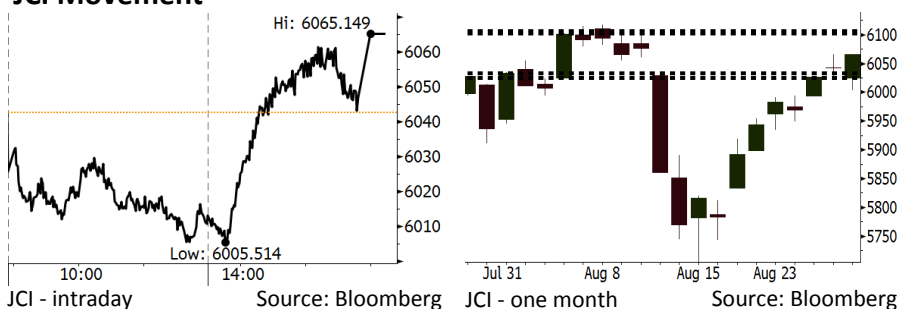


Morning Brief

Daily | Aug 30, 2018

JCI Movement



IHSG (Jakarta Composite Index)

August 29	6,065.15
Chg	+22.50pts (+0.37%)
Volume (bn shares)	94.30
Value (IDR tn)	7.93
Adv 153 Dec 203 Unc 256 Untr 131	

Foreign Transaction (IDR bn)	
Buy	2,367
Sell	2,848
Net Buy (Sell)	(481)

Top Buy	NB Val.	Top Sell	NS Val.
TKIM	36.8	BBCA	175.3
INKP	33.5	BBRI	91.7
LPPF	33.0	BMRI	40.6
ITMG	25.9	TLKM	21.6
BBTN	24.6	INDF	19.0

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
LPPF	12.7%	INDY	-2.5%
EXCL	5.1%	BKSL	-2.4%
PGAS	3.9%	MNCN	-1.6%
WSKT	3.9%	BBRI	-1.2%
HMSP	3.5%	INDF	-1.2%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.95%	0.02%
USDIDR	14,645	0.13%
KRWIDR	13.19	-0.11%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,124.57	60.55	0.23%
S&P 500	2,914.04	16.52	0.57%
Nasdaq	8,109.69	79.65	0.99%
FTSE 100	7,563.21	(54.01)	-0.71%
CAC 40	5,501.33	16.34	0.30%
DAX	12,561.68	34.26	0.27%
Nikkei	22,848.22	34.75	0.15%
Hang Seng	28,416.44	64.82	0.23%
Shanghai	2,769.30	(8.69)	-0.31%
KOSPI	2,309.03	5.91	0.26%
EIDO	24.13	0.14	0.58%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,206.6	5.6	0.47%
Crude Oil (USD /bbl)	69.51	0.98	1.43%
Coal Newcas(USD/ton)	114.15	3.15	2.84%
Gas (USD /mmbtu)	2.86	0.02	0.63%
Nickel LME (USD /MT)	13,500	(175.0)	-1.28%
Tin LME (USD /MT)	18,940	(115.0)	-0.60%
CPO (MYR/Ton)	2,217	(15.0)	-0.67%

Market Recap

JCI closed higher backed by the consumer sector, yet weakening rupiah exchange rate for dollar suppressed JCI in I trading session. **Top Gainers: Agriculture (+2.27%), Misc. Industry (+1.35%), Consumer (+1.31%)**

The U.S. stocks rallied further and closed at its highest level. Meanwhile, the global stocks closed mixed as Canada rejoined NAFTA talk. European stocks were also backed by the rally in pound attributable to partnership offered to Britain by European Union.

Today's Outlook: NAFTA Agreement

Today we estimate JCI to rally with the **support range of 6025-6033** and **resistance range of 6103-6160**. The positive sentiment comes from the conducive global stocks movement amid the U.S. and Canada trade negotiation. Based on the updated news, the U.S. and Canada will reach trade agreement on Friday, August 31st at the latest. The backdrop allows the U.S., Canada, and Mexico to succeed in entering to new NAFTA agreement.

