

Weekly Briefing (Oct 28 – Nov 1, 2024)

Summary:

Last week review:

- **US ECONOMIC STRENGTH DEBUNKS MARKET PARTICIPANTS' CONCERNS AHEAD OF US PRESIDENTIAL ELECTION & MIDDLE EAST CONFLICT ESCALATION.** The rally in US stocks started to feel a little shaky in the face of a series of events that were quite market-shaking, starting from the release of the 3rd quarter corporate performance report, the approaching US ELECTION, the potential escalation of the Middle East Conflict; while anxiously awaiting the US PAYROLL data for the month of Oct which will be released next week. Only NASDAQ closed with a gain last week. The Tech-dominated index rose 0.16%, while the S&P500 fell 0.96% and the DJIA plunged 2.68%. The Dow Jones index slumped on the back of falling Banking stocks, with Goldman Sachs dropping 2.27%, plus fast food chain McDonald's shares shedding 2.97% as it faced an E. coli outbreak linked to its hamburgers. Meanwhile, bank stocks have risen in advance in anticipation of Trump's increased probability of victory in the US election.
- **As noted, the benchmark S&P 500 index is up about 22% this year, but has come off its highs in recent days.** It's reasonable if the equity is at a high valuation at the moment, making the position vulnerable to a correction if one of the short-term market events emerges that does not meet expectations. The P/E ratio of the S&P 500 index currently stands at 21.8 (compared to JCI's 18.4 times), close to its highest level in more than 3 years, according to LSEG Datastream. The CBOE VOLATILITY INDEX, an indicator of market "skittishness", last ticked up to around 19, after dropping below 15 late last month.

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- On the upside, a number of US ECONOMIC INDICATORS further reassured the US is far from recession, as both New Home Sales and Existing Home Sales for Sept were recorded steady, suggesting the health of the property sector is safely under control. INITIAL JOBLESS CLAIMS also showed that Americans who filed unemployment claims in the last week, fell below estimates. This was coupled with increasing expansion in both the US Manufacturing and Services sectors, according to figures compiled by S&P GLOBAL PMI (Oct). Last but not least, Durable Goods Orders (Sept) declined less than expected.
- In terms of FINANCIAL REPORTS, Tesla was the first company of the MAGNIFICENT SEVEN to report results, its shares surging on Thursday after CEO Elon Musk said that he expects vehicle sales to grow 20% to 30% next year.
- The benchmark 10-year US TREASURY YIELD rose to its highest level in 3 months last week, reflecting expectations of a potentially less dovish Fed as well as the possibility of increased spending under the next president. Bets on a DONALD TRUMP victory have increased in poll markets in recent weeks, with Republicans seen favoring tariff policies that could cause inflation to heat up again.

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- **COMMODITIES:**

Both OIL price contracts have risen 4% last week in volatile trading as markets factor in uncertainty surrounding the extent of ISRAEL's response to the IRAN missile attack on October 1, and the outcome of next month's US ELECTION. Regarding the CENTRAL EAST CONFLICT, Dozens of Israeli jets completed three waves of pre-dawn strikes on Saturday against missile factories and other locations near Tehran and in western Iran, but all apparently missed Iran's energy infrastructure. Thus, the geopolitical risk premium that had built up in oil prices in anticipation of Israeli retaliatory strikes has dissipated, analysts said.

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This week's outlook:

As always at the end of the month, it will be a week full of movement in the markets with US jobs and GDP data as well as a number of earnings reports from Tech giants. With markets in the final stretch before the US ELECTION plus the volatility of the FEDERAL RESERVE meeting in November, volatility looks set to continue.

