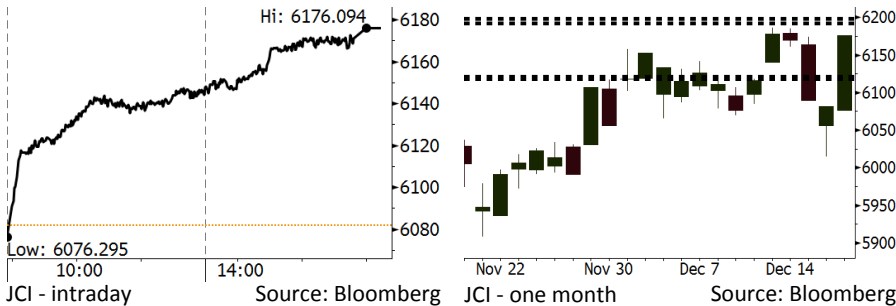


Morning Brief

Daily | Dec 20, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 19	6,176.09
Chg	+94.23pts (+1.55%)
Volume (bn shares)	138.14
Value (IDR tn)	10.68

Adv 237 Dec 169 Unc 230 Untr 126

Foreign Transaction (IDR bn)

Buy	2,793
Sell	3,169
Net Buy (Sell)	(376)

Top Buy NB Val. Top Sell NS Val.

BBCA	44.7	BMRI	116.4
BBNI	41.7	ASII	65.8
UNVR	41.2	BTPS	65.5
INDF	29.4	UNTR	48.2
HMSP	27.9	PTBA	44.0

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
WSBP	7.3%	BJBR	-2.4%
AKRA	6.6%	ELSA	-2.3%
BRPT	5.6%	MNCN	-2.0%
EXCL	5.4%	UNTR	-1.6%
HMSP	4.7%	MEDC	-0.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.00%	-0.12%
USDIDR	14,439	-0.43%
KRWIDR	12.83	-0.12%

Global Indexes

Index	Last	Chg.	%
Dow Jones	23,323.66	(351.98)	-1.49%
S&P 500	2,506.96	(39.20)	-1.54%
Nasdaq	6,636.83	(147.09)	-2.17%
FTSE 100	6,765.94	64.35	0.96%
CAC 40	4,777.45	23.37	0.49%
DAX	10,766.21	25.32	0.24%
Nikkei	20,987.92	(127.53)	-0.60%
Hang Seng	25,865.39	51.14	0.20%
Shanghai	2,549.56	(27.09)	-1.05%
KOSPI	2,078.84	16.73	0.81%
EIDO	24.49	(0.25)	-1.01%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,243.1	(6.3)	-0.51%
Crude Oil (USD /bbl)	48.17	1.57	3.37%
Coal Newcas(USD/ton)	102.45	(0.20)	-0.19%
Gas (USD /mmbtu)	3.73	(0.11)	-2.92%
Nickel LME (USD /MT)	10,835	(150.0)	-1.37%
Tin LME (USD /MT)	19,210	(140.0)	-0.72%
CPO (MYR/Ton)	2,198	43.0	2.00%

Market Recap

JCI closed higher yesterday as the rupiah and the consumer sector strengthened, as well as window dressing. **Top Gainers: Consumer (+2.82%), Basic Industry (+2.69%), Agriculture (+1.52%)**

The global investors awaited the Fed's rate announcement yesterday. Asia markets closed mixed amid IPO Softbank Corp and the decline in the energy sector, relating to global crude prices. European markets were bullish thanks to the agreement on Italy budget draft. On the other side, the U.S. markets closed lower along with the Fed's decision to reduce its balance sheet.

Today's Outlook: Post-Fed's Rate Hike

We forecast JCI to be sluggish with the **support range of 6118-6121** and the **resistance range of 6192-6198**. Last night, the Fed increased its rate to 25 bps, pursuant to the market expectation. The hike was the fourth times in 2018. The Fed also estimated that there will be two times rate hikes in 2019. The Fed's stance is in stark contrast to investors' expectation of no interest rate hike in 2019 due to the slowdown in the U.S. economy.

