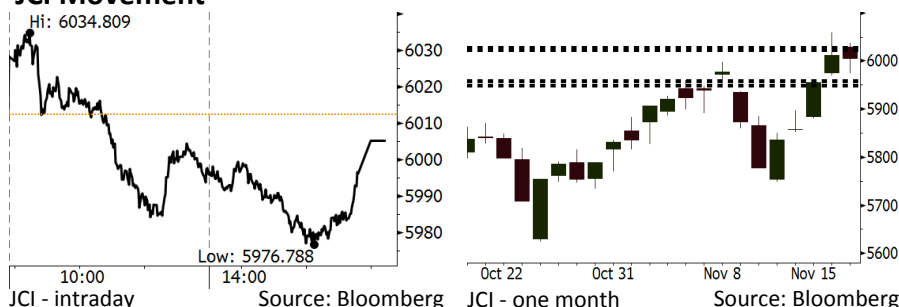


# Morning Brief

Daily | Nov 21, 2018

## JCI Movement



## Market Recap

JCI finished lower on Friday along with profit taking by local investors and the rupiah appreciation. **Top Losers: Infrastructure (-1.43%), Mining (-1.00%), Consumer (-0.39%)**

Global markets were at a modest pace after the Nissan's CEO was arrested on the ground of financial misconduct. The U.S. markets were at a negative territory as the technology and energy sector finished lower due to the slowdown in global crude prices. The U.S. tech. worst performance crept into European tech. sector. Besides, the global market's fears of the 2019 economic slowdown is possible to constrain the global markets.

## Today's Outlook: Tumble in Global Market

Today we estimate JCI to reign at a modest pace with the **support range of 5949-5959** and the **resistance range of 6022-6028**. Today JCI is likely to get impacts of the tumble in the global markets. The negative sentiment comes from the estimated slow growth in the U.S. economy of 2019. JP Morgan estimated that the U.S. economic growth will tumble to 1.9% in 2019, lower than that of 3.1% in 2018.

On the other hand, the positive sentiment comes from Goldman Sachs' estimate of the double-digit growth in emerging economies' stock markets outstripping South America's stock markets.

## Stocks Recommendation (details on the next page)

Trading Buy: ANTM, MAPI, JPFA

## Company News

DOID : Will Allocate Capex USD150-175 Million  
 SOCI : Targets Improvement in Unit Utilization  
 ELTY : Will Allocate Capex of IDR300 Billion  
 CTRA : Cooperates with The Ascott Limited

## Domestic & Global News

Mining Exports Forex Reserves Shall Be Transferred to Domestic Bank  
 JP Morgan Sees a Slowdown Coming

## 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

## IHSG (Jakarta Composite Index)

November 19 6,005.30  
 Chg -7.05pts (-0.12%)  
 Volume (bn shares) 72.77  
 Value (IDR tn) 6.56  
**Adv 175 Dec 180 Unc 276 Untr 125**

## Foreign Transaction (IDR bn)

Buy 2,782  
 Sell 2,181  
**Net Buy (Sell) 601**

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	166.0	INKP	33.6
BBRI	99.9	TLKM	25.8
ASII	54.4	ERAA	17.9
BBNI	44.4	LPPF	10.3
TKIM	43.3	BSDE	9.4

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
WSKT	6.5%	INKP	-5.5%
WIKA	4.1%	INDY	-4.7%
PTPP	3.0%	INCO	-4.3%
WSBP	2.5%	ADRO	-3.9%
ADHI	2.2%	SCMA	-3.4%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.04%	-0.01%
USDIDR	14,588	-0.16%
KRWIDR	12.96	0.27%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,465.64	(551.80)	-2.21%
S&P 500	2,641.89	(48.84)	-1.82%
Nasdaq	6,908.82	(119.65)	-1.70%
FTSE 100	6,947.92	(52.97)	-0.76%
CAC 40	4,924.89	(60.56)	-1.21%
DAX	11,066.41	(178.13)	-1.58%
Nikkei	21,583.12	(238.04)	-1.09%
Hang Seng	25,840.34	(531.66)	-2.02%
Shanghai	2,645.85	(57.66)	-2.13%
KOSPI	2,082.58	(17.98)	-0.86%
EIDO	23.56	(0.44)	-1.83%

