

Weekly Brief (Apr. 24 – 28, 2023)

Summary:

Last week review:

Before the Eid al-Fitr holiday, Indonesian financial markets closed last week after the Trade Balance (Mar.) surplus data fell to USD 2.91 billion; the first decline in 29 months due to weak commodity prices and global demand, causing Exports and Imports to shrink 11.33% YoY and 6.26% YoY respectively. Indonesia's external debt position in February fell to USD 400.1 billion, from USD 404.6 billion in January. In the short trading week last week, the BI RDG had also set the BI7DRR to be kept at 5.75%. Market participants had also witnessed that the revival of the world's second-largest economy, China, began to appear as the GDP for the first quarter of 2020 managed to grow above expectations to 4.5% YoY and 2.2% QoQ; supported by Industrial Production (Mar.) which managed to strengthen to 3.9% YoY from 2.4% the previous month. It turned out that their Retail Sales (Mar.) figure also rose above estimates; while the Unemployment Rate (Mar.) started to decrease. The People's Bank of China also kept the lending rate at 3.65% to boost economic growth further. In contrast, the unemployment rate in the UK has tripled even though the wage level of workers has not been reduced, which is in line with their central bank's goal to suppress people's purchasing power and is finally expected to cool down their Inflation rate (Mar.) which is still insistent at the double-digit level of 10.1% YoY. UK Core Inflation (Mar.) has also not been able to come down from the level of 6.2% YoY (the same as the position in the previous month). The magnitude of the economic pressure in continental Europe has been foreseen by Germany which is still very pessimistic about the business sentiment rolling in this April, and in the Eurozone in general; reflected by the Eurozone Inflation rate (Mar.) which managed to fall as expected to 6.9% YoY (from 8.5% the previous month) and the German PPI figure (Mar.) which successfully slid far to 7.5% YoY (from 15.8% the previous month). Interestingly, despite these signs of economic slowdown, Eurozone Trade Balance (Feb.) managed to print a significant surplus of EUR 4.6bn (compared to the forecast & previous period which was still in deficit), supported by the Composite PMI of Germany, UK, and Eurozone which became more expansionary thanks to growth in the services sector. Considering the above, a 50bps rate hike seems to remain the favoured option for the European Central Bank next week. On the other hand, the US market expects the Federal Reserve to immediately put the brakes on the pace of interest rate hikes as symptoms of a soft landing are increasingly evident; as evidenced by employment data such as Initial Jobless Claims which was released above forecasts & expectations, reporting the unemployment rate at 245k. It is no surprise that the Philadelphia Fed Manufacturing Index also indicated a deterioration in Philadelphia's general business conditions this April; although nationally the S&P Global Composite PMI (Apr.) showed that conditions are still relatively expansionary across the US with a reading of 53.5 (vs. forecast 52.8 and previous period 52.3).

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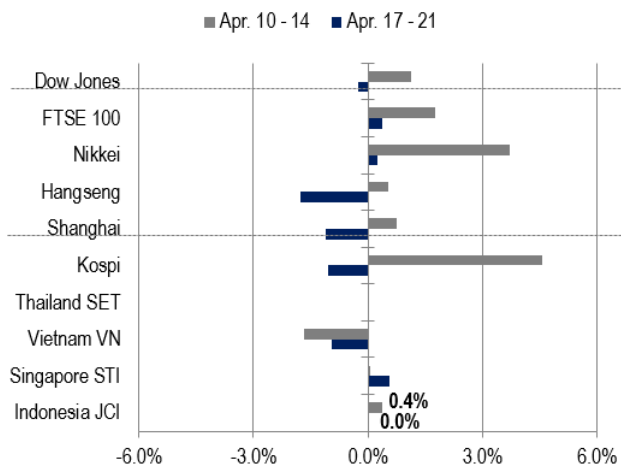
This week's outlook:

US economic data will shed more light on the direction of interest rate policy, which the market is already expecting a 25bps hike at next month's FOMC Meeting. At the same time, market participants also expect that the US central bank will be able to cut interest rates later this year to reduce interest cost pressures on businesses. US macroeconomic data that have been released this week during the Idul Fitri holiday in Indonesia are: The US Consumer Confidence Index (Apr.) which is a leading indicator of overall economic activity, came in lower than forecast & previous reading of 104, at 101.3. On the other hand, the pessimistic view of the economy was offset by Building Permits and New Home Sales (Mar.) which turned out to show an above-expected addition. Other important economic data from the US that are awaited are Durable Goods Orders (Mar.) & Trade Balance (Mar.) on Wednesday; followed by 1st quarter/2023 GDP, Initial Jobless Claims, and monthly Pending & New Home Sales (Mar.) reports due next Thursday; then Core PCE Price index, Personal Spending (Mar.), Chicago PMI (Apr.), Michigan Consumer Expectations & Sentiment (Apr.) on Friday. From Asia, Tokyo's Inflation rate (Apr.) both annual and monthly, Industrial Production (Mar.), and Retail Sales (Mar.) will be under the spotlight ahead of the new Bank of Japan Governor Kazuo Ueda making his interest rate decision at his first policy meeting. Meanwhile, not much economic data is awaited from Indonesia, aside from an optimistic view from the BI Governor who predicted that Indonesia's economic growth in 2023 could reach 5.3%, on the back of rising domestic consumption and positive export performance. Performance reports of mega-cap tech companies will test the possibility of a rally this year. Market participants will also keep an eye on the earnings reports of European banks in the aftermath of last month's banking crisis. On the other hand, Eurozone macroeconomic reports will aid the ECB's decision-making; among the releases are those from Europe's strongest economies: German Ifo Business Climate Index (Apr) at 93.6, which is still lower than the forecast of 94 but at least slightly more optimistic than the previous period at 93.2. Continuing from Germany, further data that will follow are Consumer Climate for May view, Unemployment Change (Apr.), 1Q23 GDP, and CPI (Apr.). The UK and Eurozone are also contributing data, on UK Labor Productivity 4Q22; Euro Zone GDP 1Q23 (Fri.), Business Climate, and Consumer Confidence - Expectations (Apr.) The ECB is expected to maintain its upward trend in interest rates, setting at least 25bps at the May central bank meeting.

JCI Index	: 6,821.81 (0.0%)
Foreign Flow	: Net Buy of IDR 1.8 Trillion (Vs. last week's net buy of IDR 4.9 Trillion)
USD/IDR	: 14,845 (+0.99%)

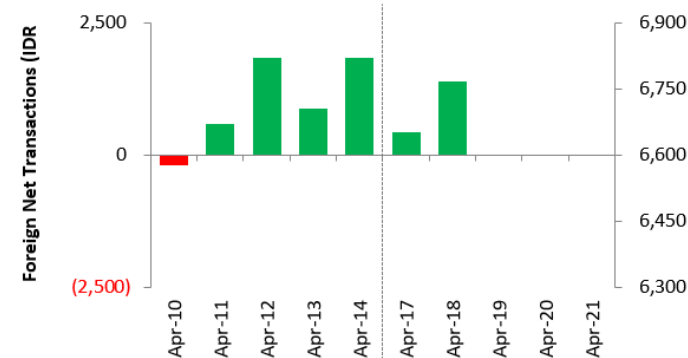
Last Week's JCI Movement

Global Market Movement



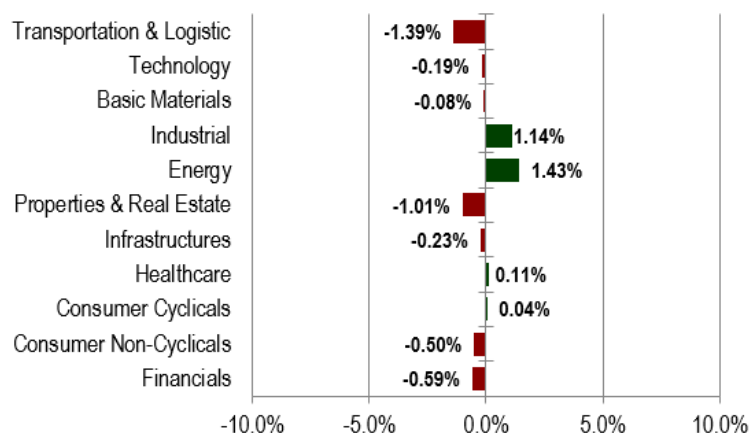
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



