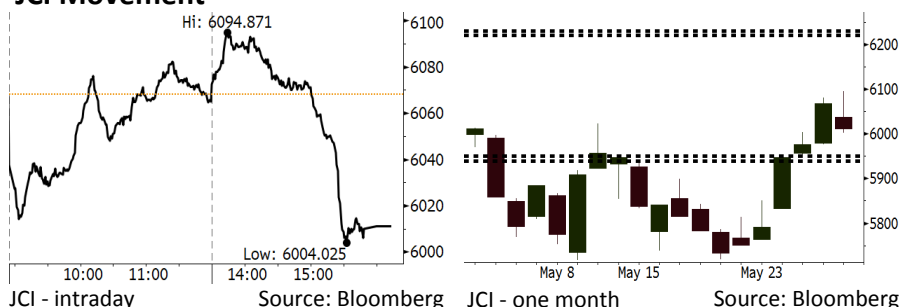


# Morning Brief

## JCI Movement



## Indonesian Market Recap

JCI closed lower yesterday as Bank Indonesia raised its reference rate into 4.75%. **Top Losers : Misc Industries (-2.01%), Infrastructure (-1.85%), Finance (-1.12%)**

## Today's Outlook: : Subdued Political Turmoil in Italy

We estimate that today JCI likely close higher with the support **range of 5940-5950 and resistance range of 6220-6230**. The pressure stemming from political turmoil in Italy subdued after two anti-establishment parties attempted to form new government than the polls for the second election. This backdrop subdued global investors' jitters. On the other side, investors also need to keep their eyes on the trade war between the U.S. and China as Trump planned to impose new tariff of USD50 billion on China's products.

## Stocks Recommendation (details on the next page)

Trading Buy: ADRO, ELSA, RALS

## Global Market

### United States

The U.S. markets closed higher in yesterday's trading as banking shares led after the subdued political turmoil in Italy.

### Europe

European market closed mixed yesterday amid the political turmoil in Italy.

### Asia

Asia markets closed lower in yesterday's trading due to the fears of political turmoil in Italy.

## Company News

WSBP: Secures New Contract of IDR2.68 Trillion

ADRO: Focuses on Power Plant Business

CSAP: Aggressively Expands New Stores

BYAN: Targets New Revenue of IDR1.45 Billion

## Domestic & Global News

BI Has More Rooms for Further Hike in Benchmark Rate

Trump Administration Plans to Impose Tariffs on EU Steel and Aluminum

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.50%	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

## IHSG (Jakarta Composite Index)

May 30	6,011.06
Chg	-57.27pts (-0.94%)
Volume (bn shares)	111.21
Value (IDR tn)	10.37

Adv 150 Dec 244 Unc 203 Untr 95

## Foreign Transaction (IDR bn)

Buy	4,311
Sell	4,524
Net Buy (Sell)	(212)

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	168.7	BBRI	316.6
BBCA	71.1	BBTN	32.1
UNTR	62.4	ADRO	27.6
INKP	38.0	PGAS	26.7
PWON	14.7	SMGR	25.0

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PTBA	3.3%	LPPF	-7.6%
PWON	2.7%	BUMI	-4.6%
UNTR	1.9%	PGAS	-4.5%
BJBR	1.4%	EXCL	-4.4%
INDY	1.4%	MYRX	-4.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.11%	-0.05%
USDIDR	13,993	-0.01%
KRWIDR	12.96	-0.29%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,667.78	306.33	1.26%
S&P 500	2,724.01	34.15	1.27%
Nasdaq	7,462.45	65.86	0.89%
FTSE 100	7,689.57	56.93	0.75%
CAC 40	5,427.35	(10.71)	-0.20%
DAX	12,783.76	117.25	0.93%
Nikkei	22,018.52	(339.91)	-1.52%
Hang Seng	30,056.79	(427.79)	-1.40%
Shanghai	3,041.44	(79.02)	-2.53%
KOSPI	2,409.03	(48.22)	-1.96%
EIDO	25.84	0.54	2.13%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,301.4	2.6	0.20%
Crude Oil (USD /bbl)	68.21	1.48	2.22%
Coal Newcas(USD/ton)	106.40	1.70	1.62%
Gas (USD /mmbtu)	2.89	(0.02)	-0.62%
Nickel LME (USD /MT)	15,130	225.0	1.51%
Tin LME (USD /MT)	20,575	150.0	0.73%
CPO (MYR/Ton)	2,440	22.0	0.91%

