

Road to Medan Merdeka

What's new?

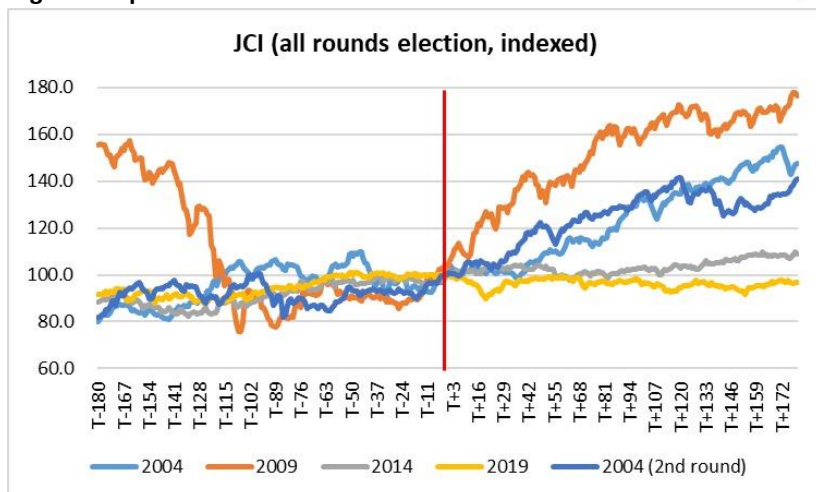
Finally, three President/Vice President candidates are officially submitted by their coalitions, i.e. (in alphabetical order) Anies Baswedan – Muhaimin Iskandar, Ganjar Pranowo – Mahfud MD and Prabowo Subianto – Gibran Rakabuming Raka (schedule to register on 25 Oct 2023). So far, the surveys show that there is no candidate that have majority (>50%) vote, hence it's most likely there will be second round (26 June 2024). We acknowledge there is possibility that the electability trend may change due to recent political dynamic. Hence, it will be interesting to see the narratives among the candidates in the next few months.

Our view

In big picture, we don't see significant differences among the candidates with regards to economic policy at least for now, i.e. low inflation/prices, high economy growth, job creation, social welfare, etc. We will find out more details their plans to achieve their goal. Meanwhile, direct investments are still in 'wait and see' mode until the new President and the minister positions are elected. Hence, the economy will be put on 'autopilot' mode in the meantime.

Historically, election is not a major negative catalyst to the financial market (see below). The stock market was under pressure few months before 2009 and 2014 elections, but it was mainly driven by external factors (GFC and Fed tapering). For bond investors, Minister of Finance (MoF) position will be closely watched. Meanwhile, Minister of State-Owned Enterprises (SOE) is the most important minister for equity investors (SOE weight represent ~29% of JCI).

Figure: JCI performances 6-months before and after election



Source: BPAM, Bloomberg

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