

Weekly Brief (July 10 – 14, 2023)

Summary:

Last week review:

Starting the first week of the second half of 2023, Indonesia released Inflation (June) data which successfully slid to 3.52% yoy, lower than consensus & 4% in May. Even Core Inflation was also reduced back to 2.58% yoy, also lower than forecast & previous month at 2.66%, safely below the 3% ideal limit set by Bank Indonesia (BI). South Korea also announced their June Inflation data which could also fall to 2.7% yoy, from May's last position at 3.3%. At the end of the week, Indonesia reported that its Foreign Exchange Reserves (June) remained high at USD 137.5 billion, although lower than the end of May at USD 139.3 billion, due to government external debt repayments. The IDR exchange rate closed at IDR 15151/USD; the JCI immediately enjoyed the historical July phenomenon known for high bull market volatility by posting a weekly gain of almost 1% on the back of Foreign Net Buy (all markets) of IDR 593.83 billion; bringing the total amount of foreign buying in the Indonesian stock market to IDR 16.82trillion YTD.

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From the US, in a rather short trading week due to the 4th of July Independence Day holiday, it was full of important economic data that determined their central bank's view on future monetary policy. On Thursday, there was a surprise from the ADP Nonfarm Employment Change (June) data which recorded 497k new hires in the private sector, much higher than the forecast of 228k and clearly above the previous month's 267k. This is quite worrying for investors as it shows the labor market is still tight and could make the Fed further maintain its hawkish tone, although weekly Initial Jobless Claims increased to 249k new jobless claims, compared to the previous month of 236k. The data also supported an increasingly expansionary US Services PMI (June). The last hope was in the Nonfarm Payrolls (June) report published today, which finally gave some relief to market participants as it turned out to be lower than expected at 209k (vs forecast 225k & previous period 306k), this is the slowest growth in 2.5 years; although the average increase in hourly wages (weekly) remained at 4.4%, unchanged from the previous month. On the other hand, the Unemployment Rate (June) fell to 3.6%, from 3.7% previously.

Speaking of PMI, the European continent also reported their Manufacturing PMI data which on average is still struggling in the contraction zone, at least France and the UK have started to show a little growth even though it is still below the benchmark level of 50. Meanwhile, Japan & China are trying their best to keep their Services PMI (June) in the expansionary area even though it seems to start slipping compared to the previous month. It is clear that the symptoms of soft landing have occurred almost evenly around the world.

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This week's outlook:

This week, the global spotlight will be on a series of Inflation (June) reports starting today from China, where the consensus is not expecting much growth over the previous month at 0.2% yoy; even PPI (June) is also forecasted to weaken further to -5% yoy (from -4/6% in May). The next day, followed by German CPI which is predicted to heat up again to 6.4% yoy (from 6.1% in May). Germany will also release the German ZEW Current Conditions & Economic Sentiment (July) where it is expected that the survey will still show a weak economic outlook for the next 6 months. On Wednesday, the US expects to release their June CPI data as expected at 3.1% yoy (the slowest growth since March 2021), slipping further from May's 4%. Meanwhile, June Core CPI (excluding volatile goods prices such as food & fuel), is expected to grow 5% yoy, tame from 5.3% in May but still more than double the Fed's target of 2%. Inflation at the producer level is also predicted to tame further to 0.4% yoy, from 1.1% in May. Another highlight may be China's Trade Balance (June), where market participants will monitor their Export & Import growth as one of the benchmarks that determine the certainty of the global recession forecast. China is currently grappling with a trade war over the hi-tech sector with the US while they still need to get their economy back on track. After months of the US & allied countries tightening the ban on imports of Chinese-made chips and then tightening Chinese companies' access to cloud services, China recently counterattacked by cutting off exports of metals essential for chip manufacturing.

The 2Q/2023 earnings season is about to begin where global investors will also be monitoring the financial reports of major US banks after the results of the annual stress test were quite encouraging, where the Federal Reserve was able to conclude that a number of banks with the largest lending positions have enough capital to survive if the economic situation turns worse.

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This week's outlook:

In terms of commodities, oil prices on Friday closed at a 9-week high with Brent & US WTI posting a 5% surge last week, supported by inventory concerns and technical buying needs; which temporarily masked concerns that further interest rate hikes will further slow the pace of global economic growth and therefore reduce demand for crude oil. As for OPEC+, it has announced production cuts of around 5 million barrels/day, equivalent to 5% of global oil demand. Oil prices were also supported by weakness in the dollar, which hit a two-week low after a strong US employment report supported expectations of further Fed rate hikes. A weaker US Dollar makes crude oil cheaper for holders of other currencies, which is expected to boost oil demand.

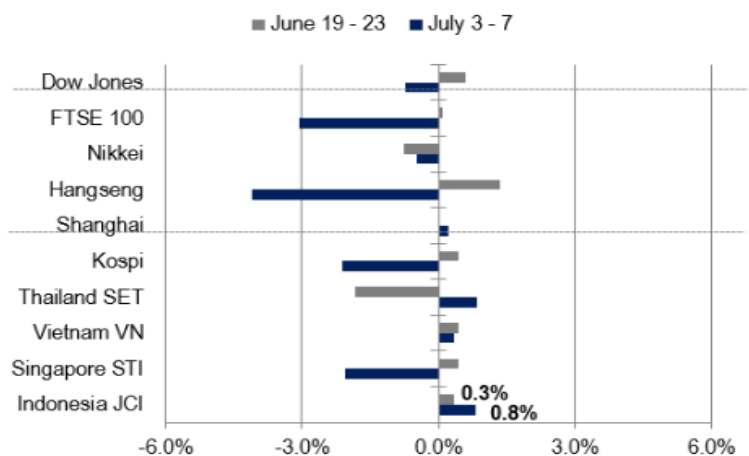
JCI Index : 6,716.46 (0.8%)

Foreign Flow : Net Buy of IDR 631 Billion (Vs. last week's net buy of IDR 192 billion)

USD/IDR : 15,135 (+0.95%)

Last Week's JCI Movement

Global Market Movement



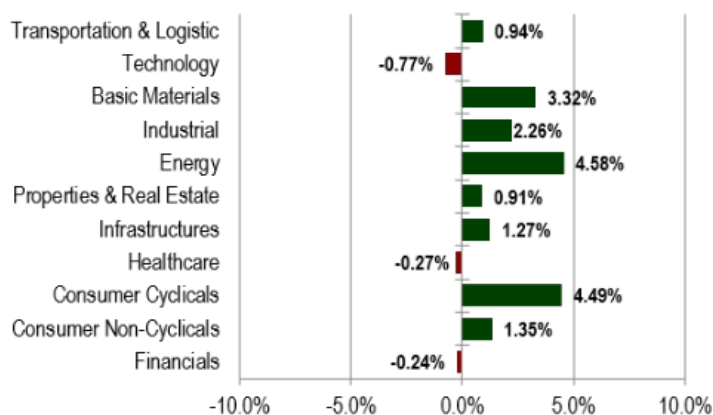
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



