

Macroeconomic Monitor January 2026: High Prices, High Uncertainty: What Is the Market Really Telling Us?

AUTHORS:

Ibrahim Kholilul Rohman – Senior Research Associate IFG Progress /
SKSG, Universitas Indonesia
(ibrahim.kholilul@ifg.id)

Erin Glory Pavayasa Ginting – Junior Research Associate IFG Progress
(erin.glory@ifg.id)

Emil Muhamad – Senior Economist Bahana TCW Investment Management
(emil.muhamad@bahana.co.id)

Purbiantoro Lintang Nugroho – Economist Bahana Sekuritas
(purbiantoro.lintang@bahana.co.id)

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HIGHLIGHTS

January 2026

United States

U.S. economic activity remained resilient in late 2025, with GDP growth accelerating to 4.3% (year-on-year / YoY) in Q3-2025, supported by strong consumer spending (+3.5%, YoY), a rebound in exports (+9.6%, YoY), and higher government spending. The services sector continued to expand, with the ISM Services PMI rising to 54.4 in December, while inflation stayed elevated at 2.7% (YoY), reinforcing expectations that the Federal Reserve will keep the policy rate on hold at 3.5%–3.75% in the near term FOMC that will be held on 27th – 28th January.

However, underlying momentum showed signs of softening. Manufacturing activity weakened, with the S&P Manufacturing PMI at 52.2 and the ISM Manufacturing PMI remaining in contraction at 47.9, while job creation slowed markedly to just 584,000 in 2025, averaging around 49,000 jobs per month, the weakest pace since 2003 outside of recessions. Although the broader U-6 unemployment rate eased to 8.4%, persistent labor market slack and uneven sectoral performance point to a more cautious growth outlook ahead.

Euro Zone

The euro area economy reflects divergent trends: headline inflation eased to 1.9% (YoY) in December 2025, reaching the ECB's 2% target for the first time since August, while core inflation moderated to 2.3% (YoY). At the same time, retail sales volumes accelerated to 2.3% (YoY) in November, indicating

relatively resilient consumer spending and supporting market expectations that the ECB will keep its policy rate unchanged at 2% in the near term.

However, underlying economic momentum remains weak. Consumer confidence stayed firmly in negative territory at -13.1 in December 2025, while manufacturing activity continued to contract, with the HCOB Eurozone Manufacturing PMI falling to 48.8, the sharpest contraction since March. Combined with a downgraded growth outlook, ECB projections point to euro area growth of around 1.2% in 2026. These indicators highlight persistent headwinds and a fragile, uneven recovery outlook.

China

China's economy exhibited mixed signals in 2025. On the one hand, full-year economic growth remained broadly stable, reaching around the government's 5% annual target, supported by a sustained trade surplus despite ongoing trade tensions. Manufacturing activity also showed modest improvement towards the end of the year, indicating some resilience in the external and industrial sectors. On the other hand, domestic conditions remained challenging. Consumer demand softened throughout the year, leading to deflationary episodes in several months of 2025. The prolonged property sector downturn continued to weigh on economic activity, while retail sales remained weak from mid-2025 onward,

highlighting persistent domestic headwinds to a more balanced recovery.

stability, particularly the stability of the rupiah exchange rate.

Indonesia

Indonesia's economy toward the end of 2025 showed positive signals, particularly on the demand side, largely driven by seasonal factors related to the year-end holiday period. This was reflected in inflation rising to 2.92% (YoY) in December 2025, approaching Bank Indonesia's target, an increase in retail sales supported by higher mobility during the holiday season, and a broadly stable Consumer Confidence Index (CCI), which edged down slightly to 124.03 in December 2025. These developments were further supported by improving manufacturing activity, which accounted for roughly one-fifth of total economic output and remained in expansionary territory throughout Q4-2025. Nonetheless, several challenges persist. On the external front, Indonesia recorded a trade surplus in December 2025. However, the surplus was driven less by stronger export performance and more by a sharper month-on-month contraction in imports. As a result, economic growth in Q4-2025 may moderate slightly due to weaker export performance, as exports contribute approximately 1–3% to GDP growth. In addition, consumer confidence remains uneven across income groups, indicating an uneven recovery in household demand.

From a fiscal perspective, risks have increased as the central government budget (APBN) deficit approached the 3% threshold, raising concerns amid expectations of higher government spending in 2026. On the monetary policy front, Bank Indonesia continues to maintain an accommodative stance, keeping the policy rate at 4.75% in January 2026, while prioritizing macroeconomic and financial



**RECENT
ECONOMIC
DEVELOPMENT:
GLOBAL MARKET**

Recent Economic Development: Global Market

United States

ECONOMIC GROWTH

U.S. economic growth accelerated to 4.3% (year-on-year / YoY) in Q3 2025, up from 3.8% in Q2-2025, marking the strongest expansion since Q3 2023 and a notable return to growth above 4%. The robust performance was underpinned by strong consumer spending, a rebound in exports, and higher government expenditure. Household consumption rose by 3.5% (YoY), accelerating from 2.5% in the previous quarter and marking the fastest pace in nearly a year, driven by increased spending on recreational goods, vehicles, and international travel. Exports surged by 9.6% (YoY) in Q3-2025 following a 1.8% contraction in Q2-2025, while imports declined by 4.4% (YoY), extending the downward trend observed in the prior quarter.

Despite the broad-based strength in headline growth, several analysts highlight signs of a “K-shaped” recovery, with higher-income households and large corporations contributing disproportionately to the expansion. Elevated equity markets and persistently high home prices have helped shield upper-income households from inflationary pressures, while lower- and middle-income households continue to face more limited capacity to adjust consumption patterns.

MANUFACTURING SECTOR

The U.S. manufacturing sector showed signs of weakening, as the S&P Manufacturing PMI declined

to 52.2 in November, marking the slowest pace of expansion in the current five-month growth phase. The moderation was driven by a contraction in new orders for the first time in a year and a seventh consecutive monthly decline in exports, reflecting the impact of tariffs and heightened trade tensions. Growth in finished goods' output also softened, although firms continued to build inventories amid concerns over rising input costs and potential supply disruptions linked to tariff implications. In addition, business confidence deteriorated, underscoring weaker demand conditions and ongoing uncertainty surrounding trade policy.

Meanwhile, the Institute for Supply Management (ISM) Manufacturing PMI that generally covers a wider range of industries, including agriculture and public sector, signaled further weakness, falling deeper into contractionary territory to 47.9 in December, down from 48.9 in November, and marking the tenth consecutive month of contraction since March 2025. The survey indicated that only the electrical equipment, appliances and components sectors, along with computer and electronic products, recorded expansion, while the remaining 15 industries remained in contraction, with tariffs and weak demand cited as key headwinds. At the same time, input cost pressures persisted, reflecting the ongoing impact of tariff policies and imported inflation.

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SERVICES SECTOR

The U.S. services sector presented mixed signals. The S&P Global Services PMI showed signs of softening, declining to 52.5 from 54.1 in the previous month. The slowdown was primarily driven by weaker new business growth, which fell to its lowest level in the past 20 months amid rising uncertainty related to tariffs, leading to softer demand and weaker consumer spending. Export demand also declined, reflecting ongoing trade tensions that have persisted since May 2025. The moderation in business activity led to a contraction in employment for the first time in nine months.

In contrast, the ISM Services PMI recorded a modest improvement, rising to 54.4 from 52.6 in the previous month. The increase was supported by stronger service-sector activity and an acceleration in new orders, driven by seasonal holiday demand and heightened year-end operational activity in preparation for 2026. Unlike the manufacturing sector, price pressures in services eased, helping to reduce input costs and support continued production efficiency amid improving demand conditions.

INFLATION

Inflation remained unchanged at 2.7% (YoY) in December 2025, the same level as in November, although monthly inflation accelerated to 0.3% (month-on-month / MoM). Price pressures were driven primarily by food, beverages, and tobacco, which recorded a sharp increase of 0.7% (MoM), up from 0.2% previously and marking the fastest rise since October 2022. Housing costs also emerged as a key source of inflationary pressure, increasing to 0.4% (MoM) in December from 0.2% in the prior month. These developments pose growing concerns for consumers amid an ongoing

affordability challenge, as households face higher costs for both food and rent. According to data from the Bureau of Labor Statistics in December 2025, housing prices have risen by more than 14%, since September 2024. While part of the price increase reflects supply-side constraints, tariff policies have also contributed to higher prices for essential goods such as bananas and coffee, as well as discretionary items including toys and electronics.

LABOR MARKET

U.S. employment growth eased to 4.4% in November 2025, down from a revised 4.5%, reflecting reported job losses in the construction, retail, and manufacturing sectors. While the slowdown suggests that the labor market is not deteriorating sharply, it does not necessarily indicate an improvement, as the moderation was accompanied by a decline in labor force participation. In addition, labor market conditions showed signs of softening, with the number of individuals experiencing long-term unemployment increasing and the median duration of joblessness rising to a four-year high of 11.4 weeks from 9.8 weeks in December.

Based on preliminary estimates, which remain subject to revision, the U.S. economy added approximately 584,000 jobs in 2025, averaging around 49,000 jobs per month. Excluding recession periods, this represents the weakest annual employment growth since 2003, according to data from the Bureau of Labor Statistics (BLS). Despite the subdued pace of job creation, broader labor market conditions showed some signs of improvement, as the U-6 unemployment rate which includes discouraged workers and those employed part time for economic reasons, which declined to 8.4% in December from 8.7% in November,

Euro Zone

CONSUMER CONFIDENCE INDEX

Eurozone consumer confidence declined to -13.1 in December 2025 from an upwardly revised -12.8 in November, although it remained above the early flash estimate of -14.6. Despite the modest deterioration, the index stayed in negative territory, indicating persistent consumer caution. Across the broader European Union, consumer sentiment was broadly stable at -12.5 in December, compared with a revised -12.4 in November. The continued negative reading reflects ongoing concerns, particularly a weakening willingness to buy, which fell to -7.5 points from -6.0 points after two months of improvement. In addition, income expectations declined for the third consecutive month to -6.9 points from -0.1, highlighting sustained pressure on household finances. Nevertheless, economic expectations turned positive, rising to 1.2 points from -1.1 in November, suggesting cautious optimism about the broader economic outlook and providing some support to the overall confidence index.

