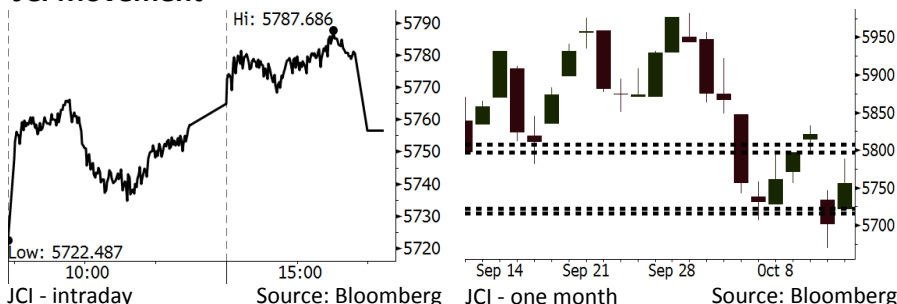


# Morning Brief

Daily | Oct 15, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 12	5,756.49
Chg	+53.67pts (+0.94%)
Volume (bn shares)	77.52
Value (IDR tn)	7.42
<b>Adv 247 Dec 153 Unc 225 Untr 107</b>	

## Foreign Transaction (IDR bn)

Buy	2,116
Sell	3,313
<b>Net Buy (Sell)</b>	<b>(1,197)</b>

## Top Buy NB Val. Top Sell NS Val.

TLKM	160.4	BBRI	74.5
PTBA	40.7	PGAS	65.8
BBCA	31.3	BMRI	54.0
TKIM	28.6	ASII	51.0
BBNI	9.8	SMCB	30.5

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
TLKM	3.1%	HMSF	-2.8%
BBNI	3.0%	LPKR	-2.0%
SCMA	2.6%	AKRA	-1.6%
BSDE	2.6%	PGAS	-0.9%
INTP	2.6%	INDY	-0.8%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.76%	0.06%
USDIDR	15,197	-0.25%
KRWIDR	13.42	0.68%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,339.99	287.16	1.15%
S&P 500	2,767.13	38.76	1.42%
Nasdaq	7,496.89	167.83	2.29%
FTSE 100	6,995.91	(11.02)	-0.16%
CAC 40	5,095.98	(10.39)	-0.20%
DAX	11,523.81	(15.54)	-0.13%
Nikkei	22,694.66	103.80	0.46%
Hang Seng	25,801.49	535.12	2.12%
Shanghai	2,606.91	23.46	0.91%
KOSPI	2,161.85	32.18	1.51%
EIDO	21.46	0.36	1.71%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,217.1	(7.0)	-0.58%
Crude Oil (USD /bbl)	71.34	0.37	0.52%
Coal Newcas(USD/ton)	107.35	(0.30)	-0.28%
Gas (USD /mmbtu)	3.16	(0.06)	-1.89%
Nickel LME (USD /MT)	12,655	(20.0)	-0.16%
Tin LME (USD /MT)	19,125	(150.0)	-0.78%
CPO (MYR/Ton)	2,193	22.0	1.01%

## Market Recap

JCI rallied on Friday as the bank sector led. The rally was amid the net foreign sell transaction of IDR1.2 trillion. **Top Gainers: Infrastructure (+2.06%), Finance (+1.69%), Misc. Industry (+1.63%)**

Amid investors' concerns on the trend of hiking interest rates and the lagging global economic growth, the U.S. and Asia markets closed higher on Friday, 10/12/18. On the other side, European markets closed slightly lower along with political disputes among European Union, Italy, and the U.K.

## Today's Outlook: September's Trade Balance

We estimate that today JCI will rally with the **support range of 5716-5722** and **resistance range of 5759-5807**. Today investors will keep their wary eyes on September's trade balance. Indonesia posted August' trade balance deficit of USD1.0 billion. In September, investors estimated that the deficit narrowed to USD444 million. The expectancy is on the basis of the higher export growth than August's export growth.

On the other side, September's import growth likely remained high. Meanwhile, the challenge comes from Asia's market closing lower today. It is triggered by the China's authority statement that China has many instruments and rooms to adapt to trade war.

