

Weekly Brief (June 3 - 7, 2024)

Summary:

Last week review:

THE REAL ECONOMIC SLOWING SEEN IN THE US, sending all three major US indices posting strong gains throughout the month of May: The S&P500 jumped 4.8%, the NASDAQ skyrocketed 6.9%, and the DJIA gained 2.4%. For the week, however, the S&P500 slipped 0.5%, the NASDAQ lost 1.1%, and the DJIA depreciated 0.9%. The opposite is true for the JCI: throughout the month of May we fell by almost 2.6% and the past week was the biggest negative of 2.87%. The sluggish condition of JCI was triggered by foreign funds consistently fleeing Indonesia: Foreign Net Sell 1W = IDR 4.81 trillion, 1M = IDR 13.85 trillion. Amidst comments from US central bank officials that are still thick with hawkish narratives, US markets are trying to be optimistic that at least an interest rate hike this year can be ruled out. The supporting data in the form of revised US GDP 1Q which was even lower than the initial estimate of 1.6%, was released at 1.3% qoq. The apparent economic slowdown from the previous quarter's 3.4% GDP more or less supports the view that a rate cut could be factored in September and there is a possibility of a second pivot in December. The Fed's favorite Inflation benchmark data, the PCE price index indicator stated that US Inflation was in-line with expectations, but still stagnant at 2.7% yoy in April. Similarly, the Core Inflation measure = Core PCE Price Index (Apr) was released as predicted at 2.8% yoy, the same condition as the previous period. The Federal Reserve had stated that they need to see meaningful slack in the labor sector; Initial Jobless Claims for the latest week rose by 3k to 219k. While Consumer Confidence is optimistic of strengthening, Personal Spending which underpins economic growth appears to have weakened to a 3-month low in April; similarly, home sales are on pace to drop to a 20-month low. In addition, the all-important PMI Indicator CHICAGO PMI fell surprisingly to its lowest level since the Covid-era June 2020.

Weekly Brief (June 3 - 7, 2024)

Summary:

EUROPEAN & ASIAN MARKETS: The STOXX600 European Index raced up 2.6% in May despite edging down 0.5% a week ago in a series of consecutive 2-week losses. EUROPEAN CENTRAL BANK appears to be more optimistic than the US central bank in terms of prospects for a June rate cut. German Inflation (May) looks stagnant but manageable at 2.4% and EUROZONE Inflation at 2.6% yoy (May); consumer & business climate outlook is also expected to remain unstable in the next 6 months. Unemployment Rate showed slight improvement to 6.4% in April from 6.5%. On the Asian continent, the Chinese Composite PMI (May) seems to have not managed to show any strengthening as the index is trying to stay in expansionary territory as much as possible with help from the services sector, while the manufacturing side has started to slip into contractionary territory. The IMF raised its projection for CHINA's economic growth this year to 5.0%, from 4.6% previously; in expectation of more stimulus packages launched by the Chinese government.

BANK INDONESIA recorded foreign capital flowing into Indonesian financial markets this week. Based on transaction data from May 27-30, 2024, non-residents recorded a net purchase of IDR 4.75 trillion. Foreign capital flows in the fifth week of May 2024, based on transaction data from May 27-30, 2024, non-residents in the domestic financial market recorded net purchases of IDR 4.75 trillion. This consists of net purchases of IDR 3.31 trillion in the Government Securities (SBN) market, net purchases of IDR 6.19 trillion in Bank Indonesia Rupiah Securities (SRBI), and net sales of IDR 4.75 trillion in the stock market. As for 2024, based on settlement data until May 30, 2024, foreigners recorded a net purchase of IDR 42.72 trillion in the domestic financial market. Non-residents recorded a net sell of IDR 34.72 trillion in the SBN market, a net sell of IDR 4.26 trillion in the stock market, and a net buy of IDR 86.07 trillion in SRBI.

