

Weekly Brief (Jan. 2 – 5, 2024)

Summary:

Last week review:

A BIT OF 2023 FLASHBACK IN THE STOCK MARKET: The stock market recorded an impressive performance in 2023, and closed on a sweet note thanks to a year-end rally on the back of interest rate cut expectations next year. For the year, the DJIA, S&P500 and NASDAQ posted double-digit growth, as well as monthly, quarterly and even yearly gains. Small-cap stocks also bounced back in the 4th quarter of the year, with the Russell 2000 index reversing a 7.1% year-to-date loss at the end of October and instead ending the year with a 15.1% annual gain. The S&P 500, Dow and Nasdaq have posted nine consecutive weekly gains; the longest weekly streak for the S&P 500 since January 2004, and the longest streaks for the Dow and Nasdaq since early 2019. Even the S&P 500 is about 1% away from the highest closing record of January 3, 2022. A close above that level (4,796.56) would confirm that the index is entering a bull market when it hits a bearish bottom in October 2022. The year 2023 was also a year of remarkable reversals in financial instruments: bonds first rallied to a peak of 5.02% (US10YT) then tumbled, with stocks starting slow but eventually skyrocketing towards the end of the year. Meanwhile, the US DOLLAR erased the greenback's strength that occurred in the second half with a landslide that occurred since early November 2023. The Japanese Yen was the currency with the biggest drop as the Bank of Japan was unwilling to budge from its super-loose monetary policy, while Cryptocurrencies managed to rebound from the 2022 sell-off.

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2023 was a tumultuous year marked by the U.S. banking crisis in March, an artificial intelligence stocks boom that managed to propel the NASDAQ 44% higher in 2023, dominated by the MAGNIFICENT 7 stocks: Tesla, Amazon.com, Meta, Apple, Alphabet, Nvidia, and Microsoft; oil supply jitters stemming from the Israel-Hamas war and fears that restrictive Fed policy could tilt the U.S. economy into recession. Finally, projections of a rate cut helped spark a remarkable year-end rally, with gains above expectations in December when the Federal Reserve opened the door for a US rate cut in 2024 after a 525 bps rate hike campaign that helped bring US inflation down to 3.1% yoy in November 2023, down 4% on-year from the level in November 2022. Indonesia itself managed to quell inflation at 2.6% in 2023, departing from 5.4% in Nov 2022, and ending at 2.9% yoy in Nov 2023. Last year Bank Indonesia was forced to raise interest rates 25bps to the latest BI7DRR level of 6.0% in order to control Inflation and stabilize Rupiah exchange rate.

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This week's outlook:

Some big questions await for 2024:

STOCK: Will the global stock market continue to rally on optimism over the Fed's interest rate cut; or will the economic slowdown be deeper than expected and actually obliterate the overall demand for goods & services (aka deep recession occurs)?

US DOLLAR: Will the US currency continue to weaken as the Fed becomes more dovish, or is it able to rebound as the US economy as the world's strongest economy returns to its throne?

ASIA & EUROPE MARKETS: Will the Bank of Japan's negative interest rate monetary policy finally meet its end and the Japanese Yen be able to rebound, and how will China's economic improvement be able to go hand in hand with the hopes of an improving global economy due to projected US interest rate cuts? On the other hand, is the European central bank still on track in its efforts to cool their inflation to the ECB & BOE target of around 2%? As noted, Germany managed to lower its inflation to 3.2% yoy in Nov 2023, down 5.6% in a year from Nov 2022 position at 8.8%. Meanwhile, the UK also managed to trim their fat Inflation at 10.7% in Nov 2022, missing 6.8% on-year to a level of 3.9% yoy in Nov 2023.

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COMMODITIES: what will happen in the world's CURRENT OIL market as the Middle East conflict changes the world's supply order, as well as how effective is the OPEC+ decision to reduce production amid sluggish demand from the world's largest oil importer: China?

INDONESIA: will the political year be peaceful (one round / two rounds), and how much political certainty will attract foreigners to invest in Indonesia; as well as how Indonesia will maintain economic growth in 2024 which is still full of challenges and threats of recession?

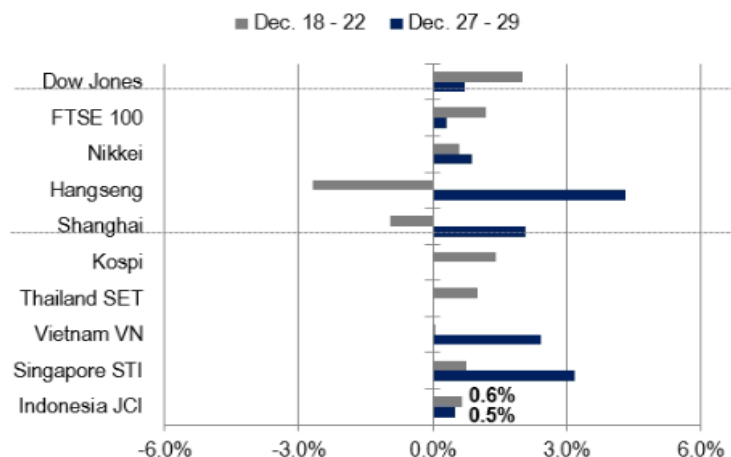
JCI Index : 7,272.80 (+0.5%)

Foreign Flow : Net Buy of IDR 2.9 Trillion (Vs. last week's net buy of IDR 1.4 Trillion)

USD/IDR : 15,397 (+0.56%)

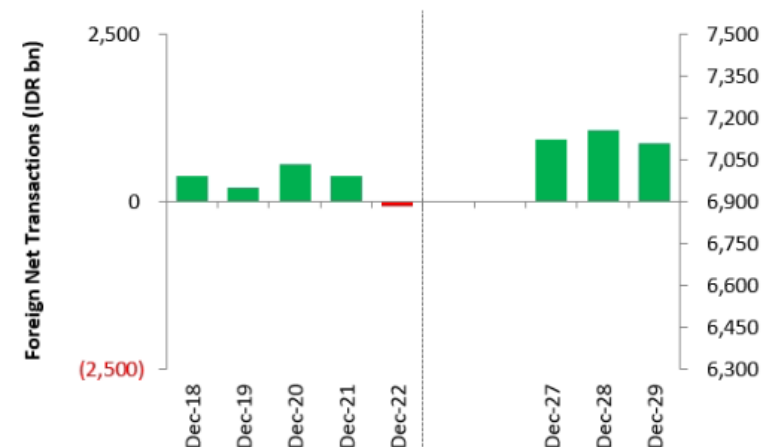
Last Week's JCI Movement

Global Market Movement



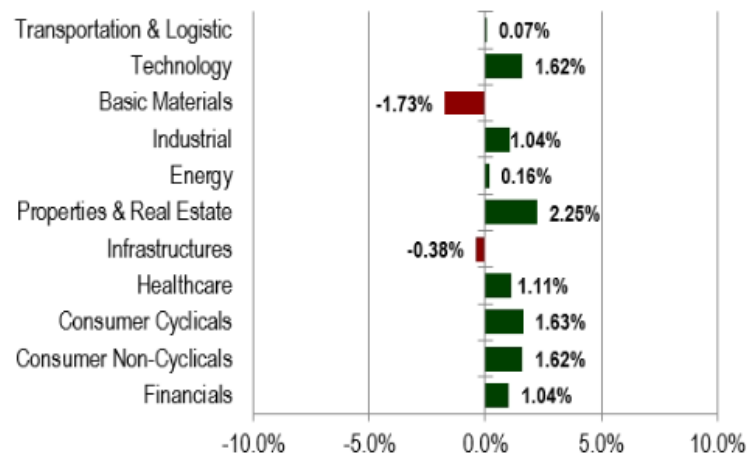
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



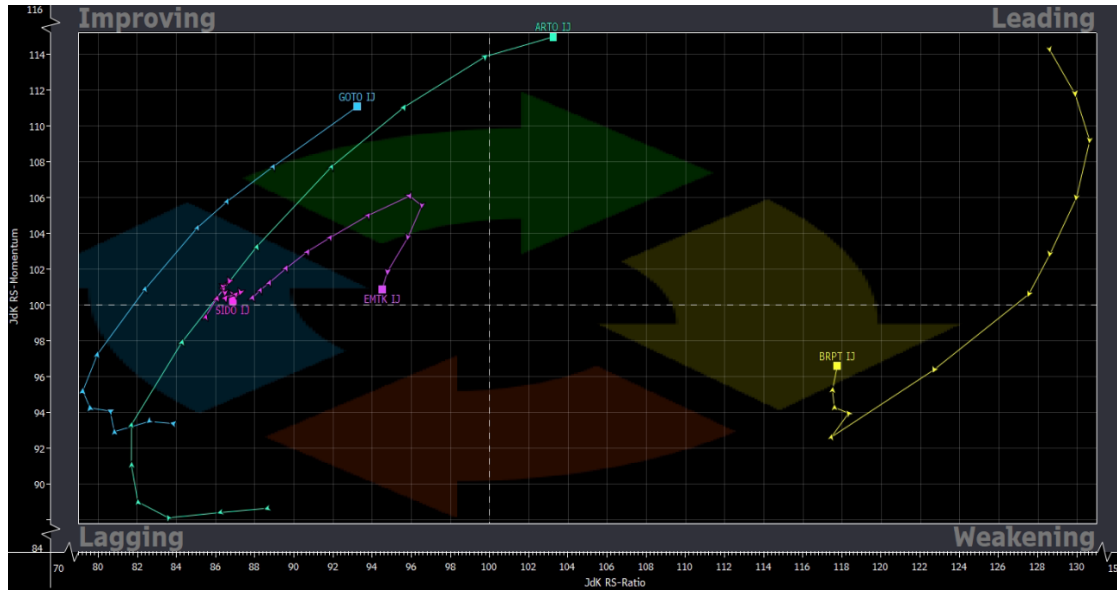
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBCA	967,707	AVIA	63,579
BBRI	454,795	ADRO	43,151
BMRI	436,201	MDKA	37,538
TLKM	159,409	MIKA	36,486
BBNI	146,786	EXCL	25,217

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
GOTO	91, 96-97, 110	80
ARTO	3040-3080, 3300-3330, 3500	2800
BRPT	1400, 1450-1465, 1585-1600	1280
SIDO	545-550, 565-575	515
EMTK	605-610, 655-670, 690-700	520

Source: Bloomberg, NHKSI Research

JCI Index

Support	7220 / 7200 / 7160-7140 / 7050 / 7000.	Resistance	7310-7330 / 7355-7377.
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	—	—	—	—	—	—
<i>1 – Jan.</i>	—	—	—	—	—	—
Tuesday	US	21:45	S&P Global US Manufacturing PMI	Dec P	48.4	48.2
<i>2 – Jan.</i>	CH	08:45	Caixin China PMI Mfg	Dec	50.3	50.7
	ID	—	CPI YoY	Dec	2.77%	2.86%
	ID	07:30	S&P Global Indonesia PMI Mfg	Dec	—	51.7
	KR	07:30	S&P Global South Korea PMI Mfg	Dec	—	50.0
Wednesday	US	22:00	ISM Manufacturing	Dec	47.2	46.7
<i>3 – Jan.</i>	ID	—	CPI YoY	Dec	2.77%	2.86%
Thursday	US	20:15	ADP Employment Change	Dec	113K	103K
<i>4 – Jan.</i>	US	20:30	Initial Jobless Claims	Dec 30	—	218K
	CH	08:45	Caixin China PMI Composite	Dec	—	51.6
	CH	08:45	Caixin China PMI Services	Dec	51.6	51.5
	GE	15:55	HCOB Germany Composite PMI	Dec P	46.7	46.7
	GE	20:00	CPI YoY	Dec P	3.8%	3.2%
	EC	16:00	HCOB Eurozone Composite PMI	Dec P	47.0	47.0
	KR	04:00	Foreign Reserves	Dec	—	\$417.08B
	JP	07:30	Jibun Bank Japan PMI Mfg	Dec F	—	47.7
Friday	US	20:30	Change in Nonfarm Payrolls	Dec	168K	199K
<i>5 – Jan.</i>	US	20:30	Unemployment Rate	Dec	3.8%	3.7%
	US	22:00	Factory Orders	Nov	2.1%	-3.6%
	US	22:00	Durable Goods Orders	Nov F	—	5.4%
	ID	—	Foreign Reserves	Dec	—	\$138.10B
	EC	17:00	CPI MoM	Dec P	0.2%	-0.6%
	JP	12:00	Consumer Confidence Index	Dec	36.5	36.1

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	—
<i>1 – Jan.</i>	Cum Dividend	—
Tuesday	RUPS	—
<i>2 – Jan.</i>	Cum Dividend	—
Wednesday	RUPS	—
<i>3 – Jan.</i>	Cum Dividend	—
Thursday	RUPS	PYFA
<i>4 – Jan.</i>	Cum Dividend	—
Friday	RUPS	TGUK
<i>5 – Jan.</i>	Cum Dividend	IPCM, BSSR, SDRA

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							3,782.8							
BBCA	9,400	9,400	10,300	Overweight	9.6	9.9	1,158.8	24.0x	4.9x	21.5	2.3	20.5	25.5	0.9
BBRI	5,725	5,725	6,300	Overweight	10.0	17.6	867.7	15.4x	2.8x	18.6	2.9	14.9	12.7	1.1
BBNI	5,375	5,375	6,100	Overweight	13.5	16.5	200.5	9.8x	1.4x	15.0	3.7	12.5	15.1	1.1
BMRI	6,050	6,050	6,900	Overweight	14.0	22.5	564.7	11.4x	2.3x	21.8	4.4	17.2	27.4	1.2
AMAR	320	320	400	Buy	25.0	36.8	5.9	25.9x	1.8x	6.9	N/A	26.2	N/A	0.6
Consumer Non-Cyclicals							1,179.0							
INDF	6,450	6,450	7,400	Overweight	14.7	(4.8)	56.6	6.4x	1.0x	16.0	4.0	3.8	52.6	0.4
ICBP	10,575	10,575	13,600	Buy	28.6	4.2	123.3	14.8x	3.0x	21.9	1.8	4.9	113.0	0.3
UNVR	3,530	3,530	4,200	Buy	19.0	(23.6)	134.7	27.2x	25.0x	89.0	3.8	(3.3)	(9.1)	0.0
MYOR	2,490	2,490	3,200	Buy	28.5	-	55.7	19.2x	4.0x	22.5	1.4	3.0	85.7	0.5
CPIN	5,025	5,025	5,500	Overweight	9.5	(11.5)	82.4	34.0x	2.8x	8.7	2.0	8.5	(16.0)	0.5
JPFA	1,180	1,180	1,400	Buy	18.6	(11.9)	13.8	14.8x	1.0x	7.2	4.2	2.6	(34.1)	0.6
AALI	7,025	7,025	8,000	Overweight	13.9	(12.7)	13.5	10.3x	0.6x	6.1	5.7	(5.1)	(34.2)	0.9
TBLA	695	695	900	Buy	29.5	2.8	4.2	4.5x	0.5x	11.9	2.9	0.6	(27.8)	0.5
Consumer Cyclicals							406.2							
ERAA	426	426	600	Buy	40.8	9.8	6.8	8.1x	1.0x	12.5	4.5	22.5	(27.1)	0.8
MAPI	1,790	1,790	2,400	Buy	34.1	26.5	29.7	14.1x	3.1x	24.9	0.4	26.4	(5.0)	0.5
HRTA	348	348	590	Buy	69.5	70.6	1.6	5.2x	0.8x	17.1	3.4	82.8	25.9	0.4
Healthcare							258.5							
KLBF	1,610	1,610	1,800	Overweight	11.8	(21.8)	75.5	25.4x	3.6x	14.8	2.4	6.5	(16.9)	0.4
SIDO	525	525	550	Hold	4.8	(29.5)	15.8	16.2x	4.6x	28.0	6.8	(9.7)	(18.6)	0.6
MIKA	2,850	2,850	3,000	Overweight	5.3	(4.0)	40.6	41.9x	7.1x	17.7	1.3	2.7	(5.1)	0.2
Infrastructure							1,898.86							
TLKM	3,950	3,950	4,800	Buy	21.5	3.9	391.3	16.5x	3.0x	18.6	4.2	2.2	17.6	0.9
JSMR	4,870	4,870	5,100	Hold	4.7	56.6	35.3	4.6x	1.3x	31.7	1.6	20.1	493.2	1.0
EXCL	2,000	2,000	3,800	Buy	90.0	(7.8)	26.3	22.3x	1.0x	4.9	2.1	10.5	(16.1)	0.9
TOWR	990	990	1,310	Buy	32.3	(13.9)	50.5	14.9x	3.1x	22.2	2.4	7.6	(3.9)	0.5
TBIG	2,090	2,090	2,390	Overweight	14.4	(8.7)	47.4	30.8x	4.4x	13.2	2.9	0.6	(8.5)	0.4
MTEL	705	705	860	Buy	22.0	(6.6)	58.9	29.4x	1.7x	6.0	3.0	11.9	(22.7)	0.5
WIKA	240	240	1,280	Buy	433.3	(70.2)	2.2	N/A	0.3x	(58.5)	N/A	17.9	(20784.6)	1.0
PTPP	428	428	1,700	Buy	297.2	(40.6)	2.7	7.1x	0.2x	3.3	N/A	(9.2)	69.6	1.0

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Property & Real Estate							258.7							
CTRA	1,170	1,170	1,300	Overweight	11.1	27.2	21.7	14.3x	1.1x	8.1	1.3	(8.8)	(22.5)	0.7
PWON	454	454	500	Overweight	10.1	-	21.9	11.9x	1.2x	10.3	1.4	1.6	24.8	1.0
Energy							1,429.0							
PGAS	1,130	1,130	1,770	Buy	56.6	(35.1)	27.4	7.9x	0.7x	8.2	12.5	1.9	(35.9)	0.6
ITMG	25,650	25,650	26,500	Hold	3.3	(35.2)	29.0	2.6x	1.1x	39.2	35.4	(30.2)	(54.8)	0.7
PTBA	2,440	2,440	4,900	Buy	100.8	(33.9)	28.1	4.4x	1.5x	28.0	44.8	(10.7)	(62.2)	1.0
ADRO	2,380	2,380	2,870	Buy	20.6	(33.7)	76.1	2.6x	0.7x	28.8	10.0	(15.8)	(35.7)	1.3
Industrial							390.7							
UNTR	22,625	22,625	25,900	Overweight	14.5	(12.3)	84.4	4.0x	1.1x	26.6	30.4	6.6	(1.3)	0.8
ASII	5,650	5,650	6,900	Buy	22.1	(0.9)	228.7	7.3x	1.2x	16.5	11.5	8.8	10.2	1.0
Basic Ind.							1,682.9							
SMGR	6,400	6,400	9,500	Buy	48.4	(3.4)	43.4	17.2x	1.0x	6.1	3.8	4.0	(10.0)	0.9
INTP	9,400	9,400	12,700	Buy	35.1	(5.5)	34.6	14.9x	1.6x	11.1	1.7	10.9	36.4	0.7
INCO	4,310	4,310	5,000	Buy	16.0	(38.9)	42.8	11.0x	1.1x	10.5	2.1	7.3	32.0	1.2
ANTM	1,705	1,705	2,050	Buy	20.2	(13.9)	41.0	10.1x	1.7x	17.1	4.7	(8.3)	8.4	1.5
NCKL	1,000	1,000	1,320	Buy	32.0	#N/A	63.1	10.7x	2.8x	36.5	2.2	135.1	N/A	N/A

Source : Bloomberg, NHKSI Research

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