## Stocks Recommendation (details on the next page)

Trading Buy: BBNI, TLKM, INDF

## Company News

- RALS : Posts Sales of IDR6.68 Trillion
- TLKM : Adds 160,000-km Fiber Optic
- WIKA : Secures Tender for KAN Factory
- BYAN : Targets Production Capacity of 60 Million Tons

## Domestic & Global News

September's Trade Balance Is Estimated to Post Deficit of USD600 Million  
 PBOC Still has Plenty of Tools to Counter Effects of Trade War

## Indonesia Economic Data

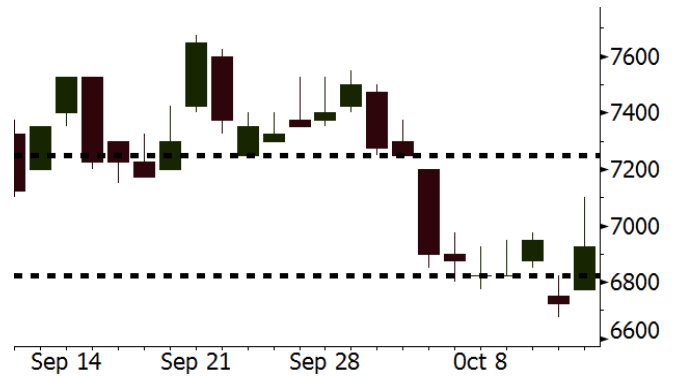
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports 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 = 6925

**Analysis** BBNI will release its 3Q18 performance dated Thursday, 15/10/2018. In 2Q18, it is capable of posting the growth of 19% in profit. We estimate that the double-digit growth still occurs in 3Q18.

**Range** 6825 – 7250

**Action** Trading Buy. Cut Loss If Below 6825



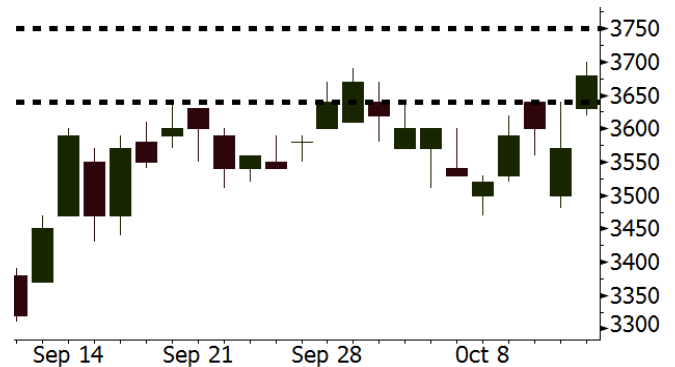
Source: Bloomberg

**TLKM** Last = 3680

**Analysis** After posting 2Q18's underperformance, investors estimated that TLKM's 3Q18 performance will be rosier. The sales are estimated to hit IDR33.9 trillion (vs. 2Q18's sales of IDR32.0 trillion). EPS is estimated to hit IDR54.24 (vs. 2Q18's EPS of IDR29.9).

**Range** 3640 – 3830

**Action** Trading Buy. Cut Loss If Below 3640



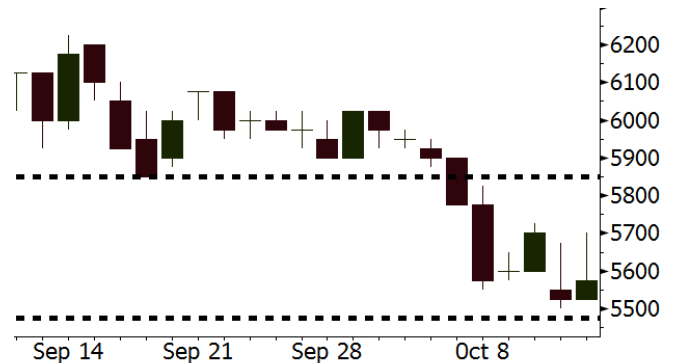
Source: Bloomberg

**INDF** Last = 5575

**Analysis** Based on consensus, in 3Q18, INDF is estimated to post EPS of 123.64, much the highest after 2Q18's worst EPS realization of IDR87.4.

