

Weekly Brief (May 2 – 5, 2023)

Summary:

Last week review:

Several readings from European economic data showed pessimism about the future economic situation as illustrated by the German Ifo Business Climate Index (Apr), aka the German business expectations indicator for the next six months, which was released at 93.6 under the expectation of 94. Germany's unemployment rate jumped twice as high as expected to 24,000. No wonder Germany's GDP for 1/2023 fell below expectations of 0.8% YoY and only managed to record 0.2% YoY. This matter also dragged the overall Eurozone GDP performance to 1.3% YoY, lower than expectations of 1.4% YoY or the previous quarter at 1.8%. On the other hand, this economic slowdown explains why German Inflation (Apr) slipped to 7.2%, lower than the last period at 7.4%. From the US, the same gloomy economic outlook emanated from the US Consumer Confidence Index (Apr.) data as the leading indicator of overall economic activity recorded at 101.3, lower than forecast & previous at 104. This data was followed by the release of US economic growth in 1/2023, which dropped below expectations of 2%, where US GDP could only grow 1.1% YoY. Pending Home Sales (Mar.) plunged far below expectations at -5.2%, rather than the forecast of below 1%, but still in positive territory. On one side, the pessimistic view of the economy was offset by Building Permits and New Home Sales (Mar.), which showed an above-expected addition. Similarly, Durable Goods Orders (Mar.) also far exceeded forecasts and were able to shrink the Trade Balance (Mar.) deficit to USD -84.6 billion. Initial Jobless Claims also came in lower than expected at 230k, still lower than forecast & previous which was above 240k. From the Asian continent, the Inflation rate in Tokyo (Apr.), both annual and monthly, Industrial Production (Mar.), and Retail Sales (Mar.) seemed to grow expansively above expectations. However, Japan maintains its loose monetary policy by keeping interest rates minus 0.1%. The Governor of BI optimistically predicted that Indonesia's economic growth in 2023 could reach 5.3%, supported by increased domestic consumption and positive export performance; On the one hand, Foreign Direct Investment for the 1/2023 quarter turned out to plummet to 20.2%, more than half of the previous quarter's performance.

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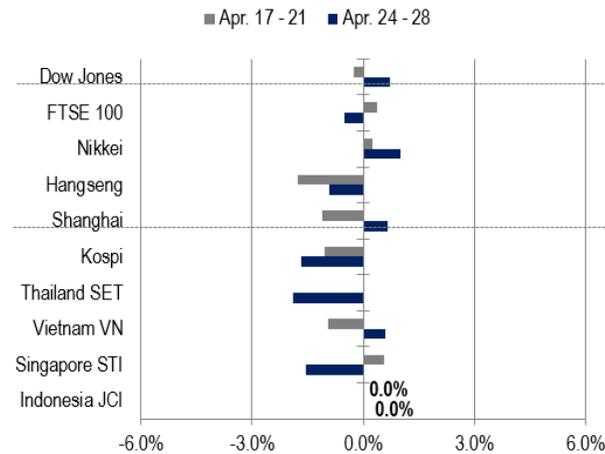
This week's outlook:

The US Federal Reserve decision on Wednesday, May 3rd, is the highlight of the week that market participants will be waiting for, as the US central bank will announce an expected 25bps rate hike to 5%-5.25% (the highest rate since 2007) based on the move to push inflation to the 2% target, as well as growing concerns about the future economic outlook. On the one hand, there is a high expectation from market participants that the Fed will open the opportunity to stop the upward trend of interest rates in June, with the latest developments related to the banking crisis surrounding First Republic Bank, which was forced to be taken over by the US government & sell its assets to JP Morgan as a rescue effort, and also as a measure to prevent a repeat of the 2008 financial crisis due to the failure of the US banking system. Following this, the US will also release their employment data on Friday, where Nonfarm Payrolls (Apr.) is expected to have a job addition of 180k, down from the previous period at 236k. The unemployment rate is also expected to rise to 3.6%. Meanwhile, ADP Nonfarm Employment Change (Apr.), aka data on private sector labor, is expected to rise to a level of 150 thousand, higher than the previous at 145 thousand. In essence, JOLTs Job Openings (Mar.) is indeed expected to decline to 9.775mn from the last period of 9.91 million. The above employment data, along with the ISM Purchasing Manager Index report for the manufacturing & services sector in April, will be of interest since the economic data for the first quarter of this year has shown an economic slowdown. The ECB will also announce another rate hike on Thursday, with 25bps-50bps expected. Prior to that, the Euro Zone Inflation report (Apr.) will provide more clues on the amount to be charged. Furthermore, earnings reports from mega-cap companies such as Apple (the most significant US company with a market value of USD 2.6 trillion), as well as Ford, Starbucks, Marriott International, Moderna, Pfizer, and Uber Technologies, will release their quarterly performance reports one by one this week. Indonesian investors will look forward to Inflation (Apr.) data which is expected to ease further to 4.39% yoy (from 4.97% previously), accompanied by Core Inflation which also tamed to 2.89% (from 2.94% previously). On Friday, Indonesia's GDP figure for the first quarter is predicted to reach 4.95%, lower than the previous quarter at 5.01%.

