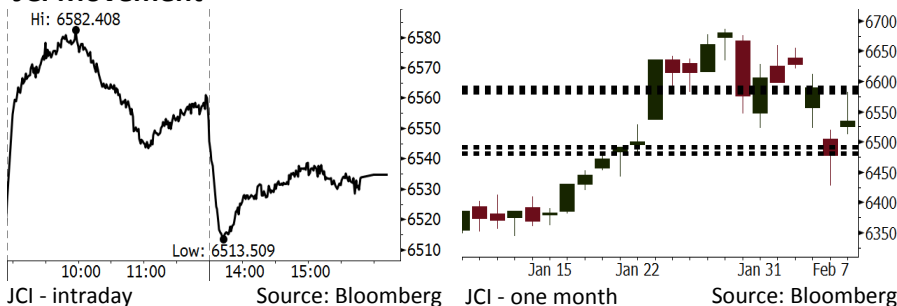


Morning Brief

Daily | Feb 08, 2018

JCI Movement



IHSG (Jakarta Composite Index)

Feb 07	6,534.87
Chg	+56.33pts (+0.87%)
Volume (bn shares)	143.08
Value (IDR tn)	9.03

Adv 235 Dec 128 Unc 218 Untr 115

Foreign Transaction (IDR bn)

Buy	2,589
Sell	3,058
Net Buy (Sell)	(469)

Top Buy	NB Val.	Top Sell	NS Val.
MAPI	13.2	BBRI	22.2
TLKM	12.7	SRIL	20.6
INCO	12.6	ASII	18.8
INTP	10.7	BMRI	15.3
KLBF	9.7	PTPP	8.8

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BBNI	5.2%	SRIL	-3.4%
LPPF	4.0%	TPIA	-2.9%
INCO	3.9%	BJBR	-2.6%
INDF	3.6%	AKRA	-1.3%
INTP	3.1%	BUMI	-1.3%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.37%	-0.01%
USD/IDR	13,555	0.11%
KRW/IDR	12.52	0.28%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,893.35	(19.42)	-0.08%
S&P 500	2,681.66	(13.48)	-0.50%
Nasdaq	7,051.98	(63.90)	-0.90%
FTSE 100	7,279.42	138.02	1.93%
CAC 40	5,255.90	94.09	1.82%
DAX	12,590.43	197.77	1.60%
Nikkei	21,645.37	35.13	0.16%
Hang Seng	30,323.20	(272.22)	-0.89%
Shanghai	3,309.26	(61.39)	-1.82%
KOSPI	2,396.56	(56.75)	-2.31%
EIDO	28.91	(0.53)	-1.80%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,318.4	(5.8)	-0.44%
Crude Oil (USD /bbl)	61.79	(1.60)	-2.52%
Coal Newcas(USD/ton)	92.45	(0.50)	-0.54%
Gas (USD /mmbtu)	2.70	(0.06)	-2.07%
Nickel LME (USD /MT)	13,175	(210.0)	-1.57%
CPO (MYR/Ton)	2,485	15.0	0.61%

Indonesian Market Recap

JCI rallied yesterday amid the rebound in the global markets. Investors also awaited the release of January's forex reserve data. **Top Gainers: Consumer (+1.32%), Trade (+1.21%), Property (+1.06%).**

Today's Outlook: China's Trade Balance

Today we estimate JCI to rally with the **support range of 6481-6492 and resistance range of 6582-6589**. Although the pressure of surging government yield bond brings about the U.S. markets to bearish last night. We estimate that it has no significant impact as the hike in yield is spurred by the enfeebled demand for government bond instead of monetary sentiment. On the other flip side, investors need to keep their eyes on the release of China's trade balance in which China's import is estimated to hike by 11.3% in January.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, KLBF, ADRO

Global Market

United States

The U.S. closed lower last night after volatile move. The hike in government bond yield pose headwind to markets.

Europe

European markets were bullish yesterday amid the resurgent global markets after a raft of bearish range.

Asia

Asia markets nudged up yesterday, albeit the significant hike in initial trade. Investors is still observing global volatility.

