

Indonesia Market Daily

April 19, 2024

Market Review

JCI strengthened as supported by a rebound in banking shares.

Stocks in the US were mixed as investors scrutinized the latest corporate earnings reports. Meanwhile, economic data and comments from Fed officials show that the central bank is unlikely to cut interest rates in the near future. The US labor market remained resilient as weekly initial jobless claims were unchanged from the previous week at 212,000. On the other hand, shares in Europe closed higher, triggered by rising shares in the telecommunications and banking sectors. In Germany, real gross domestic product is likely to increase slightly in the first quarter as "slightly higher" industrial output and increased goods exports support the German economy. This morning, shares in Asia opened lower with Japanese inflation in March rising 2.7% YoY, lower than the previous 2.8% YoY. Thus, bringing the expectation that the BOJ will raise interest rates again in October.

JCI closed higher by +35.97 points (+0.50%) to 7,166.81 supported by the Financial sector (+0.82%), along with the gain of BBRI (+3.30%), BMRI (+2.64%) and BRIS (+4.84%) shares. Meanwhile, BRIS (+4.84%) shares soared after the report that the largest sharia bank in Abu Dhabi, namely Abu Dhabi Islamic Bank (ADIB), planned to buy minority shares in BRIS. According to Reuters, this transaction aims to enter the fast-growing market in Southeast Asia. The potential acquisition of 15% BRIS shares from BBRI is one of the options that ADIB is considering. On the other hand, the Healthcare sector (-1.05%) weighed on the JCI. Elsewhere, EXCL (+3.30%) shares soared, supported by an increase in data usage traffic of 16% during the Ramadan holiday and Idul Fitri 2024 compared to normal days. Domestically, BI at the April Board of Governors Meeting (RDG) next week is estimated to still have the opportunity to maintain the BI-Rate at the 6% level in line with the projected shift in the timing of the Fed's interest rate cut.

Trading Value: IDR 13.75tn
Foreign Net Sell: IDR 723.71bn

Bond yields varied due to the continued influence of the postponement in the US interest rate cut.

2Y:6.481%(-2.18bp)/10Y:6.926%(+1.78bp)

Indonesian government bond yields with 2-year and 10-year tenors fluctuated, while US Treasuries remained relatively stable. The yield shifts were overshadowed by the missed prediction of an interest rate cut previously anticipated in June/July, as well as geopolitical tensions in the Middle East. According to CME Fedwatch Tools, there is a 79.2% likelihood that the central bank will maintain interest rates at their current level. Additionally, the market was pricing in a slight chance of a 25 basis point rate hike. Domestically, the market anticipates that BI will raise interest rates to stabilize movements in the Rupiah exchange rate, which previously reached IDR 16,200 per US Dollar. Furthermore, corporate bond issuance has reached IDR 26.4 trillion year-to-date from 23 companies. However, the value of bond and sukuk issuance during January-March 2024 declined compared to the previous year's period, which reached IDR 27.5 trillion.

The Rupiah bounced back as the apprehension about the interest rate subsided.

FX: USD/IDR: 16,179 (-0.25%)

The Rupiah strengthened against the US Dollar in anticipation of the release of US initial jobless claims data for the week ending April 13, 2024. Previously, the market had adjusted the timing of an expected interest rate cut due to strong US inflation data, which had led to the projection that the cut would occur in March 2024. However, this has since shifted to April and is now projected to occur in September 2024. The market currently anticipates only two interest rate cuts. The Fed officials, including Powell, have indicated that the current policy rate is likely to remain in place until inflation approaches the 2% target. The Bank of Indonesia remains confident that the movement of the Rupiah this year will remain under control, supported by Indonesia's projected economic growth of 4.7-5.5%. Inflation remains within the target range of 2.5±1%, with a realization of 0.52% MoM in March 2024, resulting in an annual increase of 3.05% YoY. Additionally, the trade balance remains in a surplus trend, although it is starting to slope.

