

Market Movement – Summary

The JCI closed higher last week, gaining 1.82% WoW to 6,636. The rally was led by industrials (IDXINDUS +6.53%), energy (IDXENERGY +4.51%), and technology (IDXTECH +4.04%), while basic materials (IDXBASIC -1.26%) and healthcare (IDXHLTH -1.25%) were the main laggards. Foreign investors recorded a USD130.5mn net inflow into equities during the week, narrowing the year-to-date (YTD) foreign equity net outflow to USD3.94bn.

In the bond market, the 10-year US Treasury yield rose by 7 bps to 4.78%. In line with the move in global yields, reflecting a repricing of Fed expectations following stronger-than-expected US labor data. The 10-year Indonesian government bond (SUN) yield also increased by 4 bps WoW to approximately 7.12%. On the flow side, foreign investors recorded a USD111.8mn net inflow into Indonesian government bonds (SBN) during the week, bringing YTD foreign net inflows to USD1.66bn, while the foreign ownership share increased to around 13%.

On the monetary side, Bank Indonesia did not issue SRBI last week, in line with the adjustment in SRBI auction frequency to once every two weeks through 23 September 2026. The next SRBI auction is scheduled for 28 August 2026. The lower issuance frequency should reduce liquidity absorption by Bank Indonesia, providing a more supportive liquidity backdrop for the domestic bond market in the near term. However, the positive liquidity effect should be assessed alongside higher global yields and inflation risks, which may limit the scope for a near-term decline in Indonesian government bond yields.

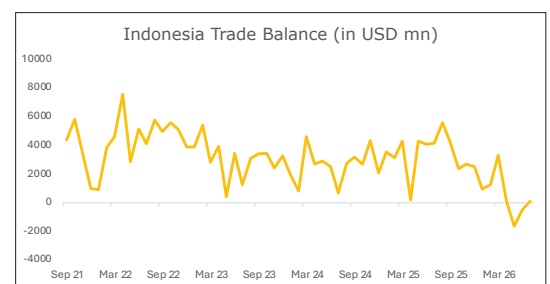
What Happened

Indonesia Trade Balance



Indonesia's trade balance unexpectedly recorded a USD130 million surplus in July, reversing a USD450mn deficit in June and

beating market expectations for a USD300 million deficit. The result was supported by stronger-than-expected export growth, with exports reaching USD 26.22 billion, up 6.05% YoY, mainly driven by a 6.84% YoY increase in non-oil and gas exports. Meanwhile, imports reached USD 26.09 billion, up 27.02% YoY. On a cumulative basis, January-July 2026, Indonesia recorded a USD3.70 billion trade surplus. The improvement provides support to the external balance, although the strong increase in imports remains a key area to monitor.



Source: Bloomberg

Indonesia Inflation



Indonesia's annual inflation rate rose to 3.19% YoY in August from 2.28% YoY in July, exceeding the market expectation of 3.13% YoY.

The increase was driven by higher prices of food, beverages, and cigarettes, as well as rising personal-care and transportation costs. Despite the increase, inflation remained within Bank Indonesia's target range of 1.5%–3.5%. Meanwhile, core inflation rose to 2.92% YoY. The increase could prompt BI to adopt a more cautious approach to further monetary easing.

Category	Aug'26	Jul'26
Food	3.86%	2.97%
Housing	0.16%	0.99%
Transportation	0.58%	5.12%
Clothing	0.06%	1.04%
Furnishing	0.10%	1.72%
Healthcare	0.06%	1.96%
Communication	0.10%	1.50%
Recreation	0.03%	1.58%
Education	0.07%	1.00%
Restaurant	0.27%	2.55%
Personal care	0.63%	9.04%

Source: BPS Indonesia

Bank Indonesia Governor Inauguration



Destry Damayanti, was officially inaugurated as Governor of Bank Indonesia for the 2026–2031 term on September 2, 2026. The appointment marks continuity in Bank Indonesia's leadership, with the monetary policy mix expected to remain focused on exchange-rate and inflation stability while

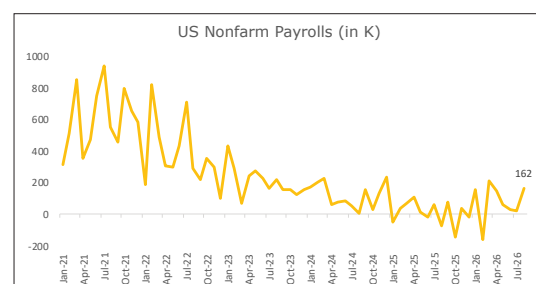
supporting sustainable economic growth.

