

Jakarta Composite Index

Macro Volatility in Focus

- Escalating geopolitical tensions have lifted energy supply risks, with ~31% of global seaborne oil flows exposed via the Strait of Hormuz, reinforcing volatility and supporting higher oil price.
- Global conditions remain fragile as U.S. 10Y yields ease to ~3.95% (-5.3% YTD) and a 15% uniform tariff regime sustains pressure on trade-sensitive and growth sectors.
- JCI remains volatile despite February foreign inflows of ~Rp2.03tn, with YTD net outflows at -Rp6.87tn, though BI's 4.75% policy rate and a stable rupiah provide downside support.
- Our February portfolio outperformed the JCI (+5.0% MoM vs JCI's -0.9% MoM). For March we recommend MEDC, BRMS, NCKL, AADI, and PGAS.

Middle East Escalation Raises Energy Supply Risks

Global markets are entering a materially higher-risk regime following the sharp escalation of military conflict between United States and Iran, marked by coordinated strikes involving Israel and confirmed US participation. The reported deaths of Ayatollah Ali Khamenei and former president Mahmoud Ahmadinejad represent a major regime-shock event, significantly raising the probability of prolonged instability in the Middle East. Markets are increasingly pricing in the tail risk of a partial or full closure of the Strait of Hormuz, through which ~13 million barrels of oil per day (~31% of global seaborne oil trade) transit. In a worst-case scenario, oil prices could move decisively above USD100/bbl, reigniting global inflation concerns and forcing a repricing of risk assets worldwide.

Fragile Disinflation Meets Tariffs & Energy Risk

The surge in geopolitical risk comes at a time when global monetary conditions remain fragile. U.S. bond yields have moderated to around 3.95% (-5.3% YTD), reflecting expectations of slower growth and a potential single rate cut by the Federal Reserve this year; however, a prolonged energy shock would complicate the global disinflation narrative. Meanwhile, trade policy uncertainty remains elevated, as the US enforces a 15% global tariff baseline following the repeal of reciprocal tariffs by the Supreme Court under the Trump administration. This combination of structurally higher trade costs and renewed energy-driven inflation risks is likely to reinforce a barbell market dynamic—favoring commodities, defense, and value sectors, while continuing to pressure growth, technology, and trade-sensitive industries.

JCI Caught Between Global Volatility and Policy Support

Jakarta Composite Index (JCI) has remained volatile, driven by sensitivity to foreign flows, fiscal concerns from widening early-year deficits, and currency movements. In February 2026, foreign investors posted net inflows of around Rp2.03 trillion, reducing year-to-date net outflows to -Rp6.87 trillion. JCI has also moved counter to recent strength in U.S. equities and is expected to maintain elevated volatility around the MSCI rebalancing, with index changes effective after the close on 27 February 2026. Downside pressure has been partly cushioned by valuation normalization and Bank Indonesia's steady policy stance, with the benchmark rate held at 4.75% and the rupiah relatively stable at around Rp16,760 per USD (-0.1% MoM). While the reduction of U.S. tariffs on Indonesian exports to 15% and the Agreement on Reciprocal Trade (ART), which grants zero tariffs on more than 1,800 product lines after ratification, provide a medium-term tailwind for export-oriented sectors, the shift to a uniform global tariff regime reduces Indonesia's previous relative advantage, limiting the overall competitiveness boost.

Sector Rotation in Play

In February, IDXINFRA fell -7.7% MoM, mainly due to domestic fiscal concerns amid a widening early-year budget deficit that weighed on rate-sensitive sectors. In contrast, IDXBASIC rose +10.4% MoM, supported by higher prices of key commodities such as gold, copper, and nickel. Energy and metals remain the primary beneficiaries of elevated commodity prices, particularly coal, oil & gas, and gold, while selected industrial and infrastructure names may benefit from fiscal acceleration and export expansion under the ART framework. Conversely, transportation, consumer cyclicals, and rate-sensitive sectors remain vulnerable to higher energy costs and demand uncertainty. Overall, we favor a selective, fundamentals-driven approach focused on companies with strong balance sheets and pricing power to navigate volatility while capturing medium-term upside.

