Strategy Report

April 2, 2026

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PT Ajaib Sekuritas Asia

Jakarta Composite Index

Cautious Markets, Tactical Plays

- Global volatility stays high as Federal Reserve uncertainty and geopolitical risks (oil >USD118/bbl) sustain inflation pressure and safe-haven flows.
- Indonesia's trade surplus narrows to USD1.27bn as weak exports (+1.01% YoY) lag strong imports (+10.85% YoY), highlighting energy import dependence.
- Inflation eased to 3.48% YoY but likely temporary; Bank Indonesia remains cautious amid upside risks from energy and gold.
- Downside risks persist (yields 6.7–7.0%, outflows pressuring IHSG); favor commodities/defensives—MDKA, JPFA, MEDC, BRMS, INCO.

Global Volatility Amid Fed Uncertainty and Geopolitical Risks

Global market volatility remains elevated as uncertainty over the policy path of the Federal Reserve persists amid rising stagflation risks in the U.S. While the Fed kept rates unchanged at 3.50–3.75% during the FOMC March 2026 and still signals one potential rate cut in 2026, recent data paints a more fragile picture—core PCE inflation rose to 3.1% YoY, while 4Q25 GDP was sharply revised down to 0.7% QoQ. At the same time, escalating geopolitical tensions involving Iran continue to disrupt global energy markets, particularly via the Strait of Hormuz, which carries around 20% of global oil supply. Brent crude has surged above USD118/bbl and US gasoline prices have exceeded USD4/gallon, reinforcing inflationary pressures. Although Donald Trump has hinted at a possible de-escalation within weeks, ongoing military activity and tanker disruptions continue to drive safe-haven flows into the USD and US Treasuries.

Trade Balance Under Pressure from Weak Exports and Strong Imports

Indonesia's external balance is increasingly reflecting these global pressures. The Feb-26 trade surplus came in at USD1.27bn (below USD1.58bn consensus), narrowing significantly on a YoY basis (vs. USD3.09bn in Feb-25). Export growth slowed to +1.01% YoY (prev: +3.39%), mainly due to weaker mining commodity prices, particularly coal, while imports remained relatively strong at +10.85% YoY (prev: +18.21%). Consumer goods imports continued to accelerate, indicating gradual recovery in domestic demand, while raw materials and capital goods imports moderated amid fewer working days and a more cautious industrial sector. Despite a contraction in oil & gas imports, Indonesia remains structurally exposed with ~60–62% of oil demand reliant on imports (consumption ~1.6mn bpd vs. production ~0.61mn bpd), leaving the trade balance vulnerable as import growth is likely to outpace exports going forward.

Temporary Disinflation with Persistent Underlying Risks

Inflation dynamics show temporary relief but underlying risks remain. Headline CPI eased to 3.48% YoY in Mar-26 (from 4.76%), below expectations, with core inflation also moderating to 2.52% YoY. This decline was largely driven by a sharp correction in global gold prices (down >14% MoM), which led to deflation in domestic jewelry prices, alongside temporary factors such as transportation fare discounts during the Eid holiday period. Food and tobacco inflation also softened despite the seasonal Ramadan demand, pointing to still-moderate consumption recovery. However, inflation is expected to normalize within Bank Indonesia's target range (2.5%±1%), with upside risks from higher global energy prices and potential gold price rebound. Consequently, Bank Indonesia has maintained its policy rate at 4.75%, prioritizing currency stability amid rupiah volatility and external pressures.

Rising Fiscal Constraints and Market Vulnerability

From a broader macro-financial perspective, risks are skewed to the downside. While Indonesia's debt-to-GDP ratio remains manageable at ~40% and fiscal deficit is near ~2.8% of GDP, structural constraints persist—particularly a high debt service ratio (~19%), low tax ratio (~10–11%), and rising interest burden (~Rp599tn in 2026 budget). As of Feb-26, fiscal deficit reached Rp135.7tn (~0.53% of GDP) with government spending surging +41.9% YoY, indicating front-loaded fiscal expansion that may increase financing needs. In a risk-off environment, 10Y government bond yields are expected to rise toward 6.7–7.0%, pressuring valuations and triggering capital outflows. This has already been reflected in the sharp -14.4% MoM correction in the IHSG during Mar-26, although a short-term rebound (+1.45%) emerged in early April on improving global sentiment. Nonetheless, volatility is expected to persist, with preference for defensive and commodity-linked sectors (gold, energy, poultry), while conglomerates with low free float and property stocks remain vulnerable to higher rates and weakening purchasing power.

