Weekly Brief (July 13th – July 17th)

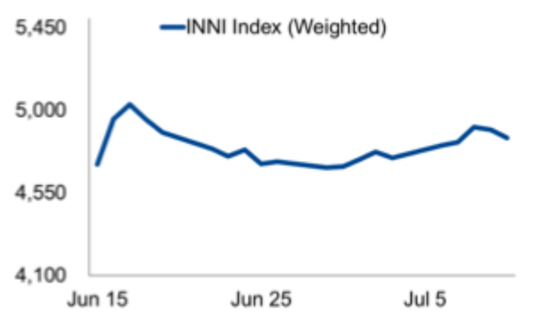
Summary:

Last week review: JCI movement mostly supported by economic data such as the Consumer Confidence Index that booked strengthening and increasing foreign exchange reserves. Meanwhile, the burden sharing policy of the government and Bank Indonesia has received quite positive response from investors.

This week's outlook: For this week, there are various important economic data releases both globally and domestically which will influence JCI's movements. US and Eurozone inflation data are scheduled to be released on July 14 & 17 respectively. Meanwhile there will be announcement of 2Q20 GDP from China which is predicted to be at 2.5%. Investors are waiting for this data considering China had already been affected by the Covid-19 pandemic at the end of last year, so the 2Q20 data is expected to be an indicator of economic recovery. Domestically, Balance of Trade data and the result of Bank Indonesia RDG will be released this week. Last month, BI had cut BI 7-DRRR benchmark by 25bps to 4.25%. Economists projected that BI still has room for further cuts of 25bps for the remainder of the year.

JCI - one month

INNI Index – one month



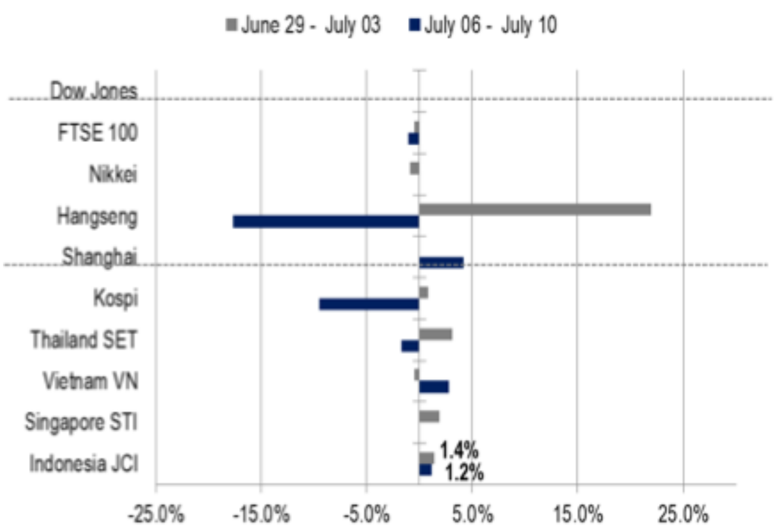
Last Week's JCI Movement

•JCI Index	: 5,031.25 (+1.2%)
Foreign Flow	: Net sell of IDR128 billion (vs. last week's net sell of IDR1.5 trillion)
USD/IDR	: 14,435 (+0.61%)
Yields of sovereign bond with 10-years tenor	: 7.075% (-14.70 bps)

JCI Closed Stronger

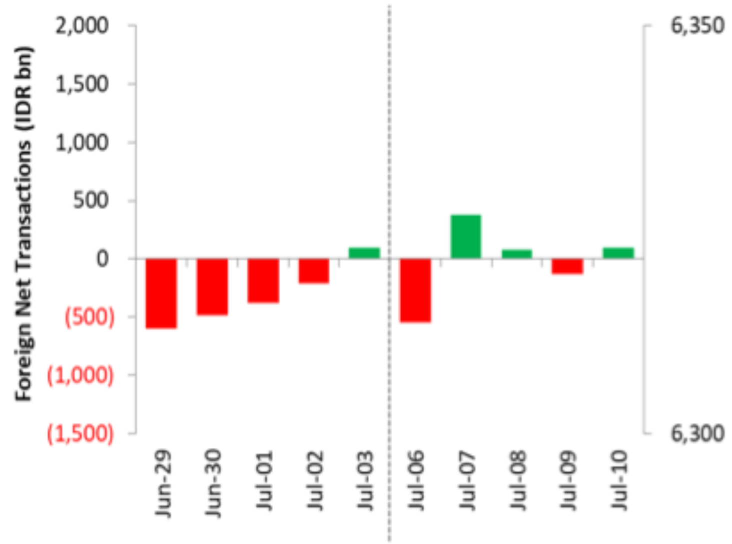
June 2020 Consumer Confidence Index (CCI) data released by BI booked strength, reflected by the increase in CCI to 83.8 compared to 77.8 in May 2020. This increase was supported by optimism in consumer perceptions of the current income index and availability of employment. Therefore, JCI closed stronger. On 7 July, JCI closed slightly lower amid the forex reserves data. Indonesian forex reserves at the end of June was recorded at USD131.7 billion, slightly higher than May's USD130.5 billion, affected by the issuance of government global sukuk. Yet, JCI managed to rebound on July 8 supported by the banking sector. Currently, the government and Bank Indonesia has finally agreed on Burden Sharing scheme to meet the economic recovery needs due to Covid-19 pandemic. On July 10, the JCI closed lower again. Throughout the week, JCI successfully closed stronger.