## Commodities

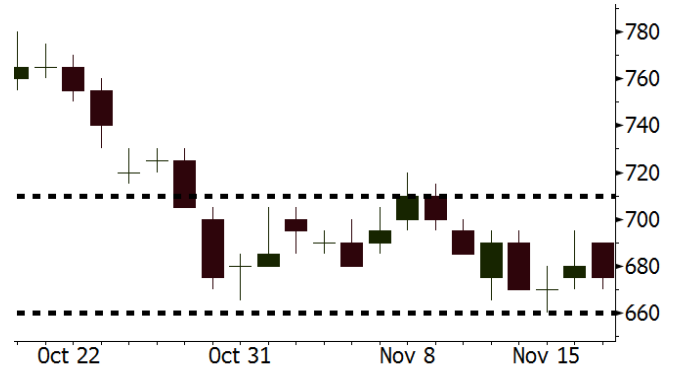
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,221.7	(2.5)	-0.21%
Crude Oil (USD /bbl)	53.43	(3.77)	-6.59%
Coal Newcas(USD/ton)	98.20	0.05	0.05%
Gas (USD /mmbtu)	4.52	(0.18)	-3.77%
Nickel LME (USD /MT)	11,180	(180.0)	-1.58%
Tin LME (USD /MT)	19,600	250.0	1.29%
CPO (MYR/Ton)	1,986	14.0	0.71%

**ANTM** Last = 675

**Analysis** The trend of steep decline in ANTM's stock prices has discontinued. Along with the expectancy of ANTM's consistent performance and rebound in ANTM's stock prices.

**Range** 660 – 710

**Action** Trading Buy. Cut Loss If Below 660



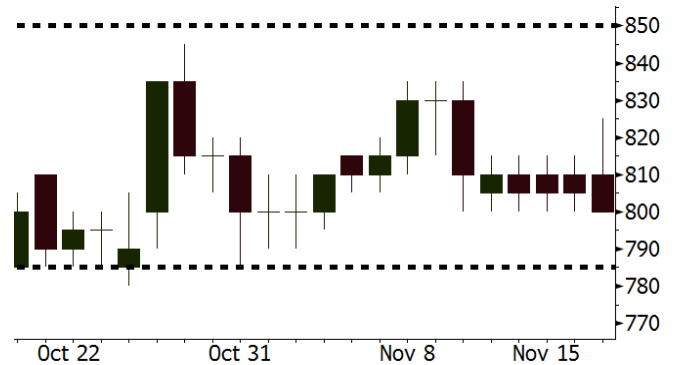
Source: Bloomberg

**MAPI** Last = 800

**Analysis** The discontinued rupiah depreciation will give positive sentiments to MAPI's performance. As its middle to high class consumers are likely to consume more premium products.

**Range** 785 – 850

**Action** Trading Buy. Cut Loss If Below 785



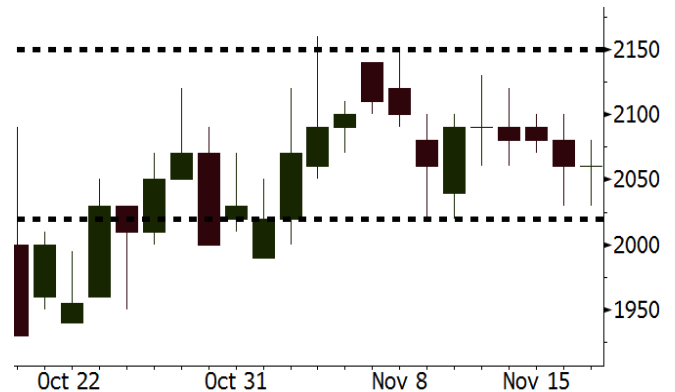
Source: Bloomberg

**JPFA** Last = 2060

**Analysis** The Indonesian government decided to borrow JPFA's corn stockpiles with a view to overcome the lack of corn supply. The government even has opened the import of 100,000 tons of corn showing the government's concerted efforts to maintain the stability of Indonesia-based poultry industry.

