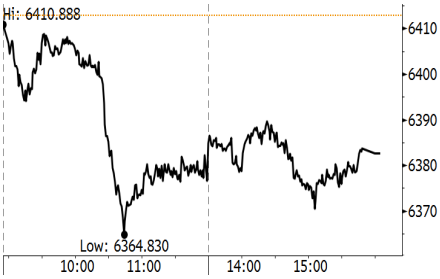
Morning Brief

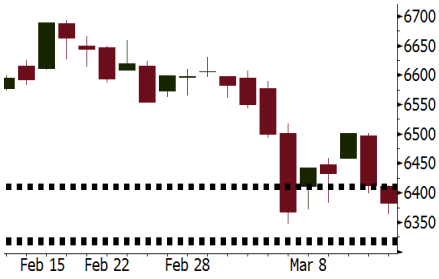
NH KORINDO SEKURITAS

Daily | Mar 15, 2018

JCI Movement



JCI - intraday Source: Bloomberg



JCI - one month Source: Bloomberg

Indonesian Market Recap

JCI closed lower yesterday amid the global jitters triggered by the turmoil of Trump's administration. **Top Losers: Mining (-2.01%), Miscellaneous Industries (-1.37%), Property (-1.32%).**

Today's Outlook: Trade War between China and the U.S.

Today we estimate JCI to move lower with the support **range of 6314-6321 and resistance range 6409-6412**. The release of the U.S. retail sales data indicating a decline should constitute as a positive sentiment. However, the global makets' concerns about the heated potential for trade war between the U.S. and China constitutes as a current negative sentiment. From domestic outlook, investors need to digest the release of Janauary's trade balance.

Stocks Recommendation *(details on the next page)*

Trading Buy: LSIP, CPIN, BBRI

Global Market

United States

The U.S. markets closed lower last night as investor concerned about trade war between China and the U.S.

Europe

European markets closed lower last night after jitters relating to the potential trade war re-appeared.

Asia

Asia markets closed lower yesterday after Trump ousted Rex Tillerson and the heightened possibility of import tariff imposed on China by the U.S.

Company News

TLKM : Posts Net Profit of IDR22.14 Trillion
AALI : Allocates Capex of IDR2 Trillion
MIDI : Starts to Develop Lawson
PTPP : Allocates Capex of IDR15 Trillion

Domestic & Global News

Bank Indonesia to Use Reserves for Exchange Rate Stabilization
Retail sales decline for third straight month in February

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

IHSG (Jakarta Composite Index)

Mar 14	6,382.62
Chg	-30.22pts (-0.47%)
Volume (bn shares)	118.24
Value (IDR tn)	7.04

Adv 144 Dec 220 Unc 218 Untr 116

Foreign Transaction (IDR bn)

Buy	2,167
Sell	2,764
Net Buy (Sell)	(597)

Top Buy	NB Val.	Top Sell	NS Val.
BBNI	28.4	ASII	70.1
BKSL	28.0	BMRI	58.2
KREN	17.5	BBCA	57.9
INKP	15.9	TLKM	57.7
CPIN	15.6	UNTR	52.3

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
HMSP	2.4%	INDY	-4.9%
BBNI	2.2%	ADRO	-4.6%
INCO	1.3%	UNTR	-4.3%
SRIL	0.6%	BUMI	-4.1%
TRAM	0.5%	LPPF	-3.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.69%	-0.08%
USD/IDR	13,734	-0.13%
KRW/IDR	12.92	0.04%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,758.12	(248.91)	-1.00%
S&P 500	2,749.48	(15.83)	-0.57%
Nasdaq	7,496.81	(14.20)	-0.19%
FTSE 100	7,132.69	(6.09)	-0.09%
CAC 40	5,233.36	(9.43)	-0.18%
DAX	12,237.74	16.71	0.14%
Nikkei	21,777.29	(190.81)	-0.87%
Hang Seng	31,435.01	(166.44)	-0.53%
Shanghai	3,291.38	(18.86)	-0.57%
KOSPI	2,486.08	(8.41)	-0.34%
EIDO	27.86	(0.17)	-0.61%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,324.9	(1.7)	-0.13%
Crude Oil (USD /bbl)	60.96	0.25	0.41%
Coal Newcas(USD/ton)	92.25	(0.70)	-0.75%
Gas (USD /mmbtu)	2.73	(0.06)	-1.97%
Nickel LME (USD /MT)	13,835	(40.0)	-0.29%
CPO (MYR/Ton)	2,440	27.0	1.12%

