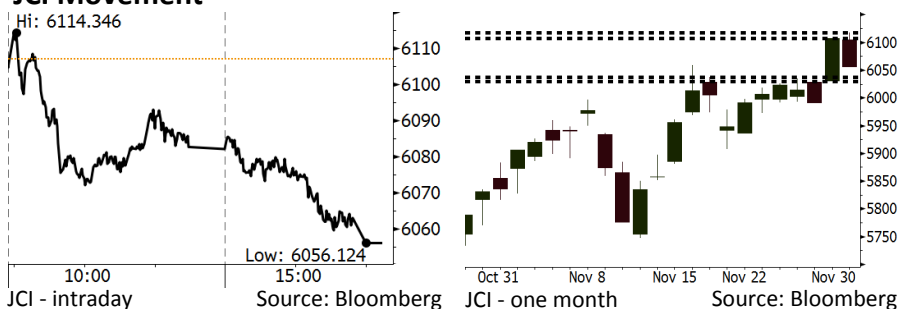


# Morning Brief

Daily | Dec 3, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

November 30	6,056.12
Chg	-51.04pts (-0.84%)
Volume (bn shares)	137.09
Value (IDR tn)	16.8
<b>Adv 148 Dec 241 Unc 244 Untr 108</b>	

## Foreign Transaction (IDR bn)

Buy	9,064
Sell	10,468
Net Buy (Sell)	(1,403)

Top Buy	NB Val.	Top Sell	NS Val.
TKIM	347.6	BBNI	295.7
PTBA	97.4	UNTR	270.6
POOL	88.5	WSKT	196.3
ASII	87.9	BBRI	195.8
ICBP	74.9	BMRI	138.1

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
MEDC	12.0%	INKP	-10.3%
JSMR	3.3%	UNTR	-6.3%
INDF	3.1%	INTP	-5.0%
WSBP	2.9%	INDY	-4.3%
BRPT	2.4%	BMRI	-3.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.87%	-0.03%
USDIDR	14,302	-0.56%
KRWIDR	12.76	-0.58%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,538.46	199.62	0.79%
S&P 500	2,760.17	22.41	0.82%
Nasdaq	7,330.54	57.45	0.79%
FTSE 100	6,980.24	(58.71)	-0.83%
CAC 40	5,003.92	(2.33)	-0.05%
DAX	11,257.24	(40.99)	-0.36%
Nikkei	22,351.06	88.46	0.40%
Hang Seng	26,506.75	55.72	0.21%
Shanghai	2,588.19	20.75	0.81%
KOSPI	2,096.86	(17.24)	-0.82%
EIDO	24.72	(0.43)	-1.71%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,220.5	(3.7)	-0.30%
Crude Oil (USD /bbl)	50.93	(0.52)	-1.01%
Coal Newcas(USD/ton)	103.45	1.15	1.12%
Gas (USD /mmbtu)	4.61	(0.03)	-0.73%
Nickel LME (USD /MT)	11,200	145.0	1.31%
Tin LME (USD /MT)	18,400	(125.0)	-0.67%
CPO (MYR/Ton)	2,040	13.0	0.64%

## Market Recap

Massive profit-taking by foreign investors and the banking sector made worse performance weakened JCI on Friday. **Top Losers: Basic Industry (-1.89%), Finance (-1.52%), Trade (-1.00%)**

Ahead of G-20 meeting and the U.S. and China trade talks, global markets closed mixed on Friday. Meanwhile, Asian markets closed mixed due to the Bank of Korea's monetary tightening. European markets finished lower amid investors fixating on Italy's plan for inhibiting its 2019 trade deficits. Investors' optimism on trade deals between the U.S. and China was attributable to the rally in the U.S. markets.

## Today's Outlook: Results of Trump and Xi Meeting

We estimate JCI to rally with the **support range of 6030-6037** and the **resistance range of 6107-6117**. The major positive sentiment comes from the result of Trump and Xi Jinping's last weekend talks. Trump postponed the hike in import tariffs on China's products initially to take effect on January 1st, 2019. Besides, the two countries will negotiate trade issues within the next 90 days.

The result of the meeting results in a positive response, e.g. the rally in Asian markets, and the rupiah appreciation at the average of 14,200 per dollar. The backdrop is likely to result in a significant window dressing of December.

