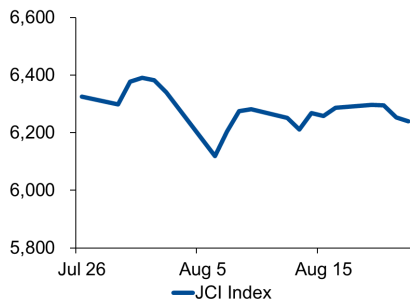


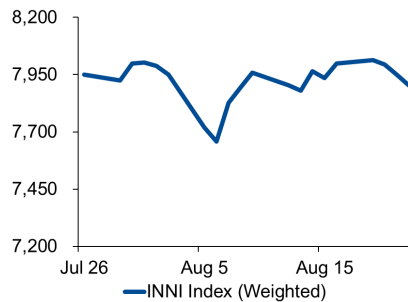
# Morning Brief

Daily | August 23 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI was at a tepid close, held back by the construction and consumer goods sectors. **JCI's Top Losers: Property (-1.6%), Mining (-1.0%), Trade (-0.5%).**

INNI index dropped, as did JCI, because of declines in retailers stocks, i.e. LPPF (-3.8%) and MIKA (-3.2%).

## Daily Foreign & Domestic Sector Movement

JCI continued to post foreign outflows of IDR334 billion on Thursday's trading (08/22). Asia markets' moves were constrained after the minutes of FOMC signaled that July's rate cut was a policy recalibration amid the murky economy or a mid-cycle adjustment. The rate cut is not the start of a series of deeper rate cuts. A glance at commodities outlook, yellow metal's prices slightly dipped along with the better broader backdrop.

Domestic investors pulled out their money worth of IDR44 billion from the consumer sector and IDR21 billion from the property sector.

## Today's Outlook: BI Cuts BI 7-DRRR to 5.5%

Dow Jones hiked 0.19% to 26,525 after the release of the FOMC's minutes. Investors are anticipating Jerome Powell's Friday's speech of August 23, 2019. The US markets were bearish as the US manufacturing PMI of August plunged for the first time in a decade. Back in the domestic highlights, BI decided to cut BI 7-DRRR by 25 bps to 5.5%. Today, take a close look at banking and property stocks.

## Company News

- BBCA : Disburses Syndication Credits in 1H19
- BBRI : Injects Funds to BRI Finance
- ADRO : Boasts of 1H19 Solid Performance
- INTP : Achieves Higher Sales Volume

## Domestic & Global News

- BI Cuts BI 7-DRRR
- U.S. PMI Contracts for the First Time in Nearly A Decade

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.75%	Real GDP	5.05%	5.07%
FX Reserve (USD bn)	125.90	123.80	Current Acc (USD bn)	(8.40)	(6.97)
Trd Balance (USD bn)	(0.06)	0.20	Govt. Spending Yoy	8.23%	5.21%
Exports Yoy	-5.12%	-8.98%	FDI (USD bn)	5.78	6.04
Imports Yoy	-15.21%	2.80%	Business Confidence	108.05	108.05
Inflation Yoy	3.32%	3.28%	Cons. Confidence*	124.80	128.10

## JCI Index

Aug. 22	6,239.24
Chg.	-13.72pts (-0.22%)
Volume (bn shares)	137.15
Value (IDR tn)	8.06
<b>Adv 140 Dec 260 Unc 269 Untr 127</b>	

## INNI Index

Last	7,904.10
Chg.	-45.33pts (-0.57%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
KLBF	3.2%	LPPF	-3.8%
PWON	2.2%	MIKA	-3.2%
UNVR	0.9%	INCO	-2.9%
TLKM	0.9%	ANTM	-2.8%
BBRI	0.5%	KAEF	-2.8%

## Foreign Transaction

	(IDR bn)
Buy	2,363
Sell	2,697
Net Buy (Sell)	334

Top Buy	NB Val.	Top Sell	NS Val.
KLBF	51.6	POWR	90.2
BBNI	45.5	ASII	65.0
GGRM	39.4	BBCA	59.7
BMRI	26.8	PGAS	56.9
WIKA	21.4	BBRI	47.9

