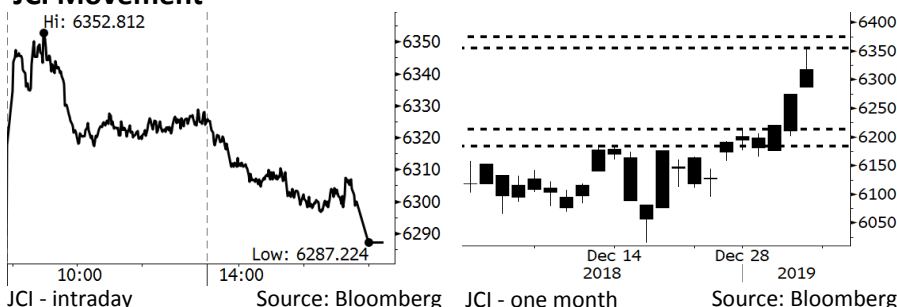


# Morning Brief

Daily | Jan 8, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

January 7	6,287.22
Chg	+12.68pts (+0.20%)
Volume (bn shares)	120.56
Value (IDR tn)	8.66

Adv 237 Dec 174 Unc 226 Untr 96

Foreign Transaction		(IDR bn)
Buy		2,593
Sell		2,194
Net Buy (Sell)		399

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	202.0	ASII	67.2
BBNI	91.0	UNTR	52.5
TLKM	86.9	ADRO	21.8
PGAS	46.9	ITMG	18.6
BBRI	45.0	INDF	18.1

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INDY	7.4%	UNTR	-3.5%
PTPP	7.1%	ITMG	-3.4%
AKRA	6.9%	ASII	-2.4%
MEDC	6.6%	ICBP	-2.4%
EXCL	4.9%	BJBR	-1.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.88%	-0.21%
USDIDR	14,083	-1.31%
KRWIDR	12.59	-0.98%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	23,531.35	98.19	0.42%
S&P 500	2,549.69	17.75	0.70%
Nasdaq	6,823.47	84.61	1.26%
FTSE 100	6,810.88	(26.54)	-0.39%
CAC 40	4,719.17	(17.95)	-0.38%
DAX	10,747.81	(19.88)	-0.18%
Nikkei	20,038.97	477.01	2.44%
Hang Seng	25,835.70	209.67	0.82%
Shanghai	2,533.09	18.22	0.73%
KOSPI	2,037.10	26.85	1.34%
EIDO	26.10	0.14	0.54%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,289.2	3.2	0.25%
Crude Oil (USD /bbl)	48.52	0.56	1.17%
Coal Newcas(USD/ton)	99.05	(0.45)	-0.45%
Gas (USD /mmbtu)	2.94	(0.10)	-3.29%
Nickel LME (USD /MT)	11,110	235.0	2.16%
Tin LME (USD /MT)	19,550	(20.0)	-0.10%
CPO (MYR/Ton)	2,160	(12.0)	-0.55%

## Market Recap

JCI rallied yesterday, backed by the best performance posted by the banking sector, the rupiah's robust exchange rate, the release of consumers' confidence index, and the positive sentiment from the U.S. and China trade talks. **Top Gainers: Agriculture (+1.95%), Infrastructure (+1.19%), Property (+1.10%)**

Global investors keep their wary eyes on the trade talks between the U.S. and China from January 7th to January 8th, 2019. The trade talks underpinned the rally in Asia and the U.S. markets. In stark contrast, Europe markets closed lower because of investors' jitters of a slowdown in the global economy, Brexit, and the U.S. government shutdown. The U.S. markets posted gains because Amazon's stock and the energy sector made their best performance.

## Today's Outlook: USDIDR Strengthens by 1.3% to 14,000

Today, we estimate JCI to rally with the **support range of 6185-6215** and the **resistance range of 6355-6375**. The positive sentiment comes from December's forex reserves, climbing to its highest level of USD120 billion or increasing from USD117.2 billion in November 2018. December's forex reserves were the highest figure since May 2018. December's high forex reserves were backed by the success of Indonesian government in selling SUN with the USD denomination worth USD3 billion.

