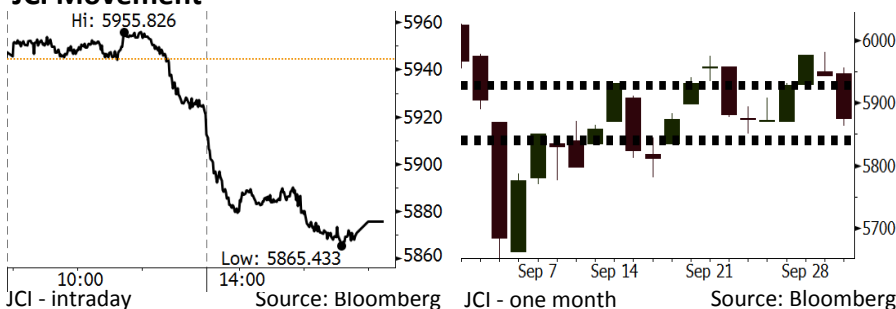


Morning Brief

Daily | Oct 3, 2018

JCI Movement



Market Recap

JCI finished on a low note yesterday amid the upbeat price of global crude and the rupiah depreciation against USD topping 15,000. **Top Losers: Basic Industry (-2.98%), Misc. Industry (-1.70%), Agriculture (-1.39%)**

The global markets were in sluggish territories as the worsening geopolitical dispute between the U.S. and China. The political uncertainty in Italy impacted on European stocks. On the other hand, investors also digested the North America's trade relation.

Today's Outlook: Expectancy of Crude Supply

We estimate that today JCI will rally with the **support range of 5836-5845** and **resistance range of 5925-5931**. The positive sentiments comes from the rally in global crude's prices halted. The crude prices made a significant rally as investors concerned about the U.S. sanctions on Iran taking into effect on November 4th, 2018. Investors initially feared that the supply of global crude likely depletes, yet they now digest that the stable supply is possible due to the increment in the U.S., Russia, and OPEC's crude supplies.

From the domestic outlook, the Indonesia government endeavors to cut tax imposed on sovereign bonds ownership. The policy is crucial as it inevitably allures foreign inflows and proves a boon for Bank Indonesia to cushion the rupiah depreciation.

Stocks Recommendation (details on the next page)

Trading Buy: GGRM, BBCA, ANTM

Company News

UNTR : Facilitates Loans of IDR5 Billion to Its Subsidiary
TOTL : Registers New Contracts of IDR2.95 Trillion
WSBP : Secures New Contracts of IDR4.3 Trillion
MIDI : Bears Loss of IDR27.75 Billion

Domestic & Global News

Rupiah Slides To Lowest Point Against Dollar Since 1998
Powell Pledges The Fed Will 'Act with Authority' if Inflation Spikes

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

IHSG (Jakarta Composite Index)

October 2 5,875.62
Chg -68.98pts (-1.16%)
Volume (bn shares) 118.49
Value (IDR tn) 7.84
Adv 100 Dec 289 Unc 228 Untr 109

Foreign Transaction (IDR bn)
Buy 2,019
Sell 1,118
Net Buy (Sell) (99)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	159.1	BMRI	167.9
PTBA	90.5	BBCA	100.4
TLKM	72.8	UNTR	50.0
PGAS	42.6	WSKT	29.4
PTPP	37.6	UNVR	29.2

LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
PTBA	4.3%	INKP	-6.3%
PTPP	3.8%	SMGR	-6.0%
LPPF	3.7%	MEDC	-4.7%
AKRA	2.8%	INTP	-4.5%
BJBR	2.0%	BRPT	-4.4%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.15%	0.13%
USDIDR	15,043	0.89%
KRWIDR	13.43	0.00%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,773.94	122.73	0.46%
S&P 500	2,923.43	(1.16)	-0.04%
Nasdaq	7,999.55	(37.76)	-0.47%
FTSE 100	7,474.55	(21.12)	-0.28%
CAC 40	5,467.89	(38.93)	-0.71%
DAX	12,287.58	(51.45)	-0.42%
Nikkei	24,270.62	24.86	0.10%
Hang Seng	27,126.38	(662.14)	-2.38%
Shanghai	2,821.35	29.58	1.06%
KOSPI	2,309.57	(29.31)	-1.25%
EIDO	22.41	(0.51)	-2.23%

