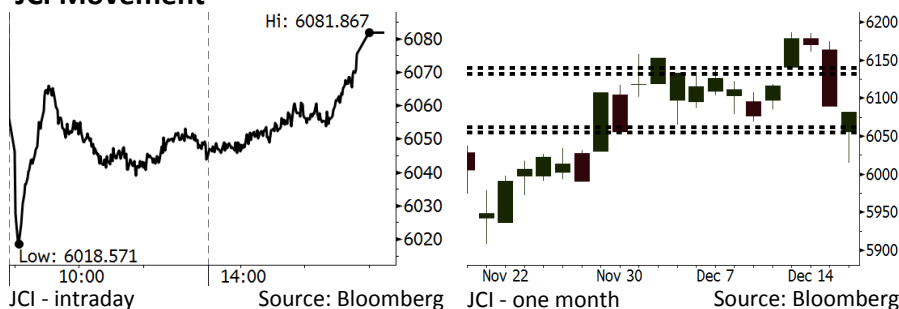


Morning Brief

Daily | Dec 19, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 18	6,081.87
Chg	-7.44pts (-0.12%)
Volume (bn shares)	138.14
Value (IDR tn)	10.68
Adv 155 Dec 242 Unc 239 Untr 118	

Foreign Transaction (IDR bn)	
Buy	2,228
Sell	3,144
Net Buy (Sell)	(917)

Top Buy	NB Val.	Top Sell	NS Val.
ICBP	50.9	BBCA	388.2
BBTN	23.0	BMRI	204.6
INKP	18.3	BTPS	85.0
PGAS	16.4	ASII	57.1
UNTR	16.1	BBRI	52.8

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INKP	5.5%	PTBA	-3.6%
ANTM	2.7%	MEDC	-3.6%
BJBR	2.4%	ADRO	-3.1%
BRPT	2.4%	SSMS	-2.8%
WIKA	2.4%	INDY	-2.5%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.12%	-0.03%
USDIDR	14,501	-0.54%
KRWIDR	12.84	-0.35%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	23,675.64	82.66	0.35%
S&P 500	2,546.16	0.22	0.01%
Nasdaq	6,783.91	30.18	0.45%
FTSE 100	6,701.59	(71.65)	-1.06%
CAC 40	4,754.08	(45.79)	-0.95%
DAX	10,740.89	(31.31)	-0.29%
Nikkei	21,115.45	(391.43)	-1.82%
Hang Seng	25,814.25	(273.73)	-1.05%
Shanghai	2,576.65	(21.33)	-0.82%
KOSPI	2,062.11	(8.98)	-0.43%
EIDO	24.74	0.42	1.73%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,249.4	3.6	0.29%
Crude Oil (USD /bbl)	46.24	(3.64)	-7.30%
Coal Newcas(USD/ton)	101.85	(0.40)	-0.39%
Gas (USD /mmbtu)	3.84	0.31	8.79%
Nickel LME (USD /MT)	10,985	(95.0)	-0.86%
Tin LME (USD /MT)	19,350	20.0	0.10%
CPO (MYR/Ton)	2,155	34.0	1.60%

Market Recap

Although JCI nudged up in the second trading session, it closed slightly lower yesterday. JCI's modest pace responded to the bearish regional markets. **Top Losers: Mining (-1.16%), Property (-1.13%), Finance (-0.40%)**

Jitters of 2019 murky economic outlook still loom and cause most global markets to reign in negative territory. Following the U.S. markets, Asia markets finished lower amid Xi Jinping's speech. On the other side, the U.S. markets nudged up thanks to the Democratic party's stance rejecting the U.S. budget draft.

Today's Outlook: Tumble in Crude Prices

We estimate JCI to rally with the **support range of 6055-6062** and the **resistance range of 6132-6140**. The positive sentiment comes from the tumble of higher than 7% in global crude prices. The higher output by the U.S. and Russia amid the slowdown in the global demand is the logical takeaway for the slowdown in global crude prices. Since October, global crude prices declined by more than 40%.