PURCHASING MANAGERS' INDEX

The HCOB Eurozone Manufacturing PMI declined to 48.8 in December 2025, falling below both the preliminary estimate of 49.2 and November's final reading of 49.6, and marking the sharpest contraction since March. The downturn was driven primarily by continued declines in output and new orders, with Germany experiencing the most pronounced deterioration and its weakest performance since February. Italy and Spain remained in contractionary territory, while France stood out as an exception, recording its strongest expansion since June 2022. Employment levels continued to decrease across the region, extending the period of manufacturing job losses to more than two and a half years, while shrinking backlogs of

indicating a modest easing in overall labor market slack.

MONETARY POLICY

Market participants expect the Federal Reserve to keep policy rates on hold following the sequence of rate cuts that began in September, during which rates were reduced three times consecutively. Despite relatively weak job creation, approaching levels last seen during the pandemic, the unemployment rate remains broadly in line with expectations, supporting the case for maintaining the Fed funds rate within the 3.5%–3.75% range at the upcoming FOMC meeting scheduled for 27th–28th January.

Considering ongoing labor market developments and assuming employment conditions remain broadly stable in the coming months, market consensus suggests that the Federal Reserve will increasingly refocus on containing inflation, which has remained above the central bank's 2% target for the fifth consecutive year. Against this backdrop, markets anticipate that rate cuts could resume later in the year, with potential reductions expected around June and September.

U.S. economy shows solid headline growth but weakening momentum, as strong GDP performance contrasts with softening manufacturing, slower job creation, persistent inflation pressures, and expectations that the Federal Reserve will keep rates on hold in the near-term FOMC Meeting

work indicated that existing capacity was sufficient to meet current demand. Sales performance weakened despite ongoing price discounts, even as input cost inflation accelerated to a 16-month high. Nevertheless, manufacturers' sentiment improved, with year-ahead business expectations reaching their highest level since just prior to Russia's full-scale invasion of Ukraine in February 2022.

RETAIL SALES

The latest data from November 2025 indicate that Eurozone retail sales volumes strengthened, rising to 2.3% (YoY) from 1.9% in the previous month. The November figures indicate that retail activity in the euro area remained relatively resilient despite broader economic headwinds, including inflationary pressures and ongoing supply chain constraints. Growth was primarily driven by non-food products excluding automotive fuel, which increased by 3.5% (YoY) in the euro area and 3.6% (YoY) in the European Union. Among member states with available data, Cyprus, Portugal, and Denmark recorded some of the strongest annual gains in total retail trade volume, while Romania, Slovakia, and Austria experienced declines. As retail trade volume measures real sales activity excluding price effects, the sustained expansion suggests relatively stable consumer demand and provides support for a more constructive outlook for retail sector performance in 2026.

INFLATION

Eurozone inflation eased to 1.9% (YoY) in December 2025 following a downward revision, compared with 2.1% in November and below earlier estimates of 2.0%, marking the first time inflation has met the ECB's 2% target since August 2025. The moderation was driven by softer underlying price pressures, with core inflation declining to 2.3% (YoY) from 2.4% (YoY) in the previous month. The revision reflected slower

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price increases in food, alcohol, and tobacco, which rose by 2.5% (YoY) in December, lower than the previously estimated 2.6% (YoY), alongside a continued decline in energy prices. The revised figures support the ECB's assessment that inflation remains contained, following its decision to keep policy rates unchanged in December, and will be closely monitored by policymakers as they evaluate the future path of interest rates amid moderating inflation and fragile economic growth across the euro area.

MONETARY POLICY

The European Central Bank (ECB) is widely expected to keep its policy rate unchanged at 2% at its upcoming meeting in February 2025, in line with market consensus. Interest rates are anticipated to remain at this level at least until mid-2026. This stance is supported by the latest inflation data, which show headline inflation in December 2025 aligned with the ECB's 2% target and expected to remain below the target in 2026. Meanwhile, economic growth is likely to moderate from an estimated 1.4% (YoY) in 2025; however, the ECB upgraded its euro area growth forecast for 2026 to 1.2% in its December projections, up from 1.0% in September. Looking ahead, conditions that could open the door to further rate cuts include easing services inflation, subdued household consumption, and weaker-than-expected economic growth, alongside persistently weak credit growth and a stronger euro.

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Euro area reflects divergent trends with inflation easing to the ECB's 2% target and retail sales remaining relatively resilient, supporting expectations of stable policy rates. However, weak consumer confidence, contracting manufacturing activity continue to weigh on the outlook.

China

ECONOMIC GROWTH

China's economic growth moderated in the fourth quarter, with GDP expanding by 4.5% (YoY), down from 4.8% (YoY) in Q3-2025 and marking the weakest quarterly performance since early 2023. While the economy remains broadly on track to meet its full-year growth target of around 5%, domestic conditions continue to be constrained by deflationary pressures and weak demand. Consumer spending has remained subdued amid an uncertain labor market and a prolonged property sector downturn, which has significantly eroded household wealth. By December 2025, home prices have declined by more than 20% from their 2021 peak, undermining consumer confidence and heightening concerns over rising debt risks within the property sector.

Deflationary pressures remain a key challenge, with consumer prices increasing by only 0.8% (YoY) in 2025, underscoring persistently soft domestic demand at a time when many advanced economies are still grappling with inflation. Despite these headwinds, overall growth has been supported by strong external demand. Exports have remained

resilient despite intensified trade tensions with the United States, allowing China to record a record trade surplus of USD 1.2 trillion. This outperformance reflects successful market diversification and the less severe impact of U.S. tariffs than initially anticipated, providing an important buffer to weakening domestic momentum.

MANUFACTURING SECTOR

China's manufacturing sector unexpectedly returned to expansion in December 2025, snapping eight consecutive months of contraction. The RatingDog China General Manufacturing Purchasing Managers' Index (PMI) compiled by S&P Global, which primarily reflects activity among small, export-oriented firms along China's eastern coast rose to 50.1 in December from 49.9 in November. Consistent with this improvement, the official PMI published by the National Bureau of Statistics (NBS), which is more representative of medium and large enterprises, also increased to 50.1 from 49.2 in the previous month.

The improvement in manufacturing conditions was driven by stronger demand, as reflected in the NBS new orders index, which climbed to 50.8, up 1.6 points from November. In line with the recovery in demand, the production index rose to 51.7, an increase of 1.7 points (MoM). At the sectoral level, high-tech manufacturing recorded a notable expansion, with its PMI rising to 52.5, up 2.4 points, while consumer goods manufacturing also improved to 50.4, increasing by one point. Overall, these indicators suggest that manufacturing activity across Chinese enterprises expanded monthly in December.

INDUSTRIAL PRODUCTION

China's industrial production grew by 5.2% (YoY) in December 2025, accelerating from a 4.8% increase in November 2025. The improvement was driven by stronger manufacturing output, which rose to 5.7% (YoY) from 4.6% in the previous month, supported by improving demand conditions and government efforts to stimulate domestic consumption. For full-year 2025, industrial production expanded by 5.9% (YoY), with high-tech manufacturing and equipment manufacturing recording the strongest growth, at 9.2% (YoY) and 9.4% (YoY) respectively. At the product level, output of 3D printing equipment, industrial robots, and new energy vehicles surged annually by 52.5%, 28.0%, and 25.1% in December 2025, underscoring continued momentum in advanced and strategic industries.

UNEMPLOYMENT RATE

China's labor market remained broadly stable in 2025, with the surveyed urban unemployment rate holding steady at 5.2% for the third consecutive month. Although slightly higher by 0.1 percentage point compared with the previous year, the rate remains within the government's annual target of around 5.5%, indicating relatively healthy labor market conditions supported by steady economic growth and employment-focused policy measures. According to the Ministry of Human Resources and Social Security, approximately 12.1 million new urban jobs were created in the first 11 months of 2025, meeting the annual target ahead of schedule. Looking ahead to 2026, sustaining economic growth and ensuring inclusive employment policies will remain key priorities, particularly as emerging industries such as information services, artificial intelligence, and new energy continue to reshape China's employment structure and generate new job opportunities.

INFLATION

Inflation in China rose to 0.8% (YoY) in December 2025, the highest level since February 2023, following several months of deflation earlier in the year. The increase was mainly driven by food prices, which rose by 1.1% (YoY), the fastest pace in 14 months, up sharply from 0.2% in November, largely reflecting higher prices for fresh vegetables and fruits. Non-food inflation remained unchanged at 0.8% (YoY), supported in part by ongoing consumer goods trade-in programs aimed at boosting domestic consumption. Core inflation stood at 1.2% (YoY) in December, unchanged from the previous month and marking a 20-month high. Nevertheless, inflation for 2025 remained subdued and below the official annual target of around 2%, underscoring continued weak demand and suggesting that stimulus measures implemented so far have had a limited impact on reviving consumption.

RETAIL SALES

China's retail sales continued their slowing trend that has persisted since June 2025, reaching the weakest growth of the year at 0.9% (YoY) in December. This marked the softest expansion since December 2022, as a weak labor market and declining home prices continued to weigh on consumer spending. The December slowdown was driven in part by a sharp contraction in petroleum and related product sales, which fell by 11% (YoY), deepening from an 8% decline in November. More moderate deceleration was also observed in essential consumer goods, with sales of grains, oil, and food products rising by 3.9% (YoY), down 1.2 percentage points from the previous month. The subdued performance of basic consumer goods during the holiday season and year-end period underscores the still-fragile state of household demand. In contrast, categories included in the

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government's trade-in programs showed modest improvement, with automobile and home appliance sales recording annual growth of 3.3% and 0.7% respectively, higher than in November 2025.

HOUSING PRICES

In December 2025, China's housing prices extended their decline to 2.7% (YoY), from a 2.4% contraction in November. This marked the 30th consecutive month of price declines and the fastest pace of decline since July, highlighting the continued difficulty in stabilizing the prolonged downturn in the property sector. Among the 70 cities surveyed by the National Bureau of Statistics (NBS), only six recorded price increases in December, while 58 experienced further declines. NBS data also indicated ongoing weakness in the secondary market, with existing home prices in tier-one, tier-two, and tier-three cities falling at a faster pace compared with a year earlier.

Looking ahead to 2026, analysts expect divergence in China's property market to become more pronounced. Housing prices in major cities are projected to gradually stabilize, supported by stronger economic fundamentals, while smaller cities, particularly those facing limited industrial support and population outflows, are likely to undergo a prolonged period of inventory adjustment and continued price pressure.

TRADE BALANCE

China recorded a trade surplus of USD 1,189 trillion in 2025, with exports increasing by 5.5% (YoY) while imports remained broadly flat. In response to tariff pressures under the Trump administration, Chinese exporters increasingly redirected production and shipments away from the U.S. toward alternative markets, particularly the European Union and

Southeast Asia. In December alone, the trade surplus reached USD 114.1 billion, marking the seventh instance in 2025 in which the monthly surplus exceeded USD 100 billion. Exports expanded by 6.6% (YoY), accelerating from 5.9% (YoY) in November 2025 and representing the fastest pace since September 2025, driven by strong shipments to non-U.S. markets as the government pursued export diversification and deeper trade ties with ASEAN and the EU. Meanwhile, imports rose by 5.7% (YoY), well above market expectations of 0.9% and the strongest growth in six months. Reflecting a sharp contraction in bilateral trade amid tariff tensions, China's exports to the U.S. fell by 20% (YoY) in 2025, while imports from the U.S. declined by 14.6% (YoY).

China's economy showed mixed signals in 2025, full-year growth remaining broadly stable at around the 5% annual target, supported by a sustained trade surplus however softened consumer demand, episodes of deflation, and persistently weak retail sales in several months of 2025 continued to pose significant domestic headwinds.



**RECENT
ECONOMIC
DEVELOPMENT:
DOMESTIC
MARKET**

Recent Economic Development: Domestic Market

ECONOMIC GROWTH

As of Q3-2025, Indonesia's economy expanded by 5.01% (YoY) indicating a broadly stable macroeconomic condition. However, sustaining this level of growth remains increasingly challenging without deeper, more comprehensive structural reforms. Throughout 2025, economic growth was largely underpinned by cyclical drivers, most notably a strong acceleration in gross fixed capital formation (PMTB) in Q2-2025 (6.99%, YoY) and a marked improvement in export performance in Q3-2025 (9.91%, YoY). Earlier in the year, economic growth eased to 4.87% (YoY) in Q1-2025, largely driven by a moderation in household consumption growth to 4.95% (YoY).

Against this backdrop, Indonesia's economic growth in 2026 is projected to reach around 5.0% (YoY) under the baseline scenario, with potential to rise to as high as 5.4% (YoY) in an optimistic scenario, broadly consistent with the Government's growth target as set out in the RAPBN 2026. Under the most likely, base-case scenario, growth is expected to stabilize within the range of 4.9%–5.1% (YoY). This outlook is underpinned by a gradual recovery in global demand, particularly as China is expected to continue implementing stimulus measures focused on industrial upgrading and other supply-side policies. These measures may extend inflationary pressures, which could be transmitted to Indonesia through higher imports of manufactured goods. Despite these external tailwinds, Indonesia's fiscal position is expected to remain manageable, although it will continue to face persistent pressures

related to fiscal space, labor market conditions, inflation dynamics, and external stability.

INFLATION

In December 2025, headline inflation rose to 2.92% (YoY), marking the highest level recorded during the year. Inflationary pressures were mainly driven by higher prices in personal care and other services (13.33%, YoY) up from 12.89% last month, pointing to resilient domestic demand in the tertiary sector. Transportation prices also increased during the year-end holiday period, with inflation reaching 1.23% (YoY), largely attributable to passenger transport services. Meanwhile, core inflation edged up slightly to 2.38% (YoY), increasing by 2 basis points (bps) from the previous monthly as primarily driven by the rise in domestic gold prices. Inflation would have been considerably lower in the absence of the increase in gold jewelry prices, indicating that domestic aggregate demand remains in a gradual recovery phase. Overall, average inflation in 2025 was recorded at 1.91% (YoY), remaining below Bank Indonesia's target range of 2.5% ± 1%. This subdued inflationary environment reinforces the case for continued monetary accommodation, which is expected to persist into 2026 to support domestic demand, while the ease may still be limited due to pressure on the exchange rate. With this development, the reduction of the benchmark interest rate in 2026 is expected to be more limited around 25 bps.

RETAIL SALES INDEX

Retail Sales Index grew by 4.39% (YoY), driven primarily by the motor vehicle spare parts and accessories segment, which posted double-digit growth of 12.37% (YoY) at year-end. Consequently, motor-related sales have sustained double-digit growth for five consecutive months. The strong year-end performance can be attributed to increased mobility during the holiday season, which boosted demand for vehicle spare parts and accessories in line with higher maintenance and servicing activities. Meanwhile, sales of cultural and recreational goods also increased, supported by year-end promotional activities associated with festive events. In addition, the food, beverages, and tobacco category recorded growth during the same period. On a monthly basis, retail sales rose by 4.0% (MoM), accelerating from 1.5% (MoM) in the previous month. This increase was driven by broad-based gains across most commodity groups, particularly information and communication equipment, which recorded a significant increase of 13.93% (MoM). Other categories, including cultural and recreational goods, other household equipment, as well as food, beverages, and tobacco, also contributed to the monthly expansion, in line with a seasonal surge in demand during the Christmas and New Year festive period.

Despite the strong retail performance, price pressures remain contained and inflation expectations are relatively well anchored. Although the Inflation Expectations Index (IEH) for February 2026 stands at 168.6, partly reflecting seasonal factors, it is projected to decline to 154.8 by May 2026, with inflation forecast to average around 2.78%. This relatively moderate inflation rate is expected to help preserve household purchasing power and prevent erosion of real incomes.

TRADE BALANCE

Indonesia's trade balance recorded a surplus of USD 2.66 billion in November 2025, widening from USD 2.39 billion in October 2025, thereby extending the trade surplus streak to 67 consecutive months since May 2020. However, the surplus was driven less by stronger trade activity and more by a sharper monthly contraction in imports (-9.09%, MoM) compared with the decline in exports (-7.08%, MoM). The weakening export performance has persisted since September 2025, reflecting slower economic growth in Indonesia's major trading partners, particularly China, as well as declining prices of key commodities such as coal since September 2025. As a result, the contribution of net exports to economic growth in Q4-2025 is expected to moderate.

Despite this trend, the non-oil and gas trade balance continued to post a surplus of USD 4.64 billion, while the oil and gas balance remained in deficit at USD 17.61 billion. Over the first eleven months of 2025, Indonesia's key export commodities were dominated by non-oil and gas products, notably animal and vegetable oils, mineral fuels, and footwear. By destination, exports to East Asia contracted sharply by 7.93% (YoY) in November 2025, largely due to a decline in shipments to China, Indonesia's main trading partner, to USD 5.9 billion from USD 6.3 billion in the same period last year. In contrast, exports to the United States, Indonesia's second-largest trading partner, recorded a strong increase of 9.45% (YoY). Meanwhile, Indonesia's imports recorded cumulative growth of 2.03% (YoY) over the January–November 2025 period, driven mainly by non-oil and gas capital goods imports valued at USD 4.48 billion. This category posted a strong increase of 18.54% (YoY), reflecting continued investment activity.

CONSUMER CONFIDENCE INDEX (CCI)

Consumer Confidence Index (CCI) remained broadly stable, edging down slightly from 124.03 points in November 2025 to 123.50 points in December 2025. Despite this marginal decline, the index continues to signal an improvement in consumer sentiment from its trough in September 2025, which marked the lowest level throughout the year. By income group, consumers earning IDR 4.1–5.0 million per month recorded the largest increase in confidence (up 2.33 points, MoM), while the IDR 1.0–2.0 million income group experienced a sharp decline (down 6.04 points, MoM). This divergence suggests a widening confidence gap between upper-middle-income households and lower-income groups, while other income segments showed relatively stagnant or slightly weaker sentiment compared to November.

Consumers remain more optimistic about current conditions relative to six months earlier, particularly regarding employment, as reflected in a 2.81-point increase in the labor market component, indicating some improvement in job conditions toward year-end despite intermittent contractions earlier in the year. In contrast, unlike the typical year-end pattern observed over the past two years, purchasing conditions for durable goods deteriorated, declining by 1.77 points (MoM), alongside weaker perceptions of current income compared with six months ago. Looking ahead, consumer concerns about conditions over the next six months persist, as reflected in declines in expectations for employment and business conditions by 0.20 points and 2.95 points (MoM), respectively, although income expectations for the next six months recorded a slight improvement

PURCHASING MANAGER INDEX (PMI)

The Purchasing Managers' Index (PMI) returned to expansionary territory in December 2025, registering 51.20, although this marked a moderation from 53.30 in the previous month. The manufacturing sector's continued expansion was supported by an increase in new orders, despite a slower pace compared to November. Demand growth remained largely driven by domestic orders, while new export orders continued to contract for the fourth consecutive month. On the supply side, shortages of raw materials constrained output growth, leading to an accumulation of backlogs despite an increase in employment. In response, manufacturers raised post-production inventories to improve efficiency and responsiveness to incoming demand. According to S&P Global, post-production inventories recorded their highest increase since July 2024. Looking ahead, survey results point to strong optimism among manufacturers over the next 12 months, reaching the highest level since September, supported by expectations of improving demand conditions and an expanding customer base.

