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3Q26 :
Floodgates Opening

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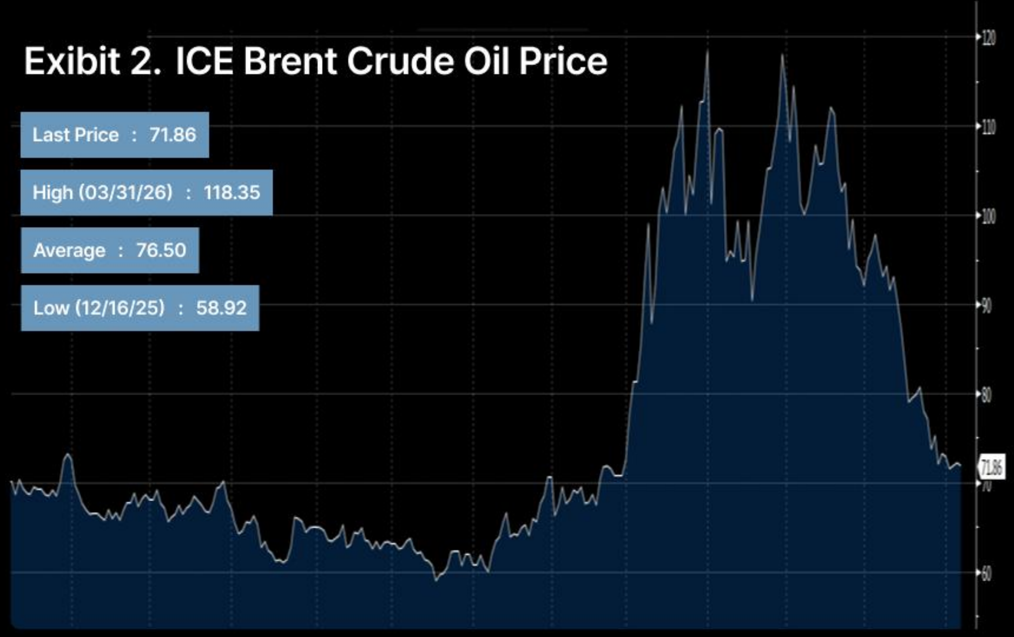
US-Iran Ceasefire Snuffs Global Anxiety

Exhibit 1. President of Iran Signing Islamabad MoU between the United States and the Islamic Republic of Iran.

- **US-Iran-Israel agreed to ceasefire.** The US has pushed for a trilateral ceasefire agreement between itself, Iran, and Israel to end the Middle East war. While the latest negotiations in Doha has eased international shipping passage through the Strait of Hormuz, talks are currently continuing.

- **Oil Prices Flushing Down.** ICE Brent Crude Prices have declined –38.9% to USD 72 from its peak at 118 at the height of Middle Eastern tensions.

Exibit 2. ICE Brent Crude Oil Price



Source : NHKSI Research

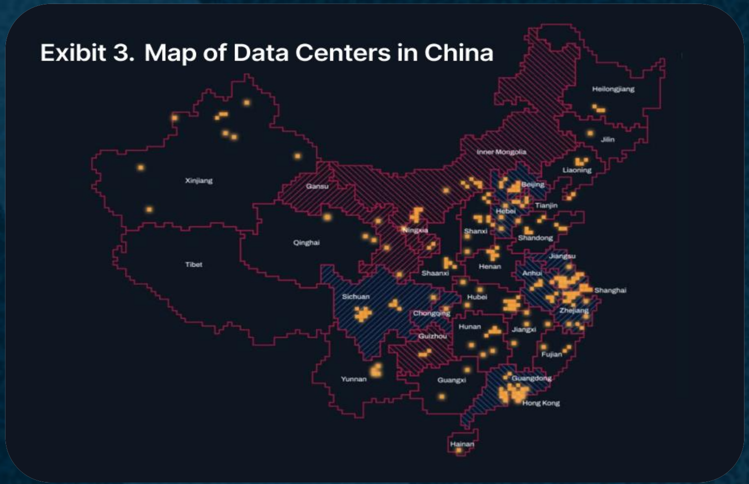
China Looks Externally For Resources But Internally For Capital

- **Competing In The A.I. Space.** China has been aggressive in building their own A.I. supply chain in order to circumvent reliance on western-controlled chip. The government has already begun to deploy USD 295 bn fund to erect nationwide data centers by 2028. This initiative is to achieve 80% domestic sourcing of A.I. chips and servers over the next 2 years.

- **Using Partner Nations As Resellers.** Chinese manufacturing companies have begun to export operations overseas to avoid high U.S. tariffs and export uncertainties.

- **The Chinese Chamber of Commerce Letter to President Prabowo.** China's Chamber of Commerce Open Letter to President Prabowo indicated its frustration with the current administration's handling of the investment environment primarily under the points: tax and royalty hikes, forced FX retention, 70% nickel-quota cuts, and extortive enforcement. On May-2026, the Chairman of the National Economic Council *(DEN)* Luhut Binsar Pandjaitan publicly apologized to global investors for present circumstances.

