

## Weekly Brief (May 20 – 24, 2024)

### Summary:

#### Last week review:

**THE DOW JONES INDUSTRIAL AVERAGE CLOSED ABOVE THE PSYCHOLOGICAL 40,000 LEVEL FOR THE FIRST TIME IN HISTORY.** One of the things that affected the tone of the market this week was the lower-than-expected consumer inflation figure, amid the voices of some Fed officials who are still diligently reminding that the central bank still needs more confidence to cut interest rates, as well as the timing of the cut which is still uncertain; thus concluding that interest rates still need to be higher for longer. There are even still officials who maintain the possibility of raising interest rates if economic data still indicates that the handling of inflation has stalled; or even reversed the direction of heating up again. Their comments kept market participants guessing on rate cut expectations this year, with investors slightly trimming predictions of a 25 bps cut in September, according to the CME Fedwatch survey. A stronger-than-expected earnings season has also helped push the stock market higher, with 77% of companies beating estimates, compared to an average of 67% historically, according to LSEG data as of May 10. So far this month, the DJIA has recorded an average gain of 4.3%. This is well above the average monthly index gain of 0.57% since May 1896. The DJIA has outperformed the S&P 500 in 8 of the last 20 years. This year, the DJIA is up 5.8%, compared to the S&P 500's surge of 11.1% this year and the NASDAQ's appreciation of 11.2%. The US market still holds the key to world money movement, compared to the JCI which has actually deflated -0.09% YTD. Although the JCI managed to post a significant 3.27% gain last week, foreign funds consistently exited the market amounting to IDR 1.54trillion (all markets). A number of economic data released in Indonesia helped the bullish market sentiment last week: starting from the improved Consumer Confidence, followed by the improved Car & Motorcycle sales and Retail Sales figures; closed with the 48th consecutive Trade Balance surplus, due to the now positive Export & Import growth in April.

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**ASIA & EUROPE MARKETS:** JAPAN published their preliminary 1st quarter GDP estimate which plunged into recessionary territory, with economic growth of minus 0.5% qoq, greater than the -0.3% forecast. This may deter the BOJ from raising interest rates again. Meanwhile, the handling of Inflation in continental EUROPE, was slightly stagnant as the GERMAN CPI for April proved unable to cool down from 0.4% in the previous month, instead heating back up to 0.5% mom. Even EUROZONE CPI did not budge at 2.4% as expected. However, the market values the ECB seem more confident to prepare to cut the benchmark rate around June. CHINA specifically: they will begin a massive USD 1 trillion bond issuance this week - the first major fiscal stimulus measure Beijing has undertaken as the country struggles to sustain a sluggish economic recovery. China's Industrial Production grew more than expected in April, suggesting a significant recovery in the manufacturing sector remains on track on the back of government programs. But signs of weakening consumption in the country continued, as Retail Sales growth largely fell short of expectations in April, while new home prices in China fell at the fastest monthly pace in 9 years.

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**COMMODITIES:** Both OIL contracts ended the week with gains of between 0.9% and almost 1%, with most of the gains coming after weaker-than-expected US consumer inflation readings. The April US CPI reading hit the US DOLLAR and increased expectations that the Federal Reserve will start cutting interest rates as soon as September, with looser monetary policy bodes well for global demand for crude oil. However, this view was countered by a series of warnings from Federal Reserve officials that the US central bank needs more convincing that Inflation is still faithfully on a sloping trajectory, before it can start cutting interest rates. The crude oil market also grappled with mixed demand cues this week. A larger-than-expected drop in US oil reserves prompted optimism over increased demand as the road-trip-heavy summer season approaches. However, this was countered by the International Energy Agency (IEA) which slightly cut its annual demand forecast, citing global economic uncertainty amid high inflation and the potential for interest rates to remain higher for longer. On the other hand, the Organization of the Petroleum Exporting Countries (OPEC) maintained its global demand forecast for 2024, citing economic recovery in CHINA and potential interest rate cuts later this year. OPEC is also expected to extend the production cut period after the end of June, thus providing a tighter supply outlook.

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### This week's outlook:

**The Federal Reserve will publish its latest meeting minutes** and several Fed officials will deliver speeches as renewed hopes of a rate cut underpin bullish market sentiment. Amidst that, Nvidia's earnings report will also be in market focus, the release of PMI data will provide insights into the health of the global economy, while the UK will release Inflation data which is closely watched as there have been several rate cut forecasts from some of the world's central banks.

**FEDERAL RESERVE:** On Wednesday the Fed will publish the minutes of its meeting that took place on April 30-May 1, when Federal Reserve Chairman Jerome Powell indicated that interest rates are likely to remain higher for a longer period of time amid continued inflationary pressures. Several Fed officials will also give speeches this week. The rest of the economic calendar also includes reports on new and existing home sales, durable goods orders, and consumer sentiment.

**EARNING REPORTS SEASON:** NVIDIA's quarterly performance on Wednesday could determine the direction of the US stock market and impact companies exposed to the rising field of artificial intelligence (AI). The semiconductor company at the center of the euphoria over the potential of the AI business is expected to report a big jump in first-quarter revenue and profit. The stock itself has skyrocketed more than 90% this year after more than tripling by 2023, making Nvidia the third-largest US company by market value.

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**PMI DATA:** US, CHINA, EUROZONE, & UK will release May PMI data which will reinforce a brighter global economic outlook. The Eurozone's slow recovery seems to be ongoing after 6 consecutive quarters of stagnant or negative growth, while US Inflation has just resumed its downward trend and China grew faster than expected in the first quarter. So, global PMIs should remain in the expansion area. But the steep US tariff hikes on Chinese imports ranging from electric vehicle batteries to computer chips highlight the fragile global trade and growth outlook; where even China is unlikely to sit still and counter maneuver.

**UK INFLATION:** The UK will publish its April CPI data on Wednesday and economists expect the annual inflation rate to slow dramatically - by more than 1% - approaching the 2% level targeted by the Bank of England. There is one more inflation report due ahead of the BoE's next meeting on June 20 and continued evidence of easing price pressures could give officials the push they need to cut interest rates. As for market participants, the European Central Bank rate cut is expected in June, followed by the BoE in August and the Fed in September. Ahead of the announcement of the inflation figures, BoE Governor Andrew Bailey will deliver a speech on Tuesday. The UK economic calendar will also feature April's Retail Sales data on Friday.

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### This week's outlook:

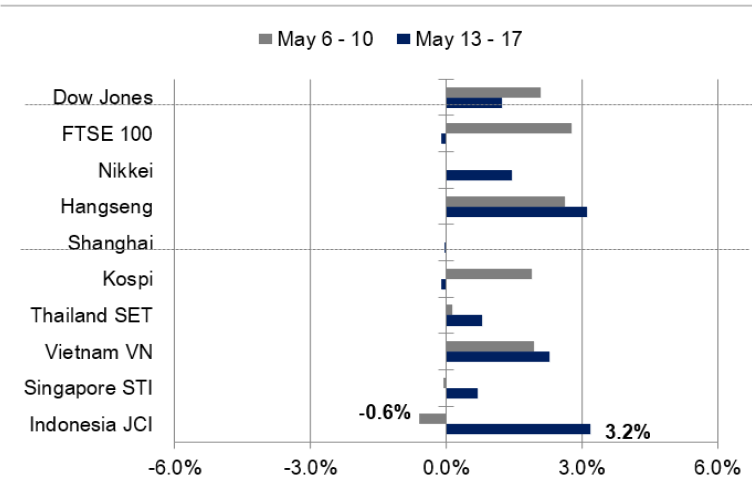
**COMMODITY:** NICKEL prices jumped 11% last week due to unrest in New Caledonia. This raised concerns about further supply disruptions from France. Based on Barchart data, the price of nickel futures for July 2024 on the London Metal Exchange (LME) closed up 6.44% to US\$ 21,019 per ton at the end of trading Friday (17/5/2024). According to Bloomberg, New Caledonia, an island nation in the South Pacific that is the third largest nickel producer, was hit by riots last week due to changes in voting rules. The riots disrupted production from French nickel miner Eramet SA, which runs nickel mines in the country at minimum capacity.

