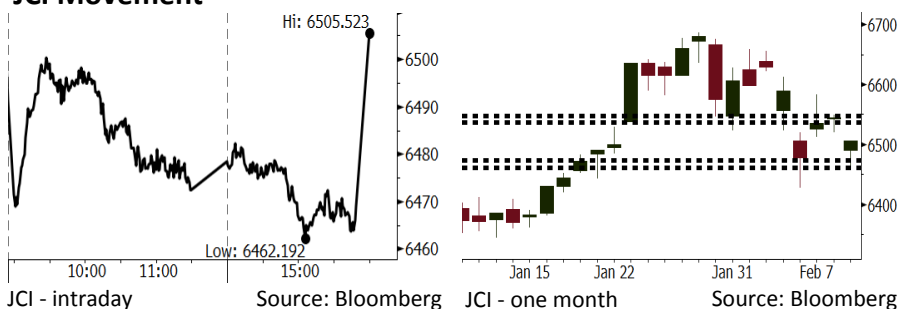


Morning Brief

Daily | Feb 12, 2018

JCI Movement



IHSG (Jakarta Composite Index)

Feb 09	6,505.52
Chg	-39.11pts (-0.60%)
Volume (bn shares)	113.09
Value (IDR tn)	7.89

Adv 90 Dec 275 Unc 216 Untr 127

Foreign Transaction (IDR bn)

Buy	1,773
Sell	3,527
Net Buy (Sell)	(1755)

Top Buy	NB Val.	Top Sell	NS Val.
AKRA	12.1	BMRI	642.5
WSKT	12.0	ASII	341.1
INKP	11.8	TLKM	171.1
PTBA	8.8	BBCA	140.0
HRUM	7.6	UNTR	103.3

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
TPIA	12.7%	INDY	-5.9%
MYRX	7.0%	BUMI	-4.5%
INTP	3.1%	ADRO	-4.1%
UNVR	1.9%	INCO	-3.6%
SSMS	1.0%	LPPF	-3.6%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.37%	0.01%
USD/IDR	13,628	0.17%
KRW/IDR	12.53	0.24%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,190.90	330.44	1.38%
S&P 500	2,619.55	38.55	1.49%
Nasdaq	6,874.49	97.33	1.44%
FTSE 100	7,092.43	(78.26)	-1.09%
CAC 40	5,079.21	(72.47)	-1.41%
DAX	12,107.48	(152.81)	-1.25%
Nikkei	21,382.62	(508.24)	-2.32%
Hang Seng	29,507.42	(943.85)	-3.10%
Shanghai	3,129.85	(132.20)	-4.05%
KOSPI	2,363.77	(43.85)	-1.82%
EIDO	28.57	0.68	2.44%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,318.8	0.4	0.03%
Crude Oil (USD /bbl)	61.15	(0.64)	-1.04%
Coal Newcas(USD/ton)	92.60	(2.80)	-2.94%
Gas (USD /mmbtu)	2.70	(0.01)	-0.19%
Nickel LME (USD /MT)	13,140	(35.0)	-0.27%
CPO (MYR/Ton)	2,495	10.0	0.40%

Indonesian Market Recap

JCI closed lower on last Friday amid the pressure due to the dramatic decline in the U.S. markets and crude price. **Top Losers: Mining (-2.48%), Miscellaneous Industries (-1.76%), Infrastructure (-1.69%).**

Today's Outlook: Volatility in Global Market

Today we estimate JCI to move lower with the **support range of 6461-6473 and resistance range of 6537-6547**. Although the U.S. markets closed higher on Friday, 09/02/2018, the high volatility in the global market remains and is estimated to persist ahead of the release of the U.S. inflation on Wednesday, 02/14/2018. Along with the high volatility, the foreign investors consistently post the net sell in the last 2 weeks.

