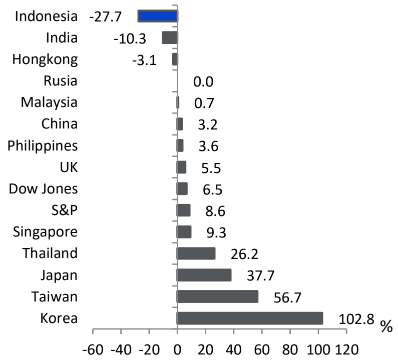
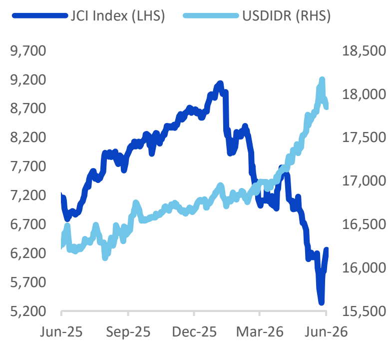
BRI Danareksa Sekuritas

YTD Regional Market (%)



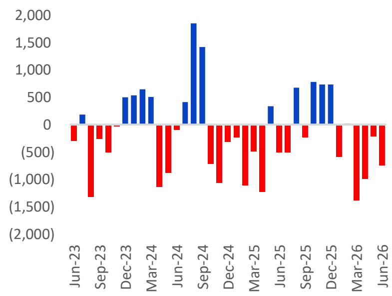
Source: Bloomberg

JCI vs USD



Source: Bloomberg

Net Foreign Flow (US$mn)



Source: Bloomberg

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Equity Strategy

Tactical Relief In Play, Sector Mispricing Still Offers Room

- **Improved policy signals have driven the anticipated relief rally in JCI, despite deeper trough which reflected concerns on sovereign rating cut.**
- **We retain our Dec26 JCI target at 7,200 which still implies asymmetry from current level, subject to benign S&P and MSCI reviews outcome.**
- **Amid still visible sector mispricing, we maintain our preference on Banks, Telco and Metals, and turn more constructive on Coal.**

JCI's tactical relief is playing out. JCI fell to 5,337 on 8 June, close to our 5,200 stress case [see our prev. report] that assumes an actual rating cut, before rebounding to 6,255. Foreign selling in large non-deletion names has decelerated in recent week, IDR has recovered to 17,700/USD after touching 18,200/USD, and the oil/war premium has faded as Brent fell to the low US$80s on US-Iran deal headlines. We see these as tactical reliefs, as fiscal risk, policy predictability and sovereign rating concerns remain unresolved, while YTD ICP is still c.US$92/bbl versus the US$70 APBN assumption.

Improved policy signals. The BI-MoF policy signal was the key trigger for the rebound. This was followed by surprise 25bps BI rate hike and 10Y SBN yield which was allowed to reset and then stabilize. Following these, the Pertamax price adjustment reduced part of the subsidy burden, and DSI was clarified as surveyor rather than trader. Minister Bahlil's follow-up comments on gross split and faster-than-expected RKAB revision also reduced regulatory tail risk for Metals and Coal.

Decelerating foreign outflows. Total foreign equity flow remains negative at Rp11.9tr since our 2 June note, but the run-rate has slowed and early re-accumulation is visible in BBCA and BMRI. TPIA's 15 June inflow suggests passive selling is largely behind it, while TINS show early rotation into policy and earnings beneficiaries.

Sector mispricing remains. We maintain Banks, Telco and Metals as core OW calls. Banks face NIM pressure from the rate hike, but remain the most liquid exposure if foreign and domestic flows return, with BBCA (Buy, TP Rp10,900) still the safest pick. Telco offers the cleanest non-commodity growth revision through ISAT (Buy, TP Rp3,000) and EXCL (Buy, TP Rp3,700), while Metals (ANTM, Buy TP Rp4,800; TINS Buy TP Rp4,500) remains supported by valuation and a less punitive regulatory read. Coal (AADI, Buy, TP Rp12,400) now looks more attractive after DSI clarification, as export-mechanism risk has eased while FY26 earnings support remains strong. Consumer and Healthcare remain value picks, but with limited catalysts as purchasing power may weaken after the Pertamax price hike.

We maintain our Dec26 JCI target at 7,200. At current 6,255, JCI remains below our 6,550 bear case, implying it still prices something slightly worse than a realistic S&P outlook cut. The key near-term risk events remain the S&P outlook/ rating and MSCI Market Accessibility reviews outcome. If both are benign, we believe the market can move toward our base case.

