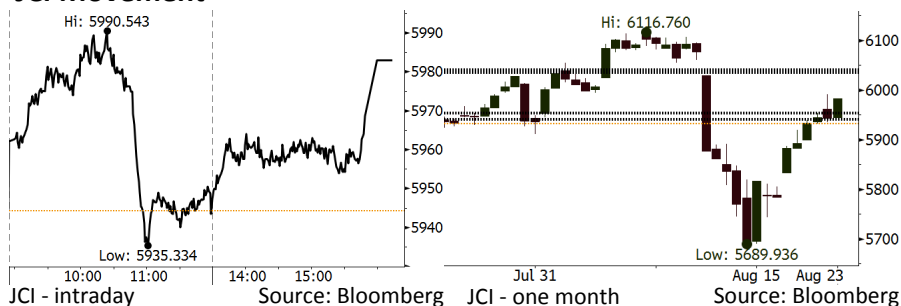


# Morning Brief

Daily | Aug 24, 2018

## JCI Movement



## Market Recap

JCI rallied as the U.S. imposed the new tariffs on China's goods. **Top Gainers: Finance (+2.10%), Basic Industry (+1.49%), Property (+1.33%)**

The global market was suppressed by the escalating trade war tension sparked by the U.S. new tariffs of USD16 billion on China's goods. Besides, the U.S. stocks were also loomed by the legal action against President Trump.

## Today's Outlook: Possible Upgrade by S&P

We estimate that JCI likely rallies with the **support range of 5942-5952** and **resistance range of 6035-6040**. The positive sentiment derives from the rating agency Standard & Poor's (S&P) stating that Indonesia deserves an upgraded rating if it succeeded in ensuring a stronger fiscal backdrop and external metric measurement and maintaining the economic growth. Additionally, S&P also affirmed that the 2019's state budget draft disclosed by President Joko Widodo is realistic.

On the other hand, investors likely eye on the updated issue relating to the trade war between the U.S. and China. The U.S. stance of imposing new tariffs on China's goods is potential for igniting concerns about deadlock of the two-country trade negotiation.

## Stocks Recommendation (details on the next page)

Trading Buy: UNTR, ANTM, BBNI

## Company News

- WEGE : Achieves 75% of New Contracts Target
- UNTR : Accomplishes 63.9% of 2018's Sales Target
- PTBA : Exports Premium Coal
- ADRO : Suffers from Loss of 4% in Production

## Domestic & Global News

- Rupiah Depreciation of 14,637: The Worst Since 2015
- New Tariff of US-China Trade War

## 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

## IHSG (Jakarta Composite Index)

August 23	5,982.99
Chg	+38.68pts (+0.65%)
Volume (bn shares)	89.28
Value (IDR tn)	9.53
<b>Adv 172 Dec 203 Unc 238 Untr 116</b>	

## Foreign Transaction (IDR bn)

Buy	3,748
Sell	3,196
Net Buy (Sell)	552

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	435.2	TLKM	92.4
BBRI	224.0	UNTR	52.3
INKP	105.5	BBNI	40.5
ASII	65.9	ERAA	24.2
INDF	25.0	UNVR	21.6

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INTP	7.6%	LPPF	-4.3%
BSDE	7.5%	ITMG	-4.2%
SMGR	5.2%	AKRA	-3.4%
PGAS	5.2%	HMSP	-2.1%
ANTM	4.2%	EXCL	-2.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.90%	0.06%
USDIDR	14,638	0.44%
KRWIDR	13.04	0.13%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,656.98	(76.62)	-0.30%
S&P 500	2,856.98	(4.84)	-0.17%
Nasdaq	7,878.46	(10.64)	-0.14%
FTSE 100	7,563.22	(11.02)	-0.15%
CAC 40	5,419.33	(1.28)	-0.02%
DAX	12,365.58	(20.12)	-0.16%
Nikkei	22,410.82	48.27	0.22%
Hang Seng	27,790.46	(137.12)	-0.49%
Shanghai	2,724.63	10.02	0.37%
KOSPI	2,282.60	9.27	0.41%
EIDO	23.45	(0.23)	-0.97%