**Range** 5475 – 5850

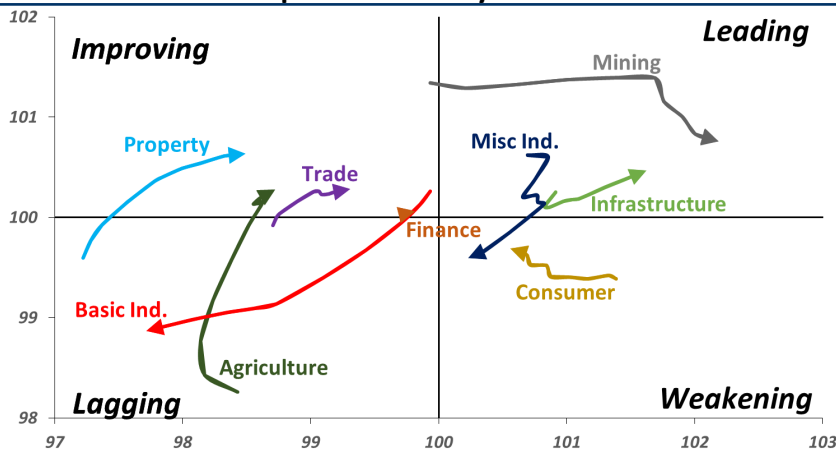
**Action** Trading buy. Cut Loss If Below 5475



