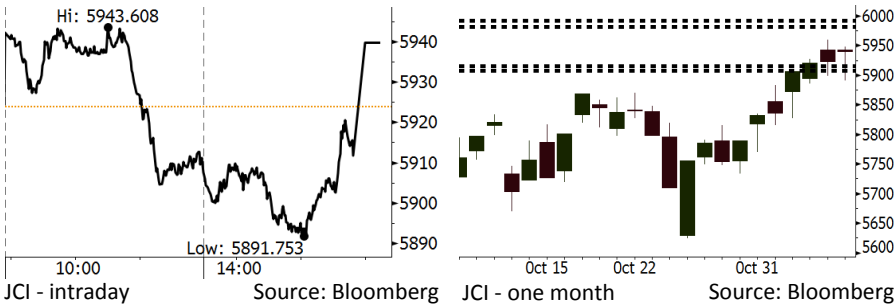


Morning Brief

Daily | Nov 8, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 7	5,939.89
Chg	+15.96pts (+0.27%)
Volume (bn shares)	92.96
Value (IDR tn)	8.38

Adv 188 Dec 185 Unc 256 Untr 140

Foreign Transaction		(IDR bn)
Buy		3,494
Sell		2,756
Net Buy (Sell)		738

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	120.1	BBCA	128.6
ASII	69.4	UNVR	86.4
TLKM	61.3	INDF	46.6
TKIM	47.1	BBNI	35.7
GGRM	28.1	ADRO	26.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
BKSL	10.2%	EXCL	-3.1%
WSKT	9.6%	SSMS	-3.1%
PTPP	9.2%	BJBR	-2.5%
WIKA	7.1%	ADRO	-2.2%
WSBP	7.0%	ICBP	-2.0%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.11%	-0.07%
USDIDR	14,590	-1.45%
KRWIDR	13.01	-1.29%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	26,180.30	545.29	2.13%
S&P 500	2,813.89	58.44	2.12%
Nasdaq	7,570.75	194.79	2.64%
FTSE 100	7,117.28	76.60	1.09%
CAC 40	5,137.94	62.75	1.24%
DAX	11,579.10	94.76	0.83%
Nikkei	22,085.80	(61.95)	-0.28%
Hang Seng	26,147.69	26.73	0.10%
Shanghai	2,641.34	(18.01)	-0.68%
KOSPI	2,078.69	(10.93)	-0.52%
EIDO	24.05	0.68	2.91%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,226.5	(0.7)	-0.06%
Crude Oil (USD /bbl)	61.67	(0.54)	-0.87%
Coal Newcas(USD/ton)	104.95	2.10	2.04%
Gas (USD /mmbtu)	3.56	0.00	0.00%
Nickel LME (USD /MT)	11,820	45.0	0.38%
Tin LME (USD /MT)	19,050	0.0	0.00%
CPO (MYR/Ton)	2,111	(11.0)	-0.52%

Market Recap

JCI continued to rally yesterday amid the rupiah appreciation. JCI's movement was also backed by the construction and property sectors. **Top Gainers: Property (+1.90%), Misc. Industry (+1.48%), Trade (+0.61%)**

The U.S. bourses gained more than 2% as the results of midterm election coming in about as expected. Following the U.S. midterm election, Europe markets finished higher, backed by the banking, retail, and construction sectors. On the other side, Asia markets closed mixed as the U.S. midterm election gave no significant impacts on the U.S. – China.

Today's Outlook: Covered by Positive Sentiments

We estimate that today JCI will rally with the **support range of 5908-5916** and **resistance range of 5982-5992**. Bank Indonesia (BI) released October's forex reserves of USD115.2 billion, edging up from USD114.9 billion. On the other side, the rupiah is appreciated significantly to 14.590 per USD. It attracts foreign investors to post net buy of IDR738 billion.

From the global outlook, positive sentiments come from the results of the U.S. midterm election signified the U.S House of Representative's power divided into the GOP and Democrat. The backdrop indicates that President Trump's policy will face fierce opposition from the House of Representative. Additionally, global crude was in a negative territory after the U.S. oversupply.

Stocks Recommendation (details on the next page)

Trading Buy: KLBF, ACES, ADRO

Company News

- SMGR : Posts Growth in Profits
- ACES : Launches Another 5 Stores
- MDKA : Acquires Mine of 100 Hectares
- HERO : Starts Groundbreaking of IKEA's New Stores

Domestic & Global News

- Forex Reserves Increase to USD115.2 Billion
- Trump Hopes for Working Together with Democrats Congress

Indonesia Economic Data

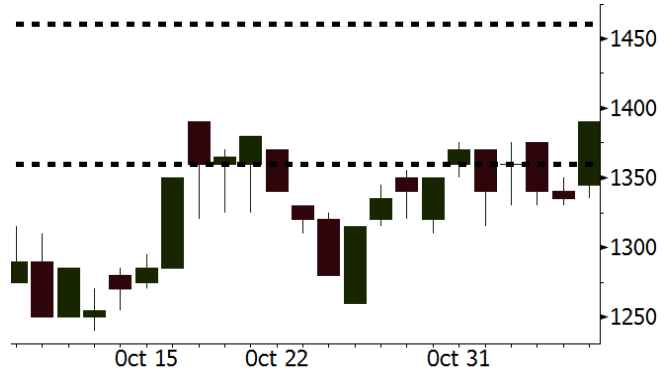
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

KLBF Last = 1390

Analysis Foreign capital inflow in Indonesia significantly strengthens the rupiah. The rupiah appreciation will have positive correlations to KLBF's performance.

Range 1360 – 1460

Action Trading Buy. Cut Loss If Below 1360



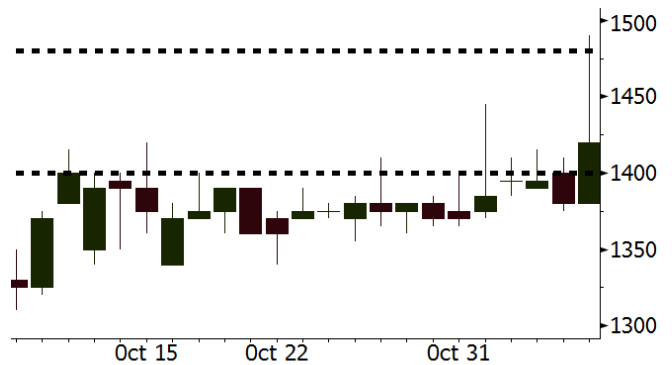
Source: Bloomberg

ACES Last = 1420

Analysis The pressures on the rupiah ease. It proves a boon for ACES to maintain its performance. On the other side, the yearend discount program will boost acceleration in ACES's sales in 4Q18.

Range 1400 – 1480

Action Trading Buy. Cut Loss If Below 1400



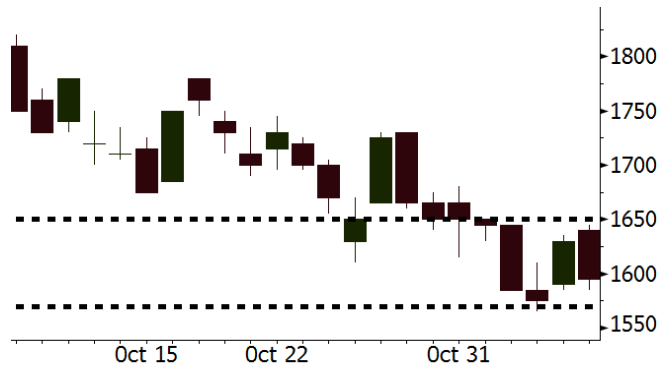
Source: Bloomberg

ADRO Last = 1595

Analysis Global coal prices soar more than 2% boosted by the results of the U.S. midterm election. It indicates that the tension of unresolved disputes between the U.S. and China is possible to shrug off.

Range 1570 – 1650

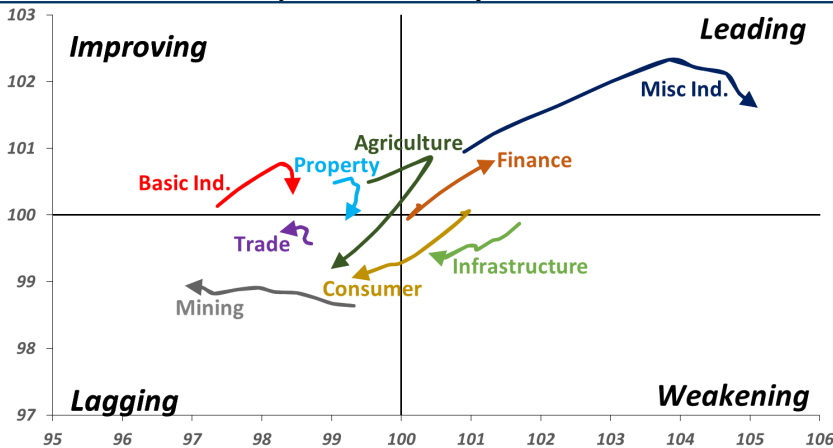
Action Trading buy. Cut Loss If Below 1570



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	5,940	6,356				(1.8)	6,738.4							
Finance						5.7	2,075.5							
BBCA	24,100	21,900	27,650	Hold	14.7	15.9	594.2	23.8x	4.1x	18.4	1.1	7.5	10.0	0.9
BBRI	3,370	3,640	3,930	Buy	16.6	2.4	415.7	12.9x	2.4x	19.3	3.2	7.9	14.5	1.5
BMRI	7,350	8,000	8,275	Hold	12.6	2.4	343.0	14.5x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	7,800	9,900	9,675	Buy	24.0	(1.0)	145.5	9.8x	1.4x	15.1	3.3	10.0	12.5	1.4
BBTN	2,380	3,570	3,280	Buy	37.8	(17.6)	25.2	7.7x	1.1x	14.9	2.4	14.5	11.6	1.8
BJTM	660	710	810	Buy	22.7	(4.3)	9.9	8.2x	1.2x	15.3	6.7	2.8	4.5	0.8
Consumer						(5.3)	1,377.1							
HMSP	3,810	4,730	4,225	Hold	10.9	(5.2)	443.2	34.1x	14.1x	41.8	2.8	7.2	3.8	1.2
GGRM	79,550	83,800	88,650	Hold	11.4	4.0	153.1	18.9x	3.6x	19.6	3.3	13.6	6.3	1.3
UNVR	42,200	55,900	49,700	Buy	17.8	(14.7)	322.0	35.5x	35.9x	118.0	2.2	1.0	39.7	1.0
ICBP	8,725	8,900	10,550	Buy	20.9	2.6	101.8	24.0x	4.9x	21.3	2.5	7.5	14.6	1.0
INDF	5,725	7,625	8,175	Buy	42.8	(29.1)	50.3	13.6x	1.6x	11.7	5.3	3.1	(13.7)	1.2
KLBF	1,390	1,690	1,730	Buy	24.5	(13.1)	65.2	26.8x	4.7x	18.3	1.8	3.9	1.4	1.3
KAFF	2,580	2,700	2,890	Hold	12.0	(2.6)	14.3	39.8x	5.5x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(8.0)	721.21							
TLKM	3,950	4,399	4,700	Buy	19.0	(2.8)	391.3	21.2x	4.3x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,160	2,960	3,930	Buy	81.9	(38.6)	23.1	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,320	4,800	6,750	Buy	190.9	(59.1)	12.6	N/A	1.0x	(2.6)	3.1	(26.8)	N/A	0.9
PGAS	2,050	1,750	2,600	Buy	26.8	12.9	49.7	14.3x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,090	6,400	6,050	Buy	47.9	(39.0)	29.7	14.3x	1.8x	13.4	1.5	18.7	(6.9)	1.0
TBIG	4,600	6,425	6,050	Buy	31.5	(31.3)	20.8	9.3x	6.9x	104.6	3.7	7.1	8.1	0.6
INDY	2,500	3,060	5,000	Buy	100.0	(0.4)	13.0	2.4x	0.9x	43.7	4.3	213.9	37.8	0.9
Trade						(13.0)	689.5							
UNTR	33,975	35,400	39,550	Buy	16.4	(0.8)	126.7	11.7x	2.4x	22.6	2.9	32.1	60.8	1.1
AKRA	3,450	6,350	4,650	Buy	34.8	(54.0)	13.9	18.6x	1.7x	19.3	6.4	25.3	(22.4)	1.2
SCMA	1,640	2,480	2,025	Buy	23.5	(16.8)	24.0	16.8x	5.2x	32.3	4.6	10.8	8.7	1.2
MNCN	830	1,285	1,125	Buy	35.5	(45.9)	11.8	8.5x	1.1x	14.2	1.8	2.8	(20.3)	1.1
LPPF	4,730	10,000	5,480	Buy	15.9	(55.4)	13.8	7.3x	5.5x	85.6	9.7	3.1	(0.6)	1.0
ACES	1,420	1,155	1,635	Buy	15.1	12.3	24.4	25.5x	6.3x	26.6	1.6	22.3	32.7	1.1
RALS	1,225	1,200	1,525	Buy	24.5	28.3	8.7	14.5x	2.2x	15.7	3.3	2.2	43.4	0.9
MAPI	815	620	945	Buy	16.0	27.3	13.5	23.4x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(16.9)	364.5							
BSDE	1,215	1,700	1,850	Buy	52.3	(31.4)	23.4	7.2x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	555	685	600	Hold	8.1	(13.3)	26.7	12.0x	2.3x	20.6	1.1	19.0	25.2	1.2
CTRA	890	1,185	1,050	Buy	18.0	(27.0)	16.5	18.2x	1.2x	6.8	1.1	7.9	1.7	1.6
SMRA	675	945	670	Hold	(0.7)	(33.2)	9.7	21.8x	1.5x	6.9	0.7	0.7	75.0	1.5
WSKT	1,650	2,210	2,810	Buy	70.3	(24.0)	22.4	4.3x	1.3x	33.2	3.5	27.0	41.1	1.3
PTPP	1,540	2,640	3,850	Buy	150.0	(46.3)	9.5	7.1x	0.8x	11.9	3.0	7.5	(11.9)	1.3
WIKA	1,275	1,550	2,150	Buy	68.6	(37.5)	11.4	8.3x	0.9x	11.0	2.1	32.3	26.0	1.0
ADHI	1,355	1,885	2,160	Buy	59.4	(39.8)	4.8	7.5x	0.8x	11.1	2.1	8.2	63.6	1.2
Misc Ind.						(1.6)	406.7							
ASII	8,225	8,300	8,925	Hold	8.5	(0.9)	333.0	15.3x	2.5x	17.3	2.3	16.4	20.6	1.2
Basic Ind.						9.8	584.7							
INTP	17,700	21,950	21,575	Buy	21.9	(22.7)	65.2	60.8x	2.9x	4.6	4.0	2.5	(56.1)	1.4
SMGR	9,725	9,900	11,550	Buy	18.8	(7.4)	57.7	21.9x	1.9x	9.0	1.4	4.4	43.1	1.2
CPIN	5,375	3,000	6,700	Buy	24.7	65.4	88.1	21.8x	4.8x	24.2	1.0	5.1	79.7	1.0
JPFA	2,110	1,300	3,250	Buy	54.0	62.3	24.7	13.4x	2.7x	20.2	4.7	16.8	104.2	0.7
MAIN	1,280	740	1,930	Buy	50.8	48.8	2.9	12.2x	1.5x	12.8	1.3	19.5	8200.0	1.2
KRAS	380	424	500	Buy	31.6	(23.7)	7.4	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,820	6,000	6,275	Buy	30.2	(14.8)	86.0	24.3x	3.3x	14.2	1.3	9.1	(34.2)	0.8
Mining						15.7	421.5							
ADRO	1,595	1,860	1,970	Buy	23.5	(12.4)	51.0	8.3x	1.0x	11.9	6.8	9.3	(16.0)	1.1
PTBA	4,470	2,460	5,375	Buy	20.2	90.2	51.5	8.7x	3.5x	42.8	7.1	17.0	54.0	1.0
ITMG	24,250	20,700	32,400	Buy	33.6	14.5	27.4	7.4x	2.0x	27.6	13.4	8.0	(10.0)	1.1
INCO	3,210	2,890	3,760	Buy	17.1	-	31.9	34.9x	1.2x	3.2	N/A	29.2	N/A	1.5
ANTM	695	625	1,200	Buy	72.7	(1.4)	16.7	17.1x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	670	775	1,240	Buy	85.1	(28.3)	5.0	9.4x	0.8x	8.8	3.5	1.8	13.1	1.2
MEDC	825	890	1,025	Buy	24.2	17.0	14.7	17.1x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	364	372	625	Buy	71.7	(1.6)	2.7	6.9x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(14.2)	97.6							
AALI	11,300	13,150	16,925	Buy	49.8	(22.9)	21.7	12.6x	1.2x	9.5	3.8	9.1	(18.2)	0.6
LSIP	1,245	1,420	1,500	Buy	20.5	(20.2)	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

SMGR : Posts Growth in Profits

SMGR posted the growth of 4% y-y to IDR21.45 trillion and 43% y-y to IDR2.09 trillion in the revenue and net profit of 3Q18. It was outstanding performance amid the cement oversupply backdrop. Sales expenses also shrank 15% y-y because of the temporary closure of factories located in less profitable location. (Kontan)

ACES : Launches Another 5 Stores

ACES stated that it will launch 5 new stores until the end of 2018. To date, it has 163 regular stores and 6 Ace Xpress stores. Until October, it launched 20 new stores, outpacing the FY18 target of 15 stores. It allocated the capex of IDR175 billion for launching 20 new stores. (Kontan)

MDKA : Acquires Mine of 100 Hectares

MDKA acquired PBJ having mining concession covering on area of 100 hectares. It spent the internal cash of IDR836.43 billion on acquiring 68.93% PBJ stocks. The mining is projected to give contributions to MDKA's production and revenues in 2019. (Kontan)

HERO : Starts Groundbreaking of IKEA's New Stores

HERO has performed the groundbreaking of IKEA's new store located in Jakarta Garden City, Cakung, Jakarta. Thus, it cooperates with PT Archipelago Property Development as the land supplier and developer. The store is built on area of 3.7 hectares. Until September, it has 448 stores consisting of a number of its business segments. (Kontan)

Domestic & Global News

Forex Reserves Increase to USD115.2 Billion

Bank Indonesia (BI) released the updated data of forex reserves per October 2018. The data showed forex reserves of USD115.2 billion or increasing by USD353 million from the prior month. It was the first increment in 2018. Higher forex reserves in October 2018 was mainly attributable to the incomes from oil and gas forex and the government's foreign debt withdrawal (ULN) bigger than the forex spent on the ULN and stabilizing rupiah exchange rate. (CNBC Indonesia)

Trump Hopes for Working Together with Democrats Congress

President Donald Trump said at a White House press conference Wednesday he hopes to work with congressional Democrats on issues ranging from infrastructure to drug pricing. Trump said hopefully we can all work together next year to continue delivering for the American people, including on economic growth, infrastructure, trade, lowering the cost of prescription drugs. The president's comments came a day after the 2018 midterm elections, which saw the Democrats take back the House and Republicans holding their majority in the Senate. (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	0.20%	-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	-18.30%	-9.00%	6.80%
	JPN	06:50	BoP Current Account Balance	Sep	¥1821.6b	¥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	1714.3t	--	1675.4t
07 - Nov	Tentative	Foreign Reserves	Oct	\$115.20b	--	\$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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