

## Weekly Brief (June 5 – 9, 2023)

### Summary:

#### Last week review:

**The US government and parliament's decision on the US debt ceiling** was the focus of global market participants' attention last week, whether they will manage to reach an agreement before a default occurs on June 1 that risks a crippling global financial sector. A number of economic data on employment was also a highlight as it would determine the future direction of the Federal Reserve's monetary policy. The latest progress could finally bring the Dow Jones last week to post a weekly win; the Nasdaq even closed at a 52-week high. The US Nonfarm Payrolls recorded employment growth of 339k, much higher than the forecast of 180k and still stronger than the previous period. However, the Unemployment Rate rose higher than expected to 3.7% (vs. forecast 3.5% & previous 3.4%); wage growth was allegedly weakening. However, with the above economic reports, analysts are still considering the possibility that the Fed will delay the rate hike at the upcoming FOMC Meeting on June 13-14. **From the commodity, oil prices crept up** on the back of speculation that OPEC+ will soon announce plans to cut production again; thereby expected to boost prices which are currently down 1.3% on a weekly basis. On the other hand, the world Gold price, which has been dethroned from USD 2000, posted a 1.3% gain last week on the back of potential economic shocks that were feared from the threat of a US debt default; although an employment report proved that the US economy is still quite strong. Meanwhile, technology stocks are in good favor following the positive sentiment on AI chip related stocks. **From the Asia, China plays an important role for the key to the global economic recovery.** Manufacturing PMI (May) still came out disappointing at 48.8 (into contractionary levels), bringing China's overall Composite PMI (May) down to 52.9 (from 54.4 the previous month). Europe at least delivered some good news by successfully taming their Inflation rate, with German CPI (May) now resting at 6.1% (successfully easing from expectations & prior period around 7.2%); dragging down overall Eurozone CPI (May) to 6.1%, quite low compared to 6.3% forecast & 7% previous.

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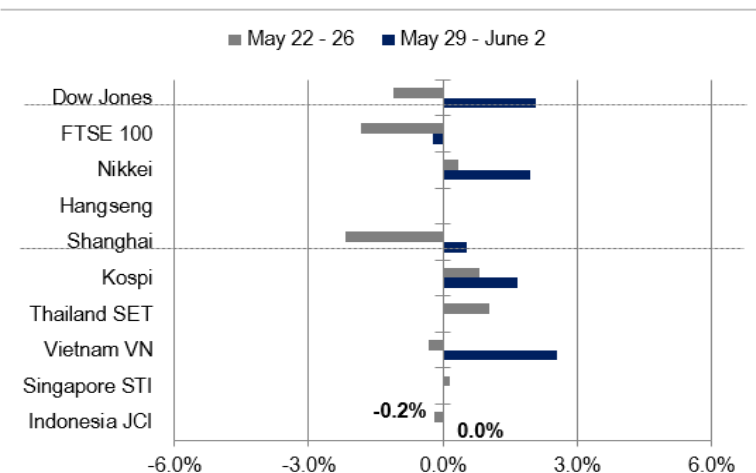
### This week's outlook:

