

Market extends selloff streak

The JCI Index began the morning session with a prompt decline by -2% before paring some losses, though it remains in negative territory. The market is pressured by lingering uncertainty over the macro economy and most recent policy change on natural resources export after yesterday's comments by Moody's and S&P that the policy could hurt export and distort the market. Meanwhile, rupiah weaken to Rp 17,700/USD this morning. At the same time, tension in the Middle East remains despite ongoing mediated discussion between US and Iran.

The market sell-off occurred broadly across sectors today. Meanwhile, regional indices remained in positive territory. In addition, Indonesia's 10-year government bond yield continued to show relative stability.

JCI's mover as of 9.27 am today (points):

Leaders	Index Points	Laggards	Index Points
MORA	+6.7	TLKM	-7.3
EMAS	+5.7	BMRI	-6.3
VKTR	+3.3	BBCA	-4.7
MDKA	+2.6	TPIA	-4.5
IMPC	+2.2	ASII	-4.0

Source: Bloomberg

Our take:

We view that the latest market volatility is attributable primarily to news flow and index flow risk amid an elevated uncertainty backdrop, while awaiting further regulatory and policy detail. The medium-term direction will likely be shaped by developments in geopolitical negotiations, the trajectory of oil prices, and foreign flows. Within this environment, we maintain a preference for companies with high earnings visibility and USD-linked revenue exposure, as well as selective cyclical names.

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