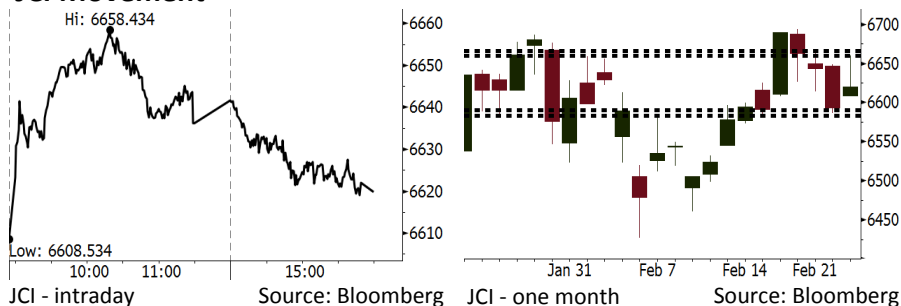


# Morning Brief

Daily | Feb 26, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Feb 23	6,619.80
Chg	+26.74pts (+0.41%)
Volume (bn shares)	154.96
Value (IDR tn)	8.95

Adv 200 Dec 166 Unc 216 Untr 114

## Foreign Transaction (IDR bn)

Buy	2,951
Sell	3,145
Net Buy (Sell)	(193)

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

BBCA	60.0	BBRI	145.8
ASII	47.6	PGAS	58.9
UNTR	42.6	TLKM	23.9
BBNI	38.5	SMGR	21.8
BMRI	37.2	ADRO	19.6

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
TRAM	6.8%	MYRX	-4.8%
UNTR	3.1%	SMGR	-4.5%
ASII	2.5%	BMTR	-3.9%
BRPT	2.3%	WSKT	-3.1%
GGRM	2.2%	INCO	-2.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.52%	-0.10%
USD/IDR	13,668	-0.12%
KRW/IDR	12.68	0.56%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,309.99	347.51	1.39%
S&P 500	2,747.30	43.34	1.60%
Nasdaq	7,337.39	127.31	1.77%
FTSE 100	7,244.41	(7.98)	-0.11%
CAC 40	5,317.37	8.14	0.15%
DAX	12,483.79	21.88	0.18%
Nikkei	21,892.78	156.34	0.72%
Hang Seng	31,267.17	301.49	0.97%
Shanghai	3,289.02	20.47	0.63%
KOSPI	2,451.52	37.24	1.54%
EIDO	29.52	0.20	0.68%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,328.7	(3.3)	-0.25%
Crude Oil (USD /bbl)	63.55	0.78	1.24%
Coal Newcas(USD/ton)	103.00	0.35	0.34%
Gas (USD /mmbtu)	2.63	(0.01)	-0.34%
Nickel LME (USD /MT)	13,765	(65.0)	-0.47%
CPO (MYR/Ton)	2,523	35.0	1.41%

## Indonesian Market Recap

JCI closed higher on Friday as rupiah was in rebound range due the recovery in Asia's financial market. **Top Gainers: Misc Industries (+2.16%), Mining (+0.63%), Trade (+0.62%).**

## Today's Outlook: Global Concerns Subdue

We estimate JCI to rally with the **support range 6583-6590 and resistance range 6660-6666**. The positive global sentiment comes from the subdued concerns about the potency of accelerated normalization of the Fed's monetary. The U.S. government bond yield slumped into 2.9% showing the subdued global concerns. From domestic outlook, the re-nomination of Joko Widodo shows his different stance of his aggressive politic in 2014. He even hold steady the electricity tariff until the end of 2019.

## Stocks Recommendation (details on the next page)

Trading Buy: JPFA, ELSA, UNTR

## Global Market

### United States

The U.S. markets rallied on Friday after the government bond yield continued to decline from its 4-year highest position.

### Europe

European markets moved mixed on Friday. Investors reacted to the release of companies performance and the Fed's report.

