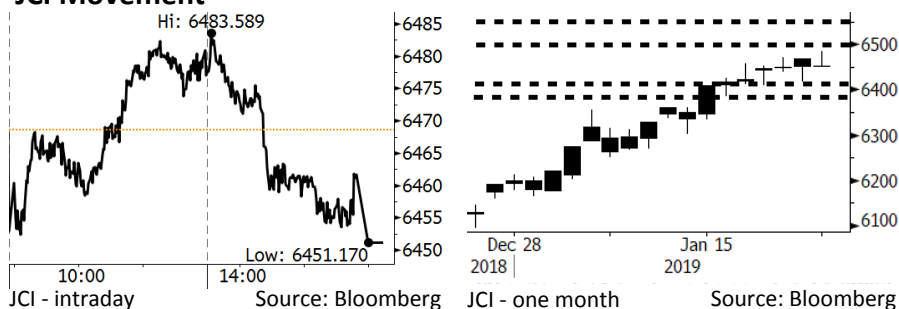


Morning Brief

Daily | Jan 24, 2019

JCI Movement



IHSG (Jakarta Composite Index)

January 23	6,451.17
Chg	-17.39pts (-0.27%)
Volume (bn shares)	133.21
Value (IDR tn)	10.26

Adv 220 Dec 196 Unc 226 Untr 106

Foreign Transaction (IDR bn)	
Buy	3,285
Sell	3,428
Net Buy (Sell)	(142)

Top Buy	NB Val.	Top Sell	NS Val.
BDMN	102.2	BMRI	212.0
UNTR	46.0	BBNI	89.4
HMSP	36.3	TLKM	52.7
ICBP	31.5	BNLI	46.7
PGAS	21.7	WSKT	41.5

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
LPKR	8.3%	BMRI	-3.6%
INKP	4.4%	BJBR	-2.2%
ANTM	3.6%	INCO	-2.2%
MNCN	2.9%	BBNI	-2.2%
BSDE	2.9%	ADRO	-2.1%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.09%	-0.02%
USDIDR	14,188	-0.23%
KRWIDR	12.58	0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,575.62	171.14	0.70%
S&P 500	2,638.70	5.80	0.22%
Nasdaq	7,025.77	5.41	0.08%
FTSE 100	6,842.88	(58.51)	-0.85%
CAC 40	4,840.38	(7.15)	-0.15%
DAX	11,071.54	(18.57)	-0.17%
Nikkei	20,593.72	(29.19)	-0.14%
Hang Seng	27,008.20	2.75	0.01%
Shanghai	2,581.00	1.30	0.05%
KOSPI	2,127.78	10.01	0.47%
EIDO	26.92	0.30	1.13%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,282.7	(2.5)	-0.19%
Crude Oil (USD /bbl)	52.62	(0.39)	-0.74%
Coal Newcas(USD/ton)	98.95	0.20	0.20%
Gas (USD /mmbtu)	2.98	(0.06)	-1.97%
Nickel LME (USD /MT)	11,585	(215.0)	-1.82%
Tin LME (USD /MT)	20,425	(225.0)	-1.09%
CPO (MYR/Ton)	2,283	20.0	0.88%

Market Recap

JCI closed lower yesterday because of the bank sector's worse performance and the discontinued net foreign buy. BoJ's stance of lower inflation hampered JCI.

Top Losers: Finance (-1.09%), Consumer (-0.32%), Infrastructure (-0.14%)

Daily Foreign & Domestic Sector Movement

Foreign investors posted the net sell of IDR142 billion. Although the amount was relatively small, they started to be cautious of Indonesia's market. The banking sector still has the biggest contribution to the foreign net sell.

Foreign investors digest the outlook of global economic growth, while domestic investors post the net sell of IDR73 billion on the cigarette sector. We estimate the domestic net sell was triggered by "reduce" recommendation issued by CIMB with HMSP's target price of IDR2.800. That results in investors' concerns about HMSP recommendation.

