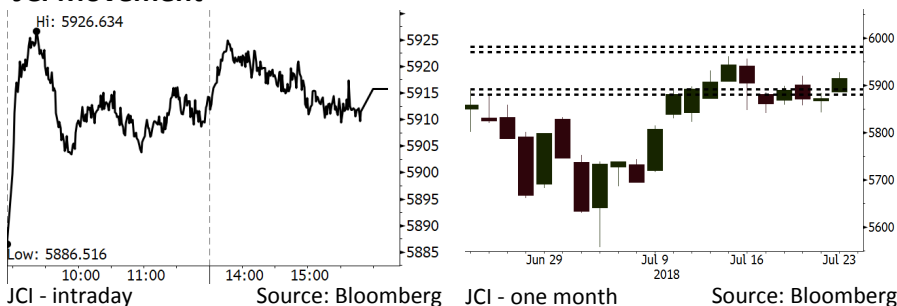


# Morning Brief

Daily | July 24, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

July 23	5,915.80
Chg	+43.01pts (+0.73%)
Volume (bn shares)	71.24
Value (IDR tn)	6.44
<b>Adv 181 Dec 187 Unc 242 Untr 116</b>	

Foreign Transaction (IDR bn)	
Buy	2,201
Sell	1,853
Net Buy (Sell)	348

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	204.3	BBTN	119.2
BBRI	117.2	TKIM	45.3
TLKM	110.4	INDY	12.8
PTBA	60.9	MAIN	12.5
CPIN	33.7	ADRO	10.4

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
LPPF	6.9%	INDY	-4.6%
EXCL	4.6%	TRAM	-2.2%
BRPT	3.4%	MYRX	-1.5%
MNCN	3.1%	ADRO	-1.4%
JSMR	3.0%	PGAS	-1.2%

Government Bond Yield & FX			
Tenor	Last	Chg.	
Tenor: 10 year	7.81%	-0.07%	
USDIDR	14,482	-0.09%	
KRWIDR	12.78	0.16%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,044.29	(13.83)	-0.06%
S&P 500	2,806.98	5.15	0.18%
Nasdaq	7,841.87	21.68	0.28%
FTSE 100	7,655.79	(23.00)	-0.30%
CAC 40	5,378.25	(20.07)	-0.37%
DAX	12,548.57	(12.85)	-0.10%
Nikkei	22,396.99	(300.89)	-1.33%
Hang Seng	28,256.12	31.64	0.11%
Shanghai	2,859.54	30.27	1.07%
KOSPI	2,269.31	(19.88)	-0.87%
EIDO	23.46	0.14	0.60%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.5	(5.0)	-0.41%
Crude Oil (USD /bbl)	67.89	(0.37)	-0.54%
Coal Newcas(USD/ton)	109.90	(0.10)	-0.09%
Gas (USD /mmbtu)	2.72	(0.04)	-1.31%
Nickel LME (USD /MT)	13,400	(130.0)	-0.96%
Tin LME (USD /MT)	19,475	(10.0)	-0.05%
CPO (MYR/Ton)	2,169	(25.0)	-1.14%

## Indonesian Market Recap

JCI closed on a high note. Investors eyed on the quarterly financial statements.  
**Top Gainers: Infrastructure (+1.54%), Consumer (+1.48%), Finance (+0.98%)**

## Today's Outlook: Strengthening Forex Reserves

We estimate JCI to rally with the **support range of 5880-5890** and **resistance range of 5970-5980**. The Indonesian government planned to obtain loan other than rupiah from varied multilateral institutions as an additional option of the current loan program. The loan provided by multilateral institutions such as World Bank and International Monetary Fund (IMF) allows the Indonesia government to have a number of alternative loan facilities other than rupiah bonds.

## Stocks Recommendation (details on the next page)

Trading Buy: JPFA, CPIN, MAIN

## Global Market

### United States

The U.S. stocks ended mixed as tech stocks rose to an all-time high due to better-than-expected earnings.

### Europe

European stocks ended on a low note auto stocks were under pressure by the U.S. tariffs on European carmakers.