Exhibit 3. Map of Data Centers in China




印度尼西亚中国商会总会
China Chamber of Commerce in Indonesia

To His Excellency Prabowo Subianto, President of the Republic of Indonesia

CC: Embassy of the People's Republic of China in the Republic of Indonesia

Subject: Letter Requesting Improvement of the Business Environment

Exhibit 4. The Chinese Chamber of Commerce Letter to President Prabowo

Source : Bloomberg, Trading Economics, NHKSI Research

U.S. Inflation Heating Up, Jobless Claims Steadying

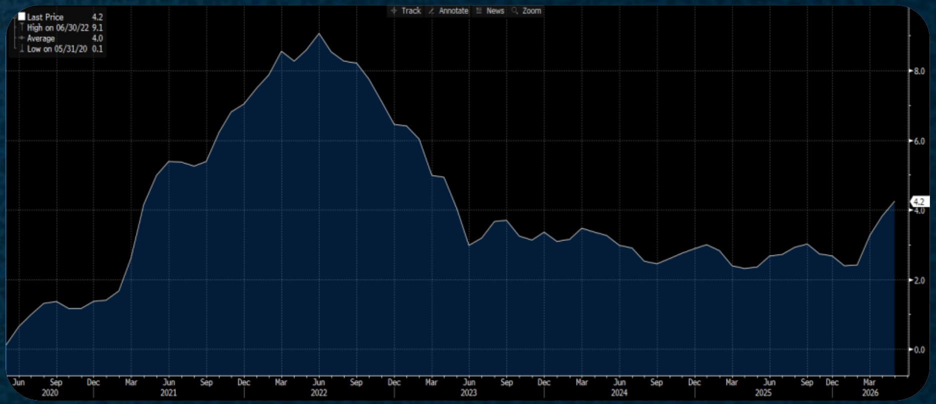


Exhibit 5. US Headline Inflation Rate

Exhibit 6. US Non-Farm Payroll

- **Cooling Off Over Time.** US inflation in May-2026 printed 4.2% YoY (vs. 3.8% in Apr), the hottest headline since Apr-2023 — but the detail tells a calmer story. Energy (+23.5% YoY) did nearly all the damage on the back of the Iran conflict, while core eased to +0.2% MoM and core goods prices actually fell. This looks like a relative-price shock working its way through, not broad-based repricing — and price signals are already doing the heavy lifting of rationing scarce energy.
- **Labor Finding Its Own Level.** Non-farm payrolls rose 172k in May, ahead of estimates, with jobless claims steadying — hiring driven by genuine demand for labor rather than policy support. With markets repricing on their own, the cheapest disinflation policy available is patience: let relative prices clear and stay out of the way.

Source : Tradingeconomics, NHKSI Research

Demand Of A.I. Skyrocketing

- **A.I. Boom International Equity Market Rally In Key Countries.** As exhibited, the S&P500 excluding tech and A.I. companies stands below water in YTD performance. Equity markets in Asia related to the A.I. supply chain such as Taiwan, South Korea, and China.

- **IPO of Tech Companies Sucking Liquidity Dry.** After SpaceX's massive debut of USD 2.1 tn market cap, institutional investors are looking forward to Open AI and Anthropic's public listing dates.

Exhibit 7. Elon Musk's SpaceX

Exhibit 8. Open AI and Anthrophic Upcoming IPO

Source : NHKSI Research

Warsh Replace Powell – Holding On Or Bracing Itself?

Exhibit 9. Kevin Warsh's First FOMC Meeting

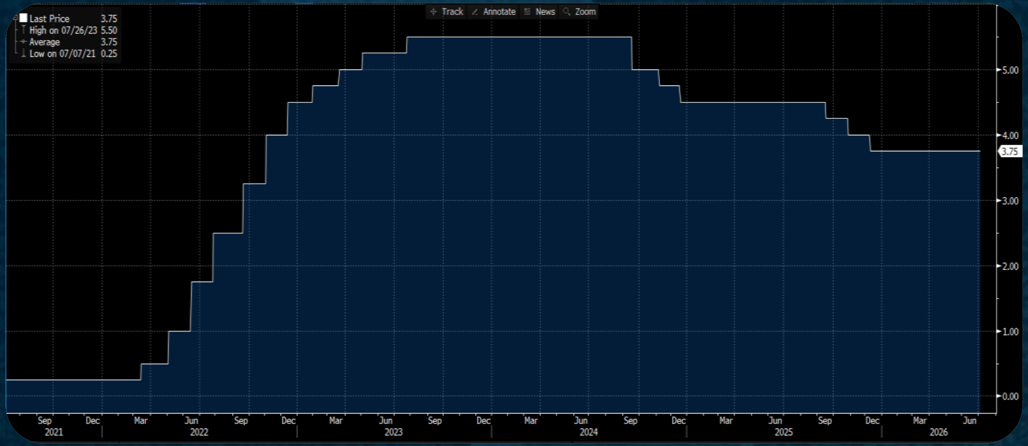


Exhibit 10. The Fed Rate

- **Holding Rates.** Kevin Warsh held rates at 3.75% in his first FOMC meeting. Despite Trump has criticized Powell for keeping rates too high for too long, Warsh does not appear to be quick in cutting rates as inflation still remains above its target of 3-3.5% (and its longer-run target of 2%).

- **The Fed retaining Independency Via Supreme Court Decision.** In the landmark case *Trump v. Cook* ruling on 29-Jun-2026, the Supreme Court shot down in a 5-4 decision for the President's attempt to oust Cook from her seat in The Federal Board of Governors without due cause.

