

Weekly Brief (Sep 16 – Sep 20, 2024)

Summary:

Last week review:

- **SLUGGISH US INFLATION WARRANTS A FED RATE CUT THIS WEEK. US CPI (Aug) came in at 2.5% yoy as expected, cooling from 2.9% in the previous month.** Initial JOBLESS CLAIMS also picked up, with around 2000 new jobless claims from the previous week. However on a monthly basis, given that CORE CPI & PPI (Aug) were higher than expected, the Federal Reserve's rate cut bets were higher at 25bps than 50bps (70-80% versus 20-30%). But now reports from the Wall Street Journal and Financial Times last week fueled speculation among investors that the US central bank may decide on a more aggressive rate cut of 50 basis points. Fed Fund Rate futures estimate a 61% chance of a 50 basis point cut, shooting up from around 15% last week.
- **Both the S&P 500 and Nasdaq Composite marked their best weekly performance in 2024 as investors await the outcome of this week's FOMC Meeting.** Investors continued to show strong interest in large-cap Technology and Semiconductor stocks, where they contributed to last week's rally. Over the past week, the S&P 500 gained 4%, while the Nasdaq surged 5.9%, marking the strongest weekly gain this year for both indices. The Dow Jones Industrial Average also gained 2.6% during the same week.
- **CURRENCY & FIXED INCOME: The DOLLAR INDEX (DXY), which measures the strength of the Dollar against 6 other major world currencies including the Euro, Yen, and Pound, fell 0.31% to 100.70.** The benchmark 10-year US TREASURY yield fell 30 basis points in about 2 weeks. The 2-year yield, which is more closely linked to monetary policy expectations, is at around 3.571% and down from around 3.94% two weeks ago.

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- **US POLITICAL MAP:** On Sunday, there was a second assassination attempt on Donald Trump. This time, the Secret Service spotted a rifle sticking out of a fence next to a golf course in Florida where Trump was playing. The suspect was arrested immediately, and Trump confirmed that he is safe and sound. Regarding the impact on the US ELECTION, Republicans and Democrats should try to avoid politicizing the failed assassination attempt.
- **EUROPE & ASIA MARKETS:** CHINA'S economic recovery efforts are encountering a steep road as capital inflows shrink and outflows increase, forcing the central bank to act more vigorously to protect the CNH exchange rate. Official Chinese data out on Saturday showed that new home prices fell at the fastest pace in 9 years, industrial production growth slowed to the lowest level in 5 months, foreign direct investment fell 31.5% and retail sales weakened further. Meanwhile, on Friday, the Biden administration imposed steep tariff increases on imports from China, including a 100% duty on electric vehicles.
- **EUROPEAN CENTRAL BANK** more aggressively cut their benchmark rate to 3.65% from 4.25% previously, in line with GERMAN CPI (Aug) deflation which contracted -0.1% mom (as expected), compared to +0.3% in July. JAPAN'S GDP rose in Q2 this year to 0.7% qoq, albeit missing the 0.8% estimate, but a big improvement from the -0.6% recession in the previous quarter.

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- **INDONESIA** : recorded increasingly positive **CONSUMER CONFIDENCE** at 124.4 in August, compared to 123.4 in July. Although Motor & Car Sales fell in Aug, Retail Sales (Jul) increased to 4.5% yoy from 2.7% in the previous month. JCI posted a new all-time high of 7833 last week with a gain of 1.17% over the week on the back of Foreign Net Buy of IDR 3.12 trillion in RG market. No wonder the RUPIAH exchange rate closed comfortably at 15395/USD following a weakening of the USD by 0.36% last week.
- **COMMODITIES: Benchmark BRENT & US WTI crude oil prices rose around 1% each last week but are still well below their August averages of USD 78.88 and USD 75.43/barrel respectively after a price drop around the start of this month which was partly due to demand concerns especially from China.** Hurricane FRANCINE's battering in the Gulf of Mexico and LIBYA's export shutdown are slowly passing; ensuring production resumes normalcy in the near term. OPEC+ is equally pessimistic by revising down its global demand growth projections for 2024, for the second time. In fact, they are likely to postpone the voluntary production cuts that were supposed to start this Oct to Dec.
- **In terms of other commodities, the price of GOLD is even more sparkling by pushing on to the latest record level of USD 2586 and closed last week at USD 2576 / ounce.** The impact of the possibility of a larger interest rate cut (50bps) has actually made the impression that a recession is approaching, making oil prices muted, instead supporting gold prices as a safe-haven asset.

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This week's outlook:

- **This week all the attention is on the FOMC MEETING taking place on SEPTEMBER 17-18, where an interest rate cut of 25 basis points is widely expected.** Ahead of the FOMC Meeting decision which is due to be released early Thursday morning at 0100WIB, economists on Wall Street are still divided on the magnitude of the first rate cut.
- **JPMORGAN expects the US Federal Reserve to be more aggressive by cutting the Fed Fund Rate by 50bps; followed by 150bps next year.** This expectation saw the US DOLLAR fall to a more than 1-year low against the YEN, and US TREASURY yields flatten. Projections for 2026 and 2027 are expected to remain close to long-term rates of 2.75% to 3%. If the Fed opts for a more cautious approach and cuts rates by 25 basis points next week, the median point for the year would likely reflect only 75 basis points of easing, according to economists' views. Meanwhile, NOMURA economists think that a 25 bps rate cut at the upcoming meeting is the most likely scenario, followed by a further 50bps cut next year.
- **Aside from the FOMC meeting, key US economic events this week include US retail sales and industrial production reports on Tuesday, followed by the release of initial jobless claims data on Thursday, as well as a series of housing data such as Building Permits, Housing Starts, and housing starts: Building Permits, Housing Starts, and Existing Home Sales (all for Aug).**

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This week's outlook:

- **ASIA & EUROPE MARKETS: JAPAN and HONG KONG** will release inflation data, investors are also looking forward to **INDONESIA, TAIWAN, CHINA, & on Friday's interest rate decision from the BANK OF JAPAN, where it is expected to keep its short-term policy rate target fixed at 0.25%, after raising rates twice this year.** THE EUROPEAN CENTRAL BANK cut rates by 25 bps last week, but ECB President Christine Lagarde dampened expectations for a further cut next month. The ECB will almost certainly have to wait until December before cutting rates again to ensure it doesn't make the policy mistake of easing too quickly, ECB Governing Council member Peter Kazimir said on Monday.
- **THE BANK OF ENGLAND is expected to keep its key interest rate at 5% on Thursday, after initiating monetary policy easing with a 25bps reduction in August.** Futures markets estimate a roughly 38% chance of a quarter-point rate cut on Thursday, compared with 20% on Friday. UK & EUROZONE INFLATION (Aug) figures as well as UK Retail Sales for the same Aug month will be the drivers of European market interest.

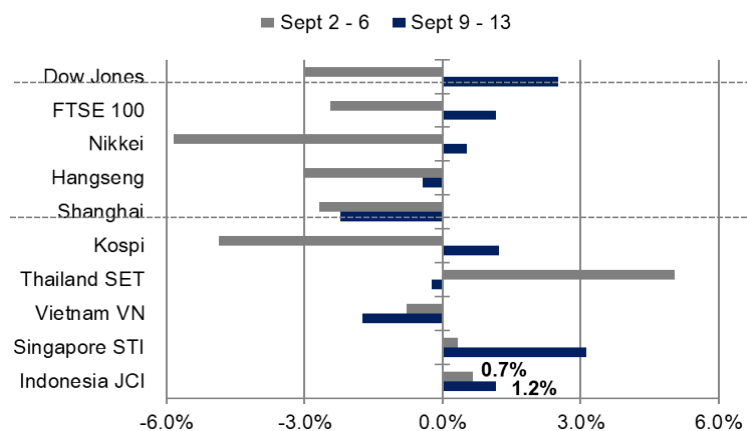
JCI Index : 7812.13 (+1.2%)

Foreign Flow : Net Buy of IDR 3.12T (Vs. last week's Net Buy of IDR 3.42T)

USD/IDR : 15,395 (-0.4%)

