

Market Movement – Summary

The JCI extended its sharp decline last week, falling 8.69% WoW to close at 5,595. Losses were broad-based across all sectors, with the steepest declines recorded in transportation (IDXTRANS -14.08%), industrials (IDXINDUST -13.32%), and infrastructure (IDXINFRA -11.62%). In line with the market weakness, foreign investors posted net outflows of USD 409.9 million during the week, bringing total year-to-date foreign outflows to USD 3.56 billion.

In the fixed income market, the yield on the 10-year US Treasury rose by 5 bps to 4.53%. Meanwhile, Indonesia’s 10-year government bond yield (FR0108) increased more sharply by 17 bps to 6.87%. As of 4 June, foreign investors still recorded net inflows of USD 494.4 million into the government bond market, with foreign ownership standing at 12.67%.

Meanwhile, Bank Indonesia conducted another SRBI auction on 5 June 2026, issuing a total of IDR 30 trillion, lower than the IDR 40 trillion issued in the previous auction. SRBI yields increased notably across all tenors, reflecting Bank Indonesia’s continued efforts to support rupiah stability. Looking ahead, movements in the rupiah are expected to remain the key factor influencing the direction of SRBI yields.

Tenor	22 May 2026	29 May 2026	5 June 2026
6 Months	6.53%	6.72%	6.90%
9 Months	6.67%	6.76%	7.05%
12 Months	6.76%	6.92%	7.25%

Sumber: Bank Indonesia

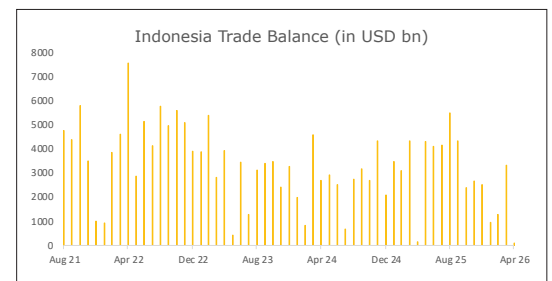
What Happened

Indonesia’s Trade Balance



Indonesia's trade surplus narrowed to USD 0.09 billion in April 2026 (Mar'26: USD 3.32 billion), falling well below market expectations of

USD 1.5 billion. The sharp contraction was driven by a surge in imports, which grew 22.49% YoY (Mar'26: 1.51% YoY), led by oil and gas imports jumping 85.52% YoY, while non-oil and gas imports rose 14.11% YoY. On the export side, growth staged a recovery at 21.98% YoY (Mar'26: -3.1% YoY), supported by non-oil and gas exports rising 23.36% YoY, though oil and gas exports remained under pressure at -1.20% YoY. On a cumulative basis, Indonesia's trade surplus for the first four months of 2026 stood at USD 5.64 billion.



Source: Bloomberg

Indonesia's Inflation



Indonesia's annual inflation rose to 3.08% YoY in May 2026 (Apr'26: 2.42% YoY), exceeding market expectations of 2.97% YoY, though

remaining within the central bank's target range of 1.5%–3.5%. The increase was broad-based across all categories, with food prices as the primary driver, followed by pressure from transportation, housing, and restaurants. In line with this, core inflation also edged up to 2.59% YoY (Apr'26: 2.44% YoY).

Category	May'26	Apr'26
Food, beverages, and tobacco	4.94%	3.06%
Clothes	0.84%	0.79%
Housing	1.0%	0.74%
Household appliances	0.98%	0.60%
Healthcare	1.70%	1.49%
Transportation	2.3%	1.61%
Communication	0.97%	0.83%
Recreation	1.30%	1.19%
Education	1.15%	1.14%
Restaurant	2.34%	1.93%
Selfcare and other services	10.35%	11.43%

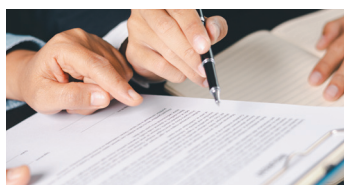
Source: BPS Indonesia

Indonesia's Fiscal Performance



Based on fiscal performance through May, state revenues grew 19.1% YoY, a gain partly attributable to a low base effect from last year's commodity price pressures. On the spending side, expenditure growth of 34.4% yoy, which significantly outpaced revenue growth, widened the deficit to IDR 180.4 trillion or 0.70% of GDP, up from 0.64% of GDP in April 2026, though still within manageable bounds.

