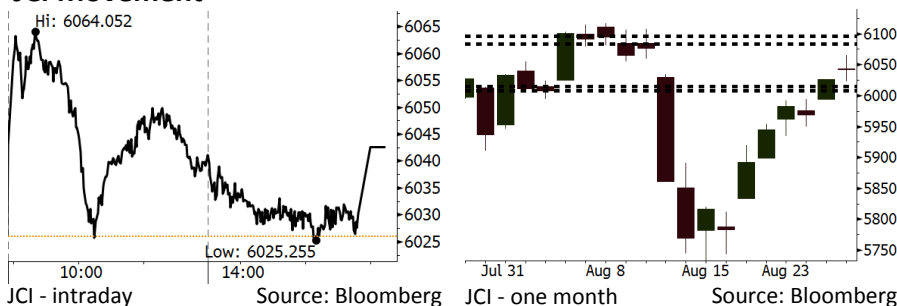


Morning Brief

Daily | Aug 29, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 28	6,042.65
Chg	+16.68pts (+0.28%)
Volume (bn shares)	93.26
Value (IDR tn)	7.48
Adv 170 Dec 195 Unc 248 Untr 113	

Foreign Transaction		(IDR bn)
Buy		2,864
Sell		2,063
Net Buy (Sell)		801

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	421.4	AKRA	22.1
BBCA	92.7	PNBN	12.9
BBNI	74.3	PNLF	10.3
PTBA	43.4	PTPP	8.3
BBTN	31.4	ELSA	7.2

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
ITMG	7.2%	INDF	-3.4%
TPIA	5.5%	ASII	-3.0%
INDY	4.3%	MNCN	-2.6%
TLKM	3.5%	SMGR	-2.1%
BBNI	2.6%	INTP	-2.0%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.93%	-0.02%
USDIDR	14,626	0.04%
KRWIDR	13.20	0.57%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,064.02	14.38	0.06%
S&P 500	2,897.52	0.78	0.03%
Nasdaq	8,030.04	12.14	0.15%
FTSE 100	7,617.22	39.73	0.52%
CAC 40	5,484.99	5.89	0.11%
DAX	12,527.42	(10.89)	-0.09%
Nikkei	22,813.47	13.83	0.06%
Hang Seng	28,351.62	80.35	0.28%
Shanghai	2,777.98	(2.92)	-0.11%
KOSPI	2,303.12	3.82	0.17%
EIDO	23.99	(0.15)	-0.62%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,201.0	(10.4)	-0.86%
Crude Oil (USD /bbl)	68.53	(0.34)	-0.49%
Coal Newcas(USD/ton)	111.00	0.75	0.68%
Gas (USD /mmbtu)	2.85	(0.02)	-0.83%
Nickel LME (USD /MT)	13,675	260.0	1.94%
Tin LME (USD /MT)	19,055	55.0	0.29%
CPO (MYR/Ton)	2,232	33.0	1.50%

Market Recap

JCI continued to rally after the net foreign buy of USD54.8 million, the highest since July 26th. **Top Gainers: Infrastructure (+1.85%), Mining (+0.78%), Consumer (+0.57%)**

The U.S. stocks notched higher after snapping to the highest position. Meanwhile, the global stocks snapped mixed. The global markets cheered the success of the trade negotiation between the U.S. and Mexico, and expected that the to-be-conducted trade negotiation between the U.S. and Canada will run smoothly.

Today's Outlook: Expectancy of the U.S. and Canada Trade Deal

Today we estimate JCI to rally with the **support range of 6008-6015** and **resistance range of 6083-6096**. The positive sentiment arises from the positive update of trade deal in the areas of North America. After reaching trade deal with Mexico, the U.S. is estimated to reach another trade deal with Canada. Investors responded to the positive result of trade deals as a stimulus capable of subduing the jitters arising from the global trade war tensions.

From domestic outlook, the positive sentiments come from the foreign net buy of USD54.8 million on yesterday's trading session. The figures were the highest level within the last one month, and signaled the recovery in foreign investors' confidence of Indonesia market.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, INCO, TLKM

Company News

- PPRE : Targets Transportation Contract of IDR1.5 Trillion
- SGRO : Posts Decline of 40.2% in Net Profit
- DILD : Postpones Global Bonds Issuance
- GGRM : Allocates Funds of IDR1 Trillion

Domestic & Global News

- Consumption of Subsidized Fuel Reaches 10 Million KL in August 2018
- US Hopeful Get Deal With Canada

