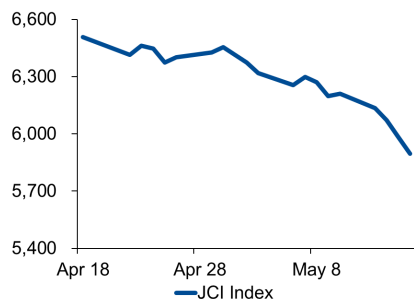


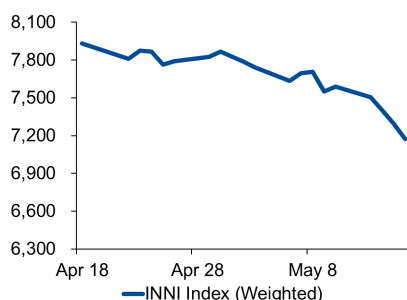
Morning Brief

Daily | May 20 2019

JCI Movement



INNI Movement



Market Recap

On Friday (05/17), JCI was at a tepid close as the banking sector weakened. **JCI's Top Losers: Finance (-1.8%), Infrastructure (-1.6%), Consumer (-1.2%)**

INNI Index fell sharply by 2%, much steeper than JCI's 1.17%. That was on the back sliding retail stocks, i.e., MAPI (-6.1%) and RALS (-4.5%).

Daily Foreign & Domestic Sector Movement

On Friday (05/17), foreign investors pulled IDR789 billion worth of net sell from JCI. From the global outlook, on-pause US-China negotiation is likely to impact on soy commodity. The US is exposed to permanent loss of its Chinese soy-export markets, while China will never hit 2016-American imported soy volume.

Foreign outflows were followed by the domestic net sell of IDR91 billion and IDR4 billion in the retail and agricultural sectors.

Today's Outlook: Headwinds Faced by JCI

Dow Jones nudged up 0.38% to 25,764 as the US added Huawei Technologies to the Bureau of Industry and Security (BIS) Entity List. Now, China retaliated against the US by putting strains on Apple. From the domestic outlook, the result of the National Election on May 22th by the General Elections Commission (KPU) constitutes as positive sentiments for JCI. We recommend that investors keep a close watch on defensive stocks, with stable performance, i.e., BBKA and UNVR.

Company News

UNTR : Targets Increment in Coal Production
 JSMR : Projects Hike of 7% in Mudik Traffic
 WIKA : Sells Stocks of Surabaya-Mojokerto Toll

Domestic & Global News

BI's Survey: May Inflation Is Estimated at 0.51%
 US-China Trade Talks Have Stalled

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 17 5,826.86
 Chg. -68.87pts (-1.17%)
 Volume (bn shares) 147.61
 Value (IDR tn) 7.19
Adv 143 Dec 253 Unc 253 Untr 143

INNI Index

Last 7,031.76
 Chg. -143.21pts (-2.00%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
WIKA	4.3%	MAPI	-6.1%
PTPP	3.8%	RALS	-4.5%
AALI	2.5%	BMRI	-3.7%
ADRO	1.3%	INCO	-3.1%
LPPF	1.1%	SILO	-3.1%

Foreign Transaction

	(IDR bn)
Buy	2,170
Sell	2,959
Net Buy (Sell)	789

Top Buy	NB Val.	Top Sell	NS Val.
WSKT	25.5	BBRI	347.3
BRPT	22.2	BBKA	146.8
BTPS	16.6	BBNI	140.6
UNTR	16.0	TLKM	48.1
ADRO	15.5	ASII	45.7

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.05%	0.05%
USDIDR	14,453	0.01%
KRWIDR	12.09	-0.62%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,764.00	(98.68)	-0.38%
S&P 500	2,859.53	(16.79)	-0.58%
FTSE 100	7,348.62	(4.89)	-0.07%
DAX	12,238.94	(71.43)	-0.58%
Nikkei	21,250.09	187.11	0.89%
Hang Seng	27,946.46	(328.61)	-1.16%
Shanghai	2,882.30	(73.42)	-2.48%
KOSPI	2,055.80	(11.89)	-0.58%
EIDO	22.36	(0.44)	-1.93%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,277.5	(9.2)	-0.71%
Crude Oil (USD /bbl)	62.76	(0.11)	-0.17%
Coal Newcas(USD/ton)	82.75	(0.05)	-0.06%
Nickel LME (USD /MT)	12,013	(163.0)	-1.34%
Tin LME (USD /MT)	19,500	25.0	0.13%
CPO (MYR/Ton)	2,098	2.0	0.10%

UNTR : Targets Increment in Coal Production

UNTR hikes its targeted coal production volume to 7 million ton in 2019, compared to 5.5 million ton in 2018. Until IQ19, it produced 2.24 million ton of thermal coal and 325,000 tons of coking coal. (Kontan)

JSMR : Projects Hike of 7% in Mudik Traffic

JSMR projects vehicles accessing Jakarta-Cikampek toll roads to head to Central and East Java reached 7% to 202,630 units in 2019, higher than 192,200 units in 2018. (Kontan)

WIKA : Sells Stocks of Surabaya-Mojokerto Toll

PT Wijaya Karya Tbk (WIKA) as the holder of Surabaya-Mojokerto toll-road concession agreed to divest stocks of PT Jasamarga Surabaya Mojokerto through PT Astra Tol Nusantara. The agreement set fort 20% stock divestment of Surabaya-Mojokerto toll-road concession to ASTRA Infra. (Kontan)

Domestic & Global News

BI's Survey: May Inflation Is Estimated at 0.51%

"Bank Indonesia (BI) estimated May's surging inflation. Yet, the surge is likely to be still maintainable amid Ramadan and ahead of Idul Fitri. The price monitoring survey revealed that until the third week of May, the inflation was at 0.51% m-m or 3.14% y-y", BI's governors Perry Warjiyo stated. (Kontan)

US-China Trade Talks Have Stalled

Negotiations between the U.S. and China appear to have stalled as both sides dig in after disagreements earlier this month. Scheduling for the next round of negotiations is "in flux" because it is unclear what the two sides would negotiate, two sources briefed on the status of the talks said. China has not signaled it is willing to revisit past promises on which it reneged earlier this month, despite showing up for talks in Washington last week. Scheduling discussions have not taken place since the Trump administration ratcheted up its scrutiny of Chinese telecom companies. (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
Finance						14.2	2,183.7							
BBCA	25,900	26,000	32,000	Buy	23.6	19.4	638.6	24.2x	4.0x	17.9	1.3	15.1	10.3	1.0
BBRI	3,790	3,660	4,650	Buy	22.7	28.9	467.5	14.0x	2.4x	18.8	2.8	11.2	10.3	1.4
BMRI	7,075	7,375	8,000	Hold	13.1	4.0	330.2	12.5x	1.7x	15.0	N/A	10.9	23.4	1.4
Consumer						(1.4)	1,329.7							
GGRM	79,725	83,625	110,000	Buy	38.0	18.6	153.4	18.6x	3.2x	18.0	3.3	19.2	24.5	1.1
UNVR	41,600	45,400	59,000	Buy	41.8	(9.9)	317.4	35.2x	35.0x	112.2	2.2	(0.8)	(4.6)	1.0
ICBP	9,300	10,450	11,800	Buy	26.9	16.3	108.5	23.1x	4.7x	21.6	2.4	13.9	10.6	0.8
INDF	6,000	7,450	8,700	Buy	45.0	(5.9)	52.7	12.2x	1.5x	12.8	5.0	8.7	14.1	1.2
KAEF	3,190	2,600	4,100	Buy	28.5	56.4	17.7	44.4x	7.8x	16.6	0.5	21.8	(44.6)	1.0
KLBF	1,260	1,520	1,870	Buy	48.4	(0.8)	59.1	24.0x	3.9x	16.9	2.0	7.0	1.0	1.3
Infrastructure						5.7	731.35							
TLKM	3,510	3,750	4,350	Buy	23.9	0.6	347.7	18.8x	3.3x	18.2	3.8	7.7	8.6	0.8
JSMR	5,025	4,280	6,000	Buy	19.4	26.6	36.5	16.5x	2.1x	13.3	0.9	(20.8)	0.3	1.0
Trade						(12.8)	693.4							
UNTR	24,825	27,350	35,000	Buy	41.0	(30.7)	92.6	8.0x	1.6x	22.3	4.8	19.0	20.6	1.0
SILO	4,360	3,590	4,350	Hold	(0.2)	(38.8)	7.1	372.6x	1.1x	0.3	N/A	18.2	583.3	0.9
MIKA	2,090	1,575	2,300	Hold	10.0	19.1	30.4	47.5x	7.2x	15.7	N/A	15.8	18.2	0.7
LPPF	3,670	5,600	5,500	Buy	49.9	(58.3)	10.7	10.8x	5.8x	45.6	9.1	(1.7)	(41.2)	0.9
RALS	1,700	1,420	2,050	Buy	20.6	26.9	12.1	17.6x	2.9x	17.5	2.4	(0.4)	428.0	0.8
MAPI	840	805	1,300	Buy	54.8	-	13.9	30.8x	2.5x	10.5	0.5	8.4	(62.3)	0.9
Property						(4.6)	379.2							
PWON	630	620	725	Buy	15.1	26.0	30.3	11.2x	2.3x	22.3	1.0	3.9	28.1	1.3
CTRA	905	1,010	1,080	Buy	19.3	(6.7)	16.8	12.6x	1.1x	9.5	1.0	21.3	114.3	1.8
PTPP	1,790	1,805	2,450	Buy	36.9	(23.2)	11.1	7.3x	0.9x	12.4	2.7	34.9	12.0	1.5
WSKT	1,715	1,680	2,600	Buy	51.6	(17.1)	23.3	7.4x	1.2x	18.5	4.3	(30.0)	(53.0)	1.5
WIKA	1,930	1,655	2,500	Buy	29.5	26.6	17.3	9.4x	1.1x	13.2	2.0	3.9	66.9	1.3
Basic Ind.						(9.5)	537.9							
KRAS	356	402	600	Buy	68.5	(11.0)	6.9	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
Misc Ind.						1.7	348.1							
ASII	6,700	8,225	9,100	Buy	35.8	2.7	271.2	12.4x	1.9x	16.2	3.2	6.8	4.9	1.2
Mining						(15.3)	361.1							
ADRO	1,175	1,215	1,750	Buy	48.9	(38.3)	37.6	5.6x	0.7x	12.6	7.7	10.8	59.2	1.2
PTBA	2,750	4,300	5,100	Buy	85.5	(25.5)	31.7	6.2x	1.7x	29.2	12.4	(7.2)	(21.7)	1.1
INCO	2,470	3,260	4,400	Buy	78.1	(33.1)	24.5	50.2x	0.9x	1.8	N/A	(25.8)	N/A	1.5
ANTM	670	765	1,200	Buy	79.1	(21.2)	16.1	20.1x	0.8x	4.1	1.9	8.5	(30.1)	1.4
Agriculture						(9.8)	88.1							
AALI	10,350	11,825	16,000	Buy	54.6	(17.2)	19.9	17.8x	1.0x	6.0	3.2	9.3	(89.5)	0.7
LSIP	1,090	1,250	1,500	Buy	37.6	(6.8)	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	-3.2%
YTD Change Gap (vs JCI)	2.7%
Weekly Change	-7.3%
Weekly Change Gap (vs JCI)	-1.2%

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
Tuesday	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
Wednesday	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%
Thursday	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
Friday	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
Wednesday	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%
Thursday	Tentative	Bank Indonesia 7D Reverse Repo	16-May		0.06	6.00%
<i>16 - May</i>						

Source: Bloomberg

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