WEEKLY ECONOMIC UPDATE

Period of October 12-16, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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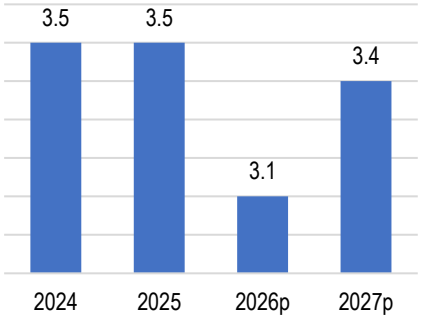
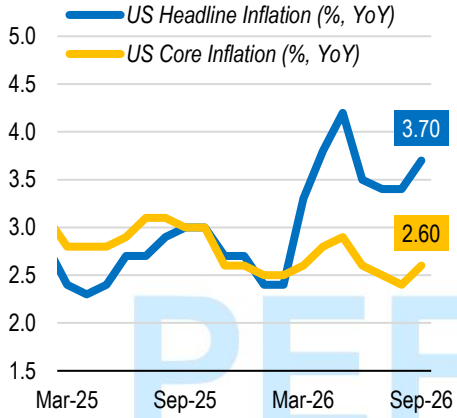
Data Highlights of the Week

Global Economic Growth Projections by the IMF in the October 2026 World Economic Outlook (%)



Source: IMF

US Consumer Inflation Rate



Source: Bloomberg

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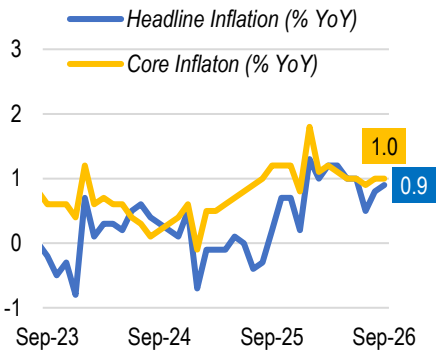
Global Outlook at a Crossroads: Growth Persists, While Inflation and Fiscal Risks Rise

Global Economy

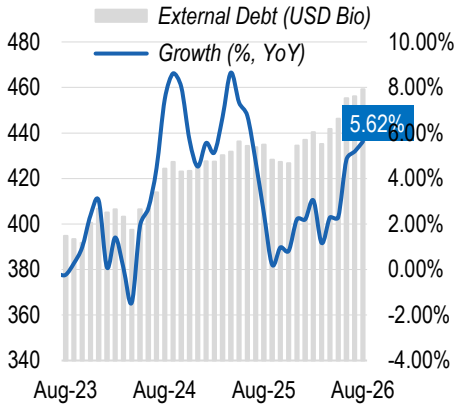
- **Global geopolitical developments are placing greater pressure on energy routes and global trade** as the US–Iran war remains without a diplomatic resolution and the escalation spreads across the Gulf through attacks on vessels and infrastructure. In the Russia–Ukraine conflict, the US-backed *energy ceasefire* initiative has yet to deliver an effective halt to attacks, while strikes on energy infrastructure have intensified again.
- **The IMF–World Bank Annual Meetings in Bangkok underscored that the global economy remains relatively resilient, but fiscal space is narrowing amid debt, war, and the *energy shock*, while AI investment is both supporting growth and creating new risks.** In its October 2026 World Economic Outlook, the IMF raised its 2026 global growth forecast by 0.1 percentage point to 3.1%, with growth projected to rise again to 3.4% in 2027. The resilience of advanced economies and increased investment in artificial intelligence (AI) supported the upgrade. Nevertheless, growth is expected to slow from 3.5% in 2025 amid significant risks from high energy prices caused by the US–Iran war, particularly for low-income and energy-importing countries. The global economy remains resilient, but governments' capacity to absorb the next shock is increasingly limited.
- **US inflation rose again in Sep'26.** Consumer inflation increased to 3.7% YoY (Aug'26: 3.4%), mainly driven by a surge in energy prices, while core inflation also rose to 2.6% YoY (Aug'26: 2.4%). Gasoline prices jumped 34.2% YoY and fuel oil prices 74.2% YoY, while higher shelter costs and increases across various service components added further pressure. Producer inflation also surged to 6.3% YoY (Aug'26: 5.6%), the highest since Mar'22. Production costs accelerated due to the energy shock and geopolitical tensions in the Middle East. The increased inflation risk could narrow the Fed's scope for policy easing.
- **Market participants scaled back expectations of a Fed Funds Rate increase in Oct'26** after the Fed Chair, speaking at the IMF summit in Bangkok, gave no indication of the outcome of this month's FOMC meeting but said that higher-than-expected inflation had not changed his assessment of the US economy. Kevin Warsh said he would not prejudge the meeting's outcome and that global conditions had broadly evolved in line with their expectations. He also reiterated his concern about persistent inflation, noting that central banks in the US and elsewhere acknowledge that price pressures remain high.
- **The US government recorded a cumulative fiscal year 2026 budget deficit of USD1.992 trillion**. The deficit widened after an additional USD27 billion shortfall in Sep'26, reversing a USD198 billion surplus in Sep'25. Government spending rose to USD585 billion from USD346 billion, with Social Security (USD141 billion), health (USD100 billion), Medicare (USD93 billion), and national defense (USD89 billion) as the largest spending items. Meanwhile, government revenue increased to USD558 billion from USD544 billion.
- **Tens of thousands of people in France took to the streets to oppose the rising cost of living as government borrowing costs in the bond market reached their highest level in more than two decades.** The mass demonstrations were triggered by the combination of elevated living costs, soaring fuel prices, and complaints about teacher shortages and poor school facilities in the northern outskirts of Paris. The protests heightened foreign investors' concerns about fiscal stability, prompting withdrawals from government bonds and pushing yields to their highest level in more than two decades. If the protests develop into prolonged clashes, security costs and property damage could add to the fiscal burden, while pressure on the labor market and consumption could deepen the economic slowdown.
- **The UK reported GDP growth of 0.1% MoM or 2.1% YoY in Aug'26 (Jul'26: 0.4% MoM or 1.8% YoY), marking the strongest annual growth since Oct'22.** Growth was driven by a 0.8% MoM increase in production output, led by manufacturing (1.2% MoM) and mining

China Consumer Inflation Rate



Source: Bloomberg

Indonesia External Debt



Source: Bank Indonesia

Upcoming Economic Calendar

Time	Development Releases
Oct 19	China Q3-2026 GDP
	China industrial production, Sep'26
	China retail sales, Sep'26
	China fixed-asset investment, Sep'26
	Canada inflation rate, Sep'26
Oct 20	China Loan Prime Rate 1 and 5 Year
	UK labor market Aug '26
Oct 21	Japan trade balance, Sep 26
	UK inflation rate, Sep'26
	Indonesia benchmark interest rate (BI Rate)
Oct 22	South Korea benchmark interest rate
	Philippines benchmark interest rate
Oct 23	Japan Inflation Sep '26

and quarrying (1.4% MoM), despite a 1.2% MoM decline in water supply, sewerage, and waste management. Meanwhile, services output showed no growth, and construction output fell 0.2%, extending its monthly decline to four consecutive months.