| | |
|--------------|---|
| JCI Index | : 6,915.72 (1.4%) |
| Foreign Flow | : Net Buy of IDR 2.8 Trillion (Vs. last week's net buy of IDR 1.8 Trillion) |
| USD/IDR | : 14,670 (-1.18%) |

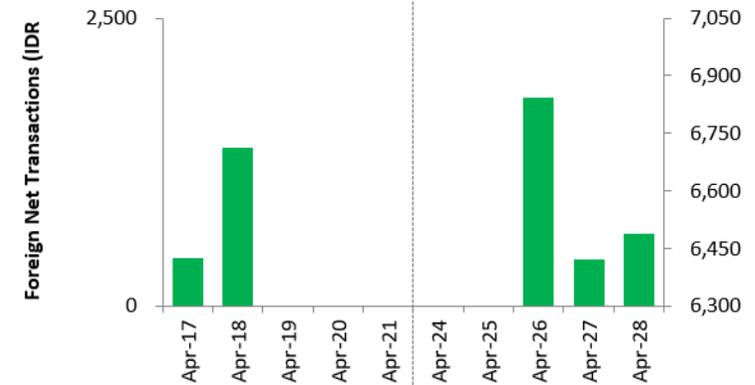
Last Week's JCI Movement

Global Market Movement



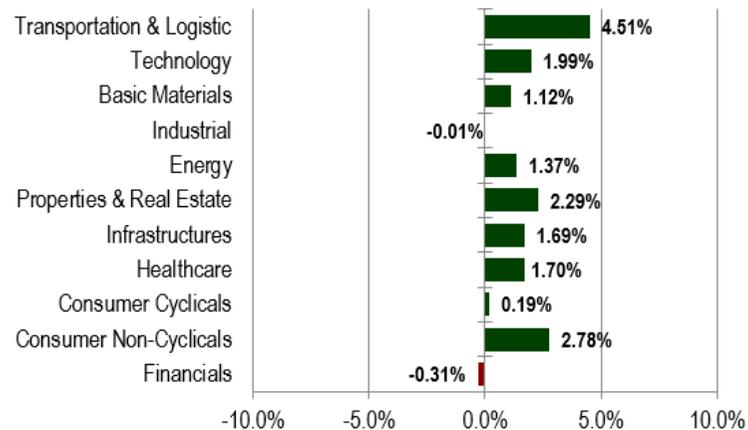
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



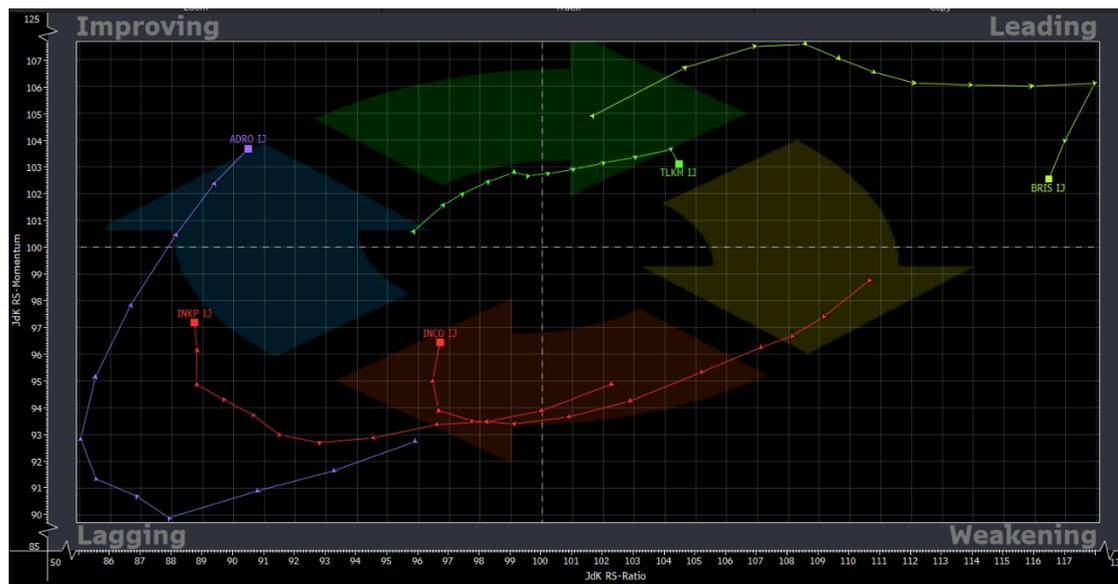
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

| Top Buy (RG) | NB Val. (IDR Mn) | Top Sell (RG) | NS Value (IDR Mn) |
|--------------|------------------|---------------|-------------------|
| BBRI | 827,466 | UNTR | 201,758 |
| ASII | 628,926 | GOTO | 167,242 |
| BBCA | 510,980 | NCKL | 123,077 |
| TLKM | 380,990 | SMGR | 98,612 |
| MDKA | 200,342 | MBMA | 97,638 |

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

| Stocks | TP | SL |
|--------|-------------------------------------|------|
| ADRO | 3300 / 3450 / 3530 | 2990 |
| BRIS | 1820-1860 / 1960-1970 / 2000 / 2100 | 1660 |
| INKP | 8000 / 8600 / 8800 | 7525 |
| TLKM | 4500-4530 | 4150 |
| INCO | 7125 / 7200 / 7350 / 7650 | 6600 |

Source: Bloomberg, NHKSI Research

JCI Index

| | | | |
|---------|-------------------------|------------|-----------------------------------|
| Support | 6840-6810 / 6750 / 6650 | Resistance | 6950-6960 / 7000-7040 / 7100-7130 |
|---------|-------------------------|------------|-----------------------------------|



Source: NHKSI Research, Bloomberg

Economic Calendar

| Date | Country | Hour Jakarta | Event | Period | Consensus | Previous |
|------------------|---------|--------------|----------------------------------|--------|-----------|-----------|
| Monday | US | 20:45 | S&P Global US Manufacturing PMI | Apr F | — | 50.4 |
| <i>1– Mei.</i> | US | 21:00 | ISM Manufacturing | Apr | 46.8 | 46.3 |
| Tuesday | US | 21:00 | Factory Orders | Mar | 0.6% | -0.7% |
| <i>2– Mei.</i> | US | 21:00 | Durable Goods Orders | Mar F | — | 3.2% |
| | ID | — | CPI YoY | Apr | 4.51% | 4.97% |
| Wednesday | US | 18:00 | MBA Mortgage Applications | Apr 28 | — | 3.7% |
| <i>3– Mei.</i> | US | 19:15 | ADP Employment Change | Apr | 145K | 145K |
| Thursday | US | 01:00 | FOMC Rate Decision (Upper Bound) | May 3 | 5.25% | 5.00% |
| <i>4– Mei.</i> | US | 01:00 | FOMC Rate Decision (Lower Bound) | May 3 | 5.00% | 4.75% |
| | US | 19:30 | Trade Balance | Mar | -\$69.2Bn | -\$70.5Bn |
| | US | 19:30 | Initial Jobless Claims | Apr 29 | — | — |
| | US | 19:30 | Continuing Claims | Apr 22 | — | — |
| Friday | US | 19:30 | Change in Nonfarm Payrolls | Apr | 175K | 236K |
| <i>5– Mei.</i> | US | 19:30 | Unemployment Rate | Apr | 3.6% | 3.5% |
| | CH | 08:45 | Caixin China PMI Composite | Apr | — | 54.5 |

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

| Date | Event | Company |
|------------------|--------------|--|
| Monday | RUPS | — |
| 1– Mei. | Cum Dividend | — |
| Tuesday | RUPS | DSSA, EPMT, LUCY |
| 2– Mei. | Cum Dividend | GOOD, MTEL |
| Wednesday | RUPS | CBUT, FUJI, KLBF, NICK, NICL, TLDN |
| 3– Mei. | Cum Dividend | KDTN, XCID |
| Thursday | RUPS | BKSL, WIKA |
| 4– Mei. | Cum Dividend | ASII, INDY, MCOL, TGKA |
| Friday | RUPS | EXCL, GTBO, IBFN, INCO, KMTR, KRYA, LINK, PKPK, SUPR, TOWR, YULE |
| 5– Mei. | 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 | | | | | | | 3,492.1 | | | | | | | |
| BBCA | 9,050 | 8,550 | 9,750 | Overweight | 7.7 | 11.4 | 1,115.6 | 25.2x | 5.3x | 21.8 | 2.3 | 22.1 | 44.6 | 0.9 |
| BBRI | 5,100 | 4,940 | 5,800 | Overweight | 13.7 | 4.7 | 773.0 | 14.1x | 2.8x | 19.8 | 5.7 | 10.3 | 28.8 | 1.1 |
| BBNI | 9,425 | 9,225 | 11,800 | Buy | 25.2 | 2.2 | 175.8 | 9.0x | 1.2x | 14.7 | 4.2 | 12.5 | 31.6 | 1.3 |
| BMRI | 5,175 | 4,963 | 11,550 | Buy | 123.2 | 15.6 | 483.0 | 11.0x | 2.2x | 21.2 | 5.1 | 16.0 | 25.1 | 1.2 |
| Consumer Non-Cyclicals | | | | | | | 1,187.8 | | | | | | | |
| ICBP | 10,575 | 10,000 | 12,000 | Overweight | 13.5 | 38.7 | 123.3 | 26.9x | 3.4x | 13.0 | 2.0 | 14.1 | (28.4) | 0.5 |
| UNVR | 4,400 | 4,700 | 4,850 | Overweight | 10.2 | 13.1 | 167.9 | 35.3x | 31.4x | 81.0 | 3.5 | (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 |
| CPIN | 4,590 | 5,650 | 6,600 | Buy | 43.8 | (10.9) | 75.3 | 25.7x | 2.9x | 11.4 | 2.4 | 10.0 | (19.0) | 0.6 |
| JPFA | 1,040 | 1,295 | 1,300 | Buy | 25.0 | (28.3) | 12.2 | 21.3x | 1.0x | 4.5 | 4.8 | (3.2) | N/A | 0.8 |
| AALI | 7,725 | 8,025 | 9,200 | Buy | 19.1 | (38.2) | 14.9 | 10.1x | 0.7x | 6.8 | 5.2 | (27.7) | (53.5) | 1.0 |
| Consumer Cyclicals | | | | | | | 356.6 | | | | | | | |
| ERAA | 496 | 392 | 500 | Hold | 0.8 | (5.5) | 7.9 | 7.7x | 1.2x | 15.7 | 4.6 | 13.8 | (0.2) | 0.8 |
| MAPI | 1,370 | 1,445 | 1,700 | Buy | 24.1 | 52.2 | 22.7 | 11.3x | 2.7x | 27.1 | N/A | 32.5 | (30.6) | 0.9 |
| Healthcare | | | | | | | 295.8 | | | | | | | |
| KLBF | 2,120 | 2,090 | 2,300 | Overweight | 8.5 | 29.3 | 99.4 | 28.9x | 4.6x | 16.4 | 1.7 | 12.2 | 3.1 | 0.4 |
| SIDO | 790 | 755 | 950 | Buy | 20.3 | (16.0) | 23.7 | 21.4x | 7.6x | 35.8 | 4.6 | 3.0 | 1.8 | 0.6 |
| MIKA | 2,890 | 3,190 | 3,000 | Hold | 3.8 | 14.2 | 41.2 | 40.0x | 7.4x | 18.8 | 1.2 | (7.0) | (17.0) | 0.2 |
| Infrastructure | | | | | | | 883.99 | | | | | | | |
| TLKM | 4,250 | 3,750 | 4,940 | Buy | 16.2 | (8.0) | 421.0 | 20.0x | 3.1x | 16.0 | 3.5 | 2.5 | 5.0 | 0.8 |
| JSMR | 3,290 | 2,980 | 5,100 | Buy | 55.0 | (18.4) | 23.9 | 8.4x | 1.1x | 13.2 | N/A | 21.2 | 34.3 | 0.8 |
| EXCL | 1,750 | 2,140 | 3,800 | Buy | 117.1 | (45.1) | 23.0 | 16.9x | 0.9x | 4.9 | 2.9 | 8.9 | (13.2) | 0.8 |
| TOWR | 1,025 | 1,100 | 1,300 | Buy | 26.8 | 1.5 | 52.3 | 14.9x | 3.5x | 26.0 | 2.4 | 27.8 | 0.2 | 0.3 |
| TBIG | 2,060 | 2,300 | 2,390 | Buy | 16.0 | (31.6) | 46.7 | 27.8x | 4.5x | 16.7 | 1.7 | 5.6 | 2.4 | 0.6 |
| WIKA | 605 | 800 | 1,280 | Buy | 111.6 | (36.3) | 5.4 | N/A | 0.4x | (0.5) | N/A | 20.6 | N/A | 1.2 |
| PTPP | 650 | 715 | 1,700 | Buy | 161.5 | (30.5) | 4.0 | 14.6x | 0.4x | 2.5 | N/A | 12.9 | 2.3 | 1.2 |

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| | 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 |
|-----------------------------------|------------|------------------------|---------------|------------|----------------------|-------------------|---------------------|-------------------|--------------|----------------------|------------------------|----------------------|--------------------|-----------|
| Property & Real Estate | | | | | | | 247.0 | | | | | | | |
| CTRA | 995 | 940 | 1,500 | Buy | 50.8 | (6.6) | 18.4 | 9.9x | 1.0x | 10.5 | 1.4 | (6.2) | 7.4 | 1.0 |
| PWON | 486 | 456 | 690 | Buy | 42.0 | (13.2) | 23.4 | 15.2x | 1.4x | 9.2 | 0.8 | 4.8 | 11.3 | 1.1 |
| Energy | | | | | | | 1,376.1 | | | | | | | |
| PGAS | 1,430 | 1,760 | 1,770 | Buy | 23.8 | (1.4) | 34.7 | 7.8x | 0.9x | 10.9 | 8.7 | 11.6 | (20.0) | 1.0 |
| PTBA | 4,140 | 3,690 | 4,900 | Buy | 18.4 | 8.4 | 47.7 | 4.2x | 1.6x | 41.1 | 16.6 | 21.4 | (48.9) | 1.0 |
| ADRO | 3,130 | 3,850 | 3,900 | Buy | 24.6 | (6.3) | 100.1 | 2.7x | 1.1x | 49.1 | 12.5 | 102.9 | 174.4 | 1.2 |
| Industrial | | | | | | | 466.5 | | | | | | | |
| UNTR | 28,900 | 26,075 | 32,000 | Overweight | 10.7 | (4.5) | 107.8 | 4.8x | 1.2x | 27.2 | 24.2 | 24.7 | 26.6 | 0.8 |
| ASII | 6,750 | 5,700 | 8,000 | Buy | 18.5 | (10.9) | 273.3 | 8.9x | 1.4x | 16.3 | 4.2 | 15.5 | 27.2 | 1.1 |
| Basic Ind. | | | | | | | 1,071.1 | | | | | | | |
| SMGR | 5,950 | 6,575 | 9,500 | Buy | 59.7 | (6.8) | 40.2 | 15.0x | 0.9x | 5.8 | 2.9 | (0.9) | 15.4 | 0.9 |
| INTP | 10,850 | 9,900 | 12,700 | Buy | 17.1 | 3.6 | 39.9 | 18.4x | 1.9x | 10.0 | 4.6 | 19.3 | 109.0 | 0.8 |
| INCO | 6,975 | 7,100 | 8,200 | Buy | 17.6 | (4.5) | 69.3 | 20.4x | 1.9x | 9.9 | N/A | 54.5 | 45.6 | 1.3 |
| ANTM | 2,100 | 1,985 | 3,450 | Buy | 64.3 | (19.2) | 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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