- **NONFARM PAYROLL DATA** on Friday is expected to show that job growth slowed to 111,000 in October, reflecting the impact of strikes at Boeing, Textron, and Hilton Hotels; as well as weather-related disruptions from Hurricanes Helene and Milton. The **UNEMPLOYMENT RATE** is expected to remain unchanged at 4.1%. THE FED has signaled its intention to cut the FED FUND RATE by 25 basis points at the November FOMC MEETING after a 50 basis points cut in September, but this week's economic data could still influence the decision. The labor data will be preceded by JOLTS JOB OPENINGS on Tuesday for Sept, followed by the usual INITIAL JOBLESS CLAIMS on Thursday which will be closely watched for any sign of weakness in the labor market.
- **Other key data releases** that the US central bank will be watching this week are the first estimate of third quarter US GDP on Wednesday and Personal Spending data on Thursday, as well as the highlight being the **PCE PRICE index which is the Fed's favorite Inflation measure**. Economists estimate that the US economy expanded at an annualized rate of 3% in the third quarter of this year, similar to the growth rate in the second quarter. The economic calendar also features October data on consumer confidence and business sentiment, a report on pending home sales and the Institute for Supply Management will release its October manufacturing index. Federal Reserve officials will communicate ahead of the November 7 FOMC MEETING.

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- **EARNINGS SEASON:** 5 of the "Magnificent Seven" tech stocks that have played a significant role in driving the market up over the past few years will report earnings this week. Google parent Alphabet will report on Tuesday, followed by Microsoft and Facebook parent Meta Platforms on Wednesday, and Apple and Amazon on Thursday. These companies have a huge influence on the market due to their huge market value. They together account for 23% of the S&P 500's weight, which means the market's reaction to their earnings results could affect the index as a whole in the days ahead.
- **COMMODITIES:** while traders are monitoring developments in the MIDDLE EAST CONFLICT, they are also waiting for more clarity on CHINA'S STIMULUS POLICY, although analysts do not expect the measures to provide a major boost to oil demand.
- **ASIAN MARKETS:- JAPAN:** Wednesday's election and Bank of Japan decision. Prime Minister Shigeru Ishiba lost his parliamentary majority in the country's general election. Ishiba's Democratic Liberal Party has ruled Japan for most of its post-war history, so the market's initial reaction to a political earthquake of this magnitude could trigger a sell-off in the Yen and Japanese stocks, as well as a rise in Japanese government bond prices. More broadly, this shock could undermine political stability and continuity, leading many analysts to say that the Bank of Japan needs to conduct monetary policy. The BOJ will set interest rates on Wednesday.

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- **October PMI DATA in continental Asia, especially CHINA is in the spotlight after the stimulus sentiment that was stirred up, although the impact on the market is also starting to fade.** Chinese stocks edged up 0.8% last week, rallying after a tumultuous few weeks. Meanwhile, figures on Sunday showed industrial profits in China plunged 27.1% in September from a year earlier, the sharpest decline this year. Asian stocks were more broadly weaker last week, with MSCI's Asia outside Japan index down nearly 2%, its third consecutive weekly decline. Japan's benchmark Nikkei 225 index fell 2.7% for a second consecutive weekly decline as investors reduced risk exposure ahead of Sunday's general election.
- **INDONESIA as usual will look forward to Inflation data on the first day of November.**
- **CURRENCY & FIXED INCOME: BARCLAYS analysts expect, the US DOLLAR is likely to remain strong, and US interest rates are likely to remain high,** creating a less favorable backdrop for emerging market assets. But with so many event risks looming, not least the US Presidential election on November 5, there may be a limit to how high Treasury yields can rise this week.

