

U.S. GDP grew at a slower pace of 2.1% annual rate in 2Q19 versus 3.1% in 1Q19. GDP growth was dragged by trade tensions between the States and China, however, robust consumer spending was able to prop GDP growth. Consumer spending, which comprises roughly two thirds of U.S. GDP grew at an inflation-adjusted annualized rate of 4.3%, much stronger than 1Q19's number of 1.1%. Digging deeper, we can see businesses being less aggressive in 2Q19 as nonresidential fixed investment — a gauge of spending on software, RnD, equipments, and structures — fell 0.6% versus 4.4% in 1Q19. Moreover, exports fell at a 5.2% rate as global trade tensions rise. Going forward, we view trade tensions to be the main risk towards GDP growth and the market expects the Fed to conduct a 25bps rate cut in July's meeting as a preventive measure.

LQ45 index rebalancing. On 1 Aug-19, IDX will fully implement LQ45 index to 100% free float from previously 60% in the last period. This implementation will benefit large cap companies with big free float such as: TLKM, ASII and BBRI. Meanwhile, large cap companies with small free float such as: HMSP and UNVR will have negative impact as their weighting in the index will be significantly reduced. In addition, IDX also introduces new stocks addition/deletion to the index which are as follows: Inclusion (BTSP, CTRA, JPFA) and exclusion (ADHI, ELSA, WSBP). **We see TLKM, ASII, BBRI, BTSP, CTRA and JPFA to be the main beneficiaries of the index rebalancing at the end of month as these names will experience positive fund inflow in the short term. Meanwhile, major correction on HMSP and ELSA during the rebalancing date could be a buying opportunity as we see no changes in their fundamental.**

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Earnings Summary

(in IDR bn)

Sector	Company	1H19 Net Interest Income	% YoY	1H19 PPOP	% YoY	1H19 Net Income	% YoY	NIM	NPL	1H19 Achievement	
										% DH	% Cons
Banking	BMRI	28,845	8.9%	23,884	1.1%	13,531	11.1%	5.6%	2.6%	49.5%	48.3%
	BBNI	17,613	1.0%	13,630	3.0%	7,634	2.7%	4.9%	1.8%	47.9%	46.2%
	BBCA	24,631	13.1%	18,593	22.7%	12,862	12.6%	6.2%	1.4%	43.7%	44.1%
	BBTN	4,715	-1.1%	2,196	-1.2%	1,306	-8.2%	3.5%	3.3%	48.9%	44.2%

Sector	Company	2Q19 Revenue	Revenue Growth		2Q19 Net Income	Net Income Growth		GPM	NPM	1H19 Achievement	
			% QoQ	% YoY		% QoQ	% YoY			% DH	% Cons
Consumer	UNVR	10,793	3.4%	1.2%	1,949	15.6%	11.4%	52.3%	18.1%	51.0%	49.2%
	MYOR	6,045	11.9%	0.5%	341	27.7%	-26.8%	30.9%	5.6%	46.7%	40.9%
	SIDO	696	6.6%	-2.4%	165	34.7%	-20.9%	54.6%	23.7%	52.1%	49.1%
	ROTI	795	28.9%	0.5%	37	235.2%	-43.6%	54.6%	4.6%	43.5%	46.5%
Media	MNCN	2,366	25%	13%	635	9.0%	56.0%	63.0%	27.0%	53.1%	66.1%
Property	DMAS	979	15268.0%	317.4%	618	7444.4%	579.2%	66.6%	63.1%	99.0%	83.5%
	PWON	1,794	4.8%	3.7%	644	-10.6%	13.7%	56.6%	35.9%	56.0%	52.0%
Tobacco	HMSP	26,914	3.4%	13.1%	3,484	13.1%	6.0%	23.9%	12.9%	46.8%	45.6%
Others	AKRA	4,677	-7.2%	-13.1%	189	-6.1%	-1.5%	8.60%	4.0%	38.0%	36.0%
	JSMR	2,639	4.8%	9.6%	475	-18.8%	2.7%	87.5%	18.0%	54.9%	53.8%
	POWR (USD mn)	143	-75.1%	4.0%	28	-64.7%	59.7%	36.9%	19.5%	51.5%	51.4%

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