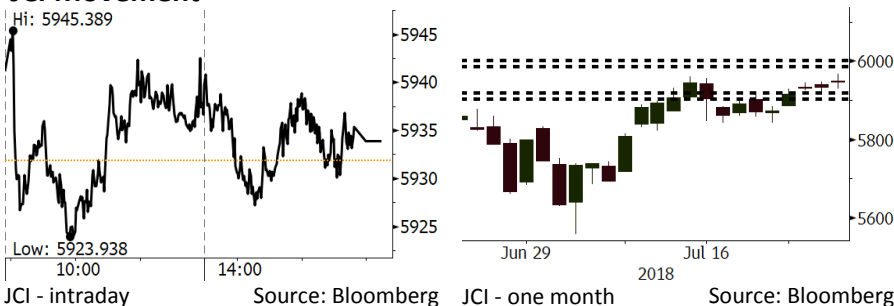


Morning Brief

Daily | July 27, 2018

JCI Movement



IHSG (Jakarta Composite Index)

July 26	5,946.14
Chg	+12.25pts (+0.21%)
Volume (bn shares)	116.27
Value (IDR tn)	8.27

Adv 186 Dec 189 Unc 235 Untr 114

Foreign Transaction (IDR bn)

Buy	1,672
Sell	1,642
Net Buy (Sell)	30

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	108.7	BMRI	22.2
PTBA	88.2	SMGR	20.4
BBNI	64.7	TKIM	19.9
BBCA	63.3	TLKM	18.5
UNTR	56.6	PGAS	15.8

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INDY	4.5%	TRAM	-15.9%
BBNI	3.8%	MYRX	-8.6%
HMSP	2.7%	BMTR	-5.6%
PTBA	2.6%	PWON	-3.6%
WSBP	2.1%	BRPT	-3.5%

Government Bond Yield & FX

Tenor	Last	Chg.
Tenor: 10 year	7.74%	-0.03%
USDIDR	14,463	-0.08%
KRWIDR	12.92	0.43%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,527.07	112.97	0.44%
S&P 500	2,837.44	(8.63)	-0.30%
Nasdaq	7,852.19	(80.05)	-1.01%
FTSE 100	7,663.17	4.91	0.06%
CAC 40	5,480.55	54.14	1.00%
DAX	12,809.23	229.90	1.83%
Nikkei	22,586.87	(27.38)	-0.12%
Hang Seng	28,781.14	(139.76)	-0.48%
Shanghai	2,882.23	(21.42)	-0.74%
KOSPI	2,289.06	16.03	0.71%
EIDO	23.77	(0.25)	-1.04%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,222.7	(8.9)	-0.73%
Crude Oil (USD /bbl)	69.61	0.31	0.45%
Coal Newcas(USD/ton)	111.60	0.35	0.31%
Gas (USD /mmbtu)	2.78	0.01	0.18%
Nickel LME (USD /MT)	13,775	95.0	0.69%
Tin LME (USD /MT)	19,850	100.0	0.51%
CPO (MYR/Ton)	2,202	39.0	1.80%

Indonesian Market Recap

JCI moved higher, yet it ended flat amid the subdued trade war. **Top Gainers: Mining (+1.00%), Agri. (+0.97%), Consumer (+0.89%)**

Today's Outlook: Prioritize Exports

We estimate JCI to close higher with the **support range 5900-5920** and **resistance range of 5985-6000**. President Joko Widodo revealed that Indonesia currently is loomed by the current account deficit and trade balance deficit caused by the whittling away expansion of business and investment. He called for the head officers of districts and provinces to implement an easy access to the investment regulations, especially business oriented on export. Such action is expected to strengthen Indonesia's fundamental.

Stocks Recommendation (details on the next page)

Trading Buy: MEDC, INKP, BKSL

Global Market

United States

The U.S. stocks ended mixed yesterday amid the plunge in Facebook's stocks posting lower-than-estimate financial statements.

Europe

European stocks ended higher as the U.S. and the EU initiated a "new phase" and the ECB held interest rates unchanged.

Asia

Asia stocks ended mixed. Investors' concerns about the threat of trade war still lingered, albeit the success of the U.S. - EU meeting.

