SIMINVEST INSTITUTIONAL DESK

MORNING NOTES

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ON THE SPOTLIGHT

US Credit-Rating Outlook Changed to Negative by Moody's

The US was threatened with the loss of its last top credit rating on Friday, as Moody's Investors Service signaled it was inclined to downgrade the nation because of wider budget deficits and political polarization. The rating assessor lowered the outlook to negative from stable while affirming the nation's rating at Aaa, the highest investment-grade notch. Amid higher interest rates, without measures to reduce spending or boost revenue, fiscal deficits will likely "remain very large, significantly weakening debt affordability," Moody's said. "Interest rates have shifted materially and structurally higher," William Foster, a senior credit officer at Moody's, said in an interview. "This is the new environment for rates. Our expectation is that these higher rates and deficits around 6% of GDP for the next several years, and possibly higher, means that debt affordability will continue to pressure.

NEWS HIGHLIGHTS

PTBA - exploring potential of pharmaceutical business, teams with KAEF.
BRPT - targets fresh funds IDR 1 trillion through bond issuance.
BBCA - Reason behind BCA's hesitance in cross-border expansion.

CORPORATE ACTIONS

AYAM - eyes IDR 88 billion fresh funds via IPO.
PPGL - to distribute an interim dividend of IDR 1.54 billion.

FOREIGN FUND FLOW (EQUITY)

TOP NET BUY		TOP NET SELL	
Ticker	Value (IDR bn)	Ticker	Value (IDR bn)
AMMN	97.0	BBRI	245.2
UNTR	23.7	BBCA	185.4
ADRO	23.6	GOTO	68.0
TLKM	11.2	BBNI	30.1
BUMI	8.3	BMRI	27.4
TOTAL NET BUY	237.6	TOTAL NET SELL	852.7
TOTAL NET BUY/SELL	-615.0		

GLOBAL MARKET BRIEFS

Asia markets start week on strong footing; Biden-Xi talks awaited. Asia-Pacific markets opened higher on Monday, bouncing off declines in the previous session as investors look to more economic data ahead of high-stakes talks between the U.S. and China. U.S. President Joe Biden and China's President Xi Jinping are set this week for their first in-person meeting in about a year.

Wall Street soars, fueled by tech as Treasury yields calm. Wall Street's main indexes ended with big gains on Friday, boosted by heavyweight tech and growth stocks as Treasury yields calmed, while investors looked ahead to a next week's reports on inflation and other economic data. The tech-heavyNasdaq Composite (IXIC) posted its biggest one-day percentage rise since May 26.

INDICES	Close	% Change
Dow Jones	34283.10	1.15
Nasdaq	13798.11	2.05
S&P 500	4415.24	1.56
EURO Stoxx 50	4197.36	(0.75)
FTSE 100	7360.55	(1.28)
Nikkei	32568.11	0.88
Hang Seng	17203.26	(1.76)
Jakarta Comp	6809.26	(0.42)

Commodities	Close	% Change
Brent Crude Oil (USD/brl)	81.20	(0.28)
Gold Spot (USD/toz)	1940.38	0.01
LME Copper (USD/ton)	7954.69	(1.41)
LME Aluminium (USD/ton)	2204	(1.20)
LME Nickel (USD/ton)	17026	(3.17)
LME Tin (USD/ton)	24339	(1.08)
Newcastle Coal (USD/ton)	123	0.20
Palm Oil (MYR/ton)	3673	1.46

BONDS	Yield	Change
UST 2Y	5.060	(0.002)
UST 10Y	4.642	(0.010)
IDN 2Y	6.945	0.082
IDN 10Y	6.852	0.079

FOREX	Last	% Change
Dollar Index	105.778	(0.08)
USDIDR	15695	(0.25)
EURIDR	16745	0.07

JAKARTA COMP	Price	% Change
GAINERS		
BRPT	1175	9.81
HMSP	985	3.14
EXCL	2220	2.30
LOSERS		
MNCN	416	(3.70)
AKRA	1435	(2.71)
JSMR	4350	(2.68)

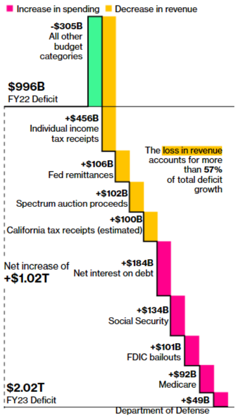
NEWS FLOW

CHART OF THE DAY

Moody's is the only of the three main credit companies with a top rating on the US after Fitch Ratings downgraded the US government in August following the latest debt-ceiling battle. S&P Global Ratings stripped the US of its top score in 2011 amid that year's debt-limit crisis. Since Fitch's move, Congress was paralyzed by the ouster of the House speaker and weeks spent by Republicans trying to elect a new one. Also, a government shutdown was averted at the last minute and the possibility of another closure is one week away. The new negative outlook covers "all the risks around another government shutdown," Foster said. Meanwhile, long-term Treasury yields have jumped to the highest levels in 16 years, which some analysts blamed partly on concern over increasing debt. Data showed the deficit effectively doubled to $2 trillion in the latest fiscal year. Moody's sees federal interest payments relative to revenue and gross domestic product rising to around 26% and 4.5% by 2033, respectively, from 9.7% and 1.9% in 2022.

Underlying US Budget Gap Doubled in Latest Year

Change in adjusted federal deficit from FY2022 to FY2023



Source: Department of the Treasury
Note: Numbers are adjusted to remove the accounting impact of President Biden's student loan forgiveness program.

MACRO & SECTOR NEWS

- U.S.: Fed's Powell, others, not ready to call policy peak. U.S. Federal Reserve officials including Fed Chair Jerome Powell said on Thursday they are still not sure that interest rates are high enough to finish the battle with inflation, with Powell cautioning that the Fed may get little further help in taming price increases from improvements in the supply of goods, services and labor. The Fed "is committed to achieving a stance of monetary policy that is sufficiently restrictive to bring inflation down to 2% over time; We are not confident that we have achieved such a stance," Powell said at an International Monetary Fund event.

- E.U.: retail sales fall in Sept, exposing weak consumer demand. Euro zone retail sales fell roughly in line with expectations in September, data showed on Wednesday, highlighting weak consumer demand and the prospect of recession. The European Union's statistics office Eurostat said retail sales in the 20 countries sharing the euro fell 0.3% month-on-month and by 2.9% year-on-year in September. The monthly fall was caused mainly by a sharp drop in sales of non-food products, including online sales, both of which fell by 1.9% from August.

CORPORATE ACTION

- AYAM: eyes IDR 88 billion fresh funds via IPO. The number of shares to be offered is equivalent to 20% of AYAM's issued and paid-up capital after the IPO. Each share has a nominal value of IDR 25 and will be offered at a price range of IDR 100 to IDR 110 per share. Assuming the offering price is at the upper limit of IDR 110 per share, AYAM has the potential to reap fresh funds of up to IDR 88 billion. The initial offering (bookbuilding) period for AYAM shares will be held on 10-16 November 2023. The public offering is scheduled for 24-28 November 2023 and the shares will be listed on the stock exchange on 30 November 2023.

- PPGL: to distribute an interim dividend of IDR 1.54 billion or IDR 2 per share. The interim dividend will be distributed to PPGL shareholders, whose names were recorded at the recording date on November 17, 2023. The interim dividend payment is scheduled for December 7, 2023.

COMPANY NEWS

- PTBA: exploring potential of pharmaceutical business, teams up with Kimia Farma. PTBA had signed an MoU with KAEF in Jakarta on Thursday (9/11). The MoU will begin exploring business synergies between PTBA and KAEF related to pharmaceutical distribution, the medical equipment, and laboratory business. .

- BRPT: targets fresh funds IDR 1 trillion through bond issuance. The company will issue Shelf Registration Bonds III Phase II in 2023, with a principal amount of IDR 1 trillion. In the second phase of issuance, BRPT will offer bonds in 2 series. A total of IDR 700 billion was issued through Series A bonds, with a coupon of 8.50% per year and a tenor of 3 years. Then IDR 300 billion was issued through Series B bonds, with a coupon of 9.50% per year and a tenor of 5 years. .

- BBCA: Reason behind BCA's hesitance in cross-border expansion. BBCA is known for being hesitant to expand to ASEAN countries although recording market capitalisation of IDR 1.10 quadrillion. This bank, despite scoring the highest market cap, focuses in domestic operation as its operational costs are more efficient than cross-border operation. For a newcomer (BCA), we have not been popular amongst people in destination countries save for certain investors. What is in it for BCA to expand abroad, as the costs are higher; and so are the interest costs and operational costs.

FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	LDR (%)	NPL	NIM (%)	ROE (%)	Div Yield %
Financials											
BBCA	1,088	8,825	11,650	29.4	20.1	4.6	68.9	1.7	5.5	21.5	2.5
BBRI	769	5,075	5,650	31.9	16.7	2.5	90.0	2.7	8.1	18.6	4.8
BMRI	539	5,775	6,675	46.8	27.0	2.2	82.8	1.9	5.6	21.8	5.5
BBNI	181	4,860	8,875	67.8	16.1	1.3	86.7	2.8	4.9	15.0	5.0
BBTN	17	1,215	1,480	33.3	(11.8)	0.6	92.7	3.4	3.8	12.3	3.7
Avg peers.				41.8	13.6	2.2	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	352	3,550	4,000	(16.2)	25.2	2.7	13.5	5.4	42.2	18.6	5.1
ISAT	74	9,175	11,200	(52.8)	(22.1)	2.5	20.1	5.0	178.5	13.6	3.3
EXCL	29	2,220	3,200	(13.2)	(3.9)	1.1	22.0	4.7	170.6	5.0	
TOWR	48	935	1,550	0.2	(1.6)	2.9	13.8	11.2	311.6	22.2	2.6
TBIG	47	2,060	3,050	2.4	(9.1)	4.4	30.9	15.6	271.2	12.9	1.7
MNCN	6	416	780	(15.4)	(17.9)	0.3	3.3	3.0	10.9	6.6	1.9
SCMA	11	150	210	(37.2)	(35.0)	1.3	17.2	8.9	3.5	3.4	3.0
Avg peers.				-18.9	-9.2	2.2	17.3	7.7	141.2	11.7	2.9
Materials											
MDKA	54	2,260	N/A	62.4	(140.0)	3.8	#N/A N/	30.7	69.7	(9.0)	
INCO	46	4,640	7,250	21.0	33.7	1.2	10.9	8.9	0.2	10.5	
ANTM	39	1,625	2,700	105.2	(2.3)	1.6	10.5	9.3	13.3	17.1	2.8
SMGR	43	6,275	8,600	15.4	(0.1)	1.0	15.8	7.2	30.4	6.1	3.5
INTP	35	9,400	15,900	8.8	10.0	1.6	16.1	10.1	5.0	11.1	1.7
Avg peers.				42.5	-19.8	1.8	13.3	13.2	23.7	7.2	2.7
Cons. Staples											
UNVR	137	3,590	3,890	(6.6)	2.8	25.5	24.8	21.5	32.1	89.0	4.0
ICBP	123	10,575	13,150	(28.4)	101.5	3.0	13.4	11.8	80.0	21.9	2.2
