31 August 2026

September Has Historically Been Rough for the JCI — Will This Year Be Different?

After a strong August rally (+4,52%), the JCI enters September 2026 against a rare confluence of cross-currents: the Fed openly weighing a hike instead of a cut, the ECB and BOJ turning more hawkish, unresolved geopolitical tension in the Strait of Hormuz — all while Indonesia's domestic fundamentals keep growing solidly. This report lays out KSI Research's top-down view: starting from regional sentiment, the global macro calendar, monetary policy, FX & commodities, before narrowing down to our JCI strategy for September.

SEPTEMBER AT A GLANCE

JCI (28 August 2026)

6,518

Sep average return (past 10 yrs)

-0.94%

Historical probability of a positive Sep

33%

BI-Rate (19 Aug 2026 RDG)

5.75%

KEY FACTS

September Fed hike odds (CME FedWatch)	ECB Rate Decision	Fed & BOJ Rate Decisions	Bank Indonesia RDG
34%	**10 September 2026**	**17–18 Sept 2026**	**22–23 September 2026**

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WALL STREET: AI-LED RALLY

S&P 500 Sets Fresh Records, But the Rally Increasingly Rests on a Handful of Tech Names

Wall Street closed higher in the last week of August — the S&P 500 up 0.7% to 7,728.57 and the Nasdaq surging 1.6% to 26,541.35 — powered by Nvidia's blockbuster quarter (revenue +106% YoY to US$92.22bn, Q3 guidance of US$108bn) reinvigorating the AI trade, alongside strong Salesforce and CrowdStrike prints. Yet leadership has narrowed: technology was the only S&P 500 sector up more than 3%, while the index's monthly RSI sits near 75 — squarely in overbought territory, a condition that has historically preceded short-term consolidation phases.

S&P 500	NASDAQ COMPOSITE	NVIDIA REVENUE YOY	S&P 500 MONTHLY RSI
7,728.57 (+0.7%)	**26,541.35 (+1.6%)**	**+106%**	**≈75 (overbought)**

S&P 500 — Monthly | Source: Investing.com, as of 28 August 2026

Nasdaq Composite — Daily | Source: Investing.com, as of 28 August 2026

KIWOOM TAKE — An S&P 500 monthly RSI near 75 combined with leadership narrowing to a single sector has historically raised the odds of a short-term pullback on Wall Street. That matters for the IHSG, since US equity corrections typically drag on emerging-market risk appetite, Indonesia included.

EUROPE & JAPAN: FROM “LOWER FOR LONGER” TOWARD THE OPPOSITE

The ECB and BOJ Both Open the Door to a September Rate Hike

The ECB has opened the door to a rate hike at its 10 September meeting, having held rates in July while calling it merely a “pause” — driven by Euro-area inflation nearing 3% amid the Iran war and higher energy costs. In Japan, Tokyo core CPI stayed sticky at 1.8–1.9% YoY in August, reinforcing market conviction that the BOJ will hike as early as its 17–18 September meeting; the yen has already firmed sharply after a joint US–Japan intervention pulled USD/JPY from ~164 to ~159–160.

EURO-AREA INFLATION (FORECAST)	TOKYO CORE CPI, AUGUST	USD/JPY (FROM ~164)	ECB & BOJ MEETINGS
≈3.0% YoY	1.8–1.9% YoY	≈159.6	10 & 17–18 Sep

USD/JPY — Daily | Source: Investing.com, as of 28 August 2026

KIWOOM TAKE — The yen's post-intervention strength signals markets are already unwinding Yen carry trades. If that continues, some of the global liquidity that has flowed into risk assets — emerging-market equities like Indonesia included — could tighten heading into the BOJ's 17–18 September meeting.

GEOPOLITICS: THE STRAIT OF HORMUZ REMAINS THE BIGGEST WILDCARD

Fresh US Sanctions on Iran and Venezuela's OPEC Uncertainty Keep Oil Prices Volatile

The Trump administration reportedly has no interest in returning to the June memorandum of understanding with Iran, leaving talks over the Strait of Hormuz — a corridor for roughly a fifth of global oil supply — stalled once again. Washington also launched "Operation Economic Outcast" on 25 August, sanctioning nearly 60 entities across five sectors. Brent and WTI remain volatile in the US$83–90/bbl range, while the US is reportedly close to securing access to Venezuela's oil reserves, with Caracas said to be weighing an OPEC exit.

