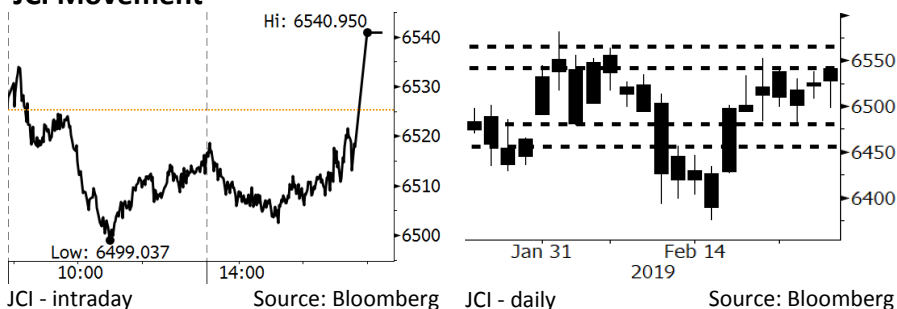


# Morning Brief

Daily | Feb 27, 2019

## JCI Movement



JCI - intraday

Source: Bloomberg

JCI - daily

Source: Bloomberg

## Market Recap

After an intraday lagging, JCI nudged up, backed by the net foreign buy on large cap. stocks. **Top Gainers: Consumer (+1.39%), Finance (+0.44%), Misc. Industry (-0.07%)**

## Daily Foreign & Domestic Sector Movement

Foreign investors posted the net buy of IDR353 billion on JCI and targeted the banking sector, securing the net foreign buy of IDR439 billion. BI's pre-emptive stance of stabilizing rupiah built foreign investors' confidence of investing in the banking sector.

Meanwhile, the poultry sector secured the biggest domestic net buy. Domestic investors bought on weakness as JPFA nudged down at 5.6%, while its peer: CPIN nudging up 0.7%.

## Today's Outlook: Foreign Inflows Leverage Rupiah

We project JCI to rally with the **support range of 6455-6480** and **resistance range of 6540-6565**. The demand for sovereign bonds (SUN) at yesterday's auction hit the last 2-year highest bid of IDR93.9 trillion--six fold higher than the indicative target worth IDR15 trillion. The government secured only IDR22 trillion of the incoming bid. Investors have high confidence of investing in Indonesia, as yields of SUN with 10-year tenor strengthened to 7.78%. Consistent foreign inflows to the bond market supported rupiah appreciation. The solid rupiah is likely to turn foreign investors into other risk assets, e.g. Indonesia's equity market.

## Company News

- INTP : Develops Two Projects
- AALI : Posts Decline of 27% in Net Profits of 2018
- WTON : Enjoys Growth of 44.3% in Profits
- AUTO : Posts Higher Revenues by 13.4% in 2018

## Domestic & Global News

- Tax Incomes Incline to IDR86 Trillion
- The Fed Postpones Hike in Its Rates

## 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

## IHSG (Jakarta Composite Index)

February 26	6,540.95
Chg	+15.59pts (+0.24%)
Volume (bn shares)	170.14
Value (IDR tn)	9.55

Adv 119 Dec 272 Unc 252 Untr 112

## Foreign Transaction (IDR bn)

Buy	2,925
Sell	2,572
Net Buy (Sell)	353

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	192.0	ASII	84.6
BMRI	112.7	JPFA	50.3
BBRI	106.2	KLBF	24.3
TLKM	68.2	CPIN	22.1
SRIL	37.3	PTPP	17.5

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SRIL	4.2%	LPPF	-4.6%
GGRM	2.4%	INDY	-4.6%
PWON	2.4%	ADRO	-3.9%
UNVR	2.4%	ANTM	-3.7%
UNTR	2.0%	MEDC	-3.6%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.82%	-0.09%
USDIDR	13,992	-0.19%
KRWIDR	12.53	0.00%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,057.98	(33.97)	-0.13%
S&P 500	2,793.90	(2.21)	-0.08%
Nasdaq	7,549.30	(5.16)	-0.07%
FTSE 100	7,151.12	(32.62)	-0.45%
CAC 40	5,238.72	6.87	0.13%
DAX	11,540.79	35.40	0.31%
Nikkei	21,449.39	(78.84)	-0.37%
Hang Seng	28,772.06	(187.24)	-0.65%
Shanghai	2,941.52	(19.77)	-0.67%
KOSPI	2,226.60	(5.96)	-0.27%
EIDO	26.83	0.00	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,329.0	1.4	0.10%
Crude Oil (USD /bbl)	55.50	0.02	0.04%
Coal Newcas(USD/ton)	94.80	1.10	1.17%
Gas (USD /mmbtu)	2.80	(0.02)	-0.67%
Nickel LME (USD /MT)	12,975	(15.0)	-0.12%
Tin LME (USD /MT)	21,740	245.0	1.14%
CPO (MYR/Ton)	2,183	(30.0)	-1.36%

