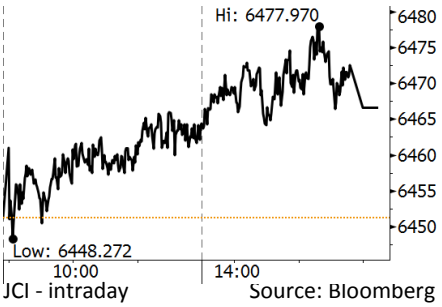
Morning Brief

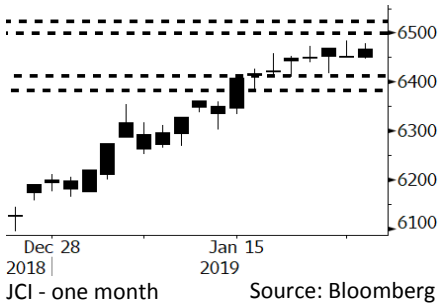
NH KORINDO SEKURITAS

Daily | Jan 25, 2019

JCI Movement



JCI - intraday Source: Bloomberg



JCI - one month Source: Bloomberg

Market Recap

JCI closed higher yesterday as the miscellaneous industry posted the best performance, coupled with the rupiah appreciation. Chinese fiscal stimuli proved a positive sentiment for regional bourses. **Top Gainers: Misc. Industry (+2.42%), Basic Industry (+0.66%), Consumer (+0.35%)**

Daily Foreign & Domestic Sector Movement

Foreign investors posted the net buy of IDR159 billion, with ASII (the automotive stocks) winning the preference as top-pick stocks---securing the biggest net buy. BNLI's divestment likely to spur ASII's performance by focusing only on automotive and heavy machinery businesses underlined the biggest net buy on ASII's stocks.

Meanwhile, domestic investors posted the net buy of IDR146 billion over banking stocks. The sliding banking stocks allured domestic investors to buy on weakness.

Today's Outlook: Demand for CPO by China Soars 17%

We estimate today JCI rallies with the **support range of 6380-6420** and the **resistance range of 6500-6520**. The rally in JCI is backed by the positive sentiment deriving from the increase of 17% to 6.2 million tons CPO imported by China. The increment in CPO imported China is attributable to the sliding demand for soybean. Fitch's analysis showed that CPO imported by China will soar in 2019, backed by relatively much cheaper CPO prices than that of soybean oil, fewer stockpiles, and the trade war between the U.S. and China. Indonesia as the world's first CPO exporter cheers the consistent demand for CPO by China.

Company News

ISAT : Allocates Capex to Reach IDR10 Trillion
ADHI : Collaborates to Develop 3 SPAM
SMBR : Fixes on Sales Growth of 20%
SMRA : Boosts Its Recurring Incomes

Domestic & Global News

Hike in Foreign Debt Is at Relevant Level
Asia Markets Drowns in Confusion

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	120.65	117.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.10)	(2.05)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-4.62%	-3.28%	FDI (USD bn)	5.95	5.50
Imports Yoy	1.16%	11.68%	Business Confidence	108.05	112.82
Inflation Yoy	3.13%	3.23%	Cons. Confidence*	127.00	122.70

IHSG (Jakarta Composite Index)

January 24	6,466.66
Chg	+15.49pts (+0.24%)
Volume (bn shares)	152.68
Value (IDR tn)	11.90

Adv 228 Dec 192 Unc 222 Untr 100

Foreign Transaction (IDR bn)

Buy	4,233
Sell	4,075
Net Buy (Sell)	159

Top Buy	NB Val.	Top Sell	NS Val.
ASII	240.9	BMRI	146.6
BBRI	209.3	BBCA	135.5
BDMN	93.0	BBNI	125.1
ICBP	90.6	TOWR	75.1
PGAS	65.1	WSKT	36.0

