

Indonesia Market Daily

April 24, 2024

Market Review

Indonesia's economy remains resilient, bolstering the JCI.

US stocks ended higher, buoyed by strong earnings reports from leading companies. The market are particularly attentive to the quarterly performances of the "Magnificent Seven" and other major growth stocks. However, Tuesday's data revealed a slowdown in US business activity for April, marking a four-month low, largely attributed to subdued demand. Despite this, there was a slight decrease in the inflation rate, despite significant increases in input prices. In Europe, shares showed resilience, with the UK's FTSE 100 reaching a new intraday record high, supported by robust business activity data from the eurozone and prospects for future interest rate cuts. Furthermore, Asian shares opened optimistically this morning, with the market closely monitoring earnings reports from both Japan and America scheduled for this week

The JCI ended the session higher, gaining +36.99 points (+0.52%) to reach 7,110.81, in line with most regional shares closing positively. Presently, the market attention has shifted towards the forthcoming release of companies' 1Q24 performances, following a period of market turmoil driven by geopolitical tensions and indications that the Federal Reserve will maintain its current interest rate stance. Domestically, anticipation surrounds Bank Indonesia's interest rate decision on Wednesday (April 24), with market expectations leaning towards BI keeping rates unchanged at 6%. Additionally, the JCI's upward momentum received a boost from March's trade balance surplus, which climbed to USD 4.47 billion amidst global economic uncertainty, marking the 47th consecutive month of surplus and underscoring Indonesia's economic resilience, which could help support the Rupiah. Sector-wise, the Energy sector (+1.26%) played a pivotal role in driving the JCI's gains. Furthermore, shares of ISAT (+5.83%) and EXCL (+3.91%) surged after both companies reported a notable increase in customer data service traffic, up 17% and 16% respectively, compared to the average daily levels during the holiday period of Eid 2024.

Trading Value: IDR 12.19tn
Foreign Net Sell: IDR 127.91bn

The government fell short of its target in the sukuk auction.

2Y: 6.694% (+6.31bp) / 10Y: 7.052% (+1.99bp)

Indonesian government bonds with a tenor of 2 years and 10 years were higher following a sukuk auction where the government secured only IDR 5.08 trillion on Tuesday (23/4), falling short of the indicative target of IDR 11 trillion. The total incoming bids at this auction amounted to IDR 16.27 trillion, a decrease from the previous SBSN auction of IDR 21.06 trillion. Notably, the highest demand was for the SPNS20012025 series, maturing on January 20, 2025, with bids totalling IDR 4.69 trillion, followed by PBS032 with bids of IDR 3.54 trillion. Consequently, the subdued auction prompted the government to conduct an additional SBSN (Green Shoe Option) auction on Wednesday (23/4). Meanwhile, against the backdrop of escalating global economic uncertainty and a relatively robust US economy, the market project a 71% likelihood that the central bank will delay any interest rate adjustments until September, with a 44% implied chance of a rate cut in July, according to CME Group's FedWatch. Furthermore, developments in US-China relations have also impacted the bond market, particularly as tensions rise following reports of planned US sanctions targeting certain Chinese banks to disrupt their support for Russian military activities

The Rupiah maintained a stable trajectory buoyed by positive domestic sentiment.

FX: USD/IDR: 16,220 (-0.10%)

The Rupiah exchange rate tends to be stable attributed to domestic factors that effectively counterbalance global circumstances. These include a growing trade surplus, a robust consumer confidence index, an expanding manufacturing Purchasing Managers' Index (PMI), and forecasts indicating Indonesia's economy will maintain a growth rate of over 5% this year. Additionally, domestic business activities are expected to gain momentum by mid-2024. This anticipation is evidenced by the Bank Indonesia Business Activities Survey (SKDU), which projects a further increase in business activities, with a weighted net balance (WBT) of 18.94%, surpassing the first quarter's realization of 14.11%. Moreover, the dismissal of the lawsuit challenging the 2024 presidential election results will contribute to sustaining domestic economic and political stability. Furthermore, the government is considering the expansion of the Export Proceeds Foreign Exchange (DHE) incentive policy beyond Natural Resources (SDA) Business, Management, and Processing Activities.

Company News

PT Ace Hardware Indonesia Tbk (ACES)

ACES reported a robust 19.9% YoY growth in same-store sales (SSSG) and disclosed March 2024 sales reaching IDR 710 billion. This performance is attributed to the momentum of Ramadan and the company's strategic initiatives, including the #BisaKejadian marketing campaign, expansion of store presence, and optimization of omnichannel shopping services, which have been in effect since 2023. Additionally, ACES capitalizes on the Ramadan period by serving as a reliable partner to the community, offering a diverse range of solutions and innovative products to fulfill home and lifestyle needs. Looking ahead, ACES aims for a 10% YoY sales increase in 2024, with a target SSSG growth of 7%.

