

MORNING NOTES

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ON THE SPOTLIGHT



US Banks Stocks Bounce as Rate Cut Hopes Drive Best Week Since 2020

US bank stocks rallied this week, rebounding from their lowest level in three years, as investors snapped up shares of the beaten-down sector amid hopes the Federal Reserve is done raising interest rates.

The KBW Bank Index jumped 3.1% on Friday, its fifth straight session in the green and second consecutive day with a move of 3% or more. Its advance this week, which comes on the heels of the gauge sliding below the lows seen during the depths of the regional banking crisis earlier this year, reached 11% — the best such performance since November 2020. Banks added to their gains on Friday after cooler-than-expected jobs data bolstered bets that the Fed's hiking cycle may be done and that the central bank may start cutting rates sooner than had been expected. Such a pivot could ease concerns over deposit costs and credit quality for the banking industry.

NEWS HIGHLIGHTS

BNLI - Permata Banks's net profit corrected 4.6% in 9M 2023.

BBRI - Pockets the highest profit among 4 top market capitalization banks.

ISAT - Profit slipped, but ISAT reigns over competitors.

CORPORATE ACTIONS

DVLA - Will distribute an interim dividend of IDR 48.16 billion.

BUDI - Wants to distribute an interim dividend of IDR 26.99 billion.

FOREIGN FUND FLOW (EQUITY)

TOP NET BUY		TOP NET SELL	
Ticker	Value (IDR bn)	Ticker	Value (IDR bn)
BBRI	223.4	GOTO	-41.4
BBCA	169.4	BELI	-26.0
ASII	46.8	MEDC	-17.6
TLKM	44.5	INDF	-17.5
BMRI	25.3	MAPI	-15.4
TOTAL NET BUY	778.1	TOTAL NET SELL	-326.1
TOTAL NET BUY/SELL		452.1	

GLOBAL MARKET BRIEFS

Asia markets gained Monday after a soft monthly jobs report from the United States helped ease bets that the Federal Reserve will continue to hike interest rates. U.S. nonfarm payrolls increased by 150,000 in October, lower than the Dow Jones consensus forecast for a 170,000 rise. Japan's business activity expanded in October but at its softest pace this year, according to a private survey.

U.S. stocks closed higher on Friday after a soft jobs report drove bond yields lower, and the major indexes registered their best week so far in 2023. The S&P 500 climbed 0.94% and notched its first five-day advance since June. The Dow Jones Industrial Average gained over 200 points to rise 0.66%, while the Nasdaq Composite jumped 1.38%. The Labor Department said Friday that the U.S. economy added 150,000 in October.

INDICES	Close	% Change
Dow Jones	34061.32	0.66
Nasdaq	13478.28	1.38
S&P 500	4358.34	0.94
EURO Stoxx 50	4174.67	0.12
FTSE 100	7417.73	(0.39)
Nikkei	31949.89	2.38
Hang Seng	17664.12	1.64
Jakarta Comp	6788.85	0.55

Commodities	Close	% Change
Brent Crude Oil (USD/bbl)	85.21	0.38
Gold Spot (USD/toz)	1992.81	0.01
LME Copper (USD/ton)	8095.70	0.39
LME Aluminium (USD/ton)	2234	1.35
LME Nickel (USD/ton)	17985	1.30
LME Tin (USD/ton)	24110	1.55
Newcastle Coal (USD/ton)	123	2.08
Palm Oil (MYR/ton)	3632	(0.71)

BONDS	Yield	Change
UST 2Y	4.860	0.021
UST 10Y	4.583	0.010
IDN 2Y	6.888	(0.077)
IDN 10Y	6.859	(0.214)

FOREX	Last	% Change
Dollar Index	105.101	0.08
USDIDR	15728	0.82
EURIDR	16755	(0.24)

