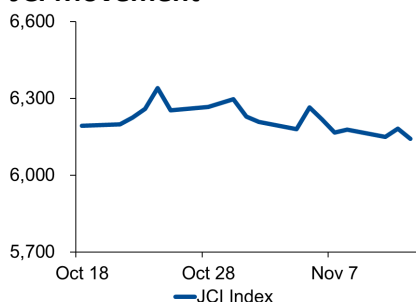


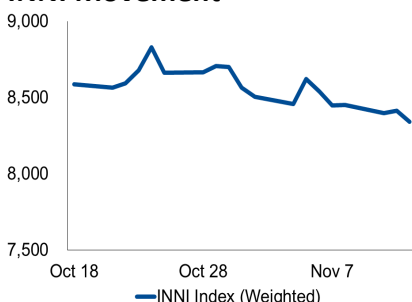
Morning Brief

Daily | November 15 2019

JCI Movement



INNI Movement



Market Recap

JCI closed lower, subdued by the banking sector. **JCI's Top Losers: Agriculture (-1.7%), Misc. Ind. (-1.6%), Mining (-1.4%).**

INNI closed lower after coal stocks dropped, i.e., PTBA (-3.5%) and ADRO (-2.6%). Coal price moving sideways was the logical takeaway for the decline.

Daily Foreign & Domestic Sector Movement

JCI suffered from foreign outflows of IDR221 billion with the largest portion of IDR81 billion pulled out from the banking sector. Asia markets were bearish due to China's disappointing data reading, e.g., China's Oct. manufacturing production at 4.7% y-y, retail sales at 7.2% y-y, lower than the estimate of 7.9%.

The rupiah exchange rate for USD was depreciated by 0.02% to 14,080.

Today's Outlook: Trade Balance Reading

The Dow Jones closed lower -0.006% to 27,781 as Cisco System Inc. dropped 7.3% on grounds of its lower-than-estimate revenues and profits. The increasing global volatility slashes revenues posted by the router and switches as customers reduce spending. From the domestic realm, today investors anticipate the reading of Oct. trade balance estimated to post deficit. A glance at commodities, global rubber prices hike after Thailand limits the land areas for planting rubber and reduce rubber supply.

Company News

- PWON : Strives to Book 25% Sales Target
- ANTM : Grants IDR7 Billion for Partnership Program
- ASII : Posts Declines in 4W Sales

Domestic & Global News

Trade Balance Deficit Is Projected to Reach USD280 Million
Retail Sales Data Should Show a Spending Rebound

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) | 126.70 | 124.33 | 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. 14 | 6,098.95 |
| Chg. | -43.55pts (-0.71%) |
| Volume (bn shares) | 110.11 |
| Value (IDR tn) | 6.18 |
| Adv 125 Dec 278 Unc 289 Untr 147 | |

INNI Index

| | |
|------|--------------------|
| Last | 8,248.18 |
| Chg. | -92.67pts (-1.11%) |

INNI Top Gainers & Losers

| Gainers | % | Losers | % |
|---------|------|--------|-------|
| UNVR | 1.1% | MAPI | -4.6% |
| PTPP | 0.6% | PTBA | -3.5% |
| SMGR | 0.6% | UNTR | -3.4% |
| WIKA | 0.5% | JSMR | -3.0% |
| | | ADRO | -2.6% |

Foreign Transaction

| | (IDR bn) |
|----------------|----------|
| Buy | 1,949 |
| Sell | 2,171 |
| Net Buy (Sell) | 221 |

| Top Buy | NB Val. | Top Sell | NS Val. |
|---------|---------|----------|---------|
| ICBP | 63.7 | TLKM | 80.2 |
| MIKA | 17.5 | BBRI | 66.2 |
| UNTR | 17.2 | BBCA | 28.7 |
| EXCL | 15.9 | ASII | 20.7 |
| BMRI | 12.3 | JSMR | 17.1 |

Government Bond Yield & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 7.07% | 0.01% |
| USDIDR | 14,089 | 0.07% |
| KRWIDR | 12.05 | -0.08% |

Global Indexes

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 27,781.96 | (1.63) | -0.01% |
| S&P 500 | 3,096.63 | 2.59 | 0.08% |
| FTSE 100 | 7,292.76 | (58.45) | -0.80% |
| DAX | 13,180.23 | (49.84) | -0.38% |
| Nikkei | 23,141.55 | (178.32) | -0.76% |
| Hang Seng | 26,323.69 | (247.77) | -0.93% |
| Shanghai | 2,909.87 | 4.63 | 0.16% |
| KOSPI | 2,139.23 | 16.78 | 0.79% |
| EIDO | 24.49 | (0.17) | -0.69% |

