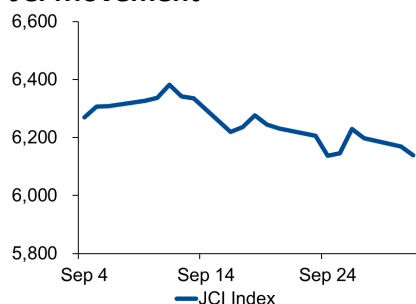


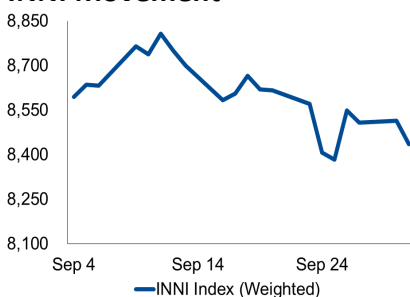
Morning Brief

Daily | October 02 2019

JCI Movement



INNI Movement



Market Recap

JCI gave up gains as the consumer goods and infrastructure sectors were bearish. **JCI's Top Losers: Mining (-0.7%), Finance (-0.5%), Misc. Industry (-0.5%).**

Unlike JCI, INNI index was solid as LPPF posted a 7.6% gain after the news of PT Matahari Department Store Spin-Off.

Daily Foreign & Domestic Sector Movement

JCI was at tepid closed as it gave up foreign funds of IDR607 billion, with the largest outflows of IDR230 billion pulled out from the communication sector. The high cycle of outflows was attributable to the domestic and global backdrop embroiled in political unrest and tangled trade disputes. Students' protest gripped on Indonesia and White House delisting Chinese companies from the New York Stock Exchange caused foreign investors to withdraw their money from JCI.

The rupiah exchange rate against USD was depreciated at 0.15% to 14,196.

Today's Outlook: Sept. Deflation Is at 0.27%

Dow Jones tanked 1.28% to 26,573 after Sept. ISM manufacturing lowest reading as of 2009. ISM Manufacturing reading also ignited fears of the US deteriorating economy. From the domestic backdrop, Statistics Indonesia announced that Sept. deflation was at 0.27%, lower than that of 0.18% on Sept. 2018. The higher deflation was triggered by declines in food prices.

Company News

TLKM : Telkomsel's Transformation to Digital Business
 PTPP : Cooperates with PGN to Build Gas Pipelines
 WIKA : Subsidiary Sells Treasury Stocks

Domestic & Global News

Moody's: Indonesia Is Vulnerable Most to Be in Default
 US Manufacturing Survey Shows Worst Reading in a Decade

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.50%	Real GDP	5.05%	5.07%
FX Reserve (USD bn)	126.40	125.90	Current Acc (USD bn)	(8.40)	(6.97)
Trd Balance (USD bn)	0.09	(0.06)	Govt. Spending Yoy	8.23%	5.21%
Exports Yoy	-9.99%	-5.12%	FDI (USD bn)	5.78	6.04
Imports Yoy	-15.60%	-15.21%	Business Confidence	108.05	108.05
Inflation Yoy	3.49%	3.32%	Cons. Confidence*	124.80	128.10

JCI Index

Oct. 01 6,138.25
 Chg. -30.85pts (-0.50%)
 Volume (bn shares) 143.95
 Value (IDR tn) 6.93
Adv 157 Dec 236 Unc 266 Untr 131

INNI Index

Last 8,435.57
 Chg. +78.37pts (+0.92%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
LPPF	7.6%	PWON	-4.5%
MIKA	3.0%	INCO	-3.7%
ADRO	2.3%	SMGR	-3.0%
PTBA	0.9%	JPFA	-2.5%
CTRA	0.5%	ANTM	-2.1%

Foreign Transaction

(IDR bn)
 Buy 1,231
 Sell 1,838
 Net Buy (Sell) 607

Top Buy	NB Val.	Top Sell	NS Val.
BBNI	33.3	BBRI	167.4
TLKM	33.1	BBCA	48.4
ERAA	7.6	SMGR	31.1
MIKA	7.2	INDF	29.2
MNCN	6.6	BTPS	23.0

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.29%	0.01%
USDIDR	14,216	0.15%
KRWIDR	11.83	-0.04%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,573.04	(343.79)	-1.28%
S&P 500	2,940.25	(36.49)	-1.23%
FTSE 100	7,360.32	(47.89)	-0.65%
DAX	12,263.83	(164.25)	-1.32%
Nikkei	21,885.24	129.40	0.59%
Hang Seng	26,092.27	137.46	0.53%
Shanghai	2,905.19	(26.98)	-0.92%
KOSPI	2,072.42	9.37	0.45%
EIDO	24.20	(0.27)	-1.10%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,479.1	6.7	0.45%
Crude Oil (USD / bbl)	53.62	(0.45)	-0.83%
Coal Newcas(USD/ton)	67.40	(2.65)	-3.78%
Nickel LME (USD / MT)	17,220	170.0	1.00%
Tin LME (USD / MT)	16,250	325.0	2.04%
CPO (MYR/Ton)	2,167	32.0	1.50%

TLKM : Telkomsel's Transformation to Digital Business

Telkomsel, the subsidiary of PT Telekomunikasi Indonesia Tbk (TLKM), signed MOU with Pegadaian Indonesia to facilitate Pegadaian with Telkomsel DigiAds as a means of product promotion. The cooperation aims to increase Telkomsel's value added. (Kontan)

PTPP : Cooperates with PGN to Build Gas Pipelines

PT PP Tbk (PTPP) and PT Perusahaan Gas Negara Tbk (PGAS) signed Heads of Agreement for the construction of 500,000 gas pipelines. PTPP and PGAS will build gas pipeline into two phases. The first phase is the construction of 50,000 pipelines, and the second phase is 450,000 pipelines. (Kontan)

WIKA : Subsidiary Sells Treasury Stocks

PT Wijaya Karya Beton Tbk (WTON), the subsidiary of PT Waskita Karya Tbk (WSKT), has 377 million of treasury stocks or 4.3% of its total stocks. Its treasury stocks whose per stock price is at IDR800 will be bought by PT Taspen. The per stock price is based on stock valuation and dividend ratio. (Kontan)

Domestic & Global News

Moody's: Indonesia Is Vulnerable Most to Be in Default

Indonesian companies are at high risk of being unable to pay debts. Moody's Investors Service stress-test in its latest report revealed that India and Indonesia are countries prone most to declines in corporate debt repayments. (Kontan)

US Manufacturing Survey Shows Worst Reading in A Decade

A gauge of U.S. manufacturing showed the lowest reading in more than 10 years in September as exports dived amid the escalated trade war. The U.S. manufacturing purchasing managers' index from the Institute for Supply Management came in at 47.8% in September, the lowest since June 2009, marking the second consecutive month of contraction. (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						16.7	2,330.0							
BBCA	30,200	26,000	32,000	Hold	6.0	26.1	737.1	27.3x	4.7x	18.4	1.1	16.8	12.7	1.0
BBRI	4,070	3,660	4,950	Buy	21.6	30.9	502.0	14.8x	2.6x	19.0	3.2	12.5	8.5	1.4
BMRI	6,900	7,375	8,000	Buy	15.9	7.0	322.0	12.2x	1.7x	15.0	3.5	9.1	11.1	1.4
Consumer						(10.4)	1,250.3							
GGRM	52,275	83,625	110,000	Buy	110.4	(29.6)	100.6	11.8x	2.3x	20.0	5.0	16.4	20.5	1.0
UNVR	46,200	45,400	59,000	Buy	27.7	0.9	352.5	38.0x	69.5x	183.9	2.6	1.3	5.2	1.0
ICBP	11,925	10,450	11,800	Hold	(1.0)	33.2	139.1	28.6x	6.1x	22.9	1.6	13.7	12.8	0.7
INDF	7,625	7,450	8,700	Hold	14.1	27.6	67.0	14.1x	1.9x	14.4	3.1	7.2	30.0	1.2
KAEF	2,890	2,600	4,100	Buy	41.9	21.4	16.1	47.0x	7.1x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,675	1,520	1,870	Hold	11.6	21.8	78.5	31.4x	5.4x	17.9	1.6	7.7	3.5	1.3
Infrastructure						17.4	845.42							
TLKM	4,250	3,698	4,350	Hold	2.4	19.1	421.0	20.6x	4.5x	22.8	3.9	7.7	27.4	0.9
JSMR	5,650	4,280	6,000	Hold	6.2	29.0	41.0	18.5x	2.3x	13.3	0.8	(25.9)	1.4	1.1
Trade						(1.9)	715.9							
UNTR	20,550	27,350	35,000	Buy	70.3	(36.6)	76.7	6.8x	1.4x	21.6	5.8	11.2	1.8	1.0
SILO	7,050	3,590	7,230	Hold	2.6	140.6	11.5	248.4x	1.8x	0.7	N/A	18.5	N/A	0.8
MIKA	2,790	1,575	2,300	Sell	(17.6)	64.6	40.6	61.3x	9.4x	16.3	0.6	#N/A	N/A	0.5
LPPF	3,690	5,600	5,500	Buy	49.1	(48.0)	10.4	11.5x	5.7x	45.2	9.0	0.6	(11.5)	0.8
RALS	1,210	1,420	2,050	Buy	69.4	(5.8)	8.6	11.8x	2.0x	17.7	4.1	(0.2)	21.1	0.7
MAPI	1,025	805	1,300	Buy	26.8	30.6	17.0	23.0x	2.9x	14.5	1.0	10.2	25.0	0.8
Property						17.9	463.6							
PWON	635	620	725	Hold	14.2	25.7	30.6	11.0x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,060	1,010	1,080	Hold	1.9	26.9	19.7	15.1x	1.4x	9.4	0.9	12.1	74.3	1.7
PTPP	1,695	1,805	2,450	Buy	44.5	3.0	10.5	7.6x	0.8x	11.3	2.9	12.8	(23.4)	1.6
WSKT	1,625	1,680	2,600	Buy	60.0	(6.3)	22.1	11.2x	1.2x	11.3	4.5	(35.4)	(66.8)	1.5
WIKA	1,910	1,655	2,500	Buy	30.9	35.0	17.1	8.1x	1.1x	14.9	2.0	#N/A	N/A	1.4
Basic Ind.						9.3	670.5							
JPFA	1,540	2,150	1,940	Buy	26.0	(23.8)	18.1	9.5x	1.9x	20.2	6.5	9.2	(26.8)	1.1
SMGR	11,200	11,500	13,600	Buy	21.4	24.1	66.4	25.6x	2.2x	8.7	1.9	#N/A	N/A	1.4
INTP	18,700	18,450	19,000	Hold	1.6	11.1	68.8	48.1x	3.2x	6.5	2.9	7.7	80.2	1.5
Misc Ind.						(5.6)	346.5							
ASII	6,550	8,225	8,600	Buy	31.3	(9.0)	265.2	12.6x	1.9x	15.8	3.3	3.2	(5.8)	1.2
Mining						(19.8)	365.7							
ADRO	1,320	1,215	1,750	Buy	32.6	(28.5)	42.2	5.7x	0.8x	14.2	6.8	10.2	51.9	1.3
PTBA	2,280	4,300	5,100	Buy	123.7	(50.3)	26.3	5.5x	1.6x	29.7	14.9	1.2	(25.8)	1.2
INCO	3,380	3,260	4,400	Buy	30.2	(2.0)	33.6	450.0x	1.3x	0.3	N/A	(22.0)	N/A	1.6
ANTM	955	765	1,200	Buy	25.7	20.1	22.9	25.6x	1.2x	4.1	1.3	22.1	6.2	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

YTD Change	16.1%
YTD Change Gap (vs JCI)	17.0%
Weekly Change	0.3%
Weekly Change Gap (vs JCI)	0.3%

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	CHN	08:00	Manufacturing PMI	Sep	49.8	49.6	49.5
<i>30 - Sep</i>	CHN	08:45	Caixin China PMI Mfg	Sep	51.4	50.2	50.4
	GER	14:55	Unemployment Change (000's)	Sep	-10.0k	5.0k	4.0k
	UK	15:30	GDP QoQ	2Q F	-0.20%	-0.20%	-0.20%
	UK	15:30	GDP YoY	2Q F	1.30%	1.20%	1.20%
	GER	19:00	CPI MoM	Sep	0.00%	0.00%	-0.20%
	GER	19:00	CPI YoY	Sep	1.20%	1.30%	1.40%
Tuesday	UK	13:00	Nationwide House Px NSA YoY	Sep	0.20%	0.50%	0.60%
<i>01 - Oct</i>	UK	13:00	Nationwide House PX MoM	Sep	-0.20%	0.10%	0.00%
	GER	14:55	Markit Germany Manufacturing PMI	Sep	41.7	41.4	41.4
	EU	15:00	Markit Eurozone Manufacturing PMI	Sep	45.7	45.6	45.6
	UK	15:30	Markit UK PMI Manufacturing SA	Sep	48.3	47	47.4
	USA	20:45	Markit US Manufacturing PMI	Sep	51.1	51	51
	USA	21:00	ISM Manufacturing	Sep	47.8	50.1	49.1
Wednesday	USA	18:00	MBA Mortgage Applications	27-Sep		--	-10.10%
<i>02 - Oct</i>	USA	19:15	ADP Employment Change	Sep		140k	195k
Thursday	USA	19:30	Initial Jobless Claims	28-Sep		215k	213k
<i>03 - Oct</i>	USA	21:00	Factory Orders	Aug		-0.40%	1.40%
	USA	21:00	Durable Goods Orders	Aug		--	0.20%
Thursday	USA	19:30	Change in Nonfarm Payrolls	Sep		145k	130k
<i>04 - Oct</i>	USA	19:30	Unemployment Rate	Sep		3.70%	3.70%
	USA	19:30	Trade Balance	Aug		-\$54.5b	-\$54.0b

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	Tentative	Danareksa Consumer Confidence	Sep		--	101.3
<i>30 - Sep</i>						
Tuesday	07:30	Markit Indonesia PMI Mfg	Sep		--	49
<i>01 - Oct</i>	Tentative	CPI YoY	Sep		3.52%	3.49%
	Tentative	CPI NSA MoM	Sep		-0.15%	0.12%
	Tentative	CPI Core YoY	Sep		3.30%	3.30%
	Tentative	Consumer Confidence Index	Sep		--	123.1

Source: Bloomberg

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