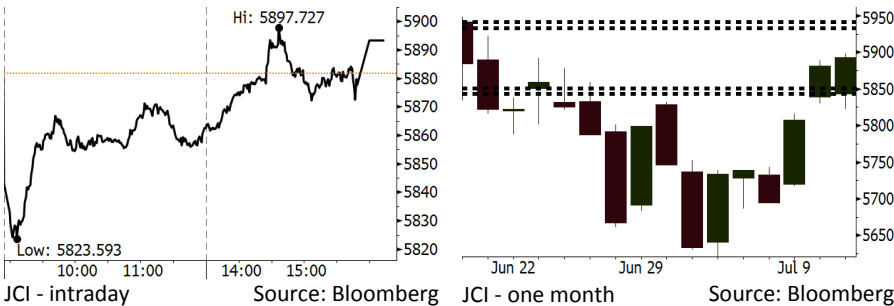


Morning Brief

Daily | July 12, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 11	5,893.36
Chg	+11.60pts (+0.20%)
Volume (bn shares)	91.58
Value (IDR tn)	7.30

Adv 171 Dec 214 Unc 222 Untr 114

Foreign Transaction (IDR bn)

Buy	2,690
Sell	2,259
Net Buy (Sell)	432

Top Buy NB Val. Top Sell NS Val.

TLKM	204.4	UNTR	27.5
BBCA	106.1	BMRI	25.4
ASII	105.4	BUMI	23.4
INKP	84.9	BBNI	20.0
PTBA	55.3	PGAS	15.8

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INCO	6.2%	SRIL	-6.1%
ASII	4.3%	PWON	-4.3%
ANTM	4.3%	LPPF	-3.8%
LPKR	4.3%	PTPP	-3.6%
BUMI	2.7%	JSMR	-3.3%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.53%	0.16%
USDIDR	14,385	0.13%
KRWIDR	12.80	-0.54%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,700.45	(219.21)	-0.88%
S&P 500	2,774.02	(19.82)	-0.71%
Nasdaq	7,716.61	(42.59)	-0.55%
FTSE 100	7,591.96	(100.08)	-1.30%
CAC 40	5,353.93	(80.43)	-1.48%
DAX	12,417.13	(192.72)	-1.53%
Nikkei	21,932.21	(264.68)	-1.19%
Hang Seng	28,311.69	(370.56)	-1.29%
Shanghai	2,777.77	(49.85)	-1.76%
KOSPI	2,280.62	(13.54)	-0.59%
EIDO	23.37	(0.16)	-0.68%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,242.0	(13.6)	-1.08%
Crude Oil (USD /bbl)	70.38	(3.73)	-5.03%
Coal Newcas(USD/ton)	111.15	0.70	0.63%
Gas (USD /mmbtu)	2.83	0.04	1.47%
Nickel LME (USD /MT)	13,880	(275.0)	-1.94%
Tin LME (USD /MT)	19,375	(400.0)	-2.02%
CPO (MYR/Ton)	2,204	(55.0)	-2.43%

Indonesian Market Recap

JCI closed at a high note yesterday after moving at a modest pace in early trading session. Investors kept their eyes on the release of retail sales data. **Top Gainers: Misc. Industries (+3.45%), Mining (+1.53%), Basic Industry (+0.53%)**

Today's Outlook: Strives against Globally Negative Sentiments

We estimate JCI to rally with the support range of 5843-5851 and resistance range of 5933-5942. Investors likely are robust enough to strive against the negative sentiment stemming from the concerns of ever-escalated trade war. The positive sentiment comes from the release of Indonesia's retail sales growing by 8.3% in May. The figures boost investors' confidence in further domestic consumption recovery. Additionally, foreign investors book net-buy position in 2-day winning streak.

Stocks Recommendation (details on the next page)

Trading Buy: ASII, RALS, GGRM

Global Market

United States

The U.S. stocks closed at a low note after the U.S. announced a list of Chinese Goods subject to 10% import tariffs.

Europe

European stocks closed on a low note as the negative sentiment of trade war escalated.

Asia

Asia stocks snapped at steep tumble triggered by a list of Chinese goods subject to new tariffs.

