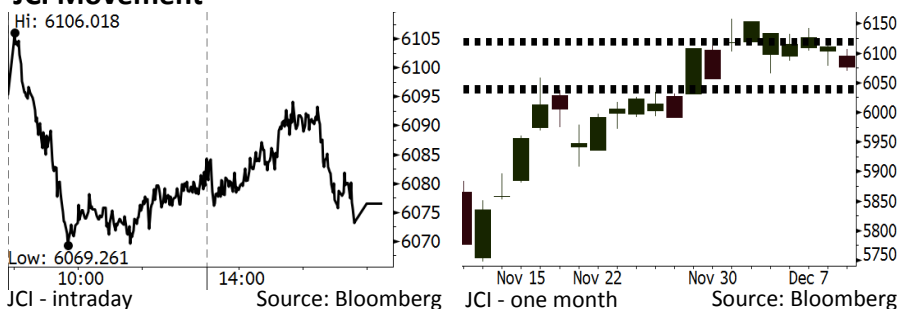


# Morning Brief

Daily | Dec 12, 2018

## JCI Movement



## Market Recap

JCI closed at sluggish state as the worse performance by the basic industry, the rupiah depreciation, and the net foreign sell. **Top Losers: Basic Industry (-2.76%), Infrastructure (-1.14%), Property (-0.91%)**

Most of the global markets were in bullish territory yesterday. The U.S. markets ended mixes as China lowered tariffs of 15% on the U.S. imported cars and the dispute on the U.S.-Mexico security border. The subdued trade war tension also backed the rally in the European market, particularly the basic industry sector. The Asian markets closed mixed amid the resignation of BOI Governor.

## Today's Outlook: Digest the U.S. and China Trade Deals

We estimate JCI to rally with the **support range of 6035-6042** and the **resistance range of 6117-6122**. The positive sentiment comes from the updated trade relation between the U.S. and China. China is reported to cut the tariffs on the U.S. automotive from 40% to 15%. It indicates the progress of the trade deals between the world's two largest economies after both countries' presidents met during G-20.

From the domestic outlook, the rupiah depreciation in recent days is forecasted to halt. The rupiah weakens from 12,200 to 14,600 per USD. The better trade deals between the U.S. and China will strengthen the rupiah.

## Stocks Recommendation (details on the next page)

Trading Buy: INCO, MEDC, WSKT

## Company News

- PTPP : Invests IDR1.27 Trillion in Infrastructure Sector
- MAPI : Allocates IDR800 Billion for Business Expansion
- JPFA : Boosts Production through Close House
- TAXI : Obtains Approval for Bonds Restructuring

## Domestic & Global News

Incomes from Cigarette's Excise Amounts to IDR120.62 Trillion  
China Reportedly Plans to Slash Auto Tariffs

## 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)	117.20	115.20	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	3.23%	3.16%	Cons. Confidence*	122.70	119.20

## IHSG (Jakarta Composite Index)

December 11	6,076.59
Chg	-34.77pts (-0.57%)
Volume (bn shares)	105.79
Value (IDR tn)	8.58
<b>Adv 153 Dec 240 Unc 242 Untr 124</b>	

## Foreign Transaction (IDR bn)

Buy	2,347
Sell	3,355
Net Buy (Sell)	(1,008)

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	143.2	BBCA	200.0
BBRI	66.3	TLKM	188.3
LPPF	12.5	ASII	69.6
BTPS	9.9	BBNI	66.0
ACES	9.1	BMRI	65.9

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
AKRA	7.3%	MEDC	-6.7%
PTBA	6.5%	INTP	-5.2%
LPPF	6.3%	KLBF	-4.8%
ANTM	4.9%	INKP	-4.1%
BRPT	4.8%	BJBR	-3.5%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.28%	0.17%
USDIDR	14,608	0.38%
KRWIDR	12.91	0.08%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,370.24	(53.02)	-0.22%
S&P 500	2,636.78	(0.94)	-0.04%
Nasdaq	7,031.83	11.31	0.16%
FTSE 100	6,806.94	85.40	1.27%
CAC 40	4,806.20	63.82	1.35%
DAX	10,780.51	158.44	1.49%
Nikkei	21,148.02	(71.48)	-0.34%
Hang Seng	25,771.67	19.29	0.07%
Shanghai	2,594.09	9.51	0.37%
KOSPI	2,052.97	(0.82)	-0.04%
EIDO	24.39	0.02	0.08%

