

WHAT HAPPENED TODAY TO JCI (IHSG)?

Relief Rally , Policy Response, or Just a Temporary Painkiller?

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After 7 weeks almost without pause in a sea of red, the IHSG (Index Saham Harga Gabungan) or JCI in English (Jakarta Composite Index) finally put up a fight. At the close of trading on Tuesday (9/6/26), the Index surged 404 points or 7.57% to close at 5,722, bouncing back from this year's lowest position recorded the day before at the 5,317 level. Technically, this area is no ordinary level. It is a long-term support zone derived from a trendline dating back to the 2008 global crisis and last seen during the 2020 pandemic.

However, to be honest, most local investors might actually be confused.

When the JCI fell sharply for weeks, we wondered who was still willing to buy. When the IHSG suddenly surged more than 7% in a single day, the question that arose was not much different: *is this truly the beginning of a recovery, or just a temporary pause amidst unresolved issues?*

This skepticism is actually quite reasonable. Today's increase occurred while most of the fundamental issues that have triggered pressure on Indonesia in recent months have not changed much. The Rupiah is still hovering around 18,000 per US Dollar after nearly touching 18,200 this morning. Foreign fund outflows are still ongoing; as of yesterday, the cumulative YTD Foreign Net Sell stood at IDR 72.80 trillion. Risk perception toward Indonesia remains high; no international rating agency has upgraded Indonesia's outlook at present (we know some have even recently downgraded it to Negative). And various government policies aimed at attracting foreign exchange and restoring investor confidence have so far not been fully successful in quelling market concerns.

Therefore, today's increase is more accurately viewed as a relief rally that has a clear catalyst, but cannot yet be categorized as proof that all problems have been resolved.

There are two main factors acting as triggers:

First, the emergence of a signal of support for the stock market from the government and SOEs.

In the morning, Deputy Speaker of the House of Representatives (DPR) Sufmi Dasco Ahmad held an impromptu meeting with the management of Himbara banks, Danantara, INA, and several other SOE (State-Owned Enterprise) institutions. One of the agendas that emerged was the discussion of opportunities to buy back SOE stocks, which over the past few months have been the main victims of market pressure.

Regardless of whether the buyback will actually be realized or not, the market caught a more important message: the government has finally shown an awareness that the stock market condition has entered an alarming phase and requires a more concrete response.

The timing is also hard to call a coincidence. After the JCI touched a long-term support area and the valuations of various blue-chip stocks fell to historically very cheap levels, the buyback discourse became a strong enough catalyst to trigger repurchasing.

Second, the aggressive move by Bank Indonesia, which surprisingly accelerated its meeting and raised the BI Rate by 25 basis points to 5.50%.

This decision clearly surprised the market. In fact, the initial reaction of many market participants was likely not optimism, but rather concern. Theoretically, an interest rate hike is usually not good news for stocks, especially for the banking sector and sectors sensitive to funding costs.

However, what happened today was quite the opposite. Bank Indonesia did not only raise interest rates, but also announced a series of additional measures explicitly aimed at maintaining Rupiah stability and attracting foreign funds back. Starting from an increase in SRBI yields, hedging cost discounts for foreign investors, the expansion of repo facilities, to an increased intensity of foreign exchange market interventions.

The message received by the market was quite clear: Bank Indonesia showed that they would not stand idly by watching the Rupiah continue to weaken and foreign outflows persist.

In the current situation, perhaps the market appreciates the courage and credibility of the policy more than just the interest rate level itself.

That is why the JCI, which had already risen by about 4% before the BI announcement, actually continued its strengthening until it closed with a surge of more than 7%.

Nevertheless, the more important question is not why the IHSG went up today.

The more important question is whether this increase can last.

This is where investors need to remain realistic.

Valuation-wise, many Indonesian stocks have indeed entered very cheap territory. Stocks such as BBCA, BBRI, BMRI, TLKM, as well as the Barito group, which were the driving engines today, had already experienced very deep corrections previously. A rebound in an oversold condition like this is not something unusual.

However, at the same time, today's increase has not eliminated several major sources of market concern.

The cost of capital is actually higher now after the BI Rate rose to 5.50%. The Rupiah has indeed been temporarily stabilized, but it has not truly recovered. Foreign outflows have not yet reversed into consistent inflows. And most importantly, the market is still waiting for answers regarding the direction of Indonesia's long-term economic policy. This is why it is too early to call today a definitive turning point.

For now, it is wiser to view today's movement as a response to extreme oversold conditions, reinforced by a combination of policy support and the hope that the government is finally starting to realize the seriousness of market conditions.

Technically, the 5,430–5,318 area has now become the main support for the JCI. Meanwhile, the 5,900 area is the short-term rebound target that needs to be tested first before the market can talk about a more sustainable recovery.

In other words, any purchase at this time is still more appropriately categorized as gradual accumulation or a speculative buy rather than an aggressive long-term buy-and-hold.

Amidst these various concerns, **investors also need to remember that the long-term view of Indonesia has not entirely changed.** A number of global investors still position **Indonesia as one of the main pillars of ASEAN growth alongside Malaysia, Thailand, the Philippines, and Vietnam.** Indonesia retains its advantages in the form of a large economic size, abundant natural resources, and a vast domestic market.

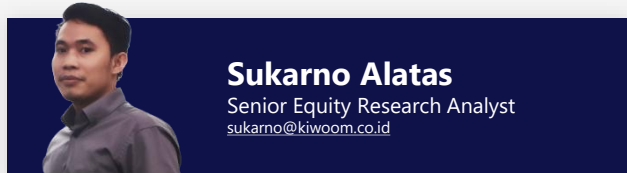
The issue is not whether Indonesia has growth potential.

The issue currently being debated by the market is whether the policies taken are capable of maintaining investor confidence and turning that potential into growth that can truly be enjoyed by capital holders.

Today's increase in the JCI may have succeeded in reducing the pain.

But the market is still waiting for proof of whether the medicine given is truly capable of curing the disease.

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