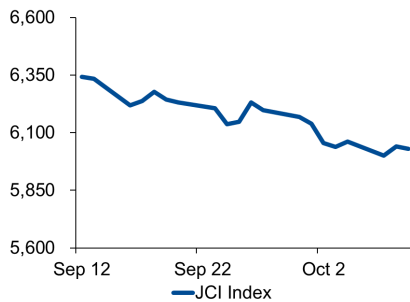
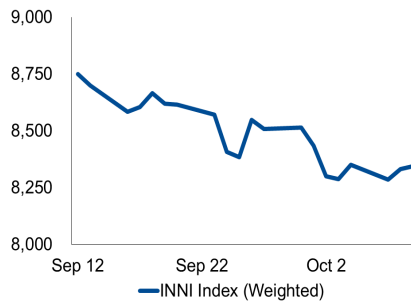


Morning Brief

JCI Movement



INNI Movement



Market Recap

JCI accumulated gains, backed by the banking sector. **JCI's Top Losers: Consumers (-1.0%), Misc. Ind (-0.9%), Property (-0.3%).**

INNI index, like JCI, recorded gains, supported by retail stocks, LPPF and RALS.

Daily Foreign & Domestic Sector Movement

Wednesday's foreign outflows accounted for IDR33 billion, fueled by markets' fears of US-China tangled trade relations. Most Asia markets were in the tepid mode as China showed no gesture of goodwill to Trump's trade requirement. The rupiah, meanwhile, was depreciated at 0.18% to 14,173 against USD.

Today's Outlook: Coal Prices Are Luster

Dow Jones advanced 0.70% to 26,346 as China's gesture of goodwill to settle talks despite the US trade blacklists to include China's startups. At the commodities, coal still continues its positive momentum amid the US-China ongoing negotiations. In contrast to coal, nickel prices are subdued as demands for nickel by China lower.

Company News

- JPFA : Expands Business in Aceh
- BBRI : Participants of Life Insurance Hit 4 Million People
- INCO : Holds Divestment Negotiation with Inalum

Domestic & Global News

- BI Projection: 3Q19 Retail Sales Slow
- Chinese Tourism Growth Slows

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% | 5.05% |
| FX Reserve (USD bn) | 124.33 | 126.40 | Current Acc (USD bn) | (8.40) | (8.40) |
| Trd Balance (USD bn) | 0.09 | (0.06) | Govt. Spending Yoy | 8.23% | 8.23% |
| Exports Yoy | -9.99% | -5.12% | FDI (USD bn) | 5.78 | 5.78 |
| Imports Yoy | -15.60% | -15.21% | Business Confidence | 108.05 | 108.05 |
| Inflation Yoy | 3.39% | 3.49% | Cons. Confidence* | 123.10 | 124.80 |

JCI Index

| | |
|---|--------------------|
| Oct. 10 | 6,029.16 |
| Chg. | -10.44pts (-0.17%) |
| Volume (bn shares) | 150.05 |
| Value (IDR tn) | 7.77 |
| Adv 195 Dec 197 Unc 269 Untr 132 | |

INNI Index

| | |
|------|--------------------|
| Last | 8,343.65 |
| Chg. | +12.31pts (+0.15%) |

INNI Top Gainers & Losers

| Gainers | % | Losers | % |
|---------|------|--------|-------|
| ANTM | 6.5% | ICBP | -3.2% |
| LPPF | 3.2% | JSMR | -2.2% |
| RALS | 1.2% | PWON | -1.6% |
| BBRI | 0.8% | WIKA | -1.6% |
| TLKM | 0.7% | ASII | -1.2% |

Foreign Transaction

| | (IDR bn) |
|----------------|----------|
| Buy | 1,997 |
| Sell | 2,030 |
| Net Buy (Sell) | 33 |

| Top Buy | NB Val. | Top Sell | NS Val. |
|---------|---------|----------|---------|
| BBRI | 88.4 | BBNI | 39.9 |
| BBCA | 60.8 | INCO | 36.4 |
| MDKA | 37.5 | LPPF | 31.7 |
| INDF | 19.0 | ASII | 22.5 |
| KLBF | 17.1 | TBIG | 18.7 |

Government Bond Yield & FX

| | Last | Chg. |
|----------------|--------|--------|
| Tenor: 10 year | 7.28% | 0.02% |
| USDIDR | 14,173 | 0.08% |
| KRWIDR | 11.82 | -0.21% |

Global Indexes

| Index | Last | Chg. | % |
|-----------|-----------|----------|--------|
| Dow Jones | 26,346.01 | 181.97 | 0.70% |
| S&P 500 | 2,919.40 | 26.34 | 0.91% |
| FTSE 100 | 7,166.50 | 23.35 | 0.33% |
| DAX | 12,094.26 | 124.06 | 1.04% |
| Nikkei | 21,456.38 | (131.40) | -0.61% |
| Hang Seng | 25,682.81 | (210.59) | -0.81% |
| Shanghai | 2,924.86 | 11.29 | 0.39% |
| KOSPI | 2,046.25 | 24.52 | 1.21% |
| EIDO | 23.81 | 0.19 | 0.80% |

Commodities

| Commodity | Last | Chg. | % |
|-----------------------|---------|---------|--------|
| Gold (USD / troy oz.) | 1,505.6 | 0.1 | 0.00% |
| Crude Oil (USD / bbl) | 52.59 | (0.04) | -0.08% |
| Coal Newcas(USD/ton) | 72.90 | (0.35) | -0.48% |
| Nickel LME (USD / MT) | 17,360 | (210.0) | -1.20% |
| Tin LME (USD / MT) | 16,445 | 50.0 | 0.30% |
| CPO (MYR/Ton) | 2,196 | 21.0 | 0.97% |

JPFA : Expands Business in Aceh

PT Japfa Comfeed Tbk (JPFA) expands its business in Aceh and builds one unit of hatchery and teaching farm. The expansion targets to supply Aceh markets with JPFA's products and open new employment in Aceh. In years ahead, JPFA will keep expanding its hatchery and partnership of broiler chicken farming. (Bisnis Indonesia)

BBRI : Participants of Life Insurance Hit 4 Million People

PT Bank Rakyat Indonesia Tbk cheered the rising number of its life insurance for minor injuries, health and loss of life to reach 33% y-y until the end of 3Q19. Until September, the paid premium coverage reached IDR220 billion, with 4 million participants. (Bisnis Indonesia)

INCO : Holds Divestment Negotiation with Inalum

PT Vale Indonesia Tbk (INCO) holds a 20% stock divestment negotiation with Inalum. The divestment is targeted to be completed in 2019. The negotiation is currently determined valuation, but amounts of funds Inalum must settle has yet to be disclosed. Another to the stock divestment, INCO will build a new smelter in Bahodopi. (Investor Daily)

Domestic & Global News

BI Projection: 3Q19 Retail Sales Slow

Bank Indonesia (BI) predicts retail sales growth to slow during 3Q19. Based on the results of BI's retail sales survey, 3Q19 figure grew 1.8% y-y, much lower than 4.2% in 2Q19. (Kontan)

Chinese Tourism Growth Slows

The rapid growth of Chinese tourism took a bit of a breather during the latest week-long National Day holiday, government data indicate. Chinese tourist sites received 782 million visits during the holiday, up well over 7% from last year's 726 million, according to the Ministry of Culture and Tourism. But, that's slower than reported growth of more than 9% in 2018, and down from a 10% increase in 2017. (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 | | | | | | 16.5 | 2,307.2 | | | | | | | |
| BBCA | 30,350 | 26,000 | 32,000 | Hold | 5.4 | 29.8 | 748.3 | 27.4x | 4.7x | 18.4 | 1.1 | 16.8 | 12.7 | 1.0 |
| BBRI | 3,960 | 3,660 | 4,950 | Buy | 25.0 | 31.6 | 488.4 | 14.4x | 2.6x | 19.0 | 3.3 | 12.5 | 8.5 | 1.4 |
| BMRI | 6,425 | 7,375 | 8,000 | Buy | 24.5 | (0.8) | 299.8 | 11.4x | 1.6x | 15.0 | 3.8 | 9.1 | 11.1 | 1.4 |
| Consumer | | | | | | (13.6) | 1,210.1 | | | | | | | |
| GGRM | 49,450 | 83,625 | 110,000 | Buy | 122.4 | (34.4) | 95.1 | 11.2x | 2.1x | 20.0 | 5.3 | 16.4 | 20.5 | 1.0 |
| UNVR | 44,200 | 45,400 | 59,000 | Buy | 33.5 | (1.6) | 337.2 | 36.4x | 66.4x | 183.9 | 2.7 | 1.3 | 5.2 | 1.0 |
| ICBP | 12,000 | 10,450 | 11,800 | Hold | (1.7) | 39.1 | 139.9 | 28.8x | 6.1x | 22.9 | 1.6 | 13.7 | 12.8 | 0.7 |
| INDF | 7,800 | 7,450 | 8,700 | Hold | 11.5 | 36.8 | 68.5 | 14.4x | 2.0x | 14.4 | 3.0 | 7.2 | 30.0 | 1.1 |
| KAEF | 2,810 | 2,600 | 4,100 | Buy | 45.9 | 16.1 | 15.6 | 45.7x | 6.9x | 16.6 | 0.5 | #N/A | N/A | 1.0 |
| KLBF | 1,650 | 1,520 | 1,870 | Hold | 13.3 | 28.4 | 77.3 | 30.9x | 5.3x | 17.9 | 1.6 | 7.7 | 3.5 | 1.3 |
| Infrastructure | | | | | | 15.9 | 831.14 | | | | | | | |
| TLKM | 4,120 | 3,698 | 4,350 | Hold | 5.6 | 16.1 | 408.1 | 20.0x | 4.3x | 22.8 | 4.0 | 7.7 | 27.4 | 0.9 |
| JSMR | 5,500 | 4,280 | 6,000 | Hold | 9.1 | 24.4 | 39.9 | 18.0x | 2.3x | 13.3 | 0.8 | (25.9) | 1.4 | 1.1 |
| Trade | | | | | | (1.6) | 711.8 | | | | | | | |
| UNTR | 20,050 | 27,350 | 35,000 | Buy | 74.6 | (37.9) | 74.8 | 6.7x | 1.4x | 21.6 | 6.2 | 11.2 | 1.8 | 1.0 |
| SILO | 7,550 | 3,590 | 7,230 | Hold | (4.2) | 191.5 | 12.3 | 266.1x | 2.0x | 0.7 | N/A | 18.5 | N/A | 0.8 |
| MIKA | 2,780 | 1,575 | 2,300 | Sell | (17.3) | 80.5 | 40.5 | 61.1x | 9.4x | 16.3 | 0.6 | #N/A | N/A | 0.4 |
| LPPF | 3,920 | 5,600 | 5,500 | Buy | 40.3 | (37.5) | 11.0 | 12.2x | 6.1x | 45.2 | 8.5 | 0.6 | (11.5) | 0.7 |
| RALS | 1,310 | 1,420 | 2,050 | Buy | 56.5 | 4.0 | 9.3 | 12.8x | 2.2x | 17.7 | 3.8 | (0.2) | 21.1 | 0.7 |
| MAPI | 995 | 805 | 1,300 | Buy | 30.7 | 25.9 | 16.5 | 22.3x | 2.9x | 14.5 | 1.0 | 10.2 | 25.0 | 0.8 |
| Property | | | | | | 19.4 | 457.7 | | | | | | | |
| PWON | 600 | 620 | 725 | Buy | 20.8 | 28.2 | 28.9 | 10.4x | 2.1x | 22.4 | 1.2 | 3.8 | 20.9 | 1.3 |
| CTRA | 1,100 | 1,010 | 1,080 | Hold | (1.8) | 37.5 | 20.4 | 15.7x | 1.4x | 9.4 | 0.9 | 12.1 | 74.3 | 1.7 |
| PTPP | 1,595 | 1,805 | 2,450 | Buy | 53.6 | (3.9) | 9.9 | 7.1x | 0.8x | 11.3 | 3.0 | 12.8 | (23.4) | 1.6 |
| WSKT | 1,505 | 1,680 | 2,600 | Buy | 72.8 | (8.5) | 20.4 | 10.4x | 1.1x | 11.3 | 4.8 | (35.4) | (66.8) | 1.5 |
| WIKA | 1,815 | 1,655 | 2,500 | Buy | 37.7 | 39.1 | 16.3 | 7.7x | 1.1x | 14.9 | 2.1 | #N/A | N/A | 1.4 |
| Basic Ind. | | | | | | 8.2 | 651.3 | | | | | | | |
| JPFA | 1,505 | 2,150 | 1,940 | Buy | 28.9 | (21.8) | 17.6 | 9.3x | 1.8x | 20.2 | 6.6 | 9.2 | (26.8) | 1.1 |
| SMGR | 11,350 | 11,500 | 13,600 | Buy | 19.8 | 24.4 | 67.3 | 26.0x | 2.2x | 8.7 | 1.8 | #N/A | N/A | 1.4 |
| INTP | 17,925 | 18,450 | 19,000 | Hold | 6.0 | 6.1 | 66.0 | 46.1x | 3.0x | 6.5 | 3.1 | 7.7 | 80.2 | 1.5 |
| Misc Ind. | | | | | | (7.0) | 333.9 | | | | | | | |
| ASII | 6,275 | 8,225 | 8,600 | Buy | 37.1 | (9.7) | 254.0 | 12.0x | 1.8x | 15.8 | 3.4 | 3.2 | (5.8) | 1.2 |
| Mining | | | | | | (18.6) | 367.7 | | | | | | | |
| ADRO | 1,270 | 1,215 | 1,750 | Buy | 37.8 | (28.7) | 40.6 | 5.5x | 0.8x | 14.2 | 7.1 | 10.2 | 51.9 | 1.3 |
| PTBA | 2,240 | 4,300 | 5,100 | Buy | 127.7 | (50.7) | 25.8 | 5.4x | 1.5x | 29.7 | 15.2 | 1.2 | (25.8) | 1.2 |
| INCO | 3,590 | 3,260 | 4,400 | Buy | 22.6 | 1.7 | 35.7 | 479.5x | 1.4x | 0.3 | N/A | (22.0) | N/A | 1.5 |
| ANTM | 990 | 765 | 1,200 | Buy | 21.2 | 20.7 | 23.8 | 26.6x | 1.2x | 4.6 | 1.3 | 22.1 | 6.2 | 1.5 |

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

| | |
|----------------------------|-------|
| YTD Change | 14.9% |
| YTD Change Gap (vs JCI) | 17.5% |
| Weekly Change | 0.5% |
| Weekly Change Gap (vs JCI) | 1.0% |

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 07 - Oct | GER | 13:00 | Factory Orders MoM | Aug | -0.60% | -0.30% | -2.70% |
| | USA | Tentative | Monthly Budget Statement | Sep | | \$82.5b | \$119.1b |
| Tuesday 08 - Oct | GER | 13:00 | Industrial Production SA MoM | Aug | 0.30% | 0.50% | 0.60% |
| | USA | 19:30 | PPI Final Demand MoM | Sep | -0.30% | 0.10% | 0.00% |
| Wednesday 09 - Oct | USA | 18:00 | MBA Mortgage Applications | Oct | 5.20% | -- | 8.10% |
| | USA | 21:00 | Wholesale Inventories MoM | Aug | 0.20% | 0.40% | 0.40% |
| | CHN | Tentative | Money Supply M2 YoY | Sep | | 8.20% | 8.20% |
| Thursday 10 - Oct | UK | 15:30 | Industrial Production MoM | Aug | | 0.10% | 0.10% |
| | UK | 15:30 | Manufacturing Production MoM | Aug | | 0.20% | 0.30% |
| | USA | 19:30 | CPI MoM | Sep | | 0.10% | 0.10% |
| | USA | 19:30 | CPI Ex Food and Energy MoM | Sep | | 0.20% | 0.30% |
| | USA | 19:30 | Initial Jobless Claims | Oct | | 218k | 219k |
| Friday 11 - Oct | GER | 13:00 | CPI MoM | Sep | | 0.00% | 0.00% |
| | GER | 13:00 | CPI YoY | Sep | | 1.20% | 1.20% |
| | GER | 13:00 | CPI EU Harmonized MoM | Sep | | -0.10% | -0.10% |
| | GER | 13:00 | CPI EU Harmonized YoY | Sep | | 0.90% | 0.90% |
| | USA | 19:30 | Import Price Index MoM | Sep | | -0.10% | -0.50% |
| | USA | 21:00 | U. of Mich. Sentiment | Oct | | 92 | 93.2 |

Source: Bloomberg

Domestic Economic Calendar

| Date | Hour Jakarta | Event | Period | Actual | Consensus | Previous |
|--------------------------|--------------|------------------------|--------|-----------|-----------|-----------|
| Monday 7 - Oct | 10:00 | Net Foreign Assets IDR | Sep | 1725.5T | -- | 1763.3t |
| | 10:00 | Foreign Reserves | Sep | \$124.33b | -- | \$126.40b |

Source: Bloomberg

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