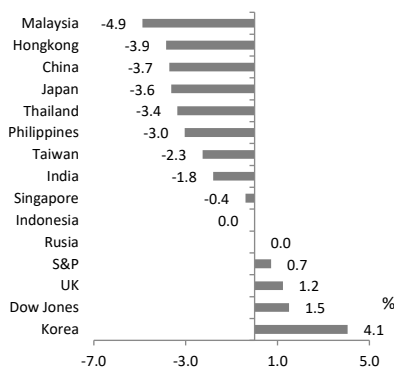


Equity Strategy

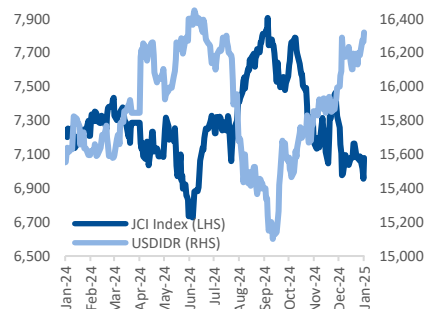
Potential Winners from BI's Surprise Rate Cut

YTD Regional Market (%)



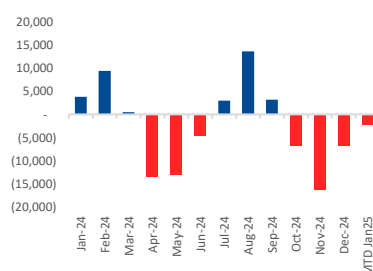
Source: Bloomberg

JCI vs USD



Source: Bloomberg

Net Foreign Flow (Rpbn)



Source: IDX

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- The period of policy rate cut was historically positive for JCI, which delivered 21% return during FY16-18 125bps rate cut.
- Banks and the perceived interest-rate sensitive sectors were clear winners during the past rate cut period.
- Despite limited scope for further cuts, we see BI's move as positive to support growth; we retain our FY25-end JCI target of 7,850.

Rate cut was historically positive for JCI

Despite the surprise timing, BI's policy rate cut is in-line with our expectation (of 50bps reduction in FY25) and thus, shall support our FY25 EPS growth forecast (of 6.5%). On share price, JCI has historically demonstrated a clear inverse relationship with the policy rate, with +21% return during the last FY16-18 125bps rate cut.

Winners: big cap, Banks, JSMR, ASII

During the FY16-18 rate cut period, return for big cap (LQ45: +32%) outpaced small cap (SMC Index: +21%). In terms of sectors, banks have demonstrated the highest inverse relationship during FY16-18 cut (+74-108% return), followed by JSMR (+25%), ASII (+18%). In the property sector, our analyst observed that policy rate cuts have historically not immediately translated to above-expected marketing sales, but the sector on average has seen lower discount to RNAV during the periods of rate cuts (please see Ismail Fakhri's [property outlook](#)).

Banks with higher portion of TD are potential winners

Our Banks analyst Victor Stefano sees that rate cut will benefit banks with a higher portion of TD more, such as BBTN (52%), BRIS (38%), and BBRI (36%). This could also alleviate pressure on BMRI and BBNI which have c. 40% of their CA deposit in the special rate category. In terms of loan yield, BBKA and BBRI have the upper hand with their fixed/floating rate of 50/12% and 60/7% of total loans, respectively, as of Sep24. The banks are confident about managing the rate of managed-rate loans steady amid lower benchmark rate. Furthermore, if the lower benchmark rate translates to lower bond/SRBI yield (unlike in the Sep24 rate cut), this may ease liquidity pressure in the banking system.

Support for FY25 EPS growth; key risk on IDR weakness

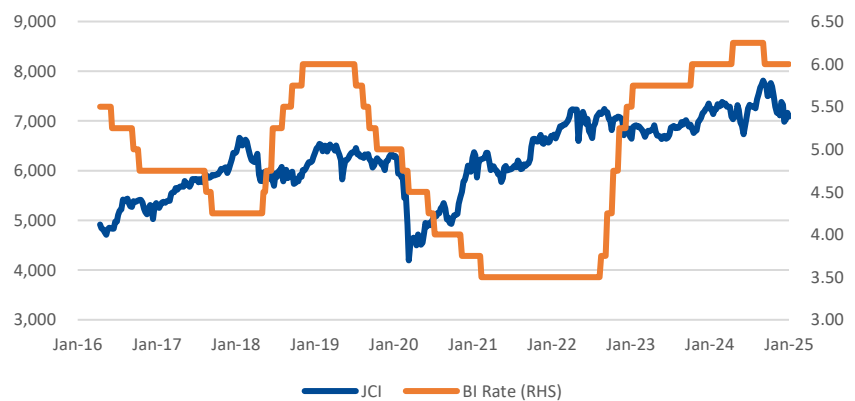
Despite a limited scope for further cuts (25bps in 2H25, based on our economist forecast), we see the surprise rate cut as positive support for growth outlook. We thus retain our FY25-end JCI target of 7,850, based on our EPS growth of 6.5% and 13x forward PE. Key risk to our view is possible IDR weakness.

