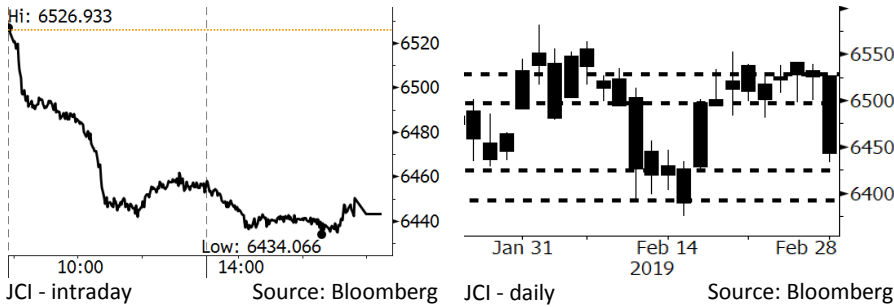


Morning Brief

Daily | Mar 1, 2019

JCI Movement



Market Recap

JCI closed lower, muted by the massive foreign net sell due to the lower-than-estimate earnings season and the futile talks between the U.S.-North Korea. **Top Losers: Misc. Industry (-4.81%), Mining (-1.69%), Basic Industry (-1.59%)**

Daily Foreign & Domestic Sector Movement

Foreign investors concerned about Chinese economic growth after the release of Chinese PMI, exposing JCI to foreign outflows of IDR1.3 trillion. The automotive sector posted from the biggest foreign net sell of IDR639 billion after ASII released its 4Q18 financial statements, net profit margins of which were revised downwards to 7%: the lowest for the last 3 years.

Domestic investors outflowed their funds worth IDR13 billion from the agricultural sector after the decline of 6% to IDR7,343/kg in CPO's prices for 4 consecutive days. The further sliding prices of CPO heightened their fears of the prospect of the agricultural sector, dominated by CPO companies.

Today's Outlook: BI's Solid Commitment to Accelerating Growth

We estimate JCI to rebound with the **support range of 6390-6425** and **resistance range of 6500-6530** today. Bank Indonesia (BI) will be committed to maintaining the economic growth of 5%-5.4% in 2019 by maintaining rupiah's stability. Although USDIDR is appreciated by 2.2% in 2019, BI oversees that rupiah is still undervalued; thus, any further solid appreciation is still expected. The persistent foreign inflows in stock and bond markets inevitably leverage rupiah's appreciation. Besides, BI will endeavor to boost exports and tourism industry as sources of forex reserves. BI can revise lower its 7DRR, if the stability can be well maintained.

Company News

- JPFA : Net Profit of 2018 Soared by 132.2%
- GIAA : Opens the Possibility of KSO with Air Asia
- TINS : Focuses on 100% Performance Growth
- HERO : Revenues of 2018 Nudged Down

Domestic & Global News

- Consensus: Predicts Deflation
- The U.S. Economy Failed to Hit 3%

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.18%	5.17%
FX Reserve (USD bn)	120.10	120.65	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	(1.16)	(1.10)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-4.70%	-4.62%	FDI (USD bn)	3.62	5.95
Imports Yoy	-1.83%	1.16%	Business Confidence	108.05	112.82
Inflation Yoy	2.82%	3.13%	Cons. Confidence*	125.50	127.00

IHSG (Jakarta Composite Index)

February 28	6,443.35
Chg	-82.34pts (-1.26%)
Volume (bn shares)	146.45
Value (IDR tn)	10.86

Adv 115 Dec 287 Unc 241 Untr 119

Foreign Transaction

	(IDR bn)
Buy	3,301
Sell	4,593
Net Buy (Sell)	(1,293)

Top Buy	NB Val.	Top Sell	NS Val.
BBNI	21.0	ASII	481.1
ANTM	16.1	UNTR	148.4
TKIM	14.9	BBRI	73.0
GGRM	14.8	BMRI	62.5
WTON	14.3	UNVR	49.1

LQ-45 Index

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
AKRA	3.7%	INKP	-6.4%
LPPF	3.6%	ASII	-5.9%
SRIL	1.7%	INDF	-5.4%
BRPT	0.7%	MNCN	-5.1%
SMGR	0.4%	ADRO	-4.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.82%	0.01%
USDIDR	14,069	0.28%
KRWIDR	12.52	-0.24%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,916.00	(69.16)	-0.27%
S&P 500	2,784.49	(7.89)	-0.28%
Nasdaq	7,532.53	(21.98)	-0.29%
FTSE 100	7,074.73	(32.47)	-0.46%
CAC 40	5,240.53	15.18	0.29%
DAX	11,515.64	28.31	0.25%
Nikkei	21,385.16	(171.35)	-0.79%
Hang Seng	28,633.18	(124.26)	-0.43%
Shanghai	2,940.95	(12.87)	-0.44%
KOSPI	2,195.44	(39.35)	-1.76%
EIDO	25.73	(0.79)	-2.98%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,313.3	(6.5)	-0.50%
Crude Oil (USD /bbl)	57.22	0.28	0.49%
Coal Newcas(USD/ton)	95.35	0.55	0.58%
Gas (USD /mmbtu)	2.81	0.01	0.46%
Nickel LME (USD /MT)	13,050	(5.0)	-0.04%
Tin LME (USD /MT)	21,650	120.0	0.56%
CPO (MYR/Ton)	2,121	(11.0)	-0.52%

JPFA : Net Profit of 2018 Soared by 132.2%

JPFA cheered its net profit growth of 132.2% y-y to IDR2.17 trillion in 2018. The growth was backed by a hike of 14.9% y-y to IDR34.01 trillion in revenues and the hike of 9.0% y-y in COGS. Its rosier performance boosted earnings per share from IDR82 in 2017 to IDR187. (Bisnis Indonesia)

GIAA : Opens the Possibility of KSO with Air Asia

GIAA opens the possibility of project joint cooperation (KSO) with Air Asia. But, GIAA stated that the cooperation is still at the preliminary stage; thus any press release pertinent to KSO is still not possible. Of note, Air Asia has flight routes to Yogyakarta, Surabaya, Denpasar, and Bandung. (Bisnis Indonesia)

TINS : Focuses on 100% Performance Growth

TINS targets improvement in its performance at the end of 2019: 100% growth in revenues and net profits. Its optimism is backed by the projection of double-growth production volume, amounted to 60,000 tons. In 2018, TINS posted the surge of 15% y-y to 33,250 tons in tin export sales. (Kontan)

HERO : Revenues of 2018 Nudged Down

HERO posted the decline of 0.4% y-y to IDR12.97 trillion in the 2018 revenues. Its performance was moderated by the surge in COGS and business expenses of 3.3% y-y and 2% y-y, respectively and exacerbated by the restructuring cost of IDR1.38 trillion. Thus, its 2018 net profits soared to IDR1.25 trillion from IDR191.4 billion. (Kontan)

Domestic & Global News

Consensus: Predicts Deflation

The statistics Indonesia (BPS) is scheduled to release the data of February's inflation. The market consensus estimates the month-to-month slight deflation of 0.05%. Then, year-on-year inflation is estimated to settle at 2.62%. Meanwhile, the annual core inflation will be at 3.05%. The estimated inflation of 2.62% will be the lowest since November 2019. Factors slowing inflation is the decline in prices of fuel. In the composition of the Consumer Prices Index, fuel has a significant role. Besides, the decline in prices of fuel will positively correlate with the prices of basic needs such as foods and costs of food distribution. (CNBC Indonesia)

The U.S. Economy Failed to Hit 3%

The U.S. economic growth of 2018 failed to hit 3% even though Trump had enacted the tax cut program for spurring the U.S. economy. The U.S. GDP grew by 2.6% in 4Q18 after the much higher growth of 3.4% in 3Q18. The 2018 growth was robust growth since 2015 and was better than the growth of 2.2% achieved in 2017. The economists and analysts stated that the U.S. economy is potential to slow further in future years. (CNBC Indonesia)

