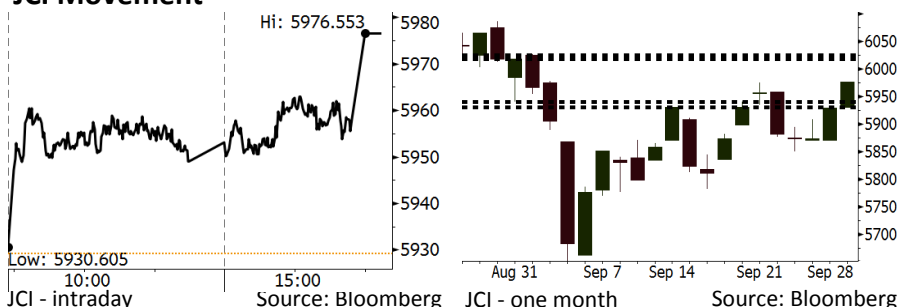


Morning Brief

Daily | Oct 1, 2018

JCI Movement



Market Recap

JCI rallied on Friday, 09/29/18, backed by the agricultural sector, particularly CPO companies and the rally in rupiah's exchange rate. **Top Gainers: Agriculture (+1.69%), Basic Industry (+1.38%), Infrastructure (+1.16%)**

Global markets closed mixed on Friday, 09/29/18, as the trade war tension between the U.S and China escalated. European market closed lower along with the decision of Italy government to set the budget deficit target t at around 2.4% of GDP within the next 3 years.

Today's Outlook: September's Inflation

Today we estimate JCI to rally with the **support range of 5931-5941** and the **resistance range of 6018-6025**. Today investors keep their wary eyes on the release of September's inflation. The core inflation depicting the supply-demand relationship is on the spotlight. The consistent acceleration in the core inflation since February 2017 showed that the consumption in Indonesia recovered further. On the other side, investors will get a bit suppress from the release of the Indonesia's manufacture data falling from 51.9 to 50.7.

From the global outlook, the pressure comes from the Caixin edging down from 50.6 in August to 50.0 in September amid the escalating tension between the U.S. and China. However, the negative sentiment gave no significant pressure on Asia markets. This morning Asia markets moved mixed.

Stocks Recommendation (details on the next page)

Trading Buy: LSIP, BBCA, INDF

Company News

INTP : Posts Sales Volumes of 11.5 Million Tons
 MYOR : Posts Growth of 15% in Sales
 WSKT : Will Issue MTN of IDR1.5 Trillion
 CMNP : Targets Growth of 20% in Revenues

Domestic & Global News

Market Consensus: September's Deflation of 0.02%
 China's Manufacturing Slowing Down in September

Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports Yoy	24.65%	31.56%	Business Confidence	112.82	106.28
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	121.60	124.80

IHSG (Jakarta Composite Index)

September 28 5,976.55
 Chg +47.34pts (+0.80%)
 Volume (bn shares) 107.05
 Value (IDR tn) 7.93
Adv 191 Dec 169 Unc 257 Untr 128

Foreign Transaction (IDR bn)

Buy 3,065
 Sell 2,180
Net Buy (Sell) 885

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	193.3	SMRA	30.0
TLKM	168.0	BBTN	28.4
PTBA	155.7	BBNI	25.9
BBCA	114.9	INTP	21.8
PGAS	74.1	INDF	19.4

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SSMS	6.6%	EXCL	-2.1%
SMGR	5.3%	MNCN	-1.8%
MEDC	4.7%	INKP	-1.6%
PTBA	3.9%	GGRM	-1.3%
INTP	3.6%	INDF	-1.3%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.12%	-0.06%
USDIDR	14,903	-0.13%
KRWIDR	13.45	0.19%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,458.31	18.38	0.07%
S&P 500	2,913.98	(0.02)	0.00%
Nasdaq	8,046.35	4.39	0.06%
FTSE 100	7,510.20	(35.24)	-0.47%
CAC 40	5,493.49	(46.92)	-0.85%
DAX	12,246.73	(188.86)	-1.52%
Nikkei	24,120.04	323.30	1.36%
Hang Seng	27,788.52	72.85	0.26%
Shanghai	2,821.35	29.58	1.06%
KOSPI	2,343.07	(12.36)	-0.52%
EIDO	22.97	0.13	0.57%

