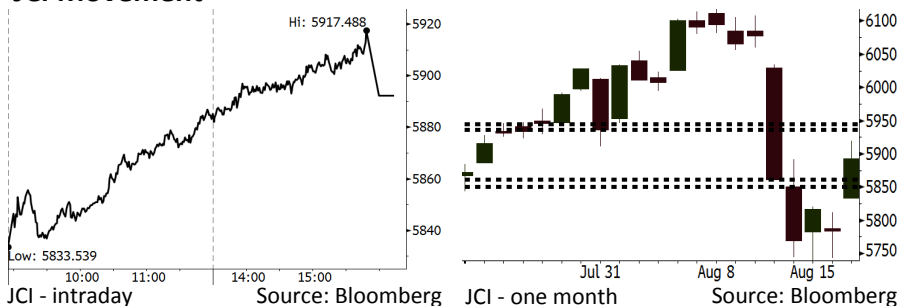


Morning Brief

Daily | Aug 21, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 20	5,892.19
Chg	+108.39pts (+1.87%)
Volume (bn shares)	90.36
Value (IDR tn)	8.28
Adv 254 Dec 134 Unc 224 Untr 110	

Foreign Transaction		(IDR bn)
Buy		3,178
Sell		3,510
Net Buy (Sell)		(333)

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	184.5	BMRI	125.8
INKP	98.7	TLKM	105.5
BBRI	76.9	BBTN	65.5
CPIN	33.2	SMGR	31.2
BBNI	20.8	ERAA	29.7

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INTP	9.9%	SRIL	-2.8%
LPPF	9.0%	TPIA	-2.4%
INCO	8.4%	SSMS	-1.5%
ITMG	5.5%	ICBP	-0.6%
UNTR	4.7%	UNVR	-0.4%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.87%	-0.11%	
USDIDR	14,588	-0.03%	
KRWIDR	13.01	0.25%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,758.69	89.37	0.35%
S&P 500	2,857.05	6.92	0.24%
Nasdaq	7,821.01	4.68	0.06%
FTSE 100	7,591.26	32.67	0.43%
CAC 40	5,379.65	34.72	0.65%
DAX	12,331.30	120.75	0.99%
Nikkei	22,199.00	(71.38)	-0.32%
Hang Seng	27,598.02	384.61	1.41%
Shanghai	2,698.47	29.50	1.11%
KOSPI	2,247.88	0.83	0.04%
EIDO	23.25	0.39	1.71%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,190.5	6.2	0.53%
Crude Oil (USD /bbl)	66.43	0.52	0.79%
Coal Newcas(USD/ton)	106.35	(1.55)	-1.44%
Gas (USD /mmbtu)	2.94	(0.01)	-0.17%
Nickel LME (USD /MT)	13,560	80.0	0.59%
Tin LME (USD /MT)	18,800	95.0	0.51%
CPO (MYR/Ton)	2,255	17.0	0.76%

Market Recap

Indonesia

JCI soared yesterday after the global market recovered ahead of the U.S. and China meeting. **Top Gainers: Miscellaneous Industry (+3.56%), Basic Industry (+2.69%), Mining (+2.47%)**

United States

The U.S. stocks rallied after investors disregarded the geopolitical and trade war issues.

Europe

European stocks closed on a higher note as investors cheered this week's tariff talk between the U.S. and China.

Asia

Asia stocks rallied yesterday. Investors positively responded to the U.S. and China meeting aiming at de-escalating the trade war between the two countries.

Today's Outlook: Government's Policy

We estimate JCI to rally with the **support range of 5850-5861** and **resistance range of 5936-5945**. The positive sentiment from domestic outlook is the government's plan to beef up exports by the increment in the 2019's coal production. Besides, Bank Indonesia (BI) shows its conscious stances of hiking its benchmark rate until the end of 2018. From the global outlook, investors likely oversee the agenda for preliminary trade tariff negotiation between the U.S. and China.