Single-Channel Export Governance



The Indonesian government has officially issued Government Regulation No. 24 of 2026 on the Governance of Strategic Natural Resource Commodity Exports, requiring that exports of strategic commodities be channeled through a single entity, PT Danantara Sumberdaya Indonesia (DSI) as a designated state-owned export company. Under this framework, DSI acts as either the sole owner or sole intermediary, with the authority to determine commodity selling prices and set margins within reasonable bounds. A transition period took effect on 1 June 2026, during which exports continue as usual but exporters are required to report their activities to DSI, with full implementation targeted no later than 1 January 2027.

Middle East Conflict Escalation



Tensions in the Middle East flared once again after Iran launched missiles toward Israel on June 7, 2026, prompting retaliatory strikes from Israel. The escalation threatens the fragile ongoing ceasefire and immediately pushed oil prices sharply higher, with Brent touching USD 97/bbl while WTI broke above

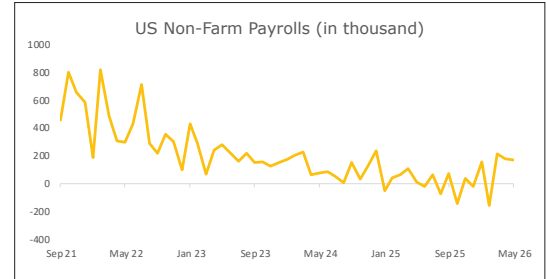
USD 94/bbl. With peace negotiations yet to show meaningful progress, the development adds another layer of uncertainty to global markets.

US Nonfarm Payrolls



US Nonfarm payrolls added 172K jobs in May 2026 (Apr'26: 179K), far exceeding the 85K forecast and signaling a resilient labor market.

Job gains were led by leisure and hospitality (70K), local government (55K), healthcare (35K), and manufacturing (7K), while financials were the only sector to post a decline at -22K. Other sectors were largely unchanged. The report was further supported by upward revisions to March and April data, with total payrolls for both months now estimated 93K higher than previously reported.

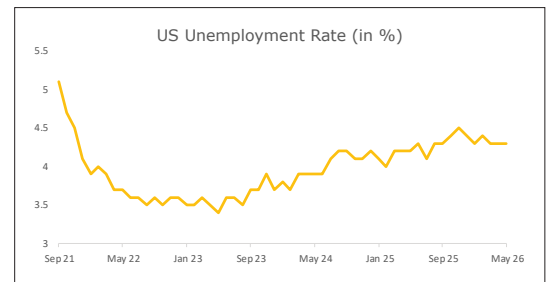


Source: Bloomberg

US Unemployment Rate



The US unemployment rate held steady at 4.3% in May 2026 (Apr'26: 4.3%), in line with market expectations. The number of unemployed fell by 66,000 to 7.31 million, while total employed persons rose by 149,000 to 162.77 million. The labor force expanded by 83,000 to 170.08 million, with the labor force participation rate unchanged at 61.8%



Source: Bloomberg

What to Watch

9 June 2026



China Balance of Trade in May - Consensus expects USD 91.5 bn (Apr'26: USD 84.8 bn).



US Balance of Trade in April - Consensus expects -USD 55.5 bn (Mar'26: -USD 60.3 bn).

11 June 2026



US PPI MoM in May - Consensus expects 0.8% (Apr'26: 1.4%).

10 June 2026



China Inflation Rate YoY in May - Consensus expects 1.3% (Apr'26: 1.2%).



US Core Inflation Rate YoY in May - Consensus expects 2.9% (Apr'26: 2.8%).



US Inflation Rate YoY in May - Consensus expects 4.2% (Apr'26: 3.8%).

Key Takeaways

Although negative sentiment surrounding MSCI has started to ease since May, selling pressure on Indonesian financial assets has yet to show signs of improvement. The JCI has recorded a significant correction, down 35% year-to-date (YTD) and 12% month-to-date (MTD), making it one of the worst-performing equity markets in the region. At the same time, foreign investors continue to record significant net outflows from the Indonesian equity market, amounting to USD3.56 billion since the beginning of the year.

Investor focus has increasingly shifted away from the MSCI issue toward broader macroeconomic and sovereign risk concerns. The “Sell Indonesia” sentiment also remains relatively strong, amid rising concerns that Indonesia’s upcoming sovereign rating review by S&P could result in a Negative outlook revision or, in a more adverse scenario, a sovereign rating downgrade.

At the same time, pressure on the rupiah has intensified again. USD/IDR briefly weakened to a new record low near IDR 18,100 per US dollar following the introduction of a new regulation that expands Bank Indonesia’s mandate to support economic growth while increasing parliamentary oversight of Bank Indonesia, OJK, and LPS. For investors, these developments has concerns regarding institutional independence and policy credibility at a time when confidence in Indonesian assets is already fragile.

The external backdrop has also become increasingly unfavourable. Geopolitical tensions in the Middle East escalated again after Israel launched retaliatory strikes against Iranian military targets, raising concerns that the existing ceasefire could eventually collapse. Brent crude oil rose 3.7% to above USD 96.5 per barrel, reinforcing safe-haven demand for the US dollar and adding upward pressure on global inflation expectations. For emerging markets such as Indonesia, the combination of a stronger US dollar, persistently elevated oil prices, and the prospect of global interest rates staying higher for longer continues to create additional challenges for financial markets and capital flows. While JCI are becoming increasingly attractive from a valuation perspective, we believe the markets is likely remain fragile in the near term. Rising geopolitical risks, continued pressure on the rupiah, and weakening investor confidence toward Indonesia’s macroeconomic outlook continue to overshadow the valuation story and may delay a more sustainable recovery in market sentiment.

Weekly Update

1-5 June 2026



Global Indices	5-Jun-26	1W (%)	1M (%)	YTD (%)
Nikkei 225 - Japan	66,588	0.39	6.18	32.28
Kospi - Korea	8,161	-3.72	8.84	93.65
Hang Seng - Hongkong	24,962	-0.88	-5.42	-3.45
SH Comp - China	4,028	-1.00	-3.64	1.58
Nifty 50 - India	23,367	-0.77	-3.35	-9.92
Strait Times - Singapore	5,050	0.24	2.60	8.48
SET - Thailand	1,583	0.91	5.48	25.64
FTSE - Malaysia	1,693	0.62	-3.13	0.53
PSEI - Philippines	5,938	2.94	-0.38	-1.89
S&P500 - US	7,384	-2.59	-0.21	7.07
DAX - Germany	24,759	-1.38	1.73	1.10
MSCI ex. Japan	1,141	-1.74	1.37	25.04

Indonesia	5-Jun-26	1W (%)	1M (%)	YTD (%)
JCI Index	5,595	-8.69	-19.72	-35.30
LQ-45	558	-8.74	-17.64	-34.12
JII	339	-11.30	-24.92	-41.43
IDX Sector Energy	2,611	-10.32	-26.24	-41.36
IDX Sector Basic Industry	1,478	-10.85	-26.94	-28.20
IDX Sector Industrials	1,433	-13.32	-27.78	-33.50
IDX Sector Consumers Non-cyclical	603	-10.04	-18.62	-24.56
IDX Sector Consumers Cyclical	854	-8.29	-19.55	-30.39
IDX Sector Healthcare	1,377	-9.96	-18.96	-33.28
IDX Sector Financial	1,200	-6.74	-13.39	-22.60
IDX Sector Properties & Real Estate	713	-11.33	-22.06	-39.23
IDX Sector Technology	6,326	-9.11	-15.92	-33.61
IDX Sector Infrastructures	1,688	-11.62	-20.33	-36.80
IDX Sector Transportations & Logistic	1,557	-14.08	-24.77	-20.79

Foreign Flow	as of	WTD	MTD	YTD
Equity (million USD)	5-Jun-26	-409.9	-409.9	-3,564.4
Bonds (million USD)	4-Jun-26	494.4	494.4	-422.00



Bonds (price)		5-Jun-26	1W (%)	1M (%)	YTD (%)
FR0109	5th	95.86	-0.78	-1.74	-5.84
FR0108	10th	97.51	-1.06	-1.95	-5.36
FR0106	15th	101.33	-1.19	-2.06	1.89
FR0107	20th	101.55	-1.26	-2.74	2.40
US Treasury	5th	98.59	0.04	0.12	0.82
US Treasury	10th	85.89	-0.58	-1.05	-1.69



Commodity (USD)		5-Jun-26	1W (%)	1M (%)	YTD (%)
Oil - WTI		91	3.64	-5.11	56.24
Coal		149	13.33	12.90	39.47
CPO		4,492	0.49	0.31	11.55
Nickel		18,581	-2.52	-1.65	10.42
Gold		4,328	-4.67	-8.20	-0.25



Currency/Rates		5-Jun-26	1W (%)	1M (%)	YTD (%)
USD/IDR		18,020	0.82	3.72	7.46
USD/JPY		160.29	0.64	2.30	2.48
USD/EUR		0.87	1.19	2.30	1.96
USD/CNY		6.79	0.33	-0.18	-2.97
7DRRR (%)		5.25	0.00	0.50	0.50
Fed rate (%)		3.75	0.00	0.00	0.00



Calendar 1-5 Jun 2026	Results
Indonesia Trade Balance in April	USD 0.09 bn
Indonesia Inflation YoY in May	3.08%
US Non-Farm Payrolls in May	172k
US Unemployment Rate in May	4.3%

Positive Movement

Negative Movement

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