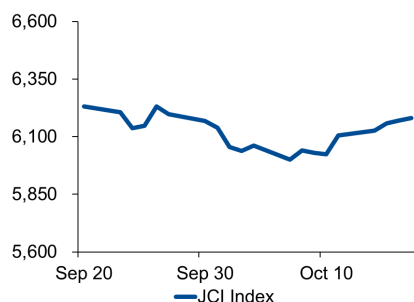


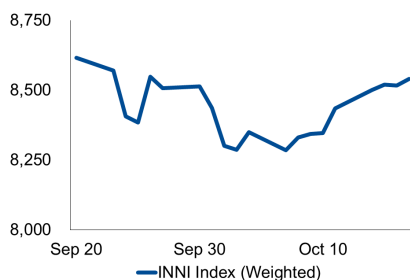
Morning Brief

Daily | October 18 2019

JCI Movement



INNI Movement



Market Recap

JCI rose on Thursday, backed by the banking sector. **JCI's Top Gainers: Misc. Ind(+3.4%), Basic Ind. (+1.2%), Agriculture (+0.3%).**

INNI index closed higher after basic industry stocks rose, JPFA and INTP.

Daily Foreign & Domestic Sector Movement

After 3-day foreign outflows, JCI finally posted foreign inflows of IDR208 billion. TBIG, on Thursday's trading intraday, attained foreign funds of IDR535 billion in the negotiation market. Asia markets were in bearish mood regardless of last week's partial trade deal is on the process of being finalized. Trump and Xi Jinping will sign the partial truce at the upcoming APEC Chile 2019. A glance at commodities, oil prices are in the downturn trend due to the US crude oil stockpiles.

Meanwhile, the rupiah exchange rate for USD rose 0.12% to 14,155.

Today's Outlook: UK and EU Settle Brexit Deal

FTSE 100 Index nudged up 0.20% to 7,182 as UK Prime Minister Brois Johnson and European Commission President Jean-Claude Juncker reached deals for Brexit. The Brexit deal is still required ratification from the national parliament, and Oct. 31 is the day when UK is scheduled to exit from the EU. From the domestic backdrop, markets retain wait-and-see stance as they anticipate the announcement of Jokowi's Working Cabinet Lineup of 2019-2024 on Oct. 20, 2019.

Company News

- UNVR : 3Q19 Profits Snap Lower
- WIKA : Secures 41.7% of 2019 Contract Targets
- BBRI : BRILink Supports Micro Credits
- TLKM : Is Poised to Tie Cooperation with Netflix

Domestic & Global News

- Tax Revenues from SMEs Drop
- US Weekly Jobless Claims Rise Modestly

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)	(0.16)	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	3.39%	3.49%	Cons. Confidence*	121.80	123.10

JCI Index

Oct. 17	6,181.01
Chg.	+11.42pts (+0.19%)
Volume (bn shares)	149.53
Value (IDR tn)	8.86
Adv 174 Dec 219 Unc 269 Untr 128	

INNI Index

Last	8,540.70
Chg.	+24.67pts (+0.29%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
JPFA	4.7%	CTRA	-2.6%
ASII	3.9%	INCO	-2.2%
INTP	2.4%	UNVR	-1.9%
ICBP	2.0%	PTBA	-1.8%
BBRI	1.5%	BBCA	-1.6%

Foreign Transaction

	(IDR bn)
Buy	3,053
Sell	2,844
Net Buy (Sell)	208

Top Buy	NB Val.	Top Sell	NS Val.
ICBP	28.0	BMRI	190.3
BBRI	17.2	ASII	64.4
JPFA	15.3	BBNI	26.9
SMGR	13.1	INTP	23.7
INDF	11.2	INCO	21.4

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.15%	-0.03%
USDIDR	14,155	-0.12%
KRWIDR	12.00	0.67%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,025.88	23.90	0.09%
S&P 500	2,997.95	8.26	0.28%
FTSE 100	7,182.32	14.37	0.20%
DAX	12,654.95	(15.16)	-0.12%
Nikkei	22,451.86	(21.06)	-0.09%
Hang Seng	26,848.49	184.21	0.69%
Shanghai	2,977.33	(1.38)	-0.05%
KOSPI	2,077.94	(4.89)	-0.23%
EIDO	24.75	0.07	0.28%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,491.9	1.7	0.12%
Crude Oil (USD /bbl)	53.93	0.57	1.07%
Coal Newcas(USD/ton)	72.45	(0.05)	-0.07%
Nickel LME (USD /MT)	16,270	(180.0)	-1.09%
Tin LME (USD /MT)	17,150	275.0	1.63%
CPO (MYR/Ton)	2,259	7.0	0.31%

UNVR : 3Q19 Profits Snap Lower

PT Unilever Indonesia Tbk (UNVR) posted declines of 24.31% y-y in 3Q19 profits, attributable to significant drops of 99.92% y-y to IDR2.19 billion, posted by other revenues. But, sales grew by 2.63% y-y to IDR32.36 trillion, and assets also surged 2.41% ytd or equal to IDR20.81 trillion. (Kontan)

WIKA : Secures 41.7% of 2019 Contract Targets

PT Wijaya Karya Tbk (WIKA) from Jan. to Sept. 2019 secured contracts worth of IDR25.7 trillion or equal to 41.7% of the 2019 total contract. Within the remaining 3 months, WIKA is optimistic about hitting the 2019 contract target by banking on toll-road, power-plants, industrial-plants projects in 2019. (Kontan)

BBRI : BRILink Supports Micro Credits

PT Bank Rakyat Indonesia Tbk (BBRI) through its BRILink service keeps boosting credits disbursement to the micro-business segments. From Jan. to Sept. 2019, BRILink agents obtained more than 50,000 customers and distributed credits of IDR500 billion. Of note, BBRI proves its credibility as the leader in micro-credit disbursement as Indonesian micro-credit records 13%-14% y-y growth. (Kontan)

TLKM : Is Posied to Tie Cooperation with Netflix

PT Telekomunikasi Indonesia Tbk (TLKM) cooperates with Netflix to provide streaming services. But, the cooperation will be finalized only after Netflix meets the required regulation. The cooperation is a part of TLKM's strategies to boost the number of Indihome's subscribers as TLKM keeps its endeavors to look for other streaming-service partners. (Investor Daily)

Domestic & Global News

Tax Revenues from SMEs Drop

Tax revenues contributed by small and medium enterprises (SMEs) from January to August lowered. It was attributable to declines of 0.5% in tariffs imposed on SMEs. Based on data provided by the Ministry of Finance, SMEs' Income Tax (PPh) disclosed in August's State Budget reached Rp4.84 trillion. (Kontan)

US Weekly Jobless Claims Rise Modestly

The number of Americans filing applications for unemployment benefits rose marginally last week, suggesting the labor market continues to tighten despite slowing hiring and economic growth. Initial claims for state unemployment benefits increased 4,000 to a seasonally adjusted 214,000 for the week ended Oct. 12, the Labor Department said on Thursday. (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						17.7	2,353.9							
BBCA	30,575	26,000	32,000	Hold	4.7	29.6	753.8	27.6x	4.7x	18.4	1.1	16.8	12.7	1.0
BBRI	4,050	3,660	4,950	Buy	22.2	31.1	499.6	14.7x	2.6x	19.0	3.3	12.5	8.5	1.4
BMRI	6,700	7,375	8,000	Buy	19.4	3.1	312.7	11.9x	1.7x	15.0	3.6	9.1	11.1	1.4
Consumer						(13.2)	1,230.1							
GGRM	54,100	83,625	110,000	Buy	103.3	(31.9)	104.1	12.2x	2.3x	20.0	4.8	16.4	20.5	1.0
UNVR	44,750	45,400	59,000	Buy	31.8	0.3	341.4	46.7x	49.6x	92.3	2.6	2.6	(24.4)	1.0
ICBP	11,550	10,450	11,800	Hold	2.2	30.5	134.7	27.7x	5.9x	22.9	1.7	13.7	12.8	0.7
INDF	7,650	7,450	8,700	Hold	13.7	25.4	67.2	14.1x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,820	2,600	4,100	Buy	45.4	12.4	15.7	45.8x	6.9x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,655	1,520	1,870	Hold	13.0	21.2	77.6	31.0x	5.3x	17.9	1.6	7.7	3.5	1.3
Infrastructure						15.0	840.04							
TLKM	4,170	3,698	4,350	Hold	4.3	12.5	413.1	20.2x	4.4x	22.8	3.9	7.7	27.4	0.9
JSMR	5,650	4,280	6,000	Hold	6.2	31.1	41.0	18.5x	2.3x	13.3	0.8	(25.9)	1.4	1.1
Trade						1.1	722.9							
UNTR	20,375	27,350	35,000	Buy	71.8	(36.2)	76.0	6.8x	1.4x	21.6	6.1	11.2	1.8	1.0
SILO	7,400	3,590	7,230	Hold	(2.3)	203.3	12.0	260.8x	1.9x	0.7	N/A	18.5	N/A	0.8
MIKA	2,660	1,575	2,300	Hold	(13.5)	77.3	38.7	58.5x	9.0x	16.3	0.7	#N/A	N/A	0.4
LPPF	4,200	5,600	5,500	Buy	31.0	(28.8)	11.8	13.1x	6.5x	45.2	7.9	0.6	(11.5)	0.7
RAIS	1,250	1,420	2,050	Buy	64.0	(0.8)	8.9	12.2x	2.1x	17.7	4.0	(0.2)	21.1	0.7
MAPI	1,140	805	1,300	Hold	14.0	43.4	18.9	25.5x	3.3x	14.5	0.9	10.2	25.0	0.9
Property						23.3	470.0							
PWON	620	620	725	Buy	16.9	28.1	29.9	10.7x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,135	1,010	1,080	Hold	(4.8)	32.7	21.1	16.2x	1.5x	9.4	0.9	12.1	74.3	1.7
PTPP	1,700	1,805	2,450	Buy	44.1	9.7	10.5	7.6x	0.8x	11.3	2.9	12.8	(23.4)	1.6
WSKT	1,575	1,680	2,600	Buy	65.1	1.6	21.4	10.8x	1.2x	11.3	4.6	(35.4)	(66.8)	1.5
WIKA	1,900	1,655	2,500	Buy	31.6	51.4	17.0	8.1x	1.1x	14.9	2.0	#N/A	N/A	1.4
Basic Ind.						19.8	713.2							
JPFA	1,655	2,150	1,940	Buy	17.2	(17.3)	19.4	10.2x	2.0x	20.2	6.0	9.2	(26.8)	1.1
SMGR	12,700	11,500	13,600	Hold	7.1	41.1	75.3	29.1x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	20,350	18,450	19,000	Hold	(6.6)	22.6	74.9	52.4x	3.4x	6.5	2.7	7.7	80.2	1.5
Misc Ind.						(2.6)	352.0							
ASII	6,625	8,225	8,600	Buy	29.8	(5.7)	268.2	12.7x	1.9x	15.8	3.2	3.2	(5.8)	1.2
Mining						(17.1)	367.1							
ADRO	1,320	1,215	1,750	Buy	32.6	(23.7)	42.2	5.7x	0.8x	14.2	6.8	10.2	51.9	1.3
PTBA	2,220	4,300	5,100	Buy	129.7	(50.6)	25.6	5.4x	1.5x	29.7	15.3	1.2	(25.8)	1.2
INCO	3,510	3,260	4,400	Buy	25.4	9.7	34.9	464.3x	1.3x	0.3	N/A	(22.0)	N/A	1.5
ANTM	955	765	1,200	Buy	25.7	24.8	22.9	25.6x	1.2x	4.6	1.3	22.1	6.2	1.5

* Target Price for December 2019

Source: Bloomberg, NHKS Research

INNI Summary

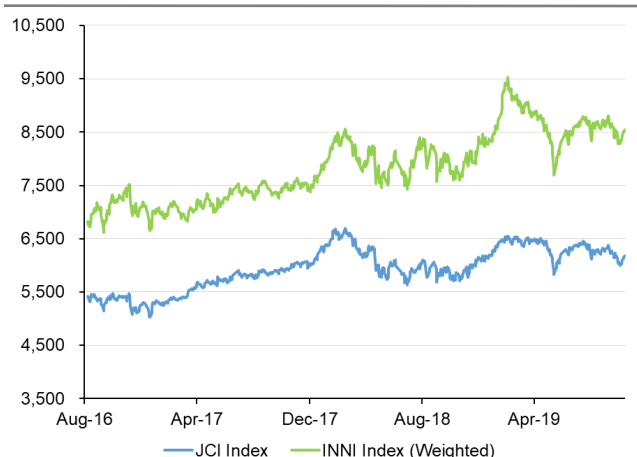
INNI Index Movement

YTD Change	17.6%
YTD Change Gap (vs JCI)	17.8%
Weekly Change	2.3%
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
Tuesday	CHN	08:30	CPI YoY	Sep	3.00%	2.90%	2.80%
<i>15 - Oct</i>	CHN	08:30	PPI YoY	Sep	-1.20%	-1.20%	-0.80%
	UK	15:30	Jobless Claims Change	Sep	21.1k	--	28.2k
	UK	15:30	ILO Unemployment Rate 3Mths	Aug	3.90%	3.80%	3.80%
	GER	16:00	ZEW Survey Current Situation	Oct	-25.3	-23	-19.9
	GER	16:00	ZEW Survey Expectations	Oct	-22.8	-26.8	-22.5
Wednesday	UK	15:30	CPI MoM	Sep	0.10%	0.20%	0.40%
<i>16 - Oct</i>	UK	15:30	CPI YoY	Sep	1.70%	1.80%	1.70%
	UK	15:30	CPI Core YoY	Sep	1.70%	1.70%	1.50%
	UK	15:30	PPI Output NSA MoM	Sep	-0.10%	0.10%	-0.10%
	EU	16:00	CPI YoY	Sep	0.80%	0.90%	1.00%
	USA	18:00	MBA Mortgage Applications	Oct	0.50%	--	5.20%
	USA	19:30	Retail Sales Advance MoM	Sep	-0.30%	0.30%	0.40%
Thursday	USA	19:30	Housing Starts	Sep	1256k	1318k	1364k
<i>17 - Oct</i>	USA	19:30	Initial Jobless Claims	Oct	214k	215k	210k
	USA	20:15	Industrial Production MoM	Sep	-0.40%	-0.20%	0.60%
Friday	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
Tuesday	11:00	Exports YoY	Sep	-6.50%	-6.75%	-9.99%
<i>15 - Oct</i>	11:00	Imports YoY	Sep	-2.41%	-5.60%	-15.60%
	11:00	Trade Balance	Sep	\$161m	\$132m	\$85m

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th 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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