FISCAL POLICY

Based on the provisional APBN data released in December 2025, the fiscal deficit reached 2.92% of GDP, approaching the statutory ceiling of 3% as stipulated by the Ministry of Finance regulations. This outcome exceeded the government's deficit target in the 2025 APBN outlook of 2.53% of GDP and widened from the mid-year APBN projection of 2.78% of GDP. The larger-than-expected deficit was primarily driven by higher government spending, which reached IDR 2,756 trillion, growing by 2.73% (YoY) in 2025, alongside a decline in state revenue to IDR 3,451 trillion, representing a contraction of 3.31% (YoY).

Moreover, state revenue fell short of the official target, with tax revenues reaching only 87.6% of the 2025 target. This shortfall was largely attributable to moderating global commodity prices, delays in dividend receipts from state-owned enterprises that were no longer transferred to the state budget, and weaker tax revenues following the cancellation of the planned increase in the Value Added Tax (VAT) rate. On the expenditure side, elevated spending levels further contributed to the widening deficit, with total expenditure realizing reaching 96.3% of the 2025 budget target. This was mainly driven by substantial overspending by ministries and government agencies, with realization reaching 129.3% of the initial budget allocation, as well as financing for several government priority programs.

MONETARY POLICY

Bank Indonesia's Board of Governors decided to maintain the policy rate at 4.75%. The Governor of Bank Indonesia, Perry Warjiyo, stated that this decision is consistent with the current policy focus, namely safeguarding rupiah exchange rate stability amid heightened global uncertainty. The decision to keep the policy rate unchanged also aims to ensure that inflation in 2026–2027 remains within the target range, while continuing to support economic growth. Today's decision extends the BI Rate at its lowest level since 2022, based on historical BI 7-Day Reverse Repo Rate data. Previously, Bank Indonesia had also maintained the policy rate at the same level during the Board of Governors' Meetings from October to December 2025. It is worth noting that Bank Indonesia has reduced the BI Rate by a cumulative 125 basis points (bps) throughout 2025.

Looking ahead, the scope for further BI Rate cuts in 2026 appears increasingly limited due to persistent pressures on the rupiah exchange rate, stemming from both domestic and global factors, prompting Bank Indonesia to prioritize stability. Nevertheless,

MACROECONOMIC MONITOR

room for policy easing could reopen should the Federal Reserve begin cutting interest rates, provided that the rupiah remains stable and inflation stays well anchored around the 2.5% target.

FOREIGN EXCHANGE RESERVES

Indonesia's foreign exchange reserves increased sharply to USD 156.5 billion in December 2025, up from USD 150.1 billion in November 2025, marking the highest level recorded since April 2025 and representing a significant monthly increase of 4.2% (MoM). The rise in reserves was supported by higher tax and services receipts, the issuance of government global sukuk and bonds, as well as government loan drawdowns. This level of reserves is equivalent to financing 6.4 months of imports, or 6.3 months of imports and government external debt repayments, well above the international adequacy standard of around three months of imports. With this strong reserve position, Indonesia is expected to have sufficient buffers to mitigate external shocks, including potential foreign capital outflows, and to support rupiah stability. Nevertheless, these warrants continued attention, as the rupiah depreciated by 3.48% over the course of 2025, reflecting persistent external pressures.

By end-2025, Indonesia's economy saw seasonal demand support reflected in highest level inflation recorded during the year, firmer retail sales, and expansionary manufacturing, while external pressures and rupiah stability considerations led Bank Indonesia to keep the policy rate at 4.75% in January 2026.



ASSET ALLOCATION

Asset Allocation

Global Market

Global markets have started 2026 with heightened uncertainty amid mixed policy signals and geopolitical developments. Tension between the US and Venezuela, coupled with disputes over Greenland and potential US tariff threats against European partners, have rattled global equities and reinforced concerns about frayed multilateral relations and trade stability. These pressures have contributed to flight-to-safety flows into precious metals like gold and silver, which have surged to record levels. Meanwhile, treasury and other global sovereign bond yields have broadly risen, repricing risk as investors expect central bank easing and fiscal expansion may continue to reflate the economy further. Major equity benchmarks have managed moderate gains YTD, but this performance masks underlying volatility as markets price both macroeconomic fundamentals and event-driven risks.

Domestic Equity Market

The Jakarta Composite Index (JCI) has shown strong early-year performance, touching an all-time intraday high near 9,100 in mid-January. This reflects strong domestic sentiment, supported by optimism about economic and corporate fundamentals. Early 2026 also witnessed foreign investor interest, though capital flows have been volatile; data show JCI has experienced net foreign inflows of Rp6.61 trillion YTD.

Domestic Bond Market

Yield dynamics in the SBN market remain sensitive to both global and domestic drivers. As of mid-

January, the SBN 10Y yield has moved higher toward 6.20%, reflecting pressure from nonresidactivity and spillovers from rising global yields. The yield curve has shown relative stability, but the potential for bear steepening persists as long-end yields respond to external rate pressures and evolving fiscal spending expectations. While ample domestic liquidity and stable policy rates provide support, bond markets continue to gauge inflation trends and fiscal developments in pricing medium- and longer-tenor bonds.

Domestic Money Market

Money market rates have remained low. Bank Indonesia's policy stance continues to favor supportive funding conditions as short-term rates stay subdued. Improvements in system liquidity helped put downward pressure on short-term instruments, while trends in banking system liquidity metrics have reflected healthier funding positions. Overall, money market rates have settled at lower levels, consistent with spillovers from an easing cycle and abundant liquidity.

Asset Allocation Takeaway

The start of 2026 highlights a dynamic investment backdrop, with external uncertainties such as trade policy risks, policy rate direction ambiguity, and global yield movements, favoring a cautious yet constructive stance. For fixed income, mid-duration SBN remains appropriate for carry and risk-adjusted returns, though careful monitoring of global yield trends and currency volatility is essential. Equities continue to present opportunities, particularly where domestic demand resilience and strong early year positioning support valuation



SECTORAL ANALYSIS

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Poultry

We have an OVERWEIGHT stance on Indonesia's poultry sector, supported by easing chicken oversupply to 1.4–1.8 mn tonnes in 2026 as supply declines following lower GPS import quotas, while demand improves on recovering purchasing power and the rollout of the Free Nutritious Meal (MGB) programme, which could absorb 200–571kt of chicken (c.10–30% of historical demand). Improved supply–demand balance should lift live-bird and DOC prices by 6–7%(YoY), while disciplined post-capex spending following the 2018–19 investment cycle is set to sustain margin stability and drive ROIC higher, reaching c.16% over the next two years.

Plantation

Indonesia's CPO supply–demand balance remains supportive for prices, as the slow progress of land seizures and delayed handover to Agrinas are likely to keep a meaningful portion of confiscated land unproductive, potentially resulting in supply losses above ~1.8mn tonnes in FY26E. Penalty collection by Satgas PKH remains limited and company-level earnings impact appears manageable. However, uncertainty around the B50 biodiesel rollout amid mixed signals from policymakers tempers near-term demand visibility, reinforcing our view that current dynamics present greater upside risk to CPO prices than downside risk to sector earnings.

Metal Mining (Nickel)

Nickel price has overshoot in late December and early January 2026, driven by a potential 100mn wmt mining quota cut for nickel miners nationwide. Our back on the envelope calculation suggested that this might translate 0.7-1mn tonnes of Nickel equivalent, applying a typical specification of Indonesia nickel ore. If this realized, this could bring the market into a deficit, driven by a supply-glut. Whether this price rally could sustain or not really

depends on the supply enforcement seriousness, initiated by the Indonesia government, as Indonesia control c.40% of global nickel reserve and more than 60% of global nickel production. Even though RKAB related rally historically been shortlived, we view the recent supply enforcement by the government shown in CPO and tin could be replicated in nickel. Given this scenario, we prefer integrated nickel player with captive supply and operating smelters. We argue that player with captive mine could have more flexibility to use the ore for own-use, reducing cash cost, or capturing ore premium by selling excess ore to third party. Moreover, those with operating smelters should have more bargaining power regarding mining quota approval rather than those who only aim to sold ore to third party. Hence, our top picks is pure-play nickel player which already operated both pyro and hydrometallurgical smelters, MDKA and NCKL.



WHAT TO EXPECT AHEAD

What To Expect Ahead

By late January, nearly one month into 2026, global conditions are generating more uncertainty than optimism as geopolitical tensions intensify. Escalating instability in the Middle East, driven by the prolonged conflict in Gaza and rising confrontation involving Iran, has heightened fears of a broader regional war, particularly in the event of direct United States intervention. These developments have amplified risk perceptions and weakened confidence in the global outlook.

Against this backdrop, the World Economic Forum's 2026 Chief Economists' Outlook indicates that global growth will remain fragile and uneven. A majority of surveyed chief economists, 53 percent, expect global economic conditions to weaken, while only 19 percent anticipate improvement. Public debt will remain a central constraint, with global public debt already at approximately USD 102 trillion and projected to approach 100 percent of global GDP by 2029. Europe is expected to grow by only about 1.4 percent in 2026, while the United States outlook is comparatively stronger, although inflation expectations remain elevated at around 4.2 percent. Emerging regions are projected to perform better, with East Asia excluding China growing at around 4.5 percent, and South Asia remaining the fastest growing bloc, anchored by India's recent 8.2 percent year on year expansion in late 2025.

Financial markets in 2026 face rising correction risks following a highly concentrated equity boom. The top seven US technology firms now account for nearly 35 percent of total market capitalization, up from about 20 percent in 2022. Gold rose by roughly 60 percent in 2025, its strongest annual increase since 1979, and 46 percent of economists still expect further gains in 2026. In contrast, 62 percent anticipate declines in cryptocurrency values. A sharp correction in US equities could erase up to USD 35 trillion in market value, and 74 percent of surveyed economists believe that a significant fall in US AI related stocks would have widespread global repercussions.

