

Weekly Brief (June 26 – 30, 2023)

Summary:

Last week review:

Federal Reserve Chairman Jerome Powell's recent comments that interest rate hikes will continue this summer as they move to curb US Inflation (which is still far from their target of 2%); dominated sentiment last week and caused Wall Street's major indexes to lose their winning week. The Nasdaq finally stalled from 8 consecutive weeks of gains, the longest since March 2019; while the S&P500 was also unable to continue its 5 consecutive weeks of rally, the longest since November 2021. Equally, JCI also closed last week at 2-week lows, falling back below MA10 & MA20 Support accompanied by weekly foreign net sell of IDR 1 trillion; bringing the 1-month total of Foreign Net Sell to IDR 2 trillion. The Fed's decision has the potential to further lead the global economy into a widespread recession; especially in an already overbought market, making investors to take profit-taking moves. Financial markets have priced in a 74.4% probability of a 25 bps Fed Fund Rate hike at the upcoming FOMC Meeting in July, as reported by the CME Group FedWatch Tool. **US Initial Jobless Claims hit a 20-month high** and continued to strengthen for the 3rd consecutive week; while the Conference Board Leading Economic Index fell again in the 14th month, making it evident that the Fed's efforts to curb economic growth have paid off. The revised US S&P Global Composite PMI (June) again stated that the US Manufacturing sector is still struggling on the path of contraction, while the Services sector began to strengthen above expectations in the expansion area.

Speaking of other countries' interest rate trends, the Bank of Japan maintained its ultra-loose monetary policy, where their CPI & Core CPI (May) was reported at a relative 3.2%. China's central bank cut their benchmark rate by another 10 bps to 3.55% to further stimulate their economy, but on the other hand also emphasized that China needs more stimulus to boost their slow economic recovery after the Covid pandemic. Meanwhile, the European Central Bank chose to raise its benchmark interest rate by a further 25 basis points. A surprise came from the Bank of England who implemented a higher than expected interest rate hike of 50 bps to 5% (from 4.75% prediction) in order to tame the UK Inflation which has been quite tough for the past two months at 8.7%. Domestically, Bank Indonesia's Board of Governors Meeting again held BI7DRR at 5.75%, with the composition of Deposit Rate (June) at 5% and Lending Rate (June) at 6.5%. **Energy stocks became the overall market ballast**, triggered by the fall in global oil prices as weak demand from China as the world's largest crude oil importer resurfaced. CNPC Economics & Technology Research Institute expects Crude Oil demand from China to grow only 3.5% or 740 million tons by 2023, down from the previous forecast of 5.1%.

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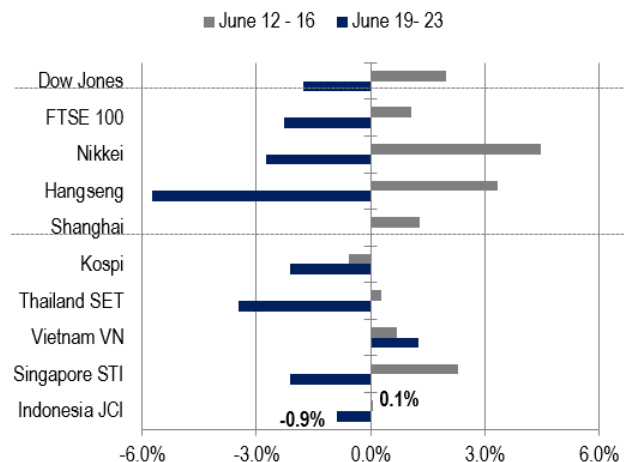
This week's outlook:

