

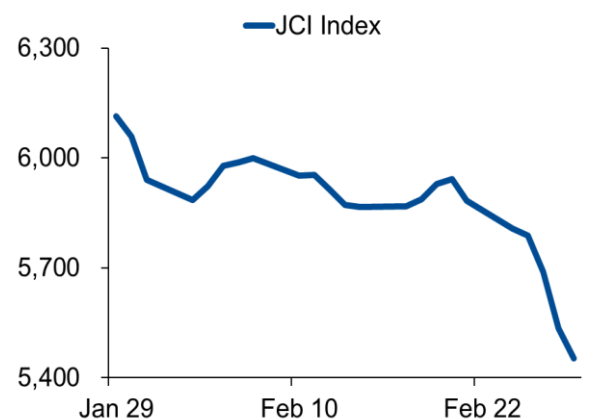
## Weekly Brief (March 02nd – 06th)

### Summary:

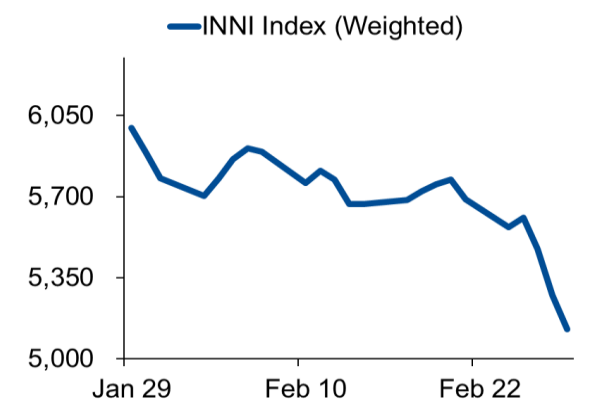
**Last week review:** Investors' fears of coronavirus to spread outside China was the culprit in JCI's bearish state. To temper the pandemic impacts on Indonesia's economy, the Indonesian government rolls out eight economic incentives to boost national consumption.

**This week's outlook:** China Caixin Manufacturing PMI of February is a catalyst for the SSE Composite Index. Should Feb. PMI reading result in sound performance, chances are the SSE Composite Index to be in green and JCI to be most likely to follow the bullish state. Another to Feb. China PMI, Feb. inflation reading on Monday of March 02, is another catalyst for JCI's moves. Asia's weaker economy exacerbated the rupiah's depreciation against USD and put gold at its glorious momentum so that ANTM is most likely to be in bullish mood during this week. NHKSI recommends ANTM as this week's top-pick stock with the price target of IDR1,100 based on the P/E trailing band of 26.1x.

JCI - one month



INNI Index – one month



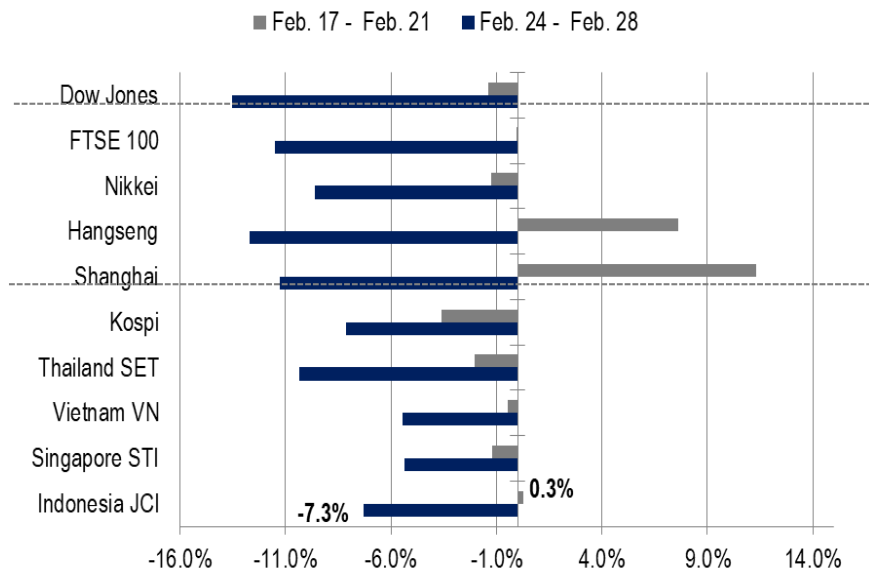
# Last Week's JCI Movement

- JCI Index : 5,452.70 (-7.3%)
- Foreign Flows : Net sell of IDR4.1 trillion (Vs. last week's net sell of IDR1.4 trillion )
- USD/IDR : 14,318 (-4.06%)
- Yields of sovereign bond with 10-years tenor : 6.938% (-5.60 bps)

