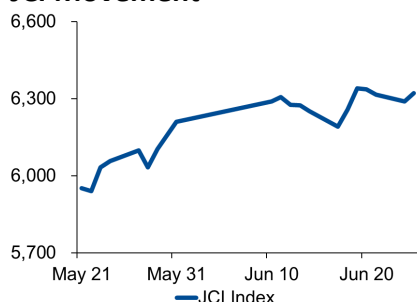


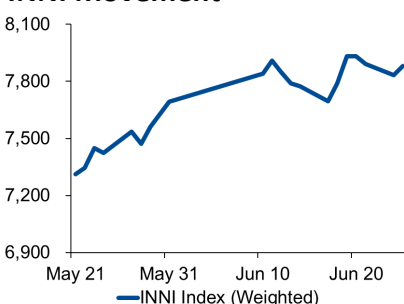
# Morning Brief

Daily | June 26 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI was rebound due to the mining stocks' gains and a flood of domestic inflows into the miscellaneous industry. **JCI's Top Gainers: Mining (+5.1%), Basic Industry (+1.1%), Infrastructure (+0.5%)**

INNI Index climbed 0.63% as the demand for thermal coal supplies by Chinese authorities kept mining stocks' gains in check. Besides, ANTM made 6.3% gains, backed by rising prices of gold and USD depreciation.

## Daily Foreign & Domestic Sector Movement

On Tuesday (06/26), JCI finished its trading day by posting foreign inflows of IDR426 billion as the banking and consumer sectors recorded foreign inflows of IDR207 billion and IDR199 billion, respectively. JCI's yesterday bullish favor was in sharp contrast to its bearish Asian peers. Investors take a wait-and-see approach as they anticipate the meeting between Trump and Xi at G-20 in Japan.

Meanwhile, the trade and miscellaneous industry cheered domestic inflows of IDR39 billion and IDR10 billion, respectively.

## Today's Outlook: American Dim Consumer Confidence Index

Dow Jones dropped 0.67% to close at 26,548 as the consumer confidence index declined from 134.1 to 121.5. The declines were attributable to unsettled trade disputes between the U.S. and China. Besides, the Fed tempered expectations of massive FFR cut as it announced to cut FFR only at 50 bps even though the near future FFR cut is possible. Today, keep a close look at mining stocks.

## Company News

PWON : Projects Recurring Revenues to Climb  
ADRO : Will Light Papua Up  
BBRI : Projection of Late 2019 Cost of Fund

## Domestic & Global News

Indonesia Cut Taxes on Luxury Goods  
Powell Temper Rate Cut Expectations

## 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)	120.35	124.30	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 25	6,320.44
Chg.	-31.98pts (-0.51%)
Volume (bn shares)	137.69
Value (IDR tn)	7.88
<b>Adv 202 Dec 186 Unc 265 Untr 113</b>	

## INNI Index

Last	7,881.64
Chg.	+49.73pts (+0.63%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
ADRO	6.8%	SIL0	-6.4%
ANTM	6.3%	CTRA	-4.4%
PTBA	6.3%	RALS	-3.8%
INCO	5.5%	MAPI	-3.7%
UNTR	1.3%	PTPP	-1.8%

## Foreign Transaction

	(IDR bn)
Buy	1,934
Sell	1,507
Net Buy (Sell)	426

Top Buy	NB Val.	Top Sell	NS Val.
ICBP	209.4	BDMN	23.3
BBCA	126.4	PGAS	22.7
TLKM	64.4	INTP	21.6
BBRI	38.9	GGRM	14.3
BBNI	37.2	LPPF	10.9

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.45%	0.04%
USDIDR	14,158	-0.20%
KRWIDR	12.17	-0.41%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,548.22	(179.32)	-0.67%
S&P 500	2,917.38	(27.97)	-0.95%
FTSE 100	7,422.43	5.74	0.08%
DAX	12,228.44	(46.13)	-0.38%
Nikkei	21,193.81	(92.18)	-0.43%
Hang Seng	28,185.98	(327.02)	-1.15%
Shanghai	2,982.07	(26.07)	-0.87%
KOSPI	2,121.64	(4.69)	-0.22%
EIDO	25.60	0.01	0.04%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,423.4	3.7	0.26%
Crude Oil (USD /bbl)	57.83	(0.07)	-0.12%
Coal Newcas(USD/ton)	69.95	(1.05)	-1.48%
Nickel LME (USD /MT)	12,300	160.0	1.32%
Tin LME (USD /MT)	19,050	(25.0)	-0.13%
CPO (MYR/Ton)	1,981	(17.0)	-0.85%

