

Weekly Brief (Apr. 29 – May 3, 2024)

Summary:

Last week review:

THREAT OF US STAGFLATION OFFSET BY STRONG S&P500 CORPORATE EARNINGS. The S&P 500 added 2.7% last week, supported by strong earnings reports from tech giants Microsoft and Alphabet (although Meta Platforms saw a sharp drop of over 10% in its share price following higher capex estimates), as well as the PCE PRICE INDEX report for March. Last week started with the S&P GLOBAL US COMPOSITE PMI which was sluggish in April on both the manufacturing and services activity fronts. This was followed by first quarter US GDP which fell below expectations, 1.6% qoq, slightly far below the 2.5% forecast. INFLATION data also came into focus last week in addition to the Q1 FINANCIAL REPORT Season. March's core PERSONAL CONSUMPTION EXPENDITURES (PCE) PRICE INDEX inflation showed a monthly increase of 0.32% and an annualized increase of 2.8% (versus economists' forecast of 2.6%). This led CITI economists to anticipate a Federal Reserve rate cut at the July-August meeting, with a total expected cut of 100 basis points this year. THE WORLD BANK noted that while activity data, particularly in the labor market, may have prompted the downturn in June, spending data was strong in March, with services strength increasingly concentrated in sectors such as healthcare. The World Bank also argues that with only a month left for the release of April Inflation data before the June 13 FOMC meeting, officials may have to wait until July to gain enough confidence that Inflation is slowing. Meanwhile, EVERCORE ISI economists pointed out that while the March Inflation figures were as expected, the forecasts for January and February were revised upwards. They forecast an increase in the number of Workers of +200k in April, with the Unemployment Rate falling to 3.7%, and Average Hourly Earnings growing by +0.3% on a monthly basis, or 4.1% on an annualized basis. Elsewhere, BANK OF AMERICA economists said that Friday's data is indicative of strong demand rather than stagflation, so it will keep the Fed on hold (= rates higher for longer) in the near term. Especially when the weekly INITIAL JOBLESS CLAIMS topped it all off with jobless claims proving to be down, actual 207k compared to 214k forecast. On the one hand, it is true that there is strong demand in the property sector, as evidenced by the New Home Sales & Pending Home Sales data which increased in March. Key comments from US SECRETARY OF FINANCE JANET YELLEN also supported the market by saying that the disappointing first quarter US GDP figure above could be revised higher, thus suggesting the US economy is likely to be stronger than the initial GDP estimate suggests. The CME FEDWATCH TOOL now shows traders expect a rate cut to occur only in September, or in the fourth quarter.

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COMMODITIES: OIL prices rose last week, with Brent having gained 2.5% so far, while WTI gained more than 1%; with US WTI last priced at USD 84.04/barrel, while the BRENT contract was at USD 89.46/barrel. Oil prices snapped a 2-week losing streak on fears of dwindling US supply and continued geopolitical unrest in the Middle East, amid the threat of a blockade of the Strait of Hormuz despite Iran not reacting to the latest alleged attack from Israel. Comments from Janet Yellen also helped, as the US Treasury Secretary said that last Thursday's disappointing US Q1 GDP figure could possibly be revised higher once more is available.

Last week BANK INDONESIA'S BOARD OF GOVERNOR'S MEETING also added to the dynamics of the financial markets after unexpectedly raising the benchmark interest rate 25 bps to 6.25%, amidst their efforts to stabilize the RUPIAH exchange rate which was not budging above 16200/USD. Earlier in the week, the March TRADE BALANCE SURPLUS was reported for the 47th consecutive month at USD 4.47 billion (much higher than February at USD 830 million only), as the fall in Imports outweighed the weakening pace of Exports. From the stock market, over the past week Foreign Net Sell recorded a massive IDR3.17 trillion, bringing the monthly figure to a worrying IDR17.19 trillion net sell; eroding their YTD position to just IDR9.78 trillion (all markets).

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This week's outlook:

This week will be eventful, as investors will be watching for any indication that the Fed may still cut rates this year after officials wrap up their 2-day FOMC MEETING next Wednesday. Note that Federal Reserve Chairman Jerome Powell has often warned that the central bank needs to have enough confidence that inflation is heading towards its 2% target before realizing a rate cut. Especially when the Fed has historically cut key interest rates before Presidential elections and this year is expected to be the same, so a Fed rate cut is still quite feasible to happen in September as per the latest consensus.

The monthly NONFARM PAYROLLS DATA to be released on Friday should provide an update on the strength of the US labor market, where economists expect the US economy to have created 243k new jobs in April, slowing from 303k in March. The UNEMPLOYMENT RATE is also projected to stabilize at 3.8%. Prior to Friday, there is the ADP EMPLOYMENT CHANGE data to report on the private sector as well as the weekly JOLTs JOB OPENINGS and INITIAL JOBLESS CLAIMS job vacancy information which will reinforce the numbers in the employment sector.

The last two companies of the MAGNIFICENT SEVEN will direct market movements as market participants look forward to AMAZON and APPLE earnings reports on Thursday.

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CHINA: market participants will focus on CHINA MANUFACTURING data for April, looking for signs of economic improvement as the world's second largest economy picks up momentum following the release of stronger economic data last month. The Chinese government will release its PMI report on Tuesday, followed shortly by the Caixin/S&P Global Manufacturing PMI. Upbeat data will come as a relief to government officials who have been trying to shore up growth and boost investor sentiment. Global investment houses have become increasingly bullish on Chinese stocks, helping the blue-chip index climb above 10% from its February low. But Beijing has been feeling the pinch lately with its currency where the yuan has weakened significantly against the dollar, but strengthened against its major trading partners - an unfortunate indication for China's export-dependent economy.

EUROZONE: will release Inflation and GDP data on Tuesday which is likely to reinforce market expectations of a EUROPEAN CENTRAL BANK rate cut in June. As noted, European inflation has fallen rapidly over the past year and the ECB is expected to cut rates in June, but the longer-term outlook remains bleak due to rising energy costs, high services inflation, and continuing geopolitical tensions that threaten to disrupt trade. Economists expect the bloc's gross domestic product (GDP) to increase by just 0.2% in the first quarter on an annualized basis. Inflation growth is expected to stabilize with consumer prices expected to increase by 2.4% in April, the same as the previous month amid rising energy costs.

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INDONESIA: will mainly look forward to April INFLATION data on Thursday after the May 1 Labor Day holiday, complementing Foreign Direct Investment and Nikkei Manufacturing PMI (Apr.) data.

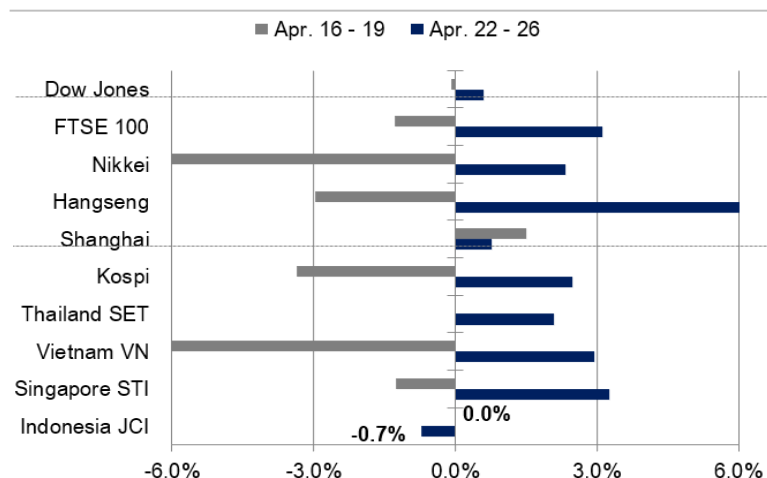
JCI Index : 7,036.07 (-0.7%)