Stocks Recommendation (details on the next page)

Trading Buy: ASII, BBRI, KLBK

Global Market

United States

The U.S. markets closed higher on Friday due to the higher volatility in the markets relating to the concerns about inflation.

Europe

European markets were sluggish on Friday. Investors oversaw the updated global development relating to the high volatility in the global market.

Asia

Asia markets moved lower on Friday amid the release of China's producers inflation data lower than estimate.

Company News

- BEST : Allocates Capex of IDR600 Billion
- BBTN : Prepares EBA-SP
- ADHI : Targets New Contract of IDR23 Trillion
- MTLA : Targets Marketing Sales of IDR2 Trillion in 2018

Domestic & Global News

- Indonesia's Current-Account Deficit Widens to 2.2% of GDP in 4Q
- Oil Falls After Big Jump in U.S. Rig Count

Indonesia Economic Data

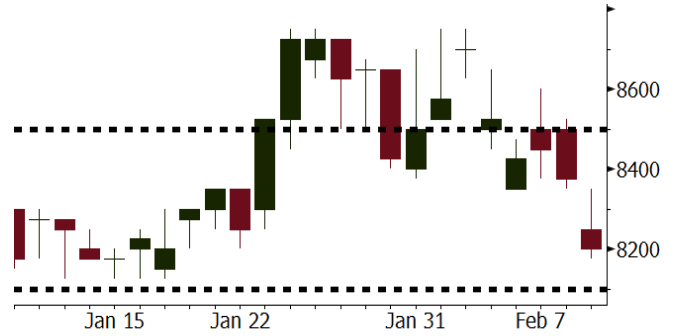
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.19%	5.06%
FX Reserve (USD bn)	131.98	130.20	Current Acc (USD bn)	(5.80)	(4.34)
Trd Balance (USD bn)	(0.27)	0.13	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	6.93%	13.18%	FDI (USD bn)	4.62	7.86
Imports Yoy	17.83%	19.62%	Business Confidence	111.02	112.39
Inflation Yoy	3.25%	3.61%	Cons. Confidence*	126.10	126.40

ASII Last = 8200

Analysis We estimate the recovery in commodity price to boost a robust purchasing data in a number of regions. It will trigger the hike in automotive sales, vehicle in particular.

Range 8100 – 8500

Action Trading Buy. Cut Loss If Below 8100



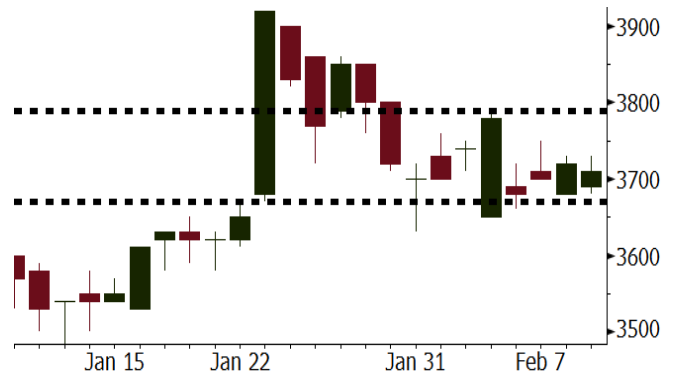
Source: Bloomberg

BBRI Last = 3710

Analysis BBRI is capable of posting the growth of 11.4% in credit distribution higher than the growth of 8.2% in banking sector. It is boosted by the growth in SMEs performance.

