

KEY INDICATOR

18/05/2020	LAST PRICE	PREV	CHG	YoY
7-Day RR (bps)	4.50	4.75	(25.00)	(150.00)
10 Yr (bps)	7.73	7.79	(5.30)	(32.20)
USD/IDR	14,850.00	14,860.00	-0.07%	2.75%

INDICES

MARKET INDEX	LAST PRICE	CHANGE	YTD	PE (x)
IHSG	4,511.06	0.08%	-28.39%	12.67
MSCI	4,819.98	0.31%	-33.87%	12.36
HSEI	23,934.77	0.58%	-15.09%	11.10
FTSE	6,048.59	4.29%	-19.81%	17.47
DJIA	24,597.37	3.85%	-13.81%	22.43
NASDAQ	9,234.83	2.44%	2.92%	33.46

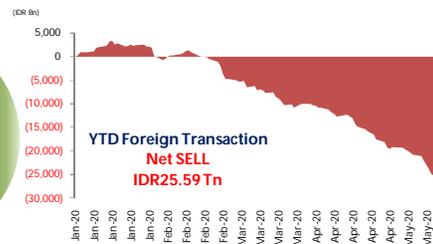
COMMODITIES

COMM.	UNIT	LAST PRICE	CHANGE	YoY	YTD
WTI	USD/BRL	31.82	8.12%	-49.30%	-47.89%
COAL	USD/TON	51.40	0.88%	-38.88%	-24.08%
CPO	MYR/MT	2,142.00	2.44%	2.10%	-29.82%
GOLD	USD/TOZ	1,732.55	-0.64%	35.62%	14.19%
TIN	USD/MT	15,282.00	2.12%	-21.63%	-11.02%
NICKEL	USD/MT	12,250.00	3.33%	1.97%	-12.66%

CORPORATE ACTION

TICKER	EVENT	NOTES
LUCK	Cash Dividend	IDR5/share
TGKA	Cash Dividend	IDR258/share
LIFE	RUPS	

NET FOREIGN TRADING VALUE



Source: Bloomberg LP, MNCS

Global Market Highlight

DJIA rose by +3.85% on Monday (18/05) followed by the strengthening of S&P 500 (+3.15%) and Nasdaq (+2.44%). These rises were supported by a positive report from Moderna regarding the successful Covid-19 vaccine first stage. With 2 doses of vaccine on 45 volunteers, they evidently have developed immunities against coronavirus. This also has boosted Moderna stock up to 20% followed by banking stocks namely Wells Fargo (+6%), Bank of America (+5%), Citigroup (+5%), and JP Morgan (+3.9%). Also, entertainment stocks followed suit with Disney (+6.3%) and MGM Resort (+8.7%) as well as aviation such as Delta Airlines and American Airlines rose 10% each. The market will look forward to several data releases today, such as: 1) UK Employment Change per Apr-2020; 2) Eurozone ZEW Economic Sentiment Index per May-2020; 3) US Building Permits per Apr-2020.

Domestic Updates

- The government stated that the 2020 State Budget (APBN) deficit is at 6.27% GDP.** This is due to the further impact of the Covid-19 making the state budget more fragile. As for the nominal budget deficit this year widens to IDR1,028.5 trillion, previously the government had set a deficit of 5.07% of GDP or equivalent to IDR852.9 trillion. Moreover, the interest subsidy for Micro, Small and Medium Enterprises (MSMEs) reached IDR34.2 trillion, the discounted electricity tariff reached IDR3.5 trillion, and cash social reaching IDR19.62 trillion. Also State-Owned Enterprises (SOEs) aid fund reached IDR149.29 trillion which is allocated for subsidies, compensation, State Capital Participation (PMN), bailout funds for working capital, and social assistance. Funding a deficit of 6.27% will be done through financing and procurement of SBN that has been regulated in SKB of the Ministry of Finance with Bank Indonesia.
- BI will announce Interest Rate Decision today whilst the consensus estimates that there will be another 25 bps cut.** The current interest rate is 4.50% and it is predicted to be lowered to 4.25%. This will be revealed after the BI meeting. Some sectors might be affected by this decision such as: 1) Banking; 2) Property; 3) Automotive; 4) Telecommunication.

Company News

- HMSP will distribute IDR13.9 trillion of dividend in FY20E.** The FY19 net profit amounting to IDR13.7 trillion which means that the dividend payout ratio reached 101.46%. Dividend per share amounted to IDR119.8/share with dividend yield at 6.42%. The payout date is yet to be announced. HMSP remains the market leader with 32.2% market share and sales volume reaching 98.5 billion unit in FY19. (Kontan)
- ERAA booked an increase on revenue by 9.58% YoY to IDR7.80 trillion on 1Q20 from IDR7.12 trillion in 1Q19.** The revenue is dominated by sales of cellular phones and tablets (76.09%), vouchers (13.56%), accessories (6.36%), computers and electronic equipment (3.99%). Besides, other income rose by 33.89% to IDR42.87 billion followed by financial income grew by 143.9% to IDR623.32 million. So net profit is towering at IDR102.7 billion (+116.78% YoY) from IDR47.38 billion in 1Q19. (Kontan)
- KLBF will be distributing dividend amounting to IDR937.5 billion.** Dividend per share is at the level of IDR20/share, so the dividend yield is at 1.43%. Dividend payout ratio is 37.3% while historically was at the level of 49% - 50%, the decline in the ratio occurred due to uncertainty due caused by Covid-19 that hit Indonesia. (Kontan)

IHSG Updates

JCI increased by +0.08% to 4,511.06 on Monday (18/05) although followed by a net foreign sell reaching IDR669.2 billion. This flat movement was lifted due to a new normal life expectation which will start in June according to SOE Minister's Letter Number S-336 / MBU / 05/2020 dated May 15, 2020. Along with it, a simulation of the #COVIDSafe restoration stage was carried out in several phases. Meanwhile, the Rupiah exchange rate against the USD was appreciated at IDR14,850. We estimate JCI will move in the range of 4,480-4,550 while waiting for the Current Account as of 1Q20 and Interest Rate Decision. **Today's recommendation: ASII, BBRI, PGAS, TLKM.**

Stock	Close Price	Recommendation	Tactical Moves
ASII	3,910	Buy on Weakness	Currently ASII is at the beginning of wave [iii] of wave C, where ASII is expected to continue to strengthen.
BBRI	2,170	Buy on Weakness	Currently BBRI is at the end of wave iii of wave (c) wave [v], which means that BBRI correction quietly limited and has a chance to strengthen in the short term.
PGAS	835	Buy on Weakness	PGAS is estimated to be at the beginning of wave (iii) of wave [c] of wave 4.
TLKM	3,220	Sell on Strength	TLKM movement is the end of wave (b) of wave [y] of wave B, this means that TLKM strengthening tends to be limited.



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