

## Weekly Brief (Aug 12 – Aug 16, 2024)

### Summary:

### Last week review:

- **US IN RECESSION? LET'S WAIT AND SEE...** Wall Street has calmed down and regained its bullish vigor after the global sell-off that occurred last Monday due to the release of lower than expected Nonfarm Payroll (Jul) data triggered fears of the US being hit by a recession or hard-landing (instead of soft-landing as expected by the Fed).
- **The unwinding of carry trade positions, led by the Japanese Yen globally, also forced investors to profit-take positions in tech stocks that had risen high.** The S&P 500 Index, which was hit by a 3% drop on Monday, eventually recovered and closed flat for the week where it only edged down 0.05%, while the DJIA lost 0.6%, and the NASDAQ only depreciated 0.2%.
- **At the time of Monday's sell-off, the CBOE Volatility Index (or Wall Street's "fear gauge") had skyrocketed to highs equivalent to the early days of the Covid-19 pandemic in March 2020, before flattening out again by the end of last week.** Gradually, market participants assessed that the US recession fears were somewhat exaggerated as the Non-Manufacturing PMI proved to be still expansionary, where the Services sector supports 2/3 of the US economy. Finally, on Thursday the Initial Jobless Claims data provided further relief as the figures indicated that the labor market was not as loose as expected, as jobless claims came in lower than expected (actual: 233k vs forecast: 241k vs previous: 250k).
- **Also on Thursday, US Federal Reserve officials reiterated their belief that Inflation is low enough to allow for future interest rate cuts, but said they will make decisions on the size and timing of such cuts based on economic data over time.** Although markets will still be quite nervous until next month, market surveys expect the Fed to cut rates at the September 17-18 FOMC Meeting, with a 51% chance of a 50 bps cut, and 49% for a 25 bps cut, according to the CME FedWatch Tool.

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- **ASIA & EUROPE MARKETS:** The rebound in **ASIAN** markets last week was quite impressive. After the Nikkei recorded its second biggest drop in history and third biggest gain in 24 hours, the index ended last week down only 2.5%. Other benchmark indices fared better - the MSCI Asia outside Japan index and the MSCI World index ended flat, and the MSCI Emerging Market index gained 0.2%.
- **Speaking of Global PMIs, Asian majors such as Japan & China, as well as major players in Europe such as Germany, Eurozone, and the UK were still able to post Composite and Services PMIs in the expansionary realm, in line with the US.** German Factory Orders and Industrial Production from Europe's number one economy even managed to increase significantly in June, maintaining economic strength in continental Europe.
- **Meanwhile, China's economy is still stumbling a bit as their Export data in July proved to be weak and failed to meet expectations,** while Imports that increased above estimates were predicted due to high demand for crude oil. As such, Chinese Inflation (July) managed to pick-up to 0.5% yoy above expectations of 0.3%; while German CPI appears stuck at 2.3% yoy on the way to the ECB Target of 2%.

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- **COMMODITIES:** OIL prices closed up over 3.5% on a weekly basis as positive economic data and signals from Fed officials that they could cut interest rates as soon as September eased fears of sluggish global demand, while the potential escalation of Middle East Conflict continues to raise the risk of supply disruptions.
- **BRENT gained more than 3.5% last week, while US WTI jumped more than 4%.** The Russia-Ukraine conflict also continued as Moscow moved additional tanks, artillery and rockets into the southern region of Kursk on Friday as it fought for the 4th consecutive day in retaliation to a surprise attack from Ukrainian forces.
- **Meanwhile, a weaker US Dollar as the Fed's rate cut projections are increasingly materializing helped the demand side as oil became cheaper for foreign or non-US buyers.** Another price-supporting sentiment came from Libya's National Oil Corp which announced force majeure at the Sharara oil field since Wednesday, where they gradually reduced production due to protests.

