

Weekly Brief (Feb. 5 – 7, 2024)

Summary:

Last week review:

THE FED'S FOMC MEETING held interest rates in place as expected, but it appears that interest rates should still be higher for longer. The US central bank's decision came amid the release of a mixed but still strong US employment report where the US Labor Department reported the latest job creation in the December JOLTs job openings data and January Nonfarm Payrolls aka public sector came out higher than expected, amid Consumer Confidence which also jumped to a 2-year high, although at the same time weekly Initial Jobless Claims also increased to the highest level since mid-November. Federal Reserve Chairman Jerome Powell said that it is unlikely that the Fed will cut interest rates in March, dashing hopes of a faster rate cut this year. The Fed also added that they do not feel a rate cut is the right policy to take until they have sufficient confidence that Inflation is moving towards the 2% Target, and re-emphasized that future policy will depend on the emergence of economic data. As for a number of important economic data released last week, showed that the S&P Global US Manufacturing PMI (Jan.) has successfully crossed into expansionary territory recorded at 50.7. In response to the above data, global equity indices inevitably moved closer to 2-year highs with the US economy assumed to be far from recession. Speaking of PMIs, from the Asian continent, South Korea, Indonesia, and China were among those who recorded Manufacturing PMI in expansionary territory; while Japan is still struggling to get their manufacturing sector out of contractionary territory. The same struggle is being experienced by European countries such as Germany, Eurozone, and the UK where their Manufacturing PMI is seen limping along but getting closer to the 50 border.

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INTEREST RATE DECISIONS FROM OTHER CENTRAL BANKS, the Bank of England also kept their interest rate at 5.25% which is currently at an almost 16-year high; but signaled a possible cut this year amid calls to reduce borrowing costs from 2020. Moreover, Inflation in the Eurozone proved to be sluggish last month, falling to 2.8% yoy in January from 2.9% in December, inching closer to the ECB's 2% target. The same Inflation trend was also seen in the preliminary estimate of German January Inflation coming in at 2.9% yoy for January, beating the estimate of 3.0% and clearly cooling down from 3.7% in the previous month; although this Inflation handling came at the cost of German Retail Sales (Dec.) still growing negatively and German Unemployment Rate (Jan.) holding at 5.8% same as the previous month. This all suggests that the world's major central banks may be getting closer to the prospect of cutting interest rates this year, especially amid the fact that the economic slowdown is starting to hit the European continent, as evidenced by Germany's 4Q23 GDP which still contracted 0.2% yoy (as expected), although this figure is somewhat improved from the previous quarter which was minus 0.4%. The economic growth of the Eurozone region still looks better as the 4Q23 GDP has been able to show a positive figure of 0.1%.

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ASIA MARKETS also went north as the Chinese government launched their stock market rescue package of USD 278 billion, amidst negative sentiment due to the Hong Kong court liquidating Chinese property giant Evergrande. This led to hedge funds buying heavily in shares of Chinese companies, with the highest value in 5 years over the past week; although concerns about the threat of systemic problems arose on China's property crisis that could spill over to other business/corporate sectors.

COMMODITIES: OIL prices ended last week with a deep plunge of more than 7% amid growing optimism that the Israeli - Hamas war ceasefire will again shore up global oil supplies. The ceasefire also cools the security threat of commercial ship lanes in the Red Sea, where Yemen-Iran-backed Houthi militants have been battled by US & UK-led navies.

Weekly Brief (Feb. 5 – 7, 2024)

This week's outlook:

With hopes of an imminent pivot in 2024 dashed, investors are shifting their focus to a number of 2023 corporate performance reports and an array of economic data to guess the future direction of monetary policy. CHINA is scheduled to release Inflation data, while OIL prices are expected to remain volatile.

Earnings season will still dominate this week and determine whether the stock rally to record highs can continue. As noted, the S&P500 hit a new high on Friday after the labor data came out, helped by the skyrocketing shares of Meta and Amazon after the publication of their respective performance reports. Investors are also monitoring all companies' projections for 2024, where earnings are expected to grow at a higher rate than in 2023.

