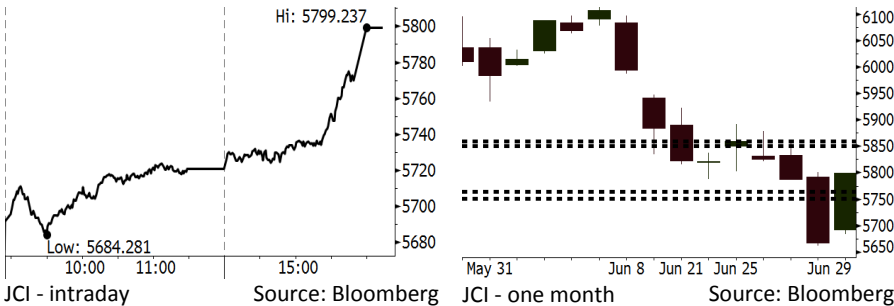


# Morning Brief

Daily | July 02, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

June 29	5,799.24
Chg	+131.92pts (+2.33%)
Volume (bn shares)	106.28
Value (IDR tn)	9.01

Adv 208 Dec 194 Unc 199 Untr 113

## Foreign Transaction (IDR bn)

Buy	3,288
Sell	2,928
Net Buy (Sell)	359

## Top Buy NB Val. Top Sell NS Val.

INKP	123.0	BBCA	95.1
BMRI	118.5	UNTR	49.8
BBRI	71.3	BDMN	30.0
PTBA	62.1	GGRM	27.3
UNVR	32.1	BBNI	25.7

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BUMI	13.0%	ADHI	-1.1%
PGAS	9.6%	JSMR	-0.7%
PTPP	8.4%	LPKR	0.0%
ADRO	7.5%	PWON	0.0%
BMTR	6.7%	WSBP	0.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.80%	-0.10%
USDIDR	14,330	-0.44%
KRWIDR	12.87	0.51%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,271.41	55.36	0.23%
S&P 500	2,718.37	2.06	0.08%
Nasdaq	7,510.30	6.62	0.09%
FTSE 100	7,636.93	21.30	0.28%
CAC 40	5,323.53	47.89	0.91%
DAX	12,306.00	128.77	1.06%
Nikkei	22,304.51	34.12	0.15%
Hang Seng	28,955.11	457.79	1.61%
Shanghai	2,847.42	60.52	2.17%
KOSPI	2,326.13	11.89	0.51%
EIDO	22.97	0.65	2.91%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,252.6	4.4	0.35%
Crude Oil (USD /bbl)	74.15	0.70	0.95%
Coal Newcas(USD/ton)	109.10	0.70	0.65%
Gas (USD /mmbtu)	2.92	(0.02)	-0.54%
Nickel LME (USD /MT)	14,900	115.0	0.78%
Tin LME (USD /MT)	19,750	150.0	0.77%
CPO (MYR/Ton)	2,326	(17.0)	-0.73%

## Indonesian Market Recap

JCI was at the bullish mood on Friday, 06/29/18 as Bank Indonesia raised its benchmark rate by 50 bps. **Top Gainers : Basic Industry (+3.17%), Mining (+2.85%), Finance (+2.60%)**

## Today's Outlook: : Release of June's Inflation

Today we estimate JCI to rally with the support range of 5751-5764 and resistance range of 5851-5860. After it finished a rebound bolstered by BI's stance of raising benchmark rate by 50 bps, investors likely eye on the release of June's inflation released today. On monthly basis, June's inflation is higher than May's inflation due to the effects of Eid Mubarak holidays, yet on yearly basis, June's inflation is lower than May's inflation. The low inflation will stabilize financial system amid the current external pressure.

## Stocks Recommendation (details on the next page)

Trading Buy: BBTN, BBNI, KLBF

## Global Market

### United States

The U.S. markets rallied on Friday, 06/29/18 as Nike's stocks soared by 11% due its outstanding performance.

### Europe

European markets finished on high dated Friday, 06/29/2018 after the leader of European Union succeeded to enter into EU migration deal.

