

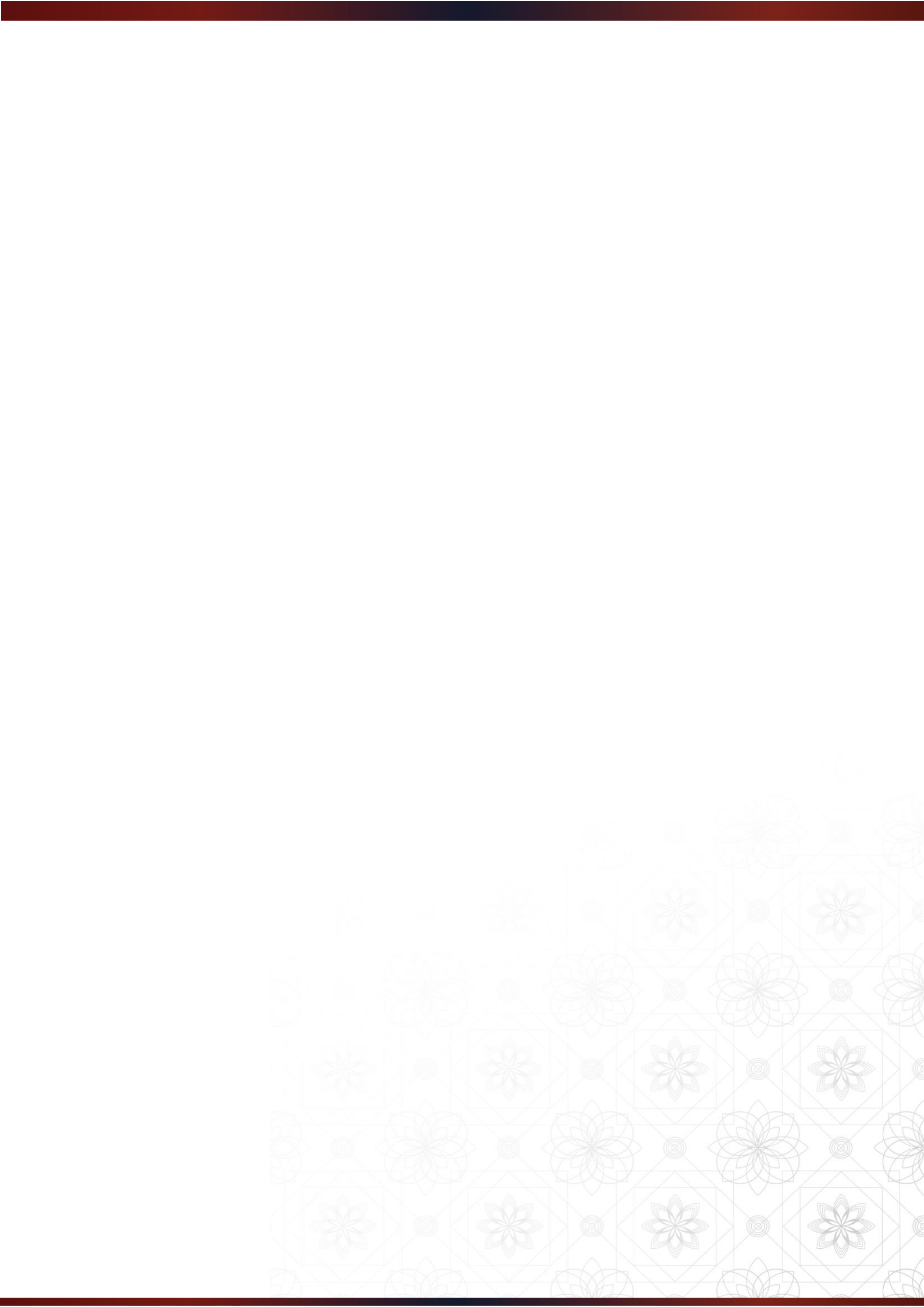


BANK INDONESIA  
BANK SENTRAL REPUBLIK INDONESIA

# MONETARY POLICY REVIEW

SEPTEMBER 2025







## FOREWORD

Bank Indonesia has a mandate, namely to achieve Rupiah stability, maintain payment system stability, and to include maintaining financial system stability in order to support sustainable economic growth. Nevertheless, rupiah stability encompasses two aspects, namely price stability of goods and services, as reflected in stable inflation, as well as rupiah exchange rate stability to currencies in other countries. The inflation target was set by the Government, in coordination with Bank Indonesia, at  $2.5 \pm 1\%$  in 2025. To that end, Bank Indonesia implements sustainable, consistent, and transparent monetary policy through effort to achieve low and stable inflation, a stable exchange rate, and an adequate level of foreign exchange reserves. In pursuance of its mandate, Bank Indonesia institutes an optimal mix of monetary,

macroprudential, and payment system policies.

Bank Indonesia regularly publishes the Monetary Policy Review after the Board of Governors Meeting has been convened in February, March, May, June, August, September, November, and December. The Review has two primary functions, namely: (i) to provide economic data, analysis and projections to help form and anchor rational expectations as part of the anticipative monetary policymaking framework; and (ii) as a medium for the Board of Governors to publicly explain and clarify the various considerations underlying monetary policy decision-making at Bank Indonesia.



## The Board of Governors

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**PERRY WARJIYO**

Governor

**DESTRY DAMAYANTI**

Senior Deputy Governor

**JUDA AGUNG**

Deputy Governor

**AIDA S. BUDIMAN**

Deputy Governor

**FILIANINGSIH HENDARTA**

Deputy Governor

**RICKY PERDANA GOZALI**

Deputy Governor





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# Executive Summary

The global economy remains on a slowing trend, weighed down by the impact of reciprocal tariff measures by the United States (US) and persistently **high uncertainty**. Various indicators show weaker economic performance across most countries, with notable growth disparities across countries. In the US, business confidence has weakened following the implementation of tariff policies, which have lowered household consumption and increased unemployment. China's economic performance has also slowed, driven by declining exports particularly to the US, impacted by reciprocal tariffs and weaker domestic demand, especially investment. The economies of Europe and Japan are also on a downward trend in line with subdued export performance. Meanwhile, India's economy slightly improved, supported by fiscal stimulus to bolster consumption. In the global financial markets, US Treasury yields have declined in response to expectations of FFR cut, pushing down the US dollar index (DXY). Against a backdrop of high uncertainty, global capital has increasingly flowed into gold, while inflows to emerging markets remain subdued. Looking ahead, global financial market volatility is expected to persist, necessitating stronger policy responses and close coordination to maintain domestic economic resilience.

From the domestic side, Indonesia's economic growth needs to be further enhanced to optimise the economy's capacity. In the third quarter of 2025, several indicators show that household consumption remains subdued, affected by declining consumer expectations, especially among lower-middle income groups, and limited job opportunities. Investment also needs to be further strengthened through the accelerated realization of various Government priority programs, including the development of Special Economic Zones (SEZ) across regions. Meanwhile, exports are projected to improve, supported by rising exports of agricultural and manufacturing products, particularly crude palm oil (CPO) to India, following a reduction in import duties. Indonesia's Balance of Payments (BOP) remains sound and supports external resilience. The Rupiah exchange rate remains stable, supported by Bank Indonesia's stabilization policies amid high global uncertainty. In general, inflationary pressures remain low and maintained. The decline in money market rates and Government Securities (SBN) yields in line with Bank Indonesia's monetary policy easing, needs to be followed by a reduction in bank deposit and lending rates. The performance of digital economic and financial transactions in August 2025 remained robust, supported by a secure, smooth, and reliable payment system.



Global economic prospects potentially to be lower than earlier projections. Taking into account recent global developments and dynamics, Bank Indonesia projects global economic growth in 2025 potentially lower than previous projection, at around 3.0%.

On the domestic front, Bank Indonesia will continue to strengthen policy synergy with the Government, aligning with fiscal stimulus and real sector measures to support economic growth while maintaining macroeconomic stability. With stronger policy synergy between Bank Indonesia and the Government, economic growth in the second half of 2025 is projected to improve, bringing full-year growth above the midpoint of the 4.6–5.4% range. External resilience is projected to remain sound and Rupiah to remain stable, supported by Bank Indonesia's commitment to maintain Rupiah stability, alongside attractive yields, low inflation and the positive economic growth outlook for Indonesia. CPI inflation will stay well-managed and within the target corridor of  $2.5\pm 1\%$  in both 2025 and 2026. Given the developments through August 2025, Bank Indonesia projects that bank credit growth in 2025 in the range of 8–11%.

The Bank Indonesia (BI) Board of Governors' Meeting (RDG) on 16-17<sup>th</sup> September 2025 decided to lower the BI-Rate by 25 bps to 4.75%, the Deposit Facility rate by 50 bps to 3.75%, and the Lending Facility rate by 25 bps to 5.50%. This decision is consistent with the coordinated efforts to support economic growth while maintaining inflation in 2025 and 2026 within the target of  $2.5\pm 1\%$  and Rupiah exchange rate stability in line with its fundamentals. Looking ahead, Bank Indonesia will continue to closely monitor the outlook for economic growth and inflation in utilizing the room for a policy rate reduction, while taking into account Rupiah exchange rate stability. In line with this, monetary liquidity expansion and accommodative macroprudential policies will be further strengthened to lower interest rates, increase liquidity, and boost lending/financing in support of higher economic growth. Payment system policies will also remain directed toward supporting economic growth by expanding digital payment acceptance, strengthening the structure of the payment system industry, and reinforcing the resilience of payment system infrastructure.



## CHAPTER 1

# Global and Domestic Economic Developments

The global economy remains on a slowing trend, weighed down by the impact of reciprocal tariff measures by the United States (US) and persistently high uncertainty. Various indicators show weaker economic performance across most countries, with notable growth disparities across countries. In the US, business confidence has weakened following the implementation of tariff policies, which have lowered household consumption and increased unemployment. China's economic performance has also slowed, driven by declining exports particularly to the US, impacted by reciprocal tariffs and weaker domestic demand, especially investment. The economies of Europe and Japan are also on a downward trend in line with subdued export performance. Meanwhile, India's economy slightly improved, supported by fiscal stimulus to bolster consumption. With these developments, Bank Indonesia projects global economic growth in 2025 potentially lower than previous projection, at around 3.0%. The restrained global economic outlook and milder inflationary

pressures have led most central banks—except Japan—to implement accommodative monetary policy. The probability of a Federal Funds Rate (FFR) cut has also increased, in line with rising unemployment in the US. In the global financial markets, US Treasury yields have declined in response to expectations of FFR cut, pushing down the US dollar index (DXY). Against a backdrop of high uncertainty, global capital has increasingly flowed into gold, while inflows to emerging markets remain subdued.

