

Monthly Bulletin

September 2026

What's Inside



Calendar

US – CPI Print (11 Sep)
US – Fed Funds Rate (17 Sep)
ID - BI-Rate (23 Sep)



Events

In August 2026, domestic markets found a floor after months of pressure — the rupiah recovered from its June low, the JCI gained 4.64% mom, and Bank Indonesia held at 5.75% under its new governor. Yet instability, fiscal execution and a renewed oil shock kept sentiment cautious ahead of the November index review.



Equity Market

The JCI (IHSG) increased approximately - 4.64% mom in Aug 2026. This was rebound driven by local investor followed by recovery of market liquidity.

The index closed at around 6,525 by the end of Jul. Foreign equity flow record outflow by 394movmio USD

Top 3 Leaders: 1) BYAN, 2) BBRI, 3) BRMS.
Top 3 Laggards: 1) MORA, 2) ASII, 3) TCPI.



Fixed Income Market

The Indonesia 10-year SUN yield stood at 7.02% as of Aug 2026, up 95.5bps YTD amid rupiah weakness, tighter domestic liquidity conditions, and higher sovereign risk premium.

Foreign bond flow turned positive at USD 833mn in Aug, bringing YTD flow back to a positive USD 1,552mn.



Section 01



Macro Updates

2026F Macro Views

Navigating Global Fragility and Domestic Transition

Updates and Changes to Our Macro View So Far Explained

Global Issues

- 🏠 **The bond market repriced supply, not CPI, here's the evidence** : Consensus reads elevated yields as an inflation problem. We think the bond market is pricing supply. The 10-year ended August at 4.73% and the 30-year at 5.22%. Nominal yields rose while inflation compensation did not, isolating the move in real yields and term premium. Corporate spreads widened alongside, and equities and long yields have moved together for six months. That is competition for capital — AI capex against record Treasury issuance — not an inflation scare.
- 🏠 **Oil is back near \$100 and equity is looking the other way** : Brent has returned to nearly USD100, up more than 13% in a month, after strikes on Iranian tankers. Investors are treating the energy complex as background noise while the AI capital-expenditure story absorbs attention. We are less relaxed. Sustained USD100 crude reopens Indonesia's subsidy and current-account arithmetic, and it sits directly against the oil price assumption embedded in the 2027 budget. Every USD 1/Bbl ICP translate to 2.4bps of GDP in deficits .

Domestic Issues

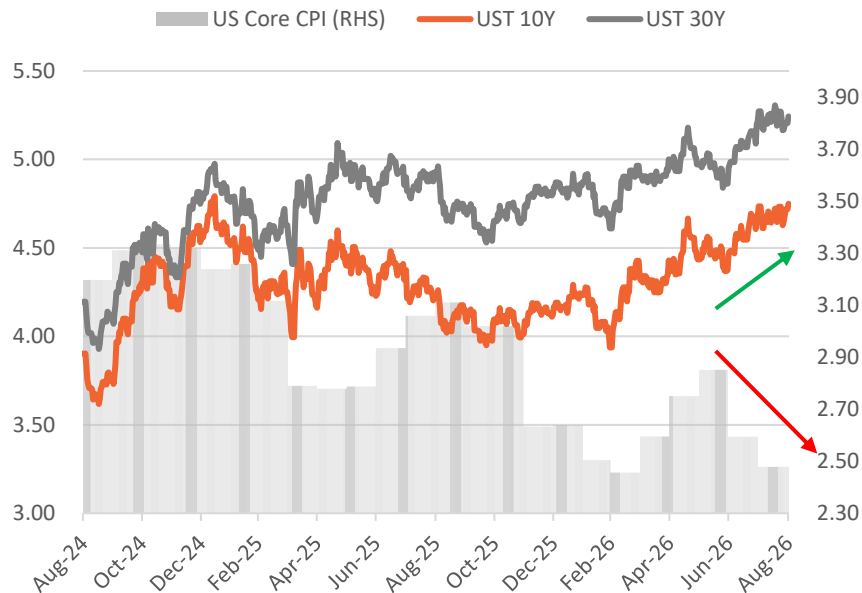
- 🏠 **Indonesia's reforms already match global practice; the problem is the clock, not the content** : OJK, IDX and KSEI have completed the four transparency items MSCI raised — 1% shareholding disclosure, high-concentration announcements, expanded KSEI investor classification, and a 15% minimum free float effective 31 March. Measured against global practice, the framework now compares well. The difficulty is timing: MSCI's November review assesses a window too short for new rules to have visibly reshaped trading behaviour. Our base case remains no reclassification — but the risk sits in the calendar, not the content.
- 🏠 **The 2027 budget said the right things; collection will decide whether they're true** : The 2027 budget conceded where it needed to. Spending is set at Rp4,097 trillion with the deficit held at 2.40% of GDP, and the flagship MBG program is proposed down from Rp335 trillion to Rp240 trillion, with beneficiaries reduced from 82.9 million to 72.1 million. That is the right signal after both Fitch and Moody's moved to negative outlook. But the deficit target now rests on revenue rather than expenditure