## Commodities

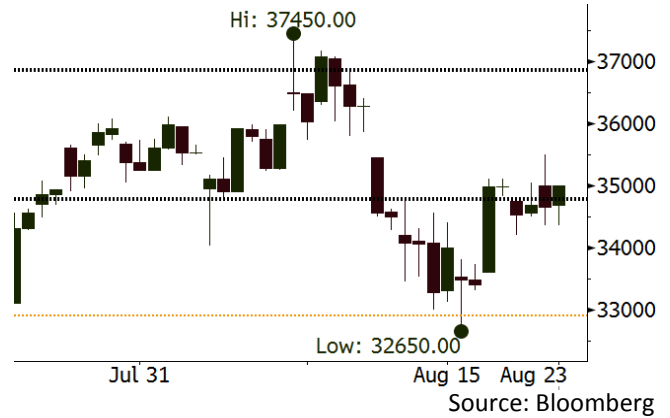
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,185.6	(10.2)	-0.86%
Crude Oil (USD /bbl)	67.83	(0.03)	-0.04%
Coal Newcas(USD/ton)	108.80	0.05	0.05%
Gas (USD /mmbtu)	2.96	0.01	0.27%
Nickel LME (USD /MT)	13,275	(250.0)	-1.85%
Tin LME (USD /MT)	19,100	(270.0)	-1.39%
CPO (MYR/Ton)	2,218	(23.0)	-1.03%

**UNTR** Last = 35000

**Analysis** UNTR is estimated to be capable of maintaining its outperformance until 2019 thanks to the government's stance of beefing up coal production in 2019 leading to the high demand of heavy machinery and attractive outlook for mining services.

**Range** 34775 - 36850

**Action** Trading Buy. Cut Loss If Below 34775

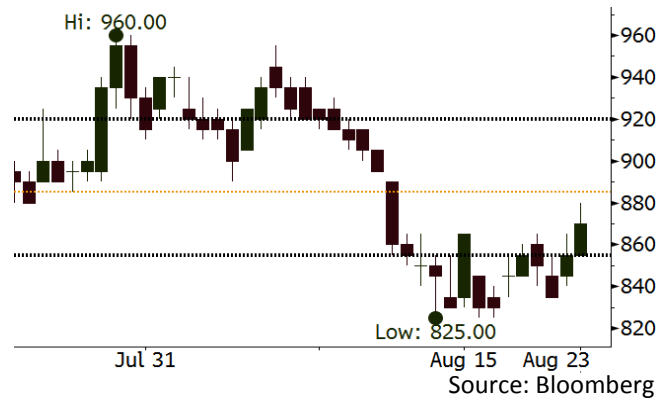


**ANTM** Last = 870

**Analysis** The Indonesian government targets to settle the necessary agreements for the Freeport Indonesia's stocks acquisition to be conducted in September. Such stance likely synergizes the anode slime business between ANTM and Freeport Indonesia.

**Range** 855 - 920

**Action** Trading Buy. Cut Loss If Below 855

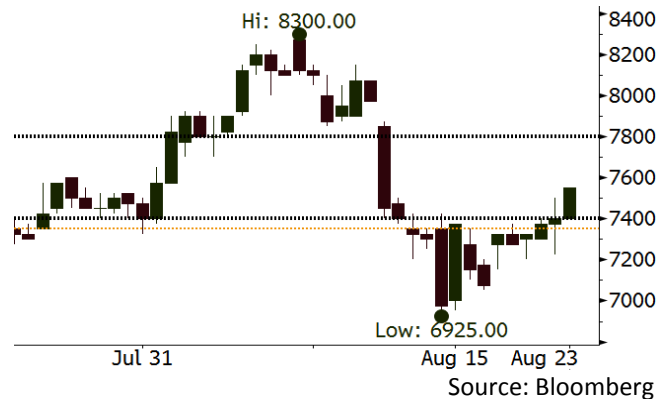


**BBNI** Last = 7550

**Analysis** BBNI posted the acceleration in the 2Q18's net profit growing by 19.0% higher than the 1Q18 growth of 13.0% thanks to the buoyant NIM hiking from 5.5% in the 1Q18 to 5.6% in the 2Q18.

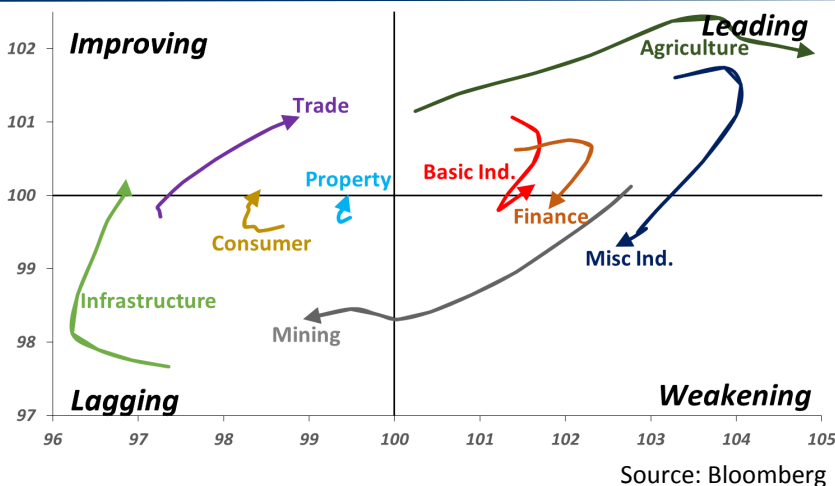
**Range** 7400 - 7800

**Action** Trading buy. Cut Loss If Below 7400



## 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
<b>JCI Index</b>	5,983	6,356				1.5	6,768.9							
<b>Finance</b>						9.6	2,022.2							
BBCA	24,575	21,900	27,650	Hold	12.5	29.7	605.9	25.1x	4.4x	18.8	1.0	5.7	8.4	1.0
BBRI	3,270	3,640	3,930	Buy	20.2	7.4	403.3	13.1x	2.4x	19.3	3.3	5.8	10.9	1.4
BMRI	6,850	8,000	7,500	Hold	9.5	3.8	319.7	13.7x	1.9x	14.5	2.9	(0.5)	28.7	1.4
BBNI	7,550	9,900	9,675	Buy	28.1	1.7	140.8	9.6x	1.4x	15.5	3.4	11.8	16.2	1.4
BBTN	2,640	3,570	3,280	Buy	24.2	(7.0)	28.0	8.8x	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>						(2.2)	1,361.8							
HMSP	3,720	4,730	4,575	Buy	23.0	2.2	432.7	34.0x	15.6x	46.0	2.9	5.5	1.9	1.3
GGRM	75,525	83,800	88,650	Buy	17.4	5.9	145.3	18.7x	3.3x	18.2	3.4	10.1	0.1	1.3
UNVR	43,350	55,900	44,200	Hold	2.0	(12.4)	330.8	47.9x	66.0x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,925	8,900	9,625	Hold	7.8	3.8	104.1	26.0x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,600	7,625	8,175	Buy	23.9	(21.4)	58.0	15.1x	1.9x	12.6	3.6	1.0	(12.5)	1.2
KLBF	1,325	1,690	1,730	Buy	30.6	(23.2)	62.1	25.8x	4.7x	18.9	1.9	3.1	(0.0)	1.2
KAEF	2,420	2,700	3,280	Buy	35.5	(23.4)	13.4	38.0x	5.4x	14.9	0.7	29.1	28.3	1.1
<b>Infrastructure</b>						(20.0)	687.12							
TLKM	3,300	4,399	4,600	Buy	39.4	(30.3)	332.6	17.4x	3.8x	22.1	5.1	0.5	(28.1)	0.9
EXCL	2,990	2,960	3,800	Buy	27.1	(14.8)	32.0	219.4x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,230	4,800	6,750	Buy	109.0	(49.5)	17.6	N/A	1.4x	(2.6)	2.3	(26.8)	N/A	0.9
JSMR	4,610	6,400	6,050	Buy	31.2	(17.3)	33.5	15.0x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,700	6,425	6,050	Hold	6.1	(16.2)	25.8	11.2x	8.1x	92.7	3.0	8.4	16.1	0.7
INDY	3,020	3,060	5,000	Buy	65.6	152.7	15.7	2.9x	1.1x	46.6	3.6	263.6	166.7	0.8
<b>Trade</b>						(7.8)	740.5							
UNTR	35,000	35,400	42,350	Buy	21.0	14.8	130.6	13.8x	2.7x	20.6	2.6	32.3	60.0	1.1
AKRA	3,960	6,350	8,025	Buy	102.7	(40.0)	15.9	22.7x	1.9x	22.2	5.6	21.6	(34.8)	1.3
SCMA	2,020	2,480	2,700	Buy	33.7	(11.8)	29.5	22.1x	7.0x	32.5	3.7	2.6	0.7	1.1
MNCN	985	1,285	1,550	Buy	57.4	(34.3)	14.1	9.8x	1.3x	14.6	1.5	1.8	(9.2)	1.2
LPPF	6,750	10,000	11,250	Buy	66.7	(38.1)	19.7	10.3x	8.4x	93.0	6.8	3.1	0.4	1.0
ACES	1,385	1,155	1,635	Buy	18.1	31.3	23.8	26.9x	6.7x	26.3	1.6	22.6	30.0	1.0
RALS	1,310	1,200	1,400	Hold	6.9	27.2	9.3	16.8x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	855	620	945	Hold	10.5	27.6	14.2	24.2x	3.2x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(11.3)	382.7							
