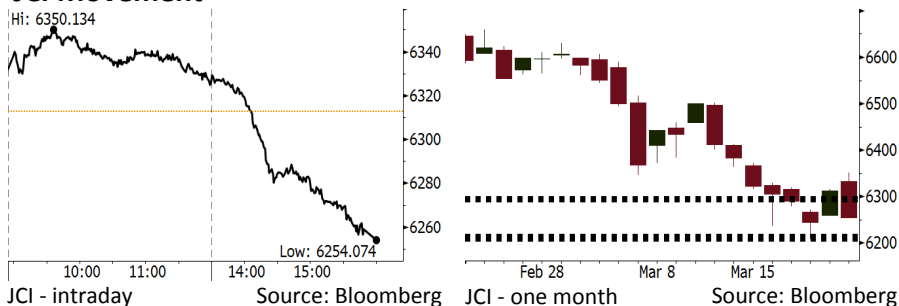


# Morning Brief

Daily | Mar 23, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

Mar 22	6,254.07
Chg	-58.76pts (-0.93%)
Volume (bn shares)	127.99
Value (IDR tn)	10.07
<b>Adv 131 Dec 231 Unc 220 Untr 113</b>	

Foreign Transaction (IDR bn)	
Buy	2,851
Sell	3,626
Net Buy (Sell)	(775)

Top Buy	NB Val.	Top Sell	NS Val.
BBTN	60.9	BMRI	590.9
BBCA	60.7	BBRI	330.6
PGAS	25.4	UNVR	26.6
SMGR	20.9	ADRO	19.3
GGRM	20.1	INDF	16.9

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
WSBP	7.9%	SMGR	-1.9%
WSKT	5.5%	ADRO	-1.5%
PTPP	5.3%	LPPF	-1.3%
INCO	5.1%	AKRA	-1.2%
INDF	3.9%	INTP	-1.2%

Government Bond Yield & FX		
	<b>Last</b>	<b>Chg.</b>
Tenor: 10 year	6.74%	0.01%
USD/IDR	13,748	-0.12%
KRW/IDR	12.86	0.23%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	23,957.89	(724.42)	-2.94%
S&P 500	2,643.69	(68.24)	-2.52%
Nasdaq	7,166.68	(178.61)	-2.43%
FTSE 100	6,952.59	(86.38)	-1.23%
CAC 40	5,167.21	(72.53)	-1.38%
DAX	12,100.08	(209.07)	-1.70%
Nikkei	21,380.97	(99.93)	-0.47%
Hang Seng	31,414.52	(135.41)	-0.43%
Shanghai	3,280.95	(9.69)	-0.29%
KOSPI	2,484.97	(0.55)	-0.02%
EIDO	27.56	0.39	1.44%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,332.2	20.9	1.60%
Crude Oil (USD /bbl)	65.17	1.63	2.57%
Coal Newcas(USD/ton)	89.30	0.15	0.17%
Gas (USD /mmbtu)	2.64	(0.04)	-1.38%
Nickel LME (USD /MT)	13,460	5.0	0.04%
CPO (MYR/Ton)	2,448	13.0	0.53%

## Indonesian Market Recap

JCI closed lower yesterday. Investors awaited the result of Bank Indonesia's Board of Directors Meeting. **Top Losers: Finance (-1.79%), Basic Industry (-1.46%), Property (-1.15%).**

## Today's Outlook: The U.S. - China Trade War

We estimate JCI to move lower with the **support range of 6207-6215 and resistance range of 6291-6297**. The negative sentiment stems from the intense trade war between the U.S. and China. Trump has signed memorandum to implement the import tariff of USD60 billion to China. Trump stated "this is the first of many" trade actions, and China respond with imposing import tariff to 128 products exported by the U.S

## Stocks Recommendation (details on the next page)

Trading Buy: ELSA, AKRA, ITMG

## Global Market

### United States

The U.S. markets were bearish last night as it was affected by the jitters of the trade war between the U.S. and China.

### Europe

European markets tumbled yesterday. Investors negatively reacted to the trade war between the U.S. and China.

### Asia

Asia markets moved varied yesterday after the U.S. central bank hiked its interest rate by 25 bps.

## Company News

- INTP : Books Decrease of 52.19% in Net Profit
- TLKM : Allocates Capes of 25% from Revenue
- JSMR : Has No Worry about Decrease in Toll Tariff
- GGRM : Plans to Build Airport in Kediri

## Domestic & Global News

- Bank Indonesia Holds Rate as Fed Tightening Threatens Currency
- Trump slaps China with tariffs on up to \$60 billion in imports

## Indonesia Economic Data

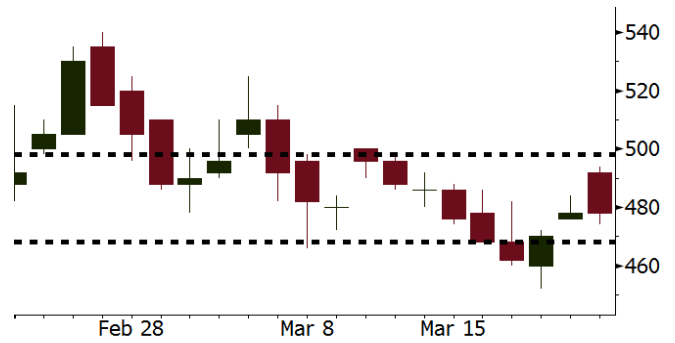
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.19%	5.06%
FX Reserve (USD bn)	128.06	131.98	Current Acc (USD bn)	(5.76)	(5.80)
Trd Balance (USD bn)	(0.12)	(0.68)	Govt Spending Yoy	3.81%	3.46%
Exports Yoy	11.76%	7.86%	FDI (USD bn)	4.62	7.86
Imports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

**ELSA** Last = 478

**Analysis** Global oil price continued to hike after Arab stated that OPEC and Russia continue to curb oil production until 2019.

**Range** 468 – 498

**Action** Trading Buy. Cut Loss If Below 468



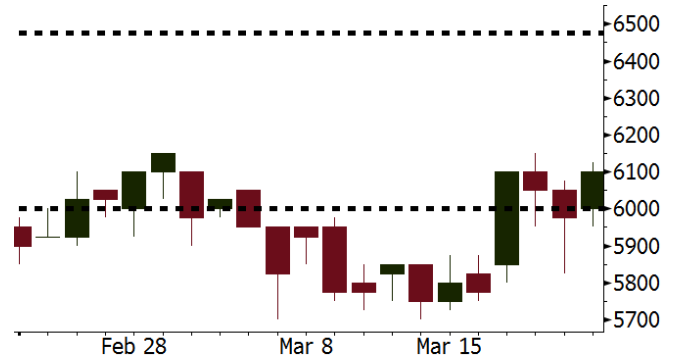
Source: Bloomberg

**AKRA** Last = 6100

**Analysis** The Indonesia government is discussing the change in biodiesel subsidy distribution. Pertamina and AKRA as the supplier will hold the distribution license.

**Range** 6000 – 6475

**Action** Trading Buy. Cut Loss If Below 6000



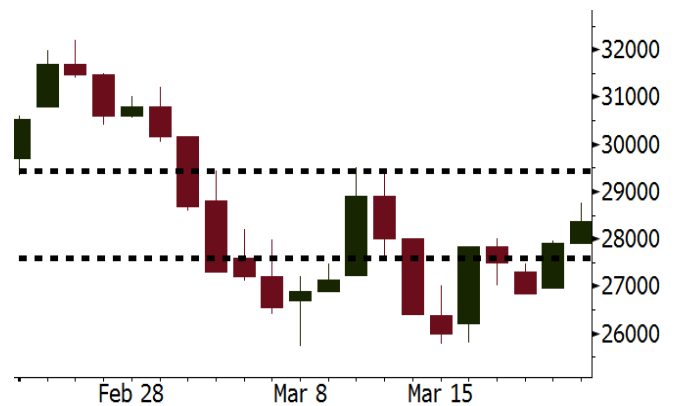
Source: Bloomberg

**ITMG** Last = 28375

**Analysis** ITMG holds AGM dated 03/23/2018. Investors need to keep their eyes on ITMG dividend payment scheme considering the high payout dividend it always pays.

