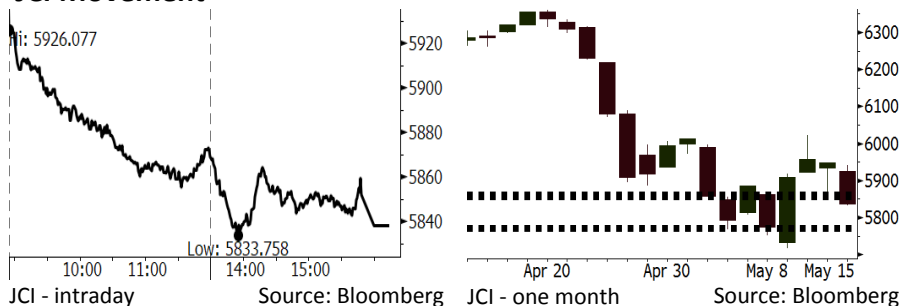


# Morning Brief

Daily | May 16, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

May 15	5,838.12
Chg	-109.04pts (-1.83%)
Volume (bn shares)	98.34
Value (IDR tn)	9.33

Adv 154 Dec 224 Unc 215 Untr 114

## Foreign Transaction (IDR bn)

Buy	3,147
Sell	4,310
Net Buy (Sell)	(1,163)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	99.6	TLKM	353.2
BBNI	16.8	BMRI	145.7
ERAA	14.7	BBRI	138.8
PGAS	11.1	BBCA	119.4
ASII	10.1	UNTR	48.3

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SSMS	7.7%	EXCL	-7.9%
INDY	7.0%	PWON	-6.3%
BUMI	5.0%	BMRI	-4.9%
WIKA	3.7%	TLKM	-4.8%
INCO	2.6%	MNCN	-4.5%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.09%	0.01%
USDIDR	14,037	0.46%
KRWIDR	13.07	-0.11%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,706.41	(193.00)	-0.78%
S&P 500	2,711.45	(18.68)	-0.68%
Nasdaq	7,351.63	(59.69)	-0.81%
FTSE 100	7,722.98	12.00	0.16%
CAC 40	5,553.16	12.48	0.23%
DAX	12,970.04	(7.67)	-0.06%
Nikkei	22,818.02	(47.84)	-0.21%
Hang Seng	31,152.03	(389.05)	-1.23%
Shanghai	3,192.12	18.09	0.57%
KOSPI	2,458.54	(17.57)	-0.71%
EIDO	24.21	(0.97)	-3.85%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,290.5	(23.0)	-1.75%
Crude Oil (USD /bbl)	71.31	0.35	0.49%
Coal Newcas(USD/ton)	105.35	1.90	1.84%
Gas (USD /mmbtu)	2.84	(0.01)	-0.21%
Nickel LME (USD /MT)	14,425	(75.0)	-0.52%
Tin LME (USD /MT)	20,875	(75.0)	-0.36%
CPO (MYR/Ton)	2,432	16.0	0.66%

## Indonesian Market Recap

JCI tumbled yesterday after the release of April's deficit trade balance.

**Top Losers : Finance (-2.96%), Consumer (-2.52%), Infrastructure (-2.51%)**

## Today's Outlook : Pressure of the U.S. Treasury Yield

Today we estimate JCI to be bearish with the **support range of 5768-5775 and resistance range of 5853-5866**. The negative sentiment comes from the further hike in the U.S. Treasury yield reaching 3.09%, all time high since 2011. The backdrop was triggered by the release of robust retail sales data. The hike in yield caused rally in USD. From the domestic outlook, the release of April's deficit trade balance heightened current market jitter of rupiah depreciation.

## Stocks Recommendation (details on the next page)

Trading Buy: LSIP, ELSA, LPPF

## Global Market

### United States

The U.S. markets dived last night after the U.S. Treasury yield topped 3.0%.

### Europe

European markets moved mixed yesterday as investors focused on the updated political backdrop and the global crude prices.

