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Middle East Under Fire: US-Israel v Iran, Afghanistan v. Pakistan

- **Gas Prices Skyrocket In Asia As US-Iran War Continues.**
- **Indonesia's Calm Fuel-Up Before The Storm.**
- **Fuel Subsidies Eating Up State Budget.**
- **Earnings Seasons Indicate Resilience.**
- **Government Policy Response: Fuel Rationing Measures.**

Gas Prices Skyrocket In Asia As US-Iran War Continues. Global gas prices have spiked. The Philippines and Japan have already rung the alarm bells with the consideration of utilizing its national reserves to quell the rising prices. Among ASEAN nations as of 27-Mar-2026, Malaysia experienced the biggest hit in the pump with a 125% price hike since before the conflict followed by Vietnam with +100%, Philippines (+67%), Singapore (+37%); Thailand (+27%); and most resilient to the change is Indonesia with only +5.7% gas price hike (*Exhibit 2*).

Indonesia's Calm Fuel-Up Before The Storm. A recent trending leak of *supposed* confidential documents from Pertamina to the ESDM Ministry has signaled upcoming adjustments to Pertamina's fuel prices on April-2026. The alleged document shows HIP Gasoil RON 92 will be increased by 62.99% to IDR 12,744 / L from IDR 9,228 / L (*Exhibit 3*). In addition to the current 5.7% rise previously mentioned, that would put Indonesia slightly ahead of Philippines as the ASEAN country with the third highest energy inflation by April-2026, *ceteris paribus*. While the government has denied the validity of the circulated leaked document, we view there will be adjustments to non-subsidized gas prices

down the line to lighten the expense burden for fuel subsidies in Indonesia's State Budget. If the national stockpile for oil has begun to dry up, we foresee energy prices will begin to climb triggering a follow-up turbulence.

Fuel Subsidies Eating Up State Budget. As Brent Crude hovers around USD 114.5-115 per barrel on 30-Mar-2026 (*Exhibit 1*), this has made skeptics worry that the State Budget is not being readily flexible to subsidize the rising fuel prices. MoF Purbaya has stated the ministry has implemented as a stress test of oil prices at USD 92 / barrel. With current oil prices surpassing the stress test, government bodies have begun independently undergoing efficiencies and have been pushing for Work From Home (WFH) policies for civil servants and private companies. In particular, the governmental body *Badan Gizi Nasional (BGN)* lowered its free meals operations from 6 days in a week to 5 days; *BGN* has stated that this will lower expenses by IDR 40 tn p.a. to its program.

Earnings Seasons Indicate Resilience. With Indonesian Business Confidence surveyed by Bank Indonesia (BI) set at a declining trend since 2Q25—4Q25 to 10.66 points by the end of the last year (*Exhibit 4*), JCI's overall EPS growth has shown to be beating the odds with -7.04% (YoY), as of the latest filings. Blue chip stocks composing LQ45 have also shown EPS growth of -15.51%. JCI is currently trading at 19.8 P/E which stands at -0.61 std. dev., and LQ45 is currently trading at 13.2 P/E which stands at -1.87 std. dev.

Government Policy Response: Fuel Rationing Measures. Effective 1 April 2026, the government has introduced a fuel rationing policy requiring controlled distribution of subsidized

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fuels (Pertalite and Diesel) through Pertamina. Under the regulation, 4-wheel vehicles are capped at 50 liters/day, while larger commercial vehicles are subject to tiered limits of up to 200 liters/day depending on usage (*Exhibit 5*). The policy reflects a move toward consumption-based controls instead of price adjustments.

Our Take. We are of the view the fundamental foundation for Indonesia is relatively sound even

though there is external noise causing market jitters. Once geopolitical tensions have subsided, we project JCI to begin rebounding back in the 2H26 to the range of 9,500-9,700. We have downgraded our JCI base case from 10,000.

