

## Weekly Brief (Apr. 22 – 26, 2024)

### Summary:

#### Last week review:

**WHAT A BEARISH WEEK**, the S&P 500 fell 3.05%, the Nasdaq fell 5.52%, and the Dow rose 0.01% last week. The S&P had its biggest weekly drop since March 2023 and the Nasdaq had its biggest weekly drop since the week of October 31, 2022. It can be seen that the bullishness created since the bottom of last November is starting to lose its way; triggered by the Middle East conflict escalating on the weekend two weeks ago when Iran attacked Israel by sending 300 explosive drones and missiles, most of which were claimed to have been successfully repelled by Israel; plus negative market sentiment by the dashed hopes of an immediate interest rate cut this year, due to emerging US economic data still showing economic strength. Starting from the US Retail Sales data (which underpins most of the US economic growth) grew faster than expected, immediately making the US Treasury yield crawl up to a 5-month high (since last Nov). Following the data, several economists revised their 1st quarter economic growth expectations higher and warned that a rate cut was not imminent. This was immediately echoed by Federal Reserve Chairman Jerome Powell and a number of his colleagues at the US central bank, with words that higher interest rates for longer are still needed, and they feel comfortable enough to be patient to monitor inflation on a stable trajectory towards the 2% target before deciding on a rate cut. As a result, the chances of this 25 bps pivot occurring at the FOMC Meeting in June immediately shrank to only about 17.5%; while the rate cut occurred in August to 37.5%, even this deflated from 44.5% last week, as reported by Investing.com's Fed Rate Monitor Tool. Large financial institutions such as Morgan Stanley also see the forecast for US interest rate cuts this year becoming increasingly bleak, in addition to having removed the possibility of a rate cut in June and postponing it to July / August, they also reduced the Fed's total rate cut forecast this year to 3x only (while this is still in accordance with the projections of the Fed itself), down from their initial estimate of 4x

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To make matters worse, **UBS market strategists have gone as far as to predict that the Fed may even need to raise rates to 6.5% next year** if US economic growth & sticky inflation remain unstoppable. While Powell said that the potential for easing monetary policy still exists if there is evidence of significant weakness in the labor sector, the latest weekly Initial Jobless Claims data did not support this with stagnation, while the Philadelphia Fed Manufacturing Index rose significantly to a 2-year high in April.

**QUARTER 1 FINANCIAL REPORT** season is approaching with a number of S&P 500 companies mostly reporting their Q1 performance above expectations, which again shows how resilient the US economy is. Unfortunately, this failed to pump up positive sentiment in the market and was rather seen as a factor that further deterred a US interest rate cut this year. Lastly, the sentiment from the ISRAEL-IRAN WAR which is getting fiercer with each side's counter-attacks being monitored by the entire global audience (even alluding to Iran's nuclear center), sent GOLD prices to record highs above USD 2400/ounce (up almost 1% in the past week). However, last week US WTI OIL prices retreated 4.07% due to a surge in US crude oil weekly stockpiles far above expectations, plus concerns that oversupply is incompatible with global demand which still seems sluggish. These two factors are seen as more dominant than the Middle East conflict that threatens the smooth flow of global oil logistics. The RUPIAH which is still weakening above 16200/USD (-0.83% last week) also added to the gloomy aura in the market, while the 10-year INDONESIA STATE OBLIGATION YIELD has shot up to 7.0% again, the highest point in almost 6 months. No doubt, JCI had to absorb all these negative sentiments in the market and resulted in a week decline of 2.3%.

**This time, the market is really responding to good news as bad news, and bad news as bad news; so in conclusion there is almost no good news left to support the market.**

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

**Earnings reports from major tech companies and Inflation benchmark data from the Personal Consumption Expenditure (PCE) price index will color this week**, as the rally in US stocks begins to lose steam on concerns that interest rates should remain higher for longer. Economists expect the PCE price index to remain high in March. Recent economic data indicates that the handling of inflation seems to be stagnant, despite a strong labor market, while the escalating geopolitical tension in the Middle East has further inflated oil prices, as well as comments from Fed officials including its chairman Jerome Powell signal that investors should back off expectations of a rate cut this year. Speaking of economic data, in addition to the PCE price index this week market participants will also be presented with the usual 1st quarter GDP figures, New Home Sales, weekly Initial Jobless Claims, as well as consumer sentiment from the respected Univ. of Michigan.

