

Weekly Brief (Jan. 15 – 19, 2024)

Summary:

Last week review:

For the week, the Dow gained 0.34%, the S&P 500 gained 1.84% and the Nasdaq gained 3.09%. The S&P gain was the largest weekly percentage gain since mid-December and the Nasdaq, the largest since early November. Inflation figures dominated the attention of market participants, where it was reported that US CPI in December 2023 heated up to 3.4% yoy, higher than expectations & the previous month. Similarly, US PPI experienced growth to 1.0% yoy, higher than November at 0.8%, although slightly below estimates. No wonder US Consumer Credit in November skyrocketed to USD 23.75 billion, much higher than estimates & the previous month which was only in the single-digit range. Investors were also wary of employment data such as the weekly Initial Jobless Claims which again came in below estimates. These signs that the US economy is still strong have not weakened the projections of an immediate interest rate cut in March. Market participants still see a 79.5% chance that a 25 bps pivot could occur in March, in fact this probability is up 73.2% from the previous session; as reported by the CME FedWatch Tool. Not only in the US, China also reported their CPI (December) which is still struggling to get out of deflationary territory, as well as their PPI figures. Although China's economic improvement was slow, there was detectable growth in their Exports & Imports in December.

What about Europe? The UK reported GDP (November) which rose 0.3% mom, reversing the previous month's recessionary -0.3%. This good news was in line with their Industrial & Manufacturing Production growth in November. Their German Factory Orders & Trade Balance surplus in November were even more positive. European Central Bank (ECB) President Christine Lagarde said interest rates could be lowered if the central bank believes inflation has fallen to its 2% target.

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COMMODITIES: Last week, Brent prices fell 0.5% and US WTI crude oil fell 1.1% after a volatile series of sessions in response to the latest developments in the Red Sea, where the number of oil tankers avoiding the Red Sea route has increased following US and UK strikes against the Houthis in Yemen, after the Iranian-backed militant group attacked a number of ships.

INDONESIA: Indonesia's December 2023 Foreign Exchange Reserves stood at USD 146.4bn, the highest since November 2021. Consumer Confidence Index (December) was also more optimistic at 123.8 (vs previous 123.6), however, there was no positive growth in Motor & Car sales which were sluggish in December, following Retail Sales which grew below forecast in November 2023.

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This week's outlook:

Retail sales and banking earnings data will be in the spotlight this week as markets await more clues regarding the condition of the US consumer. Global leaders have gathered in Davos, China will release full-year GDP figures and Oil prices look set to remain volatile. US Retail Sales data on Wednesday will be closely watched for indications that consumer spending - a key driver of economic growth - remains resilient in the face of rising interest rates. Retail sales are expected to increase 0.4% mom in December, after a 0.3% gain in November. Similarly, Housing Starts & Existing Home Sales data is expected to show the housing market is still struggling in the face of higher borrowing costs. This week, investors will also have the opportunity to hear from several Fed officials.

Bank earnings reports are expected to continue, with Goldman Sachs and Charles Schwab due to report on Tuesday and Wednesday respectively, after mixed earnings reports from major lenders were already released on Friday. Major US banks reported lower profits in the fourth quarter of last year due to special charges and layoffs, with signs of reduced revenue improvement as high interest rates and some consumer loans began to deteriorate. However, the country's largest lenders such as JPMorgan, Wells Fargo, Bank of America, and Citigroup struck an optimistic tone toward the economy, noting that consumers remain resilient even as consumer loan defaults begin to return to pre-pandemic levels.

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This week's outlook:

The 54th annual World Economic Forum titled "Rebuilding Trust" will take place on Monday in the Swiss ski resort of Davos. Political figures, central bank governors and business leaders will discuss the challenging global economic outlook, with wars in Ukraine and Gaza, trade concerns and rising debt levels all high on the agenda. Chinese Premier Li Qiang and French President Emmanuel Macron, the only G7 leaders attending Davos, will both give special speeches. European Central Bank President Christine Lagarde is scheduled to appear three times. International Monetary Fund Managing Director Kristalina Georgieva, World Bank President Ajay S. Banga, and World Trade Organization Director-General Ngozi Okonjo-Iweala are also sure to attend.

CHINA will release full-year GDP figures on Wednesday that will show how close the world's second-largest economy is to realizing its official growth target of 5% by 2023. The prolonged property crisis, cautious consumers and geopolitical challenges also point to a turbulent 2024 outlook for the Chinese economy. Elsewhere, GERMANY will release full-year GDP data on Monday which could suggest that the Eurozone's largest economy is in a mild recession in 2023. The UK will release closely watched inflation data on Wednesday, a day after the latest employment data. Inflation is expected to remain well above the Bank of England's target of 2%. The Bank of England said it plans to keep interest rates high "for an extended period" to ensure surging inflation does not cause long-term problems in the economy, but investors are betting on the first rate cut as soon as May.

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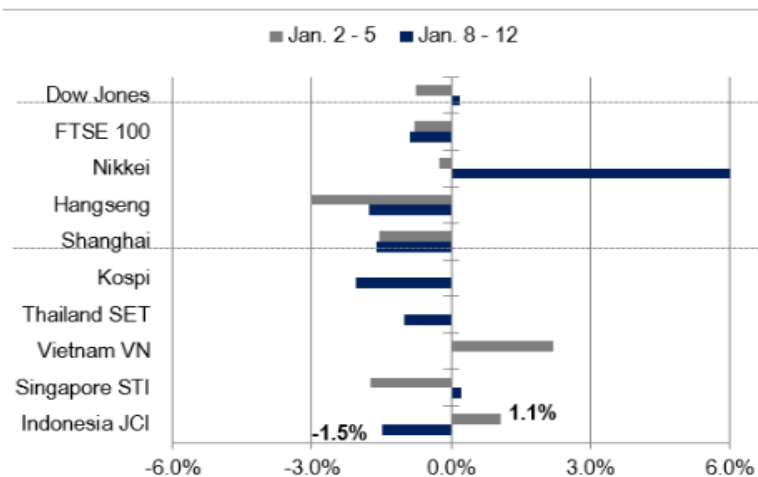
OIL prices are likely to remain volatile in the week ahead due to security concerns in the Red Sea. But analysts think that although this situation is causing problems in the main shipping route for oil commodities, the impact on the oil market has been minimal so far. But they also expect that if the conflict spreads to other areas of the Arabian peninsula, the oil market may react much more significantly.

INDONESIA: this week will start with a series of data related to Trade Balance (December) and Export & Import growth in the same month. Followed on Wednesday by the important monetary policy announcement which is expected to keep interest rates at the same level of 6.0%.

JCI Index : 7,241.14 (-1.5%)
Foreign Flow : Net Buy of IDR 3.2 Trillion (Vs. last week's net buy of IDR 2.9 Trillion)
USD/IDR : 15,550 (-0.23%)

