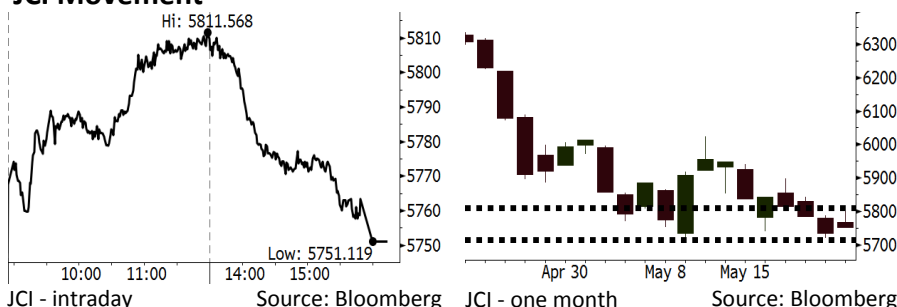


Morning Brief

Daily | May 23, 2018

JCI Movement



IHSG (Jakarta Composite Index)

May 22	5,751.12
Chg	+17.27pts (+0.30%)
Volume (bn shares)	115.98
Value (IDR tn)	8.27

Adv 173 Dec 210 Unc 211 Untr 110

Foreign Transaction (IDR bn)

Buy	2,677
Sell	3,031
Net Buy (Sell)	(354)

Top Buy	NB Val.	Top Sell	NS Val.
ASII	86.7	BBRI	194.9
BBCA	55.2	BMRI	73.6
INKP	54.5	ADRO	57.4
PTBA	45.0	BBNI	55.1
EXCL	32.4	BBTN	51.5

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
ASII	6.5%	ANTM	-4.0%
PTPP	4.7%	INDY	-3.6%
BJBR	4.4%	INCO	-3.2%
INDF	4.0%	BBNI	-2.4%
SCMA	3.7%	BUMI	-2.3%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.53%	0.05%
USDIDR	14,142	-0.34%
KRWIDR	13.15	0.46%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,834.41	(178.88)	-0.72%
S&P 500	2,724.44	(8.57)	-0.31%
Nasdaq	7,378.46	(15.58)	-0.21%
FTSE 100	7,877.45	18.28	0.23%
CAC 40	5,640.10	2.59	0.05%
DAX	13,169.92	92.20	0.71%
Nikkei	22,960.34	(42.03)	-0.18%
Hang Seng	31,234.35	186.44	0.60%
Shanghai	3,214.35	0.51	0.02%
KOSPI	2,465.57	4.92	0.20%
EIDO	23.78	0.34	1.45%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,291.1	(1.5)	-0.11%
Crude Oil (USD /bbl)	72.20	(0.15)	-0.21%
Coal Newcas(USD/ton)	103.50	(1.05)	-1.00%
Gas (USD /mmbtu)	2.91	0.10	3.49%
Nickel LME (USD /MT)	14,780	105.0	0.72%
Tin LME (USD /MT)	20,530	(170.0)	-0.82%
CPO (MYR/Ton)	2,477	31.0	1.27%

Indonesian Market Recap

JCI closed higher yesterday as ASII's stocks rallied amid the buoyant car sales in Indonesia. **Top Gainers : Miscellaneous Industries (+5.12%), Basic Industry (+1.01%), Infrastructure (+0.87%)**

Today's Outlook: : Correction to Dollar

We estimate that today JCI rallies with the **support range of 5712-5717 and resistance range of 5808-5813**. The main sentiment comes from the expectancy of the release of Fed's minutes. Dollar slightly depreciates and the U.S. Treasury yield moves flat ahead of the release of the Fed's minutes. This backdrop signals investors' doubt on the extreme monetary tightening by the Fed. Besides, the depreciated dollar is spurred by the failure of trade negotiation between the U.S. and China ignited by Trump's latest statement.

