

BINAARTHA MARKET OUTLOOK 2023

“Stronger againts all odds”

Global economy outlook

Table: Latest World Economic Outlook Projection

	2021	Projections	
		2022	2023
World Output	6.0	3.2	2.7
Advanced Economies	5.2	2.4	1.1
United States	5.7	1.6	1.0
Euro Area	5.2	3.1	0.5
Germany	2.6	1.5	-0.3
France	6.8	2.5	0.7
Italy	6.7	3.2	-0.2
Spain	5.1	4.3	1.2
Japan	1.7	1.7	1.6
United Kingdom ²	7.4	3.6	0.3
Canada	4.5	3.3	1.5
Other Advanced Economies ³	5.3	2.8	2.3
Emerging Market and Developing Economies	6.6	3.7	3.7
Emerging and Developing Asia	7.2	4.4	4.9
China	8.1	3.2	4.4
India ⁴	8.7	6.8	6.1
ASEAN-5 ⁵	3.4	5.3	4.9
Emerging and Developing Europe	6.8	0.0	0.6
Russia	4.7	-3.4	-2.3
Latin America and the Caribbean	6.9	3.5	1.7
Brazil	4.6	2.8	1.0
Mexico	4.8	2.1	1.2
Middle East and Central Asia	4.5	5.0	3.6
Saudi Arabia	3.2	7.6	3.7
Sub-Saharan Africa	4.7	3.6	3.7
Nigeria	3.6	3.2	3.0
South Africa	4.9	2.1	1.1

Source: IMF

GLOBAL: Growth 2.7% in 2023

According to the International Monetary Fund (IMF), the global economy in 2023 is projected to grow 2.7 percent or 0.2 percent lower than in the July forecast, with a 25 percent probability that it could fall below 2 percent. The Russian invasion of Ukraine, a cost-of-living crisis caused by persistent and broadening inflation pressures, and the slowdown in China become three main challenges to the global economy. The sharp appreciation of the US dollar has added significantly to domestic price pressures and to the cost-of living crisis in many emerging and developing economies. Central banks around the world are focused on restoring price stability, and the pace of tightening has accelerated sharply.

Global Economy Outlook

Europe: Growth to 0.5% in 2023

- European policymakers are facing trade-offs and tough policy choices as a result of weak growth and high inflation that could get worse.
- Extreme summer weather in Europe amplified the energy crisis and price increases, in addition to the war in Ukraine.
- Steady reforms that can enhance productivity, relieve supply constraints in energy and the labor market, and expand economic capacity remain essential to raising growth and easing price pressures over the medium

Asia and Pacific: Growth 4.3% in 2023

- The war in Ukraine has several implications for the region such as a spike in global commodity prices, causing shocks to Asia's terms of trade and current account balances and propelling inflation higher.
- Inflation is expected to peak in late 2022 after rising above most central bank targets during the year.
- The zero-Covid policy of China's government, if repeated, could negatively affect regional growth.
- Growth of most of the region's economies will likely slow further in 2023 while appropriate policies will vary according to available options, the degree of economic slack and the persistence of shocks.

United States: Growth 1.0% in 2023

- Dollar appreciation has mostly been driven by fundamental forces such as the tightening of US monetary policy and the energy crisis.
- Declining real disposable income continues to eat into consumer demand and higher interest rates are taking a toll on spending, especially on residential investment.
- Despite all the global challenges, the US economy remains strong with a tight labor market, a historically low unemployment rate and a growing economy. The US economic recovery has been among the strongest of all the G-7 nations.
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Indonesia Economy Outlook

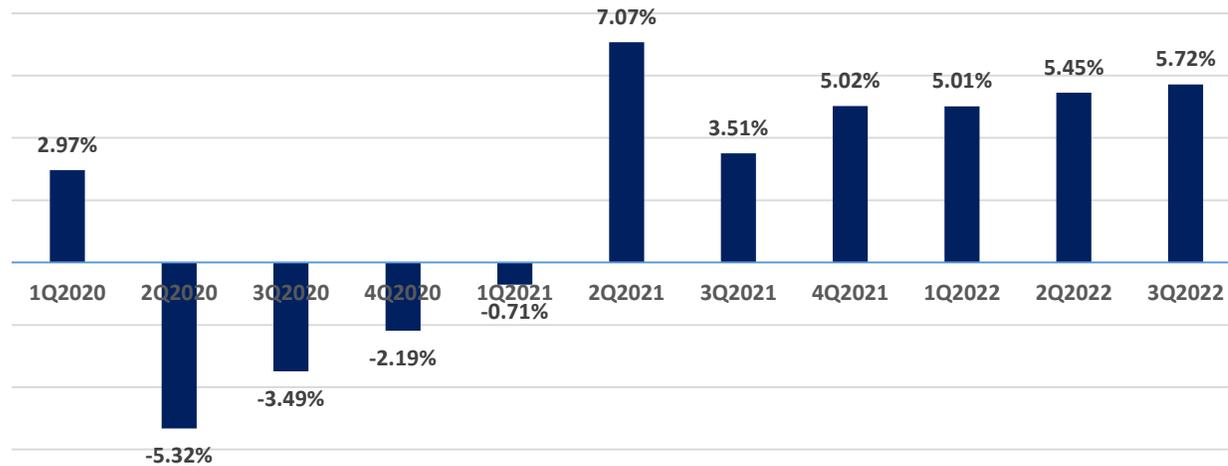
Indonesia: Growth 4.5 - 5.3 % in 2023

- Economic growth in Indonesia is projected to be in a range of 4.5 - 5.3% up from 5.1% -5.4% in 2022.
- This is supported by domestic consumption which has now exceed the pre-pandemic level.
- Inflation is targeted at a slightly higher level of 3.3% +/- 1% in 2023, but can be controlled by ensuring availability of supply and distribution of food and energy as well as government price interventions.
- The CAD (Current Account Deficit) is targeted at 2.85% of GDP in 2023.

Indicators	Outlook 2022	RAPBN 2023
Economic Growth (YoY %)	5.1 -5.4	5.3
Inflation (YoY %)	4.0 – 4.8	3.3
Exchange rate (IDR/US\$)	14,500 – 14,900	14,750
Interest rate SUN 10 years (%)	6.85 – 8.42	7.9
Indonesia Crude Oil (US\$/barrel)	95 - 105	90
Lifting Crude Oil (000 barrels per day)	625 - 630	660
Lifting Gas (000 barrels of oil equivalent per day)	956 - 964	1,050

Indonesia Economy Outlook

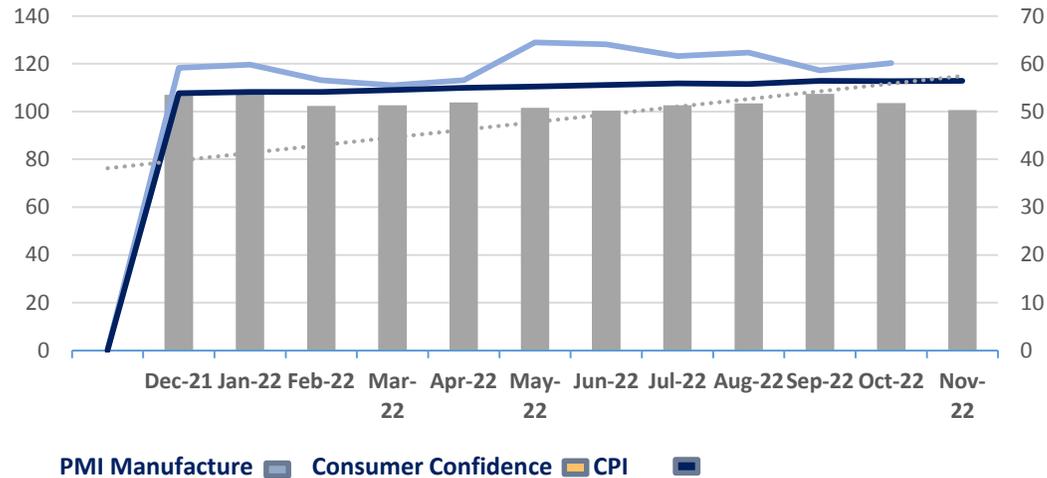
Stable GDP in 2022



Indonesian economic growth in 3Q2022 improved further after the negative growth in 2020 and was the sixth consecutive quarter of positive growth. Based on data from Badan Pusat Statistik (BPS), economic growth in 3Q2022 was 5.72% YoY supported by stronger domestic consumption that has exceeded the pre-pandemic level. Economic growth in Indonesia is projected to be in a range of 4.5 - 5.3% in 2023 up from 5.1% - 5.4% in 2022. This is supported by strong exports, higher consumption despite higher inflation as well as investment activities

