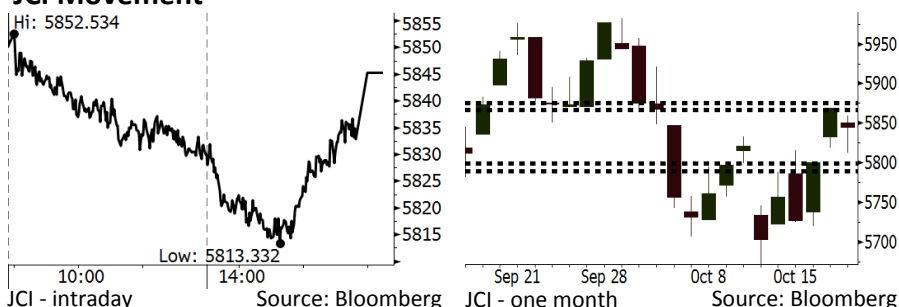


# Morning Brief

Daily | Oct 19, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 18	5,845.24
Chg	-23.38pts (-0.40%)
Volume (bn shares)	77.67
Value (IDR tn)	5.39

Adv 166 Dec 217 Unc 242 Untr 125

## Foreign Transaction (IDR bn)

Buy	1,472
Sell	1,480
Net Buy (Sell)	(8)

Top Buy	NB Val.	Top Sell	NS Val.
BBRI	98.8	TLKM	61.8
SRIL	43.8	PGAS	50.8
ASII	33.8	SMCB	37.8
INKP	33.3	BBNI	25.9
TKIM	18.6	BMRI	24.6

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SRIL	3.8%	LPKR	-4.9%
MNCN	1.9%	SCMA	-4.3%
GGRM	1.9%	LPPF	-4.1%
INDF	1.7%	TLKM	-3.6%
INKP	1.1%	PGAS	-3.5%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.58%	-0.10%
USDIDR	15,195	0.30%
KRWIDR	13.40	-0.52%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,379.45	(327.23)	-1.27%
S&P 500	2,768.78	(40.43)	-1.44%
Nasdaq	7,485.14	(157.56)	-2.06%
FTSE 100	7,026.99	(27.61)	-0.39%
CAC 40	5,116.79	(28.16)	-0.55%
DAX	11,589.21	(125.82)	-1.07%
Nikkei	22,658.16	(182.96)	-0.80%
Hang Seng	25,454.55	(7.71)	-0.03%
Shanghai	2,486.42	(75.20)	-2.94%
KOSPI	2,148.31	(19.20)	-0.89%
EIDO	21.46	(0.48)	-2.19%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,225.8	3.5	0.29%
Crude Oil (USD /bbl)	68.65	(1.10)	-1.58%
Coal Newcas(USD/ton)	111.65	2.40	2.20%
Gas (USD /mmbtu)	3.20	(0.12)	-3.67%
Nickel LME (USD /MT)	12,350	(25.0)	-0.20%
Tin LME (USD /MT)	19,025	(55.0)	-0.29%
CPO (MYR/Ton)	2,239	(22.0)	-0.97%

## Market Recap

JCI closed lower yesterday, following the regional markets. It was pressured by the infrastructure sector. On the other side, 3Q18's earnings season was futile to send JCI's movement higher. **Top Losers: Infrastructure (-2.52%), Mining (-0.90%), Finance (-0.49%)**

Global markets were in the sluggish territory yesterday. Meanwhile, the U.S. investors still kept their wary eyes on the trend of monetary tightening, unresolved trade war between the U.S. and China, and the tech. sector movement. The futile Brexit talks caused to lower European stocks. Furthermore, the Fed's hawkish stance of monetary tightening and the accusation of China as a currency manipulator weakened the Asia markets.

## Today's Outlook: China's Economic Growth

We estimate that today JCI is reign in a sluggish territory with the **support range of 5789-5799** and **resistance range of 5867-5875**. Today investors digest the release of China's GDP growth in 3Q18. Based on consensus, China's GDP growth will reach 6.6%, lower than 2Q18's GDP growth of 6.7%. China's GDP growth decelerated amid the unresolved trade dispute between the U.S. and China. The global markets tumbled ahead of the release of China's GDP growth.

