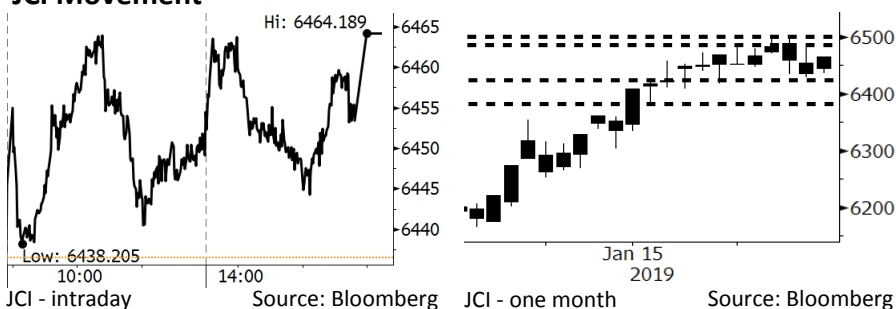


Morning Brief

Daily | Jan 31, 2019

JCI Movement



IHSG (Jakarta Composite Index)

January 30	6,464.19
Chg	+27.71pts (+0.43%)
Volume (bn shares)	115.94
Value (IDR tn)	5.42

Adv 188 Dec 213 Unc 241 Untr 118

Foreign Transaction		(IDR bn)
Buy		17,906
Sell		3,296
Net Buy (Sell)		14,610

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	298.9	BBNI	72.2
UNVR	122.6	BMRI	54.2
BBCA	89.2	TOWR	39.4
HMSP	75.0	PTBA	33.2
PGAS	73.3	CTRA	30.9

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
MEDC	14.5%	INTP	-4.0%
PGAS	6.8%	BSDE	-3.6%
INCO	5.1%	LPPF	-2.9%
BJBR	4.8%	LPKR	-2.7%
ANTM	3.3%	SMGR	-2.5%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.16%	-0.00%
USDIDR	14,131	0.26%
KRWIDR	12.65	0.32%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,014.86	434.90	1.77%
S&P 500	2,681.05	41.05	1.55%
Nasdaq	7,183.08	154.79	2.20%
FTSE 100	6,941.63	107.70	1.58%
CAC 40	4,974.76	46.58	0.95%
DAX	11,181.66	(37.17)	-0.33%
Nikkei	20,556.54	(108.10)	-0.52%
Hang Seng	27,642.85	111.17	0.40%
Shanghai	2,575.58	(18.68)	-0.72%
KOSPI	2,206.20	22.84	1.05%
EIDO	27.23	0.51	1.91%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,319.9	8.1	0.62%
Crude Oil (USD /bbl)	54.23	0.92	1.73%
Coal Newcas(USD/ton)	100.20	0.15	0.15%
Gas (USD /mmbtu)	2.85	(0.05)	-1.69%
Nickel LME (USD /MT)	12,120	295.0	2.49%
Tin LME (USD /MT)	20,700	25.0	0.12%
CPO (MYR/Ton)	2,303	9.0	0.39%

Market Recap

Like the regional bourse, JCI closed higher yesterday along with the subdued trade war tension and investors' focus on the Fed's meeting. **Top Gainers: Infrastructure (+1.38%), Consumer (+1.25%), Mining (+0.85%)**

Daily Foreign & Domestic Sector Movement

Yesterday, foreign investors posted the net buy of virtually IDR14.6 trillion, dominated by the banking sector posting the net buy of IDR14.5 trillion of which IDR14.2 trillion was the acquisition of BTPN by Sumitomo Mitsui Banking Corporation. The acquisition was a merger between BTPN and PT Bank Sumitomo Mitsui Indonesia.

Furthermore, domestic investors posted the net buy of IDR56 billion on the mining sector, coal in particular. They discerned the possible hike in coal price as the Indonesian government regulates the cut of coal output from 485 million tons to 479.8 million tons in 2019.

Today's Outlook: "Huge" Lift to Emerging Market

We estimate that today JCI will rally with the **support range of 6380-6420** and the **resistance range of 6490-6500**. The rally is likely to get positive sentiments from the Fed's stance of leaving its benchmark rate unchanged. That makes emerging markets, particularly Indonesia, become an asset class reaping profits for the USD depreciation. We estimate that the Fed's stance will consistently sustain foreign inflows to Indonesia. Of note, Dow Jones Index rallied 434 points or increasing by 1.77% to 25,014.