## Commodities

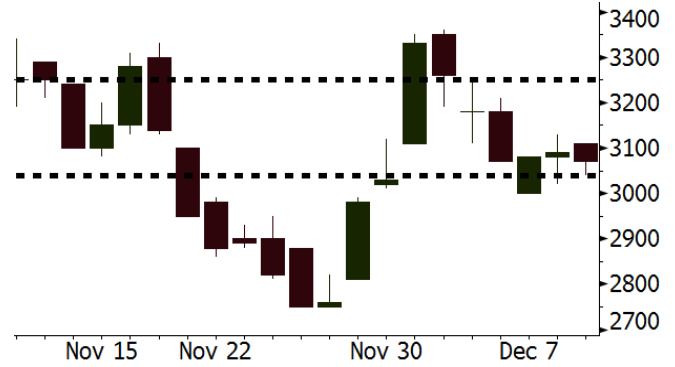
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,243.3	(1.2)	-0.10%
Crude Oil (USD /bbl)	51.65	0.65	1.27%
Coal Newcas(USD/ton)	102.90	(0.70)	-0.68%
Gas (USD /mmbtu)	4.41	(0.14)	-3.04%
Nickel LME (USD /MT)	10,910	60.0	0.55%
Tin LME (USD /MT)	19,000	75.0	0.40%
CPO (MYR/Ton)	2,015	(27.0)	-1.32%

**INCO** Last = 3070

**Analysis** Global nickel prices are estimated to rally along with the cut tariffs on the U.S. automotive by Chinese authorities.

**Range** 3040 – 3250

**Action** Trading Buy. Cut Loss If Below 3040



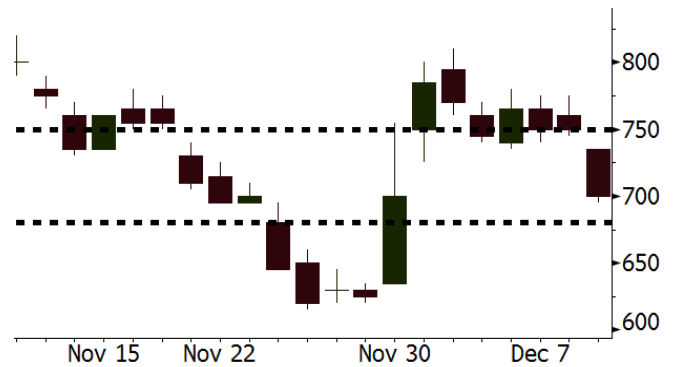
Source: Bloomberg

**MEDC** Last = 700

**Analysis** Global crude prices rally further. One of the biggest oil producer nation, Libya, stated that its biggest onshore is closed due to impairment.

**Range** 680 – 750

**Action** Trading Buy. Cut Loss If Below 680



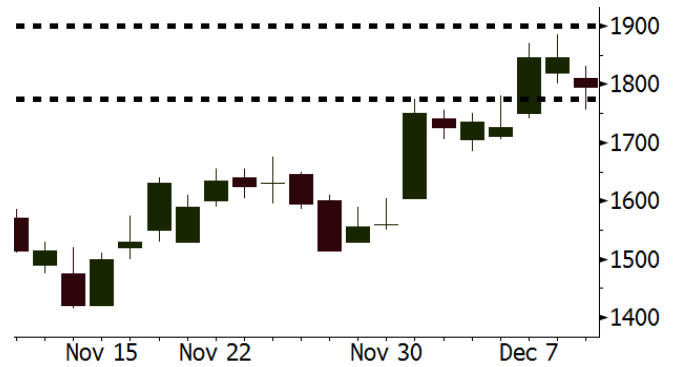
Source: Bloomberg

**WSKT** Last = 1795

**Analysis** Based on the updated development of 2019 presidential election, both candidates show their commitment to infrastructure development. It cushions business risks faced by construction companies in ahead years.

**Range** 1775 – 1900

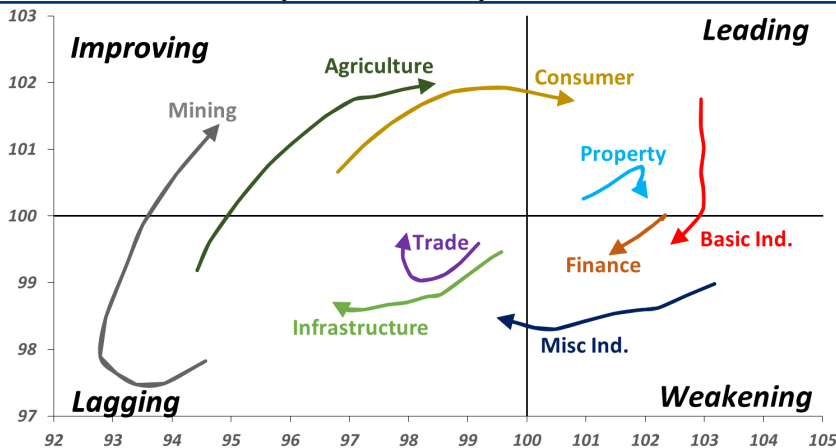
**Action** Trading buy. Cut Loss If Below 1775



