

Another "Tweet" from US President Donald Trump to China. While trade war talk is still on progress and is scheduled for another meeting in early September, Trump slammed China with another tariff hike a day after he expressed his dissatisfaction with Fed's 25 bps cut. The new tariffs, according to the "Tweet", will be in place starting September 1 and will add 10% on USD 300bn Chinese goods on top of the 25% on USD 250bn Chinese goods that are already in place. Trump then added that he could raise tariff even more and put 25% on the USD 300bn goods if China is not moving fast enough.

The long-awaited 25 bps FFR cut. During July's FOMC, the Fed had finally cut the FFR by 25 bps to 200–225 bps. While the move had been anticipated by the market there was a 20% consensus that prices in 50 bps cut. Nevertheless, Chairman Powell had indicated that the circumstances do not call for a move more aggressive than 25 bps rate cut as US economy is still broadly inline with the board's projection. Be that as it may, market responded negatively as DXY shot up following Powell's statement that this rate hike cannot be seen as the beginning of lengthy easing monetary policy cycle, rather it should be seen as a preventive measure to protect the economy from global economic condition that appears to be slowing down. To add, the confusion was also empowered by votes from two board members that disagree with the rate cut.

China's PMI contracted in Jul-19. China's PMI for Jul-19 came in at 49.9, slightly above consensus estimate at 49.5 but still in the contraction territory. It is the second month in a row that China's manufacturing activity has shrunk, after a 49.4 reading in Jun-19 PMI. China's economic activity has been under pressure this year, over the impact of the US-China trade dispute that has been going on for more than a year. In addition to soft reading in PMI this month, China's 2Q19 GDP growth also slumped to a near three-decade low at 6.2% YoY. Nonetheless, the Caixin Survey this month reported that business confidence in China has slowly picking up and pointed to a firmer domestic demand for manufactured goods. This shows that government policies such as tax and fee reductions designed to underpin the economy had an effect. Even though the PMI surveys point to modest improvement for the Chinese manufacturing sector with downward pressure easing, we see headwinds pressure still remain as trade tension between the two largest economies in the world remain high. We believe Chinese central bank will need to continue to roll out more monetary loosening measures to stimulate domestic economy, especially after PBOC decision not to cut the benchmark interest rates.

Indonesia's Inflation remains under control. On Bank Indonesia's note, Indonesia's Jul-19 inflation came in at 3.32% (YoY), slightly changed from its previous level at 3.28%. On month-to-month basis, inflation was recorded at 0.31%, lower than last month's at 0.55%. The lessened Jul-19 inflation were on manageable volatile food and core inflation, while administered price part experienced deflation on the continuous impact of curtailed upper range for airplane tickets and decline in transportation costs (including intercity train) post Lebaran period. We believe YTD BI has accomplished a good job in maintaining price stability, hence inflation level should be within BI's target of $3.5 \pm 1\%$ by the end of the year.

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Earnings Summary

(in IDR bn)

Company	1H19 Net Interest Income	% YoY	1H19 PPOP	% YoY	1H19 Net Income	% YoY	NIM	NPL	1H19 Achievement		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%	Inline
BBNI	17,613	1.0%	13,630	3.0%	7,634	2.7%	4.9%	1.8%	47.9%	46.2%	Below
BBCA	24,631	13.1%	18,593	22.7%	12,862	12.6%	6.2%	1.4%	43.7%	44.1%	Inline
BBTN	4,715	-1.1%	2,196	-1.2%	1,306	-8.2%	3.5%	3.3%	48.9%	44.2%	Below
BBRI*	38,706	4.8%	28,879	2.3%	16,305	12.0%	N/A	N/A	44.0%	N/A	Inline
BNGA*	6,080	7.7%	3,782	9.4%	1,896	20.3%	N/A	N/A	51.8%	N/A	Above
BNLI	2,702	2.6%	1,392	-5.5%	711	146.3%	4.2%	3.6%	97.4%	24.1%	Above
*Unaudited Bank-only result											
Company	2Q19 Revenue	Revenue Growth		2Q19 Net Income	Net Income Growth		GPM	NPM	1H19 Achievement		Achievement
		% QoQ	% YoY		% QoQ	% YoY			% DH	% Cons	
Cement											
INTP	3,250	-15.9%	6.7%	243	-38.7%	167.8%	30.1%	7.5%	41.9%	38.0%	Slightly Below
SMGR	8,224	1.2%	22.9%	217	-19.2%	-61.3%	29.8%	2.6%	23.0%	18.0%	Below
Coal Mining											
UNTR	20,698	-8.5%	3.8%	2,522	-17.4%	-14.4%	23.9%	12.2%	46.1%	46.8%	Slightly Below
INDY (USD mn)	680	-3.0%	6.5%	1	-91.7%	-94.6%	17.3%	0.1%	42.2%	39.6%	Slightly Below
Construction											
WIKA	4,859	-25.3%	-27.7%	605	112.3%	74.9%	12.8%	12.5%	48.6%	44.0%	Inline
WTON	1,294	3.9%	-4.1%	96	35.4%	-6.8%	13.4%	7.4%	31.3%	30.4%	Below
WSBP	1,622	-26.3%	4.6%	86	-70.6%	-52.4%	17.4%	5.3%	31.7%	29.7%	Below
ADHI	3,098	33.1%	5.3%	139	84.6%	1.5%	17.3%	4.5%	30.5%	25.0%	Below
WSKT	6,113	-29.6%	-41.8%	282	-60.7%	-80.8%	19.1%	4.6%	32.5%	28.3%	Below
PTPP	5,754	15.8%	-1.2%	188	6.9%	-42.0%	14.0%	3.3%	25.3%	22.2%	Below
WEGE	1,122	8.7%	-7.5%	104	33.2%	-1.4%	12.1%	9.3%	36.1%	35.5%	Below
Consumer											
UNVR	10,793	3.4%	1.2%	1,949	15.6%	11.4%	52.3%	18.1%	51.0%	49.2%	Inline
MYOR	6,045	11.9%	0.5%	341	27.7%	-26.8%	30.9%	5.6%	46.7%	40.9%	Inline
SIDO	696	6.6%	-2.4%	165	34.7%	-20.9%	54.6%	23.7%	52.1%	49.1%	Above
ROTI	795	28.9%	0.5%	37	235.2%	-43.6%	54.6%	4.7%	43.5%	46.5%	Inline
ICBP	10,874	-3.4%	13.5%	1,237	-7.5%	14.8%	34.2%	11.4%	53.4%	53.2%	Above
INDF	19,439	1.4%	5.8%	1,196	-11.4%	55.8%	28.6%	6.2%	58.4%	54.2%	Above
KLBF	5,813	8.3%	8.3%	666	12.0%	6.4%	46.1%	11.5%	48.7%	48.5%	Inline
Digital											
DIVA	851	0.6%	170.2%	19	-9.0%	N/A	3.4%	2.2%	38.0%	44.0%	Inline
MCAS	2,523	24.5%	145.5%	30	-15.3%	58.8%	3.1%	1.2%	55.0%	81.0%	Inline
NFCX	1,369	62.4%	N/A	16	16.4%	N/A	2.4%	1.2%	53.0%	40.0%	Inline

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		% QoQ	% YoY		% QoQ	% YoY			% DH	% Cons	
Media											
MNCN	2,366	25.0%	13.0%	635	9.0%	56.0%	63.0%	26.8%	53.1%	66.1%	Inline
SCMA	1,517	21.2%	5.9%	382	-4.5%	25.2%	51.3%	25.2%	49.0%	48.6%	Inline
Plantation											
AALI	4,294	1.4%	-6.2%	6	-83.2%	-98.5%	9.2%	0.1%	2.4%	3.2%	Below
LSIP	668	-28%	-25%	(28)	-172.9%	-125.8%	6.0%	-4.2%	1.6%	2.1%	Below
Industrial Estate											
DMAS	979	15268.0%	317.4%	618	7444.4%	579.2%	66.6%	63.1%	99.0%	83.5%	Above
SSIA	990	20.2%	62.1%	(23)	111.2%	-51.3%	21.6%	-2.3%	N/A	N/A	Below
BEST	124	-49.9%	-35.1%	19	-79.9%	-56.1%	61.8%	15.3%	20.2%	22.9%	Below
Property											
PWON	1,794	4.8%	3.7%	644	-10.6%	13.7%	56.6%	35.9%	56.0%	52.0%	Inline
CTRA	1,499	-9.0%	3.6%	13	-95.3%	-73.8%	42.4%	0.9%	29.1%	26.9%	Below
ASRI	598	-12.7%	-49.4%	(8)	-105.0%	-103.7%	48.8%	-1.3%	13.3%	13.5%	Below
SMRA	1,617	52.5%	10.1%	107	152.7%	192.2%	43.9%	6.6%	46.0%	33.0%	Inline
Pulp and Paper											
INKP (USD mn)	799	2.9%	-2.3%	74	0.9%	-60.2%	25.9%	9.3%	22.5%	38.1%	Below
TKIM (USD mn)	271	-11.8%	-0.6%	70	18.5%	-43.3%	9.5%	25.8%	31.5%	N/A	Below
Oil and Gas											
ELSA	1,869	-1.7%	28.0%	79	4.0%	39.0%	10.1%	4.2%	44.7%	39.3%	Inline
Retail											
ACES	2,080	10.5%	14.9%	237	0.2%	9.9%	46.9%	11.4%	43.0%	35.0%	Inline
ERAA	8,305	16.6%	-5.8%	62	30.4%	-73.1%	7.3%	0.7%	20.0%	19.0%	Below
LPPF	4,023	108.7%	1.7%	1,019	615.4%	-7.2%	63.0%	25.3%	67.0%	69.0%	Inline
MAPI	5,336	14.0%	11.7%	415	200.3%	978.1%	51.4%	7.8%	58.0%	58.0%	Above
RALS	2,443	133.5%	-0.1%	512	561.1%	8.7%	46.1%	21.0%	100.0%	90.0%	Above
Telecommunication											
EXCL	6,290	5.4%	13.4%	225	294.0%	-332.0%	39.3%**	3.6%	70.0%	57.0%	Above
TLKM	34,505	-1.0%	7.7%	4,854	-22.0%	63.8%	45.2%**	14.1%	50.0%	51.0%	Inline
Tobacco											
HMSF	26,914	3.4%	13.1%	3,484	13.1%	6.0%	23.9%	12.9%	46.8%	45.6%	Inline
GGRM	26,548	1.3%	13.8%	1,926	-18.2%	15.8%	19.0%	7.3%	46.9%	45.6%	Inline
Others											
AKRA	4,677	-7.2%	-13.1%	189	-6.1%	-1.5%	8.60%	4.0%	38.0%	36.0%	Below
JSMR	2,639	4.8%	9.6%	475	-18.8%	2.7%	87.5%	18.0%	54.9%	53.8%	Inline
BIRD	938	-4.0%	-6.0%	70	-21.6%	-23.9%	27.4%	7.5%	30.0%	30.8%	Below
HKMU	208	-41.4%	37.4%	13	-61.5%	46.5%	19.0%	6.3%	28.3%	28.5%	Below
POWR (USD mn)	143	-75.1%	4.0%	28	-64.7%	59.7%	36.9%	19.5%	51.5%	51.4%	Inline

**EBITDA Margin

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