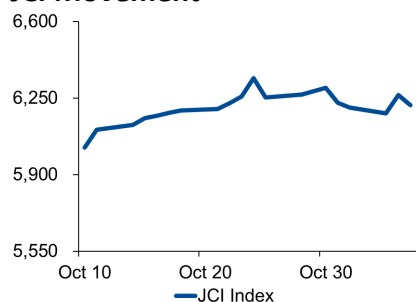


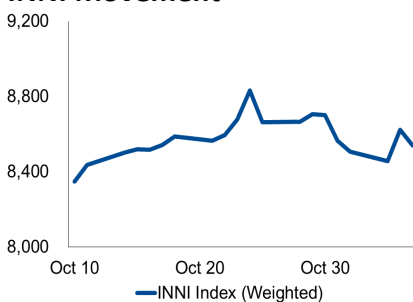
Morning Brief

Daily | November 07 2019

JCI Movement



INNI Movement



Market Recap

JCI dipped, subdued by the banking and infrastructure sectors. **JCI's Top Losers: Finance (-1.6%), Infrastructure (-1.2%), Agriculture (-0.8%).**

INNI closed lower, held back by banking stocks, i.e. BBRI (-3.3%) and BMRI (-3.1%).

Daily Foreign & Domestic Sector Movement

JCI recorded foreign outflows of IDR401 billion, with the banking and telecommunication sectors respectively posting outflows of IDR313 billion and IDR126 billion. A glance at commodities, the government decided to hike Nov. coal benchmark prices to USD66.27 per ton or a 2.27% gain from Oct. benchmark prices of USD64.8 per ton. Nov. hike strengthened PTBA and ADRO by 1.23% and 1.46% on Wednesday (11/07). Asia markets were at rally mode as the US economic data was solid—driving capital inflows into Asia markets. The rupiah exchange rate for USD dipped 0.39% to 14,023.

Today's Outlook: Fitch Revises Indonesia's 2019 Economic Growth

Dow Jones closed flat 0.07% to 27,492 due to declines in energy sectors and dim optimism about the US-China partial deals. Apart from the US markets, Fitch revised lower Indonesia's 2019 economic growth from 5.3% to 5.1% due to the sluggish domestic demands.

Company News

- BBCA : Injects Capital to Royal Bank
- WIKA : Makes Fortunes from Overseas Contracts
- PTPP : Wins Tender for Smelter Projects

Domestic & Global News

- Robust Purchasing Power Drives Focus on Trade and Investments
- US Productivity Drops by Most since 4Q15

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. 06	6,217.54
Chg.	-46.60pts (-0.74%)
Volume (bn shares)	163.83
Value (IDR tn)	9.36
Adv 131 Dec 295 Unc 237 Untr 119	

INNI Index

Last	8,538.89
Chg.	-83.41pts (-0.97%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
LPPF	4.8%	BBRI	-3.3%
INTP	3.0%	BMRI	-3.1%
ANTM	1.8%	WIKA	-2.9%
GGRM	1.6%	JSMR	-2.7%
ADRO	1.5%	PWON	-2.5%

Foreign Transaction

	(IDR bn)
Buy	2,315
Sell	2,717
Net Buy (Sell)	401

Top Buy	NB Val.	Top Sell	NS Val.
BTPS	18.6	DMAS	9.1
UNVR	14.2	TBIG	8.9
UNTR	13.2	ANTM	8.6
PTPP	12.0	BNLI	7.9
LPPF	10.6	MIKA	6.9

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.99%	0.03%
USDIDR	14,018	0.34%
KRWIDR	12.11	0.12%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,492.56	(0.07)	0.00%
S&P 500	3,076.78	2.16	0.07%
FTSE 100	7,396.65	8.57	0.12%
DAX	13,179.89	31.39	0.24%
Nikkei	23,303.82	51.83	0.22%
Hang Seng	27,688.64	5.24	0.02%
Shanghai	2,978.60	(12.97)	-0.43%
KOSPI	2,144.15	1.51	0.07%
EIDO	25.30	(0.18)	-0.71%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,490.6	7.0	0.47%
Crude Oil (USD / bbl)	56.35	(0.88)	-1.54%
Coal Newcas(USD/ton)	66.90	(1.10)	-1.62%
Nickel LME (USD / MT)	16,245	(35.0)	-0.21%
Tin LME (USD / MT)	16,565	110.0	0.67%
CPO (MYR/Ton)	2,554	39.0	1.55%

