

Weekly Brief (July 29 – Aug 2, 2024)

Summary:

Last week review:

- **US GDP & INFLATION DATA MANAGED TO SAVE THE DJIA INDEX BUT FAILED TO KEEP TECH STOCKS FROM FURTHER SLIDE.** Over the past week, DJIA managed to gain 0.75%, while S&P 500 plunged 0.82% and NASDAQ slumped 2.08%. The US GDP data which stated that the US economy strengthened above expectations in the 2nd quarter of this year by 2.8% qoq (double the weak 1.4% growth in the previous quarter), erased concerns of the US economy going into recession; amidst the handling of Inflation which seems to be safely under control and in-line with expectations.
- **The soft-landing view is increasingly confirmed so that the projection of a rate cut in Sept is increasingly feasible**, although there are voices that are a bit too dovish saying the rate cut could begin as soon as the FOMC Meeting in late July (unlikely). Earnings season was also responsible for shaping the direction of trading last week, where concerns around earnings of big caps such as Tesla and Apple losing important market share in China haunted their revenue capabilities going forward. Also contributing to the negative sentiment related to the Technology sector, the crash of Microsoft's operating system due to a software update by CrowdStrike (a cyber security company) caused problematic glitches in the operations of airlines, banks, and healthcare companies around the world, not to mention at least airlines in Indonesia.
- **On the one hand, the highly dynamic US political map has created market turmoil where President Joe Biden finally decided to withdraw from the 2024 US presidential election and handed over the nomination to VP Kamala Harris**, who still has to get unanimous approval from the Democratic party at their convention in August.

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Last week review

- **CHINA unexpectedly cut their interest rates back by 0.1% amid ambitious efforts to improve their economy after disappointing 2Q GDP data came out;** although more tangible stimulus measures are still awaited by market participants. China plays a big role in global financial and commodity markets, as seen from the drop in OIL prices for 3 consecutive weeks due to sluggish demand from China as the world's largest oil importer.
- **As a result last week, the benchmark Brent price lost 1.8% while WTI slumped 3.7%; as well as hopes for the Gaza War ceasefire negotiations that have been in the works for the past few weeks.** However, Israel wants changes in the Gaza ceasefire plan and the release of hostages by Hamas, which complicates a deal to stop the 9-month war that has devastated the region. On the demand side, data released earlier this month showing that China's total fuel oil imports fell 11% in the first half of 2024 has raised concerns about the overall demand outlook of China, the world's largest crude oil importer.
- **On the other hand, US energy companies last week added the number of oil and natural gas drilling sites for the second week in a row,** increasing the monthly number by the most since November 2022, energy services company Baker Hughes said in a report.

Weekly Brief (July 22 – 26, 2024)

Summary: Last week review:

- **There will be a lot of buzz this week as the Federal Reserve, Bank of England and Bank of Japan hold policy meetings on interest rates;** also in the spotlight will be the US employment report on Friday and the earnings of the remaining “Magnificent Seven” Tech companies that have yet to release their results. Here's a look at what to expect in the markets over the next week:
- **With markets currently pricing in an 88% chance of a rate cut in September amid signs of falling Inflation and rising unemployment rates,** the policy statement by Fed Chair Jerome Powell this week will be a key highlight. It is likely that interest rates will still be held at 5.25% - 5.50% at the July 30-31 FOMC MEETING, despite the “slightly too dovish” tone of one Fed official stating that a rate cut could happen as soon as July.
- **The Fed's statement on Wednesday will put the NONFARM PAYROLLS report due on Friday, under even closer scrutiny as investors try to gauge whether recent signs of cooling down in the labor market may continue in July.** Economists expect the US economy to have created 177,000 jobs in July, supposedly down from 206,000 in the previous month. The unemployment rate, which has risen in the past 3 months, is expected to hold steady at 4.1%. Ahead of Friday's report, the US will release JOLTS JOB OPENINGS data on Tuesday.

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This week's outlook:

- **FINANCIAL REPORTS** of major Tech companies will continue in the coming days; markets anticipate disappointing results below expectations which could potentially rattle an already jittery market amid fears of overvalued stock valuations.
- The **BANK OF ENGLAND (BoE)** meets on Thursday and investors are divided on whether policymakers will decide on the first interest rate cut since 2020. The level of uncertainty is higher than usual ahead of the meeting as central bank officials have not spoken publicly for more than 2 months due to the regulatory environment ahead of the UK general election on July 4. Investors are still wondering whether the recent higher-than-expected inflation is enough to prevent the BoE from lowering interest rates from a 16-year high of 5.25%; last month the BoE's Monetary Policy Committee voted 7-2 to keep rates on hold.
- **BANK OF JAPAN (BOJ)** plans to set its latest policy at Wednesday's meeting and speculation regarding the prospect of a rate hike has intensified after high-profile politicians, including the prime minister, hinted at the need for policy normalization in the near future. The impact of the weak YEN on household and business spending is likely to turn the exchange rate into a key issue at the ruling Democratic Liberal Party's leadership convention in September. The fact that the currency has recovered a staggering 10 yen/USD from 3-decade lows earlier in the month does not deter some from predicting a rate hike by the end of July.