The silver lining – Being oversold with a high real rate is a position, not really a problem (short-term) : The rupiah's worst year has left an unusually well-paid entry point. With the BI rate at 5.75% after 100 basis points of hikes since May and August inflation at 3.19%, the real policy rate sits near 2.5% — genuinely restrictive, and among the highest in the region

The bond market repriced supply, not CPI

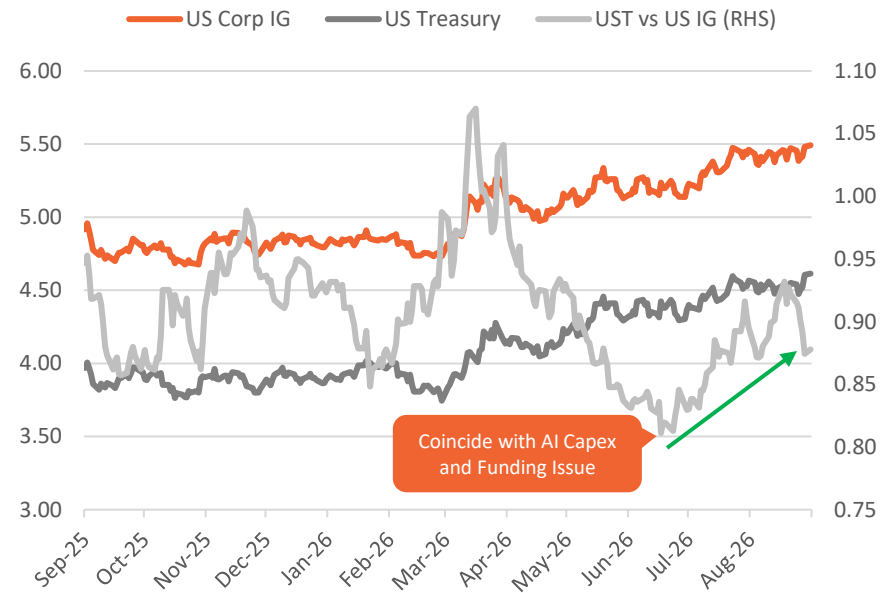
Real yields and term premium did the work, not inflation

