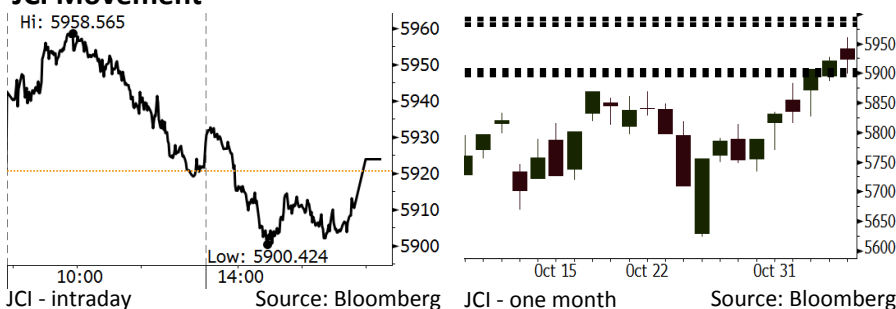


Morning Brief

Daily | Nov 7, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 6	5,923.93
Chg	+3.34pts (+0.06%)
Volume (bn shares)	77.28
Value (IDR tn)	7.53
Adv 192 Dec 181 Unc 256 Untr 123	

Foreign Transaction (IDR bn)	
Buy	2,964
Sell	1,904
Net Buy (Sell)	1,060

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	314.0	ERAA	49.0
BBRI	90.5	BBNI	29.3
ASII	87.0	BSDE	13.1
GGRM	74.9	SSMS	7.3
BMRI	54.3	INDF	7.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INDY	6.4%	HMSF	-3.3%
EXCL	6.2%	INDF	-2.5%
BSDE	3.6%	AKRA	-2.0%
ADRO	3.5%	BRPT	-1.9%
BKSL	3.2%	LPPF	-1.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.18%	-0.16%
USDIDR	14,804	-1.16%
KRWIDR	13.18	-1.13%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,635.01	173.31	0.68%
S&P 500	2,755.45	17.14	0.63%
Nasdaq	7,375.96	47.11	0.64%
FTSE 100	7,040.68	(63.16)	-0.89%
CAC 40	5,075.19	(26.20)	-0.51%
DAX	11,484.34	(10.62)	-0.09%
Nikkei	22,147.75	248.76	1.14%
Hang Seng	26,120.96	186.57	0.72%
Shanghai	2,659.36	(6.08)	-0.23%
KOSPI	2,089.62	12.70	0.61%
EIDO	23.37	0.20	0.86%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,227.2	(4.3)	-0.35%
Crude Oil (USD /bbl)	62.21	(0.89)	-1.41%
Coal Newcas(USD/ton)	103.75	0.05	0.05%
Gas (USD /mmbtu)	3.56	(0.01)	-0.34%
Nickel LME (USD /MT)	11,775	25.0	0.21%
Tin LME (USD /MT)	19,050	(25.0)	-0.13%
CPO (MYR/Ton)	2,122	(31.0)	-1.44%

Market Recap

JCI moved lower yesterday, relating to the release of Consumers' Confidence Index and retail sales, but it ended flat amid the rupiah appreciation. **Top Gainers: Mining (+1.07%), Property (+0.96%), Finance (+0.75%)**

The global markets ended mixed yesterday as investors awaited the results of the U.S. midterm election. The U.S. markets roared as the expectancy of the Democrat party to win the election. On the other side, European markets closed lower amid political uncertainties arising from the Brexit and conflicts between the EU and Italy. Asia markets moved mixed due to sluggish China's markets.

Today's Outlook: October's Forex Reserves

We estimate that JCI is likely to rally with the **support range of 5897-5906** and the **resistance range of 5982-5992** today. Investors will digest the release of October's forex reserves. September's forex reserves decelerated to USD114.9 billion, and October's forex reserves are potential for rebound. It is indicated by the rupiah experienced no pressure in October; indeed, the rupiah was capable of stably hovering below 15,000 per USD.

From the global outlook, the positive sentiments comes from the global crude prices sliding further as WTI' crude prices declining by 1.41% due to the U.S. dispensation to 8 countries importing crude from Iran. The sliding crude prices are likely to appreciate the rupiah.