- **Bank of Japan (BoJ) board member Junko Koeda said the BoJ should not be overly cautious about further interest rate hikes**, given continued upside risks to prices and still-accommodative financial conditions. She called for timely policy adjustments based on economic and price developments while considering the estimated range of the neutral interest rate. Koeda noted that underlying inflation is beginning to settle around 2%, while steady wage growth also indicates that sustained inflation has become more firmly entrenched in Japan. She emphasized the need to deepen the BoJ's analysis of economic, price, and financial market conditions as positive interest rates return as a normal feature of economic activity.
- **Two Pacific central banks, the Reserve Bank of Australia (RBA) and the Reserve Bank of New Zealand (RBNZ), adopted a *hawkish stance* amid renewed inflation risks.** The RBA's Sep'26 meeting minutes showed that it unanimously raised the policy rate by 25 bps to 4.6% because inflation risks were deemed persistent, while leaving the door open to further increases. Meanwhile, the RBNZ is still considering two options for its late-October decision—holding the OCR steady or raising it by 25 bps—although an increase remains the more likely scenario.
- **China's inflation remained relatively low in Sep'26**. Consumer inflation edged up to 0.9% YoY (Aug'26: 0.8%), mainly driven by higher non-food inflation due to rising transportation costs and gasoline prices, while core inflation remained at 1.0% YoY. Food deflation intensified, with food prices falling 1.7% YoY due to lower pork prices and weak consumption, while housing prices continued to contract. Producer price pressures, however, rose sharply, with PPI surging 5.0% YoY (Aug'26: 3.8%), the highest since Jun'22, mainly due to higher fuel and production commodity prices.
- **India's inflation in Sep'26 showed increasingly broad-based and *supply-driven* pressures**, reflecting a combination of higher food and energy prices, currency depreciation, and rising production costs. Consumer inflation rose to 5.54% YoY from 4.83% YoY, the highest since Oct'24 and moving closer to the RBI's upper tolerance limit of 6%. The increase was mainly driven by a surge in food prices (7.74% YoY), along with higher transportation costs due to rising oil prices and a weaker rupee. Producer price pressures also strengthened, with WPI jumping to 11.39% YoY from 9.92% YoY, driven by higher fuel, food, and manufacturing prices.
- **Economic growth in Singapore and Malaysia remained solid in Q3-2026, although it began to moderate after strong growth in the previous quarter**. Malaysia's economy expanded 5.3% YoY (Q2-2026: 6.0%) amid a contraction in mining and slower services and construction, although manufacturing strengthened to 7.5% on the back of export-oriented industries, while agriculture returned to positive growth. Cumulatively, Malaysia's economy accelerated to 5.5% YoY in 9M2026 (9M2025: 4.8%). Singapore's growth slowed to 5.4% YoY but remained above the 5% expectation (Q2-2026: 6.2%), due to a sharp moderation in the goods sector, particularly manufacturing, which eased to 7.5% from 12.9%, partly offset by faster growth in construction, trade, and transportation. The moderation indicates a normalization of economic momentum after the strong expansion in the first half of 2026.
- **The Monetary Authority of Singapore (MAS) kept its monetary policy unchanged, ending two consecutive tightening moves in April and July**. The central bank maintained the Singapore dollar nominal effective exchange rate (S$NEER) policy band, including its width and midpoint. The decision followed a slowdown in Singapore's economic growth, with full-year GDP projected at 4.5%–5.5%. MAS expects near-term growth to remain strong before slowing as the artificial intelligence (AI) cycle fades and global financial conditions tighten.

Domestic Economy

- **The IMF raised its 2026 economic growth forecast for Indonesia to 5.1% from 5.0%** (Jul'26 projection) in the October 2026 edition of the IMF WEO. Meanwhile, the 2027 growth forecast remained at 5.1%, unchanged from the previous projection. The upward

revision reflects domestic economic resilience amid global uncertainty. This resilience is supported by relatively strong domestic demand, while the growth outlook remains clouded by rising geopolitical risks, surging energy prices, uncertainty in global trade, and the potential tightening of financial conditions due to higher global bond yields. The conflict in the Middle East also risks increasing inflation and pressuring Indonesia's external balance, with domestic inflation projected to rise to 3.3% in 2026 from 1.9% in 2025 and the current account deficit widening to 1.6% of GDP. Nevertheless, Indonesia's economic outlook will depend heavily on the resilience of domestic consumption, macroeconomic stability, and the ability to anticipate the impact of global volatility.

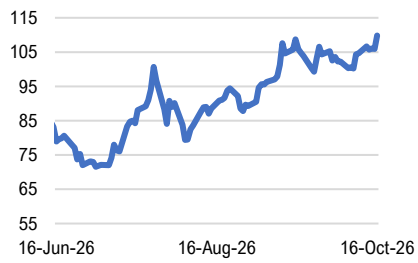
- **MSCI announced a consultation on a proposed reclassification of Indonesia from Emerging Market to Standalone Market on October 15, 2026, citing persistent issues concerning transparency in shareholding structures, suspected coordinated trading, and weak evidence of market-rule enforcement.** The announcement triggered sharp volatility in the equity market, with foreign capital outflows of IDR3.34 trillion in one day and resulting pressure on the rupiah. If implemented, Indonesian equities could be removed from MSCI global indices used as benchmarks by international investors, increasing the risk of foreign capital outflows and weighing on domestic market liquidity and valuations. MSCI will conduct the consultation through April 2027 and aims to issue a final decision by the end of June 2027 at the latest. Meanwhile, the OJK has reaffirmed its commitment to strengthening capital-market reforms, making improvements in transparency, governance, and trading integrity essential to maintaining global investor confidence.
- **Indonesia's external debt growth accelerated to 5.6% YoY in Aug'26 (Jul'26: 4.9%), reaching USD459.3 billion.** The acceleration was driven by government external debt, which grew 3.3% YoY (Jul'26: 3.2%) alongside inflows into government securities (SBN) and Bank Indonesia Rupiah Securities (SRBI). Meanwhile, the contraction in private external debt eased to -0.8% YoY (Jul'26: -1.2%). Indonesia's external debt structure remained sound, with the external debt-to-GDP ratio at 30.9% and long-term debt continuing to dominate.

