

## Weekly Briefing (Oct 7 – Oct 11, 2024)

### Summary:

### Last week review:

- **US JOBS REPORT (Sept) CONFIRMS US ECONOMY IS FAR FROM RECESSION.** After the 2Q US GDP which was entrenched at 3.0%, a double gain from the previous quarter, the US PAYROLL report reinforced the assumption that the US economy is running in a **soft-landing scenario rather than heading into recession**. Starting from JOLTS JOB OPENINGS which stated that there were 8.04 million new job openings in Aug, then followed by ADP NONFARM EMPLOYMENT CHANGE and NONFARM PAYROLLS which both showed September actual figures that were greater than expected and also from the previous month. Thus it was concluded that the UNEMPLOYMENT RATE (Sept) fell 0.1% to 4.1%. Despite the loose labor market, the AVERAGE HOURLY EARNINGS growth in Sept could still be higher than expected.
- **Not only from the labor report, the ISM SERVICES PMI stated that the sector is still faithfully supporting the US economy in expansionary territory, when the MANUFACTURING PMI is still stumbling in the sub-50 area (contraction) in September.**
- **EUROPEAN & ASIAN MARKETS: CHINESE PMI also shows the same symptoms, the Services sector supporting the Composite PMI is still in expansionary territory even though Manufacturing is still struggling to get out of the contraction situation.** Economic weakness was also felt in EUROPE starting from the second quarter, when UK 2Q GDP fell 0.2% to 0.5% qoq compared to the first quarter. GERMAN CPI is estimated to have experienced deflation on an annualized basis in Sept, preliminary estimates say that Inflation came in at 1.6% yoy which is lower than expectations of 1.7% and the previous month's 1.9%. Similarly, EUROZONE CPI (Sept) also deflated in Sept to 1.8%, even lower than the ECB Target of 2%. The European Manufacturing PMI was no better with most regions still struggling to break out of contraction, apart from the UK.

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- What is interesting to note is the performance of the HONGKONG HANG SENG & SHANGHAI Composite stock exchanges which have strengthened greatly over the past week, helped by the CHINA government stimulus where among the many stimulus packages disbursed there are loan / funding funds to buy shares. That automatically boosted the HSI 7.6% and SSEC 16.5% last week! As for them, they were also the “culprit” of the diversion of foreign funds out of the Indonesian market, which shrunk their YTD net long position to only IDR 216 billion. RUPIAH also slumped to mid-August lows, especially after strong US labor data will further minimize hopes of a rate cut in a more aggressive variant in Nov, strengthening USD & US TREASURY YIELD position at the moment.
- **COMMODITY:** News of the escalating MIDDLE EAST CONFLICT further colored the energy commodity market. On Friday, IRAN's Supreme Leader Ayatollah Ali Khamenei appeared in public for the first time since his country launched missile attacks. He called for more anti-Israel struggle. Iran will target Israeli energy and gas installations if Israel attacks them, Iran's semi-official news agency SNN quoted deputy Revolutionary Guard commander Ali Fadavi as saying. Commodity analyst JP MORGAN thinks that for ISRAEL itself, an attack on Iran's energy facilities is not a favorite action that Israel will choose. However, low levels of global oil inventories suggest that prices will rise until the conflict is resolved, they added. Citing data from ship tracking service Kpler, they said that supply is below last year's level when BRENT traded at USD 92 and at 4.4 billion barrels is the lowest ever recorded. Commodity brokerage firm StoneX estimates that OIL prices could jump between USD 3 and USD 5 per barrel if Iran's oil infrastructure is targeted. Iran is an OPEC+ member with production of about 3.2 million barrels per day or 3% of global production. The group's spare production capacity should allow other members to increase production if Iranian supply is disrupted, thus limiting oil price gains, Rystad analysts said on Thursday. Supply concerns have also eased in LIBYA. The country's eastern-based government and Tripoli-based National Oil Corp on Thursday said all oil fields and export terminals reopened after a dispute over the central bank's leadership was resolved.