Company News

- BBRI : Targets Growth of 10%-12% in Net Profit
- SMGR : Settles SMCB Acquisition Today
- PTPP : Will Issue Perpetual Bonds Worth IDR500 Billion
- DILD : Obtains Syndicated Loan Facilities of IDR2.8 Trillion

Domestic & Global News

- The 2018 Investment Realization Hiked 4.1%
- Fed Holds Rates Stable

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

BBRI : Targets Growth of 10%-12% in Net Profit

BBRI fixes on the growth of 10%-20% to IDR36-37 trillion in the 2019 net profits. Thus, BBRI diversifies its sources of revenues and targets bigger fee-based incomes than net interests. In 2018, its NIM declined to 7.30% as the banking industry augmented non-interest revenues and promoted efficiency. (Kontan)

SMGR : Settles SMCB Acquisition Today

SMGR stated that the acquisition process of SMCB settles today. SMGR, through the acquisition, takes over 80.64% stocks ownership of SMCB from its parent entity: Holderfin B.V. Both companies entered into a conditional sales & purchase agreement (CSPA) for the acquisition virtually worth USD917 million. (Bisnis Indonesia)

PTPP : Will Issue Perpetual Bonds Worth IDR500 Billion

PTPP will issue perpetual bonds worth IDR500 billion, with the concept similar to double taxes on private equity funds (RDPT). It is PTPP's first bond issuance in 2019. The issuance will be performed, if PTPP's leverage reaches a maximum level. In 2018, its gearing ratio was at 0.9x, and its net debt to EBITDA hovered at 3.5x. (Kontan)

DILD : Obtains Syndicated Loan Facilities of IDR2.8 Trillion

DILD obtains syndicated loan facilities of IDR2.8 trillion, with the coupon of 10.5% per year from BBNI and BBKA. The facilities will be used to settle bonds maturing on June 29, 2019, refinance bank loans of IDR2.16 trillion, and working capital. Of note, DILD targets the 2019 marketing sales of IDR2.5 trillion. (Bisnis Indonesia)

Domestic & Global News

The 2018 Investment Realization Hiked 4.1%

The Chief of Indonesia Investment Coordinating Board (BKPM) Thomas Lembong stated that the investment realization was at IDR721.3 trillion for most of 2018. The realization hiked by 4.1%, compared to the 2017 realization. The 2018 Domestic Direct Investment (DDI) was at IDR328.6 trillion or increasing by 25.3% compared to the 2017 DDI of IDR262.3 trillion. Meanwhile, the 2018 Foreign Direct Investment (FDI) was at IDR392.7 trillion, declining by 8.8% compared to the 2017 FDI of IDR430.5 trillion. Thomas stated that the realization had yet to reach the target as in 2018, BKPM failed to hit the target and posted the realization of only 94.3% compared to the investment realization target of National Medium Term Development Plan (RPJNM) of IDR765 trillion. (Kontan)

