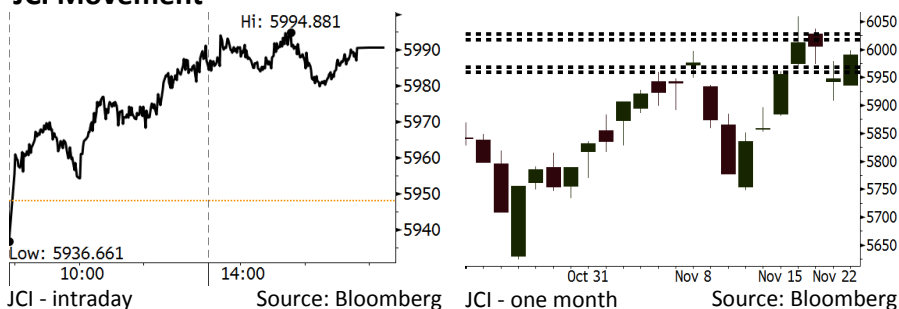


Morning Brief

Daily | Nov 23, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 22	5,990.81
Chg	+42.76pts (+0.72%)
Volume (bn shares)	130.53
Value (IDR tn)	8.47
Adv 158 Dec 227 Unc 246 Untr 131	

Foreign Transaction (IDR bn)	
Buy	2,597
Sell	2,378
Net Buy (Sell)	219

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	194.4	BMRI	52.4
BBCA	180.5	UNTR	37.6
TKIM	42.2	PTBA	30.4
INKP	28.4	INDY	28.2
HMSP	23.2	BSDE	25.9

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SMGR	6.5%	INDY	-8.5%
BSDE	6.5%	ANTM	-3.1%
BBTN	6.3%	PTBA	-3.0%
WIKA	6.2%	INCO	-2.4%
BKSL	5.8%	MEDC	-2.1%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.95%	-0.03%
USDIDR	14,580	-0.16%
KRWIDR	12.90	-0.15%

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	6,960.32	(89.91)	-1.28%
CAC 40	4,938.14	(37.36)	-0.75%
DAX	11,138.49	(105.68)	-0.94%
Nikkei	21,646.55	139.01	0.65%
Hang Seng	26,019.41	47.94	0.18%
Shanghai	2,645.43	(6.07)	-0.23%
KOSPI	2,069.95	(6.60)	-0.32%
EIDO	24.03	0.47	1.99%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,228.6	2.6	0.21%
Crude Oil (USD /bbl)	54.63	1.20	2.25%
Coal Newcas(USD/ton)	98.40	0.05	0.05%
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)	2,057	51.0	2.54%

Market Recap

JCI rebounded yesterday, backed by the banking sector. The rebound was the highest in the regional bourses. Foreign investors re-posted net buy. **Top Gainers: Property (+1.49%), Finance (+1.35%), Basic Industry (+1.26%)**

The release of the lower-than-estimate U.S. economic data were the catalyst for Asia markets' bullish mood, yet China's markets finished at modest pace ahead of the meeting between the world's two biggest economies at the late of November. Besides, European market closed in the negative territory due to investors' fears of Italian budget and Brexit.

Today's Outlook: Disregard Global Backdrop

Today we estimate JCI to rally with the **support range of 5960-5968** and the **resistance range of 6018-6028**. The negative sentiment from the global outlook is insignificant due to Thanksgiving's holiday. On the other hand, the heated disputes between the U.S. and China fueled by the ban of Huawei's products by the U.S. give no impacts on today's market.

From the domestic outlook, the trend of foreign net buy re-appear. The rupiah appreciation and the decrease in Indonesia's government bond yield lower than 8% signify rosier market backdrop. The momentum is estimated to boost investors' confidence in pursuing prospective shares albeit the global pressure.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, PTBA, BBTN

Company News

- INDF : New Mills Will Be Built in 2019
- PTPP : New Contracts Realization of IDR35.3 Trillion
- TOTL : Posts New Contracts of IDR3.1 Trillion
- PRDA : Boosts Two-Digit Growth in Revenue

Domestic & Global News

- The Government Reduces Procurement of Gas and Fuels
- U.S. Government Asked Allies to Avoid Using Huawei's Equipment

Indonesia Economic Data

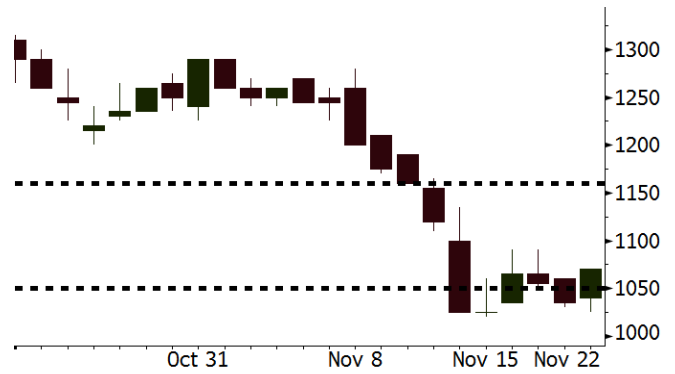
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

LSIP Last = 1070

Analysis After the prolonged price decline, the prices of global CPO within the last two days rebound significantly. The fears of insufficient CPO supplies for exports trigger the rally in CPO's prices.

Range 1050 – 1160

Action Trading Buy. Cut Loss If Below 1050



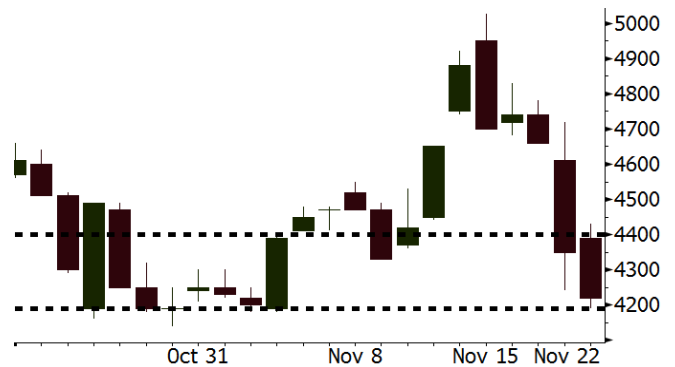
Source: Bloomberg

PTBA Last = 4220

Analysis The government through the Ministry of Energy and Mineral Resources and the state-owned electricity company (PLN) planned to reduce the procurement of gas and fuel in power plants. Thus, it will boost the use of coal.

Range 4190 – 4400

Action Trading Buy. Cut Loss If Below 4190



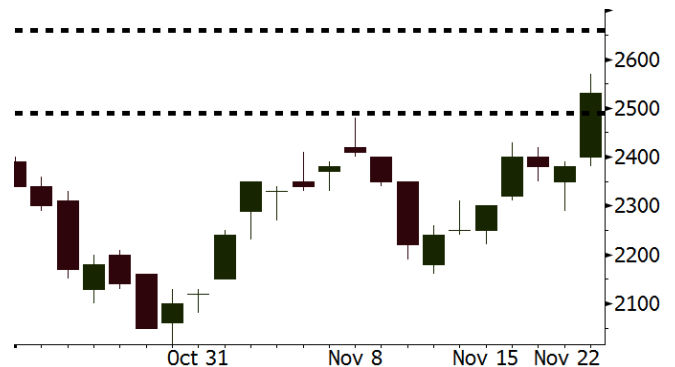
Source: Bloomberg

BBTN Last = 2530

Analysis BBTN posted the credit growth of 19%, the highest among its peers. Amid the expectancy of stable credit rates, the growth in credit is likely to boost the increase in its interest income.

