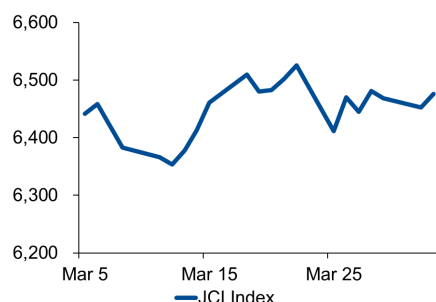


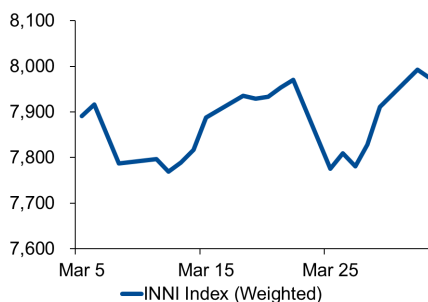
# Morning Brief

Daily | Apr 4, 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI was at higher close amid the reading of the US and Chinese PMI. **Top Gainers JCI: Agriculture (+2.2%), Misc. Industry (2.1%), Consumer (+0.5%).**

In contrast to JCI's last-Tuesday performance, INNI Index dropped at 0.22% as KRAS, KAEF, INCO made sharp declines of 4.3%, 3.7%, 2.8%, respectively.

## Daily Foreign & Domestic Sector Movement

Last Tuesday's foreign inflows were at IDR226 billion. The basic industry--the cement sector--was in the spotlight as it cheered the net buy of IDR133 billion. Like the buoyant cement sector, the banking sector boasted inflows of IDR108 billion, as BBRI achieved 2018's positive earnings.

Meanwhile, the domestic net buy on the consumer sector--HMSP in particular--bolstered JCI at Tuesday's higher close.

## Today's Outlook: The US and China Peaceful Trade Is Closer

Dow Jones nudged up at 0.15% this morning as investors are optimistic that the U.S. and China peace trade is about to come. We estimate that INNI Index to rally harmoniously with the U.S. market as rupiah appreciation and sectors, e.g. commodities and steels reap benefits of peaceful trade.

## Company News

- TLKM : Has Refarmed Its Frequency at 800 and 900MHz
- INCO : 2019's Capex Is Double
- MIKA : 2018's Net Profits Inched Lower 7.1%

## Domestic & Global News

- Indonesian March PMI Hiked
- US-China Are Reportedly Drawing Closer to A Final Trade Agreement

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.18%	5.17%
FX Reserve (USD bn)	123.27	120.10	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	0.33	(1.16)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-11.33%	-4.70%	FDI (USD bn)	3.62	5.95
Imports Yoy	-13.98%	-1.83%	Business Confidence	108.05	112.82
Inflation Yoy	2.48%	2.57%	Cons. Confidence*	125.10	125.50

## JCI Index

April 2	6,476.06
Chg.	-23.46pts (+0.36%)
Volume (bn shares)	144.35
Value (IDR tn)	8.44
Adv 170 Dec 221 Unc 256 Untr 128	

## INNI Index

Last	7,975.10
Chg.	-17.59pts (-0.22%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
LSIP	9.6%	KRAS	-4.3%
AALI	5.5%	KAEF	-3.7%
MAPI	5.0%	INCO	-2.8%
PWON	3.4%	ICBP	-2.4%
ASII	2.4%	ANTM	-2.1%

## Foreign Transaction

	(IDR bn)
Buy	2,963
Sell	2,736
Net Buy (Sell)	226

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	101.4	ICBP	82.8
BBNI	41.8	PGAS	65.2
ASII	40.2	JPFA	49.4
CTRA	32.5	UNTR	39.6
TLKM	22.9	BBTN	33.5

