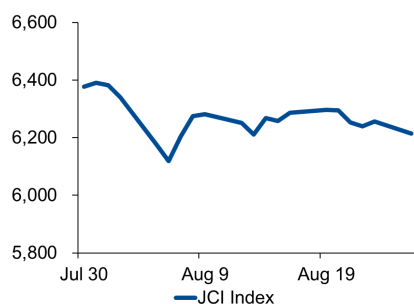


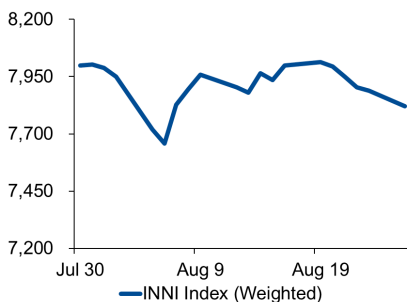
# Morning Brief

Daily | August 27 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI was at a tepid close, held back by the banking and consumer goods sectors. .  
**JCI's Top Losers: Basic Ind. (-1.0%), Finance (-0.9%), Property. (-0.9%).**

INNI index dipped, as did JCI. On 26 August's trading day, INCO plummeting at 5.2% after the ban of ore nickel exports was INNI's top loser.

## Daily Foreign & Domestic Sector Movement

JCI was at bearish close as the pace of foreign outflows was still at early week's high of IDR900 billion. The foreign outflows were balanced with domestic inflows of IDR344 billion into the infrastructure sector and IDR151 billion into the banking sector.

Large-cap. stocks were subject to foreign net sell amid the Asia bearish markets. That reflected markets' jitter of China's protracted measures against the US. Decreasing prices of and demand for crude oil is another impact of China's tit-for-tat against the US.

## Today's Outlook: Optimism for Mutual Trade

Dow Jones was rebounding at 1.05% to 25,893. The rebound was on grounds of the optimism for the US and China trade negotiation. Back in the domestic backdrop, President Jokowi on Monday (08/26) announced that Kalimantan--Penajam Paser Utara and Kutai--to host Indonesia's new capital city. That should provide a long-term promising prospect for construction and property stocks.

## Company News

- ADRO : Plans Power-Plant Expansion
- UNTR : Boasts of a Sharp Increase in Liabilities
- BBRI : Makes Profits from Supply Chain Financing
- ASII : Targets 4W Sales via Gofleet

## Domestic & Global News

- Per-July State Budget Increases by 7.9 %
- Trump : China Want to Negotiate

## 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                                 | 6,214.51           |
| Chg.                                    | -41.08pts (-0.66%) |
| Volume (bn shares)                      | 169.37             |
| Value (IDR tn)                          | 8.91               |
| <b>Adv 150 Dec 249 Unc 270 Untr 145</b> |                    |

## INNI Index

|      |                    |
|------|--------------------|
| Last | 7,820.92           |
| Chg. | -68.36pts (-0.87%) |

## INNI Top Gainers & Losers

| Gainers | %    | Losers | %     |
|---------|------|--------|-------|
| ADRO    | 3.2% | INCO   | -5.2% |
| MAPI    | 2.0% | CTRA   | -4.9% |
| ANTM    | 1.5% | SILO   | -4.9% |
| MIKA    | 1.3% | KAEF   | -4.4% |
| UNVR    | 0.1% | PWON   | -3.7% |

## Foreign Transaction

|                | (IDR bn) |
|----------------|----------|
| Buy            | 3,042    |
| Sell           | 3,947    |
| Net Buy (Sell) | 904      |

| Top Buy | NB Val. | Top Sell | NS Val. |
|---------|---------|----------|---------|
| ASII    | 11.7    | TLKM     | 137.5   |
| JPFA    | 10.8    | BMRI     | 102.3   |
| ADRO    | 9.3     | BBCA     | 45.2    |
| MNCN    | 8.5     | CTRA     | 41.1    |
| BBRI    | 6.5     | PWON     | 38.8    |

## Government Bond Yield & FX

|                | Last   | Chg.   |
|----------------|--------|--------|
| Tenor: 10 year | 7.24%  | -0.01% |
| USDIDR         | 14,215 | -0.14% |
| KRWIDR         | 11.74  | -0.38% |