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>	6,077	6,356				0.7	6,907.8							
<b>Finance</b>						7.5	2,171.3							
BBCA	25,800	21,900	28,825	Hold	11.7	21.4	636.1	25.5x	4.4x	18.4	1.0	7.5	10.0	1.0
BBRI	3,620	3,640	4,370	Buy	20.7	4.9	446.5	13.8x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,450	8,000	8,275	Hold	11.1	-	347.7	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,450	9,900	10,525	Buy	24.6	(4.0)	157.6	10.6x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,680	3,570	3,050	Hold	13.8	(20.2)	28.4	8.7x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	700	710	810	Buy	15.7	(0.7)	10.5	8.7x	1.3x	15.3	6.3	2.8	4.5	0.8
<b>Consumer</b>						(6.9)	1,406.1							
HMSP	3,740	4,730	4,225	Hold	13.0	(14.4)	435.0	33.4x	13.9x	41.8	2.9	7.2	3.8	1.3
GGRM	81,050	83,800	88,650	Hold	9.4	3.4	155.9	19.3x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	43,675	55,900	49,700	Hold	13.8	(14.5)	333.2	36.7x	37.1x	118.0	2.1	1.0	39.7	1.0
ICBP	9,700	8,900	11,225	Buy	15.7	10.2	113.1	26.7x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,575	7,625	8,175	Buy	24.3	(10.5)	57.7	15.6x	1.8x	11.7	4.6	3.1	(13.7)	1.2
KLBF	1,505	1,690	1,840	Buy	22.3	(9.1)	70.5	29.1x	5.1x	18.3	1.7	3.9	1.4	1.3
KAEF	2,480	2,700	2,890	Buy	16.5	(5.3)	13.8	38.2x	5.3x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(8.8)	711.64							
TLKM	3,620	4,399	4,700	Buy	29.8	(12.4)	358.6	19.4x	4.0x	20.4	4.6	2.3	(20.6)	0.8
EXCL	1,880	2,960	3,930	Buy	109.0	(38.8)	20.1	N/A	0.9x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,850	4,800	6,750	Buy	264.9	(62.4)	10.1	N/A	0.8x	(11.5)	3.9	(25.7)	N/A	0.9
PGAS	2,060	1,750	2,600	Buy	26.2	21.9	49.9	13.0x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	4,450	6,400	6,050	Buy	36.0	(30.2)	32.3	15.6x	2.0x	13.4	1.4	18.7	(6.9)	1.0
TBIG	3,870	6,425	6,050	Buy	56.3	(37.3)	17.5	8.3x	5.1x	82.6	4.4	6.5	(3.2)	0.7
INDY	1,945	3,060	5,000	Buy	157.1	(35.4)	10.1	1.9x	0.7x	43.7	8.3	213.9	37.8	0.9
<b>Trade</b>						(10.2)	690.9							
UNTR	29,075	35,400	39,550	Buy	36.0	(9.1)	108.5	10.0x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,260	6,350	4,650	Hold	9.2	(30.2)	17.1	23.0x	2.1x	19.3	5.2	25.3	(22.4)	1.2
SCMA	1,925	2,480	2,025	Hold	5.2	(19.8)	28.1	19.7x	6.1x	32.3	2.9	10.8	8.7	1.2
MNCN	755	1,285	875	Buy	15.9	(38.6)	10.8	7.7x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,500	10,000	5,480	Hold	(0.4)	(43.0)	16.0	8.4x	6.4x	85.6	8.3	3.1	(0.6)	0.9
ACES	1,535	1,155	1,635	Hold	6.5	25.8	26.3	27.6x	6.9x	26.6	1.5	22.3	32.7	1.1
RALS	1,400	1,200	1,515	Hold	8.2	34.6	9.9	16.6x	2.5x	15.7	2.9	2.2	43.4	0.9
MAPI	795	620	945	Buy	18.9	25.2	13.2	22.8x	2.5x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(6.0)	387.9							
BSDE	1,290	1,700	1,850	Buy	43.4	(19.4)	24.8	7.7x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	595	685	600	Hold	0.8	(7.8)	28.7	12.8x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,020	1,185	1,250	Buy	22.5	(14.6)	18.9	20.9x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	820	945	960	Buy	17.1	(2.4)	11.8	26.4x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,795	2,210	2,810	Buy	56.5	(6.0)	24.4	4.6x	1.4x	33.2	3.2	27.0	41.1	1.3
PTPP	1,900	2,640	3,850	Buy	102.6	(21.2)	11.8	8.8x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,580	1,550	2,150	Buy	36.1	5.0	14.2	10.3x	1.1x	11.0	1.7	32.3	26.0	1.1
ADHI	1,565	1,885	2,160	Buy	38.0	(12.3)	5.6	8.6x	0.9x	11.1	1.8	8.2	63.6	1.2
<b>Misc Ind.</b>						1.0	409.3							
ASII	8,150	8,300	8,925	Hold	9.5	(0.6)	329.9	15.2x	2.5x	17.3	2.3	16.4	20.6	1.3
<b>Basic Ind.</b>						27.9	639.9							
INTP	19,675	21,950	19,950	Hold	1.4	2.5	72.4	67.6x	3.2x	4.6	3.6	2.5	(56.1)	1.5
SMGR	11,600	9,900	13,500	Buy	16.4	20.8	68.8	26.1x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,300	3,000	6,700	Hold	6.3	101.3	103.3	25.6x	5.7x	24.2	0.9	5.1	79.7	1.1
JPFA	2,240	1,300	3,250	Buy	45.1	84.4	26.3	14.2x	2.9x	20.2	4.5	16.8	104.2	0.8
MAIN	1,325	740	1,930	Buy	45.7	74.3	3.0	12.7x	1.6x	12.8	1.2	19.5	8200.0	1.2
KRAS	412	424	500	Buy	21.4	21.2	8.0	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,400	6,000	6,275	Buy	16.2	(6.1)	96.3	27.1x	3.7x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						13.3	393.7							
ADRO	1,285	1,860	1,970	Buy	53.3	(29.0)	41.1	6.6x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,280	2,460	5,375	Buy	25.6	94.5	49.3	7.8x	3.1x	42.1	7.4	20.7	49.7	1.0
ITMG	20,100	20,700	24,225	Buy	20.5	(3.2)	22.7	5.5x	1.5x	28.2	16.2	21.6	12.5	1.1
INCO	3,070	2,890	3,760	Buy	22.5	14.6	30.5	33.3x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	755	625	1,200	Buy	58.9	24.8	18.1	16.5x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	745	775	1,240	Buy	66.4	(1.3)	5.5	10.5x	0.9x	8.8	3.2	2.7	(18.7)	1.2
MEDC	700	890	1,025	Buy	46.4	(17.2)	12.5	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	565	715	1,020	Buy	80.5	(26.6)	4.9	5.1x	1.4x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(6.0)	96.9							
AALI	11,900	13,150	16,925	Buy	42.2	(7.2)	22.9	13.3x	1.2x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,230	1,420	1,500	Buy	22.0	(2.8)	8.4	17.9x	1.0x	5.7	3.7	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **PTPP : Invests IDR1.27 Trillion in Infrastructure Sector**

