Batavia Prosperindo

3 November 2026

Flash Note

Weak sentiment despite oil dip

The JCI fell 2.0% in the morning session, as concerns over MSCI's proposed reclassification to Standalone Market status continued to weigh on sentiment. The decline came despite a sharp drop in oil prices to USD104.93/bbl. Oil eased as Vice President Vance cited "progress" in indirect peace talks with Iran. Tehran, however, maintains that the US must lift its naval blockade and meet its demands before any agreement, and the US conducted "limited defensive" strikes on Iranian targets in the Strait of Hormuz. Rupiah strengthened slightly to Rp18,139/USD. US markets were lower overnight, with the S&P 500 down 0.51% DoD and the Nasdaq down 1.07% DoD. Asian markets were mixed, with the Nikkei down 0.33% DoD and the Hang Seng up 0.52% DoD.

JCI's mover as of 11.12 am today (points):

Leaders	Index Points	Laggards	Index Points
MKNT	+2.4	BBRI	-8.4
BOGA	+0.8	TLKM	-8.0
KLBF	+0.5	ASII	-5.5
ICBP	+0.5	BRPT	-5.1
BRIS	+0.3	BRMS	-5.0

Source: Bloomberg

Equity comment:

Against the MSCI backdrop, we remain hopeful that authorities will respond with further structural reforms and enforcement to address MSCI's concerns. At the portfolio level, we will maintain a cautious and disciplined approach, prioritizing companies with sound fundamentals, resilient earnings visibility, and sufficient liquidity. We will closely monitor foreign fund flows, regulatory developments, and market liquidity, while maintaining flexibility in cash allocation to manage downside risks and preserve the ability to capitalize on market dislocations.

Fixed income comment:

Yesterday's session stayed fragile for INDOGB, with net sellers around the 10y area while buying was light from the front-end through the belly. Onshore support was concentrated in state banks at the 5y tenor, though off-the-run bonds kept getting offered. Yields ended the subdued session roughly 1-6 bps higher, as dip buying emerged once USDIDR softened and oil moved lower. Today the market turned around, with INDOGB rallying firmly: the 5y yield dropped 16 bps to 7.54% from 7.70%, and the 10y fell 10 bps to 7.69% from 7.79%, reversing the prior session's weakness.

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