

Weekly Briefing (Nov 4 – Nov 8, 2024)

Summary:

Last week review:

- **FIRST ROUND OF US ECONOMIC INDICATORS REVOLVING AROUND EMPLOYMENT, ECONOMIC GROWTH, & INFLATION SUPPORT SOFT-LANDING.** Last week which was packed with heavyweight economic data as well as the increasingly tense situation regarding the MIDDLE EAST CONFLICT, brought the S&P500 down 1.4% as if preparing the mentality & psychology of market participants for the second half of this week where the US ELECTION will follow. So far the US labor data which was quite affected by the impact of hurricanes & industrial crew strikes, produced roller-coaster numbers from ADP NONFARM EMPLOYMENT CHANGE (Oct) which turned out to be 2 times above expectations, to NONFARM PAYROLL which fell sharply to 12k, missing the consensus by 106k. In overall, all of them explained that US labor sector is still solid, also shown by the upbeat CB Consumer Confidence (Oct). Preliminary estimate of US GDP 3Q at 2.8% qoq was pretty much in line with forecast and not much shifted from the previous quarter's 3.0%, signaling that economic growth is still stable; also supported by Manufacturing PMI data from S&P GLOBAL (Oct) which gradually improved although still in contraction territory. Last but not least, the Fed's favorite Inflation forecast: PCE PRICE INDEX explains the US CPI trend is safely under control in a sloping pattern in Sept.
- **From EUROPE, it looks like GERMANY's economic growth managed to beat the pessimism of the economy still running in recessionary territory, when the preliminary 3Q GDP estimate came out at 0.2% qoq, much better than -0.1% consensus.** Of course, this is supported by their Inflation estimate which increased to 0.4% mom in Oct, 2x stronger than 0.2% estimate; thus explaining better public spending interest as a supporting component of GDP. As Europe's number one economy, the EUROZONE region's inflation also heated up back to 2.0% in Oct, compared to the previous month's forecast & position which was already below the ECB's target of 2%.

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- **Speaking of PMIs, CHINA gave the good news that their manufacturing activity for Oct could finally enter into expansionary territory at 50.1.** Their neighboring country, Sakura Country is holding a democratic election but there is political turmoil as the Liberal Democrat coalition party that has been in power lost their majority in the JAPAN parliament, thus potentially complicating the BOJ's future steps to adjust interest rates from the super loose monetary policy that has been rooted for decades.
- **INDONESIA: finally ended its 5-month deflationary trend when Oct INFLATION reporting came out at 0.08% mom, or 1.71% yoy, still within BI's inflation range of 2.5% with a standard deviation of 1%, although it has started to approach the lower bound.** As for the decline in annual inflation, it has been happening since March 2024 (a month after the Indonesian ELECTION). The Oct inflation was caused by rising prices of Gold jewelry, rice, cigarettes, and ground coffee, explaining the majority of people prioritize spending on daily necessities as written above; in addition to Gold whose price skyrocketed the highest this year due to the use of the commodity as a hedge against global uncertainty factors such as the CENTRAL EAST CONFLICT & US ELECTION.

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This week's outlook:

- **This week will be a tense second half of November for market participants as US voters will cast their ballots in the US ELECTION on Tuesday Nov 5th which will have far-reaching consequences on fiscal policy and global trade.** Meanwhile, the FEDERAL RESERVE is expected to cut interest rates again at the FOMC MEETING on Nov 7th-8th as investors look for clues on the future direction of interest rates.
- **The recent rise in the US TREASURY & DOLLAR YIELD is seen by some analysts as the market anticipating a DONALD TRUMP victory, in addition to investors still holding back from increasing their positions in US bonds.** However, polls show a very tight race, which means that a victory for the Democratic Party of KAMALA HARRIS could trigger a wave of unwinding; thereby pushing up bond prices & dragging down yields. So far electability polls suggest only seven states are considered truly competitive, but a poll released on Saturday showed Harris surprisingly ahead in Iowa, a state Trump has won easily in the last two elections, although other polls show her trailing in the state.