From the domestic outlook, investors will await the result of Bank of Indonesia's Board of Governors Meeting. After the Fed's meeting, BI is estimated to put its best effort to minimize the impacts of volatilities on Indonesia's financial markets; for example, BI is possible to re-raise its benchmark rates.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, MAPI, JPFA

Company News

ADRO : Interim Dividend of USD75.17 Million
 TPIA : Budgets 2019 Capex of USD450 Million
 UNTR : Sets Conservative Target for Subsidiary
 CSAP : Opens 5 New Mitra10 Stores in 2019

Domestic & Global News

Market Consensus: BI's Benchmark Rate Is at 6%
 Fed Hikes Rates As Expected And Reduce Balance Sheet

Indonesia Economic Data

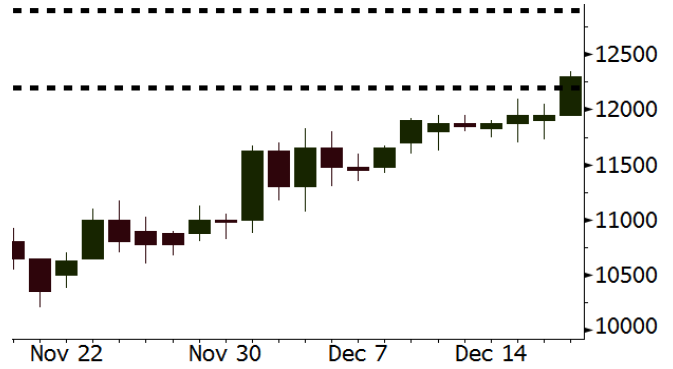
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports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

AALI Last = 12300

Analysis Global CPO prices re-surged 2%. China posted its new volume record of CPO imports with a view to reducing its dependence on crude-based energies.

Range 12200 – 12900

Action Trading Buy. Cut Loss If Below 12200



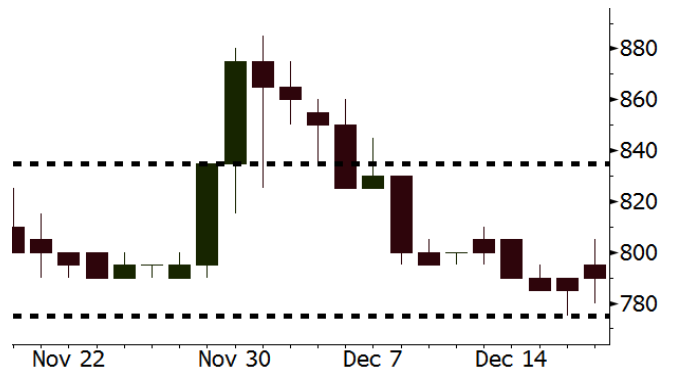
Source: Bloomberg

MAPI Last = 790

Analysis Considering consumers' high purchasing power indicated by Harbolnas moment, MAPI's 2019 performance will better off as it plans to actively launch new stores.

Range 775 – 835

Action Trading Buy. Cut Loss If Below 775



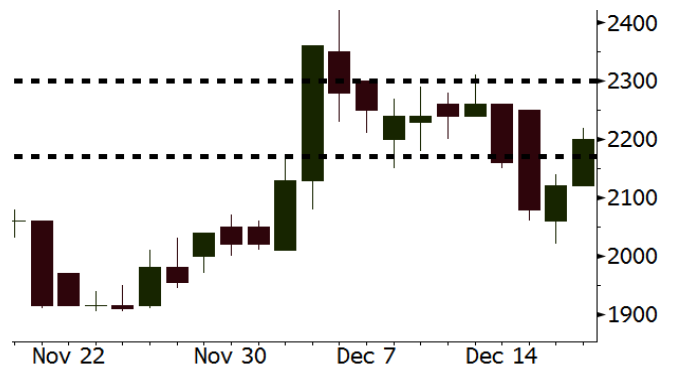
Source: Bloomberg

JPFA Last = 2200

Analysis The government's concerted commitment to keeping prices of corn in check by importing corns will result in much stable poultry industry. The impacts are JPFA's higher margin.

