

Weekly Brief (Apr. 17 – 21, 2023)

Summary:

Last week review:

The US stock market managed to close last week's movement in positive territory on a weekly basis backed by their main positive sentiment, which was the release of Inflation data (Mar.) that managed to ease to 5% YoY, lower than the forecast of 5.2% and the previous month's 6%. Core CPI was also able to ease on a monthly basis to 0.4% MoM (from 0.5% previous). US PPI (Mar.) aka inflation at the producer level also eased rapidly to 2.7%; Initial Jobless Claims also increased to 239k which was higher than forecast & previous. On the other hand, the news of controlled inflation comes with the threat of an approaching recession. The IMF cut global economic growth in 2023 to 2.8% for 2023 and up to 3% in 2024 considering that high interest rates could dampen business activity, while warning of the threat of recession since the emergence of shocks to the financial system. The US Dollar index touched a 2.5-month low; in contrast to the Gold price which even returned to the throne of USD 2048 /ounce. This global recession outlook was worsened by the release of China's Inflation data which fell to an 18-month low of 0.7% yoy (vs previous 1%) on weak demand, even their PPI (Mar.) showed disinflation to -2.5% (from -1.4% previous month). With these increasing symptoms of a mild recession, financial market participants are now pricing in a 33% chance that the US central bank will put the brakes on the pace of interest rate hikes and set the FFR to remain at 4.75%-5% range at the upcoming May FOMC Meeting, as reported by CME Fedwatch. On the other hand, Indonesia's economic outlook looks brighter as the Consumer Confidence Index rose to 123.3 in March, from 122.4 in the previous month. Indonesia's foreign exchange reserves in March stood at USD 145.20 billion (vs USD 140 billion in the previous month). The Rupiah exchange rate savored the gains by returning to its 8-month strongest level at IDR 14700/USD. This is also supported by consistent foreign buying interest into the equity market over the past week amounting to IDR 3.1trillion, increasing their Indonesian stock portfolio to IDR 12.47trillion YTD. No wonder the IMF has raised its economic growth projection for Indonesia to 5%, up from 4.8% previously.

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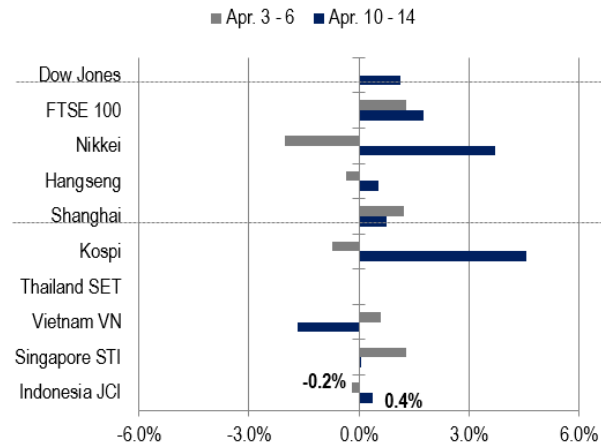
This week's outlook:

US banks' financial performance reports for the 1Q23 period will be the last chance for Federal Reserve policymakers to air their views ahead of next month's FOMC Meeting. So far, JP Morgan, Citigroup and Wells Fargo have performed above expectations, benefiting from rising interest rates and waning fears of stress in the banking system. Analysts expect S&P 500 corporate profits to fall 4.8% YoY, compared to 5.2% last year (source: Refinitiv). A number of comments from US central bank officials will be monitored this week, before they enter a quiet period ahead of their upcoming meeting on May 3. Most market participants expect the Fed will still need to hike rates by 25 bps, despite the Fed Meeting Minutes in March stating that the threat of recession this year has increased since the recent banking sector turmoil. A slew of economic data is scheduled for release this week: US Existing Home Sales and weekly Initial Jobless Claims; PMI data from the Eurozone, US, & UK where market participants will increasingly pay attention to signs of economic slowdown. From continental Europe, the UK will release employment data (Feb.) followed by Inflation (Mar.) which is expected to fall to single digits. The market expects the Bank of England to hike another 25bps for the 12th time at their meeting next month, bringing their benchmark rate to 4.5%. From the Asian continent, China will report first quarter 2023 GDP, Retail Sales (Mar.) and Industrial Production (Mar.) figures, which could explain the reason behind their seemingly slow economic recovery, as they struggle to bounce back after being hit by the Covid-19 pandemic. As for Indonesian investors, this week will be rather short as the Idul Fitri holiday is about to begin on April 19. But before that, Indonesia's Trade Balance (Mar.) data will be the focus of market participants today; followed by the interest rate decision by the BI Board of Governors Meeting the day before the holiday, where it is expected that the BI7DRR will still remain at 5.75%.