Range 3670 – 3790

Action Trading Buy. Cut Loss If Below 3670



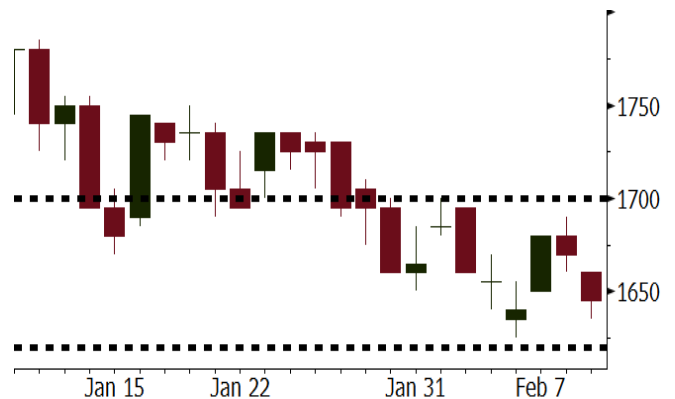
Source: Bloomberg

KLBF Last = 1645

Analysis KLBF as the biggest pharmaceutical company in South Asia has a big potential due to the growth of Indonesia's middle class income having robust purchasing power.

Range 1620 - 1700

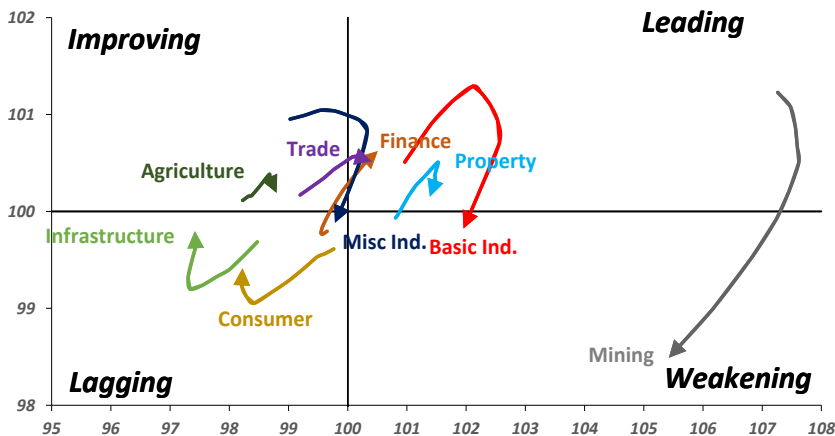
Action Trading buy. Cut Loss If Below 1700



