

## Paid to Be Right

- Global growth in 2026 remains resilient but uneven, with easing inflation, gradual monetary cuts, and AI-led capex sustaining earnings despite higher-for-longer real rates.
- Indonesia's economy stays stable at ~5% growth, anchored by domestic consumption and supportive policy, though efficiency constraints and softer purchasing power cap upside.
- External balances remain manageable and inflation within BI's target, allowing further rate cuts toward ~4.5% in early 2026 to support growth and risk assets.
- The JCI trades at ~-1 std dev to its 5-year average P/E, with valuation implying attractive base-to-bull upside (9,700–10,100) versus limited downside.
- 2026 equity opportunities favor selective structural growers—BBRI, BRMS, TAPG, ANTM, MDKA, and JPFA—offering visible earnings growth, margin resilience, and strong execution.

### Global Macro: Supportive but Uneven Expansion

The global economy enters 2026 with resilient but uneven growth, with consensus forecasts pointing to ~3.0–3.3% global GDP, led by emerging markets outpacing developed peers by 1.5–2.0ppt. The U.S. is expected to grow ~1.8–2.0%, the euro area ~1.2–1.5%, and China ~4–4.5%. Headline inflation has decelerated toward central bank targets, though core inflation remains sticky due to services and capital-intensive investment. Growth is slower than pre-COVID norms but materially more stable than feared, providing a constructive backdrop for risk assets.

### Key Global Risks and Structural Growth Drivers

Monetary policy is expected to pivot gradually toward easing, with markets pricing 50–100bps of cumulative cuts across major central banks as inflation normalizes. Fiscal activism—through infrastructure, defense, and energy transition programs—continues to support demand and earnings resilience. AI capex (~USD 300–400bn annually) remains a structural growth driver, bolstering productivity over the medium term even as it lifts near-term inflation through energy and skilled labor demand. Meanwhile, rising Japanese bond yields (~2.07% for 10Y JGB) have global implications, potentially curtailing capital recycling into U.S. Treasuries and lifting global term premiums in 2026.

### Indonesia Macro: Resilient Domestic Demand with Structural Constraints

Indonesia's GDP is estimated to grow ~4.9% in 2025 and ~5.0% in 2026, anchored by strong domestic demand and supportive policy. Household consumption remains the largest contributor, though indicators like the Consumer Confidence Index signal potential near-term softening of purchasing power. Investment activity, particularly in construction and machinery, is a key growth engine, although U.S. tariff uncertainty, geopolitical tension, and Rupiah volatility pose headwinds. Indonesia also faces efficiency and competitiveness constraints, with its ICOR elevated relative to peers and competitiveness rankings slipping, underscoring the need for structural reform.

### Trade, External Balances, Inflation, and Monetary Policy

Indonesia continues to record a trade surplus driven by commodities, but net exports may moderate as imports of capital goods and intermediate inputs rise with recovering domestic demand. Inflation remains within Bank Indonesia's 1.5–3.5% target, with headline inflation projected at ~2.6% ±1% in 2026, allowing further monetary easing. Following 125bps of cuts since Sep-24, BI Rate is expected to reach ~4.5% by early 2026, conditioned on external balance and FX stability. Despite portfolio outflows earlier in 2025, foreign demand stabilized in 2H25, and domestic investor dominance has helped cushion market volatility.

### 2026 Equity Outlook: Valuation and Top Picks

Indonesia equities are positioned for **selective upside**, with the Jakarta Composite Index currently trading around **-1 standard deviation to its five-year average P/E**, suggesting an attractive valuation entry point. Using a blended valuation (DDM, historical P/E, and relative metrics), a base-case target of **~9,696** for the JCI is derived, with a bull scenario up to **~10,146** and a bear outcome near **~8,381**, implying positive risk-reward toward base-to-bull outcomes if monetary easing and earnings delivery materialize. We highlight **BBRI, BRMS, TAPG, ANTM, MDKA, and JPFA** as our 2026 Top Picks: BBRI for its micro and ultra-micro franchise with robust funding and digital scalability; BRMS, ANTM, and MDKA for leveraged exposure to structural gold and downstream optionality; TAPG for prime-age plantation growth and cost resilience; and JPFA for downstream expansion and strong feed margins. These names combine structural growth, margin expansion, and balance sheet strength, positioning them to outperform in the year ahead.

### Global Index & Currency

	Price	%MoM	%YoY
JCI	8,647	1.2	22.1
Hang Seng	25,631	-1.6	27.8
Nikkei	50,339	2.1	26.2
Shanghai	3,969	2.1	18.4
STI	4,646	2.7	22.7
Dow Jones	48,144	1.4	0.2
FTSE	9,931	2.4	21.5
Rupiah	16,670	0.0	3.3

Source: Bloomberg, Ajaib Research

### JCI Sectoral Performance

	Price	%MoM	%YoY
IDXNCYC	799.8	-0.3	9.6
IDXCYC	1,226.4	18.2	46.9
IDXINFRA	2,671.1	16.0	80.6
IDXPROP	1,172.9	-4.3	55.0
IDXBASIC	2,058.1	3.8	64.4
IDXINDUS	2,155.1	17.1	108.1
IDXENER	4,453.4	8.3	65.6
IDXTECH	9,528.8	-5.9	138.3
IDXTRANS	1,966.1	5.2	51.2
IDXHLTH	2,064.3	5.5	41.7
IDXFIN	1,550.1	2.6	11.3

Source: Bloomberg, Ajaib Research

### Commodity Performance

	Price	%MoM	%YoY
Coal	107.5	-3.2	-14.2
CPO (MYR/Ton)	4,050.0	0.0	-16.7
Natural Gas	3.7	-23.5	2.2
Gold	4,319.0	1.9	64.6
Nickel	16,752.5	14.5	10.9
Oil (Brent)	60.9	-3.7	-18.5

Source: Bloomberg, Ajaib Research

\*all price per January 1, 2026

### Analyst

Ajaib Research Team

**GLOBAL MACRO**

**Resilient Growth, Moderating Inflation**

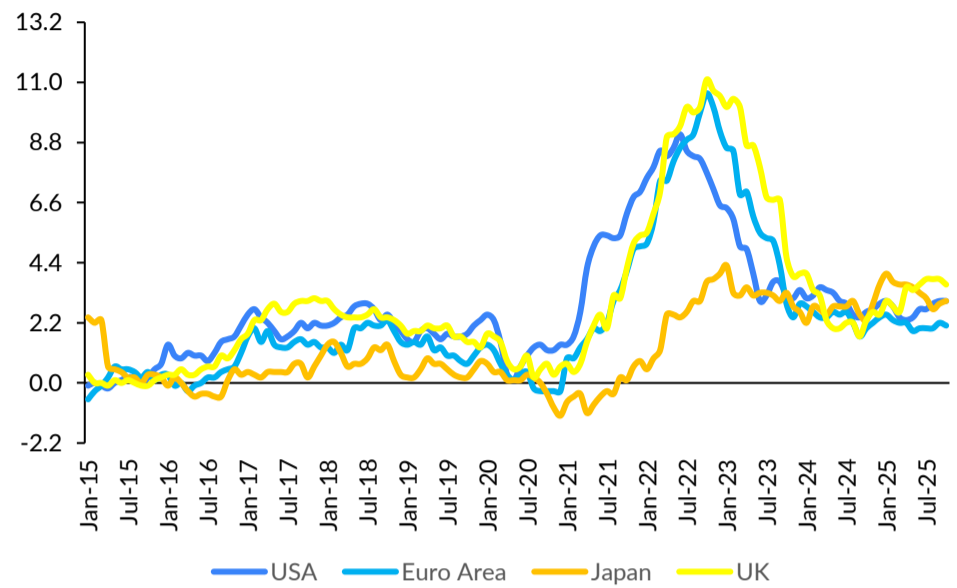
The global economy enters 2026 with a supportive but uneven macro backdrop. Consensus forecasts from major multilaterals and investment banks point to global GDP growth in the ~3.0–3.3% range, with emerging markets outpacing developed economies by 1.5–2.0ppt. The US is expected to expand by ~1.8–2.0%, the euro area by ~1.2–1.5%, and China to stabilise around ~4–4.5% on targeted policy support. Inflation has clearly decelerated from its post-pandemic peak, with headline DM inflation trending toward 2–2.5%, though core inflation remains sticky due to services wages and capital-intensive AI investment. Growth is slower than pre-COVID norms but materially more stable than feared.

**Figure 1. Global GDP Growth**

Region	2019	2020	2021	2022	2023	2024	World Bank		IMF	
							2025	2026	2025	2026
World	2.8	-2.8	6.3	3.5	3.2	3.3	2.3	2.4	3.2	3.1
US	2.3	-2.8	5.9	2.2	2.5	2.8	1.4	1.6	2.0	2.1
Euro Area	1.6	-6.1	5.3	3.4	0.4	0.9	0.7	0.8	1.2	1.1
Japan	-0.4	-4.3	2.2	1.0	1.9	0.1	0.7	0.8	1.1	0.6
China	6.0	2.2	8.4	3.0	5.2	5.0	4.5	4.0	4.8	4.2
India	3.9	-5.8	9.1	7.0	7.8	6.5	6.3	6.5	6.6	6.2
ASEAN	4.3	-4.4	4.0	5.5	4.1	4.8	-	-	4.3	4.3
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	4.7	4.8	5.0	5.1

Source: World Bank, IMF, Ajaib Research

**Figure 2. Developed Country Inflation Rate**



Source: Bloomberg, Ajaib Research

**Monetary Easing and Fiscal Activism as Growth Anchors**

Monetary and fiscal policy are expected to remain broadly accommodative into 2026. Markets are pricing 50–100bps of cumulative rate cuts across major central banks as inflation normalises and growth moderates. In parallel, fiscal policy continues to support demand through industrial policy, defence spending, infrastructure, and energy transition programs. This policy mix underpins earnings resilience and sustains a constructive environment for risk assets, even as late-cycle dynamics call for greater selectivity. Elevated public debt levels, however, suggest real rates are likely to remain structurally higher than during the 2010s.