Stocks Recommendation (details on the next page)

Trading Buy: SCMA, INDF, BBRI

Global Market

United States

The U.S. markets closed lower last night after President Trump stated its discontent at the result of trade negotiation between the U.S. and China.

Europe

European markets rallied yesterday after China stated to whittle away the tariff import imposed on cars and automotive component.

Asia

Asia markets moved mixed yesterday. Investors digested the rally in global crude prices & the news of the withdrawal of the U.S. sanctions upon ZTE.

Company News

- INTP : Distributes Dividends of IDR2.57 Trillion
- TOTL : Obtains New Contract of IDR625 Billion
- UNTR : Posts Growth of 39.63% in Sales of Heavy Machinery
- CSAP : Will Perform Private Placement of IDR223.89 Billion

Domestic & Global News

- Bank Indonesia Sees 2018 Current-Account Gap at 2.3% of GDP
- Trump: There's no deal with China on ZTE

Indonesia Economic Data

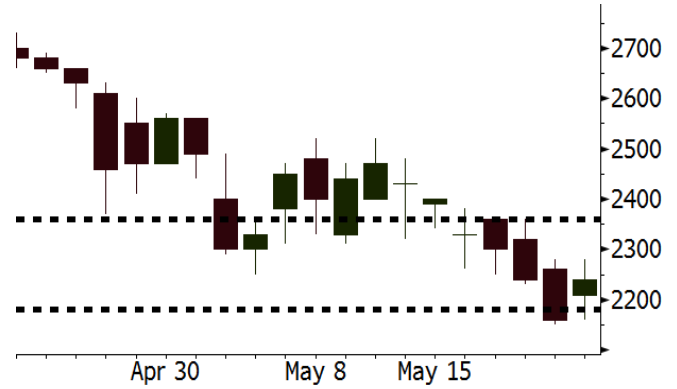
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.50%	4.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports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

SCMA Last = 2240

Analysis SCMA's TV programs during Ramadhan are estimated to spur SCMA's audience shares and strengthen its position as the market leader.

Range 2180 – 2360

Action Trading Buy. Cut Loss If Below 2180



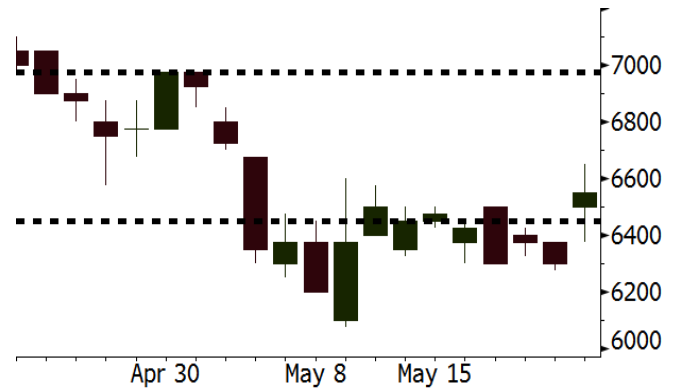
Source: Bloomberg

INDF Last = 6550

Analysis The stable inflation backed by the concerted import by the government likely boosts the recovery in consumption, including food and beverages consumption.

Range 6450 - 6975

Action Trading Buy. Cut Loss If Below 6450



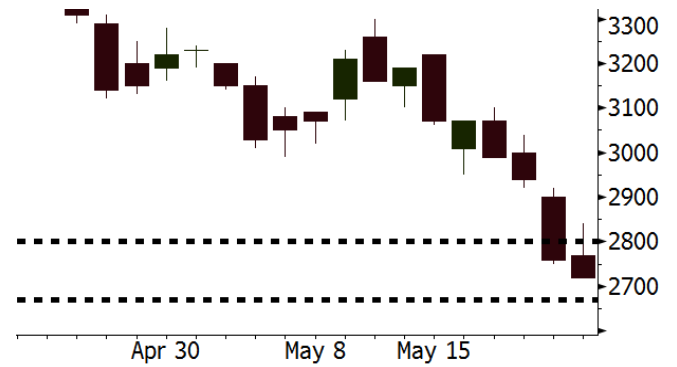
Source: Bloomberg

BBRI Last = 2720

Analysis BBRI is potential for achieving excellent growth in credit distribution backed by the micro segment. The 1Q18 growth in micro credit segment reaching 16%.