Commodities

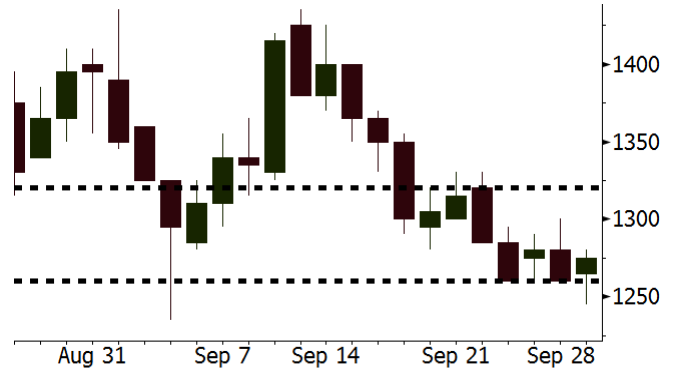
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,190.9	8.1	0.68%
Crude Oil (USD /bbl)	73.25	1.13	1.57%
Coal Newcas(USD/ton)	114.15	(0.35)	-0.31%
Gas (USD /mmbtu)	3.01	(0.05)	-1.57%
Nickel LME (USD /MT)	12,600	40.0	0.32%
Tin LME (USD /MT)	18,875	25.0	0.13%
CPO (MYR/Ton)	2,174	8.0	0.37%

LSIP Last = 1275

Analysis The drought sweeps Indonesia-based oil palm plantations will impact on the decline in 2H19's supply. The circumstances likely spur rally in global CPO's prices.

Range 1260 – 1320

Action Trading Buy. Cut Loss If Below 1260



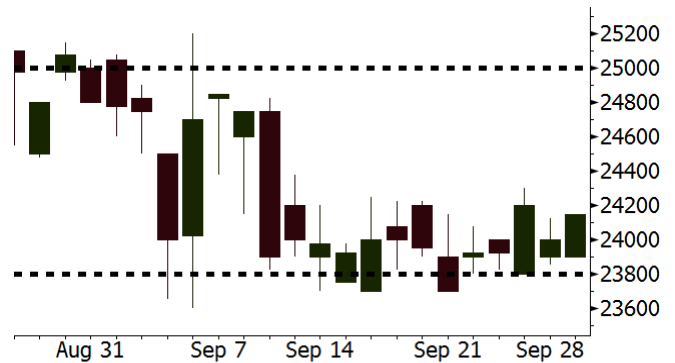
Source: Bloomberg

BBCA Last = 24150

Analysis BBCA has the CASA topping 70%, the highest among the other banks. The highest CASA will mitigate the decline in deposit liquidity attributable to the hike in benchmark rate by Bank Indonesia (BI).

Range 23800 – 25000

Action Trading Buy. Cut Loss If Below 23800



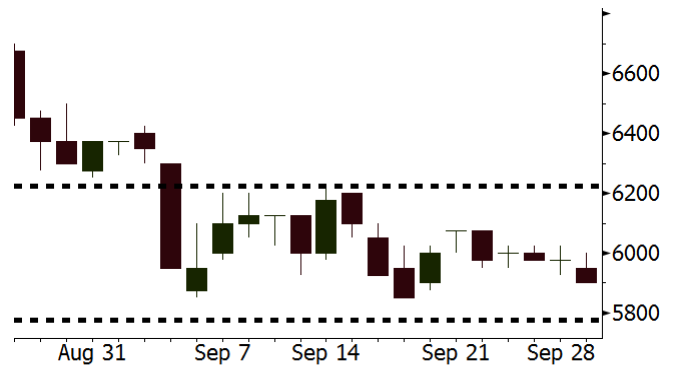
Source: Bloomberg

INDF Last = 5900

Analysis Compared to the consumer big cap stocks experiencing rally, INDF experienced no rally yet. The consistent recovery in Indonesia's consumption likely send INDF's shares to rally following other consumer's sector.

