

MORNING NOTES

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ON THE SPOTLIGHT



US Retail Sales Slow Ahead of Holidays, But Remain Resilient

US retail sales largely held up in October after a strong summer, suggesting some resiliency going into the holiday season. The value of retail purchases, unadjusted for inflation, decreased 0.1%, Commerce Department data showed Wednesday. Excluding autos and gasoline, sales advanced 0.1%. Seven out of 13 categories posted declines, led by furniture and car dealers. Gasoline sales weren't as big of a drag on the headline number as feared considering how much pump prices fell in the month. Meanwhile, outlays increased at personal-care and grocery stores. So-called control group sales—which are used to calculate gross domestic product and exclude food services, auto dealers, building materials stores and gasoline stations—rose 0.2%, suggesting the fourth quarter is off to a decent start, following a surge in the prior period.

NEWS HIGHLIGHTS

IMPC - Provides IDR 50 billion capital injection for subsidiary in Australia.
ADHI - Obtains 2 new contracts worth IDR 701.1 billion.
HUMI - Purchases tanker for US\$ 6 million to meet methanol needs.

CORPORATE ACTIONS

TOTO - Will distribute interim dividend of IDR 92.88 billion.

FOREIGN FUND FLOW (EQUITY)

| TOP NET BUY | | TOP NET SELL | |
|---------------------------|----------------|-----------------------|----------------|
| Ticker | Value (IDR bn) | Ticker | Value (IDR bn) |
| BBCA | 214.5 | BBNI | 73.6 |
| AMMN | 144.7 | CUAN | 34.8 |
| BBRI | 56.1 | INKP | 32.3 |
| BREN | 48.1 | INCO | 31.2 |
| BMRI | 48.0 | MNCN | 25.6 |
| TOTAL NET BUY | 954.7 | TOTAL NET SELL | 424.8 |
| TOTAL NET BUY/SELL | | 529.8 | |

GLOBAL MARKET BRIEFS

Asia markets head for mixed session as investors digest Biden-Xi meeting. Asia-Pacific markets geared up for a mixed session Thursday as investors digested high-level discussions between U.S. President Joe Biden and Chinese President Xi Jinping, while it was left to be seen if optimism about further signs of cooling U.S. inflation would carry through the day. Biden and Xi met Wednesday outside of San Francisco in their first face-to-face encounter in a year.

Wall Street gains on easing inflation. U.S. stocks closed slightly higher on Wednesday, as fresh inflation data reinforced investor hopes that the Federal Reserve is done raising interest rates. The DJI rose 163.51 points, or 0.47%, to 34,991.21, the S&P 500 (.SPX) gained 7.18 points, or 0.16%, at 4,502.88 and the Nasdaq Composite (.IXIC) added 9.46 points, or 0.07%, at 14,103.84.

| INDICES | Close | % Change |
|---------------|----------|----------|
| Dow Jones | 34991.21 | 0.47 |
| Nasdaq | 14103.84 | 0.07 |
| S&P 500 | 4502.88 | 0.16 |
| EURO Stoxx 50 | 4315.53 | 0.55 |
| FTSE 100 | 7486.91 | 0.62 |
| Nikkei | 33519.70 | 0.10 |
| Hang Seng | 18079.00 | 3.92 |
| Jakarta Comp | 6958.21 | 1.40 |

| Commodities | Close | % Change |
|---------------------------|---------|----------|
| Brent Crude Oil (USD/bri) | 81.18 | (1.56) |
| Gold Spot (USD/toz) | 1959.69 | (0.01) |
| LME Copper (USD/ton) | 8172.25 | 0.35 |
| LME Aluminium (USD/ton) | 2199 | (0.20) |
| LME Nickel (USD/ton) | 17184 | (0.39) |
| LME Tin (USD/ton) | 25088 | 0.55 |
| Newcastle Coal (USD/ton) | 123 | 0.61 |
| Palm Oil (MYR/ton) | 3875 | (0.59) |

| BONDS | Yield | Change |
|---------|-------|---------|
| UST 2Y | 4.893 | (0.019) |
| UST 10Y | 4.506 | (0.026) |
| IDN 2Y | 6.913 | (0.003) |
| IDN 10Y | 6.952 | 0.002 |

| FOREX | Last | % Change |
|--------------|---------|----------|
| Dollar Index | 104.359 | (0.03) |
| USDIDR | 15535 | 1.03 |
| EURIDR | 16847 | 0.17 |

| JAKARTA COMP | Price | % Change |
|----------------|-------|----------|
| GAINERS | | |
| BSDE | 1060 | 5.47 |
| MDKA | 2460 | 4.68 |
| JSMR | 4720 | 3.74 |

| LOSERS | Price | % Change |
|--------|-------|----------|
| INCO | 4550 | (4.81) |
| TPIA | 2920 | (2.34) |
| INKP | 8475 | (1.74) |

