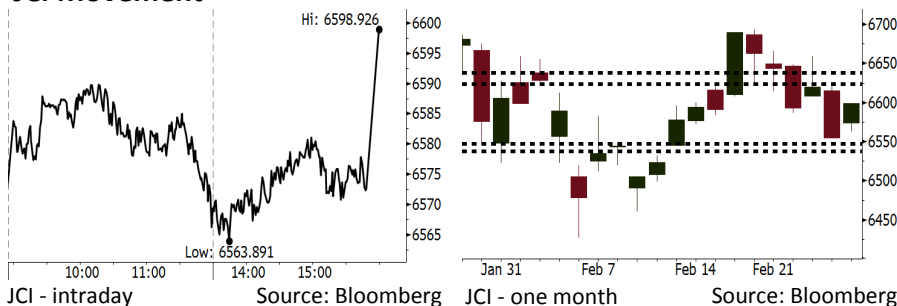


# Morning Brief

Daily | Feb 28, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Feb 27	6,598.93
Chg	+44.25pts (+0.68%)
Volume (bn shares)	201.72
Value (IDR tn)	9.00

Adv 172 Dec 189 Unc 221 Untr 105

## Foreign Transaction (IDR bn)

Buy	3,296
Sell	2,911
Net Buy (Sell)	386

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	117.5	TLKM	135.7
ADRO	55.9	BBCA	125.7
BBNI	45.8	JSMR	62.2
INDY	39.5	ASII	61.3
HMSP	35.0	UNTR	49.0

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INTP	9.3%	LPPF	-5.8%
SCMA	6.3%	PTBA	-4.0%
ANTM	5.0%	BMTR	-3.2%
WSKT	4.7%	LPKR	-1.9%
MYRX	4.6%	SSMS	-1.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.52%	0.05%
USD/IDR	13,678	0.13%
KRW/IDR	12.77	0.24%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,410.03	(299.24)	-1.16%
S&P 500	2,744.28	(35.32)	-1.27%
Nasdaq	7,330.35	(91.11)	-1.23%
FTSE 100	7,282.45	(7.13)	-0.10%
CAC 40	5,343.93	(0.33)	-0.01%
DAX	12,490.73	(36.31)	-0.29%
Nikkei	22,389.86	236.23	1.07%
Hang Seng	31,268.66	(229.94)	-0.73%
Shanghai	3,292.07	(37.51)	-1.13%
KOSPI	2,456.14	(1.51)	-0.06%
EIDO	28.77	(0.40)	-1.37%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,318.4	(15.3)	-1.15%
Crude Oil (USD /bbl)	63.01	(0.90)	-1.41%
Coal Newcas(USD/ton)	102.40	0.20	0.20%
Gas (USD /mmbtu)	2.68	(0.00)	-0.11%
Nickel LME (USD /MT)	13,845	(80.0)	-0.57%
CPO (MYR/Ton)	2,542	2.0	0.08%

## Indonesian Market Recap

JCI closed higher yesterday. Investors focused on the release of companies performance particularly the performance of Astra. **Top Gainers: Basic Industry (+1.57%), Consumer (+1.30%), Miscellaneous Industries (+0.99%).**

## Today's Outlook: Powell's Speech

We estimate JCI to move lower with the **support range of 6538 and 6547 and resistance range of 6624-6638**. The negative sentiment derives from Powell's last night speech before the U.S. congress. In his speech, Powell signed that the Fed will continue to hike its interest rate amid the robust labor market, consumer spending, and growth in wages. Besides, Powell did not state that volatility in financial market will not affect the Fed's decision.

## Stocks Recommendation (details on the next page)

Trading Buy: BSDE, BBRI, JPFA

## Global Market

### United States

The U.S. markets closed lower last night after the Fed Chair Jerome Powell indicated that the Fed wil consistently hike its interest rate.

### Europe

European markets closed lower yesterday. Investors awaited the updated corporate news and Powell's testimony before the U.S. congress.

### Asia

Asia markets moved mixed yesterday. Investors still awaited Jerome Powell's testimony before the U.S. congress.

