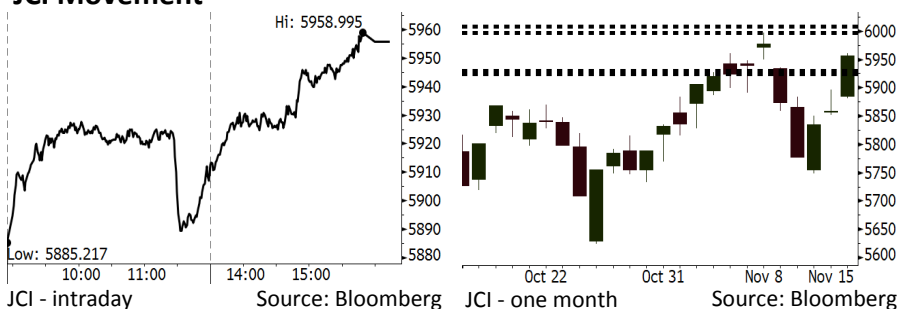


Morning Brief

Daily | Nov 16, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 15	5,955.74
Chg	+97.44pts (+1.66%)
Volume (bn shares)	68.96
Value (IDR tn)	8.10
Adv 217 Dec 163 Unc 250 Untr 122	

Foreign Transaction (IDR bn)	
Buy	3,770
Sell	2,400
Net Buy (Sell)	1,370

Top Buy	NB Val.	Top Sell	NS Val.
ASII	270.8	WSKT	18.6
BMRI	220.9	ERAA	11.0
BBCA	103.5	JSMR	8.7
TLKM	100.8	BBTN	8.5
UNTR	55.7	BSDE	7.7

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	8.12%	0.00%
USDIDR	14,665	-0.83%
KRWIDR	13.01	-0.08%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,289.27	208.77	0.83%
S&P 500	2,730.20	28.62	1.06%
Nasdaq	7,259.03	122.64	1.72%
FTSE 100	7,038.01	4.22	0.06%
CAC 40	5,033.62	(35.23)	-0.70%
DAX	11,353.67	(58.86)	-0.52%
Nikkei	21,803.62	(42.86)	-0.20%
Hang Seng	26,103.34	448.91	1.75%
Shanghai	2,668.17	35.93	1.37%
KOSPI	2,088.06	20.01	0.97%
EIDO	24.29	0.95	4.07%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,213.4	2.5	0.20%
Crude Oil (USD /bbl)	56.46	0.21	0.37%
Coal Newcas(USD/ton)	102.30	(0.15)	-0.15%
Gas (USD /mmbtu)	4.04	(0.80)	16.52%
Nickel LME (USD /MT)	11,260	(50.0)	-0.44%
Tin LME (USD /MT)	19,390	85.0	0.44%
CPO (MYR/Ton)	1,979	6.0	0.30%

Market Recap

JCI rallied yesterday amid the release of widening trade balance deficit and BI's stance to hold its benchmark rate unchanged. **Top Gainers: Misc. Industry (+3.72%), Infrastructure (+2.78%), Consumer (+2.08%)**

The U.S. markets and Asia markets mostly rallied yesterday along with the communication between the two countries relating to the trade war. Asia markets were backed by Theresa May's statement about the updated Brexit. Meanwhile, European market finished lower amid Brexit resignations.

Today's Outlook: BI's Robust Commitment

Today we estimate JCI to rally further with the support **range of 5924-5930 and the resistance range of 5997-6008**. The main positive sentiment is the result of BI's Board of Governors Meeting held yesterday. BI surprisingly took pre-emptive action to maintain the rupiah stability by raising its benchmark rate by 25 bps to 6.00%. Its pre-emptive stance is pivotal as Indonesia still faces the headwinds of current account deficits.

BI's stance was positively responded by foreign investors. Yesterday's foreign net buy was at high level of IDR1.37 trillion. The rupiah is significantly appreciated this morning as it hovers at 14,500 after it was at 14,700 per USD.

