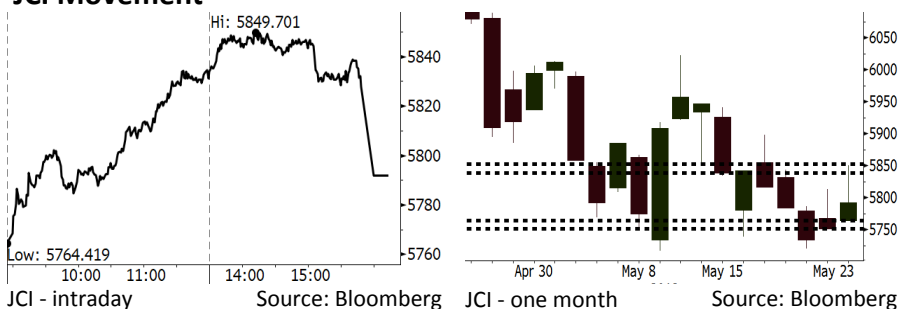


Morning Brief

Daily | May 24, 2018

JCI Movement



IHSG (Jakarta Composite Index)

May 23	5,792.00
Chg	+40.88pts (+0.71%)
Volume (bn shares)	90.35
Value (IDR tn)	8.92
Adv 183 Dec 191 Unc 222 Untr 119	

Foreign Transaction		(IDR bn)
Buy		3,900
Sell		3,341
Net Buy (Sell)		559

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	353.8	TLKM	76.7
BMRI	94.5	ADRO	55.4
BBNI	92.9	INDF	30.1
INKP	53.5	BBTN	28.3
PTBA	30.7	WSKT	20.0

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
EXCL	6.9%	ADRO	-5.4%
PTPP	6.6%	AKRA	-3.2%
BRPT	6.5%	BJBR	-2.8%
BBRI	5.9%	BMTR	-2.8%
BMRI	3.8%	KLBF	-2.7%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.62%	0.09%	
USDIDR	14,209	0.47%	
KRWIDR	13.13	-0.15%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,886.81	52.40	0.21%
S&P 500	2,733.29	8.85	0.32%
Nasdaq	7,425.96	47.50	0.64%
FTSE 100	7,788.44	(89.01)	-1.13%
CAC 40	5,565.85	(74.25)	-1.32%
DAX	12,976.84	(193.08)	-1.47%
Nikkei	22,689.74	(270.60)	-1.18%
Hang Seng	30,665.64	(568.71)	-1.82%
Shanghai	3,168.96	(45.39)	-1.41%
KOSPI	2,471.91	6.34	0.26%
EIDO	24.15	0.37	1.56%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,293.4	2.3	0.18%
Crude Oil (USD /bbl)	71.84	(0.36)	-0.50%
Coal Newcas(USD/ton)	102.65	(0.85)	-0.82%
Gas (USD /mmbtu)	2.91	0.01	0.21%
Nickel LME (USD /MT)	14,650	(130.0)	-0.88%
Tin LME (USD /MT)	20,625	95.0	0.46%
CPO (MYR/Ton)	2,473	(4.0)	-0.16%

Indonesian Market Recap

JCI closed higher yesterday led by the banking sector amid the release of accelerated growth in loan. **Top Gainers : Finance (+1.89%), Consumer (+1.13%), Basic Industry (+1.07%)**

Today's Outlook : The Release of the Fed's Minutes

We estimate that today JCI will rally with the support **range of 5751-5764 dan resistance range of 5838-5853**. The positive sentiment comes from the release of the minutes from the Fed's most recent meeting. The minutes pointed out that the Fed would be content to let inflation briefly run above their 2 percent target. Besides, many the Fed's official criticizing the Fed's confidence stance of the current inflation. It indicates the potency of less massive monetary tightening pace.

Stocks Recommendation (details on the next page)

Trading Buy: ACES, JPFA, BBRI

Global Market

United States

The U.S. markets closed higher after the release of the minutes from the Fed's last meeting indicating its content of inflation running above their 2% target.

Europe

European markets closed lower yesterday amid the uncertainty of Italian government and the updated trade negotiation between the U.S. and China.

Asia

Asia markets closed lower yesterday after Trump's statement of his discontent of the trade negotiation with China.