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>	5,756	6,356				(2.8)	6,522.5							
<b>Finance</b>						1.4	1,933.3							
BBCA	23,250	21,900	27,650	Buy	18.9	12.5	573.2	23.7x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	2,950	3,640	3,930	Buy	33.2	(3.9)	363.9	11.8x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,400	8,000	7,500	Buy	17.2	(5.5)	298.7	14.5x	1.8x	14.5	3.1	3.1	28.7	1.3
BBNI	6,925	9,900	9,675	Buy	39.7	(9.2)	129.1	8.8x	1.3x	15.5	3.7	11.8	16.2	1.4
BBTN	2,340	3,570	3,280	Buy	40.2	(23.3)	24.8	7.8x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(9.2)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
<b>Consumer</b>						(2.4)	1,374.8							
HMSP	3,760	4,730	4,300	Hold	14.4	-	437.4	34.4x	15.8x	46.0	2.9	5.5	1.9	1.3
GGRM	74,275	83,800	88,650	Buy	19.4	15.7	142.9	17.5x	3.5x	20.9	3.5	12.6	13.7	1.2
UNVR	44,300	55,900	49,600	Hold	12.0	(10.1)	338.0	48.9x	67.4x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,725	8,900	10,550	Buy	20.9	(1.1)	101.8	25.5x	5.2x	21.3	1.9	5.4	9.5	1.1
INDF	5,575	7,625	8,175	Buy	46.6	(33.0)	49.0	12.7x	1.6x	12.6	4.3	1.0	(12.5)	1.2
KLBF	1,270	1,690	1,730	Buy	36.2	(25.3)	59.5	24.8x	4.5x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,500	2,700	3,280	Buy	31.2	(10.4)	13.9	39.3x	5.5x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(12.7)	704.88							
TLKM	3,680	4,399	4,700	Buy	27.7	(16.2)	364.5	19.5x	4.2x	22.1	4.6	0.5	(28.1)	0.8
EXCL	2,770	2,960	3,800	Buy	37.2	(21.5)	29.6	203.3x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,750	4,800	6,750	Buy	145.5	(55.6)	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	29.3	51.4	14.2x	1.0x	7.6	1.5	15.0	200.0	1.4
JSMR	4,360	6,400	6,050	Buy	38.8	(28.2)	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	(21.3)	22.7	10.1x	7.5x	104.6	3.4	7.1	8.1	0.6
INDY	2,650	3,060	5,000	Buy	88.7	18.8	13.8	2.5x	0.9x	44.8	4.1	219.4	49.0	0.8
<b>Trade</b>						(13.8)	691.5							
UNTR	31,675	35,400	44,750	Buy	41.3	(7.5)	118.2	12.5x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,740	6,350	4,650	Buy	24.3	(48.2)	15.0	21.4x	1.8x	22.2	5.9	21.6	(34.8)	1.2
SCMA	1,775	2,480	2,500	Buy	40.8	(18.2)	26.0	19.4x	6.1x	32.5	4.2	2.6	0.7	1.2
MNCN	755	1,285	1,125	Buy	49.0	(48.8)	10.8	7.5x	1.0x	14.6	2.0	1.8	(9.2)	1.1
LPPF	5,975	10,000	9,270	Buy	55.1	(36.4)	17.4	9.1x	7.5x	93.0	7.7	3.1	0.4	1.1
ACES	1,390	1,155	1,635	Buy	17.6	7.3	23.8	27.0x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,190	1,200	1,525	Buy	28.2	27.3	8.4	15.3x	2.2x	14.6	3.4	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	15.3	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(18.3)	349.0							
BSDE	990	1,700	1,850	Buy	86.9	(43.4)	19.1	5.7x	0.7x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	440	685	625	Buy	42.0	(26.7)	21.2	10.1x	1.9x	20.5	1.4	14.4	25.4	1.1
CTRA	805	1,185	1,050	Buy	30.4	(30.6)	14.9	20.5x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	595	945	1,050	Buy	76.5	(41.1)	8.6	21.8x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,615	2,210	2,810	Buy	74.0	(13.4)	21.9	3.8x	1.3x	39.6	3.5	47.3	134.6	1.4
PTPP	1,600	2,640	3,850	Buy	140.6	(41.2)	9.9	7.3x	0.9x	12.5	2.9	17.0	(16.3)	1.3
WIKA	1,290	1,550	2,150	Buy	66.7	(26.7)	11.6	9.0x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,290	1,885	2,160	Buy	67.4	(37.7)	4.6	7.7x	0.8x	10.5	2.2	#N/A	N/A	1.1
<b>Misc Ind.</b>						(15.9)	352.2							
ASII	6,850	8,300	9,300	Buy	35.8	(19.2)	277.3	13.9x	2.2x	16.3	2.8	14.8	11.3	1.2
<b>Basic Ind.</b>						19.9	585.1							
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	8,900	9,900	11,550	Buy	29.8	(18.0)	52.8	27.9x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,990	3,000	4,200	Sell	(15.8)	59.9	81.8	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	1,920	1,300	2,000	Hold	4.2	42.2	22.5	13.6x	2.5x	18.3	5.2	18.2	142.5	0.8
MAIN	1,145	740	780	Sell	(31.9)	31.6	2.6	17.8x	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	4,540	6,000	6,275	Buy	38.2	(3.7)	81.0	20.5x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,800	2,260	2,420	Buy	34.4	(7.5)	32.0	19.1x	1.8x	8.9	1.4	13.0	22.5	1.2
<b>Mining</b>						29.4	433.9							
ADRO	1,710	1,860	2,500	Buy	46.2	(10.0)	54.7	7.9x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,560	2,460	5,375	Buy	17.9	105.9	52.5	9.0x	3.8x	43.4	7.0	17.4	49.1	1.0
ITMG	24,950	20,700	32,400	Buy	29.9	20.0	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	12.0	33.4	56.7x	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	695	775	1,240	Buy	78.4	(16.8)	5.2	9.8x	0.8x	8.8	3.4	1.8	13.1	1.0
ELSA	368	372	625	Buy	69.8	12.9	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.3
<b>Agriculture</b>						(13.1)	97.9							
AALI	11,575	13,150	16,925	Buy	46.2	(21.5)	22.3	12.7x	1.2x	9.7	3.7	8.9	(23.3)	0.6
LSIP	1,180	1,420	1,500	Buy	27.1	(18.3)	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

### **RALS : Posts Sales of IDR6.68 Trillion**

RALS, until September 2018, posted the growth of 4.5% y-y to IDR6.68 trillion in sales and the growth of 2.4% in SSSG. The amount was equal to 81.34% of 2018's target amounting to IDR8.2 trillion. In 4Q18, it will maintain the growth in sales by aggressive end-year promotion and reduce groceries stores. (Bisnis Indonesia)

### **TLKM : Adds 160,000-km Fiber Optic**

TLKM has built 160,000-km fiber optic backbone network aiming to guarantee a stable network and accelerate the digital economic growth. Besides, it is constructing submarine cable communication system from Dumai to West Europe (SEA-ME-WE5) and from Manado to eastern parts of the U.S. (SEA-US). (Bisnis Indonesia)

