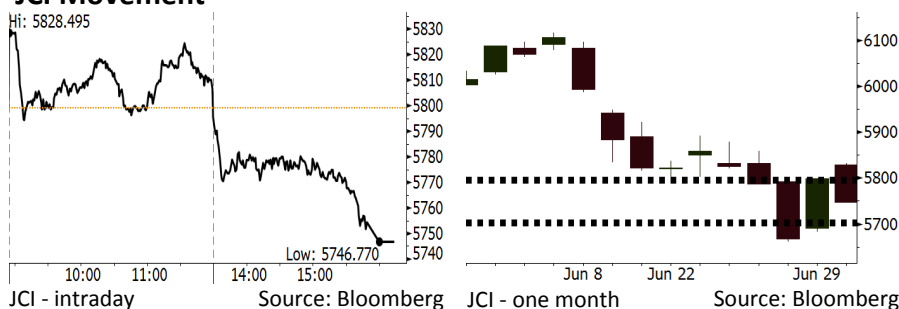


Morning Brief

Daily | July 03, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 02	5,746.77
Chg	-52.47pts (-0.91%)
Volume (bn shares)	97.09
Value (IDR tn)	6.84
Adv 133 Dec 258 Unc 210 Untr 111	

Foreign Transaction (IDR bn)	
Buy	2,142
Sell	2,336
Net Buy (Sell)	(194)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	92.7	ASII	73.7
BBCA	54.7	BMRI	43.1
PTBA	38.3	TKIM	39
INKP	36.6	BDMN	38.6
TLKM	23.4	AMRT	37.9

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
GGRM	2.6%	ANTM	-7.9%
UNTR	2.5%	BUMI	-6.2%
KLBF	2.5%	ASII	-5.3%
HMSP	2.2%	BMRI	-4.7%
SCMA	1.9%	TPIA	-4.5%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.79%	-0.01%	
USDIDR	14,390	0.42%	
KRWIDR	12.86	-0.08%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,307.18	35.77	0.15%
S&P 500	2,726.71	8.34	0.31%
Nasdaq	7,567.69	57.38	0.76%
FTSE 100	7,547.85	(89.08)	-1.17%
CAC 40	5,276.76	(46.77)	-0.88%
DAX	12,238.17	(67.83)	-0.55%
Nikkei	21,811.93	(492.58)	-2.21%
Hang Seng	28,955.11	457.79	1.61%
Shanghai	2,775.56	(71.86)	-2.52%
KOSPI	2,271.54	(54.59)	-2.35%
EIDO	22.74	(0.23)	-1.00%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,242.0	(10.6)	-0.84%
Crude Oil (USD /bbl)	73.94	(0.21)	-0.28%
Coal Newcas(USD/ton)	115.00	1.10	0.97%
Gas (USD /mmbtu)	2.86	(0.06)	-2.12%
Nickel LME (USD /MT)	14,550	(350.0)	-2.35%
Tin LME (USD /MT)	19,750	0.0	0.00%
CPO (MYR/Ton)	2,329	3.0	0.13%

Indonesian Market Recap

JCI ended at low note yesterday. Asia markets reigned at sluggish mood despite the well controlled June's inflation. **Top Losers: Miscellaneous Industries (-4.68%), Basic Industry (-2.19%), Mining (-2.18%)**

Today's Outlook: Rupiah Endures Volatility

We estimate JCI to move at modest pace with the support range of 5699-5706 and resistance range of 5793-5799. The stock markets are attuned to the rupiah movement after BI's last week stance of benchmark rate hike. Rupiah was volatile and depreciated. The external pressure ahead of the U.S. import tariff to take effect on July 6th, 2018. However, we estimate rupiah likely endures less volatility than what it endured in prior months.

Stocks Recommendation (details on the next page)

Trading Buy: SCMA, ITMG, UNTR

Global Market

United States

The U.S. markets closed higher as the tech sector posted strong gains. However, the Trump's tariffs loomed and constrained the U.S. markets to rally.

Europe

European markets closed lower yesterday as investors questioned the stability of the German government and cracked trade between the EU and the U.S.

Asia

Asia markets closed at a steep tumble as China's markets recorded losses. Investors were attuned to the U.S. tariffs to take effect on July 6th, 2018.