### Asia

Asia stocks moved mixed yesterday amid yen appreciation. Investors concerned about the threat of trade war tariff.

## Company News

- WSBP : Is Evaluating MTN Issuance
- DILD : Posts Marketing Sales of IDR1.3 Trillion
- LINK : Records Growth of 11.8% in Revenues
- PTBA : Books Growth of 50% in Net Profit

## Domestic & Global News

- II Semester's Budget Deficit Hits IDR203.7 Trillion: An Estimate
- The Recent Rise in Oil Price Has Raised The Likelihood of a Recession

## 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

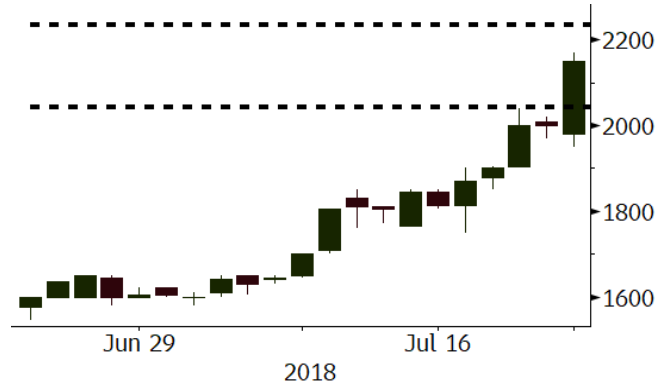
**JPFA** Last = 2150

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**Analysis** The ministry of agriculture performs the market operations of broiler eggs in 50 spots covering Indonesia Farmers Shops (Toko Tani Indonesia, TTI), 43 markets, and 6 residences, or villages across Jakarta and its greater areas with the price of IDR19,500 per kg.

**Range** 2040 - 2230

**Action** Trading Buy. Cut Loss If Below 2040



Source: Bloomberg

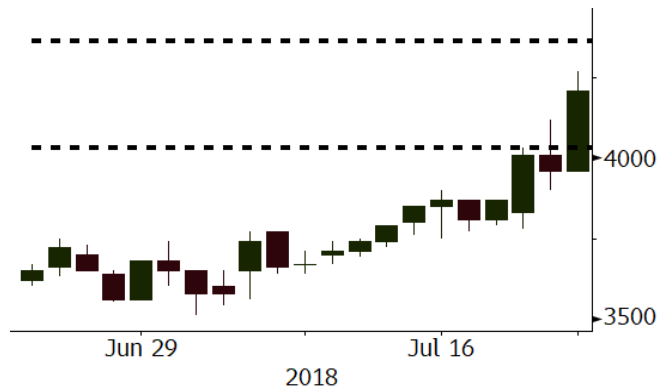
**CPIN** Last = 4210

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**Analysis** The ministry of agriculture approved 100 pick-up trucks containing eggs from a number of suppliers such as CPIN, National Layer Farmers (Peternak Layer Nasional, PLN), MAIN, and JPFA. The eggs prices in this market operations is similar to the eggs prices from farmers and producers.

**Range** 4030 - 4360

**Action** Trading Buy. Cut Loss If Below 4030



Source: Bloomberg

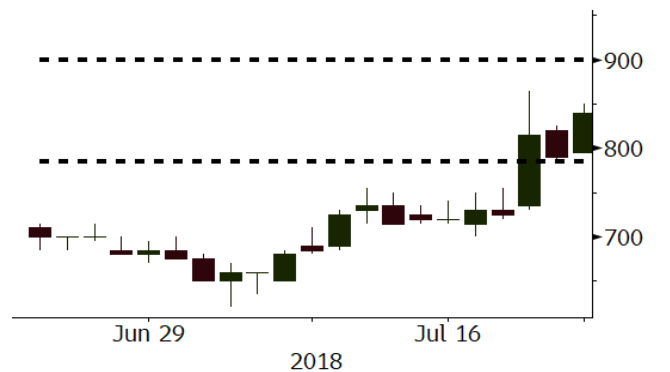
**MAIN** Last = 840

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**Analysis** One of factors sending the eggs prices higher is supply chain issue. The lower eggs prices are expected to hike the demand for eggs.

