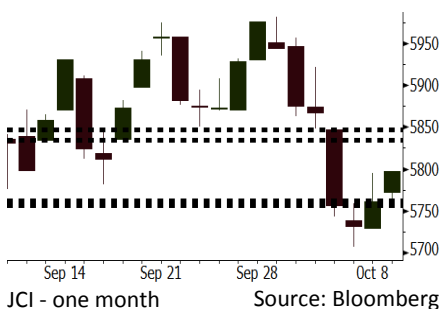
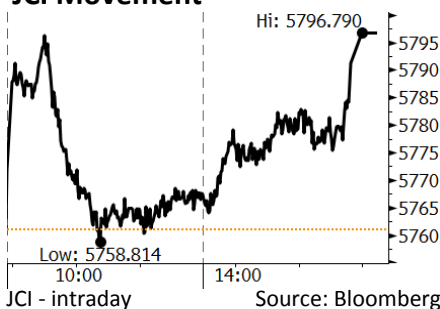


Morning Brief

Daily | Oct 10, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 9	5,796.79
Chg	+35.72pts (+0.62%)
Volume (bn shares)	94.47
Value (IDR tn)	6.04
Adv 173 Dec 203 Unc 246 Untr 124	

Foreign Transaction (IDR bn)	
Buy	1,701
Sell	2,002
Net Buy (Sell)	(300)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	98.0	PGAS	93.8
BMRI	47.1	PNLF	64.1
INKP	22.6	UNTR	45.7
INTP	10.1	BBNI	30.6
ACES	10.0	SMGR	25.3

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
BRPT	5.9%	MEDC	-6.6%
INKP	5.2%	PGAS	-4.5%
ELSA	3.2%	PTBA	-4.1%
INTP	3.1%	KLBF	-3.1%
ASII	2.6%	LPPF	-2.6%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.61%	0.11%	
USDIDR	15,238	0.13%	
KRWIDR	13.42	0.30%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	26,430.57	(56.21)	-0.21%
S&P 500	2,880.34	(4.09)	-0.14%
Nasdaq	7,738.02	2.07	0.03%
FTSE 100	7,237.59	4.26	0.06%
CAC 40	5,318.55	18.30	0.35%
DAX	11,977.22	30.06	0.25%
Nikkei	23,469.39	(314.33)	-1.32%
Hang Seng	26,172.91	(29.66)	-0.11%
Shanghai	2,721.01	4.50	0.17%
KOSPI	2,253.83	(13.69)	-0.60%
EIDO	21.49	(0.05)	-0.23%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,189.8	1.7	0.14%
Crude Oil (USD /bbl)	74.96	0.67	0.90%
Coal Newcas(USD/ton)	111.35	(3.00)	-2.62%
Gas (USD /mmbtu)	3.27	(0.00)	-0.03%
Nickel LME (USD /MT)	13,010	435.0	3.46%
Tin LME (USD /MT)	18,990	90.0	0.48%
CPO (MYR/Ton)	2,205	18.0	0.82%

Market Recap

JCI notched higher yesterday backed by the financial sector. The rally occurred amid the slight rupiah depreciation and foreign net sell. **Top Gainers: Misc. Industry (+2.12%), Basic Industry (+1.58%), Finance (+1.09%)**

The U.S. and Asia stock markets finished mixed on Tuesday, 10/09/18. Investors digested the hike in 10-year Treasury Note and the stance of People's Bank of China. On the other side, European markets finished higher amid the escalating political tension between Italy's government and European Union.

Today's Outlook: Corrections to Dollar

We estimate that today JCI will rally with the **support range of 5756-5762** and **resistance range of 5835-5847**. The positive sentiment comes from the corrections to the U.S. dollar index. The correction occurred after the decline in the U.S. Treasury bond yield after posting massive hikes within recent days.

On the other side, the positive sentiment comes from the revision of global economy by IMF. Although IMF cuts the estimated global economic growth to 3.7%, it stated that Indonesia's economic growth is capable to hit 5.1%. The estimated growth in Indonesia's economy is better than its emerging economies' peers such as Argentina, Brazil, and Turkey whose economic growth is heavily cut by IMF.