Tactical Relief In Play, Sector Mispricing Still Offers Room

The path to our 7,200 FY26-end target

We keep our scenario framework for JCI. At current 6,255, JCI sits below our 6,550 bear case, implying the market is still pricing something slightly worse than an S&P outlook cut. Our base case of 7,200 implies 15% upside and requires S&P to hold its stable outlook in July and the three tactical reliefs to sustain. The bull case of 8,600 implies 37% upside and requires full sentiment normalisation, which we do not yet see.

We believe the near-term path depends on two events namely S&P July review and MSCI Market Accessibility. If both are benign, we believe the bear-case scenario is removed as the working assumption and the market can re-rate toward base. If either disappoints, the re-rating pauses, but the stress-case downside of 16% from current still requires an actual rating cut, which we still see as a 2027 event.

We see the asymmetry to remain intact after the trough overshoot. From 6,255, base case upside is 15%, bull case upside is 37%, and realistic July bear still implies c.5% upside to our 6,550 bear target.

For a medium-term move to 7,200, we need oil price to continue lower, ICP to average below US$85 in 2H26, IDR to stabilise (Rp17.5-18k/ USD), foreign SBN flows to return to sustained inflow, and continued improvement in policy actions and communication.

Exhibit 1. JCI FY26-end Target by Scenario

Scenario	Implied PE	Dec 2026 target	Δ vs current
Bull: full reliefs, sentiment normalises	12.7x	**8,600**	**+37.5%**
Base (our target)	**11.0x**	**7,200**	**+15.1%**
Bear: S&P negative outlook confirms	10.6x	**6,550**	**+4.7%**
Stress: first notch cut (2027 event)	9.7x	**5,200**	**-16.9%**

Source: BRIDS Estimates

Updated Earnings Outlook: Growth Risks for Domestic Sectors

BRIDS' updated FY26 earnings show 12.1% overall market growth, but with a sharp divergence. Commodities are tracking 46.1% growth, led by Metals at 81.5%, Coal at 48.8% and Oil & Gas at 227.6%. Non-Commodities are growing only 3.6%, with Consumer revised to -4.5%, Healthcare to 4.9% and Auto still negative at -15.2%.

We see Non-Commodities growth weakness as also reflecting downside risks in 2H26 amid further potential transmission from IDR weakness, higher rates and softer domestic demand. Our base case is that FY26 should mark the trough, with Non-Commodities growth recovering to 18.9% in FY27. This, however, still requires oil price normalization, IDR stabilisation and easing rate pressure.

Telco is the main positive revision within Non-Commodities, with FY26 growth of 25.1%. This supports our decision to expand the Telco OW call to include EXCL alongside ISAT. However, as highlighted in our latest sector report, the short- to medium-term earnings risk may stem from the upcoming 5G spectrum auction.

Exhibit 2. FY26-27F EPS Growth

	Core Net Profit (Rpbn)				
Sector	**FY25A**	**FY26F**	**FY27F**	**Growth 26F**	**Growth 27F**
Banks	**210,512**	**225,402**	**252,832**	**7.1%**	**12.2%**
Commodities	**63,956**	**93,413**	**105,837**	**46.1%**	**13.3%**
Coal	27,054	40,264	37,509	48.8%	-6.8%
Heavy Equipment	15,394	9,951	15,276	-35.4%	53.5%
Metal	18,661	33,872	42,766	81.5%	26.3%
Oil and Gas	2,847	9,327	10,286	227.6%	10.3%
Non-Commodities	**132,462**	**137,215**	**163,193**	**3.6%**	**18.9%**
Auto	31,637	26,840	33,008	-15.2%	23.0%
Cement	2,440	2,314	2,673	-5.2%	15.6%
Cigarettes	8,166	11,713	13,522	43.4%	15.4%
Consumer	29,766	28,418	31,185	-4.5%	9.7%
Healthcare	7,772	8,150	9,066	4.9%	11.2%
Infrastructure	3,660	3,701	3,887	1.1%	5.0%
Poultry	9,536	10,442	10,998	9.5%	5.3%
Property	8,321	8,461	8,595	1.7%	1.6%
Retail	5,002	5,174	5,730	3.4%	10.7%
Technology	(346)	224	1,725	164.9%	668.9%
Telco	19,283	24,120	34,785	25.1%	44.2%
Tower	7,225	7,658	8,019	6.0%	4.7%
Overall	**406,930**	**456,030**	**521,861**	**12.1%**	**14.4%**
Banks Only	210,512	225,402	252,832	7.1%	12.2%
Commod's Only	63,956	93,413	105,837	46.1%	13.3%
Overall exc. Commod's	342,974	362,617	416,025	5.7%	14.7%
Overall exc. Tech	407,275	455,806	520,136	11.9%	14.1%

Source: Company, BRIDS Estimates

Sector view vs. risks

We retain the two-bucket framework from our previous report namely growth and valuation-cushion OWs.

