



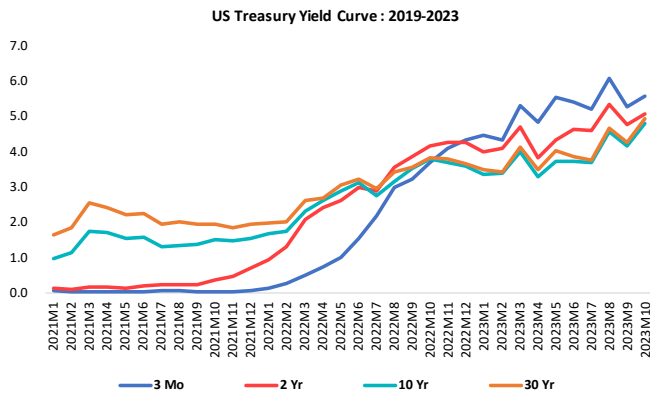
MARKET OUTLOOK 2024



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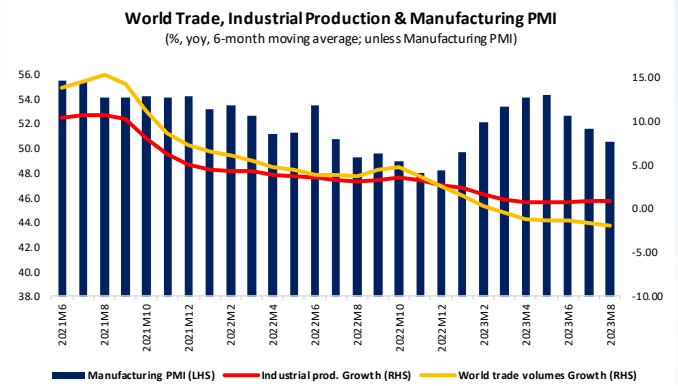
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Figure 3.



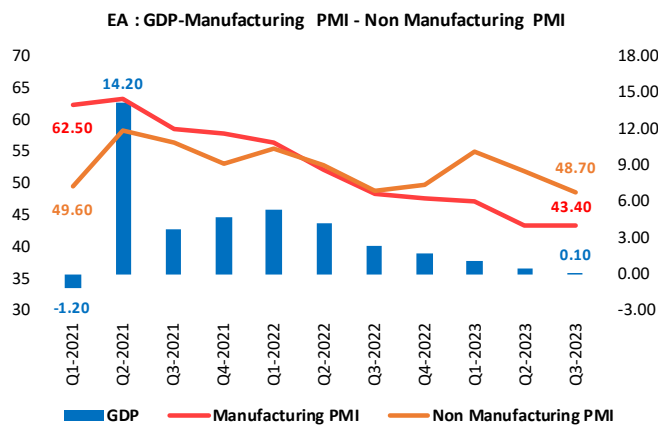
Source : Treasury.gov

Figure 4.



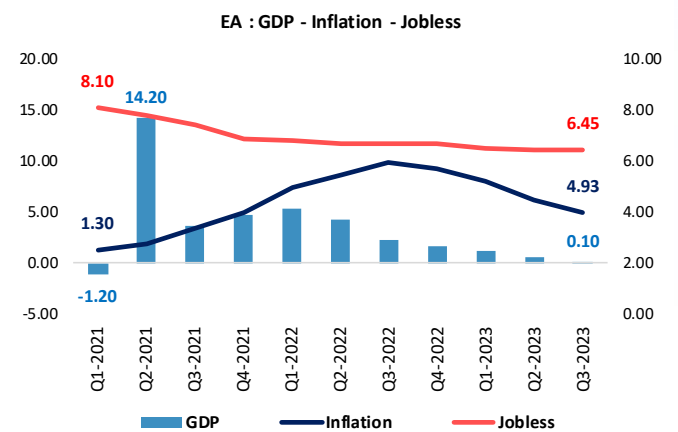
Source : CBP Netherlands Bureau for Economic Policy Analysis; Markit Economics

Figure 5.



Source : Investing

Figure 6.



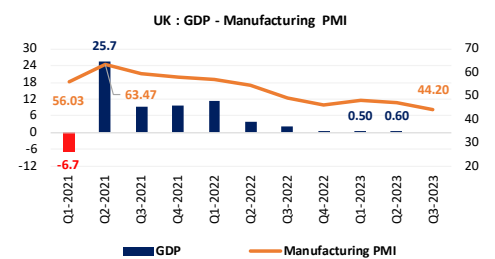
Source : Investing

The Euro Area's inflation is more persistent than the USA. The Euro Area's economic growth slowed to 0.10% yoy in Q3-2023 (Figure 5). The Euro Area's economic growth is relatively slower than the USA. It was caused by the ECB's monetary policy, which was more aggressive than the Fed and stayed at its highest level for some months in recent years. ECB has increased the reference interest rate ten times to 4.5% until September 2023. This aggressive decision by ECB The aggressive decision by the ECB is based on the continued high inflation rate in the Euro Area, reaching 4.3% year on year in September 2023 (compared to 1.48% year on year in 2018-2019) and improved labor sector condition evidenced by a decrease in the unemployment rate to 6.40% in August 2023 (compared to 6.73% yoy in 2022) (Figure 6).

England is on the trend of slowing economic growth. England has been in the direction of slower economic growth since Q2-2021 or post-Covid-19 lockdown policy in England. In Q2-2023, England reported economic growth of 0.6% yoy (vs 25.7% yoy di Q2-2021). This trend was caused by the Bank of England (BoE), which aggressively increased the reference interest rate to reduce the inflation rate. BoE increased the interest rate earlier than The Fed and ECB. Currently, BoE has increased the interest rate 14 times to 5.35% until September 2023.

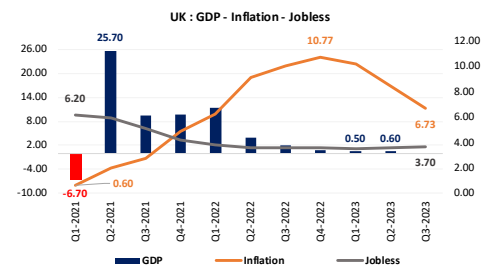
The inflation rate in England was 6.7% yoy in September 2023, which was relatively more persistent than that of the Euro Area (Figure 8). One of the factors of high inflation is the Brexit decision in 2020, which affected export imports, foreign exchange reserves, and deficit labor. Conversely, labor industry conditions were relatively stable and tended to return to the pre-pandemic level, as the unemployment rate was 3.80% in September 2023 (vs 3.68% in 2019).

Figure 7.



Source : Investing, Trading Economics

Figure 8.



Source : Investing, Trading Economics

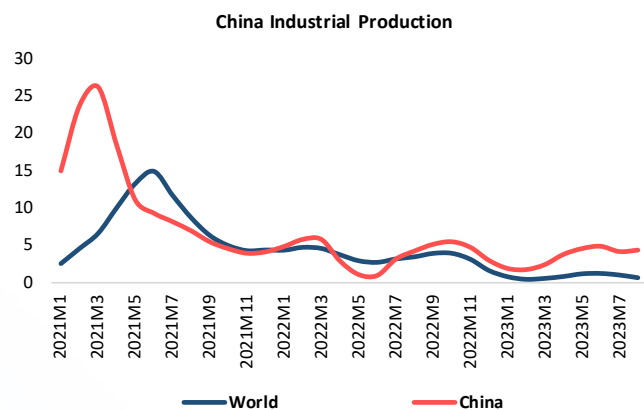
The acceleration of China's economy is below post-lockdown expectations. China's economic growth decelerated to 4.9% yoy in Q3-2023, down from 6.3% yoy in Q2-2023 (Figure 9). China's 0% yoy inflation prompted this slowdown in September 2022, a remarkably low level for a developing country. However, a potential for recovery is indicated by China's Manufacturing Index returning to an expansive level of 50.2 in September 2023 (Figure 11). Additionally, the decline in the unemployment rate to 5.0% in September 2023 (compared to 5.15% in 2019) demonstrates relative stability in China's employment market. The Chinese government is also trying to stimulate domestic demand, including relaxation measures related to Home Mortgage Loans (HML) to mitigate the property market downturn. Meanwhile, the People's Bank of China (PBoC) is endeavoring to ease monetary policy by adjusting the one-year loan Prime Rate to 3.45% in October 2023.

Figure 9.



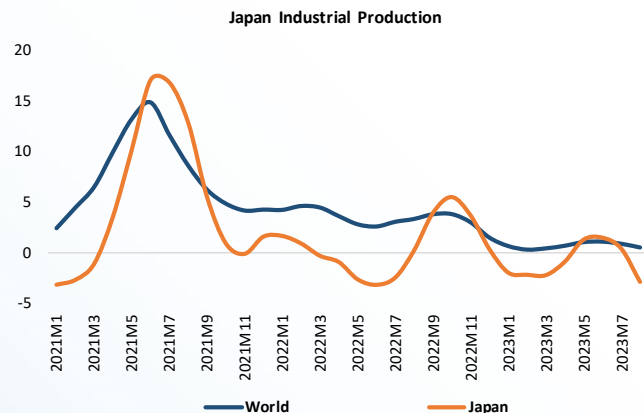
Source : Investing, Trading Economics

Figure 10.



Source : Investing

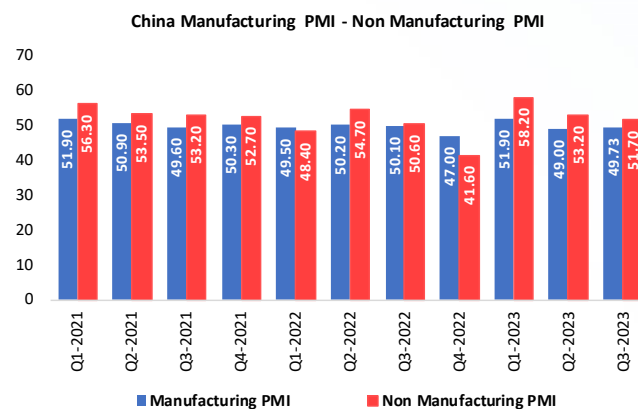
Figure 12.



Source : Investing

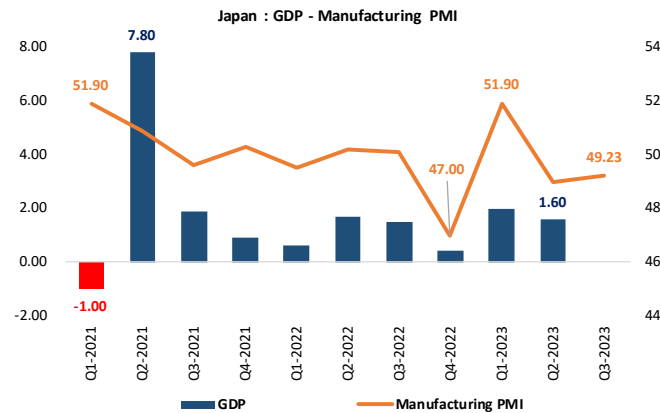
Japan's economy has also slowed down in line with most developed countries. Japan's economy slowed to 1.6% yoy in Q2-2023 (Figure 13). This growth is relatively above pre-pandemic Japan's economic growth. Japan's inflation slowed to 3.0% yoy in September 2023, continuing to decline since early 2023. Economic stall and inflation triggered by the Japan Manufacture Index fluctuated below the expansive level of 49.27 from January to September 2023. Besides, the employment market in Japan shows improvement through unemployment, which is relatively down to 2.67% in Q3-2023 (Figure 14). However, this number is still below the pre-pandemic average level.

Figure 11.



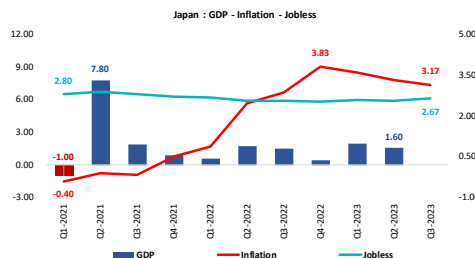
Source : Investing

Figure 13.



Source : Investing, Trading Economics

Figure 14.



Source : Investing, Trading Economics

Geopolitical instability in Eastern Europe and the Middle East. Recent geopolitical conditions are increasing concerns about the global economy, particularly on the supply side, especially various energy and food commodities. Russia has once again initiated an invasion in several regions of Eastern Ukraine, notably in industrial and port areas such as Luhansk, Donetsk, and Odesa, in mid-2023. This event initially triggered an increase in the prices of essential food commodities from Eastern Europe, particularly grains. The Russian invasion led to the imposition of sanctions on Russia by Western nations and allies, thereby impacting the prices of energy commodities, which experienced a temporary rise. These conditions resulted in relatively persistent inflation, especially in the European region.

Russia refused to extend the Black Sea Grain Deal on 17 Juli 2023. Without the Black Sea Grain Deal, Ukraine struggled to export food commodities such as grain through their main port facing the Black Sea, such as Odesa, which is still active in the conflict area until now. (Figure 16). This condition became an additional factor that pushed food commodity prices, especially grain prices, in July 2023.

The geopolitical situation is escalating with increasing tensions in the Middle East. The escalation in conflict intensity coincided with the decision by the Israeli government to declare a state of war in Israel following attacks on the southern regions of Israel on October 7, 2023.

Apart from the political impact, these geopolitical tensions also affect commodity prices, particularly oil. The price of crude oil surged due to concerns about disruptions in oil supply from Israel as a result of the conflict. However, this increase was short-lived after the market digested that Israel is not a major producer or a primary distribution hub for oil from the Middle East. One of the significant oil-producing regions in Israel is situated in the northern areas, relatively distant from the center of conflict or turmoil.

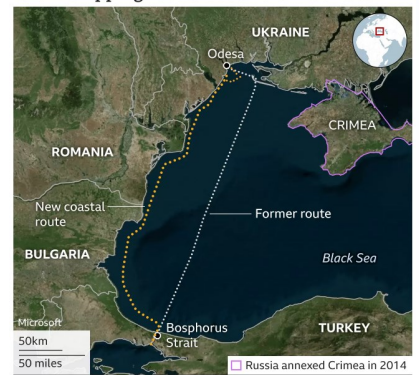
Figure 15.



Source : BBC News

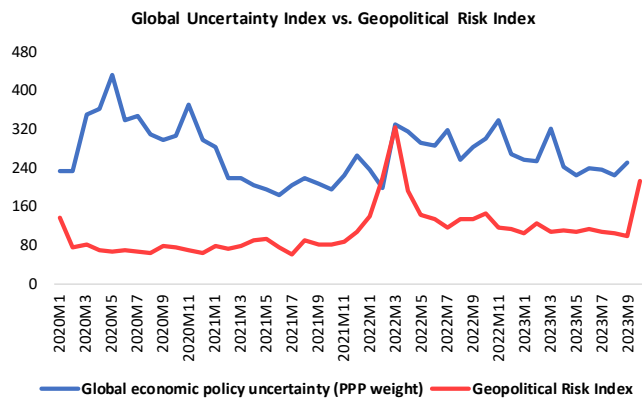
Figure 16.

Grain shipping routes out of the Black Sea



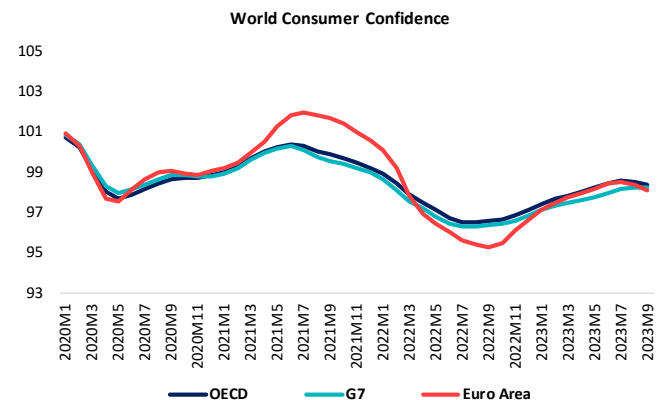
Source : BBC News

Figure 17.



Source : Investing

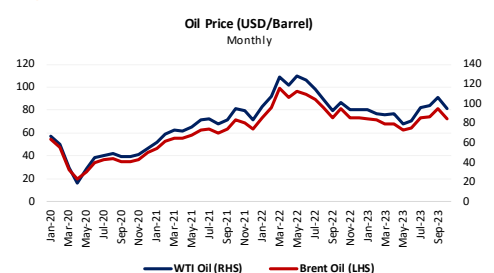
Figure 18.



Source : Investing, Trading Economics

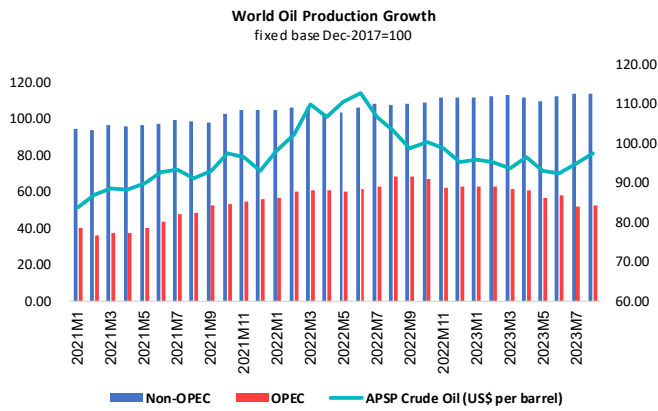
Uncertainty of geopolitical risk pushed crude oil price up. Crude oil price increase to US\$85.26/USD (+5.95% ytd) and Brent oil to US\$90.16/USD (+4.95% ytd) until 16 October 2023 (Figure 19). The recent ambiguity of geopolitical in the Middle East Area has triggered a spike in crude oil price. Previously, strengthening crude oil price were triggered by the Organization of The Petroleum Exporting Countries (OPEC) and Russia which reduced production since July 2023. OPEC and Russia take this decision as a lowering demand projection as a result of tight monetary policy from some central banks, especially The Fed and ECB.

Figure 19.



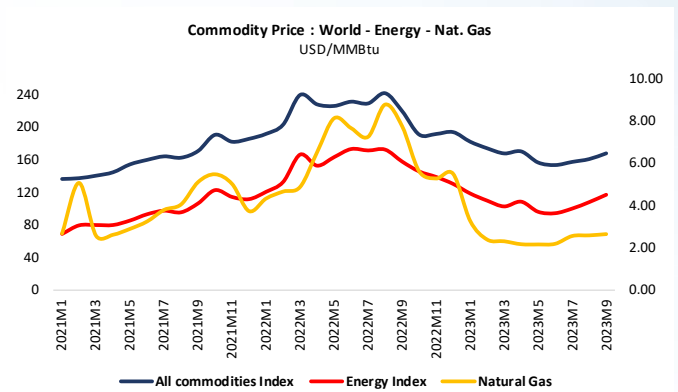
Source : Investing, Trading Economics

Figure 20.



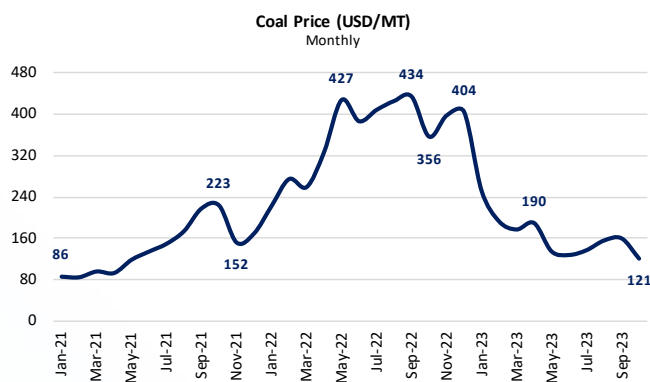
Source : Investing

Figure 21.



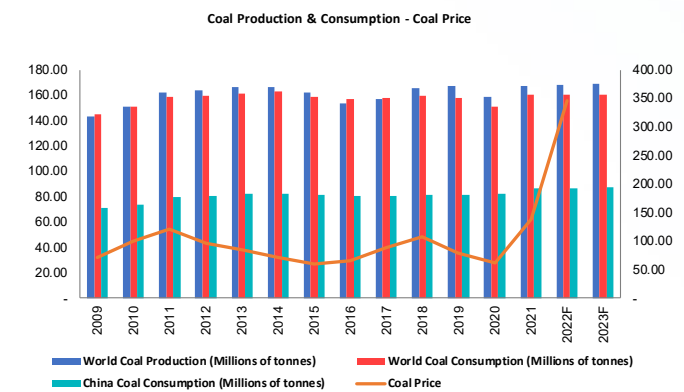
Source : Investing, Trading Economics

Figure 22.



