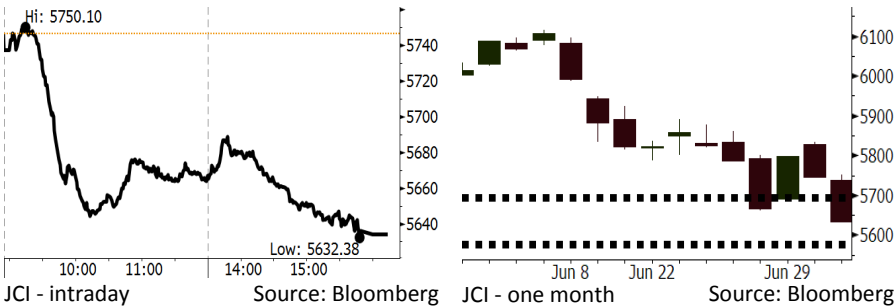


Morning Brief

Daily | July 04, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 03	5,633.94
Chg	-112.83pts (-1.96%)
Volume (bn shares)	80.75
Value (IDR tn)	7.19

Adv 62 Dec 352 Unc 187 Untr 103

Foreign Transaction (IDR bn)

Buy	2,375
Sell	2,913
Net Buy (Sell)	(538)

Top Buy NB Val. Top Sell NS Val.

INKP	73.1	PGAS	161.4
PTBA	40.3	BBRI	76.2
POOL	25.0	BMRI	72.4
TKIM	8.7	BBCA	57.8
SWAT	6.1	ASII	45.2

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SSMS	0.4%	PGAS	-16.4%
BJBR	0.0%	INTP	-7.0%
MYRX	0.0%	TRAM	-6.7%
PTBA	0.0%	BRPT	-6.6%
PWON	0.0%	WIKA	-4.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.85%	0.06%
USDIDR	14,397	0.05%
KRWIDR	12.92	0.47%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,174.82	(132.36)	-0.54%
S&P 500	2,713.22	(13.49)	-0.49%
Nasdaq	7,502.67	(65.01)	-0.86%
FTSE 100	7,593.29	45.44	0.60%
CAC 40	5,316.77	40.01	0.76%
DAX	12,349.14	110.97	0.91%
Nikkei	21,785.54	(26.39)	-0.12%
Hang Seng	28,545.57	(409.54)	-1.41%
Shanghai	2,786.89	11.33	0.41%
KOSPI	2,272.76	1.22	0.05%
EIDO	21.96	(0.78)	-3.43%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,252.7	10.7	0.86%
Crude Oil (USD /bbl)	74.14	0.20	0.27%
Coal Newcas(USD/ton)	112.25	0.45	0.40%
Gas (USD /mmbtu)	2.87	0.01	0.28%
Nickel LME (USD /MT)	14,445	(105.0)	-0.72%
Tin LME (USD /MT)	19,655	(95.0)	-0.48%
CPO (MYR/Ton)	2,313	(16.0)	-0.69%

Indonesian Market Recap

JCI tumbled sharply amid rupiah depreciated further.

Top Losers: Basic Industry (-3.89%), Misc Industries (-3.06%), Infrastructure (-2.59%)

Today's Outlook: Threat to Economic Growth

We estimate that JCI moves at modest pace at the support range of 5574-5580 and resistance range of 5692-5697. Investors projects the potential for a lagging economy stemming from the further depreciated rupiah. The government's plan for reviewing import activity with a view to maintain deficit in current account likely results in stunting economic growth. On the other side, to figure out BI's concerted attempts at rupiah appreciation, investors are awaiting the release of forex reserves on this Friday.

Stocks Recommendation (details on the next page)

Trading Buy: BBNI, TLKM, HMSP

Global Market

United States

The U.S. markets dropped last night due to the steep tumble in the tech sector and the lingering trade-war concerns between the U.S. and other economies.

Europe

European markets snapped higher yesterday as Germany's Merkel amicably resolved migration dispute potential for threatening her administration.

Asia

Asia markets closed mixed yesterday. Investors' jitters about the worsening the U.S. and China trade war still lingered.