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Appendix

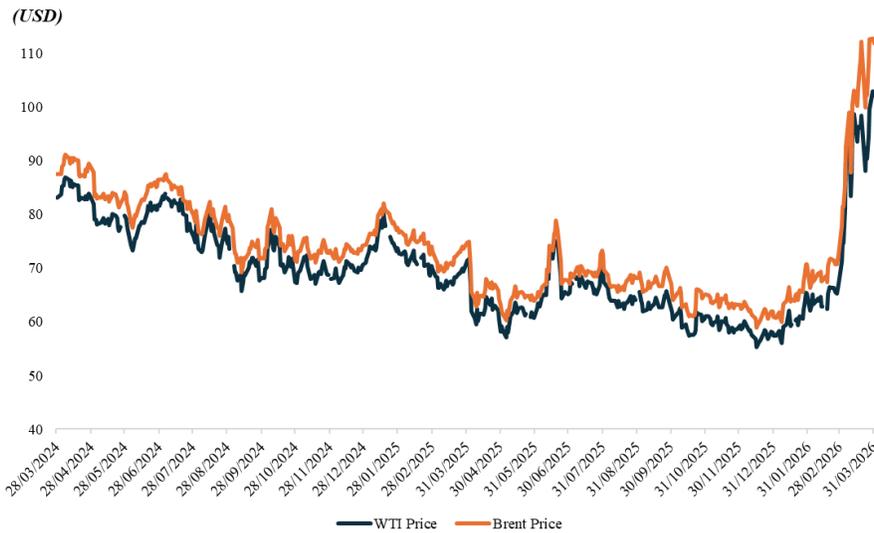


Exhibit 1. Oil Prices Before And After US-Iran War (Brent and WTI)

source: Bloomberg, NHKSI Analytics

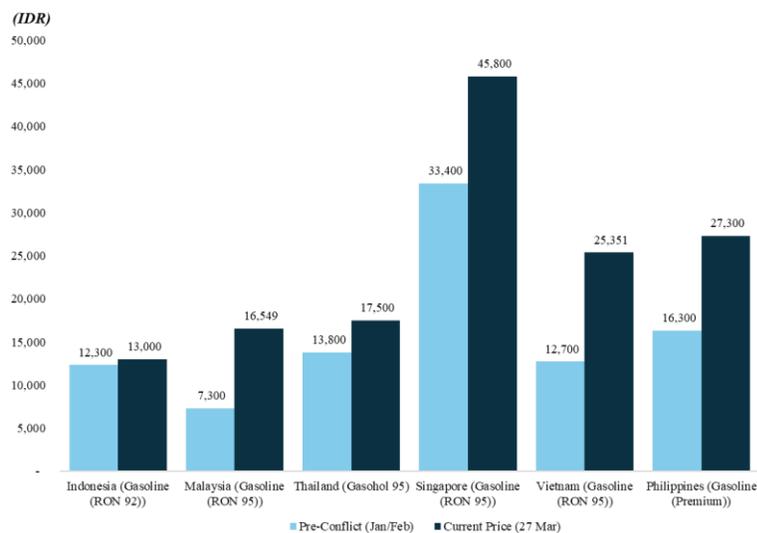


Exhibit 2. Comparison of Gasoline (RON) Prices Pre-Conflict vs Post-Conflict, As of March 27, 2026

source: Al Jazeera, Bloomberg, NHKSI Analytics

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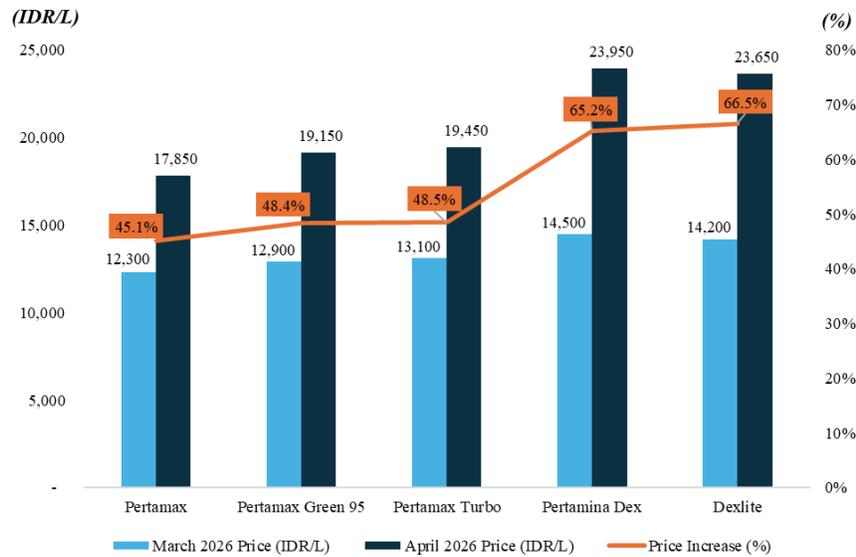


