

Monthly Bulletin

August 2026

What's Inside



Calendar

ID - BI-Rate (22 Jul)
US – Fed Funds Rate (29 Jul)
US - GDP Annualized QoQ (30 Jul)



Events

domestic markets stayed pressured by rupiah weakness past IDR 18,000, MSCI's extended frontier-downgrade threat, and BI's abrupt pivot from aggressive rate hikes to a surprise hold. External conditions offered partial relief as Brent retreated toward pre-war levels on the US-Iran ceasefire and S&P affirmed Indonesia's stable rating.



Equity Market

The JCI (IHSG) increased approximately -10.51% mom in July 2026. This was rebound driven by local investor followed by recovery of market liquidity.

The index closed at around 6,236 by the end of Jul. Foreign equity flow record outflow by 374mio USD (excluding MAPI foreign inflow due TO related)

Top 3 Leaders: 1) BBKA, 2) BBRI, 3) AMMN. Top 3 Laggards: 1) MORA, 2) SMMA, 3) TCPI.



Fixed Income Market

The Indonesia 10-year SUN yield stood at 7.36% as of July 2026, up 124bps YTD amid rupiah weakness, tighter domestic liquidity conditions, and higher sovereign risk premium.

Foreign bond flow turned positive at USD374mn in July, bringing YTD flow back to a positive USD718mn.



Section 01



Macro Updates

2026F Macro Views

Navigating Global Fragility and Domestic Transition

Updates and Changes to Our Macro View So Far

IDR was one of the worst performance for EM FX. The weakness built up sequentially: external shocks hit first, then domestic-specific pressures took over and kept the currency under strain even as global conditions began to stabilize. What has separated IDR from other emerging-market currencies has not been the external backdrop, which most EM FX shared, but a distinctly domestic layer of invest-ability, fiscal, and policy-communication concerns that piled on top, explaining why IDR has lagged peers like INR where both country tend to had twin deficits.

🏠 **External drivers have played some roles but been fading away.** 1. A geopolitical oil spike added early pressure, averaging USD62/bbl and peaked at USD120/bbl recently before falling to USD73/bbl recently. 2. A strong US market kept the dollar broadly bid. broad US dollar strength, itself a reflection of how strong the US market has been this year, particularly around the wave of large AI-related IPOs, 3. A hawkish new Fed chair clouded the rate-cut outlook (Sep'26 : 82.25% rate hike to 375-400bps)

🏠 Domestic Issues

- **Invest-ability Issues and Capital Market Reform.** Invest-ability concerns tied to Indonesia's standing in the MSCI and FTSE index reviews have weighed on sentiment toward local equities and, by extension, the currency. Uncertainty around index classification and accessibility scores raises the risk of continued passive outflows, and investors have been pricing in that possibility.
 - **Rating agencies are flagging fiscal and governance risk.** A second domestic pressure comes from sovereign credit concerns: both Fitch and Moody's have already moved Indonesia's outlook to negative, citing fiscal deficit and governance issues, while S&P's review is still pending.
 - **Policy communication to investors has been inconsistent, and costing sentiment.** The third domestic pressure is a pattern of policy miscommunication to global investors, spanning commodity regulation changes such as RKAB, the new DSI export mechanism, and a royalty pause, plus uncertainty around the evaluation of flagship government programs. None of these are necessarily negative policies in isolation, but the way they've been communicated has left investors uncertain about implementation and intent.
- 🏠 **The silver lining – The government has started listening and made initiatives.** 1. The government already cut to flagship MBG program, with 2027 budget to come below 2026, IDR218tn to IDR174tn. 2. KDMP's target was cut in half. From 80k units to 40k units, though Agrinas Pangan medium term risk remains. 3. Some subsidies are back, cushioning the fiscal squeeze. On top of these, the fall of crude oil price from recent spike would also help ease budget and external balance pressure.

IDR has been one of the worst EM FX

What happened to IDR YTD

Indonesia 3rd worst perf. against USD behind KRW and TRY
Return YTD (as of 30-Jul 2026)



Source: Bloomberg, Syailendra Research

Indonesia possible to come back to twin deficit era
In % of fiscal deficit and current account deficit

	CAD (%)	Fiscal Deficit (%)	USDIDR	IDR Appr./ (Depr.)
Dec-14	-3.19	-2.14	12,385.00	
Dec-15	-2.09	-2.59	13,788.00	-10.2%
Dec-16	-1.81	-2.49	13,473.00	2.3%
Dec-17	-1.61	-2.51	13,568.00	-0.7%
Dec-18	-3.05	-1.82	14,390.00	-5.7%
Dec-19	-2.69	-2.20	13,866.00	3.8%
Dec-20	-0.41	-6.14	14,050.00	-1.3%
Dec-21	0.29	-4.57	14,253.00	-1.4%
Dec-22	1.05	-2.35	15,568.00	-8.4%
Dec-23	-0.15	-1.61	15,397.00	1.1%
Dec-24	-0.61	-2.75	16,102.00	-4.4%
Dec-25	-0.11	-2.59	16,690.00	-3.5%
2026F	-1.20	-2.89	17,800.00	-6.2%

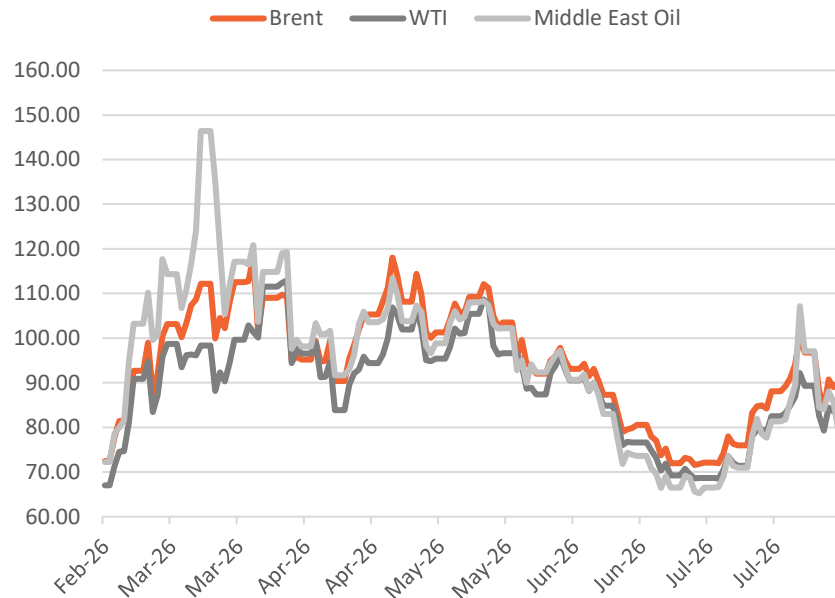
Source: Bloomberg, Syailendra Research

- 🔺 IDR has fallen to the third-worst performer against the US dollar this year, behind only the Turkish lira and Korean won. The bigger concern sits in the table on the right. With 2026F fiscal deficit projected close to -2.9% and CAD near -1.2%, Indonesia's deficit profile is edging back toward the twin-deficit setup last seen in 2015, when IDR depreciated over 10%. This year's -6.2% depreciation is smaller so far, but the underlying macro combination looks uncomfortably familiar.

External drivers have some role on FX

Some are fading some are rising

Brent oil price come back at pre-war level (70 USD/bbl)
In USD/Bbl



Source: Bloomberg, Syailendra Research

Newest Fed Chairman make market worrying on rate hike
In % of rate hike probability

Cum. Prob	350-375	375-400	400-425	425-450
Sep-26	37,29%	62,71%	0,00%	0,00%
Oct-26	8,50%	91,50%	0,00%	0,00%
Nov-26	0,00%	64,57%	35,43%	0,00%
Dec-26	0,00%	48,50%	51,50%	0,00%
Jan-27	0,00%	19,21%	80,79%	0,00%
Feb-27	0,00%	8,50%	91,50%	0,00%
Mar-27	0,00%	4,29%	95,71%	0,00%
Apr-27	0,00%	6,50%	93,50%	0,00%
May-27	0,00%	15,61%	84,39%	0,00%
Jun-27	0,00%	22,50%	77,50%	0,00%
Jul-27	0,00%	0,00%	95,54%	4,46%

Source: CME, Syailendra Research

- Of the two external drivers behind FX pressure, one is already fading. Brent has round-tripped from a war-driven spike above USD118/bbl in late April back down to around USD73/bbl by end-June, close to its pre-conflict level. However, rate-hike pricing has shifted meaningfully higher across the curve since the new Fed chairman's comments, with the market now assigning the bulk of probability to the higher 400-425bp range through most of 2027, versus the lower band it favored mid-year. Lower oil helps, but a higher-for-longer Fed keeps the dollar well supported.

