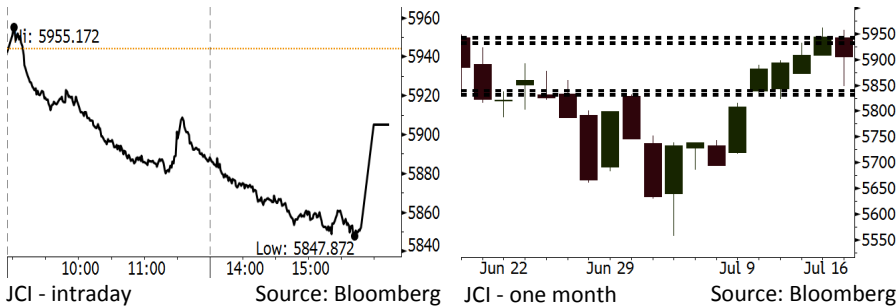


# Morning Brief

Daily | July 17, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

July 16	5,905.16
Chg	-38.92pts (-0.66%)
Volume (bn shares)	63.63
Value (IDR tn)	5.57

Adv 130 Dec 266 Unc 214 Untr 115

## Foreign Transaction (IDR bn)

Buy	2,114
Sell	2,038
Net Buy (Sell)	76

## Top Buy NB Val. Top Sell NS Val.

BBCA	179.4	BBRI	63.2
INKP	68.9	TLKM	49.6
PTBA	67.0	BMRI	48.0
BBNI	36.9	ADRO	35.6
INCO	24.1	UNTR	29.7

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BBTN	2.9%	EXCL	-3.9%
PTBA	1.7%	ADRO	-3.2%
AKRA	1.5%	GGRM	-2.8%
TPIA	1.5%	SMGR	-2.8%
BBNI	1.4%	PGAS	-2.7%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.54%	0.04%
USDIDR	14,394	0.11%
KRWIDR	12.76	0.47%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,064.36	44.95	0.18%
S&P 500	2,798.43	(2.88)	-0.10%
Nasdaq	7,805.72	(20.26)	-0.26%
FTSE 100	7,600.45	(61.42)	-0.80%
CAC 40	5,409.43	(19.77)	-0.36%
DAX	12,561.02	20.29	0.16%
Nikkei	22,597.35	409.39	1.85%
Hang Seng	28,539.66	14.22	0.05%
Shanghai	2,814.04	(17.14)	-0.61%
KOSPI	2,301.99	(8.91)	-0.39%
EIDO	23.10	(0.45)	-1.91%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,240.9	(3.4)	-0.27%
Crude Oil (USD /bbl)	68.06	(2.95)	-4.15%
Coal Newcas(USD/ton)	115.00	0.75	0.66%
Gas (USD /mmbtu)	2.76	0.01	0.25%
Nickel LME (USD /MT)	13,670	(305.0)	-2.18%
Tin LME (USD /MT)	19,500	(295.0)	-1.49%
CPO (MYR/Ton)	2,173	14.0	0.65%

## Indonesian Market Recap

JCI ended on a low note yesterday. Investors performed profit taking as China recorded the 2Q18's lagging economic growth. **Top Losers: Infrastructure (-1.47%), Misc. Industries (-1.36%), Property (-1.25%)**

## Today's Outlook: Lagging Growth in China's Economy Breeds Pressure

We estimate JCI to move at a modest pace with the **support range of 5832-5839** and **resistance range of 5932-5942**. The pressure stems from China's 2Q18 GDP growth sliding to 6.7% lower than the estimated growth of 6.8%. Such deceleration ignites the jitters of heightening impact from U.S.-China trade war. On the other side, investors eye on the 2Q18's corporate earnings season within this week. It is estimated that the 2Q18's corporate profits snap higher due to Eid Mubarak holiday period.

## Stocks Recommendation (details on the next page)

Trading Buy: WSKT, BBNI, LSIP

## Global Market

### United States

The U.S. stocks traded mixed as the financials led after the topping-estimate earnings by Bank of America.

### Europe

European stocks traded lower as investors focused on earnings season and the meeting between Trump and Putin.

### Asia

Asian stocks slip after China's economic growth shrugged off at 6.7% in 2Q18.

