



Domestic Macro Flash

BI Board of Governors Meeting | July 17th, 2025

Bank Indonesia Cut Rates to 5.5% Amid Stable Rupiah and Easing Inflation Outlook

Previous Data (BI Rate)

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

Source : Bank Indonesia

Headline Inflation

Period	MoM	YoY
June 2025	0.19%	1.87%
May 2025	-0.37%	1.60%
Apr 2025	1.17%	1.95%

Source : Badan Pusat Statistik (BPS)

Exchange Rate USD-IDR and Dollar Index (EoM)

Period	USD-IDR	Dollar Index
July 2025*	16,263	98.54
June 2025	16,287	98.54
May 2025	16,290	99.33

Source : Investing.com | * As of - July 15th, 2025

Comparison by Country

AEs	Interest Rate*	EMDEs	Interest Rate*
Canada	2.75%	Brazil	15%
Euro Area	2.15%	China	3%
Japan	0.50%	India	5.50%
Singapore	1.53%	Malaysia	2.75%
Switzerland	0%	Mexico	8%
UK	4.25%	Russia	20%
US	4.50%	Thailand	1.75%

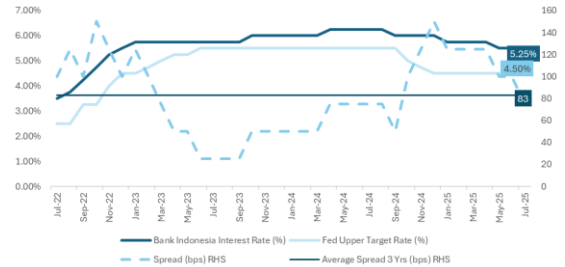
Source : Tradingeconomics | *As of - July 15th, 2025

AEs-Negara Maju | EMDEs-Negara Berkembang

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Period	BI Rate	Deposit Facility	Lending Facility
RDG BI (16/07/25)	5.25%	4.50%	6.00%

Figure 1. Spread between BI Rate and Fed Rate



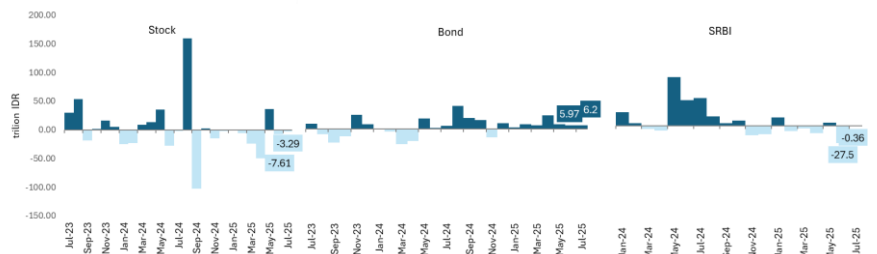
Source : Phintraco Sekuritas Research | BI, Bloomberg

Rapat Dewan Gubernur Bank Indonesia (RDG) BI menurunkan suku bunga menjadi 5.25% dengan *Deposit Facility Rate* sebesar 4.50% dan *Lending Facility Rate* sebesar 6.00% di 16 Juli 2025. Keputusan ini, sejalan dengan inflasi yang diperkirakan makin rendah dari sasaran $2.5 \pm 1\%$ di 2026 dan 2027. Selain itu, BI menilai perkembangan nilai tukar Rupiah saat ini relatif stabil dibandingkan dengan kelompok mata uang negara berkembang mitra dagang RI dan terhadap kelompok mata uang negara maju selain AS sehingga mendukung daya saing ekspor Indonesia. Nilai tukar yang stabil didukung oleh berlanjutnya aliran masuk modal asing terutama ke instrumen SBN serta konversi valas ke rupiah pasca kebijakan Devisa Hasil Ekspor Sumber Daya Alam (DHE-SDA). Selanjutnya, BI meningkatkan Kebijakan Likuiditas Makroprudensial (KLM) akomodatif untuk meningkatkan pertumbuhan kredit pembiayaan dan mendorong fleksibilitas dalam pengelolaan likuiditas di sektor perbankan guna mendorong pertumbuhan ekonomi berkelanjutan. Strategi BI dalam mendorong pertumbuhan ekonomi yaitu penguatan strategi nilai tukar rupiah yang sesuai dengan nilai fundamental melalui dengan operasi pasar luar negeri di *Domestic Non-Deliverable Forward (DNDF)* dan pembelian *Spot* pada pasar domestik dan pembelian Surat Berharga Negara (SBN) di pasar sekunder untuk menjaga stabilitas pasar keuangan dan kecukupan likuiditas perbankan, penguatan operasi moneter *pro market* untuk memperkuat transmisi dalam penurunan suku bunga melalui penyesuaian struktur suku bunga dan *swap valas* dengan tetap menjaga daya tarik aliran masuk portofolio asing ke pasar keuangan domestik. Selain itu BI menilai kesepakatan tarif impor dengan AS yang sebesar 19% dengan barang AS masuk Indonesia dengan tarif 0% akan positif namun BI juga akan mendalami secara mendalam bagaimana dampak terhadap neraca perdagangan Indonesia serta menilai hal ini dapat mendukung pertumbuhan ekonomi kedepan.

