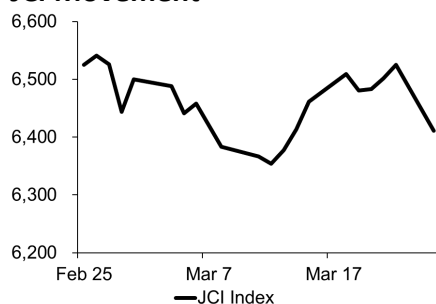


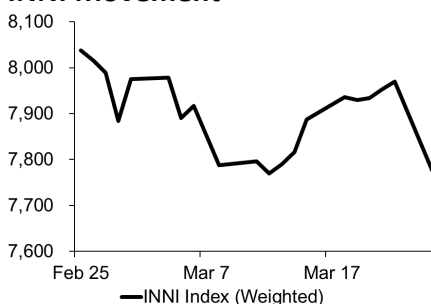
Morning Brief

Daily | Mar 26, 2019

JCI Movement



INNI Movement



Market Recap

JCI fell at the sharpest as investors concerned about slowing momentum of the global economy. **Top Losers JCI: Consumer (-2.77%), Misc. Industry (-2.46%), Property (-1.75%)**

INNI Index slowed at 2.44%, much deeper than that of 1.75% in JCI due to the sharp downward of 4.66% in the consumer sector. ICBP and INDF stocks dropped at 9% as intense competition between domestic peers and consumers' preference for imported instant noodles fueled jitters of downward profit margins.

Daily Foreign & Domestic Sector Movement

Foreign outflows of IDR148 trillion, with the automotive sector, posting the biggest outflows of virtually IDR196 billion upset JCI. Declining automotive sales in January and February 2019 dimmed investors' confidence in the bright prospect of this sector. Indeed, Friday's 2% steep losses in the U.S. stock markets made a much murkier backdrop.

But, foreign inflows of IDR46 billion still poured into the banking sector. The poultry industry was exposed to domestic outflows of IDR38 billion. KKR, one of JPFA's shareholders, reduce its portfolios in JPFA with the execution price of IDR2,200 per share. It causes JPFA's prices to move closer to KKR's selling price.

Today's Outlook: Global Market Pressures

We forecast INNI index to move at sideways amid the slowing global momentum. Investors remain wait-and-see to digest whether or not global markets will put a strain on domestic markets.

Company News

- BBRI : Cooperates with DANA, Digital Services
- TLKM : Launches "The Next IndiHome"
- CTRA : Is Constructing One Office Building
- WIKA : Focuses on Securing Private and Overseas Projects

Domestic & Global News

- 54% of ESDM Budgeted Is Allocated to Construct Infrastructures
- Yield Inversion Is Not Recession Signals

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)	123.30	120.10	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	0.33	(1.16)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-11.33%	-4.70%	FDI (USD bn)	3.62	5.95
Imports Yoy	-13.98%	-1.83%	Business Confidence	108.05	112.82
Inflation Yoy	2.57%	2.82%	Cons. Confidence*	125.10	125.50

JCI Index

March 25	6,411.25
Chg.	-114.02pts (-1.75%)
Volume (bn shares)	131.84
Value (IDR tn)	8.06
Adv 93 Dec 334 Unc 217 Untr 123	

INNI Index

Last	7,775.93
Chg.	-194.33pts (-2.44%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
PTBA	1.2%	ICBP	-9.0%
KLBF	0.0%	INDF	-8.4%
BBCA	-0.7%	SILO	-6.1%
RALS	-0.9%	LSIP	-5.2%
TLKM	-1.3%	GGRM	-4.8%

Foreign Transaction

	(IDR bn)
Buy	1,929
Sell	2,077
Net Buy (Sell)	(148)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	203.9	ASII	199.8
PTBA	22.0	BBCA	53.7
BRPT	21.5	ICBP	51.8
CTRA	17.9	UNVR	42.4
JPFA	17.4	BMRI	36.6

