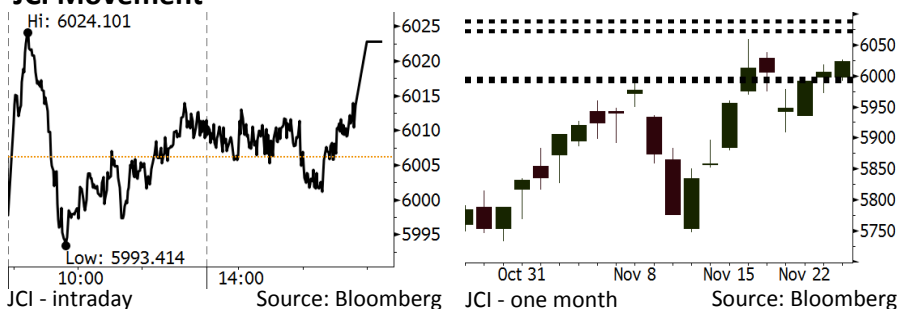


Morning Brief

Daily | Nov 27, 2018

JCI Movement



IHSG (Jakarta Composite Index)

November 26	6,022.78
Chg	+16.58pts (+0.28%)
Volume (bn shares)	94.65
Value (IDR tn)	7.27
Adv 165 Dec 229 Unc 237 Untr 120	

Foreign Transaction (IDR bn)	
Buy	2,063
Sell	1,864
Net Buy (Sell)	199

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	119.9	WSKT	67.7
BBCA	109.2	UNTR	49.9
TKIM	50.4	PTBA	46.5
BMRI	33.4	TLKM	30.0
ASII	25.8	UNVR	27.9

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
BKSL	8.4%	PTBA	-8.6%
WIKA	7.6%	MEDC	-7.9%
PTPP	6.1%	INDY	-7.5%
WSBP	3.6%	ELSA	-4.4%
KLBF	2.9%	UNTR	-3.7%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	7.89%	-0.02%	
USDIDR	14,475	-0.47%	
KRWIDR	12.83	0.04%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,640.24	354.29	1.46%
S&P 500	2,673.45	40.89	1.55%
Nasdaq	7,081.85	142.87	2.06%
FTSE 100	7,036.00	83.14	1.20%
CAC 40	4,994.98	48.03	0.97%
DAX	11,354.72	162.03	1.45%
Nikkei	21,812.00	165.45	0.76%
Hang Seng	26,376.18	448.50	1.73%
Shanghai	2,575.81	(3.67)	-0.14%
KOSPI	2,083.02	25.54	1.24%
EIDO	24.45	0.28	1.16%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,222.4	(0.7)	-0.05%
Crude Oil (USD /bbl)	51.63	1.21	2.40%
Coal Newcas(USD/ton)	97.95	0.60	0.62%
Gas (USD /mmbtu)	4.25	(0.06)	-1.39%
Nickel LME (USD /MT)	10,915	(55.0)	-0.50%
Tin LME (USD /MT)	18,800	(450.0)	-2.34%
CPO (MYR/Ton)	1,972	(72.0)	-3.52%

Market Recap

JCI nudged up yesterday amid the rupiah appreciation. A decline in the mining sector constrained JCI's rally. **Top Gainers: Basic Industry (+1.64%), Property (+0.80%), Finance (+0.69%)**

Global markets were mostly in the rally state amid the rising global crude prices. The rebound in tech. sector fueled the U.S. markets. Meanwhile, European markets were at bullish mood as Brexit's process run smoothly. The global investors await the speech to be delivered by Jerome Powell and talks between China and the U.S.

Today's Outlook: Rupiah Buoyant Further

We estimate JCI to rally with the support **range of 5991-5996** and the **resistance range of 6072-6087**. The positive sentiment comes from the rupiah appreciated further. Now, the rupiah strengthens at 14,500 per the U.S. dollar. The appreciation causes yields of the government's bonds with 10-year tenor to decline lower than 7.9%. The further slowdown in global crude prices ease fears of widening external deficits.

From the global outlook, the risks may emerge ahead of talks between President Trump and Xi Jinping. On the other side, investors await the Fed's chair Jerome Powell on Wednesday, 11/27/18 because they concern about the Fed's stance of monetary tightening in 2019 amid the possible modest growth of the U.S. economic engine.