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.25%	-0.03%
USDIDR	14,235	-0.06%
KRWIDR	11.79	-0.42%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,252.24	49.51	0.19%
S&P 500	2,922.95	(1.48)	-0.05%
FTSE 100	7,128.18	(75.79)	-1.05%
DAX	11,747.04	(55.81)	-0.47%
Nikkei	20,628.01	9.44	0.05%
Hang Seng	26,048.72	(221.32)	-0.84%
Shanghai	2,883.44	3.11	0.11%
KOSPI	1,951.01	(13.64)	-0.69%
EIDO	24.55	(0.00)	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,498.1	(4.6)	-0.31%
Crude Oil (USD / bbl)	55.35	(0.33)	-0.59%
Coal Newcas(USD/ton)	70.00	0.15	0.21%
Nickel LME (USD / MT)	15,660	(165.0)	-1.04%
Tin LME (USD / MT)	16,175	(25.0)	-0.15%
CPO (MYR/Ton)	2,256	48.0	2.17%

### **BBCA : Disburses Syndication Credits in 1H19**

PT Bank Central Asia Tbk (BBCA) in 1H19 has distributed syndication credit of IDR106 trillion, distributed to toll roads, electricity projects, and property sector. In years ahead, it will play has the role as a sole arranger or joint arranger with other banks. BBCA currently has LDR at 80% and will not aggressively pursue credit growth. (Kontan)

### **BBRI : Injects Funds to BRI Finance**

PT Bank Rakyat Indonesia Tbk (BBRI) injects capital of IDR100 billion to its subsidiary, BRI Finance. The capital injection makes BBRI own 99.78% of BRI Finance's stocks. The percentage is equal to IDR254.54 billion. The capital injection aims to expand its BBRI business in light of well-integrated synergy between BBRI and BRI Finance. (Kontan)

### **ADRO : Boasts of 1H19 Solid Performance**

PT Adaro Energy Tbk (ADRO) booked revenues of USD1.7 billion in 1H19 or an increase from 1H18. The solid performance enabled ADRO to post the operational EBITDA growth of 17% YoY and maintain the EBITDA margin at 39%. ADRO's performance reflects its resilience in overcoming industrial cyclicalities. (Kontan)

### **INTP : Achieves Higher Sales Volume**

PT Indocement Tunggak Prakarsa Tbk (INTP) booked cement sales of 1.7 tons in July 2019. July's sales were backed by the end of Idulfitri holidays and more conducive weather. INTP is sanguine about positive performance outlook until late 2019 despite the headwinds of burdensome over-dimension and overloading regulations. (Bisnis Indonesia)

## Domestic & Global News

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### **BI Cuts BI 7-DRRR**

Bank Indonesia's Board of Governors Meeting decided to cut BI 7-DRRR at 25 bps to 5.5%. The looser monetary decision was based on benign inflation. BI's Governor Perry Warjiyo stated that the looser monetary stance was on the ground of benign inflation, falling at the 2019 target range of 2.5%-3.5%. (Kontan)

