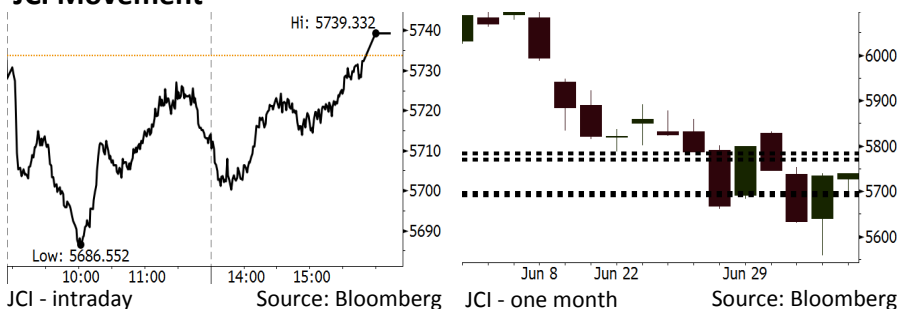


Morning Brief

Daily | July 06, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 05 5,739.33
 Chg +5.69pts (+0.10%)
 Volume (bn shares) 81.81
 Value (IDR tn) 7.17

Adv 182 Dec 206 Unc 213 Untr 111

Foreign Transaction (IDR bn)

Buy 1,912
 Sell 2,049
 Net Buy (Sell) (137)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	78.6	PGAS	102.2
TLKM	36.2	ASII	24.6
BTPS	24.0	BBCA	23.9
PTBA	22.0	UNTR	12.3
ITMG	21.0	WSKT	11.8

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
TRAM	8.3%	BBTN	-8.9%
INTP	6.2%	ADHI	-5.9%
LPKR	4.6%	PGAS	-5.3%
JSMR	4.6%	TPIA	-4.1%
INDY	3.9%	WSKT	-2.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.72%	-0.02%
USDIDR	14,394	0.22%
KRWIDR	12.86	0.00%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,356.74	181.92	0.75%
S&P 500	2,736.61	23.39	0.86%
Nasdaq	7,586.43	83.75	1.12%
FTSE 100	7,603.22	30.13	0.40%
CAC 40	5,366.32	45.82	0.86%
DAX	12,464.29	146.68	1.19%
Nikkei	21,546.99	(170.05)	-0.78%
Hang Seng	28,182.09	(59.58)	-0.21%
Shanghai	2,733.88	(25.24)	-0.92%
KOSPI	2,257.55	(7.91)	-0.35%
EIDO	22.53	0.57	2.60%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,257.9	2.9	0.23%
Crude Oil (USD /bbl)	72.94	(1.20)	-1.62%
Coal Newcas(USD/ton)	116.60	0.10	0.09%
Gas (USD /mmbtu)	2.84	(0.03)	-1.15%
Nickel LME (USD /MT)	14,195	50.0	0.35%
Tin LME (USD /MT)	19,425	(175.0)	-0.89%
CPO (MYR/Ton)	2,284	(14.0)	-0.61%

Indonesian Market Recap

JCI closed higher amid the pressure on Asia's markets ahead of the U.S. tariffs on China's goods. **Top Gainers: Mining (+1.69%), Infrastructure (+1.32%), Trade (+1.20%)**

Today's Outlook: Digests June's Forex Reserves

Today we estimate JCI to rally with the support range of 5692-5697 and resistance range of 5771-5784. Investors await the release of June's forex reserves. May's forex reserves was at USD122.9 billion, consistently whittled away from January's all-time high of USD132.0 billion. We estimate that the decline in June's forex reserves is not as massive as prior months' forex reserves as Bank Indonesia hiked its benchmark rate since May amid the depreciated rupiah.

Stocks Recommendation (details on the next page)

Trading Buy: ITMG, RALS, UNTR

Global Market

United States

The U.S. markets closed higher last night as tech. sector snapped higher, yet investors monitored tariff slapped on China's goods.

Europe

European markets closed higher as auto. sector led the gains. Investors digested the subdued concerns about the EU and U.S. trade.

