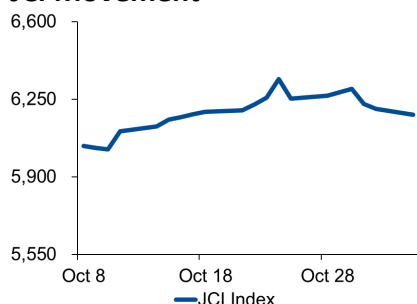


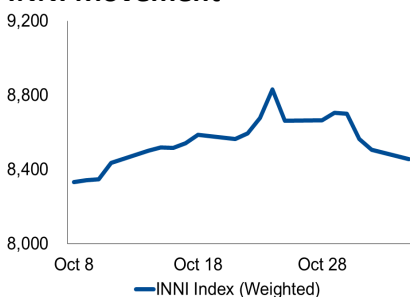
Morning Brief

Daily | November 05 2019

JCI Movement



INNI Movement



Market Recap

JCI dipped as the consumer goods declined. **JCI's Top Losers: Property (-1.8%), Consumer (-1.5%), Misc. Ind. (-1.2%).**

INNI index dropped, held back by CTRA's decline of 3.7%. CTRA gave up gains after its 3Q19 earnings, posting declining profits.

Daily Foreign & Domestic Sector Movement

Although JCI dipped, it received foreign inflows of IDR240 billion on Monday (11/04), foreign investors spent their money of IDR200 billion on PGAS; that was triggered by President Jokowi's statement of leaving gas prices unchanged for the household consumption. Unlike JCI, Asia markets mostly rallied as markets and the US Trade Minister Wilbur Ross are optimistic that the first phase of the US-China partial trade will be settled in November. The rupiah exchange rate for USD nudged up 0.18% to 14,014.

Today's Outlook: Anticipate Indonesia's Economic Data

Dow Jones rose 0.42% to 27,462, backed by the rally in stocks of Berkshire Hathaway Inc. The stocks posted a 1.05% gain after releasing 3Q19 earnings, posting net profits of USD16.5 billion. From the domestic backdrop, markets anticipate Indonesia's economic data to be announced by Statistics Indonesia by today.

Company News

- BBCA : Finalizes Acquisition of Royal Bank
- BMRI : Is Poised to Receive BI's Approval
- KLBF : Absorbs CapEx IDR1.3 Trillion
- TLKM : Telkomsel Operates BTS in Remote Areas

Domestic & Global News

- Tax Revenues from Mining Sector Sharply Contracts
- Chile Economic Grows 3% amid Sluggish Mining Performance

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.00%	5.25%	Real GDP	5.05%	5.05%
FX Reserve (USD bn)	124.33	126.40	Current Acc (USD bn)	(8.40)	(8.40)
Trd Balance (USD bn)	(0.16)	0.09	Govt. Spending Yoy	8.23%	8.23%
Exports Yoy	-5.74%	-9.99%	FDI (USD bn)	5.78	5.78
Imports Yoy	-2.41%	-15.60%	Business Confidence	108.05	108.05
Inflation Yoy	3.13%	3.39%	Cons. Confidence*	121.80	123.10

JCI Index

Nov. 04	6,180.34
Chg.	-26.84pts (-0.43%)
Volume (bn shares)	142.95
Value (IDR tn)	8.00
Adv 177 Dec 233 Unc 253 Untr 108	

INNI Index

Last	8,456.73
Chg.	-49.02pts (-0.58%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
PTBA	5.0%	KLBF	-4.6%
RALS	3.5%	INTP	-3.9%
MAPI	3.0%	CTRA	-3.7%
TLKM	1.7%	KAEF	-3.3%
ADRO	0.8%	PWON	-2.4%

Foreign Transaction

	(IDR bn)
Buy	2,439
Sell	2,198
Net Buy (Sell)	240

Top Buy	NB Val.	Top Sell	NS Val.
PGAS	200.8	BMRI	46.1
POOL	51.9	ANTM	41.0
INKP	43.6	ICBP	24.9
TLKM	32.5	TOWR	17.3
MNCN	16.9	JSMR	16.0

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.98%	-0.04%
USDIDR	14,013	-0.19%
KRWIDR	12.08	0.25%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,462.11	114.75	0.42%
S&P 500	3,078.27	11.36	0.37%
FTSE 100	7,369.69	67.27	0.92%
DAX	13,136.28	175.23	1.35%
Nikkei	22,850.77	(76.27)	-0.33%
Hang Seng	27,547.30	446.54	1.65%
Shanghai	2,975.49	17.29	0.59%
KOSPI	2,130.24	30.04	1.43%
EIDO	25.06	(0.18)	-0.71%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,509.8	(4.5)	-0.30%
Crude Oil (USD / bbl)	56.54	0.34	0.60%
Coal Newcas(USD/ton)	68.95	0.25	0.36%
Nickel LME (USD / MT)	16,380	(395.0)	-2.35%
Tin LME (USD / MT)	16,425	(100.0)	-0.61%
CPO (MYR/Ton)	2,529	68.0	2.76%

