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WEEKLY ECONOMIC UPDATE

Period of July 20-24, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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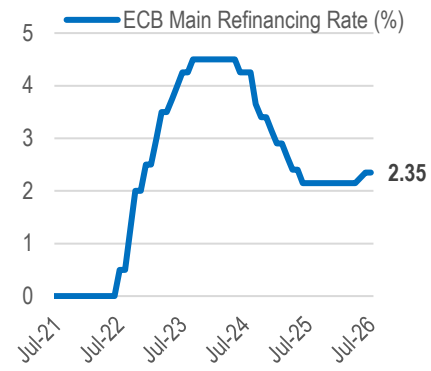
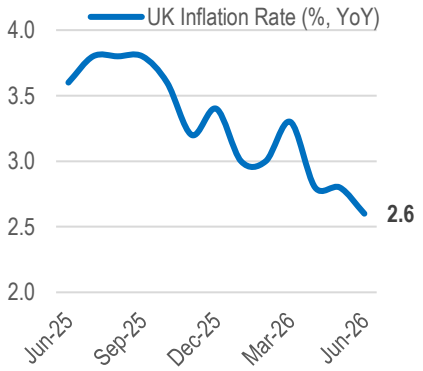
Data Highlights of the Week

ECB Main Refinancing Rate (%)



Source: European Central Bank, 2026

UK Consumer Inflation Rate



Source: Bloomberg, 2026

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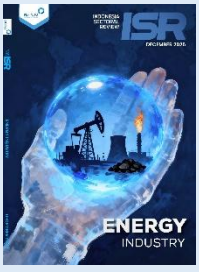

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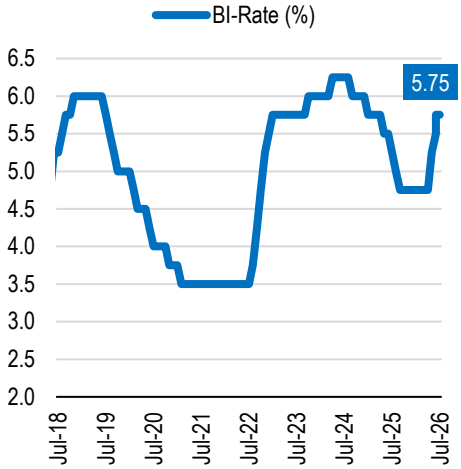
Global Monetary Policy Stays on Hold

Global Economic

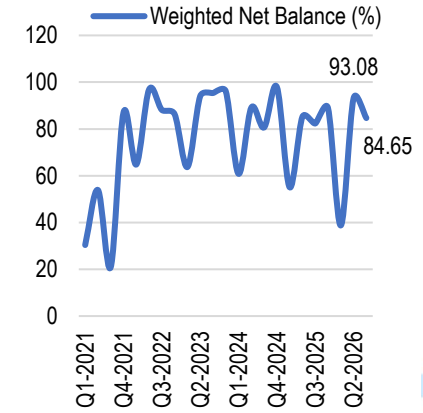
- **Global geopolitical dynamics are dominated by crucial developments in the Middle East.** The US-Iran war continues to escalate, with repeated US airstrikes hitting Iran for more than a week before finally abating on July 25, while Yemen's Houthis opened a new front by blockading Saudi Arabia and attacking shipping lanes in the Red Sea, sending global oil prices above USD100 per barrel. In Gaza and the West Bank, violence continues, with Israeli attacks killing Palestinian civilians, while Hamas appoints a new leader. Outside the Middle East, the world is also preoccupied with massive forest fires that have forced the evacuation of hundreds of thousands of people in France and Spain, a tight presidential election in Colombia, and a massive youth protest movement in India.
- **The Trump administration announced a series of new protectionist tariff policies,** including imposing tariffs of 10% to 12.5% on approximately 60 partner countries, adjusted to the strictness of their forced labor laws, replacing the temporary 10% tariff that expired on Friday. In addition, there are plans for gradual tariffs of up to 200% on imported generic drugs starting in 2028 to encourage the relocation of pharmaceutical production domestically, as well as the threat of 50% tariffs on Canadian products due to allegations of trade discrimination, with limited exceptions for the national security, vital energy, and patented drug sectors.
- **Monetary policy developments in the European Continent in July 2026 showed a mixed dynamic between holding and easing interest rates**: the European Central Bank (ECB) chose to maintain its benchmark interest rate, adopting a wait-and-see approach amid softening inflation, while remaining vigilant about the knock-on effects of energy prices, while the Central Bank of Russia continued its interest rate cut by 25 bps to 14.0% in response to the Q1-2026 GDP contraction and production disruptions resulting from attacks on fuel refineries, amid inflation maintained near the 4% target. In line with Russia, the Hungarian National Bank continued its easing cycle by lowering interest rates by 25 basis points to 5.75% as annual inflation eased to 1.7%, below target. Authorities continue to monitor risks from a weakening forint and escalating global geopolitical tensions.
- **UK prices in Jun'26 showed a cooling trend at both the consumer and producer levels.** Consumer price inflation eased to 2.6% YoY (May'26: 2.8%), the lowest since Mar'25, driven primarily by a significant decline in fuel prices (particularly diesel) and slower inflation in food, clothing, and household goods. At the same time, factory gate prices also slowed to 3.5% YoY (May'26: 3.7%), as price declines in the motor vehicle and food processing sectors mitigated rising energy costs for refined petroleum products and base metals.
- **The UK labor market displayed mixed dynamics**: the unemployment rate remained surprisingly stable at 4.9% in Mar-May'26, accompanied by a surge in total employment of 148,000 people, although Jun'26 payroll data began to indicate a weakening in recruitment with a decline of 4,000 jobs, primarily in the accommodation and food services sector. On the income side, nominal daily wage growth slowed to its lowest level since Oct'20 (3.4% YoY) due to a slowdown in private sector wage increases, but slowing inflation still allowed real wages to grow positively by 0.3%, with the health and social work sector recording the best performance in terms of both job additions and wage growth.
- **Japan's inflation accelerated to 1.7% YoY in Jun'26 (May'26: 1.5%), the highest since Dec'25.** This increase was largely driven by slower declines in electricity and gas prices as government energy subsidies were reduced. On the food side, prices rose 3.2% YoY (May'26: 3.5%), the weakest pace since Jul'24, as rice prices fell for the second consecutive month. Core inflation rose to 1.6% YoY (May'26: 1.4%), reaching its highest level since Mar26, but remained below the Central Bank's 2% target for five consecutive months.
- **South Korea's preliminary estimate for Q2-2026 economic growth is reported to have slowed to 0.6% QoQ (1.8% in Q1-2026), or 3.7% YoY (3.8% in Q1-2026)**. GDP growth was primarily driven by strong exports, which offset downward pressure from the protracted conflict in the Middle East. Exports grew strongly, driven by IT products, such as