Global Market Movement



Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

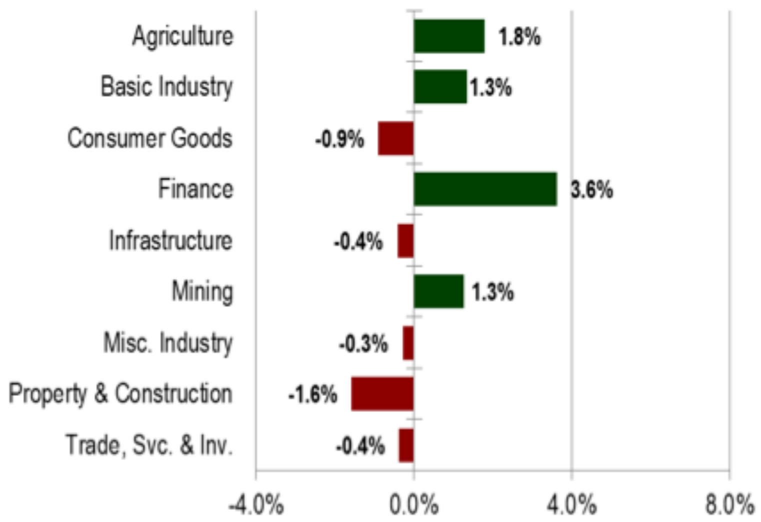
Last Week's INNI Movement

•INNI Index : 4,849.66
Last week's INNI Index : 4,740.36
Change (%) : 109.30 (+2.3%)

INNI Index in the Green Zone

At the beginning of last week, INNI index closed higher supported by the mining sectors such as INCO (+7.2%) and ANTM (+6.7%). The next day, INNI index continued rally supported by TLKM (+2.3%) driven by positive sentiments after the opening of the Netflix block. TLKM was predicted to benefit from surge in data traffic along with the large consumption of Netflix broadcasts by Indonesians. Then, INNI index surge continued assisted by strengthening on BBRI (+5.3%) and BBCA (+3.5%) after foreign investors performed net buy of both stocks with transaction values of IDR249 billion and IDR161 billion. At the end of the week (10/7), INNI index weakened, pressured by KLBF (-3.9%). For the record, KLBF currently has spent around 50% -60% of capital expenditure in semester I-2020. Over the past week, the INNI index was still in the green zone with the gain rising 2.3%

JCI Sector Movement



Source: Bloomberg, NHKSI Research

INNI Index's Top Gainers & Losers

Gainers	%	Losers	%
ANTM	7.5%	KINO	-7.0%
INCO	5.8%	SMGR	-3.6%
BBCA	5.6%	MAPI	-3.4%
CTRA	4.8%	ICBP	-2.1%
UNTR	4.5%	JSMR	-1.8%

