



# Domestic Macro Flash

BI Board of Governors Meeting | June 18<sup>th</sup>, 2025

## Previous Data (BI Rate)

Period	Actual	Change
May 2025	5.50%	-25 bps
Apr 2025	5.75%	-
Mar 2025	5.75%	-

Source : Bank Indonesia

## Headline Inflation

Period	MoM	YoY
May 2025	-0.37%	1.60%
Apr 2025	1.17%	1.95%
Mar 2025	1.65%	1.03%

Source : Badan Pusat Statistik (BPS)

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

Period	USD-IDR	Dollar Index
June 2025	16,270	98.82
May 2025	16,290	99.33
Apr 2025	16,600	99.47

Source : Investing.com | \* As of - 20 May 2025

## Comparison by Country

AEs	Interest Rate*	EMDEs	Interest Rate*
Canada	2.75%	Brazil	14.75%
Euro Area	2.15%	China	3.00%
Japan	0.50%	India	5.50%
Singapore	1.66%	Malaysia	3.00%
Switzerland	0.25%	Mexico	8.50%
UK	4.25%	Russia	20.00%
US	4.50%	Thailand	1.75%

Source : Tradingeconomics | \*As of - 18 June 2025

AEs-Negara Maju | EMDEs-Negara Berkembang

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## BI Holds Rates at 5.5%: Focus on Rupiah Stability & Growth Amid Global Headwinds

Period	BI Rate	Deposit Facility	Lending Facility
RDG BI (18/06/25)	5.50%	4.75%	6.25%

Figure 1. Spread between BI Rate and Fed Rate



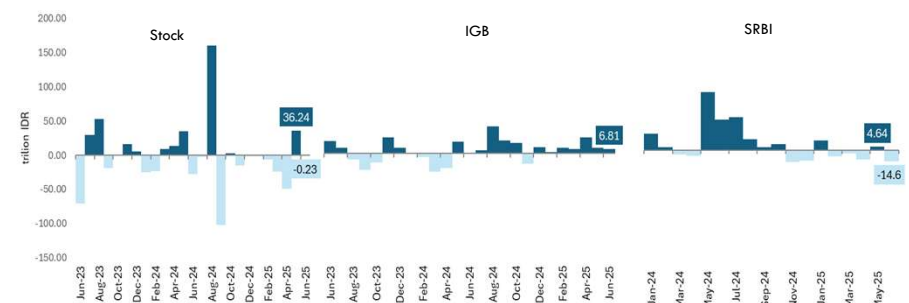
Source : Phintraco Sekuritas Research | BI

The Bank Indonesia Board of Governors Meeting (RDG BI) maintained the interest rate at 5.5%, with a Deposit Facility Rate of 4.75% and a Lending Facility Rate of 6.25% on June 18, 2025. This decision aligns with the controlled inflation target range of  $2.5 \pm 1\%$  for 2025 and 2026. Additionally, BI focuses on maintaining Rupiah exchange rate stability in line with fundamental values while promoting sustainable economic growth amid global and domestic economic dynamics. Furthermore, BI optimizes Macprudential Liquidity Policy (KLM) to enhance credit growth financing in the MSME sector and promote flexibility in banking liquidity management. BI's strategy to drive economic growth includes strengthening the rupiah exchange rate strategy through open market operations in Domestic Non-Deliverable Forward (DNDF) in foreign markets, spot purchases in domestic markets, and Government Securities (SBN) purchases in the secondary market to maintain financial market stability and adequate banking liquidity, strengthening pro-market monetary operations to support interest rate reduction and accelerate money market and foreign exchange transactions, as well as encouraging foreign capital inflows by maintaining attractive yields on foreign portfolio investments in domestic financial assets and strengthening SRBI auction strategies and large-scale SBN purchases to support money market liquidity.

The interest rate differential between Bank Indonesia (BI) and the Federal Reserve currently stands at 100 basis points (bps), above the average spread of 86 bps over the past three years (Figure 1). With the widening interest rate differential between the BI and the Fed, the attractiveness of domestic assets to foreign investors has increased, supported by the negative impact of U.S. tax cuts, which are expected to increase the U.S. fiscal deficit. This factor has led global investors to shift from U.S. financial assets to Emerging Markets (EM), including Indonesia. It is supported by foreign fund flows in June 2025, which showed a net capital inflow in the bond market, while Bank Indonesia's Rupiah Securities (SRBI) and stock market is net capital outflows throughout June 2025, following a significant net capital inflow in the stock market in May 2025 (Figure 2). This is due to investors preferring lower-risk assets, such as bonds, amid increasing geopolitical risks in the Middle East and uncertainty surrounding U.S. reciprocal tariffs.

We anticipate that room for BI to cut interest rates will remain in 2025, supported by low inflation within the  $2.5\% \pm 1$  range and stability of the rupiah exchange rate while working with the government to promote economic growth. However, global economic uncertainties persist due to U.S. reciprocal tariffs and escalating tensions in the Middle East following retaliation military strikes between Israel and Iran.

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



Source : Phintraco Sekuritas Research | BI