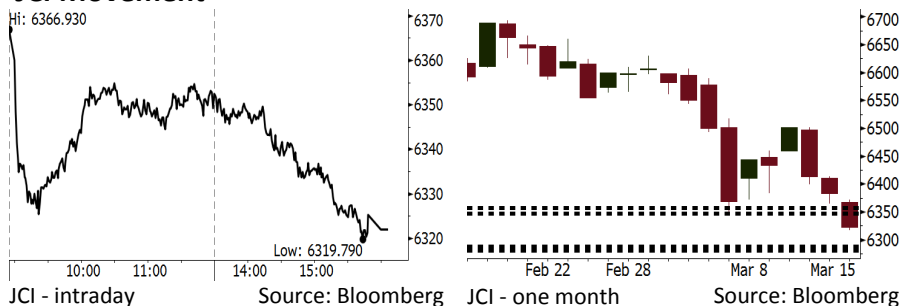


# Morning Brief

Daily | Mar 16, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Mar 15	6,321.90
Chg	-60.72pts (-0.95%)
Volume (bn shares)	121.91
Value (IDR tn)	8.36

Adv 110 Dec 244 Unc 228 Untr 115

## Foreign Transaction (IDR bn)

Buy	2,409
Sell	3,045
Net Buy (Sell)	(635)

Top Buy	NB Val.	Top Sell	NS Val.
SMGR	23.9	TLKM	277.5
AISA	20.3	BBRI	144.3
BBNI	19.4	HMSP	69.5
HRUM	13.7	UNVR	35.1
KREN	11.4	UNTR	34.7

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
GGRM	2.9%	PGAS	-4.6%
LPPF	2.7%	INDY	-4.3%
TPIA	2.6%	PTPP	-3.3%
BSDE	1.5%	TLKM	-3.2%
MNCN	1.4%	BBTN	-3.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	6.71%	0.02%
USD/IDR	13,749	0.11%
KRW/IDR	12.93	0.04%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,873.66	115.54	0.47%
S&P 500	2,747.33	(2.15)	-0.08%
Nasdaq	7,481.74	(15.07)	-0.20%
FTSE 100	7,139.76	7.07	0.10%
CAC 40	5,267.26	33.90	0.65%
DAX	12,345.56	107.82	0.88%
Nikkei	21,803.95	26.66	0.12%
Hang Seng	31,541.10	106.09	0.34%
Shanghai	3,291.11	(0.27)	-0.01%
KOSPI	2,492.38	6.30	0.25%
EIDO	27.45	(0.41)	-1.47%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,316.1	(8.8)	-0.66%
Crude Oil (USD /bbl)	61.19	0.23	0.38%
Coal Newcas(USD/ton)	95.00	0.50	0.53%
Gas (USD /mmbtu)	2.68	(0.05)	-1.83%
Nickel LME (USD /MT)	13,630	(205.0)	-1.48%
CPO (MYR/Ton)	2,445	5.0	0.20%

## Indonesian Market Recap

JCI closed lower yesterday due to the deficit in trade balance. **Top Losers: Infrastructure (-2.66%), Mining (-1.37%), Misc Industries (-1.37%).**

## Today's Outlook: Global Pressure Still Lingers

Today we estimate JCI to lower with the **support range of 6280-6288 and resistance range of 6347-6357**. The fear of trade war between China and AS still lurks and the strengthening dollar will put pressure on JCI. From domestic outlook, the release of trade balance data signifies the improving deficit in February's trade balance. It occurs due to the higher growth in February's export than January's export, while the growth in import aligns with the estimate.

## Stocks Recommendation (details on the next page)

Trading Buy: ASII, HRUM, BEST

## Global Market

### United States

The U.S. markets moved mixed last night. Investors keep their eyes on the possibly trade war between the U.S. and China

### Europe

European markets closed higher yesterday amid the release of profit performance and the political development between Russia and the U.K.

### Asia

Asia markets moved mixed yesterday amid the trade war fear between China and the U.S. lingered.

