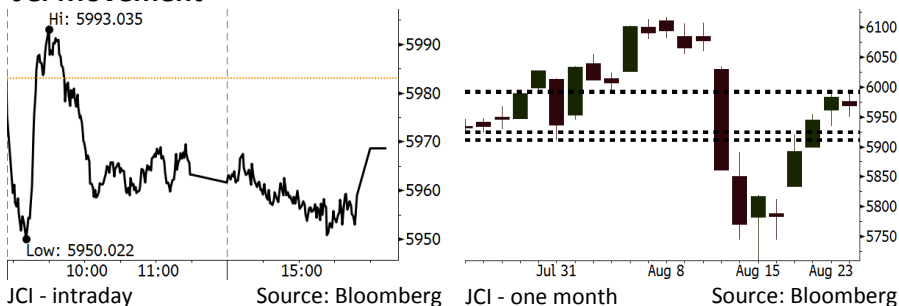


Morning Brief

Daily | Aug 27, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 24	5,968.75
Chg	-14.24pts (-0.24%)
Volume (bn shares)	68.62
Value (IDR tn)	6.00

Adv 150 Dec 209 Unc 254 Untr 132

Foreign Transaction (IDR bn)	
Buy	2,226
Sell	2,197
Net Buy (Sell)	29

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	172.6	TLKM	60.1
BBRI	42.8	BBNI	59.6
ASII	34.5	SMGR	21.6
INKP	20.1	UNTR	21.3
PTBA	16.6	KLBF	12.9

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	7.94%	0.04%
USDIDR	14,649	0.08%
KRWIDR	13.11	0.54%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,790.35	133.37	0.52%
S&P 500	2,874.69	17.71	0.62%
Nasdaq	7,945.98	67.52	0.86%
FTSE 100	7,577.49	14.27	0.19%
CAC 40	5,432.50	13.17	0.24%
DAX	12,394.52	28.94	0.23%
Nikkei	22,601.77	190.95	0.85%
Hang Seng	27,671.87	(118.59)	-0.43%
Shanghai	2,729.43	4.81	0.18%
KOSPI	2,293.21	10.61	0.46%
EIDO	23.88	0.43	1.83%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,205.4	19.8	1.67%
Crude Oil (USD /bbl)	68.72	0.89	1.31%
Coal Newcas(USD/ton)	111.75	0.25	0.22%
Gas (USD /mmbtu)	2.92	(0.05)	-1.59%
Nickel LME (USD /MT)	13,415	140.0	1.05%
Tin LME (USD /MT)	19,000	(100.0)	-0.52%
CPO (MYR/Ton)	2,219	1.0	0.05%

Market Recap

JCI closed lower on Friday amid rupiah depreciation. Investors remained to eye on the threat of the global trade war. **Top Losers: Basic Industry (-0.87%), Manufacture (-0.81%), Consumer (-0.81%)**

Asia markets closed mixed on Friday after the announcement of new import tariff and the failure of trade negotiation between the U.S. and China. Nonetheless, the global markets rallied on Friday, 08/24/18 after the Fed's speech noting the U.S. robust economy.

Today's Outlook: Warning from Moody's

We estimate JCI to move at modest pace with the **support range of 5911-5925 and resistance range of 5991-5993**. The negative sentiment derives from Moody's warning of further rupiah depreciation likely breeding negative impacts on Indonesia's fiscal and looming Indonesia's debt management. Such backdrop inevitably escalates investors' jitters particularly after the Financial Minister stated that in 2019 Indonesia has the large amount of matured debt to be settled.

From the global outlook, Jerome Powell's statement hinders no certain clues whether 4x interest rates will occur in 2018. He only stated that the Fed's rate hike will continue gradually as the U.S. economy is robust.