Company News

- DILD : Acquires Land Amounting to IDR1.27 Trillion
- CASS : Distributes Dividend of IDR15.65 Per Share
- ULTJ : Distributes Dividend of IDR10 per Share
- SRTG : Settles Buy-Back Action

Domestic & Global News

Indonesia to Review Imports of Capital Goods Amid Currency Rout
Factory orders rise; business spending on equipment slowing

Indonesia Economic Data

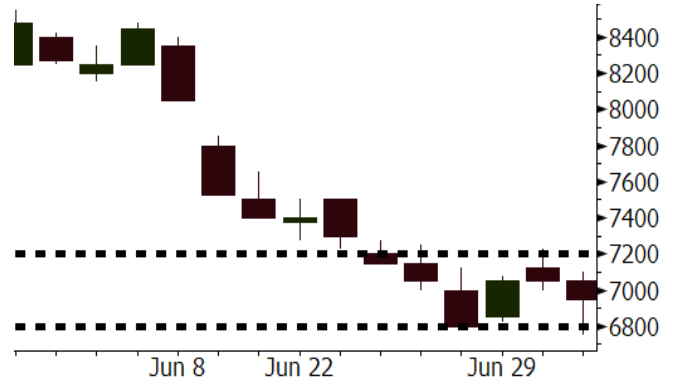
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

BBNI Last = 6950

Analysis Among its 4-big-caps peers, BBNI has the lowest P/B ratio of 1.3x, sharply lower than BBKA, BBRI, and BMRI with the respective P/B ratio of 3.7x, 2.2x, and 1.8x.

Range 6800 - 7200

Action Trading Buy. Cut Loss If Below 6800



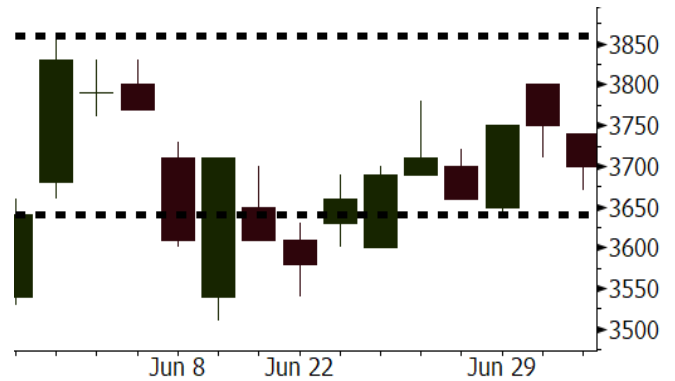
Source: Bloomberg

TLKM Last = 3700

Analysis As of the late May, TLKM paces stably at the average of 3,600-3,800 despite a sharp correction JCI endures. Its P/E valuation of 17.3x, lower than the last 2-year P/E of 20.0x make it attractive.

Range 3640 - 3860

Action Trading Buy. Cut Loss If Below 3640



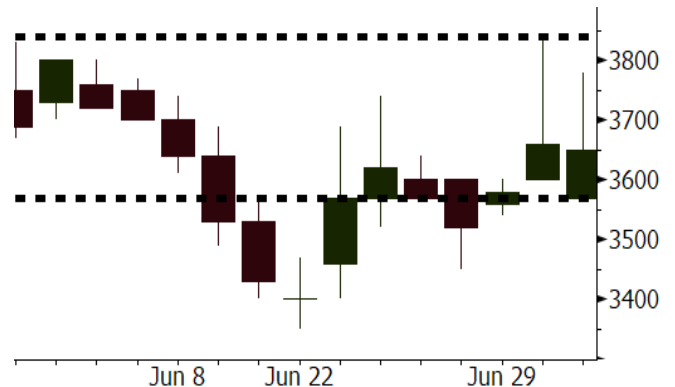
Source: Bloomberg

HMSP Last = 3650

Analysis We estimate HMSP to jostle for the 2018's profit growth despite the 1Q18's decline of 8% in profit. Its bigger markets penetration from 33.0% to 33.2% is attributable to the rebound performance it records.