Stocks Recommendation (details on the next page)

Trading Buy: PTBA, LSIP, BBRI

Company News

TPIA : Settles Construction of SRI

GIAA : Will Change Its Organization Structure

FREN : Establishes Execution Price of IDR120

BUMI : Actualizes Coal Production of 40.5 Million Tons

Domestic & Global News

Indonesia's 2Q18 Foreign Debt Lags

Trump Says 'Not Thrilled' with Fed Rate Hike

Indonesia Economic Data

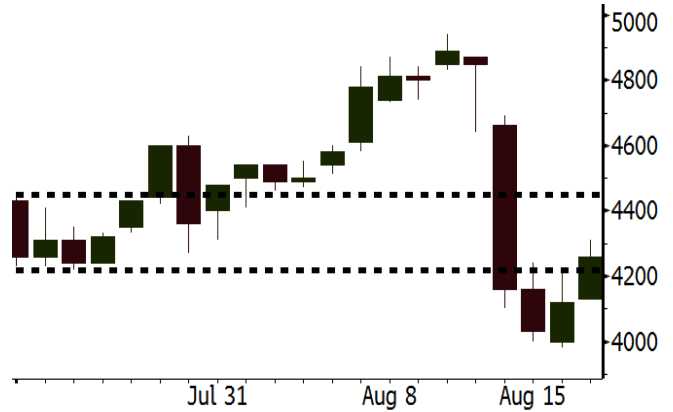
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports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

PTBA Last = 4260

Analysis The government plans to beef up the coal production from 510 million tons in 2018 to 530 million tons in 2019. The 2019's target figures are the highest among its production target. The increment in production aims at supporting export and narrowing current account deficit.

Range 4220 - 4450

Action Trading Buy. Cut Loss If Below 4220



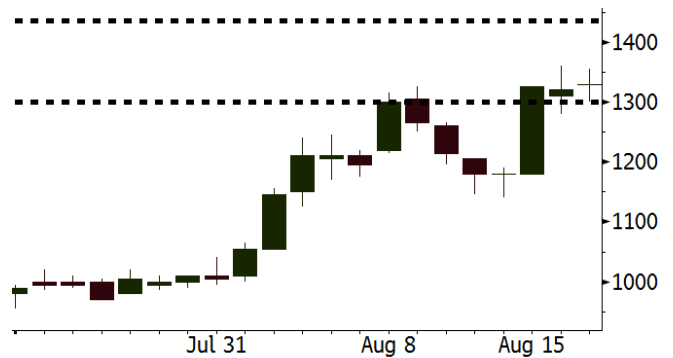
Source: Bloomberg

LSIP Last = 1330

Analysis CPO prices are rebound due to the expectancy of increment in import by China. Besides, CPO export by Indonesia is estimated to hit 2.51 million tons, the highest since January 2018.

Range 1300 - 1435

Action Trading Buy. Cut Loss If Below 1300



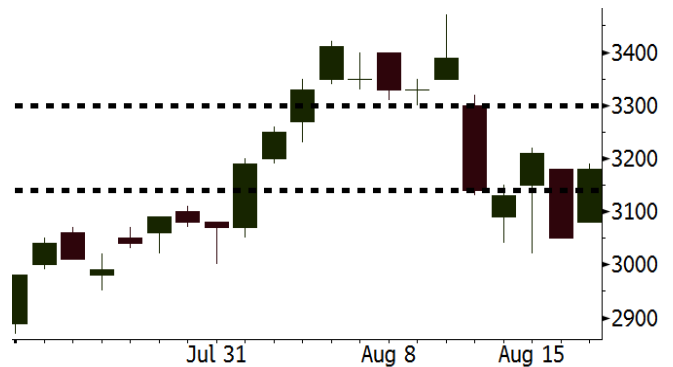
Source: Bloomberg

BBRI Last = 3180

Analysis BBRI distributed the credit of IDR794.3 trillion jumping by 15.5% y-y. The jump in credit distribution was backed by the consistent growth of 21% by the small commercial segment.

Range 3140 - 3300

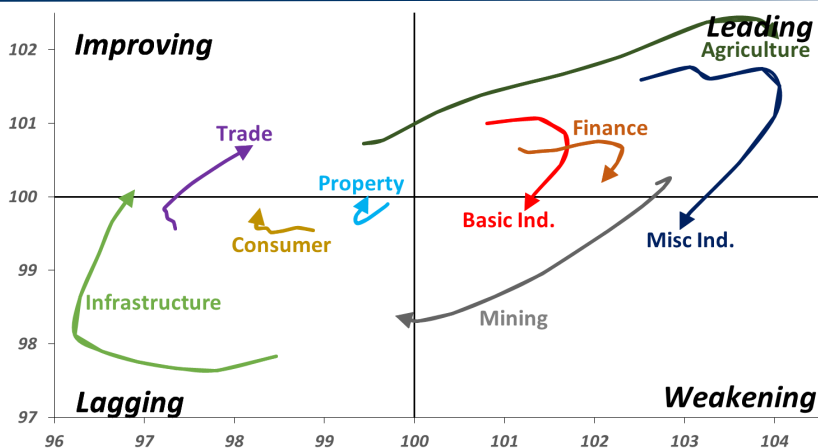
Action Trading buy. Cut Loss If Below 3140



