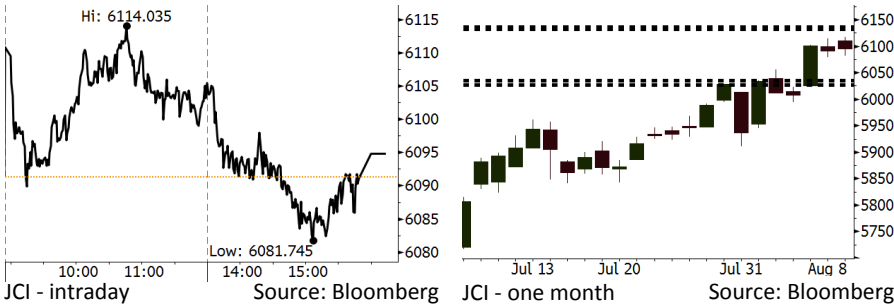


Morning Brief

Daily | Aug 09, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 08	6,094.83
Chg	+3.58pts (+0.0%)
Volume (bn shares)	100.77
Value (IDR tn)	8.46

Adv 173 Dec 226 Unc 212 Untr 105

Foreign Transaction		(IDR bn)
Buy		2,259
Sell		2,743
Net Buy (Sell)		(484)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	39.3	BBRI	108.3
ASII	35.0	TLKM	64.5
CPIN	28.8	BBNI	57.1
ADRO	27.4	UNTR	48.2
TRAM	20.6	BSDE	33.4

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
PGAS	5.1%	INDY	-6.3%
TPIA	4.4%	BSDE	-5.6%
LPPF	4.0%	SMGR	-3.9%
SSMS	3.1%	HMSP	-3.3%
INKP	2.7%	WSKT	-3.2%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.71%	-0.06%	
USDIDR	14,439	-0.02%	
KRWIDR	12.90	0.23%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,583.75	(45.16)	-0.18%
S&P 500	2,857.70	(0.75)	-0.03%
Nasdaq	7,888.33	4.66	0.06%
FTSE 100	7,776.65	58.17	0.75%
CAC 40	5,501.90	(19.41)	-0.35%
DAX	12,633.54	(14.65)	-0.12%
Nikkei	22,644.31	(18.43)	-0.08%
Hang Seng	28,359.14	110.26	0.39%
Shanghai	2,744.07	(35.30)	-1.27%
KOSPI	2,301.45	1.29	0.06%
EIDO	24.46	(0.15)	-0.61%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,213.9	2.9	0.24%
Crude Oil (USD /bbl)	66.94	(2.23)	-3.22%
Coal Newcas(USD/ton)	108.60	(0.75)	-0.69%
Gas (USD /mmbtu)	2.95	0.05	1.79%
Nickel LME (USD /MT)	14,050	200.0	1.44%
Tin LME (USD /MT)	19,400	(175.0)	-0.89%
CPO (MYR/Ton)	2,258	23.0	1.03%

Indonesian Market Recap

JCI ended flat, suppressed by the consumer sector. Investors digested June's retail sales data released by Bank Indonesia. **Top Gainers: Agriculture (+4.06%), Basic Industry (+1.60%), Trade (+0.80%)**

Today's Outlook: Anticipate Current Account Deficit

We estimate JCI to move at the modest pace with the **support range of 6057-6035** and **resistance range of 6135-6137**. Pressures derive from June's lagging retail sales of 2.3% lower than May's retail sales of 8.3%. However, it is estimated that the lagging retail sales are only temporary due to the estimated surge in the end of 2018. On the other side, investors need to anticipate the deficit in the 2Q18's current account. It is expected that the uptrend import likely widens the deficit.

Stocks Recommendation (details on the next page)

Trading Buy: INCO, BBTN, GGRM

Global Market

United States

The U.S. stocks moved mixed after the tech. sector led. China likely imposes retaliation tariff of 25% on the U.S. products worth USD16 billion.

Europe

European stocks ended mixed as it was backed by the auto. and tech. sectors, and suppressed by the healthcare sector.

Asia

Asia stocks closed mixed amid the subdued trade war. July's trade surplus between the U.S. and China was lower than June's trade surplus.

Company News

- LSIP : Expects B20 to Benefit Smallholder Plantations
- PBRX : Claims Growth of 10% in Revenues
- MDKA : Postpones Right Issue Plan
- TDPM : Beefs Up Exports Volume to China

Domestic & Global News

June's Retail Sales Lags

China Announces Date to Match \$16 Billion U.S. Tariffs

Indonesia Economic Data

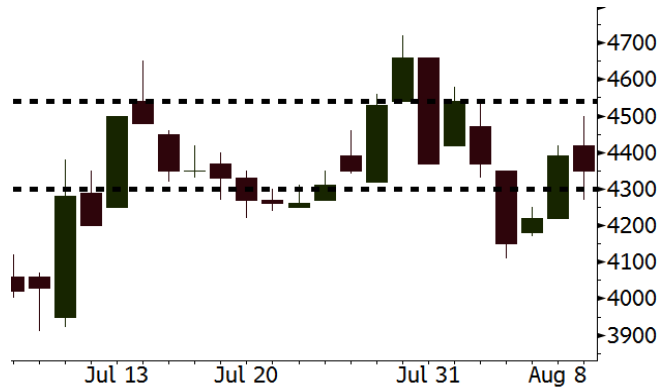
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	124.80	128.10

INCO Last = 4350

Analysis LME-based nickel benchmark prices tops USD14,000 per ton as it is underpinned by the deficit backdrop. The high demand for nickel depletes the nickel inventory.

Range 4300 - 4540

Action Trading Buy. Cut Loss If Below 4300



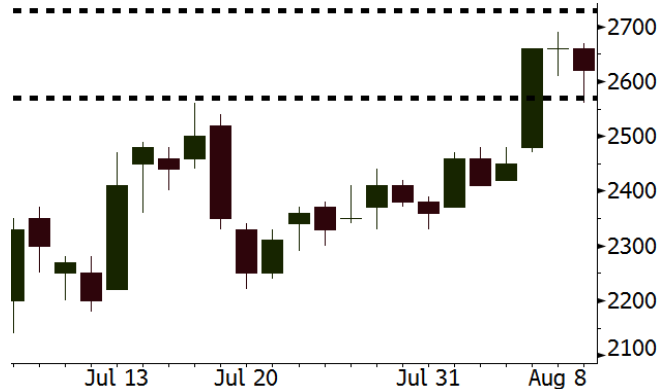
Source: Bloomberg

BBTN Last = 2620

Analysis The Financial Services Agency will release July's credit growth on Friday, 08/10/18. June's credit growth is 10.75%. The easing loan-to-value (LTV) policy causes the credit growth to accelerate.

Range 2570 - 2730

Action Trading Buy. Cut Loss If Below 2570



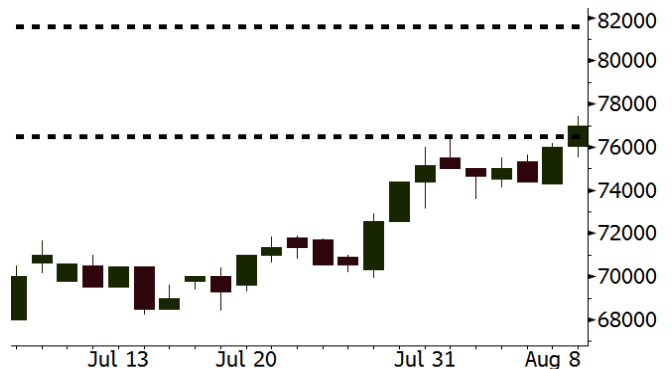
Source: Bloomberg

GGRM Last = 77000

Analysis GGRM has a steep lower valuation than its peer: HMSP. It is traded at P/E of 19.1x, a steep lower than HMSP of 34.9x.

Range 76475 - 81600

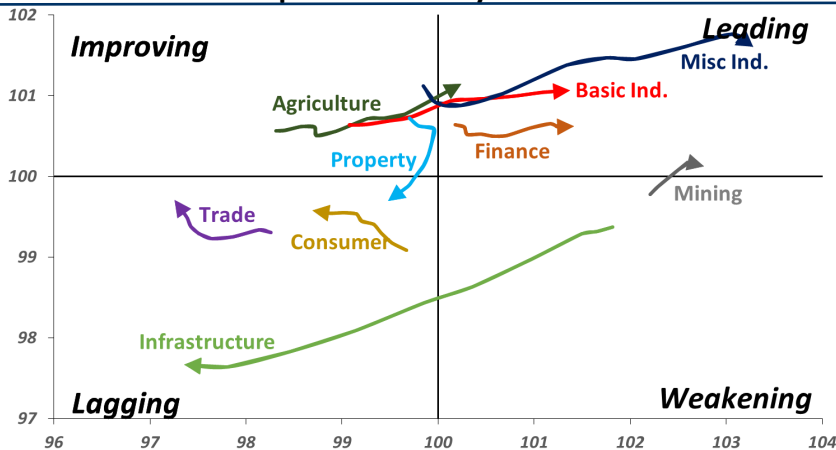
Action Trading buy. Cut Loss If Below 76475



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	6,095	6,356				4.7	6,895.5							
Finance						11.9	2,053.0							
BBCA	23,925	21,900	25,400	Hold	6.2	26.1	589.9	24.4x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,330	3,640	3,510	Hold	5.4	10.8	410.7	13.4x	2.5x	19.6	3.2	#N/A	N/A	10.9
BMRI	7,325	8,000	10,300	Buy	40.6	9.3	341.8	14.6x	2.0x	14.5	2.7	(0.5)	28.7	1.3
BBNI	8,100	9,900	9,675	Buy	19.4	11.3	151.1	10.3x	1.5x	15.5	3.2	11.8	16.2	1.3
BBTN	2,620	3,570	3,790	Buy	44.7	(4.7)	27.7	8.7x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	645	710	810	Buy	25.6	(7.2)	9.7	8.2x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						2.5	1,376.1							
HMSP	3,820	4,730	4,575	Buy	19.8	11.7	444.3	34.9x	16.0x	46.0	2.8	5.5	1.9	1.4
GGRM	77,000	83,800	88,650	Buy	15.1	16.1	148.2	19.1x	3.4x	18.2	3.4	10.1	0.1	1.3
UNVR	43,000	55,900	44,200	Hold	2.8	(10.6)	328.1	47.5x	65.5x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,950	8,900	9,625	Hold	7.5	7.2	104.4	26.1x	5.3x	21.3	1.8	5.4	9.5	1.2
INDF	6,450	7,625	8,175	Buy	26.7	(23.2)	56.6	14.7x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(25.9)	60.5	25.2x	4.5x	18.9	1.9	3.1	(0.0)	1.2
KAEF	2,330	2,700	3,280	Buy	40.8	(24.8)	12.9	36.6x	5.2x	14.9	0.8	29.1	28.3	1.1
Infrastructure						(14.1)	725.51							
TLKM	3,550	4,399	4,600	Buy	29.6	(23.9)	357.8	18.8x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	3,050	2,960	3,800	Buy	24.6	(10.8)	32.6	223.8x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,480	4,800	6,750	Buy	94.0	(47.7)	18.9	41.4x	1.4x	3.3	2.1	(21.9)	N/A	0.9
JSMR	4,990	6,400	6,050	Buy	21.2	(10.9)	36.2	16.2x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,775	6,425	6,050	Hold	4.8	(18.7)	26.2	11.3x	8.2x	92.7	2.9	8.4	16.1	0.6
INDY	3,400	3,060	5,000	Buy	47.1	295.3	17.7	3.3x	1.2x	46.6	3.2	263.6	166.7	0.8
Trade						(6.1)	746.8							
UNTR	36,025	35,400	42,350	Buy	17.6	20.8	134.4	14.2x	2.7x	20.6	2.5	32.3	60.0	1.0
AKRA	4,320	6,350	8,025	Buy	85.8	(34.3)	17.3	24.7x	2.1x	22.2	5.1	21.6	(34.8)	1.3
SCMA	2,080	2,480	2,700	Buy	29.8	(13.0)	30.4	22.7x	7.2x	32.5	3.6	2.6	0.7	1.0
MNCN	1,040	1,285	1,550	Buy	49.0	(33.8)	14.8	10.4x	1.4x	14.6	1.4	1.8	(9.2)	1.1
LPPF	6,500	10,000	11,250	Buy	73.1	(42.5)	19.0	9.9x	8.1x	93.0	7.0	3.1	0.4	1.1
ACES	1,395	1,155	1,575	Hold	12.9	25.7	23.9	27.1x	6.7x	26.3	1.6	22.6	30.0	0.9
RALS	1,315	1,200	1,400	Hold	6.5	40.6	9.3	16.9x	2.4x	14.6	3.0	0.9	31.8	0.8
MAPI	890	620	945	Hold	6.2	32.8	14.8	25.2x	3.3x	15.5	0.4	18.0	183.0	0.9
Property						(10.4)	388.5							
BSDE	1,260	1,700	1,850	Buy	46.8	(30.8)	24.3	7.3x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	555	685	625	Hold	12.6	(19.6)	26.7	12.7x	2.4x	20.5	1.1	14.4	25.4	1.2
CTRA	1,010	1,185	1,130	Hold	11.9	(15.1)	18.7	25.7x	1.4x	5.6	1.4	(0.8)	(49.0)	1.3
SMRA	750	945	1,050	Buy	40.0	(33.0)	10.8	32.4x	1.7x	5.2	0.7	(2.5)	(40.0)	1.4
WSKT	2,090	2,210	2,810	Buy	34.4	(10.3)	28.4	4.9x	1.7x	39.6	2.7	47.3	134.6	1.3
PTPP	1,990	2,640	3,850	Buy	93.5	(33.2)	12.3	9.1x	1.1x	12.5	2.4	17.0	(16.3)	1.3
WIKA	1,675	1,550	2,150	Buy	28.4	(19.1)	15.0	11.7x	1.2x	10.5	1.6	36.8	18.7	0.9
ADHI	1,670	1,885	2,160	Buy	29.3	(21.2)	5.9	10.4x	1.0x	10.1	1.7	39.7	282.5	1.0
Misc Ind.						(6.8)	379.1							
ASII	7,425	8,300	9,300	Buy	25.3	(7.2)	300.6	15.1x	2.4x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						33.8	646.5							
INTP	15,000	21,950	21,575	Buy	43.8	(21.9)	55.2	42.1x	2.5x	5.7	4.7	(0.9)	(60.6)	1.4
SMGR	8,600	9,900	11,550	Buy	34.3	(21.1)	51.0	27.0x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	4,940	3,000	4,200	Hold	(15.0)	73.3	81.0	23.7x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,220	1,300	2,000	Hold	(9.9)	100.0	26.0	15.7x	2.9x	18.3	2.3	18.2	142.5	0.8
MAIN	1,300	740	780	Sell	(40.0)	40.5	2.9	20.2x	1.7x	4.1	2.9	13.5	350.0	1.1
KRAS	422	424	500	Buy	18.5	(27.9)	8.2	N/A	0.3x	(3.6)	N/A	34.7	72.4	1.1
TPIA	5,325	6,000	6,275	Buy	17.8	2.5	95.0	22.8x	3.8x	19.1	1.5	9.9	(36.3)	0.6
BRPT	1,820	2,260	2,420	Buy	33.0	(1.6)	32.4	22.4x	1.6x	8.9	1.3	9.8	(7.3)	1.0
Mining						43.6	478.5							
ADRO	1,990	1,860	2,500	Buy	25.6	10.2	63.7	9.6x	1.2x	13.6	5.4	5.1	(23.4)	1.0
PTBA	4,810	2,460	5,375	Hold	11.7	83.6	55.4	9.5x	4.0x	43.4	6.6	17.4	49.1	0.9
ITMG	28,650	20,700	32,400	Hold	13.1	41.7	32.4	8.7x	2.5x	29.2	11.0	2.8	0.0	1.1
INCO	4,350	2,890	3,550	Sell	(18.4)	64.8	43.2	77.4x	1.6x	1.9	N/A	28.3	N/A	1.1
ANTM	920	625	985	Hold	7.1	32.4	22.1	58.9x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	850	775	1,240	Buy	45.9	(1.2)	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	388	372	625	Buy	61.1	55.2	2.8	7.9x	0.9x	12.1	1.3	46.5	783.3	1.4
Agriculture						(8.5)	101.7							
AALI	12,900	13,150	14,800	Hold	14.7	(15.4)	24.8	14.2x	1.3x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,300	1,420	1,380	Hold	6.2	(7.8)	8.9	16.8x	1.1x	6.6	3.5	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

LSIP : Expects B20 to Benefit Smallholder Plantations

LSIP expects that the upcoming expansion of the 20% biodiesel mix (B20) policy to be effective on September 1st, will benefit CPO companies and smallholder plantations posting loss due to the downbeat performance of CPO companies. As noted, in the 1H18, LSIP suffered from the loss of 28.54% y-y to IDR1.76 trillion and 47.4% to IDR224.92 billion in revenues and net profit. (Kontan)

MDKA: Postpones Right Issue Plan

MDKA postponed the schedule of right issue worth IDR1.34 trillion. Because of the postponement plan, the effective date of right issue was August 7th, 2018 with trading and right issue date to be held from 23 to 29 August, 2018. It likely issues 594.93 million of new stocks with the exercise price of IDR2.250 per stock. (Bisnis Indonesia)

PBRX : Claims Growth of 10% in Revenues

PT Pan Brothers (PBRX) claimed that the 1H18's revenues grew by 10% on an annual basis. The management said this growth was still in line with the 2018's growth target of 15%. Indeed, it still performs a limited review of the 2Q18' financial statements to be released in the end of August, and enjoyed the 1H17's revenues of USD241.65 million. (Bisnis Indonesia)

TDPM: Beefs Up Exports Volume to China

TDPM stated to beef up its exports volume to China. Now its exports volume to 8 countries in Asia Pacific, Middle East, and Australia reached 8%-10% from the total production. Until the end of 2018, it projects the hike of 15% in exports volume and the surge of 20,000 metrics tons in installed capacity. (Kontan)

Domestic & Global News

June's Retail Sales Lags

Indonesia's retail sales lagged and posted the lowest growth within the last 4 months. According to Bank Indonesia (BI), it was underlined by the end of seasonal factors such as Ramadan and *Idul Fitri* festive topped in May 2018. June's retail sales edged up 2.3% y-y lower than not only May's retail sales of 8.3% y-y but also June 2017's retail sales of 6.3% y-y. BI stated that the lagging retail sales was attributable to the decline in sales of information and communication gadgets, particularly the decline of 14.4% y-y in electronic gadgets, a steep contraction than May 2018's contraction of 9.5% y-y. (CNBC Indonesia)

China Announces Date to Match \$16 Billion U.S. Tariffs

China confirmed that it will impose 25 percent tariffs on an additional \$16 billion worth of imports from the U.S. from Aug. 23, matching an earlier move from Washington in another ratchet higher for the trade war between the two nations. China to raise tariffs on coal, medical instruments, waste products, cars and buses. (Bloomberg)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 06 - Aug	GER	13:00	Factory Orders MoM	Jun	-4.00%	-0.50%	2.60%
Tuesday 07 - Aug	CHN	Tentative	Foreign Reserves	Jul	\$3117.95b	\$3107.00b	\$3112.13b
	GER	13:00	Industrial Production SA MoM	Jun	-0.9%	-0.50%	2.60%
Wednesday 08 - Aug	CHN	Tentative	Trade Balance	Jul	\$28.05b	\$38.90b	\$41.61b
	CHN	Tentative	Imports YoY	Jul	27.30	16.90%	14.10%
	CHN	Tentative	Exports YoY	Jul	12.20%	10.00%	11.30%
	JPN	06:50	BoP Current Account Balance	Jun	¥1175.6	¥1222.2b	¥1938.3b
	USA	18:00	MBA Mortgage Applications	3-Aug	-3.00%	--	-2.60%
Thursday 09 - Aug	JPN	06:50	Core Machine Orders MoM	Jun	-8.80%	-1.00%	-3.70%
	CHN	08:30	PPI YoY	Jul		4.50%	4.70%
	CHN	08:30	CPI YoY	Jul		2.00%	1.90%
	USA	19:30	Initial Jobless Claims	4-Aug		220k	218k
	USA	19:30	PPI Final Demand MoM	Jul		0.20%	0.30%
Friday 10 - Aug	JPN	06:50	PPI YoY	Jul		2.90%	2.80%
	JPN	06:50	GDP SA QoQ	2Q P		0.30%	-0.20%
	JPN	06:50	GDP Annualized SA QoQ	2Q P		1.40%	-0.60%
	UK	15:30	Industrial Production MoM	Jun		0.30%	-0.40%
	UK	15:30	Manufacturing Production MoM	Jun		0.30%	0.40%
	UK	15:30	GDP QoQ	2Q P		0.40%	0.20%
	UK	15:30	GDP YoY	2Q P		1.30%	1.20%
	USA	19:30	CPI MoM	Jul		0.20%	0.10%
	USA	19:30	CPI YoY	Jul		2.90%	2.90%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday 06 - Aug	11:12	GDP QoQ	2Q	4.21%	4.07%	-0.42%
	11:12	GDP YoY	2Q	5.27%	5.12%	5.06%
	Tentative	Consumer Confidence Index	Jul	124.8	--	128.1
Tuesday 07 - Aug	Tentative	Net Foreign Assets IDR	Jul	1667.4t	--	1688.3t
	Tentative	Foreign Reserves	Jul	\$118.31b	--	\$119.80b
Friday 10 - Aug	Tentative	BoP Current Account Balance	2Q		--	-\$5542m

Source: Bloomberg

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