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### This week's outlook:

- **Investors will be watching US Inflation data on Wednesday for fresh clues as to the potential magnitude of interest rate cuts expected by the Federal Reserve in September.** Markets are likely to remain volatile, while the Earnings Reports of US retailers such as Home Depot & Walmart will be watched for clues on the strength of consumer spending. Market participants will be very sensitive to signs of whether market strength can be sustained, or if they should be prepared to surf the waves of high volatility again.
- **July US CPI data is expected to show that inflation continues to approach the Fed's annual target of 2%.** A reading that shows only a slight decline could ease concerns that the Fed has thrown the economy into chaos by keeping interest rates high for too long.
- **However, a weak report could raise recession fears, potentially triggering fresh market volatility.** The economic calendar also includes retail sales figures for July as well as the weekly report on initial jobless claims.
- **Investors will also get a chance to hear comments from several Fed officials including Atlanta Fed President Raphael Bostic, Philadelphia Fed President Patrick Harker and Chicago Fed President Austan Goolsbee, who are expected to give further indications that they are more confident the current inflation rate is cool enough to lower interest rates.**

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### This week's outlook:

- Next week's focus will include how much more liquidation of global CARRY TRADE positions remains. Concerns regarding the widening MIDDLE EAST CONFLICT and the upcoming US ELECTION also add to the high volatility factor. FINANCIAL REPORT season enters its final stages with the majority of companies having reported their quarterly financial results.
- ASIA & EUROPE MARKETS : various important data coming out of : JAPAN (2Q GDP), CHINA (Industrial Production) UK (employment, July Inflation, 2Q GDP)), GERMANY (ZEW Economic Sentiment) and EUROZONE (2Q GDP). Domestically, Thursday will see the announcement of INDONESIA's Trade Balance (Jul).
- Speaking of CARRY TRADE, in the currency market, US futures data on Friday showed that hedge funds cut their Japanese Yen short position in the week to August 6 by 62,000 contracts. This was the largest weekly bullish swing in the Yen since the Fukushima disaster in February 2011, and the third largest since 1986 equivalent data. If this is representative of the wider currency market, you could say the Yen 'carry trade' has been largely liquidated.
- The next question is, will traders eventually start selling the Yen and carry trade again?

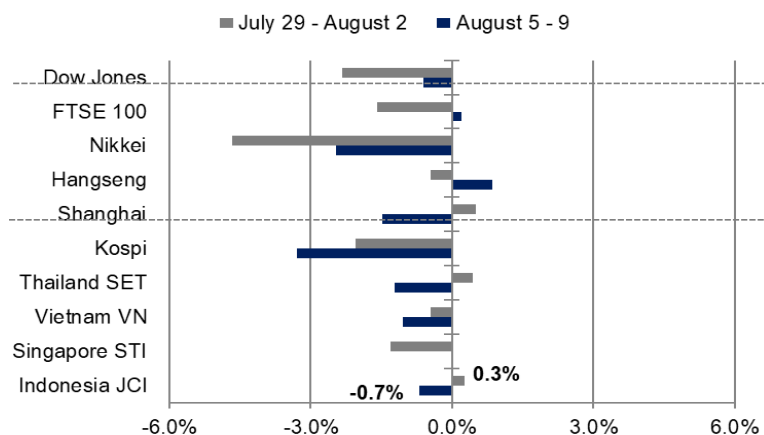
JCI Index : 7257 (-0.7%)

Foreign Flow : Net Buy of IDR 1.1T (Vs. last week's Net Buy of IDR 385.6B )

USD/IDR : 15,920 (-1.46%)

