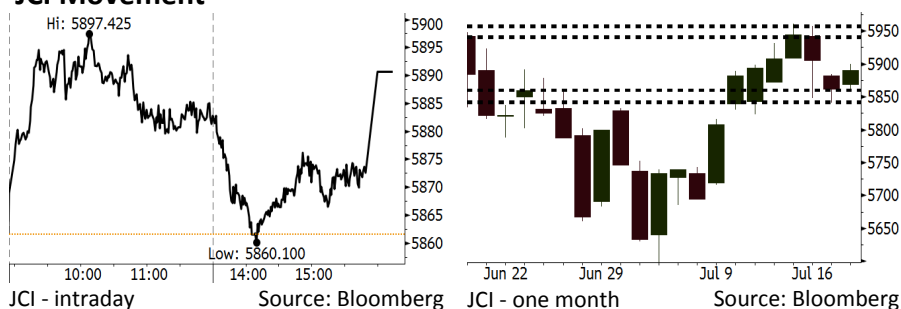


Morning Brief

Daily | July 19, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 18	5,890.73
Chg	+29.22pts (+0.50%)
Volume (bn shares)	113.57
Value (IDR tn)	7.58
Adv 176 Dec 209 Unc 225 Untr 118	

Foreign Transaction		(IDR bn)
Buy	2,234	
Sell	2,269	
Net Buy (Sell)	(36)	

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	281.8	BBRI	137.7
TLKM	81.4	BBNI	41.5
ADRO	40.5	BTPS	41.5
RALS	24.7	BNBR	39.3
INKP	21.2	BKSL	29.1

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ADRO	6.0%	PWON	-3.5%
MNCN	5.3%	BRPT	-1.9%
TRAM	4.8%	PTBA	-1.1%
EXCL	4.0%	WSBP	-1.0%
PTPP	3.8%	BBRI	-0.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.68%	0.10%
USDIDR	14,414	0.25%
KRWIDR	12.73	-0.35%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,199.29	79.40	0.32%
S&P 500	2,815.62	6.07	0.22%
Nasdaq	7,854.44	(0.67)	-0.01%
FTSE 100	7,676.28	49.95	0.65%
CAC 40	5,447.44	24.90	0.46%
DAX	12,765.94	104.40	0.82%
Nikkei	22,794.19	96.83	0.43%
Hang Seng	28,117.42	(64.26)	-0.23%
Shanghai	2,787.26	(10.87)	-0.39%
KOSPI	2,290.11	(7.81)	-0.34%
EIDO	23.46	0.17	0.73%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,227.5	(0.0)	-0.00%
Crude Oil (USD /bbl)	68.76	0.68	1.00%
Coal Newcas(USD/ton)	117.95	1.55	1.33%
Gas (USD /mmbtu)	2.72	(0.02)	-0.69%
Nickel LME (USD /MT)	13,615	125.0	0.93%
Tin LME (USD /MT)	19,475	(40.0)	-0.20%
CPO (MYR/Ton)	2,211	40.0	1.84%

Indonesian Market Recap

JCI closed at a high note as investors eyed the 2Q18's corporate earnings. **Top Gainers: Mining (+1.88%), Infrastructure (+1.53%), Agri. (+1.31%)**

Today's Outlook: BI's Meeting

We estimate JCI to rally with the **support range of 5842-5860** and **resistance range of 5941-5957**. Bank Indonesia (BI) today announces its benchmark rate. After it held the massive hike in prior-month benchmark rates; now it likely leaves its benchmark rate unchanged. It is seen from the stable rupiah and inflow of USD374.5 billion in July's bonds market.

Stocks Recommendation (details on the next page)

Trading Buy: UNVR, ITMG, LSIP

Global Market

United States

The U.S. stocks rallied as investors cheered the strong quarterly earnings by Morgan Stanley and CSX.

Europe

European stocks ended higher as investors focused on corporate earnings.

Asia

Asian stocks closed mixed amid the strengthening USD spurred by Powell's hawkish stance.