Banks remain our first OW. Bank P/BV touched near -3SD at the 8 June trough. The rate hike is not fundamentally positive, as funding costs can reprice faster than loan yields. However, Banks remain the most liquid sector if foreign and domestic flows return. BBCA remains our pick given CASA strength, asset quality and lower reliance on leverage expansion.

Telco is a growth-call OW, with ISAT and EXCL as top picks. Despite the lingering spectrum cost, we think the risk is now more quantifiable. ISAT remains mispriced at 3.9x FY26F EV/EBITDA, while EXCL offers improving risk-reward as merger clean-up costs are increasingly priced in.

Metals remains OW, with ANTM and TINS as preferred exposures. Sector P/E is near -2SD, with FY26 EPS growth of 81.5%. While royalty hike remains a risk, we think the most punitive scenario should be behind us. On DSI exposure, ANTM has only c.2.5% ferronickel export revenue exposure, while TINS has no exposure.

Coal now looks more attractive, with AADI as our preferred pick. FY26 earnings support remains strong at 48.8% growth, while clarification on DSI role as surveyor reduces the most disruptive reading of the export-scheme risk. Valuation is not deeply discounted as we still see FY27 growth normalizes, but we see risk-reward to be improving.

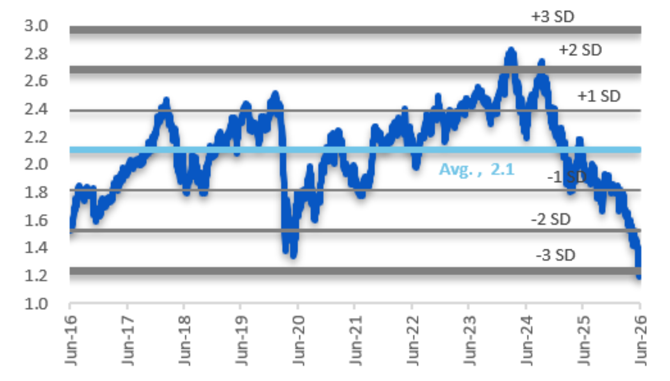
Consumer, Poultry, Healthcare remains a valuation pick, but with limited catalysts. Consumer P/E is near -2SD, our latest FY26 earnings point to to -4.5% and purchasing power may weaken after the Pertamax price hike. We prefer INDF and ICBP. Poultry is also near -2SD, but feed cost, IDR and demand sensitivity remain risks. On healthcare, EV/EBITDA is near -2SD and FY26 earnings growth is at 4.9%.

Exhibit 3. Sector View vs. Risks

Sector	Top Pick(s)	FY26F / FY27F EPS Growth	Valuation vs Band	Implied ERP (vs JCI 2.1%)	Key Risk	View
Banks	BBCA	+7.1% / +12.2%	P/BV 1.35x; near -3SD (5yr avg 2.1x)	**3.1% (+1.0pp)**	NIM compression; CoC risk	**OW (valuation cushion)**
Telco	ISAT, EXCL	+25.1% / +44.2%	EV/EBITDA 3.9x (ISAT); -1.7SD (3yr avg 5.1x)	**22.0%* (+19.9pp)**	Spectrum cost; 5G monetisation lag	**OW (growth)**
Metals	ANTM, TINS	+81.5% / +26.3%	P/E 7.5x; near -2SD (7yr avg 20.2x)	**6.4% (+4.3pp)**	DSI implementation (NCKL exposed; ANTM/TINS insulated)	**OW (growth; regulatory resolving)**
Coal	AADI	+48.8% / -6.8%	P/E 6.0x; near avg (7yr avg 5.6x)	**9.8% (+7.7pp)**	Export scheme change; ICP normalisation in FY27	**OW (potential regulatory resolving)**
Healthcare	MIKA	+4.9% / +11.7%	EV/EBITDA 8.5x; near -2SD (7yr avg 13.6x)	**3.6%* (+1.5pp)**	BPJS pricing; volume normalisation	**OW (valuation cushion)**
Consumer	INDF, ICBP	-4.5% / +9.7%	P/E 9.5x; near -2SD (10yr avg 28.8x)	**3.6% (+1.5pp)**	Demand softness; IDR cost pass-through	**Value (growth risk + limited catalyst)**
Poultry	CPIN	+9.5% / +5.3%	EV/EBITDA 3.5x; near -2SD (10yr avg 8.9x)	**2.1%* (par)**	Feed cost; IDR pressure on purchasing power	**Value (growth risk + limited catalyst)**
Auto	ASII	-15.2% / +23.0%	P/E 7.5x; near -1SD (10yr avg 10.9x)	**6.4% (+4.3pp)**	Volume contraction; Rupiah and purchasing power risks	**N-OW (Play on Rupiah and FY27 recovery)**

