

## Weekly Brief (May 15 – 19, 2023)

### Summary:

#### Last week review:

**The world has entered a mild recession phase**, meaning that Fed's "medicine" is (finally) working. The looming threat of recession in the US as well as China's weak economy made global financial market sentiment rather gloomy affecting Indonesia's capital market with 1.18% decline during last week's trading; as well as foreign sell-offs at IDR 1.1trillion (all markets). In the past week, the Dow Jones also lost 1.1%, the S&P500 deflated 0.3%, and the Nasdaq fell into negative territory as low as 0.4%. Soft landing signs are starting to appear with April US inflation managed to tame back to below the 5% forecast level at 4.9% YoY, Initial Jobless Claims came in at 264k, the highest claims in 1.5 years. The latest news on the US banking crisis emerged after PacWest Bancorp reported a 9.5% drop in their deposits last week. The above factors have led to predictions that the Fed will soon halt the upward trend in US interest rates as signs of a mild recession emerge. Even the market is starting to factor in at least a 95% chance of a rate pause at the upcoming FOMC Meeting in June. On the one hand, the US government & Parliament are still struggling to reach an agreement on the US debt ceiling which has touched USD 31.4 trillion, before the threat of default becomes a reality on June 1. From Asia, Japan & China are stumbling around trying to revive their economies. Japan's Services PMI (Apr.) slowly shifted more into expansion territory, but Household Spending (Mar.) still dropped below expectations. China's economic recovery also seems to lack effort; although China managed to grow its Trade Balance (Apr.) surplus to USD 90.21 billion, China's Inflation (Apr.) data seems to be slipping now at 0.1% YoY (from 0.7% the previous month), the slowest pace in 2 years. Deflation at the producer level or PPI, new credit growth that plummeted in April, as well as their contracting imports caused commodity prices such as copper, iron ore, and crude oil to slide. The above data dragged down the Chinese stock index by 2% in the last trading week; the MSCI index for Asia-Pacific stocks also lost 1.4% on a weekly basis. From Europe, Germany released its Inflation (Apr.) data which also met expectations of slipping to 7.2% YoY & 0.4% MoM. Meanwhile, UK property sector health data, the Halifax House Price Index (Apr.) showed relatively weak housing demand. The Bank of England solidified their upward trend in interest rates with another 25 bps hike to 4.5%, although the slowdown in the UK economy was clearly evident in 1Q23 GDP growth which shrank to 0.2% YoY. Indonesia reported Foreign Exchange Reserves (Apr.) at USD144.2bn (equivalent to 6.3 months of import cover), slightly lower than March's USD145.2bn. Indonesia's Consumer Confidence Index for April 2023 which came out higher at 126.1 (vs. 123.3 in March) was unable to curb the selling wave this May.

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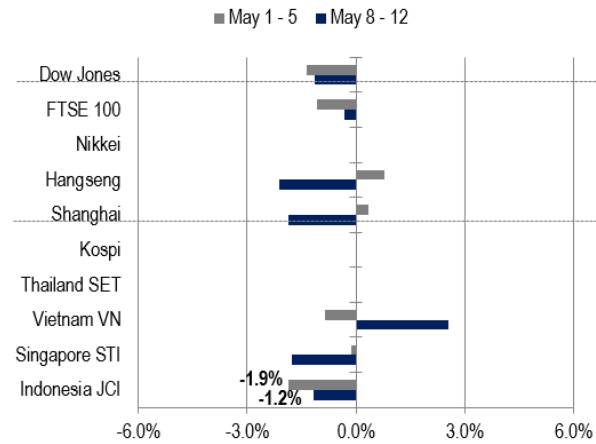
### **This week's outlook:**

