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CREDIT RATING AGENCY

WEEKLY ECONOMIC UPDATE

Period of July 13-17, 2026

Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)

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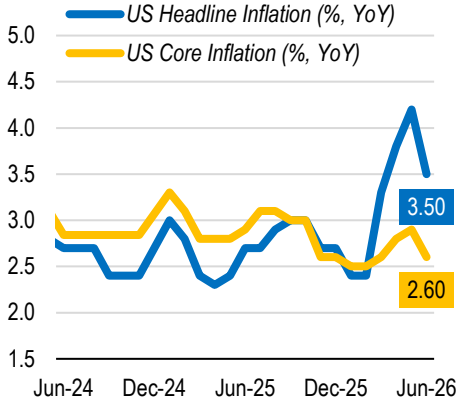
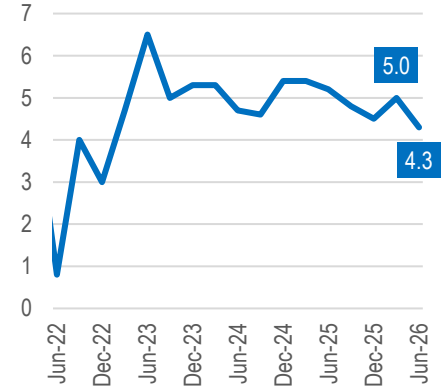
US Consumer Inflation



Source: Bloomberg

China Economic Growth (%, YoY)



Source: Bloomberg

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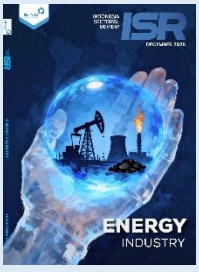

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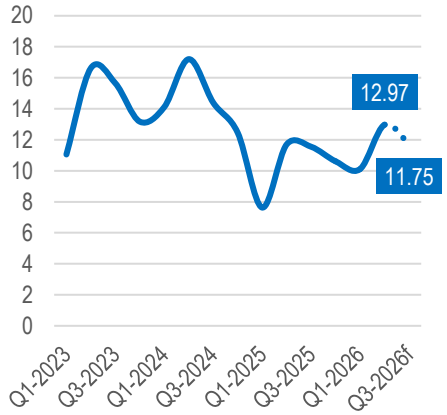
Global Economy Fluctuates, Indonesia Maintains Investor Confidence

Global Economic

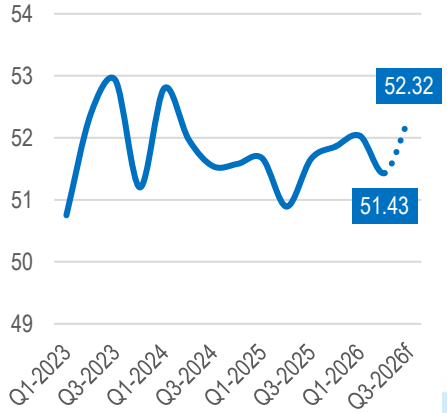
- **The fierce escalation in the Middle East between the United States (US) and Iran continues.** The collapse of the ceasefire triggered massive US airstrikes in the Strait of Hormuz, which Iran retaliated with a barrage of missiles at US military bases in Jordan and Kuwait and the official suspension of the peace agreement. In addition to further disrupting the petroleum supply chain, other industrial commodities such as aluminum and sulfur have also experienced significant disruptions. Furthermore, global economic tensions have intensified following a critical IEA report on July 16, which warned that China's restrictions on rare earth exports threaten the global downstream production chain worth USD6.5 trillion. Meanwhile, in Eastern Europe, vulnerabilities in the Black Sea trade route continue to trigger high volatility in the global food market.
- **Fed Chairman Kevin Warsh, in his Semiannual Monetary Policy Report to Congress, stated that policymakers remain fully committed to restoring price stability and will not tolerate persistently high inflation.** Warsh stated that with the right policies, the inflation spikes of the past five years will be a thing of the past. The Fed Chair also stated that the US economy continues to expand at a solid pace, demonstrating resilience despite various challenges. Regarding the labor market, Warsh noted that job creation has kept pace with labor force growth, the unemployment rate remains low, and nominal wages continue to show solid growth.
- **Canadian and South Korean monetary policies took different paths in July 2026 in response to their respective inflation and economic growth dynamics.** The Bank of Canada chose to maintain its benchmark interest rate at 2.25% for the sixth consecutive year, assessing that inflation will gradually decline to its 2% target next year as global energy price shocks subside, although geopolitical uncertainty in the Middle East remains. Conversely, the Bank of Korea took a contractionary step by raising its interest rate by 25 basis points to 2.75%—its first increase since January 2023—to prioritize price stability amidst surging inflation in June 2026 (3.2%), a weakening won, and high household credit. This tightening decision was supported by the resilience of the domestic economy, driven by the booming export of AI-based semiconductors.
- **US inflation in June 2026 showed a significant downward trend at both the consumer (CPI) and producer (PPI) levels, primarily driven by easing energy prices following the US-Iran ceasefire.** Consumer inflation eased to 3.5% YoY (May'26: 4.2%), with a monthly decline of 0.4% MtoM, the deepest decline since Apr'20, while core inflation also contracted to 2.6% (May'26: 2.9%). This slowdown was in line with the producer price index (PPI), which fell to 5.5% YoY (May'26: 6.0%), where the price drop was led by a 12% MtoM drop in gasoline prices, triggering a 0.3% MtoM decline in the PPI, the first contraction at the producer level since Aug'25. Core producer inflation stood at 4.7% YoY.
- **The UK economy reportedly recovered in May'26, growing by 0.1% MtoM** (Apr'26: -0.1%). Growth was driven entirely by a 0.3% MtoM increase in services output, offsetting a -0.5% MtoM decline in manufacturing and a -0.8% MtoM decline in construction. In March-May 2026, GDP grew 0.7% YoY, marking the sixth consecutive three-month expansion. Annually, GDP grew 1.3% YoY, marking the sharpest growth since Jul'25 (Apr'26: -1.1%).
- **China's economy grew 4.3% YoY in Q2-2026 (Q1-2026: 5.0%), marking the weakest growth since Q4-2022.** The slowdown was due to weak domestic demand, sluggish private investment, and a prolonged downturn in the property sector, offsetting continued support from resilient AI-related exports. This realization also fell below the lower end of the government's growth target of 4.5%–5.0%, underscoring the uneven recovery and reinforcing expectations for further policy support. Cumulatively, China's GDP in the first half of 2026 grew by 4.7% CtoC.
- **Inflation in India experienced a significant spike, with consumer inflation (CPI) rising to 4.38% YoY** (May'26: 3.93%, the highest since Dec'24) and wholesale inflation (WPI) soaring to 9.87% YoY (May'26: 9.68%, the highest since Sep'22). This sharp upward trend was primarily driven by a surge in domestic food prices due to skyrocketing prices of commodities such as ginger and tomatoes, as well as the impact of the Middle East war,