**INDONESIA:** in a trading week that is again cut short by the Vesak Day long weekend, on Wednesday Bank Indonesia will announce the latest BI7DRR rate which is expected to remain unchanged at 6.25%.

JCI Index : 7,317.24 (+3.1%)  
Foreign Flow : Net Sell of IDR 1.5 Trillion (Vs. last week's net sell of IDR 3.0 Trillion)  
USD/IDR : 15,955 (-0.56%)

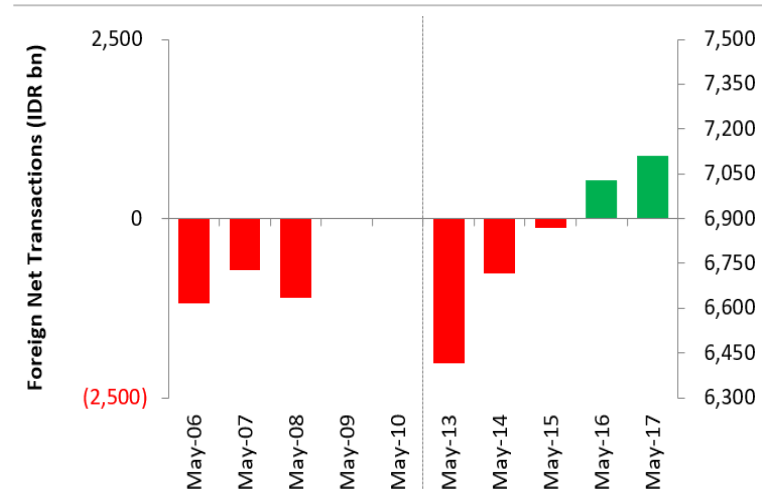
# Last Week's JCI Movement

## Global Market Movement



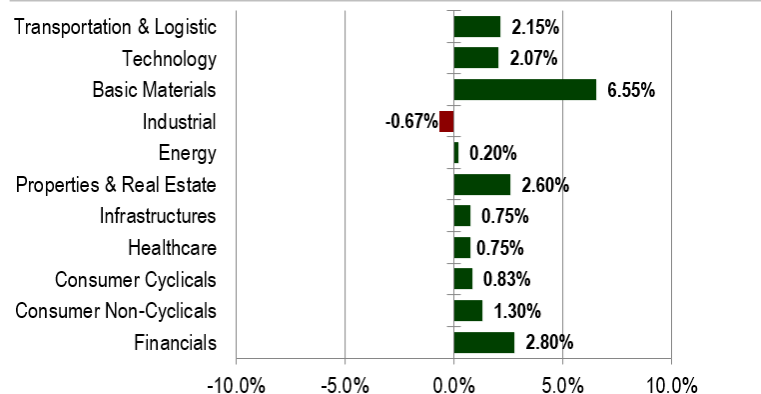
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



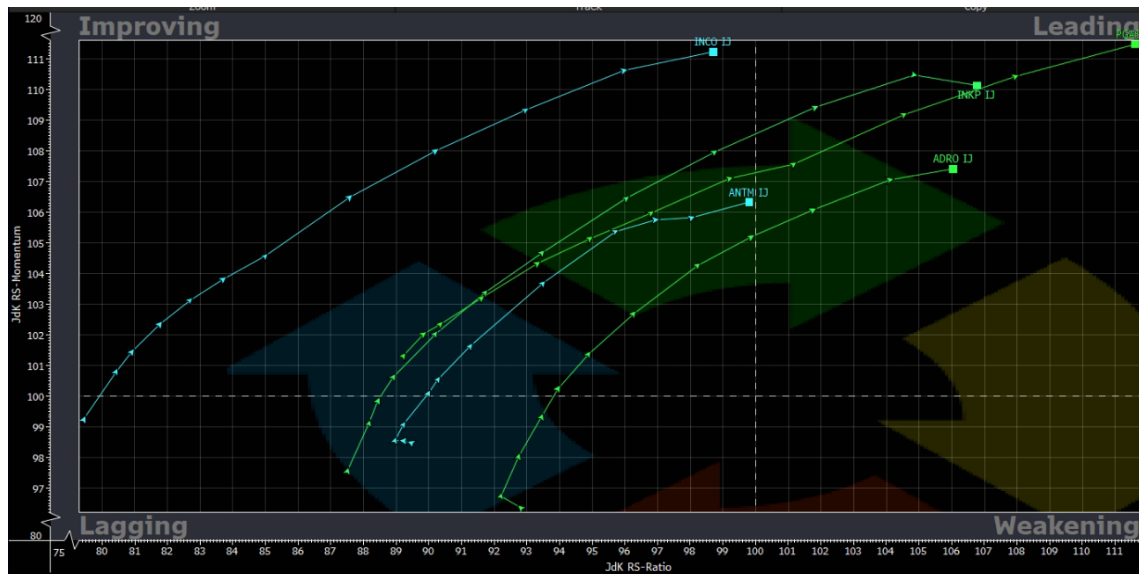
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Buy (RG)	NB Val. (IDR Mn)	Top Sell (RG)	NS Value (IDR Mn)
TPIA	751,149	BBRI	1,058,627
BBNI	265,404	ASII	410,106
AMMN	145,401	BMRI	384,336
BREN	108,089	SMGR	79,396
ADRO	93,649	TLKM	78,424

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
INCO	5100-5250 / 5350 / 5730-5800	4480
ANTM	1670-1685 / 1715-1740 / 1780-1810	1575
ADRO	2960-2970 / 3040-3060 / 3120-3160	2790
INKP	10250-10275 / 10525-10800	9350
PGAS	1620-1650 / 1680-1700 / 1800-1830	1475

Source: Bloomberg, NHKSI Research



# JCI Index

<b>Support</b>	6900-6925 / 7000-7035 / 7100-7125 / 7250-7280	<b>Resistance</b>	7350-7377 / 7435-7450
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Source: NHKSI Research, Bloomberg

## Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
<b>Monday</b>	ID	10:00	BoP Current Account Balance	1Q	-\$1,930M	\$1,290M
20 – May	JP	11:00	Tertiary Industry Index MoM	Mar	0.1%	1.5%
<b>Tuesday</b>	—	—	—	—	—	—
21 – May	—	—	—	—	—	—
<b>Wednesday</b>	US	21:00	Existing Home Sales	Apr	4.18 M	4.19M
22 – May	ID	14:20	BI Rate	May 31	6.25%	6.25%
	KR	04:00	PPI YoY	Apr	—	-1.5%
<b>Thursday</b>	US	19:30	Initial Jobless Claims	May 18	—	222K
23 – May	US	20:45	S&P Global US Manufacturing PMI	May P	50.2	50.0
	US	21:00	New Home Sales	Apr	680K	693K
	KR	—	BoK Base Rate	May 23	3.50%	3.50%
<b>Friday</b>	US	19:30	Durable Goods Orders	Apr P	-0.6%	0.9%
24 – May	US	21:00	U. of Mich. Sentiment	May F	67.4	67.4