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- **FOMC MEETING** is almost fully priced-in to cut rates by 25 basis points at the end of the meeting on Thursday local time (Friday morning GMT), immediately followed by another meeting in December, after the first 50 basis points cut in September. So far the highly volatile Oct labor report due to the impact of hurricane disruptions and industrial labor strikes supports a smaller rate cut. Job growth for the previous 2 months was revised lower, indicating that the labor market is gradually cooling. Investors will closely monitor Fed Chairman JEROME POWELL's comments at the post-policy meeting press conference that will lay out whether officials believe economic resilience will continue - and whether they might cut rates more slowly. Separately, MORGAN STANLEY analysts said in a note on Friday that they don't expect Powell to commit to the size or pace of the pace of future cuts, but to reiterate that the Fed remains data dependent, as it always has been.
- **The third quarter FINANCIAL REPORT** season continues, with a number of earnings results due in the coming days, although investors may be focusing their attention on the election and the Fed. The same can be said for the INDONESIA market which is reacting to the 3rd quarter earnings releases.

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- **The BANK OF ENGLAND will meet on Thursday and is expected to cut interest rates by 25 bps, after cutting rates for the first time in over 4 years in August.** This policy decision could attract extra attention, following the Labor government's new budget. Investors are now anticipating fewer BoE rate cuts next year as the higher borrowing and spending plans announced in last Wednesday's budget meeting could potentially see UK borrowing costs rise to their highest level in a year.
- **OIL prices look set to remain volatile as the geopolitical risk premium of MIDDLE EAST CONFLICT offsets concerns of rising supply and a still-weak demand outlook.** Oil prices rose last Friday on reports that IRAN is preparing a retaliatory strike against ISRAEL to be launched from Iraq in the coming days. Prices were also supported by expectations that OPEC+ will postpone its planned December oil production hike for a month or more on concerns of weak global demand and rising supply. For the week, BRENT posted a decline of around 4%, while US WTI crude oil futures fell around 3% as record US production weighed.
- **INDONESIA: 3Q GDP report is scheduled for release on Wednesday Nov 6th with Indonesia's economic growth forecast still around 5.0% yoy, but on a quarterly basis is expected to fall rather significantly, Q3 only grew 1.60% compared to Q2's 3.79%.** Friday will be followed by Consumer Confidence (Oct) data, as well as Motor & Car sales (Oct) which have been quite sluggish over the previous months.

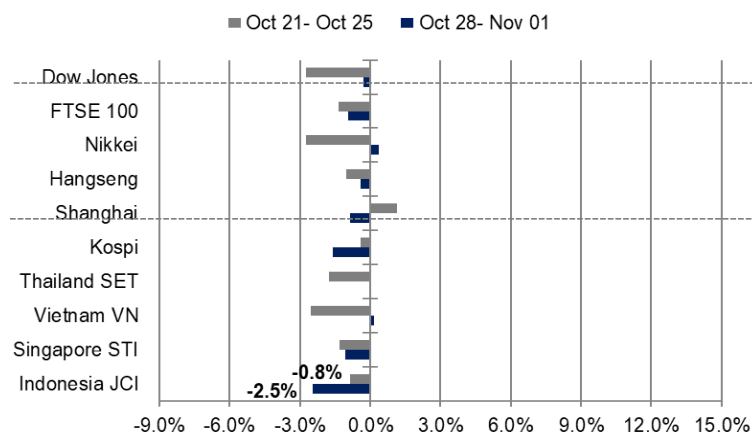
JCI Index : 7,505.26 (-2.5%)

Foreign Flow : Net Sell of IDR 3.45T (Vs. last week's Net Sell of IDR 1.75T)

USD/IDR : 15,747 (+0.7%)

