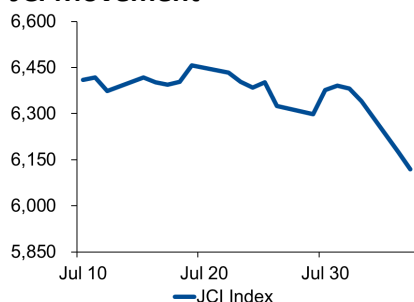


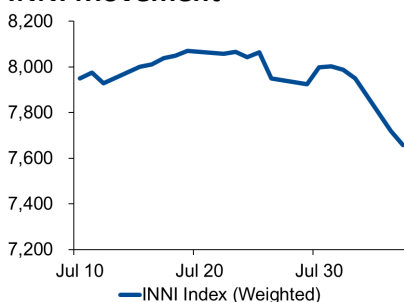
# Morning Brief

Daily | August 07 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI pared down due to the struggling banking sector and massive capital outflows. **JCI's Top Losers: Misc. Industry (-2.2%), Finance (-1.9%), Trade (-1.3%).**

INNI index closed at a 0.80% drop as miners posted losses, i.e. ADRO (-3.1%) and PTBA (-2.7%).

## Daily Foreign & Domestic Sector Movement

JCI had a worst Tuesday's trading after foreign outflows of IDR2 trillion added to the worsened broader economy rattled most of Asia markets. The capital outflows were not only the sign of global volatility, as the Indonesian rupiah made 4-day losing streak. China retaliated the US tariff measures by a ban on importing the US agricultural products taking into effects at the early of September and putting an additional tariff on the prior ordered products.

## Today's Outlook: Dim Consumer Optimism

Dow was rebounding 1.21% to close at 26,029 as markets' fears of early-week currencies war subdued. On Monday (08/06), China set yuan to strengthen on Monday's trading. It signified China to retrieve from the aggressive policy. From the domestic highlights, the Consumer Confidence Index (CCI) declined to 124.8 lower than June's figure. The declines were attributable to the stagnancy in the broader economy.

## Company News

INCO : Spent USD42.2 Million Worth of Capex  
 TLKM : IndiHOME Is Profits Maker  
 WSKT : Expects Toll-Road Payment  
 ASII : 2019 is the Worst Year for AALI

## Domestic & Global News

July's Dim Consumer Optimism  
 PBOC Firmly Rejected US Treasury's Claims

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	6.00%	Real GDP	5.07%	5.18%
FX Reserve (USD bn)	123.82	120.35	Current Acc (USD bn)	(6.97)	(9.15)
Trd Balance (USD bn)	0.20	0.21	Govt. Spending Yoy	5.21%	5.56%
Exports Yoy	-8.98%	-8.99%	FDI (USD bn)	6.04	3.62
Imports Yoy	2.80%	-17.71%	Business Confidence	108.05	112.82
Inflation Yoy	3.32%	3.28%	Cons. Confidence*	128.10	125.10

## JCI Index

Aug. 06 6,119.47  
 Chg. -56.23pts (-0.91%)  
 Volume (bn shares) 166.082  
 Value (IDR tn) 10.38  
**Adv 118 Dec 313 Unc 238 Untr 126**

## INNI Index

Last 7,657.18  
 Chg. -61.90pts (-0.80%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
ANTM	9.3%	UNTR	-4.7%
INCO	5.0%	BBRI	-4.0%
CTRA	2.1%	ADRO	-3.1%
SMGR	1.4%	KAEF	-3.1%
WSKT	1.4%	PTBA	-2.7%

## Foreign Transaction

	(IDR bn)
Buy	2,259
Sell	4,444
Net Buy (Sell)	2,184

Top Buy	NB Val.	Top Sell	NS Val.
UNVR	26.4	BBCA	646.5
INDF	25.5	BBRI	552.4
ICBP	22.4	BMRI	214.3
LPPF	7.8	ASII	175.5
DMAS	6.4	BBNI	106.7