Today's Outlook: Investors Banks on BI's Stimulus

We estimate that today JCI moves sideways with the **support range of 6380-6420** and the **resistance range of 6500-6550**. Investors will keep their wary eyes on Bank Indonesia (BI)'s governor statement of the economic outlook and BI's 7-days Reverse Repo Rate. BI considers that its benchmark rate is at the highest point because the Fed has slowed its rate down. Meanwhile, trade deficits are estimated to settle at 2.5% of GDP compared to the 2018 figure of 3%. In addition, GDP is expected to grow by 5%-5.4% in 2019. BI oversees that the rupiah is currently undervalued.

Company News

- BBNI : Allocates IDR1.6 Trillion for Technology
- BBTN : Targets Growth of 13% in Construction Credit
- KLBF : Increases Variant of Prescription Drugs
- PTBA : Targets Production Volume of 27.3 Million Tons

Domestic & Global News

- The Government's Debt Hits IDR4,418 Trillion
- Beijing Will Boost Fiscal Expenditure in 2019

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	120.65	117.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.10)	(2.05)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-4.62%	-3.28%	FDI (USD bn)	5.95	5.50
Imports Yoy	1.16%	11.68%	Business Confidence	108.05	112.82
Inflation Yoy	3.13%	3.23%	Cons. Confidence*	127.00	122.70

BBNI : Allocates IDR1.6 Trillion for Technology

BBNI expands its technology further. In 2019, it ploughs IDR1.6 trillion into the development of new digital banking products and features. Furthermore, it allocates IDR3-4 trillion for taking over a financial technology company. In addition, BBNI cooperates with 3 other banks will release QR Code technology, LinkAja, in February-March 2019. (Kontan)

KLBF : Increases Variant of Prescription Drugs

KLBF is committed to increasing variant of its prescription drugs, nutrition, and health supplements with a view to spurring its organic growth. In 2019, it allocates the capex of IDR1-1.5 trillion to construct an over-the-counter factory in Cikarang and a prescription-drug factory in Pulo Gadung, East Jakarta. Of note, it targets the minimum growth of 4%-5% in 2019. (Bisnis Indonesia)

BBTN : Targets Growth of 13% in Construction Credit

BBTN targets the credit distributed to the construction segment to grow above 13% in 2019. The 2018 credit grew by 12% y-y; thus, it will focus on developing the middle and low-to-middle class housing construction segment, the greater Jakarta-based TOD project developed by other state-owned enterprises (BUMN), and the program of one million houses. (Kontan)

PTBA : Targets Production Volume of 27.3 Million Tons

PTBA targets the 2019 growth in production to 27.3 million tons of coal. In 2018, it succeeded to actualize the production of 26.35 million tons of coal topping the targeted production of 25.5 million tons. Yet, the 2018 sales realization was 1.18 million tons lower than the target. In 2019, it will keep increasing its production and take over new mines. (Kontan)

Domestic & Global News

The Government's Debt Hits IDR4,418 Trillion

For most of 2018, the central government's debt amounted to IDR4,418.3 trillion. That total debt increased by IDR423.05 trillion, compared to the 2017 figure of IDR3,995.25 trillion. The state budget (APBN) data released by the Finance Ministry showed that the central government's debt consisted of loans and government bonds. The government total loan edged up by 8.8% y-y, from IDR740.54 trillion to IDR805.62 trillion. Meanwhile, the government's foreign debt soared by 154% y-y to IDR799.04 trillion. On the contrary, the domestic loan depleted by 99.8% y-y to only at IDR6.57 trillion. (Kontan)

Beijing Will Boost Fiscal Expenditure in 2019

China will step up fiscal spending this year to support its economy, focusing on further cuts in taxes and fees for small firms, finance ministry officials said on Wednesday. Mounting pressure on the world's second-biggest economy pushed growth last year to its lowest since 1990 even as Beijing stepped up stimulus measures and spurred banks to lend more. China's fiscal spending rose 8.7 percent to 22.1 trillion yuan (\$3.3 trillion) in 2018, while revenue increased 6.2 percent to 18.3 trillion yuan, China achieved its 2018 fiscal revenue target despite extensive tax cuts last year. (CNBC)

