

Indonesia Market Daily

April 18, 2024

Market Review

JCI fell as the Rupiah weakened by 5% YtD against the US Dollar.

The three main indices in the US were closed in the negative territory with the S&P 500 and Nasdaq marked a fourth straight day of losses. The Fed signaled this week that policymakers will wait longer than previously anticipated to cut rates following a series of surprisingly high inflation readings. On the other hand, the European markets were closed higher after inflation in the euro area fell from 2.6% to 2.4% in March 2024, marking a four-month low and confirming preliminary data. This morning, stock markets in Asia are likely to be opened mixed as the market will pay close attention to the development of geopolitical uncertainty, rising interest rates, the Fed's hawkish stance, and inflation data release.

The Jakarta Composite Index (JCI) erased earlier gains, falling by 33.97 points (-0.47%) to close at 7,130.84. This decline was attributed to the depreciation of the Indonesian Rupiah's exchange rate, which touched IDR 16,200 per US Dollar, representing a 5% year-to-date (YtD) weakening. Despite this, Bank Indonesia continues to intervene in the foreign exchange market to limit the Rupiah's correction and maintain a balanced supply and demand. Additionally, market participants are now considering the possibility of interest rate hikes from Bank Indonesia. The Rupiah's depreciation aligns with regional currencies like the Thai Baht and Philippine Peso. All sectoral indices also weakened in tandem with the JCI, with the Basic Material sector (-2.48%) being the worst performer, followed by the Technology sector (-2.42%). Furthermore, negative sentiment was also driven by data from Gaikindo, which reported a 26.21% year-on-year (YoY) decline in motor vehicle sales as of March 2024. National car sales for March 2024 reached 74,724 units, up 6% from February 2024's 70,698 units. However, car sales in March 2024 were lower than the previous year's record, which saw 101,272 units sold.

Trading Value: IDR 12.18tn
Foreign Net Sell: IDR 470.58bn

Moody's maintains Indonesia's sovereign credit rating at Baa2.

2Y:6.503%(+6.33bp)/10Y:6.908%(+7.86bp)
Indonesian government bond yields with 2-year and 10-year tenors continue to be higher in line with the 2-year and 10-year US Treasury yield which briefly broke above 5% and touched the level of 4.627%, respectively. Recent data is not giving policymakers the confidence they need that inflation is set to come down sustainably toward the Fed 2% annual target which implies that more time is needed before Fed officials can lower interest rates. Nevertheless, the positive sentiment came in from Moody's which maintains the sovereign credit rating of Indonesia at Baa2. This rating is one level higher than the investment grade, with a stable outlook. The affirmation is deemed in line with the economic resilience of Indonesia, which is estimated to remain solid and show stable growth. In addition, Moody's believes monetary and fiscal policies of Bank Indonesia and the government could promote national economic growth and resilience.

Rupiah drops to 4-year low.

FX: USD/IDR: 16,220 (+0.28%)
The Rupiah is still in a downtrend as fell to IDR 16,220 per US Dollar, a level last seen in 2020. The currency depreciated as the US Federal Reserve indicated rates could remain elevated for longer than anticipated. The central bank, Bank Indonesia, has had to continuously intervene in the forex market to restrict the Rupiah's and to ensure adequate supply and demand and market participants are now pricing in the possibility that it will hike rates. Previously, Fed Chair Jerome Powell signaled monetary policy needs to be restrictive for longer, dismissing any expectations of the Fed cutting rates in the near term. The weakening of the Rupiah is also related to external factors such as inflation in the US as well as geopolitical tensions due to conflicts in the Middle East and Russia-Ukraine.

Company News

PT Media Nusantara Citra Tbk (MNCN)

MNCN recorded a revenue of IDR 8.54trn in 2023. This achievement was down by 15.70% YoY from IDR 10.14trn in the previous year. Based on the segment, revenue from advertising fell 15.19% YoY to IDR 6.63trn, while revenue from content and IP also dropped significantly by 28.73% YoY to IDR 1.27trn. On the other hand, revenue from subscriptions was able to jump 17.87% YoY to IDR 498.01bn and other income increased by 34.97% YoY to IDR 137.10bn. In the bottom line, MNCN's net profit reached IDR 1.03trn in 2023, or fell 49.78% YoY.

Source: Kontan

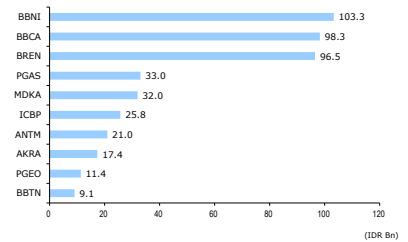
PT Multi Hanna Kreasindo Tbk (MHKI)

MHKI is currently exploring cooperation with foreign companies such as Korea and Japan. According to the company, there's still a vast opportunity in the global market. This is in line with MHKI's decision to be listed on the Indonesian Stock Exchange (BEI) and part of its vision to become a global company. To facilitate business expansion, MHKI will build factories and offices along with the addition of machines or other supporting equipment, including the purchase of 15 trucks and purchase of machine equipment.

Source: Kontan

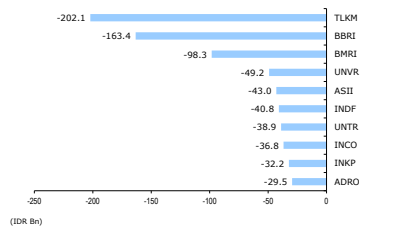
MAJOR MARKET INDICES	CHANGE	(%)	
US			
Dow Jones	37,753.31	-45.66	-0.12%
S&P 500	5,022.21	-29.20	-0.58%
Nasdaq	15,683.37	-181.88	-1.15%
Europe			
FTSE 100	7,847.99	27.63	0.35%
CAC 40	7,981.51	48.90	0.62%
DAX	17,770.02	3.79	0.02%
Asia			
JCI	7,130.84	-33.97	-0.47%
Nikkei	37,961.80	-509.40	-1.32%
Hang Seng	16,251.84	2.87	0.02%
KOSPI	2,584.18	-25.45	-0.98%

FOREIGN MOST BUY (NET)



Source: IDX

FOREIGN MOST SELL (NET)



Source: IDX

JAKARTA STOCK EXCHANGE INDEX



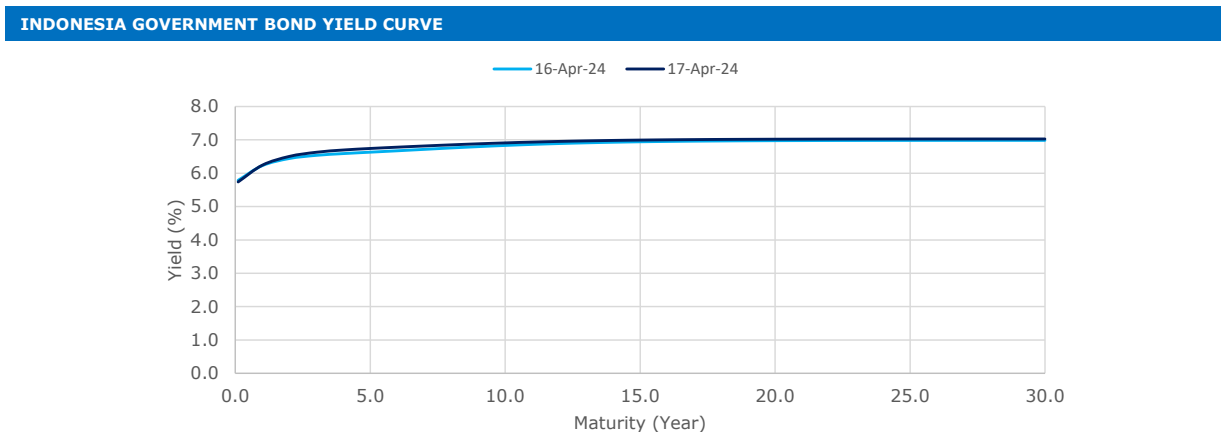
Source: IDX

Pefindo has affirmed its idA rating for PT Timah Tbk (TINS) with stable outlook. Pefindo also has affirmed its idA ratings for TINS's Shelf-Registered Bond (SR) I and MTN I as well as idA(sy) rating for TINS' SR Sukuk Ijarah I. Despite significant decline on TINS' financial performance in the year 2023 (FY2023) compounded by current illegal mining case, Pefindo has anticipated these concerns during our rating assessment in September 2023. TINS' exposure to the risk from illegal mining practices in the company's mining license permit (IUP) areas may lower tin ore supply for its smelter production. TINS' debt to EBITDA ratio weakened to 8.4x in FY2023 due to dropped in EBITDA of 80% on year-on year (YoY) from lower production affected by illegal mining. However, Pefindo view this condition as temporary and we project that TINS' debt to EBITDA ratio to recover to around 4.8x in 2024-2026 following the higher production resulted from the initiatives to improve governance in tin mining industry. The corporate rating reflects TINS' strong market position, vertically integrated operations, and strong support from the shareholder. These strengths are partly offset by its moderate financial condition, its exposure to risk from illegal mining, and its exposure to the volatility of tin prices.

Pefindo has affirmed its idA+ ratings to PT Summarecon Agung Tbk (SMRA) and its outstanding bonds. Outlook for the corporate rating is stable. The rating reflects SMRA's strong business position in the property industry, good asset quality, and good recurring income. The rating is constrained by the risk of new projects in new areas and exposure to macroeconomic conditions. The rating may be raised if the Company were to sustain stronger marketing sales performance and higher recurring income, providing it with stronger revenue visibility, followed with an improved financial profile. The rating may be lowered if the Company records significantly lower marketing sales and a slower than expected construction progress, resulting in revenue falling significantly short of targets. The rating may also be under pressure if it incurs significantly higher debt than projected, resulting in a more aggressive financial profile.

INDONESIA GOVERNMENT BOND YIELD				
Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	6.24	6.23	0.013	1.320
2.0	6.50	6.44	0.063	6.330
3.0	6.63	6.53	0.093	9.350
4.0	6.69	6.59	0.108	10.830
5.0	6.74	6.63	0.112	11.220
6.0	6.78	6.67	0.109	10.940
7.0	6.82	6.71	0.103	10.290
8.0	6.85	6.75	0.095	9.470
9.0	6.88	6.79	0.086	8.640
10.0	6.91	6.83	0.079	7.860
15.0	6.99	6.94	0.054	5.380
20.0	7.02	6.97	0.046	4.630
30.0	7.03	6.98	0.044	4.410

BENCHMARK PRICE				
Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0101 (5Y)	6.90	10.56	99.90	-44.09
FR0100 (10Y)	6.94	7.57	97.80	-52.73
FR0098 (15Y)	7.07	6.71	100.49	-59.86
FR0097 (20Y)	7.16	10.87	99.66	-113.12



Source: PHEI

Government Bond Valuation (NSS) based on Closing Price: 17-April-24

Series	Tenor	Coupon	YTM	Yield Curve	Spread to yield Curve	Mod Dur (Mid)	Convexity	Trading Idea
FR77	0.077	8.125	6.649	5.768	0.880	0.071	0.000	Under value
FR44	0.413	10.000	5.474	6.035	-0.560	0.396	0.003	Over value
FR81	1.161	6.500	6.634	6.306	0.327	1.073	0.017	Neutral
FR40	1.413	11.000	6.088	6.354	-0.266	1.291	0.023	Neutral
FR84	1.832	7.250	6.345	6.413	-0.069	1.670	0.037	Neutral
FR86	1.993	5.500	6.705	6.431	0.274	1.847	0.044	Neutral
FR37	2.412	12.000	6.181	6.470	-0.288	2.091	0.057	Neutral
FR56	2.412	8.375	6.816	6.470	0.346	2.143	0.059	Neutral
FR90	2.992	5.125	6.471	6.511	-0.041	2.716	0.090	Neutral
FR59	3.075	7.000	6.865	6.517	0.348	2.646	0.089	Neutral
FR42	3.242	10.250	6.532	6.527	0.005	2.707	0.094	Neutral
FR47	3.830	10.000	6.445	6.559	-0.113	3.155	0.125	Neutral
FR64	4.077	6.125	6.810	6.571	0.239	3.447	0.147	Neutral
FR71	4.909	9.000	6.836	6.607	0.229	3.947	0.194	Neutral
FR78	5.076	8.250	6.891	6.614	0.277	3.997	0.202	Neutral
FR52	6.327	10.500	6.869	6.661	0.208	4.684	0.281	Neutral
FR82	6.412	7.000	6.905	6.664	0.241	5.065	0.315	Neutral
FR87	6.831	6.500	6.915	6.678	0.237	5.355	0.353	Neutral
FR85	6.992	7.750	6.841	6.684	0.157	5.378	0.358	Neutral
FR73	7.075	8.750	6.751	6.686	0.064	5.162	0.345	Neutral
FR54	7.242	9.500	6.594	6.692	-0.098	5.262	0.357	Neutral
FR91	7.995	6.375	6.938	6.716	0.222	6.132	0.463	Neutral
FR58	8.162	8.250	6.644	6.721	-0.077	5.855	0.443	Neutral
FR74	8.329	7.500	6.938	6.726	0.212	6.089	0.471	Neutral
FR96	8.832	7.000	6.949	6.741	0.208	6.431	0.524	Neutral
FR65	9.076	6.625	6.911	6.749	0.162	6.518	0.547	Neutral
FR68	9.908	8.375	6.946	6.773	0.174	6.792	0.601	Neutral
FR80	11.159	7.500	7.004	6.807	0.197	7.374	0.725	Neutral
FR72	12.077	8.250	7.042	6.831	0.211	7.555	0.784	Neutral
FR88	12.162	6.250	6.762	6.833	-0.071	8.144	0.876	Neutral
FR45	13.076	9.750	6.992	6.856	0.136	7.679	0.834	Neutral
FR75	14.075	7.500	6.878	6.880	-0.002	8.513	1.009	Neutral
FR50	14.242	10.500	7.083	6.884	0.199	8.043	0.924	Neutral
FR79	14.992	8.375	6.895	6.902	-0.007	8.888	1.093	Neutral
FR83	15.995	7.500	7.060	6.924	0.135	9.369	1.222	Neutral
FR57	17.076	9.500	6.999	6.948	0.051	8.995	1.199	Neutral
FR62	17.993	6.375	7.187	6.967	0.219	10.254	1.485	Neutral
FR92	18.160	7.125	6.881	6.971	-0.089	9.968	1.442	Neutral
FR67	19.830	8.750	6.924	7.004	-0.081	10.086	1.514	Neutral
FR76	24.077	7.375	7.039	7.082	-0.044	11.082	1.934	Neutral
FR89	27.326	6.875	7.013	7.135	-0.122	11.990	2.290	Neutral

Source: Bloomberg, Shinhan Sekuritas Indonesia NSS model Calculation



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