

Weekly Brief (May 22 – 26, 2023)

Summary:

Last week review:

Last week was opened by Indonesia Trade Balance (Apr.) which successfully maintained its 36th consecutive month of surplus, at USD 3.94 billion, higher than expectations of USD 3.38 billion. Indonesia also reported 1Q23 external debt levels remained under control at USD 402.8 billion, which is equivalent to 30.1% of GDP. **The US announced US Retail Sales (Apr.) and Existing Home Sales (Apr.) data which showed weakening consumer spending.** On the other hand, Industrial Production (Apr.) turned out to bounce back to 0.5% on a monthly basis, much better than the -0.1% forecast; in contrast to the Eurozone which reported Industrial Production (Mar.) data of -4.1% on a monthly basis, a bigger drop than the -2.5% forecast. Uncertainty over US interest rates and their government debt ceiling negotiation process that is approaching the June 1st deadline also still clouded market sentiment. From a number of Fed officials' comments, they stated that they remain comfortable enough to leave the US benchmark interest rate at a high level, for now. The release of the all-important labor data in which Initial Jobless Claims fell to 242,000 (lower than expected as well as the previous week), is a sign that the labor market is still tight. However, about two-thirds of market participants expect the Federal Reserve to ease the pace of interest rate hikes at next month's FOMC Meeting. **The economic slowdown atmosphere was also noticeable in continental Europe**, where the UK reported a higher Claimant Count Change (Apr.) and Unemployment Rate. German ZEW Economic Conditions & Sentiment (May) and German PPI (Apr.) came out at mixed numbers but did not fully imply solid economic conditions; moreover, Eurozone ZEW Economic Sentiment (May) even showed a very weak position at -9.4, much lower than the expectation of -1.0. Eurozone GDP for 1/2023 came in-line at 1.3% YoY, and they were able to post a Trade Balance (Mar.) of EUR 25.6 billion, greater than the previous period's EUR 3.7 billion. Previously, the Eurozone also reported CPI (Apr) which was still in-line at 7% YoY. **As Asia's largest country, China has not been able to boost their economy as expected**, proved by the Industrial Production (Apr.) and Retail Sales (Apr.) data which have not been able to rise to the level expected by economists/analysts. In contrast, Japan confirmed its 1Q23 GDP at 1.6% YoY, higher than the 0.7% forecast and managed to reverse the situation from negative 0.1% in the previous quarter. Industrial Production (Mar.) also rose, and Trade Balance (Apr.) managed to post a smaller deficit. This inevitably put Japan's National CPI & Core CPI (Apr.) at 3.5% & 3.4% YoY respectively. Japan's recovering economy has market participants expecting the central bank of Japan to end its super-loose monetary policy soon and start raising its benchmark interest rate from a negative rate.

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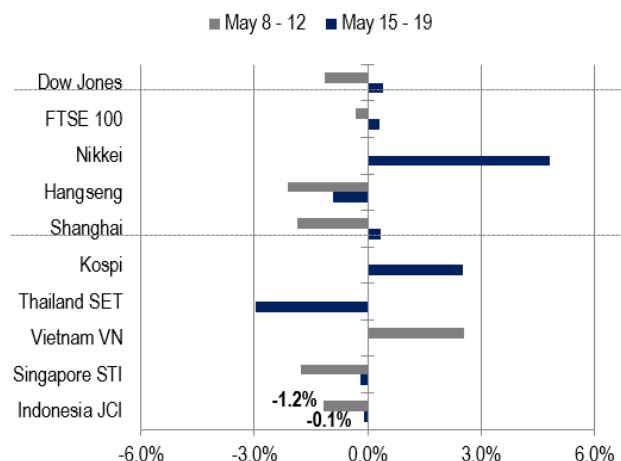
This week's outlook:

The week will begin with predictions of China keeping their interest rates at current levels; as investors digest the impact of the G7 summit decision on China and discuss the urgency of the US debt ceiling situation. According to the latest news, President Joe Biden and Republican Kevin McCarthy will meet soon after Biden's return from the G7 Summit to reach an agreement that could ease the overall financial market sentiment. **This week will also be filled with monetary policy announcements in New Zealand, which is predicted to increase by 25 bps to 5.5%;** while South Korea and Indonesia are expected to keep their benchmark rates unchanged at the current 3.5% and 5.75% levels respectively; as well as unemployment and Retail Sales data from Japan. PMI data (May) for Germany, the UK and the Eurozone will determine whether the economies managed to expand slightly as expected, or contracted slightly due to the effects of the global economic slowdown that became more apparent last week. While the US will follow with reports on Building Permits, New Home Sales (Apr.), Pending Home Sales (Apr.), and S&P Global Composite PMI (May) whose results will help the Fed decide whether it is possible to put the brakes on the pace of interest rate hikes at the upcoming FOMC Meeting in June. **The UK is desperately trying to drag down their Inflation, which is still firmly in double digits, from 10.1% in Mar. to April's forecast of 8.3%, with results will be released this Wednesday.** The important German Ifo Business Climate Index (May) is expected to release data that is quite pessimistic for the business climate in Germany over the next 6 months.