Company News

- ANTM : Obtains Upgraded Rating into Positive
- HOKI : Focuses on Increment in Production and Efficient Strategy
- TBIG : Targets Increment of 2,500 Tower Tenants
- MRAT : Accomplishes Growth of 5% in IH18' Sales

Domestic & Global News

- Indonesia's May Retail Sales Index Rises to Highest in 18 Months
- U.S.-China Trade Talks Said to Stall as Trade War Escalates

Indonesia Economic Data

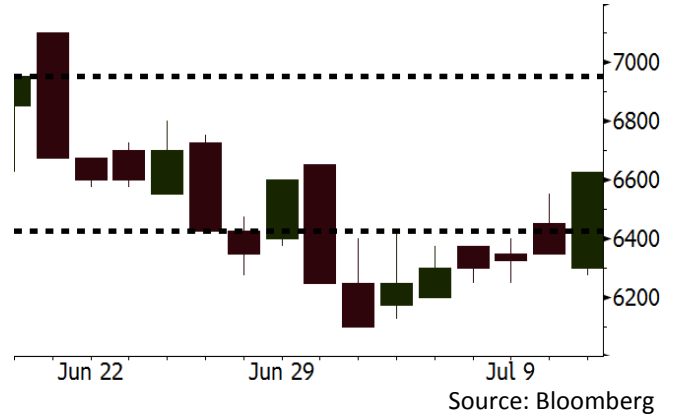
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports Yoy	28.17%	34.68%	Business Confidence	106.28	112.39
Inflation Yoy	3.12%	3.23%	Cons. Confidence*	128.10	125.10

ASII Last = 6625

Analysis TMMI is primed to produce electric cars in 2022. It is a company producing car for Astra International Tbk, and owned by Astra Group.

Range 6425 - 6950

Action Trading Buy. Cut Loss If Below 6425

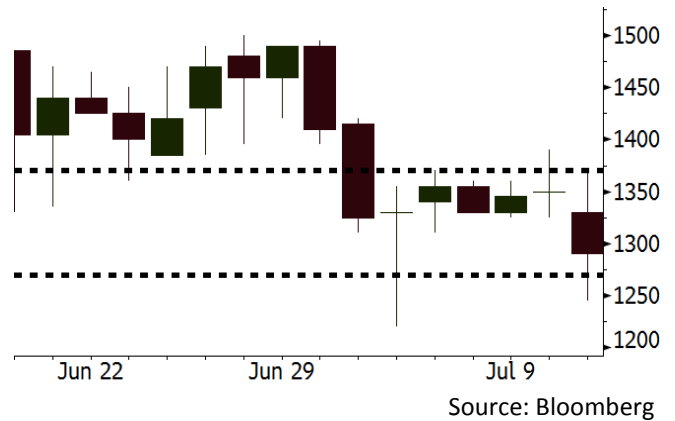


RALS Last = 1290

Analysis Indonesia's retail sales data growing by 8.3% in May showed that the retail sales during Ramadhan and 2018's Eid Mubarak holidays were higher than the prior years' sales.

Range 1270 - 1370

Action Trading Buy. Cut Loss If Below 1270

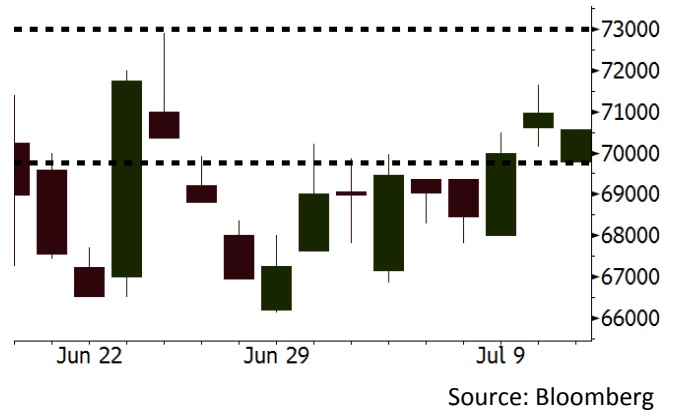


GGRM Last = 70575

Analysis Despite the positive sentiment drawing closer the staples sector and unlike other sectors, the stocks of cigarette makers are not reigning in rally mood. GGRM's current valuation is still attractive with P/E of 17.5x lower than the 5-year average of 19.1x.

