

## Weekly Brief (Mar. 4 – 8, 2024)

### Summary:

#### Last week review:

**US IS TRYING TO FIND THE DIRECTION OF THEIR INFLATION & ECONOMIC GROWTH, QUITE OPTIMISTIC OF THE FIRST PIVOT IN JUNE 2024.**

Personal Consumption Expenditures (PCE) price index and US GDP 4Q23 data were the duo of economic data closely monitored by market participants last week. The PCE price index came in as expected, firming 0.3% yoy and 2.4% yoy for January, the lowest annual gain since Feb 2021 following a 2.6% gain in December. US GDP for 4Q/2023 grew 3.2% qoq on the back of strong public spending, revised down slightly from 3.3% in the initial estimate, and down from 4.9% in the previous quarter; thus confirming the economic slowdown further supported by New Home Sales (Jan) and Durable Goods Order (Jan) data which plunged further, as well as CB Consumer Confidence which fell to a 3-month low. To top it all off, Initial Jobless Claims recorded an increase in jobless claims in the week ending 17Feb, to an actual figure of 215k compared to 210k forecast. Amidst the series of economic indicators, finally the latest statements from two Federal Reserve officials began to sound one voice that they were quite optimistic that an interest rate cut could be realized this year, although they did not mention a specific time around the summer months. Investing.com's Fed Rate Monitor Tool has estimated a 56.8% chance that the first pivot will materialize at the June FOMC Meeting, and this percentage is increasingly optimistic from 52.3% last week. Closing out the weekend, a series of PMI data from S&P Global and ISM showed mixed data on the US Manufacturing PMI for February; while consumer sentiment for the overall business climate over the next 6 months seems to remain sluggish (as reported by the University of Michigan). The overall market sentiment managed to hoist the DJIA and other major US indices to post their best monthly performance since November, where the S&P500 rallied 5.17%, the NASDAQ jumped 6.12%, and the DJIA gained 2.2% during February.

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**ASIA & EUROPEAN MARKETS:** Japan released national Inflation figures (Jan) at 2.2% yoy, down from 2.6% in the previous month. It seems that the weak economic pace is also reflected in the Land of Sakura as the preliminary estimate of Jan Industrial Production is estimated to contract by 7.5%, far from 1.4% in Dec; although Japan Retail Sales (Jan) is still stable at around 2.3% yoy, better than expectations. More important data from China as global market participants pay attention to their PMI conditions which apparently started picking-up for February, both services and manufacturing sectors. A number of Manufacturing PMI indicators also came from the European continent where most released expansionary levels above forecasts, such as from Germany, Eurozone, and the UK. On the one hand, Eurozone released CPI which still managed to ease to 2.6% yoy (Feb), from 2.8% in the previous month. Germany also started to release its preliminary estimate of CPI (Feb) which was able to cool down to 2.5% yoy from 2.9% in Jan. This is a combination that can be responded positively by market participants, as economic growth is starting to rise while Inflation is under control in the trajectory towards the 2% target.

**INDONESIA:** reported Feb Inflation rate rose to 2.75% yoy, exceeding expectation of 2.6% which is the highest point since November. The Core Inflation remained stable at 1.68%, lower than the estimate of 1.71%. Foreign tourist arrivals jumped 16.19% yoy, indicating continued improvement in the tourism sector. JCI pocketed 1.6% gain during February, supported by Foreign Net Buy of IDR 12.12 trillion (all market), although during the past week they sold rather massively worth IDR 3.69 trillion.

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**COMMODITIES:** OIL prices recorded 2 consecutive months of gains at the end of February, supported by the prospect of tighter supply as well as hopes of a US interest rate cut materializing in the summer. Supportive sentiment also came from expectations that OPEC+ at their meeting this March will decide to extend their voluntary production cuts of 2.2 million barrels/day also in Q2, amid popular expectations to maintain production curbs even until the end of 2024. This expectation coincides with the US output figures being at their record levels, around 13 million barrels/day, which may be slightly hampered as US refineries are in the middle of a maintenance/overhaul shutdown. Traders should also take into consideration other factors such as: global demand from China is still sluggish, plus the prolonged conflict in the Middle East shows no sign of ending.

## Weekly Brief (Mar. 4 – 8, 2024)

### This week's outlook:

**It will be a busy week in the markets** with regards to the following highlights: US employment report release, Federal Reserve Chairman Jerome Powell's statement, as well as the European Central Bank meeting.

