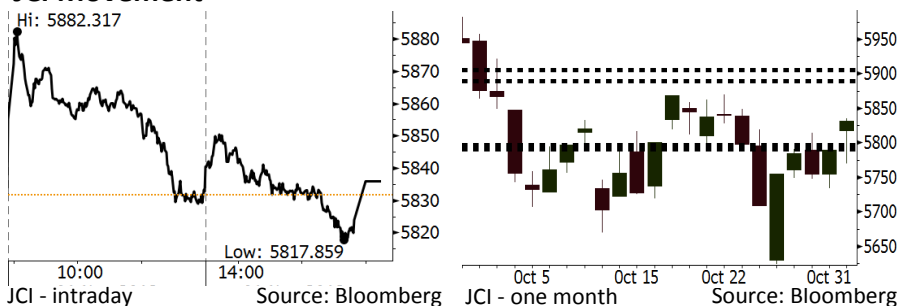


Morning Brief

Daily | Nov 2, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 1	5,835.92
Chg	+4.27pts (+0.07%)
Volume (bn shares)	95.45
Value (IDR tn)	8.55
Adv 188 Dec 205 Unc 234 Untr 128	

Foreign Transaction (IDR bn)	
Buy	3,494
Sell	2,319
Net Buy (Sell)	1,175

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	364.9	INKP	48.4
BBRI	213.4	INTP	13.5
ASII	191.3	BTPS	12.7
BBCA	186.1	TOWR	12.1
TLKM	134.1	TAMU	11.1

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
INDY	6.3%	EXCL	-15.3%
WIKA	5.9%	INKP	-8.1%
ADHI	5.8%	INTP	-2.5%
BBTN	5.7%	UNVR	-2.4%
BMRI	5.5%	KLBF	-2.2%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.48%	-0.06%	
USDIDR	15,128	-0.49%	
KRWIDR	13.38	0.22%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,380.74	264.98	1.06%
S&P 500	2,740.37	28.63	1.06%
Nasdaq	7,434.06	128.16	1.75%
FTSE 100	7,114.66	(13.44)	-0.19%
CAC 40	5,085.78	(7.66)	-0.15%
DAX	11,468.54	21.03	0.18%
Nikkei	21,687.65	(232.81)	-1.06%
Hang Seng	25,416.00	436.31	1.75%
Shanghai	2,606.24	3.45	0.13%
KOSPI	2,024.46	(5.23)	-0.26%
EIDO	22.83	0.82	3.73%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,233.4	18.7	1.54%
Crude Oil (USD /bbl)	63.69	(1.62)	-2.48%
Coal Newcas(USD/ton)	102.85	(2.35)	-2.23%
Gas (USD /mmbtu)	3.24	(0.02)	-0.74%
Nickel LME (USD /MT)	11,785	285.0	2.48%
Tin LME (USD /MT)	19,100	0.0	0.00%
CPO (MYR/Ton)	2,144	(6.0)	-0.28%

Market Recap

JCI closed flat yesterday, backed by the financial sector. October's inflation of 0.28% m-m constrained JCI's movement. **Top Gainers: Misc. Industry (+1.34%), Finance (+1.26%), Mining (+0.66%)**

European and Asian bourses were in mixed state yesterday as investors digested 3Q18's earnings higher than estimate. Pounds' rally was on the back of BOE's stance of leaving interest rates unchanged and a smooth Brexit. On the other side, smooth talks between Trump and Xi Jinping leveraged the U.S. bourses.

Today's Outlook: Trump- Xi Jinping Talks

We estimate JCI to rally with the **support range of 5801-5805** and **resistance range of 5890-5905**. The positive sentiment comes from conducive global markets due to Trump's statement. Trump articulated that he had a moving-nicely talks with Xi Jinping. This fact give positive sentiments that trade negotiations between the two economies are possible to hit deals.

On the other side, another positive sentiment comes from further decline in global crude prices. WTI's crude benchmark tumbled by 2.5% to USD63.7 per barrel. The backdrop eased fears of yawning gap of Indonesia's external deficit.

