 27, 2026, down IDR1.15 trillion from IDR908.60 trillion on August 21, after reaching a high of IDR909.33 trillion on August 26.
- **Fiscal space under the proposed 2027 State Budget has narrowed because of higher interest expenses.** The deficit is planned at IDR671.2 trillion, or 2.40% of GDP, with expenditures of IDR4,097.2 trillion and revenue of IDR3,426 trillion. Interest expenses are projected to increase by 11.6% year over year to IDR650.3 trillion, equivalent to 19% of central government expenditure, compared with 18% in 2026. The increase reflects rupiah depreciation and high yields on government securities.
- **The Bank Indonesia Rupiah Securities (SRBI) auction attracted strong demand at lower yields.** Bank Indonesia (BI) awarded IDR24 trillion in SRBI at its August 28, 2026 auction, out of total bids of IDR43.5 trillion, the largest amount in August. The weighted-average yield on the 12-month tenor declined to 7.00%, in line with a decrease in the average bid yield to 7.08% from 7.45% previously. BI continues to optimize SRBI to support liquidity management, money market stability, rupiah stability, and foreign portfolio flows.
- **Bank Indonesia's policy mix could support liquidity and monetary policy transmission to the bond market.** Bank Indonesia (BI) is positioning Bank Indonesia Rupiah Securities (SRBI) as the main instrument for transmitting policy to the money market, with outstanding SRBI declining to around IDR1,050 trillion from nearly IDR1,100 trillion. The reduction in outstanding SRBI and yields is being implemented gradually to increase liquidity while maintaining rupiah stability. The strategy provides room for lower market interest rates, while foreign exchange intervention continues to be used to contain volatility. Headline inflation in August was 2.8%, and core inflation was 2.7%, remaining within BI's 2.5% ±1% target range.
- **Fiscal pressures are limiting spending flexibility to support higher economic growth.** The government is targeting 6% growth in 2027, while central government expenditure is planned at IDR3,362.2 trillion. A larger share of interest payments reduces room for productive spending, including infrastructure, education, and health care. The government needs to contain the deficit while preserving expenditure that supports productivity.
- **The government has opened an early redemption facility for the Retail Savings Bond series SBR014T2.** The Ministry of Finance opened the early redemption period from August 27 to September 4, 2026, with settlement on September 10, 2026. Investors may redeem up to 50% of each purchase transaction, subject to a minimum redemption amount of IDR1 million and a minimum holding of IDR2 million per transaction. Applications are submitted electronically through the distribution partner through which the SBR014T2 was purchased. On the settlement date, investors will receive the redeemed principal and a full month's coupon payment.