Source : CME Fedwatch Tool, NHKSI Research

Republicans Currently Faced With Lackluster Midterms

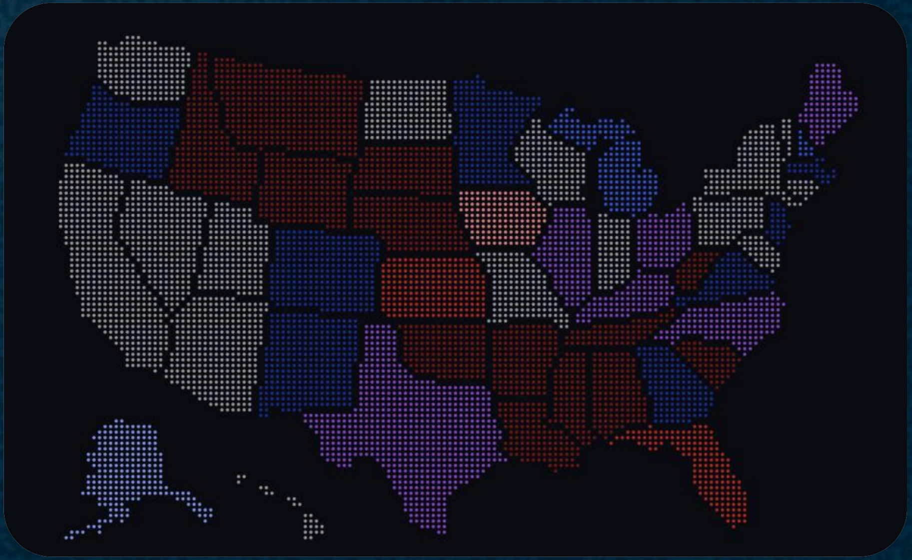


Exhibit 11. Projected 2026 Midterm Electoral Map

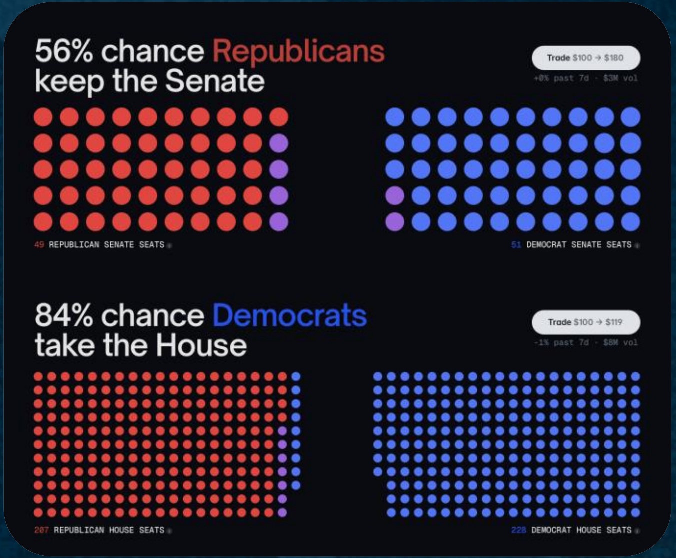


Exhibit 12. Polymarket Odds for Senate and House Control

- **Republicans' Upcoming Bellwether.** With *Polymarket* bettors favoring a Democratic takeover in the House, this could tighten government purse strings for the remaining 2 years of the Trump administration. The unfavorable oil-spurred domestic inflation from the Strait of Hormuz closure is still being felt by voters and is being a main energizing source to the anti-Trump base. While both Iranian and Israeli parties have been sabotaging earlier attempts for normalized relations, it is not in the best interest for the Trump administration to prolong the issue up until the midterms.

Source : Polymarket, NHKSI Research

Summary

- **Geopolitics De-escalating.** US–Iran–Israel ceasefire talks in Doha have eased passage through the Strait of Hormuz; Brent crude has flushed down –38.9% to USD 72 from its USD 118 peak.
- **China Splitting Its Bets.** Beijing is deploying USD 295 bn for nationwide data centers by 2028, targeting 80% domestic A.I. chip sourcing, while routing exports through partner nations to sidestep US tariffs — and openly airing frustration with Indonesia's investment climate.
- **Hot Headline, Calm Core.** US May CPI printed 4.2% YoY on the energy shock, but core rose just +0.2% MoM and payrolls beat at +172k — a relative-price adjustment clearing on its own, not broad repricing.
- **A.I. Demand Skyrocketing.** The S&P 500 ex-tech sits underwater YTD while A.I. supply-chain markets in Taiwan, South Korea, and China rally; after SpaceX's massive debut, OpenAI and Anthropic listings are set to keep soaking up liquidity.
- **A New Hand At The Fed.** Kevin Warsh held rates at 3.75% in his first FOMC, resisting pressure for quick cuts, while Trump v. Cook (5–4) preserved the Fed's independence — restraint over activism, for now.
- **Midterms Loom.** Polymarket bettors favor a Democratic House takeover as oil-driven inflation weighs on voters — a split Congress would tighten the purse strings for the administration's final two years, no small check on spending.

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Pillars Breaking Down

The World Bank Published Its Jan-2026 Country Jobs and Growth Report For Indonesia. It cited 3 main pillars for Indonesia's growth for the last decade.

- Pillar 1 : Over two decades, investments in human capital and physical infrastructure have underpinned Indonesia's success. Indonesia has progressed well in this foundational domain. This was possible thanks to strengthened economywide fundamentals such as improved public sector governance and improved macroeconomic management.

- Pillar 2 - Business-enabling policies: To sustain gains and revive productivity, the CGJR calls for greater emphasis on a more predictable business regulatory environment, enhanced competition, streamlined firm entry and exit, and a reduction in trade restrictions. Without this, it will be difficult to deepen value addition and sustain progress on foundational human capital and physical infrastructure.

- Pillar 3 - Mobilizing private capital: Business enabling policies should attract highervalue investment, requiring deeper private financing. Expanding credit reporting, supporting fintech, and scaling up guarantees can lower borrowing costs and broaden access to finance for high-value sectors such as infrastructure, advanced manufacturing, healthcare, and tourism.

Source : NHKSI Research

Ramping Down Presidential Spending Programs

- **MBG and Kopdes Spending Scaled Back.** The government reportedly reduced the MBG budget from IDR 174 tn to IDR 161 tn. Meanwhile, the Kopdes rollout target for October 2026 was halved to 40,000 units from 80,000 units, following widespread student protests over concerns about fiscal efficiency.

- **Social Aid Programs Shift To Monetary.** Job participation may become lower as a majority of abled workers have been given the equivalence of a tier 1 minimum wage in the form of social aid (~IDR 5.4 mn).

