

finansiology

FINANSIOLOGI WEEKLY NEWSLETTER

WHEN THE OIL PRICE GAVE WAY

7 October 2026

Indonesian markets and economy | Data as of 2 October 2026

Before you calculate the numbers, understand the story behind first.

Email subject: The oil "drop of 2%" that never happened, and who is really paying the bill

Preview: Brent barely moved, American yields broke a 24-year record, and foreign money chose Indonesian government bonds over Indonesian companies.

Summary

- The roughly 2% fall in Brent that circulated in many market summaries is a contract-roll effect. On the same contract, Reuters recorded Brent up 0.11% over the week.
- Two American data releases missed to the downside (core PCE and NFP), yet the 10-year Treasury yield still touched 5.34% on 1 October, the highest since April 2002.
- The Jakarta Composite Index (IHSG) closed at 6,036.88, down 3.28% on the week and 30.18% year to date. Foreigners left equities but entered bonds and SRBI.
- The Bloomberg consensus now expects the BI Rate to rise to 6.00% by the end of 2026. The BI Rate today is 5.75%.
- SBR015 (minimum coupons of 6.75% and 6.85%) is on offer until 22 October 2026. This is not a recommendation, only an example of how a "floor" works.

EXHIBIT 1

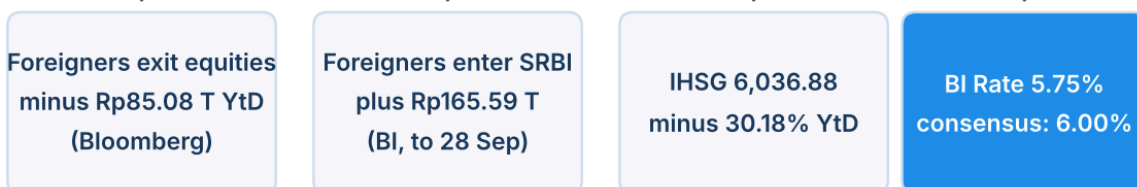
One chain of pressure: oil, American data, yields, and the rupiah meet in the Indonesian market

A compact map of the week ending 2 October 2026

PRESSURES



RESPONSE IN INDONESIA



Source: Summary of Chapters 1 to 5; BEA, BLS, CNBC, Bloomberg via Bibit Weekly, Bank Indonesia via CNBC Indonesia. The cause-and-effect frame is the author's simplification.

PROLOGUE

The Minus Two Percent That Never Happened

Friday evening, 2 October 2026. The terminal showed December Brent futures closing at US\$102.25 a barrel, down six cents from the day before. Six cents, or in rupiah a little over a thousand. You can lose more than that in parking change.

But the market summary that circulated that night printed another number: down about 2% over the week. That number was not a miscalculation. It was simply the right answer to the wrong question. The November contract, which had just expired, last settled at US\$104.32. Compare US\$104.32 with US\$102.25 and you get a convincing minus two percent. Compare the same contract with itself, and Reuters recorded Brent up 0.11% over the week.

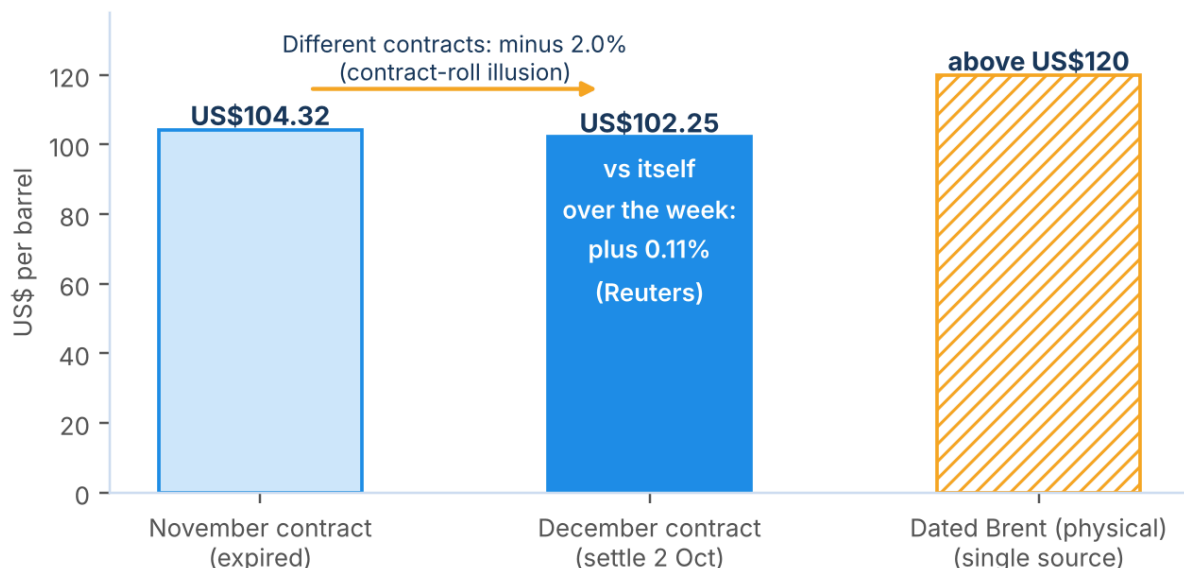
Oil did not fall. It merely stopped rising, and the market, as usual, read the pause as a victory.

