



# Domestic Macro Flash

BI Board of Governors Meeting | February 20<sup>th</sup>, 2025

## Previous Data (BI Rate)

Period	Actual	Change
Jan 2025	5.75%	25 bps
Dec 2024	6.00%	-
Nov 2024	6.00%	-

Source : Bank Indonesia

## Headline Inflation

Period	MoM	YoY
Jan 2025	-0.76%	0.76%
Dec 2024	0.44%	1.57%
Nov 2024	0.30%	1.55%

Source : Badan Pusat Statistik (BPS)

## Exchange Rate USD-IDR and Dollar Index (EoM)

Period	USD-IDR	Dollar Index
Feb 2025*	16,270	106.92
Jan 2025	16,295	108.37
Dec 2024	16,241	107.24

Source : Investing.com | \*(18/2)

## Comparison by Country

AEs	Interest Rate	EMDEs	Interest Rate
Canada	3.00%	Brazil	13.25%
Euro Area	2.90%	China	3.10%
Japan	0.50%	India	6.25%
Singapore	2.31%	Malaysia	3.00%
Switzerland	0.50%	Mexico	9.50%
UK	4.50%	Russia	21.00%
US	4.50%	Thailand	2.25%

Source : Tradingeconomics | Last Updated

AEs–Negara Maju | EMDEs–Negara Berkembang

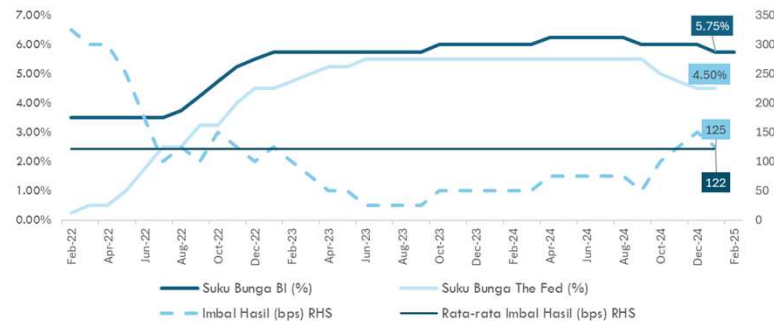
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## BI Maintains Interest Rate, Prioritizes Rupiah Stability Amid Global Uncertainty

Period	BI Rate	Deposit Facility	Lending Facility
RDG BI (19/2/25)	5.75%	5.00%	6.50%

Figure 1. Spread between BI Rate and Fed Rate



Source : Phintraco Sekuritas Research | Bank Indonesia

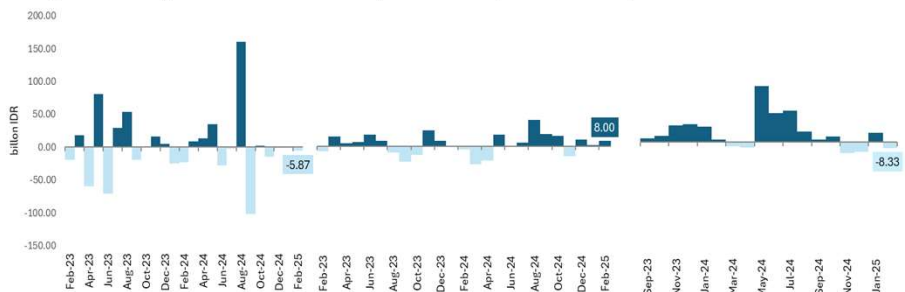
The Bank of Indonesia's Board of Governors Meeting (RDG BI) maintained the interest rate at 5.75%, with a Deposit Facility Rate of 5.00% and a Lending Facility Rate of 6.50% on February 19, 2025. Additionally, BI observed The Fed's interest rate policy, which is expected to cut rates only once by 25 bps in early 2H25. US Treasury Yields (UST) for 10-year and 2-year bonds are expected to remain high due to fiscal deficit planning of 7.7% and 8.8% in 2025 and 2026, respectively, and discussions about eliminating the debt ceiling. The Dollar Index (DXY) also remains strong, reaching its highest level in the past year at 109.77, putting pressure on the rupiah against the US dollar. BI focuses on exchange rate stability to maintain economic growth amid ongoing global turbulence through open market operations in Spot markets, Domestic Non-Deliverable Forward (DNDF), and Government Securities (SBN) in the secondary market. BI considers its efforts successful in maintaining exchange rates at levels comparable to or in line with the currency pair groups of countries such as China, Korea, Malaysia, and Singapore.

Currently, the interest rate differential between BI and the Fed, at 125 bps, remains above the three-year average of 122 bps. Compared to February 2023, the current interest rate spread has increased by 25 bps, indicating a widening gap trend between the two rates (Figure 1).

Foreign investors recorded net inflows into Indonesia's government bond market. Meanwhile, the stock market and Bank Indonesia Rupiah Securities (SRBI) recorded net outflows until February 14, 2025 (Figure 2). This is because investors view US economic policies, particularly the widening fiscal deficit, as driving up US Treasury Yields and Indonesia's low inflation realization compared to BI's target. This is evident in the faster decline of 2-year government bond yields compared to 10-year yields, resulting in a widening spread that indicates a buoyant Indonesian bond market.

We anticipate BI still has room for interest rate cuts in 2025. Macroeconomic indicators such as low inflation realization support economic growth, but BI must consider the timing of global economic dynamics. Additionally, BI aims to gradually increase liquidity through the Macropudential Liquidity Policy (KLM) to IDR 80 trillion from IDR 23.2 trillion in the market, supporting government flagship programs such as three million public housing units and agriculture, creating multiplier effects in rural economies and various industrial sectors.

Figure 2. Foreign Flow in Indonesia Capital Market (Feb23 - Feb25)



Source : Phintraco Sekuritas Research | Bank Indonesia