Range 2170 – 2300

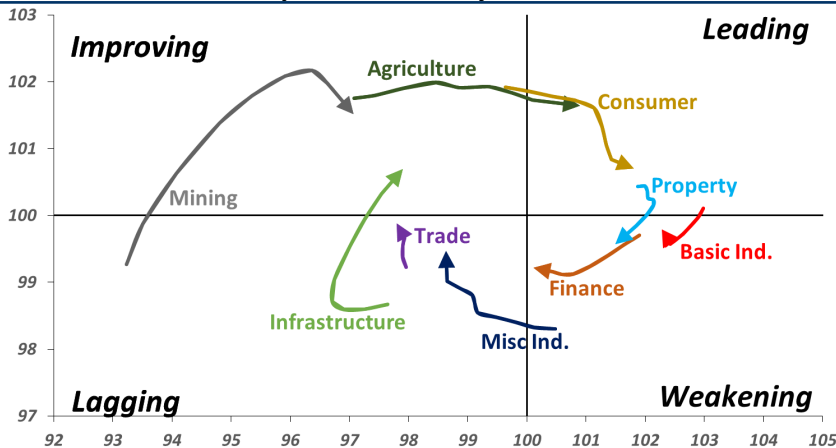
Action Trading buy. Cut Loss If Below 2170



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	6,176	6,356				1.1	7,022.0							
Finance						8.3	2,195.1							
BBCA	26,150	21,900	28,825	Hold	10.2	25.0	644.7	25.8x	4.5x	18.4	1.0	7.5	10.0	1.0
BBRI	3,670	3,640	4,370	Buy	19.1	7.9	452.7	14.0x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,425	8,000	8,275	Hold	11.4	(0.3)	346.5	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,700	9,900	10,525	Buy	21.0	(8.7)	162.2	10.9x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,660	3,570	3,050	Hold	14.7	(23.3)	28.2	8.6x	1.2x	14.9	2.1	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						(6.6)	1,446.7							
HMSP	3,820	4,730	4,225	Hold	10.6	(14.2)	444.3	34.1x	14.1x	41.8	2.8	7.2	3.8	1.3
GGRM	83,350	83,800	88,650	Hold	6.4	5.4	160.4	19.8x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	45,000	55,900	49,700	Hold	10.4	(15.1)	343.4	37.8x	38.3x	118.0	2.0	1.0	39.7	1.0
ICBP	10,200	8,900	11,225	Hold	10.0	14.3	119.0	28.1x	5.7x	21.3	2.2	7.5	14.6	0.9
INDF	7,300	7,625	8,175	Hold	12.0	(3.3)	64.1	17.3x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,490	1,690	1,840	Buy	23.5	(11.0)	69.8	28.8x	5.0x	18.3	1.7	3.9	1.4	1.2
KAFF	2,680	2,700	2,890	Hold	7.8	4.7	14.9	41.3x	5.7x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(5.4)	734.90							
TLKM	3,810	4,399	4,700	Buy	23.4	(7.6)	377.4	20.5x	4.2x	20.4	4.4	2.3	(20.6)	0.8
EXCL	2,040	2,960	3,930	Buy	92.6	(28.2)	21.8	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,735	4,800	6,750	Buy	289.0	(64.2)	9.4	N/A	0.8x	(11.5)	4.2	(25.7)	N/A	1.0
PGAS	2,080	1,750	2,600	Buy	25.0	18.5	50.4	13.2x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,470	6,400	6,050	Buy	35.3	(27.9)	32.4	15.7x	2.0x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,660	6,425	6,050	Buy	65.3	(40.5)	16.6	7.9x	4.8x	82.6	4.6	6.5	(3.2)	0.7
INDY	1,785	3,060	5,000	Buy	180.1	(42.2)	9.3	1.8x	0.6x	43.7	9.1	213.9	37.8	0.7
Trade						(14.5)	683.9							
UNTR	28,650	35,400	39,550	Buy	38.0	(12.7)	106.9	9.9x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,390	6,350	4,650	Hold	5.9	(27.4)	17.6	23.7x	2.2x	19.3	5.0	25.3	(22.4)	1.2
SCMA	1,900	2,480	2,025	Hold	6.6	(22.4)	27.8	19.5x	6.1x	32.3	2.9	10.8	8.7	1.3
MNCN	720	1,285	875	Buy	21.5	(42.6)	10.3	7.4x	0.9x	14.2	2.1	2.8	(20.3)	1.0
LPPF	5,900	10,000	5,480	Hold	(7.1)	(44.3)	17.2	9.1x	6.9x	85.6	7.8	3.1	(0.6)	1.0
ACES	1,495	1,155	1,635	Hold	9.4	30.6	25.6	26.8x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,435	1,200	1,515	Hold	5.6	41.4	10.2	17.0x	2.6x	15.7	2.8	2.2	43.4	0.9
MAPI	790	620	945	Buy	19.6	27.4	13.1	22.6x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(7.5)	388.8							
BSDE	1,260	1,700	1,850	Buy	46.8	(24.1)	24.3	7.5x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	610	685	600	Hold	(1.6)	(3.9)	29.4	13.2x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	1,010	1,185	1,250	Buy	23.8	(13.3)	18.7	20.7x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	830	945	960	Buy	15.7	(3.5)	12.0	26.8x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,795	2,210	2,810	Buy	56.5	(18.8)	24.4	4.6x	1.4x	33.2	3.2	27.0	41.1	1.3
PTPP	1,955	2,640	3,850	Buy	96.9	(24.5)	12.1	9.1x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,720	1,550	2,150	Buy	25.0	8.9	15.4	11.2x	1.2x	11.0	1.6	32.3	26.0	1.0
ADHI	1,645	1,885	2,160	Buy	31.3	(13.4)	5.9	9.1x	1.0x	11.1	1.8	8.2	63.6	1.1
Misc Ind.						5.9	420.0							
ASII	8,425	8,300	8,925	Hold	5.9	5.3	341.1	15.7x	2.6x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						30.0	664.1							
INTP	19,450	21,950	19,950	Hold	2.6	0.3	71.6	66.9x	3.2x	4.6	3.6	2.5	(56.1)	1.4
SMGR	11,500	9,900	13,500	Buy	17.4	20.4	68.2	25.8x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	7,100	3,000	6,700	Hold	(5.6)	128.3	116.4	28.8x	6.4x	24.2	0.8	5.1	79.7	1.0
JPFA	2,200	1,300	3,250	Buy	47.7	69.9	25.8	13.9x	2.8x	20.2	4.5	16.8	104.2	0.7
MAIN	1,335	740	1,930	Buy	44.6	80.4	3.0	12.8x	1.6x	12.8	1.2	19.5	8200.0	1.3
KRAS	410	424	500	Buy	22.0	9.6	7.9	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,700	6,000	6,275	Hold	10.1	1.3	101.7	28.9x	3.9x	14.2	1.1	9.1	(34.2)	0.8
Mining						8.7	388.6							
ADRO	1,245	1,860	1,970	Buy	58.2	(30.8)	39.8	6.5x	0.8x	11.9	8.7	9.3	(16.0)	1.1
PTBA	4,220	2,460	5,375	Buy	27.4	71.5	48.6	7.7x	3.0x	42.1	7.5	20.7	49.7	1.0
ITMG	20,025	20,700	24,225	Buy	21.0	0.1	22.6	5.5x	1.5x	28.2	16.3	21.6	12.5	1.1
INCO	3,170	2,890	3,760	Buy	18.6	11.2	31.5	34.7x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	760	625	1,200	Buy	57.9	20.6	18.3	16.6x	1.0x	5.9	0.3	186.6	N/A	1.2
TINS	760	775	1,240	Buy	63.2	(5.0)	5.7	12.3x	0.9x	7.5	3.1	2.7	(16.5)	1.2
MEDC	670	890	1,025	Buy	53.0	(22.5)	11.9	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	540	715	1,020	Buy	88.9	(28.0)	4.7	5.0x	1.4x	33.1	N/A	14.2	55.2	1.0
Agriculture						(1.6)	99.9							
AALI	12,300	13,150	16,925	Buy	37.6	(5.7)	23.7	13.7x	1.3x	9.5	3.5	9.1	(18.2)	0.6
LSIP	1,350	1,420	1,500	Hold	11.1	6.7	9.2	19.6x	1.1x	5.7	3.3	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ADRO : Interim Dividend of USD75.17 Million

ADRO announced to distribute the interim dividend of USD75.17 million of the 9M18 net profit. It set January 2nd, 2019 as the recording date; the dividend will be distributed on January 15th, 2019. Its performance in 9M18 was modest due to the higher COGS attributable to the hike in mining expenses, sliding global crude prices, and higher royalties paid to the government. (Bisnis Indonesia)

UNTR : Sets Conservative Target for Subsidiary

UNTR set the conservative target for the performance of its subsidiary, Pama: running a business in the segment overburden removal (OB). In 2019, UNTR sets the OB volume target of 950-980 million BCM. The conservative target aligns with the sliding prices of coal, particularly low-calories coal. In 2018, Pama posted the OB volume of 980 million BCM, topping the target of 900 million BCM. (Bisnis Indonesia)

TPIA : Budgets 2019 Capex of USD450 Million

TPIA allocates funds of USD400-450 million for 2019 capex. The budget derives from the internal cash and loans facilitated by two banks. The biggest funds of USD380 million will also be allocated for the construction of CAP II factory and new polyethylene factory with the capacity of 400KTA. Of note CAP II factory will have the production capacity of 2,100 KTA ethylene, propylene, and mixed C4. (Kontan)

CSAP : Opens 5 New Mitra10 Stores in 2019

CSAP projects the launch of 5 new Mitra10 stores in 2019. The launch of new stores will be centralized in Java Island and Sulawesi Island. The strategy aligns with the trend in rosier sales in the retail segment, fueled by the increasing backlog figure in the residential sector. In 2018, CSAP allocated the capex of IDR400 billion to launch 3 new Mitra10 in Jakarta, Karawang, and Cikupa. (Bisnis Indonesia)

Domestic & Global News

Market Consensus: BI's Benchmark Rate Is at 6%

Bank Indonesia (BI) is estimated to maintain its benchmark rate no later than tomorrow. The hike in BI 7 Day Reverse Repo Rate in November is considered adequate. Tomorrow, Perry Warjiyo and its colleague will announce its benchmark rate, to be decided after BI's Board of Governors Meeting held two days. The market consensus estimated that BI 7 Day Reverse Repo Rate is consistently at 6%. (CNBC Indonesia)

Fed Hikes Rates As Expected And Reduce Balance Sheet

The Fed decided to hike its benchmark overnight lending rate by one quarter point on Wednesday to a target range between 2.25 to 2.5 percent. The Fed did however trim its 2019 outlook for rate hikes to just two increases from three previously. But the central bank also retained language in its statement that the market saw as more aggressive than expected, in terms of future rate hikes. But what really scared markets was that Fed Chairman Jerome Powell said the Fed was satisfied with its program to reduce the balance sheet and it has no plan to change it. (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%	0.20%	0.10%
	UK	16:30	CPI YoY	Nov	2.30%	2.30%	2.40%
	UK	16:30	CPI Core YoY	Nov	1.80%	1.90%	1.90%
	UK	16:30	PPI Output NSA MoM	Nov	0.20%	0.10%	0.30%
	USA	19:00	MBA Mortgage Applications	14-Dec	-5.80%	--	1.60%
	USA	20:30	Current Account Balance	3Q	-124.82b	--	-\$101.5b
	USA	22:00	Existing Home Sales	Nov	5.32m	5.20m	5.22m
Thursday 20 - Dec	USA	02:00	FOMC Rate Decision (Upper Bound)	13-Dec	0.25%	0.25%	0.25%
	USA	02:00	FOMC Rate Decision (Lower Bound)	13-Dec	-0.40%	-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

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta