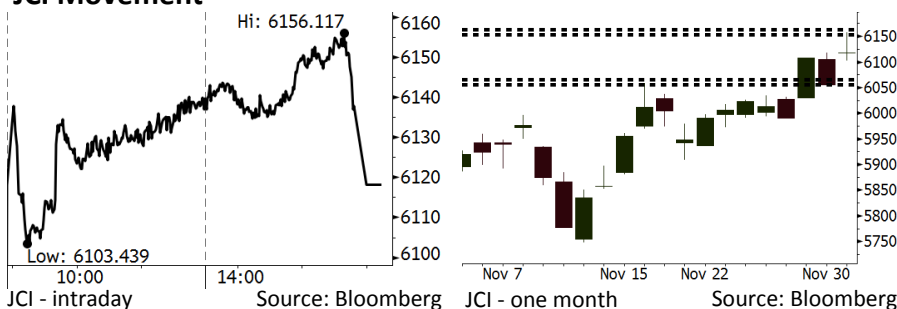


# Morning Brief

Daily | Dec 4, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

December 4	6,118.32
Chg	+62.20pts (+1.03%)
Volume (bn shares)	129.66
Value (IDR tn)	12.49

Adv 222 Dec 187 Unc 224 Untr 103

Foreign Transaction		(IDR bn)
Buy		4,590
Sell		5,367
Net Buy (Sell)		(777)

Top Buy	NB Val.	Top Sell	NS Val.
JSMR	44.1	TLKM	169.4
BBNI	41.1	ASII	131.8
BBTN	34.4	UNTR	109.6
WSKT	34.3	PTBA	65.5
UNVR	25.5	PGAS	53.0

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ANTM	19.5%	SMGR	-3.5%
LPPF	15.3%	ICBP	-2.3%
WSKT	12.2%	PTBA	-1.5%
MEDC	12.1%	BRPT	-1.4%
INCO	9.9%	ITMG	-1.2%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.83%	-0.04%
USDIDR	14,244	-0.41%
KRWIDR	12.83	0.55%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,826.43	287.97	1.13%
S&P 500	2,790.37	30.20	1.09%
Nasdaq	7,441.51	110.98	1.51%
FTSE 100	7,062.41	82.17	1.18%
CAC 40	5,053.98	50.06	1.00%
DAX	11,465.46	208.22	1.85%
Nikkei	22,574.76	223.70	1.00%
Hang Seng	27,182.04	675.29	2.55%
Shanghai	2,654.80	66.61	2.57%
KOSPI	2,131.93	35.07	1.67%
EIDO	25.26	0.54	2.18%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,230.7	10.2	0.83%
Crude Oil (USD /bbl)	52.95	2.02	3.97%
Coal Newcas(USD/ton)	103.30	(0.15)	-0.15%
Gas (USD /mmbtu)	4.34	(0.27)	-5.92%
Nickel LME (USD /MT)	11,200	145.0	1.31%
Tin LME (USD /MT)	18,400	(125.0)	-0.67%
CPO (MYR/Ton)	2,000	(40.0)	-1.96%

## Market Recap

Following regional markets, JCI closed higher yesterday. The rally was backed by the banking sector amid the rupiah appreciation. **Top Gainers: Mining (+2.51%), Property (+2.19%), Agriculture (+2.18%)**

Global markets cheered the trade deal between the U.S. and China at G-20 as they were at a rally state. Chinese markets were bullish at 2.5%, backed by November's manufacture activities gained slightly. Besides, global crude prices were rebounding ahead of OPEC meeting.

## Today's Outlook: Be Aware of Profit Taking

We estimate JCI to be at a modest pace with the **support range of 6055-6065** and the **resistance range of 6153-6163**. Investors should be aware of today's possible profit taking at Indonesia's share markets. Global markets rallied, backed by the trade deals between the U.S. and China, yet jitters emerge from different statements articulated by President Trump and Chinese authorities. The divergence spark opaque settlement of the trade war dispute.

From the domestic outlook, November's core inflation soared higher than 3%, showing high demand by consumers. Indeed, the domestic consumption is likely to edge up ahead of year-end.