Range 5775 – 6225

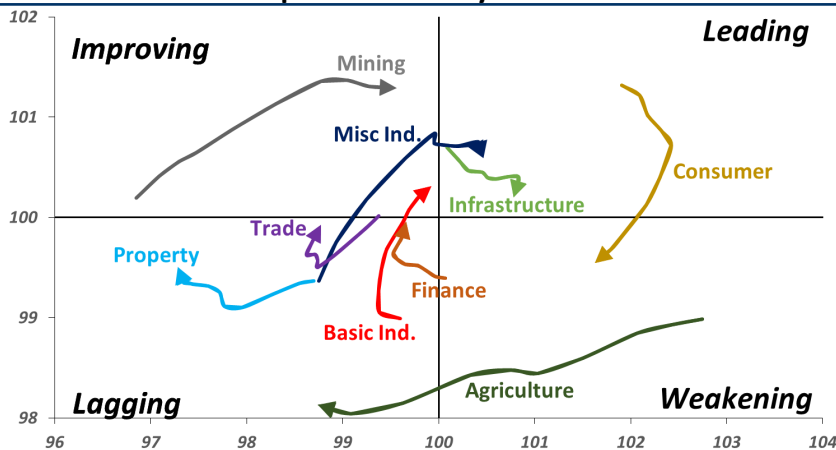
Action Trading buy. Cut Loss If Below 5775



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	5,977	6,356				1.3	6,762.2							
Finance						6.2	2,010.0							
BBCA	24,150	21,900	27,650	Hold	14.5	19.0	595.4	24.6x	4.4x	18.8	1.1	5.7	8.4	0.9
BBRI	3,150	3,640	3,930	Buy	24.8	3.1	388.5	12.6x	2.3x	19.3	3.4	5.8	10.9	1.4
BMRI	6,725	8,000	7,500	Hold	11.5	-	313.8	15.3x	1.9x	14.5	3.0	3.1	28.7	1.3
BBNI	7,400	9,900	9,675	Buy	30.7	-	138.0	9.4x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,630	3,570	3,280	Buy	24.7	(16.5)	27.9	8.7x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(7.1)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						0.3	1,408.4							
HMSP	3,850	4,730	4,300	Hold	11.7	(0.3)	447.8	35.2x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	74,050	83,800	88,650	Buy	19.7	12.5	142.5	17.4x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	47,025	55,900	49,600	Hold	5.5	(4.0)	358.8	51.9x	71.6x	139.4	1.9	(0.4)	(2.5)	1.0
ICBP	8,825	8,900	10,550	Buy	19.5	1.1	102.9	25.8x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	5,900	7,625	8,175	Buy	38.6	(30.0)	51.8	13.5x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,380	1,690	1,730	Buy	25.4	(17.1)	64.7	26.9x	4.8x	18.9	1.8	3.1	(0.0)	1.3
KAFF	2,550	2,700	3,280	Buy	28.6	(6.9)	14.2	40.0x	5.6x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(14.5)	709.28							
TLKM	3,640	4,399	4,600	Buy	26.4	(21.5)	360.6	19.2x	4.2x	22.1	4.6	0.5	(28.1)	0.8
EXCL	2,760	2,960	3,800	Buy	37.7	(26.2)	29.5	202.5x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,050	4,800	6,750	Buy	121.3	(51.2)	16.6	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
PGAS	2,250	1,750	2,600	Buy	15.6	42.9	54.5	15.3x	1.1x	7.6	1.4	15.0	200.0	1.5
JSMR	4,470	6,400	6,050	Buy	35.3	(20.2)	32.4	14.6x	2.1x	14.8	1.4	42.5	2.9	1.0
TBIG	5,625	6,425	6,050	Hold	7.6	(14.4)	25.5	11.3x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	2,800	3,060	5,000	Buy	78.6	44.3	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(10.2)	717.8							
UNTR	33,000	35,400	44,750	Buy	35.6	3.1	123.1	13.0x	2.5x	20.6	2.7	32.3	60.0	1.1
AKRA	3,670	6,350	8,025	Buy	118.7	(48.3)	14.7	21.0x	1.8x	22.2	6.0	21.6	(34.8)	1.3
SCMA	1,875	2,480	2,500	Buy	33.3	(14.4)	27.4	20.5x	6.5x	32.5	4.0	2.6	0.7	1.1
MNCN	805	1,285	1,125	Buy	39.8	(39.0)	11.5	8.0x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	6,925	10,000	11,250	Buy	62.5	(25.3)	20.2	10.5x	8.6x	93.0	6.6	3.1	0.4	1.1
ACES	1,440	1,155	1,635	Hold	13.5	18.5	24.7	28.0x	6.9x	26.3	1.6	22.6	30.0	1.1