Indonesia is estimated to enjoy the lustrous emerging markets, backed by the robust rupiah and the high demand for SUN. Indonesian government successfully absorbed the funds of IDR28.25 trillion from the incoming bid of IDR55.27 at SUN auction dated 01/03. In fact, the government only set the indicative target of IDR15 trillion.

## Company News

- WSKT : The 2018 Contract Realization Is Worth IDR27.08 Trillion
- TOTL : Actualizes 79.5% of the 2018 Target
- INDY : Construction of Fuel Storage Terminal Finishes in 2020
- SRIL : Focuses on Export Markets

## Domestic & Global News

- December's Forex Reserves Hit USD120.7 Billion
- US-China Have Expressed an Eagerness to Work Together

## 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)	120.70	117.20	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*	127.00	122.70

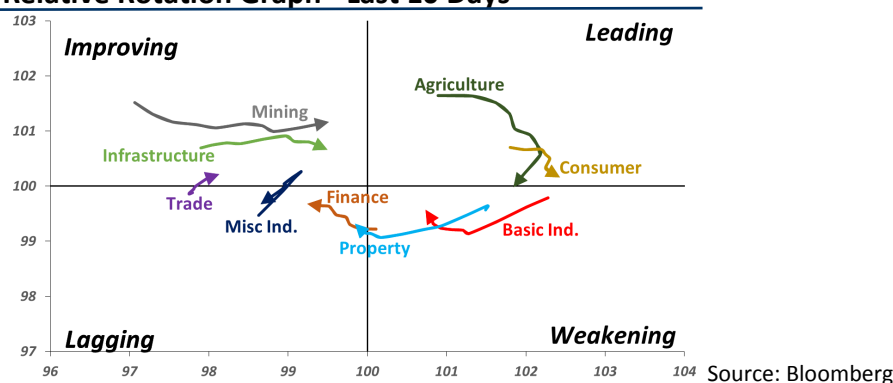
# Relative Valuation & Sector Rotation

	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>	6,287	6,194				(1.5)	7,151.5							
<b>Finance</b>						4.5	2,217.1							
BBCA	26,225	26,000	28,825	Hold	9.9	17.3	646.6	25.9x	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	7,425	7,375	8,275	Hold	11.4	(6.3)	346.5	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,875	8,800	10,525	Buy	18.6	(4.6)	165.5	11.1x	1.6x	15.1	2.9	10.0	12.5	1.5
<b>Consumer</b>						(8.2)	1,496.6							
HMSP	3,910	3,710	4,225	Hold	8.1	(19.5)	454.8	34.9x	14.5x	41.8	2.7	7.2	3.8	1.3
GGRM	82,750	83,625	88,650	Hold	7.1	(2.4)	159.2	19.7x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	48,600	45,400	49,700	Hold	2.3	(10.7)	370.8	40.8x	41.3x	118.0	1.9	1.0	39.7	1.0
ICBP	10,350	10,450	11,225	Hold	8.5	15.0	120.7	28.5x	5.8x	21.3	2.1	7.5	14.6	0.8
INDF	7,425	7,450	8,175	Hold	10.1	(5.4)	65.2	17.6x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,595	1,520	1,840	Buy	15.4	(10.6)	74.8	30.8x	5.4x	18.3	1.6	3.9	1.4	1.3
<b>Infrastructure</b>						(8.1)	747.45							
TLKM	3,770	3,750	4,700	Buy	24.7	(10.7)	373.5	20.2x	4.1x	20.4	4.4	2.3	(20.6)	0.8
PGAS	2,270	2,120	2,600	Hold	14.5	23.4	55.0	14.8x	1.2x	8.2	1.4	12.9	122.8	1.4
JSMR	4,810	4,280	6,050	Buy	25.8	(26.8)	34.9	16.9x	2.2x	13.4	1.3	18.7	(6.9)	1.0
<b>Trade</b>						(13.6)	694.5							
