

## Weekly Brief (Sep. 11 – 15, 2023)

### Summary:

### Last week review:

**In last week's trading, which was shortened by the US Labor Day holiday on Monday**, all three major Wall Street indexes recorded weekly declines on average with the S&P500 dropping 1.3% while the Nasdaq slumped 1.9%; thereby halting a two-week rally. Meanwhile, the Dow dropped 0.8% last week as investors nervously awaited the US Inflation reading for August, which is due to be released on September 13; which will heavily influence the decision on the benchmark interest rate by the Federal Reserve at the FOMC Meeting on September 20. Financial markets were dominated by the sentiment of 3 consecutive months of rising crude oil prices and recorded bullish moves in early September (likely towards OPEC+ target of USD 100/barrel); while last week's US economic data also triggered Inflation concerns. Data on service sector activity in the US came in stronger than expected; while weekly jobless claims fell below estimates. US Treasury Yields closed higher last week after economic data showed resilience and Fed officials returned to a hawkish tone for the US central bank, signaling the trend of high interest rates will still persist for some time while watching the release of economic data one by one. Moreover, the recent rally in oil prices may block the path of US Inflation towards the 2% Target. However, traders still consider a 93% chance that the Fed Funds Rate will be decided to remain at 5.25% - 5.50% at the FOMC Meeting this September, while the chance of rates being held flat again in November stands at 54%, as reported by CME Group FedWatch. Goldman Sachs sees a 15% probability that the US will fall into recession within 12 months, down from its previous estimate of 20%.

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**The Energy sector posted one of its best performances last week.** Crude Oil continued to climb 2 weeks in a row as traders hedged against the prospect of supply shortages, triggered by Saudi Arabia and Russia's plans to reduce production by a total of 1.3 million barrels per day until the end of the year; amid the fall season that is about to begin. US oil stockpiles have been reported to drop more than expected several times. West Texas Intermediate (WTI) crude oil hit a 10-month high of USD 88.09/barrel on Wednesday. WTI rose 2.2% on the week, following a 7.2% gain in the previous week. Brent, meanwhile, climbed 2.4% last week, continuing its 4.8% surge in the previous week. Both Brent and WTI prices have climbed 20% since the end of June. On the other hand, the Dollar Index (DXY) rose to a high of 105.00, above a 6-month high. The stronger US Dollar is expected to make oil more expensive for non-US consumers, which will affect demand. In addition, US oil refineries usually enter a maintenance period in September-October. Additional production from Iran, Venezuela, and Libya is also expected to balance global supply-demand. Caixin Services PMI & Chinese Composite PMI (Agus.) which were also the focus of attention of market participants last week were released still weaker than the previous month. It is also a consideration that fuel demand from China may not be as great as expected as their economy is still struggling for recovery.

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**As for other energy commodities**, Coal prices also surged due to a number of sentiments, ranging from the Indian government's decision to ask power producers to import 4% of their coal needs, the increasing use of coal-fired power plants in Europe, gas prices creeping back up to mine closures and production cuts in China.

**Proof that China plays an important role in the world economy**, was when the US stock market was dragged down by Apple shares and a massive sell-off in chip-based technology stocks, triggered by fears of a ban on iPhone products in China. Bloomberg reported that China plans to expand the ban on iPhone products across state companies, after establishing a ban on the use of government employees. The iPhone market in China is one-fifth of Apple's total market share worldwide. Furthermore, China also announced negative growth data for their Exports & Imports in August, although the decline has started to slow down from the previous month. As a result, with China's Exports fell 8.8% and its Imports also slumped 7.3%, China was only managed to book a Trade Balance of USD 68.36 billion, failing to meet expectations & also lower than the previous month.

