

Weekly Brief (July 15 – 19, 2024)

Summary:

Last week review:

- **LATEST US CPI FURTHER CONFIRMS THE FED'S DOVISH TONE.** The main highlight that market participants were waiting for last week was none other than US CPI for June, which proved to have slipped further to 3.0% yoy from 3.3% in the previous period, also lower than the 3.1% forecast. On a monthly basis, the June US Inflation figure actually recorded a decline of 0.1% mom, contrary to the forecast of a 0.1% increase. US CORE CPI was also recorded to only grow 0.1% mom, lower than the 0.2% expectation according to the previous month.
- **In the past week, the S&P500 and NASDAQ Composite have hit record point after record point in the context of market euphoria welcoming the Fed's increasingly dovish stance,** starting from Fed Chairman JEROME POWELL's statement recognizing that Inflation has been in a downward trend and more "good" data in the sense that economic indicators are in line with what the central bank expects, it will make the Federal Reserve more confident in determining interest rate cuts.
- **Apart from the US PPI data aka Inflation at the producer level which turned out to grow 0.2% mom last month (exceeding economists' forecasts at 0.1%) and recorded an annualized rate of 2.6% yoy,** the market has calculated the chances of a 25bps rate cut in September jumped to 94%, from 78% a week earlier; reported by CME FedWatch. Stock markets continued their euphoria, for last week the S&P 500 rose 0.9%, the NASDAQ added 0.2% and the Dow rose 1.6%.

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- **MORGAN STANLEY predicts that the CORE PCE price index (the Fed's favorite inflation benchmark, which excludes the volatile components of food and energy prices) will rise 0.205% in June, from 0.08% in May; and grow 2.57% yoy, marking the second lowest inflation level of the year. However, this faster pace of Inflation will be masked by the UNIVERSITY OF MICHIGAN's outlook that US consumers' expectations of Inflation a year from now will be able to fall to 2.9% (softening from 3% previously).**
- **EARNINGS SEASON: Wall Street has kicked off the 2nd quarter corporate earnings reporting period, which was opened by a trio of big banks: JPMorgan Chase, Citigroup, and Wells Fargo with mixed results.** JPMorgan Chase, the largest bank in the US, reported Q2 results that exceeded analysts' estimates, while Wells Fargo & Citigroup joined the negative zone as their share prices plunged 5% and 1% respectively after cutting their net interest income outlook and reporting underperformance. Analysts expected Q2 performance of S&P 500 companies to jump 9.6%, with strong growth from Technology companies but offset by lower earnings in Real Estate, Industrials and Materials; according to LSEG data.

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- **US POLITICS: US President JOE BIDEN is facing increasingly loud calls to withdraw from the US Presidential candidacy because a younger candidate would be better suited to take on such a heavy task.** Especially since President Biden last time mispronounced the name of the president of Ukraine as President Putin when it should have been President Zelensky, and also confused VP Kamala Harris with Donald Trump; leading to public criticism and questioning his competence in relation to old age; especially when his personal doctor had expressed suspicion of early symptoms of Parkinson's disease. Meanwhile, presidential candidate DONALD TRUMP suffered an assassination attempt during a campaign rally in Pennsylvania. It is expected that this incident will add to Trump's popularity on the way to victory, although economists are worried that market expectations will be crushed as Trump's plan seems to be raising taxes this time (instead of reducing taxes like his previous term) in order to secure fiscal to cover the budget deficit of 7% of GDP and endless government debt.

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This week's outlook:

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

- **Former President DONALD TRUMP will receive his party's official nomination for the US presidential election this week at the four-day Republican National Convention in Milwaukee.** His speech could be his first public appearance since the attempted assassination that occurred during a campaign rally in front of supporters in the Pennsylvania region.
- **Market participants will also be watching for comments from FED CHAIRMAN JEROME POWELL who will be interviewed by David Rubenstein at the Economic Club of Washington DC.** In his recent testimony on Capitol Hill, Powell highlighted the central bank's ongoing efforts to address Inflation, noting some confidence that Inflation will fall towards the 2% target. Also, the Federal Reserve will publish the Beige Book report, which is a collection of anecdotal information on current economic conditions from each of the twelve Federal Reserve Districts. Jobless claims and retail sales data will also be released next week.
- **QUARTER 2 FINANCIAL REPORTING season began last week, and will continue as soon as this Monday when Goldman Sachs and BlackRock are scheduled to report their financial performance.** Later in the week, Bank of America, Morgan Stanley, and Netflix will also report their financial results.

