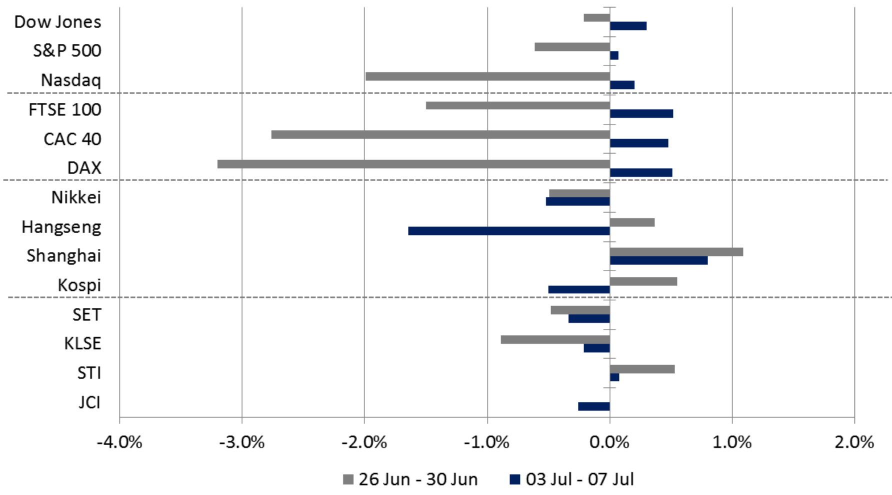
Weekly Summary

NH KORINDO SEKURITAS

Weekly Report | Jul 10, 2017

Global Indexes | Last 2 Weeks Performance



Source: Bloomberg

Global Highlights

Global markets moved mixed by last week. Pressure arose after the Fed and ECB indicated tighter monetary policy. However, US job data issued on Friday, 07/07, constituted as a positive sentiment.

Investors within this week will focus on Janet Yellen's testimony crucial for projecting the direction of US rate hike policy until the end of 2017.

Significant Sentiments:

- Yellen's Testimony
- Stable Inflation of China's Producer

Indonesia Market Highlights

JCI moved at modest pace by last week. Global sentiment of the Fed's policy direction was a crucial catalyst form for JCI, Besides, IDR exchange rate pared down.

It is estimated JCI to move flat by this week. Global pressure pursuant to the Fed's policy is estimated to cause jitters for investors. In the other side, consumer confidence data to be issued on Tuesday, 07/11, still leave question pursuant to muted potency of consumer purchasing power in Indonesia

Significant Sentiments:

- Expanding Budget Deficit
- BI Projection of 0.32% Inflation

Strategy

We estimate that JCI still moves at modest pace within this week. JCI movement will still be affected by unfavorable global sentiment prior to new positive sentiment from domestic such as release of 2Q17 financial statements. It is suggested that investors implement conservative strategy in stocks accumulation within this week.

Buy Recommendation: ASII, SMGR, ITMG

JCI Weekly Data

Jul 07	5,814.79
Chg.	-14.92 pts (-0.26%)
Volume (bn shares)	21.49
Value (IDR tn)	125.87

Foreign Transaction (IDR bn)

Buy	13,712
Sell	15,540
Net Buy (Sell)	(1,828)

LQ-45 Index
Top Gainers & Losers

Gainers	%	Losers	%
PWON	5.69%	MPPA	-9.70%
PPRO	5.41%	SCMA	-8.49%
LPKR	5.30%	SMRA	-6.20%
LSIP	4.38%	EXCL	-6.16%
PGAS	4.00%	SSMS	-4.17%

Top Volume & Value

Volume	mn shares	Value	IDR bn
PPRO	10,763	BJBR	3,560
CTRA	5,215	PPRO	3,255
RIMO	3,507	CTRA	1,888
MYRX	3,433	TLKM	1,672
BUMI	1,772	ASII	1,563

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.1680%	0.34%
USD/IDR	13,399	0.38%
KRW/IDR	11.61	-0.48%

