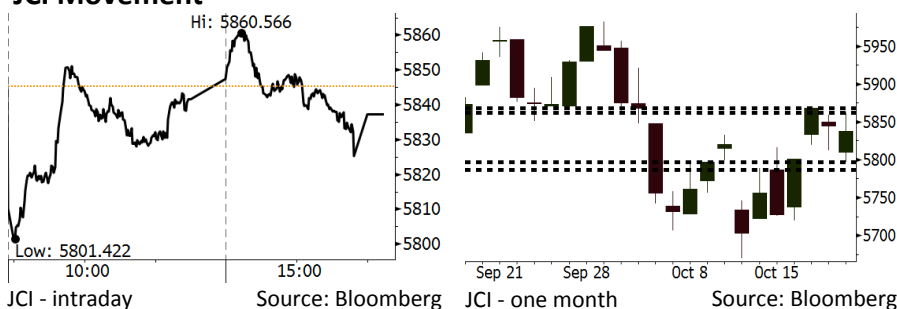


Morning Brief

Daily | Oct 22, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 19	5,837.29
Chg	-7.95pts (-0.14%)
Volume (bn shares)	85.35
Value (IDR tn)	6.59
Adv 168 Dec 199 Unc 258 Untr 139	

Foreign Transaction (IDR bn)	
Buy	2,584
Sell	2,839
Net Buy (Sell)	(256)

Top Buy	NB Val.	Top Sell	NS Val.
SRIL	57.6	BBCA	104.5
ASII	36.4	UNTR	71.2
CPIN	19.2	TLKM	49.6
TKIM	13.2	BBNI	47.7
PTBA	10.6	BBRI	38.5

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ASII	3.9%	LPPF	-4.7%
SRIL	3.6%	ITMG	-4.0%
WSBP	3.0%	SCMA	-3.4%
INTP	1.8%	BBRI	-2.3%
PGAS	1.8%	BBTN	-2.1%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.66%	0.08%	
USDIDR	15,187	-0.05%	
KRWIDR	13.41	0.11%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,444.34	64.89	0.26%
S&P 500	2,767.78	(1.00)	-0.04%
Nasdaq	7,449.03	(36.11)	-0.48%
FTSE 100	7,049.80	22.81	0.32%
CAC 40	5,084.66	(32.13)	-0.63%
DAX	11,553.83	(35.38)	-0.31%
Nikkei	22,532.08	(126.08)	-0.56%
Hang Seng	25,561.40	106.85	0.42%
Shanghai	2,550.47	64.05	2.58%
KOSPI	2,156.26	7.95	0.37%
EIDO	21.72	0.26	1.21%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,226.5	0.7	0.06%
Crude Oil (USD /bbl)	69.12	0.47	0.68%
Coal Newcas(USD/ton)	113.10	1.15	1.03%
Gas (USD /mmbtu)	3.25	0.05	1.63%
Nickel LME (USD /MT)	12,450	100.0	0.81%
Tin LME (USD /MT)	19,170	145.0	0.76%
CPO (MYR/Ton)	2,224	(15.0)	-0.67%

Market Recap

JCI closed slightly lower on Friday's trading as the tech sector suppressed. Foreign investors also booked the net foreign sell of IDR256 billion. **Top Losers: Consumer (-0.72%), Finance (-0.51%), Trade (-0.49%)**

The global markets closed mixed on Friday, 10/19/2018, along with the release 3Q18's seasonal earnings. Global investors kept their wary eyes on the trend of the Fed's monetary tightening, the U.S. and Saudi Arabia geopolitical issue, Brexit, the Italian budget, and China's shrinking GDP in 3Q18.

Today's Outlook: Awaiting BI's Meeting

We estimate that today JCI moves at sluggish pace with the **support range of 5787-5797** and **resistance range of 5862-5868**. The pressure comes from Asia market movement this morning. Nikkei is sluggish at 1%, triggered by investors' fears of China's economic deceleration.