**Friday's monthly US jobs report or NONFARM PAYROLLS** will be highly anticipated by investors trying to gauge the timing of the first interest rate cut by the Federal Reserve, with speculation currently targeting June amid hopes that the central bank could make a soft landing for the economy. Signs of continued strength in the labor market could trouble investors as the economy is considered still too strong than expected and could reignite inflation if the Fed starts easing monetary policy too soon. Economists expect an addition of 190,000 jobs in February after a gain of 353,000 jobs in January which was the largest gain in a year. The unemployment rate is expected to hold steady at 3.7%, while wage growth is expected to have moderated.

**Ahead of Friday's jobs data**, investors will get a chance to hear FED CHAIRMAN Jerome Powell's STATEMENT in his semi-annual testimony on monetary policy before a House committee on Wednesday and a Senate panel on Thursday. Powell is expected to reiterate that policymakers will stick to a cautious approach in deciding when to start lowering interest rates given recent data still showing strength in the economy and persistent price pressures. Richmond Fed President Thomas Barkin said on Friday that it is too early to predict when the central bank could start lowering its benchmark interest rate, as inflationary pressures are still present in the US economy.

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### This week's outlook:

**The Dow, S&P 500 and Nasdaq recorded four consecutive months of gains in February** in a STOCK MARKET RALLY largely driven by the growth prospects of AI-related companies, which has also lifted semiconductor names. The S&P 500 and Nasdaq closed at record highs on Friday and the gains marked the second consecutive record close for the Nasdaq, which also set an intraday record, surpassing its previous peak in November 2021. The market was also supported by indications that the economy remains resilient in the face of rising interest rates.

**The EUROPEAN CENTRAL BANK will hold a meeting on Thursday** and no policy changes are expected, with investors waiting to see if officials will repeat that it is too early to discuss cutting interest rates. The ECB has delayed talk of a rate cut, with officials saying that they need to see more evidence that inflation is on track to return to the 2% target, but markets still expect them to start cutting rates this year with the first move expected to materialize in June. Last Friday's Eurozone Inflation data seemed to support the ECB's cautious stance. Consumer price inflation slowed less than expected in February, while Core Inflation also moderated at a slower pace than expected. The ECB's big concern is that wage growth is still too high and risks fueling Inflationary pressures for longer.

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### This week's outlook:

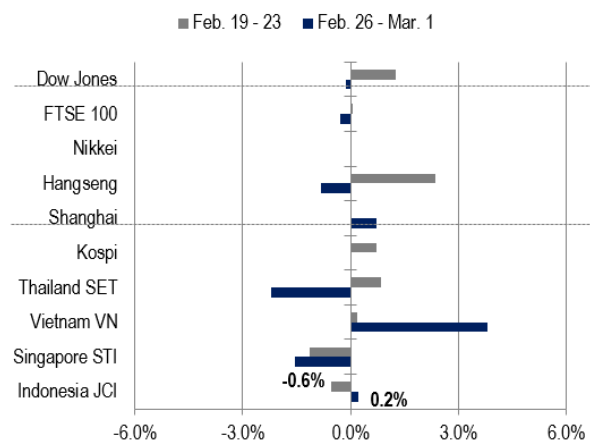
**COMMODITIES:** OIL prices rose on Friday and posted a weekly gain as traders awaited OPEC+'s decision on a supply deal for the second quarter while also considering fresh US, European and Chinese economic data. For the past week, Brent gained about 2.4% after the turn of the contract month, while WTI crude futures gained more than 4.5%. A decision from OPEC+ regarding the extension of production cuts is expected in the coming week, with each country expected to announce their decision.

**ASIAN & EUROPEAN MARKETS:** a series of PMI data has flooded the market again this week, where the focus is on the services sector, including from Japan, China, Germany, the Eurozone and the UK. From China we will also monitor their Trade Balance position and the growth of Exports - Imports which will be more of a highlight. The Eurozone will issue a GDP estimate for 4Q23 to ensure that economic growth is indeed able to strengthen to at least a flat 0% level, rather than falling into the contraction zone as in the previous quarter. Closing this week, China's inflation figures from both the consumer and producer side will close this week with estimates that China's CPI (Feb.) will be able to pick-up to the level of 0.2%, from a deflationary position of -0.8% in January.

