Market Strategy

3Q25: Focus On Value And Policy Tailwinds

Stocks Covered	78
Rating (Buy/Neutral/Sell):	50 / 26 / 2
Last 12m Earnings Revision Trend:	Downtrend

- **Cautious tailwinds.** The JCI target is at 7,500 pts (12.6x FY25F P/E), with 2025 earnings revised down (-0.8%) but a rebound expected in 2026 (+7.7%). Indonesia's 3Q25 outlook remains cautious amid global headwinds and soft domestic demand, with GDP growth steady at 4.5%. However, a possible easing of US tariffs and recent Bank Indonesia (BI) rate cut could boost sentiment towards the JCI. Despite easing inflation and potential further BI rate cut (-25bps) in 4Q25, weak consumer sentiment and sluggish investment limit momentum. We favour selective exposure to interest rate-sensitive, defensive, and oversold-yet-solid stocks. Volatility persists, but BI's liquidity support and fiscal programmes offer a constructive recovery backdrop.
- **Choppy waters in 1H25.** The JCI remained volatile in 1H25, rebounding briefly in April after sharp 1Q25 losses driven by foreign outflows and global uncertainties but gains faded in May-June amid renewed concerns over US tariffs, policy shifts, and soft domestic earnings. Foreign fund flows stayed erratic, reflecting continued risk aversion. The IDR and bond yields mirrored this fragility, with IDR weakening to IDR16,700/USD before partially recovering. Sectorally, 2Q25 earnings are expected to be mixed – banks and telecommunications (telecoms) in line, poultry and property pressured but should improve, and consumer and metal sectors likely to underperform – suggesting a cautious but selective investment stance into 2H25.
- **Navigating 3Q25 with defensive picks and policy support.** Indonesia's 3Q25 outlook remains cautious amid global uncertainty, US tariff risks, and soft domestic demand, with GDP growth still pegged at 4.5%. Despite a benign inflation outlook, weak consumer sentiment and sluggish investment weigh on momentum. BI is expected to further cut rates by 25bps after the July rate cut while also injecting liquidity through macroprudential easing. President Prabowo Subianto's free-meal programme should boost poultry demand, yet retail spending trends show households saving less. We maintain an OVERWEIGHT stance on banks, poultry, property, and telecoms.
- **Selective BUY on defensives, rate-sensitive, and oversold-but-solid stocks.** We maintain our base-case JCI end-2025 target at 7,500 pts, reflecting moderate valuations (12.3x FY25F P/E) amid fragile sentiment and downgraded earnings forecasts (-0.8% FY25). Despite weak macro and sector downgrades, 2026F earnings are expected to rebound (+7.7%). A possible easing of US tariffs and recent BI rate cut could boost sentiment towards the JCI. We favour a selective strategy focused on interest rate-sensitive, defensive, and oversold-but-fundamentally strong stocks, alongside stable dividend names. Top Picks include Bank Central Asia (BBCA), Bank Mandiri (BMRI), Bank Syariah Indonesia (BRIS), Charoen Pokphand Indonesia (CPIN), Indofood CBP (ICBP), Indosat Ooredoo Hutchison (ISAT), Midi Utama Indonesia (MIDI), United Tractors (UNTR), and Ciputra Development (CTRA). Oversold stocks like Japfa Comfeed (JPFA), Mayora Indah (MYOR), Arwana Citramulia (ARNA), and UNTR offer attractive entry points. BI's cautious easing stance and macroprudential support also provide a constructive backdrop for recovery.

Company Name	Rating	Target (IDR)	% Upside (Downside)	P/E (x) Dec-25F	P/B (x) Dec-25F	ROAE (%) Dec-25F	Yield (%) Dec-25F
Bank Central Asia	Buy	10,260	19.3	18.5	3.7	20.9	3.7
Bank Mandiri	Buy	5,600	16.2	8.1	1.5	19.2	8.6
Bank Syariah Indonesia	Buy	3,500	29.2	15.0	2.5	18.1	0.7
Charoen Pokphand Indonesia	Buy	5,800	19.3	20.1	2.4	12.6	1.7
Ciputra Development	Buy	1,330	35.7	6.6	0.7	11.6	1.6
Indofood CBP	Buy	14,200	35.9	11.3	2.3	21.2	2.8
Indosat Ooredoo Hutchison	Buy	2,780	32.4	12.7	1.9	15.4	3.5
Midi Utama Indonesia	Buy	550	34.8	0.0	0.0	12.2	-
United Tractors	Buy	29,100	31.1	4.6	0.8	19.4	8.7

Source: Company data, RHB

Sectors / Top Picks

OVERWEIGHT

Sectors	Top Picks
Banks	BBCA, BRIS, BMRI, BBNI
Poultry	CPIN
Residential property	CTRA
Telecommunications	ISAT

NEUTRAL

Sectors	Top Picks
Auto	AUTO
Coal	UNTR
Consumer	ICBP, MIDI
Cement	INTP
Healthcare	HEAL
IT Solution	MSTI
Metal mining	ANTM
Oil & gas	AKRA
Plantation	LSIP
Pulp & paper	INKP
Property – Industrial estates	SSIA
Tobacco	WIIM

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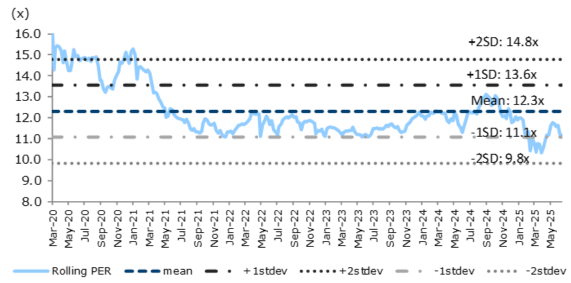
The JCI's 12-month forward-rolling P/E band



Source: Company data, RHB

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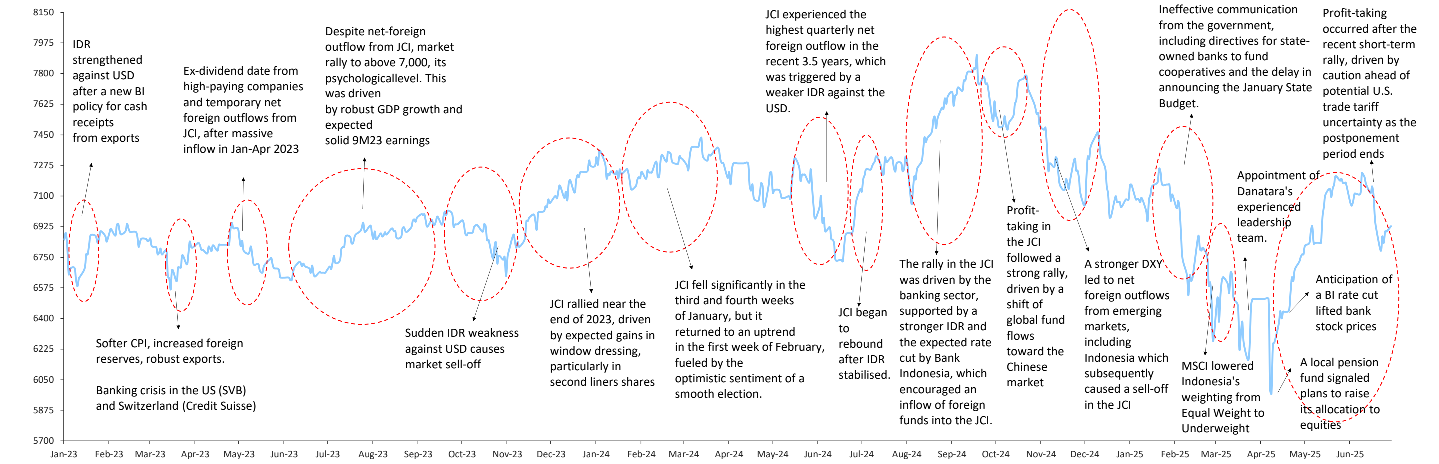
JCI 2Q25 Review

Rebound meets resistance amid policy and trade jitters

The JCI remained volatile YTD, falling sharply in 1Q25 due to foreign outflows, rising or maintaining high US yields, and fiscal concerns, before rebounding in April as valuations turned attractive and inflation eased. However, gains were short-lived as May-June brought renewed uncertainty from the looming US tariff expiry, mixed US Federal Reserve signals, and fragile investor sentiment. Ongoing risks – from trade tensions and geopolitical events to weak domestic earnings and policy transition – kept the market choppy, with investor confidence still cautious heading into 2H25.

Figure 1: JCI trends – rebound in April, after sell off in 4Q24 to 1Q25, but market is expected to be still volatile



Source: Company data, RHB

The JCI started 2025 under significant pressure, continuing its downtrend from 4Q24. This sell-off was primarily driven by foreign fund outflows, rising US bond yields, and concerns over Indonesia's inflation trajectory and fiscal spending. The index hit its bottom in Mar 2025, marking the end of the first quarter with a weak tone.

In Apr 2025, the JCI saw a technical rebound as valuation became attractive after several months of decline. This was partly supported by easing inflation, an upbeat IDR, and foreign inflows returning selectively. However, the rally faced intermittent profit-taking due to ongoing uncertainties. By May-Jun 2025, volatility returned. Investors were cautious ahead of the expiration of the US tariff postponement period, which reignited concerns over global trade tensions. Meanwhile, sentiment was also affected by mixed signals from the US Fed and shifting foreign interest in emerging markets.

Despite the brief recovery in April, 2Q25 remained volatile due to:

i. Geopolitical risks and trade policy uncertainty;
ii. Anticipation of potential US tariff re-implementation;
iii. Mixed domestic earnings performance, particularly from sectors like banks and property;
iv. Concerns over fiscal policy execution under the new administration.

While the JCI may continue to experience intermittent rebounds, the broader trend in 2Q25 suggests that investor confidence remains fragile. The unclear direction of US trade and interest rate policies, alongside domestic political transition risks, may continue to keep the market choppy in the near term.

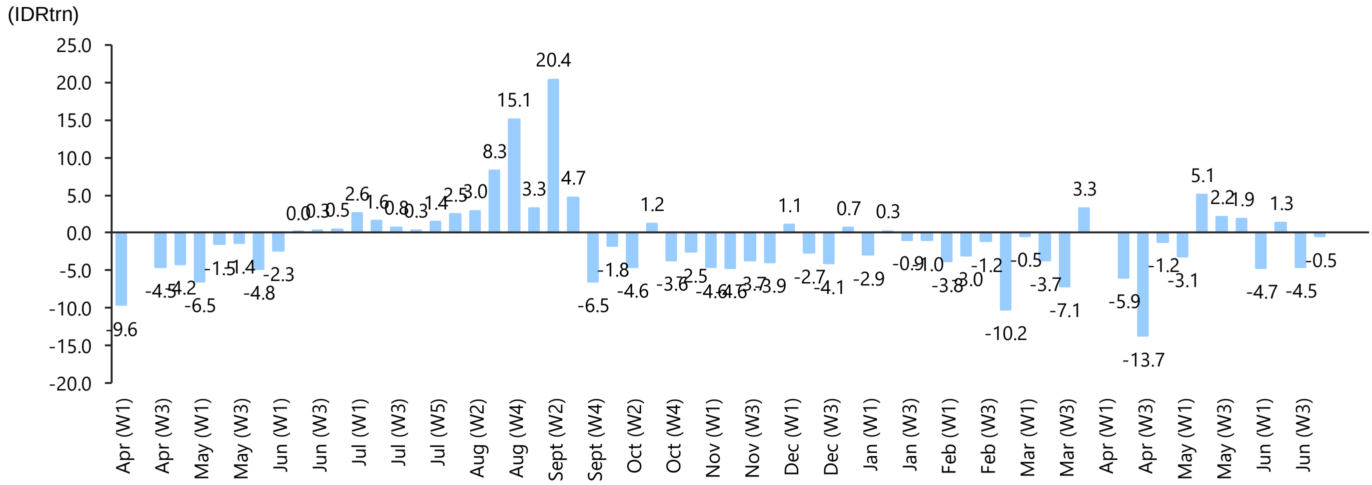
2Q25 foreign fund flows: Volatile capital flows, softening yields, wary market

Foreign fund flows in Indonesia remained volatile in 2025, with significant outflows dominating much of the year. The largest weekly net outflow was recorded in April (IDR13.7trn), driven by persistent global uncertainties, ie US trade tariffs, elevated US yields, a strong USD, and cautious sentiment towards emerging markets. A temporary rebound occurred in May as improving inflation, a stronger IDR, and bargain valuations attracted inflows (IDR5.5trn). However, this recovery was short-lived, with June seeing renewed foreign exits due to concerns over US trade policy and weak domestic catalysts. On a quarterly basis, net outflows continued for a third consecutive quarter, with IDR29.9trn in 1Q25 and IDR23.7trn in 2Q25 – highlighting sustained foreign risk aversion.

IDR mirrored this turbulence, starting the year stable but weakening from mid-February and peaking near IDR16,700/USD by early May. It partially recovered to c.IDR16,300/USD by late June, supported by easing inflation and modest foreign inflows. Nevertheless, the currency remains under pressure due to global macro headwinds and limited domestic growth momentum. Meanwhile, Indonesia's 10-year government bond yields also reflected investor caution – spiking to 7.3% in February before gradually declining below 6.7% in June as inflation cooled and dovish expectations built globally.

Overall, investor sentiment remains fragile, and while brief recoveries occurred in May, the underlying trend points to continued caution. Sustained improvements in capital flows, currency stability, and bond yields will depend heavily on clearer fiscal direction, stronger macro signals, and easing global uncertainties in the coming months.

Figure 2: Net foreign funds flee, returned briefly, then retreated again: A turbulent ride for JCI in 2025



Source: Bloomberg, RHB

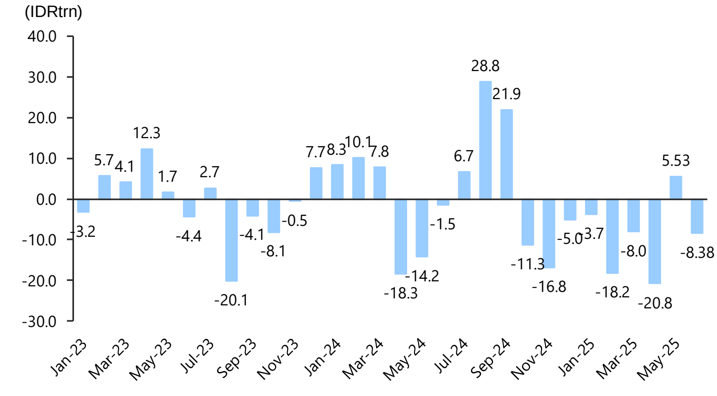
Foreign fund flows in 2025 have been highly volatile, shaped by global macro headwinds and shifting investor sentiment. The year started with persistent outflows, peaking in the third week of April with a steep withdrawal of IDR13.7trn – the largest weekly outflow YTD. This reflected continued pressure from late 2024, driven by rising or maintaining high US yields, a stronger USD, and risk-off sentiment towards emerging markets.

Momentum improved in May, as the JCI rebounded and investors returned briefly. The second week of May saw strong foreign inflows of IDR5.1trn – supported by easing inflation, a firmer IDR, and attractive equity valuations. However, this rally was short-lived. By June, outflows resumed, with significant withdrawals in week 1 and week 3 (each exceeding IDR4.5trn), as investors grew more cautious ahead of the US tariff review and in the absence of fresh domestic drivers.

