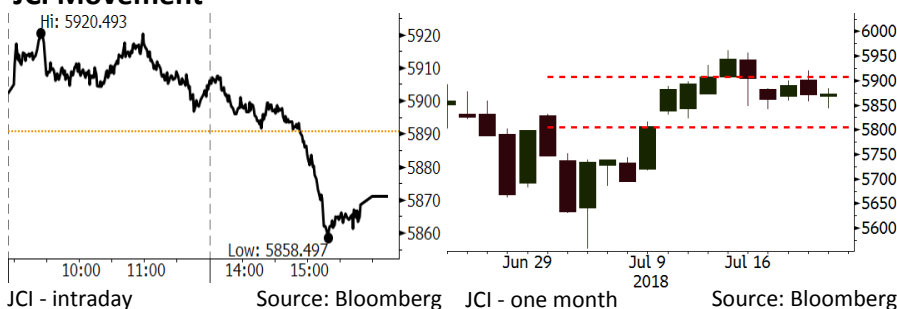


Morning Brief

Daily | July 23, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 20	5,872.78
Chg	+1.71pts (+0.03%)
Volume (bn shares)	85.25
Value (IDR tn)	5.85
Adv 130 Dec 234 Unc 246 Untr 125	

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

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	129.3	BBTN	108.2
TLKM	91.3	BBNI	88.8
BBCA	83.8	BMRI	63.2
GGRM	23.6	UNTR	27.0
INKP	20.5	ITMG	24.4

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
SMGR	4.3%	BBTN	-4.3%
LPPF	3.6%	AKRA	-3.4%
HMSP	3.3%	PTBA	-3.2%
BBRI	3.1%	MNCN	-3.0%
LPKR	2.6%	ADRO	-2.4%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.88%	0.07%
USDIDR	14,495	0.37%
KRWIDR	12.76	0.28%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,058.12	(6.38)	-0.03%
S&P 500	2,801.83	(2.66)	-0.09%
Nasdaq	7,820.20	(5.10)	-0.07%
FTSE 100	7,678.79	(5.18)	-0.07%
CAC 40	5,398.32	(18.75)	-0.35%
DAX	12,561.42	(124.87)	-0.98%
Nikkei	22,697.88	(66.80)	-0.29%
Hang Seng	28,224.48	213.62	0.76%
Shanghai	2,829.27	56.73	2.05%
KOSPI	2,289.19	6.90	0.30%
EIDO	23.32	0.17	0.73%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,229.5	6.6	0.54%
Crude Oil (USD /bbl)	68.26	0.02	0.03%
Coal Newcas(USD/ton)	110.00	(2.80)	-2.48%
Gas (USD /mmbtu)	2.76	(0.01)	-0.43%
Nickel LME (USD /MT)	13,530	190.0	1.42%
Tin LME (USD /MT)	19,485	(10.0)	-0.05%
CPO (MYR/Ton)	2,194	1.0	0.05%

Indonesian Market Recap

JCI closed flat on Friday's trading session amid BI's intervention over the depreciated rupiah. **Top Gainers: Infrastructure (+1.26%), Consumer (+0.75%), Property (+0.30%)**

Today's Outlook: Depreciated Yuan

We estimate JCI to move at a modest pace with the **support range of 5800-5810** and **resistance range of 5900-5910**. From global, the negative sentiment derives from the depreciated Yuan causing further decline in emerging markets. MSCI's index for emerging markets edged down by 0.5%, while developed markets edged down by 0.7%. IMF stated that markets are cautious about the trade war between the U.S and China.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, LSIP, SIMP

Global Market

United States

The U.S. stocks ended on a low note. Investors shifted the focus from the trade war to topping-than-estimate corporate earnings.

Europe

European stocks ended on a low note due to Trump's stinging criticism over the Fed and the trade war.

Asia

Asia stocks ended on a high note on Friday. China's stocks were rebound amid the strengthening Yuan.