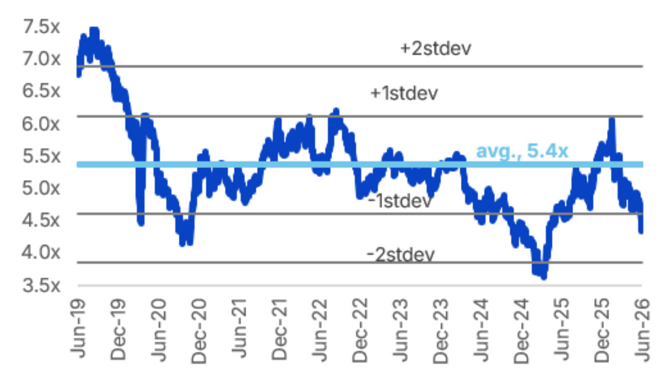
Source: BRIDS Estimates

Exhibit 4. Bank P/BV Band (10-years)



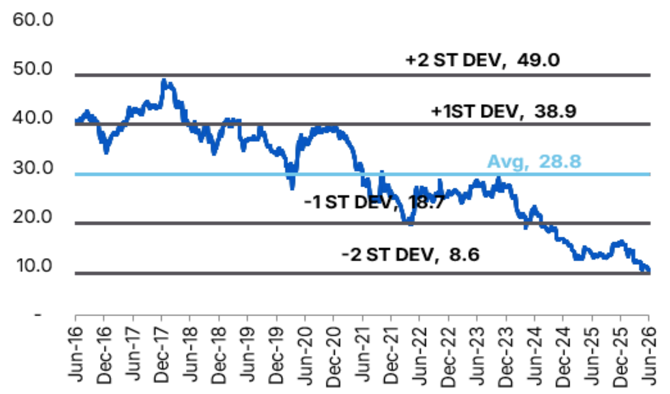
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. Telco EV/EBITDA Band (7-years)



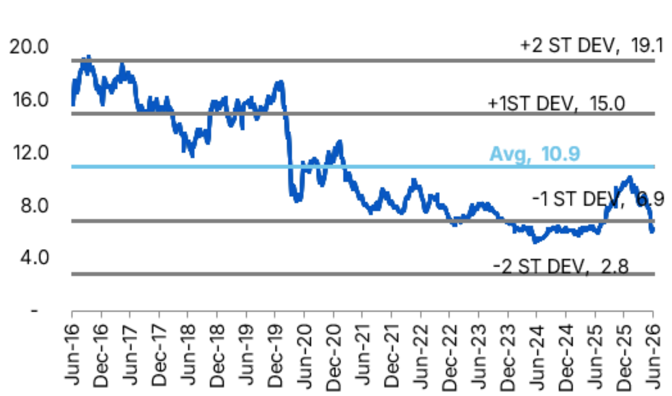
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Consumer P/E Band (10-years)



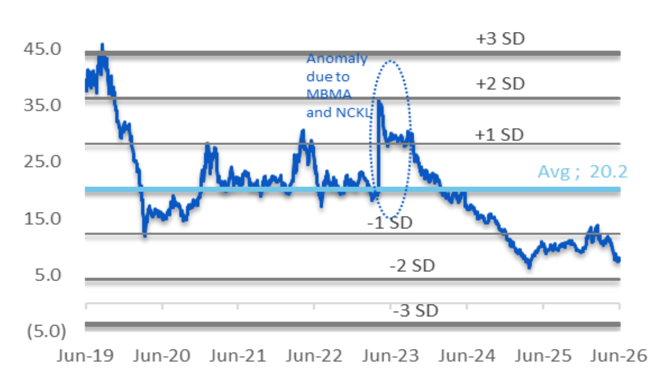
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. Automotive P/E Band (10-years)



