# WEEKLY ECONOMIC UPDATE

**Period of May 18-22, 2026**

**Economic Research Division, PT Pemeringkat Efek Indonesia (PEFINDO)**

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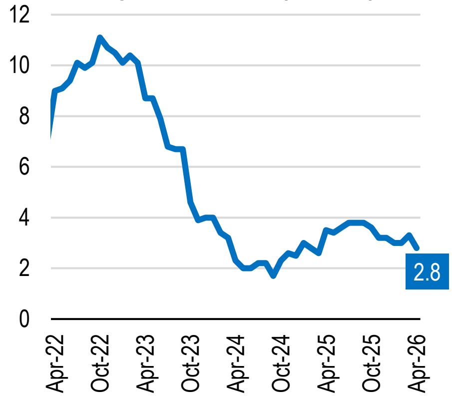
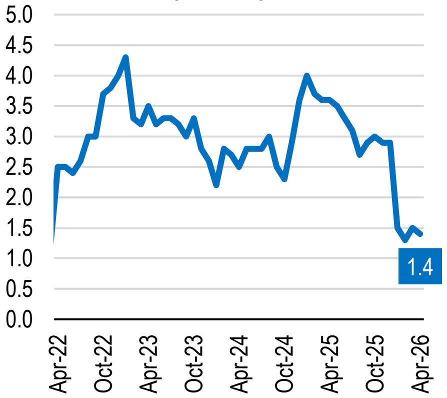
## Data Highlights of the Week

**United Kingdom Inflation (%, YoY)**




Source: Bloomberg

**Japan Inflation (%, YoY)**




Source: Bloomberg

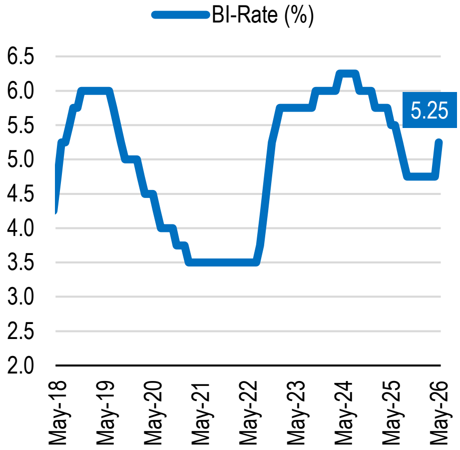


## Maintaining Stability and Securing the National Commodity Gateway

### Global Economic

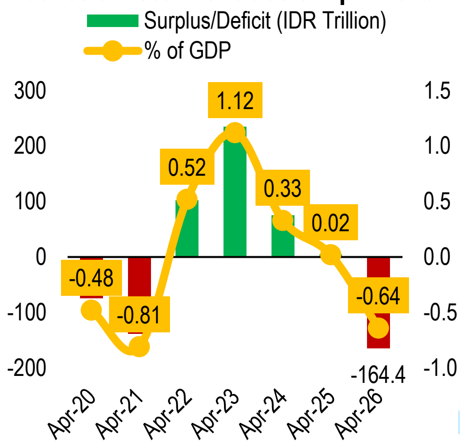
- **Fierce diplomacy and tit-for-tat actions between the US and Iran continued throughout the week amid a fragile ceasefire.** In negotiations, the US demanded the handover of Iran's uranium reserves, while Iran sought to legitimize its unilateral control of the Strait of Hormuz by charging "security fees" from passing merchant ships. Military-wise, President Donald Trump canceled plans for US airstrikes earlier in the week to clear the way for diplomacy, at the urging of Gulf states. By May 24, 2026, Trump claimed that a peace deal to reopen the Strait of Hormuz had been "largely negotiated," although Iran remained cautious and emphasized that the deep-seated differences and mistrust between the two countries were not yet fully resolved.
- **Minutes of the April 26 FOMC meeting showed that most Federal Reserve officials emphasized that some policy tightening would likely be appropriate if inflation remained consistently above 2%.** To address the possibility of a rate hike, "many participants indicated that they preferred to remove any post-meeting statement that implied an easing bias regarding the Committee's likely future rate decisions." However, several members emphasized that a rate cut would be appropriate only after there were clear indications that disinflation had stabilized or if strong signs of further weakening in the labor market emerged. At this meeting, the Fed held interest rates unchanged by an 8-4 vote, the first such move since October 1992.
- **The annual inflation rate in the Eurozone was confirmed to have risen to 3.0%** YoY in Apr'26, the highest level since Sep'23 and above the ECB's target of 2.0%. The increase was primarily driven by a 10.8% YoY surge in energy prices due to supply disruptions from the conflict in the Middle East. This acceleration in inflation occurred in most major economies, including Germany, France, Italy, and Spain, although core and service sector inflation slowed slightly. Meanwhile, on the employment side, negotiated wage growth in Q1-2026 slowed to 2.5% YoY (Q4-2025: 2.9%), providing some relief for the ECB from the risk of second-round effects, although the planned interest rate hike in June is still being considered amidst the looming risk of economic contraction in the region.
- **Price developments in the UK in Apr'26 showed contrasting trends between the consumer and producer sectors.** Annual consumer inflation slowed beyond market expectations to 2.8% YoY (Mar'26: 3.3%), the lowest since Mar'25, driven primarily by the energy price ceiling policy on housing costs, as well as lower food and transportation prices. Conversely, producer inflation (factory price inflation) surged to 4.0% YoY (Mar'26: 2.8%), marking the highest growth since May'23, driven by skyrocketing energy costs and refined petroleum product prices.
- **The UK labor market is under pressure**, triggering a rise in the unemployment rate in Jan-Mar'26 to 5.0% (Dec'25-Feb'26: 4.9%) and a sharp decline in the number of formal workers (payroll employees) of 100,000 in Apr'26 (Mar'26: -28,000). This situation held back regular wage growth in Jan-Mar'26 to 3.4% YoY at GBP693/week (previously: 3.6%), resulting in inflation-adjusted real wages growing by only 0.1%, the lowest level since mid-2023. The combination of weakened hiring activity in key sectors such as wholesale and retail, along with stagnant real purchasing power, risks hampering domestic consumption and slowing overall UK economic growth.
- **Japan's economy showed a strong recovery**, with growth accelerating to 2.1% (annualized) in Q1-2026, the fastest pace in six quarters, supported by strengthening private consumption, net trade, and a resurgence in public investment in infrastructure. However, this positive momentum contrasted with price conditions, where inflation slowed to 1.4% YoY in Apr'26 (1.5%) due to falling food and transportation prices, with core inflation (1.4% YoY) remaining below the Bank of Japan's (BOJ) 2% target for three consecutive months. High borrowing costs and waning business confidence are also restraining corporate capital spending growth.
- **China's economic policies were implemented in a measured manner to support slowing domestic growth momentum amid global geopolitical risks.** The People's Bank of China (PBoC) maintained its benchmark lending rate at record lows for 12 consecutive months—

