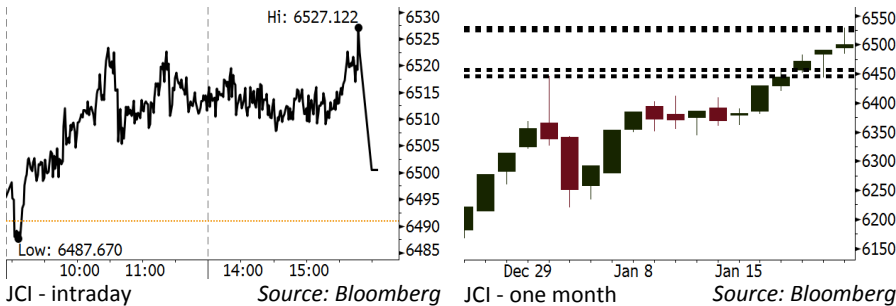


Morning Brief

Daily | Jan 23, 2018

JCI Movement



IHSG (Jakarta Composite Index)

Jan 22	6,500.53
Chg	+9.63pts (+0.15%)
Volume (bn shares)	107.92
Value (IDR tn)	9.37

Adv 200 Dec 151 Unc 230 Untr 108

Foreign Transaction (IDR bn)

Buy	3,248
Sell	3,537
Net Buy (Sell)	(289)

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	130.7	ASII	159.0
BMRI	102.4	TLKM	111.5
ADRO	59.8	BBNI	86.9
UNTR	31.5	BBRI	57.0
INDF	29.0	ICBP	44.5

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
ADRO	6.0%	INTP	-5.0%
PTBA	5.8%	EXCL	-4.8%
PGAS	5.1%	LPPF	-3.4%
BUMI	3.5%	JSMR	-2.8%
UNTR	3.0%	ADHI	-2.3%

Government Bond Yield & FX

Tenor	Last	Chg.
Tenor: 10 year	6.18%	-0.03%
USD/IDR	13,350	0.26%
KRW/IDR	12.47	-0.24%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,214.60	142.88	0.55%
S&P 500	2,832.97	22.67	0.81%
Nasdaq	7,408.03	71.65	0.98%
FTSE 100	7,715.44	(15.35)	-0.20%
CAC 40	5,541.99	15.48	0.28%
DAX	13,463.69	29.24	0.22%
Nikkei	23,816.33	8.27	0.03%
Hang Seng	32,393.41	138.52	0.43%
Shanghai	3,501.36	13.50	0.39%
KOSPI	2,502.11	(18.15)	-0.72%
EIDO	29.77	0.02	0.07%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,333.9	2.1	0.16%
Crude Oil (USD /bbl)	63.57	0.26	0.41%
Coal Newcas(USD/ton)	99.20	0.10	0.10%
Gas (USD /mmbtu)	3.22	0.04	1.22%
Nickel LME (USD /MT)	12,760	40.0	0.31%
CPO (MYR/Ton)	2,475	30.0	1.23%

Indonesian Market Recap

JCI continued its rally to the new highest position. Backed by conducive domestic and global sentiments, investors remained to target mining shares. **Top Gainers : Mining (+2.54%), Agriculture (+1.28%), Trade (+0.54%)**

Today's Outlook: Interim the U.S. House Agreement

We estimate JCI to be bearish with the **support range of 6446-6457 and resistance range of 6525-6529** by today. From global outlook, the interim budget agreement in the U.S. house finally ended the government shutdown to occur since last week. This backdrop is estimated to spur Dollar in rally range. From domestic outlook, investors need digesting trend of 3-day foreign net sell potential for interim JCI's rally

Stocks Recommendation (details on the next page)

Trading Buy: INDF, TINS, BBRI

Global Market

United States

The U.S. markets surged last night. The U.S. government will re-open after members of the senate reached budget agreement.

Europe

European markets rallied yesterday as the telecommunication, banking, and crude oil sectors posted hike.

Asia

Asia markets moved mixed yesterday. Investors awaited Bank of Japan's 2-Day meeting to be started on Monday.