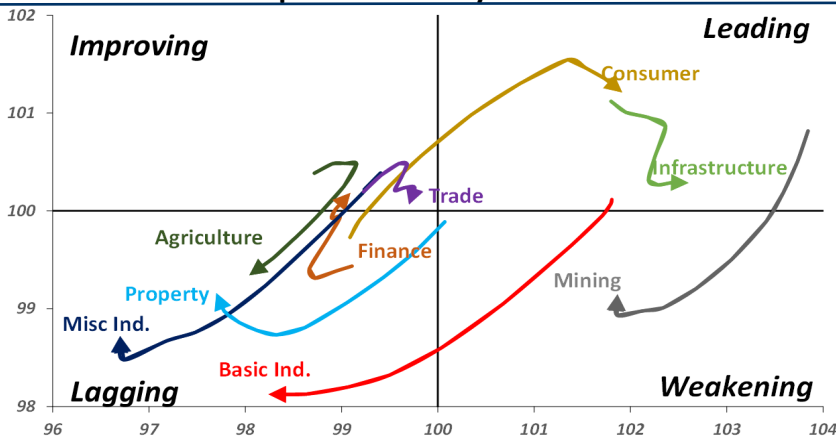
Range 69775 - 73000

Action Trading buy. Cut Loss If Below 69775



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	5,893	6,356				2.1	6,639.1							
Finance						7.4	1,900.9							
BBCA	22,325	21,900	25,400	Hold	13.8	21.8	550.4	23.1x	4.0x	18.7	1.1	7.1	10.4	0.9
BBRI	2,990	3,640	3,510	Buy	17.4	2.2	368.8	12.3x	2.3x	19.6	3.6	13.0	11.4	1.4
BMRI	6,350	8,000	10,300	Buy	62.2	(2.1)	296.3	13.2x	1.8x	14.4	3.1	(1.9)	43.7	1.4
BBNI	7,175	9,900	8,125	Hold	13.2	4.0	133.8	9.5x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,270	3,570	3,790	Buy	67.0	(5.4)	24.0	7.7x	1.1x	15.2	2.5	15.1	16.1	1.5
BJTM	650	710	810	Buy	24.6	2.4	9.7	8.1x	1.3x	16.5	6.8	3.1	10.7	1.0
Consumer						(0.4)	1,395.4							
HMSP	3,800	4,730	4,575	Buy	20.4	0.5	442.0	35.6x	11.9x	33.3	2.8	2.5	(7.1)	1.4
GGRM	70,575	83,800	88,650	Buy	25.6	(6.9)	135.8	17.5x	3.1x	18.2	3.7	10.1	0.1	1.4
UNVR	47,525	55,900	44,200	Hold	(7.0)	0.1	362.6	52.7x	51.7x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,800	8,900	9,625	Hold	9.4	3.8	102.6	26.2x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,625	7,625	8,175	Buy	23.4	(23.6)	58.2	14.0x	1.8x	13.2	3.6	(1.1)	0.7	1.2
KLBF	1,315	1,690	1,730	Buy	31.6	(17.6)	61.6	25.6x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,380	2,700	3,280	Buy	37.8	(15.0)	13.2	39.5x	5.2x	14.0	0.7	24.4	27.4	1.4
Infrastructure						(8.9)	742.61							
TLKM	4,060	4,399	4,600	Hold	13.3	(10.9)	409.2	19.0x	4.1x	22.4	4.1	4.3	(14.3)	0.8
EXCL	2,650	2,960	3,800	Buy	43.4	(17.7)	28.3	83.4x	1.3x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,340	4,800	6,750	Buy	102.1	(45.2)	18.1	39.8x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,720	6,400	6,050	Buy	28.2	(9.2)	34.3	15.3x	2.2x	15.3	1.3	92.8	6.5	1.0
TBIG	4,990	6,425	6,050	Buy	21.2	(29.7)	22.6	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,350	3,060	5,000	Buy	49.3	332.3	17.5	3.3x	1.2x	46.6	3.2	263.6	166.7	1.0
Trade						(3.0)	756.5							
UNTR	32,800	35,400	42,350	Buy	29.1	17.2	122.3	14.5x	2.5x	18.6	2.7	39.0	68.7	1.1
AKRA	4,610	6,350	8,025	Buy	74.1	(26.8)	18.5	21.8x	2.2x	24.1	4.3	34.4	(22.8)	1.3
SCMA	2,210	2,480	2,700	Buy	22.2	(3.9)	32.3	23.3x	7.6x	34.8	3.4	15.0	19.3	1.0
MNCN	910	1,285	1,550	Buy	70.3	(46.6)	13.0	9.0x	1.3x	14.3	1.6	(0.4)	(28.3)	1.2
LPPF	8,175	10,000	11,250	Buy	37.6	(32.3)	23.9	12.5x	9.3x	81.7	5.6	5.9	1.2	1.2
ACES	1,300	1,155	1,425	Hold	9.6	21.5	22.3	26.6x	6.0x	24.0	1.8	21.5	35.7	0.9
RALS	1,290	1,200	1,400	Hold	8.5	20.0	9.2	20.7x	2.5x	12.2	3.1	(2.6)	407.0	0.8
MAPI	795	620	945	Buy	18.9	26.2	13.2	21.0x	3.0x	16.4	0.5	19.3	505.7	1.0
Property						(8.9)	375.7							
