

Weekly Briefing (Sep 30 – Oct 4, 2024)

Summary:

Last week review:

- **IS THE US ECONOMY SAFE FROM RECESSION & MOVING INTO A SOFT LANDING DIRECTION IN ITS INFLATION CONTROL EFFORT?** That is the question that investors have been nervously seeking answers to over the past week. Last week started with pessimism due to the release of the preliminary PURCHASING MANAGER INDEX (Sept) forecast data by S&P GLOBAL which stated that the US Manufacturing sector continued to weaken in contraction territory, although the good news was that the Services sector tried to offset by showing growth above expectations. Then tensions rose when the US Consumer Confidence level fell to a 3-month low, in which there was data that job hunting opportunities in the US were becoming difficult. It is the current mandate of the US Federal Reserve that they believe the main task now is no longer to guard against falling inflation, but to keep the labor market solid and the economy away from recession.
- Finally, data that convinces the US is moving towards a soft-landing economy comes from the following figures: **New Home Sales (Aug)** where it managed to record above-expected new home sales, **Durable Goods Orders (Aug)** also unexpectedly strengthened above estimates, **weekly Initial Jobless Claims** recorded in a downward trend, and finally the final US GDP figure for Q2 held at 3% qoq, almost twice as high as the disappointing first quarter at (an upwardly revised level of) 1.6%. And finally, to wrap it all up, this week's eagerly awaited PCE PRICE INDEX (Aug) highlights confirmed that the US Inflation rate is safely under control at 2.2% yoy and 0.1% mom, in a fairly safe trajectory towards the Fed's 2% Inflation target. No wonder last week Wall Street was able to close the position in positive territory, with the DJI posting a gain of 0.45%, the S&P500 rising 0.34%, and the NASDAQ appreciating 0.81%; and it looks like it will also be able to close the month of September which will soon end on a positive note.

Weekly Briefing (Sep 30 – Oct 4, 2024)

Summary:

Last week review:

- CHINA was the star of the show last week after their central bank unleashed the biggest stimulus package since the Covid pandemic to pump up the country's economy, which included a 50bps reduction in the reserve requirement ratio at banks (freeing up around 1 trillion Yuan or equal to USD 142 billion to be spread as credit to corporates & the public), The PBOC also cut their 7DRR, cut mortgage interest & down payment requirements for all types of home purchases (in an effort to revive their crumbling property sector), poured in some relief funds to buy stocks and boost people's purchasing power which in turn is expected to support overall demand and combat deflation.
- **Automatically this good news immediately skyrocketed Chinese and Asian stock indices in general to 2.5 year highs, the Hong Kong Hang Seng stock exchange by 13% and the Shanghai Composite by 12.3% last week, not forgetting the price of metal commodities such as Copper & Lithium which also skyrocketed, which in fact in the last 1 year the Copper price has flown 22.74%. Not to forget, the Chinese Yuan skyrocketed to a 16-month high.**

Weekly Briefing (Sep 30 – Oct 04, 2024)

This week's outlook:

- **Investors may get some indication of the size of the Federal Reserve's next interest rate cut this week as the latest US jobs report and Fed Chairman Jerome Powell's speech are released.** Meanwhile, the final quarter of what has been a tumultuous year so far in the markets is about to begin.
- **The Fed kicked off its rate-cutting cycle with a super-sized cut of 50 basis points earlier this month, but the labor market continues to be a focal point for investors to gauge how quickly the central bank will need to lower rates in the coming months.** The Labor Department will release its September NONFARM PAYROLL report on Friday, where economists estimate that the US economy has added 144,000 jobs. Investors are keen to see if the jobs data will support expectations for a soft-landing scenario, where the Fed manages to tame inflation without adversely impacting economic growth. Weaker-than-expected data could revive concerns over the prospect of a recession, while unexpectedly strong job growth could fuel fears that the Fed will not cut rates as deeply as expected as it seeks to avoid inflationary turmoil.
- **FED CHAIRMAN JEROME POWELL's comments are also eagerly awaited on the economic outlook before the National Business Economics Association on Monday.** Deutsche Bank analysts said in a note on Friday that they expect Powell's comments to largely justify a rate cut of greater choice due to the apparent restraint on Inflation, as well as the mandate shifting this time to support for the labor market. Investors will also get a chance to hear from several other Fed officials during the week, including regional Fed presidents Bowman, Bostic, Barkin and Williams.

