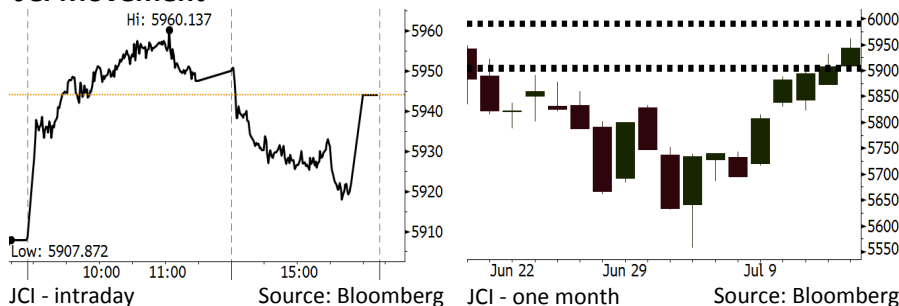


Morning Brief

Daily | July 16, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 13	5,944.07
Chg	+36.20pts (+0.61%)
Volume (bn shares)	84.07
Value (IDR tn)	7.19
Adv 210 Dec 166 Unc 234 Untr 117	

Foreign Transaction (IDR bn)	
Buy	2,631
Sell	2,170
Net Buy (Sell)	461

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	%
BBTN	9.6%	BSDE	-3.4%
INCO	7.1%	SMGR	-2.4%
ANTM	5.8%	TLKM	-2.0%
PGAS	4.0%	INDY	-1.5%
UNTR	3.3%	PTPP	-1.5%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.49%	-0.04%
USDIDR	14,378	-0.08%
KRWIDR	12.70	-0.55%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,019.41	94.52	0.38%
S&P 500	2,801.31	3.02	0.11%
Nasdaq	7,825.98	2.06	0.03%
FTSE 100	7,661.87	10.54	0.14%
CAC 40	5,429.20	23.30	0.43%
DAX	12,540.73	47.76	0.38%
Nikkei	22,597.35	409.39	1.85%
Hang Seng	28,525.44	44.61	0.16%
Shanghai	2,831.18	(6.48)	-0.23%
KOSPI	2,310.90	25.84	1.13%
EIDO	23.55	(0.02)	-0.08%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,244.3	(3.1)	-0.25%
Crude Oil (USD /bbl)	71.01	0.68	0.97%
Coal Newcas(USD/ton)	114.25	(0.90)	-0.78%
Gas (USD /mmbtu)	2.75	(0.05)	-1.61%
Nickel LME (USD /MT)	13,975	(220.0)	-1.55%
Tin LME (USD /MT)	19,795	145.0	0.74%
CPO (MYR/Ton)	2,147	(39.0)	-1.78%

Indonesian Market Recap

JCI continued to rally on Friday, 07/13/18. Foreign investors recorded net-buy amid the corporate earnings season starting this week. **Top Gainers: Misc Industries (+1.40%), Finance (+1.13%), Mining (+0.87%)**

Today's Outlook: Expectancy of Trade Surplus

We estimate JCI to rally with the support range of 5900-5908 and resistance range of 5988-5993. The global market backdrop is conducive amid the U.S. fresh corporate earnings. From domestic outlook, investors likely eyes June's trade balance data estimated to enjoy surpluses after prior-month deficits as June's import activities was at the minimum level due to Eid Mubarak holiday.

Stocks Recommendation (details on the next page)

Trading Buy: BBNI, TINS, SCMA

Global Market

United States

The U.S. stock was rally as the tech. sectors hit a record high on Friday, 07/13/18.

Europe

European stocks closed on a high note on Friday, 07/13/18. Investors eyed on the U.S. corporate earnings.

Asia

Asia stocks traded mixed on Friday, 07/13/18. Investors eyed on the subdued jitters of the ever-escalating trade war between the U.S. and China.

Company News

- ADRO : Has No Plan to Beef Up Production
- SILO : Has Absorbed Most of Proceeds from Right Issue
- KINO : Targets Growth of 35%
- MBTO : Will Launch Two New Stores

Domestic & Global News

- BI: Foreign Investors' Confidence Rises
- China's trade surplus with US hits a record

