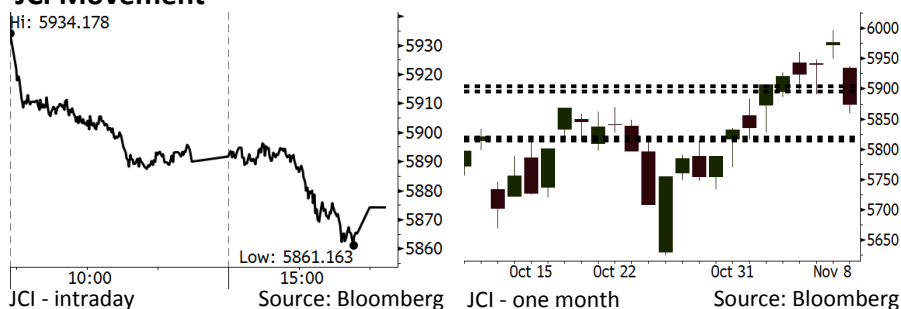


# Morning Brief

Daily | Nov 12, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

November 9	5,874.15
Chg	-102.65pts (-1.72%)
Volume (bn shares)	93.26
Value (IDR tn)	8.16

Adv 92 Dec 300 Unc 238 Untr 148

<b>Foreign Transaction</b> (IDR bn)	
Buy	2,593
Sell	2,636
<b>Net Buy (Sell)</b>	<b>(43)</b>

Top Buy	NB Val.	Top Sell	NS Val.
UNTR	111.3	BBCA	126.6
ASII	80.8	BMRI	116.0
GGRM	37.9	UNVR	73.9
BTPS	18.4	HMSF	39.4
TPIA	18.3	BUMI	15.4

## LQ-45 Index

Gainers		Losers	
	%		%
LPPF	1.4%	HMSF	-10.3%
BBNI	1.3%	WSKT	-5.7%
KLBF	1.1%	WIKA	-5.5%
TPIA	1.0%	UNVR	-4.7%
PGAS	1.0%	BKSL	-4.6%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.14%	0.09%
USDIDR	14,678	0.96%
KRWIDR	13.02	-0.23%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,989.30	(201.92)	-0.77%
S&P 500	2,781.01	(25.82)	-0.92%
Nasdaq	7,406.90	(123.98)	-1.65%
FTSE 100	7,105.34	(35.34)	-0.49%
CAC 40	5,106.75	(24.70)	-0.48%
DAX	11,529.16	1.84	0.02%
Nikkei	22,250.25	(236.67)	-1.05%
Hang Seng	25,601.92	(625.80)	-2.39%
Shanghai	2,598.87	(36.76)	-1.40%
KOSPI	2,086.09	(6.54)	-0.31%
EIDO	22.98	(0.64)	-2.71%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,209.7	(14.4)	-1.17%
Crude Oil (USD /bbl)	60.19	(0.48)	-0.79%
Coal Newcas(USD/ton)	106.35	0.70	0.66%
Gas (USD /mmbtu)	3.72	0.18	4.97%
Nickel LME (USD /MT)	11,470	(310.0)	-2.63%
Tin LME (USD /MT)	19,150	(175.0)	-0.91%
CPO (MYR/Ton)	2,040	(45.0)	-2.16%

## Market Recap

JCI closed lower on Friday, 11/12/18, as investors focused on weighing plans of LQ45 and IDX 30 indexes, as well as the release of 3Q18 current account deficit.

**Top Losers: Consumer (-5.08%), Property (-1.51%), Finance (-1.31%)**

The Fed's stance of leaving its benchmark rate unchanged cause the slowdown in global markets on Friday. The possible global economic slowdown along with the downbeat global prices and the weak economic data of the U.S. and China's economy was setback to the U.S. markets. Meanwhile, European's investors also focused on Brexit and Italian's stance of leaving its 2019 budget unchanged.

## Today's Outlook: Expectancy of Slowdown in Global Economy

We estimate that today JCI will be in a sluggish mood with the support range of **5815-5820** and the resistance range of **5895-5904**. The negative sentiment comes from the global markets closed at bearish territory on Friday, 11/11/18. Investors feared the possible slowdown in the global economy and further losses in global crude prices indicating low global demand. However, we estimate that the fears are temporary as IMF has predicted the possible slowdown in the global economy.

From the domestic outlook, 3Q18 current account deficit higher than 2Q18 deficit comes about estimate and is on the spotlight. The trend of global crude prices proves a boon for Indonesia's external trade balance.