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.62%	0.01%
USDIDR	14,223	-0.04%
KRWIDR	12.51	-0.24%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,218.13	39.00	0.15%
S&P 500	2,873.40	6.16	0.21%
FTSE 100	7,418.28	27.16	0.37%
DAX	11,954.40	199.61	1.70%
Nikkei	21,713.21	207.90	0.97%
Hang Seng	29,986.39	361.72	1.22%
Shanghai	3,216.30	39.47	1.24%
KOSPI	2,203.27	26.09	1.20%
EIDO	26.14	0.41	1.59%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,289.9	(2.5)	-0.20%
Crude Oil (USD /bbl)	62.46	(0.12)	-0.19%
Coal Newcas(USD/ton)	80.00	(2.80)	-3.38%
Nickel LME (USD /MT)	13,329	188.0	1.43%
Tin LME (USD /MT)	21,175	(20.0)	-0.09%
CPO (MYR/Ton)	2,175	22.0	1.02%

**TLKM : Has Refarmed Its Frequency at 800 and 900MHz**  
Since February 25, 2019, Telkomsel, a subsidiary of TLKM, is committed to its 800MHz-900MHz frequency rearming. Its 42 clusters scattered in 34 provinces are subject to the frequency rearming. The corporate strategies for efficient frequency aim to accelerate the expansion of LTE services, covering 95% of Indonesia's population. (Kontan)

**INCO : 2019's Capex Is Double**  
INCO allocates USD165 million as 2019's capex, double 2018's capex. That underlined its decision to not distribute dividend as 2019's double capex is ploughed into two megaproject development such as ferronickel smelter in Bahadopi, Central Sulawesi and nickel smelter in Pomalaa, Southeast Sulawesi. (Bisnis Indonesia)

**MIKA : 2018's Net Profits Inched Lower 7.1%**  
MIKA marked down 2018's net profits to IDR659 billion (-7.1% y-y). A decline in interest incomes, coupled with expansion strategies, 2017's acquisition over Kasih Group suppressed profits. Yet, its revenues inched higher by 8.7% y-y to IDR2.71 billion; its inpatients and outpatients also edged up by 18.6% and 32.1%, respectively. (Bisnis Indonesia)

## Domestic & Global News

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### **Indonesian March PMI Hiked**

Indonesia's PMI expanded at the end of 1Q19. Nikkei and IHS Markit, on Monday (04/01), showed that Indonesian PMI reading was at 51.2 at the early of March 2019. Its figure inched higher as of January 2019. Its early year's figure was at 49.9 and hiked to 50.1% in February 2019. Indonesian PMI figure ended 1Q19 with a positive figure as Nikkei's survey of PMI data showed improvement in March's rosier manufacture sector. The updated survey noted the consistent hike in the annual GDP at around 5%. (Kontan)

### **US-China Are Reportedly Drawing Closer to A Final Trade Agreement**

High-level trade negotiations between China and the U.S. resumed on Wednesday in Washington, and hopes were high that both countries were closer to a deal. White House economic advisor Larry Kudlow told reporters Wednesday that China has acknowledged for the first time that the United States has legitimate gripes about IP theft, forced technology transfer and cyber hacking. (CNBC)