Company News

- SMGR : Decline of 11.1% in Sales
- WTON : Targets Production Capacity of 3.6 Million Tons
- RALS : Growth of 4.5% in 2Q18's Gross Sales
- JSMR : Is Looking for Additional Funds of IDR4 Trillion

Domestic & Global News

- Bappenas Will Revise Gini Ratio and Three-Digit Standard
- G20: Dialogue and Action Are Significant to Cushion Jitters of Trade War

Indonesia Economic Data

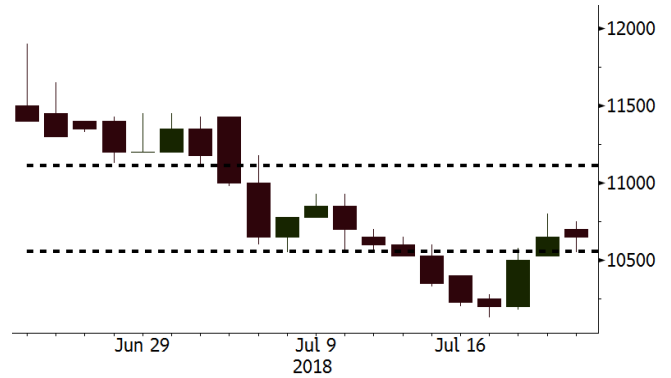
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports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

AAJI Last = 10650

Analysis President Joko Widodo urged the ministries, institutions, and State-Owned Enterprises to prepare B20 program from mainstems to downstream. He arranged a meeting with its ministers to discuss the 20% biodiesel policy (B20).

Range 10550 - 11100

Action Trading Buy. Cut Loss If Below 10550



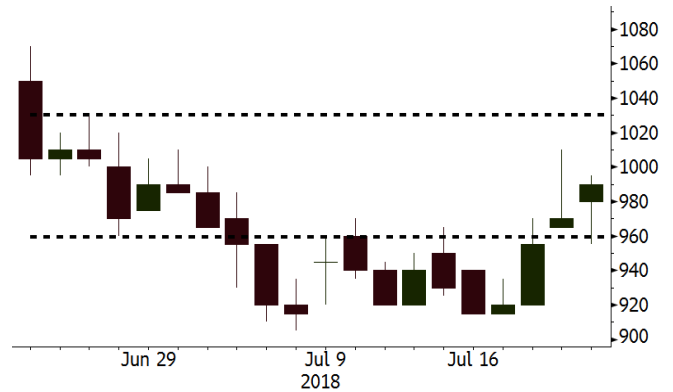
Source: Bloomberg

LSIP Last = 990

Analysis The mandatory of 20% use of palm oil as mixed substance for diesel fuel (B20) for vehicles has been set forth in the Regulation of Minister of Mineral and Energy Resources (ESDM) Number 12 Year of 2015. It is expected to boost the demand for palm oil.

Range 960 - 1030

Action Trading Buy. Cut Loss If Below 960



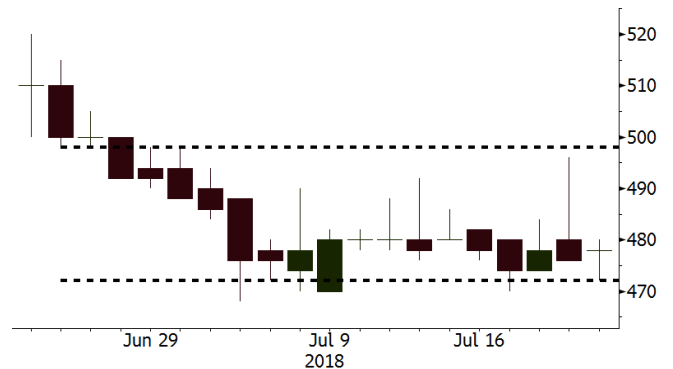
Source: Bloomberg

SIMP Last = 478

Analysis The government focus on increasing palm oil contribution on biodiesel fuel is expected to maintain palm oil prices so that the national palm oil industry can enjoy higher prices.