UNTR	27,975	27,350	39,550	Buy	41.4	(21.6)	104.4	9.6x	2.0x	22.6	3.5	32.1	60.8	1.0
AKRA	4,650	4,290	4,650	Hold	-	(27.9)	18.7	25.1x	2.3x	19.3	4.7	25.3	(22.4)	1.3
SCMA	1,880	1,870	2,025	Hold	7.7	(24.2)	27.5	19.3x	6.0x	32.3	2.9	10.8	8.7	1.3
MNCN	750	690	875	Buy	16.7	(44.2)	10.7	7.7x	1.0x	14.2	2.0	2.8	(20.3)	0.9
ACES	1,650	1,490	1,635	Hold	(0.9)	26.0	28.3	29.6x	7.4x	26.6	1.4	22.3	32.7	1.0
RALS	1,460	1,420	1,515	Hold	3.8	28.1	10.4	17.3x	2.6x	15.7	2.7	2.2	43.4	0.9
MAPI	815	805	945	Buy	16.0	27.8	13.5	23.4x	2.6x	14.0	0.5	18.3	126.7	0.8
<b>Property</b>						(8.5)	404.9							
BSDE	1,405	1,255	1,850	Buy	31.7	(17.6)	27.0	8.3x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	660	620	600	Hold	(9.1)	(7.7)	31.8	14.2x	2.7x	20.6	0.9	19.0	25.2	1.3
CTRA	1,085	1,010	1,250	Buy	15.2	(6.5)	20.1	22.2x	1.5x	6.8	0.9	7.9	1.7	1.6
SMRA	885	805	960	Hold	8.5	(10.6)	12.8	28.5x	1.9x	6.9	0.6	0.7	75.0	1.6
WSKT	1,940	1,680	2,810	Buy	44.8	(19.2)	26.3	5.0x	1.5x	33.2	2.9	27.0	41.1	1.3
WIKA	1,825	1,655	2,150	Buy	17.8	7.4	16.4	11.9x	1.2x	11.0	1.5	32.3	26.0	1.1
<b>Misc Ind.</b>						0.3	410.4							
ASII	8,150	8,225	8,925	Hold	9.5	(1.8)	329.9	15.2x	2.5x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						23.9	671.0							
INTP	18,025	18,450	19,950	Hold	10.7	(22.5)	66.4	62.0x	2.9x	4.6	3.9	2.5	(56.1)	1.5
SMGR	11,400	11,500	13,500	Buy	18.4	3.6	67.6	25.6x	2.2x	9.0	1.2	4.4	43.1	1.3
CPIN	7,575	7,225	6,700	Hold	(11.6)	130.2	124.2	30.7x	6.8x	24.2	0.7	5.1	79.7	1.0
JPFA	2,250	2,150	3,250	Buy	44.4	68.5	26.4	14.3x	2.9x	20.2	4.4	16.8	104.2	0.8
<b>Mining</b>						5.1	407.4							
ADRO	1,390	1,215	1,970	Buy	41.7	(35.6)	44.5	7.4x	0.9x	11.9	7.2	9.3	(16.0)	1.2
PTBA	4,400	4,300	5,375	Buy	22.2	64.8	50.7	8.0x	3.2x	42.1	7.2	20.7	49.7	1.0
ITMG	20,850	20,250	24,225	Buy	16.2	(9.2)	23.6	5.9x	1.6x	28.2	15.6	21.6	12.5	1.2
INCO	3,260	3,260	3,760	Buy	15.3	2.8	32.4	36.6x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	770	765	1,200	Buy	55.8	18.5	18.5	16.8x	1.0x	5.9	0.3	186.6	N/A	1.3
<b>Agriculture</b>						(2.2)	102.3							
AALI	12,425	11,825	16,925	Buy	36.2	(6.6)	23.9	13.8x	1.3x	9.5	3.5	9.1	(18.2)	0.6
LSIP	1,375	1,250	1,500	Hold	9.1	(1.8)	9.4	20.0x	1.1x	5.7	3.3	(19.6)	(39.3)	0.7

