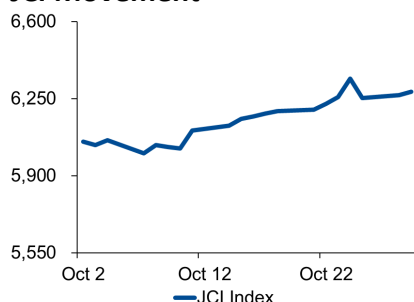


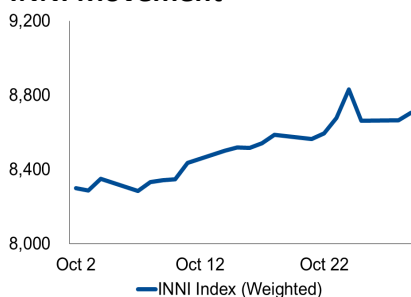
Morning Brief

Daily | October 30 2019

JCI Movement



INNI Movement



Market Recap

JCI advanced, backed by the banking and property sectors. **JCI's Top Gainers: Property (+1.5%), Infrastructure (+1.0%), Agriculture (+0.9%).**

INNI index picked up, backed by WIKA advancing by 4.4%. WIKA rallied as its 3Q19 earnings, posting net profits to pick up 8.3% to IDR303.26 billion.

Daily Foreign & Domestic Sector Movement

JCI picked up regardless of foreign outflows of IDR534 billion from its portfolios. JCI's rally state was in contrast to most Asia markets, reigned by bearish mood as China released disappointing economic data. Back to retail stocks, LPPF dropped 3.34% due to the lower-than-estimate 3Q19 earnings, posting a 20.67% decline in profits to IDR1.19 trillion, lower than IDR1.5 trillion in 3Q18. A glance at commodities, CPO prices strengthening since 2H10 make up the industry's promising outlook.

The rupiah exchange rate for USD was depreciated by 0.05% to 14,035.

Today's Outlook: Rising Premiums for BPJS Kesehatan

Dow Jones dipped 0.07% to 27,071 ahead of the Fed's decision on FFR and after the US-China officials agreed on the partial agreement, settled at Chile APEC in November. In the domestic backdrop, President Joko Widodo decided to hike premiums for BPJS Kesehatan, effective in January 2020. Today, take a close look at pharma and hospital stocks.

Company News

- BMRI : Penetrates the Philippines Market
- ASII : Astra Infra Widens Its Toll Roads
- WIKA : Enjoys Net Profits

Domestic & Global News

- Tax Revenues from the Financial Sector Post Positive Growth
- US Consumer Confidence Dips in October

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. 29	6,281.13
Chg.	+15.75pts (+0.25%)
Volume (bn shares)	214.11
Value (IDR tn)	9.98
Adv 181 Dec 218 Unc 264 Untr 119	

INNI Index

Last	8,706.15
Chg.	+39.96pts (+0.46%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
WIKA	4.4%	LPPF	-3.3%
INCO	4.2%	INDF	-2.6%
PWON	4.2%	ADRO	-2.6%
MAPI	3.2%	MIKA	-1.5%
SILO	2.1%	GGRM	-1.3%

Foreign Transaction

	(IDR bn)
Buy	2,659
Sell	3,193
Net Buy (Sell)	534

Top Buy	NB Val.	Top Sell	NS Val.
INCO	99.3	BBCA	137.7
PGAS	69.3	BBNI	84.6
BMRI	68.0	SMGR	73.0
ANTM	18.3	BNLI	34.9
SSIA	8.4	GGRM	31.7