Rates Trending-Up Despite Inflation Trending-Down
In % YoY



Source: Bloomberg, Syailendra Research

Crowding-Out Might Explain Better as IG Spread Increase
In %YoY



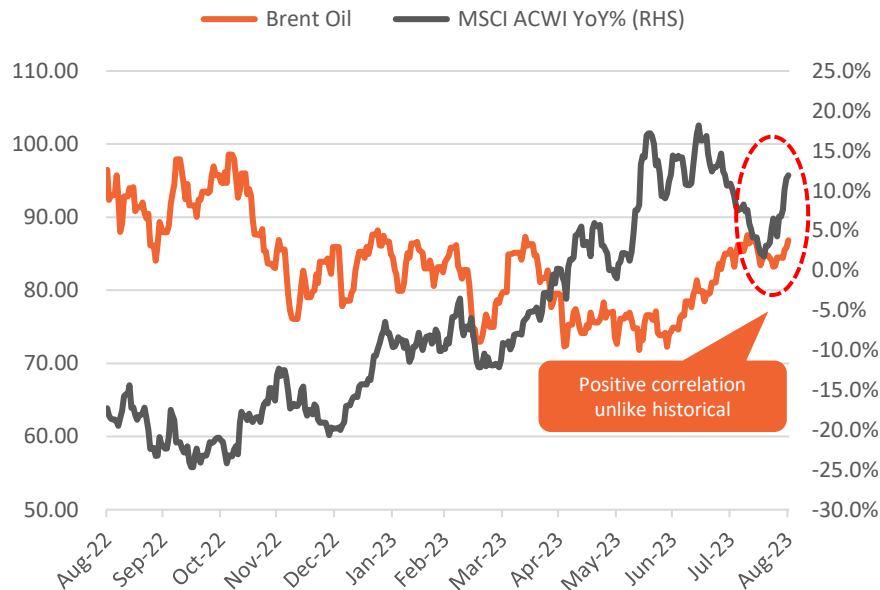
Source: Bloomberg, Syailendra Research

- Core CPI has fallen to 2.5% while the UST 10Y and 30Y kept climbing — if inflation were driving yields, that divergence could not persist.
- The move is real yield and term premium, not inflation compensation: the 5-year breakeven sits near 2.24%, the low end of its 2026 range.
- IG spreads widened at the same time, as corporates funding AI capex and the Treasury compete for the same pool of savings. We read elevated rates as a funding condition — relief depends on issuance and capex, not the next CPI print.

Oil is Back Near 100, Equity Is Looking Other Way

Every USD 1/Bbl increase Indo fiscal deficit est. 2.4bps of GDP

Historically, Brent had negative correlation until recently
In USD/Bbl, YoY%



Source: Bloomberg, Syailendra Research

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

ICP	chg. vs budget assumption	Fiscal Deficit (in trn IDR)	% of GDP	Notes
70.00	-5.00	34.00	-2.28%	
75.00	0.00	0.00	-2.40%	
80.00	5.00	-34.00	-2.52%	
85.00	10.00	-68.00	-2.64%	
89.21	14.21	-96.63	-2.74%	Jan-Jul'26 ICP Avg.
90.00	15.00	-102.00	-2.76%	
95.00	20.00	-136.00	-2.88%	
100.00	25.00	-170.00	-3.00%	

Source: CME, Syailendra Research

- 🚧 Brent is back near US\$100 after strikes on Iranian tankers revived Hormuz supply risk — the third energy shock of 2026.
- 🚧 Equity is not pricing it: MSCI ACWI has moved with oil since mid-year, the opposite of its historical relationship.
- 🚧 The fiscal math is less forgiving. The 2027 budget assumes ICP at US\$75, but 2026 has realised US\$89 year-to-date — worth Rp97tn and a 2.74% deficit. The 3% ceiling is reached at US\$100. We need no oil forecast, only for 2027 to look like 2026.

