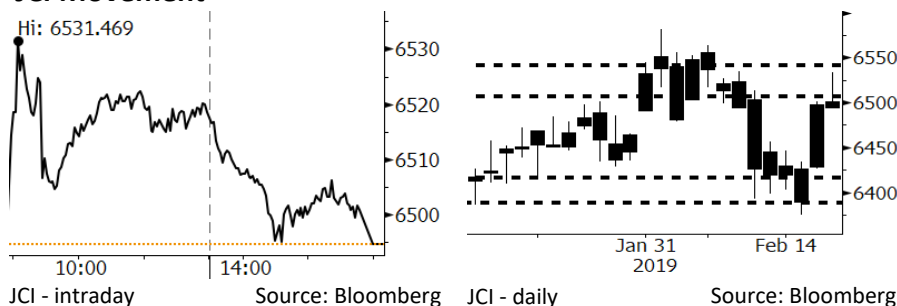


Morning Brief

Daily | Feb 20, 2019

JCI Movement



Market Recap

After rallying, JCI closed flat yesterday due to the continued net foreign sell, particularly in the banking sector. **Top Losers: Basic Industry (-1.09%), Misc. Industry (-0.64%), Finance (-0.16%).**

Daily Foreign & Domestic Sector Movement

While awaiting the outcome of trade deals between the U.S. and China, foreign investors posted the net sell of IDR619 billion, with the banking sector posting the first's biggest foreign net sell of IDR145 billion. Meanwhile, the automotive sector posted the second's biggest foreign net sell of IDR104 billion.

Domestic investors posted the net sell of IDR33 billion for the telecommunication sector as the possible consolidation among operators to create more healthy telecommunication industry and to prevent the price war. The consolidation talks involve stocks of XL Axiata (EXCL), Smartfren Telecom (FREN), and Indosat (ISAT).

Today's Outlook: Expect Better Export Performance

We estimate today JCI to move sideways with the support range of **support range of 6390-6415** and **resistance range of 6505-6540**. Foreign investors discern stable rupiah as one of the requirements to invest in Indonesia. The trade balance is one of the fundamental factors affecting USDIDR. Investors are still awaiting the government's concrete policy to boost exports amid the slowdown in the global economy and the sliding prices of commodities, throttling Indonesia's trade balance. Export-oriented companies are top-pick for investors.

Company News

- BBRI : Sustainable Credit Is Targeted to Grow 14%
- ASII : Maintains Its Market Share at 52%
- UNTR : Anticipates Decline in Sales of Heavy Machines
- SGRO : Margins Are Potential for Growing

Domestic & Global News

- KB and KITE Are Concentrated in Java
- U.S Is Requesting That China Keep Yuan Stable

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.18%	5.17%
FX Reserve (USD bn)	120.10	120.65	Current Acc (USD bn)	(9.15)	(8.85)
Trd Balance (USD bn)	(1.16)	(1.10)	Govt. Spending Yoy	4.56%	6.28%
Exports Yoy	-4.70%	-4.62%	FDI (USD bn)	3.62	5.95
Imports Yoy	-1.83%	1.16%	Business Confidence	108.05	112.82
Inflation Yoy	2.82%	3.13%	Cons. Confidence*	125.50	127.00

IHSG (Jakarta Composite Index)

February 19	6,494.67
Chg	-3.15pts (-0.05%)
Volume (bn shares)	135.47
Value (IDR tn)	8.27
Adv 221 Dec 189 Unc 232 Untr 118	

Foreign Transaction (IDR bn)

Buy	1,791
Sell	2,410
Net Buy (Sell)	(619)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	267.5	BBCA	197.2
PTBA	37.8	BMRI	109.7
TLKM	32.2	JPFA	74.0
BTPS	31.9	ASII	42.1
EXCL	18.6	BBNI	37.3

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INDY	7.84%	PWON	-3.03%
ERAA	6.86%	CPIN	2.96%
PTBA	5.53%	MEDC	-2.45%
ADRO	4.02%	BRPT	-2.39%
EXCL	3.16%	TPIA	-2.28%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.00%	-0.04%
USDIDR	14,107	-0.33%
KRWIDR	12.53	0.12%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,891.32	8.07	0.03%
S&P 500	2,779.76	4.16	0.15%
Nasdaq	7,486.77	14.36	0.19%
FTSE 100	7,179.17	(40.30)	-0.56%
CAC 40	5,160.52	(8.02)	-0.16%
DAX	11,309.21	10.01	0.09%
Nikkei	21,302.65	20.80	0.10%
Hang Seng	28,228.13	(118.88)	-0.42%
Shanghai	2,755.65	1.29	0.05%
KOSPI	2,205.63	(5.26)	-0.24%
EIDO	26.75	0.77	2.96%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,340.9	14.1	1.06%
Crude Oil (USD /bbl)	56.09	0.50	0.90%
Coal Newcas(USD/ton)	93.75	(0.10)	-0.11%
Gas (USD /mmbtu)	2.66	0.04	1.41%
Nickel LME (USD /MT)	12,660	205.0	1.65%
Tin LME (USD /MT)	21,160	25.0	0.12%
CPO (MYR/Ton)	2,260	(26.0)	-1.14%

BBRI : Sustainable Credit Is Targeted to Grow 14%

BBRI targets the growth of 12%-14% in the 2019 credit distribution, based on sustainable finance. In 2018, its sustainable credit accounted for 44% of the total credit distribution amounted to IDR804 trillion. Thus, it develops further its products, improves its human resources, and expands its portfolios. (Kontan)

ASII : Maintains Its Market Shares at 52%

ASII posted the loss of 7.77% to 42.204 units in January's automotive sales, so did other sole brands distributors. That constrained national sales to decline by 15.4% y-y, the sharpest slump since 2009. However, its market shares were still stable at 52%. (Kontan)

UNTR : Anticipates Decline in Sales of Heavy Machines

UNTR anticipates the possible downturn in demand for heavy machinery due to the sliding prices of coal worldwide. In 2019, it targets the sales of 4,000 units of heavy machinery, lower than the 2018 targeted sales of 4,800 units. However, it stated that the world's coal prices haven't yet brought impacts on coal mining, coal calories of which are higher than 6,000 Kcal/kg. (Kontan)

SGRO : Margins Are Potential for Growing

SGRO stated that its margins are likely to incline higher due to the rally in the world's prices of CPO in the early of 2019 when the prices of CPO soared by 20% q-q to IDR7,100 per kg. In 2019, it targets the growth of 5%-10% in production as the currently productive plantations and the carried on intensification strategy. (Bisnis Indonesia)

Domestic & Global News

KB and KITE Are Concentrated in Java

The government has provided various customs and taxes incentives such as Bonded Zone (KB) facilities and the Ease of Import Export Destinations (KITE) for export-oriented entrepreneurs. Nevertheless, the survey of the Economic Impacts of KB and KITE Facilities in 2017 conducted by the Directorate General of Customs & Excise and the Indonesian Export Financing Agency (LPEI) as well as the University Network for Indonesia Export Development (UNIED) showed that KB and KITE facilities were still concentrated in Java, based on 90.35% of the total companies surveyed; 43.90% of the figure is in West Java. (Kontan)

U.S. Is Requesting That China Keep Yuan Stable

The United States is reportedly asking China to address the value of the its currency as part of the trade deal. The move would be aimed at mediating any effort by the Chinese to devalue the yuan to counter American tariffs. The Trump administration has insisted that moves to devalue the yuan to buoy Chinese exports would be countered with additional or more severe American tariffs. (CNBC)