### Asia

Asia markets lowered yesterday. Investors focused on the release of China's industrial data lower than estimate.

## Company News

- UNVR : Divests Spread Segment
- MEDC : Secures Private Placement License
- ADHI : Is Backed by Construction and Energy Segments
- BHIT : Issues Global Bond for Refinancing

## Domestic & Global News

Indonesia Posts Surprise Trade Deficit of \$1.63B in April

US retail sales rose 0.3% in April

## Indonesia Economic Data

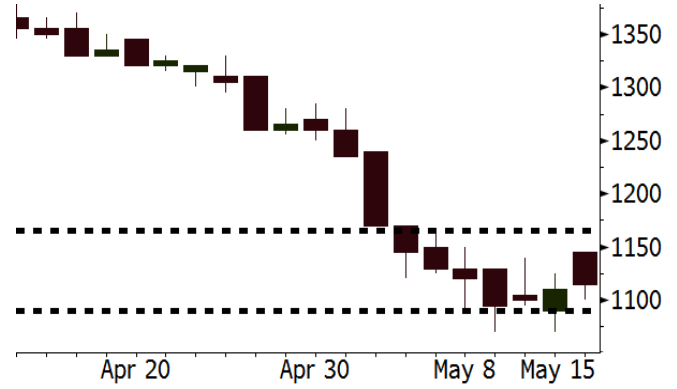
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.25%	4.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	4.62	9.40
Imports Yoy	34.68%	9.07%	Business Confidence	111.02	112.39
Inflation Yoy	3.41%	3.40%	Cons. Confidence*	122.20	121.60

**LSIP** Last = 1115

**Analysis** High global crude prices send the demand for biodiesel soaring. The backdrop boosts the recovery in CPO prices.

**Range** 1090 - 1165

**Action** Trading Buy. Cut Loss If Below 1090



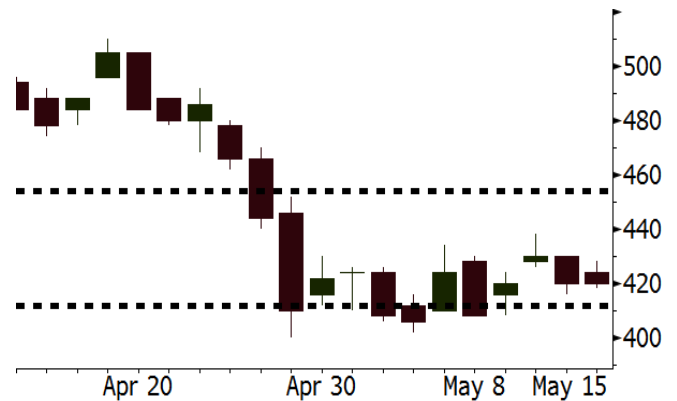
Source: Bloomberg

**ELSA** Last = 420

**Analysis** OPEC stated that OECD nations' crude stockpiles of March declined into 9 million barrel. It also confirmed the end of oversupply in 2014-2017 giving a positive prospect for the oil and gas industry.

**Range** 412 - 454

**Action** Trading Buy. Cut Loss If Below 412



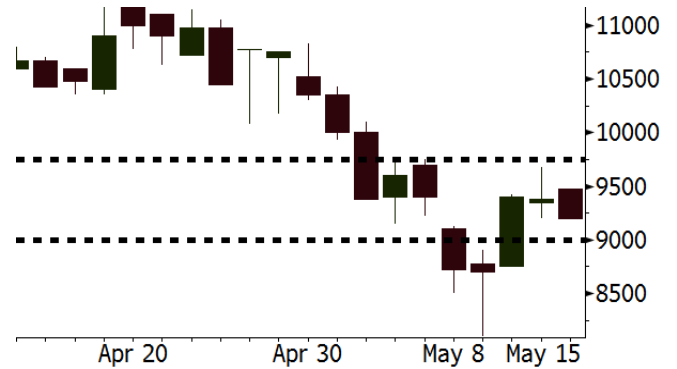
Source: Bloomberg

**LPPF** Last = 9200

**Analysis** LPPF performance will be backed by the sales during Ramadhan season and the strategy of new merchandise products targeting the youth generation.