Stocks Recommendation (details on the next page)

Trading Buy: TLKM, KLBF, JPFA

Company News

- ADRO : Projects AMC to Produce 1 Million Tons
- INDY : Projects Premium Coal Production of 1.3 Million Tons
- GMFI : Targets International Revenues of 50%
- HEXA : Sales Are Likely to Grow by 33.9% in 2018

Domestic & Global News

- October's Retail Sales Are Estimated to Lag
- Pollsters and Experts Expect Democrats to Take Control of the House

Indonesia Economic Data

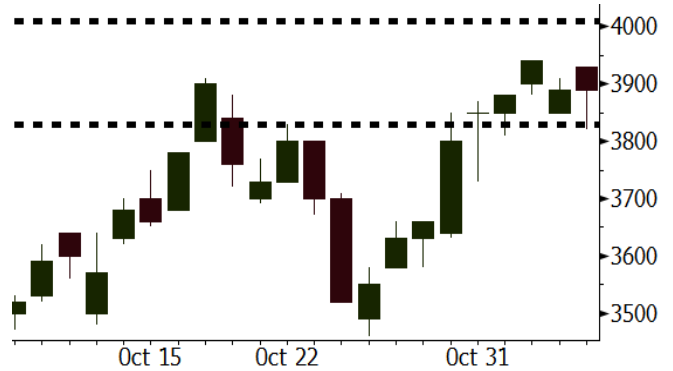
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	112.82	106.28
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

TLKM Last = 3890

Analysis TLKM posted 3Q18 net profit of IDR5.6 trillion increasing from 2Q18 realization of IDR3.0 trillion. It signed its on-track performance.

Range 3830 – 4010

Action Trading Buy. Cut Loss If Below 3830



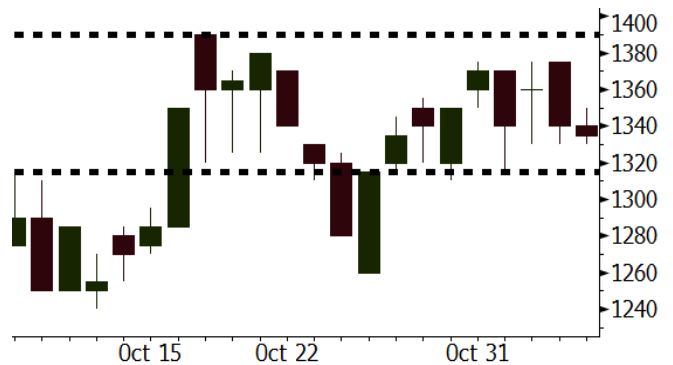
Source: Bloomberg

KLBF Last = 1335

Analysis The rupiah appreciation gave positive sentiments to KLBF whose businesses are highly exposed to USD.

Range 1315 – 1390

Action Trading Buy. Cut Loss If Below 1315



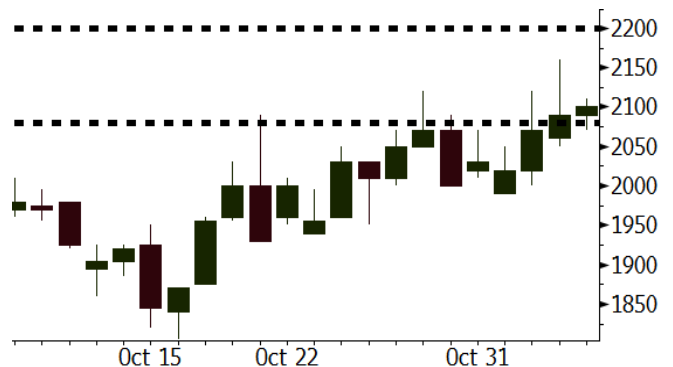
Source: Bloomberg

JPFA Last = 2100

Analysis Although JPFA is capable of posting the growth of 55.7% in the net profit. Its valuation is still attractive as it is traded at a P/E of 13.3x, a steep below the last 5-year average of 25.5x.