Range 2670 – 2800

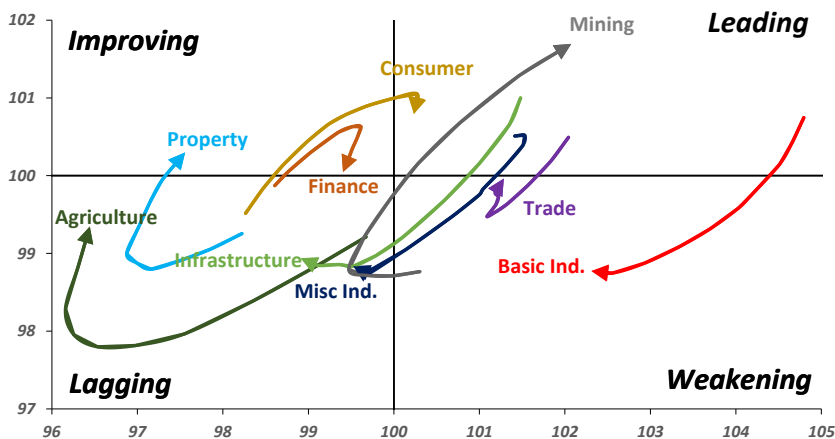
Action Trading buy. Cut Loss If Below 2670