Company News

- PTPP : Secures New Contract of IDR17.6 Trillion
- BSDE : Posts Marketing Sales of IDR3.8 Trillion
- ADHI : Targets Big Projects in Java and Sumatra
- BRPT : Allocates Capex of USD1.19 Billion for Petrochemical Plant

Domestic & Global News

- 2019's APBN Hits IDR2,000 Trillion
- Fed's Powell Says U.S. May Still Be Shy of Full Employment

Indonesia Economic Data

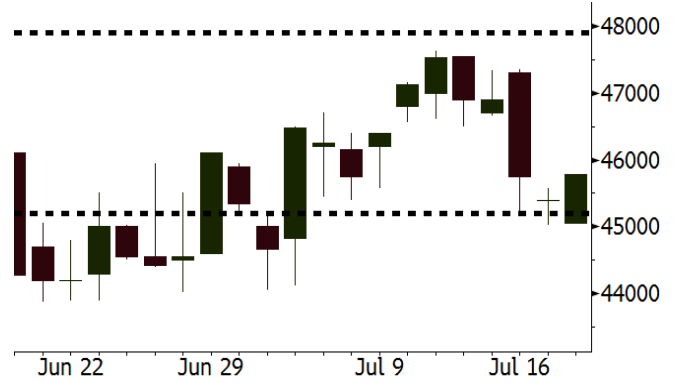
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	4.75%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports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

UNVR Last = 45775

Analysis UNVR performance is estimated to be accelerated amid the better domestic consumption. Food and beverages consumption cycle tends to be accelerated ahead of Public Election. Besides, the acceleration in consumption will be spurred by the Asian Games of 2018.

Range 45200 - 47900

Action Trading Buy. Cut Loss If Below 45200



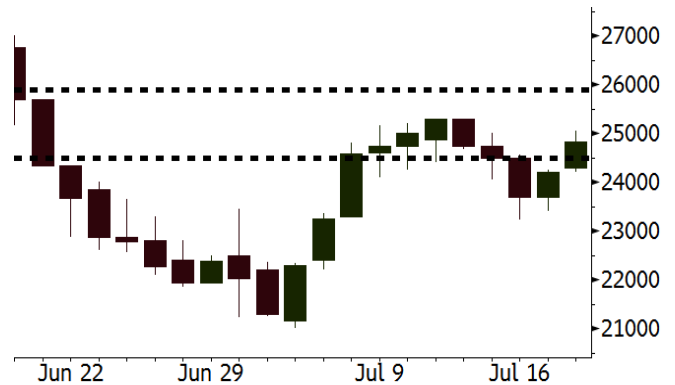
Source: Bloomberg

ITMG Last = 24825

Analysis Global coal prices are rally further amid the higher demand. In June Japan hiked its thermal coal import from the U.S. by 13.1% and Russia by 22.1%.

Range 24500 - 25900

Action Trading Buy. Cut Loss If Below 24500



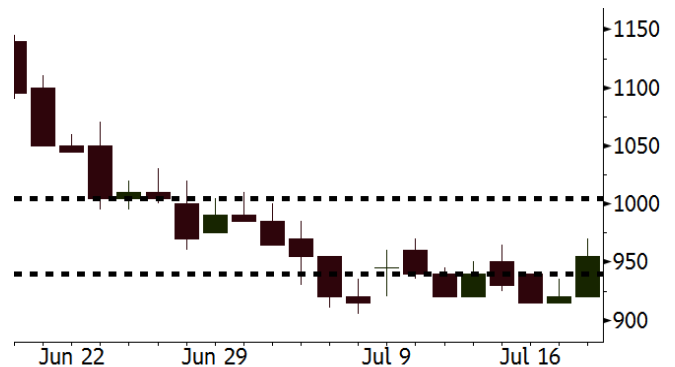
Source: Bloomberg

LSIP Last = 955

Analysis Global CPO prices were rally, spurred by the rally in soybean oil commodity in the U.S. market.

