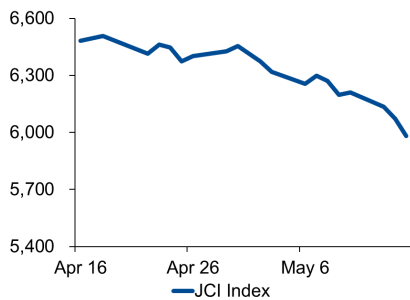


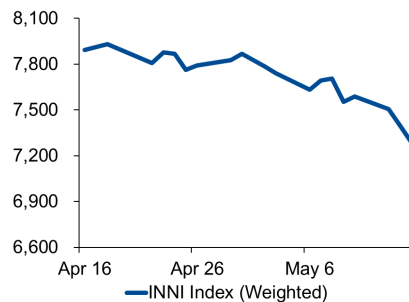
# Morning Brief

Daily | May 17 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI was at a lower close, held back by the banking and consumer sectors. **JCI's Top Losers: Misc. Industry (-2.4%), Basic Industry (-1.6%), Finance (-1.5%)**

INNI Index dropped 1.63%, aligning with JCI's moderated pace as property stocks weighed JCI down, e.g., CTRA (-4.6%) and WIKA (-4.1%).

## Daily Foreign & Domestic Sector Movement

IDR1.1 trillion worth of foreign outflows fled from JCI. It revealed that the banking sector, posting a net sell of IDR581 billion suffered at most, while the telecommunication sector struggled with less net sell of IDR220 billion. The US's boycotts on buying telecommunication equipment made by Huawei escalated the trade battle.

Additionally, domestic investors withdrew their funds of IDR66.8 billion and IDR20.7 billion from the miscellaneous and trading sectors, respectively.

## Today's Outlook: Leaving 7DRR Unchanged Amid Murky Global Outlook

Dow Jones bounced at 0.84% to 25,862 as robust earnings and April's 5.7% gain in new housing construction signaled the US strong spending. From domestic backdrop, BI left its 7DRRR unchanged at 6%, given the fact of murky global financial markets. Today, we recommend that investors take a close watch on retail stocks, preferred by foreign investors.

## Company News

- MAPI : Cooperates with RALS and LPPF
- JSMR : Levies on DINFRA Give No Impacts on JSMR
- BMRI : Allocates Capex of IDR2.4 Trillion for IT
- WIKA : Divested Surabaya-Mojokerto Toll-Road Section

## Domestic & Global News

- BI Held 7DRRR at 6%
- China Reduce Its Holding of U.S. Debt

## 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)	124.30	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	2.83%	2.48%	Cons. Confidence*	128.10	125.10

## JCI Index

April 16	5,895.73
Chg.	-85.14pts (-1.42%)
Volume (bn shares)	255.83
Value (IDR tn)	13.36
<b>Adv 93 Dec 327 Unc 229 Untr 125</b>	

## INNI Index

Last	7,147.97
Chg.	-118.79pts (-1.63%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
SILO	3.4%	ADRO	-6.1%
MIKA	2.4%	CTRA	-4.6%
KAEF	0.3%	WIKA	-4.1%
		KLBF	-4.1%
		JSMR	-3.8%

## Foreign Transaction

	(IDR bn)
Buy	3,523
Sell	4,719
Net Buy (Sell)	1,195

Top Buy	NB Val.	Top Sell	NS Val.
MAPI	27.8	BBRI	378.3
WIKA	25.1	BBCA	348.5
BTPS	25.1	TLKM	212.4
DOID	13.1	GGRM	68.6
LPPF	10.9	HMSP	53.5

