

MONETARY POLICY REPORT

QUARTER IV 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 $2.5\pm1\%$ in 2025. To that end, Bank Indonesia implements sustainable, consistent, and transparent monetary policy through efforts 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 Report after the Board of Governors Meeting has been convened in January, April, July, and October. 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

PERRY WARJIYO

Governor

DESTRY DAMAYANTI

Senior 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 with heightened uncertainty. The lower growth is mainly influenced by the spillover impact of United States (US) reciprocal tariffs and vulnerabilities in global supply chains, despite the improving outlook for the US economy driven by investment in the technology sector, including artificial intelligence (AI), and fiscal stimulus in the form of tax cuts. In global financial markets, the room for Fed Funds Rate (FFR) cuts has decreased, accompanied by persistently high US Treasury (UST) yields in line with the large US fiscal deficit. Uncertainty in global financial markets has also increased, mainly triggered by US reciprocal tariff policies and the widening escalation of geopolitical tensions. These developments have led to an appreciation of the US dollar index against advanced economy currencies (DXY) and have resulted in restrained rising capital inflows to emerging markets (EM). These conditions demand vigilance and strengthened policy responses to reinforce the resilience of the domestic economy against global spillovers and to promote higher economic growth.

From the domestic side, Indonesia's economic growth remains good and needs to be further strengthened to align with the capacity of the economy. By sector, the major economic sectors, namely the manufacturing industry, wholesale and retail trade, as well as information and

communication, maintained positive performance. Spatially, robust economic growth has been recorded in the Bali–Nusa Tenggara (Balinusra) region, followed by Java and Kalimantan, driven by increased domestic demand. Indonesia's Balance of Payments (BOP) needs to be continuously strengthened amid rising global uncertainty. Bank Indonesia's exchange rate policy continues to be strengthened to maintain Rupiah exchange rate stability against the impacts of rising global uncertainty. Consumer Price Index (CPI) inflation in 2025 remained within the target range of $2.5\pm 1\%$, with CPI inflation in December 2025 recorded at 2.92% (yoy). The transmission of monetary policy easing needs to be continuously strengthened. The money supply has increased in line with Bank Indonesia's policy to enhance the effectiveness of monetary liquidity expansion in order to promote economic growth. Banking credit in 2025 grew by 9.69% (yoy), remaining within Bank Indonesia's projected range of 8–11% (yoy). Financial system resilience remains maintained, supported by adequate banking liquidity, high capacity in capital and low credit risk. Growth in digital economic and financial transactions in the fourth quarter of 2025 remained strong, supported by secure, seamless and reliable payment systems.



The global economic outlook is slowing, amid elevated uncertainty that is expected to persist. Taking into account recent global developments and dynamics, Bank Indonesia projects that global economic growth in 2026 will be slightly lower at 3.2%, compared to 3.3% in 2025.

On the domestic front, economic growth is projected to increase, accompanied by macroeconomic stability which continued to be strengthened. Overall, economic growth in 2025 is forecast in the 4.7-5.5% range. In 2026, economic growth is projected to accelerate in the 4.9-5.7% range. BOP performance in 2025 is expected to remain resilient, accompanied by a healthy current account in the range of a 0.5% of GDP deficit to a 0.3% of GDP surplus. Bank Indonesia expects the Rupiah to remain stable and appreciate, underpinned by attractive yields, low inflation and the positive economic growth outlook for Indonesia. Bank Indonesia is confident inflation in 2026 and 2027 will remain low and within the $2.5\% \pm 1\%$ target range. Loans disbursed by the banking industry in 2025 recorded 9.69% (yoY) growth, which is consistent with the projection by Bank Indonesia of 8-11% (yoY), and projected within 8-12% (yoY) range in 2026. Bank Indonesia will continue strengthening its policy mix by optimising the monetary, macroprudential, and payment system policy mix in close synergy with the fiscal stimuli and real sector policies to support higher and more resilient national economic growth.

The Board of Governors' Meeting (RDG) of Bank Indonesia on 20th-21st January 2026 decided to maintain the BI-Rate at 4.75%, the Deposit Facility rate at 3.75%, and the Lending Facility rate at 5.50%. The decision is consistent with the current policy focus on efforts to maintain Rupiah exchange rate stability against a backdrop of increasing global uncertainty to achieve the inflation target in 2026-2027 and foster economic growth. Moving forward, Bank Indonesia will continue to strengthen the effectiveness of the transmission of monetary policy easing and macroprudential policies that have been implemented, while continuing to assess the room for further BI-Rate cuts with inflation forecasts for 2026-2027 that remain under control within the target range of $2.5\% \pm 1\%$, and fostering higher economic growth. Bank Indonesia's macroprudential policy remains directed towards promoting growth (pro-growth), including by enhancing the effectiveness of the Macroprudential Liquidity Incentive Policy (Kebijakan Incentif Likuiditas Makroprudensial/KLM) to accelerate the decline in lending rates and increase credit/financing growth to the real sector, particularly priority sectors of the Government. Payment system policy remains directed towards supporting inclusive economic growth by expanding the acceptance of digital payments, while strengthening the structure of the payment system industry and the resilience of payment system infrastructure.

Global and Domestic Economic Developments

The global economy remains on a slowing trend with heightened uncertainty. Economic growth of the United States (US) is projected to increase in 2026, driven by investment in the technology sector, including artificial intelligence (AI), and tax cuts. Economic growth in Japan, China, and India is projected to slow in 2026 due to weakening domestic demand and exports, amidst rising AI investment. In global financial markets, the room for Fed Funds Rate (FFR) cuts has decreased, accompanied by persistently high US Treasury (UST) yields in line with the large US fiscal deficit. Uncertainty in global financial markets has also increased, mainly triggered by US reciprocal tariff policies and the widening escalation of geopolitical tensions. These developments have led to an appreciation of the US dollar index against advanced economy currencies (DXY) and have resulted in restrained rising capital inflows to emerging markets (EM).

At home, economic growth in Indonesia remains favourable and requires continuous strengthening to align with economic capacity. Economic growth in the fourth quarter of 2025 is projected to be higher on the back of stronger domestic demand in response to improving consumer confidence and increasing fiscal stimuli. By sector, the major economic sectors, namely the manufacturing industry, wholesale and retail trade, as well as information and communication, maintained positive performance. Spatially, robust economic growth has been recorded in the Bali–Nusa Tenggara (Balinusra) region, followed by Java and Kalimantan, driven by increased domestic demand.

Indonesia's Balance of Payments (BOP) must be strengthened amid rising global uncertainty. Indonesia's BOP in the fourth quarter of 2025 is projected to remain sound, supported by the trade balance, which in November 2025 recorded a surplus of USD 2.7 billion, underpinned by non-oil and gas exports based on natural resources such as precious metals and jewellery/gemstones, nickel and related products, as well as mineral fuels.



Meanwhile, capital flows in the fourth quarter of 2025 recorded net inflows, primarily supported by a significant increase observed in December 2025 due to global bond issuances, after recording low net inflows in October and November 2025 due to persistently high global uncertainty. Indonesia's foreign exchange reserves position at end-December 2025 increased to USD 156.5 billion, equivalent to financing 6.4 months of imports or 6.3 months of imports and Government external debt servicing, and well above the international adequacy standard of around three months of imports.

Bank Indonesia's exchange rate policy continues to be strengthened to maintain Rupiah exchange rate stability against the impacts of rising global uncertainty. The Rupiah exchange rate as of 20 January 2026 was recorded at Rp16,945 per US dollar, depreciating by 1.53% (ptp) compared with the end-December 2025 level. Foreign capital outflows contributed to Rupiah depreciation, mainly influenced by increasing global financial market uncertainty. In addition, increased foreign exchange demand by banks and domestic corporates in line with economic activity has also affected Rupiah performance. To maintain Rupiah exchange rate stability, Bank Indonesia has taken intensive stabilisation measures through intervention in offshore NDF markets as well as onshore DNDF and spot markets. These policy responses have contained Rupiah exchange rate volatility and remain consistent with efforts to achieve the 2026 inflation target of $2.5\pm 1\%$.

Consumer Price Index (CPI) inflation in 2025 remained within the target range of $2.5\pm 1\%$, with CPI inflation in December 2025 recorded at 2.92% (yoy). Core inflation remained low at 2.38% (yoy), in line with economic growth that remains below capacity and supported by the consistency of Bank Indonesia's monetary policy rate in anchoring inflation expectations in line with the target, as well as contained imported inflation. Administered prices (AP) also remained low at 1.93% (yoy). Meanwhile, inflation in the volatile food (VF) group remained relatively high at 6.21% (yoy), mainly driven by shallot prices amid limited supply due to weather disruptions and rising seed prices.

Bank Indonesia's monetary policy continues to be strengthened to promote higher economic growth while maintaining economic stability. Monetary policy is pursued through reductions in the BI-Rate, stabilisation of the Rupiah exchange rate, and the expansion of monetary liquidity. Since September 2024, the BI-Rate has been reduced by a total of 150 bps, comprising a 25 bps cut in September 2024 and a cumulative 125 bps reduction during 2025 to 4.75% as of December 2025, marking the lowest

level since 2022. Rupiah exchange rate stabilisation policy continues to be strengthened through interventions in offshore markets via NDF and in domestic markets through spot market and DNDF transactions, as well as purchases of Government Securities (SBN) in the secondary market. Rupiah liquidity expansion has also been undertaken by Bank Indonesia through a reduction in the outstanding position of Bank Indonesia Rupiah Securities (SRBI) from Rp916.97 trillion at the beginning of 2025 to Rp730.90 trillion at end-2025, and further declining to Rp694.04 trillion as of 20 January 2026. Bank Indonesia has also purchased Government Securities (SBN) as part of close synergy between monetary and fiscal policies, amounting to Rp23.69 trillion in 2026 (up to 20 January 2026), including Rp13.21 trillion in purchases in the secondary market. Purchases of Government Securities (SBN) in the secondary market are conducted in accordance with market mechanisms, in a measured and transparent manner, and in line with the monetary programme to maintain economic stability, thereby continuing to safeguard the credibility of monetary policy.

