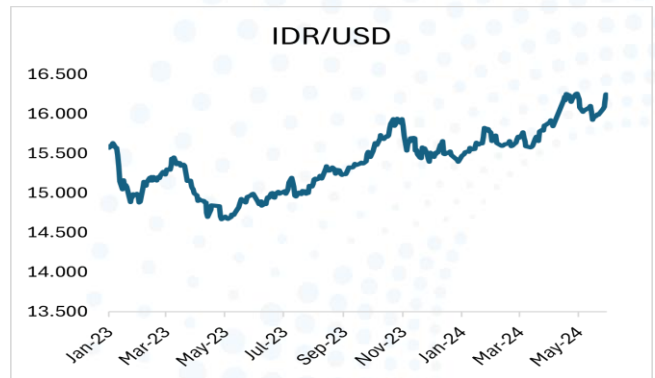
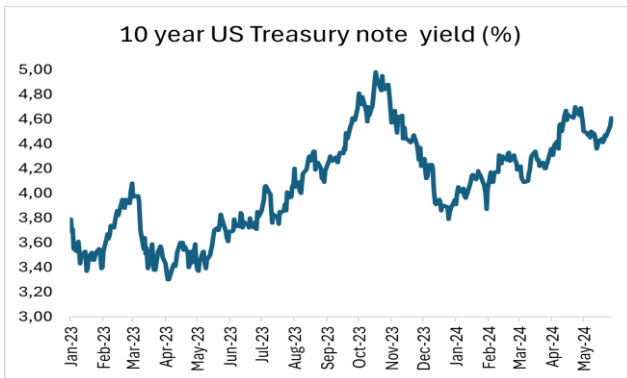


Foreign outflow triggered by rising yield and domestic news

JCI index is under pressure today (with intraday low of -2,1%) dragged down by sell-off in large cap stocks (BMRI, BBRI, BBCA, AMMN, TLKM, ASII) due to various reasons such as rising treasury yield, unfavorable domestic news and full call auction on BREN. JCI has seen 5 consecutive days of net foreign outflow of USD322mn, potentially switching the flow to China due to the recently improving economic data. 10- year Treasury note yield ticked higher for the second day yesterday following Tuesday's auction that was met with weak demand. Last trading yield reached 4,62%, marking the highest level since the beginning of May-24. In addition, investors are also concern with persistent high interest rates, especially ahead of key inflation data that is due this Friday. This has caused Rupiah to depreciate to 16,248/USD.



Source: Bloomberg. As of 30 May-24.

On domestic front, there has been series of news that may support the case of a foreign sell-off, including: 1) plans to cut fuel subsidy by Rp67.1tr next year, 2) increase in electricity tariff for houses with 3,500 VA capacity and above, as well as 3) new policy on public housing savings or Tapera program that will cut 3% of workers' monthly salary. These series of policies may spur concerns on domestic economy growth going forward, amid other countries offering better domestic risk-reward.

One of the big movers was BREN, which was included in watchlist board resumed trading since yesterday through a *full call auction* mechanism, triggering auto rejection of -10% after 2 days suspension the day prior. There is risk on FTSE reversing its inclusion decision for BREN. Although likely for a different reason, there has been a case of FTSE reversing its inclusion decision recently regarding an Indonesian stock (i.e. PGEO). Being in the watchlist board for 30 days may also weigh into MSCI's consideration despite there is no clear explanation on how the indices treat such scenario.

Equity comments: With the big banks facing significant profit taking, we might be looking to add exposure on selective big banks when the valuation turns more attractive.

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