### **PWON : Projects Recurring Revenues to Climb**

PT Pakuwon Jati Tbk (PWON) projects a 5% growth in the 2019 recurring revenues. Of note, 2018's recurring revenues grew by 16.1% y-y and contributed 49% to the company's overall revenues. 1Q19 bright performance backed by the retail mall rental of Surabaya and Jakarta-based Pakuwon Mall underlines the projection. (Kontan)

### **ADRO : Will Light Papua Up**

PT Adaro Energy (ADRO), through its subsidiary PT Adaro Power, carried out its pilot project of solar power plants in Papua. The pilot project is part of the company's strategy to provide electricity for remote areas and applies the less-than-1 kWp electric capacities with locked networks system. If the project proves to be successful, the company will apply it in other areas. (CNBC Indonesia)

### **BBRI : Projection of Late 2019 Cost of Fund**

PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) is committed to keeping its Cost of Fund (CoF) in check until the end of 2019. It is estimated per May 2019 CoF to settle at 3.5%, well below March's 3.65%. The company estimates late 2019 CoF to be stable as it endeavors to maintain the minimum CASA ratio at 60 by accelerating bank transactions to maintain the growth in the current account and launching BRImo application. (Kontan)

## Domestic & Global News

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### **Indonesia Cut Taxes on Luxury Goods**

The Indonesian government has again relaxed the tax rules. The government cut the income tax on the sale of homes and apartments at prices above Rp 30 billion to 1%. This tax deduction is in the Minister of Finance Regulation (PMK) 92/2019 which takes effect on June 19, 2019. Besides, in PMK 92/2019, other luxury items such as private aircraft or helicopters, cruise ships, yachts and the like are subject to a 5% income tax. (Kontan)

### **Powell Temper Rate Cut Expectations**

Powell said the U.S. central bank is assessing whether current economic uncertainties call for lower rates. Powell noted the Fed will take a wait-and-see approach given how rapid recent economic changes have been, but added the Fed is insulated from short-term political interests. (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
<b>Finance</b>						28.4	2,424.3							
BBCA	29,550	26,000	32,000	Hold	8.3	38.2	728.6	27.6x	4.6x	17.9	1.2	15.1	10.3	1.0
BBRI	4,330	3,660	4,950	Hold	14.3	53.5	534.1	16.0x	2.7x	18.8	3.1	11.2	10.3	1.4
BMRI	7,950	7,375	8,000	Hold	0.6	20.0	371.0	14.1x	2.0x	15.0	3.0	10.9	23.4	1.4
<b>Consumer</b>						0.4	1,362.9							
GGRM	76,500	83,625	110,000	Buy	43.8	8.7	147.2	17.8x	3.1x	18.0	3.4	19.2	24.5	1.0
UNVR	45,225	45,400	59,000	Buy	30.5	1.5	345.1	38.3x	38.1x	112.2	2.6	(0.8)	(4.6)	1.0
ICBP	10,000	10,450	11,800	Buy	18.0	13.6	116.6	24.8x	5.1x	21.6	2.0	13.9	10.6	0.8
INDF	6,975	7,450	8,700	Buy	24.7	5.3	61.2	14.1x	1.7x	12.8	3.4	8.7	14.1	1.2
KAEF	3,380	2,600	4,100	Buy	21.3	43.2	18.8	47.0x	8.3x	16.6	0.4	21.8	(44.6)	1.0
KLBF	1,480	1,520	1,870	Buy	26.4	17.0	69.4	28.2x	4.6x	16.9	1.8	7.0	1.0	1.3
<b>Infrastructure</b>						15.6	830.70							
TLKM	4,010	3,698	4,350	Hold	8.5	10.2	397.2	21.4x	3.8x	18.2	4.1	7.7	8.6	0.9
JSMR	5,800	4,280	6,000	Hold	3.4	38.4	42.1	19.1x	2.4x	13.3	0.8	(20.8)	0.3	1.0
<b>Trade</b>						(8.7)	712.4							
UNTR	27,800	27,350	35,000	Buy	25.9	(14.5)	103.7	8.9x	1.8x	22.3	4.3	19.0	20.6	0.9
SILO	4,540	3,590	4,350	Hold	(4.2)	(18.6)	7.4	388.0x	1.2x	0.3	N/A	18.2	583.3	0.9
MIKA	1,875	1,575	2,300	Buy	22.7	(1.6)	27.3	42.6x	6.4x	15.7	N/A	15.8	18.2	0.6
LPPF	3,410	5,600	5,500	Buy	61.3	(60.3)	10.0	10.0x	5.4x	45.6	9.8	(1.7)	(41.2)	0.9
RALS	1,375	1,420	2,050	Buy	49.1	(3.2)	9.8	14.2x	2.4x	17.5	3.6	(0.4)	428.0	0.7
MAPI	900	805	1,300	Buy	44.4	5.3	14.9	33.0x	2.7x	10.5	1.1	8.4	(62.3)	0.8
<b>Property</b>						7.7	427.4							
PWON	745	620	725	Hold	(2.7)	36.7	35.9	13.3x	2.7x	22.3	0.8	3.9	28.1	1.3
CTRA	1,075	1,010	1,080	Hold	0.5	(7.3)	20.0	14.9x	1.4x	9.5	0.9	21.3	114.3	1.8
PTPP	2,240	1,805	2,450	Hold	9.4	0.4	13.9	9.1x	1.1x	12.4	2.2	34.9	12.0	1.6
WSKT	1,980	1,680	2,600	Buy	31.3	(2.0)	26.9	8.5x	1.4x	18.5	3.7	(30.0)	(53.0)	1.4
WIKA	2,350	1,655	2,500	Hold	6.4	68.5	21.1	11.4x	1.4x	13.2	1.6	3.9	66.9	1.4
<b>Basic Ind.</b>						(3.4)	603.0							
KRAS	418	402	600	Buy	43.5	(16.4)	8.1	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
SMGR	11,450	11,500	13,600	Buy	18.8	50.7	67.9	23.1x	2.2x	9.7	1.8	22.8	(34.8)	1.3
INTP	20,100	18,450	19,000	Hold	(5.5)	40.6	74.0	57.9x	3.1x	5.3	2.7	8.5	50.2	1.5
<b>Misc Ind.</b>						6.5	378.4							
ASII	7,350	8,225	8,600	Buy	17.0	9.7	297.6	13.6x	2.1x	16.2	2.9	6.8	4.9	1.2
<b>Mining</b>						(11.6)	388.4							
ADRO	1,330	1,215	1,750	Buy	31.6	(24.2)	42.5	6.5x	0.8x	12.6	6.8	10.8	59.2	1.2
PTBA	3,060	4,300	5,100	Buy	66.7	(25.4)	35.3	6.8x	1.9x	29.2	11.1	(7.2)	(21.7)	1.1
INCO	3,080	3,260	4,400	Buy	42.9	(22.8)	30.6	64.0x	1.2x	1.8	N/A	(25.8)	N/A	1.6
ANTM	845	765	1,200	Buy	42.0	(2.9)	20.3	25.4x	1.0x	4.1	1.5	8.5	(30.1)	1.4

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

### INNI Index Movement

YTD Change	8.5%
YTD Change Gap (vs JCI)	6.5%
Weekly Change	1.2%
Weekly Change Gap (vs JCI)	0.2%

### INNI Market Capitalization

Market Cap (IDR tn)	3,464
Market Cap (%)	47.27

### INNI Index



Source: Bloomberg, NHKS Research

# Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	GER	15:00	IFO Expectations	Jun	94.2	94.6	95.3
<i>24 - June</i>	GER	15:00	IFO Business Climate	Jun	97.4	97.4	97.9
<b>Tuesday</b>	USA	21:00	New Home Sales	May	626k	685k	673k
<i>25 - June</i>	USA	21:00	Conf. Board Consumer Confidence	Jun	121.5	131	134.1
<b>Wednesday</b>	USA	18:00	MBA Mortgage Applications	21-Jun		--	-3.40%
<i>26 - June</i>	USA	19:30	Durable Goods Orders	May P		0.00%	-2.10%
<b>Thursday</b>	GER	19:00	CPI MoM	Jun P		0.20%	0.20%
<i>27 - June</i>	GER	19:00	CPI YoY	Jun P		1.40%	1.40%
	USA	19:30	GDP Annualized QoQ	1Q T		3.20%	3.10%
	USA	19:30	Initial Jobless Claims	22-Jun		218k	216k
<b>Friday</b>	JPN	06:30	Job-To-Applicant Ratio	May		1.63	1.63
<i>28 - June</i>	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Jun		0.90%	1.10%
	JPN	06:30	Jobless Rate	May		2.40%	2.40%
	JPN	06:50	Industrial Production MoM	May P		0.70%	0.60%
	UK	07/03	Nationwide House Px NSA YoY	Jun		0.50%	0.60%
	UK	07/03	Nationwide House PX MoM	Jun		0.20%	-0.20%
	UK	15:30	GDP YoY	1Q F		1.80%	1.80%
	UK	15:30	GDP QoQ	1Q F		0.50%	0.50%
	USA	19:30	Personal Income	May		0.30%	0.50%
	USA	19:30	Personal Spending	May		0.50%	0.30%
	USA	21:00	U. of Mich. Sentiment	Jun F		98	97.9

Source: Bloomberg

# Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	11:00	Exports YoY	May		-14.50%	-13.10%
<i>24 - June</i>	11:00	Imports YoY	May		-13.90%	-6.58%
	11:00	Trade Balance	May		-\$1379m	-\$2502m

Source: Bloomberg

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