Company News

- BBCA : Allocates IDR4.5 Trillion for Bank Acquisition
- SRIL : Targets Acquisition Plan to Be Settled in February
- MCAS : Targets Increment of 4,000 Stores
- CLEO : Targets Hike of 66% in Sales

Domestic & Global News

- Indonesia's January Foreign Reserves Rise to \$131.98 Billion
- Mitch McConnell says Senate leaders have reached a major budget deal

Indonesia Economic Data

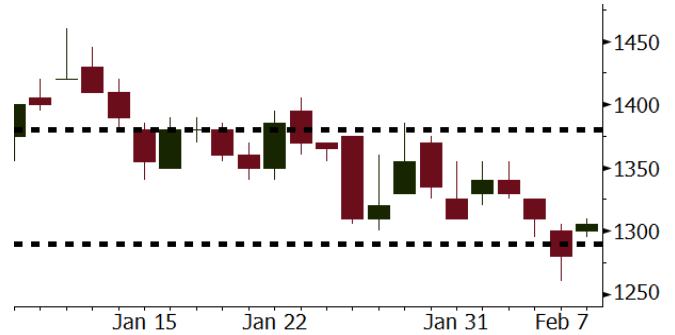
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.19%	5.06%
FX Reserve (USD bn)	130.20	125.97	Current Acc (USD bn)	(4.34)	129.40
Trd Balance (USD bn)	(0.27)	0.13	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	6.93%	13.18%	FDI (USD bn)	7.86	19.24%
Imports Yoy	17.83%	19.62%	Business Confidence	111.02	112.39
Inflation Yoy	3.25%	3.61%	Cons. Confidence*	126.10	126.40

LSIP Last = 1305

Analysis CPO price nudged up 0.6% after prior hike of 1.6%. The hike in price was boosted by the hike in price of soybean oil, the alternative product of CPO.

Range 1290 – 1380

Action Trading Buy. Cut Loss If Below 1290



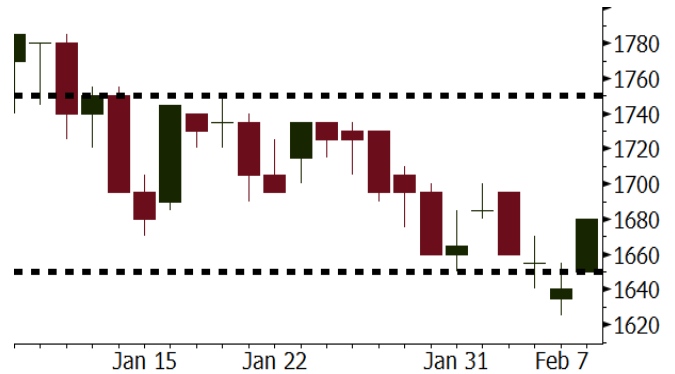
Source: Bloomberg

KLBF Last = 1680

Analysis KLBF has robust revenue diversification source. The diversification is continuously maintained along with the updated launch of Laboratory clinic and export to Sri Lanka and Middle East.

Range 1650 – 1750

Action Trading Buy. Cut Loss If Below 1650



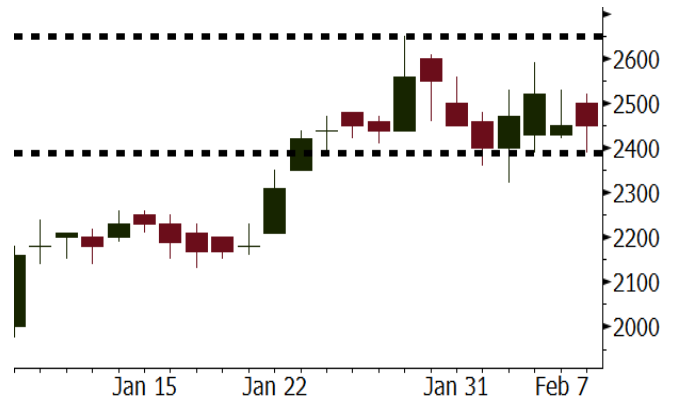
Source: Bloomberg

ADRO Last = 2450

Analysis The expectancy of hike of 11.3% in China import data showed the robust demand for coal commodity ahead of Lunar New Year celebration.

