Weekly Update

20-27 July 2026

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Market Movement – Summary

The JCI edged higher last week, gaining 0.34% WoW to close at 6,196. Sector performance was mixed, with Property & Real Estate (IDXPROP, +6.55%) and Energy (IDXENER, +4.99%) leading the gains, while Healthcare (IDXHEALTH, -2.44%) and Financials (IDXFINANCE, -2.08%) underperformed. Reversing the trend seen in the previous week, foreign investors turned into net sellers, recording USD188 million in net equity outflows during the week. As a result, cumulative foreign net outflows in the equity market widened to USD4.55 billion YTD.

In the bond market, the 10-year US Treasury yield rose 13bps to 4.68%. Domestically, the 10-year Indonesian government bond (SUN) yield also increased by 10bps to 7.35%, reflecting weaker bond prices amid the global rate repricing. Despite the rise in yields, foreign demand for Indonesian government bonds remained resilient, with investors recording USD371.2 million in net inflows during the week. As a result, foreign ownership of government bonds remained broadly stable at around 13% (12.96%), while cumulative foreign net inflows reached USD839.8 million YTD.

On the monetary front, Bank Indonesia issued IDR15 trillion of SRBI at its 24 July auction, lower than the IDR32 trillion issued in the previous week's auction. SRBI yields were broadly stable, edging slightly lower across all tenors, reflecting Bank Indonesia's efforts to balance rupiah stability with domestic bond market conditions. Looking ahead, movements in the rupiah are expected to remain the key determinant of SRBI yields and issuance strategy.

Tenor	15 July 2026	17 July 2026	24 July 2026
6 Months	7.23%	7.22%	7.20%
9 Months	7.44%	7.42%	7.42%
12 Months	7.66%	7.64%	7.64%

Source: Bank Indonesia

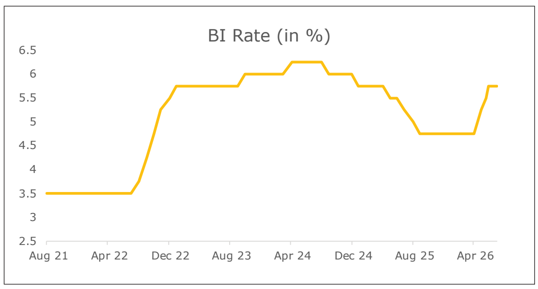
What Happened

Bank Indonesia Interest Rate Decision

★★★

Bank Indonesia (BI) unexpectedly kept the BI Rate unchanged at 5.75% at its July 2026 policy meeting, contrary to market expectations of a 25-bps rate hike. The decision followed a cumulative 100-bps increase in the policy rate since May 2026 as part of the central bank's efforts to strengthen rupiah stability.

Despite leaving the policy rate unchanged, BI reaffirmed its commitment to maintaining rupiah stability through foreign exchange market intervention, optimizing monetary operations to preserve the attractiveness of rupiah-denominated assets, and strengthening the implementation of the Primary Dealer system to enhance the effectiveness of monetary policy transmission. In addition, the central bank will continue to strengthen coordination with the government to safeguard macroeconomic stability while supporting sustainable economic growth.



Source: Bloomberg

★ : Relevance towards market movements

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Resignation of the Governor of Bank Indonesia

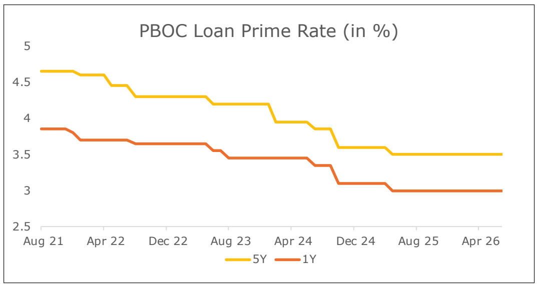
Bank Indonesia Governor Perry Warjiyo announced his resignation on July 27, 2026. The resignation marks the end of his tenure at the central bank and has drawn market attention as investors assess its implications for the future direction of Indonesia's monetary policy. Pending the appointment of a permanent governor, who must be nominated by the President and approved by the House of Representatives (DPR), Senior Deputy Governor Destry Damayanti has been appointed as Acting Governor of Bank Indonesia, in accordance with the Bank Indonesia Law, to ensure the continuity of the central bank's operations and policy implementation.

