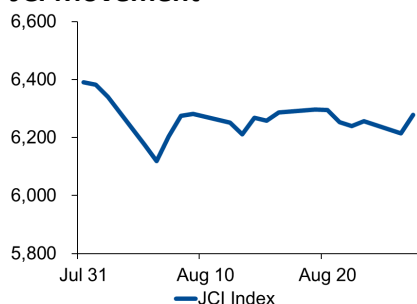


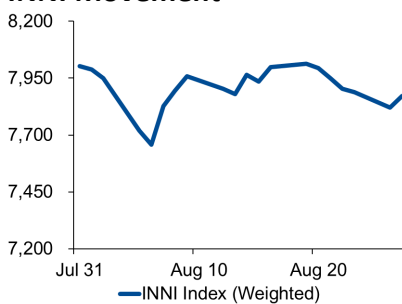
Morning Brief

Daily | August 28 2019

JCI Movement



INNI Movement



Market Recap

JCI was rebounding, underpinned by the banking sector. **JCI's Top Gainers: Consumer (+0.9%), Finance (+0.9%), Infrastructure (+0.9%).**

INNI index rallied, backed by healthcare stocks, i.e. SILO (+6.4%) and MIKA (+4.25). The budget allocation for BPJS increasing by 82% to IDR48.8 trillion in 2H19 drove those stocks up.

Daily Foreign & Domestic Sector Movement

The pace of foreign outflows from JCI's portfolios slightly declined to IDR171 billion as markets' optimism about peace trade proved a positive catalyst for JCI. Telecommunication stocks posting the largest outflows of IDR70 billion, while BBRI posted the largest inflows of IDR180 billion on Tuesday's trading. The rupiah was appreciated against the US dollar at 14,255.

Today's Outlook: A Worrying Signal on US Recession Re-Emerges

The Dow Jones dropped 0.47% to 25,777. It was driven by an inverted yield curve—short-term yields and longer ones—getting wider and causing banking stocks to plunge. Besides, the uncertainty about the progress of the talks between the US and China heighten markets' anxieties. We recommend defensive stocks amid the current state of global volatilities.

Company News

- SMGR : Is Cautious about Financial Performance
- TLKM : Implements IoT to Blue Bird Units
- INCO : Larona Maintenance Reduces Production
- PTBA : Targets Production of 50 Million Tons Coal

Domestic & Global News

- Tax Subsidies Are at 49.1% per July
- China Announces Measures to Help Boost Consumption

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. 27	6,278.17
Chg.	+63.66pts (+1.02%)
Volume (bn shares)	163.32
Value (IDR tn)	10.65
Adv 215 Dec 197 Unc 257 Untr 123	

INNI Index

Last	7,870.64
Chg.	+49.72pts (+0.64%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
SILO	6.4%	CTRA	-3.9%
MIKA	4.2%	RALS	-3.6%
INTP	3.5%	JSMR	-3.1%
BBRI	3.2%	MAPI	-2.9%
UNVR	3.1%	WIKA	-2.6%

Foreign Transaction

	(IDR bn)
Buy	4,984
Sell	5,155
Net Buy (Sell)	171

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	180.1	BMRI	91.6
BBCA	81.1	TLKM	75.2
UNTR	43.2	ASII	63.5
BRPT	33.5	SMGR	54.0
JPFA	14.9	BPTN	51.4

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.30%	0.01%
USDIDR	14,255	0.08%
KRWIDR	11.75	0.17%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,777.90	(120.93)	-0.47%
S&P 500	2,869.16	(9.22)	-0.32%
FTSE 100	7,089.58	(5.40)	-0.08%
DAX	11,730.02	71.98	0.62%
Nikkei	20,456.08	195.04	0.96%
Hang Seng	25,664.07	(16.26)	-0.06%
Shanghai	2,902.19	38.63	1.35%
KOSPI	1,924.60	8.29	0.43%
EIDO	24.69	0.29	1.19%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,542.8	15.5	1.01%
Crude Oil (USD / bbl)	54.93	1.29	2.40%
Coal Newcas(USD/ton)	69.30	(0.35)	-0.50%
Nickel LME (USD / MT)	15,700	40.0	0.26%
Tin LME (USD / MT)	15,750	(130.0)	-0.82%
CPO (MYR/Ton)	2,239	(30.0)	-1.32%

SMGR : Is Cautious about Financial Performance

PT Semen Indonesia Tbk (SMGR) needs to be cautious about its financial performance in 2020 after obtaining syndication loans of IDR9.35 trillion with 3-month JIBOR floating rate of +185 bps. The funds will be spent on refinancing after Holcim acquisition worth of IDR13 trillion. Thus, SMGR must work put hard efforts to improve its performance. (Kontan)