LQ-45 Index — Top Gainers & Losers

Gainers	%	Losers	%
AKRA	4.5%	BSDE	-3.1%
ANTM	4.1%	JSMR	-3.1%
ICBP	3.6%	PGAS	-2.5%
BKSL	3.3%	ELSA	-2.2%
ASII	3.1%	INDY	-1.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.12%	0.02%
USDIDR	14,170	-0.13%
KRWIDR	12.55	-0.24%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,553.24	(22.38)	-0.09%
S&P 500	2,642.33	3.63	0.14%
Nasdaq	7,073.46	47.69	0.68%
FTSE 100	6,818.95	(23.93)	-0.35%
CAC 40	4,871.96	31.58	0.65%
DAX	11,130.18	58.64	0.53%
Nikkei	20,574.63	(19.09)	-0.09%
Hang Seng	27,120.98	112.78	0.42%
Shanghai	2,591.69	10.69	0.41%
KOSPI	2,145.03	17.25	0.81%
EIDO	27.08	0.16	0.59%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,281.2	(1.5)	-0.12%
Crude Oil (USD /bbl)	53.13	0.51	0.97%
Coal Newcas(USD/ton)	100.40	(0.90)	-0.89%
Gas (USD /mmbtu)	3.10	0.12	3.99%
Nickel LME (USD /MT)	11,700	115.0	0.99%
Tin LME (USD /MT)	20,700	275.0	1.35%
CPO (MYR/Ton)	2,297	14.0	0.61%

Company News

ISAT : Allocates Capex to Reach IDR10 Trillion

ISAT allocates the capex of IDR10 trillion in 2019. Most of the capex is spent on the construction of new 4G base transceiver stations (BTS). Until September 2018, ISAT has 67,002 BTS across Indonesia. To obtain funds for the capex allocation, within the next two years, ISAT will issue bonds and sharia bonds (ijarah) worth IDR10 trillion. (Bisnis Indonesia)

ADHI : Collaborates to Develop 3 SPAM

ADHI will cooperate with ADRO to develop 3 water supply system (SPAM) projects in three different locations. Both companies have won IDR489-billion SPAM tender in Dumai, Riau and participated in SPAM project tender in West Karian and East Karian with the total investment worth IDR1,4 trillion. (Bisnis Indonesia)

SMBR : Fixes on Sales Growth of 20%

SMBR targets the 2019 sales volume growth of 20%. In 2018, it posted the sales volume growth of 26% to 2,18 million tons cement. The 2019 target aligns with the high demand for cement in Southern parts of Sumatra. Besides, it is awaiting the toll-road projects such as Palembang-Bengkulu and Palembang-Jambi toll roads. (Kontan)

SMRA : Boosts Its Recurring Incomes

SMRA will accelerate further its recurring incomes to hit 30% of the overall revenues. Thus, it will focus on targeting end users through more affordable products. In 2019, it targets the growth of 10 in revenues and net profits as well as securing marketing sales of IDR4 trillion. (Kontan)

Domestic & Global News

Hike in Foreign Debt Is at Relevant Level

Bank Indonesia (BI) announced that the short-term foreign debt in November amounted to USD56.5 billion or increasing 3.78% higher than that of USD54.46 billion in October 2018. Compared to the debt in November 2017 amounting to USD56.29 billion, November 2018's figure was up 0.39%. The current foreign debt is still dominated by the long-term foreign debt. Per November 2018, the long-term foreign debt was at 84.8%, while the short-term debt was at 15.2%. From the solvability side, the foreign debt hovers at 34.5% to GDP. (Kontan)

Asia Markets Drowns in Confusion

Asia markets will post mixed amid the contradicting signal of the U.S. and China trade war resolution. Investors strive to know the progress of next week trade negotiation between the U.S. and China to be held on January 30-31, 2019 in Washington. Indeed, they also estimate that the U.S. current administration shutdown, the longest shutdown in the U.S. administration history, will hamper the U.S. economic growth. (Bloomberg)