Stocks Recommendation (details on the next page)

Trading Buy: BBTN, INDF, TLKM

Company News

- JSMR : Postpones KIK-Dinfra
- ELSA : Diversifies Its Service Contract Segment
- WIKA : Issues Perpetual Bonds
- HITS : Targets Growth of 21% in Revenues

Domestic & Global News

- Rupiah Is Appreciated Further
- Trump Would Delay an Increase in Tariffs in January

Indonesia Economic Data

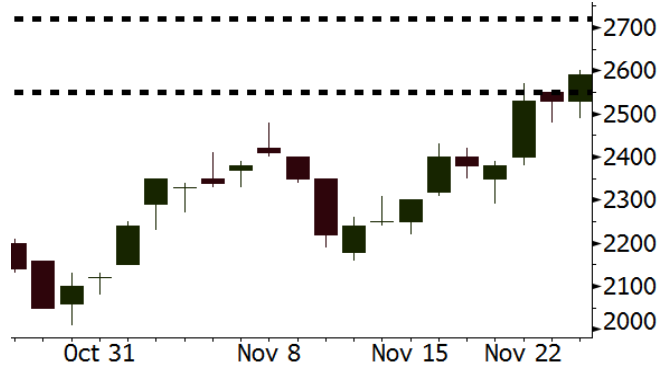
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports 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 = 2590

Analysis The rupiah appreciation causes yields of the government's bonds to decline further. The backdrop will lessen the pressure of deposits collection faced by BBTN.

Range 2550 – 2720

Action Trading Buy. Cut Loss If Below 2550



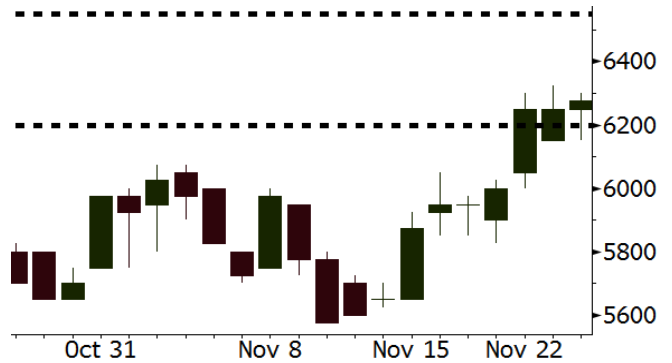
Source: Bloomberg

INDF Last = 6275

Analysis The rupiah appreciation gives a positive sentiment for INDF because it reduces the raw material import expenses. INDF's valuation with a P/E of 14.9x (vs. the 5-year average of 20.9x) is likely to attract investors' interests.

Range 6200 – 6550

Action Trading Buy. Cut Loss If Below 6200



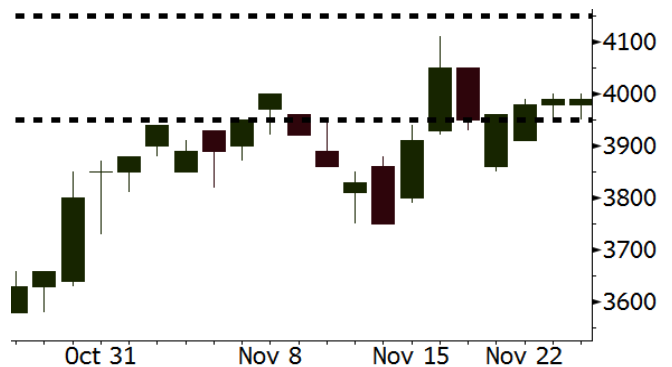
Source: Bloomberg

TLKM Last = 3990

Analysis TLKM's maintainable stock prices as of September show that investors' expectancy of its performance will improve in ahead years. The discontinued rupiah depreciation will support TLKM's efficiencies.

Range 3950 – 4150

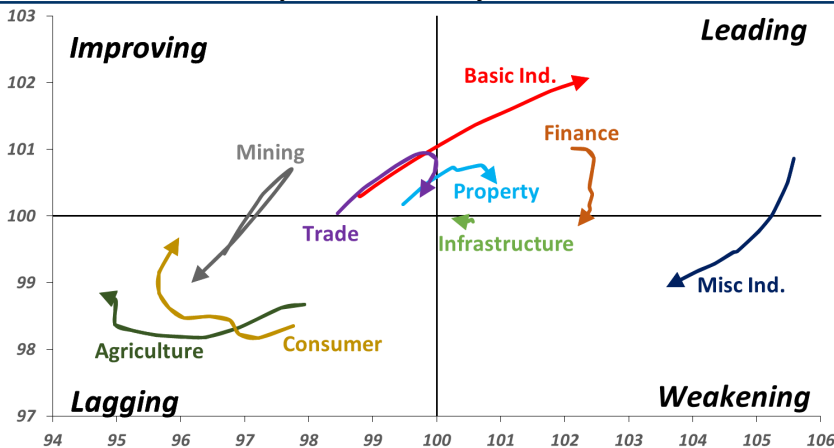
Action Trading buy. Cut Loss If Below 3950



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	6,023	6,356				(0.7)	6,837.2							
Finance						7.3	2,139.8							
BBCA	25,225	21,900	28,825	Hold	14.3	18.4	621.9	24.9x	4.3x	18.4	1.0	7.5	10.0	0.9
BBRI	3,540	3,640	4,370	Buy	23.4	7.3	436.6	13.5x	2.5x	19.3	3.0	7.9	14.5	1.4
BMRI	7,375	8,000	8,275	Hold	12.2	(0.7)	344.2	14.5x	2.0x	14.2	2.7	2.7	20.1	1.4
BBNI	8,425	9,900	10,525	Buy	24.9	3.4	157.1	10.6x	1.5x	15.1	3.0	10.0	12.5	1.4
BBTN	2,590	3,570	3,050	Buy	17.8	(16.5)	27.4	8.4x	1.2x	14.9	2.2	14.5	11.6	1.7
BJTM	680	710	810	Buy	19.1	(4.2)	10.2	8.4x	1.2x	15.3	6.5	2.8	4.5	0.8
Consumer						(8.5)	1,361.1							
HMSP	3,590	4,730	4,225	Buy	17.7	(14.9)	417.6	32.1x	13.3x	41.8	3.0	7.2	3.8	1.3
GGRM	79,525	83,800	88,650	Hold	11.5	0.0	153.0	18.9x	3.6x	19.6	3.3	13.6	6.3	1.2
UNVR	42,125	55,900	49,700	Buy	18.0	(16.4)	321.4	35.4x	35.8x	118.0	2.2	1.0	39.7	1.0
ICBP	8,900	8,900	10,550	Buy	18.5	2.6	103.8	24.5x	5.0x	21.3	2.5	7.5	14.6	1.0
INDF	6,275	7,625	8,175	Buy	30.3	(19.8)	55.1	14.9x	1.7x	11.7	4.8	3.1	(13.7)	1.2
KLBF	1,610	1,690	1,730	Hold	7.5	(3.9)	75.5	31.1x	5.4x	18.3	1.6	3.9	1.4	1.3
KAEF	2,590	2,700	2,890	Hold	11.6	11.2	14.4	39.9x	5.5x	14.5	0.7	23.4	17.4	1.1
Infrastructure						(7.1)	738.56							
TLKM	3,990	4,399	4,700	Buy	17.8	(6.4)	395.3	21.4x	4.4x	20.4	4.2	2.3	(20.6)	0.9
EXCL	2,210	2,960	3,930	Buy	77.8	(23.8)	23.6	N/A	1.1x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,030	4,800	6,750	Buy	232.5	(61.5)	11.0	N/A	0.9x	(11.5)	3.6	(25.7)	N/A	0.9
PGAS	1,925	1,750	2,600	Buy	35.1	8.8	46.7	12.3x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	3,970	6,400	6,050	Buy	52.4	(38.7)	28.8	13.9x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,000	6,425	6,050	Buy	51.3	(36.3)	18.1	8.6x	5.3x	82.6	4.2	6.5	(3.2)	0.7
INDY	1,800	3,060	5,000	Buy	177.8	(37.1)	9.4	1.8x	0.6x	43.7	6.0	213.9	37.8	0.9
Trade						(12.2)	690.5							
UNTR	30,675	35,400	39,550	Buy	28.9	(3.5)	114.4	10.6x	2.2x	22.6	3.2	32.1	60.8	1.0
AKRA	3,930	6,350	4,650	Buy	18.3	(40.5)	15.8	21.2x	2.0x	19.3	5.6	25.3	(22.4)	1.3
SCMA	1,875	2,480	2,025	Hold	8.0	(18.1)	27.4	19.2x	6.0x	32.3	4.0	10.8	8.7	1.2
MNCN	800	1,285	875	Hold	9.4	(44.3)	11.4	8.2x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,460	10,000	5,480	Buy	22.9	(59.9)	13.0	6.9x	5.2x	85.6	10.3	3.1	(0.6)	0.9
ACES	1,455	1,155	1,635	Hold	12.4	29.3	25.0	26.1x	6.5x	26.6	1.6	22.3	32.7	1.1
RALS	1,285	1,200	1,515	Buy	17.9	33.9	9.1	15.3x	2.3x	15.7	3.1	2.2	43.4	0.9
MAPI	795	620	945	Buy	18.9	22.3	13.2	22.8x	2.5x	14.0	0.5	18.3	126.7	0.9
Property						(12.4)	375.0							
BSDE	1,270	1,700	1,850	Buy	45.7	(24.4)	24.4	7.5x	0.9x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	600	685	600	Hold	-	(6.3)	28.9	12.9x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,000	1,185	1,050	Hold	5.0	(17.4)	18.6	20.5x	1.4x	6.8	1.0	7.9	1.7	1.6
SMRA	745	945	670	Hold	(10.1)	(16.3)	10.7	24.0x	1.6x	6.9	0.7	0.7	75.0	1.5
WSKT	1,630	2,210	2,810	Buy	72.4	(24.5)	22.1	4.2x	1.3x	33.2	3.5	27.0	41.1	1.3
PTPP	1,745	2,640	3,850	Buy	120.6	(34.4)	10.8	8.1x	0.9x	11.9	2.7	7.5	(11.9)	1.3
WIKA	1,480	1,550	2,150	Buy	45.3	(21.3)	13.3	9.6x	1.0x	11.0	1.8	32.3	26.0	1.0
ADHI	1,455	1,885	2,160	Buy	48.5	(26.7)	5.2	8.0x	0.9x	11.1	2.0	8.2	63.6	1.2
Misc Ind.						(2.1)	411.3							
ASII	8,325	8,300	8,925	Hold	7.2	(2.3)	337.0	15.5x	2.5x	17.3	2.3	16.4	20.6	1.3
Basic Ind.						29.6	648.4							
INTP	20,875	21,950	19,950	Hold	(4.4)	12.8	76.8	71.7x	3.4x	4.6	3.4	2.5	(56.1)	1.5
SMGR	11,650	9,900	11,550	Hold	(0.9)	16.2	69.1	26.2x	2.3x	9.0	1.2	4.4	43.1	1.2
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	1,910	1,300	3,250	Buy	70.2	43.1	22.4	12.1x	2.5x	20.2	5.2	16.8	104.2	0.8
MAIN	1,175	740	1,930	Buy	64.3	43.3	2.6	11.2x	1.4x	12.8	1.4	19.5	8200.0	1.2
KRAS	396	424	500	Buy	26.3	(16.5)	7.7	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,250	6,000	6,275	Buy	19.5	(6.3)	93.6	26.7x	3.6x	14.2	1.2	9.1	(34.2)	0.8
Mining						7.1	380.0							
ADRO	1,275	1,860	1,970	Buy	54.5	(24.8)	40.8	6.7x	0.8x	11.9	8.5	9.3	(16.0)	1.1
PTBA	3,940	2,460	5,375	Buy	36.4	80.7	45.4	7.2x	2.8x	42.1	8.1	20.7	49.7	1.0
ITMG	20,175	20,700	24,225	Buy	20.1	1.9	22.8	5.5x	1.5x	28.2	16.2	21.6	12.5	1.1
INCO	2,820	2,890	3,760	Buy	33.3	(2.8)	28.0	30.9x	1.0x	3.2	N/A	29.2	N/A	1.5
ANTM	605	625	1,200	Buy	98.3	(7.6)	14.5	14.9x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	640	775	1,240	Buy	93.8	(23.8)	4.8	9.0x	0.8x	8.8	3.7	1.8	13.1	1.2
MEDC	645	890	1,025	Buy	58.9	(22.4)	11.5	13.5x	0.6x	7.8	N/A	42.4	51.2	1.5
DOID	565	715	1,020	Buy	80.5	(28.5)	4.9	5.2x	1.5x	33.1	N/A	14.2	55.2	1.1
Agriculture						(15.6)	92.7							
AALI	10,800	13,150	16,925	Buy	56.7	(24.5)	20.8	12.0x	1.1x	9.5	4.0	9.1	(18.2)	0.6
LSIP	1,120	1,420	1,500	Buy	33.9	(20.3)	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

JSMR : Postpones KIK-Dinfra

JSMR postponed the issuance of collective investment contracts for infrastructure funds (KIK-Dinfra) due to the less conducive market circumstances. The instrument initially has the maximum investment funds of IDR1.5 trillion, with 13.6km Gempol-Pandaan toll road as its collateral asset. It emphasized that the postponement will not have no impacts on its business expansion. (Bisnis Indonesia)

WIKA : Issues Perpetual Bonds

In December 2018, WIKA will issue perpetual bonds worth IDR500 billion-IDR1 trillion in the first phase. The collected funds will be used to boost investments in 1Q19, particularly in the energy sector. It states that the bonds issuance will have no impacts on the incorporation of state-owned housing holding enterprise and areas development. (Bisnis Indonesia)

ELSA : Diversifies Its Service Contract Segment

ELSA will diversify its service contract segment to cushion the decline in crude's prices. The segment currently consists of the oil and gas upstream services, the transportation and energy distribution services, and the oil and gas supporting services. It targets the maintenance services of oil and gas mines and operational maintenance services. In 10M18, the total of its new contracts amounts to IDR3 trillion. (Bisnis Indonesia)

HITS : Targets Growth of 21% in Revenues

HITS targets the growth of 21% and 20% in the revenue and the net profit of 2019, respectively. Thus, it will allocate the capex of USD62 million to purchase 5 vessels in 2019. Of note, 75% of the funds derived from bank loans. Until the end of 2018, it projects the growth of 18.5% in its revenues. (Bisnis Indonesia)

Domestic & Global News

Rupiah Is Appreciated Further

The rupiah showoffs its impressive performance in early of this week as it marks its robust appreciation against the U.S. dollar among its peers in Asia. On Monday, 11/26/18, the rupiah strengthened at IDR14.470 at the closing of spot trading. It was appreciated by 0.45% compared with the last week trading. The appreciation was attributable to the U.S. least impressive economic data weighted the greenback as the dollar index was depreciated by 0.22%. (CNBC Indonesia)

Trump Would Delay an Increase in Tariffs in January

President Donald Trump suggested he could place a 10 percent tariff on iPhones and laptops imported from China, in an interview with the Wall Street Journal published Monday. Trump also said it's "highly unlikely" that he would delay an increase in tariffs from 10 percent to 25 percent on Jan. 1, just four days before a summit with Chinese President Xi Jinping. Trump said he expects he will increase tariffs on \$200 billion of Chinese goods to 25 percent. He will also add \$267 billion worth of tariffs onto goods that are not already subjected to existing tariffs if the two countries don't make a deal. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 26 - Nov	GER	16:00	IFO Business Climate	Nov	102.0	102.2	102.8
Wednesday 28 - Nov	USA	10:00	New Home Sales	Oct		582k	553k
Thursday 29 - Nov	GER	03:55	Unemployment Change (000's)	Nov		-10k	-11k
	EU	05:00	Consumer Confidence	Nov F		--	-3.9
	GER	08:00	CPI MoM	Nov P		0.20%	0.20%
	GER	08:00	CPI YoY	Nov P		2.40%	2.50%
	USA	08:30	Personal Income	Oct		0.40%	0.20%
	USA	08:30	Personal Spending	Oct		0.40%	0.40%
	USA	08:30	Initial Jobless Claims	24-Nov		--	224k
	JPN	18:30	Jobless Rate	Oct		2.30%	2.30%
	JPN	18:50	Industrial Production MoM	Oct P		1.20%	-0.40%
CHN	20:00	Manufacturing PMI	Nov		50.2	50.2	

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Thursday 29 - Nov	Tentative	Money Supply M2 YoY	Oct		--	6.70%
	Tentative	Money Supply M1 YoY	Oct		--	8.20%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 26 - Nov	Extraordinary Shareholder Meeting	MAGP
Tuesday 27 - Nov	Extraordinary Shareholder Meeting	MERK
	IPO Listing Date	DIVA
Wednesday 28 - Nov	Extraordinary Shareholder Meeting	FASW, COWL
	Annual Shareholder Meeting	BRPT
	IPO Listing Date	LUCK
Thursday 29 - Nov	Extraordinary Shareholder Meeting	BUMI
Friday 30 - Nov	Extraordinary Shareholder Meeting	TRIL
	Annual Shareholder Meeting	CANI

Source: Bloomberg

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