Company News

- CPIN: Targets Growth of 20% in Profit
- BSDE: Obtains Marketing Sales of IDR2.5 Trillion
- DUTI: Targets Growth of 30% in Revenue
- BRPT: Targets Right Issue of IDR10.25 Trillion

Domestic & Global News

Indonesia's Bank Loan Growth 8.94% Y/Y in April, FSA Says
 Fed indicates it will let inflation run above 2 percent goal for 'temporary period'

Indonesia Economic Data

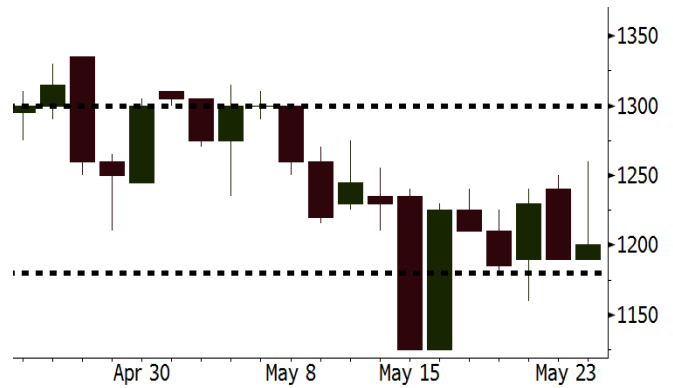
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.50%	4.25%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	124.90	126.00	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.63)	1.09	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	9.01%	6.14%	FDI (USD bn)	3.69	9.40
Imports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

ACES Last = 1200

Analysis ACES gave the dividends yield of 50% from net profits. In the prior years, it only distributed the dividends of 40% from the net profit. The backdrop was backed by its robust liquidity amid the expansive strategy it carried on.

Range 1180 – 1300

Action Trading Buy. Cut Loss If Below 1180



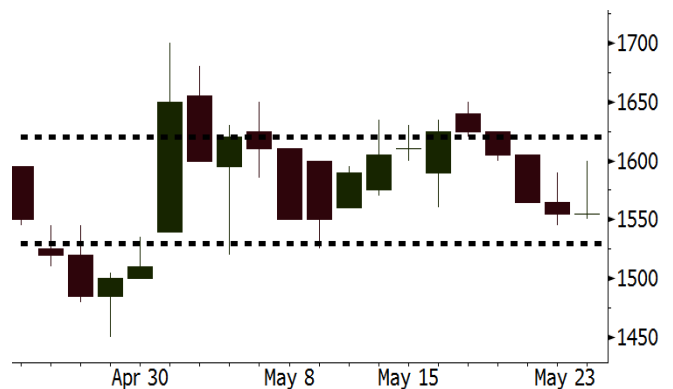
Source: Bloomberg

JPFA Last = 1555

Analysis JPFA's 2018 profit performance is estimated to grow by 68% marked by the 1Q18's outstanding performance. The commercial farm and consumer products segment succeeded to post the operational profit after posting loss in prior years.

Range 1530 - 1620

Action Trading Buy. Cut Loss If 1530



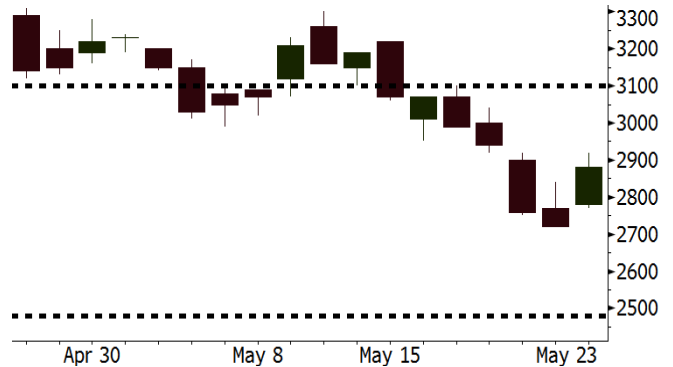
Source: Bloomberg

BBRI Last = 2880

Analysis The national loan grew by 8.94% in April or higher than the March's national loan of 8.5%. BBRI is potential for posting a significant loan growth after its micro segment posted the growth of 16% in the 1Q18 loan.