Asia

Asia markets snapped lower as investors monitored a bulk of the U.S.-China tariff.

Company News

- AKRA : Distributes Interim Dividend of IDR120 per Share
- ADHI : Gives Bridging Fund of IDR100 Billion
- MAPA : Launches 50 New Stores
- TBIG : Settles Bonds Issuance of IDR608 Billion

Domestic & Global News

The Government Is Optimistic about the Economic Growth of 5.3%

Fed: Letting inflation run too hot could lead to 'a significant economic downturn'

Indonesia Economic Data

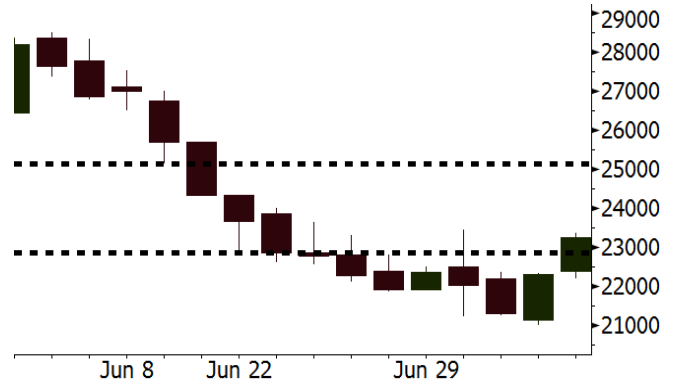
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

ITMG Last = 23250

Analysis ITMG is the most attractive stock pick among its peers amid the robust global coal prices. ITMG's P/E of 7.1x is lower than PTBA and ADRO's P/E of 8.3x, and 8.8x, respectively.

Range 22875 - 25150

Action Trading Buy. Cut Loss If Below 22875



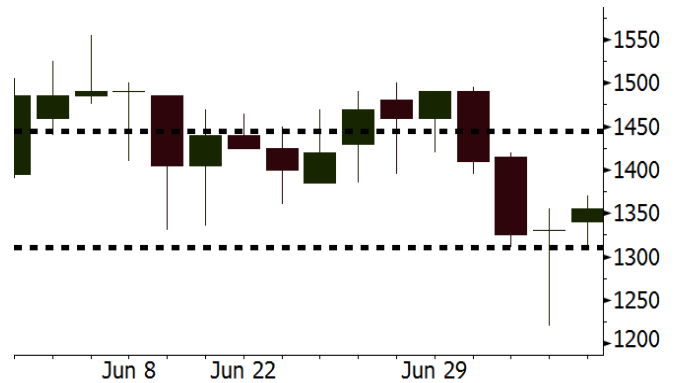
Source: Bloomberg

RALS Last = 1355

Analysis The government estimates 2Q18 economic growth to hit 5.2%-5.3% backed by towering consumer spending during 2018 Eid Mubarak festive than prior Eid Mubarak festive.

Range 1310 - 1445

Action Trading Buy. Cut Loss If Below 1310



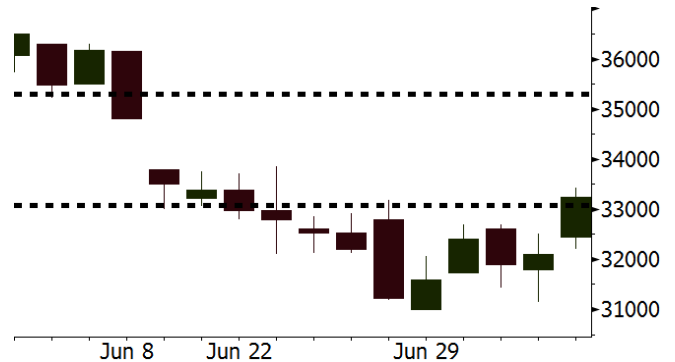
Source: Bloomberg

UNTR Last = 33250

Analysis UNTR's valuation is attractive as its P/E settles at 14.7x sharply lower than the last 2-year average of 23.4x. Its attractive valuation is backed by the trend of stable coal price.