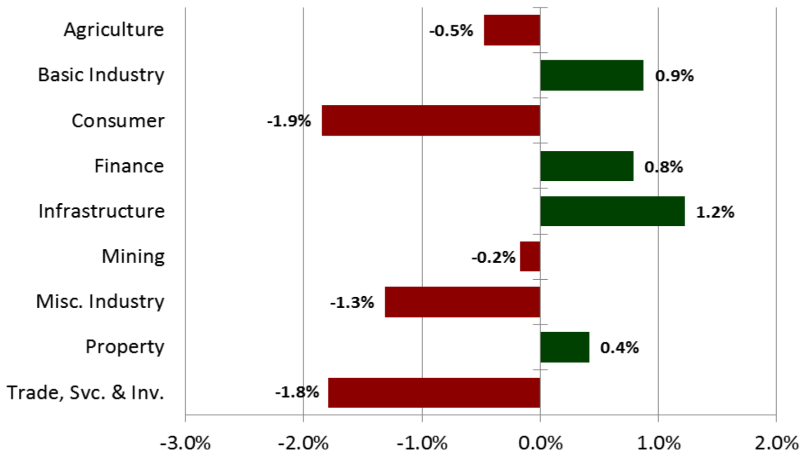
Global Indexes

Index	Last	Chg.	%
Dow Jones	21,414.34	64.71	0.30%
S&P 500	2,425.18	1.77	0.07%
Nasdaq	6,153.08	12.66	0.21%
FTSE 100	7,350.92	38.20	0.52%
CAC 40	5,145.16	24.48	0.48%
DAX	12,388.68	63.56	0.52%
Nikkei	19,929.09	(104.34)	-0.52%
Hang Seng	25,340.85	(423.73)	-1.64%
Shanghai	3,217.96	25.53	0.80%
KOSPI	2,379.87	(11.92)	-0.50%

Commodities

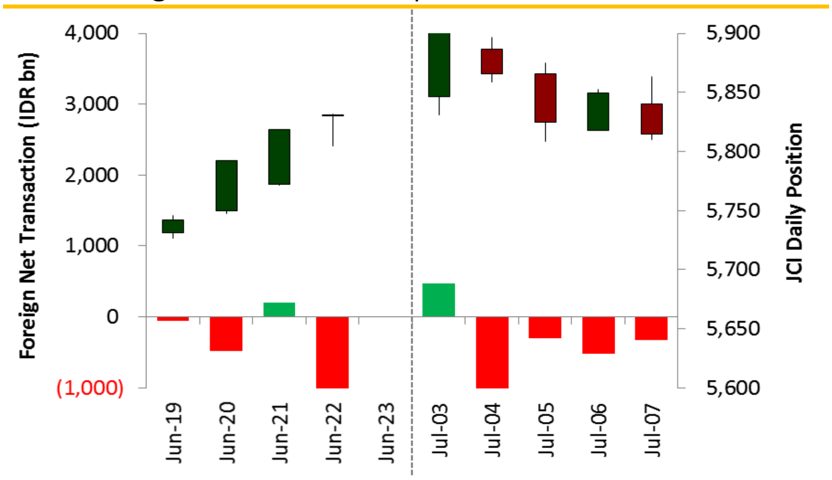
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,212.5	(29.15)	-2.35%
Crude Oil (USD /bbl)	44.23	(1.81)	-3.93%
Gas (USD /mmbtu)	2.86	(0.17)	-5.63%
Nickel LME (USD /MT)	8,920	(470)	-5.01%
CPO (MYR/Ton)	2,554	95.0	3.86%

