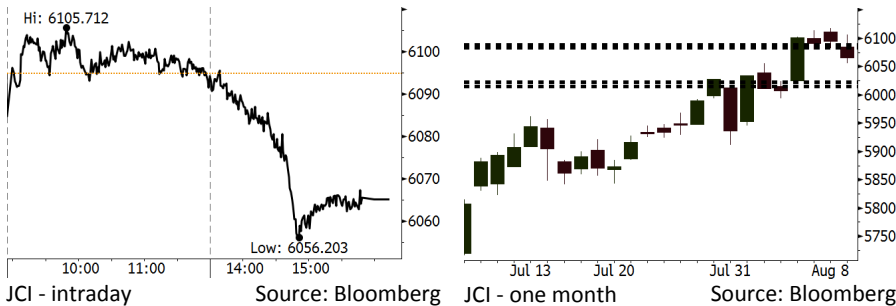


Morning Brief

Daily | Aug 10, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 09	6,065.26
Chg	-29.57pts (-0.49%)
Volume (bn shares)	84.16
Value (IDR tn)	9.66

Adv 125 Dec 253 Unc 233 Untr 117

Foreign Transaction		(IDR bn)
Buy		4,568
Sell		4,632
Net Buy (Sell)		(65)

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	208.4	BBNI	161.1
UNTR	43.3	TLKM	153.8
CPIN	25.7	ADRO	48.3
ASII	23.6	INDY	25.8
BBRI	23.5	PGAS	25.5

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
BBTN	5.3%	INDY	-4.4%
PGAS	4.8%	MEDC	-4.3%
EXCL	3.6%	ELSA	-3.6%
BRPT	3.6%	SMGR	-3.2%
UNTR	1.6%	SCMA	-2.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.64%	-0.07%
USDIDR	14,416	-0.16%
KRWIDR	12.89	-0.08%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,509.23	(74.52)	-0.29%
S&P 500	2,853.58	(4.12)	-0.14%
Nasdaq	7,891.78	3.46	0.04%
FTSE 100	7,741.77	(34.88)	-0.45%
CAC 40	5,502.25	0.35	0.01%
DAX	12,676.11	42.57	0.34%
Nikkei	22,598.39	(45.92)	-0.20%
Hang Seng	28,607.30	248.16	0.88%
Shanghai	2,794.38	50.31	1.83%
KOSPI	2,303.71	2.26	0.10%
EIDO	24.42	(0.04)	-0.16%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,212.5	(1.4)	-0.12%
Crude Oil (USD /bbl)	66.81	(0.13)	-0.19%
Coal Newcas(USD/ton)	108.70	0.10	0.09%
Gas (USD /mmbtu)	2.96	0.01	0.20%
Nickel LME (USD /MT)	13,885	(165.0)	-1.17%
Tin LME (USD /MT)	19,570	170.0	0.88%
CPO (MYR/Ton)	2,246	(12.0)	-0.53%

Indonesian Market Recap

JCI closed lower yesterday amid the release of June's retail sales data. Investors awaited the announcement of candidates of Presidents and Vice Presidents. **Top Losers: Agriculture (-1.35%), Mining (-1.33%), Basic Industry (-1.09%)**

Today's Outlook: Release of Current Account Deficit

We estimate JCI to move at lower pace with the **support range of 6015-6023** and **resistance range of 6083-6089**. Investors await the 2Q18's current account trade data to be release in this evenings. In the 1Q18, Indonesia suffered from the current account deficit of USD5.5 billion or 2.15% of GDP. The 2Q18's massive domestic consumption likely widens the current account deficit. On the other side, the political uncertainty starts to subdue after the announcement of candidates to run in the 2019's Presidential Election.

Stocks Recommendation (details on the next page)

Trading Buy: ASII, BBTN, TINS

Global Market

United States

The U.S. stocks ended mixed yesterday. Investors shifted their focuses from trade war issue to the 2Q18's strong quarter earnings.

Europe

European stocks moved mixed amid the release of quarter reports. The U.S. decided to impose sanctions on Russia.

Asia

Asia stocks notched higher. China's stocks posted more-than-one-percent gain.

Company News

- UNTR : Takes Over Martabe Gold Mine
- ISAT : Posts Decline of 26.8% in Revenue
- AKRA : Targets BBM Distribution of 2.2 Million KL
- JSMR : Is Optimistic about Achieving Its Operational Target

Domestic & Global News

- Announcement of Candidates of Presidents and Vice Presidents
- China's July PPI Slows but CPI Accelerate

Indonesia Economic Data

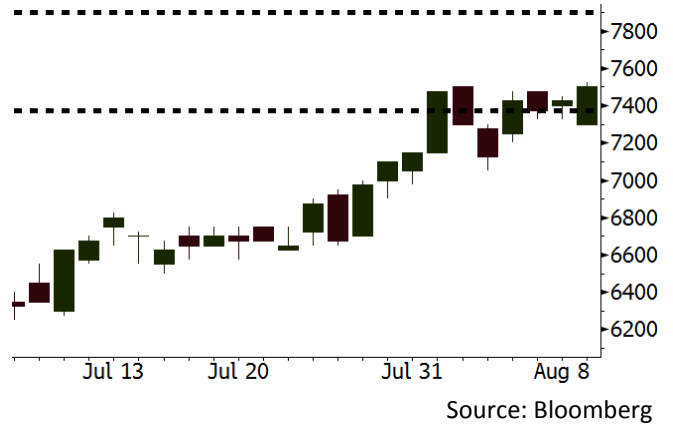
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports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

ASII Last = 7500

Analysis ASII's stock valuation is still attractive as it is traded at a P/E of 15.3x lower than the last 2-year P/E of 19.6x.

Range 7375 - 7900

Action Trading Buy. Cut Loss If Below 7375

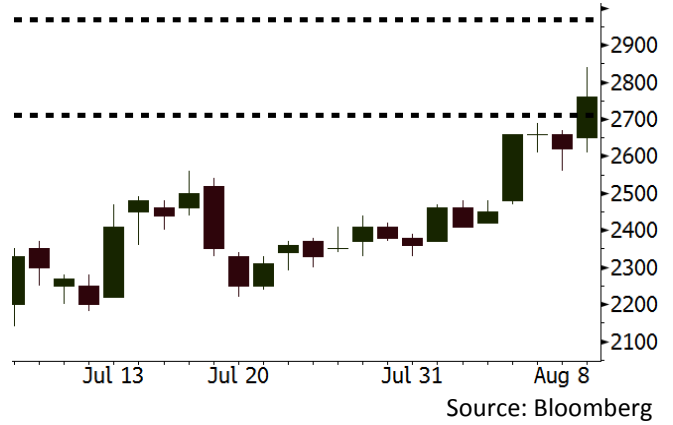


BBTN Last = 2760

Analysis BBTN is having the credit growth of 19% a steep higher than the credit growth of 10% in banking industry. However, its P/B valuation of 1.3x is a steep lower than other big cap.'s valuations.

Range 2710 - 2970

Action Trading Buy. Cut Loss If Below 2710

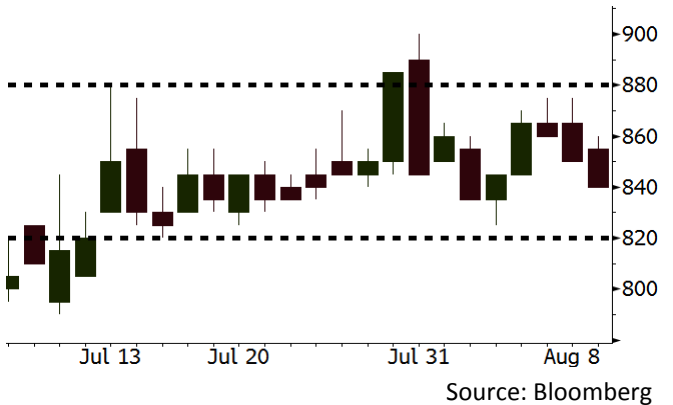


TINS Last = 840

Analysis China's policy to impose retaliation tariff of 25% on copper imported from the U.S. raises expectancy that China likely hikes metals imported from other countries.

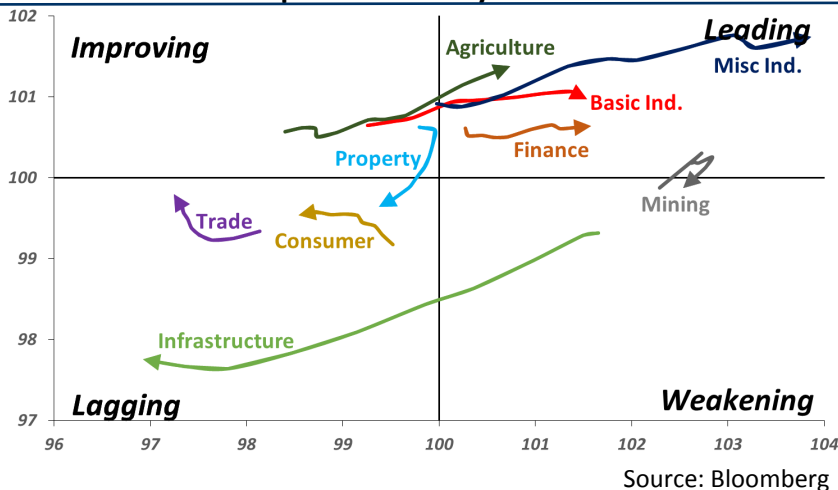
Range 820 - 880

Action Trading buy. Cut Loss If Below 820



Sector Rotation

Relative Rotation Graph - Last 10 Days



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	6,065	6,356				4.1	6,862.4							
Finance						12.0	2,051.5							
BBCA	24,100	21,900	25,400	Hold	5.4	28.0	594.2	24.6x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,330	3,640	3,510	Hold	5.4	11.0	410.7	13.4x	2.5x	19.6	3.2	#N/A	N/A	1.4
BMRI	7,275	8,000	10,300	Buy	41.6	9.2	339.5	14.5x	2.0x	14.5	2.7	(0.5)	28.7	1.3
BBNI	7,950	9,900	9,675	Buy	21.7	9.3	148.3	10.1x	1.5x	15.5	3.2	11.8	16.2	1.3
BBTN	2,760	3,570	3,280	Buy	18.8	0.7	29.2	9.2x	1.3x	15.1	2.1	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(7.8)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						1.5	1,363.9							
HMSP	3,740	4,730	4,575	Buy	22.3	9.4	435.0	34.2x	15.7x	46.0	2.9	5.5	1.9	1.4
GGRM	76,000	83,800	88,650	Buy	16.6	13.6	146.2	18.9x	3.3x	18.2	3.4	10.1	0.1	1.3
UNVR	43,000	55,900	44,200	Hold	2.8	(10.5)	328.1	47.5x	65.5x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,975	8,900	9,625	Hold	7.2	8.1	104.7	26.2x	5.3x	21.3	1.8	5.4	9.5	1.2
INDF	6,425	7,625	8,175	Buy	27.2	(24.0)	56.4	14.7x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,275	1,690	1,730	Buy	35.7	(26.7)	59.8	24.9x	4.5x	18.9	2.0	3.1	(0.0)	1.2
KAEF	2,400	2,700	3,280	Buy	36.7	(26.8)	13.3	37.7x	5.3x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(15.0)	721.16							
TLKM	3,490	4,399	4,600	Buy	31.8	(25.2)	351.8	18.4x	4.0x	22.1	4.8	0.5	(28.1)	0.8
EXCL	3,160	2,960	3,800	Buy	20.3	(8.4)	33.8	231.9x	1.6x	0.7	N/A	1.0	N/A	1.2
ISAT	3,440	4,800	6,750	Buy	96.2	(49.0)	18.7	N/A	1.5x	(2.6)	2.1	(26.8)	N/A	0.9
JSMR	4,870	6,400	6,050	Buy	24.2	(12.6)	35.3	15.9x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,700	6,425	6,050	Hold	6.1	(17.4)	25.8	11.2x	8.1x	92.7	3.0	8.4	16.1	0.6
INDY	3,250	3,060	5,000	Buy	53.8	251.4	16.9	3.2x	1.2x	46.6	3.3	263.6	166.7	0.8
Trade						(6.8)	745.9							
UNTR	36,600	35,400	42,350	Buy	15.7	20.3	136.5	14.4x	2.8x	20.6	2.4	32.3	60.0	1.0
AKRA	4,260	6,350	8,025	Buy	88.4	(35.5)	17.1	24.4x	2.0x	22.2	5.2	21.6	(34.8)	1.3
SCMA	2,020	2,480	2,700	Buy	33.7	(17.6)	29.5	22.1x	7.0x	32.5	3.7	2.6	0.7	1.0
MNCN	1,035	1,285	1,550	Buy	49.8	(31.7)	14.8	10.3x	1.4x	14.6	1.4	1.8	(9.2)	1.1
LPPF	6,500	10,000	11,250	Buy	73.1	(40.1)	19.0	9.9x	8.1x	93.0	7.0	3.1	0.4	1.1
ACES	1,450	1,155	1,635	Hold	12.8	33.6	24.9	28.2x	7.0x	26.3	1.6	22.6	30.0	0.9
RALS	1,350	1,200	1,400	Hold	3.7	40.6	9.6	17.3x	2.4x	14.6	3.0	0.9	31.8	0.8
MAPI	900	620	945	Hold	5.0	32.4	14.9	25.5x	3.3x	15.5	0.4	18.0	183.0	0.9
Property						(11.0)	385.5							
BSDE	1,260	1,700	1,850	Buy	46.8	(31.9)	24.3	7.3x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	555	685	625	Hold	12.6	(18.4)	26.7	12.7x	2.4x	20.5	1.1	14.4	25.4	1.2
CTRA	970	1,185	1,130	Buy	16.5	(16.4)	18.0	24.6x	1.4x	5.6	1.5	(0.8)	(49.0)	1.3
SMRA	745	945	1,050	Buy	40.9	(32.0)	10.7	32.2x	1.6x	5.2	0.7	(2.5)	(40.0)	1.4
WSKT	2,030	2,210	2,810	Buy	38.4	(12.1)	27.6	4.7x	1.6x	39.6	2.8	47.3	134.6	1.3
PTPP	1,990	2,640	3,850	Buy	93.5	(33.7)	12.3	9.1x	1.1x	12.5	2.4	17.0	(16.3)	1.3
WIKA	1,640	1,550	2,150	Buy	31.1	(20.4)	14.7	11.5x	1.1x	10.5	1.6	36.8	18.7	0.9
ADHI	1,670	1,885	2,160	Buy	29.3	(20.1)	5.9	10.4x	1.0x	10.1	1.7	39.7	282.5	1.0
Misc Ind.						(4.8)	382.5							
ASII	7,500	8,300	9,300	Buy	24.0	(5.4)	303.6	15.3x	2.4x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						32.9	639.4							
INTP	14,875	21,950	21,575	Buy	45.0	(21.2)	54.8	41.7x	2.5x	5.7	4.7	(0.9)	(60.6)	1.4
SMGR	8,325	9,900	11,550	Buy	38.7	(23.6)	49.4	26.1x	1.7x	6.6	1.6	4.7	(10.9)	1.2
CPIN	4,880	3,000	4,200	Hold	(13.9)	73.7	80.0	23.5x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,180	1,300	2,000	Hold	(8.3)	91.2	25.6	15.4x	2.8x	18.3	2.3	18.2	142.5	0.8
MAIN	1,400	740	780	Sell	(44.3)	53.0	3.1	21.7x	1.8x	4.1	2.7	13.5	350.0	1.1
KRAS	416	424	500	Buy	20.2	(27.7)	8.0	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,200	6,000	6,275	Buy	20.7	0.4	92.7	22.3x	3.7x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,885	2,260	2,420	Buy	28.4	3.6	33.5	23.3x	1.7x	8.9	1.3	9.8	(7.3)	1.0
Mining						40.7	472.1							
ADRO	1,935	1,860	2,500	Buy	29.2	4.6	61.9	9.3x	1.2x	13.6	5.6	5.1	(23.4)	1.0
PTBA	4,800	2,460	5,375	Hold	12.0	78.1	55.3	9.5x	4.0x	43.4	6.6	17.4	49.1	0.9
ITMG	28,125	20,700	32,400	Buy	15.2	39.6	31.8	8.5x	2.5x	29.2	11.2	2.8	0.0	1.1
INCO	4,380	2,890	3,550	Sell	(18.9)	67.8	43.5	78.1x	1.6x	1.9	N/A	28.3	N/A	1.1
ANTM	910	625	985	Hold	8.2	30.0	21.9	58.2x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	840	775	1,240	Buy	47.6	-	6.3	12.6x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	374	372	625	Buy	67.1	39.6	2.7	7.6x	0.9x	12.1	1.4	46.5	783.3	1.4
Agriculture						(9.8)	100.3							
AALI	12,700	13,150	14,800	Buy	16.5	(16.2)	24.4	14.0x	1.3x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,265	1,420	1,380	Hold	9.1	(9.3)	8.6	16.3x	1.1x	6.6	3.6	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNTR : Takes Over Martabe Gold Mine

UNTR took over gold mine, Martabe located in North Sumatra through the acquisition of 95% stocks ownership of PT Agincourt Resources. The acquisition is one of UNTR's strategy in mining business diversification beyond coal mine. The acquisition was worth USD917.9 million and the loan facilitated to PT Agincourt Resources was USD325 million. These corporate actions likely beef up the amount of UNTR's assets by 5% to IDR88.66 trillion. (Kontan)

AKRA : Targets BBM Distribution of 2.2 Million KL

AKRA targets BBM (fuel) distribution to edge up by 10% to 2.2 million kilo liter until the end-2018 thanks to the mining sector's robust performance. In the 1H18, it posted the growth of 21.63% y-y to IDR11.21 trillion in revenue whose 72.73% was contributed by BBM distribution. Of note 90% of AKRA's BBM was distributed to industry segment. (Bisnis Indonesia)

ISAT : Posts Decline of 26.8% in Revenue

ISAT posted the 1H18's loss of IDR693.7 billion attributed to its parent entity. The loss was in contrast to the 1H17's profit of IDR784.2 billion. The loss was attributable to the decline of 26.8% y-y to IDR11.07 trillion in revenue. In details, the decline in call, SMS, VAS, and interconnection revenues suppressed the cellular revenue by 31.3% y-y to IDR8.65 trillion. However, it is optimistic about the 2H18's rosier revenue. (Bisnis Indonesia)

JSMR : Optimistic about Achieving Its Operational Target

JSMR is optimistic that if the Trans Jawa projects can be completed at the soonest, it likely operates the 1,000-km toll road in 2018. The Trans Jawa projects cover Batang-Semarang, Salatiga-Kartasura, Wilangan-Kertosono, and Gempol-Pasuruan toll roads. Now, JSMR operates nearly 787-km toll roads and dominates 1,527-km toll road concession. (Kontan)

Domestic & Global News

Announcement of Candidates of Presidents and Vice Presidents

Indonesian President Joko Widodo picked Ma'ruf Amin, the head of the nation's influential clerics' council, as his running mate for next year's election, setting the stage for a rerun of the 2014 race with former general Prabowo Subianto. The duo will fight Subianto, who leads Indonesia's main opposition party Gerindra, and is paired with incumbent Jakarta Deputy Governor Sandiaga Uno. (Bloomberg)

China's July PPI Slows but CPI Accelerate

The producer price index (PPI) a gauge of factory gate inflation rose 4.6 percent in July from a year earlier, compared with an acceleration to 4.7 percent in June, according to the National Bureau of Statistics (NBS). The consumer price index (CPI) rose 2.1 percent from a year earlier, beating expectations of 1.9 percent which was unchanged from June's growth, but still within the government's comfort zone of 3 percent. (Reuters)

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	4.60%	4.50%	4.70%
	CHN	08:30	CPI YoY	Jul	2.10%	2.00%	1.90%
	USA	19:30	Initial Jobless Claims	4-Aug	213k	220k	218k
	USA	19:30	PPI Final Demand MoM	Jul	0.00%	0.20%	0.30%
Friday 10 - Aug	JPN	06:50	PPI YoY	Jul	3.10%	2.90%	2.80%
	JPN	06:50	GDP SA QoQ	2Q P	0.50%	0.30%	-0.20%
	JPN	06:50	GDP Annualized SA QoQ	2Q P	1.90%	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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