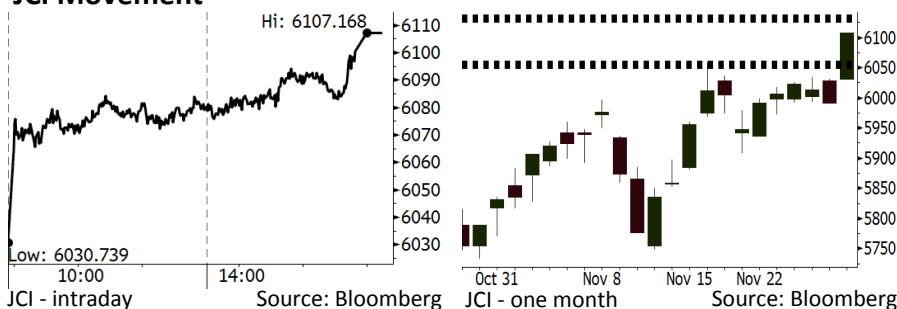


# Morning Brief

Daily | Nov 30, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

November 29	6,107.17
Chg	+115.92pts (+1.94%)
Volume (bn shares)	113.85
Value (IDR tn)	13.2
Adv 232 Dec 150 Unc 251 Untr 121	

Foreign Transaction (IDR bn)	
Buy	4,534
Sell	3,843
Net Buy (Sell)	691

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	166.9	UNTR	70.9
BBCA	139.3	TLKM	25.2
ICBP	131.2	KLBF	24.2
BMRI	92.9	PWON	20.4
HMSP	76.6	ASII	14.5

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
PTPP	12.4%	KLBF	-2.5%
INCO	8.0%	LPKR	-2.2%
ICBP	7.8%	MEDC	-0.8%
SMGR	7.4%	PGAS	-0.8%
BBTN	7.1%	SRIL	-0.6%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	7.90%	-0.05%
USDIDR	14,383	-1.00%
KRWIDR	12.83	-0.43%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,338.84	(27.59)	-0.11%
S&P 500	2,737.76	(6.03)	-0.22%
Nasdaq	7,273.08	(18.51)	-0.25%
FTSE 100	7,038.95	34.43	0.49%
CAC 40	5,006.25	23.01	0.46%
DAX	11,298.23	(0.65)	-0.01%
Nikkei	22,262.60	85.58	0.39%
Hang Seng	26,451.03	(231.53)	-0.87%
Shanghai	2,567.44	(34.29)	-1.32%
KOSPI	2,114.10	5.88	0.28%
EIDO	25.15	0.43	1.74%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.2	3.0	0.24%
Crude Oil (USD /bbl)	51.45	1.16	2.31%
Coal Newcas(USD/ton)	102.30	1.45	1.44%
Gas (USD /mmbtu)	4.65	(0.05)	-1.13%
Nickel LME (USD /MT)	10,915	(55.0)	-0.50%
Tin LME (USD /MT)	18,800	(450.0)	-2.34%
CPO (MYR/Ton)	2,027	13.0	0.65%

## Market Recap

Powell's dovish stance sent JCI to soar near 2%, while the Rupiah rallied to 14,300 per U.S. dollar. **Top Gainers: Property (+2.90%), Consumer (+2.87%), Basic Industry (+2.41%)**

Another to JCI, most Asia and European markets were bullish thanks to Powell's dovish stance. Now, investors fixate on talks between the U.S. and China, yet news of White House advisor Peter Navarro's attendance fade investors' hopes on the talks and caused the U.S. market to close lower yesterday.

## Today's Outlook: Dynamics Ahead of Trump and Xi Meeting

Today we estimate JCI to lower with the **support range of 6052-6058** and the **resistance range of 6128-6135**. JCI's yesterday jump is likely to make investors post profits on Friday, 11/30/18. Investors are cautious ahead of the meeting between Trump and Xi Jinping at G-20. The news spreads that Trump will be accompanied by one of White House advisor who is anti-China.

Meanwhile, rebounding crude prices allow investors to accumulate commodities' stocks; coal prices also rebound, for example. In fact, the commodities sector makes a steep decline within recent weeks.

