

# MORNING NOTES

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## ON THE SPOTLIGHT



### Emerging Asia Bonds Lose Out in Global Rally on Peak Fed Bets

Bonds from emerging Asian nations are set to lag global peers despite a rally in Treasuries. That's because a 30-day correlation of emerging Asia bonds to Treasuries show the two asset classes are detached, while the same gauge for Latin American bonds and US debt show the two are more in lockstep. That puts Latin American bonds in the lead, especially as expectations of Federal Reserve unwinding its policy tightening take hold and fuel further gains in Treasuries. Hawkish rhetoric from emerging Asian central banks, excluding China, is also weighing on their bonds. On the other hand, LatAm bonds benefit as their central banks continue to ease policy. Emerging Asian bonds have historically had a lower sensitivity to Treasuries as they have better creditworthiness and a lower political risk premium compared with other EM peers.

## NEWS HIGHLIGHTS

ARNA - To kick off Plant 6 construction in H2 2024.

CBRE - Secures contract worth USD 29.2 million from Habco Trans.

ASII - Car sales reached 465,869 units in October 2023.

## CORPORATE ACTIONS

NISP - NISP to acquire 99% of Bank Commonwealth.

## FOREIGN FUND FLOW (EQUITY)

TOP NET BUY		TOP NET SELL	
Ticker	Value (IDR bn)	Ticker	Value (IDR bn)
BBCA	153.9	FILM	144.4
BMRI	94.3	ICBP	26.2
AMMN	70.8	PGAS	26.2
ASII	60.4	MNCN	24.9
BBRI	51.1	GOTO	18.2
<b>TOTAL NET BUY</b>	<b>724.0</b>	<b>TOTAL NET SELL</b>	<b>456.6</b>
<b>TOTAL NET BUY/SELL</b>		<b>267.4</b>	

## GLOBAL MARKET BRIEFS

Asia markets dip as mid-week rally cools. Asia-Pacific markets dipped on Friday as a mid-week rally sparked by hopes of cooling U.S. inflation lost steam. Economic data in the region will be parsed through the day. Hong Kong stocks led declines in the Asia-Pacific region in the previous session as investors digested high-level discussions between the United States and China.

Wall Street muted as Cisco and Walmart drag. Stocks on Wall Street also took a breather from a rally seen this month. The S&P 500 and the Nasdaq managed to eke out tiny gains on Thursday while the Dow Industrial Average ended slightly lower with pressure from tech and retail bellwethers Cisco and Walmart after disappointing forecasts.

INDICES	Close	% Change
Dow Jones	34945.47	(0.13)
Nasdaq	14113.67	0.07
S&P 500	4508.24	0.12
EURO Stoxx 50	4302.45	(0.30)
FTSE 100	7410.97	(1.01)
Nikkei	33424.41	(0.39)
Hang Seng	17832.82	(1.36)
Jakarta Comp	6958.01	(0.00)

Commodities	Close	% Change
Brent Crude Oil (USD/bri)	77.42	(4.63)
Gold Spot (USD/toz)	1982.03	0.06
LME Copper (USD/ton)	8122.00	(0.61)
LME Aluminium (USD/ton)	2177	(1.01)
LME Nickel (USD/ton)	16787	(2.31)
LME Tin (USD/ton)	24959	(0.51)
Newcastle Coal (USD/ton)	123	(0.12)
Palm Oil (MYR/ton)	3815	(1.40)

BONDS	Yield	Change
UST 2Y	4.842	0.004
UST 10Y	4.449	0.014
IDN 2Y	6.901	(0.014)
IDN 10Y	6.952	0.002

FOREX	Last	% Change
Dollar Index	104.349	(0.04)
USDIDR	15545	(0.06)
EURIDR	16880	(0.03)

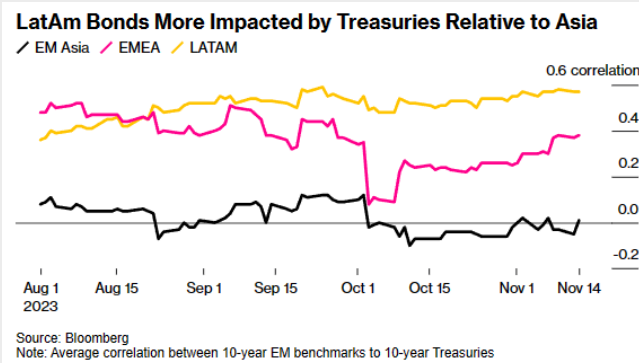
JAKARTA COMP	Price	% Change
<b>GAINERS</b>		
WIKA	418	4.50
PTPP	610	4.27
INCO	4700	3.30

<b>LOSERS</b>		
MNCN	380	(2.56)
MEDC	1160	(2.52)
EXCL	2100	(2.33)

# NEWS FLOW

## CHART OF THE DAY

Even so, this quarter has seen emerging Asia bonds turn increasingly detached from US debt. The 30-day correlation between Asian bonds and Treasuries has fallen to 0.01 as of Tuesday from 0.10 at the start of October. The same gauge for LatAm bonds rose to 0.58 from 0.52 over the same period. Favoring LatAm bonds has been a collective 450-basis-points of rate cuts by the region's central banks in the second half of the year. In contrast, emerging Asian central banks apart from China have hiked rates by 100 basis points since end-June. The Philippine central bank is expected to keep rates at 6.50% on Thursday, according to a majority of economists surveyed by Bloomberg, while Bank Indonesia will announce its rate decision on Nov. 23. Despite policy easing, LatAm bonds offer better returns as their benchmark rates are on average around 500 basis points above the Fed fund rate. The same gauge for emerging Asia stands at a discount of 120 basis points.



## MACRO & SECTOR NEWS

- **U.S.:** US weekly jobless claims at three-month high; import prices tumble. The number of Americans filing new claims for unemployment benefits increased to a three-month high last week, suggesting that labor market conditions continued to ease, which could help the Federal Reserve's fight against inflation. The weekly jobless claims report from the Labor Department on Thursday, the most timely data on the economy's health, also showed unemployment rolls expanding to levels last seen two years ago. The labor market is cooling as higher interest rates curb demand, consistent with slowing economic activity.
- **China:** China's home prices dip for 4th month, may weaken further. China's new home prices fell for the fourth straight month with dozens of cities hit by declines, the most since the peak of the COVID-19 pandemic last year, suggesting a broader weakening in the sector that could drag on the country's overall recovery. New home prices in October dropped 0.3% month-on-month after a 0.2% dip in September, according to Reuters calculations based on National Bureau of Statistics (NBS) data.

## CORPORATE ACTION

- **NISP:** NISP to acquire 99% of Bank Commonwealth. NISP acquires 99% of shares of Commonwealth Bank of Australia (CBA) in PT Bank Commonwealth (PTBC) for IDR 2.2 trillion. The completion of transaction plan will depend on the fulfilment of preliminary terms and conditions as agreed by the parties involved in the agreement, including the approval from OJK regarding the acquisition of PTBC's shares by the company, NISP and CBA are not affiliated, thus not prompting any conflict of interests between two parties.

## COMPANY NEWS

- **ARNA:** To kick off Plant 6 construction in H2 2024. ARNA sets out to initiate the construction of its sixth ceramic manufacturing plant (Plant 6) in West Java in the second half of 2024. This latest location is projected to be an industrial zone, equipped with a school and kindergarten. The ceramic production from Plant 6 will be targeting the high-end market, thus allowing ARNA to compete with imported ceramics from China. As of 2022, ARNA's ceramic production reached 70.63 million m<sup>2</sup>, equal to 110% utilization of the installed capacity of its plant of 64.37 million m<sup>2</sup>.
- **CBRE:** Secures contract worth USD 29.2 million from Habco Trans. A marine transportation company has secured a vessel leasing contract from PT Habco Trans Maritima Tbk (HATM). The value of the contract secured by the company is USD 29.2 million, equal to approximately IDR 455.32 billion. This contract will be active for 10 years. The vessel rented by HATM is Bulk Carrier Supramax with a capacity of 57,000 DWT.
- **ASII:** Car sales reached 465,869 units in October 2023. ASII recorded sales of 465,869 units of cars throughout January-October (10M) 2023. ASII's car sales until October 2023 represented 56% of national car sales, as presented in the data from The Association of the Indonesian Automotive Industries (Gaikindo). The total national wholesales of cars of 10M 2023 were recorded at 836.049 units.

# FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	LDR (%)	NPL	NIM (%)	ROE (%)	Div Yield %
<b>Financials</b>											
BBCA	1,119	9,075	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	185	4,950	8,875	67.8	16.1	1.3	86.7	2.8	4.9	15.0	4.9
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 %
<b>Comm. Services</b>											
TLKM	351	3,540	4,000	(16.2)	25.0	2.7	13.5	5.4	42.2	18.6	5.1
ISAT	75	9,300	11,200	(52.8)	(23.7)	2.6	20.8	5.0	178.5	13.6	3.2
EXCL	28	2,100	3,200	(13.2)	(4.6)	1.1	21.0	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	2,050	3,050	2.4	(9.1)	4.3	30.8	15.6	271.2	12.9	1.8
MNCN	6	380	780	(15.4)	(34.8)	0.3	3.8	3.0	10.9	6.6	2.1
SCMA	11	151	210	(37.2)	(40.0)	1.3	18.8	8.9	3.5	3.4	3.0
Avg peers.				-18.9	-12.7	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 %
<b>Materials</b>											
MDKA	58	2,420	N/A	62.4	(140.0)	4.1	#N/A/N/	30.7	69.7	(9.0)	
INCO	47	4,700	7,250	21.0	33.7	1.2	11.2	8.9	0.2	10.5	
ANTM	40	1,650	2,700	105.2	(2.5)	1.6	10.6	9.3	13.3	17.1	2.7
SMGR	43	6,275	8,600	15.4	(0.6)	1.0	15.9	7.2	30.4	6.1	3.5
INTP	35	9,400	15,900	8.8	9.3	1.6	16.2	10.1	5.0	11.1	1.7
Avg peers.				42.5	-20.0	1.9	13.5	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 %
<b>Cons. Staples</b>											
UNVR	132	3,460	3,890	(6.6)	2.8	24.5	23.9	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	57	6,450	8,800	(17.1)	53.2	1.0	5.8	5.9	70.8	16.0	4.0
HMSP	113	975	970	(11.5)	28.5	4.1	14.1	10.7	1.7	27.9	5.6
GGRM	42	22,000	27,800	(50.4)	120.1	0.7	6.9	5.9	17.6	9.9	5.5
CPIN	89	5,400	6,000	(19.0)	7.4	3.1	28.1	18.5	35.5	8.7	1.9
JPFA	14	1,205	1,070	(29.8)	(13.7)	1.1	11.4	7.2	94.2	7.2	4.1
Avg peers.				-23.3	42.6	5.3	14.8	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 %
<b>Agriculture</b>											
AALI	14	7,025	7,100	(12.4)	(44.6)	0.6	14.1	5.0	18.2	6.1	5.3
LSIP	6	935	980	4.1	(39.7)	0.6	10.2	1.9	0.0	6.8	0.1
Avg peers.				-4.2	-42.1	0.6	12.2	3.5	9.1	6.4	2.7

# FUNDAMENTAL HIGHLIGHTS

	Market Cap (IDR tn)	Last Price	Target Price	EPSg FY22 (%)	EPSg FY23E (%)	PBV (x)	PER (x)	EV / EBITDA	DER (%)	ROE (%)	Div Yield %
<b>Cons. Discre</b>											
ASII	236	5,825	7,800	43.3	9.6	1.2	7.4	5.3	29.0	16.5	11.2
ACES	14	830	970	(3.8)	6.9	2.4	20.0	5.4	11.9	14.1	2.9
MAPI	27	1,640	2,350	412.0	3.2	2.8	12.4	5.0	58.2	24.9	
ERAA	5	338	650	(0.2)	(14.9)	0.8	6.2	4.3	67.1	12.5	6.2
Avg peers.				112.8	1.2	1.8	11.5	5.0	41.6	17.0	6.7
<b>Energy</b>											
UNTR	87	23,450	29,500	106.1	(7.4)	1.1	4.5	1.7	3.4	26.6	29.1
ADRO	81	2,530	2,500	174.4	(39.0)	0.7	3.3	1.2	24.2	28.8	19.7
PTBA	27	2,380	2,750	55.8	(52.2)	1.4	4.6	1.7	4.7	28.0	55.7
ITMG	29	25,425	25,000	148.8	(50.5)	1.1	3.1	0.8	2.6	39.2	30.8
HRUM	19	1,440	1,850	299.2	(16.5)	1.4	4.9	2.7	0.2	40.1	
INDY	8	1,510	2,100	174.5	(39.1)	0.4	1.8	0.8	81.9	18.1	
AKRA	29	1,455	1,650	116.2	8.4	2.7	11.0	8.1	22.9	24.5	#N/A/N/A
MEDC	29	1,160	1,500			1.0	6.8	2.8	191.0	23.0	1.3
Avg peers.				153.6	-28.0	1.2	5.0	2.5	41.4	28.5	27.3
<b>Health Care</b>											
KLBF	76	1,615	2,040	7.1	(7.5)	3.6	24.0	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
<b>Industrials</b>											
JSMR	34	4,750	5,100	70.1	(18.6)	1.5	15.4	9.0	199.9	14.5	1.6
WSKT	#VALUE!	#N/A/N/A	390	(58.3)		#N/A/N/A			461.0	(62.8)	#N/A/N/A
WIKA	4	418	590			0.3		31.7	190.9	(16.0)	-
PTPP	4	610	850			0.3		10.6	135.0	3.3	6.0
ADHI	3	414	470	24.5		0.4	35.5	12.1	118.9	1.2	5.3
Avg peers.						0.7	25.5	15.8	221.1	-12.0	3.2
<b>Utilities</b>											
PGAS	28	1,135	1,600	-	(15.4)	0.7	7.9	3.8	64.1	8.2	12.3
Avg peers.						0.7	7.9	3.8	64.1	8.2	12.3
<b>Real Estate</b>											
PWON	20	420	620	11.3	25.3	1.1	11.0	8.2	30.3	10.3	
BSDE	22	1,045	1,350	80.4	(0.6)	0.6	6.7	5.7	31.5	9.6	
CTRA	21	1,150	1,500	7.4	(2.0)	1.1	14.1	6.3	42.4	8.1	
SMRA	10	600	755	81.9	23.9	1.0	10.2	8.9	50.3	10.4	
Avg peers.				45.3	11.7	1.0	10.5	7.3	38.6	9.6	
<b>IT</b>											
GOTO	103	86				0.8			2.0	(22.2)	
BUKA	22	212				0.8			0.2	(9.1)	
Avg peers.						0.8			1.1	-15.7	





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