Commodities

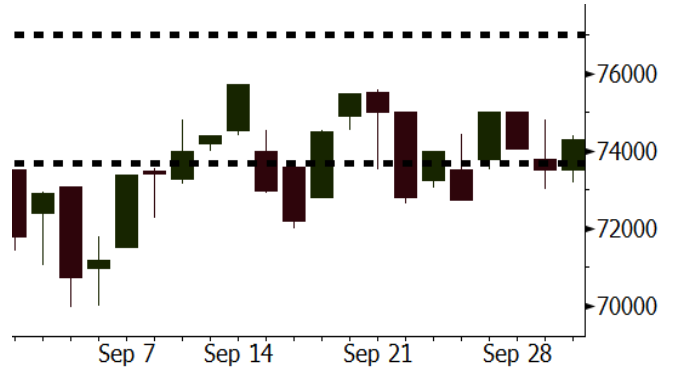
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,203.3	14.3	1.21%
Crude Oil (USD /bbl)	75.23	(0.07)	-0.09%
Coal Newcas(USD/ton)	114.90	(0.20)	-0.17%
Gas (USD /mmbtu)	3.17	0.07	2.33%
Nickel LME (USD /MT)	12,515	10.0	0.08%
Tin LME (USD /MT)	18,955	(20.0)	-0.11%
CPO (MYR/Ton)	2,160	3.0	0.14%

GGRM Last = 74300

Analysis The trend of low inflation, below 3%, in Indonesia will back the robust cigarettes consumption in Indonesia.

Range 73700 – 77000

Action Trading Buy. Cut Loss If Below 73700



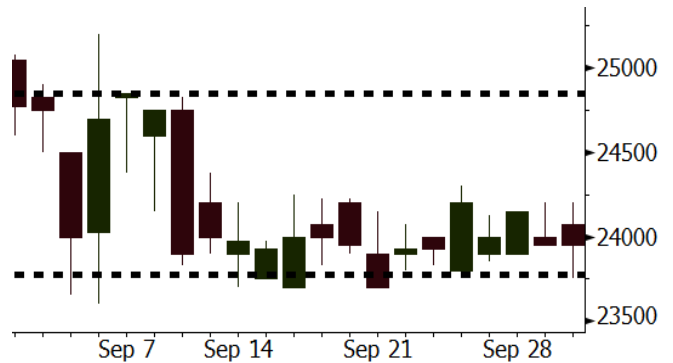
Source: Bloomberg

BBCA Last = 23950

Analysis BBKA has an excellent CASA ratio of topping 70%, higher than other banks' CASA. It proves a boon to BBKA in cushioning the impact of rupiah depreciation and the trend of hiking interest rates.

Range 23775 – 24850

Action Trading Buy. Cut Loss If Below 23775



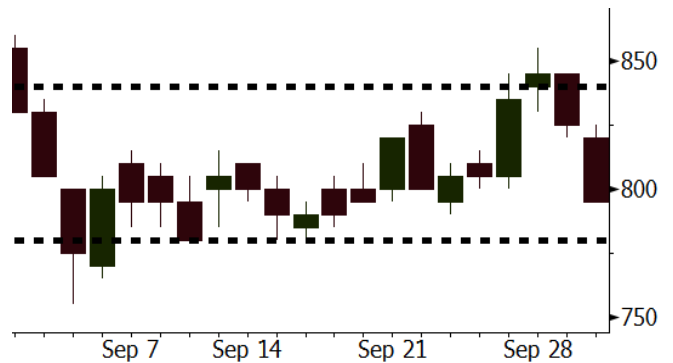
Source: Bloomberg

ANTM Last = 795

Analysis The plan of tax incentives imposed on exporters saving the proceeds from exports in the U.S. dollar denomination with locals banks will benefit ANTM because ANTM has a substantial amount of revenues deriving from the proceeds from exports.

Range 780 – 840

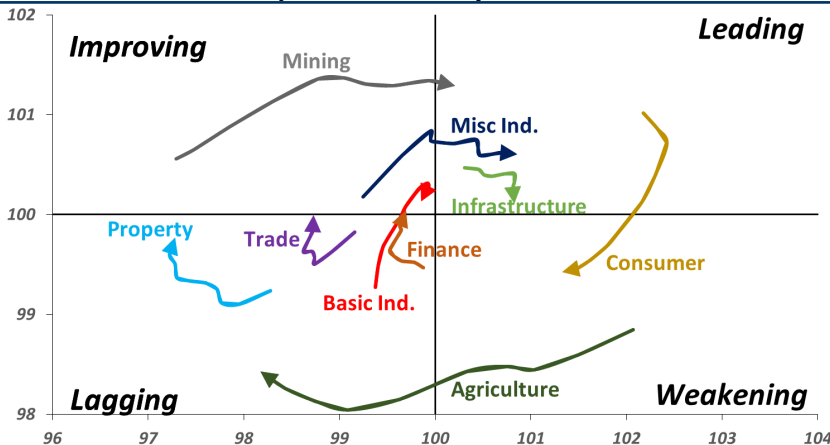
Action Trading buy. Cut Loss If Below 780