Range 2490 – 2660

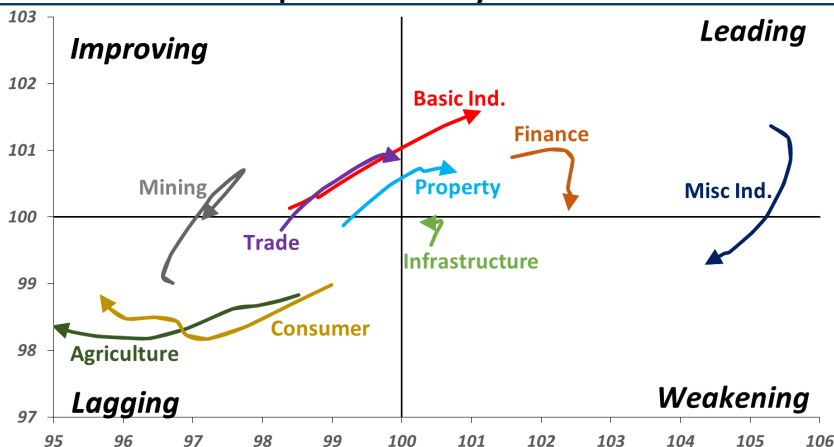
Action Trading buy. Cut Loss If Below 2490



