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Greetings

Dear Reader,

I'm Yoichi Harimaya of PT. Japan Bridge Asia. This letter goes out to people whose business cards I've collected along the way, and to colleagues I've had the pleasure of working with. I send it at my own discretion, so I hope you'll forgive the intrusion.

Nanmei is the great southern sea from Zhuangzi — the one the giant bird Peng sets out to cross. I started this letter to send back what I see on the ground in Indonesia, along with the larger currents running underneath it.

Two issues ago, I wrote about the governor of Indonesia's central bank resigning with two years left on his term. What was shaking, I argued, was not the economy's fundamentals but confidence in its institutions.

The sequel arrived this month. A new central bank governor took office on September 2. Twelve days later, on September 14, the finance minister was fired — the third person to hold the job under President Prabowo in less than two years.

This issue asks one question: **Indonesia has a new finance minister. Has the world changed its mind?** I tracked the market every day for two weeks after the announcement. Here is the record, and my answer.

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THE QUESTION

Indonesia has a new
finance minister.
Has the world changed
its mind?

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CHAPTER 01

Twelve Days, a New Economic Team

This was not a one-off appointment. The two faces of economic policy — the central bank and the finance ministry — were both replaced in under two weeks.

On September 2, Destry Damayanti took office as governor of Bank Indonesia (BI). Her predecessor, Perry Warjiyo, had resigned on July 27 with two years left on his term, and Destry — the senior deputy governor who had been serving as acting governor — was confirmed in the role.

Twelve days later, on September 14, President Prabowo fired Finance Minister Purbaya Yudhi Sadewa and named his deputy, Suahasil Nazara, as his replacement. The swearing-in took place at the presidential palace that afternoon. Hours earlier, Purbaya had been seen leaving a parliamentary hearing mid-session. Suahasil himself said he learned of the appointment only that morning.

Suahasil, 55, is an economist and former academic who has served as deputy finance minister since 2019, much of it under former Finance Minister Sri Mulyani. His first words after taking the oath: the priority is to run a credible state budget. He committed to keeping the deficit below the statutory ceiling of 3% of GDP.

Sep 2 New central bank governor takes office	Sep 14 Finance minister fired; deputy promoted	3 rd Finance minister under Prabowo in under two years
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An analyst at Capital Economics drew a direct line from the central bank governor's resignation — the subject of our issue two editions ago — to this week's firing. Warjiyo and Purbaya were reported to have clashed, and the new finance minister, in this view, should ease the political pressure on the central bank to cut rates. Indonesia, the analyst suggested, may be moving slowly away from populist and interventionist policymaking.

*The central bank and the finance ministry.
Both faces replaced in under two weeks.*

What Happened in Purbaya's Year

It was a year spent turning the rainy-day fund into stimulus.

Purbaya took office on September 8, 2025, succeeding Sri Mulyani. Outspoken and unconventional, he broke visibly with the fiscally conservative line that preceded him. Laid out in sequence, his year shows exactly what was worrying the market.

The IDR 200 trillion transfer

His first move: shifting IDR 200 trillion of government surplus funds (SAL) from the central bank into five state-owned banks. SAL is, by design, a reserve against a crisis.

Friction with the central bank

Repeated reported clashes with Bank Indonesia, including a request that it not absorb the transferred liquidity through its market operations.

Outlook cuts

In March 2026, Moody's (Baa2) and Fitch (BBB) each affirmed Indonesia's rating but cut the outlook from stable to negative. Fitch cited rising policy uncertainty and an erosion of consistency and credibility in the policy mix.

The rupiah

Fell through the 18,000-per-dollar threshold during the year, into record-low territory.

The final flashpoint

He announced that sovereign fund Danantara would transfer IDR 120 trillion of profits to the government to help meet this year's deficit target. Danantara said no such plan had been discussed.

Six months ago, in his first interview with foreign media, Purbaya told Reuters that his unconventional policies were at the center of concerns about how the economy was being run. He gave himself six months, and said that if the economy was not moving in the right direction by then, critics were welcome to go after him as hard as they liked.

The government has not explained the dismissal. As of this writing, we have not seen any comment from Purbaya himself.

*A year spent turning
the rainy-day fund into stimulus.*

No Rally — and in Week Two, a Selloff

We logged the market every day for two weeks after the announcement.

