

Weekly Brief (Apr. 16 – 19, 2024)

Summary:

Last week review:

RAMADAN ENDS, WORLD WAR 3 BEGINS?

Indonesia has passed the long holiday of Eid al-Fitr, but faces a world that is heating up as the MIDDLE EAST CONFLICT enters another increasingly intense phase. Iran launched hundreds of explosive drones and missiles at Israel on Saturday in retaliation for Israel's alleged attack on its consulate in Syria, and warned Israel and the United States on Sunday of a "much more massive response" in case of retaliation. The highlight of last week was indeed the re-ignition of tensions between Israel and Iran, amidst conditions where market participants are still digesting the latest US INFLATION news and what it means for the Federal Reserve. On Wednesday, the US released March CPI figures which came in at 3.5% yoy, higher than the forecast of 3.4% and the previous month's 3.2%. Similarly, CORE CPI remained sticky at 3.8% yoy in March, unable to meet the forecast of 3.7%. Inevitably these unsatisfactory results sent the major US stock exchanges into negative territory, on a weekly basis the S&P500 fell 1.56%, the DJIA slumped 2.37%, and the NASDAQ lost 0.45%. On top of that, earnings season for the first quarter of the year has officially begun. Shares of JPMorgan Chase plummeted 6% in light of their first quarter results and indications that their Net Interest Income would be below Wall Street's expectations, triggering a sell-off in other financial stocks. The INITIAL JOBLESS CLAIMS figure that came in below estimates (actual 211k versus 216k forecast) was not able to lift the positive sentiment on the survival of interest rate cut hopes. Instead, analysts argued that the stock market rally in recent months, which has been largely driven by macroeconomic figures, has started to dampen hopes of a soft-landing and a halt to the rate hike cycle, given the continued strength of US economic indicators.

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USD/IDR shot up to 16110, triggered by the US TREASURY YIELD and DOLLAR INDEX surging to 5-month highs the very day the US CPI was announced, at 4.546% and 105.20 respectively; since then it is still climbing at the time of writing. The US10YT yield is now at 4.623%, and has even reached the target high of 4.666% (up to 4.70%). The DXY also continues to head north as it is currently at 106.15.

COMMODITIES: OIL prices were supported higher last week by the escalating Israel - Iran conflict, helping global benchmark BRENT crude oil prices on Friday crawl to USD 92.18/barrel, the highest since October. Some safe haven assets also rallied on Friday due to this war factor. GOLD briefly rose above USD 2,400/ounce, reaching a new record high of USD 2431.53.

EUROPEAN & ASIAN MARKETS: EUROPEAN CENTRAL BANK keeps interest rates at 4.50%. Last week was also the week of INFLATION RELEASE where GERMANY, the largest economy in Europe, also reported German CPI (Mar) which was happier than the US: at 2.2% yoy, in line with expectations which was able to cool down from 2.5% in Feb. While the second largest country in the world, CHINA the day before announced CPI (Mar) which again contracted to 0.1% yoy, below the forecast of 0.4% and also cooled from 0.7% in the previous month. On a monthly basis it actually fell into deflation as predicted, with a percentage of -1.0% mom which was greater than the -0.5% prediction. China's Export - Import pace also remained sluggish, where March actually recorded negative growth, at -7.5% yoy and -1.9% yoy respectively; a performance that was worse than both the forecast and the previous month.

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This week's outlook:

Overall market sentiment will be heavily influenced by progress in the ISRAEL - IRAN WAR, along with the incoming 1Q/2024 earnings season; while fears of US interest rates likely to be higher for longer, still remain entrenched in markets.

This week has begun with a raft of economic data that has again demonstrated the strength of the US economy: US RETAIL SALES (Mar) turned out to grow 0.7% mom, strongly above the 0.4% forecast. Moreover, Core Retail Sales also grew to 1.1%, double above the forecast of 0.5% and also Feb's 0.6%. Later in the week housing data such as Building Permits, Housing Starts, and Existing Home Sales for March will also be announced; plus US Industrial Production for the same month. On Wednesday in particular, market participants will look forward to the next statement from Federal Reserve Chairman Jerome Powell and several other US central bank officials on Thursday, amidst the usual weekly Initial Jobless Claims announcement session.