Exhibit 1. Interest Rate Sensitive Stocks

Company	Rating	Latest Price (Rp/share)	Target Price (Rp/share)	Market Cap (Rpbn)	P/E (x)		P/BV (x)		CAGR EPS Growth (24-26F)
					25F	26F	25F	26F	
ASII	BUY	4,940	5,900	199,989	6.1	5.6	0.9	0.8	5.0%
BBRI*	Not Rated	4,090	n.a	619,876	9.5	8.6	1.8	1.7	8.8%
BRIS	HOLD	2,750	2,900	126,855	17.0	15.3	2.6	2.4	10.8%
CTRA	BUY	960	1,700	17,794	7.9	6.8	0.8	0.7	15.8%
JSMR	BUY	4,240	6,200	30,773	8.0	7.7	0.9	0.8	-1.1%
PWON	BUY	400	640	19,264	8.2	8.7	0.9	0.8	1.5%

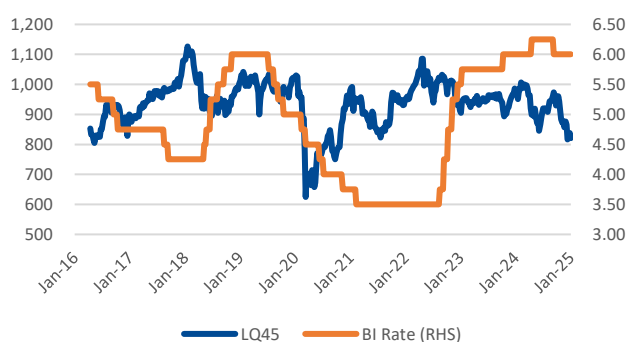
Source: Bloomberg, BRIDS Estimates, *Consensus

Exhibit 2. JCI Index vs. BI Rate (%)



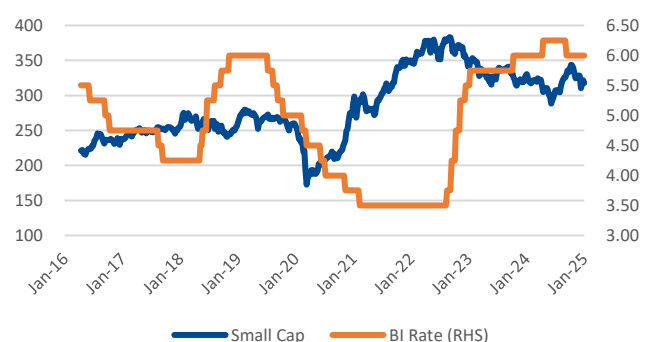
Source: Bloomberg, BRIDS

Exhibit 3. LQ45 Index vs. BI Rate (%)



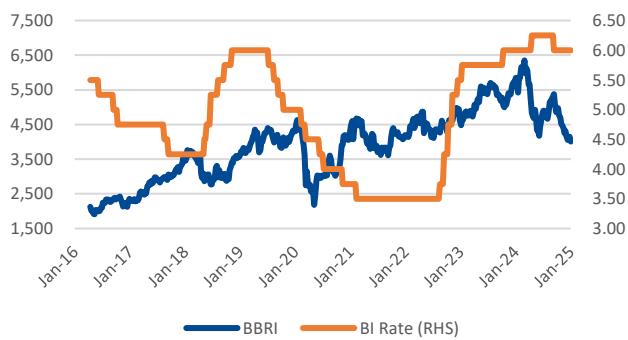
Source: Bloomberg, BRIDS

Exhibit 4. Small Cap Index vs. BI Rate (%)



