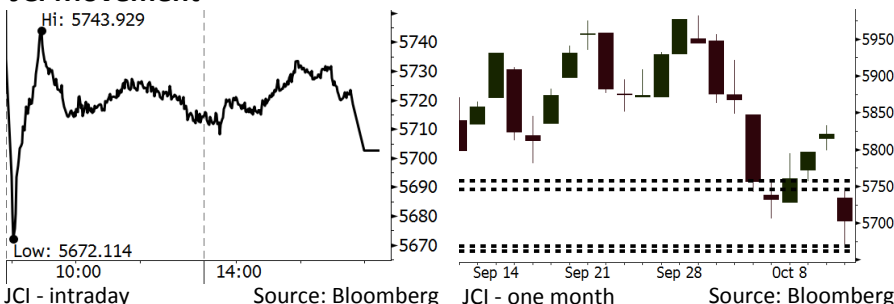


Morning Brief

Daily | Oct 12, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 11	5,702.82
Chg	-117.85pts (-2.03%)
Volume (bn shares)	112.24
Value (IDR tn)	7.43
Adv 72 Dec 343 Unc 210 Untr 127	

Foreign Transaction (IDR bn)

Buy	1,840
Sell	3,028
Net Buy (Sell)	(1,188)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	71.5	BBRI	191.6
SRIL	16.4	BBCA	186.1
BRPT	7.5	ASII	160.0
TKIM	6.9	BBNI	81.5
SCMA	4.9	UNTR	78.6

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
BRPT	2.6%	SRIL	-6.5%
TPIA	0.2%	INKP	-6.0%
LPKR	0.0%	PTPP	-5.1%
SCMA	-0.6%	BBTN	-5.0%
ICBP	-0.6%	PGAS	-4.9%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.71%	0.16%
USDIDR	15,235	0.23%
KRWIDR	13.33	-0.30%

Global Indexes

Index	Last	Chg.	%
Dow Jones	25,052.83	(545.91)	-2.13%
S&P 500	2,728.37	(57.31)	-2.06%
Nasdaq	7,329.06	(92.99)	-1.25%
FTSE 100	7,006.93	(138.81)	-1.94%
CAC 40	5,106.37	(99.85)	-1.92%
DAX	11,539.35	(173.15)	-1.48%
Nikkei	22,590.86	(915.18)	-3.89%
Hang Seng	25,266.37	(926.70)	-3.54%
Shanghai	2,583.46	(142.38)	-5.22%
KOSPI	2,129.67	(98.94)	-4.44%
EIDO	21.10	0.05	0.24%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,224.1	29.3	2.45%
Crude Oil (USD /bbl)	70.97	(2.20)	-3.01%
Coal Newcas(USD/ton)	107.65	(1.70)	-1.55%
Gas (USD /mmbtu)	3.22	(0.06)	-1.89%
Nickel LME (USD /MT)	12,675	(5.0)	-0.04%
Tin LME (USD /MT)	19,275	250.0	1.31%
CPO (MYR/Ton)	2,171	(22.0)	-1.00%

Market Recap

JCI finished lower yesterday, following the global markets. Investors also concerned about the impacts of global trade war to the global economic growth.

Top Losers: Misc. Industry (-2.92%), Finance (-2.68%), Mining (-2.46%)

The global markets finished lower yesterday. Investors' concerned about the impacts of unresolved trade war between the U.S. and China on the global economic growth and the trend of the Fed's rate hikes triggered them to sell high-risk instrument such as stocks and load up on safe havens.

Today's Outlook: The U.S. Inflation

Today, we estimate JCI to rally with the **support range of 5662-5669** and the **resistance range of 5746-5758**. The positive sentiment comes from the U.S. inflation of 0.1% m-m in September. The figures were lower than the estimated figures of 0.2% and August's inflation of 0.2%. Responding to the inflation data, the U.S. government bond yields declined sharply. On the other hand, although the U.S. stocks decline further, this morning Asia's stocks move mixed.