There is a further layer of irony. According to one report, on the same day the price of Dated Brent, the benchmark for physical barrels actually being delivered, sat above US\$120. If true, that gap of about US\$18 is the distance between what the futures market promises and what a refinery must pay for oil that is really on a ship.

EXHIBIT 2

The 2% fall in Brent appears only when two different contracts are compared; the physical barrel is actually dearer

Brent price, US\$ per barrel, 2 October 2026



Source: Reuters via EnergyNow (2 October 2026). Dated Brent above US\$120: one Substack report, needs verification. Minus 2.0% calculated from US\$104.32 to US\$102.25.

We begin here because the whole week follows a similar pattern: numbers that look soothing on the surface, and a bill that still arrives at the same address.

CHAPTER 1

The War Nobody Named

The market summary wrote "pre-war levels" as if every reader knew which war. Let us name it: the war of the United States and Israel against Iran, which broke out the day after 27 February 2026. That day Brent was still US\$72.48.

From there the curve climbed steeply. The 52-week range of the Brent contract peaked at US\$126.41. According to the EIA, spot Brent averaged US\$114 in September, up US\$23 from August, after an attack on Saudi Arabia's East-West pipeline, the bypass built precisely to avoid the Strait of Hormuz, briefly halted its flow. Reuters recorded that exports from the Gulf producers in OPEC+ fluctuated between 60% and 80% of normal in recent months.

Then came news of recovery. Saudi Arabia resumed pumping oil through that pipeline, and according to its Energy Minister the flow reached 5.8 million barrels. JPMorgan, in a 29 September note led by Natasha Kaneva, calculated that the ten-day average of Middle East crude exports had returned to 17.5 million barrels a day. That is 98% of the 17.9 million barrels a day before the war. Fuel products had recovered only to 3 million barrels a day, or 58%. On Sunday 4 October, the seven core OPEC+ countries agreed to hold their production target for November, with the next meeting on 1 November.

The figure of 98% is tempting to read as the end of the story. Two things hold it back. First, according to JPMorgan the East-West pipeline only resumed operating around 22 September at a minimum of 3.5 million barrels a day, roughly half capacity. Second, the American government is releasing the final tranche of 40 million barrels from a total of 172 million barrels of emergency reserves, while China has halted fuel product exports for October. The "recovered" supply turns out to be propped up by a cushion borrowed from the future.

Who bears it? Ask our trade balance. In August 2026, Indonesia recorded a trade surplus of US\$3.55 billion, yet the oil and gas sector ran a deficit of US\$2.54 billion in that one month alone. Over January to August, the cumulative oil and gas deficit reached US\$21.29 billion. An oil price that stays near US\$100 is a red entry in the nation's ledger.

And in Washington, there is a central bank that reads the oil price as a threat of inflation.

CHAPTER 2

Two Numbers That Missed

Markets like consensus because consensus gives the feeling that the future has been tidied up. That week, two numbers from the United States refused to be tidied.

The first arrived on Wednesday, 30 September. The Bureau of Economic Analysis (BEA) recorded August core PCE at 3.0% year on year and 0.2% month on month. Consensus

expected 3.3% and 0.3%. One note that often escapes attention: the July figure was also revised in the BEA's annual update, from 3.3% to 3.0% year on year. So core inflation did not "stagnate" at 3%. It was lowered behind the scenes, then compared with its new self.

The second arrived on Friday, 2 October. The Bureau of Labor Statistics (BLS) recorded September non-farm payrolls up by only 29 thousand jobs. The Bloomberg consensus put it at 90 thousand, the Dow Jones consensus at 84 thousand. The August figure was revised down from 162 thousand to 133 thousand, and the combined revision for July and August reached minus 60 thousand. The unemployment rate rose to 4.2% from 4.1%. One detail makes that figure tamer than it looks: unrounded, it was 4.175%, and the rise was partly driven by labor force participation climbing to 61.8% from 61.6%. More people were looking for work, not only losing it.

Note that the market summary described the rise as "the first since February 2026". FXStreet recorded that the unemployment rate had in fact been moving between 4.1% and 4.3% since March. The claim of "first since February" turns out to be more dramatic than the data.

The effect on Fed expectations is still real. On 16 September, the Fed under Chair Kevin Warsh raised rates by 25 bps to 3.75% to 4.00%, the first hike since July 2023. The median of the dot plot points to 4.1% at the end of 2026, meaning one more hike this year. After that week's data, CME FedWatch as of 2 October showed the probability of a hike at the FOMC meeting of 27 to 28 October at around 22%.

One sentence should also be read twice. Vice Chair John Williams stated that officials could wait for more data before acting, and investors, according to CNBC, are still pricing a hike in December. The chance of a rate hike has not been cancelled. It has been moved to another month.

That should have been good news for the bond market. Should have.

? CRITICAL QUESTION

If the chance of a Fed hike has only been moved to another month, what has the market actually priced in today?