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	5,991	6,356				(1.2)	6,799.0							
Finance						6.9	2,137.3							
BBCA	25,100	21,900	28,825	Hold	14.8	19.5	618.8	24.8x	4.3x	18.4	1.0	7.5	10.0	0.9
BBRI	3,550	3,640	4,370	Buy	23.1	5.7	437.9	13.6x	2.5x	19.3	3.0	7.9	14.5	1.4
BMRI	7,325	8,000	8,275	Hold	13.0	(1.7)	341.8	14.4x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,400	9,900	10,525	Buy	25.3	2.1	156.6	10.5x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,530	3,570	3,050	Buy	20.6	(17.3)	26.8	8.2x	1.2x	14.9	2.3	14.5	11.6	1.7
BJTM	685	710	810	Buy	18.2	(4.2)	10.3	8.5x	1.2x	15.3	6.4	2.8	4.5	0.8
Consumer						(8.7)	1,336.9							
HMSP	3,440	4,730	4,225	Buy	22.8	(16.3)	400.1	30.7x	12.7x	41.8	3.1	7.2	3.8	1.3
GGRM	80,200	83,800	88,650	Hold	10.5	2.8	154.3	19.1x	3.6x	19.6	3.2	13.6	6.3	1.3
UNVR	41,125	55,900	49,700	Buy	20.9	(16.7)	313.8	34.6x	35.0x	118.0	2.2	1.0	39.7	1.0
ICBP	8,950	8,900	10,550	Buy	17.9	2.6	104.4	24.6x	5.0x	21.3	2.5	7.5	14.6	1.0
INDF	6,250	7,625	8,175	Buy	30.8	(19.9)	54.9	14.8x	1.7x	11.7	4.8	3.1	(13.7)	1.2
KLBF	1,590	1,690	1,730	Hold	8.8	(2.8)	74.5	30.7x	5.3x	18.3	1.6	3.9	1.4	1.3
KAEF	2,580	2,700	2,890	Hold	12.0	8.4	14.3	39.8x	5.5x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.6)	733.13							
TLKM	3,980	4,399	4,700	Buy	18.1	(5.5)	394.3	21.4x	4.4x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,210	2,960	3,930	Buy	77.8	(28.0)	23.6	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,120	4,800	6,750	Buy	218.4	(60.0)	11.5	N/A	0.9x	(2.6)	3.4	(26.8)	N/A	0.9
PGAS	1,935	1,750	2,600	Buy	34.4	7.5	46.9	12.2x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	3,980	6,400	6,050	Buy	52.0	(40.6)	28.9	14.0x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	3,920	6,425	6,050	Buy	54.3	(36.5)	17.8	8.4x	5.1x	82.6	4.3	6.5	(3.2)	0.6
INDY	1,995	3,060	5,000	Buy	150.6	(29.0)	10.4	1.9x	0.7x	43.7	5.4	213.9	37.8	0.8
Trade						(11.7)	693.0							
UNTR	31,800	35,400	39,550	Buy	24.4	(1.8)	118.6	10.9x	2.3x	22.6	3.1	32.1	60.8	1.1
AKRA	3,990	6,350	4,650	Buy	16.5	(41.3)	16.0	21.5x	2.0x	19.3	5.5	25.3	(22.4)	1.2
SCMA	1,855	2,480	2,025	Hold	9.2	(14.1)	27.1	19.0x	5.9x	32.3	4.0	10.8	8.7	1.2
MNCN	795	1,285	875	Hold	10.1	(46.5)	11.3	8.2x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,300	10,000	5,480	Buy	27.4	(62.9)	12.5	6.6x	5.0x	85.6	10.6	3.1	(0.6)	0.9
ACES	1,445	1,155	1,635	Hold	13.1	28.4	24.8	25.9x	6.5x	26.6	1.6	22.3	32.7	1.1
RALS	1,295	1,200	1,515	Buy	17.0	40.0	9.2	15.4x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	795	620	945	Buy	18.9	27.7	13.2	22.8x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(13.1)	374.3							
BSDE	1,320	1,700	1,850	Buy	40.2	(22.1)	25.4	7.8x	1.0x	13.2	N/A	(18.9)	(74.2)	1.4
PWON	625	685	600	Hold	(4.0)	(0.8)	30.1	13.5x	2.5x	20.6	1.0	19.0	25.2	1.2
CTRA	1,010	1,185	1,050	Hold	4.0	(15.8)	18.7	20.7x	1.4x	6.8	0.9	7.9	1.7	1.5
SMRA	725	945	670	Hold	(7.6)	(21.2)	10.5	23.4x	1.6x	6.9	0.7	0.7	75.0	1.5
WSKT	1,635	2,210	2,810	Buy	71.9	(22.5)	22.2	4.2x	1.3x	33.2	3.5	27.0	41.1	1.3
PTPP	1,620	2,640	3,850	Buy	137.7	(40.7)	10.0	7.5x	0.8x	11.9	2.9	7.5	(11.9)	1.3
WIKA	1,370	1,550	2,150	Buy	56.9	(28.8)	12.3	8.9x	0.9x	11.0	2.0	32.3	26.0	1.0
ADHI	1,425	1,885	2,160	Buy	51.6	(29.1)	5.1	7.9x	0.8x	11.1	2.0	8.2	63.6	1.2
Misc Ind.						(0.4)	415.9							
ASII	8,450	8,300	8,925	Hold	5.6	(0.3)	342.1	15.7x	2.6x	17.3	2.2	16.4	20.6	1.3
Basic Ind.						21.5	627.8							
INTP	20,300	21,950	19,950	Hold	(1.7)	3.6	74.7	69.8x	3.3x	4.6	3.4	2.5	(56.1)	1.5
SMGR	11,875	9,900	11,550	Hold	(2.7)	18.2	70.4	26.7x	2.3x	9.0	1.1	4.4	43.1	1.3
CPIN	5,275	3,000	6,700	Buy	27.0	68.5	86.5	21.4x	4.7x	24.2	1.1	5.1	79.7	1.0
JPFA	1,915	1,300	3,250	Buy	69.7	42.4	22.5	12.1x	2.5x	20.2	5.2	16.8	104.2	0.7
MAIN	1,160	740	1,930	Buy	66.4	37.3	2.6	11.1x	1.4x	12.8	1.4	19.5	8200.0	1.2
KRAS	378	424	500	Buy	32.3	(22.2)	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	(9.2)	92.3	26.1x	3.5x	14.2	1.2	9.1	(34.2)	0.8
Mining						9.4	388.5							
ADRO	1,285	1,860	1,970	Buy	53.3	(25.5)	41.1	6.7x	0.8x	11.9	8.4	9.3	(16.0)	1.1
PTBA	4,220	2,460	5,375	Buy	27.4	93.6	48.6	7.7x	3.0x	42.1	7.5	20.7	49.7	1.0
ITMG	19,625	20,700	32,400	Buy	65.1	(1.0)	22.2	5.3x	1.5x	28.2	16.6	21.6	12.5	1.1
INCO	2,880	2,890	3,760	Buy	30.6	(0.7)	28.6	31.3x	1.0x	3.2	N/A	29.2	N/A	1.5
ANTM	625	625	1,200	Buy	92.0	(5.3)	15.0	15.4x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	655	775	1,240	Buy	89.3	(24.7)	4.9	9.2x	0.8x	8.8	3.6	1.8	13.1	1.2
MEDC	695	890	1,025	Buy	47.5	(16.4)	12.4	14.4x	0.6x	7.8	N/A	42.4	51.2	1.5
DOID	640	715	1,020	Buy	59.4	(21.5)	5.5	5.8x	1.6x	33.1	N/A	14.2	55.2	1.0
Agriculture						(17.0)	92.3							
AALI	10,625	13,150	16,925	Buy	59.3	(25.7)	20.4	11.8x	1.1x	9.5	4.1	9.1	(18.2)	0.6
LSIP	1,070	1,420	1,500	Buy	40.2	(26.2)	7.3	15.6x	0.9x	5.7	4.2	(19.6)	(39.3)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

INDF : New Mills Will Be Built in 2019

INDF stated that the construction of two new flour mill with the capacity of 200,000 tons per year will be started in 1Q19 or 2Q19. It ploughed IDR530 billion into the construction of the mills, built to adjust to the growth of 4%-5% per year in flour sales volume. Until September 2018, Bogasari segment contributes 28.1% to INDF's total sales. (Bisnis Indonesia)

TOTL : Posts New Contracts of IDR3.1 Trillion

TOTL secured the total new contracts of IDR3.1 trillion until October 2018. The realization hit 78.6% of the 2018 target amounting to IDR4 trillion. In October 2018, it secured the construction contract of Foreste BCA building located in BSD City. Until the year-end, it still targets a number of new projects with the composition as follows 56% for apartment, 13% for mixed use, and the remaining percent for other projects. (Bisnis Indonesia)

PTPP : New Contracts Realization of IDR35.3 Trillion

Until October 2018, PTPP posted the total new contracts of IDR35.3 trillion or equal to 72.0% from the 2018 target. Now, it still targets a number of new contracts such as buildings, toll-roads, airports, and other projects. Besides, it also postpones the issuance perpetual bonds due to the soaring interest rates. (Bisnis Indonesia)

PRDA : Boosts Two-Digit Growth in Revenue

PRDA will strive to post the double-digit growth in revenues at the end of 2018. Until 3Q18, PRDA posted the growth of 72% y-y to IDR1.11 trillion in net revenue. It stated that October and November's performance was sound, backed by the promotion strategy on the health day. Of note, in a near time, it will launch new laboratory in Bengkulu. (Bisnis Indonesia)

Domestic & Global News

The Government Reduces Procurement of Gas and Fuels

The Indonesian government is likely to reduce the portion of natural gas and fuels (BBM) used in the power plant activities. The plan was disclosed in the meeting between the Ministry of Energy and Mineral Resources (ESDM) and the state-owned electricity company (PLN) with the agenda for the meeting: revisions to Electricity Procurement Business Plan (RUPTL) from 2019 to 2028. (Kontan)

U.S. Government Asked Allies to Avoid Using Huawei's Equipment

The U.S. government is trying to persuade wireless and internet providers in allied countries to avoid telecommunications equipment from China's Huawei Technologies, the Wall Street Journal reported on Thursday. U.S. officials have reached out to their government counterparts and telecom executives in friendly countries where Huawei equipment is already in wide use about what they see as cybersecurity risks, according to the WSJ report, which cited unnamed people familiar with the situation. (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	-3.9	-3	-2.7
Friday 23 - Nov	JPN	07:30	Nikkei Japan PMI Mfg	Nov P	52.9	--	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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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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