Source : Investing

Figure 23.



Source : Investing

Natural gas price has plunged 59.18% yoy to US\$2.65/MMBtu in January-October 2023.

Natural gas price falls are triggered by tight monetary policy that impact the lower demand for natural gas. Demand falls indicated by contraction in the manufacturing index in Europe to 43.40 level in September 2023, as Europe is the most significant natural gas consumer from Russia. It showed an average decline in natural gas prices of 59.81% yoy to US\$2.65/Mmbtu during January-October 2023 (Figure 21).

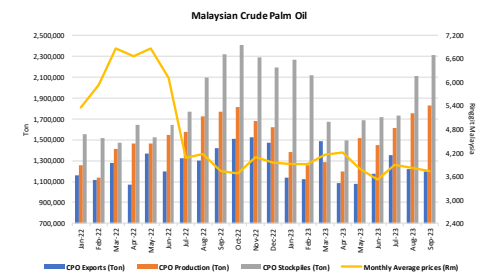
Coal price moderated deeper than expected 1H-2023.

The deeper moderation in coal commodity prices was also triggered by a slowdown in demand as indicated by a decline in the manufacturing index in the US, Europe, and especially China. This is shown by the decrease in the average coal price of 53.13% yoy to US\$164.9/MT throughout January-October 2023 (Figure 22). On the other hand, demand from India relatively maintains the decline in coal prices. This is shown by India's rather expansive manufacturing average of 55.22 throughout 2022. For information, India is in second place as a world coal consumer of 5,581.43 TWh in 2022.

Average Crude Palm Oil (CPO) price has plunged 29.94% in January-September 2023.

The CPO average price has plunged 29.94% yoy to RM3,860.61/tons from January to September 2023 (Figure 24). This fall was caused by the tightening of the monetary policy in several central banks, which affected production and demand. However, the El Nino phenomenon caused long-term dry seasons and increased CPO product demand from Indonesia as the biggest CPO and its derivative products consumer supporting CPO's price that relatively declined since 2H22.

Figure 24.

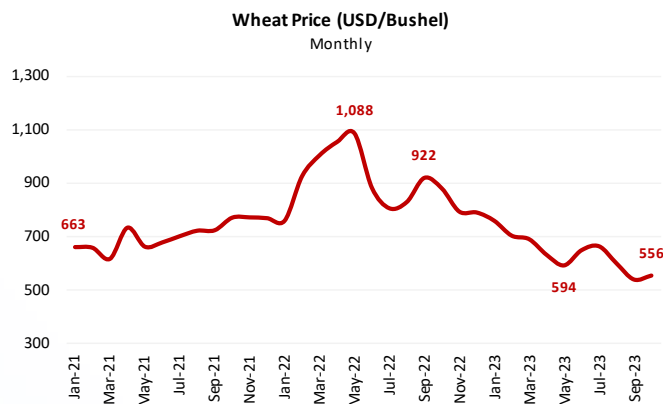


Source : Investing, Trading Economics

Weakening also occurred in wheat commodities until October 2023. The average wheat price fell 29.32% yoy to US\$556.25/bushel in October 2023 (Figure 25). This moderation occurred due to the reduction in tensions in the Russia-Ukraine conflict and the existence of the Black Sea Deal from July 2022 to 2023, which made it possible to restore food supplies.

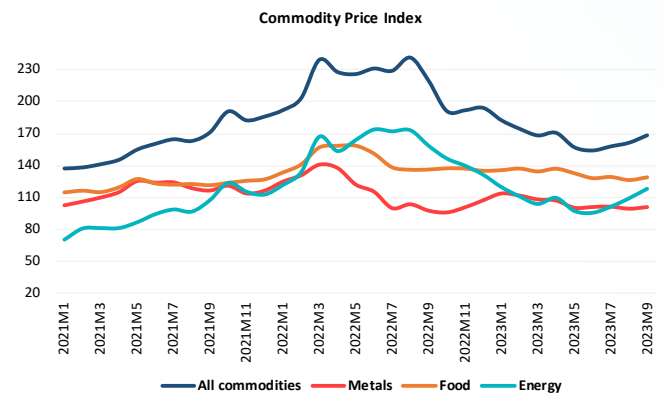
Hard Commodities prices also relatively fall until 9M23. One of the reasons for the decline in global metal prices was the relatively contracted condition of the global manufacturing sector due to aggressive monetary policy from several central banks. Also, World Trade Volume conditions have slowed and shrunk since early 2023.

Figure 25.



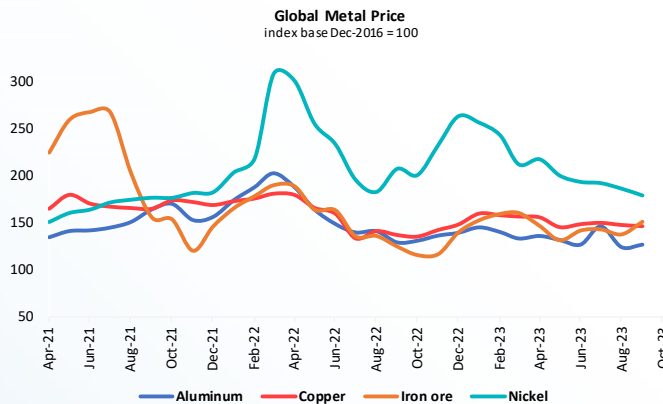
Source : Investing

Figure 26.



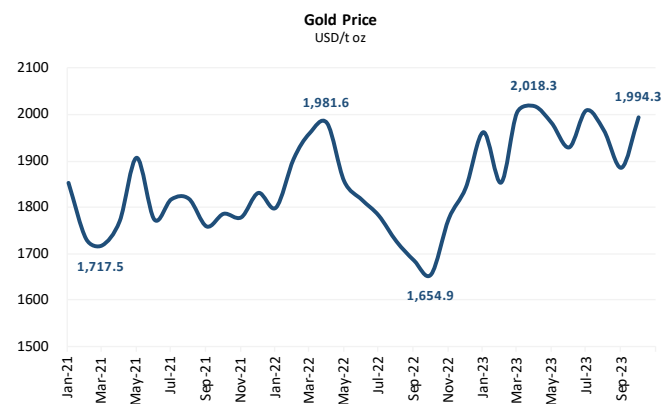
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Figure 27.



Source : Investing

Figure 28.

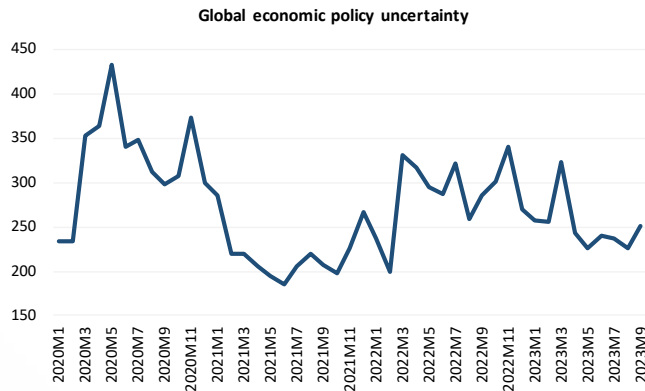


Source : Investing

Gold price tended to increase as concerns uncertainty risk. Increasing uncertainty in geopolitical conditions follows growing tensions in the Middle East, and monetary policy, which is still relatively aggressive, pushes up prices of safe-haven commodities such as gold. The average price of gold increased 6.66% yoy to US\$1,956.6/t oz. in January-September 2023 (Figure 28).

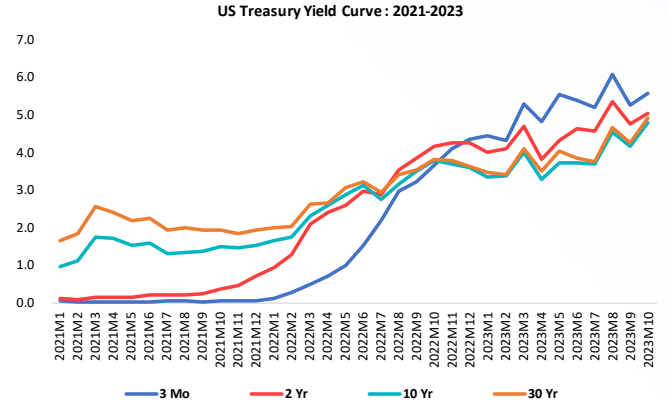
Inversion US Bond Yields continue as increasing in uncertainty risk. The condition of US Bond Yields, which is still high, is triggered by some factors (Figure 30). First, the US economic recovery situation is relatively limited due to The Fed's still aggressive monetary policy to reduce the US inflation rate. Second, geopolitical tensions have increased following the conflict in the Middle East. This causes US Bond Yields to rise in both long and short terms following the increase in risk uncertainty (Figure 29), and expectations of the Fed Rate are high, so the market expects higher returns. US 3-Months Bond Yield is 5.29%, higher than US 2-Years Bond Yield at 4.78% and US 10-Years Bond Yield at 4.17% in September 2023.

Figure 29.



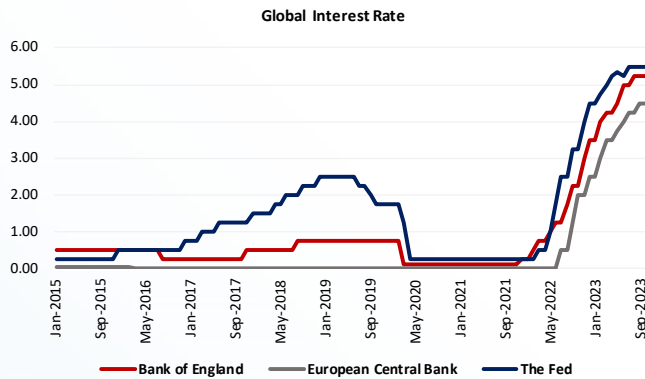
Source : Investing

Figure 30.



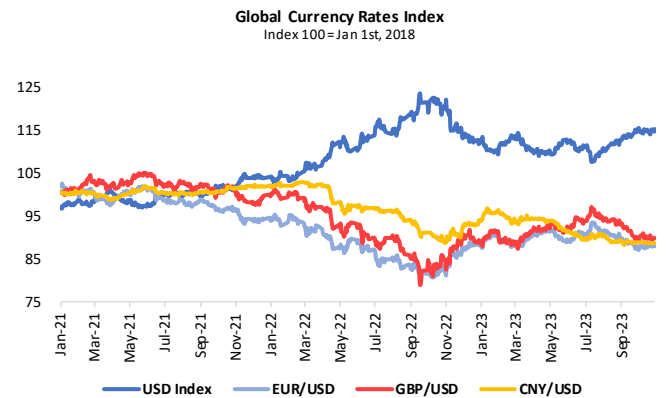
Source : Investing

Figure 31.



Source : Investing

Figure 32.



Source : Investing

USD Index is relatively high due to the increasing global uncertainty risk. Investors are likely to sell relatively riskier instruments, including US government bonds. The increase in bond yields in the US reflects this condition. There are indications of a tendency for investors to hold cash or increase their USD holdings. This is likely based on the belief that the USD is one of the strongest currencies amidst increasing uncertainty risk, especially in August-October 2023. The USD Index grew 3.12% ytd throughout January-October 2023 and strengthened 4.32% in August-October 2023 (Figure 32).

The majority of indexes are relatively diverse in 2023. Between January and October 2023, most global and regional indexes witnessed an upward trend, as shown in Figures 33-36. The Nasdaq index emerged as the top performer among leading Wall Street indexes, registering a 22.78% increase year-to-date. The European Index also saw a notable uptick, primarily led by the DAX (German), which rose by 6.37% year-to-date. Additionally, most Asia-Pacific indexes strengthened, with the Nikkei index (Japan) leading the way with an 18.26% increase year-to-date. However, most ASEAN indexes weakened, with SETi (Thailand) declining, registering a 17.19% dip year-to-date.

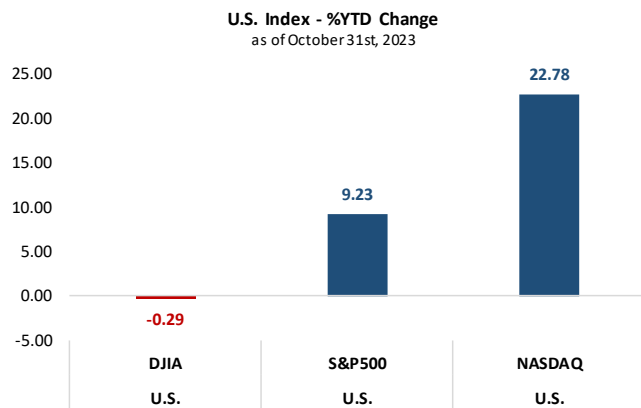
Nonetheless, global indexes experienced significant weakening during the August-September 2023 period, which coincided with an increase in uncertainty risks, as indicated in Table 2. The S&P 500 index witnessed the steepest decline among Wall Street indexes, with a 10.42% drop. Similarly, DAX (Germany) recorded the deepest plunge, with a 9.95% dip witnessed among the majority of major indexes in Europe. In Asia-Pacific, Hang Seng (Hong Kong) led the fall with a 14.77% drop, while the VN-Index (Vietnam) registered the deepest weakening, with a 15.92% dip among most indexes in Southeast Asia.

Table 2. Indices Performance

	Aug-23	Sep-23	Oct-23
ASEAN			
JKSE	0.32%	0.12%	-2.58%
KLCI	-0.51%	-2.42%	-1.18%
PSEi	-6.31%	-4.10%	-9.37%
STI	-4.63%	-4.75%	-9.18%
SETi	0.63%	-5.44%	-11.20%
VN-Index	0.09%	-5.62%	-15.92%
Asia Pacific			
ASX	-1.37%	-4.89%	-8.59%
SSEC	-5.20%	-5.49%	-8.27%
Hang Seng	-8.45%	-11.30%	-14.77%
SENSEX 30	-2.55%	-1.05%	-3.99%
Nikkei 225	-1.67%	-3.96%	-6.97%
KOSPI	-2.90%	-6.36%	-13.47%
TAIEX	-2.98%	-4.62%	-6.67%
Euro Area			
CAC40	-2.42%	-4.84%	-8.16%
DAX	-3.04%	-6.45%	-9.95%
FTSE	-3.38%	-1.19%	-4.91%
United States			
DJIA	-2.36%	-5.77%	-7.05%
S&P 500	-2.17%	-7.85%	-10.42%
NASDAQ	-1.77%	-6.56%	-8.61%

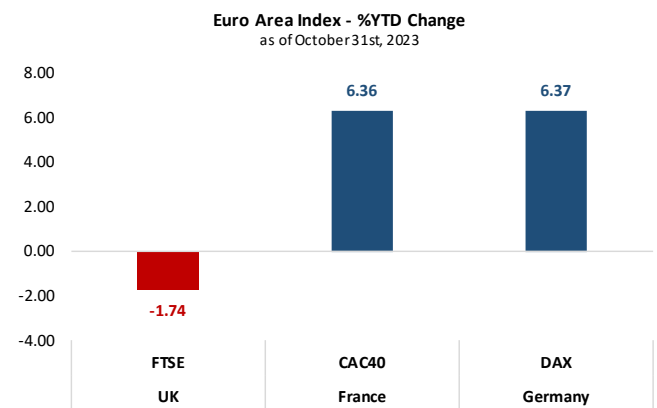
Source : Investing, Research Phintraco Sekuritas

Figure 33.



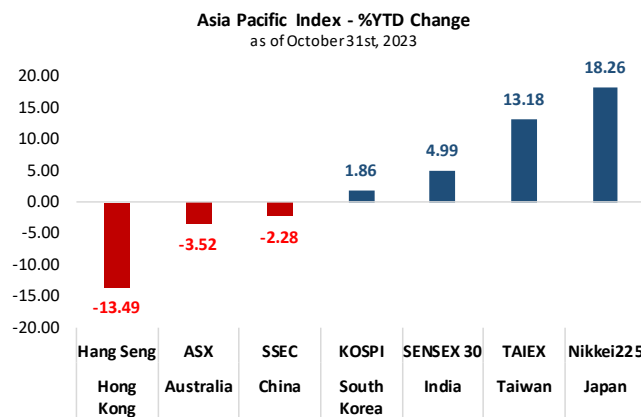
Source : Investing

Figure 34.



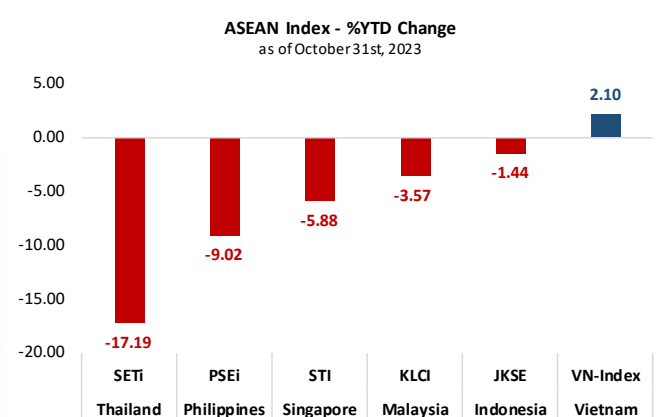
Source : Investing

Figure 35.



Source : Investing

Figure 36.



Source : Investing

REVIEW : Indonesian Economy and Capital Market in 2023

Main Indonesian economy issue and capital Market in 2023 :

- Public mobility increased after lifting Large-Scale Social Restrictions (PSBB) and implementing Community Activity Restrictions (PPKM) in early 2023.
- Indonesia's economy grew above 5% yoy for two consecutive quarters in 1H-2023.
- Economic growth followed by improvement in quality of life index.
- Export performance experienced a significant decline throughout 1H-2023 in line with the more profound than expected moderation in commodity prices.
- Inflation is relatively controlled and stable within the 2023 State Revenue and Expenditure Budget (APBN) assumed range.
- BI tends to implement accommodative monetary policy throughout most of 2023.
- The Indonesian banking sector is relatively solid, as indicated by optimizing the Loan to Funding Rate (LFR) ratio and the decline in Non-Performing Loans (NPL).
- The Rupiah exchange rate tends to depreciate as capital outflow increases in Q3-2023. IHS is more volatile in 2023 and is still stuck below 7000.
- The transportation & logistics sector leads sector performance on the IHS in 9M2023.

Public mobility increased after lifting Large-Scale Social Restrictions and implementing Community Activity Restrictions in early 2023. The Indonesian government has officially revoked the PSBB and PPKM policies through the issuance of Minister of Home Affairs Instructions 50 and 51 of 2022. The decision to lift the activity restrictions was based on the fact that the COVID-19 pandemic had been relatively under control in the last few months of 2022. The government recorded a weekly positivity rate of 3.35%, a bed occupancy rate (BOR) of 4.79%, and a mortality rate of 2.39%. It is worth noting that Indonesia is 1 of 4 (Four) G20 countries that haven't experienced a pandemic wave in 10 consecutive months as of Dec 2023.

Another factor underlying the lifting of the activity restriction policy is the high level of population immunity coverage and COVID-19 vaccination achievements, which increased from 87.8% in Dec 2021 to 98.5% in July 2022. The number of vaccinations reached 448,525,478 vaccine doses as of Dec 2022.

Indonesia's economy grew above 5% yoy for two consecutive quarters in 1H-2023. Indonesia consistently records economic growth above 5% in Q1-2023 and Q2-2023. Indonesia's economy grew 5.03% yoy in Q1-2023, higher than forecast at 4.95% yoy. Indonesia's economy grew 5.17% yoy in Q2-2023, again exceeding estimates at 4.93% yoy (Figure 37).

Economic growth throughout 1H-2023 was supported by growth in Household Consumption expenditure, which contributed 2.44% yoy from 5.03% yoy to economic growth in Q1-2023 and increased to 2.77% yoy from 5.17% yoy in Q2-2023 (Table 1). Another attractive condition is that the contribution to Gross Fixed Capital Formation expenditure is relatively high, especially in Q2-2023. This condition shows that the growth in actual investment realization in Indonesia is still relatively high in 1H-2023, even though it is approaching the General Election year in 2024. The Investment Coordinating Board (BKPM) recorded a growth in Foreign Direct Investment (FDI) of 15.18% yoy to IDR 382.50 trillion in 1H-2023 (Table 3).

Figure 37.



Source : BPS

Table 3. Indonesia FDI Growth

	FDI (trillion IDR)	%YoY
Q1-2022	163	39.73%
Q2-2022	169	63.66%
Q3-2022	175	43.25%
Q4-2022	177	20.24%
Q1-2023	186	14.15%
Q2-2023	196	16.16%

Source : BKPM

Table 4. Indonesia GDP Growth Components

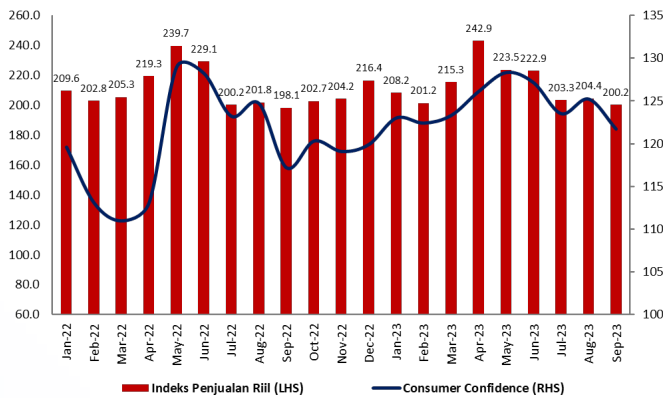
	Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2021	Q4-2021	Q1-2022	Q2-2022	Q3-2022	Q4-2022	Q1-2023	Q2-2023
Konsumsi F	3.27	3.59	2.85	2.81	1.72	(3.56)	(2.17)	1.09	2.35	2.92	2.81	2.61	2.44	2.77
PMTB	1.65	1.59	1.36	1.39	0.54	(2.76)	(0.02)	1.21	1.33	0.94	1.57	1.24	0.68	1.39
Ekspor	(0.39)	(0.36)	0.06	(0.02)	0.09	(2.16)	(2.30)	3.70	2.72	2.30	4.16	2.79	0.56	(0.62)
Lainnya	0.53	0.22	0.75	0.78	0.63	3.17	1.00	(2.31)	(1.39)	(0.72)	(2.82)	(1.33)	1.35	1.63
PDB	5.07	5.05	5.02	4.96	2.97	(5.32)	(3.49)	3.69	5.01	5.44	5.72	5.31	5.03	5.17

Source : BKPM

Economic growth followed by improvement in quality of life index. The government's efforts to maintain people's purchasing power during the pandemic through the National Economic Recovery (PEN) program have positively impacted domestic consumption. With these efforts, the negative impact of the increase in fuel prices in September 2022 on domestic consumption can quickly be reversed. Indonesia's Consumer Confidence Index (CCI) rose to 119.9 in December 2022 from 117.2 in September 2022 and continued to 128.3 in May 2023 (Figure 38). CCI is consistently above 120 throughout January-September 2023 (average CCI is 124.5 in January-September 2023).

The conditions above have contributed to improving the quality of life of the Indonesian people. This condition is demonstrated by the decline in the unemployment rate to 5.45% as of February 2023 (Figure 39) and the decline in the poverty rate to 9.36% as of March 2023. However, economic inequality will still be on an upward trend until March 2023 (Figure 40).

Figure 38.



Source : Bank Indonesia

Figure 39.



Source : BPS

Figure 40.



Source : BPS

Figure 41.



Source : BPS

The export performance experienced a significant decline throughout 1H-2023 in line with the more profound than expected moderation in commodity prices. The moderation in commodity prices, especially coal, Indonesia's main export commodity, is more significant than expected at the end of 2022. Coal prices, which had reached US\$400/Mt in 2022, turned down and tended to consolidate at around US\$140/Mt in 2023. This condition resulted in a decline in the value of Indonesia's exports throughout 2023. The export value fell 12.13% yoy to US\$192,273 million in 9M2023. In contrast, the import value fell 8.34% yoy to US\$164,520 million. Thus, Indonesia's Trade Balance (NPI) recorded a surplus of US\$27,753 million in 9M2023 (Figure 41).

The decline in export performance is one of the things that is always feared will pressure Indonesia's economic growth to below 5% yoy. Even though in Q1-2023 and Q2-2023, it turns out that economic growth remains above 5% yoy, supported by Household Consumption

Inflation is relatively controlled and stable within the 2023 APBN assumed range. In September 2022, inflation increased to 5.95% due to the decision to raise subsidized fuel prices earlier that month. It is expected that inflation will stay above 5% until February 2023. However, it has decreased significantly since March 2023 to 2.28% yoy in September 2023. As a result, the average inflation for 9M2023 was 4.02% yoy, in line with the inflation assumption of 3% ± 1% yoy in the 2023 APBN. The decline in inflation was mainly due to the prices of energy commodities, basic materials, and food moderating, which was more significant than expected starting in March 2023.

Figure 42.



Source : BPS

BI tends to implement accommodative monetary policy throughout most of 2023. Bank Indonesia (BI) is trying to maintain the momentum of Indonesia's economic growth by implementing an accommodative monetary policy by holding the reference interest rate at the level of 5.75% since February 2023 (Figure 43) and holding the Reserve Requirement (RR) at 9% since September 2022 for Conventional Commercial Banks.

BI provides monetary stimulus through the Macroprudential Liquidity Incentive Policy (KLM), which will take effect on October 1, 2023. The KLM is in the form of an incentive to relax the minimum RR for the banking industry to 400 bps. Banks are entitled to a reduction in the amount of RR if they meet the minimum threshold for lending in specific sectors that have been determined.

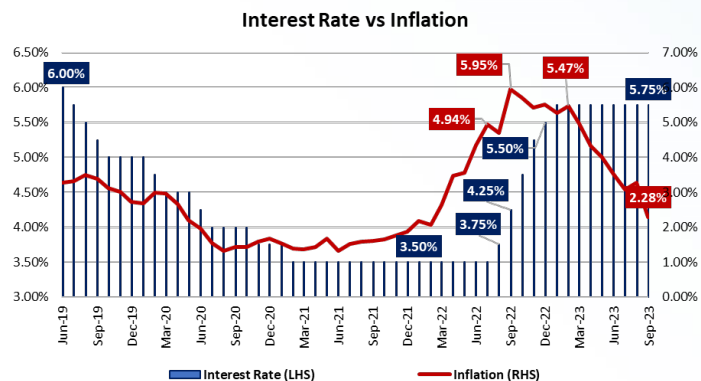
There are five categories of economic sectors to which bank credit is distributed that will receive these incentives.

1. Downstreaming the mineral (nickel, tin, copper, and bauxite) and non-mineral (agriculture, fisheries, and livestock) sectors,
2. Housing,
3. Tourism,
4. Inclusive (ultra micro) financing,
5. Green financing.

The Indonesian banking sector is relatively solid, as indicated by optimizing the Loan to Funding Rate (LFR) ratio and the decline in Non-Performing Loans (NPL). The high CCI throughout 9M2023 validated the acceleration of household consumption, which, in turn, supported the growth of consumption credit. Additionally, the activity of the Indonesian Manufacturing Sector, which remained relatively consistently in an expansionary condition in 9M2023 (as seen in Figure 44), supported the growth of corporate credit.

The growth in credit distribution had a positive impact on optimizing funding ratios. SPI's Loan to Deposit Ratio (LDR) increased from 78.98% in Dec 2022 to 82.98% in July 2023, while it was at 81.82% in July 2022 (as shown in Table 4). This indicates that the SPI LDR condition is still within the range set by BI at 78%-92%, implying that SPI's LDR position is not too tight and is moving towards optimal conditions compared to the position at the end of 2022.

Figure 43.



Source : BPS

Table 5. KLM's Details

	Credit or Financing Growth	Incentive (bps)
Down streaming in Mineral	≥3%-7%	20
	>7%	30
Down streaming in Non-Mineral	≥3%-7%	60
	>7%	80
Housing	≥3%-7%	50
	>7%	60
Tourism	≥3%-7%	25
	>7%	30
Inclusive financing	RPIM Achievement	
	≥10%-20%	10
	>20%-30%	40
	>30%-50%	60
	>50%	100
Inclusive financing	Credit share	
	>0%-3%	30
	>3%	50
Green financing	Credit share	
	>0%-5%	30
	>5%	50

Source : BI

Figure 44.



Source : Investing

Table 6. Indonesia Banking Sector Summary

(Rp billion) / %	2020	2021	July 2022	December 2022	July 2023	% YTD	% Yoy
Total Assets	9,177,894	10,112,304	10,325,343	11,113,321	11,030,031	-0.75%	6.82%
Total Loans	5,481,560	5,820,636	6,220,791	6,497,620	6,751,633	3.91%	8.53%
NPL	169,387	182,895	190,896	191,774	180,444	-5.91%	-5.48%
Third Party Funds	6,665,390	7,479,463	7,564,082	8,153,590	8,064,492	-1.09%	6.62%
Current Accounts	1,687,135	2,143,505	2,185,341	2,546,160	2,423,913	-4.80%	10.92%
Savings	2,173,501	2,432,260	2,518,776	2,615,185	2,593,563	-0.83%	2.97%
Time Deposits	2,804,755	2,903,698	2,859,965	2,992,245	3,047,015	1.83%	6.54%
Net Profit	104,718	140,206	117,179	201,817	141,113	19.87%*	20.42%
NIM (%)	4.45	4.63	4.81	4.80	4.95	15 bps	13 bps
LDR (%)	82.54	77.49	81.82	78.98	82.98	400 bps	115 bps
CAR (%)	23.89	25.66	24.99	25.62	27.56	194 bps	257 bps
NPL Gross (%)	3.09	3.14	3.07	2.95	2.67	-28 bps	-40 bps

Source : OJK | *annualized

SPI also posted improvements in asset quality. NPL is on a downward trend throughout 2023. NPL fell to 2.67% in July 2023 from 2.95% in December 2022 and 3.07% in July 2022. The decline in NPL occurred when the Rupiah exchange rate depreciated by 2.75% yoy in 9M2023 (Figure 45).

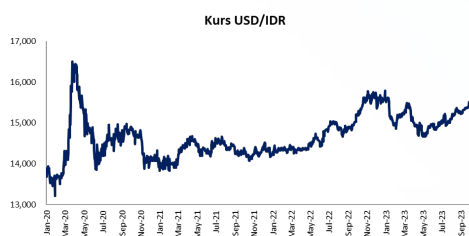
As an anticipatory step towards the negative impact of the potential depreciation of the Rupiah exchange rate on SPI's asset quality, the Financial Services Authority (OJK) has extended the restructuring period caused by the COVID-19 pandemic in a limited manner until March 2024. This means that restructuring only applies to specific sectors and regions, specifically from March 2023 to March 2024.

The Rupiah exchange rate tends to depreciate as capital outflow increases in Q3-2023.

Significant depreciation of the Rupiah exchange rate occurred in August 2023 and September 2023. The Rupiah exchange rate depreciated by 2.49% during this period to IDR 15,450/USD in Sept 2023 from IDR 15,075/USD in July 2023. This depreciation aligns with capital outflow in the Indonesian capital market in that period. Total capital outflow reached IDR 54,710 billion in the August-September 2023 period (Figure 46).

Capital outflow in the capital market occurs in Government Securities (SBN) and the stock market. Capital outflow in SBN instruments pushed up the yield on Indonesian Government bonds. Indonesia's 10-year Bond Yield rose 64 bps from 6.27% at the end of July 2023 to 6.91% at the end of September 2023 (Figure 47).

Figure 45.



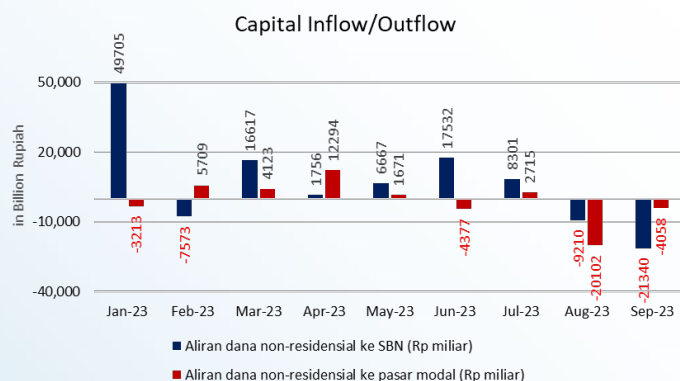
Source : BI

Table 7. Capital Flow in Indonesia

	Non-residential Capital Flow to SBN*	Non-residential Capital Flow to Stock Market*	Capital Inflow/Outflow*
Jan '23	49,705	-3,213	46,491
Feb '23	-7,573	5,709	-1,865
Mar '23	16,617	4,123	20,740
Apr '23	1,756	12,294	14,051
May '23	6,667	1,671	8,338
Jun '23	17,532	-4,377	13,155
Jul '23	8,301	2,715	11,016
Aug '23	-9,210	-20,102	-29,312
Sep '23	-21,340	-4,058	-25,398

Source : Finance Ministry RI | *in billion IDR

Figure 46.



Source : Finance Ministry RI

Figure 47.



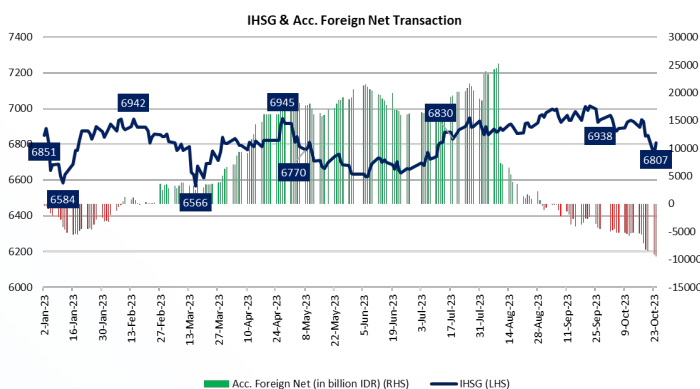
Source : investing

IHSG is more volatile in 2023 and is still stuck below 7000. IHSG strengthened 1.27% ytd to 6937,838 at the end of Q3-2023. IHSG subsequently corrected 0.64% to 6807,762 on October 24, 2023. IHSG tested the psychological level 7000 on September 20, 2023, when market expectations were regarding the potential for more accommodative Fed policy in Q4-2023. The weakening in October was caused by a change in the Fed's view to become more hawkish (Figure 48).

Meanwhile, the lowest level for the IHSG in 2023 was 6566,728 on March 16, 2023. In this period, external pressure was relatively considerable because the Fed consistently raised the reference interest rate at every Federal Open Market Committee (FOMC). The market still believed the Fed would raise the reference interest rate again. At the FOMC in May 2023.

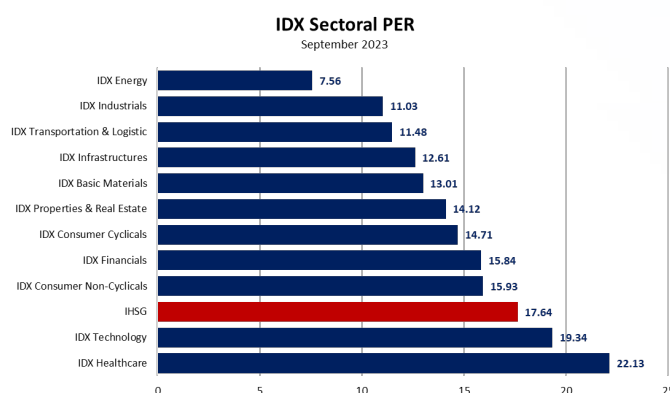
The IHSG movement aligns with foreign investors' accumulated net sell, reaching IDR 5.24 trillion in 9M2023 (Table 7). The most significant foreign investors' net sales accumulation occurred in August 2023 (Rp20.20 trillion). However, it should be noted that there was a transaction to transfer share ownership from foreign investors to domestic investors in one of the issuers on the IDX in August 2023. The transaction value reached IDR 18 trillion. If these transactions are excluded, foreign investors on the IDX will still record accumulated net buy.

Figure 48.



Source : IDX

Figure 49.

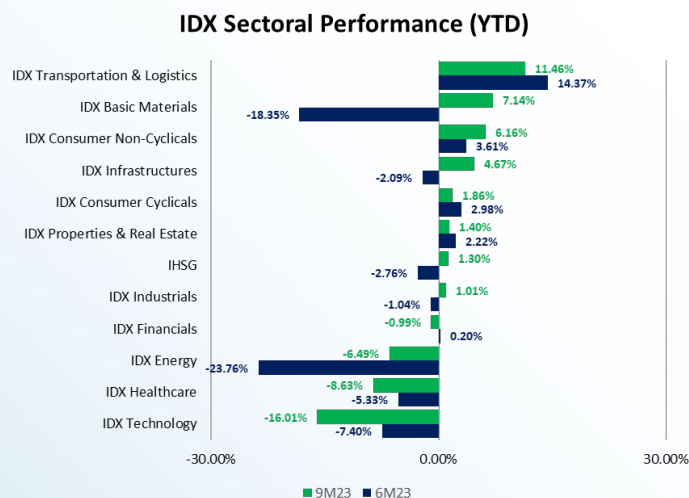


Source : IDX

The transportation & logistics sector leads sector performance on the IHSG in 9M2023.

Sectorally, the best performance was recorded by the Transportation & Logistics Sector (+11.46% ytd in 9M2023). The Basic Materials sector (+7.14% ytd in 9M2023) recorded the most significant performance improvement among other sectors (Figure 50).

Figure 50.



