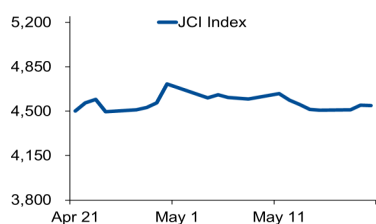


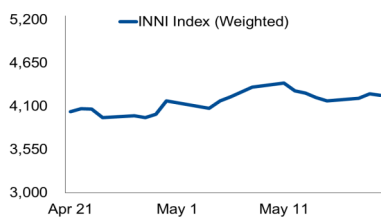
Morning Brief

Daily | May 26, 2020

JCI Movement



INNI Movement



Market Recap

JCI closed lower, with top losers from Consumer Goods and Construction sectors. **JCI's Top Losers: Consumer (-2.5%), Property (-1.9%), Infrastructure (-1.8%)**

Along with JCI, INNI Index was slightly down with biggest laggards coming from Consumer Goods sector, namely GGRM, KLBF, and ICBP.

Daily Foreign & Domestic Sector Movement

At the market close on Wednesday (20 May 2020), JCI recorded foreign net buy of IDR 81 Billion. The foreign Net Buy was marked by the acquisition of PT Bank Permata Tbk (BNLI) from Bangkok Bank with total transaction amount of IDR 33,3 Trillion in non-regular market. Moreover, BBRI still tops the Foreign Buy list with transaction amount IDR 231 Bn. The bank only targets a moderate growth in lending during Covid-19 pandemic.

USD/IDR Highlight

Furthermore, IDR/USD at the spot market went up 0,41 percent to IDR 14.710/USD

Today's Outlook: Indonesia to adopt New Normal Policy

Dow Jones closed slightly down 0,04 percent to 24,465 mainly due rising tension between US and China after China imposed a national security law in Hongkong. From domestic news, the Ministry of Health released a new normal guideline for workplace as stated on Ministry decree no HK.01.07/MENKES/328/2020. This can be seen as a positive sentiment for JCI as several other countries have also adopted lockdown relaxation.

Company News

- ICBP : Pinehill acquisition valued at USD 3 Bn
- ASII : Performance drops in Q1
- KLBF : Announces dividend of IDR 937,5 Bn

Domestic & Global News

- Trade Balance Deficit Services Thinning USD 1.9 billion in 1Q20
- Slump in consumption, exports push Germany into recession in 1Q20

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	4.50%	4.50%	Real GDP	2.97%	4.97%
FX Reserve (USD bn)	127.88	120.97	Current Acc (USD bn)	(8.12)	(7.49)
Trd Balance (USD bn)	(0.34)	0.74	Govt. Spending Yoy	3.74%	0.48%
Exports Yoy	-7.02%	-0.20%	FDI (USD bn)	4.51	4.60
Imports Yoy	-18.58%	-0.75%	Business Confidence	104.82	105.33
Inflation Yoy	2.67%	2.96%	Cons. Confidence*	84.80	113.80

JCI Index

May 20	4,545.95
Chg.	-2.704pts (-0.06%)
Volume (bn shares)	52.80
Value (IDR tn)	5.69
Adv 160 Dec 211 Unc 330 Untr 156	

INNI Index

Last	4,238.36
Chg.	-18.76pts (-0.44%)

INNI's Top Gainers & Losers

Gainers	%	Losers	%
BBRI	+4.6%	GGRM	-3.6%
BBCA	+1.8%	KLBF	-3.6%
UNTR	+0.7%	ICBP	-3.0%
ASII	+0.5%	TLKM	-2.8%
INCO	+0.3%	MAPI	-2.1%

Foreign Transaction

	(IDR bn)
Buy	35,959
Sell	35,877
Net Buy (Sell)	81

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	231.8	BBCA	225.9
UNVR	46.7	KLBF	29.0
ICBP	29.3	TLKM	28.3
TOWR	21.5	BBNI	23.2
BNLI	20.0	JSMR	11.6

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.54%	-0.11%
USDIDR	14,710	-0.41%
KRWIDR	11.95	-0.79%