Indonesia Benchmark Interest Rate (BI Rate)



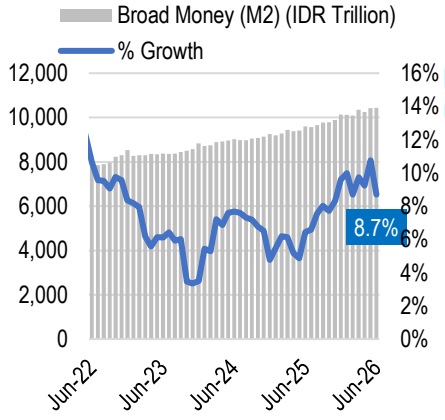
Source: Bank Indonesia

Indonesia Banking Survey



Source: Bank Indonesia

Indonesia Money in Circulations



Source: Bank Indonesia

Upcoming Week Economic Calendar

Time	Development Releases
Jul 27	Singapore Monetary Policy
	China Politburo
Jul 29	Australia Inflation Jun'26
Jul 30	Fed Fund Rate Jul'26
	Initial estimate of Eurozone economic growth Q2-2026

semiconductors and machine tools, while imports rose at a slower pace. Domestically, private consumption grew solidly, supported by higher spending on goods and services.

- **The People's Bank of China (PBoC) maintained its Loan Prime Rate (LPR) at an all-time low for the 14th consecutive month,** reflecting caution over the impact of the conflict in the Middle East. GDP growth in Q2-2026 slowed to its lowest level since Q4-2022, although exports remained strongly supported by AI-related demand. The one-year LPR was maintained at 3.0%, while the five-year LPR remained at 3.5%. Consumer and producer price pressures persisted amid higher energy prices and supply chain disruptions related to the Middle East conflict. Meanwhile, yuan lending in June was higher than in May, although growth was slower than in June last year. Housing prices continued to decline in June, reflecting continued weakness in the property sector.
- **China's Cabinet pledged to ensure the economy meets its annual growth target after second-quarter GDP growth slowed to 4.3%, the weakest pace in more than three years.** While resilient exports have helped cushion the slowdown, they have not fully offset persistent domestic weakness, leaving first-half growth at 4.7%, near the lower end of the 4.5%-5.0% range. To support the recovery, the State Council emphasized maximizing the efficient use of fiscal funds and accelerating policy implementation. Investors are now focused on the upcoming Politburo meeting later this month, where authorities are expected to unveil more targeted stimulus measures to boost domestic consumption, support fixed-asset investment, and stabilize economic growth.

Domestic Economy

- **Bank Indonesia left the BI Rate unchanged at 5.75%, contrary to market expectations of a 25 bps increase.** This decision followed a 25 bps increase in the previous two meetings, bringing the total interest rate increase this year to 100 bps. While maintaining the BI Rate unchanged, Bank Indonesia expanded its incentive policies and several other policies to increase foreign portfolio investment inflows and strengthen the stability of the rupiah exchange rate, as well as increase liquidity and reduce liquidity segmentation in the money and banking markets. This policy was implemented through increasing and expanding premium reduction incentives for foreign portfolio investment, including: 1) increasing the incentive for Swap Sell Hedging from 10% to 12.5%, and 2) expanding the incentive for DNDF Sell Hedging by 15%. In addition, incentives were also provided to increase Local Currency Transactions (LCT) with partner countries to diversify foreign exchange transactions, in the form of a 10% increase in the premium for swap buy hedging and a 10% reduction in the premium for DNDF sell hedging. To refine the Macroprudential Liquidity Incentive (MLI) Policy for expansion and addressing liquidity segmentation, Bank Indonesia (BI) increased the total MLI incentive amount available to banks to a maximum of 6.0% of Third Party Funds (TPF) (previously 5.5%), and adjusted the MLI allocation for financing channels for bank credit/financing to priority sectors from a maximum of 4.5% of TPF to a maximum of 4.0% of TPF.
- **The Bank Indonesia Banking Survey shows that credit disbursement increased in Q2-2026, with the Weighted Net Balance (WNB) of new loans reaching 93.08% (Q1-2026: 38.74%).** New credit growth occurred across all purposes, including working capital, investment, and consumption. In Q3-2026, new credit disbursement is expected to slow relatively, with the WNB reaching 84.65%. Throughout Q2-2026, banks were more cautious in disbursing new loans, as reflected in the Lending Standards Index (ILS) of +1.03. Caution increased in loan interest rates, credit ceilings, loan agreements, loan terms, and loan approval fees. In Q3-2026, lending standards are expected to be more relaxed, with an ILS value of -2.25%.
- **Economic liquidity, or broad money supply (M2), grew more slowly in June 2026 at 8.7% YoY (May'26: 10.8%) to IDR10,432.8 trillion.** Based on its classification, narrow money supply (M1) grew 9.8% YoY, while quasi-money grew 6.9% YoY. The slowdown in M2 growth was primarily due to a slowdown in net receivables to the central government, which slowed to 10.1% YoY (May'26: 37.4%) amid accelerated credit disbursement of 12.1% YoY (May'26: 10.8%).
- **The Minister of Finance has given Tax Amnesty (TA) and Voluntary Disclosure Program (PPS) participants until the end of 2026 to repatriate their overseas assets before tax oversight is fully tightened in early 2027 through the Financial Transaction Reports and Analysis Center (PPATK).** This is to provide sufficient time for taxpayers to arrange the

	Eurozone unemployment rate Jun'26
	Bank of England interest rates Jul'26
	US PCE Inflation Jun'26
Jul 31	Japan unemployment rate Jun'26
	Bank of Japan benchmark interest rate Jul'26
	Eurozone inflation preliminary estimate Jul'26
	Biaya tenaga kerja AS Q2-2026

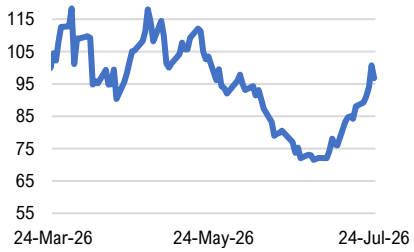
asset repatriation process and strengthen the persuasive approach through outreach and incentives. Incentive policies, including Patriot Bonds, are expected to attract investment back into the country and increase voluntary compliance.