Exhibit 13. Purbaya Set to Cut MBG Funding and Restructure Kopdes

Exhibit 14. Luhut Shifts Indonesia's Bansos to IDR 5.4M Cash Transfers

Source : NHKSI Research

1Q26 GDP Growth Boosted By Gov. Boosting

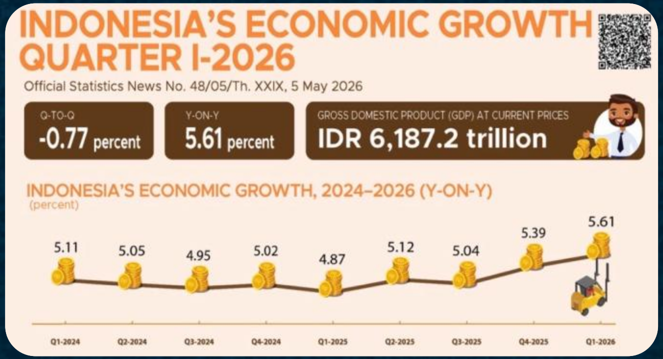

Exhibit 15. Indonesia's GDP Growth YoY

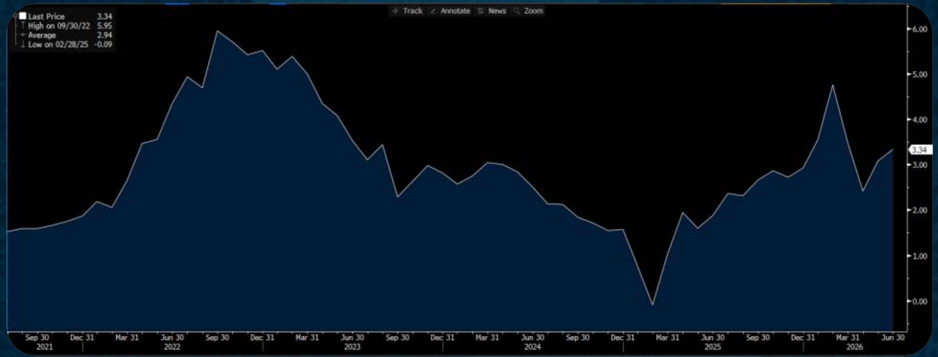

Exhibit 16. Indonesia's Inflation Rate

- **1Q26 GDP Growth Front Loading.** 1Q26 GDP Growth achieved 5.61% -- pulled by 21.8% YoY surge in Government spending. Typically, government spending is looser in the fourth quarter (4Q) to maintain prudency and predictability in State budget. It appears the government is enacting a front-loading strategy as spending constricts as fourth quarter approaches. While this allows more flexible government spending in the rest of the year, it could lead to overspending and budget inflexibility by 3Q-4Q.

- **Inflation Picking Up The Pace.** Indonesia's inflation rate has gone higher to 3.34% YoY in Jun-2026 from 3.08% in May-2026. The rate has reached the upper limit of BI's target range of 1.5% to 3.5%.

Source : NHKSI Research

BI Hawkish At Last, But Not Hawkish Enough

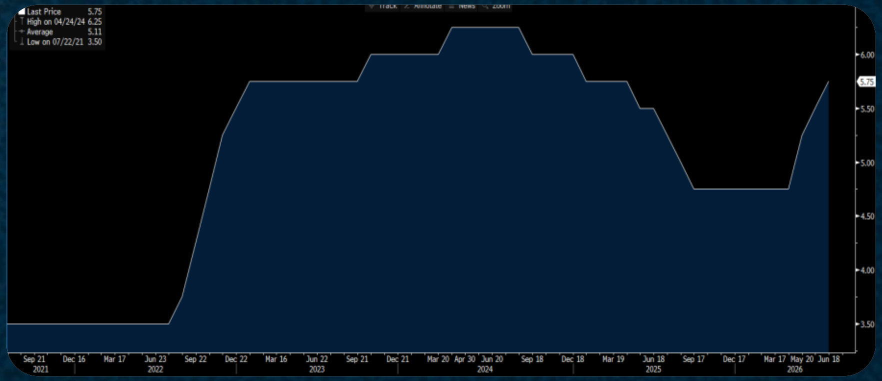

Exhibit 17. BI Rate Chart

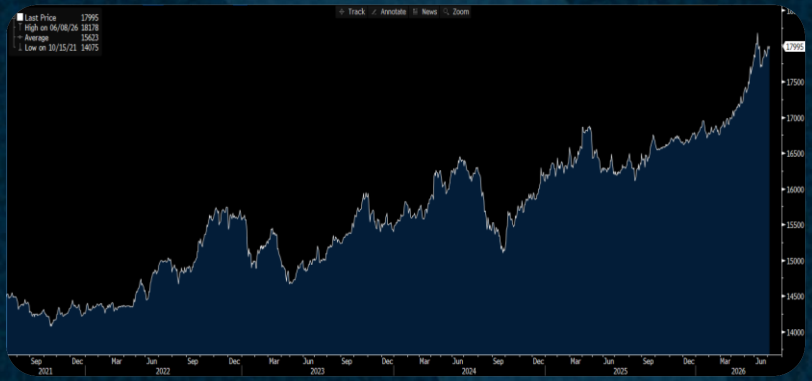

Exhibit 18. USD/IDR Chart

- **Central Bank Showing Its Talons.** While BI has cited the heating-up inflation to be a factor on its sudden hawkishness, the main drivers are rising non-subsidized fuel prices; climbing transportation costs; and weakening rupiah.

- **Forex Exchange Diminishing.** In May-2026, Bank Indonesia's foreign exchange reserve sunk to a two-year low at USD 144.9 bn—equivalent to 5.6 month of imports. While it is above the IMF's recommended standard of 3 months, the trend persists alongside a Rupiah shedding its value to new lows. Its peak was IDR 18,180 / USD. After a brief strengthening period from CB rate hikes, the Rupiah has since continued its depreciated trend as fiscal uncertainty continues.

Source : NHKSI Research

Relief Of Non-Subsidized Gas Prices

Exhibit 19. Pertamina's Tanker Crossing Strait of Hormuz

Exhibit 20. Non-Subsidized Fuel Prices Increased on June 10, 2026

- **Non-Subsidized Gas Prices Being Lowered.** With the Strait of Hormuz relaxing passage through and oil supply coming back to the country, the government has prioritized to hasten the lowering of gas prices as soon as possible. We are of the opinion this take precedent over all other programs mentioned previously, as this impacts the broader population's economic condition.

Source : Kemenkeu, NHKSI Research

Inverse Or Humped Curve?

