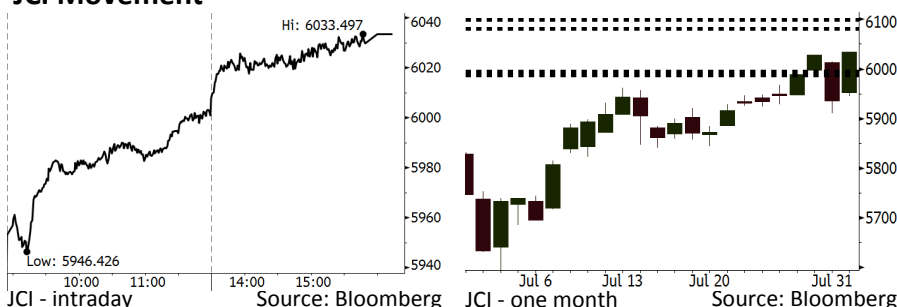


Morning Brief

Daily | Aug 02, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 01	6,033.42
Chg	+96.98pts (+1.63%)
Volume (bn shares)	97.56
Value (IDR tn)	8.56
Adv 233 Dec 140 Unc 237 Untr 116	

Foreign Transaction (IDR bn)

Buy	3,101
Sell	2,437
Net Buy (Sell)	663

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	222.7	TLKM	127.1
BMRI	158.4	ADRO	20.8
BBCA	144.8	SCMA	20.7
ASII	136.0	LPPF	16.1
UNVR	73.5	GGRM	14.2

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SMGR	13.5%	PTPP	-1.4%
BBNI	5.7%	HMSP	-1.0%
INTP	5.5%	LPPF	-0.9%
BMRI	5.3%	EXCL	-0.7%
ELSA	5.1%	TLKM	-0.6%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.74%	-0.03%
USDIDR	14,440	0.18%
KRWIDR	12.90	0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,333.82	(81.37)	-0.32%
S&P 500	2,813.36	(2.93)	-0.10%
Nasdaq	7,707.29	35.50	0.46%
FTSE 100	7,652.91	(95.85)	-1.24%
CAC 40	5,498.37	(12.93)	-0.23%
DAX	12,737.05	(68.45)	-0.53%
Nikkei	22,746.70	192.98	0.86%
Hang Seng	28,340.74	(242.27)	-0.85%
Shanghai	2,824.53	(51.87)	-1.80%
KOSPI	2,307.07	11.81	0.51%
EIDO	24.22	0.45	1.89%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,216.0	(8.2)	-0.67%
Crude Oil (USD /bbl)	67.66	(1.10)	-1.60%
Coal Newcas(USD/ton)	112.45	(0.25)	-0.22%
Gas (USD /mmbtu)	2.76	(0.02)	-0.86%
Nickel LME (USD /MT)	13,590	(440.0)	-3.14%
Tin LME (USD /MT)	19,825	(255.0)	-1.27%
CPO (MYR/Ton)	2,212	18.0	0.82%

Indonesian Market Recap

JCI rallied yesterday as the miscellaneous sector led amid the lower-than-estimate July's inflation. **Top Gainers: Misc. Industries (+3.84%), Basic Industries (+2.97%), Finance (+2.34%)**

Today's Outlook: Upbeat Core Inflation

We estimate that JCI will move higher with the **support range of 5987-5994** and **resistance range of 6081-6099**. The positive sentiment comes from the release of July's inflation: the core inflation in particular. Of note, the core inflation was at 2.8% y-y all-time high since January 2018. The backdrop indicates the recovery in the domestic consumption. In ahead years, the trend of upbeat domestic consumption likely continuous further and underpins acceleration in economy amid the varied agenda for sports and politics.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, TLKM, UNVR

Global Market

United States

The U.S. stocks moved mixed amid the escalating issue of trade war against China and the Fed's stance of unchanged benchmark rates.

Europe

European markets ended lower. Investors concerned about the U.S. threat of 25% import tariff on China's import goods.

Asia

Asia stocks notched mixed amid the USD appreciation. Investors eyed the China's PMI.

