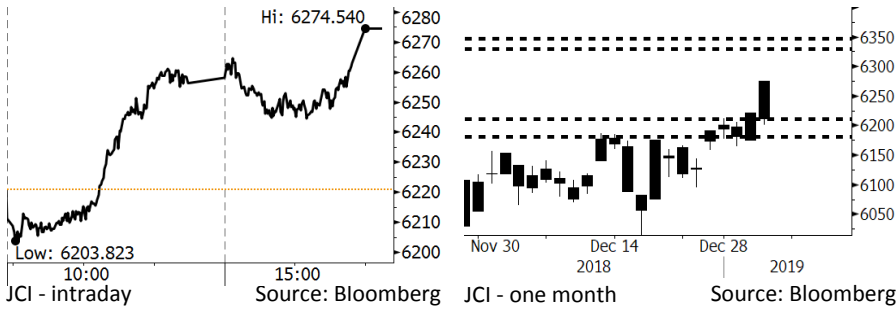


Morning Brief

Daily | Jan 7, 2019

JCI Movement



IHSG (Jakarta Composite Index)

January 4	6,274.54
Chg	+53.53pts (+0.86%)
Volume (bn shares)	100.34
Value (IDR tn)	7.50

Adv 213 Dec 193 Unc 231 Untr 99

Foreign Transaction

(IDR bn)	
Buy	2,337
Sell	1,962
Net Buy (Sell)	375

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	90.5	PTPP	35.8
HMSP	56.3	BUMI	24.5
BBRI	51.2	DOID	18.6
ADRO	30.0	BDMN	10.4
UNVR	21.6	TLKM	8.0

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
INDY	18.6%	SCMA	-2.7%
ADRO	13.0%	LPKR	-1.5%
ITMG	8.4%	INTP	-1.5%
PTBA	5.3%	TPIA	-1.3%
UNTR	5.2%	TLKM	-0.8%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.09%	-0.00%
USDIDR	14,270	-1.02%
KRWIDR	12.71	-0.59%

Global Indexes

Index	Last	Chg.	%
Dow Jones	23,433.16	746.94	3.29%
S&P 500	2,531.94	84.05	3.43%
Nasdaq	6,738.86	275.35	4.26%
FTSE 100	6,837.42	144.76	2.16%
CAC 40	4,737.12	125.63	2.72%
DAX	10,767.69	351.03	3.37%
Nikkei	19,561.96	(452.81)	-2.26%
Hang Seng	25,626.03	561.67	2.24%
Shanghai	2,514.87	50.51	2.05%
KOSPI	2,010.25	16.55	0.83%
EIDO	25.96	1.02	4.09%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,286.1	(8.2)	-0.64%
Crude Oil (USD /bbl)	47.96	0.87	1.85%
Coal Newcas(USD/ton)	99.50	(0.10)	-0.10%
Gas (USD /mmbtu)	3.04	0.10	3.36%
Nickel LME (USD /MT)	11,110	235.0	2.16%
Tin LME (USD /MT)	19,550	(20.0)	-0.10%
CPO (MYR/Ton)	2,172	21.0	0.98%

Market Recap

JCI closed higher on Friday, 01/04/19. It was driven by the sentiment positive from China, the robust rupiah exchange rate, and the rally in the banking sector.

Top Gainers: Mining (+3.60%), Finance (+1.07%), Consumer (+0.95%)

The global markets ended its first week of 2019 by posting the significant rally. The trade talks between the U.S. and China on January 7th-8th drive the rally. The high figures of China's services sector are the potent drive for the rally in Asia markets. On the other hand, the U.S. markets closed higher than 3% due to the Fed's comment and the U.S. positive job data.

Today's Outlook: Monetary Policy Easing in China

Today, we estimate JCI to rally with the **support range of 6180-6200** and the **resistance range of 6330-6350**. Investors are likely to keep their wary eyes on Consumers' Confidence Index (IKK) to be released today. The prior data mentioned the hike from 119.2 in October 2018 to 122.7 in November 2018.

Most of the stock markets in Asia are likely to start trading session on the rally territory, backed by the Fed's more cautious comments and China's more easing monetary policies. The Fed stated that it will set a way more flexible monetary policies adapted to the financial market backdrop. Of note, PBOC lowered the needed financial reserves by 1% to 13.5% for the large cap. banks and 11.5% for the less large cap. banks.