From domestic outlook, the positive sentiment comes from McKinsey's research stating that the online e-commerce market in Indonesia is projected to grow from USD8 billion in 2017 to USD55-65 billion in 2022. The growth is inevitably a positive contribution for the acceleration in GDP growth.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, KLBF, ANTM

Company News

- TLKM : Is Preparing MTN of IDR1.5 Trillion
- ITMG : Targets Production of 40 Million Tons
- WIKA : Prepares Perpetual Bonds of IDR3 Trillion
- TOTL : Decreases Revenue and Net Profit Targets

Domestic & Global News

- The Appointment of Pertamina's President Director
- US Growth 2Q18 Revised Up to 4.2%

Indonesia Economic Data

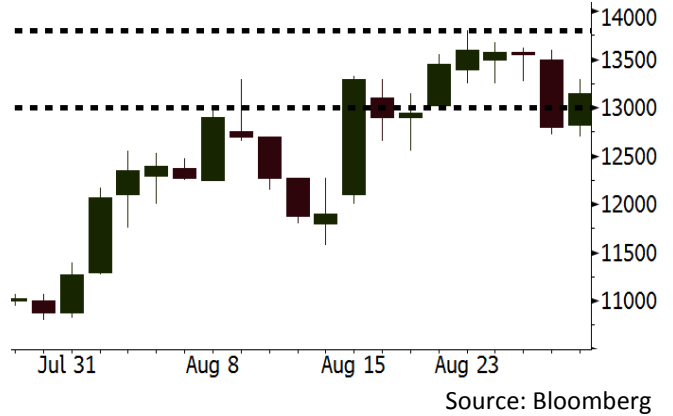
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports 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 = 13150

Analysis Indonesian government targets to hike the biodiesel policy to B30 to be implemented in 2020 after all the requirement and infrastructure compliance are well settled.

Range 13000 – 13800

Action Trading Buy. Cut Loss If Below 13000

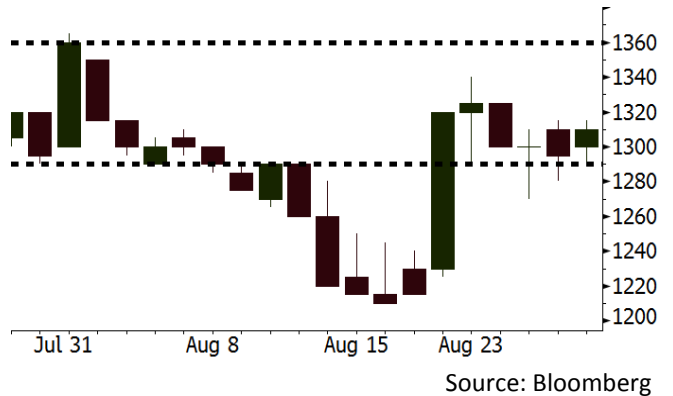


KLBF Last = 1310

Analysis KLBF decided to hike of selling prices of health products by 3%-5%. The decision will boost gross margin stability amid rupiah depreciation.

Range 1290 – 1360

Action Trading Buy. Cut Loss If Below 1290

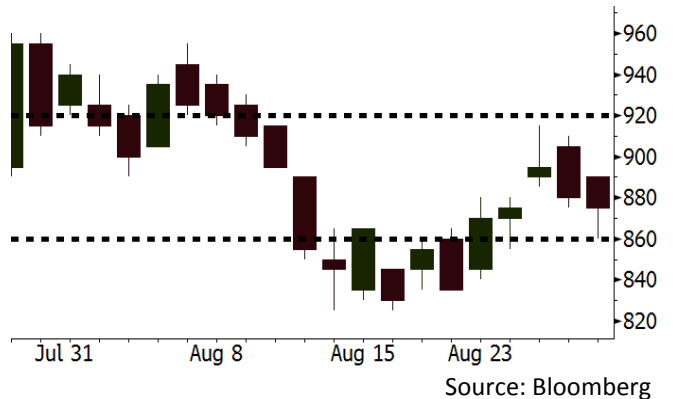


ANTM Last = 875

Analysis ANTM planned to buy 20% of INCO's stocks. Vale SA and Sumitomo, the stockholder of INCO planned to sell off 20% of INCO's stocks.