## Global Indexes

| Index     | Last      | Chg.     | %      |
|-----------|-----------|----------|--------|
| Dow Jones | 25,898.83 | 269.93   | 1.05%  |
| S&P 500   | 2,878.38  | 31.27    | 1.10%  |
| FTSE 100  | 7,094.98  | (33.20)  | -0.47% |
| DAX       | 11,658.04 | 46.53    | 0.40%  |
| Nikkei    | 20,261.04 | (449.87) | -2.17% |
| Hang Seng | 25,680.33 | (499.00) | -1.91% |
| Shanghai  | 2,863.57  | (33.86)  | -1.17% |
| KOSPI     | 1,916.31  | (31.99)  | -1.64% |
| EIDO      | 24.40     | 0.14     | 0.58%  |

## Commodities

| Commodity             | Last    | Chg.    | %      |
|-----------------------|---------|---------|--------|
| Gold (USD / troy oz.) | 1,527.3 | 0.4     | 0.02%  |
| Crude Oil (USD / bbl) | 53.64   | (0.53)  | -0.98% |
| Coal Newcas(USD/ton)  | 65.75   | 0.05    | 0.08%  |
| Nickel LME (USD / MT) | 15,660  | 0.0     | 0.00%  |
| Tin LME (USD / MT)    | 15,880  | (295.0) | -1.82% |
| CPO (MYR/Ton)         | 2,269   | 7.0     | 0.31%  |

### **ADRO : Plans Power-Plant Expansion**

PT Adaro Energy Tbk (ADRO) through Adaro Power plans for overseas expansion of its power plants and is certain on the expansion plan regardless of no specific destined countries. ADRO has Tanjung Power Indonesia, selling electricity to PLN and operating a 2x100 MW coal-fired power plant in Tanjung. (Kontan)

### **UNTR : Boasts of A Sharp Increase in Liabilities**

PT United Tractors Tbk (UNTR) posted sound performance of 1H19 as it posted increases in revenues and earnings. But, its liabilities grew to IDR60 trillion or a 62% increase because its subsidiary, PT Tambang Nusantara, used loans and corporate cash to take over PT Agincourt Resource at the end of 2018. (Kontan)

### **BBRI : Makes Profits from Supply Chain Financing**

PT Bank Rakyat Indonesia Tbk (BBRI) has a potential for securing IDR39 trillion worth of supply chain financing from its 20 premium corporate partners. However, the process of supply chain financing is still focusing on the upper level; in years ahead, BBRI will optimize this opportunity by cooperating with P2P Lending. (Bisnis Indonesia)

### **ASII : Targets 4W Sales Via Gofleet**

PT Astra International Tbk (ASII) through a joint venture with Gojek, Gofleet, targets to sell 1,500 4W units. In March 2019, ASII injected funds of USD100 million with the total investment funds to reach USD250 million for Gojek. Gojek cooperating with ASII currently is focusing on giving services across Jakarta greater areas. (Bisnis Indonesia)

## Domestic & Global News

### **Per-July State Budget Increases by 7.9 %**

The 2019 state budget (APBN) spends on state spending increased until the end of July 2019. The Ministry of Finance on Monday (08/26) reported that state spending was at IDR1,236.5 trillion or equal to 50.2% from the 2019 maximum amount of IDR2,461.11 trillion. State budget from January to July, on an annual basis, has increased by 7.9% compared to the same period of 2018. The increase was attributable to the central government spending of IDR761.5 trillion or a 9.2% y-y increase. (Kontan)

### **Trump : China Want to Negotiate**

President Donald Trump said Monday that China is ready to come back to the negotiating table and the two countries will start talking very seriously. Speaking at the G-7 summit in Biarritz in France, Trump praised Chinese President Xi Jinping and welcomed his desire for a deal.

