

Weekly Brief (Sep 02 – Sep 06, 2024)

Summary:

Last week review:

- **HELLO SEPTEMBER! US PCE PRICE INDEX & US GDP: INFLATION SAFELY CONTROLLED WHILE ECONOMY GROWS.** Global stocks recorded their 4th consecutive month of gains despite a massive sell-off in early August, supported by US economic data that helped the Dollar break a multi-week losing streak. The PERSONAL CONSUMPTION EXPENDITURE (PCE) PRICE INDEX - the Federal Reserve's favorite measure of inflation - rose 0.2% in July which was in line with expectations, and fell 0.1% on an annualized basis to 2.6% yoy, according to US Commerce Department data released on Friday.
- **The report also said: Consumer spending, which accounts for more than two-thirds of US economic activity, rose 0.5% last month.** This data prepares the Fed for the next stage to start easing monetary policy from September. During August, the Dow Jones Industrial Average rallied 1.8%, the S&P 500 shot up 2.3%, and the Nasdaq gained 0.6%. The MSCI world stock index recorded a monthly gain of 2.40%.
- **This stellar performance was a surprising recovery from the early August sell-off reminiscent of the October 1987 “Black Monday” that occurred when traders priced in a so-called Goldilocks scenario, where the US economy continued to grow but was not strong enough to prevent a rate cut.** The confident money market is currently pricing in the Fed's first rate cut of 25 basis points at its September meeting, with a 33% chance of a major reduction of 50 basis points.
- **The US economy grew faster than expected in the second quarter of the year due to strong consumer spending, and corporate profits, according to a report on Thursday.** US GDP 2Q came in at 3.0% qoq, stronger than the 2.8% forecast, and much better than the previous quarter's figure of 1.4% which disappointed and brought the threat of stagflation.

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- **CURRENCY:** The US DOLLAR stabilized near 1-week highs against a basket of other major currencies, on track to break its 5-week losing streak despite still posting monthly losses of around 2.5%. Against the YEN, the Dollar was at 146.14, losing more than 2.5% over the past month, as pressure on the Japanese currency eased on the prospect of narrowing interest rate differentials.
- **ASIA & EUROPE MARKETS:** MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.48% and ended the month with a 2% gain. Japan's NIKKEI, after falling in early August, fell 1.16% for the month. Core inflation in Japan's capital, TOKYO, increased for the fourth consecutive month in August, according to data released on Friday, with a 2.4% rise in prices indicating the prospect of further interest rate hikes from the BANK OF JAPAN in the near future.
- **EURO** fell 0.2% to USD 1.105, following weaker-than-expected GERMAN inflation data, while EUROZONE CPI also came in at the expected 2.2% yoy (easing from the previous month's 2.6%); raising bets on further rate cuts from the EUROPEAN CENTRAL BANK (ECB). This rate cut is necessary in order to boost the German economy as their 2Q GDP figures are starting to worry as they plunge into recession territory -0.1% qoq, from 0.2% in the previous quarter.

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- **COMMODITIES: OIL prices melted as BRENT crude oil futures for October delivery, closed down 1.43% on Friday to USD 78.80/barrel, contracting 0.3% for the week and dropping 2.4% for the month of August.** While US WTI futures closed down 3.11% to USD 73.55, down 1.7% in the last week and depreciated 3.6% in August. Oil prices were unable to crawl higher even amid news of Libya's oil field closures that led to the loss of 63% of the country's total oil production (900k to 1 million bpd), as traders weighed expectations of an OPEC+ supply hike that was due to start in October, as they begin to scale back voluntary production cuts. In contrast, GOLD prices posted a monthly gain of 2.8% and Gold spot price to USD 2,502.44/ounce.
- **JCI posted a strong monthly performance with almost 5% gain on the back of massive Foreign Net Buy of IDR 11.49 trillion (RG market) during the month of August, making the YTD foreign short position narrowed to IDR 2.89 trillion.** When compared to the highest Net Sell position last June which amounted to IDR 36 trillion, it can be concluded that over the past 3 months foreigners have spent around IDR 33 trillion on Indonesian stocks and brought JCI to 7.43%. This in turn has influenced the RUPIAH exchange rate which has appreciated 4.51% over the past month (where the lowest position touched IDR 15295/USD) and 4.78% over the past 3 months.

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This week's outlook:

- **The August employment report turn to be the main focus of the week as markets prepare for the US Federal Reserve to start cutting interest rates later this month.** Meanwhile, the Bank of Canada will cut rates again, oil prices look set to remain under pressure and China will release more manufacturing data.