Company News

PT Telkom Indonesia Tbk (TLKM)

TLKM recorded a net profit of IDR 6.05 trillion in 1Q24, marking a 5.78% YoY decrease compared to 1Q23 when it stood at IDR 6.52 trillion. Despite this decline, TLKM's revenue still experienced a 3.71% YoY increase, reaching IDR 37.42 trillion, compared to IDR 36.09 trillion in the same period last year. However, these gains were offset by unrealized losses from changes in the fair value of investments, amounting to IDR 403 billion, in contrast to a profit of IDR 430 billion in 1Q23.

Source: Kontan

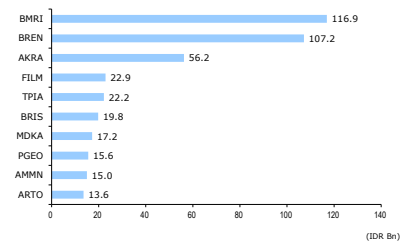
PT Prodia Widyahusada Tbk (PRDA)

PRDA is gearing up to distribute dividends amounting to IDR 165.97 per share, totaling IDR 155.6 billion. This dividend distribution decision stems from the outcomes of the annual general meeting of shareholders (AGMS) held on Thursday (18/4). The dividends will be sourced from the company's net profit for the 2023 financial year, which amounted to IDR 259 billion, equivalent to 60% of the company's net profit.

Source: Investor Daily

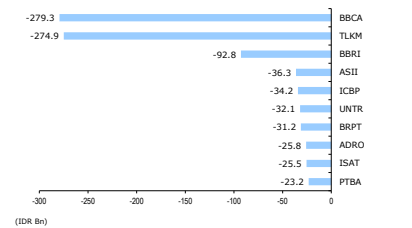
MAJOR MARKET INDICES	CHANGE	(%)	
US			
Dow Jones	37,775.38	22.07	0.06%
S&P 500	5,011.12	-11.09	-0.22%
Nasdaq	15,601.50	-81.87	-0.52%
Europe			
FTSE 100	7,877.05	29.06	0.37%
CAC 40	8,023.26	41.75	0.52%
DAX	17,837.40	67.38	0.38%
Asia			
JCI	7,166.81	35.97	0.50%
Nikkei	38,079.70	117.90	0.31%
Hang Seng	16,385.87	134.03	0.82%
KOSPI	2,634.70	50.52	1.95%

FOREIGN MOST BUY (NET)



Source: IDX

FOREIGN MOST SELL (NET)



Source: IDX

JAKARTA STOCK EXCHANGE INDEX



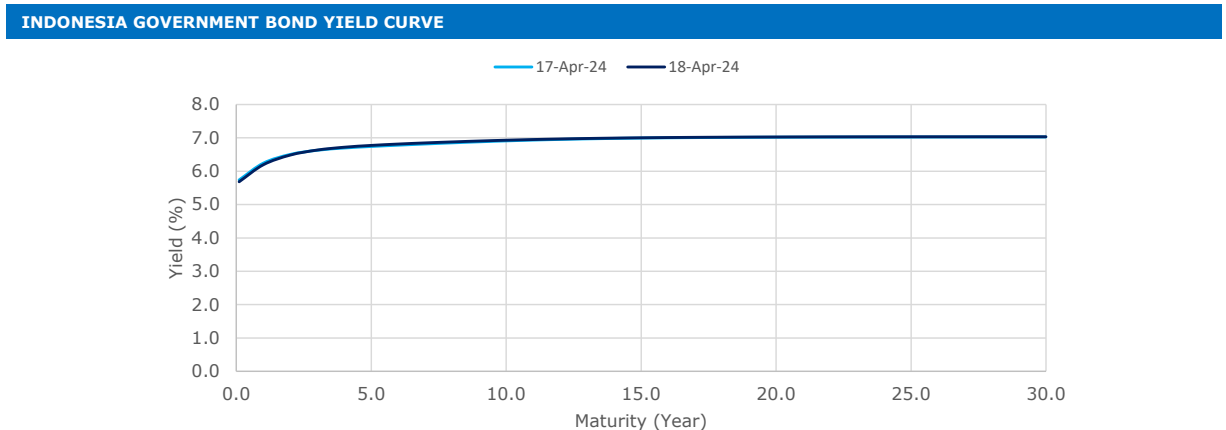
Source: IDX

Pefindo has obtained a mandate to issue bonds totaling IDR 53.17 trillion by the end of the first quarter. As of March 31, 2024, PT Pemeringkat Efek Indonesia (Pefindo) has been entrusted with overseeing the issuance of corporate debt securities (bonds) worth IDR 53.17 trillion from 48 different issuers. Pefindo highlights that companies in the banking and mining sectors have the most significant issuance plans. Specifically, five banking companies are planning to issue corporate debt securities worth IDR 7.65 trillion, while mining companies have a combined planned issuance value of IDR 5.6 trillion from five entities. Following closely are companies in the construction services and multi-finance sectors, each intending to issue debt securities amounting to IDR 4.5 trillion. Additionally, two non-multifinance companies are slated to issue bonds worth IDR 4 trillion. Regarding the types of debt securities, Pefindo specifies that continuous public offering (PUB) bonds lead the way at IDR 21.67 trillion, trailed by conventional bonds at IDR 19.12 trillion, PUB Sukuk at IDR 8.25 trillion, and Sukuk at IDR 1.59 trillion. Pefindo also notes that sustained robust activity in the real sector contributes significantly to the issuance of debt securities this year. This trend is fuelled by ongoing political campaigns, including the presidential election and upcoming regional elections, which help maintain strong and stable demand.

Pefindo has affirmed its idA rating for PT Provident Investasi Bersama Tbk (PALM)'s Shelf Registration Bond I Phase II Serie A of IDR 321 billion which is maturing on June 17, 2024. The company's readiness to repay its maturing debt instrument is supported by its shares of PT Merdeka Copper Gold Tbk (MDKA) valued at IDR 3.6 trillion at the end of December 2023, as well as cash and cash equivalents of IDR 75 billion and money market facility of IDR 131 billion, also at the end of December 2023. PALM was established in 2006 as PT Provident Agro and became listed on the Indonesia Stock Exchange in 2012. The company was renamed into PT Provident Investasi Bersama Tbk in August 2022. As of December 31, 2023, its shareholders consisted of PT Provident Capital Indonesia (45.80%), PT Saratoga Sentra Business (19.99%), Mr. Garibaldi Thohir (12.57%), Mr. Winato Kartono (5.03%), Mr. Hardi Wijaya Liong (3.77%), Mr. Tri Boewono (0.93%), and the rest by public.

INDONESIA GOVERNMENT BOND YIELD				
Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	6.19	6.24	-0.050	-5.000
2.0	6.48	6.50	-0.022	-2.180
3.0	6.63	6.63	0.004	0.420
4.0	6.72	6.69	0.021	2.120
5.0	6.77	6.74	0.030	2.950
6.0	6.81	6.78	0.032	3.160
7.0	6.85	6.82	0.030	2.980
8.0	6.88	6.85	0.026	2.610
9.0	6.90	6.88	0.022	2.190
10.0	6.93	6.91	0.018	1.780
15.0	7.00	6.99	0.006	0.640
20.0	7.02	7.02	0.004	0.440
30.0	7.03	7.03	0.005	0.460

BENCHMARK PRICE				
Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0101 (5Y)	6.841	-5.76	100.14	23.96
FR0100 (10Y)	6.878	-5.73	98.20	39.97
FR0098 (15Y)	6.991	-7.68	101.18	68.55
FR0097 (20Y)	7.090	-6.59	100.35	68.38



Source: PHEI

Government Bond Valuation (NSS) based on Closing Price: 18-April-24

Series	Tenor	Coupon	YTM	Yield Curve	Spread to yield Curve	Mod Dur (Mid)	Convexity	Trading Idea
FR63	0.34	5.63	5.00	4.84	0.16	0.33	0.00	Neutral
FR46	0.51	9.50	5.26	5.12	0.14	0.47	0.00	Neutral
FR39	0.59	11.75	5.22	5.23	-0.01	0.55	0.01	Neutral
FR70	1.18	8.38	5.60	5.74	-0.15	1.08	0.02	Neutral
FR77	1.34	8.13	5.65	5.83	-0.18	1.25	0.02	Neutral
FR44	1.68	10.00	5.84	5.97	-0.13	1.49	0.03	Neutral
FR81	2.43	6.50	6.05	6.17	-0.13	2.20	0.06	Neutral
FR40	2.68	11.00	6.17	6.22	-0.05	2.26	0.07	Neutral
FR84	3.10	7.25	6.22	6.29	-0.07	2.67	0.09	Neutral
FR86	3.26	5.50	6.06	6.31	-0.25	2.90	0.10	Neutral
FR37	3.68	12.00	6.22	6.37	-0.15	2.94	0.11	Neutral
FR56	3.68	8.38	6.21	6.37	-0.16	3.08	0.12	Neutral
FR90	4.26	5.13	6.10	6.43	-0.33	3.71	0.17	Neutral
FR59	4.34	7.00	6.29	6.44	-0.15	3.67	0.16	Neutral
FR42	4.51	10.25	6.55	6.46	0.09	3.50	0.16	Neutral
FR47	5.10	10.00	6.62	6.51	0.11	3.91	0.20	Neutral
FR64	5.34	6.13	6.54	6.53	0.01	4.44	0.24	Neutral
FR71	6.18	9.00	6.60	6.60	0.00	4.67	0.28	Neutral
FR78	6.34	8.25	6.65	6.61	0.04	4.90	0.30	Neutral
FR52	7.59	10.50	6.83	6.70	0.13	5.27	0.37	Neutral
FR82	7.68	7.00	6.75	6.71	0.04	5.75	0.42	Neutral
FR87	8.10	6.50	6.77	6.74	0.03	6.03	0.46	Neutral
FR85	8.26	7.75	6.96	6.75	0.22	5.99	0.46	Neutral
FR73	8.34	8.75	7.01	6.75	0.26	5.93	0.45	Neutral
FR54	8.51	9.50	7.00	6.76	0.24	5.77	0.45	Neutral
FR91	9.26	6.38	6.77	6.81	-0.03	6.76	0.58	Neutral
FR58	9.43	8.25	7.03	6.82	0.21	6.58	0.56	Neutral
FR74	9.60	7.50	7.01	6.83	0.18	6.62	0.58	Neutral
FR65	10.34	6.63	6.99	6.87	0.12	7.27	0.68	Neutral
FR68	11.18	8.38	7.04	6.92	0.13	7.22	0.70	Neutral
FR80	12.43	7.50	7.03	6.98	0.05	8.05	0.86	Neutral
FR72	13.34	8.25	7.11	7.03	0.09	8.18	0.92	Neutral
FR88	13.43	6.25	7.01	7.03	-0.02	8.76	1.02	Neutral
FR45	14.34	9.75	7.36	7.07	0.29	8.18	0.95	Neutral
FR75	15.34	7.50	7.11	7.12	-0.01	9.05	1.14	Neutral
FR50	15.51	10.50	7.12	7.13	-0.01	8.28	1.01	Neutral
FR79	16.26	8.38	7.17	7.16	0.01	9.05	1.18	Neutral
FR83	17.26	7.50	7.13	7.20	-0.08	9.57	1.32	Neutral
FR57	18.34	9.50	7.56	7.25	0.31	9.29	1.29	Neutral
FR62	19.26	6.38	7.04	7.29	-0.24	10.50	1.60	Neutral
FR92	19.43	7.13	7.09	7.29	-0.20	10.40	1.57	Neutral
FR67	21.10	8.75	7.48	7.36	0.13	9.91	1.53	Neutral
FR76	25.34	7.38	7.27	7.50	-0.23	11.34	2.03	Neutral
FR89	28.59	6.88	7.23	7.60	-0.37	11.78	2.29	Neutral

Source: Bloomberg, Shinhan Sekuritas Indonesia NSS model Calculation



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