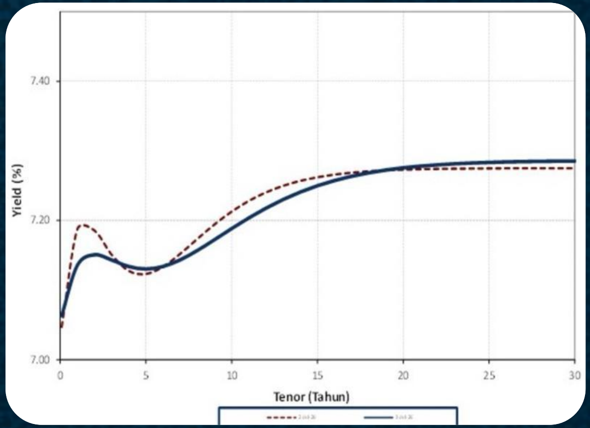

Exhibit 21. Indonesia Yield Curve

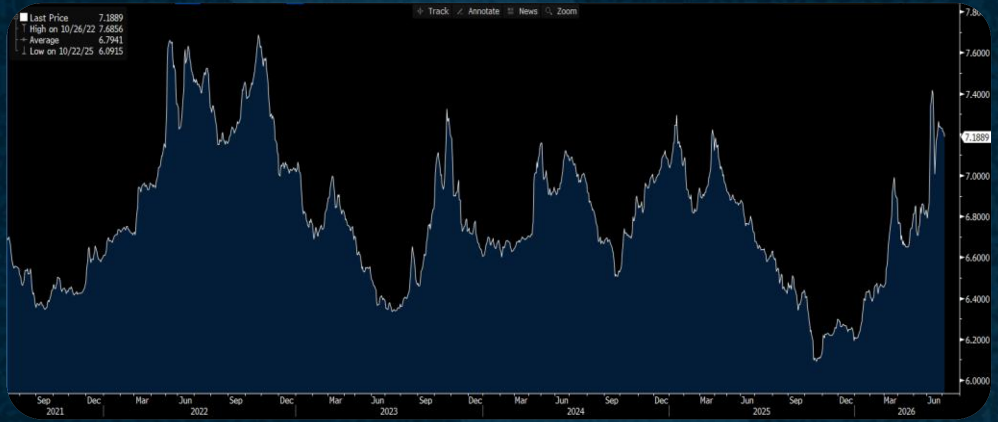

Exhibit 22. Indonesia Government Bonds Yield

- **Contention In Interpreting The Yield Curve.** While analysts are debating which yield curve is being manifested in Indonesian bonds, both signal a negative outlook. Inverse yield curve is a prominent harbinger of economic declines. But a humped yield curve flags incoming or presently in a period of economic uncertainty. Frequently, the humped yield curve is followed by slow economic growth or by shifting monetary policy.

Source : Kemenkeu, NHKSI Research

Higher Concentration with More Investment Borrowing

Exhibit 23. BI Implements Macroprudential Liqudity Incentive Policy (KLM) to Boost Lending

- Indonesia's investment credit grew 21.95% YoY in May 2026 (vs. 8.09% YoY working capital, 5.89% YoY consumer), driven largely by Bank Indonesia's KLM facility — a macroprudential scheme channeling liquidity incentives (Rp418.1T disbursed by early June 2026) directly into designated high-multiplier sectors like construction, manufacturing, and housing.

- Total DPK grew 12.92% YoY as of March 2026, but that's concentrated in large deposits above Rp5 billion (57.87% of the total as of January 2026), while smaller retail segments showed intermittent contractions — the ≤Rp100 million tier fell 2.48% MoM in January 2026, and regular Tabungan accounts fell 0.87% MoM in August 2025.

Source : Kemenkeu, NHKSI Research

Fiscal Hostile Perception Towards Free Markets

Exhibit 24. President Prabowo Speaks on National Labor Day 2026

Exhibit 25. BI Governor Perry Warjiyo Limits Foreign Currency Purchases to $10.000/Month

- **Populist Messaging Frightening Investors.** Prabowo's Pro-Worker rhetoric vilifying foreign investors and diluting economic conditions have created an unnerving condition for
- **Capital Bottlenecking Discouraging Investment Entry.** With BI Governor, Perry Warjiyo setting a foreign exchange cap for the Rupiah at USD 10k / month for any and all currency, this has created a disincentive for
- **Command Economic Policies Causing Capital to Backtrack.**

Source : NHKSI Research

US Tarriffs On Indonesia To Land At 18-19%

Exhibit 26. Indonesia and U.S signing a Reciprocal Trade Agreement

- **Unfairness On Both Ends.** A U.S. Section 301 investigation has led to final tariffs for Indonesia at 18-19% being implemented at the latest 24th July 2026. The investigation results cites unfair forced labor practices being applied in certain Indonesian industries.

Source : NHKSI Research

The Reason For Indonesia Being Left Behind The A.I. Arms Race

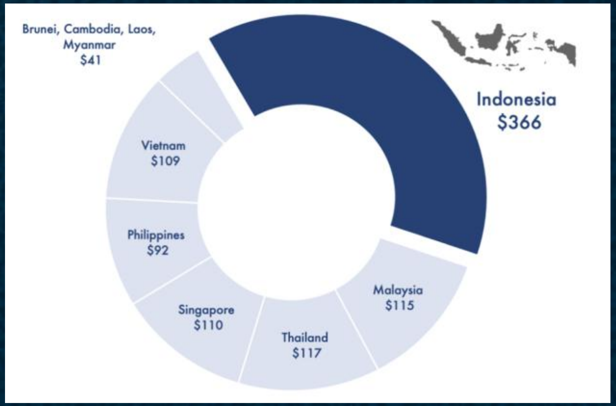

Exhibit 27. Expected contribution of AI to GDP by 2030 (USD bn)

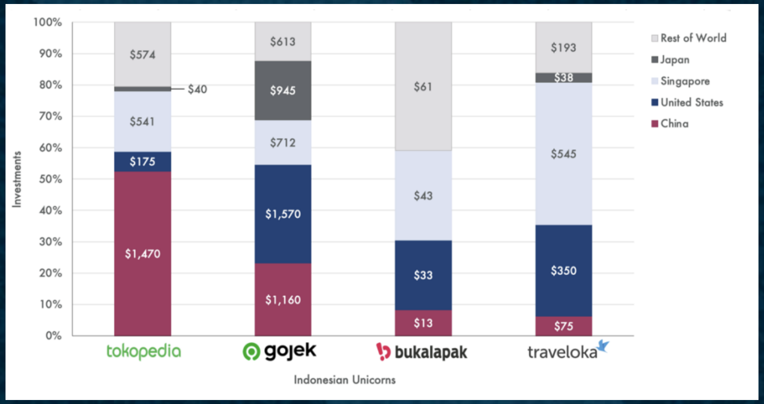

Exhibit 28. Investment in Indonesia's Unicorns (USD mn)

- **'Commodity-based Economy' Is The Excuse.** Indonesia's software innovation has been stuck in Point-of-Service—notably the e-commerce applications (Gojek, Tokopedia, Shoppee, Grab). In a 2021 report by *The Center for Security and Emerging Technology*, the authors note weak digital infrastructure; severe shortage of AI talent; weak research commercialization; institutional and regulatory weaknesses; dependence on foreign capital; and insufficient investment in frontier innovation. We view these listed attributes as symptoms to the root cause which is Indonesia's institutional environment does not generate enough entrepreneurial discovery and long-term capital accumulation.

- **Brain Drain In Front Of Our Very Eyes.** As the trend *#Kaburajadulu* persists amongst the younger demographics, a weaker Rupiah has added further incentive for prominent talent in Indonesia to flee for higher paying jobs outside the country. According to Global Economy's Human Flight and Brain Drain Index Rankings, Indonesia came in at 88 out of 175. Falling slightly below Cambodia, Indonesia has the second highest human resource flight index out of all ASEAN members.

Source : NHKSI Research

Agincourt As The Exhibit Of Attack To Private Property Rights

Exhibit 29. PT Agincourt Resources Martabe Gold Mine

Exhibit 30. State Secretary Prasetyo Hadi on Danantara Seizing 28 Revoked Firms

- **Danantara Hits A Third Rail.** On Jan-2026, UNTR subsidiary Agincourt had its gold mine Martabe permit revoked by the government. The ownership of Martabe was then shifted over to Danantara as the newly formed sovereign wealth fund attempts with the formation of its mineral mine holding PT Perusahaan Mineral Nasional (Perminas). Agrincourt settled with Danantara to pay USD 12.5 mn in fines.

- **Not Letting A Tragedy Go To Waste.** After the Aceh floods, Danantara seized land permits of 28 companies alleged to be linked to deforestation crisis in North Sumatra. While supporters have claimed this to be a necessary step to punish the action of the companies, critics have argued that the companies were acting within their given permit purview given by the national government, and the handing over of permits to Danantara to be an unnecessary and hostile step.

Source : NHKSI Research

Danantara Bonds As A Machine For Laundering

Exhibit 31. Danantara Issuing Patriot Bond

- **Gateway To Get Money Into The System.** Danantara's planned bond issuance could create a larger channel for illicit financial flows if governance, beneficial ownership disclosure, and anti-money laundering (AML) controls are inadequate. Complex funding structures and state-backed entities can make it more difficult to trace the origin and destination of funds, increasing risks of money laundering, political patronage, and regulatory arbitrage if oversight is weak.

- **Denting Good Governance.** Without strong governance and accountability, the perception that Danantara bonds could be used to obscure illicit capital flows may raise risk premiums, weaken market confidence, and undermine Indonesia's reputation in international capital markets. While State-backed economists believe the move may potentially raise money supply to stimulate economic growth, our concerns remain the same that if state-backed financing channels direct capital toward politically favored projects rather than those selected by market signals, the economy may experience an expansion of credit without a corresponding increase in productive capital, leading to inefficient investment and future economic adjustments.

Source : NHKSI Research

Our View On MSCI's Punting Over To Years End

Exhibit 32. IDX Director Questioned Over MSCI Decision

- **MSCI Kicks The Can Down The Road.** After the Market Accessibility Report was published, MSCI announced their category specification for Indonesia to remain Emerging Market with the caveat of being assessed again in Nov-2026.

- **Suffocating The Frying Industry.** With 'saham gorengan' being a chronic problem in Indonesia, we view MSCI's move to further extend special monitoring status for Indonesia creates hesitancy for 'bandars' to act and disincentivizes plans to entry of their operated stocks into MSCI indices.

Source : NHKSI Research

Frozen Start-Up Culture

Exhibit 33. Nadiem Makarim Sentenced to 10 Years in Prison

Exhibit 34. Nicko Widjaja Sentenced to 3 Years in Prison

- **Key Figures Of A Bygone Era Jailed.** Nadiem Makarim (founder of Gojek) and Nicko Widjaja (Director of BRI Ventures) have been investigated on two separate and different cases. However, both are prominent figures in the venture capital space. While the VC startup culture in Indonesia has been known to die down in the past three years, the current court cases has been a symbolic death nail to the industry for the time being.

Source : Kemenkeu, NHKSI Research

Danantara And SOEs As The New Gatekeepers

Exhibit 35. Prabowo Announces DSI at DPR Plenary Session

- **DSI Keeping Track Of Exports.** Danantara Sumber Daya Alam Indonesia (DSI) was formed by President Prabowo as an external auditor to combat *underinvoicing.* Underinvoicing occurs when the published international importation value data is lower than the country's exportation value data. Danantara has been set as an export barrier for critical resources such as coal, CPO, and nickel. Yet we view the cause of underinvoicing may be due to smuggling from rat ports and rat pathways facilitated in some cases by local governments; local and national police; and military.

- *Our line of thinking is simply : the export entities already properly invoicing will be given an extra audit step, but the entities already uncomplying will continue to not comply. Those resource export entities will then be disincentivized to properly invoice.*

Source : NHKSI Research

IDX's FCA Reformations

Exhibit 36. IDX Plans to Evaluate Full Call Auction Mechanism

- **New Terms For FCA.** IDX proposes to enhance the Full Call Auction (FCA) mechanism by introducing a Non-Cancellation Period between the Order Collection and Random Closing phases. During this period, investors will no longer be allowed to cancel submitted orders, with the aim of reducing last-minute order cancellations (spoofing), improving price discovery, and ensuring auction prices more accurately reflect genuine market supply and demand.

- **Weeding Out The Weak.** IDX also proposes to streamline the Special Monitoring Board criteria by removing three admission criteria: low free float, low liquidity, and trading suspensions of more than one trading day due to market activity. The reform is intended to focus FCA on companies with genuine fundamental issues, such as financial distress or governance concerns, while reducing the number of stocks subject to FCA and improving overall market liquidity.