Foreign Flow : Net Sell of IDR 4.5 Trillion (Vs. last week's net sell of IDR 4.5 Trillion)

USD/IDR : 16,210 (+0.28%)

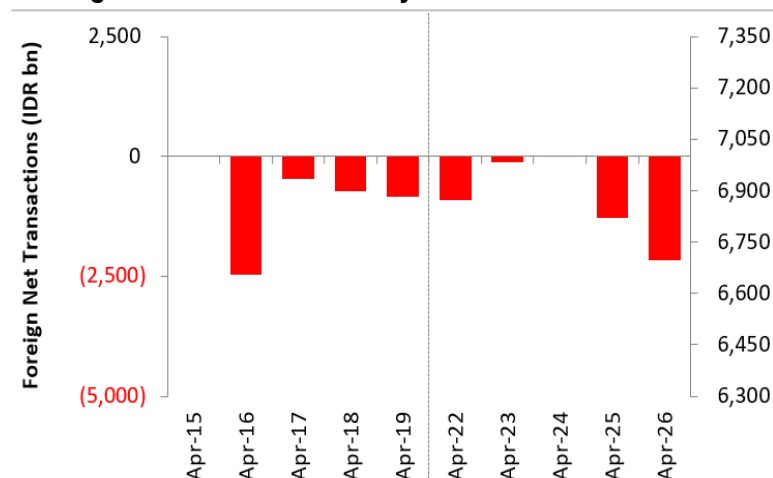
Last Week's JCI Movement

Global Market Movement



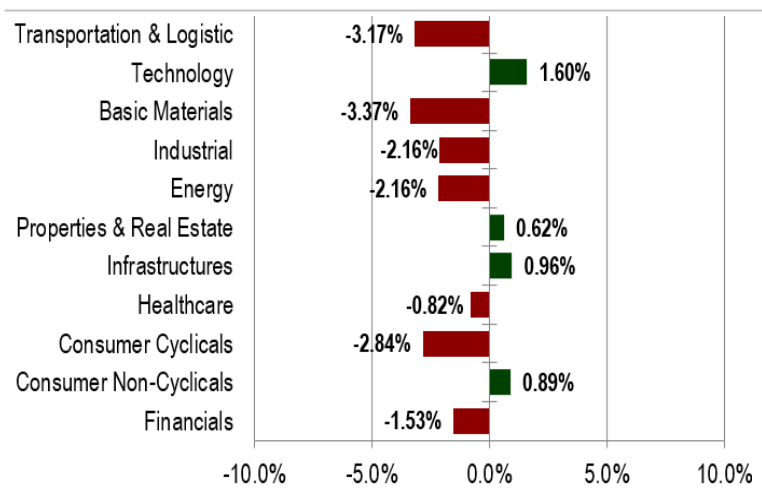
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



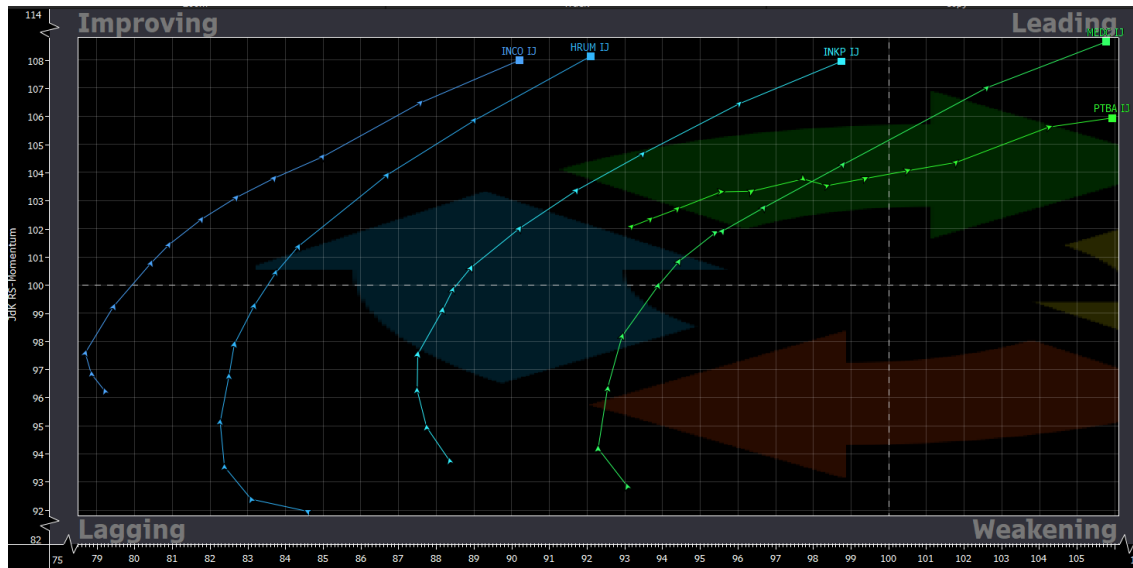
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
BMRI	604,598	BBRI	4,145,210
BREN	232,009	TLKM	964,281
TPIA	220,548	AMMN	279,084
BBCA	155,135	ASII	172,067
BBNI	109,592	INCO	100,796