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	6,451	6,194				(2.5)	7,344.8							
Finance						4.9	2,301.1							
BBCA	27,500	26,000	28,825	Hold	4.8	21.8	678.0	27.2x	4.7x	18.4	0.9	7.5	10.0	0.9
BBRI	3,770	3,660	4,370	Buy	15.9	(1.6)	465.0	14.4x	2.7x	19.3	2.8	7.9	14.5	1.5
BMRI	7,475	7,375	8,275	Hold	10.7	(9.4)	348.8	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	9,050	8,800	10,525	Buy	16.3	(6.9)	168.8	11.3x	1.7x	15.1	2.8	10.0	12.5	1.5
Consumer						(12.4)	1,479.1							
HMSP	3,750	3,710	4,225	Hold	12.7	(28.6)	436.2	33.5x	13.9x	41.8	2.9	7.2	3.8	1.2
GGRM	81,900	83,625	88,650	Hold	8.2	(4.0)	157.6	19.5x	3.7x	19.6	3.2	13.6	6.3	1.2
UNVR	48,950	45,400	49,700	Hold	1.5	(12.0)	373.5	41.1x	41.6x	118.0	1.9	1.0	39.7	1.0
ICBP	10,475	10,450	11,225	Hold	7.2	18.4	122.2	28.8x	5.9x	21.3	2.1	7.5	14.6	0.8
INDF	7,650	7,450	8,175	Hold	6.9	(5.3)	67.2	18.1x	2.1x	11.7	3.9	3.1	(13.7)	1.2
KLBF	1,600	1,520	1,840	Hold	15.0	(7.2)	75.0	30.9x	5.4x	18.3	1.6	3.9	1.4	1.3
Infrastructure						(1.6)	795.02							
TLKM	3,920	3,750	4,700	Buy	19.9	(0.6)	388.3	21.0x	4.3x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,450	2,120	2,600	Hold	6.1	(8.9)	59.4	15.9x	1.3x	8.2	1.3	12.9	122.8	1.4
JSMR	5,025	4,280	6,050	Buy	20.4	(15.5)	36.5	17.6x	2.3x	13.4	1.2	18.7	(6.9)	1.0
Trade						(16.0)	704.6							
UNTR	26,600	27,350	39,550	Buy	48.7	(33.5)	99.2	9.2x	1.9x	22.6	3.7	32.1	60.8	0.9
AKRA	4,490	4,290	4,650	Hold	3.6	(28.7)	18.0	24.2x	2.2x	19.3	4.9	25.3	(22.4)	1.3
SCMA	1,970	1,870	2,025	Hold	2.8	(22.1)	28.8	20.2x	6.3x	32.3	2.8	10.8	8.7	1.3
MNCN	875	690	875	Hold	-	(39.9)	12.5	9.0x	1.1x	14.2	1.7	2.8	(20.3)	1.0
ACES	1,790	1,490	1,635	Hold	(8.7)	39.8	30.7	32.1x	8.0x	26.6	1.3	22.3	32.7	1.0
RALS	1,600	1,420	1,515	Hold	(5.3)	33.9	11.4	19.0x	2.9x	15.7	2.5	2.2	43.4	0.9
MAPI	930	805	945	Hold	1.6	24.8	15.4	26.7x	3.0x	14.0	0.4	18.3	126.7	0.8
Property						(10.9)	414.7							
BSDE	1,440	1,255	1,850	Buy	28.5	(17.0)	27.7	8.6x	1.1x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	690	620	600	Hold	(13.0)	(2.1)	33.2	14.9x	2.8x	20.6	0.9	19.0	25.2	1.3
CTRA	990	1,010	1,250	Buy	26.3	(20.2)	18.4	20.2x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	1,015	805	960	Hold	(5.4)	(3.3)	14.6	32.7x	2.2x	6.9	0.5	0.7	75.0	1.6
WSKT	1,985	1,680	2,810	Buy	41.6	(28.9)	26.9	5.1x	1.5x	33.2	2.9	27.0	41.1	1.3
WIKA	1,870	1,655	2,150	Hold	15.0	(10.1)	16.8	12.2x	1.3x	11.0	1.4	32.3	26.0	1.1
Misc Ind.						(2.7)	417.4							
ASII	8,175	8,225	8,925	Hold	9.2	(6.3)	331.0	15.2x	2.5x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						26.5	705.7							
INTP	19,875	18,450	19,950	Hold	0.4	(7.0)	73.2	68.3x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	12,975	11,500	13,500	Hold	4.0	21.0	77.0	29.2x	2.6x	9.0	1.0	4.4	43.1	1.3
CPIN	8,100	7,225	6,700	Sell	(17.3)	125.0	132.8	32.9x	7.3x	24.2	0.7	5.1	79.7	1.1
JPFA	2,370	2,150	3,250	Buy	37.1	64.6	27.8	15.0x	3.1x	20.2	4.2	16.8	104.2	0.8
Mining						(4.2)	421.1							
ADRO	1,380	1,215	1,970	Buy	42.8	(43.4)	44.1	7.3x	0.8x	11.9	7.2	9.3	(16.0)	1.2
PTBA	4,390	4,300	5,375	Buy	22.4	31.8	50.6	8.0x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	22,250	20,250	24,225	Hold	8.9	(25.2)	25.1	6.2x	1.7x	28.2	14.7	21.6	12.5	1.2
INCO	3,570	3,260	3,760	Hold	5.3	4.1	35.5	39.9x	1.3x	3.2	N/A	29.2	N/A	1.4
ANTM	860	765	1,200	Buy	39.5	10.3	20.7	18.8x	1.1x	5.9	0.2	186.6	N/A	1.3
Agriculture						(0.3)	106.1							
AALI	13,300	11,825	16,925	Buy	27.3	1.7	25.6	14.8x	1.4x	9.5	3.3	9.1	(18.2)	0.6
LSIP	1,460	1,250	1,500	Hold	2.7	7.0	10.0	21.2x	1.2x	5.7	3.1	(19.6)	(39.3)	0.7

* Target Price for December 2019

Source: Bloomberg, NHKS Research

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CHN	09:00	Industrial Production YoY	Dec	5.70%	5.30%	5.40%
21- Jan	CHN	09:00	GDP YoY	4Q	6.40%	0.064	0.065
Tuesday	USA	Tentative	Trade Balance	Nov		-\$54.0b	-\$55.5b
22- Jan	USA	Tentative	Factory Orders	Nov		0.30%	-2.10%
	USA	Tentative	Housing Starts	Dec		1252k	1256k
	USA	Tentative	New Home Sales	Nov		567k	544k
	USA	Tentative	Retail Sales Advance MoM	Dec		0.001	0.002
	USA	Tentative	Durable Goods Orders	Nov F		0.80%	0.80%
	UK	16:30	Claimant Count Rate	Dec	2.80%	--	0.028
	UK	16:30	ILO Unemployment Rate 3Mths	Nov	4.00%	4.10%	4.10%
	UK	16:30	Jobless Claims Change	Dec	20.8k	--	21.9k
	GER	17:00	ZEW Survey Current Situation	Jan	27.6	42.8	45.3
	GER	17:00	ZEW Survey Expectations	Jan	-15.0	-18.8	-17.5
	USA	22:00	Existing Home Sales	Dec	4.99m	5.27m	5.32m
	USA	Tentative	Wholesale Inventories MoM	Nov P		0.50%	0.80%
Wednesday	USA	19:00	MBA Mortgage Applications	18-Jan	-2.70%	--	13.50%
23- Jan	USA	Tentative	Wholesale Inventories MoM	Nov F		0.005	--
Thursday	JPN	07:30	Nikkei Japan PMI Mfg	Jan P	50.0	--	52.6
24- Jan	GER	15:30	Markit/BME Germany Manufacturing PMI	Jan P		5110.00%	5150.00%
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan P		5130.00%	5140.00%
	EU	19:45	ECB Deposit Facility Rate	24-Jan		-0.40%	-0.40%
	EU	19:45	ECB Main Refinancing Rate	24-Jan		0	0
	USA	20:30	Initial Jobless Claims	19-Jan		--	213k
	USA	21:45	Markit US Manufacturing PMI	Jan P		--	5380.00%
	USA	22:00	Leading Index	Dec		-0.001	0.002
Friday	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Jan		0.90%	0.90%
25- Jan	GER	16:00	IFO Business Climate	Jan		100.5	101
	USA	20:30	Durable Goods Orders	Dec P		--	--
	USA	22:00	New Home Sales	Dec		--	--

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	ITTG
21- Jan		
Wednesday	Rights Offerings	SQMI
23- Jan		
Friday	Extraordinary Shareholder Meeting	ARMY
25- Jan		

Source: Bloomberg

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