Bank Indonesia is strengthening macroprudential liquidity incentive policies (KLM) and accelerating payment system digitalisation to further bolster economic growth. The implementation of the strengthened KLM, effective as of 16 December 2025, is directed at accelerating reductions in banking lending/financing rates by increasing the size of incentives for banks that more rapidly lower new lending rates in line with reductions in Bank Indonesia's policy rate. As of the first week of January 2026, total KLM incentives amounted to Rp397.9 trillion, distributed to state-owned banks (BUMN) amounting to Rp182.9 trillion, national private banks (BUSN) amounting to Rp174.7 trillion, regional development banks (BPD) amounting to Rp33.1 trillion, and foreign bank branches (KCBA) amounting to Rp7.2 trillion. By sector, the incentives were primarily disbursed to priority sectors, namely agriculture, manufacturing, and downstream sectors; services, including the creative economy, construction, real estate and housing, as well as the MSME, cooperatives, inclusive, and green sectors.

The transmission of monetary policy easing needs to be continuously strengthened. Monetary policy easing undertaken by Bank Indonesia and the placement of the Government's Budget Surplus Balance (Saldo Anggaran Lebih/SAL) in the banking system need to be followed by faster reductions in banking interest rates. In line with the BI-Rate reductions totalling 125 bps in 2025 and the monetary liquidity expansion policy instituted by Bank Indonesia, the INDONIA rate declined by 234 bps from the beginning of 2025 to

3.69% as of 20 January 2026. SRBI interest rates for 6-, 9-, and 12-month tenors declined by 254 bps, 254 bps, and 258 bps, respectively, from the beginning of 2025 to 4.62%, 4.66%, and 4.69% as of 15 January 2026. Meanwhile, Government Securities (SBN) yields for the 2-year and 10-year tenors were recorded at 5.06% and 6.31%, respectively, as of 20 January 2026. The transmission of policy rate reductions to banking interest rates continues, both on deposit rates and lending rates. The one-month deposit rate declined by 56 bps from 4.81% at the beginning of 2025 to 4.25% in December 2025, although further efforts are still required to reduce the provision of special rates to large depositors. In line with the decline in funding rates, banking lending rates have begun to decrease, falling by 39 bps from 9.20% at the beginning of 2025 to 8.81% in December 2025.

The money supply has increased in line with Bank Indonesia's policy to enhance the effectiveness of monetary liquidity expansion in order to promote economic growth. In December 2025, M0 growth was recorded at 11.4% (yoy), increasing significantly compared with growth in the previous month of 6.5% (yoy). Moreover, growth in Adjusted Base Money (Adjusted M0), namely base money that has neutralised the impact of the Macroprudential Liquidity Incentive Policy (KLM), was recorded at a higher level of 16.8% (yoy), up from 13.3% (yoy) in the previous month. By component, the higher growth of M0 was influenced by an increase in currency in circulation and bank deposits at Bank Indonesia, in line with the strengthening of economic activity. In terms of contributing factors, the higher M0 growth was driven by fiscal and monetary coordination, in line with central bank liquidity expansion and government fiscal stimuli toward the end of the year. Meanwhile, broad money (M2) growth in November 2025 was recorded at 8.3% (yoy), higher than the growth in October 2025 of 7.7% (yoy). Based on the affecting factors, higher M2 growth was primarily driven by net claims on central government (NCG) and disbursed loans. Moving forward, money supply growth must be monitored and managed through policy synergy between Bank Indonesia and the Government to support economic growth.

Banking credit in 2025 grew by 9.69% (yoy), remaining within Bank Indonesia's projected range of 8–11% (yoy). Based on the use of funds, growth in investment credit, working capital credit, and consumer credit in 2025 was recorded at 21.06% (yoy), 4.52%

(yoy), and 6.58% (yoy), respectively. These outcomes are consistent with Bank Indonesia's efforts to reduce interest rates and strengthen the Macroprudential Liquidity Incentive Policy (KLM), as well as the realisation of government priority programs amid maintained macro-financial conditions. Meanwhile, from the demand side, business actors need to be continuously encouraged to expand their businesses by utilising available undisbursed loans, which remained sizeable in December 2025 at Rp2,439.2 trillion, or 22.12% of the available credit ceiling. On the supply side, adequate bank financing capacity is supported by a ratio of liquid assets to third-party funds (LA/TPF) at 28.57% and high deposit growth of 13.83% (yoy) in December 2025. In addition, banks' appetite for credit disbursement continues to improve, as reflected in increasingly accommodative lending standards, except for the consumer and MSME credit segments due to still-elevated credit risk in these segments.

Financial system resilience remains maintained, supported by adequate banking liquidity, high capital capacity and low credit risk. The Capital Adequacy Ratio (CAR) in November 2025 remained high at 26.05%, which was adequate to absorb risk. The aggregate banking Non-Performing Loan (NPL) ratio remained low at 2.21% (gross) and 0.86% (net) in November 2025. Bank Indonesia's stress test results indicate that banking resilience remains strong in the face of various risks, supported by maintained corporate debt-servicing capacity and profitability.

Growth in digital economic and financial transactions in the fourth quarter of 2025 remained strong, supported by secure, seamless and reliable payment systems. The volume of digital payments¹ in the fourth quarter of 2025 grew 39.21% (yoy) to reach 14.26 billion transactions, supported by broader acceptance of digital payments. Transaction volume through mobile and internet banking applications grew 12.10% (yoy) and 15.10% (yoy), respectively, including digital payment transaction volume through QRIS, which continued enjoying robust growth of 139.99% (yoy), underpinned by increasing numbers of users and merchants. From an infrastructure perspective, the volume of retail transactions processed through BI-FAST grew 30.44% (yoy) to reach 1,358.65 million transactions, with a value of Rp3,442.26 trillion in the fourth quarter of 2025. Meanwhile, the volume of large-value transactions processed through BI-RTGS amounted to 2.88 million transactions, growing by 3.82% (yoy), with a transaction value of Rp65,069.78

¹ Digital payments include transactions through mobile applications and the internet.

trillion in the fourth quarter of 2025. In terms of Rupiah currency management, total currency in circulation grew 12.90% (yoY) to Rp1,359.94 trillion in the fourth quarter of 2025.

Payment system stability remains well-maintained, supported by stable infrastructure and a sound industry structure. Stable infrastructure is reflected in the seamless and reliable payment systems maintained by Bank Indonesia, along with an adequate money supply of currency fit for circulation in appropriate denominations in the fourth quarter of 2025. A sound industry structure is reflected in the strengthening interconnections among participants in the payment system, accompanied by an expanding Digital Economy and Finance (Ekonomi Keuangan Digital/EKD) ecosystem. The expansion of the National Standard for Open API Payments (SNAP) adoption supports strengthened interconnectivity, as reflected in the continued increase in SNAP-based

payment transactions. Moving forward, Bank Indonesia will continue to ensure the security and reliability of the Bank Indonesia Payment System (SPBI) infrastructure, both retail and wholesale, as well as industry payment system infrastructure. In addition, the structure of the payment system industry will continue to be strengthened, particularly in the areas of risk management and the reliability of industry participants' technological infrastructure, in line with the implementation of Bank Indonesia Regulation Number 10 of 2025 concerning Payment System Industry Regulation (PBI PISP). Bank Indonesia remains consistent in ensuring the availability of Rupiah currency in sufficient quantity and fit-for-circulation quality across the entire territory of the Unitary State of the Republic of Indonesia (NKRI), including frontier, outermost, and remote (3T) areas, as well as to meet currency demand during National Religious Holidays (HBKN).

Economic Prospects

The global economic outlook is slowing, amid elevated uncertainty that is expected to persist. Global economic growth in 2026 is projected at 3.2%, slightly lower compared with the growth in 2025 of 3.3%. The lower growth is mainly influenced by the spillover impact of United States (US) reciprocal tariffs and vulnerabilities in global supply chains, despite the improving outlook for the US economy driven by investment in the technology sector, including artificial intelligence (AI), and fiscal stimulus in the form of tax cuts. Economic growth in Japan, China, and India in 2026 is projected to moderate due to weakening domestic demand and exports amid rising investment in artificial intelligence (AI). These conditions demand vigilance and strengthened policy responses to reinforce the resilience of the domestic economy against global spillovers and to promote higher economic growth.

On the domestic front, economic growth in Indonesia remains good and requires continuous strengthening to align with economic capacity. Overall, economic growth in 2025 is forecast in the 4.7–5.5% range. In 2026, economic growth is projected to accelerate in the 4.9–5.7% range, supported by stronger domestic demand in line with various Government policies and the continued positive impact of Bank Indonesia's policy mix in promoting economic growth. The effectiveness of various Government stimulus programmes in 2026 needs to be strengthened to improve household consumption and employment absorption. Investment is also projected to be higher, supported by the continuation of the Government's priority programmes, including natural resource downstreaming, thereby expected to further enhance productivity and the economy's capacity. Bank Indonesia continues to strengthen its policy mix by optimising the monetary, macroprudential, and payment system policies in close synergy with the Government's fiscal stimulus and real sector policies to promote higher and more resilient economic growth.



Indonesia's external economic resilience needs to be continuously strengthened amid increasing global uncertainty. BOP performance in 2025 is expected to remain resilient with a healthy current account within the range from a deficit of 0.5% to a surplus of 0.3% of GDP. BOP performance in 2026 is forecast to remain sound, with current account deficit remaining low at 0.9–0.1% of GDP. Accordingly, strengthened policy responses are required to continue safeguarding Indonesia's external economic resilience.

