

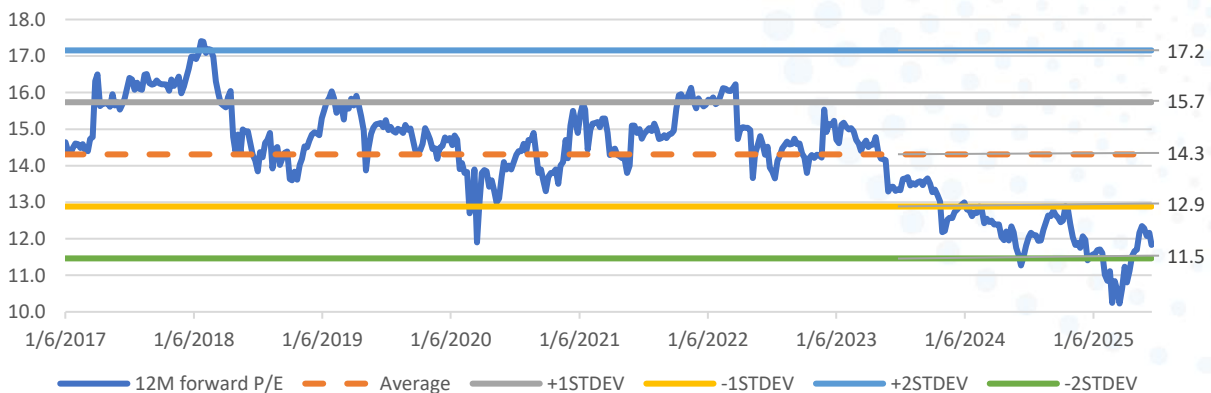
Uncertainty from the 2 wars

JCI was down by -2% today largely driven by the decline in large cap stocks. We believe the selling pressure arises from the uncertainty in both trade and missile wars. The Fed kept the Fed Fund Rate unchanged while maintaining the median dot plot for 2025 that still implies 50bps rate cuts. Chair Powell reemphasized their wait-and-see policy stance with the focus still on the labor market and inflation data before making decisions regarding policy rates. Although the neutral rate is below the current rate, concerns over the tariff induced inflation are keeping them higher. On the other hand, missile attacks between Iran and Israel are raising the geopolitical risks in the Middle East and keeping the oil price high. While no serious oil production disruptions are happening in both Israel and Iran yet, a full blown war in the region or the closure of Strait of Hormuz could push the oil price significantly higher. Higher oil price could lead to higher current account deficit (net importer of oil) and higher inflation for Indonesia. This could put Bank Indonesia on hold to further loosen the monetary policy. Rupiah weakened by 0.6% to USD/IDR 16,395, one of the worst performing currencies in the region. JCI was down by 139 points and the top 10 names contributed 86 points, representing ~62% of JCI's decline.

JCI's top negative mover on 19 June 2025 (points):

Laggards			
BBRI	-22	BREN	-7
TPIA	-12	BBNI	-6
BMRI	-9	ANTM	-5
TLKM	-9	GOTO	-4
BBCA	-9	BRPT	-3

Source: Bloomberg



Source: Bloomberg, BPAM

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