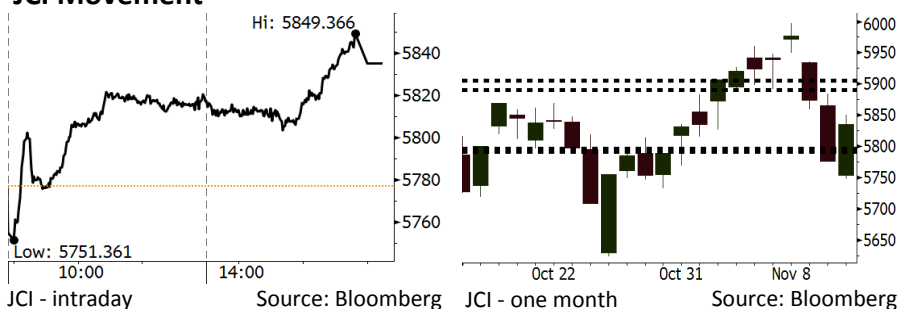


Morning Brief

Daily | Nov 14, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 13	5,835.20
Chg	+58.15pts (+1.01%)
Volume (bn shares)	96.52
Value (IDR tn)	7.88
Adv 159 Dec 201 Unc 270 Untr 134	

Foreign Transaction (IDR bn)	
Buy	2,454
Sell	2,612
Net Buy (Sell)	(158)

Top Buy	NB Val.	Top Sell	NS Val.
UNTR	79.2	TLKM	103.2
HMSP	47.2	BMRI	73.9
UNVR	37.0	BBTN	42.3
TKIM	36.0	BSDE	26.8
BBNI	30.8	JSMR	17.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
KLBF	8.6%	TPIA	-3.5%
INTP	6.3%	EXCL	-3.2%
UNTR	5.5%	MEDC	-3.1%
PTBA	5.2%	JSMR	-2.8%
BBNI	4.0%	ELSA	-2.8%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.18%	-0.06%
USDIDR	14,805	-0.10%
KRWIDR	13.06	0.15%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,286.49	(100.69)	-0.40%
S&P 500	2,722.18	(4.04)	-0.15%
Nasdaq	7,200.88	0.01	0.00%
FTSE 100	7,053.76	0.68	0.01%
CAC 40	5,101.85	42.76	0.85%
DAX	11,472.22	146.78	1.30%
Nikkei	21,810.52	(459.36)	-2.06%
Hang Seng	25,792.87	159.69	0.62%
Shanghai	2,654.88	24.36	0.93%
KOSPI	2,071.23	(9.21)	-0.44%
EIDO	22.91	0.53	2.37%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,202.2	1.9	0.16%
Crude Oil (USD /bbl)	55.69	(4.24)	-7.07%
Coal Newcas(USD/ton)	106.85	(0.65)	-0.60%
Gas (USD /mmbtu)	4.10	0.31	8.26%
Nickel LME (USD /MT)	11,470	(310.0)	-2.63%
Tin LME (USD /MT)	19,150	(175.0)	-0.91%
CPO (MYR/Ton)	2,007	(27.0)	-1.33%

Market Recap

JCI closed at a rebound session, backed by the financial sector, particularly BBCA's stocks, and the rupiah appreciation. **Top Gainers: Finance (+1.49%), Misc. Industry (+1.33%), Trade (+1.08%)**

The U.S. and China re-continued talks are possible positive sentiments easing the global trade tensions. Loses in global crude prices dragged the U.S. energy sector down and caused the U.S. markets to reign at mixed session. Meanwhile, Asia markets finished mixed, following the U.S. markets movement prior day. Additionally, the tech. sector was the catalyst for European markets reining in a bullish mood.

Today's Outlook: Tumbling Global Crude Prices

We estimate JCI to rally with the **support range of 5791-5796** and the **resistance range of 5891-5906**. The positive sentiment comes for the steep tumble in WTI crude prices, falling much lower than 7% to USD 55.69 per barrel, all-time low within the one recent year. The tumble was beset by Trump urging OPEC not to curb its production. The glut will fuel oversupply.