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- **INDONESIA recorded a September Inflation rate of 1.84% yoy (down from 2.12% in Aug), which is the fifth consecutive month of deflation since May. In a broader perspective, this deflation clearly shows that the working class has no more money to spend.** Economists see this as an obstacle for INDONESIA's GDP to maintain its 5% level if it relies solely on public spending. To overcome this problem, the president and vice president-elect, Prabowo Subianto and Gibran Rakabuming Raka, are asked to take quick steps when they are inaugurated. Among other things, by providing incentives to market operations so that MSME products remain attractive to the public to re-evaluating downstream policies in capital-intensive sectors that are considered to have no impact on employment.

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### This week's outlook:

Berikut adalah gambaran tentang apa yang terjadi di pasar untuk minggu mendatang:

- **US INFLATION data for September will be highly anticipated this week after Friday's stronger-than-expected labor report calmed investors worried that the US economy was heading into recession.** The FEDERAL RESERVE will publish its September meeting minutes, the FINANCIAL REPORTING SEASON is underway, and OIL prices look set to remain volatile amid escalating CENTRAL EAST CONFLICT. The US DOLLAR along with the US TREASURY YIELD all surged higher on Friday, reflecting a broad vote of investor confidence in the US economy. What will investors look forward to after the DOLLAR INDEX (DXY) rose more than 2% on the week, its best week in more than two years; BRENT LOW OIL futures surged 9% on the week for its best week since January 2023; and the DJIA ended at a record closing high?
- **US CPI: US INFLATION data for September due on Thursday is expected to show that price pressures continued to ease at the end of the third quarter. The data, which comes after Friday's strong jobs report is likely to shape expectations around the size and pace of Fed Fund Rate cuts in the coming months.** Friday is followed by US PPI which is also expected to show more benign inflation. The data will likely convince the Fed that inflation is on a sustainable path to return to the 2% target. Recall that in the “dot plot” released after the September FOMC MEETING, almost half of the participants thought that a total cut of 50-75 bps by the end of the year would be appropriate, meaning only 0-25 bps of cuts remain this year.

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- **FED MEETING MINUTES:** The Fed will publish the minutes of its September meeting on Wednesday with investors looking for indications on how officials view the pace of easing going forward. Additional insights into the factors that led policymakers to reach consensus around the 50bps cut will also be noteworthy. Investors will also get a chance to hear statements from several US central bank officials during the week, including Neel Kashkari, Raphael Bostic, Adriana Kugler, and Lorie Logan. Also, weekly Initial Jobless Claims are always awaited every Thursday.
- **The 3rd quarter FINANCIAL REPORT season is about to begin, which will be a test for the stock market that is hanging at record highs and trading at lofty valuations. Major financial companies including JPMorgan Chase, Wells Fargo, and BlackRock will all report on Friday.** Bank performance provides an important view of the economy, including the strength of credit/loan demand. Investors will also be looking for signs of whether the massive interest rate cut by the Fed last month is already affecting the economy through increased car sales or purchases of other big-ticket items. Other companies reporting results during the week include PepsiCo and Delta Air Lines. Optimistic investors hope that the performance of these companies will justify the higher valuations in the stock market. The S&P 500 is up 20% so far this year and is trading near record highs despite recent volatility triggered by rising geopolitical tensions in the Middle East.

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### This week's outlook:

- **OIL PRICES:** rose on Friday and closed with the biggest weekly gain in over a year due to the rising threat of war across the region in the Middle East, although the gains were limited as **US President Joe Biden prevented Israel from targeting Iranian oil facilities**. Israel vowed to attack Iran for launching a barrage of missiles into Israel last Tuesday after it killed the leader of Iran-backed Hezbollah. The events led oil analysts to warn clients about the potential for a wider escalation of war in the Middle East. On a weekly basis, BRENT crude rose more than 8%, the highest in a week since January 2023. US WTI rose 9.1% over the past week, the highest since March 2023. IRAN is an OPEC+ member with production of about 3.2 million barrels per day or 3% of global production. The group's spare production capacity should allow other members to increase production if Iranian supply is disrupted, thus limiting oil price gains.
- **ASIAN MARKETS:** Aside from Japan's Household Spending news to be released on Tuesday, the **Asian economic calendar does not have much to offer this week**. Furthermore, CHINA, SOUTH KOREA, & JAPAN's Foreign Exchange Reserves (September) are also being monitored by market participants, along with INDONESIA which is due to be announced today. Perhaps more data from Indonesia is scheduled: Consumer Confidence (Sept), Retail Sales (Aug), Motorbike & Car Sales (Sept).