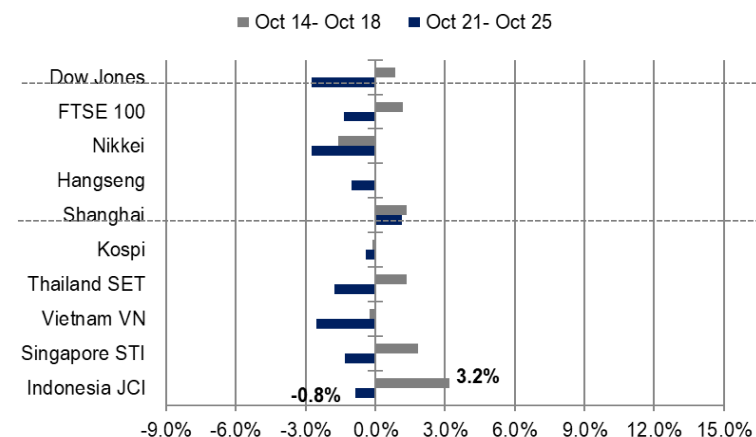
JCI Index : 7,694.66 (-0.7%)

Foreign Flow : Net Sell of IDR 1.75T (Vs. last week's Net Buy of IDR 1.22T)

USD/IDR : 15,635 (+0.38%)

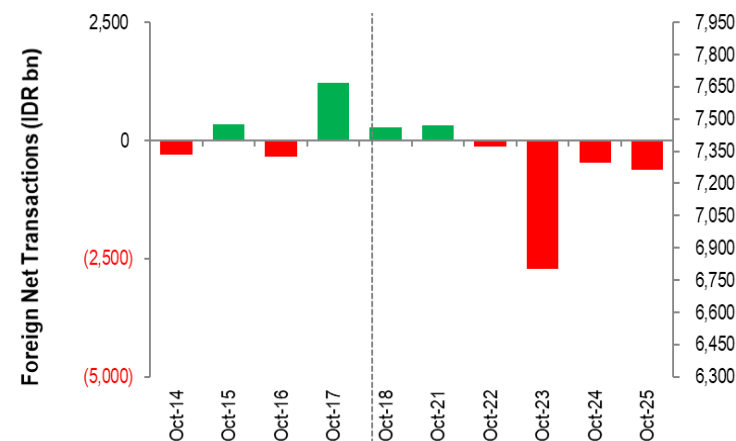
Last Week's JCI Movement

Global Market Movement



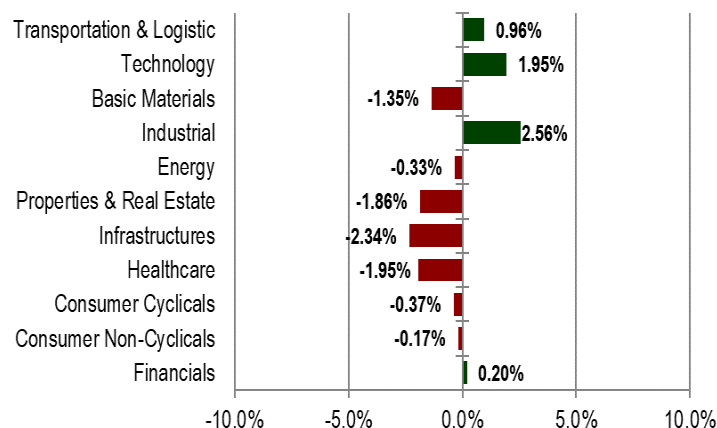
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



