

Weekly Brief (Mar. 18 – 22, 2024)

Summary:

Last week review:

THE US HAS COMPLETED THEIR INFLATION DATA AND CAME TO THE CONCLUSION THAT IT LOOKS LIKE INTEREST RATES ARE HIGHER FOR LONGER. After US CPI (Feb) proved to be still on a hot trend at 3.2% yoy, higher than forecast & previous period at 3.1%; Core CPI (Feb) followed suit with an above expected level of 3.7%, which was released at 3.8% yoy and recorded an increase of 0.4% on a monthly basis which also means that it has not budged from Jan. Lastly, US PPI completed the US Inflation data package with a monthly growth of 0.6%, higher than expected as well as Jan's 0.3%. The above scenery which seems less supportive for the idea of a rate cut as soon as possible this year, seems to be exacerbated by the Initial Jobless Claims data which states that weekly jobless claims turned out to be smaller than expected, as well as Retail Sales which is even in an improving trend: in Feb it was able to turn positive 0.6% from negative -1.1% in Jan. Reading the situation, the chances of the first 25bps pivot to occur in June became somewhat shaky to 55.2% down from 60.1% in the previous week, as quoted from Investing.com's Fed Rate Monitor Tool. It seems that US markets are starting to lose their euphoria factor and caused all three of their stock indices to post weakness over the past week. DJIA fell 0.02%, S&P500 dropped 0.13%, while NASDAQ plunged 0.73%.

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ASIAN MARKETS: JAPAN finally managed to move out of the recession zone, when they reported 4th quarter economic growth at 0.4% yoy, even beating expectations of -0.4%. It seems that this strong economic improvement is the reason why the NIKKEI stock index managed to hit a 1989 high. On the flip side, CHINA reported that the amount of new loans disbursed by banks there actually fell lower than expected in February, from a record point in the previous month, amid efforts by China's central bank to stimulate economic growth and combat deflationary pressures. Chinese banks disbursed CNY 1.45 trillion in credit volume (Feb), lower than the forecast of CNY 1.54 trillion and much smaller than Jan's CNY 4.92 trillion. Loan growth also bottomed at 10.1% yoy, compared to 10.4% in Jan, and below analyst expectations of 10.2%.

EUROPEAN MARKETS: GERMANY as the number one economy in Europe, managed to push down Inflation in Feb to 2.5% yoy, as expected it was lower than Jan at 2.9%. UK also provided encouraging data, that their GDP (Jan) recovered from -0.1% in the previous month, to positive 0.2% on a monthly basis.

INDONESIA : a number of important economic indicators colored Indonesia's relatively short week (only 3 trading days) after being cut short by the long-weekend beginning of the Fasting month and Nyepi Day. Consumer Confidence (Feb) fell slightly to 123.1 from 125 but overall still quite upbeat, especially as Retail Sales (Jan) also increased to 1.1% in Jan, from 0.2% in the previous period. However, what was somewhat unexpected was the Trade Balance surplus figure in Feb which narrowed significantly to USD 870 million, well below the forecast of USD 2.32 billion and USD 2.0 billion in Jan; due to significantly higher Imports and lower-than-expected Exports.

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COMMODITIES: OIL prices posted gains of more than 3% over the past week, helped by increased demand from US refiners who are completing their maintenance/overhaul process; amidst uncertainty on when a US interest rate cut could materialize. Prices have moved between a range of USD 80 - 84 over the past month. The International Energy Agency on Thursday raised its oil demand forecast for 2024 for the fourth time since November on the back of Houthi attacks on commercial vessels in the Red Sea. The IEA expects global oil demand to increase by 1.3 million barrels/day this year, up 110k bpd from last month. The forecast shows a slight supply deficit for this year should OPEC+ decide to extend their production cuts. US oil and natural gas refining activity was also the highest since September. Last week's price increase even occurred when the US Dollar was strengthening at its highest pace in 8 weeks. A higher USD should discourage non-US buyers. Other support also came from political tensions in continental Europe, as Ukraine launched a drone attack on a Russian refinery, setting fire to Rosneft's largest refinery which is vital for Russia.

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This week's outlook:

The decisions of a number of central banks will be the center of attention of global market participants, especially regarding when the Federal Reserve will cut interest rates as soon as possible. Conversely, the Bank of Japan is also likely to further realize the discourse of exiting the era of negative interest rates after the past months have been anticipated by market participants.