## JCI Is Trapped in Bearish Trend

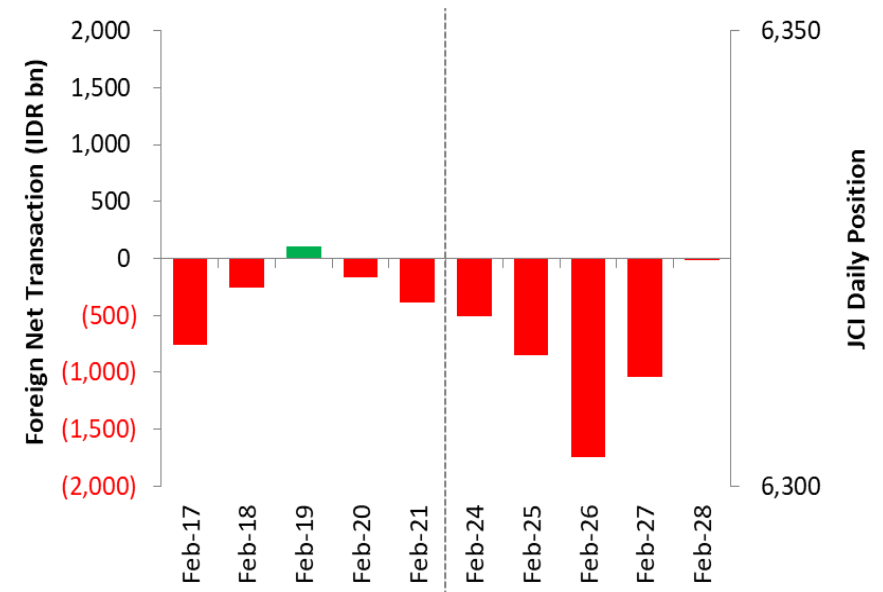
JCI in early last week was bearish because the US named Indonesia as a developed economy to necessarily mean the removal of any incentives and trading subsidies previously entitled to Indonesia. In the domestic background, JCI was still bearish as it still saw foreign outflows, triggered by investors' fears of coronavirus pandemic to have thrown China's economy into disarray. JCI was still weak in the mid-week amid the shattered global economic face, to prevent Indonesia from ailing state, the Indonesian government rolls out economic development incentives subsuming accelerated disbursement of the pre-working fund; increasing incentives for staple foodstuffs, rising subsidized fund for KPR interest rates, incentives for tourism and airline industries, discount on jet fuel prices provided by Pertamina, relocation of a specific-purpose grant (Dana Alokasi Khusus or DAK) to develop infrastructure, to tax exemptions for hotels and restaurants. On Friday of Feb. 28, 2020, JCI retreated.

