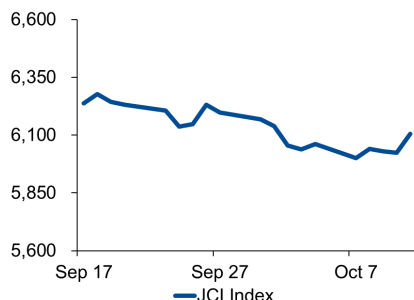


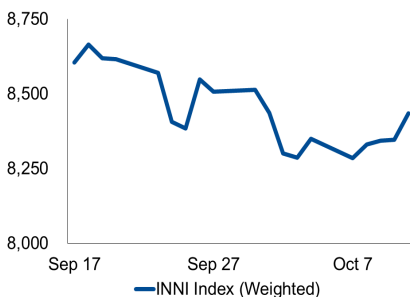
# Morning Brief

Daily | October 15 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI continued to rally, backed by the banking and basic industry sector. **JCI's Top Gainers: Basic Ind. (+1.8%), Consumer (+0.6%), Finance (+0.6%).**

INNI index, likewise JCI, advanced on the back of solid basic industry stocks.

## Daily Foreign & Domestic Sector Movement

Foreign investors pulled their money of IDR383 billion from JCI, with the largest amount of IDR128 billion withdrawn from the banking sector. Based on Chinese Custom and Excise data, Sept. exports and imports respectively declined by 3.2% and 8.5%, but Chinese trade balance still posted surplus of USD39.65 billion. On the commodities side, Russia and Saudi Arabia agreed to curb oil production due to downbeat global oil prices. The rupiah's exchange rate for USD nudged down 0.01% to 14,140.

## Today's Outlook: Eye on Trade Balance Reading

Dow Jones dipped 0.11% to 26,787 as the outcome of the US and China trade talks failed to revive sluggish manufacture activities and shattered markets' optimism. Another to the futile trade talks was the US's delay on tariff hike of 30% from 25% on Chinese goods worth of USD250 billion to take into effect on Oct. 15. Today, markets anticipate trade balance reading.

## Company News

- INCO : Officially Divests Its Stocks to MIND ID
- ASII : Sales of Toyota Edge Down
- WIKA : Secures New Contracts
- BBCA : Considers Stock Split

## Domestic & Global News

- CORE Predicts Trade Surpluses
- China's Sept. Imports and Exports Fell More than Expected

## 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*	121.80	123.10

## JCI Index

Oct. 14	6,126.87
Chg.	+21.07pts (+0.35%)
Volume (bn shares)	154.78
Value (IDR tn)	8.26
<b>Adv 185 Dec 218 Unc 258 Untr 116</b>	

## INNI Index

Last	8,500.72
Chg.	+65.74pts (+0.78%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
INTP	4.0%	KAEF	-2.5%
MAPI	4.0%	MIKA	-2.2%
JPFA	3.9%	ANTM	-1.5%
SMGR	2.3%	PTBA	-0.9%
JSMR	2.3%	ASII	-0.8%

## Foreign Transaction

	(IDR bn)
Buy	2,000
Sell	2,384
Net Buy (Sell)	383

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	94.9	ASII	37.6
PGAS	12.7	BBRI	36.2
INTP	7.9	TLKM	29.5
INCO	7.8	GGRM	21.4
TBIG	5.1	FREN	17.5

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.23%	-0.02%
USDIDR	14,140	0.01%
KRWIDR	11.94	0.08%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,787.36	(29.23)	-0.11%
S&P 500	2,966.15	(4.12)	-0.14%
FTSE 100	7,213.45	(33.63)	-0.46%
DAX	12,486.56	(25.09)	-0.20%
Nikkei	21,798.87	246.89	1.15%
Hang Seng	26,308.44	600.51	2.34%
Shanghai	3,007.88	34.23	1.15%
KOSPI	2,067.40	22.79	1.11%
EIDO	24.30	0.03	0.12%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,493.2	4.2	0.28%
Crude Oil (USD /bbl)	53.59	(1.11)	-2.03%
Coal Newcas(USD/ton)	70.00	(0.55)	-0.78%
Nickel LME (USD /MT)	16,550	(1000.0)	-5.70%
Tin LME (USD /MT)	16,520	(5.0)	-0.03%
CPO (MYR/Ton)	2,157	(28.0)	-1.28%

### **INCO : Officially Divests Its Stocks to MIND ID**

PT Vale Indonesia Tbk (INCO) has divested 20% of its stocks to MIND ID and signed a preliminary agreement on October 11, 2019. But the amount of funds to be spent by MIND ID has yet to disclose. The divestment will increase dividend disbursed and bring positive impacts on Indonesia's economy. (Kontan)

### **ASII : Sales of Toyota Edge Down**

PT Astra International Tbk (ASII) through its subsidiary, Toyota Astra, posted retail sales of 26,000 units or a 5.6% q-q decline in September. The decline in sales occurred in virtually all Toyota's brands, excluding Avanza. Despite decline in retail sales, Toyota Astra still posted wholesales growth to reach 31,800 units in September. (Kontan)

