

Weekly Brief (Nov. 27 – Dec. 1, 2023)

Summary:

Last week review:

THE RALLY AHEAD OF THE THANKSGIVING HOLIDAY USUALLY KICKS OFF A BULLISH RUN UNTIL THE END OF THE YEAR. On a shorter trading week cut short by one and a half day of Thanksgiving holiday, Wall Street's major indices recorded weekly gains last week, with global equities engaged in their biggest one-month rally since November 2020. MSCI's global stock index headed for a monthly gain of 8.7% after investors became increasingly convinced that US interest rates have peaked, with the market narrative shifting to when the first rate cut could occur. The release of the minutes of the last Federal Reserve meeting was a key sentiment for the market as policymakers were still inclined to keep interest rates high for a longer period of time. Fed officials are still taking a fairly cautious approach regarding monetary policy until they get clear evidence that Inflation has indeed been successfully suppressed. The absence of any hint of a rate cut also adds to the uncertainty of the end of the Fed's interest rate trend, although market participants are counting on the chance of a larger rate cut being realized at the US central bank's meeting in May 2024. Some of the US economic data that supported these expectations were the lower-than-expected Existing Home Sales (Oct.) reported at 3.79 million (vs. forecast of 3.9 million units) so that on a monthly basis, existing home sales for November fell -4.1% mom. Other US economic data including Initial Jobless Claims, Durable Goods Orders, and consumer sentiment from Univ. of Michigan essentially showed the economy did weaken slightly but still remains strong enough to avoid recession. Finally, data showed US business activity remained stable in November, but private sector employment declined.

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ASIA & EUROPE MARKETS: China keeps the benchmark interest rate in place at the current position, 4.20% for the long term and 3.45% for the short term. Chinese real estate stocks jumped 3% on the back of news that the debt-laden Country Garden will be included in the list of developers who will receive assistance. But it seems that China's property world still has a lot of problems, as a large investment manager with high exposure to China's property market revealed that it is facing bankruptcy with a debt position of up to USD64 billion. China's CSI 300 index fell to its lowest level in more than a month, reflecting investors' concerns about the property slump and the sluggish economy. On Friday, foreign investors net sold 6.2 billion yuan (USD859.8 million) worth of Chinese stocks, the largest daily outflow in more than a month. Chinese government advisors will recommend at the annual meeting of policymakers that the economic growth target for next year be set at 4.5% to 5.5%, as reported by Reuters. Meanwhile in Japan, the Nikkei stock index rose to its highest level in 33 years. Data showed that Japan's core inflation increased slightly in October, although it was smaller than expected. **From continental Europe, the benchmark STOXX 600 index closed higher for the second week in a row on the back of some encouraging European economic data.** Eurozone Consumer Confidence came in better than expected although in overall still in pessimistic territory. Slightly stronger-than-expected German, French and UK PMI data pushed the Euro, Poundsterling and bond yields higher. Unfortunately, German GDP for the 3rd quarter went into recessionary territory as expected; while the German Ifo Business Climate index has taken a more optimistic view of business expectations for the next 6 months, although still slightly lower than expected. The Euro's rise pushed the US Dollar Index back down towards a 2.5-month low after rebounding from that level, after Initial Jobless Claims fell more than expected.

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COMMODITIES: Both global benchmark crude OIL contracts (Brent & WTI) rose more than 0.5% for the past week, rallying after a prolonged decline brought prices near four-month lows. OPEC+ postponed a meeting scheduled for November 26 to November 30, amid a debate to agree on production levels among producing countries in Africa, fueling uncertainty over potential production cuts. Most traders expect OPEC+ to extend production cuts to 2024, and possibly increase the amount to be cut, in their efforts to support crude oil prices. One of the other catalysts that had pressured Oil prices was the US weekly Crude inventories report which turned out to be much larger than expected. On the other hand, GOLD futures closed higher last week as the Dollar index weakened against a number of currencies on Friday. Regarding geopolitical tensions, Israel and Hamas began a four-day ceasefire on Friday and the militants released a group of hostages, the first sign of peace in the nearly seven-week war.

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This week's outlook:

As investors worry about when global interest rates will start to fall, this week's Inflation data will become the focus. OPEC+ meeting to discuss cutting global Crude production and data from China will provide fresh insights into the economic outlook of the world's number two country.

