

Weekly Brief (June 10 – 14, 2024)

Summary:

Last week review:

THE US CENTRAL BANK HAS BEEN GETTING ECONOMIC INDICATOR INPUTS FROM EMPLOYMENT DATA REGARDING THE DIRECTION OF THEIR MONETARY POLICY GOING FORWARD. Last week's US labor data has more or less given the Federal Reserve a clue in ending its vacillation on whether they can start to factor in interest rate cuts this year. JOLTs JOB OPENINGS (Apr) and ADP NONFARM EMPLOYMENT CHANGE (May) did come in lower than expected, plus the weekly INITIAL JOBLESS CLAIMS turned out to show jobless claims came in higher than expected. These three things have shown the weakness in the labor sector that Fed Chairman Jerome Powell and other Fed officials want to see as a requirement for policymakers to be comfortable with the thought of cutting interest rates this year. But last Friday's NONFARM PAYROLLS came as a complete surprise, when they came in stronger than expected, coupled with May's Average Hourly Wage growth doubling.

Although the UNEMPLOYMENT RATE (May) rose 0.1% to 4.0%, the combined sentiment of the US employment data proved to dampen the chances of a September rate cut to below 50% (46.6%) as of last Friday June 8, from 55.1% the previous day, as surveyed by Investing.com's Fed Rate Monitor Tool. As is known, the Fed's hawkish narrative still tends to be thicker, even amidst the actions of other central banks that were more courageous in implementing interest rate cuts last week, such as the EUROPEAN CENTRAL BANK which brought down their benchmark interest rate by 25 bps to 4.25%, accompanied by the central banks of Canada, Denmark, Sweden, & Swiss National Bank. Whether their actions can motivate the Federal Reserve to realize a pivot this year, is entirely dependent on the independence of Chairman Jerome Powell et al in assessing the strength of the US economy. The same week also saw the release of US PMI figures where strength in the increasingly expansionary services sector provided support to the still contraction-prone manufacturing sector. As a result for last week, the S&P 500 gained 1.32%, the Nasdaq jumped 2.38%, and the DJIA rose 0.29%.

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Speaking of PMIs, the rest of the world also reported their report cards in the manufacturing and services sectors. The limping Manufacturing PMI was still evident in the EUROPEAN continent, as GERMANY & EUROZONE were still shackled in contraction territory, while the UK tried to be more firmly in expansion territory. Germany as the number 1 economy in Europe released 1Q GDP at 0.4% yoy as expected, which was double from 0.2% in the previous period, and 0.3% quarterly (also as expected), and higher than the flat growth in the previous quarter. Also encouraging news came from CHINA where their Manufacturing & Services PMI (May) showed signs of expansion. China also reported significant Export growth in May when it managed to grow 7.6%, higher than the expected 6.0% and even the highest in the last 12 months after accelerating from 1.5% in the previous month. On the other hand, Import growth which stunted to 1.8% yoy, much lower than the 4.2% predicted and the previous month's 8.4% still leaves concerns as to whether or not business movements in the country are actually able to recover.

COMMODITIES: OIL PRICES recorded weakness for the third consecutive week as traders evaluated OPEC+'s decision to reduce voluntary production cuts gradually starting October, amid the release of US labor data which turned out to further dampen expectations of an interest rate cut by the Fed in the near future. Moreover, the US DOLLAR strengthened 0.8% to a more than week high shortly after the release of the employment report, further dampening the buying interest of non-US crude-oil buying countries. As such, over the past week benchmark BRENT crude oil prices plunged 2.5% and US WTI dropped 1.9%.

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This week's outlook:

FOMC MEETING June 13: This week, markets will focus on the Federal Reserve's decision on the signs of **interest rate cuts for the rest of 2024**. Although consensus suggests no change in interest rates at the June 13 FOMC Meeting, attention will be on indications of 2 25 basis point cuts this year, down from the previous projection of 3. Improved employment and wage growth in May has dampened expectations of an aggressive rate cut, with the market now anticipating the first possible cut in September.