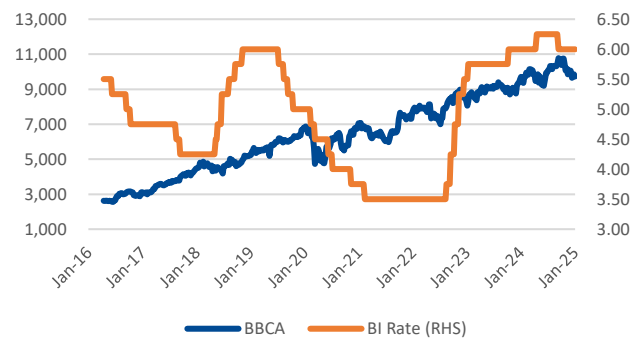
Source: Bloomberg, BRIDS

Exhibit 5. BBRI vs. BI Rate (%)



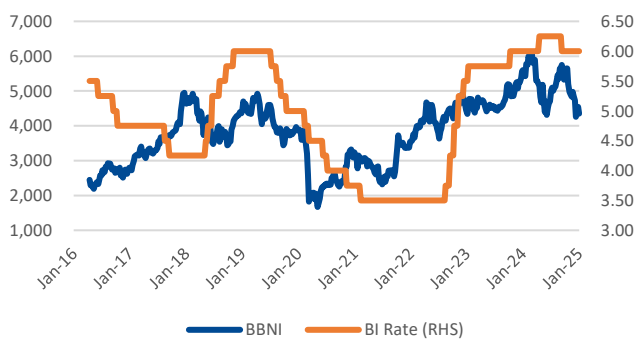
Source: Bloomberg, BRIDS

Exhibit 6. BBKA vs. BI Rate (%)



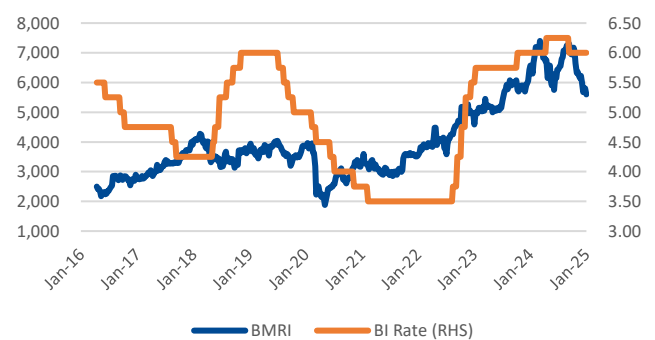
Source: Bloomberg, BRIDS

Exhibit 7. BBNI vs. BI Rate (%)



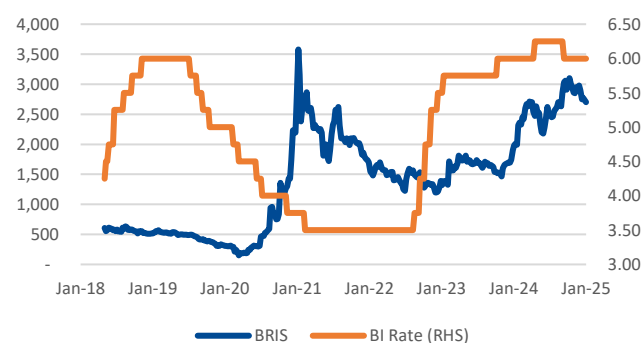
Source: Bloomberg, BRIDS

Exhibit 8. BMRI vs. BI Rate (%)



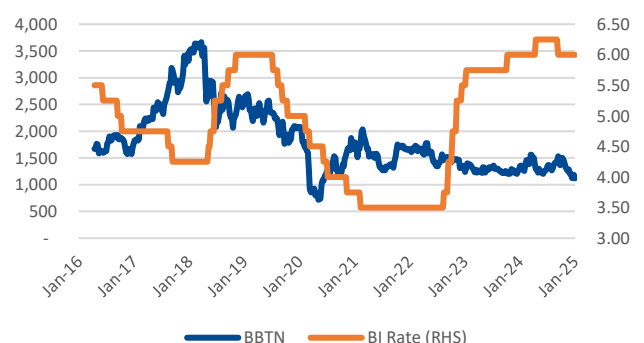
Source: Bloomberg, BRIDS

Exhibit 9. BRIS vs. BI Rate (%)



