

# Oil Heats Up, Markets on Edge: JCI Plunges 4.57% to 7.557

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## Indonesia's Energy Risk Amid the US-IRAN War

**What does this mean for the Indonesian stock market?** The escalation of the U.S.–Israel versus Iran conflict has once again placed the global energy market on high alert. Rising threats to the Strait of Hormuz, a key route accounting for around 20% of global oil trade, have driven a sharp surge in oil prices as markets price in potential supply disruptions. The renewed geopolitical risk premium has heightened volatility and increased concerns over broader global energy inflation if tensions persist.



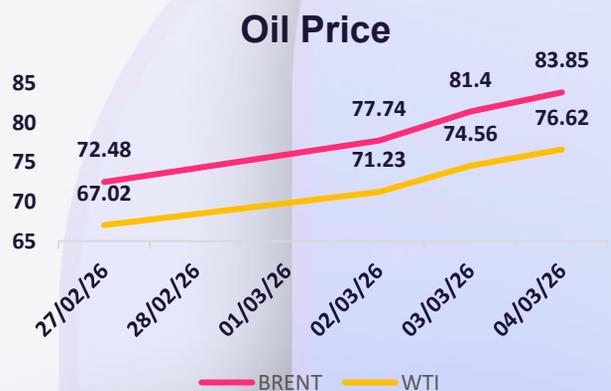
Source: Arab News — "Why the world can't afford a blockade in the Strait of Hormuz", 21 June 2025.

## Indonesia's Current Condition

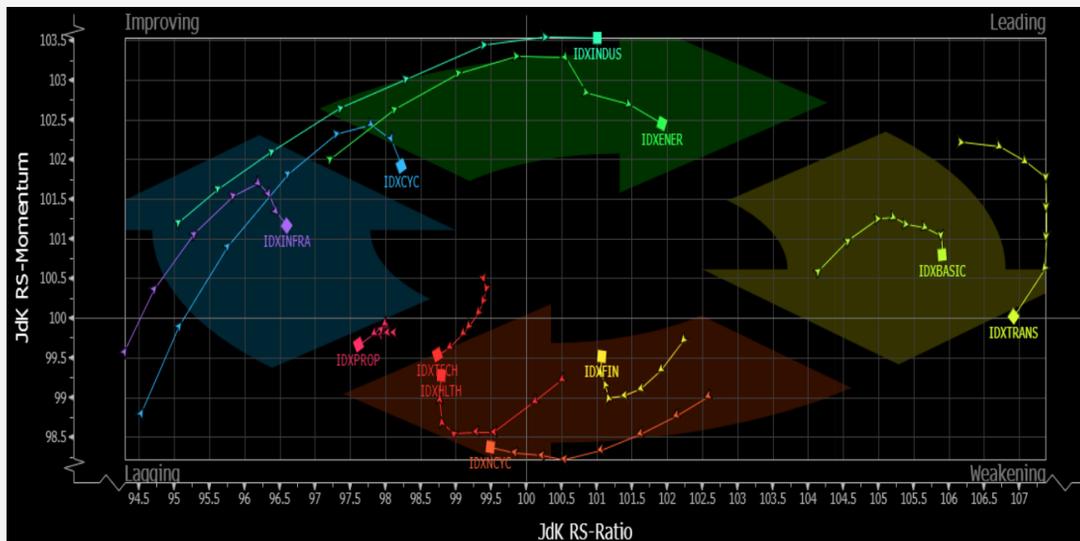
- **According to Minister of Energy and Mineral Resources of the Republic of Indonesia**, Indonesia's fuel reserves are estimated to last only around 20 days. If the conflict persists longer, Indonesia may have to purchase imported oil at higher prices compared to pre-conflict levels.
- **Oil prices** have already begun reacting to the escalating conflict. Brent has surged approximately 13% to USD 81.83 per barrel (from levels before the war broke out on February 27). Indonesia is a net oil importer.
- **Every USD 1 increase in oil prices** is estimated to add around IDR 10.3 trillion to the state budget burden, while additional revenue would only amount to about IDR 3.6 trillion.



Source: Kompas.com — "Bahlil says Indonesia's national fuel (BBM) reserves are still sufficient for 20 days", 2 March 2026



Source: Bloomberg



Source: Bank Indonesia, Bloomberg

## Implications for Stock Sectors in JCI

### Sectors potentially benefiting :

- **Energy (oil & coal-linked):**  
Oil & gas issuers such as **APEX, ENRG, ELSA, and MEDC**, as well as coal producers including **AADI, ADRO, ITMG, and PTBA**, are likely to see positive sentiment should global energy prices continue to rise.
- **Commodities:**  
An increase in energy prices typically fuels broader commodity inflation and reinforces positive sentiment toward resource-related sectors.

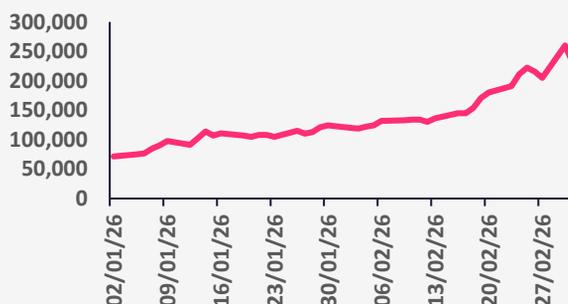
### Sectors Potentially Under Pressure :

- **Transportation & logistics:**  
Fuel costs represent a significant component of operating expenses.
- **Manufacturing industry:**  
Higher energy prices increase production costs and may compress margins.
- **Consumer sector:**  
If rising energy prices trigger inflation, household purchasing power could come under pressure.

## Market Watch – Key Indicators to Monitor

- **Brent crude price:**  
Psychological levels at USD80 / USD90 / USD100 per barrel. A move closer to USD100 typically begins to have a tangible impact on global energy inflation and fiscal pressure for importing countries.
- **Oil forward curve:**  
If the market shifts from contango to a steeper backwardation, it may indicate expectations of a potential supply shortage.
- **Tanker freight & war risk insurance:**  
A spike in tanker insurance costs in the Persian Gulf or the Strait of Hormuz often serves as an early indicator of distribution disruptions.
- **Rupiah (IDR):**  
As a net oil importer, a weaker rupiah tends to amplify imported energy inflation pressures.
- **Physical supply signals:**  
Shipping lane closures, delayed tanker departures, or panic buying by importing countries may signal tightening supply conditions.

### Charter Rate VLCC



Source: Bloomberg

### USD/IDR



Source: Bloomberg

## Trigger Level to Watch

- **Brent > USD90:**  
Increasing pressure on energy inflation and import costs.
- **Brent > USD100:**  
Elevated risk for importing countries; typically intensifies pressure on fiscal balances and the rupiah.
- **Sharp surge in freight / tanker insurance costs:**  
Indicates physical supply disruptions rather than purely geopolitical sentiment.

## In Summary

As long as oil prices remain below USD 90, the impact on the market is usually limited to sentiment-driven volatility. However, if Brent breaks USD 100 accompanied by physical distribution disruptions, the risk could escalate into an energy shock with the potential to put broader pressure on inflation, the rupiah, and the Indonesian stock market (IHSG).



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