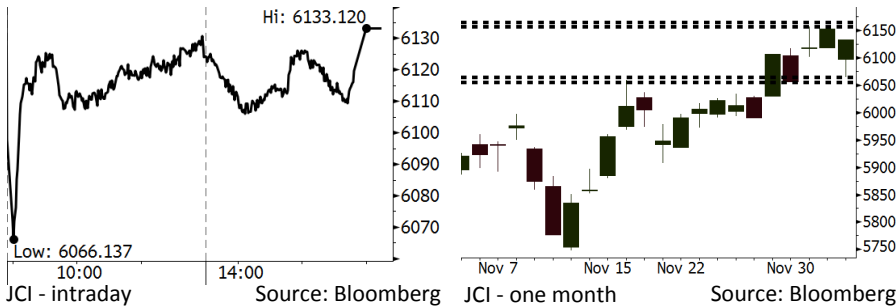


# Morning Brief

Daily | Dec 6, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

December 5	6,133.12
Chg	-19.74pts (-0.32%)
Volume (bn shares)	99.67
Value (IDR tn)	8.47

Adv 148 Dec 253 Unc 232 Untr 111

## Foreign Transaction (IDR bn)

Buy	2,292
Sell	3,001
Net Buy (Sell)	(709)

## Top Buy NB Val. Top Sell NS Val.

INTP	30.1	BBRI	188.8
JPFA	22.7	BBCA	118.4
LPPF	22.0	BMRI	70.7
MAIN	14.9	BBNI	68.0
ICBP	14.2	ASII	36.4

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
ANTM	4.2%	EXCL	-4.6%
INDY	2.3%	ITMG	-3.9%
SSMS	1.7%	MEDC	-3.3%
GGRM	1.1%	BSDE	-2.6%
BJBR	1.0%	BKSL	-2.6%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.91%	0.08%
USDIDR	14,403	0.78%
KRWIDR	12.93	0.12%

## 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	6,921.84	(100.92)	-1.44%
CAC 40	4,944.37	(68.29)	-1.36%
DAX	11,200.24	(135.08)	-1.19%
Nikkei	21,919.33	(116.72)	-0.53%
Hang Seng	26,819.68	(440.76)	-1.62%
Shanghai	2,649.81	(16.15)	-0.61%
KOSPI	2,101.31	(13.04)	-0.62%
EIDO	24.77	(0.49)	-1.94%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,237.3	(1.3)	-0.10%
Crude Oil (USD /bbl)	52.89	(0.36)	-0.68%
Coal Newcas(USD/ton)	103.30	(0.55)	-0.53%
Gas (USD /mmbtu)	4.47	0.01	0.27%
Nickel LME (USD /MT)	11,200	145.0	1.31%
Tin LME (USD /MT)	18,400	(125.0)	-0.67%
CPO (MYR/Ton)	1,995	(25.0)	-1.24%

## Market Recap

Following the movement of the regional market, JCI closed lower yesterday as it was suppressed by the banking sector amid the rupiah depreciation to 14,400.

**Top Losers: Misc. Industry (-1.71%), Property (-0.78%), Mining (-0.68%)**

Global markets continued to lag yesterday amid investors' jitters of the murky outlook of economic activities in 2019. Prior-day tumble in the U.S. markets affected the movement of Asia and European markets. The massive selling in banking sector suppressed Asian markets. On the other side, the U.S. markets were off due to a National Day of Mourning in honor of Bush.

## Today's Outlook: Ahead of OPEC Meeting

Today we estimate JCI to be sluggish at the **support range of 6056-6055** and the **resistance range of 6157-6165**. The global markets focus on OPEC Meeting. The global crude prices tumbled dramatically within recent months. The backdrop is potential for reduction in crude production by OPEC. On the other side, Huawei's officer arrested by Canada's authority raised concerns about the headwinds facing the progress trade deals between the U.S. and China.

The rupiah is depreciated further within recent days. The possible rebound in crude prices due to the production cut by OPEC will depreciate the rupiah further. Of note, the rupiah strengthened in recent months due to the tumble in crude prices.

## Stocks Recommendation (details on the next page)

Trading Buy: INDY, ANTM, TLKM

## Company News

- ADRO : Increases Thermal Coal Exports
- SMRA : Issues Bonds of IDR600 Billion
- SCMA : Obtains Approval of Stocks Buyback
- SSMS : Positively Responds to Tariffs of Exported CPO

## Domestic & Global News

- Rupiah Weakens within Two Consecutive Days
- OPEC Meets to Discuss Supply Policy

## Indonesia Economic Data

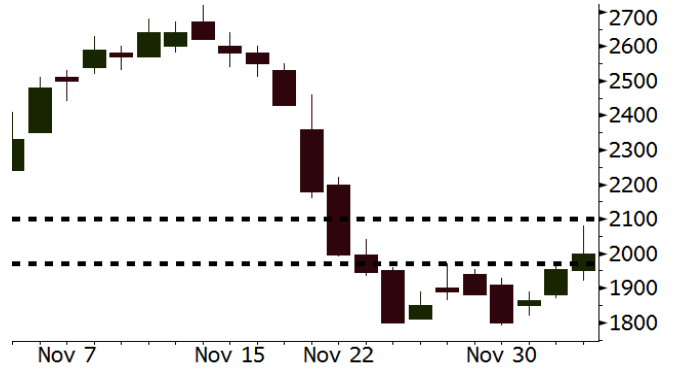
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

**INDY** Last = 2000

**Analysis** INDY's stocks prices are rebounding after the steep decline within recent months. Now its P/B valuation is 0.7x, much lower than the last 2-year average P/B of 1.1x.

**Range** 1970 – 2100

**Action** Trading Buy. Cut Loss If Below 1970



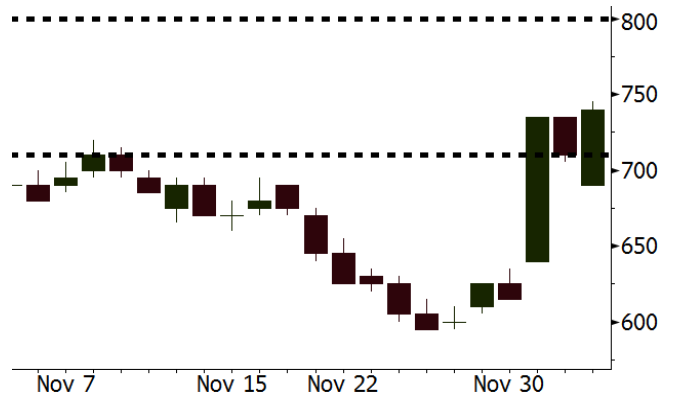
Source: Bloomberg

**ANTM** Last = 740

**Analysis** Inalum stated that the payment of 51% stock ownership of Freeport Indonesia will be settled by December 2018. The settlement of the payment will set a clear direction for the construction of anode slime facility, the source of gold production for ANTM.

**Range** 710 – 800

**Action** Trading Buy. Cut Loss If Below 710



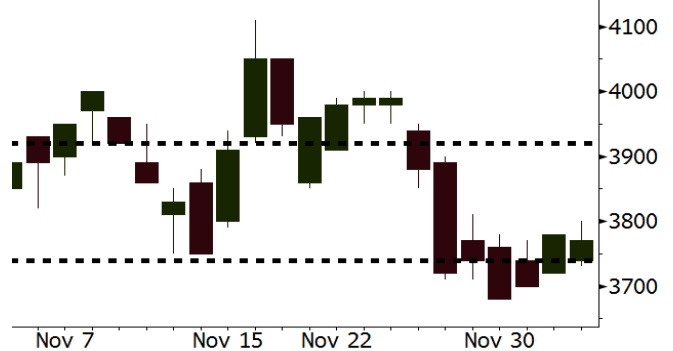
Source: Bloomberg

**TLKM** Last = 3770

**Analysis** TLKM posts the increment in market shares of Indonesia's telecommunication industry after SIM Card registration. Its peers find it difficult to improve qualities so that their market share decline.

**Range** 3740 – 3920

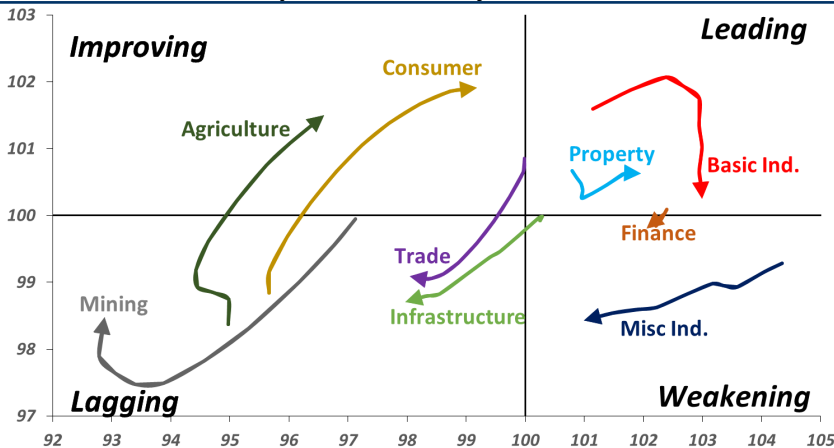
**Action** Trading buy. Cut Loss If Below 3740



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>	6,133	6,356				1.6	6,967.5							
<b>Finance</b>						8.6	2,200.1							
BBCA	26,150	21,900	28,825	Hold	10.2	22.8	644.7	25.8x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,650	3,640	4,370	Buy	19.7	5.5	450.2	14.0x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,575	8,000	8,275	Hold	9.2	1.3	353.5	14.9x	2.0x	14.2	2.6	2.7	20.1	1.4
BBNI	8,750	9,900	10,525	Buy	20.3	2.6	163.2	11.0x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,720	3,570	3,050	Hold	12.1	(19.5)	28.8	8.8x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	690	710	810	Buy	17.4	(2.8)	10.3	8.6x	1.3x	15.3	6.4	2.8	4.5	0.8
<b>Consumer</b>						(6.1)	1,406.8							
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	80,825	83,800	88,650	Hold	9.7	0.6	155.5	19.2x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	43,750	55,900	49,700	Hold	13.6	(11.9)	333.8	36.8x	37.2x	118.0	2.1	1.0	39.7	1.0
ICBP	9,750	8,900	10,550	Hold	8.2	10.2	113.7	26.8x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,575	7,625	8,175	Buy	24.3	(10.2)	57.7	15.6x	1.8x	11.7	4.6	3.1	(13.7)	1.2
KLBF	1,610	1,690	1,840	Hold	14.3	(2.1)	75.5	31.1x	5.4x	18.3	1.6	3.9	1.4	1.3
KAFF	2,480	2,700	2,890	Buy	16.5	9.3	13.8	38.2x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(6.7)	722.89							
TLKM	3,770	4,399	4,700	Buy	24.7	(9.4)	373.5	20.2x	4.1x	20.4	4.4	2.3	(20.6)	0.9
EXCL	1,890	2,960	3,930	Buy	107.9	(36.6)	20.2	N/A	0.9x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,990	4,800	6,750	Buy	239.2	(60.2)	10.8	N/A	0.9x	(11.5)	3.7	(25.7)	N/A	0.9
PGAS	2,060	1,750	2,600	Buy	26.2	30.4	49.9	13.2x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,580	6,400	6,050	Buy	32.1	(27.0)	33.2	16.1x	2.1x	13.4	1.3	18.7	(6.9)	0.9
TBIG	3,980	6,425	6,050	Buy	52.0	(30.5)	18.0	8.6x	5.2x	82.6	4.2	6.5	(3.2)	0.7
INDY	2,000	3,060	5,000	Buy	150.0	(22.5)	10.4	2.0x	0.7x	43.7	5.4	213.9	37.8	0.9
<b>Trade</b>						(11.2)	696.0							
UNTR	29,725	35,400	39,550	Buy	33.1	(9.0)	110.9	10.2x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	3,790	6,350	4,650	Buy	22.7	(37.9)	15.2	20.4x	1.9x	19.3	5.8	25.3	(22.4)	1.3
SCMA	1,925	2,480	2,025	Hold	5.2	(21.4)	28.1	19.7x	6.1x	32.3	3.9	10.8	8.7	1.2
MNCN	765	1,285	875	Hold	14.4	(43.1)	10.9	7.8x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,200	10,000	5,480	Hold	5.4	(48.5)	15.2	8.0x	6.1x	85.6	8.8	3.1	(0.6)	0.9
ACES	1,490	1,155	1,635	Hold	9.7	33.6	25.6	26.7x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,300	1,200	1,515	Buy	16.5	25.6	9.2	15.4x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	850	620	945	Hold	11.2	26.9	14.1	24.4x	2.7x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(6.1)	384.6							
BSDE	1,315	1,700	1,850	Buy	40.7	(17.3)	25.3	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	615	685	600	Hold	(2.4)	(3.9)	29.6	13.3x	2.5x	20.6	1.0	19.0	25.2	1.3
CTRA	1,050	1,185	1,250	Buy	19.0	(9.9)	19.5	21.5x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	855	945	670	Sell	(21.6)	(2.3)	12.3	27.6x	1.9x	6.9	0.6	0.7	75.0	1.5
WSKT	1,735	2,210	2,810	Buy	62.0	(7.2)	23.6	4.5x	1.3x	33.2	3.3	27.0	41.1	1.3
PTPP	1,880	2,640	3,850	Buy	104.8	(21.7)	11.7	8.7x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,505	1,550	2,150	Buy	42.9	(5.9)	13.5	9.8x	1.0x	11.0	1.8	32.3	26.0	1.0
ADHI	1,540	1,885	2,160	Buy	40.3	(11.2)	5.5	8.5x	0.9x	11.1	1.9	8.2	63.6	1.1
<b>Misc Ind.</b>						0.9	416.0							
ASII	8,325	8,300	8,925	Hold	7.2	(0.3)	337.0	15.5x	2.5x	17.3	2.3	16.4	20.6	1.3
<b>Basic Ind.</b>						33.7	650.9							
INTP	19,850	21,950	19,950	Hold	0.5	4.7	73.1	68.2x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	11,775	9,900	13,500	Hold	14.6	25.6	69.8	26.5x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,800	3,000	6,700	Hold	(1.5)	135.3	111.5	27.6x	6.1x	24.2	0.8	5.1	79.7	1.1
JPFA	2,360	1,300	3,250	Buy	37.7	94.2	27.7	15.0x	3.1x	20.2	4.2	16.8	104.2	0.8
MAIN	1,410	740	1,930	Buy	36.9	74.1	3.2	13.5x	1.7x	12.8	1.1	19.5	8200.0	1.2
KRAS	400	424	500	Buy	25.0	(0.5)	7.7	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,200	6,000	6,275	Buy	20.7	(4.6)	92.7	26.6x	3.6x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						11.9	393.2							
ADRO	1,285	1,860	1,970	Buy	53.3	(26.8)	41.1	6.7x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	3,950	2,460	5,375	Buy	36.1	77.9	45.5	7.2x	2.8x	42.1	8.1	20.7	49.7	1.0
ITMG	20,600	20,700	24,225	Buy	17.6	(3.3)	23.3	5.7x	1.6x	28.2	15.8	21.6	12.5	1.1
INCO	3,180	2,890	3,760	Buy	18.2	18.7	31.6	35.1x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	740	625	1,200	Buy	62.2	21.3	17.8	16.2x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	715	775	1,240	Buy	73.4	(7.7)	5.3	10.1x	0.9x	8.8	3.3	2.7	(18.7)	1.2
MEDC	745	890	1,025	Buy	37.6	(18.7)	13.3	15.6x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	570	715	1,020	Buy	78.9	(26.0)	4.9	5.3x	1.5x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(8.2)	97.1							
AALI	11,650	13,150	16,925	Buy	45.3	(12.7)	22.4	13.0x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,240	1,420	1,500	Buy	21.0	(8.5)	8.5	18.0x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ADRO : Increases Thermal Coal Exports**

ADRO will increase its exports of thermal coal in 2019, particularly in Vietnam's market and other countries in South East Asia. Another to anticipate the impacts of the trade war and global slowdown in economic activities, ADRO will diversify its products. Now, it exports coking coal and thermal coal to South Korea, Japan, China, and India. (Bisnis Indonesia)

### **SCMA : Obtains Approval of Stocks Buyback**

SCMA through the Extraordinary General Meeting dated December 5th, 2018 obtained the approval to perform buyback worth IDR3 trillion. The buyback aims to increase SCMA's stocks prices by returning excessive cash flows to stockholders. After the buyback, SCMA's ROE is likely to hike.

### **SMRA : Issues Bonds of IDR600 Billion**

SMRA will issue bonds worth IDR600 billion for the capex and the settlement of I Phase of I Self Registration of 2013 worth IDR450 billion. The bonds will be offered in two series, each of series amounting to IDR287 billion and IDR313 billion. The bonds are part of SMRA's III Self Registration amounting to IDR3.5 trillion. (Kontan)

### **SSMS : Positively Responds to Tariffs of Exported CPO**

SSMS positively responded to tariffs imposed on exported CPO and its derivative products, enacted by the Ministry of Finance. The tariffs of USD0/ton is applied if global CPO prices are below USD579/ton; USD25/per ton if global CPO prices are at USD570-USD619/ton; and USD50/ton if CPO prices are higher than USD619/ton. The tariffs are in line with SSMS's strategy to increase CPO production. (Kontan)

## Domestic & Global News

### **Rupiah Weakens within Two Consecutive Days**

The rupiah's exchange rate closed lower at the spot trade. Yesterday, the rupiah was the weakest currency in Asia. On Wednesday, 05/12/2018, the rupiah was closed at IDR14,390 per USD at the spot market trading. The rupiah weakened by 0.74% compared to its level at the prior trading day. The weakening was spurred by the uncertainty of the U.S. and China trade deals and the disapproval of UK parliament over Brexit proposal agreed by the UK government and European Union. (CNBC Indonesia)

### **OPEC Meets to Discuss Supply Policy**

OPEC and other top oil producing countries are set to meet later on Thursday in Austria, with a series of issues on the line. Chief among those is the discussion surrounding crude output policy. A combination of underestimating how much oil Iran would be able to sell, along with continued record output from the U.S., has sent prices tumbling. November posted the biggest monthly drop in a decade. Ahead of the meeting, U.S. President Donald Trump called for OPEC to keep oil output "as is." Ahead of the anticipated OPEC meeting, shares of oil-related companies in Asia were mostly lower. (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	227.4k	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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