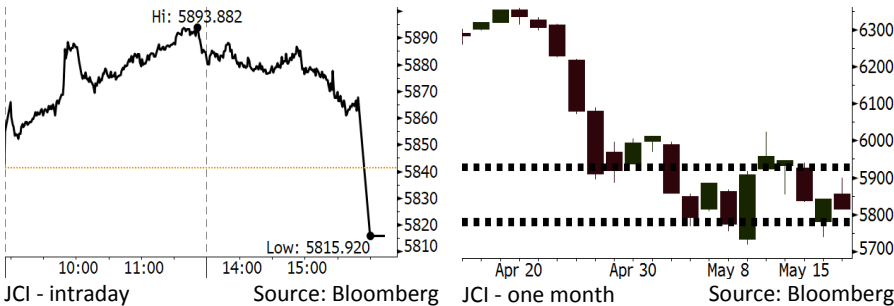


Morning Brief

Daily | May 18, 2018

JCI Movement



IHSG (Jakarta Composite Index)

May 17	5,815.92
Chg	-25.54pts (-0.44%)
Volume (bn shares)	82.60
Value (IDR tn)	8.29

Adv 221 Dec 151 Unc 222 Untr 106

Foreign Transaction (IDR bn)

Buy	4,497
Sell	5,206
Net Buy (Sell)	(709)

Top Buy NB Val. Top Sell NS Val.

TLKM	159.8	BBRI	284.8
UNTR	95.3	BBCA	151.4
INKP	91.2	BBNI	114.9
BMRI	50.9	UNVR	83.4
EXCL	31.6	ASII	75.5

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
ADRO	5.0%	AKRA	-4.6%
BUMI	4.7%	UNVR	-3.6%
WIKA	4.3%	KLBF	-3.3%
ADHI	4.2%	BRPT	-3.0%
EXCL	3.4%	LPKR	-3.0%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.22%	-0.00%
USDIDR	14,058	-0.28%
KRWIDR	13.00	-0.42%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,713.98	(54.95)	-0.22%
S&P 500	2,720.13	(2.33)	-0.09%
Nasdaq	7,382.47	(15.82)	-0.21%
FTSE 100	7,787.97	53.77	0.70%
CAC 40	5,621.92	54.38	0.98%
DAX	13,114.61	118.28	0.91%
Nikkei	22,838.37	121.14	0.53%
Hang Seng	30,942.15	(168.05)	-0.54%
Shanghai	3,154.28	(15.28)	-0.48%
KOSPI	2,448.45	(11.37)	-0.46%
EIDO	24.39	(0.13)	-0.53%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,290.8	0.1	0.00%
Crude Oil (USD /bbl)	71.49	0.00	0.00%
Coal Newcas(USD/ton)	104.20	0.05	0.05%
Gas (USD /mmbtu)	2.86	0.04	1.56%
Nickel LME (USD /MT)	14,595	120.0	0.83%
Tin LME (USD /MT)	20,650	(75.0)	-0.36%
CPO (MYR/Ton)	2,432	18.0	0.75%

Indonesian Market Recap

JCI closed lower yesterday as investors awaited BI's stance on its benchmark rate. **Top Losers : Miscellaneous Industries (-1.80%), Finance (-1.41%), Consumer (-1.03%)**

Today's Outlook: : Hike in Benchmark Rates

We estimate JCI to rebound with the **support range of 5775-5785 and resistance range of 5923-5933**. Today, investors eye cautiously BI's stance on the hike in its benchmark rate. Indeed, BI pledged to adjust rates again with a view to maintain macroeconomic stability. BI's stance likely has short-term impacts on the banking sector currently posting underperformance due to margin pressure.

Stocks Recommendation (details on the next page)

Trading Buy: BBRI, UNVR, ADRO

Global Market

United States

The U.S. markets closed lower last night after President Trump indicated that the trade negotiation between the U.S. and China will not succeed.

Europe

European markets rallied yesterday as the commodities sector was bearish. Investors focused on corporate acts, primarily on the partnership agreement.

Asia

Asia markets moved mixed yesterday amid the further hike in the U.S. Treasury yield and the trade negotiation between the U.S. and China.