### Asia

Asia markets rallied on Friday, 06/29/18 as China's market was rebound after the concerns about the trade war between the U.S. and China.

## Company News

- PTPP : Offers Coupon of 8.25%-8.50%
- BRPT : Has Settled Two Corporate Actions
- PPRO : Secures Funds of Bond Issuance
- TBIG : Offers Coupon of 8.50%

## Domestic & Global News

OJK: Banking Sector Posted Credit Growth of 10.26% in May

The Trump administration reportedly drafted a bill that abandons WTO rulebook

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports Yoy	28.17%	34.68%	Business Confidence	111.02	112.39
Inflation Yoy	3.23%	3.41%	Cons. Confidence*	125.10	121.60

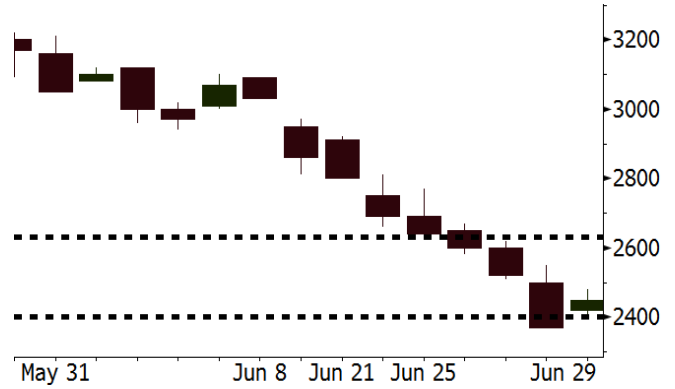
**BBTN** Last = 2450

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**Analysis** Bank Indonesia (BI) gave easing such as LTV omission of mortgage loan for consumers buying their first house. Such policy likely bolsters the growth in BBTN's credit either subsidized mortgage or non-subsidized mortgage

**Range** 2400 - 2630

**Action** Trading Buy. Cut Loss If Below 2400



Source: Bloomberg

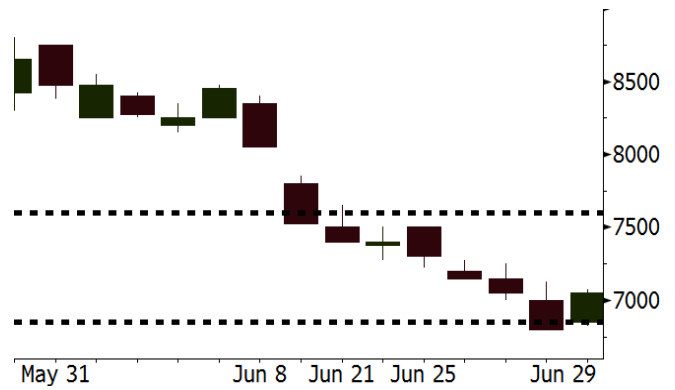
**BBNI** Last = 7050

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**Analysis** The Financial Service Authority stated that the credit growth of May settled at 10.26% higher than April's credit growth of 8.94%. BBNI estimated to hit the credit growth of 13%-14% in 1H18.

**Range** 6850 - 7600

**Action** Trading Buy. Cut Loss If Below 6850



Source: Bloomberg

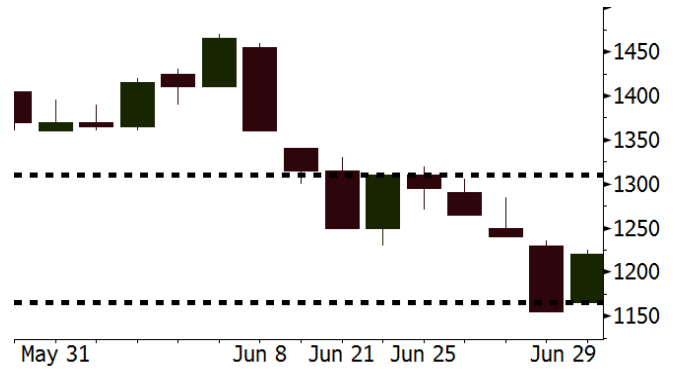
**KLBF** Last = 1220

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**Analysis** KLBF's stocks steep tumble made its valuation attractive. Now it is traded at a forward P/E of 22.2x lower than the last 3 year average of 30.1x.

**Range** 1165 - 1310

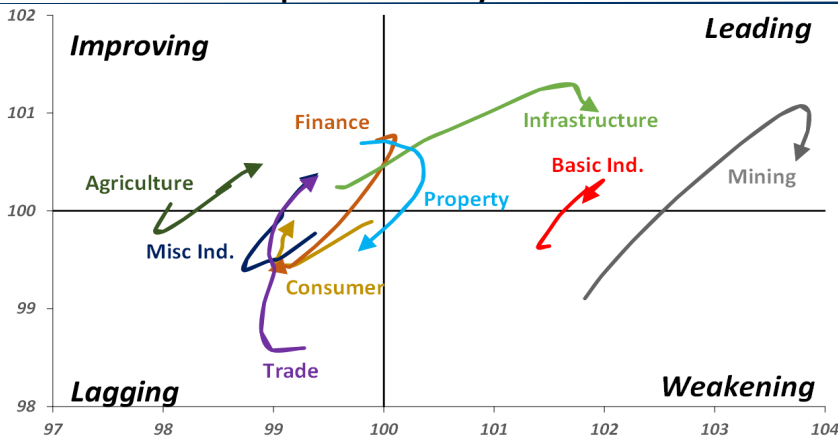
**Action** Trading buy. Cut Loss If Below 1165