Company News

- SMBR : Posts Decline of 60.2% in Net Profit
- TPIA : Obtains Additional Loan of USD120 Million
- SGRO : Projects Production Growth to Hit 40%
- INTP : Will Hike Its Selling Price

Domestic & Global News

- July 2018's Inflation Is at 0.28%
- Fed Leaves Rates Unchanged

Indonesia Economic Data

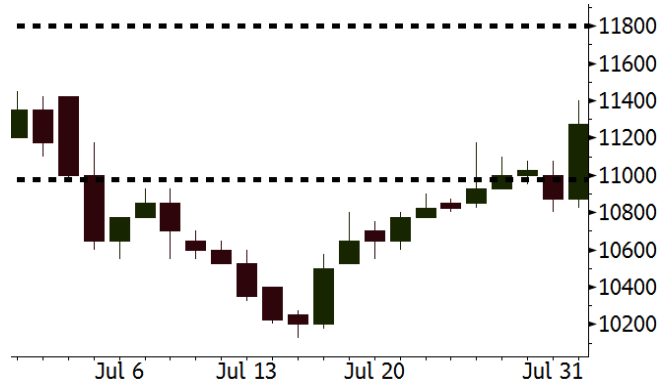
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.84	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	128.10	125.10

AAJI Last = 11275

Analysis The Indonesian government plans to expand the regulation of biodiesel mandatory to train and power plant sector. This plan likely recovers the domestic demand amid the sluggish world's CPO prices.

Range 10975 - 11800

Action Trading Buy. Cut Loss If Below 10975



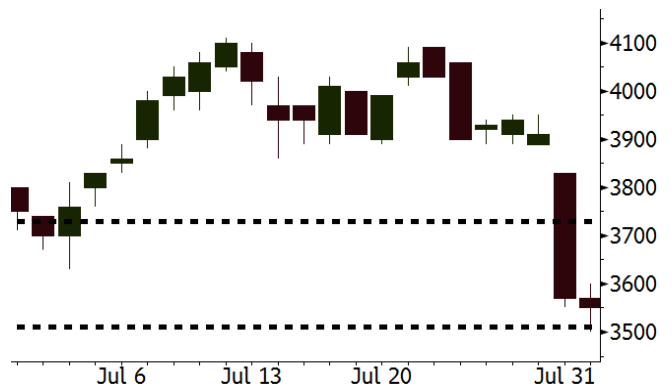
Source: Bloomberg

TLKM Last = 3550

Analysis The July 2018's inflation data showed that the smart-phone tariff for internet use is on rise. The backdrop indicates that operators start to hike their internet-use tariff in order to reap the 2H18's sales growth.

Range 3510 - 3730

Action Trading Buy. Cut Loss If Below 3510



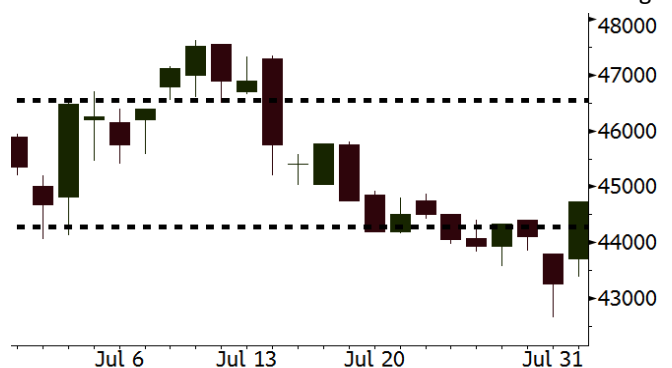
Source: Bloomberg

UNVR Last = 44725

Analysis The July 2018's core inflation was at 2.78% y-y all-time high since January 2018 and indicating the recovery in domestic consumption demand.

Range 44275 - 46550

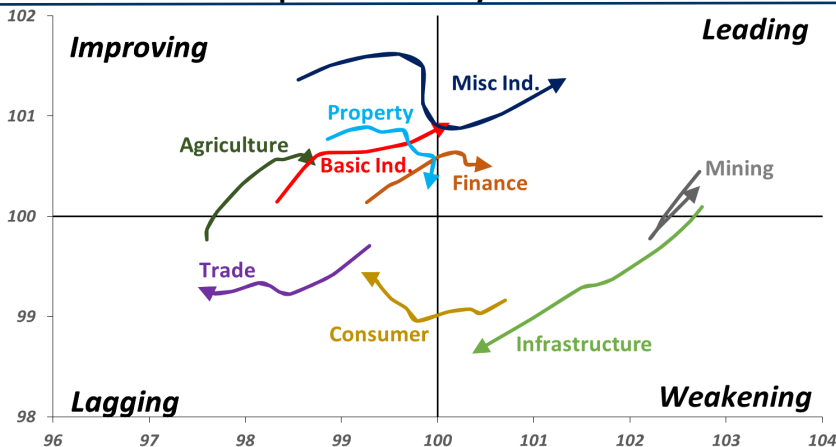
Action Trading buy. Cut Loss If Below 44275



Source: Bloomberg

Sector Rotation

Relative Rotation Graph - Last 10 Days



Source: Bloomberg

Relative Valuation

	Last Price	End of Last Year Price	Target Price*	Rating	Upside Potential (%)	1 Year Change (%)	Market Cap (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index	6,033	6,356				3.6	6,823.6							
Finance						9.6	2,000.7							
BBCA	23,475	21,900	25,400	Hold	8.2	24.0	578.8	23.9x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,190	3,640	3,510	Hold	10.0	6.7	393.5	12.9x	2.4x	19.6	3.3	#N/A	N/A	1.4
BMRI	7,000	8,000	10,300	Buy	47.1	5.5	326.7	14.0x	2.0x	14.5	2.8	(0.5)	28.7	1.3
BBNI	7,825	9,900	8,125	Hold	3.8	7.6	145.9	10.0x	1.5x	15.5	3.3	11.8	16.2	1.3
BBTN	2,460	3,570	3,790	Buy	54.1	(6.8)	26.1	8.2x	1.2x	15.1	2.3	14.3	11.7	1.7
BJTM	645	710	810	Buy	25.6	(2.3)	9.7	8.2x	1.3x	16.5	6.8	#N/A	N/A	0.9
Consumer						1.6	1,385.7							
HMSP	3,800	4,730	4,575	Buy	20.4	8.0	442.0	34.7x	15.9x	46.0	2.8	5.5	1.9	1.4
GGRM	75,000	83,800	88,650	Buy	18.2	6.5	144.3	18.6x	3.3x	18.2	3.5	10.1	0.1	1.3
UNVR	44,725	55,900	44,200	Hold	(1.2)	(7.7)	341.3	49.4x	68.1x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,725	8,900	9,625	Hold	10.3	5.1	101.8	25.5x	5.2x	21.3	1.9	5.4	9.5	1.2
INDF	6,425	7,625	8,175	Buy	27.2	(22.6)	56.4	14.7x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,360	1,690	1,730	Buy	27.2	(21.4)	63.8	26.5x	4.8x	18.9	1.8	3.1	(0.0)	1.2
KAEF	2,340	2,700	3,280	Buy	40.2	(22.8)	13.0	36.7x	5.1x	14.0	0.8	29.1	28.3	1.2
Infrastructure						(15.6)	714.54							
TLKM	3,550	4,399	4,600	Buy	29.6	(25.4)	357.8	18.8x	4.1x	22.1	4.7	0.5	(28.1)	0.9
EXCL	2,730	2,960	3,800	Buy	39.2	(24.2)	29.2	200.3x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,450	4,800	6,750	Buy	95.7	(47.1)	18.7	41.1x	1.4x	3.3	2.1	(21.9)	N/A	0.9
JSMR	4,810	6,400	6,050	Buy	25.8	(15.2)	34.9	15.7x	2.2x	14.8	1.3	42.5	2.9	1.0
TBIG	5,275	6,425	6,050	Hold	14.7	(23.0)	23.9	10.3x	7.5x	92.7	3.2	8.4	16.1	0.6
INDY	3,740	3,060	5,000	Buy	33.7	327.4	19.5	3.6x	1.4x	46.6	2.9	263.6	166.7	0.8
Trade						(5.8)	748.8							
UNTR	35,975	35,400	42,350	Buy	17.7	18.3	134.2	14.2x	2.7x	20.6	2.5	32.3	60.0	1.0
AKRA	4,250	6,350	8,025	Buy	88.8	(37.7)	17.1	24.3x	2.0x	22.2	5.2	21.6	(34.8)	1.3
SCMA	2,060	2,480	2,700	Buy	31.1	(14.5)	30.1	22.5x	7.1x	32.5	3.6	2.6	0.7	1.0
MNCN	990	1,285	1,550	Buy	56.6	(39.1)	14.1	9.9x	1.3x	14.6	1.5	1.8	(9.2)	1.1
LPPF	7,950	10,000	11,250	Buy	41.5	(24.6)	23.2	12.1x	9.9x	93.0	5.8	3.1	0.4	1.1
ACES	1,335	1,155	1,575	Buy	18.0	23.6	22.9	26.0x	6.4x	26.3	1.7	22.6	30.0	0.9
RALS	1,400	1,200	1,400	Hold	-	56.4	9.9	18.0x	2.5x	14.6	2.9	0.9	31.8	0.8
MAPI	885	620	945	Hold	6.8	44.5	14.7	25.1x	3.3x	15.5	0.5	18.0	183.0	0.9
Property						(9.3)	383.7							
BSDE	1,380	1,700	1,850	Buy	34.1	(23.1)	26.6	7.9x	1.0x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	545	685	625	Hold	14.7	(21.0)	26.2	12.5x	2.4x	20.5	1.1	14.4	25.4	1.2
CTRA	995	1,185	1,130	Hold	13.6	(4.3)	18.5	25.3x	1.4x	5.6	1.4	(0.8)	(49.0)	1.2
SMRA	775	945	1,050	Buy	35.5	(21.7)	11.2	33.5x	1.7x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,110	2,210	2,810	Buy	33.2	(9.8)	28.6	4.9x	1.7x	39.6	2.7	47.3	134.6	1.3
PTPP	2,050	2,640	3,850	Buy	87.8	(33.0)	12.7	9.4x	1.1x	12.5	2.3	17.0	(16.3)	1.3
WIKA	1,580	1,550	2,150	Buy	36.1	(22.2)	14.2	11.0x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,605	1,885	2,160	Buy	34.6	(25.7)	5.7	10.0x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(4.4)	380.6							
ASII	7,475	8,300	9,300	Buy	24.4	(4.5)	302.6	15.2x	2.4x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						31.9	635.2							
INTP	14,900	21,950	21,575	Buy	44.8	(21.2)	54.9	41.8x	2.5x	5.7	4.7	(0.9)	(60.6)	1.4
SMGR	8,625	9,900	11,550	Buy	33.9	(19.4)	51.2	27.1x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	4,800	3,000	4,200	Hold	(12.5)	73.3	78.7	23.1x	4.6x	21.3	1.2	2.7	59.1	1.0
JPFA	2,160	1,300	2,000	Hold	(7.4)	79.3	25.3	15.3x	2.8x	18.3	2.3	18.2	142.5	0.8
MAIN	1,115	740	780	Sell	(30.0)	20.5	2.5	17.3x	1.4x	4.1	3.4	13.5	350.0	1.1
KRAS	418	424	500	Buy	19.6	(29.2)	8.1	N/A	0.3x	(3.6)	N/A	34.7	72.4	1.1
TPIA	5,100	6,000	6,275	Buy	23.0	(2.8)	91.0	21.8x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,830	2,260	2,420	Buy	32.2	2.8	32.6	22.5x	1.6x	8.9	1.3	9.8	(7.3)	0.9
Mining						41.4	481.0							
ADRO	1,980	1,860	2,500	Buy	26.3	4.5	63.3	9.5x	1.2x	13.6	5.5	5.1	(23.4)	1.0
PTBA	4,540	2,460	3,950	Hold	(13.0)	68.8	52.3	9.0x	3.8x	43.4	7.0	17.4	49.1	0.9
ITMG	29,225	20,700	32,400	Hold	10.9	40.5	33.0	8.9x	2.5x	29.2	10.7	2.8	0.0	1.1
INCO	4,540	2,890	3,550	Sell	(21.8)	86.8	45.1	80.7x	1.7x	1.9	N/A	28.3	N/A	1.2
ANTM	940	625	985	Hold	4.8	37.2	22.6	60.2x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	860	775	1,240	Buy	44.2	9.6	6.4	12.9x	1.0x	8.3	2.7	(0.6)	(18.1)	1.0
ELSA	374	372	625	Buy	67.1	45.0	2.7	7.6x	0.9x	12.1	1.4	46.5	783.3	1.4
Agriculture						(15.7)	93.5							
AALI	11,275	13,150	14,800	Buy	31.3	(24.3)	21.7	12.4x	1.2x	9.7	4.2	8.9	(23.3)	0.6
LSIP	1,055	1,420	1,380	Buy	30.8	(25.4)	7.2	13.6x	0.9x	6.6	4.3	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMBR : Posts Decline of 60.2% in Net Profit

SMBR posted a steep loss of 60.21% y-y to IDR24.08 billion in the I semester's net profit. The steep loss was attributable to the soaring interest expense and depreciated factory currently operating. Additionally, the downturn in selling price also suppressed its performance. Yet, the cost leadership initiative it will operate is potential to boost sales and the II semester's performance. (Bisnis Indonesia)

SGRO : Projects Production Growth to Hit 40%

In the II semester, SGRO projects the growth of 30%-40% in the I semester's CPO production. It posted the growth of 15.96% y-y to 757,600 tons and 13.54% y-y to IDR155,216 tons in the I semester's fresh fruit bunches and CPO, respectively. In July 2018, it has operated West Kalimantan -based new factory with the capacity of 30 tons per hour. (Bisnis Indonesia)

TPIA : Obtains Additional Loan of USD120 Million

TPIA is seeking additional funds to finance its business expansion. On July 30th, it obtained working capital loan of USD120 million from BMRI. Thus, it posts the total loan of USD1.05 billion to be spent on purchasing raw material and short-term capital needs. (Kontan)

INTP : Will Hike Its Selling Price

To bolster its II semester's performance, INTP will suppress fixed cost, run an efficient factory, and hike selling price. The declines in the I semester's performance were attributable to Eid-Mubarak long holiday impacting on the supply delivery, soaring coal prices and petroleum, and rupiah depreciation. (Bisnis Indonesia)

Domestic & Global News

July 2018's Inflation Is at 0.28%

The Central Statistics Agency (BPS) recorded that the July 2018's inflation is at 0.28% m-m lower than the June's inflation of 0.59% m-m. On yearly basis, the July's inflation is at 3.18% y-y, while the core inflation is at 2.73% y-y. Investors project that the July 2018's inflation is at 0.25% m-m, the July's yearly-based inflation is at 3.2% y-y, and the core inflation is at 2.73% y-y. "The July 2018's inflation reaches 0.28% lower than the June 2018's inflation. Such backdrop is common as the penchant of consumption often occurs at Eid-Mubarak and Ramadhan. After the momentums end, the prices likely turn to normal", said the BPS's chairperson Suhariyanto. (CNBC)

Fed Leaves Rates Unchanged

The Federal Reserve upgraded its assessment of the U.S. economy Wednesday but decided to skip another interest rate increase for now. In a widely expected move, the central bank's policymaking Federal Open Market Committee voted unanimously to keep the target range for its benchmark rate at 1.75 percent to 2 percent. The committee says "economic activity has been rising at a strong rate," a more bullish view than the June characterization of "solid" growth. The statement also notes that household spending has "grown strongly (CNBC)

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta