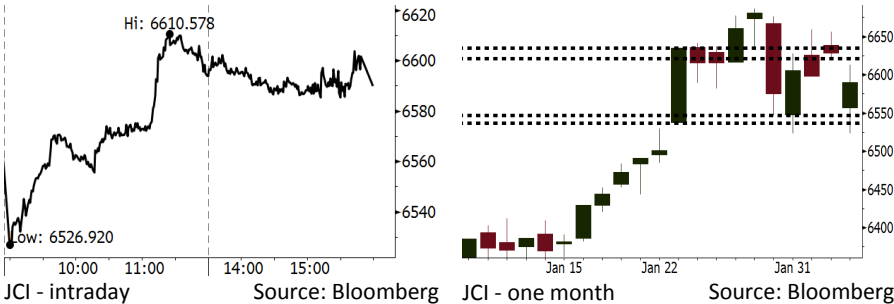


# Morning Brief

Daily | Feb 06, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Feb 05	6,589.68
Chg	-39.15pts (-0.59%)
Volume (bn shares)	108.20
Value (IDR tn)	7.10
<b>Adv 118 Dec 259 Unc 204 Untr 117</b>	

## Foreign Transaction (IDR bn)

Buy	2,578
Sell	3,357
Net Buy (Sell)	(778)

## Top Buy NB Val. Top Sell NS Val.

INKP	20.7	BBCA	135.7
PTBA	17.3	ASII	86.0
ADRO	13.3	BBNI	80.9
INDY	13.0	UNVR	58.3
WSKT	12.6	BMRI	48.8

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
ADRO	2.0%	TRAM	-6.7%
HMSP	1.9%	BMTR	-4.8%
BBRI	1.1%	ANTM	-3.9%
SCMA	0.7%	INCO	-3.4%
INDF	0.3%	LPPF	-3.2%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.37%	0.10%
USD/IDR	13,520	0.51%
KRW/IDR	12.41	0.00%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,345.75	(1175.21)	-4.60%
S&P 500	2,648.94	(113.19)	-4.10%
Nasdaq	6,967.53	(273.42)	-3.78%
FTSE 100	7,334.98	(108.45)	-1.46%
CAC 40	5,285.83	(79.15)	-1.48%
DAX	12,687.49	(97.67)	-0.76%
Nikkei	22,682.08	(592.45)	-2.55%
Hang Seng	32,245.22	(356.56)	-1.09%
Shanghai	3,487.50	25.42	0.73%
KOSPI	2,491.75	(33.64)	-1.33%
EIDO	28.51	(0.67)	-2.30%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,339.7	6.3	0.47%
Crude Oil (USD /bbl)	64.15	(1.30)	-1.99%
Coal Newcas(USD/ton)	100.55	0.15	0.15%
Gas (USD /mmbtu)	2.75	(0.10)	-3.48%
Nickel LME (USD /MT)	13,745	310.0	2.31%
CPO (MYR/Ton)	2,489	22.0	0.89%

## Indonesian Market Recap

JCI pared loss yesterday amid the massive pressure from global markets, yet the release of GDP growth curbed the loss. **Top Losers : Misc (-1.86%), Basic Industry (-1.84%), Property (-1.46%).**

## Today's Outlook: The Change in U.S. Monetary Expectancy

We estimate JCI to lower with the support range of 6537-6547 and resistance range of 6621-6635. The bearish U.S. markets marked by Down Jones decline of 4.7%, one day dramatic tumbling since 2011 constitutes as a negative sentiment. The global market currently changes its point of view over the hike of Fed's rate as the topping-estimate U.S. economic data opens the possibility of 3x rates hike.

## Stocks Recommendation (details on the next page)

Trading Buy: INCO, TINS, LSIP

## Global Market

### United States

The U.S. markets were bearish yesterday after the U.S. PMI Service data snapped into a hike of 59.9 higher than the expectancy of 56.5%.

### Europe

European markets were bearish yesterday amid the jitters coming from the U.S. markets.

### Asia

Asia markets were bearish yesterday as it followed the dramatic decline in the U.S. markets due to the topping estimate job data.