Company News

ASGR	: Books Surge of 46% in Revenues
AALI	: Sales Volumes Hikes by 19%
JSMR	: Evaluates Securitization Instrument
UNTR	: Books Growth of 60% in Net Profit

Domestic & Global News

Curbing Infrastructure Projects to Stabilize Rupiah

Mnuchin Will Closely Monitoring Chinese Currency for Signs of Manipulation

Indonesia Economic Data

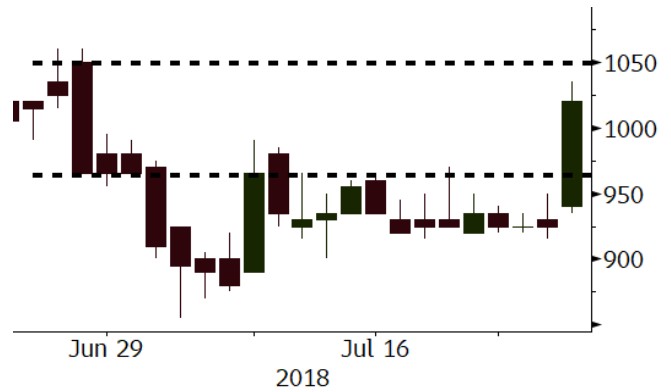
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.25%	5.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	119.80	122.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	1.74	(1.52)	Govt. Spending Yoy	2.73%	3.81%
Exports Yoy	11.47%	12.47%	FDI (USD bn)	3.69	9.40
Imports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

MEDC Last = 1020

Analysis MEDC succeeded to beef up the back-to-back sales growth from -23% in FY2015 to 3% in FY2016 and 57% in FY2017. Now, it is listed on LQ-45 index expected to result in a further positive sentiment.

Range 960 - 1050

Action Trading Buy. Cut Loss If Below 960



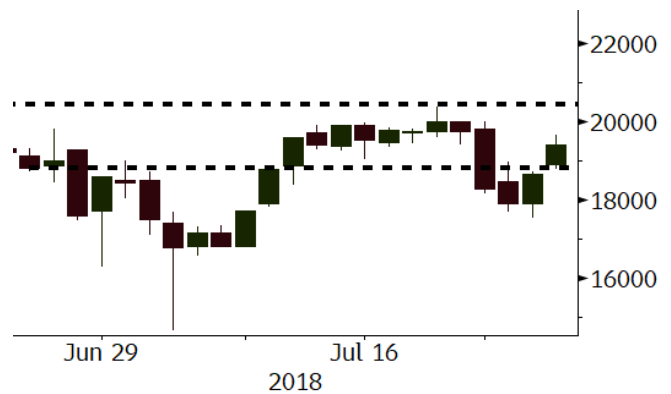
Source: Bloomberg

INKP Last = 19400

Analysis INKP succeeded to edge up its sales growth from -4% in FY2016 to 15% in FY2017. Besides, its EPS also posted a steep surge of 95.8% to 386 bolstered by the hike in its margin from 7.5% in 2016 to 12.7% in 2017.

Range 18800 - 20400

Action Trading Buy. Cut Loss If Below 18800



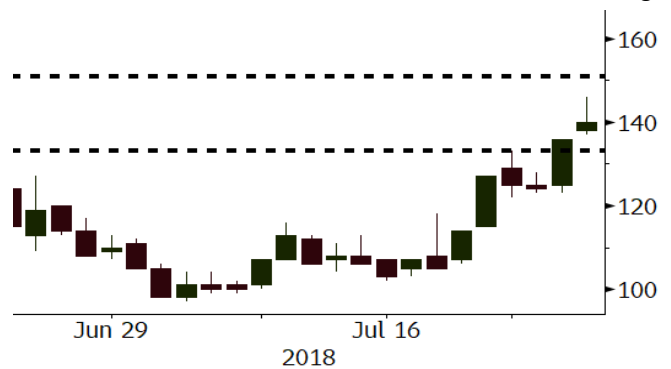
Source: Bloomberg

BKSL Last = 140

Analysis BKSL will settle the construction of Sentul City-based AEON Mall likely to draw 2 million visitors. Besides, it has 4 under-construction residential towers.