This Week's Highlights

Geopolitical developments in Ukraine and the Middle East will remain in focus amid tightening global oil supplies and rising inflation indicators. On the economic data front, S&P's flash PMI estimates will provide an early indication of global economic conditions in Oct'26. There will be relatively few major data releases from advanced economies. The UK will be in the spotlight as inflation and labor-market data help determine the direction of Bank of England policy. In Asia, China will release a series of monthly indicators, including Q3-2026 GDP growth and the Loan Prime Rate (LPR), while Japan will announce inflation and trade-balance figures. Elsewhere, Malaysia and Singapore will publish inflation data. The central banks of Indonesia, South Korea, and the Philippines will also announce their latest monetary policy decisions. Domestically, several important surveys will be released, including the Business Activity Survey, Prompt Manufacturing Index, Banking Survey, and Money Supply Developments as of the end of Q3-2026.

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

Brent Crude Oil (USD/Barrel)

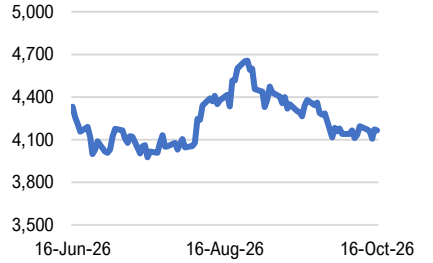


Oil and coal strengthened on the Middle East crisis and tight supply, CPO was supported by a surge in exports, while gold was pressured by expectations of Fed rate hikes.

- **Brent crude oil rose 4.91% over the past week** and closed at USD109.86 per barrel on Friday (10/16), the highest since May 2026, after touching USD110 for the first time since May. Friday's 3.70% daily jump reinforced the trend, even though Brent had briefly slipped to USD105.46 earlier in the day. Market sentiment was dominated by supply concerns amid escalating tensions in the Middle East, particularly intensifying attacks around the Strait of Hormuz and rumors of strikes on Saudi Arabia's energy infrastructure. Uncertainty over Russian diesel shipments, following Ukraine's attack on the Ryazan refinery, also encouraged buying. Stock releases by the IEA and the United States have not been enough to calm anxieties, so analysts say the geopolitical risk premium remains embedded in prices and will ease only if regional tensions genuinely subside.

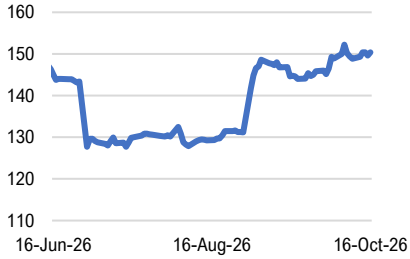
Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
109.86	4.91	3.81	79.92	80.54

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,165.58	-0.68	-2.30	-3.72	-3.56

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
150.40	1.04	3.90	43.79	39.91

- **Spot gold fell about 0.68% over the past week**, trading in a narrow range near the lower bound of its support area. The main pressure came from US inflation data that exceeded expectations, from the surge in the September consumer price index to producer prices rising the most in 4.5 years. This reinforced concerns that the Fed will raise interest rates again, with CME FedWatch pricing roughly a 90% chance for December, even though rates are expected to hold this month. Higher interest rates reduce the appeal of gold, which pays no yield, so sentiment leans negative. The unclear policy direction of Fed Chair Kevin Warsh added to market caution, while Capital Economics expects gold to decline gradually through the end of the year.
- **Newcastle coal for October 2026 delivery gained 1.04% over the past week** and closed at USD150.40 per ton on Friday (10/16). Positive sentiment came from surging LNG prices amid the Middle East crisis and disrupted supply from Qatar, making coal, which is around 80% cheaper, the preferred choice for buyers in Asia and Europe ahead of winter. South Korea is even considering increasing coal use for power generation. On the supply side, Indonesia tightened export restrictions, sharply reducing shipment volumes, while demand from India and China remained strong. The IEA's projection that global coal demand will hit a record high this year also supported the bullish sentiment on prices.
- **Malaysian crude palm oil (CPO) futures gained 3.85% over the past week** and closed at MYR4,769.00 per ton on Friday (1016), posting a weekly gain for the second consecutive week. The main positive sentiment came from a surge in Malaysian palm oil exports during 1-15 October, which cargo surveyors estimate rose between 43.2% and 58.3% from the previous month. Demand from India also provided support, after September imports reached a seven-month high as refiners switched from sunflower oil to CPO. Bargain hunting also helped lift prices. However, the gains were held back by weakness in competing vegetable oils, a cut in Malaysia's November CPO reference price, and lower crude oil prices, which could reduce palm oil's appeal as a biodiesel feedstock.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	3.12	-3.23	7.78	6.06	-15.46	Crude Palm Oil (MYR/Ton)	4,769.00	3.85	-2.35	5.51	17.75
Nickel (USD/MT)	15,225.20	-1.81	-5.49	-3.86	-10.65	Rubber (USD/Kg)	256.40	-3.17	7.37	49.68	42.52
Copper (USD/MT)	14,407.50	-0.91	1.23	35.32	15.97	Wheat (cents/bu)	660.50	-1.56	-9.61	31.44	30.28
Aluminum (USD/MT)	3,001.50	-1.54	-8.18	7.64	0.20	Corn (cents/bu)	474.25	-1.15	-11.23	12.45	7.72
Iron Ore (USD/MT)	90.85	0.19	-5.10	-14.75	-14.96	Sugar (c/lb)	20.85	2.96	16.03	31.96	38.91

Global and domestic equities came under pressure, with Wall Street weighed down by AI stock concerns and inflation, while the ICI plunged sharply on MSCI reclassification fears. The U.S. dollar weakened amid concerns over technology investment, while the rupiah faced pressure from potential capital outflows following a possible reclassification of Indonesia's market.

