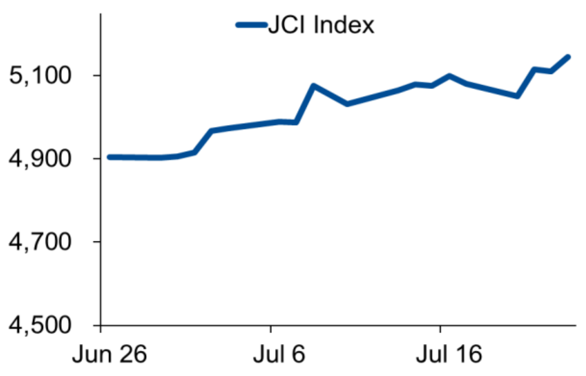
Weekly Brief (July 27th – July 30th)

Summary:

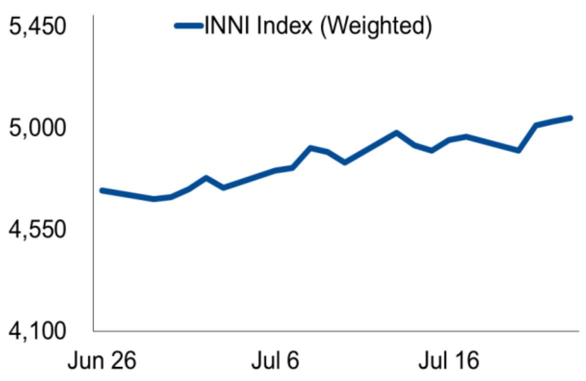
Last week review: The lack of positive sentiment from the domestic market has caused the JCI movement to close sideways this week. Currently, market participants still respond positively to the development of Covid-19 vaccine. On the other hand, the government has also prepared steps to anticipate contraction in the second and third quarter GDP through a revolving fund distribution program especially after a number of countries such as Singapore and South Korea recorded a contraction in the second quarter.

This week's outlook: JCI movement in the last week of July will get sentiment from domestic and global. The Indonesia Stock Exchange (IDX) will announce the LQ45 index rebalancing for the August 2020 - January 2021 period. In addition, investors will also be watching the release of the 2Q20 issuer's financial statements. From the United States, the release of preliminary data for 2Q20 GDP is scheduled to be announced on July 30, 2020, where US economic growth in this period is predicted to contract. Furthermore, the weekly jobless claim number will return as a focus after last week's had an increase for the first time since March 2020.