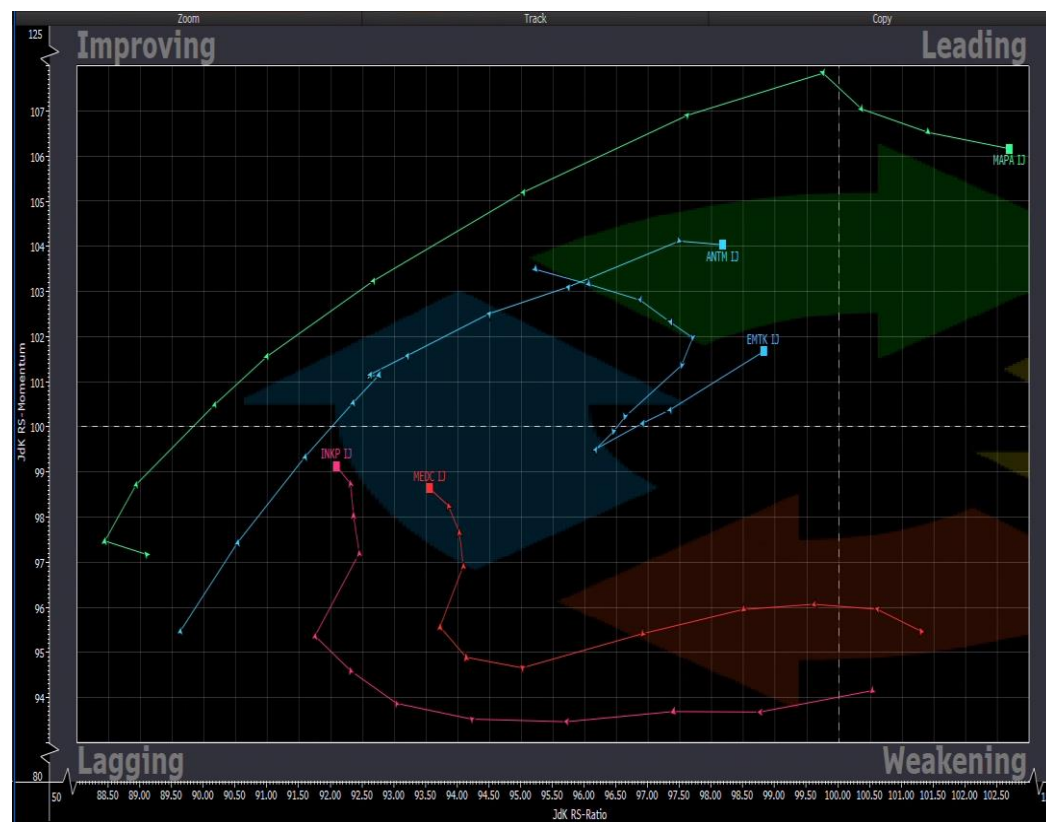
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
ASII	IDR 479.9B	BBRI	IDR 1.7T
BBNI	IDR 332.2B	TLKM	IDR 357.6B
INDF	IDR 184.4B	BMRI	IDR 96.1B
GOTO	IDR 170.9B	MDKA	IDR 95.1B
ANTM	IDR 98.7B	INKP	IDR 68.7B

Source: NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
ANTM	1690-1700 / 1725-1765 / 1800-1815	1565
MAPA	960 / 990-1010 / 1045-1055	860
EMTK	530 / 590-600	454
MEDC	1400-1440 / 1465-1500	1275
INKP	8650-8850 / 8975-9000	7600

Source: NHKSI Research

JCI Index

Support	7435-7475 / 7320-7350 / 7040-7100	Resistance	7880-7900 / 7740-7800
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Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	-	-	-	-	-	-	-
28 – October							
Tuesday	JP	06.30	Jobless Rate	-	Sep	2.5%	2.5%
29 – October	US	21.00	Conf Board Consumer Confidence	-	Oct	98.8	98.7
Wednesday	US	18.00	MBA Mortgage Applications	-	Oct 25	-	-6.7%
30 – October	US	18.00	ADP Employment Change	-	Oct	98k	143k
	US	18.00	GDP Annualized QoQ	-	3Q A	-	3.0%
Thursday	US	19.30	Initial Jobless Claims	-	Oct 26	-	227k
31 – October	US	20.45	MNI Chicago PMI	-	Oct P	-	46.6
	US	20.45	Personal Income	-	Oct P	0.4%	0.2%
	US	21.00	Personal Spending	-	Sep	0.4%	0.2%
Friday	US	19.30	Change in Nonfarm Payrolls	-	Oct	120k	254k
01 – November	US	19.30	Unemployment Rate	-	Oct	4.1%	4.1%
	US	20.45	S&P Global US Manufacturing PMI	-	Oct F	-	47.8
	US	21.00	ISM Manufacturing	-	Oct	47.6	47.2

