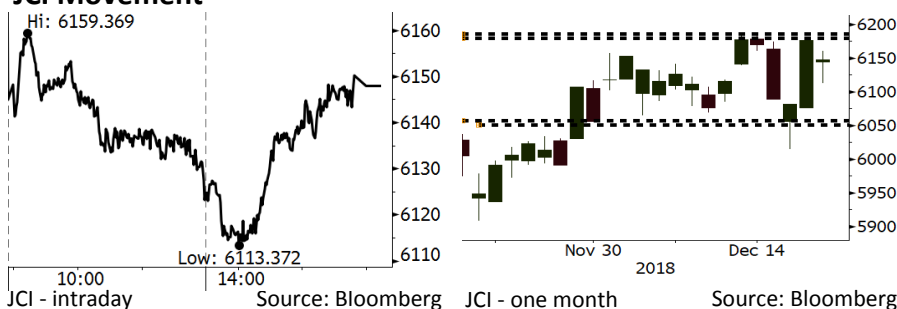


Morning Brief

Daily | Dec 21, 2018

JCI Movement



IHSG (Jakarta Composite Index)

December 20	6,147.88
Chg	-28.22pts (-0.46%)
Volume (bn shares)	110.31
Value (IDR tn)	9.80
Adv 138 Dec 270 Unc 228 Untr 114	

Foreign Transaction (IDR bn)	
Buy	2,326
Sell	2,777
Net Buy (Sell)	(451)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	60.2	BBCA	309.9
ASII	42.4	INDF	46.4
BBNI	31.1	BMRI	40.8
UNVR	26.0	BBTN	36.2
ICBP	18.3	ADRO	30.7

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
MEDC	4.5%	INKP	-2.7%
ICBP	2.7%	TPIA	-2.6%
KLBF	2.7%	PTPP	-2.6%
BRPT	2.2%	WSKT	-2.5%
PTBA	1.2%	BJBR	-2.4%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.99%	-0.02%	
USDIDR	14,473	0.24%	
KRWIDR	12.87	0.31%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	22,859.60	(464.06)	-1.99%
S&P 500	2,467.42	(39.54)	-1.58%
Nasdaq	6,528.41	(108.42)	-1.63%
FTSE 100	6,711.93	(54.01)	-0.80%
CAC 40	4,692.46	(84.99)	-1.78%
DAX	10,611.10	(155.11)	-1.44%
Nikkei	20,392.58	(595.34)	-2.84%
Hang Seng	25,623.53	(241.86)	-0.94%
Shanghai	2,536.27	(13.30)	-0.52%
KOSPI	2,060.12	(18.72)	-0.90%
EIDO	24.76	0.27	1.10%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,259.9	16.8	1.35%
Crude Oil (USD /bbl)	45.88	(2.29)	-4.75%
Coal Newcas(USD/ton)	102.55	0.10	0.10%
Gas (USD /mmbtu)	3.58	(0.14)	-3.84%
Nickel LME (USD /MT)	10,950	115.0	1.06%
Tin LME (USD /MT)	19,270	60.0	0.31%
CPO (MYR/Ton)	2,185	(13.0)	-0.59%

Market Recap

JCI closed lower amid BI's stance to leave its benchmark rates unchanged. JCI is constrained by the further net foreign sell. **Top Losers: Basic Industry (-1.31%), Finance (-1.12%), Infrastructure (-0.81%)**

The Fed's less dovish stance, in contrast to investors' expectancy constrained global markets. Asia markets closed lower as People's Bank of China left its benchmark rates unchanged. European markets were also constrained by the basic industry sector due to the sanctions eradicated on Rusal. Meanwhile, the U.S. markets closed lower along with the jitters of the government shutdown.

Today's Outlook: Further Decline in Global Index

We estimate JCI to pace modest with the **support range of 6050-6060** and the **resistance range of 6180-6190**. The negative sentiment derives from the index Dow Jones diving to 1.9% after the U.S. Defense Secretary Mattis officially leaving his position, sparked by the dispute with Trump over policies.