Weekly Brief (June 3 - 7, 2024)

This week's outlook:

The tightly monitored **NONFARM PAYROLLS** report on Friday is expected to show that the **US labor market remained strong again in May**. Economists expect that 185,000 jobs were added, slightly up from the previous month's 175,000. Investors are somewhat concerned that an overly strong economy could prevent the US Federal Reserve from lowering interest rates this year, or even necessitate a rate hike. The employment report may prove that the economy has slowed down.

EUROPEAN CENTRAL BANK will almost certainly be the first major central bank to cut rates this year on **Thursday (After the Bank of Canada which also had a potential 25bps pivot on Wednesday)**. With a 25 basis point rate cut already promised by policymakers, market watchers will be focusing on what ECB President Christine Lagarde has to say about what comes next. Inflation in the bloc's dominant service sector remains high and its economy is recovering faster than expected, while closely watched wage growth figures picked up in the last quarter, making the outlook beyond June less certain. Markets still expect the ECB to cut rates several times this year compared to the Fed and Bank of England. The market now expects 2 cuts and less than 50% chance of a third - compared to an initial projection of 3 at the last ECB meeting and at least 5 at the start of the year.

Weekly Brief (June 3 - 7, 2024)

This week's outlook:

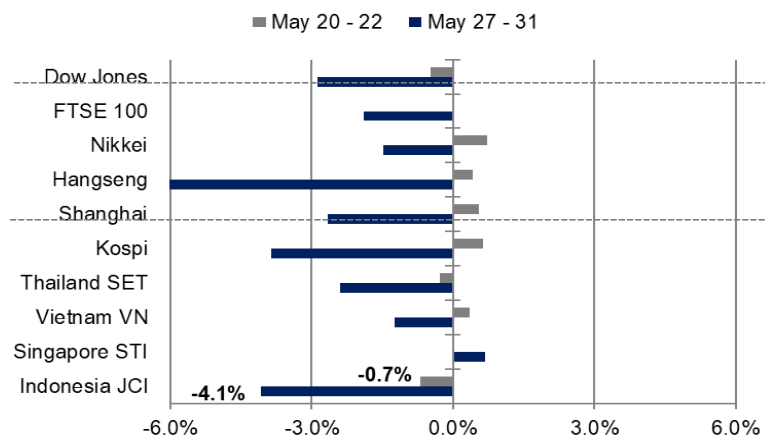
STOCK MARKET DIRECTION: Although all three major US stock indexes posted losses last week, they still ended the month higher, with the S&P 500 rising about 4.8%, the Nasdaq surging 6.9%, and the DJIA gaining 2.4%. While it's been a good year for the major US stock indices, bear in mind that the Dow Jones Transportation Average has fallen about 5% so far this year and some market participants say that the challenges facing the 20-stock transportation index - which includes rail carriers, airlines, package delivery companies, and trucking companies - could signal economic weakness or contain the potential for limited market strength. As noted, the Dow Transportation index is a barometer for future economic activity, which analysts see as possibly indicating that while a recession is not imminent, there may be an economic slowdown underway in the US.

ECONOMIC INDICATORS: A number of PMI data from Asia & Europe will grab the attention of market participants, including INFLATION data from INDONESIA & SOUTH KOREA. Some 1Q GDP data will also be published by South Korea & EUROZONE. And last but not least is CHINA'S TRADE BALANCE data which highlights their Export & Import growth.

JCI Index : 6970.73(-2.87%)
Foreign Flow : Net Sell of IDR 4.81 Trillion (Vs. last week's net sell of IDR 1.4 Trillion)
USD/IDR : 16,255 (+1.12%)

