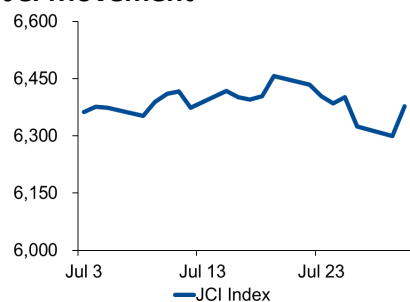


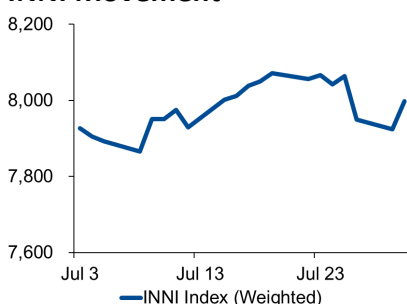
Morning Brief

Daily | July 31 2019

JCI Movement



INNI Movement



Market Recap

JCI is rebounding, backed by the banking stocks. **JCI's Top Gainers: Infrastructure (+1.9%), Mining (+1.8%), Basic Industries (+1.5%)**

INNI index gained 0.94%, as did JCI, because of sound mining stocks, ANTM (+4.5%), INCO (+3.4%) and ADRO (+3.2%).

Daily Foreign & Domestic Sector Movement

JCI continued to record foreign outflows of IDR103 billion with the largest outflows of IDR72 billion running out from cement makers. But the cigarette maker, HMSP an exception to its peers, was the most top-pick stock by foreign investors as it secured IDR66 billion worth of capital inflows to close Tuesday's trading session at a 4.61% gain. JCI also saw IDR31 billion and IDR18 billion fleeing from its consumer goods and banking stocks.

In the domestic highlights, the Coordinating Investment Board (BKPM) posted a hike of 9.61% y-y in 2Q19 foreign investment: a positive outlook of Indonesia's commercial activities.

Today's Outlook: BoJ Holds Its Rates Unchanged

The S&P and Nasdaq closed at a tepid level of 0.26% and 0.24%, respectively because of declines in tech. Stocks The multinational tech. Companies are susceptible to impacts of the protracted trade wars between the US and China. From the global highlights, BoJ decides to hold its rate unchanged at -0.1% and will take a looser monetary policy if the inflation target of 2% has yet to be achieved.

Company News

- ASII : IH19 Profits Weakened
- UNTR : Released Strong IH19 Earnings
- SMGR : Is Poised for Market Share Competition
- WIKA : WTON Paves a Way for 15% Improvement

Domestic & Global News

- IH19 Investment Amounted to IDR395.6 Trillion
- US Consumer Confidence Rebounds in July

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	6.00%	Real GDP	5.07%	5.18%
FX Reserve (USD bn)	123.80	120.35	Current Acc (USD bn)	(6.97)	(9.15)
Trd Balance (USD bn)	0.20	0.21	Govt. Spending Yoy	5.21%	5.56%
Exports Yoy	-8.98%	-8.99%	FDI (USD bn)	6.04	3.62
Imports Yoy	2.80%	-17.71%	Business Confidence	108.05	112.82
Inflation Yoy	3.28%	3.32%	Cons. Confidence*	128.10	125.10

JCI Index

July 30	6,376.99
Chg.	+77.961pts (+1.24%)
Volume (bn shares)	174.88
Value (IDR tn)	8.73
Adv 258 Dec 160 Unc 251 Untr 120	

INNI Index

Last	7,998.25
Chg.	+74.19pts (+0.94%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
JSMR	4.8%	RALS	-1.9%
ANTM	4.5%	CTRA	-0.8%
PWON	4.3%	MAPI	-0.5%
INCO	3.4%	UNVR	-0.3%
ADRO	3.2%	UNTR	-0.3%

Foreign Transaction

	(IDR bn)
Buy	2,357
Sell	2,461
Net Buy (Sell)	103

Top Buy	NB Val.	Top Sell	NS Val.
EXCL	76.7	BBNI	114.5
HMSP	66.5	BMRI	38.9
UNVR	38.9	GGRM	37.1
TLKM	31.9	SMGR	28.5
SMRA	23.4	PGAS	21.1

