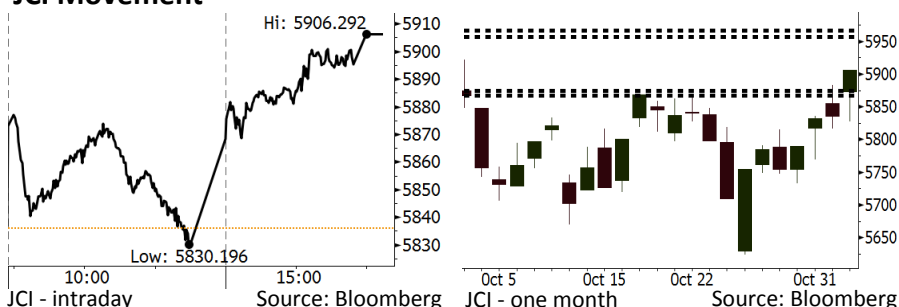


# Morning Brief

Daily | Nov 5, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

November 2	5,906.29
Chg	+70.37pts (+1.21%)
Volume (bn shares)	92.45
Value (IDR tn)	10.44
<b>Adv 197 Dec 182 Unc 248 Untr 134</b>	

Foreign Transaction		(IDR bn)
Buy		4,313
Sell		3,149
Net Buy (Sell)		1,164

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	223.9	PGAS	162.7
ASII	204.4	ADRO	16.8
TLKM	157.6	WSKT	10.0
BBRI	151.3	UNTR	9.9
BBNI	92.3	WSBP	9.9

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
GGRM	6.6%	PGAS	-9.1%
INCO	5.9%	INDY	-5.9%
SMGR	5.1%	EXCL	-5.9%
BBTN	4.9%	ADRO	-3.7%
SCMA	4.7%	MEDC	-1.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.34%	-0.14%
USDIDR	14,955	-1.14%
KRWIDR	13.37	-0.07%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,270.83	(109.91)	-0.43%
S&P 500	2,723.06	(17.31)	-0.63%
Nasdaq	7,356.99	(77.06)	-1.04%
FTSE 100	7,094.12	(20.54)	-0.29%
CAC 40	5,102.13	16.35	0.32%
DAX	11,518.99	50.45	0.44%
Nikkei	22,243.66	556.01	2.56%
Hang Seng	26,486.35	1070.35	4.21%
Shanghai	2,676.48	70.24	2.70%
KOSPI	2,096.00	71.54	3.53%
EIDO	22.87	0.04	0.18%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,232.9	(0.5)	-0.04%
Crude Oil (USD /bbl)	63.14	(0.55)	-0.86%
Coal Newcas(USD/ton)	102.90	0.85	0.83%
Gas (USD /mmbtu)	3.28	0.05	1.45%
Nickel LME (USD /MT)	11,930	145.0	1.23%
Tin LME (USD /MT)	19,100	0.0	0.00%
CPO (MYR/Ton)	2,153	9.0	0.42%

## Market Recap

Following regional bourses, JCI closed higher on Friday, 11/02/18. The consumer sector is the main bolster relating to the cancellation of cigarette excise rate hike. **Top Gainers: Property (+2.41%), Consumer (+2.41%), Finance (+1.40%)**

European and Asia bourses rallied on Friday due to possible easing trade war tension between China and the U.S., prompted by talks between the two nations. Hong Kong bourses roared 4%. On the other hand, the U.S. market is suppressed the tech. sector. The U.S. investors concerned about the faster rates hike than estimate.

## Today's Outlook: 3Q18 GDP Growth Release

We estimate JCI to rally with the **support range of 5867-5874** and **resistance range of 5957-5967**. Today investors will keep their eyes on the release of Indonesia's 3Q18 GDP. The consensus estimates that 3Q18's GDP will reach 5.18% y-y, lower than 2Q18's GDP of 5.27%. Investors are likely to digest the growth in the consumption sector. Now, the consumption sector is the contributor to the growth as the investment sector decelerated.