DATE	JAKARTA COMPOSITE	RUPIAH PER USD	EVENT
Mon, Sep 14	6,534.69 (-0.10%), intraday -2.5%	17,669	Finance minister fired
Tue, Sep 15	6,461.15 (-1.13%)	—	Handover at the ministry
Wed, Sep 16	6,436.85 (-0.38%)	—	Awaiting the Fed
Thu, Sep 17	6,462.43 (+0.40%)	17,753 (-0.32%)	Fed hikes for the first time since 2023
Fri, Sep 18	6,441.16 (-0.33%)	—	New minister's first budget briefing
Mon, Sep 21	6,384.73 (-0.88%)	—	Index rebalancing takes effect
Tue, Sep 22	6,277.04	~17,850	Index rebalancing outflows
Wed, Sep 23	6,374.91 (+1.56%)	17,818 (+0.37%)	Bank Indonesia holds rates
Thu, Sep 24	6,298.60 (-1.20%)	17,885	Union rally disperses peacefully after ~90 minutes
Fri, Sep 25	6,241.89 (-0.90%)	17,880	All 11 sectors lower; Asia weak

On the numbers alone, this was not a welcome. The index fell 1.53% in the week of the firing and another 3.09% the week after — 4.58% below its pre-firing close, and a third straight weekly decline. Foreign net selling for the year to date has grown to IDR 77.52 trillion.

But consider what hit the market over those two weeks. The Federal Reserve raised rates for the first time since 2023, and the 10-year Treasury yield held above 5.1%. A major Saudi oil pipeline was shut after an attack. An index rebalancing removed 29 Indonesian stocks, while Vietnam's upgrade pulled regional funds in another direction.

Against that backdrop, **on the day the Fed hiked, Jakarta equities rose and the rupiah slipped just 0.32%**. And on September 23, when Bank Indonesia held rates, the index climbed 1.56% and the rupiah gained 0.37%. With the Korean won down 1% and the yen down 0.25% that day, **the rupiah was the strongest currency in Asia**.

Then on September 24, some 50,000 union members rallied in central Jakarta over a labor-protection bill — a separate issue from the finance ministry. But the memory is recent: Sri Mulyani was replaced as finance minister shortly after the mass protests and riots of August 2025. Wary of agitators slipping in, the unions set a time limit, and the rally dispersed in good order after about 90 minutes. Stocks fell that day too, but analysts pointed to U.S. yields, not the streets. The domestic flashpoint never caught.

On the day of the firing, the big banks had rallied: BRI up 3.98%, BCA up 2.77%, Mandiri up 1.83%. Yet across that week, BCA and Mandiri were also the stocks foreigners sold most. Domestic investors bought; foreign investors sold.

*The streets stayed calm.
The market sold anyway.*

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CHAPTER 04

The Tone Changed. The Budget Hasn't.

So what actually changed? The fiscal numbers give a surprising answer.

On September 18, Suahasil delivered his first budget briefing as minister. The deficit for January through August stood at IDR 240.1 trillion, or 0.93% of GDP. Revenue was up 25.4% year over year, and the primary balance showed a surplus of IDR 154 trillion. He cited the statute by name: 3% of GDP is the ceiling.

Beneath the tone, though, very little has moved.

ITEM	WHAT CHANGED	WHAT DIDN'T
Tone	From outspoken to technocratic, anchored in the legal ceiling	—
Deficit ceiling	"3% is the maximum," stated explicitly	2026 deficit outlook unchanged at 2.85% (original target 2.68%)
The IDR 200 trillion	About IDR 99 trillion to be drawn down gradually for spending	IDR 200 trillion stays in state banks through July 2027
Subsidies	—	IDR 331.4 trillion Jan–Aug, up 52.1% on imported fuel costs
2027 budget	Deficit target of 2.4%	Spending designed to exceed IDR 4,000 trillion — a first
Ratings and indices	—	Outlooks still negative; MSCI decision due in November

The predecessor's signature policy, the IDR 200 trillion transfer, was not unwound. It was extended. The deficit outlook, the subsidy bill, and a record spending plan all stand. What changed was the voice describing the same budget — and the weight behind the promise to hold the 3% line.

Then on September 23, at Governor Destry's first policy meeting, Bank Indonesia held its benchmark rate at 5.75%. After 100 basis points of hikes earlier this year, that makes three consecutive holds. The statement closed by calling for stronger coordination between fiscal and monetary policy. It was a quiet decision, and the one the market expected.

CONCLUSION

Our answer: **the world has not changed its mind — not yet.** Foreign investors are still selling, equities fell another 3% in week two, and the rating outlooks remain negative. What changed is that there is one fewer domestic reason to sell. The real verdict will come from MSCI in November and from the rating agencies' next reviews.

A minister can be replaced in a day. The world's view cannot.

Two issues ago, I described the central bank governor's resignation as a blow to confidence in Indonesia's institutions. This issue set out to test whether that confidence has begun to return. The answer is still being written. But there was one day when the rupiah was the strongest currency in Asia, and I wanted that on the record.

We will keep following Indonesia's fiscal management, and the MSCI decision in November.

More in two weeks, carried on the southern wind.



Yoichi Harimaya

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Now in his ninth year based in Indonesia, he advises on strategic M&A and partnerships that connect Indonesia's growth companies with Japanese capital and partners, alongside market-entry and compliance support. Hands-on experience in resources, logistics, and construction, and relationships built on the ground, underpin the work.

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