Brent Crude Oil Futures — Weekly | Source: Investing.com/TradingView, as of 28 August 2026

Crude Oil WTI Futures — Daily | Source: Investing.com/TradingView, as of 28 August 2026

KIWOOM TAKE — Oil prices staying elevated and volatile cuts both ways for Indonesia: supportive for state revenue from the energy sector, but a risk to the subsidy budget and trade balance should it persist through year-end.

THE GLOBAL CENTRAL-BANK SUPER WEEK — SEPTEMBER 2026

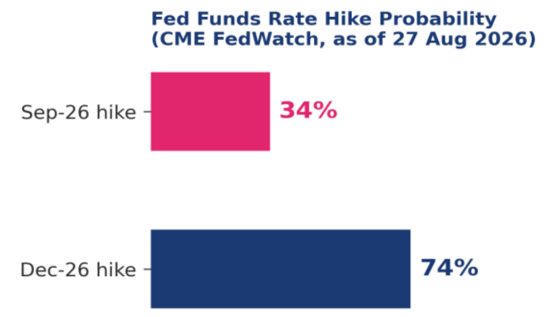
Date	Region	Event
1 Sep	Eurozone / US	Eurozone Flash CPI (forecast 3.3% YoY); US ISM Manufacturing
4 Sep	US	August Non-Farm Payrolls (forecast 45k vs -23k)
10 Sep	Eurozone	ECB Rate Decision
11 Sep	US	August CPI (forecast 3.4% YoY)
15–16 Sep	US	Fed Rate Decision (FOMC)
17 Sep	UK	BoE Rate Decision (MPC)
17–18 Sep	Japan	BOJ Rate Decision
22–23 Sep	Indonesia	Bank Indonesia RDG

MONETARY POLICY: THE FED AT A CROSSROADS

From "Cut" Talk to a Possible Hike — CME FedWatch Now Prices a 34% Chance in September

In his first speech as Fed Chair at Jackson Hole, Kevin Warsh faced a backdrop far more hawkish than markets had priced earlier this year. Core PCE — the Fed's preferred inflation gauge — rose 3.3% YoY in July, while headline PCE climbed 3.7% YoY. Two Fed officials (Cleveland Fed's Hammack and Kansas City Fed's Schmid) have openly called for rate hikes.

CME FedWatch now prices a 34% chance of a hike in September and 74% by December — a sharp reversal from the rate-cut expectations that dominated earlier in the year. The 10-year UST yield has risen to ≈4.6–4.7% and the 2-year to ≈4.2–4.3%, both in uptrends since mid-2026 — a sign bond markets are already front-running a tighter policy path.



Fed Funds Rate hike probability, per CME FedWatch (27 August 2026)

US 10-Year Treasury Yield — Weekly | Source: Investing.com, as of 28 August 2026

US 2-Year Treasury Yield — Weekly | Source: Investing.com, as of 28 August 2026

10-YEAR UST YIELD	2-YEAR UST YIELD	USD/IDR	DEC HIKE ODDS (FEDWATCH)
≈4.6–4.7%	≈4.2–4.3%	≈Rp17,679	74%

COMMODITIES: MORE THAN JUST ENERGY

From Copper to Palm Oil, Broad-Based Commodity Strength Is Supporting Emerging Markets

UBS argues the case for commodity exposure now extends well beyond energy — into industrial metals, agriculture, and gold — noting a 0.44 historical correlation with global equities since 1999. Copper keeps grinding higher (≈US$6.4/lb), underpinned by AI capex and long-term electrification demand, while Goldman Sachs has raised its 2025–2030 natural-gas demand growth forecast to 10–11 bcf/d on data-center buildout. Most relevant for Indonesia is palm oil: Malaysian CPO futures trade at RM4,677–4,847/ton in an uptrend, with further support possible from an 80% probability that the current El Niño develops into a “super” episode by year-end.