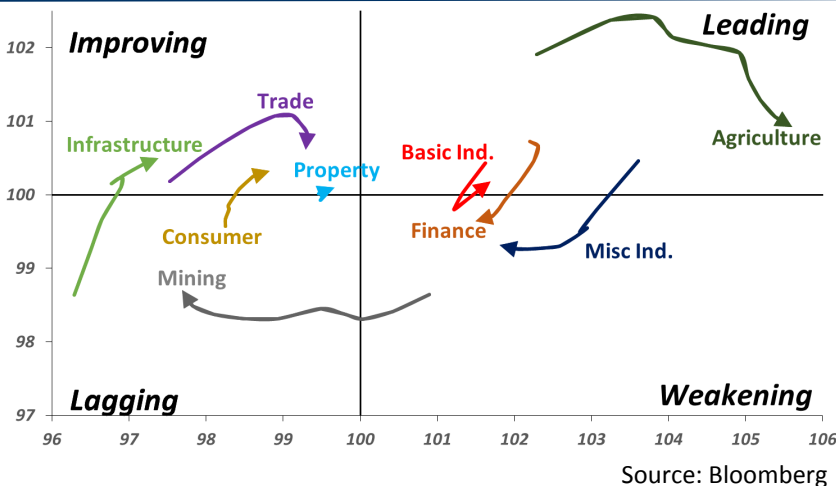
Range 860 – 920

Action Trading buy. Cut Loss If Below 860



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
JCI Index	6,065	6,356				3.3	6,864.4							
Finance						11.2	2,053.8							
BBCA	24,800	21,900	27,650	Hold	11.5	29.8	611.4	25.3x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,290	3,640	3,930	Buy	19.5	9.1	405.8	13.2x	2.4x	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	7,850	9,900	9,675	Buy	23.2	6.8	146.4	10.0x	1.5x	15.5	3.3	11.8	16.2	1.4
BBTN	2,860	3,570	3,280	Hold	14.7	(3.1)	30.3	9.5x	1.4x	15.1	2.0	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	0.8
Consumer						(1.7)	1,374.5							
HMSP	3,830	4,730	4,575	Buy	19.5	5.8	445.5	35.0x	16.1x	46.0	2.8	5.5	1.9	1.3
GGRM	73,375	83,800	88,650	Buy	20.8	6.6	141.2	18.2x	3.2x	18.2	3.5	10.1	0.1	1.3
UNVR	44,450	55,900	44,200	Hold	(0.6)	(12.0)	339.2	49.1x	67.7x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,825	8,900	9,625	Hold	9.1	2.0	102.9	25.8x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	6,375	7,625	8,175	Buy	28.2	(26.5)	56.0	14.5x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,310	1,690	1,730	Buy	32.1	(23.6)	61.4	25.6x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,420	2,700	3,280	Buy	35.5	(26.2)	13.4	38.0x	5.4x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(15.4)	723.39							
TLKM	3,580	4,399	4,600	Buy	28.5	(23.8)	360.9	18.9x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	3,090	2,960	3,800	Buy	23.0	(15.1)	33.0	226.8x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,300	4,800	6,750	Buy	104.5	(49.0)	17.9	N/A	1.4x	(2.6)	2.2	(26.8)	N/A	0.9
JSMR	4,700	6,400	6,050	Buy	28.7	(18.6)	34.1	15.3x	2.2x	14.8	1.3	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(13.1)	25.6	11.1x	8.1x	92.7	3.0	8.4	16.1	0.6
INDY	3,070	3,060	5,000	Buy	62.9	135.2	16.0	2.9x	1.1x	46.6	3.5	263.6	166.7	0.8
Trade						(6.4)	741.4							
UNTR	35,000	35,400	44,750	Buy	27.9	15.5	130.6	13.8x	2.7x	20.6	2.6	32.3	60.0	1.1
AKRA	3,750	6,350	8,025	Buy	114.0	(44.6)	15.1	21.5x	1.8x	22.2	5.9	21.6	(34.8)	1.3
SCMA	2,090	2,480	2,700	Buy	29.2	(5.0)	30.6	22.9x	7.2x	32.5	3.6	2.6	0.7	1.1
MNCN	920	1,285	1,550	Buy	68.5	(38.3)	13.1	9.2x	1.3x	14.6	1.6	1.8	(9.2)	1.2
LPPF	7,550	10,000	11,250	Buy	49.0	(27.4)	22.0	11.5x	9.4x	93.0	6.1	3.1	0.4	1.0
ACES	1,380	1,155	1,635	Buy	18.5	30.2	23.7	26.8x	6.6x	26.3	1.7	22.6	30.0	1.0
RALS	1,270	1,200	1,400	Hold	10.2	28.9	9.0	16.3x	2.3x	14.6	3.1	0.9	31.8	0.9
