

## Weekly Brief (May 29 – June 2, 2023)

### Summary:

#### Last week review:

**In addition to the US debt ceiling issue that occupied the minds of global market participants** (which finally managed to reach a resolution on Sunday 28/05/23 yesterday), last week was filled with monetary policy announcements of a number of countries ahead of the US Federal Reserve's interest rate decision at the upcoming FOMC Meeting on June 13-14, and how the global economy has fared so far in facing the threat of recession. At least China, South Korea, and Indonesia kept their benchmark interest rates at 3.65%, 3.5% and 5.75% respectively; as the economic situation in these countries has not changed much or inflation has managed to level off orderly. **In terms of US interest rates**, Federal Reserve officials' comments are still mixed on the future FFR hike plans. The release of the Fed Meeting Minutes from the last meeting on May 2-3, managed to show that most Fed officials think that they may not need to raise interest rates again at the next FOMC Meeting on June 13-14 (as expected by investors); although a pivot (rate cut) may not happen yet considering there are not enough strong factors to end the trend of tight monetary policy. Meanwhile, from the macroeconomic report, the US revised 1Q23 GDP to 1.3% (from 1.1% forecast) although it did weaken from the previous quarter's 2.6%; and reported Initial Jobless Claims rose to 229k from the previous week's 225k, but still below the forecast of 250k. Both readings signaled that the US economy is still strong and dashed hopes of a slowdown in the pace of interest rate hikes next month. Market participants are starting to factor in a 50% probability of a further rate hike at next month's FOMC Meeting (from 28% probability previously), as reported by the Fed Rate Monitor Tool. **Indonesia released 1Q23 Balance of Payments data at USD 6.5 billion**, or higher than USD 4.7 billion in the previous quarter. Meanwhile, the Current Account managed to post an increase in surplus to USD 2.97 billion in the first 3 months of this year from USD 550 million in the same period last year, maintaining 7 consecutive quarters of gains and equivalent to 0.9% of GDP. Bank Indonesia re-appointed Perry Warjiyo as BI Governor for a second term. Bank Indonesia decided to keep BI7DRR at 5.75%, and reiterated its optimistic GDP projection in the range of 4.5-5.3% on the back of more aggressive economic growth in the second half of the year.

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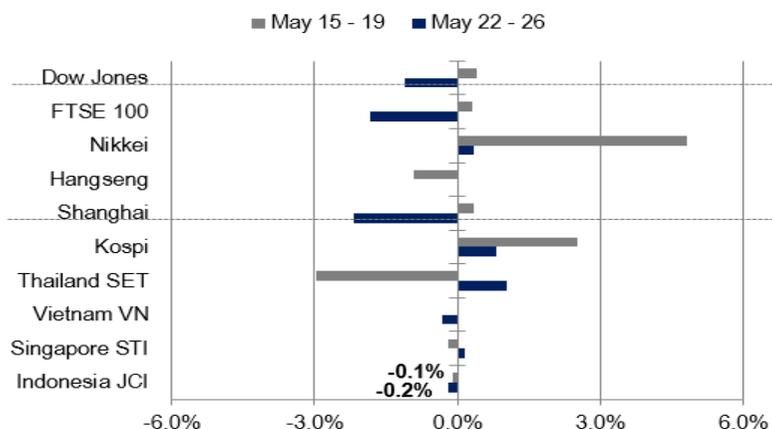
### This week's outlook:

