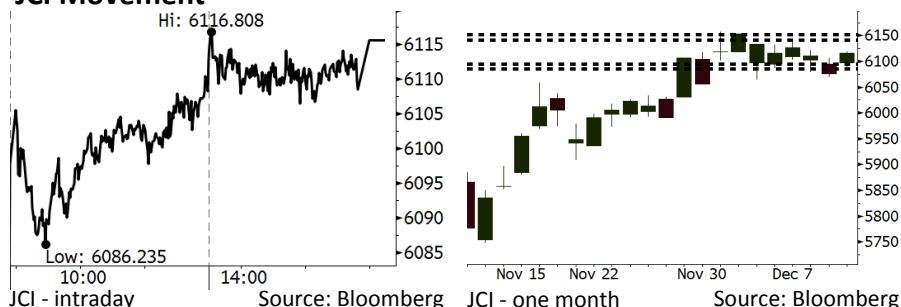


Morning Brief

Daily | Dec 13, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 12	6,115.58
Chg	+38.99pts (+0.64%)
Volume (bn shares)	137.60
Value (IDR tn)	10.21

Adv 217 Dec 178 Unc 241 Untr 113

Foreign Transaction (IDR bn)	
Buy	3,075
Sell	3,924
Net Buy (Sell)	(849)

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	48.9	BBCA	151.2
LPPF	17.6	TLKM	96.0
TKIM	14.8	BBNI	94.0
SCMA	10.8	BMRI	76.0
HMSP	8.9	ADRO	73.3

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PTPP	6.3%	INDY	-3.3%
WIKA	6.0%	ADRO	-2.3%
ITMG	5.0%	KLBF	-2.0%
INKP	4.6%	INCO	-1.0%
MEDC	4.3%	BRPT	-0.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.21%	-0.07%
USDIDR	14,598	-0.07%
KRWIDR	12.93	0.16%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,527.27	157.03	0.64%
S&P 500	2,651.07	14.29	0.54%
Nasdaq	7,098.31	66.48	0.95%
FTSE 100	6,880.19	73.25	1.08%
CAC 40	4,909.45	103.25	2.15%
DAX	10,929.43	148.92	1.38%
Nikkei	21,602.75	454.73	2.15%
Hang Seng	26,186.71	415.04	1.61%
Shanghai	2,602.15	8.07	0.31%
KOSPI	2,082.57	29.60	1.44%
EIDO	24.77	0.38	1.56%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,245.7	2.4	0.19%
Crude Oil (USD /bbl)	51.15	(0.50)	-0.97%
Coal Newcas(USD/ton)	102.95	0.05	0.05%
Gas (USD /mmbtu)	4.14	(0.27)	-6.15%
Nickel LME (USD /MT)	10,770	(30.0)	-0.28%
Tin LME (USD /MT)	19,125	175.0	0.92%
CPO (MYR/Ton)	2,032	17.0	0.84%

Market Recap

Following the regional bourses, JCI closed higher yesterday. The rally was backed by the easing tension of the U.S. and China trade war. **Top Gainers: Basic Industry (+1.68%), Property (+1.51%), Infrastructure (+0.89%)**

China's plan to cut tariffs imposed on automotive imported from the U.S., the positive progress of the arrest of Huawei CFO, and Trump's possible intervention on the case of the U.S.-Huawei were factors driving the global markets to reign in positive territory. Besides, China also plans to give foreign companies easy accesses and change the "Made in China 2025" plan. European markets also rallied amid the backlash against May's Brexit deal.

Today's Outlook: The U.S and China Better Trade Deals

Today we estimate JCI to rally with the **support range of 6086-6095** and the **resistance range of 6141-6152**. The better relationship between the U.S. and China is the major catalyst for the global markets' movement, including JCI. China plans to give foreign companies more accesses to participate in China's economic activities. Such policy is the substitute for the policy of "Made in China 2025", which is protectionism in its nature.

On the other side, China's SOEs on Wednesday also imported a minimum of 500,000 tons of the U.S. soybean oil. It indicates the subdued trade war tension between the U.S. and China after leaders from both countries met in G20 conference.

