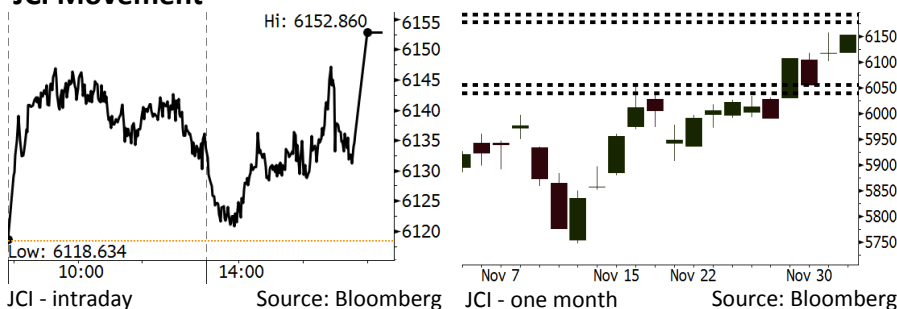


Morning Brief

Daily | Dec 5, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 4	6,152.86
Chg	+34.54pts (+0.56%)
Volume (bn shares)	125.96
Value (IDR tn)	10.89
Adv 178 Dec 215 Unc 240 Untr 103	

Foreign Transaction (IDR bn)	
Buy	5,684
Sell	4,028
Net Buy (Sell)	1,656

Top Buy	NB Val.	Top Sell	NS Val.
UNTR	102.4	GGRM	38.8
BBCA	63.8	CPIN	27.0
UNVR	47.5	ADRO	24.9
TLKM	43.9	ITMG	20.8
BBNI	42.4	BMRI	16.7

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INKP	10.2%	ADHI	-3.4%
PGAS	6.1%	ANTM	-3.4%
INDY	4.8%	BJBR	-3.4%
UNTR	4.3%	PTPP	-3.0%
JSMR	3.1%	LPPF	-2.7%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.83%	0.00%
USDIDR	14,292	0.34%
KRWIDR	12.92	0.70%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,027.07	(799.36)	-3.10%
S&P 500	2,700.06	(90.31)	-3.24%
Nasdaq	7,158.43	(283.09)	-3.80%
FTSE 100	7,022.76	(39.65)	-0.56%
CAC 40	5,012.66	(41.32)	-0.82%
DAX	11,335.32	(130.14)	-1.14%
Nikkei	22,036.05	(538.71)	-2.39%
Hang Seng	27,260.44	78.40	0.29%
Shanghai	2,665.96	11.16	0.42%
KOSPI	2,114.35	(17.58)	-0.82%
EIDO	24.77	(0.49)	-1.94%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,238.5	7.9	0.64%
Crude Oil (USD /bbl)	53.25	0.30	0.57%
Coal Newcas(USD/ton)	103.85	0.55	0.53%
Gas (USD /mmbtu)	4.46	0.12	2.72%
Nickel LME (USD /MT)	11,200	145.0	1.31%
Tin LME (USD /MT)	18,400	(125.0)	-0.67%
CPO (MYR/Ton)	2,020	20.0	1.00%

Market Recap

JCI was rebounding, backed by the banking sector and massive foreign net buy. **Top Gainers: Basic Industry (+1.66%), Infrastructure (+1.63%), Finance (+0.75%)**

Global markets were sluggish as investors doubted the possible trade deal between the U.S. and China. The yield curve inversion and jitters of the 2019 economic slowdown sent the U.S. markets dip by +3%. European market also suppressed by the robust Euro and Pounds' exchange rate.

Today's Outlook: The U.S. Recession Signals

We estimate JCI to be bearish with the **support range of 6040-6056** and the **resistance range of 6178-6192**. The negative sentiment comes from the U.S. Treasury bonds. The yield of U.S. Treasury with 3-year tenor is higher than the yield of U.S. Treasury with 5-year tenor. The backdrop is known as an inversion; it signals recession to sweep the U.S. On the other side, investors also worry about the deals between the U.S. and China. The White House issued two different statements relating to the schedule of trade truce.

From the domestic outlook, after strengthening to 14,200, the rupiah starts to weaken amid global volatility.

Stocks Recommendation (details on the next page)

Trading Buy: ADRO, EXCL, INDY

Company News

- HEXA : Sales of Heavy Machines Grow by 15% in 2019
- UNTR : Officially Operates Martabe-Based Mining
- SCMA : Distributes Interim Dividend of IDR20 per Share
- ADRO : Evaluates Renewable Energy Resources

Domestic & Global News

- Non-Oil and Gas IHPB Hikes by 0.08% in 2018
- US Treasury Yields Continue Slide with Traders Wary of 'Curve Inversion'

Indonesia Economic Data

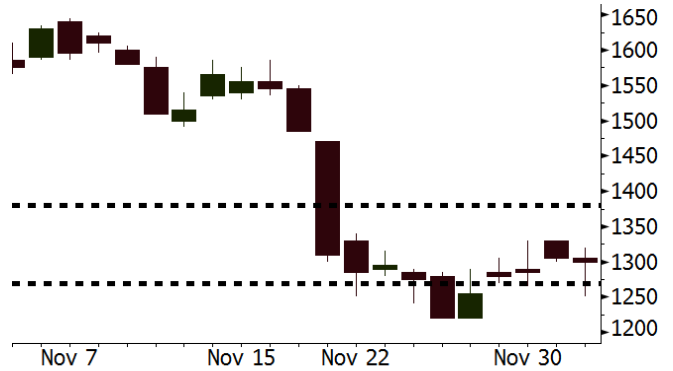
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports 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 = 1300

Analysis A steep decline in ADRO's shares has made its valuation very attractive. Now, ADRO's stocks are traded at a P/B of 0.8x, much lower than PTBA and ITMG's P/B of 2.9x and 1.6x, respectively.

Range 1270 – 1380

Action Trading Buy. Cut Loss If Below 1270



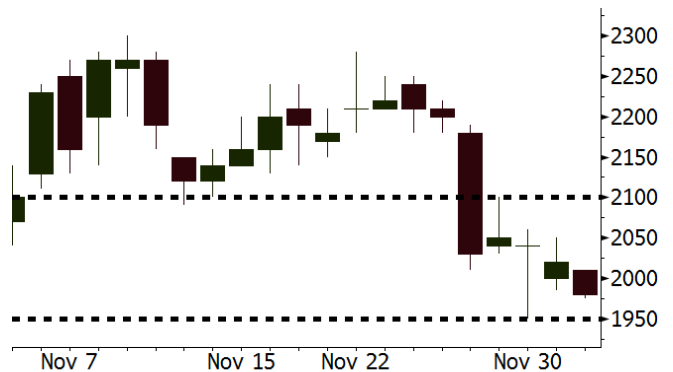
Source: Bloomberg

EXCL Last = 1980

Analysis The trend of decline in EXCL's stocks fades away. Now, its stocks are traded at a P/B of 1.0x. The attractive valuation will allure investors' interests to accumulate EXCL's stocks.

Range 1950 – 2100

Action Trading Buy. Cut Loss If Below 1950



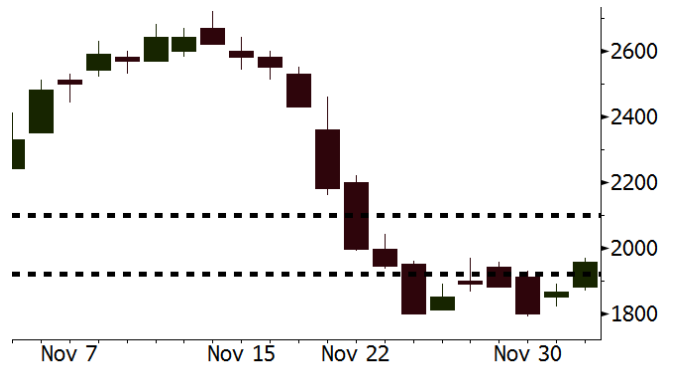
Source: Bloomberg

INDY Last = 1955

Analysis Amid its stable performance, INDY has a very attractive valuation as its stocks are currently traded at a P/B of 0.7x.

Range 1920 – 2100

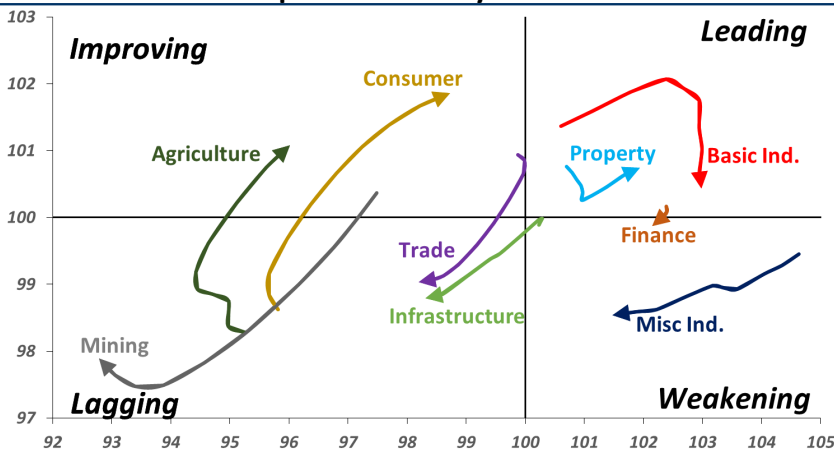
Action Trading buy. Cut Loss If Below 1920



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	6,153	6,356				2.5	6,990.1							
Finance						10.9	2,215.0							
BBCA	26,200	21,900	28,825	Hold	10.0	24.8	646.0	25.9x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,710	3,640	4,370	Buy	17.8	10.7	457.6	14.2x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,650	8,000	8,275	Hold	8.2	2.3	357.0	15.1x	2.1x	14.2	2.6	2.7	20.1	1.4
BBNI	8,800	9,900	10,525	Buy	19.6	4.1	164.1	11.0x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,750	3,570	3,050	Hold	10.9	(19.1)	29.1	8.9x	1.3x	14.9	2.1	14.5	11.6	1.8
BJTM	685	710	810	Buy	18.2	(2.8)	10.3	8.5x	1.2x	15.3	6.4	2.8	4.5	0.8
Consumer						(5.7)	1,407.3							
HMSP	3,710	4,730	4,225	Hold	13.9	(15.1)	431.5	33.2x	13.7x	41.8	2.9	7.2	3.8	1.3
GGRM	79,975	83,800	88,650	Hold	10.8	(0.4)	153.9	19.0x	3.6x	19.6	3.3	13.6	6.3	1.3
UNVR	44,000	55,900	49,700	Hold	13.0	(11.4)	335.7	37.0x	37.4x	118.0	2.1	1.0	39.7	1.0
ICBP	9,750	8,900	10,550	Hold	8.2	12.7	113.7	26.8x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,625	7,625	8,175	Buy	23.4	(9.2)	58.2	15.7x	1.8x	11.7	4.6	3.1	(13.7)	1.2
KLBF	1,600	1,690	1,840	Hold	15.0	(0.6)	75.0	30.9x	5.4x	18.3	1.6	3.9	1.4	1.3
KAEF	2,500	2,700	2,890	Buy	15.6	16.3	13.9	38.6x	5.3x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(6.9)	726.86							
TLKM	3,780	4,399	4,700	Buy	24.3	(9.2)	374.5	20.3x	4.1x	20.4	4.4	2.3	(20.6)	0.9
EXCL	1,980	2,960	3,930	Buy	98.5	(34.2)	21.2	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,030	4,800	6,750	Buy	232.5	(61.3)	11.0	N/A	0.9x	(11.5)	3.6	(25.7)	N/A	0.9
PGAS	2,090	1,750	2,600	Buy	24.4	27.8	50.7	13.4x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,600	6,400	6,050	Buy	31.5	(28.4)	33.4	16.1x	2.1x	13.4	1.3	18.7	(6.9)	0.9
TBIG	4,000	6,425	6,050	Buy	51.3	(29.8)	18.1	8.6x	5.3x	82.6	4.2	6.5	(3.2)	0.7
INDY	1,955	3,060	5,000	Buy	155.8	(27.6)	10.2	1.9x	0.7x	43.7	5.5	213.9	37.8	0.9
Trade						(10.4)	698.7							
UNTR	29,825	35,400	39,550	Buy	32.6	(8.9)	111.3	10.3x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	3,850	6,350	4,650	Buy	20.8	(37.4)	15.5	20.8x	1.9x	19.3	5.7	25.3	(22.4)	1.3
SCMA	1,910	2,480	2,025	Hold	6.0	(18.0)	27.9	19.6x	6.1x	32.3	3.9	10.8	8.7	1.2
MNCN	775	1,285	875	Hold	12.9	(39.9)	11.1	8.0x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	5,325	10,000	5,480	Hold	2.9	(45.5)	15.5	8.2x	6.2x	85.6	8.6	3.1	(0.6)	0.9
ACES	1,600	1,155	1,635	Hold	2.2	42.2	27.4	28.7x	7.1x	26.6	1.4	22.3	32.7	1.1
RALS	1,290	1,200	1,515	Buy	17.4	35.8	9.2	15.3x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	860	620	945	Hold	9.9	32.8	14.3	24.6x	2.7x	14.0	0.5	18.3	126.7	0.9
Property						(5.9)	387.6							
BSDE	1,350	1,700	1,850	Buy	37.0	(13.5)	26.0	8.0x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	630	685	600	Hold	(4.8)	-	30.3	13.6x	2.6x	20.6	1.0	19.0	25.2	1.3
CTRA	1,070	1,185	1,250	Buy	16.8	(9.3)	19.9	21.9x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	855	945	670	Sell	(21.6)	(3.4)	12.3	27.6x	1.9x	6.9	0.6	0.7	75.0	1.5
WSKT	1,725	2,210	2,810	Buy	62.9	(11.5)	23.4	4.5x	1.3x	33.2	3.3	27.0	41.1	1.3
PTPP	1,920	2,640	3,850	Buy	100.5	(22.9)	11.9	8.9x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,530	1,550	2,150	Buy	40.5	(8.1)	13.7	9.9x	1.0x	11.0	1.8	32.3	26.0	1.0
ADHI	1,555	1,885	2,160	Buy	38.9	(15.0)	5.5	8.6x	0.9x	11.1	1.9	8.2	63.6	1.1
Misc Ind.						4.2	423.2							
ASII	8,525	8,300	8,925	Hold	4.7	4.0	345.1	15.9x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						33.2	639.9							
INTP	19,675	21,950	19,950	Hold	1.4	4.4	72.4	67.6x	3.2x	4.6	3.6	2.5	(56.1)	1.5
SMGR	11,775	9,900	11,550	Hold	(1.9)	25.9	69.8	26.5x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,200	3,000	6,700	Hold	8.1	118.3	101.7	25.2x	5.6x	24.2	0.9	5.1	79.7	1.1
JPFA	2,130	1,300	3,250	Buy	52.6	71.8	25.0	13.5x	2.8x	20.2	4.7	16.8	104.2	0.8
MAIN	1,290	740	1,930	Buy	49.6	61.3	2.9	12.3x	1.5x	12.8	1.2	19.5	8200.0	1.2
KRAS	404	424	500	Buy	23.8	(1.5)	7.8	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,250	6,000	6,275	Buy	19.5	(3.7)	93.6	26.8x	3.6x	14.2	1.2	9.1	(34.2)	0.8
Mining						11.8	395.8							
ADRO	1,300	1,860	1,970	Buy	51.5	(27.0)	41.6	6.8x	0.8x	11.9	8.3	9.3	(16.0)	1.1
PTBA	4,000	2,460	5,375	Buy	34.4	78.6	46.1	7.3x	2.9x	42.1	8.0	20.7	49.7	1.0
ITMG	21,425	20,700	24,225	Hold	13.1	1.5	24.2	5.9x	1.6x	28.2	15.2	21.6	12.5	1.1
INCO	3,260	2,890	3,760	Buy	15.3	21.2	32.4	35.9x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	710	625	1,200	Buy	69.0	12.7	17.1	15.5x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	700	775	1,240	Buy	77.1	(9.7)	5.2	9.9x	0.9x	8.8	3.4	2.7	(18.7)	1.2
MEDC	770	890	1,025	Buy	33.1	(16.4)	13.7	16.1x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	575	715	1,020	Buy	77.4	(28.6)	5.0	5.3x	1.5x	33.1	N/A	14.2	55.2	1.1
Agriculture						(10.2)	95.6							
AALI	11,300	13,150	16,925	Buy	49.8	(15.8)	21.7	12.6x	1.2x	9.5	3.8	9.1	(18.2)	0.6
LSIP	1,200	1,420	1,500	Buy	25.0	(11.4)	8.2	17.5x	1.0x	5.7	3.8	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HEXA : Sales of Heavy Machines Grow by 15% in 2019

HEXA projects the 2019 sales of heavy machines in the national scale are likely to grow by 10%-15% due to the buoyant commodities and infrastructure sectors. Until November 2018, it posted the sales of 1,370 heavy machines thanks to the high demand by the mining sector. From April 2018 to March 2019, it targets the sales of 2,060 heavy machines (+33.9% y-y). (Bisnis Indonesia)

SCMA : Distributes Interim Dividend of IDR20 per Share

SCMA will distribute the interim dividend of IDR20 per share on December 28th, 2018. It sets December 10th, 2018 as the cum dividend and negotiation dates in the regular market. The dividend has a ratio of 24.6% from 3Q18 earning per stock (EPS) of IDR81.3. (Kontan)

UNTR : Officially Operates Martabe-Based Mining

UNTR through its subsidiary, PT Danusa Tambang Nusantara, holds 95% shares of PT Agincourt Resources (PTAR) as the operator of Martabe-based mining located in North Sumatra. On December 31st, 2017, Martabe-based mining has 8.8 million ounces of gold and 72 million ounces of silver as well as the production capacities of 300,000 ounces of gold and 2-3 million ounces of silver per year. (Bisnis Indonesia)

ADRO : Evaluates Renewable Energy Resources

ADRO stated to evaluate projects in the renewable energy sector, such as solar power plants (PLTS) and biogas power plants (PLTBg). Thus, cooperating with foreign partners, it will develop PLTS with the capacities of 100MW in Sumatra after obtaining bids from the state-owned electricity company (PLN). It also develops PLTS with the capacities of 100KW in Kelanis for its operational requirements. (Bisnis Indonesia)

Domestic & Global News

Non-Oil and Gas IHPB Hikes by 0.08% in 2018

The international prices indexes of non-oil and gas hiked by 0.08% m-m, from 165.71 to 165.83. The biggest increment of 1.99% m-m occurred in the mining sector. A number of commodities such as corn, shallot, coal, biodiesel, rice, imported mechanic air-flight machines, wood pulp or exported pulp. (Kontan)

US Treasury Yields Continue Slide with Traders Wary of 'Curve Inversion'

U.S. government debt yields sank Tuesday as fixed-income investors continued to doubt expectations of burgeoning inflation and sustained economic activity amid more dovish commentary from the Federal Reserve. On Monday, a portion of the so-called yield curve inverted, a phenomenon characterized by short-term rates that exceed long-term rates. As of Tuesday afternoon, the yield on the benchmark 2-year Treasury note hovered at 2.799 percent, above the yield on the 5-year note at 2.79 percent. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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
Wednesday	USA	20:15	ADP Employment Change	Nov		200k	227k
<i>05 - Dec</i>							
Thursday	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%
Friday	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.
Monday	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%
Friday	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
Monday	Rights Delisting Date	FREN
<i>03 - Dec</i>	Cum Dividend Date	AMRT (IDR3.60 per share)
Tuesday	Extraordinary Shareholder Meeting	OKAS
<i>04 - Dec</i>	IPO Listing Date	DIVA
Wednesday	Extraordinary Shareholder Meeting	BSIM, PSSI, SCMA
<i>05 - Dec</i>		
Thursday	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 7th 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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