The steep drop in crude prices is likely to have positive impacts on Indonesia's future trade balance. After being hit by soaring imports in recent months, Indonesia's trade balance is estimate to improve.

Stocks Recommendation (details on the next page)

Trading Buy: ANTM, TLKM, PTBA

Company News

- UNTR : Absorbs 65% of Capex Budget
- EXCL : Focuses to Construct BTS out Java
- SMGR : Domestic Market Shares Hike Sharply
- SMBR : Dominates Southern Part of Sumatra Markets

Domestic & Global News

Market's Consensus: BI Holds Its Benchmark Rate at 5.75%
 Renewed US-China Trade Talks

Indonesia Economic Data

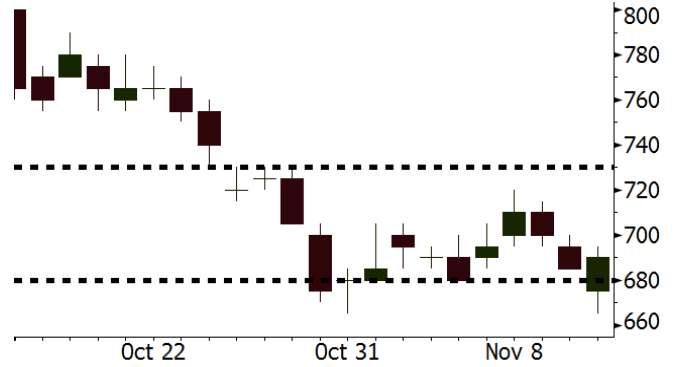
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.95	5.50
Imports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

ANTM Last = 690

Analysis We estimate ANTM to post the net profit of IDR301 billion, soaring by 82.9% or higher than the 3Q17 net profit of IDR165 billion. On an accumulative basis, the 2018 net profit was estimated to reach IDR868 billion, surging by 5x compared to the 2017 net profit of IDR136 billion.

Range 680 – 730

Action Trading Buy. Cut Loss If Below 680



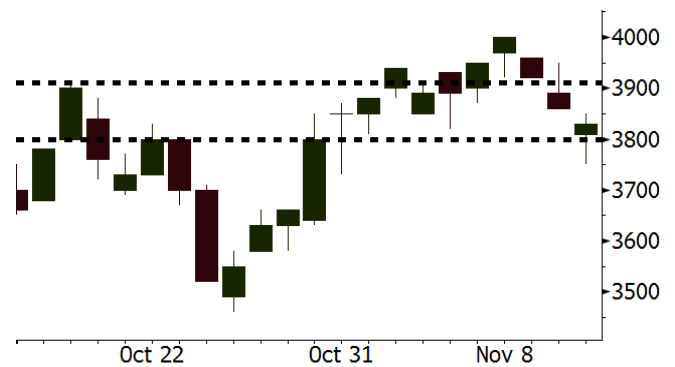
Source: Bloomberg

TLKM Last = 3830

Analysis After the 2018 underperformance, TLKM succeeded to regain its normal performance in 3Q18. The 3Q18 net profit is at IDR5.6 trillion, surging from IDR3.0 trillion in 2Q18.

Range 3800 – 3910

Action Trading Buy. Cut Loss If Below 3800



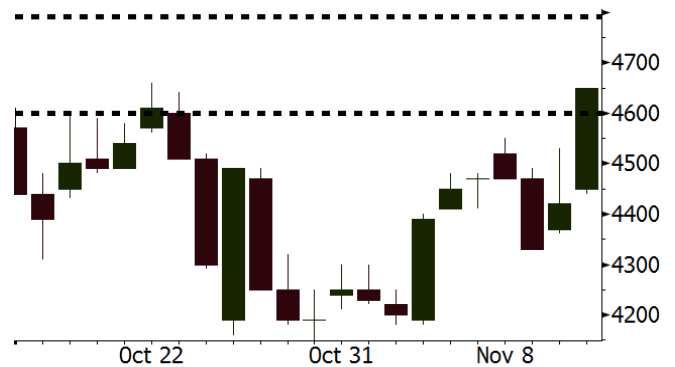
Source: Bloomberg

PTBA Last = 4650

Analysis MSCI includes PTBA into the composition of MSCI Global Standard Index. It will put PTBA's stocks on global investors' spotlight.

Range 4600 – 4790

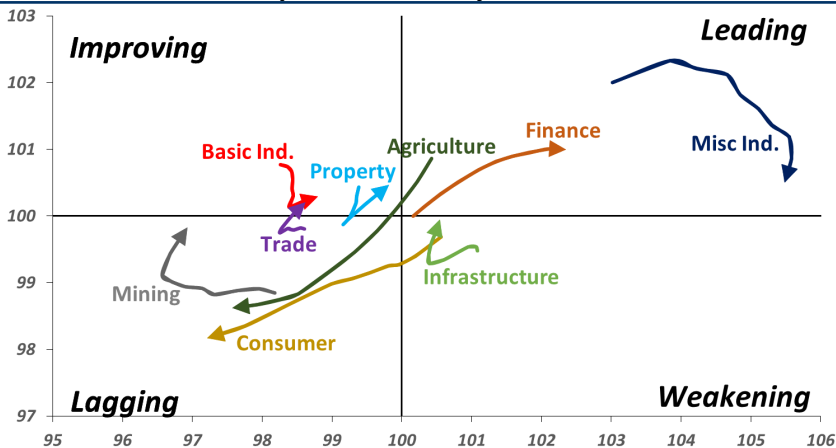
Action Trading buy. Cut Loss If Below 4600



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	5,835	6,356				(2.6)	6,620.1							
Finance						6.5	2,061.2							
BBCA	24,075	21,900	27,650	Hold	14.8	17.6	593.6	23.8x	4.1x	18.4	1.1	7.5	10.0	0.9
BBRI	3,350	3,640	4,370	Buy	30.4	5.7	413.2	12.8x	2.4x	19.3	3.2	7.9	14.5	1.4
BMRI	7,150	8,000	8,275	Buy	15.7	2.9	333.7	14.1x	1.9x	14.2	2.8	2.7	20.1	1.4
BBNI	7,900	9,900	10,525	Buy	33.2	0.3	147.3	9.9x	1.4x	15.1	3.2	10.0	12.5	1.4
BBTN	2,240	3,570	3,280	Buy	46.4	(24.1)	23.7	7.3x	1.0x	14.9	2.6	14.5	11.6	1.8
BJTM	660	710	810	Buy	22.7	(7.7)	9.9	8.2x	1.2x	15.3	6.7	2.8	4.5	0.8
Consumer						(11.0)	1,289.9							
HMSP	3,300	4,730	4,225	Buy	28.0	(18.5)	383.8	29.5x	12.2x	41.8	3.3	7.2	3.8	1.3
GGRM	77,000	83,800	88,650	Buy	15.1	1.4	148.2	18.3x	3.5x	19.6	3.4	13.6	6.3	1.3
UNVR	39,950	55,900	49,700	Buy	24.4	(18.4)	304.8	33.6x	34.0x	118.0	2.3	1.0	39.7	1.0
ICBP	8,550	8,900	10,550	Buy	23.4	-	99.7	23.5x	4.8x	21.3	2.6	7.5	14.6	1.1
INDF	5,600	7,625	8,175	Buy	46.0	(29.6)	49.2	13.3x	1.5x	11.7	5.4	3.1	(13.7)	1.2
KLBF	1,450	1,690	1,730	Buy	19.3	(9.4)	68.0	28.0x	4.9x	18.3	1.7	3.9	1.4	1.3
KAFF	2,530	2,700	2,890	Hold	14.2	(3.4)	14.1	39.0x	5.4x	14.5	0.7	23.4	17.4	1.0
Infrastructure						(7.3)	723.39							
TLKM	3,830	4,399	4,700	Buy	22.7	(5.3)	379.4	20.6x	4.2x	20.4	4.4	2.3	(20.6)	0.9
EXCL	2,120	2,960	3,930	Buy	85.4	(36.9)	22.7	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,160	4,800	6,750	Buy	212.5	(62.4)	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	13.4	50.2	12.8x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	3,820	6,400	6,050	Buy	58.4	(40.3)	27.7	13.4x	1.7x	13.4	1.6	18.7	(6.9)	1.0
TBIG	3,950	6,425	6,050	Buy	53.2	(36.8)	17.9	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.7
INDY	2,640	3,060	5,000	Buy	89.4	(4.3)	13.8	2.5x	0.9x	43.7	4.1	213.9	37.8	0.8
Trade						(11.5)	696.7							
UNTR	34,900	35,400	39,550	Hold	13.3	4.1	130.2	12.0x	2.5x	22.6	2.8	32.1	60.8	1.1
AKRA	3,400	6,350	4,650	Buy	36.8	(52.6)	13.6	18.3x	1.7x	19.3	6.5	25.3	(22.4)	1.2
SCMA	1,755	2,480	2,025	Buy	15.4	(12.3)	25.7	18.0x	5.6x	32.3	4.3	10.8	8.7	1.2
MNCN	780	1,285	1,125	Buy	44.2	(46.0)	11.1	8.0x	1.0x	14.2	1.9	2.8	(20.3)	1.1
LPPF	4,790	10,000	5,480	Hold	14.4	(54.4)	14.0	7.4x	5.6x	85.6	9.6	3.1	(0.6)	1.0
ACES	1,390	1,155	1,635	Buy	17.6	11.6	23.8	25.0x	6.2x	26.6	1.6	22.3	32.7	1.1
RALS	1,320	1,200	1,525	Buy	15.5	44.3	9.4	15.7x	2.4x	15.7	3.0	2.2	43.4	0.9
MAPI	810	620	945	Buy	16.7	24.1	13.4	23.2x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(17.0)	357.6							
BSDE	1,165	1,700	1,850	Buy	58.8	(30.2)	22.4	6.9x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	545	685	600	Hold	10.1	(14.2)	26.2	11.8x	2.2x	20.6	1.1	19.0	25.2	1.2
CTRA	895	1,185	1,050	Buy	17.3	(25.1)	16.6	18.3x	1.2x	6.8	1.1	7.9	1.7	1.5
SMRA	630	945	670	Hold	6.3	(31.1)	9.1	20.3x	1.4x	6.9	0.8	0.7	75.0	1.5
WSKT	1,515	2,210	2,810	Buy	85.5	(29.5)	20.6	3.9x	1.2x	33.2	3.8	27.0	41.1	1.3
PTPP	1,435	2,640	3,850	Buy	168.3	(47.8)	8.9	6.7x	0.7x	11.9	3.3	7.5	(11.9)	1.3
WIKA	1,170	1,550	2,150	Buy	83.8	(41.5)	10.5	7.6x	0.8x	11.0	2.3	32.3	26.0	1.0
ADHI	1,265	1,885	2,160	Buy	70.8	(42.5)	4.5	7.0x	0.7x	11.1	2.3	8.2	63.6	1.1
Misc Ind.						(3.5)	397.3							
ASII	8,000	8,300	8,925	Hold	11.6	(3.6)	323.9	14.9x	2.4x	17.3	2.4	16.4	20.6	1.3
Basic Ind.						12.6	581.9							
INTP	17,650	21,950	21,575	Buy	22.2	(12.5)	65.0	60.7x	2.9x	4.6	4.0	2.5	(56.1)	1.4
SMGR	9,150	9,900	11,550	Buy	26.2	(7.6)	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	75.9	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	60.2	24.5	13.3x	2.7x	20.2	4.8	16.8	104.2	0.7
MAIN	1,270	740	1,930	Buy	52.0	49.4	2.8	12.2x	1.5x	12.8	1.3	19.5	8200.0	1.2
KRAS	374	424	500	Buy	33.7	(23.7)	7.2	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,750	6,000	6,275	Buy	32.1	(16.5)	84.7	23.5x	3.2x	14.2	1.4	9.1	(34.2)	0.8
Mining						15.7	419.3							
ADRO	1,515	1,860	1,970	Buy	30.0	(16.5)	48.5	7.7x	0.9x	11.9	7.1	9.3	(16.0)	1.1
PTBA	4,650	2,460	5,375	Buy	15.6	97.0	53.6	8.5x	3.3x	42.1	6.8	20.7	49.7	1.0
ITMG	23,500	20,700	32,400	Buy	37.9	14.2	26.6	6.3x	1.7x	28.2	13.9	21.6	12.5	1.1
INCO	3,250	2,890	3,760	Buy	15.7	3.2	32.3	34.7x	1.2x	3.2	N/A	29.2	N/A	1.4
ANTM	690	625	1,200	Buy	73.9	1.5	16.6	17.0x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	665	775	1,240	Buy	86.5	(26.9)	5.0	9.4x	0.8x	8.8	3.6	1.8	13.1	1.1
MEDC	775	890	1,025	Buy	32.3	7.8	13.8	15.7x	0.7x	7.8	N/A	42.4	51.2	1.5
ELSA	352	372	625	Buy	77.6	(6.4)	2.6	6.7x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(17.5)	92.8							
AALI	10,575	13,150	16,925	Buy	60.0	(27.2)	20.4	11.8x	1.1x	9.5	4.1	9.1	(18.2)	0.6
LSIP	1,120	1,420	1,500	Buy	33.9	(25.6)	7.6	16.3x	0.9x	5.7	4.0	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNTR : Absorbs 65% of Capex Budget

Until 3Q18, UNTR absorbed the capex of IDR7.7 trillion or 65% of the 2018 budget. The capex is mostly allocated for re-placing existing heavy machinery in the mining business and facility maintenance in the heavy machinery and mining distribution. In 9M18, UNTR posted the net revenue of IDR61.12 trillion, growing by 32.3% y-y. (Kontan)

SMGR : Domestic Market Shares Hike Sharply

SMGR is potential for expanding its domestic market shares, after taking over SMCB. In September 2018, SMGR and SMCB's market shares are at 39.6% and 15.2%, respectively. After the acquisition, SMGR's domestic market shares will be at 55%. The acquisition is projected to finish at the end of 2018 or January 2019. (Kontan)

EXCL : Focuses to Construct BTS out Java

EXCL will focus on constructing base transceiver stations (BTS) centered out Java Island in 2019. To finance the construction, it allocates 70%-80% of the 2019 capex budget. In 2018, its capex budget was at IDR7 trillion. Of note, now it has 116,000 BTS whose 28,000 BTS are 4G BTS. (Kontan)

SMBR : Dominates Southern Part of Sumatra Markets

SMBR still dominates a number of market locations in Southern part of Sumatra such as Lampung, South Sumatra, Bengkulu, Jambi, and Bangka Belitung. In 10M18, SMBR supplied 1.75 million tons of cement or 31% of the aggregate cement consumption amounting to 5,641,371 tons in Southern part of Sumatra. Its sales volume in the area grew by 36% y-y, surpassing the cement demand of 11% y-y. (Kontan)

Domestic & Global News

Market's Consensus: BI Holds Its Benchmark Rate at 5.75%

Bank Indonesia (BI) will hold BI's Board of Governors Meeting for two days starting Thursday, 11/15, while its benchmark rates will be announced on Thursday, 11/15. The market's consensus estimated that BI is likely to keep its benchmark rates at 5.75% and maintains its benchmark rate unchanged at this month meeting. The rupiah's stable exchange rate is factor keeping BI 7-Day Reverse Repo Rate at 5.75%. (CNBC)

Renewed US-China Trade Talks

Treasury Secretary Steven Mnuchin and his counterpart Vice Premier Liu He have resumed discussions about a possible deal that would ease trade tensions, just weeks before President Trump and President Xi are set to meet in Argentina for the G20 summit. The US is demanding that China put forth an offer before negotiations on a trade deal can begin, while China would like discussion to begin before making a formal proposal. Top White House economic advisor Larry Kudlow confirmed this reports of renewed talks between the U.S. and China on trade. (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%	0.20%
	GER	14:00	CPI YoY	Oct F	2.50%	2.50%	2.50%
	UK	16:30	ILO Unemployment Rate 3Mths	Sep	4.10%	4.00%	4.00%
Wednesday 14 - Nov	JPN	06:50	GDP SA QoQ	3Q P	-0.30%	-0.30%	0.70%
	JPN	06:50	GDP Annualized SA QoQ	3Q P	-1.20%	-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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