

Weekly Briefing (Oct 21 – Oct 25, 2024)

Summary:

Last week review:

- **US ECONOMY GOES SMOOTHLY TOWARDS SOFT-LANDING, WHILE CHINA'S ECONOMY SLOWS DOWN.** Earnings sentiment and solid economic data managed to support gains in the Technology stock sector in particular, and across all three of Wall Street's benchmark indices, such that all three managed to secure their sixth consecutive weekly gain, the longest streak of weekly gains since late 2023. For the past week, the S&P 500 gained 0.9%, the Nasdaq Composite advanced 0.8%, and the Dow Jones Industrial Average jumped 1%. Magnificent Seven technology stocks, which have driven much of Wall Street's rally this year, helped prop it up. Economic indicators said Retail Sales (Sept) rose strongly, Initial Jobless Claims also declined as expected; Philadelphia Fed Manufacturing Index skyrocketed to a 3-month high, from 1.7 in Sept to 10.3 in Oct.
- **ASIA & EUROPE MARKETS: CHINA'S economy grew at the slowest pace since early 2023 in the third quarter.** The economy grew 4.6% yoy in July-September, above the 4.5% forecast in a Reuters poll but below the 4.7% pace in the second quarter. Industrial output and retail sales increased and exceeded expectations, but the property sector remained mired in a downturn. Chinese stocks jumped 3.6%, however, as investors focused on the start of Beijing's two stimulus measures that will initially pump as much as 800 billion Yuan (USD 112.38 billion) into equity markets.

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- **EUROPE** has felt the impact of China's slowdown, with weakness in **GERMANY** one of the factors that prompted the **EUROPEAN CENTRAL BANK** to cut interest rates by **25 basis points to 3.25% on Thursday**. The gap between **US TREASURY YIELD** and **GERMAN EUROZONE** jumped to its highest point since late June as investors started to factor in more ECB rate cuts. Speaking of Inflation, both **EUROZONE** and **UK** reported **CPI (Sept)** slid lower than expected, both to **1.7% yoy**, further below both central banks' Target of **2%**.
- **INDONESIA: JCI** closed the last week of **Joko Widodo's 7th presidential administration up 2.65%**, and **garnered Foreign Net Buy of IDR 1.77 trillion (RG market)**. **RUPIAH** exchange rate was at **15,462/USD**. Last week also reported the **52nd consecutive Trade Balance surplus** but with a weaker **Export - Import** growth note. On the one hand, **Foreign Direct Investment** in **Q3** rose **18.6%** (highest in 6 months); compared to **16.6%** in **Q2**. **BI RDG** on **Wednesday** announced **BI7DRR** to stay at **6.0%** in order to maintain the stability of **Rupiah** exchange rate.

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This week's outlook:

Here's a look at what's happening in the markets for the coming week:

- **EARNINGS SEASON: Tesla will be the first tech company of the Magnificent Seven to report earnings this week.** Global financial leaders will gather in Washington and Oil prices look set to remain volatile. The S&P 500 is trading at nearly 22 times forward earnings - along with high expectations of corporate results and potential volatility surrounding the upcoming US presidential election, could leave stocks vulnerable to a decline. Semiconductor and related equipment stocks account for 11.5% of the S&P 500's weight. Other names due to report earnings this week include Coca-Cola, IBM, General Motors and Verizon.
- **ECONOMIC INDICATORS: This week will be a relatively quiet week in the US economic calendar, but investors will get an update on the health of the housing sector with reports due on existing and new home sales.** There are also reports on durable goods orders, consumer sentiment and initial jobless claims. On Wednesday, the Fed will publish the Beige Book, a report on economic conditions in the central bank's 12 districts. Market participants will also get a chance to hear from several regional Fed officials during the week, including Minneapolis Fed President Neel Kashkari, Kansas City Fed President Jeffrey Schmid, San Francisco Fed President Mary Daly, Philadelphia Fed President Patrick Harker and Richmond Fed President Thomas Barkin.
- **IMF MEETING: Global central bank chiefs and finance ministers will gather in Washington starting Monday for the annual meetings of the International Monetary Fund and World Bank to discuss how countries can tackle low growth and high debt.** Last week the IMF warned that global public debt is expected to surpass USD 100 trillion by the end of this year, driven by the US and China. High debt levels can trigger adverse market reactions and limit budgetary efforts to react to economic shocks, the IMF said.