Stocks Recommendation (details on the next page)

Trading Buy: PPPE, MCAS, AKRA

Company News

- ASII : Allocates Consolidated Investment of IDR20 Trillion
- WTON : Exceeds New Contracts Target of 2018
- CTRA : Allocates Capex of IDR2.5 Trillion in 2019
- INDY : Optimizes Production and Efficiency

Domestic & Global News

- BI: Inflation of 0.53% Opens Early Week of January
- US-China to Hold Governmental Trade Talks in Beijing

Indonesia Economic Data

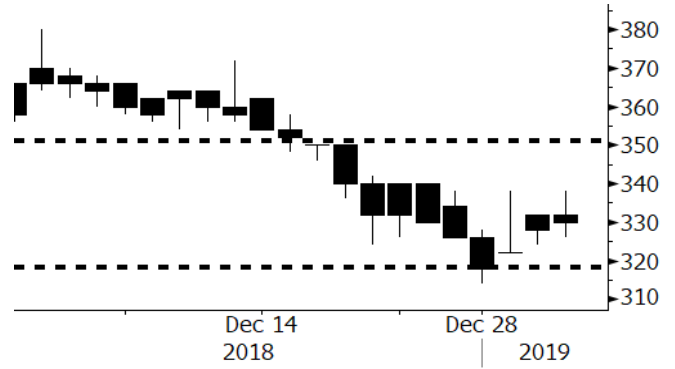
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	6.00%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	117.20	115.20	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(2.05)	(1.82)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	-3.28%	3.59%	FDI (USD bn)	5.95	5.50
Imports Yoy	11.68%	23.66%	Business Confidence	108.05	112.82
Inflation Yoy	3.13%	3.23%	Cons. Confidence*	122.70	119.20

PPRE Last = 332

Analysis PPRE allocates the capex of IDR1-1.5 trillion in 2019. It will allocate the capex for financing the purchase of heavy machinery and acquisition. 70% of the capex will be spent on heavy machinery; 30% will be spent on inorganic acquisition such as soil improvement and building foundation.

Range 320 – 350

Action Trading Buy. Cut Loss If Below 320



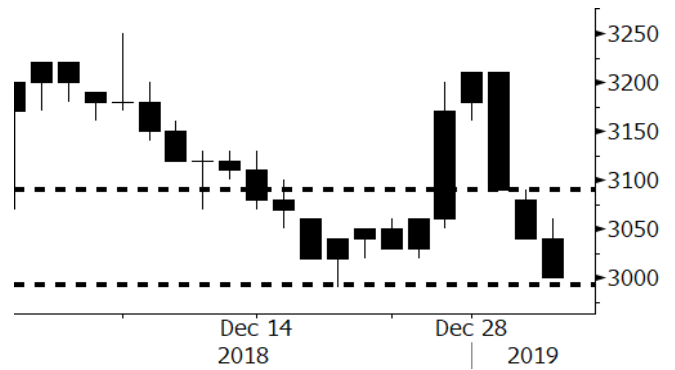
Source: Bloomberg

MCAS Last = 3000

Analysis MCAS allocates the capex of IDR120 billion in 2019. The capex will be allocated for launching stores and locker. It will strengthen further its digital product distribution through stores, supermarkets, and application. The management expects the double-digit revenues.

Range 2990 – 3100

Action Trading Buy. Cut Loss If Below 2990



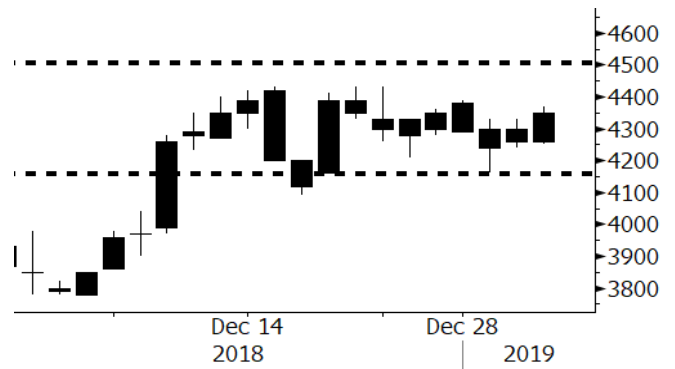
Source: Bloomberg

AKRA Last = 4350

Analysis In 2019, AKRA is estimated to be capable of marking the growth of 9.2% y-y in the sales of petroleum, backed by the hike of 4.1% in Average Selling Price (ASP) and the increase of 15%-20% in the petroleum volume.