**Range** 27600 - 29425

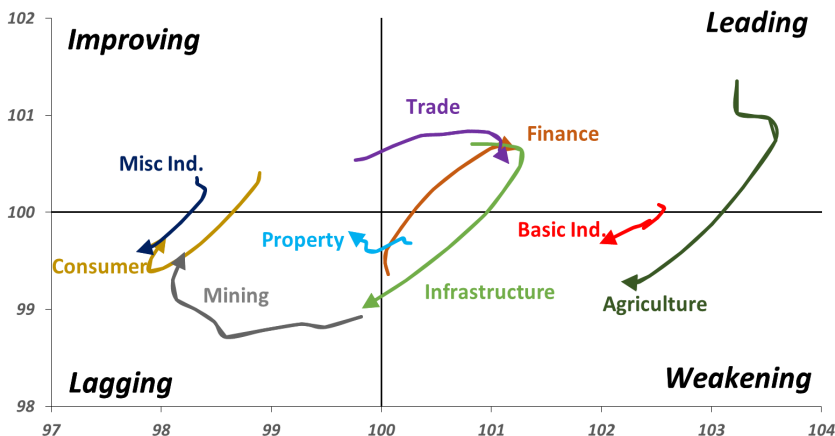
**Action** Trading buy. Cut Loss If Below 27600



