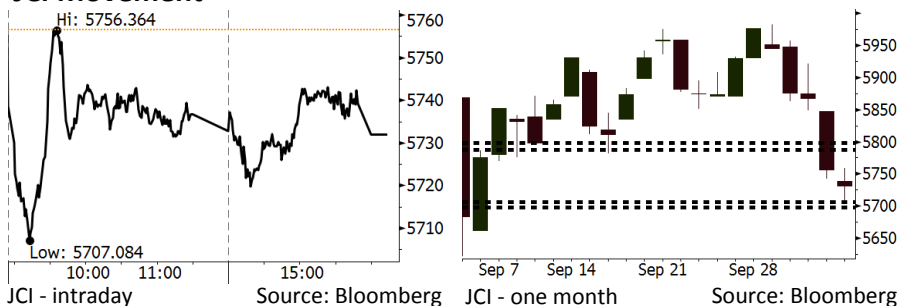


Morning Brief

Daily | Oct 8, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 5	5,731.94
Chg	-24.68pts (-0.43%)
Volume (bn shares)	100.41
Value (IDR tn)	6.96
Adv 137 Dec 235 Unc 248 Untr 128	

Foreign Transaction (IDR bn)

Buy	1,718
Sell	2,980
Net Buy (Sell)	(1,263)

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	50.8	BBCA	266.7
UNTR	16.9	BBRI	163.1
ERAA	7.9	BBNI	137.5
INDY	6.4	BMRI	84.6
TPIA	5.4	PGAS	64.7

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
INCO	3.5%	SRIL	-4.3%
EXCL	2.9%	PGAS	-3.9%
UNTR	2.1%	ELSA	-3.6%
INTP	1.0%	MEDC	-3.0%
SMGR	0.9%	WIKA	-3.0%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.38%	-0.08%
USDIDR	15,183	0.03%
KRWIDR	13.44	0.07%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,447.05	(180.43)	-0.68%
S&P 500	2,885.57	(16.04)	-0.55%
Nasdaq	7,788.45	(91.06)	-1.16%
FTSE 100	7,318.54	(99.80)	-1.35%
CAC 40	5,359.36	(51.49)	-0.95%
DAX	12,111.90	(132.24)	-1.08%
Nikkei	23,783.72	(191.90)	-0.80%
Hang Seng	26,572.57	(51.30)	-0.19%
Shanghai	2,821.35	29.58	1.06%
KOSPI	2,267.52	(6.97)	-0.31%
EIDO	21.29	0.12	0.57%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,203.6	3.7	0.31%
Crude Oil (USD /bbl)	74.34	0.01	0.01%
Coal Newcas(USD/ton)	113.65	(0.10)	-0.09%
Gas (USD /mmbtu)	3.14	(0.02)	-0.70%
Nickel LME (USD /MT)	12,620	130.0	1.04%
Tin LME (USD /MT)	18,975	0.0	0.00%
CPO (MYR/Ton)	2,221	(9.0)	-0.40%

Market Recap

JCI closed lower on Friday, 10/05/18, along with the rupiah depreciated further. The transaction of net foreign sell reached IDR1.26 trillion. **Top Losers: Property (-1.58%), Misc. Industry (-1.34%), Infrastructure (-1.15%)**

The global market finished at the sluggish territory. Investors concerned about the U.S. 10-year Treasury note yield touched its highest. Besides, the market also digested the release of the U.S. job data. On the other side, the tech. sector in Asia market plummeted as China was accused of presenting spy chips in hardware.

Today's Outlook: Correction to Crude Prices

We estimate that today JCI rallies with the **support range of 5698-5706** and **resistance range of 5787-5798**. The positive sentiment comes from the correction to the global crude prices. The backdrop occurred after the U.S. government planned to consider the exception to sanctions against Iran in next month. Indeed, the backdrop is likely to subdue investors' jitters on Indonesia's trade balance deficit widening.

On the other side, the positive sentiment stems from China's stance of cutting the minimum banking reserve requirements with a view to boosting China's economic growth. Today investors await the release of retail sales data marking a stable growth of 3%.

Stocks Recommendation (details on the next page)

Trading Buy: INCO, MAPI, BBRI

Company News

- SMBR : Boosts Further Its Exports Portion
- SGRO : Is Optimistic About Target of 390,000 Tons
- CTRA : Targets Growth of 17% in Revenue
- WSKT : Increases Capital Injected to PT Trans Jawa Paspro

Domestic & Global News

- Forex Depletes Further to USD114.8 Billion in September
- U.S. Unemployment Rate Hits the Lowest Level Since 1969

Indonesia Economic Data

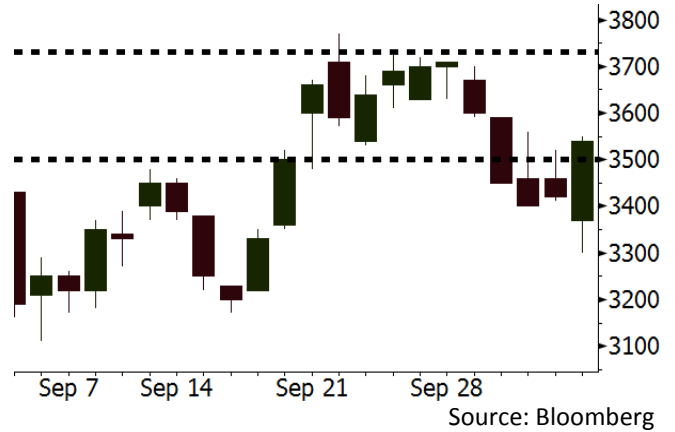
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports Yoy	24.65%	31.56%	Business Confidence	112.82	106.28
Inflation Yoy	2.88%	3.20%	Cons. Confidence*	122.40	121.60

INCO Last = 3540

Analysis China decided to cut the minimum banking reserve requirements for fourth times in 2018. It signed the increase in liquidity and spurred China's economy. Indeed, it boosted the demand for nickel and spurred rally in global nickel prices.

Range 3500 – 3730

Action Trading Buy. Cut Loss If Below 3500

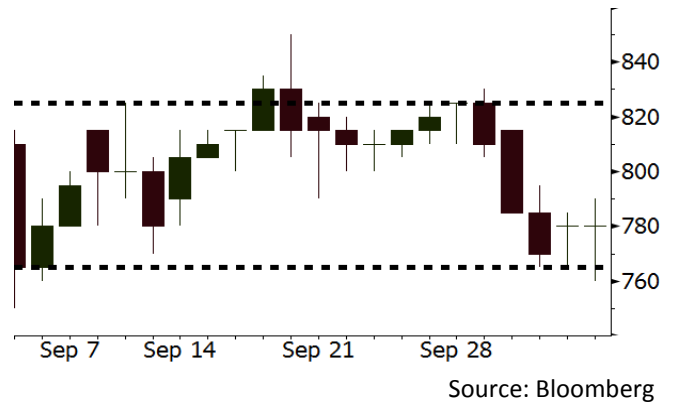


MAPI Last = 780

Analysis MAPI's targets the middle to upper class markets with robust purchasing power. The rupiah depreciation has no significant impacts on MAPI due to its robust markets.

Range 765 – 825

Action Trading Buy. Cut Loss If Below 765

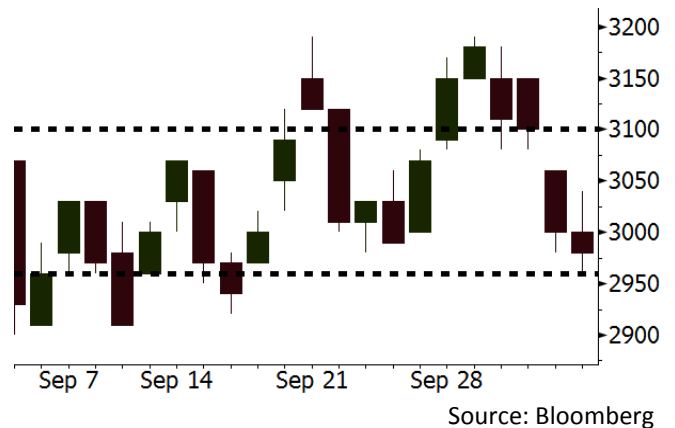


BBRI Last = 2980

Analysis The Financial Services Authority (OJK) estimated that at the end of 2018, the credit growth in Indonesia will reach 13%, topping the early target of 12%. The acceleration in credit is underpinned by the rally in commodities prices attributable to the hike in credit of commodity-based sector such as CPO.