This is to separate rate expectations from the term premium you pay or receive.

CHAPTER 3

The Jury That Skipped the Trial

If the market is a courtroom, the American bond market that week was a jury that did not hear the testimony.

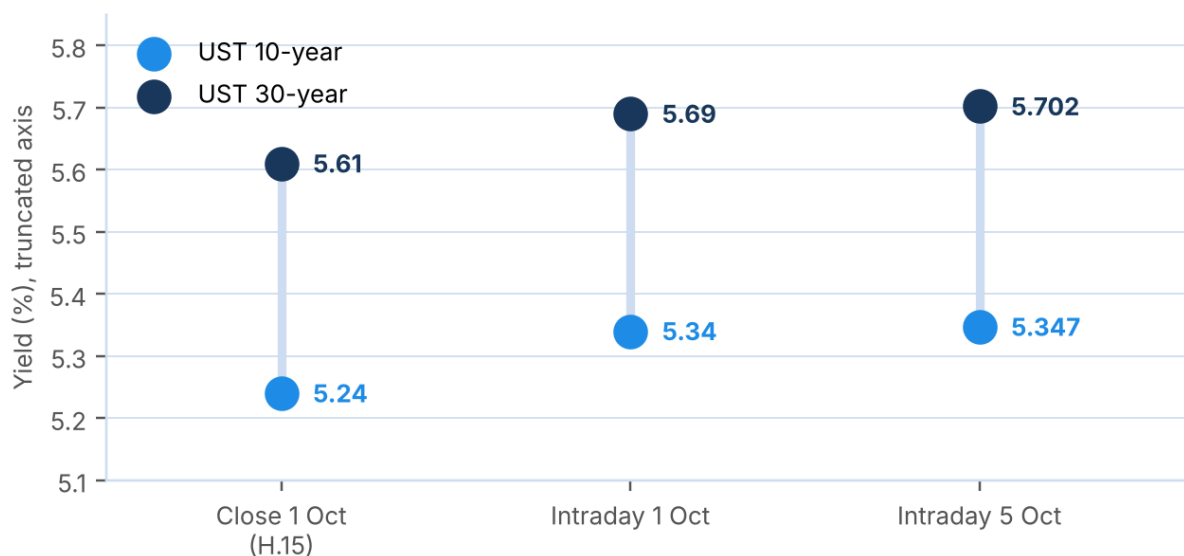
On Thursday, 1 October, the yield on the 10-year US government bond briefly touched 5.34% in the middle of the trading day. According to CNBC that was the highest since April 2002. The 30-year tenor was reported at its highest in 24 years. The official close that day was tamer: 5.24% for 10 years and 5.61% for 30 years.

That record did not last long. On Monday, 5 October, the 10-year yield touched 5.35% and the 30-year 5.70% intraday, surpassing 1 October.

EXHIBIT 3

The 1 October Treasury yield record was already surpassed on 5 October, and the intraday record differs from the close

US Treasury yields, percent; vertical axis truncated at 5.1%



Source: CNBC, FRED (series DGS10 and DGS30, H.15 close), Investing.com. The 1 October intraday 30-year figure (5.69%) has only one source.

What caused it? Here the sources do not always agree. Bloomberg, according to the market summary we hold, points to inflation worries and the sheer volume of corporate bond supply. Other open sources more often cite inflation, the American fiscal deficit, Treasury supply, and the term premium. Goldman Sachs names three pressures common to the United States, Germany, and Japan: a higher path for policy rates, a larger compensation demanded for holding long-dated bonds, and uncertainty over how much new debt the market can absorb. Most important: yields rose after data that eased expectations for Fed rates. That means the market is no longer asking only "what will the Fed rate be tomorrow", but "what is the fair price for lending money to America for thirty years".

History offers a frame. According to general archives, the 10-year yield hovered around 5% through the first half of 2007 and peaked around 5.3% in June, just before the subprime crisis erupted. In October 2023, the yield touched 5% intraday for the first time since 2007, amid the "higher for longer" narrative, a surge in Treasury supply after Fitch downgraded the US, and a rising term premium, then fell sharply in November and December 2023.

For the 30-year tenor, CNBC recorded a June 2002 peak at 5.6%. That means a level of 5.6% to 5.7% in 2026 takes the market back to an era when the US Treasury was not even issuing 30-year bonds.

The dollar index (DXY) strengthened 0.95% over the week to 101.9, its second straight weekly gain. A strong dollar and high yields are two faces of the same bill.

The same question returns: who bears it?