From the domestic outlook, the rupiah begins to be appreciated as it moves below 15,200 per U.S. dollar. The trend of corrections to U.S. dollar index is estimated to be capable of maintaining the rupiah's rally at the range of 15,100-15,200 today.

Stocks Recommendation (details on the next page)

Trading Buy: BBNI, TLKM, ANTM

Company News

- ADHI : Secures New Contracts of IDR11.4 Trillion
- APLN : Posts 40% of Marketing Sales' Target
- PPRE : Expands to Mining Service Sector
- ANTM : Signs Projects of USD320 Million

Domestic & Global News

- Indonesia-Singapore Announced Swap and Repo Cooperation
- U.S. Inflation Slows in September

Indonesia Economic Data

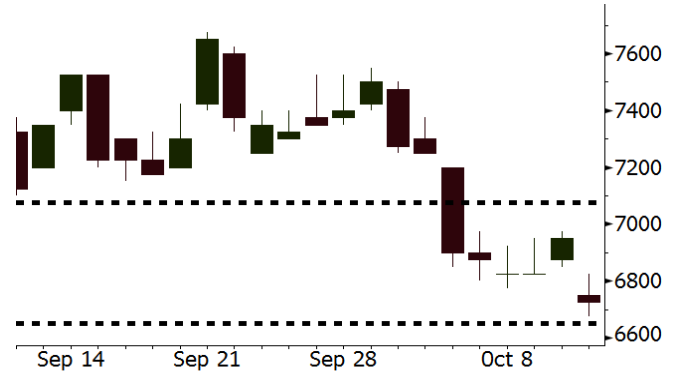
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports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

BBNI Last = 6725

Analysis The steep decline in BBNI's stock price is in a stark contrast to its net profit performance. In 2Q18, BBNI was capable of posting the growth of 19% in the net profit, much the highest among its peers.

Range 6650 – 7075

Action Trading Buy. Cut Loss If Below 6650



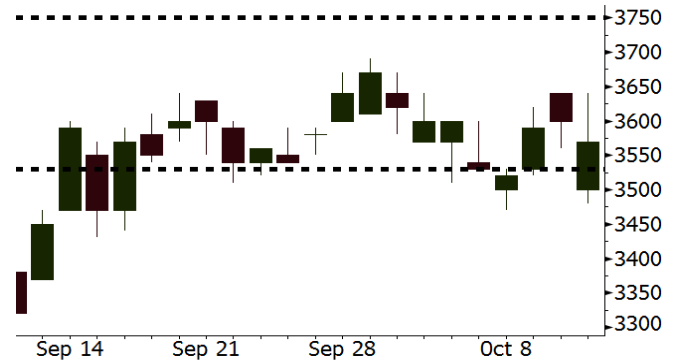
Source: Bloomberg

TLKM Last = 3570

Analysis The trend of decline in TLKM's stock prices discontinued. The expectancy of improvement in financial performance backed by favorable backdrop of cellular industry, TLKM's stock prices likely rally.