On the other hand, investors await Bank Indonesia (BI) Board of Governors Meeting to be conducted on Monday and Tuesday. After experiencing depreciation in the early of October due to the hike in global crude prices, the rupiah is currently stable at 15,200. Being aware of the fact, investors expect that BI will not raise its rates as it did in September.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, JPFA, INDF

Company News

- HMSP : Posts Growth of 1.2% in Sales
- KAEF : Increases Capex Absorption at the End of 2018
- WEGE : Targets Three New Projects
- AKRA : Constructs Gas and Petroleum Station in Surabaya

Domestic & Global News

- October's RDG: BI Remains Hawkish
- China Reports Economic Growth Below Expectations

Indonesia Economic Data

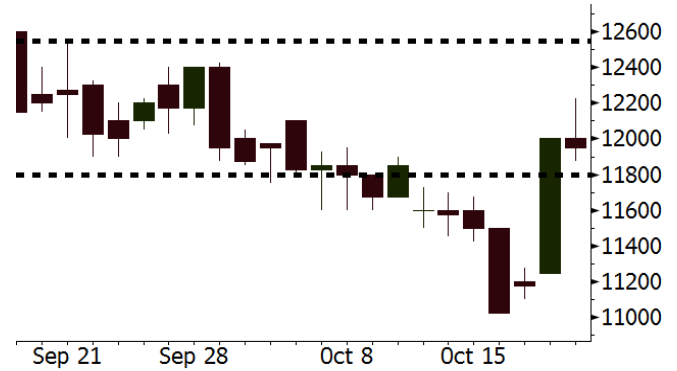
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

AAII Last = 11950

Analysis European Union formally decides to cut import tariffs on biodiesel products imported from Argentina and Indonesia. The fact is a positive sentiment for Indonesia-based CPO sector.

Range 11800 – 12550

Action Trading Buy. Cut Loss If Below 11800



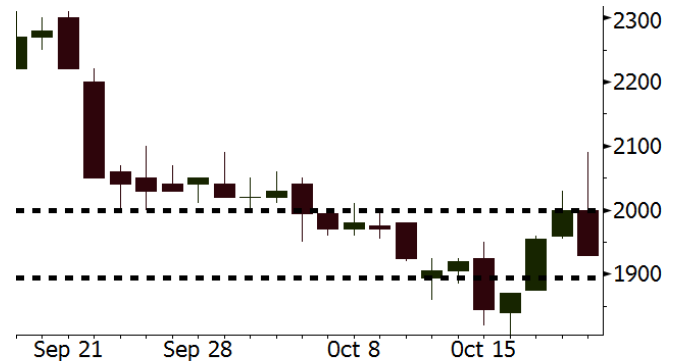
Source: Bloomberg

JPFA Last = 1930

Analysis We estimate that JPFA is capable of posting the net profit of IDR582 billion in 3Q18. The figures soared by 61% y-y from IDR362 billion in 3Q17.

Range 1895 – 2000

Action Trading Buy. Cut Loss If Below 1895



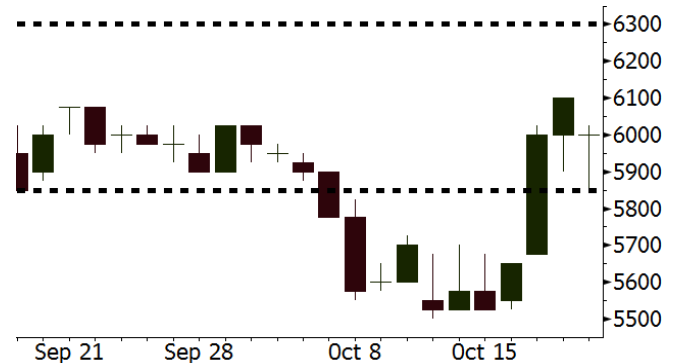
Source: Bloomberg

INDF Last = 6000

Analysis After posting a steep decline to IDR767 billion in 2Q18'S net profit, INDF is capable of posting the net profit of IDR1.3 trillion or soaring 29% y-y in 3Q18.