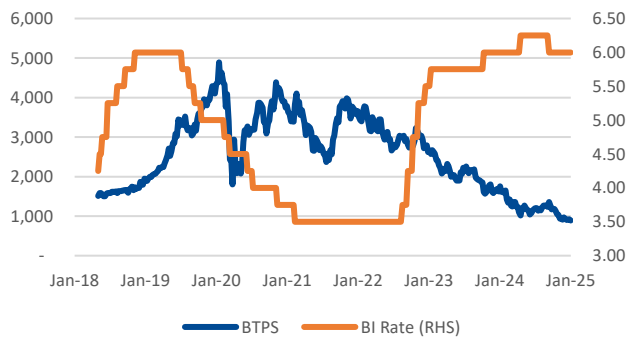
Source: Bloomberg, BRIDS

Exhibit 10. BBTN vs. BI Rate (%)



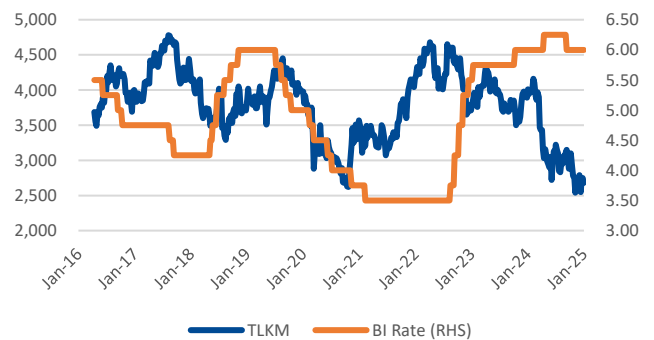
Source: Bloomberg, BRIDS

Exhibit 11. BTPS vs. BI Rate (%)



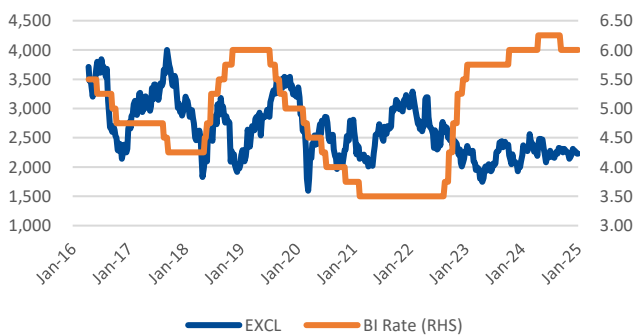
Source: Bloomberg, BRIDS

Exhibit 12. TLKM vs. BI Rate (%)



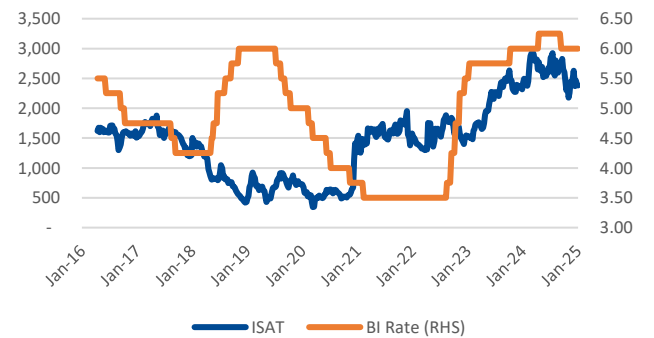
Source: Bloomberg, BRIDS

Exhibit 13. EXCL vs. BI Rate (%)



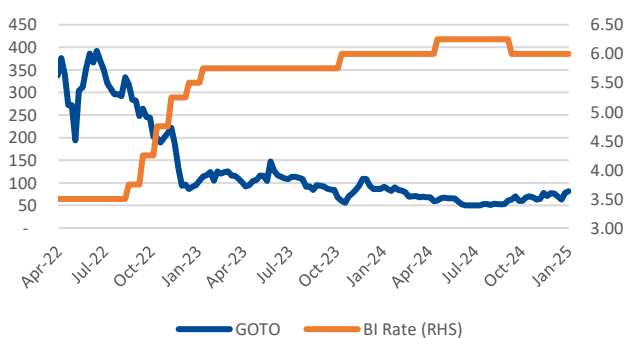
Source: Bloomberg, BRIDS

Exhibit 14. ISAT vs. BI Rate (%)



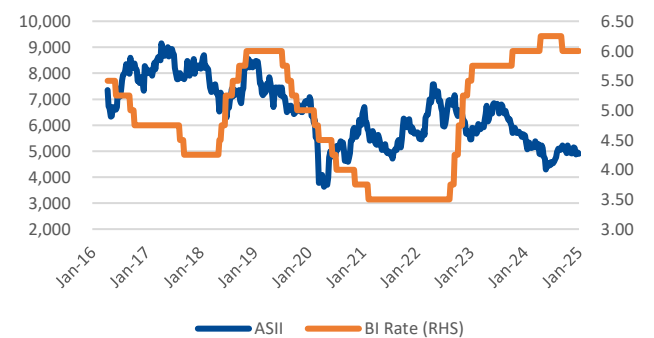
Source: Bloomberg, BRIDS

Exhibit 15. GOTO vs. BI Rate (%)