BSDE	1,290	1,700	1,850	Buy	43.4	(29.1)	24.8	7.4x	1.0x	13.8	N/A	(27.6)	(79.9)	1.3
PWON	530	685	625	Buy	17.9	(20.3)	25.5	12.1x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	895	1,185	1,130	Buy	26.3	(24.8)	16.6	22.7x	1.2x	5.6	1.6	(0.8)	(49.0)	1.4
SMRA	690	945	1,050	Buy	52.2	(35.8)	10.0	29.9x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	1,930	2,210	2,810	Buy	45.6	(14.6)	26.2	4.5x	1.6x	39.6	3.0	47.3	134.6	1.4
PTPP	1,850	2,640	3,850	Buy	108.1	(33.7)	11.5	8.4x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,600	1,550	2,150	Buy	34.4	(19.6)	14.4	11.2x	1.1x	10.5	1.7	36.8	18.7	1.0
ADHI	1,495	1,885	2,160	Buy	44.5	(27.1)	5.3	9.3x	0.9x	10.1	1.9	39.7	282.5	1.1
<b>Misc Ind.</b>						(6.2)	374.9							
ASII	7,425	8,300	9,300	Buy	25.3	(6.9)	300.6	15.1x	2.4x	16.3	2.5	14.8	11.3	1.3
<b>Basic Ind.</b>						37.1	650.4							
INTP	17,000	21,950	21,575	Buy	26.9	(13.7)	62.6	47.7x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,075	9,900	11,550	Buy	27.3	(15.6)	53.8	28.5x	1.9x	6.6	1.5	4.7	(10.9)	1.1
CPIN	5,300	3,000	4,200	Sell	(20.8)	87.3	86.9	25.5x	5.1x	21.3	1.1	2.7	59.1	1.0
JPFA	2,220	1,300	2,000	Hold	(9.9)	93.9	26.0	15.7x	2.9x	18.3	2.3	18.2	142.5	0.7
MAIN	1,485	740	780	Sell	(47.5)	59.7	3.3	23.1x	1.8x	7.9	2.6	13.5	350.0	1.1
KRAS	404	424	500	Buy	23.8	(30.9)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,075	6,000	6,275	Buy	23.6	10.9	90.5	21.4x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,830	2,260	2,420	Buy	32.2	(5.2)	32.6	22.2x	1.6x	8.9	1.3	9.8	(7.3)	1.1
<b>Mining</b>						28.5	445.2							
ADRO	1,940	1,860	2,500	Buy	28.9	(1.3)	62.1	9.3x	1.2x	13.3	5.6	3.9	(12.1)	1.1
PTBA	4,040	2,460	5,375	Buy	33.0	53.0	46.5	8.0x	3.3x	43.4	7.9	17.4	49.1	1.1
ITMG	25,675	20,700	32,400	Buy	26.2	26.9	29.0	7.8x	2.1x	27.6	12.2	8.0	(10.0)	1.1
INCO	4,020	2,890	5,325	Buy	32.5	37.7	39.9	70.5x	1.5x	1.9	N/A	28.3	N/A	1.2
ANTM	870	625	985	Hold	13.2	17.6	20.9	55.7x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	795	775	1,240	Buy	56.0	(13.1)	5.9	11.9x	1.0x	8.3	3.0	(0.6)	(18.1)	1.1
ELSA	360	372	625	Buy	73.6	34.3	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(7.3)	104.0							
AALI	13,600	13,150	14,800	Hold	8.8	(9.3)	26.2	15.0x	1.4x	9.7	3.5	8.9	(23.3)	0.5
LSIP	1,370	1,420	1,380	Hold	0.7	(0.4)	9.3	17.7x	1.1x	6.6	3.3	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WEGE : Achieves 75% of New Contracts Target**

