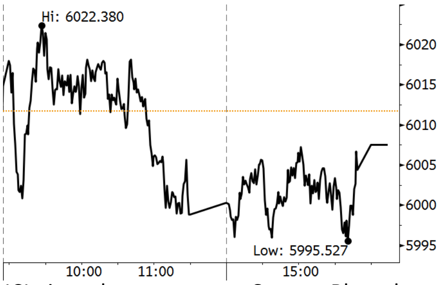
Morning Brief

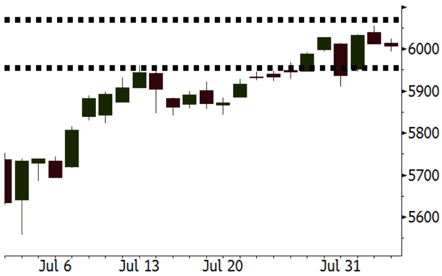
NH KORINDO SEKURITAS

Daily | Aug 06, 2018

JCI Movement



JCI - intraday Source: Bloomberg



JCI - one month Source: Bloomberg

Indonesian Market Recap

JCI closed lower on Friday, 08/07/18, amid the rupiah depreciated. Investors concerned about the Brexit. **Top Losers: Misc. Industry (-1.90%), Infrastructure (-0.82%), Mining (-0.80%)**

Today's Outlook: Expectancy of GDP Acceleration

Today we estimate JCI to rally with the **support range of 5953-5957** and **resistance range of 6067-6073**. Investors focus on the release of the 2Q18's GDP growth. The Indonesian government estimates that the 2Q18's GDP growth tops 5.2%. The projection is bolstered by the higher domestic consumption occurred in Ramadhan month and Eid Mubarak festive. Meanwhile, the release of consumer confidence index (CCI) will be on spotlight. Of note, June's CCI of 128.1 was all-time high.

Stocks Recommendation *(details on the next page)*

Trading Buy: BBTN, TLKM, PTPP

Global Market

United States

The U.S. stocks rallied on Friday as the tech. sector enjoyed to the strong quarterly results.

Europe

European market snapped higher on Friday. Investors digested the higher-than-estimated quarter results.

Asia

Asia stocks closed mixed on Friday amid the USD appreciation. Investors are cautious about the escalating tension of the U.S. and China trade war.

Company News

ELSA : Enjoys Growth of 46.23% in Revenues
WIKA : Hike Its 2018 Target
HEAL : Net Profit Surges by 18.3%
ZINC : Projects Surge of 40% in Zinc Sales

Domestic & Global News

Indonesia Projects Economic Growth of 5.2%-5.3% in 2Q18
China Will Retaliate With Tariffs on $60 Billion in U.S. Goods

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

IHSG (Jakarta Composite Index)

August 03	6,007.54
Chg	-4.19pts (-0.07%)
Volume (bn shares)	106.07
Value (IDR tn)	22.76

Adv 152 Dec 214 Unc 244 Untr 129

Foreign Transaction (IDR bn)

Buy	18,310
Sell	18,447
Net Buy (Sell)	138

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	93.3	TLKM	136.7
BBCA	35.7	ASII	45.8
PTBA	32.9	UNTR	37.1
BBNI	22.7	BBTN	15.5
ADRO	20.9	PTPP	14.9

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SMGR	4.1%	INCO	-5.0%
SSMS	3.2%	LPPF	-4.1%
JSMR	2.9%	INKP	-2.9%
BBRI	2.5%	ASII	-2.4%
BMRI	2.1%	WSBP	-2.4%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.83%	0.05%
USDIDR	14,498	0.14%
KRWIDR	12.86	0.23%

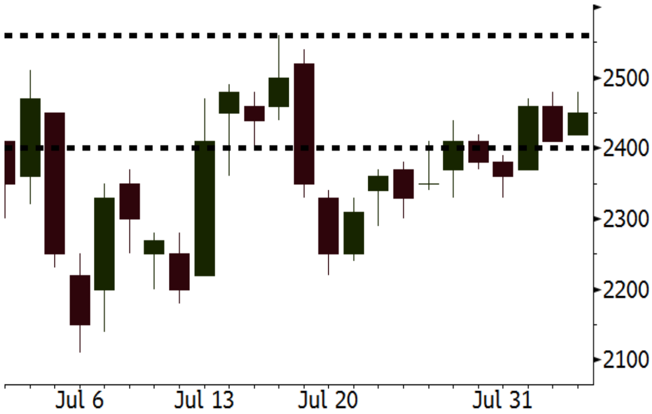
Global Indexes

Index	Last	Chg.	%
Dow Jones	25,462.58	136.42	0.54%
S&P 500	2,840.35	13.13	0.46%
Nasdaq	7,812.02	9.33	0.12%
FTSE 100	7,659.10	83.17	1.10%
CAC 40	5,478.98	18.00	0.33%
DAX	12,615.76	69.43	0.55%
Nikkei	22,525.18	12.65	0.06%
Hang Seng	27,676.32	(38.24)	-0.14%
Shanghai	2,740.44	(27.58)	-1.00%
KOSPI	2,287.68	17.48	0.77%
EIDO	24.16	0.10	0.42%

Commodities

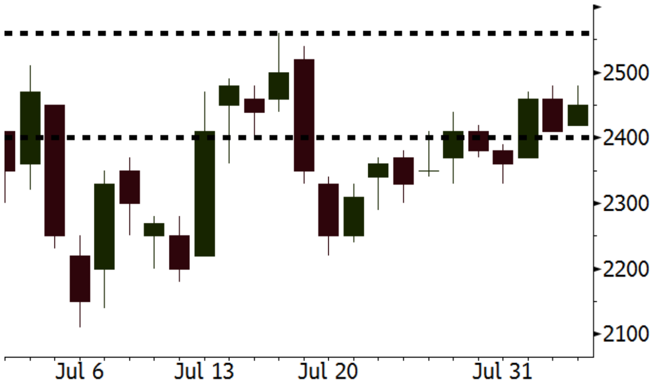
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,214.9	7.1	0.59%
Crude Oil (USD /bbl)	68.49	(0.47)	-0.68%
Coal Newcas(USD/ton)	106.30	0.50	0.47%
Gas (USD /mmbtu)	2.85	0.04	1.31%
Nickel LME (USD /MT)	13,550	220.0	1.65%
Tin LME (USD /MT)	19,600	(5.0)	-0.03%
CPO (MYR/Ton)	2,196	5.0	0.23%

BBTN	Last = 2450
Analysis	BBTN's stocks price experience no significant rally after the last 2-month massive correction. On the other side, other big cap.' stocks such as BBRI, BMRI, and BBNI are rally. BBTN's P/B valuation of only 1.2x is the lowest compared to other big cap. banks.
Range	2400 - 2560
Action	Trading Buy. Cut Loss If Below 2400



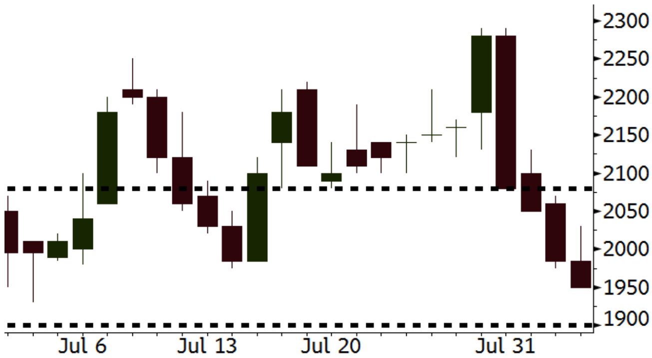
Source: Bloomberg

TLKM	Last = 3460
Analysis	TLKM considers to hike internet data tariffs after the hiking tariffs of July. The hike likely boosts TLKM's 2H18 performance.
Range	3420 - 3610
Action	Trading Buy. Cut Loss If Below 3420



Source: Bloomberg

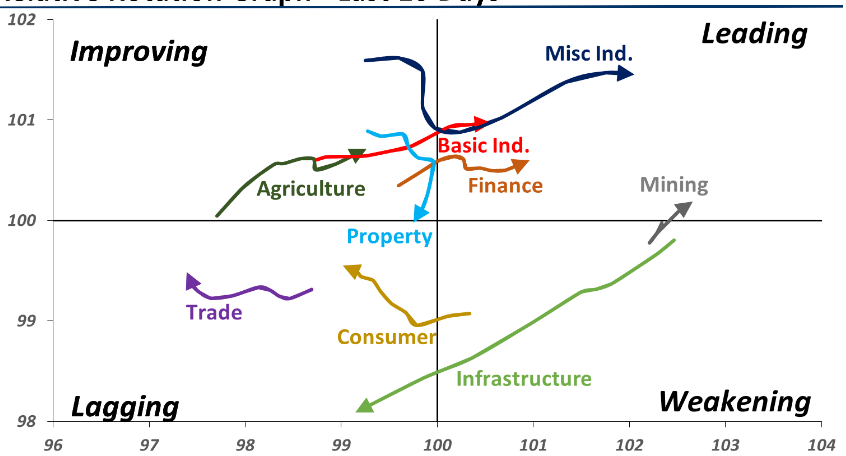
PTPP	Last = 1950
Analysis	The correction to PTPP's stocks makes its current valuation attractive. Its current PTPP P/E valuation is at 8.9x a steep lower than the last 5-year average of 21.0x.
Range	1900 - 2080
Action	Trading buy. Cut Loss If Below 1900



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	6,008	6,356				4.0	6,794.9							
Finance						11.9	2,023.7							
BBCA	23,450	21,900	25,400	Hold	8.3	26.2	578.2	23.9x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,330	3,640	3,510	Hold	5.4	11.6	410.7	13.4x	2.5x	19.6	3.2	#N/A N/A	10.9	1.4
BMRI	7,200	8,000	10,300	Buy	43.1	10.1	336.0	14.4x	2.0x	14.5	2.8	(0.5)	28.7	1.3
BBNI	7,900	9,900	8,125	Hold	2.8	8.6	147.3	10.1x	1.5x	15.5	3.2	11.8	16.2	1.3
BBTN	2,450	3,570	3,790	Buy	54.7	(7.2)	25.9	8.1x	1.2x	15.1	2.3	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(0.8)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						2.0	1,379.3							
HMSP	3,770	4,730	4,575	Buy	21.4	8.6	438.5	34.5x	15.8x	46.0	2.8	5.5	1.9	1.4
GGRM	75,000	83,800	88,650	Buy	18.2	4.7	144.3	18.6x	3.3x	18.2	3.5	10.1	0.1	1.3
UNVR	44,950	55,900	44,200	Hold	(1.7)	(5.5)	343.0	49.6x	68.4x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,775	8,900	9,625	Hold	9.7	5.7	102.3	25.6x	5.2x	21.3	1.8	5.4	9.5	1.2
INDF	6,375	7,625	8,175	Buy	28.2	(22.5)	56.0	14.5x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,300	1,690	1,730	Buy	33.1	(26.8)	60.9	25.4x	4.6x	18.9	1.9	3.1	(0.0)	1.2
KAEF	2,310	2,700	3,280	Buy	42.0	(24.3)	12.8	36.3x	5.0x	14.0	0.8	29.1	28.3	1.1
Infrastructure						(15.4)	707.49							
TLKM	3,460	4,399	4,600	Buy	32.9	(25.2)	348.8	18.3x	4.0x	22.1	4.8	0.5	(28.1)	0.8
EXCL	2,730	2,960	3,800	Buy	39.2	(20.4)	29.2	200.3x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,350	4,800	6,750	Buy	101.5	(48.7)	18.2	39.9x	1.3x	3.3	2.2	(21.9)	N/A	0.9
JSMR	5,000	6,400	6,050	Buy	21.0	(8.7)	36.3	16.3x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(15.4)	25.6	11.1x	8.1x	92.7	3.0	8.4	16.1	0.6
INDY	3,580	3,060	5,000	Buy	39.7	311.5	18.7	3.5x	1.3x	46.6	3.0	263.6	166.7	0.8
Trade						(6.8)	738.8							
UNTR	34,900	35,400	42,350	Buy	21.3	19.5	130.2	13.8x	2.6x	20.6	2.6	32.3	60.0	1.0
AKRA	4,230	6,350	8,025	Buy	89.7	(35.4)	17.0	24.2x	2.0x	22.2	5.2	21.6	(34.8)	1.3
SCMA	2,020	2,480	2,700	Buy	33.7	(13.3)	29.5	22.1x	7.0x	32.5	3.7	2.6	0.7	1.0
MNCN	1,040	1,285	1,550	Buy	49.0	(34.8)	14.8	10.4x	1.4x	14.6	1.4	1.8	(9.2)	1.1
LPPF	7,100	10,000	11,250	Buy	58.5	(37.6)	20.7	10.8x	8.9x	93.0	6.4	3.1	0.4	1.1
ACES	1,370	1,155	1,575	Hold	15.0	24.5	23.5	26.6x	6.6x	26.3	1.7	22.6	30.0	0.9
RALS	1,320	1,200	1,400	Hold	6.1	47.5	9.4	16.9x	2.4x	14.6	3.0	0.9	31.8	0.8
MAPI	860	620	945	Hold	9.9	39.8	14.3	24.4x	3.2x	15.5	0.5	18.0	183.0	0.9
Property						(9.6)	383.7							
BSDE	1,340	1,700	1,850	Buy	38.1	(25.1)	25.8	7.7x	1.0x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	535	685	625	Buy	16.8	(23.6)	25.8	12.3x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	975	1,185	1,130	Buy	15.9	(8.5)	18.1	24.8x	1.4x	5.6	1.5	(0.8)	(49.0)	1.3
SMRA	765	945	1,050	Buy	37.3	(23.1)	11.0	33.1x	1.7x	5.2	0.7	(2.5)	(40.0)	1.4
WSKT	2,080	2,210	2,810	Buy	35.1	(8.8)	28.2	4.9x	1.7x	39.6	2.7	47.3	134.6	1.3
PTPP	1,950	2,640	3,850	Buy	97.4	(36.1)	12.1	8.9x	1.0x	12.5	2.4	17.0	(16.3)	1.3
WIKA	1,570	1,550	2,150	Buy	36.9	(21.5)	14.1	11.0x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,605	1,885	2,160	Buy	34.6	(24.6)	5.7	10.0x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(8.0)	366.0							
ASII	7,125	8,300	9,300	Buy	30.5	(8.4)	288.4	14.5x	2.3x	16.3	2.6	14.8	11.3	1.3
Basic Ind.						32.5	626.2							
INTP	14,800	21,950	21,575	Buy	45.8	(18.3)	54.5	41.5x	2.4x	5.7	4.7	(0.9)	(60.6)	1.4
SMGR	8,925	9,900	11,550	Buy	29.4	(13.6)	52.9	28.0x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,710	3,000	4,200	Hold	(10.8)	67.6	77.2	22.6x	4.5x	21.3	1.2	2.7	59.1	1.0
JPFA	2,110	1,300	2,000	Hold	(5.2)	78.8	24.7	14.9x	2.8x	18.3	2.4	18.2	142.5	0.8
MAIN	1,020	740	780	Sell	(23.5)	10.3	2.3	15.8x	1.3x	4.1	3.7	13.5	350.0	1.1
KRAS	416	424	500	Buy	20.2	(27.0)	8.0	N/A	0.3x	(3.6)	N/A	34.7	72.4	1.1
TPIA	5,175	6,000	6,275	Buy	21.3	2.4	92.3	22.0x	3.7x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,805	2,260	2,420	Buy	34.1	(2.2)	32.1	22.1x	1.6x	8.9	1.4	9.8	(7.3)	1.0
Mining						39.8	470.7							
ADRO	1,940	1,860	2,500	Buy	28.9	3.7	62.1	9.3x	1.2x	13.6	5.6	5.1	(23.4)	1.0
PTBA	4,500	2,460	3,950	Hold	(12.2)	66.4	51.8	8.9x	3.7x	43.4	7.1	17.4	49.1	0.9
ITMG	29,000	20,700	32,400	Hold	11.7	40.8	32.8	8.7x	2.5x	29.2	10.8	2.8	0.0	1.1
INCO	4,150	2,890	3,550	Hold	(14.5)	68.7	41.2	73.4x	1.5x	1.9	N/A	28.3	N/A	1.1
ANTM	900	625	985	Hold	9.4	36.4	21.6	57.6x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	845	775	1,240	Buy	46.7	3.7	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	390	372	625	Buy	60.3	57.3	2.8	7.9x	0.9x	12.1	1.3	46.5	783.3	1.4
Agriculture						(10.7)	98.8							
AALI	12,350	13,150	14,800	Buy	19.8	(18.3)	23.8	13.6x	1.3x	9.7	3.8	8.9	(23.3)	0.6
LSIP	1,210	1,420	1,380	Hold	14.0	(13.9)	8.3	15.6x	1.0x	6.6	3.7	(28.5)	(47.6)	0.7

*** Target Price for December 2018**

Source: Bloomberg, NHKS Research

Company News

ELSA : Enjoys Growth of 46.23% in Revenues

ELSA enjoyed the growth of 46.23% y-y to IDR2.91 trillion in the 1H18's revenues. Additionally, the gross profit and profit attributed to the parent entity surged by 89.02% y-y to IDR304.06 billion and 784.07% y-y to IDR127.66 billion, respectively. It absorbed the capex of IDR344 billion from the capex allocated of IDR600 billion mostly spent on purchasing offshore seismic. (Kontan)

HEAL : Net Profit Surges by 18.3%

HEAL succeeded to post the growth of 18.3% y-y to IDR1.52 trillion in the 1H18's net revenue. The hike in COGS and business expense of 19.6% y-y and 29.7% y-y, respectively snapping net profit lower to IDR70.04 billion (-7.9% y-y). Besides, it also targets to launch 4 new hospitals in 2018. (Bisnis Indonesia)

WIKA : Hike Its 2018 Target

WIKA revised its 2018 target as it aims to be less reliance on the government's project amounting to 16.7% from the total contract. The revision subsumes the hike of IDR58.11 trillion in new contract, IDR39.48 trillion in revenues, and IDR2.03 trillion in net profit. (Bisnis Indonesia)

ZINC : Projects Surge of 40% in Zinc Sales

ZINC projects the respective surge of 40% to 7,000-7,500 tons per month in zinc and lead sales per October 2018. The surge is attributable to the settlement of second flotation factory constructed since June, 2017 and absorbing the investment cost of 20 million USD. It also target the revenue and EBITDA of IDR1 trillion and IDR380 billion, respectively. (Bisnis Indonesia)

Domestic & Global News

Indonesia Projects Economic Growth of 5.2%-5.3% in 2Q18

The Indonesian government is optimistic that the 2Q18's economic growth is likely rosier than the prior period. It projects that in the 2Q18 the economy is going to hit 5.3% higher than the prior growth of 5.06%. The Coordinating Minister for Economic Affairs Darmin Nasution stated that the 2Q18 economic growth likely settles at 5.2%-5.3%. The factor driving the growth are the seasonal factors of fasting and Eid Mubarak festive and the shifting in harvest period. (Kontan)

China Will Retaliate With Tariffs on $60 Billion in U.S. Goods

China is preparing to retaliate in the escalating trade war with tariffs on about $60 billion worth of U.S. goods. The import taxes would range in rates from 5 percent to 25 percent, the Chinese government said. There are four lists of goods, one for each of the rates proposed. Many of the goods are agricultural-related, with others on various metals and chemicals. China declared it will impose these new tariffs if the U.S. places more tariffs on Chinese imports. (CNBC)

DISCLAIMER

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