## Company News

- UNTR : Targets Hike of 10% in Performance
- UNVR : Posts Hike of 9.6% in Profit
- LPPF : Sales Grows by 1.2%
- ASII : Net Profit Hiked by 25%

## Domestic & Global News

- Indonesia Vows to Use Record Reserves to Stabilize Rupiah
- Fed Chairman Powell: Market volatility won't stop more rate hikes

## 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

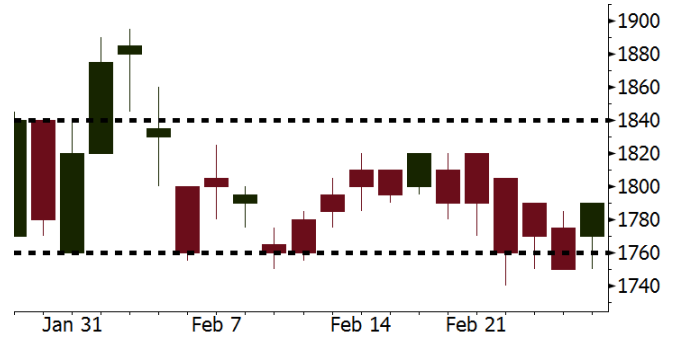
**BSDE** Last = 1790

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**Analysis** BSDE's 4Q17 net profit was IDR2.6 trillion soaring from 4Q16 net profit of IDR637.9 billion. It annually posted profit of IDR4.9 trillion surging from profit of IDR1.8 trillion in 2016.

**Range** 1760 – 1840

**Action** Trading Buy. Cut Loss If Below 1760



Source: Bloomberg

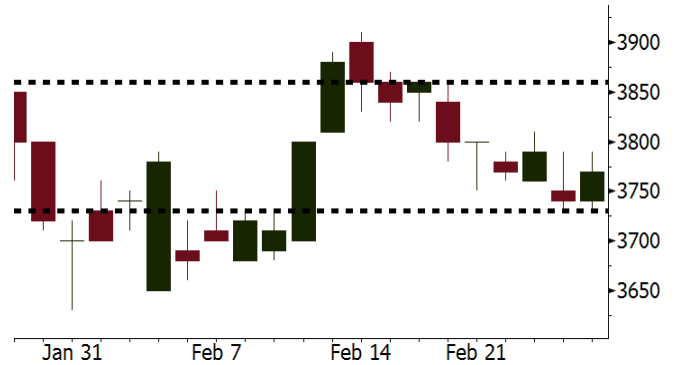
**BBRI** Last = 3770

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**Analysis** BBRI with the status of biggest bank in Indonesia has the high dividend potential. In 2017, it allocated the dividend of 40% from its net profit.

**Range** 3730 – 3860

**Action** Trading Buy. Cut Loss If Below 3730



Source: Bloomberg

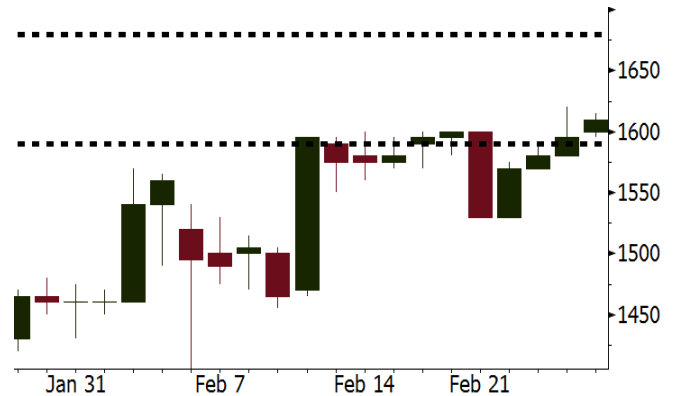
**JPFA** Last = 1610

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**Analysis** JPFA enjoys the opportune poultry industry conditions in 2018. The government decision to determine the lowest broiler reference price gives profit for poultry companies.

**Range** 1590 - 1680

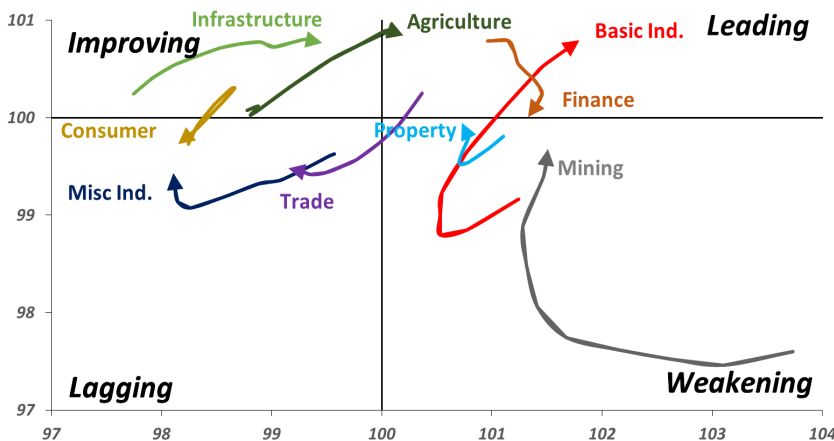
**Action** Trading buy. Cut Loss If Below 1590



