

BI Rate Maintained at 4.75% to Navigate Inflationary Headwinds and Rupiah Volatility

Bank Indonesia (BI) decided to keep the BI Rate unchanged at 4.75% (Cons: 4.75%, KBVS: 4.75%, Prev: 4.75%) and maintained a highly cautious policy stance. This defensive decision is driven by the immediate need to navigate rising upside risks to domestic inflation alongside ongoing Rupiah volatility in the foreign exchange market. Against this complex backdrop, maintaining the current benchmark rate allows the central bank to execute a precise balancing act: anchoring inflation expectations and safeguarding currency stability, while simultaneously preserving the monetary space needed to support underlying economic growth.

The transmission of global geopolitical shocks to the domestic market operates through a clear chain of imported inflation and capital flow uncertainties. Geopolitical tensions, particularly the escalating conflict in the Middle East, continue to disrupt global supply chains and push global commodity and energy prices significantly higher. Brent crude averaged USD103/barrel in Mar '26, reflecting a sharp increase of 45.1% MoM and 41.9% YoY. As of 21 Apr '26, Brent traded at USD95.75/barrel, having touched nearly USD128/barrel on 2 Apr '26 at the peak of the Hormuz closure. This sticky external inflation environment inherently limits the room for global monetary easing, forcing foreign investors to continuously reassess global risk premiums.

As a direct result, the Rupiah remains highly volatile amid persistent external pressures. Through April, the USD/IDR pair exhibited extreme volatility, ranging between IDR16,400 and IDR17,189. The currency hit a high of IDR17,189/USD on 18 Apr '26, marking a depreciation of approximately 6.8% ytd from its opening level of around IDR16,100/USD. This extreme volatility occurs as panicking capital flows create uncertainties across emerging market assets and trigger a flight to safety.

On the fiscal front, the government responded to elevated global oil prices by sharply increasing non-subsidized fuel prices (Pertamina Dex to IDR23,900/litre, Dexlite to IDR23,600/litre, Pertamina Turbo to IDR19,400/litre), **while maintaining subsidized fuel prices through year-end.** This price hike is projected to save approximately IDR15.6 tn per year in APBN compensation costs. To absorb the remaining fiscal gap from high crude prices, the government has identified IDR121.2 tn to IDR130.2 tn in potential budget reprioritization alongside an Accumulated Cash Surplus (SAL) of IDR420.0 tn.

Bank Indonesia is accounting not only for imported inflation from global commodities but also for **domestic risks like El Niño**, which could disrupt food supply and push volatile food prices higher. By holding the benchmark rate steady, the central bank aims to anchor inflation expectations and prevent supply shocks from spreading into broader inflation.

Maintaining the current rate balances external pressures and domestic growth needs, avoiding capital outflows and currency instability from a rate cut, while not constraining credit and consumption with a hike. This stance gives Bank Indonesia flexibility to respond to global developments while sustaining domestic economic momentum.

Strategic Outlook: Intensified Stabilization Measures, Liquidity Support, and Inflation Control

To structurally defend the Rupiah amid persistent capital flow uncertainties, Bank Indonesia is actively deploying alternative policy instruments and intensifying its stabilization measures. The central bank is executing a comprehensive intervention strategy across the domestic spot market and Domestic Non-Deliverable Forward (DNDF) transactions. This targeted approach is designed to mitigate currency speculation and smooth out the ongoing Rupiah volatility driven by persistent external pressures. This continuous market presence is vital to anchor offshore investor confidence and prevent imported inflation from accelerating.

Concurrently, BI is highly vigilant regarding the rising inflation risks driven by the potential El Niño weather disruptions. To control these sensitive food prices, BI is strengthening its synergy with the Central and Regional Inflation Control Teams (TPIP/TPID). These collaborative efforts are strictly focused on ensuring smooth logistics distribution, resolving regional supply bottlenecks, and securing staple agricultural commodity stocks to counter any weather-induced supply shocks in the market before they impact headline inflation figures.

Furthermore, to ensure the real sector maintains adequate access to funding and business operations continue smoothly, BI continues to optimize its macroprudential policies. By injecting targeted Macroprudential Liquidity Incentives (KLM) into the banking system, the central bank ensures that structural credit expansion continues. These incentives are specifically directed toward labour-intensive sectors, MSMEs, and priority industries, ensuring that the engine of domestic consumption is not stalled by external constraints. This targeted approach allows BI to protect the currency and control inflation while ensuring bank credit continues to fuel our economic growth momentum.

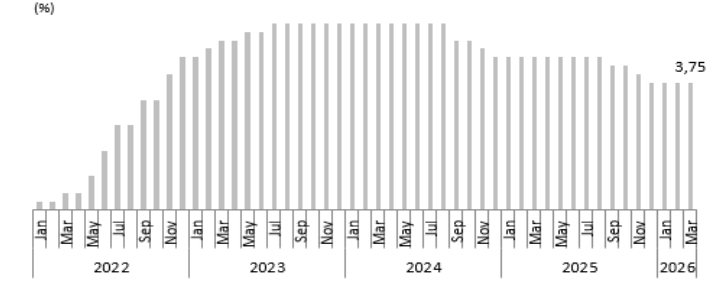
Overall, maintaining the policy rate at this time reflects a careful and forward-looking stance, perfectly balancing currency defence, food inflation control, and macroeconomic resilience amid an increasingly uncertain global environment.