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	BSIM, DGNS, GMFI, POLA, SMMA, SOUL
28—October	Cum Dividend	-
Tuesday	RUPS	-
29 – October	Cum Dividend	-
Wednesday	RUPS	CNTX
30 – October	Cum Dividend	CNMA
Thursday	RUPS	ABDA, BAPI, INPP, KLAS, NCKL, NINE, TNCA
31 – October	Cum Dividend	DVLA
Friday	RUPS	BMSR, UCID
01 – November	Cum Dividend	-

Source: IDX, NHKSI Research

NHKSII 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							4.087.0							
BBCA	10.700	9.400	11.500	Overweight	7.5	21.9	1.319.0	24.8x	5.2x	21.7	2.5	9.9	12.9	0.9
BBRI	4.820	5.725	5.550	Buy	15.1	(5.5)	730.5	12.1x	2.4x	20.1	6.6	14.2	1.0	1.3
BBNI	5.625	5.375	6.125	Overweight	8.9	12.5	209.8	9.8x	1.4x	14.8	5.0	7.0	3.9	1.2
BMRI	6.975	6.050	7.775	Overweight	11.5	21.3	651.0	11.5x	2.6x	23.2	5.1	10.4	5.2	1.1
Consumer Non-Cyclicals							1.128.6							
INDF	7.525	6.450	7.400	Hold	(1.7)	11.9	66.1	10.3x	1.1x	10.9	3.5	2.2	(30.8)	0.6
ICBP	12.525	10.575	13.600	Overweight	8.6	16.0	146.1	30.4x	3.5x	11.8	1.6	7.2	(38.3)	0.5
UNVR	2.130	3.530	3.100	Buy	45.5	(46.6)	81.3	22.4x	23.6x	82.2	6.6	(10.1)	(28.2)	0.3
MYOR	2.630	2.490	2.800	Overweight	6.5	(0.8)	58.8	15.9x	3.8x	25.8	2.1	9.5	40.0	0.3
CPIN	5.150	5.025	5.500	Overweight	6.8	2.0	84.4	31.3x	3.0x	9.7	0.6	6.7	28.6	0.5
JPFA	1.695	1.180	1.400	Sell	(17.4)	38.4	19.9	8.5x	1.3x	17.3	4.1	14.5	1700.3	1.1
AALI	6.900	7.025	8.000	Buy	15.9	(2.8)	13.3	11.2x	0.6x	5.4	3.6	9.8	36.3	0.7
TBLA	705	695	900	Buy	27.7	(18.5)	4.3	7.0x	0.5x	7.2	5.7	2.9	(10.3)	0.4
Consumer Cyclicals							478.0							
ERAA	432	426	600	Buy	38.9	3.3	6.9	7.7x	0.9x	12.3	3.9	14.6	14.1	0.8
MAPI	1.735	1.790	2.200	Buy	26.8	(11.0)	28.8	16.4x	2.6x	17.8	0.5	15.4	(10.9)	0.7
HRTA	474	348	590	Buy	24.5	4.4	2.2	6.7x	1.0x	16.5	3.2	33.5	10.8	0.3
Healthcare							307.7							
KLBF	1.645	1.610	1.800	Overweight	9.4	(9.9)	77.1	25.0x	3.5x	14.5	1.9	7.6	18.4	0.4
SIDO	625	525	700	Overweight	12.0	5.9	18.8	16.4x	5.2x	32.4	4.9	11.2	32.7	0.6
MIKA	2.850	2.850	3.000	Overweight	5.3	1.8	39.6	37.3x	6.7x	18.8	1.2	19.7	34.1	0.5
Infrastructure							1.820.90							
TLKM	2.900	3.950	4.550	Buy	56.9	(20.5)	287.3	12.2x	2.2x	18.6	6.2	2.5	(7.8)	1.1
JSMR	4.800	4.870	6.450	Buy	34.4	11.6	34.8	4.4x	1.2x	30.4	0.8	46.5	104.3	0.8
EXCL	2.260	2.000	3.800	Buy	68.1	3.2	29.7	18.0x	1.1x	6.3	2.2	8.2	54.0	0.8
TOWR	805	990	1.070	Buy	32.9	(10.6)	41.1	12.2x	2.3x	20.5	3.0	6.5	11.1	0.9
TBIG	1.875	2.090	2.390	Buy	27.5	(8.5)	42.5	26.5x	3.8x	14.6	3.2	4.1	5.6	0.4
MTEL	640	705	840	Buy	31.3	(2.3)	53.5	26.1x	1.6x	6.2	2.9	7.8	8.3	0.7
PTPP	444	428	1.700	Buy	282.9	(30.6)	2.9	5.2x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							529.7							
CTRA	1.335	1.170	1.450	Overweight	8.6	30.2	24.7	11.8x	1.2x	10.6	1.6	12.7	33.6	0.7
PWON	472	454	530	Overweight	12.3	12.9	22.7	12.3x	1.2x	9.9	1.9	12.6	(23.0)	0.7