BBCA : Finalizes Acquisition of Royal Bank

PT Bank Central Asia Tbk (BBCA) finalized the acquisition on Oct. 31, 2019 as the parties signed the acquisition data. The acquisition process was started on April 16, 2019, and it stated that BBCA through its subsidiary, BCA Finance, will obtain 28.7 million stocks amounting to IDR988 billion. In years ahead, BBCA will transform Royal Bank into a digital bank. (Kontan)

KLBF : Absorbs CapEx IDR1.3 Trillion

PT Kalbe Farma Tbk (KLBF) has spent 90% CapEx of IDR1.3 trillion on increasing production & distribution capacities, digital transformation, and innovation of biological products. Of note, KLBF succeeded to post positive performance in 9M19 as it secured net profits of IDR1.9 trillion and is optimistic about solid sales in years ahead. (Bisnis Indonesia)

BMRI : Is Poised to Receive BI's Approval

PT Bank Mandiri Tbk (BMRI) and Alipay will finally settle their cooperation once after BI issues the cooperation license. Using QRIS, both companies are working toward realizing BMRI's target to broaden BMRI's cross border acceptance. BMRI targets 3.7 million Chinese tourists in Indonesia as the source of its revenues. (Bisnis Indonesia)

TLKM : Telkomsel Operates BTS in Remote Areas

Telkomsel as the subsidiary of PT Telekomunikasi Indonesia Tbk (TLKM) has given its services to remote areas across Indonesia as it operates 14,900 BTS. It targets to construct more BTS across Indonesia's remote areas so that 95% of the Indonesian population can enjoy 4G network coverage. (Bisnis Indonesia)

Domestic & Global News

Tax Revenues from Mining Sector Sharply Contracts

Tax revenues from the mining sector contracted sharply, compared with other sectors. Based on the Ministry of Finance data, the tax revenue contributed by the mining sector was Rp 43.21 trillion until the end of September. The revenues were contracted by 20.6% y-y, much deeper than August's 16.3%. (Kontan)

Chile Economic Grows 3% amid Sluggish Mining Performance

Chile's economic activity rose 3.0% in September from the same month a year ago, the central bank said on Monday, bolstered by rises in the construction and service sectors even as expansion in its key mining industry remained sluggish. Mining activity in September dropped 1.6% compared with the same month in 2018. Non-mining activity grew by 3.5 percent, the bank said, helped by the growth in construction and services. (Reuters)