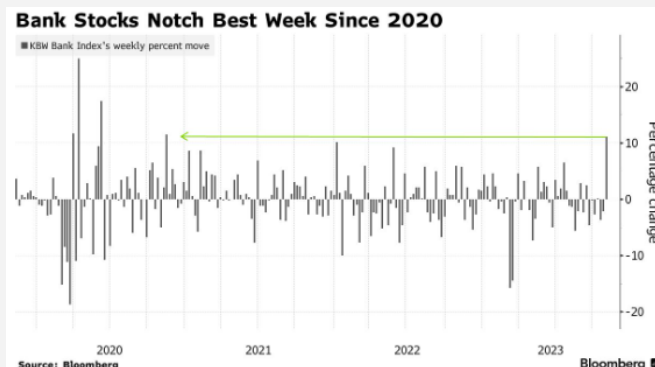
JAKARTA COMP	Price	% Change
GAINERS		
PTPP	595	6.25
WIKA	392	4.81
ADRO	2490	4.18

LOSERS		
INDF	6375	(154)
MIKA	2660	(148)
TLKM	3570	(138)

NEWS FLOW

CHART OF THE DAY

The sector has come under pressure this year amid the regional bank failures, proposals for heightened capital requirements, deteriorating credit and broader economic uncertainty. "A higher-for-longer rate environment could pressure deposit and funding costs over a longer timeframe," Wedbush analyst David Chiaverini wrote in a Friday note recapping earnings season. "Credit quality early indicators are beginning to flash a yellow signal." The 2023 rout for banks has left the KBW Bank Index sharply trailing the S&P 500 Index's rally amid the challenging environment. There's become a "dichotomy" between where bank stocks are trading and the sanguine tone being struck by management teams, Wells Fargo analyst Mike Mayo wrote in a note about an industry conference this week.



MACRO & SECTOR NEWS

- **U.S.:** As US job market cools, Fed's own job gets easier. Slowing jobs growth and cooling wage pressures may give Federal Reserve policymakers renewed confidence the U.S. economy is adjusting from the shock of the coronavirus pandemic, allowing inflation to ease further without more interest rate rises. That was the read from many analysts of the Labor Department report showing nonfarm payrolls increased by 150,000 last month, below the pre-pandemic trend for only the third time since December 2020, and hourly earnings rose 4.1% from a year earlier, the smallest increase since June 2021.
- **E.U.:** Traders bet ECB will be first big central bank to cut rates. Financial markets are ramping up expectations for interest rate cuts from the European Central Bank, betting it will be the first major central bank to ease policy to buffer a euro zone economy facing recession in contrast to a robust United States. Last week money market traders anticipated that the ECB, U.S. Federal Reserve and the Bank of England (BoE) would all start easing monetary policy in the second half of 2024 as inflation eases and recent interest rate hikes slow economic growth.

CORPORATE ACTION

- **DVLA:** Will distribute an interim dividend of IDR 48.16 billion. A pharmaceutical company owned by Blue Sphere Singapore announced plans to distribute an interim dividend of IDR 48.16 billion or IDR 43 per share. Interim dividends will be given to shareholders whose names are recorded in the shareholder register on November 14, 2023, and the payment is scheduled for November 28, 2023.
- **BUDI:** Budi Starch & Sweetener will distribute an interim dividend of IDR 26.99 billion. a processed food manufacturer under Sungai Budi Group, announces its plan to distribute an interim dividend of IDR 26.99 billion or IDR 6 per share. The interim dividend will be given out to BUDI's shareholders whose names have been registered by the recording date on November 14, 2023, and the payment is scheduled for December 1, 2023.

COMPANY NEWS

- **BNLI:** Permata Banks's net profit corrected 4.6% in 9M 2023. BNLI recorded net profit of IDR 2.14 trillion throughout 3Q23. It shifted 4.6% year-on-year (yoy) down. Contrastingly, in 9M 2023, BNLI's total assets actually grew 14.3% yoy to IDR 251.9 trillion. Furthermore, the bank's operating income was recorded at IDR 9 trillion, also growing by 11.6% yoy. The management of BNLI mentioned that the performance in 9M 2023 is the result of focus and consistent implementation of business strategy.
- **BBRI:** BRI pockets the highest profit among 4 top market capitalization banks. BBRI scored the highest profit among the four banks including BBKA, BMRI, and BBNI in 3Q23. BRI recorded net interest and sharia income of IDR 101.19 trillion in the third quarter of 2023, up 14.43% from the same period in 2022 of IDR 96.50 trillion in the third quarter of 2022, and net profit of IDR 44.21 trillion, up 12.46% of IDR 39.31 trillion.
- **ISAT:** Profit slipped, but ISAT reigns over competitors. ISAT recorded the sharpest decline in profit in 3Q23 compared to two of its competitors in the wireless telecommunication service industry. However, its profit remained the highest among competitors. ISAT's profit was recorded at IDR 2.98 trillion in Q3 2023, shifting -26.1% from IDR 4.04 trillion seen in the same period in 2022. The revenue climbed 7.8% year-on-year (yoy) to IDR 32.17 trillion from IDR 29.84 trillion.

FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	LDR (%)	NPL	NIM (%)	ROE (%)	Div Yield %
Financials											
BBCA	1,097	8,900	11,650	29.4	20.2	4.7	68.9	1.7	5.5	21.5	2.5
BBRI	773	5,100	5,650	31.9	16.6	2.5	90.0	2.7	8.1	18.6	4.8
BMRI	544	5,825	6,675	46.8	26.7	2.2	82.8	1.9	5.6	21.8	5.5
BBNI	182	4,890	8,875	67.8	15.9	1.3	86.7	2.8	4.9	15.0	4.9
BBTN	17	1,200	1,480	33.3	(11.8)	0.6	92.7	3.4	3.8	12.3	3.8
Avg peers.				41.8	13.5	2.3	84.2	2.5	5.6	17.8	4.3

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
Comm. Services											
TLKM	354	3,570	4,000	(16.2)	25.5	2.7	13.6	5.4	42.2	18.6	5.1
ISAT	75	9,300	11,200	(52.8)	(21.8)	2.6	20.3	5.0	178.5	13.6	3.2
EXCL	27	2,050	3,200	(13.2)	(3.9)	1.0	20.3	4.7	170.6	5.0	
TOWR	49	955	1,550	0.2	(0.9)	3.0	13.9	11.2	311.6	22.2	2.5
TBIG	48	2,130	3,050	2.4	(9.1)	4.5	32.0	15.6	271.2	12.9	1.7
MNCN	7	460	780	(15.4)	(17.9)	0.3	3.6	3.0	10.9	6.6	1.7
SCMA	11	149	210	(37.2)	(35.0)	1.3	17.1	8.9	3.5	3.4	3.0
Avg peers.				-18.9	-9.0	2.2	17.3	7.7	141.2	11.7	2.9

Materials											
MDKA	59	2,450	N/A	62.4	(140.0)	4.1	#N/A/N/	30.7	69.7	(9.0)	
INCO	49	4,930	7,250	21.0	38.6	1.2	11.2	8.9	0.2	10.5	
ANTM	40	1,655	2,700	105.2	(1.7)	1.6	10.6	9.3	13.3	17.1	2.7
SMGR	42	6,200	8,600	15.4	1.2	1.0	15.4	7.2	30.4	6.1	3.5
INTP	35	9,375	15,900	8.8	9.9	1.6	16.1	10.1	5.0	11.1	1.7
Avg peers.				42.5	-18.4	1.9	13.3	13.2	23.7	7.2	2.7

Cons. Staples											
UNVR	135	3,550	3,890	(6.6)	2.8	25.2	24.5	21.5	32.1	89.0	4.1
ICBP	122	10,450	13,150	(28.4)	102.3	3.0	13.1	11.9	80.0	21.9	2.3
INDF	56	6,375	8,800	(17.1)	52.2	1.0	5.8	5.9	70.8	16.0	4.1
HMSP	111	955	970	(11.5)	28.0	4.0	13.8	10.7	1.7	27.9	5.7
GGRM	43	22,550	27,800	(50.4)	120.1	0.7	7.1	5.9	17.6	9.9	5.3
CPIN	90	5,500	6,000	(19.0)	6.1	3.1	29.0	18.5	35.5	8.7	2.2
JPFA	14	1,215	1,070	(29.8)	(14.1)	1.1	11.6	7.2	94.2	7.2	4.1
Avg peers.				-23.3	42.5	5.4	15.0	11.6	47.4	25.8	4.0