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>						13.9	6,970.5							
<b>Finance</b>						35.4	2,164.5							
BBCA	23,375	21,900	24,100	Hold	3.1	43.8	576.3	24.7x	4.4x	19.1	0.9	7.2	13.1	0.9
BBRI	3,810	3,640	4,700	Buy	23.4	46.5	469.9	16.1x	2.8x	18.5	2.2	10.2	10.7	1.3
BMRI	8,200	8,000	10,300	Buy	25.6	39.0	382.7	18.5x	2.3x	13.0	1.6	5.9	49.5	1.4
BBNI	9,275	9,900	10,825	Buy	16.7	41.1	173.0	12.7x	1.8x	14.7	2.3	11.2	19.7	1.2
BBTN	3,690	3,570	3,790	Hold	2.7	64.0	39.1	12.9x	1.8x	14.8	1.3	13.3	15.8	0.9
BJTM	655	710	810	Buy	23.7	2.3	9.8	8.5x	1.3x	15.4	6.7	0.6	12.5	1.4
<b>Consumer</b>						8.8	1,469.9							
HMSP	4,210	4,730	5,025	Buy	19.4	6.3	489.7	38.8x	14.4x	37.1	2.6	3.8	(0.9)	1.1
GGRM	74,950	83,800	97,825	Buy	30.5	13.9	144.2	19.2x	3.6x	19.4	3.5	9.4	17.8	1.3
UNVR	51,275	55,900	49,450	Hold	(3.6)	16.7	391.2	55.9x	75.6x	141.8	1.7	2.9	9.5	1.1
ICBP	8,600	8,900	10,200	Buy	18.6	(1.4)	100.3	26.4x	5.1x	20.5	1.8	3.6	5.5	1.3
INDF	7,275	7,625	8,000	Hold	10.0	(10.5)	63.9	15.3x	2.0x	13.9	3.2	5.3	9.7	1.1
KLBF	1,450	1,690	2,020	Buy	39.3	(4.6)	68.0	28.6x	5.4x	19.8	1.5	5.0	4.5	1.2
KAEF	2,150	2,700	3,280	Buy	52.6	14.1	11.9	41.8x	5.1x	12.3	0.4	8.4	10.4	1.3
<b>Infrastructure</b>						(1.2)	743.63							
TLKM	3,710	4,440	5,450	Buy	46.9	(8.9)	374.0	16.6x	4.0x	25.0	5.3	10.2	13.9	1.1
EXCL	2,580	2,960	3,800	Buy	47.3	(20.6)	27.6	74.2x	1.3x	1.8	N/A	7.2	(7.9)	1.0
ISAT	4,950	4,800	6,750	Buy	36.4	(29.3)	26.9	19.9x	1.9x	9.9	1.4	4.8	29.0	0.6
JSMR	5,000	6,400	6,050	Buy	21.0	7.3	36.3	16.5x	2.4x	15.3	1.6	110.6	9.5	1.0
TBIG	5,700	6,425	6,050	Hold	6.1	1.8	25.8	21.8x	15.1x	76.3	2.6	8.4	82.4	0.7
INDY	3,400	3,060	5,050	Buy	48.5	375.5	17.7	3.8x	1.4x	44.3	N/A	41.7	N/A	1.2
<b>Trade</b>						2.4	748.9							
UNTR	32,400	35,400	42,350	Buy	30.7	18.9	120.9	16.3x	2.7x	17.2	2.1	41.8	48.0	1.2
AKRA	5,975	6,350	8,025	Buy	34.3	(10.5)	23.9	26.5x	3.2x	16.7	2.5	20.2	(11.3)	1.0
SCMA	2,790	2,480	3,250	Buy	16.5	7.3	40.8	28.3x	9.6x	35.3	2.1	0.2	(5.4)	0.7
MNCN	1,380	1,285	1,500	Hold	8.7	(19.3)	19.7	16.7x	2.1x	11.7	3.0	2.2	(11.9)	1.0
LPPF	11,200	10,000	13,750	Buy	22.8	(20.4)	32.7	17.1x	14.0x	91.2	4.3	1.3	(5.5)	1.2
ACES	1,340	1,155	1,150	Hold	(14.2)	63.4	23.0	30.0x	6.9x	24.8	1.2	18.9	10.5	0.9
RALS	1,280	1,200	1,200	Hold	(6.3)	9.4	9.1	20.7x	2.5x	12.3	2.8	(3.1)	3.8	0.9
MPPA	406	452	450	Hold	10.8	(63.9)	2.2	N/A	1.1x	(17.1)	N/A	(6.7)	N/A	1.8
<b>Property</b>						2.1	422.2							
BSDE	1,780	1,700	1,850	Hold	3.9	(3.0)	34.3	6.9x	1.4x	21.4	0.3	56.7	172.3	1.2
PWON	630	685	760	Buy	20.6	5.9	30.3	17.0x	3.1x	19.6	0.7	20.9	8.3	1.0
CTRA	1,195	1,185	1,440	Buy	20.5	(5.5)	22.2	22.2x	1.7x	8.7	0.4	(1.6)	(6.1)	1.0
SMRA	935	945	1,160	Buy	24.1	(32.2)	13.5	36.1x	2.1x	6.1	0.5	10.5	100.0	1.4
PPRO	180	189	215	Buy	19.4	(37.5)	11.2	11.8x	2.4x	10.5	0.7	26.0	5.6	0.9
WSKT	2,710	2,210	2,810	Hold	3.7	13.4	36.8	6.5x	2.6x	31.0	1.4	90.1	126.5	1.2
PTPP	2,800	2,640	4,770	Buy	70.4	(14.1)	17.4	11.9x	1.5x	13.8	1.8	30.6	13.6	1.3
WIKA	1,750	1,550	2,150	Buy	22.9	(29.4)	15.7	N/A	N/A	N/A	1.9	67.1	(17.3)	1.1
ADHI	2,170	1,885	2,160	Hold	(0.5)	(11.8)	7.7	15.0x	1.3x	9.1	1.2	37.0	64.4	1.0
<b>Misc Ind.</b>						(12.9)	368.6							
ASII	7,300	8,300	9,300	Buy	27.4	(13.9)	295.5	15.6x	2.4x	16.0	2.3	13.8	24.6	1.3
<b>Basic Ind.</b>						29.8	559.3							
INTP	18,725	21,950	21,575	Buy	15.2	17.2	68.9	32.4x	2.9x	8.6	5.0	(7.3)	(55.3)	1.4
SMGR	10,250	9,900	11,550	Hold	12.7	12.0	60.8	19.9x	2.1x	10.9	3.0	6.4	(55.4)	1.3
CPIN	3,430	3,000	4,160	Buy	21.3	3.9	56.2	33.4x	3.7x	11.2	1.6	33.2	(22.4)	1.2
JPFA	1,515	1,300	1,970	Buy	30.0	(5.0)	17.3	17.3x	1.9x	11.0	3.3	9.4	(53.4)	0.9
MAIN	685	740	780	Hold	13.9	(43.9)	1.5	25.9x	0.9x	3.4	5.5	2.5	(99.0)	1.1
KRAS	448	424	500	Hold	11.6	(32.6)	8.7	N/A	0.3x	(7.2)	N/A	7.8	60.0	1.1
TPIA	6,050	6,000	6,275	Hold	3.7	29.8	107.9	23.7x	4.7x	22.8	2.1	25.3	3.8	0.7
BRPT	2,390	2,260	2,420	Hold	1.3	75.1	33.4	23.3x	2.3x	12.4	N/A	25.1	(5.3)	0.2
<b>Mining</b>						26.2	390.5							
ADRO	2,040	1,860	2,720	Buy	33.3	17.9	65.3	9.8x	1.4x	14.6	2.9	29.1	44.5	1.2
PTBA	2,880	2,460	4,085	Buy	41.8	25.5	33.2	6.8x	2.2x	37.3	2.0	38.5	123.2	1.3
ITMG	27,900	20,700	31,125	Hold	11.6	48.6	31.5	8.9x	2.3x	27.1	8.8	23.5	91.7	0.9
INCO	3,090	2,890	3,550	Hold	14.9	32.1	30.7	N/A	1.2x	(0.8)	N/A	7.7	N/A	1.4
ANTM	835	625	1,090	Buy	30.5	11.3	20.1	146.9x	1.1x	0.7	N/A	39.0	89.3	1.0
TINS	1,040	775	1,500	Buy	44.2	9.5	7.7	15.2x	1.3x	8.6	1.0	32.3	79.9	1.1
ELSA	478	372	625	Buy	30.8	23.8	3.5	16.0x	1.2x	7.8	0.9	37.5	(20.5)	1.0
<b>Agriculture</b>						(9.1)	103.0							
AALI	13,850	13,150	18,375	Buy	32.7	(9.0)	26.7	13.3x	1.5x	11.4	3.7	22.5	N/A	0.7
LSIP	1,345	1,420	1,800	Buy	33.8	(11.5)	9.2	12.0x	1.1x	9.7	2.6	23.1	28.7	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **INTP : Books Decrease of 52.19% in Net Profit**

INTP posted the decline of 52.19% y-y into IDR1.85 trillion in net profit attributed to the parent entity. The decrease in profit was attributable to the slight decrease of 6.05% y-y into IDR14.43 trillion in revenue and the hike of 4.31% y-y into IDR9.42 trillion in COGS. Besides, the increment in COGS, the business cost also hiked by 13.65% y-y into IDR3.08 trillion; the operational cost surged by 176.93% into IDR121.02 billion. (Bisnis Indonesia)

### **JSMR : Has No Worry About Decrease in Toll Tariff**

JSMR has no worry about the government plan of reducing toll tariff. In 2017, 34% of its revenue derived from the toll segment and other business with the value of IDR8.9 trillion. The reduction in toll tariff will be offset by the 50-year concession period; therefore, the pace of investment return will be maintainable. Besides, JSMR also plans to reduce the vehicle categorization from five categorization into 3 categorization. (Kontan)

### **TLKM : Allocates Capex of 25% from Revenue**

TLKM will allocate the capex of 25% from 2017's revenue of IDR129.26 trillion. In 2018, TLKM will focus on the network expansion. Around 60% of the capex will be allocated to Telkomsel with a view to offset the uptrend of cellular business sector. Besides, TLKM will also increase 4G BTS portion to respond the uptrend demand for video streaming. (Kontan)

### **GGRM : Plans to Build Airport in Kediri**

GGRM will start the construction of airport in Kediri. It will construct international and domestic terminals complying with the applicable laws. The airport construction will be finished in 2020. The fund of the airport construction will derive from GGRM's operational cash flow. (Bisnis Indonesia)

