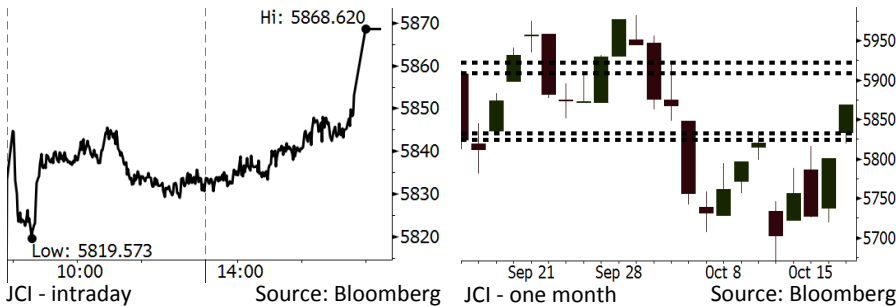


Morning Brief

Daily | Oct 18, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 17	5,868.62
Chg	+67.80pts (+1.17%)
Volume (bn shares)	86.89
Value (IDR tn)	6.33

Adv 267 Dec 132 Unc 226 Untr 110

Foreign Transaction		(IDR bn)
Buy	1,888	
Sell	1,362	
Net Buy (Sell)	526	

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	199.9	UNTR	14.8
PGAS	76.8	UNVR	14.0
BBRI	47.5	TRAM	13.2
BMRI	40.5	SMGR	10.5
ASII	36.2	EXCL	10.1

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
INKP	10.4%	MEDC	-1.6%
BSDE	6.3%	UNVR	-1.3%
INDF	6.2%	BJBR	-0.5%
MNCN	6.2%	WSKT	-0.3%
LPKR	5.1%	BBCA	-0.3%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.68%	-0.15%
USDIDR	15,150	-0.34%
KRWIDR	13.47	-0.37%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,706.68	(91.74)	-0.36%
S&P 500	2,809.21	(0.71)	-0.03%
Nasdaq	7,642.70	(2.79)	-0.04%
FTSE 100	7,054.60	(4.80)	-0.07%
CAC 40	5,144.95	(28.10)	-0.54%
DAX	11,715.03	(61.52)	-0.52%
Nikkei	22,841.12	291.88	1.29%
Hang Seng	25,462.26	17.20	0.07%
Shanghai	2,561.61	15.28	0.60%
KOSPI	2,167.51	22.39	1.04%
EIDO	21.94	(0.16)	-0.72%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,222.3	(2.7)	-0.22%
Crude Oil (USD /bbl)	69.75	(2.17)	-3.02%
Coal Newcas(USD/ton)	107.60	0.40	0.37%
Gas (USD /mmbtu)	3.32	0.08	2.50%
Nickel LME (USD /MT)	12,375	(220.0)	-1.75%
Tin LME (USD /MT)	19,080	(120.0)	-0.63%
CPO (MYR/Ton)	2,261	17.0	0.76%

Market Recap

JCI continued to rally yesterday, backed by the telecommunication and financial sectors. Investors positively responded to state's revenues higher than state's expenses. **Top Gainers: Infrastructure (+2.71%), Basic Industry (+1.67%), Agriculture (+1.53%)**

The U.S. markets closed slightly lower relating to the Fed's hawkish stance. European markets closed lower suppressed by the release of September's car sales declining by 23.4%. Besides, European investors also digested the negotiation between the UK and European Union. On the other side, Asia markets rallied following the rally in the U.S. markets.

Today's Outlook: Digest 3Q18's Performance

We estimate that today JCI is capable of rallying with the **support range of 5824-5833** and **resistance range of 5905-5922**. Meanwhile, investors keep their eyes on 3Q18's earnings. BMRI's performance showed that the acceleration in credit growth persisted and indicated that 3Q18's economic backdrop was robust. Therefore, investors start to accumulate stocks with positive prospect.

From the global outlook, the negative sentiment comes from the Fed's minutes echoing the hawkish stance of monetary tightening with a view to maintaining a stable economy. However, such stance has no significant impacts on global investors; the U.S. markets and Asia markets slightly lowered, for example.