Company News

- BRPT : Posts Growth of 9.75% in Revenues
- CLEO : Performs Stock Split
- VIVA : Focuses on An Organic Innovation
- MLPL : Targets Proceed of IDR503.24 Billion

Domestic & Global News

- Indonesia's June CPI Rises at Slowest Pace Since Dec. 2016
- US manufacturing jumps for a second straight month

Indonesia Economic Data

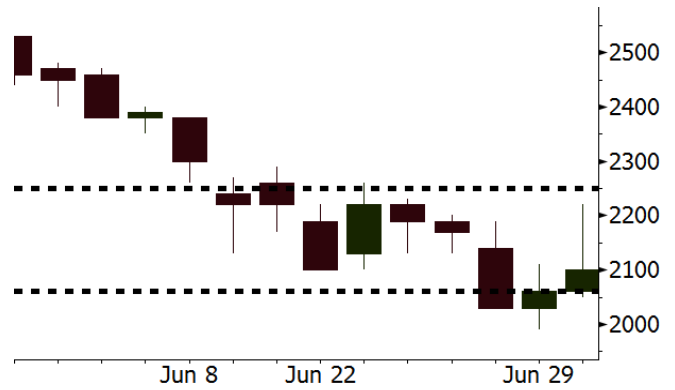
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

SCMA Last = 2100

Analysis SCMA posted the audience share of 17.0% after the May's decline of 16.5%. In the coming years, its audience share likely hikes as it reserves the right to broadcast Asian Games.

Range 2060 - 2250

Action Trading Buy. Cut Loss If Below 2060



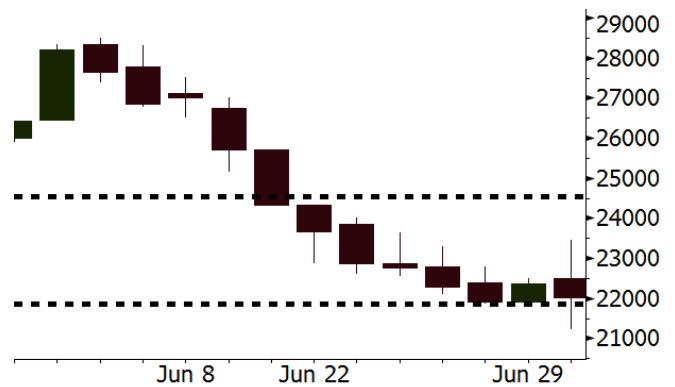
Source: Bloomberg

ITMG Last = 22025

Analysis ITMG has an attractive valuation as it is traded at P/E of 6.7x lower than the 2-year average of 12.8x. Besides, its P/E is also lower than ADRO's P/E and PTBA's P/E of 8.4x and 9.8x, respectively.

Range 21850 - 24550

Action Trading Buy. Cut Loss If Below 21850



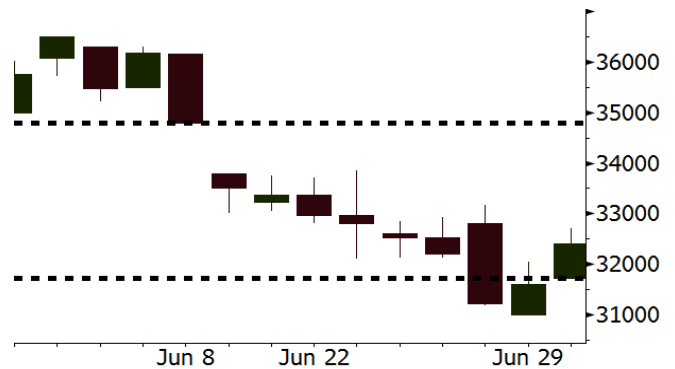
Source: Bloomberg

UNTR Last = 32400

Analysis UNTR is still capable of maintaining the double digit growth in the heavy machinery sale after posting the hike of 46% y-y in May. Besides, its current P/E of 14.3x is attractive as it is lower than the 2-year average of 14.3x.