Range 3530 – 3750

Action Trading Buy. Cut Loss If Below 3530



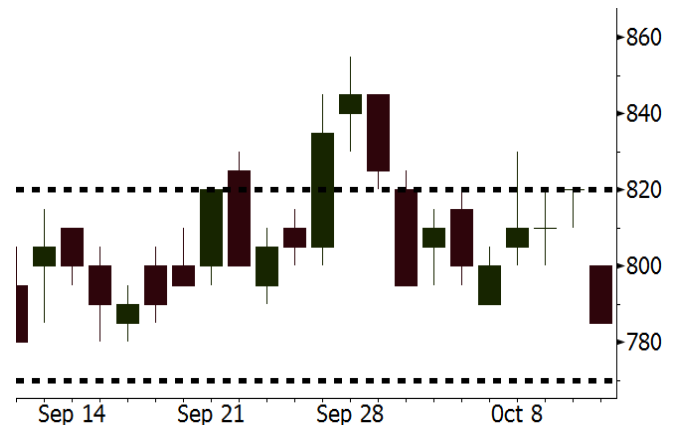
Source: Bloomberg

ANTM Last = 785

Analysis ANTM signed the agreement on the construction of new nickel smelter with OENI. The smelter located in West Halmahera will have the capacity of 30,000 tons. The smelter adds ANTM's smelter located in Pomalaa with the capacity of 27,000-30,000 tons and West Halmahera with the capacity of 13,500 tons.

Range 770 – 820

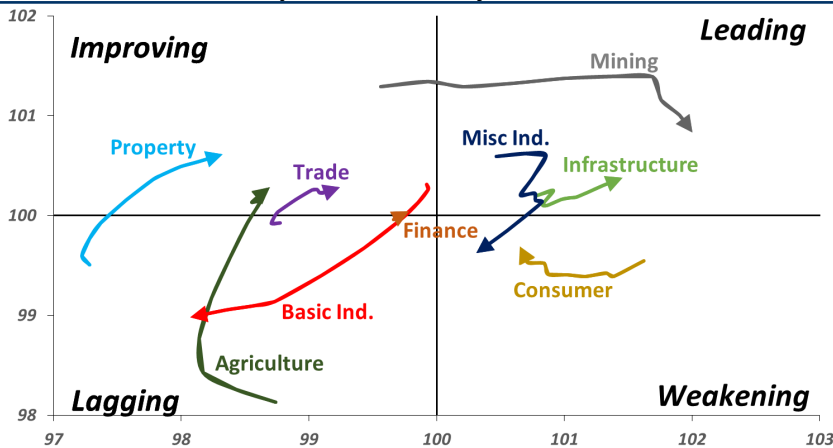
Action Trading buy. Cut Loss If Below 770