JCI - one month



INNI Index – one month



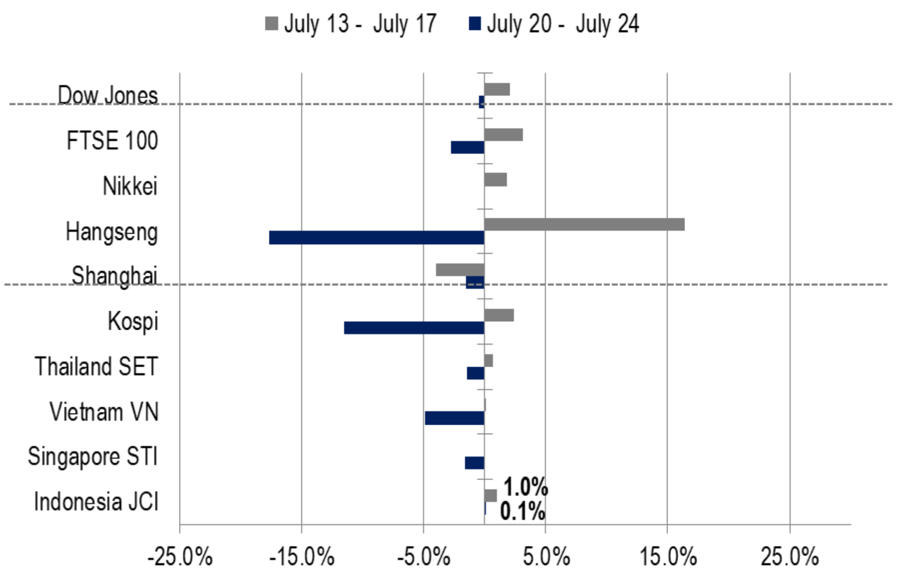
Last Week's JCI Movement

•JCI Index : 5,082.99 (+0.1%)
Foreign Flow : Net sell of IDR972 billion (vs. last week's net sell of IDR1.1 trillion)
USD/IDR : 14,610 (+0.63%)
Yields of sovereign bond with 10-years tenor : 6.879% (-18.80 bps)

JCI Closed Flat

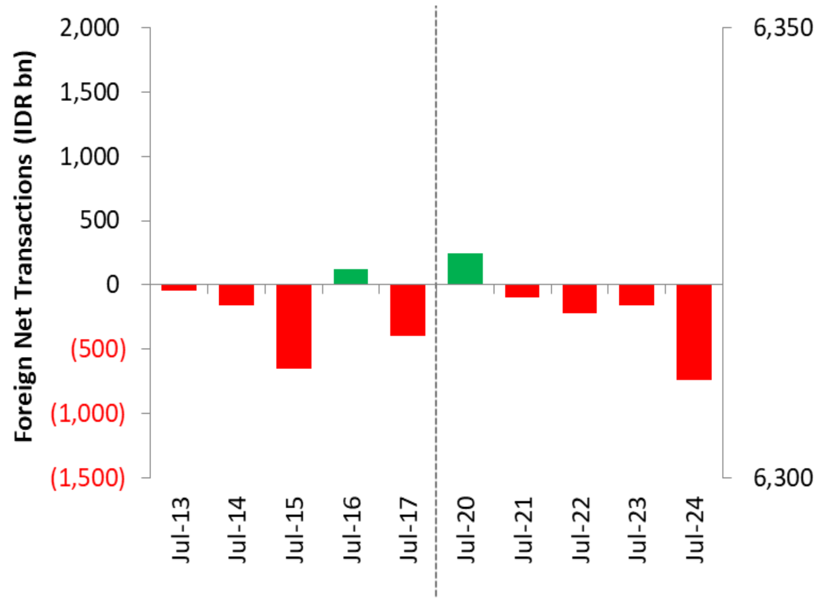
The Jakarta Composite Index closed lower on (20/07), triggered by investors' concerns over the increasing number of Covid-19 cases, which is likely to encourage the government to reinstate PSBB policy. However, on 21/07, JCI managed to rebound due to optimism about the development of Covid-19 vaccine sent by Chinese companies, Sinovac Biotech Ltd, to Indonesia. The vaccine has entered the third clinical trial phase and if successful, the production plan will begin in 1Q21. In addition, the government is currently working to save the third quarter of 2020 from the threat of recession through the Revolving Fund Distribution program. The next day (22/07), JCI closed slightly lower amid the issuance of financial statements for the second quarter of 2020, which was likely to be below expectations. On 23/07, from a global standpoint, the US ordered the closure of the Chinese consulate in Houston on allegations of spying, triggering rising tensions between the US and China. In addition, after Singapore recorded a contraction of 41.2% in the second quarter, South Korea also recorded a contraction of 3.3%, so it is likely that Indonesia's GDP is projected to experience a contraction in the second quarter. Over the past week, the Jakarta Composite Index closed flat 0.1% to a level of 5082.99.

Global Market Movement



Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



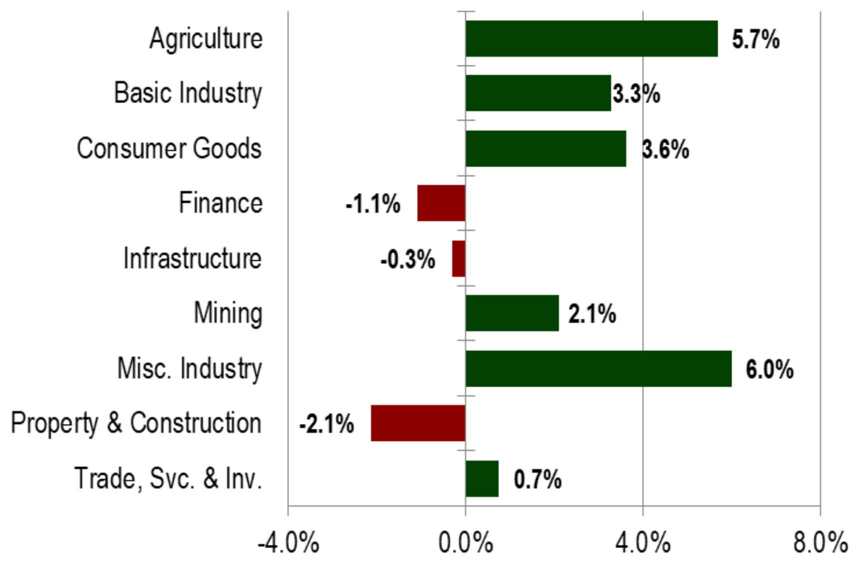
Source: Bloomberg, NHKSI Research

Last Week's Sector Movement

Agriculture and Mining Sectors Booked Highest Surge

Throughout the week, agriculture and mining sectors booked highest rally of 2.8% and 2.9% each. The increase in agriculture was triggered by CPO prices that were still on an upward trend. Based on Bloomberg data, the CPO price of October 2020 delivery contracts on the Malaysia Derivatives was at the level of MYR 2,738 per ton, up 4.74% over the past week. In addition, the Comex gold contract in August 2020 also recorded a slight increase of 0.30% to the level of USD1,895.60 per troy ounce. This strengthening is still triggered by the continuing impact of the Covid-19 pandemic and tensions between the US and China are again increasing.

JCI Sector Movement



Source: Bloomberg, NHKSI Research

Top 5 Net Foreign Buy and Sell

Top Buy	NB Val.	Top Sell	NS Val.
ASII	334.2	TLKM	-448.4
PTBA	73.2	BBRI	-313.6
ICBP	70.1	BBNI	-169.0
CPIN	60.9	SMRA	-75.8
BBCA	41.4	INTP	-75.6

Source: NHKSI Research

Outlook This Week

- **LQ45 Index Member Rebalancing**

The LQ45 Index will soon enter its next cycle of rebalancing for the August 2020-January 2021 period. As one of the top benchmark indices in the country, changes in LQ45 constituents will have many implications as investors respond to their respective portfolios. Some of the criteria for inclusion are: transaction activities for the past 12 months, size of market capitalization, fundamental aspects, and overall business prospects. Some stocks predicted to be new members of LQ45 index are: MDKA, MIKA, TINS, TPIA, and MEDC. Meanwhile some that may potentially be removed from this list are: ITMG, BRPT, SRIL, TKIM, and BSDE.

- **US 2Q20 Preliminary GDP Data**

US economic growth is predicted to experience deep contraction in 2Q20, mainly caused by business activities closure due to the pandemic. The preliminary figures for GDP 2Q20 will be announced on 30 July 2020, where consensus is at -34% QoQ. Investors will make this data as a reference to measure how deep the US economy has fallen and as a basis for predicting recovery in 3Q20.

- **US Weekly Jobless Claim Numbers**

Investors will also continue to pay attention to US jobless claims, especially after the number rose again last week to 1.416 million from the previous week's 1.3 million. If there is an increase in the unemployment claim again this week, it will be a negative sentiment to the capital market. But on the contrary, if the claim number is improving, it is expected to be a positive signal.

Kalender Ekonomi

Date	Country	Hour JKT	Event	Period	Consensus	Previous
Monday, *27 July*	EC	15:00	M3 Money Supply YoY	Jun	9.3%	8.9%
	GE	15:00	IFO Business Climate	Jul	93.7	86.2
	US	19.30	Durable Goods Orders	Jun	7.0%	15.7%
Tuesday, *28-July*	US	21:00	Conf. Board Consumer Confidence	Jul	94.8	98.1
Wednesday, *29-July*	UK	15:30	Mortgage Approvals	Jun	35.0k	9.3k
	US	18:00	MBA Mortgage Applications	jul	--	4.10%
Thursday, *30-July*	US	13:00	FOMC Rate Decision (Upper Bound)	Jul	0.25%	0.25%
	GE	14:55	Unemployment Change (000's)	Jul	60.0k	69.0k
	GE	19:00	CPI MoM	Jul	-0.1%	0.6%
	GE	19:00	CPI YoY	Jul	0.5%	0.9%
	US	19:30	GDP Annualized QoQ	2Q20	-34.0%	-5.0%
	US	19:30	Initial Jobless Claims	Jul	--	1416k
Friday, *31-July*	EC	16:00	GDP SA QoQ	2Q20	-10.7%	-3.6%
	EC	16:00	GDP SA YoY	2Q20	-13.9%	-3.1%
	US	19:30	Personal Income	Jun	-0.5%	-4.2%
	US	19:30	Personal Spending	Jun	5.5%	8.2%
	US	21:00	U. of Mich. Sentiment	Jul	72.7	73.2