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						21.1	7,304.4							
Finance						42.3	2,195.6							
BBCA	23,575	21,900	24,100	Hold	2.2	50.9	581.2	26.1x	4.6x	18.9	0.9	6.9	11.3	1.0
BBRI	3,710	3,640	4,580	Buy	23.5	54.9	457.6	15.6x	2.7x	18.5	2.3	10.2	10.7	1.3
BMRI	8,225	8,000	8,150	Hold	(0.9)	43.4	383.8	18.6x	2.3x	13.0	1.6	6.0	49.5	1.4
BBNI	9,425	9,900	9,550	Hold	1.3	52.0	175.8	12.9x	1.8x	14.7	2.3	11.2	19.7	1.3
BBTN	3,600	3,570	3,300	Hold	(8.3)	88.0	38.1	12.7x	1.9x	15.5	1.4	14.3	23.5	0.9
BJTM	760	710	810	Hold	6.6	32.2	11.4	9.8x	1.5x	15.4	5.7	0.6	12.5	1.3
Consumer						21.7	1,611.6							
HMSP	4,840	4,730	5,000	Hold	3.3	25.1	563.0	43.4x	18.2x	42.2	2.2	2.9	2.6	1.1
GGRM	81,200	83,800	97,825	Buy	20.5	30.1	156.2	20.8x	3.9x	19.4	3.2	9.4	17.8	1.3
UNVR	55,400	55,900	63,000	Hold	13.7	32.5	422.7	61.5x	65.8x	107.6	1.6	3.7	10.0	1.1
ICBP	8,925	8,900	10,200	Hold	14.3	5.0	104.1	27.3x	5.5x	21.4	1.7	3.6	7.4	1.4
INDF	7,750	7,625	8,000	Hold	3.2	(2.5)	68.0	16.9x	2.2x	14.1	3.0	6.5	8.4	1.1
KLBF	1,645	1,690	2,020	Buy	22.8	11.1	77.1	32.4x	6.1x	19.8	1.3	5.0	4.5	1.2
KAEF	2,390	2,700	3,280	Buy	37.2	15.5	13.3	46.5x	5.6x	12.3	0.4	8.4	10.4	1.2
Infrastructure						7.0	802.18							
TLKM	3,950	4,440	5,450	Buy	38.0	2.5	398.2	17.4x	4.3x	25.9	5.0	12.5	21.0	1.1
EXCL	2,860	2,960	4,400	Buy	53.8	(7.1)	30.6	82.3x	1.4x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,425	4,800	6,750	Buy	24.4	(14.9)	29.5	21.8x	2.1x	9.9	1.3	4.8	N/A	0.6
JSMR	5,700	6,400	6,050	Hold	6.1	21.8	41.4	16.4x	2.8x	19.1	1.4	115.0	37.0	1.0
TBIG	5,800	6,425	6,050	Hold	4.3	6.9	26.3	22.2x	15.4x	76.3	2.6	7.8	(25.2)	0.7
INDY	4,020	3,060	5,050	Buy	25.6	446.9	20.9	51.3x	2.3x	4.6	N/A	22.4	#N/A	0.9
Trade						9.1	776.8							
UNTR	38,600	35,400	39,425	Hold	2.1	69.7	144.0	19.2x	3.3x	18.2	1.7	36.5	80.4	1.2
AKRA	5,675	6,350	8,025	Buy	41.4	(13.7)	22.7	24.1x	3.1x	17.8	2.6	22.6	(9.6)	0.9
SCMA	2,700	2,480	3,250	Buy	20.4	(7.8)	39.5	27.4x	9.3x	35.3	2.1	0.2	(5.4)	0.7
MNCN	1,500	1,285	1,500	Hold	-	(11.0)	21.4	18.1x	2.2x	11.7	2.8	2.2	(11.9)	1.0
LPPF	10,200	10,000	16,225	Buy	59.1	(33.4)	29.8	15.5x	15.3x	112.1	4.8	0.3	(6.5)	1.3
ACES	1,345	1,155	1,150	Hold	(14.5)	75.8	23.1	30.1x	7.0x	24.8	1.2	18.9	10.5	0.9
RALS	1,150	1,200	1,200	Hold	4.3	(18.1)	8.2	18.6x	2.2x	12.3	3.1	(3.1)	3.8	1.0
MPPA	442	452	450	Hold	1.8	(66.4)	2.4	N/A	1.1x	(4.5)	N/A	(4.1)	(927.2)	1.7
Property						0.2	444.7							
BSDE	1,760	1,700	1,800	Hold	2.3	(7.4)	33.9	11.5x	1.5x	13.8	0.3	37.0	98.8	1.2
PWON	660	685	760	Buy	15.2	17.9	31.8	17.9x	3.2x	19.6	0.7	20.9	8.3	1.1
CTRA	1,245	1,185	1,440	Buy	15.7	(9.8)	23.1	23.2x	1.8x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	1,135	945	1,160	Hold	2.2	(14.0)	16.4	43.8x	2.6x	6.1	0.4	10.5	100.0	1.3
PPRO	188	189	215	Hold	14.4	(40.5)	11.7	12.3x	2.5x	10.5	0.7	14.7	0.7	0.9
WSKT	2,880	2,210	2,810	Hold	(2.4)	12.1	39.1	10.7x	3.0x	28.9	1.3	103.7	135.9	1.1
PTPP	2,980	2,640	4,770	Buy	60.1	(20.1)	18.5	14.6x	1.8x	18.9	1.7	26.9	43.9	1.1
WIKA	1,980	1,550	2,150	Hold	8.6	(20.5)	17.8	12.2x	1.5x	15.8	1.7	70.0	8.5	1.0
ADHI	2,330	1,885	2,160	Hold	(7.3)	19.5	8.3	20.6x	1.5x	7.5	1.1	53.1	78.0	1.0
Misc Ind.						1.5	411.5							
ASII	8,200	8,300	9,300	Hold	13.4	1.5	332.0	18.4x	2.8x	16.1	2.0	13.6	25.4	1.3
Basic Ind.						28.0	545.7							
INTP	21,800	21,950	21,575	Hold	(1.0)	36.5	80.3	37.7x	3.3x	8.6	4.3	(7.3)	(55.3)	1.4
SMGR	10,200	9,900	11,550	Hold	13.2	6.0	60.5	19.8x	2.1x	10.9	3.0	7.7	(50.2)	1.2
CPIN	3,200	3,000	4,160	Buy	30.0	(2.7)	52.5	31.2x	3.5x	11.2	1.8	33.2	(22.4)	1.2
JPFA	1,465	1,300	1,740	Buy	18.8	(17.7)	16.7	13.7x	1.9x	13.7	3.4	5.3	(50.3)	0.8
MAIN	670	740	780	Buy	16.4	(44.2)	1.5	25.3x	0.9x	3.4	5.7	2.5	N/A	1.1
KRAS	480	424	500	Hold	4.2	(32.4)	9.3	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.2
TPIA	6,675	6,000	6,275	Hold	(6.0)	47.2	119.0	24.8x	5.3x	24.8	1.9	28.6	17.7	0.6
BRPT	2,340	2,260	2,420	Hold	3.4	114.7	32.7	20.7x	2.3x	14.0	N/A	28.2	N/A	0.2
Mining						33.2	414.3							
ADRO	2,320	1,860	2,720	Buy	17.2	34.5	74.2	10.9x	1.6x	15.3	2.6	37.2	78.0	1.0
PTBA	3,050	2,460	4,085	Buy	33.9	37.7	35.1	8.9x	2.5x	32.2	1.9	31.7	156.4	1.3
ITMG	28,300	20,700	31,350	Hold	10.8	80.8	32.0	9.8x	2.3x	25.1	8.6	21.4	166.7	0.8
INCO	3,500	2,890	3,550	Hold	1.4	32.1	34.8	N/A	1.4x	(0.6)	N/A	10.7	N/A	1.4
ANTM	830	625	1,090	Buy	31.3	3.8	19.9	N/A	1.1x	(1.7)	N/A	8.0	N/A	0.9
TINS	985	775	1,500	Buy	52.3	(3.9)	7.3	15.6x	1.3x	8.0	1.0	53.8	#N/A	1.0
Agriculture						(15.1)	102.0							
AAAI	12,900	13,150	14,425	Hold	11.8	(17.3)	24.8	10.7x	1.4x	13.4	4.0	30.3	9.3	0.6
LSIP	1,290	1,420	1,800	Buy	39.5	(16.5)	8.8	9.1x	1.1x	12.5	2.7	36.6	135.0	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

BEST : Allocates Capex of IDR600 Billion

BEST allocates the capex of IDR600 billion in 2018. Most of the capex will be used for the increment in land reserve of 50 hectares-60 hectares. The management states that the capex will be used for land spending, infrastructure development in the industrial estate, and the development of a number of projects in industrial estate of MM2100 Cibitung, Bekasi, West Java.

ADHI : Targets New Contract of IDR23 Trillion

ADHI targets 2018's new contract of IDR23 trillion. The amount increased by 31% compared to the 2017's new contract realization of IDR17.8 trillion. In 2017, 38.7% of ADHI's new contracts were projects of which fund derived from state budget of regional state budget. Meanwhile, 34.4% derived from SOEs' projects. The remaining 26.9% is contract from private projects. (Kontan)

BBTN : Prepares EBA-SP

BBTN will issue asset backed securities in form of letter of participation (EBA-SP) amounting to IDR2 trillion. It will issue EBA-SP on March 1, 2018. Its initial issuance of EBA-SP was in 2009 with the transaction value of IDR111 billion. It states EBA-SP issuance is part of its commitment to providing houses to the public. (Business Indonesia)

MTLA : Targets Marketing Sales of IDR2 Trillion in 2018

MTLA targets to post the marketing sales of IDR2 trillion. The target grew 11.1% compared to 2017's marketing sales. In 2017, it succeeded to post the marketing sales of IDR1.8 trillion. Around IDR500 billion from 2018's marketing sales will derive from the recurring income of IDR1.5 trillion from the property development project. (Kontan)

Domestic & Global News

Indonesia's Current-Account Deficit Widens to 2.2% of GDP in 4Q

Current-account deficit in the final quarter of 2017 widens from 1.7% in the previous quarter, due to higher deficit in services account in line with increasing imports, Bank Indonesia says in statement on website. \$Q current-account was \$5.8b deficit; FY 2017 was in deficit of \$17.3b, or equivalent to 1.7% of GDP. Current-account deficit expected to widen in 2018 due to higher imports on recovering economy and rising oil prices. (Bloomberg)

Oil Falls After Big Jump in U.S. Rig Count

A crushing oil price rout extended into a sixth day, with U.S. crude nearly falling below \$58 a barrel, as rising production, a strong dollar and a broad financial asset sell-off combined to weigh down the market. U.S. crude plunged to a seven-week low at \$58.07 a barrel, before paring losses to end Friday's session down \$1.95, or 3.2 percent, at \$59.20. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	JPN	06:50	PPI YoY	Jan		2.70%	3.10%
<i>13 - Feb</i>	JPN	06:50	PPI MoM	Jan		0.20%	0.20%
	UK	16:30	CPI MoM	Jan		-0.60%	0.40%
	UK	16:30	CPI YoY	Jan		2.90%	3.00%
Wednesday	JPN	06:50	GDP SA QoQ	4Q P		0.20%	0.60%
<i>14 - Feb</i>	JPN	06:50	GDP Annualized SA QoQ	4Q P		1.00%	2.50%
	GER	14:00	GDP SA QoQ	4Q P		0.60%	0.80%
	GER	14:00	GDP NSA YoY	4Q P		2.20%	2.30%
	GER	14:00	CPI MoM	Jan F		-0.70%	-0.70%
	GER	14:00	CPI YoY	Jan F		1.60%	1.60%
	EU	17:00	GDP SA QoQ	4Q P		0.60%	0.60%
	EU	17:00	GDP SA YoY	4Q P		2.70%	2.70%
	USA	20:30	CPI MoM	Jan		0.40%	0.10%
	USA	20:30	CPI Ex Food and Energy MoM	Jan		0.20%	0.30%
	USA	20:30	CPI YoY	Jan		2.00%	2.10%
	USA	20:30	CPI Ex Food and Energy YoY	Jan		1.70%	1.80%
Thursday	USA	20:30	Initial Jobless Claims	10-Feb		--	221k
<i>08 - Feb</i>	USA	20:30	PPI Final Demand MoM	Jan		0.40%	-0.10%
	USA	20:30	PPI Final Demand YoY	Jan		2.50%	2.60%
Friday	USA	20:30	Housing Starts	Jan		1225k	1192k
<i>09 - Feb</i>							

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday	Tentative	Bank Indonesia 7D Reverse Repo	Dec		4.25%	4.25%
<i>15 - Feb</i>	11:00	Imports YoY	Dec		16.20%	17.83%
	11:00	Exports YoY	Jan		6.00%	6.93%
	11:00	Trade Balance	Jan		\$320m	-\$270m

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Rights Delisting Date	ESSA
<i>12 - Feb</i>		
Thursday	IPO Listing Date	BOSS (Borneo Olah Sarana Sukses)
<i>15 - Feb</i>		

Source: Bloomberg

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