INDF	56	6,325	8,800	(17.1)	53.2	1.0	5.7	5.9	70.8	16.0	4.1
HMSP	115	985	970	(11.5)	28.5	4.1	14.2	10.7	1.7	27.9	5.6
GGRM	41	21,550	27,800	(50.4)	119.2	0.7	6.8	5.9	17.6	9.9	5.6
CPIN	92	5,600	6,000	(19.0)	7.4	3.2	29.1	18.5	35.5	8.7	1.8
JPFA	14	1,205	1,070	(29.8)	(14.1)	1.1	11.5	7.2	94.2	7.2	4.1
Avg peers.				-23.3	42.6	5.5	15.1	11.6	47.4	25.8	3.9
Agriculture											
AALI	13	7,000	7,100	(12.4)	(44.6)	0.6	14.1	5.0	18.2	6.1	6.0
LSIP	6	915	980	4.1	(39.7)	0.6	10.0	1.9	0.0	6.1	0.1
Avg peers.				-4.2	-42.1	0.6	12.0	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	234	5,775	7,800	43.3	8.9	1.2	7.4	5.3	29.0	16.5	11.3
ACES	14	805	970	(3.8)	6.8	2.4	19.4	5.4	11.9	14.1	2.9
MAPI	28	1,685	2,350	412.0	3.5	2.9	12.7	5.0	58.2	24.9	
ERAA	5	336	650	(0.2)	(13.8)	0.8	6.1	4.3	67.1	14.7	6.3
Avg peers.				112.8	1.4	1.8	11.4	5.0	41.6	17.5	6.8
Energy											
UNTR	86	23,100	29,500	106.1	(7.9)	1.1	4.4	1.7	3.4	26.6	29.6
ADRO	79	2,480	2,500	174.4	(39.0)	0.7	3.2	1.2	24.2	28.8	20.3
PTBA	27	2,340	2,750	55.8	(52.4)	1.4	4.5	1.7	4.7	28.0	56.7
ITMG	28	24,850	25,000	148.8	(48.5)	1.0	2.9	0.8	2.6	63.7	31.5
HRUM	20	1,460	1,850	299.2	(16.5)	1.4	4.9	2.7	0.2	40.1	
INDY	8	1,515	2,100	174.5	(39.1)	0.4	1.8	0.8	81.9	18.1	
AKRA	29	1,435	1,650	116.2	8.4	2.6	10.9	8.1	22.9	24.5	#N/A N/A
MEDC	29	1,160	1,500			1.0	6.7	2.8	191.0	23.0	1.4
Avg peers.				153.6	-27.9	1.2	4.9	2.5	41.4	31.6	27.9
Health Care											
KLBF	75	1,590	2,040	7.1	(6.4)	3.6	23.4	19.3	5.3	14.8	2.7
MIKA	39	2,730	3,100	(17.0)	(4.5)	6.8	39.4	27.7	-	17.7	1.3
HEAL	23	1,510	1,700	(69.7)	54.7	5.9	47.3	21.9	28.0	11.4	
Avg peers.				-26.6	14.6	5.4	36.7	23.0	11.1	14.6	2.0
Industrials											
JSMR	32	4,350	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			461.0	(62.8)	#N/A N/A
WIKA	3	390	590			0.3		31.7	190.9	(16.0)	-
PTPP	4	570	850			0.3		10.6	135.0	3.3	6.4
ADHI	3	400	470	24.5		0.4	34.3	12.1	118.9	1.2	5.5
Avg peers.						0.6	24.2	15.8	221.1	-12.0	3.4
Utilities											
PGAS	27	1,125	1,600	-	(15.4)	0.7	7.7	3.8	64.1	8.2	12.4
Avg peers.						0.7	7.7	3.8	64.1	8.2	12.4
Real Estate											
PWON	20	410	620	11.3	25.3	1.1	10.8	8.2	30.3	10.3	
BSDE	21	1,015	1,350	80.4	0.4	0.6	6.5	5.7	31.5	9.6	
CTRA	20	1,105	1,500	7.4	(2.0)	1.1	13.5	6.3	42.4	8.1	
SMRA	9	570	755	81.9	24.1	1.0	9.7	8.9	50.3	10.4	
Avg peers.				45.3	11.9	0.9	10.1	7.3	38.6	9.6	
IT											
GOTO	91	76				0.7			2.0	(22.2)	
BUKA	22	210				0.8			0.2	(9.1)	
Avg peers.						0.8			1.1	-15.7	

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