This week will again be a short trading week for Indonesian investors as the government declared the Idul Adha holiday & collective leave on 28-30 June, but other global market participants will be quite busy paying attention to several issues. Investors will get an update on the direction of monetary policy from the release of US Personal Consumption Expenditures price index data on Friday, which is the Federal Reserve's most favored Inflation-related indicator. So far over the past 12 months up to April, the PCE price index is still running above the Fed's target of 2%. However, prior to that, the Consumer Confidence report is also scheduled to come out on Tuesday. The US Consumer Confidence index is expected to be higher than May, which was at a 6-month low. **The Eurozone is scheduled to release preliminary Inflation data for June on next Friday.** ECB President Christine Lagarde is likely to stick with a hawkish tone as long as the Inflation rate is still not tamed to the 2% target level. Market participants are now pricing in hikes in July & October which would take the European benchmark interest rate to 4%. Investors will get a chance to hear comments from the world's top central bankers who will gather at the ECB's annual forum in Portugal on Wednesday; where Inflation talk is sure to be a key topic. **From the Asia**, China is scheduled to release its PMI (June) report on Friday amid worldwide concerns that the economic improvement from them is losing momentum. Even some global investment banks have cut their 2023 GDP projections for China after its lackluster performance. **The geopolitical tension factor is back in Russia** and adding to the dynamics of the global investor world, where they are monitoring the potential impact to safe-haven assets including US Treasuries and commodity prices. There was a movement of Russian mercenaries towards Moscow after they took over the city of Rostov in a believed attempt to destabilize the leadership of President Vladimir Putin. Further developments on this matter will be of interest to the public over the next few days; as to whether the risk of a larger coup will be mitigated.

JCI Index : 6,639.73 (-0.9%)
Foreign Flow : Net Sell of IDR 1.7 Trillion (Vs. last week's net sell of IDR 2.6 Trillion)
USD/IDR : 14,994 (0.40%)

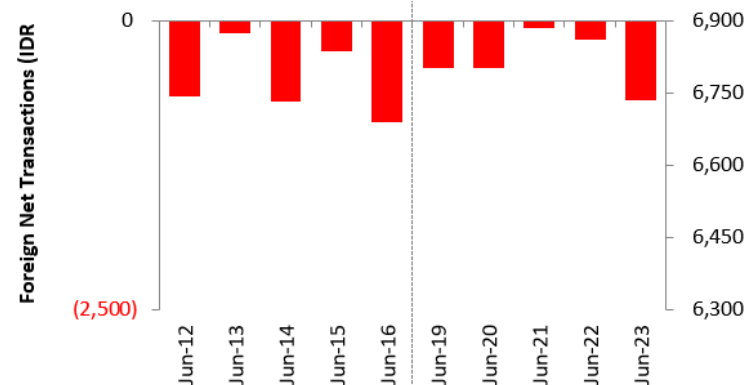
Last Week's JCI Movement

Global Market Movement



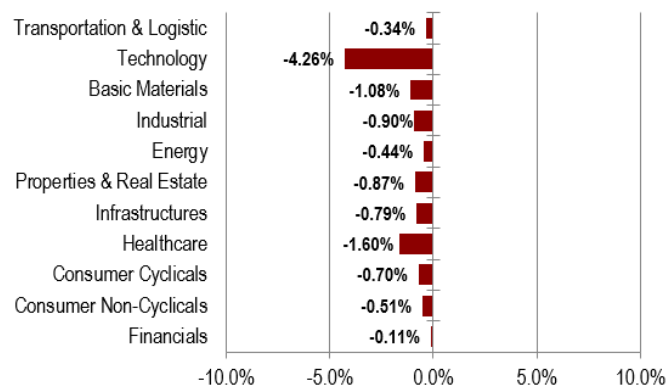
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



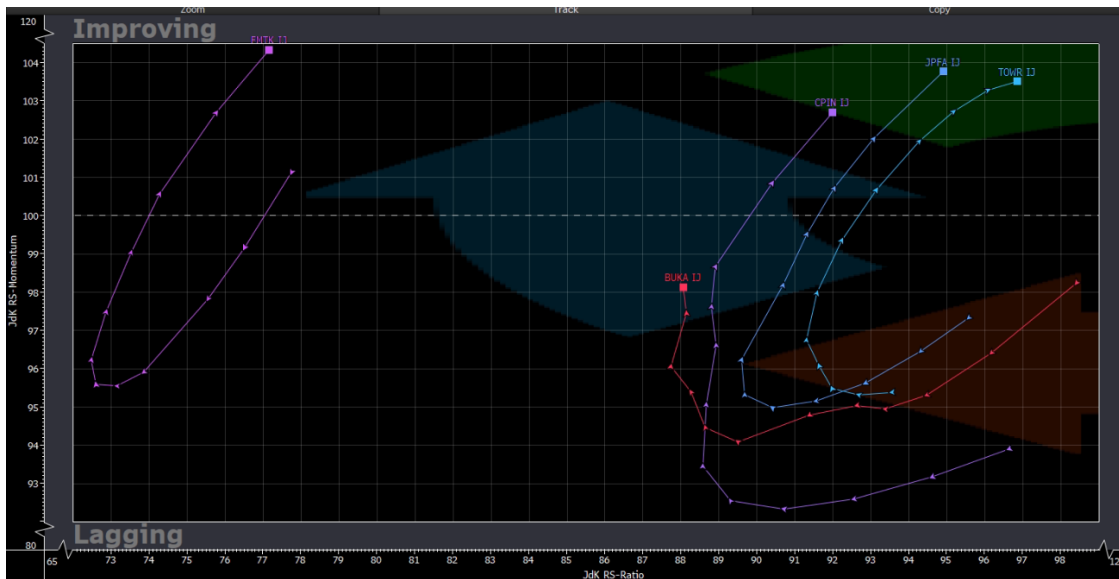
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
ACES	71,035	TLKM	265,274
ICBP	63,829	BBCA	238,376
BBNI	47,022	BBRI	238,084
UNTR	34,871	GOTO	158,946
AKRA	9,020	PTBA	130,147

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
BUKA	230 / 246 / 268 / 280-284	206
CPIN	5600-5750 / 5925-6000	5025
EMTK	775-790 / 820 / 860	690
JPFA	1400-1415	1230
TOWR	1135-1145	1015

Source: Bloomberg, NHKSI Research

JCI Index



Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday 26 – June	US	21:30	Dallas Fed Manf. Activity	Jun	—	-29.1
	GE	15:00	IFO Business Climate	Jun	90.5	91.7
	GE	15:00	IFO Expectations	Jun	88.5	88.6
Tuesday 27 – June	US	19:30	Durable Goods Orders	May P	-1.0%	1.1%
	US	21:00	New Home Sales	May	663K	683K
	US	21:00	Conf. Board Consumer Confidence	May	103.5	102.3
Wednesday 28 – June	US	18:00	MBA Mortgage Applications	Jun 23	—	0.5%
	US	19:30	Wholesale Inventories MoM	May P	—	-0.1%
Thursday 29 – June	US	19:30	GDP Annualized QoQ	1Q T	1.4%	1.3%
	US	19:30	Initial Jobless Claims	Jun 24	—	264K
	GE	19:00	CPI MoM	Jun P	0.3%	-0.1%
	GE	19:00	CPI YoY	Jun P	6.3%	6.1%
Friday 30 – June	US	19:30	Personal Income	May	0.4%	0.4%
	US	19:30	Personal Spending	May	0.2%	0.8%
	US	20:45	MNI Chicago PMI	Jun	44.2	40.4
	US	21:00	U. of Mich. Sentiment	Jun F	63.9	63.9
	CH	08:30	Manufacturing PMI	Jun	49.0	48.8
	GE	14:55	Unemployment Change (000's)	Jun	15.0K	9.0K
	KR	06:00	Industrial Production YoY	May	—	-8.9%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Jun	3.5%	3.2%
	JP	06:30	Jobless Rate	May	2.6%	2.6%
	JP	06:30	Job-To-Applicant Ratio	May	1.32	1.32
JP	06:50	Industrial Production MoM	May P	-0.8%	0.7%	