## Stocks Recommendation (details on the next page)

Trading Buy: ADRO, INCO, BBTN

## Company News

- ITMG : Expands to Power Plant Industry
- HOKI : Maintain Its Net Profit Margin
- ANTM : Posts Net Profits of IDR631.12 Billion
- TBIG : Absorbs 51% of GOLD Shares

## Domestic & Global News

- M2 of October Grew by 7.2%
- Trump and Xi Agreed to A Temporary Trade Truce

## Indonesia Economic Data

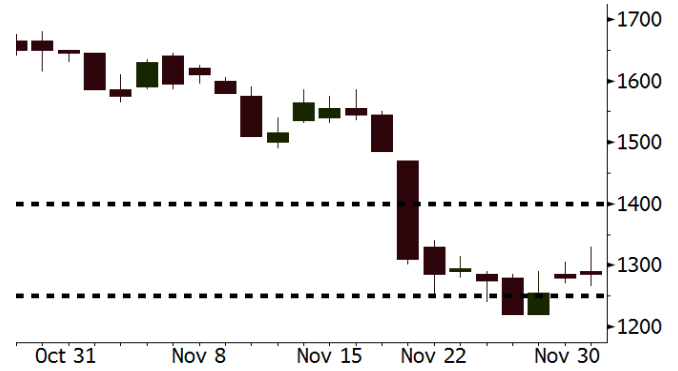
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports Yoy	23.66%	14.18%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

**ADRO** Last = 1285

**Analysis** Global coal prices rally further after last week's rebound. The easing tension of the U.S. and China's trade war will give a positive sentiment for coal prices.

**Range** 1250 – 1400

**Action** Trading Buy. Cut Loss If Below 1250



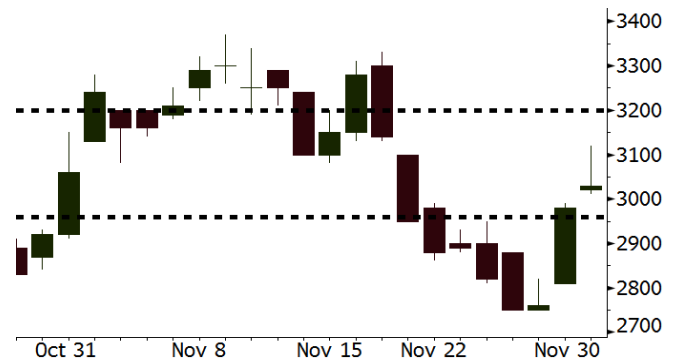
Source: Bloomberg

**INCO** Last = 3030

**Analysis** The price of metals, including nickel rally after the U.S. and China agreed to halt the tit-for-tat import tariffs trade war.

**Range** 2960 – 3200

**Action** Trading Buy. Cut Loss If Below 2960



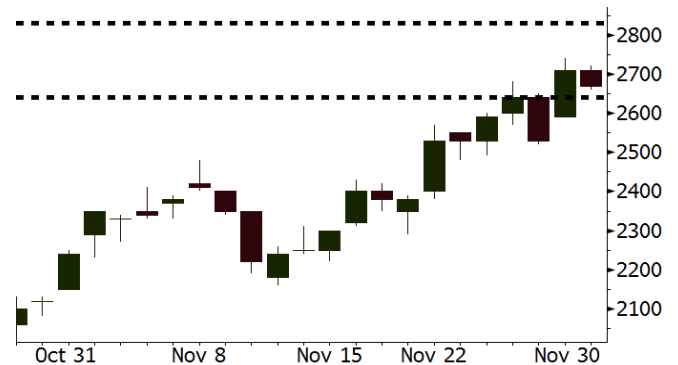
Source: Bloomberg

**BBTN** Last = 2670

**Analysis** The rupiah appreciation will fade investors' jitters of BBTN's incapability of managing its interest expenses. On the other side, the massive demand for mortgage loans (KPR) will strengthen BBTN's future performance.

**Range** 2640 – 2830

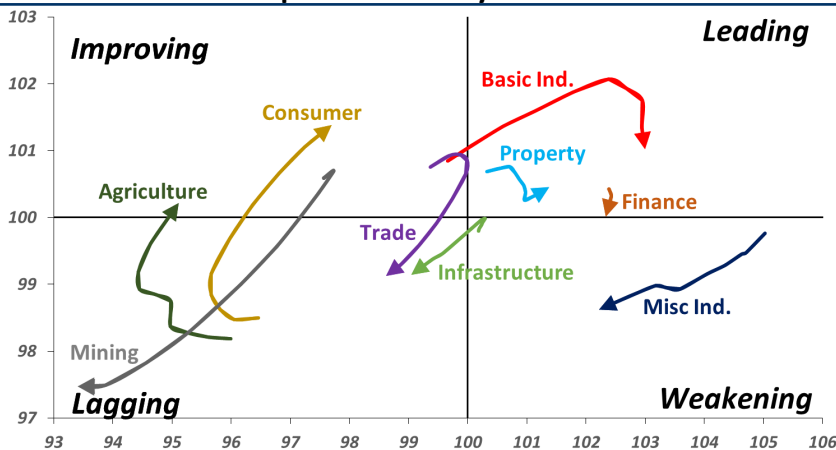
**Action** Trading buy. Cut Loss If Below 2640



