Weekly Brief (Sep 09 – Sep 13, 2024)

Summary:

Last week review:

- **WAVE OF WEAKNESS IN US EMPLOYMENT IS A CLASSIC PRE-RECESSION PATTERN. Fears that the symptoms of US labor tightness when they emerged in the July report (which led to the sell-off in early Aug) were the start of the next wave of weakness, proved to be indeed followed by the August US Payroll numbers.** JOLTS JOB OPENINGS (Jul), ADP NONFARM EMPLOYMENT CHANGE (Aug) & NONFARM PAYROLLS (Aug) all three spawned smaller-than-expected figures.

- **On the one hand, Manufacturing and Services PMI (Aug) data released by both S&P Global and the Institute of Supply Management (ISM) both imply the same thing; that the Manufacturing sector is stumbling in contractionary territory, while the Services sector is healthier in expansionary territory.** One somewhat relieving piece of labor data explained that the Unemployment Rate was fairly stable at 4.2% in Aug, down from 4.3% from the previous month; mainly because the weekly Initial Jobless Claims stated that fewer people filed unemployment claims for the week ending Aug 31st. Also seen was the growth in hourly wages in August which rose dramatically by 0.4% mom, compared to minus 0.1% in the previous month.

- **This uncertainty regarding the health of the US economy inevitably trickled down to the markets, adding tension to an already volatile period, where investors are grappling with the Federal Reserve's changing MONETARY POLICY, a tight US ELECTION, and concerns over already overvalued STOCK VALUATIONS**. Evidence of declining risk appetite was seen across the market. The S&P 500 fell 1.7% on Friday and has lost almost 4.3% over the past week, the worst weekly decline since March 2023.

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- **Nvidia shares, which have come to symbolize the euphoria around artificial intelligence this year, fell more than 4% and are at their lowest level in about a month, falling alongside other Tech sector stocks.** Meanwhile, the CBOE Market Volatility Index, also called Wall Street's "fear gauge," hit its highest level in nearly a month on Friday.

- **MARKET SENTIMENT: THE FED is expected to cut interest rates at its September 17-18 meeting, but the aforementioned data sparked concerns that months of high borrowing costs have started to put pressure on the economy, although it must be admitted that the US is still on a soft-landing path.** This has led analysts to slightly push for a Fed rate cut of a higher magnitude of 50bps, where the percentage chance is now around 50-50 with a projected 25bps cut. Concerns about STOCK VALUATION have also resurfaced. The S&P 500, which is up more than 13% this year, is trading at a P/E ratio of almost 21 times, well above its historical average of 15.7, according to LSEG Datastream.

- **Despite the recent sell-off, the S&P 500 Technology sector trades at a P/E ratio of over 28 times, compared to its long-term average of 21.2.** Investors are also keeping a close eye on the US ELECTION which is beginning to enter its final stages. The battle between Democrat Kamala Harris and Republican Donald Trump was quite even, with Harris even taking a slight lead over Trump.

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- **COMMODITIES: Weak US labor data sent OIL prices plunging. Over the past week, BRENT slumped 10%, while US WTI fell about 8%.** US government data showed employment increased less than expected in August, but a drop in the unemployment rate to 4.2% suggests an orderly slowdown in the labor market may not warrant an overly aggressive interest rate cut from this month's FOMC MEETING. Concerns around SLACK DEMAND from CHINA also continued to pressure oil prices. On Thursday, Brent closed at its lowest level since June 2023 despite a much larger-than-expected reduction in US oil inventories and OPEC+'s decision to postpone a planned increase in oil production.

- **US crude stockpiles fell by 6.9 million barrels to 418.3 million barrels last week, compared with a projected decline of 993,000 barrels in a Reuters poll of analysts.** Signals that warring factions in LIBYA are increasingly seeking a deal to end a dispute that has disrupted the country's crude exports also depressed oil prices last week. Most exports are still closed but some loads have gone into storage.

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<u>This week's outlook:</u>

- **From the ASIA region, JAPAN has started the week with the release of 2Q GDP data which turned out to be below expectations, contracting 0.1% from the previous quarter and coming in at 0.7% qoq.** More CPI & GDP figures from GERMANY & UK will color the EUROPEAN bourse this week, as we await the European Central Bank's decision on interest rates which is expected to see another 25bps cut on Thursday, bringing it down to 4.00%.

