

Uncertainty persists

JCI declined by 2% in the afternoon session today, as several factors came into play. In the geopolitical front, American and Iranian forces traded fire in the Strait of Hormuz last night although President Trump says ceasefire is still in effect. On the domestic front, market decline was led by several stocks related with MSCI flows as well as commodity stocks after Ministry of Energy and Mineral Resources (MEMR) announced higher royalty rates across gold, copper, tin and nickel. At current commodity prices, gold and copper miners saw 3ppt increase in royalty, 1ppt for nickel ore, 2ppt for silver, and 7.5ppt for tin sector.

Asian markets are down at the time of writing with Nikkei -0.19% and Hang Seng down by -0.81% DoD. Oil closed higher overnight with Brent trading at USD100.5/bbl and USDIDR slightly edged up to Rp17,373/USD.

JCI's mover as of 15.15 pm today (points):

Leaders	Index Points	Laggards	Index Points
MORA	+18.9	DSSA	-17.3
DCII	+3.4	BREN	-12.6
TLKM	+3.1	MDKA	-11.3
BBCA	+2.4	BRMS	-8.3
MAPI	+2.2	AMMN	-7.0

Source: Bloomberg

Our take:

The knee-jerk market reaction today has mostly priced in the new government policy on commodity sector which was introduced to mitigate fiscal risks. Global markets are waiting for certainty on negotiation between US and Iran, as well as results of the meeting from President Trump's scheduled visit to meet Presiden Xi in China next week. For Indonesia, the market waits for certainty from MSCI announcement this month, as new free float data anticipates outflow from Indonesian market.

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