**Range** 2020 – 2150

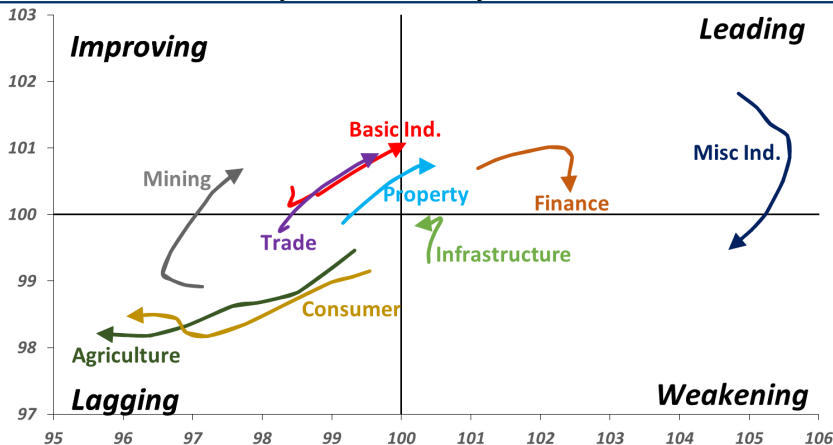
**Action** Trading buy. Cut Loss If Below 2020



