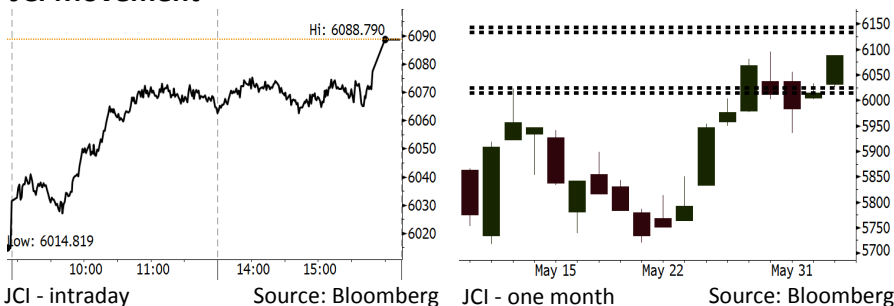


Morning Brief

Daily | June 06, 2018

JCI Movement



IHSG (Jakarta Composite Index)

June 05	6,088.79
Chg	+73.97pts (+1.23%)
Volume (bn shares)	129.69
Value (IDR tn)	10.84

Adv 167 Dec 217 Unc 213 Untr 97

Foreign Transaction (IDR bn)

Buy	3,282
Sell	3,192
Net Buy (Sell)	89

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	262.99	BBNI	100.50
INKP	194.25	BBRI	70.89
PTBA	82.75	BBTN	65.57
PGAS	36.46	ASII	57.02
UNTR	26.59	ERAA	55.20

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BMTR	7.6%	MNCN	-3.4%
EXCL	7.2%	BBTN	-3.2%
TRAM	6.7%	AKRA	-2.6%
INDY	6.7%	BBNI	-2.4%
TLKM	5.2%	BBCA	-0.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.12%	0.11%
USDIDR	13,880	0.01%
KRWIDR	12.97	-0.04%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,799.98	(13.71)	-0.06%
S&P 500	2,748.80	1.93	0.07%
Nasdaq	7,637.86	31.40	0.41%
FTSE 100	7,686.80	(54.49)	-0.70%
CAC 40	5,460.95	(11.96)	-0.22%
DAX	12,787.13	16.38	0.13%
Nikkei	22,539.54	63.60	0.28%
Hang Seng	31,093.45	95.47	0.31%
Shanghai	3,114.21	23.02	0.75%
KOSPI	2,453.76	6.00	0.25%
EIDO	25.78	(0.25)	-0.96%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,296.4	4.4	0.34%
Crude Oil (USD /bbl)	65.52	0.77	1.19%
Coal Newcas(USD/ton)	109.60	(0.20)	-0.18%
Gas (USD /mmbtu)	2.89	(0.04)	-1.37%
Nickel LME (USD /MT)	15,750	265.0	1.71%
Tin LME (USD /MT)	20,650	75.0	0.36%
CPO (MYR/Ton)	2,402	(7.0)	-0.29%

Indonesian Market Recap

JCI was capable of rallying yesterday amid the release of well-controlled May inflation. **Top Gainers : Infrastructure (+2.74%), Misc Industries (+1.43%), Mining (+1.29%)**

Today's Outlook : Positive Global Sentiment

Today we estimate JCI to rally with the **support range of 6015-6025 and resistance range of 6134-6144**. The positive sentiment comes from the subdued jitters stemming from the appointment of Giuseppe Conte. Besides, the conflict between Trump and Kim Jong Un subdued after both are scheduled to attend summit held in Singapore on June 12th 2018. Yet, investors must keep their eyes on the profit taking action after rally in JCI ahead of long holiday.

Stocks Recommendation (details on the next page)

Trading Buy: JSMR, INCO, ITMG

Global Market

United States

AS markets closed mixed in yesterday trade amid the accelerated growth in the U.S. service sector and the loom of trade war.

Europe

European markets closed higher yesterday amid the subdued political jitters in Italy after the appointment of Giuseppe Conte as the Italy prime minister.

Asia

Asia markets closed higher yesterday ahead of the meeting between Kim Jong Un dated June 12, 2018.

Company News

- HOKI: Distributes Dividend of IDR14.2 Billion
- LPKR: Issues Senior Notes of USD75 Million
- CPRO: Is Potential for Obtaining Fund of IDR2.77 Trillion
- CENT: Targets Construction of 700 Towers

Domestic & Global News

- China Increases the U.S. Import worth IDR971 Trillion
- Low Core Inflation

Indonesia Economic Data

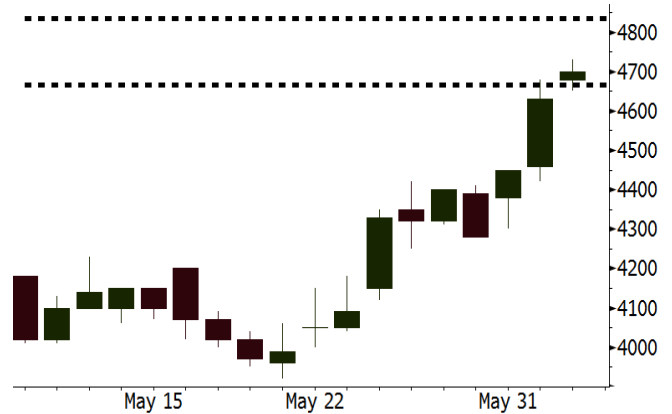
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.50%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports Yoy	34.68%	9.07%	Business Confidence	111.02	112.39
Inflation Yoy	3.23%	3.41%	Cons. Confidence*	122.20	121.60

JSMR Last = 4700

Analysis Eid Mubarak festive constitutes as a positive sentiment for JSMR. The hike in vehicle volume using highway soars ahead of Eid Mubarak festive. The soaring volume of toll-road is facilitated by new toll road sections. It is estimated that the backdrop will boost JMSR's revenue in 2Q18.

Range 4665 -4835

Action Trading Buy. Cut Loss If Below 4665



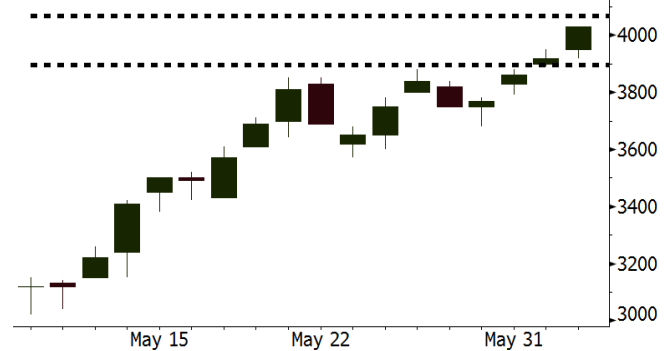
Source: Bloomberg

INCO Last = 4030

Analysis Global nickel prices continued to rally further in yesterday's trading as nickel prices closed higher by 1.19% at the level of USD15750/MT.

Range 3896 - 4068

Action Trading Buy. Cut Loss If Below 3896



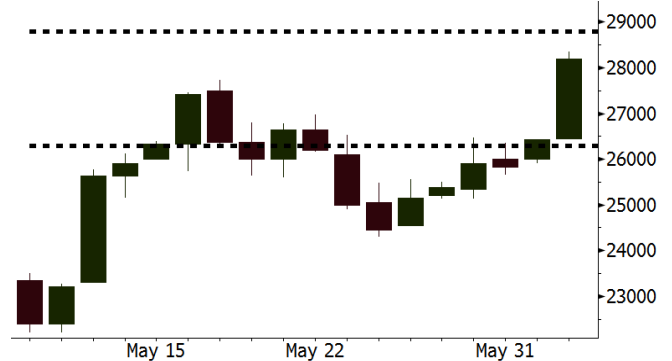
Source: Bloomberg

ITMG Last = 28200

Analysis Until the mid of May 2018, ITMG is estimated to post 69% of sales contract from the one-year target of 25 million tons. It is estimated that ITMG's 2Q18 growth is rosier than 1Q18 growth.

Range 26300 - 28795

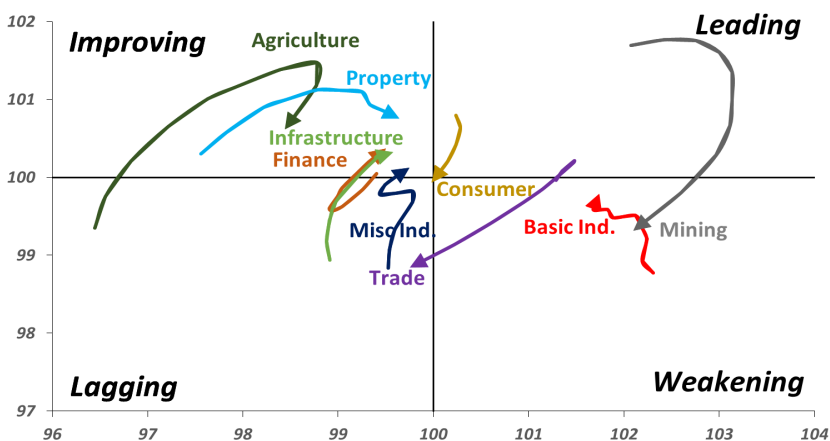
Action Trading buy. Cut Loss If Below 26300



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	6,015	6,356				4.6	6,759.9							
Finance						15.5	2,021.4							
BBCA	22,925	21,900	25,400	Hold	10.8	29.3	565.2	23.7x	4.1x	18.7	1.1	7.1	10.4	1.0
BBRI	3,130	3,640	3,510	Hold	12.1	4.2	386.1	12.9x	2.4x	19.6	3.4	13.0	11.4	1.4
BMRI	7,375	8,000	10,300	Buy	39.7	16.4	344.2	15.4x	2.1x	14.4	2.7	(1.9)	43.7	1.4
BBNI	8,475	9,900	8,125	Hold	(4.1)	30.9	158.0	11.3x	1.6x	15.2	3.0	10.6	12.7	1.3
BBTN	3,100	3,570	3,790	Buy	22.3	25.5	32.8	10.5x	1.5x	15.2	1.8	15.1	16.1	1.4
BJTM	705	710	810	Hold	14.9	0.7	10.6	8.8x	1.4x	16.5	6.3	3.1	10.7	1.1
Consumer						(3.1)	1,372.3							
HMSP	3,690	4,730	4,575	Buy	24.0	(4.2)	429.2	34.6x	11.6x	33.3	2.9	2.5	(7.1)	1.4
GGRM	68,500	83,800	88,650	Buy	29.4	(7.8)	131.8	17.0x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	45,400	55,900	49,450	Hold	8.9	(3.8)	346.4	50.3x	49.4x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,675	8,900	9,625	Hold	11.0	(1.4)	101.2	25.8x	4.9x	20.0	1.8	4.5	10.6	1.2
INDF	7,025	7,625	8,175	Buy	16.4	(20.8)	61.7	14.9x	1.9x	13.2	3.3	(1.1)	0.7	1.1
KLBF	1,365	1,690	1,730	Buy	26.7	(12.2)	64.0	26.6x	4.6x	18.2	1.6	2.4	0.2	1.3
KAEF	2,610	2,700	3,280	Buy	25.7	(12.7)	14.5	43.3x	5.7x	14.0	0.7	24.4	27.4	1.3
Infrastructure						(8.6)	722.11							
TLKM	3,640	4,399	4,600	Buy	26.4	(15.4)	366.9	17.0x	3.7x	22.4	4.6	4.3	(14.3)	0.9
EXCL	2,370	2,960	3,800	Buy	60.3	(26.2)	25.3	74.6x	1.2x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,340	4,800	6,750	Buy	102.1	(50.0)	18.1	39.8x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,630	6,400	6,050	Buy	30.7	(9.2)	33.6	15.0x	2.1x	15.3	1.3	92.8	6.5	1.0
TBIG	5,025	6,425	6,050	Buy	20.4	(15.9)	22.8	9.8x	7.2x	92.7	3.4	8.4	16.1	0.6
INDY	3,740	3,060	5,000	Buy	33.7	356.1	19.5	3.8x	1.4x	46.6	2.9	263.6	166.7	1.0
Trade						(0.2)	762.1							
UNTR	35,750	35,400	42,350	Buy	18.5	34.7	133.4	15.8x	2.8x	18.6	2.5	39.0	68.7	1.1
AKRA	4,930	6,350	8,025	Buy	62.8	(26.1)	19.8	23.4x	2.3x	24.1	4.1	34.4	(22.8)	1.2
SCMA	2,460	2,480	3,200	Buy	30.1	(8.2)	36.0	25.9x	8.4x	34.8	2.4	15.0	19.3	0.9
MNCN	1,170	1,285	1,550	Buy	32.5	(37.8)	16.7	11.6x	1.7x	14.3	3.6	(0.4)	(28.3)	1.1
LPPF	9,000	10,000	11,250	Buy	25.0	(39.2)	26.3	13.7x	10.2x	81.7	5.1	5.9	1.2	1.2
ACES	1,215	1,155	1,425	Buy	17.3	21.5	20.8	24.9x	5.6x	24.0	1.9	21.5	35.7	0.9
RALS	1,395	1,200	1,400	Hold	0.4	7.3	9.9	22.4x	2.7x	12.2	2.6	(2.6)	407.0	0.8
MAPI	820	620	9,450	Buy	1,052.4	29.6	13.6	21.6x	3.1x	16.4	0.5	19.3	505.7	0.9
Property						(4.6)	394.0							
BSDE	1,700	1,700	1,850	Hold	8.8	(6.1)	32.7	7.1x	1.3x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	565	685	625	Hold	10.6	(11.0)	27.2	13.0x	2.5x	21.0	0.8	19.5	61.9	1.1
CTRA	1,035	1,185	1,370	Buy	32.4	(11.5)	19.2	23.8x	1.4x	6.1	0.5	6.8	(41.7)	1.2
SMRA	970	945	1,050	Hold	8.2	(27.3)	14.0	42.0x	2.1x	5.2	0.5	(2.5)	(40.0)	1.4
WSKT	2,350	2,210	2,810	Buy	19.6	1.3	31.9	6.1x	2.1x	37.7	2.4	68.6	314.5	1.3
PTPP	2,590	2,640	3,850	Buy	48.6	(16.7)	16.1	10.9x	1.4x	13.9	1.8	26.3	19.0	1.4
WIKA	1,650	1,550	2,150	Buy	30.3	(26.7)	14.8	13.1x	1.2x	9.2	1.6	64.1	(30.9)	0.9
ADHI	1,920	1,885	2,160	Hold	12.5	(15.8)	6.8	12.0x	1.2x	10.1	1.5	39.7	282.5	1.0
Misc Ind.						(19.1)	362.5							
ASII	7,000	8,300	9,300	Buy	32.9	(22.2)	283.4	15.1x	2.2x	15.3	2.6	14.4	(1.6)	1.2
Basic Ind.						31.1	615.1							
INTP	17,200	21,950	21,575	Buy	25.4	(8.0)	63.3	38.8x	2.6x	6.3	4.1	1.9	(46.2)	1.4
SMGR	8,675	9,900	11,550	Buy	33.1	(6.7)	51.5	30.7x	1.8x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,660	3,000	4,200	Hold	14.8	17.7	60.0	20.9x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,605	1,300	2,000	Buy	24.6	30.0	18.3	13.6x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	725	740	780	Hold	7.6	(28.9)	1.6	21.4x	0.9x	4.1	5.2	16.5	109.1	1.0
KRAS	430	424	500	Buy	16.3	(34.4)	8.3	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,575	6,000	6,275	Hold	12.6	12.8	99.4	21.7x	4.3x	22.8	1.5	25.3	3.8	0.8
BRPT	2,130	2,260	2,420	Hold	13.6	27.9	29.7	20.6x	2.0x	12.4	N/A	25.1	(5.3)	0.7
Mining						38.8	411.5							
ADRO	1,970	1,860	2,500	Buy	26.9	27.5	63.0	9.9x	1.3x	13.6	5.5	5.1	(23.4)	1.2
PTBA	3,960	2,460	3,950	Hold	(0.3)	82.9	45.6	8.2x	2.8x	38.7	8.0	26.4	67.1	1.1
ITMG	26,425	20,700	32,400	Buy	22.6	67.8	29.9	8.3x	2.4x	29.2	11.9	2.8	0.0	1.1
INCO	3,920	2,890	3,550	Hold	(9.4)	110.2	39.0	3444.6x	1.5x	(0.1)	N/A	18.4	N/A	1.2
ANTM	880	625	985	Hold	11.9	21.4	21.1	56.3x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	955	775	1,240	Buy	29.8	10.4	7.1	14.3x	1.2x	8.3	2.5	(0.6)	(18.1)	1.1
ELSA	392	372	625	Buy	59.4	27.3	2.9	N/A	0.9x	10.5	1.3	50.1	1267.6	1.2
Agriculture						(13.6)	99.0							
AALI	12,275	13,150	14,800	Buy	20.6	(14.9)	23.6	15.1x	1.3x	8.6	3.8	10.7	(55.6)	0.7
LSIP	1,165	1,420	1,380	Buy	18.5	(21.5)	7.9	15.7x	1.0x	6.2	3.0	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HOKI: Distributes Dividend of IDR14.2 Billion

HOKI distributed the cash dividends with the ratio of 29.6% from the 2017 net profit or equal to IDR14.2 billion. HOKI stated that the 2017 sales and net profit were stellar in light of challenging industrial conditions. In the 2018, HOKI will expand markets and improve efficiency and production capacity from 35 tons into 55 tons per hour in IV quarter. (Bisnis Indonesia)

CPRO: Is Potential for Obtaining Fund of IDR2.77 Trillion

CPRO is potential for obtaining the fund of IDR2.77 trillion through private placement dated June 8 2018. It will issue 19.1 billion new shares. The private placement is divided into two stages. First stage is to issue 5.4 billion shares of B series shares with the par value of IDR50; the second stage is to issue 13.7 billion shares of B series shares to Azian Bao Pte Ltd with the par value of IDR183. (Bisnis Indonesia)

LPKR: Issues Senior Notes of USD75 Million

LPKR will issue senior note in USD denomination worth USD75 million. The note has the coupon of 9.725% and maturity in 2020. It is issued by its Singapore-based subsidiary, Theta Capital Pte Ltd using the scheme of private placement. The amount of the note equal to IDR1.04 trillion will be spent on refinancing. (Kontan)

CENT: Targets Construction of 700 Towers

In 2018 CENT targets the construction of 700 towers dispersed in Sumatera and Java Islands. Until the end of 2017, it has 1,300 telecommunication towers; therefore, it allocates the capex of IDR1.2 trillion deriving from credit and internal cash. In October 2017, it had received the foreign syndication loan of USD195 million. (Bisnis Indonesia)

Domestic & Global News

China Increases the U.S. Import worth IDR971 Trillion

China plans to boost the U.S. based import ranging from agricultural products, manufacture-based goods to energy whose overall values are worth USD70 million. Besides, China likely imports soybeans, natural gas, crude, and coal from the U.S. However, trade negotiation proposed by China failed to reduce the trade deficit between both countries because China offered the hike of 53.8% in import. Of note, the U.S. export to China was USD130.4 billion in 2017. (CNBC)

Low Core Inflation

BI stated that low core inflation ahead of Eid Mubarak festive is underscored by the controlled inflation as BI concertedly maintains low inflation through its monetary stance. However, BI stated that the low core inflation does not reflect the sluggish public purchasing power, but it is mainly attributable to the fundamental factor such the correlation between supply and demand, exchange rate, international commodity prices, and partnership inflation. (Bisnis Indonesia)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	21:00	Factory Orders	Apr	-0.80%	-0.40%	1.60%
<i>04 - June</i>	USA	21:00	Durable Goods Orders	Apr F	-1.60%	--	-1.70%
Wednesday	USA	19:30	Trade Balance	Apr	-\$48.7B	-\$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	51.7	--	51.6
<i>04 - June</i>	11:00	CPI NSA MoM	May	0.21%	--	0.10%
	11:00	CPI Core YoY	May	2.75%	--	2.69%
	11:00	CPI YoY	May	3.23%	--	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 Stock Split Cum Dividend Date	ADMG, AMFG, BNBA, BUVA, CTBN, CTRA, GPRA, INDS, LMAS, PALM, PSKT, RICY, SPMA, TALF, WOOD MAPI (10 for 1) 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 Stock Buyback Cum Dividend Date	AKPI, APII, BMSR, BTEK, CENT, CFIN, JOKI, IBFN, IIKP, KIOS, KLBF, LPKR, MFIN, MKNT, OCAP, SKLT, SONA, TSPC PALM 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 Rights Listing Date Stock Split	ABBA, BACA, BRAM, BSWD, CITA, FAST, FISH, GEMA, IPCM, JRPT, KOBX, LPIN, MRAT, MYTX, OASA, PSDN, SKYB, TRIM, WICO BNII ELTY (1 for 10)
Thursday 07 - June	Annual Shareholder Meeting Rights Listing Date Rights Delisting Date	ADES, AISA, BTPN, BUMI, CKRA, CTTH, ESSA, GLOB, JKON, LCKM, MAMI, MINA, MTDL, OKAS, SMRA, SSIA, TIFA, TOBA, TRIO, WAPO BKSW, BRPT 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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