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
INCO	4270-4300 / 4400-4450 / 4530	3940
HRUM	1355-1375 / 1440-1445 / 1500-1510	1260
PTBA	2950-2990 / 3060-3080 / 3140-3160	2830
MEDC	1455-1475 / 1520 / 1555-1590 / 1620-1635	1370
INKP	9650-10000 / 10250-10400	8600

Source: Bloomberg, NHKSI Research

JCI Index

Support	7000-7020 / 6900-6950	Resistance	7380-7390 / 7250-7270 / 7120-7160
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	GE	19:00	CPI YoY	Apr P	2.3%	2.2%
<i>29 – Apr.</i>	—	—	—	—	—	—
Tuesday	US	20:45	MNI Chicago PMI	Apr	45.0	41.4
<i>30 – Apr.</i>	US	21:00	Conf. Board Consumer Confidence	Apr	104.1	104.7
	CH	08:30	Manufacturing PMI	Apr	—	50.8
	CH	08:45	Caixin China PMI Mfg	Apr	—	51.1
	GE	14:55	Unemployment Change (000's)	Apr	—	4.0K
	EC	16:00	CPI MoM	Apr P	0.6%	0.8%
	KR	06:00	Industrial Production YoY	Mar	5.5%	4.8%
Wednesday	US	18:00	MBA Mortgage Applications	Apr 26	—	-2.7%
<i>1 – May</i>	US	19:15	ADP Employment Change	Apr	185K	184K
	US	20:45	S&P Global US Manufacturing PMI	Apr F	49.9	49.9
	US	21:00	ISM Manufacturing	Apr	50.1	50.3
	KR	07:00	Trade Balance	Apr	\$2,340M	\$4,291M
Thursday	US	01:00	FOMC Rate Decision (Upper Bound)	May 1	5.50%	5.50%
<i>2 – May</i>	US	01:00	FOMC Rate Decision (Lower Bound)	May 1	5.25%	5.25%
	US	19:30	Trade Balance	Mar	-\$69.0B	-\$68.9B
	US	19:30	Initial Jobless Claims	Apr 27	—	207K
	US	21:00	Factory Orders	Mar	1.6%	1.4%
	US	21:00	Durable Goods Orders	Mar F	—	2.6%
	ID	07:30	S&P Global Indonesia PMI Mfg	Apr	—	54.2
	ID	11:00	CPI YoY	Apr	3.10%	3.05%
	KR	06:00	CPI YoY	Apr	3.0%	3.1%
	KR	07:30	S&P Global South Korea PMI Mfg	Apr	—	49.8
Friday	US	19:30	Change in Nonfarm Payrolls	Apr	250K	303K
<i>3 – May</i>	US	19:30	Unemployment Rate	Apr	3.8%	3.8%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	TUGU, TRIS, PTRO, PTMP, LPGI, ENAK, AKRA
29 – Apr.	Cum Dividend	—
Tuesday	RUPS	SKLT, SFAN, PLIN, PGJO, MFMI, IFSH, GOOD, GOLD, ENVY, CARS, BEKS, BBYB, ASII, ASBI, AGRO
30 – Apr.	Cum Dividend	XCID, CINT, BELL
Wednesday	RUPS	—
1 – May	Cum Dividend	—
Thursday	RUPS	TAPG, MBAP, GGRP, DGNS, BUAH, INSA
2 – May	Cum Dividend	SCNP, MPXL, HMSP, ASRM, ASGR, AALI
Friday	RUPS	TLKM, SMGR, EXCL
3 – May	Cum Dividend	HRTA, KEJU, MKTR, UNTR