- **Meanwhile in the US mainland, it is the CPI figure that will shape the Federal Reserve's final decision (on the amount of rate cut to be imposed) before next week's FOMC Meeting.** CPI & CORE CPI (Aug) are expected to cool towards the Fed's 2% Target, not to mention PPI which will also follow on Thursday.

- **INDONESIA: The nation awaits the release of Consumer Confidence (Aug) early in the week, followed by Retail Sales (Jul) on Tuesday, and Motor & Auto Sales (Aug) figures on Wednesday.**

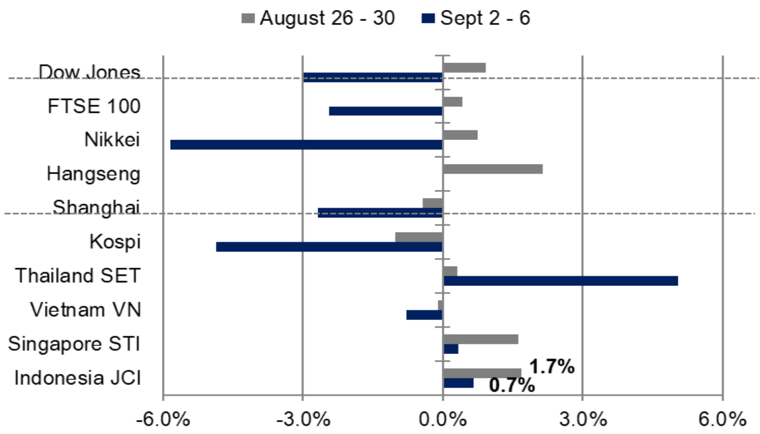
- **THE US ELECTION could attract more investor attention on Tuesday, when the two candidates debate for the first time ahead of the vote on November 5.**

- **So far, market turmoil has reinforced September's reputation as a difficult time for investors, and it's not unlikely that there will be more market volatility ahead.**

JCI Index	**: 7721.9 (+0.4%)**
Foreign Flow	**: Net Buy of IDR 3.42T (Vs. last week's Net Buy of IDR 2.65T)**
USD/IDR	**: 15,360 (-0.6%)**