BBCA : Injects Capital to Royal Bank

PT Bank Central Asia Tbk (BBCA) will inject capital of IDR700 billion to Royal bank. The capital is used to put Royal Bank into a bank categorized into BUKU 2: one of the digital bank's requirements. BBCA targets that in 2020 Royal Bank can operate a digital operation. (Kontan)

WIKA : Makes Fortunes from Overseas Contracts

PT Wijaya Karya Tbk (WIKA) in 9M19 posted new overseas contracts of IDR2.5 trillion and targeted to secure IDR4.5 trillion until the end of 2019. The overseas contracts subsume 4 projects in Malaysia, Aljazeera, UAE, and Taiwan. WIKA will consistently target overseas contracts as they have high margins and are paid in forex payments. (Kontan)

PTPP : Wins Tender for Smelter Projects

PT PP Tbk (PTPP) won a tender for constructing PT Borneo Alumina Indonesia's bauxite smelter. PT Borneo Alumina Indonesia is a joint venture between Inalum and Antam. The to-be-constructed smelter is alumina grade smelter with 1-million-ton capacity and a 3x25 Megawatt coal-fired power plant. PTPP expects the construction to be completed soon. (Bisnis Indonesia)

Domestic & Global News

Robust Purchasing Power Drives Focus on Trade and Investments

The Coordinating Minister for Economic Affairs Airlangga Hartanto noted the consumption of 3.5% -3.6% to indicate consumers' maintainable purchasing power. Meanwhile, the remaining portion of GDP contributed by the investment and trade. "Thus, Indonesia must concentrate on industrial trade and investments. Indonesia's economic growth is in the range of 5% and likely to grow more than 5% until the end of the year," said Airlangga (Kontan)

US Productivity Drops by Most since 4Q15

American workers were unexpectedly less productive during the third quarter, with growth in their output failing to keep up with hours worked. The Labor Department said on Wednesday nonfarm productivity, which measures hourly output per worker, fell at a 0.3% annualized rate between July and September, the biggest decline in almost four years. The last drop that was sharper was in the fourth quarter of 2015. (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						15.3	2,419.8							
BBCA	31,475	26,000	32,000	Hold	1.7	30.6	776.0	27.4x	4.6x	18.1	1.1	15.0	13.0	1.0
BBRI	4,160	3,660	4,950	Buy	19.0	23.4	513.1	15.1x	2.6x	18.2	3.2	10.8	5.6	1.4
BMRI	6,975	7,375	8,000	Hold	14.7	(5.1)	325.5	12.0x	1.7x	14.7	3.5	10.6	11.9	1.4
Consumer						(13.9)	1,191.0							
GGRM	54,775	83,625	110,000	Buy	100.8	(31.1)	105.4	11.4x	2.2x	20.5	4.7	16.9	25.8	1.0
UNVR	43,450	45,400	59,000	Buy	35.8	3.0	331.5	45.3x	48.1x	92.3	2.7	2.6	(24.4)	1.0
ICBP	11,225	10,450	11,800	Hold	5.1	28.7	130.9	26.3x	5.5x	22.2	1.2	11.2	11.4	0.7
INDF	7,875	7,450	8,700	Hold	10.5	37.6	69.1	14.2x	1.9x	14.2	2.2	5.7	25.2	1.1
KAEF	2,520	2,600	4,100	Buy	62.7	(2.3)	14.0	60.2x	6.2x	16.6	0.6	29.6	(81.4)	1.0
KLBF	1,600	1,520	1,870	Buy	16.9	15.1	75.0	29.2x	4.9x	17.6	1.6	7.3	6.2	1.3
Infrastructure						10.4	813.90							
TLKM	4,120	3,698	4,350	Hold	5.6	5.8	408.1	20.1x	4.1x	21.3	4.0	3.5	15.6	0.9
JSMR	5,325	4,280	6,000	Hold	12.7	30.2	38.6	20.0x	2.1x	11.3	0.9	(22.8)	(15.2)	1.1
Trade						2.7	728.7							
UNTR	22,850	27,350	35,000	Buy	53.2	(32.7)	85.2	8.0x	1.5x	19.8	5.4	#N/A	N/A	(4.8)
SILO	6,875	3,590	7,230	Hold	5.2	154.6	11.2	199.3x	1.8x	0.7	N/A	18.6	1333.7	0.7
MIKA	2,690	1,575	2,300	Hold	(14.5)	88.8	38.3	58.2x	9.2x	16.4	0.7	17.2	12.1	0.4
LPPF	3,700	5,600	5,500	Buy	48.6	(21.8)	10.4	13.3x	5.8x	37.8	9.0	0.7	(18.7)	0.7
RALS	1,180	1,420	2,050	Buy	73.7	(3.7)	8.4	11.5x	1.9x	17.7	4.2	(0.2)	21.1	0.7
MAPI	1,075	805	1,300	Buy	20.9	31.9	17.8	21.8x	3.0x	14.8	0.9	11.4	14.7	0.9
Property						19.7	472.1							
PWON	595	620	725	Buy	21.8	7.2	28.7	9.8x	2.0x	22.2	1.2	0.2	20.8	1.3
CTRA	1,115	1,010	1,080	Hold	(3.1)	25.3	20.7	20.4x	1.4x	7.2	0.9	(0.7)	(28.9)	1.7
PTPP	1,635	1,805	2,450	Buy	49.8	6.2	10.1	8.7x	0.8x	9.4	3.0	8.6	(37.6)	1.6
WSKT	1,510	1,680	2,600	Buy	72.2	(8.5)	20.5	14.8x	1.1x	7.8	4.8	(39.2)	(69.4)	1.5
WIKA	2,010	1,655	2,500	Buy	24.4	57.6	18.0	8.1x	1.1x	15.3	1.9	#N/A	N/A	1.4
Basic Ind.						26.1	747.9							
JPFA	1,750	2,150	1,940	Hold	10.9	(17.1)	20.5	13.3x	2.0x	16.1	2.9	7.3	(38.6)	1.1
SMGR	12,650	11,500	13,600	Hold	7.5	30.1	75.0	32.8x	2.4x	7.5	1.6	31.1	(38.1)	1.4
INTP	20,650	18,450	19,000	Hold	(8.0)	16.7	76.0	44.6x	3.4x	7.6	2.7	5.3	90.4	1.5
Misc Ind.						(12.1)	359.3							
ASII	6,850	8,225	8,600	Buy	25.5	(16.7)	277.3	13.5x	1.9x	14.9	3.1	1.2	(7.1)	1.2
Mining						(17.6)	356.3							
ADRO	1,390	1,215	1,750	Buy	25.9	(12.9)	44.5	6.1x	0.8x	14.2	6.5	10.2	51.9	1.3
PTBA	2,460	4,300	5,100	Buy	107.3	(45.0)	28.3	6.3x	1.6x	26.4	13.8	1.4	(24.9)	1.2
INCO	3,610	3,260	4,400	Buy	21.9	12.5	35.9	443.5x	1.4x	0.3	N/A	(12.6)	N/A	1.5
ANTM	850	765	1,200	Buy	41.2	22.3	20.4	25.4x	1.0x	4.1	1.5	23.0	(11.1)	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