Sector Indexes Weekly Performance



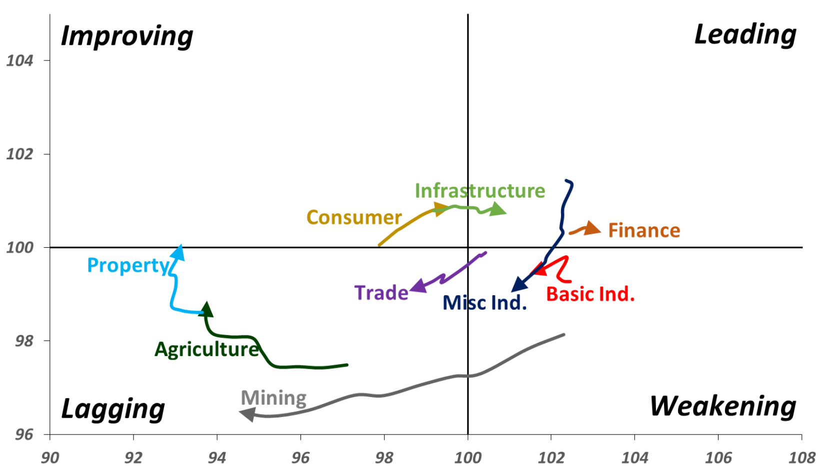
Source: Bloomberg

JCI & Foreign Net Transaction | Last 2 Weeks



Source: Bloomberg

Relative Rotation Graph | Last 10 Weeks



Source: Bloomberg

Yellen's Testimony

Janet Yellen, the Fed's Leader, will address testimony about US economic circumstance on Tuesday, 07/11, and Wednesday, 07/12, on Capitol Hill, Washington DC. The testimony is crucial mainly after US job data of nonfarm payroll report presents outstanding result. It is expected that this the strong US job data enables Yellen to consistently stick to the plan of gradual hike in interest rate until US economy moves at normal pace.

Stable Inflation of China's Producer

Stable inflation of China's producer in June signs that demand growth in China can be maintained even though there is challenge from regulator. Producer price inflation (PPI) grew by 5.5% in June pursuant to the estimate. In detail, PPI in mining sector grew by 18.3% lower than PPI growth of 22.7% in May while PPI in manufacture sector grew by 5.4% hiking than PPI of 4.6% in May. Meanwhile, consumer price inflation (CPI) grew by 1.5% slightly lower than estimate CPI growth of 1.6%.

Domestic Highlight

Expanding Budget Deficit

Indonesia government plan to expand 2017 budget deficit due to hiking subsidy expense. Budget deficit target in 2017 Revised State Budget Bill reaches 2.92% from gross domestic bruto (PDB)

BI Projection of 0.32% Inflation

Bank Indonesia stated that inflation in the early week of July 2017 reached 0.32% m-m or 3.98% y-y. This inflation data makes Bank Indonesia optimistic that inflation in the end of 2017 will hit the target of 3%-5%. Inflation in the early of July was still triggered by transportation tariff and several food commodities.

Recommendation

ASII - Telecommunication

The estimated robust June car sales in Indonesia is backed by demand leading up to Eid Mubarak.

ITMG - Coal

Producer inflation in China still shows stability. It supports the prospect of maintained global coal price in 2017.

SMGR - Cement

The estimated cement sales in Indonesia will consistently grow in 2017 after the growth of 7% y-y in May.

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	06:50	Tankan Large Mfg Index	2Q	17	15	12
03 - Jul	JPN	07:30	Nikkei Japan PMI Mfg	Jun F	52.4	--	--
	CHN	08:45	Caixin China PMI Mfg	Jun	50.4	49.6	49.6
	GER	14:55	Markit/BME Germany Manufacturing PMI	Jun F	59.6	--	--
	EU	15:00	Markit Eurozone Manufacturing PMI	Jun F	57.4	--	--
	UK	15:30	Markit UK PMI Manufacturing SA	Jun	54.3	--	56.7
	USA	20:45	Markit US Manufacturing PMI	Jun F	52	--	--
	USA	21:00	ISM Manufacturing	Jun	57.8	54.5	54.9
	USA	21:00	Construction Spending MoM	May	0.00%	--	-1.40%
Wednesday	EU	15:00	Markit Eurozone Composite PMI	Jun F	56.3	--	--
05 - Jul	USA	21:00	Factory Orders	May	-0.80%	--	-0.20%
	USA	21:00	Durable Goods Orders	May F	-0.80%	--	--
Thursday	GER	13:00	Factory Orders MoM	May	1.00%	--	-2.10%
06 - Jul	USA	18:00	MBA Mortgage Applications	30-Jun	1.40%	--	--
	USA	19:15	ADP Employment Change	Jun	158k	--	253k
	USA	19:30	Initial Jobless Claims	1-Jul	248k	--	--
	USA	19:30	Trade Balance	May	-$46.5b	--	-$47.6b
Friday	CHN	Tentative	Foreign Reserves	Jun	$3056.8b	--	$3053.6b
07 - Jul	GER	13:00	Industrial Production SA MoM	May	1.20%	--	0.80%
	UK	15:30	Industrial Production MoM	May	-0.10%	--	0.20%
	USA	19:30	Change in Nonfarm Payrolls	Jun	222k	--	138k
	USA	19:30	Unemployment Rate	Jun	4.40%	--	4.30%