Source : NHKSI Research

JCI Transactions Year-To-Date

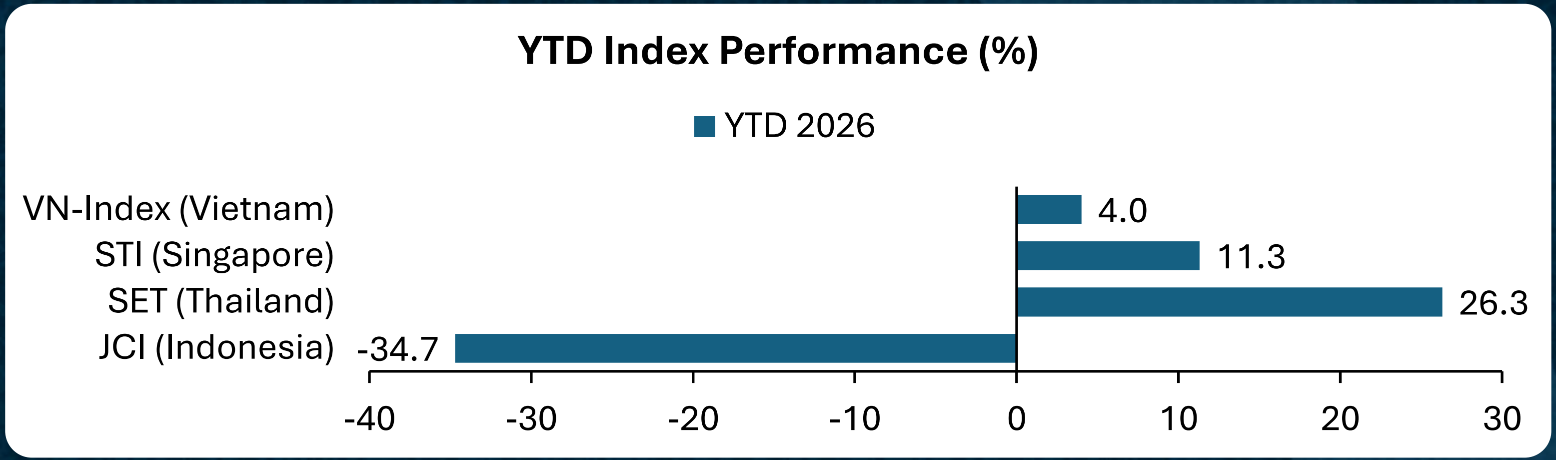

Exhibit 37. JCI Ranks Last Amongst ASEAN Peers — YTD 2026

- **Worst In Class.** The JCI closed 1H26 at 5,643.19, down 34.74% YTD — the worst print in ASEAN while Thailand (+26.3%), Singapore (+11.3%), and Vietnam (+4.0%) advanced. Financials fell least (–17.5%), while energy (–42.2%) and property (–40.2%) bore the brunt.
- **Capital Voting With Its Feet.** Foreign investors net sold IDR 74.4 tn YTD, rotating into SBN (IDR 22.4 tn net buy in June alone), as daily turnover thinned from IDR 22.2 tn in June to IDR 11.3 tn in early July. Prices are relaying an honest verdict on policy risk — capital goes where it is treated best.

Source : NHKSI Research

Summary

- **Fiscal Rebalancing, Reluctantly.** MBG trimmed to IDR 161 tn, Kopdes targets halved, bansos shifted to IDR 5.4 mn cash; 1Q26 GDP of 5.61% leaned on +21.8% YoY front-loaded government spending — borrowed growth, with inflation at 3.34% brushing BI's ceiling.
- **Monetary Strain.** BI turned hawkish late as reserves sank to a two-year low (USD 144.9 bn) and the Rupiah touched IDR 18,180/USD; the yield curve signals slowdown either way, and a USD 10k/month FX cap deters the very inflows it hopes to retain.
- **Credit By Decree.** Investment credit grew 21.95% YoY on BI's KLM incentives (IDR 418.1 tn) steered into designated sectors — allocation by policy rather than price signals — while retail deposits contract and funding concentrates in large accounts.
- **Property Rights Repriced.** Martabe's transfer to Danantara, 28 permits seized after the Aceh floods, DSI export gatekeeping, Patriot Bond governance doubts, and jailed VC figures each add to the risk premium on Indonesian assets.
- **External Verdicts.** US tariffs land at 18–19% by 24-Jul; MSCI keeps Indonesia EM but under watch to Nov-2026; IDX counters with FCA reform and tighter monitoring criteria — welcome steps toward genuine price discovery.
- **Markets Say The Quiet Part.** The JCI closed 1H26 at 5,643, down 34.74% YTD (worst in ASEAN), with IDR 74.4 tn of foreign net selling rotating into SBN — capital repricing policy risk in real time.

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Following From Its Logical Conclusion…

- **Cap The Price, Lose The Market.** A USD 10k/month FX cap does not change what people value — it only reroutes the exchange into channels the state cannot see. It follows that onshore liquidity thins, informal spreads widen, and official reserves stop measuring the true demand for dollars.
- **Directed Credit Must Misallocate.** Credit steered by incentive (KLM's IDR 418 tn) rather than expected return funds, by definition, projects the market would not fund at par. The boom in designated sectors therefore carries tomorrow's write-downs — watch for NPLs rising precisely where lending grew fastest.
- **Insecure Title Taxes Every Asset.** Once property can be reassigned by decree (Martabe, the 28 seizures), no investor needs to be seized to react — the mere possibility is priced into every title. Risk premia stay elevated and investment horizons shorten until credible limits on the taking power return.
- **Deficits Are Deferred Taxes.** Front-loaded spending must be paid by taxes, borrowing, or money creation — there is no fourth option, and each lands on the same taxpayer. Expect yields to grind higher or the Rupiah to absorb the difference; the humped curve says the bond market has already done this arithmetic.
- **Talent Obeys Incentives Too.** People act on the same logic as capital: where reward is uncertain, effort emigrates (#KaburAjaDulu). A jurisdiction that prices ambition below its market rate exports its most productive citizens — and imports their absence in growth figures a decade later.
- **Markets Forgive Quickly.** None of this is destiny. At –34.7% YTD, 7x bank earnings, and 11% dividend yields, the price of re-entry is already on the table — remove the distortions, and capital returns as swiftly as it left. The correction is not the disease; it is the market administering the cure.

