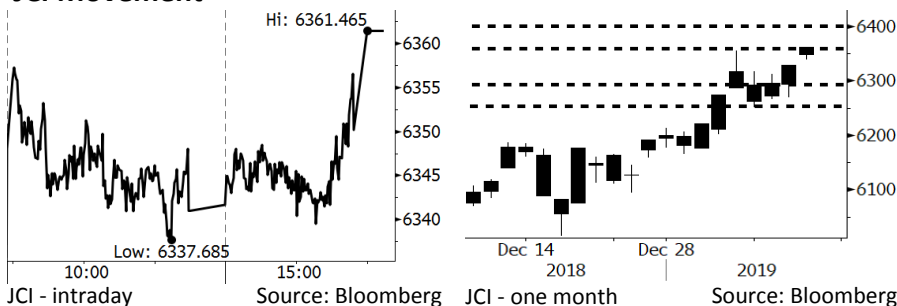


# Morning Brief

Daily | Jan 14, 2019

## JCI Movement



## IHSG (Jakarta Composite Index)

January 11	6,361.47
Chg	+32.75pts (+0.52%)
Volume (bn shares)	99.22
Value (IDR tn)	8.44

Adv 238 Dec 181 Unc 221 Untr 92

Foreign Transaction		(IDR bn)
Buy		3,592
Sell		2,779
Net Buy (Sell)		813

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	220.6	BBRI	93.3
BMRI	146.0	BNLI	23.3
BBCA	135.5	BJTM	18.6
BBNI	134.0	PNLF	16.4
ASII	84.9	TOWR	10.0

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INTP	5.3%	PTPP	-3.6%
ELSA	3.9%	SMGR	-2.9%
SRIL	3.0%	LPPF	-2.4%
BRPT	2.6%	EXCL	-2.2%
BJBR	2.4%	WSBP	-2.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.98%	0.04%
USDIDR	14,048	-0.04%
KRWIDR	12.61	0.44%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	23,995.95	(5.97)	-0.02%
S&P 500	2,596.26	(0.38)	-0.01%
Nasdaq	6,971.48	(14.59)	-0.21%
FTSE 100	6,918.18	(24.69)	-0.36%
CAC 40	4,781.34	(24.32)	-0.51%
DAX	10,887.46	(34.13)	-0.31%
Nikkei	20,359.70	195.90	0.97%
Hang Seng	26,667.27	145.84	0.55%
Shanghai	2,553.83	18.73	0.74%
KOSPI	2,075.57	12.29	0.60%
EIDO	26.47	(0.20)	-0.75%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,290.3	3.6	0.28%
Crude Oil (USD /bbl)	51.59	(1.00)	-1.90%
Coal Newcas(USD/ton)	96.45	0.20	0.21%
Gas (USD /mmbtu)	3.10	0.13	4.38%
Nickel LME (USD /MT)	11,460	210.0	1.87%
Tin LME (USD /MT)	20,300	160.0	0.79%
CPO (MYR/Ton)	2,171	8.0	0.37%

## Market Recap

Aligning with the regional markets, JCI closed higher on Friday, 01/11/19, backed by the rupiah appreciation, net foreign buy, and the basic industry sector. **Top Gainers: Basic Industry (+1.48%), Misc. Industry (+1.29%), Infrastructure (+1.15%)**

The global stock markets ended Friday's trading session in a mixed state. Investors focused on China's lackluster economic data and the shutdown in the U.S. administration. Asia markets rallied along with the positive progress of the U.S. and China trade war. In addition, Europe market ended mixed in relation to the Brexit progress; the U.S. markets closed flat along with the profit taking act.

## Today's Outlook: Exuberant Emerging Market

We estimate that today, JCI will rally with the **support range of 6250-6290** and **resistance range of 6360-6400**. Last week, MSCI emerging market stocks index rallied by 3.8%, backed by the positive sentiment of the trade deal between the U.S. and China. Besides, the Fed also signaled that it will not promptly tighten its monetary policy. The stance is estimated to continue further until this week when investors keep their eyes on China's trade balance.

In the domestic market, investors are estimated to digest the result of Bank Indonesia (BI) Board of Governors Meeting dated Thursday, 01/17/19. The meeting discusses its benchmark rate estimated to be stable at 6.0%.