Business Activity Survey (Weighted Net Balance, %)



Source: Bank Indonesia

Prompt Manufacturing Index–Bank Indonesia (PMI-BI) (%)



Source: Bank Indonesia

Next Week's Economic Calendar

Time	Development Releases
Jul 20	China Loan Prime Rate
	Canada Inflation Jun'26
	Indonesian banking survey report Q2-2026
Jul 21	UK employment developments May'26
Jul 22	Japan's trade balance Jun'26
	UK Inflation Jun'26
	BI Rate Jul'26
	China's Foreign Fixed Capital Investment (FDI) Jun'26
Jul 23	South Korea's economic growth Q2-2026
	Türkiye's benchmark interest rate
	European Central Bank benchmark interest rate
	Indonesian money supply Jun'26
Jul 24	Japan Inflation Jun'26
	UK retail sales Jun'26

which triggered a recovery in consumer transportation prices and a massive surge in the wholesale fuel sector (27.41% YoY).

- **Singapore and Malaysia's economic growth in Q2-2026 showed strong performance, albeit on different trends.** Singapore's economy grew 5.7% YoY (Q1-2026: 6.3%), slowing but surpassing market expectations, driven by a 12.2% surge in manufacturing, driven by strong demand for artificial intelligence (AI). Meanwhile, the Malaysian economy accelerated to 5.8% YoY (Q1-2026: 5.4%), driven by resilient domestic demand and a recovery in the mining (10.2%) and manufacturing (7.5%) sectors, despite a contraction in the agricultural sector (-3.7%).

Domestic Economy

- **S&P Global Ratings affirmed the Republic of Indonesia's Sovereign Credit Rating at BBB (triple-B) with a stable outlook, maintaining Indonesia's investment grade status.** This rating affirmation is supported by expectations that the weakening fiscal and external indicators are only temporary and can be mitigated by high commodity prices and government spending cuts. S&P believes that the government's efforts to centralize management and reduce leakage from the natural resources and minerals sector, if successful, will increase government revenue through export duties. The stable outlook reflects expectations that government revenues will continue to recover and export revenues will rebound in line with high commodity prices, and that the 3% annual fiscal deficit limit will remain an important policy anchor. The rating could be upgraded if structural strengthening of fiscal and external indicators continues, particularly if the fiscal deficit is reduced to below 1% of GDP in line with a sustained increase in the government revenue base, net external debt is reduced to below 50% of current account revenues, and gross external financing needs fall below 50% of the sum of current account revenues and usable foreign exchange reserves. However, the rating could also be downgraded if net government debt consistently increases by more than 3% annually, government interest payments remain above 15% of revenue on a sustained basis, and export revenues slow structurally, resulting in external financing needs consistently exceeding the sum of current account revenues and usable reserves.
- **Indonesia's external debt grew 2.1% YoY in May'26 (Apr'26: 2.0%) to USD444.4 billion, in line with the growth of government external debt amidst the continued contraction of private external debt.** Government external debt grew 3.7% YoY, the same as the previous month, to USD217.3 billion, in line with inflows into international Government Securities (SBN) and Bank Indonesia Rupiah Securities (SRBI) amid net repayments of maturing government external loans. Private external debt still contracted 0.1% YoY (Apr'26: -0.5%). The foreign debt structure is still dominated by long-term debt at 83.9% and the foreign debt to GDP ratio is 29.9%.
- **Indonesian business activity in Q2-2026 is indicated to increase, as reflected in the results of the Business Activity Survey (SKDU), which showed a weighted net balance (WNB) of 12.97% (Q1-2026: 10.11%).** Most key business sectors performed better, in line with maintained demand due to the series of National Religious Holidays and the high school holiday season. Aggregate production capacity utilization increased to 73.80% (Q1-2026: 73.33%), with company liquidity remaining sound (15.03%) despite weakening (Q1-2026: 17.05%), and profitability at 11.87%, lower than Q1-2026 (14.87%). Respondents predicted business activity in Q3-2026 to be maintained with a WNB of 11.75%.
- **Bank Indonesia's Prompt Manufacturing Index (PMI-BI) for Q2-2026 was reported to remain in the expansionary region, albeit at a lower level, at 51.43% (Q1-2026: 52.03%).** This expansionary performance in the manufacturing industry was supported by maintained production volume, total orders, and finished goods inventory volume. Meanwhile, the speed of input receipts and the number of workers experienced a deeper contraction compared to the previous quarter. In Q3-2026, manufacturing industry performance is expected to improve and remain in the expansionary phase at 52.32%.
- **Realized Indonesian investment in the first half of 2026 grew 7.2% YoY to reach IDR1,010 trillion, absorbing 1.45 million direct workers (+15% YoY).** This realization achievement is equivalent to 49.5% of the 2026 national investment target of IDR2,041.3 trillion, demonstrating that investor confidence in the Indonesian economy remains strong despite facing global challenges. Of the incoming investment, 50.2% (IDR507.6 trillion) was foreign direct investment (FDI). Based on sector, the Basic Metals, Metal Goods, and Non-

Machinery and Equipment Industry still dominates, followed by Other Services, Mining, Transportation, Warehousing, and Telecommunications; and Housing, Industrial Estates, and Offices.

Week Ahead Highlights

The conflict between the US and Iran will remain a global focus after a re-escalation that has triggered a resurgence in oil prices and impacted the interest rate outlook for central banks. Regarding economic data, the US will enter a quiet week ahead of the Fed meeting next week. Meanwhile, Canada will release its June 2026 inflation data. In Europe, the ECB will deliver its interest rate decision for the Eurozone, while among developing countries, the Bank of Russia, the Hungarian central bank, and the Central Bank of Turkey will also release interest rate developments. In the UK, June 2026 inflation, unemployment, and retail sales data will be announced amid a change in prime ministerial leadership, with Andy Burnham taking office on Monday. In Japan, trade balance and inflation data will be released. Meanwhile, China is expected to maintain its Loan Prime Rate. Additionally, South Korea will release its Q2-2026 GDP, while Singapore will report its inflation developments. In Indonesia, the Bank Indonesia Board of Governors will meet to determine the direction of further monetary policy following the previous 100 bps hike. In addition, there will also be a report on the Q2-2026 banking survey and the development of money supply for Jun'26.