**The 1st quarter earnings season is still in its early stages**, analysts see aggregate profit growth for S&P 500 companies at 2.9% yoy, down from 5.1% expected in early April, according to LSEG data cited by Reuters. This week 4 Magnificent Seven tech giants will report their results: Tesla, Meta, Microsoft, and Google.

**Oil prices rose slightly on Friday but posted the biggest weekly decline since February**, after Iran seemed to take little notice of the Israeli drone strike, suggesting that an escalation of the Middle East conflict could be avoided. However, traders are still not willing to rule out the possibility of this war disrupting supply. On Friday, the IMF called on OPEC+ to start raising oil production from the start of July, after OPEC+ members (led by Saudi Arabia and Russia) came to the end of voluntary production cuts of 2.2 million barrels per day at the end of June.

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

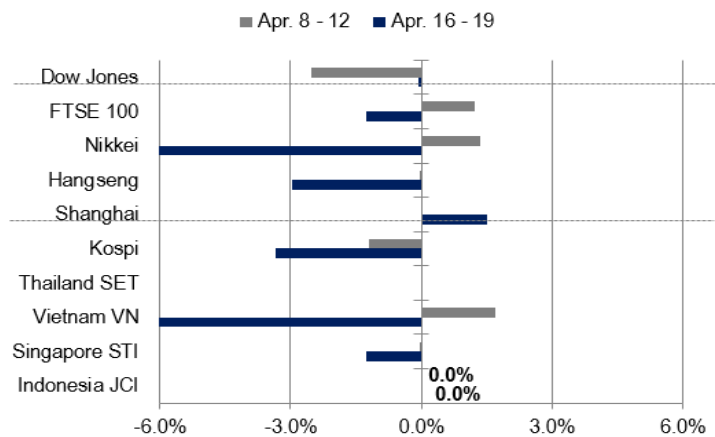
**Investors will also be closely monitoring the PURCHASING MANAGER INDEX figures from the Eurozone, US, and UK on Tuesday** for further clues on Inflation, particularly in the services sector. The US & European services sectors are known to have slowed down and this could guide the European Central Bank to execute their planned rate cut in June. On the other hand, rate hikes are being monitored from the Bank of Japan after they release their quarterly economic growth and Inflation forecasts at their meeting next Friday. BOJ Governor Kazuo Ueda said on Friday that the Japanese central bank is very likely to raise interest rates if Inflation keeps creeping up as well as reduce their massive bond purchases. The Japanese Yen itself has pulled back regularly since the BOJ's decision last month to end the 8-year negative interest rate era, as market participants focus more on the central bank's dovish tone over borrowing costs which will still be around 0% for a while.

**Indonesian investors/traders will be looking forward to a number of important economic data starting this Monday: Trade Balance (Mar) as well as our Export - Import growth, followed by BI's RDG decision on interest rates on Wednesday.**

JCI Index : 7,087.32 (-2.7%)  
Foreign Flow : Net Sell of IDR 2.5 Trillion (Vs. last week's net sell of IDR 1.5 Trillion)  
USD/IDR : 16,255 (-2.59%)

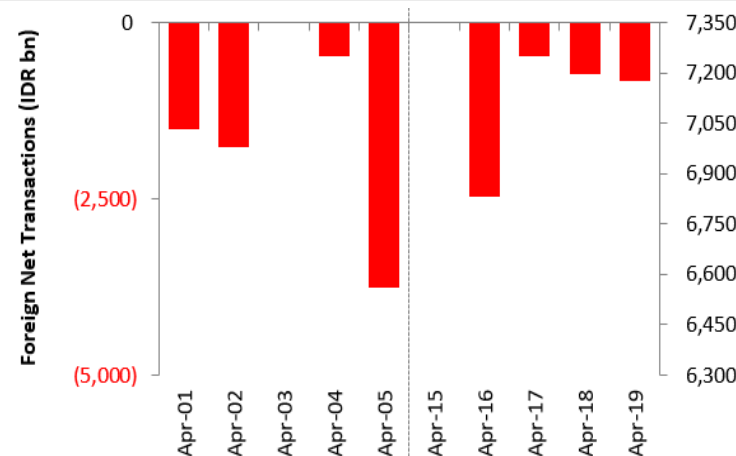
# Last Week's JCI Movement

## Global Market Movement



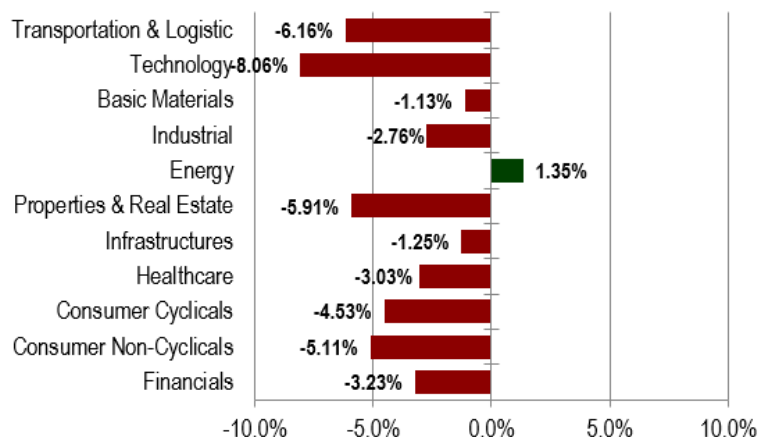
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



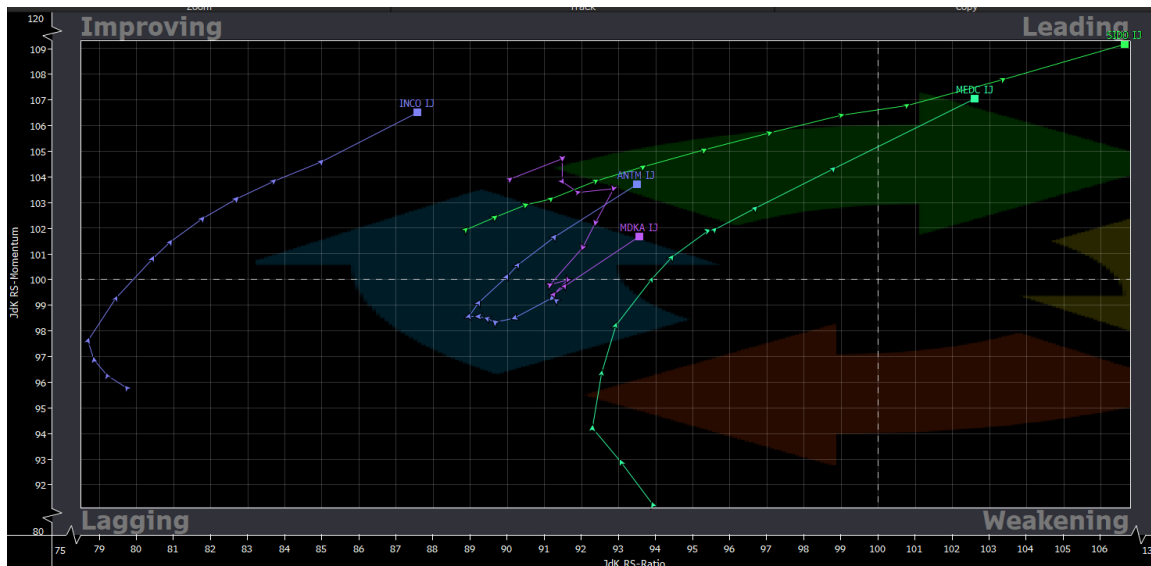
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BREN	511,508	BBRI	1,329,483
TPIA	163,429	BBCA	1,247,702
BBNI	126,271	TLKM	1,021,298
ANTM	90,084	ASII	627,828
MDKA	46,336	INDF	140,467

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
SIDO	705-720 / 745-755	665
ANTM	1815-1850 / 1925-1945	1720
MEDC	1680-1705 / 1800	1495
INCO	4550 / 4700-4750	4250
MDKA	3000-3030 / 3140-3170 / 3300-3360	2600

Source: Bloomberg, NHKSI Research

# JCI Index

Support	7050-7080 / 7000-7020	Resistance	7120-7160 / 7250-7270 / 7380-7390
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Source: NHKSI Research, Bloomberg

## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	ID	11:00	Trade Balance	Mar	\$1100M	\$867M
<i>22 – Apr.</i>	ID	11:00	Exports YoY	Mar	-10.73%	-9.45%
	ID	11:00	Imports YoY	Mar	-5.30%	15.84%
	EC	21:00	Consumer Confidence	Apr P	-14.3	-14.9
<b>Tuesday</b>	US	20:45	S&P Global US Manufacturing PMI	Apr P	51.8	51.9
<i>23 – Apr.</i>	US	21:00	New Home Sales	Mar	670K	662K
	GE	14:30	HCOB Germany Manufacturing PMI	Apr P	43.5	41.9
	EC	15:00	HCOB Eurozone Manufacturing PMI	Apr P	46.6	46.1
	JP	07:30	Jibun Bank Japan PMI Mfg	Apr P	—	48.2
<b>Wednesday</b>	US	19:30	Durable Goods Orders	Mar P	2.8%	1.3%
<i>24 – Apr.</i>	KR	04:00	Consumer Confidence	Apr	—	100.7
<b>Thursday</b>	US	19:30	GDP Annualized QoQ	1Q A	2.3%	3.4%
<i>25 – Apr.</i>	US	19:30	Initial Jobless Claims	Apr 20	—	212K
	KR	06:00	GDP YoY	1Q A	2.6%	2.2%
<b>Friday</b>	US	19:30	Personal Income	Mar	0.5%	0.3%
<i>26 – Apr.</i>	US	19:30	Personal Spending	Mar	0.6%	0.8%
	US	21:00	U. of Mich. Sentiment	Apr F	77.9	77.9
	EC	15:00	M3 Money Supply YoY	Mar	0.5%	0.4%
	JP	06:30	Tokyo CPI Ex-Fresh Food YoY	Apr	2.2%	2.4%
	JP	—	BOJ Target Rate (Upper Bound)	Apr 26	—	0.10%