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- **The EUROPEAN CENTRAL BANK (ECB) is widely expected to keep its interest rate at the current 4.25% level after cutting rates in June.** Before that, INFLATION data from the UK & Eurozone will add color to the European bourses. Market participants are also keenly monitoring election developments in the UK and France, according to a Morgan Stanley note.
- **ASIAN MARKETS:** From CHINA a number of important economic indicators will be the focus of global attention: 2Q GDP, Industrial Production, Retail Sales. From INDONESIA, apart from Monday's Trade Balance, the BI RATE decision will dominate on Wednesday where it is expected to remain on hold at the current level of 6.25%.
- **COMMODITIES:** HSBC has raised its average GOLD price outlook on the back of near-term strength due to rising hopes of a US interest rate cut, but also forecasts a potential price decline in Q4 this year or until 2025. The analysts have raised the average gold price outlook for 2024 from USD 2,160/oz to USD 2,305/oz. However, their forecast for 2025 is now down from USD 2,105/oz to USD 1,980/oz, which means there is a potential 12% drop from current levels. Analysts expect gold prices to recover in 2026, lifting the average price projection for that year from USD 1,880/oz to USD 2,025/oz.

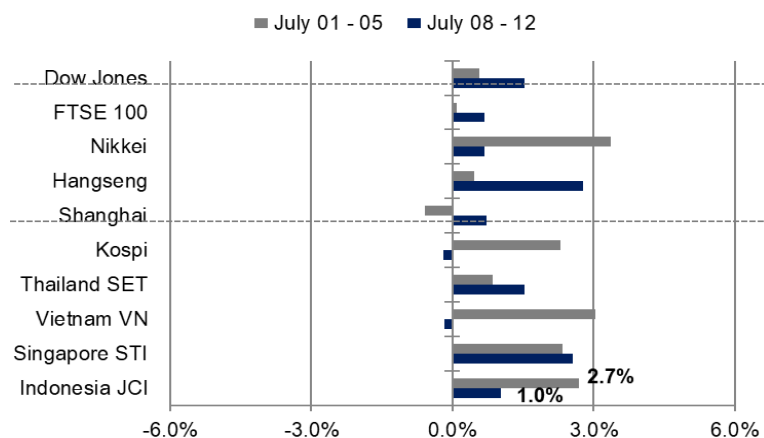
JCI Index : 7327.59 (+0.37%)

Foreign Flow : Net Buy of IDR 1.09T (Vs. last week's Net Buy of IDR 341B)

USD/IDR : 16,135 (-0.69%)

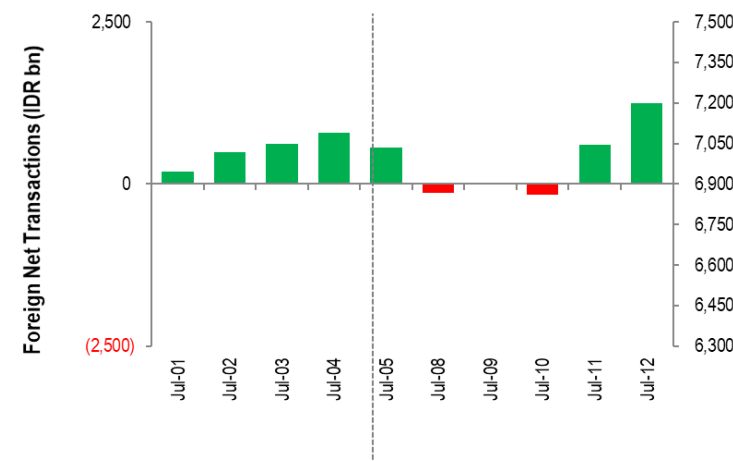
Last Week's JCI Movement

Global Market Movement



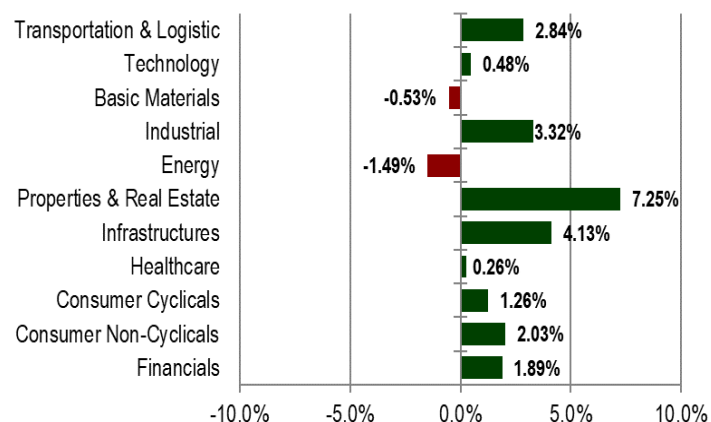
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



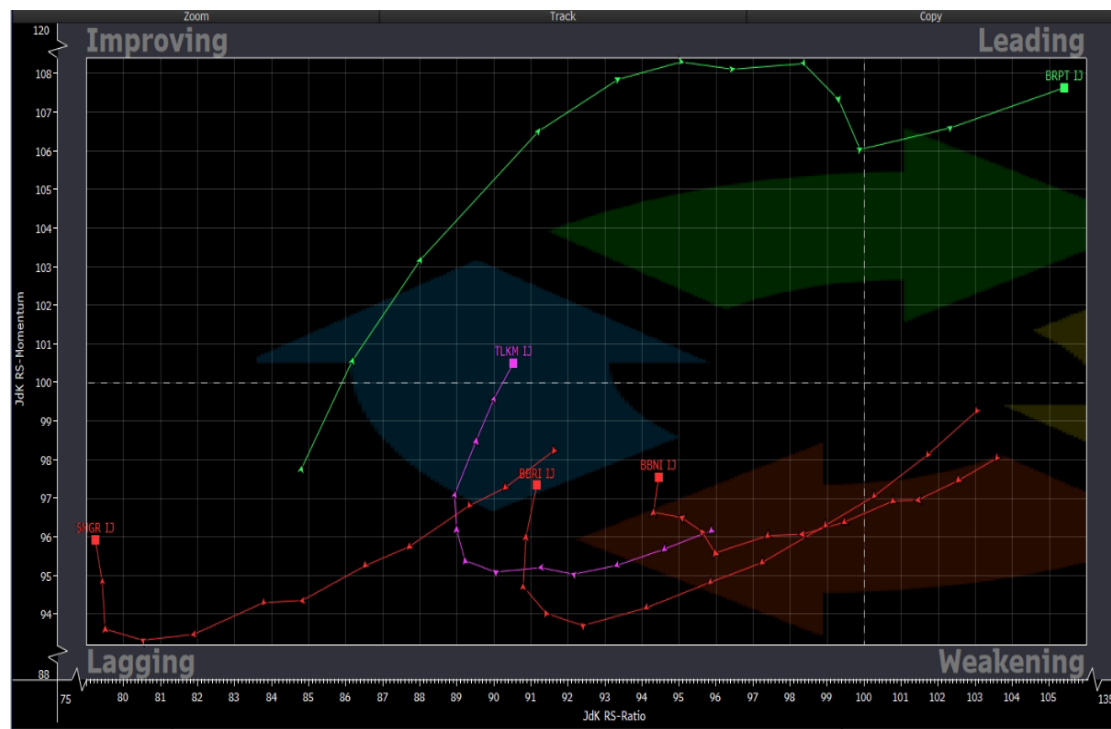
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BBCA	IDR 886.0 B	ASII	IDR 389 B
TLKM	IDR 388.9 B	BBNI	IDR 301.5 B
BMRI	IDR 224.9 B	INCO	IDR 153.1 B
AMMN	IDR 140.3 B	GOTO	IDR 149.5 B
TPIA	IDR 124.7 B	BBRI	IDR 128.6 B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



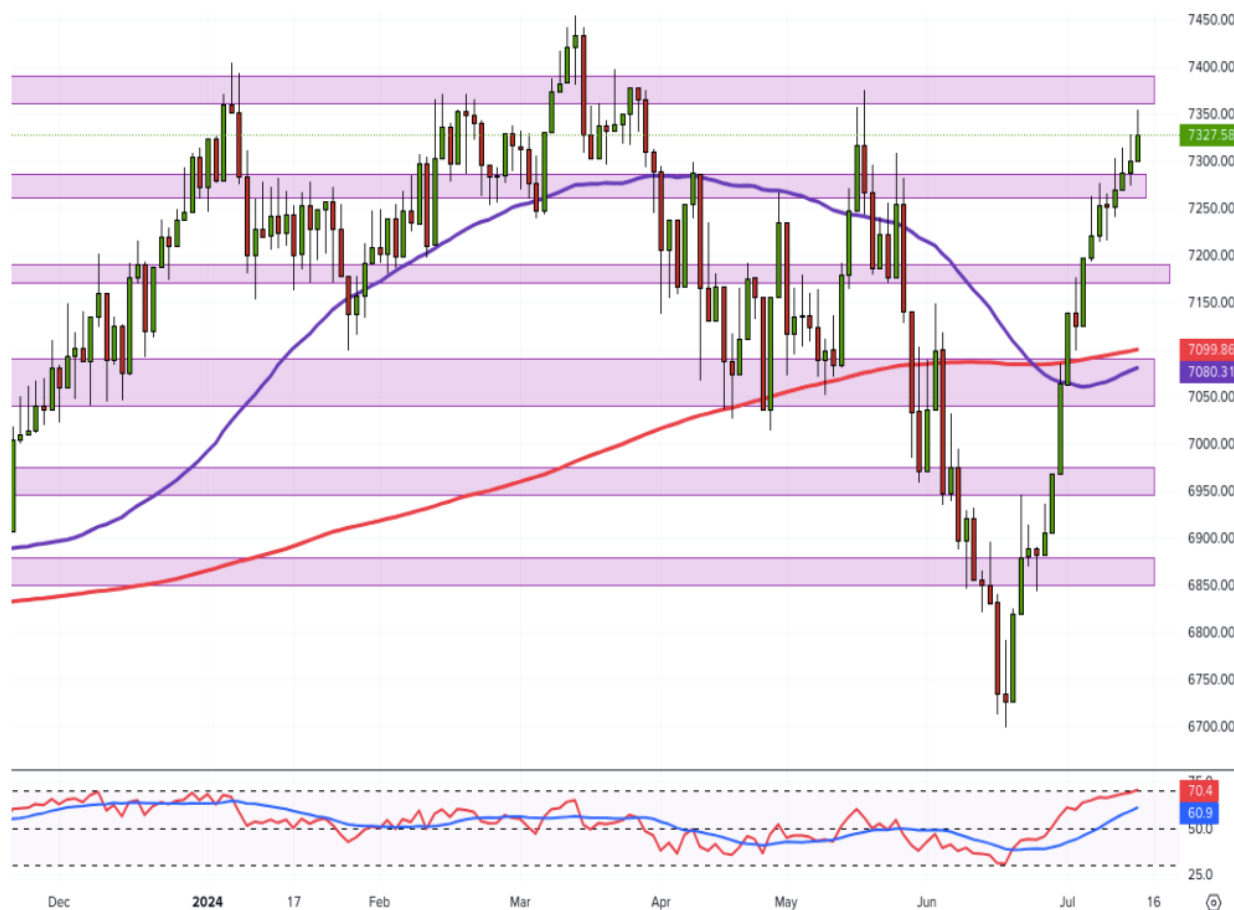
Source: Bloomberg, NHKSI Research

Stocks	TP	SL
TLKM	3290/3300-3410	3060
SMGR	4150-4200 / 4580 / 4800	<3900
BRPT	1200-1220	<1050
BBNI	5000-5050 / 5200 -5275	4860
BBRI	4950-5050	4830

Source: NHKSI Research

JCI Index

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

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	19.30	Empire Manufacturing	-	Jul	-8.0	-6
<i>15 – July</i>							
Tuesday	US	19.30	Retail Sales Advance MoM	-	Jun	-0.2%	0.1%
<i>16 – July</i>							
	GE	16.00	ZEW Survey Expectations	-	Jul	43	47.5
Wednesday	US	18.00	MBA Mortgage Applications	-	July 12	-	-0.2%
<i>17 - July</i>							
	US	19.30	Housing Starts	-	Jun	1300k	1277k
	US	20.15	Industrial Production MoM	-	Jun	0.3%	0.9%
Thursday	US	19.30	Initial Jobless Claims	-	Jul 13	-	222k
<i>18- July</i>							
	US	19.30	Leading Index	-	Jun	-0.3%	-0.5%
Friday	JP	06.30	Natl CPI YoY	-	Jun	2.9%	2.8%
<i>19 – July</i>							

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	IIKP, TELE
15– July	Cum Dividend	AMIN
Tuesday	RUPS	TAXI
16– July	Cum Stock Split	DSSA
	Cum Dividend	-
Wednesday	RUPS	TGRA
17 – July	Cum Dividend	-
Thursday	RUPS	IFSH
18 – July	Cum Dividend	-
Friday	RUPS	HEXA, KIJA, URBN
19 – 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
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

NHKSJ 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, NHKSJ Research

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