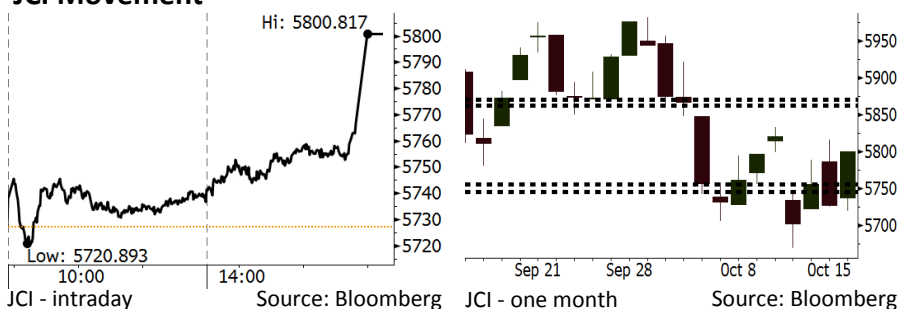


# Morning Brief

Daily | Oct 17, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 16	5,800.82
Chg	+73.56pts (+1.28%)
Volume (bn shares)	82.90
Value (IDR tn)	6.29
Adv 171 Dec 204 Unc 250 Untr 127	

Foreign Transaction (IDR bn)	
Buy	2,169
Sell	1,564
Net Buy (Sell)	605

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	65.7	BBRI	46.0
BBNI	64.9	UNTR	34.0
BMRI	46.8	PNLF	28.3
BBCA	44.0	SMCB	18.7
TKIM	42.5	BBTN	13.8

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
PGAS	7.8%	LPKR	-5.5%
MEDC	6.4%	INCO	-3.4%
KLBF	5.1%	MNCN	-2.0%
INKP	4.7%	BJBR	-1.3%
UNVR	4.6%	WIKA	-1.2%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.83%	-0.04%
USDIDR	15,201	-0.12%
KRWIDR	13.52	0.63%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,798.42	547.87	2.17%
S&P 500	2,809.92	59.13	2.15%
Nasdaq	7,645.49	214.75	2.89%
FTSE 100	7,059.40	30.18	0.43%
CAC 40	5,173.05	77.98	1.53%
DAX	11,776.55	162.39	1.40%
Nikkei	22,549.24	277.94	1.25%
Hang Seng	25,462.26	17.20	0.07%
Shanghai	2,546.33	(21.77)	-0.85%
KOSPI	2,145.12	0.00	0.00%
EIDO	22.10	0.74	3.46%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,225.0	(2.1)	-0.17%
Crude Oil (USD /bbl)	71.92	0.14	0.20%
Coal Newcas(USD/ton)	107.80	0.65	0.61%
Gas (USD /mmbtu)	3.24	(0.00)	-0.09%
Nickel LME (USD /MT)	12,595	(20.0)	-0.16%
Tin LME (USD /MT)	19,200	55.0	0.29%
CPO (MYR/Ton)	2,244	2.0	0.09%

## Market Recap

JCI rallied yesterday amid the rupiah appreciation. The rally was backed by the consumer sector posting the growth of 6.2% m-m in September's car sales. **Top Gainers: Consumer (+2.35%), Infrastructure (+2.14%), Misc. Industry (+1.61%)**

The U.S. markets snapped at the highest yesterday as 3Q18's positive performance. It impacted on European markets. On the other hand, Asia markets closed mixed yesterday amid the escalating geopolitical tension between Saudi Arabia and the U.S.

## Today's Outlook: Welcomes Earnings Season

We estimate that today JCI rallies with the **support range of 5746-5756** and **resistance range of 5863-5871**. The conducive global market is marked by the rally in the U.S. market posting higher than 2% growth last night. On the other side, the sluggish USD index gives a positive energy to the rupiah appreciation. It triggers foreign investors to post a significant net buy in Indonesia's stock market within two consecutive days.

Within the next few days, investors will focus on 3Q18's profit performance posted by the large cap. companies in particular. Of note 3Q18's profit performance will be released this afternoon; BMRI will release its 3Q18's financial performance, for example.

## Stocks Recommendation (details on the next page)

Trading Buy: BBTN, TLKM, MAPI

## Company News

- EXCL : Increases Capacities in North Sulawesi
- WSBP : Accomplishes New Contracts of IDR4.3 Trillion
- ADHI : Targets Growth of 16% in Revenue
- ACST : Actualizes New Contract of IDR835 Billion

## Domestic & Global News

- Indonesia's ULN Is Stable at 34% per GDP
- U.S. Job Openings Hit All-Time High in August

## Indonesia Economic Data

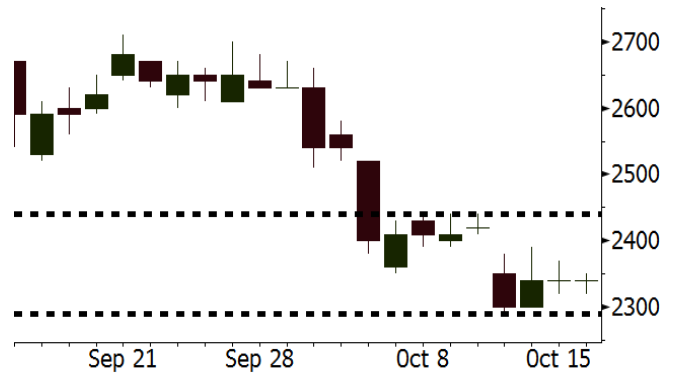
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports Yoy	14.18%	24.65%	Business Confidence	112.82	106.28
Inflation Yoy	2.88%	3.20%	Cons. Confidence*	122.40	121.60

**BBTN** Last = 2340

**Analysis** Although other banks posted rally, BBTN experienced no significant rally. On the other side, we estimate that in 3Q18, BBTN is capable of posting the net profit of IDR750 billion hiking from IDR684 billion and IDR739 billion in 1Q18 and 2Q18.

**Range** 2290 – 2440

**Action** Trading Buy. Cut Loss If Below 2290



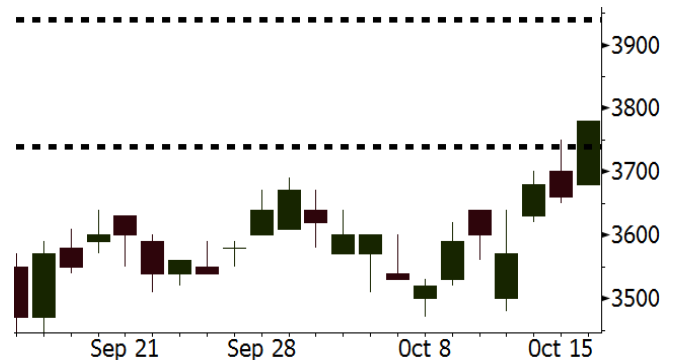
Source: Bloomberg

**TLKM** Last = 3780

**Analysis** The decline in 2Q18's net profit is estimated not to be re-occurred. We estimate that TLKM will post the net profit of IDR5.9 trillion in 3Q18, a lot higher than IDR3.0 trillion in 2Q18.

**Range** 3740 – 3940

**Action** Trading Buy. Cut Loss If Below 3740



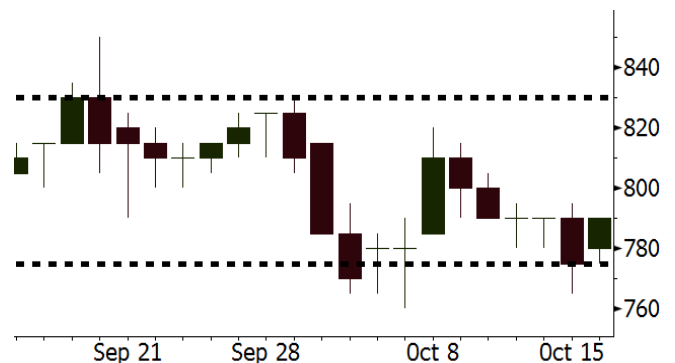
Source: Bloomberg

**MAPI** Last = 790

**Analysis** We estimate MAPI will be capable of posting the net profit of IDR147 billion in 3Q18. The figure soared by 100.6% y-y from IDR73 billion in 3Q17.

