WEEKLY ECONOMIC UPDATE

Period of January 12-16, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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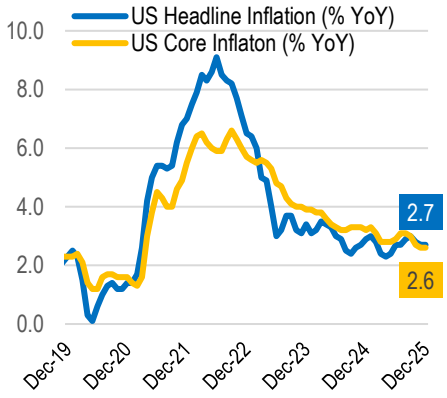
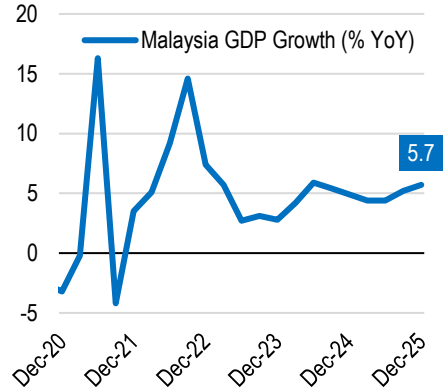
Data Highlights of the Week

US Consumer Inflation Rate (%)



Source: Bloomberg

Malaysia GDP Growth (% YoY)



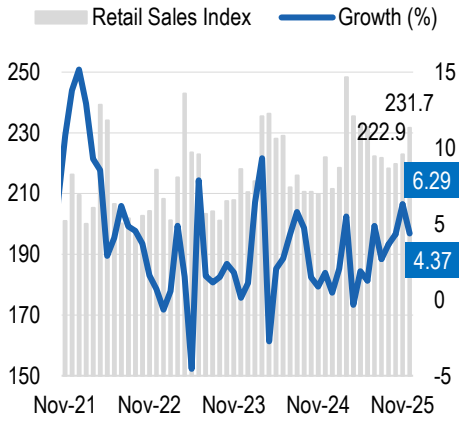
Source: Bloomberg

Rising Tensions Cast a Cloud Overshadowing Prospects for Global Economic Recovery

Global Economic

- **The global economy proved more resilient than expected.** The World Bank raised its 2026 GDP growth projection to 2.6% (Jun'25 projection: 2.4%), although this slowed from the 2.7% expansion in 2025 (Jun'25 projection: 2.3%), before returning to 2.7% in 2027 (Jun'25 projection: 2.7%). This upward revision reflects better-than-expected growth in some regions, particularly the United States (US), despite trade disruptions caused by tariffs. However, the bank warned that growth was too concentrated in developed countries and overall too weak to reduce extreme poverty.
- **Geopolitical events remained a major focus during the week.** Tensions between the US and Iran reached a boiling point, with the US preparing to launch a military strike on Iran in response to domestic unrest blamed on US economic sanctions. Furthermore, European geopolitics also escalated after the US declared its intention to acquire Greenland, sparking anger in Denmark and the European Union. This prompted France and Germany to begin deploying military personnel to Greenland in support of Denmark. This situation increased geopolitical uncertainty in the region amidst the still-slow diplomatic efforts to resolve the Russia-Ukraine conflict. Meanwhile, in the Asia Pacific, Japan and the Philippines reportedly signed an Acquisition and Cross-servicing Agreement (ACSA), allowing their militaries to share logistics, ammunition, and fuel to counter China's increasing aggression in the South China Sea.
- **The US intensified its efforts to secure its semiconductor supply chain.** This occurred as President Trump imposed a 25% tariff on certain AI chips and high-end semiconductors as part of a broader effort to create incentives for chipmakers to produce more semiconductors in the US. Furthermore, the US also reached a trade agreement with Taiwan to increase US semiconductor production in exchange for tariff reductions. Taiwan Semiconductor (TSMC) will build several new factories in Arizona worth USD250 billion. In return, the US will cut tariffs on Taiwanese goods to 15% and 20% and exempt chipmakers from expanding their operations in the US.
- **The Federal Reserve Chairman is facing a criminal investigation after the US Department of Justice opened an inquiry into him**. Jerome Powell is accused of providing false information to Congress regarding the USD2.5 billion cost overrun of the Fed's renovation project. Powell has explicitly called the investigation a pretext and stated that the legal threat is a consequence of the Fed's refusal to yield to political pressure from President Trump to lower interest rates. Trump has repeatedly threatened to fire Powell, deeming him "grossly incompetent." Global central bank leaders, including Christine Lagarde (ECB) and Andrew Bailey (BoE), issued a rare joint statement in support of Powell and emphasized the importance of central bank independence. This uncertainty has caused volatility in the US bond market. Investors are concerned that if the Fed's independence is lost, monetary policy will become too politically motivated, which could ultimately trigger high inflation.
- **The US consumer inflation rate in Dec'25 was reported to remain at 2.7% YoY, in line with market expectations**. Price pressures eased significantly in the energy sector and slowed in used car and truck components. However, food and housing prices continued to rise. Meanwhile, the core inflation rate also remained at 2.6% YoY, the lowest since 2021 and below expectations (2.7%).
- **European Union ambassadors agreed to step up efforts to persuade US President Donald Trump not to impose tariffs on European allies, while preparing for retaliation if they do**. This comes as Trump vowed to impose escalating tariffs starting February 1 on Denmark, Sweden, France, Germany, the Netherlands, Finland, the UK, and Norway "until the US is allowed to buy Greenland." This move was condemned by major EU countries as blackmail. EU leaders will hold further discussions on Thursday. Options include a package of tariffs on EUR93 billion worth of US imports, which would be activated on February 6 after a six-month suspension, or implementing the never-before-used "Anti-Coercion

Indonesian Retail Sales Index



Source: Bank Indonesia

Indonesian Foreign Debt

Source: Bank Indonesia

Upcoming Week Economic Calendar

Date	Development Releases
Jan 19	China GDP Q4-2025
	Canada Inflation Rate Dec'25
Jan 20	China's 1- and 5-year loan prime rates
	UK unemployment rate Nov'25
	UK Nov'25 average earnings
Jan 21	UK Dec'25 inflation rate
	Indonesia's Benchmark Interest Rate
Jan 22	South Korea Q4-2025 GDP
	US Q3-2025 GDP
	US PCE price inflation Oct-Nov'25
Jan 23	Japan's Dec'24 inflation rate
	Japan's benchmark interest rate

Instrument" (ACI), which could restrict US access to public tenders, investment, banking, or trade in services, areas where Washington has a surplus, particularly in digital services.

- **The UK economy grew by 0.1% in Sep-Nov'25, after stagnant growth in Aug-Oct'25, beating market expectations (-0.2%).** Growth was driven by the services sector (0.2%) amid a decline in manufacturing output (-0.1%) and the sharpest contraction in construction output since March 2023 (-1.1%).
- **Japanese Prime Minister Sanae Takaichi is considering suspending the 8% sales tax on food as part of her campaign for next month's midterm elections**. The government and its Liberal Democratic Party are expected to carefully assess the potential market impact before making a decision, as the tax removal is expected to result in a JPY5 trillion reduction in annual government revenue. Takaichi plans to dissolve parliament and call an early general election to secure public support for her expansionary spending agenda, which has shaken financial markets. Two LDP lawmakers said the general election could be held on February 8.
- **The Bank of Korea (BoK) unanimously maintained its benchmark interest rate at 2.5%** for the fifth consecutive year, in line with market expectations. This move reinforces signals that the current easing cycle is likely over after a cumulative 100 basis point reduction since Oct'24, as policymakers shift their focus to financial stability, with the won hovering near a 16-year low. Concerns over high household debt levels and exchange rate volatility also weighed on this latest decision.
- **The People's Bank of China (PBoC) announced sector-specific interest rate cuts to provide an initial boost to the economy, signaling that it has room this year for further reductions in banks' cash reserve requirements and broader rate cuts.** The PBoC is expected to cut interest rates on its structural monetary policy instruments (targeting specific economic sectors, such as small businesses, technological innovation, and green development) by 25 basis points on January 19, a move likely to have a limited impact on growth compared to a cut in the benchmark policy rate. The one-year lending rate will be reduced from 1.5% to 1.25%, with rates for other maturities adjusted accordingly.
- **Chinese banks reported disbursing CNY910 billion in new yuan loans in Dec'25, significantly higher than Nov'25** (CNY390 billion) and expectations (CNY800 billion), although still below Dec'24 (CNY990 billion). This reflects recovering credit demand due to policy-based financing instruments and government stimulus measures. Outstanding loan growth remained stable at a record low of 6.4% YoY, well below Dec'24 (7.6%) but slightly above market expectations (6.3%).
- **China successfully minimized the impact of the trade war on its trade balance**. China's trade surplus for 2025 was reported at USD1.189 trillion, with exports increasing 5.5% while imports remained stagnant. Facing Trump's tariffs, Chinese exporters shifted production from the US market to alternative destinations, particularly the European Union and Southeast Asia. In December alone, the surplus reached USD114.1 billion, marking the seventh consecutive monthly surplus exceeding USD100 billion.
- **India reported a slight increase in inflation and unemployment in Dec'25**. Consumer price inflation rose to 1.33% YoY (Nov'25: 0.71%), extending its recovery from the record low of 0.25% in Oct'25, although it remained weaker than consensus (1.5%) and below the central bank's target (2%-6%). Meanwhile, the unemployment rate rose slightly to 4.8% (Nov'25: 4.7%), but remained below the average for the previous few months.
- **Malaysia's economy grew 5.7% YoY in Q4-2025 (Q3-2025: 5.2%), the strongest growth since Q2-2024.** The accelerated growth was driven by manufacturing activity (6.0% vs. 4.1% in Q3 2025), agriculture (5.1% vs. 0.4%), and the construction sector, which maintained its double-digit expansion (11.9% vs. 11.8%). However, the mining and quarrying sector experienced a decline (1.1% vs. 9.7%), hampered by a slowdown in crude oil and condensate production and a decline in natural gas production. For the full year 2025, the Malaysian economy grew by 4.9%, a slight slowdown from 2024 (5.1%).

Domestic Economy

- **Retail sales performance in Nov'25 was reported to have accelerated and is expected to maintain positive growth until Dec'25**. The real sales index survey results in Nov'25 reported growth of 6.3% YoY (Oct'25: 4.3% YoY) in line with increasing public demand ahead of the Christmas and New Year celebrations. Meanwhile, in Dec'25, the real sales

index is estimated to have grown 4.4% YoY, driven by demand during Christmas and New Year.