Week Ahead Highlights

The conflict between the US and Iran will remain a key focus amidst the ongoing turmoil, and market participants are watching its impact on rising energy prices and global inflation. In the United States, the Federal Reserve will make its policy decision the same week as the release of Q2-2026 GDP data, the PCE inflation report, and labor costs. In Europe, the Bank of England will also set interest rates, while the Eurozone will release preliminary GDP and inflation data for July 2026. In Asia, the Bank of Japan will set its interest rate the same week as the release of retail sales and unemployment. In China, the Chinese Communist Party will hold a Politburo meeting in July for a mid-year review. This will be closely watched by market participants to determine whether it will support renewed growth and stability in China. In ASEAN, the Monetary Authority of Singapore is expected to maintain its monetary policy. Meanwhile, no economic data is expected in Indonesia.

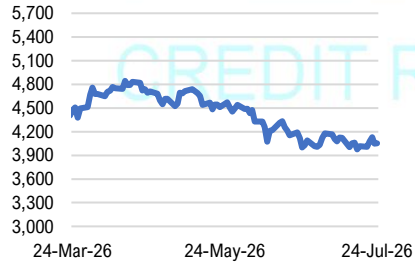
Spotlight on Commodity Price Trends (as of July 24, 2026)

Brent Crude Oil (USD/Barrel)



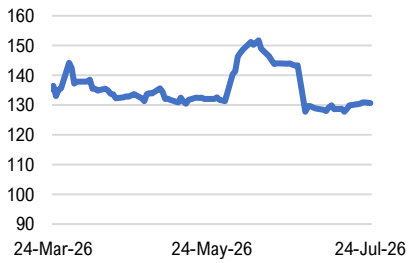
Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
96.78	9.85	31.24	39.90	59.05

Gold (USD/troy oz)



Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,052.79	0.88	1.33	20.31	-6.17

Steam Coal (USD/MT)



Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
130.60	0.46	-9.02	18.62	21.49

The Iran-U.S. conflict escalation drove up oil, coal, and CPO prices, while gold was pressured by a stronger dollar and expectations of higher interest rates.

- **Brent crude oil surged 9.85% over the past week**, driven by escalating geopolitical tensions in the Middle East, including missile exchanges between the United States and Iran, disruptions to shipping through the Strait of Hormuz, and Houthi attacks on vessels in the Red Sea. However, on Friday (July 24), Brent fell 3.88% to USD96.78 per barrel following reports that China was encouraging the resumption of U.S.-Iran peace negotiations, boosting market optimism. Despite the pullback, analysts believe the energy market remains fragile, with global oil supplies tight, leaving prices highly sensitive to geopolitical developments. JPMorgan warned that if supply disruptions persist for up to three months, Brent prices could climb to around USD114 per barrel, underscoring the continued upside risks facing the global oil market.
- **Gold prices posted a modest 0.88% weekly gain,** supported by dip buying and short covering after a sharp retreat from record highs reached earlier this year. On Friday (July 24), spot gold closed at USD4,052.79 per troy ounce, as Brent crude prices fell from above USD100 per barrel. Market attention is now focused on next week's Federal Reserve policy meeting, where the Fed is widely expected to keep interest rates unchanged, although markets assign roughly an 82% probability of a rate hike in September. Analysts believe gold's upside remains limited by elevated oil prices and rising bond yields, making USD4,000 per troy ounce a key psychological support level. Going forward, gold prices will largely depend on geopolitical developments in the Middle East and signals from the Federal Reserve on future monetary policy.
- **Coal prices edged up 0.46% over the past week**, supported by supply disruptions in Indonesia, the world's largest thermal coal exporter. Dry weather that hindered transportation along the Barito River in Kalimantan forced several mining companies to declare force majeure on part of their shipments, raising concerns over short-term export delays. Sentiment was further supported by higher oil prices resulting from escalating geopolitical tensions in the Middle East, reinforcing risk premiums across the broader energy commodity complex. However, coal's upside remained constrained by weak Chinese import demand, as ample inventories at power plants and ports prompted utilities to delay new purchases. This suggests that the recent price increase reflects a technical recovery rather than the beginning of a new upward trend, with future price movements depending on the normalization of Indonesia's export logistics and changes in China's purchasing patterns.
- **Crude palm oil (CPO) prices on the Bursa Malaysia rose 2.72% during the week,** extending their bullish momentum to the highest level in 15 weeks, with the October contract reaching MYR4,722 per tonne. The rally was supported by stronger Brent crude prices, a rebound in palm olein futures on the Dalian Commodity Exchange, and the implementation of the B50 biodiesel mandate, which has tightened domestic supply. Stronger demand from China and India also boosted buying interest, while concerns over El Niño potentially reducing palm oil production from Q4 2026 through H1 2027 reinforced

expectations of a tighter global supply. Nevertheless, diverging price movements across vegetable oil markets, including weaker soybean oil prices on the CBOT, indicate that local market factors and capital flows continue to influence price direction. Overall, the CPO market remains bullish, although elevated volatility is expected as energy policies continue to evolve.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	2.87	-1.37	-10.87	-7.21	-22.11	Crude Palm Oil (MYR/Ton)	4,722.00	2.72	1.92	9.05	16.59
Nickel (USD/MT)	17,248.71	2.43	2.99	7.50	2.10	Rubber (USD/Kg)	217.00	0.98	-2.65	25.00	20.62
Copper (USD/MT)	13,645.00	0.88	4.27	38.15	9.84	Wheat (cents/bu)	678.00	-0.70	15.75	25.21	33.73
Aluminum (USD/MT)	3,159.50	0.29	1.18	19.36	5.47	Corn (cents/bu)	464.25	4.38	14.07	15.56	5.45
Iron Ore (USD/MT)	97.72	-3.03	-1.91	-5.12	-8.53	Sugar (c/lb)	14.77	-0.40	10.06	-10.86	-1.60

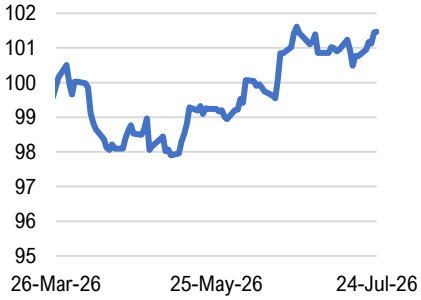
Wall Street was weighed down by a sell-off in chip stocks, while the ICI surged, buoyed by domestic sentiment and strong foreign investment inflows. The U.S. dollar strengthened on safe-haven demand and inflationary pressures, while the rupiah weakened due to Bank Indonesia's policy stance, higher oil prices, fiscal risks, and energy import requirements.