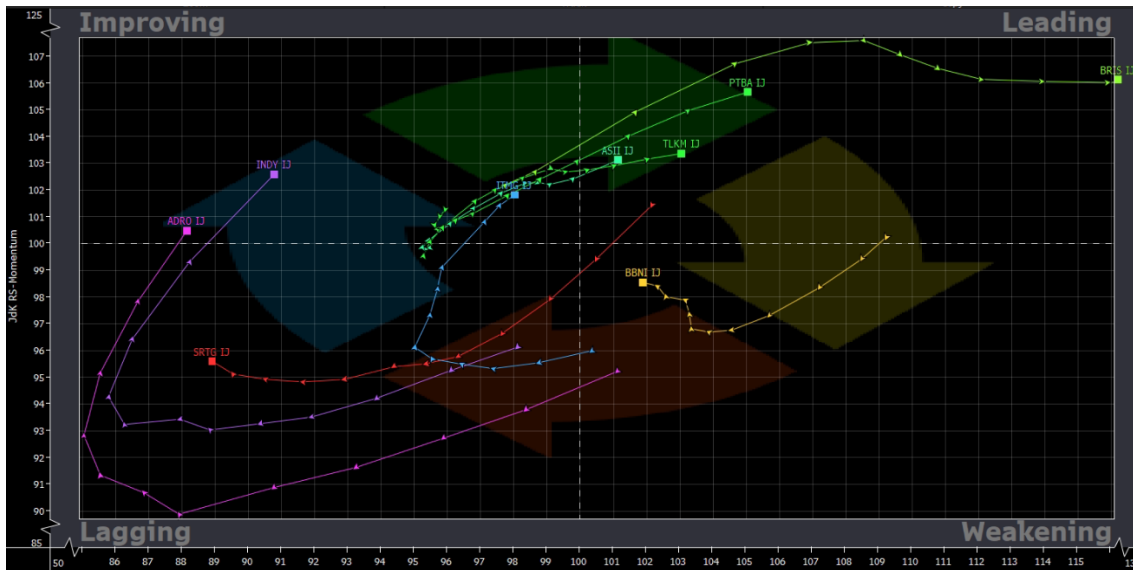
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBCA	636,580	MBMA	80,610
TLKM	270,186	SMGR	73,535
ASII	225,500	ESSA	53,306
BBRI	183,471	SRTG	23,337
BBNI	142,049	ARTO	15,906

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ADRO	3080 / 3140 / 3300 / 3450 / 3530-3560	
ASII	6600 / 6825	5975
BBNI	9700 / 9800 / 9900 / 10000	9300
PTBA	4150 / 4280 / 4480-4500	3880
SRTG	1950-2000 / 2030 / 2100-2110 / 2240-2270	1795
TLKM	4360 / 4440 / 4500	4220
BRIS	1820 / 1970-2000	1690
INDY	2940-2980 / 3000 / 3100	2590
ITMG	34400-35000 / 35350 Gap / 37000 / 38000	32100

Source: Bloomberg, NHKSI Research

JCI Index

Support	6800-6780 / 6700 / 6600-6550.	Resistance	6840-6870 / 6900 / 6950-6960 / 7000-7040.
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	KR	—	Department Store Sales YoY	Mar	—	8.6%
24– Apr.	KR	—	Retail Sales YoY	Mar	—	7.9%
Tuesday	US	21:00	New Home Sales	Mar	632K	640K
25– Apr.	US	21:00	Conf. Board Consumer Confidence	Apr	104.0	104.2
Wednesday	US	19:30	Durable Goods Orders	Mar P	0.7%	-1.0%
26– Apr.	FR	13:45	Consumer Confidence	Apr	—	81
Thursday	US	19:30	Initial Jobless Claims	Apr 22	—	—
27– Apr.	US	19:30	Continuing Claims	Apr 15	—	—
	US	19:30	GDP Annualized QoQ	1Q A	2.0%	2.6%
	CH	08:30	Industrial Profits YTD YoY	Mar	—	-22.9%
Friday	US	19:30	Personal Income	Mar	0.2%	0.3%
28– Apr.	US	19:30	Personal Spending	Mar	-0.1%	0.2%
	US	21:00	U. of Mich. Sentiment	Apr F	—	63.5

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	—
24– Apr.	Cum Dividend	—
Tuesday	RUPS	—
25– Apr.	Cum Dividend	—
Wednesday	RUPS	—
26– Apr.	Cum Dividend	AUTO, NISP
Thursday	RUPS	WICO, BYAN
27– Apr.	Cum Dividend	BJTM, BTPS, KEJU, MKTR, TMAS, UNTR
Friday	RUPS	AKRA, BWPT, TUGU
28– Apr.	Cum Dividend	AVIA, BTPN, PRDA, RUNS

