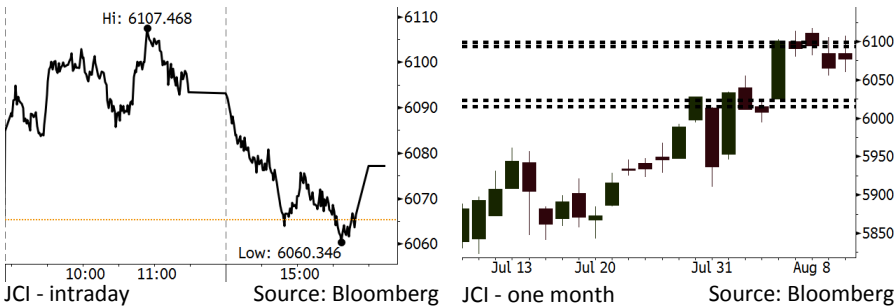


Morning Brief

Daily | Aug 13, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 10	6,077.17
Chg	+11.92pts (+0.20%)
Volume (bn shares)	71.26
Value (IDR tn)	6.51

Adv 171 Dec 194 Unc 246 Untr 118

Foreign Transaction (IDR bn)	
Buy	1,946
Sell	2,596
Net Buy (Sell)	(650)

Top Buy	NB Val.	Top Sell	NS Val.
LPPF	32.1	BBCA	158.3
BBRI	27.6	UNTR	102.7
PTBA	27.1	TLKM	92.3
INKP	20.8	BBNI	91.7
BDMN	18.7	ADRO	49.2

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
BRPT	5.6%	MNCN	-4.4%
WSKT	3.9%	EXCL	-2.9%
WIKA	3.1%	LPKR	-2.2%
LPPF	2.7%	INCO	-2.1%
ELSA	2.1%	INDY	-1.9%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.70%	0.05%	
USDIDR	14,478	0.43%	
KRWIDR	12.83	-0.47%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,313.14	(196.09)	-0.77%
S&P 500	2,833.28	(20.30)	-0.71%
Nasdaq	7,839.11	(52.67)	-0.67%
FTSE 100	7,667.01	(74.76)	-0.97%
CAC 40	5,414.68	(87.57)	-1.59%
DAX	12,424.35	(251.76)	-1.99%
Nikkei	22,298.08	(300.31)	-1.33%
Hang Seng	28,366.62	(240.68)	-0.84%
Shanghai	2,795.31	0.93	0.03%
KOSPI	2,282.79	(20.92)	-0.91%
EIDO	24.00	(0.42)	-1.72%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,210.6	(1.9)	-0.16%
Crude Oil (USD /bbl)	67.63	0.82	1.23%
Coal Newcas(USD/ton)	112.00	0.30	0.27%
Gas (USD /mmbtu)	2.94	(0.01)	-0.37%
Nickel LME (USD /MT)	13,820	(65.0)	-0.47%
Tin LME (USD /MT)	19,500	(70.0)	-0.36%
CPO (MYR/Ton)	2,242	(4.0)	-0.18%

Indonesian Market Recap

JCI closed flat on Friday, 08/13/2018. Investors eyed on the current account data released by Bank Indonesia. **Top Gainers: Property (+1.09%), Consumer (+0.74%), Finance (+0.34%)**

Today's Outlook: Widening Current Account Deficit

We estimate JCI to move at modest pace with the **support range of 6015-6023** and **resistance range of 6094-6099**. The negative sentiment from the domestic outlook is the 2Q18's trade balance deficit reaching 3% of GDP likely causing JCI to be bearish. Such backdrop demands the government's concerted commitment to overcome the trend of soaring import. Meanwhile, the negative sentiment from the global outlook derives from the worries over the Turkish economy and its deteriorating ties with the U.S.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, ADRO, BBNI

Global Market

United States

The U.S. market closed lower on Friday, 08/10/18 amid topping-14% Lira depreciation against USD.

Europe

European stocks ended lower on Friday, 08/10/18. ECB's worries over the lira depreciation suppressed Euro.

Asia

Asia market closed lower on Friday, 08/13/18. Investors jittered on the escalating tension of trade war between the U.S. and China.