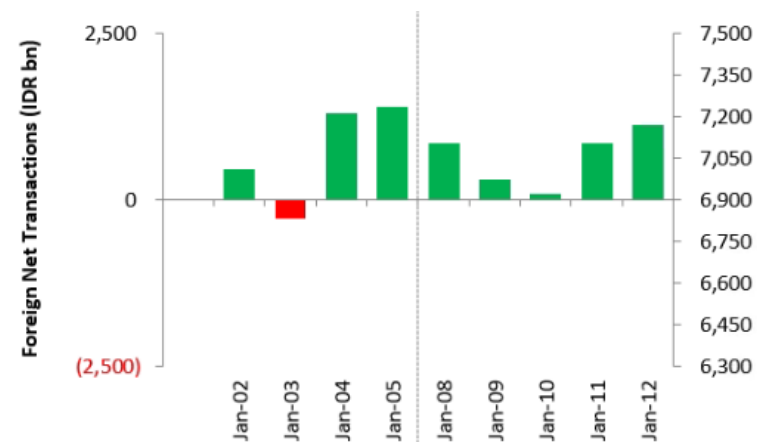
Last Week's JCI Movement

Global Market Movement



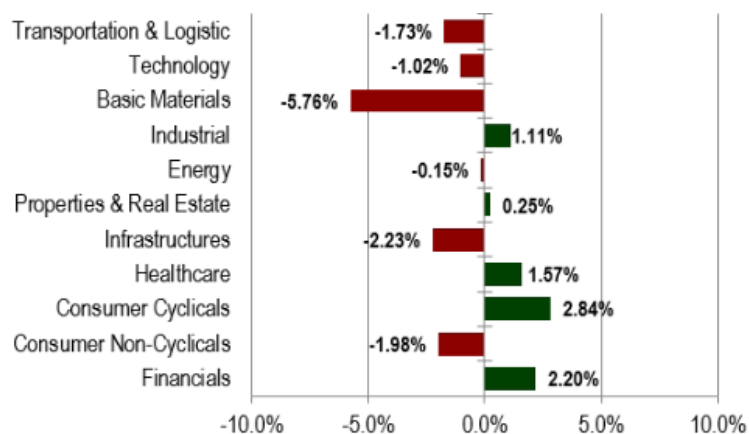
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



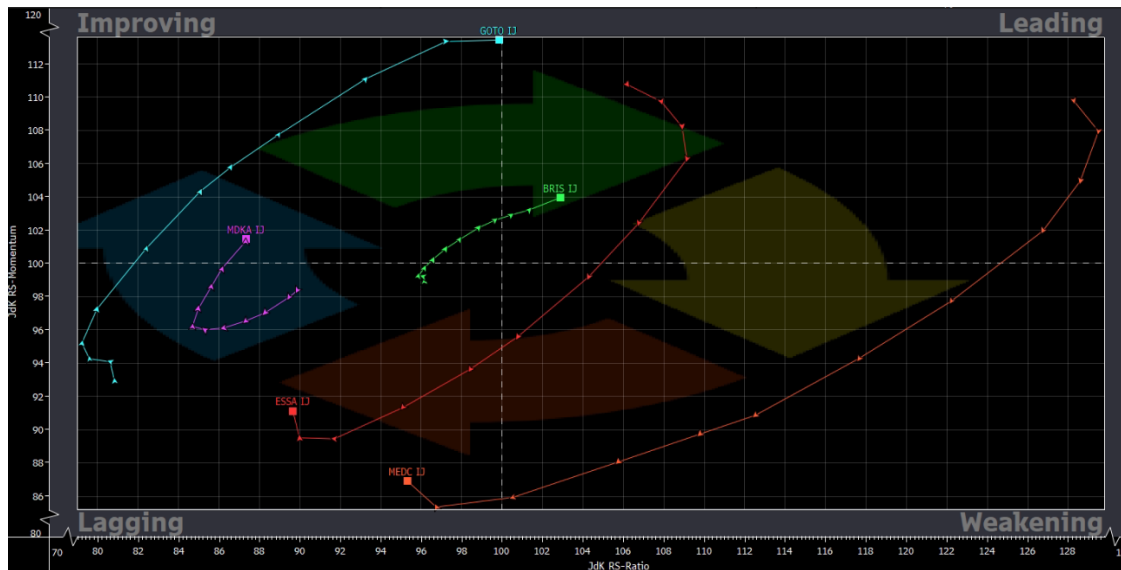
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBCA	843,115	ASII	220,123
BBRI	778,258	KLBF	214,056
BMRI	627,332	MDKA	127,024
TLKM	293,445	INCO	68,144
AMMN	198,318	AMRT	53,068

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
GOTO	96-97, 100-101, 110-116	86
MDKA	2620-2670, 2830-2910	2380
MEDC	1380-1430, 1600, 1690-1705	1150
BRIS	2150-2230, 2400-2450	1880
ESSA	645-660, 690-700, 760-770	580

Source: Bloomberg, NHKSI Research

JCI Index

Support	7200 / 7100 / 7040-7050	Resistance	7220-7240 / 7270-7330 / 7377-7406
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	ID	11:00	Trade Balance	Dec	\$1,970M	\$2,412M
<i>15 – Jan.</i>	ID	11:00	Exports YoY	Dec	-8.31%	-8.56%
	ID	11:00	Imports YoY	Dec	0.64%	3.29%
Tuesday	US	20:30	Empire Manufacturing	Jan	-2.9	-14.5
<i>16 – Jan.</i>	GE	14:00	CPI YoY	Dec F	—	3.7%
	JP	06:50	PPI YoY	Dec	-0.3%	0.3%
Wednesday	US	20:30	Retail Sales Advance MoM	Dec	0.4%	0.3%
<i>17 – Jan.</i>	US	21:15	Industrial Production MoM	Dec	-0.1%	0.2%
	CH	09:00	GDP YoY	4Q	5.2%	4.9%
	CH	09:00	Industrial Production YoY	Dec	6.6%	6.6%
	CH	09:00	Retail Sales YoY	Dec	8.0%	10.1%
	ID	14:20	BI-Rate	Jan 17	6.00%	6.00%
	EC	17:00	CPI YoY	Dec F	—	2.9%
Thursday	US	20:30	Housing Starts	Dec	1,415K	1,560K
<i>18 – Jan.</i>	US	20:30	Initial Jobless Claims	Jan 13	—	202K
	JP	06:50	Core Machine Orders MoM	Nov	-0.8%	0.7%
	JP	11:30	Industrial Production MoM	Nov F	—	-0.9%
Friday	US	22:00	U. of Mich. Sentiment	Jan P	68.0	69.7
<i>19 – Jan.</i>	US	22:00	Existing Home Sales	Dec	3.84M	3.82M
	JP	06:30	Natl CPI YoY	Dec	2.6%	2.8%
	JP	11:30	Tertiary Industry Index MoM	Nov	0.1%	-0.8%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	SPTO
<i>15 – Jan.</i>	Cum Dividend	—
Tuesday	RUPS	TOTO
<i>16 – Jan.</i>	Cum Dividend	—
Wednesday	RUPS	ELSA, AMMS
<i>17 – Jan.</i>	Cum Dividend	—
Thursday	RUPS	YELO, JECC, HMSP
<i>18 – Jan.</i>	Cum Dividend	—
Friday	RUPS	BESS
<i>19 – Jan.</i>	Cum Dividend	—

Source: NHKSI Research

NHKSJ 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							3,931.9							
BBCA	9,700	9,400	10,300	Overweight	6.2	20.5	1,195.8	24.8x	5.1x	21.5	2.2	20.5	25.5	0.9
BBRI	5,850	5,725	6,300	Overweight	7.7	30.6	886.6	15.8x	2.9x	18.6	2.9	14.9	12.7	1.0
BBNI	5,600	5,375	6,100	Overweight	8.9	29.1	208.9	10.2x	1.5x	15.0	3.5	12.5	15.1	1.1
BMRI	6,575	6,050	6,900	Hold	4.9	43.3	613.7	12.4x	2.5x	21.8	4.0	17.2	27.4	1.2
AMAR	302	320	400	Buy	32.5	30.2	5.6	24.4x	1.7x	6.9	N/A	26.2	N/A	0.6
Consumer Non-Cyclicals							1,153.5							
INDF	6,375	6,450	7,400	Buy	16.1	(4.9)	56.0	6.4x	1.0x	16.0	4.0	3.8	52.6	0.4
ICBP	11,175	10,575	13,600	Buy	21.7	6.9	130.3	15.6x	3.2x	21.9	1.7	4.9	113.0	0.3
UNVR	3,470	3,530	4,200	Buy	21.0	(27.6)	132.4	26.8x	24.6x	89.0	3.9	(3.3)	(9.1)	0.0
MYOR	2,420	2,490	3,200	Buy	32.2	0.8	54.1	18.7x	3.9x	22.5	1.4	3.0	85.7	0.5
CPIN	4,680	5,025	5,500	Buy	17.5	(24.5)	76.7	31.7x	2.6x	8.7	2.1	8.5	(16.0)	0.5
JPFA	1,100	1,180	1,400	Buy	27.3	(17.3)	12.9	13.8x	1.0x	7.2	4.5	2.6	(34.1)	0.6
AALI	7,125	7,025	8,000	Overweight	12.3	(10.1)	13.7	10.5x	0.6x	6.1	5.6	(5.1)	(34.2)	0.9
TBLA	680	695	900	Buy	32.4	0.6	4.1	5.4x	0.5x	9.8	2.9	0.6	(27.8)	0.5
Consumer Cyclical							428.7							
ERAA	420	426	600	Buy	42.9	3.4	6.7	8.0x	1.0x	12.5	4.5	22.5	(27.1)	0.8
MAPI	1,820	1,790	2,200	Buy	20.9	40.5	30.2	14.3x	3.1x	24.9	0.4	26.4	(5.0)	0.5
HRTA	350	348	590	Buy	68.6	69.9	1.6	5.3x	0.8x	17.1	3.4	82.8	25.9	0.4
Healthcare							252.8							
KLBF	1,595	1,610	1,800	Overweight	12.9	(22.2)	74.8	25.1x	3.6x	14.8	2.4	6.5	(16.9)	0.4
SIDO	520	525	550	Overweight	5.8	(28.8)	15.6	16.1x	4.6x	28.0	6.8	(9.7)	(18.6)	0.5
MIKA	2,660	2,850	3,000	Overweight	12.8	(13.4)	37.9	39.1x	6.6x	17.7	1.4	2.7	(5.1)	0.2
Infrastructure							1,539.03							
TLKM	4,010	3,950	4,800	Buy	19.7	6.1	397.2	16.8x	3.0x	18.6	4.2	2.2	17.6	0.8
JSMR	4,820	4,870	5,100	Overweight	5.8	52.1	35.0	4.5x	1.3x	31.7	1.6	20.1	493.2	0.9
EXCL	2,200	2,000	3,800	Buy	72.7	(3.1)	28.9	24.5x	1.1x	4.9	1.9	10.5	(16.1)	0.9
TOWR	980	990	1,310	Buy	33.7	(14.0)	50.0	14.8x	3.1x	22.2	2.5	7.6	(3.9)	0.5
TBIG	2,080	2,090	2,390	Overweight	14.9	(3.3)	47.1	30.6x	4.4x	13.2	2.9	0.6	(8.5)	0.4
MTEL	685	705	860	Buy	25.5	(1.4)	57.2	28.5x	1.7x	6.0	3.1	11.9	(22.7)	0.5
WIKA	240	240	1,280	Buy	433.3	(64.7)	2.2	N/A	0.3x	(58.5)	N/A	17.9	(20784.6)	1.0
PTPP	452	428	1,700	Buy	276.1	(26.5)	2.8	7.5x	0.2x	3.3	N/A	(9.2)	69.6	1.0

Source : Bloomberg, NHKSJ 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
Property & Real Estate							259.6							
CTRA	1,245	1,170	1,300	Hold	4.4	38.3	23.1	15.3x	1.2x	8.1	1.2	(8.8)	(22.7)	0.7
PWON	444	454	500	Overweight	12.6	(1.3)	21.4	11.7x	1.2x	10.3	1.5	1.6	24.8	1.0
Energy							1,449.8							
PGAS	1,140	1,130	1,770	Buy	55.3	(26.0)	27.6	7.9x	0.7x	8.2	12.4	1.9	(35.9)	0.7
ITMG	26,950	25,650	26,500	Hold	(1.7)	(23.7)	30.5	2.8x	1.2x	39.2	33.7	(30.2)	(54.8)	0.7
PTBA	2,640	2,440	4,900	Buy	85.6	(20.7)	30.4	4.8x	1.6x	28.0	41.4	(10.7)	(62.2)	1.0
ADRO	2,480	2,380	2,870	Buy	15.7	(21.0)	79.3	2.7x	0.7x	28.8	17.6	(15.8)	(35.7)	1.3
Industrial							394.4							
UNTR	23,900	22,625	25,900	Overweight	8.4	(1.0)	89.2	4.2x	1.2x	26.6	28.8	6.6	(1.3)	0.8
ASII	5,600	5,650	6,900	Buy	23.2	2.8	226.7	7.2x	1.2x	16.5	11.6	8.8	10.2	1.0
Basic Ind.							1,562.6							
SMGR	6,275	6,400	9,500	Buy	51.4	(12.8)	42.5	16.9x	1.0x	6.1	3.9	4.0	(10.0)	0.9
INTP	9,275	9,400	12,700	Buy	36.9	(9.7)	34.1	14.7x	1.6x	11.1	1.7	10.9	36.4	0.7
INCO	4,180	4,310	5,000	Buy	19.6	(43.7)	41.5	10.5x	1.1x	10.5	2.2	7.3	32.0	1.2
ANTM	1,625	1,705	2,050	Buy	26.2	(24.4)	39.0	9.7x	1.6x	17.1	4.9	(8.3)	8.4	1.5
NCKL	950	1,000	1,320	Buy	38.9	#N/A	59.9	10.2x	2.7x	36.5	2.3	135.1	N/A	N/A

Source : Bloomberg, NH KSI Research

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