

## Weekly Brief (Mar. 13 – 15, 2024)

### Summary:

#### Last week review:

**A COMBINATION OF ROBUST US PAYROLL DATA & THE FED'S STATEMENT ON THE PROSPECT OF A RATE CUT THIS YEAR.** Last week the US stock market ended on a lower note for all three major indexes, where the S&P 500 fell by 0.26%, and the Dow Jones Industrial Average and NASDAQ Composite lost 0.93% and 1.17% respectively; after the S&P500 and NASDAQ had actually touched intraday record highs before turning lower. This was the DJIA's worst week since October, while the S&P500 snapped its 2-week winning streak, as the Nvidia-led Tech sector rally came to an end and market participants reacted to the mixed US labor data that came out last week. After February's ADP Nonfarm Employment Change released an upward trend in the private sector labor force, the public sector followed suit as reported by Nonfarm Payroll growth (Feb.). Although the Job Openings and Labor Turnover Survey (JOLTs) showed job openings started to fall in January, wage growth slowed, and the US Unemployment Rate increased unexpectedly (to 3.9% from 3.7% previously) but overall the US labor market is still considered quite healthy & strong. The above economic indicators came amid statements from Federal Reserve Chairman Jerome Powell which supported expectations that the US central bank would realize an interest rate cut this year. Powell explained that the pivot plan is on the horizon and the US economy looks far from recession, although he did not explain the specific timing of when interest rates could begin to be lowered as inflation remains uncertain. US inflation has been tamed significantly since hitting a high in 2022, but policymakers still need to see a more convincing downtrend before they are confident for a rate cut. The US central bank's hesitation is not without reason; the US S&P Global Services PMI recorded a stronger-than-expected performance in services activity in February. The Federal Reserve itself in their Beige Book outlined that the US economic outlook will continue on a positive trend as expectations of a rate cut could boost economic growth, plus the easing of tight labor market and inflationary pressures. The Fed also sees that economic activity has started to pick up since early January, and the outlook for economic growth in the next 6-12 months will be characterized by stronger demand and softer monetary policy. Based on this optimism, it is no wonder that last week the Fed Rate Monitor Tool from Investing.com had recorded the chance of a 25 bps pivot in June slipping to 51.6%.

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**EUROPE MARKETS:** EUROZONE PMIs in February were seen strengthening and even entering expansionary territory in the service industry. Moreover, GERMANY as the number one economy in Europe reported a Trade Balance surplus of EUR 27.5 billion, a record-high surplus in history, surpassing the previous largest figure in 2016 of EUR 24.1 billion, supported by a massive increase in Exports and Imports, which managed to turn positive to 6.3% mom and 3.6% mom respectively in January from minus conditions in December, and well above estimates of only around 1 percent. EUROPEAN CENTRAL BANK (ECB) keeps interest rates at a record high of 4.5%; ECB President Christine Lagarde stated that Inflation is cooling faster than anticipated a few months ago, but they need to monitor longer to be more confident that the Inflation trajectory is stabilizing towards the target. The statement, which was in line with the US central bank, sent European indices to record highs.

**ASIAN MARKETS:** CHINA set an economic forecast for 2024 where economic growth is 5%, but has not yet outlined any stimulus packages to make this happen. CHINA'S Trade Balance surplus increased rapidly to USD 125.16 billion in February 2024 compared to USD 75.34 billion in the previous month, surpassing market estimates of USD 110.3 billion, supported by Exports and Imports which grew significantly by 7.1% and 3.5% yoy respectively, beating expectations of 1.9% and 1.5% growth.

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**COMMODITIES:** GOLD prices hit an all-time high on Friday at USD 2195.20/ounce on the back of Powell's comments a US interest rate cut could be expected this year, which would make safe-haven assets more attractive to investors. Sentiment around OIL prices remains mixed, amid projections of possible US and European interest rate cuts in June, as well as optimism of improved demand from CHINA as their oil import growth was last recorded up 5.1% for the first two months of 2024, to 10.74 million barrels/day, as oil purchases peaked ahead of the Lunar New Year holiday. OPEC+ agreed to continue production cuts of 2.2 million barrels/day until the end of June. Israel-Hamas peace talks and hostage exchange from the Gaza War remain deadlocked, as do continuing supply disruptions due to increasingly fatal Houthi militant attacks in the Red Sea. The rise in other precious metals such as PLATINUM & SILVER was also followed by industrial metals NICKEL and COPPER as projected interest rate cuts this year are increasingly feasible and in theory will boost global economic growth; especially after analysts predicted that sluggish demand from China is likely to be offset by India as they are the fastest growing economy in 2023, where their infrastructure spending is predicted to be able to lift demand for the above commodities.

**INDONESIA:** Last week, foreign investors outflowed IDR 959.12 billion from Indonesian stock market, making YTD position deflated to IDR 17.48 trillion, but IDR exchange rate strengthened until USD/IDR was at a low of IDR 15438.5/USD, slipping from March peak of IDR 15777.5/USD, supported by Dollar Index downtrend in the past week which touched a low of 102.36. Bank Indonesia (BI) reported that Indonesia's Foreign Exchange Reserves at the end of February 2024 reached USD 144.0 billion, decreased compared to January 2024 position of USD 145.1 billion; due to the repayment of government external debt but still able to meet 6 months of import financing and safe above the international standard of 3 months.

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### **This week's outlook:**

**Investors focused on the US INFLATION data that was released on Tuesday night** while Indonesia had the early fasting month/Ramadan holiday, where the Feb CPI still proved to be in a warming trend at 3.2% yoy, higher than forecast & previous period at 3.1%. US Core CPI (Feb) also did not budge from 0.4% mom, same as Jan. Later in the week, US PPI (Feb) will follow with a forecast of 0.3% mom, still at the same position as the previous month. Market participants will also be watching the US Retail Sales figure for Feb, which is forecast to rebound to a positive 0.8% mom after falling into negative territory of 0.8% a month earlier. The rest of the US economic calendar will also feature Retail Sales (Feb), Industrial Production, Consumer Sentiment, as well as weekly Initial Jobless Claims data; while Fed officials will enter a quiet period ahead of their FOMC Meeting next week.

**COMMODITIES:** OIL prices are predicted to still be in a consolidation trend this week as the market is still not convinced by the improvement in demand from China even though OPEC + has committed to extending the production cut period. Evident from the oil prices of both benchmarks fell last week, where Brent dropped 1.8% and US WTI futures plunged 2.5%. China's crude oil imports did increase in the first two months of this year compared to the same period in 2023, but were weaker than in previous months, confirming the downtrend in its purchases.

**EUROPEAN MARKETS:** GERMANY has announced their Inflation rate in Feb which eased to an annualized level of 2.5% yoy, compared to 2.9% in the previous month, but showed a monthly growth of 0.4% mom, versus Jan's 0.2%. The UK will release its latest jobs report on Tuesday, with investors and the Bank of England alike focused on wage growth amid speculation over the timing of the first interest rate cut. Average hourly pay growth did fall to 6.2% in December, the slowest pace of growth in a year, but not slow enough to convince BoE officials that interest rates need to be cut soon from their 16-year peak. Meanwhile, EUROZONE will release Industrial Production data for January. December's report showed a large increase in production that erased a full-year decline. Another strong reading would be an encouraging sign for GDP growth in the first quarter of the year.