Weekly Briefing (Sep 30 – Oct 04, 2024)

This week's outlook:

- Preceding Friday's NONFARM PAYROLL report, Tuesday's JOLTS JOB OPENINGS (Aug) report and Wednesday's ADP UNEMPLOYMENT CHANGE data on hiring in the private sector will provide a broad view of the state of the labor market.
- **THE FOURTH QUARTER OF THE YEAR 2024** is about to begin on Tuesday after a turbulent few months in the markets. August was a volatile month with the unwinding of the Yen carry trade occurring at about the same time as the Magnificent 7 tech bulls collapsed and recession fears increased after July's US labor report turned out to be weaker than expected. Stocks have rallied to new record highs, while the Japanese Yen is on course to achieve its best quarterly performance since the 2008 global financial crisis; global lending rates and OIL prices have fallen nearly 15%; and CHINA has opened the largest stimulus tap since the Covid pandemic. Q4 will be dominated by the US ELECTION in November between Donald Trump and Kamala Harris so more volatility is likely.
- EUROZONE will release September Inflation data on Tuesday, which will be closely watched as EUROPEAN CENTRAL **BANK officials consider whether to cut interest rates again in October**. Economists expect the annual inflation rate to reach 1.9%, falling below the ECB's 2% target for the first time since June 2021 thanks to lower energy prices, although it is expected to rise again in the final months of the year. Investors are now pricing in the chance of a 25 basis point rate cut in October, which they said was unlikely last week as eurozone business activity unexpectedly contracted in September, sparking concerns the ECB is behind the curve.

Weekly Briefing (Sep 30 – Oct 04, 2024)

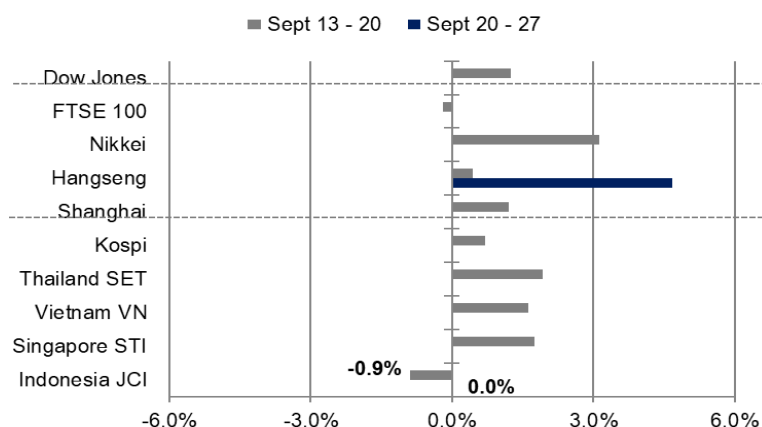
This week's outlook:

- **JAPAN'S markets may be volatile to close the quarter, as investors react to news that former defense minister Shigeru Ishiba will become the country's new prime minister.** Ishiba has been a vocal critic of the Bank of Japan's aggressive monetary easing in the past, but said on Sunday that policy must remain accommodative to support the fragile economic recovery. There will also be a number of PMI data from Europe & Asia to be released this week.
- **INDONESIA: as usual, at the first day of every month, inflation figures (this time Sept) as well as the Nikkei Manufacturing PMI (also for Sept) will be released.**
- **OIL prices closed higher on Friday but fell on the week as traders weighed expectations for higher global supply, on the back of fresh stimulus from the largest crude importer, China.** On a weekly basis, BRENT closed down around 3%, while US WTI was around 5%. China's central bank on Friday announced new stimulus measures aimed at returning economic growth to this year's target of around 5%. However, concerns about excess supply emerged following reports that OPEC+ will continue their plan to increase production by 180,000 bpd each month starting in December. While escalating CENTRAL EAST CONFLICT, which increases the risk of supply disruptions, continues to underpin the oil market. Energy traders will be watching labor market data closely in the coming days as interest rate cuts typically boost economic activity and energy demand.

JCI Index : 7,697 (-0.6%)
Foreign Flow : Net Sell of IDR 4.31T (Vs. last week's Net Buy of IDR 5.37T)
USD/IDR : 15,120 (-0.4%)