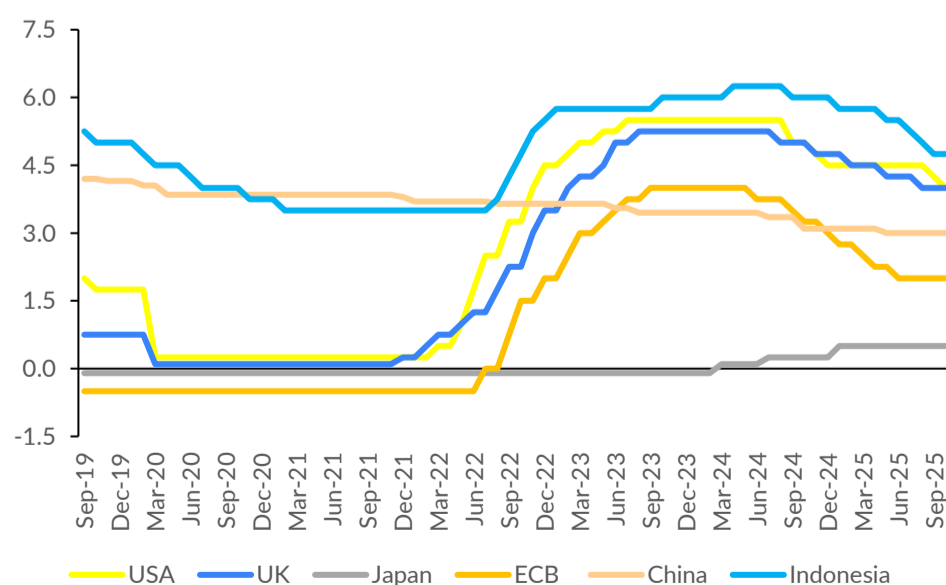
**AI as a Macro Force**

AI has become a material macro force, with global AI-related capex estimated at USD 300–400bn per year in 2025–2026, led by hyperscalers, chipmakers, and data-centre operators guiding USD 40–60bn of annual capex each. While medium-term estimates suggest AI could add 0.3–0.6ppt to trend productivity growth, its near-term impact is capital-intensive, lifting depreciation, skilled-labour demand, and energy consumption. Data-centre power needs are rising rapidly, contributing to an estimated USD 20+ trillion of global grid investment by 2050 and stronger demand for commodities such as copper and uranium. As a result, AI is likely to be disinflationary over the long run but inflation-relevant in the near term, extending the capex cycle while reinforcing earnings concentration and sectoral dispersion into 2026.

**Japan as a Global Rates Risk Amplifier**

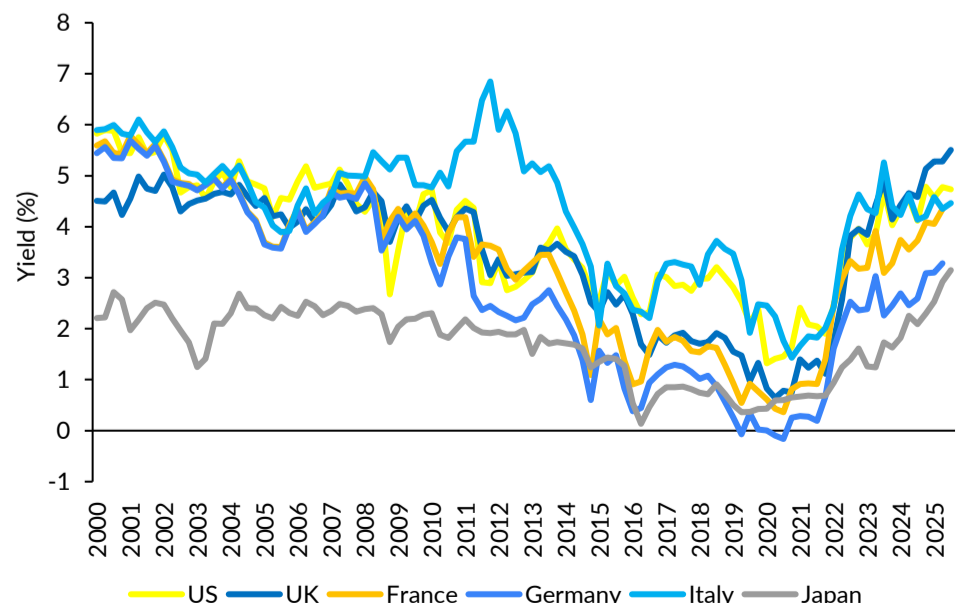
Japan’s bond market is emerging as a key global rates risk after the 10-year JGB yield rose to ~2.07%, marking a ~100bps increase in 2025, the steepest annual rise since 1994. The move reflects entrenched inflation, the BOJ’s tapering of bond purchases, and expanding fiscal stimulus under Prime Minister Sanae Takaichi. The BOJ has lifted its policy rate to 0.75% (from 0.5%), pushing the 2-year yield to ~1.17%, and has signalled that further hikes remain possible, particularly if yen weakness persists. This normalization has global implications: Japan remains the largest foreign holder of U.S. Treasuries (~USD 1.1–1.2 trillion), and higher domestic yields plus rising FX hedging costs reduce incentives to recycle capital into U.S. bonds. Even without outright selling, slower reinvestment or partial repatriation risks higher global term premiums, tightening financial conditions into 2026 amid elevated US issuance and persistent fiscal deficits.

**Figure 3. Global Interest Rate Trend**



Source: Bloomberg, Ajaib Research

**Figure 4. 30-Year Government Bond Yield**



Source: Bloomberg, Ajaib Research

**DOMESTIC MACRO**

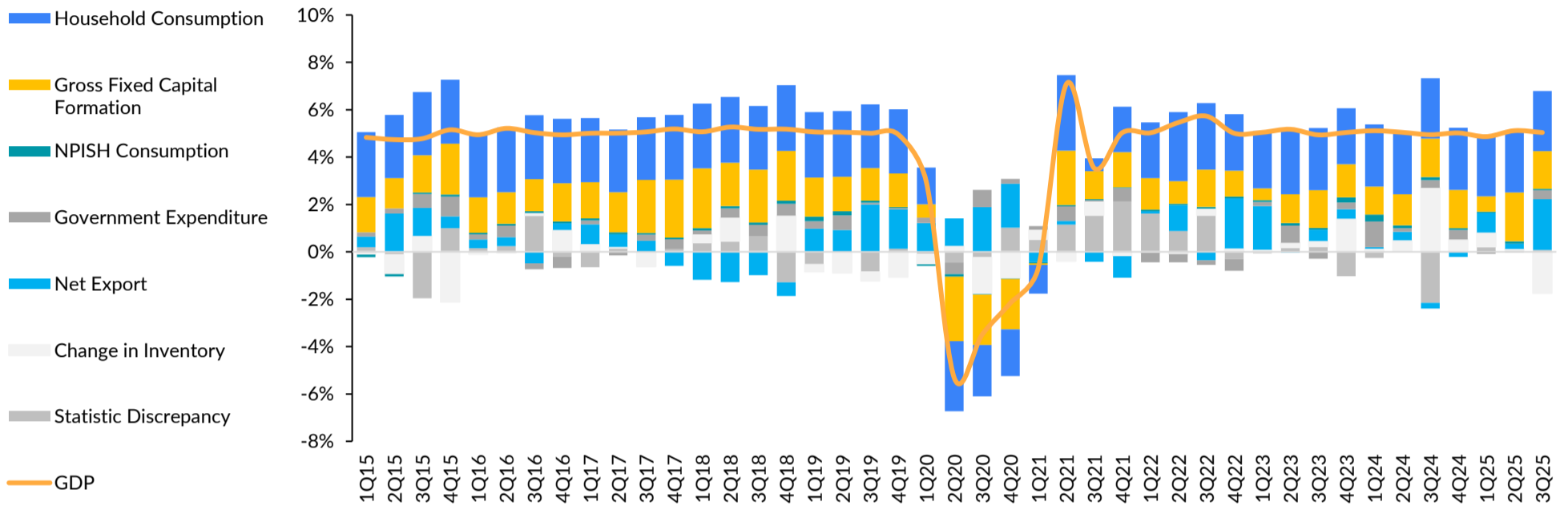
**Resilient Growth Amid Global Consolidation**

Throughout 2025, Indonesia’s GDP growth has remained resilient despite heightened global uncertainty, supported by a stable consolidation trend. Domestic demand continues to anchor economic activity, insulating growth from external shocks. We estimate GDP growth at +4.9% YoY in 2025, improving modestly to +5.0% YoY in 2026, underpinned by accommodative fiscal and monetary policies. Nonetheless, risks related to weakening domestic purchasing power and industrial performance remain key constraints to a stronger acceleration.