Stocks Recommendation (details on the next page)

Trading Buy: BBTN, TLKM, UNVR

Company News

- MEDC : Private Placement Plan Is Approved
- ACST : Allocates Capex of IDR150-IDR200 Billion
- PBRX : Allocates 2019 Capex of USD17 Million
- ECII : Is Sanguine about Posting Profit in 2018

Domestic & Global News

- BI Hikes Benchmark Rate to 6%
- US & China Have Doubled Down on Efforts to Reach an Agreement

Indonesia Economic Data

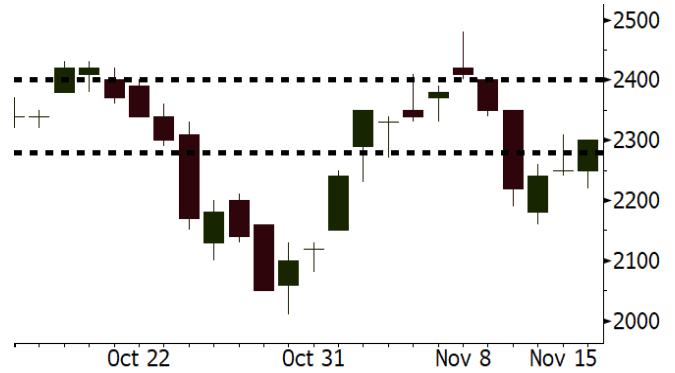
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports Yoy	23.66%	14.18%	Business Confidence	108.05	112.82
Inflation Yoy	3.16%	2.88%	Cons. Confidence*	119.20	122.40

BBTN Last = 2300

Analysis BBTN has the lowest P/B valuation of 1.0x among the banks with the largest cap. in Indonesia. However, its credit growth of 19.3% is the highest among the large cap. banks.

Range 2280 – 2400

Action Trading Buy. Cut Loss If Below 2280



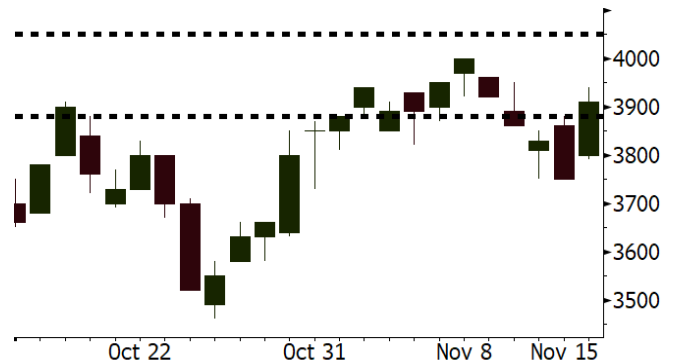
Source: Bloomberg

TLKM Last = 3910

Analysis TLKM plans to inject the capital of IDR4 trillion to Go-Jek. It will take over the minority ownership of Go-Jek. The acquisition is significant to support Go-Jek's business expansion to ASEAN.

Range 3880 – 4050

Action Trading Buy. Cut Loss If Below 3880



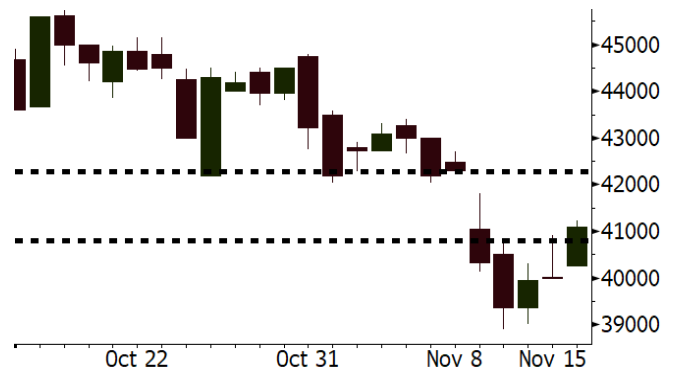
Source: Bloomberg

UNVR Last = 41100

Analysis The steep decline in UNVR's stock prices is estimated to end. Its current P/E valuation of 34.5x is much lower than its last 2-year P/E valuation of 51.9x.

Range 40800 – 42275

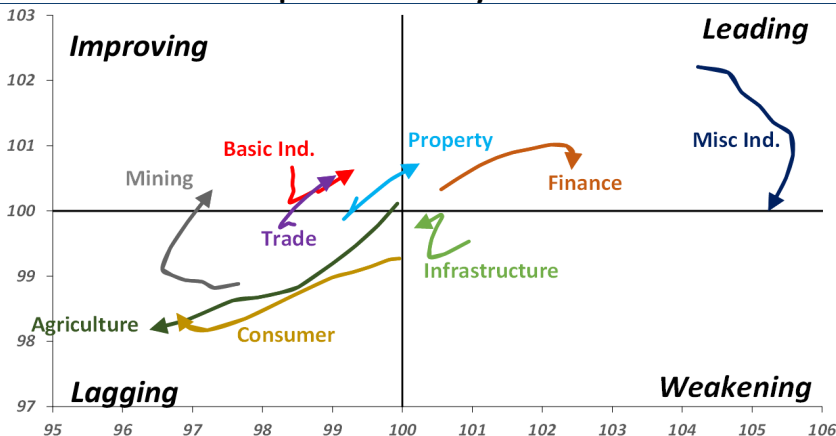
Action Trading buy. Cut Loss If Below 40800



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	5,956	6,356				(0.3)	6,646.8							
Finance						8.1	2,065.8							
BBCA	24,175	21,900	28,825	Buy	19.2	15.0	596.0	23.9x	4.2x	18.4	1.1	7.5	10.0	0.9
BBRI	3,410	3,640	4,370	Buy	28.2	8.6	420.6	13.0x	2.4x	19.3	3.1	7.9	14.5	1.4
BMRI	7,400	8,000	8,275	Hold	11.8	6.1	345.3	14.6x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,250	9,900	10,525	Buy	27.6	7.5	153.9	10.3x	1.5x	15.1	3.1	10.0	12.5	1.4
BBTN	2,300	3,570	3,050	Buy	32.6	(22.6)	24.4	7.5x	1.0x	14.9	2.5	14.5	11.6	1.8
BJTM	665	710	810	Buy	21.8	(5.0)	10.0	8.3x	1.2x	15.3	6.6	2.8	4.5	0.8
Consumer						(8.3)	1,301.6							
HMSP	3,480	4,730	4,225	Buy	21.4	(13.6)	404.8	31.1x	12.9x	41.8	3.1	7.2	3.8	1.3
GGRM	77,050	83,800	100,000	Buy	29.8	0.1	148.3	18.3x	3.5x	19.6	3.4	13.6	6.3	1.3
UNVR	41,100	55,900	49,700	Buy	20.9	(16.1)	313.6	34.5x	35.0x	118.0	2.2	1.0	39.7	1.0
ICBP	8,725	8,900	10,550	Buy	20.9	1.7	101.8	24.0x	4.9x	21.3	2.5	7.5	14.6	1.1
INDF	5,875	7,625	8,175	Buy	39.1	(25.4)	51.6	13.9x	1.6x	11.7	5.1	3.1	(13.7)	1.2
KLBF	1,515	1,690	1,730	Hold	14.2	(5.0)	71.0	29.2x	5.1x	18.3	1.7	3.9	1.4	1.3
KAEF	2,560	2,700	2,890	Hold	12.9	-	14.2	39.5x	5.4x	14.5	0.7	23.4	17.4	1.0
Infrastructure						(6.5)	711.46							
TLKM	3,910	4,399	4,700	Buy	20.2	(4.5)	387.3	21.0x	4.3x	20.4	4.3	2.3	(20.6)	0.9
EXCL	2,160	2,960	3,930	Buy	81.9	(35.1)	23.1	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.1
ISAT	2,100	4,800	6,750	Buy	221.4	(62.8)	11.4	N/A	0.9x	(2.6)	3.5	(26.8)	N/A	0.9
PGAS	2,080	1,750	2,600	Buy	25.0	17.2	50.4	13.1x	1.0x	8.2	1.5	12.9	122.8	1.4
JSMR	3,900	6,400	6,050	Buy	55.1	(39.3)	28.3	13.7x	1.8x	13.4	1.6	18.7	(6.9)	1.0
TBIG	4,040	6,425	6,050	Buy	49.8	(33.8)	18.3	8.7x	5.3x	82.6	4.2	6.5	(3.2)	0.7
INDY	2,580	3,060	5,000	Buy	93.8	(5.1)	13.4	2.5x	0.9x	43.7	4.2	213.9	37.8	0.8
Trade						(9.9)	697.0							
UNTR	35,075	35,400	39,550	Hold	12.8	7.3	130.8	12.1x	2.5x	22.6	2.8	32.1	60.8	1.1
AKRA	3,650	6,350	4,650	Buy	27.4	(47.3)	14.7	19.7x	1.8x	19.3	6.0	25.3	(22.4)	1.2
SCMA	1,860	2,480	2,025	Hold	8.9	(6.3)	27.2	19.1x	5.9x	32.3	4.0	10.8	8.7	1.2
MNCN	795	1,285	875	Hold	10.1	(44.8)	11.3	8.2x	1.0x	14.2	1.9	2.8	(20.3)	1.1
LPPF	4,500	10,000	5,480	Buy	21.8	(56.7)	13.1	6.9x	5.3x	85.6	10.2	3.1	(0.6)	1.0
ACES	1,420	1,155	1,635	Buy	15.1	14.1	24.4	25.5x	6.3x	26.6	1.6	22.3	32.7	1.1
RALS	1,320	1,200	1,525	Buy	15.5	46.7	9.4	15.7x	2.4x	15.7	3.0	2.2	43.4	0.9
MAPI	805	620	945	Buy	17.4	23.4	13.4	23.1x	2.6x	14.0	0.5	18.3	126.7	1.0
Property						(16.3)	354.5							
BSDE	1,170	1,700	1,850	Buy	58.1	(28.7)	22.5	7.0x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	595	685	600	Hold	0.8	(4.8)	28.7	12.8x	2.4x	20.6	1.0	19.0	25.2	1.2
CTRA	920	1,185	1,050	Hold	14.1	(20.7)	17.1	18.8x	1.2x	6.8	1.0	7.9	1.7	1.5
SMRA	630	945	670	Hold	6.3	(32.3)	9.1	20.3x	1.4x	6.9	0.8	0.7	75.0	1.5
WSKT	1,500	2,210	2,810	Buy	87.3	(29.9)	20.4	3.9x	1.2x	33.2	3.8	27.0	41.1	1.3
PTPP	1,505	2,640	3,850	Buy	155.8	(45.3)	9.3	7.0x	0.8x	11.9	3.1	7.5	(11.9)	1.3
WIKA	1,200	1,550	2,150	Buy	79.2	(39.4)	10.8	7.8x	0.8x	11.0	2.2	32.3	26.0	1.0
ADHI	1,340	1,885	2,160	Buy	61.2	(39.9)	4.8	7.4x	0.8x	11.1	2.2	8.2	63.6	1.1
Misc Ind.						3.2	404.2							
ASII	8,525	8,300	8,925	Hold	4.7	4.3	345.1	15.9x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						18.5	603.1							
INTP	19,650	21,950	19,950	Hold	1.5	0.8	72.3	67.5x	3.2x	4.6	3.6	2.5	(56.1)	1.4
SMGR	10,300	9,900	11,550	Hold	12.1	4.6	61.1	23.1x	2.0x	9.0	1.3	4.4	43.1	1.2
CPIN	5,550	3,000	6,700	Buy	20.7	85.6	91.0	22.5x	5.0x	24.2	1.0	5.1	79.7	1.0
JPFA	2,080	1,300	3,250	Buy	56.3	58.8	24.4	13.2x	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	376	424	500	Buy	33.0	(22.6)	7.3	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,850	6,000	6,275	Buy	29.4	(14.9)	86.5	24.3x	3.3x	14.2	1.3	9.1	(34.2)	0.8
Mining						17.3	418.4							
ADRO	1,555	1,860	1,970	Buy	26.7	(10.4)	49.7	8.0x	0.9x	11.9	7.0	9.3	(16.0)	1.1
PTBA	4,700	2,460	5,375	Hold	14.4	109.4	54.1	8.6x	3.4x	42.1	6.8	20.7	49.7	1.0
ITMG	23,075	20,700	32,400	Buy	40.4	15.4	26.1	6.2x	1.7x	28.2	14.1	21.6	12.5	1.1
INCO	3,150	2,890	3,760	Buy	19.4	3.6	31.3	34.0x	1.1x	3.2	N/A	29.2	N/A	1.4
ANTM	670	625	1,200	Buy	79.1	1.5	16.1	16.5x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	655	775	1,240	Buy	89.3	(27.2)	4.9	9.2x	0.8x	8.8	3.6	1.8	13.1	1.1
MEDC	760	890	1,025	Buy	34.9	5.7	13.5	15.6x	0.7x	7.8	N/A	42.4	51.2	1.5
ELSA	340	372	625	Buy	83.8	(9.1)	2.5	6.5x	0.8x	12.4	1.5	39.7	157.9	1.3
Agriculture						(18.5)	90.7							
AALI	10,350	13,150	16,925	Buy	63.5	(28.6)	19.9	11.5x	1.1x	9.5	4.2	9.1	(18.2)	0.6
LSIP	1,025	1,420	1,500	Buy	46.3	(31.4)	7.0	14.9x	0.8x	5.7	4.4	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

MEDC : Private Placement Plan Is Approved

MEDC has obtained approval from Extraordinary General Meeting (EGM) for a private placement. The private placement has the execution price of IDR868 with the targeted fund of IDR1.54 trillion, to be allocated to MEDC's general requirement. The execution price also substitute for the execution price of IDR1,306 set forth at EGM of May 2018. (Bisnis Indonesia)

PBRX : Allocates 2019 Capex of USD17 Million

PBRX allocated the 2019 capex of USD12-17 million to construct a Tasikmalaya-based factory. The budget derived from its internal cash, while the factory has the capacity production of 6 million pieces per year. Besides, the capex of USD7-10 million will be allocated for the maintenance of production machine. (Kontan)

ACST : Allocates Capex of IDR150-IDR200 Billion

ACST allocated the capex of IDR150-200 billion in 2019. The amount was equal to the 2018 budget. Besides, its new contract target in 2019 is similar to its contract target of 2018, with the main focus on the infrastructure sector, particularly the construction of structure and foundation. Of note, ACST is still awaiting the announcement of 5 bids with the total amount of more than IDR9 trillion. (Kontan)

ECII : Is Sanguine about Posting Profit in 2018

ECII is sanguine about posting profits in 2018, a stark contrast to the 2017 loss. In 9M18, it posted the net profit of IDR13.51 billion, in a stark contrast to the loss of IDR14.03 billion in 9M17. Its 9M18 revenue also grew to IDR1.45 trillion (+11.5% y-y) backed the business expansion. It also targets the number of its store to increase to 60 stores at the end of 2018. (Kontan)

Domestic & Global News

BI Hikes Benchmark Rate to 6%

Bank Indonesia (BI) through BI's Board of Governors Meeting dated November 14th-15th, 2018 decided to increase BI 7-Days Reverse Repo Rate of 25 bps to 6%. BI previously hiked its benchmark rate of 25 bps to 5.75% in September 2018. Thus, until November, BI has increased its benchmark rates of 175 bps by 6 times. The Governor of BI Perry Warjiyo stated that the hike in benchmark rates aims at maintaining the stability of domestic economy amid the global volatility. (Kontan)

US & China Have Doubled Down on Efforts to Reach an Agreement

The U.S. and China have doubled down on efforts to reach an agreement on trade ahead of the Group of 20 meeting later this month. The top American trade negotiator for the White House has denied telling certain executives that planned tariffs are on a back burner. The Financial Times reported Thursday that U.S. Trade Representative Robert Lighthizer had told some executives the next round of China tariffs are on hold. (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	5.90%	5.80%	5.80%
	JPN	11:30	Tertiary Industry Index MoM	Sep	-1.10%	-0.40%	0.50%
	GER	14:00	GDP SA QoQ	3Q P	-0.20%	-0.10%	0.50%
	GER	14:00	GDP NSA YoY	3Q P	1.10%	1.20%	2.30%
	UK	16:30	CPI MoM	Oct	0.10%	0.30%	0.10%
	UK	16:30	CPI YoY	Oct	2.40%	2.50%	2.40%
	EU	17:00	GDP SA QoQ	3Q P	0.20%	0.20%	0.20%
	EU	17:00	GDP SA YoY	3Q P	1.70%	1.70%	1.70%
	USA	20:30	CPI MoM	Oct	0.30%	0.30%	0.10%
Thursday 15 - Nov	USA	20:30	Retail Sales Advance MoM	Oct	0.80%	0.50%	0.10%
	USA	20:30	Initial Jobless Claims	10-Nov	216k	--	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	6.00%	5.75%	5.75%
	11:00	Exports YoY	Oct	3.59%	--	1.70%
	11:00	Imports YoY	Oct	23.66%	--	14.18%
	11:00	Trade Balance	Oct	-\$1819.90	--	\$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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