

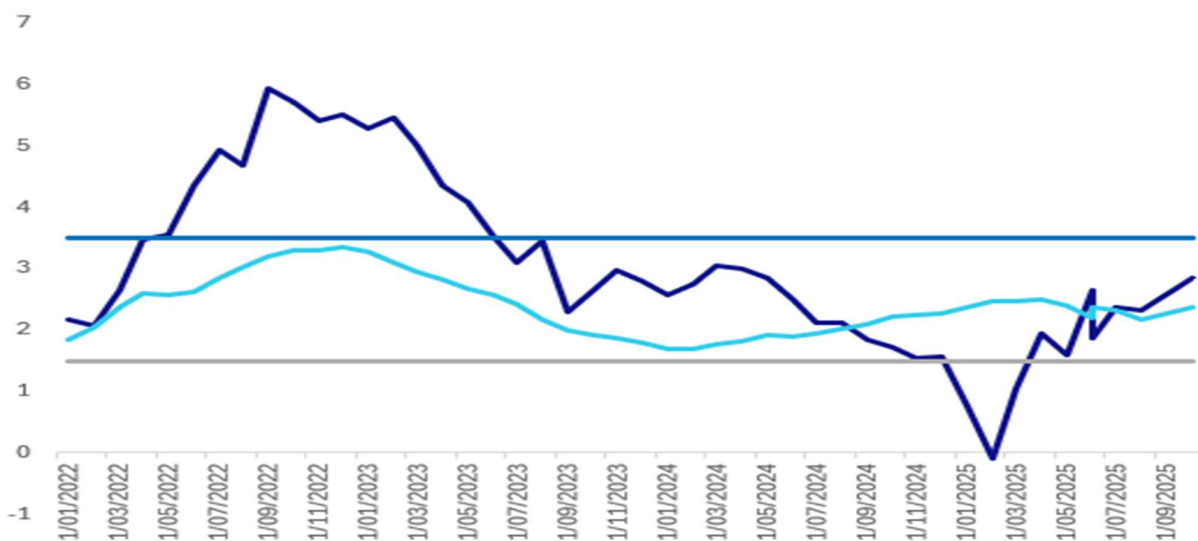
## The Macro, Valuation, Sentiment and Technical Lens

**Macro:** Indonesia kicks off the week with a significant data dump today. Focus will be the CPI release for December. CPI has picked up in recent releases back towards the centre point of the BI bands, having turned negative in February. The October print of 2.86% was the highest since May 2024 and for now seems to indicate that the risk of deflation is behind them. However, November's release saw a modest softening back to 2.72% highlighting that the downside risks remain. The BBG Indonesia economic survey points to a further increase in CPI to 3.3% for Q1, before falling back in Q2 and beyond. Monetary policy remains accommodative as policies strive to revive economic growth.

Other key data will be the November trade data. Exports turned negative in October and are forecast to remain so for the November release. Imports turned negative in October, but are forecast to bounceback in November, pressuring the trade balance.

Other key data in focus this week will be the Foreign Reserves which investors will be pouring over for signs that the Central Bank is using reserves to support the ailing Rupiah.

*Fig 1: Indonesia CPI YoY & Core CPI YoY vs BI Target Bands*



source: Bloomberg Finance LP / MNI

Source: Bloomberg Finance LP / MNI

**Valuations:** The Jakarta Composite finished 2025 with a Price to Earnings of 21.67x, a 5-Year high and has moved moderately higher again already. With the full year forecast for 2026 at 14.02x, the risks remain for pressure to build up on valuations. The dividend yield at 3.13% is significantly below that of the 10-Yr government bond yield at 6.07% and likely catching the attention for asset allocators.

Government bond yields have been in a downward trend since late March as expectations for rate cuts grew. Recently the 10-Yr has seen some modest upward pressure moving up to a near term high of 6.30% from the October lows of 5.93% only to stabilize at current levels.

The issue remains that of the currency. The Rupiah is currently at 16,275, 1% below the 1-Year highs during the height of the trade war in April last year.