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.65%	-0.02%
USDIDR	14,277	0.15%
KRWIDR	11.73	0.00%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,029.52	311.78	1.21%
S&P 500	2,881.77	37.03	1.30%
FTSE 100	7,171.69	(52.16)	-0.72%
DAX	11,567.96	(90.55)	-0.78%
Nikkei	20,585.31	(134.98)	-0.65%
Hang Seng	25,976.24	(175.08)	-0.67%
Shanghai	2,777.56	(43.94)	-1.56%
KOSPI	1,917.50	(29.48)	-1.51%
EIDO	24.18	0.14	0.58%

## Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,474.4	10.7	0.73%
Crude Oil (USD / bbl)	53.63	(1.06)	-1.94%
Coal Newcas(USD/ton)	71.00	(1.25)	-1.73%
Nickel LME (USD / MT)	14,945	65.0	0.44%
Tin LME (USD / MT)	17,000	95.0	0.56%
CPO (MYR/Ton)	2,102	9.0	0.43%

### **INCO : Spent USD42.2 Million Worth of Capex**

PT Vale Indonesia Tbk (INCO) in 2Q19 spent USD42.2 million worth of capex to boost nickel production volume. It was a 25.5% increase from 2019's total capex; the 2Q19 nickel production in matte showed a 35% QnQ gain and contributed 22% to the total sales. That was attributable to aggressive expansion during 2Q19. (Investor Daily)

### **WSKT : Expects Toll-Road Payment**

PT Waskita Karya Tbk (WSKT) is estimated to secure IDR3 trillion of toll-road payment at the end of 2019. The Development Finance Comptroller (BPKP) and the State Asset Management Agency (LMAN) will settle the payment. WSKT urged Indonesia Toll Road Authority (BPJT) to complete administrative document requirements needed for settling the payment. (Bisnis Indonesia)

### **TLKM : IndiHOME Is Profits Maker**

PT Telekomunikasi Indonesia Tbk (TLKM) marked solid growth as one of its service products, IndiHome, was a strong footing for the 2Q19 revenues. IndiHome obtained revenues IDR8.8 trillion or a 61.5% gain, contributing 12.69% to the total revenues. Of note, IndiHome currently has 6 million subscribers; that is a 45.1% growth amid decreases in the number of cellulars' users. Thus, TLKM aggressively expands IndiHome. (Bisnis Indonesia)

### **ASII : 2019 is the Worst Year for AALI**

PT Astra Agro Lestari, Tbk (AALI), the subsidiary of PT Astra International Tbk, posted modest performance in IH19. The struggling CPO prices make 2019 as the worst year for its performance as it posted revenues of IDR8.53 trillion or a 5.49% decline from IDR9.02 trillion in the same period of 2018. (CNBC)

## Domestic & Global News

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### **July's Dim Consumer Optimism**

The Consumer Survey by Bank Indonesia (BI) disclosed that the Consumer Confidence Index (CCI) was at 124.8 in July. The level decreased 1.6 points from 126.4 in June. The consumer optimism in July was above 100: a high optimism level, but it dimmed compared with June's optimism due to the likely sluggish economic outlook. (Kontan)