MAPI	850	620	945	Hold	11.2	18.1	14.1	24.1x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(10.7)	390.1							
BSDE	1,285	1,700	1,850	Buy	44.0	(29.6)	24.7	7.4x	1.0x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	515	685	625	Buy	21.4	(23.1)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	880	1,185	1,130	Buy	28.4	(25.7)	16.3	22.4x	1.2x	5.6	1.6	(0.8)	(49.0)	1.4
SMRA	685	945	1,050	Buy	53.3	(35.1)	9.9	29.6x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	2,020	2,210	2,810	Buy	39.1	(11.0)	27.4	4.7x	1.6x	39.6	2.8	47.3	134.6	1.4
PTPP	1,895	2,640	3,850	Buy	103.2	(32.1)	11.7	8.6x	1.0x	12.5	2.5	17.0	(16.3)	1.3
WIKA	1,645	1,550	2,150	Buy	30.7	(17.1)	14.8	11.5x	1.1x	10.5	1.6	36.8	18.7	1.0
ADHI	1,530	1,885	2,160	Buy	41.2	(23.9)	5.4	9.6x	0.9x	10.1	1.9	39.7	282.5	1.1
Misc Ind.						(5.0)	376.5							
ASII	7,475	8,300	9,300	Buy	24.4	(5.1)	302.6	15.2x	2.4x	16.3	2.5	14.8	11.3	1.3
Basic Ind.						39.6	646.8							
INTP	17,375	21,950	21,575	Buy	24.2	(10.9)	64.0	48.7x	2.9x	5.7	4.0	(0.9)	(60.6)	1.4
SMGR	9,200	9,900	11,550	Buy	25.5	(11.3)	54.6	28.9x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,960	3,000	4,200	Sell	(15.3)	80.4	81.3	23.8x	4.7x	21.3	1.1	2.7	59.1	1.0
JPPA	2,140	1,300	2,000	Hold	(6.5)	81.4	25.1	15.1x	2.8x	18.3	2.3	18.2	142.5	0.8
MAIN	1,315	740	780	Sell	(40.7)	41.4	2.9	20.4x	1.6x	7.9	2.9	13.5	350.0	1.2
KRAS	404	424	500	Buy	23.8	(28.5)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,250	6,000	6,275	Buy	19.5	22.7	93.6	22.1x	3.7x	19.1	1.5	9.9	(36.3)	0.6
BRPT	1,800	2,260	2,420	Buy	34.4	(8.6)	32.0	21.8x	1.6x	8.9	1.4	9.8	(7.3)	1.1
Mining						33.1	452.4							
ADRO	1,910	1,860	2,500	Buy	30.9	1.1	61.1	9.1x	1.2x	13.3	5.7	3.9	(12.1)	1.1
PTBA	4,150	2,460	5,375	Buy	29.5	67.0	47.8	8.2x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	28,300	20,700	32,400	Hold	14.5	52.6	32.0	8.6x	2.4x	27.6	11.1	8.0	(10.0)	1.0
INCO	3,910	2,890	5,325	Buy	36.2	26.9	38.9	68.4x	1.4x	1.9	N/A	28.3	N/A	1.2
ANTM	875	625	985	Hold	12.6	15.9	21.0	56.0x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	795	775	1,240	Buy	56.0	(18.9)	5.9	11.9x	1.0x	8.3	3.0	(0.6)	(18.1)	1.0
ELSA	376	372	625	Buy	66.2	46.9	2.7	7.6x	0.9x	12.1	1.4	46.5	783.3	1.4
Agriculture						(5.0)	105.6							
AALI	13,150	13,150	14,800	Hold	12.5	(11.7)	25.3	14.5x	1.4x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,365	1,420	1,380	Hold	1.1	(0.7)	9.3	17.6x	1.1x	6.6	3.3	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

TLKM : Is Preparing MTN of IDR1.5 Trillion

TLKM is preparing the issuance of medium term notes (MTN) of IDR1.5 trillion for debt re-profiling. The types of MTN offered are conventional-typed MTN and Sharia-typed MTN. The reason underlining the issuance of MTN with fixed coupon by TLKM is the possibility of higher interest expense triggered by the hike in benchmark rate by BI. (Kontan)

WIKA : Prepares Perpetual Bonds of IDR3 Trillion

WIKA is preparing the issuance of perpetual bond amounting to IDR2-3 trillion to be issued in the 4Q18 or the 1Q19. The fact that the lack of perpetual bond issuance in Indonesia causes the prolonged the reviewing process. The proceeds from the bond issuance will be allocated to the financing of infrastructure and energy projects. (Bisnis Indonesia)

ITMG : Targets Production of 40 Million Tons

ITMG targets the coal production volume of 30-40 million ton per year; thus, to accomplish the target, it will add coal reserves by acquiring mines with 15-year-potentially -exploited coal reserves. The acquisition of PT Nusa Perdana Resource increased ITMG's coal reserves to 330 million tons. (Bisnis Indonesia)

TOTL : Decreases Revenue and Net Profit Targets

TOTL lowered its 2018's target of revenue and net profit to IDR2.6 trillion and IDR210 billion, respectively. The license process postponing projects from their initial executions underlines the declining target of revenue and net profit. Additionally, it also sets new target of conservative growth and new contract of IDR4 trillion in 2019. (Bisnis Indonesia)

Domestic & Global News

The Appointment of Pertamina's President Director

Nicke Widyawati was appointed as the definitive Director of PT Pertamina (Persero) to replace Elia Massa Manik. Nicke is appointed by Deputy of Mining, Strategic Industry and Media of the state-owned enterprise (SOE) Ministry Fajar Harry Sampurno. Former commissioners and the board of directors of Pertamina, among them are Archandra Tahar, Alex Lei, and the president commissioner, Tanri Abeng also attended the appointment of Nicke Widyawati. (CNBC Indonesia)

US Growth 2Q18 Revised Up to 4.2%

U.S. economic growth was a bit stronger than initially thought in the second quarter, notching its best performance in nearly four years, as businesses boosted spending on software and imports declined. Gross domestic product increased at a 4.2 percent annualized rate, the Commerce Department said on Wednesday in its second estimate of GDP growth for the April-June quarter. That was slightly up from the 4.1 percent pace of expansion it reported in July and was the fastest rate since the third quarter of 2014. (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	-1.70%	--	4.20%
	US	19:30	GDP Annualized QoQ	2Q S	4.20%	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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