Despite some strong weekly inflows, foreign participation remained inconsistent. Investors appeared to adopt a tactical stance, limiting long-term exposure. Overall, foreign flows in 2Q25 turned net negative as late-quarter outflows erased earlier gains.

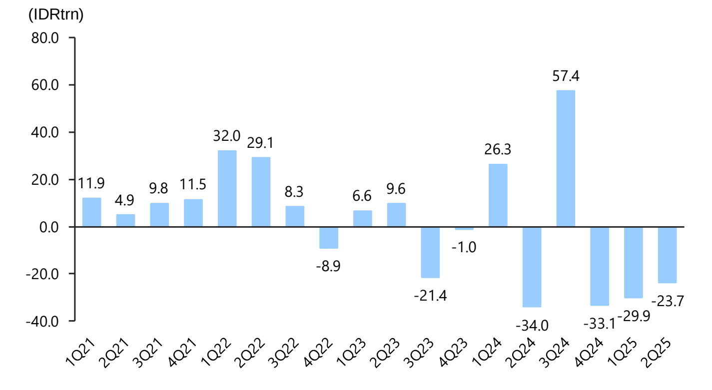
Looking ahead, foreign flows are expected to remain rangebound amid lingering global uncertainties, including US trade policy, US Fed rate signals, and geopolitical tensions. On the domestic front, clarity on fiscal direction, earnings trends, and macro stability will be key to attracting sustained foreign interest. Without a strong catalyst, volatility may persist in the near term.

Figure 3: Net foreign inflows/outflows – monthly



Source: Bloomberg, RHB

Figure 4: Net foreign inflows/outflows – quarterly



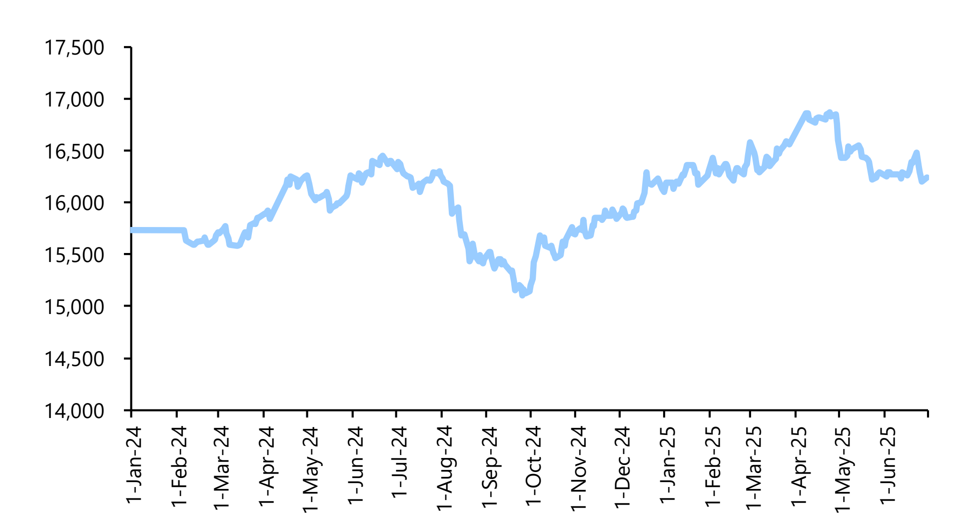
Source: Bloomberg, RHB

On a monthly basis, JCI experienced continued foreign net outflows for most of 2025. After heavy withdrawals in February (-IDR18.2trn) and April (-IDR20.8trn), a brief recovery occurred in May 2025, with net inflows rebounding to IDR5.5trn – supported by technical buying and easing domestic inflation. However, this was short-lived as outflows resumed in June (-IDR8.4trn), reflecting renewed investor caution ahead of global trade policy risks and lack of strong domestic catalysts.

From a quarterly perspective, the trend remains negative. In 1Q25, net outflows reached IDR29.9trn while 2Q25 continued the downtrend with another IDR23.7trn flowing out. This marks the third consecutive quarter of foreign selling, following 4Q24's sharp exit of IDR33.7trn. The prolonged outflows suggest that foreign investors remain risk-averse, pressured by persistent macro uncertainties – including the US Fed's policy stance, geopolitical developments, and Indonesia's ongoing political transition.

In summary, although May brought a short-lived inflow, the broader YTD pattern shows that foreign confidence remains fragile. Sustained and meaningful reversals in fund flows are likely contingent on stronger macro stability, improved visibility on policy execution, and easing of global risk factors.

Figure 5: IDR rollercoaster – rebounds in 2Q25 after hitting multi-month lows

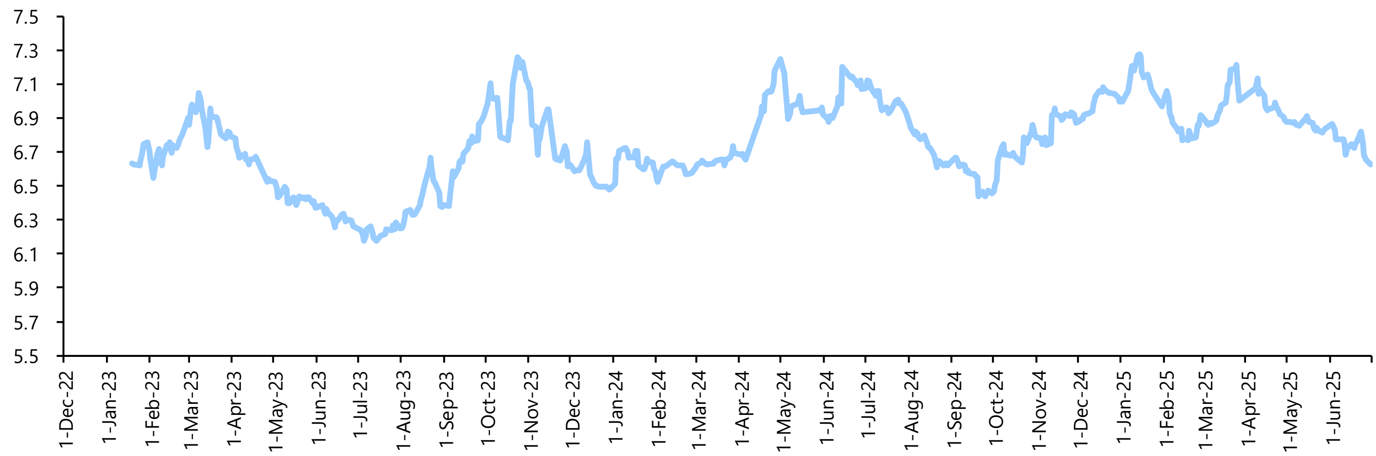


Source: Bloomberg, RHB

The IDR remained volatile throughout 2025. It began the year relatively stable around IDR15,500/USD but started to depreciate from mid-February, reaching a peak of c.IDR16,700/USD by late April to early May. This decline was mainly driven by a stronger USD, uncertainties over US trade policy, and growing risk aversion towards emerging markets.

In 2Q25, the IDR faced further pressure early on but began to recover gradually by late May, strengthening to around IDR16,300/USD. This rebound was aided by softer domestic inflation, moderate foreign fund inflows, and expectations of a more accommodative global monetary stance. Nonetheless, investor sentiment stayed cautious, with the IDR still hovering at elevated levels due to ongoing external headwinds and a lack of strong domestic growth triggers.

Figure 6: Indonesian 10-year government bonds' yield movement



Source: Bloomberg, RHB

Indonesia's 10-year government bond yields have been volatile throughout 2025, driven by changing market expectations on global interest rates, inflation trends, and domestic macro developments. Yields hit a high of over 7.3% in early February, fuelled by heightened global risk aversion, rising US Treasury yields, and concerns over Indonesia's fiscal policy and inflation outlook.

In 2Q25, yields gradually declined from c.7.0% in early April to below 6.7% by end-June. This decline was supported by easing inflation, renewed foreign interest in bonds during May, and increasing anticipation of more accommodative policies from global central banks. While this downward trend reflects improving confidence in Indonesia's monetary outlook, yields remain higher than early 2024 levels – indicating investor caution has not fully dissipated.

2Q25 earnings preview: Mixed signals, priced-in lows, and sectoral shifts

Our 2Q25 results preview suggests a mixed performance across the sectors under our coverage. We expect six sectors – including major ones like banking and telecoms – to deliver earnings in line with expectations. In contrast, five sectors, ie consumer, healthcare, and metal mining, are likely to fall short. Tobacco is the only sector estimated to post better-than-expected 2Q25 results. Notably, the anticipated weak performance appears to be largely priced in, following share price declines over the past month.

BBCA leads in banking with strong earnings, while Bank Rakyat Indonesia (BBRI) and Bank BJB (BJBR) face margin pressure. Poultry's soft 2Q25 earnings are likely already anticipated, as there has been no upward revision to forecasts despite the stronger-than-expected 1Q25, though demand could improve with broader implementation of the free meal programme in 2H25. Property and auto sectors may see weaker QoQ performances due to *Lebaran* holidays but are expected to improve in 2H25. Telecoms should post stronger YoY earnings from rising data usage, while coal may rebound on seasonal demand. Consumer and healthcare sectors remain weak due to soft spending. Metal mining and oil and gas (O&G) face profitability risks from cost pressures and macro uncertainty. Pulp & paper may see stable prices but limited margin upside. Industrial estates face trade-related risks, while tobacco earnings should improve on price hikes.

Figure 7: 2Q25 sector preview

2Q25 Preview	Sectors
Above	Tobacco
In line to above	Auto & auto parts, Coal
In line	Bank, Telecom, Poultry, Property Residential, Plantation, Pulp & Paper
In line to below	Cement, Property Industrial Estate
Below	Consumer, Healthcare, Metal Mining, Oil & Gas, IT Solution

Source: Company data, RHB

In 2Q25, the banking (OVERWEIGHT) sector is expected to show mixed results. BBCA is set to outperform with strong earnings growth (+16.3% YoY), supported by solid fee income and stable margins. Meanwhile, BBRI and BJBR may disappoint due to rising credit costs and weak net interest income. BRIS delivered modest gains slightly below estimates, while BMRI, Bank Negara Indonesia (BBNI), and Bank CIMB Niaga (BNGA) generally met expectations.

Poultry (OVERWEIGHT) continues to face margin pressure, as falling broiler prices and rising corn costs weigh heavily on profitability, particularly in the feedmill andcommercial farm segments. For residential property (OVERWEIGHT), 2Q25 may be slow due to the *Lebaran* holiday, but a recovery is expected later in the year as project deliveries ramp up. Telecom (OVERWEIGHT) may see softer QoQ earnings, though YoY performance should remain strong on the back of steady growth in data usage.

In the NEUTRAL-rated sectors, auto & autoparts may report weaker 2Q25 revenue due to fewer working days, though Astra Otoparts (AUTO) is expected to benefit from export and after-sales demand in 2H25. Cement volumes may improve post-*Ramadan*, though ASP growth could be limited by soft demand. Plantation's 2Q25 earnings would likely decline QoQ on lower output and prices, but stronger YoY on higher volumes. Coal should rebound after a weak 1Q25 – aided by seasonal demand, while consumer names face headwinds from muted spending. Healthcare may struggle YoY due to last year's high base, but hospital traffic is expected to improve QoQ.

Meanwhile, IT solutions may experience seasonal earnings moderation, metal mining remains under pressure from cost inflation and weak nickel demand, and O&G is weighed down by tariffs and low fuel demand. Pulp & paper may hold pricing gains but suffer from low shipment volumes. Industrial estates show mixed prospects due to trade war uncertainty, while tobacco earnings should improve from ASP hikes and seasonal sales recovery.

3Q25 Outlook

Indonesia at the crossroads: Resilience amid global shocks

As the global economy enters the second half of 2025, uncertainty remains elevated. While some areas show resilience, markets and policymakers face growing headwinds from trade tariffs, geopolitical tensions, and the potential for tighter monetary policy. These factors continue to shape macro-financial risks, impacting investor sentiment, global trade flows, and inflation expectations. Although Indonesia's economic fundamentals remain relatively stable, the environment is fragile. Upcoming policy decisions – particularly on trade and interest rates – will be critical in determining whether the global and domestic outlooks lean towards recovery or tilts further into stagnation and inflationary risks.

In Indonesia, the earlier gains from export frontloading may face losing momentum, with trade activities expected to weaken in 2H25. As a commodity-driven exporter, Indonesia also faces downside risk if global commodity prices ease. We maintain our 2025 GDP growth forecast at 4.5%, though risks remain tilted to the downside due to elevated US tariffs, cautious consumer sentiment, and delays in fiscal execution. The estimated impact of US tariffs on Indonesia's GDP has been revised to -0.5 percentage points (from -0.7 previously), helped by the country's limited direct trade exposure to the US. However, its strong reliance on China, – accounting for a quarter of the total trade – adds both support and vulnerability.

Domestically, growth continues to be restrained by weak household consumption, delayed government spending, and sluggish recovery in private investment and foreign direct investment (FDI). These dynamics limit near-term momentum and heighten Indonesia's dependence on external demand stability and effective fiscal delivery. While the export sector remains vital, its ability to sustain growth is challenged by softer global demand and price volatility in key commodities.

On the inflation front, we maintain our 2025 headline and core inflation forecasts at 2% and 2.4% YoY. This benign outlook is supported by three key factors: Muted demand-pull inflation due to soft consumption post-*Ramadan*, manageable food inflation risks aided by stable rice production and reserves, and contained global commodity-driven cost pressures. Despite ongoing geopolitical risks, including in the Middle East, inflationary pressures remain under control for now.

Given this backdrop, we expect BI to further cut rates by 25bps in 4Q25, after the recent rate cut in July – lowering the benchmark interest rate to 5% by year-end. This is in response to subdued growth, easing inflation, and the need to support domestic demand. Overall, while Indonesia is relatively resilient compared to some regional peers, the macroeconomic outlook remains sensitive to both global developments and the pace of domestic policy implementation.

Targeted liquidity, not just rate cuts: BI's new playbook for growth

With core inflation stable at 2.4% YoY and the IDR relatively steady, BI has shifted its focus towards stimulating credit growth through macroprudential measures rather than relying solely on interest rate cuts. One such measure is the increase in macroprudential liquidity incentives (KLM) to 5% from 4% as of 1 April 2025, resulting in a liquidity injection of c.IDR83trn, equivalent to roughly 1% of total banking deposits. These efforts are aimed at boosting lending in key sectors like agriculture and housing, which are vital for job creation and economic inclusivity.

Despite adequate capital and liquidity in the banking sector, credit growth remains subdued, prompting BI to enhance its macroprudential support. The central bank is increasingly directing liquidity towards labour-intensive and high-impact sectors, ie agriculture, trade, and housing, recognising the importance of targeted lending to spur broader economic activity. Additionally, it is fine-tuning external funding thresholds to ease constraints for banks facing selective funding challenges, further reinforcing its commitment to improving credit access.

While BI acknowledges there is room for future rate cuts, it remains conservative, opting to monitor the effects of previous easing steps and assess ongoing global risks before making further monetary policy moves. This wait-and-see approach reflects a more measured stance in the face of external volatility, ensuring stability while still supporting domestic economic recovery. Rather than rushing into additional rate reductions, BI is leaning on more precise tools that channel liquidity to sectors with the greatest need and economic multiplier effect.

This evolving strategy indicates a more mature and targeted policy direction, with BI prioritising quality over quantity in its liquidity support. By using macroprudential instruments to support specific sectors, the central bank aims to foster sustainable and inclusive growth. However, the effectiveness of this approach hinges on the ability of banks to translate this liquidity into real credit expansion, particularly to small and medium-sized enterprises (SMEs) and underserved areas that remain key drivers of long-term economic resilience.

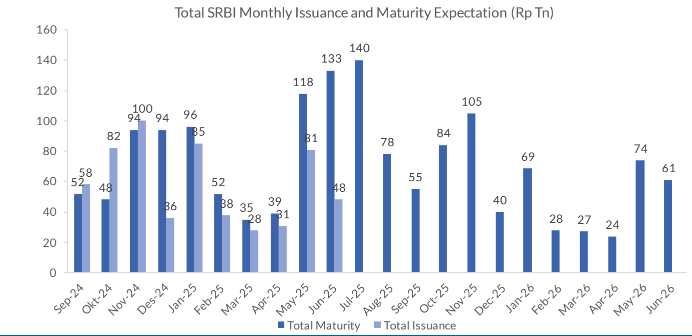
From absorption to injection: BI eases liquidity via SRBI shift

Bank Indonesia Rupiah Securities (SRBI) data reveals a shift from aggressive liquidity absorption in late 2024 to a more accommodative stance in early 2025, as reflected by higher maturities and declining outstanding SRBI. This trend supports the banking system's liquidity, aligning with BI's macroprudential easing measures to stimulate lending, particularly in labour-intensive sectors. It reflects BI's efforts to balance stability with pro-growth stimulus through calibrated liquidity management.

Monthly SRBI issuances and maturities highlight significant fluctuations in liquidity absorption. From Sep 2024 to May 2025, net issuance (issuance larger than maturity) occurred notably in Oct, Nov, and Dec 2024, with issuance peaking at IDR140trn in Jul 2025. Meanwhile, periods like Mar-May 2025 show heavier maturities vs issuance, indicating potential net liquidity injections. The maturity-heavy months – particularly March (IDR52trn), April (IDR39trn), and May 2025 (IDR81trn) – imply more SRBI redemption into the banking system, increasing short-term liquidity.

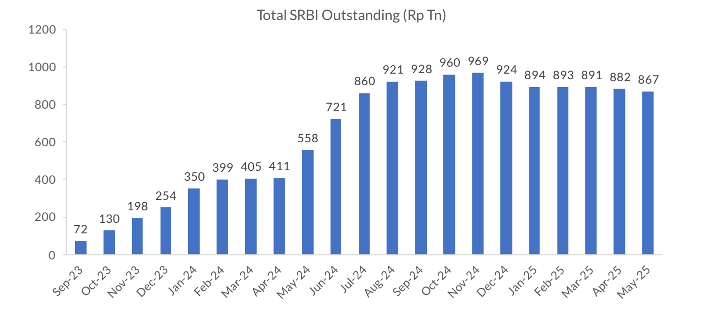
SRBI outstanding rose steadily from IDR72trn in Sep 2023 to a peak of IDR969trn in Oct 2024, before gradually declining to IDR867trn by May 2025. This decline in SRBI outstanding since late 2024 aligns with higher maturities and fewer new issuances in early 2025, contributing to a liquidity easing trend in the banking sector. The decline in outstanding SRBI suggests that BI is allowing more liquidity to return to the system, possibly to support credit expansion amid tight loan growth and cautious economic conditions.

Figure 8: Total SBRI monthly issuances and maturities (IDRtrn)



Source: Ministry of Finance (MoF), RHB

Figure 9: Total SBRI outstanding (IDRtrn)



Source Company data, RHB

The economic ripple of President Prabowo's free-meal push

President Prabowo's free-meal programme is emerging as a key driver of Indonesia's economic and social development. Beyond addressing malnutrition and stunting, the initiative has become a significant catalyst for rising poultry consumption in the country. Launched on 6 Jan 2025, the programme initially targeted 26 provinces but rapidly scaled up to all 38 provinces by February, reflecting strong political will and implementation speed.

The number of beneficiaries has grown consistently – rising from around 1m in February to 4.6m in May, and reaching 4.9m by mid-June. This expansion has been supported by the establishment of 726 nutrition service units and a sharp increase in budget allocations, which surged from IDR710.5bn in March to IDR3trn in May 2025. These developments indicate a strong commitment to scaling the programme and amplifying its socioeconomic impact.

The meals provided typically include rice, vegetables, fruits, and animal protein – particularly chicken – thereby stimulating demand in the poultry industry. Looking forward, the Government aims to invest IDR217trn to scale the programme up to 32,000 nutrition service units and reach 82.9m beneficiaries by 2029. This long-term vision signals the programme's role in both health and economic policies.

Despite its promising progress, questions remain about the programme's fiscal sustainability and competing budget priorities. However, it represents a bold policy move focused on improving national nutrition and human capital development. The economic multiplier effect, particularly through increased food demand and job creation, highlights the programme's broader significance for Indonesia's growth agenda.

Tariff easing opens new doors for Indonesia's trade prospects

Indonesia and the US have reached a preliminary trade deal that will reduce proposed US tariffs on Indonesian goods from 32% to 19%. In exchange, Indonesia has agreed to increase imports of US products – including 50 Boeing jets and USD15bn in energy and agricultural goods. The agreement was announced by US President Donald Trump as part of his ongoing efforts to renegotiate country-specific trade deals.

While the deal awaits formal ratification and verification from Indonesian authorities, it marks a de-escalation in trade tensions and sets the tone for more stable economic engagement between the two nations.

From our perspective, the revised tariff aligns with our base case scenario and puts Indonesia on a more level playing field with ASEAN peers like Vietnam. Although the macroeconomic impact is modest – improving the estimated GDP drag from 0.5% to 0.4% – this development remains constructive. Indonesia's exports to the US account for under 10% of total exports, limiting the direct economic effect. However, the benefits for labour-intensive sectors, particularly apparel and textiles, could be significant, offering temporary relief amid rising layoff risks and slowing global demand.

We believe the deal could generate a short-term boost in investor sentiment, especially for equities tied to export manufacturing. Still, long-term sustainability hinges on deeper structural improvements in competitiveness and resilience against global trade volatility. This trade deal may also enhance Indonesia's visibility as a reliable supply chain partner, especially in the eyes of multinational companies seeking to diversify beyond China.

Meanwhile, a more strategic milestone was achieved with the EU. On 13 July, Indonesia reached a political agreement on the long-awaited Comprehensive Economic Partnership Agreement (CEPA). Once ratified – likely between late 2026 and early 2027 – it will eliminate tariffs on roughly 80% of Indonesian exports to Europe. This is expected to unlock investments in agriculture, automotive, and clean-tech industries, potentially doubling trade flows with the EU from EUR27bn to EUR60bn. Together, these developments signal a gradual realignment of Indonesia's external trade strategy. With reduced tariff barriers and deeper market access in both the US and EU, Indonesia is better positioned to attract investment and support its export-driven sectors – provided that it continues to improve logistics, compliance, and product competitiveness.

Spending more, saving less: Retail growth slows amid cautious households

Retail sales in May 2025 grew 1.9% YoY, although momentum weakened with a 1.3% MoM decline. Sector-wise, information & communication equipment continued to see the sharpest contraction at -27.4% YoY and -8.9% MoM, while automotive fuels recorded the strongest growth at +5.3% YoY and a modest +0.1% MoM. Most categories experienced a monthly drop, including a notable 6% MoM decline in clothing, reflecting post-*Ramadan* demand normalisation.

Looking ahead, BI projects a moderate recovery in retail activity for Jun 2025, with the retail sales index expected to rise 0.5% MoM and 2.0% YoY. The Consumer Confidence Index (CCI) remained stable at 117.8 in June (vs 117.5 in May), but fell from 123.3 a year earlier. By income group, the IDR1-2m segment saw the steepest monthly decline in sentiment, while the IDR3.1-4m group posted the largest improvement. YoY, all income groups reported weaker sentiment, with the sharpest drop seen in the above IDR5m category.

In terms of consumer behaviour, spending in June reached 75.1% of income, slightly higher than May 2025 (74.3%) and June 2024 (73.9%). The portion allocated to loan repayments was stable at 10.8%, while savings declined to 14.1% from 14.9% in May and 16.5% in June 2024. This trend indicates rising consumption at the expense of savings, possibly reflecting households' attempt to maintain spending levels despite weaker income confidence.

It is also worth noting that the actual May 2025 data came in weaker than BI's initial projection of -0.6% MoM and +2.6% YoY, with the index instead falling 1.3% MoM and growing just 1.9% YoY. This underperformance suggests slower-than-expected demand recovery. The shift in spending patterns – where households are increasingly allocating income toward consumption and reducing savings – raises concerns over future financial resilience, particularly in the absence of strong demand catalysts.

Looking ahead, without significant fiscal stimulus or income drivers, the current trend of fragile consumer sentiment and modest retail growth is likely to persist. Rising consumption at the cost of savings may provide temporary support to the economy, but could weaken household balance sheets over time if not matched by stronger job or wage growth.

Hunting quality in 3Q25: Banks, poultry, property, and telecoms stay in the lead

The JCI is currently trading at a relatively attractive valuation, hovering around -1SD from its 5-year forward P/E average. This presents a favourable entry point for investors looking to accumulate. However, we expect volatility to persist in 3Q25, driven by global uncertainties and subdued domestic sentiment. We maintain an OVERWEIGHT stance on banks, poultry, residential property, and telecom sectors. Conversely, we have downgraded plantations to NEUTRAL while remaining NEUTRAL on auto & autoparts, consumer, cement, healthcare, tobacco, and commodities, given a potential consumption slowdown and macro-related investment risks, including uncertainty over US tariffs.

For banks, we remain OVERWEIGHT. Despite liquidity constraints, major banks are actively implementing growth strategies. They now offer more attractive valuations post market corrections, supported by solid dividend yields. BBRI continues to grow its microloan portfolio through the general village credit programme (KUPEDES) while BMRI is shifting towards SMEs and retail lending to enhance yields. BBCA expects softer loan growth due to weaker consumer spending, but sees opportunities in loan repricing. BBNI is focused on cost-of-credit control via a liability-driven approach, while BRIS is accelerating consumer and gold financing. BBTN is leveraging on digital transformation and asset quality improvements to boost low-cost funding and manage risks.

We also remain OVERWEIGHT on the poultry sector, which offers long-term growth potential despite near-term pressure from weak post *Lebaran* broiler prices. A reduction in grandparent stock (GPS) import quotas and the Government's free meal programme are expected to support broiler consumption and strengthen industry fundamentals. Although 2Q25 earnings may soften, we hold the view that the market seems to have already factored this in, as earnings forecasts have remained unchanged despite robust 1Q25 results. CPIN remains our preferred sector pick due to its strong fundamentals and positioning.

Our OVERWEIGHT call on residential property developers is supported by the Government's extension of tax incentives until the end of 2025. Developers that can expedite project handovers are well positioned to benefit, although inventory constraints – particularly in the high-rise segment – remain a concern. Despite challenges from weak consumer purchasing power, we expect presales to recover in FY25. The sector is also attractive as an interest rate-sensitive play, with valuations at a deep 80% discount to NAV. CTRA stands out as our Top Pick, given its strong execution and project pipeline.

In the telecom sector we maintain our OVERWEIGHT view. With limited pricing power due to soft consumer spending, operators are shifting their focus towards cost efficiency. Strategies like stock keeping unit (SKU) reduction are expected to streamline costs and support ARPU growth, which in turn could lead to better EBITDA performance. While revenue growth may remain subdued, ongoing industry consolidation should drive a shift in focus from top-line expansion to profitability. ISAT is our Top Pick in the sector, supported by its scale, efficiency gains, and growth prospects.

Top Picks & stock ideas. Our selection strikes a balance across interest rate-sensitive names, defensive plays, oversold yet fundamentally strong stocks, and attractive dividend yielders:

i. **Interest rate-sensitive names: BBCA, BMRI, BRIS, and CTRA.** We anticipate BI to lower its benchmark rate by another 50bps in 2H25, bringing it to 5% by year's end. Indonesian banks are poised to benefit from rate cuts, as lower funding costs typically outpace adjustments in lending rates, supporting margins expansion;

ii. **Defensive picks: ISAT, ICBP, CPIN, and MIDI.** Although consumer spending is expected to stay soft in the second half, telecom and consumer staples companies – particularly those offering essential services – are likely to deliver more resilient performances. Additionally, poultry players stand to gain from the accelerated rollout of the Government's free meal programme;

iii. **Oversold but fundamentally solid: UNTR, MYOR, ARNA, and JPFA.** These names have been oversold despite maintaining strong financial health and solid operational performances;

iv. **Dividend plays: WIIM, AUTO, BNGA, and ELSA.** In the midst of the current uncertain conditions, stocks with attractive dividend yields emerge as compelling investment choices.

In summary, while 2025 growth is expected to remain modest and market sentiment stays volatile, we believe a selective approach focused on interest rate-sensitive and defensive stocks – alongside oversold yet fundamentally strong names and high-dividend plays – offer a compelling strategy amid continued uncertainty.

Market Strategy

Base case year-end 2025 JCI target at 7,500 pts

We set our base case JCI year-end 2025 target at 7,500 pts, reflecting P/E multiples of 12.5x for FY25F and 11.7x for FY26F. Although investor sentiment is showing signs of recovery – as supported by stronger equity performance and a rising RHB Risk Sentiment Index – market conditions remain fragile. However, a possible easing of US tariffs and recent BI rate cut could boost sentiment towards the JCI. As such, we recommend a flexible portfolio approach, with readiness to shift towards safe-haven assets like stocks related to gold in the event of policy surprises. Our FY25 JCI earnings forecast has been revised down to -0.8% (from +3.2%) following sector downgrades, while the FY26 earnings projection stays positive at +7.7% vs +8.3% on expectations of macro recoveries.

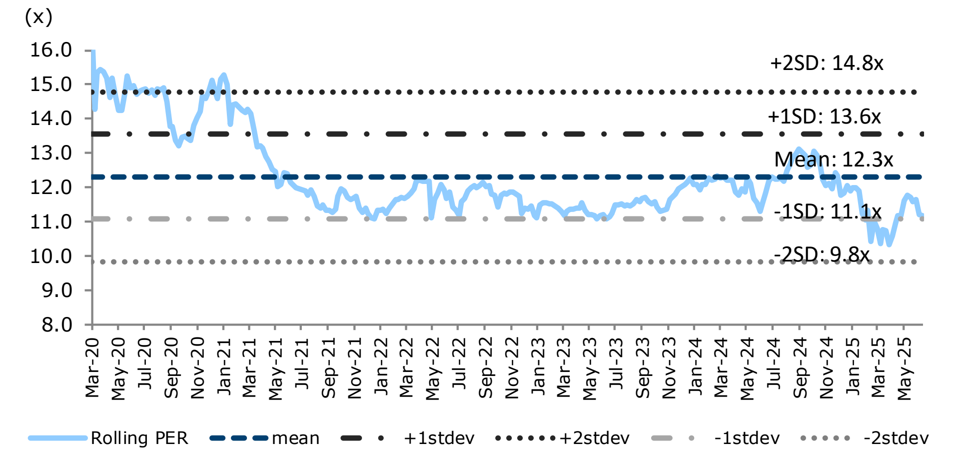
Under a bullish scenario, the JCI could climb to 7,900, implying P/E ratios of 13.4x for FY25 and 12.4x for FY26 – roughly in line with the 5-year average forward P/E – being driven by renewed foreign inflows. In a bearish case, the index may retreat to 6,300, corresponding to P/E multiples of 12.3x and 11.4x for FY25 and FY26, aligned with -2SD levels.