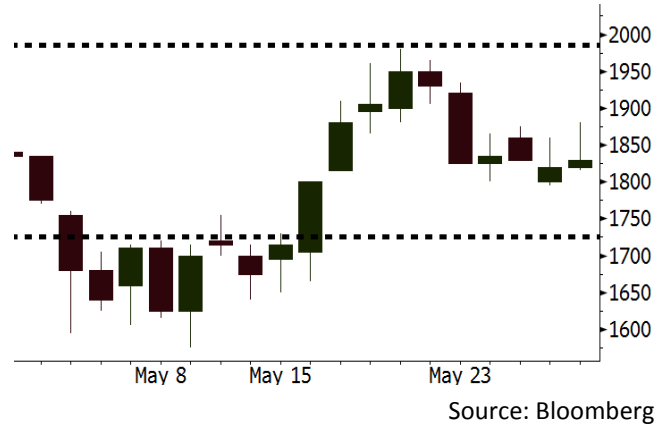
**ADRO** Last = 1830

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**Analysis** ADRO will take over Kestrel coking coal mining owned by Rio Tinto in Australia after succeeding to secure license from the Australian government. It is estimated that the acquisition process can be settled in August or September 2018.

**Range** 1725 - 1985

**Action** Trading Buy. Cut Loss If Below 1725



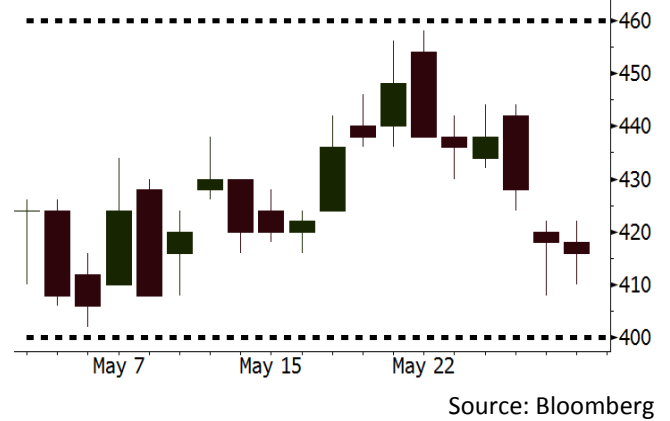
**ELSA** Last = 416

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**Analysis** Crude prices hiked by 2.2% to USD68.21 per barrel in yesterday's trading after the Central Bank of the Russian Federation take a cautious consideration for the increment in crude production.

**Range** 400 - 460

**Action** Trading Buy. Cut Loss If 400



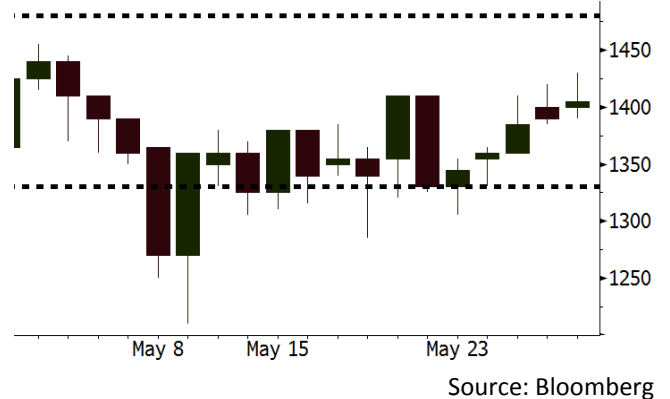
**RALS** Last = 1405

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**Analysis** The highest sales RALS can achieved is in Ramadhan month as 40% of RALS's annual revenue is achieved in Ramadhan month.

