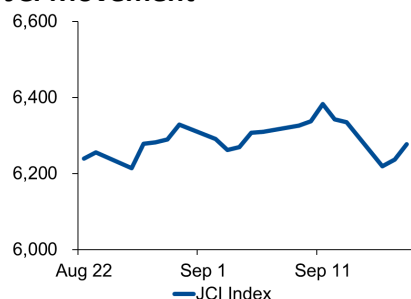


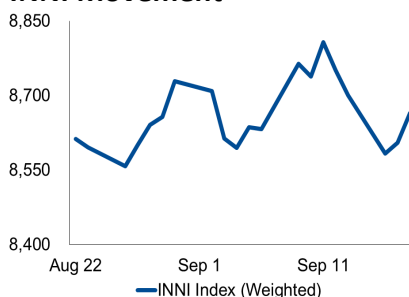
Morning Brief

Daily | September 19 2019

JCI Movement



INNI Movement



Market Recap

JCI rallied as the banking sector gained domestic capital inflows. **JCI's Top Gainers: Misc. Industries (+2.7%), Finance (+1.1%), Property (+0.8%).**

INNI index, as did JCI, snapped higher thanks to INCO's stellar performance. INCO, through a joint venture, is currently focusing on constructing two smelter projects.

Daily Foreign & Domestic Sector Movement

Thursday's foreign outflows of IDR338 billion were the third day of losing streak, with IDR186 billion and IDR91 billion pulled out from the banking and telecommunication sectors, respectively. Meanwhile, Thursday's foreign profit-taking caused TLKM to dip 0.47% along with declines in agriculture stocks, AALI (-1.10%) and LSIP (-1.94%). Apart from JCI, most of Asia markets rattled as the optimism for ahead looser monetary stance left uncertain.

The rupiah exchange rate for the US dollar was depreciated 0.14 to close at 14,080.

Today's Outlook: The Fed Cuts FFR

The Dow Jones nudged up 0.13% to 27,147 after the Fed cut FFR by 25 bps to fall short in the range of 1.75%-2% as much anticipated. From the domestic backdrop, markets anticipate BI 7-D RRR rate as it was decided on Thursday's BI Board of Governors Meeting. Today, eye on banking stocks.

Company News

- ASII : Set Strategies for 1 Million 4W Sales
- BMRI : Cheers Non-Cash Loans Growth
- INCO : Sets Strategies for Hitting Production Target
- KAEF : Absorbs CapEx

Domestic & Global News

- Sri Mulyani: Curbs on Imports Narrow Exports
- Fed Approves Quarter-Point Rate Cut

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.75%	Real GDP	5.05%	5.07%
FX Reserve (USD bn)	126.40	125.90	Current Acc (USD bn)	(8.40)	(6.97)
Trd Balance (USD bn)	0.09	(0.06)	Govt. Spending Yoy	8.23%	5.21%
Exports Yoy	-9.99%	-5.12%	FDI (USD bn)	5.78	6.04
Imports Yoy	-15.60%	-15.21%	Business Confidence	108.05	108.05
Inflation Yoy	3.49%	3.32%	Cons. Confidence*	124.80	128.10

JCI Index

Sept. 18	6,276.63
Chg.	+39.94pts (+0.64%)
Volume (bn shares)	134.14
Value (IDR tn)	7.86
Adv 194 Dec 213 Unc 249 Untr 120	

INNI Index

Last	8,664.92
Chg.	+59.68pts (+0.69%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
INCO	4.2%	ADRO	-2.1%
ASII	3.5%	WSKT	-1.4%
BMRI	3.2%	UNTR	-1.4%
CTRA	3.2%	RALS	-0.8%
JPFA	2.3%	PTBA	-0.8%

Foreign Transaction

	(IDR bn)
Buy	1,898
Sell	2,236
Net Buy (Sell)	338

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	106.9	BMRI	34.6
INTP	28.1	GGRM	27.1
BBNI	21.0	HMSF	24.8
BBRI	20.5	KLBF	21.1
SMGR	17.9	EXCL	16.4

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.24%	-0.03%
USDIDR	14,065	-0.24%
KRWIDR	11.80	-0.42%

Global Indexes

Index	Last	Chg.	%
Dow Jones	27,147.08	36.28	0.13%
S&P 500	3,006.73	1.03	0.03%
FTSE 100	7,314.05	(6.35)	-0.09%
DAX	12,389.62	17.01	0.14%
Nikkei	21,960.71	(40.61)	-0.18%
Hang Seng	26,754.12	(36.12)	-0.13%
Shanghai	2,985.66	7.54	0.25%
KOSPI	2,070.73	8.40	0.41%
EIDO	25.36	(0.03)	-0.12%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,494.0	(7.4)	-0.49%
Crude Oil (USD / bbl)	58.11	(1.23)	-2.07%
Coal Newcas(USD/ton)	68.80	(0.80)	-1.15%
Nickel LME (USD / MT)	17,200	155.0	0.91%
Tin LME (USD / MT)	16,670	(180.0)	-1.07%
CPO (MYR/Ton)	2,260	(25.0)	-1.09%

ASII : Set Strategies for 1 Million 4W Sales

PT Astra International Tbk (ASII) posted August's sales of 89,105 4W units or a 1.45% q-q increase. But it targets to only sell 1 million 4W units in 2019 due to the estimate of downbeat 4W sales. To increase consumers' appetite for buying, ASII has such strategies as maximizing online and offline sales as well as improving chatbot feature. (Kontan)

INCO : Sets Strategies for Hitting Production Target

PT Vale Indonesia Tbk (INCO) is targeting 71,000 tons of nickel production in 2019 as in 1H19 it produced 30,711 nickel in matte. The target is underlined by the maintenance completion of its hydroelectric plant, Larona Canal Lining, supplying electricity to operate the smelting and nickel ore processing furnace in Sorowako-based plant. As efficiency is prerequisite for the 2019 production target, its hydroelectric plants have zero-emission electric boilers. (Kontan)

BMRI : Cheers Non-Cash Loans Growth

PT Bank Mandiri Tbk (BMRI) cheered the performance of non-cash loans segment, posting a 18% y-y growth from January to August. The segment targets the infrastructure, construction, and goods distribution sectors. The segment has distributed IDR2 trillion worth of non-cash loans to PT Kereta Api Indonesia (Perseroa) and targets to hit a 20% growth in 2019 by providing more competitive credit schemes. (Kontan)

KAEF : Absorbs CapEx

PT Kimia Farma Tbk (KAEF) until September 2019 absorbed 60% CapEx; thus, the remaining CapEx amounts to IDR1.68 billion to be spent on organic and inorganic business expansion. KAEF has spent 56.7% of CapEx absorbed on the acquisition for Phapros. In years ahead, it plans to take over hospitals, but the acquisition value has yet to disclose. (Kontan)

Domestic & Global News

Sri Mulyani: Curbs on Imports Narrow Exports

The government is curbing imports to narrow the current account deficit (CAD). However, the stance is plausible to cause a setback, hampered other sectors. August's imports decreased by 15.6% y-y to USD14.20 billion: a negative indicator for the production, expansion, and especially investment. (Kontan)

