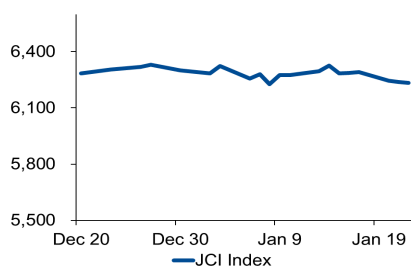


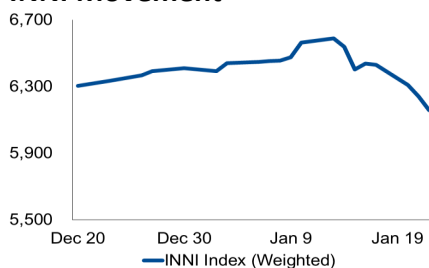
Morning Brief

Daily | January 23 2020

JCI Movement



INNI Movement



Market Recap

JCI continued to close lower, held back by the mining sector. **JCI's Top Losers: Mining (-1.7%), Infrastructure (-0.8%), Property (-0.6%).**

INNI index closed lower, held back by the mining stocks (i.e. TINS, ANTM, and PTBA).

Daily Foreign & Domestic Sector Movement

JCI recorded foreign inflows of IDR290 billion as the banking sector gained the largest inflows of IDR363 billion. Most Asia markets, as opposed to JCI, rallied to cause massive net buy. That rally was on grounds of South Korea's 4Q19 solid economic growth at 2.2%, higher than the estimate of 1.9%. Besides, China's attempts for containing Coronavirus ahead of the Lunar New Year Holiday eased investors' anxieties.

Meanwhile, the rupiah exchange rate for USD advanced 0.18% to 13,644.

Today's Outlook: Eye on BI's Monetary Stance

The Dow Jones notched lower at 0.03% to 29,186. IBM posting 3.39% gains after releasing its 4Q19's strong earnings and 4Q19's US Surging Home Sales failed to rescue Dow Jones out from the red zone. In the domestic backdrop, investors await BI to announce its interest rates today as a number of economists estimate BI to leave its rate unchanged in January in order to give banks time to respond to 2019's looser rate.

Company News

- INCO : Acquisition by MIND ID Is Signed in March
- WIKA : Pursues Overseas Contracts
- TINS : Constructs Ausmelt Smelting Furnaces

Domestic & Global News

- Tax Revenues Impede Tax Ratio
- U.S. Home Sales Surge to Near Two-Year High

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.00%	5.00%	Real GDP	5.00%	5.00%
FX Reserve (USD bn)	129.18	126.63	Current Acc (USD bn)	129.18	126.63
Trd Balance (USD bn)	(0.03)	(1.33)	Govt. Spending Yoy	(1.33)	0.16
Exports Yoy	1.28%	-5.67%	FDI (USD bn)	-5.67%	-6.13%
Imports Yoy	-5.62%	-9.24%	Business Confidence	-9.24%	-16.39%
Inflation Yoy	2.72%	3.00%	Cons. Confidence*	2.72%	3.00%

JCI Index

Jan. 22	6,233.45
Chg.	-4.70pts (-0.08%)
Volume (bn shares)	82.62
Value (IDR tn)	6.88
Adv 123 Dec 270 Unc 289 Untr 147	

INNI Index

Last	6,158.54
Chg.	-83.27pts (-1.33%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
SMGR	2.2%	TINS	-3.7%
BBRI	0.9%	KINO	-3.5%
GGRM	0.6%	ANTM	-3.1%
ICBP	0.4%	PTBA	-3.1%
AALI	0.4%	CTRA	-3.0%

Foreign Transaction

	(IDR bn)
Buy	2,578
Sell	2,288
Net Buy (Sell)	290

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	229.5	BBCA	111.3
BBRI	187.1	HMSF	45.3
ASII	65.2	BBNI	38.2
SMGR	28.6	PGAS	32.1
BJTM	24.3	WSKT	15.5

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.70%	-0.06%
USDIDR	13,646	-0.17%
KRWIDR	11.71	0.13%

