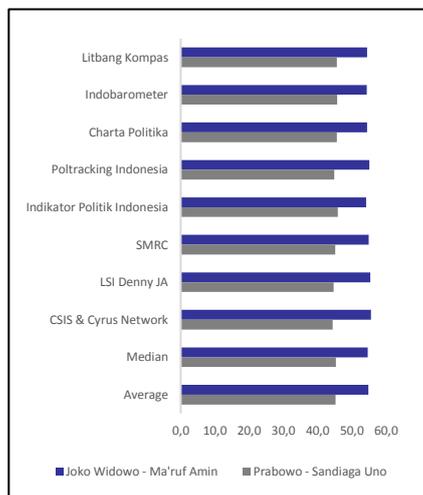


Thursday, 18 April 2019

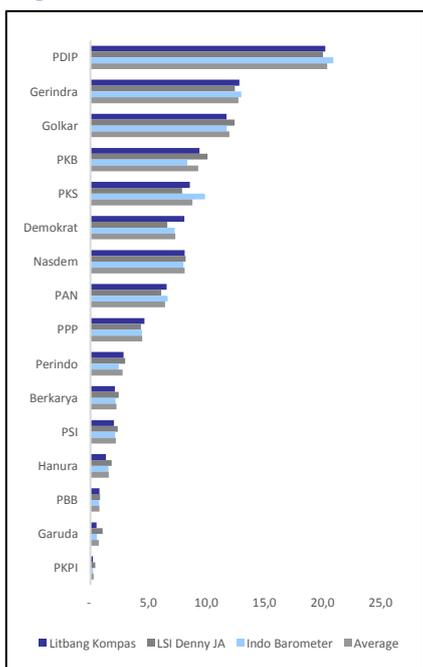
Strategy

The Big Day: Jokowi Leads in Quick Counts

Presidential Election QC Result



Legislative Election QC Result



A new milestone for Indonesia democracy, the first direct election for both presidential as well as national and regional parliament in single day, with more than 192m registered vote. The excitement was palpable with the turnout rate is more than 80%. Based on 9 quick count results, Jokowi won the election with margin of victory of 8.24% - 11.20%. Meanwhile Prabowo also claimed victory based on internal real count. In our view, Jokowi's winning will ensure policy and infra development continuation and we expect more inflow to support market and currency.

Indonesia election: smooth and peaceful events. 2019 election has set a new milestone for Indonesia democracy, whereby for the very first time, direct election was done concurrently for both presidential as well as national and regional parliament in one day, requiring complex coordination and logistical planning and execution. Yesterday election was also one of the largest in the worlds, with a total of 192m registered voters (both overseas and domestic). We note the excitement for Indonesian in 2019 election was considerably higher, not only for domestic voters but also for Indonesian overseas. It reflects to stronger turnout rate, with several quick counts results revealed for more than 80% participation, much higher than 2014's 70%. In our view, the most important thing from yesterday event was its peaceful and smooth events, with only minor logistical problems were reported.

Jokowi is leading based on unofficial quick count results. Several unofficial quick count results concurrently released at 3pm, a time that is set by Constitutional Court for the release of the results. From 9 quick counts results release, **Jokowi – Amin lead with 54.12% - 55.60% vs Prabowo – Sandi 44.40% - 45.88%**, implying margin of victory of 8.24% - 11.20%. Indeed the margin was smaller when compared to previous pre-election surveys, nonetheless it was more decisive than Jokowi's 6.3% margin of victory in 2014 presidential election. After the release of quick count results, in his press conference, Prabowo claimed to win the election, garnering 62% vote based on internal real count, a *deja vu* to 2014's event. Supporters of both camps celebrates their victory, very much alike to the last election. The situation remains conducive however, and no incident reported between the two supporters, with the police force has been standby on the highest alert all across the country. General Election Commission will have 35 days to release the actual result, at the latest on 22 May 2019.

Positive market impact. The Jokowi winning will ensure policy continuation, which has been focusing in infra development, healthcare, education and social safety fund. With Jokowi lead in various quick count release, we believe this will further strengthened confidence level to Indonesia equity market, with the expected more inflow going in and will also attract domestic investors which previously adopted cautious stance. We anticipate for further inflow, both to equity and bond market, which will undoubtedly give a support to Rupiah. Improvement in CAD outlook, in our view, will become a prelude of Rupiah appreciation and will also pave the way for greater room for rate cut by Central Bank, which we believe to take place toward year-end. 3 basket themes to play: 1. Post election (construction & cement: WIKA IJ, WSKT IJ, SMGR IJ), 2. Lebaran demand (Consumer: ASII IJ, ICBP IJ, HMSP IJ); and 3. Rate sensitive (Banking & property: BBNI IJ and CTRA IJ).



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Less number of parties in the parliament The quick counts also revealed the results of legislative election, with PDIP, Golkar and Gerindra garnered the most votes, with total of 9 parties passed the 4% threshold to secure position in parliament, less than the current 10 parties in parliament, despite more political parties contesting in 2019 election. The only existing party in the parliament that did not meet the threshold is Hanura. The supporting party of Jokowi, appears to secure majority in parliament, which would pave the way for a more effective government.

Exhibit 1. Quick Count results – Presidential election

	Joko Widodo - Ma'ruf Amin	Prabowo - Sandiaga Uno	Winning of Victory
	(%)	(%)	(%)
Litbang Kompas	54.43	45.57	8.86
Indobarometer	54.30	45.70	8.60
Charta Politika	54.44	45.56	8.88
Poltracking Indonesia	55.11	44.89	10.22
Indikator Politik Indonesia	54.12	45.88	8.24
SMRC	54.91	45.09	9.82
LSI Denny JA	55.38	44.62	10.76
CSIS & Cyrus Network	55.60	44.40	11.20
Median	54.62	45.28	9.34
Average	54.77	45.22	9.55

Source: detik.com; kompas.com and various online news portals

Exhibit 2. Quick Count results – Legislative election

	Litbang Kompas	LSI Denny JA	Indo Barometer	Average
	(%)	(%)	(%)	(%)
PDIP	20.22	20.05	20.94	20.40
Gerindra	12.82	12.43	13.00	12.75
Golkar	11.71	12.41	11.76	11.96
PKB	9.39	10.09	8.34	9.27
PKS	8.56	7.89	9.87	8.77
Demokrat	8.09	6.62	7.25	7.32
Nasdem	8.13	8.20	8.00	8.11
PAN	6.57	6.09	6.65	6.44
PPP	4.65	4.35	4.42	4.47
Perindo	2.85	2.99	2.44	2.76
Berkarya	2.11	2.45	2.15	2.24
PSI	2.03	2.35	2.14	2.17
Hanura	1.34	1.82	1.54	1.57
PBB	0.76	0.82	0.74	0.77
Garuda	0.53	1.04	0.55	0.71
PKPI	0.22	0.40	0.21	0.28

Source: detik.com; kompas.com and various online news portals

Exhibit 3. 2014 Parliament Election results

in percent (%)	Election Result %	Parliament Seat	
		Count	%
Nasdem	6.72	35	6
PKB	9.04	47	8
PKS	6.79	40	7
PDIP	18.95	109	19
Golkar	14.75	91	16
Gerindra	11.81	73	13
Demokrat	10.19	61	11
PAN	7.59	49	9
PPP	6.53	39	7
Hanura	5.26	16	3
PBB	1.46	0	0
PKPI	0.91	0	0
		560	100

Source: General Election Commission

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