### **INTP : Develops Two Projects**

INTP will continue to complete two projects, postponed in 2018. The two projects are an aggregate mining facility project and refuse-derived fuel (RDF). The projects will take into active operation in 4Q19 and 2H20, respectively; thus, INTP allocates the 2019 capex worth IDR1 trillion. (Bisnis Indonesia)

### **WTON : Enjoys Growth of 44.3% in Profits**

WTON enjoyed the growth of 44.3% y-y to IDR486.35 billion in the 2018 net profits, attributable to the increase of 29.3% y-y to IDR6.93 trillion in revenues. In addition, its COGS picked up 28.8% y-y, yet the figure moderated, compared with the 2017 COGS. That spurred its gross profits by 32.4% y-y to IDR882.4 billion. (Bisnis Indonesia)

### **AALI : Posts Decline of 27% in Net Profits of 2018**

AALI cheered its growth of 10.3% y-y to IDR19.08 trillion in revenues of 2018 thanks to rosier sales achieved by all of its segments. Despite the growth, AALI posted the hike of 18% y-y and 26.5% y-y in COGS and selling expenses, respectively. The paradoxical performance throttled its 2018 net profits by 27% y-y to IDR1.43 trillion. (Kontan)

### **AUTO : Posts Higher Revenues by 13.4% in 2018**

AUTO accomplished the growth of 13.4% y-y to IDR15.36 trillion in the 2018 revenues. The respective third-party domestic and export sales surging by 9.84% y-y and 20.2% y-y were two potential drivers for the growth. Of note, the portion of export sales also raised to nearly 14.6% of the total third-party sales worth IDR10.20 trillion. (Kontan)

## Domestic & Global News

### **Tax Incomes Incline to IDR86 Trillion**

January's tax incomes grew by 8.8% y-y to IDR86 trillion. In addition, the income tax (PPh) article 25, on annual basis, grew by 57.12%. The financial sector posted the biggest growth in PPh article 25 in January 2019. The incomes tax of the financial sector grew by 33% to IDR10.02 trillion, compared with the 2018. However, the Directorate of Tax and Custom General is sanguine about the tax income from individual taxpayers is possible to hike by 20% y-y. But January's tax incomes did not yet reflected one year tax incomes because the monthly tax incomes are subject to fluctuating change. (Kontan)

### **The Fed Postpones Hike in Its Rates**

The U.S. central bank (the Fed) holds firmly on cautious stance of assessing the changes in future benchmark rates amid the possible moderate pace of U.S. economy. The Fed argued that the U.S. economy is projected to be quite healthy. After four times rates hikes in 2018 and a projection of additional rate hikes in 2019, the Fed in January 2019, held into dovish stance. Now, the fed's benchmark rate hovers at 2.25%-2.5%. (CNBC Indonesia)

