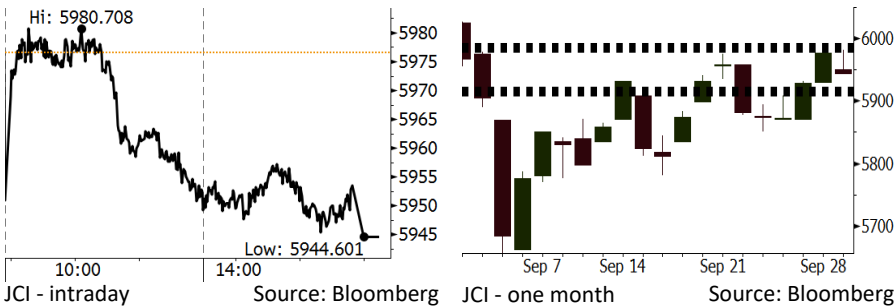


# Morning Brief

Daily | Oct 2, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 1	5,944.60
Chg	-31.95pts (-0.54%)
Volume (bn shares)	90.56
Value (IDR tn)	6.07

Adv 179 Dec 213 Unc 225 Untr 111

Foreign Transaction (IDR bn)	
Buy	1,769
Sell	1,392
Net Buy (Sell)	378

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	81.7	TKIM	34.3
TLKM	70.8	BBCA	30.6
PTBA	44.6	SMGR	16.0
GGRM	30.6	PNLF	15.2
AKRA	28.6	BUMI	10.7

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
AKRA	7.9%	INTP	-4.7%
ELSA	6.5%	SMGR	-3.3%
WIKA	6.2%	TPIA	-3.3%
WSKT	5.9%	INCO	-3.0%
MEDC	5.5%	SCMA	-2.9%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.01%	-0.10%
USDIDR	14,911	0.05%
KRWIDR	13.43	-0.15%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	26,651.21	192.90	0.73%
S&P 500	2,924.59	10.61	0.36%
Nasdaq	8,037.30	(9.05)	-0.11%
FTSE 100	7,495.67	(14.53)	-0.19%
CAC 40	5,506.82	13.33	0.24%
DAX	12,339.03	92.30	0.75%
Nikkei	24,245.76	125.72	0.52%
Hang Seng	27,788.52	72.85	0.26%
Shanghai	2,821.35	29.58	1.06%
KOSPI	2,338.88	(4.19)	-0.18%
EIDO	22.92	(0.05)	-0.22%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,189.0	(1.9)	-0.16%
Crude Oil (USD /bbl)	75.30	2.05	2.80%
Coal Newcas(USD/ton)	115.10	0.55	0.48%
Gas (USD /mmbtu)	3.09	0.09	2.86%
Nickel LME (USD /MT)	12,505	(95.0)	-0.75%
Tin LME (USD /MT)	18,975	100.0	0.53%
CPO (MYR/Ton)	2,157	(17.0)	-0.78%

## Market Recap

JCI lowered yesterday amid the net buy transaction of IDR378 billion. Investors digested September's deflation of 0.18%. **Top Losers: Basic Industry (-2.37%), Agriculture (-1.49%), Consumer (-1.46%)**

Global markets closed in positive territory yesterday. The U.S. and Canada succeeded to reach trade deal through USMCA agreement. On the other side, the decline in the Caixin (Markit Manufacturing Purchasing Index) of September impacted on the Asia market.

## Today's Outlook: The U.S. - Canada Trade Deal

Today we estimate JCI to rally with the **support range of 5912-5919** and **resistance range of 5982-5990**. The positive sentiment comes from the U.S. and Canada agreeing to a deal replacing the North American Free Trade Agreement. The U.S. previously succeeded to reach a deal with Mexico. The new deal spurred the rally in not only the global markets but also the global crude prices. Indeed, it also subdued the concerns about the sluggish demand for crude.

From the domestic outlook, the decline in JCI was not entwined with net sell by foreign investors as they still posted net buy. Furthermore, the September's inflation lower than 3% likely underpins the stable rupiah and spurs the improvement in Indonesia's forex reserves.