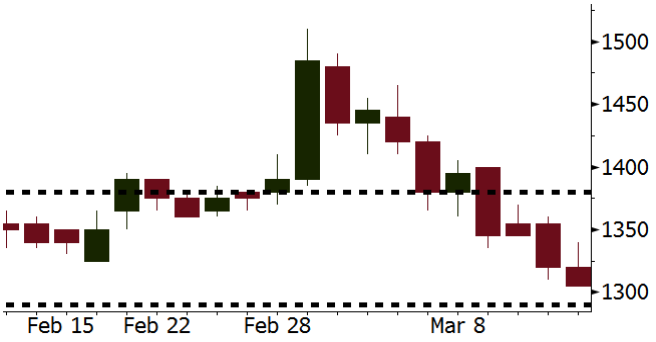
Stocks Recommendation

LSIP Last = 1305

Analysis: Global CPO price continues to rally for straight 3 days boosted by the soy-oil market performance and the expectancy of recovery in export in the next couple weeks ahead.

Range: 1290 – 1380

Action: Trading Buy. Cut Loss If Below 1290



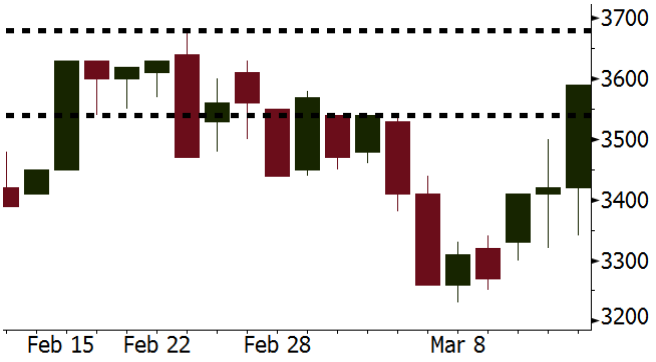
Source: Bloomberg

CPIN Last = 3590

Analysis: CPIN consistently builds the cutting edge chicken farms with close house based technology and efficiently bolsters production amid the opportune industrial climate.

Range: 3540 – 3680

Action: Trading Buy. Cut Loss If Below 3540



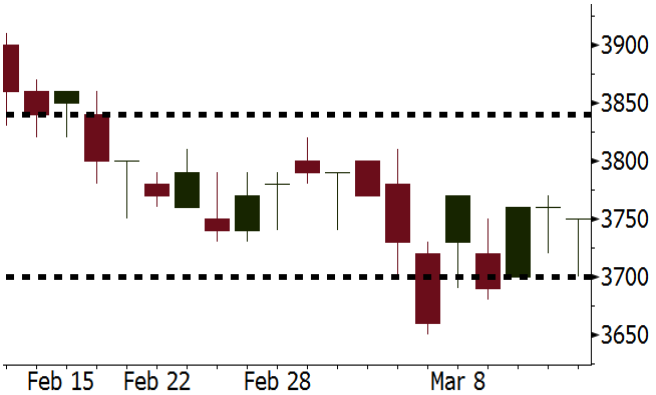
Source: Bloomberg

BBRI Last = 3750

Analysis: S&P stated that banking asset quality in Indonesia will continuously better off.

Range: 3700 - 3840

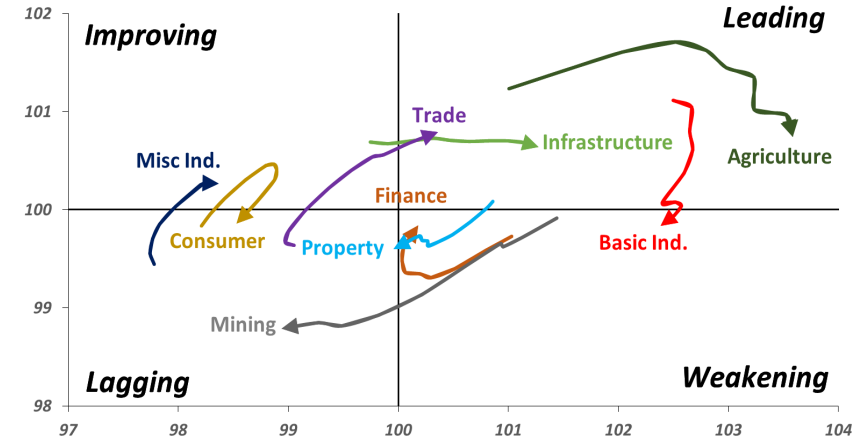
Action: Trading buy. Cut Loss If Below 3700