Table 1. Interest Rate Data

Indicators	22-Apr-26		Monthly Changes (in bps)	Ytd Changes (in bps)
	Latest	M-1		
Policy Rate (in %)				
United States	3,75	3,75	0,0	(175,0)
European Union	2,15	2,15	0,0	(235,0)
United Kingdom	3,75	3,75	0,0	(150,0)
Japan	0,75	0,75	0,0	85,0
China	3,00	3,00	0,0	(45,0)
India	5,25	5,25	0,0	(125,0)
Thailand	1,00	1,00	0,0	(150,0)
Philippines	4,25	4,25	0,0	(225,0)
Indonesia	4,75	4,75	0,0	(125,0)
Global Monetary Policy Change (in number of countries)				
Easing	1	12		
Unchanged	22	4		
Tightening	1	15		
Domestic Interbank Money Market (in %)				
INDONIA	4,09	4,16	7,1	(187,0)
JIBOR - 1 Month	4,09	4,09	(0,7)	(253,3)
JIBOR - 3 Months	4,08	3,99	(8,9)	(293,3)
JIBOR - 6 Months	4,59	4,05	(53,9)	(301,3)
JIBOR - 12 Months	4,59	4,78	19,3	(244,1)

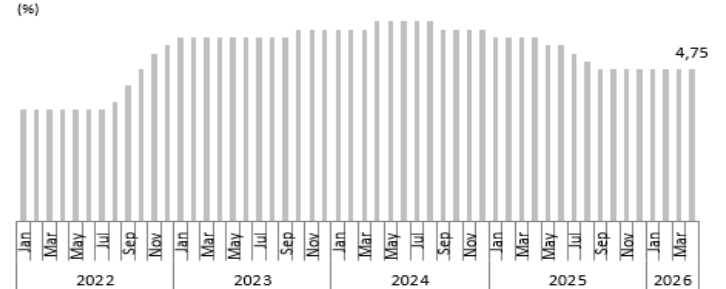
Sources: Each Central Bank and GlobalRates – treated (2026)

Fig 1. Fed Rate



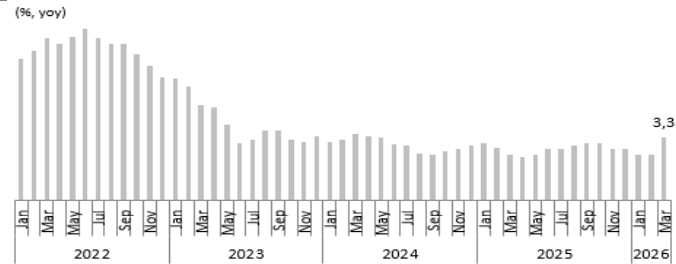
Source: The Fed – treated (2026)

Fig 2. BI Rate



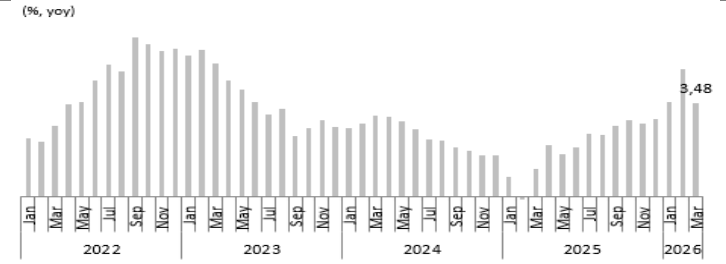
Source: Bank Indonesia – treated (2026)

Fig 3. US CPI Inflation



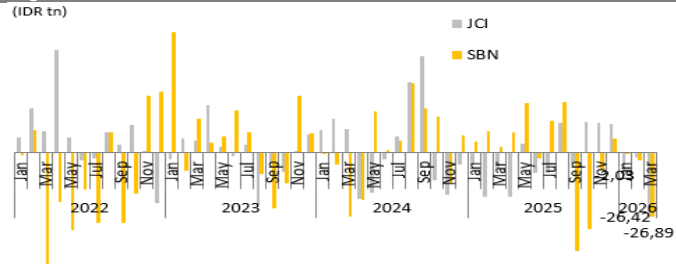
Source: US BLS – treated (2026)

Fig 4. Indonesia CPI Inflation



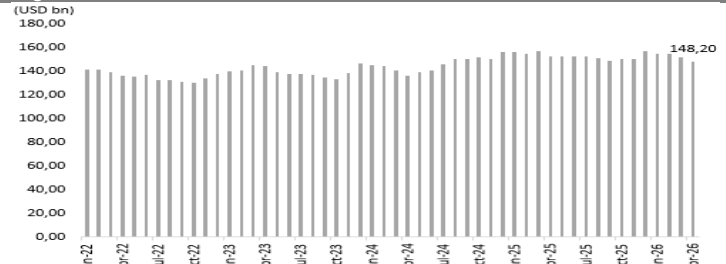
Source: BPS – treated (2026)