## Company News

- UNTR : Sells 2,907 Units in May
- HEXA : Posts 2Q18 Sales of 495 Units
- CSAP : Thailand-based Investor Buys 9.09% of CSAP's Shares
- ANTM : Focuses on Downstream Development

## Domestic & Global News

Indonesia's ULN Grows at Sluggish Pace in May 2018

China says its second-quarter GDP growth was 6.7%

## Indonesia Economic Data

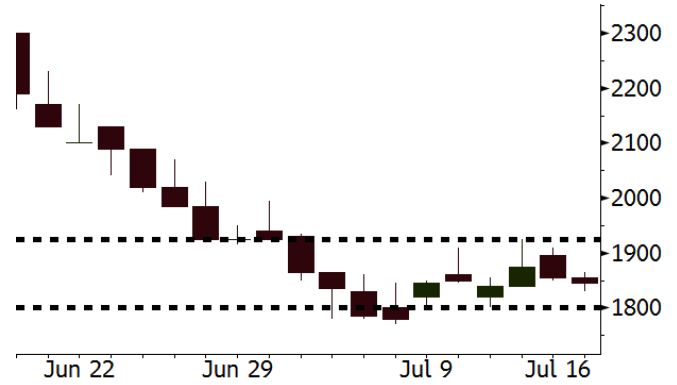
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports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

**WSKT** Last = 1845

**Analysis** The steep plunge of WSKT's stocks within the recent month makes its valuation attractive. Its stocks are traded at P/E of 4.8x --- lower than ADHI, WIKA, and PTPP's P/E of 9.8x, 10.7x, and 8.3x, respectively.

**Range** 1800 - 1925

**Action** Trading Buy. Cut Loss If Below 1800



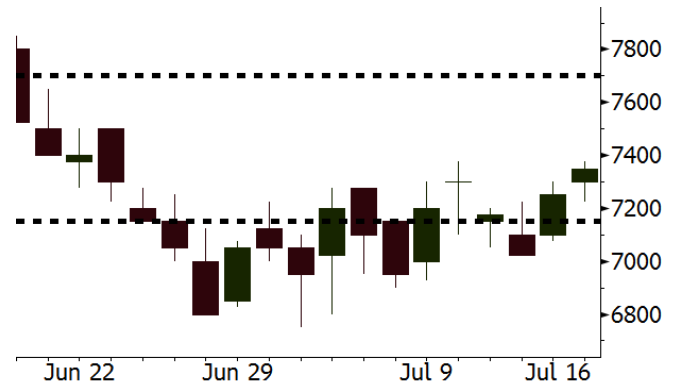
Source: Bloomberg

**BBNI** Last = 7350

**Analysis** BBNI releases its 2Q18 performance this week. We estimate BBNI to enjoy the growth of 16.1% y-y to IDR3,7 trillion in net profit. The growth estimate is higher than the 1Q18 growth of 13.0%.

**Range** 7150 - 7700

**Action** Trading Buy. Cut Loss If Below 7150



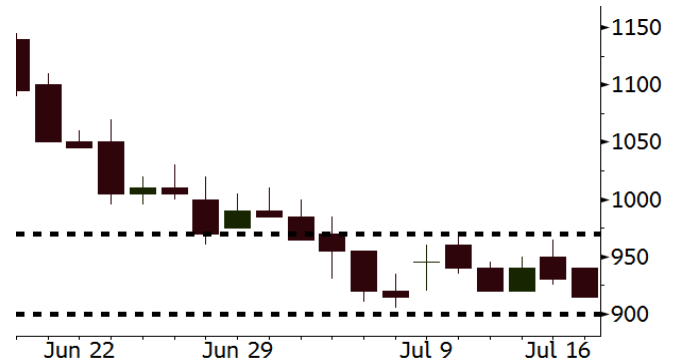
Source: Bloomberg

**LSIP** Last = 915

**Analysis** The Indonesian government plans to accelerate the use of B30, biodiesel fuel, from 2020 to 2019. The policy will beef up the domestic biodiesel consumption from 2.5 million of kiloliters to 5.5-6.0 million of kiloliters.