### **PBOC Firmly Rejected US Treasury's Claims**

China's central bank has firmly rejected the U.S. Treasury's designation of Beijing as a currency manipulator, saying the accusation has "seriously" undermined the international financial order and risked further market turmoil. The response from the People's Bank of China comes at a time of rapidly intensifying trade tensions between the world's two largest economies. (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>						13.7	2,349.7							
BBCA	29,400	26,000	32,000	Hold	8.8	23.5	724.9	26.6x	4.5x	18.4	1.2	16.8	12.7	1.0
BBRI	4,100	3,660	4,950	Buy	20.7	22.4	505.7	15.1x	2.6x	18.8	3.2	11.2	10.3	1.4
BMRI	7,250	7,375	8,000	Hold	10.3	0.7	338.3	12.8x	1.8x	15.0	3.3	9.1	11.1	1.3
<b>Consumer</b>						(7.1)	1,308.1							
GGRM	71,925	83,625	110,000	Buy	52.9	(5.4)	138.4	16.2x	3.1x	20.0	3.6	16.4	20.5	1.0
UNVR	44,325	45,400	59,000	Buy	33.1	1.8	338.2	36.5x	66.6x	183.9	2.7	1.3	5.2	1.0
ICBP	10,775	10,450	11,800	Hold	9.5	19.7	125.7	25.8x	5.5x	22.9	1.8	13.7	12.8	0.8
INDF	7,050	7,450	8,700	Buy	23.4	7.2	61.9	13.0x	1.8x	14.4	3.3	7.2	30.0	1.2
KAEF	3,100	2,600	4,100	Buy	32.3	29.7	17.2	43.1x	7.6x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,385	1,520	1,870	Buy	35.0	6.5	64.9	26.0x	4.4x	17.9	1.9	7.7	3.5	1.3
<b>Infrastructure</b>						9.7	803.16							
TLKM	4,130	3,698	4,350	Hold	5.3	17.0	409.1	20.0x	4.4x	22.8	4.0	7.7	27.4	0.9
JSMR	5,675	4,280	6,000	Hold	5.7	14.0	41.2	18.6x	2.3x	13.3	0.8	(25.9)	1.4	1.1
<b>Trade</b>						(7.9)	703.8							
UNTR	22,750	27,350	35,000	Buy	53.8	(36.8)	84.9	7.6x	1.5x	21.6	5.2	11.2	1.8	0.9
SILO	6,300	3,590	4,350	Sell	(31.0)	105.2	10.2	222.0x	1.6x	0.3	N/A	18.5	N/A	0.8
MIKA	2,050	1,575	2,300	Hold	12.2	7.9	29.8	45.1x	6.9x	16.3	0.9	#N/A	N/A	0.5
LPPF	3,290	5,600	5,500	Buy	67.2	(47.4)	9.2	10.2x	5.1x	45.2	10.1	0.6	(11.5)	0.8
RALS	1,290	1,420	2,050	Buy	58.9	0.4	9.2	12.6x	2.1x	17.7	3.9	(0.2)	21.1	0.7
MAPI	950	805	1,300	Buy	36.8	9.2	15.8	21.3x	2.7x	14.5	1.1	10.2	25.0	0.8
<b>Property</b>						3.8	444.0							
PWON	685	620	725	Hold	5.8	22.3	33.0	11.9x	2.4x	22.4	1.0	3.8	20.9	1.3
CTRA	1,225	1,010	1,080	Hold	(11.8)	19.5	22.7	17.4x	1.6x	9.4	0.8	12.1	74.3	1.7
PTPP	1,870	1,805	2,450	Buy	31.0	(7.9)	11.6	8.4x	0.9x	12.4	2.6	12.8	(23.4)	1.6
WSKT	1,820	1,680	2,600	Buy	42.9	(15.7)	24.7	12.5x	1.4x	11.3	4.0	(35.4)	(66.8)	1.4
WIKA	2,200	1,655	2,500	Hold	13.6	31.0	19.7	9.4x	1.3x	14.9	1.8	#N/A	N/A	1.4
<b>Basic Ind.</b>						(2.7)	620.0							
KRAS	326	402	600	Buy	84.0	(22.4)	6.3	N/A	0.2x	(7.3)	N/A	(17.8)	(775.0)	1.3
SMGR	12,575	11,500	13,600	Hold	8.2	40.5	74.6	28.8x	2.5x	8.7	1.7	#N/A	N/A	1.4
INTP	21,400	18,450	19,000	Hold	(11.2)	40.8	78.8	55.1x	3.6x	6.5	2.6	7.7	80.2	1.5
<b>Misc Ind.</b>						(5.7)	357.0							
ASII	6,750	8,225	8,600	Buy	27.4	(8.5)	273.3	13.0x	1.9x	16.2	3.2	3.2	(5.8)	1.2
<b>Mining</b>						(25.5)	370.3							
ADRO	1,085	1,215	1,750	Buy	61.3	(45.2)	34.7	5.3x	0.6x	12.6	8.3	10.8	59.2	1.3
PTBA	2,550	4,300	5,100	Buy	100.0	(46.7)	29.4	5.7x	1.6x	29.2	13.3	(7.2)	(21.7)	1.2
INCO	2,950	3,260	4,400	Buy	49.2	(32.8)	29.3	391.0x	1.1x	0.3	N/A	(22.0)	N/A	1.6
ANTM	940	765	1,200	Buy	27.7	1.6	22.6	28.2x	1.1x	4.1	1.4	8.5	(30.1)	1.5