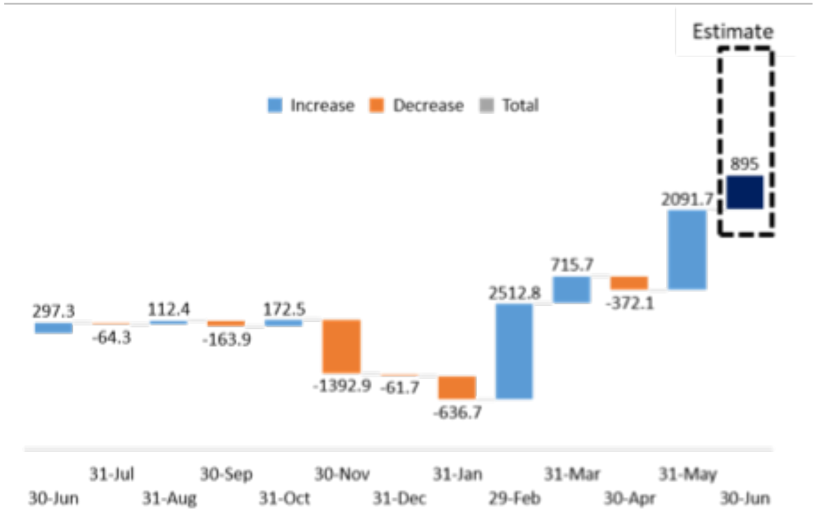
Source: Bloomberg, NHKSI Research

Outlook This Week

- **Trade Balance Indonesia Data Release**
  The Central Statistics Agency (BPS) will release the Indonesia Balance of Trade on Wednesday (15/07) at 11.00 WIB. Market has estimated that the value of Indonesia Balance of Trade will be a surplus of USD0.9 billion as the New Normal has been applied in some areas. Before, BPS has booked the May 2020 Indonesia Balance of Trade experiencing USD2.1 billion surplus. This achievement is supported by surplus in non-oil and gas trade and correction of deficits in the oil and gas trade balance. With that development, the first 5 month's Balance of Trade is recorded at USD4.3 billion surplus, higher than the previous year which was at USD2.7 billion deficit.

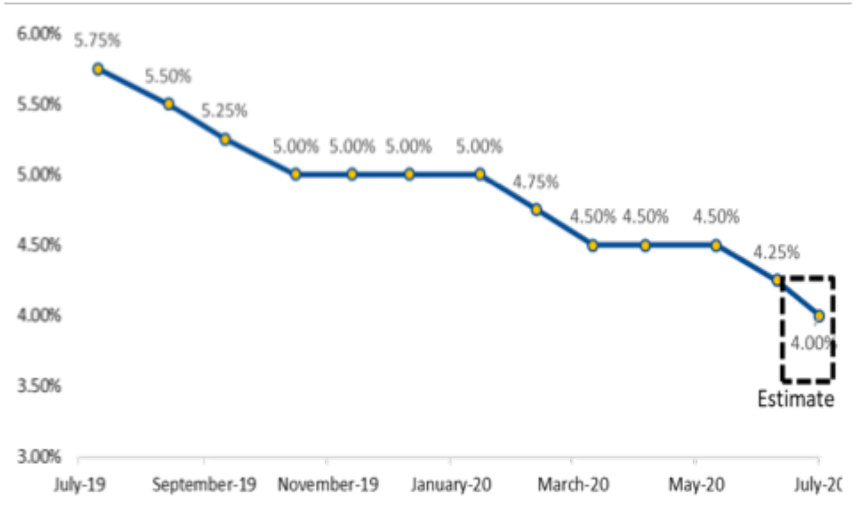
- **BI7DRR Data Release**
  Bank Indonesia (BI) on Thursday (16/07) at 14.20 WIB will once again release BI-7 Day Reverse Repo Rate (BI 7-DRRR) data. Previously, BI cut the interest rate in June 2020 to 4.25%. This decrease was done to keep economic stability and support economic recovery in the COVID-19 era. Pressure of low inflation allows BI to once again cut its benchmark interest rate in July 2020. Market predicts that BI interest rate will fall 25 bps to 4.0%.

Trade Balance Indonesia



Source: Bloomberg , NHKSI Research

BI 7-DRRR



Source: BI, NHKSI Research

Economic Calender this Week

Date	Country	Hour JKT	Event	Period	Consensus	Previous
Tuesday	US	13:00	Monthly Budget Statement	Jun		-$398.8b
14-Jul	UK	13:00	Industrial Production MoM	May	5.20%	-20.30%
	UK	13:00	Industrial Production YoY	May	-20.80%	-24.40%
	UK	13:00	Manufacturing Production MoM	May	5.00%	-24.30%
	UK	13:00	Trade Balance GBP/Mn	May		£305m
	GE	13:00	CPI MoM	Jun	0.60%	0.60%
	GE	13:00	CPI YoY	Jun	0.90%	0.90%
	US	19:30	CPI MoM	Jun	0.60%	-0.10%
	US	19:30	CPI Ex Food and Energy MoM	Jun	0.10%	-0.10%
	US	19:30	CPI YoY	Jun	0.60%	0.10%
Wednesday	ID	11:00	Trade Balance	Jun	$895m	$2092m
15-Jul	UK	13:00	CPI MoM	Jun	0.00%	0.00%
	UK	13:00	CPI YoY	Jun	0.50%	0.50%
	UK	13:00	CPI Core YoY	Jun	1.20%	1.20%
	US	19:30	Import Price Index MoM	Jun	1.00%	1.00%
Thursday	CH	09:00	Industrial Production YoY	Jun	4.80%	4.40%
16-Jul	CH	09:00	GDP YoY	2Q20	2.50%	-6.80%
	CH	09:00	Retail Sales YoY	Jun	0.20%	-2.80%
	ID	14:20	Bank Indonesia 7D Reverse Repo	Jul	4.00%	4.25%
	US	19:30	Retail Sales Advance MoM	Jun	5.50%	17.70%
Friday	EC	16:00	CPI YoY	Jun	0.30%	0.10%
17-Jul	EC	16:00	CPI MoM	Jun	0.30%	0.30%
	US	19:30	Housing Starts	Jun	1180k	974k
	US	21:00	U. of Mich. Sentiment	Jul	80	78.1