Markets are looking forward to another US inflation report next Thursday, which will support the case for ending the Federal Reserve's rate hike. The Fed's favorite inflation gauge, the Personal Consumption Expenditures index is expected to increase 0.1% mom in November. Previously, the PCE Index rose 0.4% in September, matching the gain in August. Core inflation, which excludes food and fuel costs and is considered a better measure of inflation, is expected to increase 3.5% yoy; softening from the previous growth of 3.7%. Other US economic data due for release during the week include the consumer confidence index for November on Tuesday - October's reading showed a third consecutive monthly decline. There will also be the first revision of third quarter GDP, new home sales figures for October, and let's not forget the weekly jobless claims report.

Signs of a US stock market rally are widening as the "Magnificent Seven" of mega-cap tech companies reinforce investors' hopes of continued bullishness through the end of the year. The Magnificent Seven comprising Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla; collectively have a 28% weighting in the S&P 500 index. They also account for nearly 50% of the weighting of the Nasdaq 100, which is up nearly 47% so far this year. Equities have risen sharply, with the S&P 500 rallying around 10% over the past three weeks, fueled by falling US Treasury yields and declining Inflation numbers that could signal an end to Federal Reserve interest rate hikes.

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OPEC+, comprising the Organization of the Petroleum Exporting Countries and its allies including Russia, will keep market participants glued to their meeting on November 30 (after being surprisingly postponed from November 26 as producers struggled to reach consensus on production levels). Meanwhile, Crude recorded its first week of gains in more than a month ahead of Thursday's meeting to discuss an agenda for production cuts by 2024 after Oil prices fell recently on concerns of sluggish global demand and rising supply, especially from non-OPEC producers such as the US.

EUROZONE will publish inflation data on Thursday which is expected to show price pressures moderated again in November. Consumer price inflation is expected to increase by 2.8% yoy, slightly easing from 2.9% in October. Core inflation is expected to decelerate to 3.9% yoy from 4.2% in the previous month. Despite indications that inflation is easing, European Central Bank President Christine Lagarde has warned that tight monetary policy should remain in place for a longer period of time. Last Thursday, the minutes of the ECB's latest policy meeting indicated that officials agreed that they should be prepared to raise interest rates again if needed. Inflation is expected to return to the ECB's target of 2% in the second half of 2025.

CHINA will release its official PMI data for November on Thursday, with investors looking for signs of recovery in the world's second-largest economy. In October, Chinese economic data showed that factory activity contracted again despite a series of government measures aimed at shoring up the ailing economy, which has been hit by weak consumption and a crisis in the debt-laden property sector, which accounts for about a quarter of total GDP. China's economy grew at a faster-than-expected 4.9% in the third quarter. But its government still faces an uphill battle to achieve its annual growth target of around 5%.

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INDONESIA this week will be eyeing money supply data, Nikkei Manufacturing PMI (Nov.); and most importantly the release of November Inflation data which is expected to reach 2.71% yoy, an increase from the previous month's 2.56%.

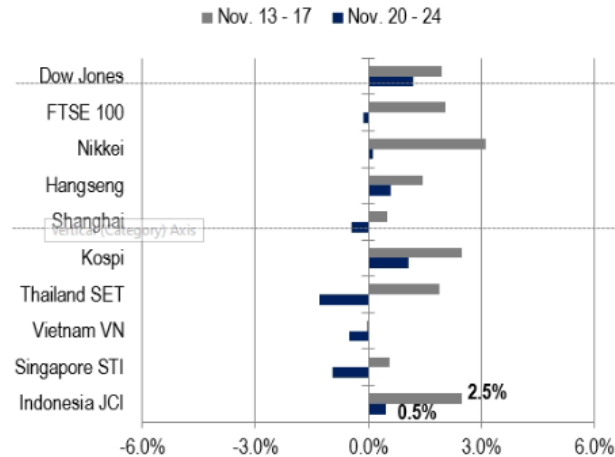
JCI Index : 7,009.6 (+0.5%)

Foreign Flow : Net Buy of IDR 1.2 Trillion (Vs. last week's net buy of IDR 708 Billion)

USD/IDR : 15,565 (-0.46%)

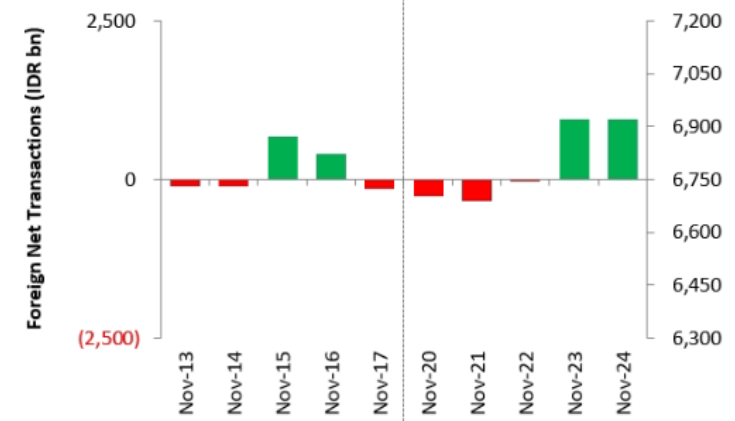
Last Week's JCI Movement

Global Market Movement



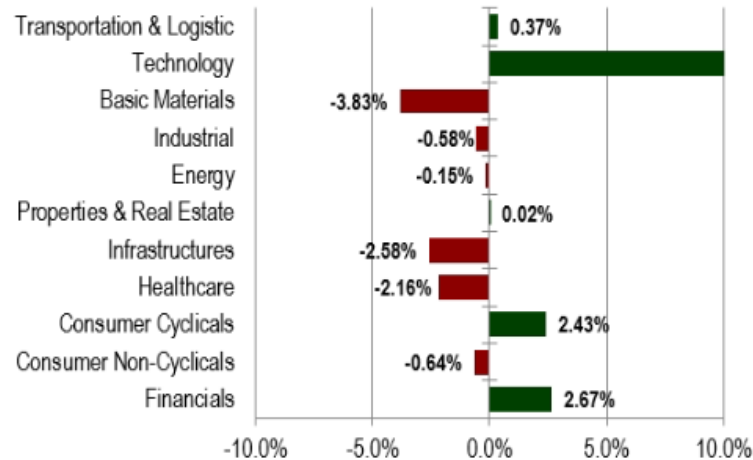
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



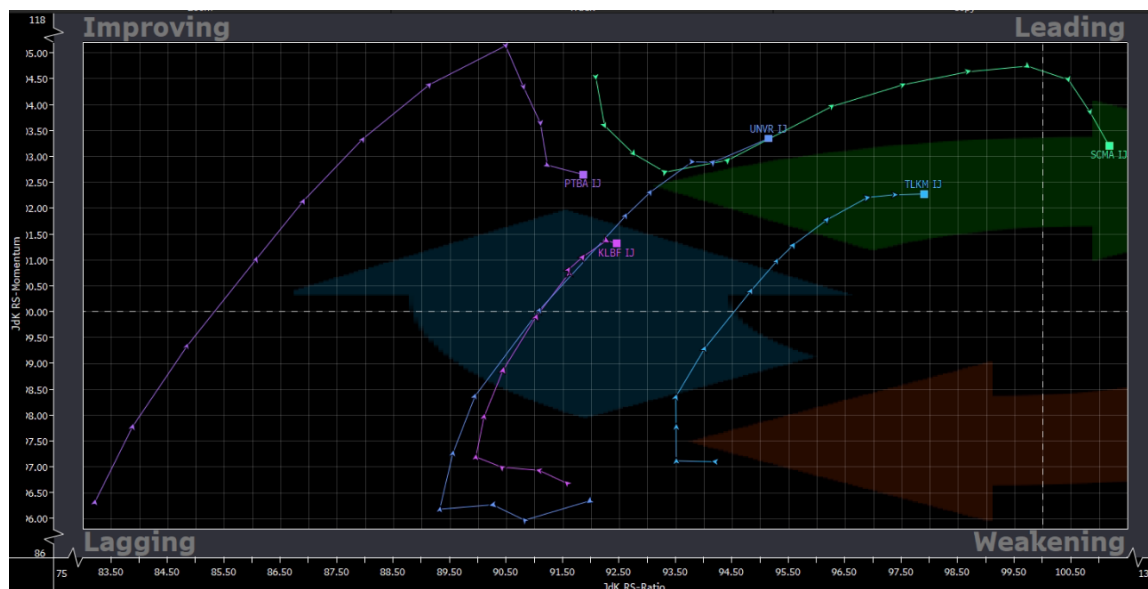
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBRI	504,901	BBCA	718,107
BBNI	425,766	BREN	142,340
GOTO	237,496	UNTR	63,108
BMRI	155,667	ASII	45,286
TLKM	132,563	MTEL	41,678

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
UNVR	3580, 3610-3630	3500
TLKM	3670-3700, 3850-3880	3480
KLBF	1660-1680, 1720-1760, 1860-1875	1540
SCMA	156-157, 161-164, 173-177	144
PTBA	2549-2590, 2640-2680, 2750-2780	2390

Source: Bloomberg, NHKSI Research

JCI Index

Support	7000 / 6950 / 6900-6890 / 6870	Resistance	7050 / 7100-7150
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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)



Investing.com

Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	US	22:00	New Home Sales	Oct	723K	759K
27 – Nov.	JP	13:00	PPI Services YoY	Oct	—	2.1%
Tuesday	US	22:00	Conf. Board Consumer Confidence	Nov	101.0	102.6
28 – Nov.	EC	16:00	M3 Money Supply YoY	Oct	—	-1.2%
Wednesday	US	20:30	GDP Annualized QoQ	3Q S	5.0%	4.9%
29 – Nov.	GE	20:00	CPI YoY	Nov P	—	3.8%
Thursday	US	20:30	Initial Jobless Claims	Nov 25	—	209K
30 – Nov.	US	20:30	Personal Income	Oct	0.2%	0.3%
	US	20:30	Personal Spending	Oct	0.2%	0.7%
	CH	08:30	Manufacturing PMI	Nov	—	49.5
	GE	15:55	Unemployment Change (000's)	Nov	—	30.0K
Friday	US	21:45	S&P Global US Manufacturing PMI	Nov F	—	—
1 – Dec.	CH	08:45	Caixin China PMI Mfg	Nov	—	49.5
	ID	07:30	S&P Global Indonesia PMI Mfg	Nov	—	51.5
	ID	09:00	CPI YoY	Nov	—	2.56%
	GE	15:55	HCOB Germany Manufacturing PMI	Nov F	—	42.3
	EC	16:00	HCOB Eurozone Manufacturing PMI	Nov F	—	43.8
	KR	07:00	Trade Balance	Nov	—	\$1,627M

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	TOPS, NASI, KBLM
27 – Nov.	Cum Dividend	—
Tuesday	RUPS	—
28 – Nov.	Cum Dividend	—
Wednesday	RUPS	INRU, CBRY
29 – Nov.	Cum Dividend	MEDC
Thursday	RUPS	TRJA, SULI, OASA, MORA, INDX, CLEO
30 – Nov.	Cum Dividend	XCIS, SCPI, RELF, NELY
Friday	RUPS	SMGR, MTEL, IFII
1 – Dec.	Cum Dividend	BBCA

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							3,653.4							
BBCA	8,950	8,550	10,300	Buy	15.1	(0.3)	1,103.3	22.9x	4.7x	21.5	2.3	20.5	25.5	0.9
BBRI	5,450	4,940	6,300	Buy	15.6	14.7	826.0	14.7x	2.7x	18.6	5.3	14.9	12.7	1.0
BBNI	5,250	4,613	6,100	Buy	16.2	12.9	195.8	9.6x	1.4x	15.0	3.7	12.5	15.1	1.1
BMRI	5,900	4,963	6,900	Buy	16.9	16.0	550.7	11.1x	2.3x	21.8	4.5	17.2	27.4	1.2
AMAR	322	232	400	Buy	24.2	(10.3)	5.9	27.4x	1.4x	0.7	N/A	#N/A	N/A	0.8
Consumer Non-Cyclicals							1,182.8							
INDF	6,450	6,725	8,600	Buy	33.3	2.0	56.6	6.4x	1.0x	16.0	4.0	3.8	52.6	0.4
ICBP	10,550	10,000	13,600	Buy	28.9	6.6	123.0	14.8x	3.0x	21.9	1.8	4.9	113.0	0.3
UNVR	3,540	4,700	4,200	Buy	18.6	(23.0)	135.1	27.3x	25.1x	89.0	4.0	(3.3)	(9.1)	0.1
MYOR	2,500	2,500	3,200	Buy	28.0	4.2	55.9	19.3x	4.0x	22.5	1.4	3.0	85.7	0.5
CPIN	5,350	5,650	5,500	Hold	2.8	(8.9)	87.7	36.2x	3.0x	8.7	1.9	8.5	(16.0)	0.5
JPFA	1,225	1,295	1,400	Overweight	14.3	(9.9)	14.4	15.3x	1.1x	7.2	4.1	2.6	(34.1)	0.6
AALI	7,050	8,025	8,000	Overweight	13.5	(15.8)	13.6	10.3x	0.6x	6.1	5.7	(5.1)	(34.2)	0.9
Consumer Cyclicals							410.0							
ERAA	362	392	600	Buy	65.7	(10.4)	5.8	6.9x	0.8x	12.5	5.2	22.5	(27.1)	0.8
MAPI	1,800	1,445	2,400	Buy	33.3	31.9	29.9	14.2x	3.1x	24.9	0.4	26.4	(5.0)	0.6
HRTA	400	202	590	Buy	47.5	94.2	1.8	6.0x	1.0x	17.1	3.0	82.8	25.9	0.4
Healthcare							251.8							
KLBF	1,605	2,090	1,800	Overweight	12.1	(23.6)	75.2	25.3x	3.6x	14.8	2.4	6.5	(16.9)	0.4
SIDO	500	755	550	Overweight	10.0	(35.5)	15.0	15.5x	4.4x	28.0	7.1	(9.7)	(18.6)	0.6
MIKA	2,660	3,190	3,000	Overweight	12.8	2.3	37.9	39.1x	6.6x	17.7	1.4	2.7	(5.1)	0.2
Infrastructure							1,673.84							
TLKM	3,670	3,750	4,800	Buy	30.8	(8.9)	363.6	15.4x	2.8x	18.6	4.6	2.2	17.6	0.9
JSMR	4,550	2,980	5,100	Overweight	12.1	40.0	33.0	10.4x	1.5x	14.5	1.7	18.3	56.3	0.9
EXCL	2,100	2,140	3,800	Buy	81.0	(5.0)	27.6	23.4x	1.1x	4.9	2.0	10.5	(16.1)	0.8
TOWR	985	1,100	1,310	Buy	33.0	(14.0)	50.2	14.8x	3.1x	22.2	2.4	7.6	(3.9)	0.5
TBIG	2,030	2,300	2,390	Buy	17.7	(15.1)	46.0	30.5x	4.3x	12.9	1.7	(0.7)	(18.6)	0.4
MTEL	700	800	860	Buy	22.9	(2.8)	58.5	29.2x	1.7x	6.0	3.1	11.9	(22.7)	0.5
WIKA	380	800	1,280	Buy	236.8	(58.9)	3.4	N/A	0.3x	(16.0)	N/A	28.8	(13975.2)	1.2
PTPP	580	715	1,700	Buy	193.1	(37.3)	3.6	9.6x	0.3x	3.3	N/A	(9.2)	69.6	1.1

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
Property & Real Estate							261.2							
CTRA	1,135	940	1,300	Overweight	14.5	12.4	21.0	13.9x	1.1x	8.1	1.3	(8.8)	(22.5)	0.7
PWON	428	456	600	Buy	40.2	(9.7)	20.6	11.2x	1.1x	10.3	1.5	1.6	24.8	1.0
Energy							1,320.6							
PGAS	1,145	1,760	1,770	Buy	54.6	(38.3)	27.8	7.9x	0.7x	8.2	12.3	1.9	(35.9)	0.7
ITMG	25,475	39,025	26,500	Hold	4.0	(37.8)	28.8	2.6x	1.1x	39.2	35.6	(30.2)	(54.8)	0.6
PTBA	2,480	3,690	4,900	Buy	97.6	(31.9)	28.6	4.5x	1.5x	28.0	44.1	(10.7)	(62.2)	1.0
ADRO	2,570	3,850	2,870	Overweight	11.7	(31.1)	82.2	2.8x	0.8x	28.8	19.0	(15.8)	(35.7)	1.3
Industrial							385.8							
UNTR	22,600	26,075	32,000	Buy	41.6	(24.3)	84.3	4.0x	1.1x	26.6	30.5	6.6	(1.3)	0.8
ASII	5,725	5,700	8,000	Buy	39.7	(7.3)	231.8	7.4x	1.2x	16.5	11.4	8.8	10.2	1.0
Basic Ind.							1,483.2							
SMGR	6,450	6,575	9,500	Buy	47.3	(16.0)	43.7	17.3x	1.0x	6.1	3.8	4.0	(10.0)	0.9
INTP	9,425	9,900	12,700	Buy	34.7	(4.8)	34.7	15.0x	1.6x	11.1	1.7	10.9	36.4	0.7
INCO	4,600	7,100	8,200	Buy	78.3	(35.4)	45.7	11.6x	1.2x	10.5	2.0	7.3	32.0	1.2
ANTM	1,615	1,985	2,350	Buy	45.5	(17.2)	38.8	9.6x	1.6x	17.1	4.9	(8.3)	8.4	1.4
NCKL	1,020	#N/A	N/A	Buy	29.4	#N/A	64.4	N/A	3.2x	N/A	2.2	88.7	N/A	N/A

Source : Bloomberg, NH KSI Research

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