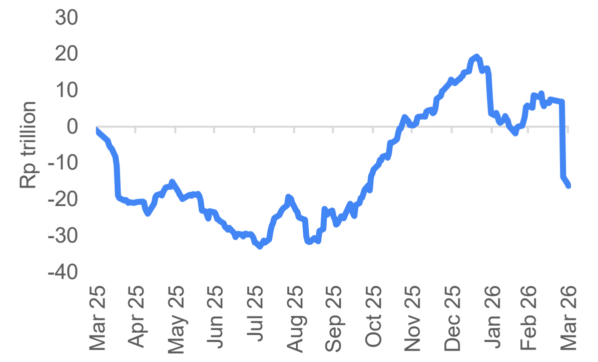
Outperforming in Volatility

Our March portfolio outperformed the JCI, posting a -10.3% MoM return versus the JCI's –15.2% MoM, despite experiencing a significant drawdown amid heightened global risk-off sentiment, escalating geopolitical tensions, and broad-based sell-offs across emerging markets. Looking ahead, we continue to favor selective exposure to commodity-linked names, supported by resilient pricing and supply-side constraints in the near term; accordingly, for March we recommend **MDKA, JPFA, MEDC, BRMS, and INCO.**

Monthly Picks Valuations 2026F

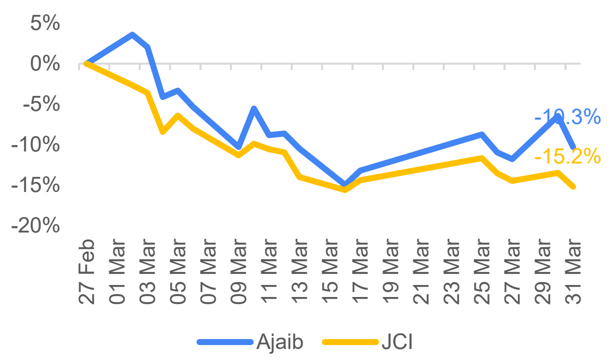
Stock Picks	Market Cap (Rp tn)	Weight (%)	Cons TP (Rp)	PE (x)	EPS Gth (%)
MDKA	77	24.0%	3,700	22.2	N.A
JPFA	28	8.9%	3,000	9.0	-2.1%
MEDC	46	14.3%	2,100	7.8	150.5
BRMS	104	32.3%	1,200	79.5	159.9
INCO	56	17.6%	8,000	19.2	253.4

1-Year JCI Accumulated Foreign Flow



Source: Bloomberg, Ajaib Research

1M Stock Pick Performance vs JCI



Source: Bloomberg, Ajaib Research

Global Index & Currency

	Price	%MoM	%YTD
JCI	7,048	-14.4	-18.5
Hang Seng	24,788	-6.9	-3.3
Nikkei	51,064	-13.2	1.4
Shanghai	3,892	-6.5	-1.9
STI	4,885	-2.2	5.2
Dow Jones	46,342	-5.4	-3.7
FTSE	10,176	-6.7	2.5
Rupiah	17,041	1.7	2.0

Source: Bloomberg, Ajaib Research

JCI Sectoral Performance

	Price	%MoM	%YTD
IDXNCYC	729.7	-6.8	-8.8
IDXCYC	981.9	-19.8	-19.9
IDXINFRA	1,919.1	-15.0	-28.2
IDXPROP	920.0	-14.6	-21.6
IDXBASIC	1,974.8	-19.9	-4.1
IDXINDUS	1,798.0	-14.8	-16.6
IDXENER	3,697.2	-11.6	-17.0
IDXTECH	7,577.2	-11.5	-20.5
IDXTRANS	1,846.8	-13.2	-6.1
IDXHLTH	1,809.5	-7.0	-12.3
IDXFIN	1,361.5	-8.0	-12.2

Source: Bloomberg, Ajaib Research

Commodity Performance

	Price	%MoM	%YTD
Coal	142.5	20.2	32.5
CPO (MYR/Ton)	4,729.0	16.9	16.8
Natural Gas	2.9	-0.7	-22.4
Gold	4,547.2	-14.7	5.3
Nickel	16,916.1	-4.0	1.0
Oil (Brent)	118.4	53.5	94.5

Source: Bloomberg, Ajaib Research

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Rating for Sectors:
Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Rating for Stocks:
Buy : The stock is expected to give total return (price appreciation + dividend yield) of > +10% over the next 12 months.
Hold : The stock is expected to give total return of > 0% to ≤ +10% over the next 12 months.
Sell : The stock is expected to give total return of < 0% over the next 12 months.
Outperform : The stock is expected to do slightly better than the market return. Equal to “moderate buy”
Underperform : The stock is expected to do slightly worse than the market return. Equal to “moderate sell”

Analyst Certification:
The lead analyst(s) who prepared this equity research report confirm that the opinions stated herein genuinely represent their personal perspectives regarding all the securities or issuers discussed. Additionally, the analyst(s) assert that their remuneration was not, is not, and will not be tied, either directly or indirectly, to any specific recommendations or viewpoints presented in this report.

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