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**European markets:** PMI data for several major European countries are still struggling in contractionary territory. The UK housing market is still growing negatively; while German Industrial Production was recorded at a minus above estimates, signaling that the value of output produced by manufacturers, mines, and utilities from Europe's largest economy has not been able to rise in its third month. This fact is in line with Inflation (Agus.) in Germany which edged down to 6.1% yoy, from 6.2% the previous month. Eurozone released revised Q2/2023 GDP which further fell to 0.5% yoy growth, below estimates & previous quarter.

**Other Asian markets:** Japan reported 2Q23 GDP growth of 4.8% yoy, below 6.0% forecast, but clearly higher than the previous quarter's 3.2%. Indonesia's August Foreign Exchange Reserves fell slightly to USD 137.1 billion (equivalent to 6-month import financing & above international standards), from USD 137.7 billion the previous month; due to government external debt repayments and used in efforts to stabilize the Rupiah exchange rate. Meanwhile, Indonesia's Consumer Confidence Index came in at 125.2 for August, up from July's 123.5.

**The G20 Summit held in New Delhi, India ended on Sunday** as India handed over the precidebcy baton to Brazil, while the US & Russia praised the consensus that did not condemn Russia for its decision to invade Ukraine, but still did not support the violence in the war zone for humanitarian reasons. Indian Prime Minister Narendra Modi asked the G20 leaders to hold a virtual meeting in November to review the policy recommendations and progress towards the targets announced last weekend.

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### **This week's outlook:**

**The world economic data that grabbed the attention of market participants this week is** the US August Inflation announcement, where it is expected to heat up again to 3.6% yoy, which was already at 3.2% in July. In the same week, the US will also announce Inflation at the producer level where PPI (Aug.) is also expected to rise to 1.2% yoy, from 0.8% in July. US Retail Sales (Aug.) and weekly jobless claims will also be closely monitored by investors, complementing Industrial & Manufacturing Production (Aug.) as well as significant market outlooks from the Univ. of Michigan such as: Consumer Sentiment, Current Conditions, and Inflation Expectation for September.

**Prior to that, China will open its important economic calendar this Monday** by announcing the latest credit spread rate which is expected to see their New Loans grow significantly by CNY 1150 billion, compared to CNY 345.9 billion in the previous period. Later in the week, China will announce Industrial Production, Retail Sales, and Unemployment Rate which are all for August.

**On Tuesday, Indonesia will report the latest motorcycle sales**, to see if they can grow from August's 45.6%; followed by the release of car sales data on Thursday, which will hopefully be better than the negative -6.7% yoy growth in the previous period. Trade Balance (Agus.) is scheduled to be published on Friday, where the surplus is expected to rival the last figure of USD 1.31 billion and an improvement in Export & Import growth.

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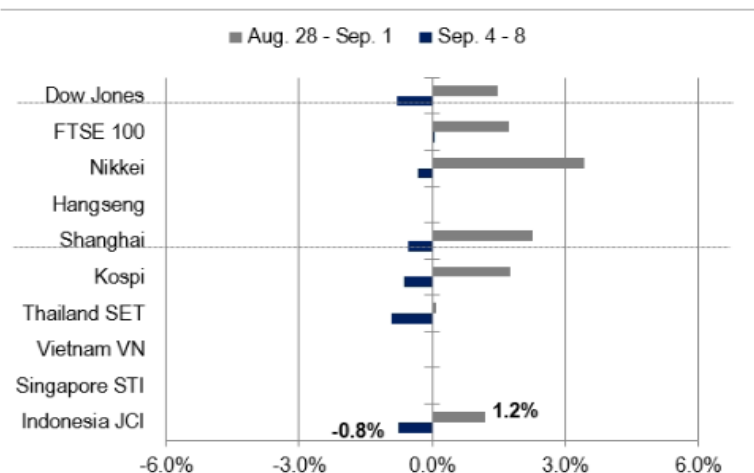
### This week's outlook:

**Continental Europe also will also report several data**, with the UK scheduled to release their employment data through the average wage index and unemployment rate as well as new hires for July & August; before they publish Construction Output, GDP, Industrial & Manufacturing Production, Trade Balance for July. Germany will provide their business climate outlook for the next 6 months with the German ZEW Current Conditions & Economic Sentiment reading (Sept.). On Thursday, September 14, the ECB will announce its interest rate decision which predicted to remain at 4.25%.

JCI Index : 6,924.78 (-0.8%)  
Foreign Flow : Net Sell of IDR 1.6 Trillion (Vs. last week's net sell of IDR 1.6 Trillion)  
USD/IDR : 15,325 (0.56%)

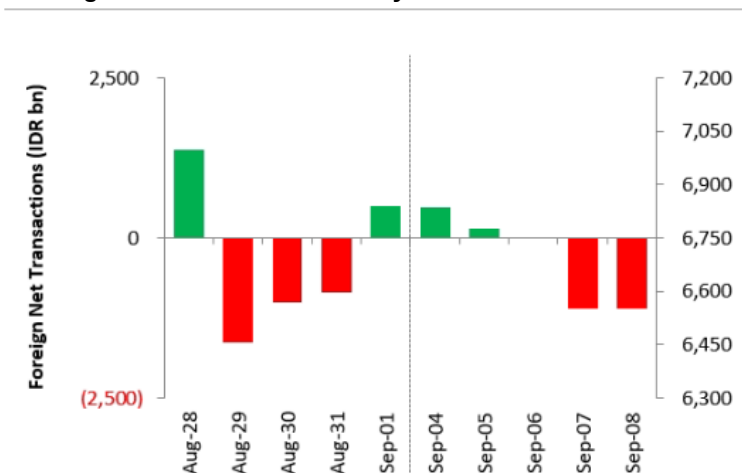
# Last Week's JCI Movement

## Global Market Movement



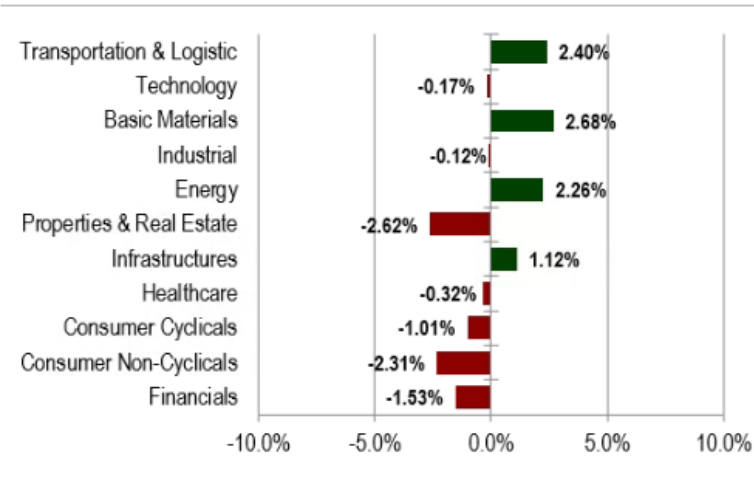
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