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	6,443	6,194				(2.5)	7,350.8							
Finance						3.6	2,308.8							
BBCA	27,575	26,000	28,825	Hold	4.5	19.0	679.9	27.2x	4.7x	18.4	0.9	7.5	10.0	0.9
BBRI	3,850	3,660	4,370	Hold	13.5	1.6	474.9	14.5x	2.6x	18.5	2.8	10.4	11.7	1.5
BMRI	7,125	7,375	8,275	Buy	16.1	(14.9)	332.5	13.3x	1.8x	14.4	2.8	7.4	21.2	1.4
BBNI	8,800	8,800	10,525	Buy	19.6	(8.6)	164.1	10.9x	1.5x	14.5	2.9	9.6	10.2	1.4
Consumer						(7.2)	1,494.1							
HMSP	3,800	3,710	4,225	Hold	11.2	(21.0)	442.0	34.0x	14.1x	41.8	2.8	7.2	3.8	1.2
GGRM	85,400	83,625	88,650	Hold	3.8	7.0	164.3	20.3x	3.8x	19.6	3.0	13.6	6.3	1.2
UNVR	48,675	45,400	49,700	Hold	2.1	(9.8)	371.4	40.8x	49.0x	142.9	1.9	1.5	30.1	1.1
ICBP	10,225	10,450	11,225	Hold	9.8	13.6	119.2	28.1x	5.7x	21.3	2.2	7.5	14.6	0.8
INDF	7,075	7,450	8,175	Buy	15.5	(9.0)	62.1	16.8x	1.9x	11.7	4.3	3.1	(13.7)	1.2
KLBF	1,495	1,520	1,840	Buy	23.1	(6.6)	70.1	28.9x	5.0x	18.3	1.7	3.9	1.4	1.2
Infrastructure						3.2	831.35							
TLKM	3,860	3,750	4,700	Buy	21.8	(4.0)	382.4	20.7x	4.2x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,540	2,120	2,600	Hold	2.4	(2.7)	61.6	14.3x	1.7x	9.7	1.2	8.4	62.5	1.4
JSMR	5,225	4,280	6,050	Buy	15.8	(3.7)	37.9	18.3x	2.3x	13.4	1.2	18.7	(6.9)	0.9
Trade						(13.3)	729.7							
UNTR	26,500	27,350	39,550	Buy	49.2	(27.4)	98.8	8.9x	1.8x	22.4	3.7	31.1	50.3	1.0
AKRA	5,550	4,290	4,650	Sell	(16.2)	(9.8)	22.3	29.9x	2.8x	19.3	4.0	25.3	(22.4)	1.2
SCMA	1,750	1,870	2,025	Buy	15.7	(37.7)	25.6	17.9x	5.6x	32.3	3.1	10.8	8.7	1.3
MNCN	935	690	875	Hold	(6.4)	(39.1)	13.3	9.6x	1.2x	14.2	1.6	2.8	(20.3)	0.9
ACES	1,755	1,490	1,635	Hold	(6.8)	30.5	30.1	31.5x	7.8x	26.6	1.3	22.3	32.7	1.1
RALS	1,750	1,420	1,515	Hold	(13.4)	39.4	12.4	20.8x	3.1x	15.7	2.3	2.2	43.4	0.8
MAPI	1,060	805	1,170	Hold	10.4	43.7	17.6	30.4x	3.4x	14.0	0.4	18.3	126.7	0.8
Property						(16.2)	399.0							
BSDE	1,355	1,255	1,850	Buy	36.5	(26.8)	26.1	8.1x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	620	620	600	Hold	(3.2)	(10.8)	29.9	13.4x	2.5x	20.6	1.0	19.0	25.2	1.3
CTRA	875	1,010	1,250	Buy	42.9	(32.2)	16.2	17.9x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	940	805	960	Hold	2.1	(12.1)	13.6	30.3x	2.0x	6.9	0.5	0.7	75.0	1.7
WSKT	1,875	1,680	2,810	Buy	49.9	(35.6)	25.5	4.8x	1.5x	33.2	3.1	27.0	41.1	1.4
WIKA	1,785	1,655	2,150	Buy	20.4	(6.5)	16.0	11.6x	1.2x	11.0	1.5	32.3	26.0	1.2
Misc Ind.						(5.8)	377.9							
ASII	7,150	8,225	8,925	Buy	24.8	(11.5)	289.5	13.4x	2.1x	16.6	2.7	16.1	14.8	1.2
Basic Ind.						14.0	688.0							
INTP	19,225	18,450	19,950	Hold	3.8	(11.0)	70.8	66.1x	3.1x	4.6	3.6	2.5	(56.1)	1.5
SMGR	12,650	11,500	13,500	Hold	6.7	14.5	75.0	28.4x	2.5x	9.0	1.1	4.4	43.1	1.3
CPIN	7,300	7,225	6,700	Hold	(8.2)	104.5	119.7	29.6x	6.6x	24.2	0.8	5.1	79.7	1.0
JPFA	2,240	2,150	3,250	Buy	45.1	39.6	26.3	14.2x	2.9x	20.2	4.5	16.8	104.2	0.8
Mining						(6.4)	423.3							
ADRO	1,310	1,215	1,970	Buy	50.4	(45.9)	41.9	7.0x	0.8x	11.9	7.6	9.3	(16.0)	1.3
PTBA	3,980	4,300	5,375	Buy	35.1	25.6	45.9	7.3x	2.9x	42.1	8.0	20.7	49.7	1.0
ITMG	21,375	20,250	24,225	Hold	13.3	(29.2)	24.2	6.4x	1.7x	27.1	15.3	18.8	4.3	1.2
INCO	3,740	3,260	3,760	Hold	0.5	13.3	37.2	41.3x	1.4x	3.3	N/A	23.4	N/A	1.4
ANTM	1,015	765	1,200	Buy	18.2	8.0	24.4	22.2x	1.3x	5.9	0.2	186.6	N/A	1.4
Agriculture						(13.4)	98.5							
AALI	12,400	11,825	16,925	Buy	36.5	(17.5)	23.9	16.6x	1.3x	7.7	3.5	10.3	(26.9)	0.6
LSIP	1,220	1,250	1,500	Buy	23.0	(17.8)	8.3	25.1x	N/A	N/A	3.7	(15.2)	(54.6)	0.8

* Target Price for December 2019

Source: Bloomberg, NHKS Research

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	USA	20:30	Housing Starts	Dec	1078k	1253k	1256k
26 - Feb	USA	22:00	Conf. Board Consumer Confidence	Feb	131.4	124	120.2
Wednesday	EU	16:00	M3 Money Supply YoY	Jan	3.80%	4.00%	4.10%
27 - Feb	USA	19:00	MBA Mortgage Applications	22-Feb	5.30%	--	3.60%
	USA	22:00	Factory Orders	Dec	0.10%	0.60%	-0.60%
Thursday	UK	Tentative	Nationwide House Px NSA YoY	Feb	0.40%	0.30%	0.10%
28 - Feb	UK	Tentative	Nationwide House PX MoM	Feb	-0.10%	-0.10%	0.30%
	JPN	06:50	Industrial Production MoM	Jan P	-3.70%	-2.50%	-0.10%
	CHN	08:00	Manufacturing PMI	Feb	49.2	49.5	49.5
	GER	20:00	CPI MoM	Feb P	0.50%	0.50%	-0.80%
	GER	20:00	CPI YoY	Feb P	1.60%	1.50%	1.40%
	USA	20:30	GDP Annualized QoQ	4Q A	2.60%	2.40%	3.40%
	USA	20:30	Initial Jobless Claims	23-Feb	225k	222k	216k
Friday	JPN	06:30	Job-To-Applicant Ratio	Jan	1.63	1.63	1.63
1 - Mar	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Feb	1.10%	1.00%	1.10%
	JPN	06:30	Jobless Rate	Jan	2.50%	2.40%	2.40%
	JPN	06:50	Capital Spending YoY	4Q	5.70%	4.50%	4.50%
	CHN	08:45	Caixin China PMI Mfg	Feb		48.7	48.3
	GER	15:55	Unemployment Change (000's)	Feb		-5k	-2k
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		52	52.8
	USA	20:30	Personal Income	Jan		0.30%	--
	USA	20:30	Personal Spending	Dec		-0.10%	0.40%
	USA	22:00	ISM Manufacturing	Feb		55.6	56.6

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday	Tentative	Money Supply M1 YoY	Jan		--	4.80%
28 - Feb	Tentative	Money Supply M2 YoY	Jan		--	6.30%
Friday	07:30	Nikkei Indonesia PMI Mfg	Feb		--	49.9
1 - Mar	Tentative	CPI YoY	Feb		--	2.82%
	Tentative	CPI NSA MoM	Feb		--	0.32%
	Tentative	CPI Core YoY	Feb		--	3.06%
	03/08	Danareksa Consumer Confidence	Feb		--	102.3

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 25 - Feb	Extraordinary Shareholder Meeting	PSSI
Tuesday 26 - Feb	Extraordinary Shareholder Meeting	DNAR, PSAB, SDMU
Wednesday 27 - Feb	Extraordinary Shareholder Meeting	SGRO
Thursday 28 - Feb	Extraordinary Shareholder Meeting	CMNP, DKFT, MEGA, SKYB, ZINC
Friday 1 - Mar	Extraordinary Shareholder Meeting	ARNA, BVIC, MAMI, PTRO

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 Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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