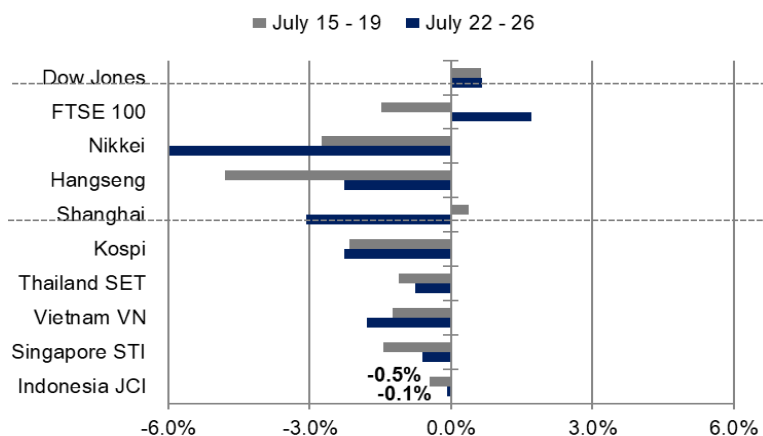
JCI Index : 7288.17 (+0.89%)

Foreign Flow : Net Buy of IDR 390B (Vs. last week's Net Buy of IDR 1.9T)

USD/IDR : 16,285 (+0.33%)

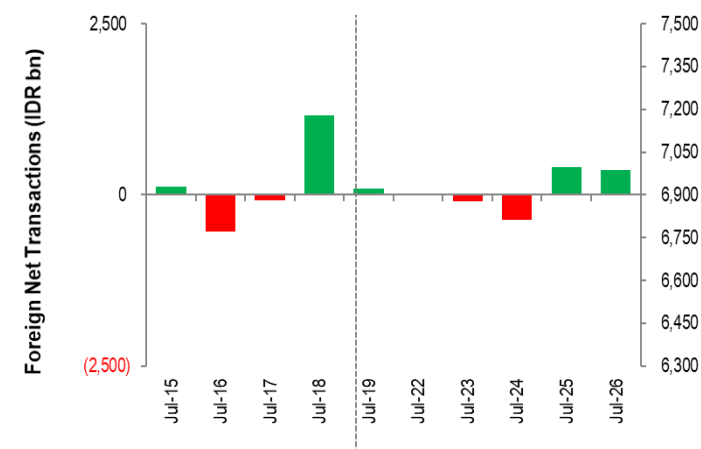
Last Week's JCI Movement

Global Market Movement



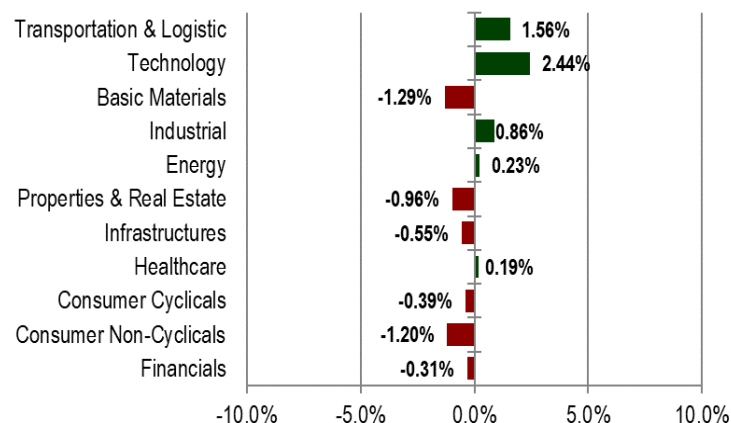
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



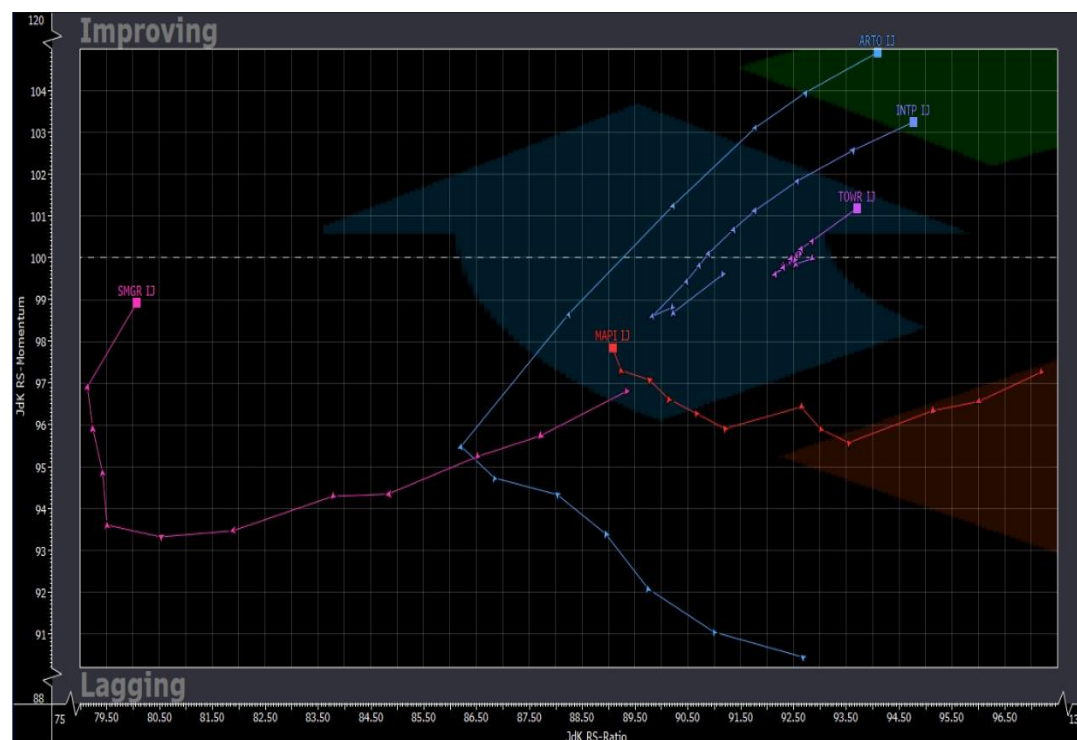
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BBCA	IDR 973.9B	BBRI	IDR 494.0B
AMMN	IDR 200.3B	BMRI	IDR 251.9B
ASII	IDR 154.4B	GOTO	IDR 163.2B
ISAT	IDR 124.6B	BBNI	IDR 158.3B
MIKA	IDR 71.5B	UNVR	IDR 65.4B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