## Company News

- ADHI : Targets Growth of 20% in Revenues
- MEDC : Aims to Take Over Ophir Energy Plc
- WEGE : Targets Revenue of IDR7.72 Trillion
- DILD : Targets Increase in Office Tenant

## Domestic & Global News

- BI: Processing Sector Is Still Expansive
- Theresa May: Brexit Postponement Is Catastrophic for Britain

## 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

**ADHI : Targets Growth of 20% in Revenues**

ADHI targets the revenue of IDR29 trillion or growing 20% y-y in 2019 on the back of its about-to-be developed projects. For most of 2019, it projects to construct 80 projects. In cooperation with PT Hutama Karya, it will develop the biggest project in 2019: 74-km Banda Aceh-Sigli toll road project. (Kontan)

**MEDC : Aims to Take Over Ophir Energy Plc**

MEDC stated its interest in taking over Ophir Energy Plc, listed on London Stock Exchange. Ophir runs its business in the exploration sector and the oil and gas upstream products. The acquisition has the offering price of 340 million pounds or equal to IDR6.13 trillion. Of note, Ophir's production reached 25,000 BOEPD. (Kontan)

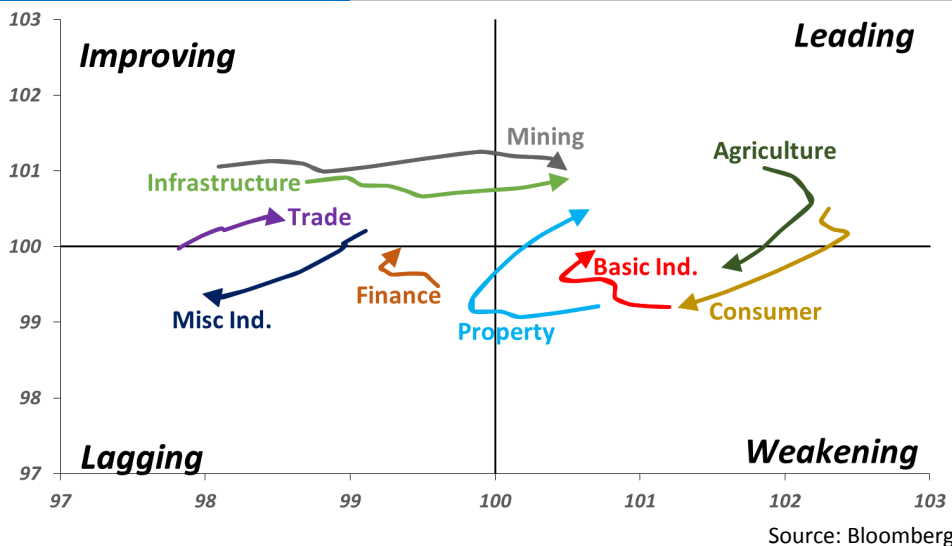
**WEGE : Targets Revenue of IDR7.72 Trillion**

WEGE targets the 2019 revenue of IDR7.72 trillion and the net profit of IDR533 billion. Another to setting the target, it also pursues the new contracts of IDR11.98 trillion in 2019. Thus, it will actively target the infrastructure project of 1 million houses, airport projects, construction projects, deriving from its parent entity, and the premium market segment. (Bisnis Indonesia)

**DILD : Targets Increase in Office Tenant**

In 2019, DILD targets the increment in office tenant; therefore, it will the promotion program to allure consumers' interest, particularly in the old buildings. Of note, the occupancy of DILD's Jakarta-based office buildings such as Intiland Tower, and South Quarter are 85% and 70%, respectively. (Kontan)

**Sector Rotation - Last 10 Days**



**Domestic & Global News**

**BI: Processing Sector Is Still Expansive**

Bank Indonesia (BI) cited its Prompt Manufacturing Index of 51.92% in 4Q18. The index is lower than that of 52.02% in 3Q18. However, it stated that in 4Q18, the processing industry was still at the expansion level. The expansion of processing industry aligned with the development of Nikkei Indonesia Purchasing Managers Index (PMI). The average PMI in 4Q18 was at the expansion level with the index of 50.70%, yet it was lower than the average PMI in 3Q18 of 51.03%. (Kontan)

**Theresa May: Brexit Postponement Is Catastrophic for Britain**

Britain Prime Minister Theresa May on Sunday, 01/13/19, warned lawmakers that the failure of backing the Brexit plan is catastrophic for Britain. She urged it in a plea of support ahead of a vote in parliament that is estimated to reject the deal she made with the European Union. Ahead of the UK plan to leave the European Union on March 29, Britain faces the uncertainty of no deal process of Brexit or staying with the European Union. (CNBC Indonesia)

# 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>	6,361	6,194				(0.1)	7,240.6							
<b>Finance</b>						5.9	2,250.8							
BBCA	26,250	26,000	28,825	Hold	9.8	17.1	647.2	25.9x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,730	3,660	4,370	Buy	17.2	5.4	460.1	14.3x	2.6x	19.3	2.9	7.9	14.5	1.5
BMRI	7,700	7,375	8,275	Hold	7.5	(4.9)	359.3	15.2x	2.1x	14.2	2.6	2.7	20.1	1.4
BBNI	8,925	8,800	10,525	Buy	17.9	(3.8)	166.4	11.2x	1.6x	15.1	2.9	10.0	12.5	1.5
<b>Consumer</b>						(8.3)	1,489.4							
HMSP	3,850	3,710	4,225	Hold	9.7	(21.7)	447.8	34.4x	14.3x	41.8	2.8	7.2	3.8	1.3
GGRM	83,275	83,625	88,650	Hold	6.5	0.3	160.2	19.8x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	48,450	45,400	49,700	Hold	2.6	(10.7)	369.7	40.7x	41.2x	118.0	1.9	1.0	39.7	1.0
ICBP	10,150	10,450	11,225	Hold	10.6	14.7	118.4	27.9x	5.7x	21.3	2.2	7.5	14.6	0.8
INDF	7,475	7,450	8,175	Hold	9.4	(4.8)	65.6	17.7x	2.0x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,620	1,520	1,840	Hold	13.6	(4.4)	75.9	31.3x	5.4x	18.3	1.5	3.9	1.4	1.3
<b>Infrastructure</b>						(3.9)	768.95							
TLKM	3,860	3,750	4,700	Buy	21.8	(5.7)	382.4	20.7x	4.2x	20.4	4.3	2.3	(20.6)	0.8
PGAS	2,300	2,120	2,600	Hold	13.0	29.2	55.8	15.0x	1.2x	8.2	1.4	12.9	122.8	1.4
JSMR	4,930	4,280	6,050	Buy	22.7	(20.8)	35.8	17.3x	2.2x	13.4	1.2	18.7	(6.9)	1.0
<b>Trade</b>						(14.1)	693.6							
UNTR	27,800	27,350	39,550	Buy	42.3	(24.9)	103.7	9.6x	2.0x	22.6	3.5	32.1	60.8	0.9
AKRA	4,500	4,290	4,650	Hold	3.3	(28.3)	18.1	24.3x	2.2x	19.3	4.9	25.3	(22.4)	1.3
SCMA	1,950	1,870	2,025	Hold	3.8	(17.7)	28.5	20.0x	6.2x	32.3	2.8	10.8	8.7	1.4
MNCN	760	690	875	Buy	15.1	(43.7)	10.8	7.8x	1.0x	14.2	2.0	2.8	(20.3)	0.9
ACES	1,690	1,490	1,635	Hold	(3.3)	31.0	29.0	30.3x	7.5x	26.6	1.3	22.3	32.7	1.0
RALS	1,520	1,420	1,515	Hold	(0.3)	25.1	10.8	18.1x	2.7x	15.7	2.6	2.2	43.4	0.9
MAPI	910	805	945	Hold	3.8	37.4	15.1	26.1x	2.9x	14.0	0.4	18.3	126.7	0.8
<b>Property</b>						(7.0)	415.5							
BSDE	1,480	1,255	1,850	Buy	25.0	(12.2)	28.5	8.8x	1.1x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	675	620	600	Hold	(11.1)	(4.3)	32.5	14.6x	2.8x	20.6	0.9	19.0	25.2	1.3
CTRA	1,060	1,010	1,250	Buy	17.9	(9.8)	19.7	21.7x	1.4x	6.8	0.9	7.9	1.7	1.6
SMRA	1,020	805	960	Hold	(5.9)	-	14.7	32.9x	2.2x	6.9	0.5	0.7	75.0	1.6
WSKT	1,960	1,680	2,810	Buy	43.4	(23.4)	26.6	5.1x	1.5x	33.2	2.9	27.0	41.1	1.3
WIKA	1,860	1,655	2,150	Buy	15.6	4.5	16.7	12.1x	1.3x	11.0	1.4	32.3	26.0	1.1
<b>Misc Ind.</b>						3.6	418.4							
ASII	8,300	8,225	8,925	Hold	7.5	1.5	336.0	15.4x	2.5x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						28.9	688.1							
INTP	18,050	18,450	19,950	Hold	10.5	(20.5)	66.4	62.0x	2.9x	4.6	3.9	2.5	(56.1)	1.5
SMGR	11,575	11,500	13,500	Buy	16.6	9.5	68.7	26.0x	2.3x	9.0	1.2	4.4	43.1	1.3
CPIN	7,975	7,225	6,700	Sell	(16.0)	148.4	130.8	32.4x	7.2x	24.2	0.7	5.1	79.7	1.1
JPFA	2,220	2,150	3,250	Buy	46.4	63.2	26.0	14.1x	2.9x	20.2	4.5	16.8	104.2	0.8
<b>Mining</b>						3.6	412.6							
ADRO	1,405	1,215	1,970	Buy	40.2	(37.0)	44.9	7.5x	0.9x	11.9	7.1	9.3	(16.0)	1.2
PTBA	4,330	4,300	5,375	Buy	24.1	49.8	49.9	7.9x	3.1x	42.1	7.4	20.7	49.7	1.0
ITMG	22,525	20,250	24,225	Hold	7.5	(5.2)	25.5	6.3x	1.7x	28.2	14.5	21.6	12.5	1.2
INCO	3,440	3,260	3,760	Hold	9.3	8.2	34.2	38.8x	1.3x	3.2	N/A	29.2	N/A	1.4
ANTM	790	765	1,200	Buy	51.9	18.8	19.0	17.3x	1.0x	5.9	0.3	186.6	N/A	1.3
<b>Agriculture</b>						(0.9)	103.4							
AALI	12,425	11,825	16,925	Buy	36.2	(6.8)	23.9	13.8x	1.3x	9.5	3.5	9.1	(18.2)	0.6
LSIP	1,350	1,250	1,500	Hold	11.1	(2.9)	9.2	19.6x	1.1x	5.7	3.3	(19.6)	(39.3)	0.7

\* Target Price for December 2019

Source: Bloomberg, NHKS Research

# Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CHN	Tentative	Money Supply M2 YoY	Dec		8.10%	8.00%
<i>14 - Jan</i>	CHN	Tentative	Trade Balance	Dec		\$51.60b	\$44.74b
	USA	Tentative	Trade Balance	Nov	-	-\$54.0b	-\$55.5b
	USA	Tentative	Factory Orders	Nov		0.30%	-2.10%
	USA	Tentative	New Home Sales	Nov		566k	544k
	USA	Tentative	Durable Goods Orders	Nov F		--	0.80%
<b>Tuesday</b>	USA	20:30	PPI Final Demand MoM	Dec		1.80%	2.30%
<i>15 - Jan</i>						3.00%	7.60%
<b>Wednesday</b>	JPN	06:50	PPI YoY	Dec		-0.50%	1.90%
<i>16 - Jan</i>	JPN	06:50	Core Machine Orders MoM	Nov		0.10%	0.10%
	JPN	11:30	Tertiary Industry Index MoM	Nov		1.70%	1.70%
	GER	14:00	CPI MoM	Dec F		0.10%	0.20%
	GER	14:00	CPI YoY	Dec F		1.80%	1.80%
	UK	16:30	PPI Output NSA MoM	Dec		0.20%	0.20%
	UK	16:30	CPI Core YoY	Dec		2.20%	2.30%
	UK	16:30	CPI MoM	Dec		--	23.50%
	UK	16:30	CPI YoY	Dec		0.30%	0.20%
	USA	19:00	MBA Mortgage Applications	11-Jan		0.30%	-0.60%
	USA	20:30	Retail Sales Advance MoM	Dec		0.40%	-0.90%
<b>Thursday</b>	EU	17:00	CPI MoM	Dec		0.00%	-0.20%
<i>17 - Jan</i>	EU	17:00	CPI YoY	Dec F		1.60%	1.90%
	USA	20:30	Housing Starts	Dec		1253k	1256k
	USA	20:30	Initial Jobless Claims	12-Jan		--	216k
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Dec		0.30%	0.80%
<i>18 - Jan</i>	JPN	11:30	Industrial Production MoM	Nov F		--	-1.10%
	USA	21:15	Industrial Production MoM	Dec		0.30%	0.60%
	USA	22:00	U. of Mich. Sentiment	Jan P		96.4	98.3

Source: Bloomberg

# Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Tuesday</b>	11:00	Imports YoY	Dec		--	0.1168
<i>15 - Jan</i>	11:00	Trade Balance	Dec		--	-\$2050m
	11:00	Exports YoY	Dec		--	-3.28%
<b>Thursday</b>	Tentative	Bank Indonesia 7D Reverse Repo	17-Jan		--	6.00%
<i>17 - Jan</i>						

Source: Bloomberg

Date	Event	Company
<b>Wednesday</b>	Delisting	IMJS
<i>06 - Jan</i>	Extraordinary Shareholder Meeting	SKYB, NUSA, DEWA
<b>Friday</b>	Extraordinary Shareholder Meeting	ARTA, HRUM, BOSS
<i>18 - Jan</i>		

Source: Bloomberg

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