May's US INFLATION DATA, which will be released prior to the Fed's statement, is sure to heavily influence market sentiment in terms of whether it can strengthen (or weaken) rate cut expectations. On the contrary, even a significant drop in inflation could reignite fears of the US falling into recession, potentially triggering market volatility ahead of Fed Chairman Jerome Powell's press conference.

Global market participants will also be closely watching the upcoming **UK EMPLOYMENT REPORT** to gauge wage pressures and a possible **BANK OF ENGLAND** rate cut. Economists had recently expected a rate cut in June, but persistent inflationary pressures have pushed expectations to November. In addition, April's UK GDP data is expected to reflect weakening growth after a strong first quarter expansion of 0.6%.

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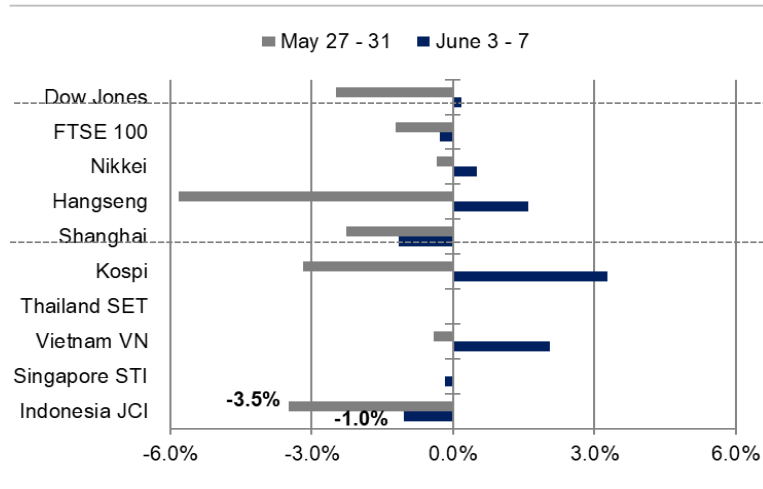
BANK OF JAPAN (BOJ) Governor Kazuo Ueda is likely to hint at reducing decades of stimulus when the BOJ concludes its two-day meeting on Friday. He has said to reduce massive bond purchases and emphasized that policymakers will be cautious in raising interest rates after the first hike since March 2007. JAPAN'S GDP figures due on Monday morning will certainly be a valuable input in determining BOJ policy going forward. In neighboring CHINA following Wednesday's CPI (May) announcement, their deflation-prone Inflation rate (at least still visible in the PPI sector), was able to strengthen to 0.4% yoy, from 0.3% in the previous period.

INDONESIA, which is still struggling amidst the onslaught of Foreign Net Sell of IDR 1.5 trillion last week (adding to the IDR 7.68 trillion YTD foreign net sell); will release Consumer Confidence & Retail Sales data this week.

JCI Index : 6897.95 (-1.96%)
Foreign Flow : Net Sell of IDR 2.34 Trillion (Vs. last week's net sell of IDR 4.81 Trillion)
USD/IDR : 16,180 (-0.16%)