Indonesia's economic growth needs to be further enhanced to optimise the economy's capacity. In the third quarter of 2025, several indicators show that household consumption remains subdued, affected by declining consumer expectations, especially among lower-middle income groups, and limited job opportunities. Investment also needs to be further strengthened through the accelerated realization of various Government priority programs, including the development of Special Economic Zones (SEZ) across



regions. Meanwhile, exports are projected to improve, supported by rising exports of agricultural and manufacturing products, particularly crude palm oil (CPO) to India, following a reduction in import duties.

**Indonesia's Balance of Payments (BOP) remains sound and supports external resilience.** The trade balance in July 2025 recorded a higher surplus of USD 4.2 billion, supported by agricultural commodities and manufacturing exports, which are expected to keep the current account deficit low in the third quarter of 2025. Meanwhile, the capital and financial account is expected to remain manageable, supported by direct investment and a continued portfolio investment surplus. In the third quarter of 2025 (as of 15<sup>th</sup> September 2025), portfolio investment in Government Securities (SBN) recorded net inflows of USD 432 million, continuing the net inflows of USD 1.6 billion in the second quarter of 2025. At the end of August 2025, the position of foreign exchange reserves stood at USD 150.7 billion, equivalent to 6.3 months of imports or 6.1 months of imports and servicing Government external debt payments, and well above the international adequacy standard of around 3 months of imports.

**The Rupiah exchange rate remains stable, supported by Bank Indonesia's stabilization policies amid high global uncertainty.** The Rupiah exchange rate against the US dollar in September 2025 (as of 16<sup>th</sup> September 2025) strengthened by 0.30% (ptp) compared with the level at end of August 2025. Rupiah stability is supported by the consistency of Bank Indonesia's stabilization policy amid high global financial market uncertainty, as well as increased foreign exchange conversion into Rupiah by exporters in line with the implementation of strengthened regulations on foreign exchange proceeds of exports of natural resources (DHE SDA). In general, Rupiah exchange rate movements are relatively stable compared with currencies in other developing economies and advanced economies.

**In general, inflationary pressures remain low and maintained.** Consumer Price Index (CPI) inflation in August 2025 was recorded low at 2.31% (yoy), underpinned lower core inflation and administered prices (AP). Core inflation fell to 2.17% (yoy), influenced by economic growth that remains below capacity, monetary policy consistency to anchor inflation expectations to the target corridor, as well as low imported inflation. Administered prices inflation decelerated to 1.00% (yoy), driven by adjustments in non-subsidized fuel prices and airline ticket discounts in commemoration of Independence Day 2025. Meanwhile, volatile food (VF) inflation rose

to 4.47% (yoy), mainly driven by higher rice prices following the end of the main harvest season.

**Bank Indonesia's policy mix continues to be strengthened to support economic growth and maintain economic stability.** Monetary policy has been implemented through BI-Rate reductions, stabilization of the Rupiah exchange rate, and monetary liquidity expansion. The BI-Rate has been lowered by 125 bps since September 2024, reaching 5.00%, its lowest level since 2022. Bank Indonesia continues strengthening its stabilization policy response, including measured intervention in offshore NDF markets and triple intervention strategy with a focus on spot and DNDF transactions, while also purchasing SBN in the secondary market. Bank Indonesia has also undertaken liquidity expansion by reducing the outstanding position of SRBI from Rp916.97 trillion at the beginning of 2025 to Rp716.62 trillion as of 15<sup>th</sup> September 2025. In addition, Bank Indonesia purchased SBN as part of close synergy between monetary and fiscal policies, which up to 16<sup>th</sup> September 2025 reached Rp217.10 trillion, including secondary market purchases and debt switching programs with the Government amounting to Rp160.07 trillion. The SBN purchase in the secondary market were conducted according to market mechanisms, measured, transparent, and consistent with monetary programs in maintaining economic stability, thereby preserving monetary policy credibility. Monetary policy is also supported by macroprudential liquidity incentive policy (KLM) and the acceleration of payment system digitalization to encourage economic growth.

**Bank Indonesia continues to strengthen the implementation of the Macroprudential Liquidity Incentive Policy (KLM) to encourage bank credit/financing growth.** As of the first week of September 2025, Bank Indonesia disbursed KLM incentives totalling Rp384 trillion, with Rp170 trillion allocated to state-owned banks and national private commercial banks (BUSN) respectively, Rp38.5 trillion to regional development banks (BPD), and Rp5.7 trillion to foreign bank branches (KCBA). By sector, KLM incentives were allocated to priority sectors, namely agriculture, real estate, public housing, construction, trade and manufacturing, transportation, warehousing, tourism and the creative economy, as well as MSMEs, ultra-micro enterprises, and green sectors.

**The decline in money market rates and Government Securities (SBN) yields in line with Bank Indonesia's monetary policy easing, needs to be followed by a reduction in bank lending and deposit rates.** In the money market, consistent with the 125 bps cumulative



BI-Rate cut since September 2024 and Bank Indonesia's monetary liquidity expansion, the INDONIA rate declined by 144 bps from 6.03% at the beginning of 2025 to 4.59% as of 16<sup>th</sup> September 2025. SRBI rates for 6, 9, and 12-month tenors also fell by 210 bps, 213 bps, and 219 bps respectively, to 5.06%, 5.07%, and 5.08% as of 12<sup>th</sup> September 2025. SBN yields on tenors of 2 years decreased by 185 bps from 6.96% at the beginning of 2025 to 5.11% on 16<sup>th</sup> September 2025, while SBN yields on tenors of 10 years have also decreased by 94 bps from a peak of 7.26% in the middle of January 2025 to 6.32% currently. However, the decline in bank interest rates has remained slow and therefore needs to be accelerated. Compared with the 125 bps reduction in the BI-Rate, the 1-month deposit rate only decreased by 16 bps from 4.81% at the beginning of 2025 to 4.65% in August 2025, primarily influenced by special rates offered to large depositors, which account for around 25% of total third-party funds (DPK) in banks. The decline in bank lending rates has been even slower, down just 7 bps from 9.20% at the beginning of 2025 to 9.13% in August 2025.

**Loosened monetary policy has also increased the money supply, which is expected to rise further in line with fiscal expansion by the Government to stimulate the real sector.** Growth of adjusted base money (M0) -- which has considered the impact of the decline in banks' Minimum Reserve Requirement (GWM) at Bank Indonesia due to the provision of the Macroprudential Liquidity Incentive Policy (KLM) -- was recorded at 7.34% (yoy) in August 2025, higher than the growth of M0 (excluding the impact of KLM) of 0.34% (yoy). Based on the affecting factors, higher adjusted M0 growth stemmed from the expansion of Net Foreign Assets (NFA) in line with the higher foreign reserves, while the Net Claims on Government (NCG) component contracted, holding a further increase in adjusted M0 growth. Expansionary monetary policy is also reflected in the growth of broad money (M2) which increased from 5.46% (yoy) in January 2025 to 6.53% (yoy) in July 2025. In terms of components, the increase in the growth of M2 was influenced by an increase in the growth of narrow money (M1), from 7.25% (yoy) in January 2025 to 8.72% (yoy) in July 2025, in line with the increase in the growth of currency outside Commercial Banks and Rural Banks from 10.30% (yoy) in January 2025 to 10.98% (yoy) in July 2025. In terms of affecting factors, the increase in M2 mainly contributed by an increase in Net Foreign Assets (NFA) in line with an increase in foreign exchange reserves. Meanwhile, other factors, namely Net Bills to the Central Government are still contracting while credit growth remains low.

**Bank lending must continue to be increased to support economic growth.** Credit growth in August 2025 remains weak at 7.56% (yoy), despite accelerating from 7.03% (yoy) in July 2025. On the demand side, the main contributors to restrained credit growth include the wait-and-see attitude prevalent in the corporate sector, persistently high lending rates and the propensity to use internal funds for business financing. Consequently, undisbursed loans in the banking industry remain large, reaching Rp2,372.11 trillion in August 2025, or 22.71% of the loans available. The largest undisbursed loan ratios were in the Manufacturing, Mining, Business Services, and Trade sectors, mainly in the form of working capital loans. On the supply side, the increase in lending was supported by ample banking liquidity, as reflected in the high ratio of Liquid Assets to Third-Party Funds (AL/DPK) of 27.25% in August 2025, in line with monetary liquidity expansion and Bank Indonesia's KLM, as well as improved willingness of banks to extend credit, as reflected in looser lending requirements. Nevertheless, high lending rates remain one of the factors constraining further increases in lending/financing to support higher economic growth.

**The banking sector remains resilient and continues to support financial system stability.** Bank capital remains high, accompanied by ample liquidity and low credit risk. The Capital Adequacy Ratio (CAR) in June 2025 stood at 25.81%, adequate to absorb risk. Meanwhile, banking liquidity also remained ample, as reflected in the high ratio of Liquid Assets to Third-Party Funds (AL/DPK), which reached 27.08% in July 2025. The banking sector's Non-Performing Loan (NPL) ratio remained low at 2.22% (gross) and 0.84% (net) in June 2025. The latest BI stress tests indicate solid banking industry resilience, supported by maintained corporate repayment capacity and profitability.

**The banking sector remains resilient and continues to support financial system stability.** Bank capital remains high, accompanied by ample liquidity and low credit risk. The Capital Adequacy Ratio (CAR) in July 2025 stood at 25.88%, adequate to absorb risk. The banking sector's Non-Performing Loan (NPL) ratio remained low at 2.28% (gross) and 0.86% (net) in July 2025. The latest BI stress tests indicate solid banking industry resilience, supported by maintained corporate repayment capacity and profitability.

**The performance of digital economic and financial transactions in August 2025 remained robust, supported by a secure, smooth, and reliable payment**

**system.** digital payments<sup>1</sup> in August 2025 grew 39.79% (yoy) to reach 4.43 billion transactions, supported by all components. Mobile and internet banking transactions each grew 15.86% (yoy) and 18.85% (yoy), including QRIS transactions which grew 145.07% (yoy). This positive performance was supported by an increasing number of users and merchants. From an infrastructure perspective, the volume of retail transactions processed through BI-FAST grew 27.54% (yoy) to reach 398.65 million transactions, with a value of Rp967.29 trillion in August 2025. On the wholesale or high-value side, the BI-RTGS system processed 876.89 thousand transactions in August 2025, with a transaction value of Rp17,170.27 trillion. In terms of rupiah currency management, total currency in circulation grew 12.14% (yoy) to Rp1,180.49 trillion in August 2025.