From the global outlook, positive sentiments derive from further decline in global crude prices. The U.S. spared 8 jurisdiction from Iran-related sanctions.

## Stocks Recommendation (details on the next page)

Trading Buy: INCO, JPFA, UNVR

## Company News

- WSKT : 3Q18 Revenues Buoyed 27%
- GIAA : Net Loss Depletes 48.6%
- PTPP : Net Profits Are Depleted by Hiking Interest Expense
- HRUM : 3Q18 Revenues Slightly Depletes 2.3%

## Domestic & Global News

- The Rupiah Strengthens to IDR14,955 per USD
- U.S. Crude Drops 6.6% This Week, Settling at \$63.14

## 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	3.16%	2.88%	Cons. Confidence*	122.40	121.60

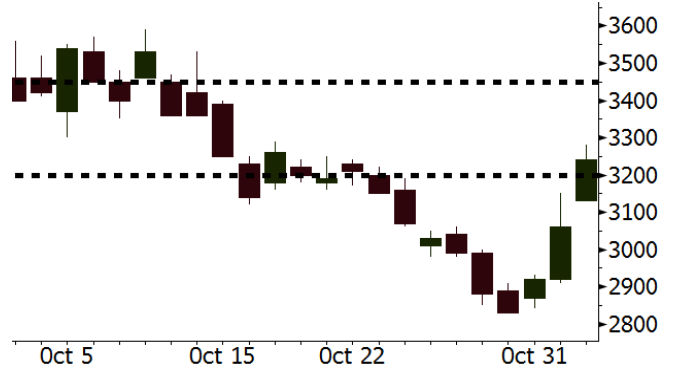
**INCO** Last = 3240

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**Analysis** Nickel prices continued to rally. The better relationship between the U.S. president and China’s president sparks hopes that trade negotiations will prevail and inevitably result in the higher demand for global nickel.

**Range** 3200 – 3450

**Action** Trading Buy. Cut Loss If Below 3020



Source: Bloomberg

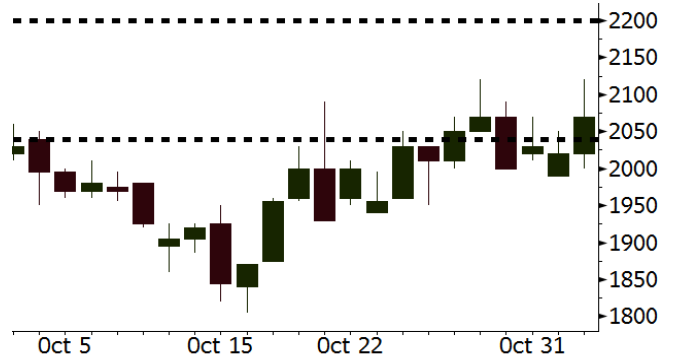
**JPFA** Last = 2070

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**Analysis** The government’s policy to import 100,000 tons of corn in maximum gives positive sentiments for poultry sector. The policy is likely to keep expenses spent by poultry companies in check.

**Range** 2040 – 2200

**Action** Trading Buy. Cut Loss If Below 2040



Source: Bloomberg

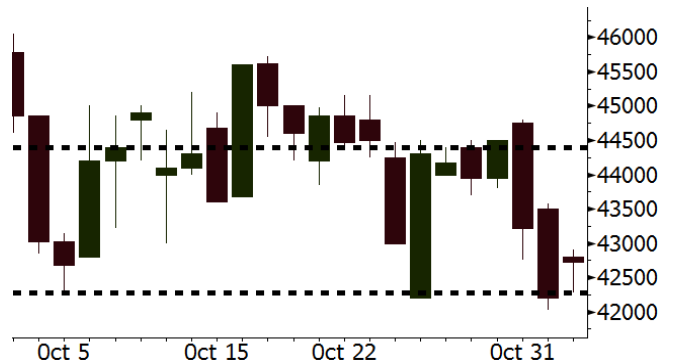
**UNVR** Last = 42725

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**Analysis** UNVR’s valuation is very attractive. Its P/E is at 35.9x, steep lower than the last 2 year average of 52.2x.