Range 2840 – 3100

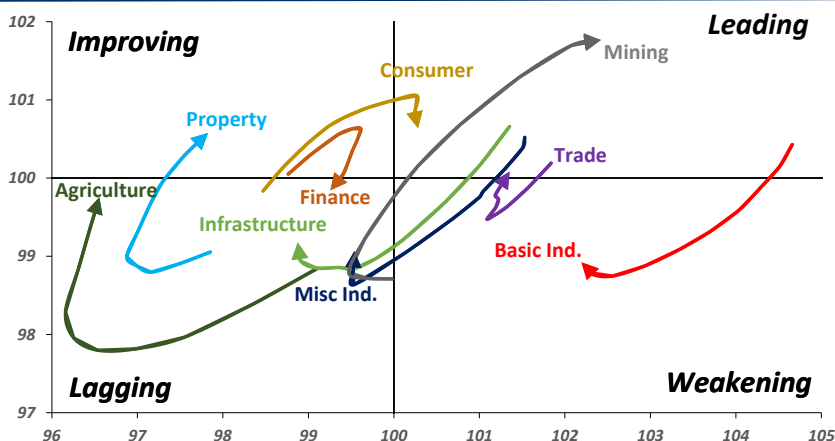
Action Trading buy. Cut Loss If Below 2840