JCI Index : 7,311.91 (+0.2%)  
Foreign Flow : Net Sell of IDR 3.0 Trillion (Vs. last week's net buy of IDR 1.0 Trillion)  
USD/IDR : 15,700 (-0.67%)

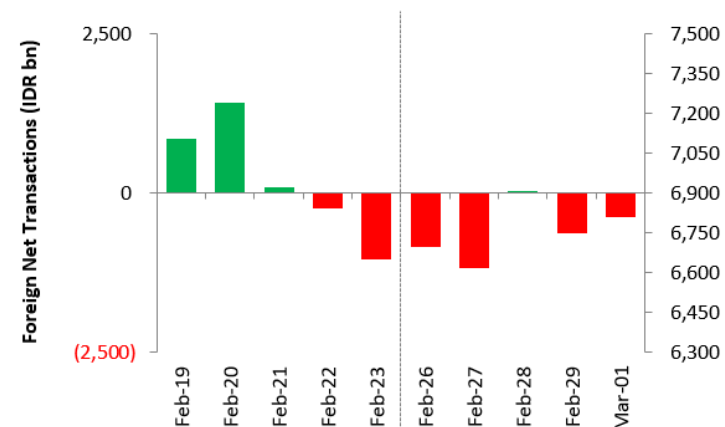
# Last Week's JCI Movement

## Global Market Movement



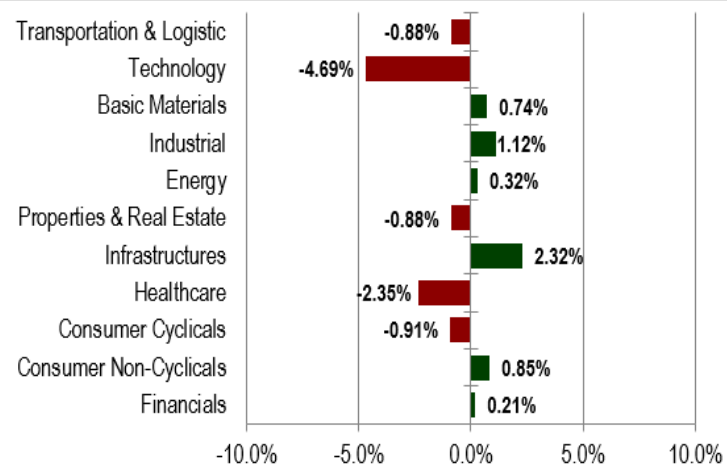
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



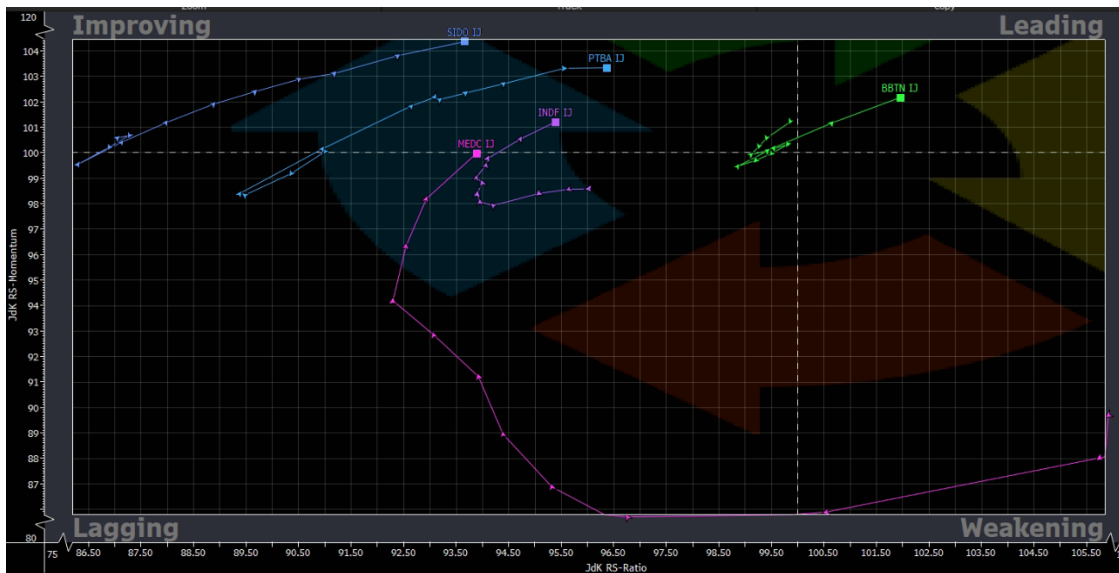
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
ITMA	141,712	BBCA	482,228
AMMN	98,191	TLKM	383,387
BREN	79,216	ASII	322,162
MEDC	58,302	BBRI	234,386
VKTR	44,893	BMRI	230,795

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
SIDO	655-660 / 700 / 740-755	565
BBTN	1500-1510 / 1560-1570 / 1630-1650	1380
PTBA	2690-2720 / 2800-2830 / 2880-2910	2500
INDF	6800-6850 / 6950-6975 / 7100	6500
MEDC	1495-1515 / 1600 / 1665-1705	1265