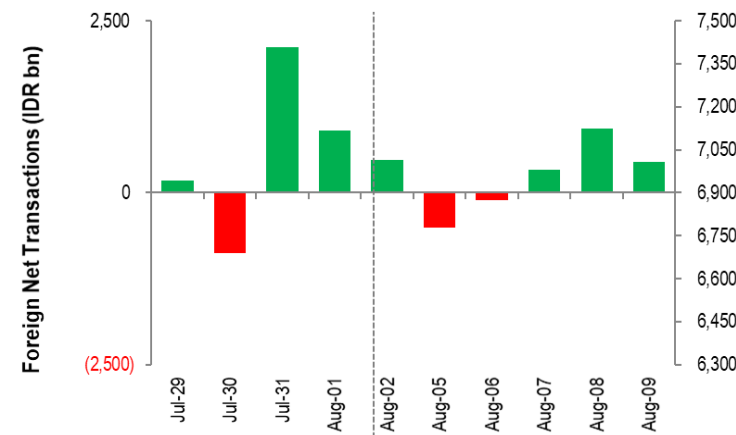
# Last Week's JCI Movement

## Global Market Movement



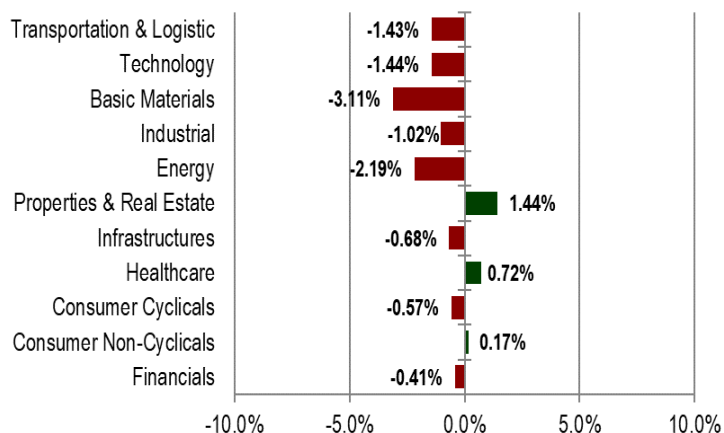
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



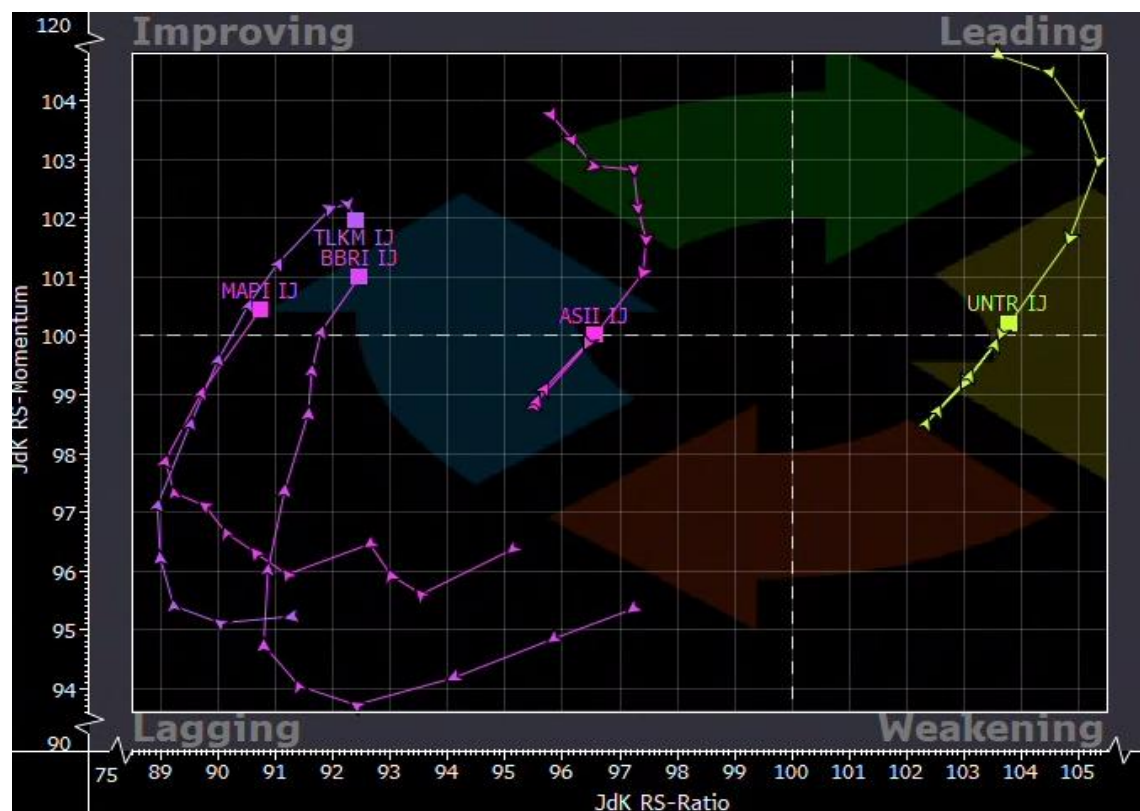
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BMRI	IDR 844.6B	BBRI	IDR 445.2B
ASII	IDR 374.2B	BBCA	IDR 302.4B
TPIA	IDR 106.4B	AMMN	IDR 120.7B
INDF	IDR 79.3B	AKRA	IDR 75.8B
ICBP	IDR 63.8B	BREN	IDR 74.9B

