Simpan ASSET MANAGEMENT

2H26 Macro Outlook

Weighing Risk and Value: Policy Credibility, Valuation Support, and Global Repricing

Dear Simpan Client,

1H 2026 tested Indonesia's resilience directly. The fiscal deficit widened faster than budgeted, printing well above plan in Q1 and putting the government's -3% legal ceiling within reach for the first time outside the Covid-era exception. MSCI opened a formal review of Indonesia's market accessibility, and an unprecedented US-Israel conflict with Iran sent oil sharply higher in February. Against this backdrop, the JCI fell roughly 30% year-to-date and foreign investors continued exiting both equities and bonds, while Bank Indonesia hiked rates to defend a weakening Rupiah rather than cut to support growth. Even so, the US economy and equity market continued to demonstrate resilience, with the S&P 500 climbing to fresh record highs.

As we look ahead to 2H 2026, investors face a period defined by three forces: domestic policy credibility, a decisive external verdict on Indonesia's market status, and a valuation gap we believe is more reversible than structural. Indonesia's fiscal and monetary policy are no longer pulling in the same direction, and both MSCI's November deadline and a split verdict from rating agencies will shape how the market is perceived from the outside in. Globally, a new Fed chapter under Kevin Warsh points to a higher-for-longer rate environment, while an Iran-driven energy shock keeps a geopolitical risk premium embedded across markets.

These pressures are unfolding alongside a genuine opportunity. Indonesian equities trade near their cheapest levels since the pandemic, real bond yields sit among their widest since 2010, and our internal Opportunity Score puts current valuations in the top quintile of the past 20 years. This environment presents both real risks and a rare entry point for investors who can be patient.

Periods of uncertainty require clarity and discipline. Our commitment is to help investors navigate these shifts with confidence and to position portfolios not only for 2H 2026 but for long-term resilience.

We thank you for your continued trust and confidence in us and remain committed to managing your investments with the same dedication and care as ever.

Yours Sincerely,

Julian Thio

Member of the Investment Committee

Recapping 1H 2026: A Volatile Ride

As we present our 2H 2026 Macro Outlook, we revisit key takeaways from our 2026 Macro Outlook to evaluate if market conditions were in line with our projections.

1. Fiscal and Monetary Policy Alignment: Kickstarting the Growth Engines

Our call: We expected Indonesia's growth to accelerate in 2026 on more expansionary fiscal measures and an accommodative BI stance, forecasting GDP to edge up to 5.1% YoY. The government set a 2026 fiscal deficit target of -2.48% of GDP (revenue IDR 3.15T, expenditure IDR 3.80T), though we flagged upside risk from populist programs and modest revenue growth. BI was expected to stay accommodative, with Danantara as a longer-term catalyst.

What happened: Risks related to the government's populist programs proved out. 1H fiscal deficit alone reached -0.76% of GDP. Meanwhile, BI opted to hike rather than hold its accommodative stance, raising rates 100 bps to 5.75% over two months to defend the currency. Q1 GDP came in at -0.77% quarter-on-quarter, a soft print against our 5.1% YoY forecast.

2. Domestic Investors as the Savior of Bond Yields – The New Normal

Our call: We expected domestic institutions such as banks, insurers, pension funds, mutual funds, alongside BI to continue absorbing bond supply as foreign ownership fell toward 14%, keeping 2026 yields broadly stable. We viewed longer-term yields as slightly overvalued given the widening fiscal deficit and weaker Rupiah, with our stress-test range placing 10Y yields at 7.0 - 7.3% in a worst case.

What happened: Domestic investors did absorb the supply as expected. However, Bank Indonesia is currently the single largest holder, as foreign ownership fell further from the 14% we cited to 13%. The 10Y has already reached our projected 7.0 - 7.3% range, exactly the level we flagged as where domestic demand would step in and prevent dislocation. BI has also drawn on reserves (USD 156B to 145B) to help defend the currency alongside the domestic bid.

3. Shifting Tides: From Momentum Stocks to Blue-Chips

Our call: We expected momentum-stock leadership to reverse in 2026. With Indonesian equities at historically low valuations and a weak earnings base, we called for a rotation into blue-chips as global liquidity conditions turned supportive and foreign investors re-entered risk assets.

What happened: Rather than a rotation into blue-chips, foreign investors sold throughout 1H26, with net outflows of roughly IDR 92 trillion and the JCI down approximately 30% YTD. Few anticipated the flurry of negative catalysts: (1) the January MSCI status scare, (2) the Iran conflict and $100 oil in February, and (3) concerns over MBG/Kopdes-driven APBN spending. JCI valuations are even cheaper than the levels underpinning our original thesis (P/E 14.5x, Covid-era), keeping the rotation setup intact once sentiment turns.

4. U.S. Resilience Poised To Extend Into 2026

Our call: We expected U.S. resilience to extend into 2026, though cautioned that toppish valuations left equities vulnerable to negative surprises, calling for volatility and moderate returns relative to 2025 amid a global rate-cutting cycle, with lingering questions about whether AI enthusiasm was evolving into a bubble.

What happened: Our core call held. Even with valuations at elevated levels, the S&P 500 continued to deliver positive returns of approximately 10% in 1H26 and reached record highs above 7,600. The Iran conflict caused a 9% intra-period drawdown in June but quickly recovered, highlighting the resilience of the US equity market. One shift worth noting: the global rate-cutting cycle we referenced hasn't materialized, with the Fed holding steady at 3.50 - 3.75% through 1H26.

5. Unwinding The Carry Trade, What's The Alternative?

Our call: We expected Japan's policy normalization, rising inflation, surging long-end JGB yields, and a strengthening yen to collapse the economics of yen-funded borrowing, forcing an unwind of an estimated $20 trillion in yen-funded positions and tightening global liquidity, with no currency able to fully replace the yen's funding role.

What happened: Our call is playing out. The BOJ hiked to a three-decade-high 0.75% and has signalled further hikes, compressing the US-Japan rate differential from roughly 525 bps at its 2024 peak to around 300 bps by May 2026, directionally exactly what we anticipated. An estimated $500B in yen carry positions remains outstanding, and net short yen positioning has fallen around 40% since November as funds reposition ahead of further BOJ moves. The unwind is underway and orderly for now, with the structural pressure we described still building.

Executive Summary

Domestic Outlook

1. Policy Uncertainty Continues to Weigh on Investor Confidence

- Fiscal deficit potentially breach the -3% legal ceiling for the first time outside the Covid era, as populist spending (MBG's budget nearly quadrupled) outruns revenue collection.
- Danantara and DSI face a credibility gap: slower capital deployment and thin transparency are compounding fiscal uncertainty rather than offsetting it.

2. The MSCI and Rating Agencies' Decision: How Is Indonesia Perceived?

- MSCI's accessibility review stays open, with November 2026 the hard deadline for a Frontier Market reclassification call. Indonesia has responded with concrete free-float and disclosure reforms.
- Moody's and Fitch have cut Indonesia's outlook to Negative. S&P is the outlier, suggesting further fiscal discipline.

3. Market Valuation: Cheap Equities, Rich Real Yields

- JCI trades more than two standard deviations below its long-term average. A discount last seen in 2008 and 2020, driven by sentiment and flows rather than earnings.
- Simpan Opportunity Score sits at 0.79, in the top quintile of the past 20 years, reflecting cheap equities alongside real bond yields near their widest since 2010.

Global Outlook

4. The Fed's Next Chapter

- Kevin Warsh's transition to Fed Chair looks more like policy continuity than a dovish pivot, with markets pricing a higher long-run neutral rate and a "higher-for-longer" backdrop.
- Elevated US yields and a stronger Dollar keep pressure on the Rupiah and EM currencies broadly, reinforcing Bank Indonesia's defensive stance despite softer domestic growth.

5. Geopolitics Keeps Risk Premium Elevated

- The Iran conflict has triggered what the IEA characterizes as the largest energy supply disruption in history, keeping a geopolitical risk premium embedded across markets.
- Second-round effects higher freight costs and sticky inflation are complicating rate-cut paths for major central banks, with gold a primary beneficiary of the flight to safety.

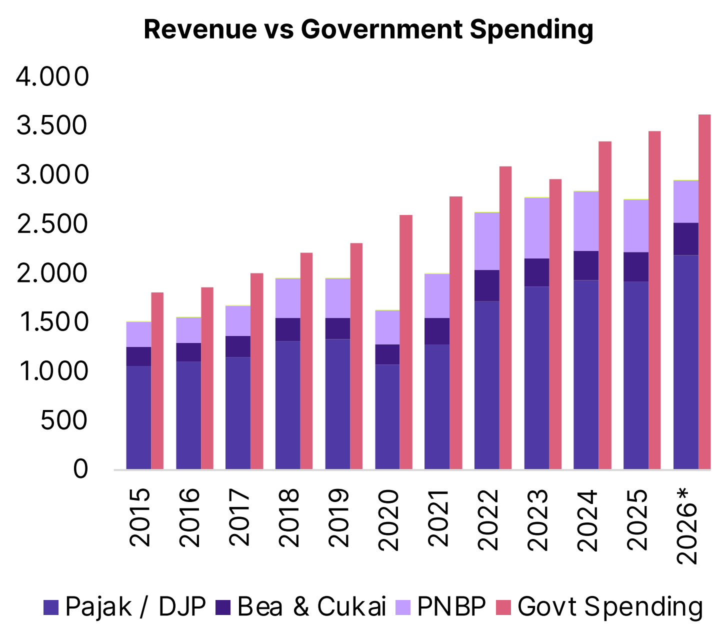
1. Policy Uncertainty Continues to Weigh on Investor Confidence

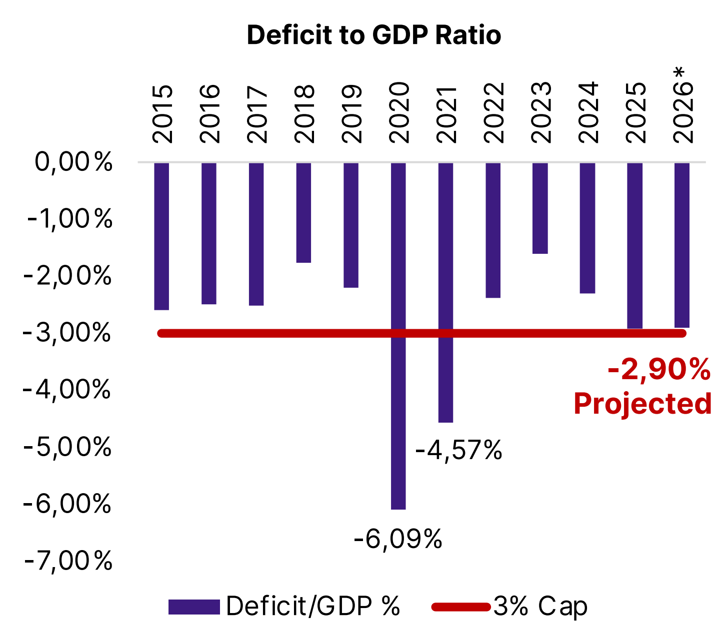
Fiscal Deficit can potentially breach the -3% legal cap if fiscal discipline is not in place.

Fiscal slippage was a risk we flagged. Indonesia's 2026 budget targeted a deficit of -2.48% of GDP, and although 1H2026 printed a modest -0.76% of GDP, we expect fiscal spending to accelerate in 2H2026. Consensus views the fiscal deficit will reach -2.8% to -2.9% of GDP due to significant fiscal spending, despite better fiscal management taking hold. We view that execution is the key defining factor. Efficiencies and cuts in MBG-Kopdes will define whether the deficit risks breaching -3% of GDP, a level Indonesia hasn't seen since the Covid pandemic.

BI has hiked 100bps over two months to 5.75%, with a further +25bps to 6.00% projected, to defend the currency. Foreign reserves have been on a clear downtrend across the semester, from USD156B (Dec 2025) to USD145.6B (Jun 2026), a form of intervention against the weakening currency. At the same time, the government has channeled liquidity into Himbara banks through PUN (Pembiayaan Utang Negara), amounting to around Rp400T, cheapening the cost of funds to stimulate lending, a move that sits in direct tension with BI's own rate hikes.

The fiscal deficit is still running at a relatively high budget, with cracks of uncertainty regarding how the fiscal budget is spent. BI is raising rates to defend the currency, with PUN funds providing ample liquidity into the system. These three forces are driving investors to demand a higher premium, pushing yields higher into 2H2026.





Business Environment: Ambition is Outrunning Accountability

Danantara and DSI face a credibility problem that creates ripples through Indonesia's financial market.

Danantara faces a credibility and accountability problem. Capital is being deployed slower than promised, and that lag is hurting its ROI story before it can even be judged fairly. Most of its roughly USD 1 T in assets are still too early-stage to assess, while transparent reporting has been limited. Since the launch, no annual financial report has come out since its February 2025 launch.

Furthermore, DSI (PT Danantara Sumberdaya Indonesia), the new one-gate export authority for coal, CPO, and ferroalloy, caused uncertainty for exporters. Starting in 2027, DSI is mostly expected to act as a verifier with potential to further act as price setter over these exports. Done well, this could help close the under-invoicing gap and increase state revenue, an opportunity gap that has let exporters under-declare export prices to shift profits offshore. However, if executed poorly, we expect issues over limited export flows, mismanagement and governance issues, and rent-seeking incentives, creating heightened risk to the commodity sector.

Danantara and DSI are both chasing real, credible goals, closing the under-invoicing gap and speeding up capital deployment. Both are moving faster than they're building the credibility to back it up. Neither is broken, but until communication and reporting catch up with their ambitions, they'll keep being sources of uncertainty instead of the catalysts they're meant to be.

Source: Simpan Asset Management, Indonesia Stock Exchange (IDX), Bloomberg. Data as of 30 June 2026

2. The MSCI and Rating Agencies' Decision: How is Indonesia Perceived Globally

Indonesia is being reassessed on two related tracks this year: index classification and sovereign credit, both tracking the same story of policy credibility.

Indonesia's MSCI Classification

MSCI opened a formal accessibility review on 28 January 2026 (free float, FX convertibility, ownership opacity), freezing index weight adjustments pending the review. At the Annual Review on 23 June 2026, MSCI kept Indonesia's EM status but cut information flow to Negative, flagging Frontier Market reclassification if there is an absence of "adequate progress" by November 2026.

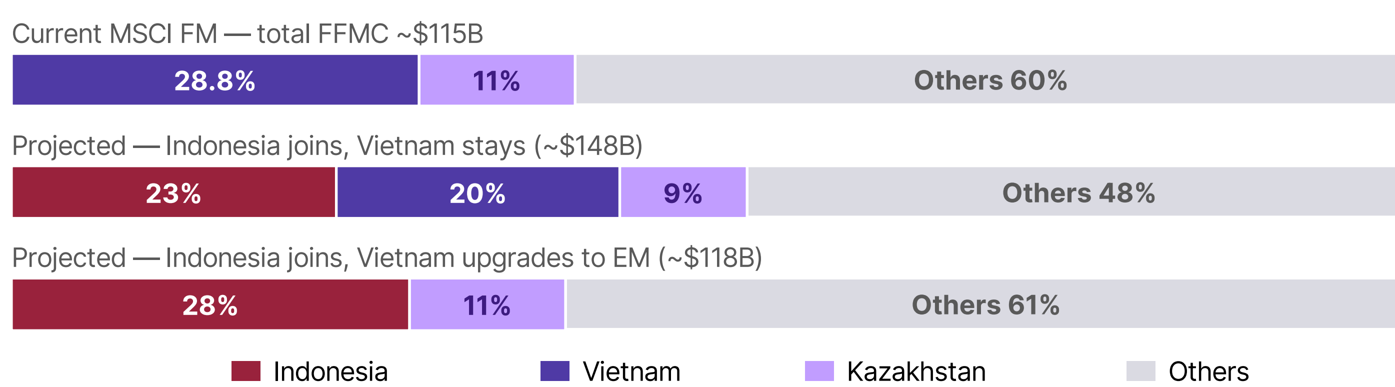
MSCI opened Indonesia's accessibility review 28 Jan 2026; November 2026 is the hard deadline

Although reclassification to Frontier Market remains a possibility in November, Indonesia has made concrete reforms to address MSCI's concerns: (1) OJK and the IDX raised the minimum free float requirement from 7.5% to 15%, (2) tightened ownership disclosure to the UBO level for stakes below 5%, and (3) expanded shareholder sub-type categories from 9 to 27.

If reclassification does happen, Indonesia moves from an EM weight (0.5 - 0.7%) to becoming the dominant FM constituent, at an estimated 20 - 28% FM weight (vs. Vietnam's current FM weight of 29%). The risk compounds if Vietnam itself upgrades out of FM first, since it's already an FTSE EM as of Sep 2025.

> **We believe Indonesia won't be downgraded out of EM status, as OJK's reform push on free float, disclosure, and ownership transparency directly addresses the concerns MSCI flagged.**

MSCI FRONTIER MARKET COMPOSITION (CURRENT VS. PROJECTED)

