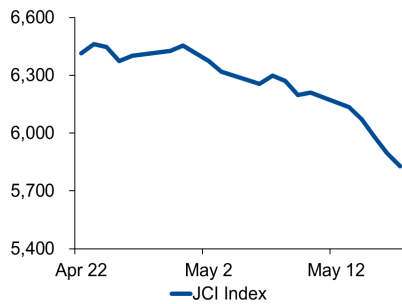


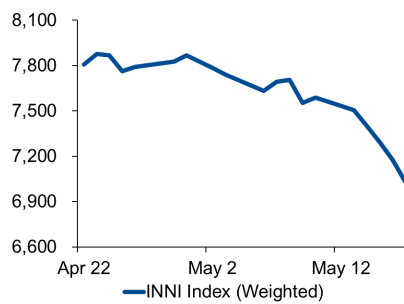
Morning Brief

Daily | May 21 2019

JCI Movement



INNI Movement



Market Recap

JCI was rebounding as the miscellaneous industry bounced back. **JCI's Top Gainers: Misc. Industry (+2.6%), Basic Industry (+2.4%), Infrastructure (+2.1%)**

INNI Index closed higher at 0.48% as JCI rallied. BBCA, a defensive stock, jostling for better performance amid murky global economy, was rebound at 3.9%

Daily Foreign & Domestic Sector Movement

Foreign money of IDR642 billion fled from JCI as foreign investors pulled IDR947 billion from the banking sector: yesterday's biggest outflows. In the domestic market, prior-targeted-net-sell large cap. stocks are currently on net-buy target. Stocks underpinned JCI's rally were BBCA (3.86%), TLKM (2.56%), ASII (2.99%), BBNI (4.01%), and UNVR (1.68%).

Additionally, domestic investors spent IDR2.6 billion worth of net sell on the miscellaneous industry.

Today's Outlook: First Focus: Economic Stability

Dow Jones edged down 0.33% to 25,679. In the global circumstances, Japan's IQ19 GDP was at 0.5%, well above the consensus. It spawned investors' optimism and eased their fears of Japan's slowdown economy at the early of 2019. In the domestic backdrop, investors put political tensions and economic stability as their first focus ahead of the official result of 2019 presidential election on May 22th. Indeed, it constitutes as a positive catalyst for boosting investors' optimism, shattered by the murky global economy.

Company News

- CTRA : Is Posing Strategies to Secure Market
- ASII : Settles Kunciran-Serpong Toll Road
- PTPP : Secures New Contracts of IDR10.75 Trillion

Domestic & Global News

- Subsidy Realization Is Possible to Hike
- Japan Economy Beats Expectations Of Slowdown

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

| | |
|---|--------------------|
| May 20 | 5,907.12 |
| Chg. | +80.25pts (+1.38%) |
| Volume (bn shares) | 129.09 |
| Value (IDR tn) | 7.12 |
| Adv 216 Dec 169 Unc 264 Untr 124 | |

INNI Index

| | |
|------|---------------------|
| Last | 7,135.30 |
| Chg. | +103.47pts (+1.47%) |

INNI Top Gainers & Losers

| Gainers | % | Losers | % |
|---------|------|--------|-------|
| KLBF | 5.6% | WSKT | -2.9% |
| JSMR | 5.0% | MIKA | -2.9% |
| BBCA | 3.9% | UNTR | -1.3% |
| INDF | 3.8% | BBRI | -1.1% |
| KRAS | 3.4% | AALI | -1.0% |

Foreign Transaction

| | (IDR bn) |
|----------------|----------|
| Buy | 1,722 |
| Sell | 2,365 |
| Net Buy (Sell) | 642 |

| Top Buy | NB Val. | Top Sell | NS Val. |
|---------|---------|----------|---------|
| JSMR | 13.1 | BBRI | 251.5 |
| FIRE | 12.4 | BMRI | 86.3 |
| TAMU | 6.5 | UNTR | 59.5 |
| MAPI | 5.9 | TLKM | 46.7 |
| EXCL | 5.2 | BBNI | 44.2 |

Government Bond Yield & FX

| | Last | Chg. |
|----------------|--------|-------|
| Tenor: 10 year | 8.09% | 0.04% |
| USDIDR | 14,458 | 0.03% |
| KRWIDR | 12.10 | 0.04% |

Global Indexes

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 25,679.90 | (84.10) | -0.33% |
| S&P 500 | 2,840.23 | (19.30) | -0.67% |
| FTSE 100 | 7,310.88 | (37.74) | -0.51% |
| DAX | 12,041.29 | (197.65) | -1.61% |
| Nikkei | 21,301.73 | 51.64 | 0.24% |
| Hang Seng | 27,787.61 | (158.85) | -0.57% |
| Shanghai | 2,870.60 | (11.69) | -0.41% |
| KOSPI | 2,055.71 | (0.09) | 0.00% |
| EIDO | 22.71 | 0.35 | 1.57% |

Commodities

| Commodity | Last | Chg. | % |
|----------------------|---------|--------|--------|
| Gold (USD /troy oz.) | 1,277.8 | 0.3 | 0.02% |
| Crude Oil (USD /bbl) | 63.10 | 0.34 | 0.54% |
| Coal Newcas(USD/ton) | 81.05 | (1.70) | -2.05% |
| Nickel LME (USD /MT) | 11,975 | (38.0) | -0.32% |
| Tin LME (USD /MT) | 19,450 | (50.0) | -0.26% |
| CPO (MYR/Ton) | 2,098 | 2.0 | 0.10% |

CTRA : Is Posing Strategies to Secure Market

PT Ciputra Development Tbk (CTRA) sets strategies to overcome sluggish markets by launching a market-friendly development project. It previously launched North West Park in Citraland, Surabaya and secured IDR430 billion worth of revenues. (Kontan)

ASII : Settles Kunciran-Serpong Toll Road

Astra Infra, a subsidiary of PT Astra Internasional Tbk (ASII), has completed Kunciran-Serpong toll-road project, the progress of which has reached 90%. It targets to complete the toll road at the end of 2019 albeit a bit of land acquisition issue. (CNBC Indonesia)

PTPP : Secures New Contracts of IDR10.75 Trillion

PT Pembangunan Perumahan Tbk (PTPP) booked IDR10.75 trillion worth of new contracts until April 2019. The new contracts reached 21% of 2019's total targeted contracts. (CNBC Indonesia)

Domestic & Global News

Subsidy Realization Is Possible to Hike

Up-to-April subsidized spending realization was on a downtrend. The numbers dropped by 13.70%, or equal to IDR37.95 trillion or 16.92% of IDR224.32 trillion worth of the highest credit limit set forth in 2019 state budget (APBN). The Budget General Director of the Finance Minister Askolani stated that the declining realization was attributable to subsidized debt to Pertamina and state-electricity firm (PLN). (Kontan)

Japan Economy Beats Expectations Of Slowdown

Japan's economy unexpectedly grew in the three months to March, shrugging off forecasts for a contraction in the world's third-largest economy. The economy grew at an annualized 2.1% in the period, preliminary gross domestic product (GDP) data showed. That beat analyst expectations for a 0.2% contraction, as imports fell faster than exports. (BBC News)

| | 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 | | | | | | 18.5 | 2,222.7 | | | | | | | |
| BBCA | 26,900 | 26,000 | 32,000 | Buy | 19.0 | 24.2 | 663.2 | 25.1x | 4.2x | 17.9 | 1.3 | 15.1 | 10.3 | 1.0 |
| BBRI | 3,750 | 3,660 | 4,650 | Buy | 24.0 | 35.9 | 462.5 | 13.8x | 2.4x | 18.8 | 2.8 | 11.2 | 10.3 | 1.4 |
| BMRI | 7,225 | 7,375 | 8,000 | Hold | 10.7 | 8.2 | 337.2 | 12.8x | 1.8x | 15.0 | N/A | 10.9 | 23.4 | 1.4 |
| Consumer | | | | | | (0.2) | 1,337.0 | | | | | | | |
| GGRM | 79,000 | 83,625 | 110,000 | Buy | 39.2 | 18.7 | 152.0 | 18.4x | 3.2x | 18.0 | 3.3 | 19.2 | 24.5 | 1.1 |
| UNVR | 42,300 | 45,400 | 59,000 | Buy | 39.5 | (8.4) | 322.7 | 35.8x | 35.6x | 112.2 | 2.2 | (0.8) | (4.6) | 1.0 |
| ICBP | 9,375 | 10,450 | 11,800 | Buy | 25.9 | 17.2 | 109.3 | 23.2x | 4.7x | 21.6 | 2.3 | 13.9 | 10.6 | 0.8 |
| INDF | 6,225 | 7,450 | 8,700 | Buy | 39.8 | (1.2) | 54.7 | 12.6x | 1.6x | 12.8 | 4.9 | 8.7 | 14.1 | 1.2 |
| KAEF | 3,190 | 2,600 | 4,100 | Buy | 28.5 | 57.9 | 17.7 | 44.4x | 7.8x | 16.6 | 0.5 | 21.8 | (44.6) | 1.0 |
| KLBF | 1,330 | 1,520 | 1,870 | Buy | 40.6 | 3.1 | 62.3 | 25.3x | 4.1x | 16.9 | 1.9 | 7.0 | 1.0 | 1.3 |
| Infrastructure | | | | | | 9.5 | 746.50 | | | | | | | |
| TLKM | 3,600 | 3,750 | 4,350 | Buy | 20.8 | 5.3 | 356.6 | 19.3x | 3.4x | 18.2 | 3.7 | 7.7 | 8.6 | 0.8 |
| JSMR | 5,275 | 4,280 | 6,000 | Hold | 13.7 | 32.2 | 38.3 | 17.4x | 2.2x | 13.3 | 0.9 | (20.8) | 0.3 | 1.0 |
| Trade | | | | | | (12.5) | 694.2 | | | | | | | |
| UNTR | 24,500 | 27,350 | 35,000 | Buy | 42.9 | (30.6) | 91.4 | 7.8x | 1.6x | 22.3 | 4.9 | 19.0 | 20.6 | 1.0 |
| SILO | 4,420 | 3,590 | 4,350 | Hold | (1.6) | (37.3) | 7.2 | 377.8x | 1.1x | 0.3 | N/A | 18.2 | 583.3 | 0.9 |
| MIKA | 2,030 | 1,575 | 2,300 | Hold | 13.3 | 14.4 | 29.5 | 46.1x | 7.0x | 15.7 | N/A | 15.8 | 18.2 | 0.7 |
| LPPF | 3,720 | 5,600 | 5,500 | Buy | 47.8 | (58.6) | 10.9 | 10.9x | 5.9x | 45.6 | 9.0 | (1.7) | (41.2) | 0.9 |
| RALS | 1,710 | 1,420 | 2,050 | Buy | 19.9 | 21.3 | 12.1 | 17.7x | 2.9x | 17.5 | 2.3 | (0.4) | 428.0 | 0.8 |
| MAPI | 845 | 805 | 1,300 | Buy | 53.8 | 2.4 | 14.0 | 31.0x | 2.5x | 10.5 | 0.5 | 8.4 | (62.3) | 0.9 |
| Property | | | | | | (2.7) | 384.4 | | | | | | | |
| 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 | 900 | 1,010 | 1,080 | Buy | 20.0 | (2.2) | 16.7 | 12.5x | 1.1x | 9.5 | 1.1 | 21.3 | 114.3 | 1.8 |
| PTPP | 1,840 | 1,805 | 2,450 | Buy | 33.2 | (21.0) | 11.4 | 7.5x | 0.9x | 12.4 | 2.6 | 34.9 | 12.0 | 1.5 |
| WSKT | 1,665 | 1,680 | 2,600 | Buy | 56.2 | (21.5) | 22.6 | 7.2x | 1.2x | 18.5 | 4.4 | (30.0) | (53.0) | 1.5 |
| WIKA | 1,985 | 1,655 | 2,500 | Buy | 25.9 | 24.8 | 17.8 | 9.6x | 1.2x | 13.2 | 1.9 | 3.9 | 66.9 | 1.3 |
| Basic Ind. | | | | | | (6.6) | 551.2 | | | | | | | |
| KRAS | 368 | 402 | 600 | Buy | 63.0 | (8.5) | 7.1 | N/A | 0.3x | (7.3) | N/A | (13.8) | (966.7) | 1.2 |
| Misc Ind. | | | | | | 4.2 | 357.3 | | | | | | | |
| ASII | 6,900 | 8,225 | 9,100 | Buy | 31.9 | 5.7 | 279.3 | 12.7x | 2.0x | 16.2 | 3.1 | 6.8 | 4.9 | 1.2 |
| Mining | | | | | | (15.7) | 363.5 | | | | | | | |
| ADRO | 1,175 | 1,215 | 1,750 | Buy | 48.9 | (39.7) | 37.6 | 5.6x | 0.7x | 12.6 | 7.7 | 10.8 | 59.2 | 1.2 |
| PTBA | 2,810 | 4,300 | 5,100 | Buy | 81.5 | (26.6) | 32.4 | 6.3x | 1.7x | 29.2 | 12.1 | (7.2) | (21.7) | 1.1 |
| INCO | 2,470 | 3,260 | 4,400 | Buy | 78.1 | (35.2) | 24.5 | 50.2x | 0.9x | 1.8 | N/A | (25.8) | N/A | 1.5 |
| ANTM | 685 | 765 | 1,200 | Buy | 75.2 | (22.2) | 16.5 | 20.6x | 0.8x | 4.1 | 1.9 | 8.5 | (30.1) | 1.4 |
| Agriculture | | | | | | (12.4) | 87.5 | | | | | | | |
| AALI | 10,250 | 11,825 | 16,000 | Buy | 56.1 | (21.3) | 19.7 | 17.6x | 1.0x | 6.0 | 3.3 | 9.3 | (89.5) | 0.7 |
| LSIP | 1,100 | 1,250 | 1,500 | Buy | 36.4 | (10.2) | 7.5 | 29.3x | 0.9x | 3.0 | 4.1 | 6.9 | (64.7) | 0.8 |