# 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
<b>JCI Index</b>	6,541	6,194				(0.9)	7,464.6							
<b>Finance</b>						4.2	2,341.6							
BBCA	27,775	26,000	28,825	Hold	3.8	17.9	684.8	27.4x	4.8x	18.4	0.9	7.5	10.0	0.9
BBRI	3,940	3,660	4,370	Hold	10.9	4.5	486.0	14.9x	2.6x	18.5	2.7	10.4	11.7	1.5
BMRI	7,275	7,375	8,275	Hold	13.7	(13.6)	339.5	13.6x	1.9x	14.4	2.7	7.4	21.2	1.4
BBNI	8,850	8,800	10,525	Buy	18.9	(9.9)	165.0	11.0x	1.5x	14.5	2.9	9.6	10.2	1.4
<b>Consumer</b>						(5.7)	1,509.5							
HMSP	3,790	3,710	4,225	Hold	11.5	(20.2)	440.8	33.9x	14.0x	41.8	2.8	7.2	3.8	1.2
GGRM	84,500	83,625	88,650	Hold	4.9	6.0	162.6	20.1x	3.8x	19.6	3.1	13.6	6.3	1.2
UNVR	49,975	45,400	49,700	Hold	(0.6)	(7.4)	381.3	41.9x	50.3x	142.9	1.8	1.5	30.1	1.1
ICBP	10,400	10,450	11,225	Hold	7.9	15.6	121.3	28.6x	5.8x	21.3	2.1	7.5	14.6	0.8
INDF	7,600	7,450	8,175	Hold	7.6	0.3	66.7	18.0x	2.1x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,505	1,520	1,840	Buy	22.3	(6.5)	70.5	29.1x	5.1x	18.3	1.7	3.9	1.4	1.2
<b>Infrastructure</b>						5.0	842.87							
TLKM	3,930	3,750	4,700	Buy	19.6	(1.3)	389.3	21.1x	4.3x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,640	2,120	2,600	Hold	(1.5)	2.3	64.0	15.0x	1.8x	9.7	1.2	8.4	62.5	1.4
JSMR	4,990	4,280	6,050	Buy	21.2	(5.0)	36.2	17.5x	2.2x	13.4	1.2	18.7	(6.9)	0.9
<b>Trade</b>						(11.1)	741.9							
UNTR	27,800	27,350	39,550	Buy	42.3	(24.0)	103.7	9.6x	2.0x	22.6	3.5	32.1	60.8	1.0
AKRA	5,475	4,290	4,650	Sell	(15.1)	(9.1)	22.0	29.5x	2.7x	19.3	4.0	25.3	(22.4)	1.2
SCMA	1,750	1,870	2,025	Buy	15.7	(38.8)	25.6	17.9x	5.6x	32.3	3.1	10.8	8.7	1.3
MNCN	945	690	875	Hold	(7.4)	(38.4)	13.5	9.7x	1.2x	14.2	1.6	2.8	(20.3)	0.9
ACES	1,805	1,490	1,635	Hold	(9.4)	30.8	31.0	32.4x	8.1x	26.6	1.3	22.3	32.7	1.1
RALS	1,715	1,420	1,515	Hold	(11.7)	49.1	12.2	20.4x	3.1x	15.7	2.3	2.2	43.4	0.8
MAPI	1,050	805	1,170	Hold	11.4	40.0	17.4	30.1x	3.4x	14.0	0.4	18.3	126.7	0.8
<b>Property</b>						(15.6)	399.6							
BSDE	1,335	1,255	1,850	Buy	38.6	(25.4)	25.7	7.9x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	640	620	600	Hold	(6.3)	(5.2)	30.8	13.8x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	895	1,010	1,250	Buy	39.7	(29.8)	16.6	18.3x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	955	805	960	Hold	0.5	(13.2)	13.8	30.8x	2.1x	6.9	0.5	0.7	75.0	1.7
WSKT	1,850	1,680	2,810	Buy	51.9	(36.6)	25.1	4.8x	1.4x	33.2	3.1	27.0	41.1	1.4
WIKA	1,755	1,655	2,150	Buy	22.5	(9.3)	15.7	11.4x	1.2x	11.0	1.5	32.3	26.0	1.2
<b>Misc Ind.</b>						(2.2)	397.6							
ASII	7,600	8,225	8,925	Buy	17.4	(7.3)	307.7	14.1x	2.3x	17.3	2.5	16.4	20.6	1.2
<b>Basic Ind.</b>						15.9	698.8							
INTP	19,875	18,450	19,950	Hold	0.4	(12.5)	73.2	68.3x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	12,925	11,500	13,500	Hold	4.4	14.1	76.7	29.0x	2.5x	9.0	1.1	4.4	43.1	1.3
CPIN	7,200	7,225	6,700	Hold	(6.9)	102.2	118.1	29.2x	6.5x	24.2	0.8	5.1	79.7	1.0
JPFA	2,280	2,150	3,250	Buy	42.5	41.6	26.7	14.5x	2.9x	20.2	4.4	16.8	104.2	0.8
<b>Mining</b>						(4.8)	431.5							
ADRO	1,350	1,215	1,970	Buy	45.9	(43.8)	43.2	7.3x	0.8x	11.9	7.4	9.3	(16.0)	1.3
PTBA	4,150	4,300	5,375	Buy	29.5	33.4	47.8	7.6x	3.0x	42.1	7.7	20.7	49.7	1.0
ITMG	22,175	20,250	24,225	Hold	9.2	(27.5)	25.1	6.7x	1.8x	27.1	14.7	18.8	4.3	1.2
INCO	3,850	3,260	3,760	Hold	(2.3)	11.0	38.3	43.0x	1.5x	3.3	N/A	23.4	N/A	1.4
ANTM	1,045	765	1,200	Hold	14.8	10.6	25.1	22.8x	1.3x	5.9	0.2	186.6	N/A	1.4
<b>Agriculture</b>						(5.4)	101.3							
AALI	13,100	11,825	16,925	Buy	29.2	(6.4)	25.2	15.9x	1.3x	9.5	3.3	10.3	(28.4)	0.6
LSIP	1,300	1,250	1,500	Buy	15.4	(5.5)	8.9	18.9x	1.1x	5.7	3.5	(19.6)	(39.3)	0.8

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	USA	20:30	Housing Starts	Dec	1078k	1253k	1256k
<i>26 - Feb</i>	USA	22:00	Conf. Board Consumer Confidence	Feb	131.4	124	120.2
<b>Wednesday</b>	EU	16:00	M3 Money Supply YoY	Jan		4.00%	4.10%
<i>27 - Feb</i>	USA	19:00	MBA Mortgage Applications	22-Feb		--	3.60%
	USA	22:00	Factory Orders	Dec		0.60%	-0.60%
<b>Thursday</b>	UK	Tentative	Nationwide House Px NSA YoY	Feb		0.30%	0.10%
<i>28 - Feb</i>	UK	Tentative	Nationwide House PX MoM	Feb		-0.10%	0.30%
	JPN	06:50	Industrial Production MoM	Jan P		-2.50%	-0.10%
	CHN	08:00	Manufacturing PMI	Feb		49.5	49.5
	GER	20:00	CPI MoM	Feb P		0.50%	-0.80%
	GER	20:00	CPI YoY	Feb P		1.50%	1.40%
	USA	20:30	GDP Annualized QoQ	4Q A		2.40%	3.40%
	USA	20:30	Initial Jobless Claims	23-Feb		222k	216k
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb P		50.5	50.5
	USA	20:30	Initial Jobless Claims	16-Feb		--	239k
<b>Friday</b>	JPN	06:30	Job-To-Applicant Ratio	Jan		1.63	1.63
<i>1 - Mar</i>	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Feb		1.00%	1.10%
	JPN	06:30	Jobless Rate	Jan		2.40%	2.40%
	JPN	06:50	Capital Spending YoY	4Q		4.50%	4.50%
	CHN	08:45	Caixin China PMI Mfg	Feb		48.7	48.3
	GER	15:55	Unemployment Change (000's)	Feb		-5k	-2k
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		52	52.8
	USA	20:30	Personal Income	Jan		0.30%	--
	USA	20:30	Personal Spending	Dec		-0.10%	0.40%
	USA	22:00	ISM Manufacturing	Feb		55.6	56.6

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b>	Tentative	Money Supply M1 YoY	Jan		--	4.80%
<i>28 - Feb</i>	Tentative	Money Supply M2 YoY	Jan		--	6.30%
<b>Friday</b>	07:30	Nikkei Indonesia PMI Mfg	Feb		--	49.9
<i>1 - Mar</i>	Tentative	CPI YoY	Feb		--	2.82%
	Tentative	CPI NSA MoM	Feb		--	0.32%
	Tentative	CPI Core YoY	Feb		--	3.06%
	03/08	Danareksa Consumer Confidence	Feb		--	102.3

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 25 - Feb	Extraordinary Shareholder Meeting	PSSI
<b>Tuesday</b> 26 - Feb	Extraordinary Shareholder Meeting	DNAR, PSAB, SDMU
<b>Wednesday</b> 27 - Feb	Extraordinary Shareholder Meeting	SGRO
<b>Thursday</b> 28 - Feb	Extraordinary Shareholder Meeting	CMNP, DKFT, MEGA, SKYB, ZINC
<b>Friday</b> 1 - Mar	Extraordinary Shareholder Meeting	ARNA, BVIC, MAMI, PTRO

Source: Bloomberg

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