Range 130 - 150

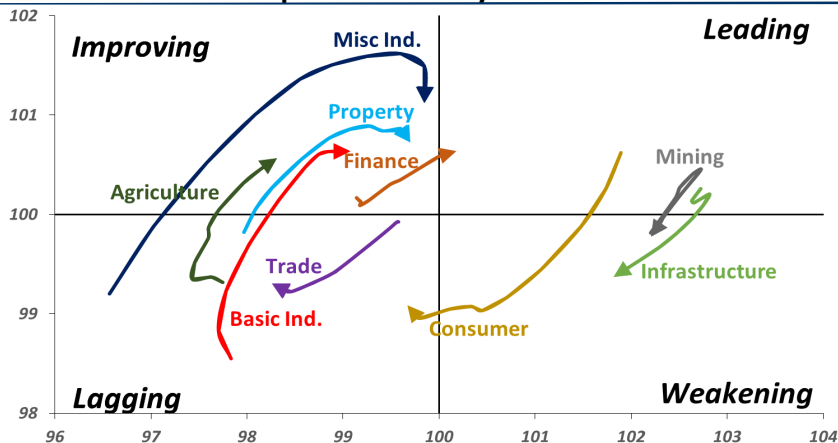
Action Trading buy. Cut Loss If Below 130



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	5,946	6,356				2.2	6,722.8							
Finance						7.3	1,949.1							
BBCA	23,325	21,900	25,400	Hold	8.9	24.1	575.1	23.8x	4.2x	18.8	1.1	5.1	8.4	1.0
BBRI	3,040	3,640	3,510	Buy	15.5	3.4	375.0	12.5x	2.3x	19.6	3.5	13.0	11.4	1.3
BMRI	6,550	8,000	10,300	Buy	57.3	(2.1)	305.7	13.1x	1.8x	14.5	3.0	(0.5)	28.7	1.4
BBNI	7,575	9,900	8,125	Hold	7.3	3.8	141.3	9.7x	1.4x	15.5	3.4	11.8	16.2	1.3
BBTN	2,350	3,570	3,790	Buy	61.3	(6.7)	24.9	7.8x	1.1x	15.1	2.4	14.3	11.7	1.6
BJTM	640	710	810	Buy	26.6	1.6	9.6	8.0x	1.3x	16.5	6.9	3.1	10.7	1.0
Consumer						(1.8)	1,374.4							
HMSP	3,870	4,730	4,575	Buy	18.2	5.7	450.2	36.3x	12.1x	33.3	2.8	2.5	(7.1)	1.4
GGRM	70,550	83,800	88,650	Buy	25.7	(9.6)	135.7	17.5x	3.1x	18.2	3.7	10.1	0.1	1.3
UNVR	43,925	55,900	44,200	Hold	0.6	(8.1)	335.1	48.7x	47.8x	100.6	2.1	(0.9)	(6.2)	1.1
ICBP	8,650	8,900	9,625	Hold	11.3	0.6	100.9	25.7x	4.9x	20.0	1.9	4.5	10.6	1.2
INDF	6,375	7,625	8,175	Buy	28.2	(25.9)	56.0	13.5x	1.7x	13.2	3.7	(1.1)	0.7	1.2
KLBF	1,310	1,690	1,730	Buy	32.1	(23.4)	61.4	25.5x	4.4x	18.2	1.9	2.4	0.2	1.2
KAEF	2,330	2,700	3,280	Buy	40.8	(26.0)	12.9	38.7x	5.1x	14.0	0.8	24.4	27.4	1.3
Infrastructure						(9.2)	746.74							
TLKM	3,930	4,399	4,600	Buy	17.0	(14.7)	396.1	18.4x	4.0x	22.4	4.3	4.3	(14.3)	0.9
EXCL	2,830	2,960	3,800	Buy	34.3	(14.2)	30.2	89.1x	1.4x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,990	4,800	6,750	Buy	69.2	(36.9)	21.7	47.5x	1.6x	3.3	1.8	(21.9)	N/A	0.8
JSMR	5,150	6,400	6,050	Buy	17.5	(5.9)	37.4	16.8x	2.4x	14.8	1.2	42.5	2.9	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(25.4)	22.7	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,470	3,060	5,000	Buy	44.1	313.1	18.1	3.4x	1.3x	46.6	3.1	263.6	166.7	0.9
Trade						(6.5)	746.4							
UNTR	34,925	35,400	42,350	Buy	21.3	20.6	130.3	13.8x	2.6x	20.6	2.6	32.3	60.0	1.0
AKRA	4,420	6,350	8,025	Buy	81.6	(33.3)	17.7	20.9x	2.1x	24.1	5.0	34.4	(22.8)	1.3
SCMA	2,040	2,480	2,700	Buy	32.4	(10.1)	29.8	21.5x	7.0x	34.8	3.7	15.0	19.3	1.0
MNCN	995	1,285	1,550	Buy	55.8	(44.3)	14.2	9.9x	1.4x	14.3	1.5	(0.4)	(28.3)	1.1
LPPF	9,550	10,000	11,250	Buy	17.8	(26.5)	27.9	14.6x	10.8x	81.7	4.8	5.9	1.2	1.1
ACES	1,330	1,155	1,425	Hold	7.1	17.7	22.8	27.2x	6.1x	24.0	1.7	21.5	35.7	0.9
RALS	1,405	1,200	1,400	Hold	(0.4)	41.2	10.0	22.6x	2.7x	12.2	2.8	(2.6)	407.0	0.7
MAPI	800	620	945	Buy	18.1	30.1	13.3	21.1x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(6.6)	384.6							
BSDE	1,480	1,700	1,850	Buy	25.0	(16.4)	28.5	6.2x	1.1x	19.5	0.3	(5.8)	(45.2)	1.3
PWON	540	685	625	Buy	15.7	(18.8)	26.0	12.4x	2.3x	20.5	1.1	14.4	25.4	1.1
CTRA	1,070	1,185	1,130	Hold	5.6	4.9	19.9	24.6x	1.5x	6.1	1.3	6.8	(41.7)	1.2
SMRA	800	945	1,050	Buy	31.3	(23.1)	11.5	34.6x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,000	2,210	2,810	Buy	40.5	(10.7)	27.1	4.7x	1.6x	39.6	2.9	47.3	134.6	1.3
PTPP	2,150	2,640	3,850	Buy	79.1	(25.1)	13.3	9.0x	1.1x	13.9	2.2	26.3	19.0	1.4
WIKA	1,475	1,550	2,150	Buy	45.8	(26.1)	13.2	11.7x	1.0x	9.2	1.8	64.1	(30.9)	1.0
ADHI	1,575	1,885	2,160	Buy	37.1	(26.1)	5.6	9.8x	0.9x	10.1	1.8	39.7	282.5	1.0
Misc Ind.						(15.1)	347.3							
ASII	6,675	8,300	9,300	Buy	39.3	(17.3)	270.2	13.6x	2.1x	16.3	2.8	14.8	11.3	1.3
Basic Ind.						29.5	614.6							
INTP	14,900	21,950	21,575	Buy	44.8	(14.7)	54.9	33.6x	2.2x	6.3	4.7	1.9	(46.2)	1.4
SMGR	7,625	9,900	11,550	Buy	51.5	(24.1)	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)	54.9	72.2	25.1x	4.3x	18.2	1.3	(1.3)	60.5	1.0
JPFA	2,170	1,300	2,000	Hold	(7.8)	83.1	25.4	18.5x	2.9x	15.5	2.3	18.7	533.3	0.7
MAIN	910	740	780	Hold	(14.3)	(9.0)	2.0	26.9x	1.2x	4.1	4.2	16.5	109.1	1.0
KRAS	440	424	500	Hold	13.6	(27.3)	8.5	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,050	6,000	6,275	Buy	24.3	(5.3)	90.1	21.6x	3.6x	19.1	1.6	9.9	(36.3)	0.8
BRPT	1,800	2,260	2,420	Buy	34.4	9.1	32.0	22.1x	1.6x	8.9	1.4	9.8	(7.3)	0.8
Mining						40.6	465.9							
ADRO	1,850	1,860	2,500	Buy	35.1	2.8	59.2	8.9x	1.1x	13.6	5.8	5.1	(23.4)	1.1
PTBA	4,430	2,460	3,950	Hold	(10.8)	70.7	51.0	8.8x	3.7x	43.4	7.2	17.4	49.1	0.9
ITMG	28,125	20,700	32,400	Buy	15.2	37.2	31.8	8.5x	2.4x	29.2	11.2	2.8	0.0	0.9
INCO	4,350	2,890	3,550	Sell	(18.4)	82.0	43.2	77.3x	1.6x	1.9	N/A	28.3	N/A	1.1
ANTM	890	625	985	Hold	10.7	24.5	21.4	57.0x	1.1x	2.0	0.2	247.2	3550.0	1.1
TINS	845	775	1,240	Buy	46.7	0.6	6.3	12.7x	1.0x	8.3	2.8	(0.6)	(18.1)	1.1
ELSA	368	372	625	Buy	69.8	33.3	2.7	8.6x	0.9x	10.5	1.4	50.1	1267.6	1.3
Agriculture						(17.0)	93.6							
AALI	10,925	13,150	14,800	Buy	35.5	(28.2)	21.0	12.0x	1.1x	9.7	4.3	8.9	(23.3)	0.6
LSIP	1,005	1,420	1,380	Buy	37.3	(29.2)	6.9	13.6x	0.8x	6.2	4.5	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ASGR : Books Surge of 46% in Revenues