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	5,834	6,356				2.3	6,498.5							
Finance						12.5	1,894.0							
BBCA	22,000	21,900	25,400	Buy	15.5	25.9	542.4	22.8x	4.0x	18.7	1.2	7.1	10.4	1.0
BBRI	2,880	3,640	3,510	Buy	21.9	1.8	355.2	11.8x	2.2x	19.6	3.7	13.0	11.4	1.4
BMRI	6,775	8,000	10,300	Buy	52.0	9.3	316.2	14.1x	2.0x	14.4	2.9	(1.9)	43.7	1.4
BBNi	7,200	9,900	8,125	Hold	12.8	10.3	134.3	9.6x	1.4x	15.2	3.5	10.6	12.7	1.3
BBTN	2,860	3,570	3,790	Buy	32.5	15.8	30.3	9.7x	1.4x	15.2	2.0	15.1	16.1	1.4
BJTM	690	710	810	Buy	17.4	1.5	10.3	8.6x	1.4x	16.5	6.4	3.1	10.7	1.1
Consumer						(4.8)	1,344.2							
HMSP	3,550	4,730	5,025	Buy	41.5	(8.3)	412.9	33.3x	11.1x	33.3	3.0	2.5	(7.1)	1.4
GGRM	68,075	83,800	97,825	Buy	43.7	(7.5)	131.0	16.9x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	46,400	55,900	49,450	Hold	6.6	(2.8)	354.0	51.4x	50.5x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,025	8,900	9,625	Buy	19.9	(9.1)	93.6	23.9x	4.6x	20.0	1.9	4.5	10.6	1.1
INDF	6,800	7,625	8,175	Buy	20.2	(22.7)	59.7	14.4x	1.8x	13.2	3.5	(1.1)	0.7	1.0
KLBF	1,285	1,690	1,730	Buy	34.6	(15.2)	60.2	25.0x	4.3x	18.2	1.7	2.4	0.2	1.3
KAEF	2,010	2,700	3,280	Buy	63.2	(33.2)	11.2	34.2x	4.4x	13.8	0.9	5.4	22.2	1.3
Infrastructure						(12.6)	690.22							
TLKM	3,470	4,399	4,600	Buy	32.6	(19.7)	349.8	16.2x	3.5x	22.4	4.8	4.3	(14.3)	0.9
EXCL	2,160	2,960	3,800	Buy	75.9	(28.9)	23.1	68.0x	1.1x	1.6	N/A	4.5	(75.0)	1.0
ISAT	3,180	4,800	6,750	Buy	112.3	(52.9)	17.3	37.9x	1.2x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,090	6,400	6,050	Buy	47.9	(19.4)	29.7	13.3x	1.9x	15.3	1.5	92.8	6.5	1.0
TBIG	4,760	6,425	6,050	Buy	27.1	(17.9)	21.6	9.1x	6.9x	99.8	6.7	8.4	229.7	0.6
INDY	3,730	3,060	5,000	Buy	34.0	384.4	19.4	3.7x	1.4x	46.6	2.9	263.6	166.7	1.1
Trade						0.5	755.0							
UNTR	36,425	35,400	42,350	Buy	16.3	51.1	135.9	16.1x	2.8x	18.6	2.5	39.0	68.7	1.1
AKRA	4,560	6,350	8,025	Buy	76.0	(28.8)	18.3	21.6x	2.1x	24.1	4.4	34.4	(22.8)	1.3
SCMA	2,250	2,480	3,200	Buy	42.2	(20.8)	32.9	24.7x	8.4x	36.3	2.6	(1.6)	(11.4)	0.9
MNCN	1,225	1,285	1,550	Buy	26.5	(32.9)	17.5	11.2x	1.8x	16.3	3.4	4.8	10.3	1.1
LPPF	8,800	10,000	11,250	Buy	27.8	(41.3)	25.7	13.4x	10.0x	81.7	5.2	5.9	1.2	1.2
ACES	1,200	1,155	1,425	Buy	18.8	20.0	20.6	24.6x	5.5x	24.0	1.4	21.5	35.7	0.9
RALS	1,345	1,200	1,400	Hold	4.1	8.0	9.5	21.6x	2.6x	12.2	2.7	(2.6)	407.0	0.8
MAPI	8,025	6,200	9,450	Buy	17.8	34.3	13.3	21.2x	3.0x	16.4	0.5	19.3	505.7	0.9
Property						(9.0)	376.9							
BSDE	1,580	1,700	1,850	Buy	17.1	(13.4)	30.4	6.2x	1.2x	21.4	0.3	56.7	172.3	1.2
PWON	496	685	700	Buy	41.1	(21.3)	23.9	11.4x	2.2x	21.0	0.9	19.5	61.9	1.1
CTRA	900	1,185	1,370	Buy	52.2	(19.6)	16.7	20.7x	1.2x	6.1	0.5	6.8	(41.7)	1.2
SMRA	810	945	960	Buy	18.5	(40.7)	11.7	35.0x	1.8x	5.2	0.6	(2.5)	(40.0)	1.4
WSKT	2,260	2,210	2,810	Buy	24.3	(6.6)	30.7	5.9x	2.0x	37.7	2.5	68.6	314.5	1.2
PTPP	2,600	2,640	3,850	Buy	48.1	(17.2)	16.1	10.9x	1.4x	13.9	1.8	26.3	19.0	1.3
WIKA	1,630	1,550	2,150	Buy	31.9	(30.6)	14.6	13.0x	1.1x	9.2	1.6	64.1	(30.9)	0.9
ADHI	1,930	1,885	2,160	Hold	11.9	(18.9)	6.9	12.1x	1.2x	10.1	1.5	39.7	282.5	1.0
Misc Ind.						(15.7)	361.8							
ASII	7,000	8,300	9,300	Buy	32.9	(19.8)	283.4	15.1x	2.2x	15.3	2.6	14.4	(1.6)	1.2
Basic Ind.						25.2	591.6							
INTP	16,900	21,950	21,575	Buy	27.7	(9.1)	62.2	38.1x	2.5x	6.3	5.5	1.9	(46.2)	1.4
SMGR	8,300	9,900	11,550	Buy	39.2	(10.3)	49.2	29.4x	1.7x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,360	3,000	4,200	Buy	25.0	8.7	55.1	19.2x	3.3x	18.2	1.7	(1.3)	60.5	1.0
JPFA	1,555	1,300	2,000	Buy	28.6	37.0	17.7	13.2x	2.1x	15.5	3.2	18.7	533.3	0.7
MAIN	710	740	780	Hold	9.9	(31.1)	1.6	21.0x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	420	424	500	Buy	19.0	(20.8)	8.1	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,950	6,000	6,275	Hold	5.5	12.8	106.1	22.6x	4.5x	22.8	1.4	25.3	3.8	0.8
BRPT	2,280	2,260	2,420	Hold	6.1	46.2	31.8	21.6x	2.1x	12.4	N/A	25.1	(5.3)	0.7
Mining						34.5	391.0							
ADRO	1,825	1,860	2,720	Buy	49.0	23.3	58.4	8.9x	1.2x	13.6	5.9	5.1	(23.4)	1.3
PTBA	3,770	2,460	3,950	Hold	4.8	75.3	43.4	7.9x	2.7x	38.7	8.4	26.4	67.1	1.1
ITMG	25,000	20,700	32,400	Buy	29.6	62.9	28.2	7.7x	2.2x	29.2	12.6	2.8	0.0	1.1
INCO	3,650	2,890	3,550	Hold	(2.7)	94.7	36.3	3133.0x	1.4x	(0.1)	N/A	18.4	N/A	1.2
ANTM	845	625	985	Buy	16.6	19.9	20.3	54.1x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	940	775	1,240	Buy	31.9	9.3	7.0	14.1x	1.1x	8.3	2.5	(0.6)	(18.1)	1.1
ELSA	436	372	625	Buy	43.3	37.1	3.2	N/A	1.0x	10.5	1.2	50.1	1267.6	1.2
Agriculture						(14.9)	97.3							
AALI	12,800	13,150	14,800	Buy	15.6	(12.0)	24.6	15.7x	1.3x	8.6	3.7	10.7	(55.6)	0.7
L SIP	1,235	1,420	1,380	Hold	11.7	(17.1)	8.4	16.7x	1.0x	6.2	2.8	(40.7)	(64.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

