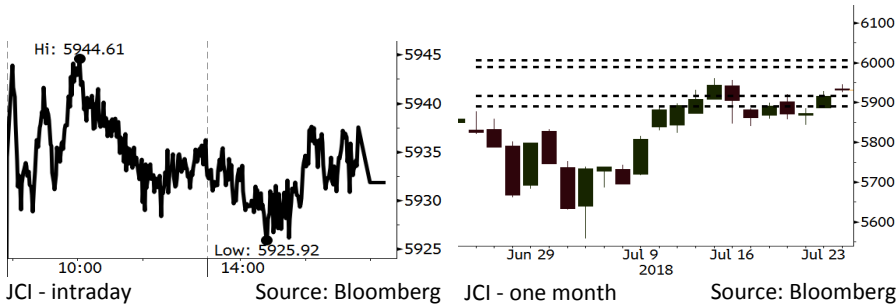


Morning Brief

Daily | July 25, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 24	5,931.84
Chg	+16.05pts (+0.27%)
Volume (bn shares)	102.00
Value (IDR tn)	6.36

Adv 197 Dec 167 Unc 245 Untr 125

Foreign Transaction (IDR bn)	
Buy	1,718
Sell	1,475
Net Buy (Sell)	243

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	177.0	ADRO	28.2
INKP	60.5	UNTR	21.0
BMRI	32.5	MAIN	19.9
CPIN	32.3	SMGR	19.0
CARS	25.6	BBNI	16.6

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
BUMI	8.0%	SSMS	-3.4%
INDY	6.1%	SCMA	-3.3%
INTP	6.0%	PTBA	-1.6%
SMGR	3.0%	MNCN	-1.5%
BSDE	2.8%	SRIL	-1.1%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.81%	0.00%	
USDIDR	14,545	0.44%	
KRWIDR	12.81	0.27%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,241.94	197.65	0.79%
S&P 500	2,820.40	13.42	0.48%
Nasdaq	7,840.77	(1.11)	-0.01%
FTSE 100	7,709.05	53.26	0.70%
CAC 40	5,434.19	55.94	1.04%
DAX	12,689.39	140.82	1.12%
Nikkei	22,510.48	113.49	0.51%
Hang Seng	28,662.57	406.45	1.44%
Shanghai	2,905.56	46.02	1.61%
KOSPI	2,280.20	10.89	0.48%
EIDO	23.73	0.27	1.15%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.5	0.0	0.00%
Crude Oil (USD /bbl)	68.52	0.63	0.93%
Coal Newcas(USD/ton)	113.50	1.15	1.02%
Gas (USD /mmbtu)	2.73	0.01	0.40%
Nickel LME (USD /MT)	13,600	200.0	1.49%
Tin LME (USD /MT)	19,675	200.0	1.03%
CPO (MYR/Ton)	2,152	(17.0)	-0.78%

Indonesian Market Recap

JCI closed on a high note, led by the hike in almost all sectors. **Top Gainers: Basic Ind. (+1.23%), Property (+0.64%), Finance (+0.55%)**

Today's Outlook: Expansive Fiscal Policy

Today we estimate JCI to rally with the **support range 5890-5910** and **resistance range 5990-6000**. The positive sentiment comes from China's stock market. The China government will implement an expansive fiscal policy to support the economy growth along with China's lagging economic growth. On the other hand, Bank Indonesia (BI)'s stance of holding benchmark rate unchanged likely causes rupiah to get impact of domino effect.

Stocks Recommendation (details on the next page)

Trading Buy: JPFA, CPIN, MAIN

Global Market

United States

The U.S. stocks moved mixed yesterday. Investors digested the positive quarterly financial earnings.

Europe

European stocks closed on a high note, backed by the release of outstanding quarterly earnings.

Asia

Asian stocks closed higher with the Shanghai Composite extended gains. Meanwhile, the yuan extended the losses, touching a more than one-year low.

Company News

- WSKT : Will Revise 2018's Profit Target
- PWON : Books Growth of 14% in Revenues
- ASII : Maintains Interest Rate of Astra Financial
- ADRO : Is Optimistic About Accomplishing Production Target

Domestic & Global News

- Collaborative Approach to Face Threat of Trade War
- IMF: USD Is Overvalued Vs. Yuan Is in Its Fundamental