US Non-Farm Payrolls



The US economy added 162K jobs in August (Jul'26: +23K), exceeding market expectations of 56K. Job growth was primarily

driven by food services and drinking places (+59K) and local government education (+42K), followed by manufacturing (+16K) and health care (+13K). Meanwhile, employment in the information sector declined by 23K. Employment data for June and July was also revised upward by a combined 55K jobs from previous estimation. The report points to a still-resilient labor market and increases market sensitivity to incoming inflation data ahead of the September FOMC meeting.



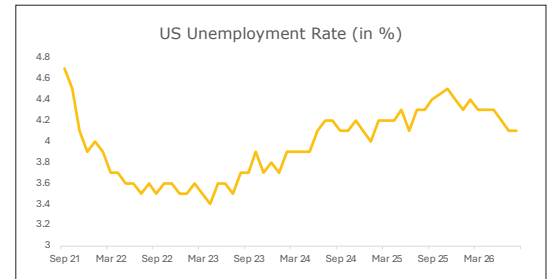
Source: Bloomberg

US Unemployment Rate



The US unemployment rate remained at 4.1% in August 2026 (Jul'26: 4.1%), in line with market expectations. Although the number of unemployed increased by 115K to 7.03 million, the number of employment rose by 569K to 162.75 million.

Alongside the increase in employment, the labor force expanded by 683K to 169.78 million, lifting the labor force participation rate to 61.6% (Jul'26: 61.4%). The combination of solid payroll growth and higher participation indicates that labor-market conditions remain relatively healthy.



Source: Bloomberg

China NBS Manufacturing PMI



China's Manufacturing PMI rose to 49.8 in August from 49.2 in July, slightly above the market expectation of 49.7. Although the headline index remained below the 50 threshold, production index improved to 50.4 and new orders to 50.6, indicating better production and demand conditions. Employment, however, remained in contraction at 48.7. Overall, the data point to stabilizing manufacturing activity, but not yet a broad-based expansion.

Category	Aug'26	Jul'26
Output	50.4	49.9
New orders	50.6	48.5
Employment	48.7	49.0
Raw material inventories	48.1	48.3
Delivery times	50.1	49.5
Input costs	56.6	53.2
Output prices	50.4	47.8
Business sentiment	53.8	54.1

Source: NBS China

What to Watch

8 September 2026



China Balance of Trade in August - Consensus expects a surplus of USD120.1bn (Jul'26: USD112.5bn surplus).

10 September 2026



ECB Interest Rate Decision in September - Consensus expects the ECB to raise its interest rate to 2.65% (Aug'26: 2.40%).



US Producer Price Index (PPI) MoM in August - Consensus expects PPI to increase by 0.3% MoM (Jul'26: 0.0%).

9 September 2026



China Inflation Rate YoY in August - Consensus expects inflation at 0.9% (Jul'26: 0.5%).

11 September 2026



US Core Inflation Rate YoY in August - Consensus expects core inflation at 2.4% YoY (Jul'26: 2.5%).



US Inflation Rate YoY in August - Consensus expects inflation at 3.4% YoY (Jul'26: 3.4%).

Key Takeaways

US latest economic data further reinforced expectations that interest rates could remain elevated for longer, while increasing the likelihood of further tightening by the Federal Reserve. August non-farm payrolls rose by 162k, significantly above the 56k consensus, while the unemployment rate remained steady at 4.1%. Combined with stronger labor-market data and Kevin Warsh's hawkish remarks on inflation at Jackson Hole, **expectations for a potential rate hike at the September FOMC meeting have increased.** Warsh has emphasized that inflation remains too high, that the Fed's 2% PCE inflation target should remain the primary objective, and that short-term interest rates remain the key monetary policy tool. **Nevertheless, the policy outlook remains highly data-dependent, making this week's August inflation data a key catalyst ahead of the September FOMC meeting.**

On the domestic side, Indonesia's macroeconomic backdrop remains relatively resilient, although external pressures warrant closer attention. Headline inflation accelerated to 3.19% YoY in August from 2.88% in July, mainly driven by food, beverages, and tobacco, while the manufacturing PMI slipped back into contraction at 49.8. On the external front, the trade balance improved to a USD0.12bn surplus in July, reversing the USD0.45bn deficit in June, supported by stronger iron, steel, and CPO exports. Nevertheless, the external balance remains a key area to monitor, particularly if oil prices remain elevated.