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						17.5	7,159.1							
Finance						40.4	2,189.1							
BBCA	23,400	21,900	24,100	Hold	3.0	49.3	576.9	24.8x	4.4x	19.1	0.9	7.2	13.1	0.9
BBRI	3,750	3,640	4,700	Buy	25.3	55.6	462.5	15.8x	2.7x	18.5	2.3	10.2	10.7	1.3
BMRI	8,200	8,000	10,300	Buy	25.6	43.5	382.7	18.5x	2.3x	13.0	1.6	5.9	49.5	1.4
BBNI	9,450	9,900	10,825	Hold	14.6	48.2	176.2	12.9x	1.8x	14.7	2.3	11.2	19.7	1.3
BBTN	3,680	3,570	3,790	Hold	3.0	62.8	39.0	12.9x	1.8x	14.8	1.3	13.3	15.8	0.9
BJTM	695	710	810	Buy	16.5	16.8	10.4	9.0x	1.3x	15.4	6.3	0.6	12.5	1.3
Consumer						10.0	1,485.3							
HMSP	4,310	4,730	5,000	Buy	16.0	6.7	501.3	39.7x	14.7x	37.1	2.5	3.8	(0.9)	1.2
GGRM	72,500	83,800	97,825	Buy	34.9	12.4	139.5	18.6x	3.5x	19.4	3.6	9.4	17.8	1.3
UNVR	50,125	55,900	49,450	Hold	(1.3)	18.8	382.5	54.6x	73.9x	141.8	1.7	2.9	9.5	1.1
ICBP	8,700	8,900	10,200	Buy	17.2	3.9	101.5	26.6x	5.4x	21.4	1.8	3.6	7.4	1.3
INDF	7,325	7,625	8,000	Hold	9.2	(7.6)	64.3	15.9x	2.1x	14.1	3.2	6.5	8.4	1.1
KLBF	1,475	1,690	2,020	Buy	36.9	(0.3)	69.1	29.1x	5.5x	19.8	1.5	5.0	4.5	1.1
KAEF	2,320	2,700	3,280	Buy	41.4	25.7	12.9	45.1x	5.5x	12.3	0.4	8.4	10.4	1.3
Infrastructure						5.4	803.87							
TLKM	4,060	4,440	5,450	Buy	34.2	0.7	409.2	17.8x	4.4x	25.9	4.8	10.2	13.9	1.1
EXCL	2,590	2,960	3,800	Buy	46.7	(15.1)	27.7	74.5x	1.3x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,575	4,800	6,750	Buy	21.1	(20.4)	30.3	22.4x	2.2x	9.9	1.3	4.8	29.0	0.5
JSMR	4,990	6,400	6,050	Buy	21.2	7.8	36.2	16.5x	2.4x	15.3	1.6	110.6	9.5	0.9
TBIG	5,800	6,425	6,050	Hold	4.3	14.9	26.3	22.2x	15.4x	76.3	2.6	7.8	(25.2)	0.7
INDY	3,530	3,060	5,050	Buy	43.1	404.3	18.4	44.8x	2.0x	4.6	N/A	22.4	N/A	1.0
Trade						5.6	769.9							
UNTR	33,700	35,400	39,425	Buy	17.0	29.9	125.7	17.0x	2.8x	17.2	2.0	41.8	48.0	1.2
AKRA	5,750	6,350	8,025	Buy	39.6	(8.4)	23.0	24.4x	3.1x	17.8	2.6	22.6	(9.6)	1.0
SCMA	2,850	2,480	3,250	Hold	14.0	2.9	41.7	28.9x	9.8x	35.3	2.0	0.2	(5.4)	0.8
MNCN	1,480	1,285	1,500	Hold	1.4	(13.2)	21.1	17.9x	2.2x	11.7	2.8	2.2	(11.9)	1.0
LPPF	11,200	10,000	13,750	Buy	22.8	(14.8)	32.7	17.1x	14.0x	91.2	4.3	1.3	(5.5)	1.3
ACES	1,365	1,155	1,150	Sell	(15.8)	72.8	23.4	30.6x	7.1x	24.8	1.2	18.9	10.5	0.9
RALS	1,265	1,200	1,200	Hold	(5.1)	10.0	9.0	20.5x	2.5x	12.3	2.8	(3.1)	3.8	1.0
MPPA	422	452	450	Hold	6.6	(63.1)	2.3	N/A	1.1x	(17.1)	N/A	(6.7)	N/A	1.8
