



# Domestic Macro Flash

BI Board of Governors Meeting | March 19<sup>th</sup>, 2025

## Bank Indonesia Maintains Key Interest Rate Amidst Global Uncertainties

### Previous Data (BI Rate)

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

Source : Bank Indonesia

### Headline Inflation

Period	MoM	YoY
Feb 2025	-0.48%	-0.09%
Jan 2025	-0.76%	0.76%
Dec 2024	0.44%	1.57%

Source : Badan Pusat Statistik (BPS)

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

Period	USD-IDR	Dollar Index
Feb 2025	16,575	107.61
Jan 2025	16,295	108.37
Dec 2024	16,241	108.49

Source : Investing.com

### Comparison by Country

AEs	Interest Rate	EMDEs	Interest Rate
Canada	2.75%	Brazil	13.25%
Euro Area	2.65%	China	3.10%
Japan	0.50%	India	6.25%
Singapore	2.34%	Malaysia	3.00%
Switzerland	0.50%	Mexico	9.50%
UK	4.50%	Russia	21.00%
US	4.50%	Thailand	2.00%

Source: Tradingeconomics | Last Updated

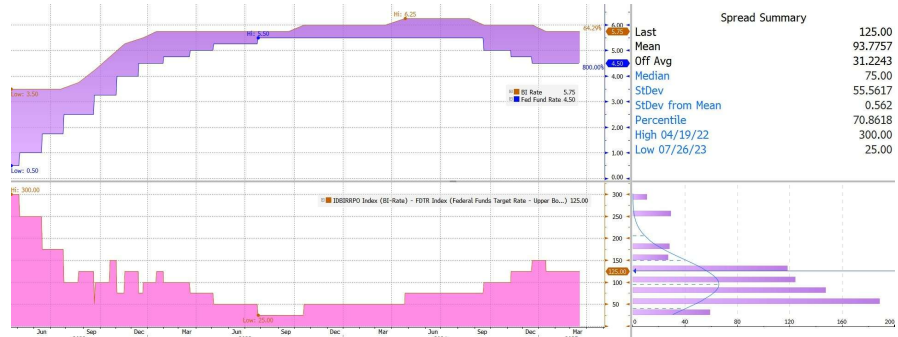
AEs–Negara Maju | EMDEs–Negara Berkembang

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Period	BI Rate	Deposit Facility	Lending Facility
RDG BI (19/03/25)	5.75%	5.00%	6.50%

Figure 1. Spread between BI Rate and Fed Rate



Source : Phintraco Sekuritas Research | BI, Bloomberg

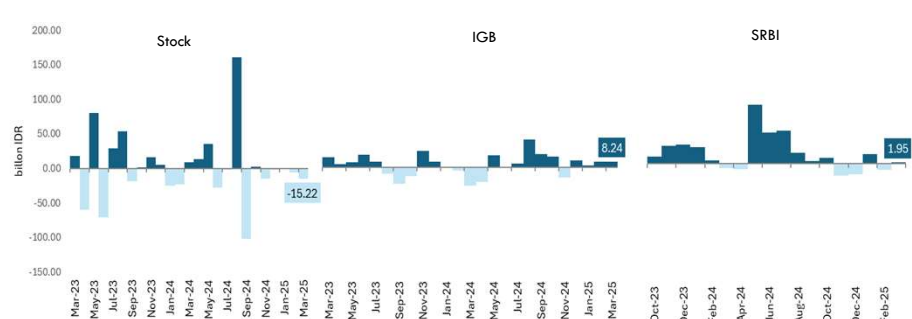
The Bank Indonesia (BI) Board of Governors Meeting (RDG) decided to maintain the benchmark interest rate at 5.75%, with the Deposit Facility Rate at 5.00% and the Lending Facility Rate at 6.50% as of March 19, 2025. This decision is part of an effort to support Indonesia's economic growth targets and ensure inflation remains within the target range of 2.5±1% for 2025 and 2026. BI also focuses on maintaining a market-friendly Rupiah exchange rate stability through open market operations in the spot market, Domestic Non-Deliverable Forwards (DNDF), and Government Securities (SBN) in the secondary market. The RDG's decision to keep the benchmark rate steady is influenced by global factors, including the high uncertainty surrounding the Trump administration's policy direction, such as import tariffs on several U.S. trading partners and tax cuts contributing to a projected slowdown in the U.S. economy. As a result, BI anticipates the Fed Funds Rate (FFR) will decrease only once by 25 basis points in 2025, affecting the Dollar Index (DXY). Furthermore, BI assesses that Indonesia's financial instruments, such as stocks, the Rupiah exchange rate, and Government Securities (SBN), remain fundamentally attractive. BI projects Indonesia's economic growth 2025 to be between 4.7% and 5.5%, supported by indicators such as the strong Indonesian Consumer Survey Index.

The gap between BI's interest rate and the Fed's rate is 125 basis points, above the three-year average of 93 basis points. Compared to the same period last year, this interest rate differential has widened by 75 basis points, indicating a trend of an increasing gap between the two rates (Figure 1). This significant differential has a positive impact on foreign capital inflows.

It was evident in foreign investors recording net inflows into Indonesia's SBN market and Bank Indonesia Rupiah Securities (SRBI) despite the stock market still experiencing a net outflow as of March 13, 2025 (Figure 2). Looking ahead, we expect Indonesia's bond market to remain attractive due to appealing yields, such as the widening yield gap between 10-year SBN and 10-year UST, which reached 279 basis points on March 18, above the one-year average of 260 basis points.

We anticipate that BI will still be able to cut interest rates in 2025, with the timing of any rate cuts depending on global financial market dynamics. Additionally, BI recorded a credit growth of 10.3% in February 2025, which will support Indonesia's economic growth moving forward.

Figure 2. Foreign Flow in Indonesia Capital Market (Mar 23-Mar 25)



Source : Phintraco Sekuritas Research | Bank Indonesia