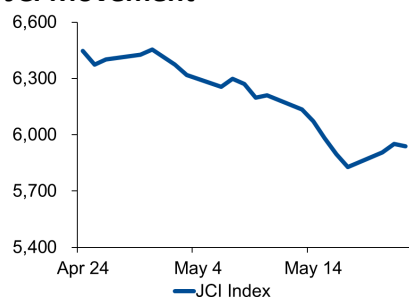


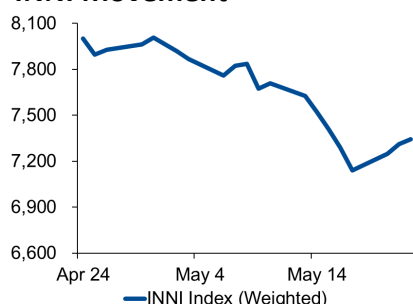
Morning Brief

Daily | May 23 2019

JCI Movement



INNI Movement



Market Recap

JCI was at lower close due to political turmoil. **JCI's Top Losers: Infrastructure (-0.9%), Consumer (-0.4%), Agriculture (-0.4%)**

In stark contrast to JCI's bearish performance, INNI Index on Wednesday (05/22) nudged up 0.42% due to the rally in mining stocks, i.e., INCO (+2.4%) and PTBA (+1.4%).

Daily Foreign & Domestic Sector Movement

Yesterday, JCI grabbed foreign inflows of IDR702%, stemming from roughly IDR933 billion worth of crossing shares over PT Multistrada Arah Sarana Tbk (MASA) in the negotiation market. It was a bidding offer from Compagnie Générale Des Etablissements Michelin, a French tire producer.

JCI also secured domestic net inflows of IDR 95 billion and IDR75 billion into the banking and consumer sectors.

Today's Outlook: Political Riot Post Jokowi Winning

Dow Jones fizzled out as it dropped at 0.39% to 25,776. That laid in Qualcomm's declines of 10.9% after the U.S. jury reached a verdict that Qualcomm abused antimonopoly laws. Besides, more bruising US-China battle dimmed investors' optimism about amicable resolution through negotiation. In the domestic backdrop, post-election unrest grips feared investors over political stability in Indonesia. The riots captured a disappointment to the result of 2019 national election winning Joko Widodo-Ma'ruf Amin.

Company News

- INTP : Enjoyed IQ19 Hiking Profits of 50.2%
- KLBF : Promotes Innovations to Hit Targets
- UNVR : Spent IDR240 Billion Worth of Capex in IQ19

Domestic & Global News

Indonesian Authorities to Revise Incentive Regulations in KEK
 Fed Minutes: No Rate Moves Are Coming 'For Some Time'

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 22	5,939.63
Chg.	-11.73pts (-0.20%)
Volume (bn shares)	161.89
Value (IDR tn)	6.94
Adv 180 Dec 213 Unc 256 Untr 126	

INNI Index

Last	7,343.94
Chg.	+31.05pts (+0.42%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
KAEF	7.5%	SILO	-2.9%
INCO	2.4%	LPPF	-2.1%
PTBA	1.4%	TLKM	-1.7%
MIKA	1.3%	WIKA	-1.4%
BMRI	0.7%	UNTR	-1.3%

Foreign Transaction

	(IDR bn)
Buy	3,035
Sell	2,332
Net Buy (Sell)	702

Top Buy	NB Val.	Top Sell	NS Val.
BRPT	65.1	BBRI	98.3
BMRI	27.3	TLKM	65.6
BBCA	24.3	BBNI	40.6
ASII	16.0	GGRM	31.6
BTPS	8.9	UNVR	24.9

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.09%	0.02%
USDIDR	14,525	0.31%
KRWIDR	12.21	0.78%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,776.61	(100.72)	-0.39%
S&P 500	2,856.27	(8.09)	-0.28%
FTSE 100	7,334.19	5.27	0.07%
DAX	12,168.74	25.27	0.21%
Nikkei	21,283.37	10.92	0.05%
Hang Seng	27,705.94	48.70	0.18%
Shanghai	2,891.71	(14.26)	-0.49%
KOSPI	2,064.86	3.61	0.18%
EIDO	22.96	(0.24)	-1.03%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,273.3	(1.3)	-0.11%
Crude Oil (USD /bbl)	61.42	(1.71)	-2.71%
Coal Newcas(USD/ton)	82.30	0.80	0.98%
Nickel LME (USD /MT)	11,981	(90.0)	-0.75%
Tin LME (USD /MT)	19,325	(150.0)	-0.77%
CPO (MYR/Ton)	2,057	(41.0)	-1.95%

INTP : Enjoyed IQ19 Hiking Profits of 50.2%

PT Indocement Tunggul Prakarsa Tbk (INTP) posted IQ19 revenues of IDR3.7 trillion, hiking by 8.5% yoy. The rising revenues alongside picking up profits of roughly 50.2% into IDR396.9 were boosted by incremental sales volume of 2.4% (Kontan)

KLBF : Promotes Innovations to Hit Targets

PT Kalbe Farma Tbk (KLBF) targets its business to expand roughly at 6%-8% in 2019. To precisely hit the target, it develops a number of innovations, e.g., biotech applied in the production, construction of new factories, and more budget spent on researches and development (R&D). (CNBC Indonesia)

UNVR : Spent IDR240 Billion Worth of Capex in IQ19

PT Unilever Indonesia Tbk (UNVR), in IQ19, spent IDR240 billion of total capex amounting to IDR1.3 trillion. It spent IDR240 billion on increasing production capacities by adding business lines for food & refreshment and home & personal care segments. (Bisnis Indonesia)

Domestic & Global News

Indonesian Authorities to Revise Incentive Regulations in KEK

Indonesian authorities are revising regulations of investment incentive rules in Special Economic Zones (KEK). To-be-revised regulations are stated in PP Number 96 of 2015, and PP No. 2 of 2011. The Secretary of the Coordinating Ministry for Economic Affairs Susiwijijono Moegiarso said the second revision was aimed at attracting more investment in KEK. The regulations responded well to the trade balance deficits and Indonesia's current account balance. (Kontan)

Fed Minutes: No Rate Moves Are Coming 'For Some Time'

Minutes from the May 1-2 Federal Open Market Committee meeting say "members observed that a patient approach to determining future adjustments to the target range for the federal funds rate would likely remain appropriate for some time". Minutes also said Participants continued to view sustained expansion of economic activity, with strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective as the most likely outcomes (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						17.6	2,238.6							
BBCA	27,300	26,000	32,000	Buy	17.2	24.1	673.1	25.5x	4.2x	17.9	1.2	15.1	10.3	1.0
BBRI	3,770	3,660	4,650	Buy	23.3	30.9	465.0	13.9x	2.4x	18.8	2.8	11.2	10.3	1.4
BMRI	7,300	7,375	8,000	Hold	9.6	7.7	340.7	12.9x	1.8x	15.0	N/A	10.9	23.4	1.4
Consumer						(1.3)	1,337.8							
GGRM	78,600	83,625	110,000	Buy	39.9	15.5	151.2	18.3x	3.2x	18.0	3.3	19.2	24.5	1.1
UNVR	42,075	45,400	59,000	Buy	40.2	(9.3)	321.0	35.6x	35.4x	112.2	2.2	(0.8)	(4.6)	1.0
ICBP	9,500	10,450	11,800	Buy	24.2	18.4	110.8	23.6x	4.8x	21.6	2.3	13.9	10.6	0.8
INDF	6,250	7,450	8,700	Buy	39.2	(8.1)	54.9	12.7x	1.6x	12.8	4.8	8.7	14.1	1.2
KAEF	3,420	2,600	4,100	Buy	19.9	70.1	19.0	47.6x	8.4x	16.6	0.4	21.8	(44.6)	1.0
KLBF	1,325	1,520	1,870	Buy	41.1	3.1	62.1	25.2x	4.1x	16.9	1.9	7.0	1.0	1.3
Infrastructure						8.0	740.65							
TLKM	3,540	3,750	4,350	Buy	22.9	2.0	350.7	18.9x	3.3x	18.2	3.8	7.7	8.6	0.8
JSMR	5,300	4,280	6,000	Hold	13.2	29.6	38.5	17.4x	2.2x	13.3	0.9	(20.8)	0.3	1.0
Trade						(11.7)	701.4							
UNTR	24,400	27,350	35,000	Buy	43.4	(33.0)	91.0	7.8x	1.6x	22.3	4.9	19.0	20.6	1.0
SILO	4,300	3,590	4,350	Hold	1.2	(37.0)	7.0	367.5x	1.1x	0.3	N/A	18.2	583.3	0.9
MIKA	2,000	1,575	2,300	Hold	15.0	14.3	29.1	45.4x	6.8x	15.7	N/A	15.8	18.2	0.7
LPPF	3,680	5,600	5,500	Buy	49.5	(58.2)	10.7	10.8x	5.8x	45.6	9.1	(1.7)	(41.2)	0.9
RAIS	1,680	1,420	2,050	Buy	22.0	24.9	11.9	17.4x	2.9x	17.5	2.4	(0.4)	428.0	0.8
MAPI	865	805	1,300	Buy	50.3	7.8	14.4	31.7x	2.6x	10.5	0.5	8.4	(62.3)	0.9
Property						(1.8)	390.3							
PWON	640	620	725	Hold	13.3	29.0	30.8	11.4x	2.3x	22.3	0.9	3.9	28.1	1.3
CTRA	900	1,010	1,080	Buy	20.0	-	16.7	12.5x	1.1x	9.5	1.1	21.3	114.3	1.8
PTPP	1,855	1,805	2,450	Buy	32.1	(28.7)	11.5	7.6x	0.9x	12.4	2.6	34.9	12.0	1.5
WSKT	1,695	1,680	2,600	Buy	53.4	(25.0)	23.0	7.3x	1.2x	18.5	4.3	(30.0)	(53.0)	1.5
WIKA	2,050	1,655	2,500	Buy	22.0	25.8	18.4	10.0x	1.2x	13.2	1.9	3.9	66.9	1.3
Basic Ind.						(8.2)	553.3							
KRAS	366	402	600	Buy	63.9	(12.9)	7.1	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
SMGR	10,825	11,500	13,600	Buy	25.6	30.4	64.2	21.9x	2.1x	9.7	1.3	22.8	(34.8)	1.4
INTP	18,600	18,450	19,000	Hold	2.2	10.1	68.5	53.6x	2.9x	5.3	3.8	8.5	50.2	1.5
Misc Ind.						(0.0)	362.6							
ASII	7,000	8,225	9,100	Buy	30.0	-	283.4	12.9x	2.0x	16.2	3.1	6.8	4.9	1.2
Mining						(10.6)	368.7							
ADRO	1,235	1,215	1,750	Buy	41.7	(32.3)	39.5	5.9x	0.7x	12.6	7.3	10.8	59.2	1.2
PTBA	2,850	4,300	5,100	Buy	78.9	(24.4)	32.8	6.4x	1.7x	29.2	11.9	(7.2)	(21.7)	1.1
INCO	2,600	3,260	4,400	Buy	69.2	(28.8)	25.8	52.6x	1.0x	1.8	N/A	(25.8)	N/A	1.5
ANTM	710	765	1,200	Buy	69.0	(16.0)	17.1	21.3x	0.9x	4.1	1.8	8.5	(30.1)	1.4

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

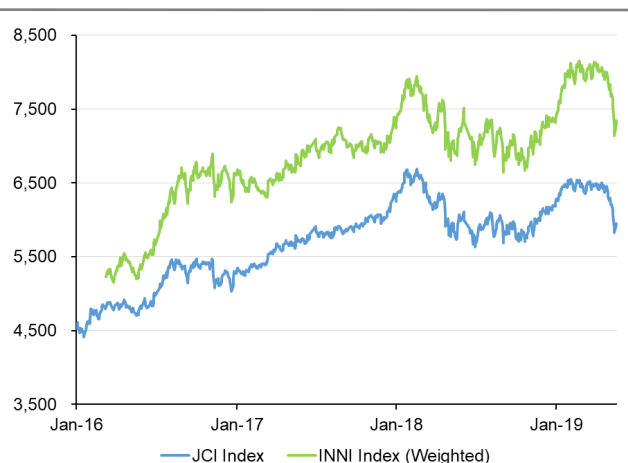
INNI Index Movement

YTD Change	1.1%
YTD Change Gap (vs JCI)	5.2%
Weekly Change	-0.9%
Weekly Change Gap (vs JCI)	-0.2%

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	JPN	06:50	GDP SA QoQ	1Q P	0.50%	-0.10%	0.50%
20 - May	JPN	11:30	Industrial Production MoM	Mar F	-0.60%	--	-0.90%
Tuesday	USA	21:00	Existing Home Sales	Apr	5.19m	5.35m	5.21m
21 - May							
Wednesday	JPN	06:50	Core Machine Orders MoM	Mar	3.8%	0.00%	1.80%
22 - May	UK	15:30	PPI Output NSA MoM	Apr	0.30%	0.30%	0.30%
	UK	15:30	CPI MoM	Apr	0.60%	0.70%	0.20%
	USA	18:00	MBA Mortgage Applications	17-May	2.4%	--	-0.60%
Thursday	JPN	07:30	Nikkei Japan PMI Mfg	May P	49.6	--	50.2
23 - May	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	JPN	06:30	Natl CPI YoY	Apr		0.90%	0.50%
24 - May	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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