Indonesia Economic Data

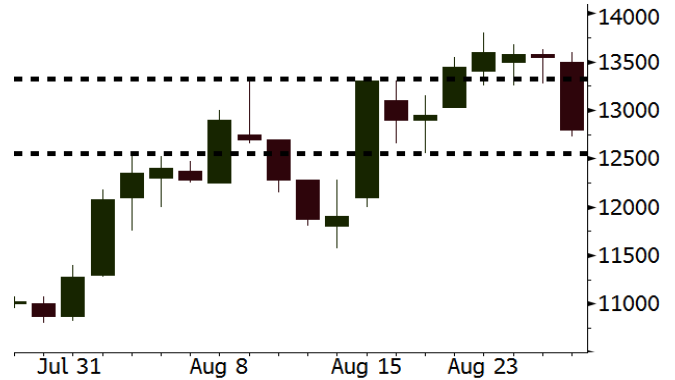
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports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

AALI Last = 12800

Analysis Indonesia's CPO exports of July was 2.8 million tons, the highest since August 2017. The figures soared higher than June's CPO exports of 2.3 million tons. The higher surge was the higher demand for CPO by India.

Range 12550 – 13325

Action Trading Buy. Cut Loss If Below 12550



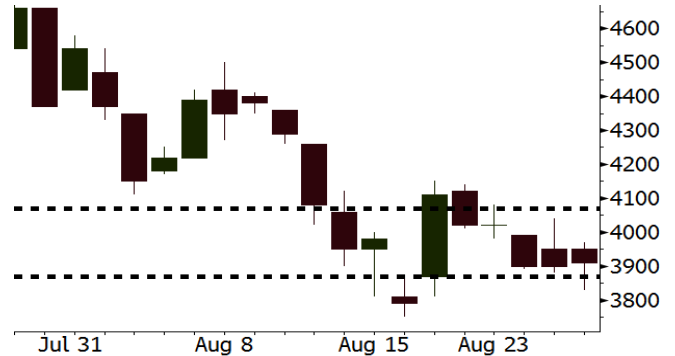
Source: Bloomberg

INCO Last = 3910

Analysis The global nickel prices nudged up to near 2% underpinned by the expectancy of higher demand for nickel amid the subdued jitters arising from trade war.

Range 3870 – 4070

Action Trading Buy. Cut Loss If Below 3870



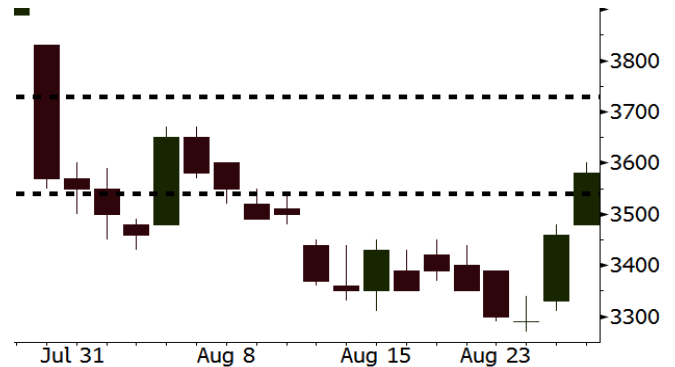
Source: Bloomberg

TLKM Last = 3460

Analysis The steep decline in TLKM's stocks since July is estimated to reach its climax. The movement of TLKM's stocks is estimated to hike along with the healthier cellular competition in Indonesia to start in the 2H18.

Range 3540 – 3730

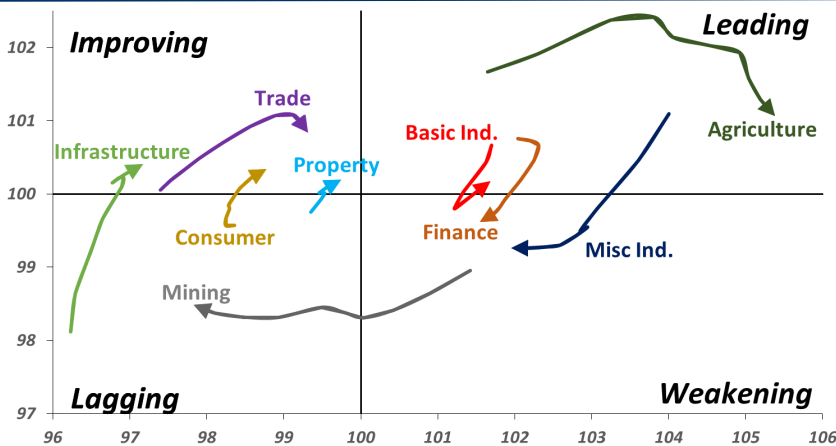
Action Trading buy. Cut Loss If Below 3410