Stocks Recommendation (details on the next page)

Trading Buy: INCO, BBNI, AALI

Company News

- WSBP : Rupiah Depreciation Has Little Impacts on WSBP
- JSMR : Will Issue Dinfra Worth IDR1.5 Trillion
- GMFI : Cooperates with France-Based Company
- SMCB : Is Beset by Higher Coal Prices

Domestic & Global News

- IMF Projects Indonesia's Economy to Grow by 5.1%
- The U.S.-Treasury Yield Rose to Its Highest Level Since 2011

Indonesia Economic Data

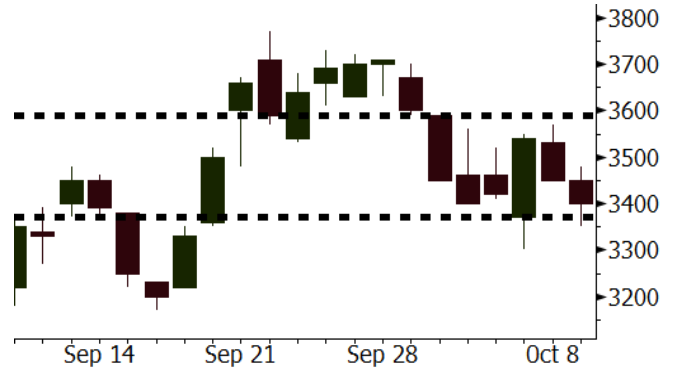
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports 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 = 3400

Analysis The benchmark of global nickel prices soared by 3.46% to USD13,010 per ton yesterday. The level was the highest since September 21, 2018.

Range 3370 – 3590

Action Trading Buy. Cut Loss If Below 3370



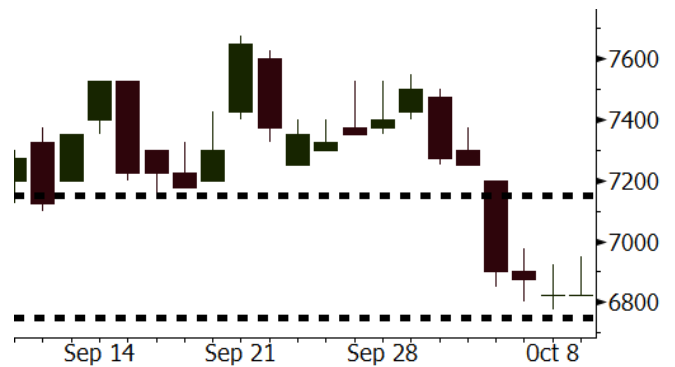
Source: Bloomberg

BBNI Last = 6825

Analysis In 2Q18, BBNI posted the growth of 19.0% y-y in the net profit, the highest among its peers. In the 3Q18, the trend of profit growth is estimated to keep in check as the provision costs declined amid the trend of improvement in credit quality.

Range 6750 – 7150

Action Trading Buy. Cut Loss If Below 6750



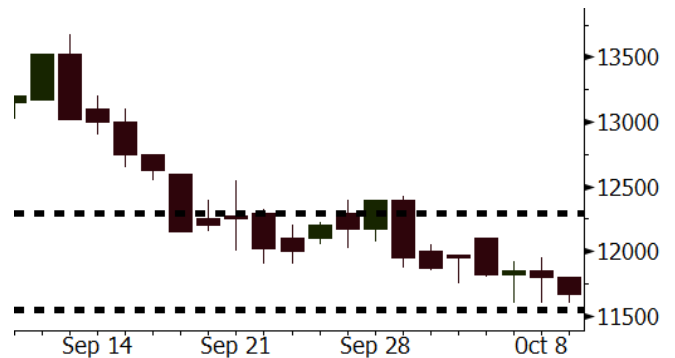
Source: Bloomberg

AALI Last = 11675

Analysis The trend of rebound in global CPO prices is in check. Yesterday, CPO prices hiked by 0.82% to MYR2,205 per ton. The trend aligns with the trend of rebound in the substitute product: soy oil.

Range 11550 – 12300

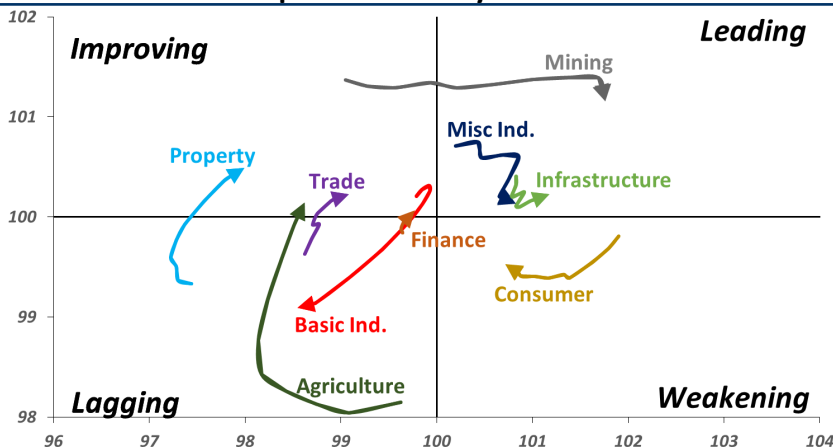
Action Trading buy. Cut Loss If Below 11550



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	5,797	6,356				(1.8)	6,557.4							
Finance						3.5	1,953.3							
BBCA	23,750	21,900	27,650	Buy	16.4	16.6	585.6	24.2x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,020	3,640	3,930	Buy	30.1	(1.1)	372.5	12.1x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,350	8,000	7,500	Buy	18.1	(5.2)	296.3	14.4x	1.8x	14.5	3.1	3.1	28.7	1.3
BBNI	6,825	9,900	9,675	Buy	41.8	(6.5)	127.3	8.7x	1.3x	15.5	3.7	11.8	16.2	1.4
BBTN	2,410	3,570	3,280	Buy	36.1	(18.6)	25.5	8.0x	1.1x	15.1	2.4	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						(3.8)	1,367.1							
HMSP	3,850	4,730	4,300	Hold	11.7	(1.3)	447.8	35.2x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	74,000	83,800	88,650	Buy	19.8	11.7	142.4	17.4x	3.5x	20.9	3.5	12.6	13.7	1.2
UNVR	44,400	55,900	49,600	Hold	11.7	(10.0)	338.8	49.0x	67.6x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,875	8,900	10,550	Buy	18.9	2.0	103.5	25.9x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	5,600	7,625	8,175	Buy	46.0	(33.5)	49.2	12.8x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,250	1,690	1,730	Buy	38.4	(27.5)	58.6	24.4x	4.4x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,340	2,700	3,280	Buy	40.2	(16.1)	13.0	36.7x	5.2x	14.9	0.8	29.1	28.3	1.0
Infrastructure						(14.2)	696.47							
TLKM	3,590	4,399	4,700	Buy	30.9	(20.0)	355.6	19.0x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,880	2,960	3,800	Buy	31.9	(20.7)	30.8	211.3x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,750	4,800	6,750	Buy	145.5	(55.8)	14.9	N/A	1.2x	(2.6)	2.7	(26.8)	N/A	0.9
PGAS	2,120	1,750	2,600	Buy	22.6	50.9	51.4	14.1x	1.0x	7.6	1.5	15.0	200.0	1.4
JSMR	4,360	6,400	6,050	Buy	38.8	(26.4)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,000	6,425	6,050	Buy	21.0	(24.0)	22.7	10.1x	7.5x	104.6	3.4	7.1	8.1	0.6
INDY	2,720	3,060	5,000	Buy	83.8	32.0	14.2	2.6x	1.0x	44.8	4.0	219.4	49.0	0.8
Trade						(13.2)	698.6							
UNTR	32,000	35,400	44,750	Buy	39.8	(6.6)	119.4	12.6x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,820	6,350	4,650	Buy	21.7	(45.8)	15.3	21.9x	1.8x	22.2	5.8	21.6	(34.8)	1.2
SCMA	1,740	2,480	2,500	Buy	43.7	(19.4)	25.4	19.0x	6.0x	32.5	4.3	2.6	0.7	1.2
MNCN	770	1,285	1,125	Buy	46.1	(46.9)	11.0	7.7x	1.0x	14.6	1.9	1.8	(9.2)	1.1
LPPF	6,525	10,000	9,270	Buy	42.1	(31.3)	19.0	9.9x	8.1x	93.0	7.0	3.1	0.4	1.1
ACES	1,370	1,155	1,635	Buy	19.3	5.0	23.5	26.6x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,280	1,200	1,525	Buy	19.1	34.7	9.1	16.4x	2.3x	14.6	3.1	0.9	31.8	0.9
MAPI	800	620	945	Buy	18.1	17.6	13.3	22.7x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(17.8)	351.6							
BSDE	1,000	1,700	1,850	Buy	85.0	(44.3)	19.2	5.8x	0.7x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	464	685	625	Buy	34.7	(25.2)	22.3	10.6x	2.0x	20.5	1.3	14.4	25.4	1.1
CTRA	810	1,185	1,050	Buy	29.6	(31.9)	15.0	20.6x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	595	945	1,050	Buy	76.5	(44.7)	8.6	21.8x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,640	2,210	2,810	Buy	71.3	(8.9)	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	(39.6)	9.6	7.0x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,300	1,550	2,150	Buy	65.4	(27.2)	11.7	9.1x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,300	1,885	2,160	Buy	66.2	(35.3)	4.6	7.8x	0.8x	10.5	2.2	#N/A	N/A	1.1
Misc Ind.						(9.3)	359.4							
ASII	7,025	8,300	9,300	Buy	32.4	(11.9)	284.4	14.3x	2.2x	16.3	2.7	14.8	11.3	1.2
Basic Ind.						23.9	595.0							
INTP	16,750	21,950	21,575	Buy	28.8	(12.9)	61.7	47.0x	2.8x	5.7	4.2	(0.9)	(60.6)	1.5
SMGR	9,300	9,900	11,550	Buy	24.2	(12.7)	55.2	29.2x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,050	3,000	4,200	Sell	(16.8)	70.6	82.8	24.3x	4.8x	21.3	1.1	2.7	59.1	1.0
JPPA	1,970	1,300	2,000	Hold	1.5	45.4	23.1	13.9x	2.6x	18.3	5.1	18.2	142.5	0.8
MAIN	1,120	740	780	Sell	(30.4)	27.3	2.5	17.4x	1.4x	7.9	N/A	13.5	350.0	1.2
KRAS	394	424	500	Buy	26.9	(21.2)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,570	6,000	6,275	Buy	37.3	(2.8)	81.5	20.5x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,720	2,260	2,420	Buy	40.7	(9.0)	30.6	18.2x	1.7x	8.9	1.4	13.0	22.5	1.2
Mining						31.2	436.5							
ADRO	1,730	1,860	2,500	Buy	44.5	(8.9)	55.3	7.9x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,500	2,460	5,375	Buy	19.4	107.4	51.8	8.9x	3.7x	43.4	7.1	17.4	49.1	1.0
ITMG	25,750	20,700	32,400	Buy	25.8	26.4	29.1	7.5x	2.1x	27.6	12.2	8.0	(10.0)	1.1
INCO	3,400	2,890	5,325	Buy	56.6	16.4	33.8	57.2x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	810	625	1,200	Buy	48.1	22.7	19.5	19.9x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	725	775	1,240	Buy	71.0	(14.7)	5.4	10.2x	0.9x	8.8	3.3	1.8	13.1	1.0
ELSA	384	372	625	Buy	62.8	22.3	2.8	7.8x	0.9x	12.1	1.3	46.5	783.3	1.3
Agriculture						(12.3)	99.4							
AALI	11,675	13,150	16,925	Buy	45.0	(21.4)	22.5	12.8x	1.2x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,215	1,420	1,500	Buy	23.5	(17.9)	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

WSBP : Rupiah Depreciation Has Little Impacts on WSBP

WSBP stated that its performance will be beset by the rupiah depreciation, particularly raw materials hit hardest. However, the hedging strategy it initially applied cushioned the depreciation's impacts. Ahead of political years, it will also increase the contributions of private sector project. (Kontan)

GMFI : Cooperates with France-Based Company

GMFI will perform a strategic cooperation with France-based airplane maintenance company: Air France Industries KLM Engineering & Maintenance (AFI KLM E&M). The cooperation is estimated to be worth of USD400 million. Of note, it will perform the press release on October 11, 2018. (Kontan)

JSMR : Will Issue Dinfra Worth IDR1.5 Trillion

JMSR will gradually issue Infrastructure Investment Fund (Dinfra) amounting to IDR1.5 trillion. Dinfra's first right issue will offer the asset of toll road's section of Gempol-Pandaan. It stated that the Dinfra's issuance is relatively simpler and more flexible than the bonds issuance. (Bisnis Indonesia)

SMCB : Is Beset by Higher Coal Prices

SMCB's performance was beset by the trend of upbeat coal prices attributable to the hike in energy costs spent on cement's production. In 1H18, its EBITDA declined from IDR357 billion to IDR233 billion. To cushion the hike in energy costs, it will raise its products' selling prices and look for the use of alternative energies. (Kontan)

Domestic & Global News

IMF Projects Indonesia's Economy to Grow by 5.1%

IMF projects that the economic growth in 2018 and 2019 will settle at 5.1%. The figures are lower than the initially estimated figures of 5.3%. The growth of 5.1% is the realistic figures compared to the estimated figures: economists said. Indeed, the projection considers Indonesia's exports narrowed by trade balance deficits. Indonesia's consumption gets better, yet it is less likely to back Indonesia's economic growth. (Kontan)

The U.S.-Treasury Yield Rose to Its Highest Level Since 2011

Concerns surrounding rising interest rates again took center stage after U.S. government debt yields hit highs not seen in several years on Tuesday. The yield on the benchmark 10-year Treasury note rose above 3.25 percent in early trading, returning to its highest level since 2011. The yield on the 30-year Treasury bond rose above 3.43 percent, its highest level since 2014. As of the latest reading, the 10-year note yield slipped lower to 3.2 percent while the 30-year dipped to 3.36 percent. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 08 - Oct	GER	13:00	Industrial Production SA MoM	Aug	-0.30%	0.50%	-1.10%
Tuesday 09 - Oct	JPN	06:50	BoP Current Account Balance	Aug	¥1838.4b	¥1896.6b	¥2009.7b
Wednesday 10 - Oct	JPN	06:50	Core Machine Orders MoM	Aug	6.80%	-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	6,1%	--	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) Superkrane Mitra Utama (SKRN)
Thursday 11 - Oct	IPO Listing Date	
Friday 12 - Oct	Extraordinary Shareholder Meeting	DPUM
	Rights Listing Date	IBFN

Source: Bloomberg

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