Stocks Recommendation (details on the next page)

Trading Buy: INCO, ANTM, PTBA

Company News

- ASRI : Sales Grows by 30.4%
- MIDI : Targets to Launch 100 New Stores
- ERAA : Launches 6 Erafone Stores
- GIAA : Settles Loan Facility in September

Domestic & Global News

- Indonesia Government Is Optimistic to Reach Debt Ratio of 29.5% per GDP
- Powell Expects to See Further Interest Rate Increases

Indonesia Economic Data

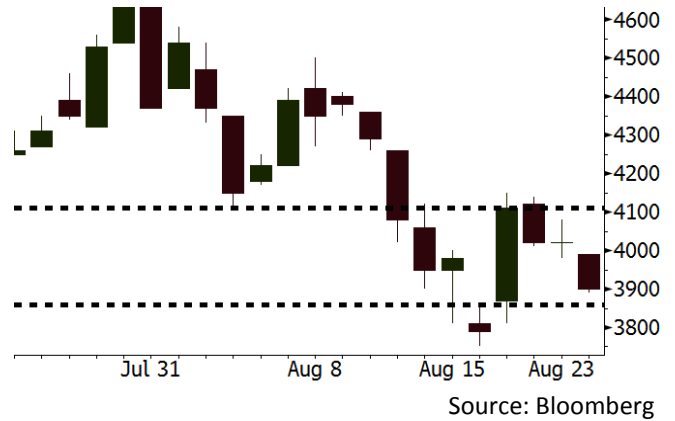
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports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

INCO Last = 3900

Analysis Nickel prices rallied after declining for 4 consecutive days. The rally in nickel prices are underpinned by the high demand for nickel, the rally in nickel prices underlined by the expectancy of cutting of import tariff imposed on ferronickel by India government.

Range 3860 – 4110

Action Trading Buy. Cut Loss If Below 3860

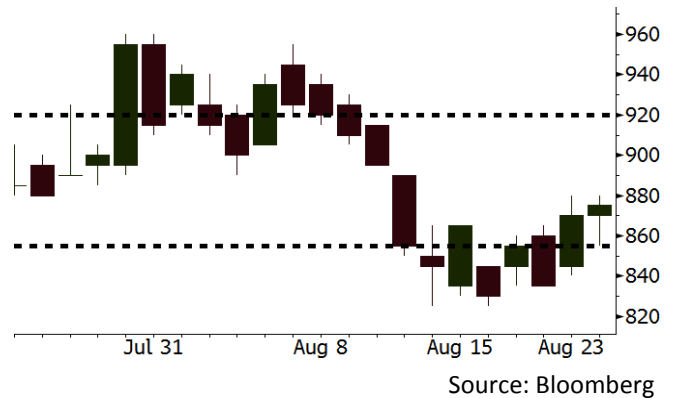


ANTM Last = 870

Analysis ANTM has succeeded to acquire two nickel mining areas in South Sulawesi. The Indonesian government will offer 4 mining areas with the auction scheme.

Range 855 - 920

Action Trading Buy. Cut Loss If Below 855

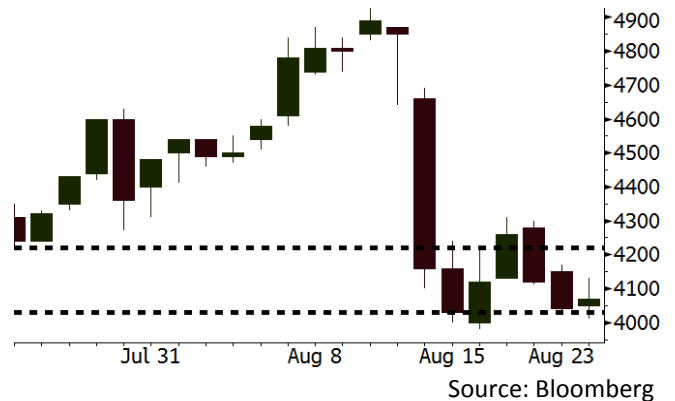


PTBA Last = 4070

Analysis In August PTBA begins to export 225,000 tons of high-calorie coal. It is an effective diversification effort to boost sales.