Source: Bloomberg, NHKSI Research

# Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	WEGE, PRAY, IMPC, DAYA, BBLD
20 – May.	Cum Dividend	TPIA, TEBE, PTBA, MAHA, LPIN, JSMR, HILL, BDKR, ANTM
<b>Tuesday</b>	RUPS	TMPO, SMKL, MAIN, JGLE, ITIC, ISAT, DYAN, CPIN, SQBB
21 – May.	Cum Dividend	PBID, HEAL
<b>Wednesday</b>	RUPS	WSKT, RANC, PYFA, MAPB, JECC, INOV, IKAI, GIAA, EKAD, BLTZ, BFIN, ARTO
22 – May	Cum Dividend	TOTL, NRCA, LTLS, INTP, EPMT
<b>Thursday</b>	RUPS	—
23 – May	Cum Dividend	—
<b>Friday</b>	RUPS	—
24 – May	Cum Dividend	—

Source: NHKSI Research

# NHKSJ 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>							3,753.2							
BBCA	9,750	9,400	11,025	Overweight	13.1	11.1	1,201.9	24.1x	5.3x	22.8	2.8	7.6	10.6	1.0
BBRI	4,920	5,725	6,850	Buy	39.2	(5.4)	745.7	12.3x	2.5x	21.1	6.5	17.8	1.9	1.1
BBNI	5,175	5,375	6,475	Buy	25.1	18.3	193.0	9.2x	1.3x	14.7	5.4	9.4	2.2	1.1
BMRI	6,575	6,050	7,800	Buy	18.6	31.5	613.7	11.1x	2.5x	24.1	5.4	13.2	1.1	1.2
AMAR	250	320	400	Buy	60.0	(21.4)	4.6	20.9x	1.4x	5.5	N/A	21.1	N/A	0.3
<b>Consumer Non-Cyclicals</b>							1,120.4							
INDF	6,150	6,450	7,400	Buy	20.3	(9.6)	54.0	8.0x	0.9x	11.4	4.2	0.8	(36.3)	0.5
ICBP	10,550	10,575	13,600	Buy	28.9	(4.1)	123.0	22.8x	2.9x	13.0	1.8	4.1	(40.4)	0.6
UNVR	2,710	3,530	3,100	Overweight	14.4	(39.2)	103.4	21.3x	21.3x	95.1	4.9	(5.0)	2.7	0.7
MYOR	2,320	2,490	2,800	Buy	20.7	(12.8)	51.9	14.5x	3.2x	24.3	1.5	3.7	51.5	0.5
CPIN	5,275	5,025	5,500	Hold	4.3	5.5	86.5	31.1x	3.1x	10.3	1.9	9.3	186.7	0.6
JPFA	1,460	1,180	1,400	Hold	(4.1)	24.3	17.1	9.2x	1.2x	13.9	3.4	18.4	N/A	0.9
AAJI	6,100	7,025	8,000	Buy	31.1	(17.3)	11.7	11.1x	0.5x	4.8	4.0	0.8	2.6	0.8
TBLA	620	695	900	Buy	45.2	(1.6)	3.8	5.8x	0.4x	7.9	3.2	0.6	(10.6)	0.5
<b>Consumer Cyclical</b>							398.2							
ERAA	408	426	600	Buy	47.1	(18.1)	6.5	7.6x	0.8x	11.6	4.7	12.6	7.8	1.0
MAPI	1,490	1,790	2,200	Buy	47.7	(12.6)	24.7	13.0x	2.4x	20.2	0.5	17.8	5.9	0.7
HRTA	388	348	590	Buy	52.1	(5.4)	1.8	5.3x	0.9x	17.6	3.9	89.7	47.1	0.3
<b>Healthcare</b>							274.1							
KLBF	1,500	1,610	1,800	Buy	20.0	(30.6)	70.3	24.2x	3.1x	13.2	2.5	6.3	12.5	0.5
SIDO	715	525	700	Hold	(2.1)	(7.1)	21.5	20.6x	5.7x	30.1	5.0	16.1	30.1	0.6
MIKA	3,070	2,850	3,000	Hold	(2.3)	14.6	43.7	43.8x	7.0x	16.6	1.2	21.0	26.8	0.3
<b>Infrastructure</b>							2,247.02							
TLKM	2,990	3,950	4,800	Buy	60.5	(25.1)	296.2	12.2x	2.1x	17.4	6.0	3.7	(5.8)	0.9
JSMR	5,000	4,870	5,100	Hold	2.0	42.5	36.3	5.3x	1.3x	27.1	1.5	36.0	17.8	0.9
EXCL	2,440	2,000	3,800	Buy	55.7	24.5	32.0	19.9x	1.2x	6.1	2.0	11.8	156.3	1.0
TOWR	760	990	1,310	Buy	72.4	(24.8)	38.8	11.5x	2.2x	20.3	3.2	6.3	6.7	0.6
TBIG	1,855	2,090	2,390	Buy	28.8	(7.7)	42.0	26.6x	3.5x	13.3	3.3	5.4	4.3	0.4
MTEL	610	705	860	Buy	41.0	(9.6)	51.0	25.1x	1.5x	5.9	N/A	7.3	0.0	0.7
PTPP	376	428	1,700	Buy	352.1	(29.1)	2.3	4.3x	0.2x	4.7	N/A	5.7	150.0	1.5