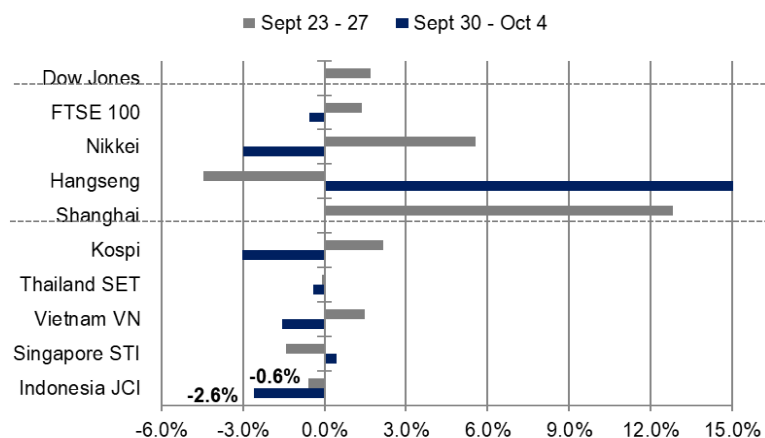
JCI Index : 7,496.2 (-0.7%)

Foreign Flow : Net Sell of IDR 4.47T (Vs. last week's Net Sell of IDR 4.31T )

USD/IDR : 15,480 (+3.4%)

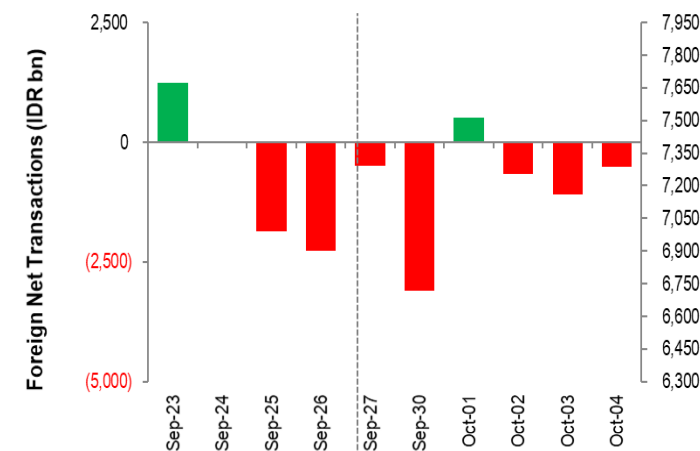
# Last Week's JCI Movement

## Global Market Movement



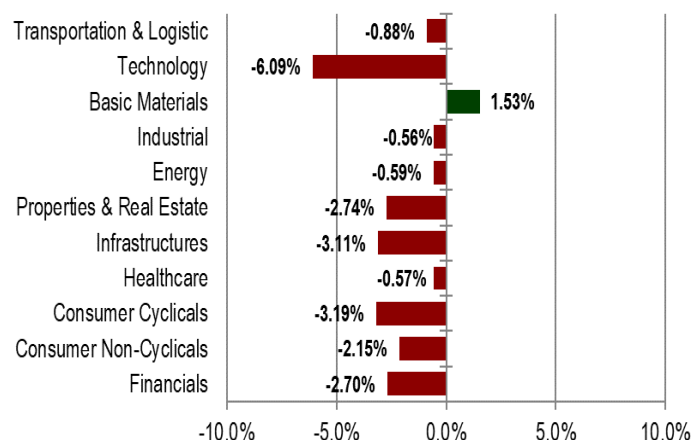
Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

## JCI Sector Movement



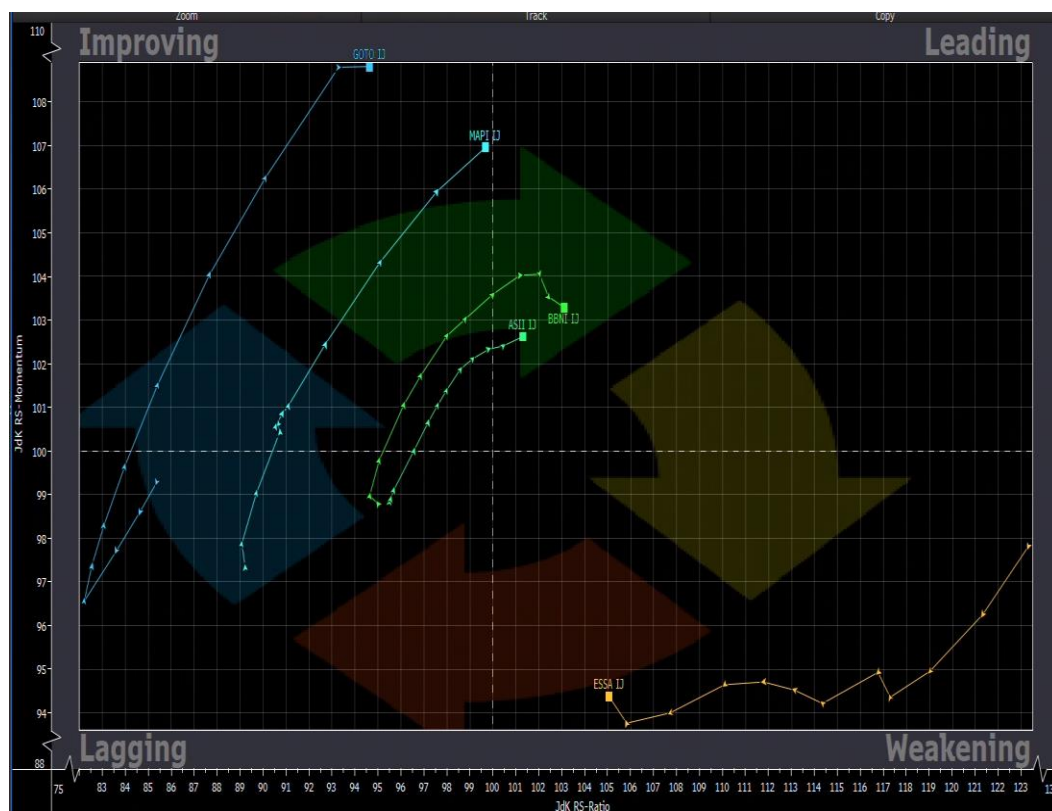
Source: Bloomberg, NHKSI Research

## JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
ASII	IDR 326.6B	BBRI	IDR 2.7T
ANTM	IDR 146.5B	BBCA	IDR 856.2B
MDKA	IDR 93.8B	BMRI	IDR 563.1B
SMGR	IDR 87.7B	ADRO	IDR 277.0B
MIKA	IDR 62.0B	TLKM	IDR 178.3B

Source: NHKSI Research

# Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ASII	5375-5425 / 5650-5750 / 5900-6000	4975
GOTO	70-74 / 81 / 91-92	55
MAPI	1775-1800 / 1880-1900 / 2000	1600
ESSA	1050-1075 / 1130-1150	845
BBNI	5500 / 5750-5825 / 6000	<5200

Source: NHKSI Research



# JCI Index

Support	7435-7460 / 7335-7375 / 7040-7100	Resistance	7880-7900 / 7720-7760 / 7525-7580
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Source: NHKSI Research

# Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
<b>Monday</b>	GE	13.00	Factory Orders MoM	-	Aug	-2.0%	2.9%
07 – October	US	20.45	MNI Chicago PMI	-	Sep	46.8	46.1
<b>Tuesday</b>	GE	13.00	Industrial Production SA MoM	-	Aug	0.8%	-2.4%
08 – October	US	19.30	Trade Balance	-	Aug	-USD 70.5B	-USD 78.8B
<b>Wednesday</b>	US	18.00	MBA Mortgage Applications	-	Oct 04	-	-1.3%
09 – October							
<b>Thursday</b>	JP	06.50	PPI YoY	-	Sep	2.3%	2.5%
10 – October	US	19.30	Initial Jobless Claims	-	Oct 5	230k	225k
	US	19.30	CPI MoM	-	Sep	0.1%	0.2%
	US	19.30	CPI YoY	-	Sep	2.3%	2.5%
<b>Friday</b>	GE	13.00	CPI EU Harmonized YoY	-	Sep F	1.8%	1.8%
11 – October	US	19.30	PPI Final Demand MoM	-	Sep	0.1%	0.2%
	US	21.00	University of Michigan Sentiment	-	Oct P	70.5	70.1