RALS	1,300	1,200	1,525	Buy	17.3	44.4	9.2	16.7x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	825	620	945	Hold	14.5	17.9	13.7	23.4x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(15.5)	362.5							
BSDE	1,155	1,700	1,850	Buy	60.2	(34.7)	22.2	6.7x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	515	685	625	Buy	21.4	(15.6)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	875	1,185	1,130	Buy	29.1	(26.8)	16.2	22.2x	1.2x	5.6	1.1	(0.8)	(49.0)	1.4
SMRA	655	945	1,050	Buy	60.3	(38.5)	9.4	24.0x	1.4x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,700	2,210	2,810	Buy	65.3	(4.2)	23.1	4.0x	1.4x	39.6	3.4	47.3	134.6	1.4
PTPP	1,525	2,640	3,850	Buy	152.5	(34.0)	9.5	7.0x	0.8x	12.5	3.1	17.0	(16.3)	1.4
WIKA	1,365	1,550	2,150	Buy	57.5	(23.7)	12.2	9.5x	0.9x	10.5	2.0	36.8	18.7	1.0
ADHI	1,390	1,885	2,160	Buy	55.4	(30.5)	4.9	8.3x	0.8x	10.5	2.1	#N/A	N/A	1.2
Misc Ind.						(5.8)	371.2							
ASII	7,350	8,300	9,300	Buy	26.5	(7.0)	297.6	14.9x	2.3x	16.3	2.5	14.8	11.3	1.2
Basic Ind.						32.5	639.1							
INTP	18,500	21,950	21,575	Buy	16.6	(2.1)	68.1	51.9x	3.0x	5.7	3.8	(0.9)	(60.6)	1.4
SMGR	9,925	9,900	11,550	Buy	16.4	(2.0)	58.9	31.1x	2.0x	6.6	1.4	4.7	(10.9)	1.2
CPIN	5,075	3,000	4,200	Sell	(17.2)	85.2	83.2	24.4x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	2,050	1,300	2,000	Hold	(2.4)	61.4	24.0	14.5x	2.7x	18.3	4.9	18.2	142.5	0.8
MAIN	1,270	740	780	Sell	(38.6)	40.3	2.8	19.7x	1.6x	7.9	N/A	13.5	350.0	1.2
KRAS	400	424	500	Buy	25.0	(22.3)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,920	6,000	6,275	Buy	27.5	3.3	87.7	22.7x	3.4x	17.8	1.3	7.6	(37.4)	0.7
BRPT	1,840	2,260	2,420	Buy	31.5	(7.8)	32.7	19.9x	1.9x	8.9	1.3	13.0	22.5	1.1
Mining						36.7	441.6							
ADRO	1,835	1,860	2,500	Buy	36.2	0.5	58.7	8.6x	1.1x	13.3	5.9	3.9	(12.1)	1.2
PTBA	4,320	2,460	5,375	Buy	24.4	106.7	49.8	8.5x	3.6x	43.4	7.4	17.4	49.1	1.1
ITMG	25,850	20,700	32,400	Buy	25.3	27.7	29.2	7.7x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,710	2,890	5,325	Buy	43.5	43.2	36.9	64.0x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	845	625	1,200	Buy	42.0	32.0	20.3	20.8x	1.1x	5.3	0.2	292.4	N/A	1.2
TINS	745	775	1,240	Buy	66.4	(8.6)	5.5	10.5x	0.9x	8.8	3.2	1.8	13.1	1.1
ELSA	372	372	625	Buy	68.0	22.4	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.4
Agriculture						(10.8)	102.5							
AALI	12,400	13,150	16,925	Buy	36.5	(16.6)	23.9	13.6x	1.3x	9.7	3.8	8.9	(23.3)	0.6
LSIP	1,275	1,420	1,680	Buy	31.8	(9.6)	8.7	16.4x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

