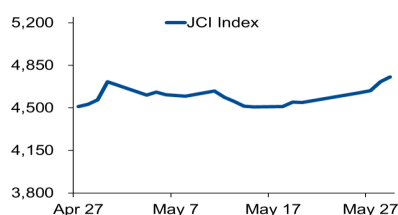
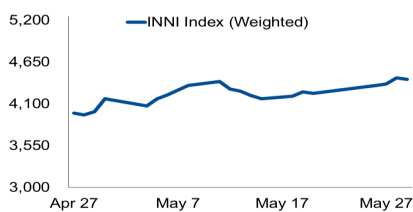


Morning Brief

JCI Movement



INNI Movement



Market Recap

The JCI was closed up at the end of last week, supported by gains from Banking and Basic Industry sectors. **JCI's Top Gainers: Misc. Ind. (+3.5%), Basic Ind. (+2.9%), Finance (+1.4%)**

INNI Index recorded a slight correction due to pressures for mining stocks, such as PTBA and TINS.

Daily Foreign & Domestic Sector Movement

At the close of trading (29/05/2020), the JCI booked a foreign net buy of IDR81 billion. Banking stocks such as BBRI and BMRI are still recording foreign net buy amounting to IDR1.2 trillion and IDR143 billion respectively. On the other hand, PTBA, JSMR, PWON, TKIM and BSDE posted foreign net sell after MSCI Global Standard was effectively updated on May 29th.

USD/IDR Highlight

USD/IDR pairing was up 0.71% to IDR 14,610/USD.

Today's Outlook: Waiting on Inflation Data Release

Dow Jones closed up after starting in red territory at the beginning of trade. Protests rally over George Floyd's death which have spilled through several states and China's decision to impose new Security Law on Hong Kong were balanced out by improving ISM Manufacturing Index which rose to 43.1 in May 2020. From domestic side, market will weigh in the release of May 2020 inflation data which is expected to be lower than usual Lebaran period due to Large Scale Social Distancing and travelling ban.

Company News

INCO : Diversification Agreement to be done in June
 CTRA : Conservative Approach for New Normal
 WSKT : Fitch Downgrades Rating

Domestic & Global News

June 1, Minister of Finance Increases CPO Export Levies to US \$ 55 per ton
 UK Factories Suffer Sharp Fall in May, but Less than in April: PMI

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)	(3.92)	(8.08)
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 29	4,753.61
Chg.	+37.42pts (+0.79%)
Volume (bn shares)	121.43
Value (IDR tn)	17.49
Adv 174 Dec 232 Unc 295 Untr 142	

INNI Index

Last	4,422.49
Chg.	-18.31pts (-0.41%)

INNI's Top Gainers & Losers

Gainers	%	Losers	%
BBRI	+8.1%	PTBA	-6.9%
CTRA	+5.5%	JSMR	-6.8%
ASII	+5.1%	TINS	-5.9%
KLBF	+4.4%	ICBP	-2.1%
UNTR	+4.0%	MAPI	-2.0%

Foreign Transaction

	(IDR bn)
Buy	10,273
Sell	10,627
Net Buy (Sell)	81

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	1,284.6	PTBA	356.6
ASII	152.9	JSMR	275.8
BMRI	143.8	PWON	233.0
SMGR	47.2	TKIM	191.0
BTPS	41.2	BSDE	156.7

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	7.35%	-0.03%
USDIDR	14,610	-0.71%
KRWIDR	11.82	-0.42%

Global Indices

Index	Last	Chg.	%
Dow Jones	25,475.02	91.91	0.36%
S&P 500	3,055.73	11.42	0.38%
FTSE 100	6,166.42	89.82	1.48%
DAX	11,781.13	123.44	1.06%
Nikkei	22,062.39	184.50	0.84%
Hang Seng	23,732.52	771.05	3.36%
Shanghai	2,915.43	63.08	2.21%
KOSPI	2,065.08	35.48	1.75%
EIDO	17.88	0.57	3.29%

Commodities

Commodity	Last	Chg.	%
Gold (USD/t oz)	1,739.6	9.3	0.54%
Crude Oil (USD/B)	35.44	(0.05)	-0.14%
ICE NewCastle (USD/ton)	56.30	1.40	2.55%
LME Nickel (USD/MT)	12,626	302.0	2.45%
LME Tin (USD/MT)	15,690	285.0	1.85%
CPO (MYR/ton)	2,285	(7.0)	-0.31%

INCO : Diversification Agreement to be done in June

PT Vale Indonesia Tbk (INCO) and MIND ID have postponed diversification process for the third time and now is expected to finalize the deal at the the of June 2020. INCO stated that the delay in agreement was due to Covid-19 pandemic and other factors. Both parties have reached an agreement on the valuation of the 20% stake but cannot yet reveal it to the public. (Kontan)

CTRA : Conservative Approach for New Normal

PT Ciputra Development Tbk (CTRA) will approach the new normal conservatively by carefully observing market condition. Covid-19 pandemic has forced CTRA to cut Capital Expenditure like landbank purchases in 2020. Moreover, new normal condition is yet to give positive impact on several of CTRA's delayed projects. (Bisnis Indonesia)

WSKT : Fitch Downgrades Rating

PT Waskita Karya Tbk (WSKT) received a downgrade in rating from Fitch due to potentially weaken financial profile in 2020. Fitch downgraded the company's rating from A to BBB+ with negative outlook and also cut its Bond Rating from A- to BBB. This condition is part of the Covid-19 pandemic effect to the economy, especially for construction firms. (Bisnis Indonesia)

Domestic & Global News

June 1, Minister of Finance Increases CPO Export Levies to US \$ 55 per ton

The Ministry of Finance (Ministry of Finance) stipulates that the export levy of Crude Palm Oil (CPO) takes effect on June 1, 2020, especially for CPO exports to the US \$ 55 per ton. An increase of US \$ 5 per tonne is based on PMK number 23 of 2019 on CPO export levies and their derivatives which take effect January 1, 2020. (Kontan)

UK Factories Suffer Sharp Fall in May, but Less than in April: PMI

Factories in the UK dropped in May, however, the rate of decline fell from a record April when the closing of the COVID-19 pandemic caused many economies to stall, a survey said that the IHS Markit Index / CIPS Manufacturing Purchasing Manager (May) was at 40.7, changed early 40.6 and far below the level 50 where this index indicates growth. (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 (%)	Adj. Beta
Finance						(23.2)	1,822.5							
BBCA	25,950	33,425	28,950	Hold	11.6	(10.8)	639.8	22.0x	3.7x	17.5	2.1	14.1	8.5	1.1
BBRI	2,950	4,400	3,100	Hold	5.1	(28.0)	363.9	10.5x	2.0x	18.6	5.7	13.0	(0.3)	1.3
Consumer						(26.2)	1,036.6							
GGRM	48,750	53,000	59,550	Buy	22.2	(39.4)	93.8	8.5x	1.8x	21.8	5.3	4.1	3.9	0.9
KINO	2,660	3,430	2,950	Hold	10.9	2.3	3.8	14.0x	1.4x	10.5	4.1	11.1	(81.3)	0.9
ICBP	8,150	11,150	<i>Under Review</i>	N/A	N/A	(16.8)	95.0	16.7x	3.5x	22.6	1.7	6.7	47.8	0.8
KLBF	1,415	1,620	1,430	Hold	1.1	0.7	66.3	25.7x	4.0x	16.3	1.4	8.0	12.5	1.1
Infrastructure						(25.1)	604.74							
TLKM	3,150	3,970	3,940	Buy	25.1	(18.1)	312.0	16.7x	3.1x	18.8	5.2	3.7	3.5	1.0
JSMR	3,550	5,175	4,600	Buy	29.6	(37.7)	25.8	11.7x	1.4x	12.4	1.3	(28.7)	0.2	1.3
Trade						(24.0)	545.9							
UNTR	15,700	21,525	20,000	Buy	27.4	(38.1)	58.6	5.8x	0.9x	16.9	2.6	(19.0)	(40.2)	0.8
MAPI	725	1,055	820	Hold	13.1	(17.6)	12.0	12.9x	1.9x	16.1	1.4	14.0	27.3	1.2
Property						(29.6)	297.5							
CTRA	575	1,040	1,550	Buy	169.6	(41.3)	10.7	10.1x	0.7x	7.2	1.7	(8.3)	(33.3)	1.4
WSKT	610	1,485	960	Buy	57.4	(66.3)	8.3	8.8x	0.5x	5.2	12.0	(35.7)	(76.3)	1.7
WIKA	1,085	1,990	1,380	Buy	27.2	(52.2)	9.7	4.3x	0.6x	14.6	3.6	(12.7)	32.0	1.7
Basic Ind.						(2.1)	591.6							
SMGR	9,800	12,000	10,925	Hold	11.5	(15.2)	58.1	22.6x	1.8x	8.0	2.1	5.6	66.7	1.4
Misc Ind.						(33.6)	260.7							
ASII	4,770	6,925	5,800	Buy	21.6	(36.0)	193.1	9.1x	1.2x	14.4	4.4	(9.4)	(7.8)	1.3
Mining						(24.9)	288.2							
TINS	444	825	830	Buy	86.9	(60.4)	3.3	N/A	0.6x	(10.7)	5.6	75.2	N/A	1.4
PTBA	1,945	2,660	2,775	Buy	42.7	(36.4)	22.4	5.6x	1.1x	20.6	17.5	(4.0)	(25.0)	1.1
INCO	2,780	3,640	2,000	Sell	(28.1)	3.0	27.6	18.0x	1.0x	5.6	N/A	38.1	N/A	1.6
ANTM	535	840	600	Hold	12.1	(26.2)	12.9	66.4x	0.7x	1.1	2.4	29.4	(88.1)	1.6
Agriculture						(31.0)	61.1							
AALI	7,400	14,575	10,000	Buy	35.1	(29.9)	14.2	26.1x	0.8x	2.9	N/A	13.3	891.7	1.4

* Target Price for December 2020

Source: Bloomberg, NHKSI Research

INNI Summary

INNI Index Movement

YTD Change	-28.9%
YTD Change Gap (vs JCI)	-4.6%
Weekly Change	3.9%
Weekly Change Gap (vs JCI)	-0.6%

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
Monday	GE	15.00	Ifo Business Climate	May	79.5	78.5	74.3
25 - May	GE	15.00	Ifo Expectations	May	80.1	75	69.4
Tuesday	US	21.00	New Home Sales	Apr	623k	480k	627k
26 - May	US	21.00	Conf. Board Consumer Confidence	May	86.6	87	86.9
Wednesday	US	18.00	MBA Mortgage Applications	May	2.7%	-	-2.6%
27 - May							
Thursday	GE	19.00	CPI MoM	May	-0.1%	-0.1%	0.4%
28 - May	GE	19.30	CPI YoY	May	0.6%	0.6%	0.9%
	US	19.30	GDP Annualized QoQ	1Q20	-5.0%	-4.8%	-4.8%
	US	19.30	Durable Goods Orders	Apr	-17.2%	-19.8%	-14.7%
	US	19.30	Initial Jobless Claims	May	2123k	2100k	2438k
Friday	EC	15.00	M3 Money Supply YoY	Apr	8.3%	8.2%	7.5%
29 - May	US	19.30	Wholesale Inventories MoM	Apr	0.4%	-0.5%	-0.8%
	US	19.30	Personal Income	Apr	10.5%	-6.5%	-2.0%
	US	19.30	Personal Spending	Apr	-13.6%	-12.8%	-7.5%
	US	20.45	MNI Chicago PMI	May	32.3	40	35.4
	US	21.00	U. of Mich. Sentiment	May	72.3	74	73.7

Source: Bloomberg

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