- **Wall Street experienced a volatile week.** The S&P 500 declined 0.61%, while the Nasdaq Composite fell a sharper 2.13%, and the Dow Jones Industrial Average declined 0.38%. Selling pressure was concentrated in technology and semiconductor stocks, as investors questioned whether the substantial capital expenditures on artificial intelligence, particularly those announced by Alphabet, would generate sufficient returns. Shares of Alphabet and Tesla dropped significantly by 7% and 14%, respectively, following earnings reports that disappointed the market. Investor sentiment was also weighed down by surging oil prices amid escalating Middle East tensions and the implementation of new U.S. tariffs of 10.0%–12.5% on dozens of trading partners. Nevertheless, the late-week decline in oil prices helped support modest gains in the Dow Jones and limited losses in the S&P 500. Looking ahead, investors will closely monitor earnings releases from major technology companies, including Microsoft, Amazon, Meta, and Apple, to assess the longer-term outlook for AI-related investments.
- **Indonesia's Jakarta Composite Index (ICI) posted a modest 0.34% weekly** gain during July 20–24, 2026, closing at 6,196.43, up from 6,175.54 the previous week, despite a sharp 1.88% decline on Friday. The weekly increase was supported by a significant improvement in market activity, with average daily trading volume surging 66.88% and average daily trading value rising 41.21% to IDR19.76 trillion. Market capitalization also increased 1.13% to IDR10,870 trillion. However, foreign investors remained net sellers, recording IDR1.36 trillion in net foreign outflows on Friday, extending cumulative year-to-date net foreign selling to IDR79.09 trillion. Going forward, market sentiment will be influenced by the possibility of renewed U.S.-Iran peace negotiations through mediation by Pakistan and China, which could ease geopolitical concerns and lower oil prices, as well as investors' cautious stance ahead of the Federal Reserve's policy decision, where interest rates are widely expected to remain unchanged.
- **The U.S. dollar strengthened as safe-haven demand increased and higher oil prices intensified inflationary pressures**. The U.S. Dollar Index (DXY) closed at 101.47 as of July 24, 2026, up 0.70% from July 17, 2026. The DXY reached 100.96 on July 21, approaching its highest level since July 15. Tensions in the Middle East and elevated U.S. Treasury yields supported the dollar's appreciation.
- **The rupiah weakened after Bank Indonesia (BI) maintained the BI-Rate to support economic growth amid fiscal pressures and rising oil prices.** The exchange rate closed at IDR17,963 per U.S. dollar as of July 24, 2026, depreciating 0.23% from July 17, 2026. BI kept the BI-Rate unchanged at 5.75% following a cumulative 100-basis-point increase since May. Credit demand strengthened, with the Weighted Net Balance rising to 93.08% in the second quarter of 2026 from 38.74% in the previous quarter. Pressure on the rupiah increased as average oil prices reached USD88 per barrel, exceeding the state budget assumption of USD70 per barrel, while imports continued to meet 60% of domestic gasoline demand.

Jakarta Composite Index (JCI)

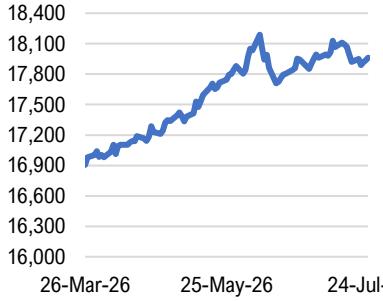
Closing	(% Change)			
	WoW	MoM	YoY	YTD
6,196.43	0.34	5.31	-17.72	-28.34

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
101.47	0.70	-0.14	4.20	3.20

Rupiah Exchange Rate (USD/IDR)



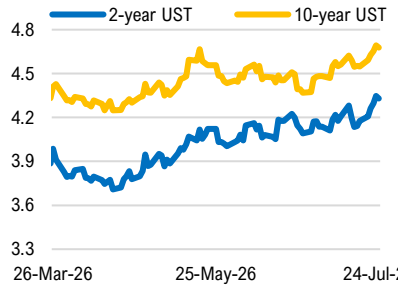
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,963	0.23	0.06	10.24	7.69

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	7,411.98	-0.61	0.73	16.48	8.28	Euro (EUR/USD)	1.14	-0.60	0.11	-3.23	-3.20
Dow Jones (AS)	51,947.25	-0.38	0.19	16.23	8.08	Canadian Dollar (USD/CAD)	1.41	0.53	-0.97	3.36	2.71
Nasdaq (AS)	24,975.82	-2.13	-1.97	18.61	7.46	Poundsterling (GBP/USD)	1.33	-0.94	1.19	-1.37	-1.11
Euro Stoxx 50 (Zona Euro)	6,280.94	0.80	1.07	17.29	8.45	Japanese Yen (USD/JPY)	163.83	0.88	1.27	11.44	4.54
FTSE100 (Inggris)	10,736.23	1.28	2.62	17.49	8.10	Chinese Yuan (USD/CNY)	6.77	-0.04	-0.55	-5.34	-3.09
Nikkei225 (Jepang)	64,611.15	0.73	-6.60	54.47	28.35	Singapore Dollar (USD/SGD)	1.29	-0.09	-0.52	1.02	0.40
Shanghai (Tiongkok)	3,814.20	1.33	-7.22	5.78	-3.90	Malaysian Ringgit (USD/MYR)	4.09	-0.12	-1.13	-2.99	0.76
Hang Seng (Hong Kong)	24,963.23	1.63	6.62	-2.74	-2.60	Thailand Baht (USD/THB)	33.69	0.20	0.79	4.45	6.99

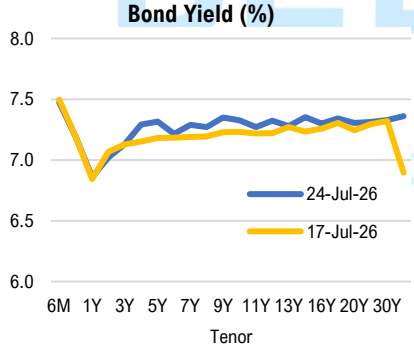
Key Data Developments in Global and National Bond Markets

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



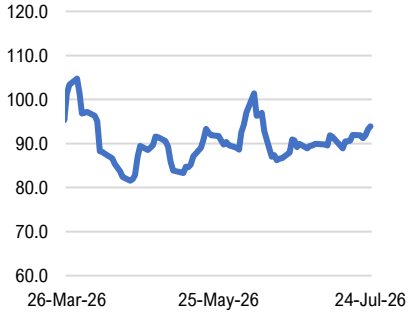
Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.331	15	19	41	86
5Y: 4.426	15	25	47	70
10Y: 4.677	13	28	28	51

Weekly Development of Government Bond Yield (%)



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 7.130	1	-7	134	213
5Y: 7.345	13	36	127	179
10Y: 7.354	10	14	85	128

5 Year Credit Default Swap (CDS)

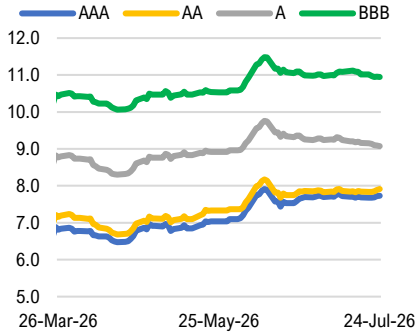


Bond markets were pressured by inflation, interest-rate expectations, and credit risk, although investor demand for government instruments remained strong. The government and corporations also expanded funding through domestic, global, sharia-compliant, and foreign currency bonds.

- **Global bond markets came under pressure from higher energy prices and inflation risks.** The average yield on the Bloomberg Global Treasury Index rose to 3.68%, its highest level since 2008. U.K. gilt yields remained above 5%, the 10-year German government bond yield reached its highest level since 2011, and the 40-year Japanese government bond yield exceeded 4%. Brent crude oil prices rose above USD100 per barrel again due to the conflict in the Middle East. The resilience of the U.S. economy also shifted expectations toward a potential Federal Reserve (Fed) rate hike, with the probability estimated at approximately one-third for the July 28–29, 2026, meeting. These conditions increased borrowing costs and the risk of losses on long-duration bonds.
- **U.S. government bond yields increased across all benchmark maturities**. The 2-year and 5-year U.S. Treasury yields each rose by 15 basis points to 4.331% and 4.426%, respectively, as of July 24, 2026. The 10-year yield increased by 13 basis points to 4.677% from July 17, 2026.
- **Pressure in Indonesia's government bond market increased, particularly in the medium- and long-term segments.** The 2-year yield rose by 1 basis point to 7.130% as of July 24, 2026. The 5-year and 10-year yields increased by 13 basis points and 10 basis points to 7.345% and 7.354%, respectively. Indonesia's credit risk also increased, with the 5-year credit default swap (CDS) rising by 2.12% week over week to 93.89.
- **Indonesia's inaugural Panda Bond issuance attracted strong demand from domestic Chinese investors**. The government issued CNY7 billion of 3-year and 5-year bonds. The total orderbook reached CNY17 billion, resulting in a bid-to-cover ratio of 2.4x. The RICNY0729 series was issued in an amount of CNY5.6 billion, with a 1.90% coupon and maturity on July 30, 2029. The RICNY0731 series was issued in an amount of CNY1.4 billion, with a 2.19% coupon and maturity on July 30, 2031. The Panda Bonds were assigned an AAA rating with a Stable outlook by China Lianhe Credit Rating Co., Ltd.
- **Bank Indonesia Rupiah Securities (SRBI) attracted greater foreign inflows and stronger market demand**. Nonresident holdings increased to IDR288.65 trillion, or 27.11% of outstanding securities, as of July 20, 2026, from IDR238.09 trillion on June 15, 2026. Total auction bids increased by 24.4% to IDR37.93 trillion, while the awarded amount rose to IDR17 trillion. Demand was concentrated in the 12-month tenor, which received IDR32.59 trillion in bids and IDR16.58 trillion in awards. Yields on the 6-month, 9-month, and 12-month tenors declined to 7.22%, 7.41%, and 7.64%, respectively.
- **Investor interest in the government bond auction increased, while the government adjusted the issuance composition to manage funding costs**. Total bids rose by 23.25% to IDR67.89 trillion, while the awarded amount remained at IDR32 trillion. The allocations to the FR0108, FR0106, and FR0107 series increased, while the FR0109 allocation was reduced to IDR8 trillion. Yields increased across all series, with FR0109 at 7.25%, FR0108 at 7.28%, FR0106 at 7.29%, FR0107 at 7.32%, and FR0102 at 7.38%. The increase in yields reflected repricing in response to expectations of a higher BI-Rate.
- **The planned issuance of Jakarta regional bonds faced skepticism from the central government due to the regional budget's substantial liquidity**. Finance Minister Purbaya Yudhi Sadewa questioned the need for IDR3.5 trillion of bonds with a maximum tenor of

Closing	(% Change)			
	WoW	MoM	YoY	YTD
93.89	2.12	3.50	31.48	36.35

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

seven years, while Jakarta's 2026 regional budget amounted to approximately IDR81.32 trillion and continued to hold unused funds. The Jakarta Provincial Government prepared the bonds as a creative financing instrument for the Manggarai–Dukuh Atas section of the LRT Phase 1C project, regional public hospitals, schools, reservoirs, polders, and public housing. The support request was submitted on June 12, 2026, and received a letter of support from the Coordinating Ministry for Economic Affairs on July 10, 2026.

