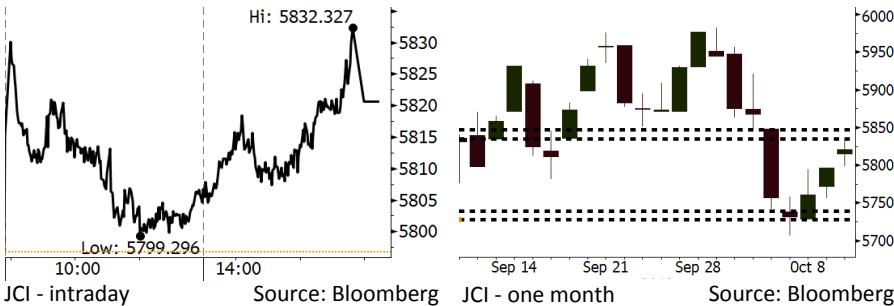


# Morning Brief

Daily | Oct 11, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 10	5,820.67
Chg	+23.88pts (+0.41%)
Volume (bn shares)	104.07
Value (IDR tn)	6.75

Adv 197 Dec 162 Unc 265 Untr 116

## Foreign Transaction (IDR bn)

Buy	1,536
Sell	2,110
Net Buy (Sell)	(575)

Top Buy	NB Val.	Top Sell	NS Val.
BMRI	34.3	BBCA	123.7
ACES	21.3	BBNI	49.2
PTBA	19.0	BBRI	40.5
PGAS	15.5	SMCB	37.4
ERAA	7.7	SMGR	29.5

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
PTPP	7.4%	LPPF	-3.8%
PGAS	6.1%	ICBP	-2.8%
INCO	3.8%	MEDC	-2.2%
ADRO	2.9%	MNCN	-2.0%
WSBP	2.9%	SMGR	-1.9%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.55%	-0.06%
USDIDR	15,200	-0.25%
KRWIDR	13.37	-0.37%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,598.74	(831.83)	-3.15%
S&P 500	2,785.68	(94.66)	-3.29%
Nasdaq	7,422.05	(315.97)	-4.08%
FTSE 100	7,145.74	(91.85)	-1.27%
CAC 40	5,206.22	(112.33)	-2.11%
DAX	11,712.50	(264.72)	-2.21%
Nikkei	23,506.04	36.65	0.16%
Hang Seng	26,193.07	20.16	0.08%
Shanghai	2,725.84	4.82	0.18%
KOSPI	2,228.61	(25.22)	-1.12%
EIDO	21.05	(0.44)	-2.05%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,194.8	5.0	0.42%
Crude Oil (USD /bbl)	73.17	(1.79)	-2.39%
Coal Newcas(USD/ton)	106.25	(3.20)	-2.92%
Gas (USD /mmbtu)	3.28	0.02	0.55%
Nickel LME (USD /MT)	12,680	(330.0)	-2.54%
Tin LME (USD /MT)	19,025	35.0	0.18%
CPO (MYR/Ton)	2,193	(12.0)	-0.54%

## Market Recap

JCI finished higher within 3 consecutive days after a steep tumble. The movement is backed by the rally in the rupiah's exchange rate and the government's stance to hike non-subsidized petroleum prices. **Top Gainers: Consumer (+1.19%), Mining (+0.95%), Infrastructure (+0.86%)**

The U.S. and European markets closed lower yesterday due to the massive net sales of tech. sector. Investors also concerned the growth in global economy and the trend in interest rate hikes. On the other side, Asia markets rallied after analysts predicted the renminbi potential to rally.

## Today's Outlook: Global Markets Tumble

We estimate JCI to move at sluggish pace at the **support range of 5728-5739** and **resistance range of 5835-5847**. The negative sentiment comes from the steep tumble in the global markets. The Dow Jones index closed more than 3% due to investors' jitters of the trend in the upbeat U.S. Treasury yield. This morning, Nikkei index lowered more than 3%. Indeed, the decline in the global market is estimated to continue further until Thursday. It is indicated by the decline in the Dow Futures index.

From the domestic outlook, the policy on hiking petroleum prices gets a serious consideration. Pertamina has hiked non-subsidized petroleum prices; indeed, the government has prepared the scheme of hiking subsidized petroleum prices even though it was finally canceled.