CPIN: Targets Growth of 20% in Profit

CPIN targets the growth of 20% in the 2018 net profit into IDR3 trillion and the growth of 12% in the 2018 sales. Of note, CPIN posted the surge of 29% y-y into IDR49.4 trillion in the 2017 sales of which 49% was contributed by the animal feeds segment, 38% by the animal farm segment, and 8% by the processed food segment. (Kontan)

BSDE: Obtains Marketing Sales of IDR2.5 Trillion

BSDE secured the surge of 58% y-y into IDR2.5 trillion in the 1Q18 marketing sales. The value was equal to 35% of the 2018 marketing sales target amounting to IDR7.23 trillion. It stated that 39% from the value stemming from BSD City projects. The growth was backed by the launch of two new apartment projects contributing 14% and 10% from the marketing sales value. (Bisnis Indonesia)

DUTI: Targets Growth of 30% in Revenue

DUTI targets the growth of 30% in the 2018 revenue and net profit. It is optimistic about the target as the sales and recurring income surge. In 1Q18, it launched Klaska Residence project and Southgate Apartment project targeted to contribute the marketing sales of IDR800 billion from the 2018 target of IDR1.8 trillion. (Bisnis Indonesia)

BRPT: Targets Right Issue of IDR10.25 Trillion

BRPT will perform the right issue amid the favorable market conditions. It establishes the execution price of IDR2,330 per share. The number of offered shares declines into 4.39 billion shares; thus, it targets the proceeds of the right issue amount to IDR10.25 trillion. Each shareholder of 63 existing shares is entitled to 20 pre-emptive right. (Kontan)

Domestic & Global News

Indonesia's Bank Loan Growth 8.94% Y/Y in April, FSA Says

Loan growth accelerated from 8.5% Y/y in March, Financial Services Authority, known as OJK, says in statement. Customer funds grew 8.06% Y/y in April. Gross non-performing loans at 2.79%. FSA sees financial services sector in good enough condition to mitigate impact from "global financial markets dynamics". Financial market liquidity well maintained. (Bloomberg)

Fed indicates it will let inflation run above 2 percent goal for 'temporary period'

Federal Reserve officials would be content to let inflation briefly run above their 2 percent target as the economy continues to recover, according to minutes from the central bank's most recent meeting. The summary released Wednesday indicates a substantial level of debate over how the Fed should approach inflation. The minutes also pointed to an interest rate hike at the June meeting. (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	0.00%	0.10%	0.40%
	GER	14:30	Markit Germany Manufacturing PMI	May P	56.8	57.9	58.1
	EU	15:00	Markit Eurozone Manufacturing PMI	May P	55.5	56.1	56.2
	UK	15:30	CPI MoM	Apr	0.40%	0.50%	0.10%
	UK	15:30	CPI YoY	Apr	2.40%	2.50%	2.50%
	USA	18:00	MBA Mortgage Applications	18-May	-2.60%	--	-2.70%
	USA	20:45	Markit US Manufacturing PMI	May P	56.6	56.1	56.5
	EU	21:00	Consumer Confidence	May A	0.2	0.5	0.4
	USA	21:00	New Home Sales	Apr	662k	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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