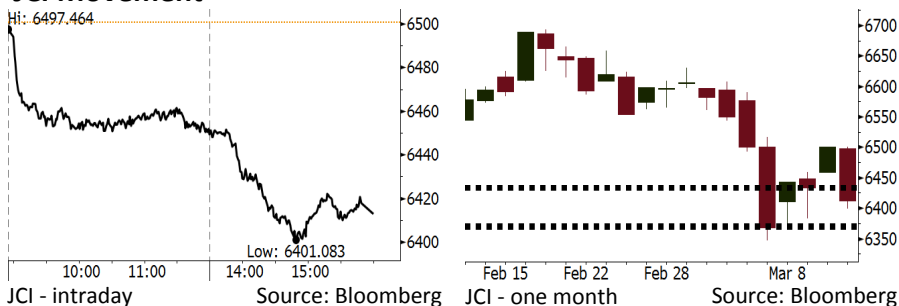


# Morning Brief

Daily | Mar 14, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Mar 13	6,412.85
Chg	-87.84pts (-1.35%)
Volume (bn shares)	91.52
Value (IDR tn)	6.77

Adv 158 Dec 203 Unc 221 Untr 107

Foreign Transaction		(IDR bn)
Buy		2,541
Sell		3,243
Net Buy (Sell)		(702)

Top Buy	NB Val.	Top Sell	NS Val.
BRPT	14.4	UNVR	87.8
KREN	10.4	TKIM	46.6
BKSL	7.3	MEDC	26.5
KLBF	6.0	BBCA	17.3
LPPF	5.3	BBRI	12.6

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SRIL	4.8%	TRAM	-4.7%
SCMA	4.7%	GGRM	-4.2%
BBTN	1.4%	TPIA	-4.2%
AKRA	1.3%	ICBP	-4.1%
SSMS	1.0%	PGAS	-4.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.77%	-0.04%
USD/IDR	13,752	-0.09%
KRW/IDR	12.92	0.04%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,007.03	(171.58)	-0.68%
S&P 500	2,765.31	(17.71)	-0.64%
Nasdaq	7,511.01	(77.31)	-1.02%
FTSE 100	7,138.78	(75.98)	-1.05%
CAC 40	5,242.79	(33.92)	-0.64%
DAX	12,221.03	(197.36)	-1.59%
Nikkei	21,968.10	144.07	0.66%
Hang Seng	31,601.45	7.12	0.02%
Shanghai	3,310.24	(16.46)	-0.50%
KOSPI	2,494.49	10.37	0.42%
EIDO	28.03	(0.54)	-1.89%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,326.5	3.4	0.26%
Crude Oil (USD /bbl)	60.71	(0.65)	-1.06%
Coal Newcas(USD/ton)	94.85	0.80	0.85%
Gas (USD /mmbtu)	2.79	0.01	0.29%
Nickel LME (USD /MT)	13,875	200.0	1.46%
CPO (MYR/Ton)	2,413	32.0	1.34%

## Indonesian Market Recap

JCI continued to lower yesterday amid investors' concerns about S&P statement of the further decline in rupiah to hit IDR15,000 per USD. **Top Losers: Consumer (-2.35%), Infrastructure (-2.10%), Mining (-1.75%).**

## Today's Outlook: Protectionism Escalates

We estimate JCI to lower with the **support range of 6368-6372 and resistance range of 6432-6435**. The negative sentiment derives from Trump decision to oust Secretary of State Rex Tillerson. Markets digested Trump's decision as an aggressive strategy for the U.S protectionism policy. Besides, the protectionism policy is also backed by Trump's plan to impose the import tariff and curb China's investment.

## Stocks Recommendation (details on the next page)

Trading Buy: JPFA, LSIP, INCO

## Global Market

### United States

The U.S. markets closed lower last night after Trump decided to oust Secretary of State Rex Tillerson.

### Europe

European markets dived yesterday. Investors reacted to Rex Tillerson's Ouster.

### Asia

Asia markets ended mixed yesterday as investors awaited the U.S. inflation data.

## Company News

- WSKT : Targets 2018's Revenue of IDR 55 Trillion
- GIAA : Will Issue Global Bond of USD750 Million
- WIKA : Secures New Contract of IDR10.45 Trillion until March
- ACES : Targets Increment of 10-15 New Stores

## Domestic & Global News

Bank Indonesia: Closing Window for Easing Doesn't Signal Hike  
Trump Shuffles Team by Firing Tillerson

## Indonesia Economic Data

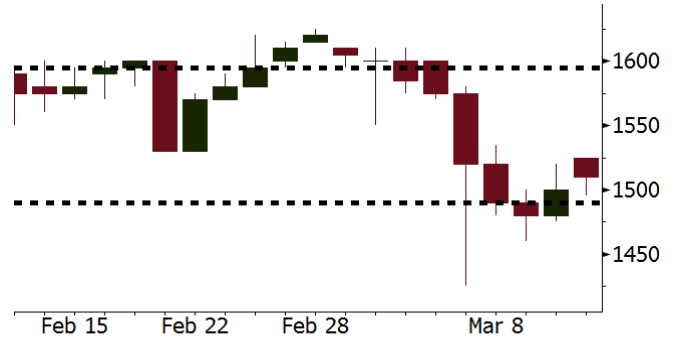
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.19%	5.06%
FX Reserve (USD bn)	128.06	131.98	Current Acc (USD bn)	(5.76)	(5.80)
Trd Balance (USD bn)	(0.68)	(0.27)	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	7.86%	6.93%	FDI (USD bn)	4.62	7.86
Imports Yoy	26.44%	17.83%	Business Confidence	111.02	112.39
Inflation Yoy	3.18%	3.25%	Cons. Confidence*	122.50	126.10

**JPFA** Last = 1510

**Analysis** Bank Indonesia stated that 1Q18's domestic household consumption performance improved along with the distribution of IDR2.92 trillion for village fund budget.

**Range** 1490 – 1595

**Action** Trading Buy. Cut Loss If Below 1490



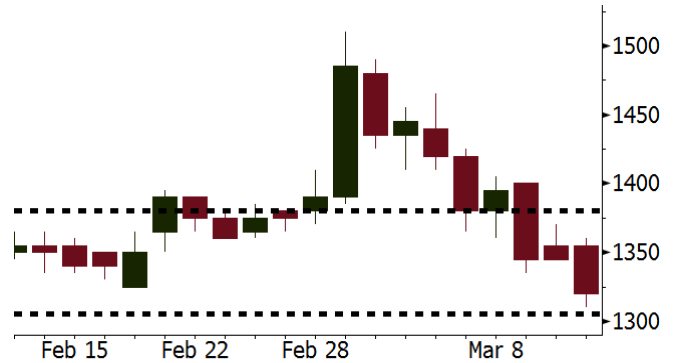
Source: Bloomberg

**LSIP** Last = 1320

**Analysis** Global CPO price rebounds by 1.34% backed by the estimate of higher demand starting in April.

**Range** 1305 – 1380

**Action** Trading Buy. Cut Loss If Below 2350



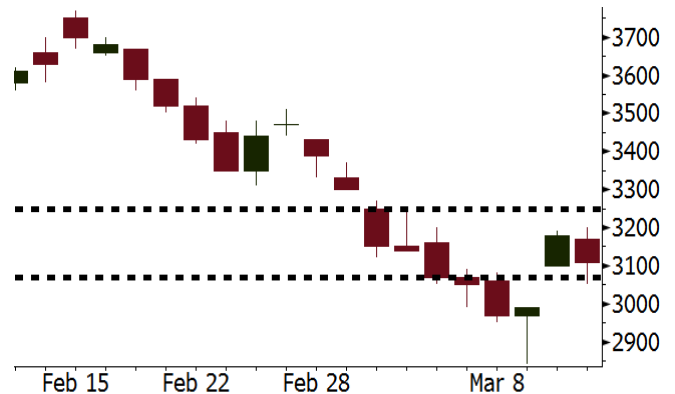
Source: Bloomberg

**INCO** Last = 3110

**Analysis** Global nickel price increased by 1.46% yesterday as it was triggered by the dramatic decline in dollar after Rex Tillerson's ouster by Trump.