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	5,876	6,356				(1.1)	6,648.4							
Finance						4.2	1,980.9							
BBCA	23,950	21,900	27,650	Buy	15.4	17.7	590.5	24.4x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,110	3,640	3,930	Buy	26.4	1.5	383.6	12.5x	2.3x	19.3	3.4	5.8	10.9	1.4
BMRI	6,450	8,000	7,500	Buy	16.3	(3.7)	301.0	14.6x	1.8x	14.5	3.1	3.1	28.7	1.3
BBNI	7,275	9,900	9,675	Buy	33.0	(4.9)	135.7	9.3x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,540	3,570	3,280	Buy	29.1	(13.3)	26.9	8.4x	1.2x	15.1	2.3	14.3	11.7	1.7
BJTM	645	710	810	Buy	25.6	(6.5)	9.7	8.2x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						(3.6)	1,379.2							
HMSP	3,750	4,730	4,300	Hold	14.7	(4.8)	436.2	34.3x	15.7x	46.0	2.9	5.5	1.9	1.3
GGRM	74,300	83,800	88,650	Buy	19.3	13.1	143.0	17.5x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	45,775	55,900	49,600	Hold	8.4	(9.9)	349.3	50.5x	69.7x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,950	8,900	10,550	Buy	17.9	2.9	104.4	26.1x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	5,975	7,625	8,175	Buy	36.8	(30.5)	52.5	13.6x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,375	1,690	1,730	Buy	25.8	(17.9)	64.5	26.8x	4.8x	18.9	1.8	3.1	(0.0)	1.3
KAEF	2,380	2,700	3,280	Buy	37.8	(12.2)	13.2	37.4x	5.3x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(14.9)	705.56							
TLKM	3,620	4,399	4,600	Buy	27.1	(22.1)	358.6	19.1x	4.1x	22.1	4.6	0.5	(28.1)	0.8
EXCL	2,750	2,960	3,800	Buy	38.2	(24.5)	29.4	201.8x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,880	4,800	6,750	Buy	134.4	(54.1)	15.6	N/A	1.2x	(2.6)	2.5	(26.8)	N/A	0.9
PGAS	2,280	1,750	2,600	Hold	14.0	49.0	55.3	15.4x	1.1x	7.6	1.4	15.0	200.0	1.5
JSMR	4,380	6,400	6,050	Buy	38.1	(23.5)	31.8	14.3x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,575	6,425	6,050	Hold	8.5	(14.2)	25.3	11.2x	8.4x	104.6	3.0	7.1	8.1	0.6
INDY	2,810	3,060	5,000	Buy	77.9	51.1	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(12.3)	707.4							
UNTR	32,425	35,400	44,750	Buy	38.0	(1.7)	120.9	12.8x	2.5x	20.6	2.8	32.3	60.0	1.1
AKRA	4,070	6,350	8,025	Buy	97.2	(43.5)	16.3	23.3x	2.0x	22.2	5.4	21.6	(34.8)	1.3
SCMA	1,805	2,480	2,500	Buy	38.5	(13.6)	26.4	19.7x	6.2x	32.5	4.2	2.6	0.7	1.1
MNCN	800	1,285	1,125	Buy	40.6	(44.4)	11.4	8.0x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	7,100	10,000	9,270	Buy	30.6	(28.1)	20.7	10.8x	8.9x	93.0	6.4	3.1	0.4	1.1
ACES	1,400	1,155	1,635	Buy	16.8	12.0	24.0	27.2x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,285	1,200	1,525	Buy	18.7	42.8	9.1	16.5x	2.3x	14.6	3.1	0.9	31.8	0.9
MAPI	785	620	945	Buy	20.4	18.9	13.0	22.2x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(15.8)	361.0							
BSDE	1,120	1,700	1,850	Buy	65.2	(37.8)	21.6	6.5x	0.8x	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	835	1,185	1,130	Buy	35.3	(29.8)	15.5	21.2x	1.2x	5.6	1.1	(0.8)	(49.0)	1.4
SMRA	610	945	1,050	Buy	72.1	(46.0)	8.8	22.4x	1.3x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,735	2,210	2,810	Buy	62.0	(7.2)	23.6	4.1x	1.4x	39.6	3.3	47.3	134.6	1.4
PTPP	1,645	2,640	3,850	Buy	134.0	(36.0)	10.2	7.5x	0.9x	12.5	2.8	17.0	(16.3)	1.4
WIKA	1,415	1,550	2,150	Buy	51.9	(22.9)	12.7	9.9x	1.0x	10.5	1.9	36.8	18.7	1.0
ADHI	1,405	1,885	2,160	Buy	53.7	(31.5)	5.0	8.4x	0.8x	10.5	2.1	#N/A	N/A	1.2
Misc Ind.						(8.2)	365.3							
ASII	7,200	8,300	9,300	Buy	29.2	(10.0)	291.5	14.6x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						25.5	605.3							
INTP	16,825	21,950	21,575	Buy	28.2	(11.2)	61.9	47.2x	2.8x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	9,025	9,900	11,550	Buy	28.0	(10.2)	53.5	28.3x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,000	3,000	4,200	Sell	(16.0)	74.8	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	1,185	740	780	Sell	(34.2)	31.7	2.7	18.4x	1.5x	7.9	N/A	13.5	350.0	1.2
KRAS	396	424	500	Buy	26.3	(23.1)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,670	6,000	6,275	Buy	34.4	(2.7)	83.3	21.2x	3.2x	17.8	1.4	7.6	(37.4)	0.7
BRPT	1,745	2,260	2,420	Buy	38.7	(11.4)	31.0	18.7x	1.8x	8.9	1.4	13.0	22.5	1.1
Mining						37.8	444.2							
ADRO	1,845	1,860	2,500	Buy	35.5	3.7	59.0	8.6x	1.1x	13.3	5.9	3.9	(12.1)	1.2
PTBA	4,590	2,460	5,375	Buy	17.1	116.5	52.9	9.1x	3.8x	43.4	6.9	17.4	49.1	1.1
ITMG	25,750	20,700	32,400	Buy	25.8	31.5	29.1	7.6x	2.1x	27.6	12.2	8.0	(10.0)	1.1
INCO	3,450	2,890	5,325	Buy	54.3	25.5	34.3	58.8x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	795	625	1,200	Buy	50.9	23.3	19.1	19.6x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	730	775	1,240	Buy	69.9	(11.5)	5.4	10.3x	0.9x	8.8	3.2	1.8	13.1	1.1
ELSA	390	372	625	Buy	60.3	31.8	2.8	7.9x	0.9x	12.1	1.3	46.5	783.3	1.4
Agriculture						(12.5)	99.5							
AALI	11,875	13,150	16,925	Buy	42.5	(20.2)	22.9	13.1x	1.2x	9.7	4.0	8.9	(23.3)	0.6
LSIP	1,180	1,420	1,500	Buy	27.1	(16.0)	8.1	15.2x	1.0x	6.6	3.8	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

UNTR : Facilitates Loans of IDR5 Billion to Its Subsidiary
UNTR injected loans of IDR5 billion to its subsidiary, PT Mitra Bakti UT (MBUT). The loans having the Deposit Insurance Corporation (LPS) rate added 2% will be allocated for capex. It stated that giving loan facility to its subsidiary is more profitable than saving cash in banks. (Kontan)

WSBP : Secures New Contracts of IDR4.3 Trillion
Until September 2018, WSBP posted the total new contracts of IDR4.3 trillion. In 3Q18, its new contracts derived from Pertamina's project in Balikpapan, Cibitung-Cilincing project, and Cimanggis-Cibitung project. However, 3Q18's total contracts are equal to 51.8% of 2018's target amounting to IDR8.3 trillion. (Bisnis Indonesia)

TOTL : Registers New Contracts of IDR2.95 Trillion
TOTL posted the total new contracts of IDR2.95 trillion until the end of September 2018. The amount is equal to 73.75% of 2018's new contracts target amounting to IDR4 trillion. On the other side, it also stated the risks arising from 2H18's postponed projects due to uncertainties about global economic circumstances developers have. (Bisnis Indonesia)

MIDI : Bears Loss of IDR27.75 Billion
MIDI stated the natural disaster in Palu and Donggala caused it to bear the loss of IDR27.75 billion as the disaster destroyed its 41 Alfamidi stores, injured 5 of its employees, and brought inventories pillage from its stores and warehouses. To boost its performance, MIDI will launch more than 100 new stores outside Java in 2019. (Kontan)

Domestic & Global News

Rupiah Slides To Lowest Point Against Dollar Since 1998

Indonesia's rupiah weakened past 15,000 per dollar for the first time in 20 years as sentiment toward emerging-nation assets soured and oil prices jumped. The currency has tumbled almost 10 percent this year as rising U.S. interest rates have boosted the dollar and Indonesia's current-account deficit has left the economy exposed to the financial turmoil that afflicted Turkey and Argentina. (Bloomberg)

Powell Pledges The Fed Will 'Act with Authority' if Inflation Spikes

Federal Reserve Chairman Jerome Powell said the central bank has been able to keep inflation in check by managing expectations. Inflation has remained around the Fed's 2 percent target even though unemployment is near a 50-year low. Powell expects the Fed to continue slow, gradual interest rate hikes, mindful of keeping the recovery going while not allowing growth to get out of control. (CNBC)

Global Economic Calendar

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	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
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	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%
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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