Property						3.3	436.8							
BSDE	1,720	1,700	1,800	Hold	4.7	(1.1)	33.1	6.7x	1.3x	21.4	0.3	56.7	172.3	1.2
PWON	620	685	760	Buy	22.6	8.8	29.9	16.8x	3.0x	19.6	0.7	20.9	8.3	1.1
CTRA	1,195	1,185	1,440	Buy	20.5	(4.8)	22.2	22.2x	1.7x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	965	945	1,160	Buy	20.2	(29.3)	13.9	37.2x	2.2x	6.1	0.5	10.5	100.0	1.3
PPRO	187	189	215	Hold	15.0	(36.4)	11.7	12.2x	2.5x	10.5	0.7	26.0	5.6	0.9
WSKT	2,620	2,210	2,810	Hold	7.3	10.5	35.6	6.3x	2.5x	31.0	1.4	90.1	126.5	1.2
PTPP	3,000	2,640	4,770	Buy	59.0	(12.5)	18.6	12.8x	1.6x	13.8	1.7	30.6	13.6	1.2
WIKA	1,785	1,550	2,150	Buy	20.4	(28.0)	16.0	11.0x	1.4x	15.8	1.9	67.1	(15.5)	1.0
ADHI	2,210	1,885	2,160	Hold	(2.3)	(5.2)	7.9	15.3x	1.3x	9.1	1.2	37.0	64.4	1.0
Misc Ind.						(7.0)	387.5							
ASII	7,575	8,300	9,300	Buy	22.8	(7.6)	306.7	16.2x	2.5x	16.0	2.2	13.8	24.6	1.3
Basic Ind.						32.4	576.4							
INTP	20,300	21,950	21,575	Hold	6.3	31.8	74.7	35.1x	3.1x	8.6	4.6	(7.3)	(55.3)	1.4
SMGR	10,475	9,900	11,550	Hold	10.3	13.9	62.1	20.3x	2.2x	10.9	2.9	7.7	(50.2)	1.3
CPIN	3,590	3,000	4,160	Buy	15.9	13.6	58.9	35.0x	3.9x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,495	1,300	1,970	Buy	31.8	(6.6)	17.1	17.1x	1.8x	11.0	3.3	9.4	(53.4)	0.9
MAIN	705	740	780	Hold	10.6	(42.0)	1.6	26.6x	0.9x	3.4	5.4	2.5	(99.0)	1.1
KRAS	482	424	500	Hold	3.7	(26.4)	9.3	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.1
TPIA	5,725	6,000	6,275	Hold	9.6	22.3	102.1	22.5x	4.5x	22.8	2.2	25.3	3.8	0.7
BRPT	2,490	2,260	2,420	Hold	(2.8)	86.5	34.8	24.3x	2.3x	12.4	N/A	25.1	(5.3)	0.2
Mining						33.2	403.9							
ADRO	2,070	1,860	2,720	Buy	31.4	25.8	66.2	10.0x	1.4x	14.6	2.9	29.1	44.5	1.1
PTBA	2,850	2,460	4,085	Buy	43.3	31.9	32.8	6.7x	2.2x	37.3	2.0	38.5	123.2	1.3
ITMG	26,400	20,700	31,125	Buy	17.9	57.1	29.8	8.4x	2.2x	27.1	9.3	23.5	91.7	0.9
INCO	3,150	2,890	3,550	Hold	12.7	37.0	31.3	N/A	1.3x	(0.6)	N/A	7.7	N/A	1.5
ANTM	880	625	1,090	Buy	23.9	24.8	21.1	154.8x	1.1x	0.7	N/A	39.0	89.3	1.0
TINS	1,105	775	1,500	Buy	35.7	15.7	8.2	17.5x	1.4x	8.0	0.9	53.8	N/A	1.1
ELSA	486	372	625	Buy	28.6	25.3	3.5	16.2x	1.2x	7.8	0.9	37.5	(20.5)	1.0
Agriculture						(9.1)	106.4							
AALI	13,750	13,150	18,375	Buy	33.6	(9.1)	26.5	13.2x	1.5x	11.4	3.8	22.5	N/A	0.6
LSIP	1,305	1,420	1,800	Buy	37.9	(12.4)	8.9	11.6x	1.1x	9.7	2.7	23.1	28.7	0.8