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.34%	0.05%
USDIDR	14,025	0.04%
KRWIDR	11.87	0.25%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,198.02	(23.33)	-0.09%
S&P 500	3,013.18	(7.79)	-0.26%
FTSE 100	7,646.77	(39.84)	-0.52%
DAX	12,147.24	(270.23)	-2.18%
Nikkei	21,709.31	92.51	0.43%
Hang Seng	28,146.50	40.09	0.14%
Shanghai	2,952.34	11.33	0.39%
KOSPI	2,038.68	9.20	0.45%
EIDO	25.97	0.04	0.15%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,430.9	4.1	0.29%
Crude Oil (USD / bbl)	58.05	1.18	2.07%
Coal Newcas(USD/ton)	73.55	(1.00)	-1.34%
Nickel LME (USD / MT)	14,360	10.0	0.07%
Tin LME (USD / MT)	17,450	(150.0)	-0.85%
CPO (MYR/Ton)	2,061	(6.0)	-0.29%

ASII : IH19 Profits Weakened

PT Astra International Tbk (ASII) in IH19 recorded a 5.59% decline in profit to IDR9.8 trillion, impeded by the sluggish agribusiness and automotive business segments. In detail, profits of the agribusiness segment fell 94% to IDR 35 billion due to the weakening price of palm oil, and profits of automotive division profit fell 18% to IDR3.5 trillion due to declining car sales. (Bisnis Indonesia).

SMGR : Is Poised for Market Share Competition

PT Semen Indonesia Tbk (SMGR) is poised to compete with new cement makers targeting the Eastern Indonesia market by operating cement plants in the region. Semen Gresik, one of SMGR's product brands, is sold for IDR 50,500 for a 40-kg cement bag, while Semen Conch, one of a new competitor's product brands is sold for IDR 34,000 for a 50-kg cement bag. (Kontan)

UNTR : Released Strong IH19 Earnings

PT United Tractors Tbk (UNTR) posted a 1.82% increase in IH19 net profits to IDR 5.57 trillion thanks to the better performance achieved by the gold mining and mining contractor segments. Additionally, the heavy equipment segment succeeded to attain 36% market share subject to future improvement focus. (Bisnis Indonesia)

WIKA : WTON Paves A Way for 15% Improvement

PT Wijaya Karya Beton Tbk (WTON), a subsidiary of PT Wijaya Karya Tbk (WIKA), succeeded to post the rising net profits of 3.82% in IH19. In ahead years, it will focus on attaining IDR9 trillion worth of new contracts. Now, its focuses are finishing the construction of a new plant and boosting the production capacities of existing plants and to be finished plants. (Kontan)

Domestic & Global News

IH19 Investment Amounted to IDR395.6 Trillion

Investment realization in IH19 run smoothly as the Investment Coordinating Board (BKPM) said that January-to-June investment grew to reach Rp 395.6 trillion. The Foreign Investment (PMA) was at Rp 212.8 trillion, hiking 4% y-y, and the Domestic Investment (PMDM) was at Rp 182.8 trillion, a 16.4% y-y increase. The Chairperson of BKPM Thomas Lembong said the performance of FDI and PMDn investment in 2019 had run smoothly due to the conducive external and internal backdrop. (Kontan)

US Consumer Confidence Rebounds in July

American consumer confidence rebounded this month to the highest level since November after drooping in June. The Conference Board, a business research group, said Tuesday that its consumer confidence index rose to 135.7 in July from 124.3 in June. The bounce back from last month's drop was much stronger than economists expected. Consumers shrugged off trade tensions with China and a slowing U.S. economy. (CNBC)

	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						26.4	2,498.3							
BBCA	31,100	26,000	32,000	Hold	2.9	33.6	766.8	28.1x	4.8x	18.4	1.1	16.8	12.7	1.0
BBRI	4,500	3,660	4,950	Hold	10.0	46.6	555.1	16.6x	2.9x	18.8	2.9	11.2	10.3	1.4
BMRI	7,950	7,375	8,000	Hold	0.6	19.5	371.0	14.1x	2.0x	15.0	3.0	9.1	11.1	1.3
Consumer						(5.1)	1,316.5							
GGRM	74,575	83,625	110,000	Buy	47.5	(0.8)	143.5	17.4x	3.0x	18.0	3.5	19.2	24.5	1.0
UNVR	43,050	45,400	59,000	Buy	37.0	(0.5)	328.5	35.4x	64.7x	183.9	2.8	1.3	5.2	1.0
ICBP	10,625	10,450	11,800	Hold	11.1	21.8	123.9	26.3x	5.4x	21.6	1.8	13.9	10.6	0.8
INDF	6,900	7,450	8,700	Buy	26.1	8.7	60.6	14.0x	1.7x	12.8	3.4	8.7	14.1	1.2
KAEF	3,210	2,600	4,100	Buy	27.7	37.8	17.8	44.6x	7.9x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,460	1,520	1,870	Buy	28.1	12.7	68.4	27.8x	4.5x	16.9	1.8	7.0	1.0	1.3
Infrastructure						17.0	837.10							
TLKM	4,270	3,698	4,350	Hold	1.9	21.3	423.0	22.8x	4.0x	18.2	3.8	7.7	8.6	0.9
JSMR	5,950	4,280	6,000	Hold	0.8	26.9	43.2	19.5x	2.4x	13.3	0.8	(25.9)	1.4	1.0
Trade						(5.5)	726.6							
UNTR	25,500	27,350	35,000	Buy	37.3	(27.7)	95.1	8.5x	1.7x	21.6	4.7	11.2	1.8	0.9
SILO	6,550	3,590	4,350	Sell	(33.6)	109.9	10.6	559.8x	1.7x	0.3	N/A	18.2	583.3	0.8
MIKA	2,040	1,575	2,300	Hold	12.7	2.0	29.7	46.3x	7.0x	15.7	0.9	15.8	18.2	0.5
LPPF	3,840	5,600	5,500	Buy	43.2	(52.1)	10.8	12.0x	6.0x	45.2	8.7	0.6	(11.5)	0.8
RALS	1,315	1,420	2,050	Buy	55.9	(6.4)	9.3	13.6x	2.3x	17.5	3.8	(0.4)	428.0	0.7
MAPI	920	805	1,300	Buy	41.3	4.0	15.3	33.8x	2.7x	10.5	1.1	8.4	(62.3)	0.8
Property						13.3	469.1							
PWON	735	620	725	Hold	(1.4)	42.7	35.4	12.7x	2.6x	22.4	1.0	3.8	20.9	1.3
CTRA	1,295	1,010	1,080	Sell	(16.6)	30.2	24.0	18.0x	1.6x	9.5	1.5	21.3	114.3	1.7
PTPP	2,160	1,805	2,450	Hold	13.4	3.8	13.4	8.8x	1.0x	12.4	2.2	34.9	12.0	1.6
WSKT	2,100	1,680	2,600	Buy	23.8	(0.9)	28.5	9.0x	1.5x	18.5	3.5	(30.0)	(53.0)	1.4
WIKA	2,390	1,655	2,500	Hold	4.6	54.2	21.4	11.6x	1.4x	13.2	1.6	3.9	66.9	1.4
Basic Ind.						4.0	642.2							
KRAS	346	402	600	Buy	73.4	(15.6)	6.7	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.3
SMGR	12,650	11,500	13,600	Hold	7.5	66.4	75.0	29.0x	2.4x	9.7	1.6	22.9	(50.0)	1.4
INTP	22,425	18,450	19,000	Sell	(15.3)	58.8	82.6	57.7x	3.8x	6.5	2.5	7.7	80.2	1.5
Misc Ind.						3.2	380.0							
ASII	7,275	8,225	8,600	Buy	18.2	1.7	294.5	13.4x	2.1x	16.2	2.9	6.8	4.9	1.2
Mining						(22.3)	380.6							
ADRO	1,295	1,215	1,750	Buy	35.1	(32.0)	41.4	6.4x	0.8x	12.6	7.0	10.8	59.2	1.3
PTBA	2,730	4,300	5,100	Buy	86.8	(39.1)	31.5	6.1x	1.7x	29.2	12.4	(7.2)	(21.7)	1.2
INCO	3,010	3,260	4,400	Buy	46.2	(31.1)	29.9	63.1x	1.1x	1.8	N/A	(25.8)	N/A	1.6
ANTM	935	765	1,200	Buy	28.3	2.2	22.5	28.1x	1.1x	4.1	1.4	8.5	(30.1)	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

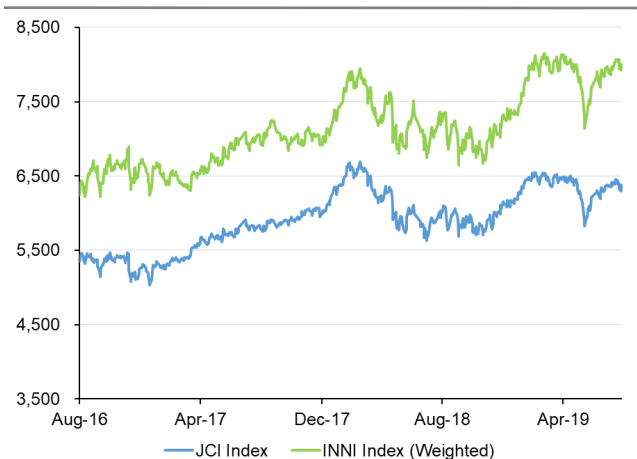
INNI Index Movement

YTD Change	10.1%
YTD Change Gap (vs JCI)	7.2%
Weekly Change	-0.9%
Weekly Change Gap (vs JCI)	-0.4%

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
Monday	JPN	06:50	Retail Sales MoM	Jun	0.00%	-0.30%	0.30%
<i>29 - July</i>	UK	15:30	Mortgage Approvals	Jun	66.4	65.8k	65.4k
Tuesday	JPN	06:30	Job-To-Applicant Ratio	Jun	1.61	1.62	1.62
<i>30 - July</i>	JPN	06:30	Jobless Rate	Jun	2.30%	2.40%	2.40%
	JPN	06:50	Industrial Production MoM	Jun P	-3.60%	-1.70%	2.00%
	GER	19:00	CPI YoY	Jul P	1.70%	1.50%	1.60%
	USA	19:30	Personal Income	Jun	0.40%	0.40%	0.50%
	USA	19:30	Personal Spending	Jun	0.30%	0.30%	0.40%
	USA	21:00	Conf. Board Consumer Confidence	Jul	135.7	125	121.5
Wednesday	CHN	08:00	Manufacturing PMI	Jul		49.6	49.4
<i>31 - July</i>	UK	13:00	Nationwide House PX MoM	Jul		0.20%	0.10%
	GER	14:55	Unemployment Change (000's)	Jul		2.0k	-1.0k
	EU	16:00	GDP SA QoQ	2Q A		0.20%	0.40%
	USA	18:00	MBA Mortgage Applications	26-Jul		--	-1.90%
	USA	19:15	ADP Employment Change	Jul		150k	102k
	USA	20:45	MNI Chicago PMI	Jul		51.1	49.7
Thursday	USA	01:00	FOMC Rate Decision	31-Jul		2.25%	2.50%
<i>1 - Aug</i>	JPN	07:30	Jibun Bank Japan PMI Mfg	Jul F		--	49.6
	CHN	08:45	Caixin China PMI Mfg	Jul		49.5	49.4
	EU	15:00	Markit Eurozone Manufacturing PMI	Jul F		46.4	46.4
	UK	15:30	Markit UK PMI Manufacturing SA	Jul		47.6	48
	UK	18:00	Bank of England Bank Rate	1-Aug		0.75%	0.75%
	USA	19:30	Initial Jobless Claims	27-Jul		214k	206k
	USA	20:45	Markit US Manufacturing PMI	Jul F		50	50
	USA	21:00	Construction Spending MoM	Jun		0.30%	-0.80%
	USA	21:00	ISM Manufacturing	Jul		52	51.7
Friday	USA	19:30	Trade Balance	Jun		-\$54.6b	-\$55.5b
<i>2 - Aug</i>	USA	19:30	Unemployment Rate	Jul		3.70%	3.70%
	USA	19:30	Change in Nonfarm Payrolls	Jul		165k	224k
	USA	21:00	Factory Orders	Jun		0.70%	-0.70%
	USA	21:00	Durable Goods Orders	Jun F		--	2.00%
	USA	21:00	U. of Mich. Sentiment	Jul F		98.5	98.4

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Thursday	07:30	Markit Indonesia PMI Mfg	Jul	50.60	--	50.6
<i>1 - Aug</i>	Tentative	CPI YoY	Jul	3.28	3.27%	3.28%
	Tentative	CPI NSA MoM	Jul	0.55	0.26%	0.55%
	Tentative	CPI Core YoY	Jul	3.25	3.16%	3.25%
	Tentative	Danareksa Consumer Confidence	Jul	100.70	--	100.7

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147
Medan, Sumatera Utara
20234
Indonesia
Telp : +62 614 156500
Fax : +62 614 568560

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