## Stocks Recommendation (details on the next page)

Trading Buy: ITMG, UNVR, KLBF

## Company News

- ISAT : Constructs 4,7000 BTS in 2019
- RALS : Collaborates with DANA
- HOKI : Power Plants Operates in 2019
- PGAS : Takes Over Four Subsidiaries of Pertagas

## Domestic & Global News

3Q18 Current Account Deficit Reaches USD8.85 Billion  
OPEC and Allies Warn Surging Oil Output

## Indonesia Economic Data

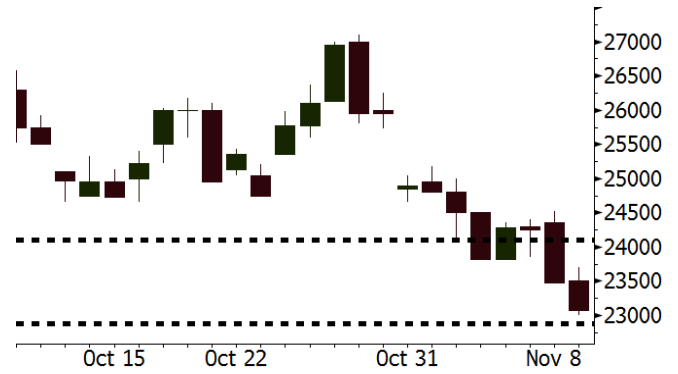
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

**ITMG** Last = 23075

**Analysis** ITMG posted the net profit of USD96.5 million in 3Q18. The figure soared 54.4% y-y compared to the 3Q17's realization of USD66.9 million.

**Range** 22875 – 24100

**Action** Trading Buy. Cut Loss If Below 22875



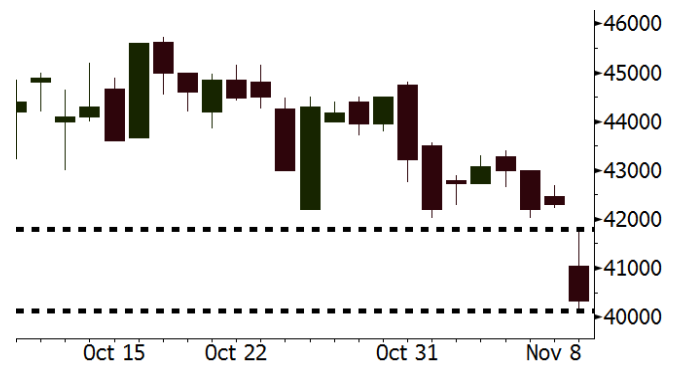
Source: Bloomberg

**UNVR** Last = 40325

**Analysis** UNVR's stock prices declining sharply has caused its valuation attractive. Now, UNVR is traded at a P/E of 33.9x, a steep lower than the last 2-year average of 52.1x.

**Range** 40125 – 41800

**Action** Trading Buy. Cut Loss If Below 40125



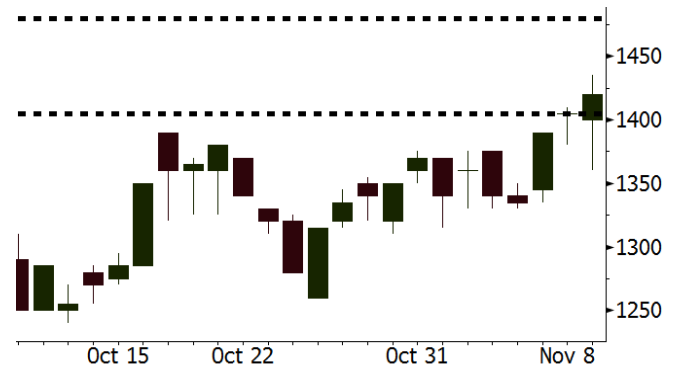
Source: Bloomberg

**KLBF** Last = 1420

**Analysis** The rupiah's exchange rate for USD now is stable. The backdrop is likely to better KLBF's performance.

**Range** 1405 – 1480

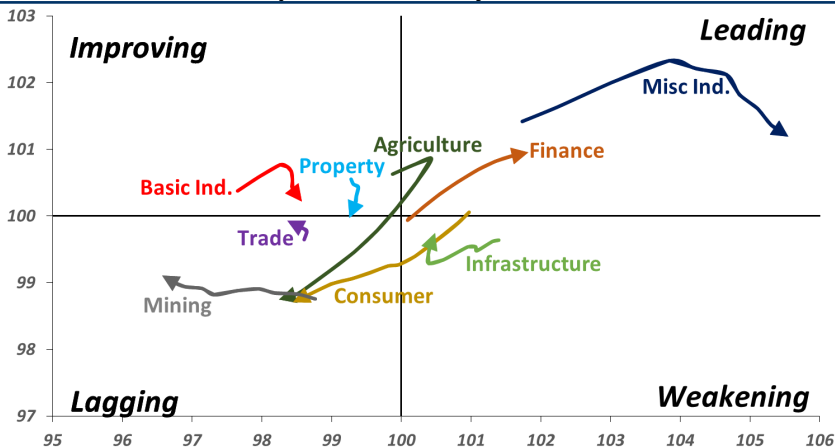
**Action** Trading buy. Cut Loss If Below 1405



