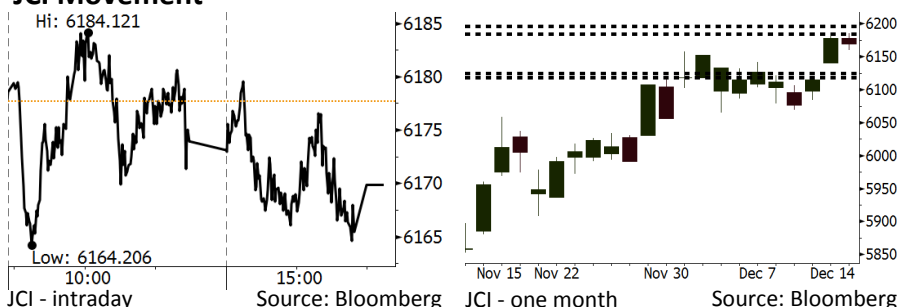


Morning Brief

Daily | Dec 17, 2018

JCI Movement



Market Recap

Along with the rupiah depreciation, JCI closed slightly lower on Friday. Investors also awaited the release of trade balance on Monday, 12/17/18. **Top Losers: Mining (-0.65%), Basic Industry (-0.62%), Infrastructure (-0.55%)**

The global markets closed lower on Friday, relating to investors' jitters on the possible slowdown in the global economy. The jitter is heightened by the lower-than-expected Europe and China's economy. The U.S. markets were in the negative territory along with the massive last week's capital outflow.

Today's Outlook: Trade Balance

Today we estimate JCI to move at modest pace with the **support range of 6118-6125** and the **resistance range of 6185-6196**. Today, investors will focus on the release of November's trade balance. In October, Indonesia posted the deficit of USD1.8 billion and is likely to post the lower deficit of USD790 million. The growth in imports is estimated to be higher than that of exports.

From the global outlook, the pressure comes from the global markets' slow response to China's worse economic data. China posted a disappointing output industrial figure and retail sales. The backdrop fuels investors' jitter relating to the negative impacts of the global trade war.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, ADRO, UNTR

Company News

- LPPF : Launches Its Third Stores in 2018
- INTP : Sales Volume Hikes 5%
- WSKT : Receives Payment of IDR1.9 Trillion
- TPIA : Will Issue Bonds of IDR500 Billion

Domestic & Global News

Indonesia's Trade Deficit Is Estimated to Narrow
China Reported Lower Of Economic Data Release

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 14	6,169.84
Chg	-7.88pts (-0.13%)
Volume (bn shares)	99.39
Value (IDR tn)	9.65
Adv 149 Dec 237 Unc 250 Untr 111	

Foreign Transaction (IDR bn)

Buy	3,528
Sell	3,612
Net Buy (Sell)	(84)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	92.8	BBCA	250.3
ICBP	59.0	BBTN	54.8
ASII	56.2	ADRO	37.2
SMGR	55.2	TLKM	27.9
BBNI	49.5	MNCN	23.0

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
MNCN	4.0%	BBTN	-2.9%
ICBP	2.8%	INCO	-2.8%
INDF	2.5%	ITMG	-2.7%
WIKA	1.8%	INKP	-2.7%
WSBP	1.7%	PGAS	-2.3%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.12%	-0.09%
USDIDR	14,581	0.58%
KRWIDR	12.86	-0.31%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,100.51	(496.87)	-2.02%
S&P 500	2,599.95	(50.59)	-1.91%
Nasdaq	6,910.67	(159.67)	-2.26%
FTSE 100	6,845.17	(32.33)	-0.47%
CAC 40	4,853.70	(43.22)	-0.88%
DAX	10,865.77	(58.93)	-0.54%
Nikkei	21,374.83	(441.36)	-2.02%
Hang Seng	26,094.79	(429.56)	-1.62%
Shanghai	2,593.74	(40.31)	-1.53%
KOSPI	2,069.38	(26.17)	-1.25%
EIDO	24.83	(0.29)	-1.15%