Monday	JPN	06:50	Machine Orders MoM	May		1.70%	-3.10%
10 - Jul	JPN	06:50	BoP Current Account Balance	May		¥1792.8b	¥1951.9b
	CHN	08:30	CPI YoY	Jun		1.60%	1.50%
	CHN	08:30	PPI YoY	Jun		5.50%	5.50%
Wednesday	JPN	06:50	PPI YoY	Jun		2.10%	2.10%
12 - Jul	JPN	11:30	Tertiary Industry Index MoM	May		-0.60%	1.20%
	UK	15:30	ILO Unemployment Rate 3Mths	May		4.60%	4.60%
Thursday	CHN	Tentative	Imports YoY	Jun		14.00%	14.80%
13 - Jul	CHN	Tentative	Exports YoY	Jun		9.00%	8.70%
	CHN	Tentative	Trade Balance	Jun		$43.00b	$40.81b
	USA	01:00	U.S. Federal Reserve Releases Beige Book				
	GER	13:00	CPI MoM	Jun F		0.20%	0.20%
	GER	13:00	CPI YoY	Jun F		1.60%	1.60%
	USA	19:30	PPI Final Demand MoM	Jun		0.00%	0.00%
	USA	19:30	Initial Jobless Claims	8-Jul		--	248k
Friday	JPN	11:30	Industrial Production MoM	May F		--	-3.30%
14 - Jul	USA	19:30	CPI MoM	Jun		0.10%	-0.10%
	USA	19:30	CPI YoY	Jun		1.70%	1.90%
	USA	19:30	CPI Ex Food and Energy YoY	Jun		1.70%	1.70%
	USA	19:30	Retail Sales Advance MoM	Jun		0.10%	-0.30%
	USA	20:15	Industrial Production MoM	Jun		0.30%	0.00%
	USA	21:00	U. of Mich. Sentiment	Jul P		95	95.1

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev
Monday	07:30	Nikkei Indonesia PMI Mfg	Jun	49.5	--	50.6
03 - Jul	11:00	CPI Core YoY	Jun	3.13%	--	3.20%
	11:00	CPI YoY	Jun	4.37%	--	4.33%
	11:00	CPI NSA MoM	Jun	0.69%	--	0.39%
Tuesday	Tentative	Money Supply M2 YoY	May	11.08%	--	10.10%
04 - Jul	Tentative	Money Supply M1 YoY	May	14.04%	--	14.20%
Friday	Tentative	Net Foreign Assets IDR	Jun	1603.7t	--	1628.3t
04 - Jul	Tentative	Foreign Reserves	Jun	$123.10b	--	$124.95b
03-07 Jul	Tentative	Danareksa Consumer Confidence	Jun	98.2	--	99.2
Tuesday	Tentative	Consumer Confidence Index	Jun		--	125.9
11 - Jul						

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Annual Shareholders Meeting	SULI
10 - Jul	Annual & Extraordinary Shareholders Meeting	BKSW, TMPI
Tuesday	Annual Shareholders Meeting	ENRG
11 - Jul	Extraordinary Shareholders Meeting	TRUB
	Rights Delisting Date	AGRO, SDRA
	Rights Listing Date	LEAD
Wednesday	Annual Shareholders Meeting	ARGO
12 - Jul	Extraordinary Shareholders Meeting	PKPK, RELI
	Rights Listing Date	BKSW
	Stock Split	BRPT (2 for 1)
	IPO	MARK
Friday	Annual & Extraordinary Shareholders Meeting	CENT
14 - Jul	Rights Listing Date	BUMI (Rights 1 & Rights 2), MSKY

Source: Bloomberg

DISCLAIMER

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