INCO : Larona Maintenance Reduces Production

PT Vale Indonesia Tbk (INCO) posted decreases of 14.7% YoY to 30,711 metric tons in nickel production of 1H19. The decreases were attributable to the maintenance of Larona canals for keeping the water supply to Larona hydroelectric plant in check. The maintenance causes a short-term decline, but it is necessary for minimizing long-term working risks. (Kontan)

TLKM : Implements IoT to Blue Bird Units

PT Telkomsel Indonesia Tbk (TLKM) through its subsidiary, Telkomsel, keeps putting best endeavors to implement IoT tech. to various sectors, i.e. collaboration with Blue Bird. IoT tech. is applied in Blue Bird units as an embodiment of the vision of Making Indonesia. The collaboration results in IoT Control Center, a safe and reliable cloud-based solution in IoT devices. (Kontan)

PTBA : Targets Production of 50 Million Tons Coal

PT Bukit Asam Tbk (PTBA) will boost production capacities to 50 million tons in 2024 in order to maximize coal reserves. Now, it has 3.3 billion tons of coal reserves; thus, the increases in production are vital for supplying coal to sumsel-8 coal-fired power plant, Tanjung Enim-based coal gasification project, and exports. (Bisnis Indonesia)

Domestic & Global News

Tax Subsidies Are at 49.1% per July

Tax subsidies or taxes borne by the government grew 362.7% y-y as of July 2019. The 2019 state budget maximum limit of Rp11.4 trillion, July's tax subsidies to be realized were at Rp5.6 trillion or 49.1% of the budget allocated. The government argued that July's figure was driven by improving disbursement of the 2019 tax subsidies. (Bisnis Indonesia)

China Announces Measures to Help Boost Consumption

China unveiled measures on Tuesday to help boost consumption, including the possible removal of restrictions on auto purchases, as growth in the world's second-biggest economy falters amid mounting U.S. trade pressures. The State Council or cabinet said in a statement that local governments that have restrictions on auto sales should explore gradually relaxing or removing those curbs, while they should also encourage the purchases of new energy vehicles. (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
Finance						13.3	2,365.5							
BBCA	30,025	26,000	32,000	Hold	6.6	20.2	740.3	27.1x	4.6x	18.4	1.1	16.8	12.7	1.0
BBRI	4,200	3,660	4,950	Buy	17.9	26.1	518.1	15.3x	2.7x	19.0	3.1	12.5	8.5	1.4
BMRI	7,025	7,375	8,000	Hold	13.9	0.4	327.8	12.4x	1.8x	15.0	3.4	9.1	11.1	1.4
Consumer						(0.1)	1,366.2							
GGRM	74,525	83,625	110,000	Buy	47.6	0.5	143.4	16.8x	3.2x	20.0	3.5	16.4	20.5	1.0
UNVR	47,275	45,400	59,000	Buy	24.8	7.0	360.7	38.9x	71.1x	183.9	2.5	1.3	5.2	1.0
ICBP	11,750	10,450	11,800	Hold	0.4	36.2	137.0	28.2x	6.0x	22.9	1.7	13.7	12.8	0.7
INDF	7,750	7,450	8,700	Hold	12.3	20.2	68.0	14.3x	1.9x	14.4	3.0	7.2	30.0	1.2
KAEF	3,080	2,600	4,100	Buy	33.1	27.8	17.1	42.8x	7.6x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,625	1,520	1,870	Buy	15.1	25.5	76.2	30.5x	5.2x	17.9	1.6	7.7	3.5	1.3
Infrastructure						16.9	849.94							
TLKM	4,380	3,698	4,350	Hold	(0.7)	24.1	433.9	21.3x	4.6x	22.8	3.7	7.7	27.4	0.9
JSMR	5,525	4,280	6,000	Hold	8.6	18.6	40.1	18.1x	2.3x	13.3	0.8	(25.9)	1.4	1.1
Trade						(6.9)	707.1							
UNTR	20,700	27,350	35,000	Buy	69.1	(39.8)	77.2	6.9x	1.4x	21.6	5.8	11.2	1.8	0.9
SILO	6,250	3,590	4,350	Sell	(30.4)	111.9	10.2	220.2x	1.6x	0.7	N/A	#N/A	N/A	0.8
MIKA	2,470	1,575	2,300	Hold	(6.9)	32.1	35.9	54.3x	8.3x	16.3	0.7	#N/A	N/A	0.5
LPPF	3,000	5,600	5,500	Buy	83.3	(55.2)	8.4	9.3x	4.7x	45.2	11.1	0.6	(11.5)	0.8
RALS	1,205	1,420	2,050	Buy	70.1	(5.9)	8.6	11.8x	2.0x	17.7	4.1	(0.2)	21.1	0.7
MAPI	990	805	1,300	Buy	31.3	17.2	16.4	22.2x	2.8x	14.5	1.0	10.2	25.0	0.8
Property						9.9	465.3							
PWON	640	620	725	Hold	13.3	21.9	30.8	11.1x	2.3x	22.4	1.1	3.8	20.9	1.3
CTRA	1,115	1,010	1,080	Hold	(3.1)	24.6	20.7	15.9x	1.4x	9.4	0.9	12.1	74.3	1.7
PTPP	1,860	1,805	2,450	Buy	31.7	(1.1)	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	(10.0)	23.8	12.1x	1.3x	11.3	4.2	(35.4)	(66.8)	1.5
WIKA	2,230	1,655	2,500	Hold	12.1	38.9	20.0	9.5x	1.3x	14.9	1.7	#N/A	N/A	1.4
Basic Ind.						3.6	670.7							
KRAS	330	402	600	Buy	81.8	(18.7)	6.4	N/A	0.3x	(11.2)	N/A	(17.8)	(775.0)	1.3
SMGR	12,900	11,500	13,600	Hold	5.4	40.2	76.5	29.5x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	21,150	18,450	19,000	Hold	(10.2)	23.3	77.9	54.4x	3.6x	6.5	2.6	7.7	80.2	1.5
Misc Ind.						(7.1)	346.7							
ASII	6,525	8,225	8,600	Buy	31.8	(11.2)	264.2	12.5x	1.9x	15.8	3.3	3.2	(5.8)	1.2
Mining						(21.3)	365.6							
ADRO	1,130	1,215	1,750	Buy	54.9	(40.8)	36.1	4.9x	0.7x	14.2	8.0	10.2	51.9	1.3
PTBA	2,420	4,300	5,100	Buy	110.7	(41.5)	27.9	5.4x	1.5x	29.2	14.0	(7.2)	(21.7)	1.2
INCO	3,200	3,260	4,400	Buy	37.5	(18.2)	31.8	424.8x	1.2x	0.3	N/A	(22.0)	N/A	1.6
ANTM	1,020	765	1,200	Buy	17.6	15.9	24.5	30.6x	1.2x	4.1	1.2	8.5	(30.1)	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

