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### KEY HIGHLIGHTS

#### Sector

#### Consumer

Rupiah appreciation and stable raw material costs will bode well for 2024 NPAT.

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#### TRADERS' CORNER

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**Tower Bersama Infrastructure (TBIG IJ):** Technical BUY

**Charoen Pokphand Indonesia (CPIN IJ):** Technical BUY

### REGIONAL MARKET

Market	Close	+ / -	Chg (%)
MSCI Indonesia	7,380.1	(4.3)	(0.1)
MSCI Asia-Ex Japan	609.3	(6.2)	(1.0)
KLCI	1,449.5	(1.6)	(0.1)
FSSTI	3,077.2	(6.9)	(0.2)
SET	1,383.5	-	-
Hang Seng	16,327.9	(318.2)	(1.9)
Nikkei	32,775.8	(455.4)	(1.4)
Shanghai Comp	2,972.3	(50.6)	(1.7)
Dow Jones	36,124.6	(79.9)	(0.2)

Source: Bloomberg

### INDONESIA STOCK EXCHANGE

	Level	+ / -	Chg (%)
Index	7,100.9	7.3	0.1
LQ-45	940.8	0.6	0.1
Value (US\$m)	862.1	16.6	2.0

### FOREIGN TRADE IN IDX

Net (US\$m)	Buy	Sell	Total (%)
(40.5)	300.4	340.9	37.2

### TOP TRADING TURNOVER

Company	Price (Rp)	Chg (%)	5-day ADT (Rpb)
Amman Mineral	6,600	3.5	1,578.1
GoTo Gojek Tokopedia	101	1.0	1,191.5
Bank Central Asia	8,900	(0.3)	875.9
Bank Rakyat Indonesia	5,450	(0.9)	842.2
Astra International	5,725	(0.4)	518.8

### TOP GAINERS

Company	Price (Rp)	Chg (%)	5-day ADT (Rpb)
Chandra Asri	3,170	8.9	60.8
Sinar Mas Multiartha	14,500	6.8	1.3
Sido Muncul	560	5.7	39.8
Siloam International	2,310	5.5	13.8
Jasa Marga	4,840	3.6	53.3

### TOP LOSERS

Company	Price (Rp)	Chg (%)	5-day ADT (Rpb)
Maha Properti	2,410	(10.1)	0.2
DCI Indonesia	45,125	(6.1)	0.9
Merdeka Copper Gold	2,520	(4.5)	277.8
Trimegah Bangun Persada	1,000	(4.3)	49.8
Cemindo Gemilang	905	(4.2)	47.4

\*ADT: Average daily turnover

### COMMODITY TREND

	5 Dec 23 Closing	Chg (%)	1-day	1-mth
Forex (Rp/US\$)	15,505	0.3	(1.4)	
Crude Oil NYMEX (US\$/bbl)	72.32	(1.0)	(10.2)	
Coal Fut Newc (US\$/tonne)	134.15	(0.2)	n.a.	
Nickel 3M LME	16,714	0.0	(8.3)	
Tin 3M LME	24,064	0.0	(1.2)	
Gold SPOT (US\$/oz)	2,025	(2.1)	1.6	
CPO Fut Msia (MYR/tonne)	3,636	(1.1)	0.1	

Source: Bloomberg, UOB Kay Hian

## SECTOR UPDATE

### Consumer – Indonesia

Rupiah Appreciation And Stable Raw Material Costs To Bode Well For 2024 NPAT

The rupiah is expected to appreciate to Rp14,500:US\$1 by 3Q24. The rupiah appreciation should benefit consumer companies' margins as 75% of their costs are linked to the US dollar. JAKCONS tends to outperform whenever the rupiah is stable or appreciating, as the profitability of JAKCONS will improve when the rupiah appreciates. Raw material costs are expected to be stable in 2024, and any slight increase in cost should be easily passed through with a single-digit ASP hike. Maintain OVERWEIGHT. Our picks: CMRY, MYOR, ICBP and ACES.