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							3,489.1								
BBCA	9,125	8,550	9,750	Overweight	6.8	12.3	1,124.9	27.6x	5.1x	19.2	2.2	8.9	29.4	0.9	
BBRI	4,950	4,940	5,800	Buy	17.2	0.2	750.2	14.7x	2.5x	17.4	5.8	6.6	31.9	1.1	
BBNI	9,475	9,225	11,800	Buy	24.5	(1.3)	176.7	9.0x	1.3x	14.7	4.1	12.5	31.6	1.3	
BMRI	5,175	4,963	11,550	Buy	123.2	24.0	483.0	11.0x	2.2x	21.2	5.1	16.0	25.1	1.3	
Consumer Non-Cyclicals							1,150.9								
ICBP	10,200	10,000	12,000	Buy	17.6	34.7	119.0	26.0x	3.3x	13.0	2.1	14.1	(28.4)	0.5	
UNVR	4,090	4,700	4,850	Buy	18.6	5.1	156.0	32.8x	29.2x	81.0	3.7	(2.2)	(30.2)	0.5	
MYOR	2,600	2,500	2,900	Overweight	11.5	48.6	58.1	29.8x	4.6x	16.4	0.8	9.9	64.2	0.7	
HMSP	1,010	840	950	Underweight	(5.9)	6.9	117.5	18.7x	4.2x	22.0	6.3	12.5	(11.5)	0.6	
CPIN	4,440	5,650	6,600	Buy	48.6	(11.6)	72.8	24.8x	2.8x	11.4	2.4	10.0	(19.0)	0.6	
JPFA	1,065	1,295	1,300	Buy	22.1	(27.1)	12.5	8.7x	1.0x	11.4	4.7	9.1	(29.8)	0.8	
AALI	7,875	8,025	9,200	Buy	16.8	(37.6)	15.2	10.3x	0.7x	6.8	5.1	(27.7)	(53.5)	1.0	
Consumer Cyclicals							355.3								
ERAA	490	392	500	Hold	2.0	(6.7)	7.8	7.6x	1.1x	15.7	4.7	13.8	(0.2)	0.8	
MAPI	1,430	1,445	1,700	Buy	18.9	55.4	23.7	11.2x	2.9x	30.1	N/A	46.2	412.0	0.9	
Healthcare							290.8								
KLBF	2,060	2,090	2,300	Overweight	11.7	26.8	96.6	28.3x	4.7x	16.9	1.7	10.2	7.1	0.4	
SIDO	800	755	950	Buy	18.8	(14.9)	24.0	21.7x	6.8x	31.7	4.6	(3.9)	(12.9)	0.6	
MIKA	2,820	3,190	3,000	Overweight	6.4	9.3	40.2	39.0x	7.2x	18.8	1.3	(7.0)	(17.0)	0.2	
Infrastructure							879.15								
TLKM	4,270	3,750	4,940	Buy	15.7	(10.3)	423.0	20.4x	3.3x	16.5	3.5	2.9	(16.2)	0.8	
JSMR	3,230	2,980	5,100	Buy	57.9	(19.7)	23.4	8.6x	1.1x	12.9	N/A	9.3	70.1	0.8	
EXCL	1,795	2,140	3,800	Buy	111.7	(43.9)	23.6	17.3x	0.9x	4.9	2.8	8.9	(13.2)	0.8	
TOWR	995	1,100	1,300	Buy	30.7	(3.4)	50.8	14.4x	3.4x	26.0	2.4	27.8	0.2	0.3	
TBIG	2,080	2,300	2,390	Overweight	14.9	(32.5)	47.1	28.1x	4.5x	16.7	1.7	5.6	2.4	0.6	
WIKA	545	800	1,280	Buy	134.9	(42.0)	4.9	N/A	0.4x	(0.5)	N/A	20.6	N/A	1.2	
PTPP	585	715	1,700	Buy	190.6	(36.1)	3.6	13.2x	0.3x	2.5	N/A	12.9	2.3	1.1	

Source : Bloomberg, NH KSI Research

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Property & Real Estate							242.3							
CTRA	1,000	940	1,500	Buy	50.0	(5.7)	18.5	9.9x	1.0x	10.5	1.4	(6.2)	7.4	1.0
PWON	474	456	690	Buy	45.6	(18.3)	22.8	14.8x	1.3x	9.2	0.8	4.8	11.3	1.1
Energy							1,342.2							
PGAS	1,420	1,760	1,770	Buy	24.6	5.2	34.4	7.0x	0.9x	12.6	8.8	18.4	0.0	1.0
PTBA	4,040	3,690	4,900	Buy	21.3	11.0	46.5	3.7x	1.6x	47.6	17.0	45.8	55.8	1.0
ADRO	3,000	3,850	3,900	Buy	30.0	(5.1)	96.0	2.5x	1.0x	49.1	13.0	102.9	174.4	1.2
Industrial							460.2							
UNTR	31,075	26,075	32,000	Hold	3.0	8.1	115.9	5.2x	1.3x	27.2	5.5	24.7	26.6	0.8
ASII	6,425	5,700	8,000	Buy	24.5	(10.8)	260.1	8.4x	1.3x	16.3	4.4	15.5	27.2	1.1
Basic Ind.							1,061.7							
SMGR	6,025	6,575	9,500	Buy	57.7	(5.6)	40.7	15.2x	1.0x	5.8	2.9	(0.9)	15.4	0.9
INTP	10,350	9,900	12,700	Buy	22.7	(1.2)	38.1	19.4x	1.8x	9.2	4.8	10.5	8.8	0.8
INCO	6,600	7,100	8,200	Buy	24.2	(8.3)	65.6	22.0x	1.9x	8.9	N/A	23.7	21.0	1.2
ANTM	2,100	1,985	3,450	Buy	64.3	(16.0)	50.5	13.2x	2.1x	17.2	1.8	19.5	105.2	1.4

Source : Bloomberg, NH KSI Research

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