Range 940 - 1005

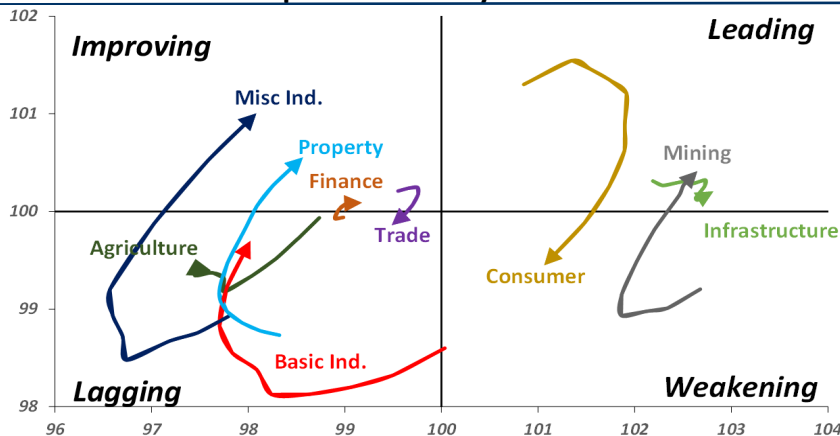
Action Trading buy. Cut Loss If Below 940



