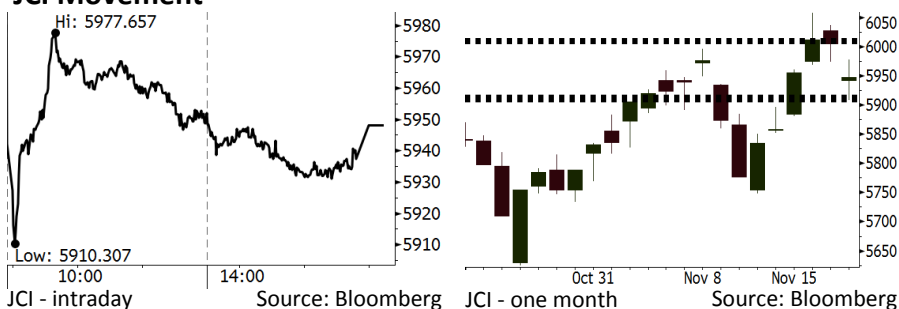


Morning Brief

Daily | Nov 22, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 21	5,948.05
Chg	-57.25pts (-0.95%)
Volume (bn shares)	81.50
Value (IDR tn)	8.17
Adv 124 Dec 284 Unc 223 Untr 129	

Foreign Transaction (IDR bn)

Buy	2,819
Sell	3,406
Net Buy (Sell)	(587)

Top Buy NB Val. Top Sell NS Val.

ICBP	55.6	BMRI	146.0
TKIM	34.2	BBNI	113.4
ASII	34.0	BBRI	91.6
HMSP	17.2	UNTR	75.7
INDF	15.5	BBCA	63.1

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BRPT	6.8%	ADRO	-11.8%
TPIA	4.6%	INDY	-10.3%
BSDE	2.5%	ITMG	-9.1%
INKP	1.8%	UNTR	-7.1%
INTP	1.7%	PTBA	-6.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.98%	-0.06%
USDIDR	14,603	0.10%
KRWIDR	12.92	-0.29%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,464.69	(0.95)	0.00%
S&P 500	2,649.93	8.04	0.30%
Nasdaq	6,972.25	63.43	0.92%
FTSE 100	7,050.23	102.31	1.47%
CAC 40	4,975.50	50.61	1.03%
DAX	11,244.17	177.76	1.61%
Nikkei	21,507.54	(75.58)	-0.35%
Hang Seng	25,971.47	131.13	0.51%
Shanghai	2,651.51	5.65	0.21%
KOSPI	2,076.55	(6.03)	-0.29%
EIDO	24.03	0.47	1.99%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,226.0	4.4	0.36%
Crude Oil (USD /bbl)	54.63	1.20	2.25%
Coal Newcas(USD/ton)	98.35	(0.80)	-0.81%
Gas (USD /mmbtu)	4.45	(0.07)	-1.59%
Nickel LME (USD /MT)	11,180	(180.0)	-1.58%
Tin LME (USD /MT)	19,600	250.0	1.29%
CPO (MYR/Ton)	2,006	20.0	1.01%

Market Recap

After a steep plunge, JCI ended lower to near 1% along with net foreign sell of IDR587 billion. JCI's movement is constrained by the banking sector. **Top Losers: Mining (-5.03%), Agriculture (-1.57%), Finance (-1.51%)**

Most global markets rebounded yesterday. The movement in the tech. sector still suppressed the U.S. market rally. On the other side, European market eyed on Brexit talks and the plan of the European Union to impose sanctions of Italian's 2019 budget. China's markets rallied yesterday, responding to Trump's comment.

Today's Outlook: Global Market Rebound

Today we estimate JCI to rally with the **support range of 5908-5915** and the **resistance range of 6008-6012**. The global market backdrop is conducive, marked by the rebound in most global stock markets and rebound in crude prices. However, the fears of the U.S. economy slowdown still loom the global markets. The markets start to digest that the U.S. economic growth is backed by the tax cut, hardly to be carried on in 2019.

The impacts of the slowdown in global markets on Indonesia's markets are insignificant. The rupiah moves stably at 14,600 per USD. On the other side, the foreign investors' net sell is still lower than the capital inflow occurring on recent weeks.

Stocks Recommendation (details on the next page)

Trading Buy: BSDE, ADRO, INDF

Company News

- PTBA : Focuses on High-Calories Coal
- UNTR : Martabe's Acquisition to Settle in November
- BRPT : Settles Debt of USD250 Million
- WSBP : Will Boost Its Performance in Political Year

Domestic & Global News

Indonesia to Lower Income Tax on Luxury Residential Sale to 1%
Economists See Steep Slowing Economy of 2019, Ahead of Possible Recession in 2020

Indonesia Economic Data

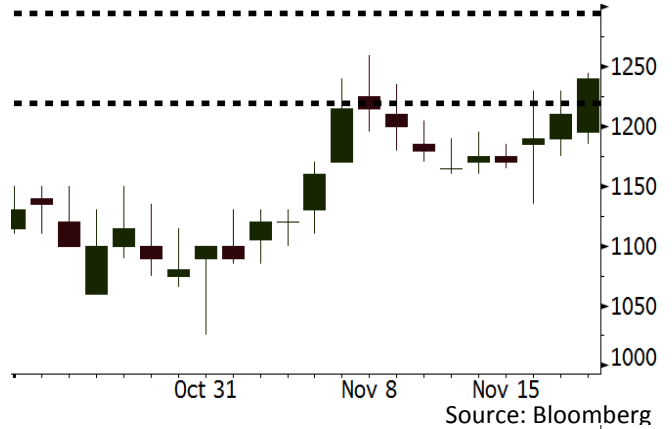
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

BSDE Last = 1240

Analysis The government gives a positive signal to the premium residential sector by lowering tax on luxury residential sale. In addition, the government also raise threshold of luxury residences.

Range 1220 – 1295

Action Trading Buy. Cut Loss If Below 1220

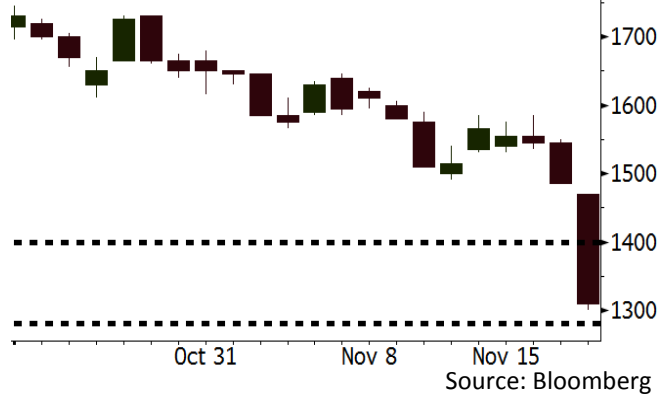


ADRO Last = 1310

Analysis After a steep decline, we estimate ADRO's stock price to rebound. Its current valuation is attractive with the P/E of 6.8x (vs. the 5-year average of 12.8x). Its P/B is at 0.8x (vs. the 5-year average of 1.0x).

Range 1280 – 1400

Action Trading Buy. Cut Loss If Below 1280

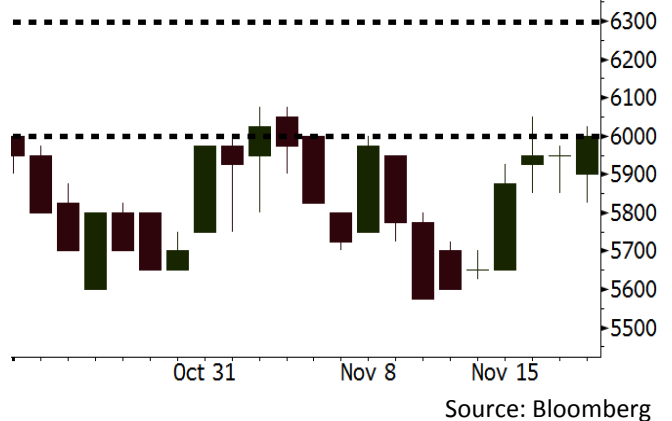


INDF Last = 6000

Analysis The prolonged decline in INDF's stocks has discontinued. As of October, INDF's stock prices are stable at the average of 5,500-6,000. In ahead years, its stocks are possible to rebound higher than 6,000, backed by the cheap valuation of P/E of 14.2x (vs. the 5-year average of 20.9x).