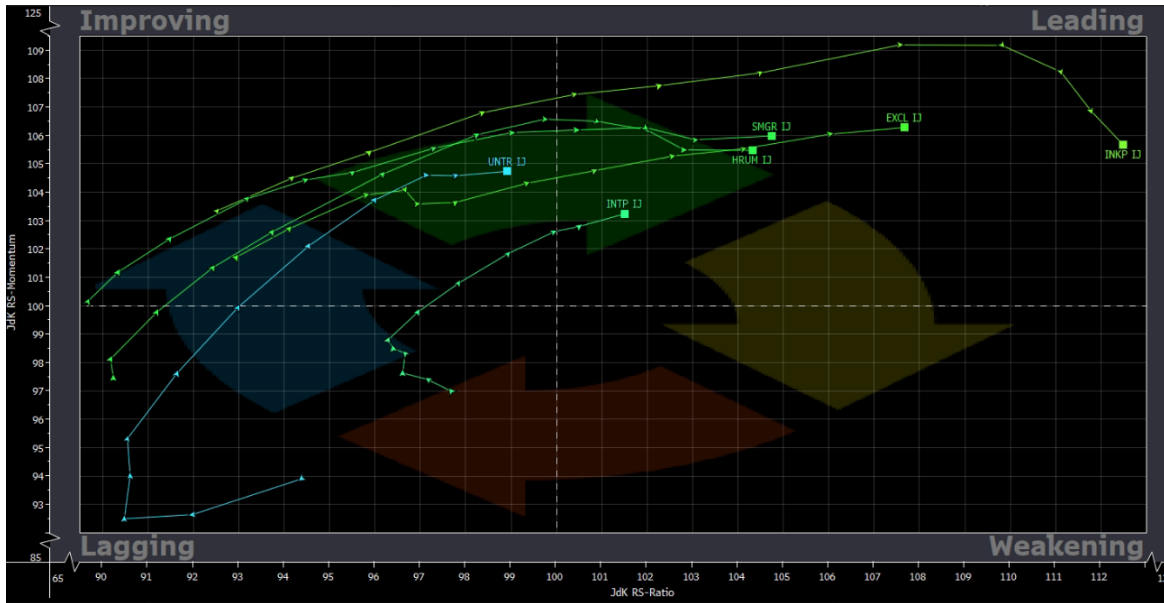
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBNI	475,519	BBCA	843,891
BRMS	130,390	BBRI	629,894
BUKA	89,082	TLKM	201,168
FILM	74,717	AMMN	187,498
BUMI	70,862	ADRO	111,452

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
EXCL	2500 / 2560-2600 / 2700 / 2780-2800	2200
HRUM	1800-1815	1540
INKP	10000 / 10125 / 10350	9000
SMGR	7225-7250 / 7500 / 7600-7625 / 7700-7750	6700
UNTR	27850 / 29000 / 29700-30000	26000
INTP	11300 / 11475-11500 / 11700	10450

Source: Bloomberg, NHKSI Research



# JCI Index

<b>Support</b>	6920-6900 / 6870 / 6820-6800	<b>Resistance</b>	6950-6970 / 7000-7020 / 7100-7130 / 7175
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Jakarta Stock Exchange Composite Index, Indonesia, Jakarta:JKSE, D

MA (10, close, 0)  
MA (20, close, 0)  
MA (50, close, 0)



Source: NHKSI Research, Bloomberg

## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	CH		Money Supply M2 YoY	Aug	10.7%	10.7%
<i>11 – Sep</i>	JP	06:50	Money Stock M2 YoY	Aug	—	2.4%
	JP	06:50	Money Stock M3 YoY	Aug	—	1.9%
	JP	13:00	Machine Tool Orders YoY	Aug P	—	-19.7%
<b>Tuesday</b>	GE	16:00	ZEW Survey Expectations	Sep	-15.1	-12.3
<i>12 – Sep</i>	GE	16:00	ZEW Survey Current Situation	Sep	-76.9	-71.3
<b>Wednesday</b>	US	18:00	MBA Mortgage Applications	Sep 8	—	-2.9%
<i>13 – Sep</i>	US	19:30	CPI MoM	Aug	0.5%	0.2%
	US	19:30	CPI YoY	Aug	3.6%	3.2%
	KR	06:00	Unemployment rate SA	Aug	2.9%	2.8%
	JP	06:00	PPI YoY	Aug	3.3%	3.6%
<b>Thursday</b>	US	19:30	Retail Sales Advance MoM	Aug	0.1%	0.7%
<i>14 – Sep</i>	US	19:30	PPI Final Demand MoM	Aug	0.4%	0.3%
	US	19:30	Initial Jobless Claims	Sep 9	—	216K
	JP	06:50	Core Machine Orders MoM	Jul	-0.9%	2.7%
	JP	11:30	Industrial Production MoM	Jul F	—	-2.0%
<b>Friday</b>	US	19:30	Empire Manufacturing	Sep	-10.7	-19.0
<i>15 – Sep</i>	US	20:15	Industrial Production MoM	Aug	0.1%	1.0%
	US	21:00	U. of Mich. Sentiment	Sep P	69.4	69.5
	CH	09:00	Industrial Production YoY	Aug	3.8%	3.7%
	CH	09:00	Retail Sales YoY	Aug	3.0%	2.5%
	ID	09:00	Trade Balance	Aug	\$1640m	\$1310m
	JP	11:30	Tertiary Industry Index MoM	Jul	0.4%	-0.4%