Range 2390 - 2650

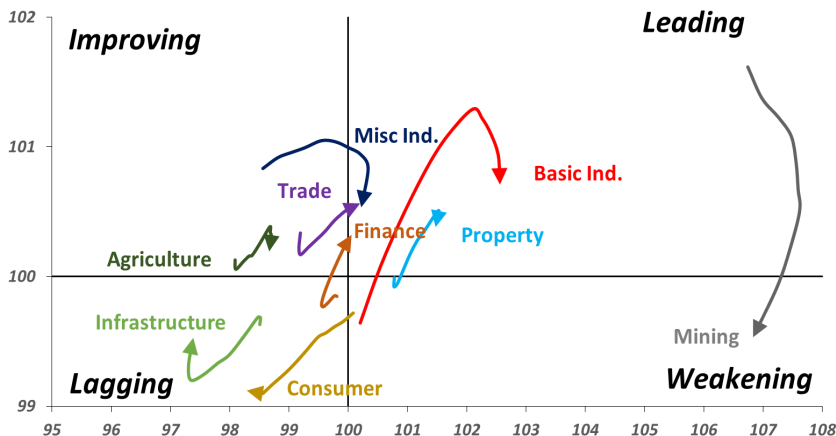
Action Trading buy. Cut Loss If Below 2390



Source: Bloomberg

Sector Rotation

Relative Rotation Graph - Last 10 Days



Source: Bloomberg

Relative Valuation

	Last Price	End of Last Year Price	Target Price*	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					21.9	7,292.9							
Finance					43.4	2,184.5							
BBCA	23,500	21,900	24,100	2.6	50.6	579.4	26.0x	4.6x	18.9	0.9	8.6	14.3	1.0
BBRI	3,700	3,640	4,700	27.0	54.8	456.4	15.6x	2.7x	18.5	2.3	10.2	10.7	1.3
BMRI	8,125	8,000	8,150	0.3	44.8	379.2	18.4x	2.3x	13.0	1.6	6.0	49.5	1.4
BBNI	9,550	9,900	9,550	-	55.9	178.1	13.1x	1.8x	14.7	2.2	11.2	19.7	1.3
BBTN	3,600	3,570	3,300	(8.3)	89.5	38.1	12.7x	1.9x	15.5	1.4	14.6	41.1	0.9
BJTM	750	710	810	8.0	28.2	11.2	9.7x	1.4x	15.4	5.8	0.6	12.5	1.3
Consumer					21.9	1,619.6							
HMSP	4,930	4,730	5,000	1.4	25.4	573.4	44.2x	18.5x	42.2	2.2	7.2	18.2	1.1
GGRM	83,250	83,800	97,825	17.5	33.0	160.2	21.4x	4.0x	19.4	3.1	8.4	3.7	1.3
UNVR	54,675	55,900	63,000	15.2	31.0	417.2	60.7x	64.9x	107.6	1.6	9.8	9.4	1.1
ICBP	8,825	8,900	10,200	15.6	3.8	102.9	27.0x	5.4x	21.4	1.7	8.6	20.0	1.4
INDF	7,925	7,625	8,000	0.9	(0.3)	69.6	17.2x	2.3x	14.1	3.0	4.2	52.7	1.1
KLBF	1,680	1,690	2,020	20.2	13.9	78.8	33.1x	6.2x	19.8	1.3	8.3	14.7	1.2
KAEF	2,440	2,700	3,280	34.4	16.7	13.6	47.5x	5.7x	12.3	0.4	19.6	2.3	1.2
Infrastructure					8.6	797.33							
TLKM	3,980	4,440	5,450	36.9	3.3	401.2	17.5x	4.3x	25.9	4.9	13.5	24.4	1.1
EXCL	2,960	2,960	4,400	48.6	(3.6)	31.6	85.2x	1.5x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,450	4,800	6,750	23.9	(16.2)	29.6	21.9x	2.1x	9.9	1.3	9.0	N/A	0.6
JSMR	5,675	6,400	6,050	6.6	29.6	41.2	16.3x	2.8x	19.1	1.4	69.2	28.7	1.0
TBIG	5,900	6,425	6,050	2.5	12.9	26.7	22.6x	15.6x	76.3	2.5	8.5	(6.3)	0.7
INDY	4,290	3,060	5,050	17.7	483.7	22.4	55.2x	2.5x	4.6	N/A	(29.4)	(51.2)	0.9
Trade					9.3	776.2							
UNTR	38,500	35,400	39,425	2.4	67.4	143.6	19.1x	3.3x	18.2	1.8	(7.7)	29.8	1.2
AKRA	5,550	6,350	8,025	44.6	(16.5)	22.2	23.6x	3.0x	17.8	2.7	(23.0)	(3.0)	0.9
SCMA	2,800	2,480	3,250	16.1	(4.4)	40.9	28.4x	9.6x	35.3	2.1	6.8	(1.5)	0.7
MNCN	1,550	1,285	1,500	(3.2)	(8.8)	22.1	18.7x	2.3x	11.7	2.7	4.4	17.4	1.0
LPPF	10,400	10,000	16,225	56.0	(32.1)	30.3	15.8x	15.6x	112.1	4.7	9.9	13.3	1.3
ACES	1,330	1,155	1,150	(13.5)	70.5	22.8	29.8x	6.9x	24.8	1.2	4.1	20.8	0.9
RALS	1,160	1,200	1,200	3.4	(18.0)	8.2	18.8x	2.2x	12.3	3.1	5.9	26.0	1.0
MPPA	458	452	450	(1.7)	(66.4)	2.5	N/A	1.1x	(4.5)	N/A	(2.0)	(82.9)	1.7
Property					0.4	440.3							
BSDE	1,800	1,700	1,800	-	(5.5)	34.6	11.8x	1.5x	13.8	0.3	5.0	(17.0)	1.2
PWON	685	685	760	10.9	19.1	33.0	18.5x	3.3x	19.6	0.7	4.7	32.4	1.1
CTRA	1,315	1,185	1,440	9.5	(3.3)	24.4	24.5x	1.9x	8.7	0.4	(10.3)	(19.2)	1.0
SMRA	1,155	945	1,160	0.4	(12.5)	16.7	44.6x	2.7x	6.1	0.4	(4.0)	(63.6)	1.3
PPRO	190	189	215	13.2	(39.6)	11.9	12.4x	2.6x	10.5	0.7	42.8	22.3	0.9
WSKT	2,830	2,210	2,810	(0.7)	11.0	38.4	10.5x	3.0x	28.9	1.3	68.1	63.5	1.1
PTPP	3,000	2,640	4,770	59.0	(18.5)	18.6	14.7x	1.8x	18.9	1.7	15.8	13.5	1.1
WIKA	1,930	1,550	2,150	11.4	(22.8)	17.3	11.9x	1.5x	15.8	1.8	15.0	68.3	1.0
ADHI	2,250	1,885	2,160	(4.0)	12.8	8.0	19.9x	1.4x	7.5	1.2	17.8	(65.8)	1.0
Misc Ind.					4.5	414.4							
ASII	8,450	8,300	9,300	10.1	5.0	342.1	18.9x	2.9x	16.1	2.0	(1.7)	4.8	1.3
Basic Ind.					26.4	545.0							
INTP	20,800	21,950	21,575	3.7	31.2	76.6	36.0x	3.2x	8.6	4.5	(13.7)	(11.2)	1.4
SMGR	10,175	9,900	11,550	13.5	10.0	60.4	19.8x	2.1x	10.9	3.0	(3.0)	0.0	1.2
CPIN	3,290	3,000	4,160	26.4	(2.7)	53.9	32.0x	3.6x	11.2	1.7	27.9	29.1	1.2
JPFA	1,490	1,300	1,740	16.8	(16.3)	17.0	13.9x	1.9x	13.7	3.4	8.2	329.5	0.8
MAIN	660	740	780	18.2	(44.1)	1.5	24.9x	0.8x	3.4	5.8	9.9	N/A	1.1
KRAS	488	424	500	2.5	(32.2)	9.4	N/A	0.4x	(7.2)	N/A	1.7	47.9	1.2
TPIA	5,925	6,000	6,275	5.9	31.1	105.7	22.2x	4.8x	24.8	2.1	40.1	1041.3	0.6
BRPT	2,400	2,260	2,420	0.8	146.8	33.5	21.4x	2.3x	14.0	N/A	39.5	N/A	0.2
Mining					36.4	414.3							
ADRO	2,450	1,860	2,720	11.0	42.4	78.4	11.6x	1.7x	15.3	2.4	(6.0)	119.3	1.0
PTBA	3,170	2,460	4,085	28.9	39.0	36.5	9.3x	2.6x	32.2	1.8	2.4	1.2	1.3
ITMG	28,800	20,700	31,350	8.9	85.8	32.5	10.1x	2.4x	25.1	8.5	(14.0)	100.0	0.8
INCO	3,710	2,890	3,550	(4.3)	39.0	36.9	N/A	1.5x	(0.6)	N/A	(26.0)	N/A	1.4
ANTM	870	625	1,090	25.3	8.1	20.9	N/A	1.2x	(1.7)	N/A	(13.5)	N/A	0.9
TINS	1,010	775	1,500	48.5	(5.2)	7.5	16.0x	1.3x	8.0	1.0	1.4	171.3	1.0
Agriculture					(15.2)	101.3							
AALI	12,825	13,150	14,425	12.5	(19.1)	24.7	10.7x	1.4x	13.4	4.0	8.1	203.2	0.6
LSIP	1,305	1,420	1,800	37.9	(16.9)	8.9	9.3x	1.1x	12.5	2.7	(8.2)	(4.4)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