	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 (%)	Adjusted Beta
<b>Finance</b>						11.5	2,384.6							
BBCA	27,500	26,000	32,000	Buy	16.4	18.0	678.0	26.2x	4.5x	18.3	0.9	8.7	11.0	0.9
BBRI	4,150	3,660	4,650	Hold	12.0	18.9	511.9	15.7x	2.8x	18.5	2.6	10.4	11.7	1.5
BMRI	7,450	7,375	8,000	Hold	7.4	(2.0)	347.7	13.9x	1.9x	14.4	2.7	7.4	21.2	1.5
<b>Consumer</b>						0.1	1,475.9							
GGRM	82,750	83,625	110,000	Buy	32.9	14.9	159.2	20.4x	3.5x	17.8	3.1	14.9	0.5	1.2
UNVR	49,400	45,400	59,000	Buy	19.4	(0.3)	376.9	41.4x	49.7x	142.9	1.9	1.5	30.1	1.0
ICBP	8,975	10,450	11,800	Buy	31.5	10.1	104.7	22.9x	4.8x	22.2	2.5	7.9	20.2	0.8
INDF	6,225	7,450	8,700	Buy	39.8	(13.5)	54.7	13.1x	1.6x	12.8	4.9	4.6	0.2	1.2
KAEF	3,660	2,600	4,100	Hold	12.0	71.0	20.3	48.9x	7.8x	14.5	0.5	24.6	27.3	1.1
KLBF	1,525	1,520	1,870	Buy	22.6	(2.2)	71.5	29.1x	4.9x	17.6	1.6	4.4	2.2	1.2
<b>Infrastructure</b>						8.8	803.14							
TLKM	3,950	3,750	4,350	Hold	10.1	10.7	391.3	21.2x	4.3x	20.4	4.2	2.3	(20.6)	0.8
JSMR	6,000	4,280	6,000	Hold	-	32.2	43.5	19.8x	2.6x	13.8	1.0	5.4	0.1	0.9
<b>Trade</b>						(10.1)	729.6							
UNTR	26,625	27,350	35,000	Buy	31.5	(16.8)	99.3	8.9x	1.8x	22.4	3.7	31.1	50.3	0.9
SILO	3,880	3,590	4,350	Hold	12.1	(51.5)	6.3	389.9x	1.0x	0.3	N/A	2.0	(85.4)	1.0
MIKA	1,975	1,575	2,300	Buy	16.5	(4.1)	28.7	47.0x	7.3x	17.3	N/A	8.7	(10.6)	0.8
LPPF	4,010	5,600	5,500	Buy	37.2	(63.5)	11.7	10.7x	6.3x	53.0	11.4	2.2	(42.4)	1.1
RALS	1,800	1,420	2,050	Hold	13.9	40.1	12.8	20.6x	3.2x	16.0	2.2	2.1	44.4	0.8
MAPI	1,045	805	1,300	Buy	24.4	30.2	17.3	25.8x	3.2x	15.5	0.4	16.0	117.8	0.8
<b>Property</b>						(7.3)	416.8							
PWON	755	620	725	Hold	(4.0)	18.0	36.4	14.3x	2.9x	22.2	0.8	23.2	35.8	1.3
CTRA	1,090	1,010	1,080	Hold	(0.9)	(6.0)	20.2	17.1x	1.4x	8.5	0.9	19.1	32.8	1.7
PTPP	2,130	1,805	2,450	Buy	15.0	(20.2)	13.2	8.8x	1.0x	12.4	2.2	16.8	3.4	1.4
WSKT	1,995	1,680	2,600	Buy	30.3	(20.8)	27.1	6.8x	1.5x	24.8	2.9	7.9	2.7	1.4
WIKA	2,170	1,655	2,500	Buy	15.2	28.4	19.5	11.2x	1.3x	12.6	1.2	19.0	43.9	1.2
<b>Basic Ind.</b>						16.8	676.9							
KRAS	446	402	600	Buy	34.5	2.3	8.6	N/A	0.4x	(2.5)	N/A	20.1	4.8	1.2
<b>Misc Ind.</b>						0.9	387.8							
ASII	7,450	8,225	9,100	Buy	22.1	(1.7)	301.6	13.9x	2.2x	16.6	2.6	16.1	14.8	1.2
<b>Mining</b>						(0.3)	418.2							
ADRO	1,325	1,215	1,750	Buy	32.1	(35.0)	42.4	7.1x	0.8x	11.7	7.5	11.1	(13.6)	1.2
PTBA	4,190	4,300	5,100	Buy	21.7	37.4	48.3	8.8x	2.8x	33.9	7.6	8.7	12.2	1.0
INCO	3,470	3,260	4,400	Buy	26.8	16.4	34.5	38.1x	1.3x	3.3	N/A	23.4	N/A	1.5
ANTM	920	765	1,200	Buy	30.4	18.7	22.1	25.3x	1.1x	4.6	0.2	99.5	540.7	1.4
<b>Agriculture</b>						(12.4)	96.3							
AALI	11,900	11,825	16,000	Buy	34.5	(13.8)	22.9	15.9x	1.2x	7.7	3.6	10.3	(26.9)	0.6
LSIP	1,145	1,250	1,500	Buy	31.0	(11.9)	7.8	23.6x	0.9x	4.0	3.9	(15.2)	(54.6)	0.8