- **Wall Street weakened over the past week**, with the S&P 500 down 1.95% at 7,649 points and the Nasdaq Composite plunging 4.48% to 26,128 points, while the Dow Jones edged up 0.67%. The Nasdaq's decline was its largest since June, while the S&P 500 recorded its steepest weekly drop since January. The main pressure came from AI-related tech stocks, amid concerns that debt-laden AI infrastructure companies will be unable to generate profits in time as borrowing costs are expected to rise. CoreWeave plunged about 25% over five sessions, and the PHLX semiconductor index fell for eight straight days. Negative sentiment was compounded by the oil price surge from Middle East tensions and US inflation data that exceeded expectations, leading Barclays to forecast Fed rate hikes in December and January.
- **The ICI plunged 14.91% over the past week**, from 6,093.76 to 5,185.11 on Friday (10/16). The heaviest pressure came on the final trading day, when the index dropped 11.57%, the steepest since the 1998 crisis and the lowest level of 2026. The main trigger was MSCI's 15 October announcement opening a consultation on reclassifying Indonesia from Emerging Market to Standalone Market, which led the IDX to halt trading temporarily. Concerns over governance, share ownership transparency, and alleged coordinated trading prompted foreign selling, with potential outflows of IDR105-132 trillion if reclassification occurs. Global sentiment added to the pressure, namely US inflation exceeding expectations and Brent near USD110 per barrel, which risks weakening the rupiah. The IDX and OJK stressed that MSCI's final decision will come no later than 30 June 2027 and committed to continuing capital market reforms.
- **The U.S. Dollar Index (DXY) weakened amid growing concerns about the outlook for technology investment.** The DXY closed at 101.84 on Oct. 16, 2026, down 0.37% week over week (WoW). Concerns over artificial intelligence (AI) spending amid elevated interest rates prompted investors to shift toward safer assets. However, higher-than-expected U.S. consumer and producer inflation limited the dollar's decline. Markets priced in an approximately 85% probability that the Federal Reserve (Fed) would keep interest rates unchanged in October, while the probability of a 25-basis-point (bps) rate increase in December reached 77%.

- **The Indonesian rupiah depreciated amid growing concerns about potential foreign capital outflows.** The rupiah closed at IDR18,027 per U.S. dollar on Oct. 16, 2026, depreciating 0.72% WoW. Pressure emerged after MSCI considered downgrading Indonesia's market classification from emerging market to standalone market. The potential reclassification raised concerns about foreign capital outflows. Meanwhile, Bank Indonesia (BI) maintained its benchmark interest rate at 5.75% through September and continued its foreign exchange interventions. Inflation rose to 3.28% YoY in September, driven by food price pressures.

Indonesian Composite Index (ICI)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
5,185.11	-14.91	-19.45	-36.18	-40.04

US Dollar Index (DXY)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
101.84	-0.37	1.58	3.56	3.57

Rupiah Exchange Rate (USD/IDR)

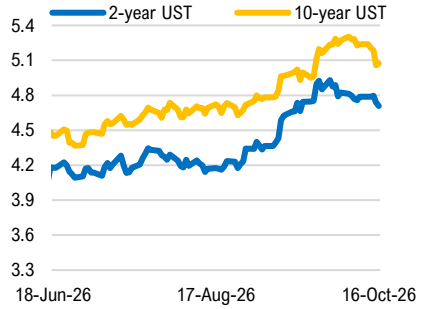
Closing	(% Change)			
	WoW	MoM	YoY	YTD
18,027	0.72	1.87	8.72	8.08

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P 500 (US)	7,659.44	-1.95	1.43	15.54	11.89	Euro (EUR/USD)	1.12	0.35	-1.97	-3.83	-4.32
Dow Jones (US)	52,002.41	0.67	1.05	13.17	8.20	Canadian Dollar (USD/CAD)	1.41	-0.81	1.09	0.62	3.04
Nasdaq (US)	26,140.03	-4.48	0.62	15.86	12.47	Pound sterling (GBP/USD)	1.33	0.70	-0.40	-0.80	-1.10
Euro Stoxx 50 (Eurozone)	6,204.23	0.50	-0.99	9.77	7.13	Japanese Yen (USD/JPY)	158.02	-0.18	1.13	5.05	0.84
FTSE 100 (UK)	10,881.90	3.13	1.81	15.32	9.57	Chinese Yuan (USD/CNY)	6.69	-0.09	-0.33	-6.14	-4.33
Nikkei 225 (Japan)	65,324.29	-5.37	2.19	35.31	29.77	Singapore Dollar (USD/SGD)	1.28	-0.10	0.13	-1.14	-0.48
Shanghai (China)	3,716.28	-2.56	-4.51	-5.11	-6.36	Malaysian Ringgit (USD/MYR)	4.08	-0.09	0.13	-3.48	0.53
Hang Seng (Hong Kong)	24,186.83	-0.10	-2.13	-6.57	-5.63	Thailand Baht (USD/THB)	33.42	-0.32	0.16	2.81	6.13

Key Data Developments in Global and National Bond Markets

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

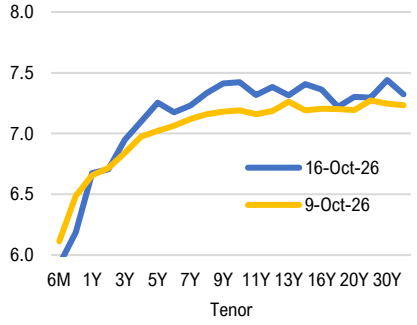


Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.708	-8	-3	128	124
5Y: 4.868	-15	-1	132	114
10Y: 5.073	-17	5	110	91

Global bond markets faced fiscal risks and shifts in investment allocations, while U.S. Treasuries strengthened and Indonesian government securities came under pressure from capital outflows.

- **The International Monetary Fund (IMF) called for fiscal consolidation through tighter government spending controls amid rising global debt financing costs.** Ten-year government bond yields across the G7 increased by more than 110 bps between February and September 2026. The IMF projected that governments' effective borrowing costs would rise from 2.3% in 2021 to 3.7% in 2031. Meanwhile, the global public debt-to-gross domestic product (GDP) ratio was projected to reach 100%, its highest level since World War II. U.S. government interest expenses were expected to reach 5.3% of GDP, compared with 2.8% before the pandemic. Rising borrowing costs have constrained fiscal space and increased the need for budget adjustments to maintain debt sustainability.
- **U.S. Treasury yields declined across all major maturities amid stronger demand for safe-haven assets**. As of Oct. 16, 2026, the two-year yield fell 8 bps to 4.708%, the five-year yield declined 15 bps to 4.868%, and the 10-year yield decreased 17 bps to 5.073% WoW. The declines came as investors shifted from AI-related equities to U.S. government bonds. Meanwhile, Fed Chair Kevin Warsh indicated that rising inflation had not changed his assessment of the U.S. economy. His remarks reinforced market expectations that interest rates would remain unchanged in the near term.
- **Corporate bond issuance associated with artificial intelligence (AI) investment intensified competition with U.S. Treasuries for investor funding.** Investment-grade corporate bond issuance reached approximately USD1.7 trillion in 2026, up 29% from the corresponding period a year earlier. Financing needs for AI infrastructure drove higher corporate bond issuance, potentially reducing investor allocations to Treasuries. However, concerns about slowing revenue growth at Anthropic and declining prices of CoreWeave debt began

Weekly Development of Government Bond Yield (%)

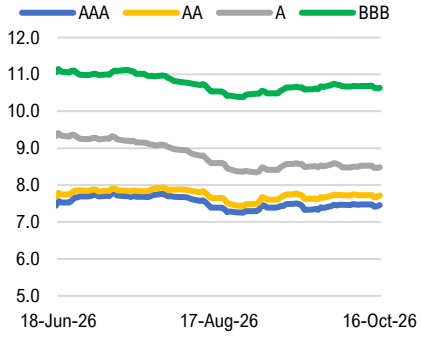


Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 6.917	13	5	204	192
5Y: 7.303	26	30	197	175
10Y: 7.359	15	20	140	129

5 Year Credit Default Swap (CDS)

Closing	(% Change)			
	WoW	MoM	YoY	YTD
97.54	5.79	15.64	19.89	41.66

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

weighing on investor sentiment toward the AI sector. Weaker demand for AI-related bonds could reduce new issuance and redirect investor allocations toward Treasuries.

- **The U.S. federal budget deficit widened amid elevated government spending and debt interest expenses.** The fiscal 2026 deficit reached USD1.992 trillion, up 12% YoY. In September 2026, the government recorded a USD27 billion deficit, compared with a USD198 billion surplus in the corresponding period a year earlier. Annual Social Security spending reached nearly USD1.7 trillion, while Medicare spending approached USD1.1 trillion, and net interest expenses exceeded USD1 trillion. Government debt exceeding USD40 trillion further heightened concerns about fiscal sustainability. These pressures pushed 10-year and 30-year U.S. Treasury yields to their highest levels in 24 years and increased government borrowing costs.
- **China's central bank is committed to expanding access to domestic financial markets to attract foreign investment and further internationalize the yua**n. People's Bank of China (PBoC) Governor Pan Gongsheng outlined plans to expand the risk management framework supporting cross-border investment and financing. The PBoC also intends to promote the use of yuan-denominated bonds as international collateral, strengthen financial infrastructure connectivity, and develop the offshore yuan market. These initiatives aim to improve the liquidity of yuan-denominated assets and offer global investors alternative portfolio diversification amid geopolitical and international trade uncertainties.
- **Asian bond markets faced foreign capital outflow pressures amid rising U.S. Treasury yields and expectations of tighter Federal Reserve monetary policy**. Foreign investors recorded net bond sales of USD8.21 billion across five Asian countries in September 2026, the largest monthly net selling since March 2020. South Korea recorded the largest outflow at USD6.3 billion, followed by Thailand at USD822 million, India at USD548 million, Malaysia at USD436 million, and Indonesia at USD100 million. The pressure came from a 53.5-bps rise in the 10-year U.S. Treasury yield to 5.3645% in September, along with inflation concerns driven by elevated oil prices. These conditions made U.S. dollar-denominated assets more attractive and reduced investor appetite for emerging market bonds.
- **Japanese life insurers began showing greater interest in domestic government bonds as yields increased.** Japanese life insurers manage approximately USD2.5 trillion in assets, with about 25% invested overseas. The 10-year Japanese government bond (JGB) yield exceeded 3%, while the 30-year yield stood at approximately 4%. During 2026, domestic investors recorded net sales of foreign bonds exceeding JPY5 trillion, including JPY289 billion by life insurers. Nevertheless, fund repatriation is expected to occur gradually, as the Bank of Japan (BoJ) remains in a monetary tightening cycle and fiscal risks persist. A shift in allocations toward domestic bonds could reduce overseas investment and support the yen.
- **Indonesian government securities (SBN) yields increased across all major maturities amid capital outflow pressures and domestic fiscal risks.** As of Oct. 16, 2026, the two-year yield rose 13 bps to 6.917%, the five-year yield increased 26 bps to 7.303%, and the 10-year yield climbed 15 bps to 7.359% WoW. Indonesia's five-year credit default swap (CDS) spread also increased 5.79% to 97.54 bps. Market pressure reflected foreign capital outflows, rupiah depreciation, and concerns about expanding government spending. Rising energy subsidy costs further heightened fiscal risks. Foreign ownership of domestic bonds also reached its lowest level in nearly two decades.
- **The Indonesian government tightened its monitoring of state revenue and expenditure to maintain fiscal balance ahead of year-end**. The Ministry of Finance will conduct weekly reconciliations of revenue and expenditure under the State Budget (APBN). As of September 2026, state revenue reached IDR2,341.5 trillion, equivalent to 74.2% of the annual target, representing 25.5% YoY growth. The monitoring measures aim to identify fiscal imbalances and accelerate policy adjustments.
- **Indonesia's tax revenue continued to increase, although additional collections remain necessary to meet the annual target**. As of September 2026, tax revenue reached IDR1,607.6 trillion, or 68.2% of the IDR2,357.7 trillion target, increasing 24.1% YoY. The government still needs to collect IDR750.1 trillion in the fourth quarter of 2026. Non-oil and gas income tax revenue rose 17.6% to IDR809.3 trillion; oil and gas income tax revenue rose 128.2% to IDR43.6 trillion; and value-added tax and luxury goods sales tax revenue rose 38.6% to IDR683.3 trillion. Meanwhile, land and building tax revenue declined 24.8% to IDR71.4 trillion.

- **Indonesia's external debt increased year over year, driven by growth in government external borrowing.** Bank Indonesia (BI) reported that Indonesia's external debt reached USD459.3 billion in August 2026, increasing 5.6% YoY, with an external debt-to-GDP ratio of 30.9%. Government external debt rose 3.3% YoY to USD220.9 billion, supported by foreign capital inflows into Indonesian government securities (SBN). In contrast, private-sector external debt declined 0.8% YoY to USD195.6 billion, reflecting lower borrowing by nonfinancial corporations and financial institutions. Approximately 80.5% of private-sector external debt was concentrated in manufacturing, financial and insurance services, electricity and gas, and mining.
- **Investor demand at Indonesia's government bond (SUN) auction increased compared with the previous auction**. On Oct. 13, 2026, total incoming bids reached IDR64.85 trillion, up 51.3% from the Sept. 29, 2026, auction, with awarded bids totaling IDR35 trillion. The FR0110 series attracted the highest demand, with bids of IDR21.15 trillion and awarded bids of IDR10.9 trillion. Meanwhile, the SPN12271014 series received bids of IDR14.86 trillion, with IDR9 trillion awarded. Weighted-average yields ranged from 6.20% to 7.30%. Declining yields across most series reflected lower government borrowing costs, although yields on certain longer-dated securities continued to increase.
- **PT Bank Victoria International allocated funds to repay its maturing subordinated bonds.** The company allocated IDR154.22 billion to repay its Shelf-Registered Subordinated Bonds II, Phase II, 2019, maturing on Nov. 8, 2026. The amount comprises IDR150 billion in principal and IDR4.22 billion in coupon payments. The company placed all funds in Indonesian government securities (SBN). If the maturity date falls on a nontrading day, payment will be made on the following trading day.
- **PT Toyota Astra Financial Services (TAF) issued bonds to support working capital for motor vehicle financing.** The company issued IDR419.99 billion in Shelf-Registered Bonds V, Phase III, 2026, comprising Series A worth IDR378.43 billion with a 7.00% coupon and a 370-day tenor, and Series B worth IDR41.57 billion with a 7.25% coupon and a 36-month tenor. The bonds received an AAA rating and form part of a shelf-registration program with a target issuance of IDR5 trillion. The public offering is scheduled for Oct. 23–26, 2026, with listing on the Indonesia Stock Exchange (IDX) scheduled for Oct. 30, 2026. All proceeds will fund working capital for motor vehicle financing activities.

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The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0110	7.25	05/15/32	20,000.00	99.69	7.26	22,645,301
FR0111	7.00	03/15/37	250,000.00	98.01	7.44	10,948,382
FR0109	5.88	03/15/31	33.00	94.50	7.26	9,141,523
PBS040	5.00	11/15/30	40,000.00	92.50	7.15	7,891,587
FR0102	6.88	07/15/54	73.00	93.90	7.48	6,708,382

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	5,000	101.79	6.09	2,282,130
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	idA(sy)	11.00	10/04/29	30,000	111.09	6.96	1,419,040
Shelf Registration Bond VII Adira Finance Phase IV Year 2026 Series A	idAAA	7.10	10/16/27	37,500	100.03	6.90	1,393,860
Shelf Registration Sukuk Mudharabah II OKI Pulp & Paper Mills Phase II Year 2025 Series A	idA+(sy)/ irAA-	10.00	07/29/28	50,000	105.55	6.43	1,043,890
Sukuk Ijarah I BUMA Year 2025 Series B	idA+(sy)/ A+(idn)	8.50	03/26/28	51,000	100.27	6.34	1,042,600

Corporate Bonds Issuance

Throughout the third week of October 2026, 4 companies issued corporate debt securities valued at IDR8,048 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Maruwai Coal	Bond I Year 2026 Series A	Oct-12-2026	1,219.77	8.00	1	idAA
2	PT Maruwai Coal	Bond I Year 2026 Series B	Oct-12-2026	780.24	8.75	3	idAA
3	PT Daaz Bara Lestari Tbk	Sukuk Wakalah I Year 2026 Series A	Oct-13-2026	215.11	9.00	1	idA(sy)
4	PT Daaz Bara Lestari Tbk	Sukuk Wakalah I Year 2026 Series B	Oct-13-2026	162.93	10.25	3	idA(sy)
5	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond V Phase II Year 2026 Series A	Oct-14-2026	1,372.50	7.15	1	idAAA
6	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond V Phase II Year 2026 Series B	Oct-14-2026	493.50	7.40	3	idAAA
7	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond V Phase II Year 2026 Series C	Oct-14-2026	1,434.00	7.65	5	idAAA
8	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VII Phase V Year 2026 Series A	Oct-16-2026	500.00	7.15	1	AA+(idn)
9	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VII Phase V Year 2026 Series B	Oct-16-2026	150.65	7.65	3	AA+(idn)
10	PT Tower Bersama Infrastructure Tbk	Shelf Registration Bond VII Phase V Year 2026 Series C	Oct-16-2026	593.65	7.80	5	AA+(idn)
11	PT Tower Bersama Infrastructure Tbk	Shelf Registration Sukuk Ijarah I Phase V Year 2026 Series A	Oct-16-2026	1,000.03	7.15	1	AA+(idn)(sy)
12	PT Tower Bersama Infrastructure Tbk	Shelf Registration Sukuk Ijarah I Phase V Year 2026 Series B	Oct-16-2026	83.06	7.65	3	AA+(idn)(sy)
13	PT Tower Bersama Infrastructure Tbk	Shelf Registration Sukuk Ijarah I Phase V Year 2026 Series C	Oct-16-2026	43.01	7.80	5	AA+(idn)(sy)
Total				8,048.44			

Source: KSEI, IDX, database PEFINDO

Corporate Bonds Maturity for November 2026 Reaches IDR14.61 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Astra Sedaya Finance	Shelf Registration Bond VII Phase II Year 2025 Series A	Nov-4-2026	300.00	5.40	1	idAAA
2	PT Bank Victoria International Tbk.	Shelf Registration Subordinated Bond II Phase II Year 2019	Nov-8-2026	150.00	11.25	7	idBBB
3	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Bond VI Phase II Year 2023 Series B	Nov-9-2026	385.24	6.50	3	idAAA
4	PT Adira Dinamika Multi Finance Tbk.	Shelf Registration Sukuk Mudharabah V Phase II Year 2023 Series B	Nov-9-2026	48.73	6.50	3	idAAA(sy)
5	PT Lautan Luas Tbk.	Shelf Registration Bond III Phase II Year 2021 Series B	Nov-12-2026	135.00	9.75	5	idA
6	PT Bank UOB Indonesia	Shelf Registration Subordinated Bond II Bank UOB Indonesia Phase II Year 2019	Nov-13-2026	650.00	9.25	7	AA(idn)
7	PT Indonesia Infrastructure Finance	Shelf Registration Bond II Phase III Year 2025 Series A	Nov-15-2026	500.00	5.40	1	idAAA
8	PT Federal International Finance	Shelf Registration Bond VI Phase II Year 2023 Series B	Nov-16-2026	250.78	6.75	3	idAAA
9	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VI Phase II Year 2021	Nov-17-2026	2,800.00	6.00	5	idAAA
10	PT Wahana Inti Selaras	Shelf Registration Bond I Phase II Year 2025	Nov-17-2026	500.00	5.85	1	idA
11	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond I Phase I Year 2016 Series C	Nov-18-2026	700.00	8.65	10	idAAA
12	PT Indomobil Finance Indonesia	Shelf Registration Bond IV Phase II Year 2021 Series C	Nov-19-2026	593.54	7.50	5	idAA-
13	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Bond IV Phase III Year 2023 Series B	Nov-21-2026	739.72	10.25	3	idA+
14	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Sukuk Mudharabah III Phase III Year 2023 Series B	Nov-21-2026	303.56	10.25	3	idA+(sy)
15	PT Angkasa Pura Indonesia	Bond I Year 2016 Series C	Nov-22-2026	1,025.00	8.55	10	idAAA
16	PT Angkasa Pura Indonesia	Sukuk Ijarah I Year 2016 Series C	Nov-22-2026	96.00	8.55	10	idAAA(sy)
17	PT Indah Kiat Pulp and Paper Tbk.	Shelf Registration Bond USD I Phase II Year 2023 Series B (USD0.90 mn)	Nov-22-2026	13.45	7.00	3	idA+
18	PT Medco Energi Internasional Tbk.	Shelf Registration Bond IV Phase II Year 2021 Series B	Nov-23-2026	58.20	8.50	5	idAA-
19	PT Pegadaian	Shelf Registration Bond VI Phase IV Year 2025 Series A	Nov-23-2026	2,700.00	5.25	1	idAAA

20	PT Pegadaian	Shelf Registration Social Sukuk Mudharabah I Phase III Year 2025 Series A	Nov-23-2026	1,300.00	5.25	1	idAAA(sy)
21	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VII Year 2024 Series B	Nov-26-2026	153.01	6.50	2	idAAA
22	PT Barito Pacific Tbk.	Shelf Registration Bond III Phase II Year 2023 Series A	Nov-28-2026	700.00	8.50	3	idA+
23	PT Bank Rakyat Indonesia (Persero) Tbk.	Shelf Registration Commercial Paper I Phase I Year 2025 Series D	Nov-29-2026	403.80	4.95	1	idA1+
24	PT Bussan Auto Finance	Shelf Registration Bond III Phase IV Year 2025 Series A	Nov-29-2026	100.00	5.00	1	idAAA
Total				**14,606.02**			

Weekly Sector Highlights

During 12-16 October 2026, domestic sector sentiment remained predominantly negative, driven mainly by slowing demand, supply disruptions, and the adverse impacts of forest and land fires.

Industries	Sentiment & Significance	News Highlights
Automotive	🔴	**Car Sales Projected to Remain Below 1 Million Units in 2026.** The Association of Indonesia Automotive Industries (Gaikindo) projects national car sales to reach around 850,000 units in 2026, remaining below the 1 million-unit mark despite market performance showing improvement compared with last year. As of September 2026, wholesale and retail sales grew by 21% and 15.4% yoy, respectively, driven by stronger demand relative to the same period of the previous year. However, monthly sales in September still recorded a slight decline compared with August, reflecting a market recovery that has yet to fully strengthen.
Banking	🔴	**Bank Mandiri Faces Liquidity and Asset Quality Risks.** Bank Mandiri faces several risks that could affect the quality of its balance sheet. Market attention has focused on credit facilities extended to Jhonlin Group, which are secured by controlling-shareholder stakes in Pradiksi Gunatama (PGUN) and Jhonlin Agro Raya (JARR), as the low free-float levels of both listed companies could limit collateral liquidity in the event of enforcement. On the other hand, financing provided to Koperasi Desa Merah Putih, along with a high loan-to-deposit ratio (LDR), adds to the challenges of maintaining asset quality, liquidity, and net interest margins. Although these exposures remain relatively small compared with the bank's total loan portfolio, several analysts believe that Bank Mandiri needs to strengthen its risk management, funding sources, and capital position to preserve balance sheet resilience amid ongoing credit expansion and financial market dynamics.
Construction	🟢	**Danantara Pushes Consolidation and Restructuring of State-Owned Construction Firms.** PT Danantara Indonesia is targeting the completion of the consolidation and restructuring of state-owned construction companies by the end of November 2026, with planned mergers between PT PP (PTPP) and Adhi Karya (ADHI), as well as Brantas Abipraya and Nindya Karya. Following the mergers, the consolidated entities will be encouraged to divest non-core assets to reduce debt burdens, while remaining liabilities will be restructured according to the financial capacity of each entity. Danantara believes that a combination of divestment and restructuring can accelerate the financial recovery of state-owned construction firms, although restructuring challenges are considered greater for Wijaya Karya (WIKA) and Waskita Karya (WSKT) due to their high debt levels. Going forward, additional capital support remains possible, but it will be accompanied by stricter governance practices and funding discipline to strengthen the companies' financial, operational, and organizational fundamentals.
Insurance and Guarantee	🔴	**Capital Adequacy Pressure Ahead of the 2028 Deadline.** Approximately 70% of insurance companies in Indonesia are not yet prepared to meet the minimum capital requirements set by the Financial Services Authority (OJK) that will take effect at the end of 2028, potentially driving the need for additional capital and triggering a wave of consolidation through mergers and acquisitions. As of end-2025, most companies had met the first-stage capital requirements applicable at the end of 2026, but only a small proportion had achieved the requirements for the subsequent phase. Industry players emphasized that the capital fulfillment process remains ongoing and requires time, as companies are also adjusting to the implementation of PSAK 117 and changes in the calculation of risk-based capital (RBC). Amid limited investment appeal and continued caution among foreign investors, mergers and acquisitions have become a strategic alternative for companies that are unable to meet the minimum equity requirements.
Metal and Gold	🔴🔴	**Export Duty Weighs on Gold Exports.** Indonesia's gold exports recorded a significant decline in 2026, with export volume through September reaching only 3.74 tons compared with 19.66 tons for the entirety of 2025, while the number of exporters fell from 15 to 5 companies. The decline was

Industries	Sentiment & Significance	News Highlights
		primarily driven by the implementation of a gold export duty at the end of 2025, which increased export costs and reduced the competitiveness of overseas sales. On the other hand, domestic gold prices remained above global prices, making the domestic market more attractive for industry players. Despite weaker exports, the outlook for listed gold sector companies remains positive as global gold prices continue to hold at elevated levels. The impact of the export duty is also considered relatively limited for companies whose sales are predominantly focused on the domestic market.
Mining	○	**Perhapi Proposes a 700 Million-Ton Coal Production Quota for 2027.** The government has begun accepting submissions for the 2027 Work Plan and Budget (RKAB) for mineral and coal mining, with production quotas to be determined based on production capacity, actual reserves, previous production realization, and domestic supply requirements. The Indonesian Mining Experts Association (Perhapi) has proposed a national coal production quota of approximately 700 million tons for 2027 to accommodate both domestic and export market demand, while reducing operational uncertainty arising from overly restrictive production limits. The proposal is in line with the national coal production outlook for 2026, which is estimated to reach 700–720 million tons. Industry participants expect the 2027 RKAB policy to maintain a balance between supply adequacy, price stability, and business certainty for mining companies.
Multifinance	●●●	**OJK Cuts Multifinance Growth Forecast.** The Financial Services Authority (OJK) has revised its 2026 multifinance financing growth forecast to 2%–4%, down from its previous projection of 6%–8%, amid mounting global economic pressures and weakening financing demand. As of August 2026, outstanding multifinance financing grew by only 1.68% YoY, while the gross non-performing financing (NPF) ratio increased to 3.04%. Slower motor vehicle sales, still-limited investment financing performance, and the industry's prudence in maintaining asset quality have been the key factors weighing on growth.
Oil and Gas	●●●	**Rising Energy Subsidies and Supply Disruptions.** Higher global oil prices and the depreciation of the rupiah have increased the risk of rising energy subsidy costs by the end of 2026, with energy subsidies and compensation already reaching IDR376.8 trillion, or 84.3% of the allocated budget, as of September. Meanwhile, subsidy requirements in the fourth quarter are expected to exceed the assumptions set in the State Budget. At the same time, fuel shortages in several regions have highlighted various challenges in energy distribution governance. Although the government and Pertamina have stated that national fuel inventories remain adequate, recurring distribution disruptions could increase the fiscal burden, raise compensation payments to state-owned energy enterprises, and disrupt economic activity.
Plantation and Agriculture	●●	**Forest and Land Fires Increase Operational Risks for Palm Oil Companies.** Forest and land fires (karhutla) have begun to increase operational risks for palm oil plantation companies through disruptions to mill operations, potential declines in productivity, higher operating costs, and increased exposure to regulatory sanctions. The direct impact has already been felt by several companies, although it remains relatively manageable so far and has not significantly disrupted business continuity. On the other hand, the outlook for the CPO industry continues to be supported by the implementation of the B50 biodiesel program, elevated CPO prices, and strong domestic demand. However, industry participants still need to remain cautious about the prolonged impact of El Niño on crop productivity in 2027, as well as various cost pressures and policy-related factors that could affect the plantation sector's performance going forward.
Power and Energy	○	**New PLN CEO Faces Challenges in Power Reliability and Energy Transition.** PT PLN has officially appointed Suroso Isnandar as President Director, replacing Darmawan Prasodjo, amid heightened scrutiny over a number of power supply disruptions and outages that have occurred throughout the year. Industry participants and stakeholders believe that improving the reliability of the electricity system, including power generation, transmission networks, distribution systems, and supporting infrastructure, should be the top priority to minimize the risk of disruptions to economic and industrial activities. The business community has also urged PLN to maintain a balance between supply reliability, tariff affordability, and the acceleration of the energy transition toward cleaner energy sources in order to support industrial competitiveness.
Property	●●●	**Weak Purchasing Power Continues to Weigh on the Property Sector Outlook.** The outlook for the property sector is expected to remain challenging through 2027 due to weak household purchasing power and elevated housing prices, which continue to constrain sales realization, particularly in the middle-income segment. Although the government continues to provide the Government-Borne VAT incentive (PPN DTP), its utilization rate has remained relatively low and has yet to significantly accelerate transaction activity. Market participants believe demand in the upper-middle housing

Industries	Sentiment & Significance	News Highlights
		segment has remained relatively resilient, but it has not been sufficient to offset the weakness in the mass-market segment, which remains the primary contributor to property sales.
Transportation and Vehicle Rental		**Forest and Land Fires Disrupt Thousands of Flights and Increase Airline Loss Risks.** Prolonged forest and land fires (karhutla) across several regions of Indonesia have disrupted flight operations, with 1,673 domestic flights affected from August through early October 2026 due to delays, cancellations, route diversions, and return-to-base incidents. Airline associations estimate that flight cancellations caused by haze have resulted in losses exceeding IDR22 billion for the aviation industry, excluding the impact on supporting sectors such as airports, hotels, transportation services, and retail. Operational uncertainty is expected to persist as haze conditions have yet to subside and the rainy season is projected to arrive later than usual due to the influence of El Niño.

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

PEFINDO
CREDIT RATING AGENCY

Weekly Economic Update

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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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