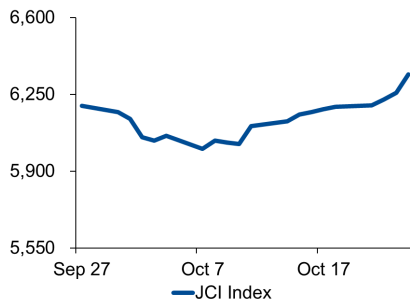


# Morning Brief

Daily | October 25 2019

## JCI Movement



## INNI Movement



## Market Recap

JCI closed higher, backed by the financial and consumer goods sectors **JCI's Top Gainers: Misc. Ind. (+2.3%), Consumer (+1.9%), Basic Ind. (+1.6%).**

INNI index closed higher, backed INCO (+6.6%). INCO posted 3Q19 solid earnings, posting net profits of USD160,000 in contrast to 1H19 net losses.

## Daily Foreign & Domestic Sector Movement

JCI received foreign inflows of IDR604 billion for the first time in a week, with the telecommunication and banking sectors posting the largest inflows of IDR235 billion and IDR194 billion, respectively. After the inauguration of Indonesia Maju's ministries on Wednesday (10/23), most of SOEs stocks in construction and banking sectors rallied on Thursday trading session. A glance at commodities, crude oil future prices dropped because a slowdown in German's economic data exaggerated jitters of declining demands for crude oil.

The rupiah exchange rate for USD, meanwhile, dropped 1.9% to 14,059.

## Today's Outlook: BI Cuts BI 7D-RRR

S&P index and Nasdaq closed higher at 0.19% and 0.81% as Microsoft Co nudged up 0.2% after its cloud computing service prospect surpassed analysts' estimate. In the domestic backdrop, after Board of Directors meeting on Thursday (10/24), BI cut BI 7D-RRR by 25 bps to 5%. Today, eye on banking stocks.

## Company News

- INCO : 3Q19 Profits Drop
- BBRI : Allocates Funds for Corporate Acts
- TLKM : LinkAja Implements QRIS

## Domestic & Global News

- BI: 3Q19 Economic Growth Is Stagnant at 5.05%
- US Durable Goods Orders Fall 1.1% in September

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.00%	5.25%	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. 24	6,339.64
Chg.	+81.84pts (+1.31%)
Volume (bn shares)	157.83
Value (IDR tn)	10.68
<b>Adv 191 Dec 212 Unc 260 Untr 117</b>	

## INNI Index

Last	8,830.83
Chg.	+154.09pts (+1.75%)

## INNI Top Gainers & Losers

Gainers	%	Losers	%
GGRM	6.9%	PTBA	-1.6%
INCO	6.6%	INTP	-1.1%
JPFA	4.6%	SILO	-1.0%
PWON	3.3%	LPPF	-1.0%
ASII	3.0%	KAEF	-0.7%

## Foreign Transaction

	(IDR bn)
Buy	3,245
Sell	2,641
Net Buy (Sell)	604

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	375.3	BMRI	57.0
TLKM	250.0	BDMN	27.3
BBCA	145.9	PWON	21.0
BBNI	131.0	UNVR	18.5
GGRM	86.7	JPFA	12.2

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.08%	0.01%
USDIDR	14,059	0.19%
KRWIDR	11.99	0.08%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,805.53	(28.42)	-0.11%
S&P 500	3,010.29	5.77	0.19%
FTSE 100	7,328.25	67.51	0.93%
DAX	12,872.10	73.91	0.58%
Nikkei	22,750.60	125.22	0.55%
Hang Seng	26,797.95	231.22	0.87%
Shanghai	2,940.92	(0.70)	-0.02%
KOSPI	2,085.66	5.04	0.24%
EIDO	25.72	0.22	0.86%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,504.0	11.9	0.79%
Crude Oil (USD /bbl)	56.23	0.26	0.46%
Coal Newcas(USD/ton)	68.85	(0.50)	-0.72%
Nickel LME (USD /MT)	16,860	270.0	1.63%
Tin LME (USD /MT)	16,775	225.0	1.36%
CPO (MYR/Ton)	2,384	62.0	2.67%

### **INCO : 3Q19 Profits Drop**

PT Vale Indonesia Tbk (INCO) posted modest performance of 3Q19 due to a slowdown in operational performance. During 9 first months in 2019, INCO was only capable of producing 50,351 metric tons nickel or a 6.8% y-y decline and posted sales of 50,831 metric tons or a 6.8% decline. INCO's net profits declined as its ASP dropped; thus, it only posted net profits of USD160,000 or a 99% y-y decline. (Kontan)

### **TLKM : LinkAja Implements QRIS**

LinkAja, a subsidiary of PT Telekomunikasi Indonesia Tbk (TLKM) and a member of PJSP, the institution formulating QRIS. LinkAja applies QRIS for purchasing-selling system in Mayestik Market. The act has supported BI's policies and facilitate purchasing-selling activities. By the end of 2019, LinkAja targets to implement QRIS in 100,000 merchants. (Investor Daily)

### **BBRI : Allocates Funds for Corporate Acts**

PT Bank Rakyat Indonesia (BBRI) allocated IDR5 trillion to invest in financial technology. It is one of its strategies to obtain value added. In years ahead, it will cooperate with the existing financial technology start-ups or establishing new financial-technology startup. (Bisnis Indonesia)

## Domestic & Global News

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### **BI: 3Q19 Economic Growth Is Stagnant at 5.05%**

Bank Indonesia (BI) estimates that 3Q19 economic growth is likely to be stagnant compared with 2Q19 growth of 5.05%. "various indicators predict the trend of 3Q19 economic growth will be around 5.05%," BI Governor Perry Warjiyo said after holding a Board of Governors' Meeting on Thursday (10/24). (Kontan)

### **US Durable Goods Orders Fall 1.1% in September**

Orders to U.S. factories for big-ticket manufactured goods tumbled in September by the largest amount in four months while a closely watched category that tracks business investment fell for a second month. The Commerce Department said Thursday that orders for durable goods dropped 1.1% in September, the biggest setback since a 2.3% decline in May. Orders in a category that serves as a proxy for business investment spending dipped 0.5% following a 0.6% decline in July. (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>						25.1	2,457.6							
BBCA	31,500	26,000	32,000	Hold	1.6	37.6	776.6	28.4x	4.9x	18.4	1.1	16.8	12.7	1.0
BBRI	4,300	3,660	4,950	Buy	15.1	43.3	530.4	15.6x	2.7x	18.2	3.1	10.9	5.6	1.4
BMRI	7,225	7,375	8,000	Hold	10.7	11.6	337.2	12.8x	1.8x	15.0	3.3	9.1	11.1	1.4
<b>Consumer</b>						(12.5)	1,215.6							
GGRM	54,550	83,625	110,000	Buy	101.6	(26.3)	105.0	12.3x	2.4x	20.0	4.8	16.4	20.5	1.0
UNVR	44,275	45,400	59,000	Buy	33.3	(0.1)	337.8	46.2x	49.0x	92.3	2.7	2.6	(24.4)	1.0
ICBP	11,600	10,450	11,800	Hold	1.7	32.2	135.3	27.8x	5.9x	22.9	1.7	13.7	12.8	0.7
INDF	7,650	7,450	8,700	Hold	13.7	31.9	67.2	14.1x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,800	2,600	4,100	Buy	46.4	12.9	15.6	45.5x	6.9x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,615	1,520	1,870	Buy	15.8	22.8	75.7	30.3x	5.2x	17.9	1.6	7.7	3.5	1.3
<b>Infrastructure</b>						22.2	862.58							
TLKM	4,350	3,698	4,350	Hold	-	24.3	430.9	21.1x	4.6x	22.8	3.8	7.7	27.4	0.9
JSMR	5,725	4,280	6,000	Hold	4.8	36.3	41.6	18.7x	2.4x	13.3	0.8	(25.9)	1.4	1.0
<b>Trade</b>						3.8	727.7							
UNTR	21,925	27,350	35,000	Buy	59.6	(31.6)	81.8	7.3x	1.5x	21.6	5.6	11.2	1.8	1.0
SIL0	7,375	3,590	7,230	Hold	(2.0)	207.3	12.0	259.9x	1.9x	0.7	N/A	18.5	N/A	0.8
MIKA	2,700	1,575	2,300	Hold	(14.8)	92.2	39.3	59.3x	9.1x	16.3	0.7	#N/A	N/A	0.4
LPPF	3,940	5,600	5,500	Buy	39.6	(16.2)	11.1	12.3x	6.1x	45.2	8.5	0.6	(11.5)	0.7
RALS	1,200	1,420	2,050	Buy	70.8	(1.2)	8.5	11.7x	2.0x	17.7	4.2	(0.2)	21.1	0.7
MAPI	1,135	805	1,300	Hold	14.5	43.7	18.8	25.4x	3.3x	14.5	0.9	10.2	25.0	0.9
<b>Property</b>						27.4	486.4							
PWON	635	620	725	Hold	14.2	32.3	30.6	11.0x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,220	1,010	1,080	Hold	(11.5)	48.8	22.6	17.4x	1.6x	9.4	0.8	12.1	74.3	1.7
PTPP	1,815	1,805	2,450	Buy	35.0	25.6	11.3	8.1x	0.9x	11.3	2.7	12.8	(23.4)	1.6
WSKT	1,670	1,680	2,600	Buy	55.7	11.0	22.7	11.5x	1.3x	11.3	4.4	(35.4)	(66.8)	1.5
WIKA	2,130	1,655	2,500	Buy	17.4	77.5	19.1	9.1x	1.2x	14.9	1.8	#N/A	N/A	1.4
<b>Basic Ind.</b>						27.2	753.3							
JPFA	1,825	2,150	1,940	Hold	6.3	(9.2)	21.4	11.3x	2.2x	20.2	5.5	9.2	(26.8)	1.1
SMGR	12,700	11,500	13,600	Hold	7.1	41.9	75.3	29.1x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	20,150	18,450	19,000	Hold	(5.7)	20.1	74.2	51.8x	3.4x	6.5	2.7	7.7	80.2	1.5
<b>Misc Ind.</b>						(2.4)	366.7							
ASII	6,950	8,225	8,600	Buy	23.7	(5.8)	281.4	13.3x	2.0x	15.8	3.0	3.2	(5.8)	1.2
<b>Mining</b>						(15.9)	364.3							
ADRO	1,370	1,215	1,750	Buy	27.7	(17.0)	43.8	6.0x	0.8x	14.2	6.6	10.2	51.9	1.3
PTBA	2,410	4,300	5,100	Buy	111.6	(46.3)	27.8	5.8x	1.7x	29.7	14.1	1.2	(25.8)	1.2
INCO	3,700	3,260	4,400	Buy	18.9	22.1	36.8	283.7x	1.4x	0.3	N/A	(12.6)	(99.7)	1.5
ANTM	975	765	1,200	Buy	23.1	35.4	23.4	26.2x	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	21.6%
YTD Change Gap (vs JCI)	19.2%
Weekly Change	3.4%
Weekly Change Gap (vs JCI)	0.8%

### INNI Market Capitalization

Market Cap (IDR tn)	3,464
Market Cap (%)	47.27

### INNI Index



Source: Bloomberg, NHKS Research

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 22- Oct	USA	21:00	Existing Home Sales	Sep	5.38m	5.45m	5.49m
<b>Wednesday</b> 23- Oct	USA	18:00	MBA Mortgage Applications	Oct	-11.9%	--	0.50%
<b>Thursday</b> 24 - Oct	GER	14:30	Markit Germany Manufacturing PMI	Oct	41.9	42	41.7
	EU	15:00	Markit Eurozone Manufacturing PMI	Oct	45.7	46	45.7
	EU	18:45	ECB Main Refinancing Rate	Oct	0.00%	0.00%	0.00%
	EU	18:45	ECB Deposit Facility Rate	Oct	-0.50%	-0.50%	-0.50%
	USA	19:30	Durable Goods Orders	Sep	-1.10%	-0.60%	0.20%
	USA	19:30	Initial Jobless Claims	Oct	212k	215k	214k
	USA	20:45	Markit US Manufacturing PMI	Oct	51.5	50.8	51.1
	USA	21:00	New Home Sales	Sep	701k	702k	713k
<b>Friday</b> 25 - Oct	GER	15:00	Ifo Business Climate	Oct		94.5	94.6
	USA	21:00	U. of Mich. Sentiment	Oct		96	96

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Thursday</b> 24- Oct	Tentative	Bank Indonesia 7D Reverse Repo Rate	Oct	5.00%	5.00%	5.25%

Source: Bloomberg

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