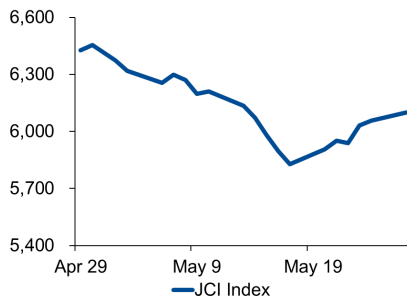


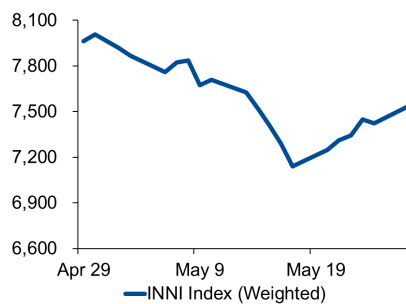
Morning Brief

Daily | May 28 2019

JCI Movement



INNI Movement



Market Recap

JCI ended higher after the banking and basic industry ended sessions at a rebound. **JCI's Top Gainers: Basic Industry (+2.2%), Infrastructure (+1.4%), Finance (+0.8%)**

INNI Index finished higher at 1.52%, lifted by retail stocks, i.e. MAPI (+6.3%) and RALS (5.5%). RALS's plan to distribute dividend with the par value of IDR50, higher than IDR40 in 2018.

Daily Foreign & Domestic Sector Movement

JCI recorded yesterday's foreign inflows of IDR460 billion with the banking sector cheered the biggest inflows of roughly IDR484 billion. From the global issue, Trump is currently in Japan and will have trade talks with Japan's Prime Minister Shinzo Abe. Trump is seeking fair trade with Japan. The trade talks lifted Asian markets.

Meanwhile, the sector and mining sectors respectively cheered domestic funds worth of IDR36 billion and IDR29 billion.

Today's Outlook: The US and Japan: Beneficial Alliance

Nikkei Index closed higher at 0.31% to 21,182 after Trump's state visit to Japan with a view of trade negotiation. The US muted economic growth is likely to urge the Fed to slash FFR, appropriate for 2019. The scaling-down FFR will trigger a flood of capital outflows from the US to pour into emerging markets, including Indonesia. Today, keep a close watch on basic industrial stocks, cement in particular.

Company News

JSMR : Halts Jakarta-Cikampek II Elevated Toll Road
 BMRI : Targets to Receive IDR60 Trillion from Recovery Credit
 BBKA : Posted IDR1 Trillion Worth of 1Q19 Write-Off

Domestic & Global News

Indonesia Endeavors to Narrow Trade Deficits with Argentina
 The 10-year yield Just Hit Its Lowest Level Since 2017

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 27	6,098.97
Chg.	+41.62pts (+0.69%)
Volume (bn shares)	122.42
Value (IDR tn)	7.43
Adv 219 Dec 174 Unc 256 Untr 130	

INNI Index

Last	7,536.20
Chg.	+113.19pts (+1.52%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
MAPI	6.3%	UNTR	-1.0%
RALS	5.5%	UNVR	-0.7%
SMGR	5.3%	ASII	-0.7%
WIKA	4.3%	LPPF	-0.5%
INTP	4.0%	MIKA	-0.5%

Foreign Transaction

	(IDR bn)
Buy	2,584
Sell	2,214
Net Buy (Sell)	460

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	284.2	PTPP	37.3
BBKA	223.0	UNTR	35.7
BBRI	47.2	UNVR	31.7
INDF	24.4	PTBA	21.3
INTP	17.9	HMSP	21.6

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.92%	-0.07%
USDIDR	14,390	-0.50%
KRWIDR	12.12	-0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,585.69	95.22	0.37%
S&P 500	2,826.06	3.82	0.14%
FTSE 100	7,277.73	46.69	0.65%
DAX	12,071.18	60.14	0.50%
Nikkei	21,182.58	65.36	0.31%
Hang Seng	27,288.09	(65.84)	-0.24%
Shanghai	2,892.38	39.38	1.38%
KOSPI	2,044.21	(1.10)	-0.05%
EIDO	23.77	0.19	0.81%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,288.9	4.0	0.31%
Crude Oil (USD /bbl)	58.63	0.72	1.24%
Coal Newcas(USD/ton)	80.75	0.00	0.00%
Nickel LME (USD /MT)	12,355	460.0	3.87%
Tin LME (USD /MT)	19,300	(25.0)	-0.13%
CPO (MYR/Ton)	2,025	12.0	0.60%

JSMR : Halts Jakarta-Cikampek II Elevated Toll Road

To support smooth and safe traffic of Idul Fitri's exodus, PT Jasa Marga (Persero) Tbk temporarily halts the construction activities in Jakarta-Cikampek toll road sections. The four construction activities subsume Jakarta-Cikampek II (Elevated) toll road, Jakarta-Bandung Light Rail Transit (LRT), and Cibitung-Cilincing toll road. (Kontan)

BMRI : Targets to Receive IDR60 Trillion from Recovery Credit

PT Bank Mandiri (Persero) Tbk targets that the recovery credit contributes IDR6 trillion to revenues. Of note, each of the different segments has different levels of recovery credit for example mortgage loan and credit card with the recovery credit of 60%-80% and 50%-70%, respectively. (Bisnis Indonesia)

BBCA : Posted IDR1 Trillion Worth of 1Q19 Write-Off

PT Bank Central Asia Tbk posted write-off credit of IDR1 trillion in 1Q19. The corporates and consumer segments dominated the write-off credit. (Bisnis Indonesia)

Domestic & Global News

Indonesia Endeavors to Narrow Trade Deficits with Argentina

Indonesian authorities pave a way for balancing trade deficits (counter trade) with Argentine authorities. Indonesia still posts trade deficits upon its trade partnership with Argentina. The Minister of Trade Enggartiasto Lukita stated that it is suggested that Indonesia and Argentina build mutual trade. (Kontan)

The 10-year yield Just Hit Its Lowest Level Since 2017

Escalating U.S.-China trade tensions drove the stock market lower this week, with the Dow Jones Industrial Average seeing its longest losing streak since 2011. The U.S. 10-year Treasury yield also fell to its lowest level since 2017. These developments led Bank of America strategists to cut their global rate outlook on Thursday. The note's 13 writers said they expect the U.S. 10-year yield, which remained in the 2.3% range on Friday, to make up only about 0.3% of ground by year-end and finish 2019 at 2.60%. (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						13.4	2,317.0							
BBCA	28,425	26,000	32,000	Hold	12.6	24.4	700.8	26.5x	4.4x	17.9	1.2	15.1	10.3	1.0
BBRI	3,920	3,660	4,650	Buy	18.6	20.6	483.5	14.5x	2.5x	18.8	3.4	11.2	10.3	1.4
BMRI	7,725	7,375	8,000	Hold	3.6	4.7	360.5	13.7x	1.9x	15.0	3.1	10.9	23.4	1.4
Consumer						(4.4)	1,355.0							
GGRM	79,800	83,625	110,000	Buy	37.8	14.9	153.5	18.6x	3.2x	18.0	3.3	19.2	24.5	1.0
UNVR	43,200	45,400	59,000	Buy	36.6	(8.3)	329.6	36.6x	36.4x	112.2	2.1	(0.8)	(4.6)	1.0
ICBP	9,775	10,450	11,800	Buy	20.7	13.3	114.0	24.2x	4.9x	21.6	2.3	13.9	10.6	0.8
INDF	6,525	7,450	8,700	Buy	33.3	(7.8)	57.3	13.2x	1.6x	12.8	4.6	8.7	14.1	1.2
KAEF	3,330	2,600	4,100	Buy	23.1	64.0	18.5	46.3x	8.2x	16.6	0.4	21.8	(44.6)	1.0
KLBF	1,345	1,520	1,870	Buy	39.0	(4.3)	63.0	25.6x	4.1x	16.9	1.9	7.0	1.0	1.3
Infrastructure						9.1	786.10							
TLKM	3,820	3,750	4,350	Hold	13.9	3.5	378.4	20.4x	3.6x	18.2	3.5	7.7	8.6	0.9
JSMR	5,700	4,280	6,000	Hold	5.3	29.5	41.4	18.8x	2.4x	13.3	0.8	(20.8)	0.3	1.0
Trade						(13.6)	699.1							
UNTR	24,850	27,350	35,000	Buy	40.8	(31.2)	92.7	8.0x	1.6x	22.3	4.8	19.0	20.6	0.9
SILO	4,270	3,590	4,350	Hold	1.9	(40.5)	6.9	365.0x	1.1x	0.3	N/A	18.2	583.3	0.8
MIKA	1,900	1,575	2,300	Buy	21.1	-	27.6	43.2x	6.5x	15.7	N/A	15.8	18.2	0.6
LPPF	3,760	5,600	5,500	Buy	46.3	(62.0)	11.0	11.1x	5.9x	45.6	8.9	(1.7)	(41.2)	0.9
RALS	1,620	1,420	2,050	Buy	26.5	16.5	11.5	16.8x	2.8x	17.5	2.5	(0.4)	428.0	0.7
MAPI	840	805	1,300	Buy	54.8	(1.8)	13.9	30.8x	2.5x	10.5	1.2	8.4	(62.3)	0.8
Property						(4.2)	400.0							
PWON	670	620	725	Hold	8.2	19.6	32.3	11.9x	2.4x	22.3	0.9	3.9	28.1	1.3
CTRA	1,010	1,010	1,080	Hold	6.9	(4.7)	18.7	14.0x	1.3x	9.5	0.9	21.3	114.3	1.8
PTPP	1,890	1,805	2,450	Buy	29.6	(29.2)	11.7	7.7x	0.9x	12.4	2.6	34.9	12.0	1.5
WSKT	1,800	1,680	2,600	Buy	44.4	(23.1)	24.4	7.7x	1.3x	18.5	4.1	(30.0)	(53.0)	1.4
WIKA	2,190	1,655	2,500	Hold	14.2	32.3	19.6	10.6x	1.3x	13.2	1.8	3.9	66.9	1.3
Basic Ind.						(8.2)	575.7							
KRAS	378	402	600	Buy	58.7	(10.8)	7.3	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
SMGR	11,375	11,500	13,600	Buy	19.6	30.0	67.5	23.0x	2.2x	9.7	1.2	22.8	(34.8)	1.3
INTP	19,975	18,450	19,000	Hold	(4.9)	8.1	73.5	57.5x	3.1x	5.3	3.5	8.5	50.2	1.5
Misc Ind.						0.1	369.7							
ASII	7,125	8,225	9,100	Buy	27.7	(0.7)	288.4	13.2x	2.0x	16.2	3.0	6.8	4.9	1.2
Mining						(12.0)	372.0							
ADRO	1,265	1,215	1,750	Buy	38.3	(30.5)	40.5	6.1x	0.7x	12.6	7.1	10.8	59.2	1.2
PTBA	2,880	4,300	5,100	Buy	77.1	(21.3)	33.2	6.4x	1.8x	29.2	11.8	(7.2)	(21.7)	1.1
INCO	2,750	3,260	4,400	Buy	60.0	(26.7)	27.3	56.2x	1.0x	1.8	N/A	(25.8)	N/A	1.5
ANTM	740	765	1,200	Buy	62.2	(13.5)	17.8	22.2x	0.9x	4.1	1.7	8.5	(30.1)	1.4

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

YTD Change	3.8%
YTD Change Gap (vs JCI)	5.3%
Weekly Change	4.0%
Weekly Change Gap (vs JCI)	0.7%

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	UK	Tentative	Nationwide House Px NSA YoY	May		1.20%	0.90%
28 - May	UK	Tentative	Nationwide House PX MoM	May		0.00%	0.40%
	EU	15:00	M3 Money Supply YoY	Apr		4.30%	4.50%
	USA	21:00	Conf. Board Consumer Confidence	May		130.5	129.2
Wednesday	GER	14:55	Unemployment Change (000's)	May		-7k	-12k
29 - May	USA	18:00	MBA Mortgage Applications	24-May		--	2.40%
Thursday	USA	19:30	Wholesale Inventories MoM	Apr P		--	-0.10%
30 - May	USA	19:30	GDP Annualized QoQ	1Q S		3.10%	3.20%
	USA	19:30	Initial Jobless Claims	25-May		--	211k
Friday	JPN	06:30	Job-To-Applicant Ratio	Apr		1.63	1.63
31 - May	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	May		1.20%	1.30%
	JPN	06:30	Jobless Rate	Apr		2.40%	2.50%
	JPN	06:50	Industrial Production MoM	Apr P		0.20%	-0.60%
	CHN	08:00	Manufacturing PMI	May		49.9	50.1
	UK	15:30	Mortgage Approvals	Apr		63.5k	62.3k
	GER	19:00	CPI MoM	May P		0.30%	1.00%
	GER	19:00	CPI YoY	May P		1.60%	2.00%
	USA	19:30	Personal Income	Apr		0.30%	0.10%
	USA	19:30	Personal Spending	Apr		0.20%	0.90%
	USA	20:45	MNI Chicago PMI	May		54	52.6
USA	21:00	U. of Mich. Sentiment	May F		101.5	102.4	

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday	Tentative	Money Supply M1 YoY	Apr		--	4.80%
31 - May	Tentative	Money Supply M2 YoY	Apr		--	6.50%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Annual Shareholder Meeting	INDR,MTDL,PLIN, MIRA, RIMO, JTPE, APIC, ICON, ARII, MPMX,
27 - May	Cum Date Cash Dividend	IDPR, BBTN, MTLA, EPMT
Tuesday	Annual Shareholder Meeting	UNSP, BFIN, TFCO, LSIP, SIMP, BISI, NELY, MTWI, WOOD, SOTS
28 - May	Cum Date Cash Dividend	EKAD
Wednesday	Annual Shareholder Meeting	INRU, ADES, INDF, MEDC, SPMA, IKAI, RBMS, AKSI, ICBP, VIVA,
29 - May	Cum Date Cash Dividend	UNVR, INTP, PYFA, TBIG, TPMA, WIIM, MOLI
Friday	Annual Shareholder Meeting	JRPT, DSFI, DEFI, STAR, NAGA, AGRS
31 - May	Cum Date Cash Dividend	KLBF, SMGR, TOTO, ABDA, SRTG, BIRD

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 Medan :

Jl. Timor No 147
Medan, Sumatera Utara
20234
Indonesia
Telp : +62 614 156500
Fax : +62 614 568560

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