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>	6,005	6,356				(0.8)	6,814.7							
<b>Finance</b>						7.4	2,141.2							
BBCA	25,100	21,900	28,825	Hold	14.8	18.8	618.8	24.8x	4.3x	18.4	1.0	7.5	10.0	0.9
BBRI	3,520	3,640	4,370	Buy	24.1	7.3	434.2	13.5x	2.5x	19.3	3.0	7.9	14.5	1.4
BMRI	7,475	8,000	8,275	Hold	10.7	1.0	348.8	14.7x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,400	9,900	10,525	Buy	25.3	6.0	156.6	10.5x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,380	3,570	3,050	Buy	28.2	(20.4)	25.2	7.7x	1.1x	14.9	2.4	14.5	11.6	1.7
BJTM	680	710	810	Buy	19.1	(6.8)	10.2	8.4x	1.2x	15.3	6.5	2.8	4.5	0.8
<b>Consumer</b>						(10.4)	1,323.7							
HMSP	3,400	4,730	4,225	Buy	24.3	(18.7)	395.5	30.4x	12.6x	41.8	3.2	7.2	3.8	1.3
GGRM	78,200	83,800	88,650	Hold	13.4	(0.8)	150.5	18.6x	3.5x	19.6	3.3	13.6	6.3	1.3
UNVR	41,300	55,900	49,700	Buy	20.3	(16.4)	315.1	34.7x	35.1x	118.0	2.2	1.0	39.7	1.0
ICBP	8,775	8,900	10,550	Buy	20.2	(1.4)	102.3	24.1x	4.9x	21.3	2.5	7.5	14.6	1.0
INDF	5,950	7,625	8,175	Buy	37.4	(23.0)	52.2	14.1x	1.6x	11.7	5.1	3.1	(13.7)	1.2
KLBF	1,540	1,690	1,730	Hold	12.3	(6.7)	72.2	29.7x	5.2x	18.3	1.6	3.9	1.4	1.3
KAEF	2,570	2,700	2,890	Hold	12.5	4.9	14.3	39.6x	5.5x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(6.0)	736.36							
TLKM	3,950	4,399	4,700	Buy	19.0	(5.1)	391.3	21.2x	4.3x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,190	2,960	3,930	Buy	79.5	(29.1)	23.4	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,160	4,800	6,750	Buy	212.5	(60.0)	11.7	N/A	0.9x	(2.6)	3.4	(26.8)	N/A	0.9
PGAS	2,030	1,750	2,600	Buy	28.1	15.7	49.2	12.8x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	4,020	6,400	6,050	Buy	50.5	(38.4)	29.2	14.1x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,040	6,425	6,050	Buy	49.8	(34.3)	18.3	8.7x	5.3x	82.6	4.2	6.5	(3.2)	0.6
INDY	2,430	3,060	5,000	Buy	105.8	(16.5)	12.7	2.4x	0.9x	43.7	4.4	213.9	37.8	0.8
<b>Trade</b>						(9.8)	703.9							
UNTR	34,400	35,400	39,550	Hold	15.0	8.9	128.3	11.8x	2.5x	22.6	2.8	32.1	60.8	1.1
AKRA	3,760	6,350	4,650	Buy	23.7	(44.1)	15.1	20.3x	1.9x	19.3	5.9	25.3	(22.4)	1.2
SCMA	1,830	2,480	2,025	Hold	10.7	(15.3)	26.8	18.8x	5.8x	32.3	4.1	10.8	8.7	1.2
MNCN	790	1,285	875	Hold	10.8	(46.1)	11.3	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,490	10,000	5,480	Buy	22.0	(60.3)	13.1	6.9x	5.3x	85.6	10.2	3.1	(0.6)	0.9
ACES	1,480	1,155	1,635	Hold	10.5	27.0	25.4	26.6x	6.6x	26.6	1.5	22.3	32.7	1.1
RALS	1,325	1,200	1,525	Buy	15.1	43.2	9.4	15.7x	2.4x	15.7	3.0	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	30.1	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(14.8)	365.8							
BSDE	1,210	1,700	1,850	Buy	52.9	(25.5)	23.3	7.2x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	610	685	600	Hold	(1.6)	(1.6)	29.4	13.2x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	945	1,185	1,050	Hold	11.1	(18.9)	17.5	19.3x	1.3x	6.8	1.0	7.9	1.7	1.5
SMRA	680	945	670	Hold	(1.5)	(22.3)	9.8	21.9x	1.5x	6.9	0.7	0.7	75.0	1.5
WSKT	1,630	2,210	2,810	Buy	72.4	(24.2)	22.1	4.2x	1.3x	33.2	3.5	27.0	41.1	1.3
PTPP	1,565	2,640	3,850	Buy	146.0	(43.1)	9.7	7.3x	0.8x	11.9	3.0	7.5	(11.9)	1.3
WIKA	1,275	1,550	2,150	Buy	68.6	(35.3)	11.4	8.3x	0.9x	11.0	2.1	32.3	26.0	1.0
ADHI	1,405	1,885	2,160	Buy	53.7	(36.7)	5.0	7.7x	0.8x	11.1	2.1	8.2	63.6	1.2
<b>Misc Ind.</b>						2.7	418.7							
ASII	8,500	8,300	8,925	Hold	5.0	4.6	344.1	15.8x	2.6x	17.3	2.2	16.4	20.6	1.3
<b>Basic Ind.</b>						18.6	616.7							
INTP	19,625	21,950	19,950	Hold	1.7	(2.1)	72.2	67.5x	3.2x	4.6	3.6	2.5	(56.1)	1.5
SMGR	11,100	9,900	11,550	Hold	4.1	11.3	65.8	24.9x	2.2x	9.0	1.2	4.4	43.1	1.3
CPIN	5,625	3,000	6,700	Buy	19.1	86.3	92.2	22.8x	5.1x	24.2	1.0	5.1	79.7	1.0
JPFA	2,060	1,300	3,250	Buy	57.8	58.5	24.2	13.1x	2.7x	20.2	4.9	16.8	104.2	0.7
MAIN	1,300	740	1,930	Buy	48.5	52.9	2.9	12.4x	1.5x	12.8	1.2	19.5	8200.0	1.2
KRAS	380	424	500	Buy	31.6	(22.1)	7.4	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,950	6,000	6,275	Buy	26.8	(12.4)	88.3	24.9x	3.4x	14.2	1.3	9.1	(34.2)	0.8
<b>Mining</b>						16.2	415.6							
ADRO	1,485	1,860	1,970	Buy	32.7	(13.4)	47.5	7.7x	0.9x	11.9	7.3	9.3	(16.0)	1.1
PTBA	4,660	2,460	5,375	Buy	15.3	116.2	53.7	8.5x	3.3x	42.1	6.8	20.7	49.7	1.0
ITMG	22,025	20,700	32,400	Buy	47.1	11.8	24.9	6.0x	1.6x	28.2	14.8	21.6	12.5	1.1
INCO	3,140	2,890	3,760	Buy	19.7	7.5	31.2	34.1x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	675	625	1,200	Buy	77.8	1.5	16.2	16.6x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	680	775	1,240	Buy	82.4	(22.7)	5.1	9.6x	0.8x	8.8	3.5	1.8	13.1	1.2
MEDC	755	890	1,025	Buy	35.8	(7.7)	13.4	15.6x	0.7x	7.8	N/A	42.4	51.2	1.5
ELSA	340	372	625	Buy	83.8	(13.7)	2.5	6.5x	0.8x	12.4	1.5	39.7	157.9	1.3
<b>Agriculture</b>						(16.9)	92.8							
AALI	10,650	13,150	16,925	Buy	58.9	(25.7)	20.5	11.9x	1.1x	9.5	4.1	9.1	(18.2)	0.6
LSIP	1,055	1,420	1,500	Buy	42.2	(27.2)	7.2	15.4x	0.9x	5.7	4.3	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **DOID : Will Allocate Capex USD150-175 Million**

DOID will allocated the capex of USD150-175 million in 2019. The budget will be allocated for the maintenance and purchasing heavy machinery. DOID stated to focus on the improvement of 60% in utility and productivity of heavy machinery at the end of 2018. Of note, the 2019 capex is lower than is the 2018 capex allocated for the increment in the production capacity and machinery replacement. (Kontan)

### **ELTY : Will Allocate Capex of IDR300 Billion**

ELTY will allocate the 2019 capex of IDR300 billion. The capex is spent on the early development of Gelanggang Mahasiswa Soemantri Brodjonegoro and Plaza Festival, the development of Lampung-based project, and the completion of ongoing projects. It also plans to add new projects such as Rasuna Park and Nirwana Hills. (Bisnis Indonesia)

### **SOCI : Targets Improvement in Unit Utilization**

SOCI targets the utilization of vessel unit at the end of 2018 to top the 3Q18's realization of 84%. Since the early of 2018, it has taken over two new vessels, one of which has been used as oil and gas logistic vessel. However, it has yet to plan to buy new vessels due to the demand from the oil and gas industry. (Bisnis Indonesia)

### **CTRA : Cooperates with The Ascott Limited**

CTRA will sign the working agreement with The Ascott Limited to manage China-based CTRA's rental apartment for 5 years. Besides, it will launch the apartment project of Jakarta-based the Newton 2 in December 2018. Of note the selling price of the apartments is at IDR1-2.5 billion per unit. (Kontan)

## Domestic & Global News

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### **Mining Exports Forex Reserves Shall Be Transferred to Domestic Bank**

Companies running its businesses in mining, plantation, forestry, and fish farming is obliged to input and place into exports forex reserves (DHE) to Indonesia's Financial System (SKI). The regulation is governed under the law of business, management and/or managing Natural Resource covering mining, plantation, forestry, and fish farming businesses. The companies running in the mineral and coal mining are obliged to make letter of credit (L/C) and credit all of the proceeds from exports to domestic bank accounts. (Kontan)

### **JP Morgan Sees a Slowdown Coming**

JP Morgan economists expect economic growth to slow down in 2019, to a pace of 1.9 percent for the year. The economist say the slow down will come as fiscal, monetary and trade policy get less supportive or more restrictive. But even with slower growth, wages will continue to rise as the labor market tightens. The economists expect that growth will hold above 2 percent in the first and second quarter, at 2.2 and 2 percent respectively, before falling to 1.7 percent in the third quarter and 1.5 percent in the fourth quarter. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Tuesday</b> 20 - Nov	USA	20:30	Housing Starts	Oct	1228.0k	1230k	1201k
<b>Wednesday</b> 21 - Nov	JPN	11:30	All Industry Activity Index MoM	Sep		-0.90%	0.50%
	USA	20:30	Durable Goods Orders	Oct P		-2.10%	0.70%
	USA	20:30	Initial Jobless Claims	17-Nov		--	216k
	USA	22:00	Existing Home Sales	Oct		5.20m	5.15m
<b>Thursday</b> 22 - Nov	JPN	06:30	Natl CPI YoY	Oct		1.40%	1.20%
	EU	22:00	Consumer Confidence	Nov A		-3	-2.7
<b>Friday</b> 23 - Nov	JPN	07:30	Nikkei Japan PMI Mfg	Nov P		--	52.9
	GER	14:00	GDP SA QoQ	3Q F		-0.20%	-0.20%
	GER	15:30	Markit Germany Manufacturing PMI	Nov P		52	52.2
	EU	16:00	Markit Eurozone Manufacturing PMI	Nov P		51.7	52
	USA	21:45	Markit US Manufacturing PMI	Nov P		55.9	55.7

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 19 - Nov	Annual Shareholder Meeting	BDMN
	Cum Dividend Date	BRAM (IDR200 per share)
<b>Wednesday</b> 21 - Nov	Extraordinary Shareholder Meeting	BBYB, IKAI
<b>Thursday</b> 22 - Nov	Extraordinary Shareholder Meeting	ASJT
<b>Friday</b> 23 - Nov	Extraordinary Shareholder Meeting	MDLN, OCAP

Source: Bloomberg

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