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	5,892	6,356				0.5	6,666.5							
Finance						7.5	1,978.5							
BBCA	23,900	21,900	25,400	Hold	6.3	27.1	589.3	24.4x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,180	3,640	3,930	Buy	23.6	4.1	392.2	12.8x	2.4x	19.3	3.4	5.8	10.9	1.4
BMRI	6,725	8,000	7,500	Hold	11.5	1.9	313.8	13.4x	1.9x	14.5	3.0	(0.5)	28.7	1.4
BBNI	7,275	9,900	9,675	Buy	33.0	(1.7)	135.7	9.3x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,510	3,570	3,280	Buy	30.7	(11.3)	26.6	8.3x	1.2x	15.1	2.3	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(11.8)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(3.9)	1,328.4							
HMSP	3,650	4,730	4,575	Buy	25.3	1.7	424.6	33.4x	15.3x	46.0	2.9	5.5	1.9	1.3
GGRM	73,275	83,800	88,650	Buy	21.0	1.3	141.0	18.2x	3.2x	18.2	3.5	10.1	0.1	1.3
UNVR	42,350	55,900	44,200	Hold	4.4	(12.4)	323.1	46.8x	64.5x	139.4	2.2	(0.4)	(2.5)	1.1
ICBP	8,600	8,900	9,625	Hold	11.9	(0.9)	100.3	25.1x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	6,200	7,625	8,175	Buy	31.9	(25.3)	54.4	14.1x	1.7x	12.6	3.8	1.0	(12.5)	1.2
KLBF	1,215	1,690	1,730	Buy	42.4	(31.0)	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
Infrastructure						(18.3)	697.59							
TLKM	3,390	4,399	4,600	Buy	35.7	(28.3)	341.7	17.9x	3.9x	22.1	4.9	0.5	(28.1)	0.9
EXCL	2,990	2,960	3,800	Buy	27.1	(11.5)	32.0	219.4x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,260	4,800	6,750	Buy	107.1	(49.5)	17.7	N/A	1.4x	(2.6)	2.2	(26.8)	N/A	0.9
JSMR	4,610	6,400	6,050	Buy	31.2	(15.4)	33.5	15.0x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,625	6,425	6,050	Hold	7.6	(15.7)	25.5	11.0x	8.0x	92.7	3.0	8.4	16.1	0.7
INDY	3,150	3,060	5,000	Buy	58.7	218.2	16.4	3.0x	1.1x	46.6	3.4	263.6	166.7	0.8
Trade						(7.7)	734.0							
UNTR	34,975	35,400	42,350	Buy	21.1	21.0	130.5	13.8x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	4,030	6,350	8,025	Buy	99.1	(38.5)	16.2	23.1x	1.9x	22.2	5.5	21.6	(34.8)	1.3
SCMA	1,885	2,480	2,700	Buy	43.2	(18.0)	27.6	20.6x	6.5x	32.5	4.0	2.6	0.7	1.1
MNCN	950	1,285	1,550	Buy	63.2	(35.2)	13.6	9.5x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	7,000	10,000	11,250	Buy	60.7	(34.0)	20.4	10.7x	8.7x	93.0	6.5	3.1	0.4	1.0
ACES	1,335	1,155	1,635	Buy	22.5	25.4	22.9	26.0x	6.4x	26.3	1.7	22.6	30.0	1.0
RALS	1,235	1,200	1,400	Hold	13.4	22.3	8.8	15.8x	2.2x	14.6	3.2	0.9	31.8	0.9
MAPI	825	620	945	Hold	14.5	20.9	13.7	23.4x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(13.7)	374.9							
BSDE	1,200	1,700	1,850	Buy	54.2	(35.1)	23.1	6.9x	0.9x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	525	685	625	Buy	19.0	(21.6)	25.3	12.0x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	850	1,185	1,130	Buy	32.9	(31.2)	15.8	21.6x	1.2x	5.6	1.7	(0.8)	(49.0)	1.4
SMRA	650	945	1,050	Buy	61.5	(42.2)	9.4	28.1x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,900	2,210	2,810	Buy	47.9	(15.9)	25.8	4.4x	1.5x	39.6	3.0	47.3	134.6	1.4
PTPP	1,820	2,640	3,850	Buy	111.5	(35.9)	11.3	8.3x	1.0x	12.5	2.6	17.0	(16.3)	1.3
WIKI	1,575	1,550	2,150	Buy	36.5	(21.3)	14.1	11.0x	1.1x	10.5	1.7	36.8	18.7	1.0
ADHI	1,500	1,885	2,160	Buy	44.0	(27.5)	5.3	9.4x	0.9x	10.1	1.9	39.7	282.5	1.1
Misc Ind.						(5.9)	374.3							
ASII	7,400	8,300	9,300	Buy	25.7	(6.0)	299.6	15.0x	2.3x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						32.4	624.9							
INTP	15,850	21,950	21,575	Buy	36.1	(17.7)	58.3	44.4x	2.6x	5.7	4.4	(0.9)	(60.6)	1.4
SMGR	8,450	9,900	11,550	Buy	36.7	(22.1)	50.1	26.5x	1.7x	6.6	1.6	4.7	(10.9)	1.1
CPIN	4,910	3,000	4,200	Hold	(14.5)	71.7	80.5	23.6x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,250	1,300	2,000	Hold	(11.1)	89.9	26.4	15.9x	2.9x	18.3	2.2	18.2	142.5	0.7
MAIN	1,500	740	780	Sell	(48.0)	62.2	3.4	23.3x	1.8x	7.9	2.5	13.5	350.0	1.1
KRAS	402	424	500	Buy	24.4	(29.5)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,025	6,000	6,275	Buy	24.9	9.8	89.6	21.3x	3.5x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,820	2,260	2,420	Buy	33.0	(4.7)	32.4	22.2x	1.6x	8.9	1.3	9.8	(7.3)	1.1
Mining						33.7	451.7							
ADRO	1,835	1,860	2,500	Buy	36.2	(1.6)	58.7	8.7x	1.1x	13.6	5.9	5.1	(23.4)	1.1
PTBA	4,260	2,460	5,375	Buy	26.2	65.1	49.1	8.4x	3.5x	43.4	7.5	17.4	49.1	1.1
ITMG	27,625	20,700	32,400	Buy	17.3	38.0	31.2	8.4x	2.3x	27.6	11.4	8.0	(10.0)	1.1
INCO	4,110	2,890	5,325	Buy	29.6	46.8	40.8	72.4x	1.5x	1.9	N/A	28.3	N/A	1.2
ANTM	855	625	985	Buy	15.2	19.6	20.5	54.7x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	800	775	1,240	Buy	55.0	(5.9)	6.0	12.0x	1.0x	8.3	3.0	(0.6)	(18.1)	1.1
ELSA	350	372	625	Buy	78.6	38.9	2.6	7.1x	0.8x	12.1	1.5	46.5	783.3	1.4
Agriculture						(8.5)	102.2							
AALI	12,950	13,150	14,800	Hold	14.3	(11.8)	24.9	14.2x	1.3x	9.7	3.6	8.9	(23.3)	0.5
LSIP	1,330	1,420	1,380	Hold	3.8	(3.6)	9.1	17.2x	1.1x	6.6	3.4	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