|                       | 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>        |            |                        |               |        |                      | 12.6              | 2,342.3             |                   |              |                      |                        |                      |                    |               |
| BBCA                  | 29,950     | 26,000                 | 32,000        | Hold   | 6.8                  | 20.9              | 738.4               | 27.0x             | 4.6x         | 18.4                 | 1.1                    | 16.8                 | 12.7               | 1.0           |
| BBRI                  | 4,070      | 3,660                  | 4,950         | Buy    | 21.6                 | 20.4              | 502.0               | 14.8x             | 2.6x         | 19.0                 | 3.2                    | 12.5                 | 8.5                | 1.4           |
| BMRI                  | 7,050      | 7,375                  | 8,000         | Hold   | 13.5                 | 1.1               | 329.0               | 12.5x             | 1.8x         | 15.0                 | 3.4                    | 9.1                  | 11.1               | 1.4           |
| <b>Consumer</b>       |            |                        |               |        |                      | (0.5)             | 1,352.8             |                   |              |                      |                        |                      |                    |               |
| GGRM                  | 74,500     | 83,625                 | 110,000       | Buy    | 47.7                 | 1.4               | 143.3               | 16.8x             | 3.2x         | 20.0                 | 3.5                    | 16.4                 | 20.5               | 1.0           |
| UNVR                  | 45,875     | 45,400                 | 59,000        | Buy    | 28.6                 | 5.0               | 350.0               | 37.7x             | 69.0x        | 183.9                | 2.6                    | 1.3                  | 5.2                | 1.0           |
| ICBP                  | 11,750     | 10,450                 | 11,800        | Hold   | 0.4                  | 33.5              | 137.0               | 28.2x             | 6.0x         | 22.9                 | 1.7                    | 13.7                 | 12.8               | 0.7           |
| INDF                  | 7,725      | 7,450                  | 8,700         | Hold   | 12.6                 | 15.7              | 67.8                | 14.3x             | 1.9x         | 14.4                 | 3.1                    | 7.2                  | 30.0               | 1.2           |
| KAEF                  | 3,070      | 2,600                  | 4,100         | Buy    | 33.6                 | 26.9              | 17.1                | 42.7x             | 7.6x         | 16.6                 | 0.5                    | 21.8                 | (44.6)             | 1.0           |
| KLBF                  | 1,620      | 1,520                  | 1,870         | Buy    | 15.4                 | 24.6              | 75.9                | 30.4x             | 5.2x         | 17.9                 | 1.6                    | 7.7                  | 3.5                | 1.3           |
| <b>Infrastructure</b> |            |                        |               |        |                      | 17.9              | 841.81              |                   |              |                      |                        |                      |                    |               |
| TLKM                  | 4,330      | 3,698                  | 4,350         | Hold   | 0.5                  | 26.9              | 428.9               | 21.0x             | 4.6x         | 22.8                 | 3.8                    | 7.7                  | 27.4               | 0.9           |
| JSMR                  | 5,700      | 4,280                  | 6,000         | Hold   | 5.3                  | 22.3              | 41.4                | 18.7x             | 2.3x         | 13.3                 | 0.8                    | (25.9)               | 1.4                | 1.1           |
| <b>Trade</b>          |            |                        |               |        |                      | (7.5)             | 703.8               |                   |              |                      |                        |                      |                    |               |
| UNTR                  | 20,125     | 27,350                 | 35,000        | Buy    | 73.9                 | (42.4)            | 75.1                | 6.7x              | 1.4x         | 21.6                 | 5.9                    | 11.2                 | 1.8                | 0.9           |
| SILO                  | 5,875      | 3,590                  | 4,350         | Sell   | (26.0)               | 96.5              | 9.6                 | 207.0x            | 1.5x         | 0.7                  | N/A                    | #N/A                 | N/A                | 0.8           |
| MIKA                  | 2,370      | 1,575                  | 2,300         | Hold   | (3.0)                | 26.7              | 34.5                | 52.1x             | 8.0x         | 16.3                 | 0.8                    | #N/A                 | N/A                | 0.5           |
| LPPF                  | 3,000      | 5,600                  | 5,500         | Buy    | 83.3                 | (55.7)            | 8.4                 | 9.3x              | 4.7x         | 45.2                 | 11.1                   | 0.6                  | (11.5)             | 0.8           |