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

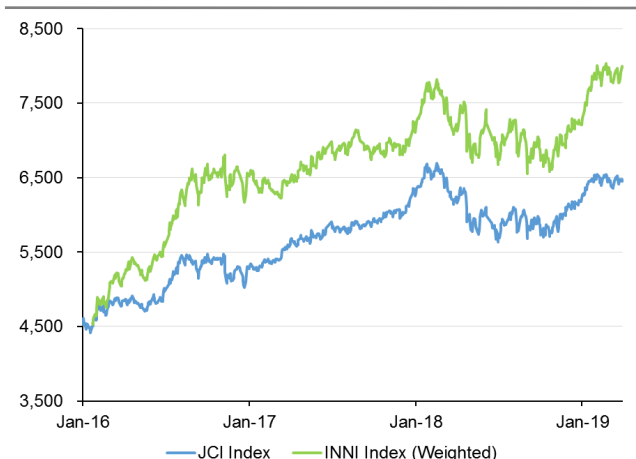
### INNI Index Movement

YTD Change	9.8%
YTD Change Gap (vs JCI)	5.2%
Weekly Change	2.1%
Weekly Change Gap (vs JCI)	2.0%

### INNI Market Capitalization

Market Cap (IDR tn)	3,464
Market Cap (%)	47.27

### INNI Index



Source: Bloomberg, NHKS Research

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	Tankan Large All Industry Capex	1Q	1.20%	0.70%	14.30%
<i>1 - Apr</i>	JPN	06:50	Tankan Large Mfg Index	1Q	12	13	19
	JPN	07:30	Nikkei Japan PMI Mfg	Mar F	49.2	--	48.9
	CHN	08:45	Caixin China PMI Mfg	Mar	50.8	50	49.9
	EU	15:00	Markit Eurozone Manufacturing PMI	Mar F	47.5	47.6	47.6
	UK	15:30	Markit UK PMI Manufacturing SA	Mar	55.1	51.2	52
	USA	19:30	Retail Sales Advance MoM	Feb	-0.20%	0.30%	0.20%
	USA	20:45	Markit US Manufacturing PMI	Mar F	52.4	52.5	52.5
	USA	21:00	ISM Manufacturing	Mar	55.3	54.3	54.2
<b>Tuesday</b>	USA	19:30	Durable Goods Orders	Feb P	-1.60%	-1.20%	0.30%
<i>2 - Apr</i>							
<b>Wednesday</b>	USA	18:00	MBA Mortgage Applications	29-Mar	18.6%	--	8.90%
<i>3 - Mar</i>							
<b>Thursday</b>	GER	13:00	Factory Orders MoM	Feb		0.30%	-2.60%
<i>4 - Mar</i>	USA	19:30	Initial Jobless Claims	30-Mar		--	211k
<b>Friday</b>	GER	13:00	Industrial Production SA MoM	Feb		0.50%	-0.80%
<i>5 - Mar</i>	USA	19:30	Unemployment Rate	Mar		3.80%	3.80%
	USA	19:30	Change in Nonfarm Payrolls	Mar		175k	20k

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	Tentative	Nikkei Indonesia PMI Mfg	Mar	51.2	--	50.1
<i>1 - Apr</i>	Tentative	CPI YoY	Mar	2.48%	2.51%	2.57%
	Tentative	CPI NSA MoM	Mar	0.11%	0.14%	-0.08%
	Tentative	CPI Core YoY	Mar	3.03%	3.06%	3.06%
<b>Friday</b>						
<i>5 - Mar</i>		Consumer Confidence Index	Mar		--	125.1

Source: Bloomberg

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