## Stocks Recommendation (details on the next page)

Trading Buy: UNTR, MEDC, INDF

## Company News

- ADHI : Will Receive Second Payment of LRT Projects
- ITMG : Projects Sales Volume of 24.2 Million Tons
- TINS : Posts Decline of 15% in Profits
- BUMI : Consistently Spurs Production Capacity

## Domestic & Global News

- CDS of November Is Still High
- Navarro Will Be Attending Trump-Xi Meeting

## Indonesia Economic Data

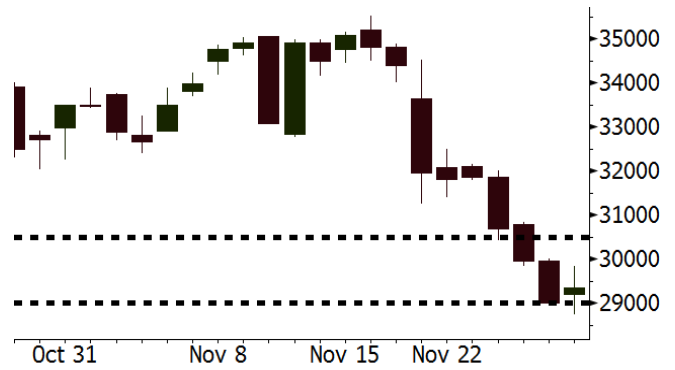
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	6.00%	5.75%	Real GDP	5.17%	5.27%
FX Reserve (USD bn)	115.20	114.85	Current Acc (USD bn)	(8.85)	(8.03)
Trd Balance (USD bn)	(1.82)	0.23	Govt. Spending Yoy	6.28%	5.26%
Exports Yoy	3.59%	1.70%	FDI (USD bn)	5.95	5.50
Imports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

**UNTR** Last = 29350

**Analysis** UNTR's stock prices give attractive potencies. After a steep tumble within recent days, UNTR's P/E valuation is at 10.1x, much lower than the last 2-year average of 18.3x.

**Range** 29000 – 30500

**Action** Trading Buy. Cut Loss If Below 29000



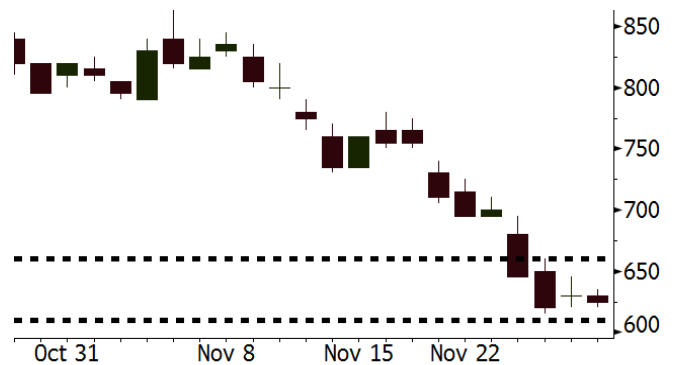
Source: Bloomberg

**MEDC** Last = 625

**Analysis** Global crude prices rebound. Russia and OPEC stated to curb crude production ahead of OPEC meeting.

**Range** 610 – 660

**Action** Trading Buy. Cut Loss If Below 610



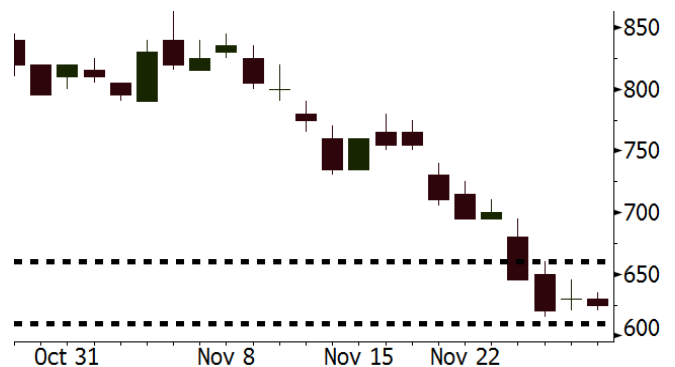
Source: Bloomberg

**INDF** Last = 6400

**Analysis** Investor actively accumulates INDF's stocks, underlined by its P/E valuation of 15.2x, the lowest among its large cap. peers.

**Range** 6300 – 6700

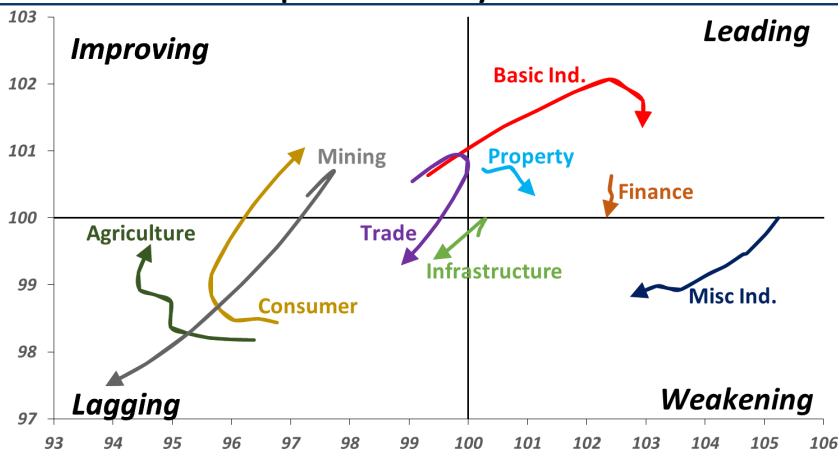
**Action** Trading buy. Cut Loss If Below 6300