Invest-ability issues and MSCI-push reform

Foreign equity investor has been on the sideline despite recent initiatives

List of Indonesia Capital Market Reform and Equity Foreign Flow

List of initiatives

Pillars	Concerns	Action	Stakeholders	Timeline
Liquidity	Limited investability and shallow liquidity concentration, particularly in large-cap names	1) Raise and refine minimum free-float to 15% - Minimum free float to be raised progressively, effectively doubling from 7.5% to min. 15% over a defined transition period - Refine free float market cap into single Threshold - Applies to both existing issuers and future IPOs	OJK, IDX	Effective Date: 31 March 2026
Transparency	Opacity in ownership creates blind spots for potential coordinated trading and UBO concentration	2) Strengthen ownership data & beneficiary owner - Enhanced disclosure and affiliation checks for shareholders, extending transparency to sub-5% ownership down to ~1% - Upgrade ownership disclosure depth by expanding investor classification from 9 to 39 buckets - Disclosed stock with high shareholding concentration risk	OJK, IDX, KSEI	Effective Date: 10 March 2026 Effective Date: 2 April 2026 Effective Date: 2 April 2026
Governance	Perceived weaknesses in enforcement and governance credibility	3) Strengthen enforcement & supervision - Enhanced market surveillance and abnormal trading detection - Clearer enforcement coordination between IDX and OJK	IDX, OJK	Effective Date: January 2026
	Structural conflicts in exchange ownership model may hinder governance quality	4) Demutualization of the IDX - Separate ownership from market operation - Align exchange incentives with market development	OJK, Government	Effective Date: - (Medium-term / preparatory stage)
Synergies	Fragmented stakeholder coordination and shallow domestic institutional participation limit market depth	5) Deepen domestic demand & stakeholder coordination - Raise equity allocation limits for pension funds and insurers - Position Danantara as long-term liquidity anchor (focus on LQ45)	Government, OJK, Danantara Indonesia	Effective Date: January 2026 (On-going)

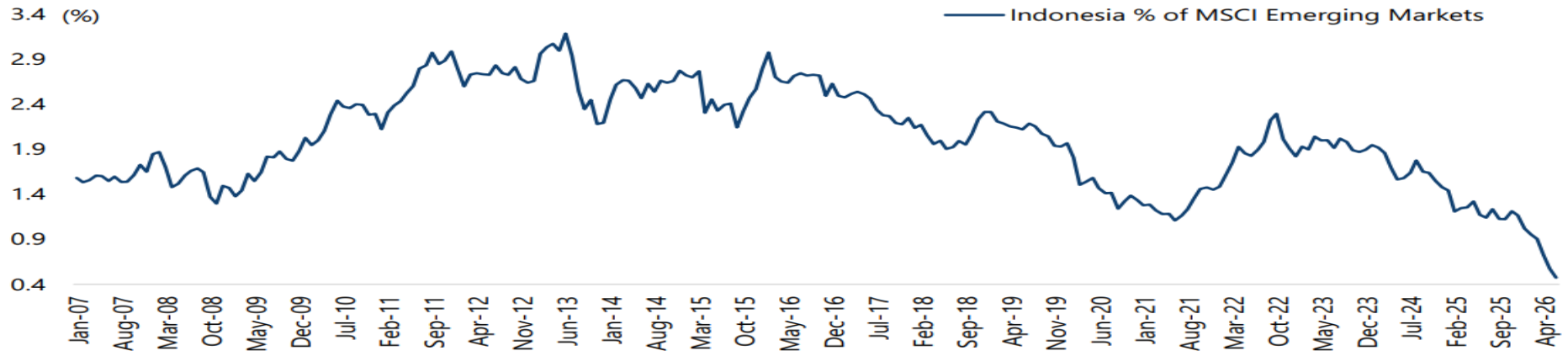
Monthly Data	Indonesia
Nov-24	-1,063
Dec-24	-313
Jan-25	-229
Feb-25	-1,111
Mar-25	-490
Apr-25	-1,233
May-25	337
Jun-25	-511
Jul-25	-511
Aug-25	676
Sep-25	-235
Nov-25	730
Dec-25	732
Jan-26	-589
Feb-26	21
Mar-26	-1,380
Apr-26	-990
May-26	-217
Jun-26	-1,094
Jul-26	89

Invest-ability issues and MSCI-push reform (2)

Index provider and global investor already reducing Indonesia weight

Indonesia weight on MSCI emerging markets already reach all time low

In % of MSCI EM weight



It also reflected foreign ownership in Indonesia stocks (JCI)

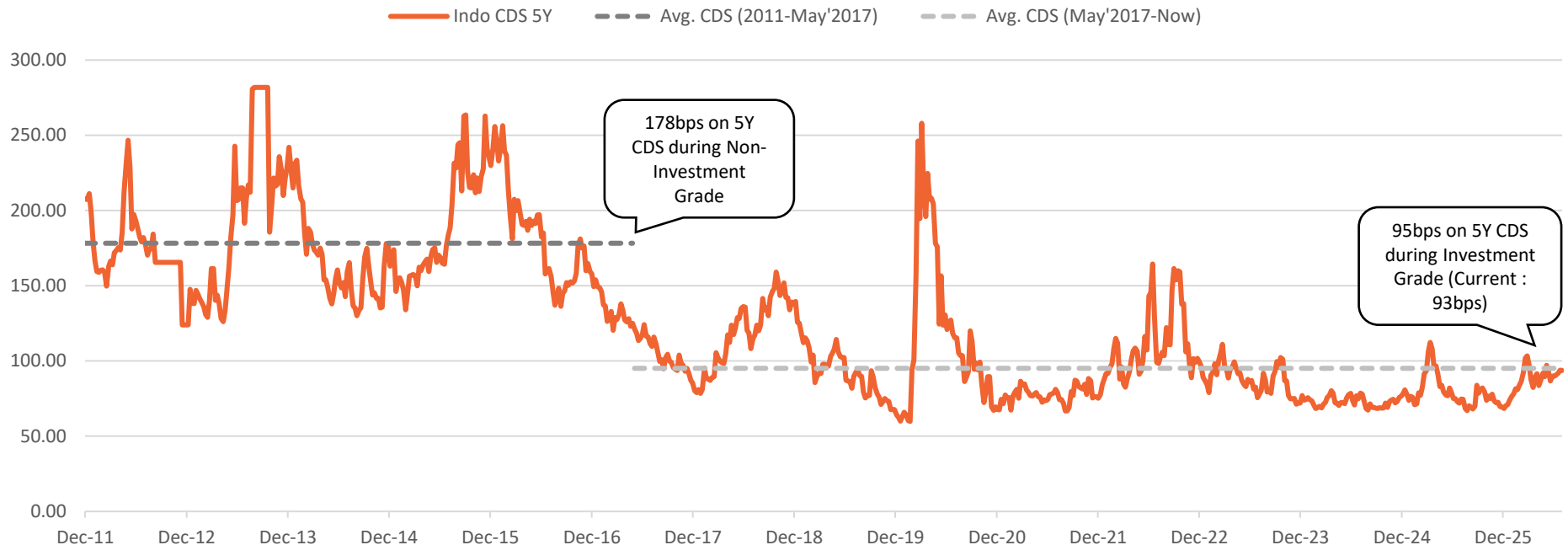
In % (market-cap weighted)



Rating agencies are flagging fiscal risk

Need to be managed through better fiscal management and communication

Indonesia 5Y CDS down more than 80bps after all 3 credit rating agencies confirm investment grade rating
In bps

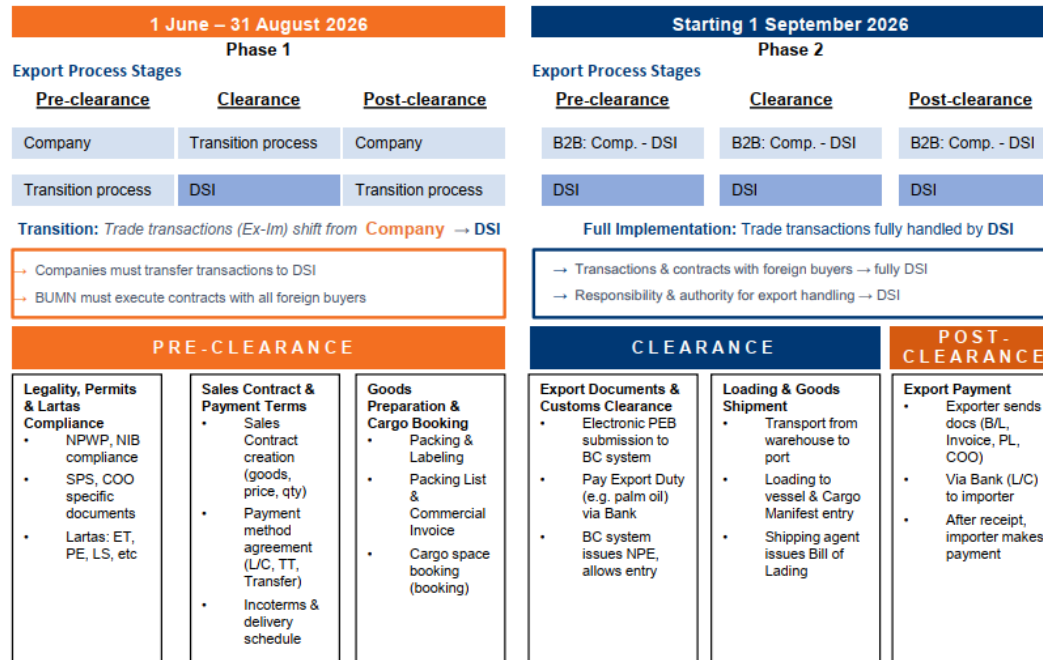


- ⚠️ A second domestic pressure comes from sovereign credit concerns. Both Fitch and Moody's have already moved Indonesia's outlook to negative, citing fiscal deficit and governance issues, while S&P's review is still pending. Rating agency actions like these directly affect how global fixed income and currency investors price sovereign risk, and the prospect of a third negative signal from S&P keeps this concern live rather than resolved.

Policy communication has been inconsistent

Costing market sentiment such as DSI

Danantara Sumberdaya Indonesia (DSI). One solution for two problem 1) Under Invoicing Issue and 2) Retaining FX Illustrated

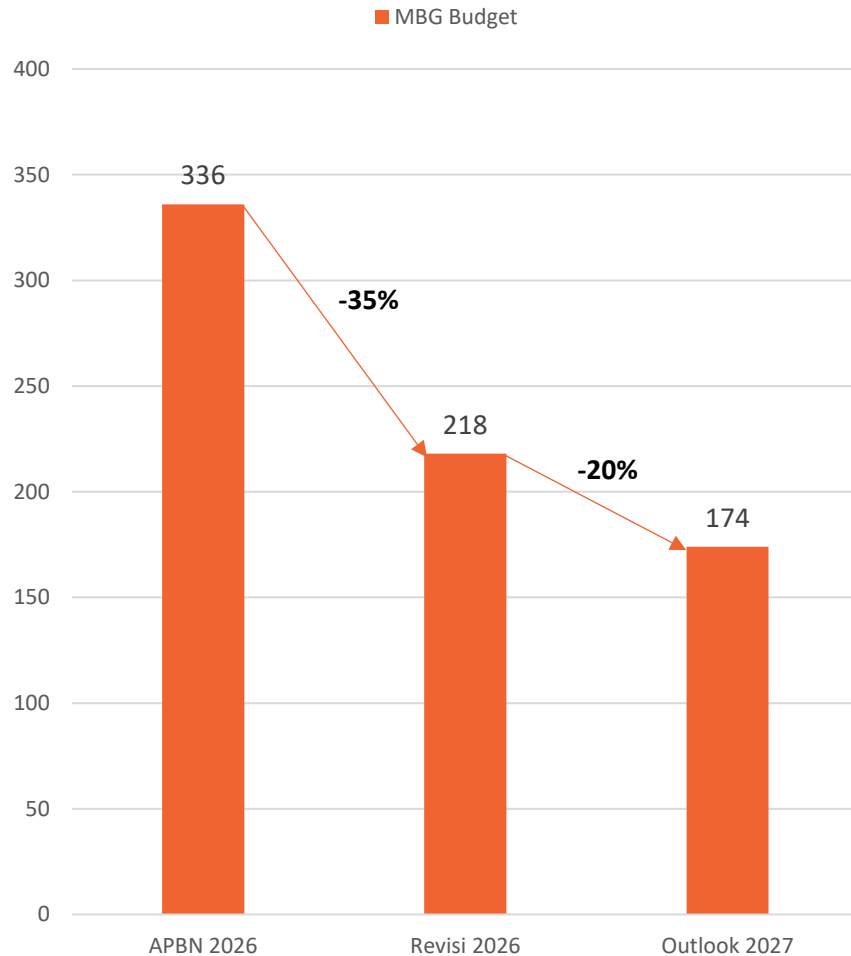


- From June 2026 documentation must route through DSI while exporters can still transact directly. From January 2027: DSI becomes the sole trader, buying commodities domestically and retaining 100% of foreign currency export proceeds. Stated rationale is curbing under-invoicing and retaining FX onshore. Our meeting with Danantara thus far suggested DSI would only act as verifactory, not trader. However, nothing is 100% confirmed. Commodity buyers and investors face heightened risk. This policy also coincide with new implementation of DHE.

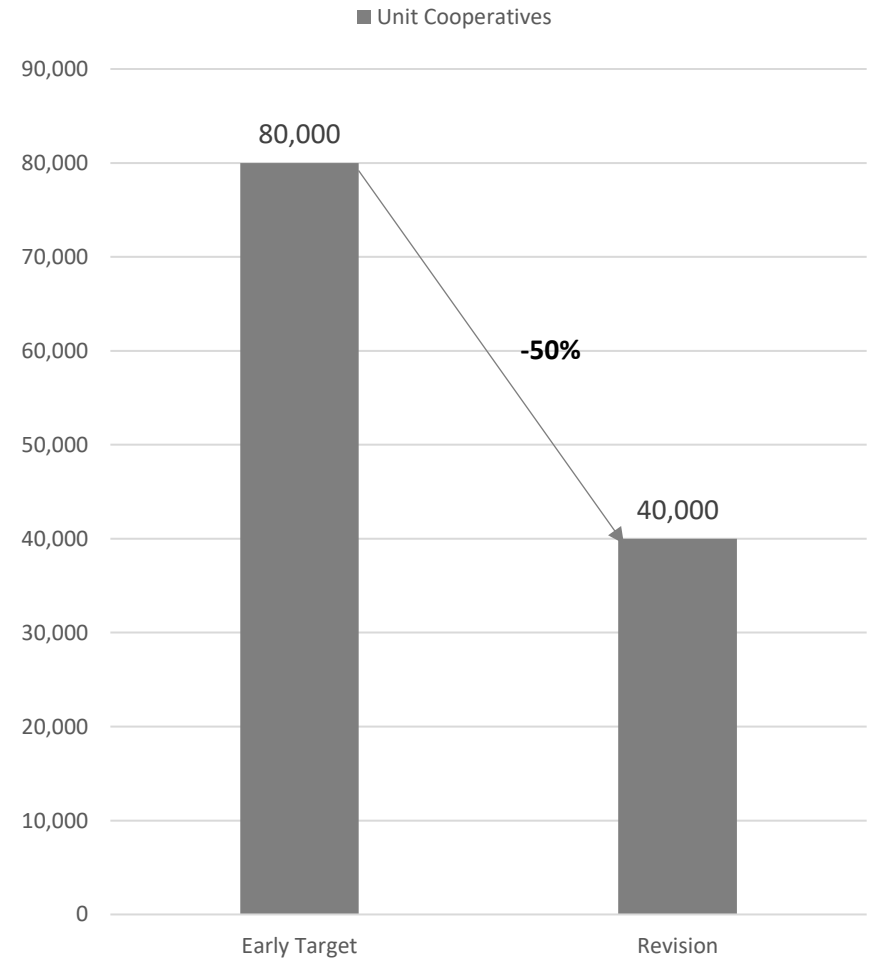
Silver Lining from all of issues

Government has started listening and reacted with some initiatives

MBG budget cut this year and more
In trn IDR



KDMP target construction cut by half
In unit of cooperatives building



Section 02



Fixed Income

2026F Fixed Income Views

Navigating Global Fragility and Domestic Transition

Updates and Changes to Our Fixed Income View So Far Explained

Based on view of our macro outlook, below are things might be insightful on fixed income assets :

- 🏠 **Liquidity is actually improving, thanks to MoF's SAL reversal:** Earlier this year, a liquidity squeeze showed up as a temporary inversion in the yield curve, but that has since eased into a normal, flattening shape. This improvement has been helped along by the Ministry of Finance's SAL liquidity injection reversal — an initial Rp200 trillion, plus a further Rp100 trillion placed over three to four months, plus another Rp100 trillion available on demand — adding liquidity back into a market crowded out by SUN and SBSN issuance. Even without SAL injected to HIMBARA, our banking system can sustain withdrawal with condition of slow pace SAL redemption. As of now banking system has been more prudence facing the risk. Yet headwind towards SUN level might be significant once withdrawal materialize.
- 🏠 **S&P has issued a non changing outlook nor rating:** What market perceived as downgrade rating/ outlook proofed to be non existence. However, market reacts neutral. No significant changes in yield. A question arises: does market grew skeptical over S&P valuation?
- 🏠 **INDOGB 10Y yields have jumped to a new 7.2-7.3% range:** These accumulated macro pressures have pushed INDOGB 10-year yields to a new range of roughly 7.2% to 7.3%, up from below 7% at the start of the year. Far above India 6.8% rate. In practice Indo yield used to be the same like India.

Global Sovereign Bond Performance

Indonesia carry yield become attractive already comparable with others

EM Peers Yield Comparison

Country	10Y Yield (%)		Spread to US 10Y			Currency				Carry Yield	Inflation	Real Yield (%)	CAD	Fiscal Def.	Cred. RTG
	Current	YTD Chg. (bps)	2025	Current	Chg. (bps)	Current	YTD Chg (in ppt)	2026F Currency	vs Cons. Forecast (2026F)	2026F	2026F	2026F Inflation	2026F	2026F	
Colombia	12.05	-59	8.47	7.36	-111	3,232.98	16.85	3,468.00	-6.78	5.27	6.00	6.05	-2.50	-6.60	BB+
Brazil	14.56	83	9.57	9.87	30	5.09	7.61	5.22	-2.53	12.03	4.65	9.91	-2.50	-8.89	BB
South Africa	8.62	43	4.02	3.93	-10	16.48	0.48	16.25	1.43	10.05	4.20	4.42	-0.45	-3.95	BB+
India	6.83	24	2.42	2.13	-28	95.39	-5.78	95.20	0.19	7.02	2.04	4.79	-0.90	-4.40	BBBu
Italy	3.92	38	-0.62	-0.77	-15	1.15	-1.98	1.16	-0.74	3.18	2.80	1.12	1.05	-0.23	BBB+u
Mexico	9.14	3	4.94	4.45	-49	17.30	4.11	17.60	-1.72	7.42	4.00	5.14	-0.68	-4.30	BBB+
Romania	6.88	14	2.57	2.18	-39	4.56	-4.94	4.54	0.43	7.30	8.10	-1.22	-7.00	-6.37	BBB-
Hungary	5.49	-128	2.60	0.80	-180	315.81	3.62	305.00	3.54	9.03	2.90	2.59	0.35	-6.18	BBB-
Peru	6.17	38	1.61	1.47	-14	3.40	-1.05	3.35	1.44	7.61	3.45	2.72	2.70	-2.40	BBB
Indonesia	7.32	127	1.88	2.62	74	18,023.00	-7.40	17,800.00	0.11	7.29	3.40	3.92	-1.17	-2.90	BBB
Average Peers in BBB & BB*			3.75	3.40								3.94			
Portugal	3.48	33	-1.02	-1.22	-19	1.15	-1.98	1.16	-0.74	2.73	2.80	0.68	0.50	-0.23	A+u
Spain	3.58	30	-0.88	-1.11	-23	1.15	-1.98	1.16	-0.74	2.84	3.30	0.28	2.30	-2.40	A+u
South Korea	4.26	88	-0.79	-0.43	35	1,430.40	0.65	1,492.00	-4.13	0.13	2.70	1.56	14.16	-1.60	AA
China	1.70	-14	-2.33	-2.99	-67	6.75	3.48	6.70	0.80	2.49	1.20	0.50	3.50	-5.60	A+
Chile	5.89	50	1.22	1.20	-2	924.58	-2.60	899.00	2.85	8.74	3.60	2.29	-1.83	-2.25	A+
Thailand	2.06	42	-2.53	-2.64	-10	33.41	-5.70	33.00	1.24	3.30	2.43	-0.37	1.00	-4.35	A-
Malaysia	3.72	22	-0.67	-0.97	-30	4.10	-0.91	4.02	1.93	5.65	2.00	1.72	2.00	-3.50	A
Poland	5.68	51	0.99	0.98	-1	3.74	-4.10	3.69	1.42	7.10	3.00	2.68	-1.30	-6.80	A
Lithuania	3.83	15	-0.48	-0.86	-38	1.15	-1.98	1.16	-0.74	3.09	4.00	-0.17	2.10	-2.78	A
Average Peers in A Credit			-0.72	-0.89								1.02			
United States	4.69	52									3.30	1.39	-3.2	-6.28	AA+u
Germany	3.15	29	-1.32	-1.55	-23	1.15	-1.98	1.16	-0.74	2.41	2.60	0.55	4.20	-3.80	AAAu
Japan	2.84	78	-2.11	-1.85	26	157.82	-0.70	158.00	-0.11	2.73	2.00	0.84	4.95	-2.90	A+u
United Kingdom	4.97	50	0.31	0.28	-3	1.34	-0.24	1.34	0.32	5.29	3.03	1.94	-3.18	-3.80	#N/A
Average Peers in Major			-1.04	-1.11								0.96			

Foreign Government Bond Flows

Foreign coming into INDOBG as yield move in to 7.2-7.3% yield

Monthly Data	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
Nov-24	-114	-829	2,763	224	-854	-318	1,190	872	4,430
Dec-24	1,578	264	1,956	-708	356	-429	3,446	3,017	-6,821
Jan-25	1,384	293	280	391	-358	349	1,990	2,339	8,889
Feb-25	1,353	546	1,796	3,065	146	-38	6,905	6,867	12,017
Mar-25	3,687	111	8,186	-1,902	618	379	10,701	11,080	12,335
Apr-25	-3,030	461	3,591	-1,602	1,683	2,061	1,103	3,164	42,144
May-25	223	1,625	13,118	-233	-24	2,939	14,709	17,648	-3,094
Jun-25	60	-464	12,967	797	-608	-676	12,752	12,076	9,317
Jul-25	120	1,047	9,258	1,310	-60	-1,238	11,676	10,438	-7,930
Aug-25	1,747	1,117	3,083	-813	-145	666	4,988	5,654	7,691
Sep-25	1,218	-2,773	7,235	923	219	-884	6,822	5,938	-9,093
Oct-25	1,964	-1,807	3,019	384	618	174	4,176	4,350	9,877
Nov-25	35	-355	12,515	-24	513	1,209	12,684	13,893	12,132
Dec-25	-1,288	388	12,584	102	-255	-41	11,531	11,490	2,378
Jan-26	787	9	4,906	2,922	1,429	970	10,052	11,022	33,392
Feb-26	1,354	-202	8,129	-1,169	352	136	8,464	8,600	15,473
Mar-26	-1,050	-1,290	4,007	1,379	-1,033	1,279	2,013	3,292	-11,974
Apr-26	-336	777	5,304	780	225	177	6,750	6,927	12,573
May-26	466	-210	7,850	-77	571	-499	8,601	8,102	15,079
Jun-26	5,594	1,260	9,076	2,228	5	837	18,164	19,001	-19,489
Jul-26	3,131	374	3,060	2,228	-268	837	8,524	9,361	-7,558

Yearly	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	9,946	718	42,333	8,290	1,281	3,737	62,568	66,305	37,497
2025	7,472	189	87,632	2,397	2,346	4,899	100,036	104,936	96,662
2024	17,199	2,258	43,139	3,499	-1,092	274	65,003	65,277	18,793
2023	8,445	5,312	60,647	2,130	319	3,768	76,853	80,621	-36,449
2022	-2,012	-7,070	54,020	6,334	6,227	-732	57,499	56,767	-78,158
2021	-1,525	-4,906	106,256	3,900	6,550	2,976	110,274	113,251	111,916
2020	-13,853	-4,684	62,283	6,297	-1,005	3,248	49,038	52,286	-22,017
2019	3,489	6,995	45,764	1,034	-502	4,303	56,780	61,083	88,890

Indonesia Bonds Ownership

All investors increase INDOGB position except mutual funds

Ownership on Tradeable Indonesia Government Bonds

In IDR Trn

Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
2018	21.8%	9.2%	5.0%	17.5%	37.7%	3.1%	5.7%	100.0%
2019	20.7%	9.9%	4.8%	17.1%	38.6%	2.9%	5.9%	100.0%
2020	24.7%	22.6%	4.2%	14.0%	25.2%	3.4%	6.0%	100.0%
2021	25.0%	26.1%	3.4%	14.0%	19.0%	4.7%	7.7%	100.0%
2022	23.8%	27.4%	2.7%	16.4%	14.4%	6.5%	8.8%	100.0%
2023	21.8%	24.2%	3.2%	18.5%	14.9%	7.7%	9.8%	100.0%
2024	19.6%	24.6%	3.1%	19.0%	14.5%	9.0%	10.2%	100.0%
2025	20.2%	25.0%	3.7%	19.6%	13.4%	8.2%	9.9%	100.0%
2026	19.2%	25.1%	3.6%	20.7%	12.9%	7.9%	10.7%	100.0%
Net flow								
Year	Bank	Central Bank	Mutual Fund	Insurance & PF	Foreign	Retail	Others	Total
2018	64	38	15	66	57	13	17	269
2019	53	56	12	57	169	8	29	384
2020	384	602	30	71	-88	50	68	1,118
2021	217	346	-3	112	-83	90	129	808
2022	92	233	-12	218	-129	123	106	630
2023	-37	-90	32	168	80	91	85	330
2024	-44	123	9	104	35	107	67	400
2025	147	154	56	145	2	-5	30	529
2026	-2	92	3	140	14	8	88	342
Interim								
1Q	53	51	19	62	-25	-5	48	202
2Q	-17	34	-10	74	32	26	33	173
3Q	-39	7	-6	4	7	-13	7	-33
4Q								
QTD								
Jul	-39	7	-6	4	7	-13	7	-33
Aug								
Sep								

Indonesia SRBI Ownership

ATH from non-resident and others while bank reducing due liquidity

Ownership on SRBI

In IDR Trn

	Bank	Resident	Non-Res.	Others	Total
Sep-24	552.1	79.9	254.2	41.4	927.6
Oct-24	586.3	83.6	262.2	28.6	960.7
Nov-24	601.7	84.9	243.7	38.9	969.2
Dec-24	560.8	91.1	224.2	47.5	923.5
Jan-25	562.3	83.5	237.7	10.5	894.0
Feb-25	560.5	81.9	230.1	20.9	893.4
Mar-25	526.2	81.7	234.2	49.0	891.1
Apr-25	549.1	79.9	212.1	40.7	881.8
May-25	538.1	77.2	213.4	38.6	867.4
Jun-25	523.5	43.5	190.1	25.9	783.0
Jul-25	549.8	32.4	146.8	11.9	740.8
Aug-25	563.5	25.7	122.5	3.9	715.6
Sep-25	587.5	24.8	90.8	6.0	709.1
Oct-25	601.9	16.0	86.8	1.1	705.8
Nov-25	618.3	17.1	86.7	1.2	723.2
Dec-25	589.4	20.1	114.1	7.3	730.9
Jan-26	614.8	16.1	121.9	2.0	754.8
Feb-26	637.6	19.0	150.8	29.8	837.2
Mar-26	638.9	26.3	143.9	22.0	831.2
Apr-26	673.9	35.7	192.2	56.2	957.9
May-26	677.9	44.0	216.5	41.6	979.9
Jun-26	615.7	56.6	293.2	107.2	1,072.6

Net Changes on SRBI by Ownership

In IDR Trn

Net Change	Bank	Resident	Non-Res.	Others	Total
Sep-24	17.3	2.6	3.6	-16.7	6.8
Oct-24	34.2	3.7	8.0	-12.9	33.1
Nov-24	15.4	1.3	-18.5	10.3	8.5
Dec-24	-40.9	6.2	-19.5	8.6	-45.6
Jan-25	1.5	-7.6	13.5	-37.1	-29.6
Feb-25	-1.8	-1.6	-7.6	10.4	-0.6
Mar-25	-34.3	-0.2	4.1	28.2	-2.3
Apr-25	22.9	-1.8	-22.1	-8.4	-9.3
May-25	-10.9	-2.7	1.3	-2.0	-14.4
Jun-25	-14.7	-33.7	-23.3	-12.7	-84.4
Jul-25	26.3	-11.2	-43.3	-14.0	-42.2
Aug-25	13.7	-6.7	-24.3	-8.0	-25.2
Sep-25	24.0	-0.9	-31.7	2.1	-6.5
Oct-25	14.4	-8.7	-4.0	-4.9	-3.3
Nov-25	16.4	1.0	-0.1	0.1	17.4
Dec-25	-28.9	3.1	27.4	6.1	7.7
Jan-26	25.4	-4.0	7.8	-5.3	23.9
Feb-26	22.9	2.9	28.9	27.8	82.5
Mar-26	1.3	7.3	-6.9	-7.7	-6.0
Apr-26	35.0	9.3	48.3	34.2	126.7
May-26	4.0	8.3	24.3	-14.6	22.0
Jun-26	-62.2	12.6	76.7	65.6	92.7

Section 03



Equity

2026F Equity View

Navigating Global Fragility and Domestic Transition

Updates and Changes to Our View So Far Explained

JCI one of the world's worst performers. JCI has fallen more than 30 percent year-to-date, making it one of the worst-performing equity markets in the world this year. That scale of drawdown reflects the combined weight of the domestic and external pressures described in the macro section, all compounding into one of the sharper equity corrections globally.

- 🏠 **That drawdown has pushed valuations close to GFC lows.** At the same time, this drawdown has created a genuine opportunity: valuations across a range of sectors are now approaching levels last seen during the Global Financial Crisis. That's a meaningful statement given how different today's market structure and fundamentals are compared to 2008, and it suggests that **a lot of pessimism has already been priced in across multiple sectors.**
- 🏠 **Liquidity is back to pre-2019 levels, but the toolkit has changed.** Market liquidity has also fallen back to levels last seen before 2019, though it's worth noting that the liquidity instruments available today, such as SRBI, are significantly more developed than they were back then. That's a meaningfully different starting point than the last time liquidity was this thin.
- 🏠 **Earnings estimates may still need to catch down to a slowdown.** The second lingering concern is the risk of earnings revisions as the market anticipates a broader economic slowdown. If growth continues to soften, consensus earnings estimates across sectors may need to come down further, and that adjustment hasn't necessarily been fully reflected in current index-level pricing yet.

Based on current macro situation and market dynamics, we need to think in terms of scenario.

- Do not expect a quick mean-reversion trade without foreign flows returning
- Non-fundamental, conglomerate-driven plays are getting harder and probably need longer horizon
- Quality, cash-generative core holdings are the more defensible bet
- Tactical M&A situations could be worth watching
- Stock-picks specific or macro layered such as beneficiaries of lower oil prices

Global Indices Performance

JCI rebound (1M return) on the back of local investor

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	9.20%	0.32%	5.71%	7.35%	18.93%	21.76	5.35	23.24
2	S&P 500 (US)	9.41%	-0.13%	3.89%	7.94%	18.15%	23.90	4.93	18.57
3	Nasdaq (US)	9.17%	-3.20%	1.93%	8.15%	20.13%	31.16	6.90	18.93
4	London (UK)	11.08%	1.06%	3.72%	10.35%	29.22%	17.36	2.18	12.35
5	DAX (GR)	4.65%	2.53%	5.50%	4.44%	6.50%	17.04	1.96	10.63
6	CAC (FP)	4.42%	1.26%	4.87%	4.71%	9.49%	16.82	1.85	10.34
Asia Market									
1	Nikkei (JP)	27.86%	-8.14%	8.56%	20.70%	56.71%	19.52	2.09	10.02
2	Hang Seng (HK)	0.99%	13.13%	0.42%	-5.49%	4.49%	11.37	1.26	10.65
3	Shanghai (CN)	-3.44%	-6.40%	-6.81%	-6.94%	7.25%	13.81	1.30	9.73
4	Shenzhen (CN)	-0.90%	-7.86%	-4.56%	-2.51%	12.58%	14.61	1.56	10.76
5	NFT (IN)	-6.68%	2.17%	1.61%	-3.70%	-1.55%	22.44	3.25	14.92
6	Kospi (KR)	56.51%	-22.19%	-0.05%	26.24%	103.22%	11.86	1.12	9.59
ASEAN Market									
1	Singapore (SG)	21.14%	8.85%	14.57%	14.75%	34.85%	13.33	1.39	10.58
2	Kuala Lumpur (MK)	2.67%	3.66%	0.17%	-0.92%	13.99%	13.85	1.49	10.77
3	Thailand (TH)	28.89%	2.04%	8.70%	22.48%	30.69%	13.64	1.19	8.72
4	Vietnam (VN)	-2.73%	-6.68%	-6.38%	-5.10%	15.52%	12.70	1.79	14.03
5	Philippines (PH)	3.03%	3.30%	6.90%	-1.46%	-0.26%	10.12	1.26	12.48
Indonesia Market									
1	JCI / IHSG (ID)	-27.88%	10.51%	-10.36%	-25.13%	-16.68%	12.43	1.66	13.20
2	JII / ISSI (ID)	-30.30%	9.42%	-14.25%	-27.75%	-15.20%	13.47	1.59	11.82
3	IDX30 (ID)	-20.01%	11.30%	-6.18%	-18.61%	-14.47%	10.99	1.55	13.87
4	LQ45 (ID)	-26.62%	12.32%	-7.19%	-25.47%	-21.41%	11.76	1.63	13.71

Equity Peers Comparison

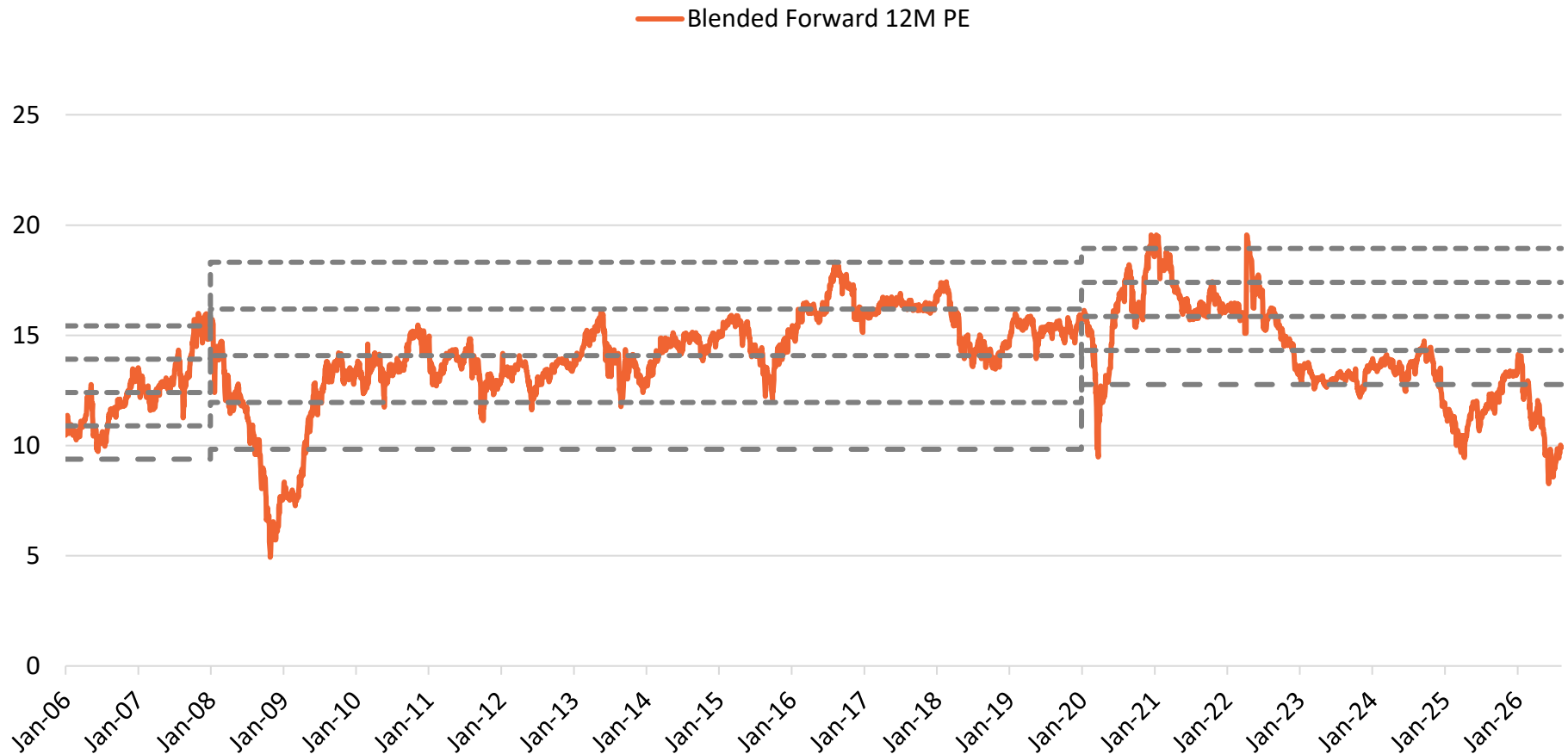
Consensus hasn't pricing-in downgrade on 2026 as EPS growth still at 10%

Desc.	P/E		EPS Growth		P/B		ROE	
	2026	2027	2026	2027	2026	2027	2026	2027
MSCI SEA	16.1	14.7	7.7%	9.9%	2.0	1.9	12.3	12.7
Indonesia*	10.0	9.2	8.9%	8.8%	1.6	1.4	15.5	15.6
Malaysia	14.7	13.8	11.6%	6.7%	1.5	1.5	10.5	10.7
Phillipines	11.3	10.2	0.5%	10.2%	1.6	1.4	13.8	13.8
Singapore	18.4	16.7	12.3%	10.4%	2.3	2.2	12.3	12.7
Thailand	17.7	15.7	14.2%	12.6%	2.2	2.1	12.3	13.1
MSCI AxJ	11.8	9.3	72.7%	26.5%	2.1	1.8	18.1	19.4
Hong Kong	14.4	13.9	16.0%	3.4%	1.2	1.2	8.9	8.5
India	21.5	19.3	7.0%	11.5%	3.2	2.8	14.1	14.4
Korea	5.6	4.0	322.0%	37.8%	1.8	1.3	32.6	32.0
Taiwan	22.5	17.4	52.9%	29.5%	5.4	4.4	24.0	25.0
MSCI EMEA	11.4	10.5	22.3%	8.1%	1.8	1.7	18.7	17.7
South Africa	9.7	9.2	49.5%	5.7%	2.2	1.9	21.5	20.4
Turkey	7.9	6.1	55.4%	29.5%	0.9	0.8	11.7	12.9
MSCI LATAM	9.9	9.5	33.2%	4.2%	1.8	1.8	18.5	18.8
Brazil	8.3	8.1	41.2%	2.9%	1.6	1.6	18.9	19.3
Mexico	13.7	12.8	19.5%	7.1%	2.4	2.2	17.4	17.5
MSCI EMEA	11.4	10.5	22.3%	8.1%	1.8	1.7	18.7	17.7
MSCI World	20.2	18.2	24.4%	11.0%	3.9	3.5	18.2	18.5
Australia	19.2	18.5	12.4%	3.7%	2.7	2.6	13.2	13.9
Europe	16.2	15.0	14.2%	8.3%	2.4	2.3	14.4	14.7
Japan	17.8	16.4	20.6%	8.6%	1.9	1.8	10.6	11.1
USA	21.9	19.5	29.3%	12.4%	5.3	4.6	22.6	22.4
Local Index								
JCI*	10.7	9.4	>10.0%	13.6%	1.5	1.3	13.8	14.0

That drawdown has pushed val. close to GFC

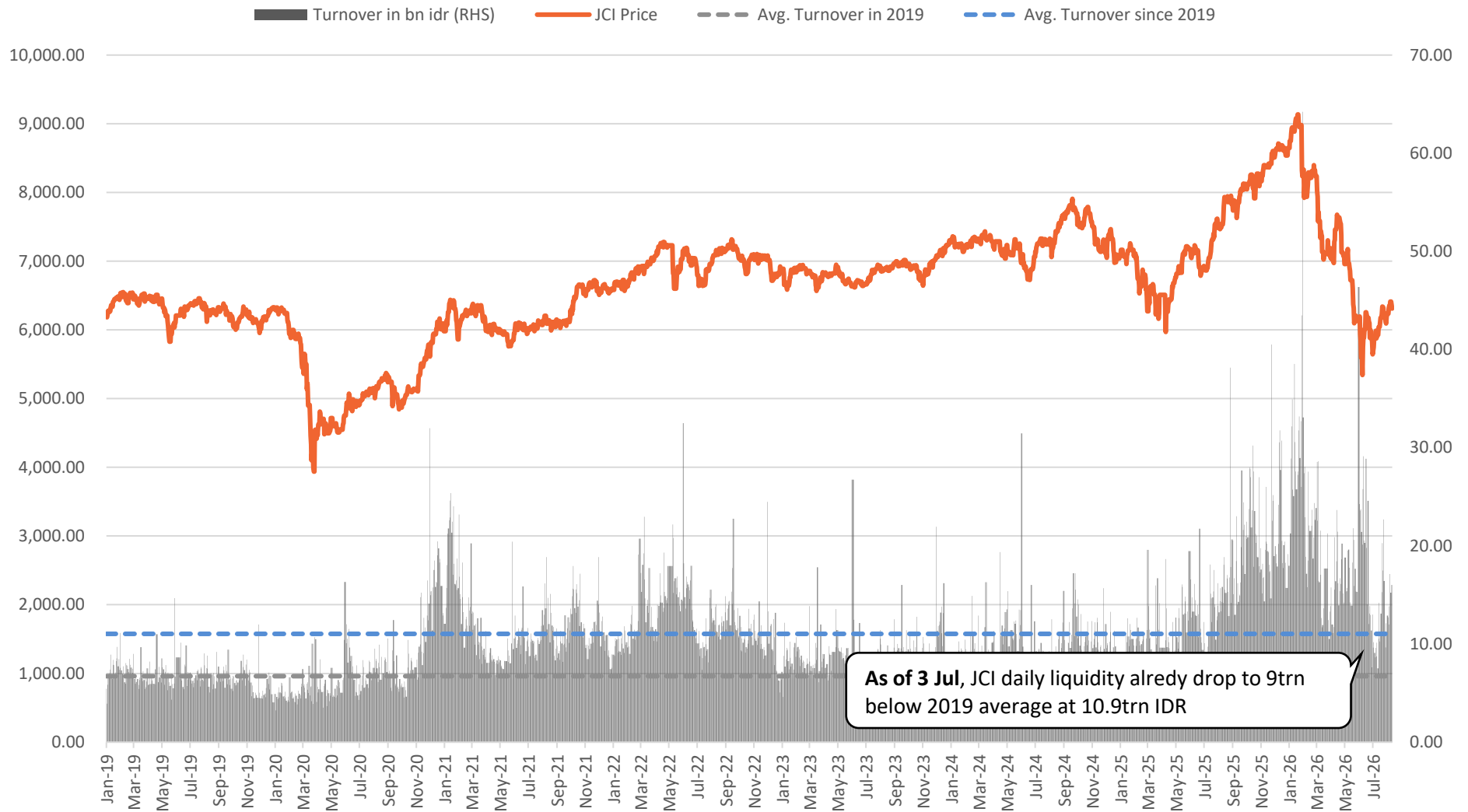
Current index valuation also nearing GFC level

JCI P/E Ratio History
Since 2007



Equity Liquidity is coming back gradually

Despite foreign still recording outflow in past month



Conglomerate Deleveraging of JCI

Pricing Out the Speculative Premium



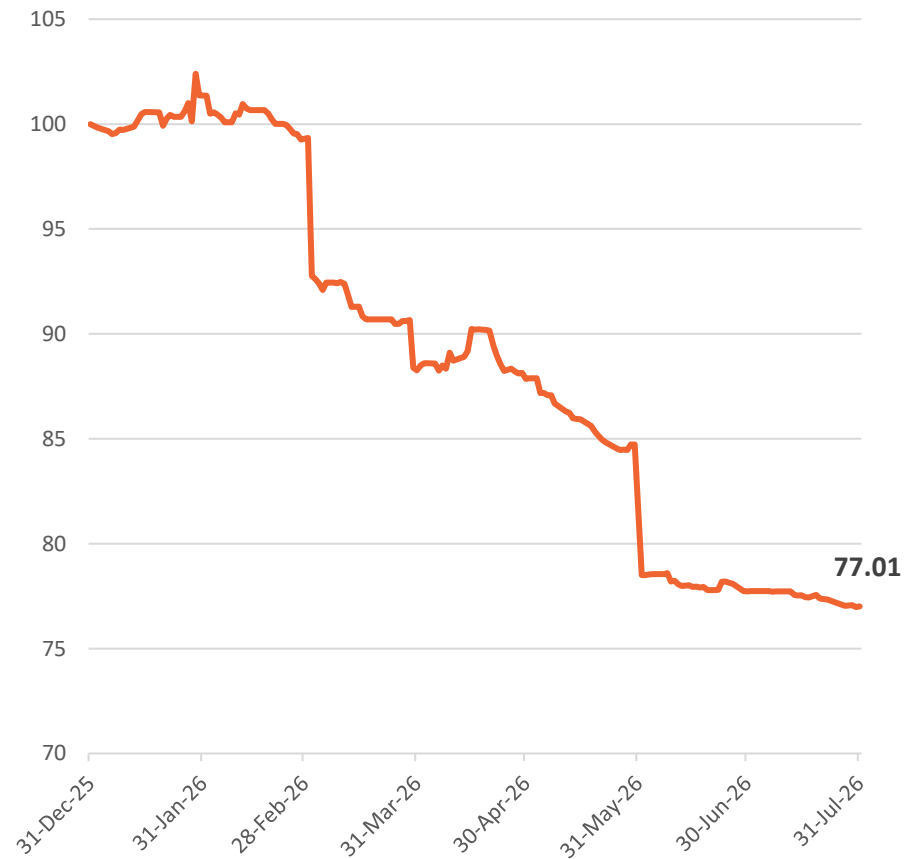
Source: Bloomberg, Syailendra Research

- 🏗️ The Indonesian market is finally pricing out speculative conglomerate influence as the valuation gap narrows to **6.5%**. While the headline **IHS** has fallen **34.7%** YTD, the **IHS ex. 15 Conglo** declined only **24.6%** due to superior resilience of core sectors like banking and consumer goods.

Earnings estimates may need to be revised

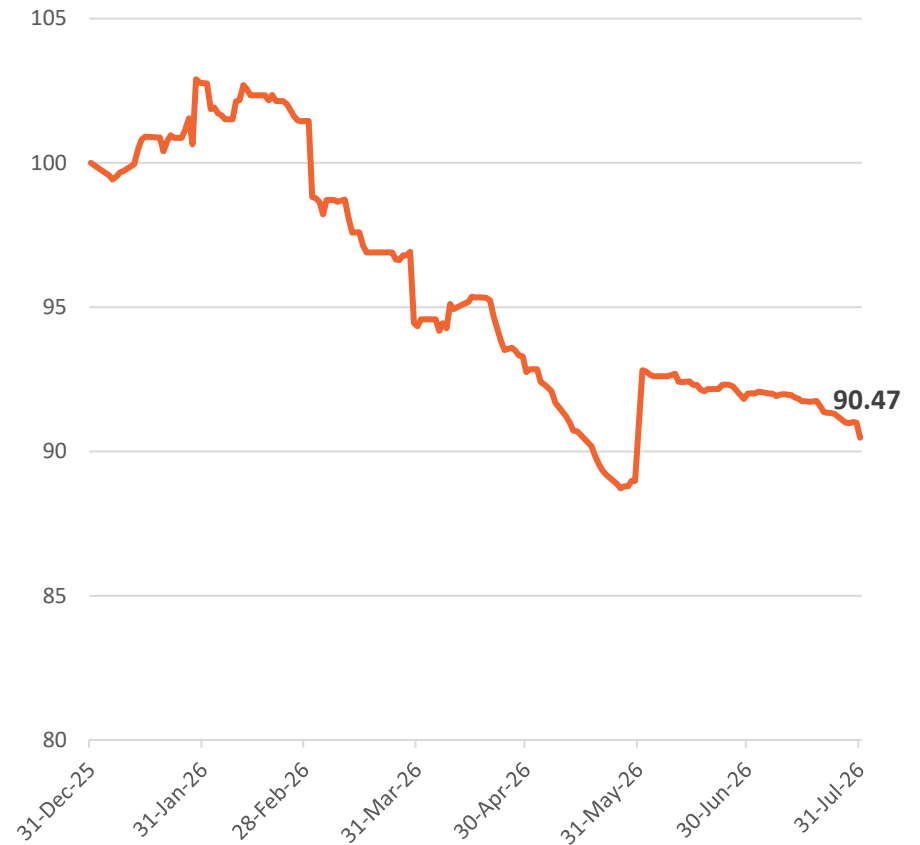
Downward revision only coming to adjust disappointment in 2025 (low-base effect)

Revenue (MSCI ID) : consensus revised its revenue by -22%
In % change from early year



Source: Bloomberg, Syailendra Research.

Net income (MSCI ID) : consensus revised its revenue by -8.3%
In % change from early year



Source: Bloomberg, Syailendra Research.

Foreign Equity Flows

Market surprised by MSCI announcement on Jun'26

Monthly Data	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
Nov-24	-2.680	-1.063	-3.202	-349	-398	-683	-16.421	-15.739	-1.834
Dec-24	1.321	-313	-1.530	-103	-308	-616	-842	-226	-7.151
Jan-25	-8.418	-229	-1.002	-114	-330	-658	-12.013	-11.355	3.888
Feb-25	-5.353	-1.111	-2.846	-145	-195	-507	-14.041	-13.534	-16.511
Mar-25	234	-490	-1.461	50	-647	-926	-16.383	-15.457	-24.723
Apr-25	1.271	-1.233	-6.955	-54	-432	-256	-7.830	-7.574	26.478
May-25	1.738	337	888	-259	-488	-206	9.576	9.783	12.429
Jun-25	2.373	-511	2.009	-72	-244	-268	8.250	8.518	5.444
Jul-25	-2.852	-511	4.517	-29	499	-364	9.534	9.898	16.137
Aug-25	-4.314	676	-1.060	-74	-670	-668	-8.356	-7.688	3.790
Sep-25	-2.132	-235	5.104	46	-373	-300	9.445	9.745	-31.291
Nov-25	40	730	-9.735	78	-386	33	-20.286	-20.319	6.310
Dec-25	-2.633	732	1.849	-210	191	-461	-2.130	-1.670	-3.814
Jan-26	-3.260	-589	443	226	141	488	-742	-1.231	18.856
Feb-26	1.688	21	-13.690	144	1.743	218	-1.877	-2.094	21.615
Mar-26	-14.218	-1.380	-23.767	-231	-1.243	-28	-69.588	-69.560	-52.163
Apr-26	-5.221	-990	593	-211	-80	112	2.626	2.515	63.373
May-26	-4.909	-217	-27.904	-150	110	-897	-25.584	-24.686	18.860
Jun-26	-3.045	-1.094	-30.492	-22	211	-592	-53.290	-52.698	-17.532
Jul-26	2.453	-374	-6.243	67	1.459	#N/A	#N/A	-25.463	9.551

Yearly	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	-26.512	-4.622	-101.060	-178	2.340	#N/A	#N/A	-173.218	62.560
2025	-20.046	-1.845	-8.692	-783	-3.076	-4.580	-44.234	-39.654	-1.863
2024	-1.271	1.154	2.426	-408	-4.132	#N/A	#N/A	-20.435	1.624
2023	21.427	-353	10.705	-863	-5.507	-514	31.827	32.341	29.092
2022	-15.392	4.058	-7.860	-1.029	6.616	1.451	-50.416	-51.867	23.345
2021	3.761	3.674	-23.010	-5	-1.632	-767	-33.582	-32.815	29.827
2020	23.373	-4.320	-20.082	-2.513	-8.287	-5.782	-32.867	-27.085	-65.727
2019	14.234	-1.306	924	-240	-1.496	-2.683	18.811	21.493	-28

JCI Valuation Methodology

A bottom-up, fundamentals-anchored contribution model

Explanation of our Methodology for JCI Valuation Explained

Background :

Simple price-earnings growth forecasting treats the index as one P/E and one EPS number. This model breakdown for Indonesia since 2022. JCI decoupled from MSCI Indonesia (MXID) — which historically tracks 80-85% of it — because a cluster of "non-fundamental" stocks re-rated violently with no earnings. A top-down P/E on the whole index therefore mixes two incompatible things: companies whose value is anchored to earnings, and companies whose prices are not. Forecasting the blended number forecasts the distortion. Our model instead splits the index into buckets, forecasts only the part we can justify fundamentally, and holds the rest flat. The output is a fundamental baseline for the JCI, not a bet on the unexplainable names.

1. First step was to separate the constituent based on current market structure layer. We tag every JCI constituent into three buckets by index weight:

- Fundamental-Coverage 59.8% — names we cover and can value on earnings
- Non-Fundamental 16.0% — names that soared with no earnings backing, flagged by us as not fundamentally justifiable
- Non-covered 24.2% — the long tail we do not cover

2. Second step was to establish **fair PE** for the index. we create two scenario to reach a fair PE :

- -2 std deviation of 10Y JCI and MXID for sanity check : both index generate 10.8 (JCI) and 11.1 (MXID). We take 10.8
- Aggregated P/E based on 100-110 observable stocks (company that have 1Y forward earnings) = this calculation generate current P/E 12.85x 1y forward earnings.

3. Third was to establish **fair EPS growth** for the index. Rather than create multiple scenario we try to create a conservative approach to set earnings :

- 1Q26 result was better than expected EPS ex-tech, ex-commodity still generating 11% yoy. However at the same time YTD consensus revised MXID earnings by -10.2% for 2026F earnings. This might coming from lot of uncertainty happening in 1H26 despite 1Q26 was inline. Therefore, we believe setting **5% yoy** was a conservative approach.

4. Perform bottom-up contribution model and create scenario analysis :

- **Bear Scenario** : Targetting PE at -2 std. deviation (10.8x) with 5% yoy earnings growth but assume -25% on non-fundamental stocks just in case there's another cascade from MSCI/FTSE Investability issue
- **Base Scenario** : Targetting PE at observable stocks (12.8x) with 5% yoy earnings growth but assume -25% on non-fundamental stocks just in case there's another cascade from MSCI/FTSE Investability issue
- **Bull Scenario** : Targetting PE at observable stocks (12.8x) with 5% yoy earnings growth but assume non-fundamental stocks goes flat as lot of stock already drop by more than 70-80% from its peak.

Notes : *last year, we tend to use JCI adj. and JCI headline to differentiate both. However, currently the difference point between these two level came back to 2022 level therefore there's no need for us to differentiate but rather just use the calculation in the model.*

Scenario Analysis for JCI 2026F

How we came-up with JCI Forecast in current market structure

JCI Index Forecast for 2026F Breakdown

Illustrated

JCI (31-May-2026)	6,127.38					
Scenario	Bear					
Contribution Model	W%*	P/E (current)	P/E (target)	EPS Growth	Return	Contribution Return
Fundamental Coverage	59.76%	9.3	10.8	5%	21.9%	13.11%
Non-Fundamental	16.01%				-25.0%	-4.00%
Non-Covered	24.23%				0.0%	0.00%
2026F Target Return under this scenario						9.11%
2026F Fair JCI Level under this scenario						6,685.35
2026F Target JCI Level under this scenario						6,700.00

Scenario	Base					
Contribution Model	W%*	P/E (current)	P/E (target)	EPS Growth	Return	Contribution Return
Fundamental Coverage	59.76%	9.3	12.85	5%	45.1%	26.94%
Non-Fundamental	16.01%				-25.0%	-4.00%
Non-Covered	24.23%				0.0%	0.00%
2026F Target Return under this scenario						22.94%
2026F JCI Level under this scenario						7,532.86
2026F Target JCI Level under this scenario						7,500.00

Scenario	Bull					
Contribution Model	W%*	P/E (current)	P/E (target)	EPS Growth	Return	Contribution Return
Fundamental Coverage	59.76%	9.3	12.85	5%	45.1%	26.94%
Non-Fundamental	16.01%				0.0%	0.00%
Non-Covered	24.23%				0.0%	0.00%
2026F Target Return under this scenario						26.94%
2026F JCI Level under this scenario						7,778.11
2026F Target JCI Level under this scenario						7,800.00

Source : Syailendra Research, *: data was capture as of 31-May-2026, a = JCI and MXID current PE level, b : target PE was based on -2 std dev of 10Y historical of JCI, c = target PE was based on aggregated of observeable 1Y forward earnings stocks (100-110 stocks)

Section 04



Appendix

Syailendra Benchmark View

Revising our Macro and Benchmark Assumption for 2026F and 2027F

Syailendra Macro Indicator and Benchmark

In each unit

Desc	Unit	Syailendra Macro/Benchmark Assumption					
		2026F			2027F		
		Bear	Base	Bull	Bear	Base	Bull
Macro Indicator							
GDP Growth YoY	Average full year	4.90	5.20	5.40	5.00	5.20	5.40
Inflation YoY	Average full year	4.00	3.50	2.75	3.50	2.75	2.50
Fiscal Deficit (% of GDP)	End of year	-2.90	-2.80	-2.60	-2.90	-2.80	-2.60
Current Account (% of GDP)	Average full year	-2.00	-1.50	-1.00	-1.75	-1.25	-1.00
USDIDR	End of year	18,250	17,800	16,750	18,500	17,000	16,750
Rates							
Central Bank Rates Indonesia	End of year	6.00	5.75	5.25	6.00	5.25	4.75
10 YR Govt Bond Yield IDR	Average full year	7.25	7.00	6.50	7.25	7.00	6.50
Equities							
JCI Headline (in review)	End of year	6,700	7,500	7,800	7,250	8,100	8,400
Earnings Growth	End of year	5.00%	5.00%	5.00%	8.00%	8.00%	8.00%
P/E	End of year	10.8	12.8	12.8	10.8	12.8	12.8

Disclaimer



This document is prepared by PT Syailendra Capital (“Syailendra”) and is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. Accordingly, this document and its contents may not be reproduced, redistributed, transmitted or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

The information contained in this document does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities in any jurisdiction. The information in this document is not intended as financial advice and is only intended for professionals with appropriate investment knowledge who can be classified as a ‘Professional Client’ under the Rules & Regulations of the appropriate financial authority. Moreover, none of the documents are intended as a prospectus within the meaning of the applicable laws of any jurisdiction and none of the documents are directed to any person in any country in which the distribution of such presentation is unlawful.

This document provides general information only. The information and opinions in the document constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this document have been compiled or arrived at from sources believed to be reliable in good faith, but no representation or warranty, express, or implied, is made by Syailendra, as to their accuracy, completeness or correctness and Syailendra does also not warrant that the information is up to date. Moreover, you should be aware of the fact that investments in undertakings, securities or other financial instruments involve risks. Past results do not guarantee future performance. Syailendra accepts no liability for any loss arising from the use of material presented in this presentation.



PT Syailendra Capital

District 8 Treasury Tower
39th Fl. Unit 39A, SCBD Lot 28
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
P. : +62 21 2793 9900
F. : +62 21 2972 1199