**Range** 780 - 900

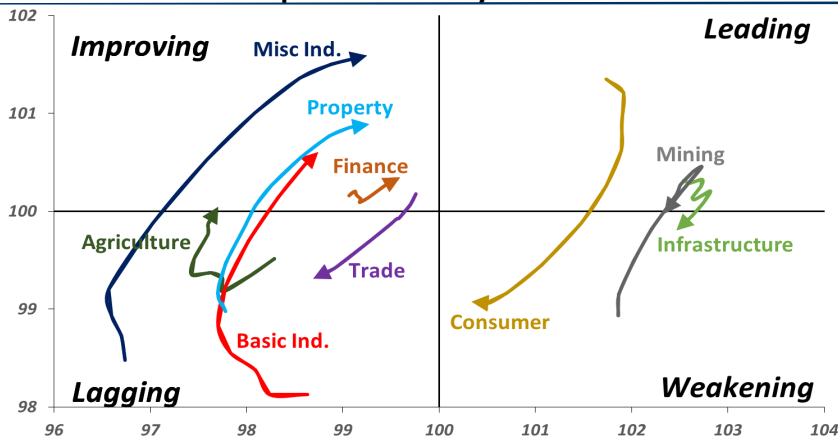
**Action** Trading buy. Cut Loss If Below 780



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	5,916	6,356				2.0	6,687.7							
<b>Finance</b>						8.6	1,933.8							
BBCA	23,350	21,900	25,400	Hold	8.8	25.7	575.7	24.2x	4.2x	18.7	1.1	7.1	10.4	1.0
BBRI	3,040	3,640	3,510	Buy	15.5	3.6	375.0	12.5x	2.3x	19.6	3.5	13.0	11.4	1.3
BMRI	6,400	8,000	10,300	Buy	60.9	(3.6)	298.7	12.8x	1.8x	14.5	3.1	(0.5)	28.7	1.4
BBNI	7,300	9,900	8,125	Hold	11.3	3.5	136.1	9.3x	1.4x	15.5	3.5	11.8	16.2	1.3
BBTN	2,310	3,570	3,790	Buy	64.1	(5.3)	24.5	7.7x	1.1x	15.1	2.5	14.3	11.7	1.6
BJTM	635	710	810	Buy	27.6	0.8	9.5	7.9x	1.3x	16.5	6.9	3.1	10.7	1.0
<b>Consumer</b>						(2.2)	1,378.0							
HMSP	3,870	4,730	4,575	Buy	18.2	4.6	450.2	36.3x	12.1x	33.3	2.8	2.5	(7.1)	1.4
GGRM	71,350	83,800	88,650	Buy	24.2	(7.3)	137.3	17.7x	3.1x	18.2	3.6	10.1	0.1	1.3
UNVR	44,500	55,900	44,200	Hold	(0.7)	(8.0)	339.5	49.3x	48.4x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,675	8,900	9,625	Hold	11.0	0.3	101.2	25.8x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,425	7,625	8,175	Buy	27.2	(26.4)	56.4	13.6x	1.7x	13.2	3.7	(1.1)	0.7	1.2
KLBF	1,285	1,690	1,730	Buy	34.6	(24.4)	60.2	25.0x	4.3x	18.2	1.9	2.4	0.2	1.2
KAEF	2,290	2,700	3,280	Buy	43.2	(27.1)	12.7	38.0x	5.0x	14.0	0.8	24.4	27.4	1.3
<b>Infrastructure</b>						(7.1)	761.97							
TLKM	4,060	4,399	4,600	Hold	13.3	(11.9)	409.2	19.0x	4.1x	22.4	4.1	4.3	(14.3)	0.9
EXCL	2,980	2,960	3,800	Buy	27.5	(6.9)	31.9	93.8x	1.5x	1.6	N/A	4.5	(75.0)	1.2
ISAT	4,180	4,800	6,750	Buy	61.5	(33.1)	22.7	49.8x	1.6x	3.3	1.7	(21.9)	N/A	0.8
JSMR	5,100	6,400	6,050	Buy	18.6	(4.7)	37.0	16.6x	2.4x	14.8	1.2	42.5	2.9	1.0
TBIG	4,950	6,425	6,050	Buy	22.2	(27.7)	22.4	9.7x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,130	3,060	5,000	Buy	59.7	272.6	16.3	3.0x	1.1x	46.6	3.4	263.6	166.7	0.9
<b>Trade</b>						(7.1)	736.3							
UNTR	33,000	35,400	42,350	Buy	28.3	16.6	123.1	14.6x	2.5x	18.6	2.7	39.0	68.7	1.0
AKRA	4,530	6,350	8,025	Buy	77.2	(29.8)	18.2	21.5x	2.1x	24.1	4.9	34.4	(22.8)	1.3
SCMA	2,120	2,480	2,700	Buy	27.4	(7.0)	31.0	22.3x	7.3x	34.8	3.5	15.0	19.3	1.0
MNCN	1,015	1,285	1,550	Buy	52.7	(43.6)	14.5	10.1x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	9,300	10,000	11,250	Buy	21.0	(26.0)	27.1	14.2x	10.5x	81.7	4.9	5.9	1.2	1.1
ACES	1,330	1,155	1,425	Hold	7.1	16.2	22.8	27.2x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,400	1,200	1,400	Hold	-	37.3	9.9	22.5x	2.7x	12.2	2.9	(2.6)	407.0	0.7
MAPI	795	620	945	Buy	18.9	27.2	13.2	21.0x	3.0x	16.4	0.5	19.3	505.7	0.9
<b>Property</b>						(6.9)	383.8							
BSDE	1,410	1,700	1,850	Buy	31.2	(19.9)	27.1	5.9x	1.1x	19.5	0.4	(5.8)	(45.2)	1.3
PWON	555	685	625	Hold	12.6	(11.2)	26.7	12.8x	2.5x	21.0	1.1	19.5	61.9	1.1
CTRA	1,030	1,185	1,130	Hold	9.7	(7.6)	19.1	23.6x	1.4x	6.1	1.4	6.8	(41.7)	1.2
SMRA	785	945	1,050	Buy	33.8	(25.6)	11.3	34.0x	1.7x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,020	2,210	2,810	Buy	39.1	(9.4)	27.4	4.7x	1.8x	37.7	2.8	47.3	134.6	1.3
PTPP	2,110	2,640	3,850	Buy	82.5	(29.4)	13.1	8.9x	1.1x	13.9	2.2	26.3	19.0	1.4
WIKA	1,475	1,550	2,150	Buy	45.8	(26.3)	13.2	11.7x	1.0x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,615	1,885	2,160	Buy	33.7	(24.5)	5.8	10.1x	1.0x	10.1	1.8	39.7	282.5	1.0
<b>Misc Ind.</b>						(16.4)	347.1							
ASII	6,675	8,300	9,300	Buy	39.3	(18.8)	270.2	14.4x	2.1x	15.3	2.8	14.4	(1.6)	1.3
<b>Basic Ind.</b>						24.2	599.5							
INTP	13,700	21,950	21,575	Buy	57.5	(24.3)	50.4	30.9x	2.0x	6.3	5.1	1.9	(46.2)	1.4
SMGR	7,400	9,900	11,550	Buy	56.1	(27.1)	43.9	26.2x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	4,220	3,000	4,200	Hold	(0.5)	29.8	69.2	24.1x	4.1x	18.2	1.3	(1.3)	60.5	1.0
JPFA	2,210	1,300	2,000	Hold	(9.5)	67.4	25.9	18.8x	3.0x	15.5	2.3	18.7	533.3	0.7
MAIN	835	740	780	Hold	(6.6)	(20.1)	1.9	24.7x	1.1x	4.1	4.6	16.5	109.1	1.0
KRAS	420	424	500	Buy	19.0	(29.4)	8.1	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	4,960	6,000	6,275	Buy	26.5	(6.1)	88.5	21.1x	3.5x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,845	2,260	2,420	Buy	31.2	19.0	32.8	22.6x	1.6x	8.9	1.3	9.8	(7.3)	0.8
<b>Mining</b>						38.2	453.6							
ADRO	1,800	1,860	2,500	Buy	38.9	(1.9)	57.6	8.6x	1.1x	13.6	6.0	5.1	(23.4)	1.1
PTBA	4,310	2,460	3,950	Hold	(8.4)	65.8	49.7	8.5x	3.6x	43.4	7.4	17.4	49.1	0.9
ITMG	24,900	20,700	32,400	Buy	30.1	18.9	28.1	7.5x	2.2x	29.2	12.6	2.8	0.0	0.9
INCO	4,260	2,890	3,550	Sell	(16.7)	96.3	42.3	3581.6x	1.6x	(0.1)	N/A	18.4	N/A	1.1
ANTM	885	625	985	Hold	11.3	26.4	21.3	56.6x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	835	775	1,240	Buy	48.5	13.6	6.2	12.5x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	336	372	625	Buy	86.0	20.9	2.5	7.8x	0.8x	10.5	1.5	50.1	1267.6	1.3
<b>Agriculture</b>						(18.0)	93.7							
AALI	10,775	13,150	14,800	Buy	37.4	(29.3)	20.7	13.3x	1.1x	8.6	4.4	10.7	(55.6)	0.6
LSIP	995	1,420	1,380	Buy	38.7	(29.9)	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

