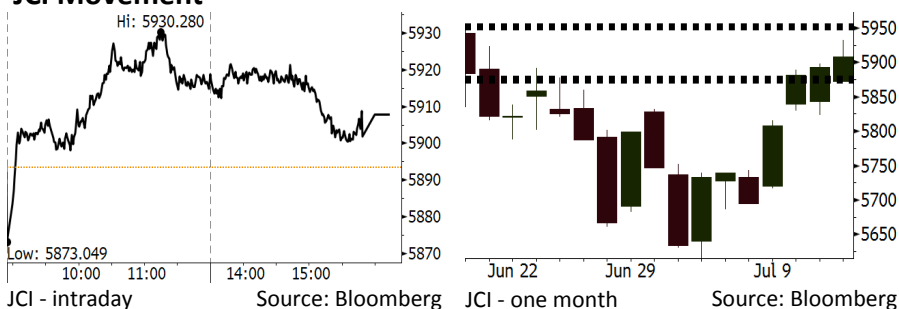


# Morning Brief

Daily | July 13, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

July 12	5,907.87
Chg	+14.51pts (+0.25%)
Volume (bn shares)	84.07
Value (IDR tn)	7.19

Adv 210 Dec 166 Unc 234 Untr 117

Foreign Transaction (IDR bn)	
Buy	2,805
Sell	2,668
Net Buy (Sell)	137

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	193.3	BBRI	71.6
TLKM	130.8	UNTR	58.3
PTBA	62.2	BBNI	48.8
PGAS	28.4	BBTN	33.6
INKP	19.1	ADRO	22.4

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
BRPT	6.6%	BSDE	-3.9%
EXCL	5.3%	BBTN	-3.1%
PGAS	4.9%	PTPP	-2.8%
PWON	4.5%	LPPF	-2.5%
PTBA	3.9%	UNTR	-2.4%

## 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	24,924.89	224.44	0.91%
S&P 500	2,798.29	24.27	0.87%
Nasdaq	7,823.92	107.31	1.39%
FTSE 100	7,651.33	59.37	0.78%
CAC 40	5,405.90	51.97	0.97%
DAX	12,492.97	75.84	0.61%
Nikkei	22,187.96	255.75	1.17%
Hang Seng	28,480.83	169.14	0.60%
Shanghai	2,837.66	59.89	2.16%
KOSPI	2,285.06	4.44	0.19%
EIDO	23.57	0.20	0.86%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,247.4	5.4	0.44%
Crude Oil (USD /bbl)	70.33	(0.05)	-0.07%
Coal Newcas(USD/ton)	112.60	(0.35)	-0.31%
Gas (USD /mmbtu)	2.80	(0.03)	-1.13%
Nickel LME (USD /MT)	14,195	315.0	2.27%
Tin LME (USD /MT)	19,650	275.0	1.42%
CPO (MYR/Ton)	2,186	(18.0)	-0.82%

## Indonesian Market Recap

JCI was reign in 5-day winning streak. Investors eyed the Asia's conducive market amid the lurking greenback. **Top Gainers: Infrastructure (+1.45%), Property (+0.96%), Misc. Industries (+0.78%)**

## Today's Outlook: Expectancy of The U.S. and China Negotiation

We estimate that today JCI is reign in rally mood with the support range of 5873-5878 and resistance range of 5959-5954. The current global market backdrop is recovering as the expectancy of another negotiation between the U.S. and China emerges. The negotiation is expected to cushion the ever-escalating trade war. From domestic outlook, the positive sentiment comes from the beefing up of net buy by foreign investors. Such backdrop is underpinned by the positive expectancy of 2Q18 earnings release to be started in next week.

## Stocks Recommendation (details on the next page)

Trading Buy: BMRI, TINS, ISAT

## Global Market

### United States

The U.S. markets rallied last night with the tech. sector led. Investors responded to the release of 2Q18 corporate financial performance.

### Europe

European stocks closed on a high note yesterday with the media sector led the rally amid the acquisition plan by Twenty-First Century Fox over Sky TV.

### Asia

Asian stock snapped higher yesterday with China's stocks led. Investors re-digested the restarting trade talks between the U.S. and China.