Source: Bloomberg

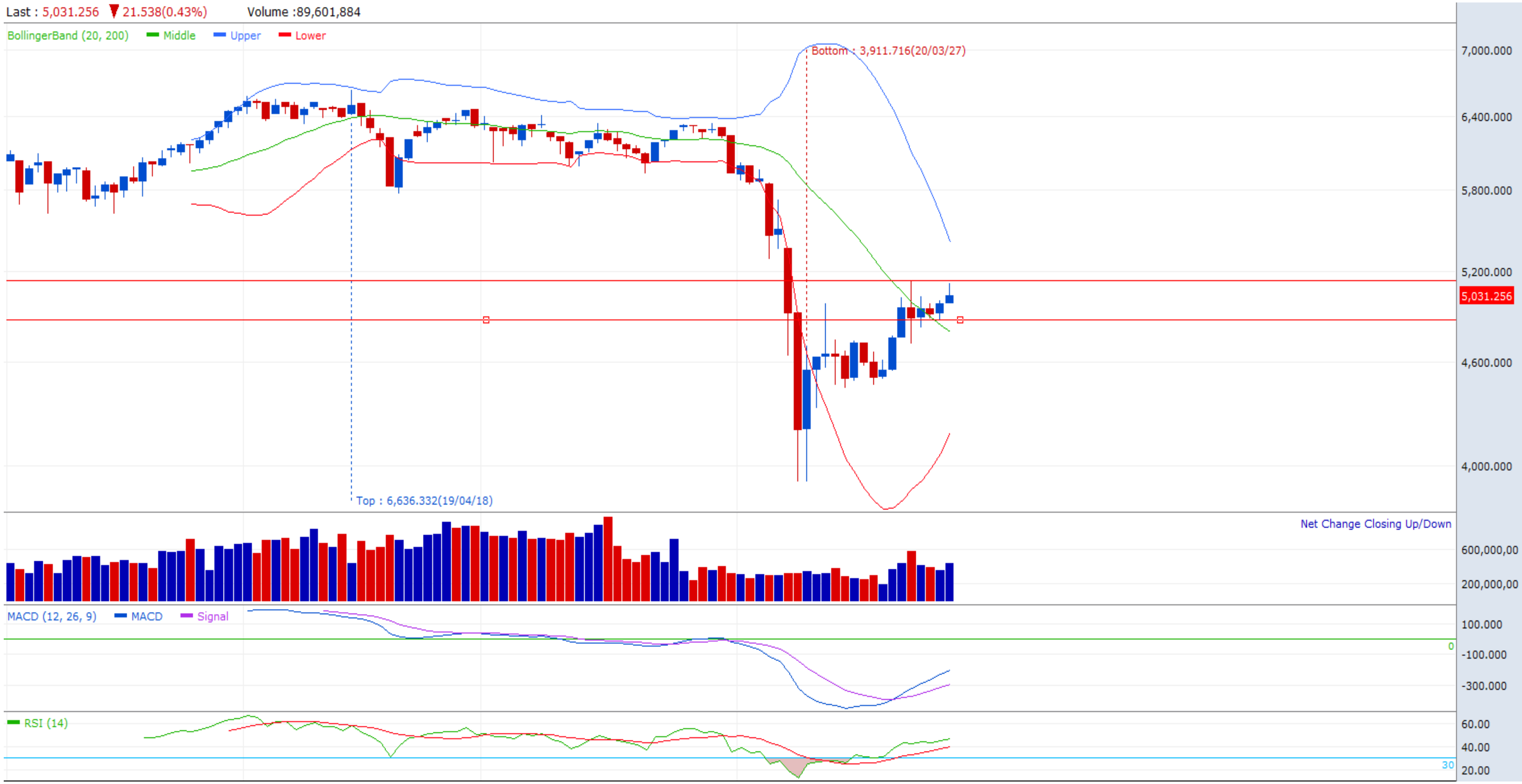
Corporate Action this Week

Date	Event	Company
Monday *13-Jul*	Dividend	VINS
	RUPS	KEJU, HKMU, BRNA
Tuesday *14-Jul*	Dividend	DVLA
	RUPS	SMNP
Wednesday *15-Jul*	Dividend	XISB, SRIL, ROTI
	RUPS	TOTL, SMAR, IPCM, INDS, INDF, ICBP, DILD, CAKK
Thursday *16-Jul*	Dividend	ELSA
	RUPS	SDPC, MAYA, LSIP, JKON, JECC, BACA
Friday *17-Jul*	RUPS	TGRA, POWR, LPIN, INDO, GHON, BEKS

Source: Bloomberg

JCI Index

Open	4,973.794	Middle	4,790.164	MACD	-201,671	Support	4,870
High	5,111.564	Upper Limit	5,401.936	RSI	47.46	Resistance	5,130
Low	4,973.490	Lower Limit	4,178.392	SIGNAL	-292,489		
Close	5,031.256	Volume	436,669,589				



Source: NHKSI Research

INNI Index's Stocks List

	Last Price	Last Week's Price	2020's Price Target	Rating	Upside Potential (%)	One-Week Change (%)	Market Cap. (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth *Yoy* (%)	EPS Growth *Yoy* (%)
Finance													
BBCA	27,875	28,350	28,950	Hold	3.9	-1.7%	697.1	24.0x	4.1x	17.6	2.0	13.9	8.5
BBRI	3,100	3,030	3,010	Hold	(2.9)	2.3%	375.0	10.8x	2.1x	18.6	5.5	13.0	(0.3)
Consumer													
GGRM	49,000	47,200	59,550	Buy	21.5	3.8%	90.3	8.2x	1.7x	21.8	5.5	4.1	3.9
KINO	3,400	3,130	2,950	Hold	(13.2)	8.6%	4.8	17.6x	1.8x	10.5	3.2	11.1	(81.3)
ICBP	8,925	8,600	9,850	Hold	10.4	3.8%	107.6	18.9x	3.9x	22.6	1.5	6.7	47.8