The decline in global crude prices gives a positive sentiment for Indonesia's economy facing external trade deficits. The sluggish global crude prices will prove a boon for Indonesia in efficiently managing imports. On the other side, the decline in global crude prices put Indonesia away from risks of higher inflation.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, BBTN, KLB

Company News

- WSBP : Is Likely to Have Positive Cash Flow
- JSMR : Targets Completion of 200-km Toll Roads
- DOID : Is Backed by High Calories Coal
- PPRE : Ensures Capacities of Heavy Machinery

Domestic & Global News

- Indonesia's ULN Hikes by USD360.5 Billion
- Fed Expected to Move Forward With Rate Hike

Indonesia Economic Data

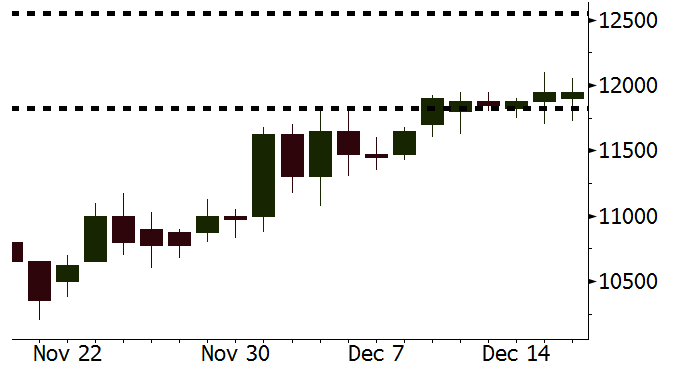
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports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

AAII Last = 11950

Analysis CPO's prices rally further; e.g., the global CPO's prices soared by 1.6% yesterday to an all-time high since November. CPO's bullish prices are backed by the expectancy of declining production and high demand.

Range 11825 – 12550

Action Trading Buy. Cut Loss If Below 11825



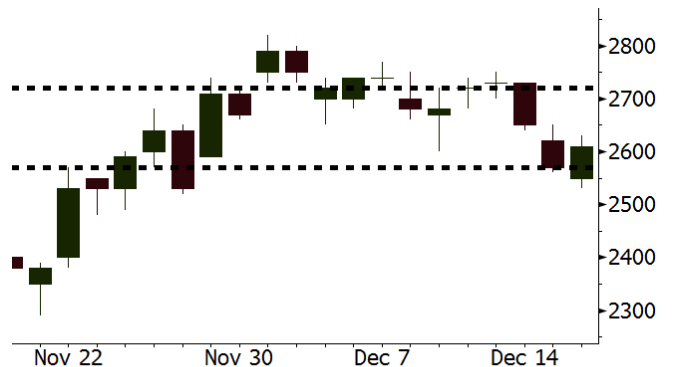
Source: Bloomberg

BBTN Last = 2610

Analysis Among large cap. banks in Indonesia, BBTN with the P/B of only 1.2x is a bank with the cheapest valuation. The recovery in Indonesia's macroeconomic backdrop will trigger investors to accumulate BBTN's stocks.

Range 2570 – 2720

Action Trading Buy. Cut Loss If Below 2570



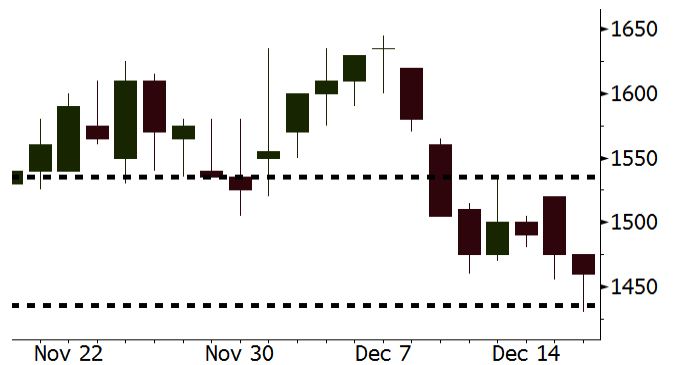
Source: Bloomberg

KLBF Last = 1460

Analysis The rupiah re-strengthens after the last week's downturn. The trend of rupiah appreciation will be a positive catalyst for KLBF performance in 2019.

Range 1435 – 1535

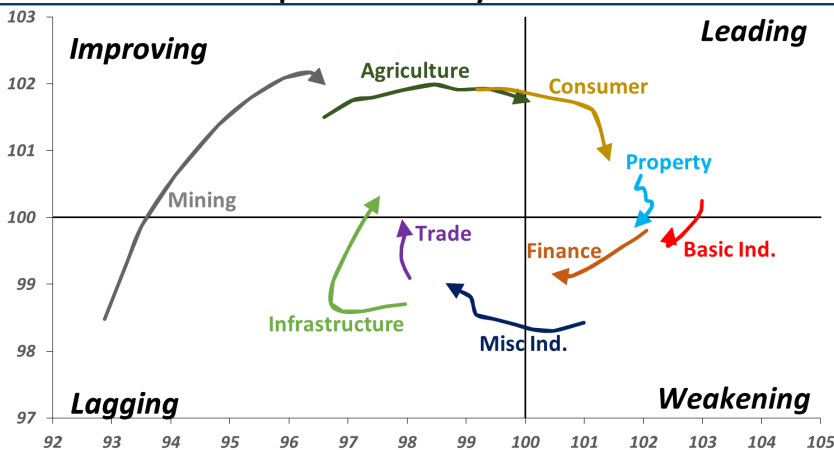
Action Trading buy. Cut Loss If Below 1435