Source : IDX

Table 8. IDX Sectors (%YTD)

	3M23	6M23	9M23	PER*	PBV*
Trans. & Log.	7.67%	14.37%	11.46%	11.50	1.00
Basic Materials	-2.66%	-18.35%	7.14%	13.66	1.16
Consumer Non-Cyclical	2.10%	3.61%	6.16%	17.23	1.61
Infrastructures	-6.88%	-2.09%	4.67%	12.79	1.14
Consumer Cyclical	-3.36%	2.98%	1.86%	15.22	0.99
Properties & Real Estate	-3.43%	2.22%	1.40%	13.36	0.63
IHSG	-0.66%	-2.76%	1.30%	17.69	
Industrials	0.96%	-1.04%	1.01%	10.81	0.93
Financials	-2.06%	0.20%	-0.99%	15.80	1.03
Energy	-7.72%	-23.76%	-6.49%	7.68	1.06
Healthcare	-1.55%	-5.33%	-8.63%	19.30	2.01
Technology	-1.19%	-7.40%	-16.01%	16.97	1.88

Source : IDX | *IDX Monthly Statistic—Aug 2023

Table 9. LQ45 Financial Summary as of Nov 6th, 2022

	Financial Date	Sector	Summary Performance											
			Last	%YTD	2023 Lo.	2023 Hi.	NPM (%)	ROE (%)	DER (X)	PER (X)	PBV (X)	Net Income (million IDR)	%yoy	%Div Yield (2014-2022)
MDKA	30-Jun-23	Basic Materials	4,230	8.74%	2,090	5,800	5.10	4.91	0.33	12.71	0.62	-739,494		
TINS	30-Jun-23	Basic Materials	1,415	-2.75%	1,255	2,540	-26.94	-55.68	4.50	-7.28	4.05	16,267	-98.50%	2.00%
INCO	30-Jun-23	Basic Materials	7,150	52.78%	4,110	8,800	9.37	5.01	0.70	49.24	2.47	2,529,594	12.68%	0.48%
INKP	30-Jun-23	Basic Materials	10,300	31.63%	6,200	15,550	24.70	56.72	2.29	1.73	0.98	4,034,917	-31.25%	1.69%
ANTM	30-Sep-23	Basic Materials	2,000	-11.11%	1,535	3,440	8.32	10.69	0.37	22.54	2.41	2,848,589	8.44%	0.89%
SMGR	30-Sep-23	Basic Materials	8,250	13.79%	5,850	12,975	-9.57	-41.03	4.19	-10.94	4.49	1,713,984	3.86%	1.74%
INTP	30-Jun-23	Basic Materials	10,525	-13.02%	8,825	15,975	9.84	1.67	1.53	29.51	0.49	698,432	139.56%	3.78%
BRPT	30-Jun-23	Basic Materials	815	-4.68%	690	1,225	26.64	23.92	0.19	15.92	3.81	456,295	247.52%	0.54%
TPIA	30-Jun-23	Basic Materials	2,330	-68.19%	2,180	11,350	0.20	0.30	3.62	136.17	0.40	-8,805		1.24%
MNCN	30-Sep-23	Consumer Cyclical	800	-11.11%	770	1,285	18.10	16.29	1.86	6.49	1.06	870,543	-47.45%	1.51%
ERAA	30-Jun-23	Consumer Cyclical	414	-31.00%	400	725	-14.66	-12.35	0.22	-2.24	0.28	458,666	-9.63%	3.20%
AMRT	30-Jun-23	Cons. Non-Cyclical	2,660	118.93%	740	2,840	35.27	46.80	0.83	9.65	4.52	1,612,720	28.63%	1.00%
UNVR	30-Sep-23	Cons. Non-Cyclical	4,620	12.41%	3,280	8,000	25.12	27.22	0.42	2.91	0.79	4,188,857	-9.16%	3.25%
CPIN	30-Jun-23	Cons. Non-Cyclical	5,900	-0.84%	4,800	7,850	2.99	5.65	1.38	57.25	3.23	1,378,873	-42.95%	1.38%
INDF	30-Jun-23	Cons. Non-Cyclical	6,500	2.77%	5,725	7,250	0.31	1.66	1.05	75.38	1.25	5,566,261	91.89%	3.74%
HMSP	30-Jun-23	Cons. Non-Cyclical	930	-3.63%	875	1,535	4.98	3.59	1.06	35.81	1.29	3,750,044	23.03%	10.42%
JPFA	30-Sep-23	Cons. Non-Cyclical	1,355	-21.22%	1,290	2,270	1.55	0.54	2.52	303.68	1.65	937,259	-34.38%	2.13%
ICBP	30-Jun-23	Cons. Non-Cyclical	9,750	12.07%	7,050	9,900	10.15	4.70	3.45	14.59	0.69	5,725,142	196.61%	2.29%
INDY	30-Sep-23	Energy	3,090	100.00%	1,255	3,420	-5.55	-6.89	3.77	-34.67	2.39	1,456,954	-71.76%	2.83%
HRUM	30-Jun-23	Energy	1,660	-83.92%	1,335	14,750	1.49	1.85	0.22	227.10	4.20	2,263,053	4.40%	1.81%
MEDC	30-Sep-23	Energy	1,190	155.36%	418	1,220	1.10	2.40	1.19	66.58	1.60	3,763,038	-38.44%	1.46%
ADRO	30-Sep-23	Energy	3,830	70.22%	1,150	4,250	-72.43	-1.02	0.68	-72.93	0.75	18,924,610	-34.79%	4.91%
ITMG	30-Jun-23	Energy	43,575	113.60%	11,425	45,650	0.09	0.14	1.04	187.11	0.26	4,612,201	-32.59%	11.99%
PTBA	30-Sep-23	Energy	3,830	41.33%	1,995	4,630	5.70	21.32	1.47	12.98	2.77	3,779,238	-62.21%	7.77%
PGAS	30-Sep-23	Energy	1,850	34.55%	960	1,995	-1.98	-4.50	0.92	-15.72	0.71	3,074,093	-35.07%	2.67%
BBRI	30-Sep-23	Financials	4,690	14.11%	3,510	4,980	0.68	1.36	1.19	95.18	1.30	43,992,607	12.35%	2.96%
BBNI	30-Sep-23	Financials	9,275	37.41%	4,560	9,900	0.34	4.65	2.59	29.92	1.39	15,753,290	15.05%	2.35%
BFIN	30-Sep-23	Financials	1,130	-3.83%	560	1,425	-10.76	-22.01	1.59	-7.59	1.67	1,176,268	-10.19%	4.09%
BBTN	30-Jun-23	Financials	1,535	-11.27%	1,220	2,180	-4.17	-3.67	1.98	-8.76	0.32	1,474,378	0.23%	1.59%
BMRI	30-Jun-23	Financials	10,250	45.91%	5,600	10,600	12.94	9.08	2.09	10.73	0.97	25,231,887	24.85%	2.93%
BRIS	30-Sep-23	Financials	1,385	-22.19%	1,200	3,980	40.96	8.36	0.44	9.08	0.76	4,200,176	31.04%	0.14%
BBCA	30-Sep-23	Financials	8,850	21.23%	7,000	36,900	14.11	5.20	0.43	34.45	1.79	36,420,377	25.78%	1.25%
ARTO	30-Sep-23	Financials	5,100	-68.13%	4,140	19,500	10.08	14.79	0.90	4.22	0.62	50,294	23.96%	
KLBF	30-Sep-23	Healthcare	2,020	25.08%	1,240	2,080	6.05	10.88	1.08	8.95	0.97	2,064,926	-16.92%	1.56%
MIKA	30-Jun-23	Healthcare	2,750	21.68%	2,080	3,220	20.47	6.50	0.86	139.95	9.09	453,102	-14.47%	0.91%
ASII	30-Jun-23	Industrials	6,500	14.04%	4,640	7,700	12.60	1.64	0.03	44.39	0.73	17,449,000	-3.99%	2.52%
UNTR	30-Jun-23	Industrials	31,275	41.20%	18,525	36,200	28.52	63.72	0.24	11.40	7.27	11,216,279	8.30%	3.44%
TBIG	30-Jun-23	Infrastructures	2,380	-19.32%	1,585	3,440	3.00	27.36	1.76	36.69	10.04	688,796	-16.63%	3.81%
TOWR	30-Sep-23	Infrastructures	1,180	4.89%	870	1,625	-13.65	-13.98	0.88	-14.99	2.10	2,425,574	-5.20%	1.82%
EXCL	30-Jun-23	Infrastructures	2,460	-22.40%	1,980	3,380	-4.07	-2.22	0.46	-17.70	0.39	650,680	5.82%	0.38%
TLKM	30-Sep-23	Infrastructures	4,280	5.94%	3,000	4,850	9.22	15.43	0.44	10.44	1.61	19,499,000	17.60%	3.88%
WIKA	30-Jun-23	Infrastructures	945	-14.48%	850	2,450	4.73	4.62	2.86	12.27	0.57	-1,881,171		1.01%
GOTO	30-Sep-23	Technology	197	-41.72%	181	442	9.84	8.79	2.00	63.36	5.57	-9,548,575		
EMTK	30-Sep-23	Technology	1,620	-28.95%	1,455	3,360	6.94	5.49	0.49	10.11	0.55	-162,187		0.74%
BUKA	30-Sep-23	Technology	278	-35.35%	242	1,325	5.60	11.44	0.89	24.22	2.77	-776,223		

Source : IDX | Phintraco Sekuritas Research Team | Disclaimer On

OUTLOOK: Global Economic & Capital Market in 2024

Main global economic issue and capital market in 2024 :

- Global economic problems are expected to continue in 2024.
- Supply disruption potential if the intensity of geopolitical conflicts increases.
- Several central banks are expected to maintain tight policies in 2024.
- Risky investment instruments are expected to remain disrupted amidst risk uncertainty.

USA's economy is relatively solid to correspond to The Fed's tight monetary policy. US

Gross Domestic Product (GDP) is expected to slow to 1.5% yoy in 2024 compared to the 2023 outlook (2.1% yoy) as a consequence of the Fed's efforts to continue to suppress the inflation rate to the target of 2% yoy by holding tight monetary policy. The International Monetary Fund (IMF) estimates that US inflation will slow to 2.8% yoy in 2024 (Table 10). The relatively solid condition of the US employment sector throughout 2023 has the potential to reduce the negative impact of the Fed's tight monetary policy. The preparation factor for the US Presidential and Vice Presidential elections on November 5th, 2024, can potentially trigger political instability in the US in the short term. However, the process leading up to the election could encourage increased money circulation in the US.

Table 10. Economic Growth Projections in 2023-2024

%	GDP Rate				World Bank		IMF				OECD				ADB			
	2022		2023		GDP (F)		GDP (F)*		Inflation (F)*		GDP (F)		Inflation (F)		GDP (F)		Inflation (F)	
	Full Year	Q1	Q2	Q3	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
US	0.7	1.7	2.4	2.9	1.1	0.8	2.1	1.5	4.1	2.8	2.2	1.3	3.8	2.6	-	-	-	-
Brazil	1.9	4.0	3.4	-	1.3	2.2	3.1	1.5	4.7	4.5	3.2	1.7	4.9	3.6	-	-	-	-
Australia	2.7	2.4	2.1	-	-	-	1.8	1.2	5.8	4.0	1.8	1.3	5.5	3.2	-	-	-	-
China	2.9	4.5	6.3	4.9	5.1	4.4	5.0	4.2	0.7	1.7	5.1	4.6	0.5	1.3	4.9	4.5	0.7	2.0
India	4.5	6.1	7.8	-	6.3	6.4	6.3	6.3	5.5	4.6	6.3	6.0	5.4	4.8	6.3	6.7	5.5	4.2
Japan	0.4	2.0	1.6	-	0.8	0.7	2.0	1.0	3.2	2.9	1.8	1.0	3.1	2.1	-	-	-	-
South Korea	1.3	0.9	0.9	1.4	-	-	1.4	2.2	3.4	2.3	1.5	2.1	3.4	2.6	-	-	-	-
Indonesia	5.0	5.0	5.2	-	5.0	4.9	5.0	5.0	3.6	2.5	4.9	5.2	3.7	2.8	5.0	5.0	3.6	3.0
Malaysia	7.1	5.6	2.9	3.3	3.9	4.3	4.0	4.3	2.9	2.7	-	-	-	-	4.5	4.9	3.0	2.7
Singapore	2.1	0.4	0.5	0.7	-	-	1.0	2.1	5.5	3.5	-	-	-	-	1.0	2.5	5.0	3.0
Euro Area	1.8	1.2	0.5	0.1	0.4	1.3	0.7	1.2	5.6	3.3	0.6	1.1	5.5	3.0	-	-	-	-
England	0.7	0.5	0.6	-	-	-	0.5	0.6	7.7	3.7	0.3	0.8	7.2	2.9	-	-	-	-
Russia	-2.7	-1.8	4.9	-	1.6	1.3	2.2	1.1	5.3	6.3	0.8	0.9	5.3	5.2	-	-	-	-

Source : World Bank | OECD | ADB | Finance Ministry | Trading Economics | IMF World Economic Outlook Oct-2023

The risk of economic growth contraction still haunts the Euro Area. Euro Area GDP is expected to improve in 2024 after passing the risk of contraction 2H-2023. High inflation conditions will still overshadow Euro Area economic growth in 2024. Thus, the ECB is not expected to be able to implement monetary policy easing soon and has the potential to take steps similar to the Fed, namely holding tight monetary policy until the end of 2024. Similar to the US, The impact of monetary policy can also be dampened by the relatively solid employment sector conditions in the Euro Area.

China continues to boost domestic consumption. The IMF estimates that China's economic growth will remain above 4% yoy in 2024. Economic recovery in China is likely supported by domestic consumption. This estimate is based on China's inflation projection, which is expected to return to normal conditions at 1.7% yoy in 2024. The improvement in domestic consumption is driven by easing monetary policy and fiscal incentives. Monetary policy easing was done by reducing the loan rate and Reserve Requirement (RR). Meanwhile, fiscal incentives encourage domestic consumption, for example, by simplifying the requirements for applying for home ownership credit (KPR).

Table 11. Central Bank Projection

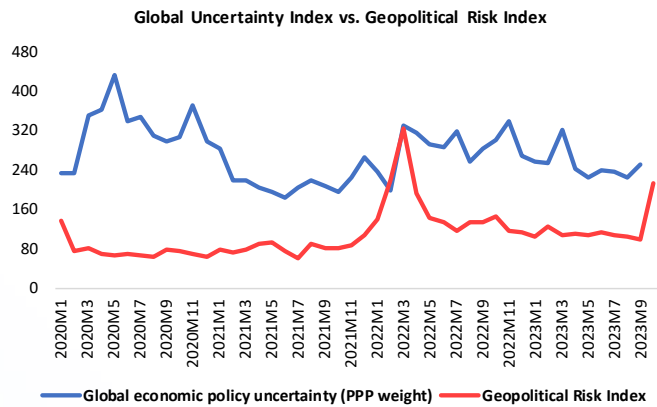
%	United States ¹	Euro Area ²	Indonesia ³
GDP			
2023	1.9-2.2	0.7	4.5-5.3
2024	1.2-1.8	1.0	-
Inflation			
2023	3.2-3.4	5.6	1-3
2024	2.3-2.7	3.2	1-2.5
Interest Rate			
2023	5.4-5.6	-	-
2024	4.6-5.4	-	-

Source : ¹Federal Reserves | ²European Central Bank | ³Bank Indonesia

However, Moody's estimates that the Chinese government's efforts will only have a short-term positive impact and will not be able to support home sales in the long term. Thus, there is a need for a more aggressive fiscal and monetary policy mix to support the sustainability of China's economic growth on the domestic consumption side.

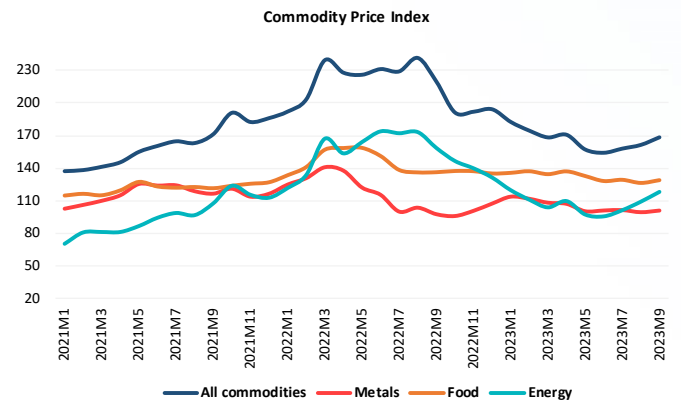
Japan's economic growth is expected to slow in 2024. Japan's economic growth is expected to slow down in 2024. This slowdown in economic growth is parallel with the tendency for inflation to be high at 2.9% yoy in 2024 compared to normal conditions of 0.24% yoy pre-pandemic. High commodity prices will affect Japan, which is a manufacturing country. However, the relatively stable employment sector shows that Japanese manufacturing is still good.

Figure 51.



Source : Investing

Figure 52.



Source : Investing

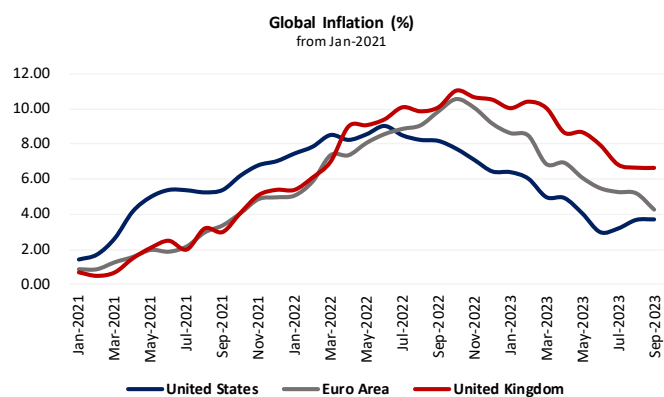
Potential supply disruption if the intensity of geopolitical conflicts increases. The impact of the Russia-Ukraine conflict on geopolitical and economic uncertainty risks is starting to be limited (Figure 51). However, there is potential for new supply disruptions if geopolitical tensions escalate in the Middle East. This supply disruption could push commodity prices, especially oil and gas (Figure 52). Thus, commodity prices are expected to reach a certain equilibrium point even though there is potential for fluctuation in the short term. Oil prices, for example, are estimated to reach an equilibrium point of US\$80/barrel to US\$90/barrel in 2024, and natural gas prices in the range of US\$3.5/MMBtu.

Prices of some global commodities are predicted to be stable in 2024. Energy commodity prices are estimated to reach a certain equilibrium point even though there is potential for fluctuation in the short term. Oil prices, for example, are estimated to reach an equilibrium point of US\$80/barrel to US\$90/barrel in 2024, and natural gas prices in the range of US\$3.5/MMBtu.

From the supply side, OPEC+ is expected to decline global oil inventories in 2024 to maintain oil commodity prices. Several OPEC+ policies in 2023 can maintain oil price stability when price fluctuations increase in 2023. Thus, OPEC+ will be important in determining the equilibrium price level.

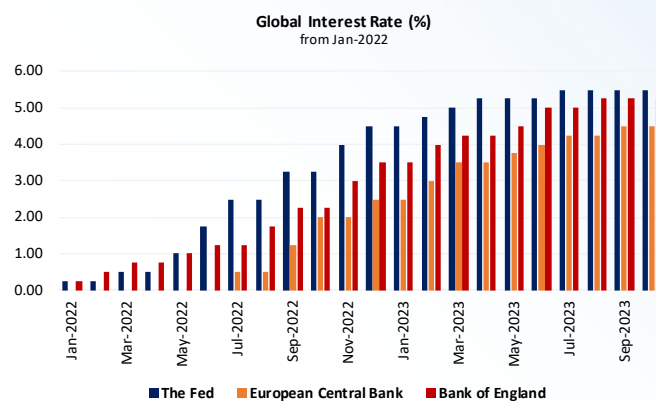
In line with oil, prices of other energy commodities are expected to move relatively the same. Metal or hard commodity prices are estimated to be stable following potential demand, which remains weak, although the possible weakening is relatively low. Meanwhile, prices of food commodities such as grain are expected to increase due to the risk of supply disruptions from the current Russia-Ukraine conflict.

Figure 53.



Source : Investing

Figure 54.



Source : Investing

Tight monetary policy is expected to be maintained by several central banks. An increase in the intensity of geopolitical conflicts can increase commodity prices, which could trigger an increase in inflation. This condition can force central banks in countries with still high inflation rates to maintain tight monetary policy or even become more aggressive (Figure 53-54). However, if the escalation of geopolitical conflicts can be suppressed and the downward trend in inflation continues, major central banks may consider easing monetary policy for Q4-2024.

▲▲▲

In 2023, **The Fed** raised its reference interest rate 4 (four) times, namely in February, March, May and July. In November 2023, **The Fed** held its reference interest rate at 5.50%.

The BoE has raised its reference interest rate 5 (five) times throughout 2023. In November 2023, **The BoE** also decided to hold its reference interest rate at 5.25%.

Conversely, **The ECB** is more aggressive by raising the reference interest rate 6 (five) times throughout 2023. In October 2023, **The ECB** decided to hold the reference interest rate at 4.50% after the increase in September 2023.

Investors' appetite for risky investment instruments is estimated to be still disrupted. Uncertainty risk in the economic and geopolitical fields disrupts market appetite for risky investment instruments (Figure 51). The latest data shows an increase in the geopolitical uncertainty index in October 2023. With the potential for escalation in geopolitical tensions in the Middle East, the geopolitical uncertainty index is not expected to decrease soon. This condition could increase the economic uncertainty index in the same period. Thus, investor appetite remains high for safe-haven investment instruments, mainly USD, until early 2024. Efforts to reduce geopolitical tensions and the potential for easing tight monetary policy in Q4-2024 will likely build investor appetite for riskier investment instruments in 2H-2024.

OUTLOOK: Indonesian Economic & Capital Market in 2024

Main Indonesian economic issue and capital market in 2024 :

- Economic growth is estimated at 5.2% yoy in the 2024 APBN.
- The quality of life index is expected to improve in 2024.
- The budget condition has returned to stability to pre-pandemic.
- The Rupiah exchange rate is expected to be more volatile in 2024.
- The 2024 simultaneous national and local elections will have limited influence on investment realization in Indonesia.
- A more active Monetary and Fiscal policy mix is needed to reduce capital outflows, which trigger a descending of the Rupiah exchange rate.
- IHSG is targeted at 7711 in 2024.

Economic growth is estimated at 5.2% yoy in the 2024 APBN. The Indonesian Government is optimistic about setting economic growth assumptions for the 2024 APBN. Economic growth is assumed to reach 5.2%, down from the 2023 APBN assumption of 5.3% yoy. This assumption is relatively higher than the projections of some international institutions, including the International Monetary Fund (IMF), which estimates that the Indonesian economy will only grow 5% yoy in 2024.