Range 5850 – 6300

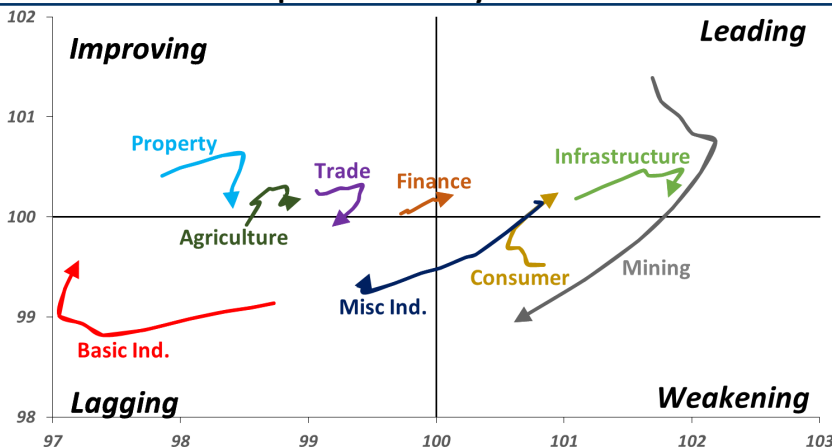
Action Trading buy. Cut Loss If Below 5850