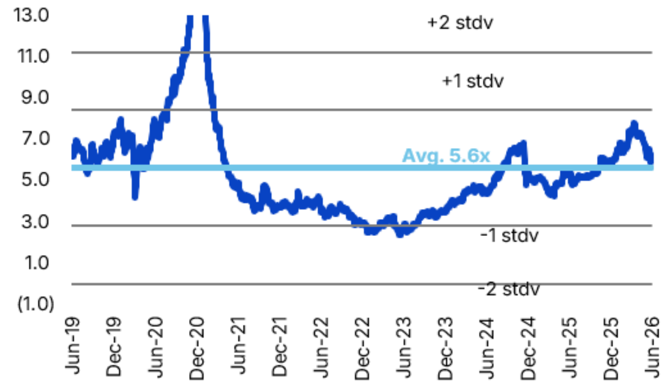
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. Metals P/E Band (7-year)



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. Coal P/E Band (7-years)

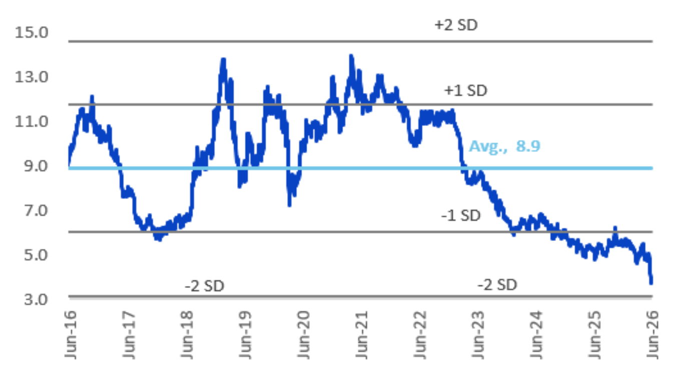


Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. Healthcare EV/EBITDA Band (7-year)

Source: Company, Bloomberg, BRIDS Estimates

Exhibit 11. Poultry EV/EBITDA Band (10-years)



Source: Company, Bloomberg, BRIDS Estimates

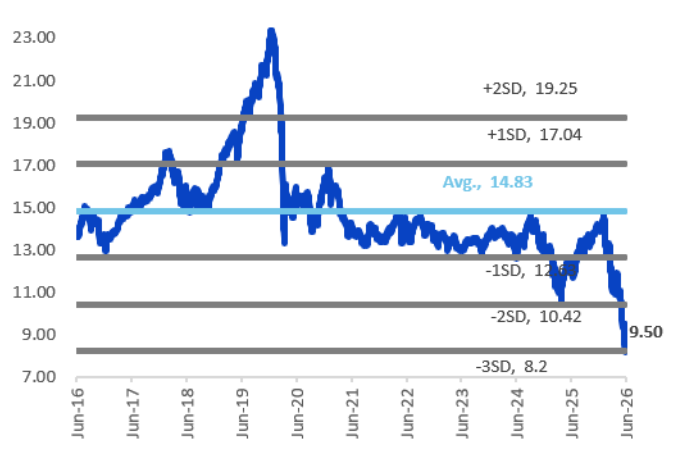
Stock Picks

We make no change to top picks, but expand Telco OW to include EXCL (Buy, TP Rp3,700) alongside ISAT (Buy, TP Rp3,000). Within the OW bucket, our order of preference is Banks, Telco, Metals and Coal. Banks offer the deepest liquidity and the cleanest flow leverage if risk appetite returns, while BBCA (Buy, TP Rp10,900) remains the safest exposure under a higher-rate environment. Metals still benefits from valuation plus reduced regulatory tail risk where our top picks are ANTM (Buy, TP Rp4,800) and TINS (Buy, TP Rp4,500).

We turn more constructive on Coal through AADI (Buy, TP Rp12,400) after DSI clarification. We keep Consumer and Healthcare as value picks, but with more limited near-term catalysts as purchasing power and earnings growth look more challenging after the Pertamax price hike. We continue to like alpha stocks BULL (Buy, TP Rp550) and ELSA (Buy, TP Rp1,110).

