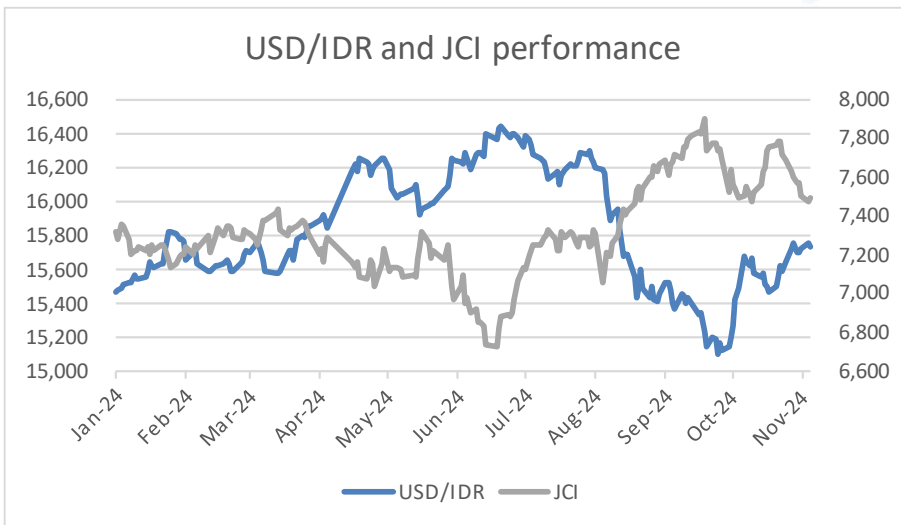


## Trump's victory brings volatility to the table

Jakarta Composite Index (JCI) touched -1.5% today due to rising selling pressure across big caps and companies with high proportion of its costs linked to USD, as US election votes results pointed to Trump as the next US president. While Trump's victory seems to be in-line with market expectation, the chance of Red Sweep (both Senate and House of Representatives controlled by Republican) is getting higher as Republican has secured both the Presidency and Senate seats. In the event of Red Sweep, we believe Trump's policies will likely to be executed smoothly including higher government spending, higher tariffs, lower corporate tax, restrictive immigration policies, etc. that could potentially leads to higher inflationary pressures. This could put USD in a strong position and the inflationary pressure could put the monetary policy at higher for longer stance again. As a result, there could be short term headwinds for emerging markets like Indonesia.



Source: Bloomberg. As of 5 Nov 2024.

**Equity comments:** We have reduced our equity exposure heading to the US election as we had expected higher volatility given the polling showed high chance of Trump victory that could bring near term headwind for JCI. However, we still await further clarity on Trump's new policies to calculate the degree of impact to Indonesia's economy. On the other hand, the long-awaited details on China stimulus is soon to be announced in the upcoming meetings, and it is estimated that Trump's victory could potentially leads to higher stimulus amount.

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