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

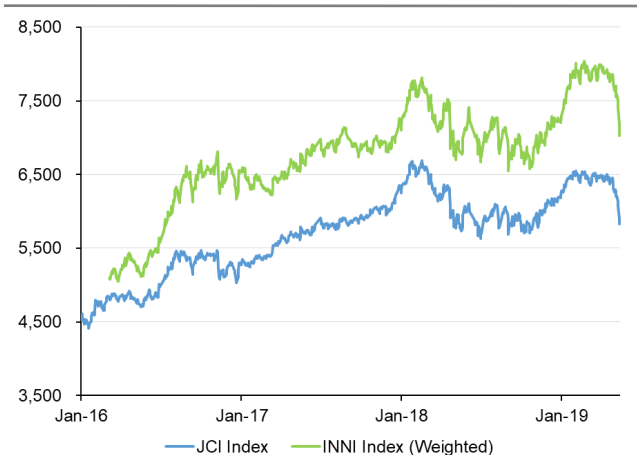
INNI Index Movement

| | |
|----------------------------|-------|
| YTD Change | -1.8% |
| YTD Change Gap (vs JCI) | 2.9% |
| Weekly Change | -5.0% |
| 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 |
|------------------------------|---------|-----------------|-----------------------------------|--------|--------|-----------|----------|
| Monday 20 - May | JPN | 06:50 | GDP SA QoQ | 1Q P | 0.50% | -0.10% | 0.50% |
| | JPN | 11:30 | Industrial Production MoM | Mar F | -0.60% | -- | -0.90% |
| Tuesday 21 - May | USA | 21:00 | Existing Home Sales | Apr | | 5.35m | 5.21m |
| Wednesday 22 - May | JPN | 06:50 | Core Machine Orders MoM | Mar | | 0.00% | 1.80% |
| | UK | 15:30 | PPI Output NSA MoM | Apr | | 0.30% | 0.30% |
| | UK | 15:30 | CPI MoM | Apr | | 0.70% | 0.20% |
| | USA | 18:00 | MBA Mortgage Applications | 17-May | | -- | -0.60% |
| Thursday 23 - May | JPN | 07:30 | Nikkei Japan PMI Mfg | May P | | -- | 50.2 |
| | GER | 13:00 | GDP SA QoQ | 1Q F | | 0.40% | 0.40% |
| | GER | 15:00 | IFO Expectations | May | | 95 | 95.2 |
| | EU | 15:00 | Markit Eurozone Manufacturing PMI | May P | | 48.1 | 47.9 |
| | GER | 15:00 | IFO Business Climate | May | | 99.2 | 99.2 |
| | USA | 19:30 | Initial Jobless Claims | 18-May | | 215k | 212k |
| | USA | 20:45 | Markit US Manufacturing PMI | May P | | 52.7 | 52.6 |
| | USA | 21:00 | New Home Sales | Apr | | 670k | 692k |
| Friday 24 - May | JPN | 06:30 | Natl CPI YoY | Apr | | 0.90% | 0.50% |
| | JPN | 12:30 | All Industry Activity Index MoM | Mar | | -0.20% | -0.20% |
| | USA | 19:30 | Durable Goods Orders | Apr P | | -2.00% | 2.60% |

Source: Bloomberg

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