**Range** 9000 - 9750

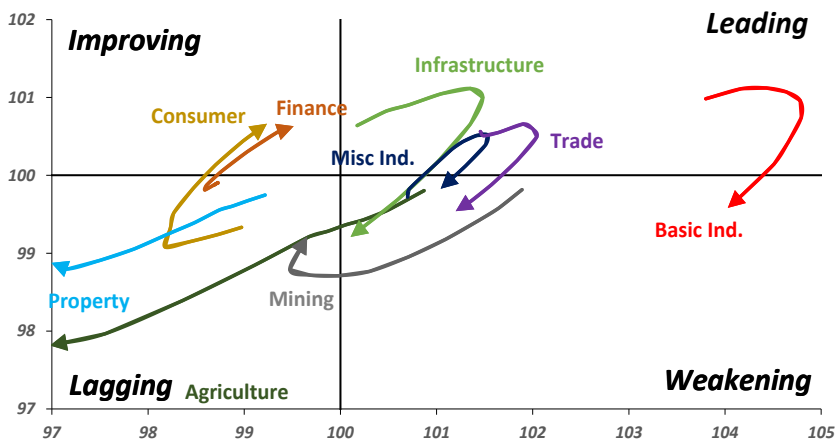
**Action** Trading buy. Cut Loss If Below 9000



