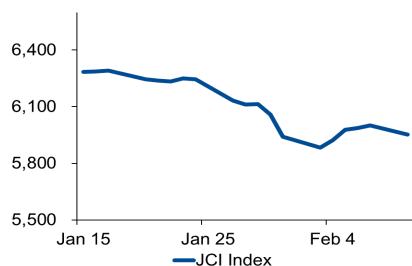


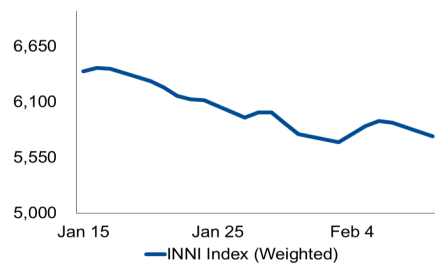
Morning Brief

Daily | February 12 2020

JCI Movement



INNI Movement



Market Recap

JCI nudged up as the banking sector gained. **JCI's Top Gainers: Mining (+0.6%), Property (+0.5%), Agriculture (+0.5%).**

INNI Index was rebound as PTBA, one of its mining stocks, to expand businesses by constructing a coal-fired power plant (PLTU) in South Sumatera picked up.

Daily Foreign & Domestic Sector Movement

JCI recorded its stocks in the banking sector whetted foreign investors' appetite for investments as those stocks secured foreign capital of IDR279 billion. The coronavirus also spooked Indonesian automotive industry as a number of car producers had to temporarily shutdown 4W production due to the lack of stockpiles of China-imported 4W spare-parts. That was the culprit in IDR54 billion worth of foreign outflows from ASII. As opposed to stocks of the automotive sector, EXCL, one of telecommunication stocks, advanced 2.14% after releasing 4Q19 earnings to boast of revenues of IDR25.13 trillion or a 9.56% increase from IDR22.94 trillion in 4Q18. The rupiah's exchange rate against US dollar, meanwhile, picked up 0.27% to 13,675.

Today's Outlook: Jan. Retail Sales Are Likely to Dip

The Dow Jones was flat after Jerome Powell stated the Fed to be watchful over the coronavirus impacts of the deteriorating global economy and turn the global market into disarray. However, he is still optimistic about the US economy's better growth. Aside from the global backdrop, the retail sales survey by BI revealed that Jan. retail sales are potential for declines along with the normal consumption pattern.

Company News

- SMGR : Allocates 2020's CapEx of IDR2 Trillion
- INCO : Nickel Production Drops 5%
- WSKT : Targets to Divest 5-6 Toll-Road Sections in 2020
- JSMR : Is Not Aggressive for Divestment

Domestic & Global News

- BI' Survey: 4Q19's Retail Sales Grow by 1.5%
- As Trump Takes Aim at EU Trade, European Officials Brace for Fight

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.00%	5.00%	Real GDP	4.97%	4.97%
FX Reserve (USD bn)	131.70	129.18	Current Acc (USD bn)	(8.12)	(7.67)
Trd Balance (USD bn)	(0.03)	(1.33)	Govt. Spending Yoy	0.48%	0.48%
Exports Yoy	1.28%	-5.67%	FDI (USD bn)	4.71	5.70
Imports Yoy	-5.62%	-9.24%	Business Confidence	105.33	105.33
Inflation Yoy	2.68%	2.72%	Cons. Confidence*	121.70	121.70

JCI Index

Feb. 11	5,954.39
Chg.	+2.31pts (+0.04%)
Volume (bn shares)	53.28
Value (IDR tn)	4.79
Adv 172 Dec 210 Unc 303 Untr 161	

INNI Index

Last	5,813.05
Chg.	+54.31pts (+0.94%)

INNI Top Gainers & Losers

Gainers	%	Losers	%
MAPI	2.7%	SMGR	-2.2%
PTBA	2.7%	ASII	-1.6%
KINO	2.4%	UNTR	-1.4%
WIKA	2.3%	KLBF	-1.4%
WSKT	1.3%	ICBP	-0.9%

Foreign Transaction

	(IDR bn)
Buy	1,938
Sell	1,712
Net Buy (Sell)	226

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	203.5	ASII	54.9
TLKM	63.8	MIKA	22.9
BBRI	62.4	TBIG	17.2
BBCA	56.0	SMGR	15.5
UNTR	16.8	ICBP	13.3

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.59%	-0.01%
USDIDR	13,675	-0.27%
KRWIDR	11.55	0.17%

Global Indexes

Index	Last	Chg.	%
Dow Jones	29,276.34	(0.48)	0.00%
S&P 500	3,357.75	5.66	0.17%
FTSE 100	7,499.44	52.56	0.71%
DAX	13,627.84	133.81	0.99%
Nikkei	23,685.98	(142.00)	-0.60%
Hang Seng	27,583.88	342.54	1.26%
Shanghai	2,901.67	11.19	0.39%
KOSPI	2,223.12	22.05	1.00%
EIDO	24.62	0.08	0.33%

Commodities

Commodity	Last	Chg.	%
Gold (USD / troy oz.)	1,567.9	(4.3)	-0.27%
Crude Oil (USD / bbl)	49.94	0.37	0.75%
Coal Newcas(USD/ton)	70.50	1.75	2.55%
Nickel LME (USD / MT)	13,110	225.0	1.75%
Tin LME (USD / MT)	16,475	150.0	0.92%
CPO (MYR/Ton)	2,695	(59.0)	-2.14%

SMGR : Allocates 2020's CapEx of IDR2 Trillion

PT Semen Indonesia Tbk (SMGR) plans to allocate 2020's CapEx of IDR2 trillion deriving from the internal cash, and the CapEx will be spent on periodic maintenance to potentially develop downstream products. After rebranding into Semen Indonesia Group (SIG), SMGR will be both a cement producer and a building material supplier. (Kontan)

WSKT : Targets to Divest 5-6 Toll-Road Sections in 2020

PT Waskita Karya Tbk (WSKT) in 2020 will divest its 6 toll-road sections whose valuations are currently being accessed by Waskita Toll Road. It has yet to declare the proceeds from the divestment, but the 2019 performance becomes the current benchmark. It has 6 actively operating toll-road sections, and 3 toll-road sections to partly take into active operation. (Bisnis Indonesia)

INCO : Nickel Production Drops 5%

PT Vale Indonesia Tbk (INCO) posted a 5% YoY decline in 2019's nickel matte production due to the periodic maintenance of Laron Canal Lining to supply hydro energy to the power plants. In 2020, INCO targets moderate production of 71,000-73,000 tons. (Bisnis Indonesia)

JSMR : Is Not Aggressive for Divestment

PT Jasa Marga Tbk (JSMR) is still considering the option of stock divestment in its subsidiaries due to its robust financial performance. If the divestment takes place, it still maintains the minimum stock ownership of 51% over its toll-road sections. Of note, the divestment may be postponed until 2021 in light of the market backdrop. (Bisnis Indonesia)

Domestic & Global News

BI' Survey: 4Q19's Retail Sales Grow by 1.5%

The 4Q19 retail sales grew little from the 3Q19 growth. Bank Indonesia's Retail Sales Survey (RSS) noted 4Q19's retail grew by 1.5% yoy or higher than that of 1.4% in 3Q19. "The growth was backed by the rising sales in food and beverages & tobacco categories along with the momentum of Christmas and New Year celebration", the survey revealed. (Kontan)

As Trump Takes Aim at EU Trade, European Officials Brace for Fight

An emboldened President Donald Trump has set his sights on restructuring the more than \$1 trillion U.S. trade relationship with the European Union, raising the specter of another major trade war as the global economy slows and he seeks re-election. Trump, who recently signed a Phase 1 trade deal that cooled a bitter trade war with China, has called the EU's position on trade "worse than China" and threatened to impose tariffs on its cars and other products. (Reuters)

	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						9.4	2,545.7							
BBCA	33,900	33,425	32,000	Hold	(5.6)	24.2	835.8	29.6x	5.0x	18.1	1.0	15.0	13.0	1.0
BBRI	4,510	4,400	4,950	Hold	9.8	17.1	556.3	16.1x	2.7x	17.7	2.9	11.1	6.3	1.4
Consumer						(25.0)	1,131.2							
GGRM	55,700	53,000	61,800	Hold	11.0	(31.0)	107.2	11.6x	2.3x	20.5	4.7	16.9	25.8	1.0
KINO	2,940	3,430	4,680	Buy	59.2	1.0	4.2	8.5x	1.6x	21.2	1.7	34.1	323.0	0.7
ICBP	11,475	11,150	12,875	Hold	12.2	9.8	133.8	26.9x	5.6x	22.2	1.2	11.2	11.4	0.7
KLBF	1,460	1,620	1,780	Buy	21.9	(7.0)	68.4	26.7x	4.5x	17.6	1.8	7.3	6.2	1.3
Infrastructure						(10.2)	733.50							
TLKM	3,790	3,970	4,700	Buy	24.0	0.6	375.4	18.5x	3.8x	21.3	4.3	3.5	15.6	0.9
JSMR	4,900	5,175	6,000	Buy	22.4	(2.5)	35.6	18.4x	2.0x	11.3	0.9	(22.8)	(15.2)	1.2
Trade						(12.6)	644.0							
UNTR	18,025	21,525	26,300	Buy	45.9	(27.4)	67.2	6.3x	1.2x	19.8	6.9	7.3	(4.8)	1.0
MAPI	935	1,055	1,300	Buy	39.0	(8.3)	15.5	19.0x	2.6x	14.8	1.1	11.4	14.7	1.0
Property						(1.0)	426.2							
CTRA	915	1,040	1,550	Buy	69.4	0.5	17.0	16.8x	1.2x	7.2	1.1	(0.7)	(28.9)	1.7
WSKT	1,150	1,485	2,600	Buy	126.1	(39.8)	15.6	11.3x	0.9x	7.8	6.3	(39.2)	(69.4)	1.6
WIKA	1,960	1,990	2,500	Buy	27.6	12.0	17.6	7.9x	1.1x	15.3	2.0	(12.9)	57.3	1.5
Basic Ind.						(1.7)	689.0							
SMGR	12,025	12,000	14,300	Buy	18.9	(2.2)	71.3	31.2x	2.3x	7.5	1.7	31.1	(38.1)	1.4
Misc Ind.						(19.2)	328.3							
ASII	6,100	6,925	8,600	Buy	41.0	(20.3)	246.9	12.1x	1.7x	14.9	3.5	1.2	(7.1)	1.2
Mining						(23.1)	330.3							
TINS	710	825	800	Hold	12.7	(45.8)	5.3	37.4x	0.9x	1.6	3.5	114.6	N/A	1.6
PTBA	2,310	2,660	2,300	Hold	(0.4)	(44.9)	26.6	5.9x	1.5x	26.4	14.7	1.4	(24.9)	1.2
INCO	3,290	3,640	4,200	Buy	27.7	(8.1)	32.7	415.6x	1.3x	0.3	N/A	(12.6)	N/A	1.5
ANTM	720	840	1,100	Buy	52.8	(25.0)	17.3	21.5x	0.9x	4.1	1.8	23.0	(11.1)	1.5
Agriculture						(16.0)	81.7							
AALI	11,600	14,575	15,600	Buy	34.5	(12.1)	22.3	52.4x	1.2x	2.3	1.9	(10.0)	(90.1)	0.7

* Target Price for December 2020

Source: Bloomberg, NHKS Research

INNI Summary

INNI Index Movement

YTD Change	-6.6%
YTD Change Gap (vs JCI)	-1.3%
Weekly Change	-1.6%
Weekly Change Gap (vs JCI)	-1.1%

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
Monday	CH	08:30	PPI YoY	Jan	0.10%	0.00%	-0.50%
<i>10– Feb</i>	CH	08:30	CPI YoY	Jan	5.40%	4.90%	4.50%
	CH	08:31	Money Supply M2 YoY	Jan		8.60%	8.70%
Tuesday	UK	16:30	GDP QoQ	4Q	0.00%	0.00%	0.40%
<i>11 - Feb</i>	UK	16:30	GDP YoY	4Q	1.10%	0.80%	1.10%
	UK	16:30	Industrial Production MoM	Dec	0.10%	0.30%	-1.20%
	UK	16:30	Manufacturing Production MoM	Dec	0.30%	0.40%	-1.70%
Wednesday	US	19:00	MBA Mortgage Applications	Feb		--	5.00%
<i>12– Feb</i>							
Thursday	GE	14:00	CPI MoM	Jan		-0.60%	-0.60%
<i>13– Feb</i>	GE	14:00	CPI YoY	Jan		1.70%	1.70%
	US	20:30	CPI MoM	Jan		0.20%	0.20%
	US	20:30	Initial Jobless Claims	Feb		211k	202k
Friday	GE	14:00	GDP SA QoQ	4Q		0.10%	0.10%
<i>14 - Feb</i>	EC	17:00	GDP SA QoQ	4Q		0.10%	0.10%
	EC	17:00	GDP SA YoY	4Q		1.00%	1.00%
	US	20:30	Import Price Index MoM	Jan		-0.20%	0.30%
	US	20:30	Retail Sales Advance MoM	Jan		0.30%	0.30%
	US	21:15	Industrial Production MoM	Jan		-0.20%	-0.30%
	US	22:00	U. of Mich. Sentiment	Feb		99.3	99.8

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	10:00	BoP Current Account Balance	4Q	-\$8122m	-\$8050m	-\$7665m
<i>10– Feb</i>						

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st
Fl. Unit A, SCBD Lot.28
Jl. Jendral Sudirman Kav. 52-53
Jakarta Selatan 12190
Telp : +62 21 50889100
Fax : +62 21 50889101

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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