### Asia

Asia markets rallied on Friday amid the upbeat oil price and the topping estimate Japan's producer inflation data.

## Company News

TOPS: Obtains 35% from Target Contract

AUTO: Increases Capex of IDR700 Billion

TOBA: Net Profits Soars 938%

WTON: Targets Hike of 36% in Profit

## Domestic & Global News

Indonesia's Biggest Political Party Backs Jokowi Re-Election

Fed sees economy past full employment, but with only 'moderate' wage gains

## 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

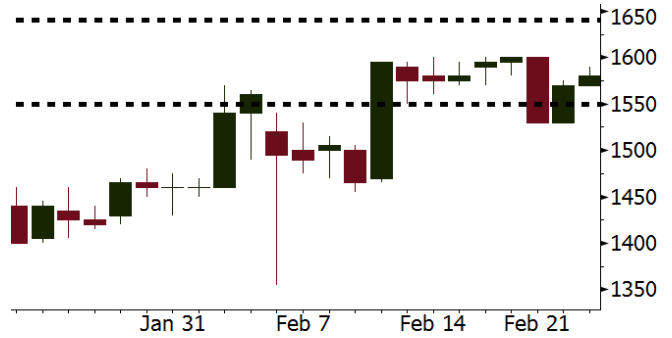
**JPFA** Last = 1580

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**Analysis** As the domestic consumption recovers, JAPAN enjoys the government regulation establishing the lowest broiler benchmark price of IDR18,000 for corporate breeders or local breeders.

**Range** 1550 – 1640

**Action** Trading Buy. Cut Loss If Below 1550



Source: Bloomberg

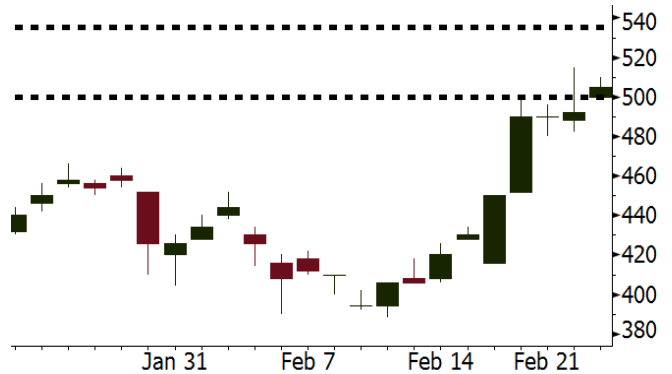
**ELSA** Last = 505

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**Analysis** Global oil price continued its rally of 1.24% to the position of USD63.55 per barrel as it was backed by the closing of 70,000-barrel-per-day -producing El Feel's oil field in Libya.

**Range** 500 – 535

**Action** Trading Buy. Cut Loss If Below 500



Source: Bloomberg

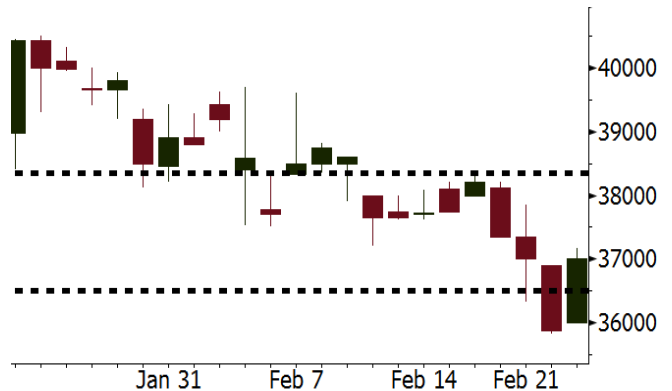
**UNTR** Last = 37000

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**Analysis** UNTR plans to release its performance on Tuesday, 02/27/2018. We project that UNTR's profit will hike by 28% y-y from IDR1.9 trillion in 4Q16 into IDR2.4 trillion in 4Q17.