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	5,837	6,356				(1.6)	6,620.0							
Finance						2.3	1,969.1							
BBCA	23,375	21,900	27,650	Buy	18.3	14.9	576.3	23.8x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,020	3,640	3,930	Buy	30.1	(3.4)	372.5	12.1x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,450	8,000	7,500	Buy	16.3	(9.2)	301.0	12.7x	1.7x	14.2	3.1	7.8	20.1	1.3
BBNI	7,175	9,900	9,675	Buy	34.8	(6.2)	133.8	9.0x	1.4x	15.5	3.6	#N/A	N/A	1.4
BBTN	2,370	3,570	3,280	Buy	38.4	(22.5)	25.1	7.9x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	605	710	810	Buy	33.9	(9.7)	9.1	7.7x	1.1x	15.5	7.3	1.1	2.5	0.8
Consumer						(1.4)	1,399.4							
HMSP	3,790	4,730	4,300	Hold	13.5	(2.1)	440.8	34.6x	15.9x	46.0	2.8	5.5	1.9	1.3
GGRM	78,475	83,800	88,650	Hold	13.0	25.6	151.0	18.5x	3.7x	20.9	3.3	12.6	13.7	1.3
UNVR	44,850	55,900	49,600	Hold	10.6	(9.5)	342.2	49.5x	68.3x	139.4	2.0	(0.4)	(2.5)	1.1
ICBP	8,775	8,900	10,550	Buy	20.2	0.6	102.3	25.6x	5.2x	21.3	1.8	5.4	9.5	1.0
INDF	6,000	7,625	8,175	Buy	36.3	(27.1)	52.7	13.7x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,380	1,690	1,730	Buy	25.4	(18.8)	64.7	26.9x	4.8x	18.9	1.8	3.1	(0.0)	1.3
KAFF	2,470	2,700	3,280	Buy	32.8	(8.5)	13.7	38.8x	5.5x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(9.8)	714.56							
TLKM	3,730	4,399	4,700	Buy	26.0	(11.8)	369.5	19.7x	4.3x	22.1	4.5	0.5	(28.1)	0.8
EXCL	2,780	2,960	3,930	Buy	41.4	(18.2)	29.7	204.0x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,680	4,800	6,750	Buy	151.9	(56.1)	14.6	N/A	1.1x	(2.6)	2.7	(26.8)	N/A	0.9
PGAS	2,270	1,750	2,600	Hold	14.5	35.1	55.0	15.2x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,330	6,400	6,050	Buy	39.7	(28.4)	31.4	14.1x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,375	6,425	6,050	Hold	12.6	(16.0)	24.4	10.8x	8.1x	104.6	3.1	7.1	8.1	0.6
INDY	2,570	3,060	5,000	Buy	94.6	8.9	13.4	2.4x	0.9x	44.8	4.2	219.4	49.0	0.8
Trade						(13.2)	690.1							
UNTR	32,400	35,400	44,750	Buy	38.1	(1.8)	120.9	12.8x	2.5x	20.6	3.0	32.3	60.0	1.1
AKRA	3,640	6,350	4,650	Buy	27.7	(51.5)	14.6	20.8x	1.8x	22.2	6.0	21.6	(34.8)	1.2
SCMA	1,725	2,480	2,500	Buy	44.9	(18.6)	25.2	17.7x	5.5x	32.3	4.3	10.8	8.7	1.2
MNCN	780	1,285	1,125	Buy	44.2	(49.5)	11.1	7.8x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	5,625	10,000	9,270	Buy	64.8	(39.2)	16.4	8.6x	7.0x	93.0	8.1	3.1	0.4	1.1
ACES	1,360	1,155	1,635	Buy	20.2	7.1	23.3	26.5x	6.5x	26.3	1.7	22.6	30.0	1.1
RALS	1,195	1,200	1,525	Buy	27.6	37.4	8.5	15.3x	2.2x	14.6	3.3	0.9	31.8	0.9
MAPI	800	620	945	Buy	18.1	28.0	13.3	22.7x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(18.9)	353.0							
BSDE	1,105	1,700	1,850	Buy	67.4	(37.9)	21.3	6.4x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	488	685	625	Buy	28.1	(21.3)	23.5	11.2x	2.1x	20.5	1.2	14.4	25.4	1.2
CTRA	870	1,185	1,050	Buy	20.7	(28.4)	16.1	22.1x	1.2x	5.6	1.1	(0.8)	(49.0)	1.5
SMRA	610	945	670	Hold	9.8	(42.5)	8.8	22.4x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,540	2,210	2,810	Buy	82.5	(28.7)	20.9	3.6x	1.3x	39.6	3.7	47.3	134.6	1.3
PTPP	1,570	2,640	3,850	Buy	145.2	(43.9)	9.7	7.2x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,240	1,550	2,150	Buy	73.4	(34.7)	11.1	8.7x	0.9x	10.5	2.2	36.8	18.7	1.0
ADHI	1,260	1,885	2,160	Buy	71.4	(41.7)	4.5	7.5x	0.8x	10.5	2.3	#N/A	N/A	1.1
Misc Ind.						(7.2)	371.7							
ASII	7,300	8,300	9,300	Buy	27.4	(8.8)	295.5	14.8x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						19.3	590.6							
INTP	16,900	21,950	21,575	Buy	27.7	(12.2)	62.2	47.4x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	8,925	9,900	11,550	Buy	29.4	(14.4)	52.9	28.0x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,650	3,000	6,700	Buy	18.6	84.6	92.6	27.2x	5.4x	21.3	1.0	2.7	59.1	1.0
JPFA	1,930	1,300	3,250	Buy	68.4	37.9	22.6	13.6x	2.5x	18.3	5.2	18.2	142.5	0.8
MAIN	1,220	740	1,930	Buy	58.2	41.9	2.7	19.0x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	392	424	500	Buy	27.6	(21.6)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,470	6,000	6,275	Buy	40.4	(13.7)	79.7	20.2x	3.0x	17.8	1.4	7.6	(37.4)	0.8
Mining						25.0	430.2							
ADRO	1,700	1,860	2,500	Buy	47.1	(8.4)	54.4	7.9x	1.0x	13.3	6.4	3.9	(12.1)	1.1
PTBA	4,540	2,460	5,375	Buy	18.4	114.2	52.3	8.8x	3.6x	42.8	7.0	17.0	54.0	1.0
ITMG	24,950	20,700	32,400	Buy	29.9	11.6	28.2	7.3x	2.0x	27.6	12.6	8.0	(10.0)	1.1
INCO	3,190	2,890	5,325	Buy	66.9	6.7	31.7	54.0x	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	695	775	1,240	Buy	78.4	(14.7)	5.2	9.8x	0.8x	8.8	3.4	1.8	13.1	1.0
MEDC	875	890	1,025	Buy	17.1	28.1	15.6	17.4x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	368	372	625	Buy	69.8	15.0	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.3
Agriculture						(10.2)	101.2							
AALI	11,950	13,150	16,925	Buy	41.6	(19.3)	23.0	13.1x	1.2x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,300	1,420	1,500	Buy	15.4	(8.1)	8.9	16.8x	1.1x	6.6	3.5	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