NEWS FLOW

CHART OF THE DAY

The resiliency of the US consumer—the main engine of the economy—has continuously surprised economist, leading many to rethink their recession forecasts. But it's unclear how much of that can be sustained given a cooling job market, lingering inflation and higher borrowing costs. Data out this week showed US consumer and producer prices eased in October, adding to evidence of abating inflationary pressures across the economy. The Fed is looking for a slowdown in spending to ensure that inflation is on a sustainable downward trend. What's more, so-called core goods prices, which exclude food and energy commodities, fell for a fifth month in October. So the decline in retail sales—which aren't adjusted for inflation—may reflect lower prices rather than fewer transactions. Wednesday's report showed purchases made at restaurants and bars—the only service-sector category in the report—climbed 0.3% last month.

US Retail Sales Fall But Still Suggest Resiliency

October sales dropped 0.1% after prior months were revised higher



Source: US Commerce Department

Bloomberg

MACRO & SECTOR NEWS

- **China:** China's factory output, consumption beat forecasts but property still a drag on economy. China's industrial output and retail sales growth beat expectations in October, but the underlying economic picture highlighted significant pockets of weakness with the crisis-hit property sector continuing to forestall a full-blown revival. China's industrial output grew 4.6% in October year-on-year, accelerating from the 4.5% pace seen in September, data from the National Bureau of Statistics (NBS) showed on Wednesday, beating expectations for a 4.4% increase in a Reuters poll. It also marked the strongest growth since April.
- **U.K.:** UK inflation slows sharply, boosting BoE and PM Sunak. British inflation cooled more than expected in October as household energy prices dropped from a year ago and there was also a wider softening of price pressures, offering relief to the Bank of England and Prime Minister Rishi Sunak. Annual consumer price inflation plunged to a lower-than-expected 4.6% from 6.7% in September, official data showed. The increase was the smallest in two years and prompted investors to increase their bets on BoE rate cuts next year.

CORPORATE ACTION

- **TOTO:** Will distribute interim dividend of IDR 92.88 billion. A sanitary product and device manufacturer, announces its interim dividend distribution of IDR 92.88 billion or IDR 9 per share. The interim dividend will be given to shareholders of TOTO, whose names have been registered under the official list by November 24, 2023. The dividend payment is due December 14, 2023. It is worth mentioning that the allocation of interim dividend of TOTO is based on the record of net profit as of September 30, 2023, of IDR 183.42 billion.

COMPANY NEWS

- **IMPC:** Provides IDR 50 billion capital injection for subsidiary in Australia. The company has distributed a capital of AU\$5 million or around IDR 50 billion to one of its subsidiaries in Australia. The capital injection was given to Impackone Pty Ltd, which a company that has been running a plastic manufacturing business since 2020 and has total assets of IDR 178.42 billion as of June 30, 2023. It is hoped that the additional capital will strengthen the capital structure of the company's subsidiaries.
- **ADHI:** Obtains 2 new contracts worth IDR 701.1 billion. ADHI has signed 2 new contracts for the construction of a Gas Engine Power Plant (PLTMG) in Sumbawa, West Nusa Tenggara and Tobelo, North Maluku. The total contract value that ADHI is part of for the two projects is IDR 701.1 billion. Both contracts came from PT PLN (Persero). In building the PLTMG, ADHI teamed up with a company from South Korea, namely Korea Electric Power Corporation Engineering & Construction Company, Inc. (KEPCO).
- **HUMI:** Purchases tanker for US\$ 6 million to meet methanol needs. HUMI has purchased a tanker worth US\$ 6 million to meet market needs for the basic ingredient of Biodiesel 35 (B35), namely methanol. The purchase of the new tanker was funded by the company's capital expenditure (capex) for the 2023 financial year. In the budget that has been prepared, the company allocated part of the capital expenditure for the purchase of 3 tanker units.