**Range** 900 - 970

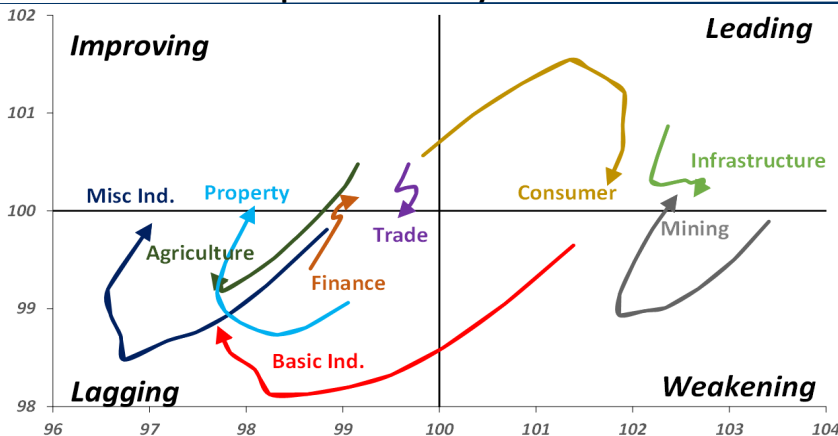
**Action** Trading buy. Cut Loss If Below 900