Spotlight on Commodity Price Trends (as of July 17, 2026)

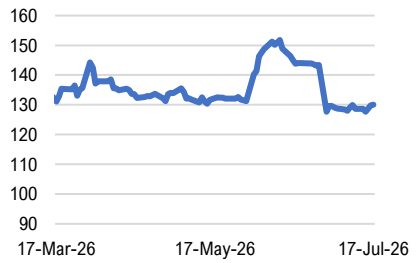
Brent Crude Oil (USD/Barrel)

Closing (USD/BRL)	(% Change)			
	WoW	MoM	YoY	YTD
88.10	15.91	10.75	26.73	44.78

Gold (USD/troy oz)

Closing (USD/t Oz)	(% Change)			
	WoW	MoM	YoY	YTD
4,017.39	-2.49	-5.63	20.32	-6.99

Steam Coal (USD/MT)



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 15.91% over the past week,** closing at USD88.10 per barrel on Friday (July 17), its highest level in more than a month. The sharp increase was driven by the escalation of the U.S.-Iran conflict, with the United States launching attacks on bridges and airports in Iran. At the same time, Tehran retaliated by striking power plants and desalination facilities in Kuwait. Supply concerns intensified after Iran threatened to close the Red Sea shipping route. At the same time, traffic through the Strait of Hormuz had already been disrupted, despite the strait normally accounting for around 20% of global oil supplies. Saudi Arabia was forced to reroute more than 70% of its daily crude exports through Yanbu Port to avoid the Strait of Hormuz. Andrew Lipow, President of Lipow Oil Associates, warned that oil prices could continue to rise if more oil tankers are damaged in the attacks. Market sentiment remained dominated by concerns over supply disruptions amid escalating geopolitical tensions in the Gulf region.
- **Spot gold prices declined 2.49% over the past week**. The decline was driven by a stronger U.S. dollar and mounting global inflation concerns, which reinforced expectations of higher interest rates amid the surge in Brent crude oil prices following the escalation of the U.S.-Iran conflict. Chris Gaffney, President of World Markets at EverBank, stated that the stronger dollar and inflation concerns were the primary drivers behind the sell-off in gold. Meanwhile, market participants now see a 58% probability of a U.S. interest rate hike in September after the Federal Reserve Vice Chair signaled openness to further monetary tightening. Nevertheless, Goldman Sachs believes private investors may increasingly diversify into gold as geopolitical tensions persist. Overall, market sentiment remained under pressure from expectations that interest rates will stay higher for longer.
- **Newcastle coal prices rose 1.09% over the past week,** closing at the highest level of the week after trading within a narrow range early in the week, before buying interest strengthened over the final two trading sessions. A surge in Chinese demand primarily supported the price increase, as a heatwave pushed electricity consumption to a record 1.55 billion kilowatts in mid-July. At the same time, domestic coal production remained constrained by mine safety inspections following an accident in Shanxi Province. China's coal imports in June jumped 28.6% MtoM and 29.5% YoY, supported by demand from Japan and South Korea amid elevated LNG prices across Asia. Meanwhile, India limited further price gains by relying more heavily on domestic production, which led to weaker coal imports. Analysts believe coal prices still have room to strengthen gradually despite high inventory levels at Chinese ports. Overall, market sentiment remained positive but moderate.
- **Malaysian CPO futures gained 1.86% over the past week,** although prices weakened toward the end of the week due to declines in vegetable oil prices on the Dalian

Closing (USD/Ton)	(% Change)			
	WoW	MoM	YoY	YTD
130.00	1.09	-9.60	17.65	20.93

Commodity Exchange. The weekly gain marked the second consecutive week of increases, supported by the rally in global crude oil prices after the United States and Iran intensified military attacks in the Gulf region, while the previously announced ceasefire proved ineffective, disrupting oil shipments through the Strait of Hormuz. Higher crude oil prices improved CPO's competitiveness as a biodiesel feedstock. In addition, strengthening El Niño conditions, which are expected to persist into early 2027, have attracted market attention due to their potential impact on future palm oil production. Overall, CPO market sentiment remained positive, supported by energy and weather-related factors.

Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Commodities	Closing Price	WoW (%)	MoM (%)	YoY (%)	YTD (%)
Natural Gas (USD/MMBtu)	2.91	-0.99	-7.44	-17.81	-21.03	Crude Palm Oil (MYR/Ton)	4,597.00	1.86	0.50	9.19	13.51
Nickel (USD/MT)	16,840.13	1.26	-6.43	7.22	-0.32	Rubber (USD/Kg)	214.90	0.09	-5.83	27.84	19.46
Copper (USD/MT)	13,525.50	0.30	-2.09	39.92	8.87	Wheat (cents/bu)	682.75	8.03	11.42	27.98	34.66
Aluminum (USD/MT)	3,150.50	0.35	-7.62	22.21	5.17	Corn (cents/bu)	444.75	1.54	5.64	10.63	1.02
Iron Ore (USD/MT)	100.77	1.80	0.75	1.60	-5.67	Sugar (c/lb)	14.83	-0.34	7.08	-11.41	-1.20

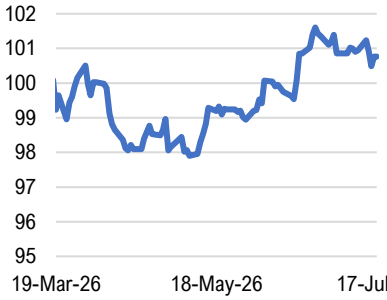
Wall Street was weighed down by a sell-off in chip stocks, while the ICI surged, buoyed by domestic sentiment and strong foreign investment inflows. The US dollar weakened as expectations of Fed tightening eased, while the rupiah strengthened on domestic sentiment, although external risks limited its movement.