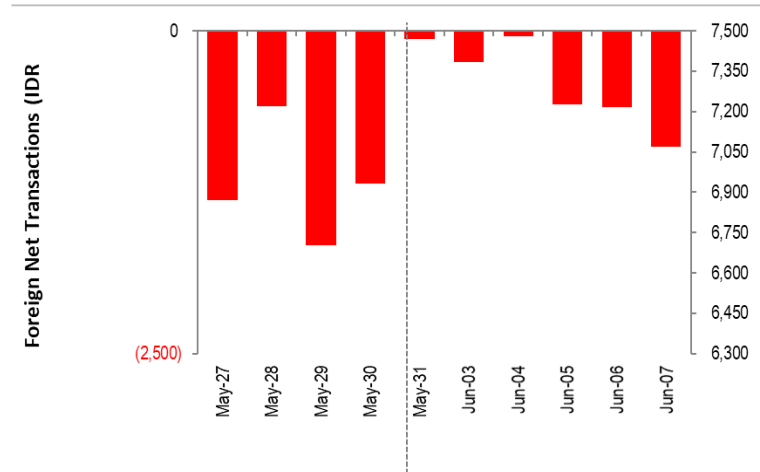
Last Week's JCI Movement

Global Market Movement



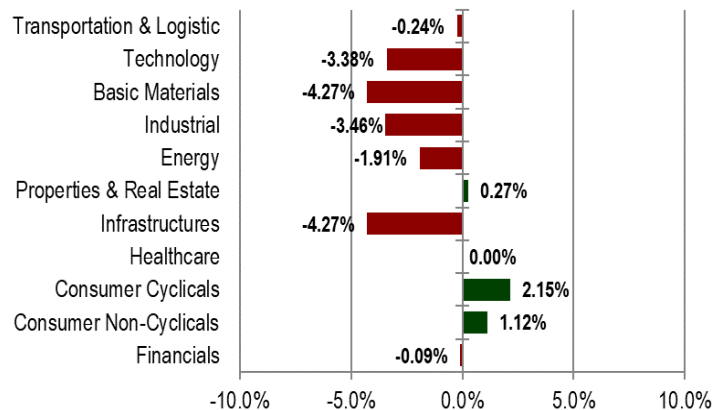
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



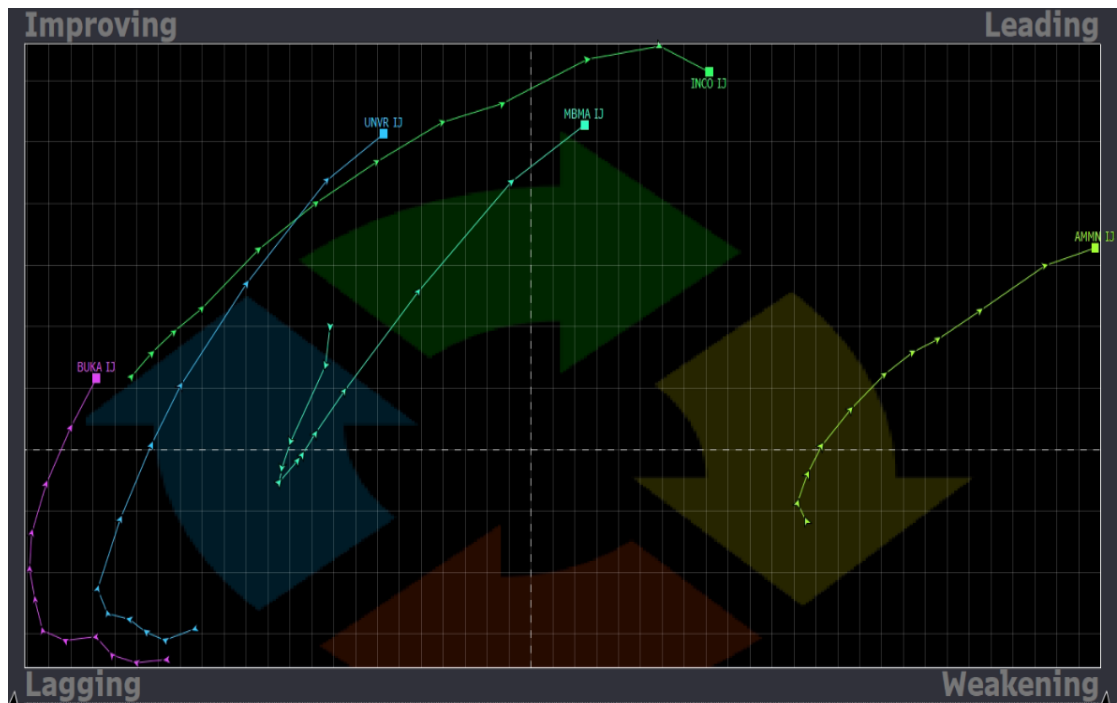
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value (IDR Mn)	Top Foreign Sell (RG)	Net Sell Value (IDR Mn)
TPIA	IDR 258.9B	BBRI	IDR 2.0T
AMMN	IDR 225.7B	GOTO	IDR 197.9
BBNI	IDR 165.9B	TOWR	IDR 195.1B
ASII	IDR 139.9B	BRPT	IDR 152.2B
ADRO	IDR 129.9B	SMGR	IDR 149B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
INCO	4670 / 4790-4810 / 5200-5250	4250
UNVR	3260-3280 / 3390-3410 / 3550-3580	2960
MBMA	640-650 / 690-700 / 725-730	540
AMMN	12650-12900 / 14000-14150	11200
BUKA	140-142 / 152-155 / 164-168	125

