

Indonesia Market Daily

October 11, 2021

Market Review

JCI rebounds to a 10-month high and brings the weekly gain to +4.06%. JCI closed higher by +65.37 points (+1.02%) to 6,481.77 on the back of consecutive net buy performed by foreign investors for 5 days in a row. The positive sentiment in the region came from China after the country's Caixin/Markit services PMI rose to 53.4 in September from 46.7 in August, improved from the lowest level seen since the peak of the pandemic last year, as major Covid-19 outbreak receded and offering some support to a slowing economy. Meanwhile, Indonesia's consumer confidence index also jumped to 95.5 in September from 77.3 in August, which is the highest reading since June 2021, driven by the gradual opening of the economy. The Energy (+1.49%) sector still became the main driver of the higher closing of the JCI as energy prices remained volatile with oil prices increase above USD 80 per barrel for the first time since November 2014. Besides that, BBRI (+0.97%) and BBCA (+1.82%) shares also ended up in positive territory as Indonesia's financial system stability to be maintained in 2H21, while Bank Indonesia predicted credit growth to be in the range of 4%-6% YoY and the growth in Third Party Funds (DPK) at 6%-8% YoY by the end of this year.

Trading Value: IDR 15.53trn
Foreign Net Buy: IDR 2.42trn

Slight yield movement ahead of key US non-farm payrolls data while the US 10-year Treasury yield increase to its highest since June.

Bond: 2Y: 4.152% (+1.76bp) / 10Y: 6.462% (+1.58bp)

Bond yields of 2-year and 10-year instruments were under pressure following the decline in the US weekly jobless claims by 38,000 to 326,000 which was the biggest drop in three months. Improving labor market in the US and the data of US non-farm payrolls, that the consensus expected to rose by 500,000 jobs in September, will trigger the Fed to begin reducing its monthly asset purchases as soon as November. Therefore, the positive outlook for yield movement will be driven mainly by positive sentiment from the domestic market, in line with the lower supply of Indonesian government securities, stability of Rupiah to keep the current account deficit relatively low, and the continuation of burden-sharing between the government and Bank Indonesia.

The Rupiah appreciated 0.59% against the US Dollar last week.

FX: USD/IDR: 14,223 (+0.04%)

Indonesia Rupiah was moved flat as market participants will keep their focus on the US non-farm payrolls report for clues on the pace of the Fed policy normalization. Nevertheless, Rupiah managed to strengthen by 0.59% against the US Dollar last week on the back of abundant forex reserves that rose in September by USD 2.1bn to an all-time high at USD 146.9bn.

Company News

PT Bank Rakyat Indonesia Tbk (BBRI)

BBRI estimates that loan growth will be able to reach between 6%-7% YoY until the end of 2021 supported by improving economic conditions that have begun to improve in August and September after being hit by the Delta variant in July which pressures the loan growth performance of the banking industry. Asset quality is also improving as the amount of restructured loans has decreased, driven by the SME segment. In terms of NPL, BBRI is optimistic that until the end of 2021 it will be in the range of 3.3%-3.5%.

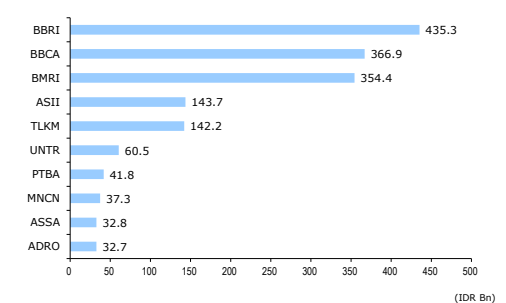
Source: *Bisnis Indonesia*

Indices

	Last	Change	Change (%)
US 30 Futures	34,646.80	-99.40	-0.29%
US 500 Futures	4,375.40	-16.00	-0.36%
Dow Jones	34,746.25	-8.69	-0.03%
S&P 500	4,391.36	-8.40	-0.19%
Nasdaq	14,579.50	-74.50	-0.51%
S&P 500 VIX	18.77	-0.77	-3.94%
Dollar Index	94.058	-0.06	-0.06%

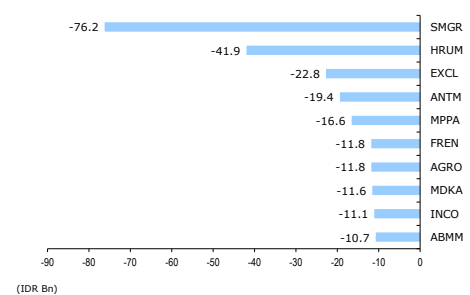
Source: *Investing.com, Shinhan Sekuritas Indonesia*