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	6,467	6,194				(2.2)	7,362.7							
Finance						5.6	2,303.6							
BBCA	27,300	26,000	28,825	Hold	5.6	20.9	673.1	27.0x	4.7x	18.4	1.0	7.5	10.0	0.9
BBRI	3,790	3,660	4,370	Buy	15.3	0.5	467.5	14.5x	2.7x	19.3	2.8	7.9	14.5	1.5
BMRI	7,475	7,375	8,275	Hold	10.7	(8.3)	348.8	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	9,000	8,800	10,525	Buy	16.9	(6.3)	167.8	11.2x	1.6x	15.1	2.8	N/A	10.2	1.5
Consumer						(11.1)	1,484.2							
HMSP	3,710	3,710	4,225	Hold	13.9	(28.3)	431.5	33.2x	13.7x	41.8	2.9	7.2	3.8	1.2
GGRM	82,550	83,625	88,650	Hold	7.4	(2.3)	158.8	19.6x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	49,075	45,400	49,700	Hold	1.3	(10.8)	374.4	41.2x	41.7x	118.0	1.9	1.0	39.7	1.0
ICBP	10,850	10,450	11,225	Hold	3.5	22.9	126.5	29.8x	6.1x	21.3	2.0	7.5	14.6	0.8
INDF	7,775	7,450	8,175	Hold	5.1	(2.8)	68.3	18.4x	2.1x	11.7	3.9	3.1	(13.7)	1.2
KLBF	1,600	1,520	1,840	Hold	15.0	(7.2)	75.0	30.9x	5.4x	18.3	1.6	3.9	1.4	1.3
Infrastructure						(2.1)	787.91							
TLKM	3,860	3,750	4,700	Buy	21.8	(1.9)	382.4	20.7x	4.2x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,390	2,120	2,600	Hold	8.8	(9.8)	57.9	15.5x	1.2x	8.2	1.3	12.9	122.8	1.4
JSMR	4,870	4,280	6,050	Buy	24.2	(14.6)	35.3	17.1x	2.2x	13.4	1.2	18.7	(6.9)	1.0
Trade						(15.8)	707.2							
UNTR	26,625	27,350	39,550	Buy	48.5	(33.4)	99.3	9.2x	1.9x	22.6	3.7	32.1	60.8	0.9
AKRA	4,690	4,290	4,650	Hold	(0.9)	(25.3)	18.8	25.3x	2.3x	19.3	4.7	25.3	(22.4)	1.3
SCMA	1,980	1,870	2,025	Hold	2.3	(21.4)	29.0	20.3x	6.3x	32.3	2.8	10.8	8.7	1.3
MNCN	860	690	875	Hold	1.7	(41.1)	12.3	8.8x	1.1x	14.2	1.7	2.8	(20.3)	1.0
ACES	1,785	1,490	1,635	Hold	(8.4)	37.8	30.6	32.0x	8.0x	26.6	1.3	22.3	32.7	1.0
RALS	1,620	1,420	1,515	Hold	(6.5)	36.1	11.5	19.2x	2.9x	15.7	2.5	2.2	43.4	0.9
MAPI	955	805	945	Hold	(1.0)	29.9	15.9	27.4x	3.0x	14.0	0.4	18.3	126.7	0.8
Property						(10.8)	414.4							
BSDE	1,395	1,255	1,850	Buy	32.6	(19.1)	26.8	8.3x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	705	620	600	Hold	(14.9)	1.4	34.0	15.2x	2.9x	20.6	0.9	19.0	25.2	1.3
CTRA	990	1,010	1,250	Buy	26.3	(20.8)	18.4	20.2x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	1,030	805	960	Hold	(6.8)	(0.5)	14.9	33.2x	2.2x	6.9	0.5	0.7	75.0	1.6
WSKT	1,975	1,680	2,810	Buy	42.3	(30.5)	26.8	5.1x	1.5x	33.2	2.9	27.0	41.1	1.3
WIKA	1,880	1,655	2,150	Hold	14.4	(10.9)	16.9	12.2x	1.3x	11.0	1.4	32.3	26.0	1.1
Misc Ind.						(0.3)	427.5							
ASII	8,425	8,225	8,925	Hold	5.9	(3.4)	341.1	15.7x	2.6x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						22.1	710.3							
INTP	19,900	18,450	19,950	Hold	0.3	(5.9)	73.3	68.4x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	13,200	11,500	13,500	Hold	2.3	18.9	78.3	29.7x	2.6x	9.0	1.0	4.4	43.1	1.3
CPIN	8,175	7,225	6,700	Sell	(18.0)	125.2	134.1	33.2x	7.4x	24.2	0.7	5.1	79.7	1.1
JPFA	2,450	2,150	3,250	Buy	32.7	71.9	28.7	15.5x	3.2x	20.2	4.1	16.8	104.2	0.8
Mining						(6.2)	422.0							
ADRO	1,380	1,215	1,970	Buy	42.8	(43.7)	44.1	7.4x	0.9x	11.9	7.2	9.3	(16.0)	1.2
PTBA	4,390	4,300	5,375	Buy	22.4	31.4	50.6	8.0x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	22,300	20,250	24,225	Hold	8.6	(26.5)	25.2	6.2x	1.7x	28.2	14.6	21.6	12.5	1.2
INCO	3,530	3,260	3,760	Hold	6.5	(3.6)	35.1	39.5x	1.3x	3.2	N/A	29.2	N/A	1.4
ANTM	895	765	1,200	Buy	34.1	5.9	21.5	19.6x	1.1x	5.9	0.2	186.6	N/A	1.3
Agriculture						0.1	105.7							
AALI	13,200	11,825	16,925	Buy	28.2	1.9	25.4	14.7x	1.4x	9.5	3.3	9.1	(18.2)	0.6
LSIP	1,445	1,250	1,500	Hold	3.8	10.3	9.9	21.0x	1.2x	5.7	3.1	(19.6)	(39.3)	0.7

*** Target Price for December 2019**

Source: Bloomberg, NHKS Research

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	CHN	09:00	Industrial Production YoY	Dec	5.70%	5.30%	5.40%
21- Jan	CHN	09:00	GDP YoY	4Q	6.40%	0.064	0.065
Tuesday	USA	Tentative	Trade Balance	Nov		-$54.0b	-$55.5b
22 - Jan	USA	Tentative	Factory Orders	Nov		0.30%	-2.10%
	USA	Tentative	Housing Starts	Dec		1252k	1256k
	USA	Tentative	New Home Sales	Nov		567k	544k
	USA	Tentative	Retail Sales Advance MoM	Dec		0.001	0.002
	USA	Tentative	Durable Goods Orders	Nov F		0.80%	0.80%
	UK	16:30	Claimant Count Rate	Dec	2.80%	--	0.028
	UK	16:30	ILO Unemployment Rate 3Mths	Nov	4.00%	4.10%	4.10%
	UK	16:30	Jobless Claims Change	Dec	20.8k	--	21.9k
	GER	17:00	ZEW Survey Current Situation	Jan	27.6	42.8	45.3
	GER	17:00	ZEW Survey Expectations	Jan	-15.0	-18.8	-17.5
	USA	22:00	Existing Home Sales	Dec	4.99m	5.27m	5.32m
	USA	Tentative	Wholesale Inventories MoM	Nov P		0.50%	0.80%
Wednesday	USA	19:00	MBA Mortgage Applications	18-Jan	-2.70%	--	13.50%
23 - Jan	USA	Tentative	Wholesale Inventories MoM	Nov F		0.005	--
Thursday	JPN	07:30	Nikkei Japan PMI Mfg	Jan P	50.0	--	52.6
24 - Jan	GER	15:30	Markit/BME Germany Manufacturing PMI	Jan P	49.9	51.5	51.5
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan P	50.5	51.4	51.4
	EU	19:45	ECB Deposit Facility Rate	24-Jan	-0.40%	-0.40%	-0.40%
	EU	19:45	ECB Main Refinancing Rate	24-Jan	0.00%	0.00%	0.00%
	USA	20:30	Initial Jobless Claims	19-Jan	199k	--	213k
	USA	21:45	Markit US Manufacturing PMI	Jan P	54.9	53.5	53.8
	USA	22:00	Leading Index	Dec	-0.10%	-0.10%	0.20%
Friday	JPN	06:30	Tokyo CPI Ex-Fresh Food YoY	Jan	1.10%	0.90%	0.90%
25 - Jan	GER	16:00	IFO Business Climate	Jan		100.5	101
	USA	20:30	Durable Goods Orders	Dec P		--	--
	USA	22:00	New Home Sales	Dec		--	--

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday *21- Jan*	Extraordinary Shareholder Meeting	ITTG
Wednesday *23 - Jan*	Rights Offerings	SQMI
Friday *25 - Jan*	Extraordinary Shareholder Meeting	ARMY

Source: Bloomberg

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