**Range** 775 – 830

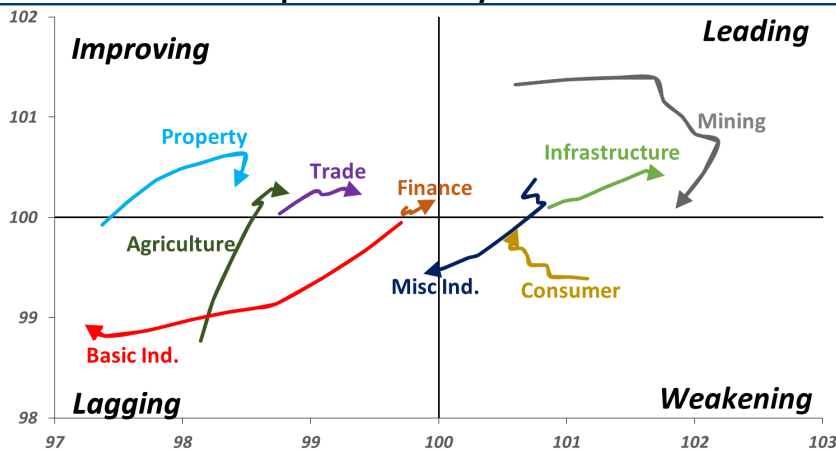
**Action** Trading buy. Cut Loss If Below 775