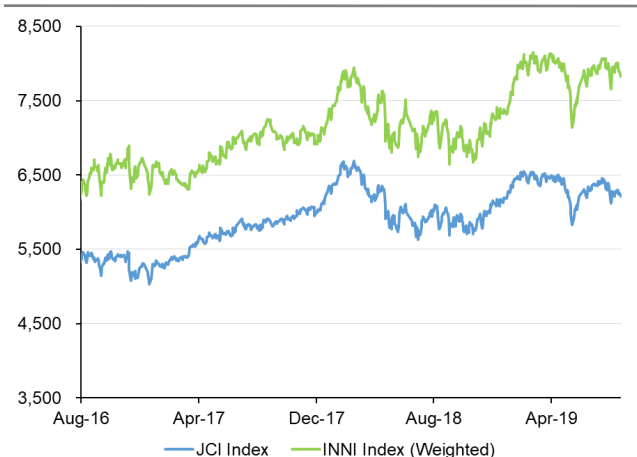
INNI Index Movement

YTD Change	8.4%
YTD Change Gap (vs JCI)	7.0%
Weekly Change	-1.5%
Weekly Change Gap (vs JCI)	-1.3%

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
Monday 26 - Aug	GER	15:00	IFO Business Climate	Aug	94.3	95.1	95.7
	USA	19:30	Durable Goods Orders	Jul P	2.10%	1.20%	1.90%
Tuesday 27 - Aug	GER	13:00	GDP SA QoQ	2Q F	-0.10%	-0.10%	-0.10%
	USA	21:00	Conf. Board Consumer Confidence	Aug	135.1	129.3	135.7
Wednesday 28 - Aug	UK	Tentative	Nationwide House PX MoM	Aug		0.10%	0.30%
	EU	15:00	M3 Money Supply YoY	Jul		4.70%	4.50%
	USA	18:00	MBA Mortgage Applications	23-Aug		--	-0.90%
Thursday 29 - Aug	GER	14:55	Unemployment Change (000's)	Aug		3.5k	1.0k
	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
Friday 30 - Aug	JPN	06:30	Job-To-Applciant Ratio	Jul		1.61	1.61
	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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