**Range** 42275 – 44400

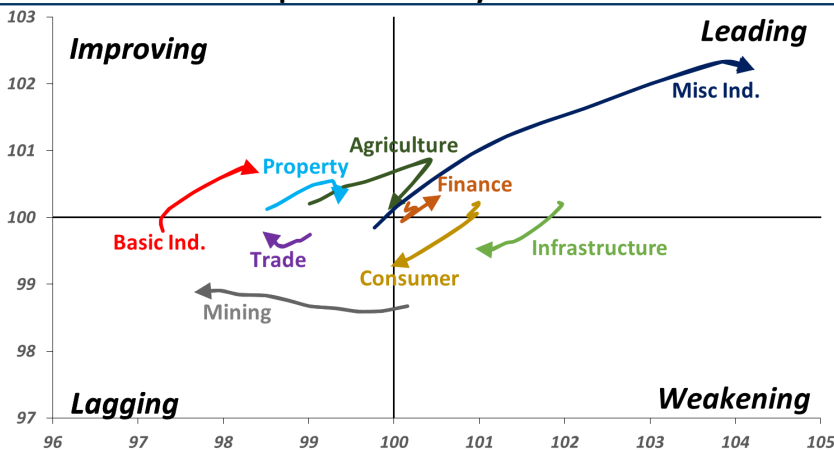
**Action** Trading buy. Cut Loss If Below 42275



