

## Market Strategy

### Purbaya Is Fuelling Growth While Guarding Stability

Stocks Covered 78  
 Rating (Buy/Neutral/Sell): 50 / 24 / 4  
 Last 12m Earnings Revision Trend: Negative

- Fuelling growth while guarding stability.** Finance Minister Purbaya Yudhi Sadewa is accelerating Indonesia’s fiscal spending by injecting IDR200trn into banks to spur lending, job creation, and liquidity, while working closely with Bank Indonesia (BI) to maintain stability and investor confidence. These injections via state banks should boost loan growth, and pro-growth programmes, ie free meals, housing, and social assistance, are expected to have a strong multiplier effect. We favour banks, poultry, property, cement, and defensive consumer sectors. The main risk lies in budget sustainability.
- Fast-track fiscal push.** Indonesia’s new Finance Minister Purbaya is moving quickly to accelerate state budget disbursement through a dedicated task force, a strategy inspired by Susilo Bambang Yudhiyono and early Joko Widodo administrations. His agenda centres on boosting household consumption, expediting state budget (APBN) spending, and strengthening private and public sectors to drive growth. He expects the economy to expand c.6% this year, with a medium-term goal of 8% possible in 2-3 years if his plan is executed effectively.
- Unleashing IDR200trn to jump-start jobs.** Purbaya revealed that c.IDR425trn in government funds are sitting idle at BI, which he believes has tightened financial conditions and slowed job creation. To address this, he plans to withdraw IDR200trn from these reserves and inject it into the banking system. This liquidity injection aims to revive lending, spur credit growth, and expand employment, ultimately invigorating the real economy. Note that the reserve funds originate from SILPA (Sisa Lebih Perhitungan Anggaran) – surplus of government budget funds from previous years reflecting the gap between actual revenues and expenditures.
- Unlocking liquidity to fuel growth.** Purbaya stressed that his fiscal policies will no longer restrict banks’ liquidity. Working with BI and with President Prabowo Subianto’s approval, he is aligning fiscal and monetary policies to avoid funding bottlenecks. BI has lowered the benchmark interest rate to 5% while the Government accelerates budget spending. These steps are drafted to stimulate the private sector without triggering inflation, which stayed 2.31% in Aug 2025.
- Balancing act: Push for growth without risking stability.** Still, we see the bold fiscal push requires balancing expansion with financial stability. As head of the Financial System Stability Committee (KSSK) – which includes BI, Financial Services Authority (OJK), and Deposit Insurance Corporation (LPS) – Purbaya’s close coordination with all authorities to preserve system resilience is the key factor. He is also tasked with maintaining investor confidence by balancing higher spending with fiscal prudence.
- Securing the future: Challenge on budget sustainability and confidence.** The main risk lies in budget sustainability. Higher government spending must be supported by adequate revenue to avoid widening the current account deficit. While rebuilding market confidence shaped by former finance minister Sri Mulyani Indrawati’s reputation will take time, Purbaya’s macroeconomic expertise and crisis-management experience provide a strong foundation for implementing his ambitious agenda.

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#### President Prabowo inaugurates four ministers



Source: Cabinet Secretariat of Republic of Indonesia

| 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       | 31.5                | 16.8            | 3.4             | 20.9             | 4.1               |
| Bank Mandiri           | Buy    | 5,600        | 27.3                | 7.4             | 1.4             | 19.2             | 9.5               |
| Bank Syariah Indonesia | Buy    | 3,500        | 40.0                | 13.8            | 2.3             | 18.1             | 0.8               |
| Ciputra Development    | Buy    | 1,330        | 41.5                | 6.3             | 0.7             | 11.6             | 1.7               |
| Indofood CBP           | Buy    | 14,200       | 53.9                | 10.0            | 2.1             | 21.2             | 3.1               |
| Japfa Comfeed          | Buy    | 2,300        | 29.9                | 8.1             | 1.2             | 15.3             | 4.1               |
| Midi Utama Indonesia   | Buy    | 550          | 20.6                | 26.7            | 3.3             | 16.5             | 1.6               |
| United Tractors        | Buy    | 28,700       | 8.9                 | 5.7             | 1.0             | 18.6             | 7.0               |

Source: Company data, RHB

### Prabowo's Bold Cabinet Reshuffle: New Ministers, New Priorities

President Prabowo Subianto executed the first major reshuffle of the Cabinet Merah Putih on 8 Sep 2025, reshaping the government's direction. The move introduced four new ministers, one deputy minister, and the establishment of a brand-new ministry.

The Jakarta Composite Index (JCI) fell 1%-1.3% after Indonesia's cabinet reshuffle, triggered by investor concerns over fiscal discipline following Sri Mulyani's removal and Purbaya's appointment as finance minister. Officials called the dip temporary and stressed strong economic fundamentals, but foreign investors continued the heavy selling, reaching a 3.5-year high. This sustained outflow signals ongoing uncertainty about the country's fiscal and policy direction under the new leadership, even as markets weigh the government's reassurances and potential for a near-term rebound.

The most eye-catching change was the appointment of Purbaya as Finance Minister, succeeding Sri Mulyani. With a long track record in economics and policy advisory roles, including chairing the LPS, Purbaya enters as one of the most scrutinised figures in this line-up. His appointment signals continuity in technical expertise but also raises questions on his ability to match Sri Mulyani's international stature and fiscal management finesse.

Another significant shift was the placement of Mukhtarudin from the Golkar Party as Minister of Migrant Protection. Backed by years in parliament and extensive political experience within Golkar, he is expected to play a decisive role in safeguarding the rights of Indonesian workers abroad, a sector gaining urgency as global mobility expands.

Meanwhile, the Ministry of Cooperatives was handed to Ferry Joko Juliantono, a Gerindra politician with a long record in farmers' movements and cooperative organisations. His elevation from deputy minister reflects Prabowo's commitment to strengthen grassroots empowerment and expand economic inclusivity through cooperatives as a pillar of rural development.

In a landmark move, Prabowo also created the Ministry of *Hajj* and *Umrah*, underscoring the importance of religious services for Indonesia's Muslim majority. Irfan Yusuf, widely known as Gus Irfan, was named its first minister, with Dahnil Anzar Simanjuntak serving as deputy. Both have deep networks across Nahdlatul Ulama, Gerindra, and Muhammadiyah, highlighting the administration's intent to institutionalise pilgrimage management while strengthening ties with influential religious organisations.

The reshuffle also saw Budi Gunawan removed as Coordinating Minister for Political and Security Affairs and Dito Ariotedjo dismissed as Minister of Youth and Sports.

We view these moves as Prabowo's effort to recalibrate the cabinet's political alignment, strengthening Gerindra and Golkar's influence while broadening religious representation.

## RHB Guide to Investment Ratings

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

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