

## Lingering uncertainty

JCI declined by 2% in the morning session today, as several factors came into play. In the geopolitical front, tensions flared back up with reports of a drone strike hitting a nuclear power plant in the UAE. Talks between US and Iran still seems strained as President Trump publicly rejected Tehran's response to the latest ceasefire proposal. On the domestic front, market is still affected by anticipation of MSCI flows. Rupiah also continues to weaken, now at Rp17,653/USD at the time of writing. Asian markets are down at the time of writing with Nikkei -1.26% and Hang Seng down by -1.44% DoD. US markets also closed lower on Friday with Dow Jones -1.07% and S&P500 -1.24%. Oil closed higher with Brent trading at USD111.36/bbl.

### JCI's mover as of 9.10 am today (points):

Leaders	Index Points	Laggards	Index Points
ASII	+4.0	BBCA	-14.1
CPIN	+1.0	TPIA	-11.8
ENRG	+0.3	DSSA	-11.1
JPFA	+0.2	BBRI	-9.5
SILO	+0.2	BREN	-8.5

Source: Bloomberg

### Our take:

We view the current market move as largely news-driven amid elevated uncertainty. Going forward, market direction will likely depend on developments surrounding geopolitical negotiations, oil price stability, and clarity on foreign flow dynamics. In this environment, we continue to favor companies with strong earnings visibility and USD-linked earners, while remaining selective on cyclical exposure.

**Fixed Income:** Indonesia bonds trade weaker as USDIDR gapped higher to 17,650 this morning (vs prev close 17485). IDR IndoGB benchmark series opened weaker, with yields up 5–18bps on a bear flattening bias, led by notable underperformance in the 5Y and 10Y tenors. 10yr benchmark series (FR108) is trading at 6.82-6.87%, up from yesterday closing position of 6.67%, while the 5yr benchmark (FR109) is trading at 6.76-6.83%, up from yesterday closing position of 6.58%. In addition, demand at last week's INDOGB auction was soft, with bidder also asking for higher premium versus prevailing market levels. For the first time YTD, MOF decided to issue below its initial target size amid softer demand.

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