- **Wall Street weakened throughout the week,** with the S&P 500 falling 1.55%, the Nasdaq Composite declining 2.90%, and the Dow Jones Industrial Average losing 0.93%. The downturn was triggered by broad-based selling in semiconductor stocks, which evolved into a broader risk-off sentiment, with the Philadelphia Semiconductor Index plunging more than 18% in July and officially entering bear-market territory. Among the Magnificent Seven, only Apple posted gains, while Meta and Alphabet recorded the largest declines. Ryan Detrick, Chief Market Strategist at Carson Group, noted that investors appeared to be experiencing fatigue toward semiconductor stocks, which had previously rallied too far. Market sentiment was also weighed down by higher oil prices driven by the escalation of the U.S.-Iran conflict, even as the energy sector benefited from the rally in crude prices. On the positive side, 90% of the 49 S&P 500 companies that had reported earnings exceeded market expectations, with annual earnings growth projected at 26%, providing some support amid broader market weakness.
- **The Indonesian Composite Index (ICI) advanced 4.24%** during the July 13–17, 2026 trading week, closing at 6,175.53 from 5,924.36 in the previous week, while average daily trading value increased 36.25% to IDR13.99 trillion. The rally was driven by three major catalysts, primarily supported by positive domestic sentiment. First, MSCI relaxed its Extreme Price Increase (EPI) stock-screening methodology, increasing the likelihood that Indonesia's large-cap stocks will be included in global indices, beginning with the August 2026 review. Second, S&P Global Ratings affirmed Indonesia's sovereign credit rating at BBB with a stable outlook, contrasting with the negative outlook revisions issued earlier this year by two other rating agencies. Third, foreign direct investment (FDI) realization in Q2-2026 surged 27.4% YoY to IDR257.7 trillion. The rally in major banking stocks, including BMRI, BBCA, and BBRI, provided the main support for the index. However, foreign investors still recorded a cumulative net sell of IDR75.7 trillion throughout 2026, indicating that capital outflow pressures have yet to reverse, despite signs of renewed short-term buying interest.
- **The U.S. dollar weakened after inflation data reduced expectations for a Federal Reserve (Fed) rate hike**. The U.S. Dollar Index (DXY) closed at 100.77 on July 17, 2026, down 0.19% from July 10, 2026. Pressure intensified on July 15, when the DXY fell 0.35% to 100.81. Annual inflation was 3.5% in June, while the headline consumer price index declined 0.4%. The probability of a July rate hike fell to 16%, accompanied by a 9-basis-point decline in the two-year U.S. Treasury yield from its 16-month peak.
- **The rupiah strengthened on a weekly basis as positive domestic sentiment offset external pressures**. The exchange rate closed at IDR17,921 per USD on July 17, 2026, appreciating 0.80% from July 10, 2026. On July 14, the rupiah opened unchanged at IDR18,100 per USD, while the non-deliverable forward market traded within a range of IDR18,151–IDR18,182. Support came from S&P Global Ratings' decision to affirm Indonesia's sovereign credit rating at BBB with a stable outlook. However, U.S.-Iran tensions and a 9.59% increase in Brent crude oil prices to USD83.30 per barrel continued to limit appreciation.
- **The rupiah's medium-term outlook has improved, although short-term volatility remains high**. S&P Global Ratings projects that the rupiah will reach IDR17,700 per USD by the end of 2026, supported by improving fiscal and external indicators and consistent policies from the government and Bank Indonesia. Capital flow pressures and uncertainty ahead of Bank Indonesia's Board of Governors Meeting are expected to keep the exchange rate within a short-term range of IDR18,100–IDR18,150 per USD.

Jakarta Composite Index (JCI)

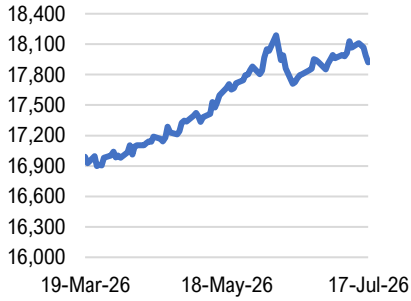
Closing	(% Change)			
	WoW	MoM	YoY	YTD
6,175.54	4.24	-0.73	-15.25	-28.58

US Dollar Index (DXY)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
100.77	-0.19	0.68	2.06	2.48

Rupiah Exchange Rate (USD/IDR)



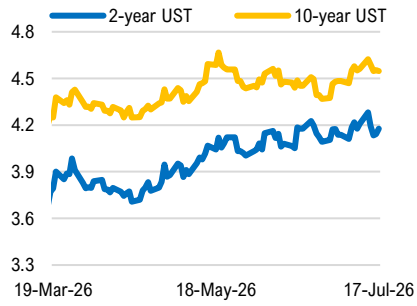
Closing	(% Change)			
	WoW	MoM	YoY	YTD
17,921	-0.80	0.90	9.67	7.44

Financial Market Development

Other Stock Indices	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)	Other Exchange Rates	Closing	WoW (%)	MoM (%)	YoY (%)	YTD (%)
S&P500 (AS)	7,457.69	-1.55	0.51	18.43	8.94	Euro (EUR/USD)	1.14	0.20	-0.54	-1.35	-2.61
Dow Jones (AS)	52,146.42	-0.93	1.27	17.22	8.50	Canadian Dollar (USD/CAD)	1.40	-0.93	-0.55	1.96	2.17
Nasdaq (AS)	25,520.24	-2.90	-1.93	22.19	9.80	Poundsterling (GBP/USD)	1.35	0.36	1.20	0.27	-0.17
Euro Stoxx 50 (Zona Euro)	6,230.87	-0.62	-1.10	15.88	7.59	Japanese Yen (USD/JPY)	162.40	0.45	1.09	9.30	3.63
FTSE100 (Inggris)	10,600.37	0.98	0.87	18.14	6.74	Chinese Yuan (USD/CNY)	6.78	-0.02	0.21	-5.66	-3.06
Nikkei225 (Jepang)	64,141.12	-6.44	-8.24	60.75	27.42	Singapore Dollar (USD/SGD)	1.29	0.02	0.28	0.45	0.49
Shanghai (Tiongkok)	3,764.16	-5.81	-8.37	7.03	-5.16	Malaysian Ringgit (USD/MYR)	4.10	0.59	0.79	-3.59	0.89
Hang Seng (Hong Kong)	24,562.24	1.60	1.03	0.26	-4.17	Thailand Baht (USD/THB)	33.63	1.00	2.88	3.47	6.77

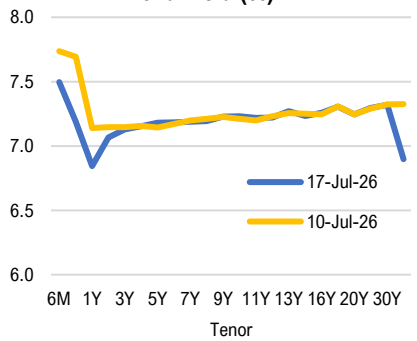
Key Data Developments in Global and National Bond Markets

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



Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 4.177	-3	-1	27	70
5Y: 4.279	-3	2	29	55
10Y: 4.547	-1	6	10	38

Weekly Development of Government Bond Yield (%)

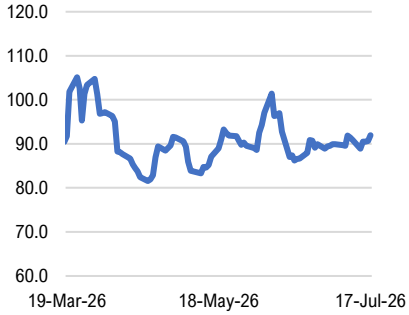


Global and domestic bond markets moved divergently, while foreign flows, retail demand, liquidity, fiscal financing, and issuance activity continued to support the market amid rising credit risk and budgetary pressures.

- **U.S. government bond yields declined across all benchmark tenors**. The two-year and five-year U.S. Treasury yields each fell 3 basis points (bps) to 4.177% and 4.279%, respectively, on July 17, 2026. The 10-year yield declined by 1 bps to 4.547% as of July 10, 2026.
- **Indonesia's government bond market was mixed, while credit risk increased**. The two-year yield declined 10 bps to 7.118% on July 17, 2026. The five-year yield rose 4 bps to 7.211%, while the 10-year yield increased 2 bps to 7.256% from July 10, 2026. Indonesia's five-year credit default swap (CDS) increased 1.16% week on week to 91.94.
- **Bank Indonesia's tight monetary policy prompted foreign capital to return to the domestic financial market**. The cumulative 100-bps increase in the BI-Rate in May and June 2026 generated inflows of around IDR105 trillion from June through early July, comprising IDR33 trillion into government securities (SBN) and IDR72 trillion into Bank Indonesia Rupiah Securities (SRBI). Year to date, foreign inflows reached IDR17.7 trillion in SBN and IDR174 trillion in SRBI, while the domestic financial market recorded total inflows of around IDR132 trillion.
- **Strong demand from retail investors prompted the government to expand the offering of the Retail Government Bond series ORI030**. The allocation was raised in stages from IDR20 trillion to IDR25 trillion on July 16, 2026, and then to IDR30 trillion on July 17, 2026. Orders reached IDR26.13 trillion, or 87.1% of the allocation, leaving around IDR3.872 trillion available. ORI030T3 offers a fixed annual coupon of 6.90%, while ORI030T6 offers 7.00% per year. The minimum investment is IDR1 million, with the first coupon payment scheduled for September 15, 2026. Both series are tradable in the secondary market.
- **The government's cash management strategy could create temporary overfinancing in the 2026 State Budget**. Surplus budget financing (SiLPA) is estimated at around IDR255 trillion after debt financing in the first half of 2026 reached IDR477.4 trillion, an increase of IDR162 trillion year on year. At the same time, realized investment financing amounted to only IDR52.2 trillion of the IDR203.1 trillion target. The government placed part of its cash in the banking system to support credit distribution and its 6% economic growth target.

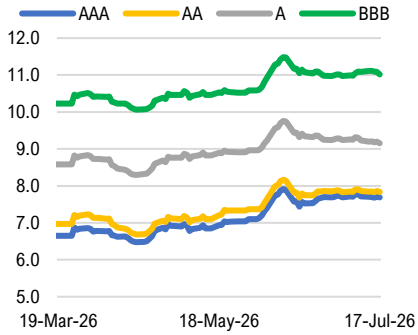
Closing (%)	(bps Change)			
	WoW	MoM	YoY	YTD
2Y: 7.118	-10	6	119	212
5Y: 7.211	4	28	104	166
10Y: 7.256	2	36	67	119

5 Year Credit Default Swap (CDS)



Closing	(% Change)			
	WoW	MoM	YoY	YTD
91.94	1.16	6.67	23.71	33.52

3-Year Corporate Bond Yield per Rating (%)



Source: Bloomberg

- **Three government securities were delisted from the Indonesia Stock Exchange (IDX) after reaching maturity**. Their combined principal amount was IDR111.5 trillion, comprising IDR90.30 trillion of State Sharia Securities series PBS032, IDR20 trillion of Retail Government Bond series ORI023T3, and IDR1.2 trillion of State Treasury Bill series SPN03260715. Effective July 15, 2026, all three series were no longer listed or traded on the IDX.
- **Fiscal pressure increased as expenditure growth exceeded available financing capacity**. The 2026 State Budget deficit is projected to reach IDR734.3 trillion, or 2.85% of gross domestic product, exceeding the IDR689.1 trillion target. State revenue is estimated at IDR3,208.1 trillion, while expenditure is projected at IDR3,942.4 trillion. Budget financing is projected at IDR689.15 trillion, comprising net debt financing of IDR832.21 trillion and negative nondebt financing of IDR143.06 trillion. Government debt is expected to exceed IDR10,600 trillion by the end of 2026, up from IDR9,638 trillion at the end of 2025.
- **The government is preparing a legal defense against a judicial review of the provisions governing Patriot Bond and Merah Putih Bond**. The Danantara Anti-Money Laundering Coalition filed a judicial review of Article 50A paragraphs (5) and (6) of the Financial Sector Development and Strengthening Law (PPSK Law) with the Constitutional Court on July 14, 2026. The petitioners argued that the provisions provide protection from criminal and tax prosecution and restrict the use of transaction data as legal evidence. Finance Minister Purbaya Yudhi Sadewa said the government would await the ruling and prepare a team of legal experts. The Danantara Investment Management Agency previously claimed that commitments to Patriot Bond reached IDR50 trillion in October 2025.
- **Fundraising on the Indonesian Stock Exchange remained active through debt securities, sukuk (EBUS), and rights offerings.** As of July 17, 2026, there had been 114 EBUS issuances by 62 issuers, with a total value of IDR103.86 trillion. Another 11 issuances by nine issuers remained in the pipeline, including five prospective issuers from the energy sector. Fifteen companies had completed rights offerings, raising a total of IDR10.69 trillion, all from the property and real estate sector.
- **Bank Indonesia assessed the banking system liquidity as resilient amid easing money market conditions**. INDONIA declined from 6.62% on June 18, 2026, to 6.17% on July 16, 2026, in line with IDR837.11 trillion of liquidity expansion through repos, swaps, and purchases of government securities. Growth in reserve money (M0) remained at 12.8% YoY at the end of June 2026. Bank Indonesia also emphasized its coordination with banks after Finance Minister Purbaya Yudhi Sadewa criticized the liquidity data used by the Financial System Stability Committee (KSSK).
- **Liquidity pressure at PT Pos Indonesia (Persero) resulted in a delay in the payment of sukuk returns**. The company had not provided IDR24.11 billion for the sixth return payment on Shelf-Registered Ijarah Sukuk I Phase I 2024 Series A–C by the July 7, 2026, deadline at 2:00 p.m. Western Indonesia Time. Cash flow pressure emerged as net income declined from IDR248.52 billion in June 2024 to IDR117.80 billion in June 2025, while total liabilities increased to IDR9.89 trillion. Fitch Ratings downgraded the company's long-term rating from $A_{(idn)}$ to $C_{(idn)}$ on July 14, 2026, after the ijarah sukuk return due on July 8, 2026, remained unpaid. Its Stand-Alone Credit Profile also lowered from $BBB_{(idn)}$ to $C_{(idn)}$.
- **PT Sarana Multi Infrastruktur (Persero) (SMI)'s readiness to redeem its bond strengthens certainty regarding the payment of its obligations**. The company has set aside IDR945.25 billion to repay Shelf-Registered Bond II Phase III Series D, which matures on October 30, 2026. The availability of the funds was reported to the Indonesia Stock Exchange in a letter dated July 14, 2026. The bond is rated $_{id}$AAA by PEFINDO.
- **BTN plans to securitize IDR300 billion–IDR400 billion of assets with PT Sarana Multigriya Finansial (Persero) (SMF).** The bank also proposed issuing bonds to be purchased by SMF and classified as Tier 2 capital. These measures are intended to strengthen liquidity, diversify funding, and increase the bank's capital buffer.
- **PT Merdeka Battery Materials Tbk settled its obligations on the Series A sukuk and bonds in accordance with their maturity schedules**. On July 15, 2026, the company repaid IDR213.345 billion of sukuk principal and made a fourth profit-sharing payment of IDR4.311 billion, bringing total sukuk payments to IDR217.66 billion. The bond repayment comprised IDR1.16 trillion of principal, carrying an annual coupon of 7.5% and a final interest payment of IDR23.42 million. The funds were distributed through PT Kustodian

Sentral Efek Indonesia (KSEI) and were sourced from the issuance of Sukuk Phase IV 2026 and internal cash.

