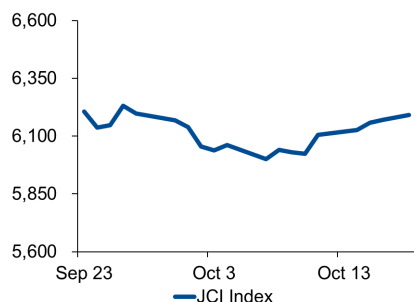


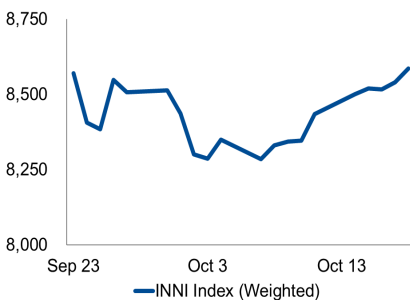
# Morning Brief

Daily | October 21 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI closed higher on Friday (10/18), backed by the basic industry sector. **JCI's Top Gainers: Misc. Ind. (+1.2%), Finance (+1.1%), Property (+0.9%).**

INNI index rose, underpinned by construction stocks, i.e. WIKA and WSKT. Markets are optimistic about the construction sectors regaining its strong footing after the new ministers of Jokowi second term take oath on Monday (10/21).

## Daily Foreign & Domestic Sector Movement

JCI posted foreign outflows of IDR338 billion. On Friday (10/18), UNVR dipped 3.63%, for its 3Q19 financial performance disappointed and 3Q19 net profits dropped 24% y-y from 3Q19. In contrast to UNVR, ERAA and GLOB rose 10.91% and 2.76%, respectively; those two gadget retail stocks benefited from the enactment of International Mobile Equipment Identity (IMEI) by the Minister of Industry. The regulation curbs illegal imported mobile phones to penetrate Indonesia's markets and will take into effect in April 2020. The rupiah exchange rate for USD nudged up 0.05% to 14,148 per USD.

## Today's Outlook: Eye on Ministers Lineup

Dow Jones dipped 0.95% to 26,770 as Johnson & Johnson dropped 6.22% after the Company pulled out its baby powder, possibly containing asbestos, from markets. On Monday (10/20), Jokowi and Ma'ruf Amin officially took an oath as Indonesia's President and Vice President at the People's Consultative Assembly in Senayan, Central Jakarta. Today, markets await the announcement of 2019-2024 Ministers Lineup.

## Company News

- JPFA : Its Subsidiary Will Export Products
- TLKM : LinkAja Targets 100 Million Customers
- MIKA : Sets Revenue Threshold from BPJS
- JSMR : Expands Functions of Rest Areas

## Domestic & Global News

- BI: Transactions of Local E-Commerce Products Are at 6%-7%
- Sterling Falls after UK Lawmakers Delay Key Brexit Vote

## 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. 18	6,191.94
Chg.	+10.93pts (+0.18%)
Volume (bn shares)	159.51
Value (IDR tn)	10.26
<b>Adv 183 Dec 210 Unc 269 Untr 128</b>	

## INNI Index

Last	8,586.12
Chg.	+45.42pts (+0.53%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
MIKA	7.1%	GGRM	-3.8%
PTBA	5.9%	UNVR	-3.6%
WIKA	5.3%	MAPI	-2.6%
JPFA	3.9%	ICBP	-2.4%
WSKT	3.2%	ANTM	-2.1%

## Foreign Transaction

	(IDR bn)
Buy	3,208
Sell	3,546
Net Buy (Sell)	338

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	93.5	BMRI	152.6
BBCA	80.1	ERAA	64.4
PTBA	37.8	ASII	52.2
MIKA	15.0	UNVR	48.1
PGAS	12.6	JPFA	38.5

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.14%	-0.01%
USDIDR	14,146	-0.06%
KRWIDR	11.99	-0.08%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,770.20	(255.68)	-0.95%
S&P 500	2,986.20	(11.75)	-0.39%
FTSE 100	7,150.57	(31.75)	-0.44%
DAX	12,633.60	(21.35)	-0.17%
Nikkei	22,492.68	40.82	0.18%
Hang Seng	26,719.58	(128.91)	-0.48%
Shanghai	2,938.14	(39.19)	-1.32%
KOSPI	2,060.69	(17.25)	-0.83%
EIDO	24.93	0.18	0.73%

## Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,490.1	(1.8)	-0.12%
Crude Oil (USD / bbl)	53.78	(0.15)	-0.28%
Coal Newcas(USD/ton)	68.75	0.10	0.15%
Nickel LME (USD / MT)	16,230	(40.0)	-0.25%
Tin LME (USD / MT)	16,950	(200.0)	-1.17%
CPO (MYR/Ton)	2,287	28.0	1.24%

### **JPFA : Its Subsidiary Will Export Products**

PT Japfa Comfeed Indonesia Tbk (JPFA) has a subsidiary, Santosa Agrindo (Santori) to export wagyu beef to Malaysia in 2020. Santori has completed the administrative requirements and welcomed its Malaysian partner to audit facilities and slaughtering processes. In years ahead, JPFA is likely to export beef to countries, with high demands for beef. (Kontan)

### **MIKA : Sets Revenue Threshold from BPJS**

PT Mitra Keluarga Karyasehat Tbk (MIKA) will anticipate BPJS's payment deficits as it sets 30%-40% revenue threshold, contributed by patients under BPJS's premium until the next 5 years. MIKA's current financial condition is robust because 87% of its cash is supported by non-BPJS patients. Thus, it is likely to focus not only on the National Health Coverage Program but only on adding room facilitate. (Kontan)

### **TLKM : LinkAja Targets 100 Million Customers**

PT Telekomunikasi Indonesia Tbk (TLKM) through its subsidiary, LinkAja, plans to secure 100 customers until 2024 by offering different digital payments. Of note, LinkAja has posted a 400% hike in March-to-August transactions. (Kontan)

### **JSMR : Expands Functions of Rest Areas**

PT Jasa Marga Tbk (JSMR) through its subsidiary, Jasamarga Relates Business will expand functions of rest areas into a tourism destination, transit points, logistic hubs, and industrial areas. JSMR is currently developing 6 rest areas in 4 toll-road sections, and spends IDR100 billion worth of investment funds on one rest area. (Bisnis Indonesia)

## Domestic & Global News

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### **BI: Transactions of Local E-Commerce Products Are at 6%-7%**

Bank Indonesia (BI) already monitors e-commerce transactions and supervises them through machine to machine (M2M) enabling internal e-commerce movements to be recognized. According to the Director of BI Payment Policy and Monitoring System Ida Nuryanti, the e-commerce transactions only consists of 6% - 7% local-product transactions, while the remaining transactions are outside the products. (Kontan)

### **Sterling Falls after UK Lawmakers Delay Key Brexit Vote**

The British pound slid against the dollar as currency markets opened in Asia early Monday morning, following a delay to a crucial Brexit vote and a new request to extend the deadline. U.K. Prime Minister Boris Johnson was thwarted by a cross-party group of politicians who voted to postpone the "meaningful vote" on his new divorce deal and force him to ask Brussels for an extension to the current Oct. 31 Brexit deadline. (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>						19.6	2,380.0							
BBCA	30,800	26,000	32,000	Hold	3.9	31.8	759.4	27.8x	4.8x	18.4	1.1	16.8	12.7	1.0
BBRI	4,170	3,660	4,950	Buy	18.7	38.1	514.4	15.2x	2.7x	19.0	3.2	12.5	8.5	1.4
BMRI	6,775	7,375	8,000	Buy	18.1	5.0	316.2	12.0x	1.7x	15.0	3.6	9.1	11.1	1.4
<b>Consumer</b>						(15.0)	1,195.5							
GGRM	52,050	83,625	110,000	Buy	111.3	(33.7)	100.1	11.8x	2.3x	20.0	5.0	16.4	20.5	1.0
UNVR	43,125	45,400	59,000	Buy	36.8	(3.8)	329.0	45.0x	47.8x	92.3	2.7	2.6	(24.4)	1.0
ICBP	11,275	10,450	11,800	Hold	4.7	28.5	131.5	27.0x	5.8x	22.9	1.7	13.7	12.8	0.7
INDF	7,550	7,450	8,700	Buy	15.2	25.8	66.3	13.9x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,810	2,600	4,100	Buy	45.9	13.8	15.6	45.7x	6.9x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,625	1,520	1,870	Buy	15.1	17.8	76.2	30.5x	5.2x	17.9	1.6	7.7	3.5	1.3
<b>Infrastructure</b>						15.6	843.95							
TLKM	4,190	3,698	4,350	Hold	3.8	13.9	415.1	20.3x	4.4x	22.8	3.9	7.7	27.4	0.9
JSMR	5,575	4,280	6,000	Hold	7.6	28.8	40.5	18.3x	2.3x	13.3	0.8	(25.9)	1.4	1.0
<b>Trade</b>						2.1	726.4							
UNTR	20,850	27,350	35,000	Buy	67.9	(35.6)	77.8	6.9x	1.4x	21.6	5.9	11.2	1.8	1.0
SILO	7,450	3,590	7,230	Hold	(3.0)	209.1	12.1	262.5x	1.9x	0.7	N/A	18.5	N/A	0.8
MIKA	2,850	1,575	2,300	Sell	(19.3)	96.6	41.5	62.6x	9.6x	16.3	0.6	#N/A	N/A	0.4
LPPF	4,180	5,600	5,500	Buy	31.6	(25.7)	11.7	13.0x	6.5x	45.2	8.0	0.6	(11.5)	0.7
RALS	1,260	1,420	2,050	Buy	62.7	5.4	8.9	12.3x	2.1x	17.7	4.0	(0.2)	21.1	0.7
MAPI	1,110	805	1,300	Buy	17.1	38.8	18.4	24.9x	3.2x	14.5	0.9	10.2	25.0	0.9
<b>Property</b>						24.2	474.6							
PWON	610	620	725	Buy	18.9	25.0	29.4	10.6x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,125	1,010	1,080	Hold	(4.0)	29.3	20.9	16.0x	1.4x	9.4	0.9	12.1	74.3	1.7
PTPP	1,750	1,805	2,450	Buy	40.0	11.5	10.8	7.8x	0.8x	11.3	2.8	12.8	(23.4)	1.6
WSKT	1,625	1,680	2,600	Buy	60.0	5.5	22.1	11.2x	1.2x	11.3	4.5	(35.4)	(66.8)	1.5
WIKA	2,000	1,655	2,500	Buy	25.0	61.3	17.9	8.5x	1.2x	14.9	1.9	#N/A	N/A	1.4
<b>Basic Ind.</b>						20.2	719.9							
JPFA	1,720	2,150	1,940	Hold	12.8	(10.9)	20.2	10.6x	2.1x	20.2	5.8	9.2	(26.8)	1.1
SMGR	12,500	11,500	13,600	Hold	8.8	40.1	74.1	28.6x	2.4x	8.7	1.7	#N/A	N/A	1.4
INTP	20,125	18,450	19,000	Hold	(5.6)	19.1	74.1	51.8x	3.4x	6.5	2.7	7.7	80.2	1.5
<b>Misc Ind.</b>						(4.6)	356.3							
ASII	6,700	8,225	8,600	Buy	28.4	(8.2)	271.2	12.9x	1.9x	15.8	3.2	3.2	(5.8)	1.2
<b>Mining</b>						(16.8)	367.0							
ADRO	1,310	1,215	1,750	Buy	33.6	(22.9)	41.9	5.7x	0.8x	14.2	6.9	10.2	51.9	1.3
PTBA	2,350	4,300	5,100	Buy	117.0	(48.2)	27.1	5.7x	1.6x	29.7	14.5	1.2	(25.8)	1.2
INCO	3,480	3,260	4,400	Buy	26.4	9.1	34.6	466.5x	1.3x	0.3	N/A	(22.0)	N/A	1.5
ANTM	935	765	1,200	Buy	28.3	22.2	22.5	25.1x	1.1x	4.6	1.4	22.1	6.2	1.5

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## INNI Summary

### INNI Index Movement

YTD Change	18.2%
YTD Change Gap (vs JCI)	18.2%
Weekly Change	1.8%
Weekly Change Gap (vs JCI)	0.4%

### 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	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
<b>Wednesday</b>	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%
<b>Thursday</b>	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%
<b>Friday</b>	CHN	09:00	Industrial Production YoY	Sep	5.80%	5.00%	4.40%
<i>18 - Oct</i>	CHN	09:00	GDP YoY	3Q	6.00%	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	-6.50%	-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 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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