**Household Consumption: A Steady but Moderating Anchor**

Household consumption remains the primary driver of GDP, with food and beverage spending (excluding restaurants) consistently providing the largest contribution. Consumption growth has followed a seasonal pattern, peaking in 2Q25 due to extended public holidays and religious festivities. Looking ahead, early signs of softening purchasing power—reflected in easing Consumer Confidence Index (CCI) and Retail Sales Index (RSI) readings—may prompt further fiscal stimulus to sustain consumption momentum.

**Figure 5. Indonesia's Gross Domestic Product Growth by Expenditure**



Source: BPS, Ajaib Research

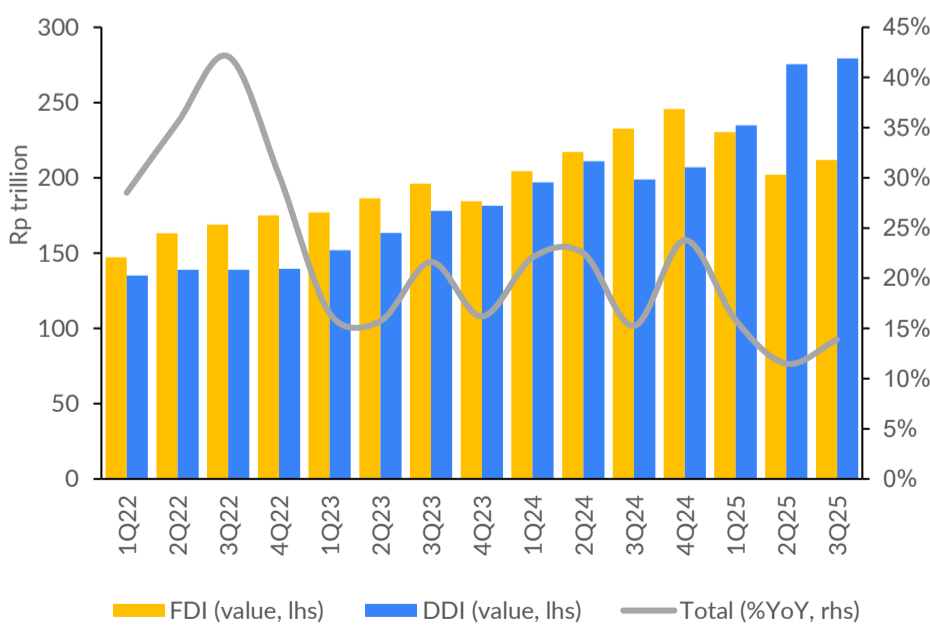
**Investment (GFCF): Growth Priority with Structural Headwinds**

Investment remains the second-largest contributor to GDP growth, driven mainly by construction and machinery spending. Capital-intensive sectors such as basic metals and mining continue to attract the bulk of FDI, while domestic investment is concentrated in transportation, warehousing, and telecommunications. However, investment growth has been volatile due to U.S. tariff uncertainty, rising geopolitical tensions, and Rupiah volatility. In 2026 and beyond, lower funding costs and a pro-investment policy stance should reinforce GFCF as a key growth engine, although declining FDI inflows and business environment challenges warrant caution.

**Manufacturing Activity: Early Signs of Recovery**

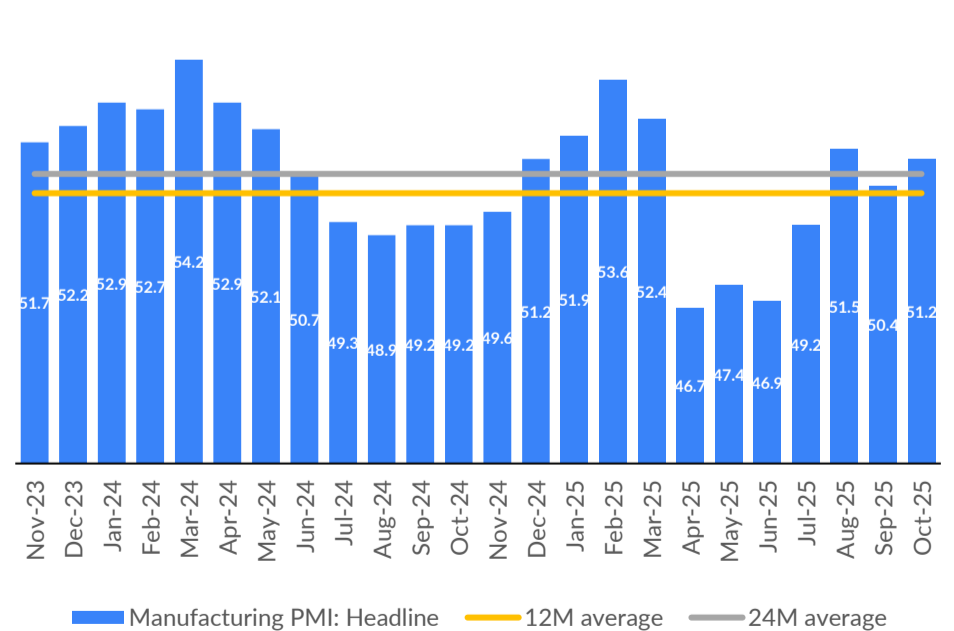
Indonesia’s Manufacturing PMI has returned to expansionary territory (>50), supported by improving new orders and stabilizing production as employment conditions gradually recover. That said, Bank Indonesia surveys suggest overall business activity remains subdued, reflecting slower bank credit growth, low core inflation, and underwhelming government spending realization. This indicates that the manufacturing recovery remains uneven and highly dependent on domestic demand normalization.

**Figure 6. Indonesia Development of Investment Realization**



Source: BI, Ajaib Research

**Figure 7. Indonesia PMI Manufacturing Trend**



Source: BPS, Ajaib Research

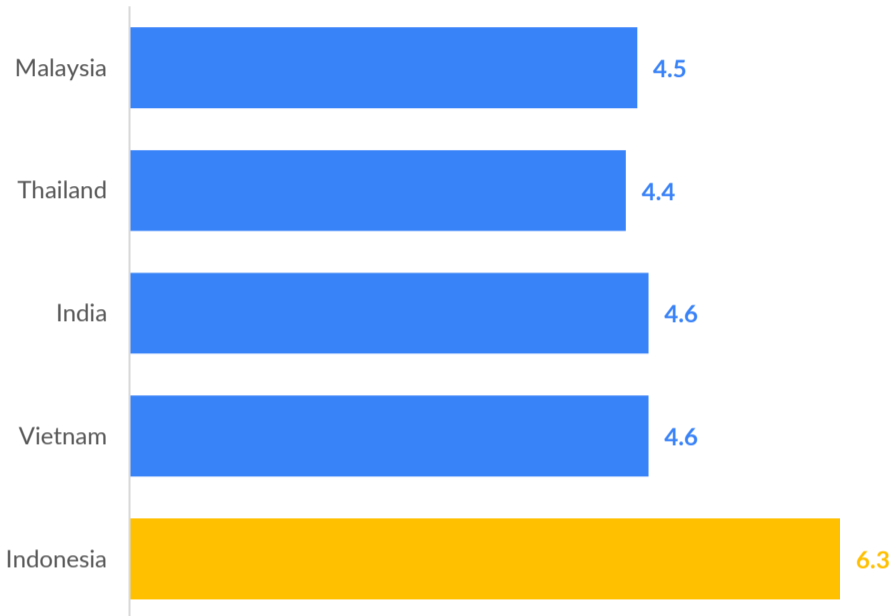
**Efficiency and Competitiveness Constraints**

Indonesia's ICOR remains elevated relative to peer economies, signaling persistent inefficiencies in converting investment into growth. This is reinforced by Indonesia's declining position in the IMD World Competitiveness Ranking, falling to 40th in 2025 from 27th in 2024, primarily due to weaker government and business efficiency. Structural reforms aimed at reducing bureaucratic frictions and improving the ease of doing business are critical to unlocking more productive investment-led growth.

**Trade Dynamics: Surplus Maintained, but Net Exports to Weaken**

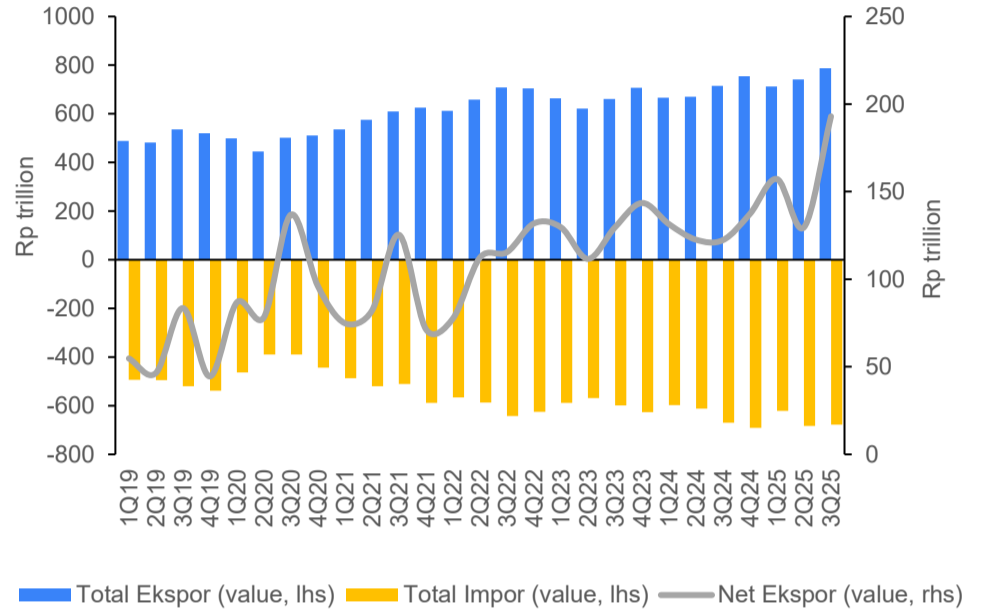
Indonesia continues to post a trade surplus, driven by commodity exports such as coal, CPO, and ferro-alloys. Export growth in 2025 benefited from front-loaded trade activity ahead of U.S. reciprocal tariffs effective August 2025. Going forward, net exports are expected to soften as import growth—particularly capital goods and intermediate inputs—outpaces exports amid recovering domestic demand and slowing economic momentum in China, Indonesia's largest trading partner.