Range 3570 - 3840

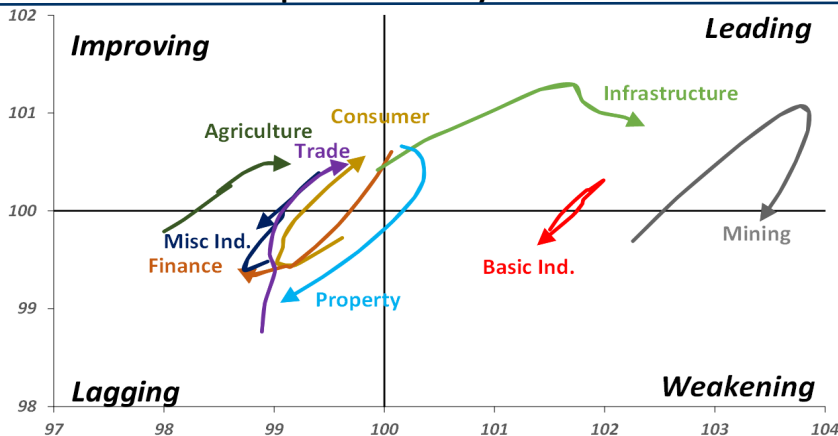
Action Trading buy. Cut Loss If Below 3570



