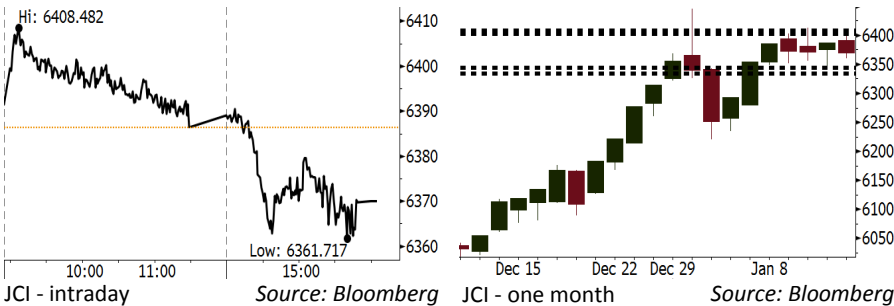


Morning Brief

Daily | Jan 15, 2018

JCI Movement



IHSG (Jakarta Composite Index)

Jan 12	6,370.07
Chg	-16.27pts (-0.25%)
Volume (bn shares)	111.84
Value (IDR tn)	7.07

Adv 152 Dec 204 Unc 224 Untr 105

Foreign Transaction		(IDR bn)
Buy	2,766	
Sell	2,450	
Net Buy (Sell)	316	

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	152.9	BBNI	122.3
ADRO	78.9	TLKM	74.7
ICBP	41.5	BBRI	32.3
BBCA	37.1	INDF	30.1
MAPI	23.5	MEDC	15.6

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ADRO	2.3%	LPPF	-4.2%
PPRO	1.5%	BMTR	-2.3%
SMRA	1.5%	SMGR	-2.3%
PTBA	1.4%	KLBF	-1.4%
BUMI	1.3%	SRIL	-1.1%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	6.22%	-0.04%
USD/IDR	13,353	-0.35%
KRW/IDR	12.56	0.36%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,803.19	228.46	0.89%
S&P 500	2,786.24	18.68	0.67%
Nasdaq	7,261.06	49.29	0.68%
FTSE 100	7,778.64	15.70	0.20%
CAC 40	5,517.06	28.51	0.52%
DAX	13,245.03	42.13	0.32%
Nikkei	23,653.82	(56.61)	-0.24%
Hang Seng	31,412.54	292.15	0.94%
Shanghai	3,428.94	3.60	0.11%
KOSPI	2,496.42	8.51	0.34%
EIDO	29.23	0.08	0.27%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,337.6	15.2	1.15%
Crude Oil (USD /bbl)	64.30	0.50	0.78%
Coal Newcas(USD/ton)	100.50	0.15	0.15%
Gas (USD /mmbtu)	3.20	0.12	3.76%
Nickel LME (USD /MT)	12,725	105.0	0.83%
CPO (MYR/Ton)	2,536	(31.0)	-1.21%

Indonesian Market Recap

JCI closed lower last Friday, 01/12. Investors tend to secure position ahead of the release of the U.S. inflation to be announced on Friday Night. **Top Losers : Agriculture (-0.86%), Misc Industries (-0.83%), Infrastructure (-0.74%)**

Today's Outlook: The Expectancy of Trade Surplus

We estimate JCI to rally with the **support range of 6334-6344 and resistance range of 6403-6409** by today. Today's major sentiment of JCI movement will be affected by the release of December's trade balance data. It is estimated that trade surplus of December will increase compared to the surplus of November. The backdrop is affected by the improving commodity export such as coal increasing in December. Nonetheless, the hike in the U.S. inflation to be released on Friday is estimated to give negative impact to the foreign investors.

Stocks Recommendation (details on the next page)

Trading Buy: BDMN, ANTM, INDY

Global Market

United States

The U.S. markets rallied to its highest new position as the financial sector led after the release of robust financial statements.

Europe

European markets rallied on Friday. Investors digested the release of company performance and a political breakthrough in Germany.

Asia

Asia stock ended in a positive territory on Friday due to the higher-than-estimated China's export data.