**Source: Bloomberg, NHKSI Research**

# Corporate Action Calendar

Date	Event	Company
<b>Monday</b>	RUPS	IKAI
07 – October	Cum Dividend	UNTR
<b>Tuesday</b>	RUPS	EPAC, NETV
08 – October	Cum Dividend	-
<b>Wednesday</b>	RUPS	EAST, DGNS, RUNS, TRIS, WOMF
09 – October	Cum Dividend	PPGL
<b>Thursday</b>	RUPS	-
10 – October	Cum Dividend	AUTO, SICO
<b>Friday</b>	RUPS	MTMH, NAYS
11 – October	Cum Dividend	ASII, MEDC

**Source: IDX, NHKSI Research**

# NHKSJ 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
<b>Finance</b>							4.022.3							
BBCA	10.475	9.400	11.500	Overweight	9.8	13.9	1.291.3	25.2x	5.4x	22.1	2.6	9.1	11.2	0.9
BBRI	4.860	5.725	5.550	Overweight	14.2	(7.4)	736.6	12.2x	2.4x	20.1	6.6	14.2	1.0	1.3
BBNI	5.325	5.375	6.125	Buy	15.0	2.7	198.6	9.3x	1.3x	14.8	5.3	7.0	3.9	1.2
BMRI	6.950	6.050	7.775	Overweight	11.9	13.5	648.7	11.5x	2.6x	23.2	5.1	10.4	5.2	1.2
<b>Consumer Non-Cyclicals</b>							1.076.6							
INDF	7.050	6.450	7.400	Hold	5.0	4.4	61.9	9.6x	1.0x	10.9	3.8	2.2	(30.8)	0.5
ICBP	12.125	10.575	13.600	Overweight	12.2	8.3	141.4	29.4x	3.4x	11.8	1.6	7.2	(38.3)	0.6
UNVR	2.170	3.530	3.100	Buy	42.9	(39.4)	82.8	18.4x	29.0x	132.8	6.5	(6.2)	(9.7)	0.3
MYOR	2.880	2.490	2.800	Hold	(2.8)	13.8	64.4	17.4x	4.1x	25.8	1.9	9.5	40.0	0.3
CPIN	4.760	5.025	5.500	Buy	15.5	(12.7)	78.1	28.9x	2.8x	9.7	0.6	6.7	28.6	0.5
JPFA	1.445	1.180	1.400	Hold	(3.1)	9.9	16.9	7.2x	1.1x	17.3	N/A	14.5	1700.3	1.0
AALI	6.600	7.025	8.000	Buy	21.2	(10.2)	12.7	10.7x	0.6x	5.4	3.8	9.8	36.3	0.8
TBLA	645	695	900	Buy	39.5	(24.6)	3.9	6.4x	0.5x	7.2	6.2	2.9	(10.3)	0.4
<b>Consumer Cyclicals</b>							473.2							
ERAA	436	426	600	Buy	37.6	4.8	7.0	7.7x	0.9x	12.3	3.9	14.6	14.1	0.8
MAPI	1.655	1.790	2.200	Buy	32.9	(14.2)	27.5	15.7x	2.5x	17.8	0.5	15.4	(10.9)	0.6
HRTA	464	348	590	Buy	27.2	16.6	2.1	6.6x	1.0x	16.5	3.2	33.5	10.8	0.4
<b>Healthcare</b>							309.9							
KLBF	1.740	1.610	1.800	Hold	3.4	(1.4)	81.6	26.4x	3.7x	14.5	1.8	7.6	18.4	0.5
SIDO	640	525	700	Overweight	9.4	14.3	19.2	17.3x	5.5x	33.0	4.8	14.7	35.7	0.6
MIKA	3.180	2.850	3.000	Underweight	(5.7)	14.0	45.3	41.6x	7.4x	18.8	1.1	19.7	34.1	0.6
<b>Infrastructure</b>							1.721.02							
TLKM	2.880	3.950	4.550	Buy	58.0	(23.8)	285.3	12.1x	2.2x	18.6	6.2	2.5	(7.8)	1.1
JSMR	4.880	4.870	6.450	Buy	32.2	19.3	35.4	4.4x	1.2x	30.4	0.8	46.5	104.3	0.9
EXCL	2.250	2.000	3.800	Buy	68.9	(5.1)	29.5	17.9x	1.1x	6.3	2.2	8.2	54.0	0.9
TOWR	850	990	1.070	Buy	25.9	(10.5)	43.4	12.8x	2.5x	20.5	2.8	6.5	10.3	0.9
TBIG	1.890	2.090	2.390	Buy	26.5	(5.0)	42.8	26.7x	3.8x	14.6	3.2	4.1	5.6	0.5
MTEL	605	705	840	Buy	38.8	(8.3)	50.5	24.7x	1.5x	6.2	3.0	7.8	8.3	0.6
PTPP	450	428	1.700	Buy	277.8	(33.3)	2.9	5.3x	0.2x	4.6	N/A	9.3	50.0	1.8
<b>Property &amp; Real Estate</b>							459.9							
CTRA	1.300	1.170	1.450	Overweight	11.5	29.4	24.1	11.5x	1.2x	10.6	1.6	12.7	33.6	0.7
PWON	486	454	530	Overweight	9.1	13.6	23.4	12.6x	1.2x	9.9	1.9	12.6	(23.0)	0.7