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

- **Increasing tax revenue is one of the government's strategies for maintaining fiscal balance.** The government is targeting tax revenue of IDR2,908 trillion, or 10.38% of GDP, in 2027, up 12.1% from the 2026 projection. The strategy focuses on improving compliance, broadening the tax base, strengthening Coretax, enhancing enforcement, and increasing coordination between the Directorate General of Taxes and the Directorate General of Customs and Excise without raising tax rates. Higher debt-servicing costs remain a risk because they could lead to additional borrowing, reductions in public spending, or tighter tax policies.
- **Demand for the Retail Sukuk series SR025 has been strong, with initial interest from retail investors.** Orders for SR025 exceeded IDR1 trillion on the fourth day of the offering, while the government is targeting IDR20 trillion in proceeds. SR025-T3 offers a 6.80% coupon with a three-year tenor, while SR025-T5 offers a 6.90% coupon with a five-year tenor. The minimum investment is IDR1 million, with maximum purchases of IDR5 billion for T3 and IDR10 billion for T5. Competitive coupons and investment access through distribution partners are supporting demand during the offering period.
- **PT Indosat Tbk's (ISAT) credit profile remains strong despite higher investment requirements.** Fitch Ratings Indonesia affirmed ISAT's 'AAA$_{(idn)}$' National Long-Term Rating with a Stable Outlook, including the ratings on all outstanding senior unsecured rupiah bonds and sukuk. EBITDA net leverage was 0.1x at the end of June 2026 and is projected to increase to above 1.0x in 2026–2027, but remain below the 1.3x downgrade threshold. The position is supported by IDR11.7 trillion in proceeds from the sale of fiber assets and a conservative balance-sheet policy. Capital expenditure is projected at IDR30 trillion–IDR35 trillion in 2026, up from IDR13 trillion in 2025, for network expansion, spectrum, and the GPU-as-a-Service (GaaS) business. EBITDA is projected at around IDR20 trillion in 2026, while a five-year GaaS contract beginning in 2027 provides contracted annual revenue of around USD300 million.
- **PT Merdeka Battery Materials Tbk (MBMA) has completed repayment of two debt instruments rated by PEFINDO.** PEFINDO withdrew the ratings on the IDR984.06 billion Series A of Shelf-Registered Bond I Phase II 2025, rated $_{id}$A, and the IDR651.65 billion Series A of Shelf-Registered Mudharabah Sukuk I Phase II 2025, rated $_{id}$A$_{(sy)}$, on August 27, 2026. The total value of the instruments was IDR1.63 trillion. The ratings were withdrawn because both instruments had been fully repaid and did not reflect a change in MBMA's credit quality.
- **PT Barito Pacific Tbk (BRPT) is preparing to use the proceeds from its bond issuance to meet upcoming maturities.** PT Pemeringkat Efek Indonesia (PEFINDO) noted that the IDR700 billion Series A of Shelf-Registered Bond III Phase II 2023, rated $_{id}$A+, will mature on November 28, 2026. BRPT plans to repay the obligation using part of the proceeds from the IDR1 trillion Shelf-Registered Bond IV Phase I 2025 issuance.
- **Liquidity pressure at PT Adhi Karya (Persero) Tbk (ADHI) has accelerated debt restructuring and asset divestment efforts.** The Indonesia Stock Exchange suspended trading in ADHI shares on August 24, 2026, following a delay in the 17th bond interest payment. ADHI scheduled a bondholders' general meeting for September 11, 2026, to discuss settlement of the obligation. Restructuring with bank creditors is targeted for completion in the second half of 2026, while the divestments of PT Jasamarga Jogja Solo and PT Dumai Tirta Persada remain under due diligence. These measures are intended to improve liquidity, reduce debt and interest burdens, and strengthen debt-servicing capacity.
- **INKP has repaid its obligations, while BALI is preparing refinancing for upcoming maturities.** PT Indah Kiat Pulp & Paper Tbk (INKP) repaid IDR1.61 trillion of bonds and IDR878.97 billion of sukuk on August 26, 2026, leading PEFINDO to withdraw the $_{id}$A+ and $_{id}$A+$_{(sy)}$ ratings. PT Bali Towerindo Sentra Tbk (BALI) faces an IDR414.85 billion sukuk maturity on December 15, 2026, and plans to fund it through new bank loans and additional debt issuance. BALI reported consolidated cash of IDR343.8 billion as of June 30, 2026.
- **The conversion of mandatory convertible bonds shifted part of Bakrie Telecom's debt exposure into equity.** PT Profesional Telekomunikasi Indonesia (Protelindo) converted IDR969.36 billion of mandatory convertible bonds into 4.85 billion shares of PT Bakrie Telecom Tbk (BTEL), representing a 10.86% ownership stake, on August 20, 2026. The conversion was part of the debt settlement under a court-approved restructuring agreement (PKPU) suspending debt payment obligations. Protelindo's noncurrent trade receivables and mandatory convertible bond exposure to BTEL totaled approximately IDR1.26 trillion as of

June 30, 2026. Management considers the ownership stake immaterial to Protelindo's operations and financial condition.

- **PT Bank DKI's (Bank Jakarta) credit profile remains strong, supported by shareholder backing and solid funding.** PT Pemeringkat Efek Indonesia (PEFINDO) assigned an idAA rating with a Stable Outlook for the period from August 6, 2026, to August 1, 2027. The rating is supported by the potential for support from the Jakarta Provincial Government, the bank's market position, and its funding profile. Still, it is constrained by moderate asset quality and competition outside its captive market. As of June 30, 2026, Bank DKI reported assets of IDR98.88 trillion, gross loans of IDR62.94 trillion, deposits and short-term funding of IDR75.22 trillion, and an NPL ratio of 2.5%.
- **PT Lontar Papyrus Pulp & Paper Industry (LPPI) is preparing a combination of internal funds and refinancing to meet upcoming maturities.** The IDR1.48 trillion Series B of Shelf-Registered Bond II Phase II 2023 will mature on October 6, 2026. LPPI plans to use internal funds as well as proceeds from the issuance of up to IDR1 trillion of Shelf-Registered Bond IV Phase IV 2026 and up to IDR676.63 billion of Shelf-Registered Mudharabah Sukuk II Phase IV 2026. Both new instruments are expected to be issued in the near term to maintain adequate liquidity.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
PBS003	6.00	01/15/27	170.00	99.90	6.578	20,899,590
FR0110	7.25	05/15/32	1,200.00	101.58	6.836	13,307,578
FR0109	5.88	03/15/31	10,853.00	96.50	6.784	9,514,183
FR0108	6.50	04/15/36	2,000.00	96.90	6.937	8,018,050
PBS030	5.88	07/15/28	513.00	98.80	6.562	6,535,190

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Bond I Pindo Deli Pulp and Paper Mills Phase II Year 2025 Series C	idA+/ irAA-	10.50	04/30/30	11,000	111.56	6.710	1,028,000
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	100,000	101.82	6.324	916,500
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	100,000	112.68	6.945	846,200
Bond III BUMA Year 2025 Series B	idA+/ A+(idn)	8.00	10/10/28	15,000	99.24	7.692	646,240
Shelf Registration Bond I TBS Energi Utama Phase II Year 2026 Series C	idA	8.65	01/22/33	5,000	98.39	8.98	570,000

Corporate Bonds Maturity for September 2026 Reaches IDR17.18 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Indosat Tbk.	Shelf Registration Bond I Phase IV Year 2016 Series E	Sep-2-2026	201.00	9.15	10	idAAA
2	PT Indosat Tbk.	Shelf Registration Sukuk Ijarah I Phase IV Year 2016 Series D	Sep-2-2026	54.00	9.15	10	idAAA(sy)
3	Lembaga Pembiayaan Ekspor Indonesia	Shelf Registration Bond IV Phase VI Year 2019 Series D	Sep-3-2026	714.50	8.50	7	idAAA
4	PT Provident Investasi Bersama Tbk.	Shelf Registration Bond II Phase V Year 2025 Series A	Sep-3-2026	50.00	7.50	1	idA
5	KIK EBA Bahana Bukopin - Kumpulan Tagihan Kredit Pensiunan Yang Dialihkan	*Kumpulan Tagihan Kredit Pensiunan Yang Dialihkan* Class A2	Sep-4-2026	98.00	10.00	6	idAAA(sf)
6	PT Bank Pembangunan Daerah Sulawesi Utara Gorontalo	Shelf Registration Bond I Phase I Year 2021	Sep-7-2026	750.00	7.80	5	A(idn)
7	PT Hutama Karya (Persero)	Shelf Registration Bond II Phase I Year 2021 Series B	Sep-7-2026	185.55	8.55	5	idAA-

8	PT Hutama Karya (Persero)	Shelf Registration Sukuk Mudharabah I Phase I Year 2021 Series B	Sep-7-2026	64.45	8.55	5	idAA-(sy)
9	PT Angkasa Pura Indonesia	Shelf Registration Bond I Phase I Year 2021 Series B	Sep-8-2026	66.00	7.10	5	idAAA
10	PT Angkasa Pura Indonesia	Shelf Registration Sukuk Ijarah I Phase I Year 2021 Series B	Sep-8-2026	215.00	7.10	5	idAAA(sy)
11	PT Bussan Auto Finance	Shelf Registration Bond II Phase IV Year 2023	Sep-8-2026	458.00	6.50	3	idAAA
12	PT Polytama Propindo	Bond II Year 2021 Series B	Sep-8-2026	50.00	7.25	5	idAAA(cg)
13	PT Polytama Propindo	Sukuk Ijarah II Year 2021 Series B	Sep-8-2026	56.00	7.25	5	idAAA(sy)(cg)
14	PT Wijaya Karya (Persero) Tbk.	Shelf Registration Bond II Phase I Year 2021 Series B	Sep-8-2026	197.00	8.55	5	idB
15	PT Wijaya Karya (Persero) Tbk.	Shelf Registration Sukuk Mudharabah II Phase I Year 2021 Series B	Sep-8-2026	91.50	8.55	5	idB(sy)
16	PT Bank KB Indonesia Tbk	Shelf Registration Bond II Phase II Year 2025 Series A	Sep-9-2026	800.00	6.45	1	AAA(idn)
17	PT Bank KB Indonesia Tbk	Shelf Registration Subordinated Bond III Phase I Year 2021 Series A	Sep-9-2026	315.00	8.00	5	AA(idn)
18	PT Medco Energi Internasional Tbk.	Shelf Registration Bond IV Phase I Year 2021 Series B	Sep-9-2026	600.00	8.50	5	idAA-
19	PT CIMB Niaga Auto Finance	Shelf Registration Sukuk Wakalah Bi Al-Istitsmar I Phase III Year 2025 Series A	Sep-13-2026	1,105.00	6.15	1	AA+(idn)
20	PT Pegadaian	Shelf Registration Bond VI Phase III Year 2025 Series A	Sep-13-2026	1,869.78	6.10	1	idAAA
21	PT Pegadaian	Shelf Registration Sukuk Mudharabah III Phase V Year 2025 Series A	Sep-13-2026	1,454.13	6.10	1	idAAA(sy)
22	PT Global Mediacom Tbk.	Shelf Registration Bond II Phase II Year 2021 Series C	Sep-14-2026	10.56	11.00	5	idA+
23	PT Global Mediacom Tbk.	Shelf Registration Sukuk Ijarah II Phase II Year 2021 Series C	Sep-14-2026	0.05	11.00	5	idA+(sy)
24	PT Permodalan Nasional Madani	Sukuk Mudharabah Jangka Menengah VII Phase III Year 2025	Sep-14-2026	85.00	Floating	1	idAAA(sy)
25	PT Federal International Finance	Shelf Registration Bond VII Phase II Year 2025 Series A	Sep-22-2026	1,470.00	5.85	1	AAA(idn)
26	PT Pacific Strategic Financial Tbk	MTN I Year 2021	Sep-22-2026	400.00	9.75	5	irA
27	PT Waskita Karya (Persero) Tbk.	Bond III Year 2021 Series A	Sep-24-2026	722.00	6.10	5	idAAA(gg)
28	PT BFI Finance Indonesia Tbk	Shelf Registration Bond VI Phase I Year 2024 Series B	Sep-25-2026	200.00	6.80	5	irBBB+
29	PT Chandra Asri Pacific Tbk.	Shelf Registration Bond IV Phase III Year 2023 Series A	Sep-27-2026	361.48	7.00	3	idAA-
30	PT Mandiri Tunas Finance	Shelf Registration Bond VI Phase II Year 2023 Series A	Sep-27-2026	804.18	6.50	3	idAAA
31	PT Apollo Global Interactive Tbk	MTN I Year 2021	Sep-29-2026	200.00	10.00	5	irBBB+
32	PT Permodalan Nasional Madani	Sukuk Mudharabah *Jangka Menengah* VII Phase IV Year 2025	Sep-29-2026	635.00	Floating	1	idAAA(sy)
33	PT Bank Mandiri (Persero) Tbk.	Shelf Registration Bond I Phase I Year 2016 Series C	Sep-30-2026	2,400.00	8.65	10	idAAA
34	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Bond II Phase I Year 2021 Series C	Sep-30-2026	450.00	10.00	5	idA+
35	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Sukuk Mudharabah I Phase I Year 2021 Series C	Sep-30-2026	50.75	10.00	5	idA+(sy)
Total				**17,183.92**			

Weekly Sector Highlights

During 24–28 August 2026, domestic sectoral sentiment was dominated by various ongoing pressures, policy direction, and future prospects.

Industries	Sentiment & Significance	News Highlights
Automotive		**Government Strengthens the National Electric Motorcycle Ecosystem.** The government is accelerating the development of the national electric motorcycle industry through the launch of the national electric motorcycle (Molinas), the strengthening of the domestic production ecosystem, and the provision of various incentives to encourage electric vehicle adoption. Supported by 69 manufacturers with a combined production capacity of 2.51 million units per year, the government is also targeting an increase in the local content requirement (TKDN) from the current average of 47.5% to a minimum of 60% during 2027–2029 and 80% starting in 2030, while expanding the participation of small and medium industries (IKM) within the supply chain. From the demand side, the government plans to reinstate the IDR3 million per unit purchase incentive for electric

Industries	Sentiment & Significance	News Highlights
		motorcycles and promote more affordable financing schemes to accelerate market growth. Although the outlook remains positive, the success of this transformation will depend heavily on policy consistency, the strengthening of the industrial ecosystem, and increased public confidence in electric vehicles as an economical and reliable alternative.
Banking	🔴🔴	**Banking Profit Growth Slows.** Banking sector profitability showed signs of slowing at the beginning of the second half of 2026, as economic conditions have yet to fully recover and banks have adopted increasingly selective lending strategies. Several large banks continued to record profit growth, albeit at a more moderate pace, while some banks faced profitability pressures due to slower net interest income growth and heightened prudence in expansion activities. Under these conditions, the banking industry has focused more on strengthening asset quality, improving operational efficiency, and maintaining solid liquidity and capital positions. Looking ahead, more selective growth strategies are expected to remain a priority to preserve sustainable performance.
Construction	🔴🔴	**High Interest Rates Continue to Weigh on the Infrastructure Sector.** The outlook for the infrastructure sector remains overshadowed by BI's benchmark interest rate, which has remained elevated at 5.75%, prompting investors to closely monitor leverage risks and the still-high financing costs faced by several listed companies. Nevertheless, the telecommunications and digital infrastructure subsectors are considered relatively more defensive due to the support of recurring revenue streams, growing data demand, and continued development of 5G, cloud computing, and artificial intelligence (AI). On the other hand, essential service infrastructure businesses continue to demonstrate strong earnings resilience and could regain investor interest once macroeconomic conditions and the direction of interest rate policy become more accommodative.
Hotel and Tourism	⚪	**Changing Travel Patterns Drive Growth in Short-Distance Trips.** Tourism trends in the second quarter of 2026 indicate a shift in consumer preferences toward shorter vacations, with the average length of stay limited to just 1–2 nights. In line with this trend, the use of land transportation such as buses, shuttle services, and rental cars has increased, reflecting strong interest in short- to medium-distance travel that is more flexible and affordable. Tiket.com also recorded a 29% increase in attraction and tour ticket transactions compared with the previous quarter, while travelers have become increasingly focused on value and pricing when selecting destinations. Internationally, Malaysia and China recorded positive transaction growth. Although the outlook for the tourism industry remains promising, industry participants believe that more aggressive promotional efforts and a more conducive regulatory environment are needed, particularly for SMEs operating in the travel and tourism sector.
Insurance and Guarantee	🔴🔴🔴	**Life Insurance Investment Performance Under Pressure Amid Market Volatility.** The life insurance industry recorded a negative investment result of IDR2.6 trillion in the first half of 2026, reversing from a surplus of IDR15.96 trillion in the same period a year earlier. This weakening performance was driven by volatility in financial markets, particularly in equity-based instruments such as stocks and mutual funds, as well as the impact of high interest rates, which put short-term pressure on fixed-income instruments. Amid persistently elevated economic uncertainty, industry players have tended to adopt more cautious investment strategies through portfolio diversification. With market conditions remaining challenging, a focus on risk management and prudent asset allocation is expected to remain the primary strategy through the end of the year.
Metal and Gold	🟢🟢	**The Establishment of IBMA Strengthens the Bullion Ecosystem.** The establishment of the Indonesia Bullion Market Association (IBMA) is viewed as a strategic step toward strengthening a more integrated, transparent, and efficient national bullion ecosystem by bringing together participants from the mining industry, gold trading businesses, financing institutions, and bullion banks. Over the medium to long term, the presence of IBMA has the potential to increase domestic gold demand through broader access to gold investment products for both retail investors and institutions. This development may create positive opportunities for gold issuers across both the upstream and downstream segments. Nevertheless, the performance of gold issuers will continue to be influenced by external factors such as global gold prices, U.S. Federal Reserve interest rate policy, movements in the U.S. dollar, and geopolitical dynamics. With gold prices still at elevated levels, the outlook for the sector continues to be supported by the potential for stronger domestic demand and the continued development of the national bullion ecosystem.
Mining	🔴🔴	**Prolonged Dry Season Disrupts Coal Transportation in Kalimantan.** A prolonged dry season that has reduced water levels in the Barito, Mahakam, and Kapuas rivers has begun to disrupt coal transportation activities in Kalimantan, a region that holds approximately 63% of Indonesia's national coal reserves. Several mining companies, including Indo Tambangraya Megah (ITMG), have been forced to reduce barge cargo volumes to avoid the risk of grounding due to low river water levels.

Industries	Sentiment & Significance	News Highlights
		From a logistics perspective, shipping companies such as Trans Power Marine (TPMA) and Hasnur Internasional Shipping (HAIS) are also facing operational challenges in several areas, prompting some to shift activities to locations with more adequate transportation access. These conditions could reduce distribution efficiency and increase coal logistics costs if the dry season persists. Although the impact remains manageable, disruptions to river transportation routes continue to represent a risk that warrants close attention, given Kalimantan's importance as the nation's primary coal production hub.
Multifinance	🔴🔴	**Multifinance Bond Issuance Slows Amid Elevated Funding Costs.** Bond issuance by multifinance companies through July 2026 totaled IDR14.57 trillion, down 41.8% YoY, reflecting the industry's cautious approach to raising funds through the capital market. This slowdown was driven by rising interest rates, which have increased funding costs, as evidenced by the higher coupon rates on multifinance bonds issued throughout the year. On the other hand, funding requirements for expansion have also remained limited, as financing receivables grew by only 1.88% YoY through the first half of 2026. These conditions have led financing companies to be more selective in determining the timing, tenor, and size of debt issuances, although some industry players continue to consider bond issuance as part of their funding diversification strategy. Looking ahead, interest rate trends, bond market developments, and investor appetite will be the key factors shaping bond issuance activity in the multifinance sector.
Oil and Gas	🔴🔴🔴	**Risk of Rising Energy Subsidy Costs.** The energy subsidy budget is at risk of overshooting in 2026, as subsidized 3 kg LPG consumption is projected to reach 8.67 million tons, exceeding the government quota of 8 million tons. As of July 2026, distribution realization had reached 63% of the annual quota, while the Ministry of Finance estimates total subsidy spending will reach IDR337.1 trillion, higher than the state budget allocation of IDR318.9 trillion. The increase in subsidized LPG consumption is expected to add approximately IDR6 trillion to IDR7 trillion to the fiscal burden, although the magnitude of the impact will continue to depend on factors such as energy prices and the rupiah exchange rate. Economists view the issue as structural in nature, as the subsidy scheme remains commodity-based, making it vulnerable to mistargeting and leakage.
Plantation and Agriculture	🔴🔴🔴	**CPO Supply Risks Amid B50 Implementation and the Threat of El Niño**. Domestic crude palm oil (CPO) supply could face pressure in 2027 as the impact of El Niño is projected to reduce production by 4–5 million tons. At the same time, the implementation of the B50 biodiesel mandate is expected to increase domestic CPO demand to 16–17 million tons, bringing total domestic demand to approximately 29 million tons, including requirements from the food and oleochemical industries. Industry players are concerned that the combination of lower production and rising demand could reduce export volumes while increasing the risk of supply shortages for the B50 program. To address these challenges, industry associations are advocating for the acceleration of the smallholder palm replanting program to improve long-term productivity, although the program's realization remains well below target. Several farmer representatives have also urged the government to evaluate the phased implementation of B50, arguing that the impact of El Niño and other production disruptions could further tighten the domestic supply-demand balance.
Power and Energy	🟢🟢🟢	**100 GWp Solar Power Project Attracts Interest from Numerous Listed Companies.** The government's 100 GWp Solar Power Plant (PLTS) program has begun to attract interest from various industries, ranging from renewable energy and mining to manufacturing. Arkora Hydro (ARKO) is expanding its energy business portfolio through the acquisition and development of several solar power projects integrated with Battery Energy Storage Systems (BESS), while Indo Tambangraya Megah (ITMG) is exploring opportunities to participate in the national-scale project. Meanwhile, Dharma Polimetal (DRMA) is accelerating the development of BESS to support energy storage requirements from solar power generation. With investment needs estimated at approximately IDR1,140 trillion and a completion target of three years, the project is expected to accelerate the development of Indonesia's solar energy ecosystem, which currently utilizes only a small portion of its available potential. The sector's growth prospects are considered highly significant, supported by rising demand for clean energy and business opportunities across the renewable energy value chain.
Property	🔴🔴	**Residential Property Market Moderates.** Indonesia's residential property market showed more moderate activity in the second quarter of 2026, as reflected in Pinhome's Market Signal Score, which declined to 50.3 from its peak level at the end of 2025. The slowdown was primarily driven by reduced property search activity, indicating that prospective buyers have become more selective and are giving greater consideration to their needs and financial capacity before making purchasing decisions. Nevertheless, interest in contacting property agents and property owners has remained

Industries	Sentiment & Significance	News Highlights
		steady, suggesting that market demand is still relatively stable. On the other hand, strong property supply and improving transaction turnaround times have helped support current market conditions. Overall, these dynamics reflect a market that remains healthy, although purchasing decisions are being made more cautiously.
Transportation and Vehicle Rental	○	**Competition in the Mid-Market Taxi Segment Intensifies.** Competition within the mid-market taxi industry is becoming increasingly intense as major operators expand their service portfolios to meet consumer demand for greater comfort at still-affordable fares. Bluebird has launched its Bluebird Prime service, featuring premium vehicles such as the Toyota Kijang Innova Zenix Hybrid and BYD E6, following similar moves by ride-hailing players such as Gojek through GoCar Comfort and Grab through GrabCar Plus, both of which have already targeted the same segment. Looking ahead, the mid-market segment is expected to remain an attractive growth area, supported by rising demand for comfortable transportation services without the need to pay significantly higher premium fares.

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

PEFINDO
CREDIT RATING AGENCY

Weekly Economic Update

Presented by the Economic Research Division of PEFINDO
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Macroeconomic Development	: Suhindarto
Commodity and Stock Market Development	: Yollanda Nalita
Exchange Rates and Bond Market Development	: Ahmad Nasrudin
Issuance and Maturity Corporate Debt Securities	: Wasis Kurnianto
Sectoral Highlights	: Anindita Budi Rahmayani

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