FUNDAMENTAL HIGHLIGHTS

| | Market Cap (IDR tn) | Last Price | Target Price | EPSg FY22 (%) | EPSg FY23E (%) | PBV (x) | LDR (%) | NPL | NIM (%) | ROE (%) | Div Yield % |
|-------------------|---------------------|------------|--------------|---------------|----------------|---------|---------|-----|---------|---------|-------------|
| Financials | | | | | | | | | | | |
| BBCA | 1,116 | 9,050 | 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 | 553 | 5,925 | 6,675 | 46.8 | 27.0 | 2.3 | 82.8 | 1.9 | 5.6 | 21.8 | 5.4 |
| BBNI | 186 | 4,980 | 8,875 | 67.8 | 16.1 | 1.3 | 86.7 | 2.8 | 4.9 | 15.0 | 4.8 |
| BBTN | 17 | 1,245 | 1,480 | 33.3 | (11.8) | 0.6 | 92.7 | 3.4 | 3.8 | 12.3 | 3.6 |
| 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 | 352 | 3,550 | 4,000 | (16.2) | 25.2 | 2.7 | 13.5 | 5.4 | 42.2 | 18.6 | 5.1 |
| ISAT | 76 | 9,475 | 11,200 | (52.8) | (22.1) | 2.6 | 20.8 | 5.0 | 178.5 | 13.6 | 3.2 |
| EXCL | 28 | 2,150 | 3,200 | (13.2) | (4.6) | 1.1 | 21.5 | 4.7 | 170.6 | 5.0 | |
| TOWR | 49 | 960 | 1,550 | 0.2 | (1.6) | 3.0 | 14.1 | 11.2 | 311.6 | 22.2 | 2.5 |
| TBIG | 46 | 2,040 | 3,050 | 2.4 | (9.1) | 4.3 | 30.6 | 15.6 | 271.2 | 12.9 | 1.8 |
| MNCN | 6 | 390 | 780 | (15.4) | (34.8) | 0.3 | 3.9 | 3.0 | 10.9 | 6.6 | 2.1 |
| SCMA | 11 | 152 | 210 | (37.2) | (36.8) | 1.3 | 18.0 | 8.9 | 3.5 | 3.4 | 3.0 |
| Avg peers. | | | | -18.9 | -12.0 | 2.2 | 17.5 | 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 | 59 | 2,460 | N/A | 62.4 | (140.0) | 4.2 | #N/A/N/ | 30.7 | 69.7 | (9.0) | |
| INCO | 45 | 4,550 | 7,250 | 21.0 | 33.7 | 1.2 | 10.9 | 8.9 | 0.2 | 10.5 | |
| ANTM | 39 | 1,640 | 2,700 | 105.2 | (2.5) | 1.6 | 10.6 | 9.3 | 13.3 | 17.1 | 2.8 |
| SMGR | 43 | 6,275 | 8,600 | 15.4 | (0.6) | 1.0 | 15.9 | 7.2 | 30.4 | 6.1 | 3.5 |
| INTP | 35 | 9,425 | 15,900 | 8.8 | 9.3 | 1.6 | 16.3 | 10.1 | 5.0 | 11.1 | 1.7 |
| Avg peers. | | | | 42.5 | -20.0 | 1.9 | 13.4 | 13.2 | 23.7 | 7.2 | 2.7 |

| | 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 | 131 | 3,430 | 3,890 | (6.6) | 2.8 | 24.3 | 23.7 | 21.5 | 32.1 | 89.0 | 4.2 |
| ICBP | 123 | 10,575 | 13,150 | (28.4) | 100.3 | 3.0 | 13.4 | 11.8 | 80.0 | 21.9 | 2.2 |
| INDF | 56 | 6,425 | 8,800 | (17.1) | 53.2 | 1.0 | 5.8 | 5.9 | 70.8 | 16.0 | 4.0 |
| HMSP | 116 | 995 | 970 | (11.5) | 28.5 | 4.1 | 14.3 | 10.7 | 1.7 | 27.9 | 5.5 |
| GGRM | 42 | 22,000 | 27,800 | (50.4) | 120.5 | 0.7 | 6.9 | 5.9 | 17.6 | 9.9 | 5.5 |
| CPIN | 89 | 5,450 | 6,000 | (19.0) | 7.4 | 3.1 | 28.4 | 18.5 | 35.5 | 8.7 | 1.8 |
| JPFA | 14 | 1,210 | 1,070 | (29.8) | (13.7) | 1.1 | 11.5 | 7.2 | 94.2 | 7.2 | 4.1 |
| Avg peers. | | | | -23.3 | 42.7 | 5.3 | 14.9 | 11.6 | 47.4 | 25.8 | 3.9 |

| | 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 | 940 | 980 | 4.1 | (39.7) | 0.6 | 10.3 | 1.9 | 0.0 | 6.8 | 0.1 |
| Avg peers. | | | | -4.2 | -42.1 | 0.6 | 12.2 | 3.5 | 9.1 | 6.4 | 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 | 233 | 5,750 | 7,800 | 43.3 | 9.3 | 1.2 | 7.4 | 5.3 | 29.0 | 16.5 | 11.3 |
| ACES | 14 | 835 | 970 | (3.8) | 6.9 | 2.4 | 20.1 | 5.4 | 11.9 | 14.1 | 2.8 |
| MAPI | 28 | 1,685 | 2,350 | 412.0 | 3.2 | 2.9 | 12.8 | 5.0 | 58.2 | 24.9 | |
| ERAA | 5 | 340 | 650 | (0.2) | (14.9) | 0.8 | 6.3 | 4.3 | 67.1 | 12.5 | 6.2 |
| Avg peers. | | | | 112.8 | 1.1 | 1.8 | 11.6 | 5.0 | 41.6 | 17.0 | 6.8 |
| Energy | | | | | | | | | | | |
| UNTR | 87 | 23,400 | 29,500 | 106.1 | (7.9) | 1.1 | 4.5 | 1.7 | 3.4 | 26.6 | 29.2 |
| ADRO | 80 | 2,510 | 2,500 | 174.4 | (39.0) | 0.7 | 3.3 | 1.2 | 24.2 | 28.8 | 19.8 |
| PTBA | 28 | 2,400 | 2,750 | 55.8 | (52.2) | 1.4 | 4.6 | 1.7 | 4.7 | 28.0 | 55.3 |
| ITMG | 29 | 25,400 | 25,000 | 148.8 | (49.5) | 1.1 | 3.0 | 0.8 | 2.6 | 39.2 | 30.8 |
| HRUM | 20 | 1,450 | 1,850 | 299.2 | (16.5) | 1.4 | 4.9 | 2.7 | 0.2 | 40.1 | |
| INDY | 8 | 1,530 | 2,100 | 174.5 | (39.1) | 0.4 | 1.9 | 0.8 | 81.9 | 18.1 | |
| AKRA | 29 | 1,465 | 1,650 | 116.2 | 8.4 | 2.7 | 11.1 | 8.1 | 22.9 | 24.5 | #N/A/N/A |
| MEDC | 30 | 1,190 | 1,500 | | | 1.1 | 7.0 | 2.8 | 191.0 | 23.0 | 1.3 |
| Avg peers. | | | | 153.6 | -28.0 | 1.3 | 5.0 | 2.5 | 41.4 | 28.5 | 27.3 |
| Health Care | | | | | | | | | | | |
| KLBF | 75 | 1,610 | 2,040 | 7.1 | (7.5) | 3.6 | 23.9 | 19.3 | 5.3 | 14.8 | 2.7 |
| MIKA | 39 | 2,730 | 3,100 | (17.0) | (4.8) | 6.8 | 39.6 | 27.7 | - | 17.7 | 1.3 |
| HEAL | 23 | 1,505 | 1,700 | (69.7) | 53.5 | 5.9 | 47.5 | 21.9 | 28.0 | 11.4 | |
| Avg peers. | | | | -26.6 | 13.7 | 5.4 | 37.0 | 23.0 | 11.1 | 14.6 | 2.0 |
| Industrials | | | | | | | | | | | |
| JSMR | 34 | 4,720 | 5,100 | 70.1 | (18.6) | 1.5 | 15.3 | 9.0 | 199.9 | 14.5 | 1.7 |
| WSKT | #VALUE! | #N/A/N/A | 390 | (58.3) | | #N/A/N/A | | | 461.0 | (62.8) | #N/A/N/A |
| WIKA | 4 | 400 | 590 | | | 0.3 | | 31.7 | 190.9 | (16.0) | - |
| PTPP | 4 | 585 | 850 | | | 0.3 | | 10.6 | 135.0 | 3.3 | 6.3 |
| ADHI | 3 | 404 | 470 | 24.5 | | 0.4 | 34.7 | 12.1 | 118.9 | 1.2 | 5.5 |
| Avg peers. | | | | | | 0.6 | 25.0 | 15.8 | 221.1 | -12.0 | 3.3 |
| Utilities | | | | | | | | | | | |
| PGAS | 27 | 1,130 | 1,600 | - | (15.4) | 0.7 | 7.9 | 3.8 | 64.1 | 8.2 | 12.4 |
| Avg peers. | | | | | | 0.7 | 7.9 | 3.8 | 64.1 | 8.2 | 12.4 |
| Real Estate | | | | | | | | | | | |
| PWON | 21 | 428 | 620 | 11.3 | 25.3 | 1.1 | 11.2 | 8.2 | 30.3 | 10.3 | |
| BSDE | 22 | 1,060 | 1,350 | 80.4 | 0.4 | 0.6 | 6.8 | 5.7 | 31.5 | 9.6 | |
| CTRA | 22 | 1,160 | 1,500 | 7.4 | (2.0) | 1.1 | 14.2 | 6.3 | 42.4 | 8.1 | |
| SMRA | 10 | 610 | 755 | 81.9 | 23.9 | 1.0 | 10.4 | 8.9 | 50.3 | 10.4 | |
| Avg peers. | | | | 45.3 | 11.9 | 1.0 | 10.7 | 7.3 | 38.6 | 9.6 | |
| IT | | | | | | | | | | | |
| GOTO | 103 | 86 | | | | 0.8 | | | 2.0 | (22.2) | |
| BUKA | 22 | 214 | | | | 0.9 | | | 0.2 | (9.1) | |
| Avg peers. | | | | | | 0.8 | | | 1.1 | -15.7 | |

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