Landmines and Timebombs

Landmines	Timebombs
US-Cuba Conflict	US Midterms
US-Colombia Conflict	BI Successive Rate Cuts
China Invasion in Taiwan	Fed Rate Cuts
Credit Ratings Downgrade	BoJ Rate Hike [Zapping Away Yen-Carry Trades]
MSCI Downgrade To Frontiers Market	Indonesian Ministerial Cabinet Reshuffle
APBN Revenue Shortfall	
Danantara Over-invested Funds	

Exhibit 38. Watchlist of Market Risks: Landmines and Timebombs

Source : NHKSI Research

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Sectoral-Driven Narratives

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Banking Undervaluation

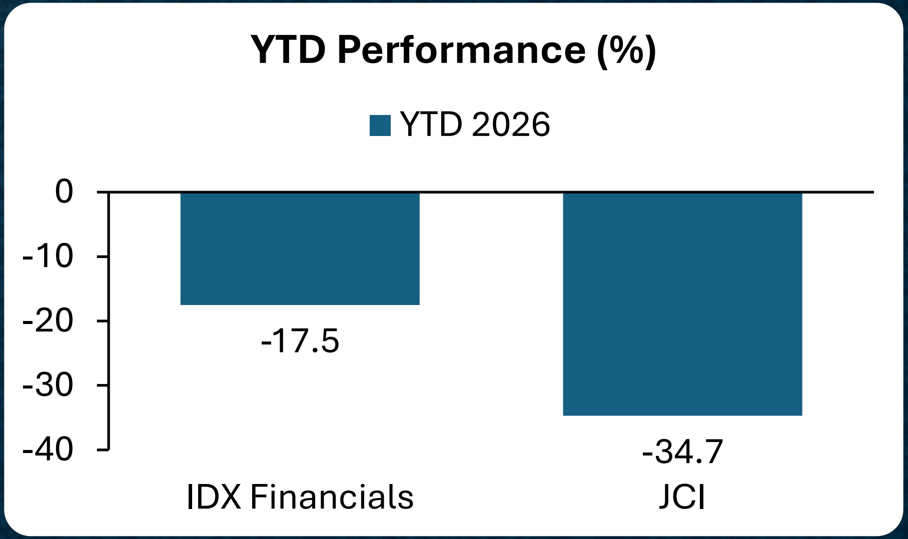

Exhibit 39. IDX Financials vs. JCI — YTD 2026

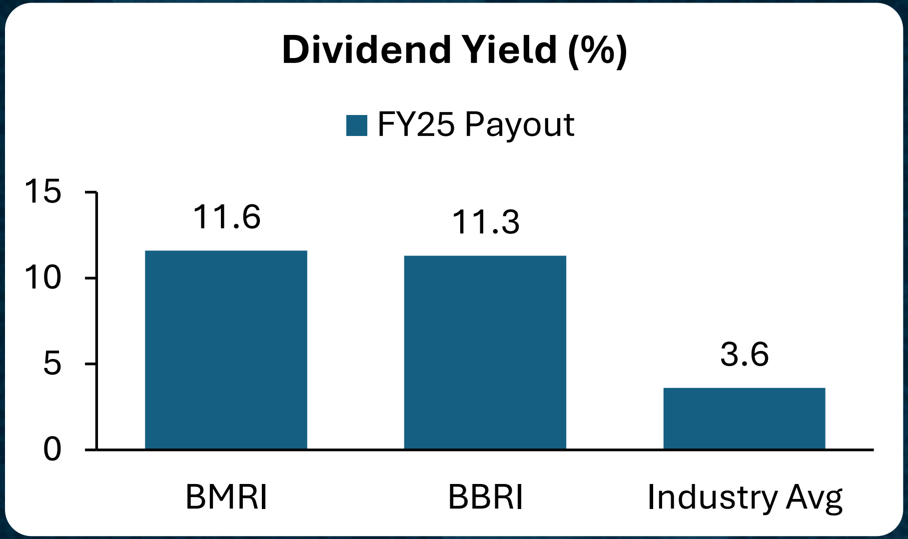

Exhibit 40. Big-Bank Dividend Yields vs. Industry

- **Still Overperforming The Market With Lower Beta.** Financials are down 17.5% YTD versus the JCI's –34.7% — roughly half the market's drawdown — with big-bank betas well below one (BBRI at 0.69).
- **At Historically Low Valuation.** BBRI trades near IDR 2,800, roughly a third below its 52-week high and around 7x trailing earnings — pricing that owes more to policy fear than to fundamentals.
- **Reliably High Dividend Yields.** BMRI (~11.6%) and BBRI (~11.3%) pay roughly triple the 3.6% industry average on FY25 payouts — shareholders are compensated to wait for sentiment to clear.

Source : NHKSI Research

Banking

Rating : Neutral

- Underperformance with P/BVs below 5-Year Averages
- Stable Loan Growth.
- Loan Quality Declining.

OUR COVERAGE

TP : 4,300	TP : 5,050	TP : 10,000	TP : 5,600
BBRI	BBNI	BBCA	BMRI

XA
Forecasts

NHKSI Economic Data Targets For 2025F & 2026F

Our Forecasts	2026F
GDP Growth	5.25-5.35%
Inflation	3.25-3.30%
BI Rate	5.75.-6.00%
USD/IDR Ex. Rate	19,200-19,250
EPS	16.0-16.5%

- **2025 Targets Provide Stepping Stone To Attain Gradual 8%.** While we have upgraded our forecasts from earlier this year, we are conscious that the government may be able to incrementally drudge up GDP growth with the cost of hiked inflation. There is risk next year of a over-heated economy.

Source : NHKSI Research

XA Economic Outlook

	2025		2026F	
	APBN	Realization	APBN	Realization/Outlook
GDP Growth (% YoY)	5.2	5.11 4Q25 : 5.39	5.4	1Q26 : 5.5
Inflation (% YoY)	2.5	2.92	2.5	3.55
USD/IDR Exch.	16,000	16,475	16,500	16,925 (eop) 16,894 (ytd)
10-Year SBN Yield (%)	7.0	6.01 eop 6.71 ytd	6.9	6.39 (eop) 6.78 (ytd)
Indonesia Crude Oil Price (USD/barrel)	82	67.38	70	64.41
Lifting Oil (‘000 barrels per day)	605	605.61 582.10	610	-
Lifting Gas (‘000 barrels equivalent / day)	1,005	943.65 970.72	984	-

Source : Menkeu, NHKSI Research

END OF PRESENTATION

DISCLAIMER