A number of US Inflation data both on the consumer and producer side have been sufficient input for the outcome of the FOMC MEETING which was originally decided on March 21 with almost fully priced-in projections that interest rates will be held at 5.25% - 5.50%. More importantly, central bank officials are expected to comment on when the rate cut will occur, amidst a resilient US economy and persistent inflationary pressures. Analysts still believe that the market will see the first pivot in June, but the Wait & See period will still be colored by a number of economic data that still needs to be monitored, as Federal Reserve Chairman Jerome Powell said that he needs to see more evidence if the Inflation trend is indeed declining before being confident of cutting interest rates.

Japan's central bank will precede with a meeting this Tuesday, which is expected to be the most critical meeting after 8 years of negative interest rates. BANK OF JAPAN is expected to end its negative interest rate trend this week after major Japanese companies agreed with labor organizations to raise wages to a 33-year high. Neighboring CHINA, will also follow on Wednesday with their interest rate announcements which should still be held unchanged at 3.45% for the PBoC Loan Prime Rate, and 3.95% for the 5-year prime rate.

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This week's outlook:

The BANK OF ENGLAND is also not to be outdone by following up with a rate decision announcement on Thursday, having previously noticed Wage growth strengthening even more than in the US & Eurozone. But before that, it will first monitor the UK CPI figures (Feb) which are forecast to cool further to 3.5% yoy from 4.0% in Jan. Markets now expect the BOE to initiate a rate cut from 5.25% (highest since 2008) in Aug, after the Fed and ECB have done their part.

COMMODITIES: OIL prices will also be influenced by the Fed meeting decision which is due to be released at 01.00WIB on Thursday, in view of the rate cut will actually boost oil demand in the US.

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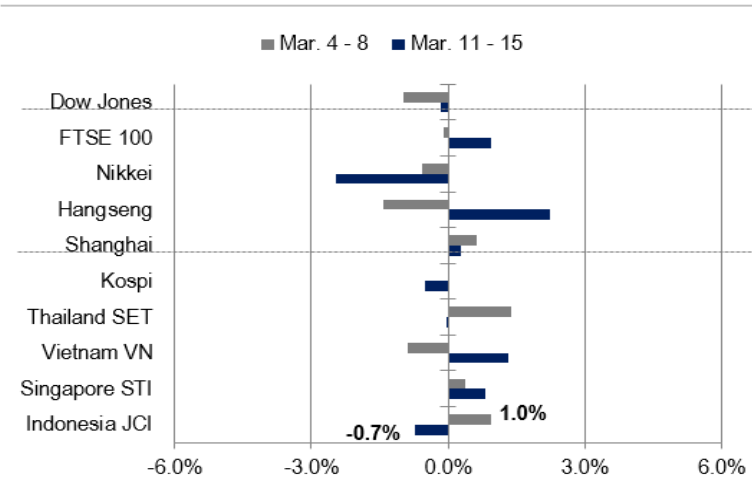
This week's outlook:

INDONESIA: this week will look forward to important national decisions related to the KPU's official decision on the 2024 election results. Market participants will also monitor the nation's overall reaction regarding the President-elect, regarding one or two rounds which will play a major role in maintaining the current bullish market atmosphere. On the same date, March 20, the central bank will also announce its interest rate decision which is unlikely to move from 6.0%.

JCI Index : 7,328.05 (-0.7%)
Foreign Flow : Net Buy of IDR 7.4 Trillion (Vs. last week's net buy of IDR 1.0 Trillion)
USD/IDR : 15,595 (-0.3%)