| RALS                  | 1,250      | 1,420                  | 2,050         | Buy    | 64.0                 | -                 | 8.9                 | 12.2x             | 2.1x         | 17.7                 | 4.0                    | (0.2)                | 21.1               | 0.7           |
| MAPI                  | 1,020      | 805                    | 1,300         | Buy    | 27.5                 | 25.9              | 16.9                | 22.8x             | 2.9x         | 14.5                 | 1.0                    | 10.2                 | 25.0               | 0.8           |
| <b>Property</b>       |            |                        |               |        |                      | 8.5               | 459.6               |                   |              |                      |                        |                      |                    |               |
| PWON                  | 645        | 620                    | 725           | Hold   | 12.4                 | 22.9              | 31.1                | 11.2x             | 2.3x         | 22.4                 | 1.1                    | 3.8                  | 20.9               | 1.3           |
| CTRA                  | 1,160      | 1,010                  | 1,080         | Hold   | (6.9)                | 30.3              | 21.5                | 16.5x             | 1.5x         | 9.4                  | 0.9                    | 12.1                 | 74.3               | 1.7           |
| PTPP                  | 1,860      | 1,805                  | 2,450         | Buy    | 31.7                 | (1.8)             | 11.5                | 8.3x              | 0.9x         | 11.3                 | 2.6                    | 12.8                 | (23.4)             | 1.6           |
| WSKT                  | 1,750      | 1,680                  | 2,600         | Buy    | 48.6                 | (9.8)             | 23.8                | 12.1x             | 1.3x         | 11.3                 | 4.2                    | (35.4)               | (66.8)             | 1.5           |
| WIKA                  | 2,290      | 1,655                  | 2,500         | Hold   | 9.2                  | 44.0              | 20.5                | 9.8x              | 1.3x         | 14.9                 | 1.7                    | #N/A                 | N/A                | 1.4           |
| <b>Basic Ind.</b>     |            |                        |               |        |                      | 0.3               | 648.9               |                   |              |                      |                        |                      |                    |               |
| KRAS                  | 328        | 402                    | 600           | Buy    | 82.9                 | (19.6)            | 6.3                 | N/A               | 0.3x         | (11.2)               | N/A                    | (17.8)               | (775.0)            | 1.3           |
| SMGR                  | 12,875     | 11,500                 | 13,600        | Hold   | 5.6                  | 37.0              | 76.4                | 29.5x             | 2.5x         | 8.7                  | 1.6                    | #N/A                 | N/A                | 1.4           |
| INTP                  | 20,425     | 18,450                 | 19,000        | Hold   | (7.0)                | 16.7              | 75.2                | 52.5x             | 3.4x         | 6.5                  | 2.7                    | 7.7                  | 80.2               | 1.5           |
| <b>Misc Ind.</b>      |            |                        |               |        |                      | (9.0)             | 348.1               |                   |              |                      |                        |                      |                    |               |
| ASII                  | 6,575      | 8,225                  | 8,600         | Buy    | 30.8                 | (13.2)            | 266.2               | 12.6x             | 1.9x         | 15.8                 | 3.3                    | 3.2                  | (5.8)              | 1.2           |
| <b>Mining</b>         |            |                        |               |        |                      | (20.7)            | 365.4               |                   |              |                      |                        |                      |                    |               |
| ADRO                  | 1,120      | 1,215                  | 1,750         | Buy    | 56.3                 | (40.9)            | 35.8                | 4.8x              | 0.7x         | 14.2                 | 8.1                    | 10.2                 | 51.9               | 1.3           |
| PTBA                  | 2,410      | 4,300                  | 5,100         | Buy    | 111.6                | (40.6)            | 27.8                | 5.4x              | 1.5x         | 29.2                 | 14.1                   | (7.2)                | (21.7)             | 1.2           |
| INCO                  | 3,130      | 3,260                  | 4,400         | Buy    | 40.6                 | (19.7)            | 31.1                | 416.3x            | 1.2x         | 0.3                  | N/A                    | (22.0)               | N/A                | 1.6           |
| ANTM                  | 1,030      | 765                    | 1,200         | Buy    | 16.5                 | 15.1              | 24.8                | 30.9x             | 1.2x         | 4.1                  | 1.2                    | 8.5                  | (30.1)             | 1.5           |