Global Indexes

Index	Last	Chg.	%
Dow Jones	29,186.27	(9.77)	-0.03%
S&P 500	3,321.75	0.96	0.03%
FTSE 100	7,571.92	(38.78)	-0.51%
DAX	13,515.75	(40.12)	-0.30%
Nikkei	24,031.35	166.79	0.70%
Hang Seng	28,341.04	355.71	1.27%
Shanghai	3,060.75	8.61	0.28%
KOSPI	2,267.25	27.56	1.23%
EIDO	26.17	0.11	0.42%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,558.8	0.6	0.04%
Crude Oil (USD / bbl)	56.74	(1.64)	-2.81%
Coal Newcas(USD/ton)	69.25	(1.65)	-2.33%
Nickel LME (USD / MT)	13,640	(25.0)	-0.18%
Tin LME (USD / MT)	17,425	(150.0)	-0.85%
CPO (MYR/Ton)	2,973	86.0	2.98%

INCO : Acquisition by MIND ID Is Signed in March

PT Vale Indonesia Tbk (INCO) records stocks acquisition by MIND ID to be signed in March, 2020. MIND ID allocates funds of USD500 million for the acquisition derived from banking loans required MIND ID to pay interest rates, excluding loan principal. (Kontan)

WIKA : Pursues Overseas Contracts

PT Wijaya Kara Tbk (WIKA) targets 2020's new overseas contracts of IDR5.7 trillion contributing 8.7% to new contract revenues. However, the target is well below 2019's realization of IDR7 trillion. It sets the target by selecting only profit-making overseas contracts. (Bisnis Indonesia)

TINS : Constructs Ausmelt Smelting Furnaces

PT Timah Tbk (TINS) builds furnaces for mineral processing and refinement by means of applying EPCC TSL Furnace Ausmelt. TINS ties cooperation with PT Wijaya Karya Tbk (WIKA) for constructing 40,000 tons-production capacities furnaces located in Muntok, West Bangka. The furnaces will boost tin production as stockpiles of tin get lower in number. (Investor Daily)

Domestic & Global News

Tax Revenues Impede Tax Ratio

The 2020's tax ratio target needs a further review because 2019's tax ratio realization was only at 10.6%. The 2019's tax ratio was derived from tax revenues achieved plus 2019's PNB of IDR1.66.4 trillion. Based on the GDP projection of IDR16,011 trillion, the 2019's estimated tax ratio was well below the target of 11.1%, even much lower than the 2018's tax ratio of 11.5%. (Kontan)

U.S. Home Sales Surge to Near Two-Year High

U.S. home sales jumped to their highest level in nearly two years in December, the latest indication that lower mortgage rates are helping the housing market to regain its footing after hitting a soft patch in 2018, though record low inventory could be an obstacle to continued strong gains. Existing home sales increased 3.6% to a seasonally adjusted annual rate of 5.54 million units last month, the highest level since February 2018, boosted by a surge in sales of multi-family housing units and gains in single-family home dwellings. (Reuters)

	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						11.6	2,599.5							
BBCA	34,200	33,425	32,000	Hold	(6.4)	24.4	843.2	29.8x	5.0x	18.1	1.0	15.0	13.0	1.0
BBRI	4,710	4,400	4,950	Hold	5.1	24.9	581.0	17.1x	2.9x	18.2	2.8	10.8	5.6	1.4
Consumer						(20.6)	1,190.7							
GGRM	57,350	53,000	61,800	Hold	7.8	(30.0)	110.3	11.9x	2.3x	20.5	4.5	16.9	25.8	1.0
KINO	2,990	3,430	4,680	Buy	56.5	(1.0)	4.3	8.7x	1.7x	21.2	1.7	34.1	323.0	0.7
ICBP	11,750	11,150	12,875	Hold	9.6	12.2	137.0	27.5x	5.7x	22.2	1.2	11.2	11.4	0.7
KLBF	1,590	1,620	1,780	Hold	11.9	(0.6)	74.5	29.0x	4.9x	17.6	1.6	7.3	6.2	1.3
Infrastructure						(5.3)	763.00							
TLKM	3,860	3,970	4,700	Buy	21.8	(0.1)	382.4	18.9x	3.8x	21.3	4.2	3.5	15.6	0.9
JSMR	4,970	5,175	6,000	Buy	20.7	(1.1)	36.1	18.7x	2.0x	11.3	0.9	(22.8)	(15.2)	1.2
Trade						(6.7)	680.6							
UNTR	20,600	21,525	26,300	Buy	27.7	(22.6)	76.8	7.2x	1.4x	19.8	6.0	7.3	(4.8)	0.9
MAPI	1,015	1,055	1,300	Buy	28.1	9.1	16.8	20.6x	2.8x	14.8	1.0	11.4	14.7	1.0
Property						0.1	442.9							
CTRA	975	1,040	1,550	Buy	59.0	(1.5)	18.1	17.9x	1.2x	7.2	1.0	(0.7)	(28.9)	1.7
WSKT	1,330	1,485	2,600	Buy	95.5	(33.0)	18.1	13.0x	1.0x	7.8	5.5	(39.2)	(69.4)	1.6
WIKA	1,970	1,990	2,500	Buy	26.9	5.3	17.7	7.9x	1.1x	15.3	2.0	(12.9)	57.3	1.5
Basic Ind.						5.5	755.7							
SMGR	12,975	12,000	14,300	Hold	10.2	-	77.0	33.7x	2.5x	7.5	1.6	31.1	(38.1)	1.4
Misc Ind.						(13.2)	369.8							
ASII	7,000	6,925	8,600	Buy	22.9	(14.4)	283.4	13.8x	2.0x	14.9	3.0	1.2	(7.1)	1.2
Mining						(20.5)	343.7							
TINS	790	825	800	Hold	1.3	(15.5)	5.9	41.6x	1.0x	1.6	3.2	114.6	N/A	1.6
PTBA	2,480	2,660	2,300	Hold	(7.3)	(43.5)	28.6	6.3x	1.6x	26.4	13.7	1.4	(24.9)	1.2
INCO	3,360	3,640	4,200	Buy	25.0	(5.9)	33.4	424.5x	1.3x	0.3	N/A	(12.6)	N/A	1.5
ANTM	770	840	1,100	Buy	42.9	(10.5)	18.5	23.0x	0.9x	4.1	1.7	23.0	(11.1)	1.5
Agriculture						(15.0)	85.6							
AALI	12,425	14,575	15,600	Buy	25.6	(6.6)	23.9	56.2x	1.3x	2.3	1.8	(10.0)	(90.1)	0.7

* Target Price for December 2020

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

YTD Change	-1.0%
YTD Change Gap (vs JCI)	-0.2%
Weekly Change	-4.2%
Weekly Change Gap (vs JCI)	-3.3%

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
Tuesday 21- Jan	UK	16:30	Claimant Count Rate	Dec	3.50%	--	3.50%
	UK	16:30	Jobless Claims Change	Dec	14.9k	--	28.8k
	UK	16:30	ILO Unemployment Rate 3Mths	Nov	3.80%	3.80%	3.80%
	GER	17:00	ZEW Survey Current Situation	Jan	-9.5	-13.5	-19.9
	GER	17:00	ZEW Survey Expectations	Jan	26.7	15	10.7
Wednesday 22 - Jan	USA	19:00	MBA Mortgage Applications	Jan	-1.20%	--	30.20%
	USA	22:00	Existing Home Sales	Dec	5.54m	5.43m	5.35m
Thursday 23- Jan	EU	19:45	ECB Main Refinancing Rate	Jan		0.00%	0.00%
	EU	19:45	ECB Marginal Lending Facility	Jan		0.25%	0.25%
	EU	19:45	ECB Deposit Facility Rate	Jan		-0.50%	-0.50%
	USA	20:30	Initial Jobless Claims	Jan		214k	204k
	EU	22:00	Consumer Confidence	Jan		-7.8	-8.1
	USA	22:00	Leading Index	Dec		-0.20%	0.00%
Friday 24 - Jan	GER	15:30	Markit Germany Manufacturing PMI	Jan		44.5	43.7
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan		46.8	46.3
	UK	16:30	Markit UK PMI Manufacturing SA	Jan		48.7	47.5
	USA	21:45	Markit US Manufacturing PMI	Jan		52.5	52.4

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Thursday 23- Jan	14:20	Bank Indonesia 7D Reverse Repo	Jan	1.28%	5.00%	5.00%

Source: Bloomberg

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