

MARKET UPDATES

31 July 2025

Market Commentary

Equity Market Performance

The Jakarta Composite Index (IHSG) in July strengthened by approximately +8.04% ytd +5.71%), followed by the LQ45 Index which rose by +2.31% (ytd -4.38%). For Sharia stock indices, the Jakarta Islamic Index (JII) increased by +7.31% ytd +9.59%), and the Indonesia Sharia Stock Index (ISSI) rose by +11.82% ytd +17.62%). The domestic stock market strengthened, driven by the latest tariff agreement between the United States and Indonesia. A jumbo IPO from a conglomerate issuer also contributed to the performance of the IHSG.

The Jakarta Composite Index (IHSG) closed July with a notable gain, primarily driven by corporate actions from conglomerate groups, particularly the initial public offerings (IPOs) of their subsidiaries. Additionally, the successful trade agreement with the US, which resulted in a reduced import tariff of 19%, served as a positive catalyst for market sentiment. Despite the market rally, foreign investors recorded a net outflow of IDR 8.33 trillion during the month. Indonesia's trade balance in June posted a surplus of USD 4.106 billion. IDX Technology led the gains with a remarkable increase of +41.61%, largely driven by the strong performance of DCII shares, which significantly boosted both the sector and the broader index.

The performance of the US stock market in July closed positive. DJIA increased +0.08% (ytd +3.73%) and S&P500 +2.17% (ytd +7.78%). The US equity market strengthened during the month, supported by the resilience of the U.S. economy and the successful trade agreements reached with several countries, which contributed positively to investor sentiment.

Bond Market Performance

The bond market was recorded strengthened in July which the performance of the Bindo Index was +1.14% (ytd +6.66%). The 10-year bond yield in June was 6.61% and decline to 6.55% at the end of July. Foreign ownership in SBN is IDR 931.36 trillion or 14.59%. Foreign investors posted inflow of IDR 13.28 trillion. The Indonesian bond market strengthened in July, supported by substantial inflows from both domestic and foreign investors. This positive momentum was largely driven by market expectations of a potential interest rate cut in the second half of the year, which boosted demand for fixed-income instruments.

Money Market Performance

The Bank Indonesia Board of Governors decided on 15-16th July 2025 to lower the BI-Rate by 25 bps to 5.25%, while also lowering the Deposit Facility (DF) rate by 25 bps to 4.50% and the Lending Facility (LF) rate by 25 bps to 6.00%. The decision is consistent with decreasing projection of inflation in 2025 and 2026 within the 2.5±1% target corridor, maintained rupiah exchange rate stability in line with economic fundamentals and the need to drive economic growth. Moving forward, Bank Indonesia will continue considering further room for interest rate reduction to nurture economic growth, while maintaining rupiah exchange rate stability and orienting monetary policy towards managing inflation within the target corridor based on global and domestic economic dynamics.

Conclusion

JCI closed July on a positive note, despite outflow from foreign investor. Domestic investors played a key stabilizing to sustain market momentum. A key catalyst was the trade tariff agreement with the US, which set lower rates although investors remain attentive to the final structure of the trade framework. Additionally, jumbo IPOs from several subsidiaries of major conglomerates attracted strong interest from domestic investors and significantly contributed to the overall performance of the stock index.

The bond market closed higher in July and the IndoGB 10Y yield closed at 6.55% at the end of the month. The bond market strengthened, driven by strong demand from foreign and domestic investors, supported by Bank Indonesia's recent interest rate cut and the prospect of further easing by both Bank Indonesia and the U.S. Federal Reserve in the third quarter.

Bank Indonesia lowered its benchmark interest rate to 5.25% during the July 2025 Board of Governors Meeting, amid the stable Rupiah exchange rate. The BI Governor stated that this move aims to support national economic growth. The Rupiah depreciated by 1.40% in June, reaching IDR 16,459 per USD. Bank Indonesia continues to maintain Rupiah stability while keeping an eye on the potential for interest rate cuts, adjusting to economic dynamics and the US Federal Reserve's monetary policy.

DISCLAIMER

Dokumen ini dibuat hanya untuk memberikan informasi dan bukan merupakan suatu bentuk penawaran untuk membeli atau permintaan untuk menjual maupun dasar yang dapat dijadikan pedoman sehubungan dengan perjanjian atau komitmen apapun atau suatu nasihat investasi. Dokumen ini dibuat berdasarkan data, proyeksi, perkiraan, antisipasi dan hipotesa yang subjektif. Analisa dan kesimpulan dalam dokumen ini merupakan bentuk ungkapan suatu pendapat berdasarkan ketersediaan data dalam kurun waktu tertentu.

Dengan alasan subjektifitas ini, kami menekankan bahwa pergerakan dari variabel dan nilai ekonomi pasar keuangan bisa berubah secara drastis dari indikasi (proyeksi, perkiraan, antisipasi dan hipotesa) yang disampaikan dalam dokumen ini.

Disamping itu, secara umum informasi yang diberikan dalam dokumen ini bersifat subjektif. Pendapat yang dikemukakan dalam dokumen dapat berubah sewaktu-waktu tanpa pemberitahuan terlebih dahulu dan PT AXA Mandiri Financial Services dapat namun tidak berkewajiban untuk mengubah atau memperbaharui dokumen ini.

Seluruh informasi dalam dokumen ini dibuat berdasarkan data publik yang dikeluarkan oleh biro resmi untuk statistik ekonomi dan pasar. PT AXA Mandiri Financial Services terlepas dari segala kewajiban yang berhubungan dengan keputusan yang didasarkan pada dokumen ini.

Disamping itu, dengan dasar subjektifitas dari analisa dan pendapat ini, data, proyeksi, perkiraan, antisipasi, hipotesa dan atau pendapat tidak harus digunakan atau diikuti oleh Tim Manajemen maupun afiliasi PT AXA Mandiri Financial Services yang bertindak atas dasar pendapat sendiri dan bertindak sebagai bagian yang independen dalam Perusahaan.

Dengan menerima informasi ini, penerima dokumen setuju menggunakan informasi ini hanya untuk melihat potensi dalam strategi yang ada didalamnya dan bukan untuk tujuan lain serta tidak akan mengungkapkan informasi apapun ke pihak manapun. Dilarang melakukan segala bentuk produksi ulang atas informasi ini, baik itu seluruhnya atau sebagian kecuali telah mendapat persetujuan dari PT AXA Mandiri Financial Services.

Internal