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>						22.6	7,316.8							
<b>Finance</b>						44.7	2,207.0							
BBCA	23,550	21,900	24,100	Hold	2.3	51.9	580.6	26.0x	4.6x	18.9	0.9	6.9	11.3	0.9
BBRI	3,770	3,640	4,700	Buy	24.7	58.7	465.0	15.9x	2.8x	18.5	2.3	10.2	10.7	1.3
BMRI	8,425	8,000	10,300	Buy	22.3	50.8	393.2	19.0x	2.4x	13.0	1.6	5.9	49.5	1.3
BBNI	9,825	9,900	10,825	Hold	10.2	59.1	183.2	13.5x	1.9x	14.7	2.2	11.2	19.7	1.3
BBTN	3,730	3,570	3,300	Hold	(11.5)	78.5	39.5	13.1x	1.1x	10.7	1.3	13.3	15.8	0.9
BJTM	775	710	810	Hold	4.5	36.0	11.6	10.0x	1.5x	15.4	5.6	0.6	12.5	1.3
<b>Consumer</b>						18.3	1,568.1							
HMSP	4,750	4,730	5,000	Hold	5.3	20.3	552.5	42.6x	17.9x	42.2	2.3	2.9	2.6	1.1
GGRM	79,750	83,800	97,825	Buy	22.7	21.3	153.4	20.5x	3.8x	19.4	3.3	9.4	17.8	1.2
UNVR	53,975	55,900	63,000	Buy	16.7	27.8	411.8	58.8x	79.6x	141.8	1.6	2.9	9.5	1.1
ICBP	9,000	8,900	10,200	Hold	13.3	7.8	105.0	27.5x	5.6x	21.4	1.7	3.6	7.4	1.3
INDF	7,575	7,625	8,000	Hold	5.6	(5.0)	66.5	16.5x	2.2x	14.1	3.1	6.5	8.4	1.1
KLBF	1,610	1,690	2,020	Buy	25.5	4.9	75.5	31.8x	6.0x	19.8	1.4	5.0	4.5	1.1
KAEF	2,420	2,700	3,280	Buy	35.5	35.6	13.4	47.1x	5.7x	12.3	0.4	8.4	10.4	1.2
<b>Infrastructure</b>						9.1	810.88							
TLKM	4,020	4,440	5,450	Buy	35.6	4.3	405.2	17.7x	4.4x	25.9	4.9	12.5	21.0	1.1
EXCL	3,010	2,960	3,800	Buy	26.2	-	32.2	86.6x	1.5x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,575	4,800	6,750	Buy	21.1	(20.4)	30.3	22.4x	2.2x	9.9	1.3	4.8	29.0	0.5
JSMR	5,250	6,400	6,050	Buy	15.2	8.0	38.1	17.3x	2.5x	15.3	1.5	110.6	9.5	0.9
TBIG	5,725	6,425	6,050	Hold	5.7	8.0	25.9	21.9x	15.2x	76.3	2.6	7.8	(25.2)	0.7
INDY	4,270	3,060	5,050	Buy	18.3	481.0	22.2	54.4x	2.4x	4.6	N/A	22.4	N/A	0.9
<b>Trade</b>						8.7	766.3							
UNTR	36,600	35,400	39,425	Hold	7.7	46.8	136.5	18.2x	3.1x	18.2	1.8	41.8	48.0	1.2
AKRA	6,025	6,350	8,025	Buy	33.2	(6.2)	24.1	25.6x	3.3x	17.8	2.5	22.6	(9.6)	1.0
SCMA	2,860	2,480	3,250	Hold	13.6	(6.5)	41.8	29.0x	9.8x	35.3	2.0	0.2	(5.4)	0.8
MNCN	1,535	1,285	1,500	Hold	(2.3)	(7.8)	21.9	18.6x	2.3x	11.7	2.7	2.2	(11.9)	1.0
LPPF	9,350	10,000	16,225	Buy	73.5	(33.2)	27.3	14.2x	14.0x	112.1	5.2	1.3	(5.5)	1.3
ACES	1,380	1,155	1,150	Sell	(16.7)	79.2	23.7	30.9x	7.1x	24.8	1.2	18.9	10.5	0.9
RALS	1,150	1,200	1,200	Hold	4.3	(9.8)	8.2	18.6x	2.2x	12.3	3.1	(3.1)	3.8	1.1
MPPA	442	452	450	Hold	1.8	(63.5)	2.4	N/A	1.1x	(4.5)	N/A	(7.5)	N/A	1.8
<b>Property</b>						4.9	446.7							