The Problem is The Clock, Not The Content

Reform match global practice, MSCI reviews in november

List of Indonesia Capital Market Reform and Equity Foreign Flow

List of initiatives

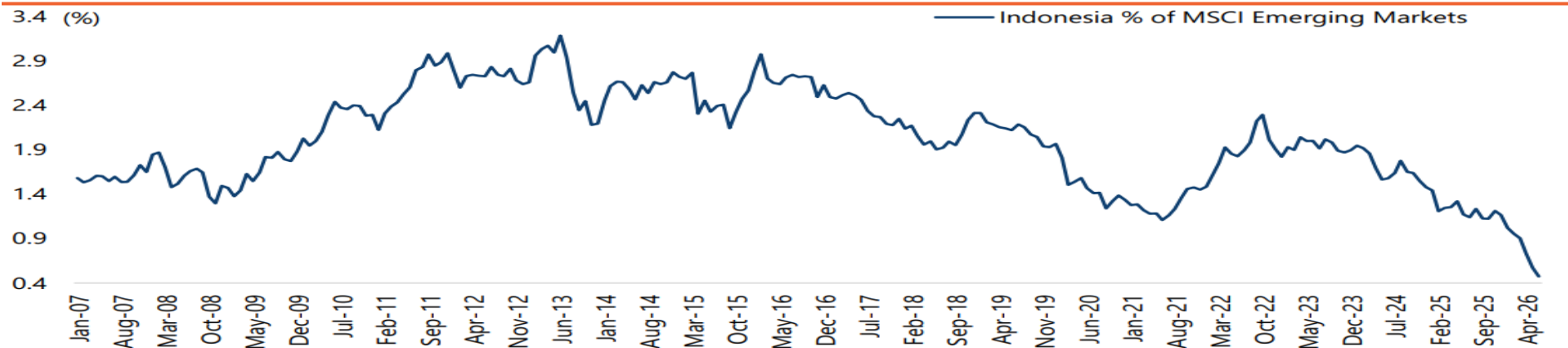
Pillars	Concerns	Action	Stakeholders	Timeline	Monthly Data	Indonesia
Liquidity	Limited investability and shallow liquidity concentration, particularly in large-cap names	1) Raise and refine minimum free-float to 15% - Minimum free float to be raised progressively, effectively doubling from 7.5% to min. 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	Dec-24	-313
					Jan-25	-229
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	Feb-25	-1,111
					Mar-25	-490
					Apr-25	-1,233
					May-25	337
					Jun-25	-511
Governance	Perceived weaknesses in enforcement and governance credibility Structural conflicts in exchange ownership model may hinder governance quality	3) Strengthen enforcement & supervision - Enhanced market surveillance and abnormal trading detection - Clearer enforcement coordination between IDX and OJK	IDX, OJK	Effective Date: January 2026	Jul-25	-511
					Aug-25	676
					Sep-25	-235
					Nov-25	730
					Dec-25	732
Synergies	Fragmented stakeholder coordination and shallow domestic institutional participation limit market depth	4) Demutualization of the IDX - Separate ownership from market operation - Align exchange incentives with market development	OJK, Government	Effective Date: - (Medium-term / preparatory stage)	Jan-26	-589
					Feb-26	21
					Mar-26	-1,380
					Apr-26	-990
					May-26	-217
		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)	Jun-26	-1,094
					Jul-26	89
					Aug-26	68

Invest-ability issues and MSCI-push reform

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)

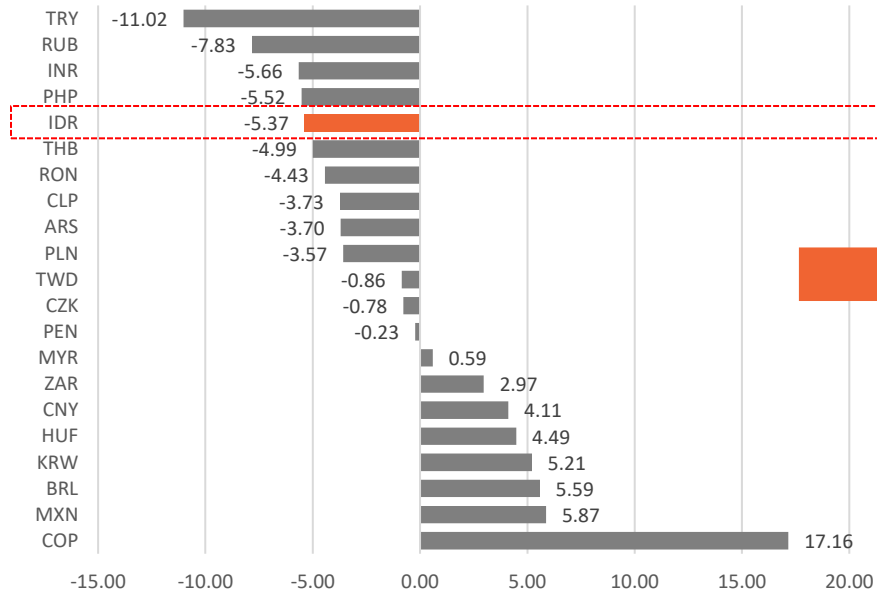
In % (market-cap weighted)