Range 470 - 500

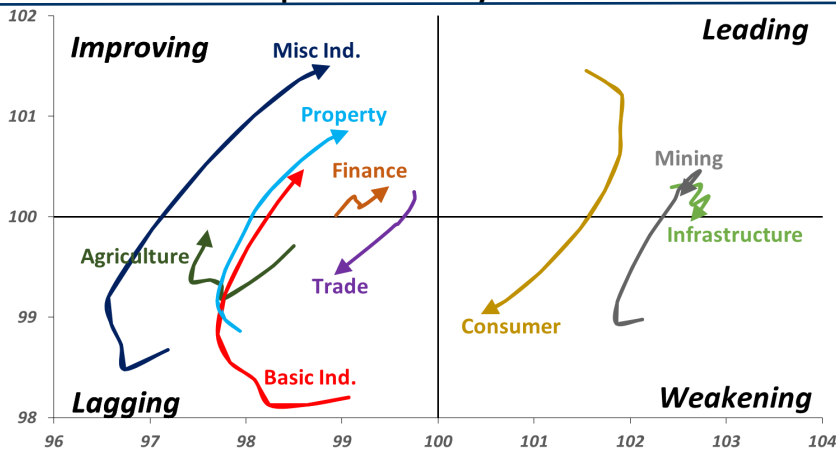
Action Trading buy. Cut Loss If Below 470