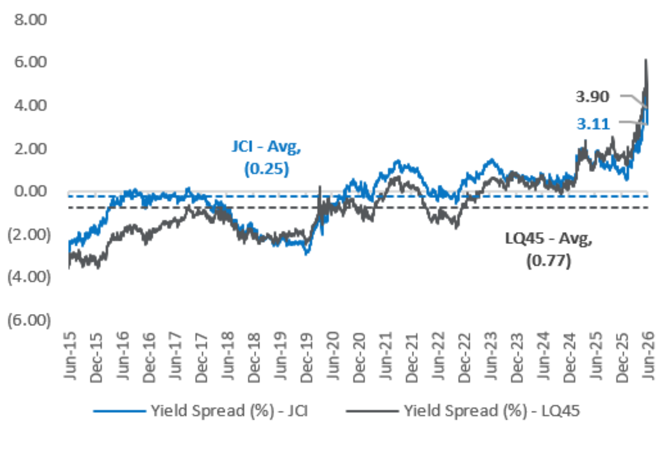
Key risks are a negative MSCI Market Accessibility outcome and an S&P action beyond an outlook change. Both sit outside our base case. We flag MSCI as the most proximate event risk.

Exhibit 12. JCI Forward P/E Band



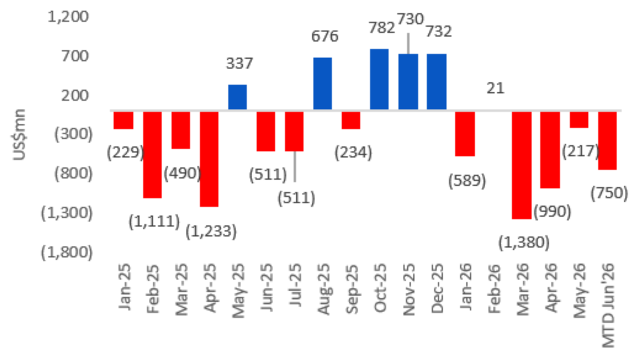
Source: Bloomberg, BRIDS Estimates

Exhibit 13. JCI and LQ45 Earnings Yield Spread



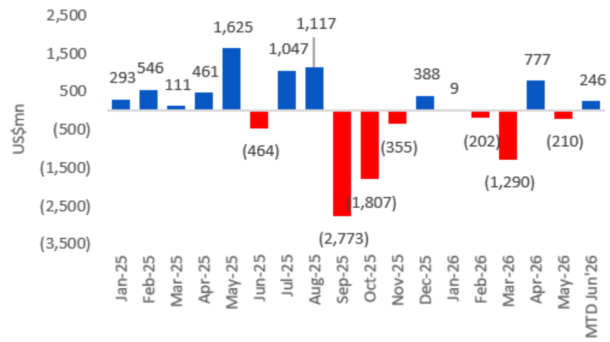
Source: Bloomberg, BRIDS Estimates

Exhibit 14. Monthly Equity Foreign Flow (as of 15 Jun26)



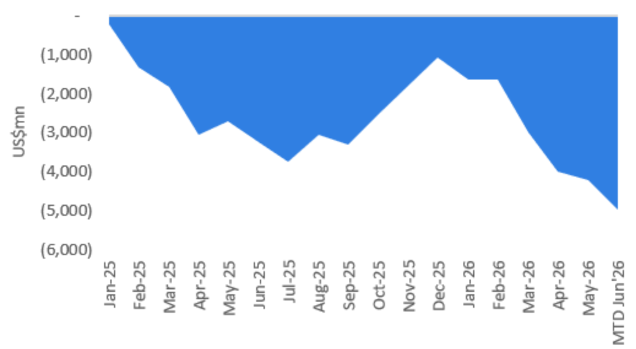
Source: Bloomberg, BRIDS

Exhibit 15. Monthly Bonds Foreign Flow (as of 12 Jun26)



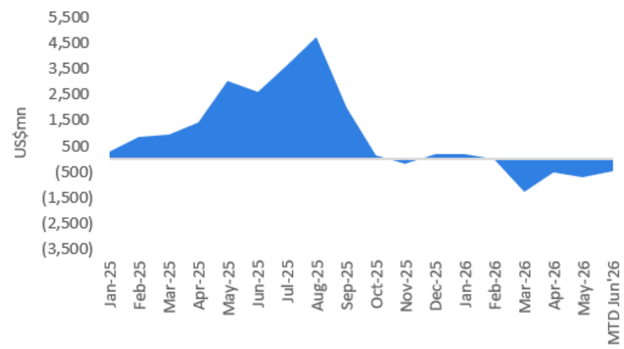
Source: Bloomberg, BRIDS

Exhibit 16. Cumulative Equity Foreign Flow since Jan25 (as of 15 Jun26)



Source: Bloomberg, BRIDS

Exhibit 17. Cumulative Bonds Foreign Flow since Jan25 (as of 12 Jun26)



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