Oversold with a high real rate is a position

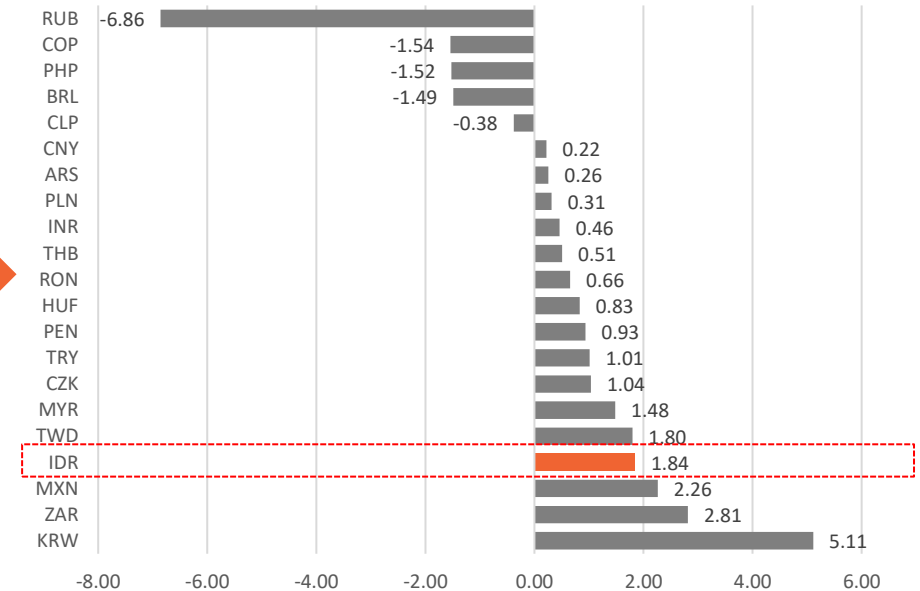
It is blessing in disguise given elevated interest rate environment

IDR YTD Worst Performance might be blessing in disguise
Return YTD (as of 31-Aug-2026)



Source: Bloomberg, Syailendra Research

IDR 3rd Best Carry Return (Long/Short:USD) in EM
In return (31-Jul-26 to 31-Aug-26)



Source: Bloomberg, Syailendra Research

- 🚧 IDR is down 5.37% YTD, fifth-worst of 21 EM currencies — but that weakness is now backward-looking.
- 🚧 The position has already started paying: long IDR/short USD returned +1.84% in August, near the top of EM.
- 🚧 A high real rate is what makes the difference. BI at 5.75% against 3.19% inflation leaves a real policy rate near 2.5%, among the highest in the region — investors are paid to hold IDR while the investability question resolves.

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 has not improved significantly, only relocated.** The SAL placement repaired a short-end distortion — the temporary curve inversion has eased into a normal, flattening shape — but the system is tighter, not looser. Industry LDR has risen to 88.3% from 86.4% a year ago and is tracking toward 89–90%. Banks' securities holdings are shrinking while repo balances have more than doubled: a system financing an existing bond book rather than adding to it.
- 🏗️ **The yield re-rating is a funding story, and it is really two spreads.** INDOGB 10-year sits near 7.0 – 7.1%, up from below 7% at the start of the year. Against UST, the gap can compress without an INDOGB rally, because the global repricing is US supply and term premium rather than EM credit deterioration — August showed exactly that. It was a better situation given tailwind to EM credit. However, for IndoGB to perform all across the curve. It needs fiscal and investability questions to be resolved (proven). Until then, We are not setting a fixed level but improvement over 2-3 months ago.
- 🏗️ **We prefer short-duration income over duration.** With the domestic bid impaired — banks cannot be the marginal buyer of long SUN at 89–90% LDR while chasing credit growth — the swing buyer is foreign, which leaves long duration could have bit volatility. A real policy rate near 2.5% means the return on offer is carry, and carry is available without taking the long end. We would revisit duration when bank securities holdings stop shrinking, foreign SUN ownership turns up, or ICP falls back toward US\$75.