Source: NHKSI Research

JCI Index

Support	6850-6870 / 6750-6770 / 6640-6660	Resistance	7435-7450 / 7350-7377 / 7250-7285 / 7140-7175 / 7035-7075 / 6950-6990
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Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	JP	6.50	BoP Current Account Balance	1QF	1737.6B	3398.8B
<i>10 – June</i>	JP	6.50	GDP Annualized SA QoQ	1QF	-2%	-2%
	JP	6.50	GDP SA QoQ	1QF	-0.5%	-0.5%
Tuesday	-	-	-	-	-	-
<i>11 – June</i>						
Wednesday	JP	06.50	PPI YoY	May	2%	0.9%
<i>12 - June</i>	KR	06.00	Unemployment Rate SA	May	2.9%	2.8%
	GE	13.00	CPI YoY	May	2.7%	2.9%
	US	18.00	MBA Mortgage Applications	Jun 7	-	-5.2%
	US	19.30	CPI YoY	May	3.4%	3.4%
	US	19.30	CPI MoM	May	0.1%	0.3%
Thursday	US	19.30	PPI Final Demand MoM	May	0.1%	0.5%
<i>13 – June</i>	US	01.00	FOMC Rate Decision (Upper Bound)	Jun 12	5.50%	5.50%
	US	19.30	Initial Jobless Claim	Jun 8	--	229k
Friday	US	21.00	U of Michigan Sentiment	Jun P	73.0	69.1
<i>14 – June</i>						