Source : Bloomberg, NHKSII Research

NHKSII Stocks Coverage

Energy														1.695.3
ITMG	25.675	25.650	27.000	Overweight	5.2	(6.3)	29.0	5.9x	1.0x	18.1	11.6	(19.2)	(59.3)	0.9
PTBA	2.920	2.440	4.900	Buy	67.8	9.4	33.6	6.3x	1.7x	28.5	13.6	4.2	(26.9)	1.0
ADRO	3.680	2.380	2.870	Sell	(22.0)	38.3	113.2	4.7x	1.0x	22.9	11.1	(14.6)	(10.3)	1.1
Industrial														392.8
UNTR	26.875	22.625	28.400	Overweight	5.7	6.4	100.2	5.2x	1.1x	23.9	8.3	(6.1)	(15.0)	1.0
ASII	5.275	5.650	5.175	Hold	(1.9)	(9.1)	213.6	6.6x	1.1x	16.7	9.8	(1.5)	(9.0)	1.0
Basic Ind.														2.214.8
AVIA	478	500	620	Buy	29.7	(6.3)	29.6	17.9x	3.0x	16.9	4.6	3.2	1.3	0.3
SMGR	4.290	6.400	9.500	Buy	121.4	(32.2)	29.0	16.0x	0.7x	4.2	2.0	(3.6)	(42.2)	1.1
INTP	7.725	9.400	12.700	Buy	64.4	(20.2)	28.4	15.7x	1.3x	8.3	1.2	1.9	(37.0)	0.7
ANTM	1.620	1.705	1.560	Hold	(3.7)	(8.2)	38.9	14.2x	1.3x	10.4	7.9	7.1	(18.0)	1.1
MARK	1.110	610	1.010	Underweight	(9.0)	98.2	4.2	17.7x	4.8x	29.0	4.5	73.4	128.3	0.8
NCKL	905	1.000	1.320	Buy	45.9	(9.5)	57.1	10.3x	2.2x	24.9	3.0	25.0	(5.1)	N/A
Technology														360.4
GOTO	72	86	77	Overweight	6.9	14.3	86.5	N/A	2.2x	(110.6)	N/A	12.4	62.9	1.8
WIFI	420	154	424	Hold	1.0	148.5	1.0	7.0x	1.2x	19.2	0.3	40.1	811.2	1.4
Transportation & Logistic														44.9
ASSA	785	790	1.100	Buy	40.1	(4.8)	2.9	17.8x	1.5x	8.9	2.5	(0.9)	78.3	1.2
BIRD	2.060	1.790	1.920	Underweight	(6.8)	3.0	5.2	11.3x	0.9x	8.4	4.4	11.3	1.0	0.8

Source : Bloomberg, NHKSII Research

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