## Stocks Recommendation (details on the next page)

Trading Buy: ITMG, BBNI, EXCL

## Company News

- AALI : Announces Interim Dividend of IDR215.56 Billion
- WIKA : Posts New Contracts of IDR23.35 Trillion
- ISAT : Matured Bonds in 4Q18
- ADHI : Will Receive Payment of IDR3.6 Trillion

## Domestic & Global News

- September's Deflation of 0.18%
- Canada and U.S. Reach Trade Deal to Replace NAFTA

## 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	2.88%	3.20%	Cons. Confidence*	121.60	124.80

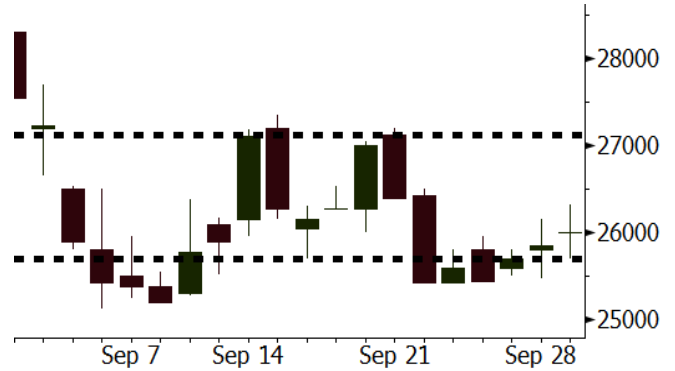
**ITMG** Last = 26000

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**Analysis** The consistent hike in global crude prices likely spikes the hike in global coal prices, considering the use of coal as the energy substitute product for crude in the global manufacture industry.

**Range** 25700 – 27125

**Action** Trading Buy. Cut Loss If Below 25700



Source: Bloomberg

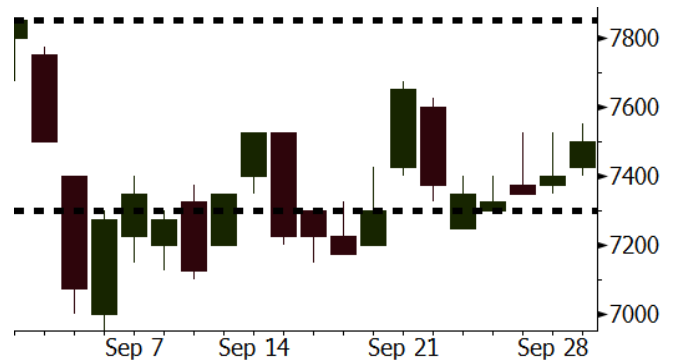
**BBNI** Last = 7500

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**Analysis** BBNI has P/B valuation of 1.4x, the lowest among 3 large cap banks, namely BBCA, BBRI, and BMRI. In fact, BBNI's 2Q18 profit was higher than BBCA, BBRI, and BMRI's profits.

**Range** 7300 – 7850

**Action** Trading Buy. Cut Loss If Below 7300



Source: Bloomberg

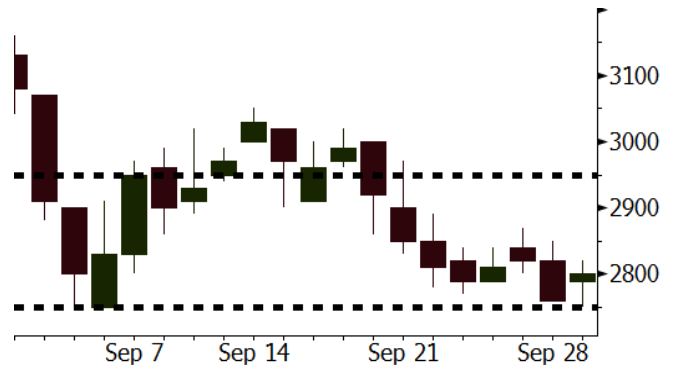
**EXCL** Last = 2800

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**Analysis** EXCL's new product, namely XL Prioritas succeeded to reach its target of 600 subscribers in September 2018. The accomplishment proves its quality of maintaining its position in Indonesia-based telecommunication operators' competition.

**Range** 2750 – 2950

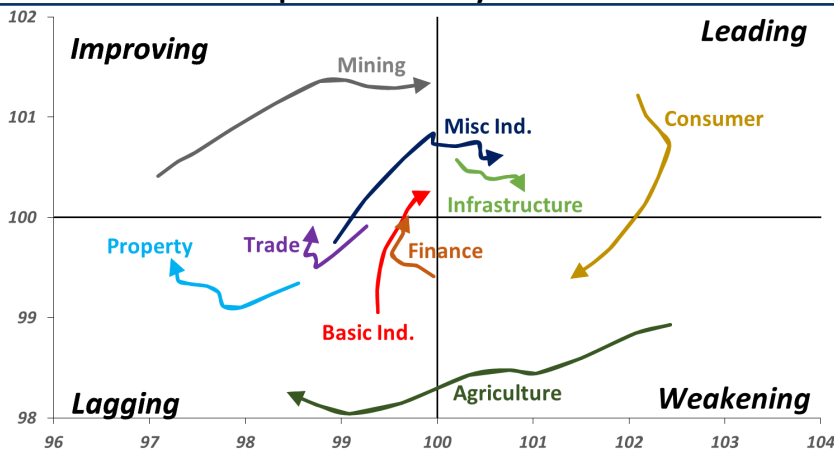
**Action** Trading buy. Cut Loss If Below 2750



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>	5,945	6,356				0.5	6,726.3							
<b>Finance</b>						6.1	2,006.8							
BBCA	23,950	21,900	27,650	Buy	15.4	17.8	590.5	24.4x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,180	3,640	3,930	Buy	23.6	4.3	392.2	12.8x	2.4x	19.3	3.4	5.8	10.9	1.4
BMRI	6,700	8,000	7,500	Hold	11.9	-	312.7	15.2x	1.9x	14.5	3.0	3.1	28.7	1.3
BBNI	7,500	9,900	9,675	Buy	29.0	0.3	139.9	9.6x	1.4x	15.5	3.4	11.8	16.2	1.4
BBTN	2,630	3,570	3,280	Buy	24.7	(13.2)	27.9	8.7x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	655	710	810	Buy	23.7	(5.1)	9.8	8.3x	1.2x	15.5	6.7	1.1	2.5	0.9
<b>Consumer</b>						(2.6)	1,387.7							
HMSP	3,770	4,730	4,300	Hold	14.1	(4.6)	438.5	34.5x	15.8x	46.0	2.8	5.5	1.9	1.3
GGRM	73,500	83,800	88,650	Buy	20.6	13.5	141.4	17.3x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	46,300	55,900	49,600	Hold	7.1	(7.7)	353.3	51.1x	70.5x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,825	8,900	10,550	Buy	19.5	(0.6)	102.9	25.8x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	6,025	7,625	8,175	Buy	35.7	(29.5)	52.9	13.7x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,385	1,690	1,730	Buy	24.9	(17.3)	64.9	27.0x	4.9x	18.9	1.8	3.1	(0.0)	1.3
KAEF	2,460	2,700	3,280	Buy	33.3	(9.6)	13.7	38.6x	5.4x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(13.9)	713.59							
TLKM	3,670	4,399	4,600	Buy	25.3	(20.9)	363.6	19.4x	4.2x	22.1	4.6	0.5	(28.1)	0.8
EXCL	2,800	2,960	3,800	Buy	35.7	(24.3)	29.9	205.5x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,970	4,800	6,750	Buy	127.3	(52.5)	16.1	N/A	1.3x	(2.6)	2.5	(26.8)	N/A	0.9
PGAS	2,240	1,750	2,600	Buy	16.1	43.6	54.3	15.3x	1.1x	7.6	1.4	15.0	200.0	1.5
JSMR	4,490	6,400	6,050	Buy	34.7	(20.9)	32.6	14.6x	2.1x	14.8	1.4	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(12.7)	25.6	11.4x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	2,890	3,060	5,000	Buy	73.0	53.7	15.1	2.8x	1.0x	44.8	3.7	219.4	49.0	0.8
<b>Trade</b>						(11.5)	709.4							
UNTR	32,775	35,400	44,750	Buy	36.5	2.1	122.3	12.9x	2.5x	20.6	2.7	32.3	60.0	1.1
AKRA	3,960	6,350	8,025	Buy	102.7	(44.6)	15.9	22.7x	1.9x	22.2	5.6	21.6	(34.8)	1.3
SCMA	1,820	2,480	2,500	Buy	37.4	(15.0)	26.6	19.9x	6.3x	32.5	4.1	2.6	0.7	1.1
MNCN	810	1,285	1,125	Buy	38.9	(42.6)	11.6	8.1x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	6,850	10,000	9,270	Buy	35.3	(29.2)	20.0	10.4x	8.5x	93.0	6.7	3.1	0.4	1.1
ACES	1,445	1,155	1,635	Hold	13.1	18.0	24.8	28.1x	6.9x	26.3	1.6	22.6	30.0	1.1
RALS	1,310	1,200	1,525	Buy	16.4	47.2	9.3	16.8x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	810	620	945	Buy	16.7	18.7	13.4	22.9x	3.0x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(14.4)	364.9							
BSDE	1,165	1,700	1,850	Buy	58.8	(34.9)	22.4	6.7x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	505	685	625	Buy	23.8	(17.9)	24.3	11.6x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	880	1,185	1,130	Buy	28.4	(25.7)	16.3	22.4x	1.2x	5.6	1.1	(0.8)	(49.0)	1.4
SMRA	630	945	1,050	Buy	66.7	(42.7)	9.1	23.1x	1.4x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,800	2,210	2,810	Buy	56.1	(0.6)	24.4	4.2x	1.5x	39.6	3.2	47.3	134.6	1.4
PTPP	1,585	2,640	3,850	Buy	142.9	(34.8)	9.8	7.2x	0.8x	12.5	3.0	17.0	(16.3)	1.4
WIKA	1,450	1,550	2,150	Buy	48.3	(19.7)	13.0	10.1x	1.0x	10.5	1.8	36.8	18.7	1.0
ADHI	1,410	1,885	2,160	Buy	53.2	(29.5)	5.0	8.4x	0.8x	10.5	2.1	#N/A	N/A	1.2
<b>Misc Ind.</b>						(5.8)	371.6							
ASII	7,325	8,300	9,300	Buy	27.0	(7.6)	296.5	14.9x	2.3x	16.3	2.5	14.8	11.3	1.2
<b>Basic Ind.</b>						29.1	623.9							
INTP	17,625	21,950	21,575	Buy	22.4	(8.4)	64.9	49.4x	2.9x	5.7	4.0	(0.9)	(60.6)	1.4
SMGR	9,600	9,900	11,550	Buy	20.3	(5.9)	56.9	30.1x	2.0x	6.6	1.4	4.7	(10.9)	1.2
CPIN	5,000	3,000	4,200	Sell	(16.0)	81.8	82.0	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	2,020	1,300	2,000	Hold	(1.0)	61.0	23.7	14.3x	2.6x	18.3	5.0	18.2	142.5	0.8
MAIN	1,230	740	780	Sell	(36.6)	38.2	2.8	19.1x	1.5x	7.9	N/A	13.5	350.0	1.2
KRAS	402	424	500	Buy	24.4	(20.4)	7.8	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,760	6,000	6,275	Buy	31.8	(0.2)	84.9	21.9x	3.3x	17.8	1.4	7.6	(37.4)	0.7
BRPT	1,825	2,260	2,420	Buy	32.6	(8.8)	32.5	19.8x	1.9x	8.9	1.3	13.0	22.5	1.1
<b>Mining</b>						40.9	447.5							
ADRO	1,840	1,860	2,500	Buy	35.9	3.7	58.9	8.7x	1.1x	13.3	5.9	3.9	(12.1)	1.2
PTBA	4,400	2,460	5,375	Buy	22.2	118.9	50.7	8.7x	3.6x	43.4	7.2	17.4	49.1	1.1
ITMG	26,000	20,700	32,400	Buy	24.6	32.7	29.4	7.7x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,600	2,890	5,325	Buy	47.9	38.5	35.8	62.0x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	825	625	1,200	Buy	45.5	28.9	19.8	20.3x	1.1x	5.3	0.2	292.4	N/A	1.2
TINS	745	775	1,240	Buy	66.4	(7.5)	5.5	10.5x	0.9x	8.8	3.2	1.8	13.1	1.1
ELSA	396	372	625	Buy	57.8	32.0	2.9	8.0x	0.9x	12.1	1.3	46.5	783.3	1.4
<b>Agriculture</b>						(12.2)	100.9							
AALI	11,950	13,150	16,925	Buy	41.6	(20.2)	23.0	13.1x	1.2x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,240	1,420	1,500	Buy	21.0	(12.1)	8.5	16.0x	1.0x	6.6	3.6	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **AALI : Announces Interim Dividend of IDR215.56 Billion**