Commodities

| Commodity | Last | Chg. | % |
|-----------------------|---------|---------|--------|
| Gold (USD / troy oz.) | 1,471.4 | 7.8 | 0.53% |
| Crude Oil (USD / bbl) | 56.77 | (0.35) | -0.61% |
| Coal Newcas(USD/ton) | 70.75 | 0.75 | 1.07% |
| Nickel LME (USD / MT) | 15,150 | (230.0) | -1.50% |
| Tin LME (USD / MT) | 16,200 | 200.0 | 1.25% |
| CPO (MYR/Ton) | 2,606 | 20.0 | 0.77% |

PWON : Strives to Book 25% Sales Target

PT Pakuwon Jati Tbk (PWON) to book 25% sales target of La Viz Mansion apartment units within the last two months in 2019 carries out topping off strategy. There are 309 units of La Viz Mansion the lowest selling price of which is IDR2.5 billion. As of September 2019, it sold 75% of the 2019 sales target and is optimistic about the 2019 performance. (Bisnis Indonesia)

ANTM : Grants IDR7 Billion for Partnership Program

PT Aneka Tambang Tbk (ANTM) promoted community empowerment by running II partnership program facilitation loans of ~IDR7.06 billion for 206 micro to small enterprises (UMKs). The program target 114 UMK in the trade sector, 4 UMK in the agriculture sector, 16 UMK in livestock farming, 33 UMK in the service sector, 16 UMK in the industry sector, 3 UMK in the plantation sector, and 20 UMK in the aquafarming. (Bisnis Indonesia)

ASII : Posts Declines in 4W Sales

PT Astra International Tbk (ASII) in Jan-Oct 2019 posted 4W sales to decrease by 7.6% YoY. Gaikindo's data shows that car sales of ASII's brand were 447,538 units, lower than 484,470 units sold in the same period in 2018. Declines in sales reduce ASII's market share to 53% per October from Sept. level of 56%. (Bisnis Indonesia)

Domestic & Global News

Trade Balance Deficit Is Projected to Reach USD280 Million

Indonesia's Oct. trade balance is predicted to post larger deficit than Sept. Thirteen economists predict that Oct. deficit will reach USD280 million as exports and imports decline further. This deficit is greater than Sept. deficit of USD 163.9 million. The larger deficit is triggered by worsening global trade. (Kontan)