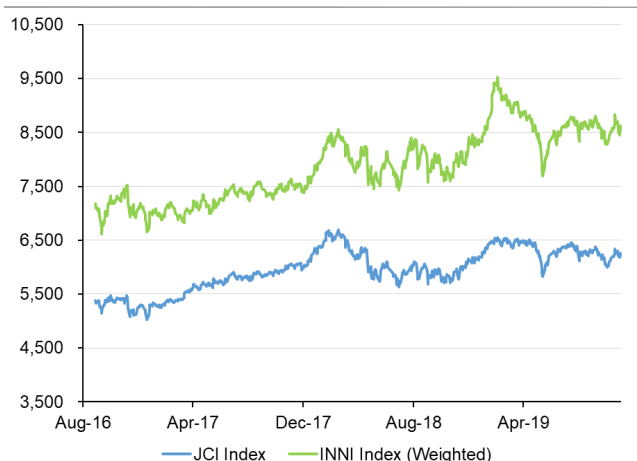
INNI Index Movement

YTD Change	17.6%
YTD Change Gap (vs JCI)	17.2%
Weekly Change	-1.9%
Weekly Change Gap (vs JCI)	-0.6%

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	-\$52.5b	-\$54.9b
<i>05 - Nov</i>	USA	22:00	ISM Non-Manufacturing Index	Oct	54.7	53.4	52.6
Wednesday	GER	14:00	Factory Orders MoM	Sep	1.30%	0.10%	-0.60%
<i>06 - Nov</i>	USA	19:00	MBA Mortgage Applications	Nov	-0.10%	--	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	5.02%	5.00%	5.05%
<i>05 - Nov</i>	11:00	GDP QoQ	3Q	3.06%	3.05%	4.20%
	11:00	Consumer Confidence Index	Oct	118.4	--	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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