Here's a look at what to expect in the markets over the next week.

- **The LABOR REPORT as usual starts with JOLTs Job Openings (Wednesday), then ADP Nonfarm Employment Change (Thursday), and the last highlight is NONFARM PAYROLL & Unemployment Rate (Friday).** Market participants believe that as the Fed prepares to cut interest rates for the first time in years, the August labor report is important to show how aggressively the central bank will move interest rates. A reading that is too low, could reignite recession fears. A reading that is high beyond expectations has the potential to disrupt the Fed's pivot plan.
- **Jerome Powell, the Fed Chairman, has signaled that it is time to start lowering interest rates, and the market has priced in at least a 25 basis point cut at the September 17-18 FOMC Meeting.** On the one hand, there are caveats around expectations of a smooth execution of this pivot as it was weighed down by strong consumer spending data released last Friday.
- **BANK OF CANADA is expected to cut interest rates again for the third consecutive time at their meeting on Wednesday.** The bank has cut the benchmark rate twice since June to bring it down to 4.5% and the market now expects two more rate cuts this year after September.

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This week's outlook:

- **OIL PRICES** recorded sizable monthly losses on expectations for an OPEC+ supply increase starting in October when they begin to scale back voluntary production cuts totaling 2.2 million barrels/day. Reuters reported on Friday that OPEC+ is sticking to plans to increase production starting next month, especially due to the closure of oil fields in Libya. Meanwhile, there is still uncertainty surrounding the Fed's interest rate cut amid sluggish global demand. As is known, lower interest rates can boost economic growth and overall oil demand.
- **CHINA:** will release August CAIXIN MANUFACTURING PMI data on Monday which is expected to return to expansion territory after contracting in July. Government data on Saturday showed that China's manufacturing activity slumped to a 6-month low in August as factory-level prices fell and factory owners struggled to secure orders, putting continued pressure on the Chinese government to issue more economic stimulus measures to boost household demand.
- Following a weak performance in the second quarter, the world's second-largest economy continued to lose momentum in July. Policymakers have indicated a shift away from their traditional strategy of investing heavily in infrastructure projects, and focusing more stimulus efforts directly on households.

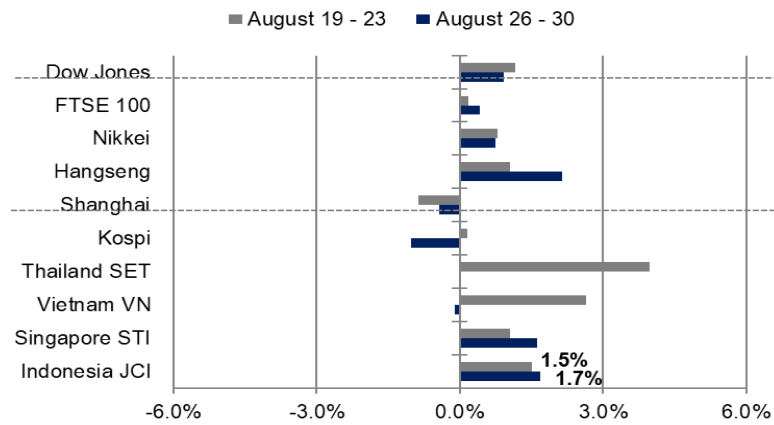
JCI Index : 7670.9 (+1.3%)

Foreign Flow : Net Buy of IDR 2.65T (Vs. last week's Net Buy of IDR 5.6T)

USD/IDR : 15,450 (-0.2%)

