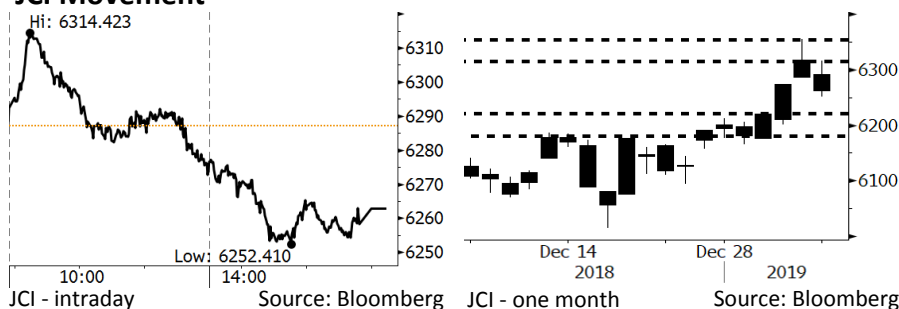


# Morning Brief

Daily | Jan 9, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

January 8	6,262.85
Chg	-24.38pts (-0.39%)
Volume (bn shares)	112.90
Value (IDR tn)	8.49
<b>Adv 184 Dec 216 Unc 238 Untr 108</b>	

Foreign Transaction (IDR bn)	
Buy	2,814
Sell	2,385
Net Buy (Sell)	430

Top Buy	NB Val.	Top Sell	NS Val.
ASII	86.2	BMRI	57.8
TLKM	82.5	UNTR	50.5
BBNI	76.5	BBCA	15.2
PGAS	40.2	INTP	11.3
PTPP	36.8	SMCB	10.7

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ITMG	5.9%	INTP	-3.5%
PTPP	4.8%	UNVR	-2.6%
BBTN	3.4%	SCMA	-2.4%
WSKT	2.8%	TPIA	-2.1%
EXCL	2.3%	BRPT	-2.1%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.95%	0.07%
USDIDR	14,148	0.46%
KRWIDR	12.57	-0.12%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	23,787.45	256.10	1.09%
S&P 500	2,574.41	24.72	0.97%
Nasdaq	6,897.00	73.53	1.08%
FTSE 100	6,861.60	50.72	0.74%
CAC 40	4,773.27	54.10	1.15%
DAX	10,803.98	56.17	0.52%
Nikkei	20,204.04	165.07	0.82%
Hang Seng	25,875.45	39.75	0.15%
Shanghai	2,526.46	(6.63)	-0.26%
KOSPI	2,025.27	(11.83)	-0.58%
EIDO	26.13	0.03	0.11%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,285.4	(3.8)	-0.30%
Crude Oil (USD /bbl)	49.78	1.26	2.60%
Coal Newcas(USD/ton)	97.40	(1.45)	-1.47%
Gas (USD /mmbtu)	2.97	0.02	0.78%
Nickel LME (USD /MT)	11,155	45.0	0.41%
Tin LME (USD /MT)	19,750	200.0	1.02%
CPO (MYR/Ton)	2,178	18.0	0.83%

## Market Recap

Picking up in the initial trading session, JCI closed lower yesterday, along with rupiah depreciation, profit taking by local investors, and the decline in consumer sector. **Top Losers: Consumer (-1.75%), Basic Industry (-0.88%), Trade (-0.53%)**

Global investors are still focusing on the trade deal between the U.S. and China. Yesterday, most of the global stock markets were reigning in the rally mood. Asia markets ended mixed, following the bearish Chinese markets and the worse performance by the Korean technology sector. Europe markets rallied amid the fears of possible recession hitting Germany's economy. In addition, the U.S. markets closed higher as the technology sector outperformed and the U.S dollar strengthened.

## Today's Outlook: Decline in Coal Production of 2019

Today, we estimate JCI to move at the modest pace with the **support range of 6185-6215** and the **resistance range of 6355-6375**. This morning, Asia markets open at a higher level, compared to yesterday's closing session. It was attributable to the U.S. President's statement of better trade relation with China so that the U.S. financial market can rally further, continuing 3-back-to-back rally.

From the domestic outlook, the negative sentiment is estimated to come from the Ministry of Mineral and Energy Resources' regulation of cutting the national coal production by 9% to 480 million metric tons. The reduction adjusts to the low demand for coal by China. Of note, the World Bank has curbed the global growth from 3.0% to 2.9%.