**After weeks of tough negotiations**, Republicans and Democrats reached a tentative agreement to raise the USD 31.4 trillion debt ceiling, which must now pass through the Republican-controlled Parliament and the Democrat-led Senate before June 5 to avoid a default that cripples the global economy for the first time. Both sides are confident that the deal will get approval. This could be a double-edged sword for Asian markets especially in the near term. Positive sentiment will generally favor riskier assets such as stocks; but on the one hand the debt limit deal gives the Federal Reserve more room to tighten policy, which could boost US bond yields and strengthen the dollar - usually not a positive sentiment for emerging markets. **Economists will be closely monitoring the following sequential employment data:** JOLTs Job Openings (Apr.), ADP Nonfarm Employment Change (May), Initial Jobless Claims, US Nonfarm Payrolls (May), and Unemployment Rate (May). These jobs data are one of the last important keys before the upcoming June FOMC Meeting; the Fed had signaled at its May meeting that it was open to the possibility of pausing interest rates, which have been rising aggressively for 14 months. Market participants now calculate a 64% chance that the US central bank will still raise the FFR another 25bps at the upcoming June 14 FOMC Meeting, as reported by Investing.com Fed rate monitor tool. This week will also be monitored for comments from a number of Federal Reserve officials that will give an idea of the direction of their monetary policy going forward. **China will release PMI data on Wednesday**, followed by the Caixin Manufacturing PMI for the private sector. Contraction in the manufacturing sector is expected to soften, while expansion in the services sector is expected to slow. So far the wheels of the Chinese economy are still showing weak demand from both their domestic and export markets; so the Chinese government set this year's growth target at just 5%. From other parts of the world, Germany & the Eurozone will release CPI data (May) on Thursday which is predicted to be still far from the ECB target of 2%. The latest data shows headline inflation at 7% while core inflation is at 5.4%; no wonder the ECB is unlikely to move from its interest rate hike trend. **This week will be a short trading week in Indonesia** given the two-day holiday on 1-2 June, overall market sentiment will follow regional markets.

JCI Index : 6,687.00 (-0.2%)  
Foreign Flow : Net Buy of IDR 2.2 Trillion (Vs. last week's net buy of IDR 0.9 Trillion)  
USD/IDR : 14,955 (0.20%)

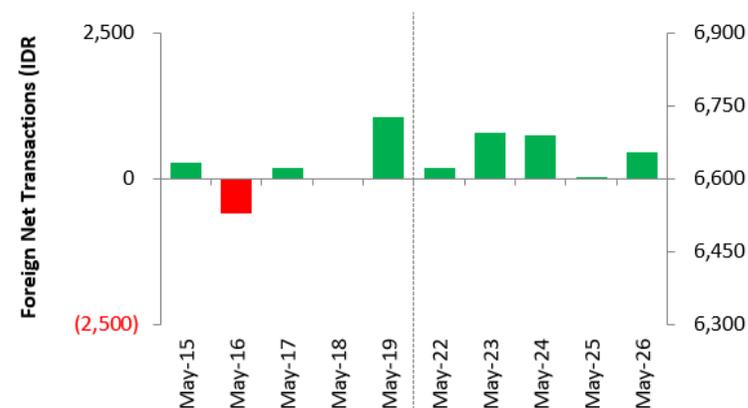
# Last Week's JCI Movement

## Global Market Movement



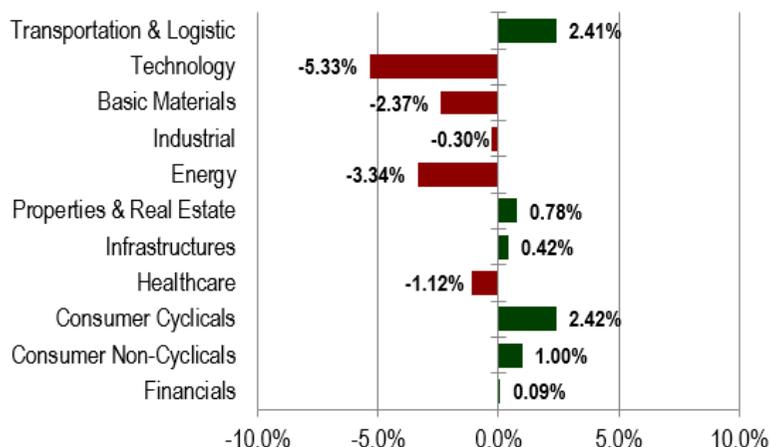
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