Indonesia Economic Data

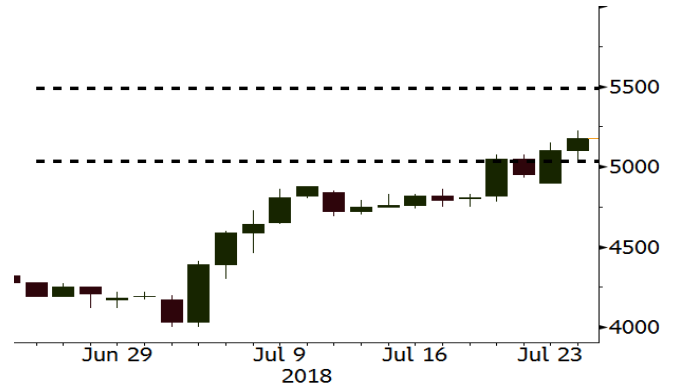
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports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

JSMR Last = 5175

Analysis JSMR succeeded to post the growth of 11.4% y-y in the 2Q18's sales to IDR9.02 trillion. Its EPS edging down by 1.3% to 63.74 and higher than the market consensus of 58.74 results in a surprise of 8.5%.

Range 5030 - 5490

Action Trading Buy. Cut Loss If Below 5030



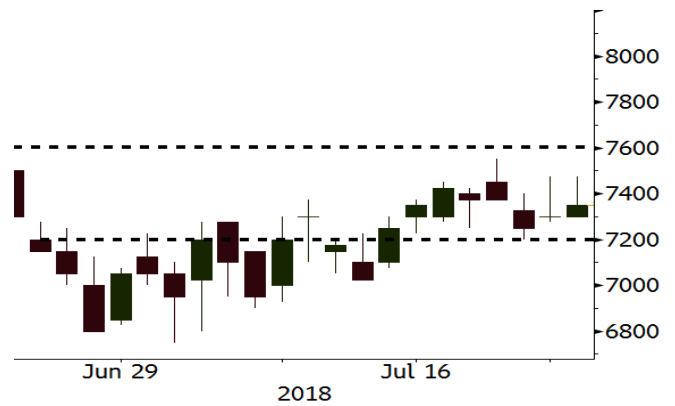
Source: Bloomberg

BBNI Last = 7350

Analysis BBNI posted the growth of 12.3% y-y to IDR11.74 trillion in the 2Q18's sales. Besides, its profit margin before provision also surged from 53.2% in 2Q17 to 54.0% in 2Q18. Therefore, its 2Q18's EPS edged up by 19.0% y-y to 203,2.

Range 7200 - 7600

Action Trading Buy. Cut Loss If Below 7200



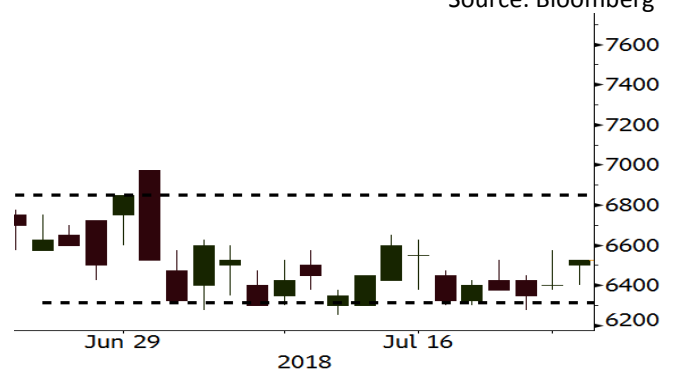
Source: Bloomberg

BMRI Last = 6525

Analysis BMRI succeeded to post an outstanding net profit of 17.3% from IDR5.38 trillion in 2Q17 to IDR6.31 trillion in 2Q18. Therefore, its EPS of 135.39 is higher than the estimate of 130.51, and results in a surprise of 3.7%.

Range 6300 - 6850

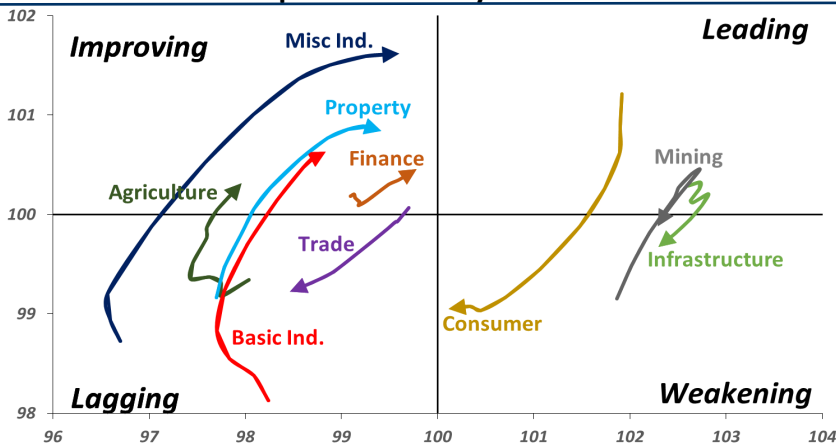
Action Trading buy. Cut Loss If Below 6300



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	5,932	6,356				2.0	6,705.9							
Finance						8.7	1,944.6							
BBCA	23,525	21,900	25,400	Hold	8.0	26.6	580.0	24.4x	4.3x	18.7	1.1	7.1	10.4	1.0
BBRI	3,010	3,640	3,510	Buy	16.6	1.7	371.3	12.4x	2.3x	19.6	3.5	13.0	11.4	1.3
BMRI	6,525	8,000	10,300	Buy	57.9	(2.2)	304.5	13.0x	1.8x	14.5	3.1	(0.5)	28.7	1.4
BBNI	7,350	9,900	8,125	Hold	10.5	3.5	137.1	9.4x	1.4x	15.5	3.5	11.8	16.2	1.3
BBTN	2,360	3,570	3,790	Buy	60.6	(5.2)	25.0	7.8x	1.1x	15.1	2.4	14.3	11.7	1.6
BJTM	630	710	810	Buy	28.6	0.8	9.4	7.9x	1.3x	16.5	7.0	3.1	10.7	1.0
Consumer						(2.7)	1,375.9							
HMSP	3,830	4,730	4,575	Buy	19.5	1.6	445.5	35.9x	12.0x	33.3	2.8	2.5	(7.1)	1.4
GGRM	71,350	83,800	88,650	Buy	24.2	(6.9)	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)	(7.4)	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	-	101.2	25.8x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,400	7,625	8,175	Buy	27.7	(26.6)	56.2	13.5x	1.7x	13.2	3.7	(1.1)	0.7	1.2
KLBF	1,315	1,690	1,730	Buy	31.6	(23.1)	61.6	25.6x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,320	2,700	3,280	Buy	41.4	(26.1)	12.9	38.5x	5.1x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(8.1)	761.24							
TLKM	4,030	4,399	4,600	Hold	14.1	(13.8)	406.2	18.8x	4.1x	22.4	4.2	4.3	(14.3)	0.9
EXCL	2,980	2,960	3,800	Buy	27.5	(9.1)	31.9	93.8x	1.5x	1.6	N/A	4.5	(75.0)	1.2
ISAT	4,100	4,800	6,750	Buy	64.6	(34.9)	22.3	48.8x	1.6x	3.3	1.8	(21.9)	N/A	0.8
JSMR	5,175	6,400	6,050	Buy	16.9	(4.2)	37.6	16.8x	2.4x	14.8	1.2	42.5	2.9	1.0
TBIG	4,960	6,425	6,050	Buy	22.0	(27.1)	22.5	9.7x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,320	3,060	5,000	Buy	50.6	309.9	17.3	3.2x	1.2x	46.6	3.2	263.6	166.7	0.9
Trade						(7.6)	737.5							
UNTR	32,900	35,400	42,350	Buy	28.7	13.8	122.7	14.6x	2.5x	18.6	2.7	39.0	68.7	1.0
AKRA	4,520	6,350	8,025	Buy	77.5	(30.2)	18.1	21.4x	2.1x	24.1	4.9	34.4	(22.8)	1.3
SCMA	2,050	2,480	2,700	Buy	31.7	(10.5)	30.0	21.6x	7.0x	34.8	3.7	15.0	19.3	1.0
MNCN	1,000	1,285	1,550	Buy	55.0	(44.4)	14.3	9.9x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	9,450	10,000	11,250	Buy	19.0	(27.2)	27.6	14.4x	10.7x	81.7	4.8	5.9	1.2	1.1
ACES	1,330	1,155	1,425	Hold	7.1	16.7	22.8	27.2x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,400	1,200	1,400	Hold	-	40.7	9.9	22.5x	2.7x	12.2	2.9	(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						(6.0)	386.2							
BSDE	1,450	1,700	1,850	Buy	27.6	(17.6)	27.9	6.0x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	560	685	625	Hold	11.6	(12.5)	27.0	12.9x	2.5x	21.0	1.1	19.5	61.9	1.1
CTRA	1,070	1,185	1,130	Hold	5.6	(0.9)	19.9	24.6x	1.5x	6.1	1.3	6.8	(41.7)	1.2
SMRA	785	945	1,050	Buy	33.8	(24.9)	11.3	34.0x	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	4.7x	1.6x	39.6	2.9	47.3	134.6	1.3
PTPP	2,120	2,640	3,850	Buy	81.6	(27.9)	13.1	8.9x	1.1x	13.9	2.2	26.3	19.0	1.4
WIKA	1,485	1,550	2,150	Buy	44.8	(25.6)	13.3	11.8x	1.0x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,620	1,885	2,160	Buy	33.3	(25.0)	5.8	10.1x	1.0x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(15.7)	346.0							
ASII	6,650	8,300	9,300	Buy	39.8	(17.9)	269.2	14.3x	2.1x	15.3	2.8	14.4	(1.6)	1.3
Basic Ind.						27.0	606.8							
INTP	14,525	21,950	21,575	Buy	48.5	(19.2)	53.5	32.8x	2.2x	6.3	4.8	1.9	(46.2)	1.4
SMGR	7,625	9,900	11,550	Buy	51.5	(24.9)	45.2	27.0x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	4,400	3,000	4,200	Hold	(4.5)	44.7	72.2	25.1x	4.3x	18.2	1.3	(1.3)	60.5	1.0
JPFA	2,310	1,300	2,000	Hold	(13.4)	92.5	27.1	19.6x	3.1x	15.5	2.2	18.7	533.3	0.7
MAIN	865	740	780	Hold	(9.8)	(13.5)	1.9	25.6x	1.1x	4.1	4.4	16.5	109.1	1.0
KRAS	452	424	500	Hold	10.6	(24.0)	8.7	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,050	6,000	6,275	Buy	24.3	(4.7)	90.1	21.5x	3.6x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,885	2,260	2,420	Buy	28.4	18.2	33.5	23.1x	1.7x	8.9	1.3	9.8	(7.3)	0.8
Mining						38.8	454.7							
ADRO	1,800	1,860	2,500	Buy	38.9	(1.6)	57.6	8.6x	1.1x	13.6	6.0	5.1	(23.4)	1.1
PTBA	4,240	2,460	3,950	Hold	(6.8)	61.8	48.8	8.4x	3.5x	43.4	7.5	17.4	49.1	0.9
ITMG	25,300	20,700	32,400	Buy	28.1	23.4	28.6	7.6x	2.2x	29.2	12.4	2.8	0.0	0.9
INCO	4,260	2,890	3,550	Sell	(16.7)	85.2	42.3	3586.5x	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	12.1	6.2	12.5x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	336	372	625	Buy	86.0	22.6	2.5	7.8x	0.8x	10.5	1.5	50.1	1267.6	1.3
Agriculture						(17.9)	93.3							
AALI	10,825	13,150	14,800	Buy	36.7	(29.6)	20.8	13.3x	1.1x	8.6	4.3	10.7	(55.6)	0.6
LSIP	995	1,420	1,380	Buy	38.7	(30.4)	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