TPIA : Settles Construction of SRI

TPIA settled the construction of Banten-based factory, namely PT Synthetic Rubber Indonesia (SRI). It invested USD435 million for the construction of such factory: a corporation between TPIA and Michelin. Of note, TPIA's shares ownership of SRI is 45%, while the remaining 55% is owned by Michelin. Using butadiene produced by TPIA's subsidiary, SRI is targeted to produce 120,000 tons of environment-friendly tires per year. (Kontan)

FREN : Establishes Execution Price of IDR120

FREN establishes the execution price of private placement of IDR120 per share. The private placement is performed by issuing 10 shares of convertible bonds of IV series respectively have the nominal value of IDR120 billion. Such price establishment is one of FREN's agenda for its business restructuring. The funds collection will be spent on capital working. (Kontan)

GIAA : Will Change Its Organization Structure

GIAA will hold Extraordinary General Meeting (EGM) dated September 12, 2018. The agenda for the EGM are the disclosure of the 1H18's performance review, the issuance of global bonds, and the change of GIAA's organization structure: a response to the demand of the Garuda Employee Union (Sekarga). (Bisnis Indonesia)

BUMI : Actualizes Coal Production of 40.5 Million Tons

BUMI accomplished the increment of 0.7% y-y in the 1H18's coal production of 40.5 million tons whose 27.2 million tons were produced by Kaltim Prima Coal (KPC), and the remaining amount was produced by Arutmin. Allocating the capex of USD60 million, it is optimistic to hit the 2018's production target of 90 million tons along with the conducive weather in the 2H18. (Kontan)

Domestic & Global News

Indonesia's 2Q18 Foreign Debt Lags

The total Indonesia's foreign debt until the end of June 2018 reached USD355.7 billion. The foreign debt in the 2Q18 grew by 5.5%, a lagging growth than the growth of 8.9% y-y in the 1Q18. The foreign debt consisted of the government debt and central bank debt of USD179.7 billion, as well as the private debt of USD176.0 billion. Bank Indonesia (BI) considered that the foreign debt of Indonesia grew at modest pace along with the resilient fiscal management amid the global volatility, and financing strategies optimizing the domestic market sources. (CNBC Indonesia)

Trump Says 'Not Thrilled' with Fed Rate Hike

U.S. President Donald Trump said on Monday he was "not thrilled" with the Federal Reserve under his own appointee, Chairman Jerome Powell, for raising interest rates and said the U.S. central bank should do more to help him to boost the economy. (Reuters)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 20 - Aug	GER	13:00	PPI YoY	Jul	3.00%	--	3.00%
Wednesday 22 - Aug	JPN	11:30	All Industry Activity Index MoM	Jun		--	0.10%
	USA	18:00	MBA Mortgage Applications	17-Aug		--	-2.00%
	USA	21:00	Existing Home Sales	Jul		5.45m	5.38m
Thursday 23 - Aug	USA	19:30	Initial Jobless Claims	18-Aug		--	--
	EU	21:00	Consumer Confidence	Aug		--	-0.6
	USA	21:00	New Home Sales	Jul		650k	631k
	USA	21:00	New Home Sales MoM	Jul		3.00%	-5.30%
Friday 24 - Aug	JPN	06:30	Natl CPI YoY	Jul		--	0.70%
	GER	13:00	GDP SA QoQ	2Q		--	0.50%
	USA	19:30	Durable Goods Orders	Jul		1.00%	0.80%

Source: Bloomberg

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