## Global Market Movement



Source: Bloomberg, NHKSI Research

## Foreign Net Flow – Last 10 Days



Source: Bloomberg, NHKSI Research

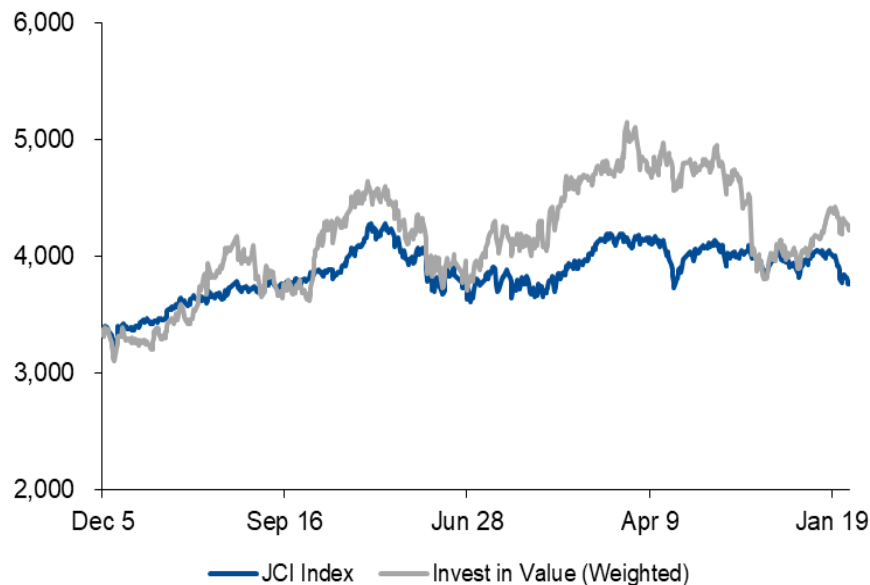
# Last Week's INNI Movement

•INNI Index	: 5,129.59 (-9.8%)
INNI Theme 1 (Value)	: 3,947.45 (-7.2%)
INNI Theme 2 (Trend)	: 5,917.58 (-11.0%)

## INNI Index Ebbs

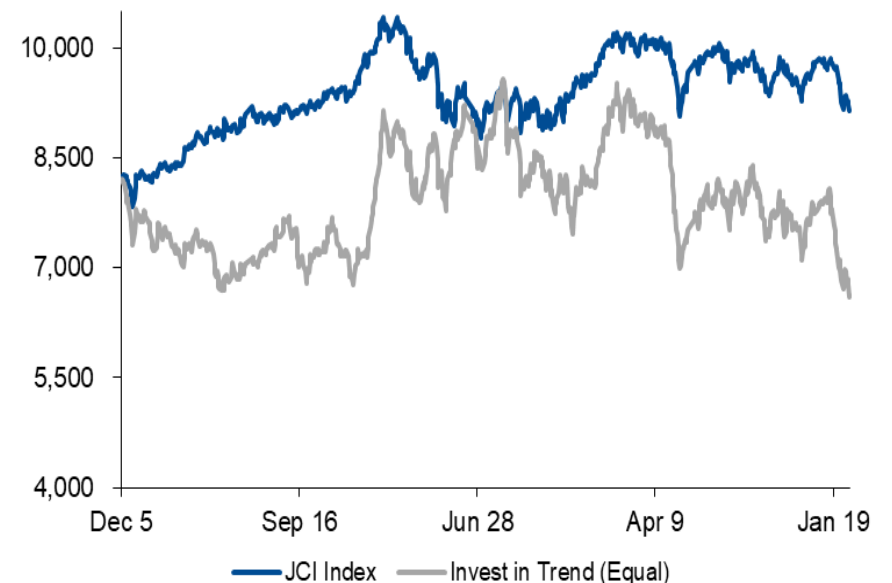
INNI index in the early week ended its bearish state, backed by stocks of the retail sector, namely MAPI advancing by 3.7%. Ignoring the fact of retailers' promising outlook, MAPI is still committed to efficient performance as its smaller operating expenses amid the soft domestic consumption proven its successful efficiency. INNI index also ebbed as lack of positive sentiments left INNI's all across stocks virtually bearish. On Friday of Feb. 28, INNI index retreated still, subdued by stocks the basic industry sector, namely ASII to dive 7.1% as flood to sweep Jakarta and greater areas cut production volume.