Retail Sales Data Should Show a Spending Rebound

Consumers are likely to have increased their spending in October, after a surprising pullback in September. The government's October retail sales report, due at 8:30 a.m. ET Friday, is one of the most important data releases of the next couple of weeks. The report, and November's jobs data, will be the final two big economic releases the Fed will review before it meets Dec. 10. (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 | | | | | | 11.4 | 2,361.7 | | | | | | | |
| BBCA | 31,350 | 26,000 | 32,000 | Hold | 2.1 | 29.7 | 772.9 | 27.3x | 4.6x | 18.1 | 1.1 | 15.0 | 13.0 | 1.0 |
| BBRI | 3,940 | 3,660 | 4,950 | Buy | 25.6 | 15.5 | 486.0 | 14.3x | 2.4x | 18.2 | 3.4 | 10.8 | 5.6 | 1.4 |
| BMRI | 6,875 | 7,375 | 8,000 | Buy | 16.4 | (7.1) | 320.8 | 11.8x | 1.6x | 14.7 | 3.5 | 10.6 | 11.9 | 1.4 |
| Consumer | | | | | | (11.7) | 1,179.5 | | | | | | | |
| GGRM | 54,000 | 83,625 | 110,000 | Buy | 103.7 | (29.9) | 103.9 | 11.2x | 2.2x | 20.5 | 4.8 | 16.9 | 25.8 | 1.0 |
| UNVR | 42,800 | 45,400 | 59,000 | Buy | 37.9 | 4.1 | 326.6 | 44.6x | 47.4x | 92.3 | 2.8 | 2.6 | (24.4) | 1.0 |
| ICBP | 11,400 | 10,450 | 11,800 | Hold | 3.5 | 30.7 | 132.9 | 26.7x | 5.6x | 22.2 | 1.2 | 11.2 | 11.4 | 0.7 |
| INDF | 7,700 | 7,450 | 8,700 | Hold | 13.0 | 31.1 | 67.6 | 13.9x | 1.9x | 14.2 | 2.2 | 5.7 | 25.2 | 1.1 |
| KAEF | 2,260 | 2,600 | 4,100 | Buy | 81.4 | (11.7) | 12.6 | 54.0x | 5.6x | 16.6 | 0.7 | 29.6 | (81.4) | 1.0 |
| KLBF | 1,510 | 1,520 | 1,870 | Buy | 23.8 | (0.3) | 70.8 | 27.6x | 4.6x | 17.6 | 1.7 | 7.3 | 6.2 | 1.3 |
| Infrastructure | | | | | | 6.2 | 792.80 | | | | | | | |
| TLKM | 4,050 | 3,698 | 4,350 | Hold | 7.4 | 5.0 | 401.2 | 19.8x | 4.0x | 21.3 | 4.0 | 3.5 | 15.6 | 0.9 |
| JSMR | 4,900 | 4,280 | 6,000 | Buy | 22.4 | 25.6 | 35.6 | 18.4x | 2.0x | 11.3 | 0.9 | (22.8) | (15.2) | 1.1 |
| Trade | | | | | | (1.6) | 712.0 | | | | | | | |
| UNTR | 22,425 | 27,350 | 35,000 | Buy | 56.1 | (36.1) | 83.6 | 7.8x | 1.5x | 19.8 | 5.5 | #N/A | N/A | (4.8) |
| SILO | 6,925 | 3,590 | 7,230 | Hold | 4.4 | 151.8 | 11.3 | 200.8x | 1.8x | 0.9 | N/A | 18.6 | 1333.7 | 0.7 |
| MIKA | 2,660 | 1,575 | 2,300 | Hold | (13.5) | 83.4 | 37.9 | 57.6x | 9.1x | 16.4 | 0.7 | 17.2 | 12.1 | 0.4 |
| LPPF | 3,600 | 5,600 | 5,500 | Buy | 52.8 | (20.0) | 10.1 | 13.0x | 5.6x | 37.8 | 9.3 | 0.7 | (18.7) | 0.7 |
| RALS | 1,120 | 1,420 | 2,050 | Buy | 83.0 | (15.2) | 7.9 | 11.2x | 1.8x | 17.1 | 4.5 | (2.0) | 15.8 | 0.7 |
| MAPI | 1,040 | 805 | 1,300 | Buy | 25.0 | 29.2 | 17.3 | 21.1x | 2.9x | 14.8 | 1.0 | 11.4 | 14.7 | 0.9 |
| Property | | | | | | 22.1 | 475.3 | | | | | | | |
| PWON | 565 | 620 | 725 | Buy | 28.3 | (5.0) | 27.2 | 9.3x | 1.9x | 22.2 | 1.2 | 0.2 | 20.8 | 1.3 |
| CTRA | 1,025 | 1,010 | 1,080 | Hold | 5.4 | 11.4 | 19.0 | 18.8x | 1.3x | 7.2 | 1.0 | (0.7) | (28.9) | 1.7 |
| PTPP | 1,570 | 1,805 | 2,450 | Buy | 56.1 | 4.3 | 9.7 | 8.3x | 0.7x | 9.4 | 3.1 | 8.6 | (37.6) | 1.6 |
| WSKT | 1,460 | 1,680 | 2,600 | Buy | 78.1 | (2.7) | 19.8 | 14.3x | 1.1x | 7.8 | 5.0 | (39.2) | (69.4) | 1.5 |
| WIKA | 1,935 | 1,655 | 2,500 | Buy | 29.2 | 61.3 | 17.4 | 7.8x | 1.1x | 15.3 | 2.0 | #N/A | N/A | 57.3 |
| Basic Ind. | | | | | | 20.5 | 742.9 | | | | | | | |
| JPFA | 1,650 | 2,150 | 1,940 | Buy | 17.6 | (20.7) | 19.3 | 12.5x | 1.9x | 16.1 | 3.0 | 7.3 | (38.6) | 1.1 |
| SMGR | 12,600 | 11,500 | 13,600 | Hold | 7.9 | 22.3 | 74.7 | 32.7x | 2.4x | 7.5 | 1.6 | 31.1 | (38.1) | 1.4 |
| INTP | 19,675 | 18,450 | 19,000 | Hold | (3.4) | 0.1 | 72.4 | 42.5x | 3.2x | 7.6 | 2.8 | 5.3 | 90.4 | 1.5 |
| Misc Ind. | | | | | | (16.4) | 352.5 | | | | | | | |
| ASII | 6,575 | 8,225 | 8,600 | Buy | 30.8 | (22.9) | 266.2 | 13.0x | 1.9x | 14.9 | 3.2 | 1.2 | (7.1) | 1.2 |
| Mining | | | | | | (21.6) | 336.6 | | | | | | | |
| ADRO | 1,300 | 1,215 | 1,750 | Buy | 34.6 | (16.4) | 41.6 | 5.7x | 0.8x | 14.2 | 6.9 | 10.2 | 51.9 | 1.3 |
| PTBA | 2,460 | 4,300 | 5,100 | Buy | 107.3 | (47.7) | 28.3 | 6.3x | 1.6x | 26.4 | 13.8 | 1.4 | (24.9) | 1.2 |
| INCO | 3,360 | 3,260 | 4,400 | Buy | 31.0 | 6.7 | 33.4 | 411.2x | 1.3x | 0.3 | N/A | (12.6) | N/A | 1.5 |
| ANTM | 815 | 765 | 1,200 | Buy | 47.2 | 21.6 | 19.6 | 24.3x | 1.0x | 4.1 | 1.6 | 23.0 | (11.1) | 1.5 |

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

| | |
|----------------------------|-------|
| YTD Change | 13.6% |
| YTD Change Gap (vs JCI) | 15.1% |
| Weekly Change | -2.4% |
| Weekly Change Gap (vs JCI) | -1.3% |

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 | UK | 16:30 | GDP QoQ | 3Q | 0.30% | 0.40% | -0.20% |
| <i>11 - Nov</i> | UK | 16:30 | GDP YoY | 3Q | 1.00% | 1.10% | 1.30% |
| | UK | 16:30 | Industrial Production MoM | Sep | -0.30% | -0.10% | -0.60% |
| | UK | 16:30 | Manufacturing Production MoM | Sep | -0.40% | -0.20% | -0.70% |
| Tuesday | UK | 16:30 | Jobless Claims Change | Oct | 33.0k | -- | 21.1k |
| <i>12 - Nov</i> | UK | 16:30 | ILO Unemployment Rate 3Mths | Sep | 3.80% | 3.90% | 3.90% |
| | GER | 17:00 | ZEW Survey Current Situation | Nov | -24.7 | -22 | -25.3 |
| | GER | 17:00 | ZEW Survey Expectations | Nov | -2.1 | -13 | -22.8 |
| Wednesday | GER | 14:00 | CPI MoM | Oct | 0.10% | 0.10% | 0.10% |
| <i>13 - Nov</i> | GER | 14:00 | CPI YoY | Oct | 1.10% | 1.10% | 1.10% |
| | UK | 16:30 | CPI MoM | Oct | -0.20% | -0.10% | 0.10% |
| | UK | 16:30 | CPI YoY | Oct | 1.50% | 1.60% | 1.70% |
| | UK | 16:30 | CPI Core YoY | Oct | 1.70% | 1.70% | 1.70% |
| | UK | 16:30 | PPI Output NSA MoM | Oct | -0.10% | 0.00% | -0.10% |
| | USA | 19:00 | MBA Mortgage Applications | Nov | 9.60% | -- | -0.10% |
| | USA | 20:30 | CPI MoM | Oct | 0.40% | 0.30% | 0.00% |
| Thursday | EU | 17:00 | GDP SA YoY | 3Q | 1.10% | 1.10% | 1.10% |
| <i>14 - Nov</i> | USA | 20:30 | PPI Final Demand MoM | Oct | 0.40% | 0.30% | -0.30% |
| | USA | 20:30 | Initial Jobless Claims | Nov | 225k | 215k | 211k |
| Friday | EU | 17:00 | CPI YoY | Oct | | 0.70% | 0.70% |
| <i>15 - Nov</i> | USA | 20:30 | Retail Sales Advance MoM | Oct | | 0.20% | -0.30% |
| | USA | 21:15 | Industrial Production MoM | Oct | | -0.40% | -0.40% |

Source: Bloomberg

Domestic Economic Calendar

| Date | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|-----------------|--------------|------------------|--------|--------|-----------|----------|
| Friday | 11:00 | Exports YoY | Oct | | -7.00% | -5.74% |
| <i>15 - Nov</i> | 11:00 | Imports YoY | Oct | | -13.00% | -2.41% |
| | 11:00 | Trade Balance | Oct | | -\$500m | -\$161m |
| | Tentative | Local Auto Sales | Oct | | -- | 92943 |

Source: Bloomberg

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