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
<b>JCI Index</b>	5,905	6,356				1.1	6,675.6							
<b>Finance</b>						8.0	1,930.9							
BBCA	23,125	21,900	25,400	Hold	9.8	26.4	570.1	23.9x	4.2x	18.7	1.1	7.1	10.4	1.0
BBRI	2,970	3,640	3,510	Buy	18.2	(1.0)	366.3	12.2x	2.3x	19.6	3.6	13.0	11.4	1.3
BMRI	6,550	8,000	10,300	Buy	57.3	(3.5)	305.7	13.6x	1.9x	14.4	3.0	(1.9)	43.7	1.4
BBNI	7,350	9,900	8,125	Hold	10.5	4.6	137.1	9.8x	1.4x	15.2	3.5	10.6	12.7	1.3
BBTN	2,480	3,570	3,790	Buy	52.8	1.2	26.3	8.4x	1.2x	15.2	2.3	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
<b>Consumer</b>						(2.9)	1,375.6							
HMSP	3,770	4,730	4,575	Buy	21.4	(1.0)	438.5	35.4x	11.8x	33.3	2.8	2.5	(7.1)	1.4
GGRM	68,500	83,800	88,650	Buy	29.4	(9.6)	131.8	17.0x	3.0x	18.2	3.8	10.1	0.1	1.3
UNVR	45,750	55,900	44,200	Hold	(3.4)	(5.3)	349.1	50.7x	49.8x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,825	8,900	9,625	Hold	9.1	2.0	102.9	26.3x	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	1,320	1,690	1,730	Buy	31.1	(19.8)	61.9	25.7x	4.5x	18.2	1.9	2.4	0.2	1.2
KAEF	2,320	2,700	3,280	Buy	41.4	(22.1)	12.9	38.5x	5.1x	14.0	0.8	24.4	27.4	1.3
<b>Infrastructure</b>						(10.5)	735.97							
TLKM	3,940	4,399	4,600	Buy	16.8	(14.5)	397.2	18.4x	4.0x	22.4	4.3	4.3	(14.3)	0.9
EXCL	2,680	2,960	3,800	Buy	41.8	(18.5)	28.6	84.4x	1.3x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,650	4,800	6,750	Buy	84.9	(42.1)	19.8	43.5x	1.4x	3.3	2.0	(21.9)	N/A	0.9
JSMR	4,820	6,400	6,050	Buy	25.5	(8.6)	35.0	15.6x	2.2x	15.3	1.3	92.8	6.5	1.0
TBIG	4,810	6,425	6,050	Buy	25.8	(30.8)	21.8	9.4x	6.9x	92.7	3.5	8.4	16.1	0.6
INDY	3,270	3,060	5,000	Buy	52.9	287.0	17.0	3.2x	1.2x	46.6	3.3	263.6	166.7	0.9
<b>Trade</b>						(3.2)	762.5							
UNTR	33,300	35,400	42,350	Buy	27.2	19.1	124.2	14.7x	2.6x	18.6	2.7	39.0	68.7	1.0
AKRA	4,610	6,350	8,025	Buy	74.1	(26.8)	18.5	21.8x	2.2x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,160	2,480	2,700	Buy	25.0	(4.4)	31.6	22.7x	7.4x	34.8	3.5	15.0	19.3	1.0
MNCN	920	1,285	1,550	Buy	68.5	(48.6)	13.1	9.1x	1.3x	14.3	1.6	(0.4)	(28.3)	1.2
LPPF	8,150	10,000	11,250	Buy	38.0	(35.4)	23.8	12.4x	9.2x	81.7	5.6	5.9	1.2	1.1
ACES	1,305	1,155	1,425	Hold	9.2	15.0	22.4	26.7x	6.0x	24.0	1.7	21.5	35.7	0.9
RALS	1,280	1,200	1,400	Hold	9.4	18.5	9.1	20.6x	2.5x	12.2	3.1	(2.6)	407.0	0.8
MAPI	780	620	945	Buy	21.2	26.3	12.9	20.6x	2.9x	16.4	0.5	19.3	505.7	0.9
<b>Property</b>						(9.6)	379.0							
BSDE	1,450	1,700	1,850	Buy	27.6	(18.3)	27.9	6.0x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	570	685	625	Hold	9.6	(8.1)	27.5	13.1x	2.5x	21.0	1.1	19.5	61.9	1.1
CTRA	995	1,185	1,130	Hold	13.6	(19.4)	18.5	22.8x	1.4x	6.1	1.4	6.8	(41.7)	1.3
SMRA	795	945	1,050	Buy	32.1	(33.8)	11.5	34.4x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,845	2,210	2,810	Buy	52.3	(18.0)	25.0	4.8x	1.6x	37.7	3.1	68.6	314.5	1.4
PTPP	1,985	2,640	3,850	Buy	94.0	(33.6)	12.3	8.3x	1.1x	13.9	2.4	26.3	19.0	1.4
WIKA	1,345	1,550	2,150	Buy	59.9	(35.6)	12.1	10.7x	0.9x	9.2	2.0	64.1	(30.9)	1.0
ADHI	1,570	1,885	2,160	Buy	37.6	(21.5)	5.6	9.8x	0.9x	10.1	1.8	39.7	282.5	1.0
<b>Misc Ind.</b>						(20.2)	347.9							
ASII	6,700	8,300	9,300	Buy	38.8	(23.2)	271.2	14.4x	2.1x	15.3	2.8	14.4	(1.6)	1.3
<b>Basic Ind.</b>						23.8	601.3							
INTP	13,625	21,950	21,575	Buy	58.3	(23.9)	50.2	30.7x	2.0x	6.3	5.1	1.9	(46.2)	1.4
SMGR	7,050	9,900	11,550	Buy	63.8	(30.2)	41.8	24.9x	1.4x	5.9	1.9	3.4	(45.2)	1.2
CPIN	3,870	3,000	4,200	Hold	8.5	18.0	63.5	22.1x	3.8x	18.2	1.4	(1.3)	60.5	1.0
JPFA	1,815	1,300	2,000	Hold	10.2	26.9	21.3	15.4x	2.4x	15.5	2.8	18.7	533.3	0.7
MAIN	720	740	780	Hold	8.3	(33.0)	1.6	21.3x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	416	424	500	Buy	20.2	(30.7)	8.0	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,250	6,000	6,275	Buy	19.5	0.2	93.6	22.5x	3.8x	19.1	1.5	9.9	(36.3)	0.8
BRPT	1,840	2,260	2,420	Buy	31.5	17.9	32.7	22.8x	1.6x	8.9	1.3	9.8	(7.3)	0.8
<b>Mining</b>						37.7	451.0							
ADRO	1,800	1,860	2,500	Buy	38.9	5.9	57.6	8.7x	1.1x	13.6	6.0	5.1	(23.4)	1.1
PTBA	4,240	2,460	3,950	Hold	(6.8)	63.7	48.8	8.8x	3.0x	38.7	7.5	26.4	67.1	0.9
ITMG	23,700	20,700	32,400	Buy	36.7	18.8	26.8	7.2x	2.1x	29.2	13.2	2.8	0.0	0.9
INCO	4,480	2,890	3,550	Sell	(20.8)	114.4	44.5	3800.6x	1.7x	(0.1)	N/A	18.4	N/A	1.1
ANTM	900	625	985	Hold	9.4	25.0	21.6	57.6x	1.2x	2.0	0.2	247.2	3550.0	1.1
TINS	830	775	1,240	Buy	49.4	9.9	6.2	12.4x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	328	372	625	Buy	90.5	16.3	2.4	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
<b>Agriculture</b>						(20.3)	91.5							
AALI	10,225	13,150	14,800	Buy	44.7	(32.6)	19.7	12.6x	1.1x	8.6	4.6	10.7	(55.6)	0.6
LSIP	915	1,420	1,380	Buy	50.8	(36.5)	6.2	12.4x	0.7x	6.2	4.9	(40.7)	(64.6)	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **UNTR : Sells 2,907 Units in May**

Until UNTR secured the sales growth of 40.94% to 2,907 units of heavy machinery. The sales growth was equal to 46.6% from the 2018's sales target of 4,500 units. The sales were still dominated by the mining sector by 55%, the construction sector 22%, the plantation sector by 15%, and the forestry sector by 8%. To beef up its sales performance, UNTR will improve its post-sale services. (Bisnis Indonesia)

### **CSAP : Thailand-based Investor Buys 9.09% of CSAP's Shares**

CSAP settled the private placement of 405.3 million of shares. Of note, Thailand-based investor, Siam Cement Group (SCG) is the buyer of new shares issued by CSAP. It secured the proceeds of IDR324.24 billion as it sets the par value of IDR800. The funds will be spent on working capital and capex injected into the distribution segment. (Bisnis Indonesia)

### **HEXA : Posts 2Q18 Sales of 495 Units**

HEXA recorded the sales of 495 units of heavy machinery in 2Q18. The sales were equal to 22.95% from the 2018's fiscal year target of 2,000 unit. It is optimistic about achieving the set target as the commodities prices surge. In tandem with the target, it also pursues the growth of 13% y-y to USD387.85 million in the 2018's sales. (Bisnis Indonesia)

### **ANTM : Focuses on Downstream Development**

ANTM sets such strategies to develop its downstream businesses as optimizing the operation of Tyan-based chemical grade alumina (CGA) factory, constructing Halmahera-based ferronickel factory with the production capacity of 13,500 TNi, and cooperating with PT Inalum to beef up bauxite commodity. (Kontan)

## Domestic & Global News

### **Indonesia's ULN Grows at Sluggish Pace in May 2018**

Indonesia's foreign debt (ULN) grew at a lagging pace in the end of May 2018. According to Bank Indonesia (BI), in May, Indonesia's ULN was at USD358.6 billion consisting of the government's debt and BI's debt of USD182.5 billion; private sector including SEO debt of USD176.1 billion. The figures of Indonesia's ULN grew by 6.8% y-y in the end of May 2018 lagging than the prior month growth of 7.8% y-y. (Kontan)

### **China says its second-quarter GDP growth was 6.7%**

China on Monday posted second-quarter GDP growth of 6.7 percent from a year ago, slightly lower than 6.8 percent in the first quarter of 2018 as Beijing has been cracking down on risky credit amid escalating trade tensions with the U.S. The official reading was in line with expectations from analysts polled by Reuters. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	CHN	09:00	GDP YoY	2Q	6.70%	6.70%	6.80%
<i>16 - July</i>	CHN	09:00	GDP SA QoQ	2Q	1.80%	1.60%	1.40%
	CHN	09:00	GDP YTD YoY	2Q	6.80%	6.70%	6.80%
	CHN	09:00	Retail Sales YoY	Jun	9.00%	8.80%	8.50%
	CHN	09:00	Industrial Production YoY	Jun	6.00%	6.50%	6.80%
	USA	19:30	Retail Sales Advance MoM	Jun	0.50%	0.50%	0.80%
<b>Tuesday</b>	USA	20:15	Industrial Production MoM	Jun		0.50%	-0.10%
<i>17 - July</i>							
<b>Wednesday</b>	UK	15:30	CPI MoM	Jun		0.20%	0.40%
<i>18 - July</i>	UK	15:30	CPI YoY	Jun		2.60%	2.40%
	UK	15:30	CPI Core YoY	Jun		2.10%	2.10%
	EU	16:00	CPI YoY	Jun F		2.00%	1.90%
	EU	16:00	CPI MoM	Jun		0.10%	0.50%
	USA	19:30	Housing Starts	Jun		1320k	1350k
<b>Thursday</b>	USA	01:00	U.S. Federal Reserve Releases Beige Book				
<i>19 - July</i>	JPN	06:50	Trade Balance	Jun		¥531.2b	-¥578.3b
	JPN	13:00	Machine Tool Orders YoY	Jun F		--	11.40%
	USA	19:30	Initial Jobless Claims	14-Jul		220k	214k
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Jun		0.80%	0.70%
<i>20 - July</i>							

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	11:00	Imports YoY	Jun	12.66%	29.09%	28.17%
<i>16 - July</i>	11:00	Exports YoY	Jun	11.47%	15.64%	12.47%
	11:00	Trade Balance	Jun	\$1742.6m	\$968m	-\$1524m
<b>Thursday</b>	Tentative	Bank Indonesia 7D Reverse Repo	19-Jul		5.25%	5.25%
<i>19 - July</i>						

Source: Bloomberg

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