Weekly Update

27 July - 3 August 2026

Market Movement - Summary

The JCI closed higher last week, gaining 0.64% WoW to end at 6,236. The rally was led by the Basic Materials sector (IDXBASIC +2.71%), followed by Consumer Cyclicals (IDXCYC +2.61%) and Healthcare (IDXHLTH +2.51%). Foreign investors recorded a net inflow of USD392.9 million into the equity market during the week, narrowing the cumulative year-to-date (YTD) foreign net outflow to USD4.16 billion.

In the bond market, the 10-year US Treasury yield rose by 6 bps to 4.73%, while the 10-year Indonesian government bond (SUN) yield edged down by 1 bp to 7.34%. Foreign investors posted a net inflow of USD45.9 million into the government bond market over the week, bringing cumulative YTD foreign net inflows to USD696.2 million, with foreign ownership remaining broadly stable at 12.92%.

On the monetary front, Bank Indonesia issued IDR9 trillion of SRBI at its 31 July auction, down from IDR15 trillion in the previous week's auction. SRBI yields remained broadly stable across all tenors, reflecting the central bank'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 both SRBI issuance strategy and domestic bond yield dynamics.

Tenor	17 July 2026	24 July 2026	31 July 2026
6 Months	7.22%	7.20%	7.20%
9 Months	7.42%	7.42%	7.42%
12 Months	7.64%	7.64%	7.64%

Source: Bank Indonesia

What Happened

Indonesia Inflation

★★★

Indonesia’s annual inflation eased to 2.88% YoY in July 2026 (Jun’26: 3.34% YoY), below the consensus forecast of 3.2% YoY. The moderation was mainly driven by slower inflation in the food category and several other expenditure groups, although inflation accelerated across a number of categories. Meanwhile, core inflation remained stable at 2.76% YoY.

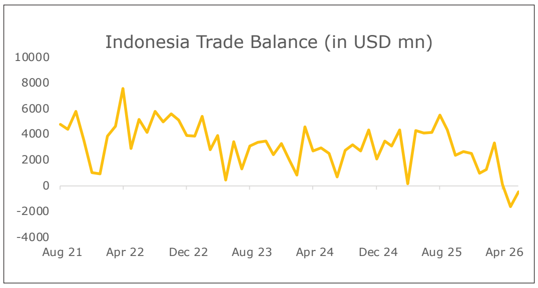
Category	Jul'26	Jun'26
Food	2.97%	4.67%
Housing	0.99%	1.04%
Transportation	5.12%	4.57%
Clothing	1.04%	1.00%
Furnishings	1.72%	1.44%
Healthcare	1.96%	1.84%
Communication	1.50%	1.26%
Recreation	1.58%	1.40%
Education	1.00%	1.27%
Restaurant	2.55%	2.36%
Personal Care	9.04%	10.1%

Source: BPS Indonesia

★ : Relevance towards market movements

Indonesia Trade Balance

Indonesia's trade deficit narrowed to USD 450 million in June 2026 (May'26: USD 1.61 billion deficit), outperforming the consensus forecast of a USD 790 million deficit. The improvement was supported by an 8.84% YoY increase in exports, bringing total exports to USD 25.46 billion. Meanwhile, imports also rose 34.27% YoY to USD 25.91 billion; however, stronger export performance compared with the previous month helped narrow the trade deficit.



Source: Bloomberg

Middle East Geopolitical Update

Geopolitical tensions in the Middle East have eased amid ongoing diplomatic efforts between the United States and Iran. The improved sentiment has reduced market concerns over potential oil supply disruptions, leading Brent crude prices to fall below USD90 per barrel as of 31 July 2026. Nevertheless, risks to global energy supply remain, as negotiations are still ongoing and shipping activity through the Strait of Hormuz has yet to fully recover.

US Durable Goods Orders

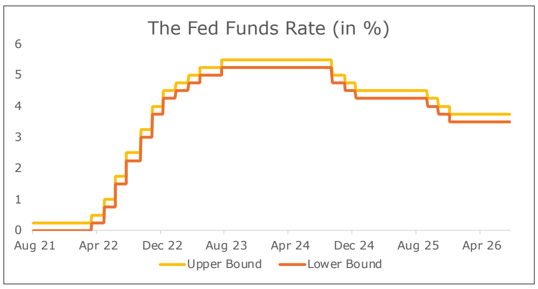
US durable goods orders rose 0.3% MoM to USD 334.77 billion in June 2026 (May'26: -4.0% MoM), falling short of market expectations for a 1.6% MoM increase. The growth was mainly driven by higher orders for capital goods, computers and electronic products, and primary metals.