### Indonesia Benchmark Interest Rate (BI Rate)



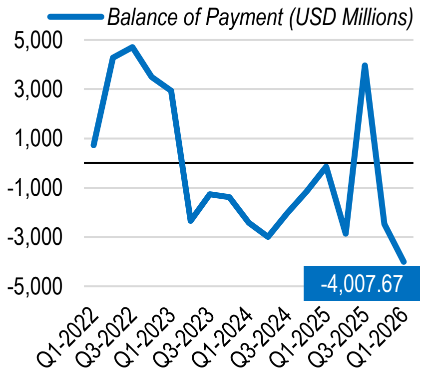

Source: Bank Indonesia

### Indonesia Fiscal Deficit as of April 2026




Source: Kementerian Keuangan

### Indonesia Balance of Payment




Source: Bank Indonesia

### Upcoming Week's Economic Calendar

| Time | Development Release |
|---|---|
| May 27 | Australian Inflation Apr'26 |
| May 28 | South Korea's Benchmark Interest Rate |
| | US PCE Inflation Apr'26 |
| | Second Estimate of US GDP Q1-2026 |
| May 29 | Japan unemployment rate Apr'26 |
| | Canada GDP Q1-2026 |

with the 1-year LPR at 3.0% and the 5-year LPR at 3.5%—and pursued a moderately loose monetary policy to address weakening industrial and retail demand. Meanwhile, in the fiscal sector, the government accelerated spending (front-loading) by 1.3% to CNY9.48 trillion in the first four months of 2026 to promote economic stabilization, supported by a recovery in fiscal revenue growth and stronger tax revenue compared to the previous quarter.

- **Thailand's GDP accelerated to 2.8% YoY in Q1-2026** (2.5% in Q4-2025), **the strongest growth since Q3-2025**. The acceleration was primarily driven by accelerated fixed investment and government spending due to higher purchases of goods and services and in-kind social transfers. In the trade sector, exports and imports experienced a sharp increase, while private consumption growth slowed slightly. The government maintained its 2026 GDP forecast at 1.5%–2.5%, with exports expected to increase by 9.6%.

**Domestic Economy**

- **Bank Indonesia raised its benchmark interest rate by 50 bps to 5.25% to strengthen the rupiah exchange rate.** This increase was larger than market expectations (25 bps) and marked the central bank's first tightening measure since April 2024. In addition to strengthening the rupiah, the increase was also intended to contain the risk of imported inflation and maintain inflation within the government's target range of 2.5% ± 1%. This decision aligns with the "pro-stability" focus of monetary policy, which aims to strengthen Indonesia's external resilience amid global uncertainty. Meanwhile, macroprudential and payment system policies remain geared towards supporting growth. BI also raised the deposit facility rate and lending facility rate to 4.75% and 6.0%, respectively.
- **Indonesia's balance of payments recorded a deficit of USD9.1 billion in Q1-2026, reversing from the surplus in the previous quarter** (Q4-2025: USD6.1 billion). The deficit was driven by the current account and capital and financial account balances. The current account deficit widened to USD4.0 billion, equivalent to 1.1% of GDP (Q4-2025: deficit USD2.5 billion/0.7% of GDP), due to a decline in the goods trade surplus amid a narrowing services deficit. Meanwhile, the capital and financial account reversed to a deficit of USD4.9 billion, after recording a surplus of USD9.0 billion in Q4-2025. The reversal was due to a decline in the portfolio investment surplus due to foreign capital outflows, and a deficit in other investments from net repayments of maturing foreign loans and placement of assets abroad by residents. However, direct investment remained in surplus.
- **Indonesia's external debt growth slowed to 0.8% YoY in Q1-2026 (Q4-2025: 1.9%) to USD433.4 billion.** Government external debt grew at a lower rate of 3.8% YoY (Q4-2025: 5.5%) to USD214.7 billion, driven by foreign capital inflows into international Government Securities (SBN). Meanwhile, private external debt continued to decline at -1.8% YoY to USD191.4 billion, driven by a decline in external debt of financial institutions (-3.6% YoY) and non-financial institutions (-1.3% YoY). Overall, Indonesia's external debt-to-GDP ratio decreased to 29.5% (Q4-2025: 30.0%), dominated by long-term debt (85.4%).
- **Economic liquidity, or broad money supply (M2), slowed to 9.2% YoY in April 2026** (Mar'26: 9.7%), reaching IDR10,253.7 trillion. This development was influenced by net receivables to the central government, which slowed to 38.6% YoY (Mar'26: 39.1%), amidst accelerated credit growth of 9.4% YoY (Mar'26: 8.9%).
- **The Government Budget (APBN) in April 2026 recorded a deficit of IDR164.4 trillion, equivalent to 0.64% of GDP**, a slight improvement from the deficit in March 2026 (IDR240.1 trillion/ 0.93% of GDP), although a reversal from the surplus of IDR4.3 trillion (0.02% of GDP) in April 2025. State revenue grew 13.3% YoY (Apr'25: -12.4%) to IDR918.4 trillion, supported by tax revenue growth reaching 16.1% YoY (Apr'25: -10.8%). Meanwhile, on the expenditure side, it was reported to have jumped 34.3% YoY (Apr'25: -5.1%) to IDR1,082.8 trillion, amidst the acceleration of central government spending by 51.1% YoY (Apr'25: -7.6%) and transfers to regions, which contracted -1.0% YoY (Apr'25: 0.7%). On the budget financing side, there was a widening of realization to IDR298.5 trillion, growing 6.2% YoY from IDR281.2 trillion.
- **The Government of the Republic of Indonesia has issued a policy centralizing the export of Natural Resource commodities through a single door via a new state-owned enterprise, PT Danantara Sumberdaya Indonesia (DSI).** The government stated that this policy is a structural restructuring measure to consolidate economic sovereignty, close

fiscal leakage gaps due to under-invoicing and transfer pricing, and ensure that Export Proceeds (*Devisa Hasil Ekspor/* DHE) are optimally absorbed domestically. This complex policy will be implemented in two stages: Stage 1 on June 1-August 31, 2026, which serves as a grace period, but reporting obligations to DSI must already be fulfilled, and Stage 2, which will be carried out no later than January 1, 2027, is the phase of full takeover of all commercial contracts, processing of export documents, and direct payment mechanisms through DSI. From a macroeconomic perspective, this single marketing facility instrument has the potential to boost state revenue by up to 1% of GDP, but its successful execution depends heavily on mitigating the risk of execution lag, ensuring legal certainty regarding existing long-term private contracts, and ensuring the DSI's governance capacity to operate efficiently without creating new bureaucratic inefficiencies that could trigger supply shocks in global commodity markets.

**Week Ahead Highlights**

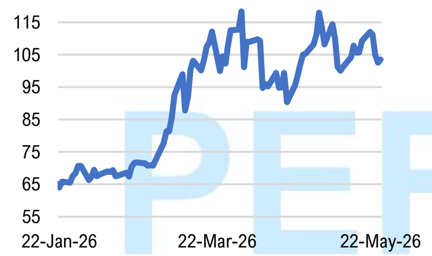
Developments in the Middle East war and efforts to restore energy exports from the region will continue to be a focus for global market players. PCE inflation will reflect the impact of rising energy prices in the US. Meanwhile, the second estimate of Q1-2026 GDP will also be released in the US, along with Canada. Inflation will also be a focus in the Eurozone and Australia, which will determine the direction of future monetary policy. In Asia, Japan will release several key data points, including the unemployment rate. Singapore will release inflation data and the final estimate of Q1-2026 GDP. Meanwhile, the Reserve Bank of New Zealand and the Bank of Korea will set interest rates. Domestically, this week will be quiet for economic data releases.

## Commodity markets remained volatile amid geopolitical sentiment and policy uncertainty.

- **Brent crude oil prices declined by 5.24% over the past week** amid high volatility in the global energy market, driven by developments in peace negotiations between the United States and Iran regarding the Middle East conflict. The decline was mainly caused by growing market optimism over the possibility of a deal that could restore energy distribution flows through the Strait of Hormuz, although negotiations remain overshadowed by disagreements over Iran's uranium program and control of the shipping route. Meanwhile, the market is also monitoring the potential increase in OPEC+ production in July, which could add to global supply. However, on Friday (22/5), Brent prices closed 0.94% higher at USD103.54 per barrel as investors again grew concerned that US-Iran peace talks had yet to show significant progress, keeping the risk of energy supply disruptions and restricted oil traffic through the Strait of Hormuz elevated.
- **Gold prices fell by 0.68% over the past week**, marking the second consecutive weekly decline amid rising market concerns over potential US interest rate hikes. Pressure on gold prices was driven by surging oil prices, driven by uncertainty over the Iran conflict and disruptions to energy flows through the Strait of Hormuz, which heightened global inflation risks. This condition led market participants to expect the Federal Reserve to maintain higher interest rates for longer, while also opening the possibility of additional rate hikes before year-end. The sentiment was further reinforced by rising US Treasury yields, which reduced gold's appeal as a non-yielding safe-haven asset. In addition, remarks from several Fed officials signaling the possibility of tighter monetary policy further increased pressure on the precious metals market throughout the week.
- **Coal prices edged up by 0.27% over the past week** amid mixed sentiment from Indonesia and China, affecting global supply and demand prospects. The increase was supported by easing market concerns after the Indonesian government decided to postpone the implementation of centralized exports through PT Danantara Sumberdaya Indonesia (DSI) until January 1, 2027, thereby limiting near-term risks of global coal supply disruptions. However, price gains remained constrained by weakening coal demand in China due to heavy rainfall, which boosted hydropower generation and reduced the need for coal-fired power plants. In addition, abundant domestic supply and rising coal inventories at mines and ports in China continued to pressure local coal prices and potentially reduce imports, including from Indonesia.
- **Crude palm oil (CPO) prices rose by 1.49%** over the past week amid increasing market uncertainty following Indonesia's new export policy. The bullish sentiment was driven by

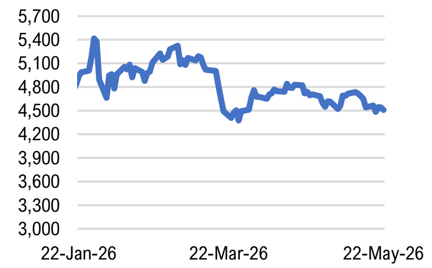
**Spotlight on Commodity Price Trends (as of May 22, 2026)**

**Brent Crude Oil (USD/Barrel)**




| Closing (USD/BRL) | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 103.54 | -5.24 | 1.60 | 60.68 | 70.16 |

**Gold (USD/troy oz)**




| Closing (USD/t Oz) | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 4,509.40 | -0.68 | -4.86 | 36.88 | 4.40 |

**Steam Coal (USD/MT)**

| Closing (USD/Ton) | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 132.05 | 0.27 | -0.56 | 31.92 | 22.84 |

concerns over potential global supply disruptions after the government announced plans to channel exports of strategic commodities, including CPO and RBD olein, through a new state export agency. Uncertainty regarding the product scope and implementation mechanism of the policy prompted market participants to adopt a wait-and-see approach while increasing hedging activities to anticipate supply risks. On the other hand, the large discount of Indonesian CPO prices compared to Malaysian prices triggered stronger demand from India, the world's largest vegetable oil importer, with significant purchases for June shipments. This condition also increased cross-border arbitrage activities and supported CPO price gains amid ongoing volatility in the global commodity market.

| Other Commodities | Closing Price | WoW (%) | MoM (%) | YoY (%) | YTD (%) | Other Commodities | Closing Price | WoW (%) | MoM (%) | YoY (%) | YTD (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Natural Gas (USD/MMBtu) | 2.91 | -1.79 | 6.80 | -10.64 | -21.13 | Crude Palm Oil (MYR/Ton) | 4,486.00 | 1.49 | -3.07 | 17.43 | 10.77 |
| Nickel (USD/MT) | 18,779.63 | 2.18 | 2.12 | 16.65 | 11.85 | Rubber (USD/Kg) | 221.80 | 0.23 | 6.02 | 29.40 | 23.29 |
| Copper (USD/MT) | 13,667.50 | 0.83 | 1.75 | 43.86 | 10.02 | Wheat (cents/bu) | 646.25 | 1.65 | 7.84 | 18.69 | 27.47 |
| Aluminum (USD/MT) | 3,649.50 | 2.43 | 1.00 | 48.60 | 21.83 | Corn (cents/bu) | 463.25 | 1.65 | 1.98 | 0.05 | 5.22 |
| Iron Ore (USD/MT) | 108.49 | -5.11 | -0.97 | 11.14 | 1.55 | Sugar (c/lb) | 14.70 | -0.68 | 8.33 | -15.52 | -2.07 |

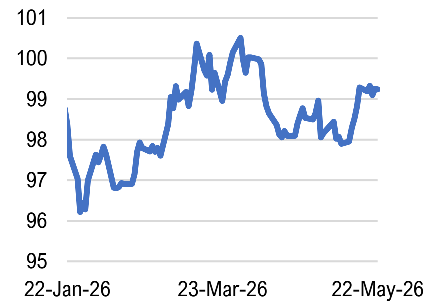
## Wall Street strengthened, while the IHSG came under pressure from risk-off sentiment and foreign outflows. The U.S. dollar weakened slightly on hopes for peace between the United States and Iran, while the rupiah remained under pressure from external risks and capital outflows.

- **Wall Street equities posted gains over the past week,** with the Dow Jones Industrial Average (DJIA) rising 2.13%, the S&P 500 gaining 0.88%, and the Nasdaq Composite increasing 0.45%. The rally was driven by growing investor optimism over the possibility of a peace agreement in the Middle East after signs of progress emerged in negotiations between the United States and Iran. In addition, positive sentiment was also supported by a strong corporate earnings season, particularly in the technology and semiconductor sectors, which continued to underpin market performance. Qualcomm shares surged sharply after reporting solid results, while other technology stocks also moved higher. Meanwhile, declining US Treasury yields boosted investor appetite for risk assets by raising hopes that pressures in financial markets were beginning to ease. The combination of geopolitical optimism and strong corporate fundamentals helped Wall Street extend its upward trend throughout the week.
- **Indonesia's Composite Stock Price Index (IHSG) experienced significant pressure throughout the past week**, declining by 8.35% to 6,162.045 and briefly touching its lowest level this year at 5,966. The market downturn was driven by a combination of external and domestic sentiment that pushed investors toward risk-off positioning. Globally, the Federal Reserve's hawkish stance heightened concerns that interest rates would remain high for longer, strengthening the US dollar and putting pressure on the rupiah. Domestically, Bank Indonesia's benchmark rate hike increased concerns over slowing liquidity and economic growth. Negative sentiment also stemmed from the planned single-gate export policy for strategic commodities, which raised concerns over the outlook for the commodity sector. In addition, foreign net selling and weakness in major conglomerate-linked stocks, such as those affiliated with Prajogo Pangestu and Sinar Mas, further weighed on IHSG performance throughout the week.
- **The U.S. Dollar Index moved slightly lower on a weekly basis after previously gaining support from higher U.S. Treasury yields.** The DXY closed at 99.24 on May 22, 2026, down 0.05% from May 15, 2026. The decline came as hopes increased for a U.S.-Iran agreement to end the war in the Middle East. However, inflationary pressure from the conflict continued to keep U.S. interest-rate expectations elevated. The market estimates about a 50% chance that the Federal Reserve will raise interest rates before year-end.
- **The rupiah weakened against the U.S. dollar as external pressure had not yet eased.** USD/IDR closed at IDR17,717 per U.S. dollar on May 22, 2026, up 0.68% from May 15, 2026. The depreciation occurred even after Bank Indonesia (BI) raised the BI Rate by 50 bps to 5.25%. Pressure came from the U.S. Dollar Index, which remained high at 99.19; Brent crude oil prices at USD105.93 per barrel; and potential capital outflows from Asia.

**Jakarta Composite Index (JCI)**

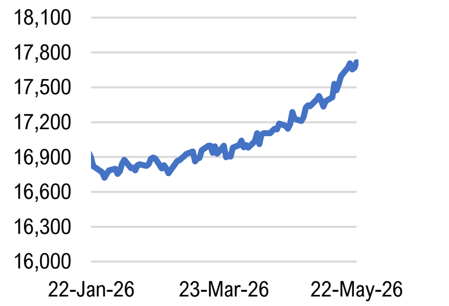

| Closing | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 6,162.05 | -8.35 | -18.29 | -14.02 | -28.74 |

**US Dollar Index (DXY)**




| Closing | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 99.24 | -0.05 | 0.86 | -0.72 | 0.93 |

**Rupiah Exchange Rate (USD/IDR)**



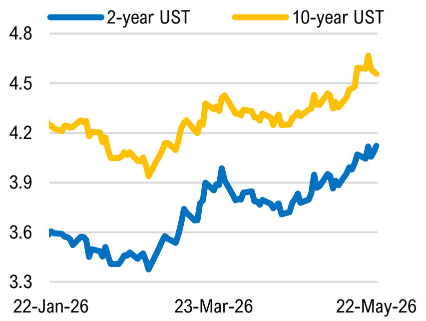

| Closing | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 17,717 | 0.68 | 3.35 | 8.51 | 6.22 |

**Financial Market Development**

| Other Stock Indices | Closing | WoW (%) | MoM (%) | YoY (%) | YTD (%) | Other Exchange Rates | Closing | WoW (%) | MoM (%) | YoY (%) | YTD (%) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| S&P500 (AS) | 7,473.47 | 0.88 | 4.70 | 27.93 | 9.17 | Euro (EUR/USD) | 1.16 | -0.19 | -1.20 | 2.85 | -1.22 |
| Dow Jones (AS) | 50,579.70 | 2.13 | 2.20 | 20.83 | 5.24 | Canadian Dollar (USD/CAD) | 1.38 | 0.49 | 1.13 | -0.28 | 0.68 |
| Nasdaq (AS) | 26,343.97 | 0.45 | 6.84 | 39.20 | 13.35 | Poundsterling (GBP/USD) | 1.34 | 0.80 | -0.56 | 0.10 | -0.31 |
| Euro Stoxx 50 (Zona Euro) | 6,019.45 | 3.29 | 1.92 | 10.97 | 3.94 | Japanese Yen (USD/JPY) | 159.18 | 0.28 | -0.12 | 10.53 | 1.58 |
| FTSE100 (Inggris) | 10,466.26 | 2.66 | -0.10 | 19.76 | 5.39 | Chinese Yuan (USD/CNY) | 6.80 | -0.22 | -0.38 | -5.66 | -2.74 |
| Nikkei225 (Jepang) | 63,339.07 | 3.14 | 6.30 | 71.25 | 25.82 | Singapore Dollar (USD/SGD) | 1.28 | -0.05 | 0.44 | -0.98 | -0.43 |
| Shanghai (Tiongkok) | 4,112.90 | -0.54 | 0.16 | 21.68 | 3.63 | Malaysian Ringgit (USD/MYR) | 3.97 | 0.33 | 0.43 | -7.15 | -2.27 |
| Hang Seng (Hong Kong) | 25,606.03 | -1.37 | -2.13 | 8.76 | -0.10 | Thailand Baht (USD/THB) | 32.67 | 0.06 | 1.43 | -0.47 | 3.74 |

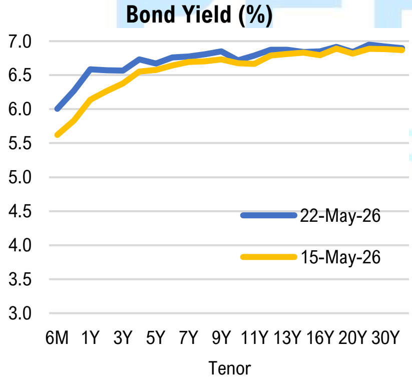
## Key Data Developments in Global and National Bond Markets

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




| Closing (%) | (bps Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| **2Y:** 4.121 | 5 | 34 | 13 | 65 |
| **5Y:** 4.258 | 0 | 35 | 16 | 53 |
| **10Y:** 4.558 | -4 | 27 | 3 | 39 |

**Weekly Development of Government Bond Yield (%)**

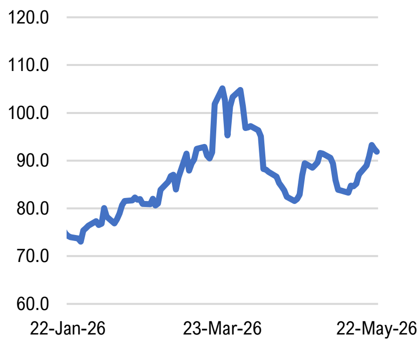



| Closing (%) | (bps Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| **2Y:** 6.679 | 33 | 78 | 43 | 168 |
| **5Y:** 6.713 | 10 | 38 | 21 | 116 |
| **10Y:** 6.737 | 5 | 14 | -11 | 67 |

## Global and domestic bond markets came under pressure from concerns over inflation, the direction of interest rates, oil prices, and domestic risks, while the government maintained financing through buybacks and government bond auctions.

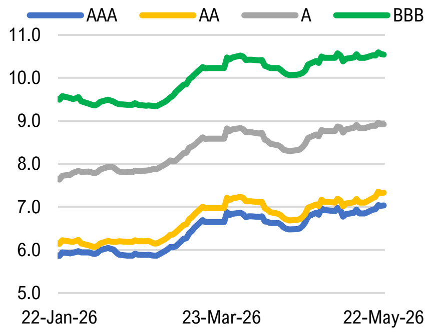
- **Global bond markets were pressured by concerns over inflation and the direction of interest rates.** The 10-year U.S. Treasury yield rose to 4.6310%, its highest level since February 2025. The 2-year yield reached 4.1020%, its highest level in 14 months. The 30-year yield increased to 5.1590%, its highest level in one year. Pressure emerged after oil prices rose again due to the continuing Middle East conflict and drone attacks on the Barakah nuclear facility in the United Arab Emirates. The market estimated a probability of more than 50% that the Federal Reserve would raise interest rates before year-end. The European Central Bank (ECB) was expected to raise interest rates next month, while the Bank of England could raise rates about twice this year. In Japan, the 30-year yield rose 17 bps to a record 4.170%, while the 10-year yield increased to 2.800%, the highest level since October 1996. Pressure in Japan increased after reports emerged of a plan to issue new debt to finance additional budget spending.
- **Pressure on Indonesia's government debt securities market increased as external and domestic sentiment had not yet eased.** The 2-year yield rose 33 bps to 6.679% on May 22, 2026, compared with May 15, 2026. The 5-year yield increased 10 bps to 6.713%. The 10-year yield rose 5 bps to 6.737%. Indonesia's 5-year CDS increased to 91.87, rising 5.48% week over week and 12.16% month over month. Pressure came from the still-high U.S. dollar, oil prices that remained above USD100 per barrel, and the still-limited yield spread between Indonesian Government Bonds and U.S. Treasuries. Domestic sentiment was also weighed down by concerns over the direction of economic policy, fiscal space, and the political risk profile. The government responded through a plan to buy back bonds of up to IDR2 trillion per day to attract investor interest.
- **The government prepared a government bond auction to finance the State Budget (APBN).** The auction on May 26, 2026, targeted IDR36 trillion, with potential absorption of up to 150% of the target. The instruments offered included nine government bond series, consisting of three Treasury Bills (SPN) and six Government Bonds (ON). Examples of the auctioned series included SPN12260702, FR0109, and FR0105. The instruments' maturities ranged from July 2, 2026, to July 15, 2064. SPNs were issued at a discount, while ON offered fixed coupons ranging from 5.875% to 7.125%.
- **The government conducted buybacks of government securities to maintain stability in the bond market and the rupiah.** Finance Minister Purbaya Yudhi Sadewa said the buyback realization had reached IDR600 billion since May 14, 2026, below the IDR2 trillion daily ceiling set by the Bond Stabilization Fund (BSF). The government assessed that foreign investor selling remained limited, so yields on government debt securities stayed under control. The buybacks were carried out to help Bank Indonesia (BI) maintain rupiah stability by boosting bond market confidence and increasing domestic U.S. dollar supply.
- **The government increased debt financing to support the State Budget (APBN) needs.** New debt drawdowns reached IDR305.5 trillion as of April 30, 2026, equivalent to 36.7% of the IDR832.2 trillion debt financing target. In total, budget financing realization reached IDR298.5 trillion, or 43.3% of the IDR689.1 trillion APBN ceiling. Non-debt financing stood at negative IDR7 trillion, reflecting government spending under that scheme. The government assessed that its ability to issue debt securities in domestic and global

**5 Year Credit Default Swap (CDS)**




| Closing | (% Change) | | | |
|---|---|---|---|---|
| | WoW | MoM | YoY | YTD |
| 91.87 | 5.48 | 12.16 | 9.45 | 33.43 |

**3-Year Corporate Bond Yield per Rating (%)**




Source: Bloomberg

markets remained strong, with financing managed prudently, taking liquidity, cash reserves, and global financial market dynamics into account.

- **PT Bumi Resources Tbk (BUMI) offered new bonds to finance its business group.** Shelf-Registered Bond I Phase V 2026 was issued with a value of IDR1.83 trillion as part of a shelf public offering (PUB) with a target of IDR5 trillion. The bonds were divided into three series, with tenors ranging from 370 days to five years and fixed interest rates of 7.50% to 9.05% per year. Around IDR1.50 trillion of the issuance proceeds will be lent to PT Arutmin Indonesia for working capital and operations. The remaining proceeds will be used for BUMI's working capital. PT Pemeringkat Efek Indonesia (PEFINDO) assigned an $_{id}$A+ rating to the bonds. In the first quarter of 2026, BUMI's revenue rose 19.75% yoy to USD417.65 million. Profit for the period attributable to owners of the parent entity increased to USD24.15 million from USD17.87 million. As of March 31, 2026, total assets stood at USD4.46 billion, liabilities at USD1.54 billion, and equity at USD2.92 billion.
- **PT Sarana Multi Infrastruktur (Persero) (SMII) prepared funds to meet maturing obligations on debt securities.** The prepared funds reached IDR1.36 trillion for the repayment of Shelf-Registered Bond II Phase II 2019 Series D and the payment of Mudharabah Sukuk I Phase III 2019 Series D, which mature on August 28, 2026. The amount consisted of IDR1.29 trillion in bond principal repayment and IDR76 billion in Mudharabah Sukuk Series D payment. The obligations covered conventional bonds and mudharabah sukuk issued by SMII.
- **PT Indika Energy Tbk (INDY) strengthened funding for its gold project as part of its business diversification.** INDY issued USD100 million in senior notes with a fixed coupon of 8.75% per year and maturity in 2029. The issuance proceeds will be used for capital expenditure on PT Masmindo Dwi Area's gold mining project in South Sulawesi. This action supports the company's transition from coal toward a more diversified portfolio. The company stated that the transaction was not a material one because its value did not exceed 20% of equity under the consolidated financial statements as of December 31, 2025.
- **PT Kereta Api Indonesia (Persero) (KAII) fulfilled its interest payment obligations on bond and sukuk instruments.** The sixth interest payment for Shelf-Registered Bond II Kereta Api Phase I 2024 Series A-C and Shelf-Registered Ijarah Sukuk II Phase I 2024 Series A-C was made on May 18, 2026, totaling IDR34.81 billion. The payment referred to an interest fund request from PT Kustodian Sentral Efek Indonesia (KSEI) through a letter dated April 30, 2026. The instruments formed part of KAII's funding to support the company's business development and operations.
- **PT Pemeringkat Efek Indonesia (PEFINDO) assigned the highest rating to PT Indosat Tbk (ISAT) and its funding instruments.** An $_{id}$AAA/Stable rating was assigned to ISAT for the period from May 8, 2026, to May 1, 2027. The rating reflected ISAT's superior capacity to meet long-term financial commitments compared with other Indonesian obligors. PEFINDO also assigned the highest rating to bonds worth IDR2.76 trillion and ijarah sukuk worth IDR726 billion. The rating assignment referred to audited financial statements as of December 31, 2025, and unaudited financial statements as of March 31, 2026.
- **PT Samudera Indonesia Tbk (SMDR) prepared a sukuk issuance to finance subsidiaries and fleet expansion.** Shelf-Registered Ijarah Sukuk I Phase III 2026 was issued with a value of IDR700 billion and a three-year tenor. The instrument has ijarah return installment payments of IDR57.75 billion per year, or equivalent to IDR82.5 million for each multiple of IDR1 billion per year. Around 65.71% of the issuance proceeds will be used to finance PT Samudera Perkapalan Indonesia. The remaining proceeds will be used to build one container vessel valued at IDR222.9 billion and to fund pre-operating costs for the vessel's launch, valued at IDR15.33 billion.

## 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 | 50,000.00 | 96.85 | 6.65 | 18,515,010 |
| PBS038 | 6.88 | 12/15/49 | 145,000.00 | 100.26 | 6.85 | 12,806,717 |
| FR0104 | 6.50 | 07/15/30 | 25,625.00 | 99.13 | 6.74 | 9,846,143 |
| FR0108 | 6.50 | 04/15/36 | 61,929.00 | 98.60 | 6.70 | 9,184,661 |
| FR0106 | 7.13 | 08/15/40 | 20,000.00 | 102.95 | 6.80 | 6,027,408 |

## Corporate Bonds

| Instruments | Rating | Coupon (%) | Matured (mm/dd/yy) | Size (IDR Mio) | Price | Yield (%) | Volume (Mio Unit) |
|---|---|---|---|---|---|---|---|
| Shelf Registration Bond I Merdeka Battery Materials Phase IV Year 2026 Series A | idA | 7.50 | 05/15/27 | 1,000 | 99.90 | 7.60 | 2,857,300 |
| Shelf Registration Sukuk Mudharabah I Lontar Papyrus Pulp & Paper Industry Phase I Year 2024 | idA(sy) | 11.00 | 10/04/29 | 10,000 | 107.78 | 8.32 | 1,029,000 |
| Shelf Registration Sukuk Ijarah I Bali Towerindo Sentra Phase III Year 2025 Series B | idA(sy) | 7.25 | 12/03/28 | 100,000 | 97.31 | 8.45 | 989,700 |
| Shelf Registration Sukuk Ijarah II Bumi Serpong Damai Phase II Year 2025 Series B | idAA(sy) | 6.50 | 12/17/35 | 70,000 | 93.53 | 7.45 | 900,000 |
| Shelf Registration Sustainability Sukuk Mudharabah I Bank BSI Phase II Year 2025 Series A | idAAA(sy) | 6.45 | 07/06/26 | 70,000 | 99.23 | 13.17 | 825,000 |

## Corporate Bonds Issuance

Throughout the third week of May 2026, 3 companies issued corporate debt securities valued at IDR1,375 billion.

| No. | Companies | Instruments | Issuance Date | Value [IDR Billion] | Interest Rate [%] | Tenor [Year] | Rating |
|---|---|---|---|---|---|---|---|
| 1 | PT TBS Energi Utama Tbk | Shelf Registration Bond I Phase III Year 2026 | May-18-2026 | 175.00 | 9.00 | 7 | idA |
| 2 | PT Energi Mega Persada Tbk | Shelf Registration Bond I Phase III Year 2026 Series A | May-22-2026 | 259.50 | 7.50 | 1 | idA+ |
| 3 | PT Energi Mega Persada Tbk | Shelf Registration Bond I Phase III Year 2026 Series B | May-22-2026 | 172.40 | 8.75 | 3 | idA+ |
| 4 | PT Energi Mega Persada Tbk | Shelf Registration Bond I Phase III Year 2026 Series C | May-22-2026 | 68.10 | 9.25 | 5 | idA+ |
| 5 | PT Samudera Indonesia Tbk | Shelf Registration Sukuk Ijarah I Phase III Year 2026 | May-22-2026 | 700.00 | 8.25 | 3 | idA+(sy) |
| Total | | | | 1,375.00 | | | |

Source: KSEI, IDX, database PEFINDO.