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>	5,838	6,356				2.6	6,659.1							
<b>Finance</b>						13.5	2,005.7							
BBCA	22,200	21,900	25,400	Hold	14.4	21.6	547.3	23.0x	4.0x	18.7	1.1	7.1	10.4	0.9
BBRI	3,070	3,640	4,700	Buy	53.1	7.3	378.7	12.6x	2.3x	19.6	3.5	13.0	11.4	1.4
BMRI	6,850	8,000	10,300	Buy	50.4	13.0	319.7	14.3x	2.0x	14.4	2.9	(1.9)	43.7	1.4
BBNI	8,075	9,900	8,125	Hold	0.6	23.8	150.6	10.7x	1.6x	15.2	3.2	10.6	12.7	1.3
BBTN	2,940	3,570	3,790	Buy	28.9	27.3	31.1	10.0x	1.4x	15.2	1.9	15.1	16.1	1.3
BJTM	690	710	810	Buy	17.4	2.2	10.3	8.6x	1.3x	15.4	6.4	#N/A	N/A	10.7
<b>Consumer</b>						(2.9)	1,405.0							
HMSP	3,680	4,730	5,025	Buy	36.5	(4.4)	428.1	34.5x	11.5x	33.3	2.9	2.5	(7.1)	1.4
GGRM	68,175	83,800	97,825	Buy	43.5	(7.4)	131.2	16.9x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	47,450	55,900	49,450	Hold	4.2	(1.1)	362.0	52.6x	51.6x	100.6	1.8	(0.9)	(6.2)	1.1
ICBP	8,200	8,900	9,625	Buy	17.4	(4.9)	95.6	24.4x	4.7x	20.0	1.9	4.5	10.6	1.1
INDF	6,475	7,625	8,175	Buy	26.3	(23.6)	56.9	13.7x	1.8x	13.2	3.6	(1.1)	0.7	1.1
KLBF	1,385	1,690	1,730	Buy	24.9	(9.2)	64.9	27.0x	4.7x	18.2	1.6	2.4	0.2	1.2
KAEF	2,120	2,700	3,280	Buy	54.7	(15.9)	11.8	36.0x	4.7x	13.8	0.8	5.4	22.2	1.3
<b>Infrastructure</b>						(14.2)	694.98							
TLKM	3,370	4,399	4,600	Buy	36.5	(22.0)	339.7	15.8x	3.4x	22.4	5.0	4.3	(14.3)	0.9
EXCL	1,750	2,960	3,800	Buy	117.1	(43.9)	18.7	55.1x	0.9x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,280	4,800	6,750	Buy	105.8	(55.4)	17.8	39.1x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,100	6,400	6,050	Buy	47.6	(15.1)	29.8	13.3x	1.9x	15.3	1.5	92.8	6.5	1.0
TBIG	5,100	6,425	6,050	Buy	18.6	(9.7)	23.1	9.8x	7.3x	99.8	6.2	8.4	229.7	0.6
INDY	3,830	3,060	5,050	Buy	31.9	348.0	20.0	3.8x	1.4x	46.6	2.8	263.6	166.7	1.2
<b>Trade</b>						(1.1)	744.6							
UNTR	34,700	35,400	42,350	Buy	22.0	41.3	129.4	15.4x	2.7x	18.6	2.6	39.0	68.7	1.2
AKRA	4,750	6,350	8,025	Buy	68.9	(24.6)	19.1	22.5x	2.2x	24.1	4.2	34.4	(22.8)	1.2
SCMA	2,400	2,480	3,200	Buy	33.3	(16.1)	35.1	26.4x	9.0x	36.3	2.4	(1.6)	(11.4)	0.8
MNCN	1,275	1,285	1,550	Buy	21.6	(33.8)	18.2	11.7x	1.8x	16.3	3.3	4.8	10.3	1.2
LPPF	9,200	10,000	11,250	Buy	22.3	(38.8)	26.8	14.0x	10.4x	81.7	5.0	5.9	1.2	1.2
ACES	1,125	1,155	1,575	Buy	40.0	18.4	19.3	23.0x	5.2x	24.0	1.5	21.5	35.7	0.9
RALS	1,380	1,200	1,450	Hold	5.1	0.7	9.8	22.2x	2.6x	12.2	2.6	(2.6)	407.0	0.8
MAPI	8,300	6,200	9,450	Hold	13.9	31.7	13.8	21.9x	3.1x	16.4	0.3	19.3	505.7	0.9
<b>Property</b>						(7.8)	380.4							
BSDE	1,635	1,700	1,850	Hold	13.1	(9.2)	31.5	6.4x	1.2x	21.4	0.3	56.7	172.3	1.2
PWON	525	685	700	Buy	33.3	(16.0)	25.3	12.1x	2.3x	21.0	0.9	19.5	61.9	1.0
CTRA	1,000	1,185	1,370	Buy	37.0	(14.5)	18.6	22.9x	1.4x	6.1	0.5	6.8	(41.7)	1.2
SMRA	855	945	960	Hold	12.3	(36.2)	12.3	37.0x	1.9x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	1,985	2,210	2,810	Buy	41.6	(12.2)	26.9	5.2x	1.7x	37.7	2.9	68.6	314.5	1.3
PTPP	2,200	2,640	3,850	Buy	75.0	(18.8)	13.6	9.2x	1.2x	13.9	2.1	26.3	19.0	1.3
WIKA	1,405	1,550	2,150	Buy	53.0	(37.0)	12.6	11.2x	1.0x	9.2	1.9	64.1	(30.9)	1.0
ADHI	1,805	1,885	2,160	Buy	19.7	(17.2)	6.4	11.3x	1.1x	10.1	1.6	39.7	282.5	1.1
<b>Misc Ind.</b>						(17.7)	362.1							
ASII	6,925	8,300	9,300	Buy	34.3	(20.4)	280.3	14.9x	2.2x	15.3	2.7	14.4	(1.6)	1.2
<b>Basic Ind.</b>						27.5	591.8							
INTP	18,800	21,950	21,575	Hold	14.8	5.6	69.2	42.4x	2.8x	6.3	4.9	1.9	(46.2)	1.3
SMGR	8,900	9,900	11,550	Buy	29.8	-	52.8	31.5x	1.8x	5.9	1.5	3.4	(45.2)	1.2
CPIN	3,500	3,000	4,200	Buy	20.0	14.8	57.4	20.0x	3.4x	18.2	1.6	(1.3)	60.5	1.0
JPFA	1,610	1,300	1,820	Hold	13.0	49.8	18.4	13.7x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	715	740	780	Hold	9.1	(30.2)	1.6	21.1x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	388	424	500	Buy	28.9	(22.4)	7.5	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	6,050	6,000	6,275	Hold	3.7	12.5	107.9	23.2x	4.6x	22.8	1.3	25.3	3.8	0.7
BRPT	2,300	2,260	2,420	Hold	5.2	50.3	32.1	22.0x	2.1x	12.4	N/A	25.1	(5.3)	0.6
<b>Mining</b>						34.1	384.4							
ADRO	1,715	1,860	2,720	Buy	58.6	15.5	54.9	8.5x	1.1x	13.6	6.3	5.1	(23.4)	1.4
PTBA	3,530	2,460	3,950	Hold	11.9	62.3	40.7	7.4x	2.5x	38.7	9.0	26.4	67.1	1.2
ITMG	26,325	20,700	31,125	Buy	18.2	73.8	29.7	8.2x	2.4x	29.2	11.9	2.8	0.0	1.2
INCO	3,500	2,890	3,550	Hold	1.4	85.7	34.8	3041.0x	1.4x	(0.1)	N/A	18.4	N/A	1.4
ANTM	820	625	985	Buy	20.1	34.4	19.7	52.5x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	955	775	1,240	Buy	29.8	14.4	7.1	14.4x	1.2x	8.6	2.5	(0.6)	(23.2)	1.1
ELSA	420	372	625	Buy	48.8	27.3	3.1	14.0x	1.1x	7.8	1.0	50.1	1267.6	1.3
<b>Agriculture</b>						(18.5)	93.5							
AALI	12,000	13,150	18,375	Buy	53.1	(18.1)	23.1	14.8x	1.2x	8.6	3.9	10.7	(55.6)	0.7
LSIP	1,115	1,420	1,800	Buy	61.4	(25.7)	7.6	15.1x	0.9x	6.2	3.1	(40.7)	(64.6)	0.8

