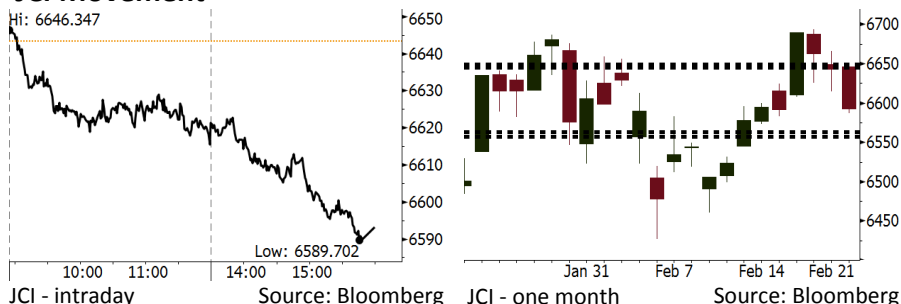


# Morning Brief

Daily | Feb 23, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Feb 22	6,593.06
Chg	-50.34pts (-0.76%)
Volume (bn shares)	134.10
Value (IDR tn)	7.59

Adv 126 Dec 225 Unc 231 Untr 113

Foreign Transaction (IDR bn)	
Buy	2,036
Sell	2,617
Net Buy (Sell)	(580)

Top Buy	NB Val.	Top Sell	NS Val.
ITMG	27.4	BBRI	141.6
ADRO	19.1	UNTR	111.7
INKP	19.1	ASII	66.9
ICBP	16.2	UNVR	58.6
SCMA	15.1	BBNI	50.0

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SMGR	1.5%	BBNI	-3.9%
INDF	1.0%	LPPF	-3.3%
ICBP	0.9%	UNTR	-3.0%
TPIA	0.8%	BUMI	-2.9%
BRPT	0.8%	INCO	-2.6%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.62%	0.19%
USD/IDR	13,685	0.49%
KRW/IDR	12.61	-0.55%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,962.48	164.70	0.66%
S&P 500	2,703.96	2.63	0.10%
Nasdaq	7,210.09	(8.14)	-0.11%
FTSE 100	7,252.39	(29.18)	-0.40%
CAC 40	5,309.23	7.06	0.13%
DAX	12,461.91	(8.58)	-0.07%
Nikkei	21,736.44	(234.37)	-1.07%
Hang Seng	30,965.68	(466.21)	-1.48%
Shanghai	3,268.56	69.40	2.17%
KOSPI	2,414.28	(15.37)	-0.63%
EIDO	29.32	(0.17)	-0.58%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,332.1	7.4	0.56%
Crude Oil (USD /bbl)	62.77	1.09	1.77%
Coal Newcas(USD/ton)	104.95	1.80	1.75%
Gas (USD /mmbtu)	2.63	(0.03)	-0.94%
Nickel LME (USD /MT)	13,830	(15.0)	-0.11%
CPO (MYR/Ton)	2,488	(1.0)	-0.04%

## Indonesian Market Recap

JCI continued to lower further amid investors' concerns about the release of the Fed's minutes causing rally in dollar. **Top Losers: Misc Industries (-1.92%), Finance (-1.13%), Infrastructure (-0.93%).**

## Today's Outlook: Digest Impacts of Minutes of FOMC

We estimate JCI to rally with the support range of 6557-6563 and resistance range of 6645-6649. The positive sentiment comes from the movement in the U.S. markets and the U.S. government bond yield after the release of minutes of FOMC. Investors has started to digest that their concern about the minutes were too overwhelming as dollar has been more stable after rally.

## Stocks Recommendation (details on the next page)

Trading Buy: ITMG, MEDC, PGAS

## Global Market

### United States

The U.S. markets moved mixed last night after the government bond yield lowered from its 4-year highest position.

### Europe

European markets lowered yesterday after the high expectancy of accelerated hike in the U.S. interest rate.

### Asia

Asia markets moved mixed yesterday after the release of the Fed's last minutes causing the U.S. markets to lower.