Global Sovereign Bond Performance

Indonesia carry yield become attractive already comparable with others

EM Peers Yield Comparison

In %

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	17,250.00	4.48	11.80	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
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	-1,817	8,524	6,707	-4,109
Aug-26	-282	833	-2,767	2,228	-114	-1,817	-102	-1,919	-5,469

Yearly	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	9,664	1,552	39,565	10,518	1,167	-734	62,466	61,732	35,476
2025	7,472	189	87,632	2,397	2,346	4,899	100,036	104,936	96,662
2024	17,313	3,087	40,376	3,275	-238	592	63,813	64,405	14,362
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%	24.5%	3.5%	20.6%	13.0%	8.4%	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	17	77	5	149	29	52	99	428
Interim								
1Q	53	51	19	62	-25	-5	48	202
2Q	-17	34	-10	74	32	26	33	173
3Q	-20	-8	-4	13	22	31	18	52
4Q								
QTD								
Jul	-39	7	-6	4	7	-13	7	-33
Aug	19	-15	1	9	15	44	12	85

Indonesia SRBI Ownership

Most demand coming from non-resident

Ownership on SRBI

In IDR Trn

	Bank	Resident	Non-Res.	Others	Total
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
Jul-26	621.6	57.8	287.1	92.9	1,059.3

Net Changes on SRBI by Ownership

In IDR Trn

Net Change	Bank	Resident	Non-Res.	Others	Total
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
Jul-26	5.9	1.2	-6.1	-14.3	-13.3

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

Indonesia index was driven down due investability issues

No	Country	YTD	1M	3M	6M	1Y	P/E	P/BV	ROE
Global Market									
1	Dow Jones (US)	10.66%	1.34%	4.22%	8.59%	16.78%	22.55	5.51	23.23
2	S&P 500 (US)	12.28%	2.62%	1.40%	11.74%	18.98%	24.26	5.01	18.76
3	Nasdaq (US)	13.46%	3.93%	-2.23%	16.33%	22.91%	30.62	7.70	21.45
4	London (UK)	14.38%	2.96%	4.32%	5.62%	26.98%	17.86	2.28	12.75
5	DAX (GR)	7.22%	2.45%	4.59%	3.85%	9.86%	16.93	1.89	10.25
6	CAC (FP)	2.27%	-2.06%	1.85%	-2.87%	8.19%	16.88	1.85	10.32
Asia Market									
1	Nikkei (JP)	31.73%	3.03%	-0.03%	12.68%	55.23%	20.24	2.13	9.98
2	Hang Seng (HK)	-0.25%	-1.23%	1.53%	-3.99%	1.95%	11.87	1.27	10.40
3	Shanghai (CN)	0.44%	4.02%	-2.02%	-4.24%	3.33%	14.87	1.40	9.83
4	Shenzhen (CN)	-0.10%	0.80%	-5.46%	-1.82%	2.85%	15.69	1.68	10.76
5	NFT (IN)	-7.84%	-1.24%	2.26%	-4.36%	-1.42%	22.41	3.20	15.06
6	Kospi (KR)	61.84%	3.40%	-19.54%	9.22%	114.06%	11.74	1.10	9.50
ASEAN Market									
1	Singapore (SG)	23.87%	2.25%	14.24%	15.22%	34.80%	13.70	1.42	10.60
2	Kuala Lumpur (MK)	2.72%	0.06%	2.54%	0.54%	9.57%	14.50	1.39	9.59
3	Thailand (TH)	26.63%	-1.75%	1.71%	4.38%	28.99%	13.52	1.20	9.21
4	Vietnam (VN)	2.67%	5.55%	-1.68%	-2.56%	8.91%	14.12	1.94	13.77
5	Philippines (PH)	-1.60%	-4.49%	3.25%	-9.91%	-3.24%	9.88	1.26	12.74
Indonesia Market									
1	JCI / IHSG (ID)	-24.53%	4.64%	6.50%	-20.76%	-16.67%	12.50	1.67	13.20
2	JII / ISSI (ID)	-25.92%	6.28%	6.06%	-21.94%	-13.67%	13.22	1.58	11.98
3	IDX30 (ID)	-17.58%	3.03%	3.70%	-18.06%	-12.84%	11.14	1.57	13.86
4	LQ45 (ID)	-23.95%	3.63%	5.34%	-22.84%	-19.23%	11.97	1.66	13.71