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>	5,874	6,356				(2.5)	6,663.9							
<b>Finance</b>						5.5	2,067.6							
BBCA	24,000	21,900	27,650	Buy	15.2	16.2	591.7	23.7x	4.1x	18.4	1.1	7.5	10.0	0.9
BBRI	3,340	3,640	3,930	Buy	17.7	1.8	412.0	12.8x	2.4x	19.3	3.2	7.9	14.5	1.4
BMRI	7,225	8,000	8,275	Hold	14.5	2.5	337.2	14.2x	2.0x	14.2	2.8	2.7	20.1	1.4
BBNI	8,000	9,900	10,525	Buy	31.6	0.3	149.2	10.0x	1.5x	15.1	3.2	10.0	12.5	1.4
BBTN	2,350	3,570	3,280	Buy	39.6	(19.2)	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	15.3	6.8	2.8	4.5	0.8
<b>Consumer</b>						(9.8)	1,309.4							
HMSP	3,400	4,730	4,225	Buy	24.3	(15.6)	395.5	30.4x	12.6x	41.8	3.2	7.2	3.8	1.3
GGRM	77,500	83,800	88,650	Hold	14.4	2.0	149.1	18.4x	3.5x	19.6	3.4	13.6	6.3	1.3
UNVR	40,325	55,900	49,700	Buy	23.2	(18.0)	307.7	33.9x	34.3x	118.0	2.3	1.0	39.7	1.0
ICBP	8,575	8,900	10,550	Buy	23.0	0.6	100.0	23.6x	4.8x	21.3	2.6	7.5	14.6	1.1
INDF	5,775	7,625	8,175	Buy	41.6	(28.0)	50.7	13.7x	1.6x	11.7	5.2	3.1	(13.7)	1.2
KLBF	1,420	1,690	1,730	Buy	21.8	(11.3)	66.6	27.4x	4.8x	18.3	1.8	3.9	1.4	1.3
KAFF	2,580	2,700	2,890	Hold	12.0	(3.4)	14.3	39.8x	5.5x	14.5	0.7	23.4	17.4	1.0
<b>Infrastructure</b>						(8.3)	722.19							
TLKM	3,920	4,399	4,700	Buy	19.9	(4.0)	388.3	21.0x	4.3x	20.4	4.3	2.3	(20.6)	0.9
EXCL	2,270	2,960	3,930	Buy	73.1	(35.1)	24.3	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,250	4,800	6,750	Buy	200.0	(59.8)	12.2	N/A	1.0x	(2.6)	3.2	(26.8)	N/A	0.9
PGAS	2,110	1,750	2,600	Buy	23.2	16.9	51.1	14.5x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	3,990	6,400	6,050	Buy	51.6	(38.6)	29.0	14.0x	1.8x	13.4	1.5	18.7	(6.9)	1.0
TBIG	4,190	6,425	6,050	Buy	44.4	(37.5)	19.0	8.4x	6.3x	104.6	4.0	7.1	8.1	0.7
INDY	2,570	3,060	5,000	Buy	94.6	(7.9)	13.4	2.5x	0.9x	43.7	4.2	213.9	37.8	0.8
<b>Trade</b>						(10.1)	700.3							
UNTR	34,900	35,400	39,550	Hold	13.3	6.6	130.2	12.0x	2.5x	22.6	2.8	32.1	60.8	1.1
AKRA	3,430	6,350	4,650	Buy	35.6	(53.0)	13.8	18.5x	1.7x	19.3	6.4	25.3	(22.4)	1.2
SCMA	1,730	2,480	2,025	Buy	17.1	(12.4)	25.3	17.7x	5.5x	32.3	4.3	10.8	8.7	1.2
MNCN	805	1,285	1,125	Buy	39.8	(51.2)	11.5	8.3x	1.1x	14.2	1.9	2.8	(20.3)	1.1
LPPF	5,275	10,000	5,480	Hold	3.9	(46.7)	15.4	8.1x	6.2x	85.6	8.7	3.1	(0.6)	1.0
ACES	1,425	1,155	1,635	Hold	14.7	13.5	24.4	25.6x	6.4x	26.6	1.6	22.3	32.7	1.1
RALS	1,275	1,200	1,525	Buy	19.6	37.8	9.0	15.1x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	830	620	945	Hold	13.9	26.7	13.8	23.8x	2.6x	14.0	0.5	18.3	126.7	1.0
