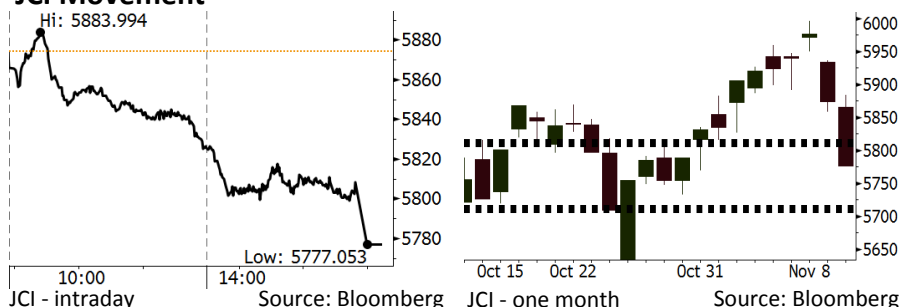


Morning Brief

Daily | Nov 13, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 12	5,777.05
Chg	-97.10pts (-1.65%)
Volume (bn shares)	69.86
Value (IDR tn)	6.77

Adv 116 Dec 281 Unc 233 Untr 127

Foreign Transaction		(IDR bn)
Buy		2,178
Sell		2,195
Net Buy (Sell)		(18)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	62.8	BBNI	114.0
PTBA	46.5	BBCA	74.9
UNVR	36.5	BMRI	32.7
HMSP	33.1	ADRO	31.9
TKIM	32.8	PNLF	21.6

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
ITMG	3.5%	LPPF	-9.8%
INDY	2.7%	PTPP	-6.7%
PTBA	2.1%	KLBF	-6.0%
TPIA	1.4%	INTP	-6.0%
ELSA	1.1%	SMGR	-5.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.23%	0.09%
USDIDR	14,820	0.97%
KRWIDR	13.04	0.19%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,387.18	(602.12)	-2.32%
S&P 500	2,726.22	(54.79)	-1.97%
Nasdaq	7,200.87	(206.03)	-2.78%
FTSE 100	7,053.08	(52.26)	-0.74%
CAC 40	5,059.09	(47.66)	-0.93%
DAX	11,325.44	(203.72)	-1.77%
Nikkei	22,269.88	19.63	0.09%
Hang Seng	25,633.18	31.26	0.12%
Shanghai	2,630.52	31.65	1.22%
KOSPI	2,080.44	(5.65)	-0.27%
EIDO	22.38	(0.60)	-2.61%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,200.4	(9.3)	-0.77%
Crude Oil (USD /bbl)	59.93	(0.26)	-0.43%
Coal Newcas(USD/ton)	106.50	1.95	1.87%
Gas (USD /mmbtu)	3.79	0.07	1.86%
Nickel LME (USD /MT)	11,470	(310.0)	-2.63%
Tin LME (USD /MT)	19,150	(175.0)	-0.91%
CPO (MYR/Ton)	2,034	(6.0)	-0.29%

Market Recap

JCI plunged deepest among regional peers. The steep tumble was caused by the financial sector, weighing regulation by the bourse, and the rupiah depreciation.

Top Losers: Misc. Industry (-3.16%), Consumer (-2.50%), Finance (-1.77%)

The global markets closed lower yesterday as investors focused on the oil prices after OPEC warned on oil production. The rising global crude prices constrained the global markets and made Asia markets closed mixed. The U.S. markets fell, led by the decline in Apple and draft of auto tariffs. Meanwhile, the European markets were suppressed by the tech sector.

Today's Outlook: Global Markets Plunge

We estimate JCI to move at a modest pace with the **support range of 5709-5715** and the **resistance range of 5809-5815**. The negative sentiment is the global markets mostly are reining in the steep plunge. The U.S. stock markets dropped 2%, while Japan's stock markets plunged 3%. Such bear mood was beset by the U.S. dollar index touching the highest level since June 2017.

The rally in the U.S. dollar index caused the rupiah to be depreciated at 14,820. However, it has yet to trigger foreign investors to post significant net sell at Indonesia's stock markets.

Stocks Recommendation (details on the next page)

Trading Buy: SMGR, MAPI, JPFA

Company News

- SMGR : Officially Takes Over SMCB's Ownership
- PGAS : Profits Grow to USD218.14 Million
- BSDE : Capex Absorbed Amounts to IDR2.4 Trillion
- INDY : Complies with Revisions to Government's Policies

Domestic & Global News

- BI won USD73 Million at DNDP's Initial Auction
- Trump Drafts Threatening Tariffs on Overseas-made Cars

Indonesia Economic Data

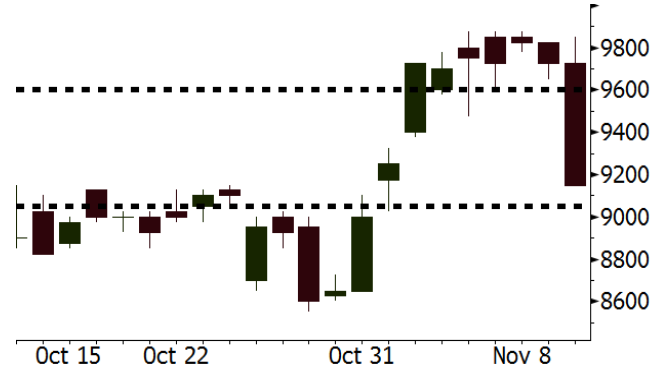
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.95	5.50
Imports Yoy	14.18%	24.65%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

SMGR Last = 9150

Analysis SMGR takes over LafargeHolcim worth USD1.75 billion. The acquisition impacts on less intense competition on both Indonesia's cement industry and pricing.

Range 9050 – 9600

Action Trading Buy. Cut Loss If Below 9050



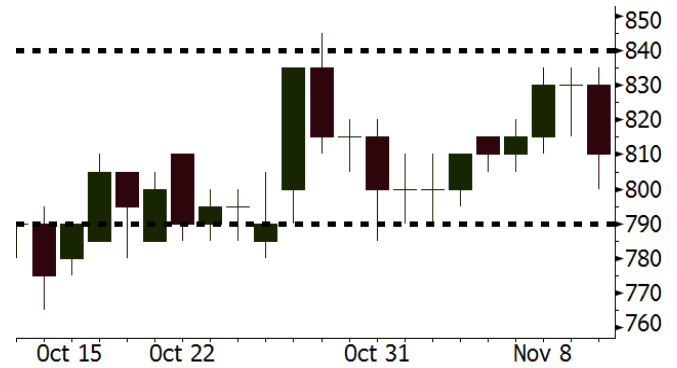
Source: Bloomberg

MAPI Last = 810

Analysis MAPI's valuation is still attractive amid the robust financial performance. Now, MAPI is traded at a P/E of 23.2x, much lower than the last 2-year average of 34.8x.

Range 790 – 840

Action Trading Buy. Cut Loss If Below 790



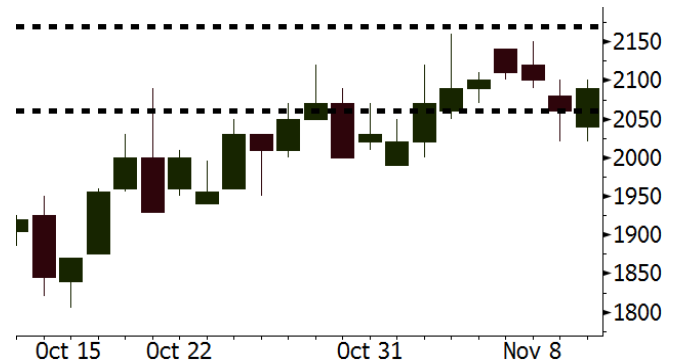
Source: Bloomberg

JPFA Last = 2090

Analysis The prospect of poultry industries are still prospective, underlined by the government intervention of regulation raw-material prices, corn prices in particular, so that it impacts on the surge in margins of poultry industries.