Stocks Recommendation (details on the next page)

Trading Buy: SCMA, ANTM, LSIP

Company News

- WIKA : Issues Perpetual Bond
- PTPP : Actualizes New Contract of 66.2%
- ADHI : Secures 10% Portion of Toll Consortium
- BMRI : Posts Net Profit of IDR18 Trillion

Domestic & Global News

2018's State Deficit Reaches IDR200 Trillion until September
 Fed Remains Convinced of Tightening Monetary Policy

Indonesia Economic Data

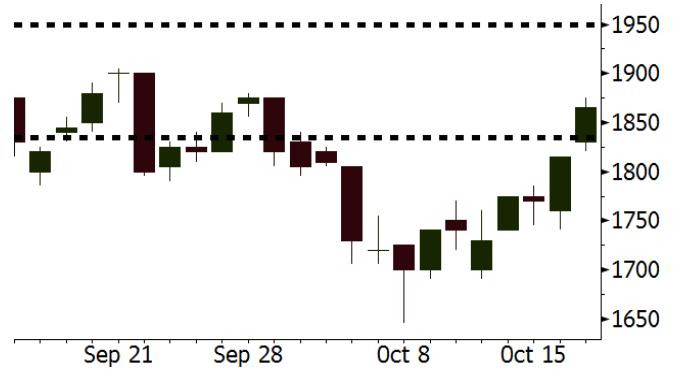
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

SCMA Last = 1865

Analysis SCMA posted the net profit of IDR346 billion in 3Q18. The figures soared by 36% from IDR255 billion in 3Q17. The Asian Games program gave a positive contribution to SCMA's performance in 3Q18.

Range 1835 – 1950

Action Trading Buy. Cut Loss If Below 1835

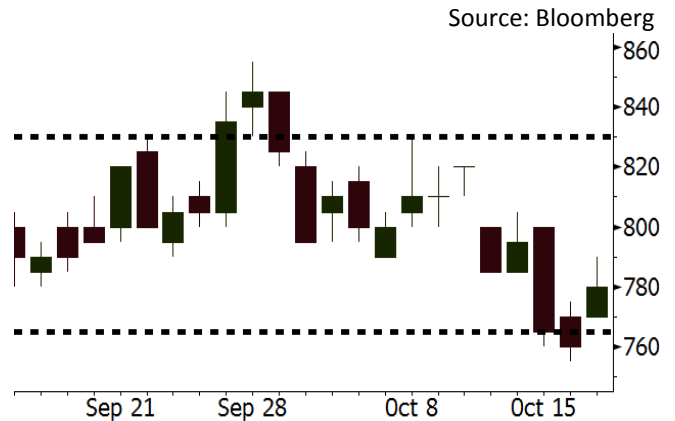


ANTM Last = 780

Analysis Inalum, ANTM's parent entity, targets the final acquisition of Freeport Indonesia will be settled in December 2018. Thus, the anode slime factory construction is well planned. The factory is projected to boost ANTM's gold production.

Range 765 – 830

Action Trading Buy. Cut Loss If Below 765

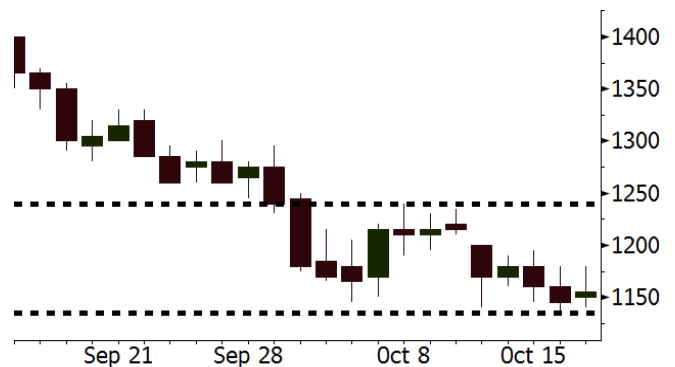


LSIP Last = 1155

Analysis Indonesia's CPO inventory is estimated to decline in September 2018 due to the implementation of B20 mandatory. In August 2018, CPO's inventories declined to 4.6 million tons from 4.9 million tons in July 2018.