Equity Peers Comparison

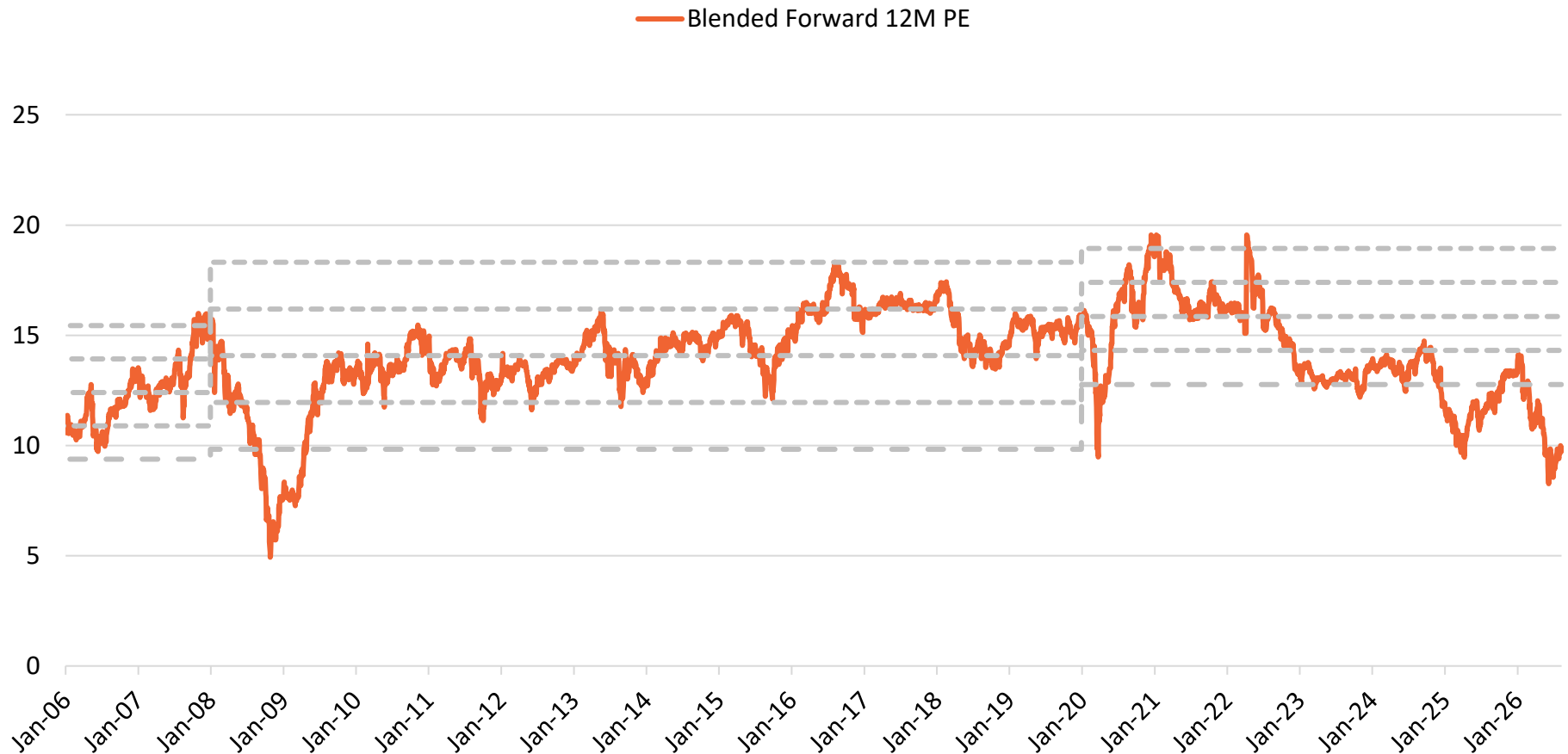
Consensus hasn't pricing-in downgrade on 2026 as EPS growth still at 10%