From the domestic outlook, BMRI and BBNI's 3Q18 earnings are futile to bolster rally in their stocks prices. Investors consider that the two banks performance in 3Q18 met the expectation, yet their performance gave no spectacular results.

## Stocks Recommendation (details on the next page)

Trading Buy: BSDE, MAPI, EXCL

## Company News

- MAPI : Is Sanguine about Over Target
- UNVR : Is Not Affiliated to Sariwangi AEA
- WIKA : 2018's Order Book Reaches IDR130 Trillion
- ELSA : Wins Two Tenders of IDR1 Trillion

## Domestic & Global News

DPR Approves Central's Government Expense of IDR1,634.3 Trillion

U.S. Asks for WTO Panel Over Metals Tariff Retaliation

## 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

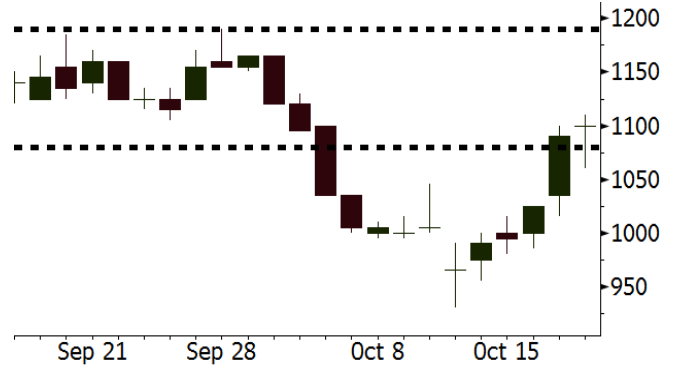
**BSDE** Last = 1100

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**Analysis** The Ministry of Finance plans to ease the import tariffs of PPh22 (income tax) and luxury goods tax (PPnBM) imposed on property. The act aims to reduce burdens weighed on property developers and create an exuberant property sector.

**Range** 1080 – 1190

**Action** Trading Buy. Cut Loss If Below 1080



Source: Bloomberg

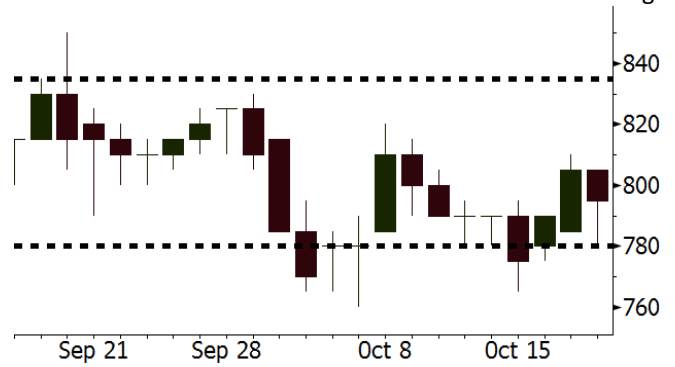
**MAPI** Last = 780

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**Analysis** We estimate MAPI to be capable of posting the net profit of IDR863 billion in 2018, soaring by 157.8% compared to 2017's net profit of IDR335 billion. The outperformance was backed by the management's optimism to top the sales growth target of 15%.

**Range** 780 – 835

**Action** Trading Buy. Cut Loss If Below 780



Source: Bloomberg

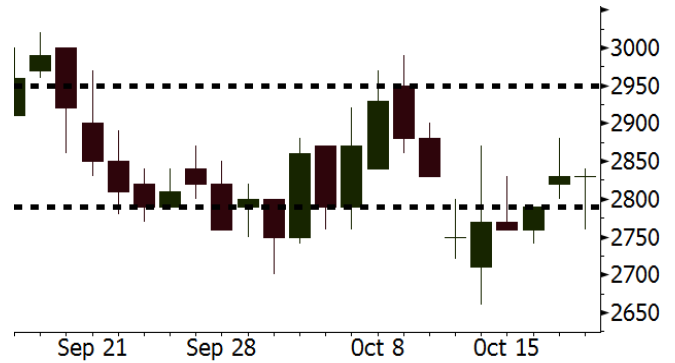
**EXCL** Last = 2830

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**Analysis** We estimate that EXCL will not re-suffer from 2Q18's loss. In 3Q18, EXCL is likely capable of posting the net profit of IDR63 billion. Its next year performance is estimated to be rosier further backed by the consistency of data traffic growth.