In 2019, PTPP allocates IDR1.27 trillion out of the total capex of IDR8.73 trillion for investing in the infrastructure sector. Of note, the capex allocation is based on the estimated growth of 5.3% in Indonesia's economy and the 3x-4x industrial growth in 2019. The capex is derived from internal cash, bonds, and bank loans. (Bisnis Indonesia)

### **MAPI : Allocates IDR800 Billion for Business Expansion**

MAPI allocated the capex of IDR800 billion in 2019 for its business expansion. The capex is targeted to launch new stores of 50,000 sqm. Until November 2018, it launched 113 new stores; ahead year-end, it aggressively accelerates such strategies as promotion, marketing, and merchandising.

### **JPFA : Boosts Production through Close House**

JPFA plans to change the scheme of its poultry' cage from open houses to close houses. The new scheme has a better per-meter density and results in much quality chickens. The change in scheme is a gradual implementation due to the high prices of chickens. (Bisnis Indonesia)

### **TAXI : Obtains Approval for Bonds Restructuring**

TAXI through the general meeting of bond-holders (RUPO) has obtained approval to restructure its bonds worth IDR1 trillion. IDX previously suspended its stocks due to TAXI's incapability of paying of its bonds' interest rates. Of note, the restructuring converted bonds worth IDR400 billion to without-interest-rate bonds worth IDR600 billion. (Kontan)

## Domestic & Global News

### **Incomes from Cigarette's Excise Amounts to IDR120.62 Trillion**

The income deriving from cigarette's excises per December 2018 amounts to IDR120.62 trillion or 81.37% of the 2018 state budget (APBN) target of IDR148.23 trillion. Meanwhile, the total excise income is IDR126.51 trillion or 81.41% of the target of IDR155.40 trillion. Based on the result of the research. The average portion of cigarette's excise income to the state excise is at 94%-95%. (Kontan)

### **China Reportedly Plans to Slash Auto Tariffs**

Chinese Vice Premier Liu He has told U.S. officials that China plans to reduce tariffs on American auto imports from 40 percent to 15 percent in a move that could break an escalating trade war between the world's two largest economies, The Wall Street Journal reported, citing a person familiar with the negotiations. The vice premier told Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer of the decision in a call late Monday, the Journal reported. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	GDP SA QoQ	3Q F	-0.60%	-0.50%	-0.30%
<i>10 - Dec</i>	JPN	06:50	GDP Annualized SA QoQ	3Q F	-2.50%	-2.00%	-1.20%
	JPN	06:50	BoP Current Account Balance	Oct	¥1309.9b	¥1410.2b	¥1821.6b
	UK	16:30	Industrial Production MoM	Oct	-0.60%	0.20%	0.00%
<b>Tuesday</b>	UK	16:30	Jobless Claims Change	Nov	21.9k	--	20.2k
<i>11 - Dec</i>	UK	16:30	ILO Unemployment Rate 3Mths	Oct	4.10%	4.10%	4.10%
	GER	17:00	ZEW Survey Expectations	Dec	-17.5	-24	-24.1
<b>Wednesday</b>	JPN	06:50	Core Machine Orders MoM	Oct	7.60%	10.10%	-18.30%
<i>12 - Dec</i>	JPN	11:30	Tertiary Industry Index MoM	Oct		1.00%	-1.10%
	USA	20:30	CPI MoM	Nov		0.00%	0.30%
<b>Thursday</b>	GER	14:00	CPI MoM	Nov F		0.10%	0.10%
<i>13 - Dec</i>	GER	14:00	CPI YoY	Nov F		2.30%	2.30%
	EU	19:45	ECB Main Refinancing Rate	13-Dec		0.00%	0.00%
	EU	19:45	ECB Marginal Lending Facility	13-Dec		0.25%	0.25%
	EU	19:45	ECB Deposit Facility Rate	13-Dec		-0.40%	-0.40%
	USA	20:30	Initial Jobless Claims	8-Dec		--	231k
<b>Friday</b>	JPN	06:50	Tankan Large Mfg Index	4Q		18	19
<i>14 - Dec</i>	JPN	07:30	Nikkei Japan PMI Mfg	Dec P		--	52.2
	CHN	09:00	Retail Sales YoY	Nov		8.80%	8.60%
	CHN	09:00	Industrial Production YoY	Nov		5.90%	5.90%
	JPN	11:30	Capacity Utilization MoM	Oct		--	-1.50%
	JPN	11:30	Industrial Production MoM	Oct F		--	2.90%
	EU	15:30	Markit Eurozone Manufacturing PMI	Dec P		52	51.8
	GER	15:30	Markit Germany Manufacturing PMI	Dec P		52	51.8
	USA	20:30	Retail Sales Advance MoM	Nov		0.20%	0.80%
	USA	21:15	Industrial Production MoM	Nov		0.30%	0.10%
	USA	21:45	Markit US Manufacturing PMI	Dec P		--	55.3

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholder Meeting	AGRO
<i>10 - Dec</i>	Annual Shareholder Meeting	DSNG
	IPO Listing Date	SOTS, URBN
	Cum Dividend Date	SCMA (IDR20 per share)
<b>Tuesday</b>	Extraordinary Shareholder Meeting	BJBR
<i>11 - Dec</i>	Cum Dividend Date	BATA (IDR8.7 per share)
		INDY (IDR54.4 per share)
	Cum Rights Offering Date	META (1 per 6, subscription price IDR200)
<b>Wednesday</b>	Annual Shareholder Meeting	FISH
<i>12 - Dec</i>	IPO Listing Date	ZONE
<b>Thursday</b>	Annual Shareholder Meeting	BABP
<i>13 - Dec</i>	Rights Listing Date	IKAI
<b>Friday</b>	Extraordinary Shareholder Meeting	MAPB, NIPS
<i>14 - Dec</i>	Annual Shareholder Meeting	ADRO, CSIS

Source: Bloomberg

### DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



## 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

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta