

Weekly Brief (Feb. 12 – 16, 2024)

Summary:

Last week review:

STRONG US ECONOMIC DATA LED TO HAWKISH COMMENTS FROM FEDERAL RESERVE OFFICIALS. For last week, all three major US indexes recorded their fifth consecutive weekly gain with the S&P advancing 1.4%, the Nasdaq soaring 2.3% and the Dow edging up 0.04%. The US PMI data showed that overall business activity especially the Service sector in the US experienced healthy growth in expansionary territory, while US Import-Export activity in December also rose above the previous month (as expected). To top it all off, Initial Jobless Claims came in at 218k for the latest week, lower than the previous week and also lower than expectations of 221k. The revised US consumer Inflation rate showed that the annualized inflation rate in 4Q23 was unchanged at 3.3%, suggesting that the easing of price pressures over the past year is on track. This mixed picture of the US economy is unlikely to change the Fed's view that higher for longer interest rates are still needed at this time. Automatically a number of strong economic data above further dashed the hopes of market participants that the central bank would start cutting interest rates in March. So far the Fed Rate Monitor Tool poll from Investing.com has shown an 84% chance that interest rates will be held steady at the March FOMC Meeting. In contrast, a potential 25bps rate cut could materialize in May although the probability has dropped to 52.2% from almost 60% a week earlier. On the other hand, it is felt that the Fed needs to leave the era of higher interest rates for longer as pressure on banks and commercial real estate property owners has been detected, which was also raised by US Treasury Secretary Janet Yellen last week, although she believes the situation is still safely under control with the help of bank regulators.

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EUROPEAN & ASIAN MARKETS: While Asian markets mostly experienced a short trading week due to the Chinese New Year holiday, Europe also released PMI data from Eurozone, Germany which both are still struggling to get out of contractionary territory, while the UK has at least managed to waltz into expansionary territory. Speaking of PMIs, China and Japan have released Services PMIs that show their Services sectors stayed in expansionary territory in January. Unfortunately, China's deflation is still entrenched as CPI (Jan) plunged further to -0.8% yoy, a bigger deflation than -0.3% in the previous month and also bigger than the -0.5% forecast. The same can be seen in PPI (Jan) which is still struggling in negative territory at 2.5% yoy, slightly up from Dec at -2.7%. Still discussing CPI, Germany as Europe's largest economy, reported January CPI cooled further to 2.9% yoy, from 3.7% in the previous month, on track towards the ECB's 2% target. German Factory Orders in December experienced a significant increase of 8.9% mom from flat growth in the previous month, although on the one hand German Industrial Production for December slipped further to -1.6% mom, from -0.2% in November.

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INDONESIA: recorded economic growth in the 4th quarter of 2023 at 5.04% yoy, exceeding consensus expectation of 5.0% and higher than the 3rd quarter at 4.94% supported by domestic spending. On full year basis, 2023 GDP stood at 5.05% and surpassed the projection of several institutions although the economic growth in 2023 is slower than the economic growth in 2022 which was 5.31%. Foreign Exchange Reserves for January slightly depreciated to USD145.1 billion compared to USD146.4 billion in December. The Rupiah was at its strongest position in 2 weeks, closing at IDR15,611/USD before Indonesia's financial markets went on a long-weekend holiday to welcome the Lunar New Year. The short trading week also managed to garner IDR4.45 trillion (RG market) of foreign spending in the stock market, bringing the YTD total to almost IDR7 trillion.

COMMODITIES: OIL prices gained 6% over the past week (after plunging 7% in the previous week) on renewed concerns over the continuing Middle East conflict after Israel rejected a ceasefire offer from Hamas. The US has also been seen pounding Iran-linked gangs in Iraq, Syria and Yemen. In Russia, Ukrainian drone attacks on the largest oil refinery in southern Russia are still being recorded, leading Russia to reduce exports of diesel and also naphtha, a petrochemical feedstock. In addition, a statement from the US Energy Department said that US crude oil production will not be able to meet expectations. US refinery production has been temporarily halted for maintenance, which has led to a significant drop in US production.

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This week's outlook:

After recent strong labor and economic growth data made markets re-evaluate the timing of the Federal Reserve's rate cut, all attention will be on the January US INFLATION REPORT released on Tuesday. Any signs that price pressures start to ease could push interest rate cut bets even further ahead. Economists forecast a 0.2% rise in consumer prices from the previous month, with an annualized increase of 2.9%. Headline Inflation is forecast to increase by 3.8% yoy. Market participants will also be monitoring comments from a number of Fed officials this week. From the US, their economic calendar will also contain Retail Sales figures for January, which will be announced on Thursday along with Initial Jobless Claims; while producer-level Inflation and Consumer Sentiment data will be out on Friday.