*Fig 2: Jakarta Composite P/E*

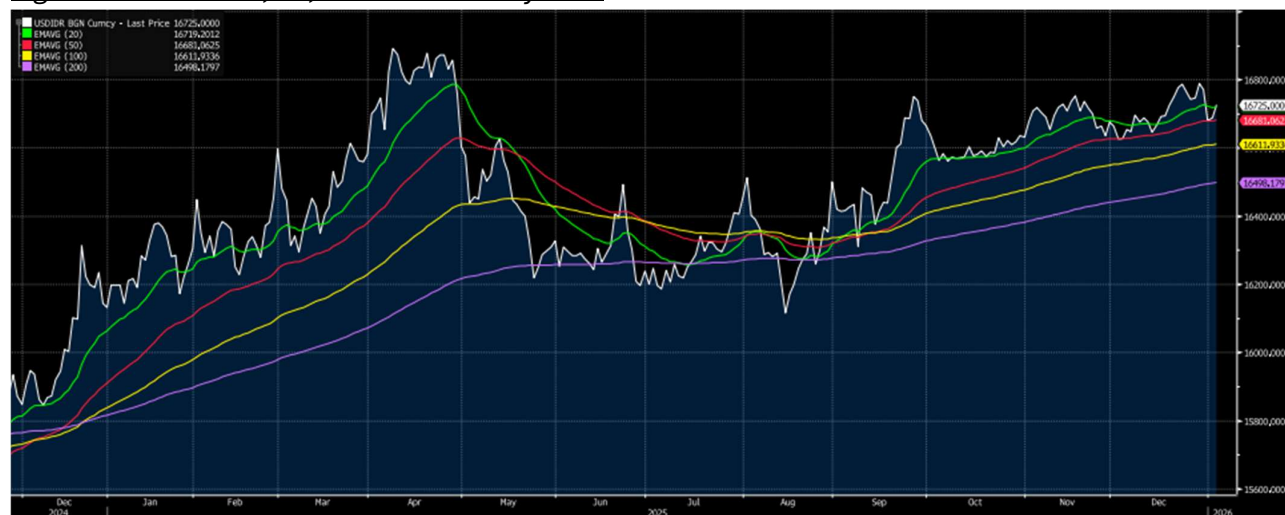
Jakarta Stock Exchange Composite Index Compare <Sec> Periodicity Annuals Cur FRC (IDR)							
1) Key Stats 2) Fundamentals 3) Custom 4) Shared							
1) Highlights 12) Valuation 13) Profitability 14) Leverage & Liquidity 15) Market Data							
12 Months Ending	2022 Y 12/30/2022	2023 Y 12/29/2023	2024 Y 12/31/2024	2025 Y 12/31/2025	Current 01/04/2026	2026 Y Est 12/31/2026	2027 Y Est 12/31/2027
Valuation Metrics							
Price/Earnings	14.61	20.37	16.50	21.67	21.81	14.02	12.38
Price/Earnings before ...	10.59	12.54	12.41	15.44	15.64	13.81	12.39
Price/Earnings before ...	13.38	16.39	19.74	17.65	17.81		
Price/Book Value	2.06	1.99	1.94	2.25	2.27	1.79	1.67
EV/Sales	1.88	1.98	2.00	2.33	2.44		
EV/EBIT	10.31	11.95	10.93	14.87	15.57		
EV/EBITDA	6.42	7.50	7.47	11.13	11.67		
Dividend Yield	2.86	3.60	3.86	3.17	3.13	4.99	5.40

Source: Bloomberg Finance LP / MNI

**Sentiment:** Sentiment is an interesting challenge to gauge in Indonesia at the moment. There is a case for a positive outlook for sentiment given equity returns, yet with only 5% of the population owning equities that seems stretched. The political unrest earlier this year remains in the forefront of concerns, and the weak rupiah has a broader impact. The consumer confidence index has moderated month on month since February from record highs as the rupiah feeds through to food prices.

**Technical:** The BI has stated that their target for USDIDR is 16,300 and even in a strong period leading into year end, this looks unattainable. However, the rupiah recently broke below the 20-day EMA of 16,619 and got near to the 50-day EMA of 16,681 only to turn north again by the end of the week. In recent sessions it has edged back above all major moving averages.

Fig 3: USDIDR vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

The Jakarta Composite has consolidated above all major moving averages, where it has mostly been since mid-October.

Fig 4: JCI vs 20,50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

For the week ahead, issuance is predominantly SVBI and SUVBI bills from 30-367 days, along with bonds with maturities from 2031-2045 today

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