

## MNI Bank Indonesia Preview – December 2025

**Meeting Date:** Wednesday, 17 December 2025

**Announcement Time:** 08:20 BST/14:20 WIB

**Link To Statement:** [https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp\\_2727425.aspx](https://www.bi.go.id/en/publikasi/ruang-media/news-release/Pages/sp_2727425.aspx)

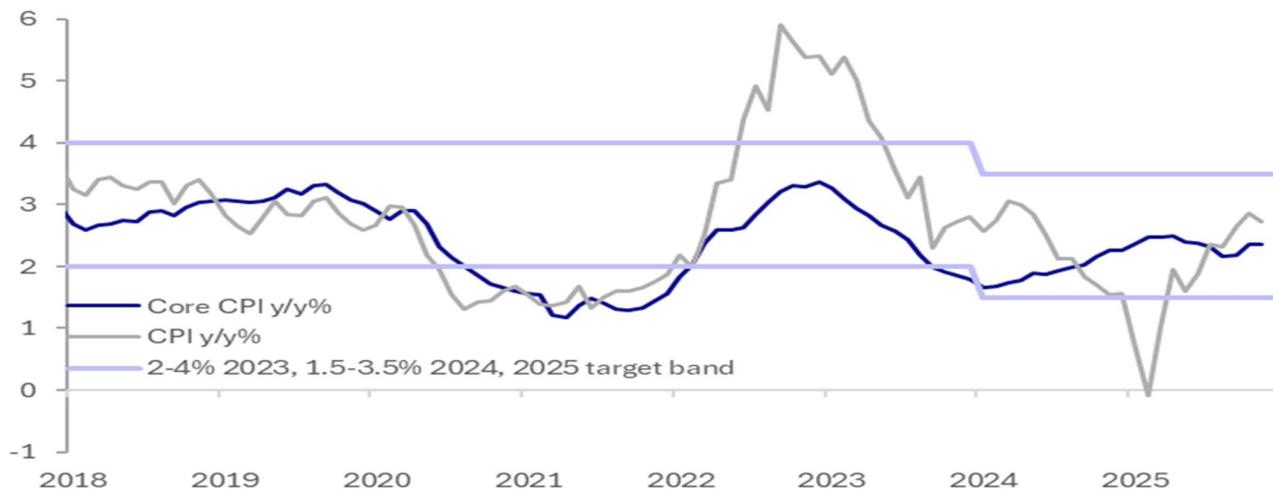
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### MNI POV (Point Of View): BI Holds, Rupiah Stability Key

Bank Indonesia announces its decision on Wednesday 17 December and like the last couple of meetings it is likely to be a balanced discussion. Currently 21 analysts on Bloomberg expect rates to remain unchanged at 4.75% and 11 are forecasting a 25bp cut. In Q3, BI's focus was on growth but this quarter it appears to have returned to FX stability. USDIDR is down 0.5% and the BIS IDR NEER is up 0.3% since the last meeting but the rupiah remains weaker than its mid-year levels and so BI may want to see further strengthening before easing again. It also seems inclined to give the transmission mechanism more time for the 125bp of 2025 easing to feed into the economy, especially as little has been passed onto bank lending rates. With activity data improving since the November meeting and inflation well within the band, the BI has room to watch and wait.