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	BBSI, DMAS, DOOH, ESTA, INCO, KBLM, MBSS, PEVE, RCCC, RISE, TAYS, VAST, WICO
10 – June	Cum Dividend	APLI, GEMS, GHON, MLIA, MTEL, SDPC, SMCB
Tuesday	RUPS	AGRS, ASLI, AXIO, BABY, BRAM, BULL, DVLA, GOTO, IGAR, JTPE, MGLV, NPGF, PRIM, RSGK, SAME, SCCO, SHIP, SKBM, SMGA, SOTS, ZYRX
11 – June	Cum Dividend	BPII, FWCT, MTDL, NTBK, TOTO, WINE
Wednesday	RUPS	ADES, ASHA, BOGA, BTON, BUDI, BUKK, CARE, CMNT, COCO, EMTK, ERAL, ESTI, FUTR, GDST, GIAA, GZCO, INDS, IPCM, IPOL, KMTR, KOCI, MAXI, MDKA, MENN, MLBI, MPOW, MTLA, MYOR, PANR, PDES, PWON, SAPX, SCMA, SUNI, TBLA, TFCO, TOOL
12 – June	Cum Dividend	MIKA
Thursday	RUPS	ALMI, ARTA, BELI, BIRD, CMRY, CNKO, ELTY, GDYR, GRIA, IKAN, INAI, INRU, KKES, LAJU, META, OBMD, PEHA, PNSE, PTDU, PURA, PURI, TIFA
13 – June	Cum Dividend	DSNG, SMAR
Friday	RUPS	AKSI, BALI, BCIP, BMSR, BRPT, BVIC, CTTH, DART, DEWI, DFAM, DMND, FLMC, GLVA, GMTD, GWSA, HOPE, HUMI, JMAS, MMLP, MTSM, NOBU, OPMS, PBSA, PDPP, PGUN, PIPA, POSA, PTPS, SMDM, SOFA, SONA, SPMA, SUDI, TAMA, TBMS, UANG, UDNG, UNIC
14 – June	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
Finance							3,578.8							
BBCA	9,325	9,400	11,025	Buy	18.2	2.5	1,149.5	23.0x	5.1x	22.8	2.9	7.6	10.6	1.0
BBRI	4,350	5,725	6,375	Buy	46.6	(19.4)	659.3	10.9x	2.2x	21.1	7.3	17.8	1.9	1.2
BBNI	4,700	5,375	6,475	Buy	37.8	2.7	175.3	8.3x	1.2x	14.7	6.0	9.4	2.2	1.2
BMRI	6,275	6,050	7,800	Buy	24.3	24.9	585.7	10.6x	2.4x	24.1	5.6	13.2	1.1	1.3
AMAR	246	320	400	Buy	62.6	(18.0)	4.5	20.5x	1.4x	5.5	1.2	21.1	N/A	0.3
Consumer Non-Cyclicals							1,116.8							
INDF	6,200	6,450	7,400	Buy	19.4	(16.8)	54.4	8.1x	0.9x	11.4	4.1	0.8	(36.3)	0.5
ICBP	10,575	10,575	13,600	Buy	28.6	(6.4)	123.3	22.9x	2.9x	13.0	1.8	4.1	(40.4)	0.7
UNVR	3,010	3,530	3,100	Hold	3.0	(34.1)	114.8	23.7x	23.7x	95.1	4.5	(5.0)	2.7	0.6
MYOR	2,370	2,490	2,800	Buy	18.1	(11.2)	53.0	14.8x	3.3x	24.3	1.5	3.7	51.5	0.5
CPIN	5,225	5,025	5,500	Overweight	5.3	4.9	85.7	30.8x	3.1x	10.3	0.6	9.3	186.7	0.6
JPFA	1,360	1,180	1,400	Hold	2.9	12.4	15.9	8.6x	1.1x	13.9	N/A	18.4	N/A	0.9
AALI	5,875	7,025	8,000	Buy	36.2	(16.7)	11.3	10.7x	0.5x	4.8	4.2	0.8	2.6	0.9
TBLA	675	695	900	Buy	33.3	4.7	4.1	6.4x	0.5x	7.9	3.0	0.6	(10.6)	0.4
Consumer Cyclicals							390.1							
ERAA	412	426	600	Buy	45.6	(16.9)	6.6	7.7x	0.9x	11.6	4.6	12.6	7.8	0.9
MAPI	1,475	1,790	2,200	Buy	49.2	(21.5)	24.5	12.8x	2.3x	20.2	0.5	17.8	5.9	0.8
HRTA	360	348	590	Buy	63.9	(7.7)	1.7	4.9x	0.8x	17.6	4.2	89.7	47.1	0.4
Healthcare							278.4							
KLBF	1,600	1,610	1,800	Overweight	12.5	(22.0)	75.0	25.8x	3.3x	13.2	1.9	6.3	12.5	0.6
SIDO	760	525	700	Underweight	(7.9)	3.4	22.8	21.9x	6.0x	30.1	4.0	16.1	30.1	0.6
MIKA	3,040	2,850	3,000	Hold	(1.3)	12.6	43.3	43.4x	6.9x	16.6	1.2	21.0	26.8	0.5
Infrastructure							1,691.02							
TLKM	3,050	3,950	4,800	Buy	57.4	(26.5)	302.1	12.5x	2.1x	17.4	5.9	3.7	(5.8)	0.9
JSMR	5,175	4,870	5,100	Hold	(1.4)	47.4	37.6	5.5x	1.3x	27.1	0.7	36.0	17.8	0.9
EXCL	2,230	2,000	3,800	Buy	70.4	8.8	29.3	18.1x	1.1x	6.1	2.2	11.8	156.3	1.0
TOWR	725	990	1,310	Buy	80.7	(27.5)	37.0	10.9x	2.1x	20.3	3.3	6.3	6.7	0.7
TBIG	1,910	2,090	2,390	Buy	25.1	(14.3)	43.3	27.4x	3.6x	13.3	3.2	5.4	4.3	0.5
MTEL	635	705	860	Buy	35.4	0.8	53.1	26.2x	1.5x	5.9	3.4	7.3	0.0	0.6
PTPP	352	428	1,700	Buy	383.0	(38.2)	2.2	4.0x	0.2x	4.7	N/A	5.7	150.0	1.5

NH KSI Stocks Coverage

Property & Real Estate				234.2										
CTRA	1,145	1,170	1,300	Overweight	13.5	(2.1)	21.2	11.1x	1.0x	9.7	1.3	8.7	18.2	0.8
PWON	408	454	500	Buy	22.5	(20.0)	19.6	10.7x	1.0x	9.9	1.6	10.5	(44.4)	0.9
Energy				1,425.3										
ITMG	24,750	25,650	26,000	Overweight	5.1	8.1	28.0	4.6x	1.0x	22.4	17.8	(28.6)	(68.8)	1.0
PTBA	2,530	2,440	4,900	Buy	93.7	(20.7)	29.1	5.1x	1.3x	22.1	15.7	(5.5)	(31.8)	1.0
HRUM	1,115	1,335	1,600	Buy	43.5	(19.5)	15.1	18.7x	1.0x	5.7	N/A	(9.7)	(99.1)	1.2
ADRO	2,840	2,380	2,870	Hold	1.1	30.9	90.8	3.5x	0.8x	22.9	14.4	(21.5)	(17.7)	1.4
Industrial				338.9										
UNTR	22,800	22,625	25,900	Overweight	13.6	(0.2)	85.0	4.2x	1.0x	22.9	10.0	(7.1)	(14.6)	1.0
ASII	4,560	5,650	6,900	Buy	51.3	(32.9)	184.6	5.7x	0.9x	16.0	11.4	(2.1)	(14.4)	1.1
Basic Ind.				2,320.5										
SMGR	4,010	6,400	9,500	Buy	136.9	(31.5)	27.2	13.0x	0.6x	4.8	2.1	(6.3)	(15.7)	1.2
INTP	7,700	9,400	12,700	Buy	64.9	(20.6)	28.3	14.5x	1.2x	8.8	1.2	(3.8)	(35.9)	0.8
INCO	4,450	4,310	5,000	Overweight	12.4	(32.6)	44.2	9.9x	1.1x	11.2	2.0	4.5	36.6	0.9
ANTM	1,300	1,705	2,050	Buy	57.7	(35.6)	31.2	18.9x	1.0x	5.9	9.9	(25.6)	(85.7)	1.4
NCKL	940	1,000	1,320	Buy	40.4	5.0	59.3	11.5x	2.4x	29.8	2.4	26.1	(33.7)	N/A
Technology				286.9										
GOTO	58	86	81	Buy	39.7	(50.0)	69.7	N/A	1.7x	(109.2)	N/A	22.4	78.1	1.7
Transportation & Logistic				36.8										
ASSA	755	790	990	Buy	31.1	(41.0)	2.8	22.6x	1.4x	6.8	N/A	3.1	32.3	1.6

Source : Bloomberg, NH KSI Research

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