Range 4150 – 4500

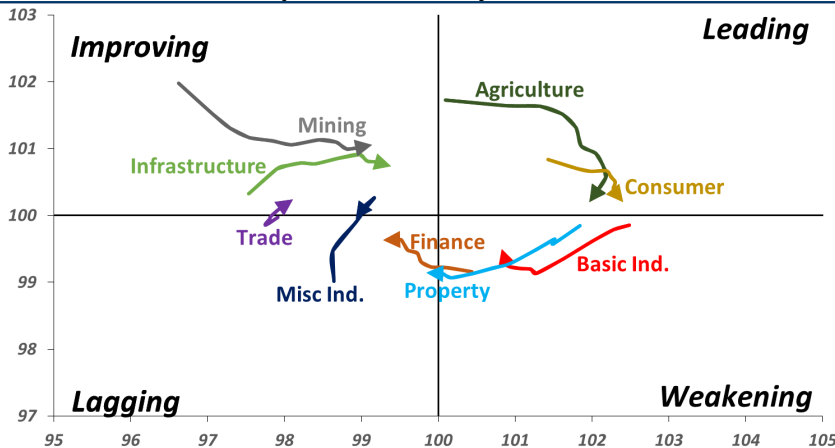
Action Trading buy. Cut Loss If Below 4150



