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China's trade balance came stronger than expected. Dollar denominated exports rose 9.1% YoY versus forecast of 3.3% decline, while dollar denominated imports declined 1.5% YoY versus forecast of 10.2% drop. This brought January 2019 trade balance to USD39.16bn versus forecast of USD34.3bn and December 2018's trade balance of USD57bn. If we take a closer look at the numbers, China's trade surplus with the US declined slightly to USD27.3bn versus USD29.87bn in December 2018. China's exports to the U.S. also fell 2.4% YoY, while imports dropped 41.2% YoY. However, this positive data might not paint the whole picture yet as the first few months in the year is affected by timing of the Lunar New Year public holiday and the temporary US-China trade tariff truce. Moreover, China's economic growth is projected to slow down to 6.2% by the World Bank versus 2018's growth of 6.6%, the slowest since 1990 amidst slowing down global growth and the ongoing trade war between US and China.

Fourth consecutive monthly trade deficit. Based on the recent data published by Badan Pusat Statistik (BPS), Indonesia's trade balance in January 2019 suffered a deficit of USD 1.16bn, coming in wider than market expectations of USD 0.17bn deficit. Export decreased by 3.24% MoM/4.7% YoY to USD 13.87bn, mainly driven by 29.3% MoM decrease in oil and gas export and price declines in key commodities such as coal, copper, aluminum, and zinc. Furthermore, Indonesia's imports went down by 2.19% MoM/1.83% YoY as purchase of oil and gas, consumer goods, and capital goods plunged by 16.6% MoM, 16.75% MoM, and 12.1% MoM respectively. We believe that Indonesia's trade balance has been and will continuously be affected by fluctuation prices of commodities as well as the general downturn in global economic growth.

Positive vibe on U.S – China trade deal as negotiations continue in Washington. A breeze of fresh air is coming from the trade talks between U.S. and China in Beijing recently. Last week, Chinese President Xi Jinping met with U.S Trade Representative Robert Lighthizer, U.S. Treasury Secretary Steven Mnuchin along with Chinese officials to settle down the trade dispute between the two countries. After some rounds of trade talks, positive signs are echoing from both sides. Xi said "Negotiations between both sides have achieved important progress in another step". On the other side, an emailed statement from White House stated "there had been progress reached, but that work remained". Also according to the statement, U.S. and China agreed that commitments reached would be stated in memorandum of understanding. As deadlines for U.S. to apply higher tariff on Chinese goods are only two weeks left, there was rumor that Trump is considering a 60-day extension to the 1 March tariff deadline, but White House economic adviser Larry Kudlow said no decision has been made. Trump said earlier that the extension of the deadline was possible if the deal was close. With important matters still in negotiation process, many are believe that the next meeting between Trump and Xi which have not scheduled is the key for the trade truce.

JCI: reversal after the great gain. After recorded a 5.5% gain in the earlier month, JCI ended the first two weeks of Feb-19 at 6,389 or down by 2.2%. In that period, JCI only managed to perch in the green zone for three days. Several factors related to JCI decline were investors' profit-taking action, weakening Rupiah, as well as persisting uncertainty on US-China trade talks. Contrast to the previous month where heavy foreign inflow were visible, capital inflow turned into an outflow as JCI recorded net foreign sell of IDR 2.74tn last week, bringing YTD inflow to IDR 8.47tn (vs IDR 10.63tn as of end Jan-19). Moreover, weakening Rupiah also drove JCI selloff in our view. After standing strong below IDR 14,000 during the first week of Feb-19, Rupiah dozed off to IDR 14,149 in mid-Feb (+1.3% from the closing level in Jan-19). Currency depreciation is natural in our view as DXY and oil price rose. Lastly, US-China trade talks, which is nearing the deadline, have not indicated potential deal and added pressure to global indices, including JCI. **We believe JCI at current level is still prone for correction, thus value stocks are more attractive than the big cap names at the current time.**

Automotive sales: the weakest January since 2013. Indonesia automotive sales fell 15.4% yoy to 81.2k in January 2019, it was the weakest January figure in the last 6 years. Astra posted 7.8% yoy decrease in total sales with Toyota, Daihatsu and Isuzu recorded -1.3%, -21.4%, and +50.1% growth respectively. However, Astra's market share unchanged from Dec-18 figure which stood at 52%. On the other hand, other brands also experienced weaker sales, Mitsubishi sales dropped 7.7% yoy, Honda down 25.8% yoy, while Suzuki decreased by 28.1% yoy. However, Gaikindo expects better sales in following months and remains positive for 2019 auto sales to reach 1.1 million units.

Cement industry's 1M19 sales volume. Cement industry recorded domestic sales volume in January 2019 of 5.6 million tons, or decreased by 1.0% YoY. The sales consisted of bag sales volume of 4.1 m tons (-2.8% YoY) and bulk sales volume of 1.5 m tons (+4.3% YoY). INTP domestic sales volume in January 2019 was 1.5 million tons (-2.8% YoY). Bag sales volume declined by 2.9% YoY, while bulk sales volume decreased by 2.6% YoY. INTP's and overall industry's decline in sales volume on January was caused by heavy rain that cause delay and slower pace of construction projects. We also have yet to see significant improvement in property's sales. Larger drop in volume compared to industry resulted in lower market share for INTP in 1M19. INTP market share was at 25.8% (vs 26.3% in Jan 2018).

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