

# Indonesia Market Daily

April 25, 2024

## Market Review

### JCI rallied after interest rates rose to 6.25%.

The US stock market closed in a mixed fashion last night in the midst of rising Treasury yield, while corporate earnings results also drive the market. TSLA (+12.1%) shares jumped despite below-than-expected financial performance in 1Q24 as the company's production of affordable models is estimated to begin at the beginning of 2025. Meanwhile, stocks in Europe mostly closed lower with the main focus on tech companies' earnings reports, as well as the latest signal from the Bank of England which dampened the prospect of an immediate rate cut and caused the FTSE 100 to halt its 5-day rally. This morning, stock markets in Asia are poised to open higher due to positive sentiment in the region, including South Korea's 1Q24 GDP growth of 3.4% YoY or the highest quarterly growth since 1Q21.

Following Bank Indonesia's decision to raise the benchmark BI-Rate by 25bps to 6.25% due to escalating geopolitical tensions in the Middle East and increasing interest rates in the US, the Jakarta Composite Index (JCI) surged by +63.72 points (+0.90%) to 7,174.53. This marks the first interest rate hike since October 2023, contrary to the market's expectations. Additionally, the central bank increased the Deposit Facility rate to 5.5% and the Lending Facility rate to 7% during its Board of Governors Meeting on April 23-24. Despite global uncertainty, Indonesia's economy remains resilient, with anticipated higher economic growth in the first and second quarters of 2024 compared to the fourth quarter of 2023, driven by robust domestic demand, particularly from household consumption during the Eid season. The Technology sector, including PT GoTo Gojek Tokopedia Tbk (GOTO), experienced gains, reflecting the +4.92% rise in GOTO shares. GOTO is scheduled to disclose its 1Q24 performance results on April 29, 2024, aiming for group-adjusted break-even EBITDA for the entire financial year 2024 after reporting a positive group-adjusted EBITDA of IDR 77bn in 4Q23. Additionally, GTV, as part of the group, witnessed an 8% growth in 4Q23 compared to 3Q23 and a 1% increase compared to 4Q22, with 4Q23 gross revenue soaring by 8% QoQ and 3% YoY, reaching IDR 6.5 trillion.

Trading Value: IDR 14.39tn  
Foreign Net Sell: IDR 7.80bn

### Foreign participation in the domestic financial market is on the decline.

2Y: 6.702% (+0.81bp) / 10Y: 7.017% (-3.46bp)

The Indonesian bond yields displayed a mixed trend following a correction prompted by selling activity early last week, coinciding with heightened tensions between Iran and Israel. Despite this, the market remains inclined to invest in weakening Indonesian government bonds due to their relatively appealing nature. Particularly enticing is the 10-year yield, hovering around 7%, as market participants adjust their expectations regarding a potential interest rate cut by the Federal Reserve. Presently, the Fed maintains its benchmark federal funds rate (FFR) between 5.25% and 5.5%. Anticipations for a Fed rate cut have been postponed from June 2024 to September 2024. Conversely, based on transaction data from Bank Indonesia (BI) spanning April 16th to 18th, 2024, foreign investors in the domestic financial market were recorded as net sellers, amounting to IDR 21.46 trillion. This figure comprises net sales of IDR 9.79 trillion in the Government Securities (SBN) market, IDR 3.67 trillion in the stock market, and IDR 8 trillion in Bank Indonesia Rupiah Securities (SRBI). Consequently, BI's records indicate that as of April 18th, 2024, non-residents have net sold IDR 38.66 trillion in the SBN market, while net buying amounted to IDR 15.12 trillion in the stock market and IDR 12.90 trillion in SRBI throughout 2024, based on settlement data.

### The Rupiah strengthened on the back of Bank Indonesia's interest rate decision.

FX: USD/IDR: 16,155 (-0.40%)

The Rupiah experienced an upward trend shortly after Bank Indonesia announced its decision to raise interest rates to 6.25%. The decision was made during the Board of Governors Meeting (RDG) on April 23-24, 2024, coinciding with a decline in the Rupiah exchange rate. This move aims to bolster the stability of the Rupiah amidst potential worsening global risks and to proactively maintain inflation within the target range of 2.5% ± 1% for the years 2024 and 2025. Meanwhile, the Dollar Index saw minimal movement following a significant drop on Tuesday. This was attributed to unexpected weakness in US business activity as indicated by purchasing managers' index data. Attention now shifts to forthcoming US economic data, particularly the 1Q24 GDP data scheduled for release on Thursday and the PCE price index data, the Fed's preferred inflation gauge, set for release on Friday. Recent indicators pointing to elevated US inflation have led the market to dismiss anticipations of an interest rate cut in June.

## Company News

### PT Vale Indonesia Tbk (INCO)

INCO will increase capital through rights issues that have received approval at the EGMS. This corporate action will be carried out in May 2024 by releasing 603,445,814 shares with a nominal value of IDR 25 per share. The proceeds from the rights issue will be used around 78% for capital expenditure while the rest will be allocated for working capital. The rights issue was carried out in order to fulfill the obligation to divest 14% of INCO's shares to MIND.ID.

Source: Kontan

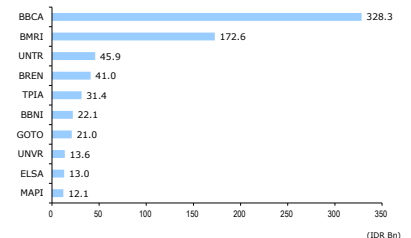
### PT Pantai Indah Kapuk Dua Tbk (PANI)

PANI earned marketing sales of IDR 1.5trn in 1Q24, which increased by 177% YoY. This gain is also equivalent to 27% of the IDR 5.5trn target set by the company for 2024. The commercial land plots sales made the largest contribution to PANI. Apart from that, the acquisition of 7 new subsidiaries which are intensively launching 12 new projects, also contributed positively to the company's performance in 1Q24.

Source: Kontan

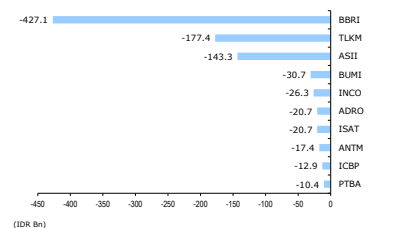
MAJOR MARKET INDICES	CHANGE	(%)
<b>US</b>		
Dow Jones	38,460.92	-42.77 -0.11%
S&P 500	5,071.63	1.08 0.02%
Nasdaq	15,712.75	16.11 0.10%
<b>Europe</b>		
FTSE 100	8,040.38	-4.43 -0.06%
CAC 40	8,091.86	-13.92 -0.17%
DAX	18,088.70	-48.95 -0.27%
<b>Asia</b>		
JCI	7,174.53	63.72 0.90%
Nikkei	38,460.08	907.92 2.42%
Hang Seng	17,201.27	372.34 2.21%
KOSPI	2,675.75	52.73 2.01%

## FOREIGN MOST BUY (NET)



Source: IDX

## FOREIGN MOST SELL (NET)



Source: IDX

## JAKARTA STOCK EXCHANGE INDEX



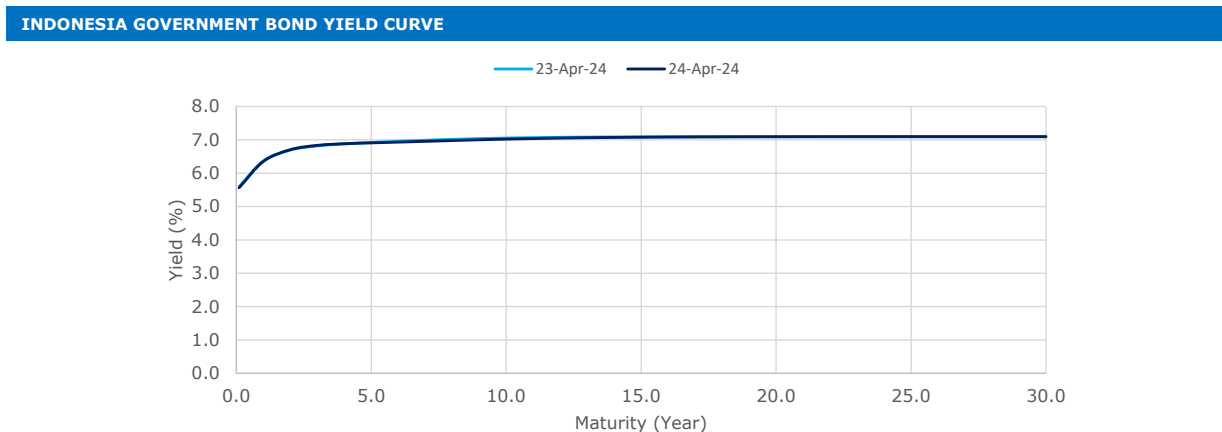
Source: IDX

**TBIG plans to issue substantial notes totaling USD 900 million.** PT Tower Bersama Infrastructure Tbk (TBIG) is set to release sizable notes totaling USD 900 million, denominated in foreign currency, equivalent to IDR 13.87 trillion using the exchange rate of IDR 15,416 per USD. The issuance is slated to occur within 12 months subsequent to obtaining approval from TBIG's General Meeting of Shareholders, scheduled for May 30, 2024. The proceeds from this note issuance will serve various purposes, including bolstering subsidiaries' capital and settling maturing loans. As of December 31, 2023, TBIG reported a total equity of IDR 12.36 trillion. Consequently, this issuance qualifies as a significant transaction, representing 112.4% of the company's total equity. The notes are to be issued and listed on the Singapore Stock Exchange. Apart from approval from the Singapore Stock Exchange, no additional authorization is necessary from government bodies or other institutions, except approval from the company's General Meeting of Shareholders. It's notable that the interest rate on TBIG's notes is capped at 8%, with interest payments scheduled semi-annually or as otherwise agreed upon during the General Meeting of Shareholders.

**PT Summit Oto Finance (SOF) rated idAAA with stable outlook.** The rating mainly reflects the very strong likelihood of support from Sumitomo Mitsui Banking Corporation (SMBC), following the Indonesia Financial Services Authority's approval to PT Bank BTPN Tbk (BTPN) to acquire 51% of SOF shares that allows a more direct path to extraordinary support from Sumitomo Mitsui Banking Corporation (SMBC) as BTPN's parent company. SOF's standalone credit profile reflects its strong market position and very strong capitalization. However, the rating constrains by below average asset quality profile and moderate profitability indicators. The rating may be lowered if the support from SMBC declines significantly, indicated by substantially decreasing share ownership and control, or if there is no evidence of extraordinary parent support to SOF during financial distress.

INDONESIA GOVERNMENT BOND YIELD				
Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	6.35	6.37	-0.017	-1.710
2.0	6.70	6.69	0.008	0.810
3.0	6.83	6.82	0.013	1.300
4.0	6.88	6.88	0.002	0.210
5.0	6.91	6.92	-0.014	-1.350
6.0	6.93	6.96	-0.027	-2.690
7.0	6.95	6.99	-0.035	-3.510
8.0	6.97	7.01	-0.038	-3.840
9.0	7.00	7.04	-0.038	-3.760
10.0	7.02	7.05	-0.035	-3.460
15.0	7.07	7.09	-0.014	-1.370
20.0	7.09	7.09	-0.005	-0.530
30.0	7.09	7.09	-0.003	-0.310

BENCHMARK PRICE				
Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0101 (5Y)	7.007	0.18	99.45	-0.75
FR0100 (10Y)	7.056	0.62	96.98	-4.24
FR0098 (15Y)	7.036	-6.90	100.78	61.27
FR0097 (20Y)	6.984	-7.43	101.47	78.15



Source: PHEI

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

Series	Tenor	Coupon	YTM	Yield Curve	Spread to yield Curve	Mod Dur (Mid)	Convexity	Trading Idea
FR77	0.057	8.125	6.124	5.958	0.166	0.052	0.000	Neutral
FR44	0.394	10.000	6.095	6.306	-0.211	0.377	0.003	Neutral
FR81	1.142	6.500	6.939	6.646	0.294	1.053	0.017	Neutral
FR40	1.394	11.000	6.062	6.702	-0.640	1.273	0.023	Over value
FR84	1.812	7.250	6.788	6.767	0.021	1.647	0.036	Neutral
FR86	1.974	5.500	6.861	6.786	0.075	1.827	0.043	Neutral
FR37	2.393	12.000	6.754	6.825	-0.071	2.065	0.056	Neutral
FR56	2.393	8.375	6.923	6.825	0.099	2.123	0.058	Neutral
FR90	2.973	5.125	6.928	6.863	0.065	2.690	0.088	Neutral
FR59	3.055	7.000	6.951	6.867	0.084	2.626	0.087	Neutral
FR42	3.222	10.250	6.945	6.875	0.070	2.680	0.092	Neutral
FR47	3.811	10.000	6.706	6.900	-0.194	3.130	0.124	Neutral
FR64	4.057	6.125	6.987	6.909	0.078	3.423	0.145	Neutral
FR71	4.890	9.000	6.976	6.934	0.042	3.923	0.192	Neutral
FR78	5.057	8.250	7.008	6.939	0.069	3.974	0.200	Neutral
FR52	6.308	10.500	6.960	6.967	-0.007	4.660	0.279	Neutral
FR82	6.393	7.000	6.978	6.968	0.009	5.042	0.313	Neutral
FR87	6.812	6.500	7.029	6.976	0.053	5.329	0.350	Neutral
FR85	6.973	7.750	6.817	6.979	-0.162	5.361	0.356	Neutral
FR73	7.055	8.750	7.013	6.981	0.033	5.123	0.341	Neutral
FR54	7.222	9.500	7.003	6.983	0.019	5.211	0.351	Neutral
FR91	7.975	6.375	6.970	6.996	-0.026	6.111	0.460	Neutral
FR58	8.142	8.250	6.977	6.998	-0.021	5.803	0.437	Neutral
FR74	8.309	7.500	7.062	7.001	0.061	6.058	0.467	Neutral
FR96	8.813	7.000	7.057	7.008	0.049	6.400	0.521	Neutral
FR65	9.057	6.625	7.058	7.012	0.047	6.482	0.542	Neutral
FR68	9.889	8.375	7.041	7.023	0.018	6.760	0.596	Neutral
FR80	11.140	7.500	7.076	7.038	0.038	7.342	0.720	Neutral
FR72	12.057	8.250	7.127	7.049	0.078	7.518	0.778	Neutral
FR88	12.142	6.250	7.076	7.050	0.026	8.059	0.862	Neutral
FR45	13.057	9.750	6.872	7.060	-0.187	7.689	0.836	Neutral
FR75	14.056	7.500	7.131	7.070	0.062	8.422	0.994	Neutral
FR50	14.223	10.500	7.040	7.071	-0.031	8.037	0.923	Neutral
FR79	14.973	8.375	7.142	7.079	0.063	8.795	1.076	Neutral
FR83	15.975	7.500	7.153	7.088	0.065	9.319	1.212	Neutral
FR57	17.057	9.500	7.003	7.098	-0.094	8.974	1.195	Neutral
FR62	17.974	6.375	7.187	7.105	0.082	10.235	1.481	Neutral
FR92	18.141	7.125	7.111	7.107	0.004	9.847	1.417	Neutral
FR67	19.811	8.750	7.119	7.120	-0.002	9.970	1.489	Neutral
FR76	24.057	7.375	7.122	7.151	-0.028	11.005	1.915	Neutral
FR89	27.307	6.875	7.075	7.171	-0.096	11.919	2.270	Neutral

Source: Bloomberg, Shinhan Sekuritas Indonesia NSS model Calculation



Research Team		
<b>Helmi Therik, FRM</b>	Head of Research	helmi@shinhan.com
<b>Billy Ibrahim Djaya</b>	Research Analyst	billy.ibrahim@shinhan.com
<b>Anissa Septiwijaya</b>	Research Analyst	anissa.septiwijaya@shinhan.com

Office
<p><b>PT. Shinhan Sekuritas Indonesia</b> Member of Indonesia Stock Exchange</p>
<p><b>Head Office :</b> Equity Tower Floor. 50 Sudirman Central Business District Lot 9 Jl. Jend. Sudirman Kav. 52-53 Senayan Jakarta 12920 Indonesia Telp.: (+62-21) 80869900 Fax : (+62-21) 22057925</p>

**Disclaimer:** All opinions and estimates included in this report constitute our judgments as of the date of this report and are subject to changes without notice. This information has been compiled from sources we believe to be reliable, but we do not hold ourselves responsible for its completeness or accuracy. It is not an offer to sell or solicitation of an offer to buy any securities. Clients should consider whether it is suitable for their particular circumstances before acting on any opinions and recommendations in this report. This report is distributed to our clients only, and any unauthorized use, duplication, or redistribution of this report is prohibited.