Company News

- HOKI : Prepares to Build Mill in South of Sumatera
- ACES : Allocates Spending of IDR200 Billion in 2018
- SCMA : Targets IDR3.57 Trillion from Private Placement
- PRDA : Spends od IDR230 Billion for IPO and Expansion

Domestic & Global News

- Indonesia Keeps Max. Guaranteed IDR, FX Deposit Rates Unchanged
- US Core Consumer Prices Post Biggest Gain in 11 months

Indonesia Economic Data

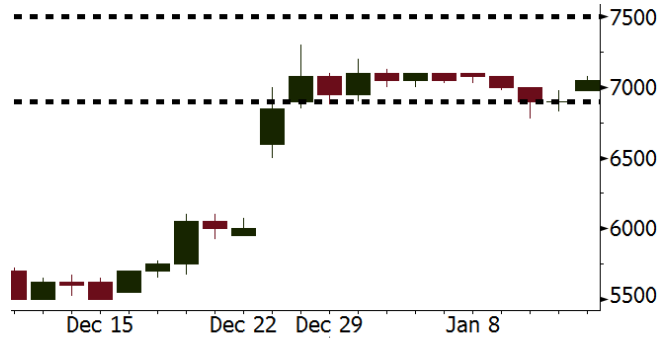
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.06%	4.25%
FX Reserve (USD bn)	130.20	125.97	Current Acc (USD bn)	(4.34)	129.40
Trd Balance (USD bn)	0.13	0.90	Govt Spending Yoy	3.46%	1.72
Exports Yoy	13.18%	18.39%	FDI (USD bn)	7.86	19.24%
Imports Yoy	19.62%	23.33%	Business Confidence	112.39	8.89%
Inflation Yoy	3.61%	3.30%	Cons. Confidence*	126.40	122.10

BDMN Last = 7050

Analysis Fitch ratings estimates the possibility of BDMN rating upgrade into BBB if MUFG succeeded to settle 40% acquisition of BDMN shares.

Range 6900 – 7500

Action Trading Buy. Cut Loss If Below 6900



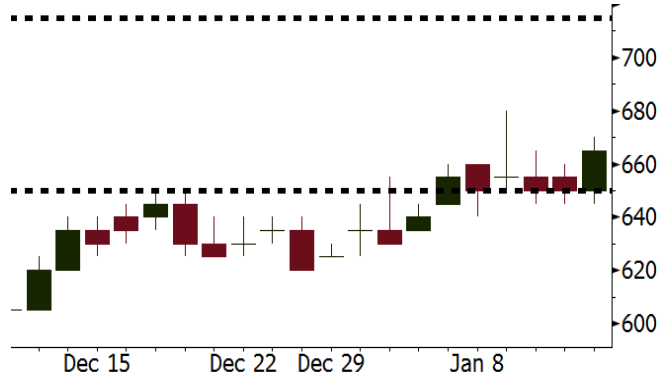
Source: Bloomberg

ANTM Last = 665

Analysis The share acquisition of Freeport Indonesia by government is lawful after MoU signing. Besides, Freeport Indonesia shall also build smelter of which products can be used by ANTM.

Range 650 – 715

Action Trading Buy. Cut Loss If Below 650



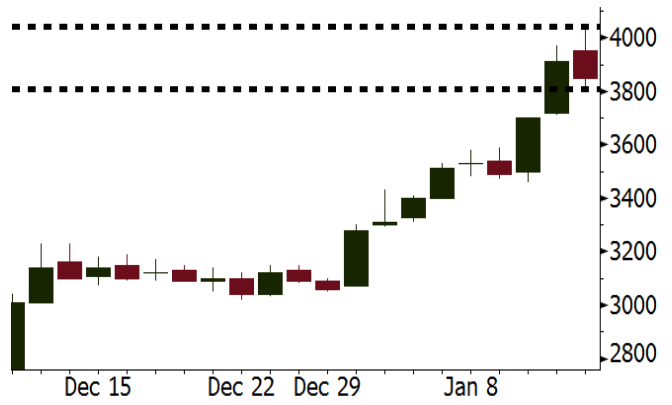
Source: Bloomberg

INDY Last = 3850

Analysis The hike of share ownership in Kideco from 46% into 91% will improve INDY performance. Low valuation will spur the hike in share price.

Range 3810 - 4040

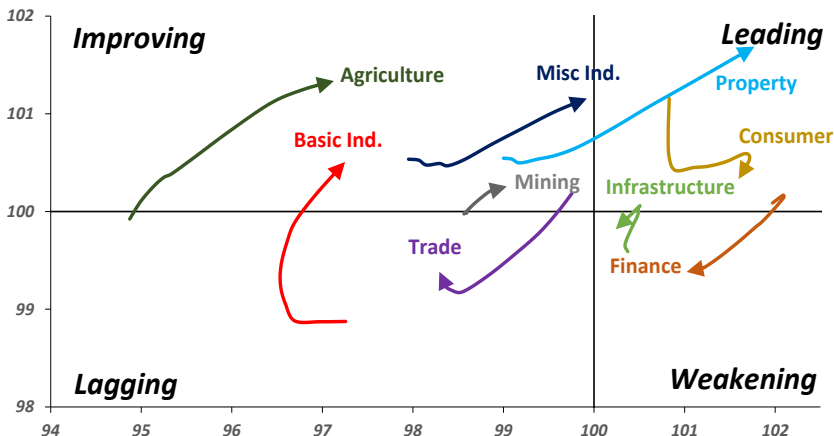
Action Trading buy. Cut Loss If Below 3810



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)	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index						20.8	7,099.8						
Finance						41.5	2,101.6						
BBCA	22,425	21,900	24,100	Hold	7.5	46.8	552.9	24.8x	18.9	0.9	8.6	14.3	0.9
BBRI	3,540	3,640	4,580	Buy	29.4	48.1	436.6	15.6x	18.6	2.4	9.7	4.0	1.3
BMRI	8,100	8,000	8,150	Hold	0.6	45.9	378.0	22.4x	10.8	1.6	6.5	(32.1)	1.4
BBNI	9,275	9,900	9,550	Hold	3.0	69.4	173.0	12.5x	15.3	2.3	15.2	25.3	1.2
BDMN	7,050	6,950	6,000	Hold	(14.9)	93.2	67.6	21.2x	8.6	1.4	(7.9)	11.5	1.4
BBTN	3,630	3,570	3,300	Hold	(9.1)	91.1	38.4	12.8x	15.5	1.4	14.6	41.1	0.9
Consumer						22.6	1,611.9						
HMSP	4,920	4,730	5,000	Hold	1.6	26.2	572.3	44.1x	42.2	2.2	7.2	18.2	1.3
GGRM	83,050	83,800	97,825	Buy	17.8	31.7	159.8	21.3x	19.4	3.1	8.4	3.7	1.3
UNVR	54,250	55,900	63,000	Buy	16.1	37.0	413.9	60.3x	107.6	1.6	9.8	9.4	1.2
ICBP	8,850	8,900	10,200	Buy	15.3	3.8	103.2	27.1x	21.4	1.7	8.6	20.0	1.4
INDF	7,850	7,625	9,000	Hold	14.6	(0.3)	68.9	17.1x	14.1	3.0	4.2	52.7	1.2
KLBF	1,695	1,690	2,020	Buy	19.2	11.9	79.5	33.4x	19.8	1.3	8.3	14.7	1.1
KAEF	2,470	2,700	2,600	Hold	5.3	1.6	13.7	48.0x	12.3	0.4	19.6	2.3	1.4
Infrastructure						10.3	805.80						
TLKM	4,130	4,440	5,450	Buy	32.0	5.0	416.3	18.1x	25.9	4.8	13.5	24.4	1.2
EXCL	3,200	2,960	4,400	Buy	37.5	15.5	34.2	74.3x	2.1	N/A	(6.7)	N/A	1.0
ISAT	6,000	4,800	6,750	Hold	12.5	(2.8)	32.6	24.2x	9.9	1.2	9.0	N/A	0.7
JSMR	6,225	6,400	5,550	Hold	(10.8)	46.5	45.2	17.9x	19.1	1.3	69.2	28.7	1.0
TBIG	6,150	6,425	6,050	Hold	(1.6)	22.4	27.9	23.5x	76.3	2.4	8.5	(6.3)	0.7
Trade						8.2	753.5						
UNTR	37,025	35,400	39,425	Hold	6.5	68.9	138.1	18.4x	18.2	1.8	(7.7)	29.8	1.1
AKRA	6,275	6,350	8,025	Buy	27.9	2.4	25.1	26.6x	17.8	2.4	(23.0)	(3.0)	1.1
SCMA	2,370	2,480	3,250	Buy	37.1	(15.1)	34.7	24.0x	35.3	2.4	6.8	(1.5)	0.8
MNCN	1,350	1,285	1,500	Hold	11.1	(23.5)	19.3	16.3x	11.7	3.1	4.4	17.4	1.2
LPPF	10,625	10,000	16,225	Buy	52.7	(29.9)	31.0	16.2x	112.1	4.6	9.9	13.3	1.4
ACES	1,290	1,155	1,150	Hold	(10.9)	70.9	22.1	28.9x	24.8	1.3	4.1	20.8	0.9
RALS	1,215	1,200	1,200	Hold	(1.2)	(1.2)	8.6	19.7x	12.3	3.0	5.9	26.0	1.1
MPPA	430	452	450	Hold	4.7	(69.5)	2.3	N/A	(4.5)	N/A	(2.0)	(82.9)	1.7
Property						(2.4)	424.9						
BSDE	1,685	1,700	1,800	Hold	6.8	(2.6)	32.4	11.0x	13.8	0.3	5.0	(17.0)	1.2
PWON	705	685	760	Hold	7.8	18.5	34.0	19.1x	19.6	0.6	4.7	32.4	1.1
CTRA	1,175	1,185	1,440	Buy	22.6	(7.5)	21.8	21.9x	8.7	0.4	(10.3)	(19.2)	0.9
SMRA	1,020	945	1,160	Hold	13.7	(23.6)	14.7	39.4x	6.1	0.5	(4.0)	(63.6)	1.2
PPRO	198	189	215	Hold	8.6	(37.4)	12.4	13.0x	10.5	0.7	42.8	22.3	0.8
WSKT	2,560	2,210	2,810	Hold	9.8	(3.0)	34.7	9.5x	28.9	1.5	68.1	63.5	0.9
PTPP	2,960	2,640	4,150	Buy	40.2	(18.9)	18.4	14.5x	18.9	1.7	15.8	13.5	0.9
WIKA	1,780	1,550	2,150	Buy	20.8	(28.5)	16.0	11.0x	15.8	1.9	15.0	68.3	0.7
ADHI	2,030	1,885	2,160	Hold	6.4	(6.5)	7.2	17.9x	7.5	1.3	17.8	(65.8)	0.9
Misc Ind.						2.6	403.2						
ASII	8,175	8,300	9,300	Hold	13.8	2.2	331.0	18.3x	16.1	2.1	(1.7)	4.8	1.3
Basic Ind.						27.7	520.6						
INTP	22,700	21,950	21,575	Hold	(5.0)	51.8	83.6	39.2x	8.6	4.1	(13.7)	(11.2)	1.4
SMGR	10,575	9,900	11,550	Hold	9.2	20.5	62.7	20.5x	10.9	2.9	(3.0)	0.0	1.1
CPIN	3,210	3,000	4,160	Buy	29.6	2.6	52.6	31.3x	11.2	1.7	27.9	29.1	1.1
JPFA	1,360	1,300	1,740	Buy	27.9	(14.2)	15.5	12.7x	13.7	3.7	8.2	329.5	0.9
MAIN	695	740	780	Hold	12.2	(43.7)	1.6	26.2x	3.4	5.5	9.9	N/A	1.2
KRAS	466	424	500	Hold	7.3	(41.0)	9.0	N/A	(7.2)	N/A	1.7	47.9	1.1
TPIA	5,525	6,000	6,275	Hold	13.6	32.6	98.5	21.0x	24.8	2.3	40.1	1041.3	0.5
BRPT	2,110	2,260	2,420	Hold	14.7	152.7	29.5	19.1x	14.0	N/A	39.5	N/A	0.5
Mining						26.7	376.1						
ADRO	2,230	1,860	2,570	Buy	15.2	31.2	71.3	10.7x	15.3	2.7	(6.0)	119.3	1.1
PTBA	2,890	2,460	3,235	Hold	11.9	17.7	33.3	8.4x	32.2	2.0	2.4	1.2	1.1
ITMG	23,750	20,700	25,275	Hold	6.4	49.1	26.8	8.5x	N/A	10.3	(14.0)	100.0	0.6
INCO	3,180	2,890	3,410	Hold	7.2	28.2	31.6	N/A	(0.6)	N/A	(26.0)	N/A	1.2
ANTM	665	625	870	Buy	30.8	(27.7)	16.0	N/A	(1.7)	N/A	(13.5)	N/A	0.8
TINS	885	775	1,070	Buy	20.9	(22.0)	6.6	14.0x	8.0	1.1	1.4	171.3	0.9
Agriculture						(13.9)	102.1						
AAJI	13,325	13,150	14,425	Hold	8.3	(20.7)	25.6	11.1x	13.4	3.9	8.1	203.2	0.6
LSIP	1,390	1,420	1,800	Buy	29.5	(17.0)	9.5	9.9x	12.5	2.5	(8.2)	(4.4)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HOKI : Prepares to Build Mill in South of Sumatera

HOKI plans to construct new rice mill in South of Sumatera in Semester II of 2018. Now, it has two mills. The mill with the capacity of 30 tons/hour locates in Subang, West Java, and mill with the capacity of 5 tons/hours locates in Cipinang. It projects the mill to be construct in South of Sumatera will have capacity of 30 tons/hour. (Bisnis Indonesia)

SCMA : Targets IDR3.57 Trillion from Private Placement

SCMA will perform pre-emptive right of 1.46 billion of new shares at the maximum or 10% from the issued and paid up capital with the fund target of IDR3,57 trillion. The pre-emptive right has objective of increasing fund for strengthening capital structure and supporting expansion activity. Besides, the issuance of new share increase liquidity of company share trade. (Bisnis Indonesia)

ACES : Allocates Spending of IDR200 Billion in 2018

Capex 2018 fund stems from internal fund. From the agenda for 2018 expansion. ACES targets the target revenue growth of 10%. It uses all of 2017 capex for opening new stores. In early 2017. It targets to open 10-15 new stores. 2018 capex will also be used to open new stores. The early target is 10-15 new stores. (Kontan)

PRDA : Spends od IDR230 Billion for IPO and Expansion

PRDA uses IPO fund of IDR146.78 billion for developing outlet network. The IPO fund consists of outlet rent amounting to IDR19.22 billion, building purchase of IDR93.48 billion, asset procurement for operation amounting to IDR20.45 billion, and outlet renovation amounting to IDR13.62 billion. PRDA allocates working capital amounting to IDR53.91 billion. The remaining fund from the IPO fund is IDR918.22 billion. (Bisnis Indonesia)

Domestic & Global News

Indonesia Keeps Max. Guaranteed IDR, FX Deposit Rates Unchanged

Max. guaranteed deposit rate for rupiah held at 5.75% and 0.75% for USD, Indonesia Deposit Insurance Corporation, known as LPS, says in statement. LPS sees slowing pace of interest rate decline. Liquidity risk expected to be "neutral" over the next three months, with risks coming from Fed fund rate hikes. Loose monetary policy and low loan growth will reduce short-term liquidity risk. (Bloomberg)

US Core Consumer Prices Post Biggest Gain in 11 months

Underlying U.S. consumer prices recorded their largest increase in 11 months in December amid strong gains in the cost of rental accommodation and health care, bolstering expectations that inflation will gain momentum this year. The Labor Department said its Consumer Price Index excluding the volatile food and energy components rose 0.3 percent last month also as prices for new motor vehicles, used cars and trucks and motor vehicle insurance increased. That was the biggest advance in the so-called core CPI since January. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	JPN	06:50	PPI YoY	Dec		3.20%	3.50%
<i>16 - Jan</i>	JPN	06:50	PPI MoM	Dec		0.40%	0.40%
	GER	14:00	CPI MoM	Dec F		0.60%	0.60%
	GER	14:00	CPI YoY	Dec F		1.70%	1.70%
	UK	16:30	CPI MoM	Dec		0.40%	0.30%
	UK	16:30	CPI YoY	Dec		3.00%	3.10%
Wednesday	EU	17:00	CPI YoY	Dec F		1.40%	1.50%
<i>17 - Jan</i>	EU	17:00	CPI MoM	Dec		0.40%	0.10%
	USA	21:15	Industrial Production MoM	Dec		0.40%	0.20%
Thursday	USA	02:00	U.S. Federal Reserve Releases Beige Book				
<i>18 - Jan</i>	JPN	11:30	Industrial Production MoM	Nov F		--	0.60%
	JPN	11:30	Industrial Production YoY	Nov F		--	3.70%
	CHN	14:00	GDP YoY	4Q		6.70%	6.80%
	CHN	14:00	Retail Sales YoY	Dec		10.20%	10.20%
	CHN	14:00	Industrial Production YoY	Dec		6.10%	6.10%
	USA	20:30	Housing Starts	Dec		1270k	1297k
	USA	20:30	Initial Jobless Claims	13-Jan		--	261k
Friday	USA	22:00	U. of Mich. Sentiment	Jan P		97	95.9
<i>19 - Jan</i>							

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	11:00	Imports YoY	Dec		18.00%	19.62%
<i>15 - Jan</i>	11:00	Exports YoY	Dec		13.70%	13.18%
	11:00	Trade Balance	Dec		\$678m	\$127m
Thursday	Tentative	Bank Indonesia 7D Reverse Repo	18-Jan		4.25%	4.25%
<i>18 - Jan</i>						

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholders Meeting	LINK, RBMS, SUGI
<i>15 - Jan</i>		
Tuesday	IPO Listing Date	LCK Global Kedaton
<i>16 - Jan</i>		
Wednesday	Annual Shareholder Meeting	ELTY
<i>17 - Jan</i>	Extraordinary Shareholders Meeting	KRAH, ROTI
Thursday	Extraordinary Shareholders Meeting	IBFN, SUGI
<i>18 - Jan</i>	Rights Delisting Date	IKAI
Friday	Rights Delisting Date	TMPO
<i>19 - Jan</i>		

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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