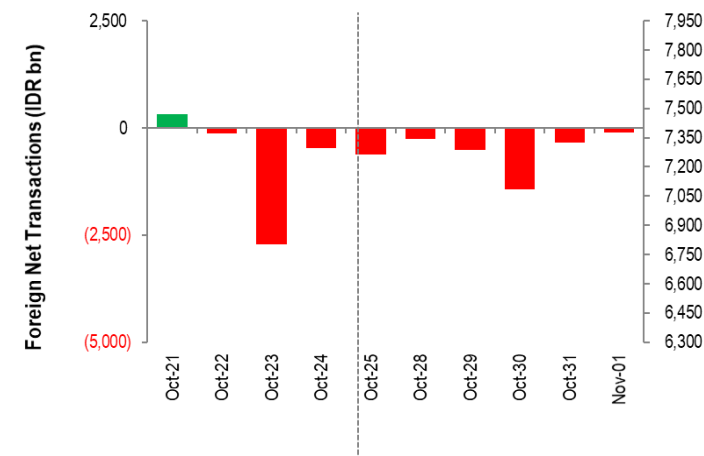
Last Week's JCI Movement

Global Market Movement



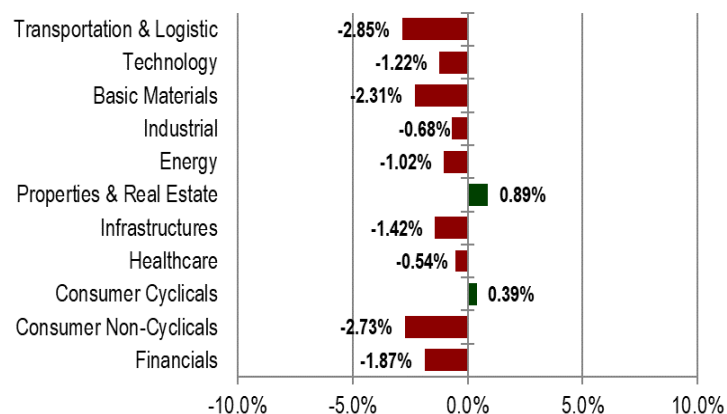
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



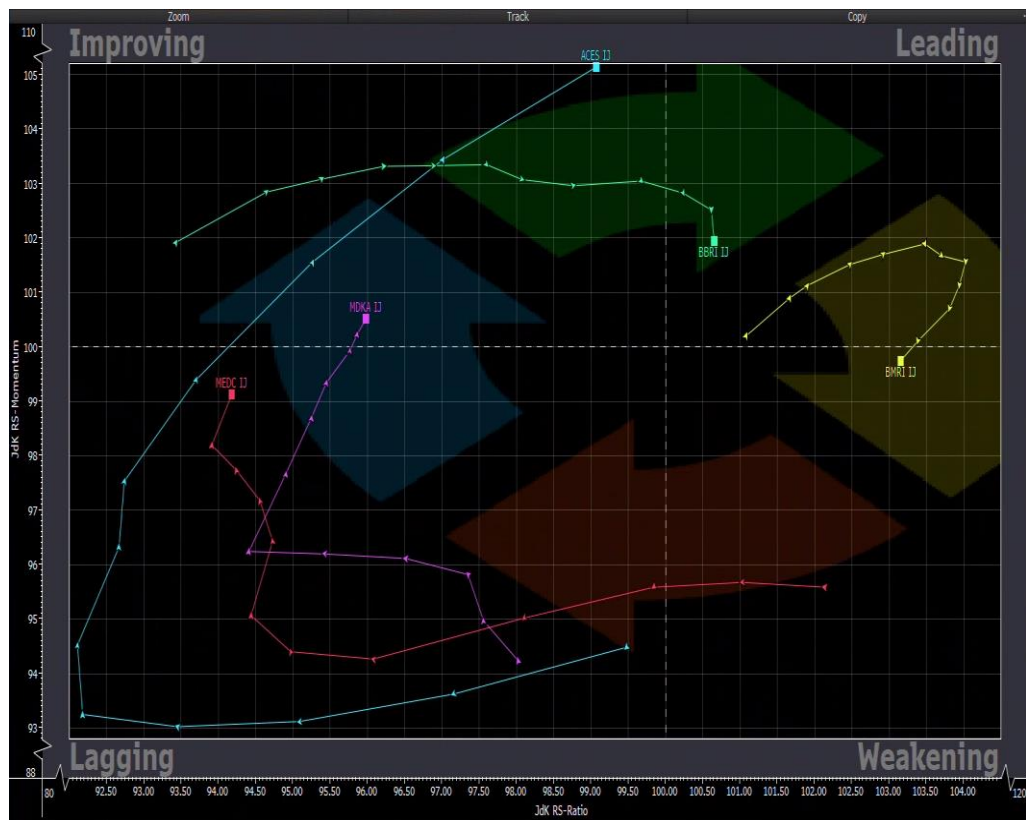
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

| Top Foreign Buy (RG) | Net Buy Value | Top Foreign Sell (RG) | Net Sell Value |
|----------------------|---------------|-----------------------|----------------|
| INDF | IDR 151.2B | BBRI | IDR 1.1T |
| UNTR | IDR 116.0B | BMRI | IDR 935.5B |
| JPFA | IDR 58.6B | BBCA | IDR 853.6B |
| AMRT | IDR 49.7B | BBNI | IDR 212.4B |
| PGAS | IDR 44.1B | TLKM | IDR 202.2B |