HMSP : Posts Growth of 1.2% in Sales

HMSP posted the growth of 1.2% y-y to 26.5 billion cigarettes in 3Q18's sales volume. The sales were higher than the sales volume in 1Q18 and 2Q18, respectively 23 billion and 25 billion. On the cumulative basis, its cigarette sales volume grew by 0.1% y-y to 74.5 billion cigarettes from January to September 2018. (Bisnis Indonesia)

WEGE : Targets Three New Projects

WEGE targets three new projects with the total new contract of IDR1.4 trillion in 4Q18. The three projects are the development of the government's hospital, the construction of private apartment, the state-owned hotels. Until September 2018, it posted the new contracts of IDR6.4 trillion. (Bisnis Indonesia)

KAEF : Increases Capex Absorption at the End of 2018

KAEF absorbed the capex of 30% from 2018's capex allocated of IDR3.5 trillion whose IDR2.3 trillion was allocated to the merger and acquisition. At the end of 2018, KAEF targets to absorb 60% of IDR2.3 trillion at minimum. Another to the capex allocation, it also plans to launch hemodialysis clinic and new hospital acquisition. (Kontan)

AKRA : Constructs Gas and Petroleum Station in Surabaya

AKRA constructs its first non-subsidized gas and petroleum station, namely BP-AKR in Surabaya, West Java. Surabaya is the second city where BP-AKR is located after its construction in Jakarta. AKRA targets the development of more than 350 BP-AKR within 10 years next in Jakarta Greater areas, Surabaya, and Bandung. In 2Q18, petroleum trade and distribution contributed 72.8% from the total revenue. (Bisnis Indonesia)

Domestic & Global News

October's RDG: BI Remains Hawkish

Bank Indonesia (BI) will conduct Board of Governors Meeting (RDG) from 22 to 23 October. One of the agenda for the meeting is benchmark rates. In the prior RDG, BI held its hawkish stance of tightening its rates by 26 bps. BI firmly states its hawkish monetary stance.

China Reports Economic Growth Below Expectations

China's economic growth slowed more than expected to the weakest pace since the first quarter of 2009 as the country's trade war with the U.S. puts pressure on growth. China said its economy grew 6.5 percent year-over-year in the third quarter of 2018. That missed expectations for a 6.6 percent growth. The latest GDP data also came in lower than the 6.7 percent year-over-year expansion in the previous quarter. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday 23 - Oct	EU	21:00	Consumer Confidence	Oct A		-3	-2.9
Wednesday 24 - Oct	JPN	06:30	Nikkei Japan PMI Mfg	Oct P		--	52.5
	GER	14:30	Markit Germany Manufacturing PMI	Oct P		53.4	53.7
	EU	15:00	Markit Eurozone Manufacturing PMI	Oct P		53	53.2
	USA	20:45	Markit US Manufacturing PMI	Oct P		55.5	55.6
	USA	21:00	New Home Sales	Sep		630k	629k
Thursday 25 - Oct	USA	01:00	U.S. Federal Reserve Releases Beige Book				
	GER	15:00	IFO Business Climate	Oct		103.3	103.7
	EU	18:45	ECB Main Refinancing Rate	25-Oct		0.00%	0.00%
	USA	19:30	Durable Goods Orders	Sep P		-1.00%	4.40%
Friday 26 - Oct	USA	19:30	GDP Annualized QoQ	3Q A		3.30%	4.20%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Tuesday 23 - Oct	Tentative	Bank Indonesia 7D Reverse Repo	23-Oct		5.75%	5.75%

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday 22 - Oct	Extraordinary Shareholder Meeting	AISA, SSMS
Tuesday 23 - Oct	Extraordinary Shareholder Meeting	CNKO
Wednesday 24 - Oct	Extraordinary Shareholder Meeting	GMCW, POWR, TPIA
Thursday 25 - Oct	Extraordinary Shareholder Meeting	SMBR
Friday 26 - Oct	Annual Shareholder Meeting	BNBR, BVIC

Source: Bloomberg

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