## Stocks Recommendation (details on the next page)

Trading Buy: RALS, JPFA, EXCL

## Company News

- ACES : Launches 31 New Stores
- UNTR : Revises Sales of Heavy Machines to Hike
- WIKA : Rosier Performance in 2019
- ANTM : Targets Gold Sales of 30 Million Tons

## Domestic & Global News

- November's Inflation of 0.27 is Beyond Expectation
- Trump's Description of Trade Deal Doesn't Match With White House

## Indonesia Economic Data

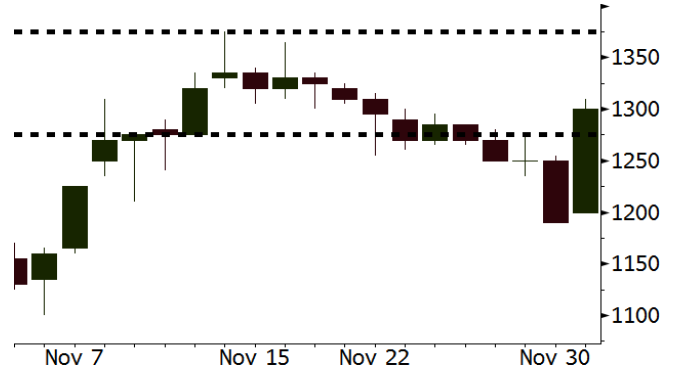
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

**RALS** Last = 1300

**Analysis** November core inflation topping higher than 3% noted better consumption in Indonesia. Investors will cheer the backdrop by accumulating RALS' stocks.

**Range** 1275 – 1375

**Action** Trading Buy. Cut Loss If Below 1275



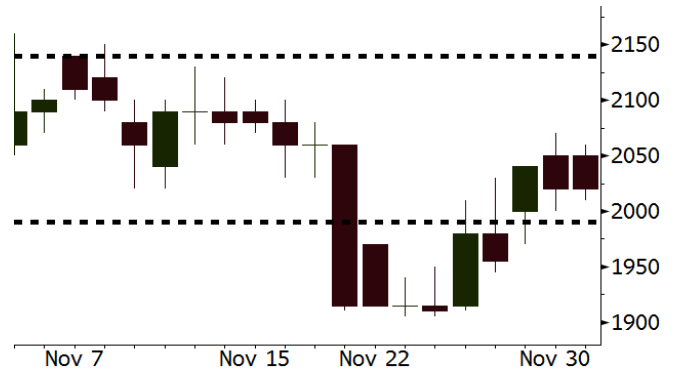
Source: Bloomberg

**JPFA** Last = 2020

**Analysis** JPFA enjoyed profitable business circumstances. The government's commitment to maintaining corn prices is likely to reduce costs. On the other hand, the higher consumption will spur sales.

**Range** 1990 – 2140

**Action** Trading Buy. Cut Loss If Below 1990



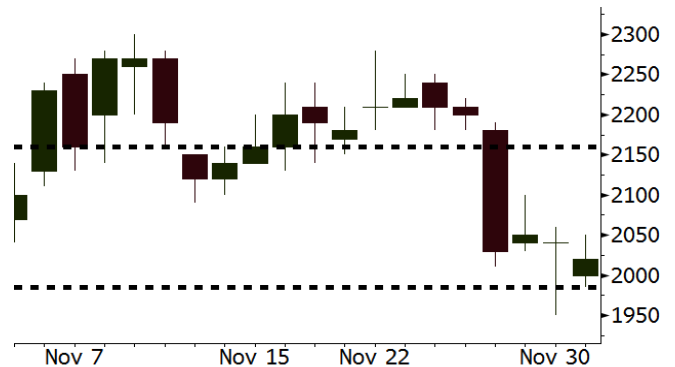
Source: Bloomberg

**EXCL** Last = 2020

**Analysis** A steep decline in EXCL's share prices makes its valuation attractive. Now, its shares are traded at a P/B of 1.0x, a steep lower than the 5-last year average of 2.1x.

