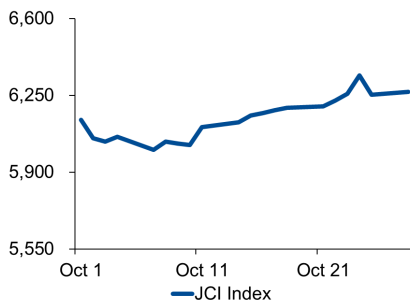


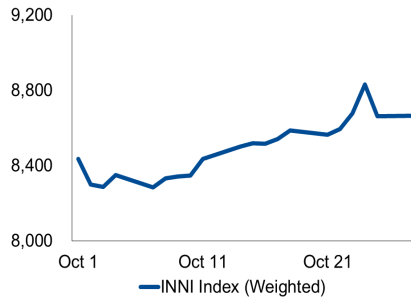
Morning Brief

Daily | October 29 2019

JCI Movement



INNI Movement



Market Recap

JCI closed higher, backed by the miscellaneous industry. **JCI's Top Gainers: Misc. Ind. (+1.3%), Consumer (+1.1%), Mining (+0.2%).**

INNI index closed higher as MIKA, one of its top gainers, advanced 3.9%. MIKA posted increasing patients in 3Q19 after it launched new hospitals.

Daily Foreign & Domestic Sector Movement

Foreign investors pulled out IDR315 billion from JCI's portfolios. BBKA strengthened 0.08% after its 3Q19 earnings disclosed a 13% y-y hike to IDR20.9 trillion. Unlike BBKA, ANTM drop 4.19% after releasing the lower-than-estimate 3Q19 earnings as its profits declined by 11.08% to IDR561 billion. Asia markets mostly rallied, and the rupiah exchange rate for USD nudged to 0.07% to 14,027.

Today's Outlook: Vietnam Will Hike Anti-Dumping Measures

Dow Jones nudged up 0.49% to 27,090 as Microsoft posted gains 2.46% after defeating Amazon.com, Inc., and winning USD10 billion worth of cloud computing contract from Pentagon. Apart from the US market, the Vietnam Ministry of Industry and Trade will hike anti-dumping measures from 2.53% to 34.27% on Chinese steel after the Vietnam steel producers complained about expensive prices of exported steel.

Company News

- LPPF : Posts Net Profits of IDR1.1 Trillion
- BMRI : Net Profits Hike to IDR203 Trillion
- KLBF : Absorbs IDR1 Trillion Worth of CapEx
- BBKA : Launches A Digital Bank in 2020

Domestic & Global News

- Forex Requirements Hike 3%-5%
- Major Contraction in Iran Driving the Middle East's Growth Slowdown

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. 28	6,265.38
Chg.	+13.03pts (+0.21%)
Volume (bn shares)	181.91
Value (IDR tn)	7.64
Adv 173 Dec 222 Unc 268 Untr 108	

INNI Index

Last	8,669.19
Chg.	+3.58pts (+0.04%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
MIKA	3.9%	WIKA	-4.2%
LPPF	3.7%	ANTM	-4.2%
SMGR	3.4%	RALS	-2.1%
MAPI	2.8%	PWON	-1.8%
ICBP	2.4%	SILO	-16%

Foreign Transaction

	(IDR bn)
Buy	1,437
Sell	1,752
Net Buy (Sell)	315

Top Buy	NB Val.	Top Sell	NS Val.
PGAS	32.3	BBRI	70.3
BBKA	32.3	TLKM	51.1
LPPF	9.2	BMRI	25.3
JPFA	8.8	INTP	20.9
BTPS	8.5	BNLI	12.7

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.04%	-0.05%
USDIDR	14,029	-0.06%
KRWIDR	11.99	0.17%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,090.72	132.66	0.49%
S&P 500	3,039.42	16.87	0.56%
FTSE 100	7,331.28	6.81	0.09%
DAX	12,941.71	47.20	0.37%
Nikkei	22,867.27	67.46	0.30%
Hang Seng	26,891.26	223.87	0.84%
Shanghai	2,980.05	25.12	0.85%
KOSPI	2,093.60	5.71	0.27%
EIDO	25.65	0.18	0.71%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,492.5	(12.1)	-0.81%
Crude Oil (USD /bbl)	55.81	(0.85)	-1.50%
Coal Newcas(USD/ton)	67.35	(0.95)	-1.39%
Nickel LME (USD /MT)	16,640	(135.0)	-0.80%
Tin LME (USD /MT)	16,725	50.0	0.30%
CPO (MYR/Ton)	2,398	14.0	0.59%

LPPF : Posts Net Profits of IDR1.1 Trillion

PT Matahari Department Store Tbk (LPPF) enjoyed 3Q19 net profits of IDR1.1 trillion or a 1.5% y-y increase. The sound performance was in light of 7.9 million loyal customers or a 15% growth. In 3Q19, LPPF operated 166 stores across 75 cities in Indonesia. LPPF is optimistic about its promising outlook as its fashion collections improve. (Bisnis Indonesia)

KLBF : Absorbs IDR1 Trillion Worth of CapEx

PT Kalbe Farma Tbk (KLBF) from Jan. to Sept. 2019 absorbed IDR1 trillion of IDR1.5 trillion worth of CapEx allocated. KLBF will spend the CapEx absorbed on constructing factories and warehouses for supporting production and distribution. It will also invest the CapEx on digital transformation. (Kontan)

BMRI : Net Profits Hike to IDR203 Trillion

PT Bank Mandiri Tbk (BMRI) posted 3Q19 consolidated loans of IDR806.8 trillion or a 11.5% y-y increase. The loan performance cut NPL by 48 bps to 2.53% q-q and CKP to 6.27% BMRI is currently focusing on maintaining its loan performance by boosting its micro and corporate loans. (Kontan)

BBCA : Launches A Digital Bank in 2020

PT Bank Central Asia Tbk (BBCA) will transform Bank Royal into a digital bank whose official launch will be in 3Q 2020. The acquisition will be finished in June 2020 and is currently at the digital operation trial consisting of basic banking services, credit disbursement, and funds deposit, etc. The acquisition of Bank Royal aims to target different markets in a broader scope. (Kontan)

Domestic & Global News

Forex Requirements Hike 3%-5%

Indonesia's foreign exchange requirements at the end of 2019 are estimated to increase by 3% - 5% on a monthly basis. According to Economist Bahana Sekuritas Satria Sambijantoro, the increase is partly attributable to the 4Q19 increasing imports as the high demands for consumer goods at the end of 2019 drive imports up. (Kontan)

Major Contraction in Iran Driving the Middle East's Growth Slowdown

The International Monetary Fund's latest regional outlook report for the Middle East and Central Asia, published Monday, paints a picture of uncertain economies weighed down by global factors like trade tensions as well as internal and regional turmoil. "The outlook for the MCD region (Middle East and Central Asia) is driven by a large contraction in Iran in the short-term followed by a rebound in 2020," the report 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
Finance						23.7	2,424.0							
BBCA	31,025	26,000	32,000	Hold	3.1	34.2	764.9	27.1x	4.6x	18.1	1.1	15.3	13.0	1.0
BBRI	4,230	3,660	4,950	Buy	17.0	43.4	521.8	15.4x	2.6x	18.2	3.1	10.8	5.6	1.4
BMRI	7,000	7,375	8,000	Hold	14.3	9.4	326.7	12.4x	1.8x	15.0	3.4	9.1	11.1	1.4
Consumer						(13.2)	1,215.2							
GGRM	55,575	83,625	110,000	Buy	97.9	(24.1)	106.9	12.6x	2.4x	20.0	4.7	16.4	20.5	1.0
UNVR	43,500	45,400	59,000	Buy	35.6	(1.0)	331.9	45.4x	48.2x	92.3	2.7	2.6	(24.4)	1.0
ICBP	11,700	10,450	11,800	Hold	0.9	33.0	136.4	28.1x	6.0x	22.9	1.7	13.7	12.8	0.7
INDF	7,700	7,450	8,700	Hold	13.0	36.3	67.6	14.2x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,790	2,600	4,100	Buy	47.0	10.3	15.5	45.4x	6.9x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,605	1,520	1,870	Buy	16.5	19.8	75.2	30.1x	5.1x	17.9	1.6	7.7	3.5	1.3
Infrastructure						17.8	846.06							
TLKM	4,260	3,698	4,350	Hold	2.1	18.0	422.0	20.7x	4.5x	22.8	3.8	7.7	27.4	0.9
JSMR	5,800	4,280	6,000	Hold	3.4	38.8	42.1	19.0x	2.4x	13.3	0.8	(25.9)	1.4	1.1
Trade						2.9	723.4							
UNTR	21,450	27,350	35,000	Buy	63.2	(34.0)	80.0	7.1x	1.5x	21.6	5.8	11.2	1.8	1.0
SILO	7,000	3,590	7,230	Hold	3.3	191.7	11.4	246.7x	1.8x	0.7	N/A	18.5	N/A	0.8
MIKA	2,680	1,575	2,300	Hold	(14.2)	91.4	39.0	58.9x	9.0x	16.3	0.7	#N/A	N/A	0.4
LPPF	3,890	5,600	5,500	Buy	41.4	(21.3)	10.9	12.1x	6.0x	45.2	8.6	0.6	(11.5)	0.7
RALS	1,185	1,420	2,050	Buy	73.0	-	8.4	11.6x	2.0x	17.7	4.2	(0.2)	21.1	0.7
MAPI	1,100	805	1,300	Buy	18.2	35.0	18.3	24.6x	3.2x	14.5	0.9	10.2	25.0	0.9
Property						28.5	481.5							
PWON	600	620	725	Buy	20.8	25.5	28.9	10.4x	2.1x	22.4	1.2	3.8	20.9	1.3
CTRA	1,175	1,010	1,080	Hold	(8.1)	47.8	21.8	16.7x	1.5x	9.4	0.9	12.1	74.3	1.7
PTPP	1,800	1,805	2,450	Buy	36.1	31.4	11.2	8.1x	0.9x	11.3	2.7	12.8	(23.4)	1.6
WSKT	1,625	1,680	2,600	Buy	60.0	13.6	22.1	11.2x	1.2x	11.3	4.5	(35.4)	(66.8)	1.5
WIKA	2,030	1,655	2,500	Buy	23.2	83.7	18.2	8.6x	1.2x	14.9	1.9	#N/A	N/A	1.4
Basic Ind.						25.7	731.7							
JPFA	1,800	2,150	1,940	Hold	7.8	(13.0)	21.1	11.1x	2.2x	20.2	5.6	9.2	(26.8)	1.1
SMGR	12,950	11,500	13,600	Hold	5.0	50.6	76.8	29.6x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	19,950	18,450	19,000	Hold	(4.8)	21.3	73.4	51.3x	3.4x	6.5	2.8	7.7	80.2	1.5
Misc Ind.						(4.3)	364.2							
ASII	6,900	8,225	8,600	Buy	24.6	(8.0)	279.3	13.2x	2.0x	15.8	3.1	3.2	(5.8)	1.2
Mining						(15.2)	362.0							
ADRO	1,370	1,215	1,750	Buy	27.7	(17.7)	43.8	6.0x	0.8x	14.2	6.6	10.2	51.9	1.3
PTBA	2,370	4,300	5,100	Buy	115.2	(43.4)	27.3	6.0x	1.5x	26.4	14.3	1.4	(24.9)	1.2
INCO	3,550	3,260	4,400	Buy	23.9	23.3	35.3	436.1x	1.3x	0.3	N/A	(12.6)	N/A	1.5
ANTM	915	765	1,200	Buy	31.1	29.8	22.0	24.6x	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	19.3%
YTD Change Gap (vs JCI)	18.2%
Weekly Change	1.2%
Weekly Change Gap (vs JCI)	0.1%

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
Monday 28- Oct	EU	16:00	M3 Money Supply YoY	Sep	5.50%	5.70%	5.70%
Tuesday 29- Oct	UK	14:00	Nationwide House Px NSA YoY	Oct		0.30%	0.20%
	UK	14:00	Nationwide House PX MoM	Oct		0.00%	-0.20%
	USA	21:00	Conf. Board Consumer Confidence	Oct		127.7	125.1
Wednesday 30 - Oct	GER	15:55	Unemployment Change	Oct		2.0k	-10.0k
	USA	18:00	MBA Mortgage Applications	Oct		--	-11.90%
	USA	19:15	ADP Employment Change	Oct		110k	135k
	USA	19:30	GDP Annualized QoQ	Oct		1.60%	2.00%
	GER	20:00	CPI MoM	Oct		0.00%	0.00%
	GER	20:00	CPI YoY	Oct		1.10%	1.20%
Thursday 31 - Oct	USA	01:00	FOMC Rate Decision (Upper Bound)	Oct		1.75%	2.00%
	CHN	08:00	Manufacturing PMI	Oct		49.8	49.8
	EU	17:00	GDP SA QoQ	Oct		0.10%	0.20%
	EU	17:00	GDP SA YoY	Nov		1.10%	1.20%
	USA	19:30	Personal Income	Sep		0.30%	0.40%
	USA	19:30	Personal Spending	Sep		0.30%	0.10%
	USA	19:30	Initial Jobless Claims	Oct		215k	212k
Friday 01 - Nov	CHN	08:45	Caixin China PMI Mfg	Oct		51	51.4
	UK	16:30	Markit UK PMI Manufacturing SA	Oct		48.3	48.3
	US	19:30	Change in Nonfarm Payrolls	Oct		90k	136k
	USA	19:30	Unemployment Rate	Oct		3.60%	3.50%
	USA	20:45	Markit US Manufacturing PMI	Oct		51.5	51.5
	USA	21:00	ISM Manufacturing	Oct		49	47.8

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Friday 01- Nov	07:30	Markit Indonesia PMI Mfg	Oct		--	49.1
	Tentative	CPI YoY	Oct		3.30%	3.39%
	Tentative	CPI NSA MoM	Oct		0.19%	-0.27%
	Tentative	CPI Core YoY	Oct		3.39%	3.32%

Source: Bloomberg

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