## Company News

ISAT: Allocates Capex to Strengthen Network Capacity

MAPI: Targets 2018's Revenue Growth of 15%

MDIA: Adds Two Tower

WINS: Issues 400 Million of New Shares

## Domestic & Global News

Indonesia's Economy Improves Slightly as Exports Pick Up

U.S. Services Sector activity jumps to 12-1/2-year high

## 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	3.25%	3.61%	Cons. Confidence*	126.40	122.10

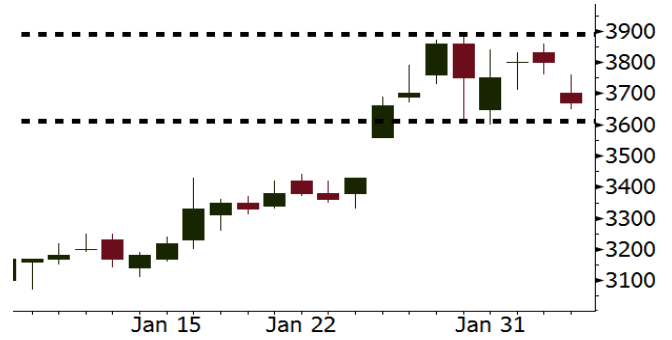
**INCO** Last = 3670

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**Analysis** Nickel price was in rebound range yesterday after suffering from dramatic plummeting. China's January PMI Caixin data of 53.7, the highest level since 2015 spurred the nickel price.

**Range** 3610 - 3890

**Action** Trading Buy. Cut Loss If Below 3610



Source: Bloomberg

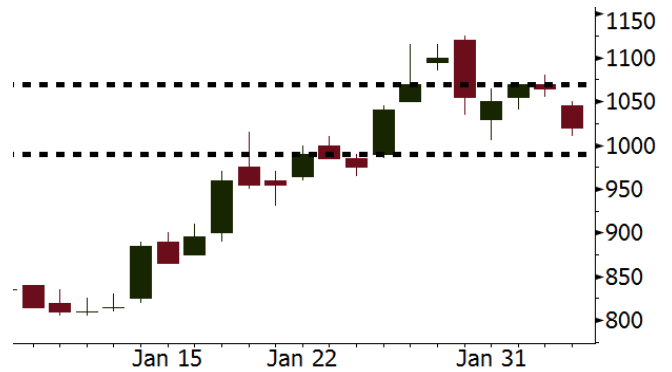
**TINS** Last = 1020

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**Analysis** Global tin price nudged up 1.81% yesterday as the LME tin inventory data declined by 130 tons into 1,800 tons.

**Range** 990 - 1070

**Action** Trading Buy. Cut Loss If Below 990



Source: Bloomberg

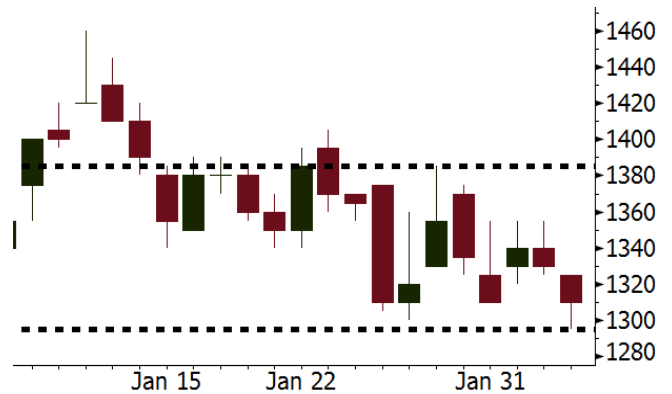
**LSIP** Last = 1310

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**Analysis** CPO price beefed up 0.9% into MYR2,489 per ton underpinned by the sluggish ringgit and strong demand from India.

**Range** 1295 - 1385

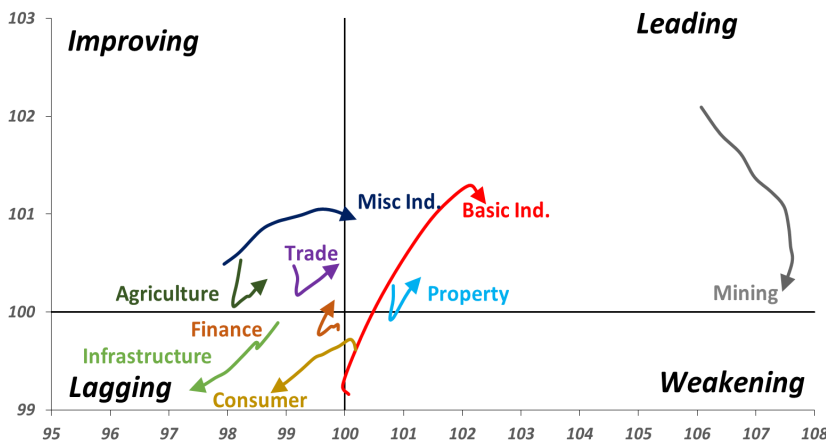
**Action** Trading buy. Cut Loss If Below 1295



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
<b>JCI Index</b>						23.7	7,397.7							
<b>Finance</b>						46.0	2,209.4							
BBCA	23,975	21,900	24,100	Hold	0.5	54.9	591.1	26.5x	4.6x	18.9	0.9	8.6	14.3	0.9
BBRI	3,740	3,640	4,580	Buy	22.5	55.8	461.3	15.8x	2.7x	18.5	2.3	10.2	10.7	1.4
BMRI	8,125	8,000	8,150	Hold	0.3	46.7	379.2	22.5x	2.4x	10.8	1.6	6.5	(32.1)	1.4
BBNI	9,300	9,900	9,550	Hold	2.7	55.6	173.4	12.7x	1.8x	14.7	2.3	11.2	19.7	1.3
BDMN	6,925	6,950	6,000	Hold	(13.4)	61.0	66.4	20.8x	1.7x	8.6	1.4	(7.9)	11.5	1.3
BBTN	3,670	3,570	3,300	Hold	(10.1)	94.2	38.9	12.9x	1.9x	15.5	1.3	14.6	41.1	0.9
<b>Consumer</b>						21.3	1,608.2							
HMSP	4,800	4,730	5,000	Hold	4.2	22.8	558.3	43.0x	18.0x	42.2	2.2	7.2	18.2	1.1
GGRM	81,500	83,800	97,825	Buy	20.0	31.9	156.8	20.9x	3.9x	19.4	3.2	8.4	3.7	1.2
UNVR	55,025	55,900	63,000	Hold	14.5	31.0	419.8	61.1x	65.4x	107.6	1.6	9.8	9.4	1.1
ICBP	8,800	8,900	10,200	Buy	15.9	4.1	102.6	26.9x	5.4x	21.4	1.8	8.6	20.0	1.4
INDF	7,775	7,625	8,000	Hold	2.9	(1.3)	68.3	16.9x	2.2x	14.1	3.0	4.2	52.7	1.1
KLBF	1,660	1,690	2,020	Buy	21.7	12.9	77.8	32.7x	6.1x	19.8	1.3	8.3	14.7	1.2
KAEF	2,640	2,700	3,280	Buy	24.2	21.1	14.7	51.3x	6.2x	12.3	0.4	19.6	2.3	1.2
<b>Infrastructure</b>						9.2	806.32							
TLKM	4,000	4,440	5,450	Buy	36.3	1.7	403.2	17.6x	4.4x	25.9	4.9	13.5	24.4	1.2
EXCL	3,000	2,960	4,400	Buy	46.7	3.4	32.1	86.3x	1.5x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,650	4,800	6,750	Buy	19.5	(11.4)	30.7	22.7x	2.2x	9.9	1.3	9.0	N/A	0.6
JSMR	5,600	6,400	6,050	Hold	8.0	31.5	40.6	16.1x	2.8x	19.1	1.4	69.2	28.7	0.9
TBIG	6,100	6,425	6,050	Hold	(0.8)	19.0	27.6	23.3x	16.2x	76.3	2.5	8.5	(6.3)	0.7
<b>Trade</b>						10.2	791.9							
UNTR	39,200	35,400	39,425	Hold	0.6	70.4	146.2	19.5x	3.3x	18.2	1.7	(7.7)	29.8	1.2
AKRA	5,825	6,350	8,025	Buy	37.8	(15.9)	23.3	24.7x	3.2x	17.8	2.6	(23.0)	(3.0)	1.0
SCMA	2,810	2,480	3,250	Buy	15.7	(4.7)	41.1	28.5x	9.7x	35.3	2.1	6.8	(1.5)	0.7
MNCN	1,595	1,285	1,500	Hold	(6.0)	(6.2)	22.8	19.3x	2.4x	11.7	2.6	4.4	17.4	1.0
LPPF	10,850	10,000	16,225	Buy	49.5	(28.3)	31.7	16.5x	16.3x	112.1	4.5	9.9	13.3	1.3
ACES	1,350	1,155	1,150	Hold	(14.8)	77.6	23.2	30.3x	7.0x	24.8	1.2	4.1	20.8	0.9
RALS	1,220	1,200	1,200	Hold	(1.6)	(16.4)	8.7	19.8x	2.4x	12.3	3.0	5.9	26.0	1.0
MPPA	486	452	450	Hold	(7.4)	(65.5)	2.6	N/A	1.2x	(4.5)	N/A	(2.0)	(82.9)	1.7
<b>Property</b>						3.0	452.7							
BSDE	1,885	1,700	1,800	Hold	(4.5)	(0.5)	36.3	12.3x	1.6x	13.8	0.3	5.0	(17.0)	1.2
PWON	685	685	760	Hold	10.9	19.1	33.0	18.5x	3.3x	19.6	0.7	4.7	32.4	1.0
CTRA	1,380	1,185	1,440	Hold	4.3	-	25.6	25.7x	2.0x	8.7	0.3	(10.3)	(19.2)	0.9
SMRA	1,205	945	1,160	Hold	(3.7)	(8.7)	17.4	46.5x	2.8x	6.1	0.4	(4.0)	(63.6)	1.2
PPRO	196	189	215	Hold	9.7	(37.7)	12.2	12.8x	2.7x	10.5	0.7	42.8	22.3	0.8
WSKT	2,810	2,210	2,810	Hold	-	8.9	38.1	10.4x	3.0x	28.9	1.3	68.1	63.5	1.0
PTPP	3,180	2,640	4,770	Buy	50.0	(14.3)	19.7	15.6x	1.9x	18.9	1.6	15.8	13.5	1.1
WIKA	2,020	1,550	2,150	Hold	6.4	(18.9)	18.1	12.4x	1.5x	15.8	1.7	15.0	68.3	1.0
ADHI	2,260	1,885	2,160	Hold	(4.4)	7.6	8.0	20.0x	1.5x	7.5	1.2	17.8	(65.8)	1.0
<b>Misc Ind.</b>						7.2	427.2							
ASII	8,700	8,300	9,300	Hold	6.9	7.4	352.2	19.5x	3.0x	16.1	1.9	(1.7)	4.8	1.2
<b>Basic Ind.</b>						35.0	572.3							
INTP	21,175	21,950	21,575	Hold	1.9	37.7	78.0	36.6x	3.2x	8.6	4.4	(13.7)	(11.2)	1.4
SMGR	10,700	9,900	11,550	Hold	7.9	16.3	63.5	20.8x	2.2x	10.9	2.8	(3.0)	0.0	1.2
CPIN	3,370	3,000	4,160	Buy	23.4	4.3	55.3	32.8x	3.6x	11.2	1.7	27.9	29.1	1.2
JPFA	1,540	1,300	1,740	Hold	13.0	(9.9)	17.6	14.4x	2.0x	13.7	3.2	8.2	329.5	0.8
MAIN	715	740	780	Hold	9.1	(39.7)	1.6	27.0x	0.9x	3.4	5.3	9.9	N/A	1.1
KRAS	510	424	500	Hold	(2.0)	(31.1)	9.9	N/A	0.4x	(7.2)	N/A	1.7	47.9	1.1
TPIA	6,500	6,000	6,275	Hold	(3.5)	47.0	115.9	24.5x	5.3x	24.8	1.9	40.1	1041.3	0.6
BRPT	2,600	2,260	2,420	Hold	(6.9)	181.1	36.3	23.4x	2.6x	14.0	N/A	39.5	N/A	0.3
<b>Mining</b>						38.6	425.2							
ADRO	2,470	1,860	2,720	Hold	10.1	43.6	79.0	11.8x	1.7x	15.3	2.4	(6.0)	119.3	1.1
PTBA	3,300	2,460	4,085	Buy	23.8	40.4	38.0	9.6x	2.7x	32.2	1.7	2.4	1.2	1.3
ITMG	29,600	20,700	31,350	Hold	5.9	87.3	33.4	10.4x	2.5x	25.1	8.3	(14.0)	100.0	0.8
INCO	3,800	2,890	3,550	Hold	(6.6)	37.2	37.8	N/A	1.5x	(0.6)	N/A	(26.0)	N/A	1.4
ANTM	905	625	1,090	Buy	20.4	9.0	21.7	N/A	1.2x	(1.7)	N/A	(13.5)	N/A	0.9
TINS	1,065	775	1,500	Buy	40.8	(3.2)	7.9	16.9x	1.4x	8.0	1.0	1.4	171.3	1.0
<b>Agriculture</b>						(13.7)	104.5							
AALI	13,000	13,150	14,425	Hold	11.0	(18.8)	25.0	10.8x	1.4x	13.4	4.0	8.1	203.2	0.6
LSIP	1,330	1,420	1,800	Buy	35.3	(15.6)	9.1	9.4x	1.1x	12.5	2.6	(8.2)	(4.4)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ISAT: Allocates Capex to Strengthen Network Capacity**

ISAT allocated 30% of 2018's capital expenditure for the strengthening of company's LTE network capacity in five provinces outside Java Island. It allocated the capital expenditure reached IDR7 trillion. In the long term, it closes no development opportunity in big cities located in other provinces. (Bisnis Indonesia)

### **MAPI: Targets 2018's Revenue Growth of 15%**

MAPI projects 2018 revenue growth to hit 14%-15% along with the hike in consumers' spending. It stated that the target of 2018 revenue growth is 14%-15% or equal to IDR18 trillion. It is optimistic that the target can be achieved along with the projection of 2018's higher economic growth. (Bisnis Indonesia)

### **MDIA: Adds Two Tower**

MDIA plans to construct two transmitter towers in 2018 with a view to strengthening its network coverage signal. It allocated 2018 capex of IDR100 billion in order to build transmitter towers and rejuvenate technology. (Bisnis Indonesia)

### **WINS: Issues 400 Million of New Shares**

WINS issued 400 million of new shares with par value of IDR100 per share. The new share issuance aims at strengthening company capital structure. The GM approved the issuance of 400 million of new shares with the par value of IDR100 per share and exercise price of IDR258.48 for 2-year execution period. (Bisnis Indonesia)

## Domestic & Global News

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### **Indonesia's Economy Improves Slightly as Exports Pick Up**

Indonesia's economy grew slightly better than expected last quarter, supported by a pick-up in exports while consumer spending continued to disappoint. Gross domestic product rose 5.2 percent in the fourth quarter from a year earlier. The median estimate of 17 economists surveyed by Bloomberg was 5.1 percent. Despite an aggressive run of monetary policy easing, consumer spending growth was little changed at about 5 percent last quarter. And while the economy's expansion was the fastest since 2016, risks are rising, including higher interest rates in the U.S., which could worsen financial market volatility. (Bloomberg)

### **U.S. Services Sector activity jumps to 12-1/2-year high**

U.S. services sector activity raced to a near 12-1/2-year high in January, buoyed by robust growth in new orders, the latest sign of strong momentum in the economy at the start of the year. Economic growth is showing strength even before the stimulus from a \$1.5 trillion tax cut package, which came into effect last month, has started to filter through. That is causing concern that the economy could overheat. (Street Insider)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	EU	17:00	Retail Sales MoM	Dec	-1.10%	-1.00%	1.50%
05 - Feb	EU	17:00	Retail Sales YoY	Dec	1.90%	1.80%	2.80%
<b>Tuesday</b>	GER	14:00	Factory Orders MoM	Dec		0.50%	-0.40%
06 - Feb	USA	20:30	Trade Balance	Dec		-\$52.1b	-\$50.5b
<b>Wednesday</b>	GER	14:00	Industrial Production SA MoM	Dec		-0.60%	3.40%
07 - Feb							
<b>Thursday</b>	CHN	Tentative	Trade Balance	Jan		\$54.70b	\$54.69b
08 - Feb	CHN	Tentative	Imports YoY	Jan		11.20%	4.50%
	CHN	Tentative	Exports YoY	Jan		11.30%	10.90%
	JPN	06:50	BoP Current Account Balance	Dec		¥1059.0b	¥1347.3b
	UK	19:00	Bank of England Bank Rate	8-Feb		0.50%	0.50%
	USA	20:30	Initial Jobless Claims	3-Feb		--	230k
<b>Friday</b>	CHN	08:30	PPI YoY	Jan		4.20%	4.90%
09 - Feb	CHN	08:30	CPI YoY	Jan		1.50%	1.80%
	UK	16:30	Industrial Production MoM	Dec		-0.90%	0.40%
	UK	16:30	Manufacturing Production MoM	Dec		0.30%	0.40%
	USA	22:00	Wholesale Inventories MoM	Dec F		0.20%	0.20%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	Tentative	GDP QoQ	Dec		-1.67%	3.18%
05 - Feb	Tentative	GDP YoY	Dec		5.12%	5.06%
	Tentative	GDP Annual YoY	Jan		5.07%	5.02%
	Tentative	Consumer Confidence Index	Jan		--	126.4
<b>Wednesday</b>	Tentative	Net Foreign Assets IDR	Jan		--	1727.9t
07 - Feb	Tentative	Foreign Reserves	Jan		--	\$130.20b
<b>Friday</b>	Tentative	BoP Current Account Balance	4Q			-\$4337m
09 - Feb						

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholders Meeting	MDIA, VIVA
05 - Feb	Rights Listing Date	ESSA
<b>Tuesday</b>	Extraordinary Shareholders Meeting	TMPO
06 - Feb		
<b>Wednesday</b>	Extraordinary Shareholder Meeting	MDRN, PADI
07 - Feb		

Source: Bloomberg

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