

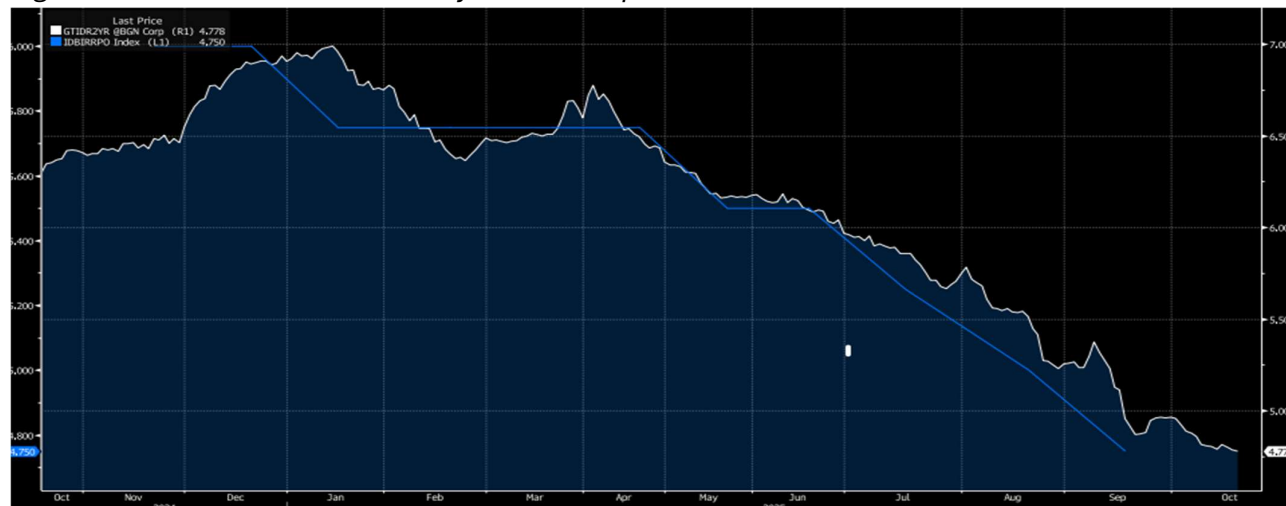


**Macro:** For last week, there was no key data out only local auto sales and external debt which both rose moderately. This week the key is the Bank Indonesia decision on monetary policy on Wednesday. The market is skewed towards a rate cut with 18 of 26 respondents on the BBG survey, forecasting a cut. The Prabowo government is focused on a pro-growth approach and the BI said at its September meeting that it would keep looking for room to ease further describing their activity in supporting growth as 'jointly' with the government. October has seen USDIDR stable and last weeks FED hint on rates likely opens the window for monetary policy adjustments.

Indonesia will expand its cash handout scheme for lower-income households, injecting an additional 30 trillion rupiah (\$1.8 billion) in hopes of stimulating the economy in the final quarter of the year, the government announced Friday. "The president has instructed an increase in direct cash assistance to be provided in October, November and December to 35 million families," Coordinating Minister for Economic Affairs told reporters during a news conference. "This will reach approximately 140 million individuals," he said, which accounts for roughly half of the country's population. Eligible households will receive 900,000 rupiah (\$54) each, one time only. The poorest families, which receive 600,000 rupiah every three months under the current program, will receive a total of 1.5 million rupiah for the final quarter of the year.

**Valuations:** The price/earnings for the JCI is difficult to analyze over recent years given the COVID period. At present levels of 18.7x, it is forecast to trend lower below 15x into yearend; before heading lower again into 2026. The 10-Yr government bond recently has rallied further and at 5.95% is now at late 2021 levels. The 2-Yr has rallied also as investors agitate over government intervention in the monetary policy decision making process. The 2-Yr has a modest premium over the Central Bank rate but has ground lower ahead of recent cuts, a trend it has followed in recent weeks that remains supportive of rate cut forecasts.

Fig 1: INDOGB 2-Yr Yield vs BI 7-day Reverse Repo Rate

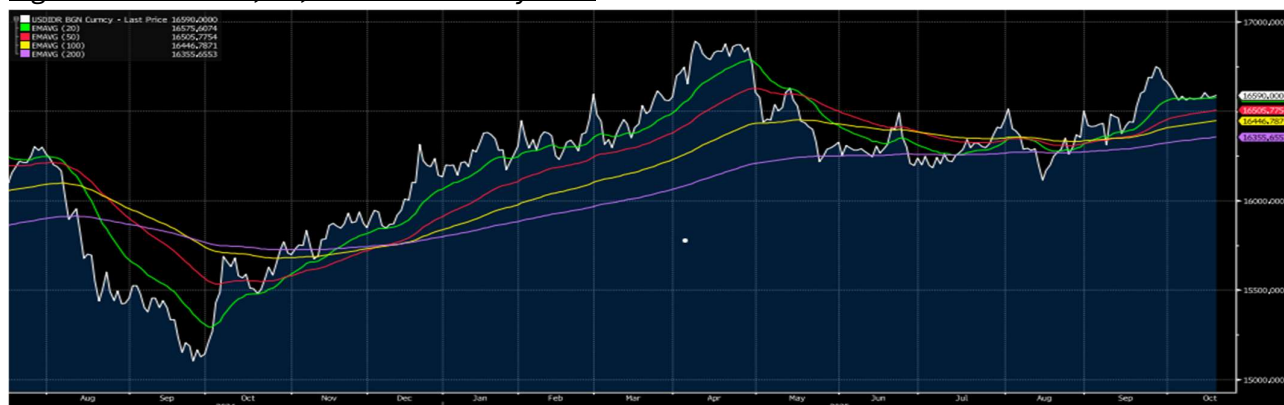


Source: Bloomberg Finance LP / MNI

**Sentiment:** Sentiment is finely balanced in Indonesia after protests intensified over the last few months. The protests were centred on an increase in the housing allowance for parliament members. The protests have calmed and the continues to perform, but the issues remain. The market is now sensitive to government involvement in the Central Bank with the new FinMin suggesting that he could have made a good governor. Despite this, the JCI is up +12% year to date as investors allocate back into stocks.

**Technical:** The BI has stated that their target for USDIDR is 16,300 yet have struggled to reach that target. The last few weeks has seen arguably the most stable period for the Rupiah this year, suggesting that the BI could be smoothing volatility ahead of a rate cut. USDIDR has trended on the 20-day EMA since early October, showing limited ability to trade through it or weaken further. Over the last week alone, regional currencies have delivered gains of +0.15 - +0.25% whilst USDIDR has done trended marginally weaker.

*Fig2: USDIDR vs 20, 50, 100 and 200-day EMA*



Source: Bloomberg Finance LP / MNI

The JCI had trended above all major moving averages up until last week's declines and now sits atop the 50-day EMA. It last trade through the 50-day in July.

*Fig 3: Jakarta Composite vs 20, 50, 100 and 200-day EMA*



Source: Bloomberg Finance LP / MNI

For issuance this week, all issuance is in SVBI and SUVBI, underscoring the focus on managing the exchange rate.

- 10/21/2025 14:00 Bank Indonesia to Sell 92D SVBI Bills
- 10/21/2025 14:00 Bank Indonesia to Sell 365D SVBI Bills
- 10/21/2025 14:00 Bank Indonesia to Sell 32D SVBI Bills
- 10/21/2025 14:00 Bank Indonesia to Sell 182D SVBI Bills
- 10/21/2025 14:00 Bank Indonesia to Sell 273D SVBI Bills
- 10/21/2025 20:30 Indonesia To Sell 30D Bills (SPN01251122)
- 10/21/2025 20:30 Indonesia To Sell 90D Bills (SPN03260121)
- 10/22/2025 14:00 Bank Indonesia to Sell 182D SUVBI Bills
- 10/22/2025 14:00 Bank Indonesia to Sell 94D SUVBI Bills
- 10/22/2025 14:00 Bank Indonesia to Sell 31D SUVBI Bills
- 10/22/2025 14:00 Bank Indonesia to Sell 367D SUVBI Bills
- 10/22/2025 14:00 Bank Indonesia to Sell 273D SUVBI Bills

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