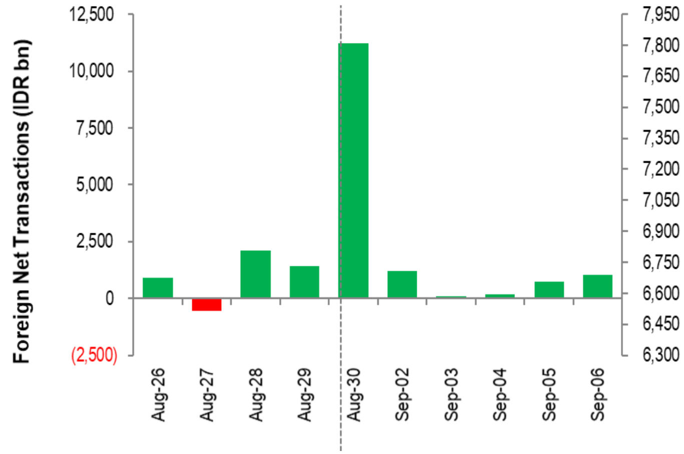
Last Week's JCI Movement

Global Market Movement



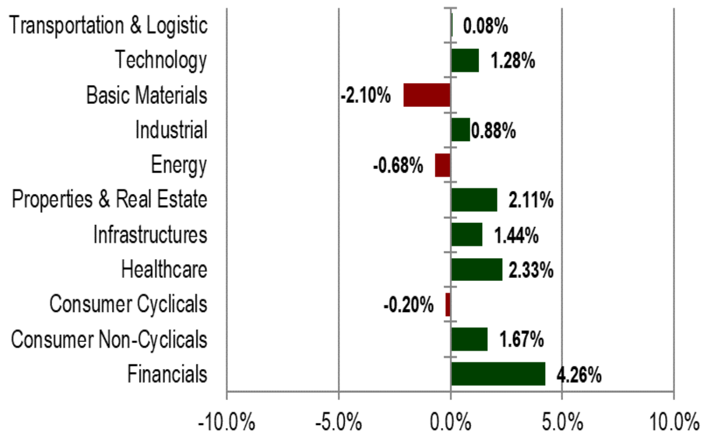
Source: Bloomberg, NHKSI Research

Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

JCI Sector Movement



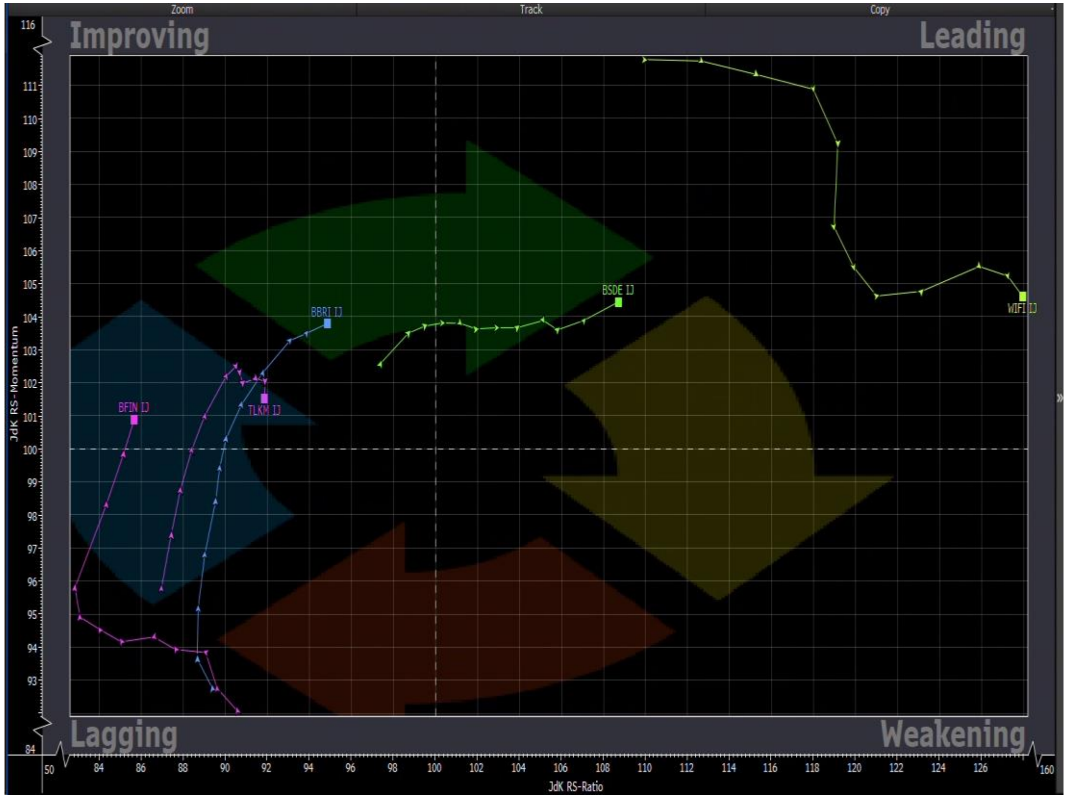
Source: Bloomberg, NHKSI Research

JCI's Top Foreign Transaction

Top Foreign Buy (RG)	Net Buy Value	Top Foreign Sell (RG)	Net Sell Value
BMRI	IDR 850.3B	ANTM	IDR 125.4B
BBRI	IDR 697.7B	BRIS	IDR 109.7B
BBNI	IDR 682.9B	ASII	IDR 84.2B
BBCA	IDR 246.9B	AKRA	IDR 68.7B
AMRT	IDR 180.8B	CUAN	IDR 41.8B

Source: NHKSI Research

Stocks Recommendation



Source: Bloomberg, NHKSI Research

Stocks	TP	SL
BFIN	1080-1110 / 1195-1215 / 1330-1340	925
BBRI	5625-5700 / 5975-6050 / 6300	5000
TLKM	3200-3280 / 3400-3410	<2900
WIFI	294-302 / 316 / 340	245
BSDE	1340-1360 / 1415-1435	1250

Source: NHKSI Research

JCI Index

Support	7700 /7550-7580 / 7430-7460 / 7320-7380 / 7135-7185	Resistance	7900

Source: NHKSI Research

Economic Calendar

Date	Country	Hour Jakarta	Event	Actual	Period	Consensus	Previous
Monday	JP	06.50	GDP Annualized SA QoQ	-	2Q F	3.2%	3.1%
09 – September	JP	06.50	BoP Current Account Balance	-	2Q F	Y2496.0	Y1533.5
Tuesday	GE	13.00	CPI MoM	-	Aug F	-0.1%	-0.1%
10 – September	GE	13.00	CPI YoY	-	Aug F	1.9%	1.9%
Wednesday	US	18.00	MBA Mortgage Applications	-	Sep 6	-	1.6%
11 – September	US	19.30	CPI MoM	-	Aug	0.2%	0.2%
	US	19.30	CPI YoY	-	Aug	2.6%	2.9%
Thursday	US	19.30	PPI Final Demand MoM	-	Aug	0.2%	0.1%
12 – September	US	19.30	Initial Jobless Claims	-	Sep 7	-	227k
Friday	JP	11.30	Industrial Production MoM	-	Jul F	-	2.8%
13 – September	US	21.00	University of Michigan Sentiment	-	Sep P	69.0	67.9

Source: Bloomberg, NHKSI Research

Corporate Action Calendar

Date	Event	Company
Monday	RUPS	MASB
09 – September	Cum Dividend	ITMG
Tuesday	RUPS	BTON, ENZO
10 – September	Cum Dividend	-
Wednesday	RUPS	BESS
11 – September	Cum Dividend	-
Thursday	RUPS	RAAM, SCNP
12 – September	Cum Dividend	-
Friday	RUPS	-
13 – September	Cum Dividend	-

Source: IDX, NHKSI Research

NHKSI 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							4.016.5							
BBCA	10.300	9.400	11.500	Overweight	11.7	12.6	1.269.7	24.8x	5.3x	22.1	2.6	9.1	11.2	0.9
BBRI	5.225	5.725	5.550	Overweight	6.2	(6.3)	791.9	13.1x	2.6x	20.1	6.1	14.2	1.0	1.3
BBNI	5.650	5.375	6.125	Overweight	8.4	18.0	210.7	9.9x	1.4x	14.8	5.0	7.0	3.9	1.2
BMRI	7.250	6.050	7.775	Overweight	7.2	19.8	676.7	12.0x	2.7x	23.2	4.9	10.4	5.2	1.1
Consumer Non-Cyclicals							1.053.0							
INDF	7.025	6.450	7.400	Overweight	5.3	2.2	61.7	9.6x	1.0x	10.9	3.8	2.2	(30.8)	0.5
ICBP	11.450	10.575	13.600	Buy	18.8	3.6	133.5	27.8x	3.2x	11.8	1.7	7.2	(38.3)	0.6
UNVR	2.220	3.530	3.100	Buy	39.6	(39.2)	84.7	18.8x	29.7x	132.8	6.3	(6.2)	(9.7)	0.3
MYOR	2.680	2.490	2.800	Hold	4.5	8.9	59.9	16.2x	3.9x	25.8	2.1	9.5	40.0	0.3
CPIN	4.790	5.025	5.500	Overweight	14.8	(4.2)	78.5	29.1x	2.8x	9.7	0.6	6.7	28.6	0.6
JPFA	1.605	1.180	1.400	Underweight	(12.8)	28.9	18.8	8.0x	1.3x	17.3	N/A	14.5	1700.3	1.0
AALI	6.625	7.025	8.000	Buy	20.8	(13.4)	12.8	10.7x	0.6x	5.4	3.7	9.8	36.3	0.8
TBLA	650	695	900	Buy	38.5	(21.2)	4.0	6.5x	0.5x	7.2	6.2	2.9	(10.3)	0.4
Consumer Cyclicals							493.1							
ERAA	442	426	600	Buy	35.7	(8.7)	7.0	7.8x	0.9x	12.3	3.8	14.6	14.1	0.9
MAPI	1.500	1.790	2.200	Buy	46.7	(21.1)	24.9	14.2x	2.3x	17.8	0.5	15.4	(10.9)	0.5
HRTA	380	348	590	Buy	55.3	(26.9)	1.7	5.4x	0.8x	16.5	3.9	33.5	10.8	0.4
Healthcare							299.1							
KLBF	1.710	1.610	1.800	Overweight	5.3	(1.7)	80.2	26.0x	3.6x	14.5	1.8	7.6	18.4	0.5
SIDO	670	525	700	Hold	4.5	8.1	20.1	18.1x	5.8x	33.0	4.6	14.7	35.7	0.6
MIKA	2.960	2.850	3.000	Hold	1.4	3.9	42.2	38.7x	6.9x	18.8	1.1	19.7	34.1	0.5
Infrastructure							2.279.50							
TLKM	3.040	3.950	4.550	Buy	49.7	(19.8)	301.1	12.8x	2.3x	18.6	5.9	2.5	(7.8)	1.0
JSMR	5.225	4.870	6.450	Buy	23.4	18.5	37.9	4.7x	1.3x	30.4	0.7	46.5	104.3	0.9
EXCL	2.330	2.000	3.800	Buy	63.1	(6.0)	30.6	18.5x	1.1x	6.3	2.1	8.2	54.0	0.9
TOWR	840	990	1.070	Buy	27.4	(18.8)	42.9	12.7x	2.4x	20.3	2.9	6.3	6.7	0.9
TBIG	1.920	2.090	2.390	Buy	24.5	(6.8)	43.5	27.1x	3.9x	14.6	3.1	4.1	5.6	0.5
MTEL	660	705	840	Buy	27.3	(13.2)	55.1	26.9x	1.6x	6.2	2.8	7.8	8.3	0.6
PTPP	464	428	1.700	Buy	266.4	(26.9)	3.0	5.4x	0.2x	4.6	N/A	9.3	50.0	1.8
Property & Real Estate							391.4							
CTRA	1.340	1.170	1.450	Overweight	8.2	22.9	24.8	11.8x	1.2x	10.6	1.6	12.7	33.6	0.7
PWON	505	454	530	Hold	5.0	12.7	24.3	13.1x	1.2x	9.9	1.8	12.6	(23.0)	0.7

Source : Bloomberg, NHKSI Research

NH KORINDO SEKURITAS INDONESIA

NHKSI Stocks Coverage

Energy							1.650.0							
ITMG	27.225	25.650	27.000	Hold	(0.8)	(12.5)	30.8	6.3x	1.1x	18.1	16.2	(19.2)	(59.3)	1.0
PTBA	2.710	2.440	4.900	Buy	80.8	(9.4)	31.2	5.8x	1.6x	28.5	14.7	4.2	(26.9)	0.9
ADRO	3.470	2.380	2.870	Sell	(17.3)	20.9	106.7	4.5x	1.0x	22.9	11.8	#N/A N/A	N/A	1.1
Industrial							384.6							
UNTR	27.050	22.625	28.400	Hold	5.0	(1.3)	100.9	5.2x	1.1x	23.9	8.4	(6.1)	(15.0)	1.0
ASII	5.050	5.650	5.175	Hold	2.5	(22.6)	204.4	6.3x	1.0x	16.7	10.3	#N/A N/A	N/A	1.1
Basic Ind.							2.274.4							
AVIA	468	500	620	Buy	32.5	(21.3)	29.0	17.6x	3.0x	16.9	4.7	3.2	0.9	0.3
SMGR	4.020	6.400	9.500	Buy	136.3	(41.5)	27.1	15.0x	0.6x	4.2	2.1	(3.6)	(42.2)	1.2
INTP	6.750	9.400	12.700	Buy	88.1	(37.4)	24.8	13.7x	1.1x	8.3	1.3	1.9	(37.0)	0.6
ANTM	1.335	1.705	1.560	Buy	16.9	(31.4)	32.1	11.7x	1.1x	10.4	9.6	7.1	(18.0)	1.2
MARK	935	610	1.010	Overweight	8.0	54.5	3.6	14.9x	4.1x	29.0	5.3	73.4	128.3	1.0
NCKL	890	1.000	1.320	Buy	48.3	(16.4)	56.2	10.1x	2.2x	24.9	3.0	25.0	(5.1)	N/A
Technology							288.8							
GOTO	53	86	77	Buy	45.3	(41.8)	63.7	N/A	1.6x	(110.6)	N/A	12.4	62.9	1.7
WIFI	268	154	318	Buy	18.7	46.4	0.6	4.5x	0.8x	19.2	0.4	40.1	811.2	1.3
Transportation & Logistic							42.4							
ASSA	715	790	1.100	Buy	53.8	(35.9)	2.6	16.2x	1.3x	8.9	2.8	(0.9)	78.3	1.4
BIRD	1.800	1.790	1.920	Overweight	6.7	(15.5)	4.5	9.9x	0.8x	8.4	5.1	11.3	1.0	0.8

Source : Bloomberg, NHKSI Research

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