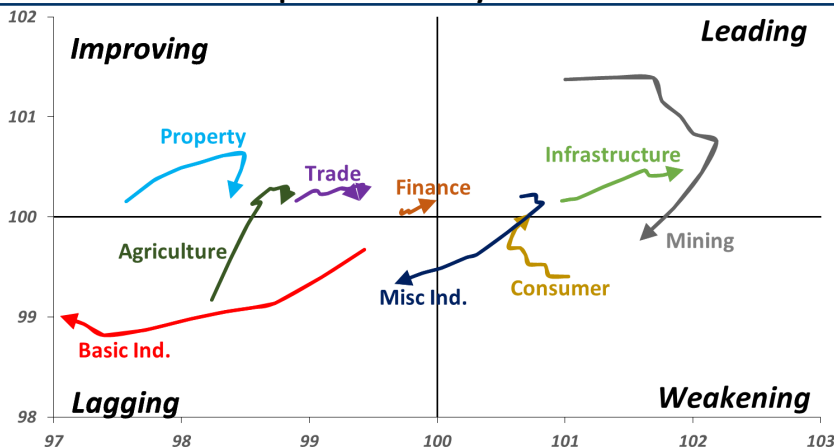
Range 1135 – 1240

Action Trading buy. Cut Loss If Below 1135



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	5,869	6,356				(1.0)	6,649.8							
Finance						4.0	1,983.2							
BBCA	24,025	21,900	27,650	Buy	15.1	18.9	592.3	24.5x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,070	3,640	3,930	Buy	28.0	(0.3)	378.7	12.3x	2.3x	19.3	3.5	5.8	10.9	1.4
BMRI	6,575	8,000	7,500	Hold	14.1	(7.1)	306.8	13.0x	1.8x	14.2	3.0	7.8	20.1	1.3
BBNI	7,325	9,900	9,675	Buy	32.1	(4.2)	136.6	9.3x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,420	3,570	3,280	Buy	35.5	(20.9)	25.6	8.0x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	630	710	810	Buy	28.6	(9.4)	9.4	8.0x	1.2x	15.5	7.0	1.1	2.5	0.9
Consumer						(1.6)	1,409.4							
HMSP	3,870	4,730	4,300	Hold	11.1	(1.5)	450.2	35.4x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	77,950	83,800	88,650	Hold	13.7	21.4	150.0	18.3x	3.7x	20.9	3.3	12.6	13.7	1.2
UNVR	45,000	55,900	49,600	Hold	10.2	(10.0)	343.4	49.7x	68.5x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,800	8,900	10,550	Buy	19.9	(0.8)	102.6	25.7x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	6,000	7,625	8,175	Buy	36.3	(27.9)	52.7	13.7x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,360	1,690	1,730	Buy	27.2	(20.0)	63.8	26.5x	4.8x	18.9	1.8	3.1	(0.0)	1.3
KAEF	2,510	2,700	3,280	Buy	30.7	(7.0)	13.9	39.4x	5.6x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(7.7)	733.65							
TLKM	3,900	4,399	4,700	Buy	20.5	(8.5)	386.3	20.6x	4.5x	22.1	4.3	0.5	(28.1)	0.8
EXCL	2,830	2,960	3,800	Buy	34.3	(16.8)	30.2	207.7x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,600	4,800	6,750	Buy	159.6	(57.4)	14.1	N/A	1.1x	(2.6)	2.8	(26.8)	N/A	0.9
PGAS	2,310	1,750	2,600	Hold	12.6	39.2	56.0	15.4x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,410	6,400	6,050	Buy	37.2	(27.7)	32.0	14.4x	2.1x	14.8	1.4	42.5	2.9	0.9
TBIG	5,150	6,425	6,050	Buy	17.5	(18.9)	23.3	10.4x	7.8x	104.6	3.3	7.1	8.1	0.6
INDY	2,590	3,060	5,000	Buy	93.1	8.4	13.5	2.5x	0.9x	44.8	4.2	219.4	49.0	0.8
Trade						(13.6)	696.4							
UNTR	32,000	35,400	44,750	Buy	39.8	(8.3)	119.4	12.6x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,600	6,350	4,650	Buy	29.2	(49.8)	14.5	20.6x	1.7x	22.2	6.1	21.6	(34.8)	1.2
SCMA	1,865	2,480	2,500	Buy	34.0	(12.0)	27.3	20.4x	6.4x	32.5	4.0	2.6	0.7	1.2
MNCN	775	1,285	1,125	Buy	45.2	(49.5)	11.1	7.7x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	6,150	10,000	9,270	Buy	50.7	(36.6)	17.9	9.4x	7.7x	93.0	7.4	3.1	0.4	1.1
ACES	1,375	1,155	1,635	Buy	18.9	4.6	23.6	26.7x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,235	1,200	1,525	Buy	23.5	33.5	8.8	15.8x	2.2x	14.6	3.2	0.9	31.8	0.9