Indonesia Economic Data

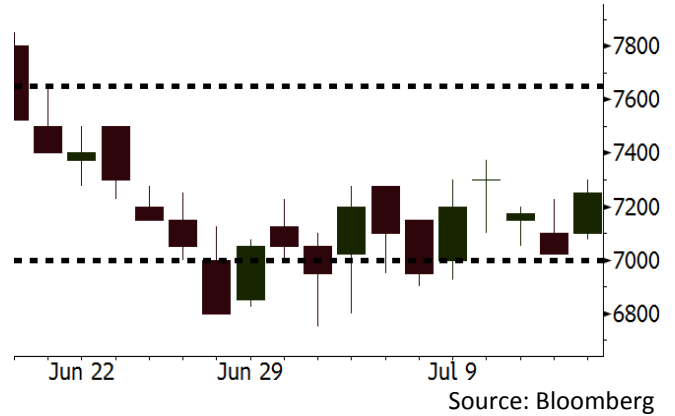
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

BBNI Last = 7250

Analysis BBNI has P/B valuation of 1.4x lower than BMRI, BBRI and BBCA's P/B valuation of 1.9x, 2.3x, and 4.2x, respectively. Investors likely enjoy maximum profits as BBNI experiences no rally.

Range 7000 - 7650

Action Trading Buy. Cut Loss If Below 7000

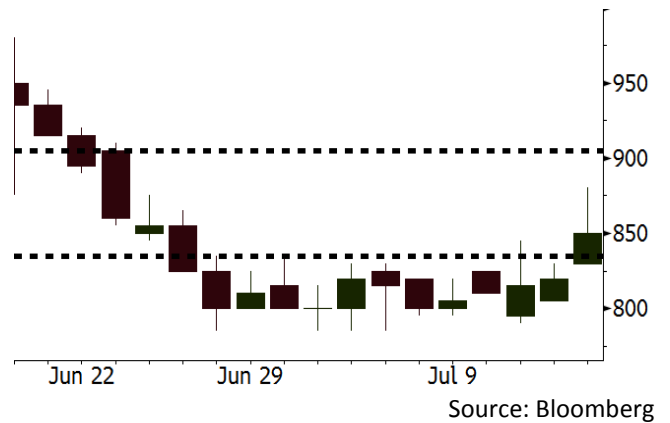


TINS Last = 850

Analysis Global tin prices were rally further on Friday, 13/07/18 amid the surge of 0.74%. TINS's stocks are inextricably entwined with the global tin prices.

Range 835 - 905

Action Trading Buy. Cut Loss If Below 835

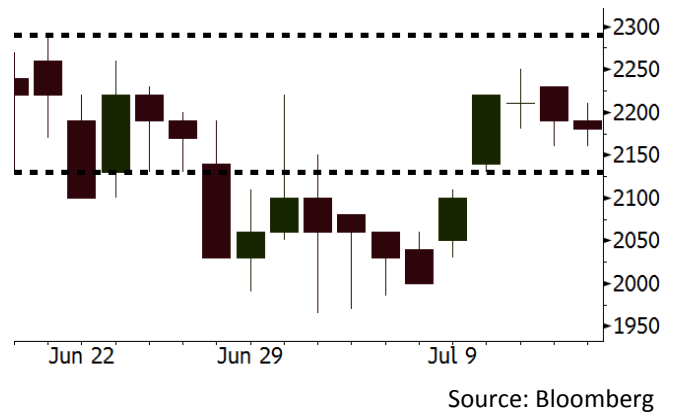


SCMA Last = 2180

Analysis SCMA's audience share is estimated to grow further within next few months after the World Cup Event ends. Besides, the rosier audience shares will be upheld by the Asian Games Event in August.