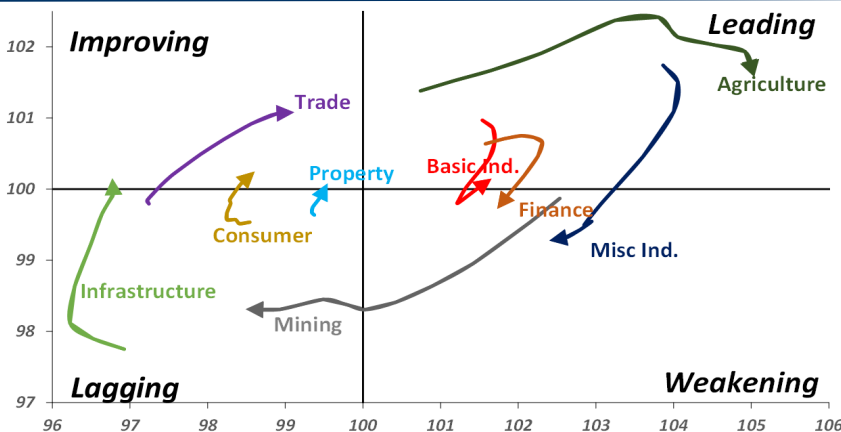
Range 4030 – 4220

Action Trading buy. Cut Loss If Below 4030



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	5,969	6,356				0.9	6,754.6							
Finance						10.1	2,034.1							
BBCA	25,075	21,900	27,650	Hold	10.3	31.3	618.2	25.6x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,270	3,640	3,930	Buy	20.2	6.9	403.3	13.1x	2.4x	19.3	3.3	5.8	10.9	1.4
BMRI	6,775	8,000	7,500	Hold	10.7	2.8	316.2	13.5x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,425	9,900	9,675	Buy	30.3	-	138.5	9.5x	1.4x	15.5	3.4	11.8	16.2	1.4
BBTN	2,630	3,570	3,280	Buy	24.7	(8.4)	27.9	8.7x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(7.9)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.8
Consumer						(4.2)	1,350.8							
HMSP	3,680	4,730	4,575	Buy	24.3	(0.5)	428.1	33.6x	15.4x	46.0	2.9	5.5	1.9	1.3
GGRM	74,000	83,800	88,650	Buy	19.8	2.8	142.4	18.4x	3.2x	18.2	3.5	10.1	0.1	1.3
UNVR	43,000	55,900	44,200	Hold	2.8	(13.9)	328.1	47.5x	65.5x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,875	8,900	9,625	Hold	8.5	0.3	103.5	25.9x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,675	7,625	8,175	Buy	22.5	(22.4)	58.6	15.2x	1.9x	12.6	3.6	1.0	(12.5)	1.2
KLBF	1,300	1,690	1,730	Buy	33.1	(24.6)	60.9	25.4x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,410	2,700	3,280	Buy	36.1	(26.3)	13.4	37.8x	5.3x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(20.5)	681.74							
TLKM	3,290	4,399	4,600	Buy	39.8	(30.4)	331.6	17.4x	3.8x	22.1	5.1	0.5	(28.1)	0.8
EXCL	2,950	2,960	3,800	Buy	28.8	(19.4)	31.5	216.5x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,220	4,800	6,750	Buy	109.6	(49.5)	17.5	N/A	1.4x	(2.6)	2.3	(26.8)	N/A	0.9
JSMR	4,600	6,400	6,050	Buy	31.5	(17.5)	33.4	15.0x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,550	6,425	6,050	Hold	9.0	(16.9)	25.1	10.9x	7.9x	92.7	3.0	8.4	16.1	0.6
INDY	3,010	3,060	5,000	Buy	66.1	154.0	15.7	2.9x	1.1x	46.6	3.6	263.6	166.7	0.8
Trade						(8.4)	737.0							
UNTR	34,200	35,400	42,350	Buy	23.8	12.7	127.6	13.5x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	3,850	6,350	8,025	Buy	108.4	(41.9)	15.5	22.0x	1.9x	22.2	5.7	21.6	(34.8)	1.3
SCMA	2,110	2,480	2,700	Buy	28.0	(7.5)	30.9	23.1x	7.3x	32.5	3.6	2.6	0.7	1.1
MNCN	965	1,285	1,550	Buy	60.6	(35.7)	13.8	9.6x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	6,475	10,000	11,250	Buy	73.7	(39.5)	18.9	9.9x	8.1x	93.0	7.1	3.1	0.4	1.0
ACES	1,375	1,155	1,635	Buy	18.9	27.3	23.6	26.7x	6.6x	26.3	1.7	22.6	30.0	1.0