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	BAPI, FLMC
<i>11 – Sep</i>	Cum Dividend	ITMG
<b>Tuesday</b>	RUPS	IGAR, KREN, MAXI
<i>12 – Sep</i>	Cum Dividend	—
<b>Wednesday</b>	RUPS	BYAN, NICL
<i>13 – Sep</i>	Cum Dividend	—
<b>Thursday</b>	RUPS	—
<i>14 – Sep</i>	Cum Dividend	BSSR
<b>Friday</b>	RUPS	KMTR, PANI, SBAT
<i>15 – Sep</i>	Cum Dividend	TEBE

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>							3,639.5							
BBCA	9,075	8,550	10,200	Overweight	12.4	8.4	1,118.7	23.8x	5.0x	21.9	2.3	22.2	34.2	0.9
BBRI	5,325	4,940	6,000	Overweight	12.7	15.5	807.1	14.4x	2.7x	19.4	5.4	12.0	18.9	1.1
BBNI	9,350	9,225	12,000	Buy	28.3	6.3	174.4	8.8x	1.3x	14.9	4.2	12.2	17.0	1.2
BMRI	5,850	4,963	6,750	Buy	15.4	28.9	546.0	13.0x	2.4x	21.3	4.5	16.9	24.8	1.3
AMAR	282	232	392	Buy	39.0	16.6	5.2	67.6x	1.2x	(4.3)	N/A	#N/A	N/A	0.7
<b>Consumer Non-Cyclicals</b>							1,177.2							
INDF	6,900	6,725	8,600	Buy	24.6	10.8	60.6	6.7x	1.1x	16.7	3.7	6.3	92.1	0.5
ICBP	11,075	10,000	13,600	Buy	22.8	31.1	129.2	15.4x	3.3x	22.2	1.7	5.8	195.8	0.4
UNVR	3,590	4,700	4,200	Buy	17.0	(20.2)	137.0	29.1x	34.8x	110.4	3.9	(5.5)	(20.0)	0.4
MYOR	2,500	2,500	3,200	Buy	28.0	37.4	55.9	22.2x	4.3x	20.2	1.4	3.1	89.7	0.6
CPIN	4,940	5,650	5,500	Overweight	11.3	(15.9)	81.0	42.7x	2.9x	7.1	N/A	7.9	(42.9)	0.6
JPFA	1,245	1,295	1,400	Overweight	12.4	(14.7)	14.6	37.1x	1.2x	3.1	4.0	(1.3)	(92.7)	0.6
AALI	7,450	8,025	8,000	Overweight	7.4	(17.2)	14.3	11.2x	0.7x	6.1	5.4	(14.4)	(54.6)	1.0
<b>Consumer Cyclicals</b>							430.0							
ERAA	476	392	600	Buy	26.1	-	7.6	7.8x	1.1x	14.7	4.0	23.5	(9.2)	0.8
MAPI	1,840	1,445	2,000	Overweight	8.7	84.9	30.5	14.3x	3.4x	27.0	0.4	#N/A	N/A	0.7
<b>Healthcare</b>							274.1							
KLBF	1,785	2,090	2,200	Buy	23.2	5.0	83.7	25.3x	4.1x	16.7	2.1	9.4	(6.4)	0.4
SIDO	610	755	700	Overweight	14.8	(13.5)	18.3	16.5x	5.6x	34.0	6.0	2.6	0.6	0.6
MIKA	2,900	3,190	3,000	Hold	3.4	10.3	41.3	43.4x	7.5x	18.1	1.3	(1.2)	(15.5)	0.3
<b>Infrastructure</b>							894.36							
TLKM	3,700	3,750	4,800	Buy	29.7	(19.6)	366.5	18.1x	3.0x	16.6	4.5	2.1	(4.2)	0.8
JSMR	4,390	2,980	5,100	Buy	16.2	30.3	31.9	10.1x	1.4x	14.5	1.7	18.3	56.3	0.9
EXCL	2,360	2,140	3,800	Buy	61.0	(11.6)	31.0	24.5x	1.2x	5.0	1.8	12.0	(13.8)	0.8
TOWR	1,060	1,100	1,260	Buy	18.9	(14.9)	54.1	16.0x	3.5x	23.7	2.3	8.7	(8.8)	0.3
TBIG	2,100	2,300	2,390	Overweight	13.8	(27.6)	47.6	31.6x	4.5x	12.9	1.7	(0.7)	(18.6)	0.4
MTEL	755	800	860	Overweight	13.9	(1.9)	63.1	32.7x	1.9x	5.8	2.8	#N/A	N/A	0.5
WIKA	430	800	1,280	Buy	197.7	(58.5)	3.9	N/A	0.3x	(4.6)	N/A	#N/A	N/A	1.2
PTPP	725	715	1,700	Buy	134.5	(27.9)	4.5	15.8x	0.4x	2.5	N/A	(10.8)	14.3	1.0

