

By Global Markets | 21 January 2026

## Indonesia

### Bank Indonesia on hold

- Bank Indonesia (BI) kept its policy rate unchanged at 4.75%, in line with consensus and our expectations. BI's decision will help assuage recent market perceptions.
- BI reiterated its focus on IDR stability and placed emphasis on inflation, particularly core inflation, providing room for rate cuts.
- Our base case is for BI to deliver one 25bp in 2Q26 and one 25bp cut in 3Q26. The window to ease, however, depends on IDR moves, inflation remaining target and GDP growth remaining subdued.

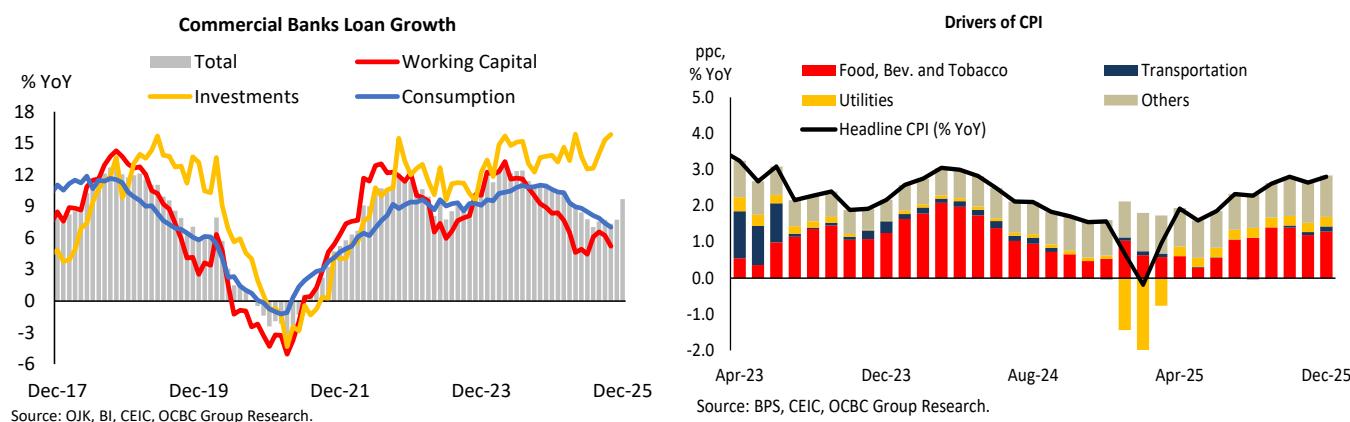
Lavanya Venkateswaran  
Senior ASEAN Economist

Ahmad A Enver  
ASEAN Economist



Bank Indonesia kept its policy rate unchanged at 4.75%, in line with consensus and our expectations. Ahead of the meeting, investor sentiment has been impacted by the recent news flow on fiscal slippage risks, personnel changes and domestic policy direction (see *Indonesia: Perception pains*, 20 January 2026). BI's decision will help assuage recent market perceptions. Governor Perry Warjiyo reaffirmed BI's focus on IDR stability and noted that BI will not "hesitate to do large interventions" to stabilise IDR. USD/IDR moved lower and closed at 16945 levels.

On the fundamentals, BI noted that 4Q25 GDP growth likely improved on the back of stronger consumer demand and higher fiscal expenditures. BI expects better economic growth of 4.9-5.7% in 2026 versus 4.7-5.5% in 2025. BI expects CPI inflation to remain within the 1.5-3.5% policy range while the current account deficit is forecasted with the range of 0.1-0.9% of GDP.



BI noted that the transmission of monetary policy easing needs to be 'continuously encouraged' and banks will need to follow through with more rapid reductions in their interest rates. While market interest rates have reflected the cumulative 125bp in rate cuts in 2025, the 1-month deposit rate fell only by 56bp while lending rates fell by 39bp with some traction in December. Notwithstanding, BI noted that loan growth improved to 9.7% YoY in December, reaching its 8-11% target range. For 2026, BI projects credit growth of 8-12%.

During the Q&A session, BI placed emphasis on inflation, particularly core inflation, providing room for rate cuts. This is consistent with our view that inflationary pressures are re-emerging not least because of unfavourable base effects from 1Q25 but also sticky food price pressures (see *Indonesia: Higher inflation, disappointing trade data*, 5 January 2026). BI noted that the timing of future rate cuts will remain data dependent. Our base case is for BI to deliver one 25bp in 2Q26 and one 25bp cut in 3Q26. The window to ease, however, depends on IDR moves, inflation remaining target and GDP growth remaining subdued.

By Global Markets | 21 January 2026

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

## Disclaimers

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) (the "Bank") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). The Bank and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by the Bank's or OCBC Bank's wilful default or gross negligence.

Please refer to [https://www.bankofsingapore.com/Disclaimers\\_and\\_Dislosures.html](https://www.bankofsingapore.com/Disclaimers_and_Dislosures.html) for cross-border marketing disclaimers and disclosures.