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- **Meanwhile, RUSSIAN President Vladimir Putin will host a summit of BRICS leaders starting Tuesday, as the Kremlin seeks support in its standoff with the West. Russia said leaders from Brazil, India, China, South Africa, Egypt, the UAE and Saudi Arabia, which account for a third of global economic output, will be there.**
- **COMMODITIES: OIL prices look set to remain depressed after dropping around 7% last week as energy traders parsed a gloomy demand outlook for major importer China and ongoing conflicts in the Middle East.** BRENT closed more than 7% lower, while US WTI crude futures fell about 8%, marking the biggest weekly decline since early September. The combination of economic weakness in China along with the move towards transportation electrification looks set to weigh on the demand outlook, analysts said. Meanwhile, uncertainty remains over how the MIDDLE EAST CONFLICT will evolve. US President Joe Biden said on Friday that there is an opportunity to deal with Israel and Iran in a way that could potentially end their conflict in the Middle East for the time being. However, Lebanon's Hezbollah militant group said on Friday that it would escalate its fight against Israeli forces, dashing hopes that the death of Hamas leader Yahya Sinwar would hasten an end to the escalating war in the region.
- **INDONESIA: This week's important domestic data is the Q3-2024 Banking Survey to be released by Bank Indonesia, as well as the development of Money Circulation in September.** This Monday, the public will focus their attention on the Inauguration of Ministers, Deputy Ministers, and Ministerial-Level Officials of the Red and White Cabinet of President Prabowo Subianto's Government.

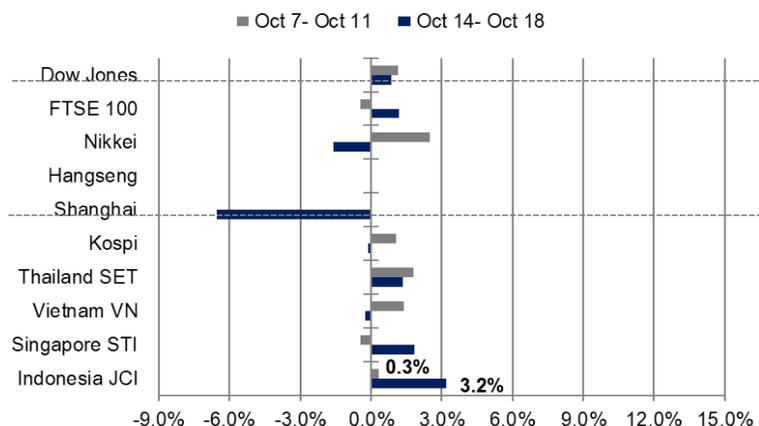
JCI Index : 7,760.2 (+2.7%)

Foreign Flow : Net Buy of IDR 1.22T (Vs. last week's Net Sell of IDR 2.32T)

USD/IDR : 15,575 (-1.07%)

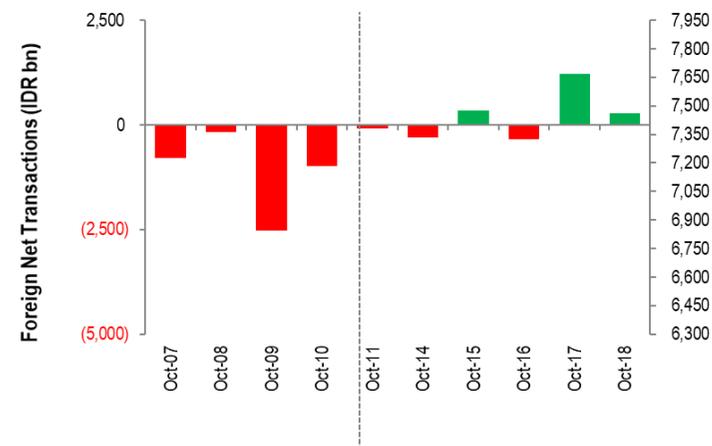
Last Week's JCI Movement

Global Market Movement



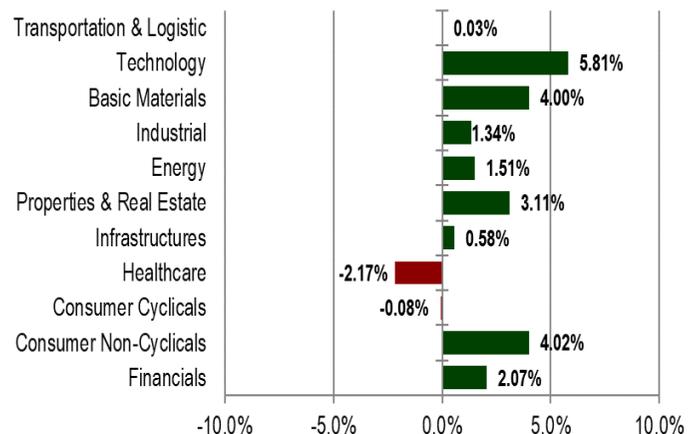
Source: Bloomberg, NHKSI Research

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 432.9B	BBRI	IDR 576.4B
TLKM	IDR 428.2B	ADRO	IDR 130.4B
BBNI	IDR 319.7B	AMMN	IDR 122.8B
BMRI	IDR 252.7B	INKP	IDR 82.0B
INDF	IDR 111.6B	ASII	IDR 64.5B