The US economic calendar will be relatively quieter this week, with the main focus on the ISM Services PMI (Jan) where economists expect activity in the services sector to start picking up early this year. The US Labor Department will release weekly Initial Jobless Claims again on Thursday. Investors will also hear statements from several Fed officials including Federal Reserve Chairman Jerome Powell who will discuss the economy and Inflation risks on CBS TV.

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This week's outlook:

OIL commodity traders are re-digesting expectations of a delayed Fed rate cut, potentially hampering economic improvement which will disrupt global oil demand; inevitably this thought made Oil prices fall sharply by more than 7% last week. Not to mention the security threat in the Red Sea region that has extended to neighboring countries such as Iraq, Syria, and Pakistan, still raises a question mark whether the Middle East conflict can be extinguished soon.

CHINA Inflation data scheduled to be released on Thursday, is predicted to still show deepening deflationary pressures, where economists expect China's CPI (Jan) to come out at -0.5%, compared to minus 0.3% in the previous month. This sentiment will certainly further complicate China's financial markets which have been hit down 6% in the first month of this year, so that the weakness lasted 6 consecutive months.

Weekly Brief (Jan. 29 – Feb. 2, 2024)

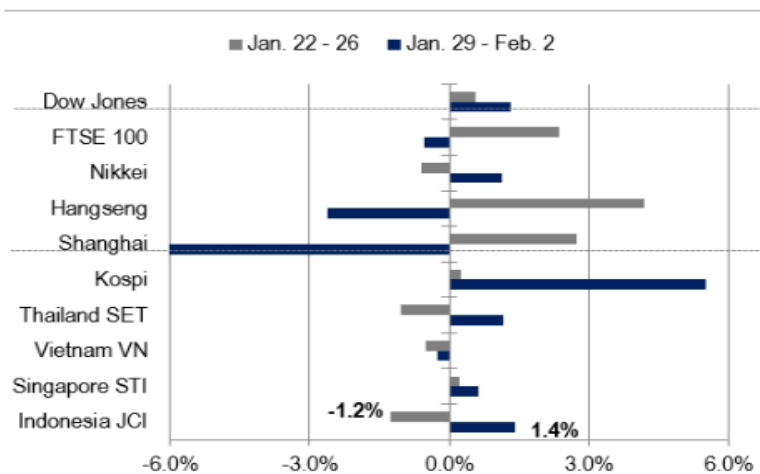
This week's outlook:

In a trading week that will be interrupted by holiday, INDONESIA will start today with a GDP report which is predicted that full year 2023 economic growth will be able to be at 5.0% yoy. Next on Wednesday will be followed by the Foreign Exchange Reserves report (Jan.) and Consumer Confidence on Thursday.

JCI Index : 7,238.78 (+1.4%)
Foreign Flow : Net Buy of IDR 4.9 Trillion (Vs. last week's net sell of IDR 536 Billion)
USD/IDR : 15,658 (+1.02%)

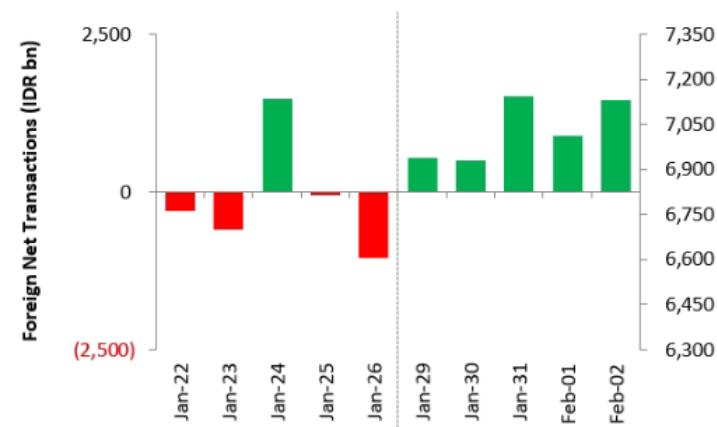
Last Week's JCI Movement

Global Market Movement



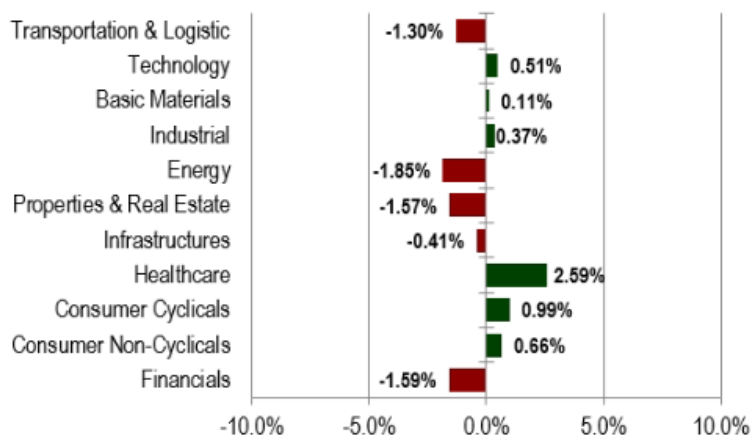
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



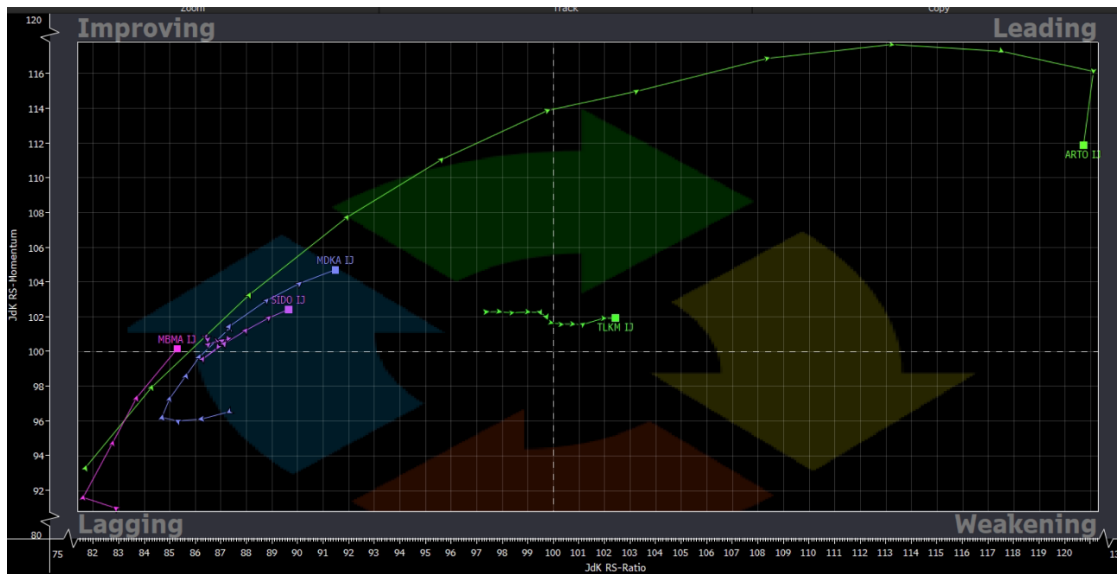
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBCA	1,040,050	AKRA	70,828
BBRI	908,384	MDKA	64,159
BMRI	614,858	ASII	62,406
BBNI	493,158	INKP	42,824
TLKM	464,363	ICBP	40,653

Source: Bloomberg, NHKSI Research

Stocks Recommendation

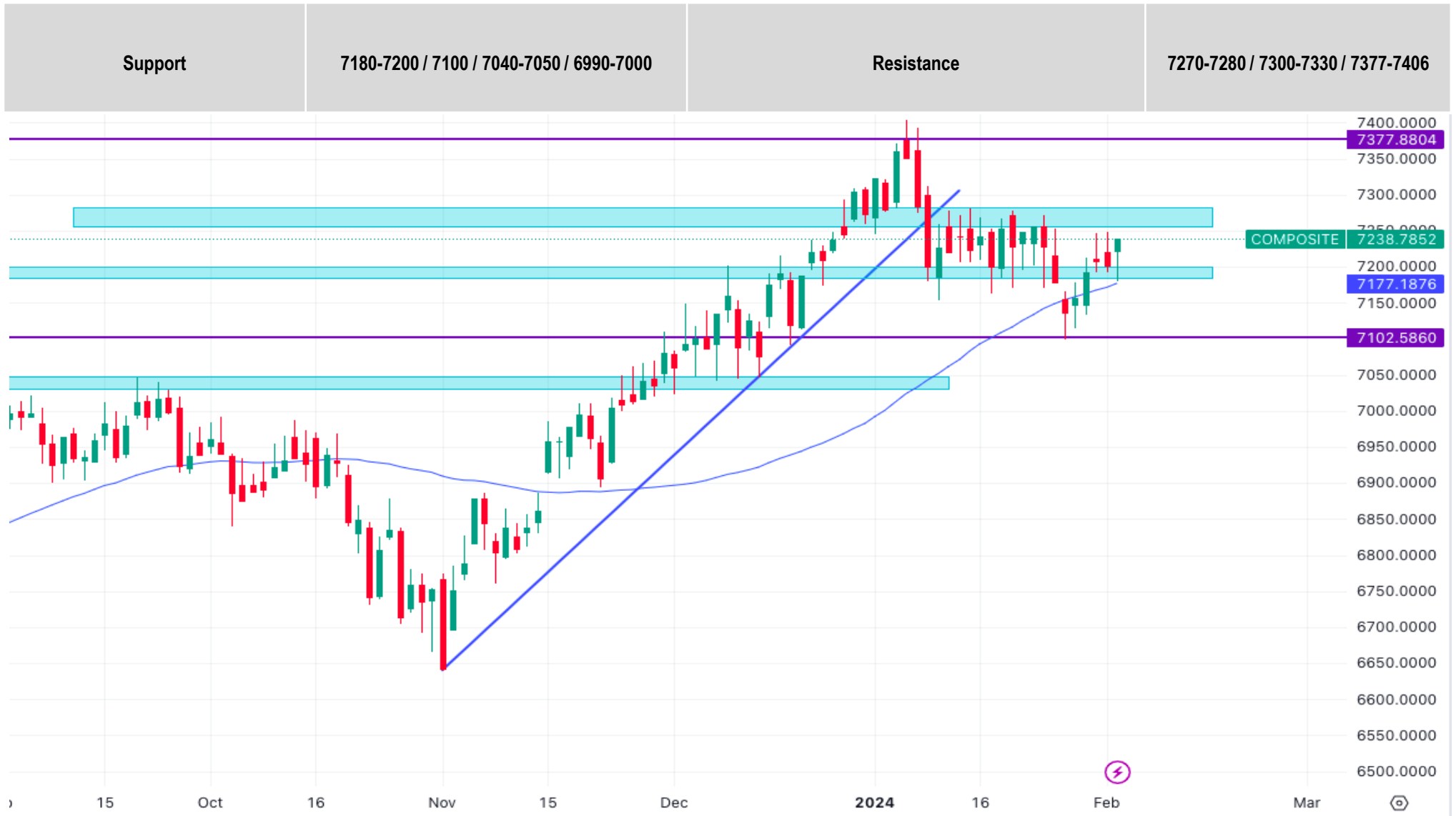


Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ARTO	3540-3570, 3700, 3790-3860	2800
MDKA	2800-2830, 2910, 2970-3000	2430
SIDO	525-530, 550-575, 590-600	<490
MBMA	765-785, 830-840, 890-900	635
TLKM	4130-4220, 4560-4500	3900

Source: Bloomberg, NHKSI Research

JCI Index



Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	US	21:45	S&P Global US Composite PMI	Jan F	—	52.3
<i>5 – Feb.</i>	CH	08:45	Caixin China PMI Composite	Jan	—	52.6
	ID	11:00	GDP YoY	4Q	4.98%	4.94%
	KR	04:00	Foreign Reserves	Jan	—	\$420.15B
Tuesday	GE	14:00	Factory Orders MoM	Dec	—	0.3%
<i>6 – Feb.</i>	EC	17:00	Retail Sales YoY	Dec	—	-1.1%
Wednesday	US	20:30	Trade Balance	Dec	-\$62.3B	-\$63.2B
<i>7 – Feb.</i>	ID	10:00	Foreign Reserves	Jan	—	\$146.40B
	GE	14:00	Industrial Production SA MoM	Dec	—	-0.7%
	KR	06:00	BoP Current Account Balance	Dec	—	\$4,059.7M
Thursday	US	20:30	Initial Jobless Claims	Feb 3	—	224K
<i>8 – Feb.</i>	CH	08:30	PPI YoY	Jan	-2.6%	-2.7%
	CH	08:30	CPI YoY	Jan	-0.5%	-0.3%
	JP	06:50	BoP Current Account Balance	Dec	¥1,007.7B	¥1,925.6B
Friday	CH	—	Money Supply M2 YoY	Jan	9.2%	9.7%
<i>9 – Feb.</i>	GE	14:00	CPI YoY	Jan F	—	2.9%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	—
5 – Feb.	Cum Dividend	—
Tuesday	RUPS	—
6 – Feb.	Cum Dividend	—
Wednesday	RUPS	RUNS, BJTM
7 – Feb.	Cum Dividend	AMOR
Thursday	RUPS	—
8 – Feb.	Cum Dividend	—
Friday	RUPS	—
9 – Feb.	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							3,933.6							
BBCA	9,700	9,400	11,025	Overweight	13.7	11.5	1,195.8	24.6x	4.9x	21.0	2.2	17.0	19.7	0.9
BBRI	5,850	5,725	6,300	Overweight	7.7	23.2	886.6	14.7x	2.8x	19.7	2.9	11.3	17.8	1.1
BBNI	5,775	5,375	6,475	Overweight	12.1	24.2	215.4	10.3x	1.4x	14.6	3.4	9.5	14.3	1.1
BMRI	6,675	6,050	6,900	Hold	3.4	34.5	623.0	11.3x	2.4x	22.4	4.0	14.8	33.7	1.2
AMAR	274	320	400	Buy	46.0	8.7	5.0	22.2x	1.5x	6.9	N/A	26.2	N/A	0.4
Consumer Non-Cyclicals							1,134.9							
INDF	6,400	6,450	7,400	Buy	15.6	(4.5)	56.2	6.4x	1.0x	16.0	4.0	3.8	52.6	0.4
ICBP	11,575	10,575	13,600	Buy	17.5	10.5	135.0	16.2x	3.3x	21.9	1.6	4.9	113.0	0.3
UNVR	3,170	3,530	4,200	Buy	32.5	(32.4)	120.9	24.4x	22.5x	89.0	4.2	(3.3)	(9.1)	0.0
MYOR	2,360	2,490	3,200	Buy	35.6	(5.6)	52.8	18.2x	3.8x	22.5	1.5	3.0	85.7	0.5
CPIN	4,640	5,025	5,500	Buy	18.5	(20.3)	76.1	31.4x	2.6x	8.7	2.2	8.5	(16.0)	0.5
JPFA	1,100	1,180	1,400	Buy	27.3	(19.4)	12.9	13.8x	1.0x	7.2	4.5	2.6	(34.5)	0.6
AALI	6,875	7,025	8,000	Buy	16.4	(15.6)	13.2	10.1x	0.6x	6.1	5.8	(5.1)	(34.2)	0.9
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							427.8							
ERAA	432	426	600	Buy	38.9	(13.3)	6.9	8.2x	1.0x	12.5	4.4	22.5	(27.1)	0.9
MAPI	1,975	1,790	2,200	Overweight	11.4	42.6	32.8	15.5x	3.4x	24.9	0.4	26.4	(5.0)	0.5
HRTA	370	348	590	Buy	59.5	74.5	1.7	5.6x	0.9x	17.1	3.2	82.8	25.9	0.4
Healthcare							255.2							
KLBF	1,540	1,610	1,800	Buy	16.9	(29.4)	72.2	24.1x	3.4x	14.8	2.5	6.5	(16.9)	0.4
SIDO	500	525	550	Overweight	10.0	(36.3)	15.0	15.5x	4.4x	28.0	7.1	(9.7)	(18.6)	0.5
MIKA	2,820	2,850	3,000	Overweight	6.4	(7.5)	40.2	41.4x	7.0x	17.7	1.3	2.7	(5.1)	0.3
Infrastructure							1,565.92							
TLKM	3,990	3,950	4,800	Buy	20.3	2.8	395.3	16.7x	3.0x	18.6	4.2	2.2	17.6	0.8
JSMR	4,950	4,870	5,100	Hold	3.0	43.5	35.9	4.7x	1.3x	31.7	1.5	20.1	493.2	0.9
EXCL	2,310	2,000	3,800	Buy	64.5	3.1	30.3	25.7x	1.2x	4.9	1.8	10.5	(16.1)	0.9
TOWR	925	990	1,310	Buy	41.6	(17.8)	47.2	13.9x	2.9x	22.2	2.6	7.6	(3.9)	0.5
TBIG	1,960	2,090	2,390	Buy	21.9	(7.5)	44.4	28.8x	4.2x	13.2	3.1	0.6	(8.3)	0.4
MTEL	680	705	860	Buy	26.5	0.7	56.8	28.3x	1.7x	6.0	3.1	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)
PTPP	404	428	1,700	Buy	320.8	(43.1)	2.5	6.7x	0.2x	3.3	N/A	(9.2)	69.6	1.0