Fig 5. Indonesia Portfolio Flow



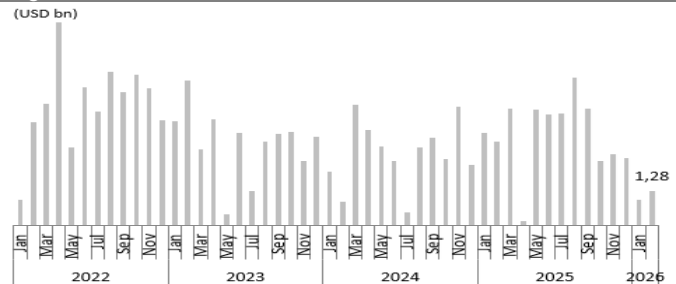
Source: Bloomberg – treated (2026)

Fig 6. Indonesia FX Reserves



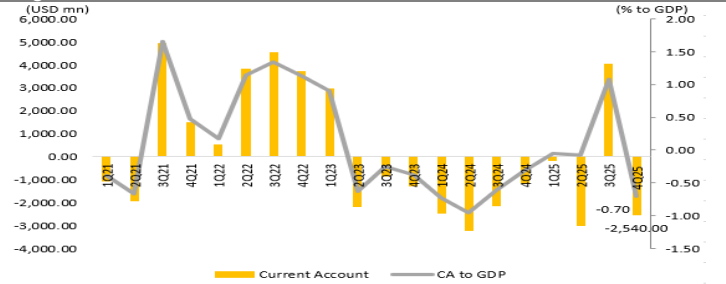
Source: BI – treated (2026)

Fig 7. Indonesia Trade Balance



Source: BI – treated (2026)

Fig 8. Indonesia Current Account



Source: BI – treated (2026)

Table 2. Fed Rate Probabilities, as of 22 Apr '26

MEETING DATE	250-275	275-300	300-325	325-350	350-375	375-400
29-Apr-26	0,0%	0,0%	0,0%	0,0%	99,5%	0,5%
17-Jun-26	0,0%	0,0%	0,0%	1,6%	97,9%	0,5%
29-Jul-26	0,0%	0,0%	0,1%	7,8%	91,7%	0,5%
16-Sep-26	0,0%	0,0%	1,0%	17,2%	81,4%	0,4%
28-Oct-26	0,0%	0,1%	2,2%	22,2%	75,1%	0,4%
09-Dec-26	0,0%	0,4%	4,9%	29,3%	65,1%	0,3%
27-Jan-27	0,0%	0,6%	6,0%	30,9%	62,1%	0,3%
17-Mar-27	0,1%	1,0%	7,7%	33,1%	57,9%	0,3%

Source: CME Group – treated (2026)

Our Analysts

Fikri C Permana
Head of Equity Research
Strategy and Economics
fikri.permana
@kbvalbury.com

Akhmad Nurcahyadi
Senior Equity Analyst
Banks, Consumer, Cigarettes, Auto
akhmad.nurcahyadi
@kbvalbury.com

Andre Suntono
Senior Equity Analyst
Retail, Poultry, Healthcare
andre.suntono
@kbvalbury.com

Steven Gunawan
Senior Equity Analyst
Telco, Tower, Property
steven.gunawan
@kbvalbury.com

Michael Handisurya
Technical Analyst
michael.handisurya
@kbvalbury.com

Khairunnisa N Syahfiraputri
Associate Economist
khairunnisa.syahfiraputri
@kbvalbury.com

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. (021) 25098300
F. (021) 25098400

Branch Office

Jakarta - Kelapa Gading
Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10
Jakarta Utara 14240
T. (021) 29451577

Jakarta - Puri Indah
Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta - Pluit
Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Denpasar
Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 3338080

Bandung
Jl. Abdul Rivai No. 1A,
Kel. Pasirkaliki, Kec. Cicendo
Bandung 40171
T. (022) 3003133

Malang
Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Palembang
Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
T. (0711) 2005050

Yogyakarta
Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Banjarmasin
Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) 3265918

Semarang
Jl. Gajahmada 23A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Surabaya
Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Padang
Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Pontianak
Jl. Prof. M Yamin No. 14
Kotabaru, Pontianak Selatan
Kalimantan Barat 78116
T. (0561) 8069000

Makassar
Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan
Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Pekanbaru
Jl. Tuanku Tambusai, Komplek CNN
Blok A No. 3 Pekanbaru 28291

Investment Gallery

Jakarta
Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 52392181

Semarang
Jl. Jati Raya No. D6,
Sron dol Wetan, Banyumanik,
Semarang 50263
T. (024) 8415195

Salatiga
Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Jambi
Jl. Orang Kayo Hitam
No. 48 B
Jambi Timur 36123
T. (0741) 3068533