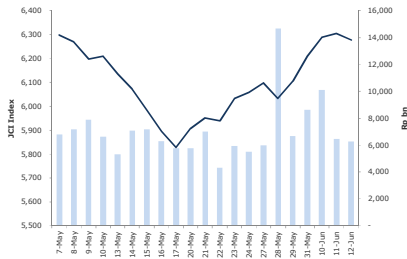


# Premier Insight

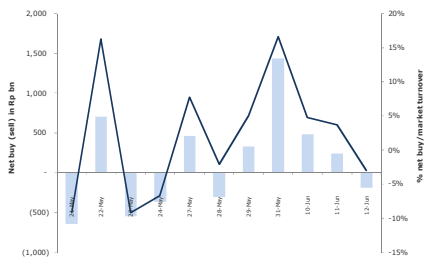
## News & Analysis

### Corporates

#### JCI Index



#### Foreign net buy (sell)



#### Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,276	-0.5%	4.7%	1.3%
LQ45	996	-0.6%	4.8%	1.4%
DJI	26,005	-0.2%	3.2%	11.5%
SET	1,671	0.0%	-2.7%	6.9%
HSI	27,308	-1.7%	-11.1%	5.7%
NKY	21,130	-0.4%	-8.0%	5.3%
FTSE	7,368	-0.4%	-4.4%	9.5%
FSSTI	3,208	-0.1%	-5.4%	4.5%
EIDO	25	-1.3%	0.3%	2.7%

#### Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	51.1	-4.0%	-22.9%
CPO/tonne	472.5	-1.9%	-15.4%
Soy/bushel	8.4	2.3%	-9.5%
Rubber/kg	1.6	-1.1%	-22.2%
Nickel/tonne	11,757	-0.4%	-22.3%
Tins/tonne	19,530	1.3%	-7.9%
Copper/tonne	5,823	-0.6%	-19.2%
Gold/try.oz (Spot)	1,334	0.5%	2.6%
Coal/tonne	72.0	-3.0%	-37.7%
Corn/bushel	4.2	0.5%	18.6%
Wheat/bushel*	146.5	5.8%	-7.0%

\* : 1 month change

Source : Bloomberg

**EXCL:** XL Axiata (EXCL IJ; Rp2,900; Buy) to utilize Palapa Ring. This is part of EXCL's commitment to support Gov't program. Palapa Ring network helps to solve challenges in providing infrastructure network in outer Java. EXCL has utilized West Palapa Ring (to support EXCL's 4G network in Anambas island, Riau Island, and Nias), and plans to use Central and East Palapa Ring to connect outer areas of Indonesia. According to old news, Palapa Ring Project serves non-financially feasible areas and structured as cooperation between private and Gov't. (Bisnis Indonesia, Kontan).

*Comment: The Palapa Ring might give insignificant impact to our estimates for Big 3 Telcos in the short term, but could be positive in the long term along with growing data demand (and economy) in areas covered by Palapa Ring, in our view. We have a Buy for EXCL with TP Rp3300.*

**RALS:** Ramayana (RALS IJ; Rp1,655; Buy) reported sales of Rp1.98tn in May19 (+90.8% yoy; +206.2% mom) and Rp4.17tn cumulatively in 5M19 (+32.9% yoy). SSSG in May soared to 92.5% (vs. Apr19: 12.6%), mainly driven by Greater Jakarta booking 99.7%, followed by Rest of Java and Ex Java which recorded SSSG of 95.7% and 82.5% respectively. 5M19 SSSG also jumped to 33.0% (vs. 5M18: 9.3%), still mainly supported by Res of Java recording SSSG of 39.2%. 5M19 gross margin also improved to 29.3%, compared to 27.4% in 5M18. (Company).

*Comment: Despite the outstanding SSSG and margin improvement in May, we have to note that the Lebaran holiday moved from June 14th in 2018 to June 5th this year. Hence we suspect that most of the Lebaran sales were booked in May, instead of being more spread out between May and June in 2018. We maintain our Buy call on RALS with TP of Rp2,100.*

**SMGR:** Semen Indonesia (SMGR IJ; Rp11,500; Buy) booked weak May'19 sales volume at 2.32mt (-10% yoy), totaling to ~10.12mt 5M19 volume (35% of our forecast), but increased +9% mom (April'19: 3.06mt). TLCC volume also declined by 25% to 204,600t. On the other hand, SBI booked 3.35mt volume (+18% yoy) which contributes to 828,995t SMGR's sales volume. (CNBC Indonesia)

**SMRA:** Summarecon Agung (SMRA IJ; Rp1,165; Buy) recorded 5M19 marketing sales of Rp2tn, forming 50% of FY19 target of Rp4tn (ours:45%). The sales still dominated by sales of landed houses, which contributed 70% of total sales. Summarecon Serpong is the major contributor with 60% of total sales, given the 2 residential projects launched: cluster Martinez (Feb'19) and Verdi (May'19). (Company)

*Comment: We remained positive toward SMRA given the strong marketing sales achievement. We'll continue to monitor SMRA, in the time being, maintain Buy for SMRA.*

## Markets & Sector

**Cement Sector:** Industry data was published with May'19 nation-wide volume dropped (-10.63% yoy) to 5.75mt (5M18: 6.44mt), resulting to 5M19 volume of 25.75mt. On the other hand, the volume increased by +4% mom (April'19: 5.54mt). May'19 domestic sales volume dropped to 5.15mt (-9.16% yoy) due to notable decline in Java area; Jakarta -22% yoy and Central Java -16% yoy. Sumatra and Kalimantan sales volume also decelerated by -13% yoy and 11% yoy, respectively. In contrast, East Indonesia and Yogyakarta sales volume increased by 27% yoy to 133,546t and 11% yoy to 113,025t, respectively. Clinker and cement export decelerated by 64% yoy and 6% yoy, respectively. (CNBC Indonesia).

**Cigarette sector:** Indonesia Ministry of Health, expect Ministry of Comm and Information (Kemenkominfo) to block cigarette advertising in Internet. Their argument based on MoH policy No36/2009 (on addictive substances) and their 2018 research showing that young age smoker increase from 7.2% in 2013 to 9.1% in 2018. The counter argument is coming from Indonesian Cigarette Producers Association (Gappri) as they stated that cigarette is not an illegal products (based on Ministry of comm and information policy No 11/2018) and the industry need to cope with around 200 regulation in Indonesia. (Kontan).

*Comment: Cigarette advertisement can be found in several news portals in Indonesia. Slightly negative sentiment for cigarette industry. We maintain our BUY call for GGRM and HMSP.*

**Retail Sector:** The Indonesian Retail Association (Aprindo) is targeting modern retail growth of 10%-12% by the end of the year. According to Aprindo, modern retail sales during the Ramadan and Lebaran period this year grew by around 5%-10% yoy compared to the Lebaran in 2018. However, this is still an estimate, as not all of their members have submitted their transaction data for May. In addition, the Indonesian Shopping Center Management Association (APPBI) also stated that traffic to shopping centers and malls in the Greater Jakarta area increased by 5% yoy, while malls outside of the Greater Jakarta area experienced an increase of 20% yoy during the Lebaran period this year. (Bisnis Indonesia).

## Economics

**Consumer confidence:** Consumer confidence in May19 remained high but increased only slightly from April. Although consumers were not as confident on the future economic expectation as they had been a month ago (as seen in the lower index against Apr19's), confidence on current economic condition was increasing on every argument – namely current income, employment availability, and purchase of durable goods – but mainly on employment availability. For the future, consumers were hesitant mostly on income expectation. Consumers whose confidence increased were mostly those in the lower-expenditure class of Rp2.1-3mn. (Bank Indonesia).

*Comment: Consumer confidence has neutral to positive impact to market as of currently. It will be adding leading indicators for consumption section in the GDP. Note that private consumption has grown relatively well and stable throughout 2018 and early 2019.*

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**INVESTMENT RATINGS**

BUY : Expected total return of 10% or more within a 12-month period  
HOLD : Expected total return between -10% and 10% within a 12-month period  
SELL : Expected total return of -10% or worse within a 12-month period

**ANALYSTS CERTIFICATION.**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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