Agriculture											
AALI	14	7,075	7,100	(12.4)	(44.6)	0.6	14.2	5.0	18.2	6.1	5.9
LSIP	6	925	980	4.1	(39.7)	0.6	10.1	1.9	0.0	6.1	0.1
Avg peers.				-4.2	-42.1	0.6	12.2	3.5	9.1	6.1	3.0

FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
Cons. Discre											
ASII	239	5,900	7,800	43.3	8.3	1.3	7.6	5.3	29.0	16.5	11.0
ACES	14	820	970	(3.8)	6.3	2.4	19.9	5.4	11.9	14.1	2.9
MAPI	28	1,670	2,350	412.0	3.5	2.9	12.6	5.0	58.2	24.9	
ERAA	6	362	650	(0.2)	(2.3)	0.8	5.8	4.3	67.1	14.7	5.8
Avg peers.				112.8	4.0	1.8	11.5	5.0	41.6	17.5	6.6
Energy											
UNTR	89	23,775	29,500	106.1	(7.6)	1.2	4.5	1.7	3.4	26.6	28.7
ADRO	80	2,490	2,500	174.4	(41.5)	0.7	3.4	1.2	24.2	28.8	20.2
PTBA	28	2,390	2,750	55.8	(49.5)	1.4	4.3	1.7	4.7	28.0	55.5
ITMG	29	25,450	25,000	148.8	(48.5)	1.0	2.9	0.8	2.6	63.7	35.8
HRUM	20	1,515	1,850	299.2	(16.5)	1.5	5.1	2.7	0.2	40.1	
INDY	8	1,600	2,100	174.5	(39.1)	0.4	1.9	0.8	81.9	18.1	
AKRA	30	1,475	1,650	116.2	8.5	2.7	11.2	8.1	22.9	24.5	#N/A/N/A
MEDC	31	1,240	1,500			1.1	7.2	2.8	191.0	23.0	1.3
Avg peers.				153.6	-27.7	1.3	5.1	2.5	41.4	31.6	28.3
Health Care											
KLBF	75	1,590	2,040	7.1	(2.8)	3.6	22.5	19.3	5.3	14.8	2.7
MIKA	38	2,660	3,100	(17.0)	(4.1)	6.9	38.3	27.7	-	18.1	1.4
HEAL	23	1,505	1,700	(69.7)	51.2	5.9	48.2	21.9	28.0	11.4	
Avg peers.				-26.6	14.8	5.5	36.3	23.0	11.1	14.8	2.0
Industrials											
JSMR	32	4,360	5,100	70.1	(18.6)	1.4	14.1	9.0	199.9	14.5	1.8
WSKT	#VALUE!	#N/A	N/A	390	(58.3)	#N/A	N/A		429.2	(41.1)	#N/A/N/A
WIKA	4	392	590			0.3		31.7	190.9	(16.0)	-
PTPP	4	595	850			0.3		10.6	135.0	3.3	6.2
ADHI	3	416	470	24.5		0.4	36.2	12.1	118.9	1.2	5.3
Avg peers.						0.6	25.2	15.8	214.8	-7.6	3.3
Utilities											
PGAS	30	1,235	1,600	-	(7.7)	0.7	8.5	3.8	64.1	8.2	11.3
Avg peers.						0.7	8.5	3.8	64.1	8.2	11.3
Real Estate											
PWON	20	408	620	11.3	25.1	1.1	10.7	8.2	30.3	10.3	
BSDE	22	1,020	1,350	80.4	0.5	0.6	6.5	5.7	31.5	9.6	
CTRA	20	1,085	1,500	7.4	(2.0)	1.0	13.3	6.3	42.4	8.1	
SMRA	9	575	755	81.9	24.1	1.0	9.8	8.9	50.3	10.4	
Avg peers.				45.3	11.9	0.9	10.1	7.3	38.6	9.6	
IT											
GOTO	84	70				0.6			2.0	(22.2)	
BUKA	22	210				0.8			0.2	(9.1)	
Avg peers.						0.7			1.1	-15.7	



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