**The US is entering its quiet period tradition ahead of the upcoming June 13-14 FOMC Meeting**, in which no more central bank officials will give comments on the monetary policy outlook. The mixed US employment report is an important benchmark for the Federal Reserve to decide whether the braking of the more than year-long pace of interest rate hikes is warranted. The ISM Services PMI that will be released on Monday is expected to still indicate a solid rate of expansion, as opposed to the Manufacturing PMI announced in May, which signaled that contraction has occurred for 7 consecutive months. **In fact, the Nasdaq has surged 33% YTD while investments in the S&P 500 have grown investors' portfolios by 11.5% YTD** ( currently at a 10-month high). However, the rising US stock market which is only underpinned by a few mega cap stocks (tech sector) raises concerns that this foundation is prone to collapse at any time upon hostile sentiments, such as the US central bank's decision on FFR. On that note, Australia & Canada will also carry their interest rate policy meetings this week on the same issue, around the fight against Inflation & their interest rates. **From the Eurozone, German will announce its Trade Balance, Factory Orders, & Industrial Production data for the second quarter of the year** on Monday to see if there is any improvement in its economy which fell into recession in 1Q23. The ECB is also scheduled to publish consumer expectations survey data on Tuesday which will shed light on whether Inflation expectations are under control; and be the subject of ECB President Christine Lagarde's awaited comments at the European Parliament's economic & monetary committee meeting. **On this week, investors will also receive the latest views from the World Bank & OECD regarding the global economy outlook.** Last month, the World Bank warned of a crisis of economic slowdown; on the other hand the OECD raised its forecast for world economic growth to 2.6% this year and 2.9% in 2024 despite warning of a fragile overall outlook. From the domestic, after a short trading week last week, Indonesia will be closely monitoring the Inflation rate report (May) which is due out this Monday morning at an estimated 4.23%, down from the previous month's 4.33%; while Foreign Exchange Reserves (May) will follow on Wednesday.

JCI Index : 6,633.26 (-0.8%)  
Foreign Flow : Net Buy of IDR 1.4 Trillion (Vs. last week's net buy of IDR 2.2 Trillion)  
USD/IDR : 14,933 (0.25%)

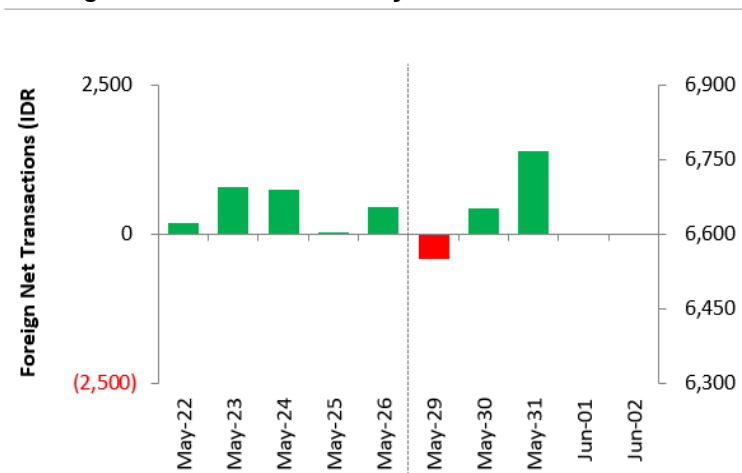
# Last Week's JCI Movement

## Global Market Movement



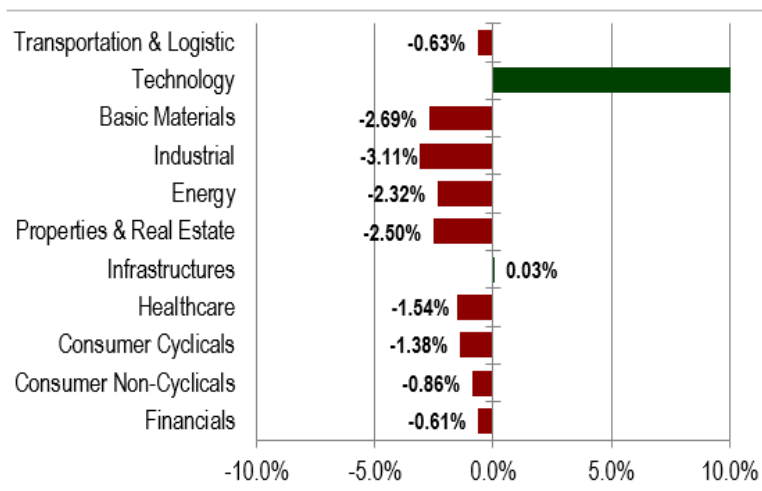
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



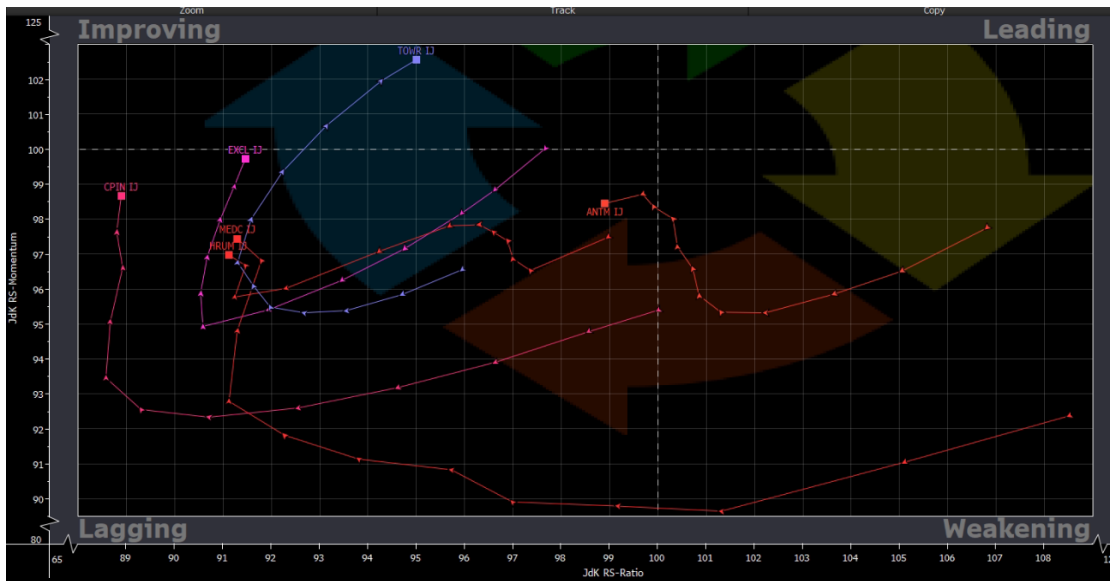
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
GOTO	3,099,256	TLKM	703,994
ICBP	288,349	ASII	278,874
BBCA	133,253	BMRI	226,517
ISAT	84,147	GGRM	166,702
ADRO	66,262	BBRI	131,036

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ANTM	2000-2020 / 2130-2150	1875
CPIN	5300-5350 / 5900-6000	4700
EXCL	2180 / 2240	1915
MEDC	1100-1115 / 1170-1200	890
TOWR	1055 / 1080-1110 / 1180 / 1230	950
HRUM	1540	1290

Source: Bloomberg, NHKSI Research

# JCI Index

Support	6560-6550	Resistance	6660-6700 / 6730-6765 / 6950-6960 / 7000-7040
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Source: NHKSI Research, Bloomberg

## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	US	21:00	Factory Orders	Apr	0.8%	0.9%
<i>5 – June</i>	US	21:00	Durable Goods Orders	Apr F	—	1.1%
	ID	07:30	S&P Global Indonesia PMI Mfg	May	—	52.7
	ID	11:00	CPI Core YoY	May	2.82%	2.83%
	ID	11:00	CPI YoY	May	4.24%	4.33%
<b>Tuesday</b>	GE	13:00	Factory Orders MoM	Apr	—	-10.7%
<i>6 – June</i>	GE	13:00	Factory Orders WDA YoY	Apr	—	-11.0%
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	June 2	—	—
<i>7 – June</i>	US	19:30	Trade Balance	Apr	-\$75.1 Bn	-\$64.2 Bn
	CH	—	Trade Balance	May	—	\$90.21 Bn
<b>Thursday</b>	US	19:30	Initial Jobless Claims	June 3	—	—
<i>8 – June</i>	IR	17:00	CPI YoY	May	—	7.2%
<b>Friday</b>	ID	10:00	Foreign Reserves	May	—	\$144.20 Bn
<i>9 – June</i>	CH	08:30	CPI YoY	May	—	0.1%
	CH	08:30	PPI YoY	May	—	-3.6%

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	ADMG, BUAH, EMDE, FWCT, GOLD, KBLM, MBSS, MDKI, PGEO, PMMP, POSA, SGER, SRSN, TRUK
5 – June	Cum Dividend	ARTA, BOBA, BSSR, ELIT, KMDS, MBAP, MITI, MPMX, NELY, PNGO, RALS, SKRN
<b>Tuesday</b>	RUPS	AGRS, AKPI, ASRI, BRAM, ELSA, GTSI, ITTG, JGLE, LAPD, MCOR, PSSI, RANC, SCPI, SMAR, VTNY
6 – June	Cum Dividend	ELPI, MREI, OMED, PBSA, SDPC, SILO, SPTO, VICI
<b>Wednesday</b>	RUPS	AHAP, ANJT, BBMD, DEWI, HATM, HELI, IPOL, JKON, LCKM, LPLI, MOLI, PADA, PDPP, SOTS, SQBB, SSIA, TBMS, TOOL, WGSB
7 – June	Cum Dividend	LPIN, MLIA, NRCA, OILS, SBMA, TOTO
<b>Thursday</b>	RUPS	APII, CAKK, CNKO, DOID, DSNG, HRME, IMPC, INPP, JRPT, JSPT, KINO, MASB, PEHA, SPMA, TFCO, TOBA
8 – June	Cum Dividend	PTSN
<b>Friday</b>	RUPS	AKSI, APIC, BCIP, BMSR, DEPO, DYAN, FILM, FPNI, HMSP, HOMI, HRUM, INRU, LAND, MTLA, NETV, NINE, PLAN, PNSE, PURI, RISE, SEMA, SGRO, SKBM, TELE, WIRG, WSBP
9 – 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>							3,541.9							
BBCA	9,050	8,550	10,050	Overweight	11.0	19.1	1,115.6	25.2x	5.3x	21.8	2.3	22.1	44.6	0.9
BBRI	5,575	4,940	6,000	Overweight	7.6	23.3	844.9	15.5x	3.0x	19.8	5.2	10.3	28.8	1.1
BBNI	9,050	9,225	12,000	Buy	32.6	1.1	168.8	8.6x	1.2x	14.7	4.3	12.5	31.6	1.3
BMRI	5,050	4,963	6,300	Buy	24.8	23.2	471.3	10.8x	2.2x	21.2	5.2	16.0	25.1	1.3
<b>Consumer Non-Cyclicals</b>							1,195.2							
ICBP	11,700	10,000	13,000	Overweight	11.1	36.4	136.4	20.7x	3.4x	17.3	1.8	11.4	104.2	0.5
UNVR	4,530	4,700	4,850	Overweight	7.1	(4.0)	172.8	36.3x	32.3x	81.0	3.4	(2.2)	(30.2)	0.5
MYOR	2,620	2,500	2,900	Overweight	10.7	53.7	58.6	24.7x	4.4x	19.1	0.8	11.4	135.7	0.7
CPIN	4,950	5,650	6,600	Buy	33.3	(6.2)	81.2	40.9x	3.1x	7.5	2.2	1.9	(79.5)	0.5
JPFA	1,195	1,295	1,300	Overweight	8.8	(18.7)	14.0	24.5x	1.1x	4.5	4.2	(3.2)	N/A	0.7
AALI	7,050	8,025	9,200	Buy	30.5	(40.6)	13.6	9.2x	0.6x	6.8	5.7	(27.7)	(53.5)	1.0
<b>Consumer Cyclicals</b>							373.1							
ERAA	484	392	600	Buy	24.0	(5.1)	7.7	8.0x	1.1x	14.2	4.7	28.9	(21.1)	0.8
MAPI	1,775	1,445	1,700	Hold	(4.2)	89.8	29.5	14.7x	3.5x	27.1	N/A	32.5	(30.6)	0.7
<b>Healthcare</b>							280.7							
KLBF	2,030	2,090	2,300	Overweight	13.3	26.9	95.2	27.7x	4.4x	16.4	1.9	12.2	3.1	0.4
SIDO	725	755	1,000	Buy	37.9	(26.4)	21.8	19.6x	7.0x	35.8	5.0	3.0	1.8	0.6
MIKA	2,710	3,190	3,000	Overweight	10.7	8.0	38.6	39.0x	6.7x	17.9	1.4	(6.0)	(14.5)	0.2
<b>Infrastructure</b>							870.86							
TLKM	4,040	3,750	5,000	Buy	23.8	(6.3)	400.2	19.0x	3.0x	16.0	3.7	2.5	5.0	0.8
JSMR	3,330	2,980	5,100	Buy	53.2	(15.1)	24.2	8.5x	1.1x	13.2	2.3	21.2	34.3	0.8
EXCL	1,985	2,140	3,800	Buy	91.4	(24.8)	26.1	18.6x	1.0x	5.1	2.1	11.9	23.1	0.8
TOWR	990	1,100	1,300	Buy	31.3	1.5	50.5	14.8x	3.2x	23.8	2.4	9.4	(11.8)	0.3
TBIG	2,130	2,300	2,390	Overweight	12.2	(23.7)	48.3	30.9x	4.1x	14.5	1.7	(1.4)	(25.6)	0.4
MTEL	655	800	865	Buy	32.1	(9.7)	54.7	31.2x	1.6x	5.3	3.3	9.9	9.1	N/A
WIKA	366	800	1,280	Buy	249.7	(61.7)	3.3	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

Source : Bloomberg, NH KSI Research



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<b>Property &amp; Real Estate</b>							249.2							
CTRA	1,070	940	1,500	Buy	40.2	8.6	19.8	10.7x	1.0x	10.2	1.3	(4.6)	(4.3)	0.9
PWON	468	456	690	Buy	47.4	(9.1)	22.5	12.8x	1.3x	10.3	0.9	5.9	60.5	1.1
<b>Energy</b>							1,047.3							
PGAS	1,430	1,760	1,770	Buy	23.8	(20.1)	34.7	7.6x	0.9x	10.9	8.7	11.6	(20.0)	0.9
PTBA	3,060	3,690	4,900	Buy	60.1	(33.9)	35.3	3.1x	1.2x	41.1	22.5	21.4	(48.9)	1.0
ADRO	2,040	3,850	3,900	Buy	91.2	(42.0)	65.3	1.7x	0.7x	46.2	23.9	50.1	15.3	1.3
<b>Industrial</b>							427.5							
UNTR	22,225	26,075	32,000	Buy	44.0	(31.8)	82.9	3.7x	0.9x	27.2	31.5	24.7	26.6	0.9
ASII	6,450	5,700	8,000	Buy	24.0	(11.6)	261.1	8.5x	1.3x	16.3	9.9	15.5	27.2	1.1
<b>Basic Ind.</b>							923.7							
SMGR	5,800	6,575	9,500	Buy	63.8	(18.1)	39.2	14.7x	0.9x	6.1	4.2	4.5	(2.1)	0.8
INTP	9,900	9,900	12,700	Buy	28.3	1.0	36.4	16.8x	1.7x	10.0	1.6	19.3	109.0	0.8
INCO	6,300	7,100	8,200	Buy	30.2	(17.9)	62.6	18.1x	1.7x	9.9	1.4	54.5	45.6	1.2
ANTM	1,895	1,985	3,450	Buy	82.1	(24.2)	45.5	11.3x	1.8x	16.9	2.0	18.9	13.5	1.4

Source : Bloomberg, NH KSI Research

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