Gold (XAU/USD) — Daily | Source: Investing.com, as of 28 August 2026

Copper Futures — Weekly | Source: Investing.com, as of 28 August 2026

Palm Oil Futures (FCPO) — Weekly | Source: Investing.com, as of 28 August 2026

KIWOOM TAKE — Palm oil remains the commodity most relevant to the domestic market. The CPO uptrend, plus the possibility of a “super” El Niño by year-end, could support plantation-linked earnings ahead of the Q3-2026 reporting season.

BRENT CRUDE	GOLD (SPOT)	COPPER	CPO (MALAYSIA)
US$89.3/bbl	**US$4,600/oz (+13% in Aug)**	**≈US$6.4/lb**	**RM4,677–4,847 /ton**

NARROWING DOWN TO INDONESIA

Solid Domestic Fundamentals, But Retail Consumption & the Trade Balance Need Watching

Q2 2026 GDP	AUGUST INFLATION (FORECAST)	JUNE TRADE BALANCE	JUNE RETAIL SALES
+5.29% YoY	2.88% YoY	-US$0.45bn	-3.0% YoY

Indonesia's economy grew 5.29% YoY in Q2 2026, with consumption remaining the main growth pillar. Yet June retail sales contracted -3.0% YoY, while June import growth surged 34.27% YoY — far outpacing export growth of 8.84% YoY — flipping the June trade balance into a US$0.45bn deficit (the latest available data as of end-August; July's trade and retail-sales prints are due only in early September). The combination suggests growth may be more capex/investment-led than broadly consumption-led, a nuance investors should watch amid an otherwise strong headline growth narrative.

Two Market-Structure Shifts to Watch in September

In its semi-annual review, FTSE Russell is fully removing 29 Indonesian names from its Global Equity Index Series and downgrading 10 others (including BSDE, from Mid to Micro Cap). The review becomes final after the close on 4 September and takes effect from the close on 18 September / trading on 21 September — a risk of passive selling from index-tracking funds in affected names during the third week of September. Separately, the IDX has begun trialing the removal of the Rp50 minimum share price floor toward Rp1: constructive for price discovery, but risking a misleading “it's already cheap” impression among retail investors in names whose fundamentals keep deteriorating.

Cumulative year-to-date foreign net selling has reached Rp97.28 trillion (as of 26 August). While the IHSG rebounded +1.81% on 27 August, that strength reflected a domestic relief rally after DPR's written commitment on the Asset Forfeiture Bill — not a consistent reversal in foreign buying (foreigners were still net sellers of Rp113.45bn that same day). Thus, totalling Foreign Net Sell YTD as per 28 Aug : Rp97,72 trillion.

IHSG Average Monthly Return & Probability of a Positive Month (2017–2026)

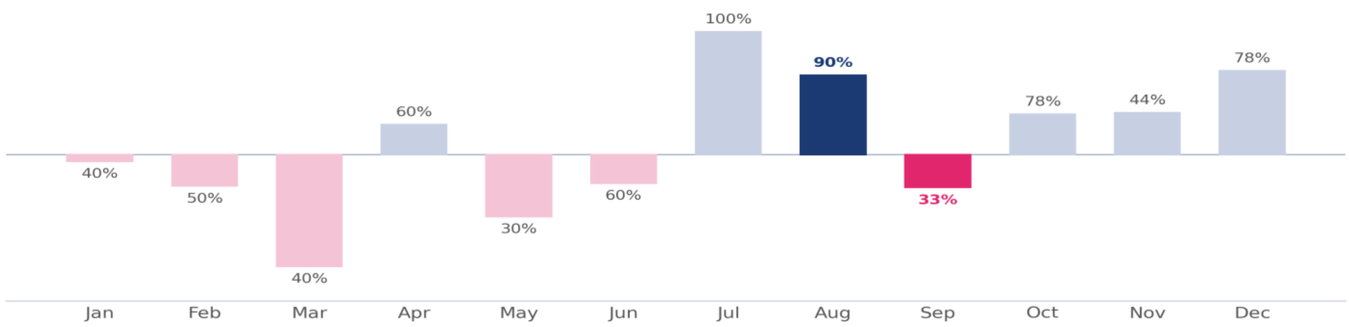


Figure above/below each bar = historical probability IHSG closed the month higher. August highlighted in navy, September in pink. *Source: Stockbit, KSI Research*

INDONESIA MACRO CALENDAR — SEPTEMBER 2026

Date	Indicator	Previous
1 Sep	Aug Manufacturing PMI, Inflation & Jul Trade Balance	50.2 | 2.88% YoY | -US$0.45bn
7 Sep	August FX Reserves	US$145.30bn
10 Sep	July Retail Sales	-3.0% YoY
22–23 Sep	Bank Indonesia RDG (BI-Rate)	5.75% (held)

JCI OUTLOOK & SEPTEMBER STRATEGY

September Is Historically Tough — But Not a Reason to Panic

KSI Research puts the odds of a positive September close for the JCI at ≈40–45% — modestly above the 33% historical base rate (2017–2026), but still tilted toward a consolidation scenario with a near-term downward bias. We expect the JCI to trade within a 6,300–6,650 range through the month, with the greatest pressure likely around the global central-bank "super week" (10–18 September) and the FTSE Russell rebalancing (18–21 September). We view this consolidation as a healthy pause within a larger re-rating trend — consistent with KSI Research's year-end 2026 target of 7,250–7,700 (Market Outlook 2H26), contingent on continued progress across our five re-rating tests heading into the November 2026 MSCI review.

UPSIDE CATALYSTS

- Solid domestic fundamentals; Q2 GDP grew 5.29% YoY
- BI-Rate stable at 5.75%; room for easing remains open if the Rupiah cooperates
- CPO, nickel & gold — Indonesia's key export commodities — remain in an uptrend
- Domestic relief rally following DPR's commitment on the Asset Forfeiture Bill

RISKS TO WATCH

- Weak historical September seasonality (avg -0.94%, 33% odds of a gain)
- Fed, ECB & BOJ could all turn hawkish within the same mid-September window
- FTSE Russell rebalancing effective 18–21 Sep affects 39 Indonesian names
- YTD foreign net selling of Rp97.72tn; long road to the Nov MSCI verification

KIWOOM 2H26 STOCKPICKS — IN FOCUS FOR SEPTEMBER

The nine names from KSI Research's Market Outlook 2H26 (year-end 2026 TP, upside vs. 29 Jun 2026 close); banks and precious/base metals benefit from the higher-for-longer rate theme and gold's safe-haven bid, while telco/infrastructure offer defensive ballast — not a new recommendation.

INCO +43%
TP Rp6,300
Nickel prices stay firm globally; Morowali & Pomalaa HPAL smelters complete this year

ANTM +76%
TP Rp4,800
Strong gold-nickel-bauxite ASPs; gold remains the earnings driver plus a high dividend yield

PANI +65%
TP Rp9,925
NICE convention center utilisation ramping up; premium landbank; Hilton targeted for 2027

BBRI +29%
TP Rp3,600
Rp500bn buyback signals undervaluation; strong UMKM leadership and CASA franchise

MTEL +44%
TP Rp705
PST–UMT merger expands into ISP/IoT/digital infra; Rp2.98tn buyback

JSMR +41%
TP Rp3,850
Valuation below historical PBV/EV-EBITDA average; defensive fundamentals

JPFA +60%
TP Rp3,140
Volume and margins improving; live-bird prices stabilising

KLBF +24%
TP Rp970
Resilient growth in distribution & consumer health; P/E 9.4x vs -1SD of 16x

BBNI +26%
TP Rp4,100
Solid credit growth, NIM guided at 3.5–3.8% (2026), stable 83.5% LDR

KIWOOM INSIGHT

The "strong August, weak September" pattern has held in 6 of the last 9 years — but historically, that softness has also opened an accumulation window ahead of the October–December rally (average +1.16% and +2.41%, 78% odds of a gain). For medium-to-long horizon investors, September volatility is more likely to be a re-entry opportunity in fundamentally strong names than a signal to exit the market.