Source: Bloomberg, NHKSI Research



## Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	MTFN, DCII, CINT, BELL, AHAP
22 – Apr.	Cum Dividend	AVIA
<b>Tuesday</b>	RUPS	VINS, SCNP, MPXL, MFIN, HMSP, ASRM, ASJT, ASGR, AALI
23 – Apr.	Cum Dividend	JATI
<b>Wednesday</b>	RUPS	UNTR, PTPP, MKTR, KEJU, HRTA, CBUT
24 – Apr.	Cum Dividend	EAST
<b>Thursday</b>	RUPS	TLDN, SSMS, NIKL, MLPT, IRRR, DRMA, CMRY, BRMS, BBSI, AMAG
25 – Apr.	Cum Dividend	BSML
<b>Friday</b>	RUPS	TPMA, TOBA, SDMU, MCOL, DGNS, AUTO
26 – Apr.	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>							3,798.7							
BBCA	9,475	9,400	11,025	Buy	16.4	3.8	1,168.0	24.0x	4.8x	21.0	2.8	17.0	19.7	0.9
BBRI	5,275	5,725	6,850	Buy	29.9	6.6	799.5	13.2x	2.6x	19.7	6.0	16.1	17.8	1.1
BBNI	5,225	5,375	6,475	Buy	23.9	10.3	194.9	9.3x	1.3x	14.6	5.4	9.5	14.3	1.1
BMRI	6,725	6,050	7,800	Buy	16.0	30.0	627.7	11.4x	2.4x	22.4	5.3	13.5	33.7	1.3
AMAR	250	320	400	Buy	60.0	(22.8)	4.6	19.9x	1.4x	6.9	N/A	N/A	N/A	0.4
<b>Consumer Non-Cyclicals</b>							1,089.5							
INDF	6,100	6,450	7,400	Buy	21.3	(3.9)	53.6	6.6x	0.9x	14.4	4.2	0.8	28.2	0.4
ICBP	9,725	10,575	13,600	Buy	39.8	(4.7)	113.4	16.2x	2.8x	18.1	1.9	4.8	52.4	0.4
UNVR	2,380	3,530	3,100	Buy	30.3	(41.8)	90.8	18.9x	26.9x	130.1	5.6	(6.3)	(10.6)	0.1
MYOR	2,290	2,490	3,200	Buy	39.7	(11.9)	51.2	16.0x	3.4x	23.1	1.5	2.7	64.4	0.5
CPIN	4,950	5,025	5,500	Overweight	11.1	11.5	81.2	34.9x	3.0x	8.7	2.0	8.3	(21.2)	0.6
JPFA	1,135	1,180	1,400	Buy	23.3	6.6	13.3	14.2x	1.0x	7.2	4.4	4.5	(34.5)	0.6
AALI	6,625	7,025	8,000	Buy	20.8	(15.9)	12.8	12.1x	0.6x	4.8	6.1	(5.0)	(38.8)	0.8
TBLA	610	695	900	Buy	47.5	-	3.7	5.5x	0.4x	8.1	3.3	(7.6)	(30.0)	0.5
<b>Consumer Cyclical</b>							410.4							
ERAA	388	426	600	Buy	54.6	(20.8)	6.2	7.4x	0.8x	11.7	4.9	21.6	(18.1)	0.9
MAPI	1,695	1,790	2,200	Buy	29.8	18.5	28.1	14.8x	2.8x	20.9	0.5	23.7	(10.6)	0.6
HRTA	406	348	590	Buy	45.3	14.0	1.9	6.1x	1.0x	16.6	3.0	85.8	20.6	0.4
<b>Healthcare</b>							259.3							
KLBF	1,400	1,610	1,800	Buy	28.6	(32.0)	65.6	23.4x	3.0x	13.2	2.7	5.2	(17.7)	0.5
SIDO	685	525	700	Hold	2.2	(14.4)	20.6	21.6x	6.1x	27.6	5.2	(7.8)	(13.9)	0.6
MIKA	2,680	2,850	3,000	Overweight	11.9	(5.0)	38.2	40.8x	6.4x	16.3	1.4	5.3	(9.1)	0.2
<b>Infrastructure</b>							1,895.73							
TLKM	3,150	3,950	4,800	Buy	52.4	(26.2)	312.0	12.9x	2.2x	17.4	5.3	3.7	(5.8)	0.9
JSMR	5,425	4,870	5,100	Underweight	(6.0)	68.0	39.4	5.8x	1.4x	27.3	1.4	28.6	147.3	0.9
EXCL	2,190	2,000	3,800	Buy	73.5	22.0	28.8	22.4x	1.1x	4.9	1.9	10.9	(6.7)	0.9
TOWR	800	990	1,310	Buy	63.8	(19.6)	40.8	12.3x	2.4x	21.1	3.0	6.4	(6.0)	0.5
TBIG	1,750	2,090	2,390	Buy	36.6	(15.9)	39.6	25.3x	3.4x	14.2	3.4	1.8	(6.0)	0.4
MTEL	585	705	860	Buy	47.0	(16.4)	48.9	24.1x	1.4x	5.9	3.7	7.3	0.0	0.5
PTPP	414	428	1,700	Buy	310.6	(29.2)	2.6	5.3x	0.2x	4.2	N/A	5.7	77.3	1.2

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<b>Property &amp; Real Estate</b>							234.4							
CTRA	1,110	1,170	1,300	Buy	17.1	11.0	20.6	11.2x	1.0x	9.6	1.4	1.3	0.0	0.7
PWON	392	454	500	Buy	27.6	(17.3)	18.9	9.0x	1.0x	11.6	1.7	3.6	36.8	1.0
<b>Energy</b>							1,405.8							
ITMG	25,700	25,650	26,000	Hold	1.2	(23.7)	29.0	3.6x	1.0x	26.7	17.1	(34.7)	(58.9)	0.7
PTBA	3,140	2,440	4,900	Buy	56.1	(22.3)	36.2	5.9x	1.7x	24.4	34.8	(9.8)	(51.4)	0.9
HRUM	1,290	1,335	1,600	Buy	24.0	(14.6)	17.4	7.0x	1.2x	18.6	N/A	2.3	(50.2)	1.3
ADRO	2,760	2,380	2,870	Hold	4.0	(8.0)	88.3	3.2x	0.8x	25.7	15.8	(19.6)	(33.8)	1.2
<b>Industrial</b>							369.7							
UNTR	25,350	22,625	25,900	Hold	2.2	(18.4)	94.6	4.5x	1.2x	25.1	27.2	4.0	(0.1)	0.8
ASII	4,900	5,650	6,900	Buy	40.8	(23.7)	198.4	5.9x	1.0x	17.3	13.3	5.0	16.9	1.0
<b>Basic Ind.</b>							1,953.6							
SMGR	5,075	6,400	9,500	Buy	87.2	(15.8)	34.4	15.8x	0.8x	5.0	4.8	6.2	(19.1)	1.0
INTP	7,650	9,400	12,700	Buy	66.0	(26.1)	28.2	13.5x	1.3x	9.6	2.1	9.9	7.4	0.8
INCO	4,400	4,310	5,000	Overweight	13.6	(33.3)	43.7	9.8x	1.1x	11.2	2.0	4.5	36.6	1.0
ANTM	1,760	1,705	2,050	Buy	16.5	(16.2)	42.3	13.7x	1.4x	11.3	4.5	(10.6)	(19.5)	1.3
NCKL	880	1,000	1,320	Buy	50.0	(39.1)	55.5	9.8x	2.4x	34.1	2.5	149.4	(13.9)	N/A
<b>Technology</b>							282.5							
GOTO	59	86	81	Buy	37.3	(37.9)	70.9	N/A	1.7x	(111.0)	N/A	30.3	(119.4)	2.6