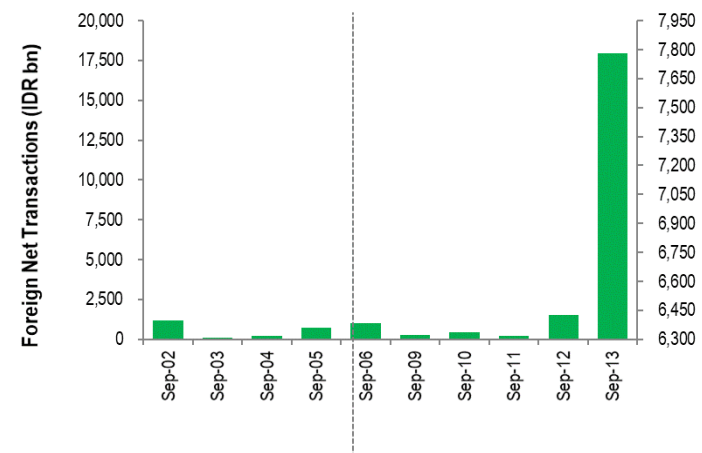
Last Week's JCI Movement

Global Market Movement



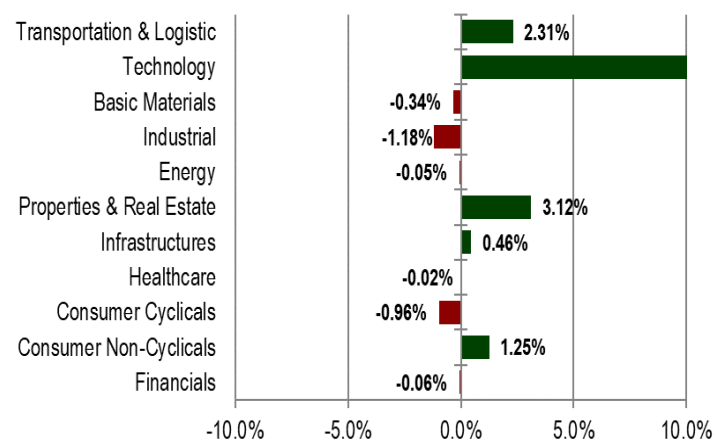
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



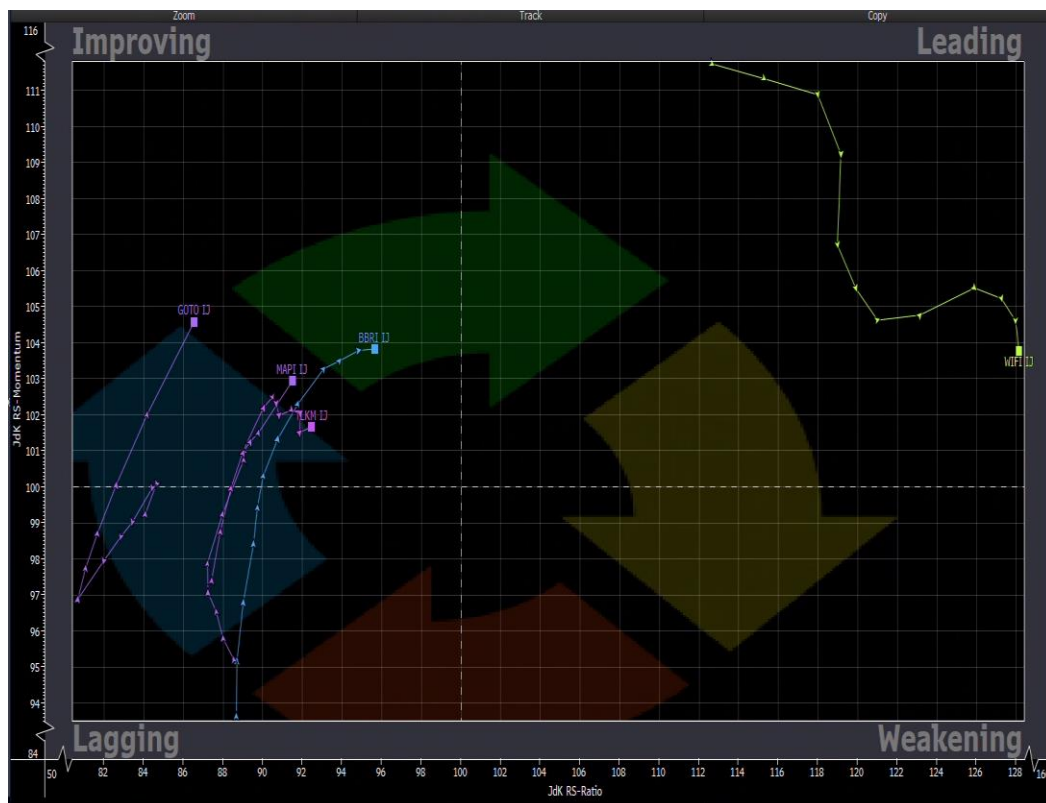
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BBCA	IDR 619.8B	ADRO	IDR 175.9B
BBRI	IDR 494.0B	ANTM	IDR 173.8B
BMRI	IDR 453.2B	AMMN	IDR 79.0B
BRIS	IDR 314.6B	TPIA	IDR 57.0B
BREN	IDR 276.8B	ASII	IDR 48.2B