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

### INNI Index Movement

YTD Change	5.4%
YTD Change Gap (vs JCI)	6.6%
Weekly Change	-4.3%
Weekly Change Gap (vs JCI)	-0.2%

### INNI Market Capitalization

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

### INNI Index



Source: Bloomberg, NHKS Research

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GER	14:55	Markit Germany Services PMI	Jul F	54.5	55.4	55.4
<i>5 - Aug</i>	EU	15:00	Markit Eurozone Composite PMI	Jul F	51.5	51.5	51.5
	USA	21:00	ISM Non-Manufacturing Index	Jul	53.7	55.5	55.1
<b>Tuesday</b>	GER	13:00	Factory Orders MoM	Jun	2.50%	0.50%	-2.20%
<i>6 - Aug</i>							
<b>Wednesday</b>	GER	13:00	Industrial Production SA MoM	Jun		-0.60%	0.30%
<i>7 - Aug</i>	UK	14:30	Halifax House Prices MoM	Jul		0.30%	-0.30%
	USA	18:00	MBA Mortgage Applications	2-Aug		--	-1.40%
<b>Thursday</b>	CHN	Tentative	Trade Balance	Jul		\$44.23b	\$50.98b
<i>8 - Aug</i>	JPN	06:50	BoP Current Account Balance	Jun		¥1174.4b	¥1594.8b
	USA	19:30	Initial Jobless Claims	3-Aug		--	215k
	USA	21:00	Wholesale Inventories MoM	Jun F		0.20%	0.20%
<b>Friday</b>	JPN	06:50	Money Stock M2 YoY	Jul		2.30%	2.30%
<i>9 - Aug</i>	JPN	06:50	GDP SA QoQ	2Q P		0.10%	0.60%
	CHN	Tentative	Money Supply M2 YoY	Jul		8.40%	8.50%
	CHN	08:30	PPI YoY	Jul		0.00%	0.00%
	CHN	08:30	CPI YoY	Jul		2.70%	2.70%
	UK	15:30	Manufacturing Production MoM	Jun		-0.10%	1.40%
	UK	15:30	Industrial Production MoM	Jun		-0.20%	1.40%
	UK	15:30	GDP QoQ	2Q P		0.00%	0.50%
	USA	19:30	PPI Final Demand MoM	Jul		0.20%	0.10%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	Tentative	GDP YoY	2Q		5.05%	5.07%
<i>5 - Aug</i>	Tentative	GDP YoY	2Q		4.20%	-0.52%
<b>Tuesday</b>	Tentative	Consumer Confidence Index	Jul			126
<i>6 - Aug</i>						
<b>Wednesday</b>	Tentative	Net Foreign Assets IDR	Jul		--	1713.8t
<i>7 - Aug</i>	Tentative	Foreign Reserves	Jul		--	\$123.80b
<b>Thursday</b>	Tentative	BoP Current Account Balance	2Q		-\$8633m	-\$6966m
<i>8 - Aug</i>						

Source: Bloomberg

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