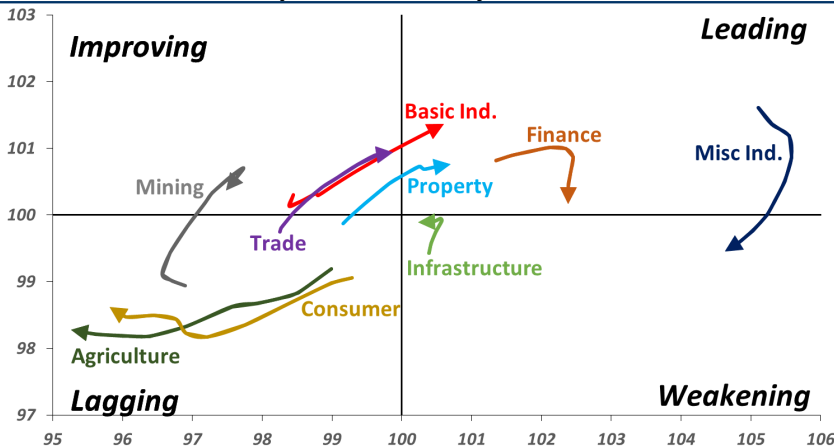
Range 6000 – 6300

Action Trading buy. Cut Loss If Below 6000



Sector Rotation

Relative Rotation Graph - Last 10 Days



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	5,948	6,356				(2.0)	6,749.9							
Finance						5.0	2,108.8							
BBCA	24,800	21,900	28,825	Buy	16.2	17.1	611.4	24.5x	4.3x	18.4	1.0	7.5	10.0	0.9
BBRI	3,430	3,640	4,370	Buy	27.4	0.9	423.1	13.1x	2.4x	19.3	3.1	7.9	14.5	1.4
BMRI	7,275	8,000	8,275	Hold	13.7	(1.4)	339.5	14.3x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,250	9,900	10,525	Buy	27.6	-	153.9	10.3x	1.5x	15.1	3.1	10.0	12.5	1.4
BBTN	2,380	3,570	3,050	Buy	28.2	(22.5)	25.2	7.7x	1.1x	14.9	2.4	14.5	11.6	1.7
BJTM	670	710	810	Buy	20.9	(6.3)	10.0	8.3x	1.2x	15.3	6.6	2.8	4.5	0.8
Consumer						(9.8)	1,324.0							
HMSP	3,400	4,730	4,225	Buy	24.3	(17.3)	395.5	30.4x	12.6x	41.8	3.2	7.2	3.8	1.3
GGRM	79,375	83,800	88,650	Hold	11.7	1.8	152.7	18.9x	3.6x	19.6	3.3	13.6	6.3	1.3
UNVR	40,900	55,900	49,700	Buy	21.5	(17.3)	312.1	34.4x	34.8x	118.0	2.2	1.0	39.7	1.0
ICBP	8,850	8,900	10,550	Buy	19.2	0.3	103.2	24.3x	4.9x	21.3	2.5	7.5	14.6	1.0
INDF	6,000	7,625	8,175	Buy	36.3	(22.3)	52.7	14.2x	1.6x	11.7	5.0	3.1	(13.7)	1.2
KLBF	1,560	1,690	1,730	Hold	10.9	(4.9)	73.1	30.1x	5.2x	18.3	1.6	3.9	1.4	1.3
KAEF	2,600	2,700	2,890	Hold	11.2	9.7	14.4	40.1x	5.5x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.2)	732.25							
TLKM	3,960	4,399	4,700	Buy	18.7	(4.8)	392.3	21.3x	4.3x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,180	2,960	3,930	Buy	80.3	(27.3)	23.3	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,130	4,800	6,750	Buy	216.9	(59.8)	11.6	N/A	0.9x	(2.6)	3.4	(26.8)	N/A	0.9
PGAS	1,945	1,750	2,600	Buy	33.7	8.1	47.1	12.2x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	3,970	6,400	6,050	Buy	52.4	(41.0)	28.8	13.9x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	3,950	6,425	6,050	Buy	53.2	(35.8)	17.9	8.5x	5.2x	82.6	4.3	6.5	(3.2)	0.6
INDY	2,180	3,060	5,000	Buy	129.4	(24.3)	11.4	2.1x	0.8x	43.7	4.9	213.9	37.8	0.8
Trade						(11.1)	693.7							
UNTR	31,950	35,400	39,550	Buy	23.8	(1.7)	119.2	11.0x	2.3x	22.6	3.1	32.1	60.8	1.1
AKRA	3,800	6,350	4,650	Buy	22.4	(42.6)	15.3	20.5x	1.9x	19.3	5.8	25.3	(22.4)	1.2
SCMA	1,835	2,480	2,025	Hold	10.4	(15.4)	26.8	18.8x	5.9x	32.3	4.1	10.8	8.7	1.2
MNCN	785	1,285	875	Hold	11.5	(45.7)	11.2	8.1x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,350	10,000	5,480	Buy	26.0	(61.8)	12.7	6.7x	5.1x	85.6	10.5	3.1	(0.6)	0.9