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.00%	-0.03%
USDIDR	14,452	-0.06%
KRWIDR	12.17	0.08%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,862.68	214.66	0.84%
S&P 500	2,876.32	25.36	0.89%
FTSE 100	7,353.51	56.56	0.78%
DAX	12,310.37	210.80	1.74%
Nikkei	21,062.98	(125.58)	-0.59%
Hang Seng	28,275.07	6.36	0.02%
Shanghai	2,955.71	17.03	0.58%
KOSPI	2,067.69	(25.09)	-1.20%
EIDO	22.80	(0.45)	-1.94%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,286.7	(9.8)	-0.75%
Crude Oil (USD /bbl)	62.87	0.85	1.37%
Coal Newcas(USD/ton)	82.80	(1.80)	-2.13%
Nickel LME (USD /MT)	12,176	27.0	0.22%
Tin LME (USD /MT)	19,475	(370.0)	-1.86%
CPO (MYR/Ton)	2,096	51.0	2.49%

### **MAPI : Cooperates with RALS and LPPF**

PT Mitra Adiperkasa Tbk (MAPI) entered into an exclusive sale agreement with two retailers: PT Ramayana Lestari Sentosa Tbk (RALS) and PT Matahari Department Store Tbk (LPPF). Although MAPI's high-class market segmentation differs with those two's retailers market segmentation, MAPI considers the partnership as mutual cooperation to accomplish their set target. (Kontan)

### **BMRI : Allocates Capex of IDR2.4 Trillion for IT**

PT Bank Mandiri Tbk (BMRI) allocated IDR2.4 trillion worth of *capex*, spending on technologies infrastructures such as software, interfacing, hardware, and digital banking development. It targets to be the main player in a digital banking segment. (Kontan)

### **JSMR : Levies on DINFRA Give No Impacts on JSMR**

Indonesian authorities' plan to impose levies of 5% on infrastructure funds (DINFRA). In the future, JSMR is still mulling over the possibility to re-issue the investment instrument and funding in the form of DINFRA or bonds. (Kontan)

### **WIKA : Divested Surabaya-Mojokerto Toll-Road Section**

PT Wijaya Karya (Persero) divested the ownership of its stocks in order to strengthen its financial balance sheet and maintain its performance. It targets the divestment of Surabaya-Mojokerto (Sumo) toll-road section can be settled in May 2019. (Bisnis Indonesia)

## Domestic & Global News

### **BI Held 7DRRR at 6%**

BI's Board of Governors Meeting in May 2019 decided to hold 7DRRR at 6% as in IQ19, BI did not hike 7DRRR, in stark contrast to its 2018's stance of hiking 7DRRR at 175 bps. BI's governor Perry Warjiyo stated that BI's stance aimed to maintain the external stability amid the escalating global financial market, triggered by the US and China trade frictions. (Kontan)

### **China Reduce Its Holding of U.S. Debt**

As trade tensions with the U.S. intensified, China sold off its Treasury holdings at the fastest pace in about two years during March. The largest foreign owner of U.S. debt reduced the level by just shy of US\$20.5 billion, a slight decrease that brought the total holdings down to US\$1.12 trillion. But the move represents a continued pattern of declines that comes as the two sides have been unable to hammer out a long-term trade agreement and instead have been engaging in a tit-for-tat tariff fight that has escalated in recent days. (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>						15.3	2,222.9							
BBCA	26,400	26,000	32,000	Buy	21.2	20.0	650.9	24.6x	4.1x	17.9	1.3	15.1	10.3	0.9
BBRI	3,860	3,660	4,650	Buy	20.5	29.1	476.1	14.2x	2.5x	18.8	2.8	11.2	10.3	1.5
BMRI	7,350	7,375	8,000	Hold	8.8	9.7	343.0	13.0x	1.8x	15.0	N/A	10.9	23.4	1.4
<b>Consumer</b>						(0.8)	1,345.7							
GGRM	80,550	83,625	110,000	Buy	36.6	18.3	155.0	18.8x	3.3x	18.0	3.2	19.2	24.5	1.1
UNVR	41,800	45,400	59,000	Buy	41.1	(8.1)	318.9	35.4x	35.2x	112.2	2.2	(0.8)	(4.6)	1.0
ICBP	9,500	10,450	11,800	Buy	24.2	16.2	110.8	23.6x	4.8x	21.6	2.3	13.9	10.6	0.7
INDF	6,100	7,450	8,700	Buy	42.6	(3.2)	53.6	12.4x	1.5x	12.8	5.0	8.7	14.1	1.1
KAEF	3,190	2,600	4,100	Buy	28.5	57.1	17.7	44.4x	7.8x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,295	1,520	1,870	Buy	44.4	(1.9)	60.7	24.7x	4.0x	16.9	1.9	7.0	1.0	1.2
<b>Infrastructure</b>						7.2	742.95							
TLKM	3,600	3,750	4,350	Buy	20.8	3.2	356.6	19.3x	3.4x	18.2	3.7	7.7	8.6	0.8
JSMR	5,100	4,280	6,000	Buy	17.6	26.9	37.0	16.8x	2.1x	13.3	0.9	(20.8)	0.3	0.9
<b>Trade</b>						(12.8)	696.0							
UNTR	24,850	27,350	35,000	Buy	40.8	(31.5)	92.7	8.0x	1.6x	22.3	4.8	19.0	20.6	0.9
SILO	4,500	3,590	4,350	Hold	(3.3)	(36.8)	7.3	384.6x	1.2x	0.3	N/A	18.2	583.3	0.9
MIKA	2,100	1,575	2,300	Hold	9.5	19.0	30.6	47.7x	7.2x	15.7	N/A	15.8	18.2	0.7
LPPF	3,630	5,600	5,500	Buy	51.5	(58.4)	10.6	10.7x	5.7x	45.6	9.2	(1.7)	(41.2)	1.0
RALS	1,780	1,420	2,050	Buy	15.2	31.4	12.6	18.4x	3.1x	17.5	2.2	(0.4)	428.0	0.9
MAPI	895	805	1,300	Buy	45.3	5.9	14.9	32.8x	2.6x	10.5	0.4	8.4	(62.3)	0.8
<b>Property</b>						(5.4)	380.5							
PWON	635	620	725	Hold	14.2	22.1	30.6	11.3x	2.3x	22.3	0.9	3.9	28.1	1.3
CTRA	925	1,010	1,080	Buy	16.8	(6.1)	17.2	12.9x	1.2x	9.5	1.0	21.3	114.3	1.7
PTPP	1,725	1,805	2,450	Buy	42.0	(26.3)	10.7	7.0x	0.8x	12.4	2.8	34.9	12.0	1.5
WSKT	1,720	1,680	2,600	Buy	51.2	(19.6)	23.3	7.4x	1.2x	18.5	3.3	(30.0)	(53.0)	1.4
WIKA	1,850	1,655	2,500	Buy	35.1	18.6	16.6	9.0x	1.1x	13.2	2.1	3.9	66.9	1.3
<b>Basic Ind.</b>						(9.0)	543.8							
KRAS	354	402	600	Buy	69.5	(11.1)	6.8	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
<b>Misc Ind.</b>						0.3	352.0							
ASII	6,775	8,225	9,100	Buy	34.3	0.7	274.3	12.5x	1.9x	16.2	3.2	6.8	4.9	1.2
<b>Mining</b>						(14.2)	359.8							
ADRO	1,160	1,215	1,750	Buy	50.9	(38.3)	37.1	5.6x	0.7x	12.6	7.8	10.8	59.2	1.2
PTBA	2,810	4,300	5,100	Buy	81.5	(20.8)	32.4	6.3x	1.7x	29.2	12.1	(7.2)	(21.7)	1.0
INCO	2,550	3,260	4,400	Buy	72.5	(28.6)	25.3	51.8x	0.9x	1.8	N/A	(25.8)	N/A	1.5
ANTM	685	765	1,200	Buy	75.2	(17.0)	16.5	20.6x	0.8x	4.1	1.9	8.5	(30.1)	1.4
<b>Agriculture</b>						(8.6)	87.6							
AALI	10,100	11,825	16,000	Buy	58.4	(15.1)	19.4	17.3x	1.0x	6.0	3.3	9.3	(89.5)	0.7
LSIP	1,090	1,250	1,500	Buy	37.6	(2.7)	7.4	29.0x	0.9x	3.0	4.1	6.9	(64.7)	0.8

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

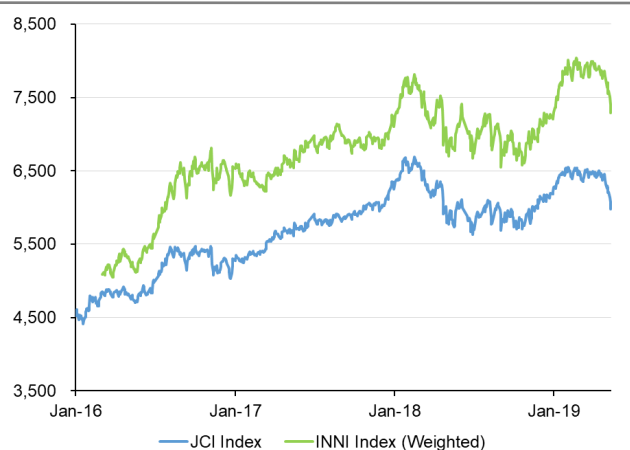
### INNI Index Movement

YTD Change	-1.2%
YTD Change Gap (vs JCI)	3.6%
Weekly Change	-5.0%
Weekly Change Gap (vs JCI)	-0.1%

### 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
<b>Tuesday</b>	JPN	06:50	BoP Current Account Balance	Mar P	¥2676.8	¥3020.0b	¥2676.8b
<i>14 - May</i>	GER	13:00	CPI MoM	Apr F	1.00%	1.00%	1.00%
	GER	13:00	CPI YoY	Apr F	2.00%	2.00%	2.00%
	UK	15:30	ILO Unemployment Rate 3Mths	Mar	3.80%	3.90%	3.90%
	UK	15:30	Jobless Claims Change	Apr	24.7k	--	28.3k
	GER	16:00	ZEW Survey Current Situation	May	8.2	5.6	5.5
	GER	16:00	ZEW Survey Expectations	May	6.3	5.0	3.1
<b>Wednesday</b>	CHN	09:00	Industrial Production YoY	Apr	5.40%	6.50%	8.50%
<i>15 - May</i>	GER	13:00	GDP SA QoQ	1Q P	0.40%	0.40%	0.00%
	EU	16:00	GDP SA YoY	1Q P	1.20%	1.20%	1.20%
	EU	16:00	GDP SA QoQ	1Q P	0.40%	0.40%	0.40%
	USA	18:00	MBA Mortgage Applications	10-May	-0.60%	--	2.70%
	USA	19:30	Empire Manufacturing	May	17.8	8	10.1
	USA	19:30	Retail Sales Advance MoM	Apr	-0.20%	0.20%	1.60%
	USA	20:15	Industrial Production MoM	Apr	-0.50%	0.10%	-0.10%
	UK	15:30	Industrial Production MoM	Mar		0.10%	0.60%
<b>Thursday</b>	JPN	06:50	PPI YoY	Apr	1.20%	1.10%	1.30%
<i>16 - May</i>	USA	19:30	Housing Starts	Apr	1235k	1220k	1139k
	USA	19:30	Initial Jobless Claims	11-May	212k	--	228k
<b>Friday</b>	JPN	11:30	Tertiary Industry Index MoM	Mar		0.10%	-0.60%
<i>17 - May</i>	EU	16:00	CPI MoM	Apr		0.70%	1.00%
	EU	16:00	CPI YoY	Apr F		1.70%	1.40%
	USA	21:00	Leading Index	Apr		0.20%	0.40%
	USA	21:00	U. of Mich. Sentiment	May P		97.9	97.2

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Wednesday</b>	Tentative	Local Auto Sales	Apr		--	90189
<i>15 - May</i>	11:00	Imports YoY	Apr		-0.119	-6.76%
	11:00	Trade Balance	Apr		-\$213m	\$540m
	11:00	Exports YoY	Apr		-0.09	-10.01%
<b>Thursday</b>	Tentative	Bank Indonesia 7D Reverse Repo	16-May		0.06	6.00%
<i>16 - May</i>						

Source: Bloomberg

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