

Monday, 02 February 2026

SPRING FLASH

Flash market news from Eastspring Investments



MSCI OVERHANG STILL PUTS PRESSURE ON MARKET MOVEMENTS

Selling pressure in the Indonesian stocks market continued in today's trading session. The deep sell-off persisted despite weekend announcements by the Financial Services Authority (OJK) and the Indonesia Stock Exchange (IDX) outlining eight strategic policy measures aimed at strengthening the credibility and investment appeal of the domestic capital market. The ongoing pressure reflects investors' cautious response to rising market volatility, particularly amid sustained foreign capital outflows. Market sentiment has yet to show a solid recovery, suggesting that near-term upside remains limited as market participants await stronger catalysts and greater clarity on future policy direction. In the first session, the Jakarta Composite Index (JCI) declined by -5.31% or -442.44 points to the 7,887.16 level, with stocks such as DSSA (-14.60%), AMMN (-12.83%), BRMS (-14.81%), BRPT (-14.81%), and FILM (-15%) acting as the main drags.

On February 1st, 2026, a dialogue forum involving OJK, IDX, self-regulatory organizations (SROs), and capital market participants was held, reaffirming a shared commitment to maintaining market stability while advancing structural reforms in Indonesia's capital market. This commitment is reflected in eight key initiatives to strengthen market integrity, including:

1. Raising the minimum free float requirement to 15% in line with global standards, effective immediately for new IPOs and gradually for existing listed companies.
2. Enhancing transparency of Ultimate Beneficial Ownership (UBO) and shareholder affiliations.
3. Improving the accuracy of share ownership data by KSEI, including lowering the reporting threshold from 5% to 1%.
4. Exchange demutualization to strengthen governance and mitigate conflicts of interest by separating the commercial and supervisory functions.
5. Strengthening rules and sanctions enforcement against violations, including stock manipulation and misleading disclosures.
6. Raising issuer governance standards through continuous education for boards and audit committees as well as mandatory professional certification for financial reporting professionals.
7. Accelerating integrated market deepening across demand, supply, and infrastructure, including increasing equity investment limits for pension and insurance funds to 20% with a focus on quality stocks and prohibition on speculative stocks.
8. Reinforcing collaboration and synergy among stakeholders, strengthening coordination among government, regulators, SROs, industry players, and associations to ensure sustainable structural reforms.

From a global perspective, additional pressure stemmed from developments in US monetary policy following the nomination of Kevin Warsh as the next Chair of the Federal Reserve, awaiting Senate confirmation, to replace Jerome Powell. While Warsh has recently signaled a stance more aligned with President Trump's push for interest rate cuts, his historically hawkish track record has raised concerns that future Fed policy may prove less accommodative than market expectations.

SPRING FLASH

Flash market news from Eastspring Investments



Policy responses have significantly reduced the risk of market reclassification, while shifting market focus away from fundamental concerns toward policy execution and implementation timing. Additional measures, including leadership changes among key institutions, are viewed as efforts to strengthen market confidence and reinforce commitments to improved governance. Although market volatility may remain elevated in the near term, the ongoing reform agenda is expected to gradually restore investor confidence and preserve the attractiveness of Indonesia's equity market over the medium to long term.



Source: Bloomberg

Disclaimer

Investing in mutual funds carries risks. Before deciding to invest, prospective investors must read and understand the prospectus. Past performance does not guarantee or reflect an indication of future performance. The Financial Services Authority (OJK) does not approve or disapprove these securities, nor does it certify the accuracy or adequacy of the contents of this mutual fund prospectus. Any statement to the contrary is illegal.

Mutual funds are capital market products and not products issued by selling agents/banks. Mutual fund selling agents are not responsible for the claims and risks associated with managing mutual fund portfolios by the Investment Manager. This product information summary does not replace the Mutual Fund Prospectus and is prepared by PT Eastspring Investments Indonesia for informational purposes only and does not constitute an offer to buy or a solicitation to sell. All information contained in this document is presented in good faith, if necessary, investors are advised to seek professional advice before making an investment decision. Past performance is not necessarily indicative of future performance, nor is it a forecast intended to provide an indication of future performance or trends.

PT Eastspring Investments Indonesia, as an Investment Manager, is registered and supervised by the Financial Services Authority (OJK).

PT Eastspring Investments Indonesia and its related and affiliated corporations, along with their respective directors and officers, may hold or may take positions in the Securities mentioned in this document and may also perform or attempt to perform brokerage and other investment services for the companies whose Securities are mentioned in this document.

This document may not be used after 3 months.

Eastspring Investments Indonesia is a wholly owned subsidiary of Prudential, plc., UK and is not affiliated with Prudential Financial Inc., which operates primarily in the US, or Prudential Assurance Limited, a subsidiary of M&G UK.