On the monetary side, Bank Indonesia is likely to remain cautious despite more supportive domestic liquidity conditions, as higher global bond yields and renewed external pressures continue to complicate the policy outlook. BI Governor Destry Damayanti highlighted elevated global yields as a key consideration ahead of the 22–23 September policy meeting, following a cumulative 100 bps of tightening in May–June to support the rupiah. With the likelihood of further Fed tightening increasing, BI's near-term policy focus is likely to remain on rupiah stability and external resilience, leaving limited room for monetary easing despite improving

Weekly Update

31 August – 4 September 2026



	Global Indices	4-Sep-26	1W (%)	1M (%)	YTD (%)
	Nikkei 225 - Japan	65,021	-2.09	-0.89	29.16
	Kospi - Korea	6,687	-1.50	6.85	58.68
	Hang Seng - Hongkong	25,651	0.26	-0.07	-0.79
	SH Comp - China	3,930	-0.56	-0.25	-0.88
	Nifty 50 - India	23,898	-1.15	-2.74	-7.87
	Strait Times - Singapore	5,802	1.79	1.82	24.63
	SET - Thailand	1,596	0.46	-1.02	26.67
	FTSE - Malaysia	1,708	-1.03	-1.59	1.40
	PSEi - Philippines	6,091	2.25	-3.18	0.62
	S&P500 - US	7,719	0.09	-0.50	11.92
	DAX - Germany	26,046	-1.97	-1.04	6.35
	MSCI ex. Japan	1,140	0.08	4.31	24.96

	Indonesia	4-Sep-26	1W (%)	1M (%)	YTD (%)
	JCI Index	6,636	1.82	3.54	-23.25
	LQ-45	658	2.46	2.70	-22.32
	JII	396	0.80	2.31	-31.49
	IDX Sector Energy	3,372	4.51	8.55	-24.29
	IDX Sector Basic Industry	1,817	-1.26	2.57	-11.73
	IDX Sector Industrials	1,687	6.53	2.82	-21.70
	IDX Sector Consumers Non-cyclical	722	1.47	1.30	-9.74
	IDX Sector Consumers Cyclical	986	2.24	2.73	-19.59
	IDX Sector Healthcare	1,518	-1.25	0.81	-26.45
	IDX Sector Financial	1,413	3.23	4.17	-8.83
	IDX Sector Properties & Real Estate	842	1.99	3.67	-28.24
	IDX Sector Technology	7,125	4.04	1.35	-25.23
	IDX Sector Infrastructures	1,912	0.11	5.40	-28.44
	IDX Sector Transportations & Logistic	1,825	3.12	7.89	-7.19

	Foreign Flow	as of	WTD	MTD	YTD
	Equity (million USD)	4-Sep-26	130.5	155.0	-3,936.5
	Bonds (million USD)	3-Sep-26	111.8	84.2	1663.60



	Bonds (price)		4-Sep-26	1W (%)	1M (%)	YTD (%)
	FR0109	5th	96.04	-0.47	1.24	-5.63
	FR0108	10th	95.88	-1.12	1.06	-6.78
	FR0106	15th	99.60	-1.12	0.98	0.26
	FR0107	20th	99.81	-0.69	1.28	0.80
	US Treasury	5th	99.19	0.06	0.21	1.43
	US Treasury	10th	85.36	-0.26	-0.69	-2.30



	Commodity (USD)		4-Sep-26	1W (%)	1M (%)	YTD (%)
	Oil - WTI		91	9.69	17.01	57.86
	Coal		149	13.30	16.27	39.38
	CPO		4,608	-0.43	1.79	14.43
	Nickel		16,846	-0.09	-0.93	0.11
	Gold		4,430	-0.56	2.04	2.09



	Currency/Rates		4-Sep-26	1W (%)	1M (%)	YTD (%)
	USD/IDR		17,637	-0.31	-1.41	5.18
	USD/JPY		156.26	-2.39	-0.95	-0.10
	USD/EUR		0.86	-0.25	-0.47	1.15
	USD/CNY		6.71	-0.28	-0.54	-4.09
	7DRRR (%)		5.75	0.00	0.00	1.00
	Fed rate (%)		3.75	0.00	0.00	0.00



	Calendar 31 August - 4 September 2026	Results
	Indonesia Trade Balance in July	USD 130 mn
	Indonesia Inflation YoY in August	3.19%
	US Non-Farm Payrolls in August	+162k
	US Unemployment Rate in August	4.1%
	China NBS Manufacturing PMI in August	49.8

Positive Movement

Negative Movement

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