Perbedaan antara suku bunga acuan Bank Indonesia (BI) dan suku bunga The Fed saat ini tercatat sebesar 75 bps, dibawah rata-rata selisih dalam tiga tahun terakhir yang mencapai 83 bps (**Figure 1**). Dengan selisih suku bunga BI dan The Fed menyempit, daya tarik aset dalam negeri oleh investor asing turun karena imbal hasil yang diharapkan turun namun karena dampak negatif dari kebijakan pemotongan pajak sehingga pemerintah AS akan menaikkan hutang untuk menutupi defisit fiskal kedepan. Faktor ini membuat investor global beralih dari aset finansial di AS menuju *Emerging Market (EM)* termasuk Indonesia. Hal ini didukung oleh aliran dana asing masuk di Juni hingga Juli 2025 terjadi *net capital inflow* pasar obligasi sementara Sekuritas Rupiah Bank Indonesia (SRBI) dan pasar saham mengalami *net capital outflow* (**Figure 2**).

Ke depan, kami mencermati ruang BI untuk pemangkasan suku bunga lebih lanjut ditopang dari perkiraan inflasi yang rendah dibawah titik tengah dari sasaran $2.5 \pm 1\%$ dalam dua tahun kedepan dan stabilitas nilai tukar rupiah kedepan serta bekerja sama dengan pemerintah dan sektor swasta untuk mendorong pertumbuhan ekonomi. Namun mengenai waktu dan besaran pemangkasan selanjutnya, BI akan menyesuaikan dengan perkembangan ekonomi global dan domestik.

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



Source : Phintraco Sekuritas Research | BI



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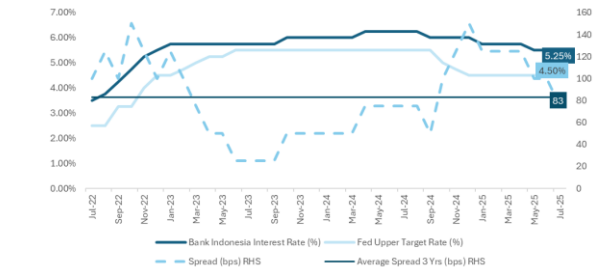
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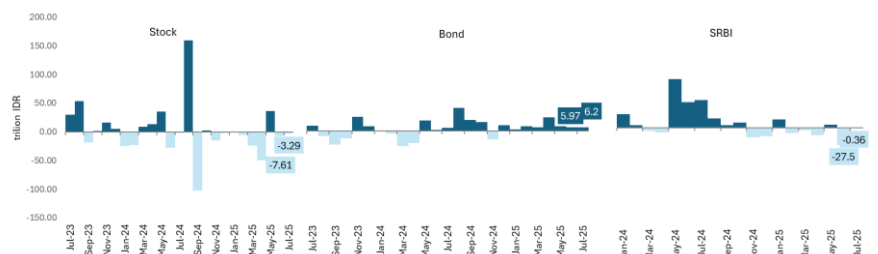
Source : Phintraco Sekuritas Research | BI, Bloomberg

The Bank Indonesia Board of Governors Meeting (RDG BI) cut interest rates to 5.25% with a Deposit Facility Rate of 4.50% and Lending Facility Rate of 6.00% on July 16, 2025. This decision aligns with the expected inflation rate to fall below the target of $2.5 \pm 1\%$ in 2026 and 2027. Additionally, BI assesses that the current Rupiah exchange rate is relatively stable compared to the currencies of Indonesia's developing trading partners and advanced economies, excluding the US, thus supporting Indonesia's export competitiveness. The stable exchange rate is supported by continued foreign capital inflows, particularly into government securities (SBN), and foreign exchange conversion to Rupiah following the Natural Resources Export Proceeds (DHE-SDA) policy. Furthermore, BI is enhancing its accommodative Macprudential Liquidity Policy (KLM) to increase credit financing growth and promote flexibility in banking sector liquidity management, thereby driving sustainable economic growth. BI strategy to promote economic growth includes strengthening the Rupiah exchange rate strategy in line with fundamental values through foreign market operations, such as Domestic Non-Deliverable Forward (DNDF) transactions, Spot purchases in the domestic market, and Government Securities (SBN) purchases in the secondary market, to maintain financial market stability and adequate banking liquidity. It also includes strengthening pro-market monetary operations to enhance the transmission of interest rate reductions through adjustments in the interest rate structure and foreign exchange swaps, while maintaining the attractiveness of foreign portfolio inflows to domestic financial markets. Additionally, BI views the 19% import tariff agreement with the US, which allows US goods to enter Indonesia with a 0% tariff, as positive, but will thoroughly examine how this affects Indonesia's trade balance and assess whether it can support future economic growth.

The interest rate differential between Bank Indonesia (BI) and the Federal Reserve currently stands at 75 basis points (bps), below the average spread of 83 bps over the past three years (Figure 1). While the narrowing interest rate differential between BI and the Fed reduces the attractiveness of domestic assets to foreign investors due to lower expected returns, the negative impact of US tax cut policies requiring increased government debt to cover future fiscal deficits has led global investors to shift from US financial assets to Emerging Markets (EM), including Indonesia. It is supported by foreign fund flows from June to July 2025 showed a net capital inflow in the bond market, while Bank Indonesia Securities (BIS) and the stock market experienced a net capital outflow.(Figure 2).

We anticipate that BI's room for further rate cuts is supported by low inflation forecasts below the midpoint of the 2.5 ± 1 target over the next two years, as well as future stability of the Rupiah exchange rate, along with cooperation with the government and private sectors to promote economic growth. However, BI will adjust the timing and magnitude of subsequent cuts based on global and domestic economic developments.

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



Source : Phintraco Sekuritas Research | BI