WEGE until July 2018 posted the new contracts worth IDR5.95 trillion equal to 76% of the 2018's target of IDR7.82 trillion. In July, it succeeded to secure new contracts worth IDR2.8 trillion and allocated the capex of IDR383 billion to be invested in property and hospital sectors. (Kontan)

### **PTBA : Exports Premium Coal**

PTBA sells premium coal having the content of 6,100-6,700 kcal/kg in August. In 2018, it targets to hit the sales of 1 million tons of premium coal and beef up exports. Of note, in August it exported its premium coal amounting to 150,000 tons to Taiwan and 75,000 tons to Japan. (Bisnis Indonesia)

### **UNTR : Accomplishes 63.9% of 2018's Sales Target**

UNTR enjoyed the growth of 39.54% y-y to 2,876 units in the sales of heavy machinery from January to July 2018. The sales reached 63.91% of the 2018's sales target of 4,500 units. The sales target was underpinned by 55% of heavy machinery purchasing by the mining sector, 21% by the construction sector, 15% by the plantation sector, and 9% by the forestry sector. Within the first 7 months, UNTR's market shares reached 36%. (Bisnis Indonesia)

### **ADRO : Suffers from Loss of 4% in Production**

ADRO posted the loss of 4% y-y to 24.06 million tons in the 1H18's coal production volume. The decline in production was attributable to the heavy rainfall in the 1Q18. Additionally, the 1H18's sales volume also whittled away 6% y-y to 23.8 million tons. However, the trend of higher coal price sent ADRO's 1H18 net revenue to hike by 4% y-y to USD1.62 billion. (Kontan)

## Domestic & Global News

### **Rupiah Depreciation of 14,637: The Worst Since 2015**

Rupiah's exchange rate for the U.S. dollar is at 14,625, yet rupiah was depreciated further at 14,637, the lowest level since October 2015. Rupiah moved at its most appreciated level of 14,595 at 09:00 a.m. (CNBC Indonesia)

### **New Tariff of US-China Trade War**

A new round of U.S. tariffs on \$16 billion worth of Chinese imports kicked in on Thursday, prompting Beijing to retaliate with its own levies on American goods worth the same amount. The U.S. began collecting additional 25 percent duties on 279 Chinese import product categories identified by U.S. Trade Representative. Key products that will be hit by the duties include semiconductors, chemicals, plastics, motorbikes and electric scooters. Beijing retaliated with its own fresh tariffs on \$16 billion worth of additional imports from the U.S. including fuel, steel products, autos and medical equipment. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 20 - Aug	GER	13:00	PPI YoY	Jul	3.00%	--	3.00%
<b>Wednesday</b> 22 - Aug	JPN	11:30	All Industry Activity Index MoM	Jun	-0.80%	--	0.10%
	USA	18:00	MBA Mortgage Applications	17-Aug	4.20%	--	-2.00%
	USA	21:00	Existing Home Sales	Jul	5.34m	5.45m	5.38m
<b>Thursday</b> 23 - Aug	USA	19:30	Initial Jobless Claims	18-Aug	210k	--	--
	EU	21:00	Consumer Confidence	Aug	-1.9	--	-0.6
	USA	21:00	New Home Sales	Jul	627k	650k	631k
	USA	21:00	New Home Sales MoM	Jul	-1.70%	3.00%	-5.30%
<b>Friday</b> 24 - Aug	JPN	06:30	Natl CPI YoY	Jul	0.90%	--	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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