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.65%	0.04%
USDIDR	14,185	0.16%
KRWIDR	12.51	0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,516.83	14.51	0.06%
S&P 500	2,798.36	(2.35)	-0.08%
FTSE 100	7,177.58	(30.01)	-0.42%
DAX	11,346.65	(17.52)	-0.15%
Nikkei	20,977.11	(650.23)	-3.01%
Hang Seng	28,523.35	(590.01)	-2.03%
Shanghai	3,043.03	(61.12)	-1.97%
KOSPI	2,144.86	(42.09)	-1.92%
EIDO	25.68	(0.01)	-0.04%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,321.9	8.2	0.63%
Crude Oil (USD /bbl)	58.82	(0.22)	-0.37%
Coal Newcas(USD/ton)	88.65	0.60	0.68%
Nickel LME (USD /MT)	12,966	(29.0)	-0.22%
Tin LME (USD /MT)	21,350	(75.0)	-0.35%
CPO (MYR/Ton)	2,140	(27.0)	-1.25%

BBRI : Cooperates with DANA, Digital Services

BBRI cooperates with digital payment services, DANA, to expand financial inclusion in Indonesia. It stressed that 56 million Indonesian are unbanked. Its financial inclusion expansion is potential for reducing state spending for distributing cash and banking expenditures. (Kontan)

TLKM : Launches "The Next IndiHome"

TLKM together with the State-Owned Enterprises Minister has launched "The Next IndiHome". The expansion of IndiHome's business line focuses on educating Indonesian families, children in particular, through educational and creative contents. Now, IndiHome has 5.5 million subscribers from the coverage of 80 million Indonesian.

CTRA : Is Constructing One Office Building

CTRA is constructing the third building of office blocks in West Jakarta. Propan Group, on the basis of strata title, has bought 60% of the third building to be titled Propan Tower. The construction of the building will be completed at the early of 2020 and marketed with the price of IDR25 million per sqm. (Kontan)

WIKA : Focuses on Securing Private and Overseas Projects

WIKA focuses on winning private and overseas projects in 2019. The portion of private new contracts amounted to 29.7% of the total new contracts worth IDR10.5 trillion, secured at the early of 2019. The amount secured was higher than the state-owned enterprises' project contribution of 29.6%. Besides, WIKA has secured contracts worth IDR600 billion, stemming from the targeted overseas new contracts worth IDR2.5 trillion. (Kontan)

Domestic & Global News

54% of ESDM Budget Is Allocated to Construct Infrastructures

Until 2018, a number of infrastructures have been constructed. They are 131 gas and fuel stations, the selling prices of which are the same, 463,619 integrated city gas network of household connections, 30,000 points Solar Power Road Lamps, 2,288 points of wells, facilitating 6.6 million individuals. In the future, the minister of Energy and Mineral Natural Resources (ESDM) Ignasius Jonan expected that the youths are capable of independently managing ESDM sector, contributing more than 50% to non-tax state incomes (PNBP) in the last one year, so that Indonesia does not bank on foreign countries. (CNBC Indonesia)

Yield Inversion Is Not Recession Signals

The Fed's former chair, Janet Yellen, stressed that the yields inversion signed that the FFR is too high. The U.S. bond markets may signal the needs for the interest rate reductions, possible to subdue the downturn in the U.S. economy. The U.S. faces lagging economic growth, but the lag is not in that level causing economic recessions. The Fed estimates that the U.S. economy to grow at least 2.1% in 2019. (CNBC Indonesia)