**Range** 36500 - 38350

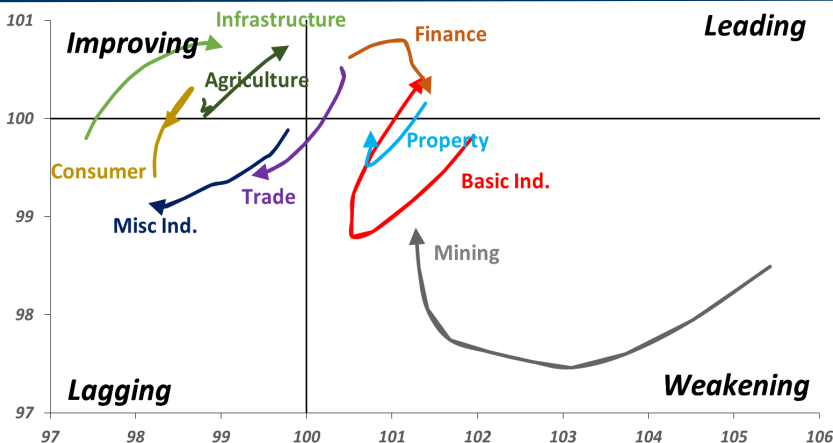
**Action** Trading buy. Cut Loss If Below 480



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>						23.2	7,359.8							
<b>Finance</b>						45.7	2,234.9							
BBCA	24,250	21,900	24,100	Hold	(0.6)	56.5	597.9	26.8x	4.7x	18.9	0.9	6.9	11.3	0.9
BBRI	3,790	3,640	4,700	Buy	24.0	58.9	467.5	16.0x	2.8x	18.5	2.3	10.2	10.7	1.3
BMRI	8,550	8,000	10,300	Buy	20.5	53.4	399.0	19.3x	2.4x	13.0	1.6	5.9	49.5	1.3
BBNI	9,850	9,900	10,825	Hold	9.9	55.7	183.7	13.5x	1.9x	14.7	2.2	11.2	19.7	1.3
BBTN	3,750	3,570	3,300	Hold	(12.0)	69.7	39.7	13.1x	1.1x	10.7	1.3	13.3	15.8	0.9
BJTM	785	710	810	Hold	3.2	40.2	11.8	10.1x	1.5x	15.4	5.6	0.6	12.5	1.3
<b>Consumer</b>						19.7	1,584.7							
HMSP	4,710	4,730	5,000	Hold	6.2	21.1	547.9	42.2x	17.7x	42.2	2.3	2.9	2.6	1.1
GGRM	81,400	83,800	97,825	Buy	20.2	29.0	156.6	20.9x	3.9x	19.4	3.2	9.4	17.8	1.3
UNVR	54,450	55,900	63,000	Buy	15.7	28.9	415.5	60.5x	64.7x	107.6	1.6	3.7	10.0	1.1
ICBP	8,925	8,900	10,200	Hold	14.3	7.5	104.1	27.3x	5.5x	21.4	1.7	3.6	7.4	1.3
INDF	7,625	7,625	8,000	Hold	4.9	(5.6)	67.0	16.6x	2.2x	14.1	3.1	6.5	8.4	1.1
KLBF	1,600	1,690	2,020	Buy	26.3	7.0	75.0	31.6x	5.9x	19.8	1.4	5.0	4.5	1.1
KAEF	2,450	2,700	3,280	Buy	33.9	33.2	13.6	47.6x	5.8x	12.3	0.4	8.4	10.4	1.3
<b>Infrastructure</b>						9.6	808.39							
TLKM	4,030	4,440	5,450	Buy	35.2	5.4	406.2	17.7x	4.4x	25.9	4.9	12.5	21.0	1.1
EXCL	2,970	2,960	3,800	Buy	27.9	(8.3)	31.7	85.4x	1.5x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,625	4,800	6,750	Buy	20.0	(19.6)	30.6	22.6x	2.2x	9.9	1.3	4.8	29.0	0.6
JSMR	5,425	6,400	6,050	Hold	11.5	9.4	39.4	17.9x	2.6x	15.3	1.4	110.6	9.5	0.9
TBIG	5,825	6,425	6,050	Hold	3.9	11.0	26.4	22.3x	15.4x	76.3	2.6	7.8	(25.2)	0.8
INDY	4,270	3,060	5,050	Buy	18.3	489.0	22.2	54.4x	2.4x	4.6	N/A	22.4	N/A	1.0
<b>Trade</b>						8.9	765.3							
UNTR	37,000	35,400	39,425	Hold	6.6	50.1	138.0	18.4x	3.1x	18.2	1.8	36.5	80.4	1.2
AKRA	5,925	6,350	8,025	Buy	35.4	(10.2)	23.7	25.1x	3.2x	17.8	2.5	22.6	(9.6)	1.0
SCMA	2,620	2,480	3,250	Buy	24.0	(16.0)	38.3	26.6x	9.0x	35.3	2.2	0.2	(5.4)	0.8
MNCN	1,540	1,285	1,500	Hold	(2.6)	0.3	22.0	18.6x	2.3x	11.7	2.7	2.2	(11.9)	1.0
LPPF	10,100	10,000	16,225	Buy	60.6	(32.6)	29.5	15.4x	15.1x	112.1	4.8	0.3	(6.5)	1.3
ACES	1,365	1,155	1,150	Sell	(15.8)	78.4	23.4	30.6x	7.1x	24.8	1.2	18.9	10.5	0.9
RALS	1,140	1,200	1,200	Hold	5.3	(12.0)	8.1	18.5x	2.2x	12.3	3.2	(3.1)	3.8	1.1
MPPA	436	452	450	Hold	3.2	(63.8)	2.3	N/A	1.0x	(4.5)	N/A	(7.5)	N/A	1.8
<b>Property</b>						3.1	449.4							
BSDE	1,770	1,700	1,800	Hold	1.7	(7.3)	34.1	11.6x	1.5x	13.8	0.3	37.0	98.8	1.3
PWON	655	685	760	Buy	16.0	8.3	31.5	17.7x	3.2x	19.6	0.7	20.9	8.3	1.1
CTRA	1,300	1,185	1,440	Hold	10.8	(5.5)	24.1	24.2x	1.8x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	1,110	945	1,160	Hold	4.5	(20.7)	16.0	42.8x	2.5x	6.1	0.5	10.5	100.0	1.3
PPRO	188	189	215	Hold	14.4	(38.5)	11.7	12.3x	2.5x	10.5	0.7	14.7	0.7	0.9
WSKT	2,850	2,210	2,810	Hold	(1.4)	14.9	38.7	10.6x	3.0x	28.9	1.3	103.7	135.9	1.1
PTPP	3,140	2,640	4,770	Buy	51.9	(10.5)	19.5	15.4x	1.9x	18.9	1.6	26.9	43.9	1.1
WIKA	1,910	1,550	2,150	Hold	12.6	(24.5)	17.1	11.8x	1.5x	15.8	1.8	70.0	8.5	1.0
ADHI	2,420	1,885	2,160	Hold	(10.7)	9.5	8.6	21.4x	1.6x	7.5	1.1	53.1	78.0	1.0
<b>Misc Ind.</b>						1.5	397.8							
ASII	8,200	8,300	9,300	Hold	13.4	1.9	332.0	18.4x	2.8x	16.1	2.0	13.6	25.4	1.3
<b>Basic Ind.</b>						35.7	582.3							
INTP	21,300	21,950	21,575	Hold	1.3	35.9	78.4	36.8x	3.2x	8.6	4.4	(7.3)	(55.3)	1.3
SMGR	11,225	9,900	11,550	Hold	2.9	21.4	66.6	21.8x	2.3x	10.9	2.7	7.7	(50.2)	1.2
CPIN	3,470	3,000	4,160	Buy	19.9	12.7	56.9	33.8x	3.8x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,580	1,300	1,740	Hold	10.1	(8.7)	18.0	14.8x	2.0x	13.7	3.2	5.3	(50.3)	0.9
MAIN	705	740	780	Hold	10.6	(42.9)	1.6	26.6x	0.9x	3.4	5.4	2.5	(99.0)	1.2
KRAS	505	424	500	Hold	(1.0)	(27.9)	9.8	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.2
TPIA	6,250	6,000	6,275	Hold	0.4	35.3	111.5	23.2x	5.0x	24.8	2.0	28.6	17.7	0.6
BRPT	2,620	2,260	2,420	Hold	(7.6)	126.8	36.6	23.2x	2.5x	14.0	N/A	28.2	0.0	0.3
<b>Mining</b>						41.8	431.7							
ADRO	2,480	1,860	2,720	Hold	9.7	44.6	79.3	11.7x	1.7x	15.3	2.4	37.2	78.0	1.1
PTBA	3,400	2,460	4,085	Buy	20.1	50.4	39.2	9.9x	2.8x	32.2	1.7	31.7	156.4	1.3
ITMG	31,700	20,700	31,350	Hold	(1.1)	89.8	35.8	10.1x	2.7x	27.1	7.7	23.5	91.7	0.8
INCO	3,350	2,890	3,550	Hold	6.0	29.3	33.3	N/A	1.3x	(0.6)	N/A	10.7	(100.0)	1.5
ANTM	895	625	1,090	Buy	21.8	14.0	21.5	N/A	1.2x	(1.7)	N/A	8.0	N/A	1.0
TINS	1,070	775	1,500	Buy	40.2	8.1	8.0	17.0x	1.4x	8.0	0.9	53.8	N/A	1.1
ELSA	505	372	575	Hold	13.9	22.0	3.7	16.9x	1.3x	7.8	0.8	37.5	(20.5)	1.1
<b>Agriculture</b>						(9.1)	105.4							
AALI	13,775	13,150	14,425	Hold	4.7	(6.3)	26.5	11.4x	1.5x	13.4	3.8	30.3	9.3	0.6
LSIP	1,360	1,420	1,800	Buy	32.4	(9.3)	9.3	9.6x	1.2x	12.5	2.6	36.6	135.0	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **TOPS: Obtains 35% from Target Contract**

TOPS has obtained 35% of project contracts targeted in 2018 from the total of IDR4.2 trillion. The new contract derives from DKI administration, namely the project of zero rupiah down payment residency located in Pondok Kelapa and transit oriented development (TOD) in Lebak Bulus.

### **AUTO: Increases Capex of IDR700 Billion**

AUTO allocates 2018 capex of IDR2 trillion increasing by IDR700 billion compared to 2017 capex. The capex derives from the internal cash of Astra Otoparts Group. Part of capex will be used for developing new product and supporting new models to be issued by OEM producers within 1-2 years ahead. (Kontan)

### **TOBA: Net Profits Soars 938%**

TOBA obtained the net profit of USD21.17 million or around IDR286.08 billion in the initial 11 months of 2017. Its net profit soared 937.74% y-y from the prior net profit of USD2.04 million. TOBA management stated that the company revenue within the prior 11 months of 2017 reached USD281.78 million (IDR3.81 trillion) increasing by 14.50% y-y from the prior revenue of USD246.09 million (IDR3.34 trillion). (Bisnis Indonesia)

### **WTON: Targets Hike of 36% in Profit**

WTON targets the growth of 36.56% in net profit from the 2017 realization of IDR340.45 billion along with the hike in government budget for the infrastructure projects. The management also targets 2018 revenue to hike 29.5%. In the other side, it targets new contract worth IDR7.8 trillion in 2018 or hiking by 23.8% from 2017 target. (Bisnis Indonesia)

## Domestic & Global News

### **Indonesia's Biggest Political Party Backs Jokowi Re-Election**

Indonesian President Joko Widodo won the backing of the nation's biggest political party for a second five-year term in office. The Indonesian Democratic Party of Struggle, led by former president Megawati Soekarnoputri, endorsed Widodo, also known as Jokowi, as its presidential candidate in the elections scheduled for April next year, according to Pramono Anung Wibowo, cabinet secretary and a member of the party. (Bloomberg)

### **Fed sees economy past full employment, but with only 'moderate' wage gains**

Federal Reserve policymakers see an economy that may be past full employment, financial market prices that are high and overall growth that continues to gather steam. Those conditions remain appropriate for further interest rate increases, though inflation pressures remain fairly muted for now, according to a key report to Congress the central bank released Friday. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 26 - Feb	USA	22:00	New Home Sales	Jan		650k	625k
<b>Tuesday</b> 27 - Feb	EU	16:00	M3 Money Supply YoY	Jan		4.70%	4.60%
	EU	17:00	Consumer Confidence	Feb F		0.1	0.1
	GER	20:00	CPI MoM	Feb P		0.50%	-0.70%
	GER	20:00	CPI YoY	Feb P		1.50%	1.60%
	USA	20:30	Durable Goods Orders	Jan P		-2.50%	2.80%
	USA	22:00	Conf. Board Consumer Confidence	Feb		126	125.4
<b>Wednesday</b> 28 - Feb	JPN	06:50	Industrial Production MoM	Jan P		-4.20%	2.90%
	CHN	08:00	Manufacturing PMI	Feb		51.2	51.3
	USA	20:30	GDP Annualized QoQ	4Q S		2.50%	2.60%
<b>Thursday</b> 01 - Mar	JPN	06:50	Capital Spending YoY	4Q		3.00%	4.20%
	JPN	08:30	Nikkei Japan PMI Mfg	Feb F		--	54
	CHN	08:45	Caixin China PMI Mfg	Feb		51.3	51.5
	GER	15:55	Markit Germany Manufacturing PMI	Feb F		60.3	60.3
	EU	16:00	Markit Eurozone Manufacturing PMI	Feb F		58.5	58.5
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		55.2	55.3
	USA	20:30	Initial Jobless Claims	24-Feb		--	222k
	USA	21:45	Markit US Manufacturing PMI	Feb F		--	55.9
	USA	22:00	ISM Manufacturing	Feb		58.7	59.1
<b>Friday</b> 02 - Mar	JPN	06:30	Jobless Rate	Jan		2.80%	2.80%
	USA	22:00	U. of Mich. Sentiment	Feb F		98.5	99.9

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Wednesday</b> 28 - Feb	Tentative	Money Supply M2 YoY	Jan			8.30%
	Tentative	Money Supply M1 YoY	Jan			12.40%
<b>Thursday</b> 01 - Mar	07:30	Nikkei Indonesia PMI Mfg	Feb			49.9
	11:00	CPI NSA MoM	Feb			0.62%
	11:00	CPI Core YoY	Feb			2.69%
	11:00	CPI YoY	Feb			3.25%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 26 - Feb	Extraordinary Shareholder Meeting	BACA
<b>Tuesday</b> 27 - Feb	Annual Shareholder Meeting Cum Dividend Date	SOBI BJTM (IDR 44.1 per share)
<b>Wednesday</b> 28 - Feb	Annual Shareholder Meeting Extraordinary Shareholder Meeting	BJBR, SMBR BKSW, MIKA, RBMS
	Annual & Extraordinary Shareholder Meeting	MEGA
<b>Friday</b> 02 - Mar	Extraordinary Shareholder Meeting Annual & Extraordinary Shareholder Meeting	MKNT KIOS

Source: Bloomberg

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