JCI Index : 6,700.56 (-0.1%)
Foreign Flow : Net Buy of IDR 0.9 Trillion (Vs. last week's net sell of IDR 2.1 Trillion)
USD/IDR : 14,925 (1.19%)

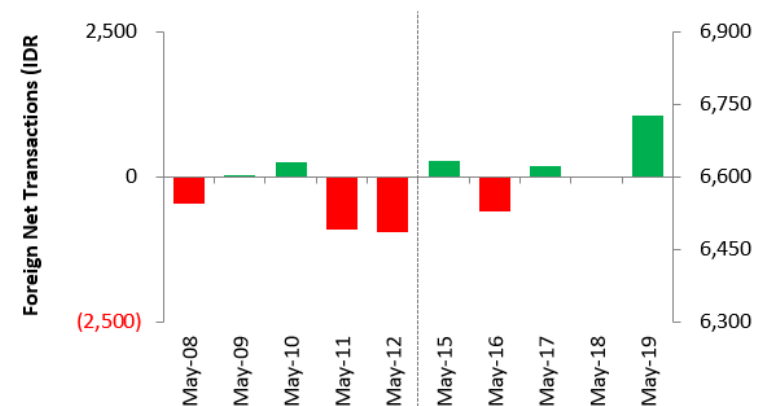
Last Week's JCI Movement

Global Market Movement



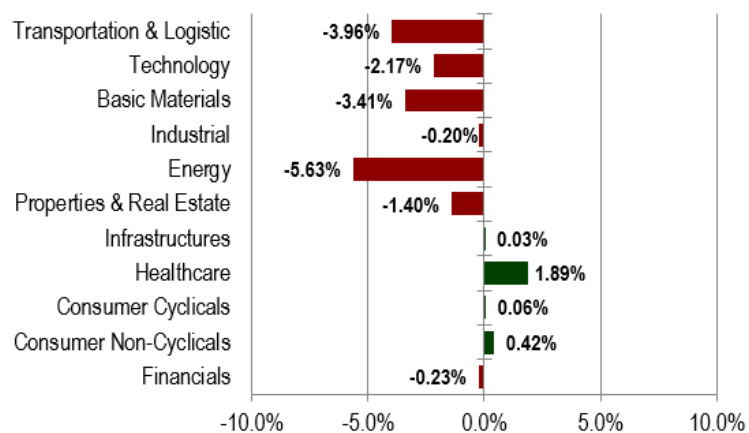
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



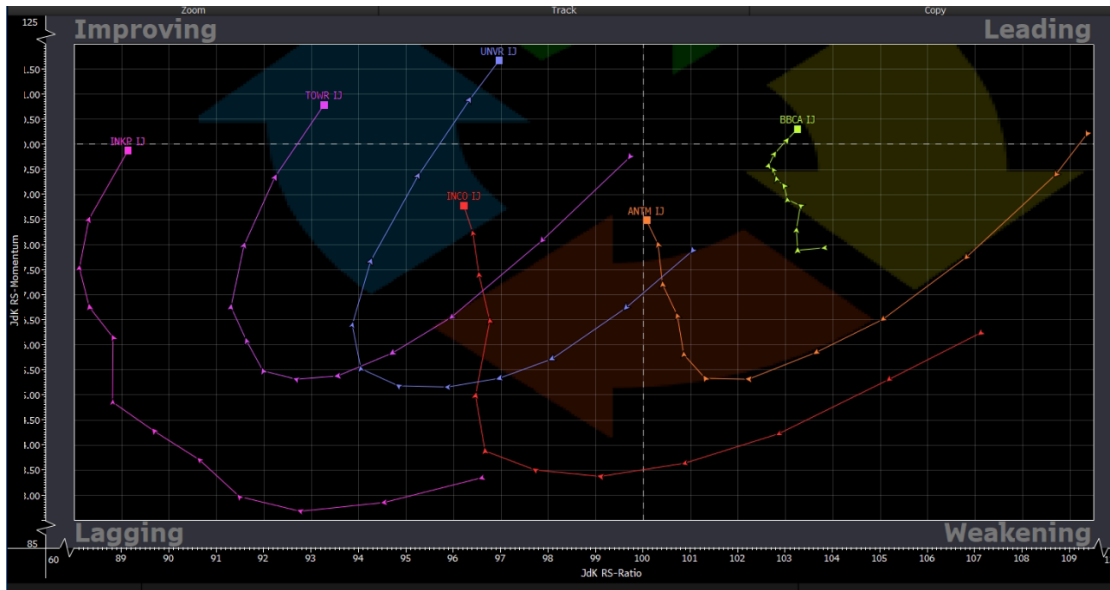
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBRI	744,318	TLKM	238,916
GOTO	387,950	BBCA	142,268
ASII	335,844	ADRO	129,829
ICBP	248,439	BMRI	126,255
BRIS	54,750	BBNI	108,282

