Double pressure for JCI

JCI declined by more than 2% this morning, due to continued geopolitical tension and IDX releasing shareholding for >1% ownership. On the geopolitical front, President Donald Trump has announced that US government will offer insurance to ships in the Gulf, and added that US military will accompany ships through Strait of Hormuz if necessary, after Iran largely succeeded in shutting down the strait. This caused a risk-off sentiment across global markets, with Dow Jones and S&P 500 down by -0,83% and -0,94% DoD, while Nikkei and Hang Seng down by -3,3% and -1,9% respectively at the time of writing. KOSPI is down by -8% at the time of writing, triggering circuit breaker.

On the domestic side, IDX released shareholding for >1% ownership yesterday, which may change MSCI's free float calculation. A significant decrease in implied free float for stocks with large weighting on MSCI Index may lead to lower overall Indonesia weighting in MSCI Index and result in outflow. At the time of writing, USDIDR also edged up to Rp16,910/USD.

JCI's mover as of 09.19 am today (points):

Leaders	Index Points	Laggards	Index Points
BYAN	+4.4	AMMN	-11.4
ENRG	+3.3	BREN	-9.3
MEDC	+0.7	BMRI	-8.6
ITMG	+0.5	BRMS	-8.2
IFSH	+0.3	TLKM	-7.4

Source: Bloomberg

Our take:

Equity: Volatility has risen sharply following the escalation in geopolitical tensions between the US–Israel alliance and Iran. The primary transmission risks to our equity market are through oil price volatility, which could pose risks to Rupiah and inflation. Our overweight exposure to consumer and healthcare provides stronger earnings visibility during periods of sudden macro or geopolitical shocks. Meanwhile, our allocation to basic materials, particularly gold-related exposure, could benefit from safe-haven demand and elevated commodity prices. We will closely monitor developments and remain tactically flexible should conditions deteriorate further.

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Our take:

Fixed Income: Indonesia bonds continued to trade weaker following the continuation of middle east conflict and higher UST yield. INDOGB opened weaker, with USDIDR gapping higher. 10yr benchmark series (FR108) was traded at 6.53-6.57%, up from last Friday closing position of 6.40%, while the 5yr benchmark (FR109) opened at 5.86-5.99%, up from last Friday closing position of 5.75%. Yesterday's INDOGB auction recorded an incoming bid of IDR 50.9tn is the smallest auction participation since 7 Jan 2025 and 5y and 10y attract the most interest, with yield higher by 2-5bps for those series. Meanwhile, Bank Indonesia has reiterated its commitment to stabilize IDR through intervention in offshore and onshore markets

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