ACES	1,450	1,155	1,635	Hold	12.8	24.5	24.9	26.0x	6.5x	26.6	1.6	22.3	32.7	1.1
RALS	1,310	1,200	1,515	Buy	15.6	36.5	9.3	15.6x	2.4x	15.7	3.1	2.2	43.4	0.9
MAPI	800	620	945	Buy	18.1	30.6	13.3	22.9x	2.6x	14.0	0.5	18.3	126.7	0.9
Property						(14.6)	368.8							
BSDE	1,240	1,700	1,850	Buy	49.2	(26.8)	23.9	7.4x	0.9x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	620	685	600	Hold	(3.2)	(0.8)	29.9	13.4x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	975	1,185	1,050	Hold	7.7	(18.8)	18.1	19.9x	1.3x	6.8	1.0	7.9	1.7	1.5
SMRA	685	945	670	Hold	(2.2)	(25.1)	9.9	22.1x	1.5x	6.9	0.7	0.7	75.0	1.5
WSKT	1,590	2,210	2,810	Buy	76.7	(25.7)	21.6	4.1x	1.2x	33.2	3.6	27.0	41.1	1.3
PTPP	1,545	2,640	3,850	Buy	149.2	(43.4)	9.6	7.2x	0.8x	11.9	3.0	7.5	(11.9)	1.3
WIKA	1,290	1,550	2,150	Buy	66.7	(33.8)	11.6	8.4x	0.9x	11.0	2.1	32.3	26.0	1.0
ADHI	1,375	1,885	2,160	Buy	57.1	(36.9)	4.9	7.6x	0.8x	11.1	2.1	8.2	63.6	1.2
Misc Ind.						(0.0)	416.4							
ASII	8,450	8,300	8,925	Hold	5.6	-	342.1	15.7x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						20.1	619.9							
INTP	19,950	21,950	19,950	Hold	-	1.9	73.4	68.6x	3.2x	4.6	3.5	2.5	(56.1)	1.5
SMGR	11,150	9,900	11,550	Hold	3.6	12.6	66.1	25.1x	2.2x	9.0	1.2	4.4	43.1	1.3
CPIN	5,450	3,000	6,700	Buy	22.9	75.8	89.4	22.1x	4.9x	24.2	1.0	5.1	79.7	1.0
JPFA	1,915	1,300	3,250	Buy	69.7	45.6	22.5	12.1x	2.5x	20.2	5.2	16.8	104.2	0.7
MAIN	1,170	740	1,930	Buy	65.0	36.0	2.6	11.2x	1.4x	12.8	1.4	19.5	8200.0	1.2
KRAS	378	424	500	Buy	32.3	(21.9)	7.3	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,175	6,000	6,275	Buy	21.3	(10.0)	92.3	26.0x	3.5x	14.2	1.2	9.1	(34.2)	0.8
Mining						10.0	394.7							
ADRO	1,310	1,860	1,970	Buy	50.4	(24.9)	41.9	6.8x	0.8x	11.9	8.3	9.3	(16.0)	1.1
PTBA	4,350	2,460	5,375	Buy	23.6	96.8	50.1	7.9x	3.1x	42.1	7.3	20.7	49.7	1.0
ITMG	20,025	20,700	32,400	Buy	61.8	0.1	22.6	5.4x	1.5x	28.2	16.3	21.6	12.5	1.1
INCO	2,950	2,890	3,760	Buy	27.5	-	29.3	32.0x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	645	625	1,200	Buy	86.0	(2.3)	15.5	15.9x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	670	775	1,240	Buy	85.1	(23.9)	5.0	9.4x	0.8x	8.8	3.5	1.8	13.1	1.2
MEDC	710	890	1,025	Buy	44.4	(14.6)	12.6	14.6x	0.7x	7.8	N/A	42.4	51.2	1.5
DOID	670	715	1,020	Buy	52.2	(19.3)	5.8	6.1x	1.7x	33.1	N/A	14.2	55.2	1.0
Agriculture						(17.8)	91.3							
AALI	10,350	13,150	16,925	Buy	63.5	(27.6)	19.9	11.5x	1.1x	9.5	4.2	9.1	(18.2)	0.6
LSIP	1,035	1,420	1,500	Buy	44.9	(28.4)	7.1	15.1x	0.9x	5.7	4.3	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