Category	Jun'26	May'26
Capital goods	1.1%	-13.0%
Primary metals	1.1%	4.2%
Computer and electronic products	3.1%	1.2%
Electrical equipment, appliances, and components	0.9%	0.2%
Transportation	-0.2%	-13.5%
Machinery	-0.1%	2.8%
Fabricated metal products	-0.5%	1.3%

Source: U.S. Bureau

The Fed Interest Rate Decision

The Federal Reserve kept the federal funds rate unchanged at 3.50%–3.75% for a fifth consecutive meeting in July 2026, in line with market expectations. However, three FOMC members voted in favor of a 25-basis-point rate hike, leaving the door open for a potential increase at the September meeting. The Fed also noted that the US economy remains resilient, supported by strong business investment and a solid labor market, although inflation continues to run above its 2% target.



Sumber: Bloomberg

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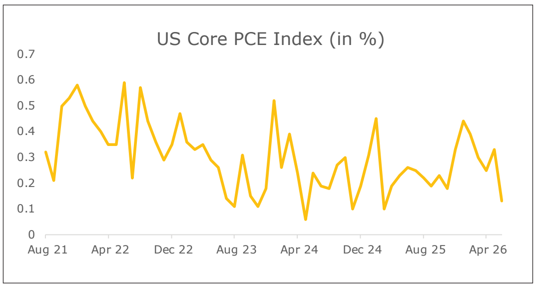
US Core PCE Inflation

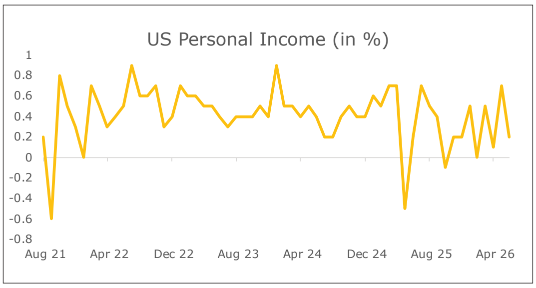
The US core Personal Consumption Expenditures (PCE) Price Index, the Federal Reserve's preferred measure of inflation, rose 0.1% MoM in June 2026 (May'26: 0.3% MoM), below market expectations of a 0.2% increase.



Source: Bloomberg

US Personal Income

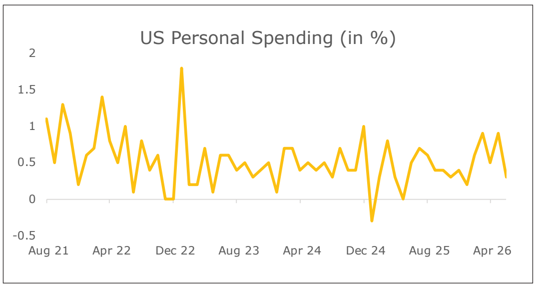
US personal income increased 0.2% MoM in June 2026 (May'26: 0.7% MoM), below market expectations of a 0.3% MoM increase. The growth was mainly driven by higher employee compensation, dividend and interest income, as well as increased government social benefits.



Source: Bloomberg

US Personal Spending

US personal spending increased 0.3% MoM in June 2026 (May'26: 0.9% MoM), in line with market expectations, but slowed from the previous month. The moderation was mainly driven by a sharp decline in gasoline spending following lower crude oil prices after the US–Iran peace negotiations. Nevertheless, spending growth remained supported by higher expenditures on health care, financial services and insurance, transportation services, as well as motor vehicles and parts.



Source: Bloomberg

What to Watch

4 August 2026

Indonesia GDP Growth Rate YoY in 2Q - Consensus expects 5.1% (1Q'26: 5.61%).

7 August 2026

US Non-farm Payrolls in July - Consensus expects 83K (Jun'26: 57K).

US Unemployment Rate in July - Consensus expects 4.3% (Jun'26: 4.2%).

Key Takeaways

Global market sentiment improved after President Donald Trump announced that the United States would postpone its planned military strike against Iran. The decision followed calls from Gulf states to allow diplomatic negotiations to continue. This development raised market optimism over the possibility of reaching an agreement to reopen the Strait of Hormuz, leading Brent crude oil prices to fall by more than 7% intraday. The sharp decline in oil prices helped ease concerns over potential disruptions to global energy supplies and reduced near-term inflation risks.

Meanwhile, the Federal Reserve kept its policy rate unchanged at 3.50%–3.75%, in line with market expectations. However, the 9-3 voting split underscored that inflation remains a key concern among policymakers, with three FOMC members dissenting in favor of a 25-basis-point rate hike. Federal Reserve Chair Kevin Warsh reiterated the central bank's commitment to bringing inflation back to its 2% target while noting that higher US Treasury yields have already tightened financial conditions. As a result, the Fed believes it has room to remain patient and continue taking a data-dependent approach ahead of its September meeting.

Overall, easing geopolitical tensions and lower oil prices have supported an improvement in global market sentiment. Nevertheless, the Fed's latest communication suggests that policymakers are not yet convinced inflation has been fully brought under control. Consequently, the future path of monetary policy is expected to remain highly dependent on incoming inflation and labor market data. For emerging markets, including Indonesia, lower oil prices could help ease inflationary pressures and reduce fiscal burdens. However, elevated US Treasury yields may continue to support US dollar strength and limit capital flows into risk assets.

