

Bank Indonesia Rate Decision (21-22 Apr)

Holds rates as Rupiah defence trumps growth

- **Bank Indonesia (BI) kept its policy rate unchanged at 4.75%** at its fourth Board of Governors meeting of 2026, marking the sixth consecutive month of policy pause, in line with our view and market expectations

- **Deposit and Lending Facility Rates** were also maintained at 3.75% and 5.50%, respectively.
- **Statement highlight:** BI reiterated that “the decision is aimed at strengthening Rupiah stability amid deteriorating global conditions driven by the Middle East conflict, while keeping inflation within the 2026-2027 target of 1.5%-3.5%.” BI also emphasized readiness to tighten if needed, underscoring its commitment to Rupiah stability, while accommodative macroprudential and payment system policies continue to support growth.

- **Growth holds up, inflation eases but external risks are rising**

- **GDP:** BI maintained its 2026 growth forecast at 4.9% – 5.7%, supported by resilient domestic demand. 1Q26 growth was underpinned by stronger household spending, higher government expenditure, and continued investment activity, particularly in construction tied to priority government projects. BI stressed the need to sustain growth momentum amid geopolitical disruptions.
- **Inflation:** March headline inflation fell 3.48% (Feb: 4.76%), but BI flagged higher upside risks ahead from rising global oil and commodity prices linked to the Middle East conflict. Inflation is nonetheless expected to remain within the 1.5% – 3.5% target band in 2026-2027, supported by close coordination with the government.
- **Rupiah:** As of 21 April, the Rupiah had fallen 2.7% YTD to 17,138 against the USD and was hovering near its record low of 17,158, reflecting persistent global risk aversion. This underperforms the Baht (-2.1%), and Peso (-1.8%), while the Ringgit (+2.6%) bucked the trend.

- **Prolonged Middle East conflict pushed BI firmly into hold mode**

- **Policy outlook:** BI’s global assessment has turned decisively more cautious as it downgraded its 2026 global growth forecast to 3.0% from 3.1%, while revising global inflation higher to 4.2% from 4.1%. BI also sees Fed rate cuts as delayed or possibly pushed to end-2026. Higher oil prices, shipping disruptions, rising US Treasury yields, and sustained USD strength are reinforcing external stability risks for Indonesia. That said, the window for rate cuts has effectively closed in the near term. We expect monetary policy to remain on hold with a tightening bias skewed toward FX defence, while growth support relies on macroprudential easing, liquidity provision, and fiscal-monetary coordination.

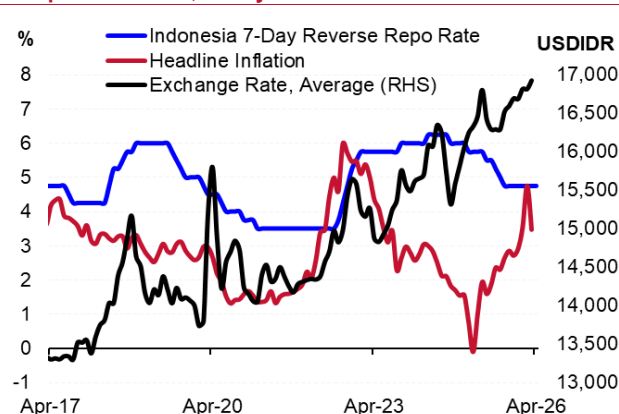
USIDDR year-end forecast (16,480; 2025: 16,694): We maintain our forecast for now but see near-term downside revision risk, as Rupiah upside is capped by the prolonged Middle East conflict, elevated oil prices, delayed Fed easing, and persistent global risk aversion. BI’s strong intervention stance should nonetheless prevent disorderly depreciation.

Table 1: Policy Rates in Selected Countries

Rate (Last Change)	Country	Central Bank Interest Rate	Date
4.10% (+0.25%)	Australia	Cash Rate	Mar-26
1.00% (-0.25%)	Thailand	Repo Rate	Feb-26
4.25% (-0.25%)	Philippines	Target Reverse Repurchase	Feb-26
0.75% (+0.25%)	Japan	Overnight Call Rate	Dec-25
3.75% (-0.25%)	UK	Base Rate	Dec-25
3.50% - 3.75% (-0.25%)	USA	Funds Rate Target	Dec-25
2.25% (-0.25%)	New Zealand	Official Cash Rate	Nov-25
2.25% (-0.25%)	Canada	Overnight Rate	Oct-25
4.75% (-0.25%)	Indonesia	BI Rate	Sep-25
2.75% (-0.25%)	Malaysia	Overnight Policy Rate	Jul-25
2.00% (-0.25%)	Euro Area	Key Deposit Facility Rate	Jun-25
2.50% (-0.25%)	South Korea	Base Rate	May-25
3.00% (-0.10%)	China	Loan Prime Rate (1Y)	May-25

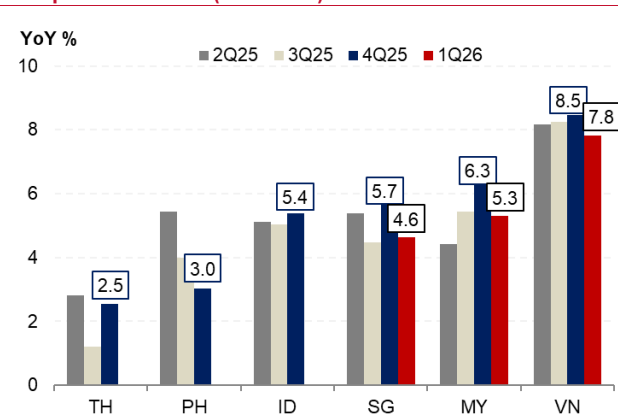
Source: Bloomberg, Kenanga Research

Graph 1: Inflation, Policy Rate and USIDDR trend



Source: Bank Indonesia, Macrobond, Kenanga Research

Graph 2: ASEAN-5 (+Vietnam) GDP Growth



Source: Macrobond, Kenanga Research

23 April 2026

Table 2: Board of Governor (BOG) Meeting Schedule for 2026/ KIBB Outlook

No.	Date		KIBB Research Outlook	BI Decision
1st	20-21 January (Tue and Wed)	<input checked="" type="checkbox"/>	No change	No change
2nd	18-19 February (Wed and Thu)	<input checked="" type="checkbox"/>	No change	No change
3rd	16-17 March (Mon and Tue)	<input checked="" type="checkbox"/>	No change	No change
4th	21-22 April (Tue and Wed)	<input checked="" type="checkbox"/>	No change	No change
5th	19-20 May (Tue and Wed)	<input type="checkbox"/>	No change	
6th	17-18 Jun (Wed and Thu)	<input type="checkbox"/>	No change	
7th	21-22 July (Tue and Wed)	<input type="checkbox"/>	No change	
8th	18-19 August (Tue and Wed)	<input type="checkbox"/>	No change	
9th	22-23 September (Tue and Wed)	<input type="checkbox"/>	No change	
10th	20-21 October (Tue and Wed)	<input type="checkbox"/>	No change	
11th	17-18 November (Tue and Wed)	<input type="checkbox"/>	No change	
12th	15-16 December (Tue and Wed)	<input type="checkbox"/>	No change	

Source: Bank Indonesia, Kenanga Research

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