## Company News

- KLBE : Targets Growth of 5% in Sales
- MYOR : Will Increase Exports to ASEAN
- PPRE : Sets 2019 New Contract of IDR6 Trillion
- KAEF : Projects Double-Digit Growth

## Domestic & Global News

- December's IKK is All-Time High Since August
- US-China Trade Talks Extended

## 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)	120.65	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

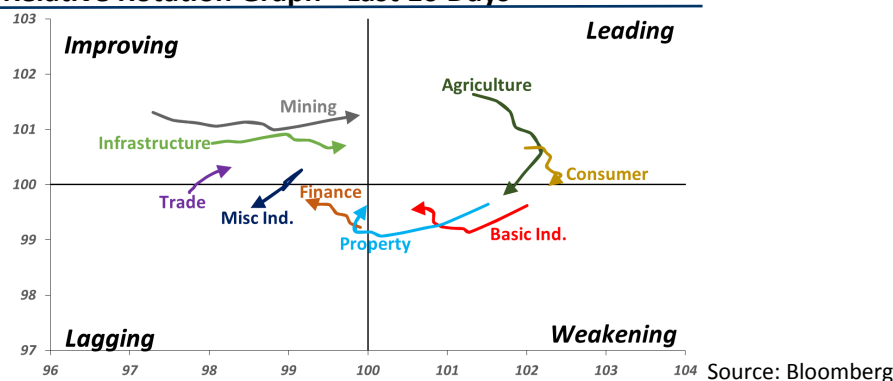
# Relative Valuation & Sector Rotation

	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>	6,263	6,194				(1.7)	7,124.0							
<b>Finance</b>						4.6	2,218.2							
BBCA	26,200	26,000	28,825	Hold	10.0	16.3	646.0	25.9x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,680	3,660	4,370	Buy	18.8	3.1	453.9	14.1x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,350	7,375	8,275	Hold	12.6	(7.0)	343.0	14.5x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,900	8,800	10,525	Buy	18.3	(4.3)	166.0	11.1x	1.6x	15.1	2.9	10.0	12.5	1.5
<b>Consumer</b>						(9.4)	1,470.4							
HMSP	3,840	3,710	4,225	Hold	10.0	(22.0)	446.7	34.3x	14.2x	41.8	2.8	7.2	3.8	1.3
GGRM	82,350	83,625	88,650	Hold	7.7	0.9	158.4	19.6x	3.7x	19.6	3.2	13.6	6.3	1.2
UNVR	47,350	45,400	49,700	Hold	5.0	(11.5)	361.3	39.8x	40.3x	118.0	1.9	1.0	39.7	1.0
ICBP	10,175	10,450	11,225	Hold	10.3	14.6	118.7	28.0x	5.7x	21.3	2.2	7.5	14.6	0.8
INDF	7,300	7,450	8,175	Hold	12.0	(6.7)	64.1	17.3x	2.0x	11.7	4.1	3.1	(13.7)	1.2
KLBF	1,565	1,520	1,840	Buy	17.6	(12.1)	73.4	30.2x	5.3x	18.3	1.6	3.9	1.4	1.3
<b>Infrastructure</b>						(6.2)	755.66							
TLKM	3,800	3,750	4,700	Buy	23.7	(8.7)	376.4	20.4x	4.2x	20.4	4.4	2.3	(20.6)	0.8
PGAS	2,260	2,120	2,600	Buy	15.0	25.2	54.8	14.7x	1.2x	8.2	1.4	12.9	122.8	1.4
JSMR	4,790	4,280	6,050	Buy	26.3	(25.2)	34.8	16.8x	2.2x	13.4	1.3	18.7	(6.9)	1.0
<b>Trade</b>						(14.3)	690.8							
UNTR	27,500	27,350	39,550	Buy	43.8	(23.4)	102.6	9.5x	2.0x	22.6	3.5	32.1	60.8	1.0
AKRA	4,640	4,290	4,650	Hold	0.2	(26.3)	18.6	25.0x	2.3x	19.3	4.7	25.3	(22.4)	1.3
SCMA	1,835	1,870	2,025	Hold	10.4	(25.7)	26.8	18.8x	5.9x	32.3	3.0	10.8	8.7	1.3
MNCN	755	690	875	Buy	15.9	(44.1)	10.8	7.7x	1.0x	14.2	2.0	2.8	(20.3)	0.9
ACES	1,650	1,490	1,635	Hold	(0.9)	25.5	28.3	29.6x	7.4x	26.6	1.4	22.3	32.7	1.0
RALS	1,510	1,420	1,515	Hold	0.3	30.2	10.7	17.9x	2.7x	15.7	2.6	2.2	43.4	0.9
MAPI	880	805	945	Hold	7.4	37.0	14.6	25.2x	2.8x	14.0	0.5	18.3	126.7	0.8
<b>Property</b>						(9.1)	403.8							
BSDE	1,390	1,255	1,850	Buy	33.1	(18.2)	26.8	8.3x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	670	620	600	Hold	(10.4)	(4.3)	32.3	14.5x	2.7x	20.6	0.9	19.0	25.2	1.3
CTRA	1,040	1,010	1,250	Buy	20.2	(9.6)	19.3	21.3x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	860	805	960	Hold	11.6	(14.0)	12.4	27.7x	1.9x	6.9	0.6	0.7	75.0	1.6
WSKT	1,995	1,680	2,810	Buy	40.9	(20.5)	27.1	5.1x	1.6x	33.2	2.9	27.0	41.1	1.3
WIKA	1,850	1,655	2,150	Buy	16.2	3.1	16.6	12.0x	1.3x	11.0	1.4	32.3	26.0	1.1
<b>Misc Ind.</b>						1.8	411.7							
ASII	8,175	8,225	8,925	Hold	9.2	-	331.0	15.2x	2.5x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						22.6	665.1							
INTP	17,400	18,450	19,950	Hold	14.7	(24.3)	64.1	59.8x	2.8x	4.6	4.0	2.5	(56.1)	1.5
SMGR	11,300	11,500	13,500	Buy	19.5	0.9	67.0	25.4x	2.2x	9.0	1.2	4.4	43.1	1.3
CPIN	7,575	7,225	6,700	Hold	(11.6)	132.4	124.2	30.7x	6.8x	24.2	0.7	5.1	79.7	1.0
JPFA	2,200	2,150	3,250	Buy	47.7	64.8	25.8	13.9x	2.8x	20.2	4.5	16.8	104.2	0.8
<b>Mining</b>						4.2	406.4							
ADRO	1,410	1,215	1,970	Buy	39.7	(35.3)	45.1	7.5x	0.9x	11.9	7.1	9.3	(16.0)	1.2
PTBA	4,370	4,300	5,375	Buy	23.0	60.1	50.3	8.0x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	22,075	20,250	24,225	Hold	9.7	(5.2)	24.9	6.2x	1.7x	28.2	14.8	21.6	12.5	1.2
INCO	3,250	3,260	3,760	Buy	15.7	2.2	32.3	36.5x	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
<b>Agriculture</b>						(3.2)	101.8							
AALI	12,350	11,825	16,925	Buy	37.0	(8.7)	23.8	13.8x	1.3x	9.5	3.5	9.1	(18.2)	0.6
LSIP	1,330	1,250	1,500	Hold	12.8	(5.0)	9.1	19.4x	1.1x	5.7	3.4	(19.6)	(39.3)	0.7

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

## Relative Rotation Graph - Last 10 Days



### **KLBE : Targets Growth of 5% in Sales**

KLBE targets a minimum sales growth of 4%-5% in 2019. The targeted growth is equal to 2018 growth. However, the target is not yet fixed. It expects that the rupiah's exchange rate to be stable for most of 2019 because its COGS heavily banks on the rupiah's rates. Additionally, in 2019, it is likely to focus on improving its margins through such strategies as product mix, cost efficiencies, and new products innovation. (Bisnis Indonesia)

### **PPRE : Sets 2019 New Contract of IDR6 Trillion**

PPRE targets the new contracts of IDR5.5-6 trillion in 2019. Of note, in 2018, it succeeded to post the new contracts of IDR5.2 trillion, topping the 2018 target of IDR5 trillion. The mining services and civil work gave the biggest contribution of 77.1% to the achievement of the 2018 target; the ready-mix sector contributed by 9.8%. In December 2018, PPRE secured the new contracts of IDR758.5 billion, deriving from a number of projects. (Kontan)

### **MYOR : Will Increase Exports to ASEAN**

MYOR will augment its sales portion to exports markets--countries in ASEAN particularly. In 2019, it targets the growth of 20% y-y in exports revenues; thus, it keeps launching new products and expands its products' brand recognition. Yet, now it has to face the headwinds: regulations banning a number of imported processed food and beverages products by its export markets countries. (Bisnis Indonesia)

### **KAEF : Projects Double-Digit Growth**

KAEF projects the double-digit growth in 2019; accordingly, it will focus on the transformation to integrated retail health services, consisting of pharmacies, clinics, and diagnostic laboratories. its generic drugs sales are likely to be boosted by the completion of Banjarnegara-based factory in West Java. Indeed, to anticipate the volatile rupiah, KAEF has a 2-year contract of purchasing medicine raw materials. (Bisnis Indonesia)

## Domestic & Global News

### **December's IKK is All-Time High Since August**

Indonesia's Consumers Confidence Index (IKK) strengthened in December 2018. Bank Indonesia (BI) released December's IKK to settle at 127.0, much higher than that of 122.7 in November 2018. On a monthly basis, December's IKK hiked by 4.3 points, compared to November's IKK. The hike in December's IKK was the highest jump in 2018, successfully positioning it as the all-time high since August 2018. (CNBC Indonesia)

### **US-China Trade Talks Extended**

The U.S.-China trade front after negotiations between the world's two largest economies extended into an unscheduled third day, Steven Winberg, assistant secretary for Fossil Energy at the U.S. Department of Energy confirm continuing negotiations tomorrow. The new round of talks began on Monday as the two countries seek to strike an agreement amidst the ongoing trade war, which saw the U.S. and China slap punitive tariffs on each other's goods. (CNBC)

## Global Economic Calendar

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	-1.90%	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	1708.6t	--	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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