Source: NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

| Stocks | TP | SL |
|--------|-----------------------------------|------|
| BBRI | 4970-5025 / 5250-5300 / 5500 | 4500 |
| BMRI | 7075-7175 / 7300 / 7450-7550 | 6500 |
| ACES | 940-950 / 975-995 | 875 |
| MDKA | 2480-2500 / 2580-2600 / 2720-2780 | 2300 |
| MEDC | 1345-1355 / 1395-1400 / 1435-1460 | 1200 |

Source: NHKSI Research

JCI Index

| | | | |
|---------|-----------------------------------|------------|-----------------------|
| Support | 7435-7475 / 7320-7350 / 7040-7100 | Resistance | 7880-7900 / 7740-7800 |
|---------|-----------------------------------|------------|-----------------------|



Source: NHKSI Research

Economic Calendar

| Date | Country | Hour Jakarta | Event | Actual | Period | Consensus | Previous |
|------------------|---------|--------------|----------------------------------|--------|--------|------------|------------|
| Monday | US | 22.00 | Factory Orders | - | Sep | -0.5% | -0.2% |
| 04 – November | US | 21.00 | Durable Goods Orders | - | Sep F | -0.8% | -0.8% |
| Tuesday | US | 20.30 | Trade Balance | - | Oct | -USD 84.1B | -USD 70.4B |
| 05 – November | US | 22.00 | ISM Services Index | - | Oct | 53.8 | 54.9 |
| Wednesday | US | 18.00 | MBA Mortgage Applications | - | Nov 1 | - | -0.1% |
| 06 – November | | | | | | | |
| Thursday | US | 19.30 | Initial Jobless Claims | - | Nov 2 | 223k | 216k |
| 07 – November | | | | | | | |
| Friday | US | 02.00 | FOMC Rate Decision (Upper Bound) | - | Nov 7 | 4.75% | 5.00% |
| 08 – November | US | 22.00 | University of Michigan Sentiment | - | Nov P | 71.0 | 70.5 |

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

| Date | Event | Company |
|------------------|--------------|------------------|
| Monday | RUPS | INET |
| 04 – November | Cum Dividend | SIDO |
| Tuesday | RUPS | BBSI, BLUE, SIAP |
| 05 – November | Cum Dividend | BSSR, WINS |
| Wednesday | RUPS | GDYR |
| 06 – November | Cum Dividend | - |
| Thursday | RUPS | FUTR, NETV |
| 07 – November | Cum Dividend | SMSM, TAPG, VRNA |
| Friday | RUPS | BISI, JATI |
| 08 – November | Cum Dividend | TEBE |

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 | | | | | | | 3.969.7 | | | | | | | |
| BBCA | 10.250 | 9.400 | 11.500 | Overweight | 12.2 | 17.1 | 1.263.6 | 23.7x | 4.9x | 21.7 | 2.6 | 9.9 | 12.9 | 0.9 |
| BBRI | 4.800 | 5.725 | 5.550 | Buy | 15.6 | (3.2) | 727.5 | 11.8x | 2.2x | 19.4 | 6.6 | 12.8 | 2.4 | 1.3 |
| BBNI | 5.250 | 5.375 | 6.125 | Buy | 16.7 | 9.6 | 195.8 | 9.1x | 1.2x | 14.3 | 5.3 | 6.6 | 3.4 | 1.1 |
| BMRI | 6.700 | 6.050 | 7.775 | Buy | 16.0 | 18.1 | 625.3 | 10.8x | 2.3x | 22.5 | 5.3 | 11.0 | 7.6 | 1.1 |
| Consumer Non-Cyclicals | | | | | | | 1.101.5 | | | | | | | |
| INDF | 7.600 | 6.450 | 7.400 | Hold | (2.6) | 14.3 | 66.7 | 10.4x | 1.1x | 10.9 | 3.5 | 2.2 | (30.8) | 0.6 |
| ICBP | 12.325 | 10.575 | 13.600 | Overweight | 10.3 | 19.1 | 143.7 | 29.9x | 3.4x | 11.8 | 1.6 | 7.2 | (38.3) | 0.5 |
| UNVR | 1.965 | 3.530 | 3.100 | Buy | 57.8 | (45.7) | 75.0 | 20.7x | 21.8x | 82.2 | 7.1 | (10.1) | (28.2) | 0.3 |
| MYOR | 2.600 | 2.490 | 2.800 | Overweight | 7.7 | (8.8) | 58.1 | 18.2x | 3.7x | 21.4 | 2.1 | 12.0 | (1.1) | 0.3 |
| CPIN | 5.250 | 5.025 | 5.500 | Hold | 4.8 | (9.5) | 86.1 | 31.9x | 3.0x | 9.7 | 0.6 | 6.7 | 28.6 | 0.5 |
| JPFA | 1.830 | 1.180 | 1.400 | Sell | (23.5) | 49.4 | 21.5 | 10.2x | 1.4x | 14.6 | 3.8 | 9.3 | 122.2 | 1.1 |
| AALI | 6.775 | 7.025 | 8.000 | Buy | 18.1 | (3.9) | 13.0 | 12.3x | 0.6x | 4.8 | 3.7 | 3.9 | 0.1 | 0.7 |
| TBLA | 680 | 695 | 900 | Buy | 32.4 | (20.0) | 4.1 | 6.8x | 0.5x | 7.2 | 5.9 | 2.9 | (10.3) | 0.4 |
| Consumer Cyclical | | | | | | | 486.8 | | | | | | | |
| ERAA | 450 | 426 | 600 | Buy | 33.3 | 12.5 | 7.2 | 6.3x | 0.9x | 12.3 | 3.8 | 13.5 | 59.9 | 0.8 |
| MAPI | 1.580 | 1.790 | 2.200 | Buy | 39.2 | (8.9) | 26.2 | 15.3x | 2.3x | 16.4 | 0.5 | 16.1 | (8.1) | 0.8 |
| HRTA | 464 | 348 | 590 | Buy | 27.2 | 7.9 | 2.1 | 6.6x | 1.0x | 16.5 | 3.2 | 33.5 | 10.8 | 0.3 |
| Healthcare | | | | | | | 304.0 | | | | | | | |
| KLBF | 1.615 | 1.610 | 1.800 | Overweight | 11.5 | (4.4) | 75.7 | 24.2x | 3.4x | 14.4 | 1.9 | 7.4 | 15.7 | 0.5 |
| SIDO | 610 | 525 | 700 | Overweight | 14.8 | 19.6 | 18.3 | 16.0x | 5.0x | 32.4 | 5.0 | 11.2 | 32.7 | 0.6 |
| MIKA | 2.710 | 2.850 | 3.000 | Overweight | 10.7 | (1.1) | 37.7 | 34.2x | 6.1x | 18.7 | 1.3 | 14.6 | 27.2 | 0.5 |
| Infrastructure | | | | | | | 1.689.99 | | | | | | | |
| TLKM | 2.820 | 3.950 | 4.550 | Buy | 61.3 | (19.2) | 279.4 | 12.3x | 2.1x | 17.1 | 6.3 | 0.9 | (9.4) | 1.2 |
| JSMR | 4.850 | 4.870 | 6.450 | Buy | 33.0 | 13.8 | 35.2 | 8.5x | 1.2x | 30.4 | 0.8 | 44.6 | (44.8) | 0.8 |
| EXCL | 2.250 | 2.000 | 3.800 | Buy | 68.9 | (0.9) | 29.5 | 17.9x | 1.1x | 6.3 | 2.2 | 8.2 | 54.0 | 0.8 |
| TOWR | 800 | 990 | 1.070 | Buy | 33.8 | (10.1) | 40.8 | 12.2x | 2.3x | 20.5 | 3.0 | 8.4 | 2.0 | 0.9 |
| TBIG | 1.900 | 2.090 | 2.390 | Buy | 25.8 | (8.2) | 43.0 | 26.8x | 3.8x | 14.6 | 3.2 | 4.1 | 5.6 | 0.4 |
| MTEL | 630 | 705 | 840 | Buy | 33.3 | 1.6 | 52.6 | 24.9x | 1.6x | 6.2 | 2.9 | 8.7 | 11.8 | 0.7 |
| PTPP | 446 | 428 | 1.700 | Buy | 281.2 | (21.1) | 2.9 | 5.4x | 0.2x | 4.4 | N/A | 14.5 | 10.3 | 1.8 |
| Property & Real Estate | | | | | | | 523.2 | | | | | | | |
| CTRA | 1.340 | 1.170 | 1.450 | Overweight | 8.2 | 20.7 | 24.8 | 12.8x | 1.2x | 10.6 | 1.6 | 8.0 | 8.5 | 0.7 |
| PWON | 478 | 454 | 530 | Overweight | 10.9 | 19.5 | 23.0 | 10.1x | 1.1x | 11.7 | 1.9 | 4.7 | 11.8 | 0.7 |