Figure 10: Scenario analysis

Indicator	2025			2026		
	Bearish	Base case	Bullish	Bearish	Base case	Bullish
JCI	6,300	7,500	7,900	6,800	7,600	8,500
JCI Z-score*	-2SD	-1SD	mean	-2SD	-1SD	mean
USD-IDR	17,171	16,354	15,537	16,867	16,050	15,233
UST 10-Yr Yield	3.70%	4.10%	4.80%	3.50%	3.90%	4.60%
SUN 10-Yr Yield	6.78%	6.44%	6.09%	6.55%	6.23%	5.90%
SUN 15-Yr Yield	6.92%	6.61%	6.28%	6.74%	6.41%	6.09%
SUN 20-Yr Yield	6.98%	6.66%	6.32%	6.78%	6.46%	6,13%
IND GDP growth	4.20%	4.50%	4.80%	4.80%	5.00%	5.20%
IND CAD to GDP	-1.30%	-1.00%	-0.70%	-1.70%	-1.40%	-1.10%
IND Budget Deficit to GDP	2.95%	2.85%	2.75%	2.80%	2.70%	2.60%
BI rate	4.75%	5.00%	5.25%	4.25%	4.50%	4.75%
IND Inflation	2.20%	2.00%	1.80%	2.80%	2.50%	2.20%
US Fed Rate	3.50-3.75%	3.75-4.00%	4.00-4.25%	3.00-3.25%	3.25-3.50%	3.50-3.75%
US Inflation	3.00%	2.50%	2.00%	3.00%	2.50%	2.00%
US GDP growth	1.00%	1.50%	2.00%	1.50%	2.00%	2.50%

Source: Bloomberg, RHB

Figure 11: The JCI's 12-month forward-rolling P/E band



Note: Based on cut price as of 30 June 2025
Source: Bloomberg, RHB

- Based on our calculations, the JCI is trading at an attractive -1SD from the 12-month forward-rolling P/E

In early 1Q25, the JCI was trading slightly below its 5-year average P/E of 12.3x. However, during 2Q25, valuation weakened significantly, with the forward P/E dropping toward 11.1x or -1SD from the historical mean. This marks a clear de-rating, likely reflecting heightened risk aversion driven by global macro uncertainties (eg US tariffs and high yields) and weak domestic sentiment.

By the end of Jun 2025, the JCI's valuation had stabilised around the -1SD level, historically considered an attractive entry point. This adjustment suggests that much of the cautious sentiment has already been priced in. The last time the JCI traded at similar discounted levels was during major periods of stress (eg mid-2021), which were eventually followed by valuation recoveries as investor confidence returned.

Figure 12: The JCI's key statistics

Market Data	FY24	FY25F	FY26F
Revenue growth (%)	1.9	5.0	4.7
Opr. profit growth (%)	(3.0)	4.3	7.7
Net profit growth (%)	0.2	(0.8)	7.7
Current P/E (x)	10.4	10.5	9.8
Implied PE at TP target (x)	12.5	12.6	11.7
EPS (IDR)	599	594	639
PEG (x)	60.2	(12.6)	1.3
EV/EBITDA (x)	7.6	7.0	6.3
P/BV (x)	1.6	1.4	1.4
Div. yield (%)	5.7	5.3	5.3
ROE (%)	14.9	13.7	13.9

Note: Based on the cut-off price of 30 Jun 2025
Source: Company data, RHB

- The JCI is currently trading at 1.4x FY25F-26F P/BV, supported by solid forecasted ROEs of 13.7-13.9% for FY25 and FY26. Dividend yields are also attractive, estimated at 5.3% over the same period
- Earnings are expected to dip slightly by 0.8% in FY25, partly reflecting softer economic activity, but a recovery is anticipated in FY26

The JCI's earnings are forecast to decline by 0.8% in FY25, reflecting weaker corporate earnings amid a subdued economic backdrop. This marks a slight contraction when compared to FY24's marginal growth of 0.2%. However, a rebound is anticipated in FY26, with earnings growth projected at 7.7%, suggesting a more favorable earnings outlook as macro conditions stabilise and business activities pick up.

Despite the estimated earnings dip in FY25, the JCI's forward P/E is expected to remain relatively stable at 10.5x – only slightly above FY24's 10.4x. This suggests that valuations have adjusted accordingly and may already reflect the weaker earnings outlook. In FY26, the P/E ratio is forecast to decline to 9.8x, as earnings growth resumes, improving valuation attractiveness and indicating potential upside for investors.

The JCI is estimated to trade at a consistent P/BV of 1.4x in both FY25 and FY26, down from 1.6x in FY24. This steady level indicates that the index is reasonably valued relative to book value, offering a cushion for downside risk. Given the index's estimated ROEs of nearly 14%, the current P/BV levels suggest efficient capital deployment and room for rerating if fundamentals improve.

Nominal EPS is expected to remain flat at IDR594 in FY25, slightly down from IDR599 in FY24, mirroring the projected earnings contraction. However, EPS is forecast to rise to IDR639 in FY26, in line with stronger profit growth. This recovery in earnings per share reinforces the expectation of improving corporate performance and may support a revaluation of the JCI.

Dividend yields are estimated to remain stable at 5.3% in both FY25 and FY26, slightly below FY24's 5.7%. These yields remain attractive in the current rate environment and provide consistent income for investors. Coupled with the potential for capital gains from earnings recovery and valuation compression, this supports a constructive view on the JCI's medium-term investment case.

Figure 13: Earnings growth by sector (2025-2026F)

Sector	Mkt cap IDRtrn	Weight %	2025F				2026F			
			Net profit growth (YoY %)		P/E (x)		Net profit growth (YoY %)		P/E (x)	
			RHB	Cons.	RHB	Cons.	RHB	Cons.	RHB	Cons.
Financials services	2,433	54.2%	1.6	2.4	11.4	11.3	10.8	9.2	10.3	10.3
Consumer non-cyclical	642	14.3%	15.2	20.6	12.6	12.0	9.9	10.9	11.4	10.8
Infrastructure	421	9.4%	(1.9)	0.8	12.2	11.8	1.2	8.1	12.1	11.0
Industrials	267	5.9%	(2.7)	(9.2)	5.1	5.4	0.9	0.2	5.0	5.4
Energy	207	4.6%	(38.8)	(37.7)	7.2	7.0	5.8	6.0	6.8	6.6
Basic materials	245	5.5%	23.7	14.1	11.1	12.0	(1.0)	19.5	11.2	10.1
Healthcare	143	3.2%	10.3	7.5	21.3	21.9	8.8	10.1	19.6	19.9
Consumer cyclical	65	1.5%	14.2	9.6	8.1	8.4	14.1	15.1	7.1	7.3
Property	65	1.5%	(8.8)	(12.3)	6.4	6.6	6.2	2.3	6.0	6.5
Total	4,488	100%	(0.8)	(0.9)	10.5	10.5	7.7	8.5	9.8	9.7

*Note: *Sector classification is based on the JCI's official grouping index – the table above excludes the tech and transport indices*
Source: Company data, RHB

We estimate mild earnings decline of 0.8% for the JCI in 2025, primarily due to steep profit contractions in the energy (-38.8%), property (-8.8%), and industrials (-2.7%) sectors. These declines outweigh robust growth from basic materials (+23.7%), consumer non-cyclicals (+15.2%), and consumer cyclicals (+14.2%). The financials services sector – which accounts for over half of the index's market cap – is expected to grow modestly at 1.6%, offering limited support to aggregate earnings. Infrastructure and healthcare are projected to contribute positively, albeit with relatively small weightings.

The revised sector earnings outlook signals a more cautious view for 2025, with key sectors such as financials, energy, and infrastructure seeing meaningful downgrades. As a result, the JCI's overall net profit growth forecast is cut from +3.2% previously to -0.8%. Despite the more subdued tone in the near term, 2026 earnings projections remain constructive, albeit slightly lower, with growth adjusted from +8.3% to +7.7%, assuming improved macroeconomic stability.

Figure 14: Scenario analysis on FY25F earnings growth

Sector	FY25F net profit (base case)		FY25F net profit worst case scenario			Notes
	(IDRbn)	YoY growth (%)	(IDRbn)	Deviation from base case (%)	YoY growth (%)	
Financial services	213,833	1.6	192,450	(10.0)	(8.6)	The key risk lies in a potential rise in loans-at-risk (LAR), which could drive up credit costs (CoC), although NIM is expected to remain relatively stable.
Basic materials	22,032	23.7	20,931	(5.0)	17.5	Rising gold prices have helped mitigate risks to earnings in the basic materials sector.
Consumer cyclical	8,089	14.2	7,482	(7.5)	5.7	We anticipate subdued consumer purchasing power with limited catalysts at this stage.
Energy	28,748	(38.8)	23,717	(17.5)	(49.5)	The main risk to energy sector earnings is the weak oil and coal prices, which tends to be more volatile than gas prices.
Healthcare	6,720	10.3	6,404	(4.7)	5.1	We have factored in weak hospital volumes and subdued consumer spending in the pharmaceutical segment.
Infrastructure	34,464	(1.9)	32,741	(5.0)	(6.8)	Infrastructure sectors – such as telecommunications and toll roads – are considered defensive amid rising economic uncertainty.
Industrials	52,537	(2.7)	47,284	(10.0)	(12.5)	Automotive sales, particularly for 4-wheelers, have remained sluggish since the beginning of the year.
Property	10,267	(8.8)	9,753	(5.0)	(13.3)	While revenue recognition from past pre-marketing sales is expected to remain stable, the concern lies in the current slowdown in pre-marketing sales.
Consumer non-cyclical	51,136	15.2	49,602	(3.0)	11.7	Consumer non-cyclicals are considered one of the more defensive sectors amid economic downturn risks. Moreover, our base case scenario cautiously incorporates subdued consumer spending.
Technology	791	(177.9)	712	(10.0)	(170.1)	The primary risk is a reduction in IT budgets during challenging economic conditions.
Total	**428,618**	**(0.8)**	**391,076**	**(8.8)**	**(9.5)**	**Overall, we estimate that JCI's FY25F earnings growth could drop from -0.8% YoY in the base case to -9.5% YoY in a worst-case scenario.**

Source: RHB

Our scenario analysis shows that the JCI's FY25F earnings are highly vulnerable to macroeconomic pressures, with growth estimates potentially falling from -0.8% YoY in the base case to -9.5% YoY under a worst-case scenario. This translates to an 8.8% drop in total net profit, underscoring the risks to corporate earnings if conditions deteriorate further.

The sharpest potential declines are projected in the energy sector (-17.5%) due to coal price volatility and in industrials (-10%) amid weak auto sales. Financial services may also experience a 10% earnings drop, driven by a possible increase in loans-at-risk or LAR and rising credit costs. By contrast, sectors like consumer non-cyclicals, healthcare, and basic materials are expected to remain more resilient, in our view, supported by steady demand and higher gold prices.

Given the uncertain and volatile environment, this highlights the importance of focusing on defensive sectors. Staples and healthcare, in particular, are better positioned to deliver stable earnings even under adverse scenarios.

Sector highlights and outlook

Figure 15: Sector highlights and outlook (i)

Sector	Rating	Highlight/outlook	Top Picks
Banks	OVERWEIGHT	Indonesian banks under our coverage are pursuing strategic growth initiatives despite ongoing liquidity pressures. Valuations have become more appealing following the recent market correction, supported by attractive dividend yields. BBRI is gradually expanding its micro loan portfolio through the KUPEDES programme, though tight liquidity may weigh on margins. BMRI is shifting toward SME and retail lending to boost yields despite narrower NIM expectations. BBCA anticipates slower loan growth due to soft consumer spending, but sees room for loan repricing even amid potential rate cuts. BBNI maintains a liability-focused approach to manage CoC and adjust lending in line with liquidity. BRIS is pushing for growth in consumer and gold financing, while BBTN is prioritising digital initiatives and asset divestments to strengthen deposits and control credit risks. **3Q25 outlook.** We anticipate an improvement in 3Q25 earnings (PATMI) for Indonesian banks, supported by potential further rate cuts, macro prudential policy relaxations, easing funding pressure, and a gradual recovery in margins. Higher government spending in 2H25 is also expected to boost loan demand across the sector. That said, share price volatility may stay elevated due to ongoing geopolitical risks and uncertainties surrounding US trade tariffs. **2Q25 results preview.** BBCA likely to lead, BBRI and BJBR lag. BBCA continues to lead the banking sector, posting the strongest 5M25 earnings growth (+16.3% YoY) on resilient fee-based income, stable margins, and 44% achievement toward our FY25F earnings. By contrast, BBRI and BJBR reported sharp profit declines of 14.9% and 28.4% YoY, pressured by rising credit costs and weak NII, putting them at risk of missing 1H25 projections. BRIS remained steady with 5% YoY 5M25 earnings growth, but slightly below expectations. Meanwhile, BMRI, BBNI, and BNGA reported flat performances, generally tracking within guidance.	BBCA, BRIS, BMRI, BBNI
Poultry	OVERWEIGHT	Although near-term earnings could face pressure from the current weak pricing environment, we maintain a positive view on the sector's long-term prospects. A reduction in supply – driven by lower grandparent stock or GPS import quotas – and the progressive implementation of the Government's free meal programme are expected to boost broiler consumption and gradually enhance industry fundamentals. **3Q25 outlook.** Despite the soft 1H25 outlook, long-term fundamentals remain positive, supported by President Prabowo's free meal programme, which has driven a sharp increase in poultry demand. Beneficiaries surged from 1m in February to nearly 5m by mid-June, with a target to reach 82.9m by 2029. The rollout has been supported by rising government budgets and expansion of nutrition service units, providing a strong structural demand driver for the poultry sector. **2Q25 results preview.** Squeezed margins ahead as chicken prices drop while corn prices climb. Poultry companies are expected to face margins pressure in 2Q25, with GPM likely to soften further as broiler chicken prices fell 9.0% QoQ and 12.4% YoY while corn prices rose 8.5% YoY. The combination of lower poultry ASPs and rising feed costs poses a double hit to profitability. In 1H25, broiler prices dropped 6.6% YoY and corn rose 8.8%, suggesting further GPM compression, especially in the feedmill and commercial farm segments.	CPIN
Property – residential developer	OVERWEIGHT	The Government is extending the tax incentive programme until Dec 2025. If the requirements remain the same, we expect developers to benefit, as long as they can accelerate deliveries, as some developers are currently running low on inventory (with the majority of them in less-favourable high-rise assets). This is on top of risks from still-weak purchasing power that could threaten presale achievements. We expect presales to normalise in FY25. We also like the property sector as among interest-sensitive names – current valuation is also not demanding at c.80% disount to NAV. **3Q25 outlook.** We expect developers to start catching up with deliveries in 2H25 in order to catch up with the Government's incentive, hence, expecting higher revenue to follow. On seasonality basis, property developers are likely to book higher revenues in 2H. **2Q25 results preview.** We expect a slower QoQ performance on seasonality basis (*Lebaran* holiday during 2Q25). However, revenues are expected to pick-up towards the end of the year based on the handover schedule	CTRA

Source: Company data, RHB

Figure 16: Sector highlights and outlook (ii)

Sector	Rating	Highlight/outlook	Top Picks
Telecoms	OVERWEIGHT	Weakening purchasing power should limit telcos' price increments, hence we expect these operators to focus more on cost efficiency in FY25F. Through stock-keeping unit or SKU reduction, telcos would be able to improve cost efficiencies and, at the same time, support ARPU improvement – hence resulting EBITDA improvements. While topline growth would be challenging, we expect that, with the sector consolidation, telcos will aim more for profitability instead of revenue growth. **3Q25 outlook.** While topline growth on QoQ basis should not be showing strong improvement, we expect EBITDA margin improvement to start showing in 3Q25 onwards – resulting in higher earnings growth. **2Q25 results preview.** We expect lower QoQ but better YoY. The weaker QoQ expected will be due to seasonality, in our view, while YoY will mainly be supported by higher data consumption, which grows annually.	ISAT
Auto & autoparts	NEUTRAL	Our outlook for the rest of 2025 remains cautious due to the lack of government incentives and still-weak consumer purchasing power. We expect the sector to chalk a 4-wheeler (4W) domestic sales volume of 850k units in 2025 (-2% YoY and below the Association of Indonesia Automotive Industries' (GAIKINDO) 900k-unit target) with new energy vehicles (NEV) segment growing its share of the total car market. We maintain our sector call and prefer AUTO, which should still benefit from demand for replacement and autopart services. **3Q25 outlook.** We expect auto sales volue to catch up in 2H25F on seasonality basis. Highly anticipated event, GAIKINDO Indonesia International Auto Show or GIIAS (Jul-Aug 2025) is expected to boost auto demand during the quarter. **2Q25 results preview.** Revenue from the auto sector is expected to be lower QoQ on seasonality (fewer working days leading to lower production and sales volumes). We expect sales volumes to pick up in 2H25. AUTO may still perform better, in our view, helped by after-sales and export demand.	AUTO
Cement	NEUTRAL	We remain NEUTRAL on the cement sector. We still have a conservative 2025 sales volume forecast of 63.1m tonnes (-0.95% YoY) vs the industry's growth target of 1-3% YoY. A key catalyst: Higher-than-expected demand for bag cement, especially products from main brands. This spike would be triggered by a faster-than-expected recovery in consumer purchasing power – especially related to the housing sector – which we think may happen in 2H25. INTP is our preferred pick, as we expect it to perform better than its peers. A recent acquisition could also support INTP's domestic sales volumes, in our view **3Q25 outlook.** On seasonality basis, 3Q should be the highest quarter of deomestic cement demand in a year due to less holiday and supportive weather – hence, we expect the revenues of these cement producers can catch up in 3Q25 vis-à-vis previous quarters. However, we still see potential lower ASPs as the risk that can harm profitability. **2Q25 results preview.** Revenue is expected to rise QoQ due to the seasonal uptick in housing construction activity following the *Ramadan* period. However, subdued consumer demand may limit the potential for ASP increases.	INTP
Coal	NEUTRAL	Profitability in 2H is generally expected to improve, supported by higher production volumes and stronger price sentiment; driven largely by rising demand from utilities during seasonal transitions. However, a key challenge remains the gradually declining margins outlook, which is expected to be softer when compared to the strong performance seen over the past two years. Several upstream coal companies were also distributing interim dividends during this period. We continue to favour companies with a diversified topline and valuations that remain below their historical averages (eg UNTR) – but still uphold some potential upside from its fundamentals, in our view. **3Q25 outlook.** The profitability momentum is likely to continue into 3Q25, underpinned by sustained production growth. ASPs are also expected to strengthen, supported by seasonal tailwinds. **2Q25 results preview.** A notable improvement is anticipated in 2Q25 results compared to the weak start of the year, when ASPs were at their lowest and operations were delayed due to weather disruptions. Seasonal transitions in key seaborne coal markets have driven up energy demand from utilities, lending support to benchmark coal prices.	UNTR

Source: Company data, RHB

Figure 17: Sector highlights and outlook (iii)

Sector	Rating	Highlight/outlook	Top Picks
Consumer	NEUTRAL	We remain cautious on the consumer sector, given minimal spending uplift post 1Q25, which had number of festives. As such, we maintain NEUTRAL for the sector as we prefer staples over the retailer sector, which we deem has more defensive qualities. **3Q25 outlook.** Similar to our 2Q25 view, we remain concerned over consumer companies' performances given minimal spending catalysts. We stay vigilant on the geopolitical tensions, exchange rates, and commodity price dynamics **2Q25 results preview.** We expect lower QoQ with a potentially lower YoY number owing to minimal purchasing catalysts given seasonality and the soft purchasing power situation. We have concerns over retailers' margins given high inventory levels, whilst the recent declining price of soft commodities should provide some help for staples' margins on a QoQ basis.	ICBP, MIDI
Healthcare	NEUTRAL	We expect pharmaceutical companies to record softer performance owing to the weak purchasing power situation and minimal festivities catalysts post 1Q25. Despite seeing QoQ traffic improvements for companies, hospital players' traffic numbers remain challenging on a YoY basis given last year's high base due a surge in dengue fever cases. We will continuously monitor the regulatory landscape, give that the Government plans to launch a number of new regulations in 2026, but details remain unclear at this time. **3Q25 outlook.** We remain concerned over pharmaceutical companies given minimal spending catalysts, but see opportunity for hospital companies given the lesser number of public holidays ahead, which supports patient traffic numbers. Nonetheless, we remain vigilant on the regulation front. **2Q25 results preview.** Pharmaceutical companies are anticipated to report weaker performances due to reduced purchasing power and a lack of significant festivitive catalysts following 1Q25. Although there is a QoQ improvement in traffic numbers for hospital companies, YoY comparisons remain difficult because of last year's high base, which was driven by the dengue fever outbreak and the continued tightening of Social Insurance Administration Organisation or BPJS regulations.	HEAL
IT solutions	NEUTRAL	EMIS Insights expects cybersecurity strategies, going forward, to mainly focus on: i) Adopting cloud security (44%), ii) access management (40%), and iii) securing Internet of Things and operational technology (40%). The research platform said there were 15m data breaches recorded in Indonesia in 2022, incurring a total cost of c.USD4.8bn. MSTI is targeting IDR5.8-6.1trn in new contracts in 2025 (+12-17% YoY). Management targets 10-15% YoY revenue growth this year. **3Q25 outlook.** Historically, MSTI booked better performances on a quarterly basis post *Lebaran* as clients and MSTI's team have returned to normal operations, allowing the latter to post a higher burn rate. In the past two years, 3Q net income grew more than 50% QoQ, rising 58% and 155% QoQ in 3Q23 and 3Q24. **2Q25 results preview.** 1Q25 net income grew 10% YoY to IDR115bn, with revenue of the software and service & maintenance segments growing 78% and 54% YoY, allowing MSTI to book a higher net margin of 10% (1Q24: 9%). However, historically, the company usually books lower quarterly earnings on a QoQ basis – less working days were due to the *Lebaran* holiday. We believe the 2Q25F results will likely follow the historical trend, especially in the current gloomy economy situation.	MSTI

Source: Company data, RHB

Figure 18: Sector highlights and outlook (iv)

Sector	Rating	Highlight/outlook	Top Picks
Metal mining	NEUTRAL	Price movements in the commodities space (particularly base metals) remain volatile, with any potential price appreciation still lacking strong conviction. This is largely due to ongoing global tensions, where economic slowdowns continue to weigh on manufacturing activity, ultimately weakening demand for base metals. The recent price surge in copper, for instance, appears to be more sentiment-driven than supported by fundamentals. The US plan to impose approximately 50% tariffs on copper imports prompted early buying from traders, triggering a sharp – but likely temporary – price spike. There are concerns about the sustainability of such gains over the longer term. Nickel prices, on the other hand, are expected to remain relatively flat, likely trading within the USD14,000-15,000 per tonne range. Meanwhile, gold is expected to stay elevated at around USD3,200-3,600 per oz, although its performance is increasingly influenced by external momentum, particularly geopolitical uncertainties. **3Q25 outlook.** Commodity markets remain volatile amid ongoing uncertainties, and the prevailing trend still lacks a clear positive direction in the near term. **2Q25 results preview.** Nickel, as a key commodity proxy for Indonesia – particularly in the smelter business – is likely to remain under pressure in 2Q25. Profitability is expected to decline further due to shrinking cash margins, driven by higher overall costs (notably from rising royalties and fuel prices), as well as softer sentiment for Class II nickel demand amid slowing manufacturing activity in China. Meanwhile, gold-related companies are expected to continue benefiting from the ongoing uptrend in ASP. However, current valuations appear stretched, as share prices have largely run ahead of fundamentals; an increasingly common pattern seen among gold proxies.	ANTM
Oil & gas	NEUTRAL	Our Brent crude oil forecasts for 2025 and 2026 remain at USD70 per bbl and USD68 per bbl. On O&G services, ELSA's overall performance – which may have lower earnings risks due to fixed work contracts – would be well supported by Pertamina Hulu Energi's target of pursuing 4% YoY oil production growth from 15 new projects. In the upstream segment, cost recoveries from recent commercial operations of two new assets and additional participating interest in the Corridor Block cushions MEDC's earnings amidst low oil prices. **3Q25 outlook.** Despite challenging condition during weak economy and lower oil prices, in 3Q25, MEDC should thrive, in our view, as the company would able to recover the costs of its past investments to the Government given its new assets. For ELSA, a workover well on Pertamina Hulu Rokan has emerged as its key driver for 3Q25. **2Q25 results preview.** 2Q25 has become a challenging quarter for O&G sector, on both a QoQ and YoY basis, less working days due to the *Lebaran* holiday, and US tariffs imposed on Indonesia, which emerged in late Mar 2025 that sparked uncertainties over manufacturing activities – hence diminishing fuel and gas demand during the quarter.	ELSA

Source: Company data, RHB

Figure 19: Sector highlights and outlook (v)

Sector	Rating	Highlight/outlook	Top Picks
Plantation	NEUTRAL	We expect 2026 to be a more balanced year fundamentally, with lower YoY CPO prices, but geopolitical risks will translate to more volatility. Spot CPO prices have moderated from MYR4,600-4,800 per tonne in 1Q25 to a low of MYR3,780 per tonne in May, only to bounce back to the current levels of MYR3,900-MYR4,100 per tonne. The downward movement was mainly driven by geopolitics in the light of the US trade tariffs, wars, and crude oil prices falling – all of which pushed CPO prices in the same direction. We revise down our CPO price assumptions to MYR4,100 per tonne (from MYR4,300) for 2025 and to MYR4,000 per tonne (from MYR4,100) for 2026 and 2027 and downgrade our sector call to NEUTRAL. **3Q25 outlook.** 3Q25 should see production ramping up to peak productivity, although this is likely to be offset by moderating CPO prices. We expect to see a pickup in CPO prices closer towards the year's end, as peak output tapers off. Going forward into 2026, we expect CPO prices to be lower YoY, as supply should recover for palm, sunflower and rapeseed, while demand should remain improve as CPO prices continue to trade at a discount to competitors. Key catalysts to watch out for: B50 biodiesel in Indonesia (our base case assumption is for B40 to be maintained in 2026). **2Q25 results preview.** 2Q25F earnings to be lower QoQ for Indonesian planters, given the lower seasonal output and slightly lower prices – CPO prices fell 10.9% QoQ. However, on a YoY basis, we expect earnings to be stronger in 1H25, as production output should be higher YoY by single digits, while CPO price rose 2.3% YoY.	LSIP
Pulp & paper	NEUTRAL	Bleached Hardwood Kraft (BHK) pulp prices in China remain under pressure, last quoted at USD510 per tonne (-6.3% YTD, -13.7% MoM) in June, while Bleached Softwood Kraft (BSK) prices have softened to USD709 per tonne. Although inventories are still high, prices appear to have reached a floor as spot levels are now well below marginal cash costs (c.USD580-600 per tonne). Further downside looks limited given ongoing supply curtailments, including the idling of Metsä Fibre's 690kt NBSK mill, and no material capacity additions in the near term. We maintain a NEUTRAL stance on the sector as weak demand and policy headwinds offset the benefit from stabilising prices. **3Q25 outlook**: Muted recovery, margin risk remains. The absence of strong restocking activity and China's still-elevated inventory levels are likely to cap any sharp price rebound in 3Q25. While freight costs have eased and recent oil price hikes may raise marginal producer costs, we believe the impact on pulp ASP will be limited without a demand catalyst. The ramp-up of new integrated pulp capacity in China continues to weigh on sentiment, while downside risks remain from further US-China trade tensions and a weaker global macro. We expect BHK pulp to trade within USD500-530 per tonne during the quarter, with producers relying on cost control and volume discipline to defend margins. **2Q25 result preview:** Pricing tailwind offset by weaker volumes. Pulp producers are expected to book sequentially stable toplines in 2Q25 as the price hike seen in February-March flow through. However, this is likely to be offset by softer shipment volumes following weak orders in April, particularly in China, and slower packaging exports post the Lunar New Year. While average BHK prices improved QoQ, we expect earnings to remain flat to slightly lower due to high-cost carryover and limited demand upside. Margin recovery may be delayed to 4Q25, depending on inventory drawdown and restocking trends.	INKP

Source: Company data, RHB

Figure 20: Sector highlights and outlook (vi)

Sector	Rating	Highlight/outlook	Top Picks
Property – industrial estates	NEUTRAL	BYD's success story in terms of EV sales in Indonesia (it is the EV market leader here), should attract more investors to buy land at the Subang industrial estate. Yet, it is not without a challenge. The global trade war might shift BYD's supply chain to invest in other nearby regional areas that are favourable in terms of producing the required materials. It is the same situation with DMAS, aside from the trade war, tighter competition from Malaysia in terms of attracting data centre investments in industrial estates, might be a hurdle for DMAS' prospects. **3Q25 outlook.** A more conducive trade war and no more untoward incidents provide assurance for investors to invest in SSIA's industrial estate, especially as we approach the end of 2025 when BYD's plant nears completion. With renewable energy flowing within DMAS' industrial estate, this gives the company the competitive advantage among peers – hence, we estimate more land sale realisation in 3Q25. On a QoQ basis, we expect 3Q25 to generate better quarterly results – should the trade war be resolved. **2Q25 results preview.** Results vary for each industrial estate company under our coverage. Uncertainties due to the global trade war might impact negatively in terms of land sale realisation in 2Q25 for SSIA. No more security issues provide investment safety for its investors, yet we see this will have an impact on 2H25's performance. For DMAS, smaller investment funds for data centres, in comparison with EV plant investments, provide optimism that DMAS is able to book earnings that are in line with estimates.	SSIA
Tobacco	NEUTRAL	Despite the absence of an excise tax hike in 2025, we maintain our NEUTRAL call on the tobacco sector, as industry volume recovery remains fragile amid persistent downtrading and the rising threat from illegal cigarettes. Tier-2 players like WIIM continue to aggressively raise prices, yet retail gaps with tier-1 products remain narrow. While HMSP and GGRM have started to pass on selective price hikes, we think the full benefit to margins will be more visible in 2H25, particularly as raw material costs normalise and ASP hikes become more broad-based. **3Q25 outlook:** We expect margin expansion to continue in 3Q25, supported by cumulative price adjustments from 1H25 and the absence of further excise hikes. HMSP, GGRM, and WIIM have raised prices by 6.8-18.6% YTD, and further ASP increases are likely if the retail price gap with illegal products remains manageable. However, volume risks persist as consumer purchasing power stays weak and downtrading intensifies. Tier-2 brands are expected to maintain pricing discipline, but aggressive hikes could lead to short-term volume pressure. Overall, 3Q margins should improve YoY, but volume trends will remain a key swing factor. **2Q25 result preview:** We expect 2Q25 earnings to show sequential improvement, driven by stronger post-*Ramadan* sales and the early impact of ASP hikes implemented in May-June. Tier-1 players like HMSP and GGRM should benefit from modest volume recovery and better gross margins. While HMSP is likely to post flattish volumes YoY, margin uplift from higher prices should support earnings resilience. In contrast, GGRM's slower pricing strategy may limit its ability to offset raw material and opex pressures. WIIM's earnings could be more volatile due to its steeper price hikes, especially if volumes falter in lower-tier markets.	WIIM

Source: Company data, RHB

Our Top Picks

Figure 21: Top Picks

Name	Ticker	Rating	Price (IDR)	TP (IDR)	Upside/ downside (%)	Market cap (USDbn)	EPS growth (%)	2025F P/E (x)	P/BV (x)	PEG (x)	ROAE (%)	Yield (%)
Bank Central Asia	BBCA IJ	BUY	8,675	10,260	18.3	65.9	4.5	18.7	3.8	4.2	20.9	3.7
Bank Mandiri	BMRI IJ	BUY	4,880	5,600	14.8	28.0	(0.4)	8.2	1.5	(21.3)	19.2	8.5
Indofood CBP	ICBP IJ	BUY	10,500	14,200	35.2	7.5	45.8	11.3	2.3	0.2	21.2	2.8
Bank Syariah Indonesia	BRIS IJ	BUY	2,580	3,500	35.7	7.3	16.8	14.3	2.4	0.9	18.1	0.7
United Tractors	UNTR IJ	BUY	21,450	29,100	35.7	4.9	(7.1)	4.4	0.8	(0.6)	19.4	9.0
Charoen Pokphand	CPIN IJ	BUY	4,700	5,800	23.4	4.7	7.0	19.4	2.3	2.8	12.6	1.8
Indosat Ooredoo	ISAT IJ	BUY	2,090	2,780	33.0	4.2	3.5	13.3	1.9	3.8	14.7	3.5
Ciputra Development	CTRA IJ	BUY	955	1,330	39.3	1.1	8.4	6.4	0.7	0.8	11.6	1.7
Midi Utama Indonesia	MIDI IJ	BUY	420	550	31.0	0.9	32.3	0.0	0.0	0.0	12.2	-

Note: As per 30 Jun 2025 closing price
Source: Company data, RHB

Bank Central Asia (BBCA). BBCA managed liquidity pressures effectively, backed by strong CASA growth. Its loan growth ranks among the fastest in the sector, with YoY NIM improvement. It remains a top sector pick, supported by a strong funding base and excellent asset quality. While the direct impact of US tariffs appears limited, BBCA remains vigilant regarding potential indirect consequences.

Bank Mandiri (BMRI). BMRI posted the strongest loan growth in the sector, driven by its extensive customer network. Amid tight liquidity and macroeconomic uncertainty, the bank remains committed to a liability-driven growth strategy. Its asset quality remains solid, with a loan loss coverage (LLC) ratio of 265% (vs 271% in 4Q24) and LAR coverage of 43% (vs 45% in 4Q24), both providing adequate buffers against potential downside risks.

Indofood CBP (ICBP) We like ICBP for its defensive qualities, especially in its instant noodle products (accounts for c.70% its revenue), which remain a staple food in Indonesia. This should help ICBP maintain its performance, especially amidst the current weak purchasing power situation. The recent decline in CPO and wheat prices should help enhance its margins. We expect its Pinehill business to improve on seasonality post the fasting period in 1Q25.

Bank Syariah Indonesia (BRIS). We expect BRIS' strong 1Q25 performance (NPAT up 10.1% YoY) – supported by solid margins, growing fee income, and efficient capital allocation – to extend into the second half. Financing growth remains one of the fastest in the industry, driven by the consumer and gold segments. With its newly obtained bullion bank license, BRIS plans to expand gold-related services as a key source of fee-based income. The bank also sees minimal impact from US tariffs, given its limited involvement in export-related financing.

United Tractors (UNTR). We are still optimistic on UNTR based on its operational performance, which is largely in line with management's targets, especially in its heavy equipment (HE) segment. Seasonal factors may impact its mining contracting business, but previous trends suggest a good recovery in 2H. While market concerns on declining seaborne coal demand from export markets could result in negative sentiment, Indonesia's coal mining activities remain strong.

Charoen Pokphand (CPIN). CPIN posted a stellar 1Q25 performance with 116% YoY earnings growth, driven by a rebound in processed poultry as well as strong day-old chick (DOC) and feed sales. However, 2Q25 margins may soften due to falling broiler prices, despite stable feed costs and an improved inventory strategy. Long-term demand is supported by the free-meal programme, which should boost poultry consumption. This underpins CPIN's growth outlook amid ongoing supply and cost management measures.

Indosat Ooredoo Hutchison (ISAT). In its transition from a pure mobile operator to a digital infrastructure player, ISAT is executing three key strategies: i) Expanding its fixed broadband via HiFi, now covering c.2m home-passes, ii) initiating a fibre carve-out strategy to monetise its enterprise network while still retaining control, and iii) migrating backend systems to a cloud-native platform. These efforts should enhance earnings quality, improve capital efficiency, and unlock re-rating potential beyond the mobile segment.

Ciputra Development (CTRA). CTRA is one of Indonesia's top developers, which has seen robust presales achievements in FY21-24, riding on increasing demand for property. CTRA is targeting for another IDR11trn of marketing sales to be booked in FY25F (flat YoY) – expected to be one of the highest among its peers in Indonesia – supported by Government incentives and a supportive financing environment. CTRA could also be a proxy for interest-sensitive plays.

Midi Utama Indonesia (MIDI). We are positive on the company, given its solid expansion plans (especially for the supermarket format), and also its strategies to strengthen its presence in ex-Java areas. We note that MIDI has seen encouraging results from its latest fresh food venture, Ja-Di. The Lawson divestment should also bode well in terms of enhancing earnings. In light of its defensive attributes, we believe MIDI will offer good growth potential amidst the current challenging purchasing power situation.

Oversold counters, but fundamentally strong

The table below comprises the most sold-off stocks under our coverage. We believe there are good entry points for some stocks with strong fundamentals such as JPFA, MYOR, ARNA, and UNTR.

UNTR: We are optimistic on UNTR based on its operational performance, which is still largely in line with management's targets, especially in its HE segment. Seasonal factors may impact its mining contracting business, but previous trends suggest a good recovery in 2H. While market concerns on declining seaborne coal demand from export markets could result in negative sentiment, Indonesia's coal mining activities remain steady.

MYOR: We anticipate that the recent decline in raw material prices will begin to positively impact margins in 3Q25, as the company starts utilising new inventory stock acquired at lower costs. More substantial margin improvements are expected from 4Q25 onwards. The company is also reportedly considering product pricing adjustments – potentially through reducing packaging grammage for its coffee products – in 3Q25. The counter is currently trading at 16x 2025F P/E or at around -1.5SD from the 5-year mean.

ARNA: We remain positive on ARNA due to its continued sales volume and earnings growth outlook for FY25–26F. The company is also set to benefit from an improving competitive environment following the Government's import tariff implementation. Notably, imported products – particularly porcelain floor tiles – have been affected by the tariff adjustments, with retail prices now 10-15% higher than in 2024.

JPFA: JPFA is expected to face margin pressure in 2Q25 due to declining broiler prices and higher corn costs, impacting its feedmill, commercial farm, and DOC segments. However, the Government's free meal programme should support long-term demand prospects. The stock is currently trading at a discounted 7.1–6.5x FY25F–26F P/E, which appears unjustified compared to peers. Following a 23% drop in its share price over the past three months, we see this as an attractive entry point.

Figure 22: Oversold counters that are fundamentally strong

Name	Ticker	Rating	Price	TP	Upside/ downside	Market cap	2025F					
							EPS growth	P/E	P/BV	PEG	ROAE	Yield
			(IDR)	(IDR)	(%)	(USDbn)	(%)	(x)	(x)	(x)	(%)	(%)
United Tractors	UNTR IJ	BUY	21,450	29,100	35.7%	4.9	(7.1)	4.4	0.8	(0.6)	19.4	9.0
Mayora Indah	MYOR IJ	BUY	2,700	2,800	29.0%	2.9	(9.6)	19.5	2.6	(2.0)	15.7	3.9
Arwana Citramulia	TKIM IJ	BUY	600	810	35.0%	0.3	17.6	9.2	2.1	0.5	24.2	6.5
Japfa Comfeed	JPFA IJ	BUY	1,515	2,300	51.8%	1.1	(15.6)	7.0	1.0	(0.4)	15.3	4.7

Note: As per 30 Jun 2025 closing price
Source: Company data, RHB

Navigating uncertainty with high-yield counters

Amid the current uncertain environment, companies offering attractive dividends stand out as appealing investment options. From the Top 20 highest dividend-yielding stocks, we favour WIIM, AUTO, BNGA, and Elnusa (ELSA IJ, BUY, TP: IDR500) for their strong yields and relatively stable earnings performances. Coal-related names like Indo Tambangraya (ITMG IJ, TRADING BUY, TP: IDR27,810) also look promising, though its earnings tend to be more volatile due to coal price exposure.

WIIM: Very attractive dividend yield (14.5%) with solid fundamentals – double-digit EPS growth (+38.1%), high ROE (18.9%), and low P/E (4x). A strong pick for income-focused investors.

AUTO: Healthy 9.8% yield, supported by positive earnings and exposure to automotive parts. Low valuation enhances its appeal.

BNGA: Attractive yield (10.5%) with solid EPS growth and ROE. Among the best mid-sized banks for value and income investors.

ELSA: High yield (+8.8%) and cheap valuation (4.5x P/E), with positive earnings growth.

Figure 23: Top 20 – highest dividend stocks

		Recommendation	Last price (IDR)	TP (IDR)	Div. yield (%) 2026F	EPS Growth (%) 2025F	P/E (x) 2025	P/BV (x) 2025	ROE (x) 2025
Wismilak Inti Makmur	WIIM IJ	BUY	780	1,180	14.5	38.1	4.0	0.7	18.9
Adaro Energy	ADRO IJ	BUY	1,830	3,900	12.4	-65.1	7.4	0.6	8.5
Bukit Asam	PTBA IJ	NEUTRAL	2,460	2,800	11.5	-23.3	7.2	1.2	16.6
Bank BJB	BJBR IJ	SELL	810	710	11.1	6.1	5.9	0.5	8.5
Bank CIMB Niaga	BNGA IJ	BUY	1,665	2,300	10.5	6.1	5.7	0.7	12.9
Astra Otoparts	AUTO IJ	BUY	2,060	2,550	9.8	1.7	4.8	0.6	12.4
Bank Mandiri	BMRI IJ	BUY	4,880	5,600	9.6	-0.4	8.2	1.5	18.8
HM Sampoerna	HMSP IJ	BUY	600	730	9.6	2.1	10.3	2.4	23.8
Bank Negara Indonesia	BBNI IJ	BUY	4,120	4,770	9.5	2.2	7.0	0.9	13.1
Elnusa	ELSA IJ	BUY	468	500	8.8	5.4	4.5	0.6	14.0
Bank Rakyat Indonesia	BBRI IJ	BUY	3,740	4,400	8.8	-2.6	9.7	1.5	15.5
Indo Tambangraya Megah	ITMG IJ	TRADING BUY	22,000	27,810	8.8	-17.3	5.1	0.7	13.5
Perusahaan Gas Negara	PGAS IJ	NEUTRAL	1,615	1,700	8.6	-19.9	9.1	0.9	7.6
United Tractors	UNTR IJ	BUY	21,450	29,100	8.5	-7.1	4.4	0.8	16.6
AKR Corporindo	AKRA IJ	BUY	1,160	1,500	8.2	17.8	8.9	1.7	16.8
Astra International	ASII IJ	NEUTRAL	4,500	5,200	7.9	-0.5	5.4	0.8	15.7
Arwana Citramulia	ARNA IJ	BUY	600	810	7.8	17.6	8.8	2.0	22.9
Sido Muncul	SIDO IJ	NEUTRAL	494	620	7.6	-1.4	12.8	4.1	31.9
Nippon Indosari Corpindo	ROTI IJ	NEUTRAL	820	1,150	7.3	4.3	13.4	2.1	15.4

Note: As per 30 Jun 2025 closing price
Source: Bloomberg, RHB

Figure 24: The most sold-off stocks under our coverage in 2Q25 (30 Mar-30 Jun)

	Ticker	30/6/2025 (IDR)	27/3/2025 (IDR)	Change %
1	JPFA IJ	1,515	2,010	-24.63%
2	ROTI IJ	820	940	-12.77%
3	MAPI IJ	1,180	1,350	-12.59%
4	BUKA IJ	125	143	-12.59%
5	SIDO IJ	494	560	-11.79%
6	ARNA IJ	600	675	-11.11%
7	GGRM IJ	9,150	10,200	-10.29%
8	UNTR IJ	21,450	23,550	-8.92%
9	ASII IJ	4,500	4,920	-8.54%
10	JSMR IJ	3,650	3,980	-8.29%

Source: Bloomberg, RHB

Figure 25: The most sold-off stocks under our coverage (YTD)

	Ticker	30/6/2025 (IDR)	30/12/2024 (IDR)	Change %
1	MAPA IJ	655	1,070	-38.79%
2	ACES IJ	496	790	-37.22%
3	GGRM IJ	9,150	13,275	-31.07%
4	INTP IJ	5,325	7,400	-28.04%
5	MYOR IJ	2,090	2,780	-24.82%
6	ADRO IJ	1,830	2,430	-24.69%
7	UNVR IJ	1,450	1,885	-23.08%
8	SMRA IJ	380	490	-22.45%
9	JPFA IJ	1,515	1,940	-21.91%
10	UNTR IJ	21,450	26,775	-19.89%

Source: Bloomberg, RHB

Economics

Heightened Downside Risks Amid External Trade Jitters

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We maintain our 2025 GDP growth forecast for Indonesia at 4.5%, as the outlook continues to face significant downside pressure from elevated US tariffs, subdued consumer sentiment, and delays in fiscal execution.

We keep our 2025 headline and core inflation forecast at 2.00% and 2.40% YoY, respectively.

We maintain our forecast that BI will implement two additional 25bps rate cuts in 2H25, bringing the benchmark interest rate to 5.00% by the year-end.

Figure 26: Key economic forecasts

	2024	2025F	2026F	1H25F	2H25F	1H26	2H26
Real GDP growth	**5.0**	**4.5**	**5.0**	**4.8**	**4.2**	**5.0**	**5.0**
Contribution to real GDP growth (%)							
Private consumption	2.6	2.5	2.6	2.6	2.4	2.6	2.5
Investment	1.4	1.3	1.7	1.2	1.3	1.7	1.8
Government consumption	0.7	0.3	0.3	0.2	0.3	0.3	0.4
Net exports	0.0	0.2	0.3	0.5	0.0	0.2	0.3
CPI	**2.3**	**2.0**	**2.5**	**1.2**	**2.7**	**2.6**	**2.4**
Policy interest rate	**6.00**	**5.00**	**4.50**	**5.50**	**5.00**	**4.50**	**4.50**
Current account balance (% of GDP)	**-0.6**	**-1.0**	**-1.4**	**-0.8**	**-1.2**	**-1.3**	**-1.5**
Fiscal balance (% of GDP)	**-2.3**	**-2.8**	**-2.7**	**-0.5**	**-5.0**	**2.0**	**-7.4**

Source: CEIC Data (CEIC), RHB Economics & Market Strategy

We maintain our 2025 GDP growth forecast for Indonesia at 4.5%, as the outlook continues to face significant downside pressure from elevated US tariffs, subdued consumer sentiment, and delays in fiscal execution. Recent shifts in US trade policy towards Indonesia have prompted us to reassess the potential economic impact. The reinstatement of the "Liberation Day" tariff rate of 32% on Indonesian exports – up from the prior uniform rate of 10% – has increased direct trade-related downside pressure. Conversely, the temporary reduction of US tariffs on selected Chinese goods to 30%, from a peak of 145%, provides partial relief via improved trade sentiment in the broader region. Incorporating these tariff adjustments, the projected negative contribution to Indonesia's GDP is revised to -0.5ppts, an improvement from the prior estimate of -0.7ppts. While Indonesia's direct exposure to the US market remains limited – given a modest bilateral trade deficit – the country's strong trade ties with China, which accounts for 25% of total trade and is the largest buyer of Indonesia's key commodities, remains a critical offsetting factor.

Looking ahead, there is potential for a softening in US tariff measures post 1 Aug, contingent on ongoing bilateral negotiations. Positive signals have emerged as Indonesia has made notable concessions, including increased US imports – particularly agricultural goods and LPG – and commitments to ease non-tariff barriers. These include regulatory flexibility on domestic content requirements (TKDN), enhanced cooperation in the critical minerals supply chain (notably nickel and copper), and broader import policy reforms. The evolution of Indonesia's external sector will hinge heavily on the trajectory of US-Indonesia trade negotiations and broader US-China trade relations, both of which will significantly influence global industrial production and commodity price trends – key drivers of Indonesia's export performance.

Domestically, the growth outlook remains subdued. The 2025 GDP forecast of 4.5% is below the lower bounds of both BI (4.6-5.4%) and the Ministry of Finance (4.7-5.0%) projections. Headwinds to domestic demand persist, driven by weak household consumption, delays in public spending, and a slower-than-expected recovery in private investment and FDI flows. These concerns are echoed by qualitative inputs from policy stakeholders and data from recent sectoral assessments, which reveal widespread softness across consumer spending, credit growth, and manufacturing activity. While targeted fiscal initiatives, such as the Free Nutritious Meals (MBG) programme and the Danantara investment initiative offer medium-term support, both remain in early stages and are unlikely to provide meaningful stimulus before late 2025. A potential inflection point in domestic demand may materialise in 4Q25, contingent on accelerated fiscal execution and effective programme delivery.

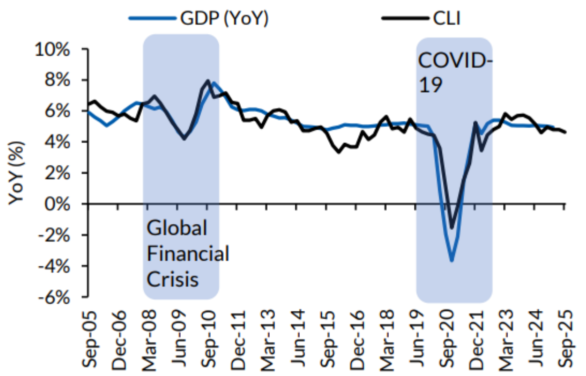
We keep our 2025 headline and core inflation forecasts at 2.00% and 2.40% YoY respectively, both well within the official target range of 1.5–3.5%. Three factors underpin this benign inflation outlook. First, demand-pull pressures remain weak, with subdued economic activity and cautious post-festive season consumption dampening price momentum. Second, food inflation risks are limited, supported by stable rice production and adequate reserve levels held by state food procurement company Bulog. The absence of climate-induced supply shocks, such as last year's El Niño event, further reduces volatility risk. Third, while global commodity prices continue to pose uncertainty – particularly amid ongoing geopolitical instability in the Middle East – fiscal buffers remain intact, with continued government commitment to energy subsidies expected to moderate the pass-through of external price shocks.

We maintain our forecast that BI will implement two additional 25bps rate cuts in 2H25, bringing the benchmark interest rate to 5.00% by the year-end. The interest rate trajectory remains guided by three primary considerations: The stability of the IDR, the deteriorating growth outlook, and the anchored inflation profile. While the central bank has adopted a temporarily cautious stance in light of elevated global financial volatility, policymakers have reaffirmed a dovish policy bias. In a recent parliamentary testimony, BI Governor Perry Warjiyo reiterated the institution's commitment to growth supportive measures. The timing of further easing will depend on prevailing market conditions – under a stable IDR and easing global risk sentiment, a rate cut could resume as early as August. Otherwise, further easing may be postponed to September. A final cut is anticipated in the fourth quarter, subject to the evolution of financial market stability and inflation trends.

We maintain our forecast for Indonesia's current account deficit at 1.0% of nominal GDP in 2025, slightly above BI's target range of 0.1–0.9%. While the 1Q25 print showed a notable improvement – narrowing to a 0.1% deficit from 0.3% in 4Q24 – this was largely driven by a temporary boost in the trade balance, supported by front-loaded export demand ahead of anticipated tariff implementation. However, we expect the current account position to gradually deteriorate in the coming quarters, as export momentum moderates amid softening global commodity demand and weaker prices, both of which reflect slower global industrial activity and trade dynamics.

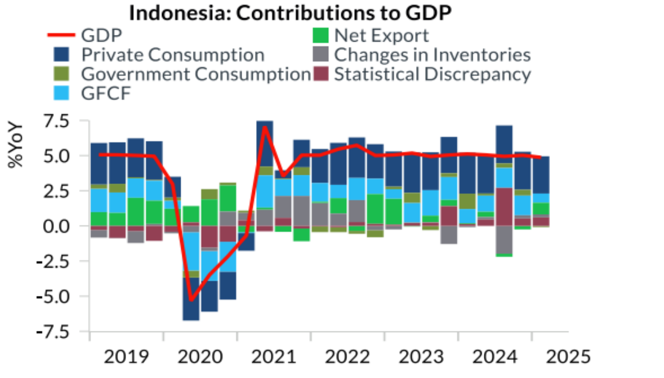
We have revised our 2025 fiscal deficit forecast for Indonesia to 2.85% of nominal GDP, up from our previous estimate of 2.70%, and above the recently revised official target of 2.78%. This adjustment reflects similar factors behind the Government's upward revision – a slower pace of revenue collection due to weaker economic growth, and a reallocation of some state-owned enterprise (SOE) dividends to the newly established sovereign wealth fund, Danantara. Nevertheless, we remain cautious about the Government's ability to maintain the fiscal deficit below the 3% legal threshold, particularly amid ongoing revenue headwinds and a still-fragile growth outlook.

Figure 27: Indonesia's CLI suggests a sustained moderation in economic momentum towards 3Q24, with the annual GDP forecast maintained at 4.5% …



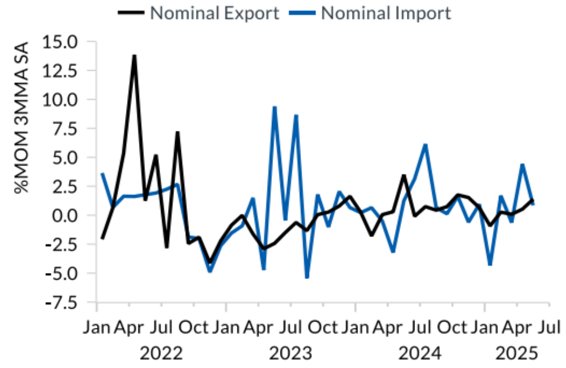
Source: CEIC, RHB Economics & Market Research

Figure 28: … driven by a delay in government consumption, subdued consumer confidence, and slower investment expenditure



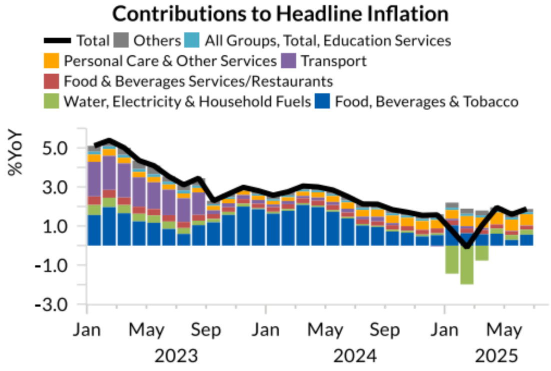
Source: Macrobond, RHB Economics & Market Research

Figure 29: We remain cautious on Indonesia's external trade as uncertainty surrounding the US tariff policies could further dampen external demand



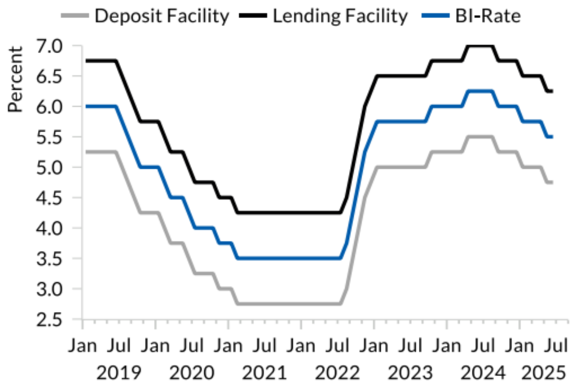
Source: Macrobond, RHB Economics & Market Research

Figure 30: We expect no significant upside on the headline inflation trajectory, given muted demand-driven inflation amid sluggish growth and stabilised food prices



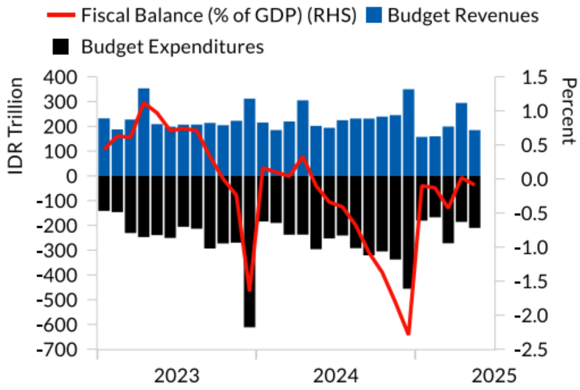
Source: Macrobond, RHB Economics & Market Research

Figure 31: We maintain our forecast that BI will implement two additional 25bps rate cuts this year to support the economy



Source: Macrobond, RHB Economics & Market Research

Figure 32: We revised our forecast for Indonesia's fiscal deficit higher to 2.85% for 2025, given slower revenue collection



Source: CEIC, RHB Economics & Market Research

Key Risks

Persistent global trade friction will mean slower-than-expected global growth

The persistent threat of unilateral tariffs by US President Donald Trump's administration will have repercussions for global trade and puts global economic growth at risk. Global trade remains highly correlated to USD-led financial conditions. A shift towards greater de-globalisation will hurt productivity and lift inflation. Slower global growth will impact corporate earnings and equity valuations.

Trump policies ignite stagflation fears

The Trump administration's erratic policy implementation, ranging from the US President's tariff flip-flops, mass layoffs of US federal employees, and immigration crackdown has spiked risks that US economic growth would be adversely affected, resulting in higher unemployment coupled with persistent inflation risks. A stagflation scenario would complicate the monetary policy messaging from the US Fed. This raises the risk of policy error and limits the ability of the US central banking system to accurately signal policy direction to establish market expectations. Shifts in the US Fed policy would increase volatility and destabilise equity markets.

Middle East tensions and oil price volatility

Renewed escalation of tensions in the Middle East would significantly spike global risks that could lead to higher oil prices and disruptions to global trade. The Israel-Iran hostilities has the potential to escalate, with the risk that Iran attempts to blockade the Straits of Hormuz shipping route. Prolonged high oil price levels, higher freight costs, and disruption to shipping will have negative implications for global growth and add to inflationary pressures.

Independence of the US Fed

Attempts by the US executive branch to undermine the US Fed's independence could lead to a crisis of confidence and destabilise financial markets.

Trump policies destabilise established post-WW2 order

Recent moves by the Trump administration to intimidate allies through tariff threats and realigning with Russia risks replacing the cooperative rules-based post-World War 2 (WW2) order built on multilateralism, alliances, and shared democratic values with a more fragmented, transactional system focusing on unilateralism. This could empower authoritarian regimes and risk collective solutions to common global challenges that could create a climate of mistrust and instability.

Slower-than-expected global growth

Global trade remains highly correlated to USD-led financial conditions. The escalation of a global trade war by the Trump administration will drag on global growth, cut productivity gains, and boost inflation. Slower global growth will impact corporate earnings and equity valuations.

Slower-than-expected China economic recovery

Potential US tariffs on exports from China could drag on its economic growth. Rising deflationary risks in China would, in turn negatively affect growth prospects of ASEAN economies, given the former's importance as a key trading partner. China is a major off-taker of ASEAN exports, an important source of investment capital, and a major source of outbound tourists into ASEAN.

Worsening US-China ties

A further worsening of the US-China relationship beyond trade and technology issues could have profound consequences for global trade relationships and geopolitical stability. There are ample sources of friction between the two sides that include Taiwan, Hong Kong, Xinjiang, Tibet, the South China Sea, trade, and technology. The US fear of China's increasing superiority in economy, technology, and military may result in a reset of the US-China evolving relationship – creating a more cautious investor sentiment. Businesses may delay their investment plans should ties worsen. However, some sectors may benefit from the acceleration of the China Plus One strategy that seeks to reduce reliance on China and aims to diversify into other countries.

Indonesia: Political and policy risks

Global investors are pausing investments in Indonesia due to concerns over President Prabowo's policy shifts, including the significant budget reallocations. These moves have raised fears of political interference and weakened fiscal discipline, leading to market volatility and a decline in foreign investor confidence. The JCI has experienced volatility, and the IDR has depreciated – reflecting broader apprehensions about Indonesia's economic direction and governance under the current administration.

Indonesia: Weakening domestic demand

Indonesia's domestic demand is likely to weaken post-*Lebaran*, reflecting cautious consumer behaviour and a shift towards essentials. This is compounded by delays in government spending, especially from the MBG programme, and tighter ministerial budgets. Together, these factors are dampening consumption – the largest GDP driver – and pose downside risks to growth unless policy execution improves and confidence rebounds.

Appendix

Economic data and estimates

Figure 33: RHB's GDP growth forecasts vs Bloomberg's consensus forecasts

RHB GDP growth					Bloomberg consensus				
%YoY	2023	2024	2025F	2026F	%YoY	2023	2024	2025F	2026F
US	2.9	2.8	1.5	2.0	US	2.9	2.8	1.5	1.6
Western Europe	0.5	1.0	1.0	1.5	Western Europe	0.5	1.0	1.1	1.3
Japan	1.4	0.2	0.8	1.1	Japan	1.4	0.2	0.8	0.8
China	5.4	5.0	4.5	4.6	China	5.4	5.0	4.6	4.2
ASEAN					**ASEAN**				
Indonesia	5.1	5.0	4.5	5.0	Indonesia	5.1	5.0	4.8	4.9
Malaysia	3.7	5.1	4.2	4.7	Malaysia	3.7	5.1	4.2	4.3
Singapore	1.8	4.4	2.0	2.6	Singapore	1.8	4.4	1.7	1.8
Thailand	2.0	2.5	1.5	2.0	Thailand	2.0	2.5	2.0	2.0

Source: Bloomberg, RHB Economics & Market Strategy

Figure 34: RHB's government bond yield forecasts vs Bloomberg's consensus forecasts

10-year government bond	RHB				10-year government bond	Bloomberg consensus			
	4Q24	1H25	2H25F	2026F		4Q24	1H25	2H25F	2026F
United States	4.57	4.41	4.10	3.50 - 4.00	United States	4.30	4.10	3.7 – 3.9	3.6 – 3.7
Malaysia	3.81	3.50	3.43	3.43	Malaysia	3.75	3.68	3.65	3.70
Singapore	2.86	2.20	1.69	1.58	Singapore	2.97	3.08	3.09	2.83
Indonesia	6.70	6.61	6.44	6.23	Indonesia	6.23	6.19	6.14	6.07
Thailand	2.29	1.62	1.37	1.32	Thailand	2.61	2.53	2.58	2.51

Source: Bloomberg, RHB Economics & Market Strategy

Figure 35: RHB's USD/Asia forecasts vs Bloomberg's consensus forecasts

			RHB Forecasts				Bloomberg Forecasts				
G10FX	**1Q25**	**2Q25**	**3Q25F**	**4Q25F**	**1Q26F**	**2Q26F**	**3Q25F**	**4Q25F**	**1Q26F**	**2Q26F**	**2026F**
DXY	104.3	96.9	98.0	97.0	96.0	95.0	100.1	99.0	98.0	94.7	101.7
EUR-USD	1,081	1.179	1.155	1.181	1.181	1.195	1.160	1.170	1.180	1.190	1,120
USD-JPY	150.6	144.0	149.1	147.5	146.0	144.5	142.0	140.0	139.0	138.0	140.0
GBP-USD	1.292	1.373	1.332	1.347	1.362	1.378	1.360	1.370	1.380	1.380	1,330
AUD-USD	0.629	0.658	0.645	0.654	0.662	0.671	0.660	0.670	0.670	0.680	0.680
NZD-USD	0.573	0.610	0.597	0.604	0.611	0.618	0.610	0.620	0.620	0.630	0.600
AXJ FX	**1Q25**	**2Q25**	**3Q25F**	**4Q25F**	**1Q26F**	**2Q26F**	**3Q25F**	**4Q25F**	**1Q26F**	**2Q26F**	**2026F**
USD-CNH	7.267	7.157	7.265	7.208	7.151	7.101	7.150	7.140	7.110	7.100	7,240
USD-IDR	16,555	16,238	16,483	16,354	16,224	16,110	16,210	16,190	16,100	16,000	16.000
USD-MYR	4.440	4.210	4.296	4.248	4.235	4.180	4.230	4.230	4.170	4.150	4,360
USD-SGD	1.339	1.272	1.295	1.282	1.270	1.263	1.280	1.280	1.280	1.280	1,330
USD-THB	34.01	32.50	33.45	32.83	32.55	32.27	32.50	32.50	32.30	32.30	33.40

Note: The above forecasts are indicative of the average in the quarter

Source: Bloomberg, RHB Economics & Market Strategy

Figure 36: RHB's Consumer Price Index (CPI) inflation forecasts vs Bloomberg's consensus forecasts

RHB CPI Inflation Forecasts					Bloomberg Consensus				
%YoY	**2023**	**2024**	**2025F**	**2026F**	**%YoY**	**2023**	**2024**	**2025F**	**2026F**
US	4.1	3.0	2.5	2.5	US	4.1	3.0	2.9	2.8
Western Europe	5.7	2.3	2.1	2.1	Western Europe	5.7	2.3	2.1	1.9
Japan	3.3	2.7	2.8	2.0	Japan	3.3	2.7	2.8	1.8
China	0.2	0.2	1.0	1.5	China	0.2	0.2	0.2	1.0
ASEAN					**ASEAN**				
Indonesia	3.7	2.3	2.0	2.5	Indonesia	3.7	2.3	1.8	2.6
Malaysia	2.5	1.8	2.2	2.3	Malaysia	2.5	1.8	2.0	2.2
Singapore	4.8	2.4	1.6	1.8	Singapore	4.8	2.4	1.1	1.6
Thailand	1.3	0.4	0.4	1.0	Thailand	1.3	0.4	0.5	1.0

Source: Bloomberg, RHB Economics & Market Strategy

Figure 37: RHB's policy interest rate forecasts vs Bloomberg's consensus forecasts

RHB Policy Rate Forecast					Bloomberg Consensus				
%YoY	**2023**	**2024**	**2025F**	**2026F**	**%YoY**	**2023**	**2024**	**2025F**	**2026F**
US	5.50	4.25-4.50	3.50-3.75	3.25-3.50	US	5.50	4.50	4.05	3.48
Western Europe	4.50	3.15	2.00	2.00	Western Europe	4.50	3.15	2.16	2.08
Japan	-0.10	0.25	0.75	0.75	Japan	-0.10	0.25	0.67	0.94
China	3.45	3.10	2.80	2.70	China	3.45	3.10	2.84	2.71
ASEAN					**ASEAN**				
Indonesia	6.00	6.00	5.00	4.50	Indonesia	6.00	6.00	5.01	4.80
Malaysia	3.00	3.00	2.75	2.75	Malaysia	3.00	3.00	2.68	2.60
Thailand	2.50	2.25	1.25	1.00	Thailand	2.50	2.25	1.39	1.26

Source: Bloomberg, RHB Economics & Market Strategy

Indonesia Research coverage and peers' comparison

Figure 38: Indonesia coverage – comparison table (i)

Ticker	Rating	Price	Target price	Upside	Market Cap	FY25F P/E	FY25F P/BV	FY25F ROE	FY25F Yield
		(IDR)	(IDR)	(%)	(IDRtrn)	(x)	(x)	(%)	(%)
Financials services					**2,432.8**	**13.3**	**2.5**	**18.8**	**6.1**
BBRI IJ	Buy	3,740	4,400	17.6%	566.8	9.5	1.5	16.9	9
BMRI IJ	Buy	4,880	5,600	14.8%	455.5	8.2	1.5	19.2	8.5
BBCA IJ	Buy	8,675	10,260	18.3%	1,069.4	18.7	3.8	20.9	3.7
BBNI IJ	Buy	4,120	4,770	15.8%	153.7	7	0.9	13.4	8.6
BRIS IJ	Buy	2,580	3,500	35.7%	119.0	14.3	2.4	18.1	0.7
BBTN IJ	Buy	1,115	1,430	28.3%	15.6	4.6	0.4	9.3	4.8
BNGA IJ	Buy	1,665	2,300	38.1%	41.4	5.7	0.7	13.3	9.9
BJBR IJ	Sell	810	710	-12.3%	8.5	5.4	0.5	8.7	10.5
BBYB IJ	Buy	224	360	60.7%	2.8	13.5	0.8	5.7	-
Basic materials					**158.4**	**31.6**	**2.2**	**10.1**	**3.2**
ANTM IJ	Buy	3,040	3,050	0.3%	73.1	14.1	2.3	17.1	6.2
INCO IJ	Buy	3,450	4,000	15.9%	36.4	27.2	0.8	2.8	1.6
MDKA IJ	Take Profit	2,000	2,200	10.0%	48.9	61.1	3	5.1	-
Cement					**42.2**	**6.4**	**0.8**	**11.5**	**8.1**
INTP IJ	Buy	5,325	6,000	12.7%	19.6	7.1	0.8	12.1	9.6
SMGR IJ	Buy	2,690	2,900	7.8%	18.2	4.9	0.4	7.7	6.9
ARNA IJ	Buy	600	870	45.0%	4.4	9.2	2.1	24.2	6.5
Pulp & Paper					**49.0**	**4.4**	**0.3**	**8.3**	**0.8**
INKP IJ	Buy	5,750	9,050	57.4%	31.5	5	0.3	6.5	0.9
TKIM IJ	Buy	5,625	8,475	50.7%	17.5	3.3	0.4	11.6	0.5
Consumer Cyclical					**55.2**	**9.7**	**1.6**	**19.0**	**2.5**
ACES IJ	Neutral	496	570	14.9%	8.5	13.2	1.3	11.1	6.8
MAPI IJ	Buy	1,180	1,750	48.3%	19.6	8.3	1.6	20.7	1.9
MAPA IJ	Buy	655	1,100	67.9%	18.7	10.3	2.2	23.2	1.2
ERAA IJ	Neutral	530	420	-20.8%	8.5	8.4	0.9	13.7	2.4

Note: As per 30 June 2025 closing price
Source: Company data, RHB

Figure 39: Indonesia coverage – comparison table (ii)

Ticker	Rating	Price (IDR)	Target price (IDR)	Upside (%)	Market Cap (IDRtrn)	FY25F P/E (x)	FY25F P/BV (x)	FY25F ROE (%)	FY25F Yield (%)
Consumer Non-Cyclical					438.8	18.4	5.3	37.8	2.9
INDF IJ	Buy	8,125	9,500	16.9%	71.3	5.8	1	16.8	3.5
ICBP IJ	Buy	10,500	14,200	35.2%	122.5	11.3	2.3	21.2	2.8
MYOR IJ	Buy	2,090	2,700	29.0%	46.7	19.5	2.6	15.7	3.9
ROTI IJ	Neutral	820	1,150	40.2%	5.1	16.4	2.1	15.5	6.8
UNVR IJ	Neutral	1,450	1,580	9.0%	55.3	13.8	19.9	162.2	6.1
AMRT IJ	Buy	2,390	3,000	25.5%	99.2	36.8	5.3	20.7	-
CMRY IJ	Buy	4,870	5,500	12.9%	38.6	22.9	5.3	24.1	3.1
Tobacco					89.0	13.4	2.0	19.2	7.5
GGRM IJ	Sell	9,150	2,980	-67.4%	17.6	25.2	0.3	1.1	-
HMSP IJ	Buy	600	730	21.7%	69.8	10.7	2.4	23.8	9.4
WIIM IJ	Buy	780	1,180	51.3%	1.6	4	0.7	20.2	8.3
Poultry					94.8	17.1	2.1	13.1	2.3
CPIN IJ	Buy	4,700	5,800	23.4%	77.1	19.4	2.3	12.6	1.8
JPFA IJ	Buy	1,515	2,300	51.8%	17.8	7	1	15.3	4.7
Healthcare					143.3	23.1	3.7	17.4	2.5
HEAL IJ	Buy	1,415	1,580	11.7%	21.7	32.6	3.9	13.4	0.8
MIKA IJ	Buy	2,540	3,200	26.0%	35.3	28.3	5.1	19.4	1.7
KLBF IJ	Buy	1,525	1,830	20.0%	71.4	19.8	2.8	14.6	2.4
SIDO IJ	Neutral	494	500	1.2%	14.8	13	4.1	32.2	7.2
Infrastructure					420.6	13.4	1.7	13.9	4.9
TLKM IJ	Buy	2,780	3,280	18.0%	275.4	12	1.9	16.1	6.1
EXCL IJ	Buy	2,250	2,950	31.1%	40.9	15.9	1.1	6.3	3.1
ISAT IJ	Buy	2,090	2,780	33.0%	67.4	13.3	1.9	14.7	3.5
JSMR IJ	Neutral	3,650	4,900	34.2%	26.5	23.9	0.8	3.8	-
SSIA IJ	Buy	1,590	1,900	19.5%	7.5	18.3	1.6	6.9	-
KEEN IJ	Buy	790	980	24.1%	2.9	11.8	1	8.6	1
Industrials					192.1	5.3	0.9	16.3	7.5
ASII IJ	Neutral	4,500	5,200	15.6%	182.2	5.3	0.9	16.5	7.6
AUTO IJ	Buy	2,060	2,550	23.8%	9.9	5.4	0.6	12.5	5.8

Note: As per 30 June 2025 closing price
Source: Company data, RHB

Figure 40: Indonesia coverage – comparison table (iii)

Ticker	Rating	Price	Target price	Upside	Market Cap	FY25F P/E	FY25F P/BV	FY25F ROE	FY25F Yield
		(IDR)	(IDR)	(%)	(IDRtrn)	(x)	(x)	(%)	(%)
Coal					**189.5**	**4.4**	**0.7**	**17.3**	**11.6**
PTBA IJ	Neutral	2,460	2,800	13.8%	28.3	6.5	1.3	19.8	11.5
ADRO IJ	Buy	1,830	3,900	113.1%	56.3	3.2	0.4	14.2	15.9
ITMG IJ	Trading Buy	22,000	27,810	26.4%	24.9	4.9	0.7	14.9	10.5
UNTR IJ	Buy	21,450	29,100	35.7%	80.0	4.4	0.8	19.4	9
Energy					97.1	7.5	1.1	14.1	7.6
AKRA IJ	Buy	1,160	1,500	29.3%	23.3	8.9	1.9	22.1	6.9
PGAS IJ	Neutral	1,615	1,500	-7.1%	39.2	7.9	0.9	9.9	11.3
MEDC IJ	Buy	1,245	1,600	28.5%	31.3	6.3	0.8	13.5	3.3
ELSA IJ	Buy	468	500	6.8%	3.4	4.5	0.6	14.4	8.3
Property					59.0	6.9	0.7	10.7	2.9
BSDE IJ	Buy	785	1,350	72.0%	16.6	7.2	0.5	7.4	-
CTRA IJ	Buy	955	1,330	39.3%	17.7	6.4	0.7	11.6	1.7
PWON IJ	Buy	374	550	47.1%	18.0	7.8	0.7	9.6	-
DMAS IJ	Buy	138	200	44.9%	6.7	4.7	0.9	19.6	21.1
Plantation					19.7	7.6	0.5	7.6	5.3
AALI IJ	Neutral	5,800	6,090	5.0%	11.2	9.1	0.5	5.0	4.7
LSIP IJ	Buy	1,250	1,500	20.0%	8.5	5.6	0.6	11.0	6.0
Technology					17.1	50.0	0.8	7.1	2.2
BUKA IJ	Buy	125	180	44.0%	12.9	64.1	0.5	0.8	-
MSTI IJ	Buy	1,355	1,800	32.8%	4.3	7.2	1.8	26	8.7

Note: As per 30 June 2025 closing price

Source: Company data, RHB

RHB Guide to Investment Ratings

Buy:	Share price may exceed 10% over the next 12 months
Trading Buy:	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain
Neutral:	Share price may fall within the range of +/- 10% over the next 12 months
Take Profit:	Target price has been attained. Look to accumulate at lower levels
Sell:	Share price may fall by more than 10% over the next 12 months
Not Rated:	Stock is not within regular research coverage

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