- **Restructuring obligations and working capital support were the main uses of funds for PT Energi Mega Persada Tbk (ENRG).** The company provided loans totaling USD64.67 million, or around IDR1.09 trillion, to three subsidiaries, with a maximum tenor of five years and an annual interest rate of 8.60%. EMA received USD9.59 million to repay debt to Bank Mandiri and to finance working capital. ITA received USD49.69 million to repay the principal on its Term Loan 2 facility, while EMP Bentu Limited received USD5.37 million for working capital. All IDR2.12 trillion of net proceeds from Shelf-Registered Bond I had been used as of June 30, 2026.
- **PT Bumi Serpong Damai Tbk (BSDE) has fully used the proceeds from its bond and sukuk issuances for project development, debt repayment, and working capital**. Net proceeds of IDR2.7268 trillion were allocated as follows: IDR868.06 billion for BSD City infrastructure, IDR1.24373 trillion to repay term loans from PT Bank Tabungan Negara (Persero) Tbk and Bank Permata, and IDR615.05 billion for working capital. The repayments included IDR1.05623 trillion to BTN and IDR187.5 billion to Bank Permata. All proceeds had been used by the end of June 2026, with no remaining balance.
- **PT RMK Energy Tbk (RMKE)'s use of bond proceeds was nearing completion**. As of June 30, 2026, the company had used IDR562.15 billion, or 94.42% of the net proceeds of IDR595.38 billion. The allocations included IDR188.56 billion to RMKN for coal procurement, IDR158.79 billion to RMUK for working capital, and IDR198.44 billion for capital expenditures. The remaining IDR33.23 billion was deposited with PT Bank Maybank Indonesia Tbk at an interest rate of 6%. The net proceeds were generated from a IDR600 billion bond issuance after deducting IDR4.62 billion of issuance costs.
- **PT Merdeka Copper Gold Tbk (MDKA) has set aside funds to meet its upcoming bond obligations.** The company will repay IDR1.475 trillion of principal on Shelf-Registered Bond IV Phase III 2023 Series B, together with the 12th interest payment, on August 4, 2026. The instrument carries a fixed annual coupon of 8.00% and is rated $_{id}$A+ by PEFINDO. The funds will be placed with PT Kustodian Sentral Efek Indonesia before maturity.
- **PT Indonesia Infrastructure Finance (IIF) strengthened its infrastructure financing capacity through a combination of debt and perpetual instruments**. In July 2026, IIF issued IDR435.5 billion of bonds with an average annual coupon of 7.4% and IDR220 billion of perpetual securities with an annual yield of 8%. Asset management companies and insurers absorbed around 83% of the total IDR655.5 billion issuance. IIF also received three international awards from FinanceAsia, Asian Banking & Finance, and the Asian Development Bank. The ADB award was related to the implementation of the USD50 million Leveraging Private Infrastructure Investment program.
- **PT Indah Kiat Pulp & Paper Tbk (INKP) completed its principal repayments to bondholders and sukukholders**. Payments made through PT Kustodian Sentral Efek Indonesia on July 13, 2026, included IDR1.74588 trillion for Shelf-Registered Bond IV Phase IV 2023 Series B and IDR612.575 billion for Shelf-Registered Mudharabah Sukuk III Phase I 2023 Series A. Total repayments amounted to around IDR2.35 trillion and were distributed to all security holders in accordance with the applicable provisions.

The Most Traded Bonds During the Week

Government Bonds

Series	Coupon (%)	Matured (mm/dd/yy)	Size (IDR Mio)	Price	Yield (%)	Volume (Mio Unit)
FR0109	5.88	03/15/31	7,181.00	20.00	54.85	23,799,128
FR0104	6.50	07/15/30	202.00	98.05	7.07	7,330,894
FR0101	6.88	04/15/29	100,000.00	99.45	7.09	5,801,540
PBS030	5.88	07/15/28	500.00	98.80	6.53	5,184,637
PBS003	6.00	01/15/27	100,000.00	99.76	6.51	5,156,832

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	idA(sy)	11.00	10/04/29	90,000	111.96	6.81	1,107,800
Bond I Adaro Indonesia Year 2026 Series A	idAA	8.25	07/17/27	800	99.90	8.35	1,046,800
Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B	idA(sy)	7.25	12/05/28	10,000	99.40	7.53	916,700
Obligasi III BUMA Year 2025 Series B	idA+/ A+(idn)	8.00	10/10/28	10,000	101.90	7.07	785,000
Shelf Registration Bond V Indah Kiat Pulp & Paper Phase II Year 2024 Series B	idA+	10.25	12/05/27	5,000	100.90	9.54	730,580

Corporate Bonds Issuance

Throughout the third week of July 2026, 4 companies issued corporate debt securities valued at IDR5,799 billion.

No.	Companies	Instruments	Issuance Date	Value [IDR Billion]	Interest Rate [%]	Tenor [Year]	Rating
1	PT Profesional Telekomunikasi Indonesia	Shelf Registration Bond V Phase I Year 2026 Series A	Jul-13-2026	848.69	7.50	1	AAA(idn)
2	PT Profesional Telekomunikasi Indonesia	Shelf Registration Bond V Phase I Year 2026 Series B	Jul-13-2026	54.81	7.75	2	AAA(idn)
3	PT Profesional Telekomunikasi Indonesia	Shelf Registration Bond V Phase I Year 2026 Series C	Jul-13-2026	61.92	7.95	3	AAA(idn)
4	PT Profesional Telekomunikasi Indonesia	Shelf Registration Bond V Phase I Year 2026 Series D	Jul-13-2026	50.40	8.05	5	AAA(idn)
5	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase III Year 2026 Series A	Jul-15-2026	1,318.46	8.50	1	idAA-
6	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase III Year 2026 Series B	Jul-15-2026	532.20	9.00	3	idAA-
7	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase III Year 2026 Series C	Jul-15-2026	177.53	9.50	5	idAA-
8	PT Chandra Asri Pacific Tbk	Shelf Registration Bond V Phase III Year 2026 Series D	Jul-15-2026	221.83	10.00	7	idAA-
9	PT Tamaris Hidro	Shelf Registration Sukuk Ijarah I Phase I Year 2026 Series A	Jul-15-2026	173.20	8.25	5	idAA(sy)(sf)
10	PT Tamaris Hidro	Shelf Registration Sukuk Ijarah I Phase I Year 2026 Series B	Jul-15-2026	360.20	8.75	7	idAA(sy)(sf)
11	PT Moya Indonesia	Bond I Year 2026 Series A	Jul-15-2026	155.05	8.50	3	idAA-
12	PT Moya Indonesia	Bond I Year 2026 Series B	Jul-15-2026	818.75	8.75	5	idAA-
13	PT Moya Indonesia	Bond I Year 2026 Series C	Jul-15-2026	26.20	9.00	7	idAA-
14	PT Moya Indonesia	Sukuk Wakalah Bi Al-Istitsmar I Year 2026 Series A	Jul-15-2026	809.70	8.50	3	idAA-(sy)
15	PT Moya Indonesia	Sukuk Wakalah Bi Al-Istitsmar I Year 2026 Series B	Jul-15-2026	141.30	8.75	5	idAA-(sy)
16	PT Moya Indonesia	Sukuk Wakalah Bi Al-Istitsmar I Year 2026 Series C	Jul-15-2026	49.00	9.00	7	idAA-(sy)
Total				5,799.22			

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 Serieses B	Aug-1-2026	315.25	8.50	7	idAAA
2	PT Perusahaan Listrik Negara (Persero)	Shelf Registration Sukuk Ijarah III Phase IV Year 2019 Serieses B	Aug-1-2026	368.00	8.50	7	idAAA(sy)
3	PT Merdeka Copper Gold Tbk	Shelf Registration Bond IV Phase III Year 2023 Serieses B	Aug-4-2026	1,475.00	8.00	3	idA+
4	PT Arkora Hydro Tbk	Green Bond I Year 2023 Serieses A	Aug-8-2026	318.06	9.50	3	idA+(pg)
5	PT Wahana Inti Selaras	Bond II Year 2023 Serieses B	Aug-8-2026	845.51	8.00	3	idA

6	PT JACCS Mitra Pinasthika Mustika Finance Indonesia	Shelf Registration Bond I Indonesia Phase II Year 2023 Serieses B	Aug-11-2026	230.00	7.00	3	$AA_{(idn)}$
7	PT Pegadaian	Shelf Registration Bond V Phase IV Year 2023 Serieses B	Aug-24-2026	228.03	5.90	3	$_{id}AAA$
8	PT Pegadaian	Shelf Registration Sukuk Mudharabah II Phase IV Year 2023	Aug-24-2026	235.04	5.90	3	$_{id}AAA_{(sy)}$
9	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Bond IV Phase II Year 2023 Serieses B	Aug-25-2026	1,609.87	10.25	3	$_{id}A+$
10	PT Indah Kiat Pulp & Paper Tbk	Shelf Registration Sukuk Mudharabah III Phase II Year 2023 Serieses B	Aug-25-2026	878.98	10.25	3	$_{id}A+_{(sy)}$
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 Serieses A	Aug-27-2026	984.07	7.50	1	$_{id}A$
13	PT Merdeka Battery Materials Tbk	Shelf Registration Sukuk Mudharabah I Phase II Year 2025 Serieses A	Aug-27-2026	651.68	7.50	1	$_{id}A_{(sy)}$
14	PT Sarana Multigriya Finansial (Persero)	Shelf Registration Bond VII Phase VI Year 2024 Serieses B	Aug-27-2026	192.20	6.75	2	$_{id}AAA$
15	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Bond II Phase II Year 2019 Serieses D	Aug-28-2026	1,292.00	8.50	7	$_{id}AAA$
16	PT Sarana Multi Infrastruktur (Persero)	Shelf Registration Sukuk Mudharabah I Phase III Year 2019 Serieses D	Aug-28-2026	76.00	8.50	7	$_{id}AAA_{(sy)}$
Total				**9,899.66**			

Weekly Sector Highlights

During 13–17 July 2026, domestic sectoral sentiment was primarily shaped by pressures from the rupiah exchange rate, interest rates, global uncertainty, and future outlook prospects.

Industries	Sentiment & Significance	News Highlights
Automotive	🟢🟢	**Vehicle Sales Increase, Outlook Remains Positive.** Indonesia's automotive industry recorded a strong performance in the first half of 2026, with wholesale vehicle sales reaching 436,564 units, representing a 15.9% YoY increase. The rise in sales volume is expected to serve as a positive catalyst for listed automotive and component companies, supported by higher demand for new vehicles, OEM components, and aftermarket businesses driven by the expanding vehicle population. At the same time, stronger sales are expected to improve production capacity utilization and operational efficiency, thereby supporting revenue growth and profit margins. Nevertheless, the sector's performance will continue to be influenced by macroeconomic factors, including interest rates, consumer purchasing power, access to vehicle financing, rupiah depreciation, and intensifying competition from Chinese electric vehicle manufacturers.
Banking	🟢🟢	**Foreign-Owned Banks Expand Lending to Domestic Corporations.** Banks owned by foreign investors are becoming increasingly aggressive in expanding lending to domestic corporates as a strategy to sustain business growth amid slowing credit demand. Several banks, including CIMB Niaga, OK Bank, and KB Bank, have emphasized that their financing focus is now increasingly directed toward local companies, while continuing to serve international clients and leverage their global networks. Relatively ample liquidity conditions and pressure on net interest margins have also encouraged banks to diversify their sources of revenue, including by increasing the contribution of fee-based income. Industry participants believe that future credit growth opportunities will primarily originate from the domestic market, particularly in downstream industries, manufacturing, infrastructure, and local companies integrated into global supply chains. In addition to creating broader opportunities for business expansion, portfolio diversification into the domestic market also helps reduce concentration risks that may arise from dependence on companies originating from shareholders' home countries or from economic and geopolitical volatility in specific countries.
Construction	🔴🔴🔴	**Rupiah Depreciation Pressures the Construction Industry.** The depreciation of the rupiah has increased material prices, eroding profit margins and beginning to generate losses for some industry players. According to Gapensi, profit margins that previously ranged around 10% have continued to decline due to material cost increases exceeding estimates in project Budget Plans (RAB), with the impact being more significant for small contractors because of their limited capital and liquidity. To maintain business continuity, industry participants are being encouraged to adopt strategies such as negotiating more flexible payment terms and strengthening access to financing through partnerships with banks and financial institutions. Meanwhile, several large construction companies have reported that the impact remains relatively manageable, although they continue to face the risk of higher project costs due to rising prices of materials with high import content.

CREDIT RATING AGENCY

Industries	Sentiment & Significance	News Highlights
Hotel and Tourism	🟢🟢	**Indonesia's tourism sector continued its recovery trend.** International tourist arrivals increased by 5.83% YoY, with growth primarily driven by Southeast Asian markets and several other regions, although the European market remained under pressure due to geopolitical uncertainty. On the domestic front, domestic tourist trips also rose by 8.69% YoY, supported by the momentum of national holidays and collective leave periods. Meanwhile, outbound travel by Indonesian tourists declined by 6.05% YoY. Nevertheless, the overall tourism visitation surplus increased by 0.83 million in May 2026 and reached a cumulative 2.37 million during January–May 2026, supporting tourism foreign exchange earnings. The occupancy rate of classified hotels also increased to 50.76%, up 2.48% compared with the previous year, reflecting stronger tourism activity and its positive impact on business revenues, employment absorption, and supporting economic sectors across various destinations.
Mining	⚪	**Mineral Producers Outperform Coal Companies.** The performance of listed mining companies in the first quarter of 2026 showed a significant disparity in profitability, with mineral- and metal-based producers generally recording higher profit margins than coal producers. This performance was supported by contributions from downstream processing activities, mineral refining, and increased production volumes. Several mineral producers succeeded in significantly improving profitability compared with the previous year, with some even turning losses into profits. In contrast, most coal producers continued to face pressure from weaker commodity prices, as reflected in relatively lower profit margins, despite ongoing investments to maintain reserves and ensure production sustainability. This trend indicates that downstream development and value-added creation have become critical factors in sustaining profitability within the mining sector. Meanwhile, the outlook for the second half of 2026 will be influenced by government policies regarding the relaxation of nickel and coal production quotas, as well as developments in global commodity markets.
Multifinance	🔴	**High Interest Rates Could Weigh on Multifinance Bond Issuance.** Persistently high interest rates are expected to constrain bond issuance by multifinance companies due to rising funding costs and investors' demands for higher yields. These conditions have led financing companies to adopt a more cautious approach to debt issuance to prevent further pressure on financing margins, particularly when increases in funding costs outpace their ability to pass on higher interest rates to consumers. This trend is reflected in multifinance bond issuance, which reached only IDR12.93 trillion in the first half of 2026, down from IDR17.84 trillion in the corresponding period of the previous year. Nevertheless, refinancing needs remain a key driver of bond issuance activity, given that debt securities totaling IDR17.73 trillion are scheduled to mature in the second half of 2026.
Oil and Gas	🔴🔴	**Rising Global Oil Prices Could Increase Fiscal Pressures.** Global oil prices have strengthened again amid escalating geopolitical tensions in the Strait of Hormuz. This development has sparked concerns regarding its impact on the State Budget (APBN) and domestic energy costs. Pertamina has affirmed that national crude oil and fuel supplies remain secure and continues to undertake mitigation measures through coordination with the government and the management of energy procurement from both domestic and imported sources. However, analysts believe that the government and Pertamina need to strengthen energy security through the diversification of import sources, hedging strategies, increased refinery capacity, and greater transparency regarding energy reserves and supply information. From a fiscal perspective, higher oil prices risk increasing the burden of energy subsidies and compensation payments, thereby narrowing fiscal space for public spending in priority sectors. Based on the 2026 State Budget sensitivity analysis, every USD1 increase in the Indonesian Crude Price (ICP) is estimated to raise state revenue by approximately IDR3.5 trillion and increase state expenditure by up to IDR10.3 trillion, potentially widening the fiscal deficit by around IDR6.8 trillion. If oil prices remain elevated over an extended period, the government may face a choice between reallocating spending or accepting a larger fiscal deficit.
Plantation and Agriculture	🟢🟢🟢	**B50 Program Could Boost the Performance of CPO Producers.** The implementation of the Mandatory B50 Biodiesel Program is expected to serve as a positive catalyst for Indonesia's palm oil industry through increased domestic demand, stronger crude palm oil (CPO) prices, and accelerated downstream development. The policy is projected to raise domestic CPO consumption by 1–2 million tons per year. Companies with downstream processing capacities, such as refineries and biodiesel facilities, are expected to benefit more significantly as they are able to capture greater added value across the supply chain. In addition, CPO producers with large production volumes and efficient operating costs are also likely to record improved performance as average selling prices remain supported. Nevertheless, the sector's outlook will continue to be influenced by global oil price movements, global economic conditions, and trade policies in export destination countries, all of which may affect CPO demand and pricing.

Industries	Sentiment & Significance	News Highlights
Power and Energy	●●●	**Coal Supply for PLN Continues to Face Implementation Challenges.** Efforts to secure coal supply for PT PLN are still facing several implementation challenges, despite the government assigning mining companies to supply 212 million tons of coal in 2026. Industry players have emphasized the importance of synchronizing assigned supply volumes, production capacities approved under the Work Plan and Budget (RKAB), supply contracts, and operational and logistics readiness to ensure delivery targets can be achieved optimally. As of May 2026, a total of 144 million tons of coal had been contracted, with estimated delivery realization reaching 130.5 million tons, while PLN has been encouraged to accelerate the contracting process to secure supply for coal-fired power plants (PLTUs). Meanwhile, the government continues to record constraints in the form of shortages of medium-calorific-value coal at several power plants and non-compliance by some companies with their Domestic Market Obligation (DMO) requirements. These challenges have drawn greater attention following an investigation into alleged corruption in coal procurement for coal-fired power plants, prompting strengthened oversight through the establishment of a special task force involving the Financial and Development Supervisory Agency (BPKP). In addition, limited stockpile capacity at several PLTUs remains a factor that could potentially hinder the optimization of national coal supply.
Property	●●●	**High Interest Rates Continue to Weigh on the Property Sector.** The property sector has been one of the weakest-performing sectors on the Indonesia Stock Exchange throughout 2026, as reflected by the 36.37% decline in the IDX Properties & Real Estate Index since the beginning of the year amid corrections in the share prices of major listed developers. The weakness has been driven primarily by external factors, particularly elevated interest rates, economic uncertainty, and investors' risk-off sentiment, despite most companies remaining profitable and maintaining operational performance. High mortgage interest rates are considered likely to weigh on marketing sales and property demand, particularly in the lower- to middle-income segments, which are more sensitive to financing costs. On the other hand, companies with recurring income streams from shopping centers, hotels, office buildings, or industrial estates are expected to demonstrate greater resilience amid the market slowdown. Looking ahead, the sector's performance will be heavily influenced by interest rate developments, the continuation of government incentives, and the expansion of infrastructure and industrial estate projects that could support a recovery in demand.

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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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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