Stocks Recommendation (details on the next page)

Trading Buy: INCO, UNVR, BBTN

Company News

- UNVR : Is Committed to Leveraging Competitiveness
- INTP : Net Profit Is Depleted 56.1%
- EXCL : Posts Net Loss of IDR144.8 Billion
- ACES : Revenues Grows to Reach 22%

Domestic & Global News

- October Inflation Recorded at 0.28%
- Trump Said that Trade "Discussions Are Moving Along Nicely"

Indonesia Economic Data

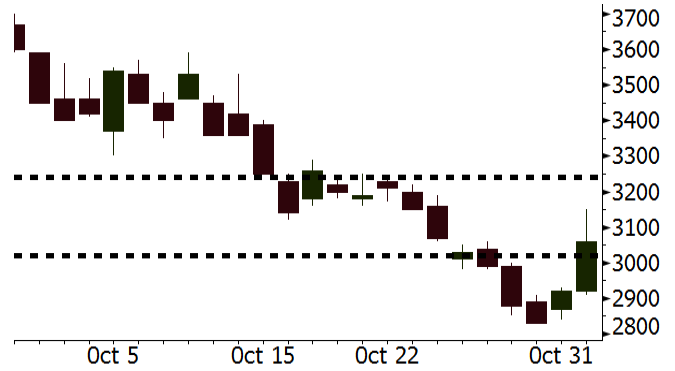
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	112.82	106.28
Inflation Yoy	2.88%	3.20%	Cons. Confidence*	122.40	121.60

INCO Last = 3060

Analysis Nickel prices edged up 2.48% yesterday. The rally was triggered by China's authorities commitment to giving stimuli with a view to overcoming economic deceleration.

Range 3020 – 3240

Action Trading Buy. Cut Loss If Below 3020



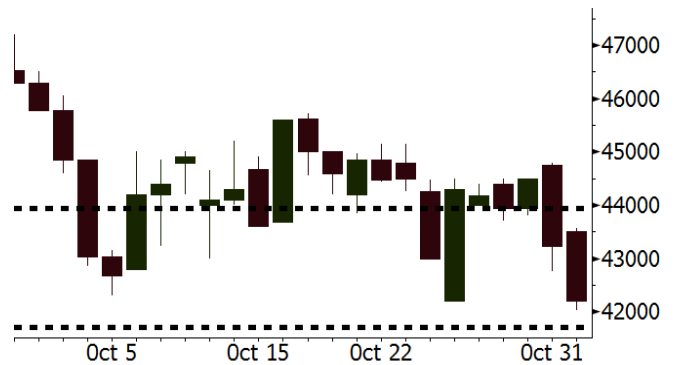
Source: Bloomberg

UNVR Last = 42200

Analysis The recent decline in UNVR's stocks made its valuation attractive enough. Its P/E is at 35.5x, steep lower than the last 2-year average of 52.3x. On the other side, it is still capable of posting the growth of 5.5% in net profit.

Range 41700 – 43950

Action Trading Buy. Cut Loss If Below 41700



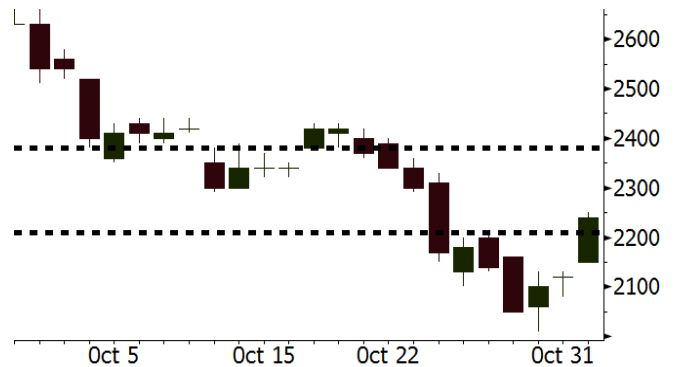
Source: Bloomberg

BBTN Last = 2240

Analysis BBTN's valuation is very attractive. Now its P/B is at 1.0x, steep lower than the last 2-year average of 1.4x.

Range 2210 – 2380

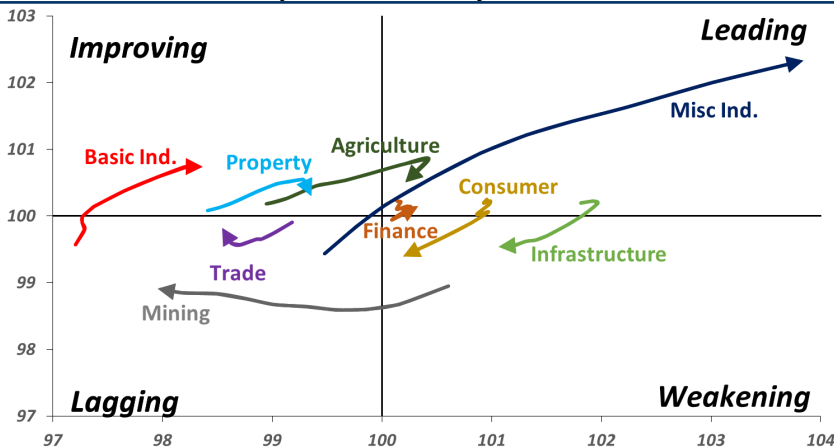
Action Trading buy. Cut Loss If Below 2210