Fed Approves Quarter-Point Rate Cut

The Federal Reserve approved a much-anticipated quarter-point interest rate cut Wednesday but offered few indications that further reductions are ahead as members split on what to do next. Following its two-day policy meeting, the central bank announced that it would take down its benchmark overnight lending rate to a target range of 1.75% to 2%. (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						19.9	2,382.9							
BBCA	30,200	26,000	32,000	Hold	6.0	25.8	737.1	27.3x	4.7x	18.4	1.1	16.8	12.7	1.0
BBRI	4,240	3,660	4,950	Buy	16.7	41.3	523.0	15.4x	2.8x	19.0	3.1	12.5	8.5	1.4
BMRI	7,200	7,375	8,000	Hold	11.1	12.5	336.0	12.7x	1.8x	15.0	3.4	9.1	11.1	1.4
Consumer						(8.4)	1,271.5							
GGRM	55,425	83,625	110,000	Buy	98.5	(25.6)	106.6	12.5x	2.4x	20.0	4.7	16.4	20.5	1.0
UNVR	46,675	45,400	59,000	Buy	26.4	1.0	356.1	38.4x	70.2x	183.9	2.5	1.3	5.2	1.1
ICBP	11,875	10,450	11,800	Hold	(0.6)	36.1	138.5	28.5x	6.1x	22.9	1.6	13.7	12.8	0.7
INDF	7,875	7,450	8,700	Hold	10.5	34.6	69.1	14.5x	2.0x	14.4	3.0	7.2	30.0	1.2
KAFF	2,980	2,600	4,100	Buy	37.6	26.3	16.6	48.4x	7.3x	16.6	0.5	#N/A	N/A	1.0
KLBF	1,680	1,520	1,870	Hold	11.3	33.9	78.8	31.5x	5.4x	17.9	1.5	7.7	3.5	1.3
Infrastructure						19.4	850.26							
TLKM	4,250	3,698	4,350	Hold	2.4	21.4	421.0	20.6x	4.5x	22.8	3.9	7.7	27.4	0.9
JSMR	5,675	4,280	6,000	Hold	5.7	29.9	41.2	18.6x	2.3x	13.3	0.8	(25.9)	1.4	1.1
Trade						(1.9)	721.3							
UNTR	22,525	27,350	35,000	Buy	55.4	(30.3)	84.0	7.5x	1.5x	21.6	5.3	11.2	1.8	1.0
SILO	6,950	3,590	7,230	Hold	4.0	131.7	11.3	244.9x	1.8x	0.7	N/A	18.5	N/A	0.8
MIKA	2,420	1,575	2,300	Hold	(5.0)	36.0	35.2	53.2x	8.2x	16.3	0.7	#N/A	N/A	0.5
LPPF	3,000	5,600	5,500	Buy	83.3	(53.3)	8.4	9.3x	4.7x	45.2	11.1	0.6	(11.5)	0.8
RALS	1,240	1,420	2,050	Buy	65.3	(8.5)	8.8	12.1x	2.0x	17.7	4.0	(0.2)	21.1	0.7
MAPI	995	805	1,300	Buy	30.7	19.9	16.5	22.3x	2.9x	14.5	1.0	10.2	25.0	0.8
Property						18.9	468.0							
PWON	675	620	725	Hold	7.4	27.4	32.5	11.7x	2.4x	22.4	1.0	3.8	20.9	1.3
CTRA	1,140	1,010	1,080	Hold	(5.3)	52.0	21.2	16.2x	1.5x	9.4	0.9	12.1	74.3	1.7
PTPP	1,820	1,805	2,450	Buy	34.6	23.0	11.3	8.2x	0.9x	11.3	2.7	12.8	(23.4)	1.6
WSKT	1,700	1,680	2,600	Buy	52.9	0.9	23.1	11.7x	1.3x	11.3	4.3	(35.4)	(66.8)	1.5
WIKA	2,020	1,655	2,500	Buy	23.8	47.4	18.1	8.6x	1.2x	14.9	1.9	#N/A	N/A	1.4
Basic Ind.						12.4	697.3							
JPFA	1,590	2,150	1,940	Buy	22.0	(30.0)	18.6	9.8x	1.9x	20.2	6.3	9.2	(26.8)	1.1
SMGR	12,825	11,500	13,600	Hold	6.0	42.5	76.1	29.4x	2.5x	8.7	1.6	#N/A	N/A	1.4
INTP	20,775	18,450	19,000	Hold	(8.5)	24.6	76.5	53.4x	3.5x	6.5	2.6	7.7	80.2	1.5
Misc Ind.						(5.5)	353.4							
ASII	6,700	8,225	8,600	Buy	28.4	(9.5)	271.2	12.9x	1.9x	15.8	3.2	3.2	(5.8)	1.2
Mining						(12.8)	387.2							
ADRO	1,405	1,215	1,750	Buy	24.6	(19.3)	44.9	6.2x	0.8x	14.2	6.4	10.2	51.9	1.3
PTBA	2,550	4,300	5,100	Buy	100.0	(38.4)	29.4	6.2x	1.8x	29.7	13.3	1.2	(25.8)	1.2
INCO	3,740	3,260	4,400	Buy	17.6	12.3	37.2	503.8x	1.4x	0.3	N/A	(22.0)	N/A	1.6
ANTM	1,065	765	1,200	Hold	12.7	34.8	25.6	32.0x	1.3x	4.1	1.2	8.5	(30.1)	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)	18.0%
Weekly Change	-1.6%
Weekly Change Gap (vs JCI)	0.0%

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 16- Sep	CHN	09:00	Industrial Production YoY	Aug	4.40%	5.20%	4.80%
Tuesday 17 - Sep	GER	16:00	ZEW Survey Current Situation	Sep	-19.9	-15	-13.5
	GER	16:00	ZEW Survey Expectations	Sep	-22.5	-38	-44.1
	USA	20:15	Industrial Production MoM	Aug	0.60%	0.20%	-0.20%
Wednesday 18- Sep	UK	15:30	CPI YoY	Aug	1.70%	1.90%	2.10%
	UK	15:30	CPI Core YoY	Aug	1.50%	1.80%	1.90%
	EU	16:00	CPI YoY	Aug F	0.80%	1.00%	1.00%
	USA	18:00	MBA Mortgage Applications	13-Sep	-0.10%	--	2.00%
	USA	19:30	Housing Starts	Aug	1364k	1247k	1191k
Thursday 19 - Sep	USA	01:00	FOMC Rate Decision (Upper Bound)	18-Sep	2.00%	2.00%	2.25%
	UK	18:00	Bank of England Bank Rate	19-Sep		0.75%	0.75%
	USA	19:30	Initial Jobless Claims	14-Sep		212k	204k
	USA	21:00	Existing Home Sales	Aug		5.37m	5.42m

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 16 - Sep	11:00	Exports YoY	Aug	-9.99%	-6.00%	-5.12%
	11:00	Imports YoY	Aug	-15.60%	-13.14%	-15.21%
	11:00	Trade Balance	Aug	\$85m	\$162m	-\$60m
Thursday 19 - Sep	Tentative	Bank Indonesia 7D Reverse Repo	19-Sep		5.25%	5.50%

Source: Bloomberg

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