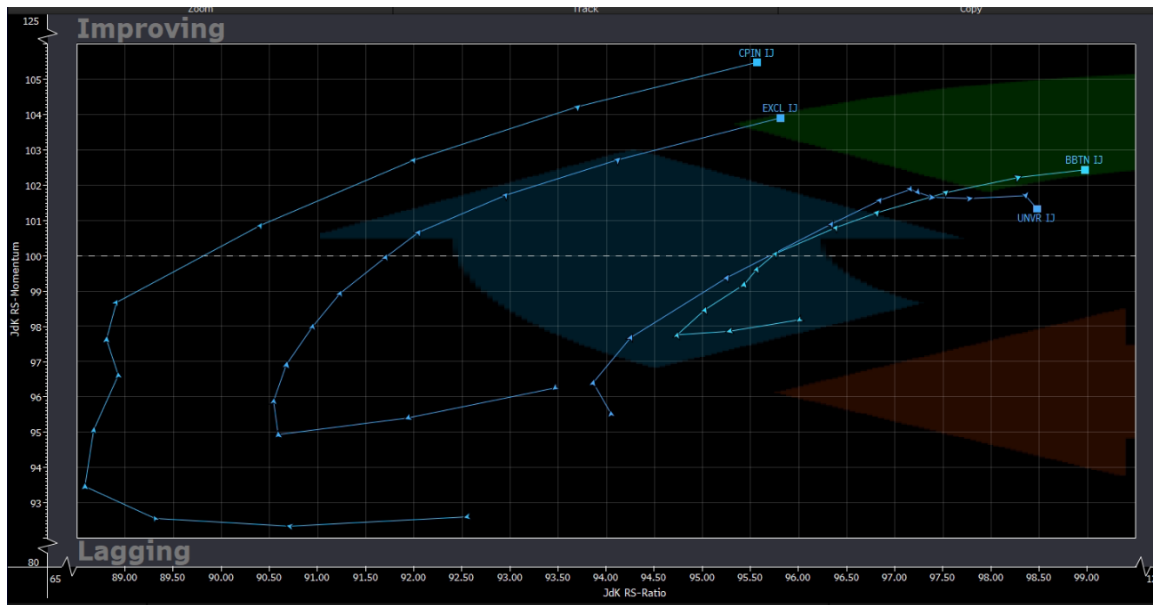
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
ASII	232,703	BBCA	303,180
FILM	115,172	BMRI	258,805
KLBF	105,776	GOTO	106,232
ISAT	92,947	INDF	75,390
ICBP	89,817	BBNI	58,782

Source: Bloomberg, NHKSI Research

Stocks Recommendation



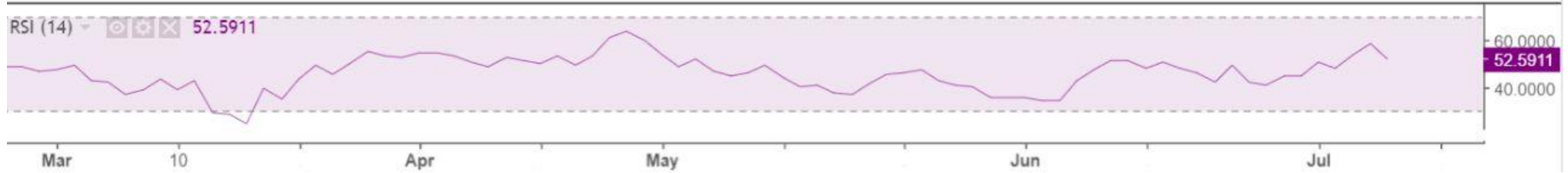
Source: Bloomberg, NHKSI Research

Stocks	TP	SL
CPIN	5825-5850 / 5925-5950 / 6000	5200
EXCL	2130 / 2240	1990
UNVR	4340 / 4400 / 4500	4200
BBTN	1410-1430	1285