Source : Bloomberg, NHKSJ Research

## NHKS Stock Coverage

Energy					1.658.2									
ITMG	25.975	25.650	27.000	Hold	3.9	(4.5)	29.3	6.0x	1.1x	18.1	11.5	(19.2)	(59.3)	0.9
PTBA	2.990	2.440	4.900	Buy	63.9	11.2	34.4	6.4x	1.8x	28.5	13.3	4.2	(26.9)	0.9
ADRO	3.810	2.380	2.870	Sell	(24.7)	43.2	117.2	4.9x	1.1x	22.9	10.7	(14.6)	(10.3)	1.1
Industrial					388.9									
UNTR	27.275	22.625	28.400	Hold	4.1	2.6	101.7	5.2x	1.1x	23.9	8.3	(6.1)	(15.0)	0.9
ASII	5.150	5.650	5.175	Hold	0.5	(15.2)	208.5	6.5x	1.0x	16.7	10.1	(1.5)	(9.0)	1.1
Basic Ind.					2.130.1									
AVIA	482	500	620	Buy	28.6	(13.2)	29.9	18.1x	3.1x	16.9	4.6	3.2	0.9	0.3
SMGR	4.030	6.400	9.500	Buy	135.7	(36.0)	27.2	15.1x	0.6x	4.2	2.1	(3.6)	(42.2)	1.2
INTP	6.825	9.400	12.700	Buy	86.1	(31.9)	25.1	13.9x	1.1x	8.3	1.3	1.9	(37.0)	0.6
ANTM	1.525	1.705	1.560	Hold	2.3	(12.4)	36.6	13.4x	1.3x	10.4	8.4	7.1	(18.0)	1.1
MARK	1.075	610	1.010	Underweight	(6.0)	76.2	4.1	17.1x	4.7x	29.0	4.7	73.4	128.3	0.8
NCKL	915	1.000	1.320	Buy	44.3	(8.5)	57.7	10.4x	2.3x	24.9	2.9	25.0	(5.1)	N/A
Technology					334.8									
GOTO	60	86	77	Buy	28.3	(26.8)	72.1	N/A	1.8x	(110.6)	N/A	12.4	62.9	1.7
WIFI	264	154	424	Buy	60.6	45.1	0.6	4.4x	0.7x	19.2	0.4	40.1	811.2	1.2
Transportation & Logistic					43.8									
ASSA	735	790	1.100	Buy	49.7	(19.7)	2.7	16.7x	1.4x	8.9	2.7	(0.9)	78.3	1.4
BIRD	1.860	1.790	1.920	Hold	3.2	(9.7)	4.7	10.2x	0.8x	8.4	4.9	11.3	1.0	0.8

Source : Bloomberg, NHKSI Research

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