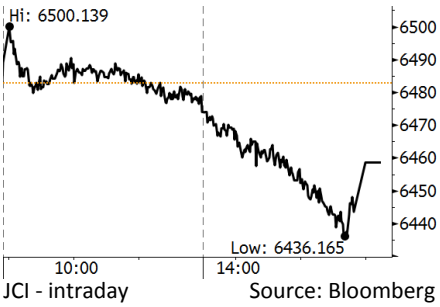
Morning Brief

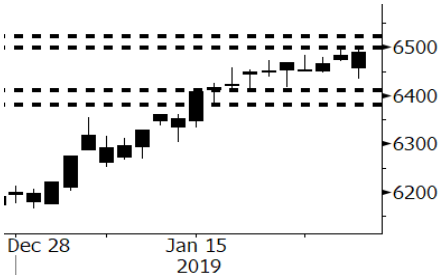
NH KORINDO SEKURITAS

Daily | Jan 29, 2019

JCI Movement



JCI - intraday Source: Bloomberg



JCI - one month Source: Bloomberg

Market Recap

Ahead of the U.S. and China meeting, JCI was reining in a bearish state, aligning with the regional bourses. The decline was also attributable to the profit taking.
Top Losers: Property (-1.72%), Infrastructure (-1.41%), Misc. Industry (-0.73%)

Daily Foreign & Domestic Sector Movement

Yesterday, foreign investors posted the net sell of IDR662 billion. The banking sector exposed to the biggest net sell of IDR543 billion, followed by the net sell of IDR100 billion posted by the telecommunication sector. Thus, JCI was slightly corrected by 0.37% to 6,458.

Furthermore, domestic investors posted the net sell of virtually IDR81 billion on the food and beverages stocks. In addition, domestic investors kept posting the net sell of IDR68 billion on ICBP stocks.

Today's Outlook: Crude Output Cut

We estimate today JCI to move at modest pace with the **support range of 6380-6420** and the **resistance range of 6500-6520**. Khalid Al-falih as the Energy Minister of Saudi Arabia stated that Saudi will cut output in February. The crude output will be cut until the lowest level within 6 months and below the agreement with OPEC. We estimate that the sentiment will affect countries such as Indonesia, the net oil importer, so that the hike in crude will affect Indonesia's trade balance.

Company News

WIKA : Targets Order Book of IDR140 Trillion
ACES : Will Launch Its Prime Store in 2019
ISAT : Doesn't Yet Plan to Hike Data Tariffs
TLKM : Spurs Digital Business Development

Domestic & Global News

Kadin Urges the Government to Give Exports Incentives
US Files Criminal Charges in Two Huawei Cases

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 28	6,458.71
Chg	-24.13pts (-0.37%)
Volume (bn shares)	130.21
Value (IDR tn)	9.97

Adv 168 Dec 247 Unc 227 Untr 99

Foreign Transaction (IDR bn)

Buy	2,797
Sell	3,459
Net Buy (Sell)	(662)

Top Buy	NB Val.	Top Sell	NS Val.
ICBP	68.5	BMRI	348.4
GGRM	44.6	TLKM	193.4
BBRI	37.6	BBCA	63.4
PGAS	28.7	BBNI	54.3
LPPF	24.4	WSKT	25.3

LQ-45 Index — Top Gainers & Losers

Gainers	%	Losers	%
MEDC	9.5%	BSDE	-4.5%
INDY	8.9%	WSKT	-3.3%
BRPT	5.3%	WSBP	-3.0%
AKRA	4.1%	PTPP	-3.0%
INKP	3.2%	EXCL	-2.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.12%	0.01%
USDIDR	14,072	-0.15%
KRWIDR	12.58	0.08%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,528.22	(208.98)	-0.84%
S&P 500	2,643.85	(20.91)	-0.78%
Nasdaq	7,085.69	(79.18)	-1.11%
FTSE 100	6,747.10	(62.12)	-0.91%
CAC 40	4,888.58	(37.24)	-0.76%
DAX	11,210.31	(71.48)	-0.63%
Nikkei	20,649.00	(124.56)	-0.60%
Hang Seng	27,576.96	7.77	0.03%
Shanghai	2,596.98	(4.75)	-0.18%
KOSPI	2,177.30	(0.43)	-0.02%
EIDO	26.91	(0.41)	-1.50%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,303.4	(1.9)	-0.14%
Crude Oil (USD /bbl)	51.99	(1.70)	-3.17%
Coal Newcas(USD/ton)	100.00	(0.65)	-0.65%
Gas (USD /mmbtu)	2.91	(0.27)	-8.40%
Nickel LME (USD /MT)	11,965	195.0	1.66%
Tin LME (USD /MT)	20,675	(250.0)	-1.19%
CPO (MYR/Ton)	2,327	33.0	1.44%

Company News

WIKA : Targets Order Book of IDR140 Trillion

WIKA fixes on the 2019 growth of 32% to IDR66.74 trillion in new contracts. Thus, the 2019 order book target is IDR140 trillion. To accomplish the target, it allocates the capex of IDR16.64 trillion and will aggressively expand to the property, energy, and infrastructure businesses. (Kontan)

ACES : Will Launch Its Prime Store in 2019

In 2019, ACES will launch its prime store located in Hankam, Pondok Gede, Bekasi. The store is 2,100 sqm and launched on January 30, 2019. For most of 2018, it launched 32 new stores. Besides, 9M18, ACES posted the growth of 22.2% y-y and 32.4% y-y in sales and net profits. (Bisnis Indonesia)

ISAT : Doesn't Yet Plan to Hike Data Tariffs

ISAT has not yet to hike its 2019 data tariff. Besides, it will use 80% of its 2019 capex to expand network coverage in 4,300 locations across Indonesia. To boost its revenues, ISAT will focus to increase its B2B revenue portions to 25% of its total revenues. ISAT also just won the bidding of LRT telecommunication infrastructure and a number of airports. (Kontan)

TLKM : Spurs Digital Business Development

TLKM's subsidiary, Telkomsel, will keep boosting its digital business segment in 2019. The digital business covers data services, digital services. The segment posted rosier growth in 2018. Besides, Telkomsel is certain that the pre-paid registration policy will have positive impacts on the telecommunication industry. (Kontan)

Domestic & Global News

Kadin Urges the Government to Give Exports Incentives

Amid a slowdown in the global economic growth, exporters are demanding incentives from the government with a view to spurring exports. The Indonesian Chamber of Commerce and Industry (Kadin) urges the Indonesian government to give incentives to outperformance exporters in 2019. We efficiently anticipate a slowdown in the global economic growth. "We asked the government the possibility of giving incentives to the outperformed exporters", said the Chief Officer of Kadin Rosan Roeslani. (Kontan)

US Files Criminal Charges in Two Huawei Cases

The U.S. Department of Justice filed criminal charges Monday against Meng Wanzhou, the chief financial officer of China tech giant Huawei and the daughter of its founder and president Ren Zhengfei. The Justice Department also announced charges Monday against Huawei for allegedly stealing trade secrets from T-Mobile. The charges stem from a civil trade secrets lawsuit filed by T-Mobile in 2014 over a robot called “Tappy,” which was used in testing smartphones. China has strongly opposed both the arrest and the prospect of extradition. (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	6,459	6,194				(3.3)	7,355.4							
Finance						3.8	2,291.4							
BBCA	27,475	26,000	28,825	Hold	4.9	20.5	677.4	27.1x	4.7x	18.4	0.9	7.5	10.0	0.9
BBRI	3,780	3,660	4,370	Buy	15.6	(0.5)	466.2	14.5x	2.7x	19.3	2.8	7.9	14.5	1.5
BMRI	7,175	7,375	8,275	Buy	15.3	(12.2)	334.8	13.4x	1.8x	14.4	2.8	11.2	21.2	1.4
BBNI	9,100	8,800	10,525	Buy	15.7	(4.2)	169.7	11.3x	1.7x	15.1	2.8	N/A	10.2	1.5
Consumer						(11.3)	1,480.5							
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	84,700	83,625	88,650	Hold	4.7	3.0	163.0	20.1x	3.8x	19.6	3.1	13.6	6.3	1.2
UNVR	47,775	45,400	49,700	Hold	4.0	(13.8)	364.5	40.2x	40.6x	118.0	1.9	1.0	39.7	1.0
ICBP	10,750	10,450	11,225	Hold	4.4	21.1	125.4	29.6x	6.0x	21.3	2.0	7.5	14.6	0.8
INDF	7,700	7,450	8,175	Hold	6.2	(4.6)	67.6	18.2x	2.1x	11.7	3.9	3.1	(13.7)	1.2
KLBF	1,610	1,520	1,840	Hold	14.3	(5.0)	75.5	31.1x	5.4x	18.3	1.6	3.9	1.4	1.3
Infrastructure						(4.3)	778.58							
TLKM	3,780	3,750	4,700	Buy	24.3	(6.3)	374.5	20.3x	4.1x	20.4	4.4	2.3	(20.6)	0.8
PGAS	2,400	2,120	2,600	Hold	8.3	(3.6)	58.2	15.7x	1.3x	8.2	1.3	12.9	122.8	1.4
JSMR	4,860	4,280	6,050	Buy	24.5	(14.7)	35.3	17.0x	2.2x	13.4	1.2	18.7	(6.9)	1.0
Trade						(16.1)	712.0							
UNTR	26,300	27,350	39,550	Buy	50.4	(33.9)	98.1	9.1x	1.9x	22.6	3.7	32.1	60.8	0.9
AKRA	5,100	4,290	4,650	Hold	(8.8)	(20.3)	20.5	27.5x	2.5x	19.3	4.3	25.3	(22.4)	1.3
SCMA	1,965	1,870	2,025	Hold	3.1	(25.0)	28.7	20.1x	6.3x	32.3	2.8	10.8	8.7	1.3
MNCN	880	690	875	Hold	(0.6)	(43.2)	12.6	9.0x	1.2x	14.2	1.7	2.8	(20.3)	1.0
ACES	1,780	1,490	1,635	Hold	(8.1)	36.9	30.5	32.0x	8.0x	26.6	1.3	22.3	32.7	1.0
RALS	1,645	1,420	1,515	Hold	(7.9)	42.4	11.7	19.5x	3.0x	15.7	2.4	2.2	43.4	0.9
MAPI	990	805	945	Hold	(4.5)	30.3	16.4	28.4x	3.2x	14.0	0.4	18.3	126.7	0.8
Property						(13.9)	411.9							
BSDE	1,385	1,255	1,850	Buy	33.6	(24.7)	26.7	8.2x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	700	620	600	Hold	(14.3)	(1.4)	33.7	15.1x	2.9x	20.6	0.9	19.0	25.2	1.3
CTRA	925	1,010	1,250	Buy	35.1	(33.0)	17.2	18.9x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	1,010	805	960	Hold	(5.0)	(10.2)	14.6	32.6x	2.2x	6.9	0.5	0.7	75.0	1.6
WSKT	1,935	1,680	2,810	Buy	45.2	(31.9)	26.3	5.0x	1.5x	33.2	3.0	27.0	41.1	1.3
WIKA	1,895	1,655	2,150	Hold	13.5	(10.6)	17.0	12.3x	1.3x	11.0	1.4	32.3	26.0	1.1
Misc Ind.						(0.6)	424.0							
ASII	8,375	8,225	8,925	Hold	6.6	(3.2)	339.0	15.6x	2.6x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						22.4	723.8							
INTP	19,800	18,450	19,950	Hold	0.8	(9.6)	72.9	68.1x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	13,075	11,500	13,500	Hold	3.3	16.7	77.6	29.4x	2.6x	9.0	1.0	4.4	43.1	1.3
CPIN	8,300	7,225	6,700	Sell	(19.3)	131.8	136.1	33.7x	7.5x	24.2	0.7	5.1	79.7	1.1
JPFA	2,850	2,150	3,250	Hold	14.0	94.5	33.4	18.1x	3.7x	20.2	3.5	16.8	104.2	0.8
Mining						(7.9)	424.1							
ADRO	1,390	1,215	1,970	Buy	41.7	(45.7)	44.5	7.4x	0.9x	11.9	7.2	9.3	(16.0)	1.2
PTBA	4,350	4,300	5,375	Buy	23.6	26.8	50.1	7.9x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	22,125	20,250	24,225	Hold	9.5	(29.3)	25.0	6.2x	1.7x	28.2	14.7	21.6	12.5	1.2
INCO	3,550	3,260	3,760	Hold	5.9	(8.0)	35.3	39.9x	1.3x	3.2	N/A	29.2	N/A	1.4
ANTM	910	765	1,200	Buy	31.9	0.6	21.9	19.9x	1.1x	5.9	0.2	186.6	N/A	1.3
Agriculture						0.7	109.2							
AALI	14,200	11,825	16,925	Buy	19.2	6.8	27.3	15.8x	1.5x	9.5	3.1	9.1	(18.2)	0.6
LSIP	1,490	1,250	1,500	Hold	0.7	10.0	10.2	21.7x	1.2x	5.7	3.0	(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	USA	Tentative	Trade Balance	Nov		-$54.0b	-$55.5b
28- Jan	USA	Tentative	Factory Orders	Nov		0.30%	-2.10%
	USA	Tentative	Housing Starts	Dec		1253k	1256k
	USA	Tentative	New Home Sales	Nov		567k	544k
	USA	Tentative	Retail Sales Advance MoM	Dec		0.10%	0.20%
	USA	Tentative	Durable Goods Orders	Nov F		0.80%	0.80%
	EU	16:00	M3 Money Supply YoY	Dec	4.10%	3.80%	3.70%
	USA	Tentative	New Home Sales	Dec		575k	--
Tuesday	USA	Tentative	New Home Sales	Dec		575k	--
29 - Jan	USA	Tentative	Durable Goods Orders	Dec P		1.70%	--
	USA	22:00	Conf. Board Consumer Confidence	Jan		124.6	128.1
Wednesday	UK	16:30	Mortgage Approvals	Dec		62.7k	63.7k
30 - Jan	USA	19:00	MBA Mortgage Applications	25-Jan		--	-2.70%
	GER	20:00	CPI MoM	Jan P		-0.70%	0.10%
	GER	20:00	CPI YoY	Jan P		1.70%	1.70%
	USA	20:15	ADP Employment Change	Jan		170k	271k
	USA	20:30	GDP Annualized QoQ	4Q A		2.50%	3.40%
Thursday	USA	02:00	FOMC Rate Decision (Upper Bound)	30-Jan		2.50%	2.50%
31 - Jan	JPN	06:50	Industrial Production MoM	Dec P		-0.50%	-1.00%
	CHN	08:00	Manufacturing PMI	Jan		49.3	49.4
	UK	14:00	Nationwide House Px NSA YoY	Jan		0.00%	0.50%
	UK	14:00	Nationwide House PX MoM	Jan		0.20%	-0.70%
	GER	15:55	Unemployment Change (000's)	Jan		-10k	-14k
	EU	17:00	GDP SA YoY	4Q A		1.20%	1.60%
	EU	17:00	GDP SA QoQ	4Q A		0.20%	0.20%
	USA	20:30	Personal Income	Dec		0.50%	0.20%
	USA	20:30	Personal Spending	Dec		0.30%	0.40%
	USA	20:30	Initial Jobless Claims	26-Jan		--	199k
	USA	21:45	Chicago Purchasing Manager	Jan		60	65.4
Friday	JPN	06:30	Job-To-Applicant Ratio	Dec		1.63	1.63
01 - Feb	JPN	06:30	Jobless Rate	Dec		2.50%	2.50%
	JPN	07:30	Nikkei Japan PMI Mfg	Jan F		--	50
	CHN	08:45	Caixin China PMI Mfg	Jan		49.7	49.7
	GER	15:55	Markit/BME Germany Manufacturing	Jan F		--	49.9
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan F		--	50.5
	UK	16:30	Markit UK PMI Manufacturing SA	Jan			54.2
	US	20:30	Unemployment Rate	Jan			3.90%
	US	20:30	Change in Nonfarm Payrolls	Jan			312k
	US	21:45	Markit US Manufacturing PMI	Jan F			54.9
	US	22:00	U. of Mich. Sentiment	Jan F			90.7
	US	22:00	ISM Manufacturing	Jan			54.1

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday	Tentative	Money Supply M1 YoY	Dec		--	5.00%
31 - Jan	Tentative	Money Supply M2 YoY	Dec		--	6.60%
Friday	07:30	Nikkei Indonesia PMI Mfg	Jan		--	51.2
01 - Feb	Tentative	CPI Core YoY	Jan		--	3.07%
	Tentative	CPI NSA MoM	Jan		--	0.62%
	Tentative	CPI YoY	Jan		--	3.13%
	Tentative	Danareksa Consumer Confidence	Jan		--	100.7

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday *28- Jan*	Extraordinary Shareholder Meeting	WIKA, TRIL
Wednesday *30 - Jan*	Extraordinary Shareholder Meeting	PTPP
Thursday *31 - Jan*	Extraordinary Shareholder Meeting	MMLP
Friday *01 - Feb*	Extraordinary Shareholder Meeting	DSFI, ADHI, JSMR, WIKA

Source: Bloomberg

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