Relative Valuation

	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
JCI Index	6,495	6,194				(2.5)	7,409.8							
Finance						0.8	2,315.5							
BBCA	26,900	26,000	28,825	Hold	7.2	12.0	663.2	26.6x	4.6x	18.4	1.0	7.5	10.0	0.9
BBRI	3,910	3,660	4,370	Hold	11.8	2.9	482.3	14.8x	2.6x	18.5	2.7	10.4	11.7	1.5
BMRI	7,200	7,375	8,275	Hold	14.9	(20.4)	336.0	13.4x	1.9x	14.4	2.8	7.4	21.2	1.5
BBNI	8,875	8,800	10,525	Buy	18.6	(10.6)	165.5	11.0x	1.5x	14.5	2.9	9.6	10.2	1.5
Consumer						(6.8)	1,505.2							
HMSP	3,800	3,710	4,225	Hold	11.2	(21.3)	442.0	34.0x	14.1x	41.8	2.8	7.2	3.8	1.2
GGRM	85,000	83,625	88,650	Hold	4.3	4.9	163.5	20.2x	3.8x	19.6	3.1	13.6	6.3	1.2
UNVR	49,300	45,400	49,700	Hold	0.8	(9.5)	376.2	41.3x	49.6x	142.9	1.9	1.5	30.1	1.0
ICBP	10,475	10,450	11,225	Hold	7.2	18.0	122.2	28.8x	5.9x	21.3	2.1	7.5	14.6	0.8
INDF	7,500	7,450	8,175	Hold	9.0	(3.2)	65.9	17.8x	2.0x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,550	1,520	1,840	Buy	18.7	(4.3)	72.7	29.9x	5.2x	18.3	1.6	3.9	1.4	1.3
Infrastructure						3.9	839.59							
TLKM	3,920	3,750	4,700	Buy	19.9	(2.8)	388.3	21.0x	4.3x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,500	2,120	2,600	Hold	4.0	(4.9)	60.6	16.4x	1.3x	8.2	1.3	12.9	122.8	1.4
JSMR	5,100	4,280	6,050	Buy	18.6	(7.7)	37.0	17.9x	2.3x	13.4	1.2	18.7	(6.9)	0.9
Trade						(13.4)	729.2							
UNTR	26,050	27,350	39,550	Buy	51.8	(30.3)	97.2	9.0x	1.9x	22.6	3.7	32.1	60.8	0.9
AKRA	5,550	4,290	4,650	Sell	(16.2)	(7.1)	22.3	29.9x	2.8x	19.3	4.0	25.3	(22.4)	1.2
SCMA	1,780	1,870	2,025	Hold	13.8	(34.1)	26.0	18.2x	5.7x	32.3	3.1	10.8	8.7	1.3
MNCN	940	690	875	Hold	(6.9)	(39.7)	13.4	9.6x	1.2x	14.2	1.6	2.8	(20.3)	0.9
ACES	1,760	1,490	1,635	Hold	(7.1)	32.8	30.2	31.6x	7.9x	26.6	1.3	22.3	32.7	1.1
RALS	1,765	1,420	1,515	Hold	(14.2)	50.2	12.5	21.0x	3.2x	15.7	2.3	2.2	43.4	0.9
MAPI	1,075	805	1,170	Hold	8.8	49.8	17.8	30.8x	3.4x	14.0	0.4	18.3	126.7	0.8
Property						(16.7)	399.3							
BSDE	1,310	1,255	1,850	Buy	41.2	(26.8)	25.2	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	640	620	600	Hold	(6.3)	(6.6)	30.8	13.8x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	900	1,010	1,250	Buy	38.9	(28.0)	16.7	18.4x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	895	805	960	Hold	7.3	(22.2)	12.9	28.9x	1.9x	6.9	0.6	0.7	75.0	1.7
WSKT	1,775	1,680	2,810	Buy	58.3	(41.8)	24.1	4.6x	1.4x	33.2	3.2	27.0	41.1	1.4
WIKA	1,685	1,655	2,150	Buy	27.6	(14.5)	15.1	11.0x	1.1x	11.0	1.6	32.3	26.0	1.2
Misc Ind.						(1.9)	403.6							
ASII	7,775	8,225	8,925	Hold	14.8	(6.3)	314.8	14.5x	2.4x	17.3	2.4	16.4	20.6	1.2
Basic Ind.						16.0	685.1							
INTP	18,000	18,450	19,950	Hold	10.8	(16.1)	66.3	61.9x	2.9x	4.6	3.9	2.5	(56.1)	1.5
SMGR	12,475	11,500	13,500	Hold	8.2	10.4	74.0	28.0x	2.5x	9.0	1.1	4.4	43.1	1.3
CPIN	7,375	7,225	6,700	Hold	(9.2)	104.9	120.9	29.9x	6.6x	24.2	0.8	5.1	79.7	1.1
JPFA	2,440	2,150	3,250	Buy	33.2	52.5	28.6	15.5x	3.2x	20.2	4.1	16.8	104.2	0.9
Mining						(4.6)	427.9							
ADRO	1,295	1,215	1,970	Buy	52.1	(46.7)	41.4	7.0x	0.8x	11.9	7.7	9.3	(16.0)	1.2
PTBA	4,200	4,300	5,375	Buy	28.0	26.1	48.4	7.7x	3.0x	42.1	7.6	20.7	49.7	1.0
ITMG	21,400	20,250	24,225	Hold	13.2	(28.6)	24.2	6.0x	1.7x	28.2	15.2	21.6	12.5	1.2
INCO	3,680	3,260	3,760	Hold	2.2	2.5	36.6	40.9x	1.4x	3.3	N/A	23.4	N/A	1.4
ANTM	1,025	765	1,200	Buy	17.1	13.9	24.6	22.4x	1.3x	5.9	0.2	186.6	N/A	1.4
Agriculture						(2.2)	104.3							
AALI	13,900	11,825	16,925	Buy	21.8	2.2	26.8	15.5x	1.4x	9.5	3.1	9.1	(18.2)	0.6
LSIP	1,370	1,250	1,500	Hold	9.5	1.5	9.3	19.9x	1.1x	5.7	3.3	(19.6)	(39.3)	0.8

* Target Price for December 2019

Source: Bloomberg, NHKS Research

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 18 - Feb	JPN	06:50	Core Machine Orders MoM	Dec	-0.10%	-0.70%	0.00%
Tuesday 19 - Feb	UK	16:30	ILO Unemployment Rate 3Mths	Dec	4.00%	4.00%	4.00%
	UK	16:30	Jobless Claims Change	Jan	14.2k	--	20.8k
	GER	17:00	ZEW Survey Current Situation	Feb	15.0	--	27.6
	GER	17:00	ZEW Survey Expectations	Feb	-13.4	--	-15
Wednesday 20 - Feb	USA	19:00	MBA Mortgage Applications	15-Feb		--	-3.70%
Thursday 21 - Feb	JPN	07:30	Nikkei Japan PMI Mfg	Feb P		--	50.3
	JPN	11:30	All Industry Activity Index MoM	Dec		-0.20%	-0.30%
	GER	14:00	CPI MoM	Jan F		--	-0.80%
	GER	14:00	CPI YoY	Jan F		--	1.40%
	GER	15:30	Markit Germany Manufacturing PMI	Feb P		--	49.7
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb P		50.5	50.5
	USA	20:30	Durable Goods Orders	Dec P		1.70%	0.70%
	USA	20:30	Initial Jobless Claims	16-Feb		--	239k
	USA	21:45	Markit US Manufacturing PMI	Feb P		55	54.9
	USA	22:00	Leading Index	Jan		0.20%	-0.10%
Friday 22 - Feb	JPN	06:30	Natl CPI YoY	Jan		0.20%	0.30%
	GER	14:00	GDP SA QoQ	4Q F		--	0.00%
	GER	16:00	IFO Expectations	Feb		--	94.2
	GER	16:00	IFO Business Climate	Feb		99	99.1
	EU	17:00	CPI MoM	Jan		--	0.00%
	EU	17:00	CPI YoY	Jan F		1.40%	1.60%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday 21 - Feb	Tentative	Bank Indonesia 7D Reverse Repo	21-Feb		6.00%	6.00%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 18 - Feb	Extraordinary Shareholder Meeting	TAXI, SPAX
Wednesday 20 - Feb	Extraordinary Shareholder Meeting	FORZ, PSII, SOCI
Thursday 21 - Feb	Extraordinary Shareholder Meeting	RUIS
Friday 22 - Feb	Extraordinary Shareholder Meeting	MTWI

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

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 Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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