<b>Property</b>						(17.2)	359.9							
BSDE	1,200	1,700	1,850	Buy	54.2	(29.0)	23.1	7.1x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	545	685	600	Hold	10.1	(12.1)	26.2	11.8x	2.2x	20.6	1.1	19.0	25.2	1.2
CTRA	910	1,185	1,050	Buy	15.4	(24.8)	16.9	18.6x	1.2x	6.8	1.0	7.9	1.7	1.5
SMRA	635	945	670	Hold	5.5	(35.5)	9.2	20.5x	1.4x	6.9	0.8	0.7	75.0	1.5
WSKT	1,575	2,210	2,810	Buy	78.4	(27.8)	21.4	4.1x	1.2x	33.2	3.6	27.0	41.1	1.3
PTPP	1,565	2,640	3,850	Buy	146.0	(44.7)	9.7	7.3x	0.8x	11.9	3.0	7.5	(11.9)	1.3
WIKA	1,205	1,550	2,150	Buy	78.4	(40.0)	10.8	7.8x	0.8x	11.0	2.2	32.3	26.0	1.0
ADHI	1,310	1,885	2,160	Buy	64.9	(41.0)	4.7	7.2x	0.8x	11.1	2.2	8.2	63.6	1.1
<b>Misc Ind.</b>						(2.3)	404.9							
ASII	8,175	8,300	8,925	Hold	9.2	(2.1)	331.0	15.2x	2.5x	17.3	2.3	16.4	20.6	1.3
<b>Basic Ind.</b>						12.3	584.7							
INTP	17,650	21,950	21,575	Buy	22.2	(15.4)	65.0	60.7x	2.9x	4.6	4.0	2.5	(56.1)	1.4
SMGR	9,725	9,900	11,550	Buy	18.8	(2.8)	57.7	21.9x	1.9x	9.0	1.4	4.4	43.1	1.2
CPIN	5,325	3,000	6,700	Buy	25.8	68.5	87.3	21.6x	4.8x	24.2	1.1	5.1	79.7	1.0
JPFA	2,060	1,300	3,250	Buy	57.8	60.3	24.2	13.1x	2.7x	20.2	4.9	16.8	104.2	0.7
MAIN	1,245	740	1,930	Buy	55.0	45.6	2.8	11.9x	1.5x	12.8	1.3	19.5	8200.0	1.2
KRAS	382	424	500	Buy	30.9	(23.3)	7.4	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,850	6,000	6,275	Buy	29.4	(15.8)	86.5	24.2x	3.3x	14.2	1.3	9.1	(34.2)	0.8
<b>Mining</b>						15.6	419.0							
ADRO	1,580	1,860	1,970	Buy	24.7	(12.9)	50.5	8.1x	0.9x	11.9	6.8	9.3	(16.0)	1.1
PTBA	4,330	2,460	5,375	Buy	24.1	82.3	49.9	8.4x	3.4x	42.8	7.4	17.0	54.0	1.0
ITMG	23,075	20,700	32,400	Buy	40.4	7.3	26.1	6.2x	1.7x	28.2	14.1	21.6	12.5	1.1
INCO	3,300	2,890	3,760	Hold	13.9	5.8	32.8	35.5x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	700	625	1,200	Buy	71.4	(0.7)	16.8	17.2x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	665	775	1,240	Buy	86.5	(26.5)	5.0	9.4x	0.8x	8.8	3.6	1.8	13.1	1.1
MEDC	805	890	1,025	Buy	27.3	16.4	14.3	16.5x	0.7x	7.8	N/A	42.4	51.2	1.5
ELSA	358	372	625	Buy	74.6	(9.1)	2.6	6.8x	0.8x	12.4	1.4	39.7	157.9	1.3
<b>Agriculture</b>						(15.6)	95.9							
AALI	11,225	13,150	16,925	Buy	50.8	(23.1)	21.6	12.5x	1.2x	9.5	3.9	9.1	(18.2)	0.6
LSIP	1,175	1,420	1,500	Buy	27.7	(24.4)	8.0	17.1x	1.0x	5.7	3.8	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ISAT : Constructs 4,7000 BTS in 2019**

