

MORNING NOTES

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ON THE SPOTLIGHT



US Debt Interest Bill Rockets Past a Cool \$1 Trillion a Year

US Treasuries may face renewed selling pressure into the new year if the nation's swelling debt repayment bill is any guide. Estimated annualized interest payments on the US government debt pile climbed past \$1 trillion at the end of last month, Bloomberg analysis shows. That amount has doubled in the past 19 months, and is equivalent to 15.9% of the entire Federal budget for fiscal year 2022. The figures are calculated using US Treasury data which state the government's monthly outstanding debt balances and the average interest it pays. The worsening metrics may reignite debate about the US fiscal path amid heavy borrowing from Washington. That dynamic has already helped drive up bond yields, threatened the return of the so-called bond vigilantes and led Fitch Ratings to downgrade US government debt in August.

NEWS HIGHLIGHTS

AUTO - aggressively eyes Africa for export destination countries.
META - pairs with GIC Ventures and Metro Pacific to pay off MBZ toll road.
BELL - Lawson sets up a new subsidiary, investing IDR 19.8 billion.

CORPORATE ACTIONS

EAST - to distribute IDR 10.32 billion of interim dividend
GMTD - to hold a stock split of 1:10.

FOREIGN FUND FLOW (EQUITY)

TOP NET BUY		TOP NET SELL	
Ticker	Value (IDR bn)	Ticker	Value (IDR bn)
BBRI	257.4	TLKM	86.6
AMRT	24.4	BBNI	61.0
MEDC	20.2	ASII	51.0
AMMN	19.8	PGAS	34.1
GOTO	17.1	ICBP	33.1
TOTAL NET BUY	466.0	TOTAL NET SELL	691.5
TOTAL NET BUY/SELL		-225.5	

GLOBAL MARKET BRIEFS

Asia markets set to inch higher; Japan business sentiment improves. The tepid gains arrive after South Korean stocks retreated more than 2% from their Monday rally, while U.S. markets closed out their longest winning streaks in nearly two years. The Reuters Tankan poll showed Japanese manufacturers' business confidence improved for the first time since August and service-sector mood rose for a second month.

U.S. stocks rose on Tuesday, with the S&P 500 and Nasdaq notching their longest streak of gains in two years, as a retreat in U.S. Treasury yields buoyed megacap growth stocks while investors sought more clarity on interest rates from the Federal Reserve. The benchmark 10-year Treasury note yield was on pace for its fifth decline in six sessions on expectations the Fed is done with its rate hike cycle.

INDICES	Close	% Change
Dow Jones	34 152.60	0.17
Nasdaq	13639.86	0.90
S&P 500	4378.38	0.28
EURO Stoxx 50	4 153.37	(0.13)
FTSE 100	7410.04	(0.10)
Nikkei	32271.82	(1.34)
Hang Seng	17670.16	(1.65)
Jakarta Comp	6843.79	(0.51)

Commodities	Close	% Change
Brent Crude Oil (USD/bbl)	81.61	(4.19)
Gold Spot (USD/toz)	1969.58	0.01
LME Copper (USD/ton)	8 101.00	(0.70)
LME Aluminium (USD/ton)	2248	(0.85)
LME Nickel (USD/ton)	17666	(2.93)
LME Tin (USD/ton)	24314	(0.42)
Newcastle Coal (USD/ton)	120	0.92
Palm Oil (MYR/ton)	3660	1.58

BONDS	Yield	Change
UST 2Y	4.920	0.002
UST 10Y	4.573	0.006
IDN 2Y	6.838	(0.011)
IDN 10Y	6.685	(0.164)

FOREX	Last	% Change
Dollar Index	105.542	0.31
USDIDR	15630	(0.59)
EURIDR	16738	(0.30)

