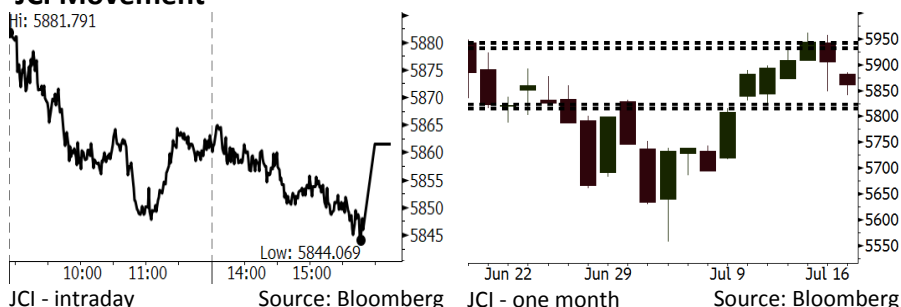


Morning Brief

Daily | July 18, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 17	5,861.51
Chg	-43.65pts (-0.74%)
Volume (bn shares)	86.36
Value (IDR tn)	7.71
Adv 154 Dec 226 Unc 230 Untr 111	

Foreign Transaction (IDR bn)	
Buy	2,532
Sell	3,267
Net Buy (Sell)	(735)

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	95.4	BBRI	205.0
INKP	85.9	BMRI	112.7
TLKM	36.8	BTPS	62.1
BBCA	12.9	UNTR	55.2
RALS	12.1	BBTN	54.6

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
WSKT	10.0%	BMRI	-3.4%
WIKA	8.9%	KLBF	-3.4%
PTPP	5.8%	BBRI	-3.4%
ADHI	5.7%	TPIA	-3.3%
PGAS	5.2%	INCO	-2.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.58%	0.05%
USDIDR	14,378	-0.11%
KRWIDR	12.78	0.16%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,119.89	55.53	0.22%
S&P 500	2,809.55	11.12	0.40%
Nasdaq	7,855.12	49.40	0.63%
FTSE 100	7,626.33	25.88	0.34%
CAC 40	5,422.54	13.11	0.24%
DAX	12,661.54	100.52	0.80%
Nikkei	22,697.36	100.01	0.44%
Hang Seng	28,181.68	(357.98)	-1.25%
Shanghai	2,798.13	(15.92)	-0.57%
KOSPI	2,297.92	(4.07)	-0.18%
EIDO	23.29	0.19	0.82%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,227.5	(13.4)	-1.08%
Crude Oil (USD /bbl)	68.08	0.02	0.03%
Coal Newcas(USD/ton)	113.30	1.50	1.34%
Gas (USD /mmbtu)	2.74	(0.02)	-0.69%
Nickel LME (USD /MT)	13,490	(180.0)	-1.32%
Tin LME (USD /MT)	19,515	15.0	0.08%
CPO (MYR/Ton)	2,171	(2.0)	-0.09%

Indonesian Market Recap

Ahead of Bank Indonesia (BI)'s Board of Governors Meeting held on this week, JCI closed on a low note led by the banking sector. **Top Losers: Finance (-1.53%), Consumer (-0.90%), Misc. Industries (-0.82%)**

Today's Outlook: Eyes 2Q18's Corporate Earnings

We estimate that today JCI moves at a higher pace with the **support range of 5815-5823** and **resistance range of 5932-5942**. From the global outlook, the Fed's Chairperson Jerome Powell delivered the speech signaling the Fed's gradual interest rate hike. Despite the Fed's signal, the global market gave no negative response to Powell's hawkish stance. This backdrop likely gives a chance for investors in Indonesia to eye further the 2Q18's corporate earnings.

Stocks Recommendation (details on the next page)

Trading Buy: MAPI, ITMG, TLKM

Global Market

United States

The U.S. stocks hit an all-time high as the tech. sector was rally. Investors eyed the 2Q18's corporate earnings.

Europe

European's stocks closed on higher note. Investors digested further corporate earnings, and monitored the remarks delivered by the Fed's Jerome Powell.

Asia

Asia stocks closed on a lower note as the energy sector led the plunge due to a steep decline in crude prices.

Company News

- ADRO : Kestrel Acquisition Is Completed in 3Q18
- BMRI : UMKM Credit Ratio Hits 28%
- BOLT : Export Sales Grows by 50%
- ROTI : Settles Construction of Philippine-Based Manufacture

Domestic & Global News

Sri Mulyani: 1Q18 Economy Grows 5.1% and Hits 5.2% in the End of 2018
Powell Backs More Rate Hikes as Economy Growing 'Considerably Stronger'

Indonesia Economic Data

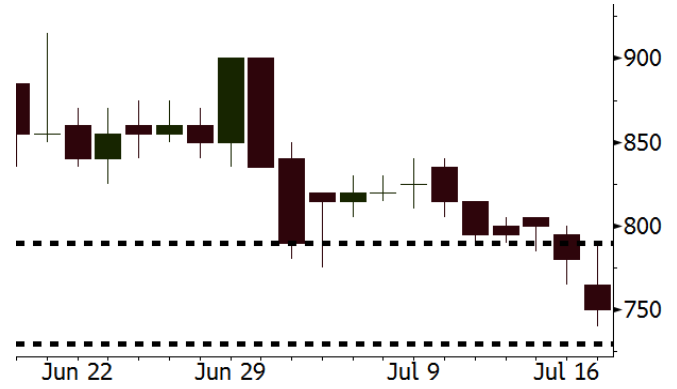
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports Yoy	12.66%	28.17%	Business Confidence	106.28	112.39
Inflation Yoy	3.12%	3.23%	Cons. Confidence*	128.10	125.10

MAPI Last = 750

Analysis MAPI's stocks posting a steep plunge since the early of July makes its valuation attractive. Now, it is traded at P/E of 19.8x lower than ACES and RALS's P/E of 26.6x and 21.7x, respectively.

Range 730 - 790

Action Trading Buy. Cut Loss If Below 730



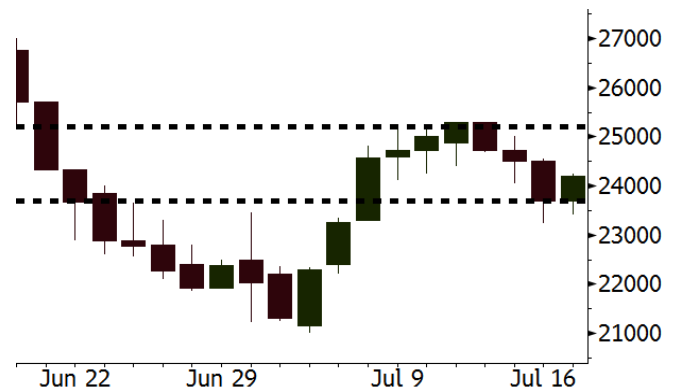
Source: Bloomberg

ITMG Last = 24200

Analysis The global coal prices were rally further underlined by China's lack of coal supply. Meanwhile, the coal export by Indonesia hikes further within the last 3 weeks.

Range 23700 - 25200

Action Trading Buy. Cut Loss If Below 23700



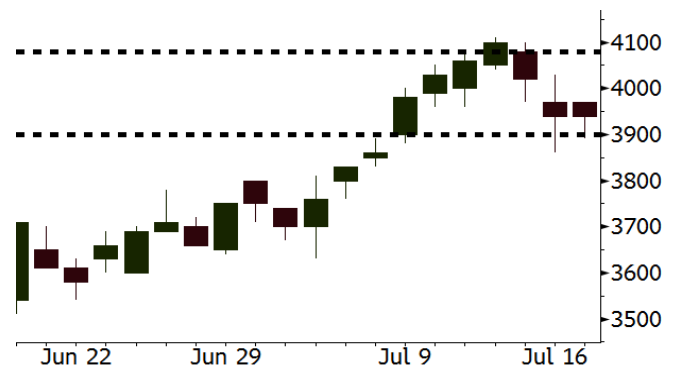
Source: Bloomberg

TLKM Last = 3940

Analysis TLKM likely affirms its further dominance over cellular market amid the healthier competition in 2H18. The operators in Indonesia plan to hike its prices likely sending their revenues higher.