WSKT : Will Revise 2018's Profit Target

WSKT posted the surge of 133.25% y-y to IDR2.99 trillion in I semester's profit. The significant growth underlined the revision of the 2018's prior profit target of IDR5 trillion. Besides, the revenues also grew by 47.28% y-y to IDR22.89 trillion whose IDR21.9 trillion and IDR823 billion respectively derive from the construction service segment and the precast sale segment. (Kontan)

ASII : Maintains Interest Rate of Astra Financial

ASII stated to hold steady interest rate in its business line of Astra Financial. In the future, it will actively eyes on the impact of interest rates hike by Bank Indonesia (BI) on its cost of funding. In 2018, it expects that the prudent management and quality risk management will boost the net profit contributed by Astra Financial. (Bisnis Indonesia)

PWON : Books Growth of 14% in Revenues

PWON booked the growth of 14.4% y-y to IDR3.38 trillion in I semester's net revenues. Of note, the revenue development segment and recurring revenue respectively contribute 51% and 49% to the revenues. Until I semester, it absorbed capex of IDR842 billion for financing project. Besides, the comprehensive profit performance also hiked by 32% y-y to IDR1.28 trillion. (Bisnis Indonesia)

ADRO : Is Optimistic About Accomplishing Production Target

ADRO is optimistic that the target production of coal amounting to 52 million-54 million tons in 2018 will be achieved. The target is underlined by the total production in 2Q18 higher than 1Q18 production. The upbeat production is attributable to the conducive climate in 2Q18. It posted the decline of 11.9% q-q to 10.95 million tons in the 1Q18's coal production. (Kontan)

Domestic & Global News

Collaborative Approach to Face Threat of Trade War

To face the threat of trade war, the Indonesia government stated to choose a collaborative approach and strengthen lobbying as the most rational scheme. Of note, the long-term strategy is to improve national production competition by giving incentive and other tax and excises, the government focuses more on lobbying the U.S relating to the program of free tax on China's CPO-based products. (Bisnis Indonesia)

IMF: USD Is Overvalued Vs. Yuan Is in Its Fundamental

IMF stated that now USD is overvalued, while yuan is in its fundamental value. The Treasury Minister Steven Mnuchin stated that the U.S. will take a cautious evaluation whether yuan has been intentionally manipulated by the China's government. Yuan has settled its lowest level and the China's government has given the signal of further monetary easing with a view to strengthening economy. (CNBC)

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