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>	6,107	6,356				2.6	6,935.5							
<b>Finance</b>						12.9	2,212.3							
BBCA	26,200	21,900	28,825	Hold	10.0	28.7	646.0	25.9x	4.5x	18.4	1.0	7.5	10.0	0.9
BBRI	3,710	3,640	4,370	Buy	17.8	15.6	457.6	14.2x	2.6x	19.3	2.9	7.9	14.5	1.4
BMRI	7,650	8,000	8,275	Hold	8.2	3.4	357.0	15.1x	2.1x	14.2	2.6	2.7	20.1	1.4
BBNI	8,775	9,900	10,525	Buy	19.9	8.3	163.6	11.0x	1.6x	15.1	2.9	10.0	12.5	1.4
BBTN	2,710	3,570	3,050	Hold	12.5	(15.3)	28.7	8.8x	1.2x	14.9	2.1	14.5	11.6	1.7
BJTM	670	710	810	Buy	20.9	(8.8)	10.0	8.3x	1.2x	15.3	6.6	2.8	4.5	0.8
<b>Consumer</b>						(3.7)	1,396.1							
HMSP	3,720	4,730	4,225	Hold	13.6	(9.3)	432.7	33.2x	13.8x	41.8	2.9	7.2	3.8	1.3
GGRM	83,525	83,800	88,650	Hold	6.1	9.1	160.7	19.9x	3.7x	19.6	3.1	13.6	6.3	1.2
UNVR	42,100	55,900	49,700	Buy	18.1	(14.6)	321.2	35.4x	35.8x	118.0	2.2	1.0	39.7	1.0
ICBP	9,700	8,900	10,550	Hold	8.8	14.8	113.1	26.7x	5.4x	21.3	2.3	7.5	14.6	1.0
INDF	6,400	7,625	8,175	Buy	27.7	(12.6)	56.2	15.2x	1.7x	11.7	4.7	3.1	(13.7)	1.2
KLBF	1,535	1,690	1,730	Hold	12.7	(4.1)	72.0	29.6x	5.2x	18.3	1.6	3.9	1.4	1.3
KAEF	2,550	2,700	2,890	Hold	13.3	12.3	14.2	39.3x	5.4x	14.5	0.7	23.4	17.4	1.1
<b>Infrastructure</b>						(8.1)	714.28							
TLKM	3,740	4,399	4,700	Buy	25.7	(9.0)	370.5	20.1x	4.1x	20.4	4.5	2.3	(20.6)	0.9
EXCL	2,050	2,960	3,930	Buy	91.7	(33.4)	21.9	N/A	1.0x	(0.0)	N/A	(0.1)	N/A	1.0
ISAT	2,030	4,800	6,750	Buy	232.5	(62.1)	11.0	N/A	0.9x	(11.5)	3.6	(25.7)	N/A	0.9
PGAS	1,940	1,750	2,600	Buy	34.0	14.1	47.0	12.4x	1.0x	8.2	1.6	12.9	122.8	1.4
JSMR	4,000	6,400	6,050	Buy	51.3	(37.3)	29.0	14.0x	1.8x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,000	6,425	6,050	Buy	51.3	(29.8)	18.1	8.6x	5.3x	82.6	4.2	6.5	(3.2)	0.7
INDY	1,880	3,060	5,000	Buy	166.0	(32.9)	9.8	1.9x	0.7x	43.7	5.7	213.9	37.8	0.9
<b>Trade</b>						(11.8)	695.0							
UNTR	29,350	35,400	39,550	Buy	34.8	(12.4)	109.5	10.1x	2.1x	22.6	3.3	32.1	60.8	1.0
AKRA	3,970	6,350	4,650	Buy	17.1	(37.5)	15.9	21.4x	2.0x	19.3	5.5	25.3	(22.4)	1.3
SCMA	1,950	2,480	2,025	Hold	3.8	(11.4)	28.5	20.0x	6.2x	32.3	3.8	10.8	8.7	1.2
MNCN	800	1,285	875	Hold	9.4	(38.5)	11.4	8.2x	1.0x	14.2	1.9	2.8	(20.3)	1.0
LPPF	4,680	10,000	5,480	Buy	17.1	(55.8)	13.7	7.2x	5.5x	85.6	9.8	3.1	(0.6)	0.9
ACES	1,505	1,155	1,635	Hold	8.6	26.5	25.8	27.0x	6.7x	26.6	1.5	22.3	32.7	1.1
RALS	1,250	1,200	1,515	Buy	21.2	25.0	8.9	14.8x	2.2x	15.7	3.2	2.2	43.4	0.9