**Range** 2790 – 2950

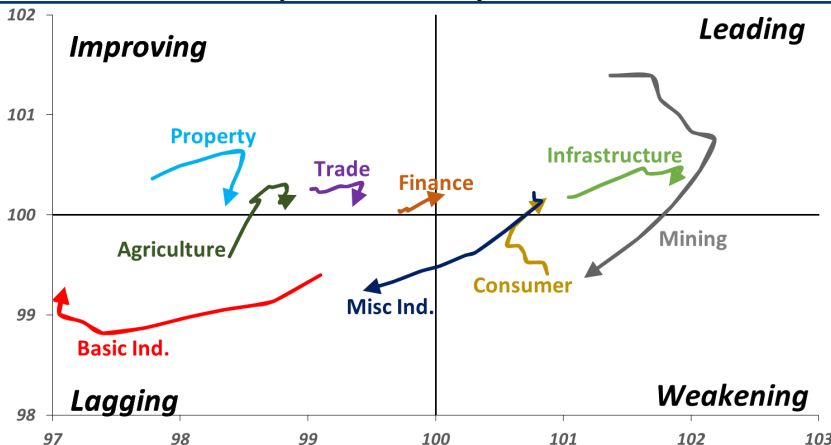
**Action** Trading buy. Cut Loss If Below 2790



