

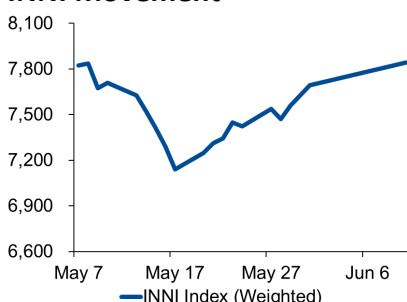
Morning Brief

Daily | June 12 2019

JCI Movement



INNI Movement



Market Recap

JCI was at a slightly higher close yesterday, backed by the consumer and banking sectors. **JCI's Top Gainers: Mining (+0.6%), Infrastructure (+0.5%), Consumer (+0.5%)**

INNI Index raised by 1.94%, underpinned by the oil and gas stocks, i.e. INCO (+4.6%). Crude prices picked up as Russia decided to curb its crude production, supporting OPEC supply reductions.

Daily Foreign & Domestic Sector Movement

Yesterday's foreign inflow was worth of IDR241 billion as the banking recorded the biggest inflow of IDR312 billion. Chinese exports slightly edged down at 1.1% y-y in May despite the bruising trade war between the two economic powerhouses. May's slight decrease was better than April's 2.7% y-y.

Domestic inflow in the infrastructure and mining sectors were respectively worth of IDR104 billion and IDR25 billion.

Today's Outlook: Impacts of Bruising Trade War on Indonesia

Dow Jones nudged down 0.05% to 26,048, dragged down by the escalating trade war. Trump stressed that to add additional tariffs on Chinese goods if the two economies fail to settle mutual deals, negotiated during the G20 summit from June 28-29 in Japan. From the domestic backdrop, the trade friction benefits Indonesian exported goods to have greater penetration into the US market, but a flood of Chinese goods in Indonesia is inevitable. Today, keep a close watch on the property sector.

Company News

- PTPP : Postpones Its Subsidiary IPO in 2019
- BBCA : Targets Small-Cap. Banks for Acquisition
- KRAS : Targets Restructuring Settlement in June 2019

Domestic & Global News

- Sri Mulyani: Retail's SBN Picks Up in 2020
- U.K. Labor Market Stays Resilient as Wage Growth Accelerates

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.07%	5.18%
FX Reserve (USD bn)	124.29	124.54	Current Acc (USD bn)	(6.97)	(9.15)
Trd Balance (USD bn)	(2.50)	0.54	Govt. Spending Yoy	5.21%	5.56%
Exports Yoy	-13.10%	-10.01%	FDI (USD bn)	6.04	3.62
Imports Yoy	-6.58%	-6.76%	Business Confidence	108.05	112.82
Inflation Yoy	3.32%	2.83%	Cons. Confidence*	128.10	125.10

JCI Index

June 11	6,305.99
Chg.	+16.38pts (+0.26%)
Volume (bn shares)	115.42
Value (IDR tn)	8.05
Adv 205 Dec 199 Unc 246 Untr 119	

INNI Index

Last	7,910.36
Chg.	+68.82pts (+0.88%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
MIKA	6.6%	INTP	-2.1%
INCO	4.6%	SMGR	-1.6%
KRAS	3.9%	WIKA	-1.3%
ICBP	3.6%	UNVR	-0.8%
MAPI	2.8%	ASII	-0.7%

Foreign Transaction

	(IDR bn)
Buy	3,140
Sell	2,898
Net Buy (Sell)	241

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	272.3	BBNI	64.6
BMRI	112.8	TLKM	44.9
BBRI	58.9	INKP	37.5
SMGR	35.2	JSMR	30.1
MNCN	30.2	PGAS	19.2

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.72%	-0.01%
USDIDR	14,240	-0.07%
KRWIDR	12.05	0.37%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,048.51	(14.17)	-0.05%
S&P 500	2,885.72	(1.01)	-0.03%
FTSE 100	7,398.45	22.91	0.31%
DAX	12,155.81	110.43	0.92%
Nikkei	21,204.28	69.86	0.33%
Hang Seng	27,789.34	210.70	0.76%
Shanghai	2,925.72	73.59	2.58%
KOSPI	2,111.81	12.32	0.59%
EIDO	25.81	0.16	0.62%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,326.8	(1.1)	-0.09%
Crude Oil (USD /bbl)	53.27	0.01	0.02%
Coal Newcas(USD/ton)	75.75	0.00	0.00%
Nickel LME (USD /MT)	11,885	239.0	2.05%
Tin LME (USD /MT)	19,160	(80.0)	-0.42%
CPO (MYR/Ton)	2,007	13.0	0.65%

PTPP : Postpones Its Subsidiary IPO in 2019

PT PP, Tbk (PTPP) postpones the Initial Public Offering (IPO) plan for its subsidiary in 2019. On the grounds of the fundamental consideration and its subsidiary portfolios, the company will perform IPO in 2020. (Bisnis Indonesia)

BBCA : Targets Small-Cap. Banks for Acquisition

PT Bank Central Asia, Tbk (BBCA) plans to add its portfolios by incorporating new subsidiaries. This corporate action is an attempt to support the banking consolidation and its inorganic business expansion. (Bisnis Indonesia)

KRAS : Targets Restructuring Settlement in June 2019

PT Krakatau Steel (Persero), Tbk targets its ongoing debt restructuring process can be settled at the end of June 2019. Of note, the total debt to be restructured amounts to USD2.2 billion. (Bisnis Indonesia)

Domestic & Global News

Sri Mulyani: Retail's SBN Picks Up in 2020

The Finance Minister Sri Mulyani stated that Indonesian authorities keep increasing the issuance of sovereign bonds (SBN) in 2020. It aims at financing state deficits, mostly coming from debt. On the other flip side, retail's SBN in rupiah denomination will dilute Indonesia's forex debt portion, of which trend decreases at the range of 40.97% of the total outstanding debt. (Kontan)

U.K. Labor Market Stays Resilient as Wage Growth Accelerates

The U.K. labor market performed better than forecast in the three months through April, which may strengthen the hawkish comments coming from the Bank of England about interest-rate hikes. The number of people in work rose a greater-than-forecast 32,000 and basic pay growth unexpectedly accelerated to 3.4%, the Office for National Statistics said on Tuesday. (Bloomberg)

	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						20.8	2,401.1							
BBCA	29,550	26,000	32,000	Hold	8.3	32.8	728.6	27.6x	4.6x	17.9	1.2	15.1	10.3	1.0
BBRI	4,230	3,660	4,650	Hold	9.9	34.7	521.8	15.6x	2.7x	18.8	3.1	11.2	10.3	1.4
BMRI	7,875	7,375	8,000	Hold	1.6	13.3	367.5	13.9x	1.9x	15.0	3.1	10.9	23.4	1.4
Consumer						0.9	1,395.0							
GGRM	80,000	83,625	110,000	Buy	37.5	13.9	153.9	18.6x	3.2x	18.0	3.3	19.2	24.5	1.0
UNVR	44,300	45,400	59,000	Buy	33.2	(2.4)	338.0	37.5x	37.3x	112.2	2.7	(0.8)	(4.6)	1.0
ICBP	10,150	10,450	11,800	Buy	16.3	14.7	118.4	25.2x	5.1x	21.6	2.2	13.9	10.6	0.8
INDF	7,050	7,450	8,700	Buy	23.4	1.4	61.9	14.3x	1.8x	12.8	4.3	8.7	14.1	1.2
KAEF	3,400	2,600	4,100	Buy	20.6	28.3	18.9	47.3x	8.4x	16.6	0.4	21.8	(44.6)	1.0
KLBF	1,460	1,520	1,870	Buy	28.1	7.4	68.4	27.8x	4.5x	16.9	1.8	7.0	1.0	1.3
Infrastructure						13.8	825.97							
TLKM	4,020	3,750	4,350	Hold	8.2	11.4	398.2	21.5x	3.8x	18.2	4.1	7.7	8.6	0.9
JSMR	5,700	4,280	6,000	Hold	5.3	23.6	41.4	18.8x	2.4x	13.3	0.8	(20.8)	0.3	1.0
Trade						(10.3)	717.7							
UNTR	26,700	27,350	35,000	Buy	31.1	(23.3)	99.6	8.6x	1.8x	22.3	4.5	19.0	20.6	0.9
SILO	4,250	3,590	4,350	Hold	2.4	(31.7)	6.9	363.2x	1.1x	0.3	N/A	18.2	583.3	0.9
MIKA	1,950	1,575	2,300	Buy	17.9	3.7	28.4	44.3x	6.7x	15.7	N/A	15.8	18.2	0.5
LPPF	3,750	5,600	5,500	Buy	46.7	(58.3)	10.9	11.0x	5.9x	45.6	8.9	(1.7)	(41.2)	0.9
RALS	1,745	1,420	2,050	Buy	17.5	17.1	12.4	18.1x	3.0x	17.5	2.9	(0.4)	428.0	0.7
MAPI	910	805	1,300	Buy	42.9	2.8	15.1	33.4x	2.7x	10.5	1.1	8.4	(62.3)	0.8
Property						(0.8)	414.6							
PWON	750	620	725	Hold	(3.3)	27.1	36.1	13.4x	2.7x	22.3	0.8	3.9	28.1	1.3
CTRA	1,050	1,010	1,080	Hold	2.9	(3.2)	19.5	14.6x	1.3x	9.5	0.9	21.3	114.3	1.8
PTPP	2,070	1,805	2,450	Buy	18.4	(21.6)	12.8	8.4x	1.0x	12.4	2.3	34.9	12.0	1.5
WSKT	1,910	1,680	2,600	Buy	36.1	(18.7)	25.9	8.2x	1.4x	18.5	3.8	(30.0)	(53.0)	1.4
WIKA	2,370	1,655	2,500	Hold	5.5	46.3	21.3	11.5x	1.4x	13.2	1.6	3.9	66.9	1.4
Basic Ind.						(5.1)	599.1							
KRAS	422	402	600	Buy	42.2	(4.1)	8.2	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
SMGR	11,975	11,500	13,600	Hold	13.6	44.7	71.0	24.2x	2.3x	9.7	1.7	22.8	(34.8)	1.3
INTP	20,550	18,450	19,000	Hold	(7.5)	27.4	75.6	59.2x	3.2x	5.3	2.7	8.5	50.2	1.5
Misc Ind.						7.0	390.5							
ASII	7,625	8,225	8,600	Hold	12.8	10.5	308.7	14.1x	2.2x	16.2	2.8	6.8	4.9	1.2
Mining						(15.1)	373.9							
ADRO	1,280	1,215	1,750	Buy	36.7	(33.9)	40.9	6.2x	0.8x	12.6	7.1	10.8	59.2	1.2
PTBA	2,930	4,300	5,100	Buy	74.1	(28.0)	33.8	6.6x	1.8x	29.2	11.6	(7.2)	(21.7)	1.1
INCO	2,930	3,260	4,400	Buy	50.2	(30.6)	29.1	60.5x	1.1x	1.8	N/A	(25.8)	N/A	1.5
ANTM	795	765	1,200	Buy	50.9	(12.2)	19.1	23.9x	1.0x	4.1	1.6	8.5	(30.1)	1.4

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

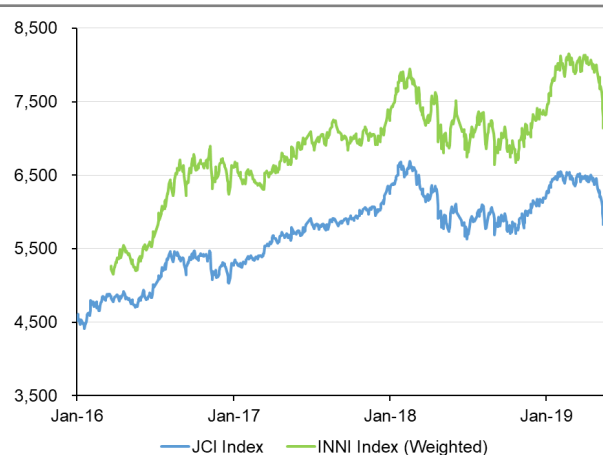
INNI Index Movement

YTD Change	8.9%
YTD Change Gap (vs JCI)	7.1%
Weekly Change	5.0%
Weekly Change Gap (vs JCI)	1.6%

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	CHN	Tentative	Trade Balance	May	\$41.65b	\$22.30b	\$13.84b
<i>10 - June</i>	JPN	Tentative	GDP Deflator YoY	1Q F	0.10%	0.20%	0.20%
	JPN	06:50	BoP Current Account Balance	Apr P	¥1707.4b	¥1514.5b	¥2847.9b
	JPN	06:50	GDP Annualized SA QoQ	1Q F	0.022	0.022	0.021
	UK	15:30	Manufacturing Production MoM	Apr	-0.039	-0.014	0.009
	UK	15:30	Industrial Production MoM	Apr	-0.027	-0.01	0.70%
Tuesday	UK	15:30	Claimant Count Rate	May	3.10%	--	3.00%
<i>11 - June</i>	UK	15:30	ILO Unemployment Rate 3Mths	Apr	3.80%	3.80%	3.80%
	UK	15:30	Jobless Claims Change	May	23.2	--	24.7k
	USA	19:30	PPI Final Demand MoM	May	0.001	0.001	0.002
Wednesday	JPN	06:50	PPI YoY	May		0.70%	1.20%
<i>12 - June</i>	JPN	06:50	Core Machine Orders MoM	Apr		-0.80%	3.80%
	CHN	08:30	PPI YoY	May		0.60%	0.90%
	CHN	08:30	CPI YoY	May		0.027	0.025
	USA	18:00	MBA Mortgage Applications	7-Jun		--	0.015
	USA	19:30	CPI MoM	May		0.10%	0.30%
Thursday	JPN	11:30	Tertiary Industry Index MoM	Apr		0.40%	-0.40%
<i>13 - June</i>	GER	13:00	CPI MoM	May F		0.20%	0.20%
	GER	13:00	CPI YoY	May F		1.40%	1.40%
	USA	19:30	Initial Jobless Claims	8-Jun		215k	218k
Friday	CHN	09:00	Industrial Production YoY	May		0.054	0.054
<i>14 - June</i>	JPN	11:30	Industrial Production MoM	Apr F		--	0.006
	USA	19:30	Retail Sales Advance MoM	May		0.006	-0.002
	USA	20:15	Industrial Production MoM	May		0.002	-0.005
	USA	21:00	U. of Mich. Sentiment	Jun P		98	100

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	Tentative	CPI YoY	May		3.15%	2.83%
<i>10 - June</i>	Tentative	CPI NSA MoM	May		0.53%	0.44%
	Tentative	CPI Core YoY	May		3.08%	0.0305
Wednesday	Tentative	Consumer Confidence Index	May		--	128.10
<i>12 - June</i>						
Thursday	Tentative	Foreign Reserves	May		--	\$124.30b
<i>13 - June</i>	Tentative	Net Foreign Assets IDR	May		--	1729.7t
	Tentative	Local Auto Sales	May		--	84029

Source: Bloomberg

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