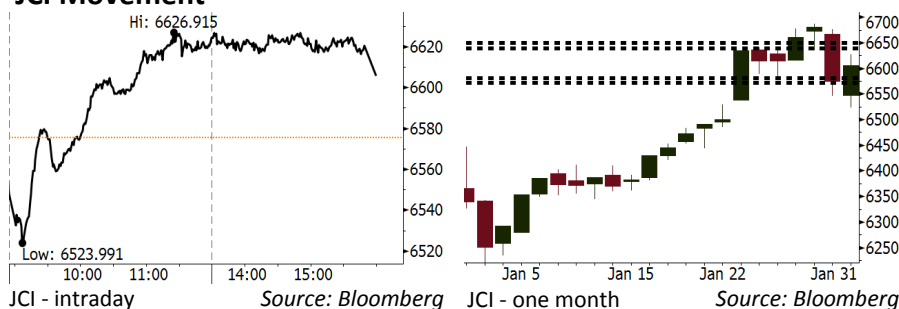


# Morning Brief

Daily | Feb 01, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Jan 31	6,605.63
Chg	+30.14pts (+0.46%)
Volume (bn shares)	131.53
Value (IDR tn)	10.72

Adv 205 Dec 154 Unc 222 Untr 109

## Foreign Transaction (IDR bn)

Buy	3,188
Sell	4,140
Net Buy (Sell)	(952)

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	125.8	BBRI	523.4
AALI	71.8	TLKM	137.1
PTBA	62.1	UNVR	74.5
BBNI	31.4	ASII	67.1
SMRA	24.9	BUMI	49.4

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PGAS	9.7%	ADRO	-3.9%
BMTR	6.4%	MYRX	-3.5%
BRPT	5.6%	LSIP	-1.9%
SCMA	4.3%	BUMI	-1.8%
SMGR	2.3%	HMSP	-1.8%

## Government Bond Yield & FX

Tenor	Last	Chg.
Tenor: 10 year	6.27%	-0.11%
USD/IDR	13,386	-0.36%
KRW/IDR	12.56	0.16%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,149.39	72.50	0.28%
S&P 500	2,823.81	1.38	0.05%
Nasdaq	7,411.48	9.00	0.12%
FTSE 100	7,533.55	(54.43)	-0.72%
CAC 40	5,481.93	8.15	0.15%
DAX	13,189.48	(8.23)	-0.06%
Nikkei	23,098.29	(193.68)	-0.83%
Hang Seng	32,887.27	279.98	0.86%
Shanghai	3,480.83	(7.18)	-0.21%
KOSPI	2,566.46	(1.28)	-0.05%
EIDO	29.79	0.27	0.91%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,345.1	6.6	0.49%
Crude Oil (USD /bbl)	64.73	0.23	0.36%
Coal Newcas(USD/ton)	98.00	(3.30)	-3.26%
Gas (USD /mmbtu)	3.00	(0.20)	-6.26%
Nickel LME (USD /MT)	13,600	250.0	1.87%
CPO (MYR/Ton)	2,492	(27.0)	-1.07%

## Indonesian Market Recap

JCI reined in the bullish mood yesterday amid investors' confidence amid the upbeat rupiah. **Top Gainers : Basic Industry (+2.12%), Trade (+1.00%), Property (+0.90%).**

## Today's Outlook: Subdued Jitters of the Fed

We estimate JCI to rally with the support range of 6572-6582 and resistance range of 6640-6650. Jitters of hawkish note addressed by Janet Yellen did not come into reality. In her last speech, Yellen supported to the hike in interest rate. However, her stance corresponded to the recent economic data. From domestic outlook, the inflation data is subject to observation considering the steep hike of inflation data in December 2017.

## Stocks Recommendation (details on the next page)

Trading Buy: ASII, ELSA, ITMG

## Global Market

### United States

The mood in the U.S. markets was upbeat last night amid FOMC meeting. Besides, the upbeat mood was underpinned by the release of performance.

