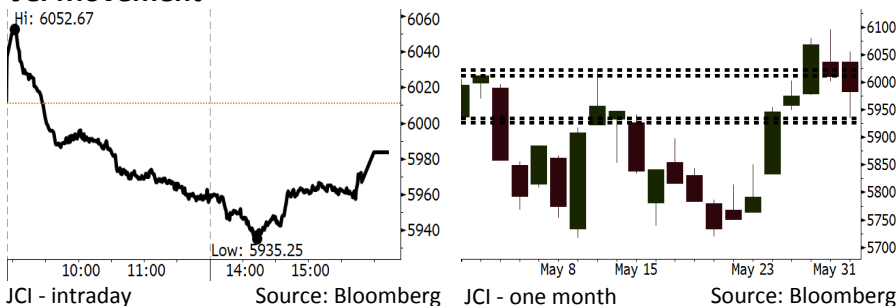


Morning Brief

Daily | June 04, 2018

JCI Movement



IHSG (Jakarta Composite Index)

May 31	6,011.06
Chg	-57.27pts (-0.94%)
Volume (bn shares)	111.21
Value (IDR tn)	10.37

Adv 150 Dec 244 Unc 203 Untr 95

Foreign Transaction		(IDR bn)
Buy		11,680
Sell		12,146
Net Buy (Sell)		(466)

Top Buy	NB Val.	Top Sell	NS Val.
SCMA	5.6%	UNTR	-4.8%
AKRA	4.9%	BRPT	-4.5%
SRIL	4.9%	BBTN	-3.8%
BUMI	4.8%	BJBR	-3.8%
JSMR	4.0%	MNCN	-3.2%

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SCMA	5.6%	UNTR	-4.8%
AKRA	4.9%	BRPT	-4.5%
SRIL	4.9%	BBTN	-3.8%
BUMI	4.8%	BJBR	-3.8%
JSMR	4.0%	MNCN	-3.2%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.99%	-0.12%
USDIDR	13,896	-0.69%
KRWIDR	12.90	-0.50%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,635.21	219.37	0.90%
S&P 500	2,734.62	29.35	1.08%
Nasdaq	7,554.33	112.22	1.51%
FTSE 100	7,701.77	23.57	0.31%
CAC 40	5,465.53	67.13	1.24%
DAX	12,724.27	119.38	0.95%
Nikkei	22,171.35	(30.47)	-0.14%
Hang Seng	30,492.91	24.35	0.08%
Shanghai	3,075.14	(20.34)	-0.66%
KOSPI	2,438.96	15.95	0.66%
EIDO	25.73	0.21	0.82%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,293.4	(5.1)	-0.39%
Crude Oil (USD /bbl)	65.81	(1.23)	-1.83%
Coal Newcas(USD/ton)	108.70	0.80	0.74%
Gas (USD /mmbtu)	2.96	0.01	0.34%
Nickel LME (USD /MT)	15,445	225.0	1.48%
Tin LME (USD /MT)	20,750	150.0	0.73%
CPO (MYR/Ton)	2,439	10.0	0.41%

Indonesian Market Recap

JCI closed lower last Thursday. Investors chose to secure their position ahead long holiday on last Friday. **Top Losers : Infrastructure (-1.27%), Misc Industries (-1.07%), Trade (-0.98%)**

Today's Outlook: : Pressure from the U.S. Labor

For today we estimate JCI to move lower with **support range of 5926 and resistance range of 6012-6023**. Pressure comes from global after the release of the U.S. labor data. Unemployment rate hit the position of 3.8%, the lowest in last 18 years. This condition triggers global markets' concern that the Fed should raise the pace of monetary tightening. From domestic, the release of May's inflation will be the main focus for investor. Historically, Ramadhan season gives pressure to the Indonesian inflation.

Stocks Recommendation (details on the next page)

Trading Buy: JSMR, ICBP, SCMA

Global Market

United States

The U.S markets closed higher last Friday supported by the labor data release. The unemployment rate declined into 3.8%.

Europe

European markets moved higher last Friday after the concern of uncertainty in Italian political situation receded.

Asia

Asian markets ended mixed last Friday amid the increasing concern over trade tension after the U.S. applied import tariff to its allied countries.

Company News

- UNVR : Settle Debt Through Divestment
- INDF : Allocates Capex of IDR9.1 Trillion
- ANTM : Will Reoperates CGA Tayan Project
- SMBR : Aim to Export Clinker to Australia

Domestic & Global News

- S&P Maintains Rating
- Nonfarm payrolls increase by 223,000 in May

Indonesia Economic Data

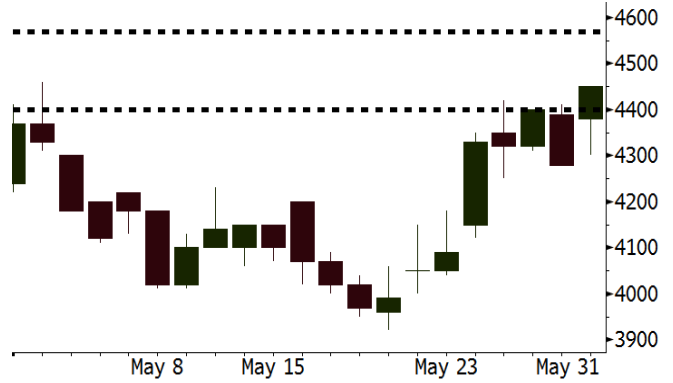
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.50%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports Yoy	34.68%	9.07%	Business Confidence	111.02	112.39
Inflation Yoy	3.41%	3.40%	Cons. Confidence*	122.20	121.60

JSMR Last = 4450

Analysis Increasing the number of new tollroads, especially in Trans Java network will give impact for the increasing vehicle volume in upcoming Idul Fitri season.

Range 4400-4570

Action Trading Buy. Cut Loss If Below 4400



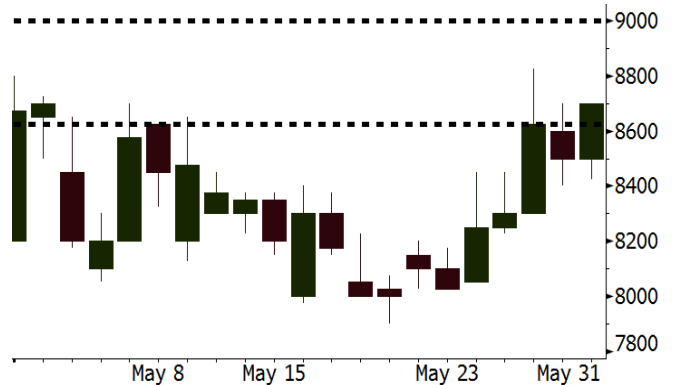
Source: Bloomberg

ICBP Last = 8700

Analysis In the General Shareholder Meeting on Thursday 05/31/2018, ICBP decided to distribute dividend of IDR162 per share. The dividend payout ratio is 50%.

Range 8625-9000

Action Trading Buy. Cut Loss If 8625



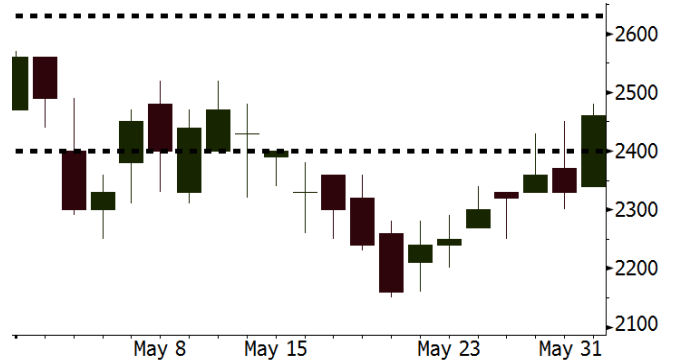
Source: Bloomberg

SCMA Last = 2460

Analysis SCMA is estimated to book double digit growth in 2018 after in 1Q18 booked increasing audience share into 32.6% (vs 26.8% in 1Q17).