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	5,751	6,356				0.0	6,433.0							
Finance						7.2	1,865.7							
BBCA	22,000	21,900	25,400	Buy	15.5	24.6	542.4	22.8x	4.0x	18.7	1.2	7.1	10.4	1.0
BBRI	2,720	3,640	3,510	Buy	29.0	(7.0)	335.5	11.2x	2.1x	19.6	3.9	13.0	11.4	1.4
BMRI	6,525	8,000	10,300	Buy	57.9	4.2	304.5	13.6x	1.9x	14.4	3.1	(1.9)	43.7	1.4
BBNI	7,125	9,900	8,125	Hold	14.0	4.4	132.9	9.5x	1.4x	15.2	3.6	10.6	12.7	1.3
BBTN	2,790	3,570	3,790	Buy	35.8	9.4	29.5	9.5x	1.4x	15.2	2.0	15.1	16.1	1.4
BJTM	690	710	810	Buy	17.4	(0.7)	10.3	8.6x	1.4x	16.5	6.4	4.8	10.7	1.1
Consumer						(6.0)	1,328.2							
HMSP	3,470	4,730	5,025	Buy	44.8	(8.9)	403.6	32.5x	10.9x	33.3	3.1	2.5	(7.1)	1.4
GGRM	66,725	83,800	97,825	Buy	46.6	(10.1)	128.4	16.6x	2.9x	18.2	3.9	10.1	0.1	1.4
UNVR	46,200	55,900	49,450	Hold	7.0	(2.6)	352.5	51.2x	50.3x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,100	8,900	9,625	Buy	18.8	(7.4)	94.5	24.1x	4.6x	20.0	1.9	4.5	10.6	1.1
INDF	6,550	7,625	8,175	Buy	24.8	(24.7)	57.5	13.9x	1.8x	13.2	3.6	(1.1)	0.7	1.0
KLBF	1,320	1,690	1,730	Buy	31.1	(15.9)	61.9	25.7x	4.5x	18.2	1.7	2.4	0.2	1.3
KAEF	2,000	2,700	3,280	Buy	64.0	(33.1)	11.1	34.0x	4.4x	13.8	0.9	5.4	22.2	1.3
Infrastructure						(13.9)	686.05							
TLKM	3,470	4,399	4,600	Buy	32.6	(21.7)	349.8	16.2x	3.5x	22.4	4.8	4.3	(14.3)	0.9
EXCL	2,020	2,960	3,800	Buy	88.1	(32.4)	21.6	63.6x	1.0x	1.6	N/A	4.5	(75.0)	1.0
ISAT	3,160	4,800	6,750	Buy	113.6	(56.9)	17.2	37.6x	1.2x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,050	6,400	6,050	Buy	49.4	(20.2)	29.4	13.1x	1.9x	15.3	1.5	92.8	6.5	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(14.9)	22.7	9.6x	7.2x	99.8	6.4	8.4	229.7	0.6
INDY	3,760	3,060	5,000	Buy	33.0	385.2	19.6	3.7x	1.4x	46.6	2.9	263.6	166.7	1.1
Trade						(1.2)	750.6							
UNTR	35,975	35,400	42,350	Buy	17.7	47.4	134.2	15.9x	2.8x	18.6	2.5	39.0	68.7	1.1
AKRA	4,710	6,350	8,025	Buy	70.4	(27.0)	18.9	22.3x	2.2x	24.1	4.2	34.4	(22.8)	1.3
SCMA	2,240	2,480	3,200	Buy	42.9	(22.5)	32.8	24.6x	8.4x	36.3	2.6	(1.6)	(11.4)	0.9
MNCN	1,225	1,285	1,550	Buy	26.5	(31.9)	17.5	11.2x	1.8x	16.3	3.4	4.8	10.3	1.1
LPPF	8,950	10,000	11,250	Buy	25.7	(43.7)	26.1	13.7x	10.1x	81.7	5.1	5.9	1.2	1.2
ACES	1,190	1,155	1,425	Buy	19.7	22.7	20.4	24.4x	5.5x	24.0	1.4	21.5	35.7	0.9
RALS	1,330	1,200	1,400	Hold	5.3	1.5	9.4	21.4x	2.5x	12.2	2.7	(2.6)	407.0	0.8
MAPI	8,025	6,200	9,450	Buy	17.8	27.4	13.3	21.2x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(9.8)	374.6							
BSDE	1,565	1,700	1,850	Buy	18.2	(13.1)	30.1	6.1x	1.2x	21.4	0.3	56.7	172.3	1.2
PWON	505	685	700	Buy	38.6	(21.7)	24.3	11.6x	2.2x	21.0	0.9	19.5	61.9	1.1
CTRA	880	1,185	1,370	Buy	55.7	(24.8)	16.3	20.2x	1.2x	6.1	0.5	6.8	(41.7)	1.2
SMRA	805	945	960	Buy	19.3	(41.2)	11.6	34.8x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,190	2,210	2,810	Buy	28.3	(9.5)	29.7	5.7x	1.9x	37.7	2.6	68.6	314.5	1.2
PTPP	2,440	2,640	3,850	Buy	57.8	(20.8)	15.1	10.2x	1.3x	13.9	1.9	26.3	19.0	1.3
WIKA	1,605	1,550	2,150	Buy	34.0	(32.6)	14.4	12.8x	1.1x	9.2	1.7	64.1	(30.9)	0.9
ADHI	1,925	1,885	2,160	Hold	12.2	(16.3)	6.9	12.0x	1.2x	10.1	1.5	39.7	282.5	1.0
Misc Ind.						(18.1)	342.1							
ASII	6,950	8,300	9,300	Buy	33.8	(20.8)	281.4	15.0x	2.2x	15.3	2.7	14.4	(1.6)	1.2
Basic Ind.						22.2	579.4							
INTP	16,925	21,950	21,575	Buy	27.5	(6.0)	62.3	38.2x	2.5x	6.3	5.5	1.9	(46.2)	1.4
SMGR	8,375	9,900	11,550	Buy	37.9	(10.9)	49.7	29.6x	1.7x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,360	3,000	4,200	Buy	25.0	9.4	55.1	19.2x	3.3x	18.2	1.7	(1.3)	60.5	1.0
JPFA	1,555	1,300	1,820	Buy	17.0	32.9	17.7	13.2x	2.1x	15.5	3.2	18.7	533.3	0.7
MAIN	715	740	780	Hold	9.1	(33.5)	1.6	21.1x	0.9x	4.1	5.3	16.5	109.1	1.0
KRAS	426	424	500	Buy	17.4	(21.8)	8.2	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	6,000	6,000	6,275	Hold	4.6	9.1	107.0	22.9x	4.6x	22.8	1.4	25.3	3.8	0.8
BRPT	2,140	2,260	2,420	Hold	13.1	34.6	29.9	20.3x	2.0x	12.4	N/A	25.1	(5.3)	0.7
Mining						38.5	408.6							
ADRO	1,930	1,860	2,720	Buy	40.9	34.5	61.7	9.5x	1.2x	13.6	5.6	5.1	(23.4)	1.3
PTBA	3,790	2,460	3,950	Hold	4.2	76.3	43.7	7.9x	2.7x	38.7	8.4	26.4	67.1	1.1
ITMG	26,200	20,700	32,400	Buy	23.7	72.7	29.6	8.1x	2.3x	29.2	12.0	2.8	0.0	1.1
INCO	3,690	2,890	3,550	Hold	(3.8)	89.7	36.7	3183.6x	1.4x	(0.1)	N/A	18.4	N/A	1.2
ANTM	845	625	985	Buy	16.6	21.6	20.3	54.1x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	965	775	1,240	Buy	28.5	6.0	7.2	14.6x	1.2x	8.6	2.4	(0.6)	(23.2)	1.1
ELSA	438	372	625	Buy	42.7	36.9	3.2	14.6x	1.1x	7.8	1.2	50.1	1267.6	1.2
Agriculture						(15.1)	97.8							
AALI	12,950	13,150	14,800	Hold	14.3	(11.0)	24.9	15.9x	1.3x	8.6	3.6	10.7	(55.6)	0.7
LSIP	1,225	1,420	1,380	Hold	12.7	(18.6)	8.4	16.5x	1.0x	6.2	2.9	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