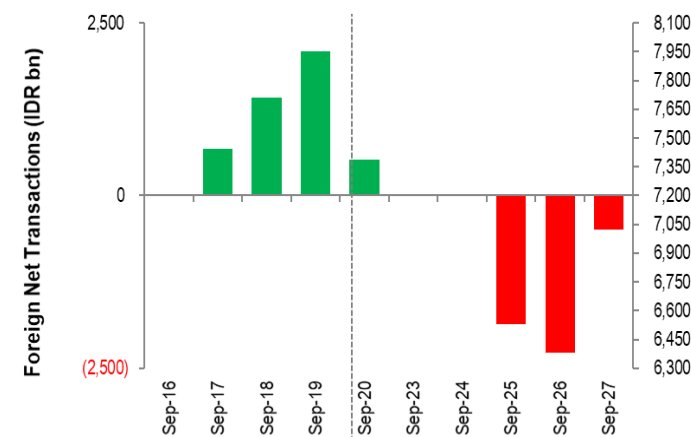
Last Week's JCI Movement

Global Market Movement



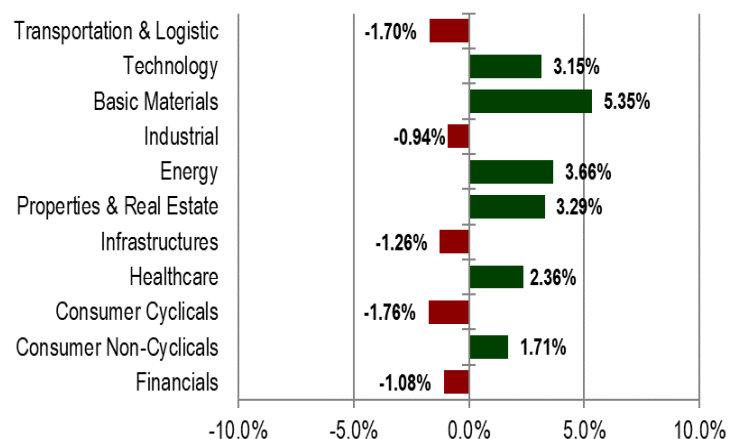
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



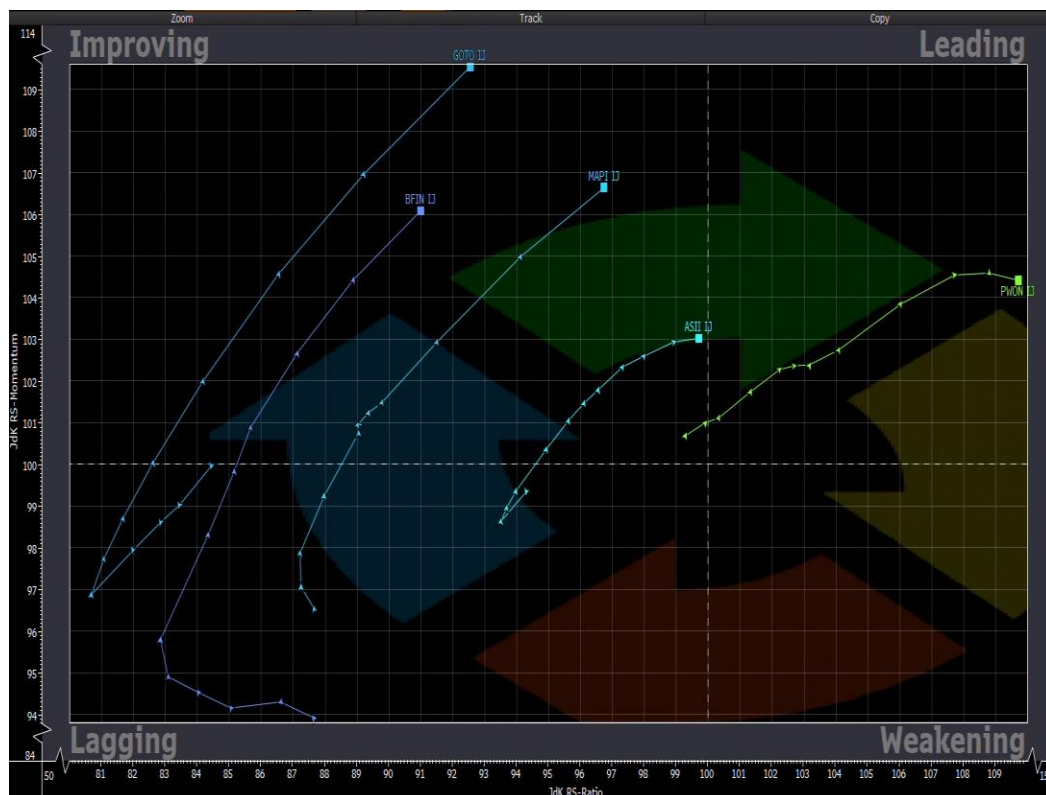
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
ADRO	IDR 309.6B	BBRI	IDR 3.9T
ASII	IDR 302.5B	BREN	IDR 1.0T
TPIA	IDR 178.7B	BMRI	IDR 919.2B
ICBP	IDR 133.2B	BBCA	IDR 541.4B
TLKM	IDR 123.7B	AMMN	IDR 212.3B

Source: NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
GOTO	74-76 / 81 / 91-92	<66
BFIN	1080-1120 / 1200-1215	930
MAPI	1900-1925 / 2000-2050	1760
PWON	555-560 / 580-585 / 600-615	494
ASII	5300-5400 / 5700-5750	4900

Source: NHKSI Research

JCI Index

Support	7720-7760 / 7550-7580 / 7430-7460 / 7320-7380 / 7040-7100	Resistance	7880-7900
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	20.45	MNI Chicago PMI	-	Sep	46.8	46.1
30 – September							
Tuesday	US	20.45	S&P Global US Manufacturing PMI	-	Sep F	47.0	47.0
01 – October	US	21.00	ISM Manufacturing	-	Sep	47.6	47.2
Wednesday	US	18.00	MBA Mortgage Applications	-	Sep 27	-	11.0%
02 – October	US	19.15	ADP Employment Change	-	Sep	123k	99k
Thursday	US	19.30	Initial Jobless Claims	-	Sep 28	-	218k
03 – October	US	21.30	Factory Orders	-	Aug	0.2%	5.0%
	US	21.00	Durable Goods Orders	-	Aug F	-	0.0%
	US	21.00	ISM Services Index	-	Sep	51.5	51.5
Friday	US	19.30	Change in Nonfarm Payrolls	-	Sep	140k	142k
04 – October	US	19.30	Unemployment Rate	-	Sep	4.2%	4.2%

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	UANG
30 – September	Cum Dividend	-
Tuesday	RUPS	CBPE, MAPB, TFAS
01 – October	Cum Dividend	-
Wednesday	RUPS	DGNS & HEXA
02 – October	Cum Dividend	-
Thursday	RUPS	AMAG
03 – October	Cum Dividend	AALI
Friday	RUPS	DEAL, FILM
04 – October	Cum Dividend	-

Source: IDX, 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							4,120.1							
BBCA	10.650	9.400	11.500	Overweight	8.0	20.0	1,312.9	25.6x	5.5x	22.1	2.5	9.1	11.2	0.9
BBRI	5.100	5.725	5.550	Overweight	8.8	(2.4)	773.0	12.8x	2.5x	20.1	6.3	14.2	1.0	1.3
BBNI	5.450	5.375	6.125	Overweight	12.4	7.7	203.3	9.5x	1.4x	14.8	5.1	7.0	3.9	1.2
BMRI	7.050	6.050	7.775	Overweight	10.3	17.5	658.0	11.7x	2.6x	23.2	5.0	10.4	5.2	1.2
Consumer Non-Cyclicals							1,106.7							
INDF	7.175	6.450	7.400	Hold	3.1	6.3	63.0	9.8x	1.0x	10.9	3.7	2.2	(30.8)	0.5
ICBP	12.650	10.575	13.600	Overweight	7.5	15.0	147.5	30.7x	3.5x	11.8	1.6	7.2	(38.3)	0.6
UNVR	2.270	3.530	3.100	Buy	36.6	(39.8)	86.6	19.2x	30.3x	132.8	6.2	(6.2)	(9.7)	0.4
MYOR	2.930	2.490	2.800	Hold	(4.4)	14.5	65.5	17.7x	4.2x	25.8	1.9	9.5	40.0	0.3
CPIN	4.800	5.025	5.500	Overweight	14.6	(10.7)	78.7	29.1x	2.8x	9.7	0.6	6.7	28.6	0.5
JPFA	1.455	1.180	1.400	Hold	(3.8)	12.4	17.1	7.3x	1.2x	17.3	N/A	14.5	1700.3	1.0
AALI	6.700	7.025	8.000	Buy	19.4	(11.6)	12.9	10.8x	0.6x	5.4	3.7	9.8	36.3	0.8
TBLA	650	695	900	Buy	38.5	(25.3)	4.0	6.5x	0.5x	7.2	6.2	2.9	(10.3)	0.4
Consumer Cyclicals							477.2							
ERAA	454	426	600	Buy	32.2	2.3	7.2	8.0x	0.9x	12.3	3.7	14.6	14.1	0.8
MAPI	1.830	1.790	2.200	Buy	20.2	3.1	30.4	17.3x	2.8x	17.8	0.4	15.4	(10.9)	0.6
HRTA	396	348	590	Buy	49.0	(10.8)	1.8	5.6x	0.9x	16.5	3.8	33.5	10.8	0.4
Healthcare							311.7							
KLBF	1.735	1.610	1.800	Hold	3.7	(1.1)	81.3	26.4x	3.7x	14.5	1.8	7.6	18.4	0.5
SIDO	665	525	700	Overweight	5.3	13.7	20.0	18.0x	5.8x	33.0	4.6	14.7	35.7	0.6
MIKA	3.200	2.850	3.000	Underweight	(6.3)	19.0	45.6	41.8x	7.5x	18.8	1.1	19.7	34.1	0.6
Infrastructure							1,825.98							
TLKM	3.050	3.950	4.550	Buy	49.2	(18.0)	302.1	12.8x	2.3x	18.6	5.9	2.5	(7.8)	1.1
JSMR	4.930	4.870	6.450	Buy	30.8	13.3	35.8	4.5x	1.2x	30.4	0.8	46.5	104.3	0.9
EXCL	2.310	2.000	3.800	Buy	64.5	(2.1)	30.3	18.4x	1.1x	6.3	2.1	8.2	54.0	0.9
TOWR	855	990	1,070	Buy	25.1	(10.9)	43.6	12.9x	2.5x	20.3	2.8	6.3	6.7	0.9
TBIG	1.900	2.090	2.390	Buy	25.8	(5.5)	43.0	26.8x	3.8x	14.6	3.2	4.1	5.6	0.5
MTEL	645	705	840	Buy	30.2	(5.8)	53.9	26.3x	1.6x	6.2	2.8	7.8	8.3	0.6
PTPP	446	428	1,700	Buy	281.2	(42.1)	2.9	5.2x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							468.3							
CTRA	1.375	1.170	1.450	Overweight	5.5	36.1	25.5	12.2x	1.2x	10.6	1.5	12.7	33.6	0.7
PWON	515	454	530	Hold	2.9	19.2	24.8	13.4x	1.3x	9.9	1.7	12.6	(23.0)	0.7