ASGR posted the growth of 46.4% y-y to IDR1,67 trillion in I semester's net revenues. The upbeat performance was attributable to the soaring surge of 505% in the office solution segment through the e-commerce Axioe. Although COGS surged by 36.9% y-y, ASGR managed to post the growth of 20% y-y to IDR86.97 billion in net profit. (Kontan)

JSMR : Evaluates Securitization Instrument

JSMR is evaluating the option of securitization instrument to collecting funds from capital market. The evaluated toll road sections are Jakarta-Tangerang, Jakarta-Cikampek, Purbaleunyi, and Surabaya-Gempol. It previously issued collective investment contracts (KIK-EBA) with the underlying assets of Jagorawi's toll road section in 2017. (Bisnis Indonesia)

AALI : Sales Volumes Hikes by 19%

AALI booked the increment of 19% y-y to 992,000 tons in CPO and its derivate products sales volume. Yet, it profit was suppressed by CPO's average selling prices edging down by 8% y-y to IDR7,893 per kg. It will monitor further the volatility of such average selling prices. (Bisnis Indonesia)

UNTR : Books Growth of 60% in Net Profit

UNTR posted the growth of 32% y-y to IDR38.94 trillion and 60% y-y to IDR5.47 trillion in I semester's revenues and net profit, respectively. The better performance was underpinned by its subsidiaries, namely PT Pamapersada Nusantara dan PT Acset Indonesia Tbk respectively posting the growth of 32% y-y to IDR17.4 trillion and 70% y-y to IDR1.7 trillion in I semester's revenues. (Kontan)

Domestic & Global News

Curbing Infrastructure Projects to Stabilize Rupiah

The Indonesia government is evaluating the option to postpone big and not-urgent infrastructure projects resulting in the whittling away imports. The projects postponement is likely capable of curing the trade balance deficit attributable to the massive capital outflow in Indonesia's market. Of note as of early-2018, rupiah has been depreciated by 6.6% against USD. President Joko Widodo stated that the current account deficit and trade balance deficit shall be settled in order to maintain rupiah's fundamental. (CNBC)

Mnuchin Will Closely Monitoring Chinese Currency for Signs of Manipulation

U.S. Treasury Secretary, Steve Mnuchin said that he is closely monitoring the Chinese currency and the weakening factors in the market. To ensure the fair trade advantages, the Treasury is also searching for currency manipulation in different markets - not only in Chinese currency. The Treasury will review the yuan's weakness further in the U.S. Treasury's semi-annual report on currency manipulation. Earlier on, President Trump has accused the European Union and China of manipulating their currencies. (CNBC)

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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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