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	ANDI, APLI, BNBA, BRMS, BTEK, CASH, CBMF, DEFI, DMND, ESIP, FITT, GGRM, GPSO, HALO, IMAS, I MJS, JMAS, MDRN, MTPS, PDES, PICO, PTMP, SOUL, PTPW, SOUL, TRUS, WEHA
26 – June	Cum Dividend	ALDO, BAYU, KEEN, TCPI
Tuesday	RUPS	ASBI, ASDM, BHAT, BIMA, BINO, BIPP, BPFI, BSDE, BSIM, BSWD, CPRO, CTRA, DADA, DNET, DUTI, ECII, FISH, GSMF, GTRA, HDTX, HOKI, IBOS, IGAR, INDR, INPC, IPCC, JIHD, KJEN, LIFE, LION, LMSH, MAIN, MGNA, MKNT, MNCN, MT WI, NSSS, OMRE, PWON, SKBM, SMMA, SMMT, SQMI, SULI, SUNI, TARA, TIRA, YELO
27 – June	Cum Dividend	BBLD, BMHS, DMAS, JAYA, PPGL, TALF, ULTJ, WINE
Wednesday	RUPS	ABBA, AIMS, ASSA, AYLS, BACA, BBYB, BHIT, BIKE, BIPI, BUVA, CASA, CBRE, CITA, CMPP, CTTH, DART, DKFT, FOOD, GMFI, GTBO, HITS, HOPE, ITMA, JKSW, KAYU, KICI, KONI, KPIG, LPGI, MENN, NASA, NATO, NCKL, PGLI, PRAS, RAFI, SINI, SMDR, SSTM, SURE, TIRT, TOYS, TRIM, TRST, UANG, URBN, VICO, WAPO, WMPP, WMUU, ZINC
28 – June	Cum Dividend	ALDO, CHIP, MAPA, MAPI
Thursday	RUPS	—
29 – June	Cum Dividend	—
Friday	RUPS	AGAR, AKKU, ARII, ASHA, ATAP, BAJA, BBKP, BEER, BIKA, BMBL, BUMI, CLPI, ENRG, ENZO, EPAC, ERAA, ERTX, ETW A, GOTO, GWSA, HAJJ, HDIT, IIKP, INCI, INDO, ISSP, JAWA, KARW, KDSI, MARI, MBMA, MGLV, MINA, MPXL, MRAT, NAYZ, NIRO, PACK, PIPA, POLY, PSDN, RAAM, RODA, SMRU, STAR, TAMA, TAXI, TRUE, UNIQ, WINR, WSBP
30 – 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
Finance							3,562.0							
BBCA	9,050	8,550	10,050	Overweight	11.0	21.1	1,115.6	25.2x	5.3x	21.8	2.3	22.1	44.6	0.9
BBRI	5,400	4,940	6,000	Overweight	11.1	24.4	818.4	15.0x	2.9x	19.8	5.3	10.3	28.8	1.1
BBNI	9,025	9,225	12,000	Buy	33.0	10.7	168.3	8.6x	1.2x	14.7	4.4	12.5	31.6	1.3
BMRI	5,075	4,963	6,300	Buy	24.1	22.3	473.7	10.8x	2.2x	21.2	5.2	16.0	25.1	1.3
Consumer Non-Cyclicals							1,189.2							
ICBP	11,175	10,000	13,000	Buy	16.3	18.6	130.3	19.7x	3.3x	17.3	1.9	11.4	104.2	0.4
UNVR	4,270	4,700	4,850	Overweight	13.6	(14.4)	162.9	34.3x	30.5x	81.0	3.6	(2.2)	(30.2)	0.5
MYOR	2,610	2,500	3,200	Buy	22.6	28.6	58.4	24.6x	4.4x	19.1	1.3	11.4	135.7	0.7
CPIN	5,200	5,650	5,500	Overweight	5.8	(9.6)	85.3	43.0x	3.2x	7.5	2.1	1.9	(79.5)	0.5
JPFA	1,325	1,295	1,300	Hold	(1.9)	(14.2)	15.5	27.2x	1.2x	4.5	3.8	(3.2)	N/A	0.7
AALI	7,550	8,025	9,200	Buy	21.9	(23.0)	14.5	9.9x	0.7x	6.8	5.4	(27.7)	(53.5)	1.0
Consumer Cyclicals							389.1							
ERAA	480	392	600	Buy	25.0	(9.4)	7.7	8.0x	1.1x	14.2	4.7	28.9	(21.1)	0.8
MAPI	1,705	1,445	2,000	Buy	17.3	86.3	28.3	14.1x	3.3x	27.1	N/A	32.5	(30.6)	0.7
Healthcare							286.1							
KLBF	2,050	2,090	2,300	Overweight	12.2	19.9	96.1	27.9x	4.5x	16.4	1.9	12.2	3.1	0.4
SIDO	735	755	1,000	Buy	36.1	(25.8)	22.1	19.9x	7.1x	35.8	5.0	3.0	1.8	0.6
MIKA	2,650	3,190	3,000	Overweight	13.2	1.1	37.8	38.1x	6.5x	17.9	1.4	(6.0)	(14.5)	0.2
Infrastructure							871.64							
TLKM	3,950	3,750	5,000	Buy	26.6	(4.8)	391.3	18.6x	2.9x	16.0	4.2	2.5	5.0	0.8
JSMR	3,640	2,980	5,100	Buy	40.1	(1.6)	26.4	9.3x	1.2x	13.2	2.1	21.2	34.3	0.8
EXCL	1,930	2,140	3,800	Buy	96.9	(26.6)	25.3	18.1x	1.0x	5.1	2.2	11.9	23.1	0.8
TOWR	1,055	1,100	1,370	Buy	29.9	6.6	53.8	15.8x	3.5x	23.8	2.3	9.4	(11.8)	0.3
TBIG	2,030	2,300	2,390	Buy	17.7	(29.8)	46.0	29.4x	3.9x	14.5	1.7	(1.4)	(25.6)	0.4
MTEL	670	800	865	Buy	29.1	(5.6)	56.0	31.9x	1.6x	5.3	3.2	9.9	9.1	N/A
WIKA	525	800	1,280	Buy	143.8	(46.2)	4.7	N/A	0.4x	(4.6)	N/A	37.4	N/A	1.2
PTPP	590	715	1,700	Buy	188.1	(38.5)	3.7	13.0x	0.3x	2.5	N/A	1.9	20.0	1.1

Source : Bloomberg, NH KSI Research

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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							255.6								
CTRA	1,095	940	1,500	Buy	37.0	23.7	20.3	11.0x	1.1x	10.2	1.3	(4.6)	(4.3)	0.9	
PWON	486	456	690	Buy	42.0	(2.0)	23.4	13.3x	1.3x	10.3	0.8	5.9	60.5	1.1	
Energy							1,082.8								
PGAS	1,305	1,760	1,770	Buy	35.6	(23.2)	31.6	6.9x	0.8x	10.9	10.8	11.6	(20.0)	0.9	
PTBA	3,700	3,690	4,900	Buy	32.4	(9.5)	42.6	3.7x	1.4x	41.1	29.6	21.4	(48.9)	1.0	
ADRO	2,230	3,850	3,900	Buy	74.9	(24.9)	71.3	1.8x	0.7x	46.2	21.8	50.1	15.3	1.3	
Industrial							448.3								
UNTR	23,375	26,075	32,000	Buy	36.9	(20.2)	87.2	3.9x	1.0x	27.2	30.0	24.7	26.6	0.9	
ASII	6,775	5,700	8,000	Buy	18.1	1.5	274.3	8.9x	1.4x	16.3	9.4	15.5	27.2	1.1	
Basic Ind.							947.6								
SMGR	6,125	6,575	9,500	Buy	55.1	(19.4)	41.4	15.5x	1.0x	6.1	4.0	4.5	(2.1)	0.8	
INTP	9,800	9,900	12,700	Buy	29.6	0.3	36.1	16.6x	1.7x	10.0	1.6	19.3	109.8	0.8	
INCO	6,300	7,100	8,200	Buy	30.2	-	62.6	18.0x	1.7x	9.9	1.4	54.5	45.6	1.2	
ANTM	2,010	1,985	3,450	Buy	71.6	2.0	48.3	12.0x	1.9x	16.9	4.0	18.9	13.5	1.4	

Source : Bloomberg, NH KSI Research

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