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	5,873	6,356				1.9	6,639.1							
Finance						8.6	1,915.0							
BBCA	23,100	21,900	25,400	Hold	10.0	26.7	569.5	23.9x	4.2x	18.7	1.1	7.1	10.4	1.0
BBRI	2,980	3,640	3,510	Buy	17.8	1.5	367.6	12.2x	2.3x	19.6	3.6	13.0	11.4	1.3
BMRI	6,350	8,000	10,300	Buy	62.2	(2.7)	296.3	12.7x	1.8x	14.5	3.1	(0.5)	28.7	1.4
BBNI	7,250	9,900	8,125	Hold	12.1	4.3	135.2	9.2x	1.4x	15.5	3.5	11.8	16.2	1.3
BBTN	2,250	3,570	3,790	Buy	68.4	(6.6)	23.8	7.5x	1.1x	15.1	2.5	14.3	11.7	1.6
BJTM	640	710	810	Buy	26.6	3.2	9.6	8.0x	1.3x	16.5	6.9	3.1	10.7	1.0
Consumer						(2.9)	1,357.9							
HMSP	3,760	4,730	4,575	Buy	21.7	1.3	437.4	35.3x	11.8x	33.3	2.9	2.5	(7.1)	1.4
GGRM	71,000	83,800	88,650	Buy	24.9	(6.2)	136.6	17.6x	3.1x	18.2	3.7	10.1	0.1	1.3
UNVR	44,200	55,900	44,200	Hold	-	(7.4)	337.2	49.0x	48.1x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,600	8,900	9,625	Hold	11.9	1.5	100.3	25.6x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,275	7,625	8,175	Buy	30.3	(26.8)	55.1	13.3x	1.7x	13.2	3.8	(1.1)	0.7	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(23.2)	60.5	25.1x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,280	2,700	3,280	Buy	43.9	(27.4)	12.7	37.8x	5.0x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(7.2)	750.39							
TLKM	3,990	4,399	4,600	Buy	15.3	(11.7)	402.2	18.7x	4.0x	22.4	4.2	4.3	(14.3)	0.9
EXCL	2,850	2,960	3,800	Buy	33.3	(9.5)	30.5	89.7x	1.4x	1.6	N/A	4.5	(75.0)	1.2
ISAT	4,180	4,800	6,750	Buy	61.5	(33.4)	22.7	49.8x	1.6x	3.3	1.7	(21.9)	N/A	0.8
JSMR	4,950	6,400	6,050	Buy	22.2	(6.2)	35.9	16.1x	2.3x	14.8	1.2	42.5	2.9	1.0
TBIG	4,840	6,425	6,050	Buy	25.0	(25.8)	21.9	9.5x	6.9x	92.7	3.5	8.4	16.1	0.6
INDY	3,280	3,060	5,000	Buy	52.4	260.4	17.1	3.2x	1.2x	46.6	3.3	263.6	166.7	0.9
Trade						(6.8)	737.9							
UNTR	32,300	35,400	42,350	Buy	31.1	12.1	120.5	14.3x	2.5x	18.6	2.8	39.0	68.7	1.0
AKRA	4,570	6,350	8,025	Buy	75.6	(27.5)	18.3	21.6x	2.2x	24.1	4.8	34.4	(22.8)	1.3
SCMA	2,120	2,480	2,700	Buy	27.4	(5.8)	31.0	22.3x	7.3x	34.8	3.5	15.0	19.3	1.0
MNCN	985	1,285	1,550	Buy	57.4	(44.5)	14.1	9.8x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	8,700	10,000	11,250	Buy	29.3	(28.4)	25.4	13.3x	9.9x	81.7	5.3	5.9	1.2	1.1
ACES	1,335	1,155	1,425	Hold	6.7	19.2	22.9	27.3x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,440	1,200	1,400	Hold	(2.8)	40.5	10.2	23.1x	2.8x	12.2	2.8	(2.6)	407.0	0.7
MAPI	800	620	945	Buy	18.1	29.0	13.3	21.1x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(7.2)	382.6							
BSDE	1,395	1,700	1,850	Buy	32.6	(19.8)	26.8	5.8x	1.0x	19.5	0.4	(5.8)	(45.2)	1.3
PWON	540	685	625	Buy	15.7	(12.2)	26.0	12.5x	2.4x	21.0	1.1	19.5	61.9	1.1
CTRA	1,025	1,185	1,130	Hold	10.2	(7.7)	19.0	23.5x	1.4x	6.1	1.4	6.8	(41.7)	1.2
SMRA	790	945	1,050	Buy	32.9	(26.5)	11.4	34.2x	1.7x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,000	2,210	2,810	Buy	40.5	(9.9)	27.1	5.2x	1.7x	37.7	2.9	68.6	314.5	1.3
PTPP	2,100	2,640	3,850	Buy	83.3	(31.6)	13.0	8.8x	1.1x	13.9	2.2	26.3	19.0	1.4
WIKA	1,485	1,550	2,150	Buy	44.8	(25.4)	13.3	11.8x	1.0x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,615	1,885	2,160	Buy	33.7	(24.2)	5.8	10.1x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(16.2)	347.0							
ASII	6,675	8,300	9,300	Buy	39.3	(18.6)	270.2	14.4x	2.1x	15.3	2.8	14.4	(1.6)	1.3
Basic Ind.						25.2	602.1							
INTP	13,650	21,950	21,575	Buy	58.1	(21.6)	50.2	30.8x	2.0x	6.3	5.1	1.9	(46.2)	1.4
SMGR	7,225	9,900	11,550	Buy	59.9	(28.5)	42.9	25.6x	1.5x	5.9	1.9	3.4	(45.2)	1.2
CPIN	3,960	3,000	4,200	Hold	6.1	25.7	64.9	22.6x	3.9x	18.2	1.4	(1.3)	60.5	1.0
JPFA	2,000	1,300	2,000	Hold	-	44.4	23.5	17.0x	2.7x	15.5	2.5	18.7	533.3	0.7
MAIN	790	740	780	Hold	(1.3)	(24.8)	1.8	23.4x	1.0x	4.1	4.8	16.5	109.1	1.0
KRAS	420	424	500	Buy	19.0	(30.6)	8.1	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	4,890	6,000	6,275	Buy	28.3	(7.2)	87.2	20.8x	3.5x	19.1	1.7	9.9	(36.3)	0.8
BRPT	1,785	2,260	2,420	Buy	35.6	15.9	31.8	21.9x	1.6x	8.9	1.4	9.8	(7.3)	0.8
Mining						37.6	452.9							
ADRO	1,825	1,860	2,500	Buy	37.0	0.3	58.4	8.8x	1.1x	13.6	5.9	5.1	(23.4)	1.1
PTBA	4,260	2,460	3,950	Hold	(7.3)	62.0	49.1	8.9x	3.0x	38.7	7.5	26.4	67.1	0.9
ITMG	24,200	20,700	32,400	Buy	33.9	14.4	27.3	7.3x	2.1x	29.2	13.0	2.8	0.0	0.9
INCO	4,270	2,890	3,550	Sell	(16.9)	95.0	42.4	3596.2x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	870	625	985	Hold	13.2	23.4	20.9	55.7x	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	340	372	625	Buy	83.8	21.4	2.5	7.9x	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(18.8)	93.3							
AALI	10,650	13,150	14,800	Buy	39.0	(31.1)	20.5	13.1x	1.1x	8.6	4.4	10.7	(55.6)	0.6
LSIP	990	1,420	1,380	Buy	39.4	(31.3)	6.8	13.4x	0.8x	6.2	4.5	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMGR : Decline of 11.1% in Sales