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							3,731.9							
BBCA	9,625	9,400	11,025	Overweight	14.5	6.4	1,186.5	23.8x	5.2x	22.8	2.8	7.6	10.6	0.9
BBRI	4,830	5,725	6,850	Buy	41.8	(5.3)	732.0	12.1x	2.5x	21.1	6.6	17.8	1.9	1.2
BBNI	5,150	5,375	6,475	Buy	25.7	9.3	192.1	9.2x	1.3x	14.6	5.4	9.5	14.3	1.1
BMRI	6,750	6,050	7,800	Buy	15.6	30.4	630.0	11.4x	2.4x	22.4	5.2	13.5	33.7	1.3
AMAR	250	320	400	Buy	60.0	(16.7)	4.6	21.2x	1.4x	5.5	N/A	21.1	N/A	0.4
Consumer Non-Cyclicals							1,105.2							
INDF	6,050	6,450	7,400	Buy	22.3	(6.2)	53.1	6.5x	0.9x	14.4	4.2	0.8	28.2	0.4
ICBP	10,600	10,575	13,600	Buy	28.3	0.2	123.6	17.7x	3.0x	18.1	1.8	4.8	52.4	0.4
UNVR	2,590	3,530	3,100	Buy	19.7	(41.1)	98.8	20.4x	20.4x	95.1	5.2	(5.0)	2.7	0.1
MYOR	2,420	2,490	2,800	Buy	15.7	(6.9)	54.1	16.9x	3.6x	23.1	1.4	2.7	64.4	0.5
CPIN	4,820	5,025	5,500	Overweight	14.1	5.0	79.0	34.0x	2.9x	8.7	2.1	8.3	(21.2)	0.6
JPFA	1,090	1,180	1,400	Buy	28.4	4.8	12.8	13.6x	1.0x	7.2	4.6	4.5	(34.5)	0.6
AALI	6,475	7,025	8,000	Buy	23.6	(16.2)	12.5	11.7x	0.6x	4.8	6.2	0.8	2.6	0.8
TBLA	605	695	900	Buy	48.8	(0.8)	3.7	5.5x	0.4x	8.1	3.3	(7.6)	(30.0)	0.5
Consumer Cyclicals							400.8							
ERAA	394	426	600	Buy	52.3	(20.6)	6.3	7.5x	0.8x	11.7	4.8	21.6	(18.1)	0.9
MAPI	1,555	1,790	2,200	Buy	41.5	13.5	25.8	13.6x	2.6x	20.9	0.5	23.7	(10.6)	0.6
HRTA	402	348	590	Buy	46.8	8.6	1.9	6.1x	0.9x	16.6	3.0	85.8	20.6	0.4
Healthcare							257.2							
KLBF	1,405	1,610	1,800	Buy	28.1	(33.7)	65.9	23.5x	3.0x	13.2	2.7	5.2	(17.7)	0.5
SIDO	705	525	700	Hold	(0.7)	(10.8)	21.2	20.3x	5.6x	30.1	5.0	16.1	30.1	0.6
MIKA	2,850	2,850	3,000	Overweight	5.3	(1.4)	40.6	40.7x	6.5x	16.6	1.3	21.0	26.8	0.2
Infrastructure							1,966.71							
TLKM	3,030	3,950	4,800	Buy	58.4	(28.7)	300.2	12.4x	2.1x	17.4	5.5	3.7	(5.8)	0.9
JSMR	5,050	4,870	5,100	Hold	1.0	53.5	36.7	5.4x	1.3x	27.3	1.5	28.6	147.3	0.9
EXCL	2,380	2,000	3,800	Buy	59.7	36.0	31.2	24.3x	1.2x	4.9	1.8	10.9	(6.7)	0.9
TOWR	795	990	1,310	Buy	64.8	(22.4)	40.6	12.2x	2.4x	21.1	3.0	6.4	(6.0)	0.5
TBIG	1,855	2,090	2,390	Buy	28.8	(10.0)	42.0	26.9x	3.6x	14.2	3.3	1.8	(6.0)	0.4
MTEL	580	705	860	Buy	48.3	(17.1)	48.5	23.9x	1.4x	5.9	3.7	7.3	0.0	0.5
PTPP	412	428	1,700	Buy	312.6	(36.6)	2.6	5.3x	0.2x	4.2	N/A	5.7	77.3	1.2

Source : Bloomberg, NH KSI Research

NH KSI Stocks Coverage

Property & Real Estate				235.9										
CTRA	1,160	1,170	1,300	Overweight	12.1	16.6	21.5	11.7x	1.1x	9.6	1.3	1.3	0.0	0.7
PWON	394	454	500	Buy	26.9	(18.9)	19.0	9.0x	1.0x	11.6	1.6	3.6	36.8	1.0
Energy				1,385.8										
ITMG	24,500	25,650	26,000	Overweight	6.1	(26.4)	27.7	3.4x	1.0x	26.7	18.0	(34.7)	(58.9)	0.7
PTBA	2,880	2,440	4,900	Buy	70.1	(30.4)	33.2	5.4x	1.5x	24.4	38.0	(9.8)	(51.4)	0.9
HRUM	1,300	1,335	1,600	Buy	23.1	(13.9)	17.6	7.1x	1.2x	18.6	N/A	2.3	(50.2)	1.3
ADRO	2,600	2,380	2,870	Overweight	10.4	(16.9)	83.2	3.0x	0.7x	25.7	16.8	(19.6)	(33.8)	1.2
Industrial				363.0										
UNTR	24,150	22,625	25,900	Overweight	7.2	(16.4)	90.1	4.3x	1.1x	25.1	28.5	4.0	(0.1)	0.8
ASII	4,880	5,650	6,900	Buy	41.4	(27.7)	197.6	5.8x	1.0x	17.3	13.3	5.0	16.9	1.0
Basic Ind.				2,005.4										
SMGR	4,580	6,400	9,500	Buy	107.4	(23.0)	31.0	14.3x	0.7x	5.0	5.4	6.2	(19.1)	1.0
INTP	7,600	9,400	12,700	Buy	67.1	(30.0)	28.0	13.4x	1.2x	9.6	2.1	9.9	7.4	0.8
INCO	4,090	4,310	5,000	Buy	22.2	(41.4)	40.6	9.1x	1.0x	11.2	2.2	4.5	36.6	1.1
ANTM	1,595	1,705	2,050	Buy	28.5	(24.0)	38.3	12.5x	1.3x	11.3	5.0	(10.6)	(19.5)	1.3
NCKL	950	1,000	1,320	Buy	38.9	(32.4)	59.9	10.5x	2.6x	34.1	2.3	149.4	(13.9)	N/A
Technology				286.8										
GOTO	61	86	81	Buy	32.8	(41.3)	73.3	N/A	1.7x	(111.0)	N/A	30.3	(119.4)	2.6
Transportation & Logistic				37.8										
ASSA	745	790	990	Buy	32.9	(17.7)	2.7	25.9x	1.5x	6.0	N/A	(24.4)	(0.7)	1.7

Source : Bloomberg, NH KSI Research

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