Trade and investment patterns in 2026 are expected to be shaped more by fragmentation than by liberalization. Global trade reached approximately USD 35 trillion in 2025, representing growth of about 7 percent year on year, but economists are divided on whether volumes will expand or contract in 2026. More than 90 percent expect an increase in bilateral trade agreements, while over two thirds foresee growth in regional agreements. China's trade surplus has already exceeded USD 1 trillion, reflecting the redirection of exports away from the United States toward Europe and Southeast Asia. Foreign direct investment is also diverging, with 57 percent of economists expecting inflows to the United States to rise, while 52 percent expect FDI into China to decline.

Logistics, as the main artery of global supply chains and the backbone of real economic activity, mirrors these macroeconomic stresses. Weekly data from Drewry underline the deteriorating conditions. The container market entered 2026 under mounting uncertainty as the anticipated Lunar New Year demand surge failed to materialize and conditions across major East–West trades weakened. Drewry's World Container Index fell by 10 percent week on week to USD 2,212 per 40ft container as of 22 January. Transpacific rates declined by 11 percent, Asia–Europe and Mediterranean routes by 9 percent, and Transatlantic routes by 4 percent. Rates from Shanghai to New York fell 11 percent to USD 3,191, while Shanghai to Los Angeles dropped 12 percent to USD 2,546. Asia–Europe lanes also softened, with Shanghai–Rotterdam down 9 percent to USD 2,510 and Shanghai–Genoa down 8 percent to

USD 3,520. Drewry expects further downward pressure on freight rates in the coming weeks as demand remains uneven.

Carriers are responding through increasingly aggressive capacity management. Over the next five weeks, 109 blank sailings have been announced out of roughly 703 scheduled departures, equivalent to 16 percent of planned capacity. Cancellations are concentrated on the Transpacific eastbound route at 58 percent, followed by Asia–Europe and Mediterranean at 32 percent and the Transatlantic westbound at 10 percent, even though 86 percent of sailings remain scheduled. February blank sailings have surged to 107, representing a 38 percent increase from the previous week. At the same time, carriers are adopting divergent strategies regarding Red Sea and Suez Canal routing: CMA CGM is diverting three Asia–Europe services via the Cape of Good Hope, while Maersk plans to resume India–US East Coast services via Suez from 26 January. This staggered reintroduction of effective capacity suggests a controlled and gradual adjustment rather than a sudden surge in supply, reducing the risk of an abrupt collapse in spot rates but sustaining volatility for shippers.

Taken together, these developments point to a year marked by heightened uncertainty and structural fragility. The combination of geopolitical risk, financial market concentration, trade fragmentation, and logistical stress underscores the need for more measured and adaptive policy responses, both at the national level and within firms, to preserve stability while navigating an increasingly volatile global environment.

EXHIBITS

EXHIBIT 1 • INDONESIA MACROECONOMICS INDICATOR

Indicator	Unit	2025											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
GDP Growth	% YoY	-	-	4.87	-	-	5.12	-	-	5.04	-	-	-
CPI Inflation	% YoY	0.76	-0.09	1.03	1.95	1.60	1.87	2.37	2.31	2.65	2.86	2.72	2.92
Core Inflation	% YoY	2.48	2.36	2.48	2.50	2.40	2.37	2.32	2.17	2.19	2.36	2.36	2.38
Manufacturing PMI	Level	51.9	53.6	52.4	46.7	47.4	46.9	49.2	51.5	50.4	51.2	53.3	51.2
Exports	% YoY	4.68	14.05	23.25	5.76	9.68	11.29	9.86	5.78	11.41	-2.31	-6.06	-
Imports	% YoY	-2.67	2.30	18.92	21.80	4.14	4.28	-5.86	-6.56	7.17	-	0.46	-
Foreign Reserves	USD bn	140	138	140	134	134	134	134	132	128	129	129	135
Money Supply (M2)	% YoY	5.46	6.20	6.13	5.19	4.9	6.4	6.6	7.6	8	7.7	8.3	-
Deposit	% YoY	3.82	4.60	4.03	3.74	3.29	6.19	6.54	7.61	7.95	7.82	8.34	-
Commercial Banking Credit	% YoY	10.3	10.3	9.2	8.9	8.4	7.8	7.0	7.6	7.7	7.36	7.74	-
Fiscal Surplus/Deficit	% GDP, Ytd	-	-	-2.76	-	-	-2.77	-	-	-2.73	-	-	-2.92

EXHIBIT 2 • EXCHANGE RATE

Exhibit 2.1 Difference of Spot and Forward IDR

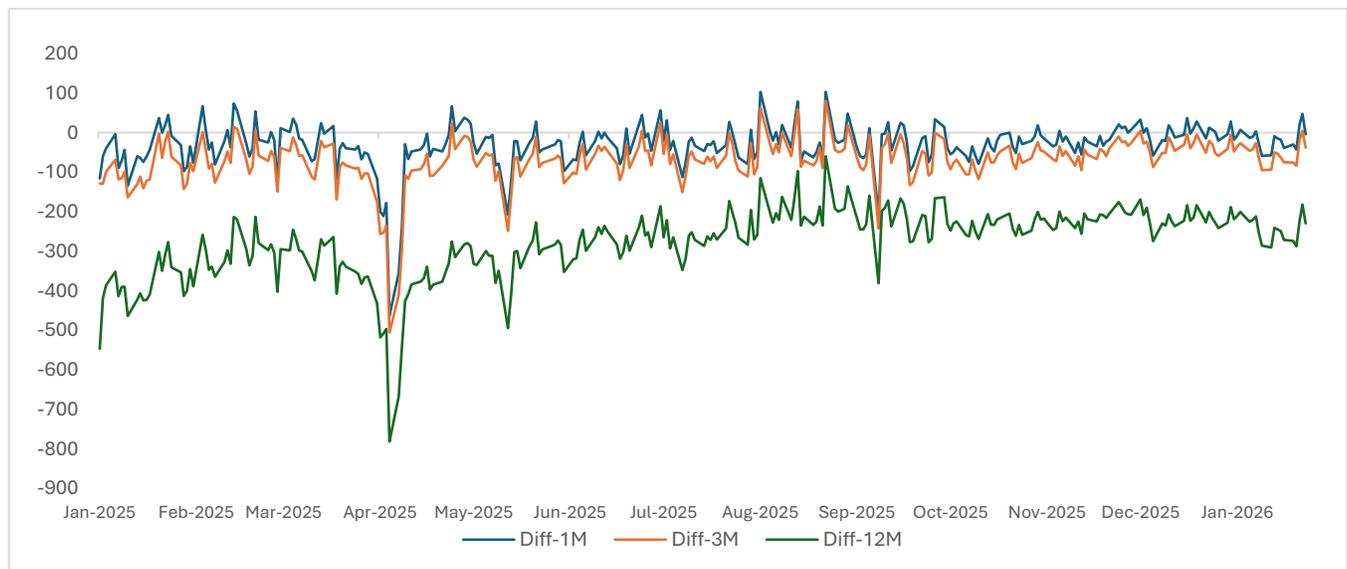


Exhibit 2.2 BI-Rate & Exchange Rate (IDR/USD)

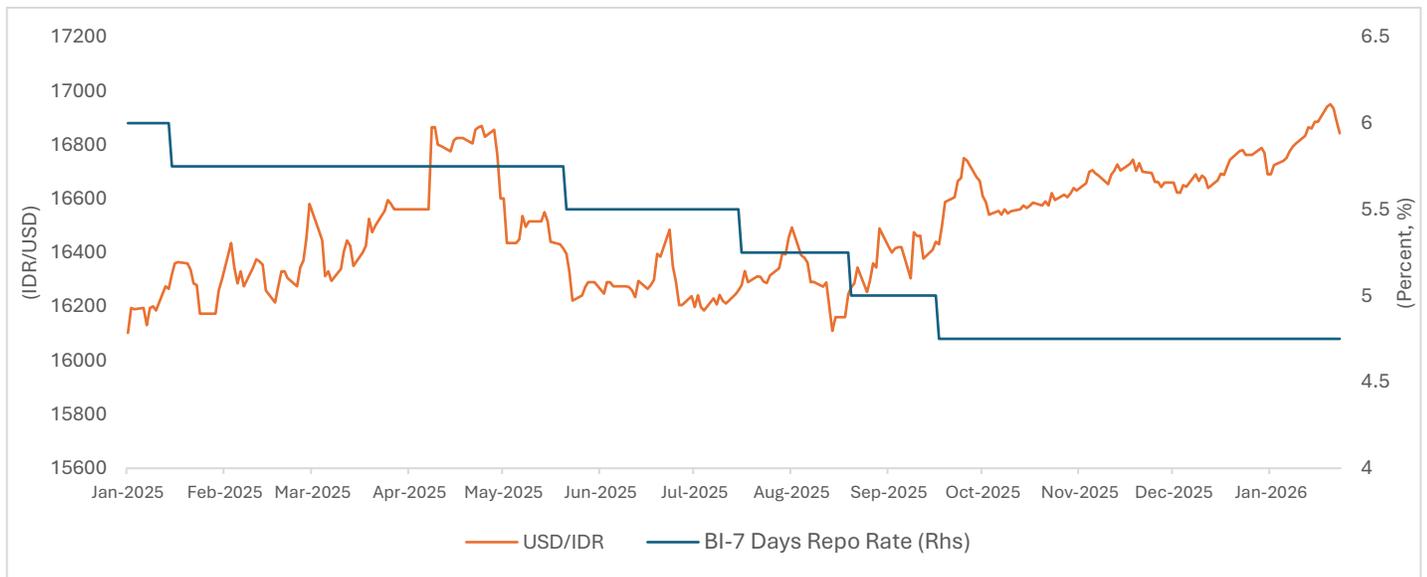


Exhibit 2.3 EM's Exchange Rate Against USD Index (01 / Jan / 2025 = 100)