### **WSBP : Is Evaluating MTN Issuance**

WSBP is evaluating the option of medium term notes (MTN) issuance relating to its plan of upstream integration by taking over company supplying materials. It likely plough IDR500 billion of the 2018's capex of IDR1.1 trillion into the construction of such company. Another to the MTN issuance, banking syndication is another alternative loan option it considers. (Kontan)

### **LINK : Records Growth of 11.8% in Revenues**

LINK posted the growth of 11.82% y-y to IDR1.85 trillion in I semester. In tandem with the growth in revenues, the profit attributed to the parent entity also surged by 11.54% y-y to IDR546.82 billion. In 2018, it allocated capex funds of IDR1.2 trillion to improving services, homepass repair, and acquisition of main network in a number of cities. (Bisnis Indonesia)

### **DILD : Posts Marketing Sales of IDR1.3 Trillion**

DILD posted the marketing sales of IDR1.3 trillion (+40% y-y) in I semester. Most of marketing sales were contributed by the Fifty Seven Promenade Project worth IDR783 billion. On the location basis, Jakarta-based projects and Surabaya-based projects contribute 60% and 40% to the marketing sales. In I semester, it also posted the recurring income of IDR276 billion. (Bisnis Indonesia)

### **PTBA : Books Growth of 50% in Net Profit**

PTBA booked the growth of 17% y-y to IDR10.53 trillion in I semester's revenues. The growth was boosted by the hike of 8% in sales volume and the growth of 9% in selling price average. It also curbed the hike in COGS not to exceed 9%. Therefore, the net profit edged up to IDR2.58 trillion (+50% y-y) in I semester. (Kontan)

## Domestic & Global News

### **II Semester's Budget Deficit Hits IDR203.7 Trillion: An Estimate**

The II semester's fiscal budget deficit is projected to hit IDR203.7 trillion or equal to 1.38% of GDP. The figures were derived from the state revenues prognosis to reach 56.5% of the allotment amounting to IDR1,069.6 trillion, the state expenditure prognosis of 57.3% of the total allotment amounting to IDR1,273.2 trillion, and the balance fund prognosis of IDR138 trillion. The Indonesian government is optimistic that the increment in commodities prices, crude prices, and coal prices likely impacts on the tax and oil and gas revenue. (Bisnis Indonesia).

### **The Recent Rise in Oil Price Has Raised The Likelihood of a Recession**

Oil has gained more than 20 percent since the beginning of 2018 and odds have been rising that higher crude oil prices will spark the next economic downturn. Of note, the last five U.S. recession were also preceded by a rise in oil prices. President Trump's tax cut, a deal to boost government spending and a flattening of the difference between short and long term interest rates also are contributing to the elevated recession risk. Odds of a 2020 U.S. recession have risen to 23 percent, from 28 percent earlier this year. (CNBC)

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