Stocks Recommendation (details on the next page)

Trading Buy: KLBF, INDF, EXCL

Company News

- ADHI : Actualizes 92.3% of Target
- INDY : Performs Subscription Agreement of AUD7.68 Million
- SSMS : Produces Home-Made Fertilizers
- TAXI : Will Restructure Its Business After Restructuring

Domestic & Global News

- 2019's Tax Income Growth Target at 16.78%
- U.K Prime Minister Theresa May Winning a Crucial Vote

Indonesia Economic Data

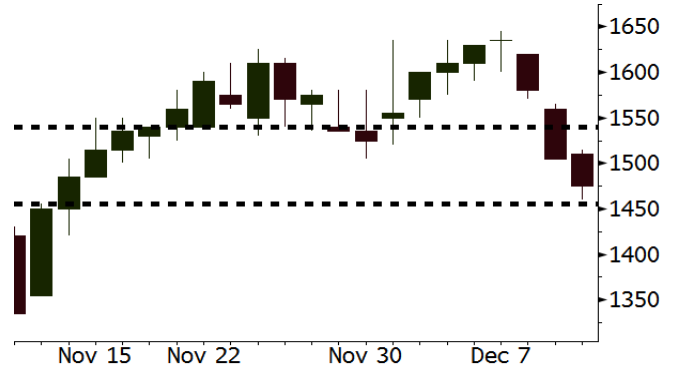
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports Yoy	23.66%	14.18%	Business Confidence	108.05	112.82
Inflation Yoy	3.23%	3.16%	Cons. Confidence*	122.70	119.20

KLBF Last = 1455

Analysis After being depreciated, the rupiah strengthens in two recent days. The trend of the rupiah appreciation will make KLBF's performance rosier in 2019.

Range 1455 – 1540

Action Trading Buy. Cut Loss If Below 1455



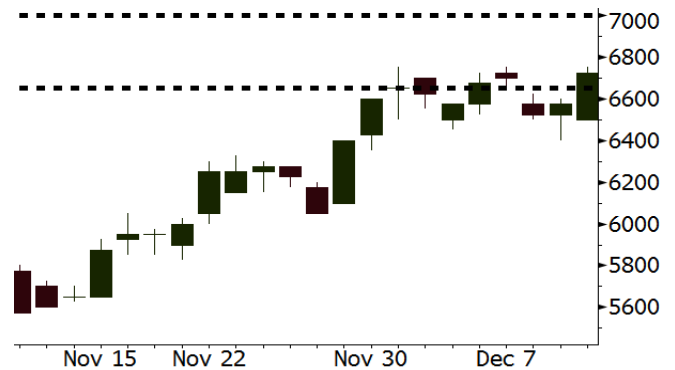
Source: Bloomberg

INDF Last = 6725

Analysis INDF with the current P/E of 15.9x is the cheapest stock among other large-cap consumers companies. The more conducive backdrop in Indonesia's stock markets, INDF will be favorite stocks for investors.

Range 6650 – 7000

Action Trading Buy. Cut Loss If Below 6650



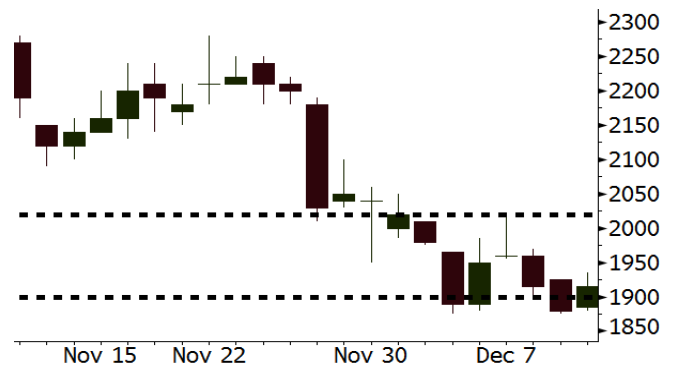
Source: Bloomberg

EXCL Last = 1915

Analysis The trend of a steep decline in EXCL's stock prices fades away. Its current P/B of 1.0x causes its stock price to snap higher in years ahead.

Range 1900 – 2020

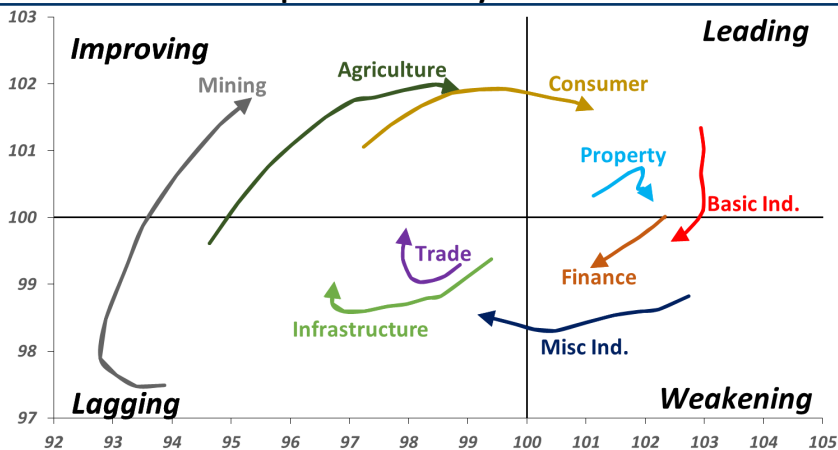
Action Trading buy. Cut Loss If Below 1900



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	6,116	6,356				1.0	6,953.0							
Finance						7.7	2,176.8							
BBCA	25,825	21,900	28,825	Hold	11.6	23.4	636.7	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	7,475	8,000	8,275	Hold	10.7	-	348.8	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,450	9,900	10,525	Buy	24.6	(7.1)	157.6	10.6x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,720	3,570	3,050	Hold	12.1	(19.0)	28.8	8.8x	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
Consumer						(6.2)	1,415.1							
HMSP	3,770	4,730	4,225	Hold	12.1	(13.3)	438.5	33.7x	14.0x	41.8	2.8	7.2	3.8	1.3
GGRM	80,975	83,800	88,650	Hold	9.5	3.4	155.8	19.2x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	44,000	55,900	49,700	Hold	13.0	(13.7)	335.7	37.0x	37.4x	118.0	2.1	1.0	39.7	1.0
ICBP	9,675	8,900	11,225	Buy	16.0	10.3	112.8	26.6x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,725	7,625	8,175	Buy	21.6	(10.0)	59.0	15.9x	1.8x	11.7	4.5	3.1	(13.7)	1.2
KLBF	1,475	1,690	1,840	Buy	24.7	(11.1)	69.1	28.5x	5.0x	18.3	1.7	3.9	1.4	1.3
KAEF	2,550	2,700	2,890	Hold	13.3	(1.9)	14.2	39.3x	5.4x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(8.4)	717.91							
TLKM	3,650	4,399	4,700	Buy	28.8	(12.3)	361.6	19.6x	4.0x	20.4	4.6	2.3	(20.6)	0.8
EXCL	1,915	2,960	3,930	Buy	105.2	(38.0)	20.5	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,810	4,800	6,750	Buy	272.9	(63.1)	9.8	N/A	0.8x	(11.5)	4.0	(25.7)	N/A	0.9
PGAS	2,130	1,750	2,600	Buy	22.1	24.2	51.6	13.4x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,500	6,400	6,050	Buy	34.4	(29.4)	32.7	15.8x	2.0x	13.4	1.3	18.7	(6.9)	1.0
TBIG	3,850	6,425	6,050	Buy	57.1	(37.4)	17.4	8.3x	5.1x	82.6	4.4	6.5	(3.2)	0.7
INDY	1,880	3,060	5,000	Buy	166.0	(40.1)	9.8	1.8x	0.7x	43.7	8.6	213.9	37.8	0.9
Trade						(11.3)	693.1							
UNTR	29,300	35,400	39,550	Buy	35.0	(11.5)	109.3	10.1x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	4,280	6,350	4,650	Hold	8.6	(31.8)	17.2	23.1x	2.1x	19.3	5.1	25.3	(22.4)	1.2
SCMA	1,960	2,480	2,025	Hold	3.3	(18.3)	28.7	20.1x	6.3x	32.3	2.8	10.8	8.7	1.2
MNCN	750	1,285	875	Buy	16.7	(41.4)	10.7	7.7x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,575	10,000	5,480	Hold	(1.7)	(45.6)	16.3	8.6x	6.5x	85.6	8.2	3.1	(0.6)	0.9
ACES	1,525	1,155	1,635	Hold	7.2	30.3	26.2	27.4x	6.8x	26.6	1.5	22.3	32.7	1.1
RALS	1,380	1,200	1,515	Hold	9.8	30.8	9.8	16.4x	2.5x	15.7	2.9	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	22.1	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.9
Property						(4.9)	393.8							
BSDE	1,285	1,700	1,850	Buy	44.0	(20.2)	24.7	7.6x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	610	685	600	Hold	(1.6)	(6.9)	29.4	13.2x	2.5x	20.6	1.0	19.0	25.2	1.3
CTRA	1,035	1,185	1,250	Buy	20.8	(13.4)	19.2	21.2x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	845	945	960	Hold	13.6	1.8	12.2	27.2x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,855	2,210	2,810	Buy	51.5	(4.4)	25.2	4.8x	1.4x	33.2	3.1	27.0	41.1	1.3
PTPP	2,020	2,640	3,850	Buy	90.6	(18.9)	12.5	9.4x	1.0x	11.9	2.3	7.5	(11.9)	1.3
WIKA	1,675	1,550	2,150	Buy	28.4	11.3	15.0	10.9x	1.1x	11.0	1.6	32.3	26.0	1.1
ADHI	1,625	1,885	2,160	Buy	32.9	(7.1)	5.8	9.0x	0.9x	11.1	1.8	8.2	63.6	1.2
Misc Ind.						3.1	412.9							
ASII	8,250	8,300	8,925	Hold	8.2	1.9	334.0	15.3x	2.5x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						27.1	650.8							
INTP	19,750	21,950	19,950	Hold	1.0	0.6	72.7	67.9x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	11,600	9,900	13,500	Buy	16.4	19.3	68.8	26.1x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,500	3,000	6,700	Hold	3.1	92.3	106.6	26.4x	5.8x	24.2	0.9	5.1	79.7	1.1
JPFA	2,240	1,300	3,250	Buy	45.1	77.8	26.3	14.2x	2.9x	20.2	4.5	16.8	104.2	0.8
MAIN	1,310	740	1,930	Buy	47.3	70.1	2.9	12.5x	1.5x	12.8	1.2	19.5	8200.0	1.2
KRAS	404	424	500	Buy	23.8	3.6	7.8	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,500	6,000	6,275	Hold	14.1	(3.5)	98.1	27.7x	3.8x	14.2	1.2	9.1	(34.2)	0.8
Mining						12.7	395.7							
ADRO	1,255	1,860	1,970	Buy	57.0	(30.9)	40.1	6.5x	0.8x	11.9	8.6	9.3	(16.0)	1.1
PTBA	4,310	2,460	5,375	Buy	24.7	92.4	49.7	7.9x	3.1x	42.1	7.4	20.7	49.7	1.0
ITMG	21,100	20,700	24,225	Hold	14.8	1.9	23.8	5.7x	1.6x	28.2	15.5	21.6	12.5	1.1
INCO	3,040	2,890	3,760	Buy	23.7	6.7	30.2	33.0x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	755	625	1,200	Buy	58.9	21.8	18.1	16.5x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	740	775	1,240	Buy	67.6	(3.3)	5.5	12.0x	0.9x	7.5	3.2	2.7	(16.5)	1.2
MEDC	730	890	1,025	Buy	40.4	(17.5)	13.0	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	565	715	1,020	Buy	80.5	(28.9)	4.9	5.1x	1.4x	33.1	N/A	14.2	55.2	1.1
Agriculture						(5.8)	96.8							
AALI	11,875	13,150	16,925	Buy	42.5	(6.7)	22.9	13.2x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,230	1,420	1,500	Buy	22.0	(0.4)	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

ADHI : Actualizes 92.3% of Target

ADHI posted the total new contracts of IDR21.5 trillion until the end of November 2018. The new contracts are equal to 92.3% of the 2018 target of new contracts amounting to IDR23.3 trillion. In November 2018, it secured the construction of Aceh-Sigli toll road amounting to IDR7.6 trillion; the revitalization of Soekarno-Hatta Airport's Terminal 2 IDR737 billion, and the project of Dermaga Patimban IDR492 billion. (Bisnis Indonesia)

SSMS : Produces Home-Made Fertilizers

SSMS operates 6 CPO mills (PKS) and 1 palm kernel mill in Central Kalimantan. The 3 PKS (i.e., Sulung, Selangkun, and Suayap) have received RSPO certificates. To increase added values, SSMS through Sulung Research Station offers such consulting services as agriculture, air observation, research, and home-made fertilizer for internal needs. (Kontan)

INDY : Performs Subscription Agreement of AUD7.68 Million

INDY has signed the subscription agreement of 33.4 million shares in Nusantara Resources Limited (NRL). NRL is a gold mining company listed on the ASX. The agreement is worth AUD23 per stocks and is carried on through the private placement scheme. INDY stated that the investment is a strategy for diversifying its business to the mining sector other than coal. (Bisnis Indonesia)

TAXI : Will Restructure Its Business After Restructuring

TAXI stated to focus on restructuring its business after the approval of bonds restructuring. The restructuring will be focused on the improvement in the balance sheet, the improvement in services quality, and the strategy for tight cost control. The strategy will be carried on through the use of technology and collaboration scheme. TAXI keeps increasing its revenues from a fee-based business model. (Bisnis Indonesia)

Domestic & Global News

2019's Tax Income Growth Target at 16.78%

In 2019, the government targets the tax revenue of 2019 state budget (APBN) amounting to IDR1,577.6 trillion, growing 16.7% from the 2018 tax revenue outlook of IDR1,350.9 trillion. The tax revenue contributes 72.9% out of the total state revenues to 2019 ABPN. In details, in the 2019 APBN, the tax income (PPh) will amount to IDR894.45 trillion or growing 17.51% of the 2018 outlook amounting to IDR761.20 trillion. The PPh income consists of oil and gas PPh income of IDR66.16 trillion and non-oil and gas PPh of IDR828.29 trillion. (Kontan)

U.K Prime Minister Theresa May Winning a Crucial Vote

U.K Prime Minister Theresa May winning a crucial vote of confidence in her leadership. May won the leadership challenge by 200 votes to 117 votes against her in the ballot of Conservative members of parliament (MPs). Winning this vote means her leadership cannot be challenged for another year. May said Wednesday morning that she would fight the vote "with everything I've got." She also said that British voters wanted to see the government get on with Brexit, just as the U.K.'s withdrawal from the European Union (EU) looks increasingly chaotic and uncertain. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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%
Tuesday	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
Wednesday	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	1.90%	1.00%	-1.10%
	USA	20:30	CPI MoM	Nov	0.00%	0.00%	0.30%
Thursday	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
Friday	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
Monday	Extraordinary Shareholder Meeting	AGRO
<i>10 - Dec</i>	Annual Shareholder Meeting	DSNG
	IPO Listing Date	SOTS, URBN
	Cum Dividend Date	SCMA (IDR20 per share)
Tuesday	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)
Wednesday	Annual Shareholder Meeting	FISH
<i>12 - Dec</i>	IPO Listing Date	ZONE
Thursday	Annual Shareholder Meeting	BABP
<i>13 - Dec</i>	Rights Listing Date	IKAI
Friday	Extraordinary Shareholder Meeting	MAPB, NIPS
<i>14 - Dec</i>	Annual Shareholder Meeting	ADRO, CSIS

Source: Bloomberg

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