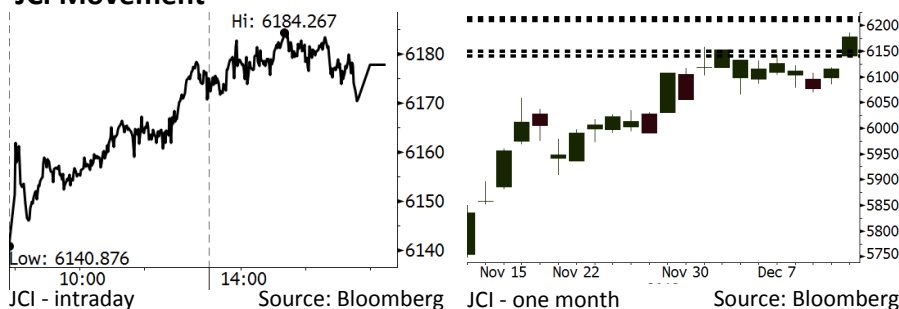


Morning Brief

Daily | Dec 14, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 13	6,177.72
Chg	+62.14pts (+1.02%)
Volume (bn shares)	130.39
Value (IDR tn)	10.68

Adv 242 Dec 154 Unc 240 Untr 117

Foreign Transaction (IDR bn)	
Buy	4,015
Sell	3,329
Net Buy (Sell)	686

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	151.9	BBNI	65.0
BBRI	127.6	ITMG	23.3
BBCA	90.7	ADRO	22.7
TLKM	58.5	KLBF	16.2
INDF	43.9	JPFA	14.7

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INKP	6.1%	SRIL	-3.2%
PTBA	4.4%	BRPT	-1.4%
INCO	4.3%	ELSA	-1.2%
BJBR	3.8%	SCMA	-1.0%
BMRI	3.0%	TPIA	-0.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.21%	0.00%
USDIDR	14,497	-0.69%
KRWIDR	12.90	-0.19%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,597.38	70.11	0.29%
S&P 500	2,650.54	(0.53)	-0.02%
Nasdaq	7,070.33	(27.98)	-0.39%
FTSE 100	6,877.50	(2.69)	-0.04%
CAC 40	4,896.92	(12.53)	-0.26%
DAX	10,924.70	(4.73)	-0.04%
Nikkei	21,816.19	213.44	0.99%
Hang Seng	26,524.35	337.64	1.29%
Shanghai	2,634.05	31.90	1.23%
KOSPI	2,095.55	12.98	0.62%
EIDO	25.12	0.35	1.41%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,242.0	(3.7)	-0.29%
Crude Oil (USD /bbl)	52.58	1.43	2.80%
Coal Newcas(USD/ton)	102.50	0.50	0.49%
Gas (USD /mmbtu)	4.12	(0.01)	-0.29%
Nickel LME (USD /MT)	10,795	25.0	0.23%
Tin LME (USD /MT)	19,325	200.0	1.05%
CPO (MYR/Ton)	2,046	14.0	0.69%

Market Recap

Along with the rupiah appreciation and the end of net foreign sell, JCI rallied yesterday. The rally was backed by the financial sector. **Top Gainers: Infrastructure (+2.02%), Misc. Industry (+1.94%), Basic Industry (+1.48%)**

The global markets still affected by the positive progress of the trade deals between the U.S. and China. Asia markets closed higher, led by China's markets. European markets closed lower, relating to the end of the European Central Bank's stimulus program. The U.S. markets closed mixed amid investor's expectancy of concrete trade resolution between the two countries.

Today's Outlook: The Rupiah Appreciation

We estimate that today JCI will rally with the support **range of 6141-6150** and the **resistance range of 6209-6215**. The better trade deals between the U.S. and China has strengthened the rupiah. After weakening at 14,600 per USD, it strengthens to 14,500 per USD. We estimate the backdrop is a sign of investors' higher confidence and a mark of JCI's uptrend until the end of 2018.

From the global outlook, the pressure comes from the European Central Bank's stance of Quantitative Easing. However, we oversee that the stance has the least significant impacts on markets. Markets have estimated the ECB's QE stance.

Stocks Recommendation (details on the next page)

Trading Buy: TLKM, BBNI, MAPI

Company News

- GGRM : Acquires Lands for Developing An Airport
- MAPI : Is Primed to Welcome Year-End
- ELSA : Cooperates with Schlumberger
- GIAA : Reopens Jakarta-London Route

Domestic & Global News

The World Bank Projects Indonesia's Economy to Grow by 5.2%
European Central Bank Winds Down Stimulus

Indonesia Economic Data

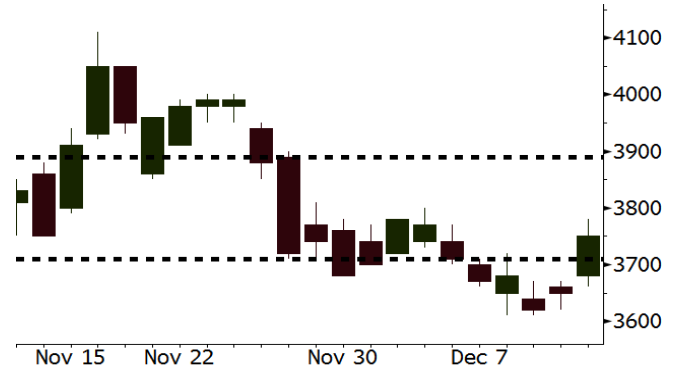
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

TLKM Last = 3750

Analysis The trend of the slowdown in TLKM's prices since the mid of November has terminated. Investors digest its rosier performance, backed by its domination in the telecommunication industry after the SIM card registration.

Range 3710 – 3890

Action Trading Buy. Cut Loss If Below 3710



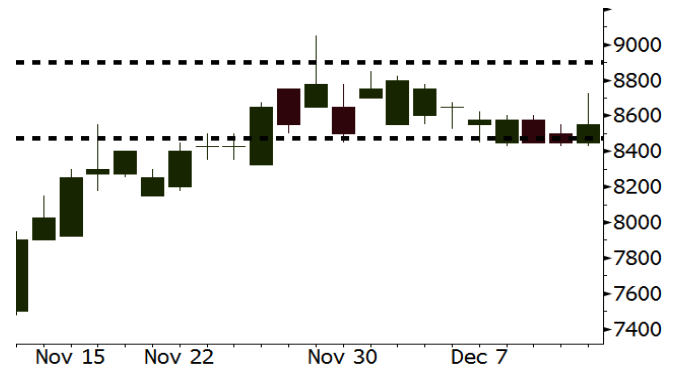
Source: Bloomberg

BBNI Last = 8550

Analysis BBNI has an excellent quality of credit assets. Its NPL dramatically declines from 3.12% in the mid of 2016 to 2.07% at the current time. The backdrop causes its stock prices to rally further.

Range 8475 – 8900

Action Trading Buy. Cut Loss If Below 8475



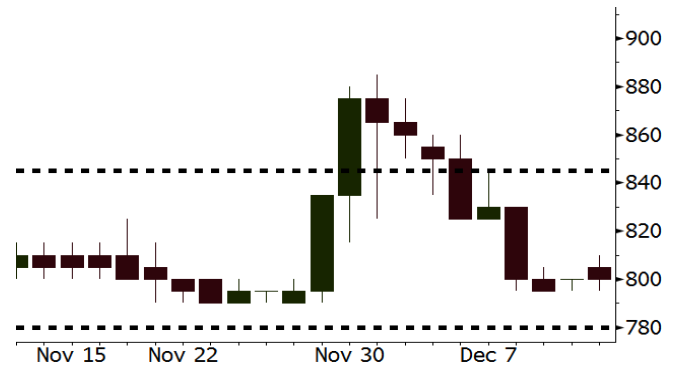
Source: Bloomberg

MAPI Last = 800

Analysis The rupiah appreciation will boost MAPI's operational business. Its market segment consisting the middle to high-class individuals are the major catalyst for its future performance.

Range 780 – 845

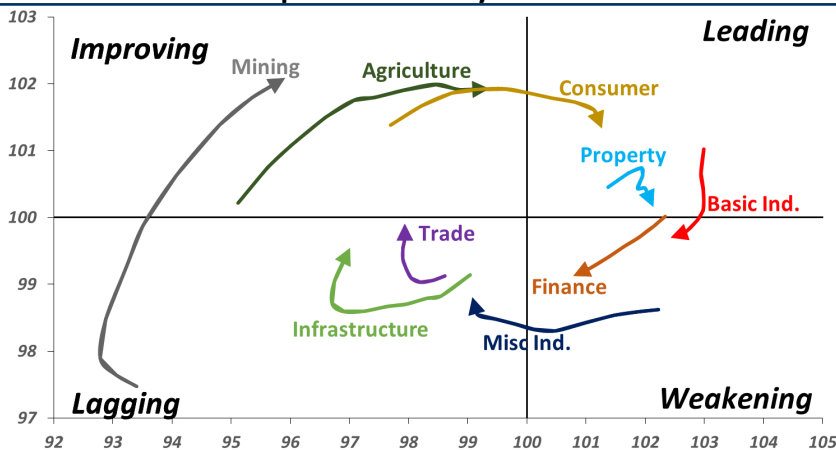
Action Trading buy. Cut Loss If Below 780



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	6,178	6,356				1.0	7,023.6							
Finance						8.3	2,198.1							
BBCA	25,825	21,900	28,825	Hold	11.6	22.4	636.7	25.5x	4.4x	18.4	1.0	7.5	10.0	1.0
BBRI	3,680	3,640	4,370	Buy	18.8	6.4	453.9	14.1x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,700	8,000	8,275	Hold	7.5	3.0	359.3	15.2x	2.1x	14.2	2.6	2.7	20.1	1.4
BBNI	8,550	9,900	10,525	Buy	23.1	(7.3)	159.4	10.7x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,730	3,570	3,050	Hold	11.7	(19.0)	28.9	8.9x	1.2x	14.9	2.1	14.5	11.6	1.8
BJTM	705	710	810	Hold	14.9	(0.7)	10.6	8.8x	1.3x	15.3	6.3	2.8	4.5	0.8
Consumer						(6.1)	1,424.5							
HMSP	3,740	4,730	4,225	Hold	13.0	(15.0)	435.0	33.4x	13.9x	41.8	2.9	7.2	3.8	1.3
GGRM	82,450	83,800	88,650	Hold	7.5	5.3	158.6	19.6x	3.7x	19.6	3.2	13.6	6.3	1.3
UNVR	44,425	55,900	49,700	Hold	11.9	(12.9)	339.0	37.3x	37.8x	118.0	2.1	1.0	39.7	1.0
ICBP	9,825	8,900	11,225	Hold	14.2	11.6	114.6	27.0x	5.5x	21.3	2.2	7.5	14.6	1.0
INDF	6,900	7,625	8,175	Buy	18.5	(8.3)	60.6	16.3x	1.9x	11.7	4.4	3.1	(13.7)	1.2
KLBF	1,500	1,690	1,840	Buy	22.7	(11.5)	70.3	29.0x	5.0x	18.3	1.7	3.9	1.4	1.3
KAFF	2,850	2,700	2,890	Hold	1.4	7.1	15.8	44.0x	6.1x	14.5	0.6	23.4	17.4	1.1
Infrastructure						(7.5)	732.37							
TLKM	3,750	4,399	4,700	Buy	25.3	(11.0)	371.5	20.1x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	1,945	2,960	3,930	Buy	102.1	(36.2)	20.8	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,790	4,800	6,750	Buy	277.1	(63.3)	9.7	N/A	0.8x	(11.5)	4.1	(25.7)	N/A	0.9
PGAS	2,150	1,750	2,600	Buy	20.9	22.2	52.1	13.6x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,580	6,400	6,050	Buy	32.1	(28.2)	33.2	16.1x	2.1x	13.4	1.3	18.7	(6.9)	1.0
TBIG	3,940	6,425	6,050	Buy	53.6	(37.5)	17.9	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.7
INDY	1,895	3,060	5,000	Buy	163.9	(38.9)	9.9	1.9x	0.7x	43.7	8.5	213.9	37.8	0.9
Trade						(12.3)	692.4							
UNTR	29,300	35,400	39,550	Buy	35.0	(12.2)	109.3	10.1x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	4,350	6,350	4,650	Hold	6.9	(31.5)	17.5	23.4x	2.2x	19.3	5.1	25.3	(22.4)	1.2
SCMA	1,940	2,480	2,025	Hold	4.4	(21.8)	28.4	19.9x	6.2x	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	5,625	10,000	5,480	Hold	(2.6)	(50.2)	16.4	8.6x	6.6x	85.6	8.1	3.1	(0.6)	0.9
ACES	1,520	1,155	1,635	Hold	7.6	29.9	26.1	27.3x	6.8x	26.6	1.5	22.3	32.7	1.1
RALS	1,355	1,200	1,515	Hold	11.8	23.2	9.6	16.1x	2.4x	15.7	3.0	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						(5.7)	396.9							
BSDE	1,310	1,700	1,850	Buy	41.2	(19.9)	25.2	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	630	685	600	Hold	(4.8)	(3.8)	30.3	13.6x	2.6x	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	880	945	960	Hold	9.1	1.7	12.7	28.4x	1.9x	6.9	0.6	0.7	75.0	1.5
WSKT	1,840	2,210	2,810	Buy	52.7	(9.4)	25.0	4.7x	1.4x	33.2	3.1	27.0	41.1	1.3
PTPP	2,020	2,640	3,850	Buy	90.6	(22.9)	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	6.3	15.0	10.9x	1.1x	11.0	1.6	32.3	26.0	1.1
ADHI	1,655	1,885	2,160	Buy	30.5	(9.1)	5.9	9.1x	1.0x	11.1	1.7	8.2	63.6	1.2
Misc Ind.						2.6	420.9							
ASII	8,450	8,300	8,925	Hold	5.6	1.5	342.1	15.7x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						25.3	660.5							
INTP	19,675	21,950	19,950	Hold	1.4	(7.1)	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	16.6	68.8	26.1x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,950	3,000	6,700	Hold	(3.6)	105.0	114.0	28.2x	6.3x	24.2	0.8	5.1	79.7	1.1
JPFA	2,260	1,300	3,250	Buy	43.8	69.3	26.5	14.3x	2.9x	20.2	4.4	16.8	104.2	0.8
MAIN	1,350	740	1,930	Buy	43.0	76.5	3.0	12.9x	1.6x	12.8	1.2	19.5	8200.0	1.2
KRAS	404	424	500	Buy	23.8	3.1	7.8	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,450	6,000	6,275	Buy	15.1	(5.2)	97.2	27.6x	3.8x	14.2	1.2	9.1	(34.2)	0.8
Mining						13.7	400.5							
ADRO	1,280	1,860	1,970	Buy	53.9	(29.1)	40.9	6.7x	0.8x	11.9	8.5	9.3	(16.0)	1.1
PTBA	4,500	2,460	5,375	Buy	19.4	100.9	51.8	8.2x	3.2x	42.1	7.1	20.7	49.7	1.0
ITMG	21,200	20,700	24,225	Hold	14.3	1.9	24.0	5.8x	1.6x	28.2	15.4	21.6	12.5	1.1
INCO	3,170	2,890	3,760	Buy	18.6	12.4	31.5	34.7x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	765	625	1,200	Buy	56.9	20.5	18.4	16.7x	1.0x	5.9	0.3	186.6	N/A	1.2
TINS	755	775	1,240	Buy	64.2	(2.6)	5.6	12.2x	0.9x	7.5	3.1	2.7	(16.5)	1.2
MEDC	725	890	1,025	Buy	41.4	(15.7)	12.9	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	575	715	1,020	Buy	77.4	(25.8)	5.0	5.3x	1.5x	33.1	N/A	14.2	55.2	1.1
Agriculture						(5.8)	97.5							
AALI	11,850	13,150	16,925	Buy	42.8	(9.0)	22.8	13.2x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,250	1,420	1,500	Buy	20.0	-	8.5	18.2x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

GGRM : Acquires Lands for Developing An Airport

GGRM bought assets, i.e., land, for developing an airport in Kediri, East Java. The land amounts to IDR1.08 trillion and is bought through an affiliated transaction. The construction of this project is funded by the internal cash flow and has a minimum impact on its financial performance. The project is projected to complete in 2020. (Bisnis Indonesia)

ELSA : Cooperates with Schlumberger

ELSA signed the working agreement with Schlumberger. The agreement is a 5-year prolonged contract of technology and resources, ELSA can make use. The agreement aims at increasing the national capacities at the upstream oil and gas, change in technology, and company's agility. The cooperation lasts for 33 years. (Bisnis Indonesia)

MAPI : Is Primed to Welcome Year-End

MAPI prepares varied promotion program ahead to year-end holidays. Besides, its online sales are also boosted by the national online shopping day (Harbolnas). Until the end of 2018, it targets the growth of 1% in revenues. For 2019, it targets the growth of 15% by launching stores of 50,000-60,000 sqm. (Kontan)

GIAA : Reopens Jakarta-London Route

GIAA re-opens Jakarta-London route, after closing the route. The flight with Boeing 777-300ER consists of economic and business classes and offers 3 flights in a week. The reopening is at the moment of year-end holidays and is expected to buoy GIAA's market shares. (Kontan)

Domestic & Global News

The World Bank Projects Indonesia's Economy to Grow by 5.2%

The World Bank projects Indonesia's economy to grow by 5.2% in 2018. It also projects that in the year ahead Indonesia's economy will grow at 5.2%. The economic growth is backed by high domestic demand, capable of cushioning external volatility. According to the World Bank's report, Indonesia's economic growth after the last 5-quarter (since 3Q17), mainly driven by the mining and infrastructure sectors. The main drivers are the improvement in investment in the private sector, increasing gross fixed capital. (Kontan)

European Central Bank Winds Down Stimulus

On Thursday, the European Central Bank said it's bringing to an end a crisis-era bond-buying program this month. Bond purchases by the ECB will fall from 15 billion euros (\$17.04 billion) a month to zero by the end of December, but the central bank plans to spend cash from maturing bonds to purchase additional debt. The ECB also left benchmark interest rates unchanged. (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%	0.10%
<i>13 - Dec</i>	GER	14:00	CPI YoY	Nov F	2.30%	2.30%	2.30%
	EU	19:45	ECB Main Refinancing Rate	13-Dec	0.00%	0.00%	0.00%
	EU	19:45	ECB Marginal Lending Facility	13-Dec	0.25%	0.25%	0.25%
	EU	19:45	ECB Deposit Facility Rate	13-Dec	-0.40%	-0.40%	-0.40%
	USA	20:30	Initial Jobless Claims	8-Dec	206k	--	231k
Friday	JPN	06:50	Tankan Large Mfg Index	4Q	19	18	19
<i>14 - Dec</i>	JPN	07:30	Nikkei Japan PMI Mfg	Dec P	52.4	--	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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