**Payment system stability remained well-maintained, supported by stable infrastructure and a healthy industry structure.** Stable infrastructure was reflected in the smooth and reliable operation of the Bank

Indonesia Payment System (SPBI), as well as the adequate supply of currency in both quantity and quality in August 2025. A sound industry structure was demonstrated by the strengthening interconnectivity among payment system participants, accompanied by the expanding Digital Economy and Finance (EKD) ecosystem. Payment transactions utilizing the National Standard for Open API for Payments (SNAP) also increased, in line with the broader level of adoption. Going forward, Bank Indonesia will continue to ensure the availability, reliability, and security of the SPBI infrastructure, both retail and wholesale, as well as the broader payment system infrastructure across the industry. Bank Indonesia will also continue to safeguard the availability of Rupiah currency in sufficient quantity and proper quality for circulation throughout the entire territory of the Republic of Indonesia, including frontier, outermost, and remote (3T) areas.

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<sup>1</sup> Digital payments include transactions through mobile applications and the internet.





## CHAPTER 2

# Economic Prospect

The implementation of US reciprocal tariffs and persistently high uncertainty has impacted to the moderation of global economic projection. Bank Indonesia forecasts potentially lower economic growth in 2025 than the previous projection of around 3.0%. Looking ahead, global financial market volatility is expected to persist, necessitating stronger policy responses and close coordination to maintain domestic economic resilience.

From the domestic front, Bank Indonesia will continue to strengthen policy synergy with the Government, aligning with fiscal stimulus and real sector measures to support economic growth while maintaining macroeconomic stability. On the fiscal side, government spending is projected to increase in the second half of 2025 in line with the implementation of priority projects related to food and energy security, defense and security, as well as the 2025 Economic Policy Package. Bank Indonesia will continue to strengthen its policy mix of monetary, macroprudential, and payment system policies to support economic growth through lower interest rates, liquidity easing, increased macroprudential incentives, and accelerated digitalization of the economy and finance. With stronger policy synergy between Bank

Indonesia and the Government, economic growth in the second half of 2025 is projected to improve, bringing full-year growth above the midpoint of the 4.6–5.4% range.

**Indonesia's external economic resilience is expected to remain sound.** Bank Indonesia projects solid BOP performance in 2025, supported by a narrow current account deficit in the range of 0.5% to 1.3% of GDP, accompanied by a maintained capital and financial account surplus despite persistently high global uncertainty.

**Bank Indonesia expects the Rupiah to remain stable, supported by Bank Indonesia's commitment to maintain Rupiah stability, alongside attractive yields, low inflation and the positive economic growth outlook for Indonesia.** Bank Indonesia continues to reinforce its stabilisation policy response, including calibrated interventions in the offshore NDF market and the implementation of a triple intervention strategy in the spot market, DNDF, and SBN transactions in the secondary market. Bank Indonesia also continues optimising the full panoply of monetary instruments available, which includes strengthening its pro-market monetary operations strategy to bolster Rupiah exchange rate stability.

**Bank Indonesia remains confident that CPI inflation will stay well-managed and within the target corridor of  $2.5\pm 1\%$  in both 2025 and 2026.** Core inflation is projected to remain low in line with anchored inflation expectations, adequate economic capacity, managed imported inflation, as well as the positive impact of digitalization. Meanwhile, VF inflation is expected to remain manageable, supported by synergy in inflation control by the Central and Regional Inflation Control Teams (TPIP/TPID) and strengthened implementation of the National Movement for Food Inflation Control (GNPIP).

**Bank lending must continue to be increased to support economic growth.** Bank Indonesia continues to coordinate with the Government and the Financial System Stability Committee (KSSK) to encourage bank lending/financing. the KLM policy will continue to be strengthened to stimulate bank credit/financing

growth through the optimal allocation of incentives to sectors that significantly contribute to economic growth and job creation, in alignment with the Government's Asta Cita programs. Bank Indonesia views that deposit and lending rates need to decline more rapidly to increase lending/financing as part of the coordinated efforts to foster higher economic growth, in line with the Government's Asta Cita Program. Bank Indonesia will also continue to strengthen policy synergy with the Financial System Stability Committee (KSSK) to mitigate various global and domestic economic risks that could potentially affect financial system stability. Overall, Bank Indonesia projects bank credit growth in 2025 to be in the range of 8–11%. In line with that, the money supply is expected to increase in line with the Government's fiscal policy expansion and higher credit growth.





## CHAPTER 3

# Bank Indonesia Policy Response

The Bank Indonesia (BI) Board of Governors' Meeting (RDG) on 16-17<sup>th</sup> September 2025 decided to lower the BI-Rate by 25 bps to 4.75%, the Deposit Facility rate by 50 bps to 3.75%, and the Lending Facility rate by 25 bps to 5.50%. This decision is consistent with the coordinated efforts to support economic growth while maintaining inflation in 2025 and 2026 within the target of  $2.5 \pm 1\%$  and Rupiah exchange rate stability in line with its fundamentals. Looking ahead, Bank Indonesia will continue to closely monitor the outlook for economic growth and inflation in utilizing the room for a policy rate reduction, while taking into account Rupiah exchange rate stability. In line with this, monetary liquidity expansion and accommodative macroprudential policies will be further strengthened to lower interest rates, increase liquidity, and boost lending/financing in support of higher economic

growth. Payment system policies will also remain directed toward supporting economic growth by expanding digital payment acceptance, strengthening the structure of the payment system industry, and reinforcing the resilience of payment system infrastructure.

The direction of the monetary, macroprudential, and payment system policy mix aimed at maintaining stability to support sustainable economic growth is supported by the following policy measures:

1. Strengthening the pro-market monetary operations strategy to further enhance the effectiveness of the transmission of lower interest rate, increase liquidity, and accelerate the money and foreign exchange (FX) market deepening, by:

- i. adjusting the interest rate structure of monetary instruments and FX swaps in line with monetary liquidity expansion and to accelerate the effectiveness in lowering the deposit and lending rates in the banking industry;
  - ii. increasing liquidity in the money market and banking industry by lowering the position of Bank Indonesia Rupiah Securities (SRBI) and purchasing government securities (SBN) in the secondary market in a measured manner, and
  - iii. enhancing the role of primary dealers to increase SRBI transactions in the secondary market and repurchase agreement (repo) transactions among market participants;
2. Strengthening the Rupiah stabilization strategy in line with its fundamentals through interventions in spot transactions and Domestic Non-Deliverable Forward (DNDF) in the domestic market as well as intervention in offshore non-deliverable forward (NDF) transactions. This strategy is accompanied by secondary market purchases of Government Securities (SBN) to increase liquidity and maintain financial market stability;
3. Strengthening the publication of assessments on the transparency of Prime Lending Rates (SBDK), with a more in-depth analysis of lending rates based on the priority sectors covered under the KLM;
4. Expanding digital payment acceptance through strengthened implementation of cross-border QRIS cooperation and QRIS without scan (TAP); and
5. Strengthening and expanding international cooperation in central banking areas, including by enhancing payment system connectivity and transactions using local currencies, as well as facilitating investment and trade promotion in priority sectors in collaboration with relevant institutions.

Bank Indonesia also continues to strengthen policy synergy with the Government to maintain stability and promote economic growth in line with the Government's Asta Cita development agenda. In addition, Bank Indonesia continues to enhance policy coordination with the Financial System Stability Committee (KSSK) to safeguard financial system stability.



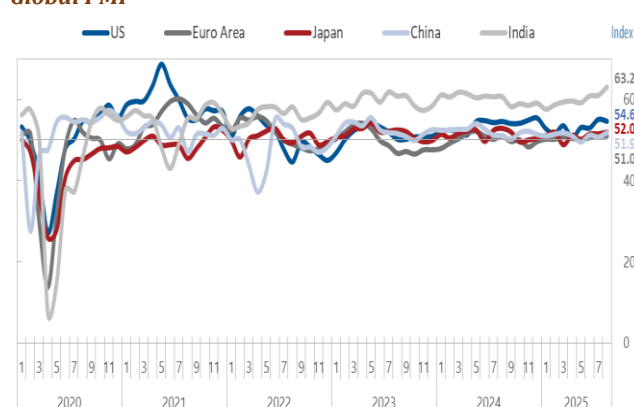
The global economy remains on a slowing trend, weighed down by the impact of reciprocal tariff measures by the United States (US) and persistently high uncertainty.

### Global GDP Growth

Country	2020	2021	2022	2023	2024	2025*
World	-2.8	6.3	3.5	3.3	3.3	3.0
Advanced economies	-4.2	5.6	2.6	1.7	1.8	1.6
United States	-2.8	5.9	1.9	2.9	2.8	2.0
Europe	-6.1	5.6	3.4	0.4	0.9	1.0
Japan	-4.2	2.2	1.0	1.5	0.1	1.0
Emerging economies	-1.8	6.9	4.1	4.4	4.3	4.0
China	2.2	8.4	3.0	5.2	5.0	4.6
India	-6.6	8.3	6.8	7.7	6.5	6.6
ASEAN-5	-4.4	4.0	5.5	4.0	4.6	4.4
Latin America	-7.0	7.4	4.2	2.4	2.4	1.9
Emerging Euro	-1.6	7.3	1.2	3.3	3.4	2.1
Middle East & Central Asia	-2.6	4.3	5.4	2.0	2.4	3.4

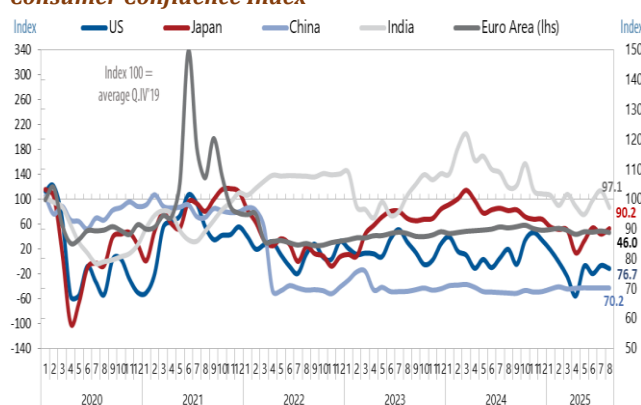
Source: IMF WEO. \*Bank Indonesia Projection