# 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>Property &amp; Real Estate</b>							240.0							
CTRA	1,160	1,170	1,300	Overweight	12.1	7.4	21.5	11.2x	1.1x	9.7	1.3	8.7	18.2	0.8
PWON	398	454	500	Buy	25.6	(14.2)	19.2	10.4x	1.0x	9.9	1.6	10.5	(44.4)	0.9
<b>Energy</b>							1,435.0							
ITMG	24,075	25,650	26,000	Overweight	8.0	(8.5)	27.2	4.6x	1.0x	22.4	18.3	(28.6)	(68.8)	1.2
PTBA	2,920	2,440	4,900	Buy	67.8	(10.7)	33.6	5.8x	1.5x	22.1	37.5	(5.5)	(31.8)	1.1
HRUM	1,395	1,335	1,600	Overweight	14.7	9.0	18.9	7.7x	1.3x	18.6	N/A	2.3	(50.2)	1.4
ADRO	2,880	2,380	2,870	Hold	(0.3)	13.4	92.1	3.6x	0.8x	22.9	15.2	(21.5)	(17.7)	1.4
<b>Industrial</b>							355.0							
UNTR	22,300	22,625	25,900	Buy	16.1	(7.2)	83.2	4.1x	1.0x	22.9	10.2	(7.1)	(14.6)	1.1
ASII	4,800	5,650	6,900	Buy	43.8	(24.1)	194.3	6.0x	0.9x	16.0	10.8	(2.1)	(14.4)	1.1
<b>Basic Ind.</b>							2,283.1							
SMGR	4,060	6,400	9,500	Buy	134.0	(31.5)	27.5	13.2x	0.6x	4.8	2.1	(6.3)	(15.7)	1.1
INTP	6,850	9,400	12,700	Buy	85.4	(34.0)	25.2	12.9x	1.1x	8.8	2.3	(3.8)	(35.9)	0.7
INCO	4,790	4,310	5,000	Hold	4.4	(26.3)	47.6	10.9x	1.2x	11.2	1.9	4.5	36.6	1.0
ANTM	1,620	1,705	2,050	Buy	26.5	(16.3)	38.9	23.6x	1.3x	5.9	4.9	(25.6)	(85.7)	1.4
NCKL	1,035	1,000	1,320	Buy	27.5	(3.7)	65.3	12.6x	2.6x	29.8	2.1	26.1	(33.7)	N/A
<b>Technology</b>							298.9							
GOTO	66	86	81	Buy	22.7	(41.6)	79.3	N/A	1.9x	(109.2)	N/A	22.4	78.1	1.8
<b>Transportation &amp; Logistic</b>							38.5							
ASSA	830	790	990	Buy	19.3	(27.8)	3.1	24.8x	1.6x	6.8	N/A	3.1	32.3	1.6

Source : Bloomberg, NH KSI Research

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