Source: NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
GOTO	67-70 / 74-76	57
MAPI	1775-1805 / 1885-1900	1615
BBRI	5575-5700 / 5850 / 5975-6050	5025
TLKM	3310-3410 / 3575	2910
WIFI	294-300 / 314-316	244

Source: NHKSI Research

JCI Index

Support	7720-7760 / 7550-7580 / 7430-7460 / 7320-7380 / 7135-7185	Resistance	7900
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	19.30	Empire Manufacturing	11.5	Sep	-4.0	-4.7
16 – September							
Tuesday	US	13.00	Retail Sales Advance MoM	-	Aug	-0.2%	1.0%
17 – September	US	13.00	Industrial Production MoM	-	Aug	0.1%	-0.6%
Wednesday	US	18.00	MBA Mortgage Applications	-	Sep 13	-	1.4%
18 – September	US	19.30	Housing Starts	-	Aug	1305k	1238k
Thursday	US	19.30	FOMC Rate Decision (Upper Bound)	-	Sep 18	5.25%	5.50%
19 – September	US	19.30	Initial Jobless Claims	-	Sep 14	-	230k
	US	19.30	Existing Home Sales	-	Aug	3.90m	3.95m
Friday	JP	06.30	National CPI YoY	-	Aug	3.00%	2.80%
20 – September							

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	-
16 – September	Cum Dividend	-
Tuesday	RUPS	BEEF, HRUM
17 – September	Cum Dividend	-
Wednesday	RUPS	JSMR, LEAD, RMKE, SRIL
18 – September	Cum Dividend	-
Thursday	RUPS	TCPI
19 – September	Cum Dividend	BTON
Friday	RUPS	FASW, GUNA, WEGE
20 – September	Cum Dividend	-

Source: IDX, NHKSI Research

NH KSI 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
Finance							4.100.9							
BBCA	10.425	9.400	11.500	Overweight	10.3	14.9	1.285.1	25.1x	5.3x	22.1	2.6	9.1	11.2	0.9
BBRI	5.300	5.725	5.550	Hold	4.7	(1.9)	803.3	13.3x	2.6x	20.1	6.0	14.2	1.0	1.3
BBNI	5.625	5.375	6.125	Overweight	8.9	20.3	209.8	9.8x	1.4x	14.8	5.0	7.0	3.9	1.2
BMRI	7.275	6.050	7.775	Overweight	6.9	24.4	679.0	12.0x	2.7x	23.2	4.9	10.4	5.2	1.1
Consumer Non-Cyclicals							1.074.1							
INDF	7.100	6.450	7.400	Hold	4.2	2.9	62.3	9.7x	1.0x	10.9	3.8	2.2	(30.8)	0.5
ICBP	11.325	10.575	13.600	Buy	20.1	1.1	132.1	27.5x	3.1x	11.8	1.8	7.2	(38.3)	0.6
UNVR	2.200	3.530	3.100	Buy	40.9	(38.7)	83.9	18.6x	29.4x	132.8	6.4	(6.2)	(9.7)	0.3
MYOR	2.710	2.490	2.800	Hold	3.3	3.8	60.6	16.4x	3.9x	25.8	2.0	9.5	40.0	0.3
CPIN	4.800	5.025	5.500	Overweight	14.6	(4.0)	78.7	29.1x	2.8x	9.7	0.6	6.7	28.6	0.6
JPFA	1.540	1.180	1.400	Underweight	(9.1)	24.2	18.1	7.7x	1.2x	17.3	N/A	14.5	1700.3	1.0
AALI	6.350	7.025	8.000	Buy	26.0	(14.8)	12.2	10.3x	0.6x	5.4	3.9	9.8	36.3	0.9
TBLA	645	695	900	Buy	39.5	(23.7)	3.9	6.4x	0.5x	7.2	6.2	2.9	(10.3)	0.4
Consumer Cyclicals							482.2							
ERAA	456	426	600	Buy	31.6	(6.6)	7.3	8.1x	0.9x	12.3	3.7	14.6	14.1	0.9
MAPI	1.660	1.790	2.200	Buy	32.5	(10.0)	27.6	15.7x	2.5x	17.8	0.5	15.4	(10.9)	0.6
HRTA	386	348	590	Buy	52.8	(19.6)	1.8	5.5x	0.8x	16.5	3.9	33.5	10.8	0.4
Healthcare							297.9							
KLBF	1.705	1.610	1.800	Overweight	5.6	(4.5)	79.9	25.9x	3.6x	14.5	1.8	7.6	18.4	0.5
SIDO	680	525	700	Hold	2.9	12.4	20.4	18.4x	5.9x	33.0	4.5	14.7	35.7	0.6
MIKA	3.000	2.850	3.000	Hold	-	1.7	42.7	39.2x	7.0x	18.8	1.1	19.7	34.1	0.5
Infrastructure							2.408.68							
TLKM	3.110	3.950	4.550	Buy	46.3	(16.2)	308.1	13.1x	2.4x	18.6	5.7	2.5	(7.8)	1.0
JSMR	4.930	4.870	6.450	Buy	30.8	9.6	35.8	4.5x	1.2x	30.4	0.8	46.5	104.3	1.0
EXCL	2.320	2.000	3.800	Buy	63.8	(2.5)	30.5	18.5x	1.1x	6.3	2.1	8.2	54.0	0.9
TOWR	860	990	1.070	Buy	24.4	(17.3)	43.9	13.0x	2.5x	20.3	2.8	6.3	6.7	0.9
TBIG	1.910	2.090	2.390	Buy	25.1	(6.8)	43.3	27.0x	3.8x	14.6	3.2	4.1	5.6	0.5
MTEL	655	705	840	Buy	28.2	(14.9)	54.7	26.7x	1.6x	6.2	2.8	7.8	8.3	0.6
PTPP	448	428	1.700	Buy	279.5	(42.9)	2.9	5.2x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							427.5							
CTRA	1.310	1.170	1.450	Overweight	10.7	21.9	24.3	11.6x	1.2x	10.6	1.6	12.7	33.6	0.7
PWON	498	454	530	Overweight	6.4	10.7	24.0	12.9x	1.2x	9.9	1.8	12.6	(23.0)	0.7