INTP : Posts Sales Volumes of 11.5 Million Tons

INTP posted the cement sales volume of 11.5 million tons (+9,8% y-y) from January to August 2018 backed by the massive infrastructure projects. The growth figures were higher than the growth of domestic cement consumption reaching 43 million tons (+4.6% y-y). It is optimistic that the growth in 2018's sales volumes of 6% y-y is likely achieved. (Kontan)

MYOR : Posts Growth of 15% in Sales

MYOR posted the sales growth of 15% until August 2018. The figures topped 2018's growth target of 12%. The growth was backed by the better purchasing power since 1Q18 and Idul Fitri's momentum posting the growth of 25% in sales. It will increase its production capacity through the development of new factory in Balaraja, Banten. (Bisnis Indonesia)

WSKT : Will Issue MTN of IDR1.5 Trillion

PT Waskita Toll Road, the subsidiary of PT Waskita Karya (Persero) Tbk, issued a medium term notes (MTN) with the funds target of IDR1.5 trillion from 4Q18 to 1Q19. Of note the right issue will be categorized in two phases respectively amounting to IDR900 billion and IDR600 billion. The proceeds of the right issue will be used as the land acquisition funds. (Bisnis Indonesia)

CMNP : Targets Growth of 20% in Revenues

CMNP targets the growth of 20% in 2018's revenues after the official launch of section I of 5.8km Depok-Antasari Toll Road on September 27, 2018. Of note the II and III section are targeted to be settled in December 2018 and the mid of 2021. The toll project is 21.6 km in length and requires the investment funds to reach IDR4.9 trillion. (Kontan)

Domestic & Global News

Market Consensus: September's Deflation of 0.02%

The Central Statistics Agency (BPS) is scheduled to announce September 2018's Consumer Prices Index today. Investors estimated that Indonesia will re-post a monthly deflation in September. Meanwhile on annual basis, the inflation rate was controlled well at around 3%. Investors' consensus collected by CNBC Indonesia estimated that the deflation was at 0,02%, while the annual based inflation was at 3,055%. Furthermore, on the annual basis, the core inflation will be at 2.86%. (CNBC)

China's Manufacturing Slowing Down in September

The Caixin/Markit Manufacturing Purchasing Managers' Index which focuses on small and medium-sized firms in China fell to 50.0 in September from 50.6 in August. Data showed growth in China's manufacturing sector slowing down in September, with both external and domestic demand weakening. The data comes as the U.S.-China trade war continues to escalate, with new tariffs imposed between the two countries on Sept. 24 and Washington threatening to slap tariffs on virtually all Chinese imports into the United States. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	07:30	Nikkei Japan PMI Mfg	Sep F	52.5	--	52.9
<i>01 - Oct</i>	GER	14:55	Markit Germany Manufacturing PMI	Sep F		53.7	53.7
	EU	15:00	Markit Eurozone Manufacturing PMI	Sep F		53.3	53.3
	UK	15:30	Markit UK PMI Manufacturing SA	Sep		52.5	52.8
	USA	20:45	Markit US Manufacturing PMI	Sep F		--	55.6
	USA	21:00	ISM Manufacturing	Sep		60.3	61.3
Wednesday	USA	19:15	ADP Employment Change	Sep		185k	163k
<i>03 - Oct</i>							
Thursday	USA	19:30	Initial Jobless Claims	29-Sep		--	214k
<i>04 - Oct</i>	USA	21:00	Factory Orders	Aug		1.00%	-0.80%
	USA	21:00	Durable Goods Orders	Aug F		--	4.50%
Friday	GER	13:00	Factory Orders MoM	Aug		0.00%	-0.90%
<i>05 - Oct</i>	USA	19:30	Trade Balance	Aug		-\$50.7b	-\$50.1b
	USA	19:30	Change in Nonfarm Payrolls	Sep		188k	201k
	USA	19:30	Unemployment Rate	Sep		3.80%	3.90%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	07:30	Nikkei Indonesia PMI Mfg	Sep	50.7	--	51.9
<i>01 - Oct</i>	11:00	CPI YoY	Sep		3.08%	3.20%
	11:00	CPI NSA MoM	Sep		0.05%	-0.05%
	11:00	CPI Core YoY	Sep		2.65%	2.90%
Thursday	Tentative	Consumer Confidence Index	Sep		--	121.6
<i>04 - Oct</i>						
Friday	Tentative	Foreign Reserves	Sep		--	\$117.90b
<i>05 - Oct</i>	Tentative	Net Foreign Assets IDR	Sep		--	1696.6t

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Extraordinary Shareholder Meeting	PEGE
<i>01 - Oct</i>		
Tuesday	Extraordinary Shareholder Meeting	KKGI, PNSE, PUDP
<i>02 - Oct</i>	Cum Dividend Date	BSSR (IDR151.2 per share)
Wednesday	Extraordinary Shareholder Meeting	NIRO
<i>03 - Oct</i>	IPO Listing	SAPX
	Cum Rights Offering Date	MAYA (1 per 6, subscription price IDR2,200)
Thursday	Extraordinary Shareholder Meeting	GDYR, SIAP
<i>04 - Oct</i>		
Friday	Annual Shareholder Meeting	BTPN
<i>05 - Oct</i>	IPO Listing	SURE

Source: Bloomberg

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