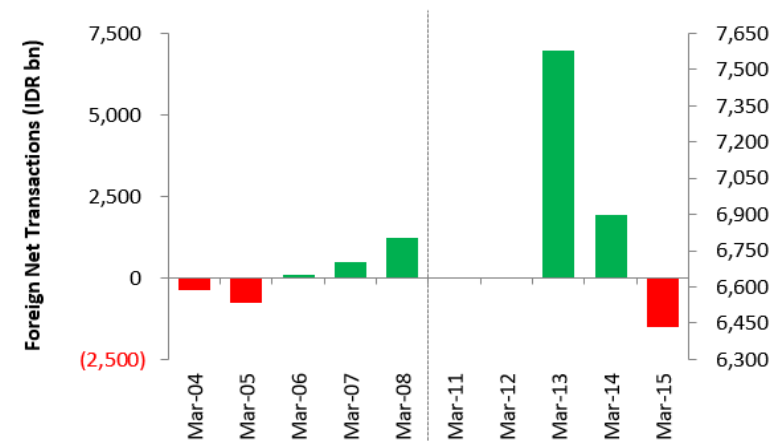
Last Week's JCI Movement

Global Market Movement



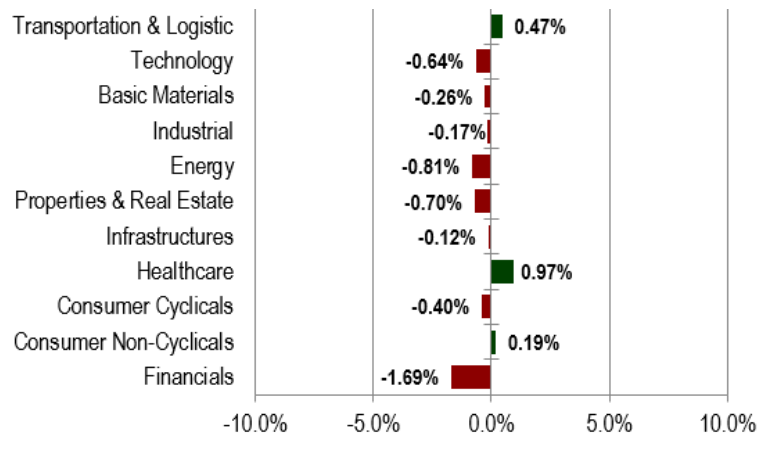
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



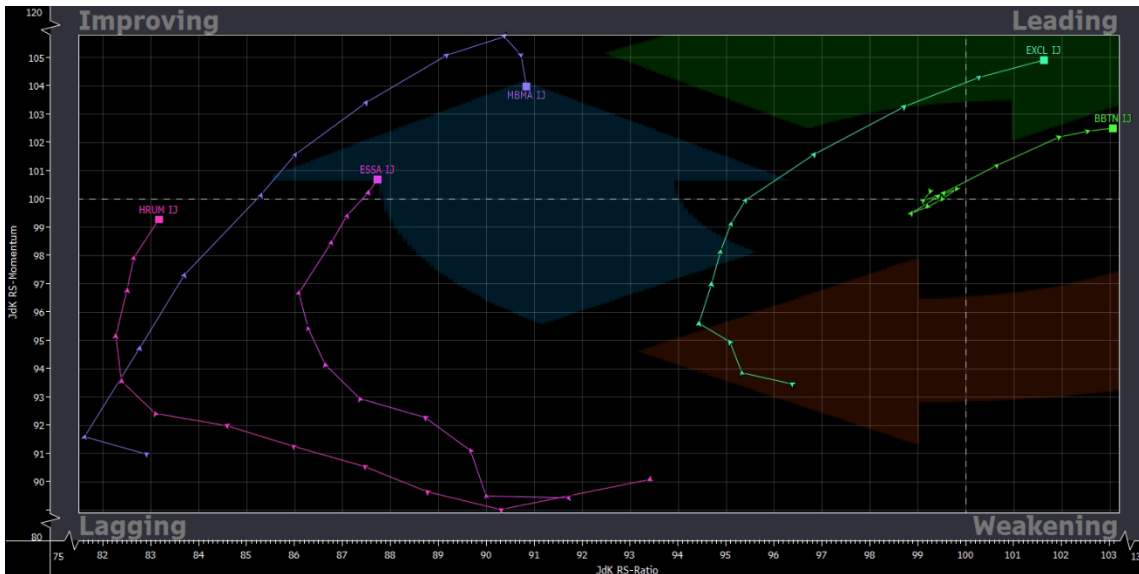
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BMRI	776,142	BBRI	546,463
AMRT	245,777	BBNI	265,189
BRIS	163,202	KLBF	109,294
TPIA	156,499	MDKA	48,323
MEDC	102,956	HMSP	47,140

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
EXCL	2490-2530 / 2600-2640 / 2750-2780	2340
MBMA	570-580 / 610 / 690-730	494
BBTN	1480-1500 / 1555-1575 / 1640-1645	1340
ESSA	585-590 / 620 / 640-660 / 740-760	540
HRUM	1460-1485 / 1560-1600 / 1660-1700	1370