The Government's optimism is based on confidence in macroeconomic stability in the election year, controlling inflation through more effective budget allocation, and economic policies to support Gov. Bond market performance and increase capital inflow.

Macro assumptions in APBN 2024 :

Economic growth is assumed to be 5.2% yoy in 2024. The government will strive to maintain macroeconomic stability by maintaining a conducive and peaceful situation during the 2024 Simultaneous Regional Elections and Pilkada. Structural reforms will continue to strengthen the economic foundation.

Inflation is assumed to be 2.8% in 2024. The relatively controlled pandemic conditions in 2023 will allow the Government to stop PEN and allocate a budget for shock absorber purposes, such as when there is a significant increase in energy commodity prices in 2022, and to maintain people's purchasing power, such as when there is an adjustment to subsidized fuel prices in September 2023.

The 10-year Government Securities (SUN) interest rate is assumed to be 6.7% in 2024. The stability of economic conditions during the 2024 simultaneous regional and local elections and innovative, prudent, and sustainable financing policies by the government and BI are expected to reduce capital outflow from the SBN market in 2024.

The Rupiah exchange rate is assumed to be IDR15,000/USD in 2024. Stable domestic economic conditions are believed to increase the confidence of foreign investors, thereby maintaining capital inflow into Indonesia, both to the capital market and the real sector. This condition is expected to maintain the stability of the Rupiah exchange rate at the psychological level of IDR 15,000/USD in 2024.

Crude oil prices are assumed to be US\$80/barrel in 2024. Oil demand in 2024 is expected to improve or stabilize in 2024. On the other hand, OPEC+'s ability to maintain oil supply stability in 2023 is estimated to maintain oil price stability at around US\$80/barrel in 2024.

Oil lifting is assumed to be 625 thousand barrels per day in 2024, and gas lifting is assumed to be 1,033 thousand boepd in 2024. The government is trying to maintain national upstream oil and gas production through medium-term giant field development, encouraging exploration activities, and improving regulations to attract investors to Indonesia's energy sector.

Table 12. Macroeconomy assumptions

	APBN 2023	Realization in 2023	APBN 2024
Economic growth	5.3%	5.17% ¹	5.20%
Inflation	3.6%	2.28% ²	2.80%
Interest rate of 10-y Gov. Debt	7.90%	6.57% ³	6.70%
IDR exchange rate (Rp/US\$)	14,800	15,108 ³	15,000
Crude oil price (US\$/barrel)	90	77 ³	80
Oil lifting ('000 barrel/day)	660	616 ⁴	625
Gas lifting (boepd)	1,100	946 ⁵	1,033

Source : Finance Ministry RI | ¹Q2-2023 | ²September 2023 | ³average January-September 2023 | ⁴1H-2023 | ⁵Jan-Mei 2023

The quality of life index is expected to continue to improve in 2024. Macroeconomic stability is expected to impact the quality of life of people in Indonesia positively. The government targets the unemployment rate to be 5.0%-5.7% in 2024, compared to an average of 5.99% in the last 3 (three) years. In line with the decline in the unemployment rate, the poverty rate is estimated to be 6.5%-7.5% from an average of 9.81% in the last 3 (three) years. Inequality is estimated to fall to the range of 0.374-0.377 in 2024 from an average of 0.392 in the previous (three) years (Table 13).

Table 13.

	ASUMSI DASAR EKONOMI MAKRO					
	APBN 2019	APBN 2020	APBN 2021	APBN 2022	APBN 2023	APBN 2024
Pertumbuhan Ekonomi (%)	5.20%	5.30%	5.00%	5.20%	5.30%	5.20%
Inflasi (%)	3.10%	3.10%	3.00%	3.00%	3.60%	2.80%
Nilai Tukar (Rupiah/US\$)	14,250	14,400	14,600	14,350	14,800	15,000
Tingkat Bunga SUN 10 Tahun (%)	5.60%	5.40%	7.29%	6.80%	7.90%	6.70%
Harga Minyak (US\$/barell)	63	63	45	63	90	80
Lifting Minyak (rbph)	754	755	705	703	660	625
Lifting Gas (rbsmph)	1,072	1,191	1,007	1,036	1,100	1,033
Tingkat Pengangguran	4.8%-5.2%	4.8%-5.0%	7.7%-9.1%	5.5%-6.3%	5.3%-6.0%	5.0%-5.7%
Tingkat Kemiskinan	8.5%-9.5%	8.5%-9.0%	9.2%-9.7%	8.5%-9.0%	7.5%-8.5%	6.5%-7.5%
Gini Ratio	0.380-0.385	0.375-0.380	0.377-0.379	0.376-0.378	0.375-0.378	0.374-0.377

Source : Finance Ministry RI

The budget condition has returned to stability to pre-pandemic. The government recorded the realization of State Revenue of IDR 1,821.90 trillion in January-August 2023 or 73.97% of the 2023 APBN target, while the realization of State Expenditures was IDR 1,674.67 trillion in the same period or the equivalent of 54.71% of the 2023 APBN target. Budget realization in January-August 2023 is relatively in line with the realization conditions in the same period in 2022 (Table 14).

The government has budgeted state spending of IDR 3,304.1 trillion in the 2024 APBN, while state revenue is targeted at IDR 2,781.3 trillion in the 2024 APBN. Thus, a budget deficit of IDR 522.8 trillion or 2.29% of GDP exists. For information, during the COVID-19 pandemic, the Indonesian government issued regulations that allowed the budget deficit to be above 3%. The budget deficit reached 6.14% of GDP in 2020 and 4.57% of GDP in 2021. Furthermore, the budget deficit dropped below 3% in 2022 (Figure 55).

Figure 55.



Source : BPS

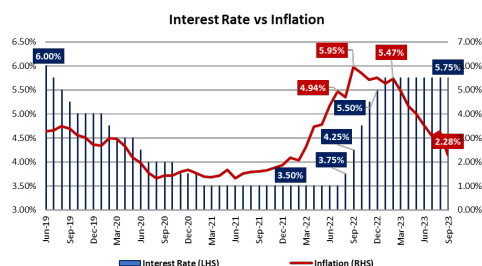
Table 14.

APBN (triliun rupiah)	2022			2023			Growth Aug-23
	APBN	Realisasi	% realisasi	APBN	Realisasi	% realisasi	
PENDAPATAN NEGARA	2,266.20	1,764.63	77.87%	2,463.02	1,821.90	73.97%	3.25%
Pendapatan Dalam Negeri	2,265.62	1,764.10	77.86%	2,462.62	1,821.33	73.96%	3.24%
Penerimaan Perpajakan	1,783.99	1,377.97	77.24%	2,021.22	1,418.54	70.18%	2.94%
PNBP	481.63	386.13	80.17%	441.39	402.79	91.25%	4.31%
Penerimaan Hibah	0.58	0.53	91.38%	0.41	0.57	139.02%	7.55%
BELANJA NEGARA	3,106.43	1,656.76	53.33%	3,061.18	1,674.67	54.71%	1.08%
Belanja Pemerintah Pusat	2,301.64	1,177.86	51.17%	2,246.46	1,170.77	52.12%	-0.60%
Belanja K/L	945.75	575.79	60.88%	1,000.84	581.65	58.12%	1.02%
Belanja Non K/L	1,355.89	602.07	44.40%	1,245.61	589.12	47.30%	-2.15%
Transfer ke Daerah dan Dana Desa	804.78	478.89	59.51%	814.72	503.91	61.85%	5.22%
Surplus/(Defisit)	(840.23)	137.87		(598.15)	147.22		6.78%
Surplus/(Defisit) terhadap PDB	-4.50%	0.55%		-2.84%	0.70%		

Source : Finance Ministry RI

The Rupiah exchange rate is expected to be more volatile in 2024. Large central banks, especially the Fed and ECB, are projected to maintain tight monetary policy in 2024. The Fed is projected to start lowering its interest rate only in Q4-2024. In line with these conditions, BI will find it challenging to reduce the interest rate in 2024 even though currently, there is a relatively wide gap between the interest rate at 6.0% as of September 2023 and the inflation rate at 2.28% yoy as of September 2023 (Figure 56). The situation above can potentially increase economic risk in Indonesia, thereby opening up the need for continued capital outflow from Indonesia, which has a relatively lower Sovereign Credit Rating than developed countries in Europe and the US.

Figure 56.



Source : BPS

Investment realization is expected to be disrupted by the 2024 election. Simultaneous national and local elections are scheduled for February 14-15, 2024. Concerns about political instability in the early days of government are likely to increase, especially after the elections. The conditions for the 2024 election are similar to the 2014 election. It is estimated that the presidential and vice presidential candidate pair who will win the 2024 election will need to consolidate their power in the initial period of their leadership.

The potential for political instability that cannot be adequately managed has the potential to trigger economic instability in Indonesia. This condition is what investors are worried about. Thus, there is generally a slowdown in the growth of Foreign Direct Investment (FDI) every election year.

FDI grew 14.52% in 2014, down from the average growth of 22.15% per year in 2011-2013 (Table 15). However, it should be noted that the slowdown in FDI growth in 2014 was also caused by the issue of ending quantitative easing by the Fed.

In the next election in 2019, FDI only grew 6.5% (Table 15). However, this growth is better than the contraction of 11.48% in 2018, caused by an increase in the Fed's reference interest rate. The Fed raised its reference interest rate by 100 bps throughout 2018.

Thus, the slowdown in FDI growth that occurs every election year is not only caused by the election itself, but other factors are accelerators of the slowdown in growth.

A more active Monetary and Fiscal policy mix is needed to reduce capital outflows, which trigger a descending of the Rupiah exchange rate. Indonesia return to the upper-middle income group in 2022. Economic recovery will continue until 1H-2023. Economic growth is consistently above 5% yoy in Q1-2023 and Q2-2023. Fiscal policy is a crucial factor in handling the pandemic in 2022 and maintaining economic growth in 1H-2023. The focus of fiscal policy in 2023 includes but is not limited to: [1] optimizing Indonesia's biological economic value to develop and increase green investment in the country to prepare for an investment focus based on environmental concerns or green investment. One of the efforts made is to encourage the establishment and development of a carbon exchange in Indonesia; [2] Adopting technology in the economy or economic transformation to increase investment attractiveness and open job opportunities in Indonesia. FDI in Indonesia grew 15.18% yoy to IDR 383 trillion in 1H-2023 (Figure 57), showing that Indonesia has investment attractiveness amidst increasing economic and geopolitical uncertainty in the same period; [3] Indonesia is expanding participation in the supply chain. One of them is by building cooperation to establish an electric vehicle battery factory in Indonesia to optimize the presence of raw materials for electric vehicle batteries in Indonesia. This is also one of the efforts to downstream Natural Resources (SDA) in Indonesia; [4] Efforts to equalize the development of public facilities are continuing to ensure equitable economic growth. The infrastructure budget in the 2024 APBN increased by 5.8% to IDR 422.7 trillion.

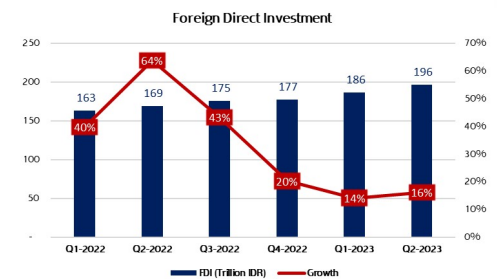
In terms of monetary policy, BI maintains an accommodative monetary policy throughout January-September 2023 by holding the reference interest rate at 5.75% (Figure 56). BI raised the reference interest rate by 25 bps to 6% in October 2023 to anticipate a potential increase in the Fed's reference interest rate in December 2023. BI's prudent measures in determining monetary policy will continue in 2024. BI is believed to hold the reference interest rate at a level of 6 % as long as the Fed maintains its reference interest rate in 2024. BI is providing monetary incentives through another instrument, namely the RR, to reduce the negative impact of an increase in the reference interest rate. BI provides monetary stimulus through the Macroprudential Liquidity Incentive Policy (KLM) as an incentive to relax the minimum RR for the banking industry to 400 bps starting October 1, 2023.

Table 15. Foreign Direct Investment in Indonesia

	FDI (trillion IDR)	Growth
2010	152.10	
2011	187.30	23.14%
2012	235.00	25.47%
2013	276.90	17.83%
2014	317.10	14.52%
2015	380.00	19.84%
2016	397.40	4.58%
2017	442.50	11.35%
2018	391.70	-11.48%
2019	415.80	6.15%
2020	426.50	2.57%
2021	489.50	14.77%
2022	684.30	39.80%
2023	382.50	-44.10%

Source : BKPM

Figure 57.



Source : BKPM

Figure 58.



Source : BKPM

Indonesia's foreign exchange reserve position at US\$134.9 billion at the end of September 2023 is sufficient to meet the needs of 6 months of imports and payment of the Government's foreign debt, which is far above the international adequacy standard for three months of imports. This condition provides positive capital for the Government to encourage the strengthening of the Rupiah and subsequently maintain the stability of the Rupiah exchange rate.

IHSG is targeted at 7711 in 2024. Considering the various opportunities and challenges that may be faced in 2024, the IHSG is expected to continue strengthening to a new high of 7711 (estimated average PER at 18.19x) in 2024. The potential target level for the IHSG is obtained based on the relative valuation method using historical price-to-earnings ratio (PER) data for IHSG since 2003 (Table 16).

Table 16.

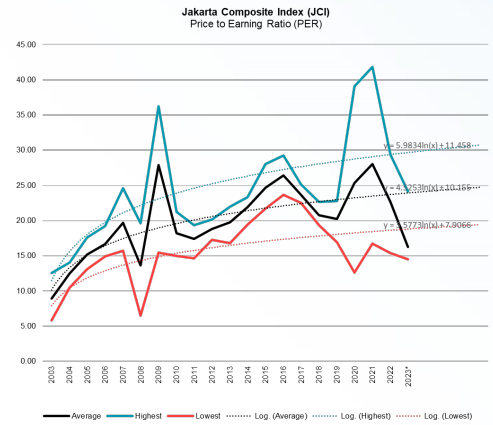
Year	PER of IHSG			Avg. IHSG	Avg. EPS	Avg. EPS Growth
	Highest	Average	Lowest			
2003	12.58	8.95	5.83	508.15	56.78	
2004	14.01	12.49	10.48	794.93	63.65	12.10%
2005	17.61	15.19	13.07	1089.60	71.73	12.70%
2006	19.22	16.68	14.88	1421.18	85.20	18.78%
2007	24.60	19.70	15.74	2167.26	110.01	29.12%
2008	19.59	13.61	6.48	2104.09	154.60	40.53%
2009	36.24	27.90	15.45	1982.12	71.04	-54.05%
2010	21.21	18.19	14.95	3057.05	168.06	136.56%
2011	19.33	17.42	14.62	3727.25	213.96	27.31%
2012	20.19	18.81	17.23	4101.40	218.04	1.91%
2013	21.99	19.76	16.82	4593.14	232.45	6.61%
2014	23.32	21.93	19.41	4908.73	223.84	-3.70%
2015	28.05	24.65	21.73	4908.18	199.11	-11.04%
2016	29.21	26.43	23.68	5030.28	190.32	-4.41%
2017	25.16	23.69	22.48	5739.62	242.28	27.30%
2018	22.65	20.77	19.38	6086.74	293.05	20.96%
2019	22.77	20.20	16.93	6296.09	311.69	6.36%
2020	39.10	25.32	12.60	5248.97	207.35	-33.48%
2021	41.80	28.10	16.70	6222.13	222.14	7.13%
2022	22.68	29.34	15.40	6963.25	307.01	38.21%
2023*	16.23	24.16	14.52	6937.83	427.47	39.24%
Average	19.39	24.39	15.64			15.91%

Source : IDX, Phintraco Sekuritas Research Team | *as of Oct 17th, 2023

We estimate that IHSG's Earning Per Share (EPS) growth will moderate in 2H-2023 and is expected to continue in 2024. Therefore, we use the StDev-2 EPS growth assumption of 6.31% to calculate IHSG's EPS projection for 2024. Using this approach, IHSG EPS in 2023 is estimated to be IDR 398.66, and the IHSG target is 7073 in 2023. Furthermore, IHSG EPS is estimated to grow to IDR 423.83; the IHSG target is 7711 for 2024.

The IHSG target projection of 7711 based on the relative valuation method is supported by technical analysis. Based on technical analysis using weekly candlestick data, we obtained a potential target level for the IHSG at 7670 or in the target range based on the relative valuation method (7711) with a deviation of 0.53%. There is a wedge pattern based on the IHSG movement since November 2021. The target of 7670 was obtained using the base from the upper-bound wedge breakout at 7000. Meanwhile, for a more conservative approach, the base was used from the pivot level of the wedge pattern at 6830. This conservative approach obtained a technical target of 7520 (Figure 60).

Figure 59.



Source : IDX | Phintraco Sekuritas Research Team

Table 17.

Average EPS Growth (2004-2023*)

	Highest
StDev -2	3.98%
StDev -2	6.31%
StDev -1	10.02%
Average	15.91%
StDev +1	21.79%
StDev +2	29.85%
StDev +3	40.90%

Source : Phintraco Sekuritas Research Team | *as of Oct 17th, 2023

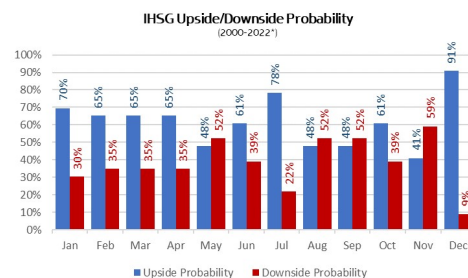
Figure 60.



Source : IDX | Phintraco Sekuritas Research Team

IHSG Seasonality Graph. Based on IHSG movement data since 2000 (Table 18), the months with the highest probability of strengthening are December (90.91%), July (78.26%), and January (69.57%). Meanwhile, the months with the lowest probability of strengthening are May and September, each at 47.83%. This data (Figure 61) still validates the window dressing phenomenon in December, which triggered strengthening stock prices. Generally, this strengthening continues until January, or what is known as the January Effect. However, this phenomenon did not occur in December 2022 and January 2023 (Table 18).

Figure 61.



Source : IDX | Phintraco Sekuritas Research Team

Table 18.

IHSG - Seasonality (%)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average 2000-2022	1.65	0.78	0.58	2.45	0.08	1.19	2.33	(1.52)	0.08	0.04	1.24	3.71
2023	(0.16)	0.06	(0.55)	1.62	(4.08)	0.43	4.05	0.32	(0.19)	(3.03)		
2022	0.75	3.88	2.66	2.23	(1.11)	(3.32)	0.57	3.27	(1.92)	0.83	(0.25)	(3.26)
2021	(1.95)	6.47	(4.11)	0.17	(0.80)	0.64	1.41	1.32	2.22	4.84	(0.87)	0.73
2020	(5.71)	(8.20)	(16.76)	3.90	0.81	3.18	4.99	1.71	(7.03)	5.30	9.44	6.53
2019	5.47	(1.38)	0.40	(0.22)	(3.81)	2.42	0.50	(0.99)	(2.51)	0.96	(3.47)	4.79
2018	3.93	(0.14)	(6.18)	(3.13)	(0.18)	(3.09)	2.36	1.38	(0.68)	(2.43)	3.84	2.28
2017	(0.06)	1.76	3.36	2.10	0.93	1.60	0.19	0.39	0.63	1.78	(0.90)	6.79
2016	0.48	3.38	1.55	(0.12)	(0.87)	4.59	3.97	3.26	(0.39)	1.08	(5.05)	2.87
2015	1.19	3.04	1.27	(7.85)	2.56	(5.85)	(2.20)	(6.10)	(6.34)	5.47	(0.20)	3.31
2014	3.39	4.55	3.20	1.51	1.12	(0.31)	4.30	0.94	0.02	(0.93)	1.18	1.50
2013	3.17	7.68	3.02	1.88	0.70	(4.93)	(4.34)	(9.00)	2.88	4.52	(5.65)	0.42
2012	3.14	1.09	3.44	1.43	(8.32)	3.21	4.70	(1.98)	5.00	2.04	(1.70)	0.96
2011	(7.96)	1.79	6.02	3.83	0.45	1.36	6.22	(7.00)	(7.63)	6.82	(2.00)	2.88
2010	3.04	(2.37)	8.94	6.99	(5.86)	4.18	5.32	0.42	13.60	3.83	(2.86)	4.90
2009	1.62	(3.60)	11.60	20.15	11.26	5.74	14.60	0.82	5.38	(4.05)	2.03	4.88
2008	4.33	3.62	(10.10)	(5.80)	6.03	(3.89)	(1.87)	(6.03)	(14.77)	(31.91)	(1.19)	9.10
2007	2.71	(0.91)	5.17	9.18	4.25	2.64	9.82	(6.60)	7.52	12.04	1.70	2.16
2006	5.93	(0.08)	7.47	10.66	(9.15)	(1.50)	3.21	5.84	7.27	3.13	8.59	5.06
2005	4.50	2.78	0.56	(4.63)	5.63	3.13	5.35	(11.17)	2.76	(1.20)	2.91	6.02
2004	8.82	1.06	(3.29)	6.39	(6.39)	(0.14)	3.42	(0.26)	8.61	4.88	13.72	2.25
2003	(8.71)	2.84	(0.25)	13.32	9.76	2.02	0.59	4.33	12.83	4.68	(1.44)	12.16
2002	15.31	0.22	6.40	10.79	(0.56)	(4.90)	(8.12)	(4.31)	(5.63)	(11.93)	5.69	8.97
2001	2.40	0.47	(10.98)	(6.04)	13.41	7.88	1.37	(1.80)	(10.09)	(2.04)	(1.04)	3.16
2000	(6.06)	(9.28)	1.04	(9.61)	(13.85)	13.44	(4.47)	(5.28)	(9.66)	(3.80)	5.93	(3.03)
Upside Probability	69.57%	65.22%	65.22%	65.22%	47.83%	60.87%	78.26%	47.83%	47.83%	60.87%	40.91%	90.91%
Downside Probability	30.43%	34.78%	34.78%	34.78%	52.17%	39.13%	21.74%	52.17%	52.17%	39.13%	59.09%	9.09%

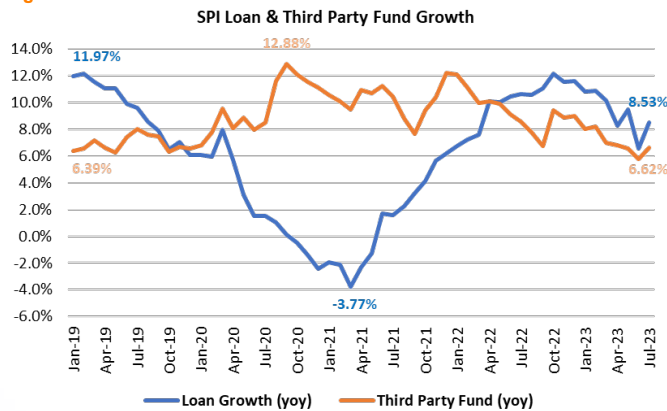
Source : IDX | Phintraco Sekuritas Research Team

IDX Industrials Focus (Randomly sorted)

Financials—Bank : SPI's condition was relatively solid throughout January-July 2023. SPI recorded loan growth of 8.53% yoy and a Net Interest margin of 2.72% yoy in July 2023. Along with loan growth, SPI also succeeded in reducing the NPL figure throughout January-July 2023 (Table 6).

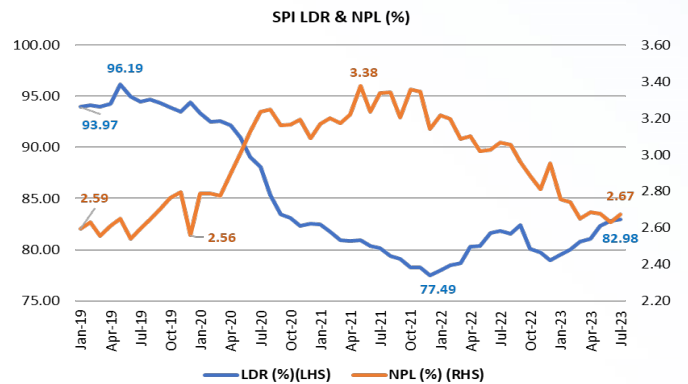
Loan growth is expected to exceed deposit growth so that LDR will be higher in 2024F. The LDR of banks with lower Cost of Funds (CoF) will increase more quickly as low CoF can obtain more significant loan growth.

Figure 62.



Source : OJK

Figure 63.



Source : OJK

The potential for loan growth will still be overshadowed by the reference interest rate policies of many large central banks, especially the Fed and ECB. The Fed and ECB's reference interest rates are expected to be maintained at current levels for a longer time than expected to suppress inflation, which is still far from the Fed and ECB's targets.

The risk factor of a weakening exchange rate also has the potential to put pressure on the banking sector. The weakening of the Rupiah exchange rate could put pressure on the net interest margin (NIM) from the increase in CoF amidst slowing growth in third-party funds (DPK). SPI hopes for the effectiveness of the monetary and fiscal policy mix to maintain exchange rate stability according to the 2024 APBN assumption of IDR 15,000/USD.

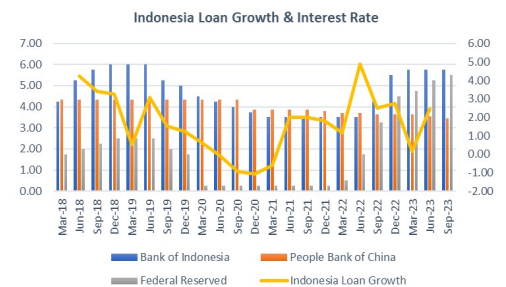
Meanwhile, the need for credit expansion in 2024 is still open from the above economic growth projection of 5%, supported by household consumption. So, consumer loans have the potential to continue to grow in 2024. Apart from that, in line with the government's massive efforts to achieve a golden Indonesia 2045, the downstream industry is one of the government's focuses. In line with temperature and weather patterns, changes in Indonesia increase awareness of green energy. It has the potential to increase the funding portfolio of the banking sector in Indonesia.

Top picks : **BBCA, BBRI, BMRI, BNGA** and **BRIS**.

Energy—Coal Producers : The Ministry of Energy and Mineral Resources (ESDM) has set a target for coal production to increase by 4.67% to 694 million tons in 2023. Coal export volume for 2023-2024 is expected to remain stable at around 441 million tons. However, domestic coal demand continues to increase. In 2023, domestic coal consumption is estimated to reach 184 million tonnes and increase to 187 million tonnes in 2024.

For 2024, the Ministry of Energy and Mineral Resources has set a higher coal production target. Although it is targeting production volume growth, this growth is still in line with the scenario towards Net Zero Emissions (NZE), where new coal production will decline in 2030

Figure 64.



Source : OJK | Bank Sentral

The government continues to encourage coal downstream to minimize the negative impact of this industry, one of which is through coal gasification. The government provides three incentives for companies committed to downstream coal: reducing the special coal royalty rate for coal gasification to 0%, then setting special coal prices to increase gasification at the mine mouth.

Top picks: **ADRO, HRUM** and **INDY**.

Energy—Oil and Gas : OPEC estimates that world oil demand growth will reach 2.25 million bbl/d in 2024, an increase of 2.20% compared to demand growth of 2.44 million bbl/d in 2023.

The prospect of demand in 2024 encourages OPEC to increase production by 91 bbl/d to 28.19 million bbl/d in June 2023. This production is supported by Iran and Iraq, where Iran is one of the OPEC members excluded from production cuts. So, with various efforts made by OPEC, oil supply and prices can still be maintained in 2024.

In domestic conditions, the contribution of oil production from mature fields (fields with an age of >50 years) is still relatively small compared to the global level. The contribution of mature fields to global oil and gas production until September 2023 is estimated to reach 70% of the total output. Meanwhile, the contribution of mature fields in Indonesia is only 36% and 38% in 2021 and 2022, respectively. Likewise, gas production in Indonesia, the majority of which comes from relatively young fields over 20 years old).

Top picks: **PGAS**.

- **Basic Materials—Metals & Mineral Mining :** Indonesia is starting to actively encourage the transition from conventional vehicles to electric vehicles to mitigate climate change risk and achieve Net Zero Emissions (NZE) by 2060.

The Ministry of Transportation noted that the number of electric vehicles in Indonesia by September 2023 had reached 81,525 units. Meanwhile, the number of electric vehicles operating in Indonesia until June 2023 reached 63,105 units. In the global market, demand for electric vehicles is expected to reach 55 million units by 2024.

So, with the increasing use of electric vehicles, there are new opportunities in the form of improving energy storage systems, building electricity networks, and expanding component manufacturing.

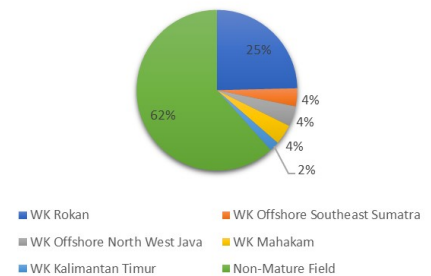
Based on data from the United States Geological Survey (Figure 66), Indonesia has the largest nickel reserves in the world, with stocks around 21 billion tons. This amount is approximately 30% of world reserves. Then, the 2nd highest tin resource in the world, 6th bauxite in the world, and 7th copper in the world. With most of these resources, Indonesia has enormous potential to become a producer of Electric Vehicle (EV) batteries and lithium batteries for electric vehicles through a downstream program.

The Ministry of Industry is targeting the Domestic Component Level (TKDN) for electric vehicles by 2030 to reach 80%. Early in 2024, Indonesia Battery Corporation (IBC), the first and largest electric battery factory in Southeast Asia, will operate in Indonesia. The factory will produce 30 million battery cells, which will be used for approximately 180,000 cars. This battery factory is the result of collaboration with a consortium from South Korea, namely LG Energy Solution and Hyundai Motor Group. The factory is also in the 2nd stage of development. Once the new factory is operational, it will increase production capacity by 20 GWh. With the start of global battery companies investing in Indonesia, other international companies can follow this.

Top picks: **ANTM** and **INCO**.

Figure 65.

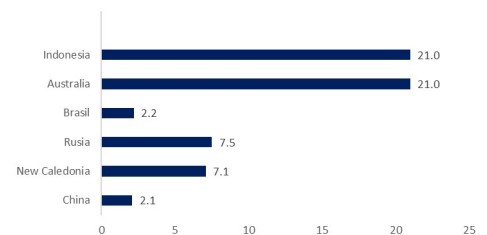
Indonesian Oil Fields 2022



Source : Company | Phintraco Sekuritas Research Team

Figure 66.

World Nickel Reserves
('000,000 Metric Ton)



Source : United States Geological Survey

- **Infrastructures—Renewable Energy** : In September 2023, PLN revised its target for additional new renewable energy-based electricity generation (NRE) to 32 GW in 2021–2030, equivalent to 75% of the total addition in that period.

Based on data from the Ministry of Energy and Mineral Resources, the use of new and renewable energy in Indonesia continues to increase until it reaches 12,738 MW in 1H-2023. This number only represents 14% of electricity generation use in Indonesia based on NRE, while the government targets the EBT mix to reach 23% by 2025.

For information, Indonesia has a vast NRE potential reaching 3,687 GW, consisting of solar potential of 3,294 GW, hydro potential of 95 GW, bioenergy potential of 57 GW, wind potential of 155 GW, geothermal potential of 23 GW, and marine potential of 63 GW.

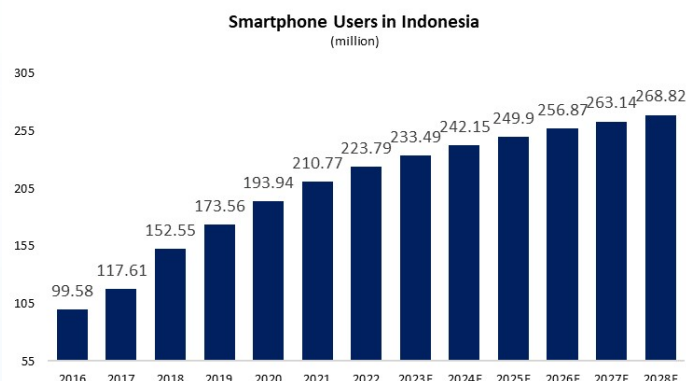
Indonesia is also ranked second as the world’s largest producer of geothermal energy, after the United States (US), based on data from NS Energy and Think Geo Energy. In 2022, Indonesia’s geothermal electricity generation capacity will reach 2,356 MW.

Apart from that, the presence of a carbon exchange can be an accelerator for companies in Indonesia to implement efforts to reduce greenhouse gas emissions to obtain carbon credits. One action that can be made is transitioning electrical energy sources to new and renewable ones.

Top picks: **POWR**.

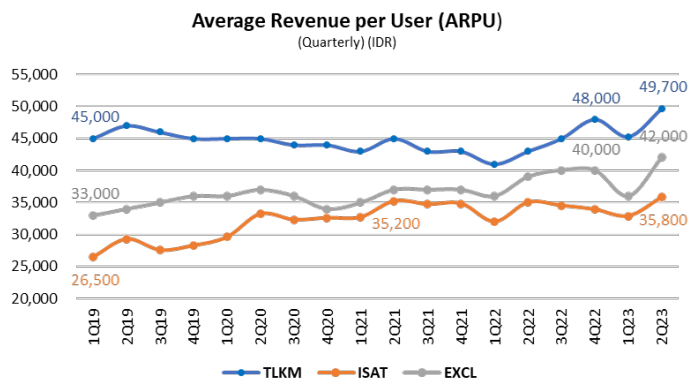
- **Infrastructures—Telecommunication** : Based on data from Statista, smartphone users in Indonesia will reach 233.49 million in 2022, or almost 90% of the total population of Indonesia. The number of smartphone users in Indonesia has increased over the last seven years and is predicted to grow to 268.82 million users in 2024 (Figure 67).

Figure 67.



Source : Statista

Figure 68.



Source : Company | Phintraco Sekuritas Research Teams

As smartphone users increase, data consumption tends to increase. The COVID-19 pandemic has accelerated the adaptation of Indonesian society to digitalization. One of the supporting facilities is a smartphone and data quota. Increased community activity also has an impact on increasing data quota requirements. This can be seen from the increasing Average Revenue Per User (ARPU) trend since 2022.

The latest condition is that the ARPU of the three largest telecommunications issuers was recorded to have increased in Q2-2023. TLKM recorded the highest growth of 15.58% yoy, followed by EXCL at 7.69% yoy and ISAT at 2.29% yoy in that period (Figure 68).

Top picks: **EXCL, TLKM**.

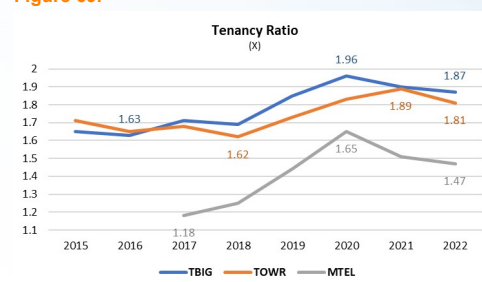
- **Infrastructures—Telecommunication Tower** : The acceleration of digital adaptation indicated by the increase in the number of smartphone users in Indonesia has triggered the need for more telecommunications tower locations. The number of towers per 10,000 population in Indonesia until August 2023 has only reached 3.8. In fact, according to Tower Exchange, the global average number of towers per 10,000 residents is 8.1.

During 2022, Indonesia's three largest telecommunications tower issuers will increase the number of towers quite massively (Table 20). MTEL recorded tower growth of 27.27%, followed by TOWR at 11.97% and TBIG at 6.31%. The change in the number of towers is relatively lower than the growth in the number of tower tenants (Table 19). MTEL still leads the increase in the number of tenants (+34.66%), followed by TOWR (+13.33%) and TBIG (+11.13%). This condition is estimated to be an effort by tower issuers in Indonesia to improve the situation of the tenancy ratio, which is likely to decline in 2022.

The growth in the number of towers is accompanied by a boost in tower tenants (Figure 69). MTEL still leads growth (+34.66%), followed by TOWR (+13.33%) and TBIG (+11.13%).

Top picks: MTEL and TOWR.

Figure 69.



Source : Company Presentation, Phintraco Sekuritas Research Teams

Table 19.

Year	TBIG		TOWR		MTEL	
	Tenants	Growth	Tenants	Growth	Tenants	Growth
2015	18796		21038			
2016	20415	8.61%	24144	14.76%		
2017	22970	12.52%	25011	3.59%	13083	
2018	25459	10.84%	28319	13.23%	15712	20.09%
2019	28624	12.43%	33346	17.75%	22854	45.46%
2020	31850	11.27%	39127	17.34%	30570	33.76%
2021	39088	22.73%	53975	37.95%	42594	39.33%
2022	40884	11.13%	53967	13.33%	52006	34.66%

Source : Company Presentation, Phintraco Sekuritas Research Teams

Table 20.

Year	TBIG		TOWR		MTEL	
	Tenants	Growth	Tenants	Growth	Tenants	Growth
2015	11389		12237			
2016	12539	10.10%	14562	19.00%		
2017	13461	7.35%	14854	2.01%	11061	
2018	15032	11.67%	17437	17.39%	12485	12.87%
2019	15473	2.93%	19319	10.79%	15892	27.29%
2020	16155	4.41%	21381	10.67%	18473	16.24%
2021	20466	26.69%	28698	34.22%	28206	52.69%
2022	21758	6.31%	29794	11.97%	35418	27.27%

Source : Company Presentation, Phintraco Sekuritas Research Teams

- **Infrastructures—Building Construction** : The Indonesian Government's infrastructure budget increased 5.8% from the 2023 budget realization to IDR 422.7 trillion in 2024 (Figure 70). IDR 213.7 trillion of the infrastructure budget was allocated for building regional roads, building the National Capital (IKN), renovating stadiums, and building education and health infrastructure. And as much as IDR 93.9 trillion, one of which is directed towards State Capital Participation (PMN) to BUMN or institutions in the infrastructure sector.

Figure 70.



Source : Finance Ministry Indonesia

Potential increase in income for construction issuers from the National Strategic Project (PSN) of 5 toll roads, targeted for completion in 2023, and 23 PSN infrastructure, targeted for completion in 2024. IKN construction also has the potential to increase the income of construction issuers. According to the Ministry of Public Works and Public Housing (PUPR), IKN development until September 2023 has reached more than 40%.

In 2023, several construction issuers will divest assets to strengthen capital amidst the improvement in acquiring new contracts for most construction issuers. ADHI recorded the most significant realization of the recent contract acquisition, 24.5 trillion, or 91% of the 2023 acquisition target. This was followed by PTPP, which recorded a new contract acquisition of 22.5 trillion, or 65% of the target for the same period (Table 21). However, the condition of the debt ratio of construction issuers is still a focus, in line with the high BI's reference interest rate.

Table 21.

New Contract Result (trillion Rp)			
Emiten	Perolehan	Target	Realisasi
ADHI	24.50	27.00	90.74%
PTPP	22.50	34.50	65.22%
WIKA	15.40	36.00	42.78%
WSKT	11.20	35.00	32.00%

Source : Company | Phintraco Sekuritas Research Teams | 8M23

Properties & Real Estate : The tendency of Bank Indonesia (BI) to hold its reference interest rate in January-September 2023 is a positive catalyst for the property sector's performance. Some prominent developers managed to record marketing sales in 9M23 above 75%. CTRA even increased its marketing sales target in 2023 and managed to record 79% of its marketing sales target after being revised upwards (Table 22).

BI is expected to follow the Fed in holding its interest rate longer in 2024. Historically, as long as BI holds the reference interest rate, it records increased homeownership loans. Total property credit distribution in August 2023 reached IDR 1,269.5 trillion. This amount grew 8.9% (yoy) or increased by 8.4% (mom). BI also recorded growth in the residential property index (IHPR) in the second quarter of 2023.

Figure 71.



Source : OJK

The number of public holidays and holidays in 2024 has the potential to increase the recurring income of issuers in the property sector in line with the high mobility of society. The VAT incentive borne by the government will also catalyze marketing sales growth in 2024F. The government will cover 100% VAT on home purchases from November 2023 to June 2024 and 50% VAT from July to December 2024 will be covered at 50%. The VAT covered applies to house prices under IDR 2 billion, so it will be more profitable for property issuers with more portfolios under IDR 2 billion ready to hand over in 2024.