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
<b>JCI Index</b>	6,056	6,356				1.7	6,880.0							
<b>Finance</b>						11.2	2,178.6							
BBCA	26,050	21,900	28,825	Hold	10.7	28.0	642.3	25.7x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,620	3,640	4,370	Buy	20.7	12.8	446.5	13.8x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,400	8,000	8,275	Hold	11.8	-	345.3	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,500	9,900	10,525	Buy	23.8	4.9	158.5	10.6x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,670	3,570	3,050	Hold	14.2	(16.6)	28.3	8.7x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	715	710	810	Hold	13.3	(2.7)	10.7	8.9x	1.3x	15.3	6.2	2.8	4.5	0.8
<b>Consumer</b>						(4.0)	1,392.2							
HMSP	3,680	4,730	4,225	Hold	14.8	(10.2)	428.1	32.9x	13.6x	41.8	2.9	7.2	3.8	1.3
GGRM	82,000	83,800	88,650	Hold	8.1	7.2	157.8	19.5x	3.7x	19.6	3.2	13.6	6.3	1.3
UNVR	42,250	55,900	49,700	Buy	17.6	(14.3)	322.4	35.5x	35.9x	118.0	2.2	1.0	39.7	1.0
ICBP	9,850	8,900	10,550	Hold	7.1	16.6	114.9	27.1x	5.5x	21.3	2.2	7.5	14.6	1.0
INDF	6,600	7,625	8,175	Buy	23.9	(9.9)	58.0	15.6x	1.8x	11.7	4.6	3.1	(13.7)	1.2
KLBF	1,525	1,690	1,730	Hold	13.4	(4.7)	71.5	29.4x	5.1x	18.3	1.6	3.9	1.4	1.3
KAEF	2,500	2,700	2,890	Buy	15.6	10.1	13.9	38.6x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(8.9)	710.75							
TLKM	3,680	4,399	4,700	Buy	27.7	(10.5)	364.5	19.8x	4.0x	20.4	4.6	2.3	(20.6)	0.9
EXCL	2,040	2,960	3,930	Buy	92.6	(33.8)	21.8	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,985	4,800	6,750	Buy	240.1	(62.9)	10.8	N/A	0.9x	(11.5)	3.7	(25.7)	N/A	0.9
PGAS	1,955	1,750	2,600	Buy	33.0	15.0	47.4	12.6x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	4,130	6,400	6,050	Buy	46.5	(35.2)	30.0	14.5x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,010	6,425	6,050	Buy	50.9	(29.6)	18.2	8.6x	5.3x	82.6	4.2	6.5	(3.2)	0.7
INDY	1,800	3,060	5,000	Buy	177.8	(35.7)	9.4	1.8x	0.7x	43.7	6.0	213.9	37.8	0.9
<b>Trade</b>						(12.6)	688.1							
UNTR	27,500	35,400	39,550	Buy	43.8	(17.9)	102.6	9.5x	2.0x	22.6	3.5	32.1	60.8	1.0
AKRA	3,900	6,350	4,650	Buy	19.2	(38.6)	15.7	21.0x	1.9x	19.3	5.6	25.3	(22.4)	1.3
SCMA	1,915	2,480	2,025	Hold	5.7	(13.0)	28.0	19.6x	6.1x	32.3	3.9	10.8	8.7	1.2
MNCN	790	1,285	875	Hold	10.8	(39.2)	11.3	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,750	10,000	5,480	Buy	15.4	(55.2)	13.9	7.3x	5.6x	85.6	9.6	3.1	(0.6)	0.9
ACES	1,615	1,155	1,635	Hold	1.2	35.7	27.7	29.0x	7.2x	26.6	1.4	22.3	32.7	1.1
RALS	1,190	1,200	1,515	Buy	27.3	19.0	8.4	14.1x	2.1x	15.7	3.4	2.2	43.4	0.9