**Range** 3070 - 3250

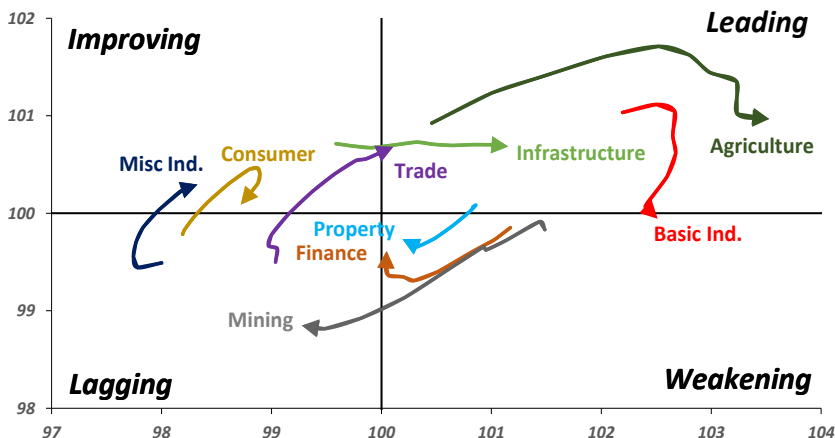
**Action** Trading buy. Cut Loss If Below 35825



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
<b>JCI Index</b>						18.6	7,257.0							
<b>Finance</b>						41.0	2,207.0							
BBCA	23,450	21,900	24,100	Hold	2.8	50.8	578.2	24.8x	4.4x	19.1	0.9	7.2	13.1	0.9
BBRI	3,760	3,640	4,700	Buy	25.0	55.7	463.8	15.9x	2.8x	18.5	2.3	10.2	10.7	1.3
BMRI	8,175	8,000	10,300	Buy	26.0	43.4	381.5	18.5x	2.3x	13.0	1.6	5.9	49.5	1.4
BBNI	9,250	9,900	10,825	Buy	17.0	45.7	172.5	12.7x	1.7x	14.7	2.3	11.2	19.7	1.3
BBTN	3,750	3,570	3,790	Hold	1.1	76.9	39.7	13.1x	1.8x	14.8	1.3	13.3	15.8	0.9
BJTM	700	710	810	Buy	15.7	20.7	10.5	9.0x	1.3x	15.4	6.3	0.6	12.5	1.3
<b>Consumer</b>						10.0	1,521.0							
HMSP	4,210	4,730	5,000	Buy	18.8	4.5	489.7	38.8x	14.4x	37.1	2.6	3.8	(0.9)	1.2
GGRM	73,900	83,800	97,825	Buy	32.4	17.3	142.2	19.0x	3.6x	19.4	3.5	9.4	17.8	1.3
UNVR	50,450	55,900	49,450	Hold	(2.0)	19.0	384.9	55.0x	74.4x	141.8	1.7	2.9	9.5	1.1
ICBP	8,725	8,900	10,200	Buy	16.9	4.8	101.8	26.7x	5.4x	21.4	1.8	3.6	7.4	1.3
INDF	7,500	7,625	8,000	Hold	6.7	(5.7)	65.9	16.3x	2.1x	14.1	3.1	6.5	8.4	1.1
KLBF	1,520	1,690	2,020	Buy	32.9	2.4	71.3	30.0x	5.6x	19.8	1.4	5.0	4.5	1.1
KAEF	2,310	2,700	3,280	Buy	42.0	26.9	12.8	44.9x	5.4x	12.3	0.4	8.4	10.4	1.3
<b>Infrastructure</b>						7.8	821.14							
TLKM	4,090	4,440	5,450	Buy	33.3	4.0	412.3	18.0x	4.5x	25.9	4.8	12.5	21.0	1.1
EXCL	2,650	2,960	3,800	Buy	43.4	(11.7)	28.3	76.2x	1.3x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,600	4,800	6,750	Buy	20.5	(20.0)	30.4	22.5x	2.2x	9.9	1.3	4.8	29.0	0.5
JSMR	5,150	6,400	6,050	Buy	17.5	14.2	37.4	17.0x	2.5x	15.3	1.5	110.6	9.5	0.9
TBIG	5,850	6,425	6,050	Hold	3.4	14.1	26.5	22.4x	15.5x	76.3	2.6	7.8	(25.2)	0.7
INDY	3,710	3,060	5,050	Buy	36.1	437.7	19.3	47.1x	2.1x	4.6	N/A	22.4	N/A	1.0
<b>Trade</b>						7.3	769.9							
UNTR	35,200	35,400	39,425	Hold	12.0	38.6	131.3	17.7x	2.9x	17.2	1.9	41.8	48.0	1.2
AKRA	5,850	6,350	8,025	Buy	37.2	(6.8)	23.4	24.8x	3.2x	17.8	2.6	22.6	(9.6)	1.0
SCMA	2,880	2,480	3,250	Hold	12.8	4.0	42.1	29.2x	9.9x	35.3	2.0	0.2	(5.4)	0.8
MNCN	1,510	1,285	1,500	Hold	(0.7)	(13.7)	21.6	18.3x	2.2x	11.7	2.8	2.2	(11.9)	1.0
LPPF	11,650	10,000	13,750	Buy	18.0	(10.7)	34.0	17.8x	14.6x	91.2	4.2	1.3	(5.5)	1.3
ACES	1,380	1,155	1,150	Sell	(16.7)	72.5	23.7	30.9x	7.1x	24.8	1.2	18.9	10.5	0.9
RALS	1,265	1,200	1,200	Hold	(5.1)	7.7	9.0	20.5x	2.5x	12.3	2.8	(3.1)	3.8	1.0
MPPA	424	452	450	Hold	6.1	(63.6)	2.3	N/A	1.1x	(17.1)	N/A	(6.7)	N/A	1.8
<b>Property</b>						4.3	442.4							
BSDE	1,745	1,700	1,800	Hold	3.2	0.9	33.6	6.8x	1.3x	21.4	0.3	56.7	172.3	1.2
PWON	635	685	760	Buy	19.7	11.4	30.6	17.2x	3.1x	19.6	0.7	20.9	8.3	1.1
CTRA	1,200	1,185	1,440	Buy	20.0	(5.1)	22.3	22.3x	1.7x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	990	945	1,160	Buy	17.2	(26.9)	14.3	38.2x	2.3x	6.1	0.5	10.5	100.0	1.3
PPRO	189	189	215	Hold	13.8	(36.1)	11.8	12.4x	2.6x	10.5	0.7	26.0	5.6	0.9
WSKT	2,680	2,210	2,810	Hold	4.9	12.6	36.4	6.4x	2.6x	31.0	1.4	90.1	126.5	1.2
PTPP	3,000	2,640	4,770	Buy	59.0	(12.0)	18.6	12.8x	1.6x	13.8	1.7	30.6	13.6	1.2
WIKA	1,800	1,550	2,150	Buy	19.4	(27.1)	16.1	11.1x	1.4x	15.8	1.9	70.0	8.5	1.0
ADHI	2,290	1,885	2,160	Hold	(5.7)	(0.9)	8.2	20.2x	1.5x	7.5	1.2	37.0	64.4	1.0
<b>Misc Ind.</b>						(6.2)	391.1							
ASII	7,700	8,300	9,300	Buy	20.8	(6.7)	311.7	16.5x	2.5x	16.0	2.2	13.8	24.6	1.3
<b>Basic Ind.</b>						32.8	586.2							
INTP	20,400	21,950	21,575	Hold	5.8	31.6	75.1	35.3x	3.1x	8.6	4.6	(7.3)	(55.3)	1.4
SMGR	10,525	9,900	11,550	Hold	9.7	12.0	62.4	20.4x	2.2x	10.9	2.9	7.7	(50.2)	1.3
CPIN	3,420	3,000	4,160	Buy	21.6	6.9	56.1	33.3x	3.7x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,510	1,300	1,970	Buy	30.5	(5.3)	17.2	17.2x	1.9x	11.0	3.3	9.4	(53.4)	0.9
MAIN	715	740	780	Hold	9.1	(41.4)	1.6	27.0x	0.9x	3.4	5.3	2.5	(99.0)	1.1
KRAS	490	424	500	Hold	2.0	(25.2)	9.5	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.1
TPIA	5,750	6,000	6,275	Hold	9.1	23.2	102.5	22.6x	4.5x	22.8	2.2	25.3	3.8	0.7
BRPT	2,560	2,260	2,420	Hold	(5.5)	93.2	35.7	25.0x	2.4x	12.4	N/A	25.1	(5.3)	0.2
<b>Mining</b>						37.6	411.1							
ADRO	2,170	1,860	2,720	Buy	25.3	33.5	69.4	10.5x	1.5x	14.6	2.7	29.1	44.5	1.1
PTBA	2,930	2,460	4,085	Buy	39.4	40.9	33.8	6.9x	2.3x	37.3	1.9	38.5	123.2	1.3
ITMG	28,000	20,700	31,125	Hold	11.2	71.8	31.6	8.9x	2.3x	27.1	8.7	23.5	91.7	0.9
INCO	3,110	2,890	3,550	Hold	14.1	34.1	30.9	N/A	1.2x	(0.6)	N/A	7.7	N/A	1.5
ANTM	880	625	1,090	Buy	23.9	21.4	21.1	154.8x	1.1x	0.7	N/A	39.0	89.3	1.0
TINS	1,150	775	1,500	Buy	30.4	18.6	8.6	18.2x	1.5x	8.0	0.9	53.8	N/A	1.1
ELSA	488	372	625	Buy	28.1	27.7	3.6	16.3x	1.2x	7.8	0.9	37.5	(20.5)	1.0
<b>Agriculture</b>						(8.6)	107.1							
AALI	14,000	13,150	18,375	Buy	31.3	(6.8)	26.9	13.4x	1.5x	11.4	3.7	22.5	N/A	0.6
LSIP	1,320	1,420	1,800	Buy	36.4	(11.1)	9.0	11.8x	1.1x	9.7	2.7	23.1	28.7	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WSKT : Targets 2018's Revenue of IDR 55 Trillion**

WSKT is optimistic about 2018's financial performance and targets the growth of 22% or equal to IDR55 trillion in revenue than 2017's growth. Part of its revenue sources from the payment of IDR6 trillion to be settled in Q318, and the new contracts. The increment in new contracts with interesting margin allows WSKT to target the net profit of IDR5 trillion or increasing by 67% from 2017's net profit. (Kontan)

### **WIKA : Secures New Contract of IDR10.45 Trillion until March**

WIKA secures the new contract of IDR10.45 trillion until the mid of March 2018. Most of the new contract amounting to IDR7.55 trillion derive from the infrastructure sector, IDR2.05 trillion derives from the industry sector, IDR662 billion is contributed by the energy and industrial plant sector, and IDR196 billion comes from the property sector. (Bisnis Indonesia)

### **GIAA : Will Issue Global Bond of USD750 Million**

GIAA plans to issue the global bond of USD750 million with maturity in 2023 and per 6-month coupon payment. The global bond is offered to the domestic and foreign investors. GIAA will allocated USD250 million to its internal cash and the remaining will be used to refinance its debt, particularly bond worth IDR2 trillion with rupiah denomination and maturity in July 2018. (Bisnis)

### **ACES : Targets Increment of 10-15 New Stores**

ACES is optimistic about the increment of 10-15 new stores to be launched in 2018 as the market Indonesia shows the opportune backdrop. The optimism is also spurred by the upbeat demand and rosier growth in the national economy. Around 60% of its new stores will be located in Java, and the remaining stores will be located outside Java Island. One new store worth IDR40 billion in investment; thus, it allocates the capex of IDR400-600 billion in 2018. (Kontan)

## Domestic & Global News

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### **Bank Indonesia: Closing Window for Easing Doesn't Signal Hike**

Bank Indonesia's monetary policy stance remains neutral and closing window for easing doesn't mean central bank will raise rates, according to Governor Agus Martowardojo. Low inflation will support country's economic growth and it will be a consideration at bank's next monetary policy meeting, Martowardojo tells reporters on Tuesday. Bank Indonesia maintains 2018 inflation estimate at 2.5%-4.5%. (Bloomberg)

### **Trump Shuffles Team by Firing Tillerson**

President Donald Trump ousted U.S. Secretary of State Rex Tillerson on Tuesday, ending a rocky tenure in an abrupt move that stunned the former Exxon Mobil Corp. CEO and set in motion a shakeup of the administration's foreign policy team. Trump announced Tillerson's ouster in a tweet shortly before 9 a.m. after weeks of staff turmoil, saying he would nominate CIA Director Mike Pompeo as secretary of state. (Bloomberg)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	JPN	06:50	PPI YoY	Feb	2.50%	2.50%	2.70%
<i>13 - Mar</i>	JPN	11:30	Tertiary Industry Index MoM	Jan	-0.60%	-0.30%	-0.20%
	USA	19:30	CPI MoM	Feb	0.20%	0.20%	0.50%
	USA	19:30	CPI Ex Food and Energy MoM	Feb	0.20%	0.20%	0.30%
	USA	19:30	CPI YoY	Feb	2.20%	2.20%	2.10%
	USA	19:30	CPI Ex Food and Energy YoY	Feb	1.80%	1.80%	1.80%
<b>Wednesday</b>	JPN	06:50	Core Machine Orders MoM	Jan		5.20%	-11.90%
<i>14 - Mar</i>	GER	14:00	CPI MoM	Feb F		0.50%	0.50%
	GER	14:00	CPI YoY	Feb F		1.40%	1.40%
	USA	19:30	Retail Sales Advance MoM	Feb		0.30%	-0.30%
	USA	19:30	Retail Sales Ex Auto MoM	Feb		0.30%	0.00%
	USA	19:30	Retail Sales Ex Auto and Gas	Feb		0.30%	-0.20%
	USA	19:30	Retail Sales Control Group	Feb		0.40%	0.00%
	USA	19:30	PPI Final Demand MoM	Feb		0.10%	0.40%
	USA	19:30	PPI Ex Food and Energy MoM	Feb		0.20%	0.40%
	USA	19:30	PPI Ex Food, Energy, Trade MoM	Feb		0.20%	0.40%
	USA	19:30	PPI Final Demand YoY	Feb		2.80%	2.70%
	USA	19:30	PPI Ex Food and Energy YoY	Feb		2.60%	2.20%
<b>Thursday</b>	USA	19:30	Import Price Index MoM	Feb		0.30%	1.00%
<i>15 - Mar</i>	USA	19:30	Import Price Index ex Petroleum MoM	Feb		0.20%	0.50%
<b>Friday</b>	EU	17:00	CPI YoY	Feb F		1.20%	1.30%
<i>16 - Mar</i>	EU	17:00	CPI MoM	Feb		0.20%	-0.90%
	USA	19:30	Housing Starts	Feb		1286k	1326k
	USA	20:15	Industrial Production MoM	Feb		0.30%	-0.10%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b>	11:00	Imports YoY	Feb			26.44%
<i>15 - Mar</i>	11:00	Exports YoY	Feb			7.86%
	11:00	Trade Balance	Feb			-\$677m

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Thursday</b>	Annual & Extraordinary Shareholder Meeting	WOMF
<i>15 - Mar</i>		

Source: Bloomberg

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