## Domestic & Global News

### **Bank Indonesia Holds Rate as Fed Tightening Threatens Currency**

Indonesia's central bank left its benchmark interest rate unchanged as expected, with policy makers focusing on curbing currency volatility while supporting economic growth. Bank Indonesia kept the seven-day reverse repurchase rate at 4.25 percent on Thursday, the sixth month in a row it's been on hold. With inflation at a 14-month low, Indonesia's central bank has shifted its focus to bolstering the currency following the rupiah's tumble to a two-year low in February on expectations of higher U.S. interest rates. (Bloomberg)

### **Trump slaps China with tariffs on up to \$60 billion in imports**

President Donald Trump signed an executive memorandum on Thursday that would impose retaliatory tariffs on up to \$60 billion in Chinese imports. "This is the first of many" trade actions, Trump said as he signed the memo. The new measures are designed to penalize China for trade practices that the Trump administration says involve stealing American companies' intellectual property. They will primarily target certain products in the technology sector where China holds an advantage over the U.S. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	06:50	Trade Balance	Feb	¥3.4b	¥89.1b	-¥943.4b
<i>19 - Mar</i>	JPN	06:50	Exports YoY	Feb	1.80%	1.40%	12.20%
	JPN	06:50	Imports YoY	Feb	16.5%	16.00%	7.90%
<b>Tuesday</b>	UK	16:30	CPI MoM	Feb	0.40%	0.50%	-0.50%
<i>20 - Mar</i>	UK	16:30	CPI YoY	Feb	2.70%	2.80%	3.00%
	EU	22:00	Consumer Confidence	Mar A	0.1	0.1	0.1
<b>Wednesday</b>	USA	21:00	Existing Home Sales	Feb		5.43m	5.38m
<i>21 - Mar</i>							
<b>Thursday</b>	USA	01:00	FOMC Rate Decision (Upper Bound)	21-Mar	1.75%	1.75%	1.50%
<i>22 - Mar</i>	USA	01:00	FOMC Rate Decision (Lower Bound)	21-Mar	1.50%	1.50%	1.25%
	JPN	07:30	Nikkei Japan PMI Mfg	Mar P	53.2	--	54.1
	JPN	11:30	All Industry Activity Index MoM	Jan	-1.80%	-1.80%	0.50%
	GER	15:30	Markit Germany Manufacturing PMI	Mar P		59.5	60.6
	EU	16:00	Markit Eurozone Manufacturing PMI	Mar P		58.2	58.6
	UK	19:00	Bank of England Bank Rate	22-Mar		0.50%	0.50%
	UK	19:00	BOE Asset Purchase Target	Mar		435b	435b
	USA	19:30	Initial Jobless Claims	17-Mar		--	226k
	USA	20:45	Markit US Manufacturing PMI	Mar P		55.5	55.3
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Feb		1.50%	1.40%
<i>23 - Mar</i>	USA	19:30	Durable Goods Orders	Feb P		1.60%	-3.60%
	USA	21:00	New Home Sales	Feb		620k	593k

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b>	Tentative	Bank Indonesia 7D Reverse Repo	22-Mar	4.25%	4.25%	4.25%
<i>22 - Mar</i>						

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Cum Rights Offering Date	BPFI (0.1264 per 1; subscription price: IDR500 share)
<i>19 - Mar</i>		
<b>Tuesday</b>	Annual Shareholder Meeting	BBNI, WTON
<i>20 - Mar</i>	Annual & Extraordinary Shareholder Meeting	BDMN, BULL
	Extraordinary Shareholder Meeting	BKSW, OCAP
	Cum Dividend Date	JASS (IDR72 per share)
<b>Wednesday</b>	Annual Shareholder Meeting	BMRI
<i>21 - Mar</i>	Annual & Extraordinary Shareholder Meeting	SULI
	Extraordinary Shareholder Meeting	BRPT
<b>Thursday</b>	Annual Shareholder Meeting	BBRI
<i>22 - Mar</i>	Extraordinary Shareholder Meeting	PNBS
<b>Friday</b>	Annual Shareholder Meeting	BBTN, ITMG
<i>23 - Mar</i>		

Source: Bloomberg

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