JAKARTA COMP	Price	% Change
GAINERS		
CPIN	5550	1.37
PWON	420	0.96
PWON	420	0.96

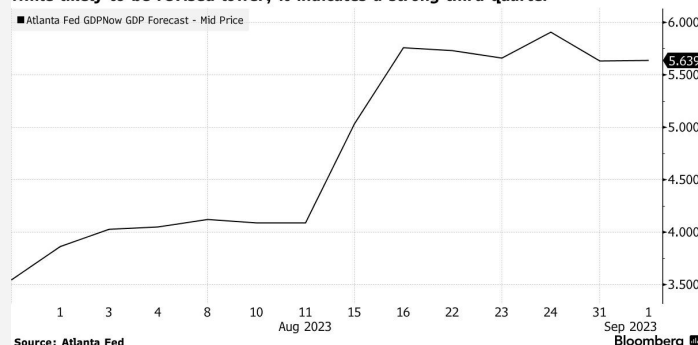
LOSERS	Price	% Change
MEDC	1175	(4.47)
ACES	830	(3.49)
ERAA	344	(3.37)

NEWS FLOW

CHART OF THE DAY

Fed Set to Double Its Economic Growth Forecast After Strong US Data. The US economy has been looking so solid lately that Federal Reserve officials will probably need to double their projection for growth in 2023 when they publish an updated outlook later this month. Following a string of stronger-than-expected reports on everything from consumer spending to residential investment, economists have been boosting their forecasts for gross domestic product. One widely-followed, unofficial estimate produced by the Atlanta Fed even has it expanding 5.6% on an annualized basis in the third quarter. That marks a sharp turnaround from three months ago — the last time policymakers updated their own numbers — when the consensus view was that the economy would stall in the current quarter.

Atlanta Fed Growth Tracker Sees 5.6% GDP
While likely to be revised lower, it indicates a strong third quarter



MACRO & SECTOR NEWS

- **U.K.:** house prices end six-month losing streak. Halifax, part of Lloyds Banking Group (LLOY.L), said house prices in October were 1.1% higher than the month before, the first increase since March on a seasonally adjusted basis, after a 0.3% monthly drop in September. Prospective sellers appear to be taking a cautious attitude, leading to a low supply of homes for sale. This is likely to have strengthened prices in the short-term, rather than prices being driven by buyer demand, which remains weak overall.
- **China:** imports unexpectedly grow. China's imports unexpectedly grew in October while exports contracted at a quicker pace, shrank 6.4% from a year earlier in October, customs data showed on Tuesday, faster than a 6.2% decline in September. China imported 13.52% more crude oil in October from a year earlier, a marginal increase on September's growth, and soybean imports jumped 25% from a year earlier, as the surge in cheap and plentiful shipments from Brazil continued. A mixed set of indicators showed the world's second-largest economy facing persistent risks despite a recent improvement in domestic demand.

CORPORATE ACTION

- **EAST:** to distribute IDR 10.32 billion of interim dividend or IDR 2.5 per share. The interim dividend will be distributed to EAST's shareholders whose names have been listed in the Official Register of Shareholders by November 17, 2023. The interim dividend is scheduled to be paid on December 7, 2023.
- **GMTD:** to hold a stock split of 1:10. The number of shares will grow to 1.01 billion shares from the initial 101,538,000 shares. The value of each share will be lowered to IDR 50 each from the previous IDR 500 per share. This corporate action plan will need approval from shareholders, scheduled to be obtained on December 13, 2023.