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	6,043	6,356				2.6	6,839.1							
Finance						12.0	2,063.5							
BBCA	24,975	21,900	27,650	Hold	10.7	30.9	615.8	25.5x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,330	3,640	3,930	Buy	18.0	11.2	410.7	13.4x	2.5x	19.3	3.2	5.8	10.9	1.4
BMRI	7,000	8,000	7,500	Hold	7.1	6.9	326.7	14.0x	2.0x	14.5	2.8	(0.5)	28.7	1.3
BBNI	7,875	9,900	9,675	Buy	22.9	7.1	146.9	10.0x	1.5x	15.5	3.2	11.8	16.2	1.4
BBTN	2,810	3,570	3,280	Buy	16.7	(4.7)	29.8	9.3x	1.3x	15.1	2.0	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(7.2)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.8
Consumer						(3.9)	1,356.7							
HMSP	3,700	4,730	4,575	Buy	23.6	0.5	430.4	33.8x	15.5x	46.0	2.9	5.5	1.9	1.3
GGRM	74,150	83,800	88,650	Buy	19.6	3.7	142.7	18.4x	3.2x	18.2	3.5	10.1	0.1	1.3
UNVR	44,175	55,900	44,200	Hold	0.1	(12.5)	337.1	48.8x	67.3x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,625	8,900	9,625	Hold	11.6	(0.6)	100.6	25.2x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	6,450	7,625	8,175	Buy	26.7	(25.6)	56.6	14.7x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,295	1,690	1,730	Buy	33.6	(25.8)	60.7	25.3x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,410	2,700	3,280	Buy	36.1	(24.7)	13.4	37.8x	5.3x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(15.2)	721.59							
TLKM	3,580	4,399	4,600	Buy	28.5	(23.6)	360.9	18.9x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,940	2,960	3,800	Buy	29.3	(19.0)	31.4	215.8x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,280	4,800	6,750	Buy	105.8	(49.1)	17.8	N/A	1.4x	(2.6)	2.2	(26.8)	N/A	0.9
JSMR	4,660	6,400	6,050	Buy	29.8	(17.2)	33.8	15.2x	2.2x	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	3,150	3,060	5,000	Buy	58.7	147.1	16.4	3.0x	1.1x	46.6	3.4	263.6	166.7	0.8
Trade						(8.4)	735.8							
UNTR	34,400	35,400	44,750	Buy	30.1	12.4	128.3	13.6x	2.6x	20.6	2.6	32.3	60.0	1.1
AKRA	3,780	6,350	8,025	Buy	112.3	(44.8)	15.2	21.6x	1.8x	22.2	5.8	21.6	(34.8)	1.3
SCMA	2,070	2,480	2,700	Buy	30.4	(7.2)	30.3	22.6x	7.1x	32.5	3.6	2.6	0.7	1.1
MNCN	935	1,285	1,550	Buy	65.8	(37.7)	13.3	9.3x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	6,700	10,000	11,250	Buy	67.9	(35.4)	19.6	10.2x	8.4x	93.0	6.8	3.1	0.4	1.0
ACES	1,375	1,155	1,635	Buy	18.9	33.5	23.6	26.7x	6.6x	26.3	1.7	22.6	30.0	1.0
RALS	1,280	1,200	1,400	Hold	9.4	26.7	9.1	16.4x	2.3x	14.6	3.1	0.9	31.8	0.9
MAPI	845	620	945	Hold	11.8	22.9	14.0	23.9x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(10.8)	389.1							
BSDE	1,265	1,700	1,850	Buy	46.2	(31.4)	24.3	7.3x	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	895	1,185	1,130	Buy	26.3	(23.5)	16.6	22.7x	1.2x	5.6	1.6	(0.8)	(49.0)	1.4
SMRA	695	945	1,050	Buy	51.1	(34.4)	10.0	30.1x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	1,945	2,210	2,810	Buy	44.5	(14.7)	26.4	4.5x	1.6x	39.6	2.9	47.3	134.6	1.4
PTPP	1,880	2,640	3,850	Buy	104.8	(32.1)	11.7	8.6x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,605	1,550	2,150	Buy	34.0	(19.3)	14.4	11.2x	1.1x	10.5	1.7	36.8	18.7	1.0
ADHI	1,515	1,885	2,160	Buy	42.6	(24.6)	5.4	9.5x	0.9x	10.1	1.9	39.7	282.5	1.1
Misc Ind.						(6.1)	371.5							
ASII	7,350	8,300	9,300	Buy	26.5	(7.0)	297.6	14.9x	2.3x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						39.0	646.9							
INTP	17,150	21,950	21,575	Buy	25.8	(13.4)	63.1	48.1x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,200	9,900	11,550	Buy	25.5	(12.2)	54.6	28.9x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,940	3,000	4,200	Hold	(15.0)	73.3	81.0	23.7x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,150	1,300	2,000	Hold	(7.0)	86.1	25.2	15.2x	2.8x	18.3	2.3	18.2	142.5	0.8
MAIN	1,355	740	780	Sell	(42.4)	43.4	3.0	21.1x	1.7x	7.9	2.8	13.5	350.0	1.2
KRAS	406	424	500	Buy	23.2	(28.8)	7.9	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,275	6,000	6,275	Buy	19.0	24.1	94.1	22.2x	3.7x	19.1	1.5	9.9	(36.3)	0.6
BRPT	1,780	2,260	2,420	Buy	36.0	(6.8)	31.7	21.6x	1.6x	8.9	1.4	9.8	(7.3)	1.1
Mining						31.8	450.8							
ADRO	1,910	1,860	2,500	Buy	30.9	2.1	61.1	9.2x	1.2x	13.3	5.7	3.9	(12.1)	1.1
PTBA	4,140	2,460	5,375	Buy	29.8	59.5	47.7	8.2x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	27,775	20,700	32,400	Buy	16.7	44.7	31.4	8.4x	2.3x	27.6	11.3	8.0	(10.0)	1.0
INCO	3,910	2,890	5,325	Buy	36.2	32.1	38.9	68.6x	1.4x	1.9	N/A	28.3	N/A	1.2
ANTM	880	625	985	Hold	11.9	20.5	21.1	56.3x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	805	775	1,240	Buy	54.0	(14.4)	6.0	12.1x	1.0x	8.3	2.9	(0.6)	(18.1)	1.0
ELSA	364	372	625	Buy	71.7	42.2	2.7	7.4x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(7.6)	103.2							
AALI	12,800	13,150	14,800	Buy	15.6	(15.4)	24.6	14.1x	1.3x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,330	1,420	1,380	Hold	3.8	(3.3)	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

PPRE : Targets Transportation Contract of IDR1.5 Trillion

PPRE is targeting the additional contract of IDR1-1.5 trillion in the mining service or coal transportation segment in the end of 2018. It also allocated the investment funds of IDR300-400 billion to increase the number of its heavy machinery to reach 900 units in 2018. Thus, it comprehensively targets the new contract of IDR7.5-8 trillion until the end of 2018. (Bisnis Indonesia)

DILD : Postpones Global Bonds Issuance

DILD postponed the global bonds issuance due to the volatile market and fluctuating rupiah exchange rate. Thus, it remains to be reliant on the facilities from local bank and focuses on its business operational until the end of 2018. (Kontan)

SGRO : Posts Decline of 40.2% in Net Profit

SGRO posted the decline of 17.3% y-y to IDR1.33 trillion and 40,2% y-y to IDR88.5 trillion in the 1H18's sales and net profit, respectively. The underperformance was attributable to the decline in commodity price. Meanwhile, the production volume of CPO and palm kernel hiked by 14% y-y to 155,000 tons and 17% y-y to 36,000 tons, respectively. (Kontan)

GGRM : Allocates Funds of IDR1 Trillion

GGRM spent the investment funds of IDR1 trillion on the initial development of Kediri-based airport, particularly for land acquisition. Using its internal cash, GGRM target to finish the construction of the airport categorized as the national strategic project (PSN) in more than two years. (Bisnis Indonesia)

Domestic & Global News

Consumption of Subsidized Fuel Reaches 10 Million KL in August 2018

The Downstream Oil and Gas Regulatory Agency (BPH Migas) recorded that in August 2018, the realization of particular type of fuels or subsidized fuels such as diesel and kerosene reached 10 million KL. The consumption reached 66.28% of the national subsidy of fuel quota of 16.23 million KL set forth in APBN. In detail, the diesel consumption was 9.7 million KL and kerosene was 346,000 KL. (CNBC Indonesia)

US Hopeful Get Deal With Canada

Treasury Secretary said he's hopeful a revamped trade deal will get done soon with Canada but if not the U.S. is ready to go forward with one it already has negotiated with Mexico, the third partner in the NAFTA bloc. The statements came a day after the White House announced it had reached the Mexico deal, which President Trump says supersedes NAFTA. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 27 - Aug	GER	15:00	IFO Business Climate	Aug	103.8	101.8	101.7
Tuesday 28 - Aug	EU	15:00	M3 Money Supply YoY	Jul	4.00%	4.30%	4.40%
	US	21:00	Conf. Board Consumer Confidence	Aug	133.4	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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