Source : Bloomberg, NHKS Research

NHKS Stock Coverage

Energy					1.661.9									
ITMG	26.500	25.650	27.000	Hold	1.9	(6.6)	29.9	6.2x	1.1x	18.1	11.2	(19.2)	(59.3)	0.9
PTBA	3.140	2.440	4.900	Buy	56.1	12.1	36.2	6.7x	1.9x	28.5	12.7	4.2	(26.9)	0.9
ADRO	3.910	2.380	2.870	Sell	(26.6)	36.2	120.3	5.2x	1.1x	22.9	10.5	(14.6)	(10.4)	1.2
Industrial					389.3									
UNTR	27.700	22.625	28.400	Hold	2.5	(2.1)	103.3	5.3x	1.2x	23.9	8.2	(6.1)	(15.0)	0.9
ASII	5.100	5.650	5.175	Hold	1.5	(17.1)	206.5	6.4x	1.0x	16.7	10.2	(1.5)	(9.0)	1.1
Basic Ind.					2.232.9									
AVIA	510	500	620	Buy	21.6	(8.9)	31.6	19.1x	3.3x	16.9	4.3	3.2	0.9	0.3
SMGR	3.850	6.400	9.500	Buy	146.8	(41.2)	26.0	14.4x	0.6x	4.2	2.2	(3.6)	(42.2)	1.2
INTP	6.850	9.400	12.700	Buy	85.4	(32.0)	25.2	13.9x	1.1x	8.3	1.3	1.9	(37.0)	0.6
ANTM	1.470	1.705	1.560	Overweight	6.1	(19.2)	35.3	12.9x	1.2x	10.4	8.7	7.1	(18.0)	1.2
MARK	970	610	1.010	Hold	4.1	55.2	3.7	15.4x	4.2x	29.0	5.2	73.4	128.3	0.8
NCKL	900	1.000	1.320	Buy	46.7	(20.4)	56.8	10.3x	2.2x	24.9	3.0	25.0	(5.1)	N/A
Technology					345.8									
GOTO	70	86	77	Overweight	10.0	(18.6)	84.1	N/A	2.1x	(110.6)	N/A	12.4	62.9	1.7
WIFI	258	154	424	Buy	64.3	41.8	0.6	4.3x	0.7x	19.2	0.4	40.1	811.2	1.2
Transportation & Logistic					44.0									
ASSA	745	790	1.100	Buy	47.7	(25.1)	2.7	16.9x	1.4x	8.9	2.7	(0.9)	78.3	1.4
BIRD	1.960	1.790	1.920	Hold	(2.0)	(3.0)	4.9	10.8x	0.9x	8.4	4.6	11.3	1.0	0.8

Source : Bloomberg, NHKS Research

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