EARNING REPORT season will still dominate this week even after the S&P500 hit the 5,000 level for the first time in history and the Nasdaq briefly topped 16,000 last Friday, supported by megacaps and chip makers. From the released earnings results of around two-thirds of the S&P 500 companies, LSEG data shows that Wall Street estimates now call for 9.0% growth in 4/2023 earnings, compared to 4.7% growth expected at the beginning of the year; while 81% of companies have exceeded estimates, compared to previous estimates which averaged 76% over the previous 4 earnings periods, according to Reuters.

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This week's outlook:

OIL prices are expected to remain volatile in the next few days after last week's 6% gain.

UK will release employment, inflation and GDP data which will be closely monitored this week as investors try to time the Bank of England's first rate cut. EUROZONE will also release its 4Q23 GDP on Wednesday with the economy expected to remain stagnant at 0.1% yoy growth.

JAPAN is scheduled to release its preliminary estimate of GDP on Tuesday, with estimates of 4Q23 economic growth starting to rebound, following a contraction in Q3 as inflationary pressures weigh on household spending and slow corporate investment. The data is being closely monitored by market participants amid bets that the Bank of Japan will end its negative interest rate policy (which has been in place since 2016) in April this year. The GDP data is also likely to show that Japan's economy has slipped to fourth globally, behind the US, China and Germany.

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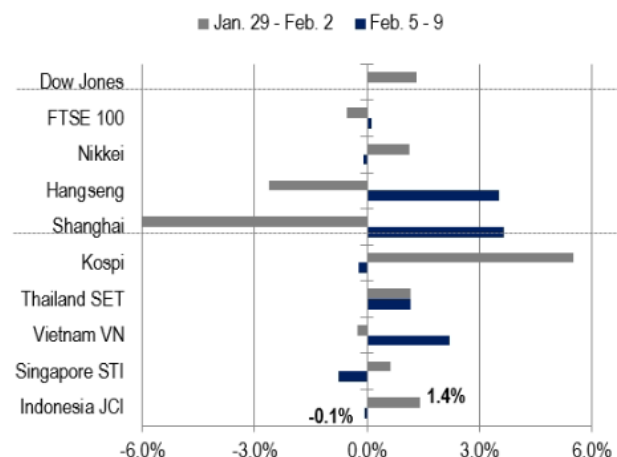
This week's outlook:

Investors in INDONESIA will be waiting for Consumer Confidence (Jan.) data on Tuesday and Trade Balance (Jan.) and Export - Import growth data on Thursday.

JCI Index : 7,235.15 (-0.1%)
Foreign Flow : Net Buy of IDR 1.7 Trillion (Vs. last week's net buy of IDR 4.9 Trillion)
USD/IDR : 15,635 (+0.15%)

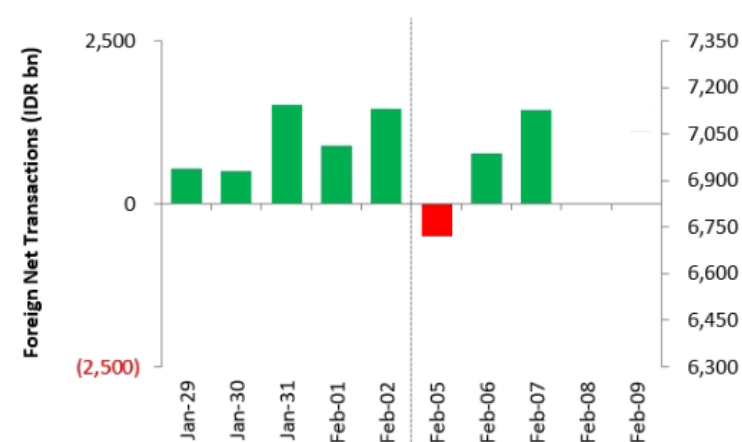
Last Week's JCI Movement

Global Market Movement



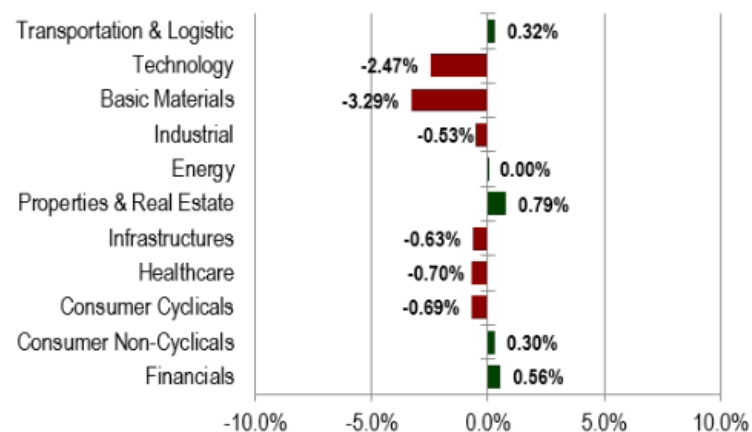
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



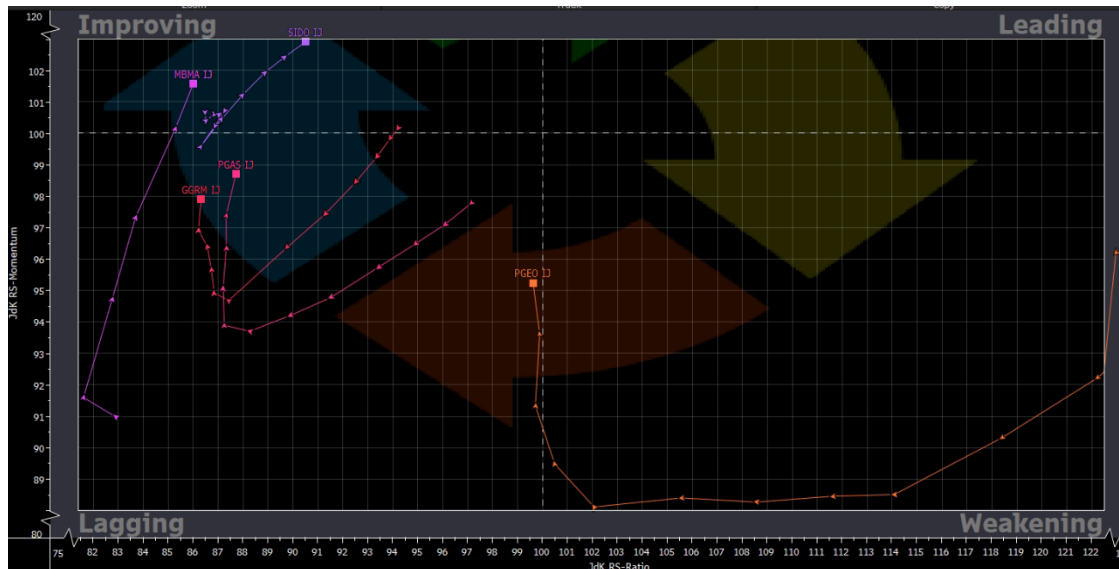
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BMRI	944,952	GOTO	248,320
BBRI	460,297	ASII	62,457
BBCA	265,454	INCO	43,518
BBNI	262,273	MDKA	37,263
TLKM	219,455	ANTM	31,342

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
SIDO	525-530 / 555-565 / 575-580	484
MBMA	700-710 / 730-735 / 825-840	600
PGEO	1310-1340 / 1420-1455 / 1625-1645	1150
GGRM	20375 / 20900-21075 / 21250-21350	19550
PGAS	1185-1195 / 1220-1245 / 1295-1305	1130

Source: Bloomberg, NHKSI Research

JCI Index

Support	7180-7200 / 7100 / 7040-7050 / 6990-7000	Resistance	7270-7280 / 7300-7330 / 7377-7406
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	—	—	—	—	—	—
<i>12 – Feb.</i>	—	—	—	—	—	—
Tuesday	US	20:30	CPI YoY	Jan	—	3.4%
<i>13 – Feb.</i>	ID	—	Consumer Confidence Index	Jan	—	123.8
	GE	17:00	ZEW Survey Expectation	Feb	—	15.2
	GE	17:00	ZEW Survey Current Situation	Feb	—	-77.3
	JP	06:50	PPI YoY	Jan	—	0.0%
Wednesday	EC	17:00	GDP SA QoQ	4Q P	—	0.0%
<i>14 – Feb.</i>	EC	17:00	GDP SA YoY	4Q P	—	0.1%
Thursday	US	20:30	Empire Manufacturing	Feb	-15.1	-43.7
<i>15 – Feb.</i>	US	20:30	Retail Sales Advance MoM	Jan	0.1%	0.6%
	US	20:30	Initial Jobless Claims	Feb 10	—	—
	US	21:15	Industrial Production MoM	Jan	0.4%	0.1%
	ID	11:00	Trade Balance	Jan	—	\$3,307M
	ID	11:00	Exports YoY	Jan	—	-5.85%
	ID	11:00	Imports YoY	Dec	—	-3.81%
	JP	06:50	GDP SA QoQ	4Q P	0.3%	-0.7%
	JP	11:30	Industrial Production MoM	Dec F	—	1.8%
Friday	US	20:30	Housing Starts	Jan	1,468K	1,460K
<i>16 – Feb.</i>	US	20:30	PPI Final Demand MoM	Jan	0.1%	-0.1%
	US	22:00	U. of Mich. Sentiment	Feb P	80.0	79.0
	KR	06:00	Unemployment Rate SA	Jan	—	3.3%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	PGEO, LINK, CUAN
<i>12 – Feb.</i>	Cum Dividend	—
Tuesday	RUPS	MFIN, AGRS
<i>13 – Feb.</i>	Cum Dividend	—
Wednesday	RUPS	—
<i>14 – Feb.</i>	Cum Dividend	—
Thursday	RUPS	—
<i>15 – Feb.</i>	Cum Dividend	—
Friday	RUPS	CSMI
<i>16 – Feb.</i>	Cum Dividend	—

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							3,962.1								
BBCA	9,725	9,400	11,025	Overweight	13.4	10.2	1,198.8	24.6x	4.9x	21.0	2.2	17.0	19.7	0.9	
BBRI	5,925	5,725	6,300	Overweight	6.3	21.9	898.0	14.9x	2.9x	19.7	2.8	16.1	17.8	1.1	
BBNI	5,775	5,375	6,475	Overweight	12.1	21.3	215.4	10.3x	1.4x	14.6	3.4	9.5	14.3	1.1	
BMRI	7,075	6,050	6,900	Hold	(2.5)	37.4	660.3	12.0x	2.5x	22.4	3.7	14.8	33.7	1.2	
AMAR	262	320	400	Buy	52.7	(3.7)	4.8	21.2x	1.4x	6.9	N/A	26.2	N/A	0.5	
Consumer Non-Cyclicals							1,140.2								
INDF	6,400	6,450	7,400	Buy	15.6	(7.2)	56.2	6.4x	1.0x	16.0	4.0	3.8	52.6	0.4	
ICBP	11,600	10,575	13,600	Buy	17.2	12.6	135.3	16.2x	3.3x	21.9	1.6	4.9	113.0	0.3	
UNVR	3,000	3,530	4,200	Buy	40.0	(34.5)	114.5	23.8x	33.8x	130.1	4.5	(6.3)	(10.6)	0.1	
MYOR	2,400	2,490	3,200	Buy	33.3	(1.6)	53.7	18.5x	3.9x	22.5	1.5	3.0	85.7	0.5	
CPIN	4,700	5,025	5,500	Buy	17.0	(19.7)	77.1	31.8x	2.7x	8.7	2.1	8.5	(16.0)	0.5	
JPFA	1,080	1,180	1,400	Buy	29.6	(20.6)	12.7	13.5x	1.0x	7.2	4.6	2.6	(34.5)	0.6	
AALI	6,925	7,025	8,000	Buy	15.5	(15.5)	13.3	10.2x	0.6x	6.1	5.8	(5.1)	(34.2)	0.8	
TBLA	660	695	900	Buy	36.4	(5.1)	4.0	5.2x	0.5x	9.8	3.0	0.6	(27.8)	0.5	
Consumer Cyclicals							423.5								
ERAA	448	426	600	Buy	33.9	(8.9)	7.1	8.5x	1.0x	12.5	4.2	22.5	(27.1)	0.8	
MAPI	1,970	1,790	2,200	Overweight	11.7	36.8	32.7	15.5x	3.4x	24.9	0.4	26.4	(5.0)	0.5	
HRTA	368	348	590	Buy	60.3	72.0	1.7	5.5x	0.9x	17.1	3.3	82.8	25.9	0.4	
Healthcare							253.3								
KLBF	1,505	1,610	1,800	Buy	19.6	(36.2)	70.5	23.5x	3.4x	14.8	2.5	6.5	(16.9)	0.4	
SIDO	500	525	550	Overweight	10.0	(37.5)	15.0	15.5x	4.4x	28.0	7.1	(9.7)	(18.6)	0.5	
MIKA	2,790	2,850	3,000	Overweight	7.5	(5.1)	39.7	41.0x	6.9x	17.7	1.3	2.7	(5.1)	0.3	
Infrastructure							1,615.36								
TLKM	4,020	3,950	4,800	Buy	19.4	5.8	398.2	16.8x	3.0x	18.6	4.2	2.2	17.6	0.8	
JSMR	4,980	4,870	5,100	Hold	2.4	45.6	36.1	4.7x	1.3x	31.7	1.5	20.1	493.2	0.9	
EXCL	2,320	2,000	3,800	Buy	63.8	3.1	30.5	25.9x	1.2x	4.9	1.8	10.5	(16.1)	0.9	
TOWR	880	990	1,310	Buy	48.9	(20.7)	44.9	13.3x	2.7x	22.2	2.7	7.6	(3.9)	0.5	
TBIG	1,890	2,090	2,390	Buy	26.5	(10.8)	42.8	27.8x	4.0x	13.2	3.2	0.6	(8.3)	0.4	
MTEL	660	705	860	Buy	30.3	(1.5)	55.1	27.5x	1.6x	6.0	3.2	11.9	(22.7)	0.5	
WIKA	#N/A	N/.	240	#VALUE!	#VALUE!	#N/A	#VALUE!	N/A	#N/A	N/A	(58.5)	N/A	17.9	(20784.6)	1.0
PTPP	418	428	1,700	Buy	306.7	(41.1)	2.6	6.9x	0.2x	3.3	N/A	(9.2)	69.6	1.0	

Source : Bloomberg, NH KSI Research

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Property & Real Estate							256.7							
CTRA	1,260	1,170	1,300	Hold	3.2	28.6	23.4	15.4x	1.2x	8.1	1.2	(8.8)	(22.7)	0.6
PWON	416	454	500	Buy	20.2	(10.7)	20.0	10.9x	1.1x	10.3	1.6	1.6	24.8	0.9
Energy							1,399.9							
PGAS	1,145	1,130	1,770	Buy	54.6	(28.7)	27.8	7.9x	0.7x	8.2	12.3	1.9	(35.9)	0.6
ITMG	27,025	25,650	26,500	Hold	(1.9)	(20.9)	30.5	2.8x	1.2x	39.2	33.6	(30.2)	(54.8)	0.7
PTBA	2,620	2,440	4,900	Buy	87.0	(22.3)	30.2	4.7x	1.6x	28.0	41.8	(10.7)	(62.2)	1.0
HRUM	1,095	1,335	1,600	Buy	46.1	(33.6)	14.8	5.4x	1.1x	21.8	N/A	(8.6)	(56.3)	1.3
ADRO	2,460	2,380	2,870	Buy	16.7	(10.2)	78.7	2.7x	0.7x	28.8	17.8	(15.8)	(35.7)	1.3
Industrial							378.5							
UNTR	23,100	22,625	25,900	Overweight	12.1	(5.7)	86.2	4.1x	1.1x	26.6	29.8	6.6	(1.3)	0.8
ASII	5,275	5,650	6,900	Buy	30.8	(7.5)	213.6	6.8x	1.1x	16.5	12.3	8.8	10.2	1.0
Basic Ind.							1,693.9							
SMGR	6,150	6,400	9,500	Buy	54.5	(20.6)	41.7	16.5x	1.0x	6.1	4.0	4.0	(10.0)	0.9
INTP	8,875	9,400	12,700	Buy	43.1	(22.7)	32.7	14.1x	1.5x	11.1	1.8	10.9	36.4	0.7
INCO	3,990	4,310	5,000	Buy	25.3	(44.6)	39.6	10.0x	1.0x	10.5	2.3	7.3	32.0	1.2
ANTM	1,445	1,705	2,050	Buy	41.9	(34.9)	34.7	8.6x	1.4x	17.1	5.5	(8.3)	8.4	1.4
NCKL	795	1,000	1,320	Buy	66.0	#N/A	50.2	N/A	2.3x	36.5	2.8	135.1	N/A	N/A

Source : Bloomberg, NH KSI Research

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