Source: Bloomberg, NHKSI Research

JCI Index

Support	6690 / 6620-6600 / 6560-6550	Resistance	6730-6765 / 6800-6820 / 6950-6960 / 7000-7040
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	US	21:00	Wholesale Inventories MoM	May F	-0.1%	-0.1%
<i>10 – July</i>	CH	08:30	CPI YoY	Jun	0.2%	0.2%
	CH	08:30	PPI YoY	Jun	-5.0%	-4.6%
	JP	06:50	BoP Current Account Balance	May	¥1900.0b	¥1895.1b
Tuesday	GE	13:00	CPI MoM	Jun F	—	0.3%
<i>11 – July</i>	GE	13:00	CPI YoY	Jun F	—	6.4%
	GE	16:00	ZEW Survey Expectations	Jul	—	-8.5
	GE	16:00	ZEW Survey Current Situation	Jul	—	-56.5
Wednesday	US	18:00	MBA Mortgage Applications	Jul 7	—	-4.4%
<i>12 – July</i>	US	19:30	CPI MoM	Jun	0.3%	0.1%
	US	19:30	CPI YoY	Jun	3.1%	4.0%
	KR	06:00	Unemployment rate SA	Jun	2.6%	2.5%
	JP	06:50	PPI YoY	Jun	4.4%	5.1%
	JP	06:50	Core Machine Orders MoM	May	1.0%	5.5%
Thursday	US	19:30	PPI Final Demand MoM	Jun	0.2%	-0.3%
<i>13 – July</i>	US	19:30	PPI Final Demand YoY	Jun	0.4%	1.1%
	US	19:30	Initial Jobless Claims	Jul 8	—	248K
	CH	—	Trade Balance	Jun	\$74.40b	\$65.81b
	KR	—	BoK 7-Day Repo Rate	Jul 13	3.5%	3.5%
Friday	US	21:00	U. of Mich. Sentiment	Jul P	65.5	64.4
<i>14 – July</i>	JP	11:30	Industrial Production MoM	May F	—	-1.6%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	BLTA
<i>10 – July</i>	Cum Dividend	ASBI, ASDM, ATAP, BEER, BIKE, BINO, BPFI, CITA, CLPI, CTRA, ECII, ERAA, ERTX, FISH, GTBO, HOKI, INDR, IPCC, ISSP, KDSI, LIFE, LION, LPGI, MNCN, NCKL, PGLI, PWON, SMDR, SMMT, SUNI, TRST, UNIQ
Tuesday	RUPS	BOSS, SBAT, YELO
<i>11 – July</i>	Cum Dividend	—
Wednesday	RUPS	—
<i>12 – July</i>	Cum Dividend	—
Thursday	RUPS	TRIS
<i>13 – July</i>	Cum Dividend	—
Friday	RUPS	MKNT, MMIX, TYRE, WOWS
<i>14 – July</i>	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							3,591.2							
BBCA	9,100	8,550	10,050	Overweight	10.4	27.3	1,121.8	25.3x	5.3x	21.8	2.3	22.1	44.6	0.9
BBRI	5,475	4,940	6,000	Overweight	9.6	30.4	829.8	15.2x	3.0x	19.8	5.3	10.3	28.8	1.1
BBNI	9,100	9,225	12,000	Buy	31.9	19.7	169.7	8.7x	1.2x	14.7	4.3	12.5	31.6	1.3
BMRI	5,200	4,963	6,300	Buy	21.2	39.1	485.3	11.1x	2.2x	21.2	5.1	16.0	25.1	1.3
AMAR	290	232	392	Buy	35.2	3.5	5.3	N/A	1.2x	(4.3)	N/A	0.7	N/A	0.9
Consumer Non-Cyclicals							1,205.4							
ICBP	11,300	10,000	13,000	Buy	15.0	19.9	131.8	20.0x	3.3x	17.3	1.7	11.4	104.2	0.4
UNVR	4,260	4,700	4,850	Overweight	13.8	(12.9)	162.5	34.2x	30.4x	81.0	3.3	(2.2)	(30.2)	0.5
MYOR	2,630	2,500	3,200	Buy	21.7	34.2	58.8	24.8x	4.4x	19.1	1.3	11.4	135.7	0.7
CPIN	5,425	5,650	5,500	Hold	1.4	(5.7)	89.0	44.9x	3.4x	7.5	2.0	1.9	(79.5)	0.5
JPFA	1,390	1,295	1,300	Underweight	(6.5)	(4.1)	16.3	28.5x	1.3x	4.5	3.6	(3.2)	N/A	0.7
AAJI	7,775	8,025	9,200	Buy	18.3	(18.8)	15.0	10.2x	0.7x	6.8	5.2	(27.7)	(53.5)	1.0
Consumer Cyclical							408.6							
ERAA	496	392	600	Buy	21.0	(0.4)	7.9	8.2x	1.1x	14.2	4.6	28.9	(21.1)	0.8
MAPI	1,750	1,445	2,000	Overweight	14.3	92.3	29.1	14.5x	3.4x	27.1	0.5	32.5	(30.6)	0.8
Healthcare							283.6							
KLBF	1,990	2,090	2,300	Buy	15.6	19.2	93.3	27.1x	4.3x	16.4	1.9	12.2	3.1	0.4
SIDO	735	755	1,000	Buy	36.1	(24.2)	22.1	19.9x	7.1x	35.8	5.0	3.0	1.8	0.6
MIKA	2,630	3,190	3,000	Overweight	14.1	(2.6)	37.5	37.8x	6.5x	17.9	1.4	(6.0)	(14.5)	0.2
Infrastructure							879.26							
TLKM	3,960	3,750	5,000	Buy	26.3	(1.2)	392.3	18.6x	2.9x	16.0	4.2	2.5	5.0	0.8
JSMR	3,940	2,980	5,100	Buy	29.4	11.9	28.6	10.0x	1.3x	13.2	1.9	21.2	34.3	0.8
EXCL	2,050	2,140	3,800	Buy	85.4	(10.9)	26.9	19.2x	1.0x	5.1	2.0	11.9	23.1	0.8
TOWR	1,115	1,100	1,370	Buy	22.9	(5.5)	56.9	16.6x	3.7x	23.8	2.2	9.4	(11.8)	0.3
TBIG	2,010	2,300	2,390	Buy	18.9	(32.6)	45.5	29.1x	3.9x	14.5	1.8	(1.4)	(25.6)	0.4
MTEL	685	800	865	Buy	26.3	(5.5)	57.2	32.6x	1.7x	5.3	3.1	9.9	9.1	N/A
WIKA	496	800	1,280	Buy	158.1	(46.1)	4.4	N/A	0.4x	(4.6)	N/A	37.4	N/A	1.2
PTPP	605	715	1,700	Buy	181.0	(32.8)	3.8	13.3x	0.3x	2.5	N/A	1.9	20.0	1.1

Source : Bloomberg, NH KSI Research

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Property & Real Estate							258.7							
CTRA	1,075	940	1,500	Buy	39.5	30.3	19.9	10.8x	1.1x	10.2	1.3	(4.6)	(4.3)	0.9
PWON	482	456	690	Buy	43.2	6.6	23.2	13.2x	1.3x	10.3	0.8	5.9	60.5	1.1
Energy							1,132.5							
PGAS	1,360	1,760	1,770	Buy	30.1	(12.8)	33.0	7.1x	0.8x	10.9	10.4	11.6	(20.0)	0.9
PTBA	2,800	3,690	4,900	Buy	75.0	(28.8)	32.3	2.8x	1.1x	41.1	39.1	21.4	(48.9)	1.0
ADRO	2,420	3,850	3,900	Buy	61.2	(14.5)	77.4	1.9x	0.8x	46.2	20.1	50.1	15.3	1.3
Industrial							438.8							
UNTR	24,000	26,075	32,000	Buy	33.3	(12.6)	89.5	4.0x	1.0x	27.2	29.2	24.7	26.6	0.9
ASII	6,800	5,700	8,000	Buy	17.6	13.8	275.3	8.9x	1.4x	16.3	9.4	15.5	27.2	1.1
Basic Ind.							1,086.4							
SMGR	6,400	6,575	9,500	Buy	48.4	(3.9)	43.2	16.2x	1.0x	6.1	3.8	4.5	(2.1)	0.8
INTP	10,075	9,900	12,700	Buy	26.1	9.8	37.1	17.1x	1.7x	10.0	1.6	19.3	109.8	0.8
INCO	6,350	7,100	8,200	Buy	29.1	19.8	63.1	18.0x	1.7x	9.9	1.4	54.5	45.6	1.2
ANTM	1,990	1,985	3,450	Buy	73.4	16.0	47.8	11.9x	1.9x	16.9	4.0	18.9	13.5	1.4

Source : Bloomberg, NH KSI Research

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