### **U.S. PMI Contracts for the First Time in Nearly A Decade**

U.S. manufacturer growth slowed to the lowest level in almost 10 years in August, the latest sign that the trade war may be exacerbating the economic slowdown. The U.S. manufacturing PMI (purchasing managers' index) was 49.9 in August, down from 50.4 in July and below the neutral 50.0 thresholds for the first time since September 2009, according to IHS Markit. (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>						15.6	2,363.6							
BBCA	30,000	26,000	32,000	Hold	6.7	22.1	739.7	27.1x	4.6x	18.4	1.1	16.8	12.7	1.0
BBRI	4,070	3,660	4,950	Buy	21.6	24.5	502.0	14.8x	2.6x	19.0	3.2	12.5	8.5	1.4
BMRI	7,225	7,375	8,000	Hold	10.7	5.5	337.2	12.8x	1.8x	15.0	3.3	9.1	11.1	1.4
<b>Consumer</b>						(1.2)	1,356.7							
GGRM	76,000	83,625	110,000	Buy	44.7	0.6	146.2	17.2x	3.3x	20.0	3.4	16.4	20.5	1.0
UNVR	45,300	45,400	59,000	Buy	30.2	4.5	345.6	37.3x	68.1x	183.9	2.6	1.3	5.2	1.0
ICBP	11,825	10,450	11,800	Hold	(0.2)	32.5	137.9	28.4x	6.1x	22.9	1.6	13.7	12.8	0.8
INDF	7,600	7,450	8,700	Hold	14.5	15.2	66.7	14.0x	1.9x	14.4	3.1	7.2	30.0	1.2
KAEF	3,150	2,600	4,100	Buy	30.2	30.2	17.5	43.8x	7.7x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,625	1,520	1,870	Buy	15.1	22.6	76.2	30.5x	5.2x	17.9	1.6	7.7	3.5	1.3
<b>Infrastructure</b>						22.8	849.73							
TLKM	4,450	3,698	4,350	Hold	(2.2)	36.8	440.8	21.6x	4.7x	22.8	3.7	7.7	27.4	0.9
JSMR	5,675	4,280	6,000	Hold	5.7	23.1	41.2	18.6x	2.3x	13.3	0.8	(25.9)	1.4	1.1
<b>Trade</b>						(8.0)	703.1							
UNTR	19,975	27,350	35,000	Buy	75.2	(42.9)	74.5	6.6x	1.4x	21.6	6.0	11.2	1.8	0.9
SILO	6,175	3,590	4,350	Sell	(29.6)	106.5	10.0	217.6x	1.6x	0.7	N/A	#N/A	N/A	0.8
MIKA	2,400	1,575	2,300	Hold	(4.2)	25.3	34.9	52.8x	8.1x	16.3	0.8	#N/A	N/A	0.5
LPPF	3,030	5,600	5,500	Buy	81.5	(55.1)	8.5	9.4x	4.7x	45.2	11.0	0.6	(11.5)	0.8
RALS	1,270	1,420	2,050	Buy	61.4	(3.1)	9.0	12.4x	2.1x	17.7	3.9	(0.2)	21.1	0.7
MAPI	1,040	805	1,300	Buy	25.0	21.6	17.3	23.3x	3.0x	14.5	1.0	10.2	25.0	0.8
<b>Property</b>						10.6	462.6							
PWON	685	620	725	Hold	5.8	29.2	33.0	11.9x	2.4x	22.4	1.0	3.8	20.9	1.3
CTRA	1,255	1,010	1,080	Hold	(13.9)	40.2	23.3	17.9x	1.6x	9.4	0.8	12.1	74.3	1.7
PTPP	1,915	1,805	2,450	Buy	27.9	3.5	11.9	8.6x	0.9x	11.3	2.5	12.8	(23.4)	1.6
WSKT	1,810	1,680	2,600	Buy	43.6	(6.2)	24.6	12.5x	1.4x	11.3	4.0	(35.4)	(66.8)	1.5
WIKA	2,350	1,655	2,500	Hold	6.4	46.9	21.1	10.0x	1.4x	14.9	1.6	#N/A	N/A	72.2
<b>Basic Ind.</b>						(0.0)	651.0							
KRAS	328	402	600	Buy	82.9	(18.8)	6.3	N/A	0.3x	(11.2)	N/A	(17.8)	(775.0)	1.3
SMGR	13,025	11,500	13,600	Hold	4.4	43.5	77.3	29.8x	2.6x	8.7	1.6	#N/A	N/A	(50.0)
INTP	21,250	18,450	19,000	Hold	(10.6)	25.0	78.2	54.7x	3.6x	6.5	2.6	7.7	80.2	1.5
<b>Misc Ind.</b>						(10.0)	338.8							
ASII	6,325	8,225	8,600	Buy	36.0	(14.8)	256.1	12.1x	1.8x	16.2	3.4	3.2	(5.8)	1.2
<b>Mining</b>						(20.6)	365.2							
ADRO	1,020	1,215	1,750	Buy	71.6	(47.4)	32.6	4.4x	0.6x	14.2	8.8	10.2	51.9	1.3
PTBA	2,420	4,300	5,100	Buy	110.7	(40.1)	27.9	5.4x	1.5x	29.2	14.0	(7.2)	(21.7)	1.2
INCO	3,340	3,260	4,400	Buy	31.7	(16.9)	33.2	444.8x	1.3x	0.3	N/A	(22.0)	N/A	1.5
ANTM	1,040	765	1,200	Buy	15.4	19.5	25.0	31.2x	1.3x	4.1	1.2	8.5	(30.1)	1.5