Desc.	P/E		EPS Growth		P/B		ROE	
	2026	2027	2026	2027	2026	2027	2026	2027
MSCI SEA	15.9	14.6	9.0%	9.4%	2.0	1.9	12.5	12.8
Indonesia*	10.1	9.3	7.4%	9.0%	1.6	1.5	16.0	16.1
Malaysia	14.5	13.6	11.2%	7.0%	1.5	1.5	10.5	10.7
Phillipines	10.9	9.9	0.9%	9.9%	1.5	1.4	13.9	13.9
Singapore	18.6	16.9	12.8%	10.1%	2.3	2.2	12.4	12.8
Thailand	16.6	15.0	18.1%	10.5%	2.1	2.0	12.7	12.9
MSCI AxJ	11.9	9.4	77.9%	26.8%	2.2	1.9	18.7	20.1
Hong Kong	14.3	14.0	18.5%	2.2%	1.3	1.2	8.8	8.6
India	21.3	19.2	6.0%	11.0%	3.1	2.8	14.2	14.5
Korea	6.0	4.4	328.4%	37.8%	2.0	1.4	32.6	32.5
Taiwan	22.4	17.1	60.2%	30.5%	5.5	4.4	24.7	25.7
MSCI EMEA	11.3	10.5	24.0%	7.4%	1.9	1.7	16.6	16.1
South Africa	9.8	9.3	48.4%	4.4%	2.3	1.8	21.7	18.8
Turkey	8.9	6.6	48.7%	33.2%	1.0	0.9	11.8	12.8
MSCI LATAM	9.9	9.6	34.2%	3.1%	1.8	1.8	18.0	18.5
Brazil	8.5	8.4	40.8%	1.3%	1.6	1.6	17.9	18.7
Mexico	13.2	12.4	22.2%	6.2%	2.3	2.2	17.6	17.6
MSCI EMEA	11.3	10.5	24.0%	7.4%	1.9	1.7	16.6	16.1
MSCI World	19.8	17.7	26.0%	12.0%	3.9	3.5	18.5	18.9
Australia	18.8	18.4	12.5%	1.9%	2.7	2.5	13.0	13.9
Europe	15.9	14.7	14.5%	8.3%	2.4	2.3	14.5	14.8
Japan	17.6	16.1	23.9%	9.3%	2.0	1.9	11.0	11.5
USA	21.4	18.8	31.2%	13.9%	5.2	4.5	22.9	22.9
Local Index								
JCI*	11.1	9.8	39.4%	13.3%	1.5	1.3	13.8	13.9

That drawdown has pushed val. close to GFC

Current index valuation also nearing GFC level

JCI P/E Ratio History
Since 2007



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
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	-25,925	7,057
Aug-26	2,394	-394	-8,638	-223	-746	#N/A	#N/A	1,450	-3,243

Yearly	India	Indonesia	Korea	Philippines	Thailand	Malaysia	EM Asia ex. China	EM Asia ex-China ex-Malaysia	Japan
YTD	-24,119	-5,016	-109,698	-401	1,594	#N/A	#N/A	-172,230	56,823
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	14,403	-850	7,068	-881	-5,505	-569	15,237	15,806	37,284
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	17,500	16,750	18,500	17,000	16,750
Rates							
Central Bank Rates Indonesia	End of year	6.00	5.50	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

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