

## Weekly Brief (July 08 – 12, 2024)

### Summary:

### Last week review:

- The stock market ended the week at all-time highs, with traders looking past signals of a slowdown in the world's largest economy to focus on prospects for Federal Reserve rate cuts.
- In a post-holiday session marked by thin volume, the S&P 500 notched its 34th record this year. Equities rebounded, following a series of twists and turns in the immediate aftermath of data showing US hiring moderated as the jobless rate hit the highest since 2021. Treasury yields tumbled. Swaps fully projected two Fed reductions in 2024 starting in November — and Wall Street bets have been building around a September rate cut. The S&P 500 topped 5,565. The Nasdaq 100 rose 1%. Meta Platforms Inc. jumped almost 6%. Macy's Inc. surged on a news report about a sweetened buyout offer. Banks got hit — though JPMorgan Chase & Co. and Citigroup Inc. are expected kick off the industry's earnings season next week on a bright note.
- Treasury 10-year yields fell eight basis points to 4.28%. The dollar extended its weekly drop. Bitcoin sank. The pound climbed after Keir Starmer's Labour party swept to a landslide election win.

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### Summary: Last week review

- **Last week, the labor market showed fresh signs of moderation. June's nonfarm payroll figures showed an increase of 206,000 jobs, a slight decrease from May's revised count of 218,000.** Moreover, the U.S. unemployment rate experienced a slight uptick, moving from 4% to 4.1%, which surpasses the Federal Reserve's projection of a 4% rate for the current year. Inflationary pressures, which have been a concern for both markets and policymakers, may also be showing signs of easing. The ISM's prices paid index, which can foreshadow the inflation trends for goods and services, reported lower-than-expected figures, aligning with the lowest rates since the pandemic's end. Furthermore, the annual wage gains from the nonfarm jobs report were at 3.9%, a decrease from May's 4.1% and one of the lowest since the pandemic.
- **June consumer price index data are projected to be another step toward that goal, but the figures are only set for release on Thursday — after the Fed chair wraps up two days of Congressional testimony. Powell speaks Tuesday to the Senate Banking Committee, followed by a House panel appearance on Wednesday.**
- **With fresh data showing the highest unemployment rate since late 2021, and other figures illustrating weaker economic growth,** Powell will likely be pressed harder by some lawmakers on why the Fed is hesitant to lower borrowing costs. On Tuesday, Powell said recent data suggest inflation is getting back on a downward path, but that he and his colleagues would like to see that progress continue. The so-called core CPI, which excludes food and energy costs and is seen as a better measure of underlying inflation, is expected to rise 0.2% in June for a second month. That would mark the smallest back-to-back gains since August, a pace more palatable for Fed officials. The inflation report is also forecast to show a modest 0.1% increase in the overall CPI from a month earlier. Compared with June of last year, the price metric is projected to rise 3.1%, the smallest annual advance in five months.

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- **INDONESIA:** Indonesia's Manufacturing Purchasing Manager's Index (PMI) in June 2024 corrected to 50.7, down 2.68% from 52.1 in May 2024. Indonesia's Manufacturing PMI is now lower than countries such as China & the US which stood at 51.8 and 51.7 respectively, and also than several ASEAN countries such as Vietnam & Thailand; which stood at 54.7 and 51.7 respectively.
- **S&P Global attributed the decline in Indonesia's PMI to sluggish exports for four consecutive months. At the same time, the government is preparing a discourse to increase import duties of up to 200% on textile import products from China in response to China's dumping actions which are considered detrimental to the domestic industry.** Economic observers emphasize the potential blunder in the Minister of Trade's plan because the imposition of Anti Dumping Import Duty (BMAD) that is too high on imported products is at risk of causing retaliation from the country of origin.

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### This week's outlook:

Here are some of the focuses that market investors need to monitor this week:

- **1. Inflation and Labor Market:** This week's inflation report to be released becomes the main focus after the shortened holiday week. Recent data showed moderation in the US labor market, with an increase of 206,000 jobs in the June nonfarm payroll report from 218,000 (May). The unemployment rate rose slightly to 4.1%, exceeding the Federal Reserve's projections. Investors also watched for signs of easing inflationary pressures, with the ISM Prices paid Index reporting a lower-than-expected reading.
- **2. Democratic Party Politics:** President Joe Biden faced growing skepticism in his party regarding a potential re-election campaign in 2024. Pressure from lawmakers such as Rep Mike Quigley and Rep Angie Craig added to internal concerns, reflecting a search for alternative strategies and candidates in preparation for the upcoming election.
- **3. Powell Speech and Monetary Policy:** Federal Reserve Chairman Jerome Powell will testify before Congress on monetary policy. The focus will include questions regarding the Basel 3 Endgame, long-term debt for regional banks, and liquidity requirements. The speech is expected to provide an overview of the future direction of monetary policy.
- **4. Inflation Report (CPI):** The inflation report for June will be in the spotlight on Thursday. Market expectations call for a 0.1% monthly and 3.1% annualized increase for CPI, while core CPI is expected to rise 0.2%. This data will influence the Federal Reserve's decision regarding interest rate policy.