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	5,891	6,356				1.2	6,626.1							
Finance						7.2	1,901.2							
BBCA	23,200	21,900	25,400	Hold	9.5	26.4	572.0	24.0x	4.2x	18.7	1.1	7.1	10.4	1.0
BBRI	2,850	3,640	3,510	Buy	23.2	(4.4)	351.5	11.7x	2.2x	19.6	3.7	13.0	11.4	1.3
BMRI	6,400	8,000	10,300	Buy	60.9	(5.4)	298.7	13.3x	1.8x	14.4	3.1	(1.9)	43.7	1.4
BBNI	7,375	9,900	8,125	Hold	10.2	5.4	137.5	9.8x	1.4x	15.2	3.5	10.6	12.7	1.3
BBTN	2,500	3,570	3,790	Buy	51.6	2.9	26.5	8.5x	1.2x	15.2	2.3	15.1	16.1	1.5
BJTM	655	710	810	Buy	23.7	0.8	9.8	8.2x	1.3x	16.5	6.7	3.1	10.7	1.0
Consumer						(3.2)	1,363.2							
HMSP	3,700	4,730	4,575	Buy	23.6	(2.1)	430.4	34.7x	11.6x	33.3	2.9	2.5	(7.1)	1.4
GGRM	70,000	83,800	88,650	Buy	26.6	(8.8)	134.7	17.4x	3.1x	18.2	3.7	10.1	0.1	1.3
UNVR	45,775	55,900	44,200	Hold	(3.4)	(3.9)	349.3	50.7x	49.8x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,650	8,900	9,625	Hold	11.3	0.3	100.9	25.7x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,400	7,625	8,175	Buy	27.7	(27.1)	56.2	13.5x	1.7x	13.2	3.7	(1.1)	0.7	1.2
KLBF	1,270	1,690	1,730	Buy	36.2	(23.0)	59.5	24.8x	4.3x	18.2	2.0	2.4	0.2	1.2
KAEF	2,300	2,700	3,280	Buy	42.6	(24.3)	12.8	38.2x	5.0x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(8.4)	739.58							
TLKM	4,010	4,399	4,600	Hold	14.7	(12.6)	404.2	18.7x	4.0x	22.4	4.2	4.3	(14.3)	0.9
EXCL	2,840	2,960	3,800	Buy	33.8	(12.6)	30.4	89.4x	1.4x	1.6	N/A	4.5	(75.0)	1.2
ISAT	4,180	4,800	6,750	Buy	61.5	(33.7)	22.7	49.8x	1.6x	3.3	1.7	(21.9)	N/A	0.9
JSMR	4,810	6,400	6,050	Buy	25.8	(9.2)	34.9	15.7x	2.2x	15.3	1.3	42.5	2.9	1.0
TBIG	4,860	6,425	6,050	Buy	24.5	(30.6)	22.0	9.5x	6.9x	92.7	3.5	8.4	16.1	0.6
INDY	3,280	3,060	5,000	Buy	52.4	288.2	17.1	3.2x	1.2x	46.6	3.3	263.6	166.7	0.9
Trade						(4.6)	758.9							
UNTR	33,000	35,400	42,350	Buy	28.3	18.0	123.1	14.6x	2.5x	18.6	2.7	39.0	68.7	1.0
AKRA	4,740	6,350	8,025	Buy	69.3	(25.6)	19.0	22.5x	2.2x	24.1	4.6	34.4	(22.8)	1.3
SCMA	2,190	2,480	2,700	Buy	23.3	(1.4)	32.0	23.0x	7.5x	34.8	3.4	15.0	19.3	1.0
MNCN	1,000	1,285	1,550	Buy	55.0	(43.7)	14.3	9.9x	1.4x	14.3	1.5	(0.4)	(28.3)	1.2
LPPF	8,175	10,000	11,250	Buy	37.6	(35.1)	23.9	12.5x	9.3x	81.7	5.6	5.9	1.2	1.1
ACES	1,305	1,155	1,425	Hold	9.2	13.0	22.4	26.7x	6.0x	24.0	1.7	21.5	35.7	0.9
RALS	1,425	1,200	1,400	Hold	(1.8)	32.6	10.1	22.9x	2.7x	12.2	2.8	(2.6)	407.0	0.8
MAPI	790	620	945	Buy	19.6	26.9	13.1	20.8x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(7.8)	382.2							
BSDE	1,405	1,700	1,850	Buy	31.7	(19.9)	27.0	5.9x	1.0x	19.5	0.4	(5.8)	(45.2)	1.3
PWON	560	685	625	Hold	11.6	(8.2)	27.0	12.9x	2.5x	21.0	1.1	19.5	61.9	1.1
CTRA	1,005	1,185	1,130	Hold	12.4	(14.8)	18.7	23.1x	1.4x	6.1	1.4	6.8	(41.7)	1.3
SMRA	800	945	1,050	Buy	31.3	(29.8)	11.5	34.6x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,030	2,210	2,810	Buy	38.4	(9.4)	27.6	5.3x	1.8x	37.7	2.8	68.6	314.5	1.4
PTPP	2,180	2,640	3,850	Buy	76.6	(27.3)	13.5	9.1x	1.2x	13.9	2.2	26.3	19.0	1.4
WIKA	1,495	1,550	2,150	Buy	43.8	(27.1)	13.4	11.9x	1.0x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,650	1,885	2,160	Buy	30.9	(16.7)	5.9	10.3x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(20.0)	345.0							
ASII	6,650	8,300	9,300	Buy	39.8	(23.3)	269.2	14.3x	2.1x	15.3	2.8	14.4	(1.6)	1.3
Basic Ind.						23.2	596.9							
INTP	13,500	21,950	21,575	Buy	59.8	(23.0)	49.7	30.4x	2.0x	6.3	5.2	1.9	(46.2)	1.4
SMGR	7,075	9,900	11,550	Buy	63.3	(31.3)	42.0	25.0x	1.4x	5.9	1.9	3.4	(45.2)	1.2
CPIN	3,870	3,000	4,200	Hold	8.5	18.3	63.5	22.1x	3.8x	18.2	1.4	(1.3)	60.5	1.0
JPFA	1,900	1,300	2,000	Hold	5.3	34.3	22.3	16.2x	2.5x	15.5	2.6	18.7	533.3	0.7
MAIN	725	740	780	Hold	7.6	(31.9)	1.6	21.4x	0.9x	4.1	5.2	16.5	109.1	1.0
KRAS	416	424	500	Buy	20.2	(29.5)	8.0	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,050	6,000	6,275	Buy	24.3	(3.9)	90.1	21.6x	3.6x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,780	2,260	2,420	Buy	36.0	9.9	31.7	21.9x	1.6x	8.9	1.4	9.8	(7.3)	0.8
Mining						40.6	447.4							
ADRO	1,865	1,860	2,500	Buy	34.0	10.0	59.7	9.0x	1.2x	13.6	5.8	5.1	(23.4)	1.1
PTBA	4,330	2,460	3,950	Hold	(8.8)	68.2	49.9	9.0x	3.1x	38.7	7.4	26.4	67.1	0.9
ITMG	24,825	20,700	32,400	Buy	30.5	28.0	28.1	7.5x	2.2x	29.2	12.6	2.8	0.0	0.9
INCO	4,350	2,890	3,550	Sell	(18.4)	112.2	43.2	3677.0x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	885	625	985	Hold	11.3	23.8	21.3	56.6x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	845	775	1,240	Buy	46.7	13.4	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	338	372	625	Buy	84.9	20.7	2.5	N/A	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(18.9)	91.6							
AALI	10,500	13,150	14,800	Buy	41.0	(30.7)	20.2	12.9x	1.1x	8.6	4.5	10.7	(55.6)	0.6
LSIP	955	1,420	1,380	Buy	44.5	(32.7)	6.5	12.9x	0.8x	6.2	4.7	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