Reflecting the improvement in global sentiment, the Indonesian equity market also posted a strong recovery, with the Jakarta Composite Index (JCI) recording its first monthly gain of 2026. The JCI closed at 6,236, rising 10.5% in July and extending its streak of positive July performance to ten consecutive years. Foreign investors recorded net inflows of USD88 million during the month, indicating a gradual recovery in appetite for Indonesian equities. On the fundamental side, the 2Q26 earnings season also provided support, as the majority of listed companies reported results that met or exceeded the market's previously conservative expectations. This reinforced confidence in the earnings outlook for Indonesian corporates despite continued global macroeconomic uncertainty.

Looking ahead, investors will closely monitor several key catalysts this week, including the US July employment report, which is expected to be one of the key determinants of market expectations for the Federal Reserve's September policy meeting, as well as Indonesia's second-quarter 2026 GDP growth release. Domestically, the market will also focus on developments surrounding the appointment of the next Governor of Bank Indonesia, which is expected to provide greater clarity on the direction of the country's monetary policy going forward.

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ASSET MANAGEMENT

Global Indices	31-Jul-26	1W (%)	1M (%)	YTD (%)
Nikkei 225 - Japan	64,362	-0.39	-7.72	27.86
Kospi - Korea	6,595	-1.42	-18.46	56.51
Hang Seng - Hongkong	25,884	3.69	10.85	0.12
SH Comp - China	3,832	0.47	-5.23	-3.35
Nifty 50 - India	24,384	2.59	0.46	-6.00
Strait Times - Singapore	5,629	0.72	7.33	20.90
SET - Thailand	1,624	-1.26	0.77	28.89
FTSE - Malaysia	1,725	1.40	2.73	2.40
PSEi - Philippines	6,236	-0.71	0.78	3.03
S&P500 - US	7,490	1.05	0.09	8.61
DAX - Germany	25,629	2.11	-0.58	4.65
MSCI ex. Japan	1,104	2.43	-3.27	20.94

Indonesia	31-Jul-26	1W (%)	1M (%)	YTD (%)
JCI Index	6,236	0.64	6.13	-27.88
LQ-45	621	1.05	6.78	-26.62
JII	370	-0.51	6.30	-36.04
IDX Sector Energy	2,969	-1.02	10.51	-33.32
IDX Sector Basic Industry	1,664	2.71	10.26	-19.15
IDX Sector Industrials	1,612	-0.32	6.06	-25.21
IDX Sector Consumers Non-cyclical	690	2.33	6.27	-13.76
IDX Sector Consumers Cyclical	936	2.61	7.66	-23.70
IDX Sector Healthcare	1,446	2.51	2.18	-29.97
IDX Sector Financial	1,349	0.73	3.74	-12.98
IDX Sector Properties & Real Estate	780	-3.49	7.99	-33.46
IDX Sector Technology	6,989	2.12	8.31	-26.66
IDX Sector Infrastructures	1,778	-1.74	1.89	-33.44
IDX Sector Transportations & Logistic	1,638	-0.57	-0.51	-16.71

Foreign Flow	as of	WTD	MTD	YTD
Equity (million USD)	31-Jul-26	392.9	88.5	-4,159.7
Bonds (million USD)	29-Jul-26	45.9	352.1	696.20

Bonds (price)		31-Jul-26	1W (%)	1M (%)	YTD (%)
FR0109	5th	94.54	0.13	-0.75	-7.11
FR0108	10th	94.37	0.05	-1.43	-8.25
FR0106	15th	98.24	0.22	-1.25	-1.10
FR0107	20th	98.28	0.14	-1.22	-0.74
US Treasury	5th	98.91	0.07	0.18	1.15
US Treasury	10th	85.51	-0.05	-0.88	-2.12

Commodity (USD)	31-Jul-26	1W (%)	1M (%)	YTD (%)
Oil - WTI	85	-5.20	23.26	46.11
Coal	130	-0.34	1.05	22.03
CPO	4,531	-1.31	2.07	12.52
Nickel	17,249	-0.75	5.02	2.50
Gold	4,046	-0.16	-3.13	-6.76

Currency/Rates	31-Jul-26	1W (%)	1M (%)	YTD (%)
USD/IDR	18,000	0.32	0.26	7.34
USD/JPY	157.40	-3.92	-2.44	0.63
USD/EUR	0.87	-1.36	-0.79	1.91
USD/CNY	6.75	-0.31	-0.43	-3.49
7DRRR (%)	5.75	0.00	0.00	1.00
Fed rate (%)	3.75	0.00	0.00	0.00

Calendar 27 July - 3 August 2026	Results
US Durable Goods Orders MoM in June	0.3%
The Fed Interest Rate Decision in July	3.5%-3.75%
US Core PCE Price Index MoM in June	0.1%
US Personal Income MoM in June	0.2%
US Personal Spending MoM in June	0.3%

Positive Movement   Negative Movement

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