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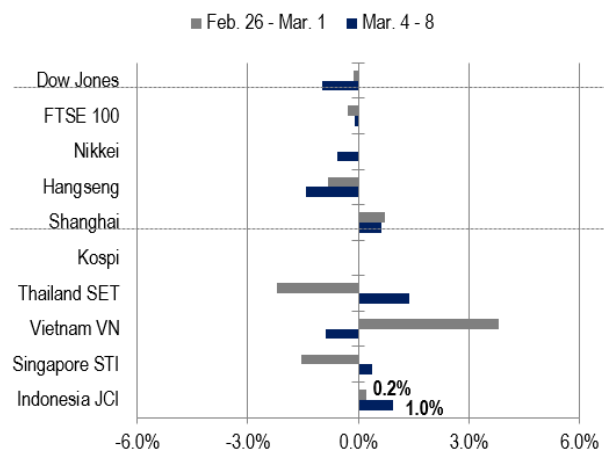
### This week's outlook:

**ASIAN MARKETS:** Not much economic data to look forward to from the Asian continent other than JAPAN's 4Q23 GDP which came out last Monday while Indonesia had the Nyepi Day holiday, where Japan's 4th quarter economic growth came in at 0.4% yoy, successfully moving out of recession, even above expectations of -0.4%. INDONESIA reported motorcycle sales that still dropped heavily in February, although the pace of decline -18.8% yoy has started to slow from -26.1% in the previous month. This week sees the scheduled release of Consumer Confidence (Feb.), Retail Sales (Jan.), and Trade Balance (Feb.) which is predicted to still post a surplus this time at USD 2.48bn, as well as most importantly recording Export - Import growth in February.

JCI Index : 7,381.91 (+1.0%)  
Foreign Flow : Net Buy of IDR 1.0 Trillion (Vs. last week's net sell of IDR 3.0 Trillion)  
USD/IDR : 15,590 (+0.70%)

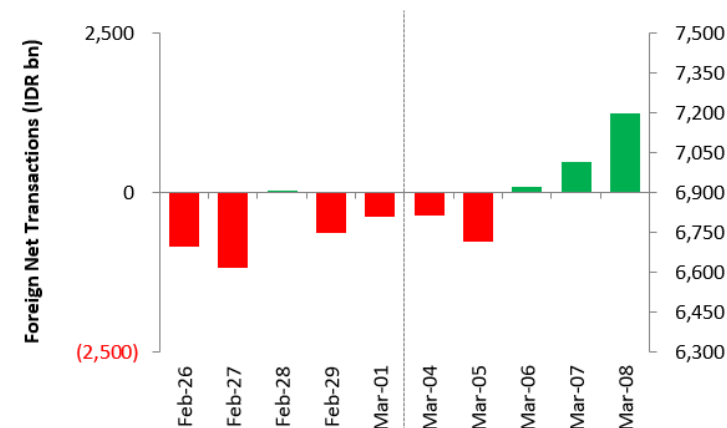
# Last Week's JCI Movement

## Global Market Movement



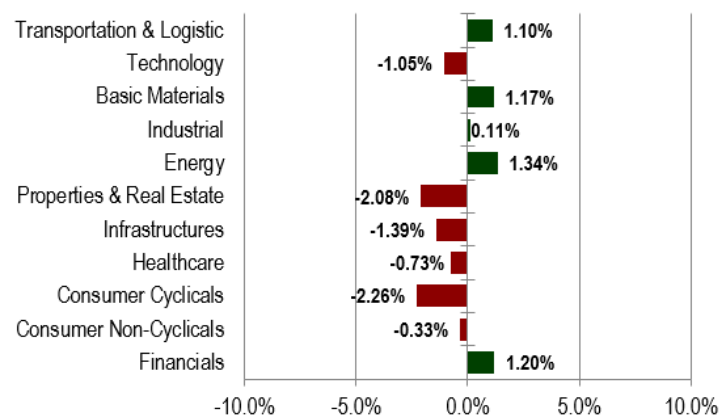
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



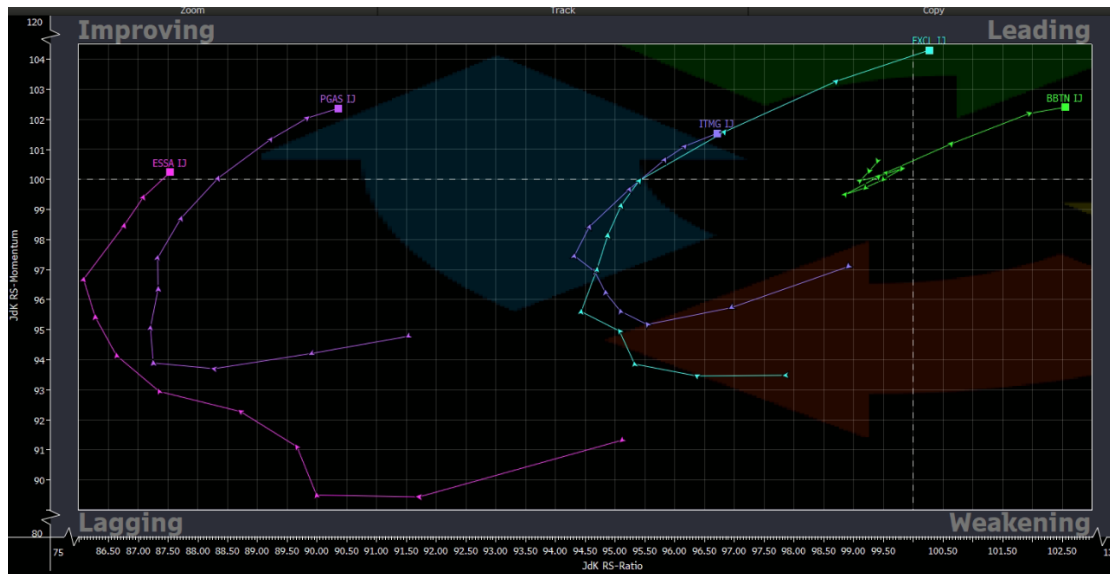
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BBCA	613,920	BMRI	209,346
BBRI	516,945	ASII	112,699
TPIA	182,287	UNTR	79,916
ADRO	149,743	MDKA	63,777
ISAT	124,361	GOTO	62,459

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
EXCL	2600-2640 / 2750-2780 / 2820-2840	2350
ITMG	28150-28175 / 29350-29500 / 30000	27400
BBTN	1460-1500 / 1540-1570 / 1600-1650	1340
PGAS	1165-1170 / 1200-1210	1100
ESSA	605-620 / 675-700 / 750	500

Source: Bloomberg, NHKSI Research

# JCI Index



Source: NHKSI Research, Bloomberg



## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	JP	06:50	GDP SA QoQ	4Q F	0.3%	-0.1%
<i>11 – Mar.</i>	JP	06:50	GDP Annualized SA QoQ	4Q F	1.1%	-0.4%
<b>Tuesday</b>	US	19:30	CPI YoY	Feb	3.1%	3.1%
<i>12 – Mar.</i>	GE	14:00	CPI YoY	Feb F	2.5%	2.5%
	JP	06:50	PPI YoY	Feb	0.6%	0.2%
<b>Wednesday</b>	ID	—	Consumer Confidence Index	Feb	—	125.0
<i>13 – Mar.</i>	KR	06:00	Unemployment rate SA	Feb	—	3.0%
<b>Thursday</b>	US	19:30	Retail Sales Advance MoM	Feb	0.8%	-0.8%
<i>14 – Mar.</i>	US	19:30	PPI Final Demand MoM	Feb	0.3%	0.3%
	US	19:30	Initial Jobless Claims	Mar 9	—	217K
<b>Friday</b>	US	19:30	Empire Manufacturing	Mar	-8.0	-2.4
<i>15 – Mar.</i>	US	20:15	Industrial Production MoM	Feb	0.0%	-0.1%
	US	21:00	U. of Mich. Sentiment	Mar P	77.0	76.9
	ID	09:00	Trade Balance	Feb	\$1,904M	\$2,015M
	ID	09:00	Exports YoY	Feb	-5.20%	-8.20%
	ID	09:00	Imports YoY	Feb	11.49%	0.28%

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	—
<i>11 – Mar.</i>	Cum Dividend	—
<b>Tuesday</b>	RUPS	—
<i>12 – Mar.</i>	Cum Dividend	—
<b>Wednesday</b>	RUPS	OKAS, BEKS
<i>13 – Mar.</i>	Cum Dividend	MEGA, BBRI
<b>Thursday</b>	RUPS	EDGE, BBKA
<i>14 – Mar.</i>	Cum Dividend	BBNI
<b>Friday</b>	RUPS	NIRO, NCKL, HATM, FITT, BINA, BEEF
<i>15 – Mar.</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
<b>Finance</b>							4,141.9							
BBCA	10,150	9,400	11,025	Overweight	8.6	18.7	1,251.2	25.7x	5.2x	21.0	2.1	17.0	19.7	0.9
BBRI	6,350	5,725	6,850	Overweight	7.9	31.5	962.4	15.9x	3.1x	19.7	2.6	16.1	17.8	1.1
BBNI	6,100	5,375	6,475	Overweight	6.1	35.6	227.5	10.9x	1.5x	14.6	3.2	9.5	14.3	1.1
BMRI	7,125	6,050	7,800	Overweight	9.5	37.7	665.0	12.1x	2.5x	22.4	3.7	14.8	33.7	1.3
AMAR	250	320	400	Buy	60.0	(22.4)	4.6	20.2x	1.4x	6.9	N/A	26.2	N/A	0.4
<b>Consumer Non-Cyclicals</b>							1,133.8							
INDF	6,350	6,450	7,400	Buy	16.5	3.7	55.8	6.3x	1.0x	16.0	4.0	3.8	52.6	0.3
ICBP	10,775	10,575	13,600	Buy	26.2	11.7	125.7	15.1x	3.1x	21.9	1.7	4.9	113.0	0.3
UNVR	2,660	3,530	3,100	Buy	16.5	(36.1)	101.5	21.1x	30.0x	130.1	5.0	(6.3)	(10.6)	0.0
MYOR	2,340	2,490	3,200	Buy	36.8	(12.7)	52.3	16.3x	3.5x	23.1	1.5	2.7	64.4	0.5
CPIN	5,175	5,025	5,500	Overweight	6.3	3.7	84.9	35.0x	2.9x	8.7	1.9	8.5	(16.0)	0.5
JPFA	1,215	1,180	1,400	Buy	15.2	2.5	14.2	15.2x	1.1x	7.2	4.1	4.5	(34.5)	0.6
AALI	6,650	7,025	8,000	Buy	20.3	(18.2)	12.8	12.1x	0.6x	4.8	6.0	(5.0)	(38.8)	0.8
TBLA	660	695	900	Buy	36.4	(3.1)	4.0	5.2x	0.5x	9.8	3.0	0.6	(27.8)	0.5
<b>Consumer Cyclicals</b>							413.4							
ERAA	416	426	600	Buy	44.2	(19.2)	6.6	7.9x	1.0x	12.5	4.6	22.5	(27.1)	0.8
MAPI	1,885	1,790	2,200	Buy	16.7	22.4	31.3	14.8x	3.3x	24.9	0.4	26.4	(5.0)	0.5
HRTA	386	348	590	Buy	52.8	24.5	1.8	5.8x	0.9x	17.1	3.1	82.8	25.9	0.4
<b>Healthcare</b>							251.4							
KLBF	1,440	1,610	1,800	Buy	25.0	(31.8)	67.5	22.5x	3.2x	14.8	2.6	6.5	(16.9)	0.4
SIDO	625	525	700	Overweight	12.0	(26.0)	18.8	19.7x	5.5x	27.6	5.7	(7.8)	(13.9)	0.6
MIKA	2,570	2,850	3,000	Buy	16.7	(13.2)	36.6	37.7x	6.4x	17.7	1.4	2.7	(5.1)	0.3
<b>Infrastructure</b>							1,721.49							
TLKM	3,860	3,950	4,800	Buy	24.4	(5.2)	382.4	16.2x	2.9x	18.6	4.3	2.2	17.6	0.8
JSMR	5,250	4,870	5,100	Hold	(2.9)	63.0	38.1	5.6x	1.4x	27.3	1.4	28.6	147.3	0.9
EXCL	2,460	2,000	3,800	Buy	54.5	18.8	32.3	25.1x	1.2x	4.9	1.7	10.9	(6.7)	0.9
TOWR	890	990	1,310	Buy	47.2	(7.8)	45.4	13.4x	2.8x	22.2	2.7	7.6	(3.9)	0.5
TBIG	1,860	2,090	2,390	Buy	28.5	(13.1)	42.1	27.3x	4.0x	13.2	3.2	0.6	(8.3)	0.4
MTEL	630	705	860	Buy	36.5	(10.6)	52.6	26.0x	1.5x	5.9	3.4	11.2	14.3	0.5
PTPP	505	428	1,700	Buy	236.6	(17.9)	3.1	6.5x	0.3x	4.2	N/A	5.7	77.3	1.1

Source : Bloomberg, NH KSI Research

## NHKSI 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
<b>Property &amp; Real Estate</b>							251.8							
CTRA	1,235	1,170	1,300	Overweight	5.3	30.7	22.9	15.1x	1.2x	8.1	1.2	(8.8)	(22.7)	0.6
PWON	406	454	500	Buy	23.2	(8.6)	19.6	10.7x	1.1x	10.3	1.6	1.6	24.8	0.9
<b>Energy</b>							1,408.7							
ITMG	27,650	25,650	26,500	Hold	(4.2)	(28.6)	31.2	4.0x	1.1x	26.7	32.8	(34.7)	(58.9)	0.7
PTBA	2,900	2,440	4,900	Buy	69.0	(26.2)	33.4	5.5x	1.6x	24.4	37.7	(9.8)	(51.4)	1.0
HRUM	1,295	1,335	1,600	Buy	23.6	(20.3)	17.5	6.5x	1.3x	21.8	N/A	(8.6)	(56.3)	1.3
ADRO	2,670	2,380	2,870	Overweight	7.5	(7.9)	85.4	3.2x	0.8x	25.7	16.4	(19.6)	(33.8)	1.3
<b>Industrial</b>							379.1							
UNTR	24,175	22,625	25,900	Overweight	7.1	(13.9)	90.2	4.3x	1.1x	25.1	28.5	4.0	(0.1)	0.8
ASII	5,150	5,650	6,900	Buy	34.0	(13.1)	208.5	6.2x	1.0x	17.3	12.6	5.0	16.9	1.0
<b>Basic Ind.</b>							1,787.2							
SMGR	5,900	6,400	9,500	Buy	61.0	(10.9)	40.0	18.4x	0.9x	5.0	4.2	6.2	(19.1)	0.9
INTP	8,725	9,400	12,700	Buy	45.6	(20.9)	32.1	13.8x	1.5x	11.1	1.8	10.9	36.4	0.7
INCO	3,990	4,310	5,000	Buy	25.3	(35.4)	39.6	9.3x	1.0x	11.2	2.3	4.5	36.6	1.2
ANTM	1,565	1,705	2,050	Buy	31.0	(15.4)	37.6	9.3x	1.5x	17.1	5.1	(8.3)	8.4	1.4
NCKL	875	1,000	1,320	Buy	50.9	#N/A	55.2	N/A	2.5x	36.5	2.5	135.1	N/A	N/A

Source : Bloomberg, NHKSI Research

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