CHAPTER 4

The Rupiah Archive and the Foreigners' Ledger

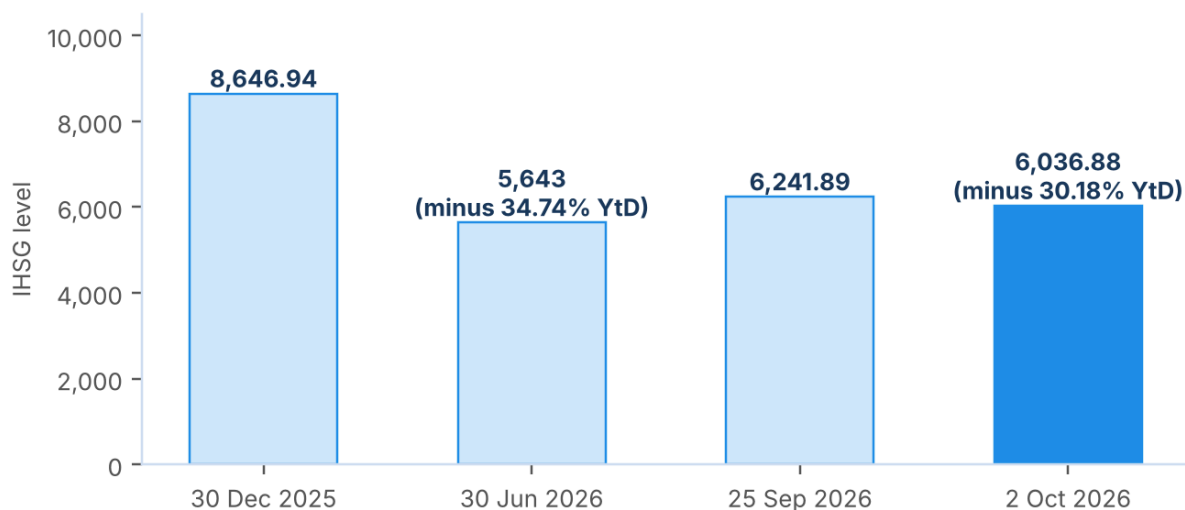
Tuesday, 29 September. The rupiah broke through Rp18,000 per US dollar, with the intraday figure differing by data provider, from Rp18,001 to Rp18,036. Reuters recorded it as the first time above Rp18,000 since early August. The close that day was Rp17,975. On Friday, 2 October, the rupiah closed at Rp17,882 according to Bloomberg, up 0.47% on the day and relatively flat over the week.

The IHSG closed at 6,037. That is down 3.28% from 6,242 a week earlier, and down 30.18% from the end-2025 close of 8,646.94. The index set 24 record highs during 2025. A year later it had lost almost a third of its value.

EXHIBIT 4

The IHSG lost almost a third of its value since the end of 2025

IHSG level on four closing dates



Source: IDX via Bisnis.com (2 October 2026), Antara (2025 close), Informasi.com (30 June 2026).

Why? There is a documented chain of events. On 27 and 28 January 2026, MSCI froze index changes for Indonesian stocks over concerns about free float and transparency, while opening the possibility of reclassification from Emerging to Frontier Market.

The IHSG plunged 6.8% intraday on 28 January. Moody's then cut Indonesia's outlook to negative, and the IHSG fell 2.08% on 6 February. By May, three main pressures were being cited: the MSCI rebalancing, high oil prices, and a weak rupiah. The first quarter 2026 balance of payments ran a deficit of US\$9.1 billion. The IHSG touched 5,643 on 30 June, down 34.74% year to date, with first-half foreign net selling of Rp73.61 trillion. The cabinet reshuffle on 1 October pushed the index down 1.02% that day. MSCI's next decision, in November, still hangs in the air.

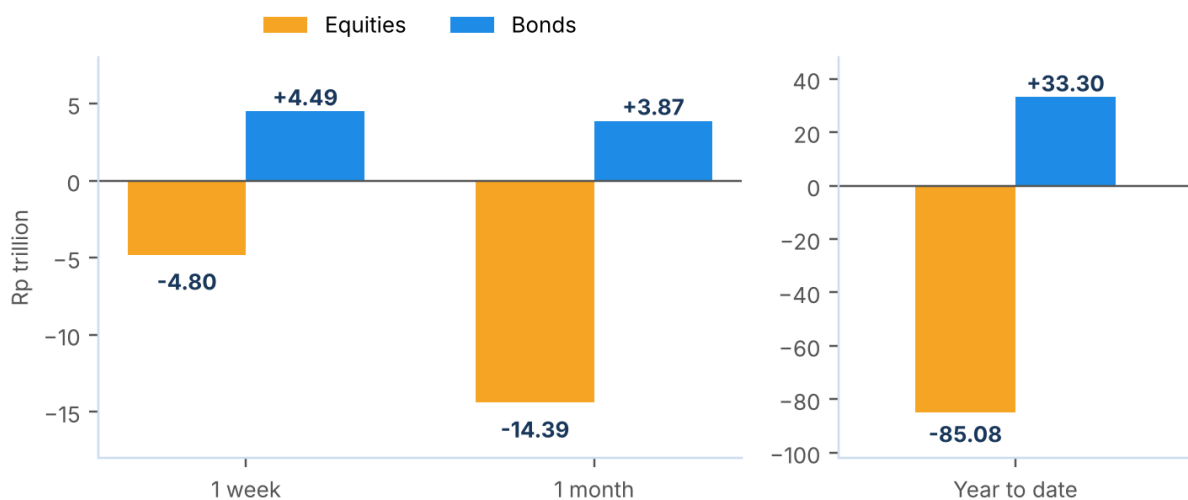
Now the capital flows. The market summary we hold, sourced from Bloomberg, recorded foreign flows as of 2 October in trillions of rupiah:

ASSET	1 WEEK	1 MONTH	YEAR TO DATE
Equities	minus 4.80	minus 14.39	minus 85.08
Bonds	plus 4.49	plus 3.87	plus 33.30

EXHIBIT 5

Foreigners sold equities and bought bonds at every time horizon

All-market foreign flow, Rp trillion, as of 2 October 2026



Source: Bloomberg via Bibit Weekly (all-market data as of 2 October 2026). Single source; definitions differ from IDX and BI data.