## Corporate Bonds Maturity for June 2026 Reaches IDR11.55 Trillion.

| No. | Company | Instruments | Maturity Date | Amount [IDR Billion] | Coupon [%] | Tenor [Years] | Rating |
|---|---|---|---|---|---|---|---|
| 1 | PT Lontar Papyrus Pulp & Paper Industry | Shelf Registration Bond III Phase III Year 2025 Series A | Jun-1-2026 | 201.65 | 7.00 | 1 | idA |
| 2 | PT Bank Rakyat Indonesia (Persero) Tbk | Shelf Registration Commercial Paper I Year 2025 Phase I Series C | Jun-2-2026 | 20.00 | 4.85 | 1 | idA1+ |
| 3 | PT Provident Investasi Bersama Tbk | Shelf Registration Bond I Phase II Year 2023 Series B | Jun-7-2026 | 429.00 | 8.50 | 3 | idA |
| 4 | PT Bussan Auto Finance | Shelf Registration Bond III Phase III Year 2025 Series A | Jun-8-2026 | 240.00 | 6.50 | 1 | idAAA |
| 5 | PT Pegadaian | Shelf Registration Bond VI Phase II Year 2025 Series A | Jun-8-2026 | 2,148.11 | 6.65 | 1 | idAAA |
| 6 | PT Pegadaian | Shelf Registration Social Bond I Phase II Year 2025 Series A | Jun-8-2026 | 954.25 | 6.65 | 1 | idAAA |
| 7 | PT Pegadaian | Shelf Registration Sukuk Mudharabah III Phase IV Year 2025 Series A | Jun-8-2026 | 1,517.22 | 6.65 | 1 | idAAA(sy) |
| 8 | PT Profesional Telekomunikasi Indonesia | Shelf Registration Bond III Phase III Year 2023 Series B | Jun-8-2026 | 296.00 | 6.50 | 3 | AAA(idn) |
| 9 | PT Sinar Mas Agro Resources and Technology Tbk | Shelf Registration Bond III Phase I Year 2021 Series C | Jun-10-2026 | 300.00 | 9.25 | 5 | idAA- |
| 10 | PT Bank Syariah Indonesia Tbk | Shelf Registration Sustainability Sukuk Mudharabah I Phase I Year 2024 Series B | Jun-14-2026 | 220.00 | 6.70 | 2 | idAAA(sy) |
| 11 | PT BFI Finance Indonesia Tbk | Shelf Registration Bond V Phase V Year 2023 Series B | Jun-15-2026 | 850.00 | 7.00 | 3 | AA-(idn) |
| 12 | PT Pegadaian | Shelf Registration Bond V Phase III Year 2023 Series B | Jun-16-2026 | 400.00 | 6.20 | 3 | idAAA |
| 13 | PT Suparma Tbk | MTN III Year 2021 Phase I | Jun-17-2026 | 83.79 | 5.50 | 5 | - |
| 14 | PT Pelabuhan Indonesia (Persero) | Bond I Year 2016 Series D | Jun-21-2026 | 50.00 | 9.50 | 10 | idAAA |
| 15 | PT Waskita Karya Realty | MTN III Phase II Year 2022 | Jun-21-2026 | 120.00 | 12.10 | 4 | - |
| 16 | PT Adira Dinamika Multi Finance Tbk | Shelf Registration Sukuk Mudharabah I Phase III Year 2023 Series B | Jun-22-2026 | 200.00 | 8.50 | 3 | idAAA(sy) |
| 17 | PT Indah Kiat Pulp & Paper Tbk | Shelf Registration Bond V Phase IV Year 2025 Series A | Jun-22-2026 | 327.43 | 6.75 | 1 | idA+ |
| 18 | PT Indah Kiat Pulp & Paper Tbk | Shelf Registration Bond USD II Phase III Year 2025 Series A | Jun-22-2026 | USD1.52 mn/IDR24.66 bn | 5.75 | 1 | idA+ |
| 19 | PT Indah Kiat Pulp & Paper Tbk | Shelf Registration Sukuk Mudharabah IV | Jun-22-2026 | 357.08 | 6.75 | 1 | idA+(sy) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | Phase IV Year 2025 Series A | | | | | |
| 20 | PT Len Industri (Persero) | MTN I Phase I Year 2023 Series A | Jun-22-2026 | 100.00 | 11.45 | 3 | - |
| 21 | PT MNC Kapital Indonesia Tbk | Shelf Registration Bond V Phase II Year 2025 Series A | Jun-22-2026 | 3.50 | 9.00 | 1 | idBBB+ |
| 22 | PT Waskita Karya Realty | MTN III Phase III Year 2022 | Jun-26-2026 | 120.00 | 12.10 | 4 | - |
| 23 | PT BFI Finance Indonesia Tbk | Shelf Registration Bond VI Phase II Year 2025 Series A | Jun-27-2026 | 414.30 | 6.45 | 1 | AA-(idn) |
| 24 | PT KB Finansia Multi Finance | Bond II Year 2023 Series B | Jun-27-2026 | 500.00 | 7.30 | 3 | AAA(idn) |
| 25 | PT MNC Kapital Indonesia Tbk | Shelf Registration Bond III Phase II Year 2023 Series B | Jun-27-2026 | 83.56 | 11.25 | 3 | idBBB+ |
| 26 | PT Permodalan Nasional Madani | Sukuk Mudharabah Jangka Menengah VII Year 2025 Phase I | Jun-27-2026 | 180.00 | Floating | 1 | idAAA(sy) |
| 27 | PT Bank Victoria International Tbk | Shelf Registration Subordinated Bond II Phase I Year 2019 | Jun-28-2026 | 250.00 | 11.75 | 7 | idBBB |
| 28 | PT Waskita Karya Realty | MTN III Phase IV Year 2022 | Jun-29-2026 | 100.00 | 12.10 | 4 | - |
| 29 | PT Angkasa Pura Indonesia | Bond I Year 2016 Series C | Jun-30-2026 | 900.00 | 9.00 | 10 | idAAA |
| 30 | Efek Beragun Aset Avrist AM CF 01 – Tagihan Spaylater Kelas A | Efek Beragun Aset Avrist AM CF 01 – Tagihan Spaylater Class A | Jun-30-2026 | 160.00 | 8.50 | 1 | - |
| **Total** | | | | **11,550.55** | | | |

## Weekly Sector Highlights

**During May 18-22, 2026, domestic sectoral sentiment was predominantly influenced by the impact of rupiah depreciation, increases in the BI policy rate, and developments in industry-related policies.**

| Industries | Sentiment & Significance | News Highlights |
|---|---|---|
| **Automotive** | ○ | **Electric Vehicle Incentives Are Temporary and Subject to Evaluation.** The government has emphasized that tax incentives for electric vehicles are not permanent and will be evaluated periodically in line with industry developments, adoption rates, and infrastructure readiness. The incentives are considered relevant as long as electric vehicle penetration has not reached approximately 50% of the total vehicle population, to maintain adoption momentum and reduce dependence on fuel imports. On the other hand, premature imposition of taxes could hinder the growth of electric vehicles, particularly as they are still perceived as luxury goods and require supportive policy measures. Ecosystem development is also ongoing, as reflected in the expansion of public electric vehicle charging stations (SPKLU), which have reached 5,000 units across more than 3,000 locations. |
| **Banking** | ●● | **BI Rate Hike Weighs on Bond Issuance Appetite.** The increase in Bank Indonesia's policy rate by 50 basis points to 5.25% is expected to reduce banks' interest in issuing bonds or debt securities. A higher interest rate environment tends to suppress credit demand, thereby limiting banks' need to seek additional funding. In addition, the cost of bond issuance rises as banks must offer higher yields to remain attractive to investors. In line with this, banks are becoming more cautious in determining funding strategies, particularly amid uncertainty regarding the impact of higher interest rates on funding costs and operational performance. Relatively weak credit demand is also expected to persist, as businesses remain concerned about rising borrowing costs. In this context, liquidity management is becoming increasingly crucial, with adjustments in debt issuance taking into account cost efficiency and market dynamics. |
| **Insurance and Guarantee** | ●●● | **The Guarantee Industry Records Moderate Growth, OJK Strengthens Foundations and Capacity.** The Financial Services Authority (OJK) recorded that by the end of 2025, there were 24 guarantee institutions with total assets of IDR47.51 trillion, growing 2.42% (YoY), while the outstanding value of guarantees reached IDR406.43 trillion, with productive guarantees dominating at 70.91% and a gearing ratio of 20.50 times. Guarantee Service Fee (IJP) income was recorded at IDR8.2 trillion with a claim ratio of 83.42%. OJK continues to promote industry strengthening through compliance- and risk-based policies, increased equity, and the development of an integrated guarantee ecosystem. In addition, guarantee companies are required to meet at least 75% of the minimum equity requirement by the end of 2026. The guarantee industry is considered increasingly strategic in expanding access to financing, particularly for MSMEs and productive sectors, amid global economic pressures. |
| **Metal and Gold** | ●●● | **High Demand Supports Gold Issuers' Prospects Despite Price Correction.** The performance outlook for listed gold producers in 2026 is considered to remain positive amid a significant increase in domestic demand. Data from the World Gold Council shows that demand for gold bars in Indonesia grew by 47% (YoY) to 23.6 tons in the first quarter of 2026, reflecting gold's role as a safe-haven asset amid economic uncertainty and inflation. Although gold prices corrected by |

| Industries | Sentiment & Significance | News Highlights |
|---|---|---|
| | | approximately 5.03% over the past month, on a year-to-date basis, they still recorded a 5.28% increase, remaining at relatively high levels. This condition opens opportunities for profit growth, particularly for upstream issuers with low production costs and large reserves. Meanwhile, downstream issuers have the potential to record sales volume growth and expand their customer base in line with strong demand. Over the medium to long term, expectations of continued bullish gold prices further enhance the sector's attractiveness for investors. |
| **Mining** | | **The Establishment of Danantara DSI Raises Hopes for Increased Foreign Exchange and Market Concerns.** The government has established PT Danantara Sumberdaya Indonesia (DSI) as a state-owned enterprise that will act as an export trader for strategic natural resource commodities, such as palm oil, coal, and ferro alloys, with the aim of improving transparency and closing potential foreign exchange leakages. The policy is driven by findings of under-invoicing practices and export manipulation, which are estimated to have resulted in potential revenue losses of up to US$150 billion per year. Through a phased approach leading to full implementation after 2026, DSI will take over export transactions to ensure more accountable recording of prices, volumes, and foreign exchange flows. On the other hand, S&P Global Ratings has highlighted potential risks, including supply chain disruptions, declining market confidence, and pressure on export performance and the balance of payments. Several associations have also expressed concerns over the impact on pricing at the business and farmer levels, as well as the potential reduction in market flexibility. With natural resource exports accounting for approximately 60% of total national exports, the effectiveness of this policy's implementation will be critical for balancing increased state revenue with the stability of the trade ecosystem. |
| **Multifinance** | | **Multifinance Firms Anticipate Interest Rate Pressures Through Optimized Funding Strategies.** The Financial Services Authority (OJK) assesses that potential increases in benchmark interest rates and bond yields may raise funding costs for multifinance companies, which remain reliant on bank loans. In response, industry players have begun optimizing their funding structures, including increasing the proportion of short-term tenors, utilizing more competitive joint financing schemes, and exercising greater selectivity in bond issuance. Accordingly, diversification of funding sources remains a key strategy to address rising interest rates. These measures reflect the multifinance industry's efforts to maintain liquidity and stable growth amid financial market dynamics. |
| **Oil and Gas** | | **Surging Oil Prices and Rupiah Depreciation Increase Pressure on Energy Subsidy Burden.** The rise in global crude oil prices, which have exceeded USD100 per barrel, combined with the depreciation of the rupiah, has significantly increased pressure on Indonesia's energy subsidy burden. With the Indonesian Crude Price (ICP) well above the state budget target and a weakening exchange rate, total fuel subsidy costs are projected to expand, requiring an additional allocation of approximately IDR65–70 trillion at current prices. On the other hand, the policy of maintaining fuel prices—both subsidized and non-subsidized, such as Pertamax—further intensifies fiscal pressure and could result in additional compensation costs, including a burden of around IDR5–6 trillion per month for Pertamina. In response to this situation, a comprehensive strategy is required, including increased upstream production, diversification of procurement, and more efficient energy consumption management. The government also faces policy choices regarding subsidy schemes, including the discourse on shifting from Pertalite to Pertamax to improve fuel quality while reducing environmental impact. |
| **Plantation and Agriculture** | | **Rupiah Depreciation Drives Rising Agricultural Production Costs.** The weakening of the rupiah against the US dollar has increased the burden on farmers, particularly through rising prices of non-subsidized fertilizers that depend on imported raw materials. Although the government has reduced subsidized fertilizer prices by up to 20%, limited quotas have left farmers reliant on significantly more expensive non-subsidized fertilizers, with prices reaching 7–10 times higher. This condition has driven a substantial increase in production costs, compounded by pressures from other inputs such as labor, seeds, and fuel. Farmers have also highlighted fertilizer export policies amid still-high domestic demand and called for prioritizing domestic market allocation. In addition, fertilizer prices are likely to continue rising in line with the rupiah's depreciation and the reliance on imported raw materials. More broadly, strengthening support for agricultural inputs is considered essential to maintaining productivity, enhancing competitiveness, and expanding export opportunities for agricultural commodities amid global market dynamics. |
| **Power and Energy** | | **PLN's 2025 Performance Remains Solid Amid Exchange Rate Pressures.** PT Perusahaan Listrik Negara (PLN) recorded revenue of IDR582.68 trillion in 2025, growing 6.84% compared to IDR545.38 trillion in 2024. Amid global exchange rate volatility that led to foreign exchange losses of IDR12.46 trillion, PLN still posted a net profit of IDR7.26 trillion. Operational performance also |

| Industries | Sentiment & Significance | News Highlights |
|---|---|---|
| | | improved, with electricity sales reaching 317.69 TWh, up 3.75% YoY. Connected customer capacity increased by 5.82% to 192,621 MVA. In line with this, revenue from new customer connections rose significantly by 28.4% to IDR2.24 trillion. Overall, these achievements reflect PLN’s resilient performance amid external pressures, supported by the expansion of its customer base. |
| **Property** | ●●● | **Interest Rate and Rupiah Pressures Weigh on Property Issuers’ Outlook.** The increase in the BI rate by 50 basis points to 5.25%, along with the rupiah’s depreciation remaining around IDR17,600 per US dollar, is expected to pressure the performance of property issuers throughout 2026. The impact is primarily felt through higher funding costs and rising construction expenses due to more expensive imported materials. Issuers with exposure to US dollar-denominated debt are the most vulnerable, although some have implemented hedging strategies to mitigate earnings volatility. On the demand side, high interest rates and weakening purchasing power are likely to constrain property sales, particularly in the lower- to middle-income segments, while the premium segment remains relatively more resilient. |
| **Transportation and Vehicle Rental** | ○ | **Commission Adjustment Drives Business Strategy Optimization.** The implementation of Presidential Regulation No. 27 of 2026, which caps platform commission fees at a maximum of 8%, has prompted GOTO to adjust its business strategy, including discontinuing the GoRide Hemat program and revising revenue-sharing schemes with driver partners. The policy increases drivers’ income share to 92% of fares, but may put pressure on the company’s mobility service revenues. On the other hand, the company is seeking to offset margin pressures by optimizing other business lines, including fintech services and e-commerce collaborations. Analysts assess that the commission adjustment could lead to higher platform fees, which may risk dampening demand growth. |

Source: Bloomberg Technoz, CNBC Indonesia, CNN Indonesia, Detik Finance, Harian Kontan, Infobank News, Investor Daily, and Kompas (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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