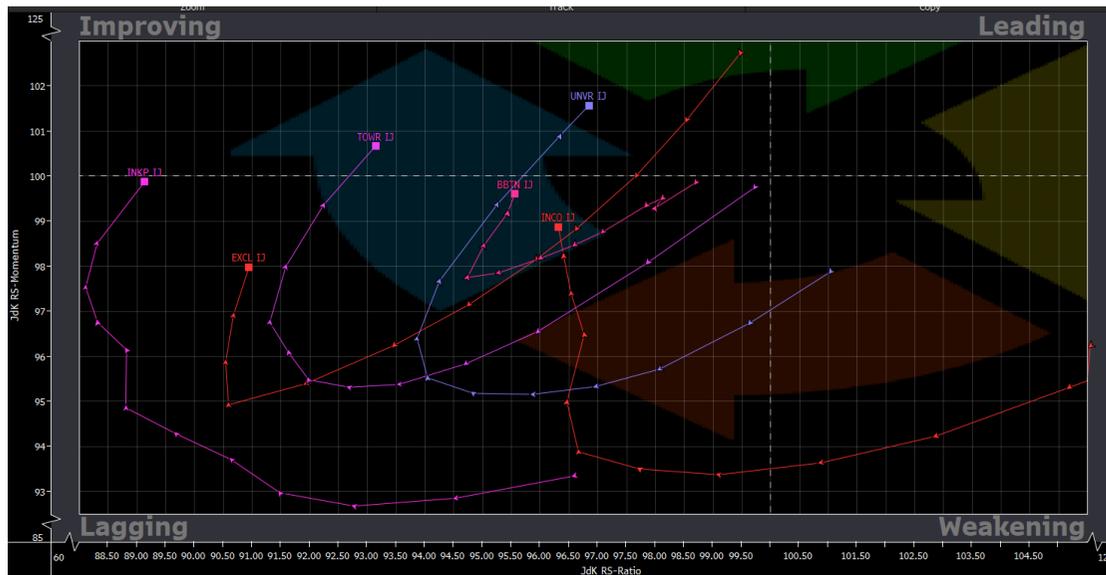
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
GOTO	809,549	TLKM	405,521
BBCA	793,528	NCKL	58,172
BBRI	745,899	CPIN	52,004
ICBP	517,398	SMGR	51,826
BBNI	219,232	GGRM	43,280

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
EXCL	2200-2240	1920
INKP	8000 / 8550-8600 / 8900-9000	6975
TOWR	1055 / 1080 / 1180 / 1225	995
UNVR	4530 / 4650-4700 / 4770 / 4920	4350
INCO	6750 / 7000 / 7125 -7225 / 7650	6475
BBTN	1290-1300 / 1340 / 1430-1450	1200

Source: Bloomberg, NHKSI Research

# JCI Index

<b>Support</b>	6660-6650 / 6560-6550	<b>Resistance</b>	6710 / 6770-6780 / 6950-6960 / 7000-7040
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## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	JP	12:00	Leading index CI	Mar F	—	97.5
<i>29– May</i>	FI	13:00	Trade Balance	Mar F	—	65 Mn
<b>Tuesday</b>	US	21:00	Conf. Board Consumer Confidence	May	99.9	101.3
<i>30– May</i>	JP	06:30	Jobless Rate	Apr	2.7%	2.8%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	May 26	—	-4.6%
<i>31– May.</i>	US	20:45	MNI Chicago PMI	May	47.5	48.6
	CH	08:30	Manufacturing PMI	May	49.6	49.2
<b>Thursday</b>	US	19:15	ADP Employment Change	May	160K	296K
<i>1– June</i>	US	19:30	Initial Jobless Claims	May 27	—	229K
	US	20:45	S&P Global US Manufacturing PMI	May F	—	48.5
	US	21:00	ISM Manufacturing	May	47.0	47.1
	CH	08:45	Caixin China PMI Mfg	May	49.5	49.5
<b>Friday</b>	US	19:30	Change in Nonfarm Payrolls	May	180K	253K
<i>2– June</i>	US	19:30	Unemployment Rate	May	3.5%	3.4%

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	APEX, APLN, BBSS, CHEM, PTSN, RAJA, RCCC, SAMF, WIIM, ZYRX
29– May	Cum Dividend	BAUT, GMTD, KKES, PBID, PJAA, SMSM, STAA
<b>Tuesday</b>	RUPS	BEST, BKSW, GHON, GIAA, HEAL, MARK, MTDL, PGAS, PGUN, RELI, TLKM, UCID
30– May	Cum Dividend	BPII, BRIS, IDEA, NAYZ
<b>Wednesday</b>	RUPS	AGII, ASLC, ATIC, BALI, BCIC, BEEF, CARS, CLEO, HERO, HRTA, INAF, KAEF, MEDC, PSGO, PUDP, SMKL, SWID, TBIG, TSPC
31– May	Cum Dividend	BISI, ITIC, MIKA, SICO, SKLT
<b>Thursday</b>	RUPS	—
1– June	Cum Dividend	—
<b>Friday</b>	RUPS	—
2– June	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
<b>Finance</b>							3,562.9							
BBCA	9,150	8,550	10,050	Overweight	9.8	20.8	1,128.0	25.5x	5.3x	21.8	2.2	22.1	44.6	0.9
BBRI	5,600	4,940	6,000	Overweight	7.1	23.3	848.7	15.5x	3.0x	19.8	5.1	10.3	28.8	1.1
BBNI	8,950	9,225	11,800	Buy	31.8	(2.7)	166.9	8.5x	1.2x	14.7	4.4	12.5	31.6	1.3
BMRI	5,125	4,963	6,300	Buy	22.9	26.5	478.3	10.9x	2.2x	21.2	5.2	16.0	25.1	1.3
<b>Consumer Non-Cyclicals</b>							1,201.2							
ICBP	11,200	10,000	13,000	Buy	16.1	29.9	130.6	19.8x	3.3x	17.3	1.9	11.4	104.2	0.5
UNVR	4,380	4,700	4,850	Overweight	10.7	(8.0)	167.1	35.1x	31.3x	81.0	3.5	(2.2)	(30.2)	0.5
MYOR	2,710	2,500	2,900	Overweight	7.0	60.8	60.6	25.5x	4.5x	19.1	0.8	11.4	135.7	0.7
CPIN	5,175	5,650	6,600	Buy	27.5	5.2	84.9	42.8x	3.2x	7.5	2.1	1.9	(79.5)	0.5
JPFA	1,275	1,295	1,300	Hold	2.0	(7.9)	15.0	26.2x	1.2x	4.5	3.9	(3.2)	N/A	0.7
AALI	7,350	8,025	9,200	Buy	25.2	(39.9)	14.1	9.6x	0.6x	6.8	5.5	(27.7)	(53.5)	1.0
<b>Consumer Cyclicals</b>							378.4							
ERAA	505	392	600	Buy	18.8	(1.9)	8.1	8.4x	1.1x	14.2	4.5	28.9	(21.1)	0.8
MAPI	1,830	1,445	1,700	Underweight	(7.1)	100.0	30.4	15.1x	3.6x	27.1	N/A	32.5	(30.6)	0.7
<b>Healthcare</b>							283.3							
KLBF	2,050	2,090	2,300	Overweight	12.2	27.3	96.1	27.9x	4.5x	16.4	1.9	12.2	3.1	0.4
SIDO	765	755	1,000	Buy	30.7	(20.7)	23.0	20.7x	7.4x	35.8	4.8	3.0	1.8	0.6
MIKA	2,690	3,190	3,000	Overweight	11.5	(5.3)	38.3	38.7x	6.6x	17.9	1.3	(6.0)	(14.5)	0.2
<b>Infrastructure</b>							875.28							
TLKM	4,130	3,750	5,000	Buy	21.1	(4.0)	409.1	19.4x	3.0x	16.0	3.6	2.5	5.0	0.8
JSMR	3,490	2,980	5,100	Buy	46.1	(9.4)	25.3	8.9x	1.1x	13.2	2.2	21.2	34.3	0.8
EXCL	1,940	2,140	3,800	Buy	95.9	(27.3)	25.5	18.2x	1.0x	5.1	2.2	11.9	23.1	0.8
TOWR	1,010	1,100	1,300	Buy	28.7	4.7	51.5	15.1x	3.3x	23.8	2.4	9.4	(11.8)	0.3
TBIG	2,120	2,300	2,390	Overweight	12.7	(23.2)	48.0	30.7x	4.1x	14.5	1.7	(1.4)	(25.6)	0.4
MTEL	655	800	865	Buy	32.1	(1.5)	54.7	31.2x	1.6x	5.3	3.3	9.9	9.1	N/A
WIKA	390	800	1,280	Buy	228.2	(58.5)	3.5	N/A	0.3x	(4.6)	N/A	37.4	N/A	1.2
PTPP	510	715	1,700	Buy	233.3	(44.6)	3.2	11.2x	0.3x	2.5	N/A	1.9	20.0	1.1