- **Indonesia's external debt in Nov'25 was reported to have slowed to 0.2% YoY (Oct'25: 0.5%), with a value decreasing to USD423.8 billion** (Oct'25: USD424.9 billion). This slowdown was supported by a slowdown in government foreign debt, which grew only 3.3% YoY (Oct'25: 4.7%) and decreased to USD209.8 billion (Oct'25: USD210.5 billion) amidst a shift in foreign ownership of government securities. Private foreign debt also continued its decline, declining 1.3% YoY (Oct'25: -1.5%) to USD191.2 billion (Oct'25: USD191.7 billion) due to a contraction in non-financial corporations' foreign debt. Overall, Indonesia's foreign debt-to-GDP ratio decreased to 29.3% (October 2025: 29.4%) and was primarily comprised of long-term tenors (share: 86.1%).
- **The Ministry of Investment reported that investment realization throughout 2025 rose 12.7% YoY to reach IDR1,931.2 trillion** (101.3% of the IDR1,905.6 trillion target). The investment was also able to absorb 2,710,532 people (up 10.4% YoY). This realization was achieved after Q4-2025 investment realization reached IDR496.9 trillion and was able to absorb 754,186 workers (up 29.8% YoY). Meanwhile, foreign direct investment rose 0.1% YoY to IDR900.9 trillion, while domestic direct investment grew significantly at 26.6% YoY and reached IDR1,030.3 trillion. The main sectors targeted by foreign investment in 2025 are the basic metal industry, metal goods, non-machinery, and equipment, while domestic investment mainly targets the transportation, warehousing, and telecommunications sectors. Singapore (USD17.4 billion), Hong Kong (USD10.6 billion), and China (USD7.5 billion) are the 3 main countries of origin of foreign investment.
- **The World Bank revised Indonesia's economic growth outlook upward to 5.0% YoY in 2025 and 2026 and 5.2% YoY in 2027** (June 25 estimates: 2025 = 4.7%, 2026 = 4.8%, and 2027 = 5.0%). Although economic activity in the East Asia and Pacific region is expected to slow in 2026, the World Bank estimates that Indonesia's growth will be maintained at 5%, supported by fiscal stimulus, accommodative monetary policy, and increased investment driven by the Danantara program.
- **The government announced the plan to establish a new state-owned textile company by allocating USD6 billion (IDR100 trillion) in funding through the Daya Anagata Nusantara Investment Management Agency (BPI Danantara).** This is part of the strategy to strengthen the national textile and textile product (TPT) industry amid global pressures and a weakening domestic industrial structure. The government stated that it has completed the initial study and will proceed with the development of a roadmap for strengthening the national textile industry. It is hoped that the establishment of this state-owned textile enterprise will encourage modernization, address weaknesses in the textile industry, and integrate the upstream and downstream sectors of the industry.

Week Ahead Highlights

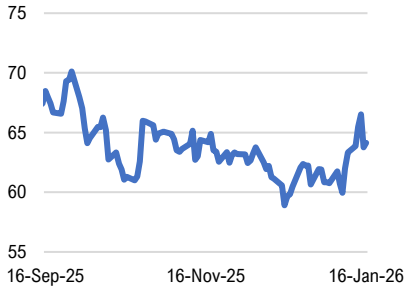
Economic data releases from the United States will continue to be of interest, with the PCE price index and advanced estimates of Q3-2025 GDP expected. From Europe, the UK will release key economic data such as inflation and unemployment rates. Meanwhile, the Eurozone will release advanced estimates of inflation for Dec'25. In Asia, China and South Korea will release their Q4-2025 GDP figures. In terms of monetary policy, the People's Bank of China will set the benchmark lending rate, while the Bank of Japan will decide on the benchmark interest rate. Domestically, Bank Indonesia will hold a Board of Governors Meeting and set its benchmark interest rate. Meanwhile, several key data will also be released, such as the development of money supply for Dec'25, as well as the Business Activity Survey Report, Prompt Manufacturing Index, and the Banking Survey Report for Q4-2025.

Spotlight on Commodity Price Trends (as of January 16, 2026)

Commodity prices edged higher, supported by geopolitical risk and safe-haven demand, although gains were limited by ample global supply.

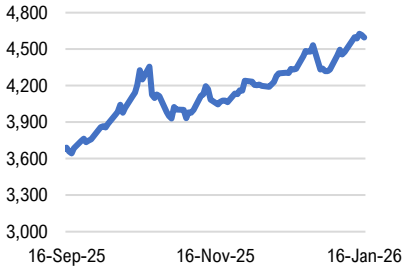
- **Brent crude oil prices posted a weekly gain of around 1.25%,** supported by geopolitical sentiment and short-covering ahead of the long holiday in the United States. The rally was mainly driven by concerns over a potential escalation of the Iran–U.S. conflict, including risks of supply disruption should the Strait of Hormuz be affected, given that the route carries about a quarter of global seaborne oil trade. The movement of a U.S. aircraft carrier into the Persian Gulf also lifted the geopolitical risk premium. However, gains were capped

Brent Crude Oil (USD/Barrel)



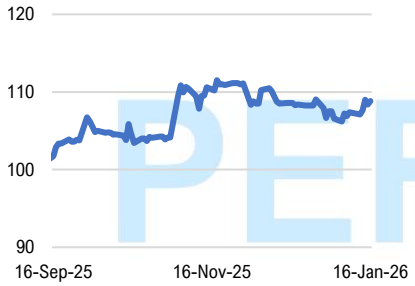
Closing (USD/Brl)	(% Change)			
	WoW	MoM	YoY	YTD
64.13	1.25	8.84	-21.11	5.39

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,596.09	1.92	6.83	69.33	6.41

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
108.85	1.44	0.23	-5.10	1.26

as the market assessed that global supply fundamentals remain relatively loose. The potential return of Venezuelan exports amid easing sanctions, rising U.S. crude inventories, and expectations of ample OPEC supply limited further upside. Overall, Brent's movement over the past week reflected short-term geopolitical sentiment rather than a material shift in demand–supply fundamentals.

- **Gold prices still recorded a weekly increase of about 1.92%** despite a pullback at the end of the week, after previously touching a record high above USD4,600 per ounce. The weekly rally was driven by strong safe-haven demand amid geopolitical uncertainty, particularly tensions between Iran and the United States, as well as rising expectations of monetary easing by the Federal Reserve following signs of a slowdown in the U.S. labor market. However, on Friday, gold weakened due to profit-taking after the sharp rally, supported by easing geopolitical tensions and a stronger U.S. dollar after jobless claims data came in better than expected. Although short-term sentiment softened, expectations of lower interest rates and persistently high global uncertainty continued to underpin investor interest, keeping the weekly trend positive despite heightened volatility.
- **Global coal prices rose by around 1.44% over the past week**, driven by positive sentiment following China's plan to add more than 100 coal-fired power plants in 2026. ICE Newcastle front-month contracts closed around USD108.85 per ton, near a one-month high, reflecting market optimism over fossil fuel demand amid rising electricity needs. The expansion plan is reinforced by the State Grid Corporation of China's commitment to boost transmission networks through large-scale infrastructure spending, signaling that domestic coal consumption will remain strong. Although China's coal imports in 2025 declined due to higher domestic output and growing renewable capacity, the market continues to view coal as a key pillar of medium-term power supply, supporting weekly price sentiment.
- **Crude palm oil (CPO) prices gained about 0.89%** on a weekly basis, supported by improving export demand sentiment and strength across the global vegetable oil complex. Malaysian CPO futures briefly rose more than 1% to around 4,100 ringgit per ton early in the week, tracking rallies in soybean oil prices in Chicago and Dalian that improved palm oil's competitiveness. Additional support came from estimates showing Malaysia's exports in the first 10 days of January rising 17.7%–29.2% month-on-month, driven by buying interest from India and China. However, gains were capped by a stronger ringgit, weaker crude oil prices that reduced biodiesel demand prospects, and Indonesia's plan to cancel the B50 mandate this year. Overall, the combination of recovering export signals and cross-market support from vegetable oils kept CPO prices in positive territory despite ongoing short-term volatility.

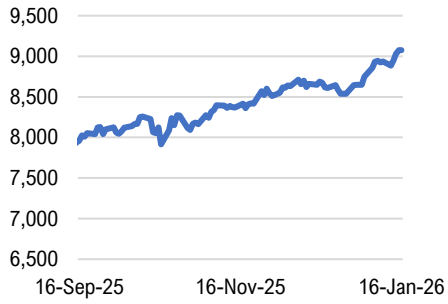
Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	3.10	-2.08	-20.15	-27.13	-15.82	Crude Palm Oil (MYR/Ton)	4,072.00	0.89	2.78	-2.72	0.54
Nickel (USD/MT)	17,393.05	-0.81	22.93	4.65	5.12	Rubber (USD/Kg)	181.50	-1.14	3.95	-7.59	0.89
Copper (USD/MT)	12,803.00	-1.50	10.45	38.70	3.06	Wheat (cents/bu)	518.00	0.14	1.67	-3.63	2.17
Aluminium (USD/MT)	3,134.00	-0.06	8.95	18.87	4.62	Corn (cents/bu)	424.75	-4.71	-2.69	-10.48	-3.52
Iron Ore (USD/MT)	109.43	-1.31	3.24	6.97	2.43	Sugar (c/lb)	14.96	0.47	0.94	-18.74	-0.33

Wall Street posted mild losses amid caution ahead of earnings season, while Indonesia's JCI climbed to a record high, buoyed by foreign inflows and commodity-related stocks. The US dollar strengthened amid labor market resilience, prompting rupiah depreciation and capital outflows.

- **Over the past week, Wall Street indices moved lower,** with the S&P 500 down 0.38%, the Nasdaq Composite falling 0.66%, and the Dow Jones Industrial Average easing 0.29%, as investors turned cautious ahead of and at the start of the fourth-quarter earnings season. Solid performances by major banks were insufficient to lift the broader market, as the financial sector faced concerns over proposed caps on U.S. credit card interest rates that could pressure profitability. Ahead of the Martin Luther King Jr. Day holiday, market participants also reduced risk exposure and closed part of their positions. Narrow trading ranges reflected a wait-and-see stance toward upcoming earnings from large technology, healthcare, and consumer companies. Rising volatility expectations in mid-January further restrained buying interest, keeping indices in mild correction territory despite the relatively resilient U.S. economic backdrop.

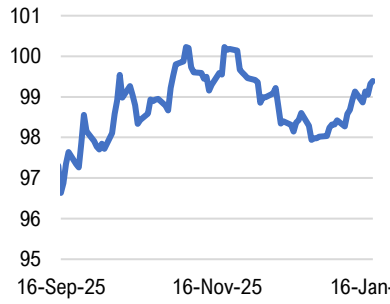
- **JCI delivered a strong performance during the week of January 12–15, 2026, rising 1.55%** to a record high of 9,075.41 and pushing market capitalization to an all-time high of IDR16,512 trillion. The rally was supported by dominant buying volume and foreign inflows, with net purchases of IDR947.45 billion on Thursday and cumulative net buys of IDR7.3 trillion YTD. Trading activity also improved, as reflected in a 3.87% increase in average daily transaction value to IDR32.68 trillion, although declining volume and transaction frequency indicated increasing market selectivity. From a sentiment perspective, the index was buoyed by rising gold and base metal prices that lifted mining stocks, solid domestic fundamentals, and global factors such as U.S.–Venezuela and U.S.–Iran geopolitical tensions that supported commodity-linked assets, while rupiah depreciation remained a key variable monitored by investors.
- **The US dollar strengthened amid a solid labor market.** The US Dollar Index (DXY) recorded a 0.26% increase to the 99.39 level in the week ending January 16, 2026, driven by the release of weekly US unemployment claims data, which fell to 198,000, lower than the market estimate of 215,000. Resilient labor market conditions and statements from several Federal Reserve officials regarding persistent inflationary pressures have shifted market expectations for benchmark interest rate cuts to June. Additionally, sentiment toward the US dollar was supported by semiconductor trade policy developments with Taiwan and by the easing of domestic political uncertainty regarding Federal Reserve leadership positions.
- **The rupiah depreciated against the US dollar.** The rupiah weakened by 0.40% on a weekly basis against the US dollar, closing at IDR16,887 per USD on Friday, January 16, 2026, amid net selling by non-resident investors totaling IDR7.71 trillion during the period of January 12 to 14, 2026. Pressure on the rupiah persisted in the offshore market during the Isra Mi'raj national holiday, with Non-Deliverable Forward (NDF) contracts briefly trading at IDR16,924 per USD. Monday morning trading (1/19/2026) showed continued volatility, with NDF contracts trading in the range of IDR16,906 to IDR16,920 per USD, reflecting market adjustments to the US dollar's strengthening.

Jakarta Composite Index (JCI)



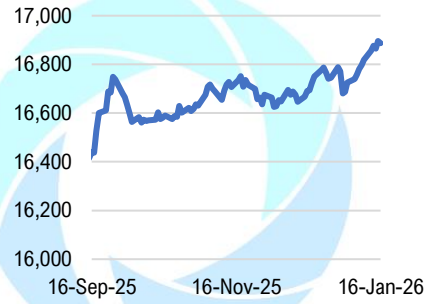
Closing	(% Change)			
	WoW	MoM	YoY	YTD
9,075.41	1.55	4.48	27.69	4.96

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
99.39	0.26	1.04	-8.78	-8.38

Rupiah Exchange Rate (USD/IDR)



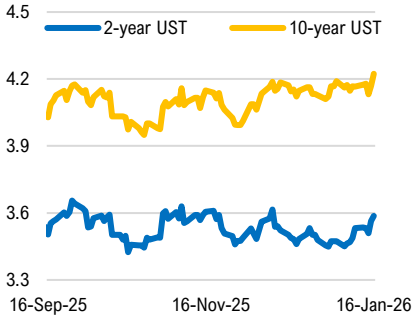
Closing	(% Change)			
	WoW	MoM	YoY	YTD
16,887	0.40	1.16	3.12	4.68

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	6,940.01	-0.38	2.06	16.89	1.38	Euro (EUR/USD)	1.16	-0.34	-1.22	12.59	12.01
Dow Jones (AS)	49,359.33	-0.29	2.59	14.38	2.70	Canadian Dollar (USD/CAD)	1.39	0.01	0.92	-3.34	-3.27
Nasdaq (AS)	23,515.39	-0.66	1.75	21.60	1.18	Poundsterling (GBP/USD)	1.34	-0.18	0.03	9.32	6.90
Euro Stoxx 50 (Zona Euro)	6,029.45	0.53	5.45	18.06	4.11	Japanese Yen (USD/JPY)	158.12	0.15	1.56	1.91	0.59
FTSE100 (Inggris)	10,235.29	1.09	5.68	21.97	3.06	Chinese Yuan (USD/CNY)	6.97	-0.11	-1.05	-4.93	-4.51
Nikkei225 (Jepang)	53,936.17	3.84	9.22	39.83	7.14	Singapore Dollar (USD/SGD)	1.29	0.12	-0.17	-5.71	-5.62
Shanghai (Tiongkok)	4,101.91	-0.45	7.24	26.76	3.35	Malaysian Ringgit (USD/MYR)	4.06	-0.37	-0.78	-9.88	-9.25
Hang Seng (Hong Kong)	26,844.96	2.34	6.38	37.51	4.74	Thailand Baht (USD/THB)	31.46	0.26	-0.04	-8.98	-8.43

Key Data Developments in Global and National Bond Markets

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

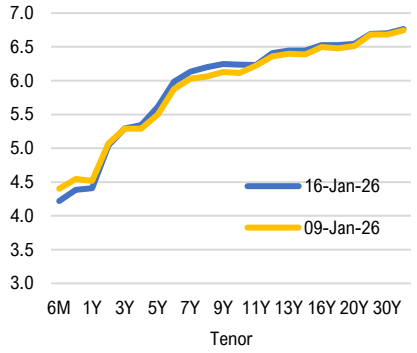


Global yields increased, and corporate risks rose, yet the ESG sukuk market remains prospective.

- **Expectations of delayed interest rate cuts pushed US Treasury yields higher.** The yields on 2-year, 5-year, and 10-year US government bonds rose by 5 bps, 7 bps, and 6 bps, respectively, to 3.586%, 3.815%, and 4.223% in the week ending January 16, 2026. This increase was triggered by the release of US labor data that remained strong and a decrease in unemployment claims to the 198,000 level, reinforcing the market view that the Federal Reserve will maintain interest rates longer to control inflation.
- **Concerns over fiscal expansion and monetary tightening triggered selling pressure on Japanese government bonds.** Yields on five-year Japanese Government Bonds (JGB) reached a record high of 1.615%, and the 10-year yield increased to 2.180% in trading on January 14, 2026. The decline in bond prices was driven by market expectations of a potential surge in state spending through aggressive fiscal stimulus under the administration of Prime Minister Sanae Takaichi. This condition was exacerbated by the

Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 3.586	5	10	-64	-66
5Y: 3.815	7	12	-58	-57
10Y: 4.223	6	7	-39	-35

Weekly Development of Government Bond Yield (%)

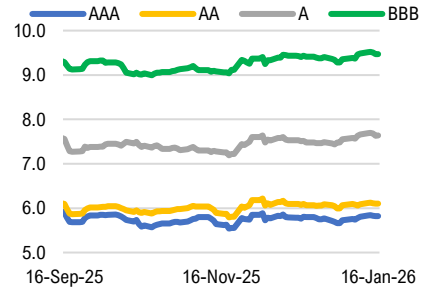


Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 5.097	-3	0	-192	-194
5Y: 5.639	11	3	-135	-140
10Y: 6.247	11	11	-93	-75

5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
71.08	1.26	1.58	-7.61	-9.89

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

anticipation of a 2.5-trillion-yen five-year bond auction and by signals of continued monetary policy tightening by the Bank of Japan.

- **Growth projections for global ESG sukuk indicate that the outstanding value of global environmental, social, and governance (ESG) based sukuk is expected to exceed USD70 billion by the end of 2026,** after reaching USD58 billion at the end of 2025. This growth is driven by increased issuance in emerging markets, with Indonesia accounting for 9% of global ESG sukuk issuance in 2025. Most instruments are issued in US dollars to attract international investors, as 92% of sukuk are investment-grade. This market expansion is supported by sustainability mandates and net-zero targets, providing space for Indonesia to strengthen its position in green and social financing through sharia instruments.
- **Capital outflows pressured SBN (Government Bonds) prices.** Yields for 5-year and 10-year SBN each rose by 11 bps to 5.639% and 6.247%, while the 2-year yield fell by 3 bps to the 5.097% level in the week ending January 16, 2026. Based on transaction data from January 12 to 14, 2026, non-resident investors recorded a net sell of IDR8.15 trillion in the SBN market, which impacted the increase in yields in the domestic market. Meanwhile, Indonesia's 5-year Credit Default Swap (CDS) recorded a 1.26% weekly increase to 71.08 at the close of January 16, 2026. This increase reflects heightened market risk perceptions of emerging market assets amid a strengthening US dollar and portfolio rebalancing by foreign investors.
- **Increased banking liquidity and geopolitical uncertainty drove strong investor demand for short-term government debt.** Incoming bids for the State Treasury Bills (SPN) series in the auction on January 6, 2026, reached IDR32.79 trillion, or 36.04% of the total bids, the highest level since 2025. The shift in investor preference from Bank Indonesia Rupiah Securities (SRBI) to SPN was driven by abundant domestic liquidity and a low-duration risk-management strategy while awaiting more stable economic fundamentals.
- **The Indonesian government is implementing a budget deficit-financing strategy by issuing foreign-currency bonds.** The government plans to sell US dollar-denominated bonds with tenors of five, 10, and 30 years to meet the 2026 budget deficit financing needs. This step marks the first US dollar bond issuance in Asia this year, amid projections of an increased fiscal deficit driven by rising spending on free nutritious meal programs and transfers to regions. The net issuance target for government bonds for 2026 is set at IDR799.5 trillion to support national fiscal management.
- **Fitch Ratings affirmed the credit ratings of Indonesia's foreign currency debt instruments, assigning a BBB rating with a stable outlook to the Indonesian government's planned issuance of US dollar-denominated bonds.** The assessment reflects the consistency of national macroeconomic and fiscal policies, as well as a sovereign credit profile aligned with the long-term Issuer Default Rating. Despite challenges in governance and corruption indicators, Indonesia's economic fundamentals are considered sufficient to meet financial obligations, amid the risk of a widening fiscal deficit and volatility in global capital flows.
- **UOB Indonesia strengthened its capital by issuing subordinated instruments.** PT Bank UOB Indonesia listed the Subordinated Sustainable Bond IV Phase II-2026 worth IDR500 billion on the Indonesia Stock Exchange on January 12, 2026, as an effort to strengthen its capital structure. This seven-year instrument, with an annual interest rate of 6.5%, received an AA_{idn} rating from Fitch Ratings Indonesia. All proceeds from the issuance will be allocated to credit expansion and the fulfillment of capital resilience requirements, in accordance with regulations of the Financial Services Authority (OJK).
- **Increased refinancing risk triggered a credit rating downgrade for PTPP.** PT Pemeringkat Efek Indonesia (PEFINDO) lowered the rating for PT PP (Persero) Tbk (PTPP) and several of its sustainable bond and sukuk instruments to $_{id}$BBB+ with a negative outlook, from $_{id}$A with a stable outlook. This downgrade was caused by the increasing refinancing risk of debt maturing on April 11, 2026, amid increasingly challenging funding access in the construction sector. Nevertheless, management expressed a commitment to meet financial obligations, as evidenced by the payment of bond and sukuk coupons in early January 2026.

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	5,000.00	101.15	5.61	15,629,086
PBS030	5.88	07/15/28	190.00	101.40	5.27	14,177,014
FR0108	6.50	04/15/36	2,000.00	101.95	6.24	7,872,893
FR0107	7.13	08/15/45	300,000.00	106.31	6.56	5,697,527
FR0106	7.13	08/15/40	125,000.00	106.12	6.47	5,031,335

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Bond V Chandra Asri Pacific Phase I Year 2025 Series C	idAA-	7.50	01/13/33	120	103.00	6.95	866,115
Shelf Registration Bond II Sinar Mas Multiartha Phase IV Year 2023	irAA	10.50	03/07/33	500	120.28	6.88	442,800
Shelf Registration Sukuk Mudharabah III Indah Kiat Pulp & Paper Phase II Year 2023 Series B	idA+(sy)	10.25	08/25/26	25,500	101.20	8.20	313,860
Shelf Registration Bond V Chandra Asri Pacific Phase I Year 2025 Series B	idAA-	7.00	01/13/31	400	103.00	6.29	245,380
Shelf Registration Bond III Sinar Mas Multiartha Phase I Year 2024	irAA	10.00	04/05/29	6,000	110.24	6.44	228,700

Corporate Bonds Issuance

Throughout the third week of January 2026, there was the issuance of corporate debt securities from 3 companies with a value reaching IDR4,000 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Bank UOB Indonesia	Shelf Registration Subordinated Bond IV Phase II Year 2026	Jan-12-2026	500.00	6.50	7	AA(idn)
2	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase I Year 2025 Series A	Jan-14-2026	150.00	6.50	3	idAA-
3	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase I Year 2025 Series B	Jan-14-2026	350.00	7.00	5	idAA-
4	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase I Year 2025 Series C	Jan-14-2026	1,000.00	7.50	7	idAA-
5	PT Permodalan Nasional Madani	Shelf Registration Social Orange Bond I Phase II Year 2026 Series A	Jan-15-2026	250.00	5.50	3	idAAA
6	PT Permodalan Nasional Madani	Shelf Registration Social Orange BondI Phase II Year 2026 Series B	Jan-15-2026	250.00	5.98	5	idAAA
7	PT Permodalan Nasional Madani	Shelf Registration Sukuk Mudharabah Social Orange I Phase III Year 2026 Series A	Jan-15-2026	300.00	4.90	1	idAAA(sy)
8	PT Permodalan Nasional Madani	Shelf Registration Sukuk Mudharabah Social Orange I Phase III Year 2026 Series B	Jan-15-2026	600.00	5.50	3	idAAA(sy)
9	PT Permodalan Nasional Madani	Shelf Registration Sukuk Mudharabah Social Orange I Phase III Year 2026 Series C	Jan-15-2026	600.00	5.98	5	idAAA(sy)
Total				4,000.00			

Source: KSEI, IDX, database PEFINDO.

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

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

10	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Sukuk Ijarah III Phase III Year 2019 Series C	19-Feb-26	204.00	9.35	7	idAAA(sy)
11	PT Sinar Mas Agro Resources and Technology Tbk.	Shelf Registration Bond II Phase III Year 2021 Series C	19-Feb-26	220.00	9.50	5	idAA-
12	PT Provident Investasi Bersama Tbk.	Shelf Registration Bond II Phase IV Year 2025 Series A	20-Feb-26	353.53	8.25	1	idA
13	PT Lontar Papyrus Pulp and Paper Industry	Shelf Registration Bond III Phase II Year 2025 Series A	21-Feb-26	129.21	7.25	1	idA
14	PT Lontar Papyrus Pulp and Paper Industry	Shelf Registration Sukuk Mudharabah I Phase II Year 2025 Series A	21-Feb-26	520.82	7.25	1	idA(sy)
15	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VI Phase V Year 2025 Series A	22-Feb-26	2,045.19	6.80	1	AA+(idn)
16	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Bond VI Phase V Year 2025 Series A	24-Feb-26	997.10	6.75	1	idAAA
17	PT Agro Sejahtera Abadi	MTN Year 2020 Phase I Series C	24-Feb-26	50.00	10.50	3	-
18	PT Federal International Finance	Shelf Registration Bond V Phase V Year 2023 Series B	24-Feb-26	1,964.78	6.80	3	idAAA
19	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VIII Year 2025 Series A	24-Feb-26	453.67	6.55	1	idAAA
20	PT Sarana Multigriya Finansial (Persero)	Sukuk Musyarakah Berkelanjutan I Phase IV Year 2025	24-Feb-26	362.81	6.55	1	idAAA(sy)
21	PT Pyridam Farma Tbk	Shelf Registration Bond I Phase III Year 2024	27-Feb-26	400.00	9.50	2	irA-
Total				**9,524.87**			

Weekly Sector Highlights

From January 12 to January 16, 2026, domestic sectoral sentiment was influenced by the implementation and planned rollout of policies, investment developments, and industry outlooks.

Industries	Sentiment & Significance	News Highlights
Banking	○	**Credit Growth Remains Contained, Banks Hold Back on Bond Issuance.** Entering early 2026, plans for bank debt issuance remain highly limited amid abundant liquidity and credit growth that has yet to show meaningful acceleration. The scarce issuance plans reflect the absence of urgency for additional funding, particularly since business activity at the start of the year tends to be subdued and refinancing pressures remain low, with most debt maturities concentrated in the second half of 2026. Bank liquidity also remains ample, with the loan-to-deposit ratio (LDR) in November 2025 at 83.99%, down from 87.34% a year earlier. This condition makes banks reluctant to rush into issuing debt, although the option remains open should credit suddenly grow more aggressively or capital needs increase. Consequently, the banking bond market is expected to regain momentum only when credit growth begins to show a strong recovery.
Insurance and Guarantee	●●	**New Regulation to Strengthen the Health Insurance Ecosystem.** The Financial Services Authority (OJK) has officially issued POJK 36/2025 to strengthen the health insurance ecosystem. The regulation, which takes effect on March 22, 2026, requires companies to provide products without risk-sharing features, while still allowing the option to sell products that include such features. The permitted risk-sharing schemes include a 5% co-payment with a maximum limit of IDR300,000 for outpatient care and IDR3 million for inpatient care, as well as an annual deductible option based on agreement with policyholders. The regulation also limits premium rate adjustments to a maximum of once per year. OJK emphasizes the importance of enhancing risk management, prudence, and policyholder protection to ensure product sustainability. The industry views the regulation as having the potential to reduce claim ratios, although improvements are expected to occur gradually, given the longstanding pressure on claim ratios. Insurance companies are expected to adjust product designs to meet the new requirements. Significant impact on stabilizing claim ratios—targeted to return to the 60–75% range—is projected to begin materializing within the next 12–24 months.
Mining	●	**Production Cut Plans, Issuer Outlook Remains Intact.** The government's plan to cut coal production to 600 million tons and nickel ore production to 250 million tons in 2026 is assessed to have only a limited impact on mining-services issuers. The reduction in coal production may pressure overburden-removal and coal-getting volumes, particularly for contractors that rely on high-cost mines. However, more stable commodity prices will maintain the operations of low-cost mines and preserve work volumes for major contractors. In the nickel segment, production restrictions are occurring amid an ore deficit for smelters, so integrated mining activities are expected to remain strong. Most mining-services issuers tend to delay heavy-equipment expansion and instead adopt conservative strategies such as fleet rejuvenation, fleet efficiency,

		and optimization of utilization. Issuers with exposure to low-cost mines, captive smelter mining operations, and long-term contracts are expected to be more defensive and able to maintain margins despite controlled national production volumes. The adoption of technologies such as electric or hybrid heavy equipment also presents opportunities to enhance efficiency and competitiveness.
Multifinance	●●	**OJK Streamlines Regulations to Strengthen the Multifinance Industry.** OJK has issued POJK 35/2025 to promote the strengthening of financing companies, infrastructure financing institutions, and venture capital firms through simpler and more proportional regulations. The new rule aims to enhance flexibility, efficiency, and industry competitiveness while supporting the government's strategic policies and ease of doing business. The regulation includes simplified mechanisms for changes in non-controlling ownership, faster recommendations for securities listing, and adjustments to motor vehicle down-payment requirements. OJK is also revising the ratio of core capital to paid-up capital for working-capital and multipurpose financing companies, including those without collateral. In addition, there is a relaxation of digital financing services, allowing investment transactions to be conducted without physical face-to-face verification. The regulation also sets adjustments for net non-performing financing ratios and health levels for companies applying a 0% motor vehicle down payment. Several transitional provisions have also been updated, including requirements for meeting minimum equity levels and the equity-to-paid-up-capital ratio.
Oil and Gas	○	**Government to End Diesel Imports in 2026.** The Minister of Energy and Mineral Resources confirmed that diesel imports—including for private fuel stations—will be halted starting in 2026 following the operation of the Balikpapan Refinery Development Master Plan (RDMP) project, which will be capable of processing up to 360,000 barrels per day, or one-quarter of national demand. This policy follows President Prabowo Subianto's directive to maximize domestic refinery capacity, meaning diesel import permits will no longer be issued. The Balikpapan RDMP is expected to reduce fuel imports by up to IDR68 trillion per year and contribute approximately IDR514 trillion to GDP. Private fuel stations will be directed to purchase diesel supplies from Pertamina, while the government also targets full domestic production of RON 92, 95, and 98 fuels. The cessation of diesel imports is further supported by the implementation of the biodiesel program, moving from B40 in 2025 to B50 in 2026, which previously reduced diesel imports by 3.3 million kiloliters and generated foreign exchange savings of IDR130 trillion. Various scenarios are being prepared to ensure that the transition toward B50 proceeds smoothly and supports national energy self-sufficiency.
Plantation and Agriculture	●	**Planned Single-Price Policy for SPHP Rice.** This policy will be implemented to stabilize and lower rice prices, particularly for medium-grade rice. It also aims to reduce inter-regional price disparities and strengthen Bulog's role in food stabilization. The planned ex-warehouse price is IDR11,000 per kg, enabling SPHP rice to be sold to consumers at around IDR12,500 per kg with a retail margin of IDR1,500 per kg. The government targets the single-price policy to take effect in 2026 so that communities in eastern regions do not pay higher prices than those in other areas. In addition, the government has set Bulog's assignment margin fee at 7% to support operational sustainability and national food distribution stability. Separately, the government is also considering the possibility of exporting 1 million tons of rice, as government reserves have reached 3 million tons.
Power and Energy	●●●	**Global Clean Energy Investment Surges.** The United Nations reported that global clean energy investment is projected to reach USD2.2 trillion—or around IDR35–37 quadrillion—in 2025, twice the spending on fossil energy. This increase reflects an accelerating global energy transition amid countries' commitments to reduce greenhouse gas emissions. However, infrastructure readiness continues to lag, with last year's global electricity grid investment amounting to less than half of total clean energy generation investment. To accelerate the transition, the UN is urging substantial investment in grid modernization, regional interconnections, energy storage, and electric vehicle infrastructure, as well as clearer policy reforms, faster permitting processes, and stronger regulatory certainty to bolster investor confidence.
Property	○	**Extension of the VAT-Borne-by-Government Incentive, Impact Still Limited.** This incentive is projected to increase buying interest, particularly for ready-stock landed houses, while the apartment segment is considered less affected due to longer construction periods. However, analysts note that the VAT DTP incentive will not automatically trigger a surge in demand, as consumer purchasing power—especially for landed houses—remains the main constraint. A significant impact is expected on ready-to-occupy housing units priced between IDR1 billion and IDR2 billion, which are more price-sensitive. In addition, the government's income tax (PPh21) policy for workers earning up to IDR10 million is seen as more effective in increasing take-home pay and reducing barriers to property asset purchases, particularly when combined with the VAT

	DTP incentive. Developers continue to play a key role by providing products aligned with purchasing power, ideally below IDR1 billion, to ensure the incentive generates genuinely new buyers rather than simply shifting existing demand. From the perspective of issuer performance, the incentive may boost sales volume and cash flow. Given still-weak purchasing power, the impact of VAT DTP in 2026 is expected to be less pronounced than in previous periods, with the greatest benefits accruing to issuers focused on house sales.

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

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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