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>	5,801	6,356				(2.5)	6,573.4							
<b>Finance</b>						2.9	1,966.7							
BBCA	24,100	21,900	27,650	Hold	14.7	17.6	594.2	24.6x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,000	3,640	3,930	Buy	31.0	(2.6)	370.0	12.0x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,500	8,000	7,500	Buy	15.4	(7.5)	303.3	14.8x	1.8x	14.5	3.1	3.1	28.7	1.3
BBNI	7,250	9,900	9,675	Buy	33.4	(4.0)	135.2	9.2x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,340	3,570	3,280	Buy	40.2	(24.0)	24.8	7.8x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	630	710	810	Buy	28.6	(10.6)	9.4	8.0x	1.2x	15.5	7.0	1.1	2.5	0.9
<b>Consumer</b>						(2.2)	1,399.5							
HMSP	3,850	4,730	4,300	Hold	11.7	(1.5)	447.8	35.2x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	76,000	83,800	88,650	Buy	16.6	17.9	146.2	17.9x	3.6x	20.9	3.4	12.6	13.7	1.2
UNVR	45,600	55,900	49,600	Hold	8.8	(8.8)	347.9	50.4x	69.4x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,750	8,900	10,550	Buy	20.6	(1.1)	102.0	25.5x	5.2x	21.3	1.9	5.4	9.5	1.1
INDF	5,650	7,625	8,175	Buy	44.7	(31.5)	49.6	12.9x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,350	1,690	1,730	Buy	28.1	(20.6)	63.3	26.3x	4.7x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,500	2,700	3,280	Buy	31.2	(10.1)	13.9	39.3x	5.5x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(11.5)	714.26							
TLKM	3,780	4,399	4,700	Buy	24.3	(13.3)	374.5	20.0x	4.3x	22.1	4.4	0.5	(28.1)	0.8
EXCL	2,790	2,960	3,800	Buy	36.2	(21.0)	29.8	204.7x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,620	4,800	6,750	Buy	157.6	(57.7)	14.2	N/A	1.1x	(2.6)	2.8	(26.8)	N/A	0.9
PGAS	2,200	1,750	2,600	Buy	18.2	36.6	53.3	14.7x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,380	6,400	6,050	Buy	38.1	(30.5)	31.8	14.3x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,075	6,425	6,050	Buy	19.2	(20.7)	23.0	10.2x	7.7x	104.6	3.3	7.1	8.1	0.6
INDY	2,570	3,060	5,000	Buy	94.6	9.8	13.4	2.4x	0.9x	44.8	4.2	219.4	49.0	0.8
<b>Trade</b>						(13.9)	687.7							
UNTR	31,750	35,400	44,750	Buy	40.9	(6.7)	118.4	12.5x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,540	6,350	4,650	Buy	31.4	(49.8)	14.2	20.3x	1.7x	22.2	6.2	21.6	(34.8)	1.2
SCMA	1,815	2,480	2,500	Buy	37.7	(14.8)	26.5	19.8x	6.3x	32.5	4.1	2.6	0.7	1.2
MNCN	730	1,285	1,125	Buy	54.1	(50.0)	10.4	7.3x	1.0x	14.6	2.1	1.8	(9.2)	1.1
LPPF	6,050	10,000	9,270	Buy	53.2	(37.3)	17.7	9.2x	7.6x	93.0	7.6	3.1	0.4	1.1
ACES	1,370	1,155	1,635	Buy	19.3	8.7	23.5	26.6x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,235	1,200	1,525	Buy	23.5	31.4	8.8	15.8x	2.2x	14.6	3.2	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	16.6	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(19.0)	348.8							
BSDE	1,025	1,700	1,850	Buy	80.5	(42.6)	19.7	5.9x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	450	685	625	Buy	38.9	(28.0)	21.7	10.3x	1.9x	20.5	1.3	14.4	25.4	1.1
CTRA	805	1,185	1,050	Buy	30.4	(31.2)	14.9	20.5x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	570	945	670	Buy	17.5	(44.4)	8.2	20.9x	1.3x	6.1	0.9	(1.2)	29.6	1.6
WSKT	1,580	2,210	2,810	Buy	77.8	(21.4)	21.4	3.7x	1.3x	39.6	3.6	47.3	134.6	1.4
PTPP	1,545	2,640	3,850	Buy	149.2	(43.2)	9.6	7.0x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,270	1,550	2,150	Buy	69.3	(29.4)	11.4	8.9x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,260	1,885	2,160	Buy	71.4	(38.5)	4.5	7.5x	0.8x	10.5	2.3	#N/A	N/A	1.1
<b>Misc Ind.</b>						(13.1)	357.6							
ASII	6,975	8,300	9,300	Buy	33.3	(15.5)	282.4	14.2x	2.2x	16.3	2.7	14.8	11.3	1.2
<b>Basic Ind.</b>						16.3	572.5							
INTP	16,900	21,950	21,575	Buy	27.7	(12.5)	62.2	47.4x	2.8x	5.7	4.1	(0.9)	(60.6)	1.5
SMGR	8,975	9,900	11,550	Buy	28.7	(17.3)	53.2	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,200	3,000	6,700	Buy	28.8	63.0	85.3	25.0x	5.0x	21.3	1.1	2.7	59.1	1.0
JPFA	1,870	1,300	3,250	Buy	73.8	42.2	21.9	13.2x	2.4x	18.3	5.3	18.2	142.5	0.8
MAIN	1,105	740	1,930	Buy	74.7	27.7	2.5	17.2x	1.4x	7.9	N/A	13.5	350.0	1.2
KRAS	382	424	500	Buy	30.9	(24.4)	7.4	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,530	6,000	6,275	Buy	38.5	(6.6)	80.8	20.4x	3.1x	17.8	1.4	7.6	(37.4)	0.8
BRPT	1,780	2,260	2,420	Buy	36.0	(6.6)	31.7	18.9x	1.8x	8.9	1.4	13.0	22.5	1.2
<b>Mining</b>						27.5	429.9							
ADRO	1,750	1,860	2,500	Buy	42.9	(7.9)	56.0	8.1x	1.0x	13.3	6.2	3.9	(12.1)	1.1
PTBA	4,390	2,460	5,375	Buy	22.4	104.2	50.6	8.7x	3.6x	43.4	7.3	17.4	49.1	1.0
ITMG	25,225	20,700	32,400	Buy	28.4	16.2	28.5	7.4x	2.0x	27.6	12.4	8.0	(10.0)	1.1
INCO	3,140	2,890	5,325	Buy	69.6	9.0	31.2	53.1x	1.1x	1.9	N/A	28.3	N/A	1.3
ANTM	760	625	1,200	Buy	57.9	16.9	18.3	18.7x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	675	775	1,240	Buy	83.7	(18.2)	5.0	9.5x	0.8x	8.8	3.5	1.8	13.1	1.0
ELSA	370	372	625	Buy	68.9	11.4	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.3
<b>Agriculture</b>						(14.1)	96.4							
AALI	11,025	13,150	16,925	Buy	53.5	(24.0)	21.2	12.1x	1.1x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,145	1,420	1,500	Buy	31.0	(19.4)	7.8	14.8x	1.0x	6.6	3.9	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **EXCL : Increases Capacities in North Sulawesi**

EXCL doubles the capacities of its optic fibers and increases its BTS number in North Sulawesi. The corporate action is related to the high growth of data consumption's subscribers in North Sulawesi. Until August, the data consumption in Manado posted the growth of 51%. Besides, within one recent year, the data traffic in North Sulawesi grew by 94%. (Bisnis Indonesia)

### **ADHI : Targets Growth of 16% in Revenue**

ADHI targets the growth of 16% y-y to IDR18 trillion and 80% y-y to IDR929 billion in revenue and net profit, respectively. Thus, ADHI strives to obtain new contracts with the target of IDR23.3 trillion. Until 3Q18, it accomplished only 48.9% on new contract target. (Kontan)

### **WSBP : Accomplishes New Contracts of IDR4.3 Trillion**

Until September 2018, WSBP posted new contracts of IDR4.3 trillion equal to 51.8% of 2018's target and growing by 5% compared to August's realization of IDR4.08 trillion. Besides, it has received the accumulated payment from toll project in Java Island amounting to IDR7.15 trillion until September 2018. (Kontan)

### **ACST : Actualizes New Contract of IDR835 Billion**

Until September 2018, ACST posted new contracts of IDR835 billion deriving from foundation and structure projects. Although the amount of new contracts was only 8.35% of 2018's target of IDR10 trillion, ACST is optimistic that it can accomplish its target because a number of projects are undergoing tender process. (Bisnis Indonesia)

## Domestic & Global News

### **Indonesia's ULN Is Stable at 34% per GDP**

The Foreign debt (ULN) of Indonesia hiked in August. Bank Indonesia (BI) recorded that Indonesia's ULN composed by the government and private sector reached USD360.7 billion, growing by 5.14% y-y. The ULN of the government and BI amounted to USD181.3 billion. Meanwhile, the private sector's ULN hiked to USD179.4 billion or growing by 6.7% y-y. The ratio of Indonesia's ULN to GDP at the end-August was stable at 34%. (CNBC)

### **U.S. Job Openings Hit All-Time High in August**

U.S. Job openings hit a record in August, indicating companies could face more inflationary pressures ahead with a tight labor market. The vacancies level hit 7.14 million for the month, according to the Job Openings and Labor Turnover Survey, a report Federal Reserve officials watch closely for clues about where employment stands. The total number of hires also reached a record of 5.78 million. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	11:30	Industrial Production MoM	Aug F	0.20%	--	0.70%
<i>15 - Oct</i>	USA	19:30	Retail Sales Advance MoM	Sep	0.10%	0.70%	0.10%
<b>Tuesday</b>	CHN	08:30	PPI YoY	Sep	3.60%	3.50%	4.10%
<i>16 - Oct</i>	CHN	08:30	CPI YoY	Sep	2.50%	2.50%	2.30%
	UK	15:30	Jobless Claims Change	Sep	18.5k	--	8.7k
	UK	15:30	ILO Unemployment Rate 3Mths	Aug	4.0%	4.00%	4.00%
	GER	16:00	ZEW Survey Current Situation	Oct	70.1	75	76
	GER	16:00	ZEW Survey Expectations	Oct	-24.7	-10.8	-10.6
	USA	20:15	Industrial Production MoM	Sep	0.30%	0.30%	0.40%
<b>Wednesday</b>	UK	15:30	CPI MoM	Sep		0.30%	0.70%
<i>17 - Oct</i>	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		--	--
<i>18 - Oct</i>	USA	19:30	Initial Jobless Claims	13-Oct		--	214k
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Sep		1.30%	1.30%
<i>19 - Oct</i>	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	1.70%	7.25%	4.15%
<i>15 - Oct</i>	11:00	Imports YoY	Sep	14.18%	24.76%	24.65%
	11:00	Trade Balance	Sep	\$227.10	-\$444	-\$1021m

Source: Bloomberg

## Corporate Calendar

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

Source: Bloomberg

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