Source: Bloomberg, NHKSI Research

# Stocks Recommendation



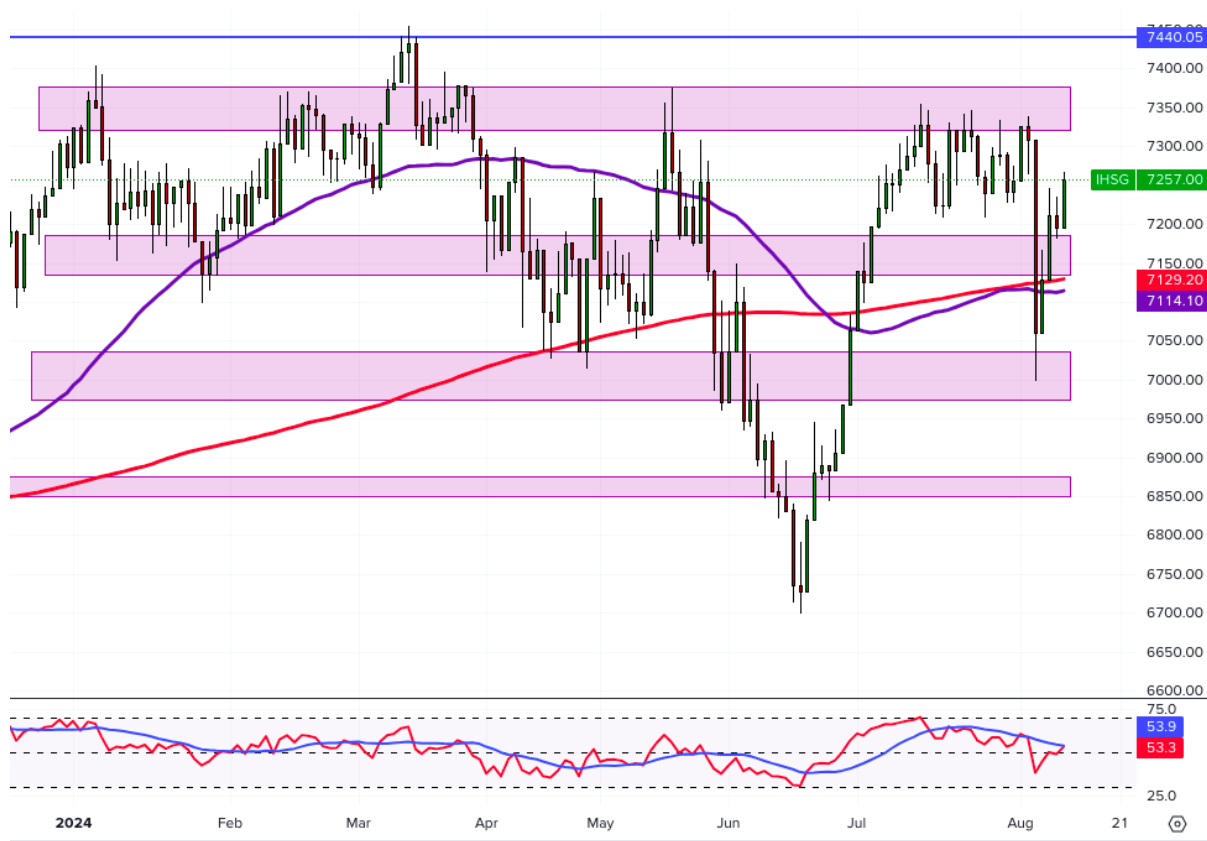
Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ASII	5080-5125 / 5325	4500
MAPI	1460-1465 / 1500-1540 / 1615	1370
UNTR	25800-26250 / 26950-27000	<23950
BBRI	4920-4990 / 5250-5350 / 5475-5500	4500
TLKM	2960-2970 / 3200-3260 / 3400	2700

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
<b>Monday</b>	-	-	-	-	-	-	-
12 – August							
<b>Tuesday</b>	US	19.30	PPI Final Demand MoM	-	Jul	0.2%	0.2%
13 – August							
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Aug 9	-	6.9%
14 – August	US	19.30	CPI YoY	-	Aug 9	-	6.9%
	US	19.30	CPI MoM	-	Aug 9	-	6.9%
<b>Thursday</b>	US	19.30	Empire Manufacturing	-	Aug	-6.0	-6.6
15 – August							
	US	19.30	Retail Sales Advance MoM	-	Jul	0.3%	0.0%
	US	19.30	Industrial Production MoM	-	Jul	0.0%	0.6%
	US	19.30	Initial Jobless Claims	-	Aug 10	-	233k
<b>Friday</b>	US	21.00	University of Michigan Sentiment	-	Aug P	67.2	66.4
16 – August							

Source: Bloomberg, NHKSI Research

# Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	SRAJ
12 – August	Cum Dividend	BSBK, TEBE
<b>Tuesday</b>	RUPS	-
13 – August	Cum Dividend	-
<b>Wednesday</b>	RUPS	INAF
14 – August	Cum Dividend	-
<b>Thursday</b>	RUPS	GIAA, GTSI, IBST, PORT
15 – August	Cum Dividend	MARK
<b>Friday</b>	RUPS	-
16 – August	Cum Dividend	JAYA, NICL

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>							3,773.1							
BBCA	10.150	9.400	11.500	Overweight	13.3	8.0	1,251.2	24.4x	5.2x	22.1	2.7	9.1	11.2	0.9
BBRI	4.670	5.725	5.550	Buy	18.8	(18.1)	707.8	11.7x	2.3x	20.1	6.8	14.2	1.0	1.3
BBNI	5.125	5.375	6.125	Buy	19.5	12.9	191.1	9.1x	1.3x	14.7	5.5	9.4	2.2	1.2
BMRI	6.850	6.050	7.775	Overweight	13.5	16.1	639.3	11.3x	2.5x	23.2	5.2	10.4	5.2	1.2
<b>Consumer Non-Cyclicals</b>							1,021.0							
INDF	6.275	6.450	7.400	Buy	17.9	(10.0)	55.1	8.6x	0.9x	10.9	4.3	2.2	(30.8)	0.5
ICBP	11.200	10.575	13.600	Buy	21.4	0.9	130.6	27.2x	3.1x	11.8	1.8	7.2	(38.3)	0.6
UNVR	2.460	3.530	3.100	Buy	26.0	(33.9)	93.8	20.8x	32.9x	132.8	5.7	(6.2)	(9.7)	0.4
MYOR	2.550	2.490	2.800	Overweight	9.8	(1.5)	57.0	15.4x	3.7x	25.8	2.2	9.5	40.0	0.3
CPIN	5.175	5.025	5.500	Overweight	6.3	(2.4)	84.9	31.4x	3.0x	9.7	0.6	6.7	28.6	0.6
JPFA	1.595	1.180	1.400	Underweight	(12.2)	16.4	18.7	8.0x	1.3x	17.3	N/A	14.5	1700.3	1.0
AALI	5.825	7.025	8.000	Buy	37.3	(23.4)	11.2	9.4x	0.5x	5.4	4.2	9.8	36.3	0.8
TBLA	630	695	900	Buy	42.9	(17.1)	3.8	6.3x	0.4x	7.2	6.3	2.9	(10.3)	0.4
<b>Consumer Cyclicals</b>							406.3							
ERAA	412	426	600	Buy	45.6	(16.9)	6.6	7.3x	0.9x	12.3	4.1	14.6	14.1	0.9
MAPI	1.415	1.790	2.200	Buy	55.5	(27.2)	23.5	13.4x	2.2x	17.8	0.6	15.4	(10.9)	0.5
HRTA	386	348	590	Buy	52.8	(25.8)	1.8	5.5x	0.8x	16.5	3.9	33.5	10.8	0.4
<b>Healthcare</b>							286.0							
KLBF	1.665	1.610	1.800	Overweight	8.1	(11.2)	78.0	25.3x	3.5x	14.5	1.9	7.6	18.4	0.5
SIDO	710	525	700	Hold	(1.4)	10.9	21.3	19.2x	6.1x	33.0	4.3	14.7	35.7	0.7
MIKA	3.000	2.850	3.000	Hold	-	8.3	42.7	39.2x	7.0x	18.8	1.1	19.7	34.1	0.6
<b>Infrastructure</b>							1,886.94							
TLKM	2.830	3.950	4.550	Buy	60.8	(24.9)	280.3	11.9x	2.2x	18.6	6.3	2.5	(7.8)	1.0
JSMR	5.475	4.870	5.100	Underweight	(6.8)	50.0	39.7	5.0x	1.3x	30.4	0.7	46.5	104.3	1.0
EXCL	2.160	2.000	3.800	Buy	75.9	(7.3)	28.4	17.2x	1.1x	6.3	2.2	8.2	54.0	0.9
TOWR	835	990	1.070	Buy	28.1	(13.5)	42.6	12.6x	2.4x	20.3	2.9	6.3	6.7	0.9
TBIG	1.920	2.090	2.390	Buy	24.5	(3.3)	43.5	27.1x	3.9x	14.6	3.1	4.1	5.6	0.5
MTEL	680	705	840	Buy	23.5	(4.2)	56.8	27.7x	1.7x	6.2	2.7	7.8	8.3	0.7
PTPP	384	428	1.700	Buy	342.7	(27.5)	2.4	4.5x	0.2x	4.7	N/A	9.3	50.0	1.7

Source : Bloomberg, NHKS Research

# NHKS Stock Coverage

Property & Real Estate														
330.6														
CTRA	1.315	1.170	1.450	Overweight	10.3	19.0	24.4	11.6x	1.2x	10.6	1.6	12.7	33.6	0.7
PWON	462	454	530	Overweight	14.7	(3.8)	22.2	12.0x	1.1x	9.9	1.9	12.6	(23.0)	0.7
Energy														
1.522.0														
ITMG	25.850	25.650	27.000	Hold	4.4	(7.5)	29.2	4.9x	1.1x	22.4	17.0	(28.6)	(68.8)	1.0
PTBA	2.580	2.440	4.900	Buy	89.9	(7.2)	29.7	5.5x	1.5x	28.5	15.4	4.2	(26.9)	0.9
ADRO	3.180	2.380	2.870	Underweight	(9.7)	32.5	101.7	4.0x	0.9x	22.9	12.9	(21.5)	(17.7)	1.1
Industrial														
355.5														
UNTR	24.700	22.625	28.400	Overweight	15.0	(11.0)	92.1	4.7x	1.0x	23.9	9.2	(6.1)	(15.0)	0.9
ASII	4.760	5.650	5.175	Overweight	8.7	(30.8)	192.7	6.0x	1.0x	16.7	10.9	#N/A	N/A	1.1
Basic Ind.														
2.299.2														
AVIA	468	500	620	Buy	32.5	(27.4)	29.0	17.6x	3.0x	16.9	4.7	3.2	0.9	0.3
SMGR	3.770	6.400	9.500	Buy	152.0	(43.5)	25.5	14.1x	0.6x	4.2	2.2	(3.6)	(42.2)	1.1
INTP	6.900	9.400	12.700	Buy	84.1	(37.1)	25.4	14.0x	1.1x	8.3	1.3	1.9	(37.0)	0.6
ANTM	1.285	1.705	1.560	Buy	21.4	(36.1)	30.9	11.3x	1.1x	10.4	10.0	7.1	(18.0)	1.1
MARK	945	610	1.010	Overweight	6.9	57.5	3.6	15.0x	4.1x	29.0	6.3	73.4	128.3	1.0
NCKL	895	1.000	1.320	Buy	47.5	(5.8)	56.5	10.2x	2.2x	24.9	3.0	25.0	(5.1)	N/A
Technology														
280.1														
GOTO	51	86	77	Buy	51.0	(45.2)	61.3	N/A	1.5x	(110.6)	N/A	12.4	62.9	1.7
WIFI	230	154	318	Buy	38.3	22.3	0.5	3.8x	0.7x	9.7	0.5	40.1	811.2	1.2
Transportation & Logistic														
38.9														
ASSA	735	790	1.100	Buy	49.7	(34.4)	2.7	16.7x	1.4x	8.9	2.7	(0.9)	78.3	1.4
BIRD	1.640	1.790	1.920	Buy	17.1	(29.3)	4.1	9.0x	0.7x	8.4	5.5	11.3	1.0	0.8

Source : Bloomberg, NHKS Research

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