Source : Bloomberg, NHKS Research

NHKSII Stocks Coverage

| Energy | | | | 1.668.9 | | | | | | | | | | |
|---------------------------|--------|--------|--------|-------------|--------|--------|-------|-------|------|---------|------|--------|--------|-----|
| ITMG | 25.075 | 25.650 | 27.000 | Overweight | 7.7 | (5.5) | 28.3 | 5.7x | 1.0x | 18.1 | 11.9 | (19.2) | (59.3) | 0.9 |
| PTBA | 2.960 | 2.440 | 4.900 | Buy | 65.5 | 19.4 | 34.1 | 6.1x | 1.7x | 28.2 | 13.4 | 10.5 | (14.6) | 1.0 |
| ADRO | 3.620 | 2.380 | 2.870 | Sell | (20.7) | 41.4 | 111.3 | 4.4x | 0.9x | 22.4 | 11.3 | (10.6) | (2.6) | 1.1 |
| Industrial | | | | 387.8 | | | | | | | | | | |
| UNTR | 27.450 | 22.625 | 28.400 | Hold | 3.5 | 9.3 | 102.4 | 4.8x | 1.2x | 26.0 | 8.1 | 2.0 | 1.6 | 1.0 |
| ASII | 5.100 | 5.650 | 5.175 | Hold | 1.5 | (11.7) | 206.5 | 6.1x | 1.0x | 17.1 | 10.2 | 2.2 | 0.6 | 1.0 |
| Basic Ind. | | | | 2.153.9 | | | | | | | | | | |
| AVIA | 478 | 500 | 620 | Buy | 29.7 | (4.4) | 29.6 | 17.9x | 3.0x | 16.9 | 4.6 | 3.2 | 1.3 | 0.3 |
| SMGR | 3.950 | 6.400 | 9.500 | Buy | 140.5 | (35.2) | 26.7 | 14.8x | 0.6x | 4.2 | 2.1 | (3.6) | (42.2) | 1.2 |
| INTP | 7.200 | 9.400 | 12.700 | Buy | 76.4 | (22.4) | 26.5 | 14.6x | 1.2x | 8.3 | 1.3 | 1.9 | (37.0) | 0.7 |
| ANTM | 1.600 | 1.705 | 1.560 | Hold | (2.5) | (6.2) | 38.4 | 15.8x | 1.3x | 8.9 | 8.0 | 39.8 | (22.7) | 1.1 |
| MARK | 1.165 | 610 | 1.010 | Underweight | (13.3) | 147.9 | 4.4 | 15.9x | 5.1x | 29.0 | 4.3 | 74.1 | 124.5 | 0.8 |
| NCKL | 900 | 1.000 | 1.320 | Buy | 46.7 | (7.7) | 56.8 | 10.3x | 2.2x | 24.9 | 3.0 | 25.0 | (5.1) | N/A |
| Technology | | | | 346.5 | | | | | | | | | | |
| GOTO | 68 | 86 | 77 | Overweight | 13.2 | 13.3 | 81.7 | N/A | 2.1x | (111.9) | N/A | 11.0 | 55.3 | 1.8 |
| WIFI | 374 | 154 | 424 | Overweight | 13.4 | 128.0 | 0.9 | 6.2x | 1.1x | 19.2 | 0.3 | 40.1 | 811.2 | 1.3 |
| Transportation & Logistic | | | | 44.2 | | | | | | | | | | |
| ASSA | 775 | 790 | 1.100 | Buy | 41.9 | (4.3) | 2.9 | 14.4x | 1.4x | 10.3 | 2.6 | 5.2 | 75.8 | 1.2 |
| BIRD | 2.100 | 1.790 | 1.920 | Underweight | (8.6) | 6.1 | 5.3 | 10.1x | 0.9x | 8.4 | 4.3 | 13.5 | 18.6 | 0.8 |

Source : Bloomberg, NHKSII Research

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