Source: Bloomberg, NHKSI Research

JCI Index

Support	7250-7270 / 7220 / 7100	Resistance	7360-7380 / 7500-7525
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	CH	19:00	Retail Sales YTD YoY	Feb	5.0%	—
<i>18 – Mar.</i>	CH	09:00	Industrial Production YTD YoY	Feb	5.2%	—
	EC	17:00	CPI YoY	Feb F	—	2.6%
Tuesday	US	19:30	Housing Starts	Feb	1,430K	1,331K
<i>19 – Mar.</i>	GE	17:00	ZEW Survey Expectations	Mar	—	19.9
	JP	11:30	Industrial Production MoM	Jan F	—	-7.5%
	JP	—	BOJ Policy Balance Rate	Mar 19	-0.100%	-0.100%
Wednesday	ID	14:20	BI-Rate	Mar 20	6.00%	6.00%
<i>20 – Mar.</i>	EC	22:00	Consumer Confidence	Mar P	—	-15.5
Thursday	US	01:00	FOMC Rate Decision (Upper Bound)	Mar 20	5.50%	5.50%
<i>21 – Mar.</i>	US	01:00	FOMC Rate Decision (Lower Bound)	Mar 20	5.25%	5.25%
	US	19:30	Initial Jobless Claims	Mar 16	—	209K
	US	20:45	S&P Global US Manufacturing PMI	Mar P	51.8	52.2
	US	21:00	Leading Index	Feb	-0.2%	-0.4%
	US	21:00	Existing Home Sales	Feb	3.92M	4.00M
	GE	15:30	HCOB Germany Manufacturing PMI	Mar P	—	42.5
	EC	16:00	HCOB Eurozone Manufacturing PMI	Mar P	—	46.5
	JP	07:30	Jibun Bank Japan PMI Mfg	Mar P	—	47.2
Friday	GE	16:00	IFO Business Climate	Mar	—	85.5
<i>22 – Mar.</i>	GE	16:00	IFO Expectations	Mar	—	84.1
	KR	04:00	PPI YoY	Feb	—	1.3%
	JP	06:30	Natl CPI YoY	Feb	2.9%	2.2%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	NISP
18 – Mar.	Cum Dividend	BBTN
Tuesday	RUPS	—
19 – Mar.	Cum Dividend	BMRI, SDRA
Wednesday	RUPS	BTPS, ESSA, FASW
20 – Mar.	Cum Dividend	—
Thursday	RUPS	BTPN, CPRO, TIRA, VRNA
21 – Mar.	Cum Dividend	—
Friday	RUPS	BDMN, CCSI, TAXI
22 – Mar.	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							4,096.5							
BBCA	10,150	9,400	11,025	Overweight	8.6	21.2	1,251.2	25.7x	5.2x	21.0	2.1	17.0	19.7	0.9
BBRI	5,975	5,725	6,850	Overweight	14.6	21.9	905.6	15.0x	2.9x	19.7	5.3	16.1	17.8	1.1
BBNI	5,800	5,375	6,475	Overweight	11.6	28.5	216.3	10.3x	1.4x	14.6	4.8	9.5	14.3	1.1
BMRI	7,400	6,050	7,800	Overweight	5.4	46.5	690.7	12.5x	2.6x	22.4	3.6	14.8	33.7	1.2
AMAR	250	320	400	Buy	60.0	(20.4)	4.6	20.2x	1.4x	6.9	N/A	26.2	N/A	0.4
Consumer Non-Cyclicals							1,135.4							
INDF	6,425	6,450	7,400	Buy	15.2	4.9	56.4	6.4x	1.0x	16.0	4.0	3.8	52.6	0.3
ICBP	10,725	10,575	13,600	Buy	26.8	12.3	125.1	15.0x	3.1x	21.9	1.8	4.9	113.0	0.3
UNVR	2,640	3,530	3,100	Buy	17.4	(36.5)	100.7	21.0x	29.8x	130.1	5.1	(6.3)	(10.6)	0.0
MYOR	2,420	2,490	3,200	Buy	32.2	(8.7)	54.1	16.9x	3.6x	23.1	1.4	2.7	64.4	0.5
CPIN	5,225	5,025	5,500	Overweight	5.3	5.1	85.7	35.4x	3.0x	8.7	1.9	8.5	(16.0)	0.5
JPFA	1,200	1,180	1,400	Buy	16.7	6.7	14.1	15.0x	1.1x	7.2	4.2	4.5	(34.5)	0.6
AA LI	6,700	7,025	8,000	Buy	19.4	(14.9)	12.9	12.2x	0.6x	4.8	6.0	(5.0)	(38.8)	0.8
TBLA	665	695	900	Buy	35.3	(0.9)	4.1	5.3x	0.5x	9.8	3.0	0.6	(27.8)	0.5
Consumer Cyclicals							422.3							
ERAA	414	426	600	Buy	44.9	(16.2)	6.6	7.9x	0.9x	12.5	4.6	22.5	(27.1)	0.8
MAPI	1,930	1,790	2,200	Overweight	14.0	20.6	32.0	15.2x	3.3x	24.9	0.4	26.4	(5.0)	0.5
HRTA	382	348	590	Buy	54.5	7.9	1.8	5.7x	0.9x	17.1	3.1	82.8	25.9	0.4
Healthcare							255.8							
KLBF	1,430	1,610	1,800	Buy	25.9	(35.6)	67.0	22.4x	3.2x	14.8	2.7	6.5	(16.9)	0.4
SIDO	605	525	700	Buy	15.7	(26.7)	18.2	19.1x	5.4x	27.6	5.9	(7.8)	(13.9)	0.6
MIKA	2,580	2,850	3,000	Buy	16.3	(17.3)	36.8	37.9x	6.4x	17.7	1.4	2.7	(5.1)	0.3
Infrastructure							1,654.16							
TLKM	3,970	3,950	4,800	Buy	20.9	(2.0)	393.3	16.6x	3.0x	18.6	4.2	2.2	17.6	0.8
JSMR	5,150	4,870	5,100	Hold	(1.0)	63.5	37.4	5.5x	1.3x	27.3	1.5	28.6	147.3	0.9
EXCL	2,400	2,000	3,800	Buy	58.3	23.1	31.5	24.5x	1.2x	4.9	1.8	10.9	(6.7)	0.9
TOWR	865	990	1,310	Buy	51.4	(5.5)	44.1	13.0x	2.7x	22.2	2.8	7.6	(3.9)	0.5
TBIG	1,950	2,090	2,390	Buy	22.6	(7.1)	44.2	28.6x	4.1x	13.2	3.1	0.6	(8.3)	0.4
MTEL	610	705	860	Buy	41.0	(19.7)	51.0	25.1x	1.5x	5.9	3.5	11.2	14.3	0.5
PTPP	490	428	1,700	Buy	246.9	(15.5)	3.0	6.3x	0.3x	4.2	N/A	5.7	77.3	1.1

