Weekly Update

26 October - 2 November 2026

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Market Movement - Summary

The JCI fell sharply last week, down 7.03% WoW to 5,057, bringing its decline over the past month to 16.23% and its YTD loss to 41.52%. All sectors closed lower, with the steepest declines in infrastructure (IDXINFRA -13.04%), basic materials (IDXBASIC -12.23%) and energy (IDXENER -10.75%), while healthcare (IDXHLTH -2.02%), financials (IDXFIN -2.93%) and consumer non-cyclicals (IDXNCYC -4.73%) posted the smallest losses. Foreign investors booked a net outflow of USD168.5 million in the equity market over the week, widening the year-to-date (YTD) foreign net outflow to USD5.60 billion.

In the bond market, the 10-year US Treasury yield fell 6.6 bps to 4.93%, while the 10-year Indonesian government bond (SUN) yield rose 29.9 bps to 7.72%, moving in the opposite direction from US Treasuries. The increase was driven by rupiah weakening and foreign outflow, foreign investors recorded a net outflow of USD95.1 million from the Government Securities (SBN) market over the week (as of 29 Oct), bringing the YTD foreign net inflow down to USD1.98 billion, with foreign ownership at 12.97%. The rupiah weakened 0.39% WoW against the dollar to 18,127. On the monetary policy front, Bank Indonesia did not hold an SRBI auction last week, in line with its biweekly auction frequency.

What Happened

Indonesia's Inflation



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Indonesia's headline Consumer Price Index (CPI) inflation eased slightly to 3.23% YoY in October 2026 (Sep'26: 3.28% YoY), below the consensus expectation of 3.29% YoY. Inflationary pressure came mainly from food, beverages and tobacco prices. Meanwhile, core inflation, which excludes food and energy prices, also eased to 2.56% YoY (Sep'26: 2.84% YoY). On a monthly basis, both headline and core inflation rose at a relatively moderate pace. This indicates that overall inflationary pressures remain manageable, although price movements and exchange rate stability still require close monitoring.

Category	Oct-26 (MoM %)	Sep-26 (MoM %)
Food, Beverage, Tobacco	0.51	0.88
Clothing	0.06	0.03
Housing & Utilities	0.07	0.04
Household Equipment	0.19	0.18
Health	0.32	0.26
Transportation	0.13	0.03
Information & Communication	0.11	0.12
Recreation & Culture	0.11	0.07
Education	0.06	0.24
Restaurant	0.19	0.11
Personal Care	-0.06	-0.14

Source: BPS Indonesia



Source: Bloomberg

★: Relevance towards market movements

JCI Constituent Adjustment



★★★

The Indonesia Stock Exchange (IDX) officially excluded 81 High Shareholding Concentration (HSC) stocks from the JCI calculation starting 2 November 2026. However, these stocks, including BREN, BYAN and DSSA, remain listed and tradable as usual. With a combined weight of around 18% in the JCI, the redistribution of their weights has increased the weight of the remaining constituents. The policy follows the earlier exclusion of HSC stocks from the IDX30, LQ45 and IDX80 indices, as part of efforts to improve JCI transparency amid MSCI's scrutiny of Indonesia's capital market governance.

US Durable Goods Orders

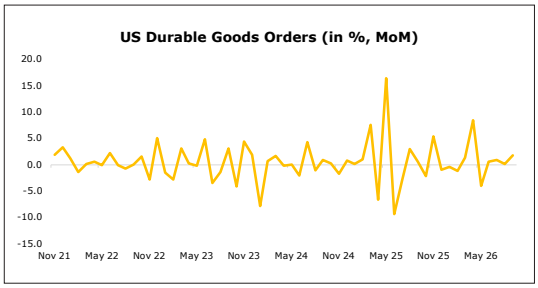


★★☆

US durable goods orders rose 1.8% MoM in September 2026 (Aug'26: 0.1% MoM), above the market forecast of 1.5% MoM. The increase was driven mainly by a surge in transportation equipment orders, particularly civil aircraft. Excluding transportation, however, orders grew at a more moderate pace. Meanwhile, orders for core capital goods, a key indicator of business investment plans, slowed from the previous month

Category	Sep'26 (MoM %)	Aug'26 (MoM %)
Core Capital Goods	0.5	1.6
Transportation Equipment	4.6	-0.3
Non-defense Aircraft	28.4	0.3
Motor Vehicles & Parts	0.3	-0.8
Machinery	1.2	1.0
Computers & Electronics	0.8	0.5
Primary Metals	0.5	1.9
Electrical Equipment	-0.3	0.5

Source: US Census Bureau



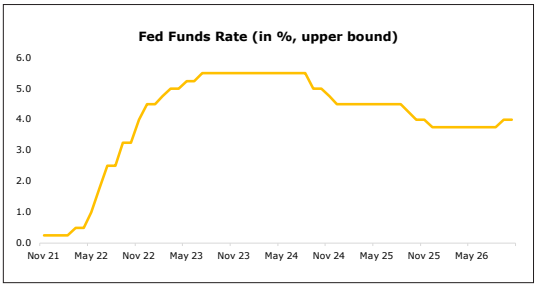
Source: Bloomberg

US Fed Interest Rate Decision



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The Fed held its benchmark interest rate at 3.75%–4.00% at its October 2026 meeting, in line with market expectations, following a 25 bps hike in September, the first increase since 2023. The decision was reached by a 10–2 vote, with Governor Lisa Cook and Cleveland Fed President Beth Hammack favouring a 25 bps hike. The Fed assessed that the economy is growing strongly, supported by resilient domestic spending, even as inflationary pressures remain high. It added that incoming data will guide the future policy path, with the goal of returning inflation to its 2% target.



Source: Bloomberg

Additionally, Fed Chair Kevin Warsh announced that, starting in 2027, one of the eight scheduled FOMC meetings each year will be dedicated to policy strategy without an interest-rate vote. As a result, the number of rate-setting meetings will fall to seven in 2027 and six in 2028.

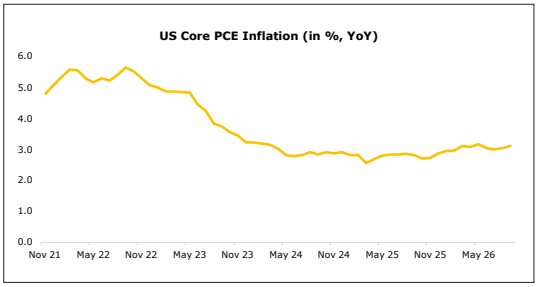
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US Core PCE Inflation



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The US core Personal Consumption Expenditures (PCE) price index, the inflation measure most closely watched by the Fed, rose 0.3% MoM in September 2026, matching August's pace and in line with market expectations. On an annual basis, core PCE climbed to 3.1% YoY (Aug'26: 3.0% YoY), also in line with forecasts and its highest level since May. Meanwhile, headline PCE rose more sharply to 3.6% YoY (Aug'26: 3.4% YoY), driven by a surge in energy prices. This remains well above the Fed's 2% target, fuelling concerns that rising energy costs are beginning to spill over into broader inflationary pressures.



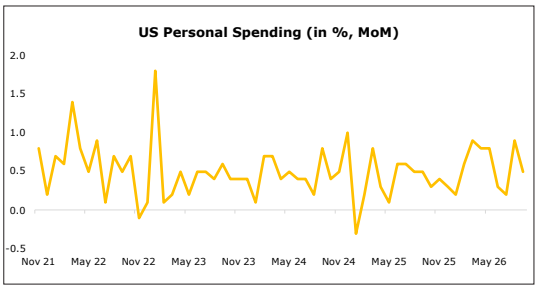
Source: Bloomberg

US Personal Spending



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US personal spending rose 0.5% MoM in September 2026 (Aug'26: 0.9% MoM), slightly below market expectations of 0.6% MoM. The increase was driven primarily by services such as transportation, housing and utilities, and restaurants and accommodation, followed by goods spending, mainly on gasoline and energy. After adjusting for inflation, however, real spending was virtually flat, indicating that the rise was largely driven by higher prices.



Source: Bloomberg

US Personal Income

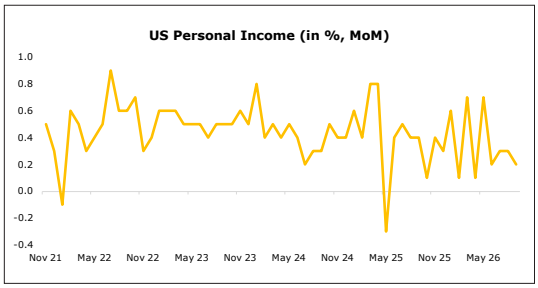


★★☆

US personal income rose 0.2% MoM in September 2026 (Aug'26: 0.3% MoM), below market expectations. The increase was mainly driven by employee compensation, led by private-sector wages, as well as government social benefits, primarily Medicare. Disposable personal income also rose 0.2%, but after adjusting for inflation, real disposable income fell 0.3%, signalling that household purchasing power is being eroded by rising prices.

Indicator	Sep'26 MoM %	Aug'26 MoM %
Private Wages and Salaries	0.2	0.3
Government Social Benefits	0.3	0.4
Compensation	0.3	0.3
Disposable Income	0.2	0.3
Real Disposable Income	-0.3	0.0

Source: US Bureau of Economic Analysis



Source: Bloomberg

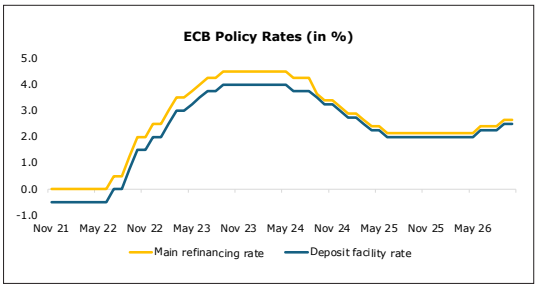
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ECB Interest Rate Decision



★★☆

The European Central Bank (ECB) held interest rates steady at its October 2026 meeting, as expected, keeping the main refinancing rate at 2.65% and the deposit facility rate at 2.50%, following a 25 bps hike in September. The ECB warned that rising energy prices pose upside risks to inflation and downside risks to growth. However, underlying inflation remains broadly stable, with no significant wage response so far. The ECB also noted that higher borrowing costs across Europe could further weigh on growth and inflation, while offering no clear guidance on the future rate path.



Source: Bloomberg

Lagarde confirmed that a rate hike was discussed, but policymakers unanimously agreed to hold. The decision was overshadowed by Lagarde's announcement that she will step down in February 2027, nine months before her term ends, amid volatility in French bond markets and persistently high energy prices.

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Weekly Update

26 Oktober - 2 November 2026

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What to Watch

2 November 2026

★★★

Indonesia Balance of Trade in September - Consensus expects a surplus of USD1.9bn (Aug'26: USD3.55bn).

6 November 2026

★★★

US Non-Farm Payrolls in October - Consensus expects 65K (Sep'26: 29K).

★★★

US Unemployment Rate in October - Consensus expects 4.2% (Sep'26: 4.2%).

Key Takeaways

Global markets continue to face **resilient US growth, persistent inflation and tight monetary policy.** The Fed held its policy rate at **3.75–4.00% in October** although two FOMC members favoured a 25 bps increase. The decision reflected a desire to assess the effects of earlier tightening, as financial conditions became more restrictive and consumer spending lost momentum. **The pause does not signal an end to further rate increases,** with September core PCE inflation rising to 3.1% YoY and headline PCE reaching 3.6%, partly reflecting elevated energy prices.

This leaves the Fed balancing competing signals. Solid growth provides little urgency to ease, while softer consumption argues against tightening further before the full effects of previous decisions become apparent. **October nonfarm payrolls, due on 6 November, will help shape the next policy decision,** alongside wage growth and inflation. Continued labour-market strength could keep another hike in play, while a clearer slowdown would strengthen the case for extending the pause.

In Indonesia, **October headline inflation eased to 3.23% YoY and core inflation to 2.56%,** both below consensus. The easing inflationary pressures could provide some room for monetary easing, although the scope for near-term rate cuts remains limited by rupiah weakness, foreign capital outflows, and elevated US interest rates.

Meanwhile, domestic assets remained under pressure amid rupiah weakness, foreign capital outflows, and uncertainty over a potential MSCI reclassification of Indonesia's equity market. The JCI fell **to 5,057,** with all sectors declining, while the rupiah weakened to **Rp18,127/USD**. The 10-year government bond yield rose to **7.72%**, even as the US Treasury yield declined to 4.93%. This divergence suggests that domestic concerns and a higher Indonesia risk premium contributed to the sell-off, beyond the influence of global interest rates.

Amid these market pressures, efforts to restore market credibility and transparency continued, with **81 stocks classified as High Shareholding Concentration (HSC), representing approximately 18% of the index, excluded from the JCI effective 2 November.** A divisor adjustment preserves index continuity, while their weights are redistributed among the remaining constituents. The change should make the benchmark more representative of investable shares, but restoring confidence will depend on greater ownership transparency and consistent enforcement. Therefore, investors will continue to closely monitor concrete actions by the authorities.

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Global Indices	30-Oct-26	1W (%)	1M (%)	YTD (%)
Nikkei 225 - Japan	63,290	0.95	-7.35	25.73
Kospi - Korea	5,731	3.25	-18.18	35.99
Hang Seng - Hongkong	23,294	0.87	-2.83	-9.90
SH Comp - China	3,599	-2.48	-6.33	-9.23
Nifty 50 - India	23,053	2.00	2.81	-11.13
Strait Times - Singapore	5,377	-0.84	-4.58	15.50
SET - Thailand	1,519	-2.82	-3.37	20.55
FTSE - Malaysia	1,616	0.25	-0.94	-4.09
PSEi - Philippines	5,680	-0.84	0.91	-6.16
S&P500 - US	7,580	-0.57	-1.85	9.92
DAX - Germany	25,818	2.53	2.33	5.42
MSCI ex. Japan	1,038	0.54	-8.46	13.79

Indonesia	30-Oct-26	1W (%)	1M (%)	YTD (%)
JCI Index	5,057	-7.03	-16.23	-41.52
LQ-45	515	-5.83	-13.48	-39.15
JII	289	-9.54	-19.38	-50.00
IDX Sector Energy	2,421	-10.75	-22.78	-45.63
IDX Sector Basic Industry	1,269	-12.23	-22.72	-38.32
IDX Sector Industrials	1,258	-6.87	-20.13	-41.62
IDX Sector Consumers Non-cyclical	595	-4.73	-11.60	-25.62
IDX Sector Consumers Cyclical	729	-6.35	-19.17	-40.58
IDX Sector Healthcare	1,287	-2.02	-9.28	-37.68
IDX Sector Financial	1,198	-2.93	-8.59	-22.70
IDX Sector Properties & Real Estate	670	-6.21	-8.95	-42.84
IDX Sector Technology	4,755	-7.95	-16.95	-50.10
IDX Sector Infrastructures	1,265	-13.04	-24.72	-52.65
IDX Sector Transportations & Logistic	1,507	-7.73	-10.06	-23.34

Foreign Flow	as of	WTD	MTD	YTD
Equity (million USD)	30-Oct-26	-168.5	-935.6	-5,601.3
Bonds (million USD)	29-Oct-26	-95.1	413.3	1977.70

Bonds (price)		30-Oct-26	1W (%)	1M (%)	YTD (%)
FR0109	5th	93.78	-1.26	-1.92	-7.85
FR0108	10th	92.00	-2.02	-3.68	-10.55
FR0106	15th	95.22	-2.75	-4.18	-4.15
FR0107	20th	94.23	-2.98	-5.07	-4.83
US Treasury	5th	99.54	0.06	0.22	1.80
US Treasury	10th	85.04	0.48	1.89	-2.66

Commodity (USD)	30-Oct-26	1W (%)	1M (%)	YTD (%)
Oil - WTI	104	0.82	14.28	79.67
Coal	150	-0.17	1.01	41.07
CPO	4,449	-3.01	2.18	10.48
Nickel	15,271	-3.64	-2.27	-9.25
Gold	3,875	-3.04	-6.44	-10.71

Currency/Rates	30-Oct-26	1W (%)	1M (%)	YTD (%)
USD/IDR	18,127	0.39	1.41	8.10
USD/JPY	157.56	0.44	-0.18	0.74
USD/EUR	0.90	0.38	0.86	5.27
USD/CNY	6.65	-0.24	-0.78	-4.88
7DRRR (%)	5.75	0.00	0.00	1.00
Fed rate (%)	4.00	0.00	0.00	0.25

Calendar 26 October - 2 November 2026	Results
US Durable Goods Orders MoM in September	1.8%
US Fed Interest Rate Decision in October (upper bound)	4.00%
US Core PCE Price Index YoY in September	3.1%
US Personal Spending MoM in September	0.5%
US Personal Income MoM in September	0.2%
ECB Interest Rate Decision (Main Refinancing Rate) in October	2.65%

Positive Movement Negative Movement

PT Trimegah Asset Management
Gedung Artha Graha 19th Floor
Jl. Jend. Sudirman Kav. 52 - 53
Jakarta 12190, Indonesia
t. +62-21 2924 8030
f. +62-21 2924 8040
e. cs_tram@trimegah.com
www.trimegah-am.com

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