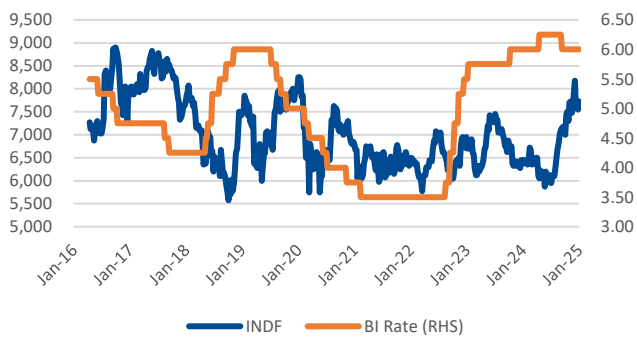
Source: Bloomberg, BRIDS

Exhibit 16. ASII vs. BI Rate (%)



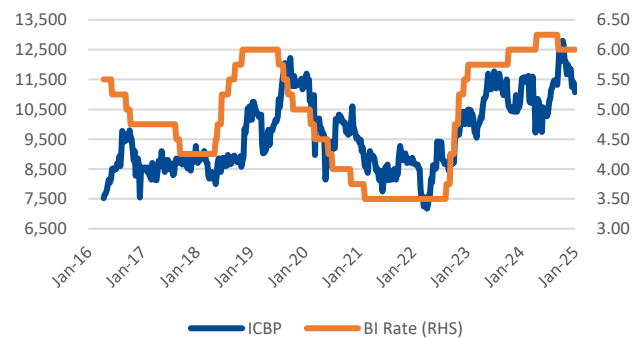
Source: Bloomberg, BRIDS

Exhibit 17. INDF vs. BI Rate (%)



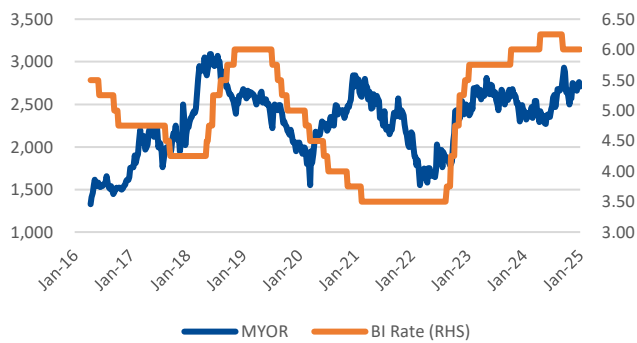
Source: Bloomberg, BRIDS

Exhibit 18. ICBP vs. BI Rate (%)



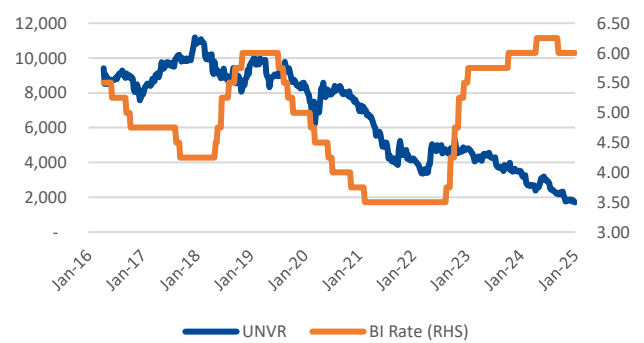
Source: Bloomberg, BRIDS

Exhibit 19. MYOR vs. BI Rate (%)



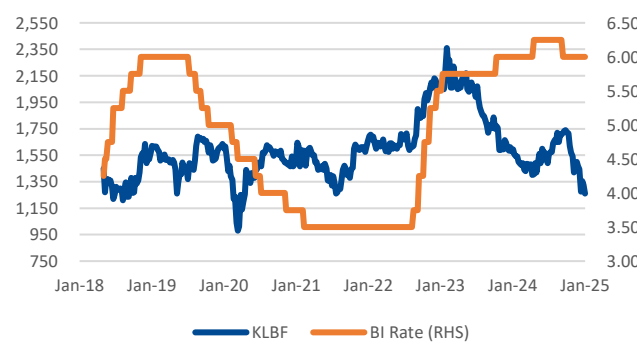
Source: Bloomberg, BRIDS

Exhibit 20. UNVR vs. BI Rate (%)



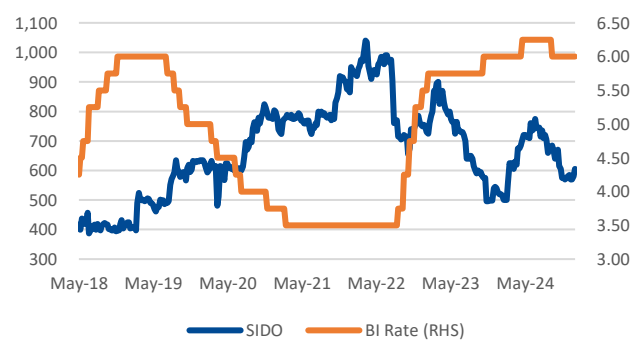
Source: Bloomberg, BRIDS

Exhibit 21. KLBF vs. BI Rate (%)



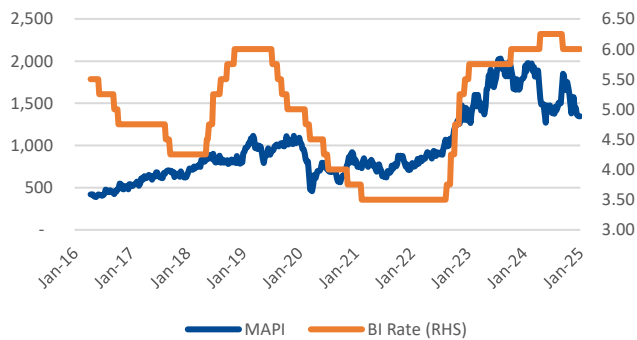
Source: Bloomberg, BRIDS

Exhibit 22. SIDO vs. BI Rate (%)



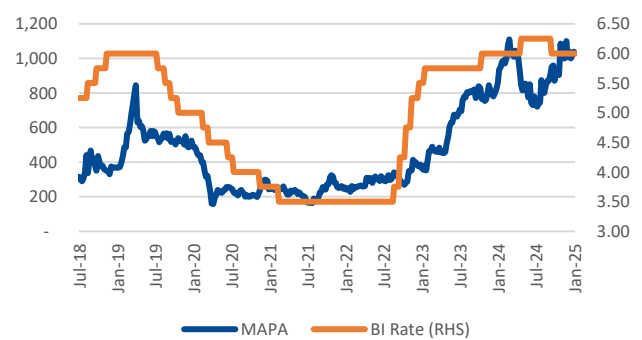
Source: Bloomberg, BRIDS

Exhibit 23. MAPI vs. BI Rate (%)



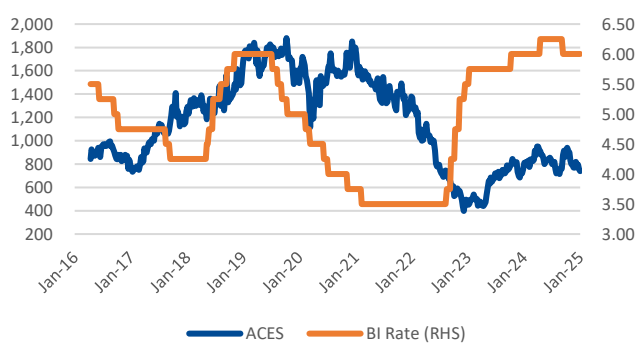
Source: Bloomberg, BRIDS

Exhibit 24. MAPA vs. BI Rate (%)



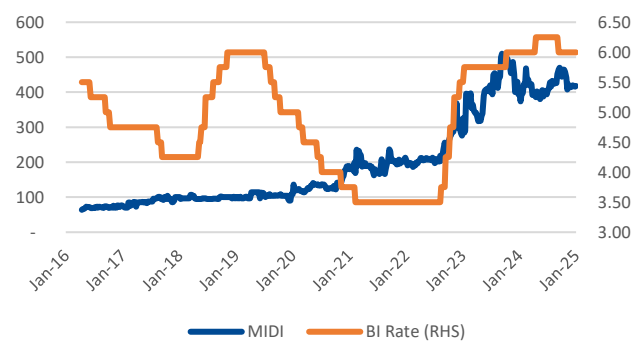
Source: Bloomberg, BRIDS

Exhibit 25. ACES vs. BI Rate (%)



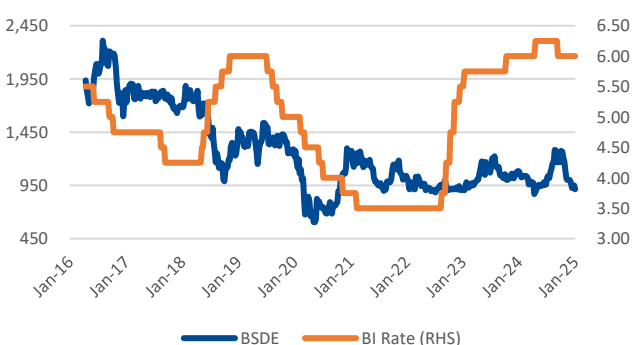
Source: Bloomberg, BRIDS

Exhibit 26. MIDI vs. BI Rate (%)



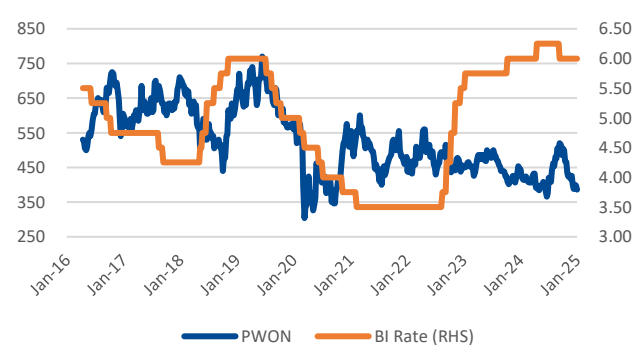
Source: Bloomberg, BRIDS

Exhibit 27. BSDE vs. BI Rate (%)



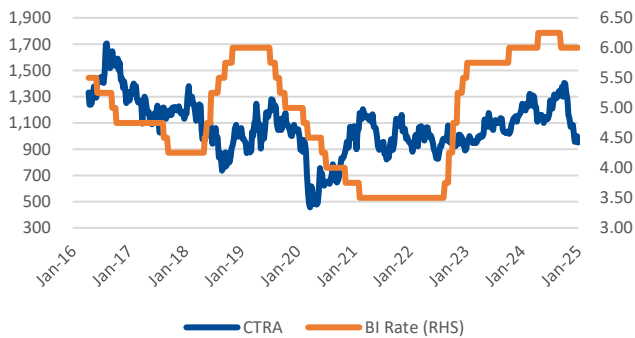
Source: Bloomberg, BRIDS

Exhibit 28. PWON vs. BI Rate (%)



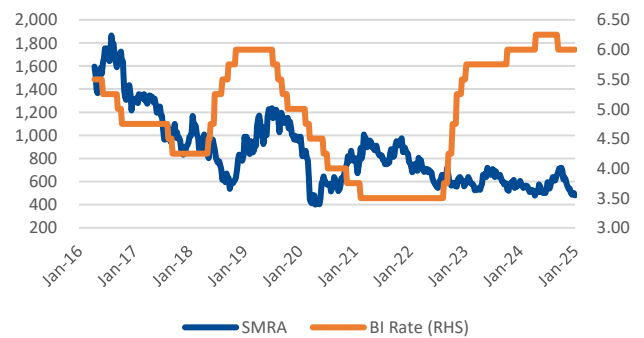
Source: Bloomberg, BRIDS

Exhibit 29. CTRA vs. BI Rate (%)



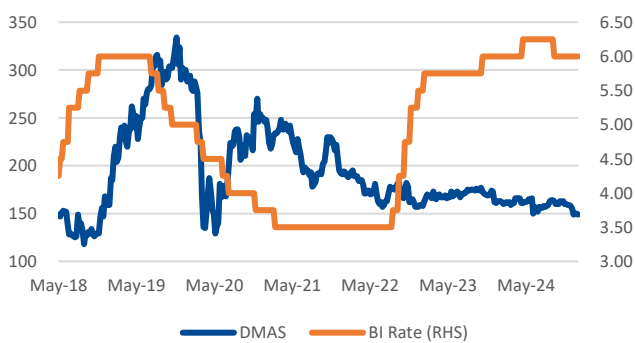
Source: Bloomberg, BRIDS

Exhibit 30. SMRA vs. BI Rate (%)



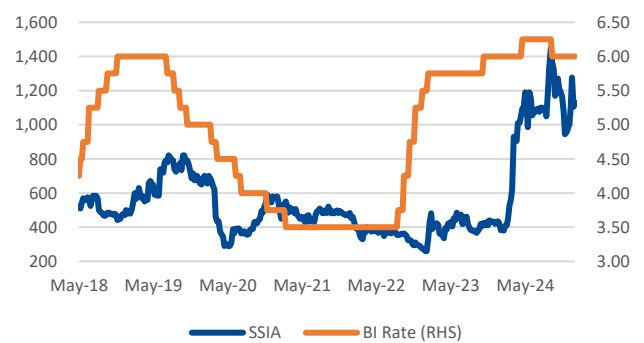
Source: Bloomberg, BRIDS

Exhibit 31. DMAS vs. BI Rate (%)



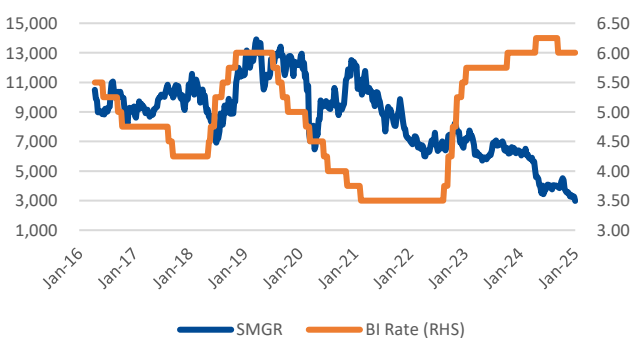
Source: Bloomberg, BRIDS

Exhibit 32. SSIA vs. BI Rate (%)



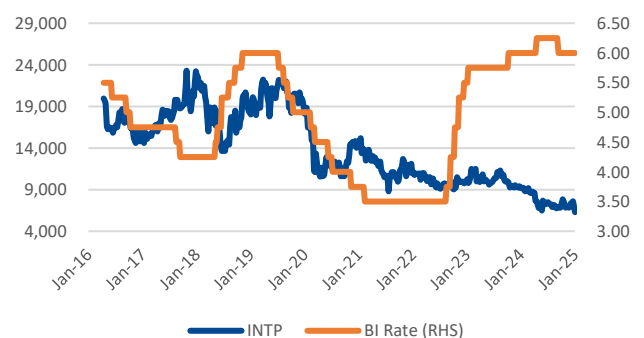
Source: Bloomberg, BRIDS

Exhibit 33. SMGR vs. BI Rate (%)



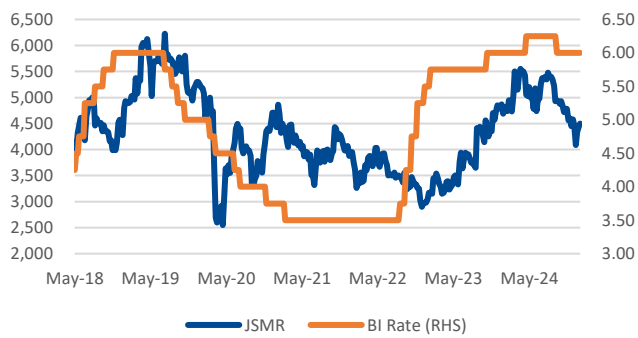
Source: Bloomberg, BRIDS

Exhibit 34. INTP vs. BI Rate (%)



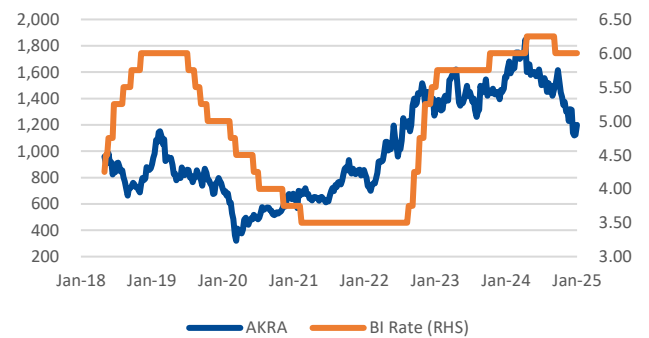
Source: Bloomberg, BRIDS

Exhibit 35. JSMR vs. BI Rate (%)



Source: Bloomberg, BRIDS

Exhibit 36. AKRA vs. BI Rate (%)



Source: Bloomberg, BRIDS

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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