Indonesia Economy Outlook

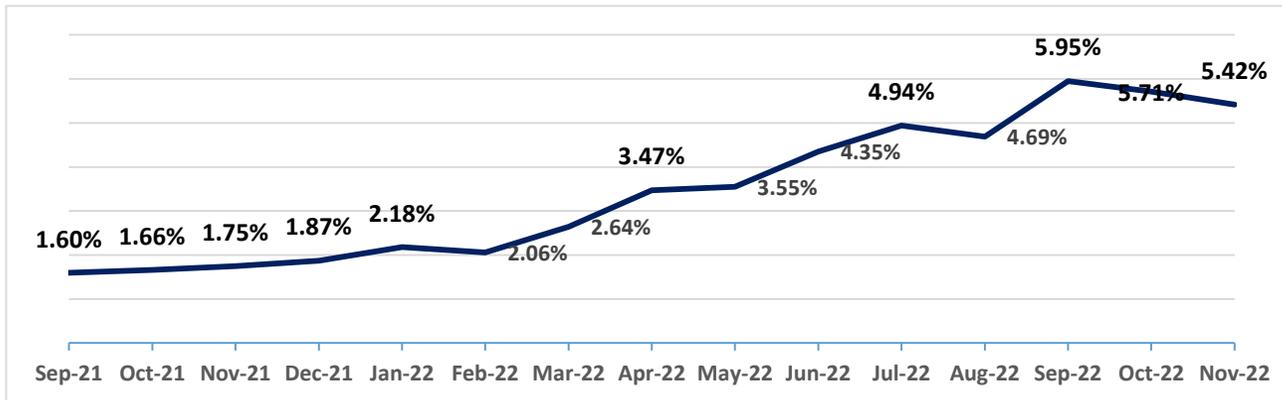
PMI Manufacture and Consumer Confidence in Indonesia continues to Strengthen



The domestic economic recovery continued in 2022 with various indicators and surveys such as the Purchasing Managers' index (PMI) manufacturing and consumer confidence index continuing to strengthen. Despite the earlier decline, Indonesia's manufacturing PMI in November 2022 was at an expansionary 50.3, a level which is higher compared to other regional countries such as Vietnam (47.4), Japan (49), Myanmar (44.6) and Malaysia (47.4). The Consumer Confidence Index (IKK) in the third quarter of 2022 increased significantly despite price pressures in September 2022 and consumer expectations remain in optimistic territory.

Indonesia Economy Outlook

Soften Inflation



Inflation in 2022

In 2022, inflation reached a high in September 2022 of 1.17% MoM or 5.95% YoY due to the higher fuel prices which has had an impact on rising prices of services and other products. In October inflation was at -0,11% MoM or 5.71% YoY. The slower inflation was in line with lower fuel prices with inflation pressure from energy in October significantly reduced. Meanwhile most food commodity prices have gone back to deflation. If we compare to other countries, Inflation in Indonesia is higher but remains under control. Inflation is predicted to be lower ahead and less disruptive to consumption levels. The government is targeting an inflation level of 3.3% +/- 1% in 2023, which can be achieved by ensuring availability of supply and distribution of food and energy as well as some price interventions.

JKSE Outlook

- The JCI index has moved quite positively in 2022 from a low of 6,597 in May to a high of 7,248 in September, influenced by geopolitics, the US inflation rate, interest rate hikes and higher fuel and other commodity price increases from early February 2022 up to the third quarter of 2022
- The JCI index in 2023 will be influenced by similar catalysts, including higher interest rates and inflation in Indonesia and the US, the upward trend in commodity prices which is expected to be less significant this year, geopolitical developments and the development of the Covid lockdowns in China. IHSG by end of 2022 was closed at level 6850
- Our JCI index target for 2023 is 7,257 which is a PE ratio at 9.85X based on bloomberg consensus data. The sectors that we recommend for next year are the banking sector, the consumer sector, the infrastructure sector because of the development of IKN projects, the nickel sector which is still influenced by positive electric car sentiment, the coal sector as the positive price trend is expected to remain at least until 1H23 although with prices rising less significantly than in 2022.
- The below table shows the JCI index tends to move in the opposite direction to the Indonesian 10-Year Government Bond yields. Yields of bonds are influenced by the central bank interest rate policy.

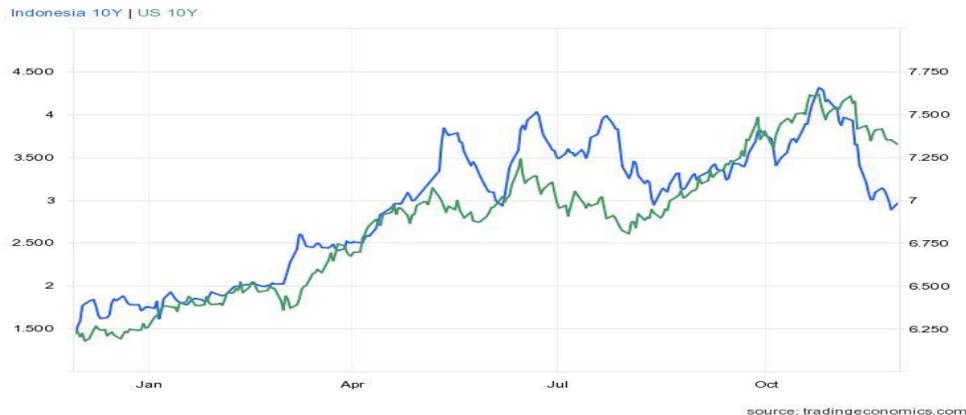
Chart: Relation of 10Y Gov Bond vs Indonesian stock exchange movement up to 11M22



Indonesia Bond Outlook

- As of October, the benchmark yield on Indonesian bonds was in the range of 7.5-7.6% while as of November 28, 2022, it strengthened to a range of 6.98%. Meanwhile, the benchmark yield on US bonds as of October was around 3.6-3.75% and as of November 28, 2022, it returned to 3.6%. This is due to the slowdown in US inflation to 7.7% as of October 2022. This strengthening in the US bond market has strengthened the Indonesian bond market, as can be seen from the falling yields which reflect rising prices. Indonesia's bond market in 2H22 received a positive boost from global and domestic economic conditions. Domestically, Indonesia's trade balance surplus was higher than expected, reaching USD 5.67 billion in October 2022 compared to USD 4.99 billion in September 2022.
- The bond market performance as of November 25, 2022 is reflected in the Indonesia Composite Bond Index (ICBI) which touched 340.20, the highest level of 2022.
- In future, bond yields will likely climb slightly higher in line with market expectations of a Fed's rate hike.
- But we believe that Indonesia's bond market can still grow and be resilient in 2023 despite the various global pressures, supported by domestic demand and Indonesia's positive economic conditions and despite the relatively low yield spread of Indonesia Government bonds over US treasuries which is only 3% at present. Domestic investors are still supporting the market with strong demand for bonds such as the SBN. In addition, domestic macro conditions are more positive now and the fiscal deficit has decreased.
- According to the Bank of Indonesia Governor, core inflation will peak in 1Q23, so we assess that BI's interest rate hikes will reach a peak in 1Q23 and lead to a positive reverse in bond prices, boosted with expectations of a slowdown in Fed rate hikes.

Indonesia Government bond yield vs US Gov bond 10 Y

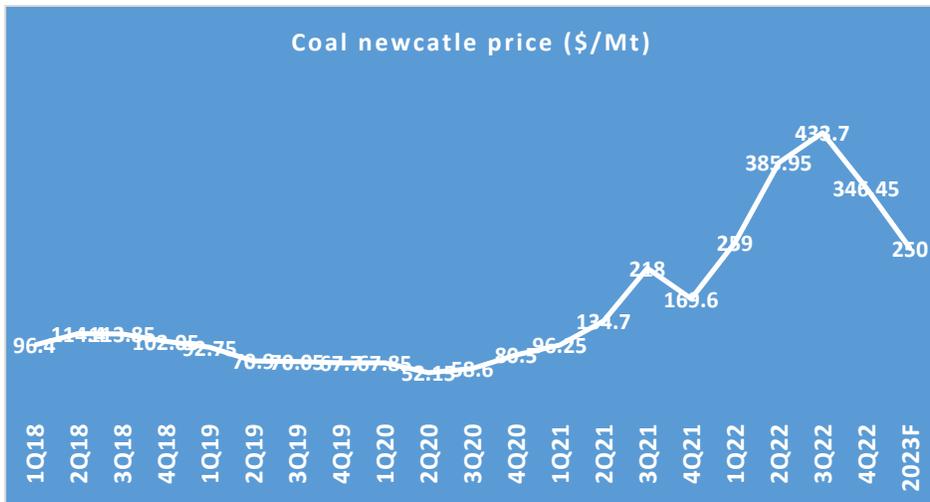


Commodity Outlook

I. Coal

- Developments in coal markets have been heavily influenced by high natural gas prices which encouraged many countries to switch from natural gas to coal
- The coal price reached a high of \$465/Mt in March 2022, as Russia invaded Ukraine
- By 10M22, consumers reduced their consumption of natural gas in response to higher prices and warmer than usual weather which helped to reduce prices of coal. The price was at \$408/Mt in August 2022 and stayed close to \$350/mt up to 22 Nov 2022.
- The unfavorable weather like la Nina has hit coal production for miners in the US. Indonesia's coal exports are expected to rise as India's imports of thermal coal surged 14% in the first ten months of 2022.
- We estimate supply and demand fundamentals favor higher coal prices in 2023 due to continued lack of Russian supplies, winter seasonal heating demand, US energy policies supporting alternative and renewable fuel, and new zero covid lockdowns in China.
- We estimate coal prices will remain above \$250/Mt until at least 2024, based on the above.

