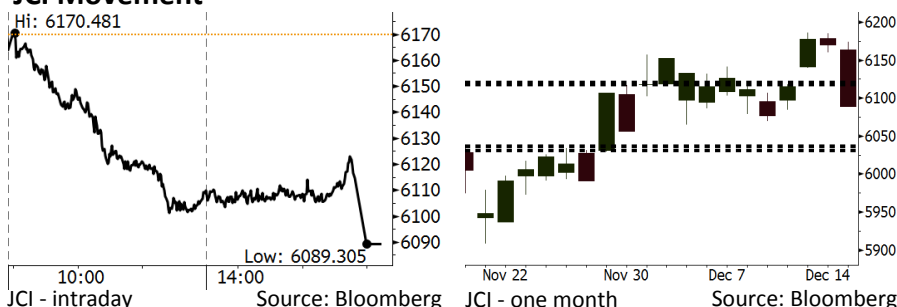


Morning Brief

Daily | Dec 18, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 17	6,089.31
Chg	-80.54pts (-1.31%)
Volume (bn shares)	117.84
Value (IDR tn)	8.47
Adv 136 Dec 278 Unc 222 Untr 108	

Foreign Transaction (IDR bn)	
Buy	1,963
Sell	2,368
Net Buy (Sell)	(406)

Top Buy	NB Val.	Top Sell	NS Val.
BBNI	56.2	BBCA	224.1
ICBP	41.3	BMRI	84.4
SMGR	17.4	UNTR	53.3
BBRI	15.6	ASII	45.6
TLKM	15.6	MNCN	23.6

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
LPPF	3.6%	BSDE	-4.9%
SRIL	2.3%	MNCN	-4.5%
ELSA	1.2%	AKRA	-4.3%
BJBR	0.5%	INKP	-4.2%
SSMS	0.4%	LPKR	-3.8%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.15%	0.03%
USDIDR	14,580	-0.01%
KRWIDR	12.89	0.19%

Global Indexes

Index	Last	Chg.	%
Dow Jones	23,592.98	(507.53)	-2.11%
S&P 500	2,545.94	(54.01)	-2.08%
Nasdaq	6,753.73	(156.93)	-2.27%
FTSE 100	6,773.24	(71.93)	-1.05%
CAC 40	4,799.87	(53.83)	-1.11%
DAX	10,772.20	(93.57)	-0.86%
Nikkei	21,506.88	132.05	0.62%
Hang Seng	26,087.98	(6.81)	-0.03%
Shanghai	2,597.97	4.23	0.16%
KOSPI	2,071.09	1.71	0.08%
EIDO	24.32	(0.51)	-2.05%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,245.9	6.8	0.55%
Crude Oil (USD /bbl)	49.88	(1.32)	-2.58%
Coal Newcas(USD/ton)	103.15	(0.95)	-0.91%
Gas (USD /mmbtu)	3.53	(0.30)	-7.81%
Nickel LME (USD /MT)	11,080	230.0	2.12%
Tin LME (USD /MT)	19,330	(70.0)	-0.36%
CPO (MYR/Ton)	2,121	(17.0)	-0.80%

Market Recap

JCI closed lower yesterday amid the release of November's trade deficit of USD2.05 billion. Massive sell-off also worsened JCI at the end of trading session.

Top Losers: Basic Industry (-2.20%), Consumer (-1.75%), Misc. Industry (-1.54%)

The global markets closed lower yesterday along with concerns about the possible slowdown in the global economy of 2019 and ahead of the Fed's meeting. Most Asian markets rallied ahead of the commemoration of China's 40-year economic reformation on Tuesday, 12/18. The U.S. markets lowered more than 2%, suppressed by the jitters of the increase in the Fed's meeting.

Today's Outlook: Ahead of the Fed's Meeting

Today we estimate JCI to move at modest pace with the **support range of 6031-6037** and the **resistance range of 6118-6121**. The global markets re-posted a steep decline ahead of the FOMC meeting. The Fed is estimated to hold a meeting, discussing the hike in its benchmark rate on Wednesday, 12/19. On the other side, the expectancy of inflation and the possible slowdown in economic growth are likely to spark investors concerns about the Fed's higher interest rate possible to fuel volatility in markets.

From the domestic outlook, the release of Indonesia's trade balance in November fueled jitters. November's deficit widened to USD2.05 billion from October's deficit of USD1.82 billion. The widening deficit causes concerns about the possible higher trade deficit in 2019.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, AKRA, INDF

Company News

- PTPP : Banks on Carryover Projects in 2019
- UNTR : Secures Orders of 800 Units Heavy Machines
- ASII : Allocates Capex of IDR20 Trillion
- TINS : Increases 2019 Capex to 15%

Domestic & Global News

- November's Trade Deficit of USD2.05 Billion
- Trump : 'It is Incredible' That The Fed Hiking Interest Rates Again

Indonesia Economic Data

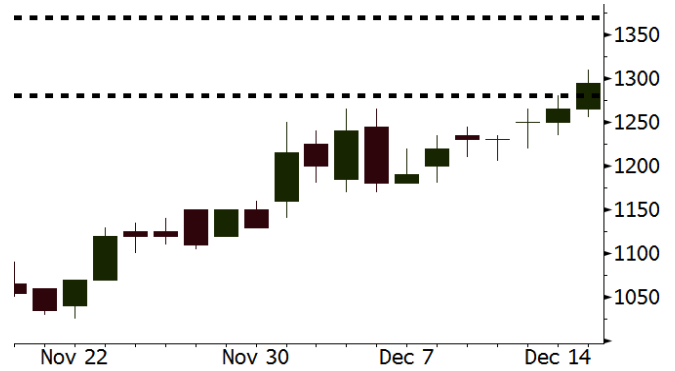
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports Yoy	11.68%	23.66%	Business Confidence	108.05	112.82
Inflation Yoy	3.23%	3.16%	Cons. Confidence*	122.70	119.20

LSIP Last = 1295

Analysis Global CPO prices are bullish. Now, the benchmark price of CPO is higher than MYR2,100 per ton. The increase in demand for CPO due to the biodiesel use and the higher demand from China and India will underpin the bullish trend of CPO's prices.

Range 1280 – 1370

Action Trading Buy. Cut Loss If Below 1280



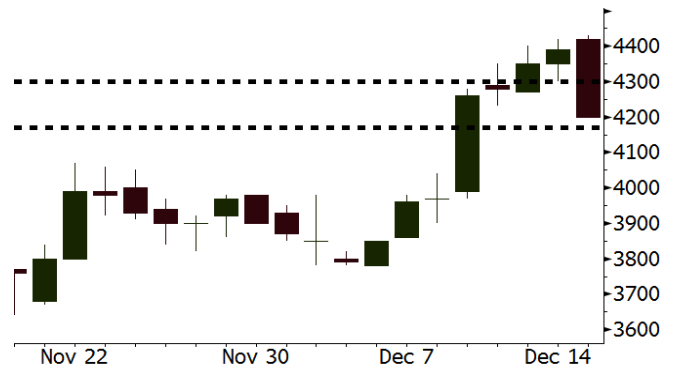
Source: Bloomberg

AKRA Last = 4200

Analysis WTI's benchmark crude prices dived below USD50 per barrel. The sluggish crude prices are likely to give positive sentiments for AKRA's fuels distribution business as its fuel distribution volume will be higher.

Range 4170 – 4300

Action Trading Buy. Cut Loss If Below 4170



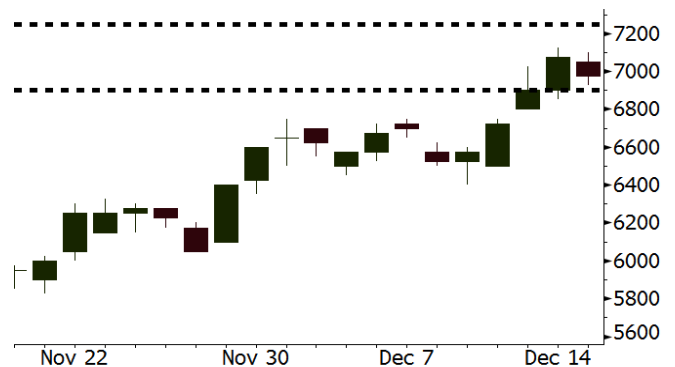
Source: Bloomberg

INDF Last = 6975

Analysis One of INDF's business segments is the agribusiness segment estimated to improve, backed by the expectancy of higher prices of CPO. In the prior periods, the agribusiness segment is the setback for INDF's overall performance.

Range 6900 – 7250

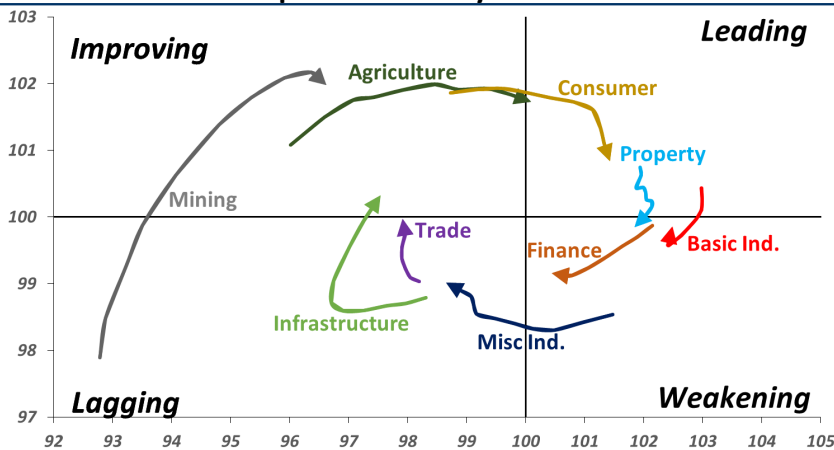
Action Trading buy. Cut Loss If Below 6900



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	6,089	6,356				(0.7)	6,922.9							
Finance						7.1	2,171.2							
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	3,600	3,640	4,370	Buy	21.4	6.2	444.0	13.8x	2.5x	19.3	3.0	7.9	14.5	1.5
BMRI	7,400	8,000	8,275	Hold	11.8	(1.3)	345.3	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,575	9,900	10,525	Buy	22.7	(7.8)	159.9	10.7x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,570	3,570	3,050	Buy	18.7	(25.1)	27.2	8.3x	1.2x	14.9	2.2	14.5	11.6	1.8
BJTM	695	710	810	Buy	16.5	(1.4)	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.7
Consumer						(9.4)	1,407.3							
HMSP	3,670	4,730	4,225	Buy	15.1	(18.4)	426.9	32.8x	13.6x	41.8	2.9	7.2	3.8	1.3
GGRM	81,150	83,800	88,650	Hold	9.2	0.2	156.1	19.3x	3.6x	19.6	3.2	13.6	6.3	1.2
UNVR	43,500	55,900	49,700	Hold	14.3	(17.9)	331.9	36.6x	37.0x	118.0	2.1	1.0	39.7	1.0
ICBP	10,125	8,900	11,225	Hold	10.9	13.4	118.1	27.9x	5.7x	21.3	2.2	7.5	14.6	0.9
INDF	6,975	7,625	8,175	Buy	17.2	(7.0)	61.2	16.5x	1.9x	11.7	4.3	3.1	(13.7)	1.2
KLBF	1,475	1,690	1,840	Buy	24.7	(12.5)	69.1	28.5x	5.0x	18.3	1.7	3.9	1.4	1.2
KAEF	2,740	2,700	2,890	Hold	5.5	5.4	15.2	42.3x	5.8x	14.5	0.6	23.4	17.4	1.1
Infrastructure						(8.3)	722.97							
TLKM	3,710	4,399	4,700	Buy	26.7	(11.7)	367.5	19.9x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	1,910	2,960	3,930	Buy	105.8	(36.1)	20.4	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,785	4,800	6,750	Buy	278.2	(64.2)	9.7	N/A	0.8x	(11.5)	4.1	(25.7)	N/A	1.0
PGAS	2,060	1,750	2,600	Buy	26.2	16.7	49.9	13.0x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	4,410	6,400	6,050	Buy	37.2	(28.6)	32.0	15.5x	2.0x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,840	6,425	6,050	Buy	57.6	(40.2)	17.4	8.3x	5.0x	82.6	4.4	6.5	(3.2)	0.7
INDY	1,820	3,060	5,000	Buy	174.7	(41.3)	9.5	1.8x	0.6x	43.7	8.9	213.9	37.8	0.7
Trade						(13.5)	684.6							
UNTR	28,700	35,400	39,550	Buy	37.8	(13.3)	107.1	9.9x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,200	6,350	4,650	Hold	10.7	(31.1)	16.9	22.6x	2.1x	19.3	5.2	25.3	(22.4)	1.2
SCMA	1,910	2,480	2,025	Hold	6.0	(19.7)	27.9	19.6x	6.1x	32.3	2.9	10.8	8.7	1.3
MNCN	745	1,285	875	Buy	17.4	(40.6)	10.6	7.6x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,825	10,000	5,480	Hold	(5.9)	(47.5)	17.0	8.9x	6.8x	85.6	7.9	3.1	(0.6)	1.0
ACES	1,500	1,155	1,635	Hold	9.0	30.4	25.7	26.9x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,380	1,200	1,515	Hold	9.8	37.3	9.8	16.4x	2.5x	15.7	2.9	2.2	43.4	0.9
MAPI	785	620	945	Buy	20.4	25.6	13.0	22.5x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(7.7)	390.4							
BSDE	1,255	1,700	1,850	Buy	47.4	(24.9)	24.2	7.5x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	615	685	600	Hold	(2.4)	(4.7)	29.6	13.3x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	975	1,185	1,250	Buy	28.2	(17.0)	18.1	19.9x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	835	945	960	Hold	15.0	(2.3)	12.0	26.9x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,805	2,210	2,810	Buy	55.7	(17.2)	24.5	4.7x	1.4x	33.2	3.2	27.0	41.1	1.3
PTPP	1,965	2,640	3,850	Buy	95.9	(26.4)	12.2	9.1x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,675	1,550	2,150	Buy	28.4	4.4	15.0	10.9x	1.1x	11.0	1.6	32.3	26.0	1.0
ADHI	1,645	1,885	2,160	Buy	31.3	(12.7)	5.9	9.1x	1.0x	11.1	1.8	8.2	63.6	1.1
Misc Ind.						2.2	413.9							
ASII	8,300	8,300	8,925	Hold	7.5	1.5	336.0	15.4x	2.5x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						22.9	641.9							
INTP	19,350	21,950	19,950	Hold	3.1	(6.2)	71.2	66.5x	3.2x	4.6	3.6	2.5	(56.1)	1.4
SMGR	11,400	9,900	13,500	Buy	18.4	17.5	67.6	25.6x	2.2x	9.0	1.2	4.4	43.1	1.2
CPIN	6,750	3,000	6,700	Hold	(0.7)	109.0	110.7	27.4x	6.1x	24.2	0.8	5.1	79.7	1.0
JPFA	2,080	1,300	3,250	Buy	56.3	58.2	24.4	13.2x	2.7x	20.2	4.8	16.8	104.2	0.7
MAIN	1,245	740	1,930	Buy	55.0	63.8	2.8	11.9x	1.5x	12.8	1.3	19.5	8200.0	1.3
KRAS	408	424	500	Buy	22.5	5.7	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,375	6,000	6,275	Buy	16.7	(8.1)	95.9	27.1x	3.7x	14.2	1.2	9.1	(34.2)	0.8
Mining						11.5	392.3							
ADRO	1,280	1,860	1,970	Buy	53.9	(28.9)	40.9	6.6x	0.8x	11.9	8.5	9.3	(16.0)	1.1
PTBA	4,390	2,460	5,375	Buy	22.4	94.2	50.6	8.0x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	20,150	20,700	24,225	Buy	20.2	(1.0)	22.8	5.5x	1.5x	28.2	16.2	21.6	12.5	1.1
INCO	3,030	2,890	3,760	Buy	24.1	4.5	30.1	33.0x	1.1x	3.2	N/A	29.2	N/A	1.4
ANTM	730	625	1,200	Buy	64.4	15.0	17.5	16.0x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	745	775	1,240	Buy	66.4	(6.3)	5.5	12.1x	0.9x	7.5	3.2	2.7	(16.5)	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	(21.5)	4.9	5.2x	1.5x	33.1	N/A	14.2	55.2	1.0
Agriculture						(5.5)	98.3							
AALI	11,950	13,150	16,925	Buy	41.6	(9.8)	23.0	13.3x	1.2x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,295	1,420	1,500	Buy	15.8	(0.4)	8.8	18.8x	1.1x	5.7	3.5	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

PTPP : Banks on Carryover Projects in 2019

PTPP banks on 2018 carryover projects with a view to maintaining 2019 performance, anticipating the flat growth in new contracts ahead of the presidential election. The carryover projects are projected to cover 80% of PTPP's overall projects in 2019. The government also invests the funds of IDR400 trillion in 2019 infrastructure projects, including carryover projects. (Kontan)

ASII : Allocates Capex of IDR20 Trillion

ASII allocates the funds of IDR20 trillion for 2019 capex and keeps expanding its portfolios by figuring new and sizeable businesses. In 2019, the biggest challenges still faced by ASII are the unresolved trade war impacting on the rupiah's exchange rate, commodities prices, interest rate, and intense competition. (Bisnis Indonesia)

UNTR : Secures Orders of 800 Units Heavy Machines

UNTR has secured the order of 800 units heavy machines to be transported in the mid of 2019. The total orders are 16% of the target sales of 4,900 Komatsu heavy machines in 2019. UNTR will also monitor the backdrop in the mining industry, becoming its key target. Of note, in 10M18, it still posted the sales of 4,181 heavy machines (+36.7% y-y). (Bisnis Indonesia)

TINS : Increases 2019 Capex to 15%

TINS will increase the 2019 capex budget by 15% to IDR2.3 trillion. The capex will be used for developing capacities and investment. In 2019, TINS also plans to expand its businesses by cooperating with a number of its international partners, for example, cooperation with Nigeria. Another to it, TINS will also develop projects in Bangka Belitung and Riau. (Kontan)

Domestic & Global News

November's Trade Deficit of USD2.05 Billion

The Central Statistics Agency posted November's trade balance deficits of USD2.50 billion. The deficit was higher than October's trade deficit of USD1.82 billion. November's deficit was contributed by the oil and gas deficit of USD1.5 billion and the oil and gas deficit of USD0.58 billion. The oil and gas deficit was contributed by the crude deficit of USD0.48 billion and the refined crude deficit of USD1.58 billion. (Kontan)

Trump : 'It is Incredible' That The Fed Hiking Interest Rates Again

President Donald Trump took another shot at the Federal Reserve on Monday, saying he thinks "it is incredible" that "the Fed is even considering yet another interest rate hike." The Federal Open Market Committee is meeting this week to set interest rates. The U.S. central bank is widely expected to raise rates after the meeting, which would be its fourth hike this year. Trump has openly criticized the Fed, as well as Chairman Jerome Powell, multiple times this year. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 17 - Dec	EU	17:00	CPI YoY	Nov F	1.90%	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	-3.28%	4.68%	3.59%
	11:00	Imports YoY	Nov	11.68%	11.00%	23.66%
	11:00	Trade Balance	Nov	-2050m	-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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