**Theme 1. Investments in Value (10 Stocks) – Market Cap. Base**



Source: Bloomberg, NHKSI Research

**Theme 2. Investments in Trend (10 Stocks) – Policies Base**



Source: Bloomberg, NHKSI Research

# Last Week Sectoral Review

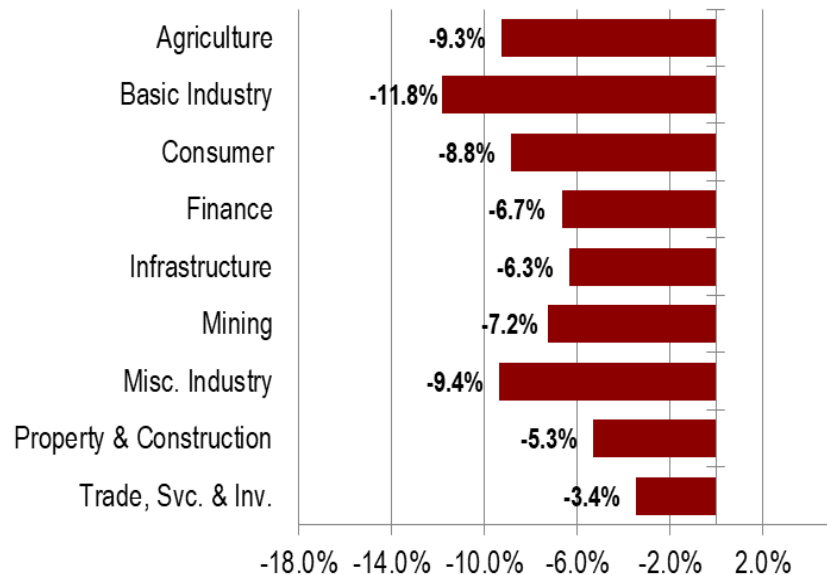
- JCI's Top Losers**

JCI's all across sectors were bearish, and the basic industry sector gave up the largest gains of ~11.8%. SMGR and INTP still retreated and posted losses of 9.6% and 9.9%. We estimate the culprit for the losses were cement oversupply, bleaker property outlook, and flood to delayed completion of infrastructure projects.

- INNI Index's Top Losers**

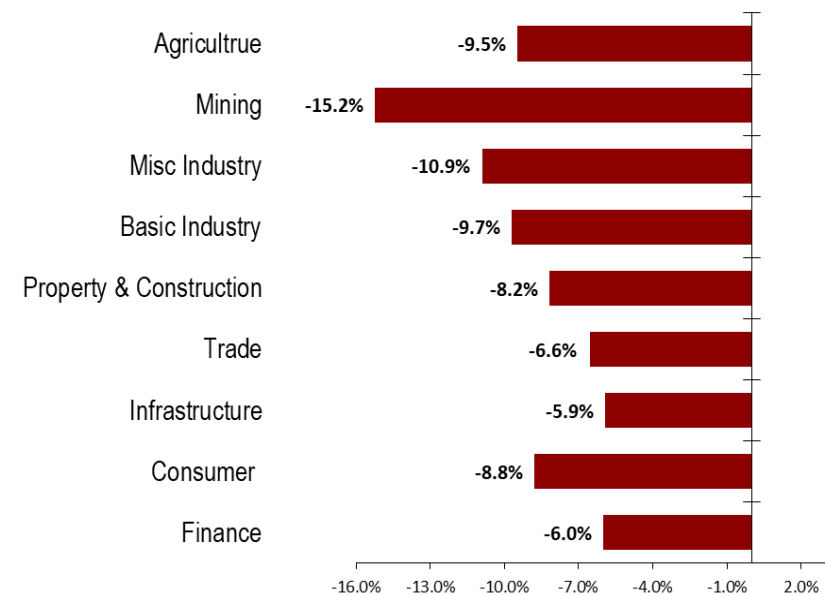
The mining sector gave up the largest gains of 15.2% as INCO plunged by 19.9%. The ban on nickel ore exports rises the expectancy of rising nickel prices and boosts INCO's 2020 financial performance. Coronavirus outbreak may cut the world's demand for coal.

**Last Week's JCI Sectoral Movement**



Source: Bloomberg, NHKSI Research

**Last Week's INNI Sectoral Movement**



Source: Bloomberg, NHKSI Research

# This Week's Outlook: The JCI's Direction

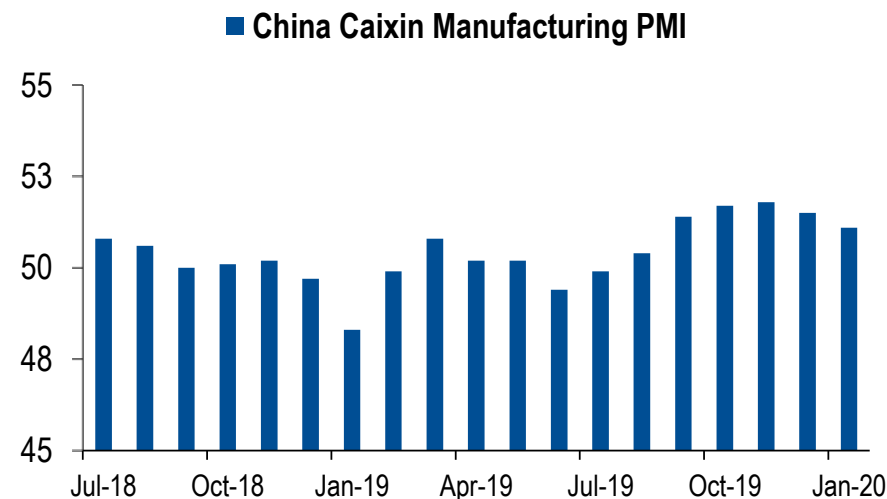
- **Feb. China Caixin Manufacturing PMI**

IHS Markit on Monday of March 02 at 08:45 Western Indonesian Time (WIB), will release China Caixin Manufacturing PMI of February. China has estimated that the Feb. reading to stand in 49.0 lower than 51.1 in January as China's economy is blown by the surging death toll of COVID-19 viruses leaving its manufacturing sector ailing. China Caixin Manufacturing PMI is composite indicator of comprehensive gauge of Chinese manufacturing activities and monthly indicator of the overall strength of the Chinese economy in all across sectors. Its number varies from 0 to 100. The PMI reading above 50 pictures China's expansive business activities as compared with the previous month, while the PMI reading under 50 portrays China's contracted business activities. Furthermore a PMI reading at 50 indicates no change. The further away from 50 the greater the level of change. Should Feb. PMI reading be beyond estimated and stand above 49.0, chances are the SSE Composite Index to be in green and JCI to be most likely to follow the bearish state, the converse precondition applies.

- **Inflation Data**

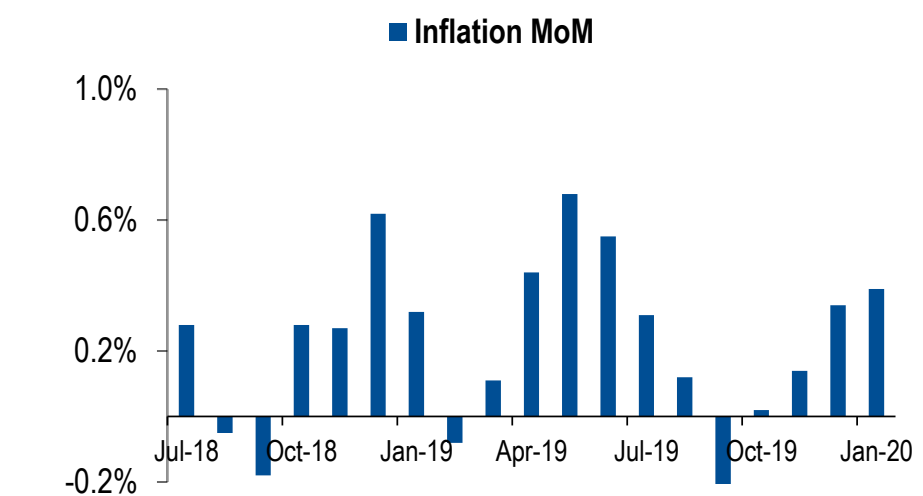
Statistics Indonesia on Monday March 02, 2020 at 23:17 Western Indonesia Time (WIB) will read MoM inflation for February. Market expect Feb. inflation to stand at 0.40% after Jan. MoM inflation was at 0.39%. Feb. inflation is estimated to display a slight increase as volatile food prices remain modest. BI states that Feb. inflation at 0.40% to display benign inflation but below 0.40 (MoM) inflation is a setback for JCI. JCI is likely to be in the green should Feb. reading is above the estimate, any reading disappoints the estimate, JCI will be certainly in bearish state.

## China Caixin Manufacturing PMI



Source: Markit, NHKS Research

## Indonesia's Inflation



Source: Badan Pusat Statistik, NHKS Research

# This Week's Outlook: Gold Miners' Lustrous Outlook

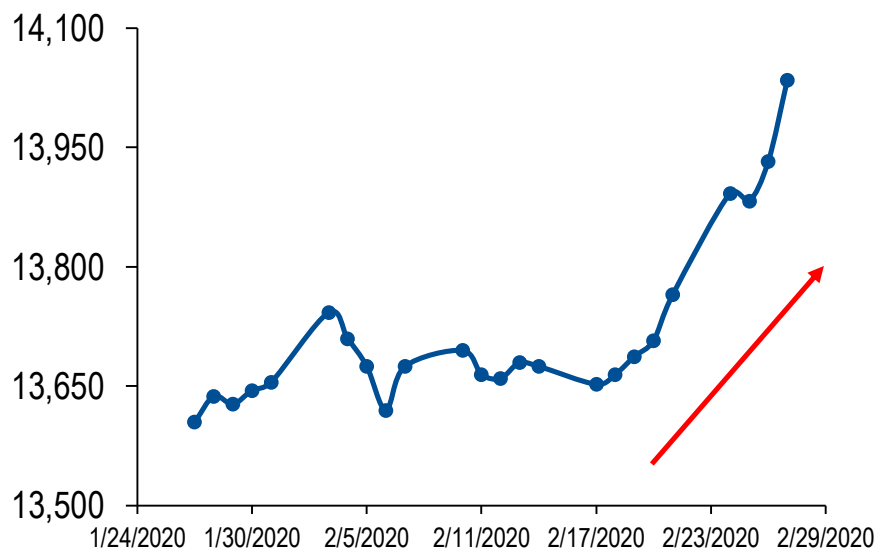
## • Rupiah Depreciation

The rupiah exchange rate against the US dollar at the spot market within the last one month depreciated due to the Asian economy prone to COVID-19 virus. Although Indonesia is one of the economies in Asia that has yet to record the case of COVID-19 infection, its suffering from declining demand for foreign currencies by Asian countries is unavoidable. In this week, inflation reading is precondition for the rupiah bit better appreciation. Its appreciation will prove a positive sentiment for investors, but its depreciation creates momentum for gold to intensely radiate its lustrous shines, and voracious gold binge is a vivid global portrayal.

## • ANTM's Glossier Gold

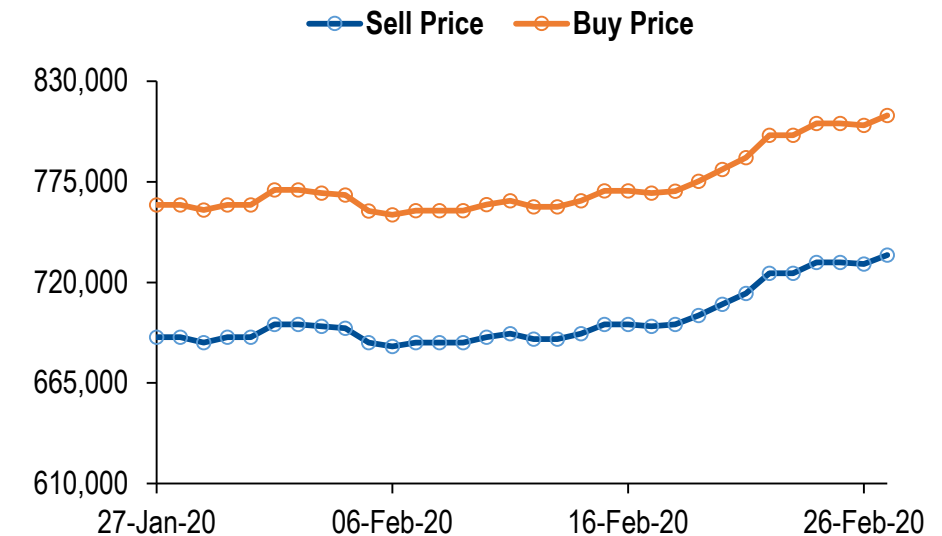
COVID-19 virus shatters investors' good faith in fast recovering of the global economy deteriorated by the infectious pandemic as they rushed to gold as safe haven. That means soaring gold prices and ANTM's bullish gold prices last week. On Friday's trading session of Feb. 28, ANTM's gold purchasing prices were at IDR762,600/gram, with the selling price of IDR735,000/gram. ANTM's bullish favor should be a driver for its peers to continue their lustrous momentum until the early March. ANTM responds to consumers' gold binge by increasing production working hours. Gold miners' paths this week remain glossier, and that is a boost for JCI's big moves to the green.

## USDIDR Trend



Source: Bloomberg, NHKS Research

## Antam's Gold Price in Last 30 Days



Source: Harga-Emas.org, NHKS Research

# Aneka Tambang Tbk (ANTM IJ – Gold Mining)

<b>Dec. 2020 Target Price</b>	<b>1,100</b>
Consensus Price	1,016
Last Price (IDR) as of Feb 28, 2020	575
TP vs. Last Price (%)	91.3

<b>Revenue Breakdown:</b>	
Gold Mining	69%
Feronikel Mining	15%
Others	16%

IDR bn	FY2018	FY2019E	FY2020E	FY2021E
Revenue	25,241	31,285	36,458	42,014
y-y (%)	99.4	23.9	16.5	15.2
Net Profit	874	857	889	967
y-y (%)	540.6	-2.0	3.8	8.8
NPM (%)	3.5	2.7	2.4	2.3
EPS (IDR)	36	36	37	40
P/E (x)	21.0	24.3	26.1	26.5

- **NHKS** maintains recommendation BUY on ANTM, estimated to hit the price target of IDR1,100 based on a 26.1x P/E trailing band. The estimate is on grounds of the consistent hikes in sales of golds until 9M19 and ANTM's upstream business development.

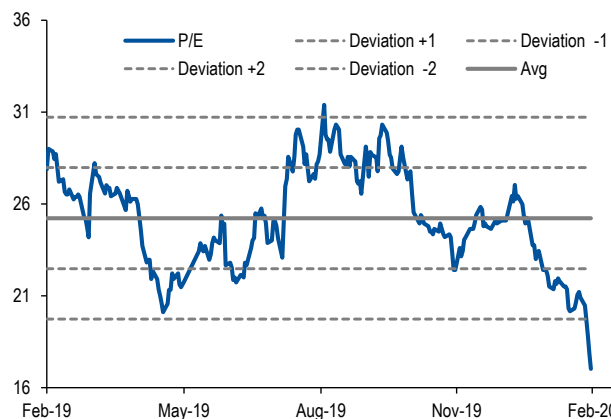
- **Consistent Hikes in Gold Sales**

The gold segment in 9M19 succeeded in posting revenues of IDR17 trillion (+27.3% YoY) with 3Q19's ASO of IDR676 million per kg (+12.7% YoY; +10% QoQ). It contributed 69% to ANTM's total revenues in 9M19 and in the last 3 years kept recording significant hikes. We maintain a prior estimate of the gold segment to achieve revenues of IDR20.6-IDR21.2 trillion in 2020F based on the assumption that gold prices in the spot market falling short into the range of USD1,600-USD1,800 until the end of 2020.

- **Business Expansion to Upstream Processing**

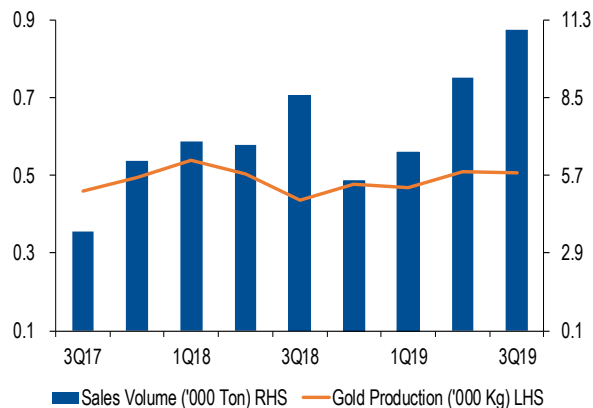
ANTM's constant business expansion proven by the progress of Halmahera-situated smelter to reach 97.7% as the smelter will focus on ferronickel production with an estimated capacities of 13,500 TNi. ANTM, in 2020, will operate a gold mine situated in Arinem in West Java; based on an estimate, that gold will reach production capacities of 700-800 kg per year: a booster for ANTM's revenues. Its continuous business expansion implies ANTM's persistently bright business outlook.

## 1-Year P/E Trailing Band



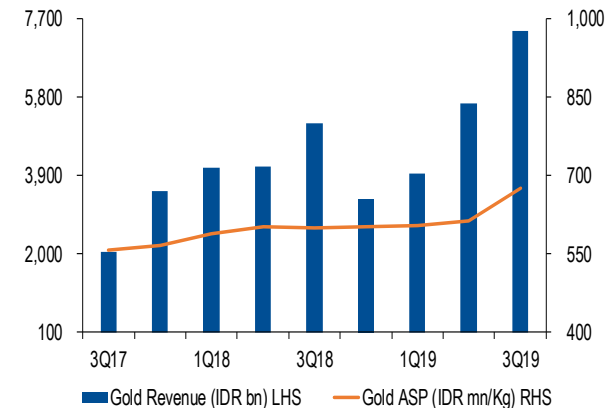
Source : Bloomberg, NHKS Research

## Gold Production & Sales Volume



Source : Company Data, NHKS Research

## Gold & ASP



Source: Company Data, NHKS Research

# INNI Index's Stocks List

	Theme 1/2	Last Price	Last Week Price	2020 Target Price	Rating	Upside Potential (%)	1 Week Change (%)	Market Cap (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)
<b>Finance</b>														
BBCA	Theme 1	31,450	33,075	32,000	Hold	1.7	-4.9%	775.4	27.1x	4.5x	17.5	1.1	14.0	10.5
BBRI	Theme 1	4,190	4,510	4,950	Buy	18.1	-7.1%	516.8	14.9x	2.5x	17.7	4.0	11.1	6.3
<b>Consumer</b>														
GGRM	Theme 1	51,000	55,975	61,800	Buy	21.2	-8.9%	98.1	10.6x	2.1x	20.5	5.1	16.9	25.8
KINO	Theme 1	2,780	3,070	4,680	Buy	68.3	-9.4%	4.0	8.1x	1.6x	21.2	1.8	34.1	323.0
ICBP	Theme 1	10,275	10,950	12,875	Buy	25.3	-6.2%	119.8	24.1x	5.0x	22.2	1.3	11.2	11.4
KLBF	Theme 1	1,220	1,365	1,780	Buy	45.9	-10.6%	57.2	22.3x	3.7x	17.6	2.1	7.3	6.2
<b>Infrastructure</b>														
TLKM	Theme 1	3,490	3,690	4,700	Buy	34.7	-5.4%	345.7	17.1x	3.5x	21.3	4.7	3.5	15.6
JSMR	Theme 1	4,680	5,000	6,000	Buy	28.2	-6.4%	34.0	17.6x	1.9x	11.3	1.0	(22.8)	(15.2)
<b>Trade</b>														
UNTR	Theme 2	16,600	18,225	26,300	Buy	58.4	-8.9%	61.9	5.5x	1.1x	20.2	7.4	(0.2)	1.7
MAPI	Theme 2	800	835	1,300	Buy	62.5	-4.2%	13.3	16.2x	2.2x	14.8	1.3	11.4	14.7
<b>Property</b>														
CTRA	Theme 2	945	970	1,390	Buy	47.1	-2.6%	17.5	17.3x	1.2x	7.2	1.1	(0.7)	(28.9)
WSKT	Theme 2	975	1,150	2,600	Buy	166.7	-15.2%	13.2	9.5x	0.7x	7.8	7.5	(39.2)	(69.4)
WIKA	Theme 2	1,875	2,010	2,500	Buy	33.3	-6.7%	16.8	7.6x	1.1x	15.3	2.1	(12.9)	57.3
<b>Basic Ind.</b>														
SMGR	Theme 1	10,475	11,600	14,300	Buy	36.5	-9.7%	62.1	27.2x	2.0x	7.5	2.0	31.1	(38.1)
<b>Misc Ind.</b>														
ASII	Theme 1	5,525	6,200	8,600	Buy	55.7	-10.9%	223.7	10.3x	1.5x	15.2	3.8	(0.9)	0.2
<b>Mining</b>														
TINS	Theme 2	575	685	800	Buy	39.1	-16.1%	4.3	30.3x	0.7x	1.6	4.3	114.6	N/A
PTBA	Theme 2	2,240	2,410	2,300	Hold	2.7	-7.1%	25.8	5.7x	1.5x	26.4	15.2	1.4	(24.9)
INCO	Theme 2	2,450	3,060	4,200	Buy	71.4	-19.9%	24.3	29.3x	0.9x	3.0	N/A	0.7	(4.9)
ANTM	Theme 2	575	700	1,100	Buy	91.3	-17.9%	13.8	17.2x	0.7x	4.1	2.2	23.0	(11.1)
<b>Agriculture</b>														
AALI	Theme 2	9,800	10,825	15,600	Buy	59.2	-9.5%	18.9	89.3x	1.0x	2.3	2.3	(8.5)	(85.3)

Source : Bloomberg, NHKS Research

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