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	6,275	6,194				(1.2)	7,136.8							
Finance						4.6	2,207.7							
BBCA	26,025	26,000	28,825	Hold	10.8	17.0	641.6	25.7x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,660	3,660	4,370	Buy	19.4	1.9	451.4	14.0x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,450	7,375	8,275	Hold	11.1	(4.8)	347.7	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,725	8,800	10,525	Buy	20.6	(6.2)	162.7	10.9x	1.6x	15.1	2.9	10.0	12.5	1.5
BBTN	2,580	2,540	3,050	Buy	18.2	(25.0)	27.3	8.4x	1.2x	14.9	2.2	14.5	11.6	1.9
BJTM	710	690	810	Hold	14.1	0.7	10.6	8.8x	1.3x	15.3	6.2	2.8	4.5	0.7
Consumer						(7.8)	1,499.1							
HMSP	3,970	3,710	4,225	Hold	6.4	(18.1)	461.8	35.5x	14.7x	41.8	2.7	7.2	3.8	1.3
GGRM	83,500	83,625	88,650	Hold	6.2	(1.5)	160.7	19.8x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	47,800	45,400	49,700	Hold	4.0	(11.5)	364.7	40.2x	40.7x	118.0	1.9	1.0	39.7	1.0
ICBP	10,600	10,450	11,225	Hold	5.9	14.3	123.6	29.2x	5.9x	21.3	2.1	7.5	14.6	0.8
INDF	7,425	7,450	8,175	Hold	10.1	(3.3)	65.2	17.6x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,570	1,520	1,840	Buy	17.2	(10.8)	73.6	30.3x	5.3x	18.3	1.6	3.9	1.4	1.3
KAFF	2,510	2,600	2,890	Buy	15.1	(0.4)	13.9	38.7x	5.3x	14.5	0.7	23.4	17.4	1.0
Infrastructure						(8.7)	738.59							
TLKM	3,710	3,750	4,700	Buy	26.7	(12.5)	367.5	19.9x	4.1x	20.4	4.5	2.3	(20.6)	0.8
EXCL	2,040	1,980	3,930	Buy	92.6	(32.2)	21.8	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	1,725	1,685	6,750	Buy	291.3	(64.4)	9.4	N/A	0.8x	(11.5)	4.2	(25.7)	N/A	1.0
PGAS	2,200	2,120	2,600	Buy	18.2	22.9	53.3	14.2x	1.1x	8.2	1.4	12.9	122.8	1.4
JSMR	4,800	4,280	6,050	Buy	26.0	(26.2)	34.8	16.8x	2.2x	13.4	1.3	18.7	(6.9)	1.0
TBIG	3,590	3,600	6,050	Buy	68.5	(46.6)	16.3	7.7x	4.7x	82.6	4.7	6.5	(3.2)	0.7
INDY	1,815	1,585	5,000	Buy	175.5	(48.3)	9.5	1.8x	0.7x	43.7	8.9	213.9	37.8	0.8
Trade						(13.2)	695.1							
UNTR	29,000	27,350	39,550	Buy	36.4	(18.1)	108.2	10.0x	2.1x	22.6	3.4	32.1	60.8	1.0
AKRA	4,350	4,290	4,650	Hold	6.9	(29.8)	17.5	23.4x	2.2x	19.3	5.1	25.3	(22.4)	1.3
SCMA	1,840	1,870	2,025	Hold	10.1	(26.4)	26.9	18.9x	5.9x	32.3	3.0	10.8	8.7	1.3
MNCN	725	690	875	Buy	20.7	(46.7)	10.4	7.4x	0.9x	14.2	2.1	2.8	(20.3)	0.9
LPPF	5,775	5,600	5,480	Hold	(5.1)	(49.8)	16.9	8.9x	6.8x	85.6	7.9	3.1	(0.6)	0.9
ACES	1,600	1,490	1,635	Hold	2.2	28.0	27.4	28.7x	7.1x	26.6	1.4	22.3	32.7	1.0
RALS	1,430	1,420	1,515	Hold	5.9	30.6	10.1	17.0x	2.6x	15.7	2.8	2.2	43.4	0.9
MAPI	800	805	945	Buy	18.1	28.5	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.8
Property						(7.9)	400.5							
BSDE	1,355	1,255	1,850	Buy	36.5	(20.1)	26.1	8.1x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	645	620	600	Hold	(7.0)	(9.2)	31.1	13.9x	2.6x	20.6	0.9	19.0	25.2	1.3
CTRA	1,040	1,010	1,250	Buy	20.2	(8.0)	19.3	21.3x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	855	805	960	Hold	12.3	(11.9)	12.3	27.6x	1.9x	6.9	0.6	0.7	75.0	1.6
WSKT	1,920	1,680	2,810	Buy	46.4	(16.5)	26.1	5.0x	1.5x	33.2	3.0	27.0	41.1	1.3
PTPP	1,960	1,805	3,850	Buy	96.4	(26.9)	12.2	9.1x	1.0x	11.9	2.4	7.5	(11.9)	1.3
WIKA	1,785	1,655	2,150	Buy	20.4	13.0	16.0	11.6x	1.2x	11.0	1.5	32.3	26.0	1.1
ADHI	1,715	1,585	2,160	Buy	25.9	(9.5)	6.1	9.5x	1.0x	11.1	1.7	8.2	63.6	1.2
Misc Ind.						2.3	418.1							
ASII	8,350	8,225	8,925	Hold	6.9	0.6	338.0	15.5x	2.6x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						22.6	670.1							
INTP	18,275	18,450	19,950	Hold	9.2	(21.3)	67.3	62.8x	3.0x	4.6	3.8	2.5	(56.1)	1.5
SMGR	11,500	11,500	13,500	Buy	17.4	5.5	68.2	25.8x	2.3x	9.0	1.2	4.4	43.1	1.3
CPIN	7,500	7,225	6,700	Hold	(10.7)	108.3	123.0	30.4x	6.7x	24.2	0.7	5.1	79.7	1.0
JPFA	2,190	2,150	3,250	Buy	48.4	57.6	25.7	13.9x	2.8x	20.2	4.6	16.8	104.2	0.8
MAIN	1,490	1,395	1,930	Buy	29.5	101.4	3.3	14.3x	1.8x	12.8	1.1	19.5	8200.0	1.3
KRAS	412	402	500	Buy	21.4	(9.6)	8.0	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.2
TPIA	5,925	5,925	6,275	Hold	5.9	3.9	105.7	30.5x	4.1x	14.2	1.1	9.1	(34.2)	0.8
Mining						7.7	407.3							
ADRO	1,390	1,215	1,970	Buy	41.7	(30.2)	44.5	7.4x	0.9x	11.9	7.2	9.3	(16.0)	1.2
PTBA	4,380	4,300	5,375	Buy	22.7	67.8	50.5	8.0x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	21,575	20,250	24,225	Hold	12.3	2.4	24.4	6.0x	1.7x	28.2	15.1	21.6	12.5	1.2
INCO	3,130	3,260	3,760	Buy	20.1	(1.3)	31.1	34.8x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	760	765	1,200	Buy	57.9	16.0	18.3	16.6x	1.0x	5.9	0.3	186.6	N/A	1.3
TINS	750	755	1,240	Buy	65.3	(10.2)	5.6	12.2x	0.9x	7.5	3.1	2.7	(16.5)	1.3
MEDC	760	685	1,025	Buy	34.9	(20.0)	13.6	N/A	0.7x	(4.2)	N/A	55.1	N/A	1.5
DOID	555	525	1,020	Buy	83.8	(29.3)	4.8	5.2x	1.5x	33.1	N/A	14.2	55.2	1.0
Agriculture						(2.9)	100.3							
AALI	12,150	11,825	16,925	Buy	39.3	(6.2)	23.4	13.5x	1.3x	9.5	3.6	9.1	(18.2)	0.6
LSIP	1,300	1,250	1,500	Buy	15.4	(4.1)	8.9	18.9x	1.1x	5.7	3.5	(19.6)	(39.3)	0.7

* Target Price for December 2019

Source: Bloomberg, NHKS Research

ASII : Allocates Consolidated Investment of IDR20 Trillion

ASII projects the lower amount of 2019 capex; thus, it only allocates the 2019 consolidated investment of IDR20 trillion along with no substantial amount of investment in 2019. The investment figures are lower than the 2018 budget of IDR22 trillion, relating to the acquisition of Martabe-based mining by its subsidiary: UNTR. (Kontan)

CTRA : Allocates Capex of IDR2.5 Trillion in 2019

CTRA allocates the 2019 capex of IDR2.5 trillion, surging by 38.9% from the 2018 capex. Most of the 2019 capex derive from its internal cash, yet most of the funds needed for construction and land acquisition will be funded by the loan facilities. CTRA is optimistic about the 2019 performance due to its well-diversified products. (Kontan)

WTON : Exceeds New Contracts Target of 2018

WTON actualized the total new contracts of IDR7.7 trillion in 2018. The figures exceed the 2018 target of IDR7.5 trillion. In 2019, it targets the growth of 20% in new contracts, in line with the projected growth of 15%-20% in the demand for concrete products. Besides, it will take over the natural material resources in 2019. (Bisnis Indonesia)

INDY : Optimizes Production and Efficiency

INDY will optimize the 2019 performance by the increment in coal production and efficient operational activities. It is likely to still bank on PT Kideco Jaya Agung with the targeted coal production of 34 million tons. Another to focusing on the energy and mining sectors, INDY will keep expanding its business not only in the coal sector.

Domestic & Global News

BI: Inflation of 0.53% Opens Early Week of January

Bank Indonesia (BI) predicted January's benign and stable inflation. Based on the result of the Price Monitoring Survey by BI, the inflation level in the early week of January was at 0.53% m-m. BI's Governor Perry Warjiyo stated that on an annual basis, the inflation in the early week of January settled at 3.03% y-y. (Kontan)

US-China to Hold Governmental Trade Talks in Beijing

China and the United States will hold vice ministerial level trade talks in Beijing on Jan 7-8, as the two sides look to end a dispute that is inflicting increasing pain on both economies and roiling global financial markets. The two nations have been locked in a trade war for much of the past year, disrupting the flow of hundreds of billions of dollars worth of goods and stoking fears of a global economic slowdown. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	Tentative	New Home Sales	Nov		569k	544k
<i>07 - Jan</i>	USA	Tentative	Wholesale Inventories MoM	Nov P		0.50%	0.80%
	GER	14:00	Factory Orders MoM	Nov		-0.10%	0.30%
	USA	22:00	Durable Goods Orders	Nov F		--	0.80%
	USA	22:00	Factory Orders	Nov		0.30%	-2.10%
Tuesday	GER	14:00	Industrial Production SA MoM	Nov		0.30%	-0.50%
<i>08 - Jan</i>	US	20:30	Trade Balance	Nov		-\$54.0b	-\$55.5b
Wednesday	US	19:00	MBA Mortgage Applications	4-Jan		--	-8.50%
<i>09 - Jan</i>							
Thursday	CHN	Tentative	Money Supply M2 YoY	Dec		8.10%	8.00%
<i>10 - Jan</i>	CHN	08:30	CPI YoY	Dec		2.10%	2.20%
	CHN	08:30	PPI YoY	Dec		1.60%	2.70%
	USA	20:30	Initial Jobless Claims	5-Jan		--	231k
Friday	JPN	06:50	BoP Current Account Balance	Nov P		¥560.2b	¥1309.9b
<i>11 - Jan</i>	UK	16:30	Industrial Production MoM	Nov		0.30%	-0.60%
	UK	16:30	Manufacturing Production MoM	Nov		0.40%	-0.90%
	USA	20:30	CPI MoM	Dec		-0.10%	0.00%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	Tentative	Consumer Confidence Index	Dec		--	122.7
<i>07 - Jan</i>						
Tuesday	Tentative	Foreign Reserves	Dec		--	\$117.20b
<i>08 - Jan</i>	Tentative	Net Foreign Assets IDR	Dec		--	1643.6t

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	IPO Listing Date	IMJS
<i>07 - Jan</i>	Extraordinary Shareholder Meeting	BMRI, MCOR
Tuesday	IPO Listing Date	FOOD
<i>08 - Jan</i>		
Wednesday	Delisting	MYTX
<i>09 - Jan</i>	Extraordinary Shareholder Meeting	SMCB
Thursday	IPO Listing Date	POLI, BEEF
<i>10 - Jan</i>		
Friday	Extraordinary Shareholder Meeting	PTIS, GDYR
<i>11 - Jan</i>		

Source: Bloomberg

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