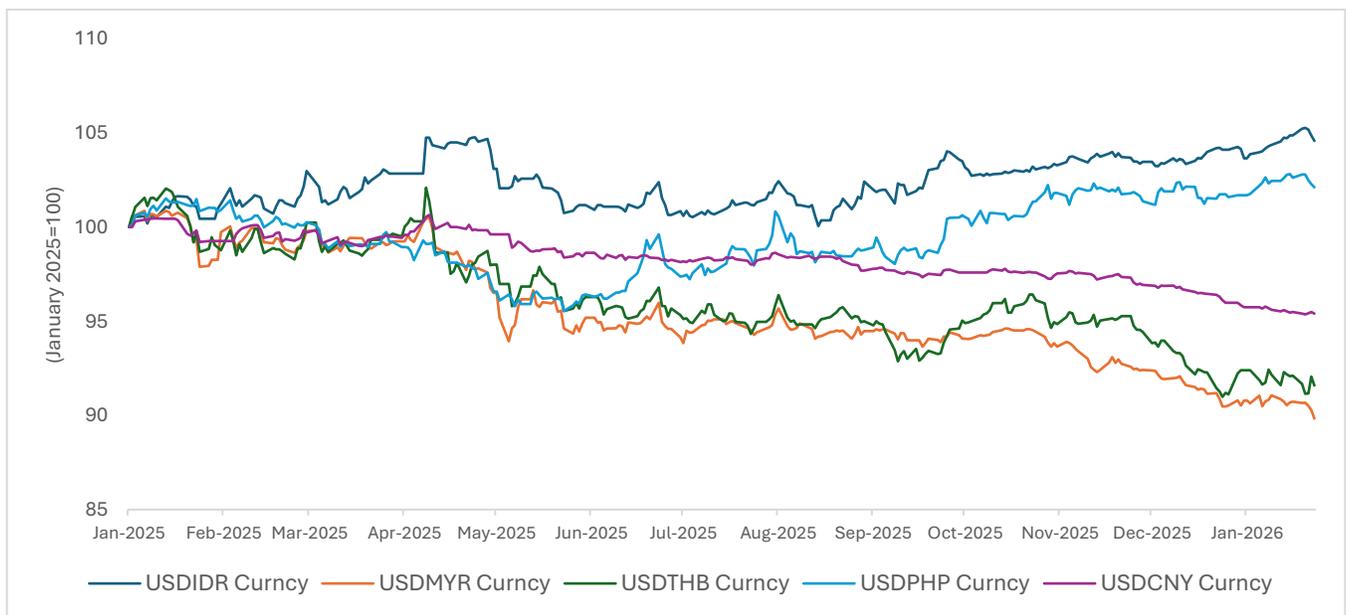


EXHIBIT 3 • INDONESIA'S LIQUIDITY

Exhibit 3.1 JIBOR 1 & 3 M and BI-Rate

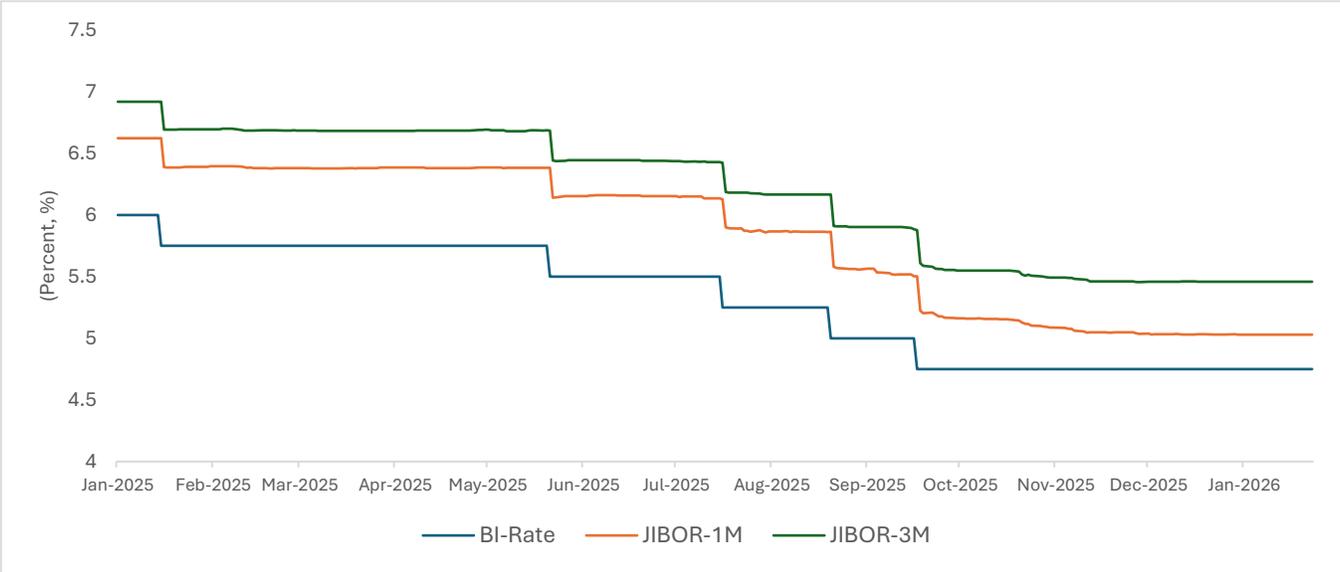


Exhibit 3.2 Monetary Operations of BI

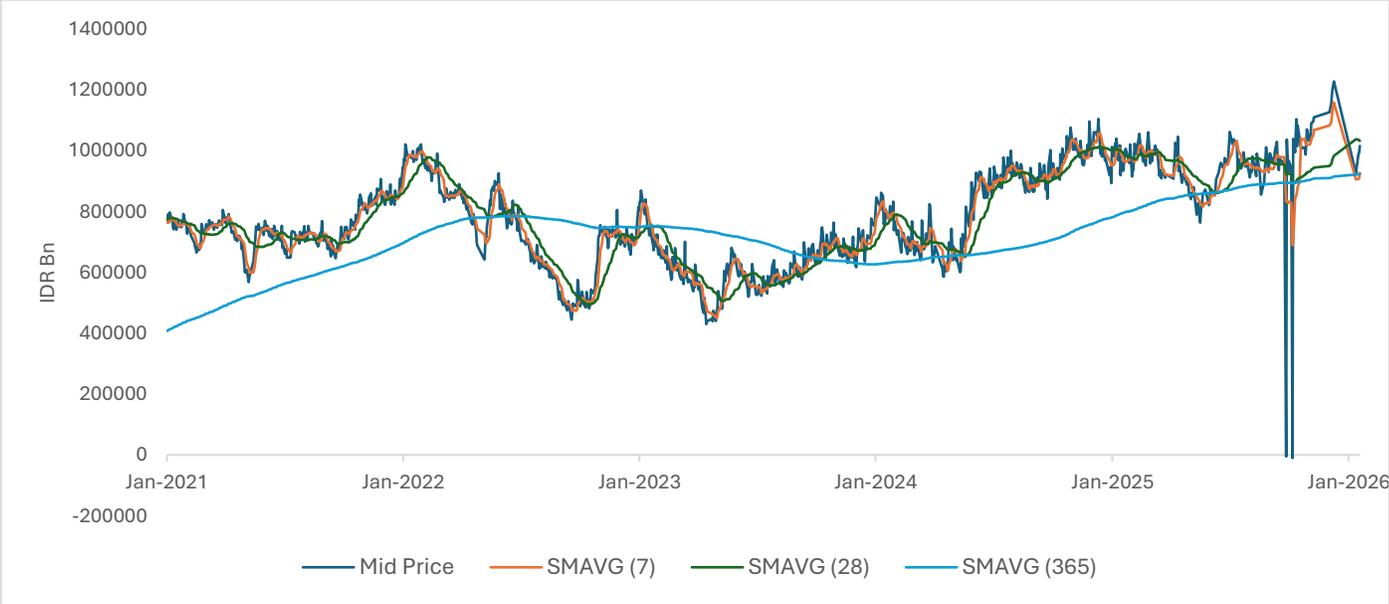


Exhibit 3.3 Indonesia's Foreign Exchange Reserves USD

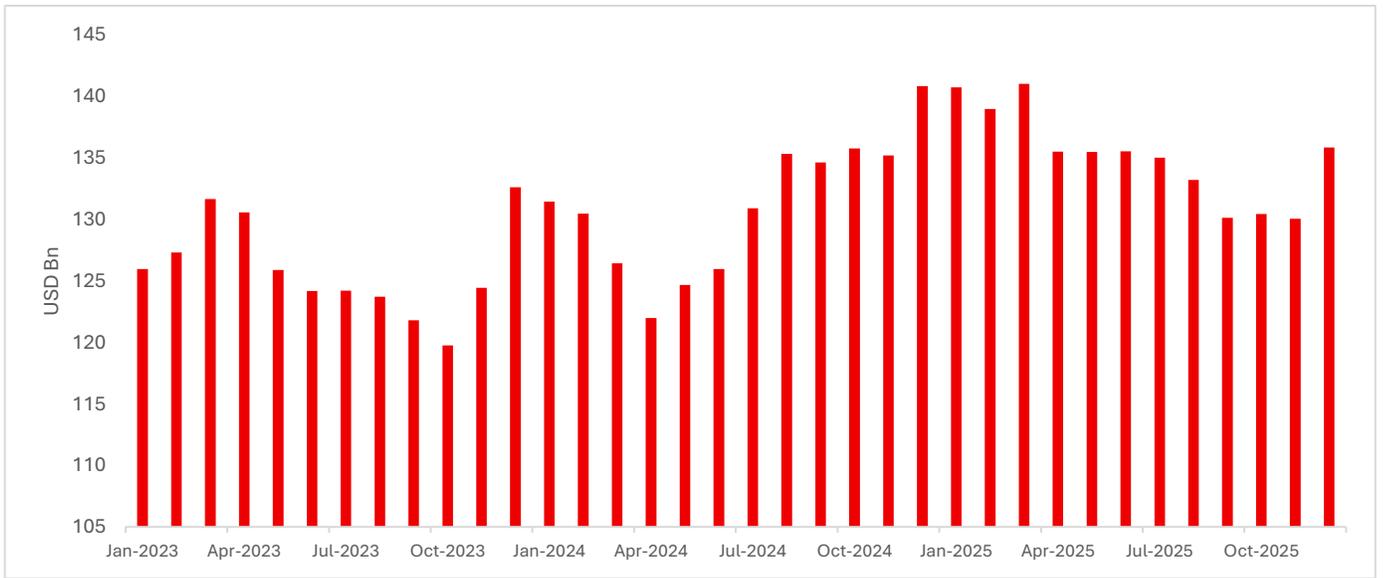


EXHIBIT 4 • FINANCIAL MARKET

Exhibit 4.1 Stock Market Index (01/Jan/2025 = 100)

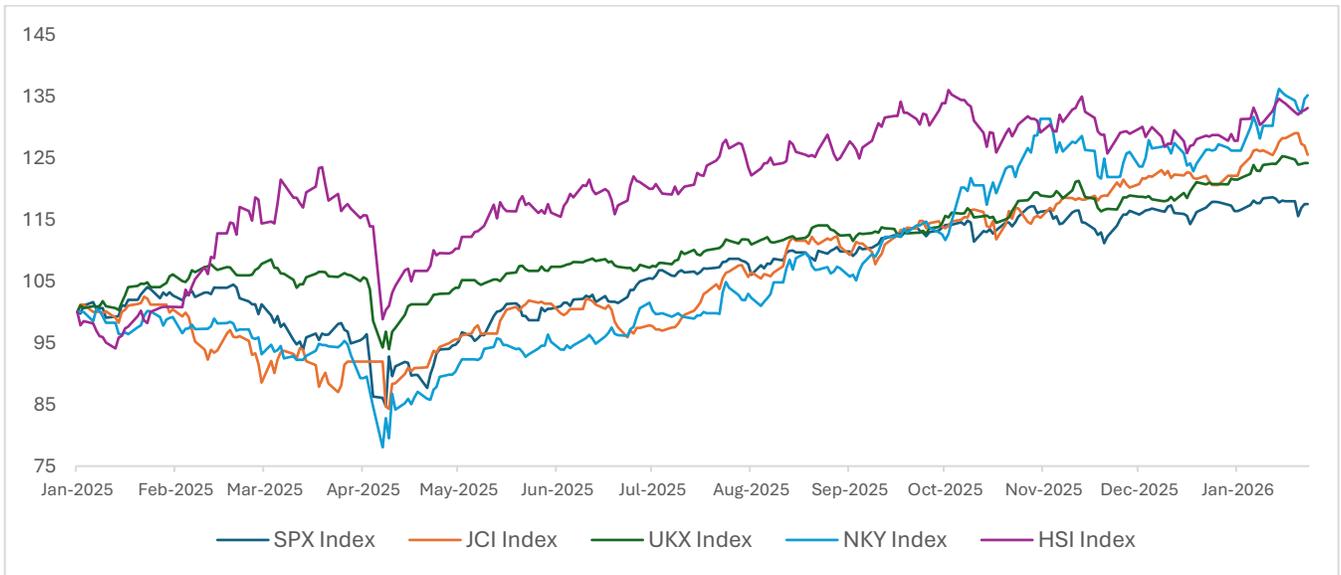


Exhibit 4.2 Indonesia Bond Yield Curve

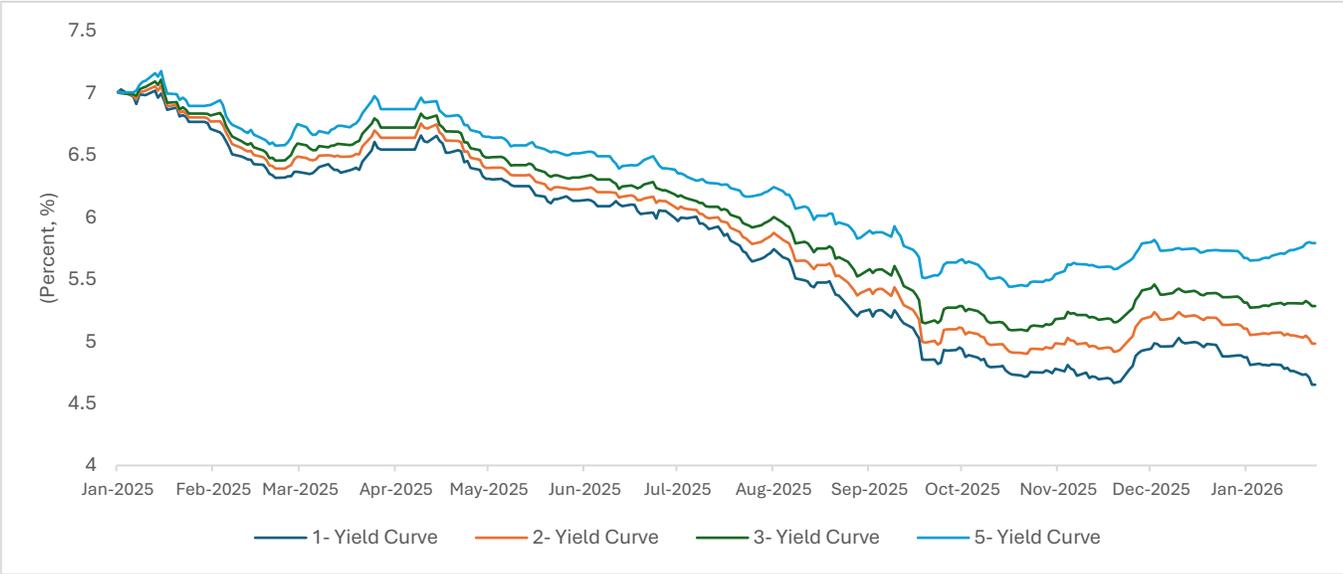


Exhibit 4.3 Indonesia Stock Market & Survivor

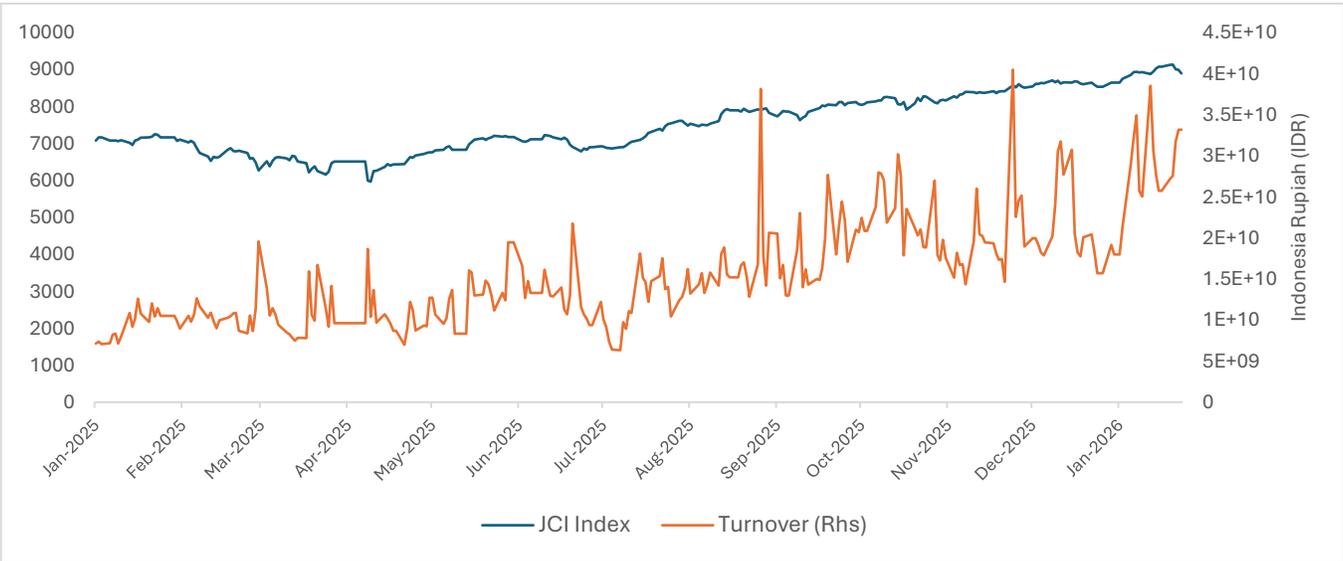


Exhibit 4.4 Indonesia CDS & Government Bond 5Y

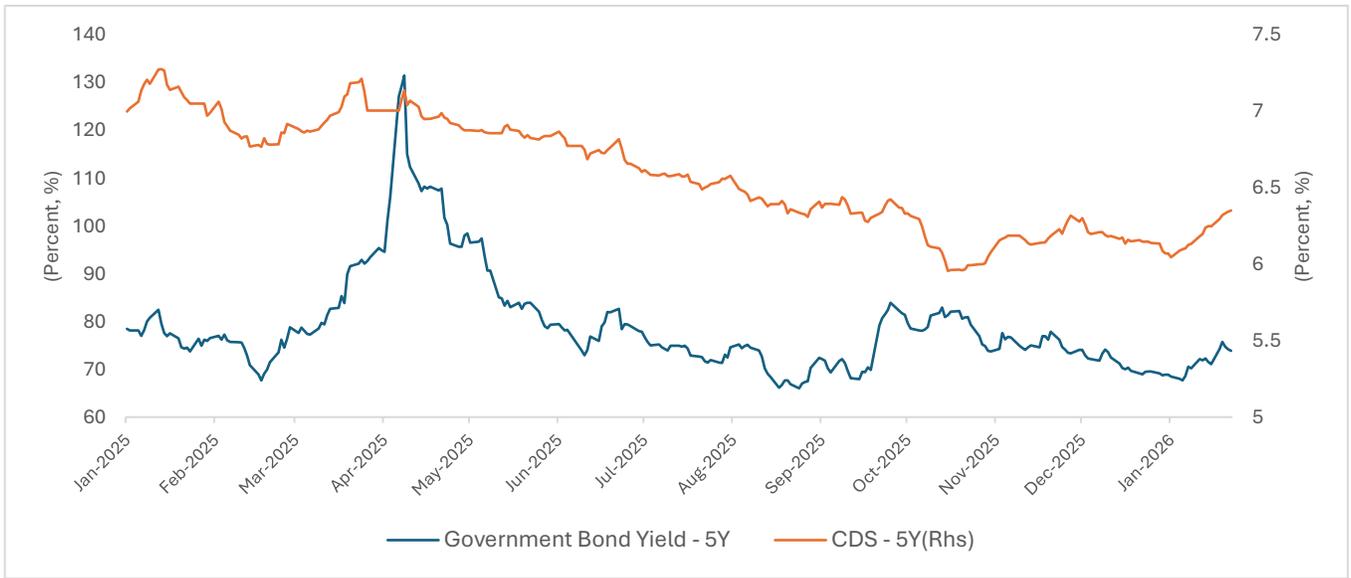


EXHIBIT 5 • REGIONAL STATISTICS

Exhibit 5.1 Monthly Inflation Rate

Provinsi	Inflasi Tahunan (Y-on-Y) 38 Provinsi (2022=100) (Persen)											
	2025											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Aceh	1.61	0.41	1.53	3.11	2.35	2.19	3	3.7	4.45	4.66	3.58	6.71
Sumatera Utara	1.78	0.73	0.69	2.09	1.11	1.25	2.86	4.42	5.32	4.97	3.96	4.66
Sumatera Barat	1.24	-0.09	0.3	2.38	0.85	0.45	2.19	2.89	4.22	4.52	3.98	5.15
Riau	1.12	0.02	0.68	2.07	0.98	0.98	2.42	3.58	5.08	4.95	4.27	4.88
Jambi	0.46	-0.27	0.32	1.84	0.96	1.34	2.71	2.76	3.77	3.71	3.55	3.71
Sumatera Selatan	0.92	0.49	1.77	2.74	2.33	2.44	2.88	3.04	3.44	3.49	2.91	2.91
Bengkulu	0.09	-1.26	-0.22	0.96	0.39	-0.1	1.01	1.3	2.57	2.85	2.68	2.77
Lampung	1.04	-0.02	1.58	2.8	2.12	2.27	2.63	1.05	1.17	1.2	1.14	1.25
Kepulauan Bangka Belitung	-	-0.64	1.13	1.37	0.79	0.99	2.05	1.34	1.82	2.51	2.87	2.77
Kepulauan Riau	2.01	2.09	2.01	2.56	1.73	1.32	1.97	2.19	2.7	3.01	3	3.47
Dki Jakarta	0.14	-0.59	1.02	2.21	2.07	2.07	2.25	2.16	2.4	2.69	2.67	2.63
Jawa Barat	0.79	-0.27	0.81	1.67	1.47	1.78	2.03	1.77	2.19	2.63	2.54	2.63
Jawa Tengah	1.28	-0.08	0.75	1.94	1.66	2.2	2.52	2.48	2.65	2.86	2.79	2.72
Di Yogyakarta	0.95	-0.3	0.52	2.1	2.04	2.52	2.6	2.3	2.56	2.9	2.92	3.11
Jawa Timur	1.06	-0.03	0.77	1.35	1.22	2.02	2.21	2.17	2.53	2.69	2.63	2.93
Banten	0.85	-0.33	0.7	1.59	1.57	1.83	2.29	1.95	2.31	2.75	2.56	2.74
Bali	2.41	1.21	1.89	2.3	1.92	2.94	3.16	2.65	2.51	2.61	2.51	2.91
Nusa Tenggara Barat	0.68	-0.01	1.15	1.8	1.63	2.51	3.05	2.56	2.69	2.96	2.74	3.01
Nusa Tenggara Timur	0.06	0.47	1.86	1.77	1.6	1.72	3.03	2.71	2.3	2	2.4	2.39
Kalimantan Barat	0.15	0.04	0.94	1.2	0.59	1.2	2.14	2.13	1.94	2.07	2.04	1.85
Kalimantan Tengah	0.28	0.28	1.33	1.21	0.46	1.06	2.13	2.08	2.35	2.73	2.56	3.13
Kalimantan Selatan	0.62	0.25	1.2	1.57	1.25	1.81	2.48	2.68	2.91	3.11	3.35	3.66
Kalimantan Timur	0.21	-0.3	1.36	1.57	1.03	1.62	2.08	1.79	1.77	1.94	2.28	2.68
Kalimantan Utara	-0.12	-0.49	1.24	1.3	1.24	1.38	1.99	2.24	2.32	2.23	2.47	2.57
Sulawesi Utara	0.25	-0.15	1.41	2.27	1.53	1.71	2.04	0.94	1.57	1.48	0.65	1.23
Sulawesi Tengah	0.02	-0.38	1.88	2.97	2.61	2.47	3.69	4.02	3.88	3.92	3.5	3.31
Sulawesi Selatan	0.1	-1.09	0.67	2.28	2.04	2.24	3.05	3.12	3.03	2.98	2.73	2.84
Sulawesi Tenggara	0.39	-0.22	1.53	1.96	1.71	2.52	3.72	3.75	3.68	3.26	2.94	2.86
Gorontalo	-1.52	-0.29	1.76	2.3	0.28	0.8	3.12	2.51	1.99	2.44	2.21	2.52
Sulawesi Barat	0.32	-0.24	1.55	3.36	3.21	2.57	3.57	3.52	3.04	2.64	2.56	2.48
Maluku	0.76	1.33	3.54	3.34	2.24	1.88	2.99	3.25	3.01	2.3	2.33	3.58
Maluku Utara	-0.15	0.16	2.32	3.23	1.89	2.01	2.46	0.43	0.17	1.18	1.89	1.63
Papua Barat	0.44	-1.98	-0.23	0.15	-1.51	-0.67	0.43	0.87	1.02	1.42	1.33	2.59
Papua Barat Daya	0.36	-0.49	0.24	0.41	0.36	0.5	0.96	1.88	1.3	1.36	1.38	2.15

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Papua	0.6	0.81	2.15	1.64	1.33	1.07	1.4	0.54	0.99	0.53	0.8	2.54
Papua Selatan	0.45	0.31	2.68	3.57	2.19	3	5.45	3.78	3.42	3.43	3.39	2.95
Papua Tengah	0.99	2.09	3.7	3.71	2.26	2.33	2.89	1.86	2.28	2.11	2.53	3.28
Papua Pegunungan	4.55	7.99	8.05	5.96	5.75	2.01	4.15	3.71	3.55	3.32	4.05	3.22
Indonesia	0.76	-0.09	1.03	1.95	1.6	1.87	2.37	2.31	2.65	2.86	2.72	2.92

FOOTNOTES AND REFERENCES

Data Sources: CEIC, Bloomberg, BI, BPS, and various sources

The conversion rate from US dollars to the local currency unit is shown by the exchange rates that are used, which stated as USD/LCU

The stock market indexes being taken into account are the S&P 500 (US), Jakarta Composite Index (JCI), FTSE 100 (UKX), Nikkei 225 (NKKY), and Hang Seng Index (HSI) which serve as regional benchmarks.

Ten-year US Treasury bill yield differential and Indonesian Government Bond denominated in USD serve as a proxy for Indonesia's sovereign risk.

The World Economic Forum's 2026 analysis references findings from the *Chief Economists' Outlook Insight report*, published in January 2026 within the *World Economic Outlook*.

A higher turnover index in the stock market typically indicates a higher level of trading activity.

The World Container Index (WCI) is an independently assessed global index compiled by Drewry Supply Chain Advisors, measuring weekly spot freight rates for shipping a 40-foot container across key global trade lanes.

Disclaimer

This study is prepared solely for research, educational, and public policy discussion purposes. All analyses, evaluations, interpretations of data, and conclusions presented herein constitute research work prepared by an IFG employee as part of IFG's research activities, based on data and information available at the time of writing.

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Indonesia Financial Group (IFG)

Indonesia Financial Group (IFG) adalah BUMN Holding Perasuransian dan Penjaminan yang beranggotakan PT Asuransi Kerugian Jasa Raharja, PT Jaminan Kredit Indonesia (Jamkrindo), PT Asuransi Kredit Indonesia (Askkrindo), PT Jasa Asuransi Indonesia (Jasindo), PT Bahana Sekuritas, PT Bahana TCW Investment Management, PT Bahana Artha Ventura, PT Bahana Kapital Investa, PT Graha Niaga Tata Utama, dan PT Asuransi Jiwa IFG. IFG merupakan holding yang dibentuk untuk berperan dalam pembangunan nasional melalui pengembangan industri keuangan lengkap dan inovatif melalui layanan investasi, perasuransian dan penjaminan. IFG berkomitmen menghadirkan perubahan di bidang keuangan khususnya asuransi, investasi, dan penjaminan yang akuntabel, prudent, dan transparan dengan tata kelola perusahaan yang baik dan penuh integritas. Semangat kolaboratif dengan tata kelola perusahaan yang transparan menjadi landasan IFG dalam bergerak untuk menjadi penyedia jasa asuransi, penjaminan, investasi yang terdepan, terpercaya, dan terintegrasi. IFG adalah masa depan industri keuangan di Indonesia. Saatnya maju bersama IFG sebagai motor penggerak ekosistem yang inklusif dan berkelanjutan.

Indonesia Financial Group (IFG) Progress

The Indonesia Financial Group (IFG) Progress adalah sebuah Think Tank terkemuka yang didirikan oleh Indonesia Financial Group sebagai sumber penghasil pemikiran-pemikiran progresif untuk pemangku kebijakan, akademisi, maupun pelaku industri dalam memajukan industri jasa Keuangan.