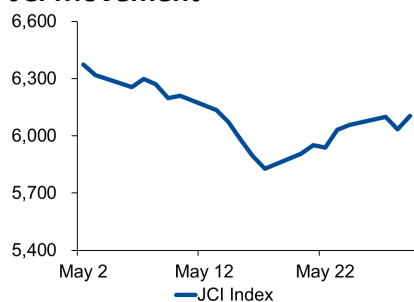


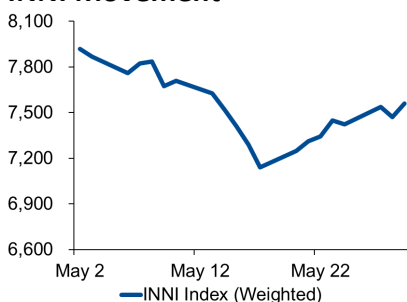
Morning Brief

Daily | May 31 2019

JCI Movement



INNI Movement



Market Recap

JCI, on Wednesday (05/29) closed higher as the banking sector rallied. **JCI's Top Gainers: Infrastructure (+2.2%), Misc. Industry (+1.6%), Consumer (+1.5%)**

INNI Index was rebounding at 1.19% as construction stocks rallied, i.e. PWON (+2.9%) and WIKA (+2.7%). Meanwhile, the property industry is likely to buoy due to the high demand for middle-to-low houses.

Daily Foreign & Domestic Sector Movement

JCI on Wednesday (05/29) recorded foreign inflow of IDR331 billion with the banking sector received the biggest inflow of IDR308 billion. Foreign investors are confidence enough to invest their money in the banking sector as Indonesia's political and economic circumstances are conducive.

Furthermore, JCI closed higher due to foreign inflows, while domestic investors invested their funds of IDR73 billion in the retail industry and IDR3.2 billion in the agricultural sector.

Today's Outlook: US 1Q19 Economy Was Solid

Dow Jones closed higher at 0.17% to 25,169 as US economics growth of 1Q19 stood at 3.1%, well above Wall Street estimate of 3.0%. Markets expect that the US and China will have trade negotiation at G20 meeting to be held on June 28-29 in Japan. Besides, AS also announced its plan to impose 5% import tariff for all products exported to US via Mexico.

Company News

- UNTR : Sales of Heavy Machinery Edged Down
- JSMR : Obtained Funds Injection of ID780 Billion
- INDF : Settles VII Rupiah-Denominated Bonds Debt in June 2019

Domestic & Global News

- Indonesian Authorities Leave Cigarette Excises Unchanged
- Chinese Factory Activity Contracts More than Expected

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 29	6,104.10
Chg.	+70.96pts (+1.18%)
Volume (bn shares)	146.18
Value (IDR tn)	10.82
Adv 213 Dec 161 Unc 275 Untr 143	

INNI Index

Last	7,560.16
Chg.	+88.94pts (+1.19%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
MAPI	4.8%	WSKT	-1.9%
GGRM	4.3%	KRAS	-1.5%
BBRI	3.4%	INDF	-0.8%
PWON	2.9%	INCO	-0.7%
WIKA	2.7%	ANTM	-0.7%

Foreign Transaction

	(IDR bn)
Buy	5,126
Sell	4,794
Net Buy (Sell)	331

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	352.0	BBNI	82.2
BMRI	64.5	BBRI	35.7
ASII	41.9	TBIG	24.6
PGAS	32.9	MNCN	24.1
BTPS	30.9	INKP	12.9

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.05%	0.08%
USDIDR	14,415	0.26%
KRWIDR	12.05	-0.33%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,169.88	43.47	0.17%
S&P 500	2,788.86	5.84	0.21%
FTSE 100	7,218.16	32.86	0.46%
DAX	11,902.08	64.27	0.54%
Nikkei	20,942.53	(60.84)	-0.29%
Hang Seng	27,114.88	(120.83)	-0.44%
Shanghai	2,905.81	(8.89)	-0.31%
KOSPI	2,038.80	15.48	0.77%
EIDO	24.43	0.04	0.16%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,288.7	8.9	0.69%
Crude Oil (USD /bbl)	56.59	(2.22)	-3.77%
Coal Newcas(USD/ton)	76.95	(1.15)	-1.47%
Nickel LME (USD /MT)	12,171	121.0	1.00%
Tin LME (USD /MT)	18,775	60.0	0.32%
CPO (MYR/Ton)	2,084	(21.0)	-1.00%