Source: NHKSI Research

Stocks Recommendation



Stocks	TP	SL
ANTM	1725-1815 / 1845-1860	1560
BBRI	5225-5300 / 5475-5525	4760
INCO	4240 / 4335-4400 / 4560-4600	4020
EMTK	456-462 / 474-478 / 494-500	420
SCMA	138-140 / 149-152 / 160	124

Source: Bloomberg, NHKSI Research

Source: NHKSI Research

JCI Index

Support	7525-7555 / 7435-7460 / 7335-7375 / 7040-7100	Resistance	7880-7900 / 7720-7760
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	US	21.00	Leading Index	-	-	-	-
21 – October							
Tuesday	-	-	-	-	-	-	-
22 – October							
Wednesday	US	21.00	Existing Home Sales	-	Sep	3.90m	3.86m
23 – October	US	18.00	MBA Mortgage Applications	-	Oct 18	-	-17.0%
Thursday	US	19.30	Initial Jobless Claims	-	Oct 19	259k	258k
24 – October	US	20.45	S&P Global US Manufacturing PMI	-	Oct P	-	47.3
	US	21.00	New Home Sales	-	Sep	713k	716k
Friday	US	19.30	Durable Goods Order	-	Sep P	-1.0%	0.0%
25 – October	US	21.00	University of Michigan Sentiment	-	Oct F	69.5	68.9

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	-
21—October	Cum Dividend	JPFA
Tuesday	RUPS	BEBS, MAHA
22 – October	Cum Dividend	-
Wednesday	RUPS	BEER, KDSI, TPIA
23 – October	Cum Dividend	-
Thursday	RUPS	AMAR, GMFI, INAF
24 – October	Cum Dividend	-
Friday	RUPS	AKSI, BNGA, RONY, SUDI, TOWR
25 – October	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							4.105.0							
BBCA	10.750	9.400	11.500	Overweight	7.0	21.5	1.325.2	25.8x	5.5x	22.1	2.5	9.1	11.2	0.9
BBRI	4.970	5.725	5.550	Overweight	11.7	(3.5)	753.2	12.4x	2.4x	20.1	6.4	14.2	1.0	1.3
BBNI	5.650	5.375	6.125	Overweight	8.4	10.2	210.7	9.9x	1.4x	14.8	5.0	7.0	3.9	1.1
BMRI	7.175	6.050	7.775	Overweight	8.4	22.6	669.7	11.9x	2.6x	23.2	4.9	10.4	5.2	1.1
Consumer Non-Cyclicals							1.107.1							
INDF	7.425	6.450	7.400	Hold	(0.3)	9.2	65.2	10.1x	1.1x	10.9	3.6	2.2	(30.8)	0.5
ICBP	12.800	10.575	13.600	Overweight	6.3	20.5	149.3	31.1x	3.6x	11.8	1.6	7.2	(38.3)	0.5
UNVR	2.330	3.530	3.100	Buy	33.0	(39.0)	88.9	19.7x	31.1x	132.8	6.0	(6.2)	(9.7)	0.3
MYOR	2.670	2.490	2.800	Hold	4.9	-	59.7	16.1x	3.8x	25.8	2.1	9.5	40.0	0.3
CPIN	5.100	5.025	5.500	Overweight	7.8	(4.7)	83.6	31.0x	3.0x	9.7	0.6	6.7	28.6	0.5
JPFA	1.610	1.180	1.400	Underweight	(13.0)	25.8	18.9	8.1x	1.3x	17.3	N/A	14.5	1700.3	1.0
AALI	6.775	7.025	8.000	Buy	18.1	(3.2)	13.0	11.0x	0.6x	5.4	3.7	9.8	36.3	0.7
TBLA	670	695	900	Buy	34.3	(23.0)	4.1	6.7x	0.5x	7.2	6.0	2.9	(10.3)	0.4
Consumer Cyclicals							473.9							
ERAA	460	426	600	Buy	30.4	8.5	7.3	8.1x	1.0x	12.3	3.7	14.6	14.1	0.8
MAPI	1.750	1.790	2.200	Buy	25.7	(7.7)	29.1	16.6x	2.7x	17.8	0.5	15.4	(10.9)	0.7
HRTA	478	348	590	Buy	23.4	11.7	2.2	6.8x	1.0x	16.5	3.1	33.5	10.8	0.2
Healthcare							311.9							
KLBF	1.715	1.610	1.800	Hold	5.0	(5.0)	80.4	26.1x	3.6x	14.5	1.8	7.6	18.4	0.5
SIDO	670	525	700	Hold	4.5	15.5	20.1	18.1x	5.8x	33.0	4.6	14.7	35.7	0.6
MIKA	2.920	2.850	3.000	Hold	2.7	4.3	41.6	38.2x	6.8x	18.8	1.2	19.7	34.1	0.6
Infrastructure							1.779.66							
TLKM	3.100	3.950	4.550	Buy	46.8	(17.3)	307.1	13.0x	2.4x	18.6	5.8	2.5	(7.8)	1.1
JSMR	4.830	4.870	6.450	Buy	33.5	5.0	35.1	4.4x	1.2x	30.4	0.8	46.5	104.3	0.9
EXCL	2.290	2.000	3.800	Buy	65.9	(0.4)	30.1	18.2x	1.1x	6.3	2.1	8.2	54.0	0.8
TOWR	810	990	1.070	Buy	32.1	(10.5)	41.3	12.2x	2.4x	20.5	3.0	6.5	11.1	0.9
TBIG	1.880	2.090	2.390	Buy	27.1	(3.8)	42.6	26.6x	3.8x	14.6	3.2	4.1	5.6	0.4
MTEL	645	705	840	Buy	30.2	(1.5)	53.9	26.3x	1.6x	6.2	2.8	7.8	8.3	0.7
PTPP	474	428	1.700	Buy	258.6	(32.3)	3.1	5.5x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							507.6							
CTRA	1.400	1.170	1.450	Hold	3.6	35.9	25.9	12.4x	1.3x	10.6	1.5	12.7	33.6	0.8
PWON	500	454	530	Overweight	6.0	19.0	24.1	13.0x	1.2x	9.9	1.8	12.6	(23.0)	0.8