Source: Bloomberg

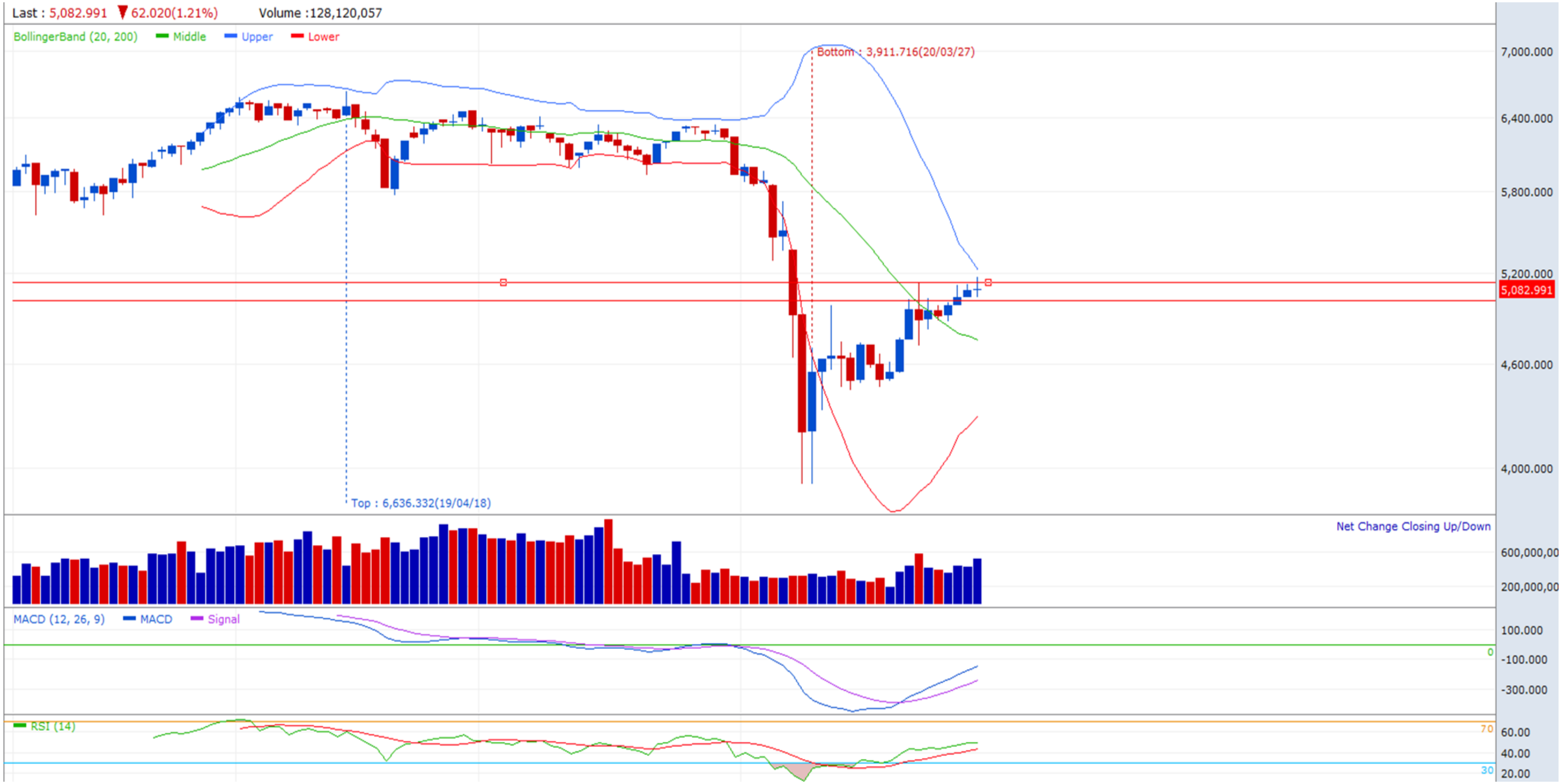
Kalender Aksi Korporasi

Date	Event	Company
Monday, *27-July*	Cum Dividend	POWR, GHON,
	RUPS	PNBS, PLAS, PGLI, MGRO, MASA, MAGP, IATA, BCAP
Tuesday, *28-July*	Cum Dividend	AMAG,
	RUPS	WEGE, TRUK, SRSN, MSKY, IPTV, INTP, DOID
Wednesday, *29-July*	Cum Dividend	FISH
	RUPS	ZONE, UNIC, UCID, TAMU, MERK, MDKA, KRAS, KEEN, KAEF, INCO, INAF, FORU, CTBN, CSRA, ATIC
Thursday, *30-July*	Stock Split	BELL
	Right Issue	ACST
	RUPS	YELO, TPMA, SLIS, PALM, IFII, DYAN, CTRA, CLEO, CITA, BBYB, BBCA, ASRM,

Source: RTI Analytics

JCI Index

Open	5,079.59	Middle	4,750.73	MACD	-146,246	Support	5,015
High	5,162.99	Upper Limit	5,213.11	RSI	49,12	Resistance	5,140
Low	5,031,89	Lower Limit	4,288.35	SIGNAL	-243,869		
Close	5,082.99	Volume	525,060,597				



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	30,500	30,600	30,100	Hold	(1.3)	-0.3%	752.0	25.9x	4.4x	17.6	1.8	13.9	8.5
BBRI	3,090	3,100	3,010	Hold	(2.6)	-0.3%	382.4	11.0x	2.1x	18.6	5.4	13.0	(0.3)
Consumer													
GGRM	47,700	49,600	59,550	Buy	24.8	-3.8%	91.9	8.4x	1.7x	21.8	5.4	4.1	3.9
KINO	3,350	3,330	2,950	Hold	(11.9)	0.6%	4.7	17.2x	1.7x	10.5	3.3	11.1	(81.3)
ICBP	9,175	9,275	9,850	Hold	7.4	-1.1%	107.3	18.9x	3.9x	22.6	2.3	6.7	47.8
KLBF	1,570	1,465	1,630	Hold	3.8	7.2%	73.4	28.4x	4.5x	16.3	1.3	8.0	12.5
Infrastructure													
TLKM	3,020	3,060	3,800	Buy	25.8	-1.3%	300.2	16.4x	2.8x	17.3	5.1	(1.9)	(5.8)
JSMR	4,040	4,400	4,550	Hold	12.6	-8.2%	29.2	13.2x	1.5x	12.0	0.4	(45.3)	0.5
Trade													
UNTR	19,450	18,450	19,000	Hold	(2.3)	5.4%	72.5	7.2x	1.1x	16.9	6.2	(19.0)	(40.2)
MAPI	690	700	870	Buy	26.1	-1.4%	11.4	14.2x	1.9x	14.0	N/A	0.6	N/A
Property													
CTRA	645	645	810	Buy	25.6	0.0%	12.0	11.3x	0.8x	7.2	1.6	(8.3)	(33.3)
WSKT	710	725	820	Buy	15.5	-2.1%	9.6	36.4x	0.6x	1.5	0.5	(51.9)	(94.1)
WIKA	1,230	1,250	1,840	Buy	49.6	-1.6%	11.0	5.3x	0.8x	14.3	4.1	(35.4)	(65.3)
Basic Ind.													
SMGR	9,275	9,350	10,925	Buy	17.8	-0.8%	54.9	21.4x	1.7x	8.0	0.4	5.6	66.7
Misc Ind.													
ASII	5,050	5,200	5,350	Hold	5.9	-2.9%	205.5	9.6x	1.3x	14.4	4.2	(9.4)	(7.8)
Mining													
TINS	680	640	750	Hold	10.3	6.3%	5.1	N/A	1.1x	(22.6)	N/A	5.2	N/A
PTBA	2,070	2,140	2,900	Buy	40.1	-3.3%	24.0	6.0x	1.2x	20.6	15.7	(4.0)	(25.0)
INCO	3,280	3,200	3,500	Hold	6.7	2.5%	32.7	21.0x	1.1x	5.6	N/A	38.1	N/A
ANTM	685	660	850	Buy	24.1	3.8%	16.5	N/A	0.9x	(1.4)	0.4	(16.3)	N/A
Agriculture													
AALI	9,375	9,175	10,000	Hold	6.7	2.2%	17.9	32.9x	0.9x	2.9	0.5	13.3	891.7

Source : Bloomberg, NHKSI Research

PT NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head of Research
Anggaraksa Arismunandar
Market Strategy, Economy, Misc. Industry
T +62 21 5088 9134 ext. 9134
E anggaraksa@nhsec.co.id

Analyst
Ajeng Kartika Hapsari
Property, Construction
T +62 21 5088 ext 9130
E ajeng@nhsec.co.id

Analyst
Arief Machrus
Banking, Fixed Income
T +62 21 5088 ext 9127
E arief.machrus@nhsec.co.id

Analyst
Meilki Darmawan
Mining, Plantation
T +62 21 5088 ext 9128
E meilki.darmawan@nhsec.co.id

Analyst
Putu Chantika Putri D
Consumer, Retail
T +62 21 5088 ext 9129
E putu.chantika@nhsec.co.id

Analyst
Restu Pamungkas
Telco, Tower, Toll road
T +62 21 5088 ext 9133
E restu.pamungkas@nhsec.co.id

Research Support
Jasmine Kusumawardani
T +62 21 5088 ext 9132
E jasmine.kusumawardani@nhsec.co.id

Head Office :
District 8 Treasury Tower 51st Fl.
Unit A, SCBD Lot.28
Jl. Jendral Sudirman Kav. 52-53 J
akarta Selatan 12190
Telp : +62 21 50889100
Fax : +62 21 50889101

Branch Office BSD:
ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Medan:
Jl. Timor No. 147
Medan
Sumatera Utara 20234
Indonesia
Telp : +62 61 4156500
Fax : +62 61 4568560

Branch Office Semarang:
Jl. MH Thamrin No. 152
Semarang
Jawa Tengah 50314
Indonesia
Telp : +62 24 8446878
Fax : +62 24 8446879

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