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>	5,845	6,356				(1.1)	6,625.2							
<b>Finance</b>						3.3	1,975.4							
BBCA	23,600	21,900	27,650	Buy	17.2	16.1	581.9	24.1x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,090	3,640	3,930	Buy	27.2	(0.3)	381.1	12.4x	2.3x	19.3	3.5	5.8	10.9	1.4
BMRI	6,500	8,000	7,500	Buy	15.4	(6.8)	303.3	12.8x	1.8x	14.2	3.1	7.8	20.1	1.3
BBNI	7,200	9,900	9,675	Buy	34.4	(6.2)	134.3	9.2x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,420	3,570	3,280	Buy	35.5	(22.4)	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
<b>Consumer</b>						(0.4)	1,409.5							
HMSP	3,840	4,730	4,300	Hold	12.0	0.5	446.7	35.1x	16.1x	46.0	2.8	5.5	1.9	1.3
GGRM	79,400	83,800	88,650	Hold	11.6	25.8	152.8	18.7x	3.8x	20.9	3.3	12.6	13.7	1.2
UNVR	44,600	55,900	49,600	Hold	11.2	(10.2)	340.3	49.2x	67.9x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,850	8,900	10,550	Buy	19.2	(0.8)	103.2	25.8x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,100	7,625	8,175	Buy	34.0	(25.2)	53.6	13.9x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,365	1,690	1,730	Buy	26.7	(19.7)	64.0	26.6x	4.8x	18.9	1.8	3.1	(0.0)	1.3
KAFF	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
<b>Infrastructure</b>						(9.2)	715.16							
TLKM	3,760	4,399	4,700	Buy	25.0	(9.9)	372.5	19.9x	4.3x	22.1	4.5	0.5	(28.1)	0.8
EXCL	2,830	2,960	3,930	Buy	38.9	(16.0)	30.2	207.7x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,650	4,800	6,750	Buy	154.7	(56.9)	14.4	N/A	1.1x	(2.6)	2.8	(26.8)	N/A	0.9
PGAS	2,230	1,750	2,600	Buy	16.6	34.3	54.1	14.9x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,310	6,400	6,050	Buy	40.4	(29.3)	31.3	14.0x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,050	6,425	6,050	Buy	19.8	(21.4)	22.9	10.2x	7.6x	104.6	3.3	7.1	8.1	0.6
INDY	2,530	3,060	5,000	Buy	97.6	5.4	13.2	2.4x	0.9x	44.8	4.2	219.4	49.0	0.8
<b>Trade</b>						(13.6)	693.5							
UNTR	31,925	35,400	44,750	Buy	40.2	(7.1)	119.1	12.6x	2.4x	20.6	3.1	32.3	60.0	1.1
AKRA	3,620	6,350	4,650	Buy	28.5	(50.7)	14.5	20.7x	1.7x	22.2	6.1	21.6	(34.8)	1.2
SCMA	1,785	2,480	2,500	Buy	40.1	(16.2)	26.1	18.3x	6.2x	32.5	4.2	10.8	8.7	1.2
MNCN	790	1,285	1,125	Buy	42.4	(46.3)	11.3	7.9x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	5,900	10,000	9,270	Buy	57.1	(38.5)	17.2	9.0x	7.4x	93.0	7.8	3.1	0.4	1.1
ACES	1,390	1,155	1,635	Buy	17.6	5.7	23.8	27.0x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,260	1,200	1,525	Buy	21.0	38.5	8.9	16.2x	2.3x	14.6	3.2	0.9	31.8	0.9
MAPI	795	620	945	Buy	18.9	27.7	13.2	22.5x	2.9x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(18.3)	352.0							
BSDE	1,100	1,700	1,850	Buy	68.2	(38.5)	21.2	6.3x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	484	685	625	Buy	29.1	(21.3)	23.3	11.1x	2.1x	20.5	1.2	14.4	25.4	1.1
CTRA	855	1,185	1,050	Buy	22.8	(27.2)	15.9	21.7x	1.2x	5.6	1.1	(0.8)	(49.0)	1.5
SMRA	610	945	670	Hold	9.8	(40.5)	8.8	22.4x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,550	2,210	2,810	Buy	81.3	(26.2)	21.0	3.6x	1.3x	39.6	3.7	47.3	134.6	1.4
PTPP	1,550	2,640	3,850	Buy	148.4	(44.0)	9.6	7.1x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,255	1,550	2,150	Buy	71.3	(30.7)	11.3	8.8x	0.9x	10.5	2.1	36.8	18.7	1.0
ADHI	1,265	1,885	2,160	Buy	70.8	(39.2)	4.5	7.5x	0.8x	10.5	2.3	#N/A	N/A	1.1
<b>Misc Ind.</b>						(9.5)	359.6							
ASII	7,025	8,300	9,300	Buy	32.4	(11.4)	284.4	14.3x	2.2x	16.3	2.7	14.8	11.3	1.2
<b>Basic Ind.</b>						18.9	586.9							
INTP	16,600	21,950	21,575	Buy	30.0	(13.9)	61.1	46.5x	2.7x	5.7	4.2	(0.9)	(60.6)	1.5
SMGR	9,000	9,900	11,550	Buy	28.3	(14.3)	53.4	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,350	3,000	6,700	Buy	25.2	73.7	87.7	25.7x	5.1x	21.3	1.0	2.7	59.1	1.0
JPFA	2,000	1,300	3,250	Buy	62.5	49.3	23.5	14.1x	2.6x	18.3	5.0	18.2	142.5	0.8
MAIN	1,175	740	1,930	Buy	64.3	34.3	2.6	18.3x	1.4x	7.9	1.4	13.5	350.0	1.2
KRAS	390	424	500	Buy	28.2	(22.0)	7.5	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,510	6,000	6,275	Buy	39.1	(11.8)	80.4	20.4x	3.1x	17.8	1.4	7.6	(37.4)	0.8
<b>Mining</b>						25.8	431.6							
ADRO	1,730	1,860	2,500	Buy	44.5	(7.2)	55.3	8.0x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,490	2,460	5,375	Buy	19.7	104.1	51.7	8.9x	3.7x	43.4	7.1	17.4	49.1	1.0
ITMG	26,000	20,700	32,400	Buy	24.6	16.2	29.4	7.6x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,200	2,890	5,325	Buy	66.4	11.5	31.8	54.1x	1.1x	1.9	N/A	28.3	N/A	1.3
ANTM	765	625	1,200	Buy	56.9	15.9	18.4	18.8x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	680	775	1,240	Buy	82.4	(16.0)	5.1	9.6x	0.8x	8.8	3.5	1.8	13.1	1.0
MEDC	880	890	1,025	Buy	16.5	27.2	15.7	17.5x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	362	372	625	Buy	72.7	13.1	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.3
<b>Agriculture</b>						(10.2)	101.4							
AALI	12,000	13,150	16,925	Buy	41.0	(17.8)	23.1	13.2x	1.2x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,270	1,420	1,500	Buy	18.1	(11.2)	8.7	16.4x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **MAPI : Is Sanguine about Over Target**

MAPI is sanguine about FY18's sales growth potential for topping the target of 15% underlined by its performance from January to September 2018. The rosier performance was underlined by programs in sports, tourism, and other sectors. In 2018, MAPI remains reliant on revenues contributed by the fashion, activewear, food and beverage segments. (Kontan)

### **WIKA : 2018's Order Book Reaches IDR130 Trillion**

WIKA is optimistic about 2018's order book contract to reach IDR130 trillion. Until September, it posted the order book amounting to IDR105 trillion. In 2018's IMF-WBG event, WIKA secured the construction of 3 toll road projects in Jakarta and Bandung, Ammonium Nitrate factory situated in East Kalimantan, Tourism Sites in North Bali. The overall projects are worth IDR15.68 trillion. (Bisnis Indonesia)

### **UNVR : Is Not Affiliated to Sariwangi AEA**

UNVR stated that it is not affiliated to PT Sariwangi Agricultural Estate Agency (SAEA). Furthermore, it also revealed that PT SAEA is not the third party manufacturer having no impact on UNVR's business sustainability. UNVR's statement was made along with the court decision about PT SAEA's indebtedness of IDR1.05 trillion causing it to suffer from bankruptcy. (Bisnis Indonesia)

### **ELSA : Wins Two Tenders of IDR1 Trillion**

ELSA won two projects in the upstream oil and gas (migas) service, namely 2D and 3D Onshore Seismic Survey in Central Sulawesi and modular drilling in two areas in East Kalimantan. The two projects worth more than IDR1 trillion are forecasted to boost ELSA's revenue in ahead years and increase revenues contribution of 40% by the migas upstream segment to the total revenue. (Kontan)

## Domestic & Global News

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### **DPR Approves Central's Government Expense of IDR1,634.3 Trillion**

The budget board of the House of Representatives (DPR) set the central government's expenses of IDR1,634.3 trillion proposed by the government. Such expenses underwent a change from 2019's revised state budget plan (RAPBN) worth IDR1,635.3 trillion. The central government's expense in RAPBN underwent a change due to the change in the basic macro-economic assumption whose the rupiah's exchange rate is changed from IDR14,400 to IDR15,000. (Kontan)

### **U.S. Asks for WTO Panel Over Metals Tariff Retaliation**

The United States is requesting that a World Trade Organization dispute resolution panel get involved in a clash over international retaliation over U.S. tariffs on steel and aluminum, according to a U.S. official familiar with the matter. The requests, filed on Thursday, cover tariffs by China, the European Union, Canada and Mexico, which followed the United States imposing a 25 percent duty on steel imports and a 10 percent tariff on aluminum imports, which it justified on national security grounds. (Reuters)

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	0.10%	0.30%	0.70%
<i>17 - Oct</i>	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
<b>Thursday</b>	USA	01:00	FOMC Meeting Minutes	26-Sep		--	--
<i>18 - Oct</i>	USA	19:30	Initial Jobless Claims	13-Oct	210k	--	214k
<b>Friday</b>	JPN	06:30	Natl CPI YoY	Sep	1.20%	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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