MAPI	835	620	945	Hold	13.2	20.6	13.9	23.9x	2.7x	14.0	0.5	18.3	126.7	0.9
<b>Property</b>						(10.1)	380.5							
BSDE	1,335	1,700	1,850	Buy	38.6	(19.1)	25.7	7.9x	1.0x	13.2	N/A	(18.9)	(74.2)	1.3
PWON	600	685	600	Hold	-	(3.2)	28.9	12.9x	2.4x	20.6	1.0	19.0	25.2	1.3
CTRA	1,080	1,185	1,050	Hold	(2.8)	(11.8)	20.0	22.1x	1.5x	6.8	0.9	7.9	1.7	1.6
SMRA	800	945	670	Sell	(16.3)	(7.0)	11.5	25.8x	1.7x	6.9	0.6	0.7	75.0	1.5
WSKT	1,555	2,210	2,810	Buy	80.7	(26.3)	21.1	4.0x	1.2x	33.2	3.7	27.0	41.1	1.3
PTPP	1,865	2,640	3,850	Buy	106.4	(27.4)	11.6	8.7x	1.0x	11.9	2.5	7.5	(11.9)	1.3
WIKA	1,495	1,550	2,150	Buy	43.8	(17.2)	13.4	9.7x	1.0x	11.0	1.8	32.3	26.0	1.0
ADHI	1,530	1,885	2,160	Buy	41.2	(21.7)	5.4	8.4x	0.9x	11.1	1.9	8.2	63.6	1.2
<b>Misc Ind.</b>						5.0	418.4							
ASII	8,475	8,300	8,925	Hold	5.3	6.3	343.1	15.8x	2.6x	17.3	2.2	16.4	20.6	1.3
<b>Basic Ind.</b>						30.2	639.9							
INTP	20,100	21,950	19,950	Hold	(0.7)	9.1	74.0	69.1x	3.3x	4.6	3.5	2.5	(56.1)	1.5
SMGR	12,000	9,900	11,550	Hold	(3.8)	27.7	71.2	27.0x	2.4x	9.0	1.1	4.4	43.1	1.2
CPIN	5,925	3,000	6,700	Hold	13.1	102.9	97.2	24.0x	5.3x	24.2	0.9	5.1	79.7	1.0
JPFA	2,040	1,300	3,250	Buy	59.3	54.0	23.9	12.9x	2.6x	20.2	4.9	16.8	104.2	0.8
MAIN	1,235	740	1,930	Buy	56.3	48.8	2.8	11.8x	1.5x	12.8	1.3	19.5	8200.0	1.2
KRAS	396	424	500	Buy	26.3	(12.8)	7.7	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	5,225	6,000	6,275	Buy	20.1	(4.6)	93.2	26.7x	3.6x	14.2	1.2	9.1	(34.2)	0.8
<b>Mining</b>						7.8	384.8							
ADRO	1,280	1,860	1,970	Buy	53.9	(24.7)	40.9	6.7x	0.8x	11.9	8.5	9.3	(16.0)	1.1
PTBA	4,140	2,460	5,375	Buy	29.8	84.0	47.7	7.5x	3.0x	42.1	7.7	20.7	49.7	1.0
ITMG	21,250	20,700	24,225	Hold	14.0	0.5	24.0	5.9x	1.6x	28.2	15.3	21.6	12.5	1.1
INCO	2,980	2,890	3,760	Buy	26.2	8.0	29.6	32.9x	1.1x	3.2	N/A	29.2	N/A	1.5
ANTM	625	625	1,200	Buy	92.0	(6.0)	15.0	15.4x	0.8x	5.3	0.3	292.4	N/A	1.2
TINS	625	775	1,240	Buy	98.4	(26.5)	4.7	8.8x	0.8x	8.8	3.8	2.7	(18.7)	1.2
MEDC	625	890	1,025	Buy	64.0	(29.0)	11.1	13.1x	0.6x	7.8	N/A	42.4	51.2	1.5
DOID	575	715	1,020	Buy	77.4	(29.4)	5.0	5.3x	1.5x	33.1	N/A	14.2	55.2	1.1
<b>Agriculture</b>						(13.4)	94.2							
AALI	11,000	13,150	16,925	Buy	53.9	(20.6)	21.2	12.3x	1.1x	9.5	3.9	9.1	(18.2)	0.6
LSIP	1,150	1,420	1,500	Buy	30.4	(17.3)	7.8	16.7x	0.9x	5.7	3.9	(19.6)	(39.3)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **ADHI : Will Receive Second Payment of LRT Projects**

ADHI stated to promptly receive the payment of greater Jakarta-based LRT projects no later than the second week of December 2018. It will be the second payment of IDR2.84 trillion. In 1Q18, ADHI received the first payment of IDR3.42 trillion. Of note, the total amount of the LRT projects are IDR19.7 trillion. (Bisnis Indonesia)

### **TINS : Posts Decline of 15% in Profits**

Although posting a slight growth performance, TINS booked the decline of 15% y-y to IDR255.54 billion in net profits. It stated that the decline was attributable to the upbeat prices of raw materials and the hike in employee's allowance. Despite the loss, TINS is unlikely to make any revision and is sanguine about the FY18 growth of 16% and 99% in revenue and net profit, respectively. (Kontan)

### **ITMG : Projects Sales Volume of 24.2 Million Tons**

ITMG projects coal sales volume to amount to 24.2 million tons at the end of 2018. Setting estimated coal production of 22.5 million tons, it has to buy 2.5 million tons of coal from the third party. The high prices set by the third party are likely to suppress ITMG's sales performance. Until 3Q18, it posted the sales and production volume of 16.1 million tons and 15.7 million tons, respectively. (Bisnis Indonesia)

### **BUMI : Consistently Spurs Production Capacity**

BUMI will gradually keep increasing its production capacities. Until the end of 2018, it targets the coal production of 80-83 million metric tons. In 2019, the target hikes to 90 million metric tons; thus, it allocates the capex of USD5--60 million. Another to boosting coal production, it will also increase the production of high-calories coal to 40%-50% in 2019.(Kontan)

## Domestic & Global News

### **CDS of November Is Still High**

The rupiah's exchange rate is stable and rallies, yet Indonesia's credit default swap (CDS) declines significantly. In November, CDS with 5-year tenor November tumbles by 3.54% to 143.39, much lower than that of 9.96% in October. Meanwhile, In November, CDS with 10-year tenor also slipped by 2.13% to 222.70, much lower than that of 5.35 in October. However, Indonesia's current CDS level is higher than that of the lowest level in January 2018. (Kontan)

### **Navarro Will Be Attending Trump-Xi Meeting**

White House trade policy advisor and China hawk Peter Navarro will be attending a crucial meeting between President Donald Trump and Chinese President Xi Jinping this week, a White House official confirmed to CNBC. His addition to the dinner could be seen as a signal to the Chinese that trade hawks are ascendant inside the administration. Word of his attendance sent the Dow Jones Industrial Average briefly to its low of the day. Navarro is known for his aggressive stance toward changes in the U.S. trade relationship with China. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 26 - Nov	GER	16:00	IFO Business Climate	Nov	102.0	102.2	102.8
<b>Wednesday</b> 28 - Nov	USA	10:00	New Home Sales	Oct	544k	582k	553k
<b>Thursday</b> 29 - Nov	GER	15:55	Unemployment Change (000's)	Nov	-16k	-10k	-11k
	EU	17:00	Consumer Confidence	Nov F	-3.9	--	-3.9
	GER	20:00	CPI MoM	Nov P	0.10%	0.20%	0.20%
	GER	20:00	CPI YoY	Nov P	2.30%	2.40%	2.50%
	USA	20:30	Personal Income	Oct	0.50%	0.40%	0.20%
	USA	20:30	Personal Spending	Oct	0.60%	0.40%	0.40%
	USA	20:30	Initial Jobless Claims	24-Nov	234k	--	224k
<b>Friday</b> 30 - Nov	JPN	06:30	Jobless Rate	Oct	2.40%	2.30%	2.30%
	JPN	06:50	Industrial Production MoM	Oct P	2.90%	1.20%	-0.40%
	CHN	08:00	Manufacturing PMI	Nov	50.0	50.2	50.2

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b> 29 - Nov	Tentative	Money Supply M2 YoY	Oct	6.71%	--	6.70%
	Tentative	Money Supply M1 YoY	Oct	8.23%	--	8.20%

Source: Bloomberg

## Corporate Calendar

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

Source: Bloomberg

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