## Stocks Recommendation (details on the next page)

Trading Buy: BBTN, ANTM, UNTR

## Company News

- SMCB : Posts Revenue of IDR7.37 Trillion
- MAPB : Launches 49 New Stores
- PTPP : Likely Obtains Project Worth IDR6 Trillion
- BMRI : Targets KPR to Millennial

## Domestic & Global News

- The Government Hikes Non-Subsidized Petroleum Prices
- Trump Says The Fed Has 'Gone Crazy' by Continuing to Raise Interest Rates

## 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

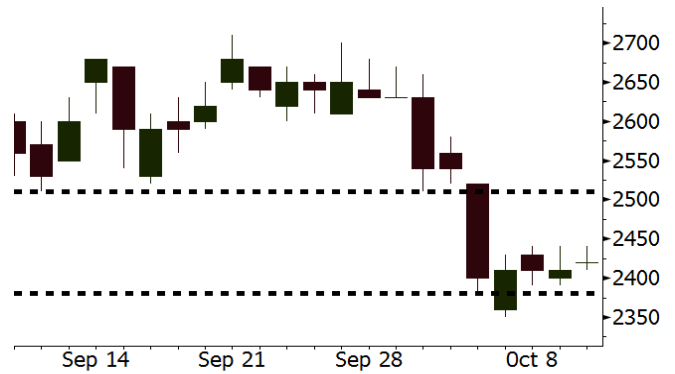
**BBTN** Last = 2420

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**Analysis** BBTN posted the growth of 19% in credit, higher than other banks' growth. However, its P/B valuation of 1.1x is lower than other banks' valuation.

**Range** 2380 – 2510

**Action** Trading Buy. Cut Loss If Below 2380



Source: Bloomberg

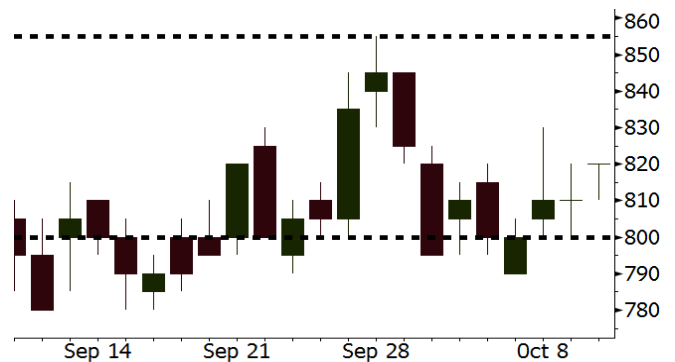
**ANTM** Last = 820

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**Analysis** The trend of ANTM's gold sales showed a significant growth. Amid the trend of global monetary tightening, the demand for gold by BI likely hikes.

**Range** 800 – 855

**Action** Trading Buy. Cut Loss If Below 800



Source: Bloomberg

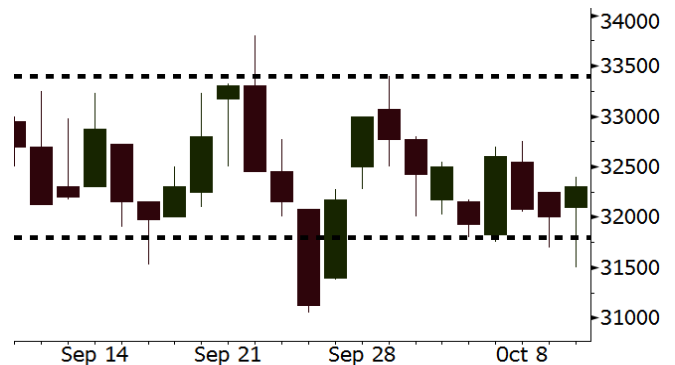
**UNTR** Last = 32300

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**Analysis** UNTR's performance will be more lustrous along with the trend of increasing production of domestic coal. However, UNTR's valuation is very low. It is traded at P/E of 12.7x, a steep lower than the last 2-year average of 21.5x.