PTPP : Secures New Contract of IDR17.6 Trillion

PTPP posted the total new contract of IDR17.6 trillion in 1H18. The value is equal to 35.91% from the 2018's target of IDR49 trillion. In June it secured another new contract of IDR2.39 trillion deriving from projects such as Begawan and Louvin Apartments. It is optimistic about accomplishing its target as a number of contracts will have been signed in 2H18. (Bisnis Indonesia)

ADHI : Targets Big Projects in Java and Sumatra

ADHI is optimistic about securing the 2018's new contract worth IDR23.3 trillion; thus it targets a number of big projects in Java and Sumatra Islands. Until June, it posted the new contracts of construction and vertical building projects worth IDR6.3 trillion. 50% of the new contract is also derives from the private party. (Bisnis Indonesia)

BSDE : Posts Marketing Sales of IDR3.8 Trillion

BSDE posted the growth of 50% y-y to IDR3.8 trillion in the 1H18's marketing sales. The amount reached 52% from the 2018's target of IDR7.2 trillion. The growth is backed by the hike of 46% y-y into IDR1.72 trillion and 543% y-y to IDR888 billion in the residential and land plots segments, respectively. Meanwhile, the BSD City still contributed 45% to the 1H18's marketing sales.

BRPT : Allocates Capex of USD1.19 Billion for Petrochemical Plant

BRPT allocated the capex of USD1.19 billion for the increment of production capacity to reach 4.2 million tons per year until 2020 by petrochemical plant. The increment in capacity aligns with public's high consumption and demand. In the early of June, it also settled the project increasing the production capacity of butadiene to 137,000 tons per year. (Bisnis Indonesia)

Domestic & Global News

2019's APBN Hits IDR2,000 Trillion

"The Indonesian government targets the total revenue in state budget plan (RAPBN) of 2019 to increase by 15% from the 2018's stated budget (APBN) amounting to IDR1,894.7 trillion. Thus, it is estimated that the 2019's APBN will hit IDR2,000 trillion," stated the Minister of Finance Sri Mulyani after the parliament meeting discussing the draft of the 2019's RAPBN in Bogor Palace on Wednesday, 7/18/18. (Kontan)

Fed's Powell Says U.S. May Still Be Shy of Full Employment

Federal Reserve Chairman Jerome Powell said the U.S. economy may not yet have reached full employment, while also noting that risks to the central bank's inflation forecast were "roughly balanced." Full employment refers to the level at which falling joblessness begins to generate unwanted inflation. A judgment that it is lower than in the past could lessen Powell's sense of urgency over the need to speed up the pace of interest-rate increases. (Bloomberg)

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	0.00%	0.20%	0.40%
<i>18 - July</i>	UK	15:30	CPI YoY	Jun	2.40%	2.60%	2.40%
	UK	15:30	CPI Core YoY	Jun	1.90%	2.10%	2.10%
	EU	16:00	CPI YoY	Jun F	2.00%	2.00%	1.90%
	EU	16:00	CPI MoM	Jun	0.10%	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	¥721.4b	¥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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