PT. JAPAN BRIDGE ASIA

NANMEI KENBUNROKU

# 南溟見聞録

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Connecting Indonesia's growth companies with Japan —
through M&A and strategic partnerships.

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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.

Last issue covered the stock market sell-off. This time I want to look at the other question I hear most often: currencies. "The rupiah is near a record low." "The yen keeps sliding." Both use the dollar as the yardstick.

So what happens if we take the dollar out of the picture and measure the yen and the rupiah against each other? This issue asks one question: **how weak is the rupiah, seen from Japan?** And who actually gains when exchange rates move? Here is what the numbers show.

Yoichi Harimaya

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THIS ISSUE

A weak rupiah —
seen from Japan.

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CHAPTER 01

# Against the Dollar, Both Fell

Over the past five years, both the rupiah and the yen have lost substantial ground to the dollar.

At the start of 2021, one dollar bought IDR 13,895. Today it buys about IDR 18,100. Against the dollar, the rupiah has lost roughly 23% of its value in five years. On October 16, it came close to its all-time low of IDR 18,190.

The yen fell even further. At the start of 2021, one dollar bought about 103 yen; today it buys about 158. Against the dollar, the yen has lost roughly 35% of its value. **In other words, over the past five years, the yen has been the weaker of the two against the dollar.**

| −23% | −35% | −15% |
|---|---|---|
| Rupiah vs. dollar<br>Jan 2021 → Nov 2026 | Yen vs. dollar<br>Jan 2021 → Nov 2026 | Yen vs. rupiah<br>Same period |

This year tells a slightly different story. The rupiah has slipped from IDR 16,725 per dollar in January to about IDR 18,100 — a drop of about 7.6%. The yen, meanwhile, has barely moved, from about 156.6 to about 158. This year, the weakness has been mostly on the rupiah's side.

Either way, every figure above is measured in dollars. When money moves between Japan and Indonesia, the rate that really matters is the one between the yen and the rupiah.

> *Against the dollar, both fell —*
> *the yen more than the rupiah.*

其の二

CHAPTER 02

# Yen Against Rupiah: Smaller Swings

Take the dollar out of the equation, and the two currencies move far less against each other.

The yen and the rupiah have moved in the same direction against the dollar. Because both fell, much of that movement cancels out between them. Here is what 10,000 yen has bought in rupiah at key points.

| DATE | USD 1 = IDR | USD 1 = JPY | JPY 10,000 = IDR |
|---|---|---|---|
| Jan 2021 | 13,895 | approx. 103 | approx. 1.35 million |
| Jan 2025 | 16,198 | approx. 157.5 | approx. 1.03 million |
| Jan 2026 | 16,725 | approx. 156.6 | approx. 1.07 million |
| Nov 5, 2026 | approx. 18,100 | approx. 158 | **approx. 1.14 million** |

Over five years, the rupiah fell about 23% against the dollar and the yen about 35%. But **between the yen and the rupiah, the move was about 15% — less than half the yen's fall against the dollar.** Because the two currencies tend to move together, trade between Japan and Indonesia is spared much of the dollar's volatility.

And this year, the wind is at the yen's back. In January, 10,000 yen bought about IDR 1.07 million; today it buys about IDR 1.14 million. **Priced in yen, the rupiah is about 7% cheaper than at the start of the year.** The headlines say “weak rupiah.” Seen from Japan, it also means Indonesian goods and services have become a little more affordable.

| −7.6% | −0.9% | +7% |
|---|---|---|
| Rupiah vs. dollar<br>Jan → Nov 2026 | Yen vs. dollar<br>Jan → Nov 2026 | Yen vs. rupiah<br>Jan → Nov 2026 |

> *Drop the dollar as the yardstick,*
> *and the swings get smaller.*

其の三

CHAPTER 03

# Who Gains When Currencies Move

When a currency weakens, some people lose — and others gain.

For companies that import in dollars or carry dollar debt, a weaker rupiah is a burden. But the same move is a tailwind for others. Here is who is catching that wind in Indonesia today.

| | |
|---|---|
| Exporters | Companies that sell in dollars and pay costs in rupiah end up with more rupiah from the same dollar sales. Indonesia ran a trade surplus of USD 10.61 billion in January–September. |
| Tourism | For visitors from abroad, Indonesia becomes a better-value destination. Foreign arrivals reached 12.01 million in January–September (up 5.01% year on year), the highest since the pandemic. In May, the deputy tourism minister said the weaker rupiah could draw more visitors and encourage longer stays. |
| Remittances from Japan | Japan is home to 228,118 Indonesian workers (as of end-October 2025), the fourth-largest group by nationality. A 100,000-yen remittance now arrives home as about IDR 11.45 million, compared with about IDR 10.68 million in January. |
| Spending and investment from Japan | Goods or services priced at IDR 100 million cost about 936,000 yen in January and about 873,000 yen today — roughly 60,000 yen less for anyone paying in yen. The same logic applies to travel, sourcing, and business investment. |

Prices in Indonesia are rising too: consumer prices were up 3.28% year on year in September, which offsets part of the currency gain. Even so, on balance, those paying in yen still come out ahead.

| $10.61B | 12.01M | 228K |
|---|---|---|
| Trade surplus (Jan–Sep 2026) | Foreign arrivals (Jan–Sep) Highest since the pandemic | Indonesians working in Japan (end of Oct 2025) |

> *One person's weak currency is another person's tailwind.*

其の四

CHAPTER 04

# Linking Yen and Rupiah Directly

A system for settling in yen and rupiah directly, without going through the dollar, is already in place.

Since August 2020, Japan's Ministry of Finance and Bank Indonesia (BI) have run a framework for settling transactions directly in yen and rupiah. It saves the cost and effort of converting into dollars first, and reduces exposure to the dollar's swings. As of July 2025, Japan accounted for about USD 5.1 billion in such transactions — making it the second-largest partner after China.

The framework was renewed on December 15, 2025, expanding its scope from trade and direct investment to all bilateral economic transactions. **By design, it is becoming easier to keep money flowing between Japan and Indonesia entirely in yen and rupiah.**

Support for the rupiah continues as well. On October 21, BI held its policy rate at 5.75% and raised its deposit facility rate to 5.00%. Together with currency intervention and hedging incentives, BI says its policies have drawn about USD 9.9 billion in foreign inflows since June. No one can predict exchange rates. That is exactly why it pays to decide in advance which currency you receive in, and which you pay in.

| Aug 2020 | No. 2 | 5.75% |
|---|---|---|
| Yen–rupiah direct settlement framework launched | Japan's volume (~USD 5.1B) after China (as of Jul 2025) | BI policy rate held on October 21 |

Our answer: **against the dollar, both the rupiah and the yen fell. Measured against each other, the swings are much smaller.** And this year, the rupiah has become about 7% cheaper in yen terms — a tailwind for spending from Japan into Indonesia. Don't judge by the "weak rupiah" headline alone; measure in the currencies you actually use.

This newsletter is for information only and does not constitute investment or currency-trading advice or a solicitation. Exchange rates are approximate as of November 5, 2026.

# Change the yardstick, and the view changes.

Last issue, I wrote that a gap had opened between share prices and what companies are actually worth. Currencies are no different. Behind the "weak rupiah" headlines, Indonesia seen from Japan has become a little closer and a little more affordable than it was at the start of the year.

Exchange rates will keep moving. The distance between Japan and Indonesia won't. Next issue, we will look at the results of MSCI's regular index review, due on November 11.

*More in two weeks, carried on the southern wind.*

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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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This PDF is sent to people whose business cards I have collected and to those I have had the pleasure of working with. If you would rather not receive future issues, just let me know at the address above.