#### WHAT'S NEW

- **Rupiah appreciation to benefit consumer sector...** Based on UOB Global Economic Research, the rupiah (Rp) is expected to strengthen against the US dollar (USD) from Rp15,400:US\$1 in 4Q23 to Rp14,500:US\$1 in 3Q24. Consumer companies will benefit from Rp appreciation as more than 75% of their cost structure is linked to USD. A lower USD will lower their input cost, which translates to potentially higher profit growth. We also conducted an analysis on the consumer sector and found that the consumer sector tends to decline when Rp depreciates sharply against USD but will appreciate when Rp is stable or appreciating. The recent underperformance was due to the COVID-19 pandemic and a spike in raw material prices.
  - **...and boost NPAT growth of consumer companies.** A slight Rp depreciation does not significantly impact the consumer sector's earnings, as consumer companies can increase prices to pass on the pressure to their consumers.
  - **Stabilisation of raw material prices in 2024.** After a steep decline in 2023, prices of commodities are likely to be flattish or rise slightly in 2024.
    - The forward price of wheat indicates it is likely to rise by 14.7% from US\$5.75/bushel to US\$6.58/bushel by Dec 24. Note that the average increase could be half of 14.7%, which is a 7.35% increase for 2024.
    - The forward price of polyethylene indicates it is likely to stay flat (+0.5%) from US\$1,110/tonne to US\$1,116/tonne by Oct 24.
    - The forward price of skim milk indicates it is likely to rise by 17.8% from US\$2,747/tonne to US\$3,235/tonne by Dec 24. Note that the average increase could be half of the 17.8%, which is an 8.9% increase for 2024.
- We believe that consumer companies would be able to pass on these price increases as a 10% increase in raw material costs should be mitigated by a 5% ASP increase.
- **Consumption growth tends to rise during an election period.** However, purchasing power will remain weak as evidenced by the recent decline in retail sales index. Historical analysis indicates that GDP growth tends to accelerate two quarters before elections, indicating an election will result in an increase in purchasing power. Hence, we expect consumption growth to improve in 4Q23 and 1Q24.
  - **Upside to profitability for some retailers.** Profitability of some retailers such as MAPI and AMRT has exceeded pre-pandemic profit levels. However, some retailers such as ACES have yet to see full recovery. The Consumer Confidence Index continues to rise. Spending on election should benefit middle to low segment retailers.
  - **Picks:** BUY MYOR, CMRY, ICBP, ACES.

Click [here](#) for Blue Top dated 05 Dec 23

#### PEER COMPARISON

Company	Ticker	Rec	Price 4-Dec-23 (Rp)	Target Price (Rp)	Potential Upside (%)	Market Cap (US\$m)	3M Avg Turnover (US\$m)	PE 2023F	2024F (x)	P/B 2023F (x)	2024F (x)	ROE 2024F (%)	Net Gearing (%)
Cisarua Mountain Dairy	CMRY	BUY	3,590	4,800	35.2%	1,817	0.5	23.0	18.5	4.6	3.9	21.3	(55.9)
Indofood CBP	ICBP	BUY	10,525	14,800	41.0%	7,897	3.5	13.5	12.6	2.9	2.5	13.0	52.4
Mayora Indah	MYOR	BUY	2,520	3,200	29.0%	3,576	1.1	19.7	18.0	3.8	3.4	16.4	17.1
Ace Hardware	ACES	BUY	735	1,000	38.9%	796	2.9	17.5	15.3	2.0	1.9	11.6	(24.0)

Source: Bloomberg, UOB Kay Hian

## OVERWEIGHT

(Maintained)

#### SECTOR PICKS

Company	Ticker	Rec	Share Price (Rp)	Target Price (Rp)
CMRY	BUY	3,590	4,800	35.2%
ICBP	BUY	10,525	14,800	41.0%
MYOR	BUY	2,520	3,200	29.0%
ACES	BUY	735	1,000	38.9%

Source: UOB Kay Hian

#### ANALYST(S)

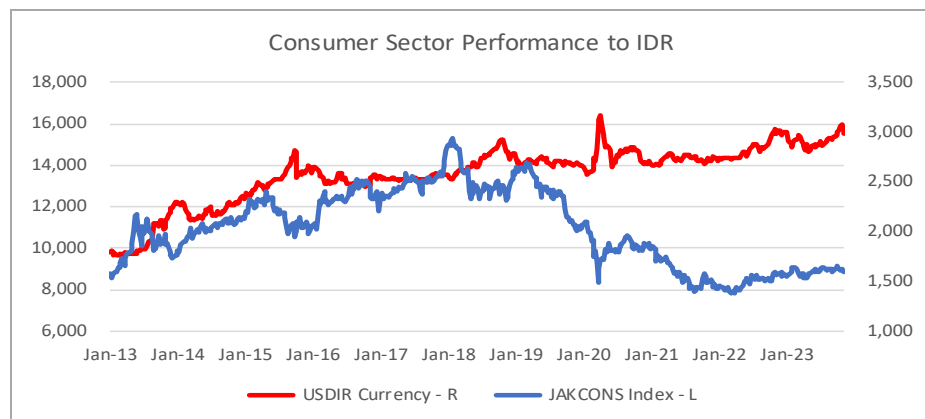
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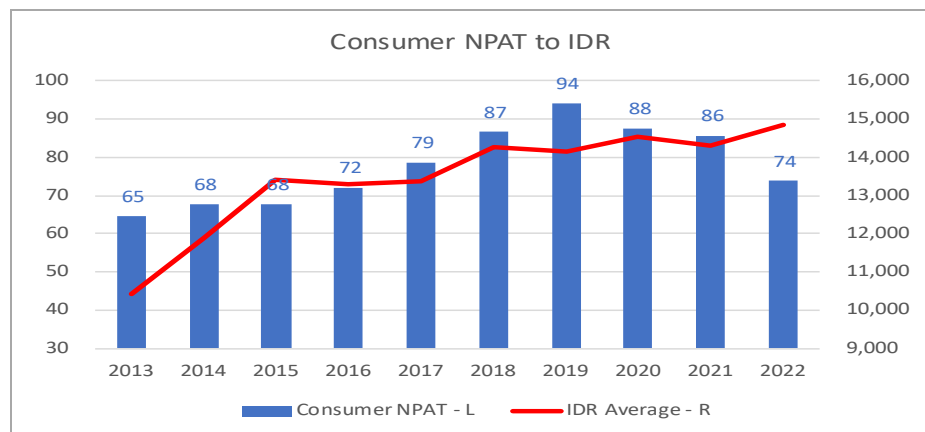
## ESSENTIALS