Chart: Newcastle coal price QoQ and forecast (\$/Mt)

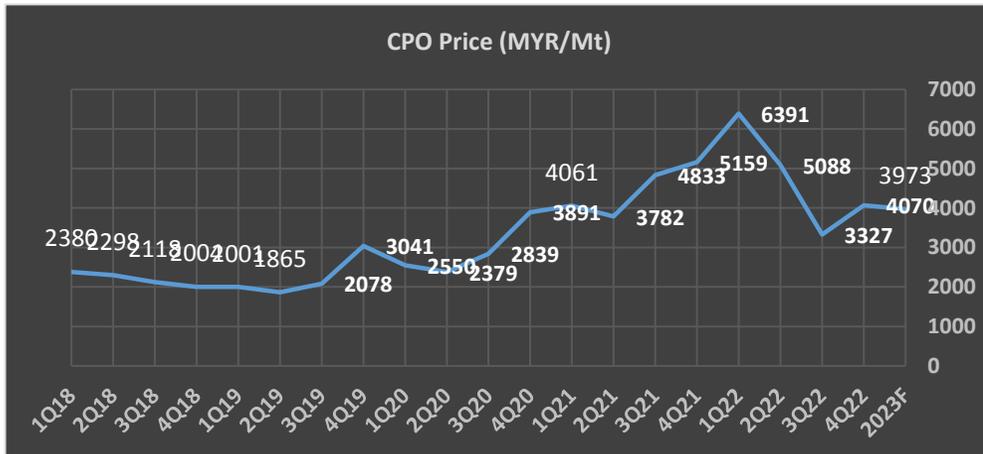


Commodity Outlook

II. CPO

- In 3Q22, rising supplies have put pressure on palm oil prices. Prices have dropped since June 2022 because of increased exports from the world's largest palm oil producer, Indonesia.
- Inventories jumped in 1H22, due to the high prices. Producers in Indonesia were also significantly affected by the country's three-week ban on exports from end-April 2022 which led to a surge in local stocks.
- Malaysian palm oil futures were trading around MYR 4,100 per tonne, after recovering from a low of MYR 3,850 on November 17th, buoyed by brisk export demand and a weaker ringgit.
- However, rising output, with Malaysia and Indonesia entering the peak production months of October and November, coupled with concerns about weaker demand, particularly from top consumer China amid renewed coronavirus-induced restrictions, limited further gains. On top of that, Indonesia's exports remain more competitive than Malaysia's, following palm oil levy waivers.
- Production in 2022 will remain affected by the long dry season in 2019 but La Nina's end may signal tougher times for palm oil prices as soybean yields improve after lower yields and higher prices benefited oil palm in the past two years.
- But any deterioration in soybean yield could reduce soybean oil output, stoking demand for palm oil and other alternatives. We expect average crude palm oil (CPO) prices to be significantly lower in 2023, as industry output is likely to be higher.

Palm oil price during 2022 (MYR/tonne)



Commodity Outlook

III. Oil

- Global crude oil consumption growth has slowed in 2022 because of Covid-19 lockdowns in China and weakening demand elsewhere
- Brent and WTI crude oil prices fell sharply during 3Q2022.
- Oil prices in 3Q22 have been particularly volatile because of significant uncertainty about oil market fundamentals including slowing global growth, a possible global recession and continued pandemic restrictions in China.
- In Oct 2022, OPEC+ members agreed to cut production by 2 million barrels per day (mb/d). This caused oil prices to temporarily rebound.
- Global oil production rose by 2% in 3Q2022 (QoQ) or 1.1 million barrel per day (mb/day) and has now recovered to its pre pandemic levels. Half of the increase was from OPEC and its partners (OPEC+).
- Oil production is expected to see an increase of less than 1% in 2023. We expect global oil prices will drop in 2023 due to expectations of weaker demand and a stronger U.S dollar.
- The EIA expects the Brent spot price to be \$97.98 per barrel in 4Q22, \$98.67 per barrel in 1Q23 and \$95 per barrel in 4Q23
- We forecast Brent Crude oil prices to average \$92/bbl next year while WTI crude oil prices will average \$80/bbl in 2023.

Chart: WTI Crude oil prices QoQ and forecast (\$/bbl)

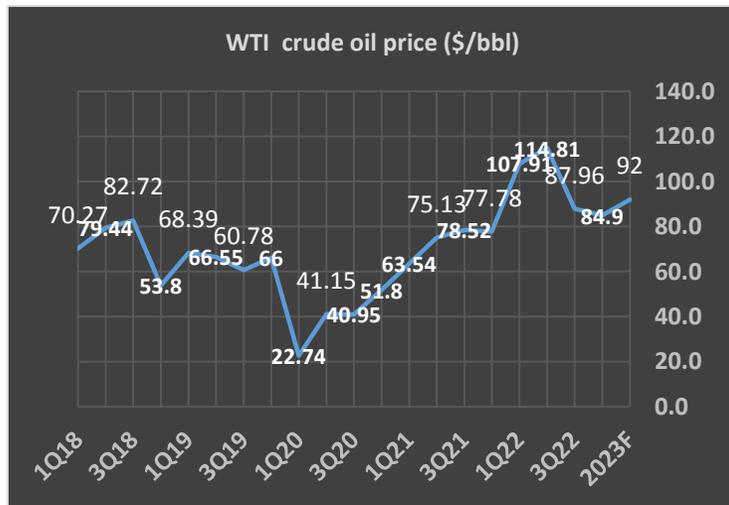
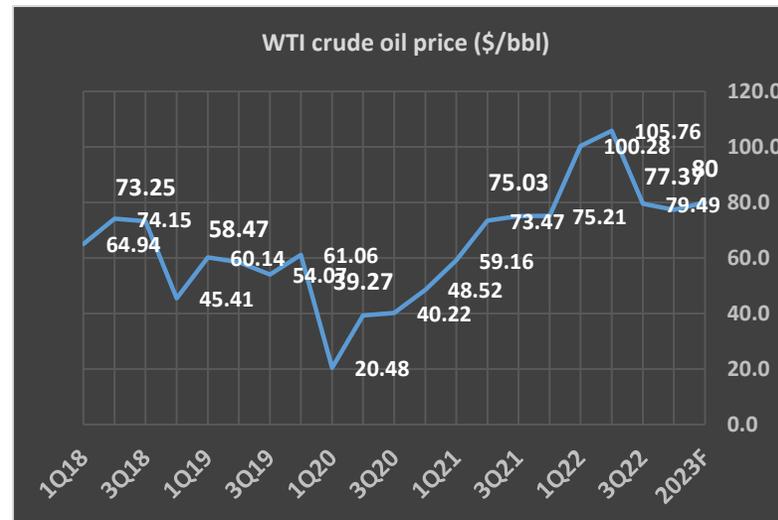


Chart: Brent crude oil price QoQ and forecast (\$/bbl)



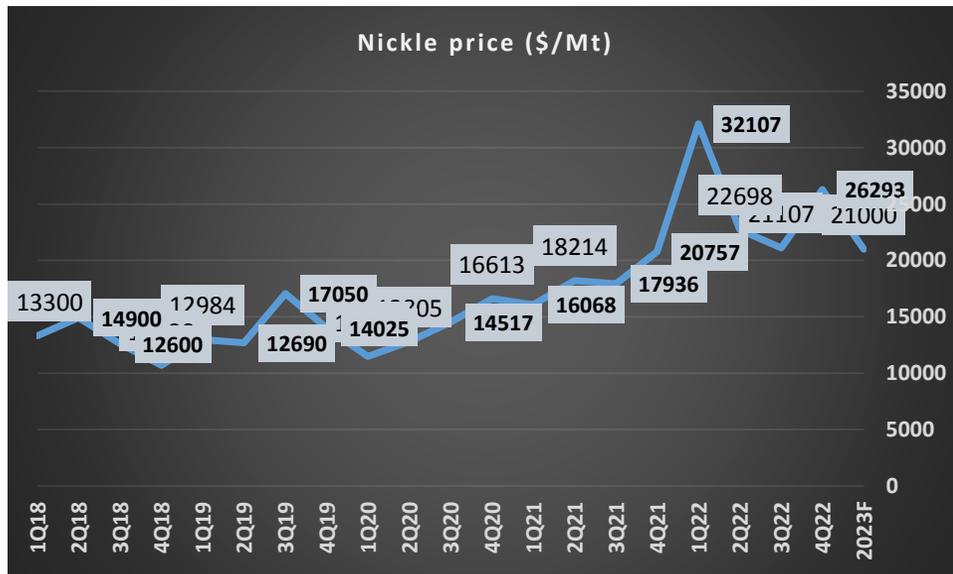
Global oil supply and demand and inventories forecast 2022 based on EIA

Commodity Outlook

IV. Nickel

- Global metal demand continues to be volatile, with Nickel prices currently around \$30,000 per ton. Potential higher demand from China, the largest consumer, has brightened the demand outlook.
- Nickel prices fell 24% in 3Q22 (QoQ) and were one-third lower in September than the March highs when a short squeeze halted LME trading for a week.
- Falling demand from stainless-steel and strong production growth in Indonesia both contributed to the price fall. Stainless-steel production, which accounts for more than 2/3rds of refined nickel use, has slowed markedly from the surge in 2021 amid weak demand for consumer durables, high energy prices, and power shortages.
- Nickel use in batteries has slowed as well, especially in China.
- We forecast nickel prices to fall in 2023 compared to 2022, with the average expected to be in a range from \$20,000-21,000/Mt as we estimate demand may weaken in 2023 while production will remain high.

LME nickel price YoY (\$/Mt)

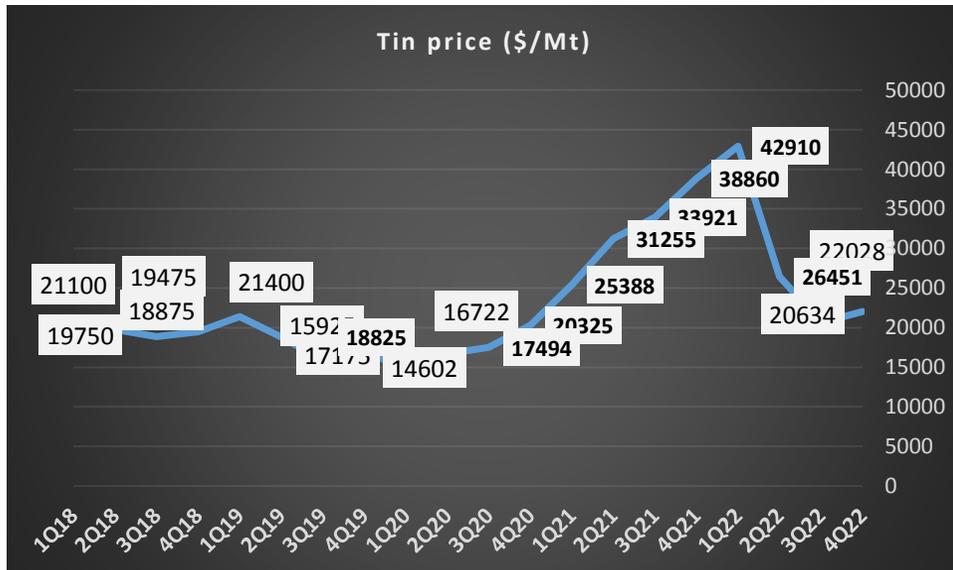


Commodity Outlook

V. Tin

- Tin price increases have also slowed in 3Q22 due to weaker demand and higher production.
- Tin prices plunged 35% in 3Q22 (QoQ) and were 52% lower in September than their March peak. The bearish sentiment reflects weak demand from the consumer electronics sector.
- Production has also risen considerably especially in the 1H22 following increased exports from Indonesia's small-scale producers. In response to concerns about a tin export boom and its negative effect on prices, Indonesian authorities are undertaking a number of measures to constrain exports, including revoking 300 tin mining permits, considering a tin export ban to encourage domestic value – added in processing and planning to increase export royalties.
- We forecast tin prices to remain volatile with the potential for a further sharp decline in 2023 due to slow demand not accompanied by a decline in production. We forecast tin prices to trade within a range of \$20,000 – 22,000/Mt.

LME tin price YoY (\$/Mt)

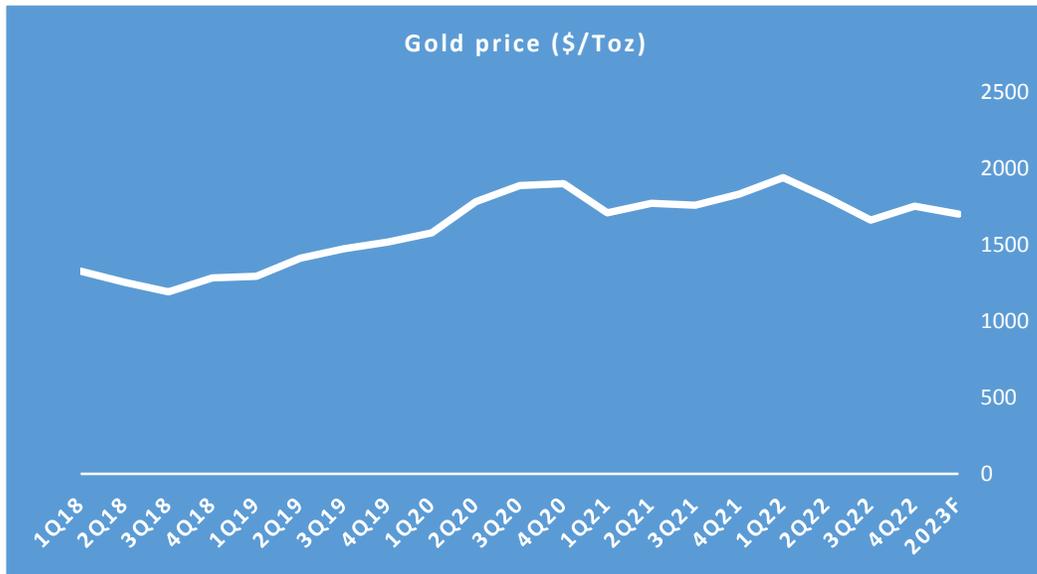


Commodity Outlook

VI. Gold

- In 3Q22, gold prices were affected by weak investment demand owing to the strength of the US dollar and higher interest rate yields related to geopolitics and rising inflation. Gold prices fell 8% in 3Q22 (QoQ)
- The U.S Federal Reserve raised policy rates five times this year by a combined 3% points which has led to the US dollar increase. The 10-year treasury yield reached its highest level in 3Q22 since April 2011.
- We forecast gold prices to stay volatile with a strong US dollar and higher interest rates which we believe will continue in 2023 in the face of high inflation and geopolitical issues. We expect the price of gold to stay at the level of \$1,800-2000/toz.

LME Gold price YoY (\$/Toz)

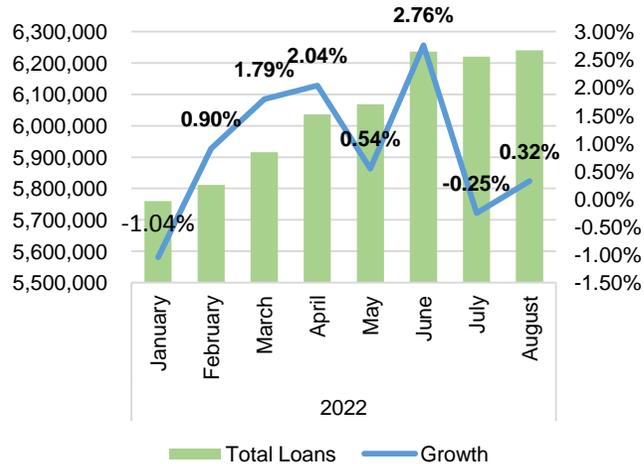


Banking Outlook

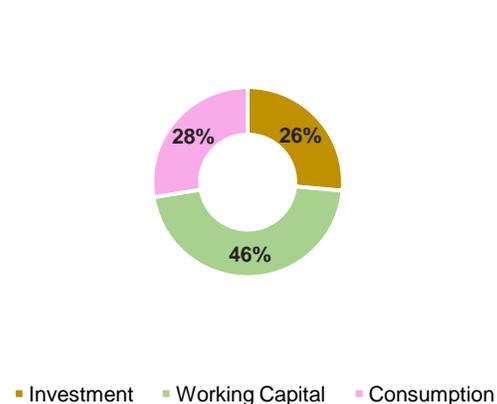
The average loan growth for commercial banks in Indonesia for 8 months in 2022 is a moderate +0.85% with declines in January and July. Wholesale and retail trade such as repair of motor vehicles and motorcycles is the largest contributor to the credit growth of Indonesian commercial banks with a 23.68% share as of August 2022. Most loans are for working capital based on the category of credit usage, at 46.02% as of August 2022. Bank Indonesia forecasts that loans will grow around 9-11% (including rural banks) in 2023.

The liquidity of commercial banks in Indonesia has grown quite significantly. In June, the banking CASA ratio reached a new peak at the level of 62.46%. However, as of August, the CASA ratio was lower at 62.38% but still higher than the previous month, which was at 62.19%. Meanwhile, for the LDR, the highest figure was for July, which peaked at 81.43%, but in August the ratio fell -21 bps to 82.22%. This is the impact of the monetary policy in Indonesia, an increase in the Minimum Statutory Reserve requirement and an increase in the central bank's (BI) benchmark interest rate to control inflation. Bank Indonesia projects that third party funds will increase around 10-12% (including rural banks) in 2023.

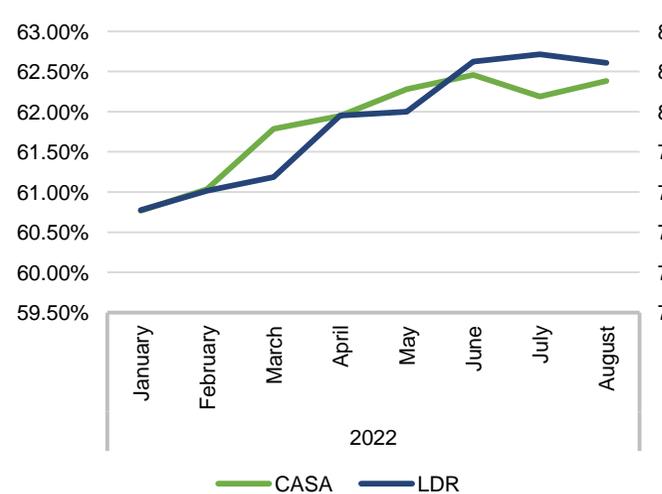
Commercial Banks total loans (in Billion Rp)



Loan Composition based on Type of Use as of August 2022 Excl. Credit to other Banks (In %)



Liquidity (In %)

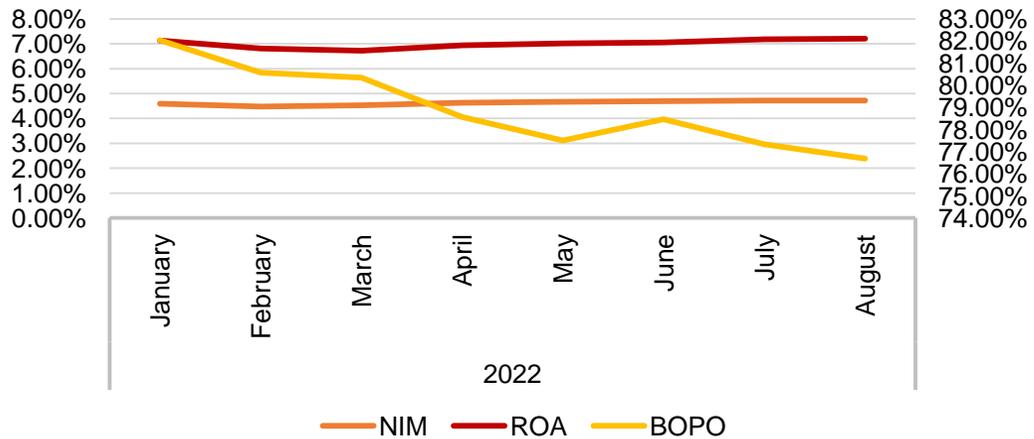


Source by: Financial Services Authority (OJK), Bank Indonesia, and Binaartha Sekuritas.

Banking Outlook

Indonesian commercial banking profitability has also increased. The NIM ratio in August 2022 was 4.73%, 13 bps higher than in January. For ROA, in August the ratio was 2.48%, lower than January, but higher than February-July 2022. The Efficiency Ratio (BOPO) also reflects monthly improvements with a downward trend over the last 8 months. The BOPO ratio fell from 82.04% in January to 76.69% in August 2022. This shows that commercial banks in Indonesia, are increasingly efficient in minimizing operational costs and maximizing operating income. We believe that commercial banking in Indonesia will continue to improve its NIM in line with credit growth.

**Profitability and efficiency
(in %)**



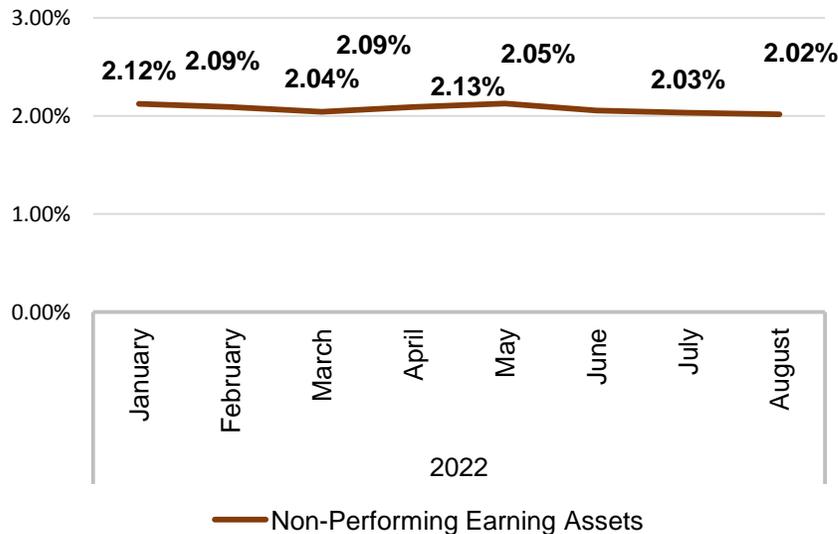
Source by:
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and Binaartha Sekuritas.

Banking Outlook

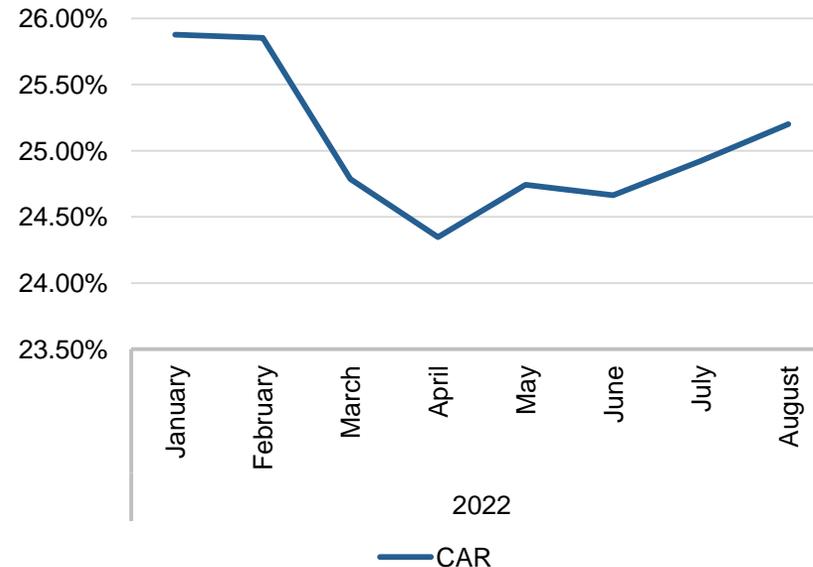
The quality of commercial banking assets in Indonesia has improved over the last 8 months. In January, the Non-Performing Earning Assets ratio of commercial banks in Indonesia was 2.12%, while as of August it fell -10 bps to 2.02%. This indicates that the debtors' ability to pay is improving, reflecting stronger GDP growth. The NPLs of banks in Indonesia are predicted to improve further in line with the extension of credit restructuring, especially in the MSME sector, the accommodation and food and beverage sector, and other industries that provide large employment, namely the textile and textile product (TPT) industry and the footwear industry.

Commercial banking capital adequacy in Indonesia has decreased for 6 months. However, as of July 2022, the CAR has increased again. For August, the CAR ratio is at 25.20%. Even though it has decreased by 68 bps when compared to January 2022, the CAR for commercial banking in Indonesia is still above requirements, and complies with Basel III regulations. We believe CAR will grow in 2023 in line with regulations from the OJK regarding meeting core capital of IDR 3 trillion. Several banks which are publicly traded on the IDX have already carried out rights issues.

Non-Performing Earning Assets (in %)



Capital

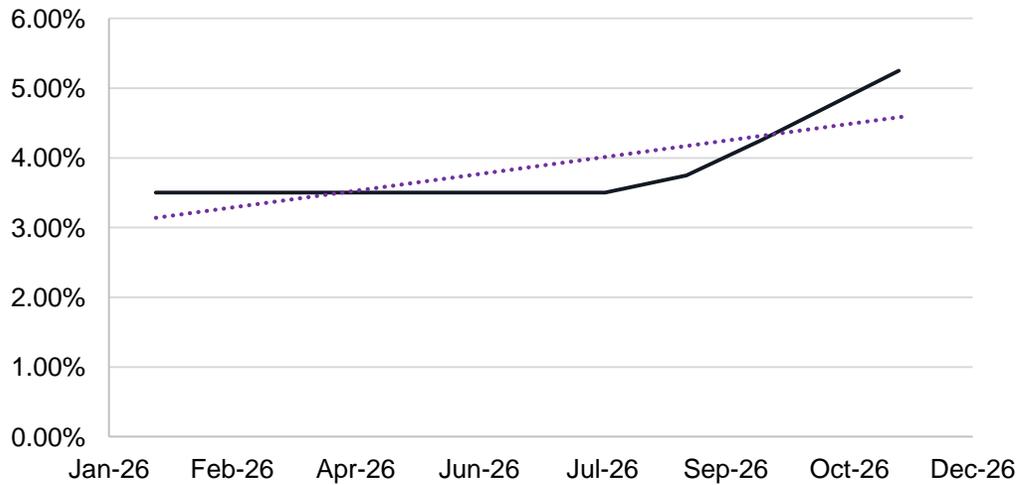


Source by:
Financial Services Authority (OJK), Bank
Indonesia, and Binaartha Sekuritas.

Indonesia Interest Rate

Bank Indonesia had kept interest rates stable at 3.50%. However, in August 2022, Bank Indonesia started to raise the benchmark interest rate by 25 bps to 3.75%. The increase in interest rates has continued until November 2022. In November 2022, BI's 7DRR has reached 5.25%, the Deposit Facility interest rate is 4.50%, and the Lending Facility interest rate is 6.00%. The decision to increase interest rates is a front-loaded, preemptive and forward-looking step to reduce inflation expectations which are currently still high and ensure that future core inflation returns to the target of $3.0 \pm 1\%$ by the first half of 2023. Higher rates are also expected to help offset the strong US dollar and global uncertainty and stabilize the rupiah exchange rate more in line with its fundamental value which remains strong with increasing domestic economic demand. According to econometric models from Trading Economics, Indonesia will continue to raise its interest rates in 2023. The rate is estimated to rise to 6.00%.

BI7DRR



Source by:
Financial Services Authority (OJK), Bank
Indonesia, Trading Economics, and Binaartha
Sekuritas.

Consumer Outlook

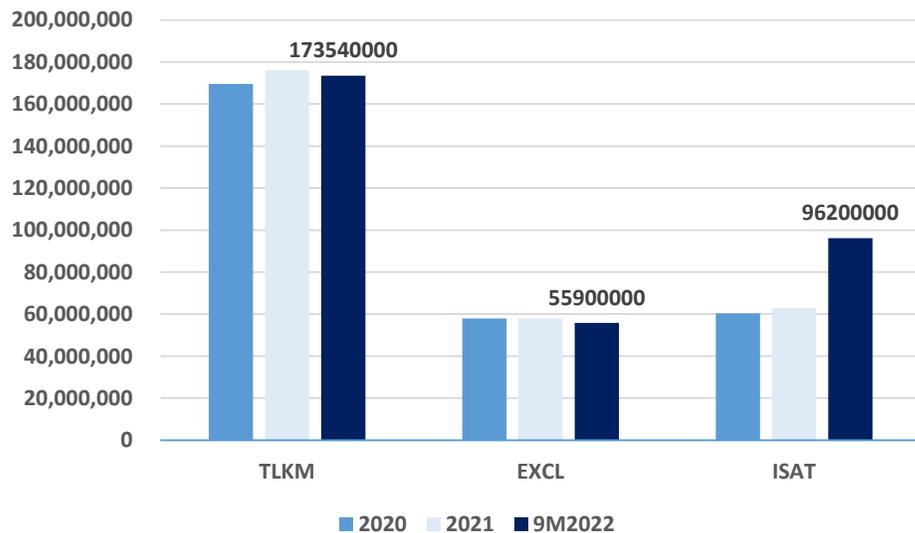
- As GDP and demand recover after the pandemic, the consumer sector has become very attractive again. Inflation is expected to reduce in line with the decline in several commodity prices.
- Rising commodity prices had led to a decline in margins of consumer companies in 1Q2022 and 2Q2022 as they had higher raw material costs, while in 3Q2022 margins shown an improvement due to lower commodity prices such as CPO, wheat and skimmed milk.
- Most consumer companies booked a margin improvement in 3Q2022 such as SIDO, KLBF, MYOR, ICBP, INDF. The better margin was in line with the lower commodity prices.
- We expect softer commodity prices, higher demand as mobility returns back to normal in 2023 and the higher selling prices in 2H2022, will mean consumer company margins will continue to improve in 2023.

Stock	Market Capital (in Bn)	Target Price	Recommendation	PER	PER Target
CPIN	94.288	6.990	Buy	30	21
JPFA	15.186	2.185	Buy	11	7
ICBP	118.368	11.440	Buy	20	16
INDF	58.609	8.790	Buy	7	6
SIDO	23.550	970	Buy	19	17
UNVR	178.542	5.680	Buy	27	25

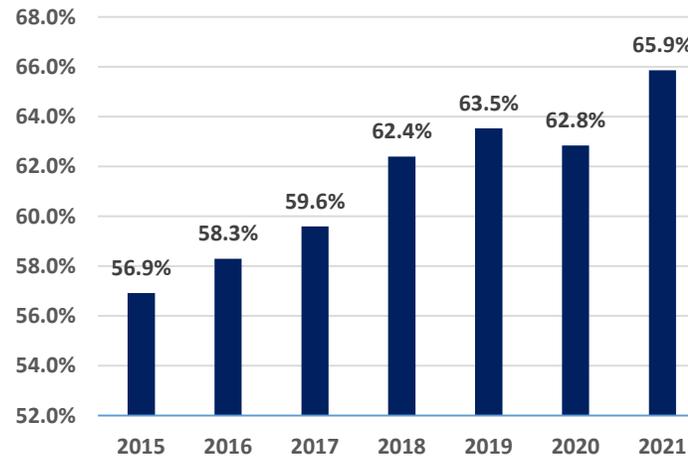
Telecommunication Outlook

- Telecommunications remains a resilient sector in 2022 with demand for data internet and mobile data services continuing to increase on top of the general return to normal activity.
- Based on BPS data, The percentage of mobile phone users in Indonesia is also increasing. In 2021, cellphone users in Indonesia reached 65.8%, up from 62.8% in the previous year.
- Meanwhile, with several acquisitions, competition among telco players is decreasing and this has led to improving ARPU.

TLKM Cellular Subscribers



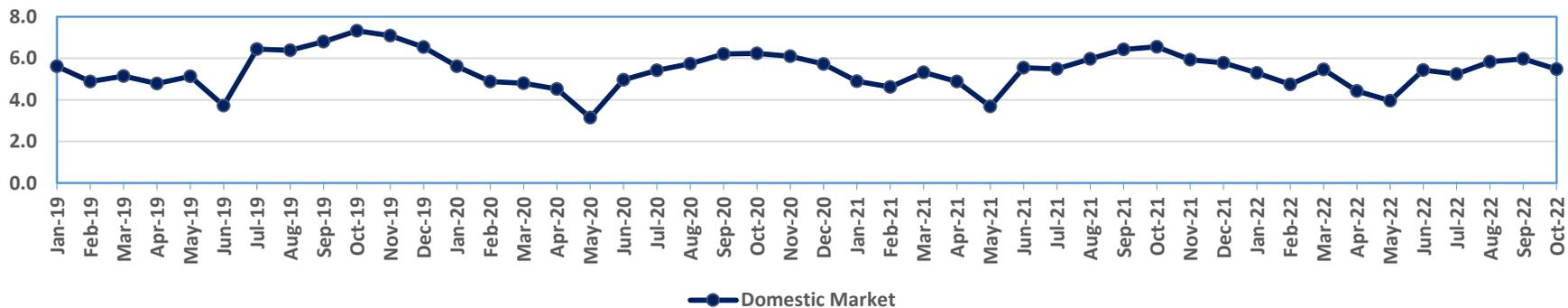
Cellphone User YoY (%)



Cement Outlook

- Domestic cement sales volume weakened -16.5% in October to 5.47 million tons with a contraction in bag volume of -22.6% but a slight increases in bulk sales of +2.5%. For January – October, domestic cement sales volume contracted -1.1% YoY with a contraction in bag sales volume of -6.6% and growth in bulk sales volume of +18.2%.
- We maintain our forecast for positive domestic sales volume growth in 2022FY and an improvement for 2023F as domestic demand is likely to recover with the bulk market expected to continue to growth inline with spending on infrastructure projects which has started again in 2H 2022.
- The companies who can secure more coal supply at DMO prices such as SMGR and INTP will benefit from lower energy costs and therefore have better margins.

Domestic Market



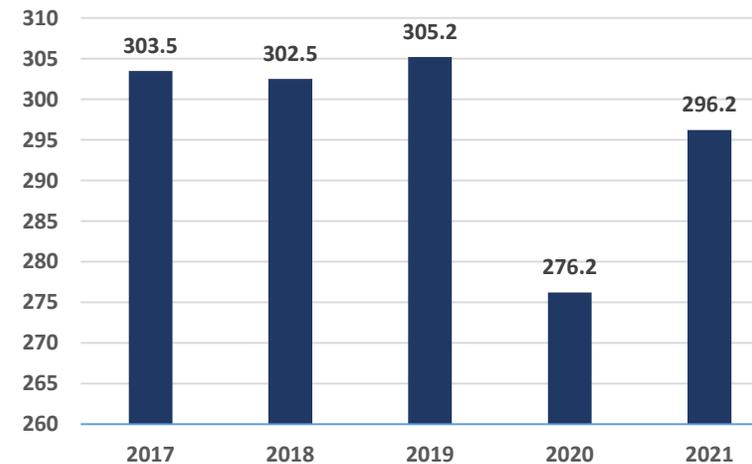
Cigarettes Outlook

- Negative sentiment still weighs on the cigarette sector, as the government plans to increase excise tax again in 2023. We expect that the tax hikes will pressure margins if the cigarettes companies don't pass them on through higher prices.
- The Indonesia government has raised excise rates on tobacco products this year by 10%. The increases for 2023 are similar compared to 2022.
- Machine-made kretek cigarette (SKM) will see an excise hike of 11,5% - 11,7% and machine-made white (SPM) excise will rise 11% - 12%. For hand-rolled kretek (SKT) the excise hikes will average 5%.
- Despite the price increases, In terms of sales volume, Indonesia cigarette consumption has been increasing gradually. We expect better sales volume growth in 2022F and 2023F as social activities are already back to normal.

Cigarette Excise Tariff

Type	2021		2022		2023F	
	Tariff (IDR/ Stick)	Tariff Increases	Tariff (IDR/ Stick)	Tariff Increases	Tariff (IDR/ Stick)	Tariff Increases
SKM I	865	16,9%	985	13,9%	1.098	11,5%
SKM II A	535	13,8%	600	12,1%	669	11,5%
SKM II B	525	15,4%	600	14,3%	671	11,8%
SPM I	935	18,4%	1.065	13,9%	1.193	12,0%
SPM IIA	565	16,5%	635	12,4%	705	11,0%
SPM II B	555	18,1%	635	14,4%	711	12,0%
SKT I A	425	0,0%	440	3,5%	462	5,0%
SKT I B	330	0,0%	345	4,5%	362	5,0%
SKT II	200	0,0%	205	2,5%	215	5,0%
SKT II	110	0,0%	115	4,5%	121	5,0%

Indonesia Cigarette Sales Volume in Billion Stick



Property Real Estate and Industry Estate

- Indonesia's GDP growth in 3Q22 was 5.72% YoY, and showed further signs of recovery with growth of 1.8% QoQ. Indonesia's economic outlook is predicted to be brighter, as reflected by various leading indicators, such as the consumer confidence index (CCI) which continues to be at an optimistic level. In the midst of rising interest rates, the demand for subsidized and non-subsidized mortgages is still high. It is estimated that mortgages can grow by 12.5% in 2022 and the target for 2023 mortgage growth is a higher 13.5%. Meanwhile, on the supply side, credit to the real estate sector is expected to grow 8% in 2022 and 9% in 2023 according to sources at BTN bank.
- In 2023, the total target of distributing housing subsidy assistance is 274,924 units worth IDR 34.17 trillion, sourced from the state budget of IDR 29.53 trillion and public funds of IDR 4.64 trillion. Meanwhile, for the FLPP (Housing Financing Liquidity Facility) KPR, the government increased its subsidy to 220,000 units. As a result, the Residential Property Price Survey (SHPR) shows that property prices are still rising. The Residential Property Price Index (IHPR) in the third quarter of 2022 was reported to have increased 1.94% (year-on-year/yoy) higher than the previous quarter growth of 1.66% (yoy).
- On a quarterly basis, IHPR also increased by 0.54%. The increase occurred in all types of houses, small, medium and large. According to BI, the increase is in line with the inflation rate of building materials which continues to show an increasing trend. Meanwhile, in terms of sales, residential property sales growth in the primary market grew 13.58% (yoy) in the July-September period, slightly slower than the second quarter of 2022 which grew 15.23%. The decline in growth occurred due to a moderate contraction in home sales by 1.59% (yoy). Meanwhile, sales growth of large houses slowed to 19.73% (yoy) from 29.86% (yoy) previously. Small house sales jumped 30.77% (yoy) from 14.44% (yoy) previously.
- We are expecting in 2023, the property sector will be hampered on the residential sector side even though the mortgage sector is growing and the housing backlog based on BPS data is still high at around 12.7 million units. Backlog is the gap between the number of houses built and the number of houses needed by the people. Rising house prices, coupled with mortgage interest rates that are likely to continue to rise, will weigh on the interest of potential property buyers. However, we believe that the commercial property sector in the hotel, mall and apartment rental sectors will continue to grow in line with the growth of consumption.

Marketing Sales 9M2021

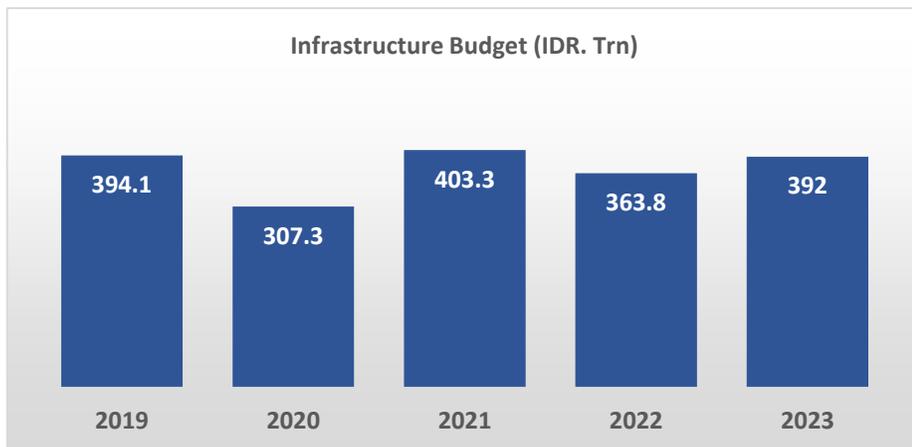
	2022 Target	9M2022	%
CTRA	7,8	6,5	83%
BSDE	7,7	6,7	87%
LPKR	5,2	3,5	67%
SMRA	5	3,5	70%
DMAS	1,8	1,33	74%
MTLA	1,8	1,36	76%

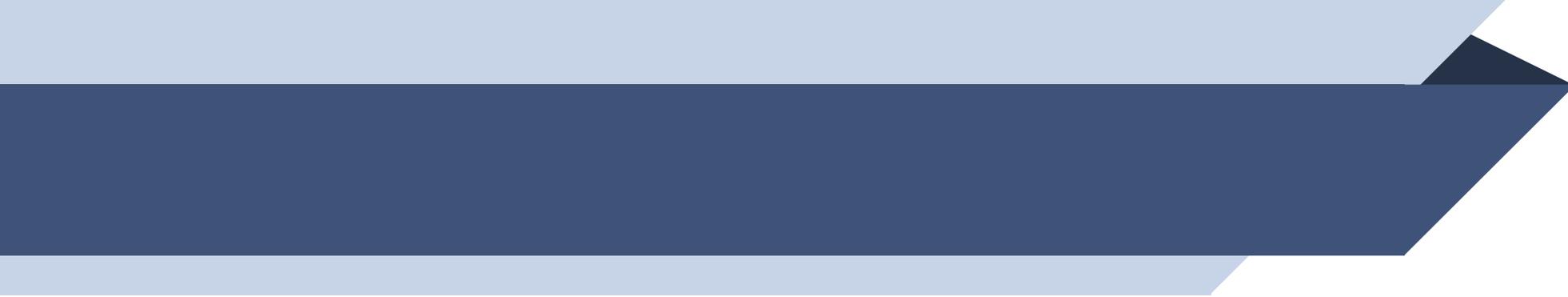
Source: Company

Construction Infrastructure Sector

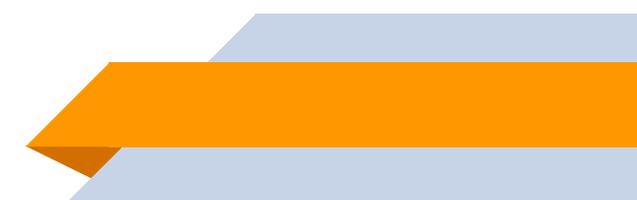
- Infrastructure is still the backbone and main driver of the 2023 construction market. The government has budgeted for infrastructure development next year of IDR 392 trillion, an increase of 7.75% compared to the 2022 state budget of IDR 363.8 trillion.
- The budget is lower than 2021 as there will be no new infrastructure developments but only continuation of existing developments.
- Infrastructure spending is still higher than the last four years, and includes TIK infrastructure, roads and bridges, as well as strategic projects for the new capital city, IKN.
- The utilization of the infrastructure budget for 2023 is as follows: 1. The construction of flats 3,511 units and special houses 3,361 units. 2. Construction or rehabilitation of primary and secondary education facilities and infrastructure for 670 school units. 3. Construction of an irrigation network covering an area of 105,600 hectares. 4. Construction of the Cirebon-Semarang natural gas transmission pipeline phase 1, 62.4 kilometers. 5. Construction of new roads, 522 kilometers, freeways of 49 kilometers and the Trans Sumatra Toll Road (JTTS). 6. Construction of new bridges, 13,684 meters. 7. Construction of railway lines 6, 627 km. 8. Construction of BTS in 332 locations and provision of new internet access in 9,755 locations.

Chart: infrastructure budget (IDR. Trn)





Technical View 2023



IDXCOSPOSITE



IDXCOSPOSITE is in a consolidation phase and still has a chance to rise higher towards 7700 as long as it remains above 6510 as a crucial support of the consolidation pattern. However, a fall below 6500 may trigger an aggressive correction towards 6053 or even 5235 according to a Fibonacci retracement analysis.

Support : 6510, 6053, 5645, 5235
 Resistance : 7090, 7200, 7377, 7500



IDXTRANS is now forming wave (B) with an ideal downside target is expected around level 1440 according to the 61.8 percent Fibonacci retracement of wave (A). A fall below 1440 will extend the downtrend towards a support zone of 1061-1171.

Support : 1627, 1439, 1171
Resistance : 1880, 2000, 2150



IDXTECHNO may extend the bearish phase towards the nearest support according to a Fibonacci projection analysis at level 4630. This index is expected to start a trend reversal as long as it doesn't fall below 3413. Meanwhile a fall below 3413 will open the way towards a crucial support zone of 1824-2000.

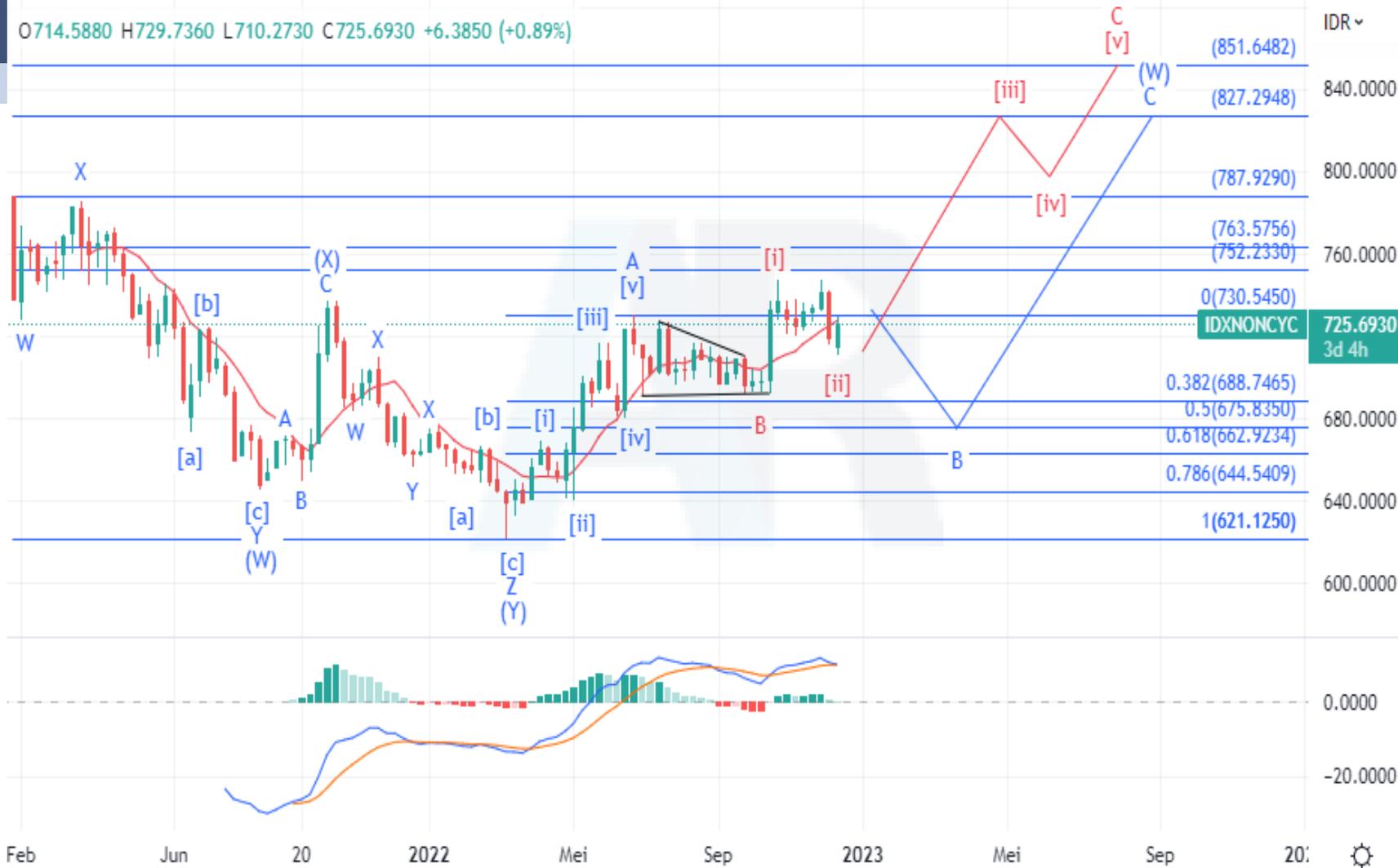
Support : 4630, 4153, 3413
 Resistance : 7000, 8292, 9473



IDXPROPERT faces a resistance at 740, a rise above which will extend the formation of wave (B) towards 792 or even 834. If this index is still below 740 then it may form a consolidation shape before continue the preceding downtrend.

Support : 680, 656, 600
Resistance : 740, 792, 834

O714.5880 H729.7360 L710.2730 C725.6930 +6.3850 (+0.89%)



IDXNONCYC tends to continue the structure of wave B if remains below the resistance zone of 752-763. Meanwhile this index will open a chance to resume the formation of wave C if breaks above 763.

Support : 688, 675, 662, 644
Resistance : 763, 787, 827



IDXINFRA will confirm the bearish scenario if the chart breaks below 809. Meanwhile if remains above 809 then IDXINFRA is expected to rebound and start forming wave C.

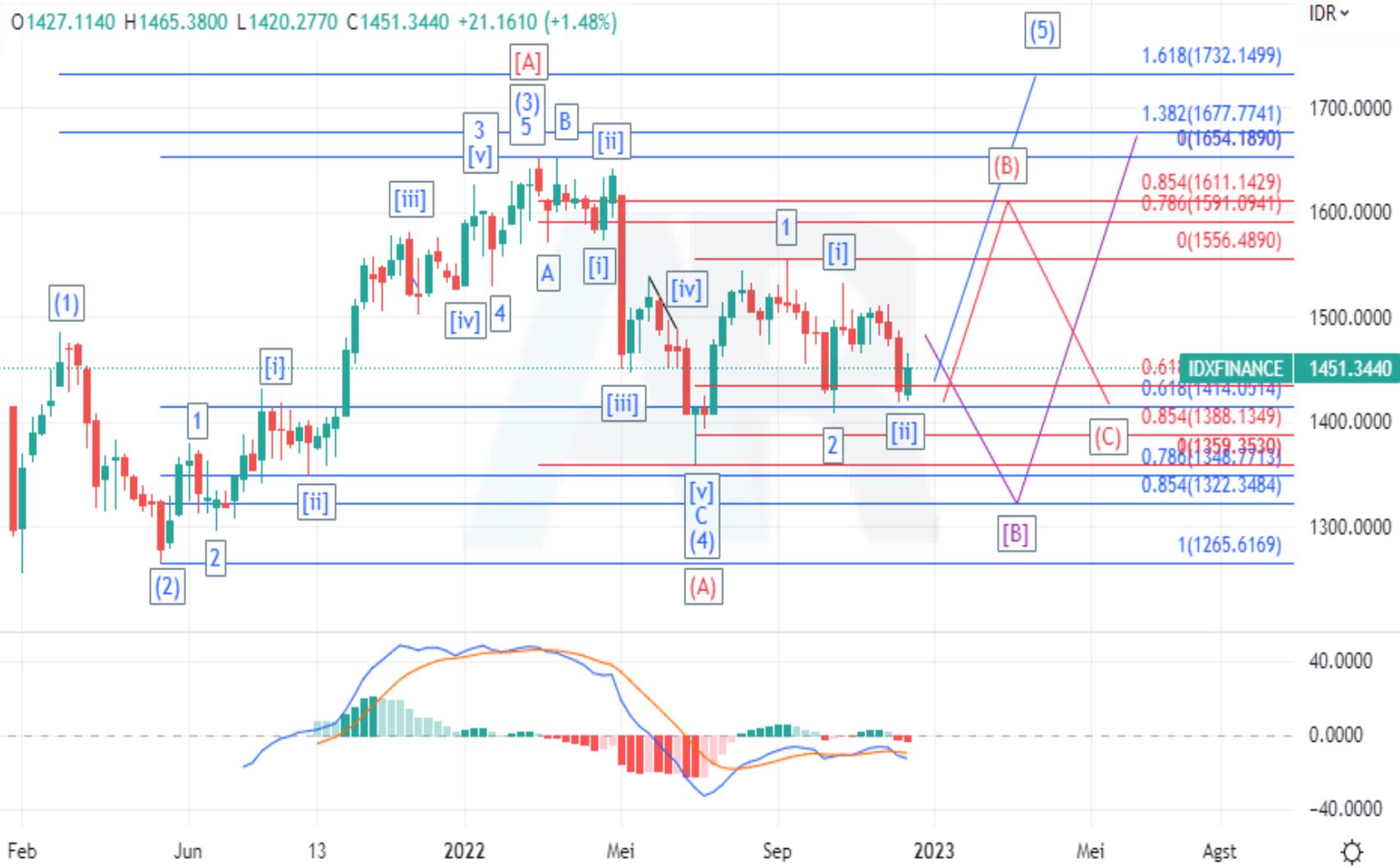
Support : 809, 772, 750, 713
 Resistance : 920, 1000, 1030, 1062

O1167.5300 H1190.1300 L1161.4640 C1177.7820 +10.2820 (+0.88%)



IDXINDUST has a chance to rebound as the chart is currently above the 50 percent Fibonacci retracement of wave A at 1156. A fall below that level will extend the downtrend of wave B towards the next support levels.

Support : 1156, 1097, 1012
Resistance : 1261, 1302, 1350



IDXFİNANCE

will confirm the continuation of the blue or red scenario if chart rises above a resistance at 1512. Otherwise IDXFİNANCE is still in a correction structure if remains below 1512 and may slide towards a support zone of 1322-1348.

- Support : 1388, 1348, 1322
- Resistance : 1512, 1556, 1591



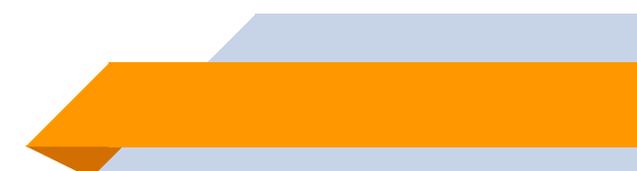
IDXENERGY has a chance to extend the structure of wave A towards next resistance as seen on chart as long as it doesn't fall below the nearest support at 1878. Meanwhile a fall below 1878 will confirm a trend reversal and IDXENERGY may drop to 1562 or even further.

Support : 1878, 1562, 1258
Resistance : 2252, 2439, 2678



IDXCYCLIC may extend the downtrend towards 775 or even 746 if breaks below level 812. Meanwhile IDXCYCLIC tends to rebound and start forming wave B if remains above 812.

Support : 812, 775, 746
Resistance : 901, 937, 960





IDXBASIC is in a consolidation phase and still has a chance to continue the preceding uptrend towards level 1500 as long as the chart remains above 1094. meanwhile a fall below 1094 will confirm the red scenario towards 1016 as the nearest target.

Support : 1179, 1145, 1094
Resistance : 1366, 1399, 1442



USDIDR may rise towards a resistance zone of 16124-16319 if it still above 15089. A break above 15319 will open the way for USDIDR to rise to 16738. Meanwhile if USDIDR fails to break above 16319 then it may form the red scenario.

Support : 15219, 14905, 14670
Resistance : 16319, 16738, 17048

CPO FUTURES



FCPO will extend the formation of wave B according to the blue scenario towards 4766 or even 5722 if remains above 3200. However a fall below 3200 will confirm the end of wave B and then FCPO may slide towards 2700 as the nearest downside target.

Support : 3200, 2700, 2000
Resistance : 4766, 5722, 6400

NEWCASTLE COAL FUTURES



NCF

is currently in a wave B structure and still has a chance to test the next resistance at 438 before the drop that is expected as wave C towards 301 or even 253. However if NCF remains above 301 then it will maintain a chance to continue the red scenario.

Support : 324, 301, 253, 204
Resistance : 438, 475, 500, 546

Thank You

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