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.04%	0.00%
USDIDR	14,031	0.01%
KRWIDR	12.03	0.33%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,071.42	(19.30)	-0.07%
S&P 500	3,036.89	(2.53)	-0.08%
FTSE 100	7,306.26	(25.02)	-0.34%
DAX	12,939.62	(2.09)	-0.02%
Nikkei	22,974.13	106.86	0.47%
Hang Seng	26,786.76	(104.50)	-0.39%
Shanghai	2,954.18	(25.87)	-0.87%
KOSPI	2,092.69	(0.91)	-0.04%
EIDO	25.46	(0.19)	-0.74%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,487.7	(4.8)	-0.32%
Crude Oil (USD / bbl)	55.54	(0.27)	-0.48%
Coal Newcas(USD/ton)	74.15	(1.70)	-2.24%
Nickel LME (USD / MT)	16,830	190.0	1.14%
Tin LME (USD / MT)	16,850	125.0	0.75%
CPO (MYR/Ton)	2,417	19.0	0.79%

BMRI : Penetrates the Philippines Market

PT Bank Mandiri Tbk (BMRI) has drafted bank business plans (RBB) and decided to penetrate the Philippines markets in 2020. The similar business nature between the Philippines and Indonesia—lucrative markets for consumer credits—underlines BMRI decision. The market penetration endorses the ASEAN Banking Integration Framework, promoted by the Financial Services Authority. (Kontan)

ASII : Astra Infra Widens Its Toll Roads

Astra Infra as the subsidiary of PT Astra International Tbk (ASII) is maintaining lucrative investment in the toll-road industry. Although only a few private companies invest in the sector, Astra infra claims that the sector gives lucrative returns so that it will enlarge Tangerang-Merak toll road to Cikande. (Kontan)

WIKA : Enjoys Net Profits

PT Wijaya Karya Bangunan Gedung Tbk (WEGE) as the subsidiary of PT Wijaya Karya Tbk (WIKA) secured net profits of IDR302.6 billion or a 4.8% y-y increase in 3Q19. The solid earnings were contributed by the construction (IDR3.2 trillion) and the property (IDR72.8 billion). The concession and industry revenues respectively amounted to IDR13.6 billion and IDR36.02 billion. (Bisnis Indonesia)

Domestic & Global News

Tax Revenues from the Financial Sector Post Positive Growth

The financial sector is likely to book positive tax revenues growth. The growth aligns well with the trend of robust financial contributions in 2019—even a number of banks categorized into BUKU IV posted substantial net profits in 3Q19. "I predict year-on-year growth in the financial sector will surpass August's performance posting a 7% growth," said Tax Observers Danny Darussalam Tax Center Darussalam. (Kontan)

