

When it rains, it pours

JCI touched -2% this morning, due to several noises in the market as well as concerns on domestic growth story. Top laggard this morning was Bank Rakyat Indonesia (BBRI IJ) which reported Jan'25 results yesterday. The weak result surprised the market as their net profit declined by -58% YoY from lower interest income and frontloaded provision charges. USDIDR also weakened for the fourth day in a row today, depreciating by 126 points this morning, further fueling foreign investors' concern. Other than that, there were also several domestic headline news that adds the concern to the market and may become an overhang.

In the US market, initial jobless claims was reported above expectation at 242k (vs. consensus at 222k, previous week 220k) yesterday, bringing down S&P500 Index by -1,6% on Thursday. DXY inched higher for the third day in a row to 107,4.

JCI's mover 1ST session today (points):

Leaders		Laggards	
MSIN	+1.9	BBRI	-40.2
BYAN	+0.9	BBNI	-11.8
TAPG	+0.3	TLKM	-11.6
SRAJ	+0.2	BMRI	-9.9
MIKA	+0.2	AMMN	-8.9

Source: Bloomberg

Our take:

We believe the correction in JCI today is driven by the lack of catalyst and noises/uncertainty in the domestic market coupled by weak US labor data and depreciating Rupiah. We think there is still lack of clarity on Danantara and its future plan/impact to Indonesia's short/medium/long term economic growth. Meanwhile, real implementation/impact may need some time to execute the investment opportunity and ensure good governance/transparency.

Indonesia's macro data are relatively stable (fiscal/budget, current account, inflation, etc) compares to regional. Despite soft economic growth trajectory currently, we may see gradual improvement in the 2H25, driven by domestic consumption. We will use this opportunity to add position in companies with good fundamental/business model, resilient financial performance and attractive valuation.

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