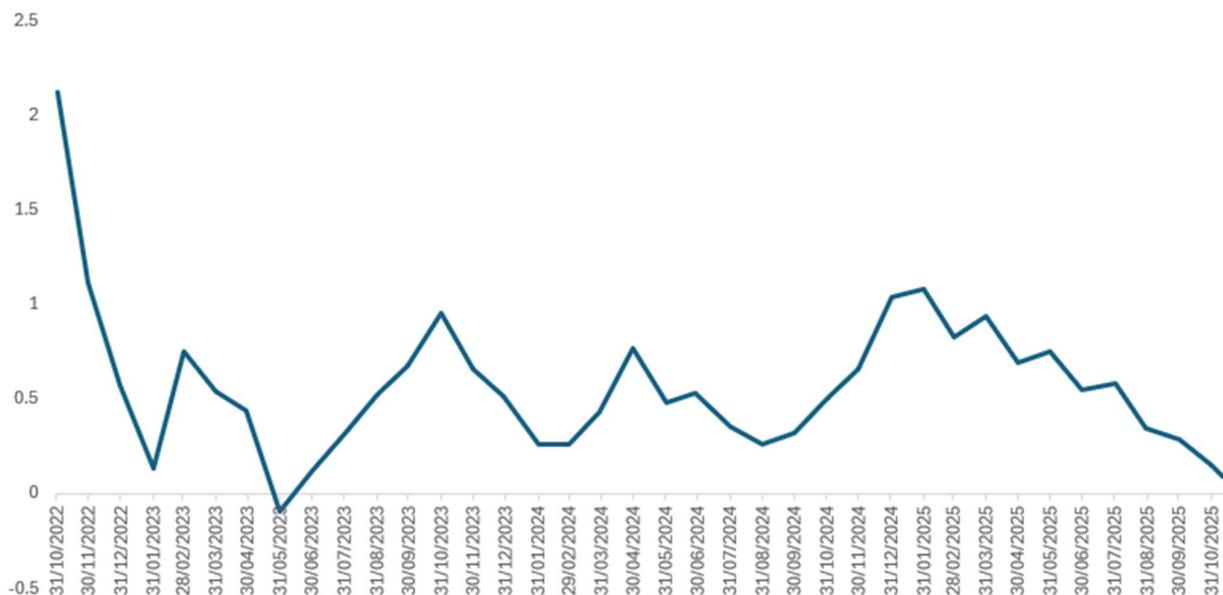




**Macro:** Whilst there is no key economic data releases this week; markets continue to digest the Bank Indonesia meeting from last week. The BI left rates on hold and is now seemingly walking a tight rope between a government with lofty growth objectives and an extremely weak Rupiah. BI noted that “financial uncertainty has risen and the economy needs support, and it continues to watch for further opportunities to lower rates again whilst monitoring growth, inflation and the Rupiah.” The central bank still sees inflation hitting its target of 1.5%-3.5% this year and in 2026, and it has upgraded its growth forecast to an expansion this year in the 4.7%-5.5% range.

Markets are becoming less certain about rate cuts. The previously held premium that the 2-Yr government bond yield held over the base rate, down to just +8bps – suggest that the market thinks the pathway to the next cut remains uncertain. However, caution comes when following the BI as it is not uncommon for the unexpected.

*Fig 1: Indonesia 2-Yr Government Bond Yield – Base Rate*



source: Bloomberg Finance LP / MNI

**Valuations:** In last week’s volatility where major regional peers all fell heavily, the Jakarta Composite was one of the few bourses that finished up for the week. On a weekly peer review the JCI is one of the outperformers with moderate gains whilst other major bourses are now holding onto losses. The JCI price to earnings is now at 3-Year highs of 20.82x and when measured against full year forecasts of 15.41x has downside potential.

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								
11) Highlights 12) Valuation 13) Profitability 14) Leverage & Liquidity 15) Market Data								
12 Months Ending	2021 Y 12/31/2021	2022 Y 12/30/2022	2023 Y 12/29/2023	2024 Y 12/31/2024	Current 11/23/2025	2025 Y Est 12/31/2025	2026 Y Est 12/31/2026	
<b>Valuation Metrics</b>								
Price/Earnings	27.28	14.61	20.37	16.50	20.82	15.41	12.85	
Price/Earnings before ...	16.29	10.59	12.54	12.41	15.08	15.59	12.80	
Price/Earnings before ...	24.27	13.38	16.39	19.74	17.07			
Price/Book Value	2.21	2.06	1.99	1.94	2.19	1.92	1.68	
EV/Sales	1.72	1.88	1.98	2.00	2.29			
EV/EBIT	12.52	10.31	11.95	10.93	14.32			
EV/EBITDA	6.54	6.42	7.50	7.47	10.82	9.30		
Dividend Yield	2.00	2.86	3.60	3.86	3.53	4.98	5.11	

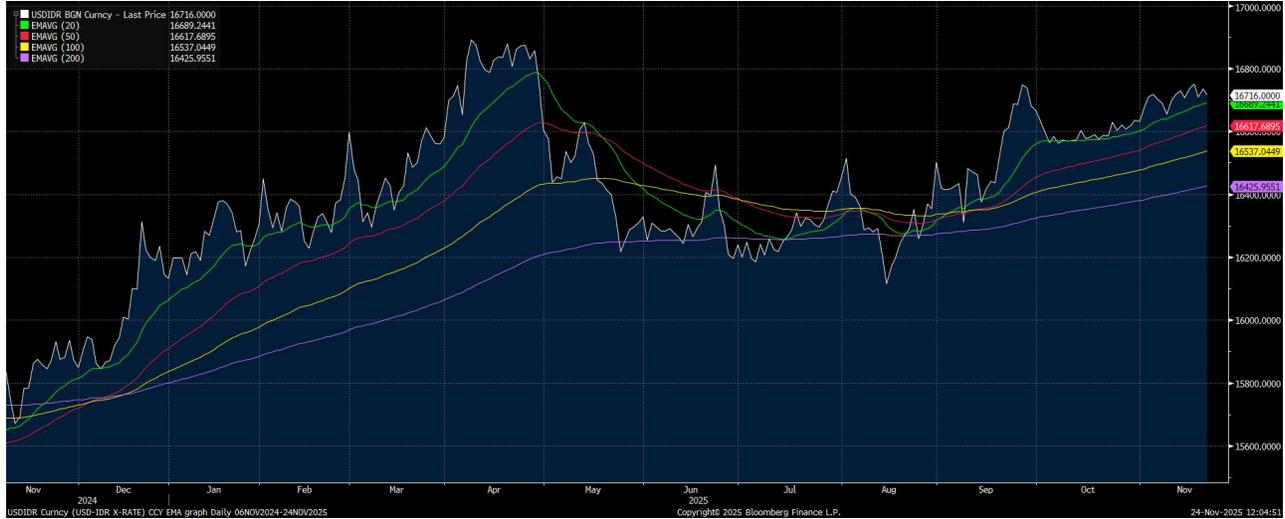
Source: Bloomberg Finance LP / MNI

The Rupiah continues to struggle and is down -0.77% over the last month and -3.50% year to date. USDIDR is at levels is just off the August highs of 16,891 at today’s opening level of 16,716 continues to look for a new catalyst to perform.

**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 yet have struggled to reach it. The last few weeks has seen arguably the most stable period for the Rupiah this year, given BI intervention. The recent hold saw the USDIDR maintain its position above the 20-day and finished flat for the week. The rupiah has maintained a close proximity to the 20-day for several weeks, and barring a new catalyst, seems that this could continue.

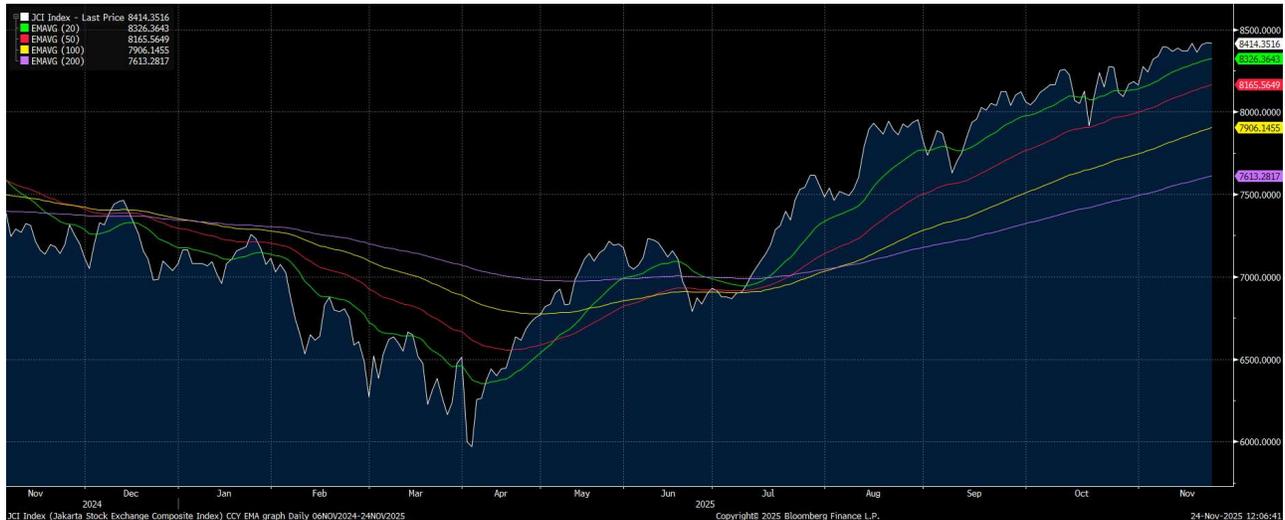
Fig 3: US\$IDR vs 20, 50, 100 and 200-day EMA



Source: Bloomberg Finance LP / MNI

The Jakarta Composite has consolidated above all major moving average, where it has 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 Sukuk bonds with maturities from 2030-2049.

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