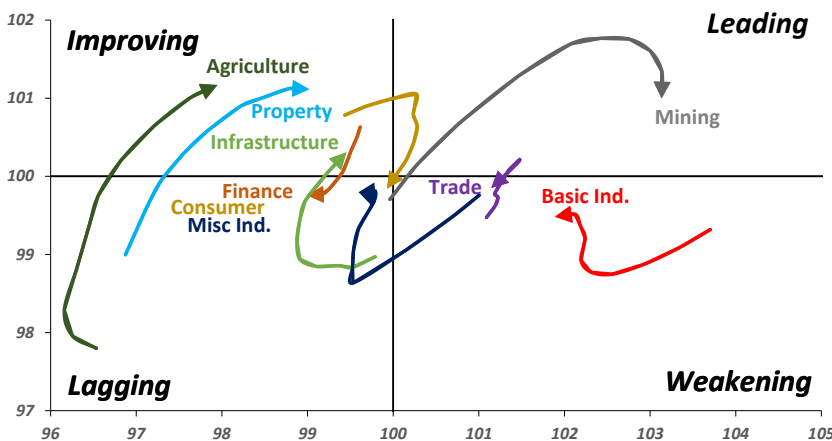
**Range** 1330 - 1480

**Action** Trading buy. Cut Loss If Below 1330



## 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>	6,011	6,356				4.8	6,754.9							
<b>Finance</b>						17.1	2,017.1							
BBCA	22,700	21,900	25,400	Hold	11.9	32.4	559.7	23.5x	4.1x	18.7	1.1	7.1	10.4	1.0
BBRI	3,140	3,640	3,510	Hold	11.8	8.5	387.3	12.9x	2.4x	19.6	3.4	13.0	11.4	1.4
BMRI	7,250	8,000	10,300	Buy	42.1	15.1	338.3	15.1x	2.1x	14.4	2.7	(1.9)	43.7	1.4
BBNI	8,650	9,900	8,125	Hold	(6.1)	32.1	161.3	11.5x	1.7x	15.2	3.0	10.6	12.7	1.3
BBTN	3,170	3,570	3,790	Buy	19.6	26.8	33.6	10.8x	1.5x	15.2	1.8	15.1	16.1	1.4
BJTM	695	710	810	Buy	16.5	2.2	10.4	8.7x	1.4x	16.5	6.3	3.1	10.7	1.1
<b>Consumer</b>						(1.4)	1,395.4							
HMSP	3,820	4,730	5,025	Buy	31.5	(2.8)	444.3	35.8x	12.0x	33.3	2.8	2.5	(7.1)	1.4
GGRM	68,375	83,800	88,650	Buy	29.7	(7.5)	131.6	17.0x	3.0x	18.2	3.8	10.1	0.1	1.4
UNVR	46,550	55,900	49,450	Hold	6.2	0.8	355.2	51.6x	50.6x	100.6	1.9	(0.9)	(6.2)	1.1
ICBP	8,500	8,900	9,625	Hold	13.2	(2.3)	99.1	25.3x	4.8x	20.0	1.8	4.5	10.6	1.2
INDF	7,025	7,625	8,175	Buy	16.4	(19.7)	61.7	14.9x	1.9x	13.2	3.3	(1.1)	0.7	1.1
KLBF	1,370	1,690	1,730	Buy	26.3	(11.0)	64.2	26.7x	4.6x	18.2	1.6	2.4	0.2	1.3
KAEF	2,530	2,700	3,280	Buy	29.6	(8.3)	14.1	42.0x	5.5x	14.0	0.7	24.4	27.4	1.3
<b>Infrastructure</b>						(10.0)	711.85							
TLKM	3,600	4,399	4,600	Buy	27.8	(16.5)	362.9	16.8x	3.6x	22.4	4.7	4.3	(14.3)	0.9
EXCL	2,160	2,960	3,800	Buy	75.9	(27.0)	23.1	68.0x	1.1x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,340	4,800	6,750	Buy	102.1	(50.7)	18.1	39.8x	1.3x	3.3	2.2	(21.9)	N/A	0.8
JSMR	4,280	6,400	6,050	Buy	41.4	(18.5)	31.1	13.9x	2.0x	15.3	1.4	92.8	6.5	1.0
TBIG	5,000	6,425	6,050	Buy	21.0	(13.4)	22.7	9.8x	7.1x	92.7	3.4	8.4	16.1	0.6
INDY	3,670	3,060	5,000	Buy	36.2	358.8	19.1	3.7x	1.4x	46.6	2.9	263.6	166.7	1.0
<b>Trade</b>						(1.4)	768.6							
UNTR	36,800	35,400	42,350	Buy	15.1	32.5	137.3	16.3x	2.8x	18.6	2.4	39.0	68.7	1.1
AKRA	4,690	6,350	8,025	Buy	71.1	(29.2)	18.8	22.2x	2.2x	24.1	4.3	34.4	(22.8)	1.2
SCMA	2,330	2,480	3,200	Buy	37.3	(19.9)	34.1	24.5x	8.0x	34.8	2.5	15.0	19.3	0.9
MNCN	1,240	1,285	1,550	Buy	25.0	(34.7)	17.7	12.3x	1.7x	14.3	3.4	(0.4)	(28.3)	1.1
LPPF	9,150	10,000	11,250	Buy	23.0	(39.4)	26.7	14.0x	10.4x	81.7	5.0	5.9	1.2	1.2
ACES	1,285	1,155	1,425	Hold	10.9	21.8	22.0	26.3x	5.9x	24.0	1.8	21.5	35.7	0.9
RALS	1,405	1,200	1,400	Hold	(0.4)	8.1	10.0	22.6x	2.7x	12.2	2.6	(2.6)	407.0	0.8