Figure 8. Comparison of ICOR Indonesia with peers (2024)



Source: Various Sources, Ajaib Research

Figure 9. Indonesia Trade Balance Trend



Source: BPS, Ajaib Research

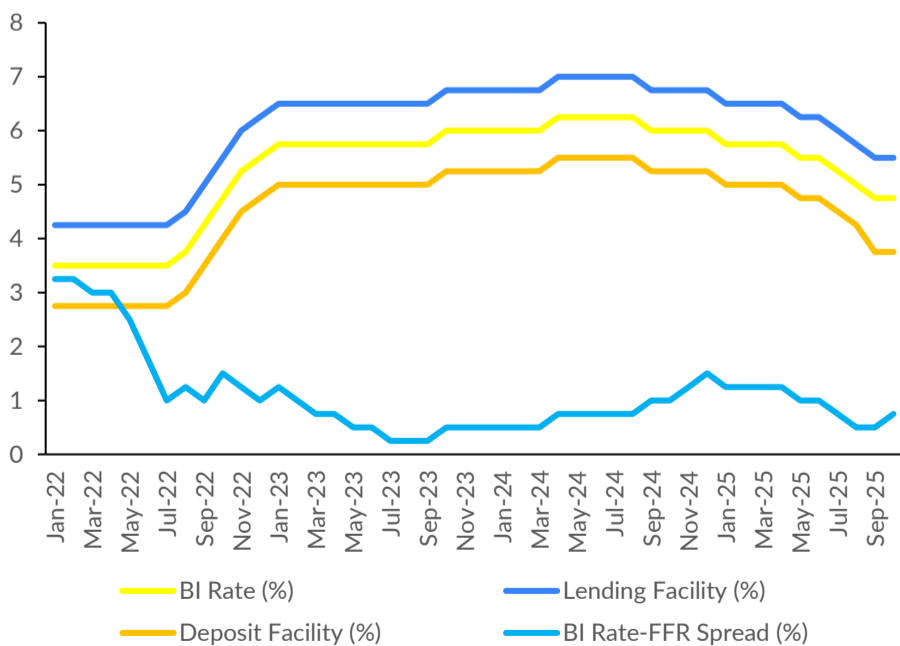
**External Balance, Inflation, and Monetary Easing**

External resilience remains broadly intact, although sustained portfolio outflows pose risks to the Rupiah and foreign exchange reserves. Inflation has trended higher since early 2025 but remains within Bank Indonesia's 1.5–3.5% target range, with core inflation subdued due to weak domestic demand. We project headline inflation at 2.6% ±1% YoY in 2026, allowing room for continued monetary easing. Following 125 bps of rate cuts since September 2024, we expect BI Rate to decline to 4.5% by early 2026, subject to external balance and FX stability.

**Expansionary Fiscal Policy and Danantara as an Investment Catalyst**

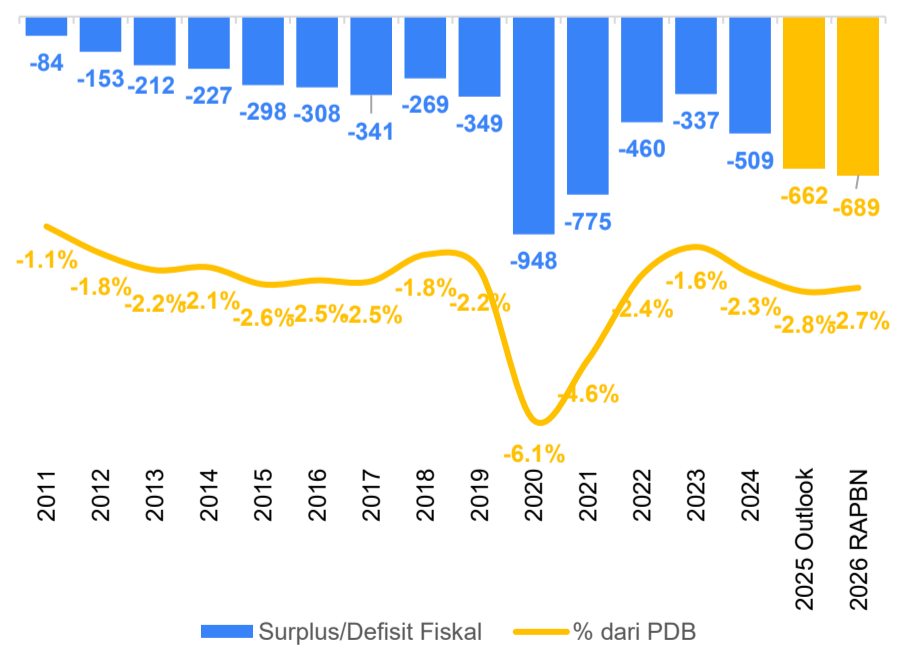
Indonesia's fiscal deficit widened to -2.02% of GDP by October 2025 and is projected at -2.65% in 2025, with the 2026 budget deficit set at -2.68% of GDP to support ambitious growth initiatives. While financing needs are rising, government debt remains manageable at approximately 40% of GDP, dominated by rupiah-denominated government bonds. The establishment of Danantara, capitalized through budget reallocations, SOE dividends, and a Rp300 trillion allocation, is intended to act as a catalytic investment vehicle to crowd in private capital and support the government's long-term ambition of achieving 8% GDP growth by 2029, with execution and governance remaining key determinants of success.

Figure 10. Indonesia Monetary Interest Rate Policy



Source: BI, Ajaib Research

Figure 11. Fiscal Deficit to GDP



Source: BPS, Ajaib Research

## 2026 EQUITY OUTLOOK

### Flows Stabilise, Selectivity Prevails

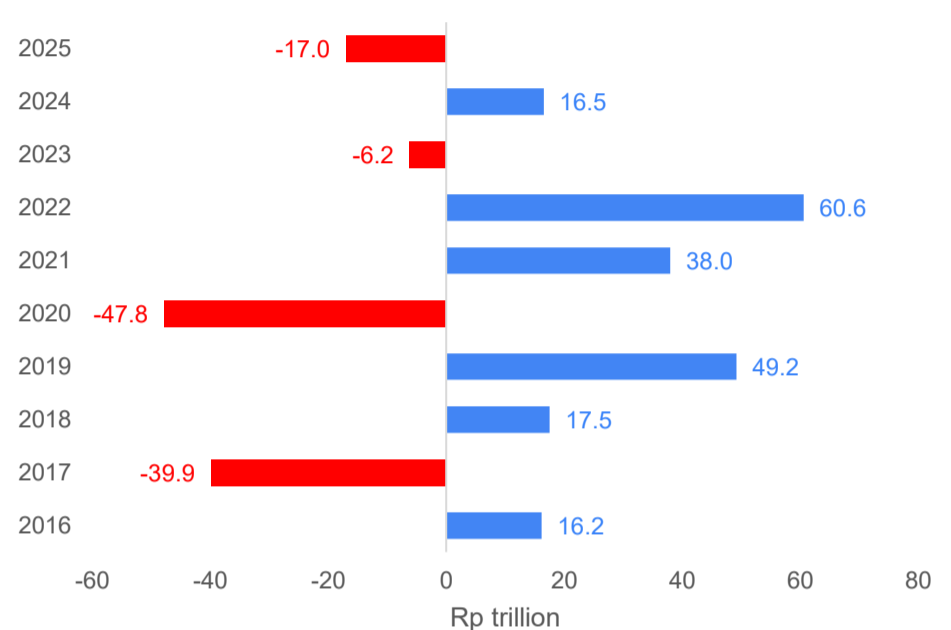
Historically, rupiah weakness and FX volatility have exerted a negative impact on the JCI, and near- to mid-term currency pressures are likely to persist amid global uncertainty, tariff-related concerns for emerging markets, softer commodity prices, and domestic factors including socio-political tensions and the wider 2026 fiscal deficit announced in Aug-25. These dynamics drove sustained foreign outflows in early 2025 across equities and SRBI; however, full-year 2025 net foreign equity outflows moderated sharply to ~Rp17tn from a peak of ~Rp63tn in Aug-25, with flows turning supportive in 2H25 as foreigners recorded ~Rp24tn of net inflows after a heavy ~Rp53tn outflow in 1H25. Meanwhile, demand for government bonds strengthened, reflected in higher bid-to-cover ratios, underscoring a safe-haven shift and rising dominance of domestic investors, which enhances market resilience but may constrain liquidity. Looking into early 2026, the outlook is supported by expectations of a more accommodative monetary stance, with potential BI Rate cuts of 25–50bps, GDP growth of 4.9–5.7%, and a structurally firmer rupiah over the long term as yields and inflation ease, leaving the equity market biased toward selective upside rather than a broad-based rally, despite the JCI's strong +22.1% YTD performance to ~8,647.