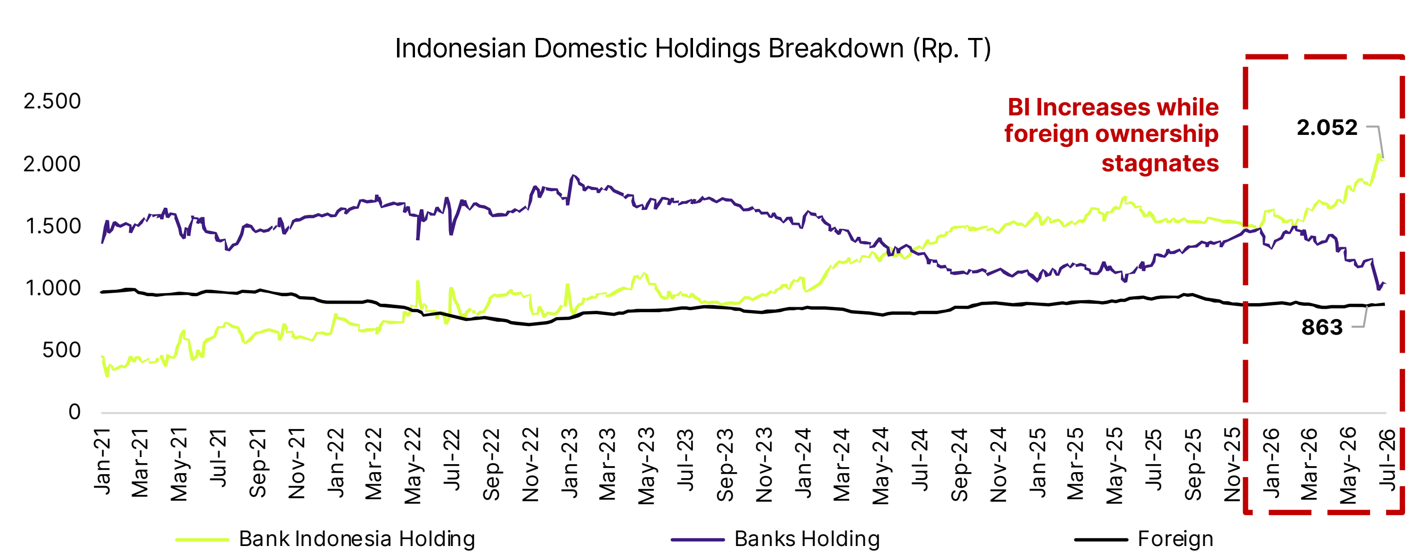


Credit Ratings

Moody's and Fitch cut Indonesia's outlook to Negative in February and March (Baa2, BBB held), citing policy unpredictability under President Prabowo. Since then, the government has initiated fiscal discipline measures that have been well received. On the other hand, S&P held a stable credit outlook of BBB/A-2 and a neutral tone reflecting growing confidence that the 3% deficit ceiling will hold.

As a result of the negative fiscal sentiment, foreign ownership of Indonesian government bonds has already fallen to ~13%. We expect Indonesia's continued fiscal discipline to be an important factor in credit ratings assessment, driven by prudent fiscal management and independent monetary policy. A credit rating downgrade would raise Indonesia's borrowing costs and pressure yields despite limited foreign ownership.

> **Fiscal discipline remains a crucial factor. S&P's stable rating shows the market has taken the government's discipline talk well so far, but that credit outlook holds only as long as fiscal cuts and discipline are delivered.**



Source: Simpan Asset Management, Indonesia Stock Exchange (IDX), Bloomberg. Data as of 30 June 2026

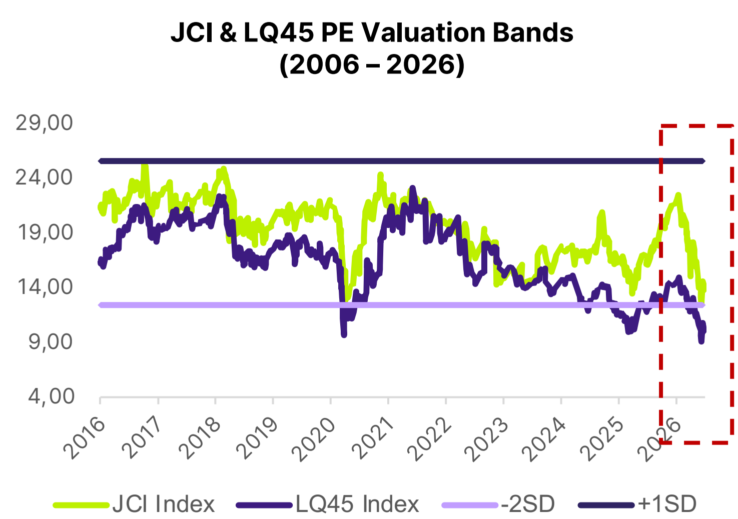
3. Market Valuation: Cheap Equities, Rich Real Yields

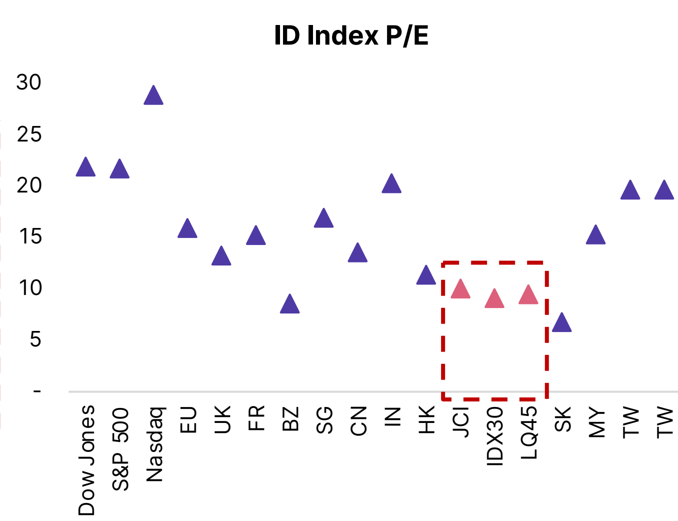
JCI valuation is running more than 2 standard deviations below its 20-year average, a discount last seen in 2008 and 2020.

The JCI is trading near 13x trailing earnings as of mid 2026, below its long-run average of roughly 15 - 16x. That level sits more than two standard deviations below the historical mean, a discount seen before mainly during the 2008 financial crisis and the 2020 pandemic drawdown. Indonesia also trades at an estimated 20 to 25% discount to the broader emerging market average, one of the widest gaps of this cycle.

Return decomposition analysis shows the decline has come almost entirely from multiple compression rather than earnings downgrades. Factor data shows Value and Quality being rewarded while Growth and sentiment factors have fallen sharply. The sell-off looks rooted in sentiment and flows rather than earnings destruction, which means a re-rating could happen quickly once policy and currency uncertainty ease.

Blue-chip proxies such as LQ45 and IDX30 trade at a wider discount to the JCI than usual. That gap grew through 2026 as retail-driven momentum names pulled in domestic flows while institutional and foreign investors mostly stayed out. Foreign ownership of Indonesian equities is near historic lows. If foreign flows return to ASEAN large caps, this segment has the most room to re-rate.