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **UNVR : Divests Spread Segment**

UNVR will divests the spreads segment worth 164 million euro or equal to IDR2.65 trillion to Sigma Bidco B.V. The divestment includes the selling of intangible asset not limited to the right to distribute production using global and local brands. However, it is still seeking approval of the shareholder through EGM dated June 21, 2018. (Kontan)

### **ADHI : Is Backed by Construction and Energy Segments**

Until April 2018, ADHI secured new contracts worth IDR3.8 trillion of which 88.20% stems from the construction and energy segment, 9.50% from the energy segment, 43.20% from SOE projects, 11.40% from the government, 45.40% from privates and other segment. The contract value grows by 25.90% from the total contract obtained until March. (Bisnis Indonesia)

### **MEDC : Secures Private Placement License**

MEDC secured the private placement of 10% from the authorized and paid up capital and targeted the fund of IDR2.31 trillion from the issuance of 1.77 billion shares. It uses the benchmark of minimum transaction prices of IDR1,305 per share. The proceeds will be spent on the increment in capital structure, working capital and share buyback, as well as, future investment. (Bisnis Indonesia)

### **BHIT : Issues Global Bond for Refinancing**

BHIT issued global bonds worth USD231 million. The proceeds of global bonds issuance will be spent on the existing bonds refinancing worth USD365 million and maturing on May 15, 2018. The existing bonds were issued by Ottawa Holding and having the coupon rate of 5.875%. Using its cash, BHIT will settle the remaining debt of USD134 million. (Kontan)

## Domestic & Global News

### **Indonesia Posts Surprise Trade Deficit of \$1.63B in April**

Deficit is the highest since April 2014 after imports surged 35%, according to data released by the nation's statistics bureau. Imports jump 35% to \$16.09b y/y. Imports of consumption goods jumped 25.86% m/m, raw materials and intermediary goods rose 10.73% m/m. Country imported more garlic and frozen meat in April, compared to March, to secure supplies ahead of the fasting month of Ramadan. Govt needs to monitor rising trend of imports, says Suhariyanto, head of statistics office. (Bloomberg)

### **US retail sales rose 0.3% in April**

U.S. retail sales increased moderately in April as rising gasoline prices cut into discretionary spending, but consumer spending appeared on track to accelerate after slowing sharply in the first quarter. The Commerce Department said on Tuesday that retail sales rose 0.3 percent last month after surging 0.8 percent in March. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 14 - May	JPN	06:50	PPI YoY	Apr	2.00%	2.00%	2.10%
<b>Tuesday</b> 15 - May	CHN	09:00	Retail Sales YoY	Apr	9.40%	10.10%	10.10%
	CHN	09:00	Industrial Production YoY	Apr	7.00%	6.40%	6.00%
	EU	16:00	GDP SA QoQ	1Q P	0.40%	0.40%	0.40%
	EU	16:00	GDP SA YoY	1Q P	2.50%	2.50%	2.50%
	USA	19:30	Retail Sales Advance MoM	Apr		0.40%	0.60%
<b>Wednesday</b> 16 - May	JPN	06:50	GDP SA QoQ	1Q P		0.00%	0.40%
	JPN	11:30	Industrial Production MoM	Mar F		--	1.20%
	EU	16:00	CPI YoY	Apr F		1.20%	1.30%
	EU	16:00	CPI MoM	Apr		0.30%	1.00%
	USA	18:00	MBA Mortgage Applications	11-May		--	-0.40%
	USA	19:30	Housing Starts	Apr		1323k	1319k
	USA	19:30	Housing Starts MoM	Apr		0.10%	1.90%
	USA	20:15	Industrial Production MoM	Apr		0.60%	0.50%
<b>Thursday</b> 17 - May	USA	19:30	Initial Jobless Claims	12-May		--	211k
	USA	21:00	Leading Index	Apr		0.40%	0.30%
<b>Friday</b> 18 - May	JPN	06:30	Natl CPI YoY	Apr		0.70%	1.10%
	JPN	06:30	Natl CPI Ex Fresh Food YoY	Apr		0.80%	0.90%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Tuesday</b> 15 - May	11:00	Imports YoY	Apr	34.68%	--	9.07%
	11:00	Exports YoY	Apr	9.01%	--	6.14%
	11:00	Trade Balance	Apr	-\$1629.3m	--	\$1092m
<b>Thursday</b> 17 - May	Tentative	Bank Indonesia 7D Reverse Repo	17-May		--	4.25%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 14 - May	Annual Shareholder Meeting Cum Dividend Date	ANJT, SJT, BKDP, BUKK, ELSA, JGLE, JMAS, MDKI, MEDC, NIRO, PJAA JECC (IDR200 per share) MYOH (IDR0.0082 per share) TOTL (IDR50 per share)
	Cum Right Offering Date	BULL (1 per 2; subscription price: IDR140 per share)
<b>Tuesday</b> 15 - May	Annual Shareholder Meeting Cum Dividend Date	BRNA, CLEO, ELTY, EPMT, ETWA, MTRA, SMSM CARS (IDR40 per share) DVLA (IDR70 per share) MAPI (IDR40 per share) PRDA (IDR64.3 per share)
<b>Wednesday</b> 16 - May	Annual Shareholder Meeting	ARTI, BLTZ, HEXA, IBFN, KIJA, MREI
<b>Thursday</b> 17 - May	Annual Shareholder Meeting	EKAD, KREN, MPOW, SMCB, TRST
<b>Friday</b> 18 - May	Annual Shareholder Meeting	ACES, BALI, BAPA, BLTA, BVIC, GWSA, HOME, INTA, MLPL, RMBA, SRIL, VICO, VINS, WIIM

Source: Bloomberg

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