Global Indices

Index	Last	Chg.	%
Dow Jones	24,465.16	(8.96)	-0.04%
S&P 500	2,955.45	6.94	0.24%
FTSE 100	5,993.28	(21.97)	-0.37%
DAX	11,073.87	7.94	0.07%
Nikkei	20,388.16	(164.15)	-0.80%
Hang Seng	22,930.14	(1349.89)	-5.56%
Shanghai	2,813.77	(54.16)	-1.89%
KOSPI	1,970.13	(28.18)	-1.41%
EIDO	15.74	(0.36)	-2.24%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,734.7	7.7	0.44%
Crude Oil (USD/B)	33.25	(0.67)	-1.98%
ICE NewCastle (USD/ton)	56.55	(0.15)	-0.26%
LME Nickel (USD/MT)	12,250	(528.0)	-4.13%
LME Tin (USD/MT)	15,355	(145.0)	-0.94%
CPO (MYR/ton)	2,167	(40.0)	-1.81%

ICBP : Pinehill acquisition valued at USD 3 Bn

PT Indofood CBP Sukses Makmur Tbk (ICBP) has reached an agreement to acquire Pinehill Limited Company from Pinehill Corpora and Steele Lake for USD 3 Bn. The purpose for acquisition is to expand sales channel in countries such as Saudi Arabia, Turkey, Serbia, and Nigeria. ICBP estimates that the current market share of Pinehill has long term growth potential. (Kontan)

ASII : Performance drops in Q1

PT Astra International Tbk (ASII) booked a lower financial performance in Q1/20 with only PT Astra Agro Lestari (AALI) as a subsidiary with an improvement. ASII recorded a drop of 9,4% yoy in revenues with net profit also down 7,7% in Q1/20. However, regardless of this worsening performance, ASII's stock is still on demand from investors within the last month. (Kontan)

KLBF : Announces dividend of IDR 937,5 Bn

PT Kalbe Farma Tbk (KLBF) has secured approval from shareholders to pay out dividends amounting to IDR 937,5 Bn from 2019's net profit. The amount represents a Dividend Payout Ratio of 37,3% or lower than the previous year. KLBF also vows to maintain cash flow during this pandemic. (Kontan)

Domestic & Global News

Trade Balance Deficit Services Thinning USD 1.9 billion in 1Q20

The Trade Balance deficit is running low, a major factor in reducing the current account deficit in 1Q20. BI recorded a service trade deficit reaching USD 1.9 billion, lower than 4Q19 of USD 2 billion. (Kontan)

Slump in consumption, exports push Germany into recession in 1Q20

A slump in capital investments, private consumption and exports pushed the German economy into a recession in the first quarter, detailed data showed on Monday, giving a glimpse of the damage caused by the coronavirus pandemic. The Federal Statistics Office said capital investments fell by 6.9%, private consumption by 3.2% and exports by 3.1%. (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						(25.7)	1,678.6							
BBCA	23,825	33,425	32,000	Buy	34.3	(15.1)	587.4	20.6x	3.4x	17.5	2.3	13.7	10.5	1.1
BBRI	2,480	4,400	4,950	Buy	99.6	(35.6)	305.9	8.8x	1.7x	18.6	6.8	13.0	(0.3)	1.3
Consumer						(23.2)	1,045.2							
GGRM	47,525	53,000	61,800	Buy	30.0	(39.9)	91.4	8.3x	1.7x	21.8	5.5	4.1	3.9	1.0
KINO	2,630	3,430	4,680	Buy	77.9	5.6	3.8	13.8x	1.4x	10.5	4.1	11.1	(81.3)	0.9
ICBP	9,600	11,150	12,875	Buy	34.1	(1.0)	112.0	19.7x	4.1x	22.6	1.4	6.7	47.8	0.8
KLBF	1,340	1,620	1,430	Hold	6.7	(0.4)	62.8	24.3x	3.8x	16.3	1.9	8.0	12.5	1.1
Infrastructure						(20.4)	602.14							
TLKM	3,180	3,970	4,700	Buy	47.8	(14.0)	315.0	15.5x	3.2x	21.3	5.2	3.5	15.6	1.0
JSMR	3,700	5,175	6,000	Buy	62.2	(34.5)	26.9	12.2x	1.4x	12.4	1.2	(28.7)	0.2	1.3
Trade						(25.7)	536.3							
UNTR	14,600	21,525	20,000	Buy	37.0	(41.8)	54.5	5.4x	0.9x	16.9	8.5	(19.0)	(40.2)	0.8
MAPI	700	1,055	1,300	Buy	85.7	(11.4)	11.6	12.5x	1.9x	16.1	1.4	14.0	27.3	1.2
Property						(27.6)	294.5							
CTRA	490	1,040	1,550	Buy	216.3	(51.0)	9.1	8.6x	0.6x	7.2	2.0	(8.3)	(33.3)	1.3
WSKT	580	1,485	2,600	Buy	348.3	(67.0)	7.9	8.4x	0.4x	5.2	12.6	(35.7)	(76.3)	1.7
WIKA	960	1,990	2,500	Buy	160.4	(54.3)	8.6	3.8x	0.5x	14.6	4.0	(12.7)	32.0	1.7
Basic Ind.						(4.4)	540.3							
SMGR	8,525	12,000	14,300	Buy	67.7	(21.1)	50.6	19.7x	1.5x	8.0	2.4	5.6	66.7	1.3
Misc Ind.						(38.4)	228.5							
ASII	3,970	6,925	8,600	Buy	116.6	(44.7)	160.7	7.5x	1.0x	14.4	5.3	(9.4)	(7.8)	1.3
Mining						(23.7)	288.4							
TINS	460	825	800	Buy	73.9	(57.2)	3.4	N/A	0.7x	(10.7)	5.4	75.2	N/A	1.5
PTBA	1,920	2,660	2,300	Buy	19.8	(33.3)	22.1	5.6x	1.1x	20.6	17.7	(4.0)	(25.0)	1.1
INCO	2,960	3,640	4,200	Buy	41.9	10.0	29.4	18.7x	1.0x	5.6	N/A	38.1	N/A	1.7
ANTM	520	840	1,100	Buy	111.5	(28.8)	12.5	64.5x	0.7x	1.1	2.4	29.4	(88.1)	1.6
Agriculture						(29.2)	61.3							
AAII	6,550	14,575	15,600	Buy	138.2	(37.3)	12.6	23.1x	0.7x	2.9	3.4	13.3	891.7	1.4