Source: Bloomberg, NHKSI Research



# JCI Index

Support	7250-7270 / 7220 / 7100 / 7050	Resistance	7360-7406
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Source: NHKSI Research, Bloomberg

## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	KR	06:00	Industrial Production YoY	Jan	9.5%	6.2%
<i>4 – Mar.</i>	KR	07:30	S&P Global South Korea PMI Mfg	Feb	—	51.2
	JP	06:50	Capital Spending YoY	4Q	3.0%	3.4%
<b>Tuesday</b>	US	22:00	Factory Orders	Jan	-2.2%	0.2%
<i>5 – Mar.</i>	US	22:00	Durable Goods Orders	Jan F	—	-6.1%
	CH	08:45	Caixin China PMI Composite	Feb	—	52.5
	KR	06:00	GDP YoY	4Q P	2.2%	2.2%
<b>Wednesday</b>	US	20:15	ADP Employment Change	Feb	150K	107K
<i>6 – Mar.</i>	KR	06:00	CPI YoY	Feb	3.0%	2.8%
<b>Thursday</b>	US	20:30	Trade Balance	Jan	-\$62.5B	-\$62.2B
<i>7 – Mar.</i>	US	20:30	Initial Jobless Claims	Mar 2	—	215K
	CH	—	Foreign Reserves	Feb	—	\$3,219.3M
	ID	10:00	Foreign Reserves	Feb	—	\$145.10B
	GE	14:00	Factory Orders MoM	Jan	-5.9%	8.9%
	EC	20:15	ECB Main Refinancing Rate	Mar 7	—	4.50%
<b>Friday</b>	US	20:30	Change in Nonfarm Payrolls	Feb	190K	353K
<i>8 – Mar.</i>	US	20:30	Unemployment Rate	Feb	3.7%	3.7%
	KR	06:00	BoP Current Account Balance	Jan	—	\$7,414.6M
	JP	06:50	BoP Current Account Balance	Jan	-¥241.6Bn	¥744.3n

Source: Bloomberg, NHKSI Research

## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	BBNI
4 – Mar.	Cum Dividend	PJAA
<b>Tuesday</b>	RUPS	POLL, BEBS
5 – Mar.	Cum Dividend	—
<b>Wednesday</b>	RUPS	BBTN
6 – Mar.	Cum Dividend	—
<b>Thursday</b>	RUPS	SDRA, BMRI
7 – Mar.	Cum Dividend	—
<b>Friday</b>	RUPS	MGAP, BGTG
8 – 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
<b>Finance</b>							4,041.0							
BBCA	9,825	9,400	11,025	Overweight	12.2	15.9	1,211.2	24.9x	5.0x	21.0	2.2	17.0	19.7	0.9
BBRI	6,125	5,725	6,850	Overweight	11.8	28.7	928.3	15.4x	3.0x	19.7	2.7	16.1	17.8	1.1
BBNI	5,900	5,375	6,475	Overweight	9.7	34.9	220.1	10.5x	1.5x	14.6	3.3	9.5	14.3	1.1
BMRI	7,025	6,050	7,800	Overweight	11.0	39.8	655.7	11.9x	2.5x	22.4	3.8	14.8	33.7	1.3
AMAR	252	320	400	Buy	58.7	(19.7)	4.6	20.4x	1.4x	6.9	N/A	26.2	N/A	0.4
<b>Consumer Non-Cyclicals</b>							1,142.3							
INDF	6,675	6,450	7,400	Overweight	10.9	6.4	58.6	6.7x	1.0x	16.0	3.9	3.8	52.6	0.4
ICBP	11,625	10,575	13,600	Buy	17.0	19.5	135.6	16.3x	3.3x	21.9	1.6	4.9	113.0	0.3
UNVR	2,730	3,530	3,100	Overweight	13.6	(32.8)	104.1	21.7x	30.8x	130.1	4.9	(6.3)	(10.6)	0.0
MYOR	2,470	2,490	3,200	Buy	29.6	(7.5)	55.2	17.2x	3.7x	23.1	1.4	2.7	64.4	0.5
CPIN	4,930	5,025	5,500	Overweight	11.6	(6.5)	80.8	33.4x	2.8x	8.7	2.0	8.5	(16.0)	0.5
JPFA	1,170	1,180	1,400	Buy	19.7	(8.6)	13.7	14.6x	1.0x	7.2	4.3	4.5	(34.6)	0.6
AALI	6,800	7,025	8,000	Buy	17.6	(18.6)	13.1	12.4x	0.6x	4.8	5.9	(5.0)	(38.8)	0.8
TBLA	670	695	900	Buy	34.3	(4.4)	4.1	5.3x	0.5x	9.8	3.0	0.6	(27.8)	0.5
<b>Consumer Cyclicals</b>							423.7							
ERAA	456	426	600	Buy	31.6	(11.5)	7.3	8.7x	1.0x	12.5	4.2	22.5	(27.1)	0.8
MAPI	1,970	1,790	2,200	Overweight	11.7	26.3	32.7	15.5x	3.4x	24.9	0.4	26.4	(5.0)	0.5
HRTA	356	348	590	Buy	65.7	14.8	1.6	5.3x	0.9x	17.1	3.4	82.8	25.9	0.3
<b>Healthcare</b>							252.8							
KLBF	1,490	1,610	1,800	Buy	20.8	(27.7)	69.8	23.3x	3.3x	14.8	2.6	6.5	(16.9)	0.4
SIDO	610	525	700	Overweight	14.8	(31.8)	18.3	19.2x	5.4x	27.6	5.8	(7.8)	(13.9)	0.6
MIKA	2,610	2,850	3,000	Overweight	14.9	(11.5)	37.2	38.3x	6.5x	17.7	1.4	2.7	(5.1)	0.3
<b>Infrastructure</b>							1,743.11							
TLKM	3,920	3,950	4,800	Buy	22.4	0.5	388.3	16.4x	3.0x	18.6	4.3	2.2	17.6	0.8
JSMR	5,500	4,870	5,100		(7.3)	64.7	39.9	5.2x	1.5x	31.7	1.4	20.1	493.2	0.9
EXCL	2,560	2,000	3,800	Buy	48.4	22.5	33.6	26.2x	1.3x	4.9	1.6	10.9	(6.7)	0.9
TOWR	900	990	1,310	Buy	45.6	(10.4)	45.9	13.6x	2.8x	22.2	2.7	7.6	(3.9)	0.5
TBIG	1,885	2,090	2,390	Buy	26.8	(15.5)	42.7	27.7x	4.0x	13.2	3.2	0.6	(8.3)	0.4
MTEL	625	705	860	Buy	37.6	(8.8)	52.2	26.0x	1.5x	6.0	3.4	11.9	(22.7)	0.5
PTPP	478	428	1,700	Buy	255.6	(25.9)	3.0	7.9x	0.3x	3.3	N/A	(9.2)	69.6	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>							256.2							
CTRA	1,320	1,170	1,300	Hold	(1.5)	37.5	24.5	16.2x	1.3x	8.1	1.1	(8.8)	(22.7)	0.6
PWON	408	454	500	Buy	22.5	(10.1)	19.6	10.7x	1.1x	10.3	1.6	1.6	24.8	0.9
<b>Energy</b>							1,408.7							
ITMG	26,250	25,650	26,500	Hold	1.0	(30.8)	29.7	3.8x	1.1x	26.7	34.6	(34.7)	(58.9)	0.7
PTBA	2,580	2,440	4,900	Buy	89.9	(35.7)	29.7	4.7x	1.5x	28.0	42.4	(10.7)	(62.2)	1.0
HRUM	1,260	1,335	1,600	Buy	27.0	(25.4)	17.0	6.2x	1.3x	21.8	N/A	(8.6)	(56.3)	1.3
ADRO	2,490	2,380	2,870	Buy	15.3	(17.5)	79.6	3.0x	0.7x	25.7	17.6	(19.6)	(33.8)	1.3
<b>Industrial</b>							380.3							
UNTR	23,725	22,625	25,900	Overweight	9.2	(15.6)	88.5	4.2x	1.1x	25.1	29.0	4.0	(0.1)	0.8
ASII	5,225	5,650	6,900	Buy	32.1	(13.6)	211.5	6.3x	1.1x	17.3	12.4	5.0	16.9	1.0
<b>Basic Ind.</b>							1,723.1							
SMGR	6,125	6,400	9,500	Buy	55.1	(14.6)	41.5	16.5x	1.0x	6.1	4.0	4.0	(10.0)	0.9
INTP	9,175	9,400	12,700	Buy	38.4	(19.7)	33.8	14.6x	1.6x	11.1	1.7	10.9	36.4	0.7
INCO	4,100	4,310	5,000	Buy	22.0	(39.9)	40.7	9.5x	1.0x	11.2	2.2	4.5	36.6	1.2
ANTM	1,480	1,705	2,050	Buy	38.5	(25.8)	35.6	8.8x	1.4x	17.1	5.4	(8.3)	8.4	1.4
NCKL	885	1,000	1,320	Buy	49.2	#N/A	55.8	N/A	2.5x	36.5	2.5	135.1	N/A	N/A

Source : Bloomberg, NHKSI Research

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