Other sources give different numbers for the same question, and the difference is not an error but a definition. The IDX recorded foreign net selling of equities across 2026 of Rp82.55 trillion up to 2 October. Bank Indonesia data up to 28 September is more interesting because it adds a column absent from the Bloomberg table: equities outflow of Rp62.10 trillion, SBN (government bonds) inflow of Rp27.51 trillion, and SRBI (Bank Indonesia Rupiah Securities) inflow of Rp165.59 trillion. Total net inflow was around Rp131 trillion.

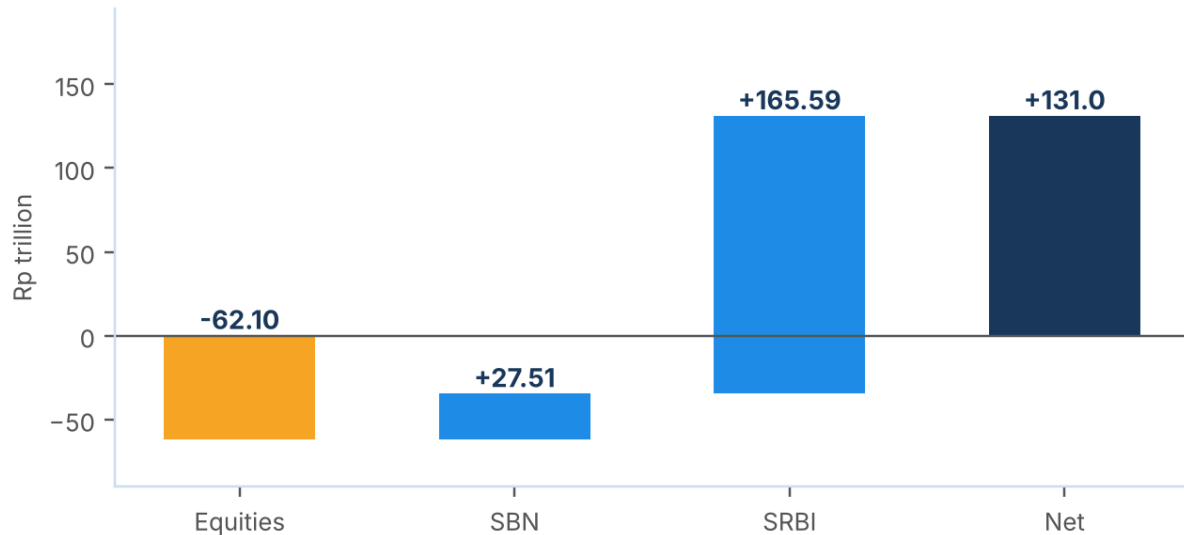
Read that last part slowly. Foreign capital did not leave Indonesia. It left Indonesian equities, and a large part landed in Bank Indonesia Rupiah Securities, debt issued by the central bank itself.

They are not lending to companies. They are lending to the state and to the guardian of the rupiah.

EXHIBIT 6

Per BI data, SRBI absorbed more than twice the capital that left equities

Net foreign capital flow, Rp trillion, to 28 September 2026



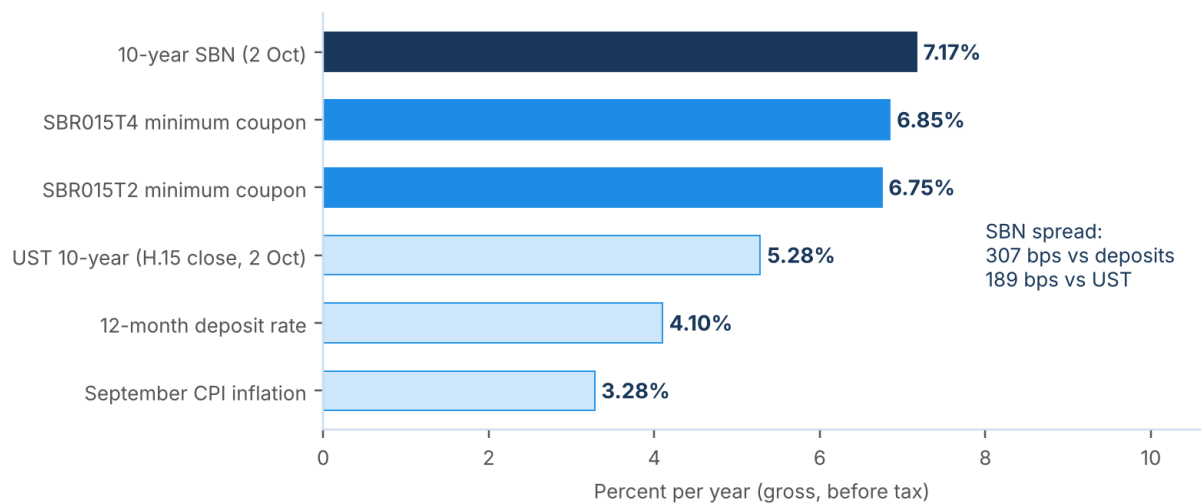
Source: CNBC Indonesia citing Bank Indonesia data (30 September 2026). Components sum to 130.99; rounded to about Rp131 trillion.