KLBF	1,460	1,380	1,630	Hold	11.6	5.8%	68.0	26.3x	4.1x	16.3	1.4	8.0	12.5
Infrastructure													
TLKM	3,280	3,030	3,800	Buy	15.9	8.3%	316.0	16.9x	3.2x	18.8	5.1	3.7	3.5
JSMR	4,130	3,980	4,600	Hold	11.4	3.8%	31.9	14.4x	1.6x	12.0	0.3	(45.3)	0.5
Trade													
UNTR	17,850	16,450	19,000	Hold	6.4	8.5%	61.6	6.1x	1.0x	16.9	7.3	(19.0)	(40.2)
MAPI	775	750	820	Hold	5.8	3.3%	13.0	14.0x	2.1x	16.1	1.3	14.0	27.3
Property													
CTRA	715	685	810	Hold	13.3	4.4%	11.8	11.1x	0.8x	7.2	1.6	(8.3)	(33.3)
WSKT	745	730	960	Buy	28.9	2.1%	9.8	36.9x	0.6x	1.5	0.5	(51.9)	(94.1)
WIKA	1,265	1,260	1,840	Buy	45.5	0.4%	11.0	5.3x	0.8x	14.3	4.1	(35.4)	(65.3)
Basic Ind.													
SMGR	9,500	9,400	10,925	Hold	15.0	1.1%	56.3	21.9x	1.7x	8.0	2.2	5.6	66.7
Misc Ind.													
ASII	4,890	4,790	5,800	Buy	18.6	2.1%	198.8	9.3x	1.3x	14.4	4.4	(9.4)	(7.8)
Mining													
TINS	605	590	830	Buy	37.2	2.5%	4.4	N/A	0.8x	(10.7)	4.2	3.5	N/A
PTBA	2,280	2,390	2,900	Buy	27.2	-4.6%	23.7	6.0x	1.2x	20.6	15.8	(4.0)	(25.0)
INCO	2,890	2,830	3,500	Buy	21.1	2.1%	27.9	18.4x	1.0x	5.6	N/A	38.1	N/A
ANTM	610	580	600	Hold	(1.6)	5.2%	14.7	75.7x	0.8x	1.1	0.5	29.4	(88.1)
Agriculture													
AALI	8,400	8,275	10,000	Buy	19.0	1.5%	16.3	29.9x	0.9x	2.9	0.6	13.3	891.7

Source : Bloomberg, NHKS Research

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