### **WIKA : Secures New Contracts**

PT Wijaya Karya Tbk (WIKA) from January to September secured new contracts worth of IDR25.7 trillion or equal to 41.35% of the total contracts targeted in 2019. WIKA currently works on such mega projects as coal-fired power plant in Palu, Jakarta International Stadium, and Serpong-Balaraja toll road. In years ahead, WIKA is likely to target transportation projects. (Bisnis Indonesia)

### **BBCA : Considers Stock Split**

PT Bank Central Asia Tbk (BBCA) considered to perform stock split, but the corporate act will not be performed in 2019. On Monday (10/14), BCA's corporate secretary stated the stock split plan is yet to be included to Bank's Business Plans in 2020. (Bisnis Indonesia)

## Domestic & Global News

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### **CORE Predicts Trade Surpluses**

Indonesia's Center of Reform on Economics (CORE) estimates that Sept. trade balance is likely to be in surplus, estimated to fall short in the range of USD100 million. According to CORE Economist Yusuf Rendy, Sept. surplus is not necessarily translated into more expansive exports. (Kontan)

### **China's Sept. Imports and Exports Fell More than Expected**

China's import and export data for September came in worse than expected amid the country's ongoing trade friction with the U.S. In U.S. dollar terms, China's exports fell 3.2% in September from a year ago, while imports dropped 8.5% during the same period, according to Reuters. The country's total trade balance in September was \$39.65 billion, Reuters said. (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
<b>Finance</b>						17.7	2,329.8							
BBCA	31,000	26,000	32,000	Hold	3.2	30.0	764.3	28.0x	4.8x	18.4	1.1	16.8	12.7	1.0
BBRI	3,920	3,660	4,950	Buy	26.3	30.7	483.5	14.2x	2.5x	19.0	3.4	12.5	8.5	1.4
BMRI	6,600	7,375	8,000	Buy	21.2	3.5	308.0	11.7x	1.7x	15.0	3.7	9.1	11.1	1.4
<b>Consumer</b>						(10.4)	1,231.3							
GGRM	53,875	83,625	110,000	Buy	104.2	(26.4)	103.7	12.2x	2.3x	20.0	4.8	16.4	20.5	1.0
UNVR	44,500	45,400	59,000	Buy	32.6	2.1	339.5	36.6x	66.9x	183.9	2.7	1.3	5.2	1.0
ICBP	11,600	10,450	11,800	Hold	1.7	33.0	135.3	27.8x	5.9x	22.9	1.7	13.7	12.8	0.7
INDF	7,700	7,450	8,700	Hold	13.0	39.4	67.6	14.2x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,780	2,600	4,100	Buy	47.5	12.1	15.4	45.2x	6.8x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,670	1,520	1,870	Hold	12.0	30.0	78.3	31.3x	5.3x	17.9	1.6	7.7	3.5	1.3
<b>Infrastructure</b>						18.1	842.96							
TLKM	4,190	3,698	4,350	Hold	3.8	16.1	415.1	20.3x	4.4x	22.8	3.9	7.7	27.4	0.9
JSMR	5,625	4,280	6,000	Hold	6.7	30.8	40.8	18.4x	2.3x	13.3	0.8	(25.9)	1.4	1.1
<b>Trade</b>						1.3	716.3							
UNTR	20,625	27,350	35,000	Buy	69.7	(34.4)	76.9	6.9x	1.4x	21.6	6.0	11.2	1.8	1.0
SILO	7,550	3,590	7,230	Hold	(4.2)	199.6	12.3	266.1x	2.0x	0.7	N/A	18.5	N/A	0.8
MIKA	2,720	1,575	2,300	Sell	(15.4)	81.9	39.6	59.8x	9.2x	16.3	0.7	#N/A	N/A	0.4
LPPF	4,030	5,600	5,500	Buy	36.5	(32.8)	11.3	12.6x	6.2x	45.2	8.3	0.6	(11.5)	0.7
RALS	1,275	1,420	2,050	Buy	60.8	5.4	9.0	12.4x	2.1x	17.7	3.9	(0.2)	21.1	0.7
MAPI	1,050	805	1,300	Buy	23.8	35.5	17.4	23.5x	3.0x	14.5	1.0	10.2	25.0	0.9
<b>Property</b>						24.9	467.3							
PWON	635	620	725	Hold	14.2	45.0	30.6	11.0x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,150	1,010	1,080	Hold	(6.1)	42.0	21.3	16.4x	1.5x	9.4	0.9	12.1	74.3	1.7
PTPP	1,630	1,805	2,450	Buy	50.3	5.5	10.1	7.3x	0.8x	11.3	3.0	12.8	(23.4)	1.6
WSKT	1,545	1,680	2,600	Buy	68.3	(1.6)	21.0	10.6x	1.2x	11.3	4.7	(35.4)	(66.8)	1.5
WIKA	1,905	1,655	2,500	Buy	31.2	48.2	17.1	8.1x	1.1x	14.9	2.0	#N/A	N/A	1.4
<b>Basic Ind.</b>						19.5	683.2							
JPFA	1,585	2,150	1,940	Buy	22.4	(14.1)	18.6	9.8x	1.9x	20.2	6.3	9.2	(26.8)	1.1
SMGR	12,100	11,500	13,600	Hold	12.4	37.1	71.8	27.7x	2.4x	8.7	1.7	#N/A	N/A	1.4
INTP	18,950	18,450	19,000	Hold	0.3	12.0	69.8	48.8x	3.2x	6.5	2.9	7.7	80.2	1.5
<b>Misc Ind.</b>						(3.4)	341.8							
ASII	6,425	8,225	8,600	Buy	33.9	(6.2)	260.1	12.3x	1.9x	15.8	3.3	3.2	(5.8)	1.2
<b>Mining</b>						(14.9)	372.4							
ADRO	1,295	1,215	1,750	Buy	35.1	(22.7)	41.4	5.6x	0.8x	14.2	7.0	10.2	51.9	1.3
PTBA	2,250	4,300	5,100	Buy	126.7	(49.3)	25.9	5.5x	1.6x	29.7	15.1	1.2	(25.8)	1.2
INCO	3,830	3,260	4,400	Hold	14.9	17.8	38.1	513.1x	1.4x	0.3	N/A	(22.0)	N/A	1.5
ANTM	1,000	765	1,200	Buy	20.0	30.7	24.0	26.8x	1.2x	4.6	1.3	22.1	6.2	1.5

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

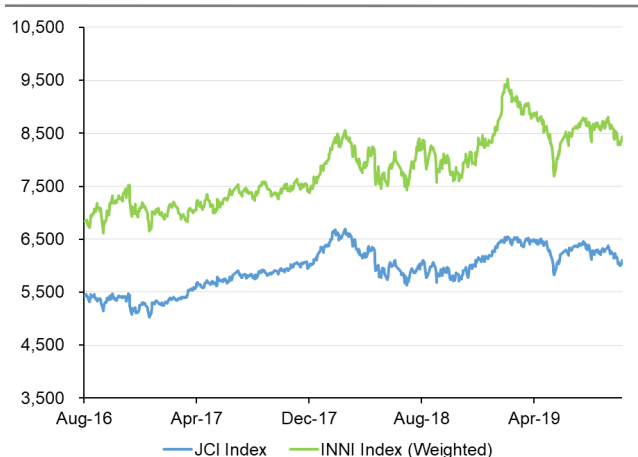
### INNI Index Movement

YTD Change	17.0%
YTD Change Gap (vs JCI)	18.1%
Weekly Change	2.6%
Weekly Change Gap (vs JCI)	0.5%

### 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
<b>Tuesday</b>	CHN	08:30	CPI YoY	Sep		2.90%	2.80%
<i>15 - Oct</i>	CHN	08:30	PPI YoY	Sep		-1.20%	-0.80%
	UK	15:30	Jobless Claims Change	Sep		--	28.2k
	UK	15:30	ILO Unemployment Rate 3Mths	Aug		3.80%	3.80%
	GER	16:00	ZEW Survey Current Situation	Oct		-23	-19.9
	GER	16:00	ZEW Survey Expectations	Oct		-26.8	-22.5
<b>Wednesday</b>	UK	15:30	CPI MoM	Sep		0.20%	0.40%
<i>16 - Oct</i>	UK	15:30	CPI YoY	Sep		1.80%	1.70%
	UK	15:30	CPI Core YoY	Sep		1.70%	1.50%
	UK	15:30	PPI Output NSA MoM	Sep		0.10%	-0.10%
	EU	16:00	CPI YoY	Sep		0.90%	1.00%
	USA	18:00	MBA Mortgage Applications	Oct		--	5.20%
	USA	19:30	Retail Sales Advance MoM	Sep		0.30%	0.40%
<b>Thursday</b>	USA	19:30	Housing Starts	Sep		1318k	1364k
<i>17 - Oct</i>	USA	19:30	Initial Jobless Claims	Oct		215k	210k
	USA	20:15	Industrial Production MoM	Sep		-0.20%	0.60%
<b>Friday</b>	CHN	09:00	Industrial Production YoY	Sep		5.00%	4.40%
<i>18 - Oct</i>	CHN	09:00	GDP YoY	3Q		6.10%	6.20%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	11:00	Exports YoY	Sep		-6.75%	-9.99%
<i>15 - Oct</i>	11:00	Imports YoY	Sep		-5.60%	-15.60%
	11:00	Trade Balance	Sep		\$132m	\$85m

Source: Bloomberg

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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

Wisma Korindo 7<sup>th</sup> Floor  
Jl. M.T. Haryono Kav. 62  
Pancoran, Jakarta 12780  
Indonesia  
Telp: +62 21 7976202  
Fax : +62 21 7976206

**Branch Office BSD:**

ITC BSD Blok R No.48  
Jl. Pahlawan Seribu Serpong  
Tangerang Selatan 15322  
Indonesia  
Telp : +62 21 5316 2049  
Fax : +62 21 5316 1687

**Branch Office Medan :**

Jl. Timor No 147  
Medan, Sumatera Utara  
20234  
Indonesia  
Telp : +62 614 156500  
Fax : +62 614 568560

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