Source : Bloomberg, NH KSI Research

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Property & Real Estate							249.8							
CTRA	1,230	1,170	1,300	Overweight	5.7	30.2	22.8	15.1x	1.2x	8.1	1.2	(8.8)	(22.7)	0.6
PWON	410	454	500	Buy	22.0	(3.8)	19.7	10.8x	1.1x	10.3	1.6	1.6	24.8	0.9
Energy							1,389.1							
ITMG	27,100	25,650	26,500	Hold	(2.2)	(31.0)	30.6	3.9x	1.1x	26.7	33.5	(34.7)	(58.9)	0.7
PTBA	2,840	2,440	4,900	Buy	72.5	(26.8)	32.7	5.3x	1.5x	24.4	38.5	(9.8)	(51.4)	1.0
HRUM	1,410	1,335	1,600	Overweight	13.5	(3.8)	19.1	7.0x	1.4x	21.8	N/A	(8.6)	(56.3)	1.3
ADRO	2,660	2,380	2,870	Overweight	7.9	(4.3)	85.1	3.2x	0.8x	25.7	16.4	(19.6)	(33.8)	1.3
Industrial							379.6							
UNTR	24,175	22,625	25,900	Overweight	7.1	(15.0)	90.2	4.3x	1.1x	25.1	28.5	4.0	(0.1)	0.8
ASII	5,175	5,650	6,900	Buy	33.3	(11.5)	209.5	6.2x	1.1x	17.3	12.6	5.0	16.9	1.0
Basic Ind.							1,778.5							
SMGR	5,850	6,400	9,500	Buy	62.4	(4.1)	39.6	18.2x	0.9x	5.0	4.2	6.2	(19.1)	0.9
INTP	8,625	9,400	12,700	Buy	47.2	(13.8)	31.8	13.7x	1.5x	11.1	1.9	10.9	36.4	0.7
INCO	4,210	4,310	5,000	Buy	18.8	(33.7)	41.8	9.8x	1.0x	11.2	2.1	4.5	36.6	1.2
ANTM	1,615	1,705	2,050	Buy	26.9	(14.8)	38.8	9.6x	1.6x	17.1	4.9	(8.3)	8.4	1.4
NCKL	955	1,000	1,320	Buy	38.2	#N/A	60.3	N/A	2.7x	36.5	2.3	135.1	N/A	N/A

Source : Bloomberg, NHKSI Research

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