**Range** 1985 – 2160

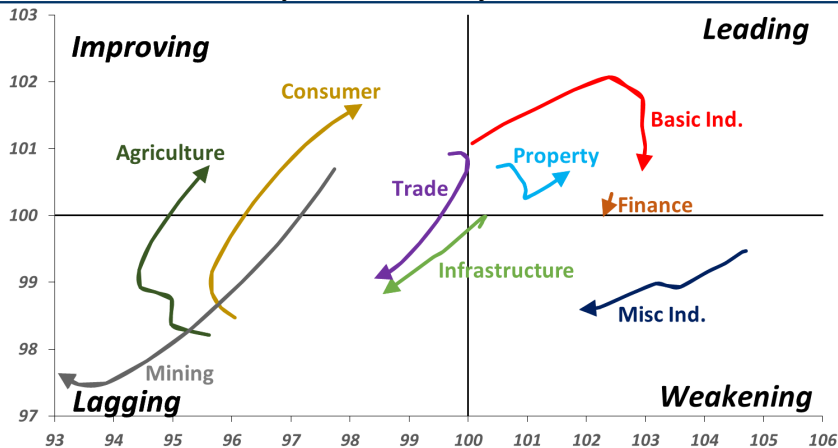
**Action** Trading buy. Cut Loss If Below 1985



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>	6,118	6,356				2.0	6,950.8							
<b>Finance</b>						10.9	2,198.5							
BBCA	25,800	21,900	28,825	Hold	11.7	24.0	636.1	25.5x	4.4x	18.4	1.0	7.5	10.0	0.9
BBRI	3,690	3,640	4,370	Buy	18.4	11.8	455.1	14.1x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,600	8,000	8,275	Hold	8.9	2.0	354.7	15.0x	2.1x	14.2	2.6	2.7	20.1	1.4
BBNI	8,750	9,900	10,525	Buy	20.3	6.4	163.2	11.0x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,790	3,570	3,050	Hold	9.3	(15.2)	29.5	9.1x	1.3x	14.9	2.0	14.5	11.6	1.8
BJTM	700	710	810	Buy	15.7	(2.8)	10.5	8.7x	1.3x	15.3	6.3	2.8	4.5	0.8
<b>Consumer</b>						(5.3)	1,405.6							
HMSP	3,710	4,730	4,225	Hold	13.9	(14.1)	431.5	33.2x	13.7x	41.8	2.9	7.2	3.8	1.3
GGRM	81,050	83,800	88,650	Hold	9.4	2.4	155.9	19.3x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	43,800	55,900	49,700	Hold	13.5	(11.2)	334.2	36.8x	37.3x	118.0	2.1	1.0	39.7	1.0
ICBP	9,625	8,900	10,550	Hold	9.6	10.0	112.2	26.5x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,650	7,625	8,175	Buy	22.9	(8.9)	58.4	15.7x	1.8x	11.7	4.5	3.1	(13.7)	1.2
KLBF	1,555	1,690	1,730	Hold	11.3	(3.4)	72.9	30.0x	5.2x	18.3	1.6	3.9	1.4	1.3
KAFF	2,500	2,700	2,890	Buy	15.6	11.1	13.9	38.6x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(8.6)	715.17							
TLKM	3,700	4,399	4,700	Buy	27.0	(11.1)	366.5	19.9x	4.0x	20.4	4.5	2.3	(20.6)	0.9
EXCL	2,020	2,960	3,930	Buy	94.6	(31.8)	21.6	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,080	4,800	6,750	Buy	224.5	(61.1)	11.3	N/A	0.9x	(11.5)	3.5	(25.7)	N/A	0.9
PGAS	1,970	1,750	2,600	Buy	32.0	19.4	47.8	12.7x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	4,460	6,400	6,050	Buy	35.7	(30.6)	32.4	15.6x	2.0x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,980	6,425	6,050	Buy	52.0	(30.2)	18.0	8.6x	5.2x	82.6	4.2	6.5	(3.2)	0.7
INDY	1,865	3,060	5,000	Buy	168.1	(32.7)	9.7	1.9x	0.7x	43.7	5.8	213.9	37.8	0.9
<b>Trade</b>						(10.9)	696.2							
UNTR	28,600	35,400	39,550	Buy	38.3	(13.3)	106.7	9.8x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	3,870	6,350	4,650	Buy	20.2	(39.8)	15.5	20.9x	1.9x	19.3	5.7	25.3	(22.4)	1.3
SCMA	1,910	2,480	2,025	Hold	6.0	(13.2)	27.9	19.6x	6.1x	32.3	3.9	10.8	8.7	1.2
MNCN	785	1,285	875	Hold	11.5	(39.6)	11.2	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	5,475	10,000	5,480	Hold	0.1	(47.9)	16.0	8.4x	6.4x	85.6	8.4	3.1	(0.6)	0.9
ACES	1,615	1,155	1,635	Hold	1.2	39.2	27.7	29.0x	7.2x	26.6	1.4	22.3	32.7	1.1
RALS	1,300	1,200	1,515	Buy	16.5	34.0	9.2	15.4x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	865	620	945	Hold	9.2	30.6	14.4	24.8x	2.8x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(7.2)	388.7							
BSDE	1,365	1,700	1,850	Buy	35.5	(16.3)	26.3	8.1x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	595	685	600	Hold	0.8	(6.3)	28.7	12.8x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,100	1,185	1,250	Hold	13.6	(8.3)	20.4	22.5x	1.5x	6.8	0.9	7.9	1.7	1.6
SMRA	880	945	670	Sell	(23.9)	(0.6)	12.7	28.4x	1.9x	6.9	0.6	0.7	75.0	1.5
WSKT	1,750	2,210	2,810	Buy	60.6	(15.9)	23.8	4.5x	1.4x	33.2	3.3	27.0	41.1	1.3
PTPP	1,980	2,640	3,850	Buy	94.4	(23.3)	12.3	9.2x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,560	1,550	2,150	Buy	37.8	(9.8)	14.0	10.1x	1.1x	11.0	1.7	32.3	26.0	1.0
ADHI	1,610	1,885	2,160	Buy	34.2	(15.7)	5.7	8.9x	0.9x	11.1	1.8	8.2	63.6	1.1
<b>Misc Ind.</b>						5.5	425.5							
ASII	8,600	8,300	8,925	Hold	3.8	6.2	348.2	16.0x	2.6x	17.3	2.2	16.4	20.6	1.3
<b>Basic Ind.</b>						29.1	629.5							
INTP	20,000	21,950	19,950	Hold	(0.2)	6.4	73.6	68.7x	3.3x	4.6	3.5	2.5	(56.1)	1.5
SMGR	11,600	9,900	11,550	Hold	(0.4)	20.8	68.8	26.1x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,000	3,000	6,700	Hold	11.7	112.8	98.4	24.4x	5.4x	24.2	0.9	5.1	79.7	1.1
JPFA	2,020	1,300	3,250	Buy	60.9	57.2	23.7	12.8x	2.6x	20.2	5.0	16.8	104.2	0.8
MAIN	1,215	740	1,930	Buy	58.8	52.8	2.7	11.6x	1.4x	12.8	1.3	19.5	8200.0	1.2
KRAS	406	424	500	Buy	23.2	(5.6)	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,300	6,000	6,275	Buy	18.4	(3.6)	94.5	27.4x	3.7x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						10.3	395.1							
ADRO	1,305	1,860	1,970	Buy	51.0	(26.5)	41.7	6.9x	0.8x	11.9	8.3	9.3	(16.0)	1.1
PTBA	3,960	2,460	5,375	Buy	35.7	72.5	45.6	7.2x	2.8x	42.1	8.0	20.7	49.7	1.0
ITMG	21,000	20,700	24,225	Buy	15.4	(0.6)	23.7	5.8x	1.6x	28.2	15.5	21.6	12.5	1.1
INCO	3,330	2,890	3,760	Hold	12.9	19.4	33.1	37.1x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	735	625	1,200	Buy	63.3	13.1	17.7	16.1x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	675	775	1,240	Buy	83.7	(18.2)	5.0	9.5x	0.8x	8.8	3.5	2.7	(18.7)	1.2
MEDC	785	890	1,025	Buy	30.6	(13.5)	14.0	16.6x	0.8x	7.8	N/A	42.4	51.2	1.5
DOID	575	715	1,020	Buy	77.4	(29.0)	5.0	5.4x	1.5x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(10.7)	96.5							
AALI	11,625	13,150	16,925	Buy	45.6	(16.2)	22.4	12.9x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,215	1,420	1,500	Buy	23.5	(11.6)	8.3	17.7x	1.0x	5.7	3.7	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ACES : Launches 31 New Stores**

ACES launched 31 new stores in 2018. The number of new stores is much higher than the target of 10-15 stores in early 2018. The 31st store whose width is 1,400 sqm is located in Solo Square, Central Java. Now, ACES has 175 stores across Indonesia. Of note, until October 2018, the same store sales growth (SSSG) is at 13.2%. (Bisnis Indonesia)

### **WIKA : Rosier Performance in 2019**

WIKA projects higher revenues and more new contracts in 2019. The optimism is spurred by a number of new contracts obtained from November to December 2018 and better cash flows. In 2019, it targets the growth of 20% y-y in revenues and the new contracts amounting to IDR70 trillion.

### **UNTR : Revises Sales of Heavy Machines to Hike**

UNTR revised the 2018 sales of heavy machines from 4,600 units to 4,800 units. Yet, the sales realization still banks on the number of heavy machines sent by the principle. In 2019, UNTR assumes coal prices to settle at USD90 per ton and target the sales of 4,900 heavy machines. In 10M18, it posts the sales of 4,181 heavy machines (+36.7% y-y). (Bisnis Indonesia)

### **ANTM : Targets Gold Sales of 30 Million Tons**

ANTM targets the 2019 gold sales to grow by 10% to 30 million tons. The target is underlined by the 10M18 sales of 24 million tons, much higher than the 10M17 sales of 13 million tons. In the nickel segment, the active operation of East Halmahera-based smelter with the production capacity of 13,500 ton per year is likely to boost ANTM's performance in 2019. (Kontan)

## Domestic & Global News

### **November's Inflation of 0.27 is Beyond Expectation**

The Statistics Indonesia posted November's inflation of 0.27% m-m; thus, inflation from January to November hovered at 2.50% and yearly inflation was at 3.23%. November's inflation was lower than that October's inflation of 0.28%. Inflation in November 2018 was higher than inflation of 0.20% in November 2017. Yet, inflation of November 2018 was lower than inflation of 0.47% in November 2016. The inflation was spurred by the hike in air flight fare, shallot prices, rice, blue collar's wages not superintendents' wages, non-subsidized fuel prices. (Kontan)

### **Trump's Description of Trade Deal Doesn't Match With White House**

President Donald Trump's assertions about the U.S.-China agreement to pause tariff escalations that emerged over the weekend do not appear to match the White House's official description of the agreement. The White House, however, did not back up Trump's claims about China ending tariffs, but referred instead to a temporary agreement not to raise them further. And it gave little indication of China "opening up." In a statement, the White House press secretary said Beijing will agree to purchase "a not yet agreed upon, but very substantial" amount of U.S. agricultural, energy, industrial and other products in order "to reduce the trade imbalance between our two countries." (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	50.2	50.1	50.1
	GER	15:55	Markit Germany Manufacturing PMI	Nov F	51.8	51.6	51.6
	EU	16:00	Markit Eurozone Manufacturing PMI	Nov F	51.8	51.5	51.5
	UK	16:30	Markit UK PMI Manufacturing SA	Nov	53.1	52	51.1
	USA	21:45	Markit US Manufacturing PMI	Nov F	55.3	--	55.4
	USA	22:00	ISM Manufacturing	Nov	59.3	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	3.23%	3.19%	3.16%
	11:00	CPI NSA MoM	Nov	0.27%	0.19%	0.28%
	11:00	CPI Core YoY	Nov	3.03%	2.97%	2.94%
<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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## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

Wisma Korindo 7<sup>th</sup> Floor  
Jl. M.T. Haryono Kav. 62  
Pancoran, Jakarta 12780  
Indonesia  
Telp: +62 21 7976202  
Fax : +62 21 7976206

**Branch Office BSD:**

ITC BSD Blok R No.48  
Jl. Pahlawan Seribu Serpong  
Tangerang Selatan 15322  
Indonesia  
Telp : +62 21 5316 2049  
Fax : +62 21 5316 1687

**Branch Office Solo :**

Jl. Ronggowarsito No. 8  
Kota Surakarta  
Jawa Tengah 57111  
Indonesia  
Telp: +62 271 664763  
Fax : +62 271 661623

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