### Global PMI



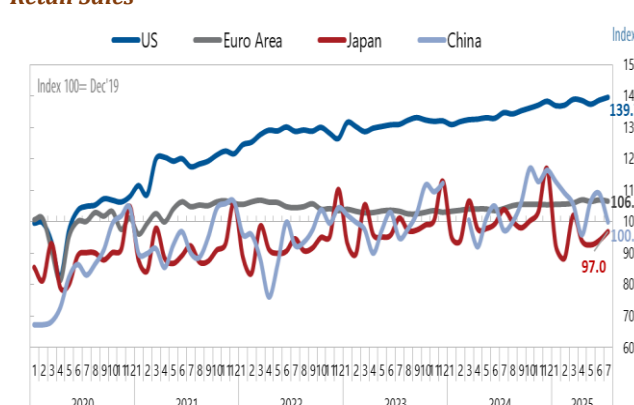
Source: IHS Markit, Bloomberg (China)

### Consumer Confidence Index



Source: Bloomberg, calculated

### Retail Sales



Source: CEIC, calculated

### Global Inflation



Source: Bloomberg and IMF, calculated

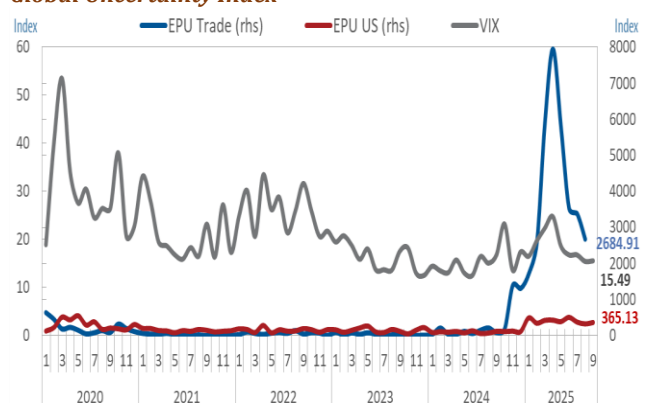
### Indonesia's Export Commodity Prices

Commodity	2022				2023				2024				2025						
	Q1	Q2	Q3	Q4	2022	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4	2024	Q1	Q2	Q3*	YTD*
Copper	17.4	-1.8	-17.7	-16.4	-5.2	-10.2	-11.0	8.6	3.1	-3.3	-4.7	16.8	11.2	12.8	8.8	10.3	-4.3	4.7	3.0
Coal	94.1	73.2	11.1	-1.6	32.3	-2.9	-27.7	-35.7	-35.8	-25.9	-27.7	-16.3	0.2	-11.3	-15.3	-14.4	-16.8	-20.3	-16.0
CPO	56.7	55.5	-12.2	-24.9	15.3	-35.6	-42.0	-3.2	-5.9	-25.9	0.5	6.2	5.2	31.3	10.5	17.1	0.3	6.5	2.6
Rubber	1.7	2.2	-6.0	-19.8	-4.9	-21.1	-27.3	-8.0	11.5	-13.5	17.9	44.3	40.6	40.0	35.3	9.3	-9.2	-7.8	-4.7
Nickel	59.4	66.7	16.0	30.3	42.1	-6.7	-22.6	-7.0	-31.8	-17.3	-35.7	-16.9	-19.9	-7.2	-21.3	-6.2	-17.7	-7.9	-9.4
Tin	80.6	25.3	-30.3	-43.1	0.0	-38.6	-29.4	13.8	14.6	-16.8	0.2	25.3	18.5	23.4	16.7	21.0	0.5	6.6	8.2
Aluminium	54.3	20.2	-11.0	-14.7	9.4	-24.9	-21.3	-6.6	-5.5	-15.7	-8.2	12.3	10.0	16.9	7.4	17.1	-3.9	7.7	4.3
Coffee	82.5	50.8	18.3	-21.2	24.6	-26.4	-19.3	-28.6	-2.1	-20.1	7.1	19.9	55.9	65.7	36.4	100.7	63.9	34.0	46.0
Others	5.2	6.4	7.3	6.3	6.3	-1.5	-1.7	-2.2	-3.1	-2.1	-1.0	-0.2	0.3	0.1	-0.2	-0.2	1.1	0.1	0.1
Indonesian Export Commodity Prices	47.0	37.7	1.3	-6.8	15.3	-12.7	-21.7	-12.2	-12.0	-16.0	-8.2	1.7	6.1	8.7	1.5	2.9	-5.0	-4.2	-3.5
Oil (Brent)**	101	113	101	88	101	81	78	87	84	83	83	85	80	75	81	76	68	69	71

\*\*Oil in USD/Barrel, other commodities (% yoy)

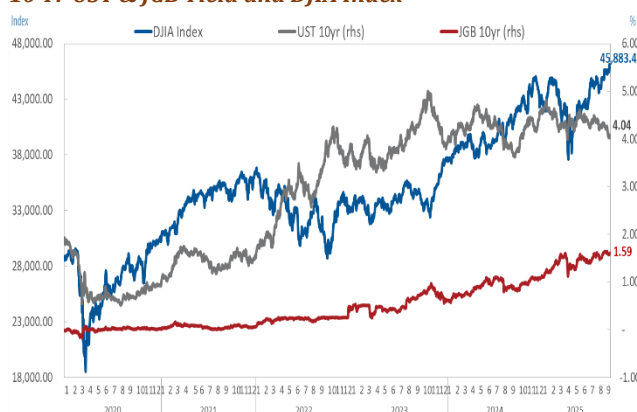
Source: Bloomberg. Data as of September 15, 2025

### Global Uncertainty Index



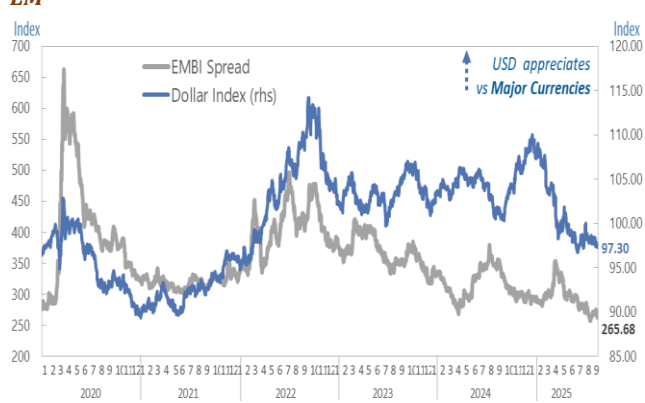
Source: Bloomberg. Data as of September 15, 2025

### 10 Yr UST & JGB Yield and DJIA Index



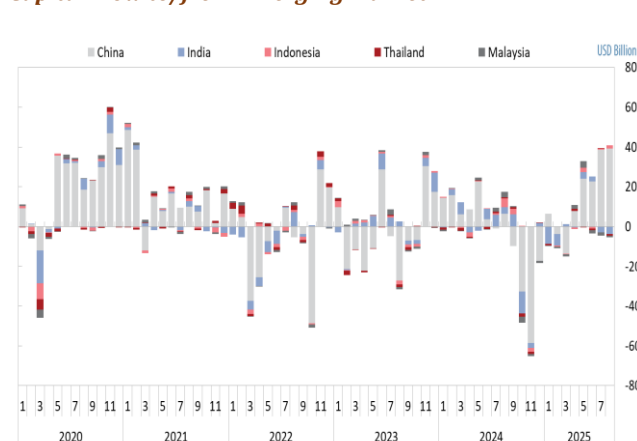
Source: Bloomberg. Data as of September 15, 2025

### US Dollar Performance and Risk Perception Indicators on EM



Source: Bloomberg. Data as of September 15, 2025

### Capital Flow to/from Emerging Market



Source: IIF

## Indonesia's economic growth needs to be further enhanced to optimise the economy's capacity.

### Economic Growth – Expenditure Side

Components	2022	2023				2024				2025	
		I	II	III	IV	I	II	III	IV	I	II
Household Consumption	4.94	4.53	5.22	5.05	4.47	4.82	4.91	4.93	4.91	4.98	4.94
Non-Profit Institution Serving Household (NPISH) Consumption	5.66	6.29	8.78	6.40	18.37	10.03	24.13	9.79	11.46	6.06	12.48
Government Consumption	-4.42	3.33	10.52	-3.86	2.94	3.02	20.44	2.03	4.62	4.17	6.61
Investment (GFCF)	3.87	1.53	4.05	5.08	4.32	3.76	3.78	4.42	5.16	5.03	4.61
Building Investment	0.91	0.08	3.32	6.31	6.42	4.04	5.46	5.31	6.02	5.26	5.51
NonBuilding Investment	12.53	5.70	6.10	2.05	-0.78	3.03	-0.78	1.97	2.96	4.40	2.23
Exports	16.23	11.72	-2.84	-3.91	1.66	1.34	1.48	8.13	8.79	7.63	6.51
Imports	15.00	4.12	-3.25	-6.82	0.14	-1.60	1.50	7.79	11.92	10.36	7.95
GDP	5.31	5.04	5.17	4.94	5.04	5.05	5.11	5.05	4.95	5.02	5.03

Source: BPS

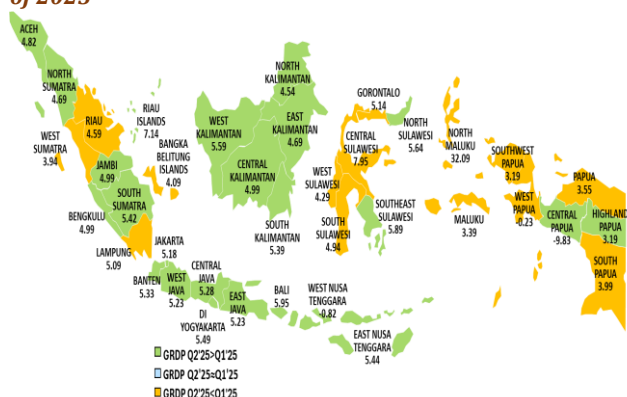
### Economic Growth – Economic Sectors Side

Components	2022	2023				2024				2025	
		I	II	III	IV	I	II	III	IV	I	II
Agriculture, Forestry, and Fisheries	2.25	0.44	2.03	1.49	1.13	1.31	-3.54	3.25	1.69	0.71	10.52
Mining and excavation	4.38	4.92	5.01	6.95	7.46	6.12	9.31	3.17	3.46	3.95	4.90
Manufacture	4.89	4.43	4.88	5.19	4.07	4.64	4.13	3.95	4.72	4.89	4.43
Electricity and Gas Procurement	6.61	2.67	3.15	5.06	8.68	4.91	5.35	5.39	5.02	3.42	4.77
Water Supply	3.23	5.70	4.78	4.49	4.66	4.90	4.44	0.84	0.03	1.06	1.56
Construction	2.01	0.32	5.23	6.39	7.68	4.91	7.59	7.29	7.48	5.81	7.02
Wholesale Retail, Car and Motorcycle Repairs	5.53	4.94	5.30	5.10	4.09	4.85	4.58	4.85	4.82	5.19	4.86
Transportation and Warehousing	19.87	15.93	15.28	14.74	10.33	13.96	8.66	9.56	8.64	7.92	8.69
Provision of Accommodation, Food and Beverages	11.94	11.54	9.91	10.93	7.88	10.00	9.34	10.15	8.32	6.61	8.56
Information and Communication	7.73	7.11	8.03	8.51	6.74	7.59	8.41	7.66	6.82	7.45	7.57
Financial Services and Insurance	1.93	4.45	2.86	5.24	6.56	4.77	3.93	7.90	5.49	1.74	4.74
Real Estate	1.72	0.37	0.96	2.21	2.18	1.43	2.54	2.16	2.32	2.97	2.50
Corporate Services	8.77	6.37	5.59	9.37	7.62	8.24	9.63	7.96	7.93	8.08	8.38
Government Administration, Defence and Compulsory Social Security	2.52	2.13	1.18	-6.24	1.63	1.51	18.89	2.81	3.94	1.16	6.40
Education Services	0.55	1.02	5.42	-2.09	2.63	1.77	7.43	2.44	2.56	2.95	3.75
Health Services and Other Social Activities	2.75	4.77	8.27	2.92	3.09	4.67	11.65	8.57	7.65	5.20	8.11
Other Services	9.47	8.90	11.88	11.14	10.15	10.52	8.92	8.85	9.95	11.36	9.80
GDP	5.31	5.04	5.17	4.94	5.04	5.05	5.11	5.05	4.95	5.02	5.03

Source: BPS

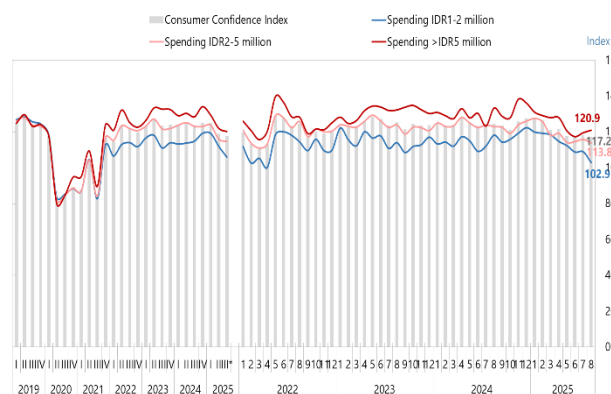


## Growth of Regional Economic (GRDP) of the Second Quarter of 2025



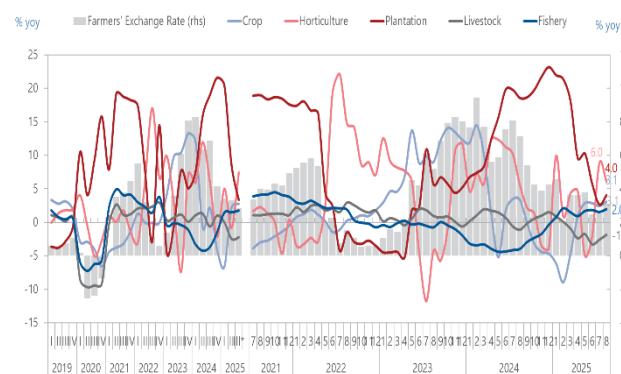
Source: BPS, calculated

## Consumer Confidence Index



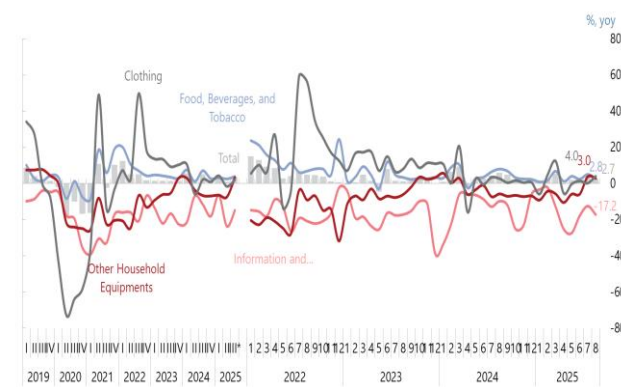
Source: Bank Indonesia. \*Data as of August 2025

## Farmers' Exchange Rate



Source: BPS, calculated. \*Data as of August 2025

## Retail Sales



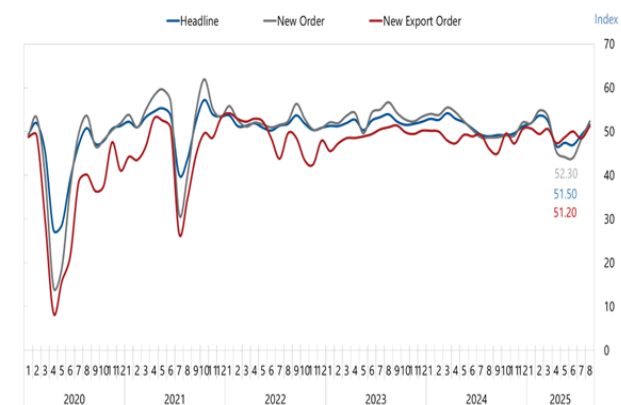
Source: Bank Indonesia. \*Data as of August 2025

## Realization of State Budget (APBN)

ITEMS	2021		2022		2023		2024		2025	
	Budget (Rp Trillion)	Realization as of December 2021 (Rp Trillion)	Budget (Rp Trillion)	Realization as of December 2022 (Rp Trillion)	Budget (Rp Trillion)	Realization as of December 2023 (Rp Trillion)	Budget (Rp Trillion)	Realization as of December 2024 (Rp Trillion)	Budget (Rp Trillion)	Realization as of July 2025 (Rp Trillion)
A. State Income and Grants	1,743.6	2,009.6	1,846.1	2,266.2	2,635.4	2,463.0	2,774.3	2,463.0	2,842.5	3,005.1
I. Domestic Income	1,742.7	2,005.1	1,845.6	2,265.6	2,629.7	2,462.6	2,761.3	2,462.6	2,812.2	3,004.5
1. Tax Income	1,444.5	1,546.8	1,510.0	1,784.0	2,034.6	2,022.2	2,155.4	2,022.2	2,232.6	2,490.9
2. NonTax Income	298.2	458.3	335.6	481.6	595.2	441.4	605.9	441.4	579.5	513.6
II. Grant	0.9	4.5	0.6	0.6	5.6	0.4	13.0	0.4	30.3	0.6
B. State Expenditures	2,750.0	2,773.6	2,714.2	3,106.4	3,095.5	3,061.2	3,121.9	3,061.2	3,350.3	3,621.3
I. Central Government Expenditures	1,954.5	1,987.9	1,944.5	2,301.6	2,279.2	2,246.5	2,240.6	2,246.5	2,486.8	2,701.4
1. Employee Spending	421.1	387.7	426.5	426.5	402.4	442.6	412.3	442.6	464.5	521.5
2. Spending for Goods	362.5	529.6	339.7	339.7	426.0	387.0	429.8	387.0	493.3	486.9
3. Capital Expenditures	246.8	228.6	199.2	199.2	240.4	199.1	307.3	199.1	328.1	234.1
4. Payment of Debt Obligations	373.3	343.5	405.9	405.9	386.3	441.4	439.9	441.4	488.4	552.9
5. Subsidies	175.4	241.0	207.0	283.7	252.8	298.5	269.6	298.5	291.9	307.9
6. Grant Expenditure	6.8	4.3	4.8	4.8	5.8	0.0	0.2	0.0	0.1	0.2
7. Social Assistance	161.4	173.6	147.4	147.4	161.5	148.6	157.6	148.6	153.1	140.1
8. Other Expenditures	207.3	79.5	214.0	494.4	403.9	329.3	224.6	329.3	267.3	458.0
II. Transfer to Regions and Village Funds	795.5	785.7	769.6	804.8	816.2	814.7	881.3	814.7	863.5	919.9
1. Transfer to Regions	723.5	713.9	701.6	736.3	748.3	744.7	811.4	744.7	792.6	848.9
2. Village Funds	72.0	71.8	68.0	68.0	67.9	70.0	69.9	70.0	70.9	71.0
C. Primary Balance	(634.1)	(420.5)	(462.2)	(434.4)	(46.4)	(156.8)	92.2	(156.8)	(134.4)	(63.3)
D. Budget Surplus/Deficit	(1,006.4)	(764.0)	(868.0)	(840.2)	(460.1)	(598.2)	(347.6)	(598.2)	(507.8)	(616.2)
Surplus/Deficit (%GDP)	(6.7)	(4.5)	(4.9)	(4.5)	(2.3)	(2.8)	(1.65)	(2.8)	(2.25)	(2.5)

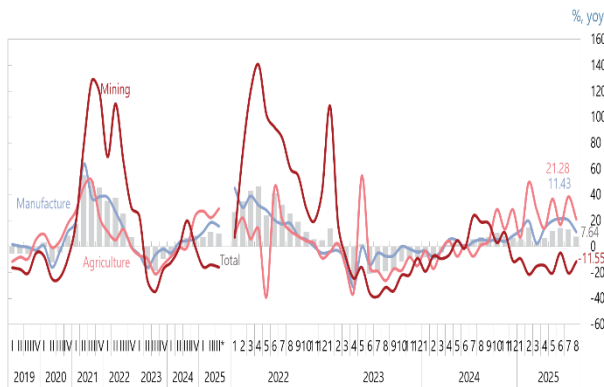
Source: Ministry of Finance

## Manufacturing Purchasing Managers' Index (PMI)



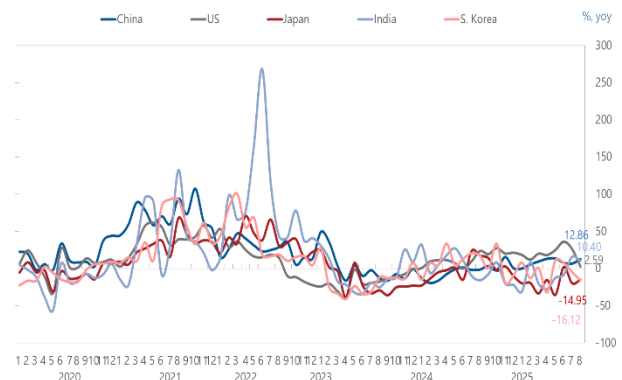
Source: Markit Economics

## Non-oil and Gas Exports



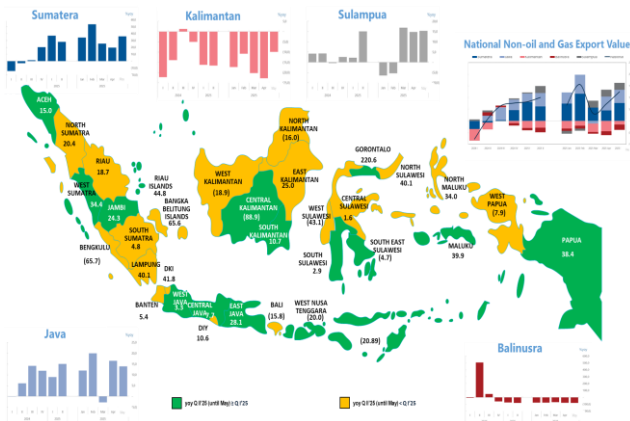
Source: Ministry of Finance, calculated by Bank Indonesia.  
\*Data as of July 2025

## Non-Oil and Gas Exports to Main Destination Countries



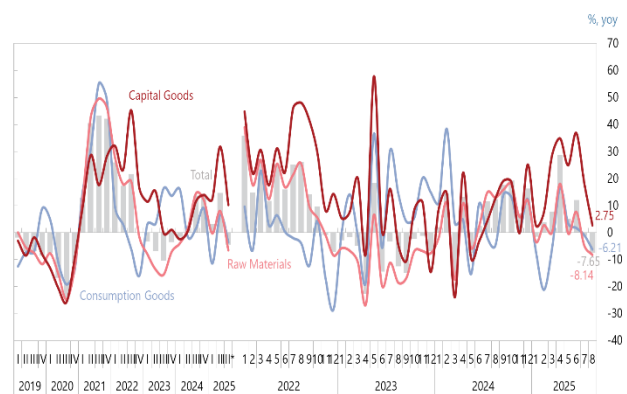
Source: Ministry of Finance, calculated by Bank Indonesia

## Spatial Non-oil and Gas Exports



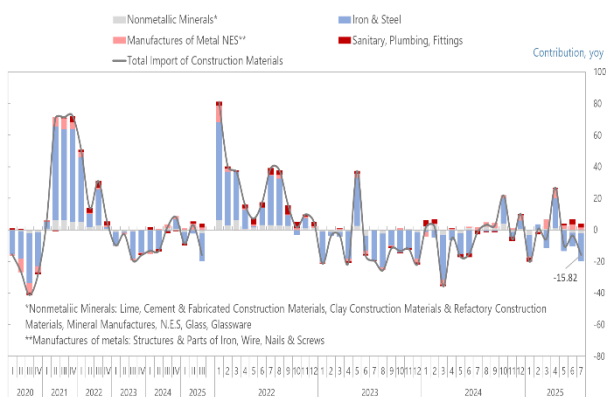
Source: Ministry of Finance, calculated by Bank Indonesia

## Non-oil and Gas Imports



Source: Ministry of Finance, calculated by Bank Indonesia.  
\*Data as of August 2025

## Import of Construction Goods



Source: Ministry of Finance, calculated by Bank Indonesia



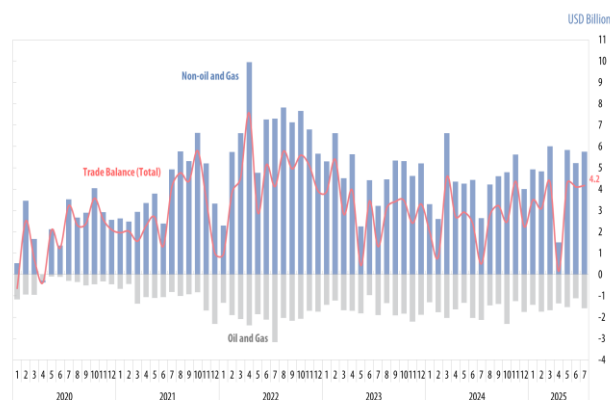
**Indonesia's Balance of Payments (BOP) remains sound and supports external resilience. The Rupiah exchange rate remains stable, supported by Bank Indonesia's stabilization policies amid high global uncertainty.**

### Indonesia's Balance of Payments

Items (Billion USD)	2022				2023				2024*				2025	
	I	II	III	IV	Total	I	II	III	IV	Total	I	II	III	IV
Current Account	0.7	4.3	4.7	3.5	13.2	2.9	-2.3	-1.3	-1.4	-2.0	-2.4	-3.0	-2.0	-1.2
A. Goods	11.3	16.8	17.6	17.0	62.7	14.8	10.0	10.2	11.4	46.3	9.3	10.0	9.2	11.3
- Exports, fob	66.8	75.2	77.8	72.8	282.5	66.8	61.6	63.5	65.9	257.7	61.9	62.3	67.5	71.3
- Imports, fob	-55.5	-58.4	-60.2	-55.8	-229.9	-52.1	-51.6	-53.3	-54.5	-211.4	-52.6	-52.3	-58.3	-60.0
a. Non-Oil and Gas	17.2	24.4	25.2	23.0	89.8	19.0	15.2	16.0	17.7	67.8	15.1	15.2	14.7	17.8
b. Oil and Gas	-5.7	-7.2	-6.5	-5.4	-24.8	-3.9	-4.7	-5.4	-5.9	-19.9	-5.5	-4.6	-4.4	-5.1
B. Services	-4.3	-5.0	-5.3	-5.4	-20.0	-4.5	-4.5	-3.9	-4.8	-17.7	-4.2	-5.0	-4.2	-5.2
C. Primary Income	-7.7	-9.0	-8.9	-8.6	-35.3	-8.8	-9.2	-8.8	-9.3	-36.0	-8.8	-9.4	-8.5	-9.0
D. Secondary Income	1.5	1.5	1.3	1.6	5.8	1.4	1.4	1.3	1.3	5.4	1.3	1.4	1.5	1.7
Capital and Financial Account	-2.0	-1.7	-5.6	0.6	-8.7	4.0	-4.4	-0.5	10.8	9.9	-2.4	2.6	8.0	9.4
1. Direct Investment	4.6	6.6	3.4	3.4	18.1	4.4	3.9	2.7	3.4	14.4	4.9	2.3	5.1	3.4
2. Portfolio Investment	-3.2	-3.6	-3.1	-1.7	-11.6	3.0	-2.6	-3.0	4.9	2.2	-2.1	3.2	9.8	-2.5
3. Other Investment	-3.6	-4.6	-5.9	-1.5	-15.6	-3.6	-5.6	-0.1	2.4	-6.9	-4.8	-3.3	-7.2	8.5
Overall Balance	-1.8	2.4	-1.3	4.7	4.0	6.5	-7.4	-1.5	8.6	6.3	-6.0	-0.6	5.9	7.9
- Reserve Assets Position	139.1	136.4	130.8	137.2	137.2	145.2	137.5	134.9	146.4	140.4	140.2	149.9	155.7	157.1
In Months of Imports & Official Debt Repayment	7.0	6.4	5.7	5.9	5.9	6.2	6.0	6.0	6.5	6.5	6.2	6.1	6.4	6.5
- Current Account (% GDP)	0.2	1.3	1.4	1.1	1.0	0.9	-0.7	-0.4	-0.4	-0.1	-0.7	-0.9	-0.6	-0.3

Source: Bank Indonesia. \*Provisional Figures; \*\* Very Provisional Figures

### Trade Balance



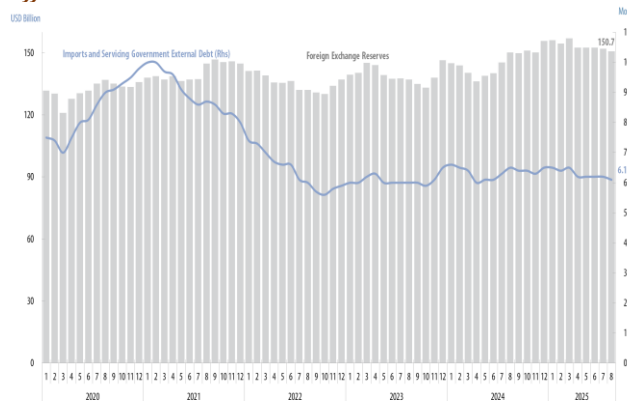
Source: BPS

### Foreign Capital Flows



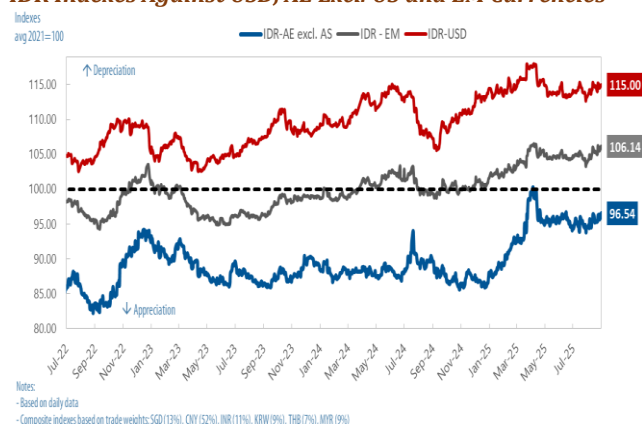
Source: Bank Indonesia. Data as of September 15, 2025  
\*Provisional Figures; \*\* Very Provisional Figures \*\*\* Very very Provisional Figures.

### Official Reserve Asset



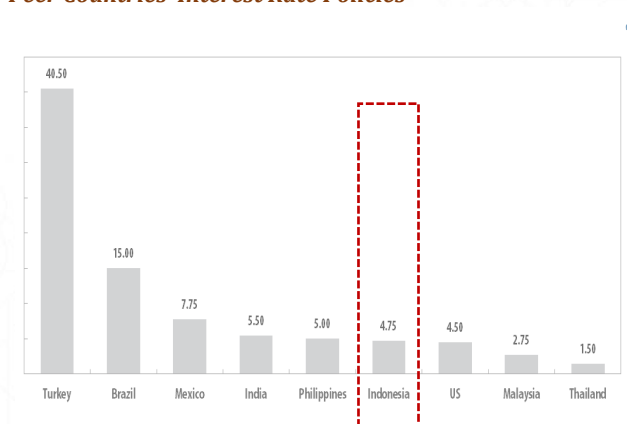
Source: Bank Indonesia

### IDR Indexes Against USD, AE Excl. US and EM Currencies



Source: Bloomberg. Data as of September 16, 2025

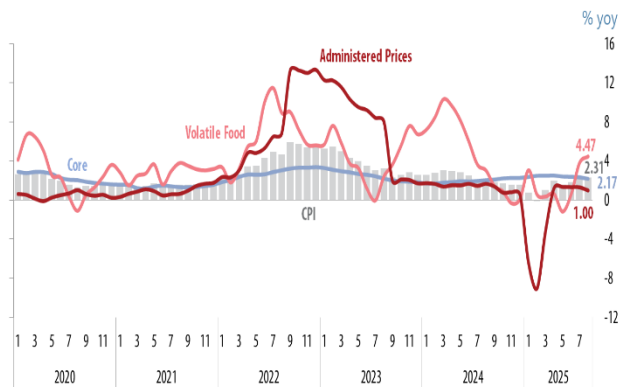
### Peer Countries' Interest Rate Policies



Source: Bloomberg. Data as of September 17, 2025

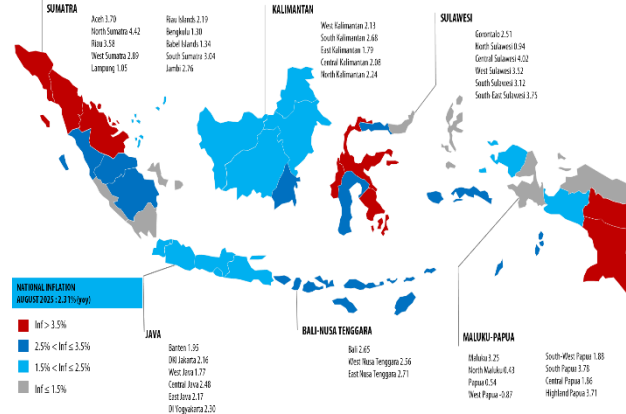
## Inflationary pressures remain low and maintained.

### CPI Inflation



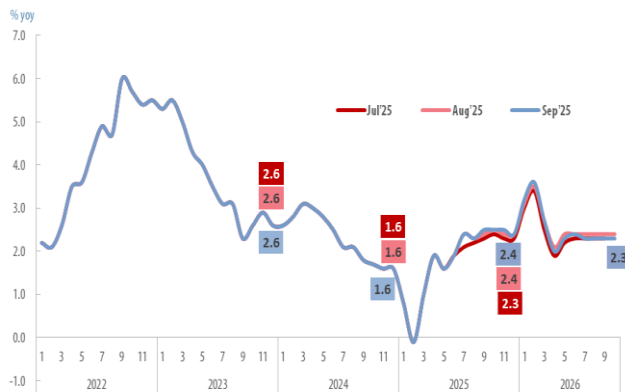
Source: BPS

### Inflation Rate across Provinces



Source: BPS

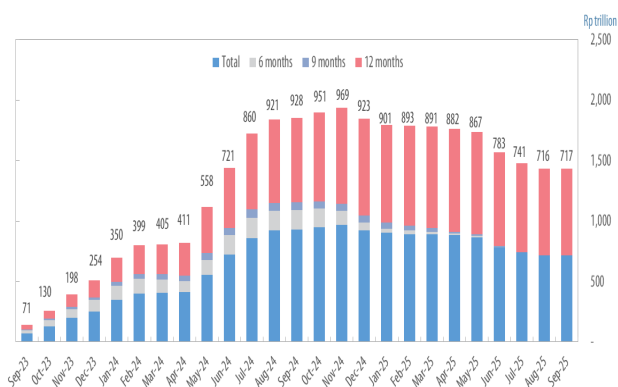
### Inflation Expectation



Source: Consensus Economics

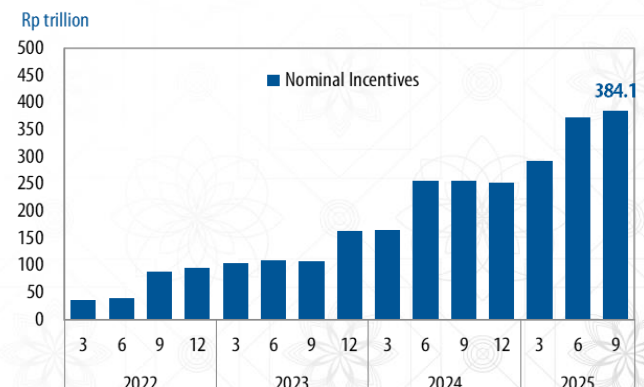
**Bank Indonesia's policy mix continues to be strengthened to support economic growth and maintain economic stability. Bank Indonesia continues to strengthen the implementation of the Macroprudential Liquidity Incentive Policy (KLM) to encourage bank credit/financing growth.**

### SRBI Outstanding Position



Source: Bank Indonesia. Data as of September 15, 2025

### KLM Incentives Disbursement

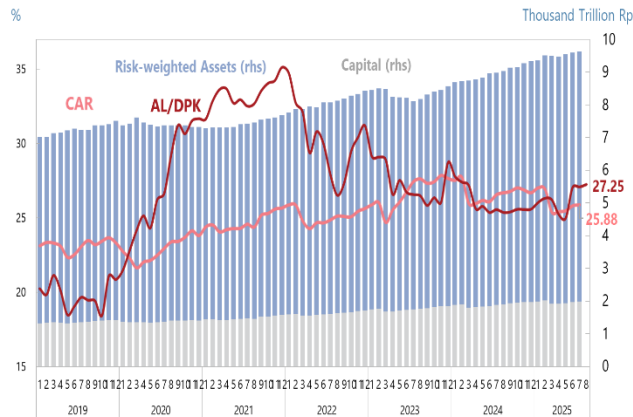


Source: Bank Indonesia

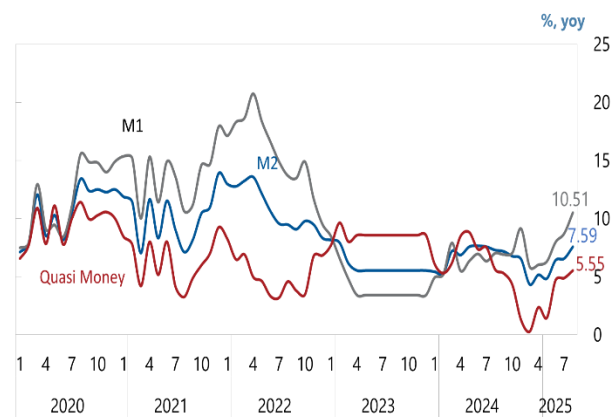


The decline in money market rates and Government Securities (SBN) yields in line with Bank Indonesia's monetary policy easing, needs to be followed by a reduction in bank deposit and lending rates. Loosened monetary policy has also increased the money supply, which is expected to rise further in line with fiscal expansion by the Government to stimulate the real sector. Bank lending must continue to be increased to support economic growth. The banking sector remains resilient and continues to support financial system stability.

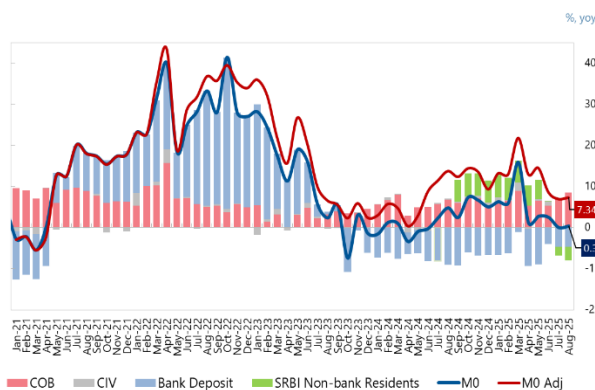
#### The Ratio of Liquid Assets to Deposits and Capital Banking



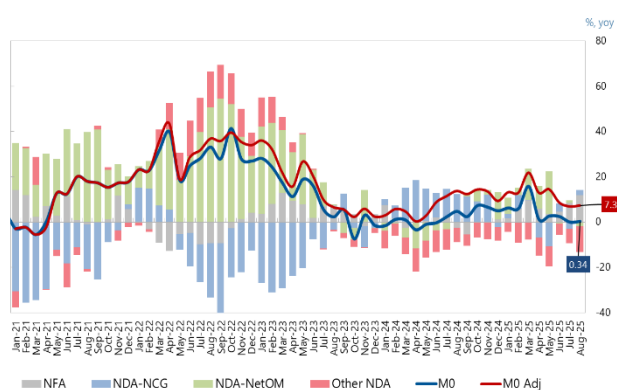
#### Money Supply



#### M0, M0 Adjusted, and the Component

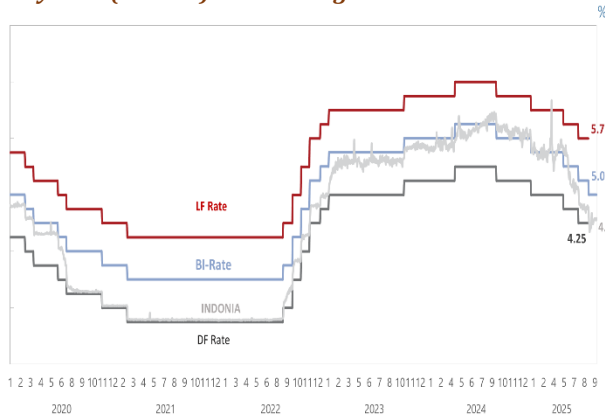


#### Factor Influencing M0 and M0 Adjusted



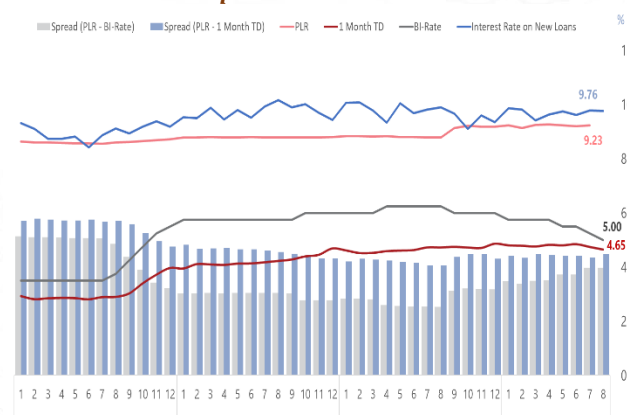
Source: Bank Indonesia

#### Policy Rate (BI-Rate) and Overnight Interbank Rate

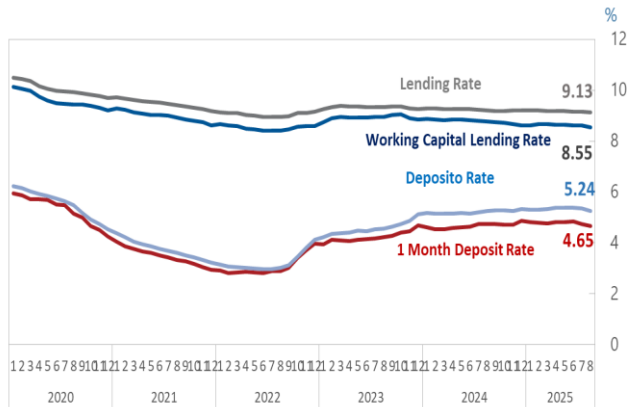


Source: Bank Indonesia

#### Interest Rate Development

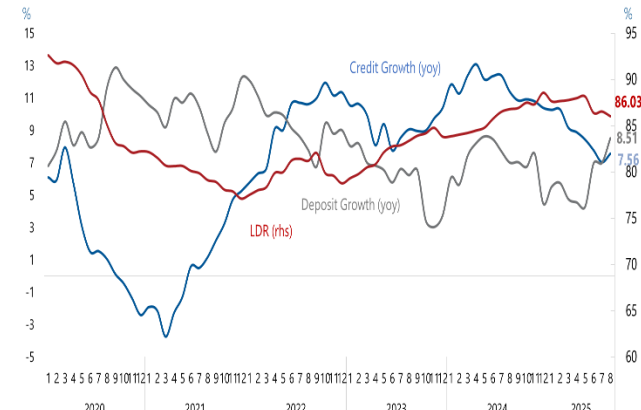


### Banking Interest Rates



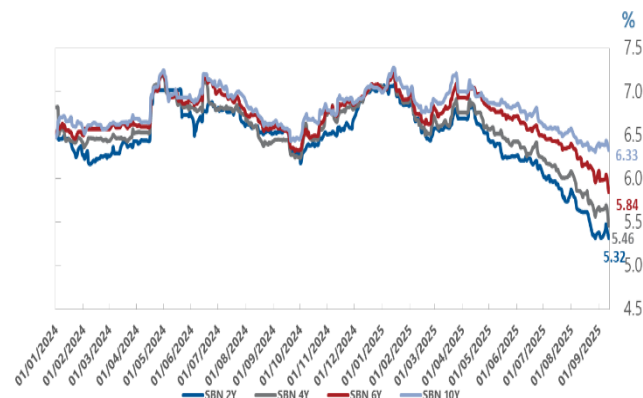
Source: Bank Indonesia

### Credit and Deposit Developments



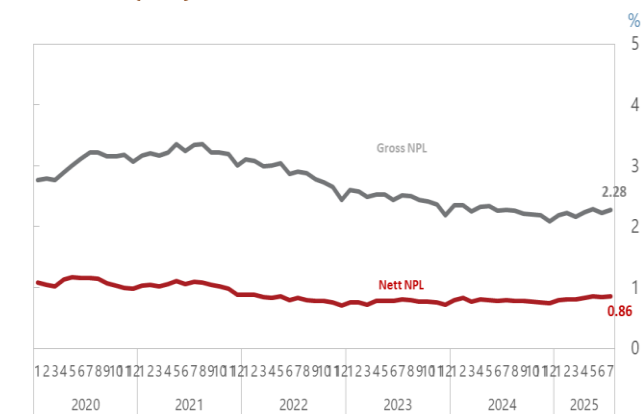
Source: Bank Indonesia

### SBN Yield



Source: Bank Indonesia

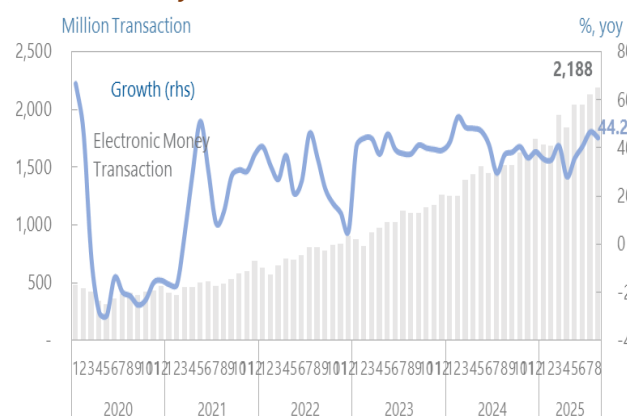
### Credit Risk (NPL)



Source: Bank Indonesia, OJK

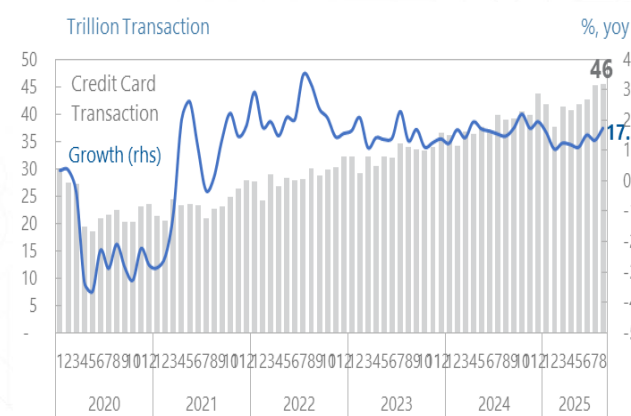
The performance of digital economic and financial transactions in August 2025 remained robust, supported by a secure, smooth, and reliable payment system. Payment system stability remained well-maintained, supported by stable infrastructure and a healthy industry structure.

### Electronic Money Transactions Volume



Source: Bank Indonesia

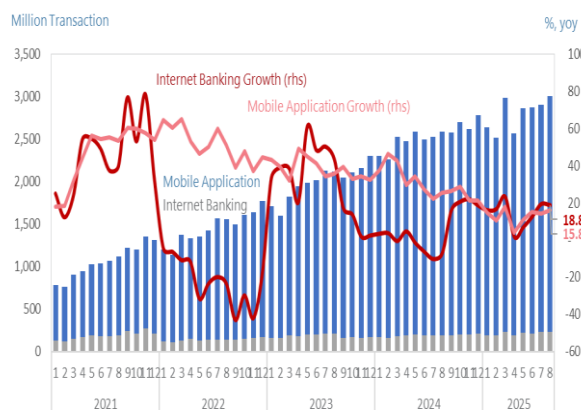
### Credit Card Transactions Volume



Source: Bank Indonesia

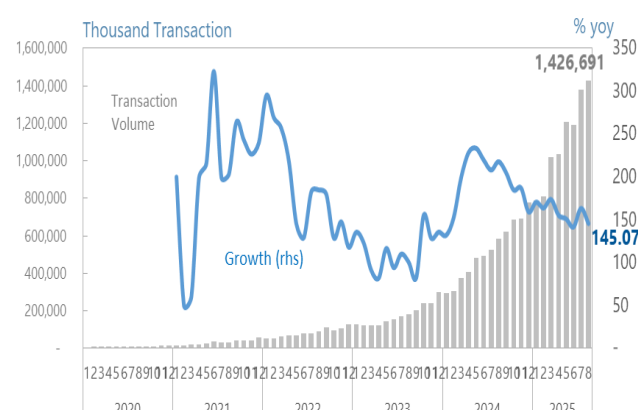


### Digital Banking Transactions Volume



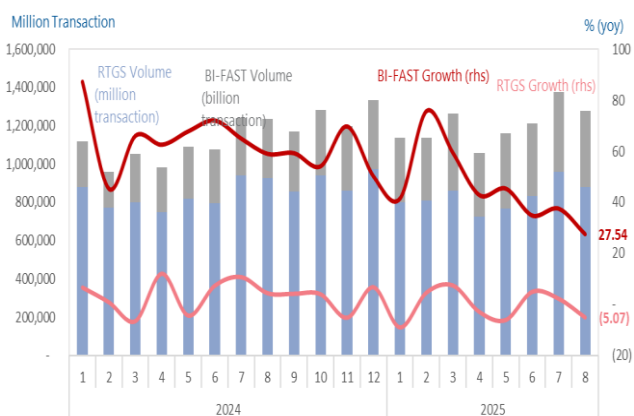
Source: Bank Indonesia

### QRIS Transactions Volume



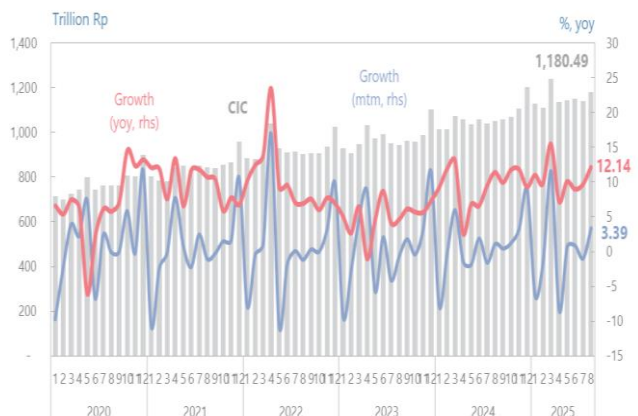
Source: Bank Indonesia

### BI-FAST and BI-RTGS Transactions Volume



Source: Bank Indonesia

### Currency in Circulation



Source: Bank Indonesia



**BANK INDONESIA**  
BANK SENTRAL REPUBLIK INDONESIA

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