Range 3900 - 4080

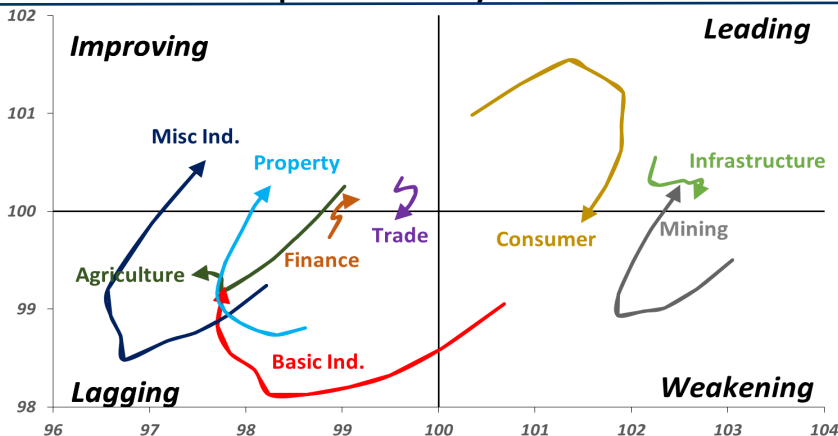
Action Trading buy. Cut Loss If Below 3900



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	5,905	6,356				1.1	6,675.6							
Finance						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
Consumer						(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
Infrastructure						(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
Trade						(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
Property						(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
Misc Ind.						(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
Basic Ind.						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
Mining						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
Agriculture						(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

ADRO : Kestrel Acquisition Is Completed in 3Q18

ADRO assured that the acquisition of Kestrel mine will have been completed in 3Q18 as in May, ADRO and its partner obtained a license for the acquisition worth USD2.25 billion from the Australian government. Thus, it allocated funds of USD1.10 billion equal to 49% acquisition as designated in such acquisition. The funds derive from its internal cash and the bank loan. (Bisnis Indonesia)

BOLT : Export Sales Grows by 50%

BOLT posted the growth of 50% y-y in the 1H18's export sales. The growth was backed by the demand of India more populous than Indonesia and having less local suppliers with quality products. Other than India market, it also expands its export sales to the U.S. market. (Bisnis Indonesia)

BMRI : UMKM Credit Ratio Hits 28%

BMRI stated that 28% of its total credit amounting to IDR700 trillion was contributed by small and medium enterprises (SMEs). The contribution ratio was higher than the prerequisite SMEs' credit ratio of 20% set by BI. Besides, it distributed the People's Business Credit (KUR) of IDR8.52 trillion until June. Of note, KUR distribution covered 60% of its target. (Kontan)

ROTI: Settles Construction of Philippine-Based Manufacture

ROTI finished its Philippine-based manufacture with the production capacity of 100,000 bread per day. The manufacture is a joint venture between ROTI and Monde Nissin Corporation. ROTI has 55% shares ownership over the joint venture. Philippine constituting a populous nation and 5% contribution to ROTI's revenue in the end of 2018 are factors underlined the construction of this manufacture. (Bisnis Indonesia)

Domestic & Global News

Sri Mulyani: 1Q18 Economy Grows 5.1% and Hits 5.2% in the End of 2018

The Financial Minister Sri Mulyani Indrawati estimated Indonesia's economy to grow by 5.1% in the 1H18; accordingly, the 2Q18's Indonesia economy is estimated to hit 5.14%. Sri Mulyani stated that the economic growth within the early 6 months of 2018 was supported by investments and capital goods imports depicting Indonesia's production sector. Meanwhile, the household consumption and the consumption of non-governmental organization are estimated to stably grow. (Kontan)

Powell Backs More Rate Hikes as Economy Growing 'Considerably Stronger'

The U.S. economy is running at a fast enough pace to justify continued interest rate increases, Federal Reserve Chairman Jerome Powell said Tuesday. Powell is delivering his semiannual testimony to Congress this week, starting with an appearance Tuesday before the Senate Committee on Banking, Housing and Urban Affairs. In remarks he provided ahead of a question-and-answer session, Powell painted a largely positive picture of the economy, which he said is expanding at an increasing pace and is being boosted by aggressive fiscal policy on Capitol Hill. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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%
Tuesday	USA	20:15	Industrial Production MoM	Jun	0.62%	0.50%	-0.10%
<i>17 - July</i>							
Wednesday	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
Thursday	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
Friday	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.
Monday	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
Thursday	Tentative	Bank Indonesia 7D Reverse Repo	19-Jul		5.25%	5.25%
<i>19 - July</i>						

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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