**Range** 31800 – 33400

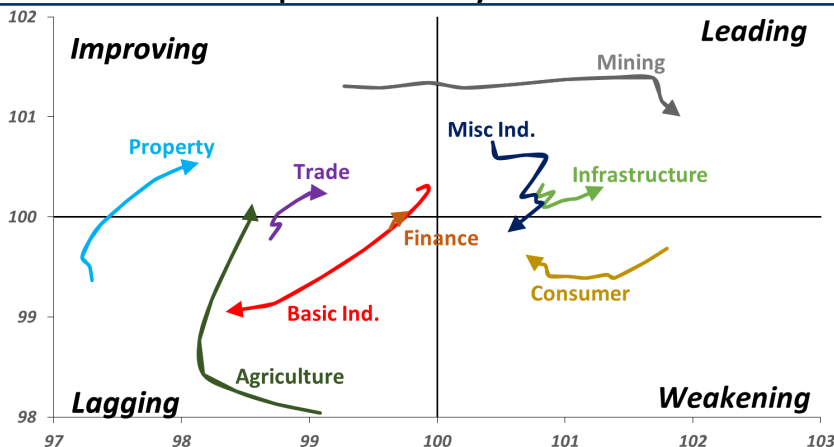
**Action** Trading buy. Cut Loss If Below 31800