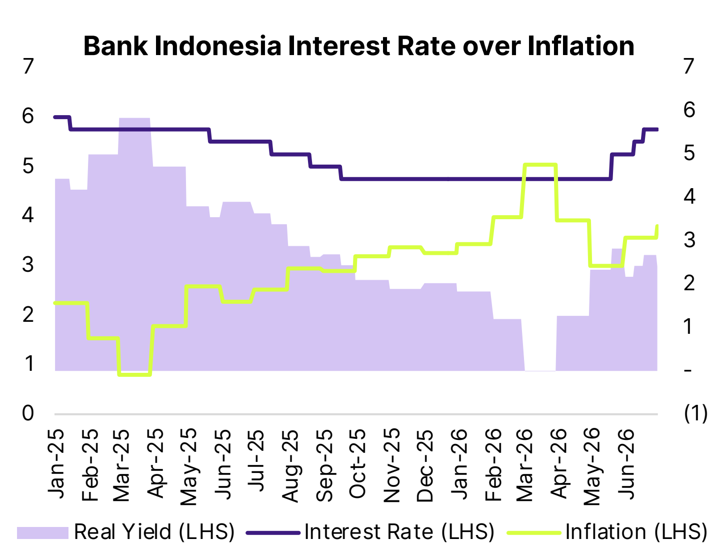
Bank Indonesia's tightening this year has been driven mainly by FX stability rather than an overheating economy, pushing the expected terminal policy rate to 6.00% and the real policy rate to 2.6%, against a historical average of 1.6%. The 10-year INDOGB trades near 7.3 to 7.4%.

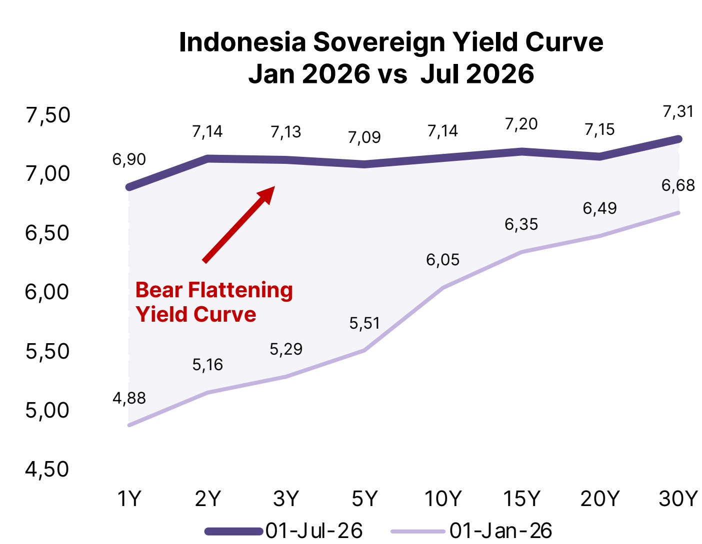
Indonesia is the only ASEAN-4 market still paying a positive real bond yield relative to UST, at near 4% in real terms.

With headline inflation close to 3%, real yields are at roughly 3.9 to 4.3%, among the widest readings since 2010. That is a wide enough cushion that fixed income investors are, in effect, being paid to wait out the broader macro stabilization.

Indonesia is still the only ASEAN-4 market with a positive 10-year yield spread over US Treasuries, as Malaysia, Thailand, and Singapore have all compressed to flat or negative. At the same time, foreign ownership of government bonds has dropped to 13 to 14%, from around 40% a decade ago. Domestic banks and pension funds have absorbed the difference and provided a floor during risk-off periods.

There are real caveats here. High SRBI yields have not pulled in the scale of foreign portfolio inflows they were meant to, and domestic banks have been trimming SBN holdings. The bigger risk is Indonesia's sovereign rating. Moody's and Fitch both hold negative outlooks in 2026 over governance and policy uncertainty, and a two-notch downgrade below investment grade will be the main downside risk to foreign flows, index eligibility, and funding costs.





Source: Simpan Asset Management, Indonesia Stock Exchange (IDX), Bloomberg. Data as of 30 June 2026

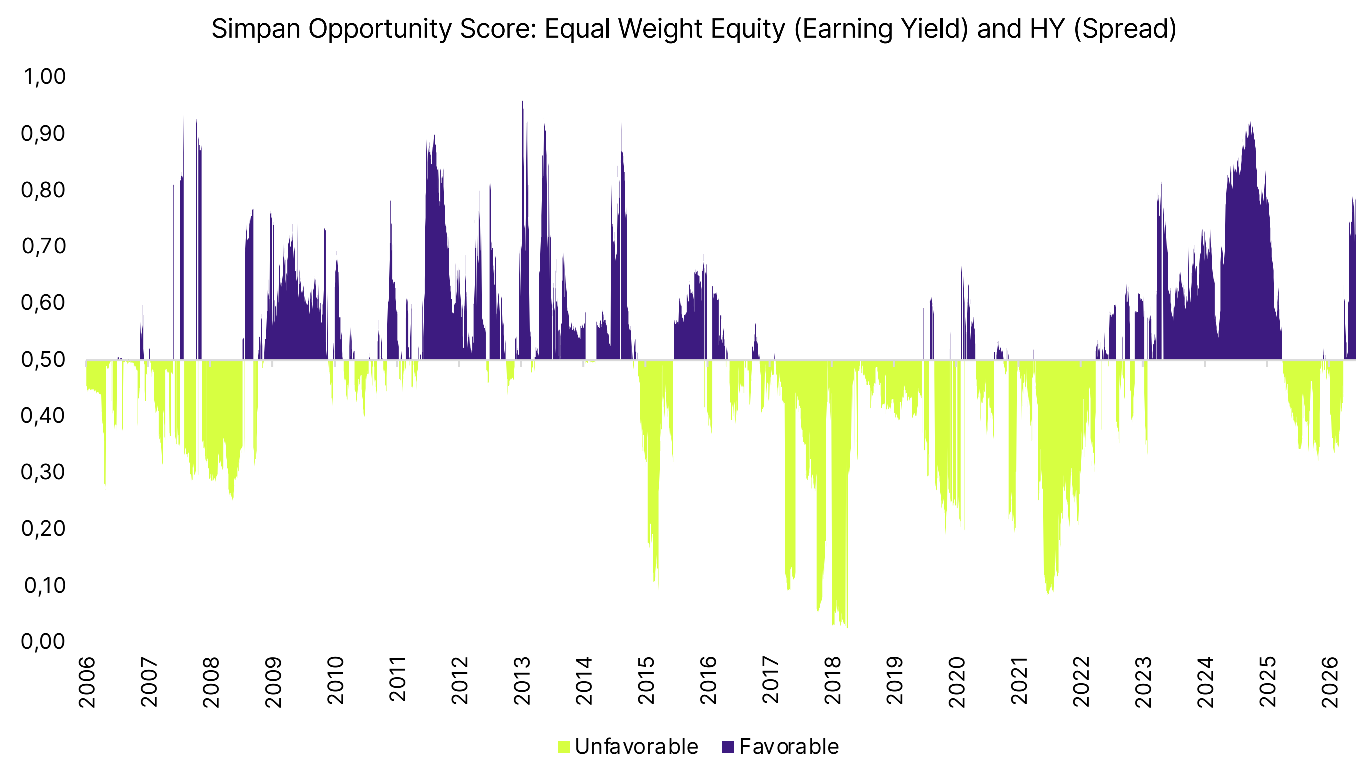
A composite score of 0.79 puts current valuations in the top quintile of the last 20 years, rare air last seen in 2008, 2013, and 2020.