Company News

WIKA	: Secures IDR2.49 Trillion from Kijing Station Project
DILD	: Posts Growth of 178% in 1Q18 Net Profit
DOID	: Posts Underperformance due to Unfavorable Weather
SRIL	: Issues MTN of USD25 Million

Domestic & Global News

Indonesia Pledges 'Stronger Measures' as Market Selloff Deepens
 Trump: I 'doubt' China trade negotiations will succeed

Indonesia Economic Data

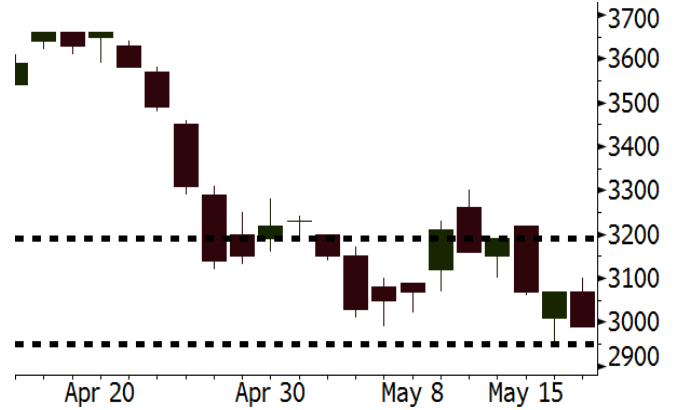
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.50%	4.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports Yoy	34.68%	9.07%	Business Confidence	111.02	112.39
Inflation Yoy	3.41%	3.40%	Cons. Confidence*	122.20	121.60

BBRI Last = 2990

Analysis The hike in benchmark rate positively impacts the banking sector. The higher benchmark rate will curb the trend of declining loan yield. On the other side, the growth in BBRI's credit will not slide in light of its portfolios majorly stemming from the micro and small to medium-sized enterprises (SME).

Range 2950 - 3190

Action Trading Buy. Cut Loss If Below 2950



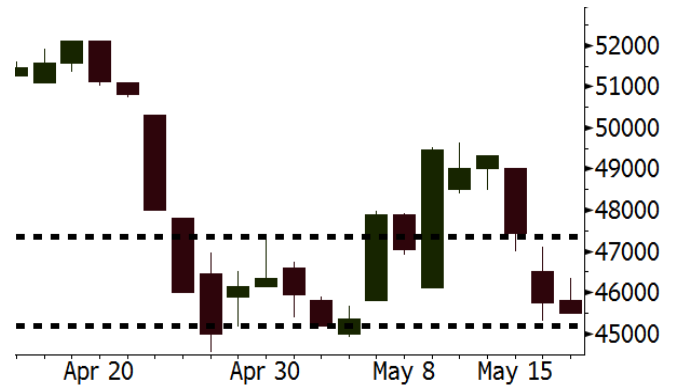
Source: Bloomberg

UNVR Last = 45500

Analysis BI's stance on higher benchmark rate is estimated to cushion the depreciated rupiah and maintain the low inflation. The consistently low inflation will spur the uptrend purchasing of retail consumption goods.

Range 45200 - 47350

Action Trading Buy. Cut Loss If Below 45200



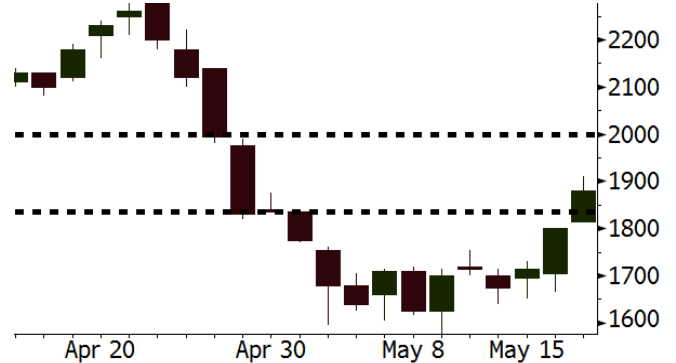
Source: Bloomberg

ADRO Last = 1880

Analysis Coal prices likely hikes further as the extremely dry season in China spikes the escalating demand for coal.

Range 1835 - 2000

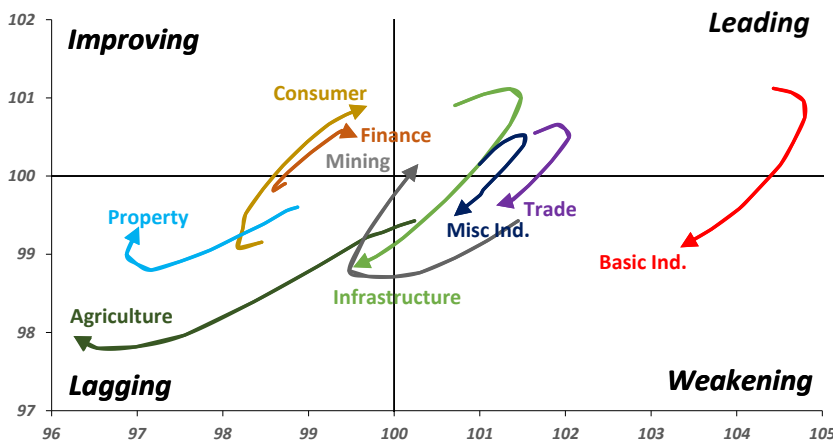
Action Trading buy. Cut Loss If Below 1835



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	5,816	6,356				3.6	6,544.8							
Finance						14.9	1,945.3							
BBCA	22,000	21,900	25,400	Buy	15.5	29.8	542.4	22.8x	4.0x	18.7	1.2	7.1	10.4	0.9
BBRI	2,990	3,640	4,700	Buy	57.2	6.0	368.8	12.3x	2.3x	19.6	3.6	13.0	11.4	1.4
BMRI	6,700	8,000	10,300	Buy	53.7	11.7	312.7	13.9x	1.9x	14.4	3.0	(1.9)	43.7	1.4
BBNI	7,800	9,900	8,125	Hold	4.2	20.0	145.5	10.4x	1.5x	15.2	3.3	10.6	12.7	1.3
BBTN	2,830	3,570	3,790	Buy	33.9	16.5	30.0	9.6x	1.4x	15.2	2.0	15.1	16.1	1.3
BJTM	690	710	810	Buy	17.4	5.3	10.3	8.6x	1.3x	15.4	6.4	4.8	10.7	1.1
Consumer						(4.1)	1,359.1							
HMSP	3,650	4,730	5,025	Buy	37.7	(4.9)	424.6	34.2x	11.4x	33.3	2.9	2.5	(7.1)	1.4
GGRM	68,100	83,800	97,825	Buy	43.6	(2.9)	131.0	16.9x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	45,500	55,900	49,450	Hold	8.7	(4.7)	347.2	50.4x	49.5x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,175	8,900	9,625	Buy	17.7	(6.0)	95.3	24.3x	4.6x	20.0	1.9	4.5	10.6	1.1
INDF	6,300	7,625	8,175	Buy	29.8	(25.7)	55.3	13.3x	1.7x	13.2	3.7	(1.1)	0.7	1.1
KLBF	1,320	1,690	1,730	Buy	31.1	(12.0)	61.9	25.7x	4.5x	18.2	1.7	2.4	0.2	1.2
KAEF	2,030	2,700	3,280	Buy	61.6	(21.9)	11.3	34.5x	4.5x	13.8	0.9	5.4	22.2	1.3
Infrastructure						(11.4)	692.37							
TLKM	3,490	4,399	4,600	Buy	31.8	(18.8)	351.8	16.3x	3.5x	22.4	4.8	4.3	(14.3)	0.9
EXCL	2,180	2,960	3,800	Buy	74.3	(29.2)	23.3	68.6x	1.1x	1.6	N/A	4.5	(75.0)	1.2
ISAT	3,280	4,800	6,750	Buy	105.8	(55.8)	17.8	39.1x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,020	6,400	6,050	Buy	50.5	(16.3)	29.2	13.0x	1.9x	15.3	1.5	92.8	6.5	1.0
TBIG	5,025	6,425	6,050	Buy	20.4	(9.9)	22.8	9.6x	7.2x	99.8	6.3	8.4	229.7	0.6
INDY	3,940	3,060	5,000	Buy	26.9	371.9	20.5	3.9x	1.5x	46.6	2.7	263.6	166.7	1.2
Trade						0.7	750.8							
UNTR	36,275	35,400	42,350	Buy	16.7	57.0	135.3	16.0x	2.8x	18.6	2.5	39.0	68.7	1.2
AKRA	4,520	6,350	8,025	Buy	77.5	(28.0)	18.1	21.4x	2.1x	24.1	4.4	34.4	(22.8)	1.2
SCMA	2,300	2,480	3,200	Buy	39.1	(19.9)	33.6	25.3x	8.6x	36.3	2.5	(1.6)	(11.4)	0.8
MNCN	1,300	1,285	1,550	Buy	19.2	(32.1)	18.6	11.9x	1.9x	16.3	3.2	4.8	10.3	1.2
LPPF	8,725	10,000	11,250	Buy	28.9	(41.0)	25.5	13.3x	9.9x	81.7	5.2	5.9	1.2	1.2
ACES	1,210	1,155	1,575	Buy	30.2	25.4	20.8	24.8x	5.5x	24.0	1.4	21.5	35.7	0.9
RALS	1,355	1,200	1,400	Hold	3.3	0.7	9.6	21.8x	2.6x	12.2	2.7	(2.6)	407.0	0.8
MAPI	8,450	6,200	9,450	Hold	11.8	38.5	14.0	22.3x	3.2x	16.4	0.5	19.3	505.7	0.9
Property						(5.0)	377.9							
BSDE	1,625	1,700	1,850	Hold	13.8	(4.4)	31.3	6.3x	1.2x	21.4	0.3	56.7	172.3	1.2
PWON	520	685	700	Buy	34.6	(8.8)	25.0	12.0x	2.3x	21.0	0.9	19.5	61.9	1.0
CTRA	985	1,185	1,370	Buy	39.1	(12.4)	18.3	22.6x	1.4x	6.1	0.5	6.8	(41.7)	1.2
SMRA	845	945	960	Hold	13.6	(32.4)	12.2	36.6x	1.9x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,140	2,210	2,810	Buy	31.3	(7.0)	29.0	5.6x	1.9x	37.7	2.7	68.6	314.5	1.3
PTPP	2,340	2,640	3,850	Buy	64.5	(20.7)	14.5	9.8x	1.3x	13.9	2.0	26.3	19.0	1.3
WIKA	1,560	1,550	2,150	Buy	37.8	(30.7)	14.0	12.4x	1.1x	9.2	1.7	64.1	(30.9)	1.0
ADHI	1,930	1,885	2,160	Hold	11.9	(12.7)	6.9	12.1x	1.2x	10.1	1.5	39.7	282.5	1.1
Misc Ind.						(16.8)	356.5							
ASII	6,725	8,300	9,300	Buy	38.3	(19.5)	272.3	14.5x	2.1x	15.3	2.8	14.4	(1.6)	1.2
Basic Ind.						24.9	588.0							
INTP	17,100	21,950	21,575	Buy	26.2	(6.7)	62.9	38.6x	2.5x	6.3	5.4	1.9	(46.2)	1.3
SMGR	8,700	9,900	11,550	Buy	32.8	(4.4)	51.6	30.8x	1.8x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,380	3,000	4,200	Buy	24.3	12.7	55.4	19.3x	3.3x	18.2	1.7	(1.3)	60.5	1.0
JPFA	1,625	1,300	1,820	Hold	12.0	29.0	18.5	13.8x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	710	740	780	Hold	9.9	(32.1)	1.6	21.0x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	398	424	500	Buy	25.6	(22.0)	7.7	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,875	6,000	6,275	Hold	6.8	7.6	104.8	22.5x	4.5x	22.8	1.4	25.3	3.8	0.7
BRPT	2,260	2,260	2,420	Hold	7.1	47.2	31.5	21.6x	2.1x	12.4	N/A	25.1	(5.3)	0.6
Mining						37.9	391.0							
ADRO	1,880	1,860	2,720	Buy	44.7	33.3	60.1	9.3x	1.2x	13.6	5.8	5.1	(23.4)	1.4
PTBA	3,550	2,460	3,950	Hold	11.3	67.8	40.9	7.4x	2.5x	38.7	9.0	26.4	67.1	1.2
ITMG	26,375	20,700	31,125	Buy	18.0	77.6	29.8	8.2x	2.4x	29.2	11.9	2.8	0.0	1.2
INCO	3,570	2,890	3,550	Hold	(0.6)	86.9	35.5	3095.7x	1.4x	(0.1)	N/A	18.4	N/A	1.4
ANTM	825	625	985	Buy	19.4	17.0	19.8	52.8x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	930	775	1,240	Buy	33.3	8.1	6.9	14.0x	1.1x	8.6	2.5	(0.6)	(23.2)	1.1
ELSA	436	372	625	Buy	43.3	39.7	3.2	14.6x	1.1x	7.8	1.0	50.1	1267.6	1.3
Agriculture						(17.7)	93.4							
AALI	11,900	13,150	14,800	Buy	24.4	(17.5)	22.9	14.6x	1.2x	8.6	3.9	10.7	(55.6)	0.7
LSIP	1,120	1,420	1,380	Buy	23.2	(24.8)	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

WIKA : Secures IDR2.49 Trillion from Kijing Station Project

PT Pelindo II appointed WIKA as the official contractor for the construction of Kijing Station of Pontianak Port. The contract worth IDR2.49 trillion covered the port and management area, linked bridge, and other facilities constructions. The station requires 18 months for its construction process and operates effectively in 2019. (Bisnis Indonesia)

DOID : Posts Underperformance due to Unfavorable Weather

DOID posted the decline of 2% y-y into 108.9 million bcm in overburden removal from January to April. The total coal production also declined by 5% y-y into 13 million tons. It stated that the decline was triggered by the unfavorable weather. However, the backdrop got better as the coal production of April inclined. (Kontan)

DILD : Posts Growth of 178% in 1Q18 Net Profit

DILD posted the growth of 178% into IDR112.8 billion in the 1Q18 net profit. Its revenue also grew by 78% y-y into IDR709.2 billion. The growth was backed by the sales of residential units in Graha Natura and Serenia Hills. Of note, its revenues were respectively contributed by the residential segment by 53%, mixed use & high rise segment by 28%, and the recurring income. (Kontan)

SRIL : Issues MTN of USD25 Million

SRIL issued medium term notes (MTN) of USD25 million with the fixed coupon rate of 5.8% per year and 3-year tenor maturing on May 18, 2021. Of note, it posted the growth of 14.6% into USD68.03 million in 2017's net profit. Besides, its sales also hiked by 11.67% y-y into USD759.35 million. In 2018, it expands its business by acquiring two companies. (Bisnis Indonesia)

Domestic & Global News

Indonesia Pledges 'Stronger Measures' as Market Selloff Deepens

Indonesia's central bank raised its benchmark interest rate for the first time since 2014 and pledged to take "stronger measures" to maintain stability amid a currency rout. The seven-day reverse repurchase rate was increased by 25 basis points to 4.5 percent on Thursday with Bank Indonesia saying it will "adjust" rates again if needed. (Bloomberg)

Trump: I 'doubt' China trade negotiations will succeed

President Donald Trump said Thursday that he doubts high-stakes trade negotiations with China will succeed. "Will that be successful? I tend to doubt it," the president told reporters during an appearance with NATO Secretary-General Jens Stoltenberg. "The reason I doubt it is because China has become very spoiled. The European Union has become very spoiled. Other countries have become very spoiled, because they always got 100 percent of whatever they wanted from the United States." (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 14 - May	JPN	06:50	PPI YoY	Apr	2.00%	2.00%	2.10%
Tuesday 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	0.30%	0.40%	0.60%
Wednesday 16 - May	JPN	06:50	GDP SA QoQ	1Q P	-0.20%	0.00%	0.40%
	JPN	11:30	Industrial Production MoM	Mar F	1.40%	--	1.20%
	EU	16:00	CPI YoY	Apr F	1.30%	1.20%	1.30%
	EU	16:00	CPI MoM	Apr	1.00%	0.30%	1.00%
	USA	18:00	MBA Mortgage Applications	11-May	-2.70%	--	-0.40%
	USA	19:30	Housing Starts	Apr	1287k	1323k	1319k
	USA	19:30	Housing Starts MoM	Apr	-3.70%	0.10%	1.90%
	USA	20:15	Industrial Production MoM	Apr	0.72%	0.60%	0.50%
Thursday 17 - May	USA	19:30	Initial Jobless Claims	12-May	222k	--	211k
	USA	21:00	Leading Index	Apr	0.40%	0.40%	0.30%
Friday 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.
Tuesday 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
Thursday 17 - May	Tentative	Bank Indonesia 7D Reverse Repo	17-May	4.50%	--	4.25%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 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)
Tuesday 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)
Wednesday 16 - May	Annual Shareholder Meeting	ARTI, BLTZ, HEXA, IBFN, KIJA, MREI
Thursday 17 - May	Annual Shareholder Meeting	EKAD, KREN, MPOW, SMCB, TRST
Friday 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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