Escalating Geopolitical Tensions in the Middle East

Brent crude oil prices retreated to around USD90/bbl after briefly surpassing USD100/bbl, as tensions between the United States and Iran eased following a temporary halt in military attacks by both sides. The development raised market expectations for a diplomatic de-escalation, reducing concerns over potential oil supply disruptions through the Strait of Hormuz and the Red Sea, while lowering the geopolitical risk premium. Nevertheless, markets continue to closely monitor developments in the region, as shipping activity along these two strategic energy routes has yet to fully recover, leaving risks to global oil supplies and inflationary pressures still in place.

China Loan Prime Rate

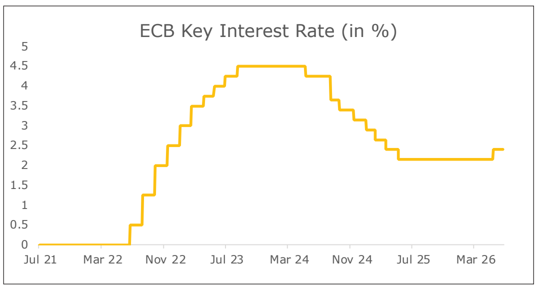
The People's Bank of China (PBoC) kept its Loan Prime Rate (LPR) unchanged in July 2026, in line with market expectations. The one-year LPR remained at 3.0%, while the five-year LPR was maintained at 3.5%. The decision reflected the PBoC's cautious approach to balancing support for domestic economic growth amid a slowdown in the economy while navigating heightened global uncertainty stemming from the escalating conflict in the Middle East.



Source: Bloomberg

European Central Bank Interest Rate Decision

The European Central Bank (ECB) kept its key interest rate unchanged at 2.40% at its July 2026 meeting, following a 25-bps rate hike in June. The decision reflected a wait-and-see approach as inflationary pressures continued to ease and economic activity moderated. Nevertheless, the ECB remained cautious about elevated uncertainty stemming from energy price volatility, which could further fuel inflationary pressures.



Source: Bloomberg

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What to Watch

27 July 2026

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US Durable Goods Orders MoM in June - Consensus expects 2.5% (Jun'26: -4.5%).

30 July 2026

★★★

The Fed Interest Rate Decision in July 2026 - Consensus expects 3.75% (May'26: 3.75%).

★★★

US Core PCE Price Index MoM in June 2026 - Consensus expects 0.2% (May'26: 0.3%).

★★☆

US Personal Income MoM in June - Consensus expects 0.3% (May'26: 0.7%).

★★☆

US Personal Spending MoM in June - Consensus expects 0.3% (Jun'26: 0.7%).

Key Takeaways

Global markets are set for a pivotal week as investors focus on the upcoming Federal Reserve policy meeting. Although US inflation moderated in June, renewed geopolitical tensions in the Middle East briefly reignited concerns over higher energy prices, raising the risk of more persistent inflationary pressures. At the same time, resilient AI-driven investment and the Trump administration's latest tariff measures have reinforced the view among several Fed officials that monetary policy should remain restrictive, with the possibility of further rate hikes still on the table. Against this backdrop, market expectations for a July rate hike have increased, although consensus remains divided ahead of the FOMC meeting.

Meanwhile, market sentiment improved after the United States and Iran suspended military strikes for a second consecutive day, while diplomatic talks over the Strait of Hormuz resumed under Omani mediation. The easing of immediate geopolitical tensions drove Brent crude prices sharply lower, triggering a rally in global bond markets and supporting risk assets as concerns over energy supply disruptions and renewed inflationary pressures subsided. Nevertheless, geopolitical risks remain elevated as negotiations are still ongoing and security conditions in both the Red Sea and the Strait of Hormuz remain vulnerable to renewed escalation.