Figure 12. JCI 2025 Foreign Flow



Source: Bloomberg, Ajaib Research

Figure 13. JCI Foreign Flow Trend



Source: Bloomberg, Ajaib Research

### Global vs Emerging Market Valuation: Risk Concentration Shifts to Developed Markets

Global equities are trading above their five-year average P/E band, highlighting elevated valuation risk amid persistent macro uncertainty. While U.S. equities screen cheaper relative to their own historical averages, absolute valuations remain demanding, with select growth segments still commanding structural premiums near ~50x earnings. In contrast, emerging markets (EM) appear fundamentally better positioned, supported by more effective monetary policy transmission, lower sovereign debt levels, higher dividend yields, and more attractive valuations. The still-wide EM-DM valuation spread underscores relative value in EM, especially as developed markets continue to face recession risks and sticky inflation dynamics.

### Indonesia and Asia EM: Valuation Discount with Cyclical Earnings Upside

We see increasing attractiveness in Asian EM equities, including Indonesia, following easing U.S. tariff pressures and resilient earnings growth. While commodity prices face near-term headwinds from China's economic slowdown, tariff uncertainty, and higher royalties or adverse policy measures, earnings for Indonesia are expected to normalize positively, supported by monetary easing and selective commodity price stabilization. The IHSG is currently trading around -1 standard deviation to its five-year average P/E, indicating a compelling valuation entry point. Meanwhile, the Rupiah has strengthened against the U.S. dollar, reflecting DXY weakness driven by rising U.S. debt concerns, although it has underperformed some regional peers—suggesting room for relative FX catch-up that could further support foreign inflows into Indonesian equities.

Figure 14. Global Equity Index Comparison

INDEX	PE		PB		EPS Growth		ROE	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
GLOBAL	20,6	18,3	3,4	3,1	10,6	14,3	15,1	15,9
DEVELOPED	21,6	19,3	3,7	3,4	11,8	13,6	15,6	16,4
EMERGING	14,9	12,8	2,0	1,8	4,1	18,2	13,1	13,8
US	24,4	21,5	5,2	4,6	13,8	15,8	19,2	19,9
EUROPE	15,9	14,5	2,2	2,0	16,3	10,3	12,8	13,5
APAC	16,7	14,7	1,9	1,8	0,9	15,0	11,1	11,8
CHINA	13,5	11,9	1,5	1,4	3,2	14,7	10,9	11,2
JAPAN	17,8	16,6	1,7	1,6	1,4	8,0	9,3	9,8
HONGKONG	14,9	13,9	1,2	1,1	36,9	7,6	7,6	8,2
INDIA	23,3	21,5	3,6	3,2	-7,3	18,1	15,3	14,1
INDONESIA	14,8	13,0	2,2	2,0	2,2	13,8	15,5	15,6

Source: Bloomberg, Ajaib Research

**JCI Valuation Points to Attractive Base-to-Bull Upside**

We value the JCI using a blended framework of DDM, historical P/E, and relative valuation to derive scenario-based targets. In the base case, assuming an 85% dividend payout ratio, 9.0% cost of equity, and 4.3% terminal growth, the DDM yields a JCI target of 9,842—broadly in line with historical valuation (17.4x P/E) and a 15% relative premium—resulting in an average base-case target of 9,696. The bear case, reflecting tighter financial conditions and slower growth through lower growth assumptions and higher risk parameters, implies a downside target of 8,381. Conversely, the bull case—supported by a lower cost of equity and modest valuation expansion—points to an upside target of 10,146. With EPS anchored at 550 and the index trading below its historical mean, valuations appear supportive, skewing the risk-reward toward the base-to-bull outcomes, contingent on monetary easing and consistent earnings delivery.

Figure 15. JCI Valuation

Scenario	Bear	Base	Bull
<b>DDM Assumption</b>			
Dividend Payout Ratio	80.0%	85.0%	85.0%
Cost of Equity	9.4%	9.0%	8.8%
Terminal growth	4.0%	4.3%	4.3%
EPS (Rp)	550	550	550
DPS (Rp)	440	468	468
<b>JCI Target</b>	<b>8,148</b>	<b>9,842</b>	<b>10,275</b>
<b>Historical Valuation</b>			
PE Multiple	15.6	17.4	18.3
Disc/Premium	-0.5x. std dev	Avg std dev	+0.25x. std dev
EPS	550	550	550
<b>JCI Target</b>	<b>8,580</b>	<b>9,570</b>	<b>10,065</b>
<b>Relative Valuation</b>			
PE Multiple	15.3	17.6	18.4
Disc/Premium	0%	15%	20%
EPS	550	550	550
<b>JCI Target</b>	<b>8,415</b>	<b>9,677</b>	<b>10,098</b>
<b>Avg. JCI Target</b>	<b>8,381</b>	<b>9,696</b>	<b>10,146</b>

Source: Bloomberg, Ajaib Research

**Top Picks 2026: Structural Growth with Earnings Visibility**

We highlight **BBRI, BRMS, TAPG, ANTM, MDKA, and JPFA** as our Top Picks for 2026, anchored by clear structural demand drivers, improving margins, and strong execution visibility. BBRI offers the most compelling large-cap financial exposure, leveraging its dominant micro franchise (46% of loans), ultra-micro ecosystem (PNM–Pegadaian), high CASA (64%), and digital-led scalability to sustain ROE/NIM while asset quality improves into 2026. In mining, BRMS stands out on a multi-year gold production ramp at Citra Palu Mineral (toward ~80koz in 2026 and 160–180koz by 2028), supported by cost declines and reserve depth, while ANTM and MDKA provide leveraged exposure to a structurally bullish gold cycle amid policy tailwinds, domestic supply tightness, and downstream optionality in nickel and bauxite; MDKA’s Pani Gold commissioning in 1Q26 further strengthens near-term growth. In plantations, TAPG is the clear winner with prime-age estates driving double-digit output growth and superior cost resilience across the RM4,200–4,800/t CPO range. Lastly, JPFA offers a cyclical-to-structural rerating story, underpinned by downstream expansion, recovering feed margins, and industry rebalancing that supports double-digit earnings growth into 2026. Together, these names combine visible volume growth, margin expansion, and balance sheet strength, positioning them to outperform in 2026.

Figure 16. Ajaib 2026 Top Picks

Comp	MC (Rp tn)	CP	TP	Upside	2026F				
					EPS gth	ROE	PE	PBV	PE gth
BBRI	552	3,680	4,500	22.3%	0.1	16.9	9.5	1.7	-4.9
BRMS	174	1,230	1,500	22.0%	82.0	3.7	112.9	8.4	-51.0
PTBA	28	2,390	2,900	21.3%	10.0	15.8	10.8	1.3	-27.4
TAPG	30	1,500	1,800	20.0%	65.7	37.3	7.7	2.7	-7.3
ANTM	87	3,630	4,300	18.5%	18.5	21.9	12.3	2.6	4.4
MDKA	66	2,700	3,300	22.2%	N.A	7.0	33.9	4.7	N.A
JPFA	30	2,590	3,100	19.7%	15.1	19.6	7.8	1.8	-14.4
<b>Avg</b>					<b>31.9</b>	<b>17.5</b>	<b>27.8</b>	<b>3.3</b>	<b>-16.8</b>

Source: Bloomberg, Ajaib Research

**OVERWEIGHT SECTORAL OVERVIEW**

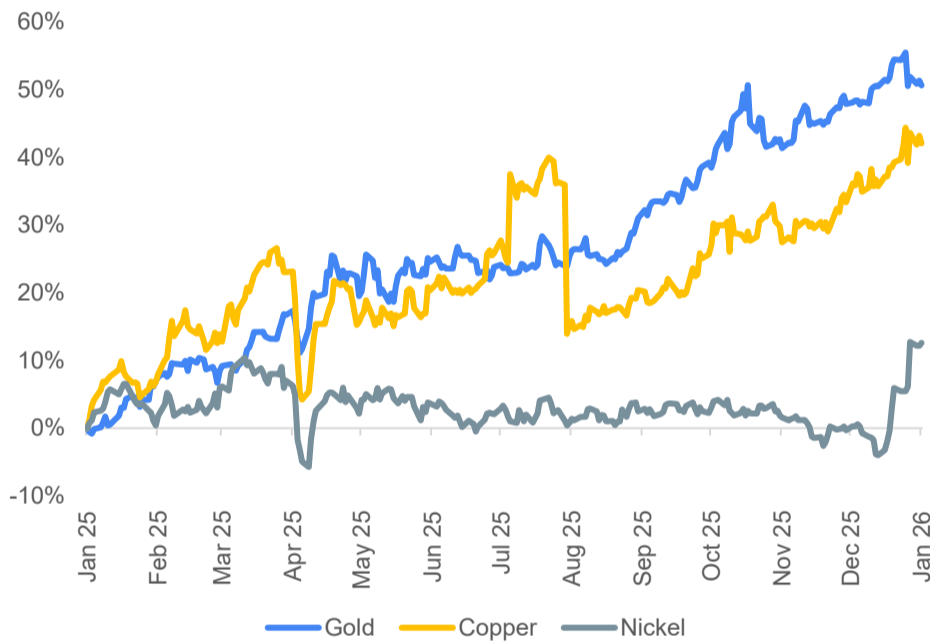
**Metal Mining**

**Gold: Structural Bull Case Strengthens into 2026.** Gold’s medium- to long-term outlook remains firmly bullish despite near-term consolidation below USD 4,330/oz. Ajaib forecasts average gold prices of ~USD 4,500/oz in 2026 (+26% YoY), underpinned by tight supply, rising production costs, sustained central bank accumulation, and growing ETF inflows. Structurally, gold remains under-allocated: despite accounting for ~15% of global reserves—now exceeding US Treasuries—this is still well below the estimated ~30% optimal level, while high-net-worth portfolios hold only ~0.5% in gold. With portfolios gradually shifting away from the traditional 60/40 model and historical data showing ~13% average gold gains during easing cycles with inflation above 2%, earnings visibility for gold-related equities remains highly attractive into 2026.

**Copper: Demand Strength Absorbs Supply Volatility.** The recent copper rally paused after former President Trump announced changes to copper tariffs, including the cancellation of import tariffs on copper concentrate, which contributed to rising LME inventories. However, underlying demand remains robust, driven by construction, electric vehicles, data centres, and broader low-emission technology investments. Rising prices alongside increasing inventories—partly reflected in a surge in non-warranted stocks ahead of 2H25F—suggest strong end-demand even as additional supply enters the system. Global data-centre expansion alone is projected to add up to ~550kt of incremental copper demand per year by 2030, led by hyperscalers such as Meta, Microsoft, Amazon, and Alphabet. With delayed mine projects constraining supply, copper prices are projected to rise toward USD 5.0/lb in 2026, reinforcing copper’s role as a strategic commodity tied to technology and clean-energy growth.

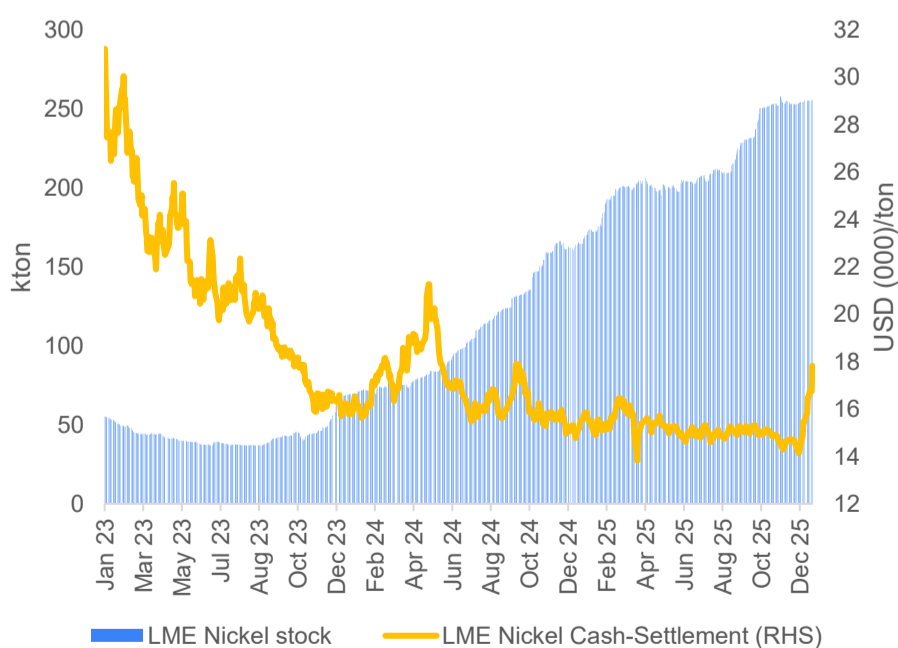
**Nickel: Supply Growth Caps a Policy-Supported Recovery.** Nickel sentiment has improved following Indonesia’s proposed ~34% output reduction for 2026, signalling stronger supply discipline and supporting a near-term price rebound toward ~USD 17,900/ton. However, the medium-term recovery remains capped as global mine supply is projected to grow by ~4–5% per year, while refined nickel output is expected to rise ~5.5% annually—largely driven by Indonesia. Elevated inventories and persistent global surpluses continue to limit upside, compounded by substitution risk from LFP batteries versus nickel-intensive NMC chemistries. Ajaib projects nickel prices to average around USD 17,000/ton in 2026, implying a stabilisation phase rather than a full cyclical upswing, with policy support offset by structurally ample supply growth.

**Figure 17. 1-Year Metal Commodity Price Return**



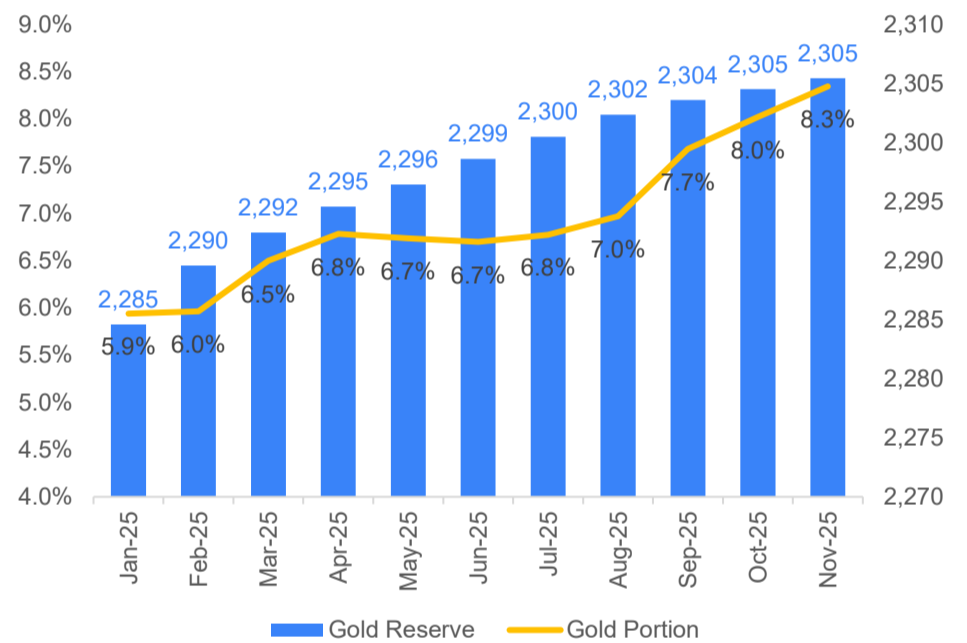
Source: Bloomberg, Ajaib Research

**Figure 19. LME Nickel Stock Trend**



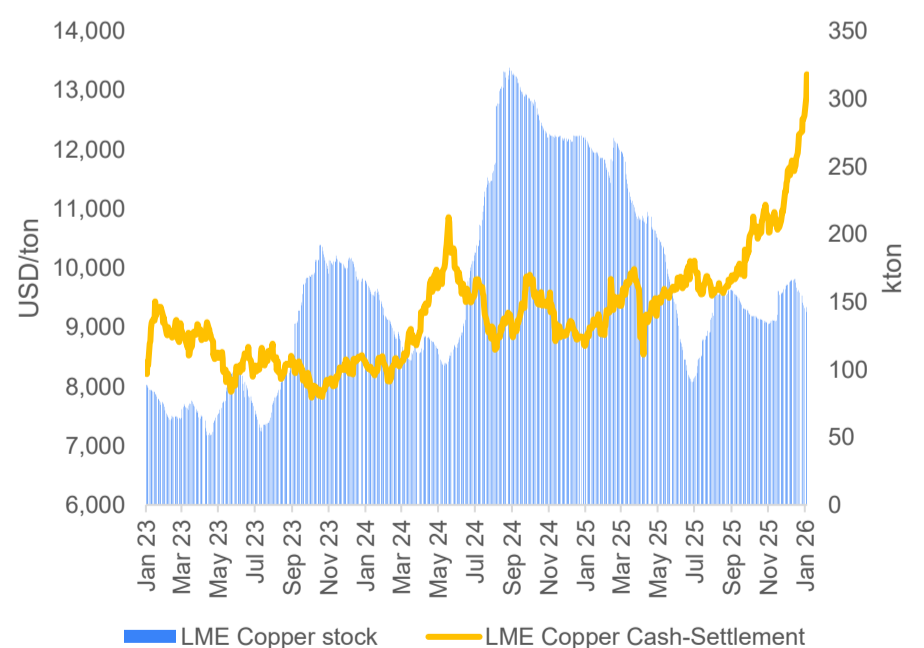
Source: Bloomberg, Ajaib Research

**Figure 18. PBoC Gold Reserves**



Source: PBoC, Ajaib Research

**Figure 20. LME Copper Stock Trend**



Source: Bloomberg, Ajaib Research

**Banking: Resilient Fundamentals with Improving Earnings Visibility**

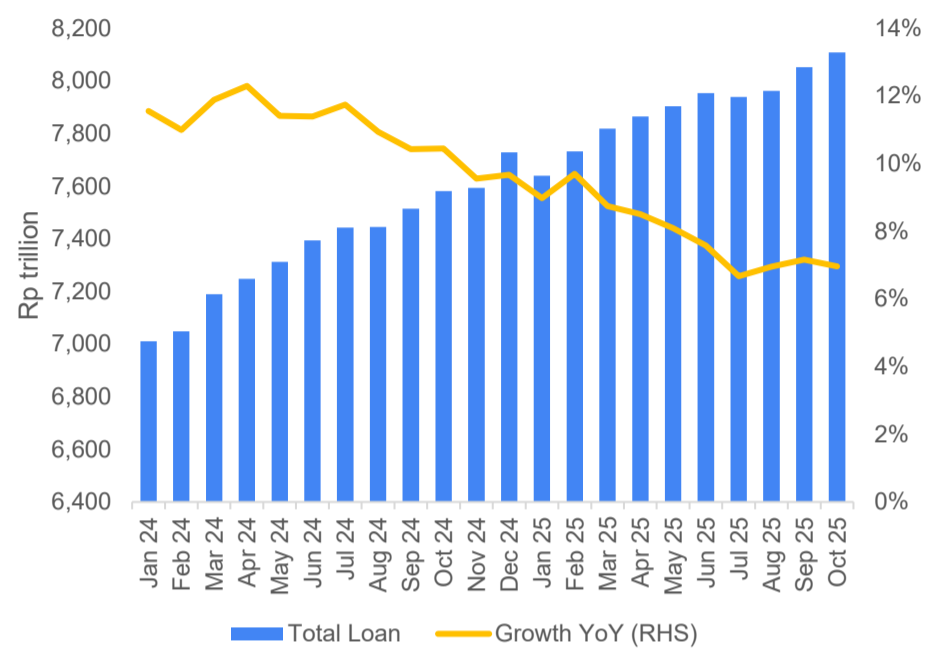
Indonesian banking fundamentals remain solid, particularly among KBMI IV (large-cap banks), supported by strong capitalisation with CAR levels well above the Basel III minimum of 17.5%, underpinning financial system stability. Operational performance is also more resilient, reflected in healthier credit and deposit growth, stable asset quality, and well-managed cost structures. Net interest margins are expected to remain broadly stable, as funding costs have begun to decline since 3Q25 while lending yield repricing remains lagged. Profitability should improve further as cost of credit trends lower following earlier aggressive provisioning. Credit quality is expected to strengthen alongside better economic growth and supportive fiscal incentives that help sustain household and business purchasing power, even as banks remain cautious toward higher-risk segments such as MSMEs. Loan growth is projected at 8–10% over 2025–26F, driven by investment and working-capital demand and reinforced by monetary policy transmission through lending-rate incentives. Liquidity conditions are also improving as crowding-out pressures ease with lower SBN and SRBI issuance and potential liquidity injections from excess government balances (SAL). Meanwhile, M&A activity among KBMI I banks to meet the >Rp3 trillion capital requirement could provide upside for smaller and digital banks, while select large banks may also pursue share buybacks and interim dividends, adding to shareholder return visibility.

Figure 21. Banking Statistics 6M25

Bank Category	Loan growth	DPK growth	ROA (%)	BOPO (%)	NIM (%)	LDR (%)	CAR (%)	NPL (%)
KBMI I	-2,31%	-3,13%	1,54	86,44	4,72	81,96	30,73	1,80
KBMI II	6,17%	0,66%	1,90	94,19	4,08	85,82	36,56	1,65
KBMI III	11,47%	9,67%	1,72	86,41	3,58	90,89	24,53	1,57
KBMI IV	8,59%	9,26%	3,41	81,28	5,00	85,22	22,64	1,56

Source: OJK, Ajaib Research

Figure 22. Monthly Bank Loan Growth YoY

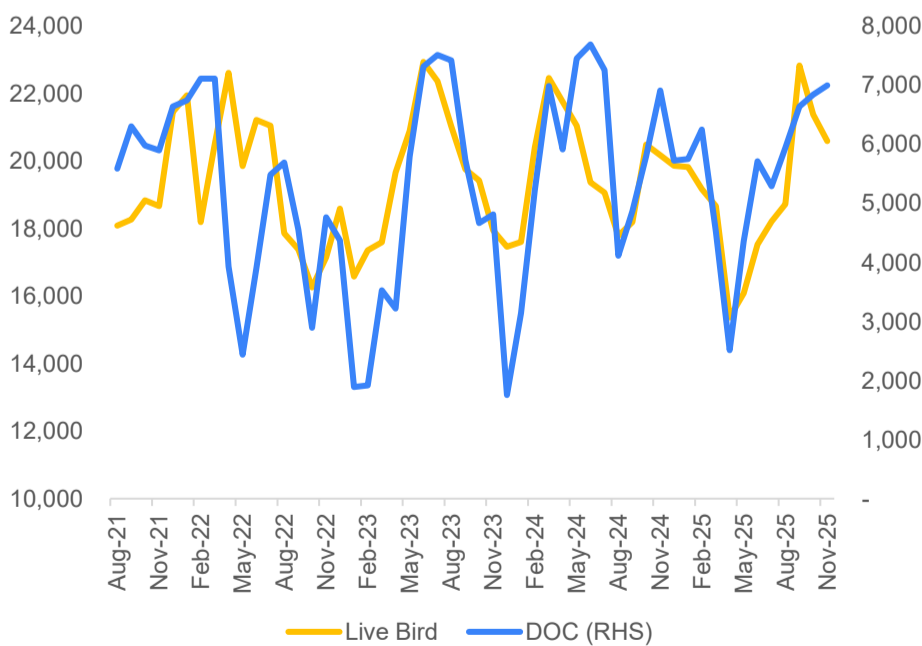


Source: BI, Ajaib Research

**Poultry: Tighter Supply, Policy-Led Demand, and Margin Rebalancing**

Poultry fundamentals strengthened materially in 2H25, supported by tighter upstream supply and structurally improving demand. Average livebird prices reached Rp19,922/kg in 3Q25 (+22% QoQ; +9% YoY), above the five-year average, and rose further to Rp21,384/kg in Oct-25, comfortably above production costs (Rp18–20k/kg). DOC prices averaged Rp5,956/head in 3Q25 (+42% QoQ; +10% YoY) and climbed to Rp6,838/head in Oct-25, the highest in a year. The price recovery reflects reduced GPS import quotas, PS culling in 2Q25, and rising demand from the Free Nutritious Meal (MBG) program, which targets 1.1mn tons of chicken consumption in 2026 versus ~3.7–3.8mn tons in 2025, implying potential excess demand of ~500k tons and a higher likelihood of increased GPS imports. On costs, corn prices (≈50% of COGS) rose to Rp5,982/kg in Nov-25 (+26% YTD) but are expected to normalize in 1H26 as harvest supply improves, while SBM prices increased to USD321/ton (+21% MoM) on tighter global supply, potentially pressuring margins into 1Q26. Structurally, higher MBG spending of Rp335tn in 2026F (+95% YoY) supports sustained demand, while industry players are increasingly shifting toward processed poultry (>15% of sales) as a margin stabilizer, though Danantara’s planned ~Rp20tn poultry investment could reshape competition from 2027–2028.