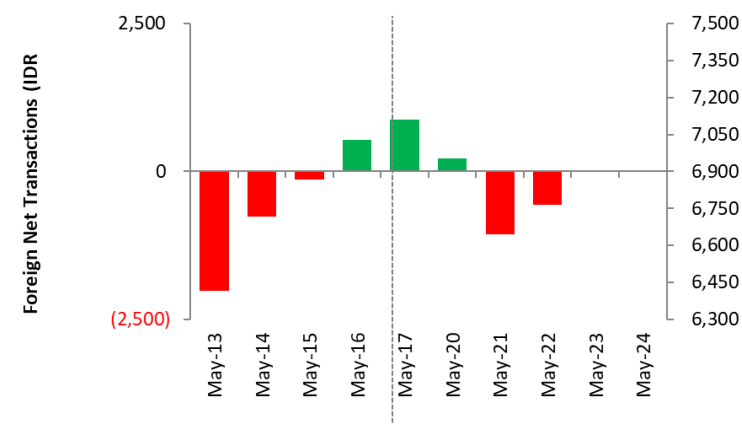
Last Week's JCI Movement

Global Market Movement



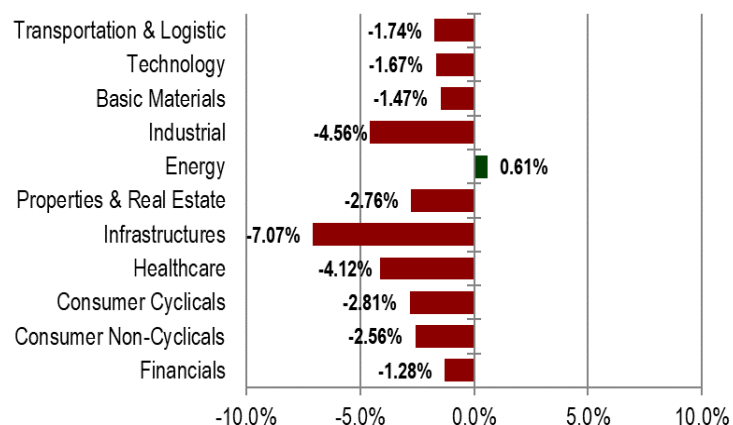
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



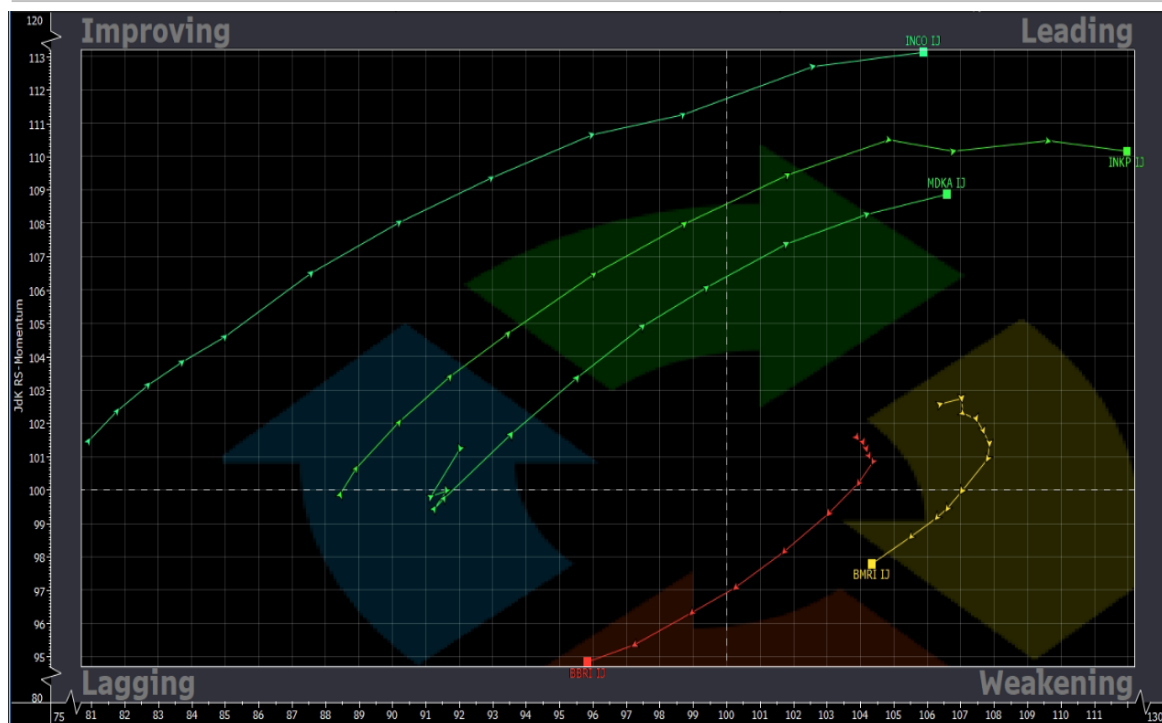
Source: Bloomberg, NHKSI Research

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 2.7T	BBRI	IDR 3.0T
AMMN	IDR 853.1B	BBCA	IDR 1.4T
MBMA	IDR 112.1B	TOWR	IDR 711.3B
MIKA	IDR 78.7B	BMRI	IDR 702.3B
INCO	IDR 57.6B	ASII	IDR 626.2B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
INCO	5150-5200 / 5300-5350 / 5900	4900
BBRI	4500-4520 / 4680-4720 / 4940-5000	4250
BMRI	6175-6275 / 6400 / 6575-6625	5625
MDKA	2880-2930 / 3100-3130 / 3290-3320	2660
INKP	9650 / 9800-9900 / 10200	8800

Source: NHKSI Research

JCI Index

Support	6905-6945 / 6830-6850 / 6750-6770	Resistance	7035-7075 / 7135-7155 / 7250-7280 / 7350-7377 / 7435-7450
---------	-----------------------------------	------------	---



Source: NHKSI Research, Bloomberg

Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Consensus	Previous
Monday	US	20:45	S&P Global US Manufacturing PMI	May F	—	50.9
<i>03 – June</i>	US	21:00	ISM Manufacturing	May	49.7	49.2
	GE	14:55	HCOB Germany Manufacturing PMI	May	45.4	45.4
	EC	15:00	HCOB Eurozone Manufacturing PMI	May	47.4	47.4
Tuesday	US	21:00	Factory Orders	Apr	0.7%	1.6%
<i>04 – June</i>	US	21:00	Durable Goods Orders	Apr	0.7%	0.7%
	US	18:00	MBA Mortgage Applications	May 31	—	-5.7%
	US	19:15	ADP Employment Change	May	175k	192k
	EC	15:00	HCOB Eurozone Manufacturing PMI	May	47.4	47.4
Wednesday	—	—	—	—	—	—
<i>05 – June</i>						
Thursday	US	19:30	Trade Balance	Apr	-\$69.8B	-\$69.4B
<i>06 – June</i>	US	19:30	Initial Jobless Claims	Jun 1	—	219k
	EC	19:15	ECB Deposit Facility Rate	Jun 6	3.75%	4.00%
	EC	19:15	ECB Main Refinancing Rate	Jun 6	4.25%	4.50%
Friday	US	19:30	Change in Nonfarm Payrolls	May	180k	175k
<i>07 – June</i>	US	19:30	Unemployment Rate	May	3.9%	3.9%
	EC	16:00	GDP SA YoY	1Q F	0.4%	0.4%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	BPII, FWCT, LINK, MTDL, NTBK, TOTO, VKTR, WINE
<i>03 – June</i>	Cum Dividend	KDSI, JECC, EKAD, BFIN
Tuesday	RUPS	AWAN, FUJI, IKAI, JRPT, MIKA, RGAS
<i>04 – June</i>	Cum Dividend	WIIM, SGRO, PTSN, LAJU, IKPM, EAST, BISI, BBMD
Wednesday	RUPS	ANJT, CHEM, CHIP, CUAN, DSNG, ENZO, IOTF, JKON, MIRA, MMIX, MPIX, PADI, PNBS, PPRE, PPRO, SMAR, SPTO, TSP C, VISI, WIDI
<i>05 – June</i>	Cum Dividend	VICI, UCID, TCID, SKRN, MSTI, EURO
Thursday	RUPS	AKPI, AMMN, ARCI, ASRI, BAPA, BMBL, CSIS, DEPO, FIMP, HYGN, INPP, NSSS, OKAS, PADA, PEGE, PUDP, WIFI, ZONE
<i>06 – June</i>	Cum Dividend	POWR, CSRA
Friday	RUPS	ACES, CRAB, GMTD, HRUM, IFII, KBLI, KEEN, KING, LPPS, MCOR, MGRO, NETV, OILS, OMED, PLAN, PNGO, PTSP, ROD A, SEMA, WIRG
<i>07 – June</i>	Cum Dividend	PGAS, SILO

Source: NHKSI Research

NHKS Stock 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							3,603.9							
BBCA	9,425	9,400	11,025	Buy	17.0	3.0	1,161.9	23.3x	5.1x	22.8	2.9	7.6	10.6	1.0
BBRI	4,720	5,725	6,375	Buy	35.1	(15.7)	715.4	11.8x	2.4x	21.1	6.8	17.8	1.9	1.1
BBNI	4,760	5,375	6,475	Buy	36.0	6.4	177.5	8.4x	1.2x	14.7	5.9	9.4	2.2	1.1
BMRI	6,050	6,050	7,800	Buy	28.9	18.0	564.7	10.2x	2.3x	24.1	5.9	13.2	1.1	1.3
AMAR	250	320	400	Buy	60.0	(19.4)	4.6	20.9x	1.4x	5.5	N/A	21.1	N/A	0.3
Consumer Non-Cyclicals							1,134.7							
INDF	6,150	6,450	7,400	Buy	20.3	(14.6)	54.0	8.0x	0.9x	11.4	4.2	0.8	(36.3)	0.5
ICBP	10,475	10,575	13,600	Buy	29.8	(6.5)	122.2	22.7x	2.8x	13.0	1.8	4.1	(40.4)	0.6
UNVR	3,060	3,530	3,100	Hold	1.3	(30.1)	116.7	24.1x	24.1x	95.1	4.4	(5.0)	2.7	0.6
MYOR	2,280	2,490	2,800	Buy	22.8	(15.9)	51.0	14.2x	3.2x	24.3	1.5	3.7	51.5	0.5
CPIN	5,225	5,025	5,500	Overweight	5.3	1.0	85.7	30.8x	3.1x	10.3	1.9	9.3	186.7	0.7
JPFA	1,435	1,180	1,400	Hold	(2.4)	12.5	16.8	9.1x	1.2x	13.9	3.5	18.4	N/A	0.9
AALI	6,175	7,025	8,000	Buy	29.6	(16.0)	11.9	11.2x	0.5x	4.8	4.0	0.8	2.6	0.9
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
Consumer Cyclicals							391.4							
ERAA	404	426	600	Buy	48.5	(20.0)	6.4	7.5x	0.8x	11.6	4.7	12.6	7.8	1.0
MAPI	1,390	1,790	2,200	Buy	58.3	(24.0)	23.1	12.1x	2.2x	20.2	0.6	17.8	5.9	0.7
HRTA	390	348	590	Buy	51.3	(5.3)	1.8	5.3x	0.9x	17.6	3.8	89.7	47.1	0.3
Healthcare							276.2							
KLBF	1,560	1,610	1,800	Buy	15.4	(23.9)	73.1	25.2x	3.2x	13.2	2.4	6.3	12.5	0.5
SIDO	715	525	700	Hold	(2.1)	(6.5)	21.5	20.6x	5.7x	30.1	5.0	16.1	30.1	0.6
MIKA	3,090	2,850	3,000	Hold	(2.9)	14.9	44.0	44.1x	7.0x	16.6	1.2	21.0	26.8	0.3
Infrastructure							2,300.32							
TLKM	2,940	3,950	4,800	Buy	63.3	(28.8)	291.2	12.0x	2.1x	17.4	6.1	3.7	(5.8)	0.9
JSMR	5,000	4,870	5,100	Hold	2.0	43.3	36.3	5.3x	1.3x	27.1	0.8	36.0	17.8	0.9
EXCL	2,470	2,000	3,800	Buy	53.8	27.3	32.4	20.1x	1.2x	6.1	2.0	11.8	156.3	1.0
TOWR	765	990	1,310	Buy	71.2	(24.3)	39.0	11.6x	2.2x	20.3	3.2	6.3	6.7	0.6
TBIG	1,850	2,090	2,390	Buy	29.2	(12.7)	41.9	26.5x	3.5x	13.3	3.3	5.4	4.3	0.4
MTEL	605	705	860	Buy	42.1	(7.6)	50.5	24.9x	1.5x	5.9	N/A	7.3	0.0	0.7
PTPP	368	428	1,700	Buy	362.0	(27.8)	2.3	4.2x	0.2x	4.7	N/A	5.7	150.0	1.4