Source : Bloomberg, NH KSI Research

NH KSI Stocks Coverage

Energy														1,646.3
ITMG	26.200	25.650	27.000	Hold	3.1	(7.8)	29.6	6.1x	1.1x	18.1	11.4	(19.2)	(59.3)	1.0
PTBA	2.730	2.440	4.900	Buy	79.5	(3.5)	31.5	5.8x	1.6x	28.5	14.6	4.2	(26.9)	0.9
ADRO	3.670	2.380	2.870	Sell	(21.8)	28.3	112.9	4.8x	1.0x	22.9	11.1	(14.6)	(10.4)	1.1
Industrial														376.9
UNTR	26.350	22.625	28.400	Overweight	7.8	(3.0)	98.3	5.1x	1.1x	23.9	8.6	(6.1)	(15.0)	1.0
ASII	5.075	5.650	5.175	Hold	2.0	(19.4)	205.5	6.4x	1.0x	16.7	10.2	#N/A	N/A	1.1
Basic Ind.														2,223.3
AVIA	476	500	620	Buy	30.3	(17.9)	29.5	17.9x	3.1x	16.9	4.6	3.2	0.9	0.3
SMGR	3.950	6.400	9.500	Buy	140.5	(43.4)	26.7	14.8x	0.6x	4.2	2.1	(3.6)	(42.2)	1.2
INTP	6.825	9.400	12.700	Buy	86.1	(38.0)	25.1	13.9x	1.1x	8.3	1.3	1.9	(37.0)	0.6
ANTM	1.335	1.705	1.560	Buy	16.9	(30.3)	32.1	11.7x	1.1x	10.4	9.6	7.1	(18.0)	1.2
MARK	930	610	1.010	Overweight	8.6	48.8	3.5	14.8x	4.0x	29.0	5.4	73.4	128.3	1.0
NCKL	865	1.000	1.320	Buy	52.6	(13.9)	54.6	9.9x	2.1x	24.9	3.1	25.0	(5.1)	N/A
Technology														330.0
GOTO	61	86	77	Buy	26.2	(29.9)	73.3	N/A	1.8x	(110.6)	N/A	12.4	62.9	1.7
WIFI	264	154	318	Buy	20.5	44.3	0.6	4.4x	0.7x	19.2	0.4	40.1	811.2	1.3
Transportation & Logistic														43.7
ASSA	725	790	1.100	Buy	51.7	(28.2)	2.7	16.5x	1.3x	8.9	2.8	(0.9)	78.3	1.4
BIRD	1.855	1.790	1.920	Hold	3.5	(3.9)	4.6	10.2x	0.8x	8.4	4.9	11.3	1.0	0.8

Source : Bloomberg, NH KSI Research

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