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

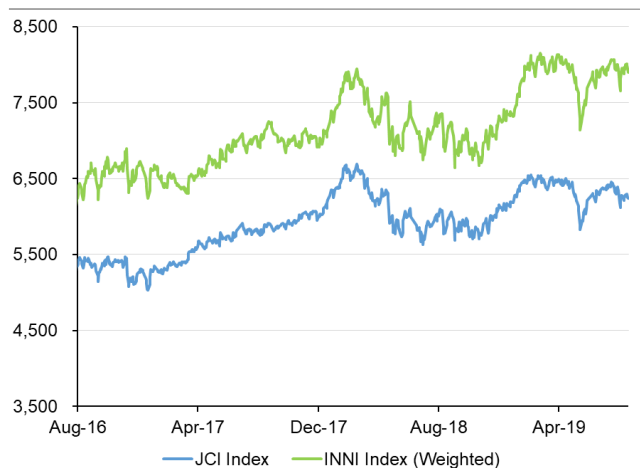
### INNI Index Movement

YTD Change	8.8%
YTD Change Gap (vs JCI)	8.1%
Weekly Change	-0.4%
Weekly Change Gap (vs JCI)	-0.1%

### 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> 19 - Aug	EU	16:00	CPI MoM	Jul	-0.50%	-0.40%	0.20%
<b>Wednesday</b> 21 - Aug	UK	15:30	PSNB ex Banking Groups	Jul	-1.3b	-2.9b	7.2b
	USA	18:00	MBA Mortgage Applications	16-Aug	-0.9%	--	21.70%
	USA	21:00	Existing Home Sales	Jul	5.42m	5.40m	5.27m
<b>Thursday</b> 22 - Aug	JPN	07:30	Jibun Bank Japan PMI Mfg	Aug P	49.5	--	49.4
	JPN	11:30	All Industry Activity Index MoM	Jun	-0.80	-0.80%	0.30%
	GER	14:30	Markit Germany Services PMI	Aug P	54.4	54	54.5
	EU	15:00	Markit Eurozone Composite PMI	Aug P	51.8	51.2	51.5
	EU	15:00	Markit Eurozone Manufacturing PMI	Aug P	47.0	46.2	46.5
	USA	19:30	Initial Jobless Claims	17-Aug	209k	216k	220k
	USA	20:45	Markit US Manufacturing PMI	Aug P	49.9	50.5	50.4
	EU	21:00	Consumer Confidence	Aug A	-7.1	-7	-6.6
	USA	21:00	Leading Index	Jul	0.50%	0.30%	-0.30%
<b>Friday</b> 23 - Aug	JPN	06:30	Natl CPI YoY	Jul	0.50%	0.60%	0.70%
	USA	21:00	New Home Sales	Jul		0.20%	646k

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 19 - Aug	Tentative	Local Auto Sales	Jul	89110	--	59539
<b>Thursday</b> 22 - Aug	11:00	Bank Indonesia 7D Reverse Repo	22-Aug	5.50%	5.75%	5.75%

Source: Bloomberg

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