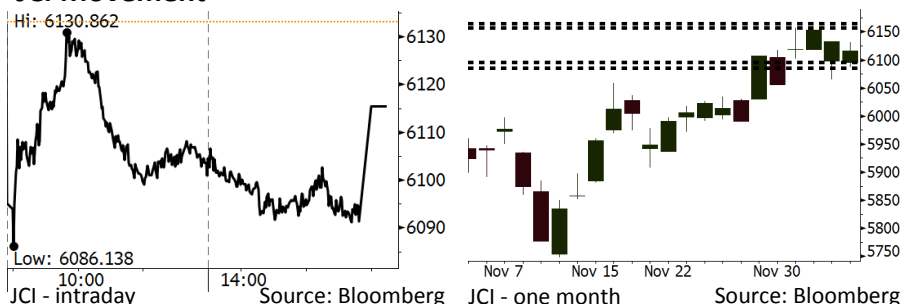


# Morning Brief

Daily | Dec 7, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

December 6	6,115.49
Chg	-17.63pts (-0.29%)
Volume (bn shares)	99.40
Value (IDR tn)	8.50

Adv 133 Dec 272 Unc 228 Untr 101

Foreign Transaction (IDR bn)	
Buy	2,477
Sell	2,873
Net Buy (Sell)	(396)

Top Buy	NB Val.	Top Sell	NS Val.
PGAS	82.7	ASII	137.8
PTBA	68.5	BBNI	136.2
INDF	22.9	BMRI	132.6
GGRM	13.7	TLKM	88.7
INTP	11.0	UNTR	57.8

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
PGAS	3.9%	SCMA	-4.4%
PTBA	3.3%	LPPF	-4.2%
EXCL	3.2%	INCO	-3.5%
MEDC	2.7%	ASII	-2.7%
TPIA	1.9%	UNTR	-2.4%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.01%	0.10%
USDIDR	14,520	0.81%
KRWIDR	12.97	0.27%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,947.67	(79.40)	-0.32%
S&P 500	2,695.95	(4.11)	-0.15%
Nasdaq	7,188.26	29.83	0.42%
FTSE 100	6,704.05	(217.79)	-3.15%
CAC 40	4,780.46	(163.91)	-3.32%
DAX	10,810.98	(389.26)	-3.48%
Nikkei	21,501.62	(417.71)	-1.91%
Hang Seng	26,156.38	(663.30)	-2.47%
Shanghai	2,605.18	(44.62)	-1.68%
KOSPI	2,068.69	(32.62)	-1.55%
EIDO	24.84	0.07	0.28%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,237.8	0.5	0.04%
Crude Oil (USD /bbl)	51.49	(1.40)	-2.65%
Coal Newcas(USD/ton)	103.50	0.20	0.19%
Gas (USD /mmbtu)	4.33	(0.14)	-3.18%
Nickel LME (USD /MT)	11,200	145.0	1.31%
Tin LME (USD /MT)	18,400	(125.0)	-0.67%
CPO (MYR/Ton)	2,005	10.0	0.50%

## Market Recap

JCI closed lower as the miscellaneous industry made the worse performance. Yet, at the end of the trading session, the consumer sector rallied, spurred by the consumer confidence index (IKK). **Top Losers: Misc. Industry (-2.39%), Agriculture (-1.33%), Property (-1.30%)**

Amid the jitters of 2019 murky economic outlook, the arrest of Huawei CFO is possible to escalate the tension of the U.S. and China trade war, constraining global markets, particularly the tech. sector. The U.S. markets closed mixed along with the Fed's wait and see stance over the Fed's rate.

## Today's Outlook: The Fed's Halts Hike in Fed's Rates

We estimate JCI to rally with the **support range of 6086-6095** and the **resistance range of 6157-6165**. The positive sentiment comes from the Fed's monetary stance as the Fed's officials are discussing the Fed's rates of 2019. The update report noted that the Fed halts the hike in 2019 rates and takes wait and see stance. The Fed's stance is likely to fade the jitters of 2019 monetary tightening.