RALS	1,305	1,200	1,400	Hold	7.3	24.9	9.3	16.7x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	825	620	945	Hold	14.5	20.4	13.7	23.4x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(12.4)	384.1							
BSDE	1,250	1,700	1,850	Buy	48.0	(31.7)	24.1	7.2x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	525	685	625	Buy	19.0	(23.4)	25.3	12.0x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	875	1,185	1,130	Buy	29.1	(28.0)	16.2	22.2x	1.2x	5.6	1.6	(0.8)	(49.0)	1.4
SMRA	675	945	1,050	Buy	55.6	(38.6)	9.7	29.2x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	1,915	2,210	2,810	Buy	46.7	(14.9)	26.0	4.5x	1.6x	39.6	3.0	47.3	134.6	1.4
PTPP	1,875	2,640	3,850	Buy	105.3	(33.0)	11.6	8.6x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,570	1,550	2,150	Buy	36.9	(21.1)	14.1	11.0x	1.1x	10.5	1.7	36.8	18.7	1.0
ADHI	1,495	1,885	2,160	Buy	44.5	(26.4)	5.3	9.3x	0.9x	10.1	1.9	39.7	282.5	1.1
Misc Ind.						(7.0)	372.2							
ASII	7,375	8,300	9,300	Buy	26.1	(7.8)	298.6	15.0x	2.3x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						36.2	644.7							
INTP	16,500	21,950	21,575	Buy	30.8	(15.6)	60.7	46.3x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	8,750	9,900	11,550	Buy	32.0	(17.3)	51.9	27.5x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	5,375	3,000	4,200	Sell	(21.9)	87.9	88.1	25.8x	5.1x	21.3	1.0	2.7	59.1	1.0
JPFA	2,340	1,300	2,000	Hold	(14.5)	101.7	27.4	16.5x	3.1x	18.3	2.1	18.2	142.5	0.8
MAIN	1,490	740	780	Sell	(47.7)	59.4	3.3	23.1x	1.8x	7.9	2.6	13.5	350.0	1.2
KRAS	402	424	500	Buy	24.4	(30.7)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,050	6,000	6,275	Buy	24.3	10.7	90.1	21.3x	3.6x	19.1	1.6	9.9	(36.3)	0.6
BRPT	1,805	2,260	2,420	Buy	34.1	(7.4)	32.1	22.0x	1.6x	8.9	1.4	9.8	(7.3)	1.1
Mining						29.3	445.0							
ADRO	1,910	1,860	2,500	Buy	30.9	(1.8)	61.1	9.2x	1.2x	13.3	5.7	3.9	(12.1)	1.1
PTBA	4,070	2,460	5,375	Buy	32.1	55.3	46.9	8.0x	3.4x	43.4	7.8	17.4	49.1	1.1
ITMG	25,900	20,700	32,400	Buy	25.1	29.3	29.3	7.9x	2.2x	27.6	12.1	8.0	(10.0)	1.0
INCO	3,900	2,890	5,325	Buy	36.5	34.9	38.8	68.6x	1.4x	1.9	N/A	28.3	N/A	1.2
ANTM	875	625	985	Hold	12.6	21.5	21.0	56.0x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	800	775	1,240	Buy	55.0	(12.1)	6.0	12.0x	1.0x	8.3	3.0	(0.6)	(18.1)	1.0
ELSA	360	372	625	Buy	73.6	38.5	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(6.8)	105.0							
AALI	13,575	13,150	14,800	Hold	9.0	(11.1)	26.1	14.9x	1.4x	9.7	3.5	8.9	(23.3)	0.6
LSIP	1,390	1,420	1,380	Hold	(0.7)	0.7	9.5	17.9x	1.2x	6.6	3.2	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ASRI : Sales Grows by 30.4%