The incentive is not mysterious. The 10-year SBN yield is 7.17% (up 7 bps on the week, up around 110 bps since the start of the year, one source; a calculation from the end-2025 level of 6.01% gives a rise of about 116 bps). The average 12-month deposit rate actually fell 11 bps on the week to 4.10%. The gap between the two is about 307 bps. Compared with the 10-year Treasury, which closed at 5.28% on 2 October, Indonesia's spread is only about 189 bps, narrow by our historical standards. But for a foreign investor, 7.17% is still positive real carry against inflation of 3.28%, and a bond carries no free float risk.

EXHIBIT 7

Government bonds pay far above deposits and inflation, and the spread over Treasuries is narrow

Yields and coupons, percent per year, gross before tax



Source: Bibit Weekly (Bloomberg data, SBN and deposits), BPS (inflation), FRED H.15 (10-year UST 5.28%), Bareksa and DJPPR (SBR015 minimum coupon). SBR015 coupon tax 10%.

One number shows how far we are from the past. According to DJPPR data as of 15 September 2026, foreign ownership of SBN is down to 13.09%, or Rp904.39 trillion. Deputy Finance Minister Juda Agung, on 1 October, compared it with almost 40% a decade ago, and called it a sign of a market more resilient to shocks. It can be read that way. It can also be read as leaving a wide space for capital to come and go, which is not at all the same thing as resilience.

Who is not recorded in that table? Retail shareholders who bought in a busier year, without easy access to SRBI, without the ability to close positions as fast as the institutions that sold. This is not an accident of the archive. The capital flow table only records who can leave quickly.

? CRITICAL QUESTION

Why does the same capital treat Indonesian equities and bonds in such different ways?

This is so you can separate market governance risk from the risk of the state as a borrower.

CHAPTER 5

A Strong House, a Leaking Roof

At home, the news is more tangled than the news from abroad.

September CPI inflation was 3.28% year on year, up from 3.19% in August, and 0.30% month on month. Food drove it, but core inflation actually fell to 2.84% from 2.92%. Bank Indonesia's target of 2.5% with a tolerance of one point either way was reaffirmed. Headline inflation rising

while the core eases is a mix that makes the case for a BI Rate hike far more complicated than it looks.

The real sector, meanwhile, delivered a good surprise. The August trade surplus was US\$3.55 billion (exports US\$26.61 billion, imports US\$23.06 billion), a jump from a surplus of US\$0.12 billion in July. The September manufacturing PMI rose to 52.4 from 49.8, with exports growing at the fastest pace since May 2022. It was the strongest factory expansion since February, when the reading was 53.8.

Yet look at the other side of that ledger. Over January to August, the cumulative trade surplus was only US\$7.25 billion because imports rose from US\$155.54 billion to US\$186.39 billion. The factories are lit, but their raw materials are imported in expensive dollars.

Bank Indonesia held the BI Rate at 5.75% at its 22 to 23 September meeting, the first led by Governor Destry Damayanti, citing rupiah stabilization. Permata Bank economist Josua Pardede called the hold "a tactical pause, not the end of tightening." He also warned of the risk of over-tightening if BI reacts automatically to every Fed hike. Two sentences from one person, pointing in two directions. That is the debate.

The September Bloomberg consensus expects the end-2026 BI Rate at 6.00%, up 25 bps from the August survey (5.75%). That figure is confirmed. Three other figures that circulate alongside it could not be confirmed independently, so treat them as single-source: 2026 growth from 5.11% to 5.20%, inflation from 3.30% to 3.34%, and the current account deficit from 1.30% to 1.55% of GDP.

What can be confirmed is the state's plan for next year. The House of Representatives (DPR) passed the 2027 State Budget (APBN) at its 7th Plenary Session on Tuesday, 29 September 2026. Spending Rp4,106.2 trillion, revenue Rp3,435.1 trillion, deficit Rp671.16 trillion or 2.4% of GDP. The assumptions: growth of 6%, inflation of 2.5%, ICP oil price of US\$75, rupiah at Rp17,500, and a 10-year SBN yield of 6.9%.

Place those assumptions next to market prices on 2 October. The rupiah at Rp17,882, not Rp17,500. The SBN yield at 7.17%, not 6.9%. Brent around US\$100, not US\$75 (ICP and Brent are not exactly the same benchmark, but the direction of the gap is clear). The government writes its numbers optimistically. The market will judge them with yields.

EXHIBIT 8

The 2027 State Budget assumptions are more optimistic than market prices on 2 October 2026

2027 APBN assumptions (passed 29 September 2026) versus market prices

VARIABLE	2027 APBN ASSUMPTION	MARKET, 2 OCTOBER 2026	GAP NOTE
Exchange rate	Rp17,500 per US\$	Rp17,882 (Bloomberg)	Market rupiah about Rp382 weaker
10-year SBN yield	6.9%	7.17%	Market 27 bps higher

VARIABLE	2027 APBN ASSUMPTION	MARKET, 2 OCTOBER 2026	GAP NOTE
Oil price	ICP US\$75	December Brent US\$102.25	Different benchmarks, direction of gap is clear

Source: CNN Indonesia, Kumparan (2027 APBN); Kontan, Bloomberg via Bibit Weekly (market); Reuters via EnergyNow (Brent). ICP and Brent are not exactly the same benchmark.

For comparison, the earlier episodes of stress: the 2013 taper tantrum, the 2018 crisis, the 2020 pandemic, and the 2022 rate hiking cycle (details from general archives, not re-validated). According to those archives, in 2013 and 2018 the 10-year SBN yield approached 9%, far above today's 7.17%. What differs this time is the depth of the wound in equities, not in the solvency of the state: the IHSG is down around 30%, much deeper than in 2013 or 2018, even though bond yields are lower. The 2026 pressure punishes the governance of the equity market more than confidence in the state as a borrower.

CHAPTER 6

The Floor

So what does all this mean for someone who just wants their money to be safe?

The market summary we hold names three examples of defensive choices: a Money Market Mutual Fund for liquidity, retail SBN (for example SBR015) whose yield floats with a floor, and a USD Money Market Mutual Fund to diversify away from the rupiah. I do not recommend any of them. Every decision rests in your hands.

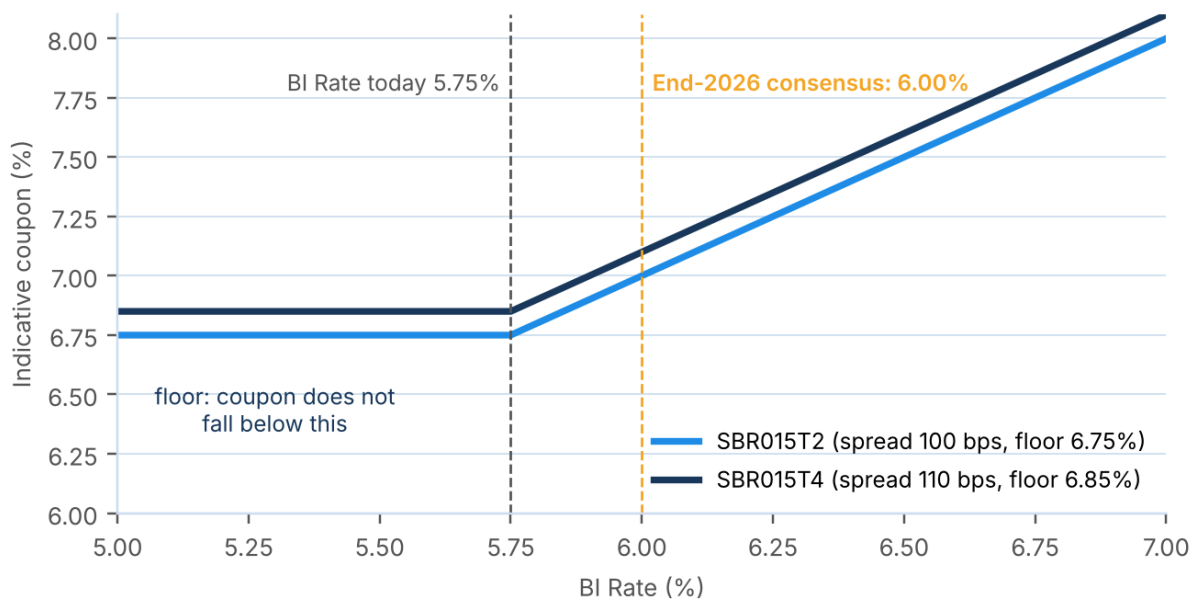
Now the interesting word: *floor*. According to the Information Memorandum cited by Bareksa and confirmed by CNBC Indonesia, the initial coupon comes from the BI Rate (5.75%) plus a fixed spread: 100 bps for the T2 (6.75%) and 110 bps for the T4 (6.85%). The coupon is reviewed every three months. If the BI Rate rises, the coupon rises with it. If the BI Rate falls, the coupon does not drop below the floor.

That is the asymmetric bet the state offers savers. As an illustration of simple arithmetic (not a forecast), if the BI Rate rises to 6.00% as the consensus expects and the formula applies exactly as described, the indicative coupon becomes 7.00% for the T2 and 7.10% for the T4. If the BI Rate falls, the coupon stops at 6.75% and 6.85%. After the 10% tax, those minimum coupons are equivalent to about 6.08% and 6.17% net. That is more than double the average 12-month deposit rate of 4.10% (which is itself still taxed).

EXHIBIT 9

The SBR015 floor: the coupon follows the BI Rate upward but does not fall below 6.75% or 6.85%

Indicative coupon = maximum of floor and (BI Rate plus fixed spread); illustrative arithmetic, not a forecast



Source: SBR015 Information Memorandum via Bareksa (28 September 2026) and CNBC Indonesia (30 September 2026). 6.00% consensus: Bloomberg via Bibit Weekly.

The scheme is not new. SBR003, offered in May 2018, was the first to use the floating-with-floor scheme for the SBR series, with a minimum coupon of 6.80% (BI 7DRRR 4.25% plus a fixed spread of 2.55%) and sales of Rp1.928 trillion. The SBR015 coupon is described as the highest since 2020. And one thing that must be read before buying anything: SBR cannot be traded on the secondary market. Its liquidity is nothing like that of a stock.

Note a symmetry that is rarely mentioned. The floor protects the saver from falling interest rates, but rates only fall if the economy weakens or inflation subsides, the two things we are actually praying for. It is insurance that is most valuable in the world we hope never arrives.

? CRITICAL QUESTION

If the BI Rate eventually falls, what do you give up by choosing an instrument with a floor, and what do you gain?

This is to understand that a floor is the price paid for a sense of security, not a guarantee of profit.

EPILOGUE

Who Bears the Promise

The question we carried from the prologue is the same question in every chapter: who bears it?

In Chapter 1, the oil importer, who pays US\$100 a barrel while the paper price looks lower. In Chapter 2, the data reader who thought the chance of a rate hike had been cancelled, when it had only been moved. In Chapter 3, every country holding dollar debt and now facing a 30-year yield that exceeds 2002. In Chapter 4, the retail shareholder missing from the capital flow table. In Chapter 5, the state itself, which wrote the 2027 budget with a 6.9% yield and a rupiah at Rp17,500 when the market has already priced them higher.

The answer is never one party. It is always the party furthest from the one who writes the numbers.

That week oil found its price floor at around one hundred dollars. Yields found their ceiling in an unexpected place, then broke it again three days later. The IHSG found nothing yet. And between all of that, a retail bond offered something the market rarely offers: a number below which you will not fall.

A floor guarantees only the bottom. It does not promise the sky.

Sources by Chapter

All sources accessed 7 October 2026. Figures marked (single source) have only one source or come from a paid terminal (Bloomberg) quoted by a third party.

- **Prologue and Chapter 1:** Reuters via EnergyNow (Brent contracts and 0.11% like-for-like), Investing.com and Trading Economics (Brent, 5 October), JPMorgan via Nairametrics, Unusual Whales, IndexBox (exports of 17.5 million barrels a day), EIA STEO (September Brent and the East-West pipeline), Reuters via AOL and The National (OPEC+, 4 October), BPS (oil and gas, August and January to August). Dated Brent above US\$120: one Substack report, needs verification.
- **Chapter 2:** BEA (bea.gov, Personal Income and Outlays August 2026), BLS (bls.gov, Employment Situation), CNBC (2 October jobs report and FedWatch), Fiscal Lab, First Trust, FXStreet (unemployment 4.1% to 4.3% since March), Closing Bell (FedWatch 64.2%), Phemex, TradingKey (dot plot), IJR (Williams).
- **Chapter 3:** CNBC (highest yield since 2002 and June 2002 peak for the 30-year), FRED DGS10 and DGS30, Investing.com, Goldman Sachs Insights, Edward Conard (macro roundup), Bibit and Kompas (DXY). Historical figures for 2007 and 2023: general archives, not re-validated.
- **Chapter 4:** Bisnis.com (IHSG and IDX net sell), Antara (end-2025 IHSG), Bibit Weekly and Kompas (Bloomberg data: yields, deposits, foreign flow), CNBC Indonesia (BI data: SRBI, SBN, equities, Rp131 trillion inflow), Bloomberg Technoz, Kontan, Suara, Kompas (rupiah), Republika, Bloomberg Technoz, RMOL, Investor.id (foreign ownership of SBN), Informasi.com, LBS, Investortrust (MSCI, Moody's, 2026 pressures), Viva (1 October reshuffle).
- **Chapter 5:** BPS via Antara, CNN Indonesia, Pajakonline (inflation), Republika and CNBC Indonesia (trade balance), Tempo and Pajakonline (S&P Global PMI), CNBC Indonesia and Medcom (BI board meeting), Bloomberg Technoz (Josua Pardede), CNN Indonesia, Kumparan, Metro TV (2027 APBN), Bibit Weekly (Bloomberg consensus).
- **Chapter 6:** Bareksa (28, 29, and 25 September 2026), CNBC Indonesia (30 September), Kontan, Infobank, Kompasiana, Journalarta (SBR015), Antara (SBR003, 2018).

Disclaimer: This edition is educational and general analysis. It is not an investment recommendation, not an invitation to buy or sell any instrument, and does not guarantee returns. The mention of SBR015, money market mutual funds, or

other instruments is only an example of a mechanism. Data as of 2 to 5 October 2026 needs to be refreshed if used afterwards. Everyone's financial situation is different; consider consulting a licensed financial planner.

Before you calculate the numbers, understand the story behind first.

Finansiologi.com

© Finansiologi. All rights reserved.