## Company News

DILD : Allocates Capex of IDR2 Trillion

ITMG : Net Profit Soars 93%

ACES : Posted Growth of 17% in January 2018

WIKA : Will Secure Contract of IDR870 Billion

## Domestic & Global News

Indonesia Sees Jump in 10-Year Bond Yield as 'Temporary'

Oil surges 1.8% after surprise drop in US crude stockpiles

## 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)	(5.76)	(5.80)
Trd Balance (USD bn)	(0.68)	(0.27)	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	7.86%	6.93%	FDI (USD bn)	4.62	7.86
Imports Yoy	26.44%	17.83%	Business Confidence	111.02	112.39
Inflation Yoy	3.25%	3.61%	Cons. Confidence*	126.10	126.40

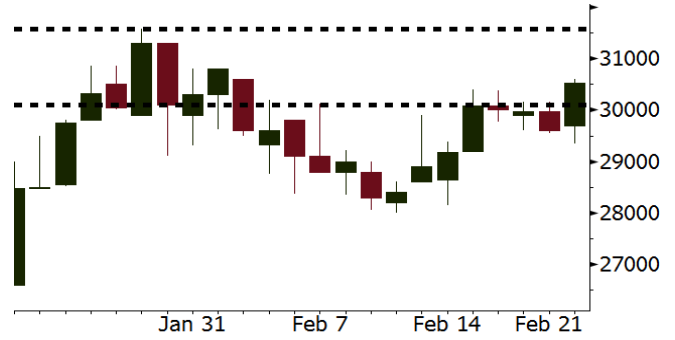
**ITMG** Last = 30525

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**Analysis** ITMG is capable of posting hike of 31% in 4Q17 profit into USD80 million. Of note, in 4Q16, ITMG posted high profit of USD61 million.

**Range** 30100 – 31575

**Action** Trading Buy. Cut Loss If Below 30100



Source: Bloomberg

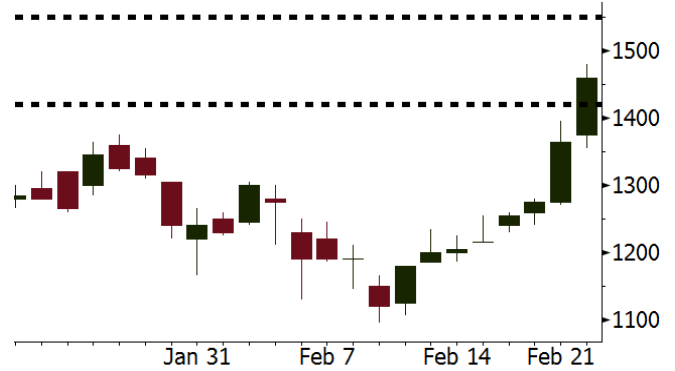
**MEDC** Last = 1460

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**Analysis** Global oil price continued to rally after the unexpected decline in the U.S. inventory underpinned by the hike in export.

**Range** 1420 – 1550

**Action** Trading Buy. Cut Loss If Below 1420



Source: Bloomberg

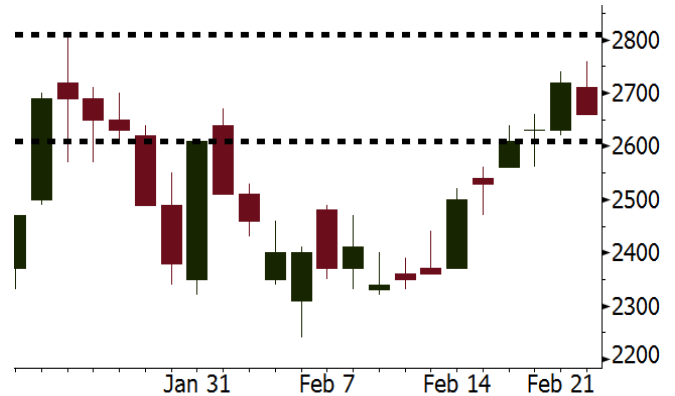
**PGAS** Last = 2660

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**Analysis** The Indonesia government will simplify the construction license of household gas network. Besides, the construction of gas network will be listed on the national strategic program.

**Range** 2610 - 2810

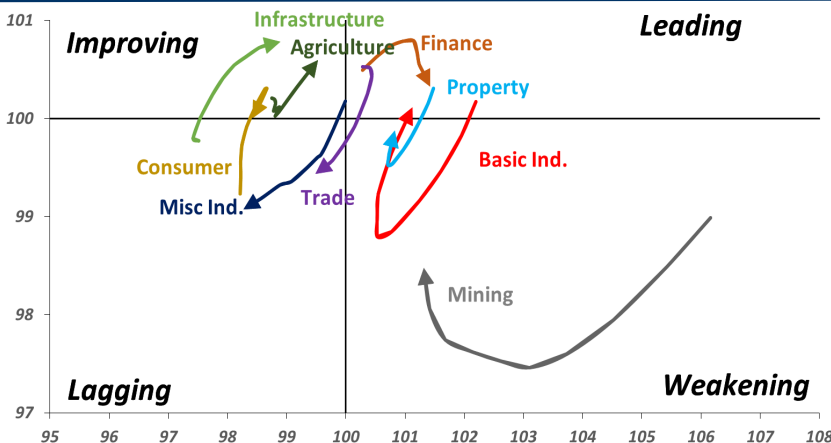
**Action** Trading buy. Cut Loss If Below 480