Foreigner Most Buy (Net)



Source: *IDX, Shinhan Sekuritas Indonesia*

Foreigner Most Sell (Net)



Source: *IDX, Shinhan Sekuritas Indonesia*

Jakarta Stock Exchange Composite Index



Source: *IDX, Shinhan Sekuritas Indonesia*

PT Kapuas Prima Coal Tbk rated "idBBB", outlook revised to positive. Pefindo has affirmed its "idBBB" ratings to PT Kapuas Prima Coal Tbk (ZINC) and its Bond I Year 2018. The outlook for the corporate rating is revised to positive from stable to reflect Pefindo expectation that ZINC's business position and cash flow protection measures will improve as a result of more integrated business expansions. ZINC is expected to increase its overall mining annual production to reach more than 600k tons ore starting 2022 from currently 450k tons ore, following the operation of its lead smelter in 1H22. Its lead smelter with a capacity of 20k tons bullion per year will generate revenue of around IDR 800bn in 2022. With the additional revenue, its cash flow protection measures are expected to improve, with the projected funds from operation to debt ratio of 44% on average on 2022-2024 from 17% at the end of June 2021. To finance both its investment and working capital, ZINC had received a bank loan of USD 96mn. ZINC plans to repay its maturing Bond I Year 2018 Series D of IDR 18.4bn on 21 December 2021 using internal funds. As of 30 June 2021, its cash and cash equivalent were IDR 924.5bn.

Indonesia Government Bond Yield

Tenor	Last (%)	Previous (%)	Change	Change (bps)
1.0	3.52	3.49	0.025	2.540
2.0	4.15	4.13	0.018	1.760
3.0	4.61	4.59	0.018	1.840
4.0	4.98	4.96	0.020	2.040
5.0	5.31	5.28	0.021	2.130
6.0	5.59	5.57	0.021	2.070
7.0	5.85	5.83	0.019	1.950
8.0	6.08	6.07	0.018	1.790
9.0	6.29	6.27	0.017	1.670
10.0	6.46	6.45	0.016	1.580
15.0	7.00	6.98	0.018	1.820
20.0	7.19	7.16	0.024	2.360
30.0	7.26	7.23	0.028	2.800

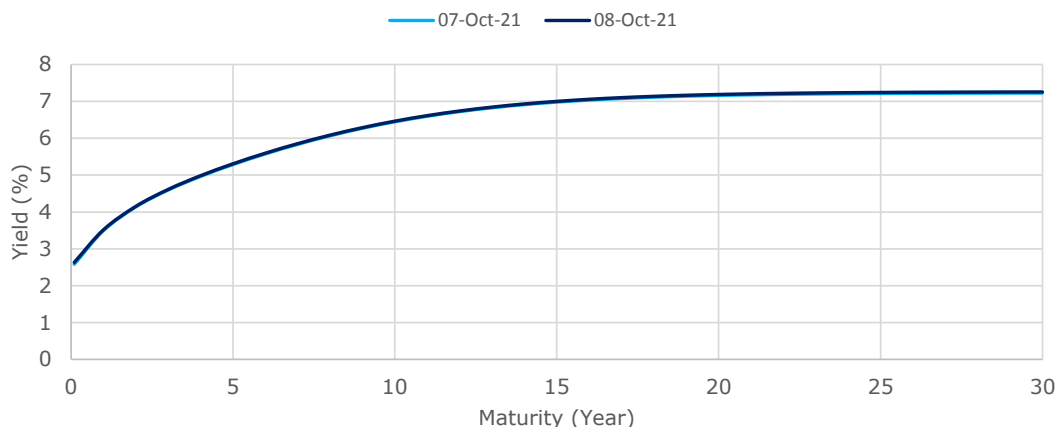
Source: PHEI

Benchmark Price

Series	Yield (%)	Change (bps)	Price (%)	Change (bps)
FR0086 (5Y)	5.182	1.91	101.27	-7.74
FR0087 (10Y)	6.353	1.58	101.01	-11.13
FR0088 (15Y)	6.337	1.52	99.17	-14.33
FR0083 (20Y)	7.206	7.62	102.98	-79.35

Source: PHEI

Indonesia Government Bond Yield Curve



Source: PHEI



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