MAPI	8,600	6,200	9,450	Hold	9.9	37.1	14.3	22.7x	3.2x	16.4	0.5	19.3	505.7	0.9
<b>Property</b>						(4.7)	392.7							
BSDE	1,705	1,700	1,850	Hold	8.5	(5.8)	32.8	7.1x	1.3x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	575	685	625	Hold	8.7	(5.7)	27.7	13.3x	2.5x	21.0	0.8	19.5	61.9	1.1
CTRA	1,035	1,185	1,370	Buy	32.4	(7.6)	19.2	23.8x	1.4x	6.1	0.5	6.8	(41.7)	1.2
SMRA	960	945	960	Hold	-	(27.3)	13.8	41.5x	2.1x	5.2	0.5	(2.5)	(40.0)	1.4
WSKT	2,310	2,210	2,810	Buy	21.6	(2.9)	31.4	6.0x	2.0x	37.7	2.5	68.6	314.5	1.3
PTPP	2,600	2,640	3,850	Buy	48.1	(16.9)	16.1	10.9x	1.4x	13.9	1.8	26.3	19.0	1.3
WIKA	1,670	1,550	2,150	Buy	28.7	(27.1)	15.0	13.3x	1.2x	9.2	1.6	64.1	(30.9)	0.9
ADHI	1,930	1,885	2,160	Hold	11.9	(17.9)	6.9	12.1x	1.2x	10.1	1.5	39.7	282.5	1.0
<b>Misc Ind.</b>						(17.5)	361.2							
ASII	7,000	8,300	9,300	Buy	32.9	(20.0)	283.4	15.1x	2.2x	15.3	2.6	14.4	(1.6)	1.2
<b>Basic Ind.</b>						27.5	608.7							
INTP	17,975	21,950	21,575	Buy	20.0	(2.8)	66.2	40.5x	2.7x	6.3	3.9	1.9	(46.2)	1.4
SMGR	8,400	9,900	11,550	Buy	37.5	(11.1)	49.8	29.7x	1.7x	5.9	1.6	3.4	(45.2)	1.2
CPIN	3,650	3,000	4,200	Buy	15.1	15.1	59.9	20.8x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,630	1,300	2,000	Buy	22.7	27.8	18.6	13.9x	2.2x	15.5	3.1	18.7	533.3	0.7
MAIN	710	740	780	Hold	9.9	(33.0)	1.6	21.0x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	422	424	500	Buy	18.5	(34.1)	8.2	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.2
TPIA	5,750	6,000	6,275	Hold	9.1	10.9	102.5	22.2x	4.4x	22.8	1.4	25.3	3.8	0.8
BRPT	2,220	2,260	2,420	Hold	9.0	37.5	31.0	21.4x	2.1x	12.4	N/A	25.1	(5.3)	0.7
<b>Mining</b>						34.3	401.8							
ADRO	1,830	1,860	2,720	Buy	48.6	20.4	58.5	9.1x	1.2x	13.6	5.9	5.1	(23.4)	1.2
PTBA	3,780	2,460	3,950	Hold	4.5	73.4	43.5	7.9x	2.7x	38.7	8.4	26.4	67.1	1.0
ITMG	25,900	20,700	32,400	Buy	25.1	70.4	29.3	8.1x	2.3x	29.2	12.1	2.8	0.0	1.1
INCO	3,770	2,890	3,550	Hold	(5.8)	97.9	37.5	3296.0x	1.5x	(0.1)	N/A	18.4	N/A	1.2
ANTM	850	625	985	Buy	15.9	9.7	20.4	54.4x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	950	775	1,240	Buy	30.5	5.6	7.1	14.2x	1.2x	8.3	2.5	(0.6)	(18.1)	1.1
ELSA	416	372	625	Buy	50.2	35.1	3.0	N/A	1.0x	10.5	1.2	50.1	1267.6	1.2
<b>Agriculture</b>						(16.2)	97.7							
AALI	12,600	13,150	14,800	Buy	17.5	(11.9)	24.3	15.5x	1.3x	8.6	3.7	10.7	(55.6)	0.7
LSIP	1,200	1,420	1,380	Hold	15.0	(21.3)	8.2	16.2x	1.0x	6.2	2.9	(40.7)	(64.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WSBP: Secures New Contract of IDR2.68 Trillion**

WSBP secured new contracts of IDR2.68 trillion until the third week of May. Of note, the projects such as Cibitung-Cilincing toll road and Krasakan-Probolinggo toll road value higher than IDR50 billion, respectively. Around 60% from the contracts derive from its parent entity, WSKT. WSBP targeted the new contracts to amount IDR11.52 trillion in 2018. (Bisnis Indonesia)

### **CSAP: Aggressively Expands New Stores**

CSAP opened its 27th store of Mitra 10 in Pesanggrahan. The store has the selling area of 2,000 sqm and 20,000 stock keeping unit (SKU) with local product composition to reach 80%. To strengthen its market share, CSAP expands its market share. In ahead years, CSAP will add new stores in Jakarta greater area, Central Java, East Java, and Sulawesi. (Bisnis Indonesia)

### **ADRO: Focuses on Power Plant Business**

ADRO stated that a number of power plant projects is in ongoing process. The construction of Batang coal-fired power plant (PLTU) with the capacity of 2x1,000 MW reaches 42% and is targeted to operate in 2020. It also cooperates with PT Indonesia Power in completing a PLTU with the capacity of 2x100 MW situated in East Kalimantan. (Kontan)

### **BYAN: Targets New Revenue of IDR1.45 Billion**

BYAN targets the 2018 revenue of USD1.2-USD1.45 billion in 2018. The value grows by 12.15%-33.51% from the 2017 revenue. The growth in target is backed by the conducive coal market and BYAN's mining infrastructure development. Besides, the production volume is also targeted to hike to 25-28 million ton. Of note, its coal production grew by 60% y-y to 6.4 million tons in 1Q18. (Bisnis Indonesia)

## Domestic & Global News

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### **BI Has More Rooms for Further Hike in Benchmark Rate**

BI's stance of raising its 7-Day Reverse Repo Rate for the second time evidenced the change in BI's monetary stance from neutral to tightening. BI's recent policies tended to be behind the curve compared to the tightening monetary stance held by other central banks. BI's Governor Perry Warjiyo stated that BI will concertedly calibrate domestic and global economy to make use the remaining room for raising benchmark rate. (CNBC Indonesia)

### **Trump Administration Plans to Impose Tarrifs on EU Steel and Aluminum**

President Trump had imposed new tariffs of 25 percent for steel and 10 percent of aluminum, earlier this year. The White House is not planning on extending the European Union exemptions from those tarrifs. However, in trade negotiations between US officials and the EU counterparts, showed few signs that the two sides would reach an agreement. The EU officials also said that they expected the US to follow through with imposing tariffs. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	JPN	06:30	Jobless Rate	Apr	2.50%	2.50%	2.50%
<i>29 - May</i>	USA	21:00	Conf. Board Consumer Confidence	May	128.0	127.9	128.7
<b>Wednesday</b>	GER	14:55	Unemployment Change (000's)	May	-11k	-5k	-7k
<i>30 - May</i>	EU	16:00	Consumer Confidence	May F	0.2	--	0.2
	GER	19:00	CPI MoM	May P	0.50%	0.20%	0.00%
	GER	19:00	CPI YoY	May P	2.20%	1.90%	1.60%
	USA	19:30	GDP Annualized QoQ	1Q S	2.20%	2.30%	2.30%
	USA	19:30	GDP Price Index	1Q S	1.90%	2.00%	2.00%
	USA	19:30	Core PCE QoQ	1Q S	2.30%	--	2.50%
	USA	19:30	Advance Goods Trade Balance	Apr	-\$68.2b	-\$71.1b	-\$68.0b
<b>Thursday</b>	USA	01:00	U.S. Federal Reserve Releases Beige Book				
<i>31 - May</i>	JPN	06:50	Industrial Production MoM	Apr P		1.40%	1.40%
	CHN	08:00	Manufacturing PMI	May		51.4	51.4
	USA	19:30	PCE Core YoY	Apr		1.80%	1.90%
	USA	19:30	Personal Income	Apr		0.30%	0.30%
	USA	19:30	Initial Jobless Claims	26-May		--	234k
	USA	19:30	PCE Deflator MoM	Apr		0.20%	0.00%
	USA	19:30	PCE Deflator YoY	Apr		--	2.00%
	USA	19:30	PCE Core MoM	Apr		0.10%	0.20%
<b>Friday</b>	JPN	07:30	Nikkei Japan PMI Mfg	May F		--	52.5
<i>01 - Jun</i>	CHN	08:45	Caixin China PMI Mfg	May		51.2	51.1
	GER	14:55	Markit Germany Manufacturing PMI	May F		--	56.8
	EU	15:00	Markit Eurozone Manufacturing PMI	May F		--	55.5
	UK	15:30	Markit UK PMI Manufacturing SA	May		53.5	53.9
	USA	19:30	Change in Nonfarm Payrolls	May		190k	164k
	USA	19:30	Unemployment Rate	May		3.90%	3.90%
	USA	19:30	Underemployment Rate	May		--	7.80%
	USA	20:45	Markit US Manufacturing PMI	May F		--	56.6
	USA	21:00	ISM Manufacturing	May		58.1	57.3

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Friday</b>	Tentative	Money Supply M2 YoY	Apr		--	7.50%
<i>31 - May</i>	Tentative	Money Supply M1 YoY	Apr		--	11.90%

Source: Bloomberg

Date	Event	Company
<b>Monday</b> 28 - May	Annual Shareholder Meeting	BISI, DAYA, DYAN, HELI, MBTO, SKBM, SUGI, TFCO
	Rights Listing Date	PNBS
	IPO Listing	TUGU
	Cum Dividend Date	MAYA (IDR50 per share) MBAP (IDR330 per share)
	Cum Rights Offering Date	BNII (1 per 8; subscription price IDR236 per share)
<b>Wednesday</b> 30 - May	Annual Shareholder Meeting	AGRO, BAYU, BMTR, BYAN, CASA, FREN, LSIP, MCAS, MCOR, MNCN, MSKY, NELY, PADI, PBRX, PEGE, SIDO, SIMP
	Cum Dividend Date	INTP (IDR700 per share) MICE (IDR10 per share)
	Cum Stock Dividend Date	INCI (Adjustment Factor: 1.08)
	Cum Rights Offering Date	BRPT (20 per 63; subscription price IDR2,330 per share)
	Stock Split	BNBR (1 for 10)
<b>Thursday</b> 31 - May	Annual Shareholder Meeting	APLI, ARTO, BABP, BCAP, BIKA, BWPT, CLPI, GMCW, GZCO, ICBP, IDPR, INDF, PLAS, PNBS, TMPO, TOTO
	Cum Dividend Date	UNVR (IDR505 per share)

Source: Bloomberg

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