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## Relative Rotation Graph - Last 10 Days



### **WSKT : The 2018 Contract Realization Is Worth IDR27.08 Trillion**

WSKT actualized the 2018 new contracts worth IDR27.08 trillion. The achievement was much lower than that of IDR55.83 trillion in 2017 due to the minimum number of toll road sections built in 2018. For most of 2018, WSKT managed the total contract of IDR117.07 trillion. In 2019, it targets the new contracts for IDR56.6 trillion. (Bisnis Indonesia)

### **INDY : Construction of Fuel Storage Terminal Finishes in 2020**

INDY will start to construct a fuel storage terminal in 2Q2019. The storage is targeted to be completed and take into active operation at the end of 2020. The construction is worth the investment of USD108 million. Thus, INDY allocates the capex of USD162 million in 2019. Of note, to construct the storage, INDY cooperates with Exxon under the 20-year term contract. (Bisnis Indonesia)

### **TOTL : Actualizes 79.5% of the 2018 Target**

Until the end of 2018, TOTL actualized the new contracts of IDR3.18 trillion or reaching 79.5% of the 2018 target. The amount is equal to the contract realization from January to November 2018. TOTL stated that the 2018 performance was inextricably linked to the sluggish property sector. In 2019, it keeps targeting the high rise premium building projects having higher margins. (Bisnis Indonesia)

### **SRIL : Focuses on Export Markets**

SRIL is still focusing on the expansion of export markets because the trade war between the U.S. and China expanding SRIL's markets in the U.S. For most of 2019, it targets the export growth of 58%-60%, hiking from the 2018 exports of 56%-58%. On the other side, it will expect on the higher domestic growth. (Kontan)

## Domestic & Global News

### **December's Forex Reserves Hit USD120.7 Billion**

Bank Indonesia (BI) records the forex reserves at the end of December 2018 to amount to USD120.7 billion. BI estimates that the forex reserves are capable of supporting the resilience of external sectors and maintaining the stability of macro economy and the financial system. Additionally, BI oversees that the amount of forex reserves are sufficient enough, backed by the confidence in the stability, bright domestic economic outlook, and the positive export performance. (Kontan)

### **US-China Have Expressed an Eagerness to Work Together**

The Chinese foreign ministry said Monday that China and the U.S. have expressed an eagerness to work together. The ministry also added China stands ready to resolve trade disputes with the U.S. on an equal footing. President Donald Trump said Sunday that weakness in the Chinese economy gave Beijing an extra incentive to work toward a resolution to the global trade war. The U.S. and China slapped a series of punitive tariffs on each other's goods last year, sparking concerns over a global economic slowdown. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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	-1.00%	-0.10%	0.30%
	USA	22:00	Durable Goods Orders	Nov F		--	0.80%
	USA	22:00	Factory Orders	Nov		0.30%	-2.10%
<b>Tuesday</b>	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
<b>Wednesday</b>	US	19:00	MBA Mortgage Applications	4-Jan		--	-8.50%
<i>09-Jan</i>							
<b>Thursday</b>	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
<b>Friday</b>	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.
<b>Monday</b>	Tentative	Consumer Confidence Index	Dec	127.0	--	122.7
<i>07-Jan</i>						
<b>Tuesday</b>	Tentative	Foreign Reserves	Dec	\$120.70b	--	\$117.20b
<i>08-Jan</i>	Tentative	Net Foreign Assets IDR	Dec		--	1643.6t

Source: Bloomberg

## Corporate Calendar

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

Source: Bloomberg

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