MAPI	875	620	945	Hold	8.0	26.4	14.5	25.1x	2.8x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(10.1)	380.4							
BSDE	1,350	1,700	1,850	Buy	37.0	(18.2)	26.0	8.0x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	590	685	600	Hold	1.7	(4.8)	28.4	12.7x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,055	1,185	1,250	Buy	18.5	(13.9)	19.6	21.6x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	820	945	670	Sell	(18.3)	(4.7)	11.8	26.4x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,560	2,210	2,810	Buy	80.1	(26.1)	21.2	4.0x	1.2x	33.2	3.7	27.0	41.1	1.3
PTPP	1,855	2,640	3,850	Buy	107.5	(27.8)	11.5	8.6x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,505	1,550	2,150	Buy	42.9	(16.6)	13.5	9.8x	1.0x	11.0	1.8	32.3	26.0	1.0
ADHI	1,565	1,885	2,160	Buy	38.0	(19.9)	5.6	8.6x	0.9x	11.1	1.8	8.2	63.6	1.1
<b>Misc Ind.</b>						6.0	422.3							
ASII	8,550	8,300	8,925	Hold	4.4	7.2	346.1	15.9x	2.6x	17.3	2.2	16.4	20.6	1.3
<b>Basic Ind.</b>						27.7	627.7							
INTP	19,100	21,950	19,950	Hold	4.5	3.7	70.3	65.6x	3.1x	4.6	3.7	2.5	(56.1)	1.5
SMGR	12,025	9,900	11,550	Hold	(4.0)	27.9	71.3	27.0x	2.4x	9.0	1.1	4.4	43.1	1.2
CPIN	5,950	3,000	6,700	Hold	12.6	103.8	97.6	24.2x	5.4x	24.2	0.9	5.1	79.7	1.1
JPFA	2,020	1,300	3,250	Buy	60.9	52.5	23.7	12.8x	2.6x	20.2	5.0	16.8	104.2	0.8
MAIN	1,225	740	1,930	Buy	57.6	47.6	2.7	11.7x	1.4x	12.8	1.3	19.5	8200.0	1.2
KRAS	410	424	500	Buy	22.0	(9.7)	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,325	6,000	6,275	Buy	17.8	(2.7)	95.0	27.4x	3.7x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						8.0	385.5							
ADRO	1,285	1,860	1,970	Buy	53.3	(24.4)	41.1	6.8x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,020	2,460	5,375	Buy	33.7	78.7	46.3	7.3x	2.9x	42.1	7.9	20.7	49.7	1.0
ITMG	21,250	20,700	24,225	Hold	14.0	0.5	24.0	5.9x	1.6x	28.2	15.3	21.6	12.5	1.1
INCO	3,030	2,890	3,760	Buy	24.1	9.8	30.1	33.6x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	615	625	1,200	Buy	95.1	(7.5)	14.8	15.1x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	625	775	1,240	Buy	98.4	(26.5)	4.7	8.8x	0.8x	8.8	3.8	2.7	(18.7)	1.2
MEDC	700	890	1,025	Buy	46.4	(20.5)	12.5	14.8x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	580	715	1,020	Buy	75.9	(28.8)	5.0	5.4x	1.5x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(13.2)	94.5							
AALI	10,975	13,150	16,925	Buy	54.2	(20.8)	21.1	12.2x	1.1x	9.5	4.0	9.1	(18.2)	0.6
LSIP	1,130	1,420	1,500	Buy	32.7	(18.7)	7.7	16.4x	0.9x	5.7	4.0	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ITMG : Expands to Power Plant Industry**

ITMG will expand its businesses into the power plant industry, particularly solar power plants and hydropower plants due to the intense competition in coal-fired power plant business. The expansion is a strategy to mitigate volatility in global coal prices. It projects the project construction to run for 3-5 years. (Kontan)

### **HOKI : Maintain Its Net Profit Margin**

HOKI will maintain its FY18 net profit margin at 6%-7%. Of note in 9M18, it posted the gross profit margin and net profit margin at 14.51% and 6.67%, respectively. Therefore, ahead of the rainy season, it performs strategies such as purchasing processed rice grains and stock rice grains for 3 months. (Bisnis Indonesia)

### **ANTM : Posts Net Profits of IDR631.12 Billion**

In 9M18, ANTM posted the net profit of IDR631.12 billion, in a stark contrast to the net loss of IDR331.47 billion in 9M17. Its performance was boosted by the net sales and business profits of IDR19.95 trillion (+187% y-y) and IDR1.93 trillion (+73% y-y), respectively. The production volume of ferronickel in 9M18 was higher at 19,264 tons (+21% y-y). (Bisnis Indonesia)

### **TBIG : Absorbs 51% of GOLD Shares**

TBIG signed a sale-purchase agreement to absorb 51% shares of PT Visi Telekomunikasi Infrastruktur Tbk (GOLD) on November 30th. It was a strategy for business expansion. Of note, at the end of September 2018, GOLD has 305 telecommunication towers. (Bisnis Indonesia)

## Domestic & Global News

### **M2 of October Grew by 7.2%**

Bank Indonesia (BI) posted the economic liquidity (M2) to grow by 7.2% or IDR5,665.5 trillion in October 2018. The figure was higher than the growth of 6.7% in September. M2 growth was sustained by the improvement in better net foreign profit assets and the higher credit. The better net foreign assets in October was marked by the slight decline in growth, compared to the higher decline in growth of September. (Kompas)

### **Trump and Xi Agreed to A Temporary Trade Truce**

Chinese President Xi Jinping and U.S. President Donald Trump put their bilateral trade war on pause momentarily, striking an agreement to hold off on slapping additional tariffs on each other's goods after January 1, as talks continue between both countries. President Trump has agreed that on January 1, 2019, he will leave the tariffs on \$200 billion worth of product at the 10 percent rate, and not raise it to 25 percent at this time. Over the next 90 days, American and Chinese officials will continue to negotiate lingering disagreements on technology transfer, intellectual property and agriculture. Both parties agree that they will endeavor to have this transaction completed within the next 90 days. If at the end of this period of time, the parties are unable to reach an agreement, the 10% tariffs will be raised to 25%. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Nov F	52.2	--	51.8
<i>03 - Dec</i>	CHN	08:45	Caixin China PMI Mfg	Nov		50.1	50.1
	GER	15:55	Markit Germany Manufacturing PMI	Nov F		51.6	51.6
	EU	16:00	Markit Eurozone Manufacturing PMI	Nov F		51.5	51.5
	UK	16:30	Markit UK PMI Manufacturing SA	Nov		52	51.1
	USA	21:45	Markit US Manufacturing PMI	Nov F		--	55.4
	USA	22:00	ISM Manufacturing	Nov		58	57.7
<b>Wednesday</b>	USA	20:15	ADP Employment Change	Nov		200k	227k
<i>05 - Dec</i>							
<b>Thursday</b>	USA	20:30	Trade Balance	Oct		-\$54.9b	-\$54.0b
<i>06 - Dec</i>	USA	20:30	Initial Jobless Claims	1-Dec		--	234k
	USA	22:00	Durable Goods Orders	Oct F		--	-4.40%
<b>Friday</b>	CHN	Tentative	Foreign Reserves	Nov		\$3045.10b	\$3053.10b
<i>07 - Dec</i>	EU	17:00	GDP SA QoQ	3Q F		0.20%	0.20%
	EU	17:00	GDP SA YoY	3Q F		1.70%	1.70%
	USA	20:30	Change in Nonfarm Payrolls	Nov		205k	250k
	USA	20:30	Unemployment Rate	Nov		3.70%	3.70%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	07:30	Nikkei Indonesia PMI Mfg	Nov	50.4	--	50.5
<i>03 - Dec</i>	11:00	CPI YoY	Nov		3.19%	3.16%
	11:00	CPI NSA MoM	Nov		0.19%	0.28%
	11:00	CPI Core YoY	Nov		2.97%	2.94%
<b>Thursday</b>	Tentative	Consumer Confidence Index	Nov		--	119.2
<i>06 - Dec</i>						
<b>Friday</b>	Tentative	Foreign Reserves	Nov		--	\$115.20b
<i>07 - Dec</i>	Tentative	Net Foreign Assets IDR	Nov		--	1714.3t

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Rights Delisting Date	FREN
<i>03 - Dec</i>	Cum Dividend Date	AMRT (IDR3.60 per share)
<b>Tuesday</b>	Extraordinary Shareholder Meeting	OKAS
<i>04 - Dec</i>	IPO Listing Date	DIVA
<b>Wednesday</b>	Extraordinary Shareholder Meeting	BSIM, PSSI, SCMA
<i>05 - Dec</i>		
<b>Thursday</b>	Extraordinary Shareholder Meeting	MLBI, RIMO, TUGU
<i>06 - Dec</i>		

Source: Bloomberg

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