Source : Bloomberg, NH KSI Research

# PT NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

## Head of Research

### Liza Camelia Suryanata

Equity Strategy, Macroeconomics,  
Technical  
T +62 21 5088 ext 9134  
E liza.camelia@nhsec.co.id

## Analyst

### Richard Jonathan Halim

Technology, Transportation  
T +62 21 5088 ext 9128  
E Richard.jonathan@nhsec.co.id

## Analyst

### Leonardo Lijuwardi

Banking, Infrastructure  
T +62 21 5088 ext 9127  
E leonardo.lijuwardi@nhsec.co.id

## Research Support

### Amalia Huda Nurfalah

Editor & Translator  
T +62 21 5088 ext 9132  
E amalia.huda@nhsec.co.id

## Analyst

### Cindy Alicia Ramadhania

Consumer, Healthcare  
T +62 21 5088 ext 9129  
E cindy.alicia@nhsec.co.id

## Analyst

### Axell Ebenhaezer

Mining, Property  
T +62 21 5088 ext 9133  
E Axell.Ebenhaezer@nhsec.co.id

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# PT NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

## Head Office :

Treasury Tower 51th Floor, District 8, SC  
BD Lot 28, Jl. Jend. Sudirman No. Kav 52-  
53, RT.5/RW.3, Senayan, Kebayoran Bar  
u, South Jakarta City, Jakarta 12190 No.  
Telp : +62 21 5088 9102

## **BANDENGAN (Jakarta Utara)**

Jl. Bandengan Utara Kav. 81  
Blok A No. 01, Lt. 1 Kel. Penjaringan,  
Kec. Penjaringan Jakarta Utara,  
DKI Jakarta 14440  
No. Telp : +62 21 66674959

## **BANDUNG**

Paskal Hypersquare blok A1  
Jl. Pasirkaliki no 25-27 Bandung 40181  
No. Telp : +62 22 860 22122

## **BALI**

Jl. Cok Agung Tresna  
Ruko Griya Alamanda no. 9 Renon  
Denpasar, Bali 80226  
No. Telp : +62 361 209 4230

## **ITC BSD (Tangerang Selatan)**

BSD Serpong: ITC BSD Blok R No. 48  
Jalan Pahlawan Seribu, Lekong Wetan,  
Kec. Serpong, Kel. Serpong Tangerang  
Selatan – Banten 15311  
No. Telp : +62 21 509 20230

## **KAMAL MUARA (Jakarta Utara)**

Rukan Exclusive Mediterania Blok F  
No.2, Kel. Kamal Muara,  
Kec. Penjaringan, Jakarta Utara 14470  
No. Telp : +62 21 5089 7480

## **MAKASSAR**

Jl. Gunung Latimojong No. 120A  
Kec. Makassar Kel. Lariang Bangi  
Makassar, Sulawesi Selatan  
No. Telp : +62 411 360 4650

## **MEDAN**

Jl. Asia No. 548 S Medan  
Sumatera Utara 20214  
No. Telp : +62 61 415 6500

## **PEKANBARU**

Sudirman City Square  
Jl. Jend. Sudirman Blok A No. 7  
Pekanbaru, Riau  
No. Telp : +62 761 801 1330