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>	5,821	6,356				(1.1)	6,594.4							
<b>Finance</b>						3.4	1,953.8							
BBCA	23,375	21,900	27,650	Buy	18.3	14.7	576.3	23.8x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,010	3,640	3,930	Buy	30.6	(1.5)	371.3	12.1x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,475	8,000	7,500	Buy	15.8	(3.7)	302.2	14.7x	1.8x	14.5	3.1	3.1	28.7	1.3
BBNI	6,950	9,900	9,675	Buy	39.2	(4.8)	129.6	8.9x	1.3x	15.5	3.7	11.8	16.2	1.4
BBTN	2,420	3,570	3,280	Buy	35.5	(19.6)	25.6	8.0x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(7.9)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
<b>Consumer</b>						(1.8)	1,392.9							
HMSP	3,900	4,730	4,300	Hold	10.3	2.1	453.6	35.6x	16.4x	46.0	2.8	5.5	1.9	1.3
GGRM	75,350	83,800	88,650	Buy	17.7	14.2	145.0	17.7x	3.6x	20.9	3.5	12.6	13.7	1.2
UNVR	44,900	55,900	49,600	Hold	10.5	(8.1)	342.6	49.6x	68.4x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,625	8,900	10,550	Buy	22.3	(1.1)	100.6	25.2x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	5,700	7,625	8,175	Buy	43.4	(31.9)	50.0	13.0x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,285	1,690	1,730	Buy	34.6	(25.7)	60.2	25.1x	4.5x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,420	2,700	3,280	Buy	35.5	(13.3)	13.4	38.0x	5.4x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(12.0)	702.48							
TLKM	3,600	4,399	4,700	Buy	30.6	(17.4)	356.6	19.0x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,830	2,960	3,800	Buy	34.3	(18.2)	30.2	207.7x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,760	4,800	6,750	Buy	144.6	(56.9)	15.0	N/A	1.2x	(2.6)	2.6	(26.8)	N/A	0.9
PGAS	2,250	1,750	2,600	Buy	15.6	59.0	54.5	15.0x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,420	6,400	6,050	Buy	36.9	(27.2)	32.1	14.4x	2.1x	14.8	1.4	42.5	2.9	0.9
TBIG	5,100	6,425	6,050	Buy	18.6	(21.5)	23.1	10.3x	7.7x	104.6	3.3	7.1	8.1	0.6
INDY	2,790	3,060	5,000	Buy	79.2	35.4	14.5	2.6x	1.0x	44.8	3.9	219.4	49.0	0.8
<b>Trade</b>						(12.7)	702.0							
UNTR	32,300	35,400	44,750	Buy	38.5	(5.7)	120.5	12.7x	2.4x	20.6	3.0	32.3	60.0	1.1
AKRA	3,880	6,350	4,650	Buy	19.8	(46.5)	15.6	22.2x	1.9x	22.2	5.7	21.6	(34.8)	1.2
SCMA	1,740	2,480	2,500	Buy	43.7	(19.1)	25.4	19.0x	6.0x	32.5	4.3	2.6	0.7	1.2
MNCN	755	1,285	1,125	Buy	49.0	(47.9)	10.8	7.5x	1.0x	14.6	2.0	1.8	(9.2)	1.1
LPPF	6,275	10,000	9,270	Buy	47.7	(31.8)	18.3	9.6x	7.8x	93.0	7.3	3.1	0.4	1.1
ACES	1,400	1,155	1,635	Buy	16.8	7.7	24.0	27.2x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,260	1,200	1,525	Buy	21.0	31.9	8.9	16.2x	2.3x	14.6	3.2	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	14.9	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(17.1)	352.8							
BSDE	1,005	1,700	1,850	Buy	84.1	(43.2)	19.3	5.8x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	468	685	625	Buy	33.5	(23.3)	22.5	10.7x	2.0x	20.5	1.3	14.4	25.4	1.1
CTRA	800	1,185	1,050	Buy	31.3	(31.6)	14.8	20.3x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	610	945	1,050	Buy	72.1	(41.1)	8.8	22.4x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,645	2,210	2,810	Buy	70.8	(9.4)	22.3	3.8x	1.3x	39.6	3.5	47.3	134.6	1.4
PTPP	1,660	2,640	3,850	Buy	131.9	(34.4)	10.3	7.6x	0.9x	12.5	2.8	17.0	(16.3)	1.3
WIKA	1,305	1,550	2,150	Buy	64.8	(25.6)	11.7	9.1x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,315	1,885	2,160	Buy	64.3	(35.5)	4.7	7.8x	0.8x	10.5	2.2	#N/A	N/A	1.1
<b>Misc Ind.</b>						(10.3)	357.0							
ASII	6,950	8,300	9,300	Buy	33.8	(13.4)	281.4	14.1x	2.2x	16.3	2.7	14.8	11.3	1.2
<b>Basic Ind.</b>						23.9	593.4							
INTP	16,900	21,950	21,575	Buy	27.7	(12.3)	62.2	47.4x	2.8x	5.7	4.1	(0.9)	(60.6)	1.5
SMGR	9,125	9,900	11,550	Buy	26.6	(12.7)	54.1	28.6x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,990	3,000	4,200	Sell	(15.8)	67.4	81.8	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	1,925	1,300	2,000	Hold	3.9	46.9	22.6	13.6x	2.5x	18.3	5.2	18.2	142.5	0.8
MAIN	1,180	740	780	Sell	(33.9)	34.1	2.6	18.3x	1.4x	7.9	N/A	13.5	350.0	1.2
KRAS	396	424	500	Buy	26.3	(20.8)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,560	6,000	6,275	Buy	37.6	(2.3)	81.3	20.5x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,755	2,260	2,420	Buy	37.9	(4.6)	31.2	18.6x	1.7x	8.9	1.4	13.0	22.5	1.2
<b>Mining</b>						32.0	440.6							
ADRO	1,780	1,860	2,500	Buy	40.4	(5.3)	56.9	8.2x	1.1x	13.3	6.1	3.9	(12.1)	1.1
PTBA	4,540	2,460	5,375	Buy	18.4	101.3	52.3	9.0x	3.8x	43.4	7.0	17.4	49.1	1.0
ITMG	25,500	20,700	32,400	Buy	27.1	22.7	28.8	7.4x	2.0x	27.6	12.3	8.0	(10.0)	1.1
INCO	3,530	2,890	5,325	Buy	50.8	18.9	35.1	59.5x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	820	625	1,200	Buy	46.3	28.1	19.7	20.2x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	700	775	1,240	Buy	77.1	(16.7)	5.2	9.9x	0.9x	8.8	3.4	1.8	13.1	1.0
ELSA	380	372	625	Buy	64.5	19.5	2.8	7.7x	0.9x	12.1	1.3	46.5	783.3	1.3
<b>Agriculture</b>						(12.1)	99.4							
AALI	11,850	13,150	16,925	Buy	42.8	(19.9)	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	(17.1)	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

### **SMCB : Posts Revenue of IDR7.37 Trillion**

Until September 2018, SMCB posted the growth of 7% y-y to IDR7.37 trillion in revenues. Of note 3Q18's revenue increased by 12% y-y to IDR2.92 trillion mostly backed by the housing and infrastructure sectors. Besides, 3Q18's EBITDA also hiked as it implemented a strategy for optimizing distribution, production, and using alternative petroleum. (Kontan)