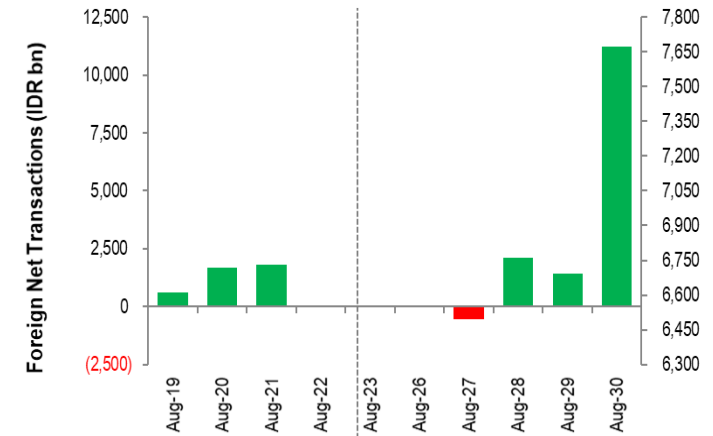
Last Week's JCI Movement

Global Market Movement



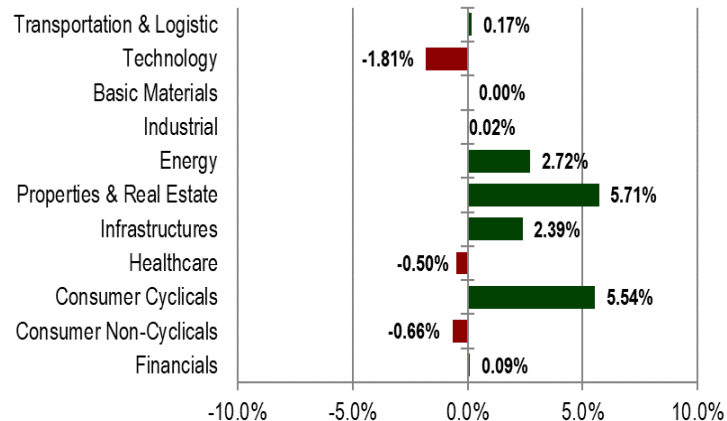
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



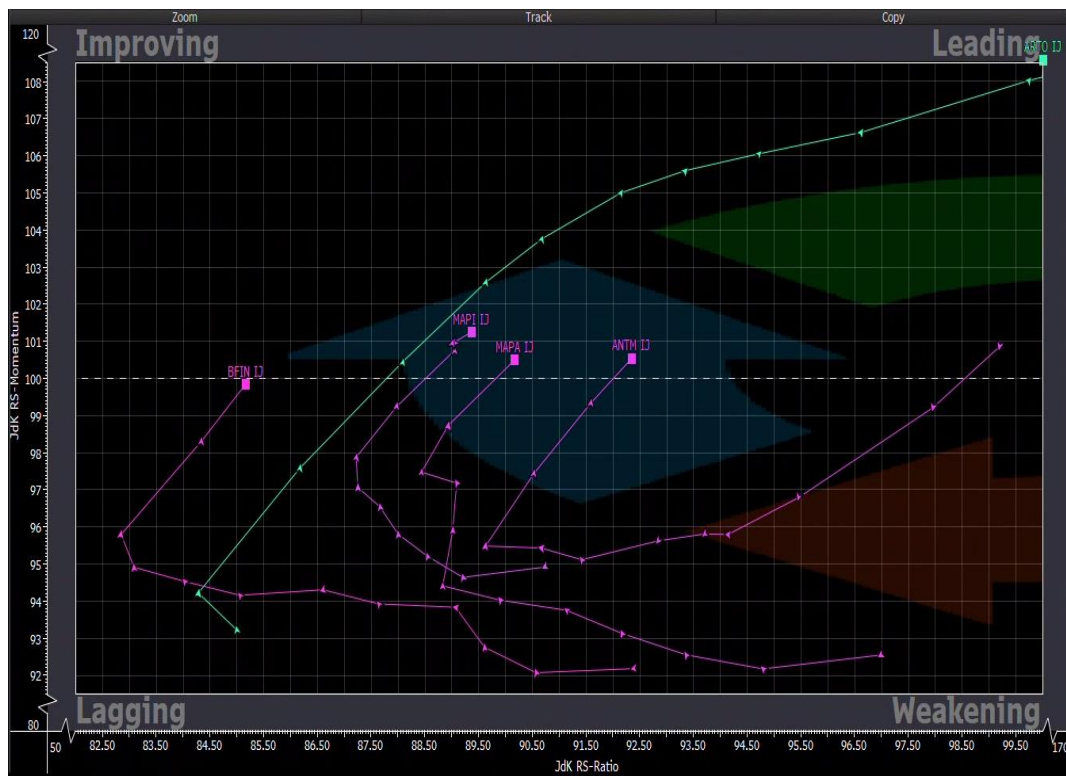
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BMRI	IDR 484.4B	ANTM	IDR 488.8B
BBRI	IDR 385.1B	PGAS	IDR 216.2B
BREN	IDR 289.4B	MBMA	IDR 45.5B
CUAN	IDR 247.1B	BRIS	IDR 44.6B
ASII	IDR 183.2B	MNCN	IDR 33.7B

Source: Bloomberg, NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ARTO	3080-3150 / 3310-3340 / 3480	2800
BFIN	1080-1110 / 1195 / 1245-1250	960
MAPA	935-945 / 990-1000 / 1040-1050	820
MAPI	1590-1615 / 1685-1700 / 1775	1470
ANTM	1440 / 1480-1525 / 1595-1645	1340