Source : Bloomberg, NH KSI Research

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<b>Property &amp; Real Estate</b>							268.7							
CTRA	1,055	940	1,500	Buy	42.2	9.3	19.6	12.0x	1.0x	8.9	1.4	(4.2)	(22.4)	0.9
PWON	444	456	600	Buy	35.1	(7.5)	21.4	11.4x	1.2x	10.8	1.5	5.3	45.8	1.1
<b>Energy</b>							1,333.6							
PGAS	1,370	1,760	1,770	Buy	29.2	(25.5)	33.2	8.9x	0.8x	9.1	10.3	2.5	(40.0)	0.8
PTBA	2,910	3,690	4,900	Buy	68.4	(32.5)	33.5	3.6x	1.8x	45.1	37.6	2.4	(54.9)	1.0
ADRO	2,850	3,850	3,900	Buy	36.8	(27.8)	91.2	2.7x	0.9x	37.4	17.1	(1.8)	(27.6)	1.3
<b>Industrial</b>							432.0							
UNTR	27,050	26,075	32,000	Buy	18.3	(21.1)	100.9	4.5x	1.4x	29.2	25.9	13.6	11.2	0.9
ASII	6,350	5,700	8,000	Buy	26.0	(6.3)	257.1	9.1x	1.4x	15.2	10.1	13.0	(4.0)	1.1
<b>Basic Ind.</b>							1,414.2							
SMGR	6,925	6,575	9,500	Buy	37.2	5.2	46.9	18.0x	1.1x	6.1	3.5	2.0	(9.0)	0.8
INTP	10,850	9,900	12,700	Buy	17.1	12.7	39.9	16.6x	1.9x	11.8	1.5	15.3	141.8	0.7
INCO	5,850	7,100	8,200	Buy	40.2	(5.3)	58.1	17.3x	1.5x	9.2	1.5	16.7	12.6	1.2
ANTM	1,940	1,985	3,450	Buy	77.8	(1.8)	46.6	11.1x	2.0x	18.5	4.1	15.4	23.8	1.4

Source : Bloomberg, NH KSI Research

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