Source: Kontan

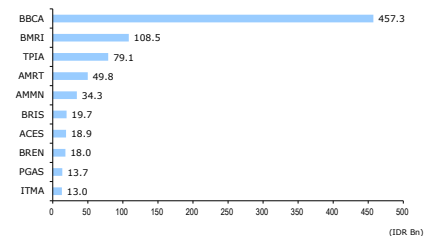
PT Mitra Pinasthika Mustika Tbk (MPMX)

MPMX has unveiled its strategy to enter the electric vehicle (EV) business, signaling a significant expansion. Under this initiative, both MPMX and its subsidiary, PT Mitra Pinasthika Mulia (Mulia), will ramp up their operations. This entails the establishment of EV charging stations, battery swapping stations, repair services for EV batteries, as well as battery collection and other complementary services. Consequently, MPMX and Mulia anticipate generating additional revenue streams through these diversified business ventures.

Source: Kontan

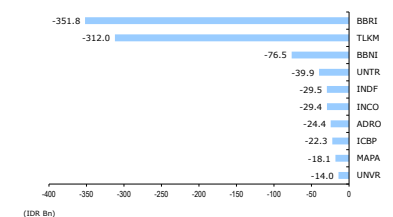
MAJOR MARKET INDICES	CHANGE	(%)
US		
Dow Jones	38,503.69	263.71 0.69%
S&P 500	5,070.55	59.95 1.20%
Nasdaq	15,696.64	245.33 1.59%
Europe		
FTSE 100	8,044.81	20.94 0.26%
CAC 40	8,105.78	65.42 0.81%
DAX	18,137.65	276.85 1.55%
Asia		
JCI	7,110.81	36.99 0.52%
Nikkei	37,552.16	113.55 0.30%
Hang Seng	16,828.93	317.24 1.92%
KOSPI	2,623.02	-6.42 -0.24%

FOREIGN MOST BUY (NET)



Source: IDX

FOREIGN MOST SELL (NET)



Source: IDX

JAKARTA STOCK EXCHANGE INDEX



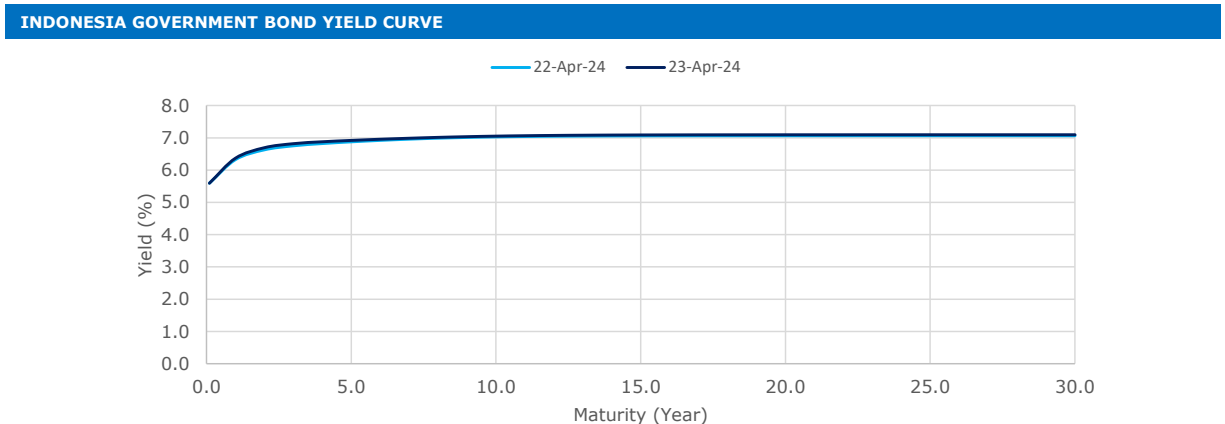
Source: IDX

Pefindo has assigned its idAA rating with stable outlook to PT Pertamina Bina Medika IHC (PBM). The rating reflects PBM's strong likelihood of support from shareholder, very strong business position, and well-diversified payer and location. The rating is constrained by its moderate capital structure. The rating may be raised if PBM significantly strengthens its business position, evidenced by significantly higher and stable EBITDA while improving its financial profile on a sustained basis. On the other hand, the rating may be lowered if its operating performance weakens or if it incurs higher than expected debt to finance its capital expenditure (capex) without being compensated by improving business performance. A strong indication of weakening parent support, such as the material divestment of shares, may also put the rating under pressure.

Pefindo has affirmed its idAAA ratings for PT Telkom Indonesia (Persero) Tbk (TLKM) and its Shelf Registered Bond I Year 2015. Outlook for the corporate rating is stable. The corporate rating reflects TLKM's very strong likelihood of support from the government as the controlling shareholder. TLKM's standalone credit profile reflects its superior business position, diversified businesses and extensive networks, as well as very strong financial profile. The rating is constrained by the intense competition in the industry. The rating may be lowered if PEFINDO views a significant reduction in linkage with or support from the government and at the same time TLKM suffers from a weakening business position, or if the Company exceeds debt projection, weakening its financial profile without being compensated by desirable revenue generation.

INDONESIA GOVERNMENT BOND YIELD				
Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	6.37	6.33	0.042	4.180
2.0	6.69	6.63	0.063	6.310
3.0	6.82	6.76	0.063	6.260
4.0	6.88	6.83	0.052	5.240
5.0	6.92	6.88	0.041	4.060
6.0	6.96	6.92	0.031	3.110
7.0	6.99	6.96	0.025	2.470
8.0	7.01	6.99	0.021	2.140
9.0	7.04	7.02	0.020	1.990
10.0	7.05	7.03	0.020	1.990
15.0	7.09	7.06	0.023	2.330
20.0	7.09	7.07	0.025	2.480
30.0	7.09	7.07	0.025	2.490

BENCHMARK PRICE				
Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0101 (5Y)	7.005	-1.19	99.46	4.91
FR0100 (10Y)	7.049	0.48	97.02	-3.26
FR0098 (15Y)	7.105	2.94	100.17	-26.00
FR0097 (20Y)	7.058	-5.13	100.69	53.56



Source: PHEI

Government Bond Valuation (NSS) based on Closing Price: 23-April-24

Series	Tenor	Coupon	YTM	Yield Curve	Spread to yield Curve	Mod Dur (Mid)	Convexity	Trading Idea
FR77	0.060	8.125	6.053	5.873	0.180	0.055	0.000	Neutral
FR44	0.397	10.000	6.059	6.242	-0.183	0.380	0.003	Neutral
FR81	1.144	6.500	6.813	6.603	0.209	1.057	0.017	Neutral
FR40	1.396	11.000	6.098	6.663	-0.566	1.276	0.023	Over value
FR84	1.815	7.250	6.530	6.733	-0.203	1.652	0.036	Neutral
FR86	1.977	5.500	6.859	6.753	0.106	1.830	0.043	Neutral
FR37	2.396	12.000	6.759	6.794	-0.035	2.068	0.056	Neutral
FR56	2.396	8.375	6.853	6.794	0.058	2.126	0.058	Neutral
FR90	2.976	5.125	6.937	6.835	0.101	2.693	0.088	Neutral
FR59	3.058	7.000	6.954	6.840	0.114	2.628	0.088	Neutral
FR42	3.225	10.250	6.827	6.849	-0.022	2.685	0.092	Neutral
FR47	3.814	10.000	6.821	6.876	-0.055	3.130	0.124	Neutral
FR64	4.060	6.125	6.995	6.886	0.109	3.426	0.145	Neutral
FR71	4.893	9.000	6.966	6.913	0.053	3.926	0.192	Neutral
FR78	5.060	8.250	7.000	6.918	0.083	3.977	0.201	Neutral
FR52	6.311	10.500	6.970	6.948	0.022	4.662	0.279	Neutral
FR82	6.396	7.000	6.981	6.950	0.031	5.045	0.313	Neutral
FR87	6.815	6.500	6.980	6.959	0.021	5.335	0.351	Neutral
FR85	6.976	7.750	6.819	6.962	-0.143	5.364	0.357	Neutral
FR73	7.058	8.750	7.022	6.963	0.058	5.125	0.341	Neutral
FR54	7.225	9.500	6.947	6.967	-0.019	5.218	0.352	Neutral
FR91	7.978	6.375	6.989	6.980	0.009	6.112	0.461	Neutral
FR58	8.145	8.250	6.972	6.983	-0.011	5.806	0.437	Neutral
FR74	8.312	7.500	7.043	6.986	0.057	6.063	0.467	Neutral
FR96	8.816	7.000	7.060	6.994	0.066	6.402	0.521	Neutral
FR65	9.060	6.625	7.036	6.998	0.038	6.487	0.543	Neutral
FR68	9.892	8.375	7.059	7.010	0.049	6.761	0.596	Neutral
FR80	11.143	7.500	7.068	7.027	0.040	7.347	0.721	Neutral
FR72	12.060	8.250	7.135	7.039	0.096	7.519	0.779	Neutral
FR88	12.145	6.250	6.817	7.040	-0.223	8.117	0.871	Neutral
FR45	13.060	9.750	6.903	7.051	-0.148	7.685	0.835	Neutral
FR75	14.059	7.500	7.149	7.062	0.087	8.420	0.993	Neutral
FR50	14.226	10.500	7.040	7.064	-0.024	8.039	0.923	Neutral
FR79	14.976	8.375	7.142	7.072	0.070	8.798	1.076	Neutral
FR83	15.978	7.500	7.141	7.083	0.059	9.325	1.213	Neutral
FR57	17.060	9.500	7.000	7.093	-0.094	8.978	1.196	Neutral
FR62	17.977	6.375	7.215	7.102	0.113	10.226	1.479	Neutral
FR92	18.144	7.125	7.179	7.103	0.076	9.819	1.411	Neutral
FR67	19.814	8.750	7.119	7.118	0.001	9.973	1.489	Neutral
FR76	24.060	7.375	7.072	7.152	-0.080	11.043	1.925	Neutral
FR89	27.310	6.875	7.073	7.175	-0.103	11.924	2.271	Neutral

Source: Bloomberg, Shinhan Sekuritas Indonesia NSS model Calculation



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