	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						8.3	2,335.6							
BBCA	27,250	26,000	32,000	Buy	17.4	17.1	671.8	26.0x	4.4x	18.3	1.0	8.7	11.0	1.0
BBRI	4,000	3,660	4,650	Buy	16.3	11.1	493.4	15.1x	2.7x	18.5	2.7	10.4	11.7	1.5
BMRI	7,225	7,375	8,000	Hold	10.7	(10.5)	337.2	13.5x	1.9x	14.4	2.8	7.4	21.2	1.5
Consumer						0.1	1,467.5							
GGRM	81,800	83,625	110,000	Buy	34.5	16.4	157.4	19.4x	3.7x	19.6	3.2	13.6	6.3	1.2
UNVR	48,025	45,400	59,000	Buy	22.9	(4.6)	366.4	40.2x	48.4x	142.9	1.9	1.5	30.1	1.1
ICBP	9,400	10,450	11,800	Buy	25.5	9.9	109.6	24.0x	5.1x	22.2	2.3	7.9	20.2	0.8
INDF	6,775	7,450	8,700	Buy	28.4	(5.9)	59.5	14.3x	1.8x	12.8	4.5	4.6	0.2	1.1
KAEF	3,250	2,600	4,100	Buy	26.2	53.3	18.1	43.4x	6.9x	14.5	0.5	24.6	27.3	1.1
KLBF	1,515	1,520	1,870	Buy	23.4	8.2	71.0	29.2x	5.1x	18.3	1.7	3.9	1.4	1.2
Infrastructure						8.4	795.89							
TLKM	3,770	3,750	4,350	Buy	15.4	6.0	373.5	20.2x	4.1x	20.4	4.4	2.3	(20.6)	0.8
JSMR	5,200	4,280	6,000	Buy	15.4	16.1	37.7	17.1x	2.2x	13.8	1.2	5.4	0.1	0.9
Trade						(10.4)	723.2							
UNTR	27,350	27,350	35,000	Buy	28.0	(14.5)	102.0	9.2x	1.9x	22.4	3.6	31.1	50.3	1.0
SILO	3,550	3,590	4,350	Buy	22.5	(56.2)	5.8	356.8x	0.9x	0.3	N/A	2.0	(85.4)	1.0
MIKA	1,910	1,575	2,300	Buy	20.4	(11.2)	27.8	43.5x	7.1x	17.3	N/A	10.1	(8.3)	0.8
LPPF	4,000	5,600	5,500	Buy	37.5	(63.3)	11.7	10.7x	6.3x	53.0	11.4	2.2	(42.4)	1.1
RALS	1,715	1,420	2,050	Buy	19.5	38.3	12.2	20.4x	3.1x	15.7	2.3	2.2	43.4	0.8
MAPI	1,055	805	1,300	Buy	23.2	35.3	17.5	30.2x	3.4x	14.0	0.4	18.3	126.7	0.8
Property						(9.1)	402.2							
PWON	675	620	725	Hold	7.4	11.6	32.5	12.8x	2.6x	22.2	0.9	23.2	35.8	1.3
CTRA	1,010	1,010	1,080	Hold	6.9	(11.0)	18.7	20.7x	1.4x	6.8	0.9	7.9	1.7	1.6
PTPP	1,995	1,805	2,450	Buy	22.8	(27.5)	12.4	8.2x	1.0x	12.4	2.3	16.8	3.4	1.4
WSKT	1,865	1,680	2,500	Buy	34.0	(26.0)	25.3	4.8x	1.5x	33.2	3.1	27.0	41.1	1.4
WIKA	1,950	1,655	2,100	Hold	7.7	14.4	17.5	10.1x	1.2x	12.6	1.4	19.0	43.9	1.2
Basic Ind.						21.9	703.3							
KRAS	464	402	600	Buy	29.3	4.0	9.0	N/A	0.4x	(2.5)	N/A	22.7	51.3	1.2
Misc Ind.						1.8	372.0							
ASII	7,050	8,225	9,100	Buy	29.1	(2.4)	285.4	13.2x	2.1x	16.6	2.7	16.1	14.8	1.2
Mining						1.0	420.6							
ADRO	1,365	1,215	1,750	Buy	28.2	(32.8)	43.7	7.4x	0.8x	11.7	7.3	11.1	(13.6)	1.2
PTBA	4,150	4,300	5,100	Buy	22.9	41.6	47.8	8.7x	2.7x	33.9	7.7	8.7	12.2	1.0
INCO	3,410	3,260	4,400	Buy	29.0	20.5	33.9	37.6x	1.3x	3.3	N/A	23.4	N/A	1.5
ANTM	920	765	1,200	Buy	30.4	17.2	22.1	25.3x	1.1x	4.6	0.2	99.5	540.7	1.4
Agriculture						(12.2)	95.0							
AALI	11,450	11,825	16,000	Buy	39.7	(17.0)	22.0	15.3x	1.2x	7.7	3.8	10.3	(26.9)	0.6
LSIP	1,085	1,250	1,500	Buy	38.2	(17.2)	7.4	22.3x	0.9x	4.0	4.1	(15.2)	(54.6)	0.7

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

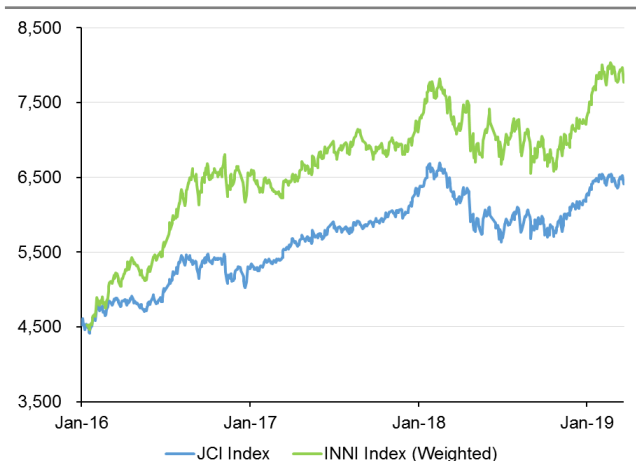
INNI Index Movement

YTD Change	7.1%
YTD Change Gap (vs JCI)	3.6%
Weekly Change	-2.0%
Weekly Change Gap (vs JCI)	-0.5%

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	11:30	All Industry Activity Index MoM	Jan	-0.20%	-0.40%	-0.40%
25 - Mar	GER	16:00	IFO Business Climate	Mar	99.6	98.7	98.5
Tuesday	USA	19:30	Housing Starts	Feb		1210k	1230k
26 - Mar	USA	21:00	Conf. Board Consumer Confidence	Mar		132	131.4
Wednesday	USA	18:00	MBA Mortgage Applications	22-Mar		--	1.60%
27 - Mar							
Thursday	EU	16:00	M3 Money Supply YoY	Feb		3.90%	3.80%
28 - Mar	USA	19:30	GDP Annualized QoQ	4Q T		2.30%	2.60%
	USA	19:30	Initial Jobless Claims	23-Mar		--	221k
	GER	20:00	CPI MoM	Mar P		0.60%	0.40%
	GER	20:00	CPI YoY	Mar P		1.50%	1.50%
	USA	18:00	MBA Mortgage Applications	15-Mar		--	2.30%
Friday	JPN	06:30	Job-To-Applicant Ratio	Feb		1.63	1.63
29 - Mar	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Mar		1.10%	1.10%
	JPN	06:30	Jobless Rate	Feb		2.50%	2.50%
	JPN	06:50	Industrial Production MoM	Feb P		1.30%	-3.40%
	GER	15:55	Unemployment Change (000's)	Mar		-10k	-21k
	UK	16:30	Mortgage Approvals	Feb		65.0k	66.8k
	UK	16:30	GDP YoY	4Q F		1.30%	1.30%
	USA	19:30	Personal Income	Feb		0.30%	-0.10%
	USA	19:30	Personal Spending	Jan		0.30%	-0.50%
	USA	21:00	New Home Sales	Feb		622k	607k
	USA	21:00	U. of Mich. Sentiment	Mar F		97.8	97.8

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	Tentative	Money Supply M1 YoY	Feb		--	3.80%
29 - Mar	Tentative	Money Supply M2 YoY	Feb		--	5.50%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	CMPP, ITMG, WIKA
25 - Mar		
Tuesday	Extraordinary Shareholder Meeting	BBNP, BDMN, NIKL
26 - Mar		WOMF, GMTD
Wednesday	Extraordinary Shareholder Meeting	WTON
27 - Mar		
Thursday	Extraordinary Shareholder Meeting	AGRO, SDRA
28 - Mar		
Friday	Extraordinary Shareholder Meeting	PGAS, BSSR, ADMF, BNII

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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