Range 31725 - 34800

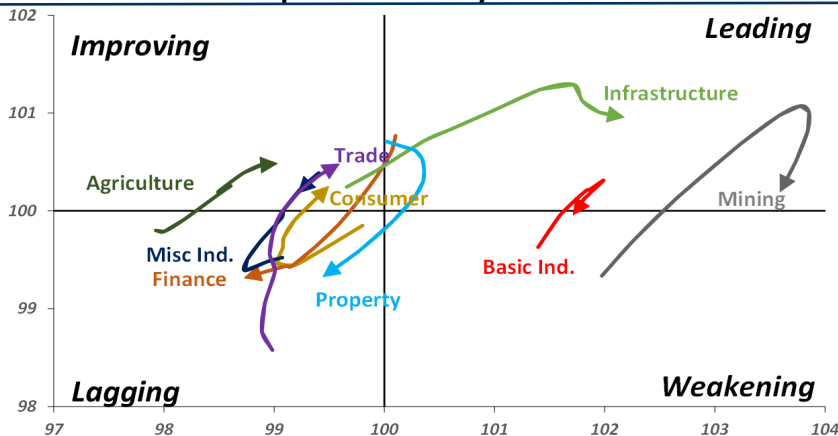
Action Trading buy. Cut Loss If Below 31725