Commodities

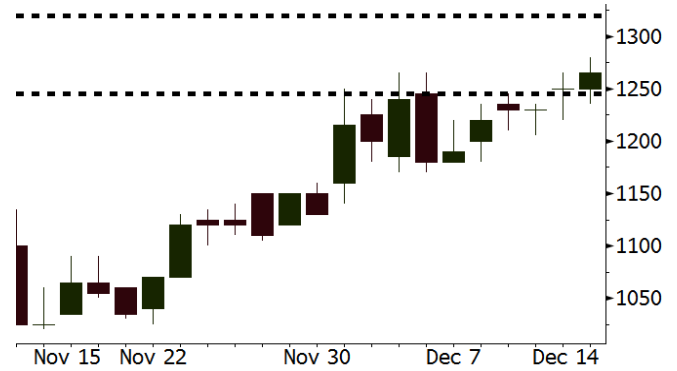
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,239.0	(3.0)	-0.24%
Crude Oil (USD /bbl)	51.20	(1.38)	-2.62%
Coal Newcas(USD/ton)	98.20	0.35	0.36%
Gas (USD /mmbtu)	3.83	(0.30)	-7.20%
Nickel LME (USD /MT)	11,080	230.0	2.12%
Tin LME (USD /MT)	19,330	(70.0)	-0.36%
CPO (MYR/Ton)	2,068	22.0	1.08%

LSIP Last = 1265

Analysis Global CPO prices rally, backed by the expectancy of the decline in Indonesia's CPO inventories. On the other side, the demand for Indonesia's CPO is high.

Range 1245 – 1320

Action Trading Buy. Cut Loss If Below 1245



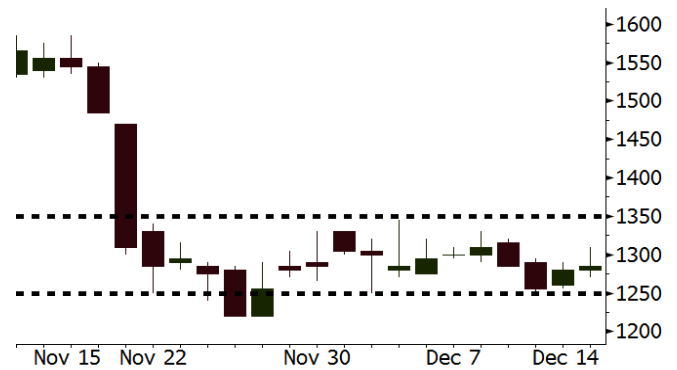
Source: Bloomberg

ADRO Last = 1285

Analysis The steep decline in ADRO's stock prices in November 2018 has discontinued. Now, its valuation of P/B of 0.8x makes its stocks attractive.

Range 1250 – 1350

Action Trading Buy. Cut Loss If Below 1250



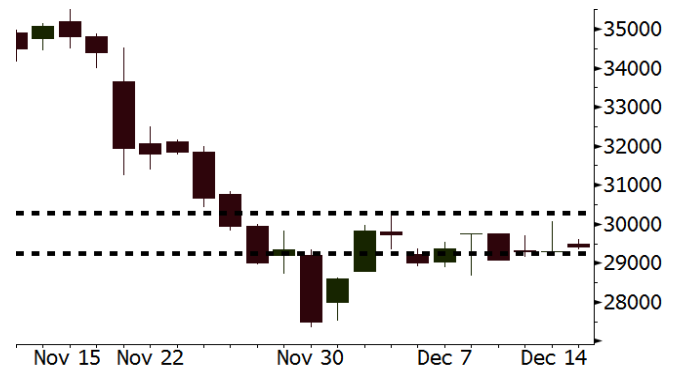
Source: Bloomberg

UNTR Last = 29425

Analysis UNTR still has a rosy performance, backed by the business diversification. On the other hand, UNTR still has an attractive valuation with the P/E of 10.1x (vs. the last-2 year average of 17.2x).

Range 29250 – 30275

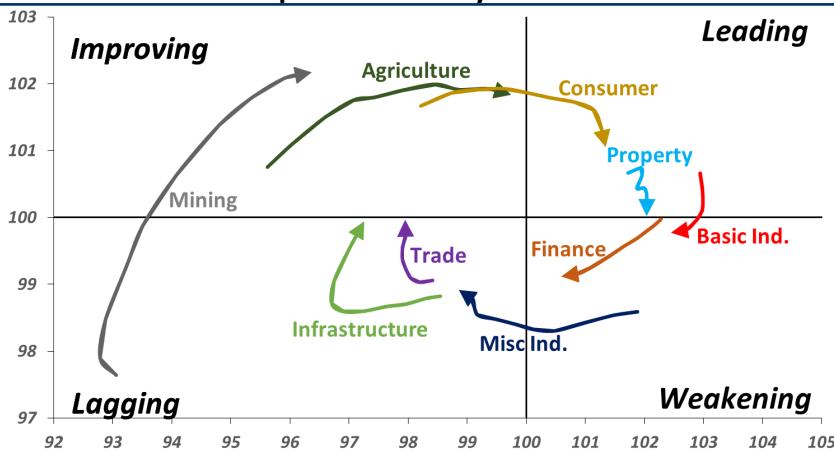
Action Trading buy. Cut Loss If Below 29250



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	6,170	6,356				0.8	7,014.7							
Finance						8.6	2,193.0							
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	8.6	453.9	14.1x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,575	8,000	8,275	Hold	9.2	2.0	353.5	14.9x	2.0x	14.2	2.6	2.7	20.1	1.4
BBNI	8,600	9,900	10,525	Buy	22.4	(8.3)	160.4	10.8x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,650	3,570	3,050	Buy	15.1	(21.4)	28.1	8.6x	1.2x	14.9	2.2	14.5	11.6	1.8
BJTM	700	710	810	Buy	15.7	(1.4)	10.5	8.7x	1.3x	15.3	6.3	2.8	4.5	0.7
Consumer						(6.5)	1,432.3							
HMSP	3,780	4,730	4,225	Hold	11.8	(13.9)	439.7	33.8x	14.0x	41.8	2.8	7.2	3.8	1.3
GGRM	82,800	83,800	88,650	Hold	7.1	5.4	159.3	19.7x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	44,500	55,900	49,700	Hold	11.7	(14.6)	339.5	37.4x	37.9x	118.0	2.1	1.0	39.7	1.0
ICBP	10,100	8,900	11,225	Hold	11.1	15.8	117.8	27.8x	5.6x	21.3	2.2	7.5	14.6	0.9
INDF	7,075	7,625	8,175	Buy	15.5	(5.0)	62.1	16.8x	1.9x	11.7	4.3	3.1	(13.7)	1.2
KLBF	1,490	1,690	1,840	Buy	23.5	(10.5)	69.8	28.8x	5.0x	18.3	1.7	3.9	1.4	1.2
KAEF	2,730	2,700	2,890	Hold	5.9	3.0	15.2	42.1x	5.8x	14.5	0.6	23.4	17.4	1.1
Infrastructure						(7.8)	728.43							
TLKM	3,730	4,399	4,700	Buy	26.0	(11.0)	369.5	20.0x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	1,920	2,960	3,930	Buy	104.7	(36.0)	20.5	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,820	4,800	6,750	Buy	270.9	(63.2)	9.9	N/A	0.8x	(11.5)	4.0	(25.7)	N/A	1.0
PGAS	2,100	1,750	2,600	Buy	23.8	16.7	50.9	13.2x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,570	6,400	6,050	Buy	32.4	(25.7)	33.2	16.0x	2.1x	13.4	1.3	18.7	(6.9)	0.9
TBIG	3,900	6,425	6,050	Buy	55.1	(38.1)	17.7	8.4x	5.1x	82.6	4.3	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	0.7
Trade						(12.7)	692.5							
UNTR	29,425	35,400	39,550	Buy	34.4	(11.0)	109.8	10.1x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	4,390	6,350	4,650	Hold	5.9	(30.3)	17.6	23.7x	2.2x	19.3	5.0	25.3	(22.4)	1.2
SCMA	1,910	2,480	2,025	Hold	6.0	(19.4)	27.9	19.6x	6.1x	32.3	2.9	10.8	8.7	1.3
MNCN	780	1,285	875	Hold	12.2	(39.8)	11.1	8.0x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	5,625	10,000	5,480	Hold	(2.6)	(48.6)	16.4	8.6x	6.6x	85.6	8.1	3.1	(0.6)	1.0
ACES	1,495	1,155	1,635	Hold	9.4	25.6	25.6	26.8x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,355	1,200	1,515	Hold	11.8	25.5	9.6	16.1x	2.4x	15.7	3.0	2.2	43.4	0.9
MAPI	790	620	945	Buy	19.6	23.0	13.1	22.6x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(6.6)	396.1							
BSDE	1,320	1,700	1,850	Buy	40.2	(21.4)	25.4	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	630	685	600	Hold	(4.8)	(1.6)	30.3	13.6x	2.6x	20.6	1.0	19.0	25.2	1.2
CTRA	1,010	1,185	1,250	Buy	23.8	(13.7)	18.7	20.7x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	855	945	960	Hold	12.3	(2.8)	12.3	27.6x	1.9x	6.9	0.6	0.7	75.0	1.5
WSKT	1,835	2,210	2,810	Buy	53.1	(10.9)	24.9	4.7x	1.4x	33.2	3.1	27.0	41.1	1.3
PTPP	1,995	2,640	3,850	Buy	93.0	(25.8)	12.4	9.3x	1.0x	11.9	2.3	7.5	(11.9)	1.3
WIKA	1,705	1,550	2,150	Buy	26.1	7.2	15.3	11.1x	1.2x	11.0	1.6	32.3	26.0	1.0
ADHI	1,655	1,885	2,160	Buy	30.5	(10.5)	5.9	9.1x	1.0x	11.1	1.7	8.2	63.6	1.1
Misc Ind.						2.6	420.3							
ASII	8,450	8,300	8,925	Hold	5.6	1.8	342.1	15.7x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						25.1	656.4							
INTP	19,575	21,950	19,950	Hold	1.9	(6.0)	72.1	67.3x	3.2x	4.6	3.6	2.5	(56.1)	1.4
SMGR	11,425	9,900	13,500	Buy	18.2	16.0	67.8	25.7x	2.2x	9.0	1.2	4.4	43.1	1.2
CPIN	7,000	3,000	6,700	Hold	(4.3)	113.4	114.8	28.4x	6.3x	24.2	0.8	5.1	79.7	1.0
JPFA	2,160	1,300	3,250	Buy	50.5	60.0	25.3	13.7x	2.8x	20.2	4.6	16.8	104.2	0.7
MAIN	1,275	740	1,930	Buy	51.4	65.6	2.9	12.2x	1.5x	12.8	1.3	19.5	8200.0	1.3
KRAS	410	424	500	Buy	22.0	4.1	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,500	6,000	6,275	Hold	14.1	(5.6)	98.1	27.6x	3.8x	14.2	1.2	9.1	(34.2)	0.8
Mining						12.8	397.9							
ADRO	1,285	1,860	1,970	Buy	53.3	(28.8)	41.1	6.6x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,460	2,460	5,375	Buy	20.5	95.6	51.4	8.1x	3.2x	42.1	7.1	20.7	49.7	1.0
ITMG	20,625	20,700	24,225	Buy	17.5	0.9	23.3	5.6x	1.5x	28.2	15.8	21.6	12.5	1.1
INCO	3,080	2,890	3,760	Buy	22.1	8.1	30.6	33.4x	1.1x	3.2	N/A	29.2	N/A	1.4
ANTM	755	625	1,200	Buy	58.9	19.8	18.1	16.5x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	750	775	1,240	Buy	65.3	(4.5)	5.6	12.2x	0.9x	7.5	3.1	2.7	(16.5)	1.2
MEDC	720	890	1,025	Buy	42.4	(16.8)	12.8	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	575	715	1,020	Buy	77.4	(22.8)	5.0	5.2x	1.5x	33.1	N/A	14.2	55.2	1.0
Agriculture						(5.8)	97.9							
AALI	11,875	13,150	16,925	Buy	42.5	(10.7)	22.9	13.2x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,265	1,420	1,500	Buy	18.6	(0.4)	8.6	18.4x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

LPPF : Launches Its Third Stores in 2018

LPPF just launched its third stores in Gresik, East Java. In the mid of 2018, it launched its first store in Gresik. During the first week, LPPF offers the promotion program through the discount coupon of IDR50,000 and the discount voucher of IDR500,000. The third store, which is 5,900 sqm, is located in Gress Mall. (Bisnis Indonesia)

INTP : Sales Volume Hikes 5%

INTP posted the sales volume of 1.6 million tons (+5% y-y) in November 2018. However, the sales volume declined by 15% from 1.9 million tons in October 2018. Until the end of 2019, INTP is sanguine about the growth of 6%-7% y-y in sales volume amid the heavy rainfall within a few weeks late, depleting sales volume. (Bisnis Indonesia)

WSKT : Receives Payment of IDR1.9 Trillion

WSKT has received the payment of IDR1.9 trillion from the government. It was the first payment from the construction of Terbanggi Besar-Pematang Panggang-Kayu Agung toll routes. The total amount of the project is IDR2.5 trillion. WSKT stated that the remaining payment of IDR600 billion will be paid on December 20th, 2018. (Kontan)

TPIA : Will Issue Bonds of IDR500 Billion

TPIA will issue II Phase of I Shelf-Registration of 2018 with the principal amount of IDR500 billion. The bonds have a 3-year tenor with the coupon of 10%. 80% of the proceeds will be allocated for refinancing facility agreement amounting to USD220 million; the remaining amount will be used to purchase machines for MTBE and Butaena-1 factories. (Bisnis Indonesia)

Domestic & Global News

Indonesia's Trade Deficit Is Estimated to Narrow

Indonesia is estimated to post the lower trade deficit in November than that in the prior month. The rupiah appreciation helps to narrow Indonesia's trade deficit. Reuters estimated that Indonesia's trade deficit in November was at USD830 million. The amount was a half of October's trade deficit of USD1.77 billion. Indeed, Reuters also estimated that imports growth lagged to 10.50% y-y in November 2018. In October 2018, Indonesia's imports grew by 23.99% y-y, but its exports were still estimated to be sluggish, with the growth of 3.95% y-y in November. The growth in exports was more sluggish than that in October of 4.21%. (Kontan)

China Reported Lower Of Economic Data Release

China on Friday reported industrial output and retail sales growth for the month of November that missed expectations, according to data from the National Bureau of Statistics, as the world's second-largest economy started to show signs of slowing amid a bitter trade dispute with the U.S. Industrial output in November grew 5.4 percent from a year ago, the slowest pace in almost three years as it matched the rate of growth seen in January to February 2016, according to Reuters records. Retail sales rose 8.1 percent in November, the weakest pace since 2003, according to Reuters' records, lower than the 8.8 percent the analysts expected. November retail sales growth was down from 8.6 percent in October. Fixed asset investment rose 5.9 percent from January to November, marginally higher than the 5.8 percent the economists had forecast. FAI rose 5.7 percent from January to October. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 17 - Dec	EU	17:00	CPI YoY	Nov F		2.00%	2.20%
Tuesday 18 - Dec	GER	16:00	IFO Business Climate	Dec		101.8	102
	USA	20:30	Housing Starts	Nov		1233k	1228k
Wednesday 19 - Dec	UK	16:30	CPI MoM	Nov		0.20%	0.10%
	UK	16:30	CPI YoY	Nov		2.30%	2.40%
	UK	16:30	CPI Core YoY	Nov		1.90%	1.90%
	UK	16:30	PPI Output NSA MoM	Nov		0.10%	0.30%
	USA	19:00	MBA Mortgage Applications	14-Dec		--	1.60%
	USA	20:30	Current Account Balance	3Q		--	-\$101.5b
	USA	22:00	Existing Home Sales	Nov		5.20m	5.22m
Thursday 20 - Dec	USA	02:00	FOMC Rate Decision (Upper Bound)	13-Dec		0.25%	0.25%
	USA	02:00	FOMC Rate Decision (Lower Bound)	13-Dec		-0.40%	-0.40%
	JPN	11:30	All Industry Activity Index MoM	8-Dec		--	231k
	USA	20:30	Initial Jobless Claims				
Friday 21 - Dec	JPN	06:30	Natl CPI YoY	Nov		0.80%	1.40%
	UK	16:30	GDP QoQ	3Q F		0.60%	0.60%
	UK	16:30	GDP YoY	3Q F		1.50%	1.50%
	USA	20:30	GDP Annualized QoQ	3Q T		3.50%	3.50%
	USA	20:30	Durable Goods Orders	Nov P		2.00%	-4.30%
	EU	22:00	Consumer Confidence	Dec A		-4.4	-3.9
	USA	22:00	Personal Income	Nov		0.30%	0.50%
	USA	22:00	Personal Spending	Nov		0.30%	0.60%
	USA	22:00	U. of Mich. Sentiment	Dec F		97.5	97.5

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday 17 - Dec	11:00	Exports YoY	Nov		4.68%	3.59%
	11:00	Imports YoY	Nov		11.00%	23.66%
	11:00	Trade Balance	Nov		-790.00	-\$1820m
Thursday 20 - Dec	Tentative	Bank Indonesia 7D Reverse Repo	20-Dec		6.00%	6.00%

Source: Bloomberg

Date	Event	Company
Monday 17 - Dec	Rights Listing Date	META
Tuesday 18 - Dec	Extraordinary Shareholder Meeting Cum Dividend Date	TIRT JASS (IDR67 per share) JTPE (IDR15 per share)
Wednesday 19 - Dec	Annual Shareholder Meeting Extraordinary Shareholder Meeting Annual & Extraordinary Shareholder Meeting	BNGA STTP ZBRA
Thursday 20 - Dec	Rights Delisting Date Extraordinary Shareholder Meeting	IKAI BUKK, LINK, MNCN, VRNA
Friday 21 - Dec	Extraordinary Shareholder Meeting	HOME, MTWI

Source: Bloomberg

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