US Consumer Confidence Dips in October

U.S. consumer confidence dipped slightly in October as worries over business conditions and employment prospects ticked up, according to data from The Conference Board released Tuesday. The Conference Board's consumer confidence index slipped to 125.9 this month from a September reading of 126.3. Economists polled by Dow Jones expected a print of 128. (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						22.0	2,427.3							
BBCA	31,100	26,000	32,000	Hold	2.9	32.3	766.8	27.1x	4.6x	18.1	1.1	15.0	13.0	1.0
BBRI	4,230	3,660	4,950	Buy	17.0	39.6	521.8	15.4x	2.6x	18.2	3.1	10.8	5.6	1.4
BMRI	7,100	7,375	8,000	Hold	12.7	8.8	331.3	12.2x	1.7x	14.7	3.4	15.4	11.9	1.4
Consumer						(13.0)	1,209.3							
GGRM	54,825	83,625	110,000	Buy	100.6	(24.3)	105.5	12.4x	2.4x	20.0	4.7	16.4	20.5	1.0
UNVR	43,575	45,400	59,000	Buy	35.4	(2.1)	332.5	45.5x	48.3x	92.3	2.7	2.6	(24.4)	1.0
ICBP	11,600	10,450	11,800	Hold	1.7	34.1	135.3	27.8x	5.9x	22.9	1.7	13.7	12.8	0.7
INDF	7,500	7,450	8,700	Buy	16.0	31.6	65.9	13.8x	1.9x	14.4	3.1	7.2	30.0	1.1
KAEF	2,780	2,600	4,100	Buy	47.5	11.2	15.4	45.2x	6.8x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,635	1,520	1,870	Hold	14.4	21.1	76.6	30.7x	5.2x	17.9	1.6	7.7	3.5	1.3
Infrastructure						17.6	855.08							
TLKM	4,330	3,698	4,350	Hold	0.5	15.6	428.9	21.0x	4.6x	22.8	3.8	7.7	27.4	0.9
JSMR	5,800	4,280	6,000	Hold	3.4	39.8	42.1	19.0x	2.4x	13.3	0.8	(25.9)	1.4	1.1
Trade						2.7	723.5							
UNTR	21,325	27,350	35,000	Buy	64.1	(34.8)	79.5	7.1x	1.5x	21.6	5.8	11.2	1.8	1.0
SILO	7,150	3,590	7,230	Hold	1.1	201.7	11.6	252.0x	1.8x	0.7	N/A	18.5	N/A	0.8
MIKA	2,640	1,575	2,300	Hold	(12.9)	86.6	38.4	58.0x	8.9x	16.3	0.7	#N/A	N/A	0.4
LPPF	3,760	5,600	5,500	Buy	46.3	(21.5)	10.5	11.7x	5.8x	45.2	8.9	0.6	(11.5)	0.7
RALS	1,185	1,420	2,050	Buy	73.0	0.4	8.4	11.6x	2.0x	17.7	4.2	(0.2)	21.1	0.7
MAPI	1,135	805	1,300	Hold	14.5	39.3	18.8	25.4x	3.3x	14.5	0.9	10.2	25.0	0.9
Property						31.4	488.6							
PWON	625	620	725	Buy	16.0	35.3	30.1	10.8x	2.2x	22.4	1.1	3.8	20.9	1.3
CTRA	1,160	1,010	1,080	Hold	(6.9)	41.5	21.5	16.5x	1.5x	9.4	0.9	12.1	74.3	1.7
PTPP	1,835	1,805	2,450	Buy	33.5	36.9	11.4	8.2x	0.9x	11.3	2.6	12.8	(23.4)	1.6
WSKT	1,620	1,680	2,600	Buy	60.5	12.5	22.0	11.2x	1.2x	11.3	4.5	(35.4)	(66.8)	1.5
WIKA	2,120	1,655	2,500	Buy	17.9	92.7	19.0	9.0x	1.2x	14.9	1.8	#N/A	N/A	1.4
Basic Ind.						24.2	732.8							
JPFA	1,785	2,150	1,940	Hold	8.7	(10.8)	20.9	11.0x	2.1x	20.2	5.6	9.2	(26.8)	1.1
SMGR	13,000	11,500	13,600	Hold	4.6	50.3	77.1	29.8x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	20,200	18,450	19,000	Hold	(5.9)	21.7	74.4	52.0x	3.4x	6.5	2.7	7.7	80.2	1.5
Misc Ind.						(5.3)	367.2							
ASII	6,975	8,225	8,600	Buy	23.3	(9.4)	282.4	13.4x	2.0x	15.8	3.0	3.2	(5.8)	1.2
Mining						(14.5)	361.8							
ADRO	1,335	1,215	1,750	Buy	31.1	(19.1)	42.7	5.9x	0.8x	14.2	6.8	10.2	51.9	1.3
PTBA	2,350	4,300	5,100	Buy	117.0	(43.9)	27.1	6.0x	1.5x	26.4	14.5	1.4	(24.9)	1.2
INCO	3,700	3,260	4,400	Buy	18.9	30.7	36.8	453.8x	1.4x	0.3	N/A	(12.6)	N/A	1.5
ANTM	925	765	1,200	Buy	29.7	37.0	22.2	24.8x	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	19.9%
YTD Change Gap (vs JCI)	18.5%
Weekly Change	1.3%
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

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	0.40%	0.30%	0.20%
	UK	14:00	Nationwide House PX MoM	Oct	0.20%	0.00%	-0.20%
	USA	21:00	Conf. Board Consumer Confidence	Oct	125.9	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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