Exhibit 3. Indonesia’s Alleged Non-Subsidized Oil Price Changes.

source: Danantara, NHKSI Analytics

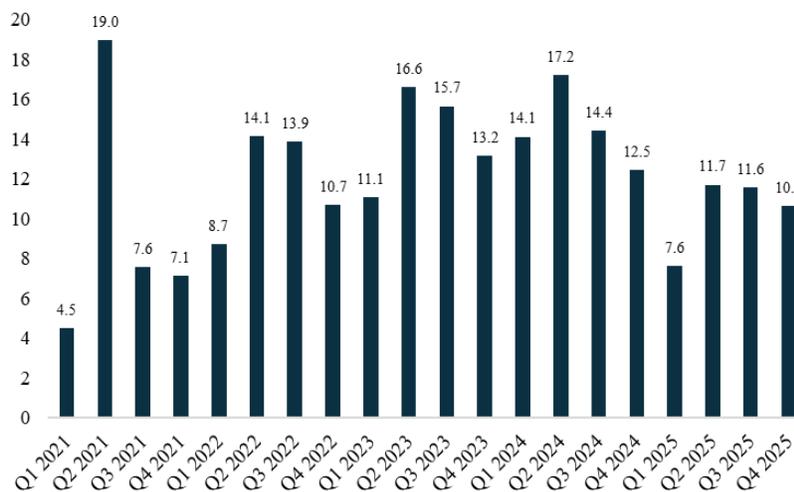


Exhibit 4. Indonesia’s Business Confidence Index

source: Tradingeconomics, NHKSI Analytics

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Fuel Type	Vehicle Type	Category	Maximum Limit (Liters/Day/Vehicle)
Diesel (Gas Oil)	Private motor vehicles	4-wheel (passenger/goods transport)	50
	Public motor vehicles	4-wheel (passenger/goods transport)	80
	Public motor vehicles	6-wheel or more (passenger/goods transport)	200
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50
Gasoline (RON 90)	Private/Public motor vehicles	4-wheel (passenger/goods transport)	50
	Public service vehicles (ambulances, hearses, fire trucks, garbage trucks)	-	50

Exhibit 5. Fuel Distribution Control Policy (Diesel and Gasoline RON 90) | Effective date : 1 April 2026

source: BPHMIGAS, NHKSI Analytics



Exhibit 6. JCI EPS (TTM)

source: Bloomberg, NHKSI Analytics

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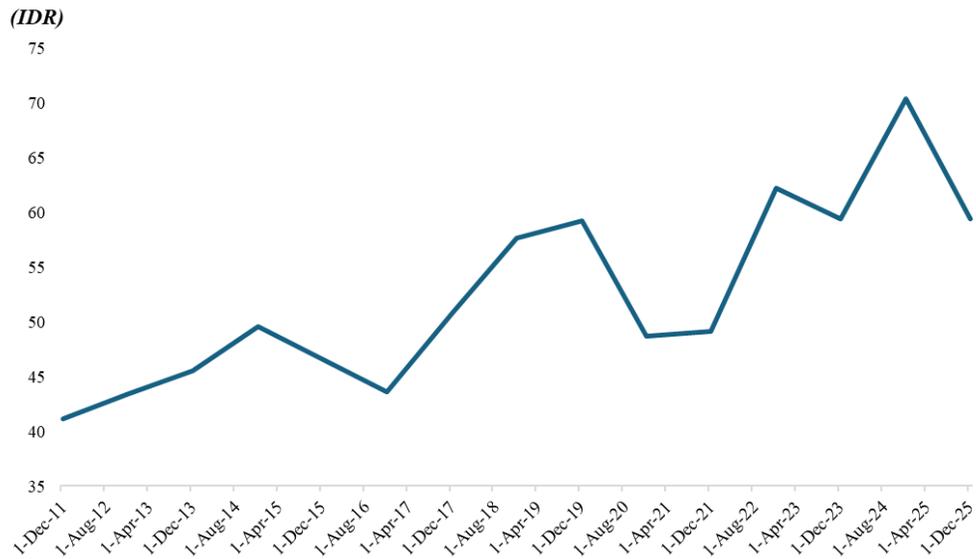


Exhibit 7. LQ45 EPS (TTM)

source: Bloomberg, NHKSI Analytics

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