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	5,836	6,356				(3.2)	6,619.8							
Finance						3.1	2,032.1							
BBCA	23,800	21,900	27,650	Buy	16.2	10.8	586.8	23.5x	4.1x	18.4	1.1	7.5	10.0	1.0
BBRI	3,200	3,640	3,930	Buy	22.8	0.3	394.7	12.2x	2.3x	19.3	3.3	7.9	14.5	1.4
BMRI	7,225	8,000	7,500	Hold	3.8	(0.7)	337.2	14.2x	2.0x	14.2	2.8	2.7	20.1	1.3
BBNI	7,425	9,900	9,675	Buy	30.3	(5.1)	138.5	9.3x	1.4x	15.1	3.4	10.0	12.5	1.4
BBTN	2,240	3,570	3,280	Buy	46.4	(21.7)	23.7	7.3x	1.0x	14.9	2.6	14.5	11.6	1.7
BJTM	610	710	810	Buy	32.8	(11.6)	9.1	7.6x	1.2x	15.5	7.2	#N/A	N/A	4.5
Consumer						(5.9)	1,343.0							
HMSP	3,650	4,730	4,300	Buy	17.8	(6.4)	424.6	32.6x	13.5x	41.8	2.9	7.2	3.8	1.3
GGRM	72,300	83,800	88,650	Buy	22.6	0.5	139.1	17.2x	3.2x	19.6	3.6	13.6	6.3	1.3
UNVR	42,200	55,900	49,600	Buy	17.5	(14.0)	322.0	35.5x	35.9x	118.0	2.2	1.0	39.7	1.1
ICBP	8,925	8,900	10,550	Buy	18.2	3.5	104.1	24.5x	5.0x	21.3	1.8	7.5	14.6	1.0
INDF	5,925	7,625	8,175	Buy	38.0	(26.9)	52.0	14.0x	1.6x	11.7	4.0	3.1	(13.7)	1.2
KLBF	1,340	1,690	1,730	Buy	29.1	(15.7)	62.8	25.9x	4.5x	18.3	1.9	3.9	1.4	1.3
KAEF	2,470	2,700	2,890	Buy	17.0	(7.8)	13.7	38.1x	5.5x	14.9	0.7	26.5	17.4	1.1
Infrastructure						(7.2)	723.57							
TLKM	3,880	4,399	4,700	Buy	21.1	(2.8)	384.4	20.8x	4.2x	20.4	4.3	2.3	(20.6)	0.8
EXCL	2,220	2,960	3,930	Buy	77.0	(37.6)	23.7	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.2
ISAT	2,430	4,800	6,750	Buy	177.8	(58.5)	13.2	N/A	1.0x	(2.6)	3.0	(26.8)	N/A	0.9
PGAS	2,210	1,750	2,600	Buy	17.6	20.8	53.6	14.9x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,120	6,400	6,050	Buy	46.8	(35.9)	29.9	14.4x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,680	6,425	6,050	Buy	29.3	(30.7)	21.2	9.4x	7.1x	104.6	3.6	7.1	8.1	0.7
INDY	2,380	3,060	5,000	Buy	110.1	2.1	12.4	2.2x	0.8x	43.7	4.5	213.9	37.8	0.9
Trade						(15.8)	681.2							
UNTR	33,475	35,400	39,550	Buy	18.1	(5.7)	124.9	11.5x	2.4x	22.6	2.9	32.1	60.8	1.1
AKRA	3,500	6,350	4,650	Buy	32.9	(53.8)	14.1	18.9x	1.7x	19.3	6.3	25.3	(22.4)	1.2
SCMA	1,590	2,480	2,025	Buy	27.4	(21.7)	23.2	16.3x	5.1x	32.3	4.7	10.8	8.7	1.2
MNCN	800	1,285	1,125	Buy	40.6	(48.1)	11.4	8.2x	1.0x	14.2	1.9	2.8	(20.3)	1.1
LPPF	4,830	10,000	9,270	Buy	91.9	(52.4)	14.1	7.4x	5.7x	85.6	9.5	3.1	(0.6)	1.1
ACES	1,385	1,155	1,635	Buy	18.1	9.5	23.8	24.9x	6.2x	26.6	1.6	22.3	32.7	1.1
RALS	1,200	1,200	1,525	Buy	27.1	34.8	8.5	14.3x	2.2x	15.7	3.3	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	20.3	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(20.4)	347.0							
BSDE	1,090	1,700	1,850	Buy	69.7	(37.4)	21.0	6.5x	0.8x	13.2	N/A	(17.8)	(74.0)	1.4
PWON	494	685	600	Buy	21.5	(21.0)	23.8	10.7x	2.0x	20.6	1.2	19.0	25.2	1.2
CTRA	805	1,185	1,050	Buy	30.4	(33.5)	14.9	16.5x	1.1x	6.8	1.2	7.9	1.7	1.5
SMRA	570	945	670	Buy	17.5	(43.3)	8.2	18.4x	1.2x	6.9	0.9	0.7	75.0	1.5
WSKT	1,485	2,210	2,810	Buy	89.2	(30.3)	20.2	3.8x	1.2x	33.2	3.9	27.0	41.1	1.3
PTPP	1,340	2,640	3,850	Buy	187.3	(52.7)	8.3	6.2x	0.7x	11.9	3.5	7.5	(11.9)	1.3
WIKA	1,165	1,550	2,150	Buy	84.5	(39.9)	10.4	7.6x	0.8x	11.0	2.3	32.3	26.0	1.0
ADHI	1,190	1,885	2,160	Buy	81.5	(46.6)	4.2	6.6x	0.7x	11.1	2.4	8.2	63.6	1.1
Misc Ind.						(1.9)	399.4							
ASII	8,050	8,300	8,925	Hold	10.9	(1.2)	325.9	15.0x	2.5x	17.3	2.4	16.4	20.6	1.2
Basic Ind.						10.1	577.7							
INTP	16,875	21,950	21,575	Buy	27.9	(25.0)	62.1	58.0x	2.7x	4.6	4.1	2.5	(56.1)	1.4
SMGR	9,250	9,900	11,550	Buy	24.9	(11.3)	54.9	20.8x	1.8x	9.0	1.5	4.4	43.1	1.2
CPIN	5,375	3,000	6,700	Buy	24.7	60.4	88.1	21.8x	4.8x	24.2	1.0	5.1	79.7	1.0
JPFA	2,020	1,300	3,250	Buy	60.9	52.5	23.7	12.8x	2.6x	20.2	5.0	16.8	104.2	0.8
MAIN	1,265	740	1,930	Buy	52.6	44.6	2.8	12.1x	1.6x	7.9	1.3	19.2	8200.0	1.2
KRAS	370	424	500	Buy	35.1	(25.7)	7.2	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,820	6,000	6,275	Buy	30.2	(12.4)	86.0	23.5x	3.2x	14.2	1.3	9.1	(34.2)	0.8
Mining						13.3	417.3							
ADRO	1,645	1,860	2,500	Buy	52.0	(13.4)	52.6	8.2x	1.0x	11.9	6.6	9.3	(16.0)	1.1
PTBA	4,230	2,460	5,375	Buy	27.1	82.7	48.7	8.2x	3.3x	42.8	7.5	17.0	54.0	1.0
ITMG	24,800	20,700	32,400	Buy	30.6	10.2	28.0	7.3x	2.0x	27.6	13.1	8.0	(10.0)	1.1
INCO	3,060	2,890	3,760	Buy	22.9	0.3	30.4	32.2x	1.1x	3.2	N/A	29.2	N/A	1.3
ANTM	685	625	1,200	Buy	75.2	2.2	16.5	16.8x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	645	775	1,240	Buy	92.2	(27.9)	4.8	9.1x	0.8x	8.8	3.7	1.8	13.1	1.1
MEDC	810	890	1,025	Buy	26.5	14.8	14.4	16.2x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	368	372	625	Buy	69.8	19.5	2.7	7.0x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(12.8)	98.5							
AALI	11,725	13,150	16,925	Buy	44.3	(19.1)	22.6	13.1x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,260	1,420	1,500	Buy	19.0	(16.6)	8.6	18.3x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNVR : Is Committed to Leveraging Competitiveness

UNVR is committed to leveraging its competitiveness with a view to sustainable performance growth. Thus, it penetrates new business segment, presents new initiations in supply chain, and lessens negative impacts on environment. Few weeks ago, it launched its new chili sauce, "Jawara", Korean soap, "Glow", and new variant of Cornetto. (Bisnis Indonesia)

EXCL : Posts Net Loss of IDR144.8 Billion

In 3Q18, EXCL posted net losses of IDR144.81 billion, in a stark contrast to net profits of IDR238.06 billion in 3Q17. In 3Q18, its revenues declined slightly by 0.06% y-y to IDR16.89 trillion. EBITDA performance edged down 1% to IDR6.2 trillion due to the hike in pre-paid SIM registration expenses. However, on a quarter basis, its revenue and EBITDA were higher than 2Q18. (Bisnis Indonesia)

INTP : Net Profit Is Depleted 56.1%

INTP posted decline of 56.1% y-y to IDR617.69 billion in 3Q18's net profit. INTP stated that 3Q18's net profit was depleted further due to intense competition, prompting low selling prices; and hike in production expenses such as energy expense, hiking wages, and rupiah depreciation. 3Q18's revenue hiked by 2.5% y-y, yet COGS soared 14.6% y-y. (Bisnis Indonesia)

ACES : Revenues Grows to Reach 22%

ACES posted 9M18's revenue of IDR5.16 trillion (+22% y-y). The surge was underpinned by home improvement products and lifestyle products respectively grew by 18% y-y and 25% y-y. The hike in revenue was coupled with the hike of 23% y-y in 9M18's COGS, yet its 3Q18's net profit grew by 32% y-y to IDR697.37 billion. (Kontan)

Domestic & Global News

October Inflation Recorded at 0.28%

Statistics Indonesia (BPS) announced on Thursday that October's inflation rate was 0.28%, bringing year-to-date inflation to 2.22%, year-on-year inflation to 3.16 percent and ended the last two months of deflation. BPS head Suhariyanto said the main factors behind the higher inflation was price increases for red chili, fuel and housing rent. BPS data also show core inflation was 0.29% in October and 2.94% y-y. (Jakarta Post)

Trump Said that Trade "Discussions Are Moving Along Nicely"

President Donald Trump said Thursday that he spoke to Chinese President Xi Jinping amid concerns about escalating trade tensions between the world's two largest economies. Trump says the conversation was productive, but he did not provide any details about progress. The president said he had a "long and very good conversation" with the Chinese leader, "with a heavy emphasis on trade." He added that "those discussions are moving along nicely" ahead of planned face-to-face meetings at the G-20 summit in Argentina later this month. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	19:30	Personal Income	Sep	0.20%	0.40%	0.30%
29 - Oct	USA	19:30	Personal Spending	Sep	0.40%	0.40%	0.30%
Tuesday	JPN	06:30	Jobless Rate	Sep	2.30%	2.40%	2.40%
30 - Oct	GER	15:55	Unemployment Change (000's)	Oct	-11k	-13k	-23k
	EU	17:00	GDP SA QoQ	3Q A	0.20%	0.40%	0.40%
	EU	17:00	GDP SA YoY	3Q A	1.70%	1.80%	2.10%
	EU	17:00	Consumer Confidence	Oct F	-2.7	-2.7	-2.7
	GER	20:00	CPI MoM	Oct P	0.20%	0.10%	0.40%
	GER	20:00	CPI YoY	Oct P	2.50%	2.40%	2.30%
Wednesday	JPN	06:50	Industrial Production MoM	Sep P	-1.10%	-0.30%	0.20%
31 - Oct	CHN	08:00	Manufacturing PMI	Oct	50.2	50.6	50.8
	USA	19:15	ADP Employment Change	Oct	227.4k	190k	230k
Thursday	JPN	07:30	Nikkei Japan PMI Mfg	Oct F	52.9	--	53.1
01 - Nov	CHN	08:45	Caixin China PMI Mfg	Oct	50.1	50	50
	UK	16:30	Markit UK PMI Manufacturing SA	Oct	51.1	53	53.8
	UK	19:00	Bank of England Bank Rate	1-Nov	0.75%	0.75%	0.75%
	USA	19:30	Initial Jobless Claims	27-Oct	214k	--	215k
	USA	21:00	ISM Manufacturing	Oct	57.7	59.4	59.8
Friday	GER	15:55	Markit Germany Manufacturing PMI	Oct F	--	--	52.3
02 - Nov	EU	16:00	Markit Eurozone Manufacturing PMI	Oct F	--	--	52.1
	USA	19:30	Change in Nonfarm Payrolls	Oct	--	190k	134k
	USA	19:30	Unemployment Rate	Oct	--	3.70%	3.70%
	USA	19:30	Underemployment Rate	Oct	--	--	7.50%
	USA	21:00	Factory Orders	Sep	--	0.30%	2.30%
	USA	21:00	Durable Goods Orders	Sep F	--	--	0.80%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Wednesday	Tentative	Money Supply M2 YoY	Sep	6.71%	--	5.90%
31 - Oct	Tentative	Money Supply M1 YoY	Sep	8.23%	--	8.60%
Thursday	07:30	Nikkei Indonesia PMI Mfg	Oct	50.5	--	50.7
01 - Nov	11:00	CPI YoY	Oct	3.16%	--	2.88%
	11:00	CPI NSA MoM	Oct	0.28%	--	-0.18%
	11:00	CPI Core YoY	Oct	0.80%	--	2.82%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	BBKP, MKNT
29 - Oct	IPO Listing Date	YELO
Tuesday	Extraordinary Shareholder Meeting	ABDA
30 - Oct	Cum Dividend Date	ITMG (IDR1,420 per share)
Wednesday	Annual Shareholder Meeting	CMNP
31 - Oct	IPO Listing Date	CAKK

Source: Bloomberg

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