COMPANY NEWS

- **AUTO:** aggressively eyes Africa for export destination countries. AUTO has been targeting exports to a limited number of African countries since a couple of years ago. The number of developing countries has kept increasing until today. So far, the biggest market share of the automotive spare part product of AUTO is in Asia, particularly Malaysia, followed closely by the spare part manufacturer from China, Korea, and Taiwan.
- **META:** pairs up with GIC Ventures and Metro Pacific to pay off MBZ toll road. PT Margautama Nusantara (MUN), a subsidiary of META is recording two new investors, namely Warrington Investment Pte. Ltd. (WIPL), a subsidiary of GIC Ventures, and PT Metro Pacific Tollways Indonesia (MPTI). In the agreement, WIPL is said to acquire 33% of MUN's shares for USD 209.9 million, while MPTI will take over 10.3% of MUN's shares for USD 65.4 million. This corporate action is a follow-up of the acquisition of 40% of Jasamarga Jalanlayang Cikampek (JJC), a managing company of Mohamed Bin Zayed (MBZ) Highway.
- **BELL:** sets up a new subsidiary, investing IDR 19.8 billion, called PT Trimas Bellindo Apanel Manufaktur (TBAM). TBAM was formed with an authorized capital of IDR 40 billion, which consists of 40,000 shares worth IDR 1 million each. Meanwhile, the issued and paid-up capital of TBAM is IDR 20 billion, made up of 20,000 shares worth IDR 1 billion each.

FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	LDR (%)	NPL	NIM (%)	ROE (%)	Div Yield %
Financials											
BBCA	1,106	8,975	11,650	29.4	20.1	4.7	68.9	1.7	5.5	21.5	2.5
BBRI	796	5,250	5,650	31.9	16.7	2.6	90.0	2.7	8.1	18.6	4.6
BMRI	548	5,875	6,675	46.8	27.0	2.3	82.8	1.9	5.6	21.8	5.4
BBNI	184	4,940	8,875	67.8	16.0	1.3	86.7	2.8	4.9	15.0	4.9
BBTN	17	1,210	1,480	33.3	(11.8)	0.6	92.7	3.4	3.8	12.3	3.7
Avg peers.				41.8	13.6	2.3	84.2	2.5	5.6	17.8	4.2

	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)	25.2	2.7	13.6	5.4	42.2	18.6	5.1
ISAT	76	9,400	11,200	(52.8)	(21.1)	2.6	20.3	5.0	178.5	13.6	3.2
EXCL	28	2,110	3,200	(13.2)	(3.9)	1.1	20.9	4.7	170.6	5.0	
TOWR	49	960	1,550	0.2	(0.9)	3.0	14.0	11.2	311.6	22.2	2.5
TBIG	47	2,060	3,050	2.4	(9.1)	4.4	30.9	15.6	271.2	12.9	1.7
MNCN	7	448	780	(15.4)	(17.9)	0.3	3.5	3.0	10.9	6.6	1.8
SCMA	11	148	210	(37.2)	(35.0)	1.3	17.0	8.9	3.5	3.4	3.0
Avg peers.				-18.9	-9.0	2.2	17.2	7.7	141.2	11.7	2.9

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
Materials											
MDKA	61	2,510	N/A	62.4	(140.0)	4.2	#N/A/N/	30.7	69.7	(9.0)	
INCO	49	4,940	7,250	21.0	33.7	1.2	11.7	8.9	0.2	10.5	
ANTM	41	1,690	2,700	105.2	(2.3)	1.6	10.9	9.3	13.3	17.1	2.7
SMGR	44	6,450	8,600	15.4	0.4	1.0	16.2	7.2	30.4	6.1	3.4
INTP	36	9,825	15,900	8.8	9.9	1.7	16.9	10.1	5.0	11.1	1.6
Avg peers.				42.5	-19.7	2.0	13.9	13.2	23.7	7.2	2.6

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
Cons. Staples											
UNVR	136	3,570	3,890	(6.6)	2.8	25.3	24.6	21.5	32.1	89.0	4.0
ICBP	122	10,475	13,150	(28.4)	101.5	3.0	13.2	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	112	965	970	(11.5)	26.7	4.0	14.1	10.7	1.7	27.9	5.7
GGRM	42	21,800	27,800	(50.4)	119.2	0.7	6.9	5.9	17.6	9.9	5.5
CPIN	91	5,550	6,000	(19.0)	6.1	3.1	29.2	18.5	35.5	8.7	2.2
JPFA	14	1,220	1,070	(29.8)	(14.1)	1.1	11.6	7.2	94.2	7.2	4.1
Avg peers.				-23.3	42.1	5.5	15.1	11.6	47.4	25.8	4.0

