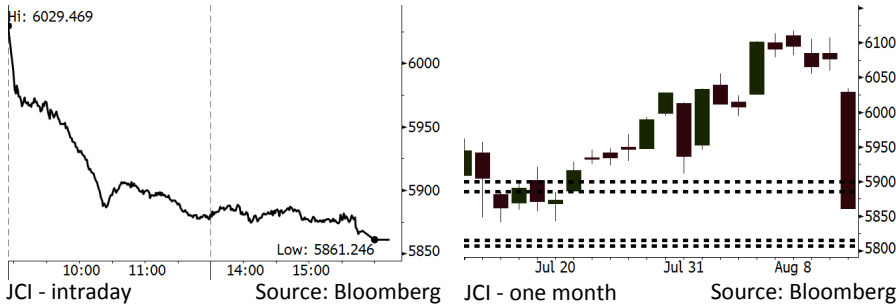


Morning Brief

Daily | Aug 14, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 13	5,861.25
Chg	-215.93pts (-3.55%)
Volume (bn shares)	89.16
Value (IDR tn)	7.94

Adv 43 Dec 382 Unc 186 Untr 113

Foreign Transaction (IDR bn)

Buy	2,072
Sell	2,719
Net Buy (Sell)	(647)

Top Buy NB Val. Top Sell NS Val.

INKP	39.9	BBRI	222.2
LPPF	22.1	TLKM	173.2
BDMN	17.9	BBNI	164.6
CPIN	15.3	BMRI	127.5
INDY	15.0	BBCA	104.4

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BJBR	0.0%	BBRI	-7.4%
PTBA	-0.8%	BBNI	-7.2%
TPIA	-1.0%	EXCL	-7.2%
BSDE	-2.0%	PGAS	-7.0%
UNVR	-2.2%	WSKT	-6.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.94%	0.24%
USDIDR	14,608	0.90%
KRWIDR	12.88	0.39%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,187.70	(125.44)	-0.50%
S&P 500	2,821.93	(11.35)	-0.40%
Nasdaq	7,819.71	(19.40)	-0.25%
FTSE 100	7,642.45	(24.56)	-0.32%
CAC 40	5,412.32	(2.36)	-0.04%
DAX	12,358.74	(65.61)	-0.53%
Nikkei	21,857.43	(440.65)	-1.98%
Hang Seng	27,936.57	(430.05)	-1.52%
Shanghai	2,785.87	(9.44)	-0.34%
KOSPI	2,248.45	(34.34)	-1.50%
EIDO	22.78	(1.22)	-5.08%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,193.5	(17.1)	-1.41%
Crude Oil (USD /bbl)	67.20	(0.43)	-0.64%
Coal Newcas(USD/ton)	110.40	1.50	1.38%
Gas (USD /mmbtu)	2.93	(0.01)	-0.48%
Nickel LME (USD /MT)	13,555	(265.0)	-1.92%
Tin LME (USD /MT)	19,395	(105.0)	-0.54%
CPO (MYR/Ton)	2,204	(38.0)	-1.69%

Indonesian Market Recap

JCI ended at a steep plunge as the current account deficit ballooned to USD8 billion. **Top Losers: Mining (-4.98%), Finance (-4.16%), Basic Industry (-4.03%)**

Today's Outlook: Concerted Efforts to Recover Forex Reserves

We estimate JCI to move at modest pace with the **support range of 5807-5815** and **resistance range of 5885-5900**. The Indonesia government holds a Cabinet meeting with the agenda for the meeting of drafting policies strengthening forex reserves. The government makes a concerted efforts to avoid from looming domino effect by beefing up its forex reserves despite of the pressure on current trade balance and rupiah depreciation. Investors also need to keep their eye on July's trade balance data to be release on 08/15/18.

Stocks Recommendation (details on the next page)

Trading Buy: ANTM, BSDE, LPPF

Global Market

United States

The U.S. stocks notched lower as investors worried over the financial crisis in Turkey.

Europe

European stocks snapped lower amid Turkey's deterioration economy sparked contagious fears to European economies.

Asia

Asia stocks closed lower along with lira exchange rate for U.S. dollar plunged to its lowest level.

Company News

- WSBP : Whittles Away 2018's New Contract Target
- KLBF : Hikes Selling Price to 4%
- PALM : Posts Steep Plunge in 1H18's Net Profit
- SAFE : Expands Its Business Outside Jakarta

Domestic & Global News

- Government Calls PLN to Cancel Imports
- Argentina Hikes Benchmark Rate to the Highest Level of 45%

Indonesia Economic Data

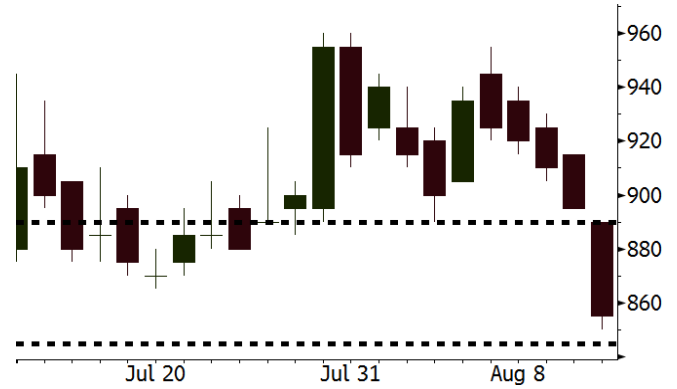
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	124.80	128.10

ANTM Last = 855

Analysis The government's concerted efforts to beef up forex reserves will have positive impacts on exports-based companies such as ANTM. The exports' regulations and requirements are less demanding.

Range 845 - 890

Action Trading Buy. Cut Loss If Below 845



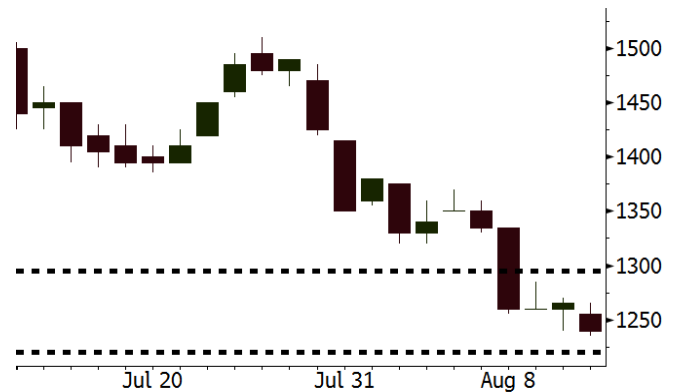
Source: Bloomberg

BSDE Last = 1240

Analysis The steep plunge in BSDE's stocks since June 2018 makes BSDE's stocks attractive. Now its stocks are traded at a P/B of 0.9x a steep lower than the last 5-year average of 2.0x.

Range 1220 - 1295

Action Trading Buy. Cut Loss If Below 1220



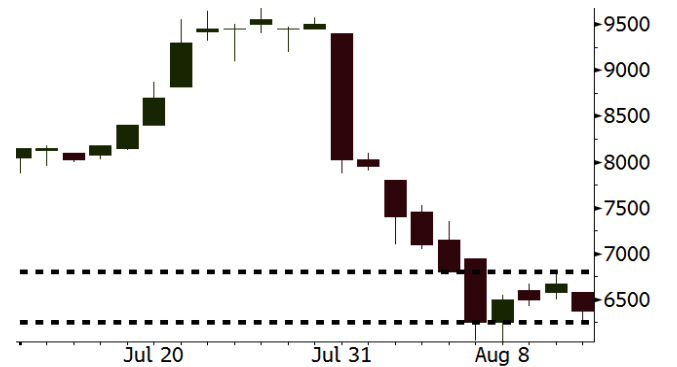
Source: Bloomberg

LPPF Last = 6375

Analysis JCI's steep decline had no significant impact on LPPF's stocks having an attractive valuation with P/E of 9.7x lower than the last 2-year average of 18.4x.

Range 6250 - 6800

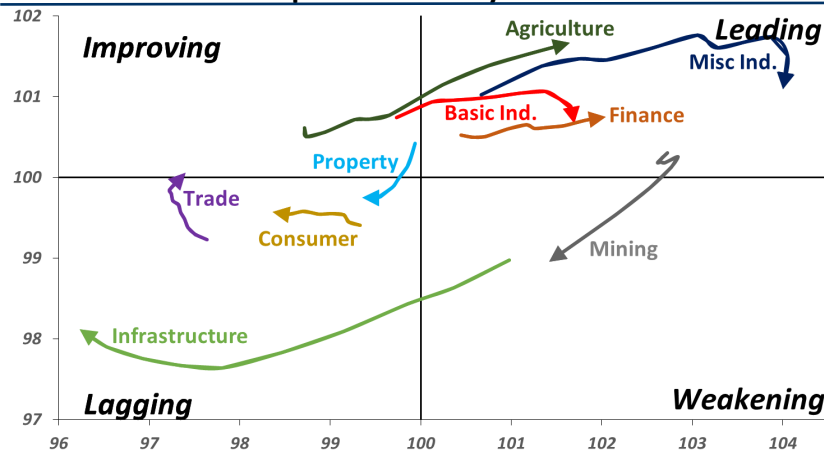
Action Trading buy. Cut Loss If Below 6250



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	5,861	6,356				1.0	6,631.4							
Finance						8.1	1,972.9							
BBCA	23,325	21,900	25,400	Hold	8.9	24.4	575.1	23.8x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,140	3,640	3,510	Hold	11.8	4.1	387.3	12.7x	2.4x	19.6	3.4	#N/A	N/A	1.4
BMRI	6,925	8,000	10,300	Buy	48.7	4.5	323.2	13.8x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,400	9,900	9,675	Buy	30.7	1.4	138.0	9.4x	1.4x	15.5	3.5	11.8	16.2	1.3
BBTN	2,630	3,570	3,280	Buy	24.7	(4.0)	27.9	8.7x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(11.2)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(0.6)	1,333.7							
HMSP	3,630	4,730	4,575	Buy	26.0	7.4	422.2	33.2x	15.2x	46.0	3.0	5.5	1.9	1.3
GGRM	75,000	83,800	88,650	Buy	18.2	12.3	144.3	18.6x	3.3x	18.2	3.5	10.1	0.1	1.3
UNVR	42,600	55,900	44,200	Hold	3.8	(11.7)	325.0	47.0x	64.9x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,550	8,900	9,625	Hold	12.6	2.4	99.7	25.0x	5.1x	21.3	1.9	5.4	9.5	1.2
INDF	6,200	7,625	8,175	Buy	31.9	(24.8)	54.4	14.1x	1.7x	12.6	3.8	1.0	(12.5)	1.2
KLBF	1,260	1,690	1,730	Buy	37.3	(27.0)	59.1	24.6x	4.4x	18.9	2.0	3.1	(0.0)	1.2
KAEF	2,340	2,700	3,280	Buy	40.2	(26.9)	13.0	36.7x	5.2x	14.9	0.8	29.1	28.3	1.1
Infrastructure						(17.9)	694.14							
TLKM	3,370	4,399	4,600	Buy	36.5	(27.8)	339.7	17.8x	3.9x	22.1	5.0	0.5	(28.1)	0.9
EXCL	2,850	2,960	3,800	Buy	33.3	(16.2)	30.5	209.1x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,280	4,800	6,750	Buy	105.8	(51.0)	17.8	N/A	1.4x	(2.6)	2.2	(26.8)	N/A	0.9
JSMR	4,650	6,400	6,050	Buy	30.1	(14.7)	33.7	15.1x	2.2x	14.8	1.3	42.5	2.9	1.0
TBIG	5,700	6,425	6,050	Hold	6.1	(14.3)	25.8	11.2x	8.1x	92.7	3.0	8.4	16.1	0.6
INDY	3,060	3,060	5,000	Buy	63.4	236.3	15.9	2.9x	1.1x	46.6	3.5	263.6	166.7	0.7
Trade						(7.9)	732.4							
UNTR	34,500	35,400	42,350	Buy	22.8	15.4	128.7	13.6x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	4,090	6,350	8,025	Buy	96.2	(38.5)	16.4	23.4x	2.0x	22.2	5.4	21.6	(34.8)	1.3
SCMA	1,955	2,480	2,700	Buy	38.1	(17.2)	28.6	21.4x	6.8x	32.5	3.8	2.6	0.7	1.0
MNCN	935	1,285	1,550	Buy	65.8	(35.1)	13.3	9.3x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	6,375	10,000	11,250	Buy	76.5	(41.9)	18.6	9.7x	8.0x	93.0	7.2	3.1	0.4	1.1
ACES	1,420	1,155	1,635	Buy	15.1	31.5	24.4	27.6x	6.8x	26.3	1.6	22.6	30.0	1.0
RALS	1,315	1,200	1,400	Hold	6.5	38.4	9.3	16.9x	2.4x	14.6	3.0	0.9	31.8	0.8
MAPI	840	620	945	Hold	12.5	28.2	13.9	23.8x	3.1x	15.5	0.5	18.0	183.0	0.9
Property						(12.3)	378.7							
BSDE	1,240	1,700	1,850	Buy	49.2	(31.5)	23.9	7.1x	0.9x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	515	685	625	Buy	21.4	(20.2)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	970	1,185	1,130	Buy	16.5	(16.7)	18.0	24.6x	1.4x	5.6	1.5	(0.8)	(49.0)	1.3
SMRA	700	945	1,050	Buy	50.0	(34.3)	10.1	30.3x	1.5x	5.2	0.7	(2.5)	(40.0)	1.4
WSKT	1,965	2,210	2,810	Buy	43.0	(16.4)	26.7	4.6x	1.6x	39.6	2.9	47.3	134.6	1.3
PTPP	1,930	2,640	3,850	Buy	99.5	(35.0)	12.0	8.8x	1.0x	12.5	2.4	17.0	(16.3)	1.3
WIKA	1,605	1,550	2,150	Buy	34.0	(22.1)	14.4	11.2x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,595	1,885	2,160	Buy	35.4	(24.4)	5.7	10.0x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(8.9)	362.7							
ASII	7,100	8,300	9,300	Buy	31.0	(9.6)	287.4	14.4x	2.3x	16.3	2.6	14.8	11.3	1.3
Basic Ind.						28.5	614.7							
INTP	14,200	21,950	21,575	Buy	51.9	(24.8)	52.3	39.8x	2.3x	5.7	4.9	(0.9)	(60.6)	1.4
SMGR	8,100	9,900	11,550	Buy	42.6	(26.2)	48.0	25.4x	1.7x	6.6	1.7	4.7	(10.9)	1.2
CPIN	4,470	3,000	4,200	Hold	(6.0)	62.5	73.3	21.5x	4.3x	21.3	1.3	2.7	59.1	1.0
JPFA	2,010	1,300	2,000	Hold	(0.5)	76.3	23.6	14.2x	2.6x	18.3	2.5	18.2	142.5	0.8
MAIN	1,285	740	780	Sell	(39.3)	41.2	2.9	20.0x	1.6x	4.1	3.0	13.5	350.0	1.1
KRAS	400	424	500	Buy	25.0	(30.4)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,150	6,000	6,275	Buy	21.8	0.4	91.8	21.7x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,910	2,260	2,420	Buy	26.7	7.9	34.0	23.2x	1.7x	8.9	1.3	9.8	(7.3)	1.0
Mining						33.4	446.4							
ADRO	1,830	1,860	2,500	Buy	36.6	(1.1)	58.5	8.7x	1.1x	13.6	5.9	5.1	(23.4)	1.0
PTBA	4,850	2,460	5,375	Hold	10.8	83.4	55.9	9.6x	4.0x	43.4	6.6	17.4	49.1	1.0
ITMG	26,400	20,700	32,400	Buy	22.7	32.3	29.8	8.0x	2.2x	27.6	11.9	8.0	(10.0)	1.1
INCO	4,080	2,890	3,550	Hold	(13.0)	60.6	40.5	71.5x	1.5x	1.9	N/A	28.3	N/A	1.1
ANTM	855	625	985	Buy	15.2	24.8	20.5	54.7x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	815	775	1,240	Buy	52.1	(0.6)	6.1	12.2x	1.0x	8.3	2.9	(0.6)	(18.1)	1.0
ELSA	358	372	625	Buy	74.6	42.1	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(14.1)	95.7							
AALI	11,875	13,150	14,800	Buy	24.6	(20.8)	22.9	13.1x	1.2x	9.7	4.0	8.9	(23.3)	0.6
LSIP	1,180	1,420	1,380	Buy	16.9	(14.8)	8.1	15.2x	1.0x	6.6	3.8	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WSBP : Whittles Away 2018's New Contract Target

WSBP whittled away the 2018's new contract target previously amounting to IDR11.52 trillion. It aimed to decrease the target by 10% to 15% from the prior target. The postponement of a number of investment plan by its parent entity underlined the declining target. Until July, it secured new contracts of IDR3.93 trillion or growing by 32.32% of the 1H18 achievement. (Bisnis Indonesia)

PALM : Posts Steep Plunge in 1H18's Net Profit

PALM posted the decline of 19.84% y-y to IDR306.69 in the 1H18's revenue. The declining in revenue followed by the ballooning general and administrative costs and tax expenses caused a steep plunge in net profit. Thus, its net profit posted a steep plunge from IDR80.02 billion in the 1H17 to IDR878.96 million in the 1H18. To keep its business at the optimum growth, it will focus on beefing up productivity and plantation profitability. (Kontan)

KLBF : Hikes Selling Price to 4%

KLBF will gradually hike the average selling prices of nutritional and health products by 3%-4% within 3 ahead months. Such gradual hike in selling prices aims at cushioning soaring production costs attributable to the rupiah depreciation. Another to the gradual hike in selling prices, maintaining margin by product mix, and improving efficiency and productivity are strategies to uphold its profit sustainable. (Bisnis Indonesia)

SAFE : Expands Its Business Outside Jakarta

SAFE will expand its service of bus transportation to such cities outside Jakarta as Payakumbuh, Bandung, and Tangerang. It obtains the operational license to serve its services in such cities; thus, its services will actively operate in the 4Q18. Another to business expansion to outside Jakarta, it spends IDR353 billion on purchasing new bus units. Of note, in 2018, it targets the revenue of IDR116.36 billion. (Bisnis Indonesia)

Domestic & Global News

Government Calls PLN to Cancel Imports

The government shows its concerted commitment to buffering current account deficit (CAD) by reducing imports of oil based raw material, B20 mandatory, and postponing infrastructure projects making most use of imported raw materials such as the electricity infrastructure project managed by the state-owned electricity firm (PLN). The government also calls for the private entities to reduce raw material imports and prioritize the use of local's raw material. Such reduction in imports likely declines CAD. (CNBC Indonesia)

Argentina Hikes Benchmark Rate to the Highest Level of 45%

The Central Bank of Argentina boosted investors' confidence in order to avoid the Turkey's financial crisis. Of note, investors' confidence crumbled by the corruption committed by the former President Christina Fernandez. Banco Central de la Republica Argentina (BCRA) decided to hike its benchmark rate by 500 bps to its highest level of 45%. Indeed, BCRA will maintain such benchmark rate until October and gradually sell off its ownership of short-term bonds worth ARS1 trillion (USD33.2 billion) with a view to reducing volatility in peso. (Kontan)

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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