Range 2080 – 2200

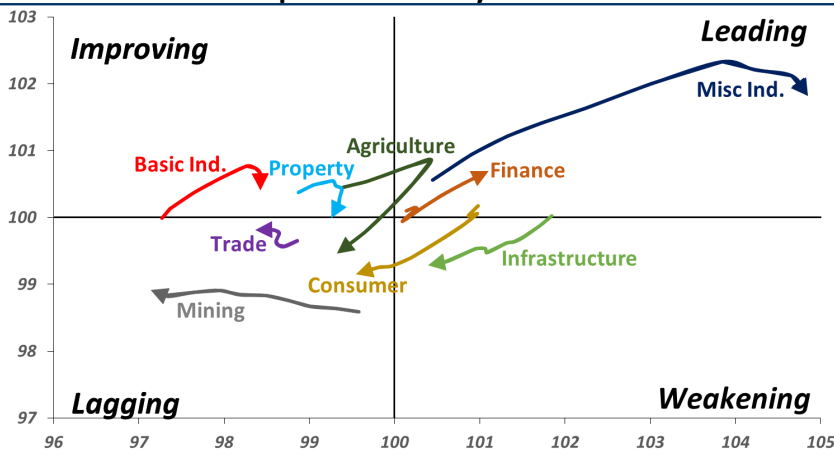
Action Trading buy. Cut Loss If Below 2080



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	5,924	6,356				(2.3)	6,720.2							
Finance						5.7	2,076.0							
BBCA	24,400	21,900	27,650	Hold	13.3	15.9	601.6	24.1x	4.2x	18.4	1.0	7.5	10.0	0.9
BBRI	3,330	3,640	3,930	Buy	18.0	2.8	410.7	12.7x	2.3x	19.3	3.2	7.9	14.5	1.5
BMRI	7,350	8,000	8,275	Hold	12.6	3.2	343.0	14.5x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	7,750	9,900	9,675	Buy	24.8	(2.5)	144.5	9.7x	1.4x	15.1	3.3	10.0	12.5	1.4
BBTN	2,340	3,570	3,280	Buy	40.2	(19.3)	24.8	7.6x	1.1x	14.9	2.4	14.5	11.6	1.8
BJTM	660	710	810	Buy	22.7	(5.0)	9.9	8.2x	1.2x	15.5	6.7	#N/A	N/A	4.5
Consumer						(4.7)	1,379.5							
HMSP	3,780	4,730	4,225	Hold	11.8	(4.1)	439.7	33.8x	14.0x	41.8	2.8	7.2	3.8	1.2
GGRM	80,025	83,800	88,650	Hold	10.8	4.2	154.0	19.0x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	43,000	55,900	49,600	Buy	15.3	(12.9)	328.1	36.1x	36.6x	118.0	2.1	1.0	39.7	1.0
ICBP	8,900	8,900	10,550	Buy	18.5	3.8	103.8	24.5x	5.0x	21.3	2.5	7.5	14.6	1.0
INDF	5,825	7,625	8,175	Buy	40.3	(28.3)	51.1	13.8x	1.6x	11.7	5.2	3.1	(13.7)	1.2
KLBF	1,335	1,690	1,730	Buy	29.6	(17.6)	62.6	25.8x	4.5x	18.3	1.9	3.9	1.4	1.3
KAEF	2,550	2,700	2,890	Hold	13.3	(3.4)	14.2	39.3x	5.4x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(9.8)	719.21							
TLKM	3,890	4,399	4,700	Buy	20.8	(6.3)	385.4	20.9x	4.3x	20.4	4.3	2.3	(20.6)	0.9
EXCL	2,230	2,960	3,930	Buy	76.2	(37.5)	23.8	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,350	4,800	6,750	Buy	187.2	(58.4)	12.8	N/A	1.0x	(2.6)	3.1	(26.8)	N/A	0.9
PGAS	2,080	1,750	2,600	Buy	25.0	12.7	50.4	14.3x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,090	6,400	6,050	Buy	47.9	(38.7)	29.7	14.3x	1.8x	13.4	1.5	18.7	(6.9)	1.0
TBIG	4,650	6,425	6,050	Buy	30.1	(30.9)	21.1	9.4x	7.0x	104.6	3.6	7.1	8.1	0.6
INDY	2,480	3,060	5,000	Buy	101.6	(3.1)	12.9	2.4x	0.9x	43.7	4.3	213.9	37.8	0.9
Trade						(14.1)	685.2							
UNTR	33,500	35,400	39,550	Buy	18.1	(6.4)	125.0	11.5x	2.4x	22.6	2.9	32.1	60.8	1.1
AKRA	3,460	6,350	4,650	Buy	34.4	(54.5)	13.9	18.7x	1.7x	19.3	6.4	25.3	(22.4)	1.2
SCMA	1,655	2,480	2,025	Buy	22.4	(16.0)	24.2	17.0x	5.3x	32.3	4.5	10.8	8.7	1.2
MNCN	840	1,285	1,125	Buy	33.9	(43.2)	12.0	8.6x	1.1x	14.2	1.8	2.8	(20.3)	1.1
LPPF	4,680	10,000	5,480	Buy	17.1	(54.5)	13.7	7.2x	5.5x	85.6	9.8	3.1	(0.6)	1.0
ACES	1,380	1,155	1,635	Buy	18.5	13.6	23.7	24.8x	6.2x	26.6	1.7	22.3	32.7	1.1
RALS	1,160	1,200	1,525	Buy	31.5	28.2	8.2	13.8x	2.1x	15.7	3.4	2.2	43.4	0.9
MAPI	810	620	945	Buy	16.7	21.8	13.4	23.2x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(18.6)	357.7							
BSDE	1,160	1,700	1,850	Buy	59.5	(34.1)	22.3	6.9x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	550	685	600	Hold	9.1	(14.7)	26.5	11.9x	2.2x	20.6	1.1	19.0	25.2	1.2
CTRA	840	1,185	1,050	Buy	25.0	(31.4)	15.6	17.2x	1.1x	6.8	1.1	7.9	1.7	1.6
SMRA	635	945	670	Hold	5.5	(37.7)	9.2	20.5x	1.4x	6.9	0.8	0.7	75.0	1.5
WSKT	1,505	2,210	2,810	Buy	86.7	(31.6)	20.4	3.9x	1.2x	33.2	3.8	27.0	41.1	1.3
PTPP	1,410	2,640	3,850	Buy	173.0	(50.9)	8.7	6.5x	0.7x	11.9	3.3	7.5	(11.9)	1.3
WIKA	1,190	1,550	2,150	Buy	80.7	(40.5)	10.7	7.7x	0.8x	11.0	2.3	32.3	26.0	1.0
ADHI	1,310	1,885	2,160	Buy	64.9	(42.0)	4.7	7.2x	0.8x	11.1	2.2	8.2	63.6	1.2
Misc Ind.						(2.1)	400.8							
ASII	8,100	8,300	8,925	Hold	10.2	(1.2)	327.9	15.1x	2.5x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						9.7	582.8							
INTP	17,875	21,950	21,575	Buy	20.7	(23.3)	65.8	61.4x	2.9x	4.6	3.9	2.5	(56.1)	1.4
SMGR	9,750	9,900	11,550	Buy	18.5	(5.6)	57.8	21.9x	1.9x	9.0	1.4	4.4	43.1	1.2
CPIN	5,575	3,000	6,700	Buy	20.2	67.4	91.4	22.6x	5.0x	24.2	1.0	5.1	79.7	1.0
JPFA	2,100	1,300	3,250	Buy	54.8	57.9	24.6	13.3x	2.7x	20.2	4.8	16.8	104.2	0.7
MAIN	1,310	740	1,930	Buy	47.3	51.4	2.9	12.5x	1.6x	7.9	1.2	19.2	8200.0	1.2
KRAS	380	424	500	Buy	31.6	(23.4)	7.4	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,770	6,000	6,275	Buy	31.6	(14.5)	85.1	23.7x	3.2x	14.2	1.4	9.1	(34.2)	0.8
Mining						14.2	421.2							
ADRO	1,630	1,860	2,500	Buy	53.4	(14.2)	52.1	8.3x	1.0x	11.9	6.6	9.3	(16.0)	1.1
PTBA	4,450	2,460	5,375	Buy	20.8	84.6	51.3	8.7x	3.5x	42.8	7.2	17.0	54.0	1.0
ITMG	24,275	20,700	32,400	Buy	33.5	12.8	27.4	7.3x	2.0x	27.6	13.4	8.0	(10.0)	1.1
INCO	3,160	2,890	3,760	Buy	19.0	(4.0)	31.4	33.9x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	680	625	1,200	Buy	76.5	(2.2)	16.3	16.7x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	655	775	1,240	Buy	89.3	(30.7)	4.9	9.2x	0.8x	8.8	3.6	1.8	13.1	1.2
MEDC	820	890	1,025	Buy	25.0	20.1	14.6	16.7x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	368	372	625	Buy	69.8	8.2	2.7	7.0x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(14.0)	97.7							
AALI	11,450	13,150	16,925	Buy	47.8	(21.2)	22.0	12.8x	1.2x	9.5	3.8	9.1	(18.2)	0.6
LSIP	1,245	1,420	1,500	Buy	20.5	(19.7)	8.5	18.1x	1.0x	5.7	3.6	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ADRO : Projects AMC to Produce 1 Million Tons