JCI Index : 6,818.57 (0.4%)
Foreign Flow : Net Buy of IDR 4.9 Trillion (Vs. last week's net buy of IDR 2.7 Trillion)
USD/IDR : 14,700 (-1.43%)

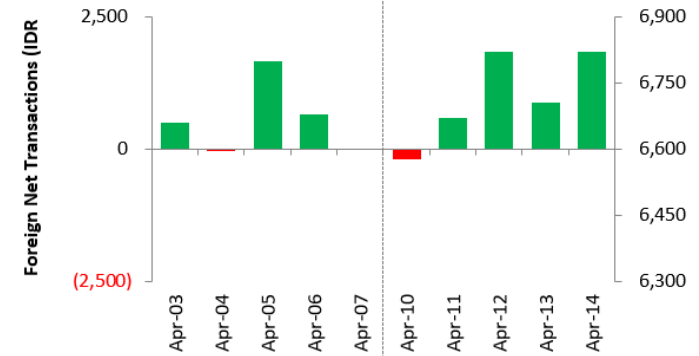
Last Week's JCI Movement

Global Market Movement



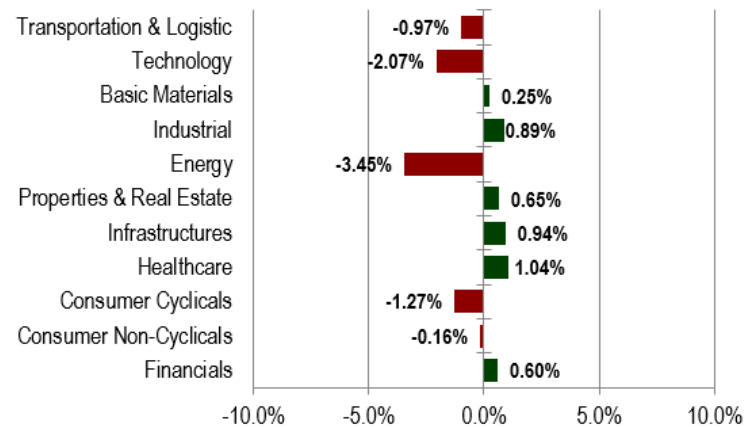
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



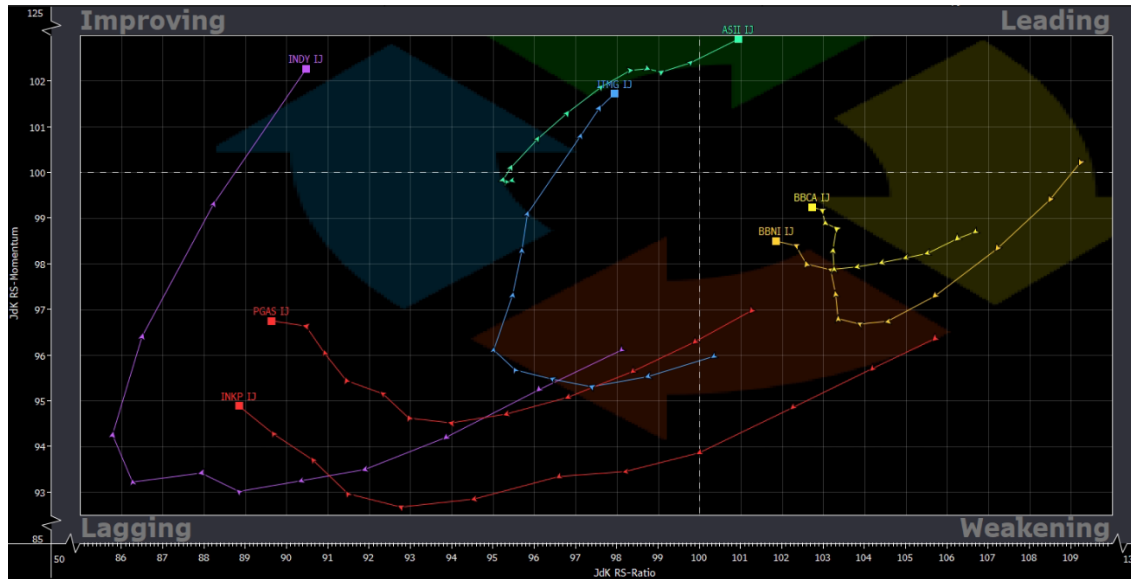
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

| Top Buy (RG) | NB Val. (IDR Mn) | Top Sell (RG) | NS Value (IDR Mn) |
|--------------|------------------|---------------|-------------------|
| BBRI | 1,647,932 | GOTO | 264,272 |
| BBCA | 1,337,438 | UNTR | 138,555 |
| TLKM | 838,081 | ADRO | 76,824 |
| BBNI | 453,819 | NCKL | 50,975 |
| MDKA | 221,078 | PGAS | 34,904 |

Source: Bloomberg, NHKSI Research

Stocks Recommendation



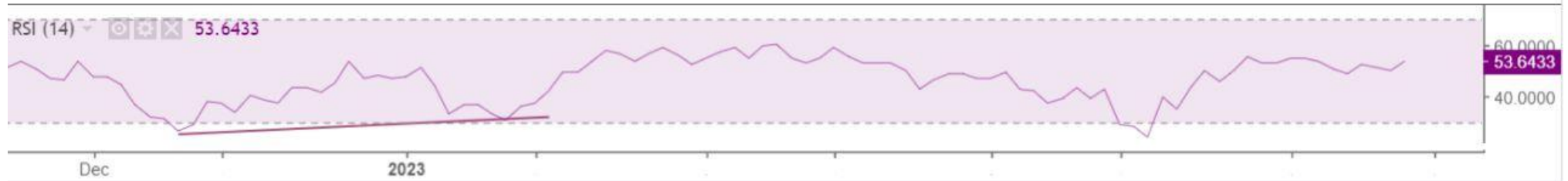
Source: Bloomberg, NHKSI Research

| Stocks | TP | SL |
|--------|-------------------------------------|-------|
| ASII | 6300 / 6550-6600 / 6700 | 6050 |
| BBNI | 9700 / 9800 / 9900 -10000 | 9250 |
| BBKA | 9300-9400 | 8800 |
| INDY | 3000 / 3100 | 2500 |
| INKP | 7750 / 8000 / 8600 -8800 | 7300 |
| ITMG | 35375 / 36650 / 37150-37600 / 38000 | 33450 |
| PGAS | 1420 / 1490-1520 | 1370 |

Source: Bloomberg, NHKSI Research

JCI Index

| | | | |
|----------------|-------------------------|-------------------|--|
| Support | 6755 / 6700 / 6600-6550 | Resistance | 6815 / 6840-6870 / 6900 / 6955-6965 / 7000 |
|----------------|-------------------------|-------------------|--|



Economic Calendar

| Date | Country | Hour Jakarta | Event | Period | Consensus | Previous |
|------------------|---------|--------------|----------------------------------|--------|-----------|----------|
| Monday | ID | — | Trade Balance | Mar | \$4,573M | \$5,480M |
| <i>17– Apr.</i> | ID | — | Exports YoY | Mar | -6.40% | 4.51% |
| | ID | — | Imports YoY | Mar | -13.50% | -4.32% |
| Tuesday | US | 19:30 | Housing Starts | Mar | 1,455K | 1,524K |
| <i>18– Apr.</i> | CH | 09:00 | GDP YoY | 1Q | 3.8% | 2.9% |
| Wednesday | JP | 11:30 | Capacity Utilization MoM | Feb | — | -5.5% |
| <i>19– Apr.</i> | JP | 11:30 | Industrial Production MoM | Feb F | — | -0.6% |
| Thursday | US | 19:30 | Initial Jobless Claims | Apr 15 | — | 239K |
| <i>20– Apr.</i> | US | 19:30 | Continuing Claims | Apr 8 | — | 1,810K |
| | US | 21:00 | Existing Home Sales | Mar | 4.50M | 4.58M |
| | US | 21:00 | Leading Index | Mar | -0.4% | -0.3% |
| Friday | US | 20:45 | S&P Global US Manufacturing PMI | Apr P | 49.2 | 49.2 |
| <i>21– Apr.</i> | GE | 14:30 | S&P Global Germany Composite PMI | Apr P | 52.9 | 52.6 |

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

| Date | Event | Company |
|------------------|--------------|------------------------------|
| Monday | RUPS | CINT, KDTN, NOBU, SMGR |
| 17– Apr. | Cum Dividend | BNLI, CMRY, CSAP, DRMA |
| Tuesday | RUPS | BBYB, CAKK, IPCC, MCOL, TGKA |
| 18– Apr. | Cum Dividend | BELL, BNGA, IFSH, TRIS |
| Wednesday | RUPS | ASII, INDY, MFIN, MLPT, MPPA |
| 19– Apr. | Cum Dividend | — |
| Thursday | RUPS | HILL, TEBE |
| 20– Apr. | Cum Dividend | — |
| Friday | RUPS | — |
| 21– Apr. | Cum Dividend | — |

Source: NHKSI Research

NH KSI Stocks Coverage

| | Last Price | End of Last Year Price | Target Price* | Rating | Upside Potential (%) | 1 Year Change (%) | Market Cap (IDR tn) | Price / EPS (TTM) | Price / BVPS | Return on Equity (%) | Dividend Yield TTM (%) | Sales Growth Yoy (%) | EPS Growth Yoy (%) | Adj. Beta |
|-------------------------------|------------|------------------------|---------------|-------------|----------------------|-------------------|---------------------|-------------------|--------------|----------------------|------------------------|----------------------|--------------------|-----------|
| Finance | | | | | | | 3,501.6 | | | | | | | |
| BBCA | 9,000 | 8,550 | 9,750 | Overweight | 8.3 | 16.9 | 1,109.5 | 27.3x | 5.0x | 19.2 | 2.3 | 8.9 | 29.4 | 0.9 |
| BBRI | 5,075 | 4,940 | 5,800 | Overweight | 14.3 | 11.8 | 769.2 | 15.0x | 2.6x | 17.4 | 5.7 | 6.6 | 31.9 | 1.1 |
| BBNI | 9,400 | 9,225 | 11,800 | Buy | 25.5 | 11.9 | 175.3 | 9.6x | 1.3x | 14.1 | 4.2 | 8.7 | 67.8 | 1.3 |
| BMRI | 5,225 | 4,963 | 11,550 | Buy | 121.1 | 36.2 | 487.7 | 11.8x | 2.1x | 19.0 | 5.1 | 12.7 | 46.8 | 1.3 |
| Consumer Non-Cyclicals | | | | | | | 1,158.8 | | | | | | | |
| ICBP | 10,250 | 10,000 | 12,000 | Buy | 17.1 | 42.9 | 119.5 | 26.1x | 3.3x | 13.0 | 2.1 | 14.1 | (28.4) | 0.5 |
| UNVR | 4,150 | 4,700 | 4,850 | Buy | 16.9 | 22.1 | 158.3 | 29.5x | 39.6x | 129.0 | 3.7 | 4.2 | (6.6) | 0.5 |
| MYOR | 2,610 | 2,500 | 2,900 | Overweight | 11.1 | 61.1 | 58.4 | 29.9x | 4.6x | 16.4 | 0.8 | 9.9 | 64.2 | 0.7 |
| HMSP | 1,020 | 840 | 950 | Underweight | (6.9) | 14.0 | 118.6 | 18.9x | 4.2x | 22.0 | 6.2 | 12.5 | (11.5) | 0.6 |
| CPIN | 4,490 | 5,650 | 6,600 | Buy | 47.0 | (10.0) | 73.6 | 25.1x | 2.8x | 11.4 | 2.4 | 10.0 | (19.0) | 0.6 |
| JPFA | 1,095 | 1,295 | 1,300 | Buy | 18.7 | (31.1) | 12.8 | 9.0x | 1.0x | 11.4 | 4.6 | 9.1 | (29.8) | 0.8 |
| AALI | 7,850 | 8,025 | 9,200 | Buy | 17.2 | (39.0) | 15.1 | 8.8x | 0.7x | 8.2 | 5.1 | (10.3) | (12.4) | 1.0 |
| Consumer Cyclicals | | | | | | | 353.9 | | | | | | | |
| ERAA | 510 | 392 | 500 | Hold | (2.0) | (5.6) | 8.1 | 7.9x | 1.2x | 15.7 | 4.5 | 13.8 | (0.2) | 0.8 |
| MAPI | 1,430 | 1,445 | 1,700 | Buy | 18.9 | 60.7 | 23.7 | 11.2x | 2.9x | 30.1 | N/A | 46.2 | 412.0 | 0.9 |
| Healthcare | | | | | | | 290.1 | | | | | | | |
| KLBF | 2,060 | 2,090 | 2,300 | Overweight | 11.7 | 30.0 | 96.6 | 28.3x | 4.7x | 16.9 | 1.7 | 10.2 | 7.1 | 0.4 |
| SIDO | 810 | 755 | 950 | Buy | 17.3 | (11.0) | 24.3 | 22.0x | 6.9x | 31.7 | 4.5 | (3.9) | (12.9) | 0.6 |
| MIKA | 2,780 | 3,190 | 3,000 | Overweight | 7.9 | 6.5 | 39.6 | 38.5x | 7.1x | 18.8 | 1.3 | (7.0) | (17.0) | 0.2 |
| Infrastructure | | | | | | | 885.33 | | | | | | | |
| TLKM | 4,340 | 3,750 | 4,940 | Overweight | 13.8 | (7.3) | 429.9 | 20.7x | 3.3x | 16.5 | 3.5 | 2.9 | (16.2) | 0.8 |
| JSMR | 3,390 | 2,980 | 5,100 | Buy | 50.4 | (7.9) | 24.6 | 9.0x | 1.1x | 12.9 | N/A | 9.3 | 70.1 | 0.8 |
| EXCL | 1,805 | 2,140 | 3,800 | Buy | 110.5 | (33.4) | 23.7 | 17.4x | 0.9x | 4.9 | 2.8 | 8.9 | (13.2) | 0.8 |
| TOWR | 990 | 1,100 | 1,520 | Buy | 53.5 | (2.0) | 50.5 | 14.4x | 3.4x | 26.0 | 2.4 | 27.8 | 0.2 | 0.3 |
| TBIG | 2,130 | 2,300 | 3,240 | Buy | 52.1 | (31.1) | 48.3 | 28.7x | 4.6x | 16.7 | 1.7 | 5.6 | 2.4 | 0.6 |
| WIKA | 510 | 800 | 1,280 | Buy | 151.0 | (45.5) | 4.6 | N/A | 0.4x | (0.5) | N/A | 20.6 | N/A | 1.2 |
| PTPP | 570 | 715 | 1,700 | Buy | 198.2 | (38.7) | 3.5 | 12.8x | 0.3x | 2.5 | N/A | 12.9 | 2.3 | 1.1 |

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|-----------------------------------|------------|------------------------|---------------|------------|----------------------|-------------------|---------------------|-------------------|--------------|----------------------|------------------------|----------------------|--------------------|-----------|
| Property & Real Estate | | | | | | | 244.3 | | | | | | | |
| CTRA | 1,005 | 940 | 1,500 | Buy | 49.3 | 4.1 | 18.6 | 10.0x | 1.0x | 10.5 | 1.4 | (6.2) | 7.4 | 1.0 |
| PWON | 486 | 456 | 690 | Buy | 42.0 | (3.8) | 23.4 | 15.2x | 1.4x | 9.2 | 0.8 | 4.8 | 11.3 | 1.1 |
| Energy | | | | | | | 1,312.5 | | | | | | | |
| PGAS | 1,390 | 1,760 | 1,770 | Buy | 27.3 | 2.6 | 33.7 | 6.9x | 0.9x | 12.6 | 9.0 | 18.4 | 0.0 | 1.0 |
| PTBA | 3,970 | 3,690 | 4,900 | Buy | 23.4 | 5.3 | 45.7 | 3.6x | 1.6x | 47.6 | 17.3 | 45.8 | 55.8 | 1.0 |
| ADRO | 2,920 | 3,850 | 3,900 | Buy | 33.6 | (11.8) | 93.4 | 2.5x | 1.0x | 49.1 | 13.4 | 102.9 | 174.4 | 1.2 |
| Industrial | | | | | | | 448.4 | | | | | | | |
| UNTR | 30,225 | 26,075 | 32,000 | Overweight | 5.9 | 1.4 | 112.7 | 5.3x | 1.3x | 27.4 | 5.7 | 55.6 | 106.1 | 0.8 |
| ASII | 6,200 | 5,700 | 8,000 | Buy | 29.0 | (9.8) | 251.0 | 8.7x | 1.3x | 15.9 | 4.5 | 29.1 | 43.3 | 1.1 |
| Basic Ind. | | | | | | | 967.7 | | | | | | | |
| SMGR | 6,125 | 6,575 | 9,500 | Buy | 55.1 | 1.9 | 41.4 | 15.5x | 1.0x | 5.8 | 2.8 | (0.9) | 15.4 | 0.9 |
| INTP | 10,275 | 9,900 | 12,700 | Buy | 23.6 | 2.2 | 37.8 | 19.2x | 1.8x | 9.2 | 4.9 | 10.5 | 8.8 | 0.8 |
| INCO | 6,575 | 7,100 | 8,200 | Buy | 24.7 | (17.6) | 65.3 | 22.1x | 1.9x | 8.9 | N/A | 23.7 | 21.0 | 1.2 |
| ANTM | 2,110 | 1,985 | 3,450 | Buy | 63.5 | (24.1) | 50.7 | 13.3x | 2.1x | 17.2 | 1.8 | 19.5 | 105.2 | 1.4 |

Source : Bloomberg, NH KSI Research

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