### **WIKA : Secures Tender for KAN Factory**

WIKA cooperating with SEDIN Engineering Co Ltd won the tender for the construction of Kaltim Ammonium Nitrat (KAN) factory with the contract value of IDR958 billion. Thus, it will perform the contract discussion agreement and sign the contract before the end of 2018. The factory has the production capacity of 75,000 metric tons of ammonium nitrate and 60,000 tons of nitrate acid. (Kontan)

### **BYAN : Targets Production Capacity of 60 Million Tons**

BYAN targets that Tabang-based coal mining in East Kalimantan can reach the total capacity production of 60 million tons of coal in 2021. Thus, it allocates funds of USD25 million deriving from the internal cash. In 3Q18, it posted the production volume of 8 million tons (+23% y-y) backed by low rainfall and mobilization of extra machine. (Bisnis Indonesia)

## Domestic & Global News

### **September's Trade Balance Is Estimated to Post Deficit of USD600 Million**

Indonesia's trade balance is estimated to still post a deficit in September, yet the deficit is lower than July and August's trade deficit. The Central Statistics Agency (BPS) is scheduled to announce the International trade data today. The market consensus collected by CNBC Indonesia estimated that September's export edged up 7.44% y-y, while September's imports grew 25.85% y-y, and the trade balance deficit to reach USD600 million. (CNBC Indonesia).

### **PBOC Still has Plenty of Tools to Counter Effects of Trade War**

China's central bank still has plenty of tools that it can use to counter the detrimental effects of a trade war, its governor, Yi Gang, said on Sunday. The Asian economic giant is in the center of a tariff fight with the U.S. The world's two largest economies have imposed tit-for-tat tariffs on each other's products, which have made investors nervous and is seen as a major risk in derailing the global economy. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	11:30	Industrial Production MoM	Aug F		--	0.70%
15 - Oct	USA	19:30	Retail Sales Advance MoM	Sep		0.70%	0.10%
<b>Tuesday</b>	CHN	08:30	PPI YoY	Sep		3.60%	4.10%
16 - Oct	CHN	08:30	CPI YoY	Sep		2.50%	2.30%
	UK	15:30	Jobless Claims Change	Sep		--	8.7k
	UK	15:30	ILO Unemployment Rate 3Mths	Aug		4.00%	4.00%
	GER	16:00	ZEW Survey Current Situation	Oct		75	76
	GER	16:00	ZEW Survey Expectations	Oct		-10.8	-10.6
	USA	20:15	Industrial Production MoM	Sep		0.30%	0.40%
<b>Wednesday</b>	UK	15:30	CPI MoM	Sep		0.30%	0.70%
17 - Oct	UK	15:30	CPI YoY	Sep		2.60%	2.70%
	EU	16:00	CPI YoY	Sep F		2.10%	2.00%
	EU	16:00	CPI MoM	Sep		0.50%	0.20%
	USA	19:30	Housing Starts	Sep		1218k	1282k
<b>Thursday</b>	USA	01:00	FOMC Meeting Minutes	26-Sep		--	--
18 - Oct	USA	19:30	Initial Jobless Claims	13-Oct		--	214k
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Sep		1.30%	1.30%
19 - Oct	CHN	09:00	GDP YoY	3Q		6.60%	6.70%
	CHN	09:00	Industrial Production YoY	Sep		6.00%	6.10%
	USA	21:00	Existing Home Sales	Sep		5.31m	5.34m

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	11:00	Exports YoY	Sep		7.25%	4.15%
15 - Oct	11:00	Imports YoY	Sep		24.76%	24.65%
	11:00	Trade Balance	Sep		-\$444	-\$1021m

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Rights Delisting Date	MAYA
15 - Oct		
<b>Tuesday</b>	Extraordinary Shareholder Meeting	GOLL, ISSP
16 - Oct	Rights Offering Date	IMJS (3 per 20)
<b>Wednesday</b>	Extraordinary Shareholder Meeting	ISAT
17 - Oct	Cum Dividend Date	MAIN (IDR16 per share)
<b>Thursday</b>	Extraordinary Shareholder Meeting	BNII, CITA
18 - Oct		
<b>Friday</b>	Rights Delisting Date	IBFN, RBMS
19 - Oct		

Source: Bloomberg

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