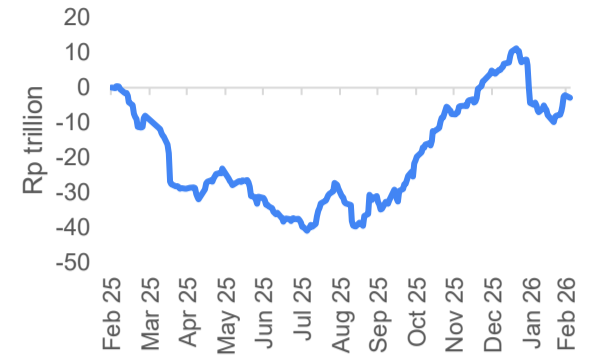
Positioning for the Next Commodity Leg Up

Despite a challenging environment marked by MSCI's freeze on Indonesia's index review and escalating geopolitical tensions, our February portfolio significantly outperformed the JCI, posting a +5.0% MoM return versus the JCI's -0.9% MoM. Looking ahead, we expect continued strength in selected commodity-related stocks amid supportive pricing dynamics; accordingly, for March we recommend MEDC, BRMS, NCKL, AADI, and PGAS.

Monthly Picks Valuations 2026F

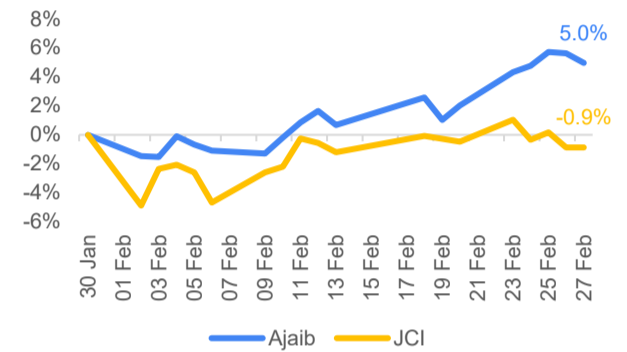
Stock Picks	Market Cap (Rp tn)	Weight (%)	Cons TP (Rp)	PE (x)	EPS Gth (%)
MEDC	43	10.6	2,000	7.8	130.6
BRMS	138	33.7	1,205	80.3	156.6
NCKL	97	23.8	1,600	8.7	35.6
AADI	72	17.7	11,600	6.0	-0.6
PGAS	58	14.2	2,100	10.0	3.5

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	8,236	-1.1	-4.8
Hang Seng	26,631	-2.8	3.9
Nikkei	58,850	10.4	16.9
Shanghai	4,163	1.1	4.9
STI	4,995	1.8	7.5
Dow Jones	48,978	0.2	1.7
FTSE	10,911	6.7	9.9
Rupiah	16,760	-0.1	0.3

Source: Bloomberg, Ajaib Research

JCI Sectoral Performance

	Price	%MoM	%YTD
IDXNCYC	782.9	-3.0	-2.1
IDXCYC	1,224.8	-1.5	-0.1
IDXINFRA	2,256.7	-7.1	-15.5
IDXPROP	1,077.8	-4.4	-8.1
IDXBASIC	2,465.3	10.4	19.8
IDXINDUS	2,110.7	9.2	-2.1
IDXENER	4,180.4	1.5	-6.1
IDXTECH	8,565.0	-3.9	-10.1
IDXTRANS	2,128.0	5.5	8.2
IDXHLTH	1,946.4	-1.4	-5.7
IDXFIN	1,480.6	-0.2	-4.5

Source: Bloomberg, Ajaib Research

Commodity Performance

	Price	%MoM	%YTD
Coal	118.5	6.0	10.2
CPO (MYR/Ton)	4,046.0	-4.3	-0.1
Natural Gas	2.9	-20.8	-21.9
Gold	5,332.6	13.1	23.5
Nickel	17,618.0	0.4	5.2
Oil (Brent)	77.1	14.5	26.7

Source: Bloomberg, Ajaib Research

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:

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