Top picks : **BSDE, PWON** and **SMRA**.

Basic Materials—Cement : The realization of development in the construction sector will support cement demand recovery in 2023. The IKN project will absorb 21 tonnes of total national cement consumption throughout 2023. Total domestic cement consumption as of July 2023 is 33 million tonnes. Domestic cement demand is estimated to grow 1-2% in 2023 and 2024, especially in Q2-2023, considering that historically, cement demand in Q2-2023 tends to increase.

With the expectation of sustainability of national infrastructure and strategic projects in 2024 supported by the lifting of social distancing programs such as PSBB and PPKM in early 2023, it is estimated that the amount of cement demand will be supported as project activities are more optimal compared to the pandemic period.

In terms of costs and profitability, the normalization of coal prices, which is relatively more significant than expected, can reduce production costs, thereby potentially increasing the profitability of cement producers.

Cement issuers need to pay attention to the presence of China cement producers in Indonesia and ASEAN. ASEAN is one of the targets for developing the export market share of cement issuers in Indonesia.

Top picks : **SMGR**.

Table 22.

Marketing Sales 9M23 (million Rp)			
Emiten	Realisasi	Persentase	Target 2023
BSDE	6.8	77.0%	8.8
CTRA	7.8	79.5%	9.8
SMRA	3.1	60.8%	5.1
PWON	1.0	76.9%	1.3

Source : Company | Phintraco Sekuritas Research Teams

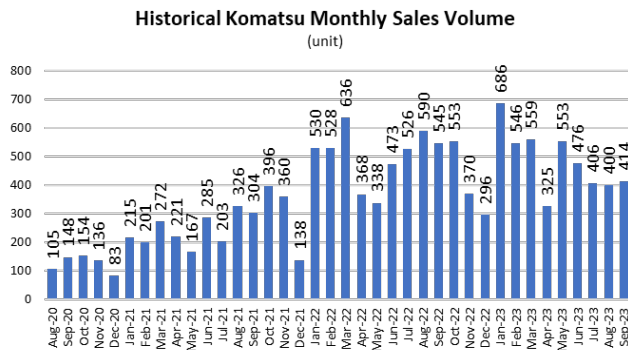
Figure 72.



Source : Company Presentation

- **Industrials—Heavy Machinery** : Moderation in commodity prices has not significantly impacted heavy equipment sales in Indonesia. Komatsu sales until Q3-2023 reached 4,365 units, down 3.73% yoy (Figure 73). This is due to high commodity prices in 2022, which are still higher than sales of 9M21 of 2,194. Apart from that, sales in 9M23 were recorded at 414 units, an increase of 3.50% from the previous month.

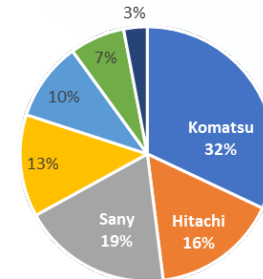
Figure 73.



Source : Company presentation, Phintraco Sekuritas Research Team

Figure 74.

Domestic Market Share 6M23



Source : Company presentation, Phintraco Sekuritas Research Team

The entry of new heavy equipment brands from abroad has yet to be able to shift Komatsu's market share. Until 6M23, Komatsu still had the highest market share at 32%. Considering the high potential for infrastructure development in 2024, the need for heavy equipment has the potential to increase. In 9M23, the construction sector contributed 16% of Komatsu's total sales.

Top picks : **UNTR.**

- **Industrials—Automotive** : Increasing public mobility is a positive catalyst for the automotive industry. Indonesia's Gross Domestic Product (GDP) in 2Q23 rose to 5.17%, supported by the recovery of the transportation & warehousing business sector, which grew 15.28% in 3Q23. This can also be seen from Indonesia's PMI, which is always at an expansionary level. In September 2023, it was recorded at 52.3.

According to Gaikindo's data, domestic car sales volume rose 10.51% MoM to 88,876 units in August, while domestic motorbike sales were recorded at 534,379 units, increasing 12.40% (yoy). Purchases at the 2023 Gaikindo Indonesia Auto Show (GIAS) held in August 2023 also contributed to the increase in sales.

In 2023, manufacturers and large general importers will launch new products and upgrade existing versions (minor facelifts, major facelifts, or new product lines). Throughout 6M23, Astra International launched 11 new car models and two motorbike models. Astra International also upgraded six cars and seven motorbikes from previous types.

The automotive industry is also starting to innovate by encouraging new environmentally friendly vehicles. At GIAS and the Indonesia International Motor Show (IMOS), electric vehicle products were also introduced, so it is hoped that domestic vehicle sales will continue following concerns regarding air pollution.

Apart from that, electric motorbikes receive incentives from the government through subsidies of IDR 7 million per unit for 200 thousand electric motorbikes in Indonesia. Meanwhile, electric cars receive 10% VAT borne by the government for Total Domestic Components (TKDN) of more than 40% and 5% for TKDN of more than 20% to 40%.

Top picks : **ASII.**

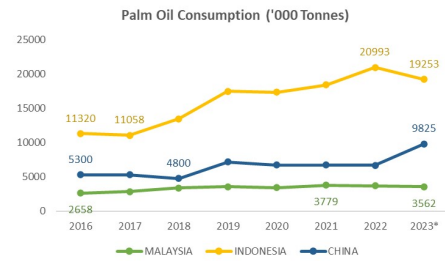
Figure 75 .



Source : Gaikindo | Phintraco Sekuritas Research Teams

- **Plantation—CPO** : Indonesia and China's CPO consumption in the last eight years has tended to rise. China's 2023 annualized CPO consumption is estimated to grow to 3.56 million tonnes. Meanwhile, Indonesia's CPO consumption is estimated to fall to 19.25 million tons, but this value is above the average of the last seven years. Total CPO consumption in the three countries in the sample tends to experience growth during this period.

Figure 76.



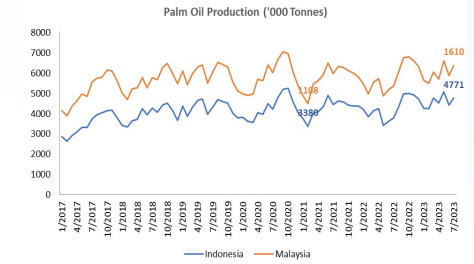
Source : Bloomberg

Figure 77.



Source : Bloomberg

Figure 78.



Source : Bloomberg

After CPO prices reached their highest level in April 2022 due to the Russia-Ukraine conflict, CPO prices experienced normalization. The CPO price as of September 2023 was recorded at Rm 3,689 per metric ton. However, CPO production, which tends to stagnate, the economic recovery in CPO-consuming countries, and the potential for production disruption due to the impact of El Nino can increase CPO prices in 2024.

Top picks : **AALI**.

Consumer Non-Cyclical : The normalization of commodity prices throughout 2023 can improve the margins of Food and beverage (F & B) issuers. On an annual basis, wheat prices fell by 32.19% to US\$575.95 per bushel after wheat prices rose in June-July to US\$ 760 per bushel due to tensions between Russia and Ukraine, ending the Black Sea agreement.

The recovery of community activity coupled with the upcoming election in 2024 also has the potential to increase demand. The election budget will generally increase purchasing power, especially in demand for F&B products and visits to minimarkets, supermarkets, traditional and modern markets.

The consumer confidence index (CCI) is still far above the confidence limit (100) until September 2023. This indicates that people's purchasing power remains maintained.

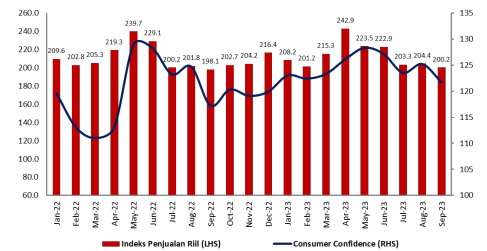
Top picks : **ICBP, INDF, JPFA** and **UNVR**.

Consumer Cyclical : Along with Indonesia's GDP growth, which is stable at 5% (Figure 80), household consumption is still the primary support, so public consumption remains stable. This condition is supported by Indonesian inflation, which is relatively controlled and stable within the 2023 APBN assumption range, which also helps the purchasing power of the Indonesian people.

Another indicator that indicates the solid condition of Indonesian people's consumption is the improvement in the Indonesian quality of life index. This condition can potentially increase Indonesian people's consumption of products other than basic needs (secondary and tertiary). This improvement in quality of life is indicated by a decrease in the unemployment rate to 5.45% as of February 2023 and a decrease in the poverty rate to 9.36% as of March 2023.

Top picks : **MAPI** and **ERAA**.

Figure 79 .



Source : Bank Indonesia

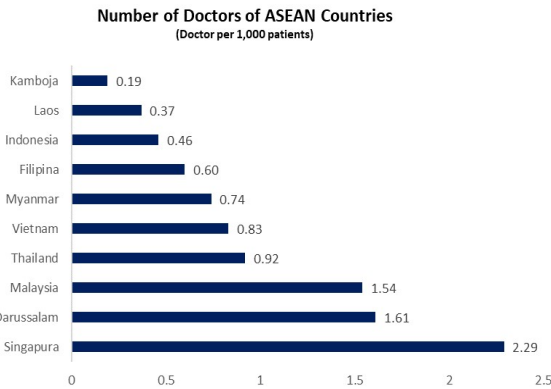
Figure 80 .



Source : BPS

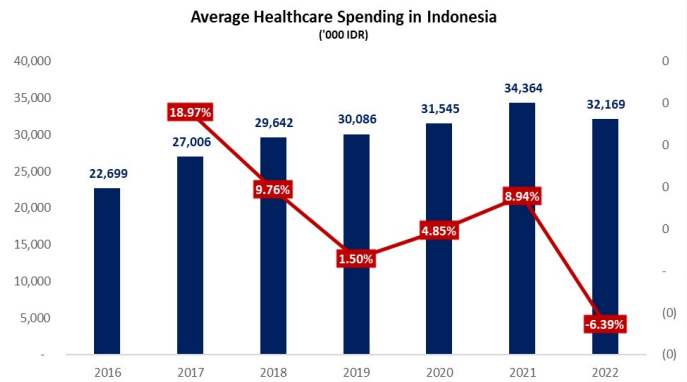
- **Healthcare** : After the COVID-19 pandemic, healthcare spending per capita in Indonesia decreased by 6.39% yoy (Figure 82). However, preventive spending increased to 29.13%. This reflects increased public awareness of health so that it can positively impact issuers in the health sector.

Figure 81.



Source : WHO

Figure 82.



Source : BPS | Phintraco Sekuritas Research Team

Worsening air pollution and economic stability have also encouraged the public to use health facilities. In addition, as of September 1, 2023, the number of JKN participants reached more than 262.74 million people, or 94.60% of the total population of Indonesia, thereby increasing the community's ability to access health facilities.

The ratio of health workers in Indonesia is 0.46, the 3rd lowest compared to countries in ASEAN (Figure 81). According to the World Health Organization (WHO), this figure also needs to meet the ideal requirements, namely 1 (one) doctor for every 1,000 population. However, with the passing of the Health Law in July 2023, it will be possible to increase and provide an even distribution of the number of doctors in Indonesia. By equalizing and fulfilling the number of doctors in Indonesia and improving the quality of health services in Indonesia, it can reduce the number of Indonesians seeking treatment abroad and make it easier for hospitals to expand. Thus, the need for medicines to meet domestic needs has the potential to increase.

Top picks: **KLBF** and **MIKA**.

- **Transportation & Logistic** : The average daily traffic volume of all JSMR toll roads in 9M23 has reached 3.5 million vehicles, 3.71% higher than before the Covid-19 pandemic in February 2020. The recovery in traffic volume drove this realization due to the lifting of PPKM and sufficiently many long holidays until 9M23.

Improving national economic conditions has also made the transportation and logistics business prospects more positive. This makes transportation and logistics companies expand their business massively by collaborating and adding new business units to become a one-stop solution.

This aligns with the Indonesian Supply Chain (SCI) projection, which predicts GDP in the business field or transportation and warehousing sector of IDR 1,436.1 trillion in 2024, growing 14.16% yoy. Meanwhile, by the end of 2023, GDP in the business sector is predicted to be IDR 1,245.1 trillion, growing 15% yoy.

Meanwhile, the Indonesian Logistics Association (ALI) projects that the supply chain industry in 2023 can grow by 5%-8%. This estimate is based on data on projections of Indonesian economic growth of 4.7%-5.3%, sectoral industry projections prepared by the Indonesian Chamber of Commerce and Industry (KADIN) of 1.0%-7.8%, and research by the Indonesian logistics market survey institute with a projected increase of 7.9% in 2023.

Additionally, infrastructure spending in the 2024 APBN reached IDR 422.7 trillion. The direction of infrastructure policy includes accelerating the development of economical driving infrastructure (connectivity and transportation, especially toll roads, energy and electricity, and food). This will streamline transportation and logistics business activities. It is hoped that it will provide effective and efficient transportation business services. The issuers' innovation by providing a digital platform for the transportation and logistics business also makes it easier for transportation business actors to find their desired target markets.

Top picks: **BIRD.**

Media & Entertainment: Indonesia's demographic condition is one factor in the high amount of time Indonesian people spend on the media. Data from Hootsuite in the We Are Social Indonesia Digital Report 2022 using a sample of internet users aged 16 to 64 years found that the average time spent by Indonesians in one day using the internet is 8 hours 36 minutes, and the time spent watching television (broadcast and streaming) is 2 hours 50 minutes.

Based on the data above, television (TV) and digital are predicted to continue to dominate the advertisements (ads) market for the next few years. Media Partners Asia estimates that digital platforms will surpass TV as the ad market leader in 2024, with an estimated CAGR of 13.4% during 2022-2027, far-reaching the CAGR of TV (-8.3%) and Out of Home (OOH), which was 4.1% in the period the same one.

Notice this potential many media & entertainment issuers are accelerating the adaptation and use of video-on-demand (VoD) services in Indonesia. One way is to improve the quality of the owned VoD application and increase the amount and diversity of content offered. Another effort to increase the number of users or subscribers to this service is by producing or providing exclusive content (TV series or movies) through the VoD service. For information, Media Partners Asia estimates the CAGR of VoD subscribers to be 11% during 2022-2027.

In 2024, elections will also be held, and in November 2023, the campaign period will begin. This has the potential to drive advertising receipts significantly in that period.

Top picks: **MNCN.**

Table 23 .

Ads Market in Absolute Terms (million US\$)			
	2022	2023	2024
TV	1,242	1,275	1,300
Digital	1,260	1,471	1,676
Print	277	257	232
OOH	36	37	39
Radio	17	18	18
TOTAL	2,832	3,058	3,265

Source : Company | Phintraco Sekuritas Research Teams

Table 24 .

Market Share All Media			
	2022	2024	2027
TV	42.90%	40.00%	34.20%
Digital	44.80%	51.00%	59.10%
Print	10.10%	7.00%	4.60%
Others	2.10%	2.00%	2.10%

Source : Company | Phintraco Sekuritas Research Teams

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Methodology : In determining the shares included in the stock pick, apart from the LQ45 constituents (LQ45 constituents are included in the stock watch, but not necessarily a stock pick), we carry out several stages of screening of all shares listed on the Indonesia Stock Exchange (IDX). The screening stages are carried out as follows:

1. Recorded an average daily transaction value for the last 20 days of more than IDR 5,000,000,000.
2. Market capitalization of more than Rp1,000,000,000,000. (IDR 1 Trillion).
3. Potential undervalue: carried out by carrying out relative valuation using cross-section data, namely comparing financial conditions, which are measured by the ratio Net Profit Margin (NPM), Return on Equity (ROE), Return on Assets (ROA), Debt to Equity Ratio (DER), including PER and Price to Book Value (PBV) of issuers in the same industry. This aims to look for issuers that have the potential to be undervalued.
4. Carrying out relative valuation using time series data, comparing the PER and PBV ratios with 5-year PER Band and 5-year PBV Band data. At least one of the two valuation methods indicates an undervalued condition.
5. The undervalue condition is validated by comparing the market price with the consensus fair price. Has positive upside potential.
6. The potential upside in point 5 (five) is not the only reference regarding the magnitude of the potential upside. Potential upside can also be considered based on point 4 (four).

Attachment 1. Stock Watch as of Nov 1st, 2023

BASIC MATERIALS

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
BRPT	Basic Chemicals	30-Jun-23	1020	35.10%	690	1530	3.79	2.21	247.52%	104.78	3.97	13.01	1.12	1195	17.16%
INTP	Cons. Materials	30-Jun-23	9100	-8.08%	8825	15975	7.08	8.76	139.56%	23.98	1.70	13.01	1.12	12161	33.63%
SMGR	Cons. Materials	30-Jun-23	6050	-7.98%	5850	12975	4.14	5.09	3.86%	23.58	0.98	13.01	1.12	8220	35.87%
ANTM	Div. Metals & Minerals	30-Sep-23	1650	-16.88%	1535	3440	15.43	9.22	8.44%	10.44	1.61	13.01	1.12	2589	56.90%
INCO	Div. Metals & Minerals	30-Jun-23	4840	-31.83%	4110	8800	13.68	25.57	12.68%	9.51	1.30	13.01	1.12	7225	49.28%
TINS	Div. Metals & Minerals	30-Jun-23	650	-44.44%	960	2540	0.49	0.36	-98.50%	148.80	0.72	13.01	1.12	1325	103.85%
MDKA	Gold	30-Jun-23	2300	-44.17%	2090	5800	-10.78	-9.46	0.00%	-37.50	4.04	13.01	1.12	4183	81.85%
INKP	Paper	30-Jun-23	8225	-5.73%	6200	15550	9.17	13.91	-31.25%	5.58	0.51	13.01	1.12	15700	90.88%

CONSUMER CYCLICALS

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
MAPA	Apparel & Textile Rt.	30-Jun-23	740	-80.78%	1400	7525	27.00	11.12	40.23%	15.89	4.29	14.71	0.99	1076	45.37%
MAPI	Apparel & Textile Rt.	30-Jun-23	1605	11.07%	610	2070	23.56	6.54	1.24%	12.76	3.01	14.71	0.99	2308	43.82%
AUTO	Auto Parts & Equip.	30-Sep-23	2730	86.99%	970	3620	13.65	9.31	57.71%	7.52	1.03	14.71	0.99	3580	31.14%
MNCN	Broadcasting	30-Jun-23	462	-37.57%	660	1285	7.51	16.78	-47.45%	4.66	0.35	14.71	0.99	785	69.91%
SCMA	Broadcasting	30-Jun-23	149	-27.67%	160	2550	1.93	2.29	-88.75%	79.45	1.53	14.71	0.99	218	46.14%
ERAA	Electronics Retail	30-Jun-23	344	-12.24%	376	725	13.39	1.59	-9.63%	5.98	0.80	14.71	0.99	605	75.94%

CONSUMER NON-CYCLICALS

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
CPIN	Fish, Meat, & Poultry	30-Jun-23	5375	-4.87%	4800	7850	9.96	4.46	-42.95%	31.96	3.18	15.93	1.62	6329	17.74%
JPPA	Fish, Meat, & Poultry	30-Jun-23	1180	-8.88%	1215	2270	1.33	0.34	-34.38%	84.40	1.12	15.93	1.62	1456	23.37%
UNVR	Personal Care Prod.	30-Sep-23	3580	-23.83%	3280	8000	103.79	13.73	-9.16%	24.45	25.38	15.93	1.62	4038	12.79%
AALI	Plantations & Crops	30-Sep-23	7000	-12.77%	7275	13400	4.91	5.10	-34.16%	12.62	0.62	15.93	1.62	8337	19.10%
ICBP	Processed Foods	30-Jun-23	10375	3.75%	7050	11925	28.88	16.60	196.61%	10.57	3.05	15.93	1.62	13765	32.68%
INDF	Processed Foods	30-Jun-23	6650	-1.12%	5725	7550	19.64	9.92	91.89%	5.24	1.03	15.93	1.62	8989	35.18%
AMRT	Sprmrkt & Conv. Store	30-Jun-23	2850	7.55%	740	3150	27.36	3.00	28.63%	36.69	10.04	15.93	1.62	3406	19.49%
GGRM	Tobacco	30-Jun-23	22175	23.19%	16500	47250	11.18	5.89	197.62%	6.49	0.73	15.93	1.62	30259	36.46%
HMSP	Tobacco	30-Jun-23	895	6.55%	780	1535	29.38	6.68	23.03%	13.88	4.08	15.93	1.62	1060	18.39%