Source: NHKSI Research

JCI Index

Support	7550-7580 / 7430-7460 / 7320-7380 / 7135-7185	Resistance	7700
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	JP	07.30	Jibun Bank Japan PMI Mfg	-	Aug	-	49.5
02 – September	GE	14.55	HCOB Germany Manufacturing PMI	-	Aug F	42.1	42.1
Tuesday	US	20.45	S&P Global US Manufacturing PMI	-	Aug F	48.1	48.0
03 – September	US	21.00	ISM Manufacturing	-	Aug	47.5	46.8
Wednesday	US	18.00	MBA Mortgage Applications	-	Aug 30	-	-0.5%
04 – September	US	19.30	Trade Balance	-	July	-\$78.5B	-\$73.1
	US	21.00	Factory Orders	-	July	4.6%	-3.3%
	US	21.00	Durable Goods Order	-	Jul F	-	9.9%
Thursday	US	19.15	ADP Employment Change	-	Aug	145k	122k
05 – September	US	19.30	Initial Jobless Claims	-	Aug 31	-	231k
Friday	GE	13.00	Industrial Production SA MoM	-	Jul	-0.4%	1.4%
06 – September	US	20.45	Change In Nonfarm Payrolls	-	Aug	160k	114k
	US	21.00	Unemployment Rate	-	Aug	4.2%	4.3%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	-
02 – September	Cum Dividend	GEMS, IKBI
Tuesday	RUPS	AGRS, BCAP, BHIT, MPRO, OMED
03 – September	Cum Dividend	-
Wednesday	RUPS	ABBA, WICO
04 – September	Cum Dividend	-
Thursday	RUPS	BJBR, KRAS, RMKE, SMIL. TELE
05 – September	Cum Dividend	-
Friday	RUPS	OKAS
06 – 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							3,952.6							
BBCA	10.325	9.400	11.500	Overweight	11.4	12.2	1,272.8	24.8x	5.3x	22.1	2.6	9.1	11.2	0.9
BBRI	5.150	5.725	5.550	Overweight	7.8	(6.8)	780.5	12.9x	2.5x	20.1	6.2	14.2	1.0	1.3
BBNI	5.350	5.375	6.125	Overweight	14.5	16.3	199.5	9.4x	1.3x	14.8	5.2	7.0	3.9	1.2
BMRI	7.125	6.050	7.775	Overweight	9.1	19.2	665.0	11.8x	2.6x	23.2	5.0	10.4	5.2	1.1
Consumer Non-Cyclicals							1,038.7							
INDF	6.850	6.450	7.400	Overweight	8.0	(2.8)	60.1	9.3x	1.0x	10.9	3.9	2.2	(30.8)	0.5
ICBP	11.475	10.575	13.600	Buy	18.5	2.0	133.8	27.8x	3.2x	11.8	1.7	7.2	(38.3)	0.6
UNVR	2.270	3.530	3.100	Buy	36.6	(39.3)	86.6	19.2x	30.3x	132.8	6.2	(6.2)	(9.7)	0.3
MYOR	2.660	2.490	2.800	Overweight	5.3	0.8	59.5	16.1x	3.8x	25.8	2.1	9.5	40.0	0.3
CPIN	4.860	5.025	5.500	Overweight	13.2	(6.5)	79.7	29.5x	2.8x	9.7	0.6	6.7	28.6	0.6
JPFA	1.595	1.180	1.400	Underweight	(12.2)	22.7	18.7	8.0x	1.3x	17.3	N/A	14.5	1700.3	1.0
AALI	6.050	7.025	8.000	Buy	32.2	(20.4)	11.6	9.8x	0.5x	5.4	4.1	9.8	36.3	0.8
TBLA	635	695	900	Buy	41.7	(20.1)	3.9	6.3x	0.5x	7.2	6.3	2.9	(10.3)	0.4
Consumer Cyclicals							483.9							
ERAA	422	426	600	Buy	42.2	(13.5)	6.7	7.5x	0.9x	12.3	4.0	14.6	14.1	0.9
MAPI	1.495	1.790	2.200	Buy	47.2	(23.7)	24.8	14.1x	2.3x	17.8	0.5	15.4	(10.9)	0.5
HRTA	384	348	590	Buy	53.6	(26.2)	1.8	5.4x	0.8x	16.5	3.9	33.5	10.8	0.4
Healthcare							292.6							
KLBF	1.650	1.610	1.800	Overweight	9.1	(10.6)	77.3	25.1x	3.5x	14.5	1.9	7.6	18.4	0.5
SIDO	660	525	700	Overweight	6.1	6.5	19.8	17.8x	5.7x	33.0	4.6	14.7	35.7	0.7
MIKA	3.060	2.850	3.000	Hold	(2.0)	3.4	43.6	40.0x	7.2x	18.8	1.1	19.7	34.1	0.5
Infrastructure							2,221.61							
TLKM	3.060	3.950	4.550	Buy	48.7	(19.7)	303.1	12.9x	2.3x	18.6	5.8	2.5	(7.8)	1.0
JSMR	5.350	4.870	6.450	Buy	20.6	21.3	38.8	4.9x	1.3x	30.4	0.7	46.5	104.3	0.9
EXCL	2.230	2.000	3.800	Buy	70.4	(12.9)	29.3	17.8x	1.1x	6.3	2.2	8.2	54.0	0.9
TOWR	835	990	1,070	Buy	28.1	(20.5)	42.6	12.6x	2.4x	20.3	2.9	6.3	6.7	0.9
TBIG	1.925	2.090	2.390	Buy	24.2	(8.3)	43.6	27.2x	3.9x	14.6	3.1	4.1	5.6	0.5
MTEL	665	705	840	Buy	26.3	(9.5)	55.6	27.1x	1.6x	6.2	2.7	7.8	8.3	0.6
PTPP	454	428	1,700	Buy	274.4	(23.7)	2.9	5.3x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							388.3							
CTRA	1.300	1.170	1.450	Overweight	11.5	13.0	24.1	11.5x	1.2x	10.6	1.6	12.7	33.6	0.6
PWON	476	454	530	Overweight	11.3	3.0	22.9	12.4x	1.2x	9.9	1.9	12.6	(23.0)	0.7

NH KSI Stocks Coverage

Energy														1.667.7
ITMG	27.225	25.650	27.000	Hold	(0.8)	(6.7)	30.8	6.3x	1.1x	18.1	16.2	(19.2)	(59.3)	1.0
PTBA	2.730	2.440	4.900	Buy	79.5	(6.2)	31.5	5.8x	1.6x	28.5	14.6	4.2	(26.9)	0.9
ADRO	3.560	2.380	2.870	Sell	(19.4)	32.3	109.5	4.6x	1.0x	22.9	11.5	(14.6)	(10.4)	1.2
Industrial														382.3
UNTR	27.050	22.625	28.400	Hold	5.0	3.4	100.9	5.2x	1.1x	23.9	8.4	(6.1)	(15.0)	1.0
ASII	5.100	5.650	5.175	Hold	1.5	(20.9)	206.5	6.4x	1.0x	16.7	10.2	#N/A	N/A	1.1
Basic Ind.														2.286.6
AVIA	470	500	620	Buy	31.9	(21.0)	29.1	17.6x	3.0x	16.9	4.7	3.2	0.9	0.3
SMGR	4.010	6.400	9.500	Buy	136.9	(41.7)	27.1	15.0x	0.6x	4.2	2.1	(3.6)	(42.2)	1.2
INTP	6.900	9.400	12.700	Buy	84.1	(36.7)	25.4	14.0x	1.1x	8.3	1.3	1.9	(37.0)	0.7
ANTM	1.390	1.705	1.560	Overweight	12.2	(30.3)	33.4	12.2x	1.1x	10.4	9.2	7.1	(18.0)	1.2
MARK	910	610	1.010	Overweight	11.0	45.6	3.5	14.5x	4.0x	29.0	5.5	73.4	128.3	1.0
NCKL	910	1.000	1.320	Buy	45.1	(2.7)	57.4	10.4x	2.2x	24.9	2.9	25.0	(5.1)	N/A
Technology														283.7
GOTO	52	86	77	Buy	48.1	(42.9)	62.5	N/A	1.6x	(110.6)	N/A	12.4	62.9	1.7
WIFI	280	154	318	Overweight	13.6	50.5	0.7	4.7x	0.8x	19.2	0.4	40.1	811.2	1.3
Transportation & Logistic														41.5
ASSA	740	790	1.100	Buy	48.6	(26.0)	2.7	16.8x	1.4x	8.9	2.7	(0.9)	78.3	1.4
BIRD	1.805	1.790	1.920	Overweight	6.4	(16.8)	4.5	9.9x	0.8x	8.4	5.0	11.3	1.0	0.8

Source : Bloomberg, NH KSI Research

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