Source : Bloomberg, NHKS 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
Property & Real Estate							238.4							
CTRA	1,140	1,170	1,300	Overweight	14.0	3.6	21.1	11.0x	1.0x	9.7	1.3	8.7	18.2	0.8
PWON	394	454	500	Buy	26.9	(16.2)	19.0	10.3x	1.0x	9.9	1.6	10.5	(44.4)	0.9
Energy							1,455.6							
ITMG	24,325	25,650	26,000	Overweight	6.9	3.4	27.5	4.6x	1.0x	22.4	18.1	(28.6)	(68.8)	1.2
PTBA	2,590	2,440	4,900	Buy	89.2	(11.9)	29.8	5.2x	1.3x	22.1	15.4	(5.5)	(31.8)	1.1
HRUM	1,330	1,335	1,600	Buy	20.3	5.6	18.0	7.3x	1.2x	18.6	N/A	2.3	(50.2)	1.4
ADRO	2,920	2,380	2,870	Hold	(1.7)	39.7	93.4	3.6x	0.8x	22.9	15.0	(21.5)	(17.7)	1.5
Industrial							351.2							
UNTR	22,600	22,625	25,900	Overweight	14.6	(2.1)	84.3	4.1x	1.0x	22.9	10.0	(7.1)	(14.6)	1.0
ASII	4,710	5,650	6,900	Buy	46.5	(28.6)	190.7	5.9x	0.9x	16.0	11.0	(2.1)	(14.4)	1.1
Basic Ind.							2,297.8							
SMGR	3,950	6,400	9,500	Buy	140.5	(33.1)	26.8	12.8x	0.6x	4.8	2.1	(6.3)	(15.7)	1.1
INTP	7,000	9,400	12,700	Buy	81.4	(30.3)	25.8	13.2x	1.1x	8.8	1.3	(3.8)	(35.9)	0.7
INCO	4,900	4,310	5,000	Hold	2.0	(25.5)	48.7	11.1x	1.2x	11.2	1.8	4.5	36.6	1.0
ANTM	1,525	1,705	2,050	Buy	34.4	(20.6)	36.6	22.2x	1.2x	5.9	8.4	(25.6)	(85.7)	1.4
NCKL	1,070	1,000	1,320	Buy	23.4	20.9	67.5	13.1x	2.7x	29.8	2.1	26.1	(33.7)	N/A
Technology							298.7							
GOTO	66	86	81	Buy	22.7	(36.5)	79.3	N/A	1.9x	(109.2)	N/A	22.4	78.1	1.8
Transportation & Logistic							37.5							
ASSA	790	790	990	Buy	25.3	(30.1)	2.9	23.6x	1.5x	6.8	N/A	3.1	32.3	1.5

Source : Bloomberg, NHKSJ 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

Research Support

Amalia Huda Nurfalah

Editor & Translator

T +62 21 5088 ext 9132

E amalia.huda@nhsec.co.id

Analyst

Leonardo Lijuwardi

Banking, Infrastructure

T +62 21 5088 ext 9127

E leonardo.lijuwardi@nhsec.co.id

Analyst

Axell Ebenhaezer

Mining, Property

T +62 21 5088 ext 9133

E Axell.Ebenhaezer@nhsec.co.id

Analyst

Richard Jonathan Halim

Technology, Transportation

T +62 21 5088 ext 9128

E Richard.jonathan@nhsec.co.id

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia

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