The Rupiah exchange rate is projected to remain stable with a tendency to appreciate, underpinned by attractive yields, low inflation, and Indonesia's continued positive economic growth prospects. Bank Indonesia remains firmly committed to maintaining Rupiah exchange rate stability, including measured intervention in offshore NDF markets as well as domestic spot and DNDF markets, while strengthening the pro-market monetary operations strategy.

Bank Indonesia is confident inflation in 2026 and 2027 will remain low and within the 2.5%±1% target range. Core inflation is projected to remain low amid inflation expectations anchored within the

target, large economic capacity, contained imported inflation, and the positive impact of digitalisation. Meanwhile, volatile food (VF) inflation is projected to remain under control, supported by strengthened inflation control synergy by the Central and Regional Inflation Control Teams (TPIP/TPID) and the strengthened implementation of the National Food Security Programme.

The role of bank credit in driving economic growth needs to be continuously improved. Bank Indonesia projects credit growth in 2026 to be in the range of 8–12%. Moving forward, Bank Indonesia will continue strengthening coordination with the Government and KSSK Committee to revive bank lending/financing and improve the interest rate structure. Bank Indonesia will also continue to strengthen policy synergy with the Financial System Stability Committee (KSSK) in mitigating various risks that could potentially disrupt financial system stability.

Bank Indonesia Policy Response

The Board of Governors' Meeting (RDG) of Bank Indonesia on 20th-21st January 2026 decided to maintain the BI-Rate at 4.75%, the Deposit Facility rate at 3.75%, and the Lending Facility rate at 5.50%. The decision is consistent with the current policy focus on efforts to maintain Rupiah exchange rate stability against a backdrop of increasing global uncertainty to achieve the inflation target in 2026-2027 and foster economic growth. Moving forward, Bank Indonesia will continue to strengthen the effectiveness of the transmission of monetary policy easing and macroprudential policies that have been implemented, while continuing to assess the room for further BI-Rate cuts with inflation forecasts for 2026–2027 that remain under control within the target range of 2.5±1%, and fostering higher economic growth.

Bank Indonesia's macroprudential policy remains directed towards promoting growth (pro-growth), including by enhancing the effectiveness of the Macroprudential Liquidity Incentive Policy (Kebijakan Incentif Likuiditas Makroprudensial/KLM) to accelerate the decline in lending rates and increase credit/financing growth to the real sector, particularly priority sectors of the Government. Payment system policy remains directed towards supporting inclusive economic growth by expanding the acceptance of digital payments, while strengthening the structure of the payment system industry and the resilience of payment system infrastructure.

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



1. Strengthening Rupiah exchange rate stabilisation through intervention in both Non-Deliverable Forward (NDF) transactions in offshore markets as well as spot and Domestic Non-Deliverable Forward (DNDF) transactions in the domestic market. This strategy is accompanied by the purchase of Government Securities (Surat Berharga Negara/SBN) in the secondary market;
2. Strengthening a pro-market monetary operations strategy to bolster Rupiah exchange rate stabilisation and enhance the effectiveness of monetary policy transmission in maintaining stability and promoting economic growth through:
 - i. managing the interest rate structure of monetary instruments;
 - ii. optimising the issuance of Bank Indonesia Rupiah Securities (SRBI); and
 - iii. strengthening the attractiveness of Government Securities (SBN) yields through measured transactions in the secondary market;
3. Strengthening the effectiveness of macroprudential policy easing in encouraging credit/financing growth and reducing banking interest rates. This measure is reinforced by the publication of a transparency assessment of the Prime Lending Rate (Suku Bunga Dasar Kredit/SBDK), with deeper analysis of lending rates by priority sectors covered under the Macroprudential Liquidity Incentive Policy (KLM), including the responsiveness of changes in the SBDK to changes in Bank Indonesia's policy rate;
4. Strengthening the strategy of increasing digital acceptance through preparations for the implementation of Indonesia–China Cross-Border QRIS and Indonesia–South Korea Cross-Border QRIS around the first quarter of 2026;
5. Expanding international cooperation in the area of central banking, including payment system connectivity and transactions using local currencies (Local Currency Transactions, LCT), as well as facilitating the organisation of investment and trade promotion in priority sectors in collaboration with relevant agencies.

Bank Indonesia also continues to strengthen policy synergy with the Financial System Stability Committee (Komite Stabilitas Sistem Keuangan/KSSK) to maintain stability and promote economic growth in line with the Government's Asta Cita programme.

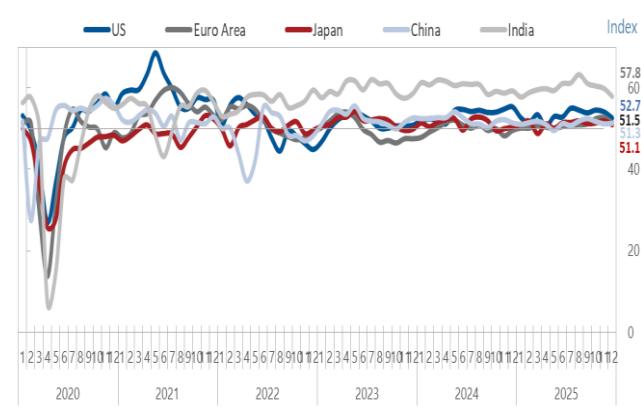
The global economy remains on a slowing trend with heightened uncertainty.

Global GDP Growth

Country	2021	2022	2023	2024	2025*	2026*
World	6.3	3.5	3.3	3.3	3.3	3.2
Advanced economies	5.6	2.6	1.7	1.8	1.7	1.8
United States	5.9	1.9	2.9	2.8	2.1	2.3
Euro Area	5.6	3.4	0.4	0.9	1.3	1.3
Japan	2.2	1.0	1.5	0.1	1.1	0.8
Emerging economies	6.9	4.1	4.4	4.3	4.3	4.1
China	8.4	3.0	5.2	5.0	5.0	4.4
India	8.3	6.8	7.7	6.5	7.4	6.6
ASEAN-5	4.0	5.5	4.0	4.6	4.4	4.3
Latin America	7.4	4.2	2.4	2.4	2.2	2.2
Emerging Euro	7.3	1.2	3.3	3.4	2.2	2.4
Middle East & Central Asia	4.3	5.4	2.0	2.4	3.5	3.8

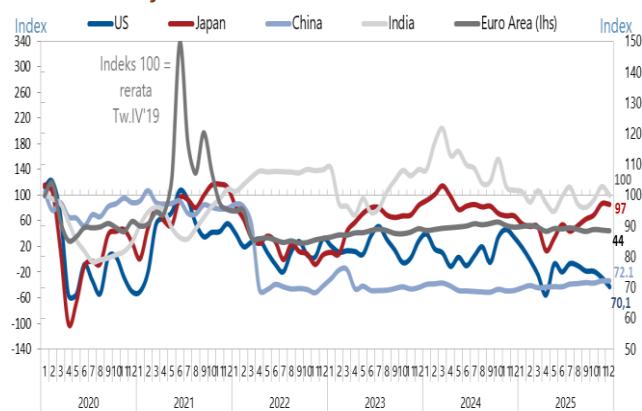
Source: IMF WEO. *Bank Indonesia Projection

Global PMI



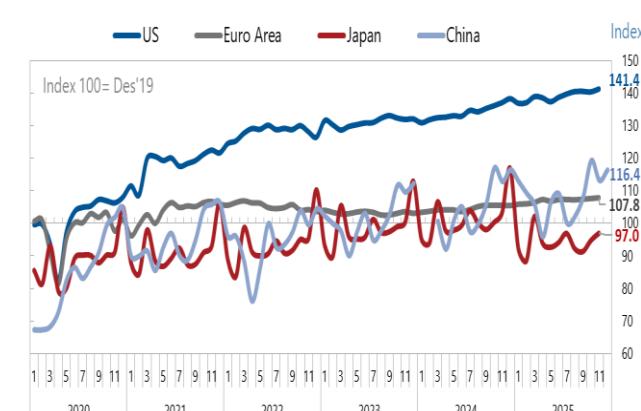
Source: IHS Markit, Bloomberg (China)

Consumer Confidence Index



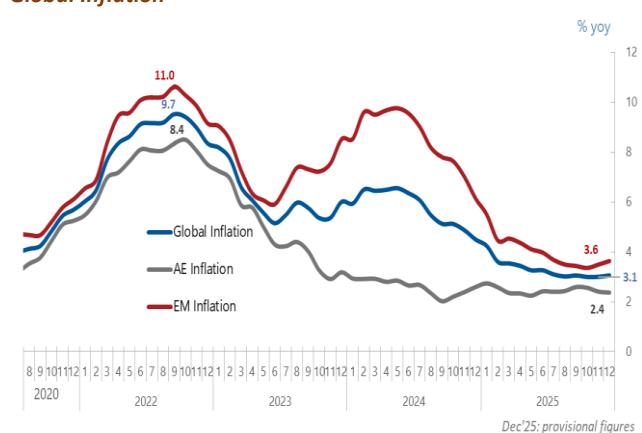
Source: Bloomberg, calculated

Retail Sales



Source: CEIC, calculated

Global Inflation



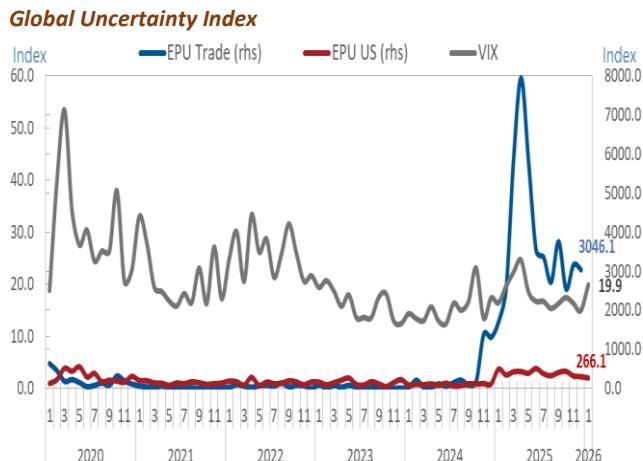
Source: Bloomberg and IMF, calculated

Indonesia's Export Commodity Prices

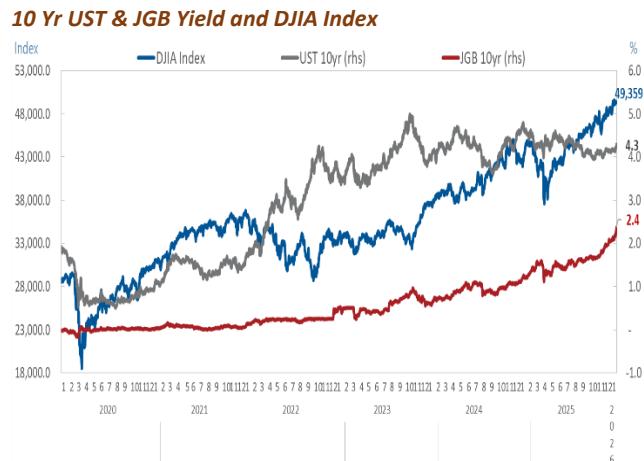
Commodity	2023				2024				2025				2026				
	Q1	Q2	Q3	Q4	2023	Q1	Q2	Q3	Q4	2024	Q1	Q2	Q3	Q4	2025	Q1	YTD*
Copper	-10.2	-11.0	8.6	3.1	-3.3	-4.7	16.8	11.2	12.8	8.8	10.3	-4.3	5.6	19.2	7.5	37.8	30.2
Coal	-2.9	-27.7	-35.7	-35.8	-25.9	-27.7	-16.3	0.2	-11.3	-15.3	-144	-16.8	-20.2	-11.5	-15.7	-5.8	0.3
CPO	-35.6	-42.0	-32	-5.9	-25.9	0.5	62	5.2	31.3	10.5	17.1	0.3	6.9	-14.0	1.7	-14.9	-7.2
Rubber	-21.1	-27.3	-8.0	11.5	-13.5	17.9	44.3	40.6	40.0	35.3	9.3	-9.2	-7.6	-14.6	-6.0	-8.1	-0.6
Nickel	-6.7	-22.6	-7.0	-31.8	-17.3	-35.7	-16.9	-19.9	-7.2	-21.3	-6.2	-17.7	-7.8	-7.1	-10.0	12.7	15.9
Tin	-38.6	-29.4	13.8	14.6	-16.8	0.2	25.3	18.5	23.4	16.7	21.0	0.5	7.0	24.8	12.8	46.4	37.2
Aluminium	-24.9	-21.3	-6.6	-5.5	-15.7	-8.2	12.3	10.0	16.9	7.4	17.1	-3.9	8.1	9.3	7.4	19.3	18.7
Coffee	-26.4	-19.3	-28.6	-21	-20.1	7.1	19.9	55.9	65.7	36.4	100.7	63.9	36.9	31.0	54.1	-2.7	0.9
Others	-1.5	-1.7	-2.2	-3.1	-2.1	-1.0	-0.2	0.3	0.1	-0.2	1.1	1.7	0.4	0.7	0.3	0.5	
Indonesian Export Commodity Prices	-12.7	-21.7	-12.2	-12.0	-16.0	-8.2	1.7	6.1	8.7	1.5	2.9	-5.0	-3.5	-4.9	-2.9	-1.0	2.4
Oil (Brent)**	81	78	87	84	83	83	85	80	75	81	76	68	69	64	65	65	

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

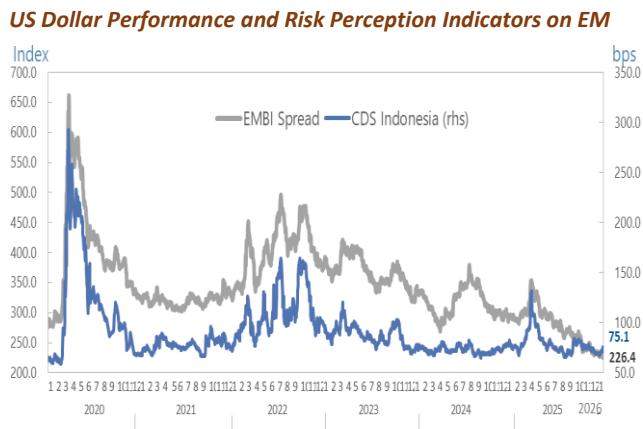
Source: Bloomberg. Data as of January 20, 2026



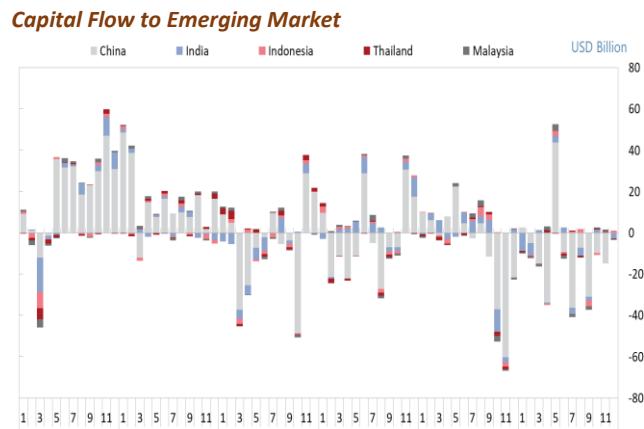
Source: Bloomberg. Data as of January 20, 2026



Source: Bloomberg. Data as of January 20, 2026



Source: Bloomberg. Data as of January 20, 2026



Source: IIF

Indonesia's economic growth remains favorable and needs to be further strengthened to align with the capacity of the economy.

Economic Growth – Expenditure Side

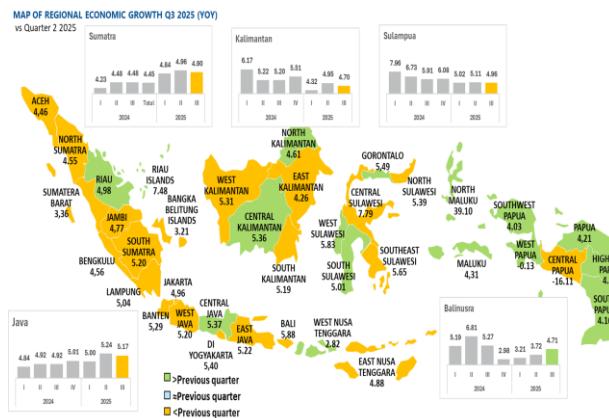
Components	2023				2024				2025			
	I	II	III	IV	I	II	III	IV	I	II	III	
Household Consumption	4.94	4.53	5.22	5.05	4.47	4.82	4.91	4.93	4.91	4.98	4.94	4.95
Non-Profit Institution Serving Household (NPISH) Consumption	5.66	6.29	8.78	6.40	18.37	10.03	24.13	9.79	11.46	6.06	12.48	3.07
Government Consumption	-4.42	3.33	10.52	-3.86	2.94	3.02	20.44	2.03	4.62	4.17	6.61	-1.37
Investment (GFCF)	3.87	1.53	4.05	5.08	4.32	3.76	3.78	4.42	5.16	5.03	4.61	2.12
Building Investment	0.91	0.08	3.32	6.31	6.42	4.04	5.46	5.31	6.02	5.26	5.51	1.35
NonBuilding Investment	12.53	5.70	6.10	2.05	-0.78	3.03	-0.78	1.97	2.96	4.40	2.23	4.32
Exports	16.23	11.72	-2.84	-3.91	1.66	1.34	1.48	8.13	8.79	7.63	6.51	6.44
Imports	15.00	4.12	-3.25	-6.82	0.14	-1.60	1.50	7.79	11.92	10.36	7.95	4.00
GDP	5.31	5.04	5.17	4.94	5.04	5.05	5.11	5.05	4.95	5.02	5.03	4.87
	5.12	5.04	5.18	4.96	5.06	5.07	5.13	5.06	4.96	5.04	5.05	4.90

Source: BPS

Economic Growth – Economic Sectors Side

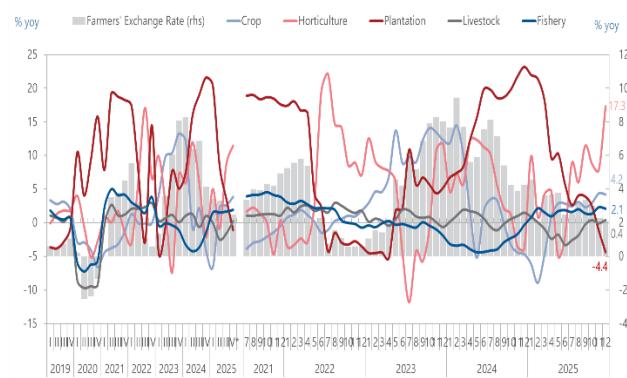
Source: BPS

Growth of Regional Economic (GRDP) of the Third Quarter 2025



Source: BPS, calculated

Farmers' Exchange Rate



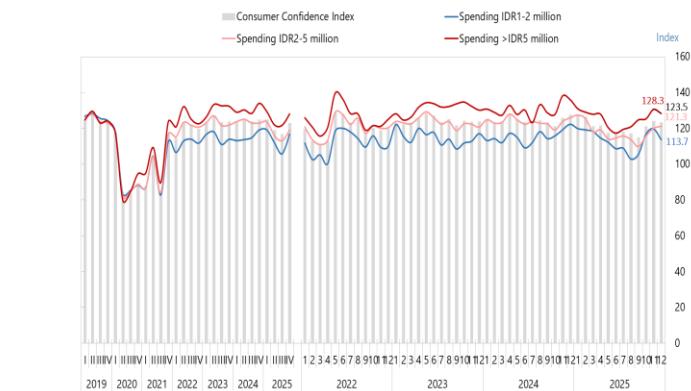
Source: BPS, calculated

Realization of State Budget (APBN)

ITEMS	2021		2022		2023		2024		2025		
	Budget (IDR Trillion)	Realization as of December 2021 (IDR Trillion)	Budget (IDR Trillion)	PERBESAR as of December 2022 (IDR Trillion)	Budget (IDR Trillion)	Realization as of December 2023 (IDR Trillion)	Budget (IDR Trillion)	Realization as of December 2024 (IDR Trillion)	Budget (IDR Trillion)	Realization as of December 2025 (IDR Trillion)	
A. State Income and Grants	1,743.6	2,009.6	1,846.1	2,265.2	2,635.4	2,463.0	2,774.3	2,463.0	2,842.5	3,005.1	2,756.3
L. Domestic Income	1,742.7	2,005.3	1,845.6	2,265.6	2,637.9	2,462.6	2,761.3	2,462.6	2,812.2	3,004.5	2,752.0
1. Tax Income	1,444.5	1,546.8	1,510.0	1,784.0	2,034.6	2,021.2	2,155.4	2,021.2	2,232.6	2,409.3	2,217.9
2. NonTax Income	282.2	458.3	335.6	481.6	595.2	441.4	605.9	441.4	579.5	513.6	534.1
II. Grant	0.9	4.5	0.6	0.6	5.6	0.4	0.4	0.4	30.3	0.6	4.3
B. State Expenditures	2,750.0	2,773.6	2,714.2	3,106.4	3,095.5	3,061.2	3,121.5	3,061.2	3,390.3	3,621.3	3,451.4
I. Central Government Expenditures	1,954.5	1,887.9	1,944.5	2,301.6	2,279.2	2,246.5	2,240.6	2,246.5	2,488.8	2,701.4	2,602.3
1. Employee Spending	421.1	387.7	426.5	426.5	402.4	442.6	412.3	442.6	464.5	521.5	501.1
2. Spending for Goods	362.5	529.6	338.7	339.7	426.0	387.0	429.8	387.0	493.3	466.9	546.9
3. Capital Expenditures	246.8	228.6	199.2	199.2	240.4	199.1	307.3	199.1	328.1	234.1	427.5
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	514.4
5. Subsidies	175.4	241.0	207.0	283.7	252.8	298.5	269.6	298.5	291.9	307.9	281.6
6. Grant Expenditure	6.8	4.3	4.8	4.8	5.8	0.0	0.2	0.0	0.1	0.2	0.31
7. Social Assistance	161.4	173.6	147.4	147.4	161.5	148.6	157.6	148.6	153.1	140.1	186.6
8. Other Expenditures	207.3	79.5	214.0	494.4	403.9	329.3	224.6	328.3	267.3	458.0	143.9
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	849.0
1. Transfer to Regions	723.5	713.9	701.6	756.8	748.3	744.7	811.4	744.7	792.6	848.5	589.9
2. Village Funds	72.0	71.9	68.0	68.0	67.9	70.0	69.9	70.0	70.9	71.0	55.0
C. Primary Balance	(633.1)	(420.5)	(462.2)	(454.0)	(46.4)	(156.6)	92.2	(156.6)	(19.4)	(63.3)	(180.7)
D. Budget Surplus/Deficit	(1,006.4)	(764.0)	(886.0)	(840.2)	(480.1)	(598.2)	(347.6)	(598.2)	(507.9)	(616.2)	(895.1)
Surplus/Deficit (%GDP)	(5.7)	(4.5)	(4.9)	(4.5)	(2.3)	(2.8)	(1.65)	(2.8)	(2.29)	(2.5)	(2.92)

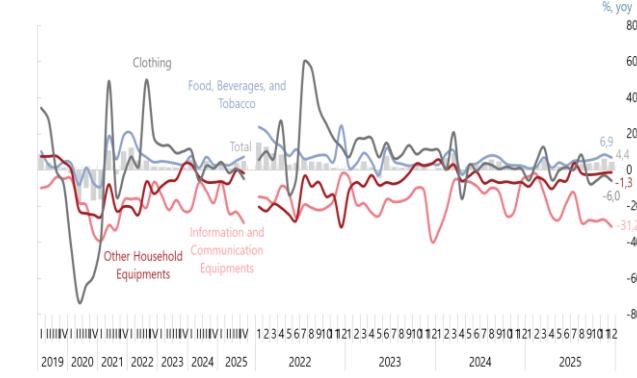
Source: Ministry of Finance

of Consumer Confidence Index



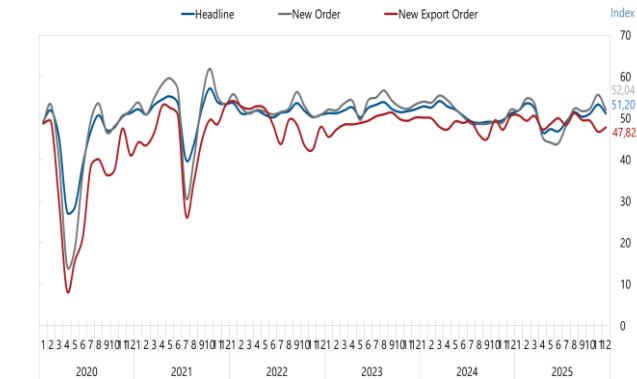
Source: Bank Indonesia

Global Retail Sales



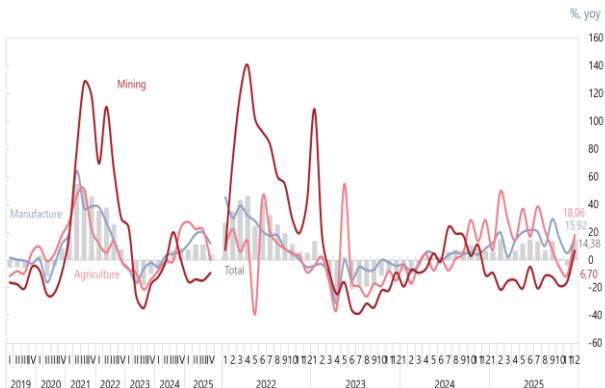
Source: Bank Indonesia

Manufacturing PMI



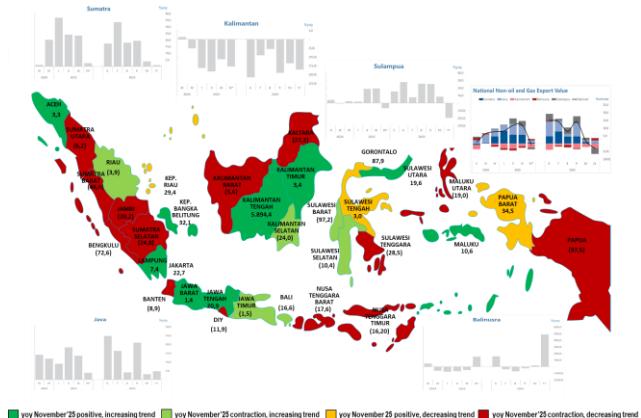
Source: Markit Economics

Non-oil and Gas Exports



Source: Ministry of Finance, calculated by Bank Indonesia

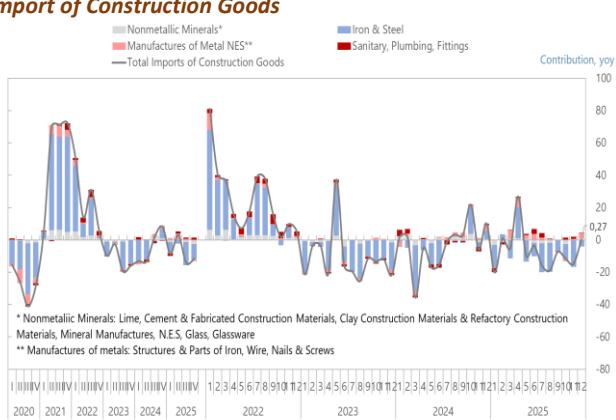
Spatial Non-oil and Gas Exports



Source: Ministry of Finance, calculated by Bank Indonesia.

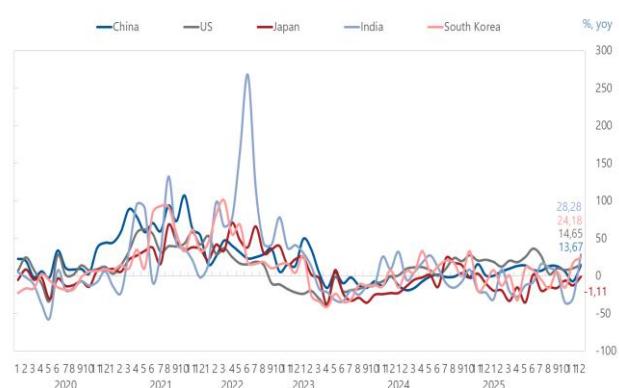
*Data as of November 2025

Import of Construction Goods



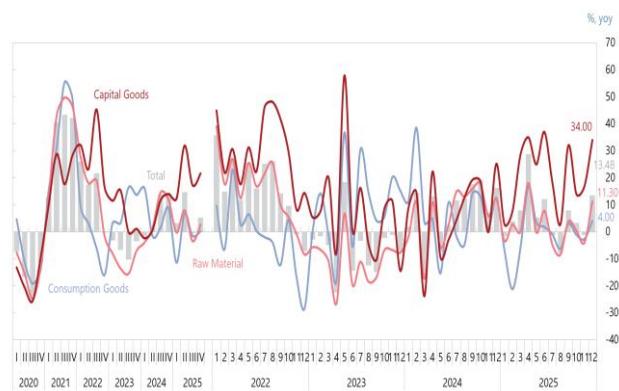
Source: Ministry of Finance, calculated by Bank Indonesia

Non-Oil and Gas Exports to Main Destination Countries



Source: Ministry of Finance, calculated by Bank Indonesia

Non-oil and Gas Imports



Source: Ministry of Finance, calculated by Bank Indonesia

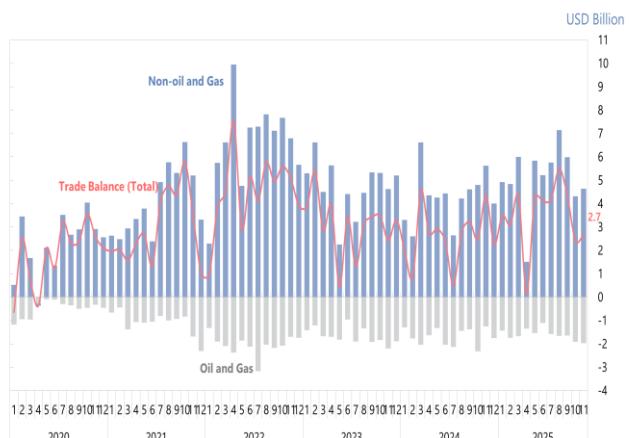
Indonesia's Balance of Payments (BOP) needs to be continuously strengthened amid rising global uncertainty. Bank Indonesia's exchange rate policy continues to be strengthened to maintain Rupiah exchange rate stability against the impacts of rising global uncertainty.