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	5,703	6,356				(3.8)	6,462.0							
Finance						(0.6)	1,901.5							
BBCA	22,725	21,900	27,650	Buy	21.7	9.3	560.3	23.2x	4.1x	18.8	1.1	5.7	8.4	1.0
BBRI	2,910	3,640	3,930	Buy	35.1	(5.4)	358.9	11.7x	2.2x	19.3	3.7	5.8	10.9	1.4
BMRI	6,275	8,000	7,500	Buy	19.5	(8.1)	292.8	14.2x	1.8x	14.5	3.2	3.1	28.7	1.3
BBNI	6,725	9,900	9,675	Buy	43.9	(10.3)	125.4	8.6x	1.3x	15.5	3.8	11.8	16.2	1.4
BBTN	2,300	3,570	3,280	Buy	42.6	(26.8)	24.4	7.6x	1.1x	15.1	2.5	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(10.6)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(2.2)	1,380.5							
HMSP	3,870	4,730	4,300	Hold	11.1	2.1	450.2	35.4x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	74,725	83,800	88,650	Buy	18.6	13.9	143.8	17.6x	3.5x	20.9	3.5	12.6	13.7	1.2
UNVR	44,100	55,900	49,600	Hold	12.5	(10.0)	336.5	48.7x	67.1x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,575	8,900	10,550	Buy	23.0	(1.4)	100.0	25.0x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	5,525	7,625	8,175	Buy	48.0	(34.2)	48.5	12.6x	1.6x	12.6	4.3	1.0	(12.5)	1.2
KLBF	1,255	1,690	1,730	Buy	37.8	(26.2)	58.8	24.5x	4.4x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,490	2,700	3,280	Buy	31.7	(9.8)	13.8	39.1x	5.5x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(14.8)	690.62							
TLKM	3,570	4,399	4,700	Buy	31.7	(18.9)	353.7	18.9x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,750	2,960	3,800	Buy	38.2	(22.1)	29.4	201.8x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,740	4,800	6,750	Buy	146.4	(56.5)	14.9	N/A	1.2x	(2.6)	2.7	(26.8)	N/A	0.9
PGAS	2,140	1,750	2,600	Buy	21.5	34.6	51.9	14.3x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,310	6,400	6,050	Buy	40.4	(29.1)	31.3	14.0x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	4,780	6,425	6,050	Buy	26.6	(27.0)	21.7	9.6x	7.2x	104.6	3.5	7.1	8.1	0.6
INDY	2,670	3,060	5,000	Buy	87.3	20.3	13.9	2.5x	0.9x	44.8	4.0	219.4	49.0	0.8
Trade						(14.5)	687.8							
UNTR	31,400	35,400	44,750	Buy	42.5	(9.5)	117.1	12.4x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,800	6,350	4,650	Buy	22.4	(47.8)	15.3	21.7x	1.8x	22.2	5.8	21.6	(34.8)	1.2
SCMA	1,730	2,480	2,500	Buy	44.5	(20.3)	25.3	18.9x	6.0x	32.5	4.3	2.6	0.7	1.2
MNCN	740	1,285	1,125	Buy	52.0	(50.2)	10.6	7.4x	1.0x	14.6	2.0	1.8	(9.2)	1.1
LPPF	6,000	10,000	9,270	Buy	54.5	(35.8)	17.5	9.1x	7.5x	93.0	7.6	3.1	0.4	1.1
ACES	1,390	1,155	1,635	Buy	17.6	6.9	23.8	27.0x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,195	1,200	1,525	Buy	27.6	24.5	8.5	15.3x	2.2x	14.6	3.3	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	14.5	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(18.5)	347.3							
BSDE	965	1,700	1,850	Buy	91.7	(45.6)	18.6	5.6x	0.7x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	440	685	625	Buy	42.0	(26.1)	21.2	10.1x	1.9x	20.5	1.4	14.4	25.4	1.1
CTRA	820	1,185	1,050	Buy	28.0	(29.9)	15.2	20.8x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	595	945	1,050	Buy	76.5	(42.0)	8.6	21.8x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,575	2,210	2,810	Buy	78.4	(13.9)	21.4	3.7x	1.3x	39.6	3.6	47.3	134.6	1.4
PTPP	1,575	2,640	3,850	Buy	144.4	(38.5)	9.8	7.2x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,270	1,550	2,150	Buy	69.3	(26.8)	11.4	8.9x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,280	1,885	2,160	Buy	68.8	(36.9)	4.6	7.6x	0.8x	10.5	2.3	#N/A	N/A	1.1
Misc Ind.						(14.8)	346.5							
ASII	6,725	8,300	9,300	Buy	38.3	(18.0)	272.3	13.7x	2.1x	16.3	2.8	14.8	11.3	1.2
Basic Ind.						19.3	580.1							
INTP	16,475	21,950	21,575	Buy	31.0	(14.5)	60.6	46.2x	2.7x	5.7	4.2	(0.9)	(60.6)	1.5
SMGR	8,900	9,900	11,550	Buy	29.8	(17.2)	52.8	27.9x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,930	3,000	4,200	Hold	(14.8)	59.5	80.8	23.7x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	1,905	1,300	2,000	Hold	5.0	39.1	22.3	13.5x	2.5x	18.3	5.2	18.2	142.5	0.8
MAIN	1,135	740	780	Sell	(31.3)	29.0	2.5	17.6x	1.4x	7.9	N/A	13.5	350.0	1.2
KRAS	390	424	500	Buy	28.2	(21.7)	7.5	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,570	6,000	6,275	Buy	37.3	(2.0)	81.5	20.6x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,800	2,260	2,420	Buy	34.4	(8.2)	32.0	19.1x	1.8x	8.9	1.4	13.0	22.5	1.2
Mining						27.4	429.8							
ADRO	1,720	1,860	2,500	Buy	45.3	(9.5)	55.0	7.9x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,470	2,460	5,375	Buy	20.2	99.6	51.5	8.8x	3.7x	43.4	7.1	17.4	49.1	1.0
ITMG	24,975	20,700	32,400	Buy	29.7	18.1	28.2	7.3x	2.0x	27.6	12.6	8.0	(10.0)	1.1
INCO	3,360	2,890	5,325	Buy	58.5	12.4	33.4	56.8x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	785	625	1,200	Buy	52.9	20.8	18.9	19.3x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	690	775	1,240	Buy	79.7	(16.4)	5.1	9.7x	0.8x	8.8	3.4	1.8	13.1	1.0
ELSA	364	372	625	Buy	71.7	14.5	2.7	7.4x	0.8x	12.1	1.4	46.5	783.3	1.3
Agriculture						(13.7)	97.8							
AALI	11,600	13,150	16,925	Buy	45.9	(21.6)	22.3	12.8x	1.2x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,170	1,420	1,500	Buy	28.2	(19.9)	8.0	15.1x	1.0x	6.6	3.8	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ADHI : Secures New Contracts of IDR11.4 Trillion

ADHI posted the total new contracts of IDR11.4 trillion (+34.2% y-y) until September 2018. In September, 90.7% of the new contracts derived from the construction and energy segments. One of the newly secured contract is the construction of Jatigede bypasses or ring roads worth IDR217.4 billion. (Bisnis Indonesia)

APLN : Posts 40% of Marketing Sales' Target

APLN posted the marketing sales of IDR1.94 trillion until the end of September 2018. The amount was equal to 40% of 2018's target of IDR4.9 trillion. It stated that the low marketing sales was attributable to the sluggish demand for property. Until the end of 2018, it has no plan to launch new projects. (Bisnis Indonesia)

PPRE : Expands to Mining Service Sector

PPRE continuously expands to the mining service sector as it has heavy machines such as excavators, dump trucks, and bulldozers. Until September 2018, it secured the coal hauling contracts worth IDR2 trillion and the overburden removal contracts worth IDR427 billion. In 2019, it targets the segments to contribute 18%-20% to revenue. (Kontan)

ANTM : Signs Projects of USD320 Million

ANTM signed the working agreement worth USD320 million with the Ocean Energy Nickel International Pte Ltd. Of note, ANTM's shares ownership reached 30%; and it will be the majority shareholder after 5-year operation. The project has production capacities of 30,000 tons through 8 production lines whose 2 lines are targeted to take into operation in 4Q20. (Kontan)

Domestic & Global News

Indonesia-Singapore Announced Swap and Repo Cooperation

Bank Indonesia (BI) and Monetary Authority of Singapore (MAS) agreed to implement swap and repo cooperation. It is a pre-emptive stance for facing the volatile global financial markets. Today, President Joko Widodo announced swap and repo cooperation worth USD10 billion between BI and MAS. The agreement is expected to be strategic stance for minimizing negative sentiments sweeping regional market. (Kontan)

U.S. Inflation Slows in September

U.S. consumer prices rose less than expected in September, held back by a slower increase in the cost of rent and falling energy prices, as underlying inflation pressures appeared to cool slightly. The Consumer Price Index increased 0.1 percent last month after rising 0.2 percent in August, the Labor Department said. In the 12 months through September, the CPI increased 2.3 percent, slowing from August's 2.7 percent advance. (Reuters)

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	0.20%	0.10%	0.10%
	USA	19:30	PPI Final Demand MoM	Sep	0.20%	0.20%	-0.10%
Thursday 11 - Oct	JPN	06:50	PPI YoY	Sep	3.00%	2.90%	3.00%
	USA	19:30	CPI MoM	Sep	0.10%	0.20%	0.20%
	USA	19:30	CPI YoY	Sep	2.30%	2.40%	2.70%
	USA	19:30	Initial Jobless Claims	6-Oct	214k	--	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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