Company News

- WSKT : Issues Bond of IDR3 Trillion
- GMFI : Allocates Capex of USD127 Million
- MIKA : Will Perform 5% Buyback Shares
- MBSS : Targets Growth of 30%

Domestic & Global News

- Government to Control Regional Inflation
- Bill to reopen government clears the House, heads to Trump's desk

Indonesia Economic Data

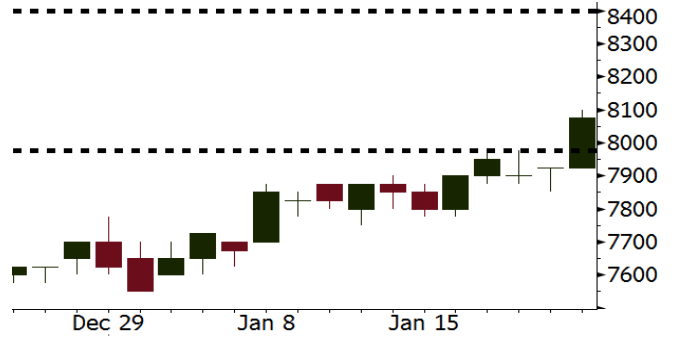
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.06%	4.25%
FX Reserve (USD bn)	130.20	125.97	Current Acc (USD bn)	(4.34)	129.40
Trd Balance (USD bn)	(0.27)	0.13	Govt Spending Yoy	3.46%	1.72
Exports Yoy	6.93%	13.18%	FDI (USD bn)	7.86	19.24%
Imports Yoy	17.83%	19.62%	Business Confidence	112.39	8.89%
Inflation Yoy	3.61%	3.30%	Cons. Confidence*	126.40	122.10

INDF Last = 8075

Analysis It is estimated that consumers in Indonesia will spend more on food and beverages products due to the improvement in labor conditions and wages.

Range 7975 – 8400

Action Trading Buy. Cut Loss If Below 7975



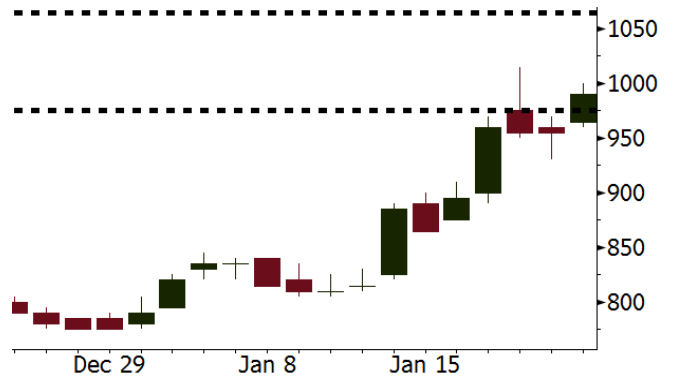
Source: Bloomberg

TINS Last = 990

Analysis TINS targets 2018's double-digit growth in net profit compared to the estimated 2017's net profit of IDR500 billion. The stable tin commodities prices will prop up TINS's upbeat margin.

Range 975 – 1065

Action Trading Buy. Cut Loss If Below 975



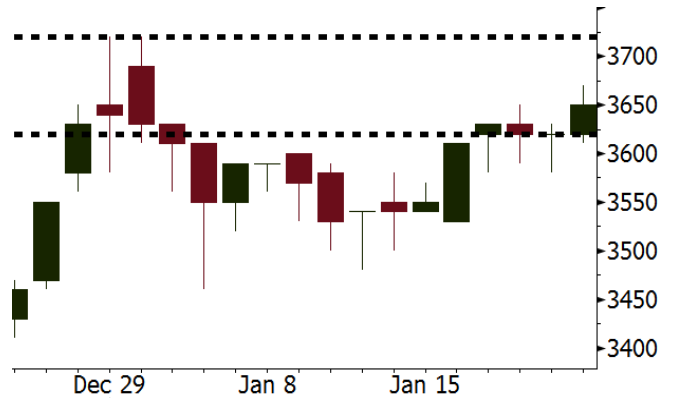
Source: Bloomberg

BBRI Last = 3650

Analysis BBRI will release FY2017's financial performance. We estimated BBRI's 2017 net profit to hit IDR27.8 trillion. In 11M17, BBRI secured the profit of IDR25.3 trillion (91% from our target).

Range 3620 - 3720

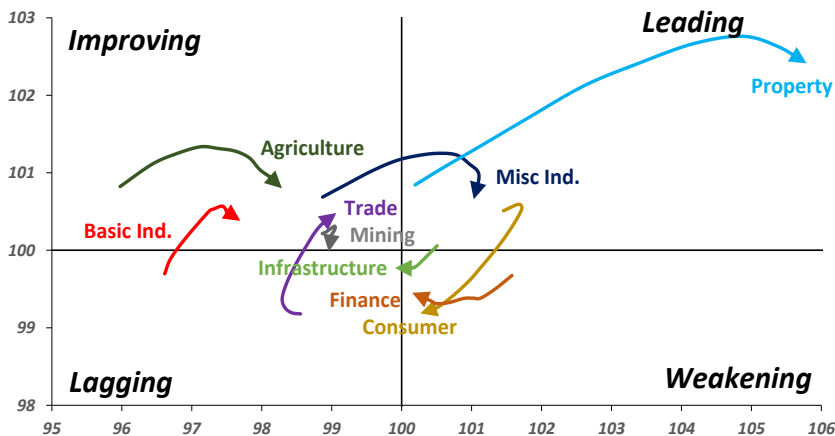
Action Trading buy. Cut Loss If Below 3620



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						23.8	7,245.7						
Finance						43.8	2,125.0						
BBCA	22,475	21,900	24,100	Hold	7.2	49.3	554.1	24.8x	18.9	0.9	8.6	14.3	1.0
BBRI	3,650	3,640	4,580	Buy	25.5	54.7	450.2	16.1x	18.6	2.3	9.7	4.0	1.4
BMRI	8,075	8,000	8,150	Hold	0.9	47.2	376.8	22.3x	10.8	1.6	6.5	(32.1)	1.4
BBNI	9,400	9,900	9,550	Hold	1.6	70.1	175.3	12.9x	14.7	2.3	11.2	19.7	1.3
BDMN	6,875	6,950	6,000	Hold	(12.7)	68.9	65.9	20.7x	8.6	1.4	(7.9)	11.5	1.3
BBTN	3,640	3,570	3,300	Hold	(9.3)	92.1	38.5	12.8x	15.5	1.4	14.6	41.1	0.9
Consumer						25.0	1,647.2						
HMSP	5,150	4,730	5,000	Hold	(2.9)	33.4	599.0	46.1x	42.2	2.1	7.2	18.2	1.1
GGRM	85,000	83,800	97,825	Buy	15.1	33.9	163.5	21.8x	19.4	3.1	8.4	3.7	1.2
UNVR	54,400	55,900	63,000	Buy	15.8	32.0	415.1	60.4x	107.6	1.6	9.8	9.4	1.2
ICBP	8,700	8,900	10,200	Buy	17.2	3.0	101.5	26.6x	21.4	1.8	8.6	20.0	1.5
INDF	8,075	7,625	8,000	Hold	(0.9)	(0.3)	70.9	17.6x	14.1	2.9	4.2	52.7	1.1
KLBF	1,695	1,690	2,020	Buy	19.2	15.3	79.5	33.4x	19.8	1.3	8.3	14.7	1.2
KAEF	2,460	2,700	2,600	Hold	5.7	7.9	13.7	47.8x	12.3	0.4	19.6	2.3	1.3
Infrastructure						14.8	820.50						
TLKM	4,130	4,440	5,450	Buy	32.0	8.0	416.3	18.1x	25.9	4.8	13.5	24.4	1.2
EXCL	3,000	2,960	4,400	Buy	46.7	14.1	32.1	69.7x	2.1	N/A	(6.7)	N/A	1.0
ISAT	5,525	4,800	6,750	Buy	22.2	(10.2)	30.0	22.2x	9.9	1.3	9.0	N/A	0.5
JSMR	6,025	6,400	6,050	Hold	0.4	45.2	43.7	17.3x	19.1	1.3	69.2	28.7	1.0
TBIG	6,275	6,425	6,050	Hold	(3.6)	25.5	28.4	24.0x	76.3	2.4	8.5	(6.3)	0.6
Trade						10.2	770.0						
UNTR	38,525	35,400	39,425	Hold	2.3	75.3	143.7	19.1x	18.2	1.8	(7.7)	29.8	1.1
AKRA	6,200	6,350	8,025	Buy	29.4	(8.1)	24.8	26.3x	17.8	2.4	(23.0)	(3.0)	1.1
SCMA	2,520	2,480	3,250	Buy	29.0	(3.8)	36.8	25.6x	35.3	2.3	6.8	(1.5)	0.9
MNCN	1,475	1,285	1,500	Hold	1.7	(14.0)	21.1	17.8x	11.7	2.8	4.4	17.4	1.3
LPPF	10,625	10,000	16,225	Buy	52.7	(28.6)	31.0	16.2x	112.1	4.6	9.9	13.3	1.4
ACES	1,215	1,155	1,150	Hold	(5.3)	67.6	20.8	27.2x	24.8	1.4	4.1	20.8	0.9
RALS	1,200	1,200	1,200	Hold	-	(2.8)	8.5	19.4x	12.3	3.0	5.9	26.0	1.1
MPPA	490	452	450	Hold	(8.2)	(64.9)	2.6	N/A	(4.5)	N/A	(2.0)	(82.9)	1.8
Property						(0.5)	429.7						
BSDE	1,665	1,700	1,800	Hold	8.1	(7.8)	32.0	10.9x	13.8	0.3	5.0	(17.0)	1.2
PWON	690	685	760	Hold	10.1	17.9	33.2	18.7x	19.6	0.7	4.7	32.4	1.0
CTRA	1,155	1,185	1,440	Buy	24.7	(9.8)	21.4	21.5x	8.7	0.4	(10.3)	(19.2)	0.9
SMRA	1,015	945	1,160	Hold	14.3	(24.5)	14.6	39.2x	6.1	0.5	(4.0)	(63.6)	1.3
PPRO	198	189	215	Hold	8.6	(36.9)	12.4	13.0x	10.5	0.7	42.8	22.3	0.8
WSKT	2,580	2,210	2,810	Hold	8.9	2.0	35.0	9.6x	28.9	1.5	68.1	63.5	1.0
PTPP	2,920	2,640	4,150	Buy	42.1	(17.0)	18.1	14.3x	18.9	1.7	15.8	13.5	1.0
WIKA	1,935	1,550	2,150	Hold	11.1	(21.0)	17.4	11.9x	15.8	1.8	15.0	68.3	0.8
ADHI	2,100	1,885	2,160	Hold	2.9	(0.5)	7.5	18.5x	7.5	1.3	17.8	(65.8)	0.9
Misc Ind.						3.4	407.8						
ASII	8,250	8,300	9,300	Hold	12.7	2.8	334.0	18.5x	16.1	2.0	(1.7)	4.8	1.2
Basic Ind.						32.8	537.9						
INTP	21,450	21,950	21,575	Hold	0.6	45.2	79.0	37.1x	8.6	4.3	(13.7)	(11.2)	1.4
SMGR	10,750	9,900	11,550	Hold	7.4	25.0	63.8	20.9x	10.9	2.8	(3.0)	0.0	1.1
CPIN	3,420	3,000	4,160	Buy	21.6	10.3	56.1	33.3x	11.2	1.6	27.9	29.1	1.2
JPFA	1,460	1,300	1,740	Buy	19.2	(8.5)	16.7	13.7x	13.7	3.4	8.2	329.5	0.9
MAIN	720	740	780	Hold	8.3	(41.2)	1.6	27.2x	3.4	5.3	9.9	N/A	1.2
KRAS	505	424	500	Hold	(1.0)	(34.4)	9.8	N/A	(7.2)	N/A	1.7	47.9	1.1
TPIA	5,575	6,000	6,275	Hold	12.6	32.4	99.4	21.2x	24.8	2.3	40.1	1041.3	0.5
BRPT	2,150	2,260	2,420	Hold	12.6	142.9	30.0	19.5x	14.0	N/A	39.5	N/A	0.7
Mining						36.8	403.9						
ADRO	2,310	1,860	2,720	Buy	17.7	33.9	73.9	11.1x	15.3	2.6	(6.0)	119.3	1.2
PTBA	3,300	2,460	4,085	Buy	23.8	41.0	38.0	9.6x	32.2	1.7	2.4	1.2	1.2
ITMG	28,475	20,700	27,850	Hold	(2.2)	88.3	32.2	10.1x	25.1	8.6	(14.0)	100.0	0.7
INCO	3,380	2,890	3,550	Hold	5.0	48.9	33.6	N/A	(0.6)	N/A	(26.0)	N/A	1.3
ANTM	775	625	1,090	Buy	40.6	(10.4)	18.6	N/A	(1.7)	N/A	(13.5)	N/A	0.8
TINS	990	775	1,140	Buy	15.2	(3.4)	7.4	15.7x	8.0	1.0	1.4	171.3	0.9
Agriculture						(13.8)	103.6						
AALI	13,025	13,150	14,425	Hold	10.7	(19.1)	25.1	10.8x	13.4	4.0	8.1	203.2	0.6
LSIP	1,385	1,420	1,800	Buy	30.0	(17.3)	9.4	9.8x	12.5	2.5	(8.2)	(4.4)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WSKT : Issues Bond of IDR3 Trillion

WSKT will perform bond issuance with the target fund of IDR3 trillion. The bonds are divided into two series, namely Series A with 3-year tenor and coupon of 7.50%-8.25% per year, and Series B with 3-year tenor and coupon of 8.00%-8,75% per year. (Bisnis Indonesia)

GMFI : Allocates Capex of USD127 Million

GMFI allocated 2018 capex of USD127 million stemming from existing IPO proceeds, strategic investor fund, and banking loan. The capex will be used for acquisition and joint venture. (Kontan)

MIKA : Will Perform 5% Buyback Shares

MIKA allocates fund of IDR1.4 trillion to perform buyback of 5% of shares or equal to 727.54 million stock. It will perform EGM on February 28, 2018 for an approval, the deadline for buyback is on August 2019. (Kontan)

MBSS : Targets Growth of 30%

MBSS signed the agreement of coal transportation with PT Muji Line on January 17, 2018. The agreement has 5-year maturity with the contract value of USD78 million. In 2018, MBSS targets growth of 30% in revenue and allocates capex amounting to USD27.2 million to be used for purchasing and maintaining units. (Kontan)

Domestic & Global News

Government to Control Regional Inflation

The government and Bank Indonesia (BI) targets regional inflation control teams (TPID) to be formed across Indonesia's regions in 2018. Only 21 regions out of 541 districts, cities, and provinces have no TPID. TPID formation will be takeaways step for stabilizing inflation. TPID enables the government to control price started from inflation-based regions. (Kontan)

Bill to reopen government clears the House, heads to Trump's desk for signature

A bill to reopen the federal government and fund its operations until Feb. 8 easily passed the House of Representatives on Monday evening, setting the stage for President Donald Trump's signature later on Monday night, and the reopening of government first thing Tuesday morning. The final vote tally was 260 yeas, to 150 no votes. The bill funds the government for 17 days, and it funds the popular CHIP children's insurance program for six years. It does not include a permanent fix for the Obama-era DACA program, which Senate Democrats had originally demanded. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	JPN	11:30	All Industry Activity Index MoM	Nov		0.90%	0.30%
<i>23 - Jan</i>	GER	17:00	ZEW Survey Current Situation	Jan		89.9	89.3
	GER	17:00	ZEW Survey Expectations	Jan		17.7	17.4
	EU	22:00	Consumer Confidence	Jan A		0.6	0.5
Wednesday	JPN	07:30	Nikkei Japan PMI Mfg	Jan P		--	54
<i>24 - Jan</i>	GER	15:30	Markit Germany Manufacturing PMI	Jan P		63	63.3
	EU	16:00	Markit Eurozone Manufacturing PMI	Jan P		60.3	60.6
	UK	16:30	Jobless Claims Change	Dec		--	5.9k
	UK	16:30	ILO Unemployment Rate 3Mths	Nov		4.30%	4.30%
	USA	21:45	Markit US Manufacturing PMI	Jan P		55	55.1
	USA	22:00	Existing Home Sales	Dec		5.69m	5.81m
Thursday	GER	16:00	IFO Business Climate	Jan		117	117.2
<i>25 - Jan</i>	EU	19:45	ECB Main Refinancing Rate	25-Jan		0.00%	0.00%
	USA	20:30	Wholesale Inventories MoM	Dec P		--	0.80%
	USA	20:30	Initial Jobless Claims	20-Jan		--	220k
	USA	22:00	New Home Sales	Dec		675k	733k
	USA	22:00	Leading Index	Dec		0.50%	0.40%
Friday	JPN	06:30	Natl CPI YoY	Dec		1.10%	0.60%
<i>26 - Jan</i>	UK	16:30	GDP QoQ	4Q A		0.40%	0.40%
	UK	16:30	GDP YoY	4Q A		1.40%	1.70%
	USA	20:30	GDP Annualized QoQ	4Q A		2.90%	3.20%
	USA	20:30	Durable Goods Orders	Dec P		0.90%	1.30%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholders Meeting	BRPT
<i>22 - Jan</i>		
Tuesday	Extraordinary Shareholders Meeting	TMPO
<i>23 - Jan</i>		
Wednesday	Annual & Extraordinary Shareholder Meeting	MTWI
<i>24 - Jan</i>	Annual Shareholder Meeting	PNBS
	Earnings Release	BBRI (Estimate EPS: IDR229,44)
Thursday	Extraordinary Shareholders Meeting	FISH, TRUS
<i>25 - Jan</i>	Annual Shareholder Meeting	PGAS
Friday	Annual Shareholder Meeting	KBRI
<i>26 - Jan</i>	Rights Delisting Date	KBRI

Source: Bloomberg

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