### Europe

European markets moved mixed yesterday as investors' awaited the minutes of the Fed's meeting and the release of companies' financial performance.

### Asia

Asia markets closed lower yesterday as China's manufacture data of Januari is lower than estimate.

## Company News

TLKM : Beefs Up Digital Business through Hungary Based Company

SIDO : Targets 2018's Revenue to Hike 15%

INKP : Will Issue MTN of IDR750 Billion

MIKA : Targets the Growth of 16% in Revenue.

## Domestic & Global News

Bank Indonesia Has No Plan Yet to Implement Digital Currency

Fed Signals Cautious Optimism and Support for Higher Rates

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.06%	4.25%
FX Reserve (USD bn)	130.20	125.97	Current Acc (USD bn)	(4.34)	129.40
Trd Balance (USD bn)	(0.27)	0.13	Govt Spending Yoy	3.46%	1.72
Exports Yoy	6.93%	13.18%	FDI (USD bn)	7.86	19.24%
Imports Yoy	17.83%	19.62%	Business Confidence	112.39	8.89%
Inflation Yoy	3.61%	3.30%	Cons. Confidence*	126.40	122.10

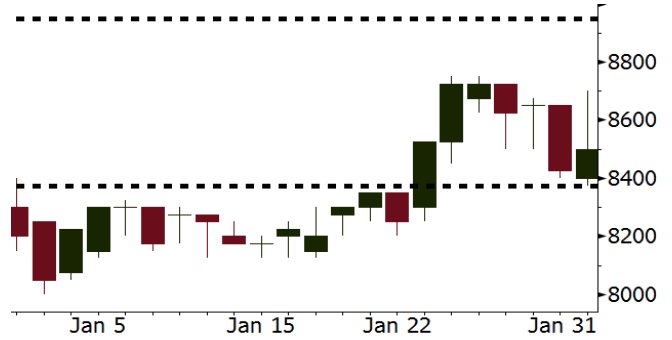
**ASII** Last = 8500

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**Analysis** The positive sentiment derives from Indonesia's PMI manufacture index edging up from 49.3 in December into 49.9 in January.

**Range** 8375 - 8950

**Action** Trading Buy. Cut Loss If Below 8375



Source: Bloomberg

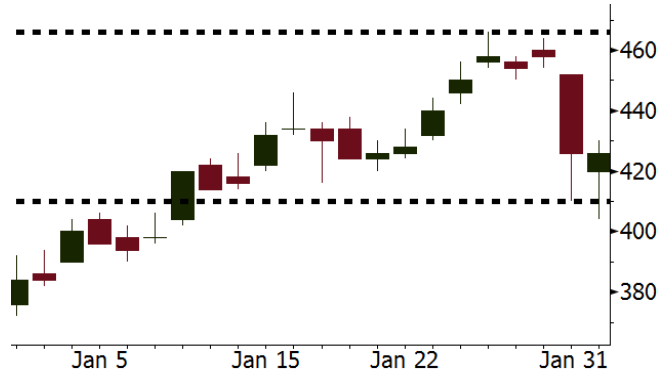
**ELSA** Last = 426

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**Analysis** The compliance level of OPEC production cut in January was 138%, up from 137% in December. This backdrop will offset the the U.S. crude stockpiles and maintain global oil price.

**Range** 410 - 466

**Action** Trading Buy. Cut Loss If Below 410



Source: Bloomberg

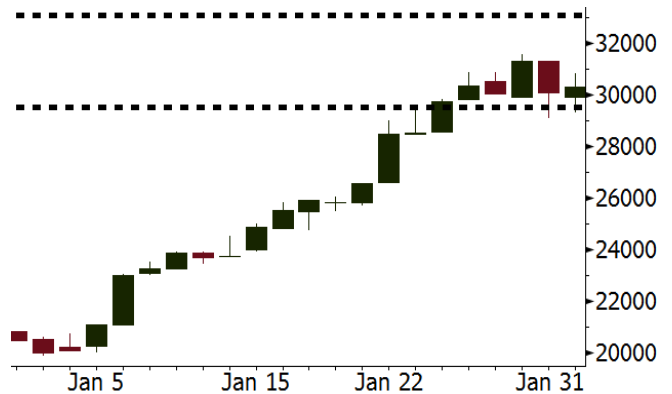
**ITMG** Last = 30300

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**Analysis** Four biggest power plants in China have addressed their emergency demand for thermal coal supply to the government.

**Range** 29500 - 33100

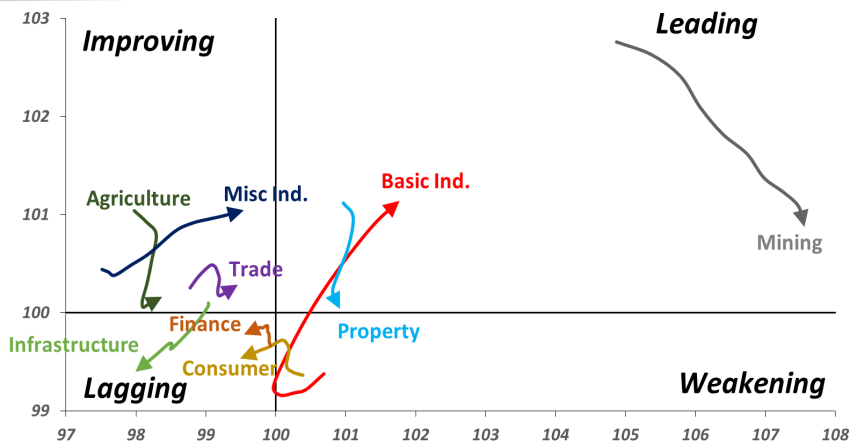
**Action** Trading buy. Cut Loss If Below 29500



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)	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
<b>JCI Index</b>						24.0	7,370.9						
<b>Finance</b>						44.5	2,178.9						
BBCA	22,725	21,900	24,100	Hold	6.1	47.3	560.3	25.1x	18.9	0.9	8.6	14.3	1.0
BBRI	3,700	3,640	4,580	Buy	23.8	54.8	456.4	15.6x	18.5	2.3	10.2	10.7	1.4
BMRI	8,150	8,000	8,150	Hold	-	48.5	380.3	22.6x	10.8	1.6	6.5	(32.1)	1.4
BBNI	9,400	9,900	9,550	Hold	1.6	58.0	175.3	12.9x	14.7	2.3	11.2	19.7	1.3
BDMN	7,150	6,950	6,000	Sell	(16.1)	73.1	68.5	21.5x	8.6	1.4	(7.9)	11.5	1.3
BBTN	3,660	3,570	3,300	Hold	(9.8)	93.7	38.8	12.9x	15.5	1.4	14.6	41.1	0.9
<b>Consumer</b>						22.6	1,611.8						
HMSP	4,900	4,730	5,000	Hold	2.0	26.9	570.0	43.9x	42.2	2.2	7.2	18.2	1.1
GGRM	81,050	83,800	97,825	Buy	20.7	29.3	155.9	20.8x	19.4	3.2	8.4	3.7	1.2
UNVR	54,400	55,900	63,000	Buy	15.8	31.8	415.1	60.4x	107.6	1.6	9.8	9.4	1.1
ICBP	8,725	8,900	10,200	Buy	16.9	3.6	101.8	26.7x	21.4	1.8	8.6	20.0	1.4
INDF	7,750	7,625	8,000	Hold	3.2	(2.2)	68.0	16.9x	14.1	3.0	4.2	52.7	1.1
KLBF	1,665	1,690	2,020	Buy	21.3	12.1	78.0	32.8x	19.8	1.3	8.3	14.7	1.2
KAEF	2,440	2,700	2,600	Hold	6.6	16.7	13.6	47.5x	12.3	0.4	19.6	2.3	1.2
<b>Infrastructure</b>						9.7	808.36						
TLKM	3,990	4,440	5,450	Buy	36.6	1.7	402.2	17.5x	25.9	4.9	13.5	24.4	1.2
EXCL	2,990	2,960	4,400	Buy	47.2	4.9	32.0	69.5x	2.1	N/A	(6.7)	N/A	0.9
ISAT	5,525	4,800	6,750	Buy	22.2	(12.6)	30.0	22.2x	9.9	1.3	9.0	N/A	0.6
JSMR	5,700	6,400	6,050	Hold	6.1	34.4	41.4	16.4x	19.1	1.4	69.2	28.7	0.9
TBIG	6,150	6,425	6,050	Hold	(1.6)	24.5	27.9	23.5x	76.3	2.4	8.5	(6.3)	0.7
<b>Trade</b>						11.1	788.3						
UNTR	38,900	35,400	39,425	Hold	1.3	74.4	145.1	19.3x	18.2	1.7	(7.7)	29.8	1.2
AKRA	6,225	6,350	8,025	Buy	28.9	(6.4)	24.9	26.4x	17.8	2.4	(23.0)	(3.0)	1.0
SCMA	2,690	2,480	3,250	Buy	20.8	(7.2)	39.3	27.3x	35.3	2.2	6.8	(1.5)	0.8
MNCN	1,525	1,285	1,500	Hold	(1.6)	(10.6)	21.8	18.4x	11.7	2.8	4.4	17.4	1.0
LPPF	11,125	10,000	16,225	Buy	45.8	(24.7)	32.5	16.9x	112.1	4.4	9.9	13.3	1.3
ACES	1,350	1,155	1,150	Hold	(14.8)	78.8	23.2	30.3x	24.8	1.2	4.1	20.8	0.9
RALS	1,170	1,200	1,200	Hold	2.6	(14.9)	8.3	18.9x	12.3	3.1	5.9	26.0	1.0
MPPA	484	452	450	Hold	(7.0)	(60.3)	2.6	N/A	(4.5)	N/A	(2.0)	(82.9)	1.7
<b>Property</b>						3.8	450.3						
BSDE	1,820	1,700	1,800	Hold	(1.1)	(0.8)	35.0	11.9x	13.8	0.3	5.0	(17.0)	1.2
PWON	710	685	760	Hold	7.0	25.7	34.2	19.2x	19.6	0.6	4.7	32.4	1.0
CTRA	1,360	1,185	1,440	Hold	5.9	3.0	25.2	25.3x	8.7	0.3	(10.3)	(19.2)	1.0
SMRA	1,120	945	1,160	Hold	3.6	(13.8)	16.2	43.2x	6.1	0.4	(4.0)	(63.6)	1.3
PPRO	192	189	215	Hold	12.0	(39.3)	12.0	12.6x	10.5	0.7	42.8	22.3	0.8
WSKT	2,830	2,210	2,810	Hold	(0.7)	10.5	38.4	10.5x	28.9	1.3	68.1	63.5	1.0
PTPP	3,130	2,640	4,770	Buy	52.4	(13.1)	19.4	15.3x	18.9	1.6	15.8	13.5	1.1
WIKA	2,080	1,550	2,150	Hold	3.4	(17.5)	18.7	12.8x	15.8	1.6	15.0	68.3	0.9
ADHI	2,230	1,885	2,160	Hold	(3.1)	7.7	7.9	19.7x	7.5	1.2	17.8	(65.8)	1.0
<b>Misc Ind.</b>						5.6	418.5						
ASII	8,500	8,300	9,300	Hold	9.4	5.6	344.1	19.0x	16.1	2.0	(1.7)	4.8	1.2
<b>Basic Ind.</b>						39.2	585.4						
INTP	21,800	21,950	21,575	Hold	(1.0)	42.5	80.3	37.7x	8.6	4.3	(13.7)	(11.2)	1.4
SMGR	11,150	9,900	11,550	Hold	3.6	23.5	66.1	21.7x	10.9	2.7	(3.0)	0.0	1.2
CPIN	3,450	3,000	4,160	Buy	20.6	9.5	56.6	33.6x	11.2	1.6	27.9	29.1	1.2
JPFA	1,460	1,300	1,740	Buy	19.2	(15.9)	16.7	13.7x	13.7	3.4	8.2	329.5	0.9
MAIN	710	740	780	Hold	9.9	(40.6)	1.6	26.8x	3.4	5.4	9.9	N/A	1.1
KRAS	515	424	500	Hold	(2.9)	(30.4)	10.0	N/A	(7.2)	N/A	1.7	47.9	1.1
TPIA	6,525	6,000	6,275	Hold	(3.8)	49.7	116.4	24.8x	24.8	1.9	40.1	1041.3	0.6
BRPT	2,640	2,260	2,420	Hold	(8.3)	195.8	36.9	23.9x	14.0	N/A	39.5	N/A	0.3
<b>Mining</b>						39.3	425.0						
ADRO	2,450	1,860	2,720	Hold	11.0	40.0	78.4	11.8x	15.3	2.4	(6.0)	119.3	1.1
PTBA	3,400	2,460	4,085	Buy	20.1	45.3	39.2	9.9x	32.2	1.7	2.4	1.2	1.3
ITMG	30,300	20,700	27,850	Hold	(8.1)	99.7	34.2	10.8x	25.1	8.1	(14.0)	100.0	0.8
INCO	3,750	2,890	3,550	Hold	(5.3)	46.5	37.3	N/A	(0.6)	N/A	(26.0)	N/A	1.4
ANTM	915	625	1,090	Buy	19.1	13.0	22.0	N/A	(1.7)	N/A	(13.5)	N/A	0.9
TINS	1,050	775	1,500	Buy	42.9	3.4	7.8	16.6x	8.0	1.0	1.4	171.3	1.0
<b>Agriculture</b>						(14.0)	104.4						
AALI	13,000	13,150	14,425	Hold	11.0	(18.8)	25.0	10.8x	13.4	4.0	8.1	203.2	0.6
LSIP	1,310	1,420	1,800	Buy	37.4	(16.8)	8.9	9.3x	12.5	2.7	(8.2)	(4.4)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **TLKM : Beefs Up Digital Business through Hungary Based Company**

PT Metranet, the subsidiary of TLKM, injected capital to Cellum Global Zrt. It signed the agreement of conditional capital injection of January 30, 2018. Based on the agreement, Metranet and Cellum agreed to finish mobile payment platform in Indonesia. (Kontan)

### **SIDO : Targets 2018's Revenue to Hike 15%**

SIDO targeted the growth of 15% in 2018's revenue. It will maximize its product distribution in eastern regions of Indonesia. Besides, it will maximize its product variation through the increment of factory capacity from 90 million herb package per month into 200 million herb package per month. (Kontan)

### **INKP : Will Issue MTN of IDR750 Billion**

INKP will issue medium term notes (MTN) II of IDR750 billion. The MTN has 2-year tenor with the coupon of 10.25%. The proceeds from MTN will be used by INKP as working capital, capex, and debt refinancing. (Kontan)

### **MIKA : Targets the Growth of 16% in Revenue.**

MIKA is optimistic that its revenue will grow 16% in 2018. Meanwhile, EBITDA is expected to edge up 10%. To accomplish the target, it allocates a number of expansion such as beefing up hospital to partner with Healthcare and Social Security Agency. (Kontan)

## Domestic & Global News

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### **Bank Indonesia Has No Plan Yet to Implement Digital Currency**

A plan to implement digital currency is still in preliminary assessment and no plan yet to run trial, Onny Widjanarko, head of payment system policy department at Bank Indonesia, tells reporters in Jakarta. Central bank seeks to complete assessment on digital currency in 2020. BI has begun collecting data for digital currency benchmarking since 2017. Central bank also reiterates ban in use of bitcoin for payment transactions and will continue to coordinate with agencies and ministries to supervise cryptocurrency. (Bloomberg)

### **Fed Signals Cautious Optimism and Support for Higher Rates**

Janet Yellen spent most of her four years as Federal Reserve chair as a dove but ended her term on a hawkish note, building the case for further interest-rate increases at her final policy meeting before handing over to Jerome Powell. While leaving rates unchanged, the U.S. central bank said "gains in employment, household spending and business fixed investment have been solid," in a statement on Wednesday that also upgraded the outlook for inflation, paving the way for a hike in March. (Bloomberg)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	USA	20:30	PCE Deflator YoY	Dec	1.70%	1.70%	1.80%
29 - Jan	USA	20:30	PCE Core YoY	Dec	1.50%	1.60%	1.50%
<b>Tuesday</b>	EU	17:00	GDP SA QoQ	4Q A	0.60%	0.60%	0.60%
30 - Jan	EU	17:00	GDP SA YoY	4Q A	2.70%	2.70%	2.60%
	EU	17:00	Consumer Confidence	Jan F	1.3	1.3	1.3
	GER	20:00	CPI YoY	Jan P	-0.70%	1.70%	1.70%
<b>Wednesday</b>	JPN	06:50	Industrial Production YoY	Dec P	1.6%	3.20%	3.60%
31 - Jan	CHN	08:00	Manufacturing PMI	Jan	51.3	51.5	51.6
	USA	20:15	ADP Employment Change	Jan	233.5k	190k	250k
<b>Thursday</b>	USA	02:00	FOMC Rate Decision (Upper Bound)	31-Jan	1.50%	1.50%	1.50%
01 - Feb	USA	02:00	FOMC Rate Decision (Lower Bound)	31-Jan	1.25%	1.25%	1.25%
	JPN	07:30	Nikkei Japan PMI Mfg	Jan F	--	--	54.4
	CHN	08:45	Caixin China PMI Mfg	Jan	51.5	51.5	51.5
	GER	15:55	Markit Germany Manufacturing PMI	Jan F	61.2	61.2	61.2
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan F	59.6	59.6	59.6
	UK	16:30	Markit UK PMI Manufacturing SA	Jan	56.5	56.3	56.3
	USA	21:45	Markit US Manufacturing PMI	Jan F	--	--	55.5
	USA	22:00	ISM Manufacturing	Jan	59	59	59.7
<b>Friday</b>	USA	20:30	Change in Nonfarm Payrolls	Jan	188k	188k	148k
02 - Feb	USA	20:30	Unemployment Rate	Jan	4.10%	4.10%	4.10%
	USA	20:30	Average Hourly Earnings YoY	Jan	2.70%	2.70%	2.50%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Tuesday</b>	Tentative	Money Supply M2 YoY	Dec	49.9	--	9.30%
31 - Jan	Tentative	Money Supply M1 YoY	Dec	--	--	13.10%
<b>Friday</b>	07:30	Nikkei Indonesia PMI Mfg	Jan	--	--	49.3
01 - Feb	10:00	CPI Core YoY	Jan	--	--	2.95%
	10:00	CPI YoY	Jan	--	--	3.61%
	11:00	CPI NSA MoM	Jan	--	--	0.71%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Cum Rights Offering Date	ESSA (3 per 10, subscription price IDR150)
29 - Jan		
<b>Tuesday</b>	Annual Shareholders Meeting	MDIA, VIVA
30 - Jan	Extraordinary Shareholders Meeting	PBSA, SDMU
<b>Wednesday</b>	Extraordinary Shareholder Meeting	SIDO, TOBA
31 - Jan		
<b>Thursday</b>	Extraordinary Shareholder Meeting	CTBN, HERO
01 - Feb		FISH, TRUS
<b>Friday</b>	Annual Shareholder Meeting	MCOR
02 - Feb	Earning Release	EXCL (Estimate EPS: IDR40.4)

Source: Bloomberg

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