**Figure 1: Inflation expected to stay within target corridor**



Source: MNI – Market News/LSEG

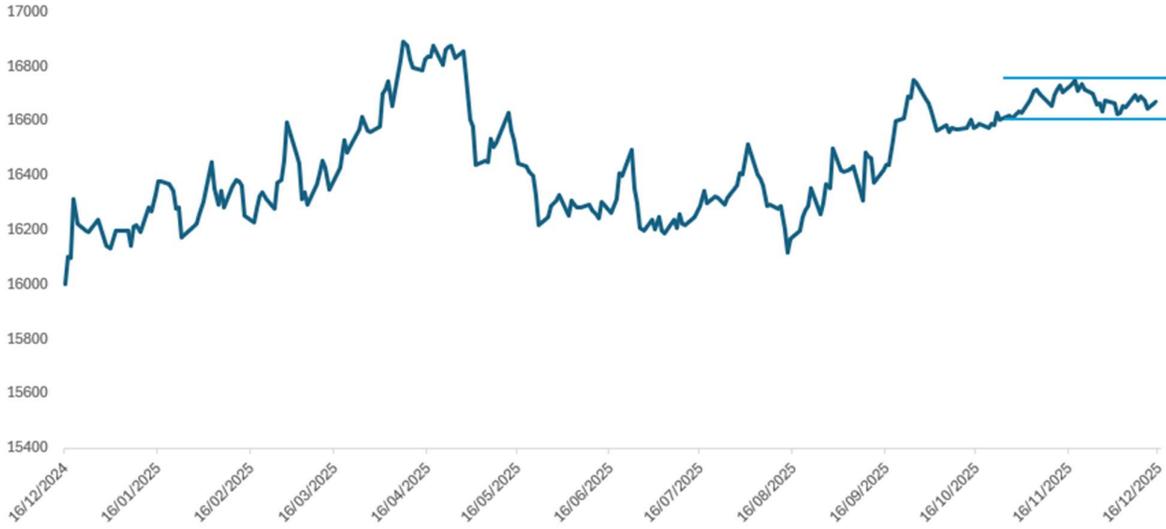
**Figure 2: Activity improving**



Source: MNI – Market News/LSEG

Yet the issue remains the currency. USDIDR has weakened -3.2% year to date but has delivered modest gains of since the last meeting. The BI has stated publicly that the central bank is strengthening its stabilization policy through interventions in the spot, non-deliverable forward (NDF), and domestic NDF (DNDF) markets, as well as purchasing government bonds (SBN) in the secondary market to maintain currency stability and attract capital flows with month to date flows positive. A move to cut rates could challenge this approach and risk capital flight.

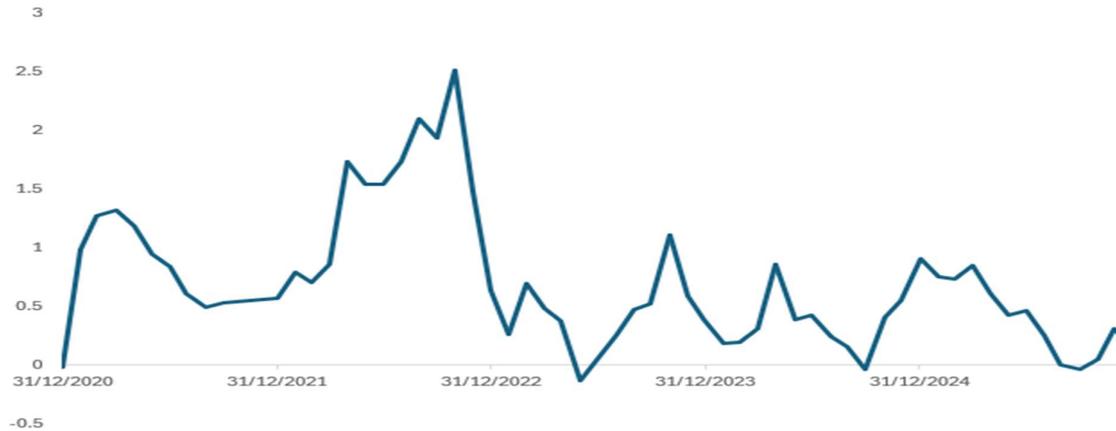
**Fig 3: USDIDR in Tight Range Since Last BI Meeting**



source: Bloomberg Finance LP / MNI

We consider the yield differential of the INDOGB Government bond and the Bank Indonesia base rate as a guide for market expectations for monetary policy. Since the last BI meeting, the yield differential has declined marginally and at +30bps, it is back near levels of earlier this year when the BI cut rates yet still sufficient premium to suggest that this is a close call.

**Fig 3: INDOGB 2-Yr Yield minus BI Base Rate**



source: Bloomberg Finance LP / MNI

Bank Indonesia is more likely to hold at tomorrow’s meeting than cut. It remains a very close call and following the FOMC decision to cut last week, there is reduced urgency for the December meeting.

The BI will remain at 4.75% and re-emphasise their focus on Rupiah stability, whilst steering markets to cuts in 2026.

## Bank Indonesia November 2025 Meeting Statement

The Bank Indonesia Board of Governors decided on 18-19<sup>th</sup> November 2025 to hold the BI-Rate at 4.75%, while also maintaining the Deposit Facility (DF) rate at 3.75% and the Lending Facility (LF) rate at 5.50%. The decision is consistent with the policy focus, in the near term, on maintaining Rupiah exchange rate stability and attracting portfolio inflows despite the impact of increasing global uncertainty, while strengthening the effective transmission of accommodative monetary and macroprudential policies. Moving forward, Bank Indonesia will continue considering room for further BI-Rate reductions with inflation forecast in 2025 and 2026 within the 2.5%±1% target corridor, coupled with the need to further accelerate economic growth. Bank Indonesia will also strengthen accommodative macroprudential policy by enhancing the effectiveness of liquidity provided to the banking industry in pursuit of lower interest rates and higher credit/financing growth to the real sector, particularly to priority sectors. Payment system policy remains oriented towards supporting economic growth by expanding the acceptance of digital payments, while strengthening the structure of the payment system industry and strengthening the resilience of payment system infrastructure.

The stance for monetary, macroprudential, and payment system policy mix to maintain stability while bolstering sustainable economic growth are supported by the following policy measures:

1. Strengthening the Rupiah stabilisation strategy, primarily through domestic foreign exchange market intervention with a focus on spot and domestic non-deliverable forward (DNDF) transactions as well as intervention in offshore non-deliverable forward (NDF) transactions, while also purchasing government securities (SBN) in the secondary market.
2. Strengthening the pro-market monetary operations strategy to support Rupiah stabilisation measures and enhance effective monetary policy transmission by:
  - i. managing the interest rate structure of monetary instruments and FX swaps to maintain portfolio inflows to domestic financial assets,
  - ii. issuing Bank Indonesia Rupiah Securities (SRBI) and measured purchases of government securities (SBN) in the secondary market to manage adequate liquidity in the money market and banking industry,
  - iii. expanding the instruments of foreign exchange monetary operations with spot and swap instruments denominated in Chinese Yuan (CNY) and Japanese Yen (JPY) against the Rupiah, integrated with money market and foreign exchange market deepening.
3. Accelerating money market and foreign exchange market (PUVA) deepening to strengthen effective monetary policy transmission and support economic financing by:
  - i. strengthening the effectiveness of BI-FRN (Floating-Rate Notes) issuances and developing Overnight Index Swaps (OIS) for non-overnight tenors to create an efficient transaction-based interest rate structure in the money market,
  - ii. strengthening the function of Primary Dealers (PD) to increase SRBI transactions in the secondary market and repurchase agreement (repo) transactions between market players through a central counterparty (CCP),
  - iii. deepening the domestic money market and foreign exchange markets with spot, forward and swap instruments denominated in Chinese Yuan (CNY) and Japanese Yen (JPY) against the Rupiah to strengthen Local Currency Transactions (LCT).
4. Strengthening the implementation of the easing of Macroprudential Liquidity Incentive Policy (KLM) by providing liquidity incentives to the banking industry through the interest-rate channel, to accelerate lower interest rates, and the lending channel, to accelerate credit/financing growth to priority sectors.
5. Strengthening the assessment of prime lending rate (PLR) transparency with a focus on interest rates based on priority sectors in accordance with the scope of KLM policy (Appendix 1).

6. Accelerating the acceptance of digital payments by enhancing the financial literacy of Payment Service Providers, merchants and public concerning QRIS Tap, strengthening implementation of QRIS Cross-Border between Indonesia and China as well as Indonesia and South Korea through sandboxing, as well as implementing the KATALIS P2DD literacy and capacity building program to accelerate and expand digitalisation in the local government environment.
7. Restructuring the payment system industry through regulatory reform to strengthen risk management and technology infrastructure in the implementation of payment systems.

**Global financial market uncertainty is rising again amidst a temporary government shutdown in the United States (US) and the current direction of US monetary policy.** The US economy is still plagued by moderation due to the adverse impact of reciprocal tariffs, coupled with the longest government shutdown in history, which have contributed to a persistently weak labour market. The economies of Japan, China and India have also slowed due to sluggish domestic demand. On the other hand, economic growth in Europe exceeded the projection due to the release of third-quarter growth figures, underpinned by increasing household consumption and investment in response to accommodative monetary policy. Consequently, world economic growth in 2025 is still forecast at around 3.1%. In the financial markets, increasing uncertainty has returned due to the Federal Reserve's policy rate cut, which the market deemed less dovish. Reciprocal tariffs that are prolonging the US disinflation process, alongside a weak labour market due to immigration policy and the government shutdown, have lowered the probability of a further reduction in the Federal Funds Rate (FFR) this year. Global capital flows continued to gold and financial assets in the US, as safe haven assets, thereby edging up gold prices and strengthening the DXY Index. Meanwhile, capital flows to emerging markets (EM) were more limited to the stock market. Such conditions demand vigilance and a strong policy response to mitigate the global spillovers, maintain external resilience and drive domestic economic growth, while maintaining stability.

**At home, Indonesia's economic growth remains solid and requires continuous enhancement to align with the economic capacity.** Indonesia's economy posted 5.04% (yoy) growth in the third quarter of 2025, underpinned by persistently strong export performance and increasing government consumption in line with faster government spending. Meanwhile, household consumption and investment need to be further encouraged to strengthen domestic demand. By sector, most economic sectors recorded positive performance in the reporting period, including manufacturing, wholesale and retail trade, as well as information and communication. Spatially, high regional economic growth was observed in the Java and Sulawesi-Maluku-Papua (Sulampua) regions. Fourth-quarter economic growth in 2025 is forecast to increase on the back of fiscal stimuli through the implementation of priority projects and the Government's Economic Policy Package 2025, alongside the Bank Indonesia policy mix to drive economic growth and maintain stability. Household consumption is forecast to accelerate in line with expectations of higher income, particularly among lower-middle income earners, given additional social assistance disbursements by the Government, accompanied by increasing community mobility and activity ahead of the Christmas and New Year festive period. Investment, specifically non-building investment, is forecast to accelerate, as reflected by a Prompt Manufacturing Index (PMI) that remains in expansionary territory. Consequently, Bank Indonesia projects national economic growth in 2025 in the 4.7-5.5% range, before accelerating in 2026. Bank Indonesia will also continue strengthening the national policy mix by optimising its monetary, macroprudential and payment system policy mix in synergy with the fiscal stimuli and real sector policies of the Government to drive national economic growth, while maintaining stability.

**Indonesia's Balance of Payments (BOP) remains sound, thereby supporting external resilience.** In the third quarter of 2025, the Current Account (CA) is projected to record a surplus in line with rising non-oil and gas exports, primarily supported by shipments of crude palm oil (CPO) to India, precious metals and jewellery to Switzerland, as well as coal to China. In terms of the Capital and Financial Account (CFA), direct investment is expected to remain positive in line with the promising domestic economic outlook, contrasting net outflows of portfolio investment in response to increasing global financial market uncertainty. In the fourth quarter of 2025 (as of the 17<sup>th</sup> of November 2025), portfolio investment improved to record net inflows of USD1.8 billion, dominated by equity inflows. The position of foreign reserves at the end of October 2025 increased to USD149.9 billion, equivalent to 6.2 months of imports or 6.0 months of imports and servicing government external debt, which is well above the international adequacy standard of around 3 months of imports. Overall, resilient BOP performance is still anticipated in 2025, with the current account projected in the range of a 0.1% surplus to a 0.7% of GDP deficit. Solid BOP performance is also forecast in 2026, supported by a narrow and healthy current account deficit, accompanied by an influx of capital flows in line with the promising domestic economic outlook.

**Rupiah exchange rates remain under control despite a build-up of pressure due to increasing global financial market uncertainty.** The value of the Rupiah on 18<sup>th</sup> November 2025 stood at Rp16,735 per US dollar, depreciating by 0.69% (ptp) compared with the level recorded at the end of October 2025. The Rupiah depreciation was in line with currency movements in the region and in Indonesia's major trading partners. Seeking to maintain Rupiah stability against a backdrop of intense pressure from global uncertainty, Bank Indonesia implemented stabilisation measures through intervention in offshore spot and non-deliverable forward (NDF) transactions as well as onshore (DNDF) transactions, while also purchasing government securities (SBN) in the secondary market. The increasing conversion of foreign exchange into Rupiah by exporters after the Government strengthened policy concerning the foreign exchange proceeds of exports of natural resources (DHE SDA) further bolstered the value of the Rupiah. Moving forward, Bank Indonesia remains firmly committed to maintaining Rupiah exchange rate stability, including measured intervention in the offshore NDF market as well as domestic spot and DNDF markets, while purchasing government securities (SBN) in the secondary market to maintain inflation within the target corridor. Bank Indonesia expects the Rupiah to remain stable, underpinned by attractive yields, low inflation and the positive economic growth outlook for Indonesia.

**In general, inflation has been maintained within the target corridor.** Consumer Price Index (CPI) inflation in October 2025 was recorded at 2.86% (yoy). Core inflation remained low at 2.36% (yoy), impacted by economic growth that remains below capacity, monetary policy consistency by Bank Indonesia to anchor inflation expectations to the target corridor, as well as low imported inflation. Administered prices (AP) also remained low at 1.45% (yoy) in line with lower petrol prices and cheaper transportation fares. Conversely, volatile food (VF) inflation accelerated to 6.59% (yoy), with red chilis, purebred chicken eggs and purebred chicken meat observed as the main contributors to higher inflation because of supply disruptions caused by high rainfall. Moving forward, Bank Indonesia is confident inflation in 2025 and 2026 will remain low and within the 2.5%±1%.

**Bank Indonesia continues strengthening its monetary policy to boost economic growth, while maintaining economic stability.** Monetary policy includes BI-Rate reductions, Rupiah exchange rate stabilisation and monetary liquidity expansion. Bank Indonesia has reduced the BI-Rate by 150 bps, namely by 25 bps in September 2024 and 125 bps in 2025 to 4.75% in October 2025, the lowest level since 2022. In addition, Bank Indonesia is strengthening its Rupiah stabilisation policy through 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. Meanwhile, Bank Indonesia has priced foreign currency monetary instruments competitively to maintain the attractiveness of placements in Indonesia and strengthen Rupiah stability. Bank Indonesia is also expanding liquidity by lowering the position of SRBI monetary instruments from Rp916.97 trillion at the beginning of 2025 to Rp699.30 trillion on 17<sup>th</sup> November 2025. Through close monetary and fiscal policy synergy, Bank Indonesia has also purchased SBN to the tune of Rp289.91 trillion (as of 18<sup>th</sup> November 2025), including SBN purchased in the secondary market, alongside a debt switching program with the Government, totalling Rp212.60 trillion. Bank Indonesia is undertaking measured and transparent SBN purchases in the secondary market in line with market mechanisms, which is consistent with monetary programs to maintain economic stability, thereby strengthening monetary policy credibility.

**Monetary policy is also strengthened by Macroprudential Liquidity Incentive Policy (KLM) and faster digitalisation of the payment system in pursuit of economic growth.** KLM policy is oriented towards stimulating lending/financing in the banking industry. As of the first week of November 2025, Bank Indonesia disbursed KLM incentives totalling Rp404.6 trillion, with Rp179.4 trillion allocated to state-owned banks, Rp179.9 trillion to national private commercial banks, Rp39.3 trillion to regional government banks and Rp6.0 trillion to foreign bank branches. By sector, the incentives were primarily disbursed to priority sectors, namely agriculture, trade and manufacturing; real estate, public housing, construction, transportation, storage, tourism and the creative economy, as well as the MSME, ultra micro and green sectors. Bank Indonesia has strengthened performance-based and forward-looking KLM implementation, effective from 1<sup>st</sup> December 2025. Accordingly, liquidity incentives will be provided to banks committed to extending loans/financing to specific sectors (lending channel) as well as banks offering competitive lending rates in line with the policy rate of Bank Indonesia (interest rate channel). KLM strengthening efforts by Bank Indonesia are expected to provide additional liquidity incentives to the tune of approximately Rp18.5 trillion on top of the current level.

**Bank Indonesia is of the view that strengthening the effective transmission of accommodative monetary policy to lower interest rates in the banking industry must be continued.** The accommodative monetary policy stance maintained by Bank Indonesia and accumulated budget surplus placed by the Government in the banking industry must be followed by measures in the banking industry to lower interest rates with a shorter lag. In the money market, consistent with the BI-Rate reductions totalling 125 bps in 2025 and the monetary liquidity expansion policy instituted

by Bank Indonesia, the IndONIA money market reference rate also trended downwards by 203 bps from 6.03% at the beginning of 2025 to 4.00% as of 18<sup>th</sup> November 2025. Meanwhile, SRBI rates for tenors of 6, 9 and 12 months also tracked downward trends, namely by 254 bps, 256 bps and 257 bps since the beginning of 2025 to 4.62%, 4.65% and 4.69% on 14<sup>th</sup> November 2025. SBN yields on tenors of 2 years decreased by 226 bps from 6.96% at the beginning of 2025 to 4.70% on 18<sup>th</sup> November 2025, while SBN yields on tenors of 10 years have also decreased by 113 bps from a peak of 7.26% in the middle of January 2025 to 6.13% currently. Nevertheless, lower lending rates in the banking industry continue to experience a lag and efforts must be taken to accelerate further reductions. Relative to the BI-Rate reductions totalling 125 bps, the 1-month term deposit rate has only fallen by 56 bps from 4.81% at the beginning of 2025 to 4.25% in October 2025, primarily held back by the special rates offered by banks to large depositors, accounting for 27% of total third-party funds in the banking industry. Moreover, lending rate reductions have been even slower, falling just 20 bps from 9.20% at the beginning of 2025 to 9.00% in October 2025.

**Accommodative monetary policy and accumulated budget surplus placements by the Government in the banking industry have increased money supply.** Growth of adjusted base money (M0), namely base money that has isolated the impact of lower reserve requirements (RR) due to the provision of macroprudential liquidity incentives (KLM), stood at a 14.38% (yoy) in October 2025, higher than M0 growth (not adjusted) of 7.75% (yoy). Based on the affecting factors, higher adjusted M0 growth stemmed from fiscal expansion, including the placement of accumulated budget surplus by the government in the banking industry, as reflected by the expansion of net claims on central government (NCG). Expansionary monetary policy was also reflected in growth of broad money (M2), which accelerated from 5.46% (yoy) in January 2025 to 8.02% (yoy) in September 2025. By component, stronger M2 growth was influenced by an uptick in narrow money (M1), namely from 7.25% (yoy) in January 2025 to 10.72% (yoy) in September 2025 as currency outside banks (COB) accelerated from 10.30% (yoy) in January 2025 to 14.50% (yoy) in September 2025. Based on the affecting factors, M2 growth was primarily driven by an increase of Net Foreign Assets (NFA) and expansionary fiscal policy. Moving forward, money supply is expected to accelerate in line with fiscal expansion and increasing economic activity.

**Loans disbursed by the banking industry must be increased to support economic growth.** Credit growth in October 2025 was recorded at 7.36% (yoy), moderating from 7.70% (yoy) in September 2025. On the demand side, the main contributors to restrained credit growth include the wait-and-see attitude prevalent in the corporate sector, the optimisation of internal financing in the corporate sector and persistently high lending rates. Consequently, undisbursed loans in the banking industry remain significant, reaching Rp2,450.7 trillion in October 2025, or 22.97% of the loans available. On the supply side, adequate bank financing capacity is supported by a higher ratio of liquid assets to third-party funds (LA/TPF) at 29.47% and deposit growth of 11.48% (yoy) in October 2025 in line with fiscal expansion, including government fund placements in several big banks, alongside policy to increase liquidity and macroprudential policy incentives from Bank Indonesia. In general, bank appetite to lend remains healthy, as reflected by looser lending requirements. Nevertheless, lending requirements for consumer loans and MSME loans increased given bank prudence to contain the high credit risk affecting both segments. Such conditions influenced the growth of MSME loans in October 2025, which contracted by 0.11% (yoy). Overall, Bank Indonesia projects growth of loans disbursed by the banking industry in 2025 at the lower end of the 8-11% range, before accelerating in 2026. 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.

**Banking industry resilience remains solid.** Bank capital remains high, accompanied by ample liquidity and low credit risk. The Capital Adequacy Ratio (CAR) in September 2025 increased to 26.15%, adequate to absorb risk. Non-performing loans (NPL) remained low in the banking industry at 2.24% (gross) and 0.87% (net) in September 2025. The gross NPL ratio for MSME loans deteriorated, however, increasing from 4.46% in September 2025 to 4.51% in October 2025. The latest BI stress tests indicate solid banking industry resilience, supported by maintained corporate repayment capacity and profitability. Moving forward, Bank Indonesia will continue strengthening policy synergy with the KSSK Committee to mitigate various domestic and global economic risks that could potentially disrupt financial system stability.

**Digital economic and financial transactions maintained positive growth in October 2025, supported by secure, seamless and reliable payment systems.**

Click here for [full statement](#)

## Sell-Side Analyst Views

**ANZ (cut):** “We see scope for BI to deliver a 25bp rate cut at its upcoming meeting (Wednesday 17 December at ~15:20 SGT), particularly if the Fed lowers its policy rate by 25bp at the December FOMC and global risk sentiment continues to hold up. BI has a clear easing bias and has repeatedly signalled it is on the lookout for scope to further lower rates. As maintaining IDR stability remains a key consideration for BI, the timing of rate cuts will hinge on a supportive external environment. Even if BI opts for a more conservative stance and freezes its policy rate this month, we expect the policy messaging to be dovish considering the still lacklustre domestic demand. Our base case is for a terminal policy rate of 4.25%”

**Bank of America (unch):** “We expect BI to pause, amid near-term focus on anchoring IDR stability. We keep an eye on any mention on targeted amount for government bond purchases in the secondary market in 2026.”

**BONY (unch):** “BI is expected to keep its policy rate unchanged at 4.75% and is maintaining an easing bias. The priority remains improving the credit and interest rate transmission mechanism. Over the past month, average lending rates stayed elevated at 14.3% (from 14.5% on November 19). The central bank is likely to reiterate its “all out pro-growth” stance through a triple-intervention strategy in spot FX, domestic DNDF, and both government bond and offshore rupiah (IDR) markets.”

**DBS (unch):** “We see a more than even chance that the central bank will lean towards a pause in November due to a weaker currency whilst pushing for faster policy transmission. Expectations for a December rate cut by the US Fed have also been tempered after relatively hawkish remarks by the FOMC chair last month. BI expects two rate cuts from the US Fed by 1Q26 in its baseline view. In the interim, the central bank is likely to encourage faster policy transmission and undertake macroprudential measures to lower the effective lending rate. Deputy Governor Aida S. Budiman had remarked that despite 150bp cuts by the BI since second half of 2024, banks had only lowered loan rates by 15bp, while markets-based rates, i.e. interbank rates (IndoNIA is down ~230bp vs Aug24) and 6-month SRBI yields (-240bp since Aug24), had fallen more notably. Commentary is likely to stay dovish to keep the door open for further easing towards late-2025 and early 2026.”

**Goldman Sachs (cut):** “Bank Indonesia (BI) kept its policy rate unchanged at 4.75% in the November meeting. Ahead of the meeting, a majority of the Bloomberg panellists (including us) had expected the policy rate to remain unchanged. The statement noted that the decision to keep the policy rate unchanged was consistent with exchange rate stability amid high global uncertainty and ongoing assessment of the transmission of past rate actions. BI continues to forecast headline CPI inflation to remain low and within target (1.5%-3.5%) (GSe: 1.8%). Additionally, BI expects the current account balance to remain around -0.1% to -0.7% of GDP on continuing trade surplus. On the currency front, BI noted that the IDR remained stable amidst high uncertainty in financial markets underpinned by BI's active interventions through the Non-Deliverable Forward (NDF) transactions. Going forward, BI expects the IDR to remain broadly stable, supported by the central bank's continued intervention. In terms of forward guidance, BI said that they will continue to assess room to further ease policy rates to support growth, with 2025 and 2026 inflation forecasts contained within the 1.5-3.5% target band. We continue to expect an additional cumulative 50bp rate cuts with 25bp each in the December meeting and Q1 2026. The next BI meeting is scheduled for December 16-17.”

**JPMorgan (unch):** “In the October policy meeting, BI raised two issues that could deter further policy easing, at least in the near term: rupiah stability and the efficacy of policy transmission. Judging by the tone of the November statement, we think that these issues have not gone away. After several months of assertive (and largely effective) FX intervention, BI's near-term priority has likely shifted towards preserving, if not rebuilding, foreign reserves. We believe this is a two-pronged strategy: attracting foreign portfolio investment, as explicitly stated in the statement, and curbing resident deposit outflows. This may explain the slowdown in BI's bond purchases in recent weeks, presumably to restore carry appeal to foreign investors, as well as the increase in commercial banks' US\$ deposit rates, which though may incentivize FX conversion, at least keeps the supply of dollars onshore for future BI intervention. Window to ease has closed for the time being push out next two cuts to 2Q26 – While BI continues to “monitor the room for further rate cuts”,

we think that the window to ease has closed in the near term. On the external front, support from a dovish Fed has become questionable. There are also domestic event risks (e.g., review of 3% budget deficit ceiling starting January, inflation breaching target in Jan-Feb period due to base effects; that would make rate cuts less feasible in 1Q26. We maintain our 4.25% terminal rate estimate but push out the next two cuts to 2Q26.”

**MUFG (cut):** “Bank Indonesia kept its policy rate unchanged at 4.75% in the latest meeting, a decision that was widely expected by both the market and us. Prior to the policy rate announcement, market pricing suggested slightly less than a 50% probability of a cut, reflecting the cautious stance that Governor Warjiyo has recently conveyed. He has said that any future monetary easing will depend on the stability of the rupiah and the effectiveness of monetary policy transmission. Notably, bank lending rates have failed to track reductions in the policy rate. The policy tone remains cautious, with BI stating that global financial market uncertainty is rising again. Nevertheless, policymakers appear biased toward further easing, citing the need to support the domestic economy and improve the transmission of policy to lending rates. We estimate the neutral BI rate at 4.5% and continue to expect a shift toward an accommodative policy stance, with one rate cut in December and two more in H1 2026 bringing the policy rate down to 4%.

**Scotiabank (unch):** “Wednesday’s decision is expected to be a bit of a toss up. A majority of forecasters expect Indonesia’s central bank to hold at 4.75% but a solid minority expects a 25bps cut. Inflation eased a touch to 2.7% after the last decision. Governor Warjiyo kept rate cuts speculation alive when he flagged low inflation, a focus on raising growth and room for further easing at the last decision in November. He also remarked that rupiah stability remained a key objective; since that decision, the rupiah has indeed been little changed to the dollar.”

**Societe Generale (cut):** “After two consecutive months of holding rates steady, we expect Bank Indonesia to deliver a policy rate cut at its final MPC meeting of 2025. Headline inflation moderated to 2.7% yoy in November, down from 2.9% in October.

**UOB (cut):** “Our economist, Enrico Tanuwidjaja, expects BI will continue its rate cutting cycle in Dec by 25-bps to 4.50%. He noted BI reaffirmed its commitment of liquidity support and indicated that room for further rate cuts remains open, contingent on inflation staying within target.”

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