### **PTPP : Likely Obtains Project Worth IDR6 Trillion**

PTPP is likely to sign the project agreement worth IDR6 trillion at the event of IMF-World Bank Group Annual Meeting. Of note, the project worth IDR1 trillion is a corporation with EBD Paragon Holdings for Paramount Mandalika Hotel Project. Of note, it also targets a stated-owned enterprise (BUMN) project of oil and gas storage tanks in Nipa, Batam. (Bisnis Indonesia)

### **MAPB : Launches 49 New Stores**

MAPB continuously launches new stores mostly having Starbucks brand. Until September, it launched 49 new stores whose 43 stores are Starbucks. In 2018, it targets to launch 65 new stores with the capital spending allocated to amount to IDR250 billion. Of note, 2Q18's sales grew by 22.11% y-y to IDR1.07 trillion. (Kontan)

### **BMRI : Targets KPR to Millennial**

BMRI will broaden the market of its mortgage loan (KPR), particularly targeted to the millennial with salary lower than IDR20 million per month through a credit facility with the interest rate of 6.5% and 5-year tenor. The credit has no down payment. Until the end of 2018, it targets the mortgage loan can reach IDR240 billion. (Kontan)

## Domestic & Global News

### **The Government Hikes Non-Subsidized Petroleum Prices**

PT Pertamina (Persero) raised petroleum prices in gas filling stations (SPBU), particularly Pertamina series and Dex series, and Non PSO Biodiesel taking into effect across Indonesia, excluding West Nusa Tenggara and Central Sulawesi, hit by natural disasters. Yesterday, at 11:00 a.m. Pertamina's price in greater Jakarta was IDR10,400 per liter; Pertamina Turbo was IDR12,250 per liter; Pertamina Dex was IDR11,850 per liter; Dexlite was IDR10,500 per liter, and Non PSO Biodiesel of IDR9,800 per liter. (CNBC Indonesia)

### **Trump Says The Fed Has 'Gone Crazy' by Continuing to Raise Interest Rates**

President Donald Trump knocked the Federal Reserve for continuing to raise interest rates despite some recent market turbulence. "I think the Fed is making a mistake. They are so tight. I think the Fed has gone crazy," the president said after walking off Air Force One in Erie, Pennsylvania for a rally. Fears about rapidly rising rates helped cause the Dow Jones Industrial Average to drop more than 800 points Wednesday. The S&P 500 posted its worst day since February and clinched its first five-day losing streak since 2016. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 08 - Oct	GER	13:00	Industrial Production SA MoM	Aug	-0.30%	0.50%	-1.10%
<b>Tuesday</b> 09 - Oct	JPN	06:50	BoP Current Account Balance	Aug	¥1838.4b	¥1896.6b	¥2009.7b
<b>Wednesday</b> 10 - Oct	JPN	06:50	Core Machine Orders MoM	Aug	6.80%	-4.00%	11.00%
	UK	15:30	Industrial Production MoM	Aug	0.20%	0.10%	0.10%
	USA	19:30	PPI Final Demand MoM	Sep	0.20%	0.20%	-0.10%
<b>Thursday</b> 11 - Oct	JPN	06:50	PPI YoY	Sep	3.00%	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
<b>Friday</b> 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.
<b>Monday</b> 08 - Oct	15:00	Retail Sales Yoy	Aug	6,1%	--	2.90%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b> 08 - Oct	Extraordinary Shareholder Meeting	LPPF, SHIP, SKYB
	Rights Listing Date	MAYA
	Cum Interim Dividend Date	ASGR (IDR30 per share)
<b>Tuesday</b> 09 - Oct	Extraordinary Shareholder Meeting	BEKS
	Annual Shareholder Meeting	VRNA
	IPO Listing Date	HK Metals Utama (HKMU) Propertindo Mulia Investama (MPRO)
<b>Wednesday</b> 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)
<b>Thursday</b> 11 - Oct	IPO Listing Date	
<b>Friday</b> 12 - Oct	Extraordinary Shareholder Meeting	DPUM
	Rights Listing Date	IBFN

Source: Bloomberg

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