UNTR : Sales of Heavy Machinery Edged Down

PT United Tractors, Tbk (UNTR) posted 1Q19 heavy equipment sales of 1,442 units or declining by 12.9% y-y. The steep declines were sales volume of heavy equipment for mining sector as coal prices also plunged. (Kontan)

JSMR : Obtained Funds Injection of ID780 Billion

PT Jasa Marga (Persero), Tbk obtained funds injection of IDR 780 billion in form of collective investment contracts for infrastructure fund (KIK-DINFRA). The funds will be spent on Gempol-Pandaan toll-road investment. (Bisnis Indonesia)

INDF : Settles VII Rupiah-Denominated Bonds Debt in June 2019

PT Indofood Sukses Makmur, Tbk will settle its bonds debt using bank loan as it has bonds of IDR2 trillion with the coupon of 10.125% to be matured on June 13th, 2019. (Kontan)

Domestic & Global News

Indonesian Authorities Leave Cigarette Excises Unchanged

Indonesian authorities leave 2019's cigarette excise duty unchanged as the regulations of increases and simplification of excise have not yet complied with mutually beneficial principles, for tobacco farmers and middle to small cigarette industries in particular. Of note, the policy of hike in 2019's cigarette excise has been set forth in the bill of state budget (RAPBN). Meanwhile, the revoke of hike in excises is set forth in the regulation of the Ministry of Finance (PMK) 156/2018. (Kontan)

Chinese Factory Activity Contracts More than Expected

China's manufacturing activity contracted more than expected for in the month of May amid a bitter trade war with the U.S. The official manufacturing Purchasing Managers' Index (PMI) for May came in at 49.4, lower than the 49.9 economists polled by Reuters had forecast. April's reading was 50.1. PMI readings above 50 indicate expansion, while those below that signal contraction. The PMI is a survey of businesses about the operating environment. For China, the PMI is among economic indicators that investors globally watch closely for signs of trouble amid domestic headwinds and the ongoing U.S.-China trade dispute. (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						14.1	2,305.2							
BBCA	28,700	26,000	32,000	Hold	11.5	26.4	707.6	26.8x	4.5x	17.9	1.2	15.1	10.3	1.0
BBRI	3,940	3,660	4,650	Buy	18.0	27.9	486.0	14.5x	2.5x	18.8	3.4	11.2	10.3	1.4
BMRI	7,550	7,375	8,000	Hold	6.0	7.1	352.3	13.4x	1.9x	15.0	3.2	10.9	23.4	1.4
Consumer						(3.3)	1,360.2							
GGRM	80,125	83,625	110,000	Buy	37.3	17.0	154.2	18.7x	3.2x	18.0	3.2	19.2	24.5	1.0
UNVR	43,500	45,400	59,000	Buy	35.6	(4.6)	331.9	36.8x	36.6x	112.2	2.7	(0.8)	(4.6)	1.0
ICBP	9,725	10,450	11,800	Buy	21.3	11.8	113.4	24.1x	4.9x	21.6	2.3	13.9	10.6	0.8
INDF	6,350	7,450	8,700	Buy	37.0	(10.2)	55.8	12.9x	1.6x	12.8	4.8	8.7	14.1	1.2
KAEF	3,390	2,600	4,100	Buy	20.9	33.5	18.8	47.2x	8.3x	16.6	0.4	21.8	(44.6)	1.0
KLBF	1,355	1,520	1,870	Buy	38.0	(1.1)	63.5	25.8x	4.2x	16.9	1.8	7.0	1.0	1.3
Infrastructure						10.9	790.60							
TLKM	3,780	3,750	4,350	Buy	15.1	7.4	374.5	20.2x	3.6x	18.2	3.5	7.7	8.6	0.9
JSMR	5,500	4,280	6,000	Hold	9.1	23.6	39.9	18.1x	2.3x	13.3	0.8	(20.8)	0.3	1.0
Trade						(13.1)	703.5							
UNTR	24,875	27,350	35,000	Buy	40.7	(29.0)	92.8	8.0x	1.7x	22.3	4.8	19.0	20.6	0.9
SILO	4,300	3,590	4,350	Hold	1.2	(38.4)	7.0	367.5x	1.1x	0.3	N/A	18.2	583.3	0.8
MIKA	1,895	1,575	2,300	Buy	21.4	5.6	27.6	43.0x	6.5x	15.7	N/A	15.8	18.2	0.6
LPPF	3,750	5,600	5,500	Buy	46.7	(59.0)	10.9	11.0x	5.9x	45.6	8.9	(1.7)	(41.2)	0.9
RALS	1,610	1,420	2,050	Buy	27.3	17.9	11.4	16.7x	2.8x	17.5	2.5	(0.4)	428.0	0.7
MAPI	880	805	1,300	Buy	47.7	4.5	14.6	32.3x	2.6x	10.5	1.1	8.4	(62.3)	0.8
Property						(3.2)	401.0							
PWON	700	620	725	Hold	3.6	25.0	33.7	12.5x	2.5x	22.3	0.9	3.9	28.1	1.3
CTRA	950	1,010	1,080	Hold	13.7	(5.9)	17.6	13.2x	1.2x	9.5	1.0	21.3	114.3	1.8
PTPP	1,880	1,805	2,450	Buy	30.3	(27.1)	11.7	7.7x	0.9x	12.4	2.6	34.9	12.0	1.5
WSKT	1,760	1,680	2,600	Buy	47.7	(24.1)	23.9	7.6x	1.3x	18.5	4.1	(30.0)	(53.0)	1.4
WIKA	2,260	1,655	2,500	Hold	10.6	35.3	20.3	11.0x	1.3x	13.2	1.7	3.9	66.9	1.3
Basic Ind.						(6.1)	582.5							
KRAS	390	402	600	Buy	53.8	(9.7)	7.5	N/A	0.3x	(7.3)	N/A	(13.8)	(966.7)	1.2
SMGR	11,200	11,500	13,600	Buy	21.4	33.3	66.4	22.6x	2.1x	9.7	1.2	22.8	(34.8)	1.3
INTP	20,250	18,450	19,000	Hold	(6.2)	14.9	74.5	58.3x	3.2x	5.3	2.7	8.5	50.2	1.5
Misc Ind.						3.2	373.6							
ASII	7,200	8,225	9,100	Buy	26.4	4.3	291.5	13.3x	2.1x	16.2	3.0	6.8	4.9	1.2
Mining						(12.6)	370.5							
ADRO	1,270	1,215	1,750	Buy	37.8	(32.6)	40.6	6.1x	0.8x	12.6	7.1	10.8	59.2	1.2
PTBA	3,000	4,300	5,100	Buy	70.0	(21.1)	34.6	6.7x	1.8x	29.2	11.3	(7.2)	(21.7)	1.1
INCO	2,680	3,260	4,400	Buy	64.2	(30.6)	26.6	54.7x	1.0x	1.8	N/A	(25.8)	N/A	1.5
ANTM	715	765	1,200	Buy	67.8	(17.3)	17.2	21.5x	0.9x	4.1	1.8	8.5	(30.1)	1.4

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

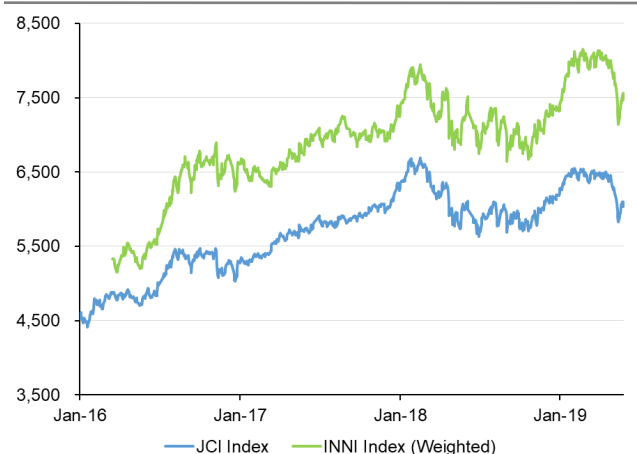
INNI Index Movement

YTD Change	4.1%
YTD Change Gap (vs JCI)	5.5%
Weekly Change	2.9%
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
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	4.50%	4.30%	4.50%
	USA	21:00	Conf. Board Consumer Confidence	May	134.1	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, MGNA, MCAS, PBID, BPTR, SKRN
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, MDIA, KINO, MPOW, NASA
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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