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>						23.0	7,416.2							
<b>Finance</b>						45.1	2,260.4							
BBCA	23,900	21,900	24,100	Hold	0.8	54.2	589.3	26.4x	4.6x	18.9	0.9	6.9	11.3	0.9
BBRI	3,770	3,640	4,700	Buy	24.7	57.1	465.0	15.9x	2.8x	18.5	2.3	10.2	10.7	1.3
BMRI	8,625	8,000	10,300	Buy	19.4	52.7	402.5	19.5x	2.4x	13.0	1.5	5.9	49.5	1.3
BBNI	9,775	9,900	10,825	Hold	10.7	55.8	182.3	13.4x	1.8x	14.7	2.2	11.2	19.7	1.3
BBTN	3,790	3,570	3,300	Hold	(12.9)	69.2	40.1	13.3x	1.1x	10.7	1.3	13.3	15.8	0.9
BJTM	780	710	810	Hold	3.8	41.8	11.7	10.1x	1.5x	15.4	5.6	0.6	12.5	1.3
<b>Consumer</b>						19.7	1,595.7							
HMSP	4,730	4,730	5,000	Hold	5.7	22.9	550.2	42.4x	17.8x	42.2	2.3	2.9	2.6	1.1
GGRM	79,650	83,800	97,825	Buy	22.8	28.1	153.3	20.5x	3.8x	19.4	3.3	9.4	17.8	1.3
UNVR	54,000	55,900	63,000	Buy	16.7	25.9	412.0	60.0x	64.1x	107.6	1.6	3.7	10.0	1.1
ICBP	8,900	8,900	10,200	Hold	14.6	7.9	103.8	27.2x	5.5x	21.4	1.7	3.6	7.4	1.3
INDF	7,700	7,625	8,000	Hold	3.9	(5.2)	67.6	16.8x	2.2x	14.1	3.1	6.5	8.4	1.1
KLBF	1,615	1,690	2,020	Buy	25.1	8.0	75.7	31.9x	6.0x	19.8	1.4	5.0	4.5	1.1
KAEF	2,460	2,700	3,280	Buy	33.3	35.2	13.7	47.8x	5.8x	12.3	0.4	8.4	10.4	1.3
<b>Infrastructure</b>						9.7	816.00							
TLKM	4,010	4,440	5,450	Buy	35.9	3.8	404.2	17.6x	4.4x	25.9	4.9	12.5	21.0	1.1
EXCL	2,930	2,960	3,800	Buy	29.7	(6.4)	31.3	84.3x	1.4x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,550	4,800	6,750	Buy	21.6	(19.3)	30.2	22.3x	2.2x	9.9	1.3	4.8	N/A	0.6
JSMR	5,525	6,400	6,050	Hold	9.5	16.8	40.1	18.2x	2.7x	15.3	1.4	110.6	9.5	0.9
TBIG	5,850	6,425	6,050	Hold	3.4	10.9	26.5	22.4x	15.5x	76.3	2.6	7.8	(25.2)	0.8
INDY	4,260	3,060	5,050	Buy	18.5	487.6	22.2	54.2x	2.4x	4.6	N/A	22.4	#N/A	1.0
<b>Trade</b>						9.5	772.2							
UNTR	35,875	35,400	39,425	Hold	9.9	47.2	133.8	17.8x	3.0x	18.2	1.9	36.5	80.4	1.2
AKRA	5,900	6,350	8,025	Buy	36.0	(7.1)	23.6	25.0x	3.2x	17.8	2.5	22.6	(9.6)	1.0
SCMA	2,640	2,480	3,250	Buy	23.1	(9.9)	38.6	26.8x	9.1x	35.3	2.2	0.2	(5.4)	0.8
MNCN	1,550	1,285	1,500	Hold	(3.2)	0.3	22.1	18.7x	2.3x	11.7	2.7	2.2	(11.9)	1.0
LPPF	10,225	10,000	16,225	Buy	58.7	(30.7)	29.8	15.6x	15.3x	112.1	4.7	0.3	(6.5)	1.3
ACES	1,350	1,155	1,150	Hold	(14.8)	72.0	23.2	30.3x	7.0x	24.8	1.2	18.9	10.5	0.9
RALS	1,155	1,200	1,200	Hold	3.9	(12.2)	8.2	18.7x	2.2x	12.3	3.1	(3.1)	3.8	1.1
MPPA	442	452	450	Hold	1.8	(63.8)	2.4	N/A	1.1x	(4.5)	N/A	(7.5)	#N/A	1.8
<b>Property</b>						3.2	450.9							
BSDE	1,760	1,700	1,800	Hold	2.3	(7.6)	33.9	11.5x	1.5x	13.8	0.3	37.0	98.8	1.3
PWON	665	685	760	Hold	14.3	11.8	32.0	18.0x	3.2x	19.6	0.7	20.9	8.3	1.1
CTRA	1,255	1,185	1,440	Hold	14.7	(9.4)	23.3	23.3x	1.8x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	1,090	945	1,160	Hold	6.4	(23.5)	15.7	42.1x	2.5x	6.1	0.5	10.5	100.0	1.3
PPRO	188	189	215	Hold	14.4	(41.2)	11.7	12.3x	2.5x	10.5	0.7	14.7	0.7	0.9
WSKT	2,940	2,210	2,810	Hold	(4.4)	19.0	39.9	10.9x	3.1x	28.9	1.3	103.7	135.9	1.1
PTPP	3,170	2,640	4,770	Buy	50.5	(10.5)	19.7	15.5x	1.9x	18.9	1.6	26.9	43.9	1.1
WIKA	1,940	1,550	2,150	Hold	10.8	(21.8)	17.4	12.0x	1.5x	15.8	1.7	70.0	8.5	1.0
ADHI	2,400	1,885	2,160	Hold	(10.0)	11.1	8.5	21.2x	1.5x	7.5	1.1	53.1	78.0	1.0
<b>Misc Ind.</b>						0.3	405.5							
ASII	8,000	8,300	9,300	Buy	16.3	0.3	323.9	17.9x	2.7x	16.1	2.1	13.6	25.4	1.3
<b>Basic Ind.</b>						35.4	579.7							
INTP	21,300	21,950	21,575	Hold	1.3	36.1	78.4	36.8x	3.2x	8.6	4.4	(7.3)	(55.3)	1.3
SMGR	11,750	9,900	11,550	Hold	(1.7)	27.4	69.7	22.8x	2.4x	10.9	2.6	7.7	(50.2)	1.2
CPIN	3,630	3,000	4,160	Hold	14.6	14.2	59.5	35.4x	3.9x	11.2	1.5	33.2	(22.4)	1.2
JPFA	1,570	1,300	1,740	Hold	10.8	(16.3)	17.9	14.7x	2.0x	13.7	3.2	5.3	(50.3)	0.9
MAIN	700	740	780	Hold	11.4	(42.4)	1.6	26.4x	0.9x	3.4	5.4	2.5	N/A	1.2
KRAS	510	424	500	Hold	(2.0)	(26.1)	9.9	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.2
TPIA	6,200	6,000	6,275	Hold	1.2	33.8	110.6	23.0x	4.9x	24.8	2.0	28.6	17.7	0.6
BRPT	2,560	2,260	2,420	Hold	(5.5)	111.6	35.7	22.6x	2.5x	14.0	N/A	28.2	N/A	0.3
<b>Mining</b>						41.9	430.0							
ADRO	2,480	1,860	2,720	Hold	9.7	45.5	79.3	11.6x	1.7x	15.3	2.4	37.2	78.0	1.1
PTBA	3,360	2,460	4,085	Buy	21.6	50.0	38.7	9.8x	2.8x	32.2	1.7	31.7	156.4	1.3
ITMG	30,525	20,700	31,350	Hold	2.7	87.0	34.5	10.6x	2.5x	25.1	8.0	21.4	166.7	0.8
INCO	3,430	2,890	3,550	Hold	3.5	28.5	34.1	N/A	1.4x	(0.6)	N/A	10.7	N/A	1.5
ANTM	900	625	1,090	Buy	21.1	14.6	21.6	N/A	1.2x	(1.7)	N/A	8.0	N/A	1.0
TINS	1,075	775	1,500	Buy	39.5	4.4	8.0	17.0x	1.4x	8.0	0.9	53.8	#N/A	1.1
ELSA	492	372	575	Buy	16.9	19.4	3.6	16.4x	1.2x	7.8	0.9	37.5	(20.5)	1.1
<b>Agriculture</b>						(9.4)	105.7							
AALI	13,925	13,150	14,425	Hold	3.6	(5.8)	26.8	11.6x	1.5x	13.4	3.7	30.3	9.3	0.6
LSIP	1,375	1,420	1,800	Buy	30.9	(8.9)	9.4	9.7x	1.2x	12.5	2.5	36.6	135.0	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

**DILD : Allocates Capex of IDR2 Trillion**

DILD allocated capex of IDR2 trillion in 2018. The capex will be used for continuing the development of its projects. A number of projects to be finish in 2018 are Praxis, Spazio Tower, and Graha Golf in Surabaya. The capex funds stems from internal cash and bank loan. (Kontan)

**ITMG : Net Profit Soars 93%**

ITMG posted 2017's net profit of USD252.61 million (+93.26% y-y). Its net profit was boosted by the hike of 23.5% in sales into USD1.69 billion. (Kontan)

**ACES : Posted Growth of 17% in January 2018**

ACES posted the sales of IDR541.82 billion or hiking 17% y-y. In 2018, it targets the growth of 10% in revenue. The target is lower that the growth of 18% in 2017's revenue. (Kontan)

**WIKA : Will Secure Contract of IDR870 Billion**

WIKA will secure a number of new contracts from overseas projects. It stated that it has secured the contract of IDR170 billion from the construction of apartment in Aljazair dated January 2018, housing project worth IDR300 billion, located in Dubai, and obtained in February 2018, the project of IDR400 billion located in Myanmar, and dated March 2018. (Bisnis Indonesia)

## Domestic & Global News

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**Indonesia Sees Jump in 10-Year Bond Yield as 'Temporary'**

Investors have begun to price in the impact of possible higher U.S. rates, Scenaider Siahaan, director of debt portfolio and strategy at Finance Ministry's budget financing and risk management office, says by text message. Govt maintains bond issuance plan for this year and will continue monitoring market development. "Outlook for bond issuance remains positive," says Siahaan (Bloomberg)

**Oil surges 1.8% after surprise drop in US crude stockpiles**

Oil prices rallied on Thursday, boosted by data showing a surprise draw in U.S. crude inventories and a drop in the dollar. U.S. crude inventories unexpectedly fell 1.6 million barrels in the week to Feb. 16, as net imports dropped to a record low and exports surged, according to data from the Energy Information Administration. Analysts had expected an increase of 1.8 million barrels. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	Trade Balance	Jan	-¥943.4b	-¥979.7b	¥359.0b
<i>19 - Feb</i>	JPN	06:50	Exports YoY	Jan	12.20%	10.00%	9.30%
	JPN	06:50	Imports YoY	Jan	7.90%	6.70%	14.90%
<b>Tuesday</b>	JPN	13:00	Machine Tool Orders YoY	Jan F	48.80%	--	48.80%
<i>20 - Feb</i>	EU	22:00	Consumer Confidence	Feb A	0.1	--	1.3
<b>Wednesday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Feb P	54.0	--	54.8
<i>21 - Feb</i>	JPN	11:30	All Industry Activity Index MoM	Dec	0.50%	--	1.00%
	GER	15:30	Markit Germany Manufacturing PMI	Feb P	60.3	--	61.1
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb P	58.5	--	59.6
	UK	16:30	Jobless Claims Change	Jan	-7.2k	--	8.6k
	UK	16:30	ILO Unemployment Rate 3Mths	Dec	4.40%	--	4.30%
	USA	19:00	MBA Mortgage Applications	16-Feb	-6.60%	--	-4.10%
	USA	21:45	Markit US Manufacturing PMI	Feb P	55.9	--	55.5
	USA	22:00	Existing Home Sales	Jan	5.38m	5.60m	5.57m
<b>Thursday</b>	USA	02:00	FOMC Meeting Minutes	31-Jan			
<i>22 - Feb</i>	UK	16:30	GDP QoQ	4Q P	0.40%	--	0.50%
	UK	16:30	GDP YoY	4Q P	1.40%	--	1.50%
	USA	20:30	Initial Jobless Claims	17-Feb	222	--	--
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Jan		--	1.00%
<i>23 - Feb</i>	EU	17:00	CPI YoY	Jan F		--	1.40%
	EU	17:00	CPI MoM	Jan		--	0.40%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholder Meeting	LMAS, META
<i>19 - Feb</i>		
<b>Tuesday</b>	Annual Shareholder Meeting	BJTM
<i>20 - Feb</i>	Extraordinary Shareholder Meeting	SCMA
<b>Thursday</b>	Extraordinary Shareholder Meeting	BINA, UNIT
<i>22 - Feb</i>		
<b>Friday</b>	Annual Shareholder Meeting	BIRD
<i>23 - Feb</i>	Annual & Extraordinary Shareholder Meeting	PTIS

Source: Bloomberg

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