**This week begins with the announcement of important economic data** on Trade Balance (Apr.), after which, investors will closely monitor progress regarding the US debt ceiling, while awaiting comments from Federal Reserve policymakers on the future direction of monetary policy. Economic data from the Eurozone, UK and China will provide further insight into the strength of the global economy. The US will release Retail Sales & Industrial Production data on Tuesday, where retail sales are expected to rebound. The weekly Initial Jobless Claims faithfully awaits on Thursday. The US government must quickly reach an agreement to raise its USD31.4 trillion debt ceiling to prevent a default on June 1. The IMF warned that US default would have a very serious impact on the US & global economy. On Tuesday, a number of European countries will release their economic data; preceded by the Eurozone which will release its revised 1Q23 GDP data on Tuesday where economists expect the economy to expand by just 0.1%; indicating that stagnation continues and a recession could emerge this year. The ZEW institute survey on business sentiment & conditions in Germany, as Europe's largest country, is also expected on the same day. The UK will also announce labor wage data as their inflation remains at double digit levels. Tuesday will be jam-packed with Chinese economic data including Retail Sales, Industrial Production, & Fixed Asset Investment reports; in which economists are hoping for a significant acceleration in all three. China's economy is still struggling to gain momentum, casting doubt on its contribution to global economic growth.

JCI Index	: 6,707.76 (-1.9%)
Foreign Flow	: Net Sell of IDR 2.1 Trillion (Vs. last week's net sell of IDR 1.0 Trillion)
USD/IDR	: 14,750 (0.51%)

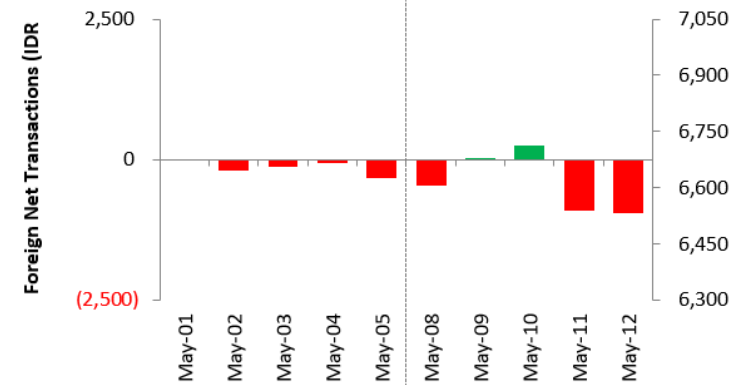
# Last Week's JCI Movement

## Global Market Movement



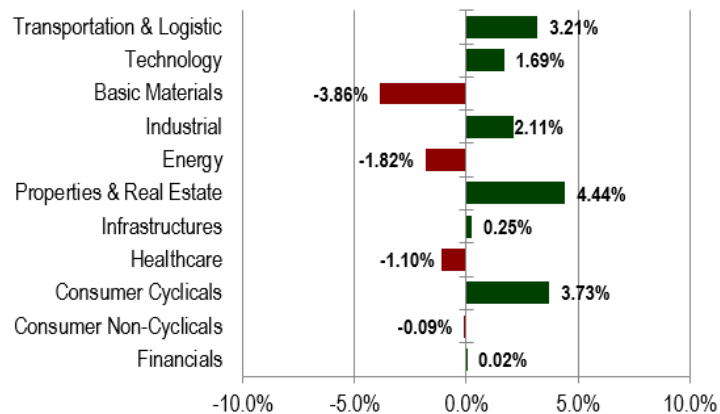
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



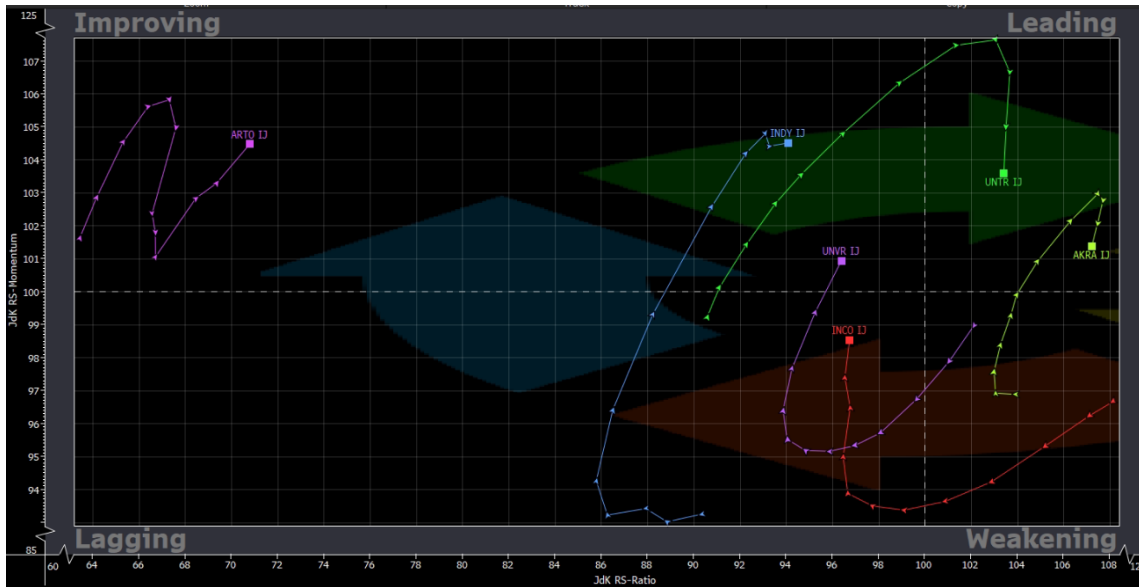
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
ICBP	223,485	TLKM	785,006
GOTO	204,488	BMRI	456,532
ACES	81,484	BBCA	401,071
ANTM	44,001	ADRO	358,997
INDF	39,178	AKRA	133,996

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



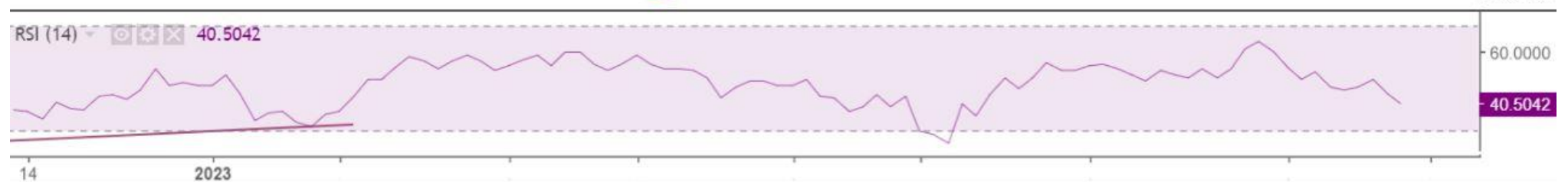
Source: Bloomberg, NHKSI Research

Stocks	TP	SL
AKRA	1455-1465 / 1480-1500 / 1545-1580	1330
ARTO	2600 / 2820-2880	2370
INCO	6950-7000 / 7125-7200	6550
INDY	2200 / 2300 / 2400	1990
UNTR	25500-25800 / 27000 / 27700-27800	24300
UNVR	4500 / 4700 / 4770 / 4920 / 5000-5075	4360

Source: Bloomberg, NHKSI Research

# JCI Index

Support	6700-6690 / 6640 / 6560-6550	Resistance	6760 / 6790-6815 / 6950-6960 / 7000-7040
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## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	US	19:30	Empire Manufacturing	Apr	-4.0	10.8
<i>15– Mei.</i>	ID	11:00	Trade Balance	Apr	\$3,695M	\$2,910M
	ID	11:00	Export YoY	Apr	-21.25%	-11.33%
	ID	11:00	Import YoY	Apr	-7.30%	-6.26%
<b>Tuesday</b>	US	19:30	Retail Sales Advance MoM	Apr	0.7%	-1.0%
<i>16– Mei.</i>	US	20:15	Industrial Production MoM	Apr	0.0%	0.4%
	CH	09:00	Industrial Production YoY	Apr	10.8%	3.9%
	CH	09:00	Retail Sales YoY	Apr	22.0%	10.6%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	May 12	—	6.3%
<i>17– Mei.</i>	US	19:30	Housing Starts	Apr	1,396K	1,420K
<b>Thursday</b>	US	19:30	Initial Jobless Claims	May 13	—	264K
<i>18– Mei.</i>	US	21:00	Existing Home Sales	Apr	4.28M	4.44M
	US	21:00	Leading Index	Apr	-0.5%	-1.2%
<b>Friday</b>	GE	13:00	PPI MoM	Apr	—	13.4%
<i>19– Mei.</i>	GE	13:00	PPI YoY	Apr	—	0.0%

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	DAYA, ISAT, KUAS, NTBK, PTRO, SRTG, TRGU
15– Mei.	Cum Dividend	EXCL, INCO, KRYA, LINK, TOWR
<b>Tuesday</b>	RUPS	BFIN, CSRA, INKP, TAPG, TKIM
16– Mei.	Cum Dividend	PLIN, POWR, SMBR, SSMS
<b>Wednesday</b>	RUPS	AMRT, BUKK, DLTA, INTP, MAPB, MIDI, SCNP, TPIA, TPMA, UVCR, VINS
17– Mei.	Cum Dividend	WTON
<b>Thursday</b>	RUPS	—
18– Mei.	Cum Dividend	—
<b>Friday</b>	RUPS	AISA, BAUT, BBHI, BINA, EURO, GMTD, INDX, KKES, MDLN, PBID, PJAA, SMSM, STAA, SUDI, TAMU
19– Mei.	Cum Dividend	JSMR, MYOH, TCID

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
<b>Finance</b>							3,459.7							
BBCA	8,800	8,550	9,750	Overweight	10.8	20.1	1,084.8	24.5x	5.1x	21.8	2.3	22.1	44.6	0.9
BBRI	5,150	4,940	5,800	Overweight	12.6	21.2	780.5	14.3x	2.8x	19.8	5.6	10.3	28.8	1.1
BBNI	9,000	9,225	11,800	Buy	31.1	9.1	167.8	8.6x	1.2x	14.7	4.4	12.5	31.6	1.3
BMRI	5,000	4,963	11,550	Buy	131.0	28.2	466.7	10.7x	2.1x	21.2	5.3	16.0	25.1	1.3
<b>Consumer Non-Cyclicals</b>							1,189.8							
ICBP	10,875	10,000	12,000	Overweight	10.3	33.0	126.8	19.2x	3.2x	17.3	2.0	11.4	104.2	0.5
UNVR	4,400	4,700	4,850	Overweight	10.2	(8.3)	167.9	35.3x	31.4x	81.0	3.5	(2.2)	(30.2)	0.5
MYOR	2,810	2,500	2,900	Hold	3.2	64.3	62.8	26.5x	4.7x	19.1	0.7	11.4	135.7	0.7
CPIN	4,740	5,650	6,600	Buy	39.2	(6.1)	77.7	39.2x	2.9x	7.5	2.3	1.9	(79.5)	0.6
JPFA	1,110	1,295	1,300	Buy	17.1	(21.6)	13.0	22.8x	1.0x	4.5	4.5	(3.2)	N/A	0.7
AALI	7,600	8,025	9,200	Buy	21.1	(37.6)	14.6	10.0x	0.7x	6.8	5.3	(27.7)	(53.5)	1.0
<b>Consumer Cyclicals</b>							371.2							
ERAA	496	392	500	Hold	0.8	(0.4)	7.9	8.2x	1.1x	14.2	4.6	28.9	(21.1)	0.8
MAPI	1,665	1,445	1,700	Hold	2.1	87.1	27.6	13.8x	3.3x	27.1	N/A	32.5	(30.6)	0.8
<b>Healthcare</b>							285.6							
KLBF	2,110	2,090	2,300	Overweight	9.0	31.9	98.9	28.8x	4.6x	16.4	1.8	12.2	3.1	0.4
SIDO	775	755	1,000	Buy	29.0	(16.2)	23.3	20.9x	7.5x	35.8	4.7	3.0	1.8	0.6
MIKA	2,580	3,190	3,000	Buy	16.3	(3.0)	36.8	37.1x	6.3x	17.9	1.4	(6.0)	(14.5)	0.2
<b>Infrastructure</b>							860.24							
TLKM	3,980	3,750	4,940	Buy	24.1	(6.6)	394.3	18.7x	2.9x	16.0	3.8	2.5	5.0	0.9
JSMR	3,470	2,980	5,100	Buy	47.0	(7.0)	25.2	8.8x	1.1x	13.2	N/A	21.2	34.3	0.8
EXCL	1,965	2,140	3,800	Buy	93.4	(31.1)	25.8	18.4x	1.0x	5.1	2.6	11.9	23.1	0.8
TOWR	980	1,100	1,300	Buy	32.7	(1.5)	50.0	14.6x	3.2x	23.8	2.5	9.4	(11.8)	0.4
TBIG	2,010	2,300	2,390	Buy	18.9	(32.3)	45.5	29.1x	3.9x	14.5	1.8	(1.4)	(25.6)	0.6
WIKA	462	800	1,280	Buy	177.1	(49.5)	4.1	N/A	0.3x	(4.6)	N/A	37.4	N/A	1.2
PTPP	565	715	1,700	Buy	200.9	(36.5)	3.5	12.5x	0.3x	2.5	N/A	1.9	20.0	1.2

Source : Bloomberg, NH KSI Research



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<b>Property &amp; Real Estate</b>							256.7								
CTRA	1,125	940	1,500	Buy	33.3	10.8	20.9	11.3x	1.1x	10.2	1.2	(4.6)	(4.3)	0.9	
PWON	486	456	690	Buy	42.0	(1.6)	23.4	13.3x	1.3x	10.3	0.8	5.9	60.5	1.1	
<b>Energy</b>							1,257.0								
PGAS	1,420	1,760	1,770	Buy	24.6	(5.0)	34.4	7.6x	0.9x	10.9	8.8	11.6	(20.0)	1.0	
PTBA	3,400	3,690	4,900	Buy	44.1	(10.5)	39.2	3.4x	1.3x	41.1	20.3	#N/A	N/A	1.0	
ADRO	2,760	3,850	3,900	Buy	41.3	(14.0)	88.3	2.3x	0.9x	46.2	14.1	50.1	15.3	1.2	
<b>Industrial</b>							431.2								
UNTR	24,800	26,075	32,000	Buy	29.0	(17.9)	92.5	4.1x	1.0x	27.2	28.2	24.7	26.6	0.9	
ASII	6,225	5,700	8,000	Buy	28.5	(12.6)	252.0	8.2x	1.3x	16.3	10.3	15.5	27.2	1.1	
<b>Basic Ind.</b>							988.5								
SMGR	5,900	6,575	9,500	Buy	61.0	(6.1)	39.8	14.9x	0.9x	6.1	4.2	4.5	(2.1)	0.9	
INTP	10,200	9,900	12,700	Buy	24.5	5.7	37.5	17.3x	1.8x	10.0	4.9	19.3	109.0	0.8	
INCO	6,700	7,100	8,200	Buy	22.4	(2.9)	66.6	19.4x	1.8x	9.9	N/A	54.5	45.6	1.2	
ANTM	2,000	1,985	3,450	Buy	72.5	(14.2)	48.1	12.0x	1.9x	16.9	1.9	18.9	13.5	1.4	

Source : Bloomberg, NH KSI Research

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