Range 2400 - 2630

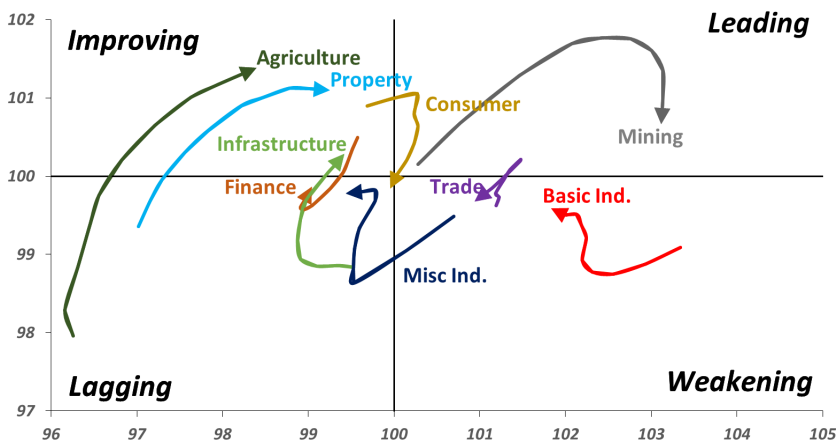
Action Trading buy. Cut Loss If Below 2400



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	5,984	6,356				4.3	6,754.9							
Finance						16.0	2,017.1							
BBCA	22,700	21,900	25,400	Hold	11.9	32.4	559.7	23.5x	4.1x	18.7	1.1	7.1	10.4	1.0
BBRI	3,080	3,640	3,510	Hold	14.0	6.4	379.9	12.7x	2.4x	19.6	3.5	13.0	11.4	1.4
BMRI	7,050	8,000	10,300	Buy	46.1	11.9	329.0	14.7x	2.0x	14.4	2.8	(1.9)	43.7	1.4
BBNI	8,475	9,900	8,125	Hold	(4.1)	29.4	158.0	11.3x	1.6x	15.2	3.0	10.6	12.7	1.3
BBTN	3,050	3,570	3,790	Buy	24.3	22.0	32.3	10.3x	1.5x	15.2	1.9	15.1	16.1	1.4
BJTM	690	710	810	Buy	17.4	1.5	10.3	8.6x	1.4x	16.5	6.4	3.1	10.7	1.1
Consumer						(1.8)	1,395.4							
HMSP	3,790	4,730	4,575	Buy	20.7	(3.6)	440.8	35.5x	11.9x	33.3	2.8	2.5	(7.1)	1.4
GGRM	68,500	83,800	88,650	Buy	29.4	(7.4)	131.8	17.0x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	45,600	55,900	49,450	Hold	8.4	(1.2)	347.9	50.6x	49.6x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,700	8,900	9,625	Hold	10.6	-	101.5	25.9x	4.9x	20.0	1.8	4.5	10.6	1.2
INDF	7,075	7,625	8,175	Buy	15.5	(19.1)	62.1	15.0x	1.9x	13.2	3.3	(1.1)	0.7	1.1
KLBF	1,370	1,690	1,730	Buy	26.3	(11.0)	64.2	26.7x	4.6x	18.2	1.6	2.4	0.2	1.3
KAEF	2,540	2,700	3,280	Buy	29.1	(8.0)	14.1	42.1x	5.6x	14.0	0.7	24.4	27.4	1.3
Infrastructure						(11.1)	711.85							
TLKM	3,520	4,399	4,600	Buy	30.7	(18.3)	354.8	16.5x	3.5x	22.4	4.8	4.3	(14.3)	0.9
EXCL	2,100	2,960	3,800	Buy	81.0	(29.1)	22.4	66.1x	1.0x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,300	4,800	6,750	Buy	104.5	(51.3)	17.9	39.3x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,450	6,400	6,050	Buy	36.0	(15.2)	32.3	14.4x	2.1x	15.3	1.4	92.8	6.5	1.0
TBIG	5,075	6,425	6,050	Buy	19.2	(12.1)	23.0	9.9x	7.2x	92.7	3.3	8.4	16.1	0.6
INDY	3,740	3,060	5,000	Buy	33.7	367.5	19.5	3.8x	1.4x	46.6	2.9	263.6	166.7	1.0
Trade						(2.4)	768.6							
UNTR	35,050	35,400	42,350	Buy	20.8	26.2	130.7	15.5x	2.7x	18.6	2.5	39.0	68.7	1.1
AKRA	4,920	6,350	8,025	Buy	63.1	(25.7)	19.8	23.3x	2.3x	24.1	4.1	34.4	(22.8)	1.2
SCMA	2,460	2,480	3,200	Buy	30.1	(15.5)	36.0	25.9x	8.4x	34.8	2.4	15.0	19.3	0.9
MNCN	1,200	1,285	1,550	Buy	29.2	(36.8)	17.1	11.9x	1.7x	14.3	3.5	(0.4)	(28.3)	1.1
LPPF	9,150	10,000	11,250	Buy	23.0	(39.4)	26.7	14.0x	10.4x	81.7	5.0	5.9	1.2	1.2
ACES	1,250	1,155	1,425	Hold	14.0	18.5	21.4	25.6x	5.7x	24.0	1.8	21.5	35.7	0.9
RALS	1,365	1,200	1,400	Hold	2.6	5.0	9.7	21.9x	2.6x	12.2	2.6	(2.6)	407.0	0.8
MAPI	8,425	6,200	9,450	Hold	12.2	34.3	14.0	22.2x	3.2x	16.4	0.5	19.3	505.7	0.9
Property						(4.8)	392.7							
BSDE	1,705	1,700	1,850	Hold	8.5	(5.8)	32.8	7.1x	1.3x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	560	685	625	Hold	11.6	(8.2)	27.0	12.9x	2.5x	21.0	0.8	19.5	61.9	1.1
CTRA	1,010	1,185	1,370	Buy	35.6	(9.8)	18.7	23.2x	1.4x	6.1	0.5	6.8	(41.7)	1.2
SMRA	985	945	960	Hold	(2.5)	(25.4)	14.2	42.6x	2.2x	5.2	0.5	(2.5)	(40.0)	1.4
WSKT	2,320	2,210	2,810	Buy	21.1	(2.5)	31.5	6.0x	2.0x	37.7	2.5	68.6	314.5	1.3
PTPP	2,580	2,640	3,850	Buy	49.2	(17.6)	16.0	10.8x	1.4x	13.9	1.8	26.3	19.0	1.3
WIKA	1,670	1,550	2,150	Buy	28.7	(27.1)	15.0	13.3x	1.2x	9.2	1.6	64.1	(30.9)	0.9
ADHI	1,945	1,885	2,160	Hold	11.1	(17.2)	6.9	12.2x	1.2x	10.1	1.5	39.7	282.5	1.0
Misc Ind.						(18.3)	361.2							
ASII	6,900	8,300	9,300	Buy	34.8	(21.1)	279.3	14.9x	2.2x	15.3	2.7	14.4	(1.6)	1.2
Basic Ind.						29.3	608.7							
INTP	17,625	21,950	21,575	Buy	22.4	(4.7)	64.9	39.7x	2.6x	6.3	4.0	1.9	(46.2)	1.4
SMGR	8,400	9,900	11,550	Buy	37.5	(11.1)	49.8	29.7x	1.7x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,680	3,000	4,200	Hold	14.1	16.1	60.3	21.0x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,555	1,300	2,000	Buy	28.6	22.0	17.7	13.2x	2.1x	15.5	3.2	18.7	533.3	0.7
MAIN	715	740	780	Hold	9.1	(32.5)	1.6	21.1x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	432	424	500	Buy	15.7	(32.5)	8.4	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,850	6,000	6,275	Hold	7.3	12.9	104.3	22.7x	4.5x	22.8	1.4	25.3	3.8	0.8
BRPT	2,120	2,260	2,420	Hold	14.2	31.3	29.6	20.5x	2.0x	12.4	N/A	25.1	(5.3)	0.7
Mining						35.8	401.8							
ADRO	1,885	1,860	2,720	Buy	44.3	24.0	60.3	9.4x	1.2x	13.6	5.7	5.1	(23.4)	1.2
PTBA	3,800	2,460	3,950	Hold	3.9	74.3	43.8	7.9x	2.7x	38.7	8.4	26.4	67.1	1.0
ITMG	25,825	20,700	32,400	Buy	25.5	69.9	29.2	8.1x	2.3x	29.2	12.2	2.8	0.0	1.1
INCO	3,860	2,890	3,550	Hold	(8.0)	102.6	38.4	3384.7x	1.5x	(0.1)	N/A	18.4	N/A	1.2
ANTM	865	625	985	Hold	13.9	11.6	20.8	55.4x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	940	775	1,240	Buy	31.9	4.4	7.0	14.1x	1.1x	8.3	2.5	(0.6)	(18.1)	1.1
ELSA	410	372	625	Buy	52.4	33.1	3.0	N/A	1.0x	10.5	1.2	50.1	1267.6	1.2
Agriculture						(15.3)	97.7							
AALI	12,550	13,150	14,800	Buy	17.9	(12.2)	24.2	15.4x	1.3x	8.6	3.7	10.7	(55.6)	0.7
LSIP	1,150	1,420	1,380	Buy	20.0	(24.6)	7.8	15.5x	0.9x	6.2	3.0	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNVR : Settle Debt Through Divestment

UNVR is going to use the money from divestment of its spreads segment to pay off short-term bank loan. Yet, UNVR still needs to get shareholders' agreement through extraordinary general meeting of shareholders. The value of short-term bank loan is IDR2.05 trillion and its assets in spreads business is valued at IDR2.65 trillion. This particular business unit only contributes 2.8% of UNVR revenues. (Bisnis Indonesia)

ANTM : Will Reoperates CGA Tayan Project

ANTM has bought 20% shares of PT Indonesia Chemical Alumina (ICA), which belongs to Showa Denko K.K on May 29th. ANTM will reoperates the Chemical Grade Alumina (CGA) Tayan on September 1st. Furthermore, ANTM is currently working on ferronickel factory project in East Halmahera whose progress has reached 61%. (Kontan)

INDF : Allocates Capex of IDR9.1 Trillion

INDF allocates IDR9.1 trillion for 2018 capex, the same number as last year. The budget will be allocated to ICBP, Bogasari, agribusiness and distribution business units. The capex derives from INDF cash account combined with bank loans. In 2018, INDF target revenues growth of 2%-5%. (Kontan)

SMBR : Aim to Export Clinker to Australia

SMBR is aiming on long-term contract in regards to export clinker to Australia. The demand of clinker in Australia is projected to reach 500 thousand metric tons and the negotiation process is expected to complete in the end of first half of 2018. In May, SMBR exported 30 thousand metric tons of clinker which has selling value of USD1 million.

Domestic & Global News

S&P Maintains Rating

Although facing external pressure, the international agency rating, Standard & Poor's (S&P) maintains its rating for Indonesia. S&P maintained Indonesia sovereign credit rating on BBB-/A-3 with stable outlook on Thursday 05/31/2018. This decision was backed by recovery in commodities prices. However, as an commodities exporter, Indonesia still faces external shock risk sourced from commodities prices. (Kontan)