*** Target Price for December 2018**

Source: Bloomberg, NHKS Research

Company News

TLKM : Posts Net Profit of IDR22.14 Trillion

TLKM posted 2017's net profit amounting to IDR22.14 trillion picking up by 14.43% compared to 2016's net profit. Its 2017 revenue also grew by 10.26% into IDR128.26 trillion compared to 2016's revenue. However, the growth declined compared to the growth posted from 2015 to 2016. In 2016, it respectively posted revenue and net profit of 13.53% and 24.94%. (Kontan)

AALI : Allocates Capex of IDR2 Trillion

AALI allocated 2018 capex of IDR1.8-IDR2 trillion stemming from internal cash and banking loan. The budget will be allocated more for the construction of oil palm mill and the increment in productive land. The construction of new mill with production capacity of 45 ton per hour will offset the increment in productive plantation areas. (Bisnis Indonesia)

MIDI : Starts to Develop Lawson

MIDI established new company to carry on and develop the Japan based franchise business, Lawson. The new company operates in the retail sector. Until the present time, Lawson has 37 stores and in the years ahead, it will be more selective in improving new stores. MIDI expects that the establishment of this subsidiary will strengthen and optimize company's profitability. (Bisnis Indonesia)

PTPP : Allocates Capex of IDR15 Trillion

PTPP allocates 2018's capex of IDR15 trillion hiking from 2017's capex of IDR7 trillion. Now, PTPP has obtained four new contracts to be settled in the end of 2018 and the early of 2019. In 2018, it targets the total contract amounting to IDR49 trillion (+20% y-y) deriving from the toll road, bridge airport, water supply system sectors. (Kontan)

Domestic & Global News

Bank Indonesia to Use Reserves for Exchange Rate Stabilization

Central bank committed to guard rupiah to be in line with fundamentals as the current level seen as "undervalued," Doddy Zulverdi, executive director for monetary management at Bank Indonesia, tells reporters in Jakarta on Wednesday. BI says ready with ammunition to bring the exchange rate to fundamental level, and market has an ample liquidity. Global factors play a dominant role in rupiah depreciation, while domestic condition remains supportive. (Bloomberg)

Retail sales decline for third straight month in February

U.S. retail sales fell for a third straight month in February as households cut back on purchases of motor vehicles and other big-ticket items, pointing to a slowdown in economic growth in the first quarter. The Commerce Department said on Wednesday that retail sales slipped 0.1 percent last month. It was the first time since April 2012 that retail sales have declined for three straight month. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	JPN	06:50	PPI YoY	Feb	2.50%	2.50%	2.70%
13 - Mar	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%
Wednesday	JPN	06:50	Core Machine Orders MoM	Jan	8.20%	5.20%	-11.90%
14 - Mar	GER	14:00	CPI MoM	Feb F	0.50%	0.50%	0.50%
	GER	14:00	CPI YoY	Feb F	1.40%	1.40%	1.40%
	USA	19:30	Retail Sales Advance MoM	Feb	-0.10%	0.30%	-0.30%
	USA	19:30	Retail Sales Ex Auto MoM	Feb	0.20%	0.30%	0.00%
	USA	19:30	PPI Final Demand MoM	Feb	0.20%	0.10%	0.40%
	USA	19:30	PPI Ex Food and Energy MoM	Feb	0.20%	0.20%	0.40%
	USA	19:30	PPI Final Demand YoY	Feb	2.80%	2.80%	2.70%
	USA	19:30	PPI Ex Food and Energy YoY	Feb	2.50%	2.60%	2.20%
Thursday	USA	19:30	Import Price Index MoM	Feb		0.30%	1.00%
15 - Mar	USA	19:30	Import Price Index ex Petroleum MoM	Feb		0.20%	0.50%
Friday	EU	17:00	CPI YoY	Feb F		1.20%	1.30%
16 - Mar	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.
Thursday	11:00	Imports YoY	Feb		26.00%	26.44%
15 - Mar	11:00	Exports YoY	Feb		12.40%	7.86%
	11:00	Trade Balance	Feb		-$124m	-$677m

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Thursday *15 - Mar*	Annual & Extraordinary Shareholder Meeting	WOMF

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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