

Weekly Brief (June 24 – 28, 2024)

Summary:

Last week review:

- **FCA REVISION AND RISE OF BIG BANKS BLUECHIP STOCKS BRINGS INDONESIA TO CLOSE LAST WEEK'S MARKET IN GREEN TERRITORY, increasing 0.44%.** After the Indonesian market was cut short by two days of Eid al-Adha holiday on Monday and Tuesday last week, the adjustment & market movement experienced included FOREIGN NET BUY of IDR 693.78bn over the past week. INDONESIA'S CENTRAL BANK DECISION to hold interest rates in place at 6.25% was quite calming for the market, amidst other central bank decisions that also stayed in place such as PEOPLE'S BANK OF CHINA & BANK OF ENGLAND, although the UK is a country that has achieved their Inflation Target at 2.0% yoy in May, while the EUROZONE is still slightly grappling in the region of 2.6% yoy (rather tough to get down from 2.4% in the previous month).
- **The US reported a variety of important economic indicators for the Federal Reserve to consider where US Inflation is headed.** Slowing economic growth was indeed evident from the below-expected US Retail Sales in May; similarly, the Philadelphia Fed Manufacturing Index (June) was unexpectedly weak. Housing Starts slumped 5.5% in May, while Existing Home Sales have been trending down for 3 consecutive months (although on paper they outperformed forecasts in May); as prices reach record highs and rising mortgage rates discourage potential buyers. Initial Jobless Claims also recorded 238k unemployment claims, above the forecast of 235k. On the other hand, the S&P Global US Manufacturing & Services PMI proved to be stronger in June.

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- **In response to the data, the market still has enough optimism for the chance of 2 Federal Reserve rate cuts this year (according to LSEG's FedWatch report)**, although US central bank officials expect only 1 rate easing. But with regards to when the pivot could be imminent, market participants have slightly lowered their expectations and reckon a Fed rate cut could happen in September to 59.5%, somewhat lower than the previous week at 62% (As reported by Investing.com's Fed Rate Monitor Tool).
- **In overall, the US market was still able to pocket gains last week with the DJIA gaining 1.44%, the largest weekly percentage gain since mid-May.** The S&P appreciated 0.61% for the third consecutive weekly gain, while the NASDAQ only edged up 0.003% last week, still on its third consecutive weekly gain streak.
- **INDONESIA recorded a Trade Balance surplus in May 2024 of USD 2.93 billion, which is the 49th consecutive month of surplus since May 2020.** This surplus figure flew 585.86% compared to the same month in 2023 of USD 427.2 million and increased 7.72% compared to April 2024 which was valued at USD 2.72 billion. The surplus was supported by Exports surging 13.82% compared to April '24, although May Imports also turned out to be up 14.82% compared to April.

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This week's outlook:

For investors who wonder when interest rate changes will happen, the closely watched US PCE PRICE INDEX inflation gauge, as well as preliminary June Inflation data from several EUROZONE countries will be in the spotlight this week. The market is also concerned about signs of weakness in the Technology sector which has been firmly underpinning the market's recent gains.

Here is what you need to watch out for regarding the markets this week:

- **PERSONAL CONSUMPTION EXPENDITURES (PCE) price index, which is the Fed's favorite Inflation gauge, will be released on Friday to show whether the downtrend in Inflation is still intact.** As known, the latest PCE reading was not in line with expectations, as the data showed that US Inflation was sideways in April; which could weaken the argument that a rate cut could be imminent. Unlike the Fed, market participants still expect 2 rate cuts this year. The US economic calendar also includes June's Consumer Confidence and May's New & Existing Home Sales data. There is also the third estimate of Q1 US GDP, plus Durable Goods Orders data for May.

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- **TECHNOLOGY** sector stocks are believed to have strong long-term prospects, given their solid earnings and hype over the revolutionary potential of artificial intelligence (AI). But fantastic price gains, including NVIDIA's 155% year-to-date performance, have raised concerns that the Tech rally may be nearing its end. Laggard stocks such as small-caps and the Financials & Industrials sector may now look undervalued. If a pullback in the Technology sector does occur, investors may instead use the opportunity as a Buy on Weakness moment; the trend is your friend: over the past decade the NASDAQ 100 index has skyrocketed over 400% while the RUSSELL 1000 has only gained around 70% in the same time.
- **Both benchmark OIL prices (US WTI & BRENT) have gained around 3% in the last week, following a gain of around 4% in the previous week.** The US DOLLAR strengthened to a 7-week high against a basket of other currencies at the weekend on the Federal Reserve's cautious and patient approach to cutting interest rates, contrasting with a more dovish stance in other countries. Lower interest rates could support oil prices, which have slumped this year due to sluggish global demand. A cut in US interest rates would make borrowing costs cheaper in the US (the world's largest economy), thus increasing interest in oil as they increase their own production. In the week ahead, oil prices are also likely to remain supported by rising geopolitical risk premiums.

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- **In the EUROZONE region, FRANCE, ITALY & SPAIN will release preliminary June inflation data on Friday. The data will determine the direction of the Eurozone reports the following week,** it is important for traders to try to gauge how many times the EUROPEAN CENTRAL BANK (ECB) could potentially cut interest rates this year. As noted, the ECB cut interest rates on June 6, but the still strong trends in inflation and wage growth cast doubt on further cuts. Investors expect one more cut with about 64% chance of happening by the end of the year, down from almost 80% before the June ECB meeting. Economic indicator surprises will worsen investors' mood as they are grappling with the uncertainty of the political situation ahead of French President Emmanuel Macron holding France's first round of elections on June 30.
- **CHINA & EUROPEAN UNION have agreed to start talks on a plan to impose tariffs on Chinese-made electric vehicles (EVs) imported into the European market.** Earlier this month Brussels proposed a hefty import duty of up to 38.1% on Chinese electric vehicles imported into the European region, in order to end their excessive subsidies; taking effect on July 4 before being fully imposed in November. The European Commission's June 12 announcement follows the United States' move to raise tariffs on Chinese cars in May and opens a new front in the West's trade war with China. The Chinese government has signaled possible retaliatory measures through state media comments and interviews with industry figures.

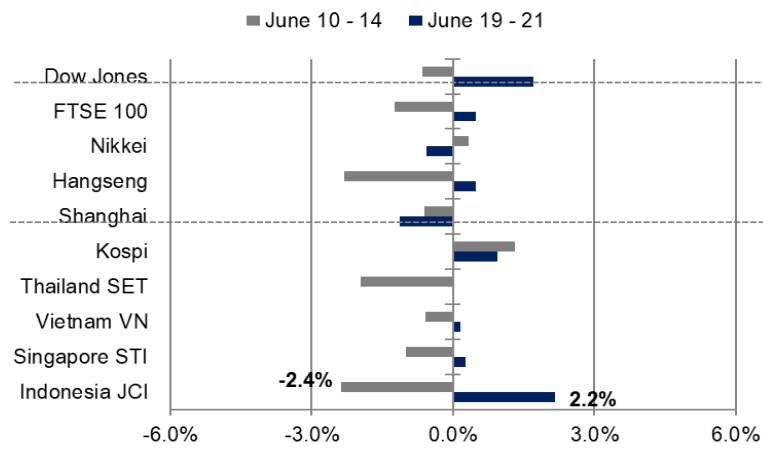
JCI Index : 6879.98 (+0.71%)

Foreign Flow : Net Buy of IDR 2.59 Tr. (Vs. last week's net buy of IDR 34.09 Bio)

USD/IDR : 16,440 (+0.13%)