## Company News

- SMGR : Capex Declined by 58%
- UNTR : Sales of Heavy Machinery Grows 50% in January
- TPIA : Estimate of 25%-40% Dividend Portion of 2017's Net Profit
- JSMR : Allocates IDR360 Billion for Rest Area Construction

## Domestic & Global News

- 3-Straight-Month Deficit in Trade Balance
- Import prices rise more than expected in February

## Indonesia Economic Data

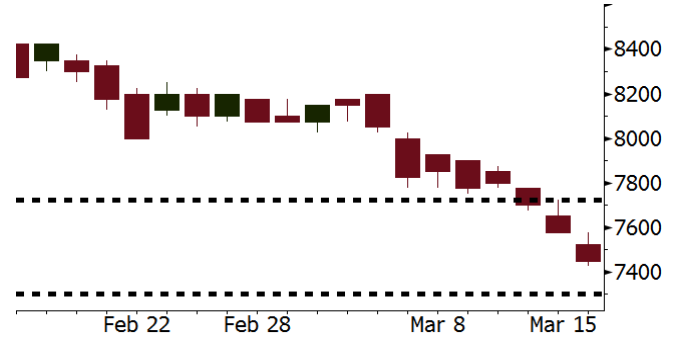
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.19%	5.06%
FX Reserve (USD bn)	128.06	131.98	Current Acc (USD bn)	(5.76)	(5.80)
Trd Balance (USD bn)	(0.12)	(0.68)	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	11.76%	7.86%	FDI (USD bn)	4.62	7.86
Imports Yoy	25.18%	26.44%	Business Confidence	111.02	112.39
Inflation Yoy	3.18%	3.25%	Cons. Confidence*	122.50	126.10

**ASII** Last = 7450

**Analysis** Until the early of March the demand for All New Toyota Rush reached 22,000 to 23,000 units. The demand topped the estimate of 3,000 units per month.

**Range** 7300 – 7725

**Action** Trading Buy. Cut Loss If Below 1290



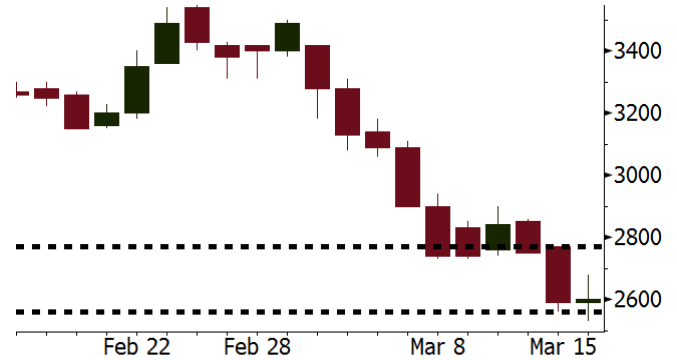
Source: Bloomberg

**HRUM** Last = 2600

**Analysis** Based on Indonesia's February export data, the export to China grew by 7.49% m-m and the export mineral product grew by 9.56% m-m. It showed the robust coal export performance in February.

**Range** 2560 – 2770

**Action** Trading Buy. Cut Loss If Below 3540



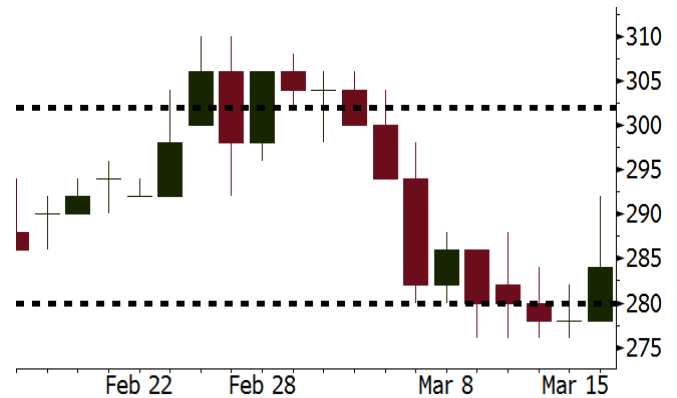
Source: Bloomberg

**BEST** Last = 284

**Analysis** BEST posted the net profit of IDR200.1 billion in 4Q17 significantly soaring from 4Q16 net profit of IDR41.8 billion.