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	Total	I	II	III
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	-1.3	-8.7	-4.2	-2.7	4.0
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	39.8	13.0	10.6	16.1
- Exports, fob	66.8	75.2	77.8	72.8	292.5	66.8	81.6	63.5	65.9	257.7	61.9	62.3	67.5	71.3	263.1	65.9	68.0	73.9
- 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	223.3	52.9	57.4	57.8
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	62.8	18.8	15.7	20.9
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	19.6	4.7	4.2	4.8
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	18.6	5.4	5.2	4.3
C. Primary Income	-7.7	-9.0	-8.3	-9.6	-35.3	-8.8	-9.2	-8.8	-9.3	-36.0	-8.8	-9.4	-8.5	-9.0	-35.9	-9.4	-9.8	-9.4
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	1.6	5.9	1.6	1.7	1.7
Capital and Financial Account	-2.0	-1.7	-5.6	0.6	-8.7	4.0	-4.4	-0.5	10.8	2.6	8.1	9.7	17.9	0.4	-3.5	-8.1		
1. Direct Investment	4.6	6.6	3.4	3.4	18.1	4.4	3.9	27	3.4	14.4	4.8	2.3	5.1	3.6	15.9	2.6	3.5	2.5
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	8.3	1.0	-8.1	-7.1
3. Other Investment	-3.6	-4.6	-5.9	-1.5	-15.6	3.6	-5.6	-0.1	2.4	-6.9	-4.7	-3.4	-7.2	8.4	-5.9	4.2	1.0	-3.4
Overall Balance	-1.8	2.4	-1.3	4.7	4.0	6.5	-7.4	-1.5	8.6	6.3	-6.0	-6.6	5.9	7.2	-4.8	-6.7	-6.4	
- Reserve Assets Position	139.1	136.4	130.8	137.2	137.2	145.2	137.5	134.9	146.4	146.4	140.4	140.2	149.9	155.7	155.7	157.1	152.6	148.7
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	6.5	6.2	6.0	
- 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	-0.4	-0.6	-0.1	-0.8	1.1

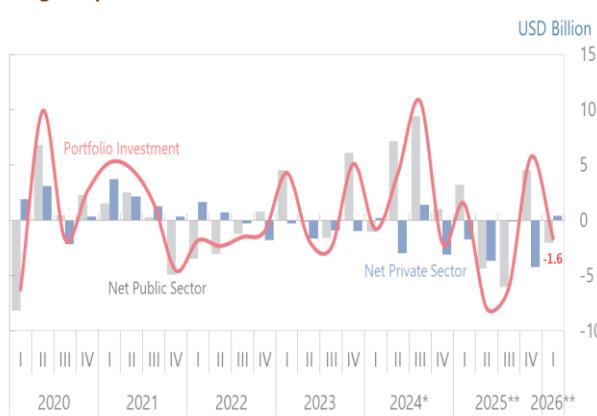
Source: Bank Indonesia. *Provisional Figures; ** Very Provisional Figures

Trade Balance



Source: BPS

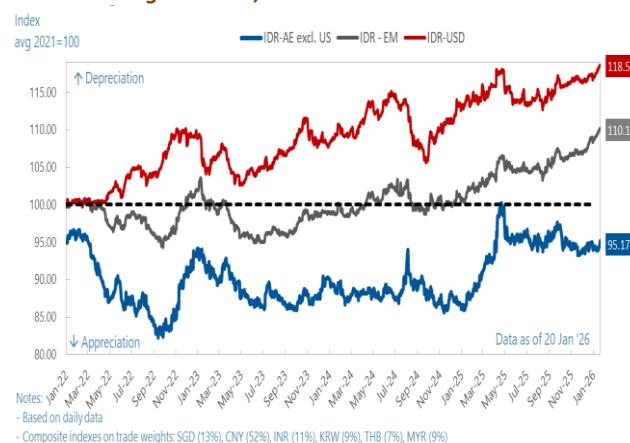
Foreign Capital Flows



Source: Bank Indonesia. Data as of January 19, 2026

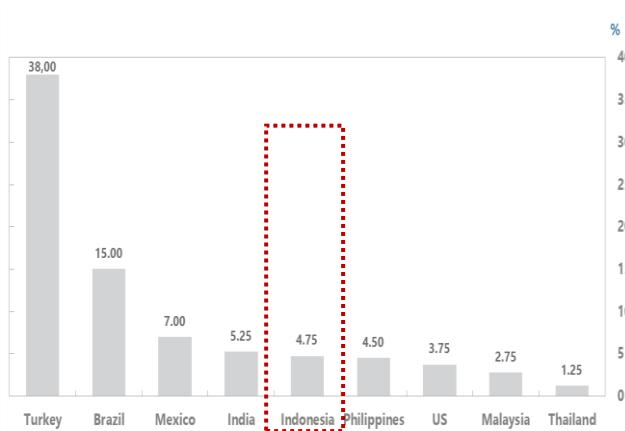
*Provisional Figures; ** Very Provisional Figures *** Very very Provisional Figures.

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



Source: Bloomberg. Data as of January 20, 2026

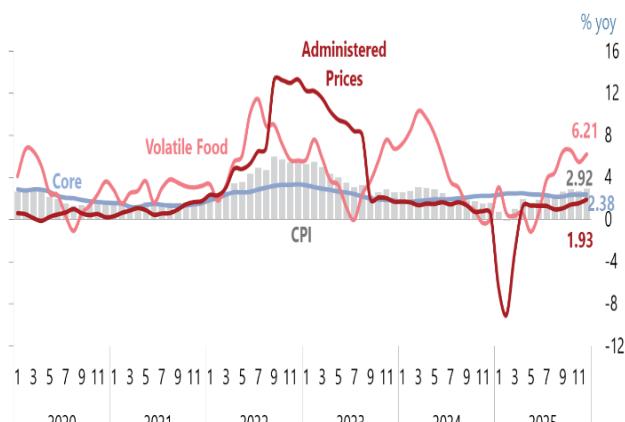
Peer Countries' Interest Rate Policies



Source: Bloomberg. Data as of January 21, 2026

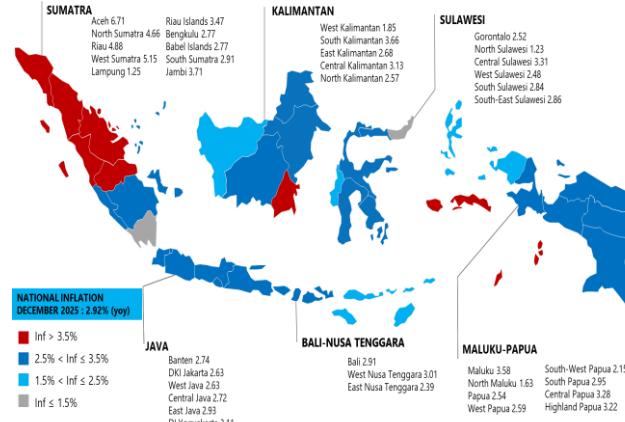
Consumer Price Index (CPI) inflation in 2025 remained within the target range of $2.5\pm1\%$, with CPI inflation in December 2025 recorded at 2.92% (yoY).

CPI Inflation and Component



Source: BPS

Inflation Rate across Provinces



Source: BPS

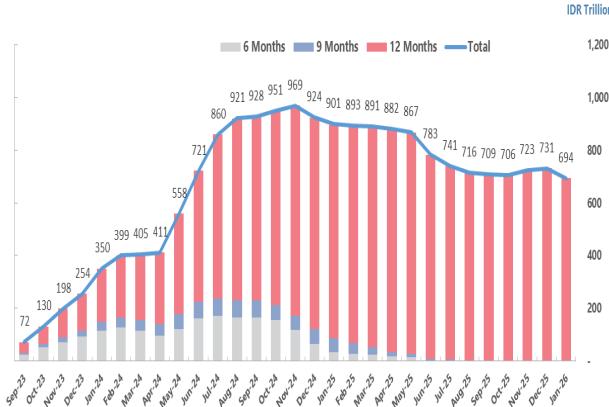
Inflation Expectation



Source: Consensus Economics

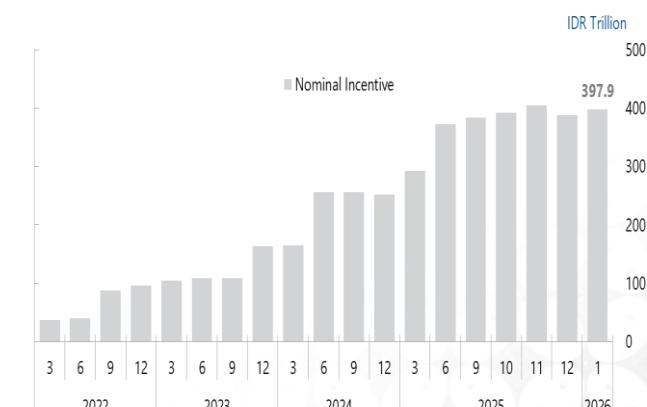
Bank Indonesia's monetary policy continues to be strengthened to promote higher economic growth while maintaining economic stability. Bank Indonesia is strengthening macroprudential liquidity incentive policies (KLM) and accelerating payment system digitalisation to further bolster economic growth.

SRBI Outstanding Position



Source: Bank Indonesia. Data as of January 20, 2026

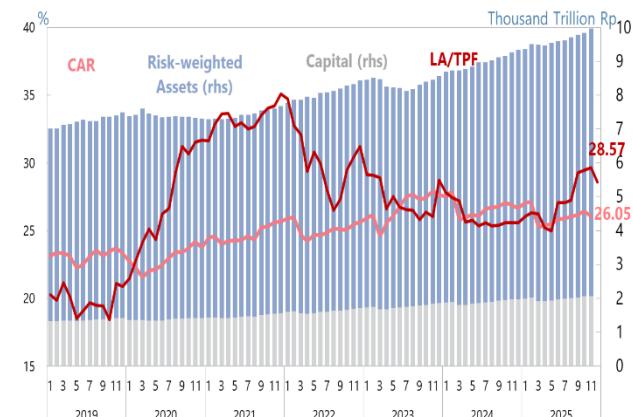
KLM Incentives Disbursement



Source: Bank Indonesia

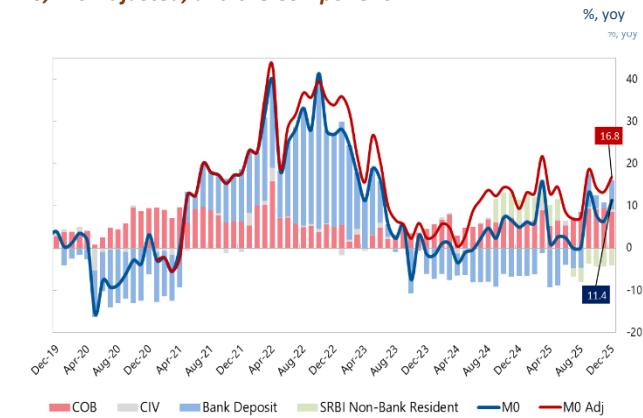
The transmission of monetary policy easing needs to be continuously strengthened. The money supply has increased in line with Bank Indonesia's policy to enhance the effectiveness of monetary liquidity expansion in order to promote economic growth. Banking credit in 2025 grew by 9.69% (yoy), remaining within Bank Indonesia's projected range of 8–11% (yoy). Financial system resilience remains well-maintained, supported by adequate banking liquidity, high capacity in capital and low credit risk.

The Ratio of Liquid Assets to Deposits and Capital Banking



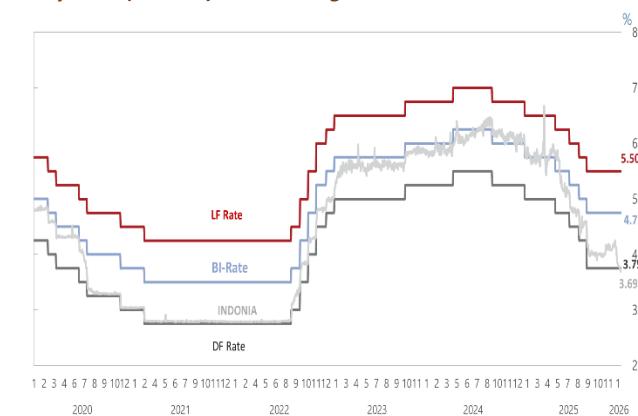
Source: Bank Indonesia

M0, M0 Adjusted, and the Component



Source: Bank Indonesia

Policy Rate (BI-Rate) and Overnight Interbank Rate



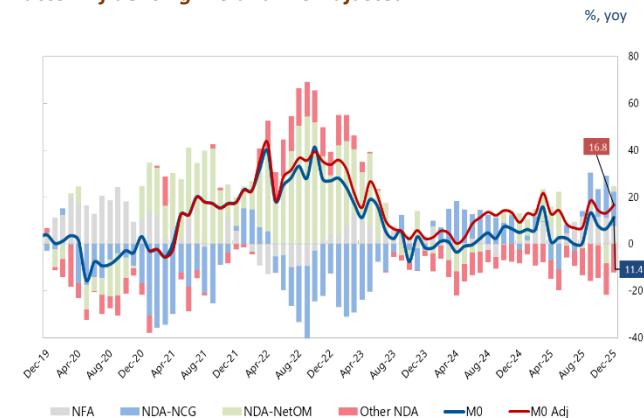
Source: Bank Indonesia

Money Supply



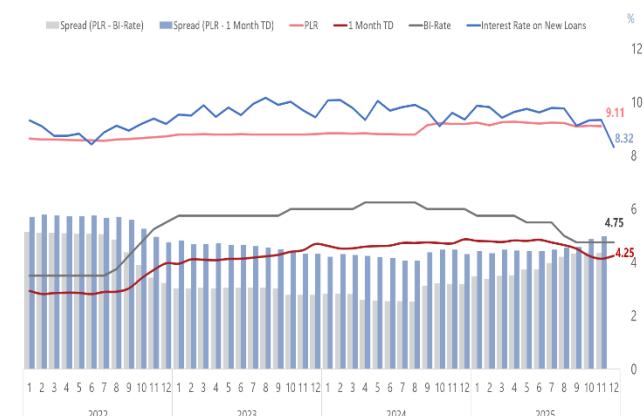
Source: Bank Indonesia

Factor Influencing M0 and M0 Adjusted



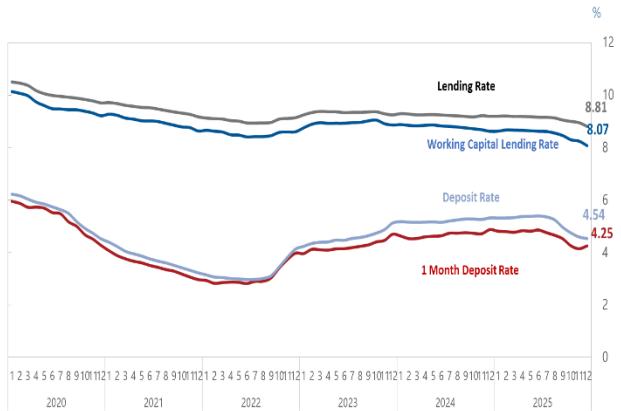
Source: Bank Indonesia

BI-Rate Transmission to PLR



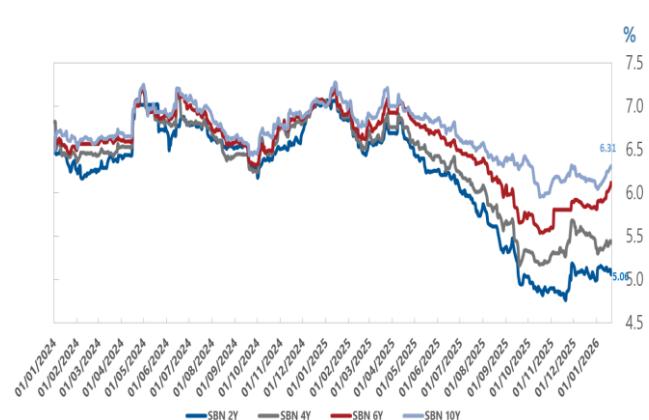
Source: OJK, Bank Indonesia, calculated

Banking Interest Rates



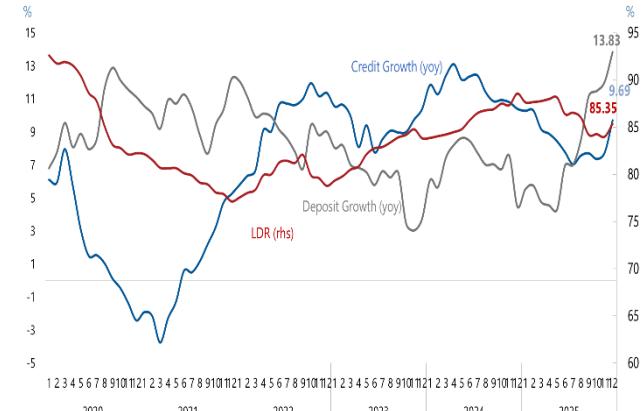
Source: Bank Indonesia

SBN Yield



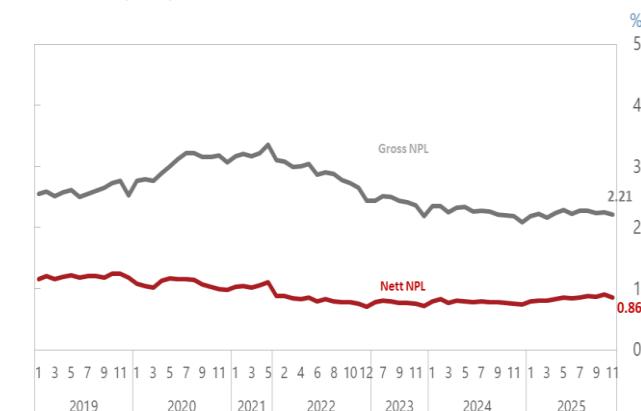
Source: Bank Indonesia

Credit and Deposit Developments



Source: Bank Indonesia

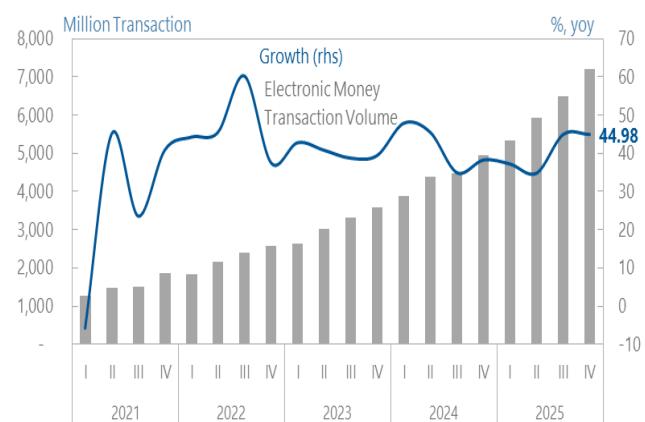
Credit Risk (NPL)



Source: Bank Indonesia, OJK

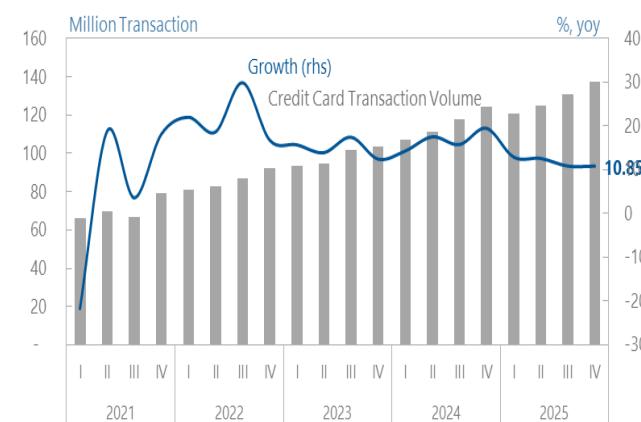
Growth in digital economic and financial transactions in the fourth quarter of 2025 remained strong, supported by secure, seamless and reliable payment systems. Payment system stability remains well-maintained, supported by stable infrastructure and a sound industry structure.

Electronic Money Transactions Volume



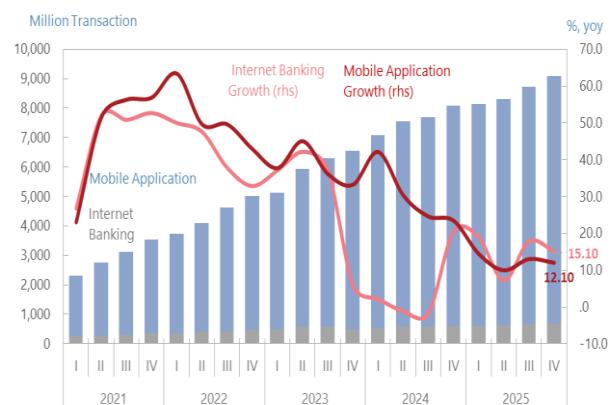
Source: Bank Indonesia

Credit Card Transactions Volume



Source: Bank Indonesia

Digital Banking Transactions Volume



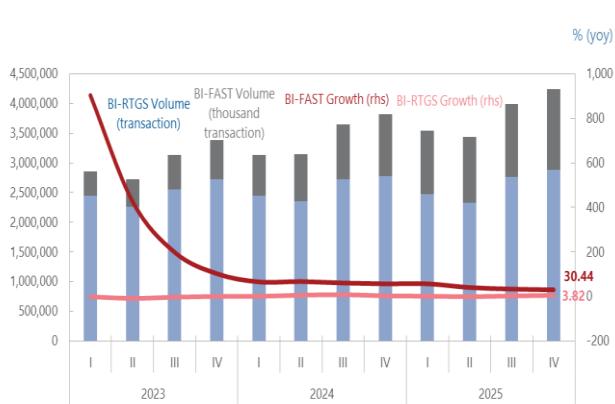
Source: Bank Indonesia

QRIS Transactions Volume



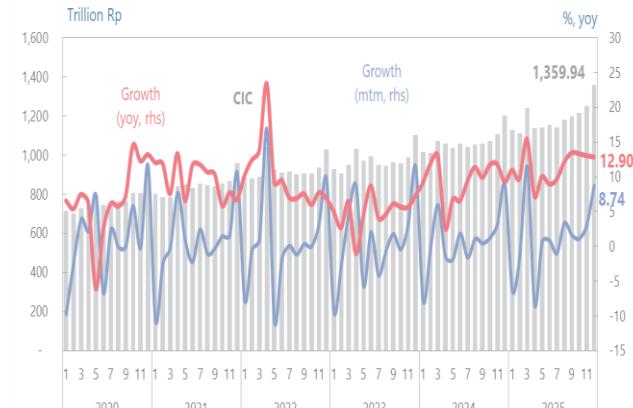
Source: Bank Indonesia

BI-FAST and BI-RTGS Transactions Volume



Source: Bank Indonesia

Currency in Circulation



Source: Bank Indonesia

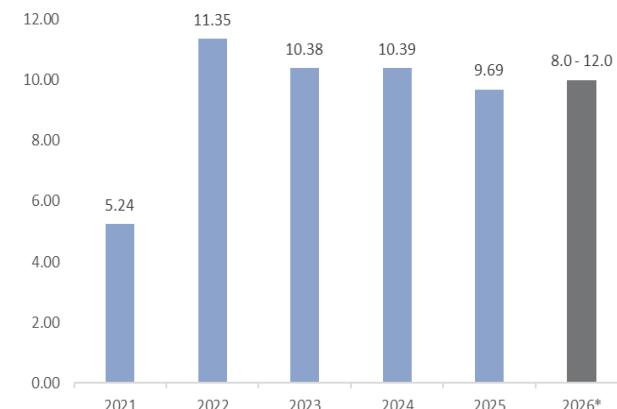
Economic growth in 2025 is forecast in the 4.7-5.5% range and economic growth is projected to accelerate in the 4.9-5.7% range in 2026.

Indonesia's GDP Projection

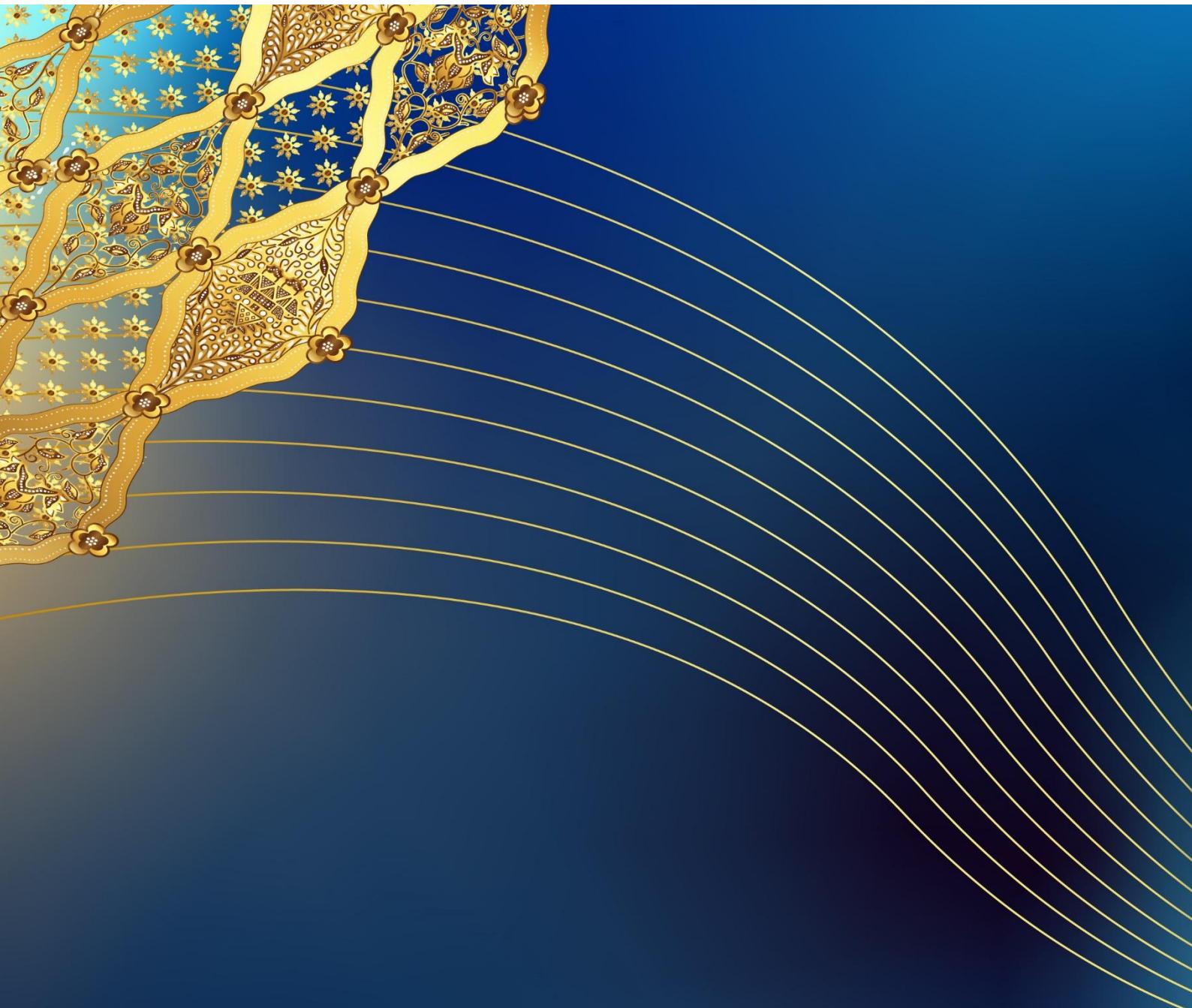


Source: Bank Indonesia. *Bank Indonesia's Projection

Credit Projection



Source: Bank Indonesia. *Bank Indonesia's Projection



For further information:

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