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	5,747	6,356				(1.4)	6,534.1							
Finance						5.4	1,893.5							
BBCA	21,450	21,900	25,400	Buy	18.4	18.2	528.8	22.2x	3.9x	18.7	1.2	7.1	10.4	0.9
BBRI	2,850	3,640	3,510	Buy	23.2	(6.6)	351.5	11.7x	2.2x	19.6	3.7	13.0	11.4	1.4
BMRI	6,525	8,000	10,300	Buy	57.9	2.4	304.5	13.6x	1.9x	14.4	3.1	(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	2,360	3,570	3,790	Buy	60.6	(9.2)	25.0	8.0x	1.2x	15.2	2.4	15.1	16.1	1.4
BJTM	635	710	810	Buy	27.6	(4.5)	9.5	7.9x	1.3x	16.5	6.9	3.1	10.7	1.0
Consumer						(5.5)	1,353.1							
HMSP	3,660	4,730	4,575	Buy	25.0	(4.7)	425.7	34.3x	11.5x	33.3	2.9	2.5	(7.1)	1.5
GGRM	69,000	83,800	88,650	Buy	28.5	(11.9)	132.8	17.1x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	45,350	55,900	44,200	Hold	(2.5)	(7.1)	346.0	50.3x	49.3x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,875	8,900	9,625	Hold	8.5	0.9	103.5	26.4x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,525	7,625	8,175	Buy	25.3	(24.1)	57.3	13.8x	1.8x	13.2	3.6	(1.1)	0.7	1.1
KLBF	1,250	1,690	1,730	Buy	38.4	(23.1)	58.6	24.4x	4.2x	18.2	2.0	2.4	0.2	1.3
KAEF	2,350	2,700	3,280	Buy	39.6	(18.7)	13.1	39.0x	5.1x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(12.0)	722.75							
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	2,530	2,960	3,800	Buy	50.2	(25.8)	27.0	79.7x	1.2x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,170	4,800	6,750	Buy	112.9	(51.2)	17.2	37.8x	1.2x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,190	6,400	6,050	Buy	44.4	(21.7)	30.4	13.6x	1.9x	15.3	1.4	92.8	6.5	1.1
TBIG	4,920	6,425	6,050	Buy	23.0	(27.6)	22.3	9.6x	7.0x	92.7	3.4	8.4	16.1	0.6
INDY	3,380	3,060	5,000	Buy	47.9	330.6	17.6	3.3x	1.2x	46.6	3.2	263.6	166.7	1.0
Trade						(5.2)	740.4							
UNTR	32,400	35,400	42,350	Buy	30.7	18.0	120.9	14.3x	2.5x	18.6	2.8	39.0	68.7	1.2
AKRA	4,130	6,350	8,025	Buy	94.3	(36.7)	16.6	19.6x	1.9x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,100	2,480	2,700	Buy	28.6	(18.9)	30.7	22.1x	7.2x	34.8	1.9	15.0	19.3	1.0
MNCN	915	1,285	1,550	Buy	69.4	(50.3)	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	1,255	1,155	1,425	Hold	13.5	18.4	21.5	25.7x	5.8x	24.0	1.8	21.5	35.7	0.9
RALS	1,410	1,200	1,400	Hold	(0.7)	15.1	10.0	22.7x	2.7x	12.2	2.8	(2.6)	407.0	0.8
MAPI	835	620	945	Hold	13.2	22.8	13.9	22.0x	3.1x	16.4	0.5	19.3	505.7	0.9
Property						(12.5)	364.5							
BSDE	1,520	1,700	1,850	Buy	21.7	(16.9)	29.3	6.3x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
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	975	1,185	1,370	Buy	40.5	(16.7)	18.1	22.4x	1.3x	6.1	1.5	6.8	(41.7)	1.2
SMRA	850	945	1,050	Buy	23.5	(34.1)	12.3	36.8x	1.9x	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	1.3
PTPP	2,030	2,640	3,850	Buy	89.7	(35.4)	12.6	8.5x	1.1x	13.9	2.3	26.3	19.0	1.5
WIKA	1,320	1,550	2,150	Buy	62.9	(40.3)	11.8	10.5x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,775	1,885	2,160	Buy	21.7	(17.4)	6.3	11.1x	1.1x	10.1	1.6	39.7	282.5	1.0
Misc Ind.						(25.7)	345.8							
ASII	6,250	8,300	9,300	Buy	48.8	(30.0)	253.0	13.5x	2.0x	15.3	3.0	14.4	(1.6)	1.2
Basic Ind.						23.8	609.4							
INTP	13,875	21,950	21,575	Buy	55.5	(24.8)	51.1	31.3x	2.1x	6.3	5.0	1.9	(46.2)	1.5
SMGR	6,950	9,900	11,550	Buy	66.2	(30.5)	41.2	24.6x	1.4x	5.9	2.0	3.4	(45.2)	1.2
CPIN	3,650	3,000	4,200	Buy	15.1	14.8	59.9	20.8x	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	675	740	780	Buy	15.6	(38.9)	1.5	20.0x	0.9x	4.1	5.6	16.5	109.1	1.0
KRAS	440	424	500	Hold	13.6	(28.5)	8.5	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,350	6,000	6,275	Buy	17.3	4.5	95.4	23.0x	3.8x	19.1	1.5	9.9	(36.3)	0.8
BRPT	1,980	2,260	2,420	Buy	22.2	35.2	35.2	24.5x	1.8x	8.9	1.2	9.8	(7.3)	0.7
Mining						34.0	412.2							
ADRO	1,745	1,860	2,500	Buy	43.3	10.4	55.8	8.4x	1.1x	13.6	6.2	5.1	(23.4)	1.1
PTBA	4,000	2,460	3,950	Hold	(1.3)	67.4	46.1	8.3x	2.8x	38.7	8.0	26.4	67.1	0.9
ITMG	22,025	20,700	32,400	Buy	47.1	27.3	24.9	6.7x	1.9x	29.2	14.3	2.8	0.0	1.1
INCO	4,080	2,890	3,550	Hold	(13.0)	120.5	40.5	3460.2x	1.5x	(0.1)	N/A	18.4	N/A	1.1
ANTM	820	625	985	Buy	20.1	18.0	19.7	52.5x	1.1x	2.0	0.2	247.2	3550.0	0.9
TINS	800	775	1,240	Buy	55.0	9.6	6.0	12.0x	1.0x	8.3	3.0	(0.6)	(18.1)	1.0
ELSA	328	372	625	Buy	90.5	19.7	2.4	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(19.3)	92.4							
AALI	11,350	13,150	14,800	Buy	30.4	(22.8)	21.8	14.0x	1.2x	8.6	4.1	10.7	(55.6)	0.7
LSIP	985	1,420	1,380	Buy	40.1	(28.1)	6.7	13.3x	0.8x	6.2	4.6	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

BRPT : Posts Growth of 9.75% in Revenues

BRPT posted the growth of 9.75% y-y to USD697.54 million in the 1Q18's net revenues. The growth was bolstered by the export revenues of USD176.43 million and the domestic revenues of USD521.11 million. However, COGS whittled away profit attributed to the parent entity by 60.93% y-y to USD19.13 million. (Bisnis Indonesia)

VIVA : Focuses on An Organic Innovation

VIVA is focus on an organic innovation to boost the 2018's revenue performance. It is optimistic that its revenue growth likely hits 8% despite the ongoing World Cup event. It also targets the 2018's growth of 12%-16% for its subsidiary, MDIA. Of note, it has secured the 2017's revenues of IDR2.77 trillion. (Kontan)

CLEO : Performs Stock Split

CLEO will perform the stock split on today's trading after getting approval from IDX on June 26th, 2018. Of note, per today, CLEO's stocks beeps up to 11 billion stocks from prior amount of 2.2 billion stocks. Besides, its stock par value amounts to 20 from its prior stock par value of 100. Thus, CLEO's stock is traded at IDR244 with ratio 1:5. (Bisnis Indonesia)

MLPL : Targets Proceed of IDR503.24 Billion

MLPL targets the proceeds from IV preemptive right issue to amount to IDR503.24 billion. It will offer 4.57 million new stocks with the par value of IDR110. The amount is equal to 31.25% of paid up capital. 81.87% of the proceeds will be used to maintain its ownership over its subsidiary, MPPA. (Bisnis Indonesia)

Domestic & Global News

Indonesia's June CPI Rises at Slowest Pace Since Dec. 2016

Annual headline inflation rose 3.12% in June, statistics office releases consumer price index data in Jakarta on Monday. Consumer prices rose 0.59% m/m in June; est. 0.54% gain. M/m inflation triggered by higher prices of transportation and food during the Muslim festivity Eid-al Fitr. Govt needs to monitor prices in year-end as the period is traditionally the second-largest inflation contributor in a year, says Suhariyanto, head of statistics office. (Bloomberg)

US manufacturing jumps for a second straight month

A measure of U.S. manufacturing activity surged in June likely as steel and aluminum tariffs caused disruptions to the supply chains, resulting in factories taking longer to deliver goods. The Institute for Supply Management (ISM) said on Monday its index of national factory activity jumped to a reading of 60.2 last month from 58.7 in May. A reading above 50 in the ISM index indicates an expansion in manufacturing, which accounts for about 12 percent of the U.S. economy. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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	--	53.1
	CHN	08:45	Caixin China PMI Mfg	Jun	51	51.1	51.1
	GER	14:55	Markit Germany Manufacturing PMI	Jun F	55.9	55.9	55.9
	EU	15:00	Markit Eurozone Manufacturing PMI	Jun F	54.9	55	55
	UK	15:30	Markit UK PMI Manufacturing SA	Jun	54.4	54	54.4
	USA	20:45	Markit US Manufacturing PMI	Jun F		--	54.6
	USA	21:00	ISM Manufacturing	Jun		58	58.7
Monday	USA	21:00	Factory Orders	May		0.00%	-0.80%
<i>03 - July</i>	USA	21:00	Durable Goods Orders	May F		--	-0.60%
Wednesday	EU	15:00	Markit Eurozone Composite PMI	Jun F		54.8	54.8
<i>04 - July</i>							
Thursday	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
Friday	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.
Monday	11:00	Nikkei Indonesia PMI Mfg	Jun	50.3	--	51.7
<i>02 - July</i>	11:00	CPI NSA MoM	Jun	0.59%	0.51%	0.21%
	11:00	CPI Core YoY	Jun	2.72%	2.78%	2.75%
	Tentative	CPI YoY	Jun	3.12%	3.00%	3.23%
Wednesday	Tentative	Money Supply M2 YoY	May		--	7.40%
<i>04 - July</i>	Tentative	Money Supply M1 YoY	May		--	10.20%
Friday	Tentative	Net Foreign Assets IDR	Jun		--	1677.9t
<i>06 - July</i>	Tentative	Foreign Reserves	Jun		--	\$122.90b

Source: Bloomberg

Date	Event	Company
Monday	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)
Tuesday	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)
Wednesday	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)
Thursday	IPO Listing	MAP Aktif Persada
<i>05 - July</i>		Transcoast Pacific
Friday	Rights Delisting Date	ATIC
<i>06 - July</i>		BABP

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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