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
Agriculture											
AALI	14	7,025	7,100	(12.4)	(44.6)	0.6	14.1	5.0	18.2	6.1	6.0
LSIP	6	920	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	12.1	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	236	5,825	7,800	43.3	8.3	1.2	7.5	5.3	29.0	16.5	11.2
ACES	14	830	970	(3.8)	6.8	2.4	20.0	5.4	11.9	14.1	2.9
MAPI	27	1,600	2,350	412.0	3.5	2.8	12.1	5.0	58.2	24.9	
ERAA	5	344	650	(0.2)	(4.9)	0.8	5.7	4.3	67.1	14.7	6.1
Avg peers.				112.8	3.4	1.8	11.3	5.0	41.6	17.5	6.7
Energy											
UNTR	87	23,375	29,500	106.1	(7.9)	1.1	4.5	1.7	3.4	26.6	29.2
ADRO	79	2,470	2,500	174.4	(39.0)	0.7	3.2	1.2	24.2	28.8	20.3
PTBA	27	2,360	2,750	55.8	(52.4)	1.4	4.5	1.7	4.7	28.0	56.2
ITMG	29	25,350	25,000	148.8	(48.5)	1.0	2.9	0.8	2.6	63.7	30.9
HRUM	20	1,470	1,850	299.2	(16.5)	1.4	4.9	2.7	0.2	40.1	
INDY	8	1,565	2,100	174.5	(39.1)	0.4	1.9	0.8	81.9	18.1	
AKRA	30	1,490	1,650	116.2	8.5	2.8	11.3	8.1	22.9	24.5	#N/A/N/A
MEDC	30	1,175	1,500			1.0	6.8	2.8	191.0	23.0	1.3
Avg peers.				153.6	-27.8	1.2	5.0	2.5	41.4	31.6	27.6
Health Care											
KLBF	75	1,605	2,040	7.1	(3.9)	3.6	23.0	19.3	5.3	14.8	2.7
MIKA	38	2,660	3,100	(17.0)	(4.1)	6.6	38.3	27.7	-	17.7	1.4
HEAL	23	1,530	1,700	(69.7)	50.7	6.0	49.2	21.9	28.0	11.4	
Avg peers.				-26.6	14.3	5.4	36.8	23.0	11.1	14.6	2.0
Industrials											
JSMR	32	4,420	5,100	70.1	(18.6)	1.4	14.3	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	580	850			0.3		10.6	135.0	3.3	6.3
ADHI	3	406	470	24.5		0.4	35.3	12.1	118.9	1.2	5.4
Avg peers.						0.6	24.8	15.8	221.1	-12.0	3.4
Utilities											
PGAS	29	1,210	1,600	-	(15.4)	0.7	8.3	3.8	64.1	8.2	11.6
Avg peers.						0.7	8.3	3.8	64.1	8.2	11.6
Real Estate											
PWON	20	420	620	11.3	25.4	1.1	11.0	8.2	30.3	10.3	
BSDE	22	1,035	1,350	80.4	0.5	0.6	6.6	5.7	31.5	9.6	
CTRA	21	1,140	1,500	7.4	(2.0)	1.1	14.0	6.3	42.4	8.1	
SMRA	10	590	755	81.9	24.1	1.0	10.1	8.9	50.3	10.4	
Avg peers.				45.3	12.0	0.9	10.4	7.3	38.6	9.6	
IT											
GOTO	93	77				0.7			2.0	(22.2)	
BUKA	21	208				0.8			0.2	(9.1)	
Avg peers.						0.8			1.1	-15.7	



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