Range 33075 - 35300

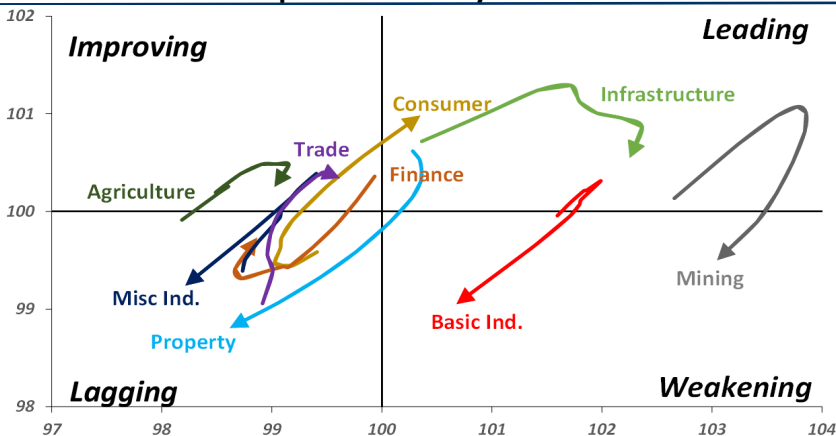
Action Trading buy. Cut Loss If Below 33075



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	5,739	6,356				(1.9)	6,463.8							
Finance						4.5	1,862.3							
BBCA	21,225	21,900	25,400	Buy	19.7	16.5	523.3	22.0x	3.8x	18.7	1.2	7.1	10.4	0.9
BBRI	2,910	3,640	3,510	Buy	20.6	(3.3)	358.9	12.0x	2.2x	19.6	3.7	13.0	11.4	1.4
BMRI	6,525	8,000	10,300	Buy	57.9	(2.1)	304.5	13.6x	1.9x	14.4	3.1	(1.9)	43.7	1.4
BBNI	7,100	9,900	8,125	Hold	14.4	4.8	132.4	9.4x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,250	3,570	3,790	Buy	68.4	(12.5)	23.8	7.6x	1.1x	15.2	2.5	15.1	16.1	1.4
BJTM	650	710	810	Buy	24.6	1.6	9.7	8.1x	1.3x	16.5	6.8	3.1	10.7	1.0
Consumer						(3.7)	1,370.7							
HMSP	3,760	4,730	4,575	Buy	21.7	(1.3)	437.4	35.3x	11.8x	33.3	2.9	2.5	(7.1)	1.5
GGRM	69,025	83,800	88,650	Buy	28.4	(11.4)	132.8	17.1x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	46,250	55,900	44,200	Hold	(4.4)	(5.4)	352.9	51.3x	50.3x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,900	8,900	9,625	Hold	8.1	4.4	103.8	26.5x	5.1x	20.0	1.8	4.5	10.6	1.2
INDF	6,300	7,625	8,175	Buy	29.8	(28.0)	55.3	13.3x	1.7x	13.2	3.8	(1.1)	0.7	1.1
KLBF	1,250	1,690	1,730	Buy	38.4	(23.8)	58.6	24.4x	4.2x	18.2	2.0	2.4	0.2	1.3
KAEF	2,160	2,700	3,280	Buy	51.9	(23.7)	12.0	35.8x	4.7x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(13.9)	707.08							
TLKM	3,830	4,399	4,600	Buy	20.1	(16.9)	386.1	17.9x	3.9x	22.4	4.4	4.3	(14.3)	0.9
EXCL	2,410	2,960	3,800	Buy	57.7	(24.9)	25.8	75.9x	1.2x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,250	4,800	6,750	Buy	107.7	(48.6)	17.7	38.7x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,590	6,400	6,050	Buy	31.8	(15.8)	33.3	14.9x	2.1x	15.3	1.3	92.8	6.5	1.1
TBIG	5,000	6,425	6,050	Buy	21.0	(30.6)	22.7	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,450	3,060	5,000	Buy	44.9	342.3	18.0	3.4x	1.3x	46.6	3.1	263.6	166.7	1.0
Trade						(4.1)	748.7							
UNTR	33,250	35,400	42,350	Buy	27.4	18.3	124.0	14.7x	2.6x	18.6	2.7	39.0	68.7	1.2
AKRA	4,130	6,350	8,025	Buy	94.3	(34.4)	16.6	19.6x	1.9x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,030	2,480	2,700	Buy	33.0	(14.0)	29.7	21.4x	7.0x	34.8	3.7	15.0	19.3	1.0
MNCN	905	1,285	1,550	Buy	71.3	(49.7)	12.9	9.0x	1.3x	14.3	1.7	(0.4)	(28.3)	1.2
LPPF	8,800	10,000	11,250	Buy	27.8	(33.8)	25.7	13.4x	10.0x	81.7	5.2	5.9	1.2	1.2
ACES	1,235	1,155	1,425	Buy	15.4	12.3	21.2	25.3x	5.7x	24.0	1.8	21.5	35.7	0.9
RALS	1,355	1,200	1,400	Hold	3.3	24.3	9.6	21.8x	2.6x	12.2	3.0	(2.6)	407.0	0.8
MAPI	820	620	945	Buy	15.2	30.7	13.6	21.6x	3.1x	16.4	0.5	19.3	505.7	0.9
Property						(15.1)	357.7							
BSDE	1,445	1,700	1,850	Buy	28.0	(22.7)	27.8	6.0x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	545	685	625	Hold	14.7	(14.8)	26.2	12.6x	2.4x	21.0	1.1	19.5	61.9	1.2
CTRA	945	1,185	1,370	Buy	45.0	(21.3)	17.5	21.7x	1.3x	6.1	1.5	6.8	(41.7)	1.2
SMRA	825	945	1,050	Buy	27.3	(32.7)	11.9	35.7x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,785	2,210	2,810	Buy	57.4	(21.0)	24.2	4.6x	1.6x	37.7	3.2	68.6	314.5	1.3
PTPP	2,010	2,640	3,850	Buy	91.5	(39.6)	12.5	8.4x	1.1x	13.9	2.3	26.3	19.0	1.5
WIKA	1,285	1,550	2,150	Buy	67.3	(42.6)	11.5	10.2x	0.9x	9.2	2.1	64.1	(30.9)	1.0
ADHI	1,600	1,885	2,160	Buy	35.0	(28.3)	5.7	10.0x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(24.9)	329.9							
ASII	6,300	8,300	9,300	Buy	47.6	(28.4)	255.0	13.6x	2.0x	15.3	2.9	14.4	(1.6)	1.2
Basic Ind.						17.6	575.2							
INTP	13,800	21,950	21,575	Buy	56.3	(26.9)	50.8	31.1x	2.0x	6.3	5.1	1.9	(46.2)	1.5
SMGR	6,850	9,900	11,550	Buy	68.6	(32.3)	40.6	24.2x	1.4x	5.9	2.0	3.4	(45.2)	1.2
CPIN	3,740	3,000	4,200	Hold	12.3	15.1	61.3	21.4x	3.7x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,630	1,300	2,000	Buy	22.7	15.6	19.1	13.9x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	660	740	780	Buy	18.2	(40.0)	1.5	19.5x	0.8x	4.1	5.8	16.5	109.1	1.0
KRAS	404	424	500	Buy	23.8	(33.8)	7.8	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,250	6,000	6,275	Buy	19.5	0.4	93.6	22.5x	3.7x	19.1	1.5	9.9	(36.3)	0.8
BRPT	1,780	2,260	2,420	Buy	36.0	18.7	31.7	22.0x	1.6x	8.9	1.4	9.8	(7.3)	0.7
Mining						36.0	431.2							
ADRO	1,825	1,860	2,500	Buy	37.0	11.6	58.4	8.8x	1.1x	13.6	5.9	5.1	(23.4)	1.1
PTBA	4,000	2,460	3,950	Hold	(1.3)	63.3	46.1	8.3x	2.8x	38.7	8.0	26.4	67.1	0.9
ITMG	23,250	20,700	32,400	Buy	39.4	27.0	26.3	7.1x	2.0x	29.2	13.5	2.8	0.0	1.1
INCO	4,180	2,890	3,550	Sell	(15.1)	124.7	41.5	3543.0x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	800	625	985	Buy	23.1	15.1	19.2	51.2x	1.0x	2.0	0.2	247.2	3550.0	0.9
TINS	815	775	1,240	Buy	52.1	11.6	6.1	12.2x	1.0x	8.3	2.9	(0.6)	(18.1)	1.0
ELSA	306	372	625	Buy	104.2	10.1	2.2	N/A	0.7x	10.5	1.7	50.1	1267.6	1.3
Agriculture						(21.3)	90.0							
AALI	10,650	13,150	14,800	Buy	39.0	(29.8)	20.5	13.1x	1.1x	8.6	4.4	10.7	(55.6)	0.7
LSIP	920	1,420	1,380	Buy	50.0	(35.9)	6.3	12.4x	0.8x	6.2	4.9	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

AKRA : Distributes Interim Dividend of IDR120 per Share

AKRA will distribute interim dividends of IDR120 per share. The dividends stemmed from 1Q18 net profit of IDR929 billion. It set July 16th, 2018 as the cum dividend date in cash market and recording date. Of note, the shareholders will receive dividend payment on August 3rd, 2018. (Kontan)

ADHI : Gives Bridging Fund of IDR100 Billion

ADHI gave bridging fund to its subsidiary, Adhi Persada Properti. The fund will be spent on license cost of new projects in 2018. On July 2nd, 2018 injected capital from the proceeds of right issue to its subsidiary, PT Adhi Persada Gedung. (Kontan)

MAPA : Launches 50 New Stores

In 1H18, MAPA launched 50 stores out of 100 new stores targeted to be launched in 2018. In 2017, it posted the growth of 12% y-y to IDR5.1 trillion in revenues. It is optimistic that the 2018 revenues growth is likely as outstanding as the 2017's revenues underpinned by the hike in sales during Eid Mubarak festive. (Bisnis Indonesia)

TBIG: Settles Bonds Issuance of IDR608 Billion

TBIG has settled the process of the I Phase of 2018's TBIG III Right Issue worth IDR608 billion. The bonds has a fixed coupon of 8.5% and 3-year maturity. The proceeds from the right issue will be spent on its subsidiary financial duty. Of note, its total gross debt hit IDR18.08 trillion in 1Q18. (Kontan)

Domestic & Global News

The Government Is Optimistic about the Economic Growth of 5.3%

Coordinating Economic Minister Darmin Nasution estimated Indonesia's economic growth to hit around 5.2%-5.3% in 2Q18. The key takeaway for the growth is the shifting in harvest period from 1Q18 to 2Q18, precisely in April and May 2018. Another to the harvest period, the regional election held in June, and Eid Mubarak festive contribute to the economic growth in 2Q18. (Koran Jakarta)

Fed : Letting inflation run too hot could lead to 'a significant economic downturn'

Federal Reserve officials worry that letting the U.S. economy run too strong could cause major problems down the road if left unchecked, according to minutes from the most recent central bank meeting. Some members expressed "concern that a prolonged period in which the economy operated beyond potential could give rise to heightened inflationary pressures or to financial imbalances that could lead eventually to a significant economic downturn," the meeting summary released Thursday stated. (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	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	54.9	54.8	54.8
<i>04 - July</i>							
Thursday	GER	13:00	Factory Orders MoM	May	2.60%	1.10%	-2.50%
<i>05 - July</i>	USA	19:15	ADP Employment Change	Jun	177.2k	190k	178k
	USA	19:30	Initial Jobless Claims	30-Jun	231k	--	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	6.02%	--	7.40%
<i>04 - July</i>	Tentative	Money Supply M1 YoY	May	10.09%	--	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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