INTP : Distributes Dividends of IDR2.57 Trillion

INTP will distribute the cash dividends of IDR2.57 trillion deriving from the 2017 net profit amounting to IDR1.86 trillion and the remaining retained earnings. The decision is INTP's commitment to giving profits to its shareholders. However, the dividend of IDR700 per share declined by 24.65% y-y. (Bisnis Indonesia)

UNTR : Posts Growth of 39.63% in Sales of Heavy Machinery

UNTR posted the growth of 39.63% y-y into 1,659 unit in the sales of heavy machinery "Komatsu" from January to April. In April, the sales of Komatsu grew by 43.07% y-y into 485 unit. Besides, its sales also derived from the mining segment by 57%, the construction by 13%, and the forestry by 8%. It stated that the market share during the given period reached 35%. (Bisnis Indonesia)

TOTL : Obtains New Contract of IDR625 Billion

TOTL obtained the new contract of IDR625 billion until the end of April. Its 1Q18 new contracts were worth IDR280 billion or equal to 7% from the 2018 new contract. According to its management, it has pipeline projects of IDR6.31 trillion dominated by the mixed use projects and apartment. However, the projects are still undergoing bidding. (Bisnis Indonesia)

CSAP : Will Perform Private Placement of IDR223.89 Billion

CSAP will perform private placement of IDR223.89 billion with 405.3 million stocks equal to 10% of issued capital and fully paid up capital. The exercise prices set forth in the private placement is IDR552.4 per share. The proceeds from the private placement will be spent on new and existing stores expansion, increasing efficiency, and human resource development. (Kontan)

Domestic & Global News

Bank Indonesia Sees 2018 Current-Account Gap at 2.3% of GDP

Indonesia's current-account deficit may swell to 2.3% of GDP this year, or about \$23 billion, according to Governor Agus Martowardojo. That would be the highest shortfall since the 3.1% in 2014, data compiled by Bloomberg show. (Bloomberg)

Trump: There's no deal with China on ZTE

President Donald Trump said Tuesday that his administration has not yet reached a deal with Beijing to save telecom company ZTE. The president contradicted a Wall Street Journal report indicating the Trump administration came to a tentative agreement with Beijing to revive the massive phone maker currently sanctioned by the U.S. government. The president added Tuesday that he is "not satisfied" with trade talks with China that took place in Washington last week. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Wednesday	JPN	07:30	Nikkei Japan PMI Mfg	May P	52.5	--	53.8
23 - May	JPN	11:30	All Industry Activity Index MoM	Mar		0.10%	0.40%
	GER	14:30	Markit Germany Manufacturing PMI	May P		57.9	58.1
	EU	15:00	Markit Eurozone Manufacturing PMI	May P		56.1	56.2
	UK	15:30	CPI MoM	Apr		0.50%	0.10%
	UK	15:30	CPI YoY	Apr		2.50%	2.50%
	USA	18:00	MBA Mortgage Applications	18-May		--	-2.70%
	USA	20:45	Markit US Manufacturing PMI	May P		56.1	56.5
	EU	21:00	Consumer Confidence	May A		0.5	0.4
	USA	21:00	New Home Sales	Apr		679k	694k
Thursday	USA	01:00	FOMC Meeting Minutes	02-May			
24 - May	GER	13:00	GDP SA QoQ	1Q F		0.30%	0.30%
	GER	13:00	GDP NSA YoY	1Q F		1.60%	1.60%
	GER	13:00	GfK Consumer Confidence	Jun		10.8	10.8
	USA	19:30	Initial Jobless Claims	19-May		--	222k
	USA	21:00	Existing Home Sales	Apr		5.56m	5.60m
Friday	GER	15:00	IFO Business Climate	May		102	102.1
25 - May	UK	15:30	GDP QoQ	1Q P		0.10%	0.10%
	UK	15:30	GDP YoY	1Q P		1.20%	1.20%
	USA	19:30	Durable Goods Orders	Apr P		-1.40%	2.60%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 21 - May	Annual Shareholder Meeting	ASMI, BINA, ERTX, MAYA, MBAP, MDKA, PNBK, SHIP
	Cum Dividend Date	ANJT (IDR12 per share) ELSA (IDR5.08 per share) GEMS (IDR47.8 per share) MDKI (IDR17 per share) PJAA (IDR52 per share)
	Cum Right Offering Date	PNBS (27 per 20; subscription price: IDR100 per share)
Tuesday 22 - May	Annual Shareholder Meeting	ALDO, BBKP, INTP, MICE, SIMA
	Rights Delisting Date	BBNP
	Cum Dividend Date	EPMT (IDR5 per share) SMSM (IDR12 per share)
	IPO Listing Date	PZZA, TRUK
Wednesday 23 - May	Annual Shareholder Meeting	BBHI, BBLD, BCIP, BSDE, BTON, CEKA, CPIN, DUTI, ESTI, GDST, GDYR, HRUM, IBST, JPRS, KINO, MASA, SQBB, SUPR, TPMA
Thursday 24 - May	Annual Shareholder Meeting	AMRT, ARTA, ASRI, BUDI, DOID, DPUM, EMDE, GOLD, JSPT, META, MIDI, MMLP, TBLA, TOPS
Friday 25 - May	Annual Shareholder Meeting	BBMD, BPII, DGIK, DSSA, FPNI, GOLL, KBLI, MDLN, MTWI, MYOR, NAGA, NOBU, PYFA, RALS, RANC, RODA, TRIL, VOKS, WINS

Source: Bloomberg

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