**Range** 280 - 302

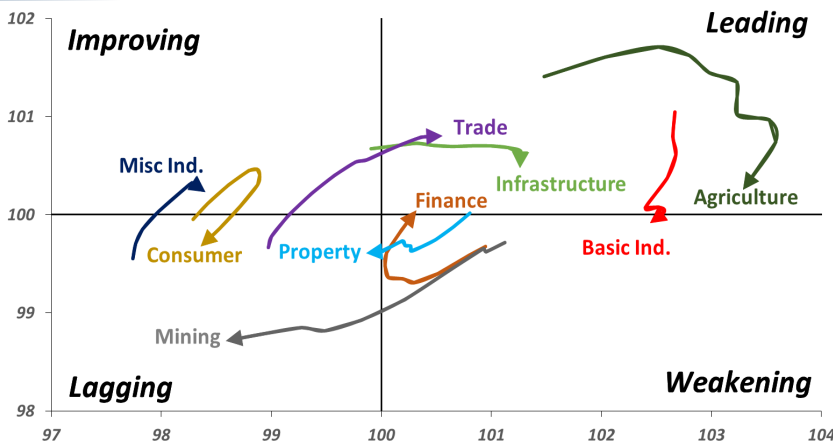
**Action** Trading buy. Cut Loss If Below 3700



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
<b>JCI Index</b>						16.4	7,125.2							
<b>Finance</b>						38.3	2,191.3							
BBCA	23,375	21,900	24,100	Hold	3.1	49.4	576.3	24.7x	4.4x	19.1	0.9	7.2	13.1	0.9
BBRI	3,640	3,640	4,700	Buy	29.1	49.8	449.0	15.3x	2.7x	18.5	2.4	10.2	10.7	1.3
BMRI	8,000	8,000	10,300	Buy	28.8	39.7	373.3	18.1x	2.2x	13.0	1.7	5.9	49.5	1.4
BBNI	9,400	9,900	10,825	Buy	15.2	46.9	175.3	12.9x	1.8x	14.7	2.3	11.2	19.7	1.3
BBTN	3,570	3,570	3,790	Hold	6.2	58.7	37.8	12.5x	1.7x	14.8	1.4	13.3	15.8	0.9
BJTM	685	710	810	Buy	18.2	13.2	10.3	8.8x	1.3x	15.4	6.4	0.6	12.5	1.3
<b>Consumer</b>						9.9	1,487.6							
HMSP	4,260	4,730	5,000	Buy	17.4	6.0	495.5	39.2x	14.5x	37.1	2.5	3.8	(0.9)	1.2
GGRM	74,600	83,800	97,825	Buy	31.1	15.7	143.5	19.2x	3.6x	19.4	3.5	9.4	17.8	1.3
UNVR	50,125	55,900	49,450	Hold	(1.3)	18.9	382.5	54.6x	73.9x	141.8	1.7	2.9	9.5	1.1
ICBP	8,625	8,900	10,200	Buy	18.3	1.8	100.6	26.4x	5.3x	21.4	1.8	3.6	7.4	1.3
INDF	7,175	7,625	8,000	Hold	11.5	(10.0)	63.0	15.6x	2.0x	14.1	3.3	6.5	8.4	1.1
KLBF	1,485	1,690	2,020	Buy	36.0	0.7	69.6	29.3x	5.5x	19.8	1.5	5.0	4.5	1.1
KAEF	2,260	2,700	3,280	Buy	45.1	23.8	12.6	44.0x	5.3x	12.3	0.4	8.4	10.4	1.3
<b>Infrastructure</b>						2.8	797.28							
TLKM	3,930	4,440	5,450	Buy	38.7	(2.3)	396.1	17.6x	4.2x	25.0	5.0	10.2	13.9	1.1
EXCL	2,550	2,960	3,800	Buy	49.0	(15.3)	27.3	73.4x	1.3x	1.8	N/A	7.2	(7.9)	0.9
ISAT	5,300	4,800	6,750	Buy	27.4	(24.3)	28.8	21.3x	2.1x	9.9	1.3	4.8	29.0	0.5
JSMR	4,920	6,400	6,050	Buy	23.0	7.2	35.7	16.2x	2.4x	15.3	1.6	110.6	9.5	0.9
TBIG	5,725	6,425	6,050	Hold	5.7	13.4	25.9	21.9x	15.2x	76.3	2.6	7.8	(25.2)	0.7
INDY	3,380	3,060	5,050	Buy	49.4	376.1	17.6	42.8x	1.9x	4.6	N/A	22.4	N/A	1.0
<b>Trade</b>						5.2	760.9							
UNTR	33,700	35,400	39,425	Buy	17.0	32.9	125.7	17.0x	2.8x	17.2	2.0	41.8	48.0	1.2
AKRA	5,800	6,350	8,025	Buy	38.4	(7.9)	23.2	24.6x	3.2x	17.8	2.6	22.6	(9.6)	1.0
SCMA	2,820	2,480	3,250	Buy	15.2	4.4	41.2	28.6x	9.7x	35.3	2.1	0.2	(5.4)	0.8
MNCN	1,500	1,285	1,500	Hold	-	(12.0)	21.4	18.1x	2.2x	11.7	2.8	2.2	(11.9)	1.0
LPPF	11,500	10,000	13,750	Buy	19.6	(13.0)	33.6	17.6x	14.4x	91.2	4.2	1.3	(5.5)	1.3
ACES	1,350	1,155	1,150	Hold	(14.8)	73.1	23.2	30.3x	7.0x	24.8	1.2	18.9	10.5	0.9
RALS	1,290	1,200	1,200	Hold	(7.0)	14.2	9.2	20.9x	2.5x	12.3	2.8	(3.1)	3.8	1.0
MPPA	418	452	450	Hold	7.7	(63.0)	2.2	N/A	1.1x	(17.1)	N/A	(6.7)	N/A	1.8
<b>Property</b>						3.1	431.0							
BSDE	1,745	1,700	1,800	Hold	3.2	0.3	33.6	6.8x	1.3x	21.4	0.3	56.7	172.3	1.2
PWON	615	685	760	Buy	23.6	7.9	29.6	16.6x	3.0x	19.6	0.7	20.9	8.3	1.1
CTRA	1,215	1,185	1,440	Buy	18.5	(4.0)	22.6	22.6x	1.7x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	930	945	1,160	Buy	24.7	(31.6)	13.4	35.9x	2.1x	6.1	0.5	10.5	100.0	1.3
PPRO	186	189	215	Buy	15.6	(36.3)	11.6	12.2x	2.5x	10.5	0.7	26.0	5.6	0.9
WSKT	2,580	2,210	2,810	Hold	8.9	8.9	35.0	6.2x	2.5x	31.0	1.5	90.1	126.5	1.2
PTPP	2,900	2,640	4,770	Buy	64.5	(15.0)	18.0	12.4x	1.6x	13.8	1.7	30.6	13.6	1.2
WIKA	1,745	1,550	2,150	Buy	23.2	(28.8)	15.7	10.8x	1.3x	15.8	1.9	67.1	(15.5)	1.0
ADHI	2,160	1,885	2,160	Hold	-	(6.1)	7.7	14.9x	1.3x	9.1	1.2	37.0	64.4	1.0
<b>Misc Ind.</b>						(8.1)	382.2							
ASII	7,450	8,300	9,300	Buy	24.8	(8.9)	301.6	16.0x	2.4x	16.0	2.3	13.8	24.6	1.3
<b>Basic Ind.</b>						32.0	573.8							
INTP	20,000	21,950	21,575	Hold	7.9	27.8	73.6	34.6x	3.1x	8.6	4.6	(7.3)	(55.3)	1.4
SMGR	10,500	9,900	11,550	Hold	10.0	16.0	62.3	20.4x	2.2x	10.9	2.9	7.7	(50.2)	1.3
CPIN	3,400	3,000	4,160	Buy	22.4	9.0	55.8	33.1x	3.7x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,450	1,300	1,970	Buy	35.9	(7.9)	16.5	16.6x	1.8x	11.0	3.4	9.4	(53.4)	0.9
MAIN	700	740	780	Hold	11.4	(42.9)	1.6	26.4x	0.9x	3.4	5.4	2.5	(99.0)	1.1
KRAS	478	424	500	Hold	4.6	(27.6)	9.2	N/A	0.4x	(7.2)	N/A	5.9	43.5	1.1
TPIA	5,875	6,000	6,275	Hold	6.8	25.6	104.8	23.0x	4.6x	22.8	2.1	25.3	3.8	0.7
BRPT	2,500	2,260	2,420	Hold	(3.2)	86.6	34.9	24.4x	2.4x	12.4	N/A	25.1	(5.3)	0.2
<b>Mining</b>						30.5	395.8							
ADRO	2,050	1,860	2,720	Buy	32.7	24.2	65.6	9.9x	1.4x	14.6	2.9	29.1	44.5	1.1
PTBA	2,790	2,460	4,085	Buy	46.4	27.4	32.1	6.6x	2.2x	37.3	2.0	38.5	123.2	1.3
ITMG	26,000	20,700	31,125	Buy	19.7	52.9	29.4	8.3x	2.2x	27.1	9.4	23.5	91.7	0.9
INCO	3,130	2,890	3,550	Hold	13.4	36.7	31.1	N/A	1.2x	(0.8)	N/A	7.7	N/A	1.5
ANTM	860	625	1,090	Buy	26.7	23.7	20.7	151.3x	1.1x	0.7	N/A	39.0	89.3	1.0
TINS	1,030	775	1,500	Buy	45.6	9.6	7.7	16.3x	1.3x	8.0	1.0	53.8	N/A	1.1
ELSA	476	372	625	Buy	31.3	22.1	3.5	15.9x	1.2x	7.8	0.9	37.5	(20.5)	1.0
<b>Agriculture</b>						(8.3)	105.2							
AALI	13,725	13,150	18,375	Buy	33.9	(8.5)	26.4	13.1x	1.5x	11.4	3.8	22.5	N/A	0.6
LSIP	1,310	1,420	1,800	Buy	37.4	(10.6)	8.9	11.7x	1.1x	9.7	2.7	23.1	28.7	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **SMGR : Capex Declined by 58%**