Fed Holds Rates Stable

The Federal Reserve opted not to raise interest rates during its policy meeting this week and pledged that future moves will be done patiently and with an eye toward how economic conditions unfold. In a statement Wednesday, the central bank voted unanimously to hold its policy rate in a range between 2.25 percent and 2.5 percent. The Fed dropped from its statement language that more rate hikes likely would be warranted – “further gradual increases.” The central bank instead said it “will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate.” (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	6,464	6,194				(2.1)	7,361.6							
Finance						4.3	2,291.5							
BBCA	27,600	26,000	28,825	Hold	4.4	21.5	680.5	27.3x	4.7x	18.4	0.9	7.5	10.0	0.9
BBRI	3,750	3,660	4,370	Buy	16.5	1.4	462.5	14.3x	2.6x	19.3	2.8	7.9	14.5	1.5
BMRI	7,250	7,375	8,275	Hold	14.1	(11.0)	338.3	13.5x	1.9x	14.4	2.7	11.2	21.2	1.4
BBNI	9,000	8,800	10,525	Buy	16.9	(4.3)	167.8	11.2x	1.6x	14.5	2.8	9.6	10.2	1.5
Consumer						(7.7)	1,498.4							
HMSP	3,800	3,710	4,225	Hold	11.2	(22.4)	442.0	34.0x	14.1x	41.8	2.8	7.2	3.8	1.2
GGRM	83,000	83,625	88,650	Hold	6.8	2.4	159.7	19.7x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	49,075	45,400	49,700	Hold	1.3	(9.8)	374.4	41.2x	41.7x	118.0	1.9	1.0	39.7	1.0
ICBP	10,775	10,450	11,225	Hold	4.2	23.5	125.7	29.6x	6.0x	21.3	2.0	7.5	14.6	0.8
INDF	7,700	7,450	8,175	Hold	6.2	(0.6)	67.6	18.2x	2.1x	11.7	3.9	3.1	(13.7)	1.2
KLBF	1,610	1,520	1,840	Hold	14.3	(3.3)	75.5	31.1x	5.4x	18.3	1.6	3.9	1.4	1.3
Infrastructure						(1.0)	794.32							
TLKM	3,860	3,750	4,700	Buy	21.8	(2.4)	382.4	20.7x	4.2x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,530	2,120	2,600	Hold	2.8	(3.1)	61.3	16.6x	1.3x	8.2	1.2	12.9	122.8	1.4
JSMR	4,820	4,280	6,050	Buy	25.5	(15.4)	35.0	16.9x	2.2x	13.4	1.3	18.7	(6.9)	1.0
Trade						(17.4)	700.4							
UNTR	25,900	27,350	39,550	Buy	52.7	(33.4)	96.6	8.9x	1.9x	22.6	3.8	32.1	60.8	0.9
AKRA	5,050	4,290	4,650	Hold	(7.9)	(18.9)	20.3	27.2x	2.5x	19.3	4.4	25.3	(22.4)	1.3
SCMA	1,875	1,870	2,025	Hold	8.0	(30.3)	27.4	19.2x	6.0x	32.3	2.9	10.8	8.7	1.3
MNCN	820	690	875	Hold	6.7	(46.2)	11.7	8.4x	1.1x	14.2	1.8	2.8	(20.3)	1.0
ACES	1,700	1,490	1,635	Hold	(3.8)	25.9	29.2	30.5x	7.6x	26.6	1.3	22.3	32.7	1.0
RALS	1,600	1,420	1,515	Hold	(5.3)	36.8	11.4	19.0x	2.9x	15.7	2.5	2.2	43.4	0.9
MAPI	990	805	945	Hold	(4.5)	35.6	16.4	28.4x	3.2x	14.0	0.4	18.3	126.7	0.8
Property						(14.5)	404.3							
BSDE	1,325	1,255	1,850	Buy	39.6	(27.2)	25.5	7.9x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	660	620	600	Hold	(9.1)	(7.0)	31.8	14.2x	2.7x	20.6	0.9	19.0	25.2	1.3
CTRA	880	1,010	1,250	Buy	42.0	(35.3)	16.3	18.0x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	995	805	960	Hold	(3.5)	(11.2)	14.4	32.1x	2.2x	6.9	0.5	0.7	75.0	1.6
WSKT	1,850	1,680	2,810	Buy	51.9	(34.6)	25.1	4.8x	1.4x	33.2	3.1	27.0	41.1	1.3
WIKA	1,830	1,655	2,150	Buy	17.5	(12.0)	16.4	11.9x	1.2x	11.0	1.5	32.3	26.0	1.1
Misc Ind.						1.2	424.2							
ASII	8,350	8,225	8,925	Hold	6.9	(1.8)	338.0	15.5x	2.6x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						18.9	713.1							
INTP	19,175	18,450	19,950	Hold	4.0	(12.0)	70.6	65.9x	3.1x	4.6	3.7	2.5	(56.1)	1.5
SMGR	12,550	11,500	13,500	Hold	7.6	12.6	74.4	28.2x	2.5x	9.0	1.1	4.4	43.1	1.3
CPIN	7,600	7,225	6,700	Hold	(11.8)	120.3	124.6	30.8x	6.8x	24.2	0.7	5.1	79.7	1.1
JPFA	3,050	2,150	3,250	Hold	6.6	108.9	35.8	19.3x	3.9x	20.2	3.3	16.8	104.2	0.8
Mining						(4.9)	427.6							
ADRO	1,350	1,215	1,970	Buy	45.9	(44.9)	43.2	7.3x	0.8x	11.9	7.4	9.3	(16.0)	1.2
PTBA	4,300	4,300	5,375	Buy	25.0	26.5	49.5	7.8x	3.1x	42.1	7.4	20.7	49.7	1.0
ITMG	21,750	20,250	24,225	Hold	11.4	(28.2)	24.6	6.1x	1.7x	28.2	15.0	21.6	12.5	1.2
INCO	3,720	3,260	3,760	Hold	1.1	(0.8)	37.0	42.0x	1.4x	3.2	N/A	29.2	N/A	1.4
ANTM	950	765	1,200	Buy	26.3	3.8	22.8	20.8x	1.2x	5.9	0.2	186.6	N/A	1.3
Agriculture						1.1	107.7							
AALI	13,975	11,825	16,925	Buy	21.1	7.5	26.9	15.6x	1.4x	9.5	3.1	9.1	(18.2)	0.6
LSIP	1,460	1,250	1,500	Hold	2.7	11.5	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	USA	Tentative	Trade Balance	Nov		-\$54.0b	-\$55.5b	
28 - Jan	USA	Tentative	Factory Orders	Nov		0.30%	-2.10%	
	USA	Tentative	Housing Starts	Dec		1253k	1256k	
	USA	Tentative	New Home Sales	Nov		567k	544k	
	USA	Tentative	Retail Sales Advance MoM	Dec		0.10%	0.20%	
	USA	Tentative	Durable Goods Orders	Nov F		0.80%	0.80%	
	EU	16:00	M3 Money Supply YoY	Dec	4.10%	3.80%	3.70%	
	USA	Tentative	New Home Sales	Dec		575k	--	
Tuesday	USA	Tentative	New Home Sales	Dec		575k	--	
29 - Jan	USA	Tentative	Durable Goods Orders	Dec P		1.70%	--	
	USA	22:00	Conf. Board Consumer Confidence	Jan	120.2	124.6	128.1	
Wednesday	UK	16:30	Mortgage Approvals	Dec		62.7k	63.7k	
30 - Jan	USA	19:00	MBA Mortgage Applications	25-Jan	-3.00%	--	-2.70%	
	GER	20:00	CPI MoM	Jan P	-0.80%	-0.70%	0.10%	
	GER	20:00	CPI YoY	Jan P	1.40%	1.70%	1.70%	
	USA	20:15	ADP Employment Change	Jan	213k	170k	271k	
	USA	20:30	GDP Annualized QoQ	4Q A		2.50%	3.40%	
	Thursday	USA	02:00	FOMC Rate Decision (Upper Bound)	30-Jan	2.50%	2.50%	2.50%
31 - Jan	JPN	06:50	Industrial Production MoM	Dec P	-0.10%	-0.50%	-1.00%	
	CHN	08:00	Manufacturing PMI	Jan		49.3	49.4	
	UK	14:00	Nationwide House Px NSA YoY	Jan		0.00%	0.50%	
	UK	14:00	Nationwide House PX MoM	Jan		0.20%	-0.70%	
	GER	15:55	Unemployment Change (000's)	Jan		-10k	-14k	
	EU	17:00	GDP SA YoY	4Q A		1.20%	1.60%	
	EU	17:00	GDP SA QoQ	4Q A		0.20%	0.20%	
	USA	20:30	Personal Income	Dec		0.50%	0.20%	
	USA	20:30	Personal Spending	Dec		0.30%	0.40%	
	USA	20:30	Initial Jobless Claims	26-Jan		--	199k	
	USA	21:45	Chicago Purchasing Manager	Jan		60	65.4	
	Friday	JPN	06:30	Job-To-Applicant Ratio	Dec		1.63	1.63
	01 - Feb	JPN	06:30	Jobless Rate	Dec		2.50%	2.50%
JPN		07:30	Nikkei Japan PMI Mfg	Jan F		--	50	
CHN		08:45	Caixin China PMI Mfg	Jan		49.7	49.7	
			Markit/BME Germany Manufacturing					
GER		15:55	PMI	Jan F		--	49.9	
EU		16:00	Markit Eurozone Manufacturing PMI	Jan F		--	50.5	
UK		16:30	Markit UK PMI Manufacturing SA	Jan			54.2	
US		20:30	Unemployment Rate	Jan			3.90%	
US		20:30	Change in Nonfarm Payrolls	Jan			312k	
US		21:45	Markit US Manufacturing PMI	Jan F			54.9	
US		22:00	U. of Mich. Sentiment	Jan F			90.7	
US		22:00	ISM Manufacturing	Jan			54.1	

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday	Tentative	Money Supply M1 YoY	Dec		--	5.00%
31 - Jan	Tentative	Money Supply M2 YoY	Dec		--	6.60%
Friday	07:30	Nikkei Indonesia PMI Mfg	Jan		--	51.2
01 - Feb	Tentative	CPI Core YoY	Jan		--	3.07%
	Tentative	CPI NSA MoM	Jan		--	0.62%
	Tentative	CPI YoY	Jan		--	3.13%
	Tentative	Danareksa Consumer Confidence	Jan		--	100.7

Corporate Calendar

Source: Bloomberg

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	WIKA, TRIL
28 - Jan		
Wednesday	Extraordinary Shareholder Meeting	PTPP
30 - Jan		
Thursday	Extraordinary Shareholder Meeting	MMLP
31 - Jan		
Friday	Extraordinary Shareholder Meeting	DSFI, ADHI, JSMR, WIKA
01 - Feb		

Source: Bloomberg

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