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

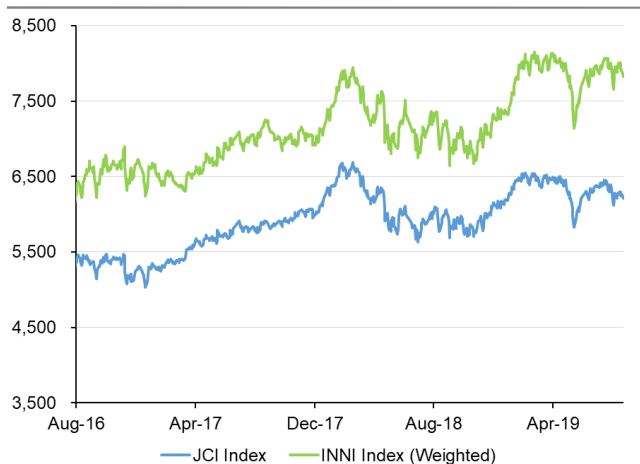
### INNI Index Movement

|                            |       |
|----------------------------|-------|
| YTD Change                 | 7.7%  |
| YTD Change Gap (vs JCI)    | 7.3%  |
| Weekly Change              | -2.4% |
| Weekly Change Gap (vs JCI) | -1.1% |

### 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     | 15:00        | IFO Business Climate            | Aug    | 94.3   | 95.1      | 95.7     |
| <i>26 - Aug</i>  | USA     | 19:30        | Durable Goods Orders            | Jul P  | 2.10%  | 1.20%     | 1.90%    |
| <b>Tuesday</b>   | GER     | 13:00        | GDP SA QoQ                      | 2Q F   |        | -0.10%    | -0.10%   |
| <i>27 - Aug</i>  | USA     | 21:00        | Conf. Board Consumer Confidence | Aug    |        | 129.3     | 135.7    |
| <b>Wednesday</b> | UK      | Tentative    | Nationwide House PX MoM         | Aug    |        | 0.10%     | 0.30%    |
| <i>28 - Aug</i>  | EU      | 15:00        | M3 Money Supply YoY             | Jul    |        | 4.70%     | 4.50%    |
|                  | USA     | 18:00        | MBA Mortgage Applications       | 23-Aug |        | --        | -0.90%   |
| <b>Thursday</b>  | GER     | 14:55        | Unemployment Change (000's)     | Aug    |        | 3.5k      | 1.0k     |
| <i>29 - Aug</i>  | GER     | 19:00        | CPI YoY                         | Aug P  |        | 1.50%     | 1.70%    |
|                  | USA     | 19:30        | GDP Price Index                 | 2Q S   |        | 2.40%     | 2.40%    |
|                  | USA     | 19:30        | Wholesale Inventories MoM       | Jul P  |        | 0.20%     | 0.00%    |
|                  | USA     | 19:30        | GDP Annualized QoQ              | 2Q S   |        | 2.00%     | 2.10%    |
|                  | USA     | 19:30        | Initial Jobless Claims          | 24-Aug |        | 215k      | 209k     |
| <b>Friday</b>    | JPN     | 06:30        | Job-To-Applciant Ratio          | Jul    |        | 1.61      | 1.61     |
| <i>30 - Aug</i>  | JPN     | 06:30        | Tokyo CPI Ex-Fresh Food YoY     | Aug    |        | 0.80%     | 0.90%    |
|                  | JPN     | 06:30        | Jobless Rate                    | Jul    |        | 2.30%     | 2.30%    |
|                  | JPN     | 06:50        | Industrial Production MoM       | Jul P  |        | 0.30%     | -3.30%   |
|                  | UK      | 15:30        | Mortgage Approvals              | Jul    |        | 66.1k     | 66.4k    |
|                  | US      | 19:30        | Personal Income                 | Jul    |        | 0.30%     | 0.40%    |
|                  | USA     | 19:30        | Personal Spending               | Jul    |        | 0.50%     | 0.30%    |
|                  | USA     | 20:45        | MNI Chicago PMI                 | Aug    |        | 47.7      | 44.4     |
|                  | USA     | 21:00        | U. of Mich. Sentiment           | Aug F  |        | 92.4      | 92.1     |

Source: Bloomberg

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