

Key Index

	Close	Chg (%)	Ytd (%)	Vol (M)
ASEAN				
Indonesia	7,012	0.4	2.4	14,043
Thailand	1,508	-1.0	-9.6	4,286
Philippines	6,041	-0.1	-8.0	87
Malaysia	1,452	-0.4	-2.9	103
Singapore	3,242	0.0	-0.3	412
Global				
China	3,109	-0.5	0.6	21,725
Hongkong	17,886	-0.6	-9.6	1,657
S&P 500	4,402	-0.9	14.7	592
Nasdaq	13,469	-1.5	28.7	878
Dow Jones	34,441	-0.2	3.9	80

Currency and Interest Rate

	Rate	w-w (%)	m-m (%)	ytd (%)
IDR	15,380	-0.2	-0.4	1
7DRRR (%) - date	5.75	-	-	4.55
Govt Bond 2 yrs	6.36	0.22	3.13	4.59
Govt Bond 5 yrs	6.39	0.80	1.40	3.05
Govt Bond 10 yrs	6.75	0.85	1.93	(2.80)

Hard Commodities

	Unit	Price	d-d (%)	m-m (%)	y-y (%)
Coal	US\$/ton	161	0.0	7.5	(64)
Gold	US\$/toz	1,949	-0.9	2.0	16
Nickel	US\$/mt. ton	19,761	-1.7	-2.8	(22)
Tin	US\$/mt. ton	25,927	0.1	3.2	27

Soft Commodities

	Unit	Price	d-d (%)	m-m (%)	y-y (%)
Cocoa	US\$/mt. ton	3,642	-2.0	3.5	53
Corn	US\$/mt. ton	476	1.3	0.6	(30)
Crude Oil	US\$/barrel	90	-0.5	10.6	8
Palm Oil	MYR/mt. ton	3,662	-0.3	-6.9	(4)
Rubber	US\$/kg	144	-0.6	10.6	5
Coffe	US\$/60 kg bags	161	-1.7	7.3	(31)
Soybean	Usc/lbs	1,316	0.3	-3.1	(11)
Sugar	US\$/MT	27	-2.4	12.8	47
Wheat	US\$/mt. ton	584	0.8	-4.0	(34)

Focus

ASII: Still the top 4W player

ASII reported 4W sales growth of 5.6% in 8M23, beating the industry's sales growth of 2.6%, thanks to the wide variety of its models and variants (primarily MPV and LCGC). While EV adoption may become a threat for ASII, considering its limited EV offering, the low number of EV charging stations available in Indonesia today and the TKDN regulation may help keep LCGC one of Indonesians' favorite car categories. We maintain our forecast and TP at IDR 7,100 (SOTP), implying 8.9x FY23F PE. Upgrade to Buy.

Daily News

- Global: Fed holds rates steady but pencils in one more hike this year**

Federal Reserve officials voted to hold interest rates steady between 5.25% and 5.5%. They revealed a divide over whether they should raise them once more this year, with most leaning toward another increase. Fed Chair Jerome Powell said that officials didn't need to decide yet whether to lift rates again as they await evidence that a recent inflation slowdown can be sustained. Fed officials also indicated they expect to keep rates higher for longer through 2024 than anticipated earlier this year. (WSJ)

What we think: The Fed may anticipate increasing inflation in the coming months due to the higher energy prices. US SPR has been declining, and the refilling may push the oil prices higher. At the same time, US resilient economic growth and consumer spending may give room for the Fed to hike the rate.

- Economy: BI is expected to hold 7DRRR**

Reuters poll reported that all consensus expected Bank Indonesia (BI) to maintain its 7DRRR at 5.75% at the policy meeting on Sept. 21. Among economists who had a long-term view, forecasts were largely unchanged from an Aug poll, and more than 60% - 18 of 28 - forecast BI to keep rates on hold at 5.75% until year-end. (Reuters)

What we think: We are on the side of the consensus that BI will keep 7DRRR at 5.75%. But, although BI keeps the rate, they managed to reduce the M1 and M2 to keep the inflation low. While the sentiment should be positive, the Fed rate decision will also determine the path of the market.

- Coal: China's coal import estimated to increase**

Indonesian Coal Association (APBI) projected an increase in China coal import to 360M tons in 2023 or 50% higher compared to last year, as the demand will increase in the third and fourth quarter of the year. APBI also estimated Indonesia's coal export to China will increase to 220M tons with a probability that coal domestic production will reach more than 700M tons from the initial target of 694.5M tons in 2023. (Kontan)

What we think: China's 8M23 thermal and coking coal import reached 198M tons or increased by 112% yoy compared to last year. Thus, in the remaining months of 2023, China is projected to import coal of 40M tons per month on average compared to 25M tons per month up to August this year.

- WIKA will receive IDR6T in PMN**

Wijaya Karya (WIKA) will receive state capital participation (PMN) 2023 of IDR 6T. WIKA needs a PMN, considering that in 2014-2022, significant asset growth was supported by increased liabilities, primarily loans. The regulator said that WIKA needs PMN following the financial implications of the company's involvement as

an investor or contractor in the Jakarta-Bandung Fast Train (KCJB) project. WIKA will use PMN funds to strengthen the capital structure and increase its capacity to complete the National Strategic Project (PSN). Then, WIKA would reduce the dependency on debt funding. (Kompas)

What we think: Previously, WIKA was excluded as a PMN receiver, and the government finally understands the urgency of equity funding for the company. The PMN for WIKA is reasonable since KCJB's overrun cost was one of the main reasons for the contractor falling into financial distress. Despite KCJB being initiated as a B2B project, it is a crucial infrastructure project for the country. As the main contractor, WIKA should not be burdened with the funding and overall cost.



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Recommendation ratings

Rating	Buy	Hold	Sell
Classification	≥10%	> -10% or < 10%	≤-10%

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