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)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index	5,799	6,356				(0.5)	6,385.2							
<b>Finance</b>						6.2	1,845.4							
BBCA	21,475	21,900	25,400	Buy	18.3	18.3	529.5	22.2x	3.9x	18.7	1.2	7.1	10.4	0.9
BBRI	2,840	3,640	3,510	Buy	23.6	(6.9)	350.3	11.7x	2.2x	19.6	3.8	13.0	11.4	1.4
BMRI	6,850	8,000	10,300	Buy	50.4	7.5	319.7	14.3x	2.0x	14.4	2.9	(1.9)	43.7	1.4
BBNI	7,050	9,900	8,125	Buy	15.2	6.8	131.5	9.4x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,450	3,570	3,790	Buy	54.7	(5.8)	25.9	8.3x	1.2x	15.2	2.3	15.1	16.1	1.5
BJTM	680	710	810	Buy	19.1	2.3	10.2	8.5x	1.4x	16.5	6.5	3.1	10.7	1.1
<b>Consumer</b>						(5.8)	1,322.0							
HMSP	3,580	4,730	4,575	Buy	27.8	(6.8)	416.4	33.6x	11.2x	33.3	3.0	2.5	(7.1)	1.4
GGRM	67,250	83,800	88,650	Buy	31.8	(14.1)	129.4	16.7x	2.9x	18.2	3.9	10.1	0.1	1.4
UNVR	46,100	55,900	44,200	Hold	(4.1)	(5.5)	351.7	51.1x	50.2x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,850	8,900	9,625	Hold	8.8	0.6	103.2	26.3x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,650	7,625	8,175	Buy	22.9	(22.7)	58.4	14.1x	1.8x	13.2	3.6	(1.1)	0.7	1.1
KLBF	1,220	1,690	1,730	Buy	41.8	(24.9)	57.2	23.8x	4.1x	18.2	2.0	2.4	0.2	1.3
KAEF	2,360	2,700	3,280	Buy	39.0	(18.3)	13.1	39.1x	5.2x	14.0	0.7	24.4	27.4	1.3
<b>Infrastructure</b>						(11.6)	705.88							
TLKM	3,750	4,399	4,600	Buy	22.7	(16.3)	378.0	17.5x	3.8x	22.4	4.5	4.3	(14.3)	0.9
EXCL	2,520	2,960	3,800	Buy	50.8	(26.1)	26.9	79.3x	1.2x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,180	4,800	6,750	Buy	112.3	(51.1)	17.3	37.9x	1.2x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,180	6,400	6,050	Buy	44.7	(21.9)	30.3	13.6x	1.9x	15.3	1.5	92.8	6.5	1.1
TBIG	4,990	6,425	6,050	Buy	21.2	(26.6)	22.6	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,420	3,060	5,000	Buy	46.2	335.7	17.8	3.4x	1.3x	46.6	3.1	263.6	166.7	1.2
<b>Trade</b>						(4.8)	729.5							
UNTR	31,600	35,400	42,350	Buy	34.0	15.1	117.9	14.0x	2.4x	18.6	2.8	39.0	68.7	1.2
AKRA	4,300	6,350	8,025	Buy	86.6	(34.1)	17.3	20.4x	2.0x	24.1	4.7	34.4	(22.8)	1.3
SCMA	2,060	2,480	2,700	Buy	31.1	(20.5)	30.1	21.7x	7.1x	34.8	2.8	15.0	19.3	1.0
MNCN	920	1,285	1,550	Buy	68.5	(50.0)	13.1	9.1x	1.3x	14.3	4.6	(0.4)	(28.3)	1.2
LPPF	8,800	10,000	11,250	Buy	27.8	(37.9)	25.7	13.4x	10.0x	81.7	5.2	5.9	1.2	1.2
ACES	1,270	1,155	1,425	Hold	12.2	19.8	21.8	26.0x	5.8x	24.0	1.8	21.5	35.7	0.9
RALS	1,490	1,200	1,400	Hold	(6.0)	21.6	10.6	23.9x	2.9x	12.2	2.7	(2.6)	407.0	0.8
MAPI	900	620	945	Hold	5.0	32.4	14.9	23.8x	3.4x	16.4	0.4	19.3	505.7	0.9
<b>Property</b>						(11.9)	361.1							
BSDE	1,565	1,700	1,850	Buy	18.2	(14.5)	30.1	6.5x	1.2x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	530	685	625	Buy	17.9	(13.8)	25.5	12.2x	2.3x	21.0	0.8	19.5	61.9	1.2
CTRA	1,020	1,185	1,370	Buy	34.3	(12.8)	18.9	23.4x	1.4x	6.1	1.4	6.8	(41.7)	1.2
SMRA	905	945	1,050	Buy	16.0	(29.8)	13.1	39.2x	2.0x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,925	2,210	2,810	Buy	46.0	(17.0)	26.1	5.0x	1.7x	37.7	3.0	68.6	314.5	1.4
PTPP	1,995	2,640	3,850	Buy	93.0	(36.5)	12.4	8.4x	1.1x	13.9	2.3	26.3	19.0	1.5
WIKA	1,325	1,550	2,150	Buy	62.3	(40.0)	11.9	10.5x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,790	1,885	2,160	Buy	20.7	(16.7)	6.4	11.2x	1.1x	10.1	1.6	39.7	282.5	1.0
<b>Misc Ind.</b>						(22.1)	337.5							
ASII	6,600	8,300	9,300	Buy	40.9	(26.1)	267.2	14.2x	2.1x	15.3	2.8	14.4	(1.6)	1.2
<b>Basic Ind.</b>						26.6	590.7							
INTP	13,650	21,950	21,575	Buy	58.1	(26.0)	50.2	30.8x	2.0x	6.3	5.1	1.9	(46.2)	1.5
SMGR	7,125	9,900	11,550	Buy	62.1	(28.8)	42.3	25.2x	1.4x	5.9	1.9	3.4	(45.2)	1.2
CPIN	3,680	3,000	4,200	Hold	14.1	15.7	60.3	21.0x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,605	1,300	2,000	Buy	24.6	18.0	18.8	13.6x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	685	740	780	Hold	13.9	(38.0)	1.5	20.2x	0.9x	4.1	5.5	16.5	109.1	1.0
KRAS	456	424	500	Hold	9.6	(25.9)	8.8	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.1
TPIA	5,600	6,000	6,275	Hold	12.1	9.4	99.9	24.2x	4.0x	19.1	1.5	9.9	(36.3)	0.8
BRPT	1,980	2,260	2,420	Buy	22.2	35.2	35.2	18.6x	1.8x	12.4	1.2	25.1	(5.3)	0.7
<b>Mining</b>						37.0	400.8							
ADRO	1,790	1,860	2,500	Buy	39.7	13.3	57.3	8.7x	1.1x	13.6	6.0	5.1	(23.4)	1.1
PTBA	3,970	2,460	3,950	Hold	(0.5)	66.1	45.7	8.3x	2.8x	38.7	8.0	26.4	67.1	1.0
ITMG	22,375	20,700	32,400	Buy	44.8	29.3	25.3	6.8x	2.0x	29.2	14.0	2.8	0.0	1.1
INCO	4,040	2,890	3,550	Hold	(12.1)	118.4	40.1	3448.7x	1.5x	(0.1)	N/A	18.4	N/A	1.2
ANTM	890	625	985	Hold	10.7	28.1	21.4	57.0x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	810	775	1,240	Buy	53.1	11.0	6.0	12.1x	1.0x	8.3	2.9	(0.6)	(18.1)	1.2
ELSA	336	372	625	Buy	86.0	22.6	2.5	N/A	0.8x	10.5	1.5	50.1	1267.6	1.2
<b>Agriculture</b>						(19.1)	92.4							
AALI	11,200	13,150	14,800	Buy	32.1	(23.8)	21.6	13.8x	1.2x	8.6	4.2	10.7	(55.6)	0.7
LSIP	990	1,420	1,380	Buy	39.4	(27.7)	6.8	13.4x	0.8x	6.2	4.5	(40.7)	(64.6)	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **PTPP : Offers Coupon of 8.25%-8.50%**