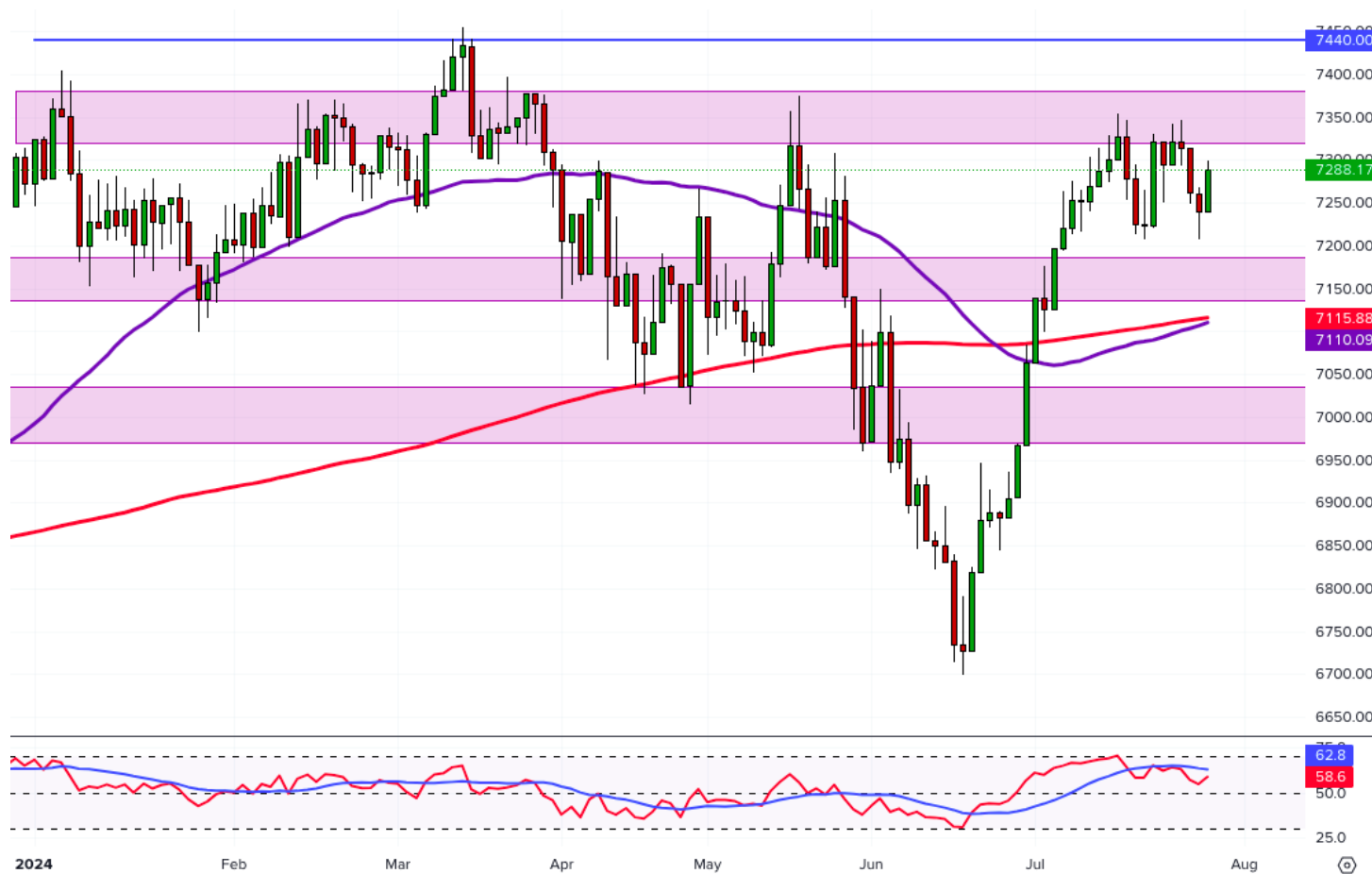
Source: Bloomberg, NHKSI Research

Stocks	TP	SL
SMGR	4150-4220 / 4450 / 4580	3900
MAPI	1435-1455 / 1500-1540 / 1635	1335
ARTO	2790-2840 / 2910-2930	2360
TOWR	820-825 / 860-875 / 900-905	760
INTP	7700-7900 / 8175-8225 / 8500	7050

Source: NHKSI Research

JCI Index

Support	7135-7185 / 6970-7035 / 6850-6875	Resistance	7320-7380 / 7440
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday							
29 – July							
Tuesday	JP	06.30	Jobless Rate	-	Jun	2.6%	2.6%
30 – July	US	21.00	Conf. Board Consumer Confidence	-	Jul	99.7	100.4
Wednesday	US	18.00	MBA Mortgage Applications	-	July 26	-	-2.2%
31 – July	US	19.15	ADP Employment Change	-	Jul	168k	150k
	US	20.45	MNI Chicago PMI	-	Jul	44.0	47.4
	US	20.45	MNI Chicago PMI	-	Jul	44.0	47.4
Thursday	JP	07..30	Jibun Bank Japan PMI Manufacturing	-	July F	-	49.2
01 – August	ID	07.30	S&P Global Indonesia PMI Mfg	-	July	-	50.7
	ID	11.00	CPI YoY	-	July	2.40%	2.51%
	US	01.00	FOMC Rate Decision (Upper Bound)	-	July 31	5.50%	5.50%
	US	19.30	Initial Jobless Claims	-	July 27	-	235k
	US	20.45	S&P Global US Manufacturing PMI	-	July F	-	49.5
	US	21.00	ISM Manufacturing	-	July	49.0	48.5
Friday	US	19.30	Change In Nonfarm Payrolls	-	July	175k	206k
02 – August	US	19.30	Unemployment Rate	-	July	4.1%	4.1%
	US	21.00	Factory Orders	-	June	0.5%	-0.5%
	US	21.00	Durable Goods Order	-	June F	-	-6.6%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	-
29– July	Cum Dividend	-
Tuesday	RUPS	CBUT, MIKA, MTFN, TRON
30-July	Cum Dividend	-
Wednesday	RUPS	PGEO
31 – July	Cum Dividend	-
Thursday	RUPS	-
01 – August	Cum Dividend	-
Friday	RUPS	ACES, NINE, NISP
02 – August	Cum Dividend	AKRA

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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