## Company News

- RALS : Posts Growth of 3.9% in IH18
- ROTI : Settles Bonds of IDR500 Billion
- GIAA : Prolongs KIK-EBA Book Building
- ABMM : Targets Production of 10 Million Tons of Coal

## Domestic & Global News

- Bank Indonesia to Use All Available Instruments to Guard Rupiah
- Consumer prices rise at the fastest pace in 6 years

## Indonesia Economic Data

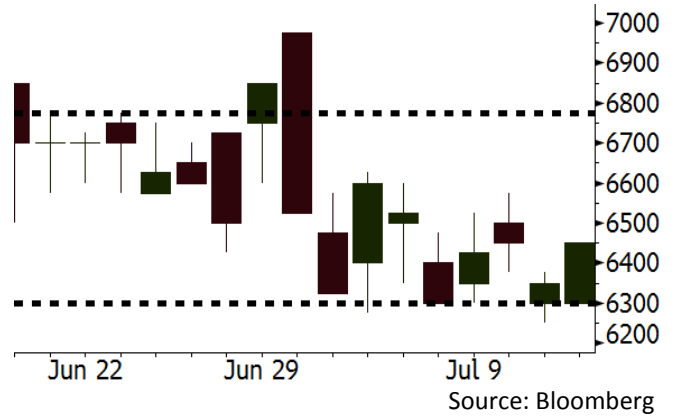
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

**BMRI** Last = 6450

**Analysis** BMRI's stocks moves at flat pace in the last one month; in contrast, BBRI's stocks enjoy rally. BMRI has P/B of 1.9x, lower than BBRI's P/B of 2.3x.

**Range** 6300 - 6775

**Action** Trading Buy. Cut Loss If Below 6300

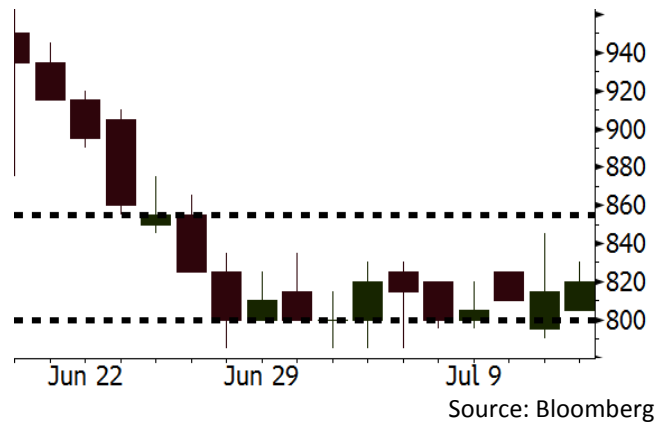


**TINS** Last = 820

**Analysis** Global tin prices signed rebound after jolting by 1.42%. The tin prices moves at flat pace since the end of June following a steep tumble from the early of June.

**Range** 800 - 855

**Action** Trading Buy. Cut Loss If Below 800

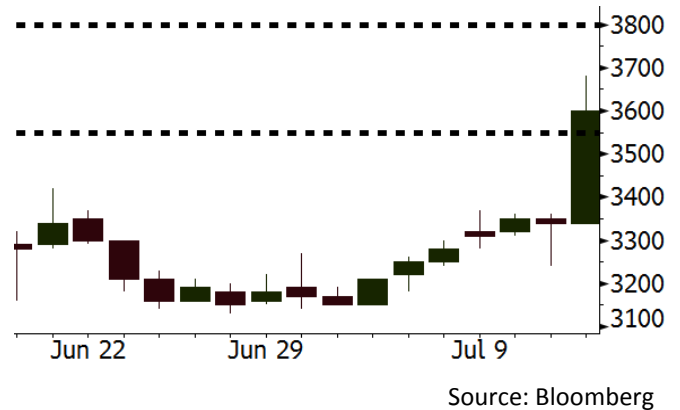


**ISAT** Last = 3600

**Analysis** ISAT's stocks are worth considering with the telecommunication sector leads the rally. It has the lowest EV/EBITDA valuation of 3.5x lower than TLKM, EXCL's EV/EBITDA valuation of 7.0x and 5.5x, respectively.

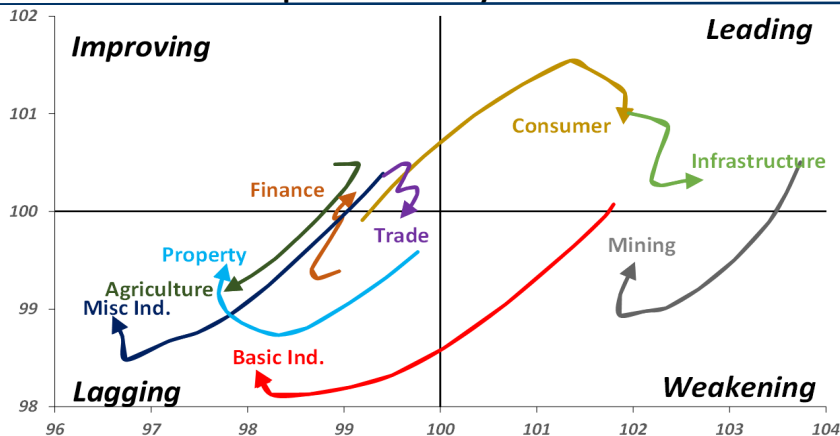
**Range** 3550 - 3800

**Action** Trading buy. Cut Loss If Below 3550



## Sector Rotation

Relative Rotation Graph - Last 10 Days



# 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
<b>JCI Index</b>	5,908	6,356				1.5	6,650.2							
<b>Finance</b>						6.9	1,895.6							
BBCA	22,825	21,900	25,400	Hold	11.3	23.9	562.8	23.6x	4.1x	18.7	1.1	7.1	10.4	0.9
BBRI	2,970	3,640	3,510	Buy	18.2	0.2	366.3	12.2x	2.3x	19.6	3.6	13.0	11.4	1.4
BMRI	6,450	8,000	10,300	Buy	59.7	(2.5)	301.0	13.4x	1.9x	14.4	3.1	(1.9)	43.7	1.4
BBNI	7,025	9,900	8,125	Buy	15.7	0.4	131.0	9.3x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,200	3,570	3,790	Buy	72.3	(11.6)	23.3	7.5x	1.1x	15.2	2.6	15.1	16.1	1.5
BJTM	655	710	810	Buy	23.7	3.1	9.8	8.2x	1.3x	16.5	6.7	3.1	10.7	1.0
<b>Consumer</b>						(2.6)	1,395.1							
HMSP	3,720	4,730	4,575	Buy	23.0	(2.4)	432.7	34.9x	11.6x	33.3	2.9	2.5	(7.1)	1.4
GGRM	69,500	83,800	88,650	Buy	27.6	(11.1)	133.7	17.2x	3.0x	18.2	3.7	10.1	0.1	1.4
UNVR	46,900	55,900	44,200	Hold	(5.8)	(2.9)	357.8	52.0x	51.0x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,825	8,900	9,625	Hold	9.1	3.5	102.9	26.3x	5.0x	20.0	1.8	4.5	10.6	1.2
INDF	6,550	7,625	8,175	Buy	24.8	(24.7)	57.5	13.9x	1.8x	13.2	3.6	(1.1)	0.7	1.2
KLBF	1,305	1,690	1,730	Buy	32.6	(18.4)	61.2	25.4x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,350	2,700	3,280	Buy	39.6	(19.0)	13.1	39.0x	5.1x	14.0	0.8	24.4	27.4	1.4
<b>Infrastructure</b>						(8.1)	742.59							
TLKM	4,100	4,399	4,600	Hold	12.2	(10.4)	413.3	19.2x	4.1x	22.4	4.1	4.3	(14.3)	0.8
EXCL	2,790	2,960	3,800	Buy	36.2	(15.5)	29.8	87.9x	1.4x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,600	4,800	6,750	Buy	87.5	(43.1)	19.6	42.9x	1.4x	3.3	2.0	(21.9)	N/A	0.8
JSMR	4,750	6,400	6,050	Buy	27.4	(11.2)	34.5	15.4x	2.2x	15.3	1.3	92.8	6.5	1.0
TBIG	5,025	6,425	6,050	Buy	20.4	(28.2)	22.8	9.8x	7.2x	92.7	3.4	8.4	16.1	0.6
INDY	3,380	3,060	5,000	Buy	47.9	322.5	17.6	3.3x	1.2x	46.6	3.2	263.6	166.7	1.0
<b>Trade</b>						(3.5)	754.1							
UNTR	32,000	35,400	42,350	Buy	32.3	14.6	119.4	14.2x	2.5x	18.6	2.8	39.0	68.7	1.1
AKRA	4,550	6,350	8,025	Buy	76.4	(27.5)	18.3	21.6x	2.1x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,190	2,480	2,700	Buy	23.3	(6.4)	32.0	23.0x	7.5x	34.8	3.4	15.0	19.3	1.0
MNCN	910	1,285	1,550	Buy	70.3	(47.6)	13.0	9.0x	1.3x	14.3	1.6	(0.4)	(28.3)	1.2
LPPF	7,975	10,000	11,250	Buy	41.1	(33.3)	23.3	12.2x	9.0x	81.7	5.7	5.9	1.2	1.2
ACES	1,330	1,155	1,425	Hold	7.1	25.5	22.8	27.2x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,300	1,200	1,400	Hold	7.7	24.4	9.2	20.9x	2.5x	12.2	3.1	(2.6)	407.0	0.8
MAPI	795	620	945	Buy	18.9	27.2	13.2	21.0x	3.0x	16.4	0.5	19.3	505.7	1.0
<b>Property</b>						(8.3)	372.8							
BSDE	1,490	1,700	1,850	Buy	24.2	(16.8)	28.7	6.2x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	580	685	625	Hold	7.8	(5.7)	27.9	13.4x	2.6x	21.0	1.0	19.5	61.9	1.1
CTRA	1,000	1,185	1,130	Hold	13.0	(19.0)	18.6	22.9x	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	1,875	2,210	2,810	Buy	49.9	(14.4)	25.5	4.9x	1.6x	37.7	3.1	68.6	314.5	1.4
PTPP	2,060	2,640	3,850	Buy	86.9	(34.6)	12.8	8.6x	1.1x	13.9	2.3	26.3	19.0	1.5
WIKA	1,355	1,550	2,150	Buy	58.7	(37.6)	12.2	10.8x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,580	1,885	2,160	Buy	36.7	(28.5)	5.6	9.9x	0.9x	10.1	1.8	39.7	282.5	1.0
<b>Misc Ind.</b>						(20.1)	345.1							
ASII	6,675	8,300	9,300	Buy	39.3	(23.5)	270.2	14.4x	2.1x	15.3	2.8	14.4	(1.6)	1.3
<b>Basic Ind.</b>						25.8	604.5							
INTP	13,775	21,950	21,575	Buy	56.6	(22.1)	50.7	31.1x	2.0x	6.3	5.1	1.9	(46.2)	1.5
SMGR	7,425	9,900	11,550	Buy	55.6	(25.9)	44.0	26.3x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	3,790	3,000	4,200	Hold	10.8	18.1	62.1	21.6x	3.7x	18.2	1.5	(1.3)	60.5	0.9
JPFA	1,805	1,300	2,000	Hold	10.8	27.6	21.2	15.3x	2.4x	15.5	2.8	18.7	533.3	0.6
MAIN	715	740	780	Hold	9.1	(33.2)	1.6	21.1x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	414	424	500	Buy	20.8	(29.8)	8.0	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,200	6,000	6,275	Buy	20.7	(0.5)	92.7	22.3x	3.7x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,865	2,260	2,420	Buy	29.8	25.2	33.2	23.0x	1.7x	8.9	1.3	9.8	(7.3)	0.8
<b>Mining</b>						41.6	448.8							
ADRO	1,870	1,860	2,500	Buy	33.7	12.3	59.8	9.0x	1.2x	13.6	5.8	5.1	(23.4)	1.1
PTBA	4,230	2,460	3,950	Hold	(6.6)	69.2	48.7	8.8x	3.0x	38.7	7.5	26.4	67.1	0.9
ITMG	24,725	20,700	32,400	Buy	31.0	27.9	27.9	7.5x	2.2x	29.2	12.7	2.8	0.0	1.0
INCO	4,200	2,890	3,550	Sell	(15.5)	119.9	41.7	3560.5x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	860	625	985	Hold	14.5	22.9	20.7	55.0x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	820	775	1,240	Buy	51.2	14.7	6.1	12.3x	1.0x	8.3	2.9	(0.6)	(18.1)	1.0
ELSA	336	372	625	Buy	86.0	19.1	2.5	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
<b>Agriculture</b>						(19.2)	91.5							
AALI	10,525	13,150	14,800	Buy	40.6	(30.5)	20.3	12.9x	1.1x	8.6	4.5	10.7	(55.6)	0.7
LSIP	940	1,420	1,380	Buy	46.8	(34.9)	6.4	12.7x	0.8x	6.2	4.8	(40.7)	(64.6)	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **RALS : Posts Growth of 3.9% in IH18**

RALS posted the growth of 3.9% in IH18's sales, and succeeded to post the growth of 5.2% in sales during Ramadhan month. Despite the growth in sales, the supermarket segment still posted the decline of 20.3% in IH18. In July, RALS targeted the sales of IDR600 billion along with the start of new academic year. (Bisnis Indonesia)

### **GIAA : Prolongs KIK-EBA Book Building**

GIAA will prolong its initial offering period of Mandiri GIAA01 Asset-Backed Collective Investment Contract (KIK-EBA) until July 19th, 2018. It stated that such instrument reserves the right for revenue of GIAA ticket sale with route of Indonesia-Jeddah-Madinah. The asset-backed security (EBA) has the coupon of 9.5% and 5-year tenor. (Bisnis Indonesia)

### **ROTI : Settles Bonds of IDR500 Billion**

ROTI settled the payment of I Phase of 2013's ROTI I Shelf Registration with the principle amount of IDR500 billion. The payment used internal funds. Its 1Q18 cash and cash equivalents were IDR1.79 trillion. In addition, in 2018, it plans to perform buy-back at the maximum of 10% of fully paid capital with a view to stabilizing share prices. (Bisnis Indonesia)

### **ABMM : Targets Production of 10 Million Tons of Coal**

ABMM targets that its Aceh-based coal mine beefs up its coal production to 10 million tons in 2019. In 2018 it targets the total coal production of 9.5 million tons backed by 5 million tons of coal produced by its Aceh-based mine and 4.5 million tons of coal produced by its South Kalimantan-based mine. The coal produced by Aceh-based mine will be exported to India, China, and Thailand. (Bisnis Indonesia)

## Domestic & Global News

### **Bank Indonesia to Use All Available Instruments to Guard Rupiah**

Central bank remains committed to maintaining the stability of the rupiah to mitigate risks stemming from global shocks, Nanang Hendarsah, executive director for monetary management, says in a text message on Friday. It's our unwavering commitment to preserve national economic stability: Hendarsah. (Bloomberg)

### **Consumer Prices Rise at the Fastest Pace in 6 Years**

U.S. consumer prices barely rose in June, but the underlying trend continued to point to a steady buildup of inflation pressures that could keep the Federal Reserve on a path of gradual interest rate increases. The Labor Department said on Thursday its Consumer Price Index edged up 0.1 percent as gasoline price increases moderated and apparel prices fell. The CPI rose 0.2 percent in May. In the 12 months through June, the CPI increased 2.9 percent, the biggest gain since February 2012. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 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
<b>Tuesday</b> 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%
<b>Wednesday</b> 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%
<b>Thursday</b> 12 - July	GER	13:00	CPI MoM	Jun F	0.10%	0.10%	0.10%
	GER	13:00	CPI YoY	Jun F	2.10%	2.10%	2.10%
	USA	19:30	Initial Jobless Claims	7-Jul	214k	--	231k
	USA	19:30	CPI MoM	Jun	0.10%	0.20%	0.20%
	USA	19:30	CPI YoY	Jun	2.90%	2.90%	2.80%
<b>Friday</b> 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.
<b>Monday</b> 09 - July	Tentative	Consumer Confidence Index	Jun	128.1	--	125.1

Source: Bloomberg

## Corporate Calendar

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

Source: Bloomberg

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