ADRO projects that Adaro MetCoal Companies (AMC) production capacities of high-calorie coal amounting to 1 million tons in 2018. Until September, its production and sales volume were 0.86 million ton (+27% y-y) and 0.71 million tons (+15% y-y). Besides, the production volume of coking coal's from Kestrel amounted to 0.78 million tons from August to September 2018. (Bisnis Indonesia)

GMFI : Targets International Revenues of 50%

GMFI targets the revenue deriving from international consumer to reach 50% in 2019. Its 3Q18 revenues were contributed by the domestic market by 70% and the international market by 30%. It will also cooperates with United Arab Emirate and Australia. Until September, its revenue grew by 7.8% y-y to USD334.69 million. (Kontan)

INDY : Projects Premium Coal Production of 1.3 Million Tons

INDY estimates its production of premium high-calorie coal to reach 1.3 million tons in 2018. Of note MUTU produces such coal. Until September, MUTU and Kideco Jaya Agung's sales volume were 0.7 million tons and 26.1 million tons, respectively. The higher coal prices send average selling prices (ASP) to reach USD54 per ton. (Bisnis Indonesia)

HEXA : Sales Are Likely to Grow by 33.9% in 2018

HEXA projects that sales of 2018 fiscal year to grow by 33.9% y-y, with the sales volume of heavy machinery amounting to 2,060 units. Until September, it secured 965 units of heavy machinery, equal to 46.8% of the target. The sales derived from the agribusiness sector by 29%, construction by 25%, and mining by 22%. (Bisnis Indonesia)

Domestic & Global News

October's Retail Sales Are Estimated to Lag

October's retail sales are estimated to lag, continuing September's sluggish retail sales, on a stark contrast to retail sales of October 2017 higher than September's sales. BI' retail sales survey noted that the Real Sales Index (IPR) only grew by 3.9% y-y in October. The figure is lower than August and September's IPR of 6.1% y-y and 4.8% y-y, respectively. (Kontan)

Pollsters and Experts Expect Democrats to Take Control of the House

The midterm elections Tuesday have huge stakes not only for the future of health care, taxes and immigration, but also for the U.S. economy and investors. Polls and forecasters suggest Democrats have a good chance of taking control of the House, while Republicans are favored to keep a slim majority in the Senate. But deviations from the expected outcome could have massive implications for investors. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday	GER	14:00	Factory Orders MoM	Sep	0.30%	-0.50%	2.00%
06 - Nov	EU	16:00	Markit Eurozone Composite PMI	Oct F	53.1	52.7	52.7
Wednesday	GER	14:00	Industrial Production SA MoM	Sep		-0.30%	-0.30%
07 - Nov							
Thursday	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
Friday	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.
Monday	Tentative	GDP QoQ	3Q	3.09%	3.07%	4.21%
05 - Nov	Tentative	GDP YoY	3Q	5.17%	5.18%	5.27%
	Tentative	Consumer Confidence Index	Oct	119.2	--	121.6
Wednesday	Tentative	Net Foreign Assets IDR	Oct		--	1675.4t
07 - Nov	Tentative	Foreign Reserves	Oct		--	\$114.85b
Friday	Tentative	BoP Current Account Balance	3Q		-\$8900m	-\$8028m
09 - Nov						

Source: Bloomberg

Corporate Calendar

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

Source: Bloomberg

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