AALI announced the interim dividend of IDR 215.56 billion to be distributed on October 19, 2018. The amount is equal to IDR112 per share. Of note, its 1H18's revenue and net profit were IDR9.02 trillion (5.56% y-y) and IDR783.91 billion (-23.33% y-y), respectively. (Bisnis Indonesia)

### **ISAT : Matured Bonds in 4Q18**

ISAT's two bonds series, namely Series A of II Phase of II Shelf Registration of 2017 and Series A of III Phase of I Shelf Registration of 2015 to be matured on November 19, 2018 and December 8, 2018, respectively. It stated that the payment of such bonds will be on loan facilities. The two bonds amounted to IDR1.22 trillion. (Kontan)

### **WIKA : Posts New Contracts of IDR23.35 Trillion**

WIKA posted the total new contracts of IDR23.35 trillion in August 2018. The amount grew by IDR2.12 trillion compared to the total new contracts from January to July 2018. August' new contracts were equal to 40.35% from 2018's new contract target of IDR58.11 trillion. Of note, it is optimistic that the target will be accomplished along with the high possibility of securing new contracts until the end of 2018. (Kontan)

### **ADHI : Will Receive Payment of IDR3.6 Trillion**

ADHI will receive the second payment of IDR3.6 trillion for the construction of light rail transit (LRT) project with routes Jakarta, Bogor, Depo, Bekasi. The proceeds to be received in October 2018 are in the collecting and auditing processes. The progress of such project development reached 45% last week. (Bisnis Indonesia)

## Domestic & Global News

### **September's Deflation of 0.18%**

The Central Statistics Agency (BPS) released September's deflation was at 0.18% m-m. The figures were higher than August's deflation of 0.05%. Meanwhile, on annual basis, September's inflation was at 2.88% y-y, the lowest figures within the last 3 years. As comparison, September 2017's inflation was at 3.27%, while September 2016's inflation was at 3.07%. Thus, on the basis of January-September 2018 fiscal year, the inflation was at 1.94%. (Kontan)

### **Canada and U.S. Reach Trade Deal to Replace NAFTA**

The United States and Canada have agreed to a deal replacing the North American Free Trade Agreement, according to a senior U.S. administration official. The new deal has been deemed the USMCA (the United States-Mexico-Canada Agreement) the official says. The plan is for the leaders of the three North American countries to sign before the end of November. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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	53.7
	EU	15:00	Markit Eurozone Manufacturing PMI	Sep F	53.2	53.3	53.3
	UK	15:30	Markit UK PMI Manufacturing SA	Sep	53.8	52.5	52.8
	USA	20:45	Markit US Manufacturing PMI	Sep F	55.6	--	55.6
	USA	21:00	ISM Manufacturing	Sep	59.8	60.3	61.3
<b>Wednesday</b>	USA	19:15	ADP Employment Change	Sep		185k	163k
<i>03 - Oct</i>							
<b>Thursday</b>	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%
<b>Friday</b>	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.
<b>Monday</b>	07:30	Nikkei Indonesia PMI Mfg	Sep	50.7	--	51.9
<i>01 - Oct</i>	11:00	CPI YoY	Sep	2.88%	3.08%	3.20%
	11:00	CPI NSA MoM	Sep	-0.18%	0.05%	-0.05%
	11:00	CPI Core YoY	Sep	2.82%	2.65%	2.90%
<b>Thursday</b>	Tentative	Consumer Confidence Index	Sep		--	121.6
<i>04 - Oct</i>						
<b>Friday</b>	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
<b>Monday</b>	Extraordinary Shareholder Meeting	PEGE
<i>01 - Oct</i>		
<b>Tuesday</b>	Extraordinary Shareholder Meeting	KKGI, PNSE, PUDP
<i>02 - Oct</i>	Cum Dividend Date	BSSR (IDR151.2 per share)
<b>Wednesday</b>	Extraordinary Shareholder Meeting	NIRO
<i>03 - Oct</i>	IPO Listing	SAPX
	Cum Rights Offering Date	MAYA (1 per 6, subscription price IDR2,200)
<b>Thursday</b>	Extraordinary Shareholder Meeting	GDYR, SIAP
<i>04 - Oct</i>		
<b>Friday</b>	Annual Shareholder Meeting	BTPN
<i>05 - Oct</i>	IPO Listing	SURE

Source: Bloomberg

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