	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						15.8	2,412.4							
BBCA	31,375	26,000	32,000	Hold	2.0	29.8	773.6	27.4x	4.6x	18.1	1.1	15.0	13.0	1.0
BBRI	4,160	3,660	4,950	Buy	19.0	27.2	513.1	15.1x	2.6x	18.2	3.2	10.8	5.6	1.4
BMRI	6,875	7,375	8,000	Buy	16.4	(6.8)	320.8	11.8x	1.6x	14.7	3.5	10.5	11.9	1.4
Consumer						(15.7)	1,182.7							
GGRM	52,575	83,625	110,000	Buy	109.2	(34.2)	101.2	10.9x	2.1x	20.5	4.9	16.9	25.8	1.0
UNVR	43,025	45,400	59,000	Buy	37.1	(0.1)	328.3	44.9x	47.7x	92.3	2.8	2.6	(24.4)	1.0
ICBP	11,350	10,450	11,800	Hold	4.0	26.5	132.4	26.6x	5.5x	22.2	1.7	11.2	11.4	0.7
INDF	7,800	7,450	8,700	Hold	11.5	30.5	68.5	14.0x	1.9x	14.2	3.0	5.7	25.2	1.1
KAEF	2,630	2,600	4,100	Buy	55.9	3.1	14.6	62.8x	6.5x	16.6	0.6	29.6	(81.4)	1.0
KLBF	1,550	1,520	1,870	Buy	20.6	15.7	72.7	28.3x	4.7x	17.6	1.7	7.3	6.2	1.3
Infrastructure						11.4	820.13							
TLKM	4,150	3,698	4,350	Hold	4.8	8.2	411.1	20.3x	4.1x	21.3	3.9	3.5	15.6	0.9
JSMR	5,275	4,280	6,000	Hold	13.7	26.8	38.3	19.8x	2.1x	11.3	0.9	(22.8)	(15.2)	1.1
Trade						2.4	718.4							
UNTR	21,575	27,350	35,000	Buy	62.2	(33.9)	80.5	7.5x	1.4x	19.8	5.7	#N/A	N/A	(4.8)
SILO	7,075	3,590	7,230	Hold	2.2	183.0	11.5	205.1x	1.8x	0.7	N/A	18.6	1333.7	0.7
MIKA	2,660	1,575	2,300	Hold	(13.5)	86.7	37.9	57.6x	9.1x	16.4	0.7	17.2	12.1	0.4
LPPF	3,520	5,600	5,500	Buy	56.3	(26.2)	9.9	12.7x	5.5x	37.8	9.5	0.7	(18.7)	0.7
RALS	1,185	1,420	2,050	Buy	73.0	4.9	8.4	11.6x	2.0x	17.7	4.2	(0.2)	21.1	0.7
MAPI	1,040	805	1,300	Buy	25.0	28.4	17.3	21.1x	2.9x	14.8	1.0	11.4	14.7	0.9
Property						24.1	475.8							
PWON	605	620	725	Buy	19.8	10.0	29.1	10.0x	2.0x	22.2	1.2	0.2	20.8	1.3
CTRA	1,055	1,010	1,080	Hold	2.4	31.1	19.6	19.3x	1.3x	7.2	0.9	(0.7)	(28.9)	1.7
PTPP	1,670	1,805	2,450	Buy	46.7	18.0	10.4	8.9x	0.8x	9.4	2.9	8.6	(37.6)	1.6
WSKT	1,480	1,680	2,600	Buy	75.7	(1.7)	20.1	14.5x	1.1x	7.8	4.9	(39.2)	(69.4)	1.5
WIKA	1,940	1,655	2,500	Buy	28.9	63.0	17.4	7.8x	1.1x	15.3	2.0	#N/A	N/A	57.3
Basic Ind.						24.7	735.3							
JPFA	1,710	2,150	1,940	Hold	13.5	(18.2)	20.1	13.0x	2.0x	16.1	2.9	7.3	(38.6)	1.1
SMGR	12,700	11,500	13,600	Hold	7.1	30.9	75.3	33.0x	2.4x	7.5	1.6	31.1	(38.1)	1.4
INTP	19,725	18,450	19,000	Hold	(3.7)	12.9	72.6	42.6x	3.2x	7.6	2.8	5.3	90.4	1.5
Misc Ind.						(13.5)	354.6							
ASII	6,700	8,225	8,600	Buy	28.4	(18.8)	271.2	13.2x	1.9x	14.9	3.2	1.2	(7.1)	1.2
Mining						(18.5)	348.5							
ADRO	1,280	1,215	1,750	Buy	36.7	(18.7)	40.9	5.6x	0.8x	14.2	7.1	10.2	51.9	1.3
PTBA	2,300	4,300	5,100	Buy	121.7	(47.6)	26.5	5.8x	1.5x	26.4	14.8	1.4	(24.9)	1.2
INCO	3,600	3,260	4,400	Buy	22.2	13.9	35.8	442.5x	1.4x	0.3	N/A	(12.6)	N/A	1.5
ANTM	840	765	1,200	Buy	42.9	21.7	20.2	25.1x	1.0x	4.1	1.5	23.0	(11.1)	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

YTD Change	16.4%
YTD Change Gap (vs JCI)	16.7%
Weekly Change	-2.4%
Weekly Change Gap (vs JCI)	-1.1%

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	GER	15:55	Germany Manufacturing PMI	Oct	42.1	41.9	41.9
<i>04 - Nov</i>	EU	16:00	Markit Eurozone Manufacturing PMI	Oct	45.9	45.7	45.7
	UK	16:30	Markit UK Construction PMI	Oct	44.2	44.1	43.3
	USA	22:00	Durable Goods Orders	Sep	-1.20%	-1.10%	-1.10%
	USA	22:00	Factory Orders	Sep	-0.60%	-0.40%	-0.10%
Tuesday	USA	20:30	Trade Balance	Sep		-\$52.5b	-\$54.9b
<i>05 - Nov</i>	USA	22:00	ISM Non-Manufacturing Index	Oct		53.4	52.6
Wednesday	GER	14:00	Factory Orders MoM	Sep		0.10%	-0.60%
<i>06 - Nov</i>	USA	19:00	MBA Mortgage Applications	Nov		--	0.60%
Thursday	GER	14:00	Industrial Production SA MoM	Sep		-0.30%	0.30%
<i>07 - Nov</i>	UK	19:00	Bank of England Bank Rate	Nov		0.75%	0.75%
	USA	20:30	Initial Jobless Claims	Nov		215k	218k
Friday	USA	22:00	Wholesale Inventories MoM	Sep		-0.30%	-0.30%
<i>08 - Nov</i>	USA	22:00	U. of Mich. Sentiment	Nov		95.5	95.5
	CHN	Tentative	Exports YoY	Oct		-4.50%	-3.20%
	CHN	Tentative	Trade Balance	Oct		\$40.10b	\$39.65b

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	11:00	GDP YoY	3Q		5.00%	5.05%
<i>05 - Nov</i>	11:00	GDP QoQ	3Q		3.05%	4.20%
	11:00	Consumer Confidence Index	Oct		--	121.8
Thursday	10:00	Net Foreign Assets IDR	Oct		--	1725.5t
<i>07 - Nov</i>	10:00	Foreign Reserves	Oct		--	\$124.33b
Friday	Tentative	BoP Current Account Balance	3Q		-\$7000m	-\$8400m
<i>08 - Nov</i>						

Source: Bloomberg

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