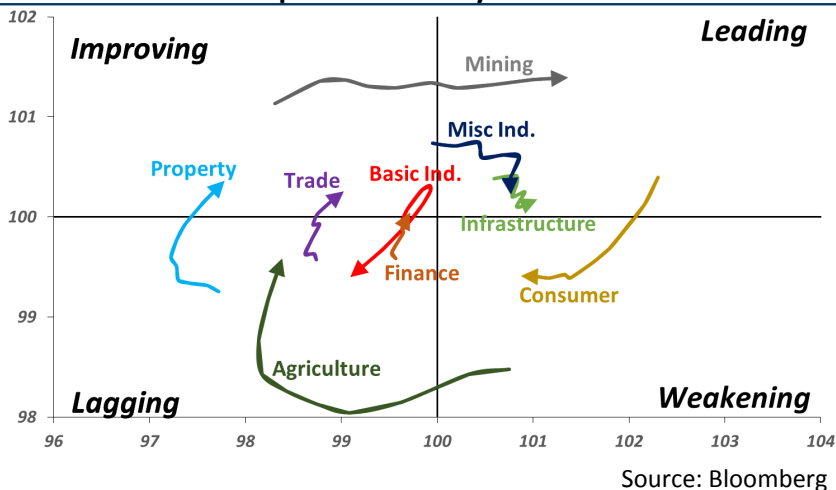
Range 2960 – 3100

Action Trading buy. Cut Loss If Below 2960



Sector Rotation

Relative Rotation Graph - Last 10 Days



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	5,732	6,356				(2.9)	6,482.5							
Finance						1.8	1,922.9							
BBCA	23,050	21,900	27,650	Buy	20.0	12.7	568.3	23.5x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	2,980	3,640	3,930	Buy	31.9	(3.1)	367.6	12.0x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,275	8,000	7,500	Buy	19.5	(4.9)	292.8	14.2x	1.8x	14.5	3.2	3.1	28.7	1.3
BBNI	6,875	9,900	9,675	Buy	40.7	(7.4)	128.2	8.8x	1.3x	15.5	3.7	11.8	16.2	1.4
BBTN	2,410	3,570	3,280	Buy	36.1	(19.9)	25.5	8.0x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(7.3)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(5.4)	1,338.2							
HMSP	3,740	4,730	4,300	Hold	15.0	(3.1)	435.0	34.2x	15.7x	46.0	2.9	5.5	1.9	1.3
GGRM	71,775	83,800	88,650	Buy	23.5	8.1	138.1	16.9x	3.4x	20.9	3.6	12.6	13.7	1.2
UNVR	42,675	55,900	49,600	Buy	16.2	(14.6)	325.6	47.1x	65.0x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,800	8,900	10,550	Buy	19.9	1.7	102.6	25.7x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	5,775	7,625	8,175	Buy	41.6	(31.3)	50.7	13.2x	1.6x	12.6	4.1	1.0	(12.5)	1.2
KLBF	1,265	1,690	1,730	Buy	36.8	(24.9)	59.3	24.7x	4.4x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,350	2,700	3,280	Buy	39.6	(13.6)	13.1	36.9x	5.2x	14.9	0.8	29.1	28.3	1.0
Infrastructure						(16.0)	692.41							
TLKM	3,530	4,399	4,600	Buy	30.3	(23.5)	349.7	18.7x	4.0x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,870	2,960	3,800	Buy	32.4	(22.0)	30.7	210.6x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,760	4,800	6,750	Buy	144.6	(55.3)	15.0	N/A	1.2x	(2.6)	2.6	(26.8)	N/A	0.9
PGAS	2,200	1,750	2,600	Buy	18.2	56.0	53.3	14.7x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,350	6,400	6,050	Buy	39.1	(25.3)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,300	6,425	6,050	Hold	14.2	(17.8)	24.0	10.7x	8.0x	104.6	3.2	7.1	8.1	0.6
INDY	2,740	3,060	5,000	Buy	82.5	36.3	14.3	2.6x	1.0x	44.8	3.9	219.4	49.0	0.8
Trade						(12.1)	698.1							
UNTR	32,600	35,400	44,750	Buy	37.3	0.2	121.6	12.9x	2.5x	20.6	3.0	32.3	60.0	1.1
AKRA	3,800	6,350	4,650	Buy	22.4	(44.9)	15.3	21.7x	1.8x	22.2	5.8	21.6	(34.8)	1.2
SCMA	1,720	2,480	2,500	Buy	45.3	(17.7)	25.1	18.8x	5.9x	32.5	4.4	2.6	0.7	1.2
MNCN	785	1,285	1,125	Buy	43.3	(47.3)	11.2	7.8x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	6,475	10,000	9,270	Buy	43.2	(33.9)	18.9	9.9x	8.1x	93.0	7.1	3.1	0.4	1.1
ACES	1,330	1,155	1,635	Buy	22.9	3.1	22.8	25.9x	6.4x	26.3	1.7	22.6	30.0	1.1
RALS	1,240	1,200	1,525	Buy	23.0	28.5	8.8	15.9x	2.2x	14.6	3.2	0.9	31.8	0.9
MAPI	780	620	945	Buy	21.2	15.6	12.9	22.1x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(18.4)	348.1							
BSDE	1,005	1,700	1,850	Buy	84.1	(44.3)	19.3	5.8x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	486	685	625	Buy	28.6	(21.6)	23.4	11.1x	2.1x	20.5	1.2	14.4	25.4	1.1
CTRA	770	1,185	1,050	Buy	36.4	(33.9)	14.3	19.6x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	555	945	1,050	Buy	89.2	(51.1)	8.0	20.4x	1.2x	6.1	0.9	(1.2)	29.6	1.6
WSKT	1,645	2,210	2,810	Buy	70.8	(8.1)	22.3	3.8x	1.3x	39.6	3.5	47.3	134.6	1.4
PTPP	1,545	2,640	3,850	Buy	149.2	(42.6)	9.6	7.0x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,310	1,550	2,150	Buy	64.1	(26.6)	11.8	9.2x	0.9x	10.5	2.0	36.8	18.7	1.0
ADHI	1,325	1,885	2,160	Buy	63.0	(33.8)	4.7	7.9x	0.8x	10.5	2.2	#N/A	N/A	1.1
Misc Ind.						(10.4)	356.0							
ASII	6,950	8,300	9,300	Buy	33.8	(12.9)	281.4	14.1x	2.2x	16.3	2.7	14.8	11.3	1.2
Basic Ind.						21.2	582.5							
INTP	15,850	21,950	21,575	Buy	36.1	(17.0)	58.3	44.4x	2.6x	5.7	4.4	(0.9)	(60.6)	1.5
SMGR	8,925	9,900	11,550	Buy	29.4	(16.6)	52.9	28.0x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,000	3,000	4,200	Sell	(16.0)	76.1	82.0	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	1,970	1,300	2,000	Hold	1.5	57.6	23.1	13.9x	2.6x	18.3	5.1	18.2	142.5	0.8
MAIN	1,140	740	780	Sell	(31.6)	28.8	2.6	17.7x	1.4x	7.9	N/A	13.5	350.0	1.2
KRAS	396	424	500	Buy	26.3	(21.6)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,530	6,000	6,275	Buy	38.5	(3.8)	80.8	20.4x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,625	2,260	2,420	Buy	48.9	(17.3)	28.9	17.3x	1.6x	8.9	1.5	13.0	22.5	1.2
Mining						34.7	444.1							
ADRO	1,810	1,860	2,500	Buy	38.1	(3.5)	57.9	8.4x	1.1x	13.3	6.0	3.9	(12.1)	1.1
PTBA	4,740	2,460	5,375	Hold	13.4	113.5	54.6	9.4x	3.9x	43.4	6.7	17.4	49.1	1.0
ITMG	25,675	20,700	32,400	Buy	26.2	26.8	29.0	7.5x	2.1x	27.6	12.2	8.0	(10.0)	1.1
INCO	3,540	2,890	5,325	Buy	50.4	25.5	35.2	59.8x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	800	625	1,200	Buy	50.0	23.1	19.2	19.7x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	720	775	1,240	Buy	72.2	(17.2)	5.4	10.1x	0.9x	8.8	3.3	1.8	13.1	1.0
ELSA	372	372	625	Buy	68.0	25.7	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.3
Agriculture						(13.1)	99.5							
AALI	11,850	13,150	16,925	Buy	42.8	(20.9)	22.8	13.0x	1.2x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,215	1,420	1,500	Buy	23.5	(17.3)	8.3	15.7x	1.0x	6.6	3.7	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMBR : Boosts Further Its Exports Portion

SMBR will increase its exports portion as a natural hedging strategy amid the further rupiah depreciation. It targets 2018's clinker export volumes to reach 80,000 metric tons (mt). Of note the target reached +166.7% of clinker volume exports of 30,000 mt in January to August. (Kontan)

SGRO : Is Optimistic About Target of 390,000 Tons

SGRO is optimistic that the target of CPO's production volume amounting to 390,000 tons in 2018 will be achieved. It was backed by the increment in 3Q18's production thanks to the favorable weather. It also projects that 2H18's production volume will hike by 30%-40% compared to 1H18's production of 155,216 tons. (Bisnis Indonesia)

CTRA : Targets Growth of 17% in Revenue

CTRA projects that 2018's revenue performance, deriving from sale in 2-3 years ago, will grow significantly. It targets the growth of 17% y-y to IDR7.53 trillion and 36% y-y to IDR1.21 trillion in revenue and net profit, respectively. Of note in 4Q18, it will complete 3 apartment projects, namely Ciputra Internasional, Citra Lake Suites, and Ciputra World 2. (Kontan)

WSKT : Increases Capital Injected to PT Trans Jawa Paspro

WSKT increased the amount of issued and paid up capital injected to the subsidiary of PT Waskita Trans Jawa Toll Road, namely PT Trans Jawa Paspro Jalan Tol (TJPJT). The increment in capital is in form of cash amounting to IDR490.25 billion to be allocated for the operational needs. Of note, PT TJPJT holds the concession of toll road section of Pasuruan-Probolinggo. (Kontan)

Domestic & Global News

Forex Depletes Further to USD114.8 Billion in September

The forex reserves depleted further. Bank Indonesia (BI) posted the substantial decline of USD3.1 billion to USD114.8 billion at the end of September 2018. The steep decline was attributable to the settlement of foreign debt and the rupiah stabilization amid the high pressure of uncertainty in global financial market. (Kontan)

U.S. Unemployment Rate Hits the Lowest Level Since 1969

Job creation for September fell to its lowest level in a year though the unemployment rate dropped to a point not seen in nearly 50 years, according to Labor Department figures released Friday. Nonfarm payrolls rose just 134,000, well below Refinitiv estimates of 185,000 and the worst performance since last September, when a labor strike weighed on the numbers. The unemployment rate fell two-tenths of a percentage point to 3.7 percent, the lowest level since December 1969 and one-tenth of a percentage point below expectations. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 08 - Oct	GER	13:00	Industrial Production SA MoM	Aug		0.50%	-1.10%
Tuesday 09 - Oct	JPN	06:50	BoP Current Account Balance	Aug		¥1896.6b	¥2009.7b
Wednesday 10 - Oct	JPN	06:50	Core Machine Orders MoM	Aug		-4.00%	11.00%
	UK	15:30	Industrial Production MoM	Aug		0.10%	0.10%
	USA	19:30	PPI Final Demand MoM	Sep		0.20%	-0.10%
Thursday 11 - Oct	JPN	06:50	PPI YoY	Sep		2.90%	3.00%
	USA	19:30	CPI MoM	Sep		0.20%	0.20%
	USA	19:30	CPI YoY	Sep		2.40%	2.70%
	USA	19:30	Initial Jobless Claims	6-Oct		--	207k
Friday 12 - Oct	CHN	Tentative	Trade Balance	Sep		\$24.55b	--
	CHN	Tentative	Imports YoY	Sep		14.50%	20.00%
	CHN	Tentative	Exports YoY	Sep		8.70%	9.80%
	JPN	11:30	Tertiary Industry Index MoM	Aug		0.30%	0.10%
	GER	13:00	CPI MoM	Sep F		0.40%	0.40%
	GER	13:00	CPI YoY	Sep F		2.30%	2.30%
	USA	19:30	Import Price Index MoM	Sep		0.30%	-0.60%
	USA	21:00	U. of Mich. Sentiment	Oct P		100.8	100.1

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday 08 - Oct	15:00	Retail Sales Yoy	Aug		--	2.90%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 08 - Oct	Extraordinary Shareholder Meeting	LPPF, SHIP, SKYB
	Rights Listing Date	MAYA
	Cum Interim Dividend Date	ASGR (IDR30 per share)
Tuesday 09 - Oct	Extraordinary Shareholder Meeting	BEKS
	Annual Shareholder Meeting	VRNA
	IPO Listing Date	HK Metals Utama (HKMU) Propertindo Mulia Investama (MPRO)
Wednesday 10 - Oct	Extraordinary Shareholder Meeting	MCOR
	Annual Shareholder Meeting	IKAI
	IPO Listing Date	Jaya Bersama Indo (DUCK) Garudafood Putra Putri Jaya (GOOD)
Thursday 11 - Oct	IPO Listing Date	Superkrane Mitra Utama (SKRN)
Friday 12 - Oct	Extraordinary Shareholder Meeting	DPUM
	Rights Listing Date	IBFN

Source: Bloomberg

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