Nikkei index opened sluggish by 0.4%, following the bearish mood of the U.S. markets.

Global crude prices tumbled to 4.75% due to the budget allocated on the U.S. border. Additionally, the cut output by OPEC and the U.S. are estimated to prove futile to boost the prices of crude.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, LSIP, SIMP

Company News

- MNCN : Focuses More on Content Segment
- ERAA : Launches 157 Stores in 2018
- KRAS : Launches Iron Ore Factory Worth USD1 Billion
- TBIG : Will Perform Tender Offer of GHON's Stocks

Domestic & Global News

- BI Holds Its Interest Rates Unchanged
- Bank of England Leaves Rates Unchanged

Indonesia Economic Data

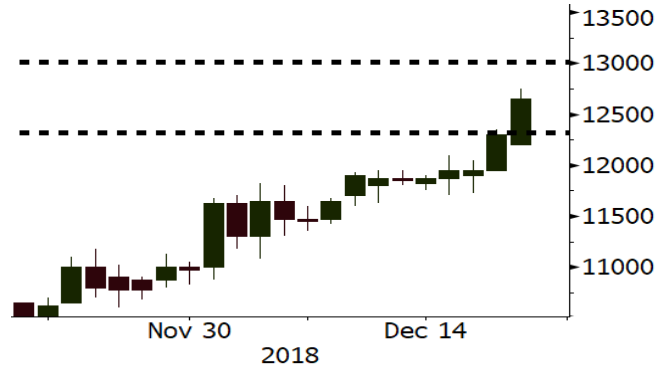
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports 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 = 12650

Analysis Amid the slowdown in global crude, the price of CPI rally further continued its 3-consecutive-day rally. The price of CPO grows to 2.29% to MYR2,185/MT within this week.

Range 12400 – 13000

Action Trading Buy. Cut Loss If Below 12400



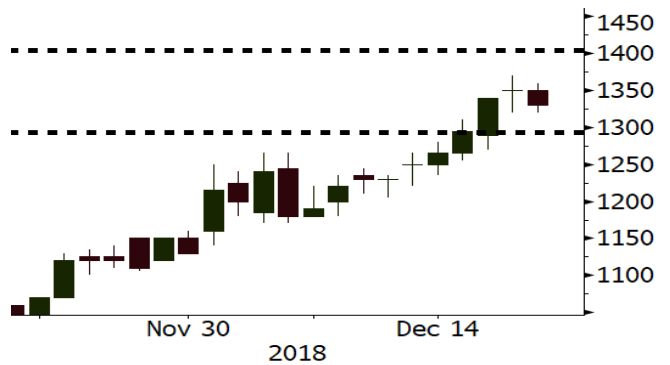
Source: Bloomberg

LSIP Last = 1330

Analysis The estimate of the rebound in the price of CPO to top MYR2,400/MT and the hike of 5%-1% in production are the potent drives for LSIP to post the growth in sales to IDR4.39 trillion and the net profit to surge 42% to IDR635 billion in 2019.

Range 1300 – 1400

Action Trading Buy. Cut Loss If Below 1300



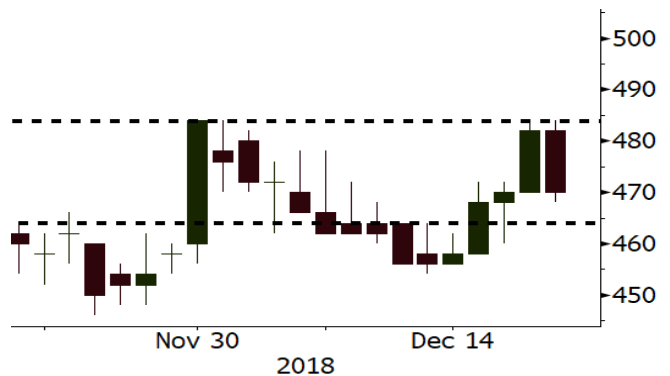
Source: Bloomberg

SIMP Last = 470

Analysis The B2 mandatory is expected to boost the demand for CPO; thus, the limited palm oil supply, underlined by the moratorium of oil palm plantation is capable of sending CPO's price higher in 2019.

Range 465 – 485

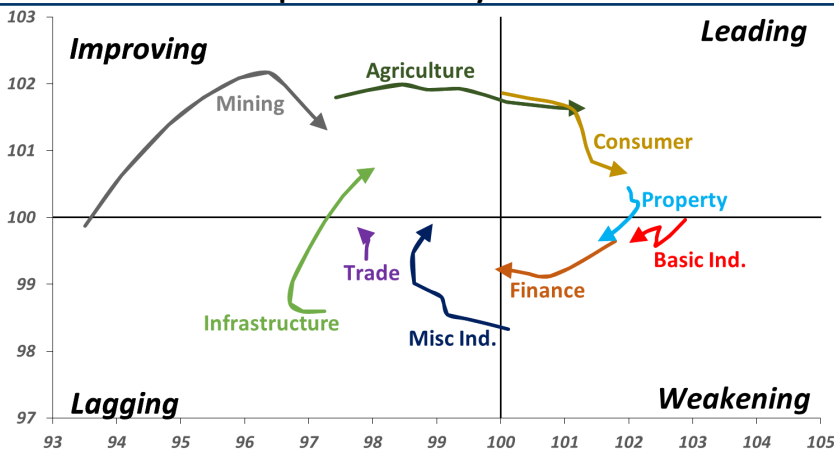
Action Trading buy. Cut Loss If Below 460



