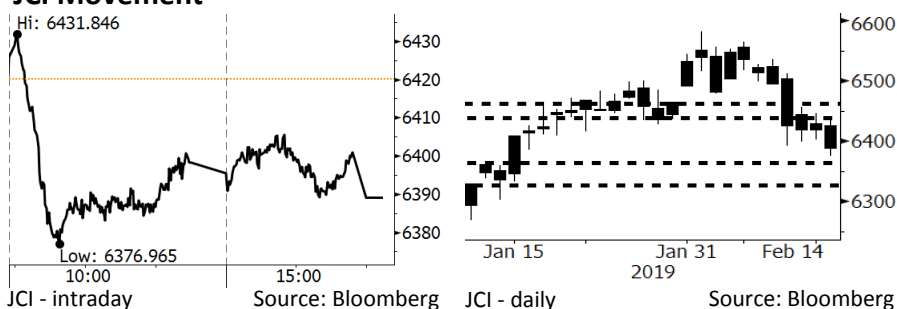


Morning Brief

Daily | Feb 18, 2019

JCI Movement



IHSG (Jakarta Composite Index)

February 15	6,389.09
Chg	-30.93pts (-0.48%)
Volume (bn shares)	120.05
Value (IDR tn)	8.65

Adv 125 Dec 279 Unc 238 Untr 121

Foreign Transaction (IDR bn)	
Buy	2,281
Sell	2,567
Net Buy (Sell)	(287)

Top Buy	NB Val.	Top Sell	NS Val.
BTPS	57.8	EXCL	115.8
ZINC	33.9	BBCA	110.1
LPPF	28.0	UNTR	48.2
BBNI	18.5	ASII	45.5
GGRM	18.2	UNVR	42.0

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
EXCL	14.2%	WSKT	-5.4%
MNCN	6.4%	TKIM	-5.1%
BRPT	3.7%	ANTM	-5.0%
LPPF	2.5%	ADHI	-4.4%
CPIN	2.1%	ELSA	-4.1%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.05%	0.05%
USDIDR	14,154	0.45%
KRWIDR	12.52	0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,883.25	443.86	1.74%
S&P 500	2,775.60	29.87	1.09%
Nasdaq	7,472.41	45.46	0.61%
FTSE 100	7,236.68	39.67	0.55%
CAC 40	5,153.19	90.67	1.79%
DAX	11,299.80	210.01	1.89%
Nikkei	20,900.63	(239.08)	-1.13%
Hang Seng	27,900.84	(531.21)	-1.87%
Shanghai	2,682.39	(37.32)	-1.37%
KOSPI	2,196.09	(29.76)	-1.34%
EIDO	25.98	(0.01)	-0.04%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,322.5	9.9	0.76%
Crude Oil (USD /bbl)	55.59	1.18	2.17%
Coal Newcas(USD/ton)	91.75	0.85	0.94%
Gas (USD /mmbtu)	2.63	0.05	2.02%
Nickel LME (USD /MT)	12,400	200.0	1.64%
Tin LME (USD /MT)	21,200	300.0	1.44%
CPO (MYR/Ton)	2,254	(23.0)	-1.01%

Market Recap

JCI turned to bearish state on Friday. It left bruised as January's trade deficits were bigger than the consensus, coupled with the rupiah depreciation. **Top Losers: Mining (-1.38%), Property (-1.35%), Basic Industry (-1.13%)**

Daily Foreign & Domestic Sector Movement

Foreign net sell of IDR287 billion still outflowed from Indonesia's equity markets on Friday. The telecommunication sector hit hardest by the net sell of virtually IDR158 billion. XL Axiata Tbk (EXCL), a telecommunication provider, suffered from the foreign net sell of IDR115 billion due to the FY2018 financial statements posting the loss of IDR3.2 trillion, a turn to the FY2017 profits of IDR58 billion.

Meanwhile, the retail sector posted the domestic net sell of IDR43 billion, e.g., LPPF exposing the biggest net sell of IDR28 billion. The retail sector slowed and sent worrying signals about its future performance to domestic investors.

Today's Outlook: The U.S. Endeavors to End Trade War

We estimate JCI to strengthen with the **support range of 6325-6366** and the **resistance range of 6440-6465**. The success of the U.S. and China trade deals makes foreign investors to aggressively target equity markets giving the most profitable gains. Indeed, for most of 2019, the rupiah is appreciated by 2% as the rupiah is Asia's second currency appreciated after Thailand Bhat. JCI has rallied 3.1% in 2019. Trump's intention to end the trade war will bring massive foreign inflows into Indonesia's equity market.

Company News

- ADRO : Allocates USD600 Million for 2019 Capex
- MNCN : Targets AVOD Segment to Contribute 5%
- ALLI : Spends IDR1.5 Trillion on Capex
- WEGE : Starts to Build New Plant in 2H19

Domestic & Global News

- Indonesia's ULN Is Still at Reasonable Range
- Prices of Crude Soared to Last-3-Month High

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)	120.10	120.65	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	(1.16)	(1.10)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-4.70%	-4.62%	FDI (USD bn)	3.62	5.95
Imports Yoy	-1.83%	1.16%	Business Confidence	108.05	112.82
Inflation Yoy	2.82%	3.13%	Cons. Confidence*	125.50	127.00

ADRO : Allocates USD600 Million for 2019 Capex

ADRO allocates the 2019 capex of USD450-600 million, lower than the 2018 capex. Most of the 2019 capex will be spent on buying heavy equipment, whereas the remaining for developing Adaro MetCoal. In 2019, ADRO targets the production volume of 54-56 million tons of coal, higher than the 2018 production volume of 54.04 million ton. (Kontan)

ALLI : Spends IDR1.5 Trillion on Capex

AALI spends IDR1.5 trillion on the 2019 capex. 40% of the capex will be used for cultivation unproductive oil palm plants; the remaining will be spent on increasing the production capacities of its Kalimantan-based factory and adding facilities in areas surrounding its plantations. In 2018, its fresh fruit bunch (FFB) and CPO spiked 10.2% y-y and 18.5% y-y. (Kontan)

MNCN : Targets AVOD Segment to Contribute 5%

MNCN is sanguine about securing revenues of 5% contributed by its business segment--the advertising-supported video on demand (AVOD). In March, it plans to launch an application, namely MNC Plus or RCTI Mobile. Of note, 300,00-hour-more content library, capable to be monetized. (Bisnis Indonesia)

WEGE : Starts to Build New Plant in 2H19

WEGE will build its new building precast plant in 2H19. The plant facilitates the development of typed-3 building structure system and long landscape slap. Furthermore, it will develop the modular segment and strengthen its recurring income through urban spaces, hospitals, and airports constructions. (Bisnis Indonesia)

Domestic & Global News

Indonesia's ULN Is Still at Reasonable Range

BI noted that Indonesia's total Foreign Debt (ULN) at the end of 2018 amounted to USD376.84 billion, edging up 6.91% compared with 2017. As ULN hiked, the debt ratio to the GDP spiked 36.1%: the highest ratio within the last decade. Despite the edging-up ULN, its level still hovered at a reasonable range. The debt ration to the GDP hiked to 36.1%, yet the percentage hovered at the averaged range just like its peers' range. For the public sector, the increment in debt was underlined by the foreign inflows in domestic sovereign bonds. (Kontan)

Prices of Crude Soared to Last-3-Month High

Within a week, WTI's prices rallied 6.66%: the all-time high since November 20, 2018. Indeed, Brent's prices in ICE Futures hiked sharply by 8.10% to USD66.49 per barrel. The optimism about the U.S. and China trade deals brought prices of crude to its all-time high. The malfunction occurred in on one drilling site in Saudi Arabia was a positive sentiment to prices of crude. (Kontan)

Relative Valuation

	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
JCI Index	6,389	6,194				(3.1)	7,289.9							
Finance						2.0	2,283.6							
BBCA	26,800	26,000	28,825	Hold	7.6	14.3	660.8	26.5x	4.6x	18.4	1.0	7.5	10.0	0.9
BBRI	3,770	3,660	4,370	Buy	15.9	(1.8)	465.0	14.2x	2.5x	18.5	2.8	10.4	11.7	1.5
BMRI	7,175	7,375	8,275	Buy	15.3	(13.6)	334.8	13.4x	1.8x	14.4	2.8	7.4	21.2	1.5
BBNI	8,775	8,800	10,525	Buy	19.9	(8.8)	163.6	10.9x	1.5x	14.5	2.9	9.6	10.2	1.5
Consumer						(8.7)	1,475.9							
HMSP	3,700	3,710	4,225	Hold	14.2	(23.7)	430.4	33.1x	13.7x	41.8	2.9	7.2	3.8	1.2
GGRM	83,875	83,625	88,650	Hold	5.7	4.0	161.4	19.9x	3.8x	19.6	3.1	13.6	6.3	1.2
UNVR	48,000	45,400	49,700	Hold	3.5	(12.0)	366.2	40.2x	48.3x	142.9	1.9	1.5	30.1	1.0
ICBP	10,425	10,450	11,225	Hold	7.7	16.2	121.6	28.7x	5.8x	21.3	2.1	7.5	14.6	0.8
INDF	7,425	7,450	8,175	Hold	10.1	(4.8)	65.2	17.6x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,575	1,520	1,840	Buy	16.8	(1.6)	73.8	30.4x	5.3x	18.3	1.6	3.9	1.4	1.3
Infrastructure						2.3	818.35							
TLKM	3,790	3,750	4,700	Buy	24.0	(4.6)	375.4	20.3x	4.1x	20.4	4.4	2.3	(20.6)	0.8
PGAS	2,460	2,120	2,600	Hold	5.7	(2.8)	59.6	16.1x	1.3x	8.2	1.3	12.9	122.8	1.4
JSMR	5,025	4,280	6,050	Buy	20.4	(10.7)	36.5	17.6x	2.3x	13.4	1.2	18.7	(6.9)	0.9
Trade						(14.9)	719.1							
UNTR	25,025	27,350	39,550	Buy	58.0	(33.7)	93.3	8.6x	1.8x	22.6	3.9	32.1	60.8	0.9
AKRA	5,725	4,290	4,650	Sell	(18.8)	(5.8)	23.0	30.9x	2.9x	19.3	3.8	25.3	(22.4)	1.2
SCMA	1,755	1,870	2,025	Buy	15.4	(35.9)	25.7	18.0x	5.6x	32.3	3.1	10.8	8.7	1.3
MNCN	910	690	875	Hold	(3.8)	(41.9)	13.0	9.3x	1.2x	14.2	1.6	2.8	(20.3)	0.9
ACES	1,705	1,490	1,635	Hold	(4.1)	31.7	29.2	30.6x	7.6x	26.6	1.3	22.3	32.7	1.1
RALS	1,805	1,420	1,515	Sell	(16.1)	51.7	12.8	21.4x	3.2x	15.7	2.2	2.2	43.4	0.9
MAPI	1,025	805	1,170	Hold	14.1	43.9	17.0	29.4x	3.3x	14.0	0.4	18.3	126.7	0.8
Property						(16.0)	396.2							
BSDE	1,320	1,255	1,850	Buy	40.2	(26.5)	25.4	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	645	620	600	Hold	(7.0)	(4.4)	31.1	13.9x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	870	1,010	1,250	Buy	43.7	(32.0)	16.1	17.8x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	865	805	960	Hold	11.0	(23.5)	12.5	27.9x	1.9x	6.9	0.6	0.7	75.0	1.7
WSKT	1,765	1,680	2,810	Buy	59.2	(39.1)	24.0	4.6x	1.4x	33.2	3.2	27.0	41.1	1.4
WIKA	1,645	1,655	2,150	Buy	30.7	(15.9)	14.8	10.7x	1.1x	11.0	1.6	32.3	26.0	1.2
Misc Ind.						(3.8)	394.6							
ASII	7,600	8,225	8,925	Buy	17.4	(8.2)	307.7	14.1x	2.3x	17.3	2.5	16.4	20.6	1.2
Basic Ind.						17.7	684.9							
INTP	17,975	18,450	19,950	Hold	11.0	(14.0)	66.2	61.8x	2.9x	4.6	3.9	2.5	(56.1)	1.5
SMGR	12,025	11,500	13,500	Hold	12.3	8.8	71.3	27.0x	2.4x	9.0	1.1	4.4	43.1	1.3
CPIN	7,475	7,225	6,700	Hold	(10.4)	116.7	122.6	30.3x	6.7x	24.2	0.7	5.1	79.7	1.1
JPFA	2,700	2,150	3,250	Buy	20.4	70.9	31.7	17.1x	3.5x	20.2	3.7	16.8	104.2	0.9
Mining						(7.6)	414.2							
ADRO	1,220	1,215	1,970	Buy	61.5	(50.6)	39.0	6.5x	0.8x	11.9	8.2	9.3	(16.0)	1.2
PTBA	3,980	4,300	5,375	Buy	35.1	22.8	45.9	7.3x	2.9x	42.1	8.0	20.7	49.7	1.0
ITMG	20,800	20,250	24,225	Buy	16.5	(30.8)	23.5	5.8x	1.6x	28.2	15.7	21.6	12.5	1.2
INCO	3,500	3,260	3,760	Hold	7.4	(5.4)	34.8	38.8x	1.3x	3.3	N/A	23.4	N/A	1.4
ANTM	950	765	1,200	Buy	26.3	4.4	22.8	20.8x	1.2x	5.9	0.2	186.6	N/A	1.4
Agriculture						(2.4)	103.0							
AALI	13,600	11,825	16,925	Buy	24.4	1.7	26.2	15.1x	1.4x	9.5	3.2	9.1	(18.2)	0.6
LSIP	1,345	1,250	1,500	Hold	11.5	0.4	9.2	19.6x	1.1x	5.7	3.3	(19.6)	(39.3)	0.8

* Target Price for December 2019

Source: Bloomberg, NHKS Research

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 18 - Feb	JPN	06:50	Core Machine Orders MoM	Dec	-0.10%	-0.70%	0.00%
Tuesday 19 - Feb	UK	16:30	ILO Unemployment Rate 3Mths	Dec		4.00%	4.00%
	UK	16:30	Jobless Claims Change	Jan		--	20.8k
	GER	17:00	ZEW Survey Current Situation	Feb		--	27.6
	GER	17:00	ZEW Survey Expectations	Feb		--	-15
Wednesday 20 - Feb	USA	19:00	MBA Mortgage Applications	15-Feb		--	-3.70%
Thursday 21 - Feb	JPN	07:30	Nikkei Japan PMI Mfg	Feb P		--	50.3
	JPN	11:30	All Industry Activity Index MoM	Dec		-0.20%	-0.30%
	GER	14:00	CPI MoM	Jan F		--	-0.80%
	GER	14:00	CPI YoY	Jan F		--	1.40%
	GER	15:30	Markit Germany Manufacturing PMI	Feb P		--	49.7
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb P		50.5	50.5
	USA	20:30	Durable Goods Orders	Dec P		1.70%	0.70%
	USA	20:30	Initial Jobless Claims	16-Feb		--	239k
	USA	21:45	Markit US Manufacturing PMI	Feb P		55	54.9
	USA	22:00	Leading Index	Jan		0.20%	-0.10%
Friday 22 - Feb	JPN	06:30	Natl CPI YoY	Jan		0.20%	0.30%
	GER	14:00	GDP SA QoQ	4Q F		--	0.00%
	GER	16:00	IFO Expectations	Feb		--	94.2
	GER	16:00	IFO Business Climate	Feb		99	99.1
	EU	17:00	CPI MoM	Jan		--	0.00%
	EU	17:00	CPI YoY	Jan F		1.40%	1.60%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday 21 - Feb	Tentative	Bank Indonesia 7D Reverse Repo	21-Feb		6.00%	6.00%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 18 - Feb	Extraordinary Shareholder Meeting	TAXI, SPAX
Wednesday 20 - Feb	Extraordinary Shareholder Meeting	FORZ, PSII, SOCI
Thursday 21 - Feb	Extraordinary Shareholder Meeting	RUIS
Friday 22 - Feb	Extraordinary Shareholder Meeting	MTWI

Source: Bloomberg

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