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ANTM	2060 / 2130-2150	1900
BBKA	9200 / 9300 / 9400	8800
INCO	6700-6800 / 7000 / 7125-7300	6250
INKP	7600 / 8000 / 8550 -8600 / 8800	7125
TOWR	1080 / 1180 / 1225	995
UNVR	4530 / 4700 / 4770 / 4920 / 5000-5075	4350

Source: Bloomberg, NHKSI Research

JCI Index

Support	6660-6650 / 6560-6550	Resistance	6735-6765 / 6800 / 6950-6960 / 7000-7040
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	KR	07:00	Exports 20 Days YoY	May	—	-11.8%
22– May.	JP	06:50	Core Machine Orders MoM	Mar	0.5%	-4.5%
Tuesday	US	20:45	S&P Global US Manufacturing PMI	May P	50.0	50.2
23– May.	US	21:00	New Home Sales	Apr	660K	683K
	ID	10:00	BoP Current Account Balance	1Q	\$2,450Mn	\$4,300Mn
	ID	14:20	Bank Indonesia 7D Reverse Repo	May 24	5.75%	5.75%
Wednesday	US	18:00	MBA Mortgage Applications	May 19	—	-5.7%
24– May.	GE	15:00	IFO Business Climate	May	93.0	93.6
Thursday	US	19:30	Initial Jobless Claims	May 20	—	242K
25– May.	US	19:30	Continuing Claims	May 13	—	1,799K
	US	19:30	GDP Annualized QoQ	1Q S	1.1%	1.1%
Friday	US	19:30	Personal Income	Apr	0.4%	0.3%
26– May.	US	19:30	Personal Spending	Apr	0.4%	0.0%
	US	19:30	Durable Goods Orders	Apr P	-1.0%	3.2%
	US	21:00	U. of Mich. Sentiment	Apr P	57.7	57.7

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	BPII, BRIS, BSML, CPIN, IDEA, KBLV, NAYZ, PRAY
22– May.	Cum Dividend	ADRO
Tuesday	RUPS	BISI, IKAI, ITIC, LUCY, MGRO, MIKA, MLBI, NASI, SICO, SKLT, TGRA
23– May.	Cum Dividend	BUDI, SMCB, TBLA
Wednesday	RUPS	ABDA, AMMS, ARTA, BBSI, BOBA, BSSR, DILD, ELIT, GZCO, HEXA, KBAG, KMDS, MAYA, MBAP, META, MITI, MPMX, NELY, NZIA, PAMG, PNGO, PPRE, PPRO, RALS, SKRN, TAYS
24– May.	Cum Dividend	ISAT, KUAS, NTBK, PTRO, SRTG, TRGU
Thursday	RUPS	ARTO, BJBR, BSBK, BUKA, EDGE, ELPI, GLOB, IPAC, MREI, OMED, PBSA, SDPC, SILO, SPTO, T RIO, VICI, WSKT, ZATA
25– May.	Cum Dividend	TAPG
Friday	RUPS	BEBS, BGTG, BVIC, CEKA, CENT, CSIS, IBST, INCF, INPS, IPPE, ISAP, JARR, LPIN, MLIA, NRCA, OILS, PTSP, SBMA, SRIL, TOTO, UNSP
26– May.	Cum Dividend	EAST, JAYA

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							3,512.8							
BBCA	9,000	8,550	10,050	Overweight	11.7	21.6	1,109.5	25.1x	5.3x	21.8	2.3	22.1	44.6	0.9
BBRI	5,400	4,940	6,000	Overweight	11.1	21.9	818.4	15.0x	2.9x	19.8	5.3	10.3	28.8	1.1
BBNI	8,825	9,225	11,800	Buy	33.7	0.6	164.6	8.4x	1.2x	14.7	4.5	12.5	31.6	1.3
BMRI	5,075	4,963	11,550	Buy	127.6	26.9	473.7	10.8x	2.2x	21.2	5.2	16.0	25.1	1.3
Consumer Non-Cyclicals							1,194.6							
ICBP	10,950	10,000	13,000	Buy	18.7	36.0	127.7	19.3x	3.2x	17.3	2.0	11.4	104.2	0.5
UNVR	4,430	4,700	4,850	Overweight	9.5	(12.3)	169.0	35.5x	31.6x	81.0	3.5	(2.2)	(30.2)	0.5
MYOR	2,710	2,500	2,900	Overweight	7.0	63.3	60.6	25.5x	4.5x	19.1	0.8	11.4	135.7	0.7
CPIN	4,970	5,650	6,600	Buy	32.8	(3.5)	81.5	41.1x	3.1x	7.5	2.2	1.9	(79.5)	0.6
JPFA	1,170	1,295	1,300	Overweight	11.1	(15.8)	13.7	24.0x	1.1x	4.5	4.3	(3.2)	N/A	0.7
AALI	7,400	8,025	9,200	Buy	24.3	(42.7)	14.2	9.7x	0.6x	6.8	5.5	(27.7)	(53.5)	1.0
Consumer Cyclicals							375.1							
ERAA	515	392	500	Hold	(2.9)	2.0	8.2	8.5x	1.2x	14.2	4.4	28.9	(21.1)	0.8
MAPI	1,675	1,445	1,700	Hold	1.5	98.2	27.8	13.8x	3.3x	27.1	N/A	32.5	(30.6)	0.8
Healthcare							289.5							
KLBF	2,170	2,090	2,300	Overweight	6.0	33.5	101.7	29.6x	4.7x	16.4	1.8	12.2	3.1	0.4
SIDO	765	755	1,000	Buy	30.7	(20.3)	23.0	20.7x	7.4x	35.8	4.8	3.0	1.8	0.6
MIKA	2,730	3,190	3,000	Overweight	9.9	(2.5)	38.9	39.3x	6.7x	17.9	1.3	(6.0)	(14.5)	0.2
Infrastructure							863.94							
TLKM	4,020	3,750	5,000	Buy	24.4	(3.6)	398.2	18.9x	2.9x	16.0	3.7	2.5	5.0	0.9
JSMR	3,500	2,980	5,100	Buy	45.7	(4.6)	25.4	8.9x	1.1x	13.2	2.2	21.2	34.3	0.8
EXCL	2,010	2,140	3,800	Buy	89.1	(25.3)	26.4	18.8x	1.0x	5.1	2.1	11.9	23.1	0.8
TOWR	1,035	1,100	1,300	Buy	25.6	7.8	52.8	15.5x	3.4x	23.8	2.3	9.4	(11.8)	0.4
TBIG	2,000	2,300	2,390	Buy	19.5	(27.8)	45.3	29.0x	3.9x	14.5	1.8	(1.4)	(25.6)	0.6
MTEL	665	800	865	Buy	30.1	(2.9)	55.5	31.7x	1.6x	5.3	3.2	9.9	9.1	N/A
WIKA	396	800	1,280	Buy	223.2	(56.2)	3.6	N/A	0.3x	(4.6)	N/A	37.4	N/A	1.2
PTPP	505	715	1,700	Buy	236.6	(42.6)	3.1	11.1x	0.3x	2.5	N/A	1.9	20.0	1.2

Source : Bloomberg, NH KSI Research

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Property & Real Estate							253.0							
CTRA	1,095	940	1,500	Buy	37.0	10.6	20.3	11.0x	1.1x	10.2	1.3	(4.6)	(4.3)	0.9
PWON	476	456	690	Buy	45.0	(4.8)	22.9	13.0x	1.3x	10.3	0.8	5.9	60.5	1.1
Energy							1,204.1							
PGAS	1,345	1,760	1,770	Buy	31.6	(14.6)	32.6	7.2x	0.8x	10.9	9.3	11.6	(20.0)	1.0
PTBA	3,120	3,690	4,900	Buy	57.1	(23.0)	35.9	3.1x	1.2x	41.1	22.1	#N/A	N/A	1.0
ADRO	2,410	3,850	3,900	Buy	61.8	(27.2)	77.1	2.0x	0.8x	46.2	16.2	50.1	15.3	1.2
Industrial							435.0							
UNTR	23,300	26,075	32,000	Buy	37.3	(22.1)	86.9	3.9x	1.0x	27.2	30.1	24.7	26.6	0.9
ASII	6,475	5,700	8,000	Buy	23.6	(9.1)	262.1	8.5x	1.3x	16.3	9.9	15.5	27.2	1.1
Basic Ind.							960.9							
SMGR	5,925	6,575	9,500	Buy	60.3	(6.4)	40.0	15.0x	0.9x	6.1	4.1	4.5	(2.1)	0.9
INTP	10,200	9,900	12,700	Buy	24.5	3.0	37.5	17.3x	1.8x	10.0	4.9	19.3	109.0	0.8
INCO	6,400	7,100	8,200	Buy	28.1	(19.7)	63.6	18.4x	1.7x	9.9	1.4	54.5	45.6	1.2
ANTM	1,955	1,985	3,450	Buy	76.5	(21.5)	47.0	11.7x	1.9x	16.9	2.0	18.9	13.5	1.4

Source : Bloomberg, NH KSI Research

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