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
<b>JCI Index</b>	5,906	6,356				(2.2)	6,699.7							
<b>Finance</b>						5.2	2,060.1							
BBCA	24,000	21,900	27,650	Buy	15.2	14.1	591.7	23.7x	4.1x	18.4	1.1	7.5	10.0	0.9
BBRI	3,280	3,640	3,930	Buy	19.8	2.5	404.6	12.5x	2.3x	19.3	3.3	7.9	14.5	1.5
BMRI	7,425	8,000	7,500	Hold	1.0	2.4	346.5	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	7,775	9,900	9,675	Buy	24.4	0.3	145.0	9.7x	1.4x	15.1	3.3	10.0	12.5	1.4
BBTN	2,350	3,570	3,280	Buy	39.6	(18.4)	24.9	7.6x	1.1x	14.9	2.4	14.5	11.6	1.8
BJTM	650	710	810	Buy	24.6	(6.5)	9.7	8.1x	1.2x	15.5	6.8	#N/A	N/A	4.5
<b>Consumer</b>						(5.3)	1,375.4							
HMSP	3,800	4,730	4,225	Hold	11.2	(4.8)	442.0	34.0x	14.1x	41.8	2.8	7.2	3.8	1.2
GGRM	77,075	83,800	88,650	Buy	15.0	4.7	148.3	18.3x	3.5x	19.6	3.4	13.6	6.3	1.3
UNVR	42,725	55,900	49,600	Buy	16.1	(14.3)	326.0	35.9x	36.3x	118.0	2.1	1.0	39.7	1.0
ICBP	8,925	8,900	10,550	Buy	18.2	0.8	104.1	24.5x	5.0x	21.3	1.8	7.5	14.6	1.0
INDF	6,025	7,625	8,175	Buy	35.7	(26.7)	52.9	14.3x	1.6x	11.7	3.9	3.1	(13.7)	1.2
KLBF	1,360	1,690	1,730	Buy	27.2	(15.5)	63.8	26.3x	4.6x	18.3	1.8	3.9	1.4	1.3
KAEF	2,560	2,700	2,890	Hold	12.9	(4.8)	14.2	39.5x	5.7x	14.9	0.7	26.5	17.4	1.1
<b>Infrastructure</b>						(7.8)	725.02							
TLKM	3,940	4,399	4,700	Buy	19.3	(2.8)	390.3	21.1x	4.3x	20.4	4.3	2.3	(20.6)	0.9
EXCL	2,090	2,960	3,930	Buy	88.0	(41.3)	22.3	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,350	4,800	6,750	Buy	187.2	(59.7)	12.8	N/A	1.0x	(2.6)	3.1	(26.8)	N/A	0.9
PGAS	2,010	1,750	2,600	Buy	29.4	12.9	48.7	13.7x	1.0x	7.6	1.6	15.0	200.0	1.4
JSMR	4,180	6,400	6,050	Buy	44.7	(35.9)	30.3	14.7x	1.9x	13.4	1.5	18.7	(6.9)	1.0
TBIG	4,700	6,425	6,050	Buy	28.7	(31.1)	21.3	9.5x	7.1x	104.6	3.6	7.1	8.1	0.6
INDY	2,240	3,060	5,000	Buy	123.2	(5.5)	11.7	2.1x	0.8x	43.7	4.8	213.9	37.8	0.9
<b>Trade</b>						(14.6)	681.1							
UNTR	32,875	35,400	39,550	Buy	20.3	(6.9)	122.6	11.3x	2.4x	22.6	3.0	32.1	60.8	1.1
AKRA	3,520	6,350	4,650	Buy	32.1	(53.5)	14.1	19.0x	1.8x	19.3	6.3	25.3	(22.4)	1.2
SCMA	1,665	2,480	2,025	Buy	21.6	(14.6)	24.3	17.1x	5.3x	32.3	4.5	10.8	8.7	1.2
MNCN	820	1,285	1,125	Buy	37.2	(45.5)	11.7	8.4x	1.1x	14.2	1.8	2.8	(20.3)	1.1
LPPF	4,830	10,000	5,480	Hold	13.5	(52.6)	14.1	7.4x	5.7x	85.6	9.5	3.1	(0.6)	1.0
ACES	1,395	1,155	1,635	Buy	17.2	15.8	23.9	25.0x	6.2x	26.6	1.6	22.3	32.7	1.1
RALS	1,150	1,200	1,525	Buy	32.6	28.5	8.2	13.7x	2.1x	15.7	3.5	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
<b>Property</b>						(18.8)	355.3							
BSDE	1,120	1,700	1,850	Buy	65.2	(36.7)	21.6	6.7x	0.8x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	540	685	600	Hold	11.1	(15.0)	26.0	11.7x	2.2x	20.6	1.1	19.0	25.2	1.2
CTRA	845	1,185	1,050	Buy	24.3	(30.7)	15.7	17.3x	1.1x	6.8	1.1	7.9	1.7	1.6
SMRA	620	945	670	Hold	8.1	(38.9)	8.9	20.0x	1.3x	6.9	0.8	0.7	75.0	1.5
WSKT	1,505	2,210	2,810	Buy	86.7	(30.0)	20.4	3.9x	1.2x	33.2	3.8	27.0	41.1	1.3
PTPP	1,390	2,640	3,850	Buy	177.0	(51.7)	8.6	6.4x	0.7x	11.9	3.4	7.5	(11.9)	1.3
WIKA	1,185	1,550	2,150	Buy	81.4	(39.5)	10.6	7.7x	0.8x	11.0	2.3	32.3	26.0	1.0
ADHI	1,230	1,885	2,160	Buy	75.6	(45.6)	4.4	6.8x	0.7x	11.1	2.4	8.2	63.6	1.2
<b>Misc Ind.</b>						(0.2)	404.4							
ASII	8,175	8,300	8,925	Hold	9.2	0.9	331.0	15.2x	2.5x	17.3	2.3	16.4	20.6	1.2
<b>Basic Ind.</b>						10.9	584.5							
INTP	17,350	21,950	21,575	Buy	24.4	(25.5)	63.9	59.6x	2.8x	4.6	4.0	2.5	(56.1)	1.4
SMGR	9,725	9,900	11,550	Buy	18.8	(6.3)	57.7	21.9x	1.9x	9.0	1.4	4.4	43.1	1.2
CPIN	5,525	3,000	6,700	Buy	21.3	69.0	90.6	22.4x	5.0x	24.2	1.0	5.1	79.7	1.0
JPFA	2,070	1,300	3,250	Buy	57.0	55.1	24.3	13.1x	2.7x	20.2	4.8	16.8	104.2	0.7
MAIN	1,370	740	1,930	Buy	40.9	55.7	3.1	13.1x	1.7x	7.9	1.2	19.2	8200.0	1.2
KRAS	374	424	500	Buy	33.7	(24.6)	7.2	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,770	6,000	6,275	Buy	31.6	(13.7)	85.1	23.5x	3.2x	14.2	1.4	9.1	(34.2)	0.8
<b>Mining</b>						13.1	415.2							
ADRO	1,585	1,860	2,500	Buy	57.7	(16.4)	50.7	8.0x	0.9x	11.9	6.8	9.3	(16.0)	1.1
PTBA	4,200	2,460	5,375	Buy	28.0	81.8	48.4	8.2x	3.3x	42.8	7.6	17.0	54.0	1.0
ITMG	24,500	20,700	32,400	Buy	32.2	8.9	27.7	7.3x	2.0x	27.6	13.3	8.0	(10.0)	1.1
INCO	3,240	2,890	3,760	Buy	16.0	5.2	32.2	34.4x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	695	625	1,200	Buy	72.7	3.7	16.7	17.1x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	650	775	1,240	Buy	90.8	(28.6)	4.8	9.1x	0.8x	8.8	3.6	1.8	13.1	1.2
MEDC	795	890	1,025	Buy	28.9	14.2	14.1	16.1x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	368	372	625	Buy	69.8	21.9	2.7	7.0x	0.8x	12.4	1.4	39.7	157.9	1.3
<b>Agriculture</b>						(13.1)	98.7							
AALI	11,725	13,150	16,925	Buy	44.3	(19.4)	22.6	13.1x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,250	1,420	1,500	Buy	20.0	(18.8)	8.5	18.2x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WSKT : 3Q18 Revenues Buoyed 27%**

WSKT posted revenues of IDR36.23 trillion (+27% y-y) in 3Q18 thanks to the financial income segment securing revenue of IDR1.08 trillion (+232% y-y). Besides, WSKT also posted profits of foreign currencies exchange rate of IDR20.51 billion, in a stark contrast to 3Q17 loss. 3Q18 net profit also grew to IDR3.72 trillion (+43.6% y-y). (Kontan)

### **GIAA : Net Loss Depletes 48.6%**

GIAA's net loss of January to September 2018 edged down by -48.6% y-y to USD114.08 million. The decrease was cushioned by the increase of 3.4% y-y to USD3.21 billion and the hike of 226% to USD52.35 million in exchange rate gains. Additionally, it targets 2018 net loss of lower than USD50 million. (Kontan)

### **PTPP : Net Profits Are Depleted by Hiking Interest Expense**

PTPP posted the decline of 11.7% y-y in net profit of January to September 2018. Although on the annual basis, gross profit margins were higher, business expenses and interest expenses soared to IDR600.05 (35.7% y-y) and IDR463,88 billion (+95.0% y-y), respectively. Of note, 60% of interest rate hikes derived from its subsidiary. (Bisnis Indonesia)

### **HRUM : 3Q18 Revenues Slightly Depletes 2.3%**

HRUM's 3Q18 revenue slightly depleted by 2.3% y-y to USD232.96 million. The revenue expenses added by sales and administration & general expenses respectively inclining by 8.5% y-y to USD15.12 million and 25.2% y-y to USD22.73 million decreased net profits. Its net profits in 3Q18 slid by 30.3% to USD22.73 million. (Kontan)

## Domestic & Global News

### **The Rupiah Strengthens to IDR14,955 per USD**

The rupiah strengthens further. On Friday, 11/02, it managed to settle at IDR14,955 per USD. Meanwhile, at the benchmark rate of JISDOR, the rupiah is at IDR15,089 per USD. (Kontan)

### **U.S. Crude Drops 6.6% This Week, Settling at \$63.14**

Oil prices fell on Friday, posting a fourth consecutive weekly loss, as investors worried about oversupply after the United States said it will temporarily spare eight jurisdictions from Iran-related sanctions. U.S. Secretary of State Mike Pompeo announced the decision in a conference call. U.S. light crude ended Friday's session down 55 cents at \$63.14, falling 6.6 percent last week. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b>	GER	14:00	Factory Orders MoM	Sep		-0.50%	2.00%
06 - Nov	EU	16:00	Markit Eurozone Composite PMI	Oct F		52.7	52.7
<b>Wednesday</b>	GER	14:00	Industrial Production SA MoM	Sep		-0.30%	-0.30%
07 - Nov							
<b>Thursday</b>	CHN	Tentative	Trade Balance	Oct		--	\$31.69b
08 - Nov	CHN	Tentative	Imports YoY	Oct		--	14.30%
	CHN	Tentative	Exports YoY	Oct		--	14.50%
	JPN	06:50	Core Machine Orders MoM	Sep		-9.00%	6.80%
	JPN	06:50	BoP Current Account Balance	Sep		¥1786.5b	¥1838.4b
	USA	20:30	Initial Jobless Claims	3-Nov		--	214k
<b>Friday</b>	USA	02:00	FOMC Rate Decision (Upper Bound)	8-Nov		2.25%	2.25%
09 - Nov	USA	02:00	FOMC Rate Decision (Lower Bound)	8-Nov		2.00%	2.00%
	CHN	08:30	PPI YoY	Oct		--	3.60%
	CHN	08:30	CPI YoY	Oct		--	2.50%
	UK	16:30	Industrial Production MoM	Sep		-0.10%	0.20%
	UK	16:30	Manufacturing Production MoM	Sep		-0.20%	-0.20%
	UK	16:30	GDP QoQ	3Q P		0.50%	0.40%
	UK	16:30	GDP YoY	3Q P		1.40%	1.20%
	USA	20:30	PPI Final Demand MoM	Oct		0.20%	0.20%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	Tentative	GDP QoQ	3Q		3.07%	4.21%
05 - Nov	Tentative	GDP YoY	3Q		5.18%	5.27%
	Tentative	Consumer Confidence Index	Oct		--	121.6
<b>Wednesday</b>	Tentative	Net Foreign Assets IDR	Oct		--	1675.4t
07 - Nov	Tentative	Foreign Reserves	Oct		--	\$114.85b
<b>Friday</b>	Tentative	BoP Current Account Balance	3Q		-\$8900m	-\$8028m
09 - Nov						

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholder Meeting	BMSR
05 - Nov	IPO Listing Date	SATU
	Cum Dividend Date	ICBP (IDR58 per share) INDF (IDR65 per share)
<b>Tuesday</b>	Extraordinary Shareholder Meeting	GMFI, PRIM, SRAJ
06 - Nov	IPO Listing Date	SOSS
	Cum Dividend Date	SMSM (IDR15 per share)
<b>Wednesday</b>	Annual Shareholder Meeting	CLEO
07 - Nov	Extraordinary Shareholder Meeting	BIMA
<b>Thursday</b>	Cum Dividend Date	MLBI (IDR47 per share)
08 - Nov		
<b>Friday</b>	Annual Shareholder Meeting	NRCA
09 - Nov	Extraordinary Shareholder Meeting	AMAG
	IPO Listing Date	Dewata Freight International

Source: Bloomberg

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