Source : Bloomberg, NH KSI Research

NH KSI Stocks Coverage

Energy														1,690.7
ITMG	25.925	25.650	27.000	Hold	4.1	(6.9)	29.3	6.0x	1.1x	18.1	11.5	(19.2)	(59.3)	0.9
PTBA	3.050	2.440	4.900	Buy	60.7	12.1	35.1	6.5x	1.8x	28.5	13.0	4.2	(26.9)	1.0
ADRO	3.780	2.380	2.870	Sell	(24.1)	33.1	116.3	4.9x	1.1x	22.9	10.8	(14.6)	(10.3)	1.2
Industrial														375.3
UNTR	26.725	22.625	28.400	Overweight	6.3	1.6	99.7	5.1x	1.1x	23.9	8.4	(6.1)	(15.0)	1.1
ASII	4.920	5.650	5.175	Overweight	5.2	(15.5)	199.2	6.2x	1.0x	16.7	10.5	(1.5)	(9.0)	1.1
Basic Ind.														2,204.8
AVIA	505	500	620	Buy	22.8	(2.9)	31.3	19.0x	3.2x	16.9	4.4	3.2	0.9	0.2
SMGR	4.520	6.400	9.500	Buy	110.2	(29.4)	30.5	16.9x	0.7x	4.2	1.9	#N/A	N/A	1.1
INTP	7.825	9.400	12.700	Buy	62.3	(21.0)	28.8	15.9x	1.3x	8.3	1.2	1.9	(37.0)	0.6
ANTM	1.625	1.705	1.560	Hold	(4.0)	(12.2)	39.0	14.3x	1.3x	10.4	7.9	7.1	(18.0)	1.1
MARK	1.070	610	1.010	Underweight	(5.6)	84.5	4.1	17.0x	4.7x	29.0	4.7	73.4	128.3	0.9
NCKL	915	1.000	1.320	Buy	44.3	(7.1)	57.7	10.4x	2.3x	24.9	2.9	25.0	(5.1)	N/A
Technology														345.9
GOTO	68	86	77	Overweight	13.2	7.9	81.7	N/A	2.0x	(110.6)	N/A	12.4	62.9	1.7
WIFI	356	154	424	Buy	19.1	104.6	0.8	5.9x	1.0x	19.2	0.3	40.1	811.2	1.1
Transportation & Logistic														44.0
ASSA	775	790	1.100	Buy	41.9	(10.4)	2.9	17.6x	1.4x	8.9	2.6	(0.9)	78.3	1.3
BIRD	2.060	1.790	1.920	Underweight	(6.8)	(8.8)	5.2	11.3x	0.9x	8.4	4.4	11.3	1.0	0.9

Source : Bloomberg, NH KSI Research

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