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<b>Property &amp; Real Estate</b>							253.7							
CTRA	1,100	940	1,500	Buy	36.4	9.5	20.4	11.0x	1.1x	10.2	1.3	(4.6)	(4.3)	0.9
PWON	470	456	690	Buy	46.8	(6.9)	22.6	12.8x	1.3x	10.3	0.9	5.9	60.5	1.1
<b>Energy</b>							1,158.1							
PGAS	1,345	1,760	1,770	Buy	31.6	(24.4)	32.6	7.1x	0.8x	10.9	9.3	11.6	(20.0)	1.0
PTBA	2,940	3,690	4,900	Buy	66.7	(33.5)	33.9	2.9x	1.1x	41.1	23.4	21.4	(48.9)	1.0
ADRO	2,090	3,850	3,900	Buy	86.6	(33.9)	66.9	1.7x	0.7x	46.2	23.3	50.1	15.3	1.3
<b>Industrial</b>							438.9							
UNTR	23,075	26,075	32,000	Buy	38.7	(24.1)	86.1	3.9x	0.9x	27.2	30.3	24.7	26.6	0.9
ASII	6,600	5,700	8,000	Buy	21.2	(8.7)	267.2	8.7x	1.3x	16.3	9.7	15.5	27.2	1.1
<b>Basic Ind.</b>							939.8							
SMGR	5,900	6,575	9,500	Buy	61.0	(11.7)	39.8	14.9x	0.9x	6.1	4.2	4.5	(2.1)	0.8
INTP	10,050	9,900	12,700	Buy	26.4	(2.9)	37.0	17.0x	1.7x	10.0	1.6	19.3	109.0	0.8
INCO	6,575	7,100	8,200	Buy	24.7	(15.7)	65.3	18.9x	1.8x	9.9	1.4	54.5	45.6	1.2
ANTM	1,920	1,985	3,450	Buy	79.7	(22.3)	46.1	11.5x	1.8x	16.9	2.0	18.9	13.5	1.4

Source : Bloomberg, NH KSI Research

# PT NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

## Head of Research

**Liza Camelia Suryanata**

Equity Strategy, Macroeconomics,  
Technical

T +62 21 5088 ext 9134

E liza.camelia@nhsec.co.id

## Analyst

**Cindy Alicia Ramadhania**

Consumer, Healthcare

T +62 21 5088 ext 9129

E cindy.alicia@nhsec.co.id

## Analyst

**Leonardo Lijuwardi**

Banking, Infrastructure

T +62 21 5088 ext 9127E leonard

ol.lijuwardi@nhsec.co.id

## Research Support

**Amalia Huda Nurfalah**

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

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# PT NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

## Head Office :

Treasury Tower 51th Floor, District 8, SC  
BD Lot 28, Jl. Jend. Sudirman No. Kav 52-  
53, RT.5/RW.3, Senayan, Kebayoran Bar  
u, South Jakarta City, Jakarta 12190 No.  
Telp : +62 21 5088 9102

## **BANDENGAN (Jakarta Utara)**

Jl. Bandengan Utara Kav. 81  
Blok A No. 01, Lt. 1 Kel. Penjaringan,  
Kec. Penjaringan Jakarta Utara,  
DKI Jakarta 14440  
No. Telp : +62 21 66674959

## **BANDUNG**

Paskal Hypersquare blok A1  
Jl. Pasirkaliki no 25-27 Bandung 40181  
No. Telp : +62 22 860 22122

## **BALI**

Jl. Cok Agung Tresna  
Ruko Griya Alamanda no. 9 Renon  
Denpasar, Bali 80226  
No. Telp : +62 361 209 4230

## **ITC BSD (Tangerang Selatan)**

BSD Serpong: ITC BSD Blok R No. 48  
Jalan Pahlawan Seribu, Lekong Wetan,  
Kec. Serpong, Kel. Serpong Tangerang  
Selatan – Banten 15311  
No. Telp : +62 21 509 20230

## **KAMAL MUARA (Jakarta Utara)**

Rukan Exclusive Mediterania Blok F  
No.2, Kel. Kamal Muara,  
Kec. Penjaringan, Jakarta Utara 14470  
No. Telp : +62 21 5089 7480

## **MAKASSAR**

Jl. Gunung Latimojong No. 120A  
Kec. Makassar Kel. Lariang Bangi  
Makassar, Sulawesi Selatan  
No. Telp : +62 411 360 4650

## **MEDAN**

Jl. Asia No. 548 S Medan  
Sumatera Utara 20214  
No. Telp : +62 61 415 6500

## **PEKANBARU**

Sudirman City Square  
Jl. Jend. Sudirman Blok A No. 7  
Pekanbaru, Riau  
No. Telp : +62 761 801 1330