Range 2060 – 2170

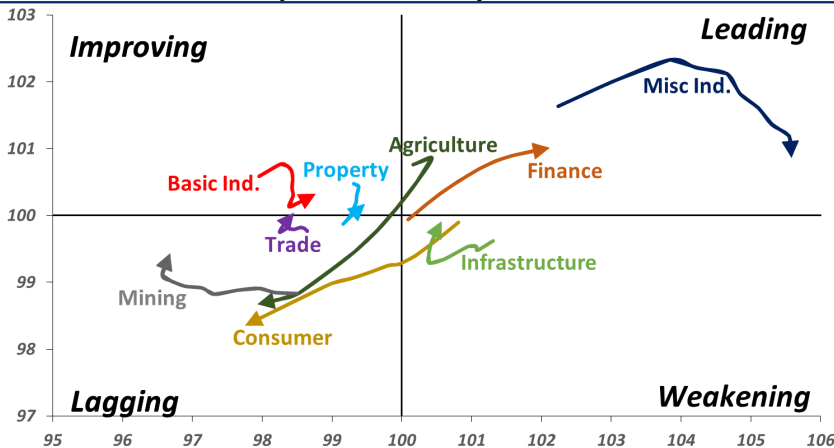
Action Trading buy. Cut Loss If Below 2060



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	5,777	6,356				(4.1)	6,553.8							
Finance						4.0	2,030.9							
BBCA	23,700	21,900	27,650	Buy	16.7	15.8	584.3	23.4x	4.1x	18.4	1.1	7.5	10.0	0.9
BBRI	3,280	3,640	3,930	Buy	19.8	0.6	404.6	12.5x	2.3x	19.3	3.3	7.9	14.5	1.4
BMRI	6,975	8,000	8,275	Buy	18.6	(1.1)	325.5	13.8x	1.9x	14.2	2.9	2.7	20.1	1.4
BBNI	7,600	9,900	10,525	Buy	38.5	(3.2)	141.7	9.5x	1.4x	15.1	3.4	10.0	12.5	1.4
BBTN	2,220	3,570	3,280	Buy	47.7	(23.7)	23.5	7.2x	1.0x	14.9	2.6	14.5	11.6	1.8
BJTM	645	710	810	Buy	25.6	(9.8)	9.7	8.0x	1.2x	15.3	6.8	2.8	4.5	0.8
Consumer						(12.8)	1,276.7							
HMSP	3,300	4,730	4,225	Buy	28.0	(19.5)	383.8	29.5x	12.2x	41.8	3.3	7.2	3.8	1.3
GGRM	75,700	83,800	88,650	Buy	17.1	(4.1)	145.7	18.0x	3.4x	19.6	3.4	13.6	6.3	1.3
UNVR	39,375	55,900	49,700	Buy	26.2	(20.0)	300.4	33.1x	33.5x	118.0	2.3	1.0	39.7	1.0
ICBP	8,425	8,900	10,550	Buy	25.2	(1.5)	98.3	23.2x	4.7x	21.3	2.6	7.5	14.6	1.1
INDF	5,575	7,625	8,175	Buy	46.6	(29.9)	49.0	13.2x	1.5x	11.7	5.4	3.1	(13.7)	1.2
KLBF	1,335	1,690	1,730	Buy	29.6	(16.6)	62.6	25.8x	4.5x	18.3	1.9	3.9	1.4	1.3
KAFF	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	1.0
Infrastructure						(7.9)	720.71							
TLKM	3,860	4,399	4,700	Buy	21.8	(5.0)	382.4	20.7x	4.2x	20.4	4.3	2.3	(20.6)	0.9
EXCL	2,190	2,960	3,930	Buy	79.5	(37.4)	23.4	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,150	4,800	6,750	Buy	214.0	(61.9)	11.7	N/A	0.9x	(2.6)	3.4	(26.8)	N/A	0.9
PGAS	2,070	1,750	2,600	Buy	25.6	16.9	50.2	12.8x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	3,930	6,400	6,050	Buy	53.9	(38.8)	28.5	13.8x	1.8x	13.4	1.5	18.7	(6.9)	1.0
TBIG	3,920	6,425	6,050	Buy	54.3	(38.5)	17.8	8.4x	5.1x	82.6	4.3	6.5	(3.2)	0.7
INDY	2,640	3,060	5,000	Buy	89.4	(5.4)	13.8	2.5x	0.9x	43.7	4.1	213.9	37.8	0.8
Trade						(11.7)	689.2							
UNTR	33,075	35,400	39,550	Buy	19.6	0.6	123.4	11.4x	2.4x	22.6	3.0	32.1	60.8	1.1
AKRA	3,340	6,350	4,650	Buy	39.2	(53.9)	13.4	18.0x	1.7x	19.3	6.6	25.3	(22.4)	1.2
SCMA	1,730	2,480	2,025	Buy	17.1	(11.3)	25.3	17.7x	5.5x	32.3	4.3	10.8	8.7	1.2
MNCN	790	1,285	1,125	Buy	42.4	(52.1)	11.3	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.1
LPPF	4,760	10,000	5,480	Buy	15.1	(53.3)	13.9	7.3x	5.6x	85.6	9.6	3.1	(0.6)	1.0
ACES	1,415	1,155	1,635	Buy	15.5	12.7	24.3	25.4x	6.3x	26.6	1.6	22.3	32.7	1.1
RALS	1,275	1,200	1,525	Buy	19.6	39.3	9.0	15.1x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	810	620	945	Buy	16.7	23.7	13.4	23.2x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(18.2)	354.4							
BSDE	1,180	1,700	1,850	Buy	56.8	(28.7)	22.7	7.0x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	530	685	600	Hold	13.2	(13.8)	25.5	11.4x	2.2x	20.6	1.1	19.0	25.2	1.2
CTRA	865	1,185	1,050	Buy	21.4	(28.5)	16.1	17.7x	1.2x	6.8	1.1	7.9	1.7	1.5
SMRA	605	945	670	Hold	10.7	(38.6)	8.7	19.5x	1.3x	6.9	0.8	0.7	75.0	1.5
WSKT	1,515	2,210	2,810	Buy	85.5	(30.8)	20.6	3.9x	1.2x	33.2	3.8	27.0	41.1	1.3
PTPP	1,460	2,640	3,850	Buy	163.7	(47.7)	9.1	6.8x	0.8x	11.9	3.2	7.5	(11.9)	1.3
WIKA	1,170	1,550	2,150	Buy	83.8	(42.1)	10.5	7.6x	0.8x	11.0	2.3	32.3	26.0	1.0
ADHI	1,255	1,885	2,160	Buy	72.1	(43.0)	4.5	6.9x	0.7x	11.1	2.3	8.2	63.6	1.1
Misc Ind.						(5.4)	392.1							
ASII	7,875	8,300	8,925	Hold	13.3	(5.7)	318.8	14.6x	2.4x	17.3	2.4	16.4	20.6	1.3
Basic Ind.						11.3	578.4							
INTP	16,600	21,950	21,575	Buy	30.0	(18.3)	61.1	57.1x	2.7x	4.6	4.2	2.5	(56.1)	1.4
SMGR	9,150	9,900	11,550	Buy	26.2	(8.5)	54.3	20.6x	1.8x	9.0	1.5	4.4	43.1	1.2
CPIN	5,400	3,000	6,700	Buy	24.1	70.3	88.5	21.9x	4.9x	24.2	1.0	5.1	79.7	1.0
JPFA	2,090	1,300	3,250	Buy	55.5	58.3	24.5	13.3x	2.7x	20.2	4.8	16.8	104.2	0.7
MAIN	1,260	740	1,930	Buy	53.2	47.4	2.8	12.1x	1.5x	12.8	1.3	19.5	8200.0	1.2
KRAS	376	424	500	Buy	33.0	(23.6)	7.3	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,920	6,000	6,275	Buy	27.5	(14.7)	87.7	24.4x	3.3x	14.2	1.3	9.1	(34.2)	0.8
Mining						14.6	416.8							
ADRO	1,510	1,860	1,970	Buy	30.5	(17.0)	48.3	7.7x	0.9x	11.9	7.2	9.3	(16.0)	1.1
PTBA	4,420	2,460	5,375	Buy	21.6	84.2	50.9	8.6x	3.5x	42.8	7.2	17.0	54.0	1.0
ITMG	23,875	20,700	32,400	Buy	35.7	13.8	27.0	6.4x	1.8x	28.2	13.7	21.6	12.5	1.1
INCO	3,250	2,890	3,760	Buy	15.7	3.8	32.3	34.7x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	685	625	1,200	Buy	75.2	-	16.5	16.8x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	660	775	1,240	Buy	87.9	(27.5)	4.9	9.3x	0.8x	8.8	3.6	1.8	13.1	1.1
MEDC	800	890	1,025	Buy	28.1	13.4	14.2	16.3x	0.7x	7.8	N/A	42.4	51.2	1.5
ELSA	362	372	625	Buy	72.7	(8.1)	2.6	6.9x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(16.4)	94.6							
AALI	10,900	13,150	16,925	Buy	55.3	(24.8)	21.0	12.1x	1.1x	9.5	4.0	9.1	(18.2)	0.6
LSIP	1,160	1,420	1,500	Buy	29.3	(25.2)	7.9	16.9x	1.0x	5.7	3.9	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMGR : Officially Takes Over SMCB's Ownership

SMGR has signed an agreement to take over 80.6% share ownership of SMCB. SMCB's sold assets are 4 cement factories, 33 factories, and 2 aggregate mines. The transaction amounted to USD1.75 billion. The acquisition agreement is potential for the increment of SMGR's domestic market from 39.4% to 54.6%. (Bisnis Indonesia)

PGAS : Profits Grow to USD218.14 Million

PGAS posted the growth of 122.8% y-y to USD218.14 million in 9M18 profits. Its revenues also increased by 12.9% y-y to USD2.44 billion. Besides, at the end of 3Q18, its cash and cash equivalence surged to USD1.65 billion from USD1.03 billion at the end of 2017. (Bisnis Indonesia)

BSDE : Capex Absorbed Amounts to IDR2.4 Trillion

BSDE stated that it has absorbed the capex budget of IDR2.4 trillion in 9M18, akin to 9M17 capex absorbed. The capex realization is used for business expansions, new projects development, maintaining sustainable performance in future years. Of note, its cash was at IDR8.58 trillion at the end of 3Q18, backed by the issuance of senior notes in 1H18. (Bisnis Indonesia)

INDY : Complies with Revisions to Government's Policies

INDY will comply with the revisions to the government's policies on the contract of managing the land of 47,500 hectares by PT Kideco Jaya Agung to be ended at the end of 2023. The government will revise the Government Regulation No. 01/2017 relating to coal and mineral mining activities. The regulation sets that the extension of coal mining business agreements (PKP2B) can only be performed from 5 to 2 years prior to the date of contract termination. (Kontan)

Domestic & Global News

BI won USD73 Million at DNDF's Initial Auction

On Monday, 11/12, BI launched the initial auction of domestic non-deliverable forward (DNDF) hedging with one-month tenor and a target of USD100 million. The auction was participated by 9 banks. The DNDF auction succeeded to draw the total bid of USD149 million, yet BI only won USD73 million at the auction. (Kontan)

Trump Drafts Threatening Tariffs on Overseas-made Cars

President Donald Trump focused on crushing overseas automakers with heavy tariffs, now seeing the threat of further car duties as his best trade negotiating tactic, Axios reported Monday. The president has told aides privately that his perceived trade deal success in Canada was because of threats to Prime Minister Justin Trudeau that the U.S. would levy painful auto tariffs, Axios reported. Trump is now reportedly considering using the same tactic with the European Commission. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 12 - Nov	JPN	06:50	PPI YoY	Oct	2.90%	2.80%	3.00%
Tuesday 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%
Wednesday 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%
Thursday 15 - Nov	USA	20:30	Retail Sales Advance MoM	Oct		0.50%	0.10%
	USA	20:30	Initial Jobless Claims	10-Nov		--	214k
Friday 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.
Thursday 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
Wednesday 14 - Nov	Cum Dividend Date	FASW (IDR100 per share) JASS (IDR173 per share)
Thursday 15 - Nov	Extraordinary Shareholder Meeting Cum Rights Offering Date	ALDO, ARTI, MAYA, MEDC, PNBN IKAI (31 per 66; subscription price IDR120)
Friday 16 - Nov	Extraordinary Shareholder Meeting	MDKI

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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