ENERGY

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
ADRO	Coal Production	30-Jun-23	2410	-37.40%	1150	4250	27.22	25.12	-34.79%	2.94	0.80	7.56	1.18	3292	36.61%
HRUM	Coal Production	30-Jun-23	1510	-6.79%	1335	14750	34.01	30.60	4.40%	4.51	1.53	7.56	1.18	2402	59.05%
INDY	Coal Production	30-Jun-23	1600	-41.39%	1255	3420	14.89	5.37	-71.76%	3.09	0.46	7.56	1.18	2630	64.38%
ITMG	Coal Production	30-Jun-23	25025	-35.87%	11425	45650	34.21	23.63	-32.59%	3.07	1.05	7.56	1.18	30395	21.46%
PTBA	Coal Production	30-Sep-23	2360	-36.04%	1995	4630	26.20	13.62	-62.21%	5.40	1.41	7.56	1.18	3003	27.27%
MEDC	Oil, Gas Prod. & Ref.	30-Jun-23	1165	14.78%	418	1705	14.32	10.70	-38.44%	8.16	1.17	7.56	1.18	2141	83.80%
AKRA	Oil, Gas Prod. & Ref.	30-Sep-23	1505	7.50%	685	4720	21.32	5.70	9.36%	13.25	2.83	7.56	1.18	1798	19.46%
PGAS	Oil, Gas Prod. & Ref.	30-Sep-23	1220	-30.68%	960	1995	10.12	7.38	-35.07%	7.22	0.73	7.56	1.18	1653	35.52%

FINANCIALS

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
ARTO	Banks	30-Sep-23	1535	-58.74%	2770	19500	0.80	3.20	23.96%	314.00	2.53	15.48	1.01	2886	88.03%
BBCA	Banks	30-Sep-23	8600	0.58%	7000	36900	20.60	43.63	25.78%	21.61	4.45	15.48	1.01	10121	17.69%
BBNI	Banks	30-Jun-23	4820	-47.75%	4560	10500	14.82	24.43	15.05%	8.64	1.28	15.48	1.01	6037	25.24%
BBRI	Banks	30-Sep-23	4830	-2.23%	3510	5750	19.13	25.81	12.35%	12.36	2.36	15.48	1.01	6219	28.75%
BBTN	Banks	30-Jun-23	1195	-11.48%	1210	2180	10.38	9.67	0.23%	5.63	0.58	15.48	1.01	1826	52.84%
BMRI	Banks	30-Jun-23	5650	-43.07%	5050	11000	21.84	28.28	24.85%	10.35	2.26	15.48	1.01	6591	16.65%
BNGA	Banks	30-Sep-23	1720	45.15%	825	1815	13.83	24.31	27.56%	6.55	0.91	15.48	1.01	1910	11.05%
BRIS	Banks	30-Jun-23	1490	15.50%	1095	3980	15.72	28.01	31.04%	12.06	1.90	15.48	1.01	2015	35.23%
BTPS	Banks	30-Sep-23	1580	-43.37%	1900	4120	15.40	25.10	-24.40%	9.00	1.39	15.48	1.01	2379	50.54%
BFIN	Consumer Financing	30-Sep-23	1020	-3.32%	560	1535	16.66	24.62	-10.19%	10.38	1.73	15.48	1.01	1255	23.04%

HEALTHCARE

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
MIKA	Healthcare Providers	30-Jun-23	2680	-15.99%	2080	3400	16.90	22.12	-14.47%	42.13	7.12	22.13	2.53	3026	12.93%
KLBF	Pharmaceuticals	30-Jun-23	1605	-23.21%	1240	2360	15.21	10.07	-16.92%	24.60	3.74	22.13	2.53	2135	33.02%
SIDO	Pharmaceuticals	30-Sep-23	486	-35.63%	630	1070	22.96	24.84	-18.58%	18.64	4.28	22.13	2.53	727	49.59%

INDUSTRIALS

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
UNTR	Cons. Machinery &	30-Jun-23	24100	-7.57%	18525	36200	31.23	16.33	8.30%	4.01	1.25	11.03	0.94	31897	32.35%
ASII	Multi-sector Holdings	30-Jun-23	5800	1.75%	4640	7700	18.73	10.74	-3.99%	6.73	1.26	11.03	0.94	7385	27.33%

Source : IDX | PHINTAS Research Team | *as of November 1st, 2023 | *IDX Monthly Statistics—September 2023 | *marketscreener.com—S&P Global Market Intelligence | LQ45 | bold & italic = stock picks

Attachment 1. (Cont.) Stock Watch as of Nov 1st, 2023

INFRASTRUCTURES

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
POWR	Electric Utilities	30-Sep-23	705	6.82%	600	860	13.99	18.82	33.66%	7.13	1.00	12.61	1.17	1002	42.06%
ADHI	Heavy Cons. & Civil E.	30-Jun-23	392	-19.01%	408	2040	0.30	0.20	11.94%	132.78	0.39	12.61	1.17	654	66.84%
WIKA	Heavy Cons. & Civil E.	30-Jun-23	372	-53.50%	525	2450	-33.95	-20.33	0.00%	-0.89	0.30	12.61	1.17	577	55.02%
JSMR	Highways & Railtracks	30-Jun-23	4170	39.93%	2770	4990	10.24	12.87	56.33%	13.17	1.35	12.61	1.17	5013	20.20%
TLKM	Int. Telco. Service	30-Jun-23	3620	-3.47%	3000	4850	20.60	17.36	17.60%	14.06	2.90	12.61	1.17	4707	30.04%
EXCL	Wireless Telco Srv.	30-Jun-23	2060	-3.74%	1950	3380	5.06	4.13	5.82%	20.78	1.05	12.61	1.17	2943	42.87%
ISAT	Wireless Telco Srv.	30-Jun-23	9450	53.04%	4770	10850	13.55	7.73	-41.46%	19.96	2.71	12.61	1.17	10841	14.72%
MTEL	Wireless Telco Srv.	30-Jun-23	615	-23.13%	640	890	6.18	24.75	14.66%	25.13	1.55	12.61	1.17	882	43.34%
TOWR	Wireless Telco Srv.	30-Sep-23	850	-22.73%	870	1625	20.26	27.82	-5.20%	13.41	2.72	12.61	1.17	1284	51.02%

PROPERTIES & REAL ESTATE

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
BEST	Real Estt. Dev & Man.	30-Sep-23	130	-2.26%	100	195	3.05	24.65	7.07%	9.28	0.28	14.12	0.62	160	23.08%
BSDE	Real Estt. Dev & Man.	30-Jun-23	970	5.43%	875	1360	6.77	24.03	159.02%	8.55	0.58	14.12	0.62	1341	38.28%
CTRA	Real Estt. Dev & Man.	30-Jun-23	1080	14.89%	805	1350	8.20	17.43	-22.47%	12.85	1.05	14.12	0.62	1337	23.75%
DMAS	Real Estt. Dev & Man.	30-Jun-23	170	6.92%	156	256	18.98	61.93	-9.11%	6.83	1.30	14.12	0.62	215	26.71%
PWON	Real Estt. Dev & Man.	30-Sep-23	392	-14.04%	402	615	10.71	32.55	24.82%	9.52	1.02	14.12	0.62	564	43.77%
SMRA	Real Estt. Dev & Man.	30-Jun-23	530	-12.40%	535	1070	9.11	14.64	110.87%	10.08	0.92	14.12	0.62	808	52.52%

TECHNOLOGY

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
BUKA	Online App. & Srv.	30-Sep-23	198	-24.43%	208	1325	-4.01	-23.25	0.00%	-19.72	0.79	19.34	1.86	322	62.63%
EMTK	Online App. & Srv.	30-Jun-23	494	-52.04%	720	3360	-2.54	-5.73	0.00%	-34.06	0.86	19.34	1.86	763	54.45%
GOTO	Online App. & Srv.	30-Sep-23	62	-31.87%	81	442	-10.78	-90.85	0.00%	-5.85	0.63	19.34	1.86	111	79.31%

TRANSPORTATION & LOGISTIC

Code	Industry	Fiscal Date	Last	%YTD	2021 Lo.	2021 Hi.	ROE	NPM	NI Growth (yoy)	PER	PBV	PER Sector	PBV Sector	Fair Price*	%potential upside
BIRD	Road Transportation	30-Sep-23	1945	37.94%	1000	2430	9.01	11.38	40.98%	9.93	0.90	11.48	1.09	2377	22.19%

Source : IDX | PHINTAS Research Team | ^as of November 1st, 2023 | *IDX Monthly Statistics—September 2023 | **marketscreener.com—S&P Global Market Intelligence | LQ45 | bold & italic = stock picks

Attachment 2. Stock Watch : PER & PBV Band as of Nov 1st, 2023
BASIC MATERIALS

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
BRPT	950.59	559.74	168.89	-221.97	-612.82	104.78	Undervalue	5.58	4.65	3.72	2.80	1.87	3.97	Fair Value
INTP	53.97	39.97	25.96	11.96	-2.05	23.98	Undervalue	2.35	2.15	1.94	1.74	1.54	1.70	Undervalue
SMGR	30.08	24.67	19.27	13.86	8.45	23.58	Overvalue	2.07	1.71	1.36	1.00	0.65	0.98	Undervalue
ANTM	208.42	130.78	53.13	-24.52	-102.16	10.44	Undervalue	3.49	2.97	2.45	1.93	1.41	1.61	Undervalue
INCO	2634.21	1461.38	288.55	-884.28	-2057.11	9.51	Undervalue	2.29	2.04	1.79	1.54	1.28	1.30	Undervalue
TINS	172.91	99.25	25.59	-48.07	-121.72	148.80	Overvalue	3.04	2.41	1.78	1.15	0.52	0.72	Undervalue
MDKA	1368.80	755.67	142.55	-470.58	-1083.71	-37.50	Undervalue	10.30	8.64	6.99	5.33	3.67	4.04	Undervalue
INKP	13.12	9.48	5.83	2.19	-1.45	5.58	Fair Value	1.01	0.85	0.68	0.51	0.34	0.51	Undervalue

CONSUMER CYCLICALS

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
MAPA	858.27	473.05	87.82	-297.41	-682.64	15.89	Undervalue	4.34	3.56	2.77	1.99	1.21	4.29	Overvalue
MAPI	534.63	308.45	82.26	-143.92	-370.10	12.76	Undervalue	3.70	3.21	2.72	2.22	1.73	3.01	Overvalue
AUTO	826.17	452.30	78.43	-295.44	-669.31	7.52	Undervalue	1.06	0.84	0.63	0.41	0.20	1.03	Overvalue
MNCN	27.37	20.34	13.31	6.28	-0.75	4.66	Undervalue	1.27	1.03	0.78	0.54	0.29	0.35	Undervalue
SCMA	40.52	32.45	24.38	16.31	8.24	79.45	Overvalue	8.62	6.33	4.05	1.76	-0.53	1.53	Undervalue
ERAA	16.24	13.13	10.02	6.91	3.80	5.98	Undervalue	1.93	1.66	1.38	1.10	0.82	0.80	Undervalue

CONSUMER NON-CYCLICALS

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
CPIN	40.88	34.29	27.69	21.10	14.51	31.96	Overvalue	5.18	4.52	3.85	3.19	2.52	3.18	Undervalue
JPFA	65.78	43.00	20.21	-2.57	-25.36	84.40	Overvalue	2.12	1.81	1.49	1.17	0.85	1.12	Undervalue
UNVR	62.00	52.16	42.32	32.47	22.63	24.45	Undervalue	49.87	42.98	36.09	29.20	22.31	25.38	Undervalue
AALI	55.80	39.28	22.77	6.25	-10.26	12.62	Undervalue	1.25	1.07	0.89	0.71	0.53	0.62	Undervalue
ICBP	35.06	29.73	24.39	19.05	13.72	10.57	Undervalue	3.99	3.62	3.25	2.88	2.51	3.05	Undervalue
INDF	24.44	19.46	14.48	9.50	4.51	5.24	Undervalue	1.48	1.34	1.20	1.06	0.93	1.03	Undervalue
AMRT	73.32	58.55	43.77	28.99	14.21	36.69	Undervalue	13.08	10.61	8.15	5.68	3.22	10.04	Overvalue
GGRM	25.43	20.70	15.96	11.23	6.49	6.49	Undervalue	1.41	1.20	1.00	0.79	0.59	0.73	Undervalue
HMSP	46.97	37.08	27.18	17.29	7.39	13.88	Undervalue	5.91	5.16	4.42	3.68	2.93	4.08	Undervalue

ENERGY

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
ADRO	22.80	16.72	10.64	4.56	-1.52	2.94	Undervalue	1.75	1.41	1.07	0.74	0.40	0.80	Undervalue
HRUM	152.34	86.57	20.80	-44.97	-110.74	4.51	Undervalue	4.94	3.84	2.74	1.63	0.53	1.53	Undervalue
INDY	75.39	47.86	20.33	-7.20	-34.73	3.09	Undervalue	1.30	1.07	0.84	0.62	0.39	0.46	Undervalue
ITMG	22.10	15.63	9.17	2.70	-3.77	3.07	Undervalue	2.28	1.89	1.51	1.12	0.73	1.05	Undervalue
PTBA	16.37	12.72	9.06	5.40	1.74	5.40	Undervalue	2.12	1.88	1.63	1.39	1.14	1.41	Undervalue
MEDC	125.91	83.25	40.60	-2.06	-44.72	8.16	Undervalue	1.46	1.24	1.02	0.80	0.58	1.17	Fair Value
AKRA	31.35	25.25	19.15	13.04	6.94	13.25	Undervalue	3.13	2.62	2.11	1.60	1.09	2.83	Overvalue
PGAS	170.07	93.07	16.07	-60.93	-137.93	7.22	Undervalue	1.32	1.14	0.97	0.80	0.62	0.73	Undervalue

FINANCIALS

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
ARTO	2943.14	2106.51	1269.89	433.26	-403.36	314.00	Undervalue	73.28	48.14	22.99	-2.15	-27.30	2.53	Undervalue
BBCA	32.35	27.97	23.59	19.21	14.83	21.61	Undervalue	5.38	5.07	4.75	4.43	4.12	4.45	Undervalue
BBNI	34.68	23.81	12.94	2.06	-8.81	8.64	Undervalue	1.48	1.31	1.14	0.97	0.81	1.28	Overvalue
BBRI	25.15	19.97	14.78	9.60	4.42	12.36	Undervalue	3.10	2.84	2.58	2.32	2.06	2.36	Undervalue
BBTN	78.15	44.50	10.84	-22.82	-56.47	5.63	Undervalue	1.08	0.94	0.80	0.67	0.53	0.58	Undervalue
BMRI	19.66	16.58	13.50	10.42	7.35	10.35	Undervalue	2.49	2.19	1.89	1.60	1.30	2.26	Overvalue
BNGA	28.34	19.62	10.90	2.18	-6.53	6.55	Undervalue	0.87	0.77	0.66	0.56	0.45	0.91	Overvalue
BRIS	201.33	132.24	63.15	-5.95	-75.04	12.06	Undervalue	4.96	3.96	2.96	1.96	0.97	1.90	Undervalue
BTPS	33.09	26.08	19.07	12.07	5.06	9.00	Undervalue	5.59	4.46	3.32	2.18	1.04	1.39	Undervalue
BFIN	33.92	22.68	11.44	0.20	-11.04	10.38	Fair Value	3.06	2.62	2.18	1.74	1.29	1.73	Undervalue

HEALTHCARE

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
MIKA	71.84	59.54	47.24	34.93	22.63	42.13	Undervalue	9.18	8.26	7.35	6.43	5.52	7.12	Fair Value
KLBF	41.43	36.05	30.66	25.27	19.89	24.60	Undervalue	5.18	4.70	4.21	3.73	3.25	3.74	Undervalue
SIDO	28.93	25.17	21.41	17.65	13.88	18.64	Undervalue	9.64	8.55	7.46	6.37	5.28	4.28	Undervalue

 Source : IDX | Phintraco Sekuritas Research Team | LQ45 | bold & italic = stock pick

Attachment 2. (Cont.) Stock Watch : PER & PBV Band as of Nov 1st, 2023

INDUSTRIALS

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
UNTR	32.49	22.99	13.49	4.00	-5.50	4.01	Undervalue	1.69	1.52	1.34	1.17	1.00	1.25	Undervalue
ASII	22.72	18.66	14.61	10.56	6.50	6.73	Undervalue	1.66	1.53	1.40	1.27	1.14	1.26	Undervalue

INFRASTRUCTURES

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
POWR	22.00	16.79	11.57	6.36	1.14	7.13	Undervalue	1.20	1.13	1.06	1.00	0.93	1.00	Undervalue
ADHI	142.72	89.70	36.69	-16.33	-69.35	132.78	Overvalue	0.94	0.76	0.57	0.39	0.21	0.39	Undervalue
WIKA	344.82	199.91	55.00	-89.90	-234.81	-0.89	Undervalue	1.22	0.95	0.68	0.41	0.14	0.30	Undervalue
JSMR	86.45	55.74	25.02	-5.69	-36.41	13.17	Undervalue	1.76	1.56	1.35	1.14	0.93	1.35	Fair Value
TLKM	23.50	21.16	18.82	16.48	14.14	14.06	Undervalue	4.13	3.74	3.35	2.96	2.57	2.90	Undervalue
EXCL	1091.75	571.56	51.37	-468.82	-989.01	20.78	Undervalue	1.75	1.54	1.33	1.12	0.90	1.05	Undervalue
ISAT	222.12	131.40	40.68	-50.04	-140.76	19.96	Undervalue	3.35	2.81	2.27	1.72	1.18	2.71	Overvalue
MTEL	41.01	37.15	33.29	29.43	25.58	25.13	Undervalue	4.42	3.32	2.23	1.14	0.05	1.55	Undervalue
TOWR	121.28	79.11	36.94	-5.23	-47.40	13.41	Undervalue	6.74	5.73	4.72	3.71	2.70	2.72	Undervalue

PROPERTIES & REAL ESTATE

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
BEST	126.35	68.86	11.36	-46.13	-103.63	9.28	Undervalue	0.41	0.36	0.31	0.27	0.22	0.28	Undervalue
BSDE	32.02	23.39	14.75	6.12	-2.52	8.55	Undervalue	0.86	0.77	0.69	0.60	0.51	0.58	Undervalue
CTRA	26.19	21.08	15.97	10.86	5.75	12.85	Undervalue	1.40	1.25	1.11	0.97	0.82	1.05	Undervalue
DMAS	22.57	17.27	11.97	6.67	1.36	6.83	Undervalue	2.12	1.86	1.59	1.33	1.06	1.30	Undervalue
PWON	24.67	19.80	14.94	10.08	5.22	9.52	Undervalue	1.87	1.66	1.46	1.25	1.04	1.02	Undervalue
SMRA	102.85	69.32	35.79	2.27	-31.26	10.08	Undervalue	2.14	1.78	1.42	1.06	0.70	0.92	Undervalue

TECHNOLOGY

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
BUKA	40.08	23.21	6.35	-10.52	-27.39	-19.72	Undervalue	29.98	17.79	5.60	-6.58	-18.77	0.79	Undervalue
EMTK	662.80	373.72	84.64	-204.45	-493.53	-34.06	Undervalue	11.94	8.45	4.95	1.46	-2.03	0.86	Undervalue
GOTO	1.87	0.94	0.00	-0.94	-1.87	-5.85	Undervalue	12.08	7.46	2.83	-1.79	-6.42	0.63	Undervalue

TECHNOLOGY

	5-year PER Band							3-year PBV band						
	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PER*	Valuation	STDev +2	STDev +1	Mean	STDev -1	STDev -2	PBV*	Valuation
BIRD	116.37	69.74	23.10	-23.54	-70.17	9.93	Undervalue	1.01	0.87	0.74	0.60	0.46	0.90	Overvalue

 Source : IDX | Phintraco Sekuritas Research Team | LQ45 | bold & italic = stock pick