ISAT projects the construction of 4,300-4,700 base transceiver stations (BTS) in 2019 whose 90% of them are 4G BTS. The strategy is ISAT plan to strengthen and expand massively its network. The plan is also set in 2019's financial budget. Now, ISAT has 64,000 BTS whose 9,000 BTS are 4G BTS. (Kontan)

### **RALS : Collaborates with DANA**

RALS collaborates with DANA, a payment application, in welcoming the momentum of 11.11 and facilitating consumer's spending experiences. Another to online discounts, RALS also sells collections of jeans and chino pants for only IDR11 in all of its stores. DANA offers a financial technology solution in a form of digital wallet. (Kontan)

### **HOKI : Power Plants Operates in 2019**

HOKI targets that the construction of power plants, whose progress is up to 75%, will be completed in 2019. The projects spend the investment fund of IDR75 billion and have the production capacity of 3 MW. Of note, 2.5 MW is used for HOKI's production and the remaining is will be sold to PLN. (Kontan)

### **PGAS : Takes Over Four Subsidiaries of Pertamina**

PGAS will take over Pertamina's four business subsidiaries even though it has yet to pay 51% acquisition cost of Pertamina's stocks in the first phase. It planned to settle the first acquisition settlement at the end of November 2019 after the settlement postponement from September 29, 2018. The four subsidiaries are PT Perta Arun Gas, PT Perta Samtan Gas, PT Perta Daya Gas, and PT Perta Kalimantan Gas. (Kontan)

## Domestic & Global News

### **3Q18 Current Account Deficit Reaches USD8.85 Billion**

Bank Indonesia announced the 3Q18 current account deficit of USD8.85 billion equal to 3.37 % of GDP. However, on a cumulative basis, the 3Q18 current account deficit was 2.86% GDP. The widening current account deficit was beset by the underperformance of services and goods trade balance. (CNBC)

### **OPEC and Allies Warn Surging Oil Output**

The oil market looks poised to swing into oversupply next year as growing global crude output swamps shaky demand, a committee of allied producer nations said on Sunday. The committee of several OPEC members and other crude exporters says a larger group of roughly two dozen nations may have to launch a fresh round of output cuts in order to keep the oil market balanced. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 12 - Nov	JPN	06:50	PPI YoY	Oct	2.90%	2.80%	3.00%
<b>Tuesday</b> 13 - Nov	GER	14:00	CPI MoM	Oct F		0.20%	0.20%
	GER	14:00	CPI YoY	Oct F		2.50%	2.50%
	UK	16:30	ILO Unemployment Rate 3Mths	Sep		4.00%	4.00%
<b>Wednesday</b> 14 - Nov	JPN	06:50	GDP SA QoQ	3Q P		-0.30%	0.70%
	JPN	06:50	GDP Annualized SA QoQ	3Q P		-0.90%	3.00%
	CHN	09:00	Industrial Production YoY	Oct		5.80%	5.80%
	JPN	11:30	Tertiary Industry Index MoM	Sep		-0.40%	0.50%
	GER	14:00	GDP SA QoQ	3Q P		-0.10%	0.50%
	GER	14:00	GDP NSA YoY	3Q P		1.20%	2.30%
	UK	16:30	CPI MoM	Oct		0.30%	0.10%
	UK	16:30	CPI YoY	Oct		2.50%	2.40%
	EU	17:00	GDP SA QoQ	3Q P		0.20%	0.20%
	EU	17:00	GDP SA YoY	3Q P		1.70%	1.70%
	USA	20:30	CPI MoM	Oct		0.30%	0.10%
<b>Thursday</b> 15 - Nov	USA	20:30	Retail Sales Advance MoM	Oct		0.50%	0.10%
	USA	20:30	Initial Jobless Claims	10-Nov		--	214k
<b>Friday</b> 16 - Nov	EU	17:00	CPI YoY	Oct F		2.20%	2.10%
	EU	17:00	CPI MoM	Oct		0.20%	0.50%
	USA	21:15	Industrial Production MoM	Oct		0.20%	0.30%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b> 15 - Nov	Tentative	Bank Indonesia 7D Reverse Repo	15-Nov		5.75%	5.75%
	11:00	Exports YoY	Oct		--	1.70%
	11:00	Imports YoY	Oct		--	14.18%
	11:00	Trade Balance	Oct		--	\$227m

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Wednesday</b> 14 - Nov	Cum Dividend Date	FASW (IDR100 per share) JASS (IDR173 per share)
<b>Thursday</b> 15 - Nov	Extraordinary Shareholder Meeting Cum Rights Offering Date	ALDO, ARTI, MAYA, MEDC, PNBN IKAI (31 per 66; subscription price IDR120)
<b>Friday</b> 16 - Nov	Extraordinary Shareholder Meeting	MDKI

Source: Bloomberg

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