- **Badan Pengelola Investasi (BPI) Danantara Indonesia is considering issuing at least USD500 million of global bonds to support long-term overseas investments**. The bonds are planned to have a 20-year or 30-year tenor and will be issued under a USD5 billion Global Medium-Term Note (GMTN) program. U.S. dollar funding was selected to align liabilities with overseas assets, reduce currency mismatches, and limit the need to convert rupiah funds. The plan follows Danantara's inaugural USD1.5 billion global bond issuance in June 2026.
- **Moody's Ratings assigned a Baa2 rating with a negative outlook to PT Danantara Investment Management's USD5 billion senior unsecured bond program**. The rating is aligned with the Government of Indonesia's debt rating and reflects DIM's strong links with Badan Pengelola Investasi Daya Anagata Nusantara (BPI Danantara). DIM's liquidity was assessed as very strong, supported by capital injections, its inaugural USD1.5 billion bond issuance, IDR68.4 trillion of Patriot Bonds, and a USD10 billion revolving credit facility. The negative outlook mirrors Indonesia's sovereign outlook and could place downward pressure on the rating if government support weakens or the sovereign credit profile deteriorates.
- **PT Energi Mega Persada Tbk (ENRG) issued IDR250 billion of Shelf-Registered Bonds I Phase IV to support the working capital of its subsidiaries**. The 370-day bonds carry a fixed annual coupon of 8.95%, payable quarterly beginning October 28, 2026. The principal and final coupon payment are due on August 8, 2027. Of the proceeds, 52.69% will be allocated to Kangean Energy Indonesia Ltd., 21.78% to Energy Equity Epic (Sengkang) Pty. Ltd., and 25.53% to PT EMP Tunas Energi. The issuance increased the amount realized under the IDR4 trillion program to IDR2.40 trillion, leaving IDR1.60 trillion outstanding under the program.
- **PT Pemeringkat Efek Indonesia (PEFINDO) affirmed its idAAA rating with a Stable outlook on PT Bank Danamon Indonesia Tbk (BDMN).** The rating is supported by MUFG Bank Ltd.'s support, strong capitalization, and a solid market position. Total assets increased to IDR275.7 trillion in 2025 from IDR247.9 trillion in 2024. Net income rose to IDR3.97 trillion from IDR3.48 trillion. The nonperforming loan ratio declined to 1.6% from 1.8%, while the capital adequacy ratio remained high at 25.4%. The rating could be lowered if MUFG's support weakens or BDMN's performance deteriorates.
- **PT Pemeringkat Efek Indonesia (PEFINDO) downgraded three state-owned enterprises due to liquidity pressures and refinancing risks.** PT Pembangunan Perumahan Tbk was downgraded to idBBB+/Negative from idA/Stable. Perum Perumnas was downgraded to idCCC/CreditWatch Negative from idB/Negative. PT Adhi Commuter Properti was also rated idCCC/CreditWatch Negative following two downgrades within six months. These conditions could constrain funding access and increase borrowing costs.
- **Improvements in debt structures led to rating upgrades for several companies. PT Wijaya Karya Tbk was upgraded from Selective Default to idB/CreditWatch Negative**. PT PP Properti Tbk was upgraded to idB/Stable. PEFINDO assigned 54 ratings to 37 nonfinancial companies in the first half of 2026. Of these, 20 were in the A category, 10 in BBB, and 9 in AA. Seven ratings carried negative outlooks, while four were placed on CreditWatch Negative.
- **PT Tower Bersama Infrastructure Tbk (TBIG) will issue IDR1.25 trillion of bonds and sukuk ijarah to partially repay loans from PT Bank UOB Indonesia**. The bonds consist of IDR281.70 billion of Series A bonds, with an 8.00% coupon and a three-year tenor, and IDR670.50 billion of Series B bonds, with an 8.25% coupon and a five-year tenor. The sukuk ijarah consists of IDR230.21 billion of Series A and IDR71.96 billion of Series B, each offering an 8.25% return. Fitch Ratings Indonesia assigned an AA+ rating to both instruments.
- **PT Bank Victoria International Tbk (BVIC) and PT Sarana Multi Infrastruktur (Persero) (SMI) are preparing internal funds to repay bonds maturing in the fourth quarter of 2026.** BVIC will repay IDR150 billion of subordinated bonds on November 8, 2026, using

its IDR9.5 trillion securities portfolio. SMI will repay IDR945.25 billion of bonds on October 30, 2026, using IDR15.27 trillion of cash and cash equivalents.

- **PT OKI Pulp & Paper Mills (OPP Mills) is offering rupiah- and U.S. dollar-denominated bonds totaling approximately IDR3.45 trillion for refinancing and working capital**. The rupiah-denominated bonds offer coupons of 10.00% for the three-year tenor and 10.50% for the five-year tenor. The U.S. dollar-denominated bonds offer coupons of 6.75% and 7.25% for the corresponding tenors. Approximately IDR1.8 trillion and USD16 million will be allocated to repay bank loans. The remaining proceeds will be used for raw materials, energy, supporting materials, and packaging. PEFINDO and an $_{id}$A assigned the instruments an $_{id}$A+ rating by KRI.
- **PT Arkora Hydro Tbk (ARKO) is preparing to repay IDR318.06 billion of Series A Green Bonds I in August 2026.** The bonds carry a fixed annual coupon of 9.50%, payable quarterly. Series A formed part of an IDR339.90 billion green bond issuance in 2023. The IDR21.84 billion Series B bonds, carrying a 10.00% coupon, will mature in August 2028.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0108	5.88	03/15/31	800.00	94.35	7.33	29,112,028
PBS003	6.50	04/15/36	300.00	94.40	7.31	15,458,750
FR0106	6.00	01/15/27	2,000.00	99.70	6.65	10,667,997
FR0056	7.13	08/15/40	10,000.00	98.10	7.34	9,506,380
FR0104	8.38	09/15/26	200.00	99.55	11.45	4,126,902

Corporate Bonds

Instruments	Rating	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024	$_{id}$A$_{(sy)}$	11.00	10/04/29	47,000	109.35	7.66	2,121,800
Bond I Adaro Indonesia Year 2026 Series A	$_{id}$AA	7.75	07/18/27	100,000	99.99	7.76	1,300,000
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	$_{id}$A$_{(sy)}$	7.25	12/05/28	53,300	101.13	6.73	1,216,900
Shelf Registration Sukuk Mudharabah II Oki Pulp & Paper Mills Phase I Year 2025 Series A	$_{id}$A+$_{(sy)}$/ $_{ir}$AA-	10.00	03/25/28	10,000	104.93	6.83	1,026,000
Shelf Registration Sukuk Ijarah I Metro Healthcare Indonesia Phase I Year 2026 Series B	$_{ir}$A-$_{(sy)}$	8.75	07/08/29	200,000	100.01	--	1,000,000

Corporate Bonds Issuance

Throughout the fourth week of July 2026, 1 companies issued corporate debt securities valued at IDR89,880 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Suparma Tbk	MTN V Year 2026 Phase II	Jul-21-2026	89.88	6.00	5	-
Total				89.88			

Source: KSEI, IDX, database PEFINDO

Corporate Bonds Maturity for August 2026 Reaches IDR9.90 Trillion.

No.	Company	Instruments	Maturity Date	Amount [IDR Billion]	Coupon [%]	Tenor [Years]	Rating
1	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Bond III Phase IV Year 2019 Series B	Aug-1-2026	315.25	8.50	7	$_{id}$AAA
2	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Sukuk Ijarah III Phase IV Year 2019 Series B	Aug-1-2026	368.00	8.50	7	$_{id}$AAA$_{(sy)}$
3	PT Merdeka Copper Gold Tbk	Shelf Registration Bond IV Phase III Year 2023 Series B	Aug-4-2026	1,475.00	8.00	3	$_{id}$A+
4	PT Arkora Hydro Tbk	Green Bond I Year 2023 Series A	Aug-8-2026	318.06	9.50	3	$_{id}$A+$_{(pg)}$
5	PT Wahana Inti Selaras	Bond II Year 2023 Series B	Aug-8-2026	845.51	8.00	3	$_{id}$A
6	PT JACCS Mitra Pinasthika Mustika Finance Indonesia	Shelf Registration Bond I Indonesia Phase II Year 2023 Series B	Aug-11-2026	230.00	7.00	3	AA$_{(idn)}$

7	PT Pegadaian	Shelf Registration Bond V Phase IV Year 2023 Series B	Aug-24-2026	228.03	5.90	3	idAAA
8	PT Pegadaian	Shelf Registration Sukuk Mudharabah II Phase IV Year 2023	Aug-24-2026	235.04	5.90	3	idAAA(sy)
9	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Bond IV Phase II Year 2023 Series B	Aug-25-2026	1,609.87	10.25	3	idA+
10	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Sukuk Mudharabah III Phase II Year 2023 Series B	Aug-25-2026	878.98	10.25	3	idA+(sy)
11	PT Oki Pulp & Paper Mills	Sukuk Mudharabah Jangka Menengah II Year 2023	Aug-25-2026	200.00	Floating	3	-
12	PT Merdeka Battery Materials Tbk	Shelf Registration Bond I Phase II Year 2025 Series A	Aug-27-2026	984.07	7.50	1	idA
13	PT Merdeka Battery Materials Tbk	Shelf Registration Sukuk Mudharabah I Phase II Year 2025 Series A	Aug-27-2026	651.68	7.50	1	idA(sy)
14	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VI Year 2024 Series B	Aug-27-2026	192.20	6.75	2	idAAA
15	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond II Phase II Year 2019 Series D	Aug-28-2026	1,292.00	8.50	7	idAAA
16	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Sukuk Mudharabah I Phase III Year 2019 Series D	Aug-28-2026	76.00	8.50	7	idAAA(sy)
Total				**9,899.66**			

Weekly Sector Highlights

During 20–24 July 2026, domestic sectoral sentiment was dominated by various ongoing pressures, policy direction, and prospects.

Industries	Sentiment & Significance	News Highlights
Automotive	●	**SUV Competition Intensifies, While Market Prospects Remain Promising.** Competition in the sport utility vehicle (SUV) segment is becoming increasingly intense as authorized brand holders (APMs) remain optimistic about sales prospects through the end of 2026. Consumer preference trends that prioritize comfort, performance, efficiency, and modern technology continue to drive demand for SUVs, including electrified vehicle segments such as hybrids and battery electric vehicles. Hyundai believes that demand for premium SUVs and electrified vehicles continues to increase, supported by growing consumer acceptance of environmentally friendly technologies. Meanwhile, Isuzu and Ford observe that market demand is shifting toward vehicles that are not only capable of handling diverse terrains but are also comfortable for everyday use.
Banking	○	**Diverging Views Among Authorities on Banking Liquidity Conditions.** The debate over banking liquidity conditions has intensified after the Ministry of Finance assessed that liquidity in the financial system is tightening, while Bank Indonesia (BI) and the Financial Services Authority (*Otoritas Jasa Keuangan/* OJK) maintain that liquidity conditions remain adequate. The Minister of Finance argues that the liquidity indicators commonly used to date do not fully reflect actual conditions in the market and considers the growth of the monetary base (M0) to be a more relevant measure of liquidity availability. This view has also underpinned the policy of placing Excess Budget Balance (*Saldo Anggaran Lebih/* SAL) funds in the banking sector to support credit distribution and economic growth, although the move temporarily triggered liquidity competition in the market when part of the funds was later withdrawn. Meanwhile, BI and OJK emphasize that various banking liquidity indicators remain well above minimum threshold levels, supported by BI's monetary operations and continued strong credit growth. These differing perspectives have sparked discussions regarding fiscal and monetary policy coordination, with several economists arguing that the financial sector's primary challenges are currently more closely related to credit demand, the effectiveness of fiscal stimulus, and market confidence rather than liquidity issues alone.
Insurance and Guarantee	●●	**LPS Accelerates Policy Guarantee Program.** The Indonesia Deposit Insurance Corporation (LPS) is targeting the implementation of the Policy Guarantee Program (PPP) as early as April 2027, ahead of the previous 2028 target, subject to the issuance of the required government regulation. Under the proposed scheme currently being prepared, LPS will guarantee policy coverage values of up to IDR500 million–700 million per policyholder, which is estimated to protect approximately 96–97% of insurance policyholders. The program will apply to insurance products that contain a protection element, but will exclude reinsurance, insurance products with an investment component (PAYDI), as well as credit insurance and suretyship products. To support the program's implementation, insurance companies will be required to pay membership contributions to LPS, although the contribution rate is considered relatively small and is not expected to have a significant impact on customer premiums. While insurance companies may adjust policy prices, observers believe the

Industries	Sentiment & Significance	News Highlights
		impact will be limited, as the contribution burden is calculated based only on insurance reserves rather than on the total premiums paid by policyholders.
Metal and Gold	🔴🔴🔴	**Steel Sector Investment Slows, Second-Half 2026 Outlook Becomes Increasingly Challenging**. Data from the Ministry of Investment and Downstream Industries (BKPM) show that investment realization in the sector declined 22.35% QtoQ to IDR13.2 trillion in Q2-2026, down from IDR17 trillion in the previous quarter, reflecting business players' caution regarding demand prospects. The sector is also facing pressure from low factory utilization rates, competition from low-priced imported steel, and demand from the construction and manufacturing sectors that have yet to fully recover. Nevertheless, the short-term performance of listed steel companies continues to be supported by fundamental factors such as sales volumes, steel selling prices, energy costs, and exchange rate movements. Going forward, the acceleration of infrastructure projects, industrial downstreaming initiatives, stronger hot-rolled coil (HRC) steel prices, and the potential decline in gas prices could serve as positive catalysts for the sector. Companies with efficient cost structures and high exposure to lower energy costs are considered better positioned to maintain performance amid ongoing market challenges.
Mining	🟢🟢	**Nickel Industry Strengthens ESG Standards to Maintain Global Competitiveness.** The competitiveness of the nickel industry is no longer determined solely by the size of reserves and production capacity, but also by the ability to meet environmental, social, and governance (ESG) standards as well as supply chain traceability requirements, which are becoming increasingly important in global markets. Several nickel companies have begun adopting international standards such as the Responsible Minerals Assurance Process (RMAP) and the Initiative for Responsible Mining Assurance (IRMA), with Harita Nickel and Vale Indonesia emerging as pioneers in pursuing certification and assessment under these frameworks. This initiative is considered crucial for strengthening market access, particularly within the global automotive and battery industries, which are placing greater emphasis on responsible sourcing principles and supply chain transparency. At the same time, industry participants and mining associations are also developing national ESG standards for the nickel sector, which are expected to remain aligned with international practices while considering Indonesia's unique characteristics and operating conditions.
Multifinance	🟢	**Used Car Financing Continues to Grow Amid Purchasing Power Challenges.** The used car financing segment continues to face challenges stemming from weakening consumer purchasing power, the impact of layoffs, and a shift in consumer preference toward new vehicles supported by various promotional programs and competitive pricing offers. Nevertheless, multifinance companies continue to see growth opportunities through the end of the year, as used cars remain a more affordable transportation alternative for the public. To maintain portfolio quality, industry players are prioritizing a selective strategy by strengthening underwriting processes and expanding partnerships with dealers.
Oil and Gas	🔴🔴🔴	**The Urgency of Energy Subsidy Reform Amid Fiscal Pressures and the Energy Transition.** Indonesia's energy subsidy system is once again facing pressure due to rising global energy prices and geopolitical uncertainty, which have increased the government's energy subsidy and compensation burden. Subsidy reform is considered necessary and should focus on improving governance and the accuracy of benefit targeting, rather than merely increasing energy prices, including through strengthening data systems and direct assistance mechanisms for eligible beneficiaries. During January–May 2026, energy subsidies and compensation reached IDR203.7 trillion, representing a 208% YoY increase, while the upward trend continues to narrow fiscal space for productive spending such as healthcare, education, and infrastructure. In addition, various studies indicate that energy subsidy leakages remain significant, including in subsidized electricity and LPG programs that are also being utilized by higher-income households.
Plantation and Agriculture	🟢🟢	**E20 Program Accelerated, Sugar Industry Becomes Key Pillar.** The government is accelerating the implementation of the 20% ethanol-blended gasoline (E20) program, which is targeted to take effect in January 2028 as part of efforts to reduce dependence on fossil energy and fuel imports. To support the program, the Ministry of Energy and Mineral Resources (ESDM) is preparing revisions to the relevant Presidential Regulation on biofuels, while also promoting the construction of 30–50 new ethanol plants across various regions of Indonesia. The sugar industry is projected to become the primary source of bioethanol supply, with production potential estimated at 425,000–500,000 kiloliters per year through the utilization of molasses, supported by the readiness of domestic producers and plantation industry players. The government has also emphasized that ethanol feedstock supplies will be sourced from sugarcane waste, corn, and cassava, ensuring that the program does not disrupt food supply requirements.

Industries	Sentiment & Significance	News Highlights
Power and Energy	○	**PSEL Projects Enter Execution Phase, PLN Business Scheme Challenges Draw Attention.** Waste-to-Energy (PSEL) projects have entered the execution phase after Danantara appointed eight development partners for the second phase of projects across various regions in Indonesia. All projects are targeted to complete their feasibility studies by November 2026 and begin construction between late 2026 and early 2027, with waste-processing capacity generally reaching around 1,000 tons per day per site. On the other hand, several stakeholders have highlighted concerns regarding the sustainability of the project's business model, as PLN is required to purchase electricity generated by PSEL facilities at a tariff of approximately USD0.20 per kWh, significantly higher than electricity tariffs from coal-fired power plants (PLTU) and solar power plants (PLTS), which are typically in the range of USD0.06–0.07 per kWh. While the premium tariff is considered necessary to attract investment, concerns have emerged over the potential additional financial burden on PLN if government compensation mechanisms are not implemented in a timely manner. Meanwhile, PLN has reaffirmed its commitment to supporting PSEL development through power purchase agreements (PPAs) of up to 30 years and by guaranteeing the absorption of the electricity generated to support the diversification of energy sources.
Property	○	**High Interest Rates Reshape the Property Landscape.** Elevated interest rates in 2026 are beginning to reshape Indonesia's property industry, driving the market into a more selective phase. Despite higher financing costs, several premium segments—including Grade A office buildings, industrial estates, modern warehouses, and shopping centers—continue to record positive growth, supported by limited new supply and sustained demand. In the office sector, companies are increasingly prioritizing efficiency through a fly-to-quality strategy, relocating to higher-quality buildings without significantly increasing costs. Meanwhile, industrial estates and logistics properties remain key growth drivers, supported by rising demand from the manufacturing, e-commerce, data center, and logistics sectors. In the residential segment, the impact of higher interest rates on mortgages remains relatively limited, as the transmission to lending rates has not yet fully materialized, leaving public access to financing largely unchanged.
Transportation and Vehicle Rental	●	**KAI–INKA Merger Expected to Strengthen the National Railway Industry Ecosystem.** The integration process between PT Kereta Api Indonesia (KAI) and PT Industri Kereta Api (INKA) has begun. One of the largest potential benefits of the merger is the fulfillment of demand for approximately 156 electric multiple unit (EMU) trainsets through 2040, in addition to requirements for locomotives, diesel multiple units, long-distance passenger trains, and freight rolling stock. The integration is expected to better align rolling stock planning, technology development, production capacity, and testing and product delivery processes more efficiently. In addition to supporting continued growth in passenger volumes, the merger of the two state-owned enterprises is also expected to strengthen research and development, as well as technology transfer, within Indonesia's national railway industry. The merger process is targeted for completion by November 2026, with KAI serving as the parent company and INKA as its subsidiary, with the aim of creating a more integrated and competitive railway industry.

Source: CNBC Indonesia, CNN Indonesia, Harian Kontan, Investor Daily, Kompas, 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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