Nonfarm payrolls increase by 223,000 in May

The U.S. economy continued to add jobs at a solid clip in May, with nonfarm payrolls up 223,000 and the unemployment rate falling to an 18-year low of 3.8 percent, the Bureau of Labor Statistics reported Friday. Economists had been expecting payroll growth of 188,000 and the jobless rate to hold steady at 3.9 percent. The unemployment rate was last this low in April 2000. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	21:00	Factory Orders	Apr		-0.40%	1.60%
<i>04 - June</i>	USA	21:00	Durable Goods Orders	Apr F		--	-1.70%
Wednesday	USA	19:30	Trade Balance	Apr		-\$51.5b	-\$49.0b
<i>06 - June</i>							
Thursday	CHN	Tentative	Foreign Reserves	May		--	\$3124.85b
<i>07 - June</i>	GER	13:00	Factory Orders MoM	Apr		--	-0.90%
	EU	16:00	GDP SA QoQ	1Q F		--	0.40%
	EU	16:00	GDP SA YoY	1Q F		--	2.50%
	USA	19:30	Initial Jobless Claims	02-Jun		--	--
Friday	CHN	Tentative	Trade Balance	May		--	\$28.78b
<i>08 - June</i>	CHN	Tentative	Exports YoY	May		--	12.90%
	CHN	Tentative	Imports YoY	May		--	21.50%
	JPN	06:50	BoP Current Account Balance	Apr		¥2198.3b	¥3122.3b
	JPN	06:50	GDP SA QoQ	1Q F		--	-0.20%
	JPN	06:50	GDP Annualized SA QoQ	1Q F		--	-0.60%
	GER	13:00	Industrial Production SA MoM	Apr		--	1.00%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	07:30	Nikkei Indonesia PMI Mfg	May		--	51.6
<i>04 - June</i>	11:00	CPI NSA MoM	May		--	0.10%
	11:00	CPI Core YoY	May		--	2.69%
	11:00	CPI YoY	May		--	3.41%
Wednesday	Tentative	Consumer Confidence Index	May		--	122.2
<i>06 - June</i>						
Friday	Tentative	Net Foreign Assets IDR	May		--	1695.4t
<i>08 - June</i>	Tentative	Foreign Reserves	May		--	\$124.90b

Source: Bloomberg

Date	Event	Company
Monday 04 - June	Annual Shareholder Meeting	ADMG, AMFG, BNBA, BUVA, CTBN, CTRA, GPRA, INDS, LMAS, PALM, PSKT, RICY, SPMA, TALF, WOOD
	Stock Split	MAPI (10 for 1)
	Cum Dividend Date	AMRT (ID2.17 per share) BIRD (IDR51 per share) BUDI (IDR4 per share) JSPT (IDR19 per share) META (IDR3 per share) MIDI (IDR10.7 per share) TBLA (IDR45 per share)
Tuesday 05 - June	Annual Shareholder Meeting	AKPI, APII, BMSR, BTEK, CENT, CFIN, JOKI, IBFN, IIKP, KIOS, KLBF, LPKR, MFIN, MKNT, OCAP, SKLT, SONA, TSPC
	Stock Buyback	PALM
	Cum Dividend Date	BBMD (IDR14.67 per share) KBLI (IDR8 per share) MDLN (IDR12 per share) MYOR (IDR27 per share) RALS (IDR40 per share) RANC (IDR5 per share)
Wednesday 06 - June	Annual Shareholder Meeting	ABBA, BACA, BRAM, BSWD, CITA, FAST, FISH, GEMA, IPCM, JRPT, KOBX, LPIN, MRAT, MYTX, OASA, PSDN, SKYB, TRIM, WICO
	Rights Listing Date	BNII
	Stock Split	ELTY (1 for 10)
Thursday 07 - June	Annual Shareholder Meeting	ADES, AISA, BTPN, BUMI, CKRA, CTTH, ESSA, GLOB, JKON, LCKM, MAMI, MINA, MTDL, OKAS, SMRA, SSIA, TIFA, TOBA, TRIO, WAPO
	Rights Listing Date	BKSW, BRPT
	Rights Delisting Date	PNBS
Friday 08 - June	Annual Shareholder Meeting	ASDM, BGTG, BOSS, BRPT, BSIM, CSIS, DPNS, FORZ, GSMF, INCF, INRU, KICI, LAPD, LPGI, LPLI, LPPS, MORE, PBID, PORT, SHID, SMMA, TAXI, YPAS

Source: Bloomberg

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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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