Figure 23. Livebird and DoC Price Trend



Source: JPFA, Ajaib Research

Figure 24. Soybean Meal Price Trend

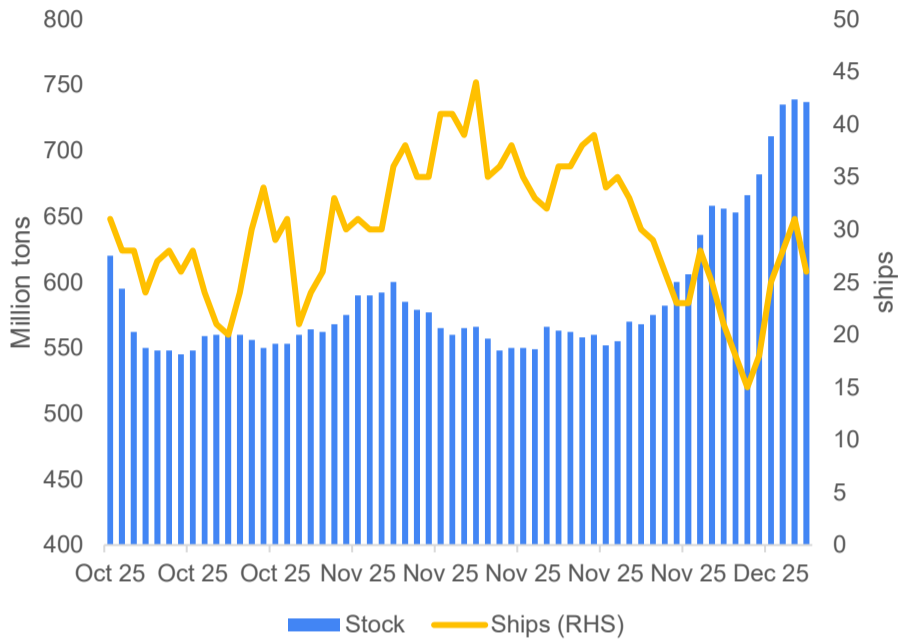


Source: Bloomberg, Ajaib Research

**Coal: Structural Resilience Amid a Pragmatic Energy Transition**

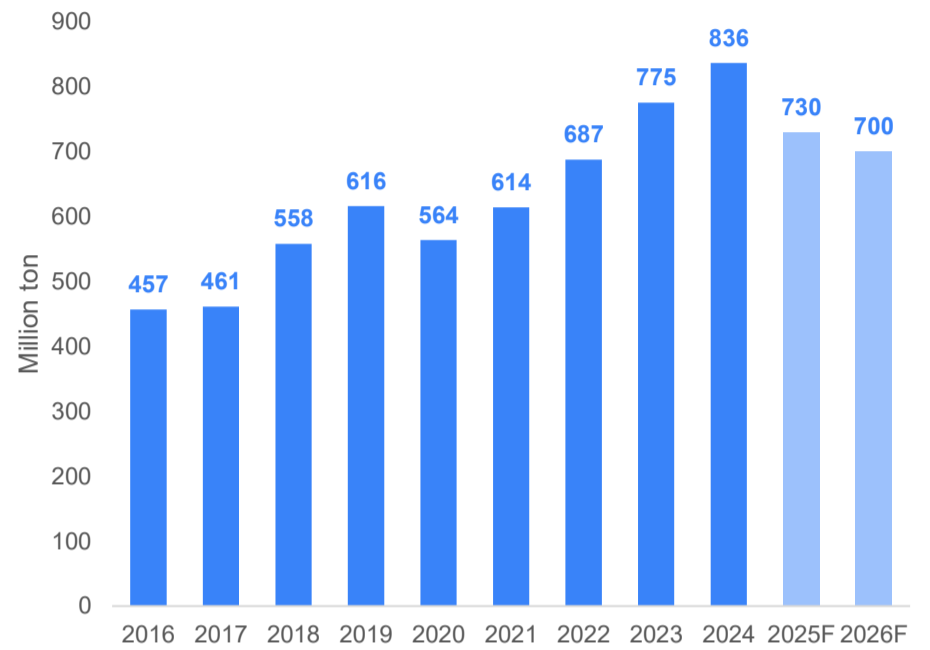
Coal market remains structurally resilient despite the energy transition, underpinned by rising power demand and pragmatic policy choices. Coal prices rebounded above USD110/ton as India reaffirms coal's role as a stabilising baseload alongside renewables, targeting ~307 GW of coal capacity by 2035 while scaling non-fossil power to 500 GW by 2030 to manage grid reliability, storage costs, and surging evening loads. China's continued reliance on coal, with peak demand expected only around 2030, and growing electricity needs from data centres reinforce coal's relevance across Asia, which accounts for >60% of global consumption. Against this backdrop, Indonesia's proposed 1-5% coal export tax in 2026 and potential production discipline (output possibly trimmed below 700 Mt) signal a shift toward more sustainable supply management for the world's largest thermal coal exporter (~45% of global seaborne supply). While domestic demand is expected to remain steady at ~200-230 Mt in 2026, policymakers are actively reviewing DMO adjustments to ensure supply security, a move that could enhance policy clarity and market balance. Overall, a combination of disciplined supply, steady domestic demand, and structurally firm regional consumption positions Indonesia to retain pricing relevance and strategic importance in Asia's coal ecosystem through 2026.

**Figure 25. Daily Coal Stocks & Ships at QHD Port China**



Source: CCTD, Ajaib Research

**Figure 26. Indonesia Coal Production Volume**

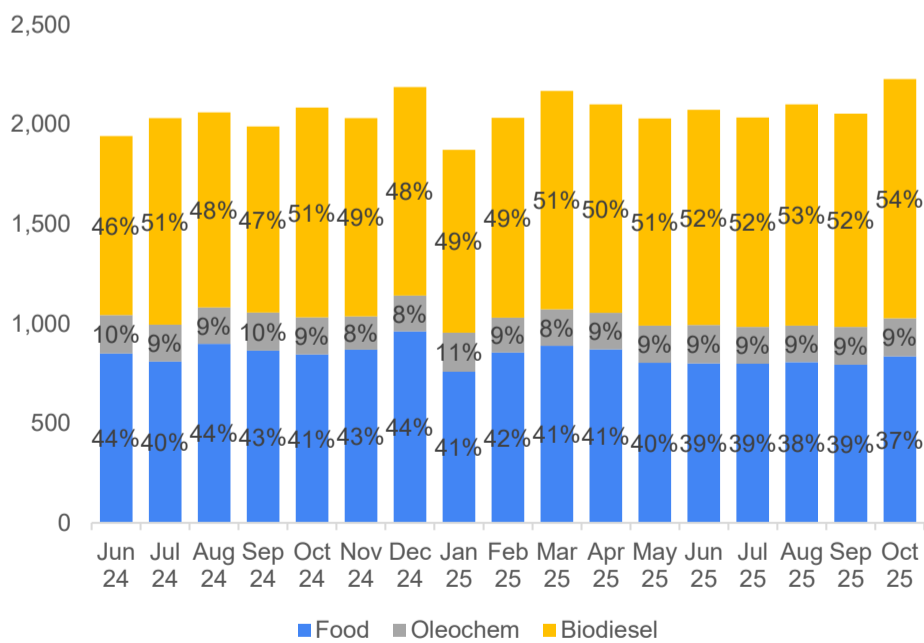


Source: KESDM, Ajaib Research

**CPO: Policy-Driven Domestic Demand Anchors a More Resilient Outlook**

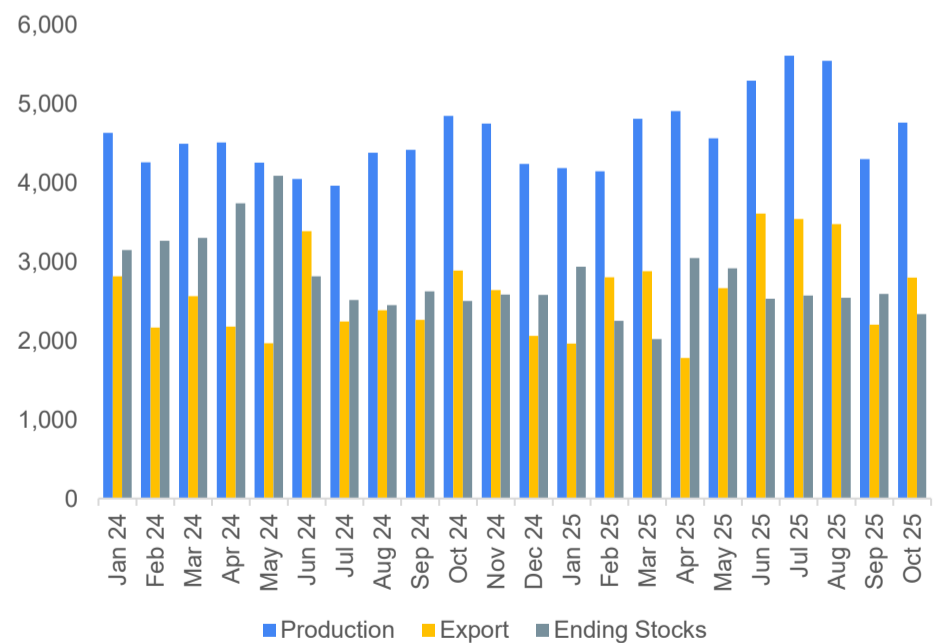
Indonesia's CPO industry is increasingly supported by strong domestic policy tailwinds that help offset near-term export adjustments. While the implementation of PMK 30/2025 raises export levies—potentially moderating export volumes—the impact is partially cushioned by improving market access, including India's reduction of crude CPO import duties to 10%, the U.S. exemption from the 19% tariff, and longer-term benefits from IEU-CEPA and Indonesia's WTO victory on biodiesel, which enhance competitiveness in key markets. Domestically, the planned rollout of mandatory B50 in 2026 stands out as a powerful demand catalyst, following B40's estimated 14.2mn tons of incremental CPO demand, with B50 expected to add a further 3-4mn tons, supporting utilisation rates and earnings visibility for producers. On the supply side, CPO prices remain structurally supported despite easing from a high base (Malaysia at MYR 4,226/ton), underpinned by tighter land regulation, enforcement against illegal plantations, and improving weather conditions as ENSO-neutral dynamics emerge. With Indonesia's production projected to rise to ~56mn tons in 2025E and grow 4-5% YoY in 2026F, the industry enters 2026 with a more balanced supply-demand profile, reinforcing a constructive medium-term outlook for the palm oil sector.

**Figure 27. Monthly Indonesia Palm Oil Consumption ('000 ton)**



Source: GAPKI, Argus Media, Ajaib Research

**Figure 28. Indonesia Monthly CPO Production, Export, and Stocks ('000 ton)**



Source: GAPKI, 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:**

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.

PREPARED BY AJAIB RESEARCH TEAM



**DISCLAIMER**

This research report is published by PT Ajaib Sekuritas Asia and is based on information from sources that we believe to be reliable but have not been independently verified. We have taken all reasonable care to ensure that information contained herein is not untrue or misleading at the time of publication, however PT Ajaib Sekuritas Asia makes no representation as to its accuracy or completeness and it should not be solely relied upon. This research report is provided for the Investors of PT Ajaib Sekuritas Asia. Research reports which contain opinions may change anytime without any obligation for PT Ajaib Sekuritas Asia to notify any party. This research report is not intended for media publication. The media is not allowed to quote this research report in any article whether in full or in parts without permission from PT Ajaib Sekuritas Asia. For further information, the media can contact PT Ajaib Sekuritas Asia if they wish to refer to this research report.

This research report was prepared, approved, published and distributed by PT Ajaib Sekuritas Asia. This research report is not a recommendation, invitation, or order to make any investment decisions, including but not limited to, buy or sell certain investment products. Any investment decision made by the Investor will be the sole responsibility of the Investor, and PT Ajaib Sekuritas Asia nor any officer or employee of PT Ajaib Sekuritas Asia are not responsible for any losses that may occur due to the Investor's investment decision.