Domestically, investor sentiment weakened following the unexpected resignation of Bank Indonesia Governor Perry Warjiyo for personal reasons. Senior Deputy Governor Destry Damayanti has been appointed Acting Governor while the government initiates the formal process of selecting a permanent successor. Although Bank Indonesia reaffirmed its commitment to maintaining policy continuity and rupiah stability, investors are expected to closely monitor the leadership transition, particularly regarding perceptions of the central bank's independence following recent legislative amendments that expanded Bank Indonesia's mandate. In the near term, the leadership transition is likely to remain an additional source of uncertainty for the rupiah and Indonesian financial assets.

★ : Relevance towards market movements

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Global Indices	24-Jul-26	1W (%)	1M (%)	YTD (%)
Nikkei 225 - Japan	64,611	0.73	-6.85	28.35
Kospi - Korea	6,691	-1.91	-20.46	58.76
Hang Seng - Hongkong	24,963	1.63	10.11	-3.45
SH Comp - China	3,814	1.33	-5.29	-3.81
Nifty 50 - India	23,767	-2.33	-1.20	-8.37
Strait Times - Singapore	5,588	1.43	7.64	20.04
SET - Thailand	1,644	0.33	6.62	30.54
FTSE - Malaysia	1,701	-1.76	2.00	0.98
PSEi - Philippines	6,281	-1.92	3.44	3.77
S&P500 - US	7,412	-0.61	0.79	7.48
DAX - Germany	25,099	1.08	1.73	2.49
MSCI ex. Japan	1,077	0.48	-4.67	18.07

Indonesia	24-Jul-26	1W (%)	1M (%)	YTD (%)
JCI Index	6,196	0.34	5.09	-28.34
LQ-45	615	-1.15	5.32	-27.38
JII	372	1.35	8.64	-35.71
IDX Sector Energy	3,000	4.99	11.86	-32.64
IDX Sector Basic Industry	1,620	1.63	8.19	-21.28
IDX Sector Industrials	1,617	3.01	11.56	-24.97
IDX Sector Consumers Non-cyclical	674	2.74	3.73	-15.72
IDX Sector Consumers Cyclical	912	-1.90	4.68	-25.64
IDX Sector Healthcare	1,410	-2.44	-1.58	-31.68
IDX Sector Financial	1,339	-2.08	1.60	-13.61
IDX Sector Properties & Real Estate	809	6.55	12.91	-31.05
IDX Sector Technology	6,844	2.55	8.43	-28.18
IDX Sector Infrastructures	1,809	1.31	3.48	-32.26
IDX Sector Transportations & Logistic	1,647	-1.44	1.23	-16.23

Foreign Flow	as of	WTD	MTD	YTD
Equity (million USD)	24-Jul-26	-188.0	-304.4	-4,552.6
Bonds (million USD)	23-Jul-26	371.2	495.8	839.80

Bonds (price)		24-Jul-26	1W (%)	1M (%)	YTD (%)
FR0109	5th	94.42	-0.51	-0.87	-7.26
FR0108	10th	94.32	-0.65	-1.37	-8.45
FR0106	15th	98.03	-1.03	-0.96	-1.43
FR0107	20th	98.15	-0.62	-0.77	-1.04
US Treasury	5th	98.84	0.01	0.15	1.08
US Treasury	10th	85.56	-0.68	-1.31	-2.07

Commodity (USD)	24-Jul-26	1W (%)	1M (%)	YTD (%)
Oil - WTI	89	8.27	29.00	54.12
Coal	131	0.46	-8.93	22.46
CPO	4,591	1.37	1.93	14.01
Nickel	17,379	2.46	4.07	3.27
Gold	4,053	0.88	-0.88	-6.61

Currency/Rates	24-Jul-26	1W (%)	1M (%)	YTD (%)
USD/IDR	17,943	0.27	0.14	7.00
USD/JPY	163.83	0.88	1.29	4.74
USD/EUR	0.88	0.61	0.13	3.32
USD/CNY	6.77	-0.04	-0.41	-3.19
7DRRR (%)	5.75	0.00	0.00	1.00
Fed rate (%)	3.75	0.00	0.00	0.00

Calendar 20-27 Jul 2026	Results
China Loan Prime Rate 1Y in July	3%
China Loan Prime Rate 5Y in July	3.5%
Indonesia Interest Rate Decision in July	5.75%
Euro ECB Interest Rate Decision in July	2.4%

Positive Movement

Negative Movement

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