SMGR allocated a smaller capex of 2018 than 2017's capex of IDR2.5 trillion (-58% y-y). It is underlined by its less expansion in 2018. IDR1 trillion from 2018's capex will be allocated for maintenance, while the remaining will be allocated for its projects. One of projects prioritized by SMGR is the increment in production capacity of Indarung and Rempang plants. (Kontan)

### **TPIA : Estimate of 25%-40% Dividend Portion of 2017's Net Profit**

TPIA estimated 2018's dividend portion of 25%-40% from 2017's net profit. The figures are underlined by the future expansion activity it will conduct. However, the dividend policy will be decided in AGM to be held in April. In 2017, it succeeded to post the net profit of USD319.2 million (+6.3% y-y). (Kontan)

### **UNTR : Sales of Heavy Machinery Grows 50% in January**

UNTR posted the sales of 405 heavy machinery units or increasing by 50% y-y in January 2018. In 2018, it targets the sales of 4.200 heavy machinery units (+10.87% y-y). Meanwhile, its black coal marketing of January 2018 decreased by 248,000 tons compared to January 2017's marketing. The decrease was attributable to the heavy rain fall. (Bisnis Indonesia)

### **JSMR : Allocates IDR360 Billion for Rest Area Construction**

JSMR will construct 12 rest areas in 2018 with the investment amounting to IDR30 billion per rest area. The rest areas will be constructed along Trans Jawa section as no company develops the similar business. As the toll road company, JSMR has capability of finding the ideal location for developing property, rest area, and other business. The tenant rent cost is the recurring income for JSMR. (Kontan)

## Domestic & Global News

### **3-Straight-Month Deficit in Trade Balance**

After enjoying surplus since 2015, Indonesia's trade balance suffered from 3-straight-month deficit. The deficit in trade balance of February 2018 was USD0.12 billion as such the total 3-straight-month deficit since December 2017 reached USD1.1 billion. The 3-straight-month deficit in the trade balance is the first time since 2014. (Kontan)

### **Import prices rise more than expected in February**

U.S. import prices rose more than expected in February as the largest increase in the cost of capital goods since 2008 offset a drop in petroleum prices, bolstering views that inflation will pick up this year. The Labor Department said on Thursday that import prices increased 0.4 percent last month. Last month, prices for imported capital goods jumped 0.6 percent. That was the biggest increase since April 2008. (CNBC)

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	8.20%	5.20%	-11.90%
<i>14 - Mar</i>	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	Retail Sales Ex Auto and Gas	Feb	0.30%	0.30%	-0.20%
	USA	19:30	Retail Sales Control Group	Feb	0.12%	0.40%	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 Ex Food, Energy, Trade MoM	Feb	0.40%	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%
<b>Thursday</b>	USA	19:30	Import Price Index MoM	Feb	0.40%	0.30%	1.00%
<i>15 - Mar</i>	USA	19:30	Import Price Index ex Petroleum MoM	Feb	0.50%	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	25.18%	26.00%	26.44%
<i>15 - Mar</i>	11:00	Exports YoY	Feb	11.76%	12.40%	7.86%
	11:00	Trade Balance	Feb	-\$116m	-\$124m	-\$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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