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### This week's outlook:

- **5. Q2 Earnings Season:** Starting Friday, S&P 500 companies such as JPMorgan Chase, Wells Fargo, and Citigroup will begin their second quarter earnings reports this year. Preliminary projections show profit growth of 8.6% and revenue up 4.7% compared to the previous year. This positive trend reflects a strong economic recovery and has the potential to influence overall market sentiment.
- **6. Other Economic Data:** In addition to the CPI report, investors will also monitor the weekly jobless claims and the US Producer Price Index (PPI) reports due on Thursday and Friday. These data provide additional insights into the condition of the US economy and may influence market expectations for future monetary policy.

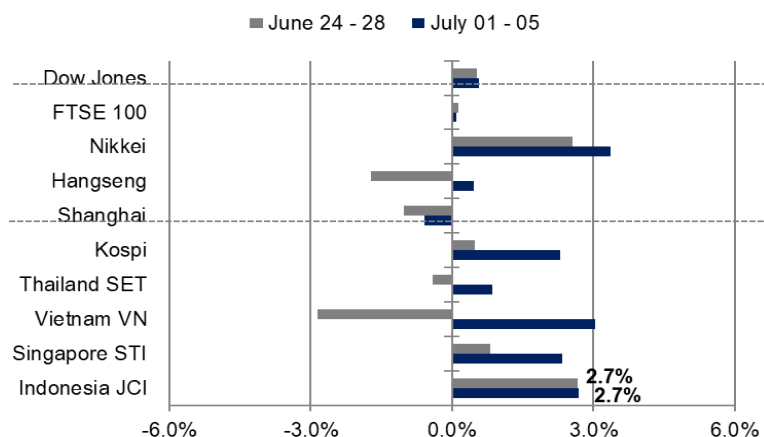
JCI Index : 7253.37 (+1.59%)

Foreign Flow : Net Buy of IDR 341.7B (Vs. last week's Net Buy of IDR 500.2B )

USD/IDR : 16,266 (-0.45%)

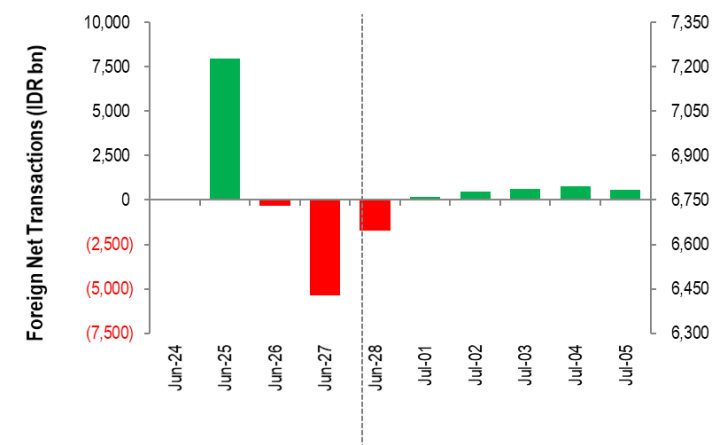
# Last Week's JCI Movement

## Global Market Movement



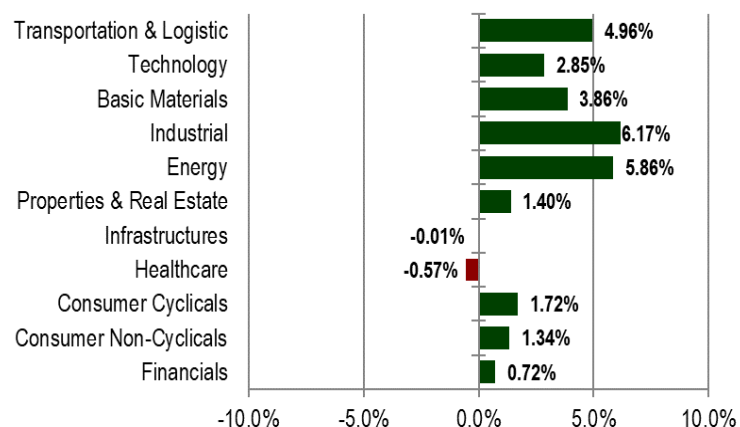
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



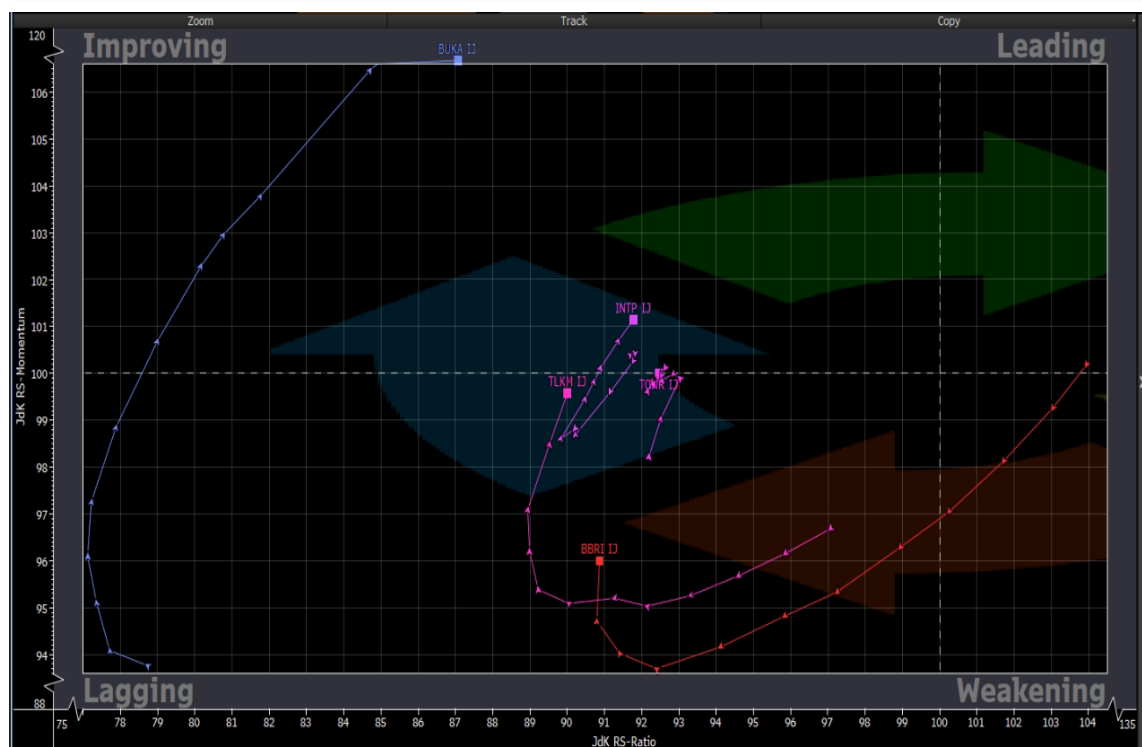
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BBCA	IDR 631.7B	ASII	IDR 139.7B
BBRI	IDR 619.7B	INCO	IDR 83.2B
BMRI	IDR 597.6B	UNVR	IDR 52.5B
AMMN	IDR 196.5B	ANTM	IDR 44.9B
ITMG	IDR 91B	BBNI	IDR 44.1B

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
BUKA	152-158 / 168-173 / 193	129
BBRI	5050 / 5275-5325 / 5600	4560
INTP	7875-8025 / 8500 / 8825-8925	7050
TLKM	3130-3200 / 3300-3400 / 3675	2960
TOWR	765-780 / 820-825 / 860-875	705

Source: NHKSI Research

# JCI Index

Support	7170-7200 / 7040-7090/ 6950-6990 / 6850- 6870 / 6750-6770	Resistance	7450 / 7360-7390 / 7260-7285
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Source: NHKSI Research



# Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	-	-	-	-	-	-	-
08 – July							
<b>Tuesday</b>	-	-	-	-	-	-	-
09 – July							
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	June 28	-	0.8%
10 - July	JP	06.50	PPI YoY	-	Jun	2.9%	2.4%
	KR	06.00	Unemployment Rate SA	-	Jun	2.8%	2.8%
<b>Thursday</b>	US	19.30	CPI MoM	-	Jun	0.1%	0.0%
11- July	US	19.30	CPI YoY	-	Jun	3.1%	3.3%
	US	19.30	Initial Jobless Claims	-	Jul 6	-	238k
	GE	13.00	CPI MoM	-	Jun F	0.1%	0.1%
	GE	13.00	CPI YoY	-	Jun F	2.2%	2.2%
	JP	06.50	Core Machine Orders MoM	-	May	0.8%	-2.9%
<b>Friday</b>	US	19.30	PPI Final Demand MoM	-	Jun	0.1%	-0.2%
12 – July	US	19.30	U. Of Michigan Sentiment	-	Jul P	67.0	68.2
	JP	11.30	Industrial Production MoM	-	May F	-	2.8%

Source: Bloomberg, NHKSI Research

# Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	CMPP
08– July	Cum Dividend	CITA, CRSN, FILM, ICBP, INCI, INDF, ISSP, MHKI, RMKE, SOHO, TCPI
<b>Tuesday</b>	RUPS	-
09 – July	Cum Dividend	-
<b>Wednesday</b>	RUPS	BLTA
10 – July	Cum Dividend	-
<b>Thursday</b>	RUPS	KIOS, MDRN, TOPS, YELO
11 – July	Cum Dividend	-
<b>Friday</b>	RUPS	CNMA, FIRE, SSIA
12 – July	Cum Dividend	-

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
<b>Finance</b>							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
<b>Consumer Non-Cyclicals</b>							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
<b>Consumer Cyclicals</b>							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
<b>Healthcare</b>							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
<b>Infrastructure</b>							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

# NHKSII 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, NHKSII Research

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