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	6,082	6,356				(1.4)	6,914.3							
Finance						6.1	2,162.4							
BBCA	25,325	21,900	28,825	Hold	13.8	20.0	624.4	25.0x	4.3x	18.4	1.0	7.5	10.0	1.0
BBRI	3,630	3,640	4,370	Buy	20.4	5.5	447.7	13.9x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,350	8,000	8,275	Hold	12.6	(1.7)	343.0	14.5x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,625	9,900	10,525	Buy	22.0	(9.4)	160.8	10.8x	1.6x	15.1	3.0	10.0	12.5	1.4
BBTN	2,610	3,570	3,050	Buy	16.9	(25.0)	27.6	8.5x	1.2x	14.9	2.2	14.5	11.6	1.8
BJTM	695	710	810	Buy	16.5	(0.7)	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.7
Consumer						(10.5)	1,407.1							
HMSP	3,650	4,730	4,225	Buy	15.8	(19.8)	424.6	32.6x	13.5x	41.8	2.9	7.2	3.8	1.3
GGRM	80,650	83,800	88,650	Hold	9.9	(0.4)	155.2	19.2x	3.6x	19.6	3.2	13.6	6.3	1.2
UNVR	43,950	55,900	49,700	Hold	13.1	(18.8)	335.3	36.9x	37.4x	118.0	2.1	1.0	39.7	1.0
ICBP	10,050	8,900	11,225	Hold	11.7	13.2	117.2	27.6x	5.6x	21.3	2.2	7.5	14.6	0.9
INDF	7,075	7,625	8,175	Buy	15.5	(7.5)	62.1	16.8x	1.9x	11.7	4.3	3.1	(13.7)	1.2
KLBF	1,460	1,690	1,840	Buy	26.0	(13.4)	68.4	28.2x	4.9x	18.3	1.7	3.9	1.4	1.2
KAEF	2,670	2,700	2,890	Hold	8.2	3.5	14.8	41.2x	5.7x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.4)	724.56							
TLKM	3,740	4,399	4,700	Buy	25.7	(9.9)	370.5	20.1x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	1,935	2,960	3,930	Buy	103.1	(34.4)	20.7	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,755	4,800	6,750	Buy	284.6	(64.3)	9.5	N/A	0.8x	(11.5)	4.2	(25.7)	N/A	1.0
PGAS	2,070	1,750	2,600	Buy	25.6	17.3	50.2	13.1x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	4,400	6,400	6,050	Buy	37.5	(29.3)	31.9	15.4x	2.0x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,780	6,425	6,050	Buy	60.1	(39.3)	17.1	8.1x	5.0x	82.6	4.5	6.5	(3.2)	0.7
INDY	1,775	3,060	5,000	Buy	181.7	(43.1)	9.2	1.7x	0.6x	43.7	9.1	213.9	37.8	0.7
Trade						(14.3)	684.3							
UNTR	29,125	35,400	39,550	Buy	35.8	(12.8)	108.6	10.0x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,120	6,350	4,650	Hold	12.9	(31.9)	16.5	22.2x	2.1x	19.3	5.3	25.3	(22.4)	1.2
SCMA	1,895	2,480	2,025	Hold	6.9	(23.3)	27.7	19.4x	6.1x	32.3	2.9	10.8	8.7	1.3
MNCN	735	1,285	875	Buy	19.0	(41.4)	10.5	7.5x	1.0x	14.2	2.0	2.8	(20.3)	1.0
LPPF	5,825	10,000	5,480	Hold	(5.9)	(46.9)	17.0	8.9x	6.8x	85.6	7.9	3.1	(0.6)	1.0
ACES	1,495	1,155	1,635	Hold	9.4	28.3	25.6	26.8x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,400	1,200	1,515	Hold	8.2	32.7	9.9	16.6x	2.5x	15.7	2.9	2.2	43.4	0.9
MAPI	785	620	945	Buy	20.4	22.7	13.0	22.5x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(9.1)	385.9							
BSDE	1,240	1,700	1,850	Buy	49.2	(27.9)	23.9	7.4x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	605	685	600	Hold	(0.8)	(6.9)	29.1	13.1x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	980	1,185	1,250	Buy	27.6	(17.3)	18.2	20.0x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	800	945	960	Buy	20.0	(5.3)	11.5	25.8x	1.7x	6.9	0.6	0.7	75.0	1.5
WSKT	1,795	2,210	2,810	Buy	56.5	(20.2)	24.4	4.6x	1.4x	33.2	3.2	27.0	41.1	1.3
PTPP	1,960	2,640	3,850	Buy	96.4	(26.0)	12.2	9.1x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,715	1,550	2,150	Buy	25.4	6.9	15.4	11.1x	1.2x	11.0	1.6	32.3	26.0	1.0
ADHI	1,625	1,885	2,160	Buy	32.9	(13.8)	5.8	9.0x	0.9x	11.1	1.8	8.2	63.6	1.1
Misc Ind.						3.0	417.0							
ASII	8,375	8,300	8,925	Hold	6.6	2.4	339.0	15.6x	2.6x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						24.4	646.7							
INTP	19,025	21,950	19,950	Hold	4.9	(5.0)	70.0	65.4x	3.1x	4.6	3.7	2.5	(56.1)	1.4
SMGR	11,375	9,900	13,500	Buy	18.7	15.5	67.5	25.6x	2.2x	9.0	1.2	4.4	43.1	1.2
CPIN	6,700	3,000	6,700	Hold	-	104.9	109.9	27.2x	6.0x	24.2	0.8	5.1	79.7	1.0
JPFA	2,120	1,300	3,250	Buy	53.3	58.8	24.9	13.4x	2.7x	20.2	4.7	16.8	104.2	0.7
MAIN	1,285	740	1,930	Buy	50.2	71.3	2.9	12.3x	1.5x	12.8	1.2	19.5	8200.0	1.3
KRAS	406	424	500	Buy	23.2	6.3	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,450	6,000	6,275	Buy	15.1	(3.1)	97.2	27.6x	3.8x	14.2	1.2	9.1	(34.2)	0.8
Mining						8.1	387.8							
ADRO	1,240	1,860	1,970	Buy	58.9	(32.4)	39.7	6.5x	0.7x	11.9	8.7	9.3	(16.0)	1.1
PTBA	4,230	2,460	5,375	Buy	27.1	72.0	48.7	7.7x	3.0x	42.1	7.5	20.7	49.7	1.0
ITMG	20,000	20,700	24,225	Buy	21.1	(2.4)	22.6	5.5x	1.5x	28.2	16.3	21.6	12.5	1.1
INCO	3,040	2,890	3,760	Buy	23.7	4.1	30.2	33.2x	1.1x	3.2	N/A	29.2	N/A	1.4
ANTM	750	625	1,200	Buy	60.0	16.3	18.0	16.4x	0.9x	5.9	0.3	186.6	N/A	1.2
TINS	750	775	1,240	Buy	65.3	(6.3)	5.6	12.2x	0.9x	7.5	3.1	2.7	(16.5)	1.2
MEDC	675	890	1,025	Buy	51.9	(21.1)	12.0	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	540	715	1,020	Buy	88.9	(30.8)	4.7	5.0x	1.4x	33.1	N/A	14.2	55.2	1.0
Agriculture						(5.1)	98.4							
AALI	11,950	13,150	16,925	Buy	41.6	(11.3)	23.0	13.3x	1.2x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,340	1,420	1,500	Hold	11.9	3.1	9.1	19.5x	1.1x	5.7	3.4	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WSBP : Is Likely to Have Positive Cash Flow