BSDE	1,790	1,700	1,800	Hold	0.6	(3.5)	34.5	11.7x	1.5x	13.8	0.3	37.0	98.8	1.3
PWON	675	685	760	Hold	12.6	15.4	32.5	18.3x	3.3x	19.6	0.7	20.9	8.3	1.1
CTRA	1,275	1,185	1,440	Hold	12.9	(4.9)	23.7	23.7x	1.8x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	1,100	945	1,160	Hold	5.5	(20.6)	15.9	42.5x	2.5x	6.1	0.5	10.5	100.0	1.3
PPRO	187	189	215	Hold	15.0	(30.7)	11.7	12.2x	2.5x	10.5	0.7	14.7	0.7	0.9
WSKT	2,920	2,210	2,810	Hold	(3.8)	19.2	39.6	10.8x	3.1x	28.9	1.3	103.7	135.9	1.1
PTPP	3,110	2,640	4,770	Buy	53.4	(10.9)	19.3	15.2x	1.8x	18.9	1.6	26.9	43.9	1.2
WIKA	1,935	1,550	2,150	Hold	11.1	(22.6)	17.4	11.9x	1.5x	15.8	1.8	70.0	8.5	1.0
ADHI	2,480	1,885	2,160	Hold	(12.9)	15.9	8.8	21.9x	1.6x	7.5	1.1	53.1	78.0	1.0
<b>Misc Ind.</b>						0.5	401.9							
ASII	8,200	8,300	9,300	Hold	13.4	2.2	332.0	18.4x	2.8x	16.1	2.0	13.8	24.6	1.3
<b>Basic Ind.</b>						37.3	579.8							
INTP	22,725	21,950	21,575	Hold	(5.1)	45.7	83.7	39.3x	3.5x	8.6	4.1	(7.3)	(55.3)	1.4
SMGR	11,325	9,900	11,550	Hold	2.0	18.9	67.2	22.0x	2.3x	10.9	2.7	7.7	(50.2)	1.2
CPIN	3,560	3,000	4,160	Buy	16.9	11.3	58.4	34.7x	3.9x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,610	1,300	1,740	Hold	8.1	(8.5)	18.4	15.1x	2.0x	13.7	3.1	5.3	(50.3)	0.9
MAIN	730	740	780	Hold	6.8	(40.9)	1.6	27.6x	0.9x	3.4	5.2	2.5	(99.0)	1.2
KRAS	520	424	500	Hold	(3.8)	(27.8)	10.1	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.1
TPIA	6,200	6,000	6,275	Hold	1.2	34.4	110.6	23.0x	4.9x	24.8	2.0	28.6	17.7	0.6
BRPT	2,630	2,260	2,420	Hold	(8.0)	144.7	36.7	23.2x	2.6x	14.0	N/A	28.2	0.0	0.2
<b>Mining</b>						41.1	430.0							
ADRO	2,400	1,860	2,720	Hold	13.3	41.2	76.8	11.3x	1.6x	15.3	2.5	37.2	78.0	1.0
PTBA	3,110	2,460	4,085	Buy	31.4	41.0	35.8	9.1x	2.6x	32.2	1.8	31.7	156.4	1.3
ITMG	30,600	20,700	31,350	Hold	2.5	82.1	34.6	9.8x	2.6x	27.1	8.0	23.5	91.7	0.9
INCO	3,470	2,890	3,550	Hold	2.3	35.5	34.5	N/A	1.4x	(0.6)	N/A	10.7	(100.0)	1.4
ANTM	945	625	1,090	Buy	15.3	27.7	22.7	N/A	1.3x	(1.7)	N/A	8.0	N/A	0.9
TINS	1,175	775	1,500	Buy	27.7	22.4	8.8	18.6x	1.5x	8.0	0.9	53.8	N/A	1.1
ELSA	515	372	625	Buy	21.4	26.8	3.8	17.2x	1.3x	7.8	0.8	37.5	(20.5)	1.1
<b>Agriculture</b>						(11.2)	106.1							
AAJI	14,000	13,150	14,425	Hold	3.0	(10.3)	26.9	11.6x	1.5x	13.4	3.7	22.5	(8.0)	0.6
LSIP	1,375	1,420	1,800	Buy	30.9	(10.7)	9.4	9.7x	1.2x	12.5	2.5	36.6	135.0	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **UNTR : Targets Hike of 10% in Performance**

UNTR targets the hike of 10% in 2018's net profit and revenue. Most of the hike will be boosted by the sales of heavy machinery. In 2018, UNTR targets capex of USD800 million. 80% of capex is allocated for PAMA, the subsidiary of UNTR. The remaining capex will be used for making workshop, warehouse, and buying land for branch expansion. (Kontan)

### **LPPF : Sales Grows by 1.2%**

LPPF posted the hike of 1.2% y-y in sales. The net profit obtained was IDR1.9 trillion declining by 5.57% y-y. Now, it has 155 stores in 73 cities in Indonesia including 8 new stores opened since 2017. (Bisnis Indonesia)

### **UNVR : Posts Hike of 9.6% in Profit**

UNVR posted 2017's sales to grow slightly by 2.87% y-y into IDR41.20 trillion. Although the slight growth in sales, its profit in 2017 hiked by 9.61% y-y into IDR7 trillion. The growth in profit was bolstered by its efficiency in which COGS only grew by 1.99% y-y and marketing and sales costs only grew by 0.61% y-y. (Kontan)

### **ASII : Net Profit Hiked by 25%**

ASII posted the revenue of IDR206.05 trillion (+13.8% y-y) in 2017. The net profit was IDR18.8 trillion (+25% y-y). ASII's motorcycle market share inclined, but its car market share declined due to the intense competition. Another to the hike in revenue from the heavy machinery and plantation sectors, PT Bank Permata Tbk booked profit. (Bisnis Indonesia)

## Domestic & Global News

### **Indonesia Vows to Use Record Reserves to Stabilize Rupiah**

Indonesia will use its record pile of foreign-exchange reserves to stabilize the currency, central bank Governor Agus Martowardojo said, as the rupiah trades near a 20-month low against the dollar. Pressure on the currency is temporary and the central bank will continue to be in the market to ease volatility, Martowardojo told reporters in Jakarta on Tuesday. An exchange-rate volatility of 7 percent to 8 percent is seen as normal and market swings may last until the U.S. Federal Reserve meeting in March when it's expected to increase rates, he said. (Bloomberg)

### **Fed Chairman Powell: Market volatility won't stop more rate hikes**

Federal Reserve Chairman Jerome Powell played down concerns about recent market volatility, arguing Tuesday that the dramatic swings do not weigh heavily on his outlook for the economy and maintaining his expectation for further gradual increases in interest rates. In Capitol Hill testimony, Powell emphasized that the job market remains robust, consumer spending is solid and wage growth is accelerating. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 26 - Feb	USA	22:00	New Home Sales	Jan	593k	650k	625k
<b>Tuesday</b> 27 - Feb	EU	16:00	M3 Money Supply YoY	Jan	4.60%	4.70%	4.60%
	EU	17:00	Consumer Confidence	Feb F	0.1	0.1	0.1
	GER	20:00	CPI MoM	Feb P	0.50%	0.50%	-0.70%
	GER	20:00	CPI YoY	Feb P	1.40%	1.50%	1.60%
	USA	20:30	Durable Goods Orders	Jan P	-3.70%	-2.50%	2.80%
	USA	22:00	Conf. Board Consumer Confidence	Feb	130.8	126	125.4
<b>Wednesday</b> 28 - Feb	JPN	06:50	Industrial Production MoM	Jan P	-6.00%	-4.20%	2.90%
	CHN	08:00	Manufacturing PMI	Feb	50.3	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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