PTBA : Focuses on High-Calories Coal

PTBA stated to focus on increasing the production of high-calories coal, having a more stable selling price than low-calories coal. Its focus is underlined by the decline in Newcastle's coal prices and the imports restriction by China. Now, PTBA has produced 500,000 tons out of 1 million tons of high-calories coal and targeted the production of 5 million tons in 2019. (Kontan)

BRPT : Settles Debt of USD250 Million

BRPT to settle the loan of USD250 million facilitated by Bangkok Bank. Of note, USD50 million deriving from the internal cash and USD200 million deriving from the loan facilitated by Barclays Bank PLC and DBS Bank Ltd. BRPT stated that the new loan facilities have more competitive interest rates and long-term tenor compared to loan given by Bangkok Bank. (Bisnis Indonesia)

UNTR : Martabe's Acquisition to Settle in November

UNTR is making efforts to settle the acquisition of Martabe mining from PT Agincourt Resources to be completed at the end of November 2018. Per December 31, Martabe mining has reserves of 8.8 million ounces of gold and 72 million ounces of silver, projected to operate at least until 2033. The mine annually can produce at least 300,000 ounces of gold and 3 million ounces of silver. (Bisnis Indonesia)

WSBP : Will Boost Its Performance in Political Year

WSBP targets the growth of more than 10% in new contracts of 2019. It stated that in the political year, most of the new contracts come from state-owned enterprises projects, particularly toll-road project. Thus, it will boost its performance through the development of new contracts such as precast houses, precast electric pole, sleeper railway, and external market expansion. (Kontan)

Domestic & Global News

Indonesia to Lower Income Tax on Luxury Residential Sale to 1%

Govt to issue regulation that will lower income tax on luxury residential sale to 1% from 5%, according to Cabinet Secretariat in statement, citing Finance Minister Sri Mulyani Indrawati. Govt to also raise threshold of luxury residential property classification to 30b rupiah from 20b rupiah, Indrawati says after limited Cabinet meeting in Bogor. Policy is expected to boost activities in construction sector. (Bloomberg)

Economists See Steep Slowing Economy of 2019, Ahead of Possible Recession in 2020

Juiced by tax cuts this year, the economy's performance peaked in the second quarter and is expected to increasingly lose steam in 2019, with growth slowing to a crawl and a recession looming. That is one big reason the stock market has spiraled lower, as buyers rushed into Treasury's and yields on corporate debt snapped higher. Investors' views, in fact, may be even gloomier than those of economists. Major firms this week have been releasing forecasts for next year, and both Goldman Sachs and J.P. Morgan see growth slowing to below 2 percent in the second half of 2019. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday 20 - Nov	USA	20:30	Housing Starts	Oct	1228.0k	1230k	1201k
Wednesday 21 - Nov	JPN	11:30	All Industry Activity Index MoM	Sep	-0.90%	-0.90%	0.50%
	USA	20:30	Durable Goods Orders	Oct P	-4.40%	-2.10%	0.70%
	USA	20:30	Initial Jobless Claims	17-Nov	224k	--	216k
	USA	22:00	Existing Home Sales	Oct	5.22m	5.20m	5.15m
Thursday 22 - Nov	JPN	06:30	Natl CPI YoY	Oct	1.40%	1.40%	1.20%
	EU	22:00	Consumer Confidence	Nov A		-3	-2.7
Friday 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
Monday 19 - Nov	Annual Shareholder Meeting	BDMN
	Cum Dividend Date	BRAM (IDR200 per share)
Wednesday 21 - Nov	Extraordinary Shareholder Meeting	BBYB, IKAI
Thursday 22 - Nov	Extraordinary Shareholder Meeting	ASJT
Friday 23 - Nov	Extraordinary Shareholder Meeting	MDLN, OCAP

Source: Bloomberg

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