PTPP offers II Shelf Registration Bonds of II Phase of the 2018 on July 2nd and July 3rd 2018. The bonds are divided into two series, series A with the principle amount of IDR1.04 trillion and the coupon of 8.25% and series B with the principle of IDR460 billion and the coupon of 8.50%. Each of bonds will mature on July 6th 2021 and July 6th 2023, respectively. (Kontan)

### **PPRO : Secures Funds of Bond Issuance**

PPRO secured the proceeds from I Shelf Registration of PP Property of Phase I of 2018 lasting until July 3rd with the targeted proceeds of IDR1 trillion. The funds of 45% will be spent on the instalment payment and land acquisition, while the remaining will be ploughed into investment, debt refinancing, and working capital. (Bisnis Indonesia)

### **BRPT : Has Settled Two Corporate Actions**

BRPT has completed two corporation actions, namely II Right Issue and Acquisition of Star Energy Group Holding Pte. Ltd. It has run 66.67% acquisition process of Star Energy's stocks dated June 7th, 2018. Besides, it also performed II Right Issue with pre-emptive right dated June 29th 2018. It will spend IDR7.4 trillion on the acquisition of Star Energy. (Bisnis Indonesia)

### **TBIG : Offers Coupon of 8.50%**

TBIG will offer III Shelf Registration of I Phase of Tower Bersama Infrastructure of 2018 with the principle amount of IDR608 billion. The bonds are in one series with the coupon of 8.50% and maturity date on July 5th 2021. The bonds are part of shelf registration with the total targeted fund of IDR7 trillion. (Kontan)

## Domestic & Global News

### **OJK: Banking Sector Posted Credit Growth of 10.26% in May**

The Financial Service Authority (OJK) reported that the banking sector posted double digit growth of 10.26% y-y in credit per May 2018. The credit growth of May was higher than April's credit growth of 8.94% y-y. The NPL ratio of May was at 2.79% or relatively similar to April's NPL of 2.79%. OJK sets forth policies ensuring the financial market stability and maintainable domestic financial service performance amid market volatility. (Kontan)

### **The Trump administration reportedly drafted a bill that abandons WTO rulebook**

President Donald Trump's administration has drafted a bill that allows the White House to unilaterally raise tariffs without congressional consent, Axios reported late on Sunday. If the legislation goes ahead, that means the world's largest economy would be abandoning the World Trade Organization rulebook. The bill, called the "United States Fair and Reciprocal Tariff Act," ignores fundamental WTO principles, said Axios, which reported that it obtained a leaked draft. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	Tankan Large Mfg Index	2Q	21	22	24
<i>02 - July</i>	JPN	07:30	Nikkei Japan PMI Mfg	Jun F	53.0	--	53.1
	CHN	08:45	Caixin China PMI Mfg	Jun		51.1	51.1
	GER	14:55	Markit Germany Manufacturing PMI	Jun F		55.9	55.9
	EU	15:00	Markit Eurozone Manufacturing PMI	Jun F		55	55
	UK	15:30	Markit UK PMI Manufacturing SA	Jun		54	54.4
	USA	20:45	Markit US Manufacturing PMI	Jun F		--	54.6
	USA	21:00	ISM Manufacturing	Jun		58	58.7
<b>Monday</b>	USA	21:00	Factory Orders	May		0.00%	-0.80%
<i>03 - July</i>	USA	21:00	Durable Goods Orders	May F		--	-0.60%
<b>Wednesday</b>	EU	15:00	Markit Eurozone Composite PMI	Jun F		54.8	54.8
<i>04 - July</i>							
<b>Thursday</b>	GER	13:00	Factory Orders MoM	May		1.10%	-2.50%
<i>05 - July</i>	USA	19:15	ADP Employment Change	Jun		190k	178k
	USA	19:30	Initial Jobless Claims	30-Jun		--	227k
<b>Friday</b>	USA	01:00	FOMC Meeting Minutes	13-Jun		--	--
<i>06 - July</i>	GER	13:00	Industrial Production SA MoM	May		0.30%	-1.00%
	USA	19:30	Trade Balance	May		-\$45.4b	-\$46.2b
	USA	19:30	Change in Nonfarm Payrolls	Jun		198k	223k
	USA	19:30	Unemployment Rate	Jun		3.80%	3.80%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	11:00	Nikkei Indonesia PMI Mfg	Jun	50.3	--	51.7
<i>02 - July</i>	11:00	CPI NSA MoM	Jun		0.51%	0.21%
	11:00	CPI Core YoY	Jun		2.78%	2.75%
	Tentative	CPI YoY	Jun		3.00%	3.23%
<b>Wednesday</b>	Tentative	Money Supply M2 YoY	May		--	7.40%
<i>04 - July</i>	Tentative	Money Supply M1 YoY	May		--	10.20%
<b>Friday</b>	Tentative	Net Foreign Assets IDR	Jun		--	1677.9t
<i>06 - July</i>	Tentative	Foreign Reserves	Jun		--	\$122.90b

Source: Bloomberg

Date	Event	Company
<b>Monday</b>	Annual Shareholder Meeting	APOL
<i>02 - July</i>	Extraordinary Shareholder Meeting	KBRI
	Rights Delisting Date	BULL
	Cum Dividend Date	EMTK (IDR20 per share) JTPE (IDR17 per share) MERK (IDR260 per share) SCMA (IDR35 per share)
<b>Tuesday</b>	Extraordinary Shareholder Meeting	WSBP
<i>03 - July</i>	Stock Split	CLEO (5 for 1)
	Rights Delisting Date	BKSW
	Cum Dividend Date	ASBI (IDR10 per share) GGRM (IDR2,600 per share) LION (IDR15 per share) LMSH (IDR10 per share) MNCN (IDR15 per share) SRTG (IDR74 per share) UNIC (IDR92 per share)
<b>Wednesday</b>	Rights Listing Date	BBHI
<i>04 - July</i>	Stock Split	IBFN (1 for 5) MINA (5 for 1)
	Cum Dividend Date	BBYB (IDR1.11 per share) CAMP (IDR3 per share) INKP (IDR100 per share) LCKM (IDR1 per share) SMAR (IDR30 per share) TKIM (IDR30 per share)
<b>Thursday</b>	IPO Listing	MAP Aktif Persada
<i>05 - July</i>		Transcoal Pacific
<b>Friday</b>	Rights Delisting Date	ATIC
<i>06 - July</i>		BABP

Source: Bloomberg

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