BSDE	1,550	1,700	1,850	Buy	19.4	(12.9)	29.8	6.5x	1.2x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	555	685	625	Hold	12.6	(11.2)	26.7	12.8x	2.5x	21.0	1.1	19.5	61.9	1.1
CTRA	990	1,185	1,130	Hold	14.1	(17.5)	18.4	22.7x	1.4x	6.1	1.4	6.8	(41.7)	1.2
SMRA	810	945	1,050	Buy	29.6	(33.3)	11.7	35.0x	1.8x	5.2	0.6	(2.5)	(40.0)	1.5
WSKT	1,840	2,210	2,810	Buy	52.7	(16.7)	25.0	4.8x	1.6x	37.7	3.1	68.6	314.5	1.4
PTPP	2,120	2,640	3,850	Buy	81.6	(33.3)	13.1	8.9x	1.1x	13.9	2.2	26.3	19.0	1.5
WIKA	1,340	1,550	2,150	Buy	60.4	(38.2)	12.0	10.7x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,565	1,885	2,160	Buy	38.0	(27.9)	5.6	9.8x	0.9x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(20.6)	333.6							
ASII	6,625	8,300	9,300	Buy	40.4	(24.1)	268.2	14.3x	2.1x	15.3	2.8	14.4	(1.6)	1.3
Basic Ind.						26.0	601.2							
INTP	13,500	21,950	21,575	Buy	59.8	(21.9)	49.7	30.4x	2.0x	6.3	5.2	1.9	(46.2)	1.5
SMGR	7,575	9,900	11,550	Buy	52.5	(24.3)	44.9	26.8x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	3,740	3,000	4,200	Hold	12.3	18.4	61.3	21.4x	3.7x	18.2	1.5	(1.3)	60.5	0.9
JPFA	1,810	1,300	2,000	Hold	10.5	27.0	21.2	15.4x	2.4x	15.5	2.8	18.7	533.3	0.6
MAIN	735	740	780	Hold	6.1	(30.7)	1.6	21.7x	0.9x	4.1	5.2	16.5	109.1	1.0
KRAS	404	424	500	Buy	23.8	(32.1)	7.8	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,275	6,000	6,275	Buy	19.0	1.1	94.1	22.6x	3.8x	19.1	1.5	9.9	(36.3)	0.8
BRPT	1,750	2,260	2,420	Buy	38.3	17.8	31.1	21.6x	1.6x	8.9	1.4	9.8	(7.3)	0.8
Mining						43.3	442.0							
ADRO	1,900	1,860	2,500	Buy	31.6	17.6	60.8	9.2x	1.2x	13.6	5.7	5.1	(23.4)	1.1
PTBA	4,070	2,460	3,950	Hold	(2.9)	68.9	46.9	8.5x	2.9x	38.7	7.8	26.4	67.1	0.9
ITMG	25,300	20,700	32,400	Buy	28.1	35.7	28.6	7.7x	2.2x	29.2	12.4	2.8	0.0	1.0
INCO	4,280	2,890	3,550	Sell	(17.1)	132.0	42.5	3627.1x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	845	625	985	Buy	16.6	21.6	20.3	54.1x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	815	775	1,240	Buy	52.1	15.6	6.1	12.2x	1.0x	8.3	2.9	(0.6)	(18.1)	1.0
ELSA	334	372	625	Buy	87.1	21.0	2.4	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(19.2)	91.2							
AALI	10,600	13,150	14,800	Buy	39.6	(30.0)	20.4	13.0x	1.1x	8.6	4.4	10.7	(55.6)	0.7
LSIP	920	1,420	1,380	Buy	50.0	(36.6)	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

ANTM : Obtains Upgraded Rating into Positive

S&P Global Ratings upgraded ANTM's rating from stable outlook into positive. Its leverage level along with the finished construction of ferronickel factory, increment in export quota, and the operation of PT ICA. Of note, its B-level rating is attributable to its high debt risk. (Bisnis Indonesia)

TBIG : Targets Increment of 2,500 Tower Tenants

TBIG targets the increment of 2,500 tower tenants in 2018. 4G LTE network coverage expansion by telecommunication operator is a logical takeaway for TBIG's 2018 target. It added 643 tenants in 1Q18. To add its capital, it has undergone I Phase of Bond Right Issue succeeding to obtain the funds of IDR608 billion. (Kontan)

HOKI : Focuses on Increment in Production and Efficient Strategy

HOKI is optimistic that its sound performance to last until the end-2018. To actualize its target, it focuses on the increment in production capacity and the implementation of efficient strategies. Now, it is constructing rice mill, and increasing its Subang-based rice mill's production capacity — 50 tons per hours in IIH28. (Kontan)

MRAT : Accomplishes Growth of 5% in IH18' Sales

MRAT posted the growth of 5% in 1H18's sales backed by the better 2Q18 performance than 1Q18 performance. Such products as Slimming Tea, Olive Oil, and Body Splash Cologne are potent drivers for its 2Q18's better performance. In 2018, it allocates the capex of IDR100 billion for operational activities and increment in production capacity. (Bisnis Indonesia)

Domestic & Global News

Indonesia's May Retail Sales Index Rises to Highest in 18 Months

Index increases to 8.3% Y/y in May, supported by sales of clothes, food and beverage and tobacco, according to a Bank Indonesia survey published on Wednesday. That's the highest since Dec. 2016; compares with 4.1% Y/y increase in April 2018. Respondents expect sales to continue rising in June, up 6.8% Y/y. Higher sales to be driven by Ramadan and Eid al-Fitr holidays. Survey sees price pressure at retailer level to be relatively stable in the next 3 months. (Bloomberg)

U.S.-China Trade Talks Said to Stall as Trade War Escalates

High-level trade talks between the U.S. and China have ground to a halt as the Trump administration threatens to escalate a trade war that shows little sign of abating, according to five people familiar with the matter. The countries held three rounds of formal negotiations since May, led by U.S. Treasury Secretary Steven Mnuchin and Commerce Secretary Wilbur Ross and Vice Premier Liu He in China. But communications between senior members of the Trump and Xi administrations have petered out, and there's no immediate plan to restart the formal talks. (Bloomberg)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 09 - July	CHN	Tentative	Foreign Reserves	Jun	\$3112.13b	\$3101.80b	\$3110.62b
	JPN	06:50	BoP Current Account Balance	May	¥1938.3b	¥1266.0b	¥1845.1b
	GER	13:00	Trade Balance	May	19.7b	19.8b	20.4b
Tuesday 10 - July	CHN	08:30	PPI YoY	Jun	4.70%	4.50%	4.10%
	CHN	08:30	CPI YoY	Jun	1.90%	1.90%	1.80%
	UK	15:30	Trade Balance	May	-£2790	-£3200	-£5280
	UK	15:30	Industrial Production MoM	May	-0.40%	0.50%	-0.80%
	UK	15:30	Manufacturing Production MoM	May	0.40%	0.70%	-1.40%
Wednesday 11 - July	JPN	06:50	PPI YoY	Jun	2.80%	2.80%	2.70%
	JPN	06:50	Core Machine Orders MoM	May	-3.70%	-5.00%	10.10%
Thursday 12 - July	GER	13:00	CPI MoM	Jun F		0.10%	0.10%
	GER	13:00	CPI YoY	Jun F		2.10%	2.10%
	USA	19:30	Initial Jobless Claims	7-Jul		--	231k
	USA	19:30	CPI MoM	Jun		0.20%	0.20%
	USA	19:30	CPI YoY	Jun		2.90%	2.80%
Friday 13 - July	CHN	Tentative	Trade Balance	Jun		\$27.22b	\$24.92b
	CHN	Tentative	Exports YoY	Jun		10.40%	12.60%
	CHN	Tentative	Imports YoY	Jun		22.20%	26.00%
	JPN	11:30	Industrial Production MoM	May F		--	-0.20%
	USA	19:30	Import Price Index MoM	Jun		0.10%	0.60%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday 09 - July	Tentative	Consumer Confidence Index	Jun	128.1	--	125.1

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 09 - July	Stock Split	TOPS (5 for 1)
Wednesday 11 - July	Rights Delisting Date	BBHI
	Cum Dividend Date	AKRA (IDR120 per share)
Thursday 12 - July	Rights Listing Date	AHAP, MLPL, MPPA
Friday 13 - July	Rights Delisting Date	BBKP, PEGE

Source: Bloomberg

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