MAPI	805	620	945	Buy	17.4	22.9	13.4	22.8x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(17.8)	352.1							
BSDE	1,090	1,700	1,850	Buy	69.7	(38.8)	21.0	6.3x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	474	685	625	Buy	31.9	(24.8)	22.8	10.9x	2.0x	20.5	1.3	14.4	25.4	1.1
CTRA	830	1,185	1,050	Buy	26.5	(29.4)	15.4	21.1x	1.2x	5.6	1.1	(0.8)	(49.0)	1.5
SMRA	600	945	670	Hold	11.7	(40.6)	8.7	22.0x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,575	2,210	2,810	Buy	78.4	(20.5)	21.4	3.7x	1.3x	39.6	3.6	47.3	134.6	1.4
PTPP	1,560	2,640	3,850	Buy	146.8	(42.9)	9.7	7.1x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,270	1,550	2,150	Buy	69.3	(28.5)	11.4	8.9x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,270	1,885	2,160	Buy	70.1	(37.4)	4.5	7.6x	0.8x	10.5	2.3	#N/A	N/A	1.1
Misc Ind.						(10.7)	359.6							
ASII	7,025	8,300	9,300	Buy	32.4	(12.7)	284.4	14.3x	2.2x	16.3	2.7	14.8	11.3	1.2
Basic Ind.						18.3	582.1							
INTP	16,875	21,950	21,575	Buy	27.9	(12.6)	62.1	47.3x	2.8x	5.7	4.1	(0.9)	(60.6)	1.5
SMGR	9,000	9,900	11,550	Buy	28.3	(16.9)	53.4	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,175	3,000	6,700	Buy	29.5	65.3	84.9	24.9x	4.9x	21.3	1.1	2.7	59.1	1.0
JPFA	1,955	1,300	3,250	Buy	66.2	49.2	22.9	13.8x	2.5x	18.3	5.1	18.2	142.5	0.8
MAIN	1,115	740	1,930	Buy	73.1	25.3	2.5	17.3x	1.4x	7.9	1.4	13.5	350.0	1.2
KRAS	394	424	500	Buy	26.9	(22.0)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,520	6,000	6,275	Buy	38.8	(7.2)	80.6	20.4x	3.1x	17.8	1.4	7.6	(37.4)	0.8
Mining						29.6	435.5							
ADRO	1,760	1,860	2,500	Buy	42.0	(6.4)	56.3	8.1x	1.0x	13.3	6.1	3.9	(12.1)	1.1
PTBA	4,500	2,460	5,375	Buy	19.4	105.9	51.8	8.9x	3.7x	43.4	7.1	17.4	49.1	1.0
ITMG	26,000	20,700	32,400	Buy	24.6	20.6	29.4	7.6x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,260	2,890	5,325	Buy	63.3	15.6	32.4	55.2x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	780	625	1,200	Buy	53.8	19.1	18.7	19.2x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	680	775	1,240	Buy	82.4	(16.6)	5.1	9.6x	0.8x	8.8	3.5	1.8	13.1	1.0
MEDC	900	890	1,025	Hold	13.9	28.4	16.0	17.9x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	372	372	625	Buy	68.0	13.4	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.3
Agriculture						(13.4)	97.9							
AALI	11,175	13,150	16,925	Buy	51.5	(23.2)	21.5	12.3x	1.2x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,155	1,420	1,500	Buy	29.9	(19.8)	7.9	14.9x	1.0x	6.6	3.9	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WIKA : Issues Perpetual Bond

WIKA will issue the perpetual bond worth IDR1 trillion in November. The perpetual bond is the first phase of the 5-year perpetual bonds series with the maximum value of IDR10 trillion. WIKA chose it as a strategy to maintain its debt ratio. Until the end of 2018, it targets DER to decline to 0.8x. (Kontan)

ADHI : Secures 10% Portion of Toll Consortium

ADHI obtained 10% portion of Cikunir-Ulujami consortium. It is 36.5-km toll road project with the investment fund of IDR22.5 trillion. However, this ongoing project will not be included in 2018's new contracts. To finish the project, ADHI will also cooperate with ACST. (Bisnis Indonesia)

PTPP : Actualizes New Contract of 66.2%

PTPP, until September 2018, posted the growth of 4% y-y to IDR32.45 trillion in new contracts. The growth was equal to 66.2% of 2018's target of IDR49 trillion. In September, PTPP obtained new contracts of IDR4.25 trillion mostly deriving from Makassar New Port of IB and IC Phases. Of note in 4Q18, PTPP targets a number of projects worth more than IDR20 trillion. (Bisnis Indonesia)

BMRI : Posts Net Profit of IDR18 Trillion

BMRI, from January to September 2018, posted the growth of 20% y-y to IDR18.1 trillion in net profit. The accomplishment was backed by the net interest income and fee based income respectively grew by 4.2% y-y and 11.4% y-y. Until the end of 2018, BMRI will maintain its net interest margin at 5.5%-5.7%. It is optimistic that 2018's net profit target of IDR22-24 trillion will be accomplished. (Investor Daily)

Domestic & Global News

2018's State Deficit Reaches IDR200 Trillion until September

2018's state budget (APBN) posted the deficit of IDR200.23 trillion until the end of September 2018. The deficit was lower than September 2017's deficit of IDR272 trillion. The decline in trade deficit aligned with state's revenues hiked by 19% y-y to IDR1,312.3 trillion and the state's expenses grew by 10% y-y to IDR1,512.6 trillion. (Kontan)

Fed Remains Convinced of Tightening Monetary Policy

Federal Reserve officials remain convinced that continuing to gradually increase interest rates is the best formula to preserve a steady economy, according to minutes released Wednesday of the central bank's most recent policy meeting. A summary of the Sept. 25-26 Federal Open Market Committee session reflected both confidence in the rate of economic growth and some hesitancy over the impact that tariffs might have on the future path. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	11:30	Industrial Production MoM	Aug F	0.20%	--	0.70%
15 - Oct	USA	19:30	Retail Sales Advance MoM	Sep	0.10%	0.70%	0.10%
Tuesday	CHN	08:30	PPI YoY	Sep	3.60%	3.50%	4.10%
16 - Oct	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%
Wednesday	UK	15:30	CPI MoM	Sep	0.10%	0.30%	0.70%
17 - Oct	UK	15:30	CPI YoY	Sep	2.40%	2.60%	2.70%
	EU	16:00	CPI YoY	Sep F	2.10%	2.10%	2.00%
	EU	16:00	CPI MoM	Sep	0.50%	0.50%	0.20%
	USA	19:30	Housing Starts	Sep	1201k	1218k	1282k
Thursday	USA	01:00	FOMC Meeting Minutes	26-Sep		--	--
18 - Oct	USA	19:30	Initial Jobless Claims	13-Oct		--	214k
Friday	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.
Monday	11:00	Exports YoY	Sep	1.70%	7.25%	4.15%
15 - Oct	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
Monday	Rights Delisting Date	MAYA
15 - Oct		
Tuesday	Extraordinary Shareholder Meeting	GOLL, ISSP
16 - Oct	Rights Offering Date	IMJS (3 per 20)
Wednesday	Extraordinary Shareholder Meeting	ISAT
17 - Oct	Cum Dividend Date	MAIN (IDR16 per share)
Thursday	Extraordinary Shareholder Meeting	BNII, CITA
18 - Oct		
Friday	Rights Delisting Date	IBFN, RBMS
19 - Oct		

Source: Bloomberg

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