SMGR posted the decline of 11.1% y-y to 3.31 tons in June's production volume. The decline was attributable to the number of holidays in June hampering cement distribution. However, it is optimistic that the target of 2018' sales volume of 4%-6% will be accomplished as there are many retail projects in II semester. (Kontan)

RALS : Growth of 4.5% in 2Q18's Gross Sales

RALS posted the 2Q18's gross sales of IDR3.6 trillion (+4.5% y-y), and sales of IDR2.04 trillion (-6.9% y-y). Until semester I, its gross sales reached 60% from the 2018's target of IDR8.2 trillion. The hike in sales was boosted by the growth of 13.1% y-y and 10.9% y-y, in consignment segment and department stores, respectively. (Bisnis Indonesia)

WTON : Targets Production Capacity of 3.6 Million Tons

WTON targets the production capacity of 3.6 million tons until 2018. Until June, its production capacity WTON has reached 3.4 million of tons. To increase the production capacity in semester II, WTON will allocate the capex of IDR234 billion. Of note, in semester I it succeeded to secure new contract worth IDR3.06 trillion or equal to 40.47% of the 2018's target. (Bisnis Indonesia)

JSMR : Is Looking for Additional Funds of IDR4 Trillion

JSMR is looking for additional funds of IDR4 trillion for capital expenditure. Of note it is considering a number of options such as asset securitization, Komodo Bond issuance, project bond, and limited participation mutual funds (RDPT) with the coupon of 10.25% and 5-year tenor. (Kontan)

Domestic & Global News

Bappenas Will Revise Gini Ratio and Three-Digit Standard

The Indonesian government will revise the target of gini ratio of the 2019's state budget plan from 0.38% to 0.385 or using three-digit measurement standard. According to the National Development Planning Agency (Bappenas) the movement of gini ratio is setting at the range of 0.001 to 0,005. The higher increment in middle-income class in rural areas boosts the hike in social gab in rural areas. However, the government is optimistic that a number of mixing policies such as the hike in welfare and improvement in human resources will succeed to lower social gab. (Bisnis Indonesia)

G20: Dialogue and Action Are Significant to Cushion Jitters of Trade War

G20 emphasized the significance of dialogue and action to mitigate risks and strengthen confidence aiming at cushioning the jitters of trade war. The financial ministers and the Fed's officials of G20 nations also warned that the escalating jitters of trade war and politic will threaten the economic growth. However, the U.S. minister of finance affirmed that the U.S. desired only a more balance trade with other countries. (CNBC)

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