Source : Bloomberg, NH KSI 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							253.4							
CTRA	1,195	1,170	1,300	Overweight	8.8	19.5	22.2	14.7x	1.1x	8.1	1.3	(8.8)	(22.7)	0.7
PWON	414	454	500	Buy	20.8	(10.8)	19.9	10.9x	1.1x	10.3	1.6	1.6	24.8	1.0
Energy							1,401.3							
PGAS	1,135	1,130	1,770	Buy	55.9	(27.5)	27.5	7.8x	0.7x	8.2	12.4	1.9	(35.9)	0.7
ITMG	26,225	25,650	26,500	Hold	1.0	(23.5)	29.6	2.7x	1.1x	39.2	34.6	(30.2)	(54.8)	0.7
PTBA	2,540	2,440	4,900	Buy	92.9	(23.7)	29.3	4.6x	1.5x	28.0	43.1	(10.7)	(62.2)	1.0
HRUM	1,180	1,335	1,600	Buy	35.6	(28.3)	16.0	5.8x	1.2x	21.8	N/A	(8.6)	(56.3)	1.3
ADRO	2,420	2,380	2,870	Buy	18.6	(12.3)	77.4	2.6x	0.7x	28.8	18.1	(15.8)	(35.7)	1.3
Industrial							379.1							
UNTR	22,850	22,625	25,900	Overweight	13.3	(4.8)	85.2	4.1x	1.1x	26.6	30.1	6.6	(1.3)	0.9
ASII	5,325	5,650	6,900	Buy	29.6	(9.4)	215.6	6.9x	1.1x	16.5	12.2	8.8	10.2	1.0
Basic Ind.							1,748.0							
SMGR	6,325	6,400	9,500	Buy	50.2	(13.1)	42.9	17.0x	1.0x	6.1	3.9	4.0	(10.0)	0.9
INTP	8,925	9,400	12,700	Buy	42.3	(15.8)	32.9	14.2x	1.5x	11.1	1.8	10.9	36.4	0.7
INCO	3,890	4,310	5,000	Buy	28.5	(47.3)	38.7	9.7x	1.0x	10.5	2.3	7.3	32.0	1.2
ANTM	1,525	1,705	2,050	Buy	34.4	(34.5)	36.6	9.1x	1.5x	17.1	5.2	(8.3)	8.4	1.4
NCKL	900	1,000	1,320	Buy	46.7	#N/A	56.8	N/A	2.6x	36.5	2.5	135.1	N/A	N/A

Source : Bloomberg, NH KSI Research

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