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	5,634	6,356				(3.9)	6,347.9							
Finance						1.8	1,827.9							
BBCA	20,600	21,900	25,400	Buy	23.3	11.1	507.9	21.3x	3.7x	18.7	1.2	7.1	10.4	0.9
BBRI	2,830	3,640	3,510	Buy	24.0	(7.5)	349.1	11.6x	2.2x	19.6	3.8	13.0	11.4	1.4
BMRI	6,325	8,000	10,300	Buy	62.8	(6.3)	295.2	13.2x	1.8x	14.4	3.1	(1.9)	43.7	1.4
BBNI	6,950	9,900	8,125	Buy	16.9	5.7	129.6	9.2x	1.3x	15.2	3.7	10.6	12.7	1.3
BBTN	2,350	3,570	3,790	Buy	61.3	(11.0)	24.9	8.0x	1.1x	15.2	2.4	15.1	16.1	1.4
BJTM	650	710	810	Buy	24.6	-	9.7	8.1x	1.3x	16.5	6.8	3.1	10.7	1.0
Consumer						(6.1)	1,343.0							
HMSP	3,650	4,730	4,575	Buy	25.3	(4.2)	424.6	34.2x	11.4x	33.3	2.9	2.5	(7.1)	1.5
GGRM	68,975	83,800	88,650	Buy	28.5	(12.1)	132.7	17.1x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	44,675	55,900	44,200	Hold	(1.1)	(8.4)	340.9	49.5x	48.6x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,825	8,900	9,625	Hold	9.1	0.3	102.9	26.3x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,250	7,625	8,175	Buy	30.8	(28.6)	54.9	13.2x	1.7x	13.2	3.8	(1.1)	0.7	1.1
KLBF	1,225	1,690	1,730	Buy	41.2	(26.0)	57.4	23.9x	4.1x	18.2	2.0	2.4	0.2	1.3
KAEF	2,290	2,700	3,280	Buy	43.2	(19.1)	12.7	38.0x	5.0x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(15.7)	689.40							
TLKM	3,700	4,399	4,600	Buy	24.3	(18.6)	373.0	17.3x	3.7x	22.4	4.5	4.3	(14.3)	0.9
EXCL	2,490	2,960	3,800	Buy	52.6	(24.3)	26.6	78.4x	1.2x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,150	4,800	6,750	Buy	114.3	(50.2)	17.1	37.5x	1.2x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,030	6,400	6,050	Buy	50.1	(26.4)	29.2	13.1x	1.9x	15.3	1.5	92.8	6.5	1.1
TBIG	4,850	6,425	6,050	Buy	24.7	(34.0)	22.0	9.5x	6.9x	92.7	3.5	8.4	16.1	0.6
INDY	3,230	3,060	5,000	Buy	54.8	314.1	16.8	3.2x	1.2x	46.6	3.3	263.6	166.7	1.0
Trade						(6.4)	729.8							
UNTR	31,900	35,400	42,350	Buy	32.8	11.9	119.0	14.1x	2.5x	18.6	2.8	39.0	68.7	1.2
AKRA	4,040	6,350	8,025	Buy	98.6	(35.9)	16.2	19.1x	1.9x	24.1	5.0	34.4	(22.8)	1.3
SCMA	2,060	2,480	2,700	Buy	31.1	(18.9)	30.1	21.7x	7.1x	34.8	3.6	15.0	19.3	1.0
MNCN	910	1,285	1,550	Buy	70.3	(47.1)	13.0	9.0x	1.3x	14.3	1.6	(0.4)	(28.3)	1.2
LPPF	8,500	10,000	11,250	Buy	32.4	(38.4)	24.8	13.0x	9.6x	81.7	5.4	5.9	1.2	1.2
ACES	1,250	1,155	1,425	Hold	14.0	19.0	21.4	25.6x	5.7x	24.0	1.8	21.5	35.7	0.9
RALS	1,325	1,200	1,400	Hold	5.7	23.3	9.4	21.3x	2.5x	12.2	3.0	(2.6)	407.0	0.8
MAPI	790	620	945	Buy	19.6	19.7	13.1	20.8x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(15.1)	356.5							
BSDE	1,475	1,700	1,850	Buy	25.4	(21.8)	28.4	6.1x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	530	685	625	Buy	17.9	(17.8)	25.5	12.2x	2.3x	21.0	1.1	19.5	61.9	1.2
CTRA	970	1,185	1,370	Buy	41.2	(17.8)	18.0	22.3x	1.3x	6.1	1.5	6.8	(41.7)	1.2
SMRA	815	945	1,050	Buy	28.8	(36.8)	11.8	35.3x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,865	2,210	2,810	Buy	50.7	(20.0)	25.3	4.8x	1.6x	37.7	3.1	68.6	314.5	1.3
PTPP	1,995	2,640	3,850	Buy	93.0	(40.6)	12.4	8.4x	1.1x	13.9	2.3	26.3	19.0	1.5
WIKA	1,255	1,550	2,150	Buy	71.3	(44.2)	11.3	10.0x	0.9x	9.2	2.1	64.1	(30.9)	1.0
ADHI	1,720	1,885	2,160	Buy	25.6	(20.7)	6.1	10.8x	1.0x	10.1	1.7	39.7	282.5	1.0
Misc Ind.						(27.1)	319.5							
ASII	6,100	8,300	9,300	Buy	52.5	(30.5)	246.9	13.2x	1.9x	15.3	3.0	14.4	(1.6)	1.2
Basic Ind.						17.7	572.9							
INTP	12,900	21,950	21,575	Buy	67.2	(31.7)	47.5	29.1x	1.9x	6.3	5.4	1.9	(46.2)	1.5
SMGR	6,725	9,900	11,550	Buy	71.7	(33.7)	39.9	23.8x	1.4x	5.9	2.0	3.4	(45.2)	1.2
CPIN	3,580	3,000	4,200	Buy	17.3	8.2	58.7	20.4x	3.5x	18.2	1.6	(1.3)	60.5	1.0
JPFA	1,600	1,300	2,000	Buy	25.0	16.8	18.8	13.6x	2.1x	15.5	3.1	18.7	533.3	0.7
MAIN	650	740	780	Buy	20.0	(42.2)	1.5	19.2x	0.8x	4.1	5.8	16.5	109.1	1.0
KRAS	398	424	500	Buy	25.6	(35.3)	7.7	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,275	6,000	6,275	Buy	19.0	1.2	94.1	22.7x	3.8x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,850	2,260	2,420	Buy	30.8	24.6	32.9	22.9x	1.7x	8.9	1.3	9.8	(7.3)	0.7
Mining						31.3	417.6							
ADRO	1,720	1,860	2,500	Buy	45.3	8.9	55.0	8.3x	1.1x	13.6	6.3	5.1	(23.4)	1.1
PTBA	4,000	2,460	3,950	Hold	(1.3)	61.3	46.1	8.3x	2.8x	38.7	8.0	26.4	67.1	0.9
ITMG	21,300	20,700	32,400	Buy	52.1	20.7	24.1	6.5x	1.9x	29.2	14.7	2.8	0.0	1.1
INCO	4,020	2,890	3,550	Hold	(11.7)	116.7	39.9	3414.0x	1.5x	(0.1)	N/A	18.4	N/A	1.1
ANTM	800	625	985	Buy	23.1	13.5	19.2	51.2x	1.0x	2.0	0.2	247.2	3550.0	0.9
TINS	800	775	1,240	Buy	55.0	8.1	6.0	12.0x	1.0x	8.3	3.0	(0.6)	(18.1)	1.0
ELSA	308	372	625	Buy	102.9	8.5	2.2	N/A	0.7x	10.5	1.6	50.1	1267.6	1.3
Agriculture						(19.9)	91.3							
AALI	11,175	13,150	14,800	Buy	32.4	(25.0)	21.5	13.7x	1.2x	8.6	4.2	10.7	(55.6)	0.7
LSIP	965	1,420	1,380	Buy	43.0	(30.3)	6.6	13.0x	0.8x	6.2	4.7	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

DILD : Acquires Land Amounting to IDR1.27 Trillion

DILD acquired 250 hectares of land to amount to IDR1.27 trillion. The land was acquired from the parties affiliated: PT Grand Interwisata and PT Starlight Nusa Property. The land locations are dispersed in Sepatan, Tangerang; Darmo Harapan, Surabaya; Graha Famili, Surabaya, and Taman Semanan Indah, Jakarta. (Bisnis Indonesia)

CASS : Distributes Dividend of IDR15.65 Per Share

CASS distributed the cash dividend of IDR15.65 per share, and set July 6th 2018 and July 11th 2018 as the cum dividend date in the regular market and cash market. The dividend payment will be performed on August 2nd, 2018. Of note, its share price closed at IDR730 in yesterday's trading. (Kontan)

ULTJ : Distributes Dividend of IDR10 per Share

ULTJ distributed the cash dividend with the ratio is 16.4% of the 2017's net profit or equal to IDR115.5 billion. It set July 11th, 2018 as the recording date. The dividend payment will be conducted on August 1st, 2018. Of note, its net profit nudged up by 0.11% to IDR703.15 billion in 2017. (Kontan)

SRTG : Settles Buy-Back Action

SRTG settled the buy-back action of 951,800 shares performed from April 26th 2017 to June 25th, 2018. The overall buy-back share percentage in compliance with AGM is 4.75%. The average execution price is IDR3,481.8 per share. Of note, it spent IDR3.31 billion on the buy-back action whose the transaction cost includes. (Bisnis Indonesia)

Domestic & Global News

Indonesia to Review Imports of Capital Goods Amid Currency Rout

Indonesia will review imports of capital goods in a bid to rein in the country's current-account deficit amid a deepening currency rout. "If the current-account deficit is seen as a source of negative sentiment, we need to take measures to make a short-term correction for long-term development," Indrawati told reporters on Tuesday. The government would start reviewing "whether certain imports are really needed to support our economy," she said. (Bloomberg)

Factory orders rise; business spending on equipment slowing

New orders for U.S.-made goods unexpectedly rose in May, pointing to a strengthening manufacturing sector, but business spending on equipment continued to show signs of slowing. Factory goods orders increased 0.4 percent amid strong demand for machinery, the Commerce Department said on Tuesday. Manufacturing, which accounts for about 12 percent of the U.S. economy, is being boosted by strong domestic and global demand, but growing shortages of workers as well as import tariffs are starting to strain the supply chain. (CNBC)

Global Economic Calendar

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	55.4	--	54.6
	USA	21:00	ISM Manufacturing	Jun	60.2	58	58.7
Monday	USA	21:00	Factory Orders	May	0.40%	0.00%	-0.80%
<i>03 - July</i>	USA	21:00	Durable Goods Orders	May F	-0.40%	--	-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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