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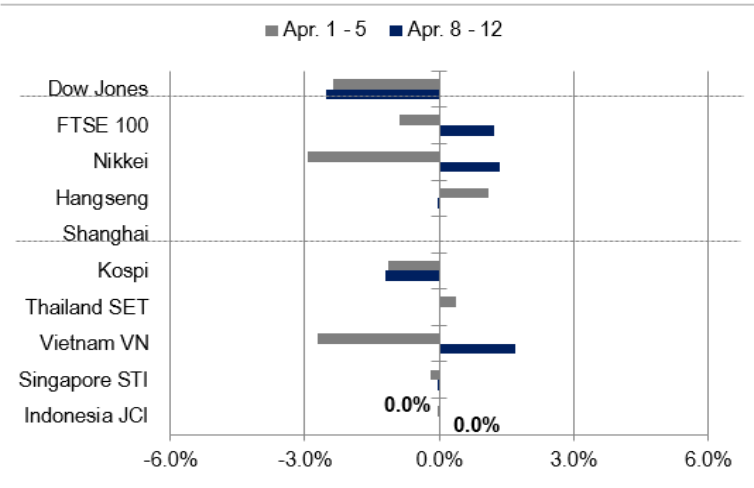
This week's outlook:

ASIA & EUROPE MARKETS: As for the Asian continent, investors there will be looking forward to the key CHINA GDP figures for Q1/2024 where it is widely expected that China's economy will grow 4.8% yoy, down from the previous last quarter at 5.2%. A series of other economic indicators such as: Retail Sales, Industrial Production & Unemployment Rate will give a more complete picture of the Chinese economy. Neighboring JAPAN will announce Trade Balance (Export & Import) and National CPI (Mar) data which is expected at 2.7% yoy, little changed from 2.8% in Feb. On Tuesday INDONESIA will reopen stock market trading, while welcoming Consumer Confidence and Trade Balance (Export - Import growth) figures. Only the following day will market participants be presented with Retail Sales (Feb) data. From continental Europe, worthy of attention are: employment figures, Inflation (Mar), and Retail Sales (Mar) in the UK; GERMAN ZEW Economic Sentiment (Apr) and German PPI (Mar) which hope to rise from deflationary territory. Not to forget EUROZONE will be complemented by Trade Balance (Feb), ZEW Economic Sentiment (Apr), and March Inflation.

JCI Index : 7,286.88 (0.0%)
Foreign Flow : Net Sell of IDR 1.5 Trillion (Vs. last week's net sell of IDR 2.0 Trillion)
USD/IDR : 15,845 (+0.06%)

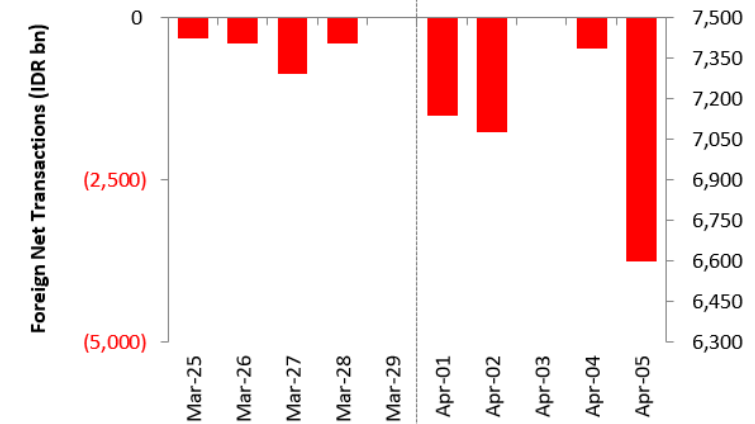
Last Week's JCI Movement

Global Market Movement



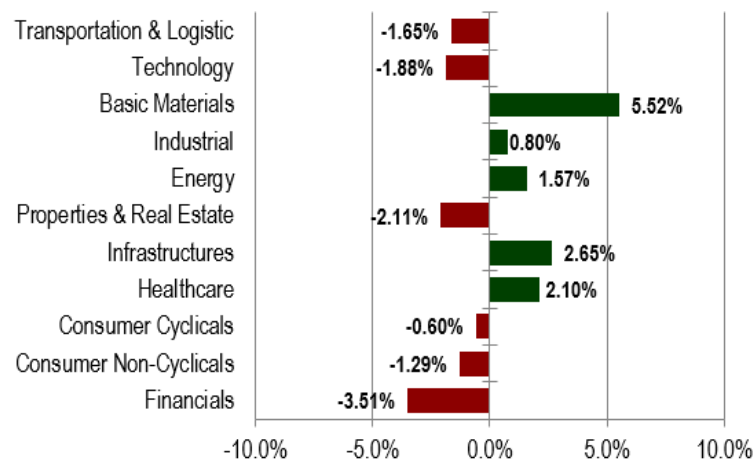
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



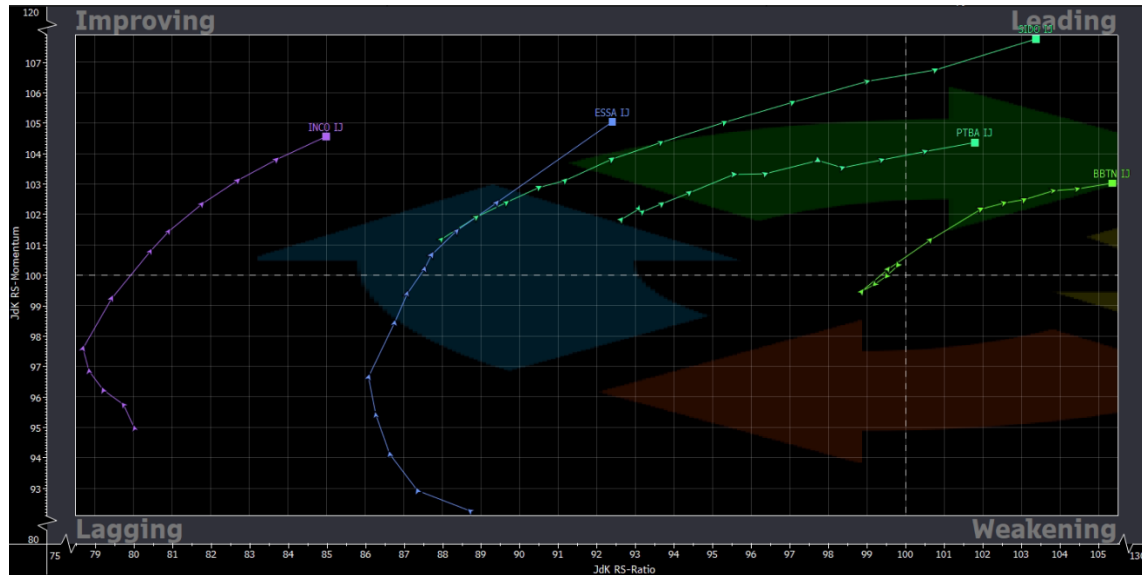
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
TPIA	468,090	BBRI	5,071,489
BREN	244,245	BMRI	2,745,362
AMRT	212,757	BBCA	3,421,184
MDKA	127,933	BBNI	1,925,993
GOTO	116,291	TLKM	2,322,428

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
SIDO	725 / 740-755 / 780-790	635
ESSA	800-830 / 920 / 1050-1090	640
INCO	4250-4300 / 4420-4460 / 4700	4000
PTBA	3020 / 3070 / 3240 -3280	2840
ITMG	27200-272400 / 27800-28000 / 28750	26600

Source: Bloomberg, NHKSI Research

JCI Index

Support	7250-7270 / 7120-7160	Resistance	7380-7390 / 7440-7450
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	US	19:30	Empire Manufacturing	Apr	-5.2	-20.9
<i>15 – Apr.</i>	US	19:30	Retail Sales Advance MoM	Mar	0.4%	0.6%
Tuesday	US	19:30	Housing Starts	Mar	1475K	1521K
<i>16 – Apr.</i>	US	20:15	Industrial Production MoM	Mar	0.2%	0.1%
	CH	09:00	Industrial Production YoY	Mar	6.0%	—
	CH	09:00	GDP YoY	1Q	5.0%	5.2%
	CH	09:00	Retail Sales YoY	Mar	5.3%	—
	ID	—	Consumer Confidence Index	Mar	—	123.1
Wednesday	EC	16:00	CPI YoY	Mar F	—	2.6%
<i>17 – Apr.</i>	JP	06:50	Trade Balance	Mar	—	-¥377.8B
Thursday	US	19:30	Initial Jobless Claims	Apr 13	—	—
<i>18 – Apr.</i>	US	21:00	Leading Index	Mar	0.1%	0.1%
	US	21:00	Existing Home Sales	Mar	4.35M	4.38M
Friday	JP	06:30	Natl CPI YoY	Mar	—	2.8%
<i>19 – Apr.</i>	JP	06:30	Natl CPI Ex Fresh Food YoY	Mar	—	3.2%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	—
<i>15 – Apr.</i>	Cum Dividend	—
Tuesday	RUPS	ERTX, EAST, BPII
<i>16 – Apr.</i>	Cum Dividend	WOMF, SICO, ITMG, IFSH, ARNA
Wednesday	RUPS	BSML, JASS
<i>17 – Apr.</i>	Cum Dividend	HAIS, BNII
Thursday	RUPS	PRDA, DOID, CASH, BEEF
<i>18 – Apr.</i>	Cum Dividend	CNMA, BJBR
Friday	RUPS	KOKA, INCO, HALO, DGNS, ACST
<i>19 – Apr.</i>	Cum Dividend	ROTI, LPPF, BNLI, BNGA

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							3,945.5							
BBCA	9,825	9,400	11,025	Overweight	12.2	9.2	1,211.2	24.9x	5.0x	21.0	2.7	17.0	19.7	0.9
BBRI	5,650	5,725	6,850	Buy	21.2	11.3	856.3	14.2x	2.7x	19.7	5.6	16.1	17.8	1.1
BBNI	5,300	5,375	6,475	Buy	22.2	12.8	197.7	9.4x	1.3x	14.6	5.3	9.5	14.3	1.1
BMRI	6,825	6,050	7,800	Overweight	14.3	30.6	637.0	11.6x	2.4x	22.4	5.2	13.5	33.7	1.3
AMAR	252	320	400	Buy	58.7	(22.7)	4.6	20.1x	1.4x	6.9	N/A	N/A	N/A	0.4
Consumer Non-Cyclicals							1,149.3							
INDF	6,500	6,450	7,400	Overweight	13.8	3.2	57.1	7.0x	1.0x	14.4	4.0	0.8	28.2	0.3
ICBP	10,850	10,575	13,600	Buy	25.3	5.9	126.5	18.1x	3.1x	18.1	1.7	4.8	52.4	0.3
UNVR	2,680	3,530	3,100	Buy	15.7	(35.4)	102.2	21.3x	30.2x	130.1	5.0	(6.3)	(10.6)	0.0
MYOR	2,420	2,490	3,200	Buy	32.2	(7.3)	54.1	16.9x	3.6x	23.1	1.4	2.7	64.4	0.5
CPIN	5,275	5,025	5,500	Hold	4.3	17.5	86.5	37.2x	3.2x	8.7	1.9	8.3	(21.2)	0.6
JPFA	1,230	1,180	1,400	Overweight	13.8	12.3	14.4	15.4x	1.1x	7.2	4.1	4.5	(34.5)	0.6
AALI	6,975	7,025	8,000	Overweight	14.7	(11.1)	13.4	12.7x	0.6x	4.8	5.7	(5.0)	(38.8)	0.8
TBLA	665	695	900	Buy	35.3	9.0	4.1	6.0x	0.5x	8.1	3.0	(7.6)	(30.0)	0.5
Consumer Cyclicals							422.6							
ERAA	448	426	600	Buy	33.9	(12.2)	7.1	8.5x	1.0x	11.7	4.2	21.6	(18.1)	0.8
MAPI	1,890	1,790	2,200	Buy	16.4	32.2	31.4	16.5x	3.1x	20.9	0.4	23.7	(10.6)	0.5
HRTA	406	348	590	Buy	45.3	12.8	1.9	6.1x	1.0x	16.6	3.0	85.8	20.6	0.4
Healthcare							266.5							
KLBF	1,480	1,610	1,800	Buy	21.6	(28.2)	69.4	24.8x	3.2x	13.2	2.6	5.2	(17.7)	0.4
SIDO	675	525	700	Hold	3.7	(16.7)	20.3	21.3x	6.0x	27.6	5.3	(7.8)	(13.9)	0.6
MIKA	2,820	2,850	3,000	Overweight	6.4	1.4	40.2	42.9x	6.7x	16.3	1.3	5.3	(9.1)	0.2
Infrastructure							1,780.88							
TLKM	3,430	3,950	4,800	Buy	39.9	(21.0)	339.8	13.8x	2.5x	18.5	4.9	1.3	18.3	0.8
JSMR	5,500	4,870	5,100	Underweight	(7.3)	62.2	39.9	5.9x	1.4x	27.3	1.4	28.6	147.3	0.9
EXCL	2,300	2,000	3,800	Buy	65.2	27.4	30.2	23.5x	1.1x	4.9	1.8	10.9	(6.7)	0.9
TOWR	855	990	1,310	Buy	53.2	(13.6)	43.6	13.1x	2.6x	21.1	2.8	6.4	(6.0)	0.5
TBIG	1,870	2,090	2,390	Buy	27.8	(12.2)	42.4	27.1x	3.6x	14.2	3.2	1.8	(6.0)	0.3
MTEL	630	705	860	Buy	36.5	(9.4)	52.6	26.0x	1.5x	5.9	3.4	11.2	14.3	0.5
PTPP	448	428	1,700	Buy	279.5	(21.4)	2.8	5.7x	0.2x	4.2	N/A	5.7	77.3	1.2

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Property & Real Estate							245.6							
CTRA	1,220	1,170	1,300	Overweight	6.6	21.4	22.6	12.3x	1.1x	9.6	1.2	(8.8)	(22.7)	0.7
PWON	432	454	500	Buy	15.7	(11.1)	20.8	9.9x	1.1x	11.6	1.5	3.6	36.8	0.9
Energy							1,382.6							
ITMG	26,850	25,650	26,000	Hold	(3.2)	(20.4)	30.3	3.8x	1.1x	26.7	33.8	(34.7)	(58.9)	0.7
PTBA	2,930	2,440	4,900	Buy	67.2	(26.2)	33.8	5.5x	1.6x	24.4	37.3	(9.8)	(51.4)	1.0
HRUM	1,440	1,335	1,600	Overweight	11.1	(6.8)	19.5	8.0x	1.4x	18.6	N/A	2.3	(50.2)	1.2
ADRO	2,700	2,380	2,870	Overweight	6.3	(7.5)	86.4	3.2x	0.8x	25.7	16.2	(19.6)	(33.8)	1.2
Industrial							385.6							
UNTR	25,250	22,625	25,900	Hold	2.6	(16.5)	94.2	4.4x	1.2x	25.1	27.3	4.0	(0.1)	0.8
ASII	5,275	5,650	6,900	Buy	30.8	(14.9)	213.6	6.3x	1.1x	17.3	12.3	5.0	16.9	1.0
Basic Ind.							1,985.8							
SMGR	5,650	6,400	9,500	Buy	68.1	(7.8)	38.3	17.6x	0.9x	5.0	4.3	6.2	(19.1)	0.9
INTP	8,625	9,400	12,700	Buy	47.2	(16.1)	31.8	15.2x	1.4x	9.6	1.9	9.9	7.4	0.7
INCO	4,100	4,310	5,000	Buy	22.0	(37.6)	40.7	9.3x	1.0x	11.2	2.2	4.5	36.6	1.1
ANTM	1,670	1,705	2,050	Buy	22.8	(20.9)	40.1	13.0x	1.3x	11.3	4.8	(10.6)	(19.5)	1.4
NCKL	900	1,000	1,320	Buy	46.7	(34.5)	56.8	10.0x	2.4x	34.1	2.5	149.4	(13.9)	N/A
Technology							301.3							
GOTO	68	86	81	Buy	19.1	(26.1)	81.7	N/A	1.9x	(111.0)	N/A	30.3	(119.4)	2.6

Source : Bloomberg, NH KSI Research

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