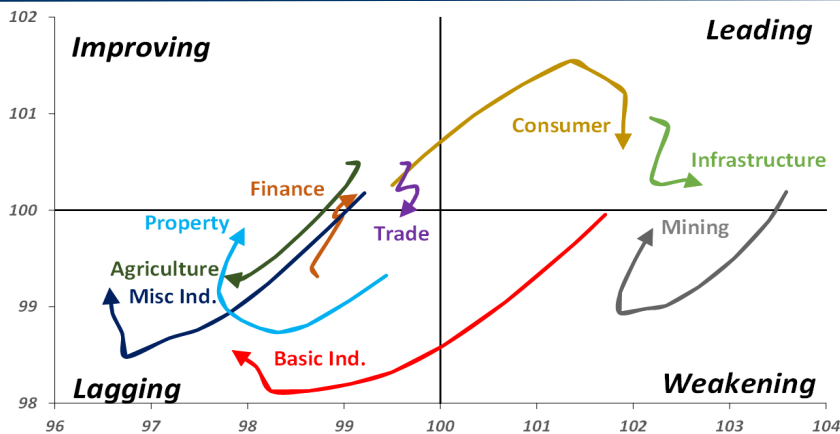
Range 2130 - 2290

Action Trading buy. Cut Loss If Below 2130



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	5,944	6,356				1.9	6,719.4							
Finance						7.8	1,928.7							
BBCA	23,025	21,900	25,400	Hold	10.3	25.1	567.7	23.8x	4.2x	18.7	1.1	7.1	10.4	1.0
BBRI	2,970	3,640	3,510	Buy	18.2	0.3	366.3	12.2x	2.3x	19.6	3.6	13.0	11.4	1.3
BMRI	6,600	8,000	10,300	Buy	56.1	(2.6)	308.0	13.7x	1.9x	14.4	3.0	(1.9)	43.7	1.4
BBNI	7,250	9,900	8,125	Hold	12.1	2.1	135.2	9.6x	1.4x	15.2	3.5	10.6	12.7	1.3
BBTN	2,410	3,570	3,790	Buy	57.3	(2.4)	25.5	8.2x	1.2x	15.2	2.4	15.1	16.1	1.5
BJTM	660	710	810	Buy	22.7	3.1	9.9	8.3x	1.3x	16.5	6.7	3.1	10.7	1.0
Consumer						(2.0)	1,391.5							
HMSP	3,800	4,730	4,575	Buy	20.4	0.3	442.0	35.6x	11.9x	33.3	2.8	2.5	(7.1)	1.4
GGRM	70,475	83,800	88,650	Buy	25.8	(7.5)	135.6	17.5x	3.1x	18.2	3.7	10.1	0.1	1.3
UNVR	46,900	55,900	44,200	Hold	(5.8)	(3.5)	357.8	52.0x	51.0x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,875	8,900	9,625	Hold	8.5	2.0	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	(25.6)	57.3	13.8x	1.8x	13.2	3.6	(1.1)	0.7	1.2
KLBF	1,310	1,690	1,730	Buy	32.1	(20.1)	61.4	25.5x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,320	2,700	3,280	Buy	41.4	(23.7)	12.9	38.5x	5.1x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(8.5)	747.00							
TLKM	4,020	4,399	4,600	Hold	14.4	(11.8)	405.2	18.8x	4.0x	22.4	4.2	4.3	(14.3)	0.9
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)	1.2
ISAT	3,690	4,800	6,750	Buy	82.9	(41.4)	20.1	43.9x	1.4x	3.3	2.0	(21.9)	N/A	0.9
JSMR	4,760	6,400	6,050	Buy	27.1	(8.9)	34.5	15.5x	2.2x	15.3	1.3	92.8	6.5	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(29.6)	22.7	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,330	3,060	5,000	Buy	50.2	321.5	17.3	3.2x	1.2x	46.6	3.2	263.6	166.7	0.9
Trade						(3.4)	760.8							
UNTR	33,050	35,400	42,350	Buy	28.1	18.0	123.3	14.6x	2.5x	18.6	2.7	39.0	68.7	1.0
AKRA	4,540	6,350	8,025	Buy	76.8	(27.9)	18.2	21.5x	2.1x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,180	2,480	2,700	Buy	23.9	(3.1)	31.9	22.9x	7.5x	34.8	3.4	15.0	19.3	1.0
MNCN	925	1,285	1,550	Buy	67.6	(47.6)	13.2	9.2x	1.3x	14.3	1.6	(0.4)	(28.3)	1.2
LPPF	8,150	10,000	11,250	Buy	38.0	(32.9)	23.8	12.4x	9.2x	81.7	5.6	5.9	1.2	1.1
ACES	1,325	1,155	1,425	Hold	7.5	15.7	22.7	27.1x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,295	1,200	1,400	Hold	8.1	21.0	9.2	20.8x	2.5x	12.2	3.1	(2.6)	407.0	0.8
MAPI	800	620	945	Buy	18.1	28.0	13.3	21.1x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(8.6)	383.8							
BSDE	1,440	1,700	1,850	Buy	28.5	(21.3)	27.7	6.0x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	575	685	625	Hold	8.7	(5.7)	27.7	13.3x	2.5x	21.0	1.0	19.5	61.9	1.1
CTRA	1,010	1,185	1,130	Hold	11.9	(17.9)	18.7	23.2x	1.4x	6.1	1.4	6.8	(41.7)	1.3
SMRA	805	945	1,050	Buy	30.4	(33.5)	11.6	34.8x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,855	2,210	2,810	Buy	51.5	(16.4)	25.2	4.8x	1.6x	37.7	3.1	68.6	314.5	1.4
PTPP	2,030	2,640	3,850	Buy	89.7	(34.9)	12.6	8.5x	1.1x	13.9	2.3	26.3	19.0	1.4
WIKA	1,350	1,550	2,150	Buy	59.3	(37.8)	12.1	10.7x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,580	1,885	2,160	Buy	36.7	(24.8)	5.6	9.9x	0.9x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(19.0)	352.7							
ASII	6,800	8,300	9,300	Buy	36.8	(22.1)	275.3	14.7x	2.1x	15.3	2.7	14.4	(1.6)	1.3
Basic Ind.						25.5	608.0							
INTP	13,675	21,950	21,575	Buy	57.8	(22.3)	50.3	30.8x	2.0x	6.3	5.1	1.9	(46.2)	1.4
SMGR	7,250	9,900	11,550	Buy	59.3	(28.7)	43.0	25.6x	1.5x	5.9	1.9	3.4	(45.2)	1.2
CPIN	3,850	3,000	4,200	Hold	9.1	17.4	63.1	22.0x	3.8x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,845	1,300	2,000	Hold	8.4	31.3	21.6	15.7x	2.5x	15.5	2.7	18.7	533.3	0.7
MAIN	720	740	780	Hold	8.3	(32.7)	1.6	21.3x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	422	424	500	Buy	18.5	(29.7)	8.2	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,175	6,000	6,275	Buy	21.3	(0.8)	92.3	22.2x	3.7x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,890	2,260	2,420	Buy	28.0	26.0	33.6	23.3x	1.7x	8.9	1.3	9.8	(7.3)	0.8
Mining						41.6	454.6							
ADRO	1,860	1,860	2,500	Buy	34.4	11.7	59.5	9.0x	1.2x	13.6	5.8	5.1	(23.4)	1.1
PTBA	4,170	2,460	3,950	Hold	(5.3)	66.8	48.0	8.7x	2.9x	38.7	7.6	26.4	67.1	0.9
ITMG	24,500	20,700	32,400	Buy	32.2	24.7	27.7	7.4x	2.1x	29.2	12.8	2.8	0.0	0.9
INCO	4,500	2,890	3,550	Sell	(21.1)	129.6	44.7	3813.6x	1.7x	(0.1)	N/A	18.4	N/A	1.1
ANTM	910	625	985	Hold	8.2	30.9	21.9	58.2x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	850	775	1,240	Buy	45.9	18.1	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	336	372	625	Buy	86.0	20.9	2.5	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(19.6)	92.4							
AALI	10,350	13,150	14,800	Buy	43.0	(31.8)	19.9	12.7x	1.1x	8.6	4.5	10.7	(55.6)	0.6
LSIP	930	1,420	1,380	Buy	48.4	(35.6)	6.3	12.6x	0.8x	6.2	4.8	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ADRO : Has No Plan to Beef Up Production

ADRO has no plan to beef up its production amid the escalating coal prices. Up to the present time, the 2018's production target is still in accordance with the initial target of 54 million until 56 million tons. It maintains long-term coal reserves for coal-fired power plants, and has produced 10 million tons of coal in 1Q18. (Kontan)

SILO : Has Absorbed Most of Proceeds from Right Issue

SILO still has the remaining proceeds of IDR180.17 billion from the 2017's right issue worth IDR3.08 trillion. It spent the funds of IDR2.53 trillion on investment and IDR368.8 billion on working capital. In 2018, it allocates the capex of IDR1 trillion. (Kontan)

KINO : Targets Growth of 35%

KINO targets the growth of 35% in the 2018's profit. To achieve the target, it sets several strategies such as, using multi distributor system and expanding its sale network. Additionally, it will divide the personal care segment into two divisions. (Kontan)

MBTO : Will Launch Two New Stores

MBTO will launch two new stores by the end of 2018. In 1H18, it absorbed the funds of IDR2 billion spending on existing stores renovation. Besides, it will beef up the sale by launching new products, and is optimistic to achieve the sales growth of 7%-8% in 2018. (Kontan)

Domestic & Global News

BI: Foreign Investors' Confidence Rises

Bank Indonesia (BI)'s concerted commitment to the economic stability, particularly rupiah exchange rate breeds success. Such commitment resulted in market's confidence and a more competitive government bond (SBN) yields. " a more competitive SBN yields bolster inflow foreign capital into SBN market," said Perry. BI recorded that from July 2nd to July 12th, 2018, the total foreign inflow to SBN markets was IDR7.1 trillion. (Kontan)

China's trade surplus with US hits a record

China's trade surplus with the United States swelled to a record in June as its overall exports grew at a solid pace, a result that could further inflame a bitter trade dispute with Washington. But signs exporters were rushing shipments before tariffs went into effect in the first week of July suggest the spike in the surplus was a one-off, with analysts expecting a less favorable trade balance for China in coming months as duties on exports start to bite. (CNBC)

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