* Target Price for December 2020

Source: Bloomberg, NHKSI Research

INNI Summary

INNI Index Movement

YTD Change	-31.9%
YTD Change Gap (vs JCI)	-4.2%
Weekly Change	-0.6%
Weekly Change Gap (vs JCI)	-0.4%

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
Tuesday	GE	16:00	ZEW Survey Expectations	May	51	30	28.2
<i>19 - May</i>	GE	16:00	ZEW Survey Current Situation	May	-93.5	-87.6	-91.5
	US	19:30	Housing Starts	Apr	891k	923k	1216k
Wednesday	UK	13:00	CPI MoM	Apr	0.2%	-0.1%	0.0%
<i>20 - May</i>	UK	13:00	CPI YoY	Apr	0.8%	0.9%	1.5%
	UK	13:00	CPI Core YoY	Apr	1.4%	1.4%	1.6%
	UK	13:00	PPI Output NSA MoM	Apr	-0.7%	-0.5%	-0.2%
	UK	13:00	PPI Output NSA YoY	Apr	-0.7%	-0.4%	0.3%
	EC	16:00	CPI YoY	Apr	0.3%	0.4%	0.7%
	US	18:00	MBA Mortgage Applications	May	2.6%	--	0.3%
Thursday	UK	15:30	Markit UK PMI Manufacturing SA	May	40.6	35.7	32.6
<i>21 - May</i>	US	19:30	Initial Jobless Claims	May	2438k	2425k	2981k
	US	20:45	Markit US Manufacturing PMI	May	39.8	38	36.1
	US	21:00	Leading Index	Apr	-4.4%	-5.7%	-6.7%
	US	21:00	Existing Home Sales	Apr	4.33m	4.30m	5.27m
Friday	UK	13:00	Retail Sales Inc Auto Fuel MoM	Apr	-18.1%	-16.0%	-5.1%
<i>22 - May</i>	GE	14:30	Markit Germany Manufacturing PMI	May	36.8	39	34.5
	EC	15:00	Markit Eurozone Manufacturing PMI	May	39.5	38	33.4
Monday	GE	15:00	IFO Business Climate	May	79.5	78.5	74.3
<i>25 - May</i>	GE	15:00	IFO Expectations	May	80.1	75	69.4

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	14:20	Bank Indonesia 7D Reverse Repo	May	4.50%	4.25%	4.50%
<i>19 - May</i>						

Source: Bloomberg

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



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

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta