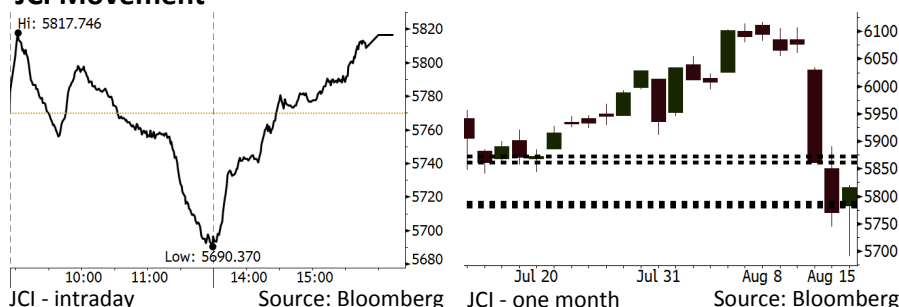


# Morning Brief

Daily | Aug 16, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

August 15	5,816.59
Chg	+46.72pts (+0.81%)
Volume (bn shares)	81.16
Value (IDR tn)	7.99
<b>Adv 188 Dec 187 Unc 236 Untr 123</b>	

Foreign Transaction		(IDR bn)
Buy		2,586
Sell		2,939
Net Buy (Sell)		(353)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	96.2	BBNI	137.7
BBCA	86.0	TLKM	69.1
ASII	44.6	PTBA	66.2
INKP	43.8	UNTR	53.8
TKIM	24.9	BMRI	44.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
EXCL	7.0%	PTBA	-3.1%
SMGR	5.3%	WSKT	-2.9%
SSMS	4.7%	GGRM	-2.3%
ICBP	4.3%	MEDC	-2.2%
INDY	3.3%	ADHI	-1.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.01%	-0.02%
USDIDR	14,577	-0.05%
KRWIDR	12.89	-0.19%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,162.41	(137.51)	-0.54%
S&P 500	2,818.37	(21.59)	-0.76%
Nasdaq	7,774.12	(96.78)	-1.23%
FTSE 100	7,497.87	(113.77)	-1.49%
CAC 40	5,305.22	(98.19)	-1.82%
DAX	12,163.01	(195.86)	-1.58%
Nikkei	22,204.22	(151.86)	-0.68%
Hang Seng	27,323.59	(429.34)	-1.55%
Shanghai	2,723.26	(57.71)	-2.08%
KOSPI	2,258.91	10.46	0.47%
EIDO	22.52	(0.12)	-0.53%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,174.9	(19.2)	-1.61%
Crude Oil (USD /bbl)	65.01	(2.03)	-3.03%
Coal Newcas(USD/ton)	113.55	(0.75)	-0.66%
Gas (USD /mmbtu)	2.94	(0.02)	-0.64%
Nickel LME (USD /MT)	12,850	(575.0)	-4.28%
Tin LME (USD /MT)	18,405	(615.0)	-3.23%
CPO (MYR/Ton)	2,195	(18.0)	-0.81%

## Indonesian Market Recap

JCI was bearish amid the release of July's trade balance and BI's stance of monetary tightening. **Top Gainers: Agriculture (+5.85%), Infrastructure (+1.73%), Misc. Industry (+1.55%)**

## Today's Outlook: Jokowi's Speech

We estimate JCI to rally with the **support range of 5782-5788** and **resistance range of 5861-5873**. Investors eye on President Jokowi's speech to be delivered today. The speech will elucidate the 2019's state budget (APBN). The APBN will be spent on recovering the domestic consumption along with the 2019's presidential election. Of note, the stimulus the government allocated in the 2Q18 succeeded in accelerating the economy's growth.

## Stocks Recommendation (details on the next page)

Trading Buy: AALI, ADRO, GGRM

## Global Market

### United States

The U.S. stocks posted loss after the tech. sector declined more than 1% due to Tencent's quarter report lower than estimate.

### Europe

European stocks slipped after the release of quarter reports. Investors concerned about Turkey's financial crisis.

### Asia

Asia stocks notched lower as investors concerned about Turkey's financial crisis.

## Company News

- PTPP : Targets Contract Bid of IDR2 Trillion
- CSAP : Posts Sales of IDR1.8 Trillion
- DOID : Enjoys Outperformance
- PPRO : Launches 4 Apartments

## Domestic & Global News

- Indonesia Surprise Rate Hike
- U.S. Renegotiated Pact with South Korea

## Indonesia Economic Data

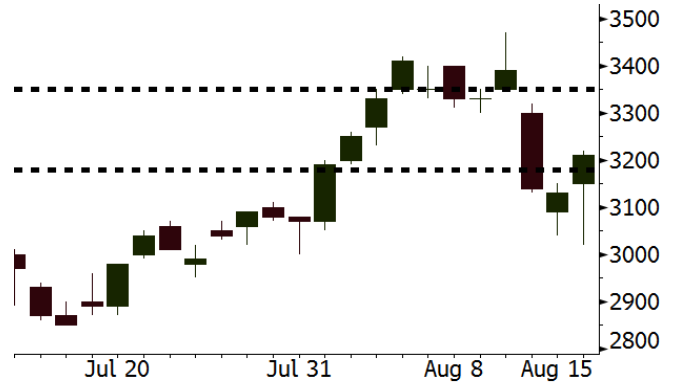
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	31.56%	12.66%	Business Confidence	106.28	112.39
Inflation Yoy	3.18%	3.12%	Cons. Confidence*	124.80	128.10

**BBRI** Last = 3210

**Analysis** BBRI enjoys the positive sentiments of the hike in BI 7-Day Repurchase Rate. The monetary tightening will raise the expectancy of downtrend in lower credit rate and net interest margin (NIM).

**Range** 3180 - 3350

**Action** Trading Buy. Cut Loss If Below 3180



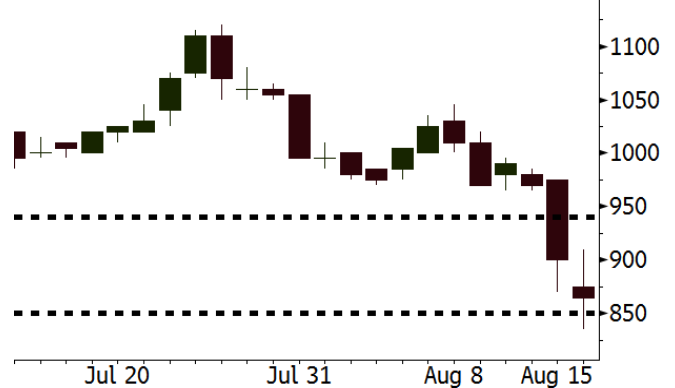
Source: Bloomberg

**CTRA** Last = 865

**Analysis** The Financial Service Agency (OJK) relaxes property credit by allowing banks to give loan for land development to developers. Now, banks can give loan for developing residences.

**Range** 850 - 940

**Action** Trading Buy. Cut Loss If Below 850



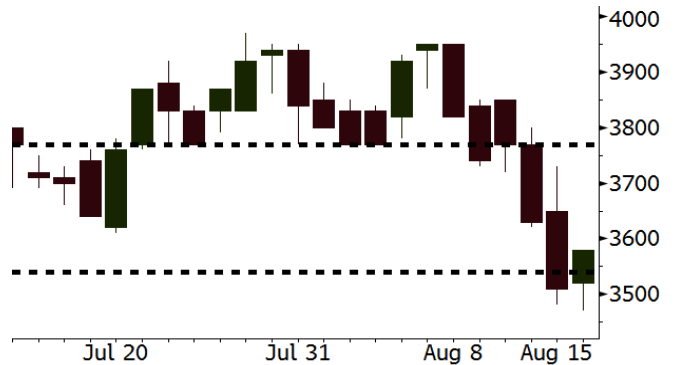
Source: Bloomberg

**HMSP** Last = 3580

**Analysis** Expectancy of the 2019's state budget supporting public purchasing stimulus likely maintains cigarettes consumption and outgrows HMSP's performance.

**Range** 3540 - 3770

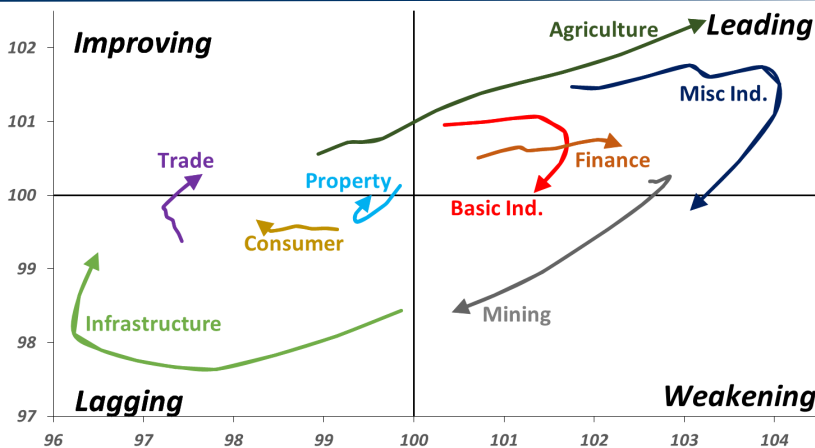
**Action** Trading buy. Cut Loss If Below 3540



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
<b>JCI Index</b>	5,817	6,356				(1.3)	6,580.6							
<b>Finance</b>						7.3	1,975.5							
BBCA	23,450	21,900	25,400	Hold	8.3	24.1	578.2	23.9x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,210	3,640	3,930	Buy	22.4	5.2	395.9	12.9x	2.5x	19.6	3.3	#N/A	N/A	10.9
BMRI	6,800	8,000	10,300	Buy	51.5	2.1	317.3	13.6x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,375	9,900	9,675	Buy	31.2	(0.3)	137.5	9.4x	1.4x	15.5	3.5	11.8	16.2	1.3
BBTN	2,580	3,570	3,280	Buy	27.1	(3.7)	27.3	8.6x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(9.3)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
<b>Consumer</b>						(7.2)	1,301.2							
HMSP	3,580	4,730	4,575	Buy	27.8	(3.0)	416.4	32.7x	15.0x	46.0	3.0	5.5	1.9	1.3
GGRM	71,800	83,800	88,650	Buy	23.5	1.2	138.1	17.8x	3.1x	18.2	3.6	10.1	0.1	1.3
UNVR	40,800	55,900	44,200	Hold	8.3	(17.3)	311.3	45.1x	62.1x	139.4	2.2	(0.4)	(2.5)	1.1
ICBP	8,550	8,900	9,625	Hold	12.6	(1.4)	99.7	25.0x	5.1x	21.3	1.9	5.4	9.5	1.2
INDF	6,125	7,625	8,175	Buy	33.5	(26.9)	53.8	14.0x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,215	1,690	1,730	Buy	42.4	(30.8)	57.0	23.7x	4.3x	18.9	2.1	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
<b>Infrastructure</b>						(18.1)	699.95							
TLKM	3,430	4,399	4,600	Buy	34.1	(27.4)	345.7	18.1x	3.9x	22.1	4.9	0.5	(28.1)	0.9
EXCL	2,920	2,960	3,800	Buy	30.1	(15.6)	31.2	214.3x	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	4,620	6,400	6,050	Buy	31.0	(17.1)	33.5	15.0x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(16.3)	25.6	11.1x	8.1x	92.7	3.0	8.4	16.1	0.6
INDY	3,120	3,060	5,000	Buy	60.3	248.6	16.3	3.0x	1.1x	46.6	3.4	263.6	166.7	0.7
<b>Trade</b>						(9.8)	722.0							
UNTR	34,000	35,400	42,350	Buy	24.6	13.4	126.8	13.4x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	4,030	6,350	8,025	Buy	99.1	(38.7)	16.2	23.1x	1.9x	22.2	5.5	21.6	(34.8)	1.3
SCMA	1,905	2,480	2,700	Buy	41.7	(17.2)	27.9	20.8x	6.6x	32.5	3.9	2.6	0.7	1.0
MNCN	930	1,285	1,550	Buy	66.7	(37.8)	13.3	9.3x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	6,125	10,000	11,250	Buy	83.7	(44.4)	17.9	9.3x	7.6x	93.0	7.5	3.1	0.4	1.1
ACES	1,275	1,155	1,635	Buy	28.2	18.6	21.9	24.8x	6.1x	26.3	1.8	22.6	30.0	1.0
RALS	1,215	1,200	1,400	Buy	15.2	26.6	8.6	15.6x	2.2x	14.6	3.3	0.9	31.8	0.8
MAPI	775	620	945	Buy	21.9	18.3	12.9	22.0x	2.9x	15.5	0.5	18.0	183.0	0.9
<b>Property</b>						(14.4)	373.5							
BSDE	1,180	1,700	1,850	Buy	56.8	(35.3)	22.7	6.8x	0.9x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	505	685	625	Buy	23.8	(25.7)	24.3	11.6x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	865	1,185	1,130	Buy	30.6	(29.1)	16.1	22.0x	1.2x	5.6	1.6	(0.8)	(49.0)	1.3
SMRA	650	945	1,050	Buy	61.5	(42.5)	9.4	28.1x	1.4x	5.2	0.8	(2.5)	(40.0)	1.4
WSKT	1,870	2,210	2,810	Buy	50.3	(19.4)	25.4	4.4x	1.5x	39.6	3.1	47.3	134.6	1.3
PTPP	1,865	2,640	3,850	Buy	106.4	(37.0)	11.6	8.5x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,590	1,550	2,150	Buy	35.2	(21.3)	14.3	11.1x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,540	1,885	2,160	Buy	40.3	(26.0)	5.5	9.6x	0.9x	10.1	1.9	39.7	282.5	1.0
<b>Misc Ind.</b>						(10.5)	356.3							
ASII	6,975	8,300	9,300	Buy	33.3	(11.1)	282.4	14.2x	2.2x	16.3	2.7	14.8	11.3	1.3
<b>Basic Ind.</b>						25.4	602.3							
INTP	13,825	21,950	21,575	Buy	56.1	(30.4)	50.9	38.8x	2.3x	5.7	5.1	(0.9)	(60.6)	1.4
SMGR	8,000	9,900	11,550	Buy	44.4	(27.3)	47.5	25.1x	1.6x	6.6	1.7	4.7	(10.9)	1.2
CPIN	4,570	3,000	4,200	Hold	(8.1)	60.4	74.9	22.0x	4.4x	21.3	1.2	2.7	59.1	1.0
JPFA	2,130	1,300	2,000	Hold	(6.1)	76.0	25.0	15.1x	2.8x	18.3	2.3	18.2	142.5	0.8
MAIN	1,375	740	780	Sell	(43.3)	49.5	3.1	21.4x	1.7x	7.9	2.8	13.5	350.0	1.1
KRAS	404	424	500	Buy	23.8	(29.1)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,960	6,000	6,275	Buy	26.5	2.8	88.5	20.9x	3.5x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,815	2,260	2,420	Buy	33.3	(2.4)	32.3	22.1x	1.6x	8.9	1.3	9.8	(7.3)	1.0
<b>Mining</b>						33.1	447.9							
ADRO	1,855	1,860	2,500	Buy	34.8	(1.3)	59.3	8.8x	1.1x	13.6	5.8	5.1	(23.4)	1.0
PTBA	4,030	2,460	5,375	Buy	33.4	53.2	46.4	8.0x	3.3x	43.4	7.9	17.4	49.1	1.0
ITMG	26,750	20,700	32,400	Buy	21.1	30.5	30.2	8.1x	2.2x	27.6	11.7	8.0	(10.0)	1.1
INCO	3,980	2,890	5,325	Buy	33.8	56.1	39.5	69.9x	1.5x	1.9	N/A	28.3	N/A	1.1
ANTM	865	625	985	Hold	13.9	27.2	20.8	55.4x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	800	775	1,240	Buy	55.0	-	6.0	12.0x	1.0x	8.3	3.0	(0.6)	(18.1)	1.0
ELSA	354	372	625	Buy	76.6	39.4	2.6	7.2x	0.8x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(9.0)	102.0							
AALI	13,300	13,150	14,800	Hold	11.3	(11.2)	25.6	14.6x	1.4x	9.7	3.5	8.9	(23.3)	0.6
LSIP	1,325	1,420	1,380	Hold	4.2	(4.0)	9.0	17.1x	1.1x	6.6	3.4	(28.5)	(47.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **PTPP : Targets Contract Bid of IDR2 Trillion**

PTPP targets to win the Asian-based project contract amounting to IDR2 trillion. The contract subsumes the construction of Malaysia-based harbor and Vietnam-based power plant amounting to IDR1 trillion, respectively. If PTPP wins the bid, it will cooperate with local partners and receive 49% of the proceeds of the contract. (Bisnis Indonesia)

### **DOID : Enjoys Outperformance**

DOID jostled for the 2018's outperformance. Thanks to the optimum asset utilization and conducive weather. In July it posted the hike of 21% m-m and 14% y-y to 35.3 million of bank cubic meter (BCM) in the overburden removal. The high figures inevitably beefed up July's coal production volume of 3.6 million ton. (Kontan)

### **CSAP : Posts Sales of IDR1.8 Trillion**

CSAP's subsidiary, namely Mitra10 posted the sales of IDR1.8 trillion from January to July 2018. July's sales contributed IDR300 billion to the overall sales. CSAP is optimistic that Mitra10 is capable of accomplishing the 2018's sales target of IDR3 trillion. Thus to achieve such target by launching 50 stores of Mitra10 in 2020, CSAP allocates the capex of IDR250 billion. (Bisnis Indonesia)

### **PPRO : Launches 4 Apartments**

PPRO will launch 4 new apartments to be marketed in the 2H18. The apartments are Amarta View Tower and the Alton Tower 3 located in Semarang; Westtown View Tower Sandbridge, and Grand Sungkono Lagoon Tower 3 located in Surabaya. It is optimistic that the launch of these apartments will boost the 2018's marketing sales target to reach IDR3.8 trillion. (Bisnis Indonesia)

## Domestic & Global News

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### **Indonesia Surprise Rate Hike**

Indonesia's central bank raised its benchmark interest rate a fourth time since May in a surprise move aimed at underpinning the currency as volatility sweeps across emerging markets. The 7-Day Reverse Repurchase Rate was increased to 5.5 percent from 5.25 percent on Wednesday, as forecast by just seven of 28 economists in a Bloomberg survey, with the rest predicting no change. Governor Perry Warjiyo reiterated the central bank's pledge to remain proactive and said the move was aimed at bolstering financial markets and curbing the current-account gap. (Bloomberg)

### **U.S. Renegotiated Pact with South Korea**

The trade pact that the Trump administration renegotiated with South Korea this year is in jeopardy as the U.S. considers imposing tariffs on auto imports. While the two sides agreed in March on a revised Korea-U.S. free trade agreement, they still haven't signed it into law. And the parliament in Seoul won't be able to ratify the deal if the U.S. slaps new tariffs on Korean car imports on national security grounds, according to the ruling Democratic Party's Hong Young-pyo. (Bloomberg)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	CHN	09:00	Industrial Production YoY	Jul	6.00%	6.30%	6.00%
<i>14 - Aug</i>	JPN	11:30	Industrial Production MoM	Jun	-1.80%		-2.10%
	GER	13:00	GDP SA QoQ	2Q	0.50%	0.40%	0.30%
	GER	13:00	CPI MoM	Jul	0.30%	0.30%	0.30%
	GER	13:00	CPI YoY	Jul	2.00%	2.00%	2.00%
	UK	15:30	Jobless Claims Change	Jul	6.2k		7.8k
	UK	15:30	ILO Unemployment Rate 3Mths	Jun	4.00%	4.20%	4.20%
	GER	16:00	ZEW Survey Current Situation	Aug	72.6	72.1	72.4
	GER	16:00	ZEW Survey Expectations	Aug	-13.7	-21.3	-24.7
	EU	16:00	GDP SA QoQ	2Q	0.40%		0.30%
	EU	16:00	GDP SA YoY	2Q	2.20%		2.10%
<b>Wednesday</b>	UK	15:30	CPI MoM	Jul	0.00%		0.00%
<i>15 - Aug</i>	UK	15:30	CPI YoY	Jul	2.50%		2.40%
	UK	15:30	CPI Core YoY	Jul	1.90%		1.90%
	USA	18:00	MBA Mortgage Applications	10-Aug	-2.00%		-3.00%
	USA	19:30	Retail Sales Advance MoM	Jul	0.50%	0.10%	0.50%
	USA	20:15	Industrial Production MoM	Jul	0.11%	0.40%	0.60%
<b>Thursday</b>	USA	19:30	Initial Jobless Claims	11-Aug			213k
<i>16 - Aug</i>	USA	19:30	Housing Starts	Jul		1273k	1173k
<b>Friday</b>	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.
<b>Wednesday</b>	11:00	Imports YoY	Jul	31.56%	14.20%	12.66%
<i>15 - Aug</i>	11:00	Exports YoY	Jul	19.33%	15.00%	11.47%
	11:00	Trade Balance	Jul	-2030m	-\$716m	\$1743m
	Tentative	Bank Indonesia 7D Reverse Repo	15-Aug	5.50%	5.25%	5.25%

Source: Bloomberg

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