ASRI posted the growth of 30.3% y-y to IDR2.19 trillion in the 1H18's sales, yet its profit whittled away as the COGS soared by 47.2% y-y. Thus, its 1H18's net profit declined by 27.0% y-y to IDR517.79 billion. (Kontan)

MIDI : Targets to Launch 100 New Stores

MIDI targets to launch 100 new stores to boost the 2018's performance. In the 1H18's it launched 68 new stores whose most of them are minimarkets. Thus, to realize its targets, in 2018 it allocated the capex of IDR500 billion whose 60% is spent on the expansion of new stores. (Kontan)

ERAA : Launches 6 Erafone Stores

ERAA through its subsidiary, EAR launched 6 new stores with the format of Erafone Megastore and Erafone Multibrand Store. Aiming to expand its market, EAR launched the new stores in the areas outside Greater Jakarta. Now, ERAA has 38 stores with the format of Megastore and 159 stores with the format of Multibrand Store. (Kontan)

GIAA : Settles Loan Facility in September

GIAA projects that it will be capable of settling the global syndication loan of USD300 million in September 2018. Of note, the loan will be spent on debt refinancing. In prior, it obtained funds through the issuance of collective investment contract (KIK-EBA) whose proceeds will be used to settle bonds debt. (CNBC Indonesia)

Domestic & Global News

Indonesia Government Is Optimistic to Reach Debt Ratio of 29.5% per GDP

The Indonesian government targets the ratio of Indonesia's debt to the 2020's GDP to decline further and settle at the average of 29.5%-31%. Furthermore, the Indonesian government is also optimistic about reaching the target as it endeavors to manage meticulously the debt. The President Special staff Ahmad Erani Yustika stated that in drafting the 2018 and 2019's state budget, the Indonesian government sets priority capable of boosting economic growth, infrastructure development, and social and health program. (Kontan)

Powell Expects to See Further Interest Rate Increases

Fed Chairman Jerome Powell says he expects to see further interest rate increases. The central bank leader says the economy is "strong" and can handle more normalization of policy. He spoke at the Fed's annual symposium at Jackson Hole, Wyoming, delivering a speech that the market watches closely for clues about the monetary policy path. Powell gave a slight acknowledgement to some of the turmoil in emerging markets, saying "there are risk factors abroad and at home that, in time, could demand a different policy response."

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 27 - Aug	GER	15:00	IFO Business Climate	Aug		101.8	101.7
Tuesday 28 - Aug	EU	15:00	M3 Money Supply YoY	Jul		4.30%	4.40%
	US	21:00	Conf. Board Consumer Confidence	Aug		126.5	127.4
Wednesday 29 - Aug	US	18:00	MBA Mortgage Applications	24-Aug		--	4.20%
	US	19:30	GDP Annualized QoQ	2Q S		4.00%	4.10%
Thursday 30 - Aug	GER	19:00	CPI YoY	Aug P		2.00%	2.00%
	US	19:30	Personal Income	Jul		0.40%	0.40%
	US	19:30	Personal Spending	Jul		0.40%	0.40%
	US	19:30	Initial Jobless Claims	25-Aug		--	210k
Friday 31 - Aug	JPN	06:30	Jobless Rate	Jul		2.40%	2.40%
	JPN	06:50	Industrial Production MoM	Jul P		0.20%	-1.80%
	CHN	08:00	Manufacturing PMI	Aug		51	51.2
	UK	13:00	Nationwide House PX MoM	Aug		0.00%	0.60%
	US	20:45	Chicago Purchasing Manager	Aug		63	65.5
	US	21:00	U. of Mich. Sentiment	Aug F		95.7	95.3

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Friday 31 - Aug	Tentative	Money Supply M2 YoY	Jul	--	--	5.90%

Source: Bloomberg

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