Company News

- ITMG : Ploughs USD30 Million on Concession Acquisition
- TOWR : Absorbs Capital Expenditure of IDR1.1 Trillion
- SOCI : Is Rated Lower into Negative
- TPMA : Business Expansion Is Halted by Bank Loan

Domestic & Global News

- 2Q18 Current Account Hits 3% of GDP
- Turkish Lira Plunges to New Record Low in Asia Pacific Trade

Indonesia Economic Data

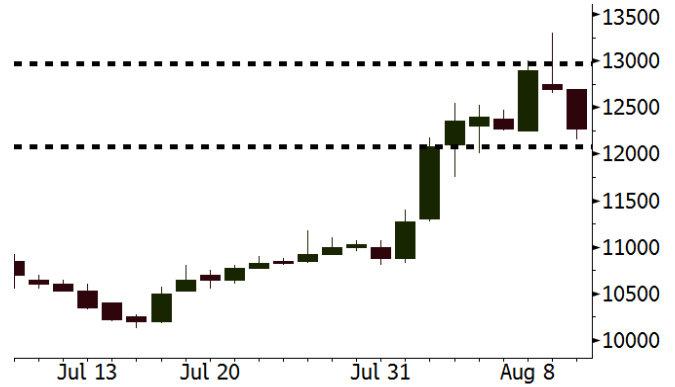
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	124.80	128.10

AAII Last = 12275

Analysis The government's concerted call for the B20 mandatory use with a view to reducing imports likely stimulates CPO industry. On the other side, the trade war between the U.S. and China causes China's soy imports to decline. Such backdrop is a logical takeaway for the soaring demand for CPO.

Range 12075 - 12975

Action Trading Buy. Cut Loss If Below 12075



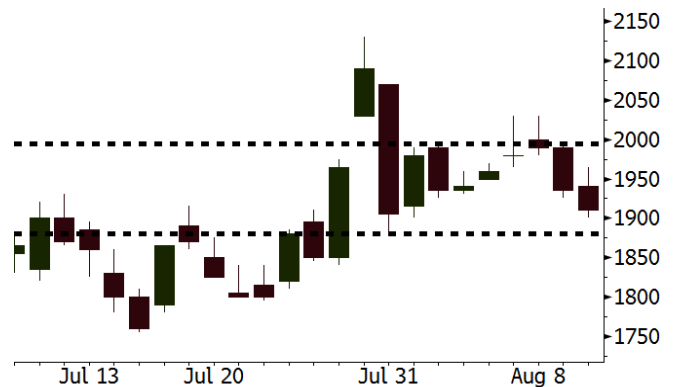
Source: Bloomberg

ADRO Last = 1910

Analysis Global coal price remains soaring further. It is underpinned by the dry season in China so that the demand for coal hikes.

Range 1880 - 1995

Action Trading Buy. Cut Loss If Below 1880



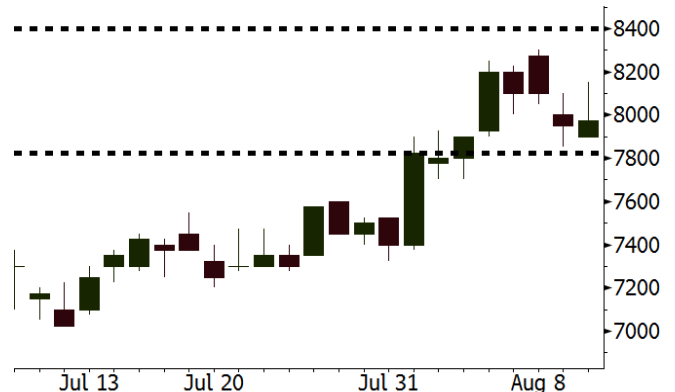
Source: Bloomberg

BBNI Last = 7975

Analysis BBNI's performance was better in the 2Q18. The trend of lagging credit growth subdued. The non-performing loan (NPL) ratio consistently declined, the net interest margin (NIM) recovered. Such better performance likely underpins net profit to accelerate further.

Range 7825 - 8400

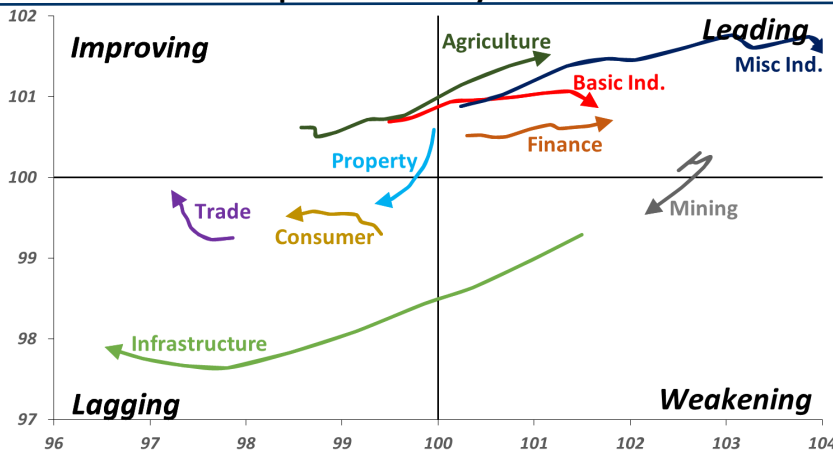
Action Trading buy. Cut Loss If Below 7825



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	6,077	6,356				5.4	6,875.6							
Finance						13.3	2,058.6							
BBCA	23,875	21,900	25,400	Hold	6.4	27.8	588.6	24.3x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,390	3,640	3,510	Hold	3.5	13.0	418.1	13.7x	2.6x	19.6	3.1	#N/A	N/A	1.4
BMRI	7,350	8,000	10,300	Buy	40.1	11.4	343.0	14.7x	2.1x	14.5	2.7	(0.5)	28.7	1.3
BBNI	7,975	9,900	9,675	Buy	21.3	9.6	148.7	10.2x	1.5x	15.5	3.2	11.8	16.2	1.3
BBTN	2,810	3,570	3,280	Buy	16.7	3.7	29.8	9.3x	1.3x	15.1	2.0	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(6.5)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						3.2	1,373.9							
HMSP	3,770	4,730	4,575	Buy	21.4	11.9	438.5	34.5x	15.8x	46.0	2.8	5.5	1.9	1.3
GGRM	77,000	83,800	88,650	Buy	15.1	16.8	148.2	19.1x	3.4x	18.2	3.4	10.1	0.1	1.3
UNVR	43,550	55,900	44,200	Hold	1.5	(8.3)	332.3	48.1x	66.3x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,975	8,900	9,625	Hold	7.2	7.5	104.7	26.2x	5.3x	21.3	1.8	5.4	9.5	1.2
INDF	6,400	7,625	8,175	Buy	27.7	(22.4)	56.2	14.6x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(25.2)	60.5	25.2x	4.5x	18.9	1.9	3.1	(0.0)	1.2
KAEF	2,410	2,700	3,280	Buy	36.1	(25.4)	13.4	37.8x	5.3x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(14.5)	720.19							
TLKM	3,500	4,399	4,600	Buy	31.4	(24.5)	352.8	18.5x	4.0x	22.1	4.8	0.5	(28.1)	0.9
EXCL	3,070	2,960	3,800	Buy	23.8	(9.4)	32.8	225.3x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,450	4,800	6,750	Buy	95.7	(48.7)	18.7	N/A	1.5x	(2.6)	2.1	(26.8)	N/A	0.9
JSMR	4,950	6,400	6,050	Buy	22.2	(10.0)	35.9	16.1x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	5,725	6,425	6,050	Hold	5.7	(13.9)	25.9	11.2x	8.2x	92.7	3.0	8.4	16.1	0.6
INDY	3,190	3,060	5,000	Buy	56.7	262.5	16.6	3.1x	1.2x	46.6	3.4	263.6	166.7	0.7
Trade						(5.7)	747.0							
UNTR	36,275	35,400	42,350	Buy	16.7	22.6	135.3	14.3x	2.7x	20.6	2.5	32.3	60.0	1.1
AKRA	4,270	6,350	8,025	Buy	87.9	(34.6)	17.1	24.4x	2.1x	22.2	5.2	21.6	(34.8)	1.3
SCMA	2,040	2,480	2,700	Buy	32.4	(13.2)	29.8	22.3x	7.0x	32.5	3.7	2.6	0.7	1.0
MNCN	990	1,285	1,550	Buy	56.6	(31.3)	14.1	9.9x	1.3x	14.6	1.5	1.8	(9.2)	1.2
LPPF	6,675	10,000	11,250	Buy	68.5	(36.3)	19.5	10.2x	8.3x	93.0	6.9	3.1	0.4	1.1
ACES	1,470	1,155	1,635	Hold	11.2	38.0	25.2	28.6x	7.1x	26.3	1.6	22.6	30.0	1.0
RALS	1,360	1,200	1,400	Hold	2.9	43.9	9.7	17.5x	2.5x	14.6	2.9	0.9	31.8	0.8
MAPI	880	620	945	Hold	7.4	30.9	14.6	24.9x	3.3x	15.5	0.5	18.0	183.0	0.9
Property						(8.7)	389.7							
BSDE	1,265	1,700	1,850	Buy	46.2	(28.5)	24.3	7.3x	0.9x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	540	685	625	Buy	15.7	(16.3)	26.0	12.4x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	990	1,185	1,130	Hold	14.1	(11.6)	18.4	25.2x	1.4x	5.6	1.4	(0.8)	(49.0)	1.3
SMRA	735	945	1,050	Buy	42.9	(30.3)	10.6	31.8x	1.6x	5.2	0.7	(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	1,995	2,640	3,850	Buy	93.0	(32.6)	12.4	9.1x	1.1x	12.5	2.3	17.0	(16.3)	1.3
WIKA	1,690	1,550	2,150	Buy	27.2	(15.9)	15.2	11.8x	1.2x	10.5	1.6	36.8	18.7	0.9
ADHI	1,675	1,885	2,160	Buy	29.0	(18.7)	6.0	10.5x	1.0x	10.1	1.7	39.7	282.5	1.0
Misc Ind.						(4.2)	377.4							
ASII	7,400	8,300	9,300	Buy	25.7	(4.8)	299.6	15.0x	2.3x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						35.3	640.5							
INTP	14,900	21,950	21,575	Buy	44.8	(19.2)	54.9	41.8x	2.5x	5.7	4.7	(0.9)	(60.6)	1.4
SMGR	8,400	9,900	11,550	Buy	37.5	(21.3)	49.8	26.4x	1.7x	6.6	1.6	4.7	(10.9)	1.2
CPIN	4,840	3,000	4,200	Hold	(13.2)	77.3	79.4	23.3x	4.6x	21.3	1.2	2.7	59.1	1.0
JPFA	2,190	1,300	2,000	Hold	(8.7)	94.7	25.7	15.5x	2.9x	18.3	2.3	18.2	142.5	0.8
MAIN	1,360	740	780	Sell	(42.6)	49.5	3.0	21.1x	1.7x	4.1	2.8	13.5	350.0	1.1
KRAS	416	424	500	Buy	20.2	(26.4)	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	1.6	92.7	22.2x	3.7x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,990	2,260	2,420	Buy	21.6	12.4	35.4	24.4x	1.8x	8.9	1.2	9.8	(7.3)	1.0
Mining						40.9	469.8							
ADRO	1,910	1,860	2,500	Buy	30.9	4.9	61.1	9.2x	1.2x	13.6	5.7	5.1	(23.4)	1.0
PTBA	4,890	2,460	5,375	Hold	9.9	83.8	56.3	9.7x	4.1x	43.4	6.5	17.4	49.1	1.0
ITMG	27,800	20,700	32,400	Buy	16.5	39.3	31.4	8.5x	2.3x	27.6	11.3	8.0	(10.0)	1.1
INCO	4,290	2,890	3,550	Sell	(17.2)	68.2	42.6	76.1x	1.6x	1.9	N/A	28.3	N/A	1.1
ANTM	895	625	985	Hold	10.1	29.7	21.5	57.3x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	845	775	1,240	Buy	46.7	2.4	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.0
ELSA	382	372	625	Buy	63.6	49.2	2.8	7.7x	0.9x	12.1	1.3	46.5	783.3	1.4
Agriculture						(11.6)	98.4							
AALI	12,275	13,150	14,800	Buy	20.6	(18.2)	23.6	13.5x	1.3x	9.7	3.8	8.9	(23.3)	0.6
LSIP	1,215	1,420	1,380	Hold	13.6	(12.0)	8.3	15.7x	1.0x	6.6	3.7	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ITMG : Ploughs USD30 Million on Concession Acquisition

ITMG allocated funds from its internal cash of USD30 million to take over one of Central Kalimantan-based mining concession. The acquisition in form of stock sale-purchase agreement aims at taking over the mining concession of PT Nusa Perdana Resources. The Central Kalimantan-based mine has the coal reserves of 77.4 tons with 5,500 Kcal/kg. (Bisnis Indonesia)

TOWR : Absorbs Capital Expenditure of IDR1.1 Trillion

TOWR absorbed the capital expenditure of IDR1.1 trillion in 1H18 of the budget of IDR2 trillion. The funds spent on building new towers, towers maintenance, and payment of rental fee to the land owners; and ploughed into non-tower expenditure such as VSAT and fiber optics. Besides, it also took over PT Komet Infra Nusantara worth IDR1.4 trillion of investment. (Kontan)

SOCI : Is Rated Lower into Negative

SOCI's outlook rated lower by Moody's from stable to negative. The downgrade outlook was attributable to the 1H18's aggressive hike in debt from USD49 million to USD296 million. The debt spent on the acquisition of the Very Large Gas Carrier (VLGC) and conversion of one tanker into Floating Storage and Offloading vessel (FSO). (Bisnis Indonesia)

TPMA : Business Expansion Is Halted by Bank Loan

TPMA stated that the banking debtor's doubt of coal shipment industry was a setback for its business expansion. It planned to add 6 vessels for shipping coal. The 6 vessels are 300-feet vessel with the loading capacity of 7,500 to 10,000 tons. (Kontan)

Domestic & Global News

2Q18 Current Account Hits 3% of GDP

Bank Indonesia (BI) posted the higher current account deficit of USD 8 billion equal to 3% of GDP or the highest since the 2Q14. The figures were higher than the previous quarter's deficit of USD5.7 billion or 2.2% of GDP. The statistic department of BI stated that the higher current account deficit was attributable to the decline in non-oil and gas trade balance surplus amid the higher oil and gas trade balance deficit. (CNBC Indonesia)

Turkish Lira Plunges to New Record Low in Asia Pacific Trade

The Turkish lira sank to a fresh record low of 7.24 to the dollar in early Asia Pacific trade, as investor worries over the state of the economy and deteriorating ties with the United States continued to drag down the currency. The Turkish lira has lost about 40 percent of its value this year, largely over worries about President Tayyip Erdogan's influence over the economy, his repeated calls for lower interest rates in the face of high inflation, and a row with the United States. (Reuters)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	CHN	09:00	Industrial Production YoY	Jul		6.30%	6.00%
<i>14 - Aug</i>	JNP	11:30	Industrial Production MoM	Jun			-2.10%
	GER	13:00	GDP SA QoQ	2Q			0.30%
	GER	13:00	CPI MoM	Jul			0.30%
	GER	13:00	CPI YoY	Jul			2.00%
	UK	15:30	Jobless Claims Change	Jul			7.8k
	UK	15:30	ILO Unemployment Rate 3Mths	Jun			4.20%
	GER	16:00	ZEW Survey Current Situation	Aug			72.4
	GER	16:00	ZEW Survey Expectations	Aug			-24.7
	EU	16:00	GDP SA QoQ	2Q			0.30%
	EU	16:00	GDP SA YoY	2Q			2.10%
Wednesday	UK	15:30	CPI MoM	Jul			0.00%
<i>15 - Aug</i>	UK	15:30	CPI YoY	Jul			2.40%
	UK	15:30	CPI Core YoY	Jul			1.90%
	USA	18:00	MBA Mortgage Applications	10-Aug			-3.00%
	USA	19:30	Retail Sales Advance MoM	Jul		0.10%	0.50%
	USA	20:15	Industrial Production MoM	Jul		0.40%	0.60%
Thursday	USA	19:30	Initial Jobless Claims	11-Aug			213k
<i>16 - Aug</i>	USA	19:30	Housing Starts	Jul		1273k	1173k
Friday	EU	16:00	CPI YoY	Jul		2.00%	2.00%
<i>17 - Aug</i>	EU	16:00	CPI MoM	Jul		0.10%	0.10%
	USA	21:00	U. of Mich. Sentiment	Aug		97.9	97.9

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Wednesday	11:00	Imports YoY	Jul		14.20%	12.66%
<i>15 - Aug</i>	11:00	Exports YoY	Jul		15.00%	11.47%
	11:00	Trade Balance	Jul		-\$716m	\$1743m
	Tentative	Bank Indonesia 7D Reverse Repo	15-Aug		5.25%	5.25%

Source: Bloomberg

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