Simpan Opportunity Score

The Simpan Opportunity Score averages two percentile ranks against 20 years of history: the JCI earnings yield and the 10-year real government bond yield. **As of mid-2026, the Composite score reached 0.79, resulting in an 87th percentile reading on equity earnings yield and a 71st percentile reading on real bond yields. A score above 0.50 means both asset classes screen cheap at the same time, and 0.79 puts current conditions in the top quintile of the score's history.**

Readings near 0.79 have shown up during the 2008 financial crisis, the 2013 taper tantrum, and the 2020 pandemic drawdown. In each case, equities re-rated over the following quarters once the acute stress passed. The score is a valuation gauge, not a timing tool, but it does show that risk assets are unusually cheap relative to their own history right now.

> **Indonesian risk assets are cheap for reasons that look real but reversible. The equity de-rating reflects sentiment and flows rather than a genuine earnings problem, and bonds are paying close to 4% in real terms while investors wait for more clarity. As long as the sovereign rating holds, valuations and relative price are at an attractive entry point.**



*Simpan Opportuninty Score is a weighted score factoring JCI index yield earnings and Indonesia high yield spreads (10Y Gov Bond – inflation)

 Source: Simpan Asset Management. Data as of 30 June 2026

4. The Fed's Next Chapter

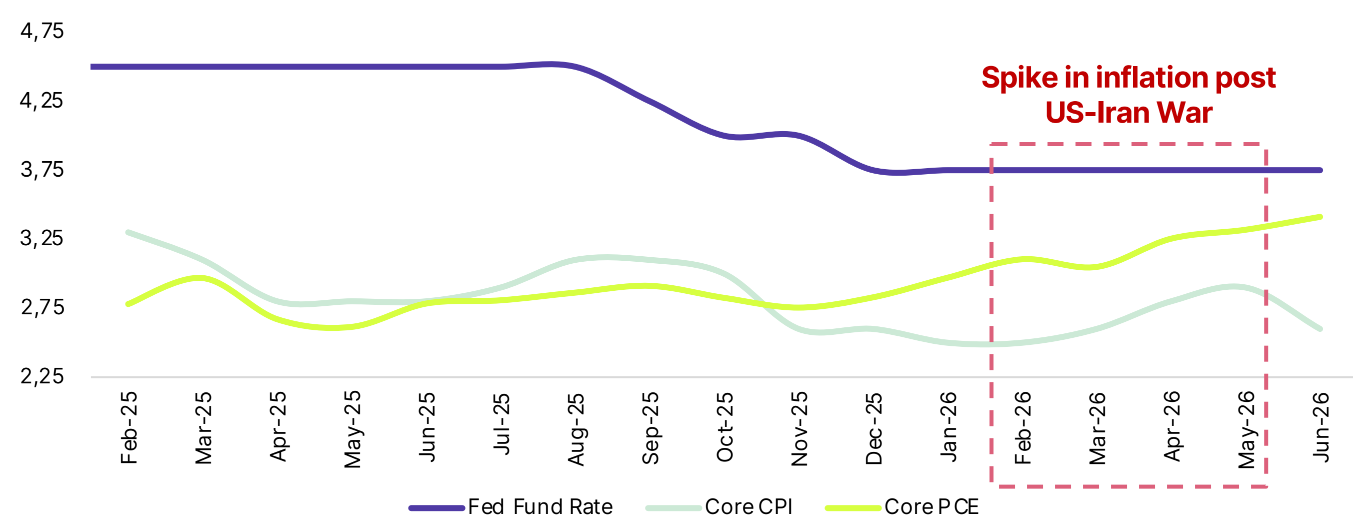
Core PCE keeps grinding higher while the policy rate holds flat, boxing the Fed into a higher-for-longer stance

The Federal Reserve enters a new chapter at a pivotal stage of the monetary policy cycle. Jerome Powell's departure and Kevin Warsh's appointment as Chair come amid heightened political scrutiny, persistent inflation, and an increasingly uncertain geopolitical backdrop. While markets initially viewed Warsh as more aligned with the Trump administration's preference for lower interest rates, we believe the transition is more likely to represent policy continuity than a dramatic shift. The economic backdrop leaves little room for an aggressive easing cycle. The challenge facing the new Chair is increasingly complex. Growth momentum has moderated while inflation expectations have drifted higher, leaving the Fed with a narrower policy margin than in previous cycles.

Warsh is inheriting an economy in which the labor market remains unusually resilient, characterized by a "low-hire, low-fire" equilibrium, even as inflation remains stubborn above target. This combination limits the Fed's ability to cut rates without risking a resurgence in inflation. While inflation remains sticky, the recent surge in energy prices stemming from the Middle East tension has added another layer of inflation uncertainty. Although energy effects may prove temporary, the Fed's increasing reliance on trimmed-mean and median inflation measures suggests policymakers will remain cautious before declaring victory over inflation.

As a result, markets have begun pricing a structurally higher policy-rate environment. Investors increasingly expect the long-run neutral rate to settle closer to 3.5 - 4.0%, above the FOMC's current estimate of 3.0%. Consistent with this view, the US 10-year Treasury yield has largely traded within a 4.35 – 4.65% range, which we expect to remain intact unless economic activity deteriorates meaningfully. Strong corporate investment in artificial intelligence, which appears relatively insensitive to borrowing costs, should continue to support labor demand, wage growth, and ultimately a "higher-for-longer" interest-rate environment.

The Fed's Dilemma is to Manage Rising Core PCE and Stagnant Policy Rates



Implications for Emerging Markets and Indonesia

A prolonged period of elevated US interest rates carries important implications for global capital allocation. Higher Treasury yields continue to attract global capital into US assets, reinforcing US Dollar strength and raising the opportunity cost of investing across emerging markets.

Elevated US yields and a stronger Dollar pressure the Rupiah, keeping Bank Indonesia defensive despite soft domestic growth

For emerging markets more broadly, this creates a mixed environment. While economic growth across much of Asia remains resilient, elevated US yields and a stronger Dollar continue to pressure local currencies and reduce the relative attractiveness of local-currency assets. Nevertheless, as markets gradually anticipate policy normalization and eventual Fed easing in late 2026 or 2027, emerging market debt could become increasingly attractive as investors seek higher real yields and greater diversification beyond concentrated US exposures. Indonesia remains particularly sensitive to this global backdrop. The Rupiah has depreciated significantly during the first half of 2026, weakening from around IDR 16,600/USD to nearly IDR 18,000/USD, reflecting broad US Dollar strength alongside heightened geopolitical risk aversion. Against this backdrop, Bank Indonesia is likely to maintain a relatively tight and defensive policy stance to preserve currency stability and contain imported inflation, even as domestic growth would otherwise benefit from lower interest rates.

Consequently, we expect capital flows into emerging markets to remain highly selective. Investors are likely to favor countries demonstrating credible fiscal discipline, external stability, and resilient growth, while commodity-exporting economies continue to benefit from supportive commodity prices. For Indonesia, maintaining macroeconomic stability and policy credibility will remain critical in attracting foreign capital amid an environment of structurally higher global interest rates.

 Source: Simpan Asset Management, Bloomberg. Data as of 30 June 2026

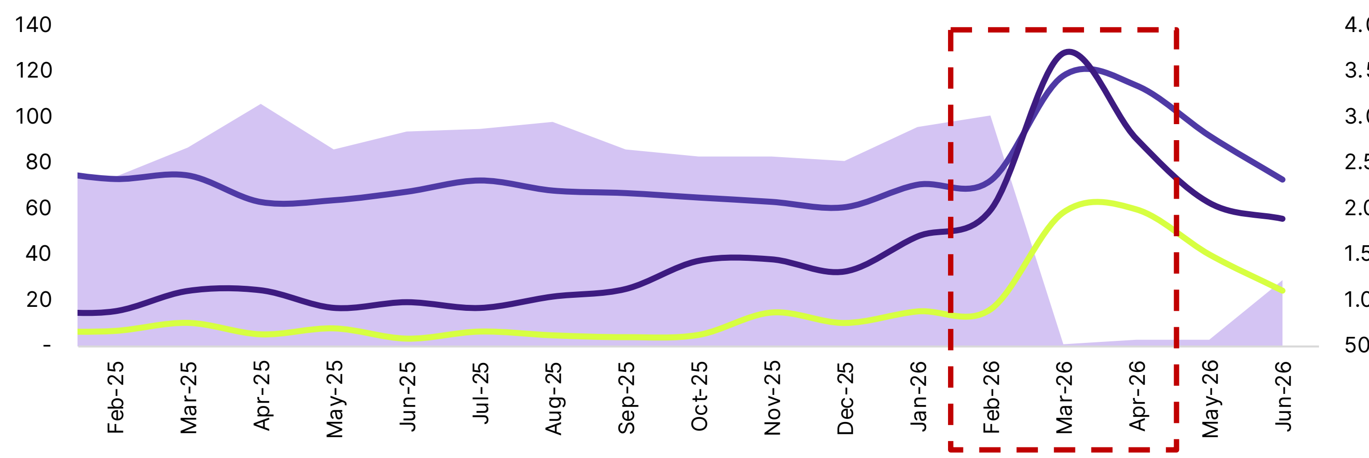
5. Geopolitics Keeps Risk Premium Elevated

An Iran-driven energy shock is both recessionary and inflationary, keeping a geopolitical risk premium embedded across markets

The unprecedented US and Israeli coordinated attack on Iran in February triggered what the International Energy Agency now characterizes as the largest energy supply disruption in history. This shock has severely tightened global energy flows, hindered economic growth, and injected deep uncertainty into capital markets. While the duration of the conflict remains unclear, the aftershocks are likely to persist. Energy shocks are uniquely challenging because they are simultaneously recessionary and inflationary. Surging energy costs act as a tax on households, crowding out discretionary spending. They also filter into broader inflation, both directly through the CPI energy bucket, and indirectly as global manufacturing and transport costs adjust.

For now, these dynamics imply moderate hits to growth and a direct rise in inflation. However, markets have largely priced the conflict as a temporary inflationary spike. If energy flows remain disrupted, a broader growth downgrade could be the next shoe to drop. This risk is amplified by Iran's asymmetric strategy, in which rather than fighting a conventional war, Tehran is playing for time, dragging the conflict out to drain Western and regional resources and force them onto the defensive.

Hormuz Traffic and Related Price Indexes



Cross-Asset Implications of the Supply Shock

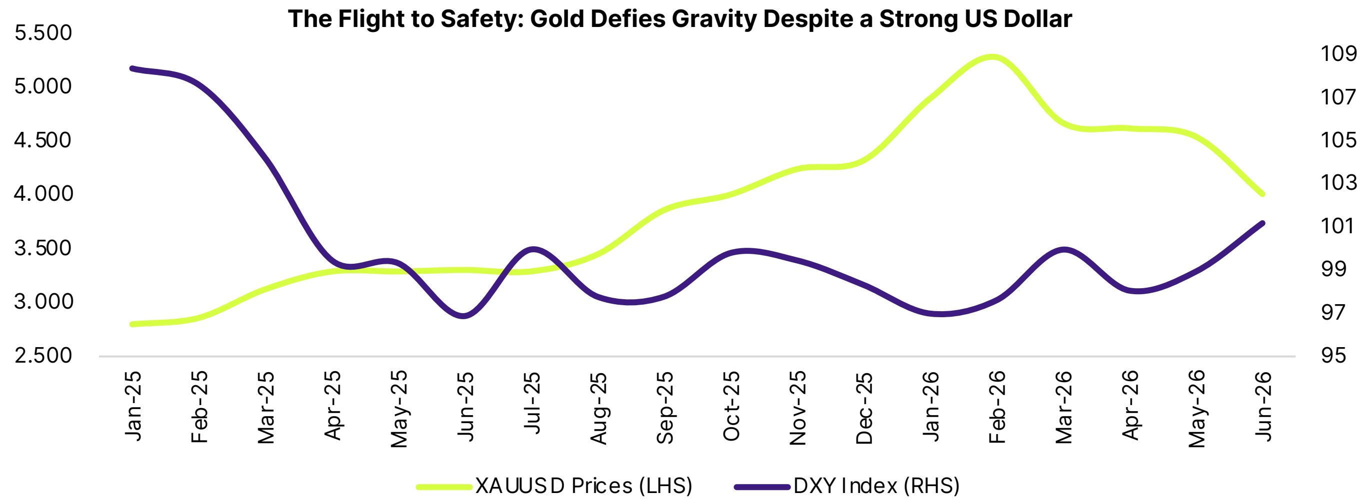
Higher oil floors and surging freight feed second-round inflation, while gold thrives as the go-to geopolitical hedge

The fallout from this disruption extends far beyond headline crude prices. With roughly 20% of global consumption bottlenecked, oil markets are no longer pricing in a temporary disruption. Instead, we are seeing structurally higher price floors and steep backwardation as buyers pay massive premiums for immediate physical delivery. This physical bottleneck is being exacerbated by a secondary tax on global trade: surging shipping costs. As vessels reroute away from the Middle East to avoid the conflict zone, ton-mile demand has spiked, causing acute supply chain bottlenecks and soaring global freight rates.

The initial energy spike was just the first wave. We are now witnessing "second-round" effects as these higher transport and manufacturing costs bleed into core CPI. This sticky, cost-push inflation severely complicates the rate-cut trajectories for major central banks. In response to this environment, gold has thrived as the ultimate geopolitical hedge. Precious metals are benefiting from a potent trifecta of geopolitical fear, sticky inflation, and accelerated buying by emerging market central banks looking to insulate themselves from Western financial plumbing.

Ultimately, a stark cross-asset divide is emerging based on geographic and exposures where this structural nature of this energy shock demands vigilance. We are transitioning from a period where geopolitics was a transient noise to an era where it is a primary driver of macroeconomic fundamentals.

The Flight to Safety: Gold Defies Gravity Despite a Strong US Dollar



 Source: Simpan Asset Management, Bloomberg. Data as of 30 June 2026

Appendix: Macro Dashboard

Indicators (as of 30 June 2026)	Indication	Data
Global Indicators		
Dollar Currency Index	Strong	101.19
US GDP Growth (Y/Y)	Strong	6.10%
US CPI (Y/Y)	Strong	3.50%
UST 10Y vs. UST 2Y	Narrow Spread	0.29%
UST 2Y vs. UST 3M	Wide Spread	0.24%
UST 10Y - US CPI	Wide Spread	0.97%
MSCI World P/E	Expensive	24.71x
MSCI World Earnings Yield	Expensive	4.05%
MSCI World Earnings Yield vs UST 10Y	Narrow Spread	-0.42%
Indonesia Macro Indicators		
Indonesia GDP (Y/Y)	Strong	5.61%
Indonesia CPI (Y/Y)	Weak	3.34%
Current Account as a % of GDP	Weak	-0.06%
Trade Balance as a % of GDP	Weak	-0.03%
M2 Supply (Y/Y)	Neutral	10.76%
Retail Sales	Weak	-4.40%
Unemployment Rate	Strong	4.85%
Government Expenditure as a % of GDP	Weak	0.55%
Government Revenue as a % of GDP	Weak	0.48%
Government Debt as a % of GDP	Strong	40.19%
Consumer Credit as a % of GDP	Strong	0.39%
Growth Indicators		
BI Consumer Confidence Index	Strong	117.80
Indonesia Industrial / Manufacturing Index	Strong	52.03

Indicators	Indication	Data
Real Returns		
Indonesia GDP - CPI (Y/Y)	Wide Spread	2.27%
IDR 10Y Bond Yield - Indonesia CPI (Y/Y)	Neutral	3.82%
IDR 2Y Bond Yield - Indonesia CPI (Y/Y)	Wide Spread	3.87%
Bond Characteristics		
Central Bank' Government Bonds Ownership	Strong	29.38%
Banks' Government Bonds Ownership	Weak	15.14%
Non-Banks' Government Bonds Ownership	Strong	42.72%
Foreign' Government Bonds Ownership	Weak	12.75%
Bonds Inflow 12M (USD, Million)	Weak	-2,053
Bond Spreads		
IDR 10Y - IDR 2Y Bond Yield	Narrow Spread	-0.05%
IDR 10Y - UST 10Y	Narrow Spread	2.69%
Stock Valuation		
JCI P/E	Cheap	8.90x
JCI Earnings Yield	Cheap	7.34%
LQ45 Earnings Yield	Cheap	9.96%
IDX 20 High Dividend, Dividends Yield	Cheap	10.29%
IDR 10Y - JCI Earnings Yield	Narrow Spread	-0.18%
MSCI Indonesia Earnings Yield	Cheap	9.95%
Stock Inflow 12M (USD, Million)	Weak	-2,096
Banking Sector		
Loan Growth (Y/Y)	Weak	10.80%
Loan to Deposit Ratio	High	84.64%
Net Interest Margins	Neutral	4.54%
Return on Asset	High	2.47%
Non-Performing Loan	Good	2.22%

Source: Simpan Asset Management, Bloomberg. Data as of 30 June 2026

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