On the other side, global crude prices fail to strengthen as OPEC failed to reach agreement on curbing crude production. Investors await Indonesia's forex reserves. In November, forex reserves are estimated to surge.

## Stocks Recommendation (details on the next page)

Trading Buy: INDF, AKRA, RALS

## Company News

- WIKA : Issues Perpetual Bonds in Third Week
- ACST : Targets Growth of 50% in New Contracts
- JSMR : 4 Trans Jawa Toll Road Sections to Be Completed in 2018
- PTPP : Will Issue Domestic Bonds in 2019

## Domestic & Global News

- Fitch Ratings Cuts Indonesia's Economic Growth
- OPEC Agreed to Decrease Oil Production Without Specify Number

## 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*	122.70	119.20

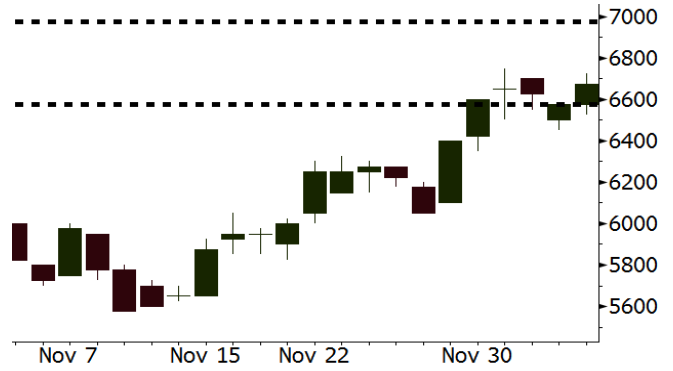
**INDF** Last = 6675

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**Analysis** INDF is a large cap. consumer with the lowest P/E valuation compared its peers. It is traded at a P/E of 15.8x.

**Range** 6575 – 6975

**Action** Trading Buy. Cut Loss If Below 6575



Source: Bloomberg

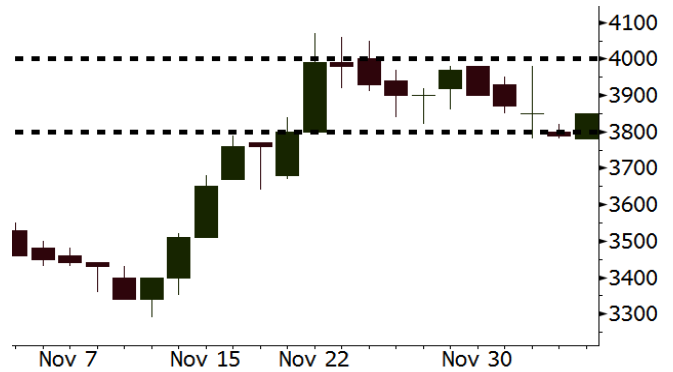
**AKRA** Last = 3850

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**Analysis** The trend of tumbling global crude prices will give positive sentiments for AKRA as fuels distribution volume will hike, resulting in higher margin due to the less intense competition.

**Range** 3800 – 4000

**Action** Trading Buy. Cut Loss If Below 3800



Source: Bloomberg

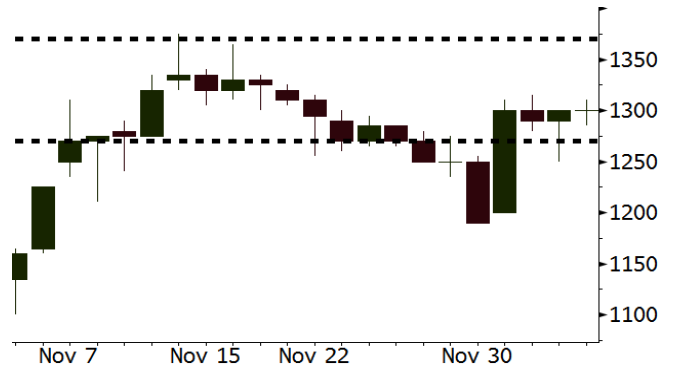
**RALS** Last = 1300

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**Analysis** Consumers confidence index of November strengthened, noting Indonesian consumers' robust purchasing power amid the rupiah depreciation.

**Range** 1270 – 1370

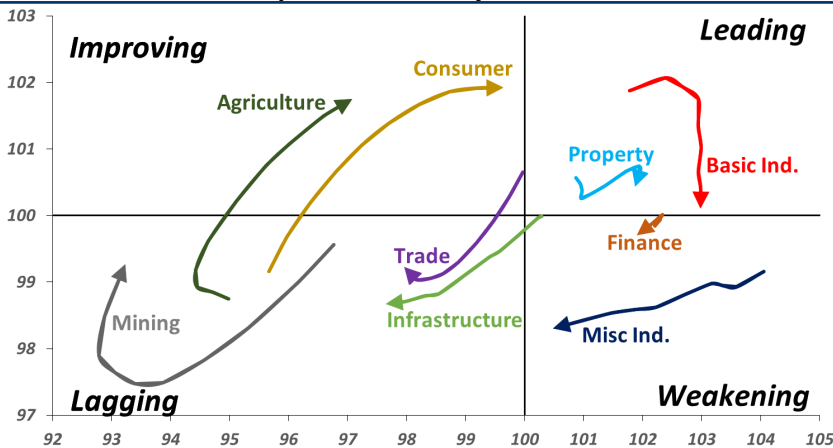
**Action** Trading buy. Cut Loss If Below 1270



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>	6,115	6,356				1.8	6,948.4							
<b>Finance</b>						9.6	2,195.3							
BBCA	26,300	21,900	28,825	Hold	9.6	25.4	648.4	26.0x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,650	3,640	4,370	Buy	19.7	8.0	450.2	14.0x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,475	8,000	8,275	Hold	10.7	1.7	348.8	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,650	9,900	10,525	Buy	21.7	1.5	161.3	10.8x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,740	3,570	3,050	Hold	11.3	(22.8)	29.0	8.9x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	690	710	810	Buy	17.4	(4.2)	10.3	8.6x	1.3x	15.3	6.4	2.8	4.5	0.8
<b>Consumer</b>						(5.5)	1,412.6							
HMSP	3,700	4,730	4,225	Hold	14.2	(14.4)	430.4	33.1x	13.7x	41.8	2.9	7.2	3.8	1.3
GGRM	81,525	83,800	88,650	Hold	8.7	2.0	156.9	19.4x	3.7x	19.6	3.2	13.6	6.3	1.3
UNVR	44,200	55,900	49,700	Hold	12.4	(12.1)	337.2	37.1x	37.6x	118.0	2.1	1.0	39.7	1.0
ICBP	9,700	8,900	10,550	Hold	8.8	11.8	113.1	26.7x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,675	7,625	8,175	Buy	22.5	(8.9)	58.6	15.8x	1.8x	11.7	4.5	3.1	(13.7)	1.2
KLBF	1,630	1,690	1,840	Hold	12.9	(1.5)	76.4	31.5x	5.5x	18.3	1.5	3.9	1.4	1.3
KAEF	2,480	2,700	2,890	Buy	16.5	(9.5)	13.8	38.2x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(6.6)	723.14							
TLKM	3,710	4,399	4,700	Buy	26.7	(10.9)	367.5	19.9x	4.1x	20.4	4.5	2.3	(20.6)	0.9
EXCL	1,950	2,960	3,930	Buy	101.5	(33.9)	20.8	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,965	4,800	6,750	Buy	243.5	(60.0)	10.7	N/A	0.9x	(11.5)	3.7	(25.7)	N/A	0.9
PGAS	2,140	1,750	2,600	Buy	21.5	32.1	51.9	13.5x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,550	6,400	6,050	Buy	33.0	(27.5)	33.0	16.0x	2.0x	13.4	1.3	18.7	(6.9)	0.9
TBIG	3,940	6,425	6,050	Buy	53.6	(33.2)	17.9	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.7
INDY	2,020	3,060	5,000	Buy	147.5	(17.2)	10.5	2.0x	0.7x	43.7	5.3	213.9	37.8	0.9
<b>Trade</b>						(11.4)	690.1							
UNTR	29,000	35,400	39,550	Buy	36.4	(12.1)	108.2	10.0x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	3,850	6,350	4,650	Buy	20.8	(37.7)	15.5	20.8x	1.9x	19.3	5.7	25.3	(22.4)	1.3
SCMA	1,840	2,480	2,025	Hold	10.1	(26.4)	26.9	18.9x	5.9x	32.3	4.1	10.8	8.7	1.2
MNCN	750	1,285	875	Buy	16.7	(43.4)	10.7	7.7x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	4,980	10,000	5,480	Hold	10.0	(51.5)	14.5	7.6x	5.8x	85.6	9.2	3.1	(0.6)	0.9
ACES	1,490	1,155	1,635	Hold	9.7	32.4	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	28.1	9.2	15.4x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	825	620	945	Hold	14.5	21.8	13.7	23.6x	2.6x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(7.6)	379.6							
BSDE	1,300	1,700	1,850	Buy	42.3	(19.3)	25.0	7.7x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	585	685	600	Hold	2.6	(7.9)	28.2	12.6x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,025	1,185	1,250	Buy	22.0	(11.6)	19.0	21.0x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	830	945	670	Sell	(19.3)	(2.4)	12.0	26.8x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,725	2,210	2,810	Buy	62.9	(11.8)	23.4	4.5x	1.3x	33.2	3.3	27.0	41.1	1.3
PTPP	1,870	2,640	3,850	Buy	105.9	(23.7)	11.6	8.7x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,510	1,550	2,150	Buy	42.4	(8.2)	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	(13.0)	5.5	8.5x	0.9x	11.1	1.9	8.2	63.6	1.1
<b>Misc Ind.</b>						(1.1)	406.1							
ASII	8,100	8,300	8,925	Hold	10.2	(2.4)	327.9	15.1x	2.5x	17.3	2.3	16.4	20.6	1.3
<b>Basic Ind.</b>						32.3	652.5							
INTP	20,050	21,950	19,950	Hold	(0.5)	5.8	73.8	68.9x	3.3x	4.6	3.5	2.5	(56.1)	1.5
SMGR	11,875	9,900	13,500	Hold	13.7	28.4	70.4	26.7x	2.3x	9.0	1.1	4.4	43.1	1.2
CPIN	6,925	3,000	6,700	Hold	(3.2)	129.3	113.6	28.1x	6.2x	24.2	0.8	5.1	79.7	1.1
JPFA	2,280	1,300	3,250	Buy	42.5	84.6	26.7	14.5x	2.9x	20.2	4.4	16.8	104.2	0.8
MAIN	1,365	740	1,930	Buy	41.4	72.8	3.1	13.1x	1.6x	12.8	1.2	19.5	8200.0	1.2
KRAS	398	424	500	Buy	25.6	(2.0)	7.7	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,300	6,000	6,275	Buy	18.4	(4.5)	94.5	26.8x	3.6x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						13.3	393.3							
ADRO	1,295	1,860	1,970	Buy	52.1	(24.3)	41.4	6.7x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,080	2,460	5,375	Buy	31.7	86.3	47.0	7.4x	2.9x	42.1	7.8	20.7	49.7	1.0
ITMG	20,800	20,700	24,225	Buy	16.5	(1.9)	23.5	5.7x	1.6x	28.2	15.7	21.6	12.5	1.1
INCO	3,070	2,890	3,760	Buy	22.5	13.7	30.5	33.5x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	735	625	1,200	Buy	63.3	21.5	17.7	16.1x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	720	775	1,240	Buy	72.2	(7.7)	5.4	10.1x	0.9x	8.8	3.3	2.7	(18.7)	1.2
MEDC	765	890	1,025	Buy	34.0	(14.9)	13.6	15.9x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	560	715	1,020	Buy	82.1	(23.8)	4.8	5.1x	1.4x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(8.1)	95.8							
AALI	11,475	13,150	16,925	Buy	47.5	(11.7)	22.1	12.8x	1.2x	9.5	3.8	9.1	(18.2)	0.6
LSIP	1,180	1,420	1,500	Buy	27.1	(11.3)	8.1	17.2x	1.0x	5.7	3.8	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WIKA : Issues Perpetual Bonds in Third Week**

WIKA will issue the perpetual bonds worth IDR2 trillion at maximum. The bonds are undergoing the rating process and projected to be issued in the third week of December. If the bonds are well absorbed, the middle and long-term funding strategies in 2019 will be accomplished. Meanwhile, the banking loans will be allocated to the short-term funding. (Bisnis Indonesia)

### **JSMR : 4 Trans Jawa Toll Road Sections to Be Completed in 2018**

JSMR is sanguine about the completion of Trans Jawa toll-road sections in 2018, i.e., Batang-Semarang, Semarang-Solo, and Salatiga-Kartasura toll-road sections. The completion target aligns with the target of completion of Merak-Banyuwangi toll-road section at the end of 2019 set by the Public Works and Public Housing (PUPR) Ministry. Besides, in 2018, it targets the growth of 30% in the toll and non-toll road revenues. (Kontan)

### **ACST : Targets Growth of 50% in New Contracts**

ACST targets the growth of 50% in the 2019 new contracts along with 2018 carryover contracts. Until the end of November 2018, it secured the new contract of IDR1.02 trillion, with the additional revenues of IDR78.91 billion derived from Terrace Diamond Tower project in November. The postponement of a number project bids has the 11M18 new contracts to hit only 10.2% from the 2018 targets. (Bisnis Indonesia)

### **PTPP : Will Issue Domestic Bonds in 2019**

PTPP will issue the 2019 domestic bonds with the targeted fund of IDR1.5 trillion. The bond issuance will be carried on after the presidential and parliament elections to be adjusted with markets backdrop. The proceeds of the bonds issuance will be allocated for water distillation projects and railway projects whose the tender was won by PTPP. (Bisnis Indonesia)

## Domestic & Global News

### **Fitch Ratings Cuts Indonesia's Economic Growth**

Fitch Ratings cut its projection of economic growth from 5.1% to 5%. The reduction is underlined by the tight financial backdrop, particularly triggered by modest investment and 4Q18 lagging economic activities. Although consumers' purchasing power decelerated in recent months amid, it was still high amid the low inflation. Meanwhile, the sales of vehicles in domestic markets were still solid at the early of 4Q18. The slowdown in consumers' purchasing power occurred since 3Q18. (Kontan)

### **OPEC Agreed to Decrease Oil Production Without Specify Number**

OPEC has reportedly agreed to cut oil production, but the cartel ended its closely-watched meeting on Thursday without specifying how many barrels it would aim to remove from the market. The influential OPEC oil cartel gathered at its headquarters in Vienna, Austria with the aim of reaching an accord over throttling back output. The 15-member organization will hold talks with allied oil-producing nations including Russia on Friday. Oil prices have crashed around 30 percent over the last two months, ratcheting up the pressure on budgets in oil-exporting 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	227.4k	200k	227k
<i>05 - Dec</i>							
<b>Thursday</b>	USA	20:30	Trade Balance	Oct	-55.5b	-\$54.9b	-\$54.0b
<i>06 - Dec</i>	USA	20:30	Initial Jobless Claims	1-Dec	231k	--	234k
	USA	22:00	Durable Goods Orders	Oct F	-4.30%	--	-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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