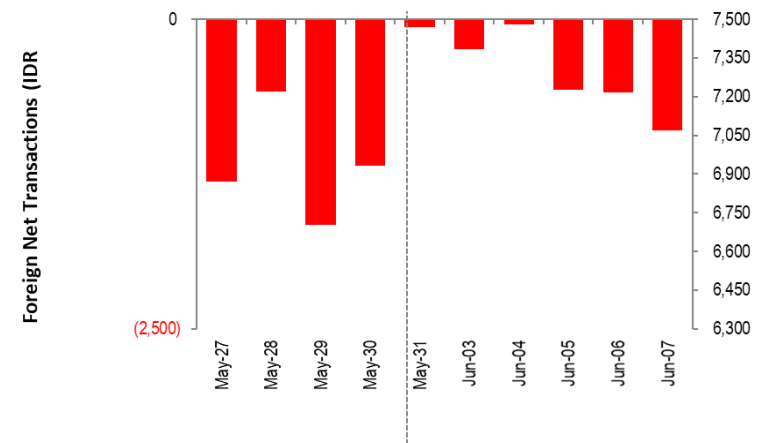
Last Week's JCI Movement

Global Market Movement



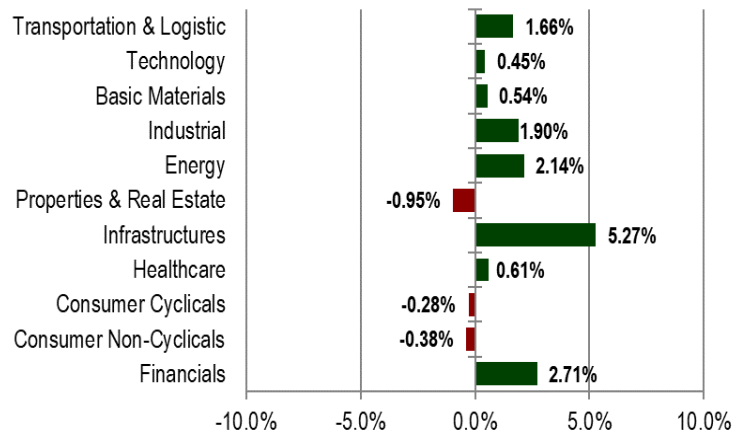
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



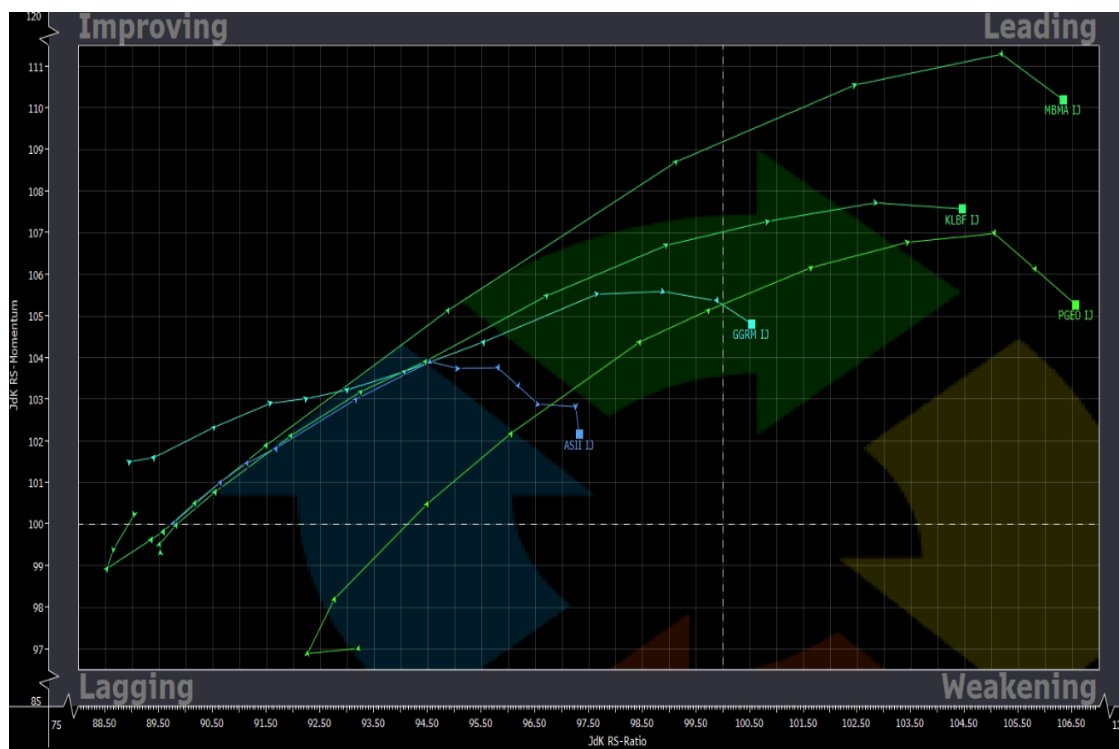
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value (IDR)	Top Foreign Sell (RG)	Net Sell Value (IDR)
AMMN	IDR 582B	BBRI	IDR 1.6T
BBCA	IDR 385.6B	BMRI	IDR 371B
PGAS	IDR 136.2B	BREN	IDR 200.2B
ASII	IDR 105.5B	UNTR	IDR 101.1B
TPIA	IDR 88.2B	UNVR	IDR 96.2B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
GGRM	18900-18975 / 19375-19500 / 19675-19850	17800
MBMA	620 / 645-655 / 690-720	540
ASII	4800-4875 / 5325-5425	4290
PGEO	1310-1380 / 1445-1500	1000
KLBF	1620 / 1665-1735 / 1835-1870	1520

Source: NHKSI Research

JCI Index

Support	6850-6870 / 6750-6770 / 6640-6660 / 6565	Resistance	7230-7270 / 7140-7175 / 7035-7075 / 6950-6990
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday						
<i>24 – June</i>						
Tuesday	US	21.00	Conf/ Board Consumer Confidence	June	100.0	102.0
<i>25 – June</i>						
Wednesday	US	18.00	MBA Mortgage Applications	June 21	-	0.9%
<i>26 - June</i>	US	21.00	New Home Sales	May	645k	634k
Thursday	US	19.30	Initial Jobless Claim	June 22	235k	238k
<i>27 – June</i>	US	19.30	GDP Annualized QoQ	1Q	1.4%	1.3%
	US	19.30	Durable Goods Order	May P	-0.2%	0.6%
Friday	US	19.30	Personal Income	May	0.4%	0.3%
<i>28 – June</i>	US	19.30	Personal Spending	May	0.3%	0.2%
	JP	06.50	Industrial Production MoM	May P	2.0%	-0.9%
	KR	06.00	Industrial Production YoY	May	3.0%	6.1%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	ABBA, AGII, ALII, BAIK, BAPI, BSSR, CBPE, HDTX, HELI, IBFN, IPPE, JKSW, KLAS, LPKR, MDKI, MNCN, MSIN, MTWI, MYOH, MORE, PORT, PTPW, RDTX, RICY, SAMF, SMKMM, SMLE, TAMU, TARA, TELE, TFAS, TSPC
24 – June	Cum Dividend	BUDI, EMTK, ERAL, INDS, IPCM, KOCI, MLBI, MTLA, MYOR, SCMA, SUNI, TBLA
Tuesday	RUPS	AMAN, ANDI, ASDM, ATPK, BLUE, BMTR, BPTR, BTEK, BUKA, CLPI, CNKO, DSSA, FREN, GGRP, GSMF, GULA, HOKI, HOMI, JARR, KAEF, KONI, KPIG, KREN, LFL O, LIFE, LION, LIVE, LMAX, LMSH, MICE, MTPS, PCAR, PMJS, PYFA, SIPD, SRIL, SRSN, STTP, TALF, TOYS, TRUE, VOKS, WICO
25 – June	Cum Dividend	ARTA, BIRD
Wednesday	RUPS	ACRO, ADMG, AKKU, ARII, ASSA, ATLA, BAJA, BANK, BHIT, BINO, BIPP, BLTA, BPIF, BRNA, BUVA, CEKA, CFIN, DATA, ECII, ELIT, ESIP, FOOD, GGST, GJTL, HDF A, HERO, IATA, INPC, INTD, JIHD, KAYU, LCKM, MARI, MGNA, MUTU, MYTX, NASA, OCAP, PALM, PANI, POLA, POLI, POLU, RAFI, RELI, RUNS, SMDR, SOUL, SUPR, SIURE, SWID, TOWR, TRIM, TRUS, TYRE, UNIQ, WAPO
26 – June	Cum Dividend	HUMI, PDPP, SPMA, UANG
Thursday	RUPS	ALTO, AREA, AYAM, BACA, BATA, BSWD, BYAN, CASA, CITY, CLAY, CSAP, CSMI, CTBN, DIGI, EPAC, FAST, FISH, GPSO, HAJJ, HRME, INDO, INDX, IPTV, ITMA, JASS, KARW, KETR, KKG, KOBX, KRAS, LABA, LSIP, MAPA, MAPI, MREI, MSKY, NCKL, PNIN, PNLF, POLY, SAFE, SIMP, SOCI, SSTM, STAR, SULI, SWAT, TGRA, TIRA, TRIN, UFOE, WEHA, WINR, WMPP, WMUU, WOOD
27 – June	Cum Dividend	-
Friday	RUPS	AGAR, ALKA, AMMS, ATAP, AYLS, BBKP, BCIC, BHAT, BIKA, BUMI, CITA, CKRA, CPDW, CRSN, DKFT, DNET, DSFI, ENAK, ERTX, FILM, FPNI, GGRM, GMFI, ICBP, ICON, IIKP, INCI, INDF, INDR, INSA, INTA, ISSP, KIJA, KJEN, KOTA, LINK, MAGP, MAYA, MHKI, MINA, MPRO, MRAT, MSIE, NATO, NINE, OASA, PBRX, PGLI, P MMP, PSAB, PSDN, REAL, RMKE, RMKO, ROCK, SAGE, SCPI, SHID, SMIL, SMRU, SOHO, SOLA, TAXI, TCPI, TIRT, TRST, ZBRA
28 – 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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