WSBP projected that the positive operational cash flow performance will be maintainable until the end of 2018. It projects the operational cash flow of IDR1.1 trillion. It has finished Becakayu toll road: the turnkey project. Now, it is constructing another two projects. At the end of December, it will receive the termin payment of IDR1.6 trillion. (Bisnis Indonesia)

DOID : Is Backed by High Calories Coal

DOID is capable of maintaining its performance amid the trend of sluggish global coal prices thanks to most of its consumers running their business in the high-calories coal with much stable prices. However, in the years ahead, DOID will focus on boosting heavy machinery utilities, reducing production costs, and limiting the absorption of capex. (Kontan)

JSMR : Targets Completion of 200-km Toll Roads

JSMR targets to operate 200-km new toll roads in 2019. If its target is accomplished, JSMR will operate 998.4-km toll roads. The new toll road projects subsume Japek Elevated toll road, JOR II toll road, Pandaan-Malang toll road, etc. On December 20th, President Joko Widodo will officially launch 4 new toll road section with the total length of 160km. (Kontan)

PPRE : Ensures Capacities of Heavy Machinery

PPRE ensures its heavy machinery capacities to reach the 2019 target. In 2019, PPRE targets the revenue of IDR4-4.5 trillion and the new contracts of IDR5.5-6 trillion. Now, it has 2,400 units of fleet cars and 150 units of non-fleet cars whose most of them are new units. It also targets a number of projects such as airport runway projects, giant reservoirs, airports, ports, and trains. (Bisnis Indonesia)

Domestic & Global News

Indonesia's ULN Hikes by USD360.5 Billion

Indonesia's foreign debts (ULN) re-hiked in October 2018. Bank Indonesia (BI) on Monday, 17/12, posted Indonesia's (ULN) consisted of the government's ULN and the private's ULN to amount to USD360.5 billion, growing by 5.5% y-y. Both the government and the private's ULN increased. The government and BI's ULN amounted to USD178.1 billion of which the total USD175.4 billion of the ULN was the government's ULN. The growth in the government's ULN paced faster than that of July of 2.2% y-y. But, on the nominal basis, the government's ULN was smaller than that of September of USD176.1 billion. The decline in the nominal amount was attributable to the loan position and government bonds (SBN) owned by foreign investors. (Kontan)

Fed Expected to Move Forward With Rate Hike

The Federal Reserve is expected to raise interest rates by a quarter point Wednesday and also signal it will not be raising rates as much as it had previously forecast. The Fed is expected to move forward with its rate hike, despite complaints from President Donald Trump, who wants the Fed to stop raising interest rates. The Fed will be taking the fed funds rate range to 2.25 to 2.50 percent, and Fed watchers expect it to remove language in its post-meeting statement that says it will continue with 'gradual' rate increases. (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	101.0	101.8	102
	USA	20:30	Housing Starts	Nov	1256k	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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