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	6,148	6,356				(0.6)	6,990.0							
Finance						6.0	2,170.3							
BBCA	25,575	21,900	28,825	Hold	12.7	21.2	630.6	25.3x	4.4x	18.4	1.0	7.5	10.0	1.0
BBRI	3,650	3,640	4,370	Buy	19.7	6.7	450.2	14.0x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,300	8,000	8,275	Hold	13.4	(4.3)	340.7	14.4x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,675	9,900	10,525	Buy	21.3	(11.9)	161.8	10.9x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,600	3,570	3,050	Buy	17.3	(25.9)	27.5	8.4x	1.2x	14.9	2.2	14.5	11.6	1.8
BJTM	695	710	810	Buy	16.5	-	10.4	8.6x	1.3x	15.3	6.3	2.8	4.5	0.7
Consumer						(7.9)	1,455.0							
HMSP	3,840	4,730	4,225	Hold	10.0	(16.5)	446.7	34.3x	14.2x	41.8	2.8	7.2	3.8	1.3
GGRM	82,600	83,800	88,650	Hold	7.3	2.0	158.9	19.6x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	45,250	55,900	49,700	Hold	9.8	(15.5)	345.3	38.0x	38.5x	118.0	2.0	1.0	39.7	1.0
ICBP	10,475	8,900	11,225	Hold	7.2	15.4	122.2	28.8x	5.9x	21.3	2.1	7.5	14.6	0.9
INDF	7,350	7,625	8,175	Hold	11.2	(3.3)	64.5	17.4x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,530	1,690	1,840	Buy	20.3	(7.0)	71.7	29.5x	5.1x	18.3	1.6	3.9	1.4	1.2
KAFF	2,670	2,700	2,890	Hold	8.2	3.1	14.8	41.2x	5.7x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.2)	728.92							
TLKM	3,740	4,399	4,700	Buy	25.7	(11.2)	370.5	20.1x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	2,010	2,960	3,930	Buy	95.5	(30.2)	21.5	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,745	4,800	6,750	Buy	286.8	(63.3)	9.5	N/A	0.8x	(11.5)	4.2	(25.7)	N/A	1.0
PGAS	2,090	1,750	2,600	Buy	24.4	21.9	50.7	13.3x	1.1x	8.2	1.5	12.9	122.8	1.4
JSMR	4,370	6,400	6,050	Buy	38.4	(30.6)	31.7	15.3x	2.0x	13.4	1.4	18.7	(6.9)	0.9
TBIG	3,590	6,425	6,050	Buy	68.5	(41.4)	16.3	7.7x	4.7x	82.6	4.7	6.5	(3.2)	0.7
INDY	1,755	3,060	5,000	Buy	184.9	(43.4)	9.1	1.7x	0.6x	43.7	9.2	213.9	37.8	0.7
Trade						(16.2)	679.8							
UNTR	28,825	35,400	39,550	Buy	37.2	(14.5)	107.5	9.9x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,350	6,350	4,650	Hold	6.9	(30.1)	17.5	23.4x	2.2x	19.3	5.1	25.3	(22.4)	1.2
SCMA	1,895	2,480	2,025	Hold	6.9	(22.0)	27.7	19.4x	6.1x	32.3	2.9	10.8	8.7	1.3
MNCN	705	1,285	875	Buy	24.1	(44.3)	10.1	7.2x	0.9x	14.2	2.1	2.8	(20.3)	1.0
LPPF	5,800	10,000	5,480	Hold	(5.5)	(46.7)	16.9	8.9x	6.8x	85.6	7.9	3.1	(0.6)	1.0
ACES	1,480	1,155	1,635	Hold	10.5	28.7	25.4	26.6x	6.6x	26.6	1.5	22.3	32.7	1.1
RALS	1,435	1,200	1,515	Hold	5.6	42.8	10.2	17.0x	2.6x	15.7	2.8	2.2	43.4	0.9
MAPI	785	620	945	Buy	20.4	24.6	13.0	22.5x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(8.0)	389.1							
BSDE	1,250	1,700	1,850	Buy	48.0	(25.8)	24.1	7.4x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	605	685	600	Hold	(0.8)	(6.2)	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	(16.9)	18.2	20.0x	1.3x	6.8	1.0	7.9	1.7	1.6
SMRA	810	945	960	Buy	18.5	(9.0)	11.7	26.1x	1.8x	6.9	0.6	0.7	75.0	1.5
WSKT	1,750	2,210	2,810	Buy	60.6	(20.8)	23.8	4.5x	1.4x	33.2	3.3	27.0	41.1	1.3
PTPP	1,905	2,640	3,850	Buy	102.1	(26.2)	11.8	8.8x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,700	1,550	2,150	Buy	26.5	7.6	15.2	11.0x	1.1x	11.0	1.6	32.3	26.0	1.0
ADHI	1,630	1,885	2,160	Buy	32.5	(14.7)	5.8	9.0x	1.0x	11.1	1.8	8.2	63.6	1.1
Misc Ind.						5.5	421.4							
ASII	8,475	8,300	8,925	Hold	5.3	4.6	343.1	15.8x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						27.0	655.4							
INTP	19,450	21,950	19,950	Hold	2.6	(3.7)	71.6	66.9x	3.2x	4.6	3.6	2.5	(56.1)	1.4
SMGR	11,475	9,900	13,500	Buy	17.6	17.1	68.1	25.8x	2.3x	9.0	1.2	4.4	43.1	1.2
CPIN	6,825	3,000	6,700	Hold	(1.8)	118.8	111.9	27.7x	6.1x	24.2	0.8	5.1	79.7	1.0
JPFA	2,180	1,300	3,250	Buy	49.1	67.7	25.6	13.8x	2.8x	20.2	4.6	16.8	104.2	0.7
MAIN	1,285	740	1,930	Buy	50.2	74.8	2.9	12.3x	1.5x	12.8	1.2	19.5	8200.0	1.3
KRAS	404	424	500	Buy	23.8	9.8	7.8	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,550	6,000	6,275	Hold	13.1	(0.9)	99.0	28.2x	3.8x	14.2	1.2	9.1	(34.2)	0.8
Mining						7.9	389.8							
ADRO	1,255	1,860	1,970	Buy	57.0	(32.9)	40.1	6.5x	0.8x	11.9	8.6	9.3	(16.0)	1.1
PTBA	4,270	2,460	5,375	Buy	25.9	67.5	49.2	7.8x	3.1x	42.1	7.5	20.7	49.7	1.0
ITMG	20,000	20,700	24,225	Buy	21.1	(1.5)	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	11.6	31.5	34.7x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	765	625	1,200	Buy	56.9	22.4	18.4	16.7x	1.0x	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	700	890	1,025	Buy	46.4	(18.6)	12.5	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	530	715	1,020	Buy	92.5	(28.9)	4.6	4.9x	1.4x	33.1	N/A	14.2	55.2	1.0
Agriculture						(1.1)	100.3							
AALI	12,650	13,150	16,925	Buy	33.8	(2.3)	24.3	14.1x	1.3x	9.5	3.4	9.1	(18.2)	0.6
LSIP	1,330	1,420	1,500	Hold	12.8	6.4	9.1	19.4x	1.1x	5.7	3.4	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

MNCN : Focuses More on Content Segment

MNCN will focus on the content segment in years ahead. Its focus relates to the video online searching local contents is on rise; therefore, MNCN will aggressively monetize its library contents and create certain contents for the third party. In the 2019 presidential election year, MNCN will target the growth of 5%-10% in revenues. (Bisnis Indonesia)

ERAA : Launches 157 Stores in 2018

ERAA has launched 157 new stores in 2018; the number is equal to 63% of the initial target of 250 new stores. In 2019, it projects to launch more new stores focused on the second and third tier cities. Additionally, it states that the performance growth within three years ahead is likely to be underpinned by the launch of new stores. (Bisnis Indonesia)

KRAS : Launches Iron Ore Factory Worth USD1 Billion

KRAS just launched an iron ore processing factory, equipped with the capacity of 1.2 million hot metal per year and the blast furnace technology. The construction of the factory has been started since 2013 and required the investment funds of USD1 billion. The factory is estimated to boost margin performance and save USD58 per ton. (Investor Daily)

TBIG : Will Perform Tender Offer of GHON's Stocks

TBIG stated to perform the tender offer of PT Gihon Telekomunikasi Indonesia Tbk (GHON) with the total stocks of 51.94 million stocks equal to 9.44% of the total subscribed capital and paid-up capital to GHON. The price offered of IDR1,350 per stock results in the total amount of tender offer to reach IDR70.12 billion. (Kontan)

Domestic & Global News

BI Holds Its Interest Rates Unchanged

Bank Indonesia (BI) maintained BI 7-day reverse repo rate at 6% on Tuesday, 12/20. It also maintained the interest rate of facility deposit at 5.25% and the interest rate of lending facility at 6.75%. BI is confident that the interest rate it set is in compliance with the commitment to narrowing current account deficits at the safe level. The commitment to leaving its interest rate unchanged aims to maintain investors' confidence in financial markets. BI also stated that its stance was a form of pre-emptive and ahead of the curve stance in formulating interest rates. (Kontan)

Bank of England Leaves Rates Unchanged

Bank of England (BOE) held interest rates steady, with the U.K.'s economic outlook highly uncertain less than 100 days before the country leaves the European Union. As widely expected the BOE's nine-member Monetary Policy Committee (MPC), led by Mark Carney, unanimously voted to leave interest rates unchanged at 0.75%. (CNBC)

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	1.90%	2.00%	1.0%
	USA	20:30	Initial Jobless Claims		214k	215k	206k
Friday 21 - Dec	JPN	06:30	Natl CPI YoY	Nov	0.80%	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%	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