BBCA : Allocates IDR4.5 Trillion for Bank Acquisition

BBCA will allocate a number of expansions in 2018 such as acquiring two small banks; thus, it allocated IDR4.5 trillion for acquisition and capital injection of its 8 subsidiaries. Additionally, it plans to merge those two banks acquired as the second brand. (Kontan)

SRIL : Targets Acquisition Plan to Be Settled in February

SRIL and PT Sinar Pantja Djaja, the affiliated company, is acquiring two textile manufactures, namely PT Primayudha Madirijaya and PT Bitratex Industries Pte Ltd. The acquisition process still awaits approval from the Coordinating Board of the Republic of Indonesia (BKPM) and is targeted to be finished in February. (Kontan)

MCAS : Targets Increment of 4,000 Stores

In 2017, MCAS succeeded to achieve the development target of 1,000 M-Cash stores. In 2018, it targets the increment of 4,000 stores with the franchise system. Thus, the total stores are 5,000. It targets the revenues to grow into IDR2.8 trillion in 2018. (Kontan)

CLEO : Targets Hike of 66% in Sales

CLEO sets the target sales hike of 66% in 2018, and it allocates the capex of IDR200 billion to construct new manufacture, purchase new packaging machine, automation existing machinery, manufacture facilities rejuvenation, and increment in distribution units. (Bisnis Indonesia)

Domestic & Global News

Indonesia's January Foreign Reserves Rise to \$131.98 Billion

Reserves rise from \$130.2b at end-Dec., boosted by FX receipt in form of tax revenues and govt oil and gas export proceeds, withdrawal of govt foreign loans, and auction of central bank FX bills, Bank Indonesia says in statement posted on website. January reserves equivalent to 8.5 months of imports, or 8.2 months of imports and govt's external debt repayments. (Bloomberg)

Mitch McConnell says Senate leaders have reached a major budget deal

Senate leaders have reached a two-year budget agreement to resolve a months-long impasse over spending levels. The two-year deal, which would increase current spending caps by roughly \$300 billion, would include a major boost for military spending, with slightly smaller increases for domestic programs. It would also authorize funds for disaster aid, community health centers, the Children's Health Insurance Program and fighting the opioid crisis. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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%
Tuesday	GER	14:00	Factory Orders MoM	Dec	3.80%	0.50%	-0.40%
06 - Feb	USA	20:30	Trade Balance	Dec	-\$53.1b	-\$52.1b	-\$50.5b
Wednesday	GER	14:00	Industrial Production SA MoM	Dec	-0.60%	-0.60%	3.40%
07 - Feb							
Thursday	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
Friday	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.
Monday	Tentative	GDP QoQ	Dec	-1.70%	-1.67%	3.18%
05 - Feb	Tentative	GDP YoY	Dec	5.19%	5.12%	5.06%
	Tentative	GDP Annual YoY	Jan	5.07%	5.07%	5.02%
Wednesday	Tentative	Net Foreign Assets IDR	Jan	1733.8t	--	1727.9t
07 - Feb	Tentative	Foreign Reserves	Jan	\$131.98b	--	\$130.20b
Friday	Tentative	BoP Current Account Balance	4Q			-\$4337m
09 - Feb						

Source: Bloomberg

Corporate Calendar

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

Source: Bloomberg

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