### JAKCONS PERFORMANCE TO RP MOVEMENT



Source: UOB Kay Hian

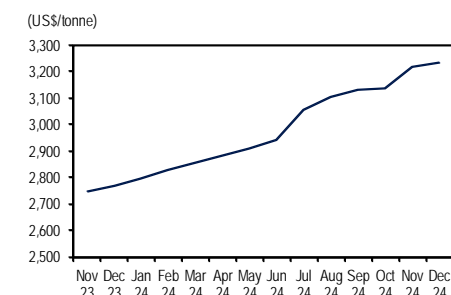
### JAKCONS NPAT LEVEL TO RP MOVEMENT



Source: UOB Kay Hian

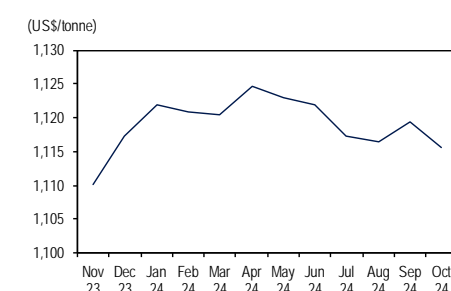
- **Maintain OVERWEIGHT on the consumer sector.** We foresee a decline in raw material costs, which will improve margins. We also expect a recovery in purchasing power, which will drive sales.
- **Cisarua Mountain Dairy (CMRY IJ): Maintain BUY and a target price of Rp4,800.** CMRY expects sales and NPAT to grow at a CAGR of 16.8% in 2022-25. This will likely be driven by: a) introduction of new products, b) further penetration into general trade by expanding the outlet network and installing cold chain distribution facilities, and c) expansion of the Miss Cimory sales force. We maintain BUY and a target price of Rp4,800 based on a historical average PE of 25.8x applied to 2024 EPS.
- **Indofood CPI (ICBP IJ): Maintain BUY with a PE-based target price of Rp14,800.** ICBP is trading at 12.5x 2024F PE or below -1SD to the five-year PE average of 13.0x. Our target price is derived using the historical average of 17.6x PE applied to average of 2024 EPS. With 39.0% upside from the current level, we maintain BUY on ICBP with a target price of Rp14,800.
- **Mayora Indah (MYOR IJ): Maintain BUY with a target price of Rp3,200** derived using historical +0.5SD PE of 23.6x applied to 2024 EPS. MYOR is currently trading at 21x 2024F PE or at -1SD historical five-year PE. With 28.5% upside, we maintain BUY with a target price of Rp3,200.
- **Ace Hardware Indonesia (ACES IJ): Maintain BUY with a target price of Rp1,000** derived using historical average of 22.1x PE applied to average of 2023F and 2024F EPS. ACES is currently trading at attractive 16.1x 12-month forward PE, which is below historical -1SD PE of 17.4x.

### FORWARD SKIM MILK PRICES



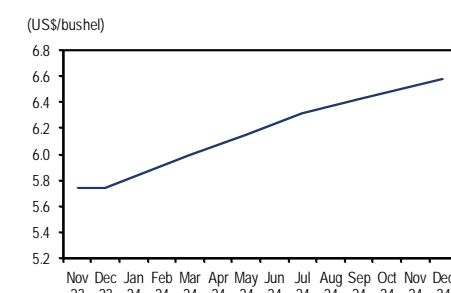
Source: Bloomberg

### FORWARD POLYETHYLENE PRICES



Source: Bloomberg, UOB Kay Hian

### FORWARD WHEAT PRICES



Source: Bloomberg, UOB Kay Hian

### EXPECTED NPAT GROWTH OF CONSUMER CO

NPAT (Rp)	2022	2023F	2024F
ICBP	7,311	9,146	9,651
INDF	9,059	10,499	11,595
MYOR	1,657	2,368	2,788
ROTI	432	350	420
UNVR	5,365	5,244	5,986
CMRY	1,061	1,174	1,475
Total	24,885	28,781	31,915
NPAT Growth (%)			
ICBP	6.7	25.1	5.5
INDF	12.5	15.9	10.4
MYOR	44.3	42.9	17.7
ROTI	53.6	(18.9)	19.8
UNVR	(6.8)	(2.3)	14.2
CMRY	34.2	10.7	25.6
Total	8.8	15.7	10.9

Source: Bloomberg, UOB Kay Hian

### TRADERS' CORNER



Source: Amibroker

### Tower Bersama Infrastructure (TBIG IJ)

Technical BUY with 5% potential return

Resistance: Rp2,200, Rp2,300

Support: Rp2,000, Rp1,915

Stop-loss: Rp2,050

Share price closed higher and formed a bullish candlestick. Price broke above its Rp2,090 resistance level, which could trigger more bullish pressure and cause price to challenge the resistance at Rp2,200 and Rp2,300. Technical indicator RSI is sloping upwards and above its centre line, while the MACD has just formed a bullish crossover signal. Buy at Rp2,100 and take profit at Rp2,200.

Approximate time frame: 2-4 weeks



Source: Amibroker

### Charoen Pokphand Indonesia (CPIN IJ)

Technical BUY with 6% potential return

Resistance: Rp5,400, Rp5,600

Support: Rp5,000, Rp4,910

Stop-loss: Rp4,970

Share price closed higher and formed a neutral candlestick. Price is holding well above its support area; hence, we see opportunity to bargain hunt and expect a rebound later. Technical indicator RSI is sloping upwards but remains under its centre line, while the MACD is on a bearish crossover. Buy at Rp5,100 and take profit at Rp5,400.

Approximate timeframe: 2-4 weeks.

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