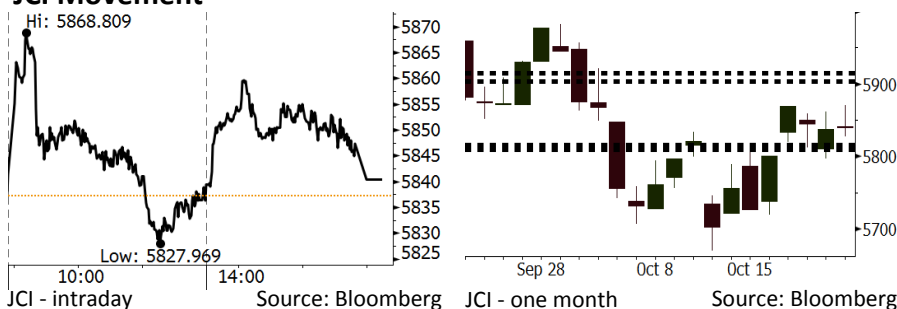


Morning Brief

Daily | Oct 23, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 22	5,840.44
Chg	+3.14pts (+0.05%)
Volume (bn shares)	88.75
Value (IDR tn)	5.99
Adv 176 Dec 200 Unc 249 Untr 122	

Foreign Transaction (IDR bn)	
Buy	1,684
Sell	1,749
Net Buy (Sell)	(65)

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	77.4	BBCA	162.9
SRIL	56.9	UNTR	31.9
BBRI	34.4	ASII	19.4
INKP	16.1	ISAT	17.5
PTBA	16.0	UNVR	16.3

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
LPKR	7.3%	LPPF	-10.7%
SRIL	5.2%	KLBF	-2.9%
WSKT	3.9%	SCMA	-2.0%
ELSA	3.3%	INTP	-1.8%
EXCL	3.2%	INDY	-1.6%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.64%	-0.02%
USDIDR	15,187	0.00%
KRWIDR	13.43	0.11%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,317.41	(126.93)	-0.50%
S&P 500	2,755.88	(11.90)	-0.43%
Nasdaq	7,468.63	19.60	0.26%
FTSE 100	7,042.80	(7.00)	-0.10%
CAC 40	5,053.31	(31.35)	-0.62%
DAX	11,524.34	(29.49)	-0.26%
Nikkei	22,614.82	82.74	0.37%
Hang Seng	26,153.15	591.75	2.32%
Shanghai	2,654.88	104.41	4.09%
KOSPI	2,161.71	5.45	0.25%
EIDO	21.76	0.04	0.18%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,222.1	(4.4)	-0.36%
Crude Oil (USD /bbl)	69.36	0.08	0.12%
Coal Newcas(USD/ton)	112.95	(0.15)	-0.13%
Gas (USD /mmbtu)	3.14	(0.11)	-3.45%
Nickel LME (USD /MT)	12,530	80.0	0.64%
Tin LME (USD /MT)	19,225	55.0	0.29%
CPO (MYR/Ton)	2,237	13.0	0.58%

Market Recap

Moving at sluggish pace during first session, JCI finished flat yesterday. It failed to follow the rally posted by regional stock markets. **Top Gainers: Infrastructure (+1.69%), Property (+0.47%), Mining (+0.44%)**

The global markets finished mixed yesterday amid the release of 3Q18's earnings. The U.S. market closed mixed because fears of soaring mortgage rates capping loan growth caused banking to lead flow financial shares. Asia markets rallied further backed by China's stock strengthening by more than 4%.

Today's Outlook: Expectancy of Benchmark Rate

Today we estimate JCI to rally with the **support range of 5810-5816** and **resistance range of 5903-5915**. The positive sentiment comes ahead of the end of BI's Board of Governors Meeting held today. Investors estimate that BI is likely to maintain its benchmark rates after raising its benchmark rates by 150 bps since May 2018. It held its benchmark rate stable in October because the pressure on the Rupiah subdued.

On the other side, the pressure from the global circumstance comes from the geopolitical turmoil in Saudi Arabia. However, JCI posting no significant decline shows that the global volatility is currently not major concern.

Stocks Recommendation (details on the next page)

Trading Buy: EXCL, ANTM, BBRI

Company News

- ISAT : Focuses on Company's Transformation
- ROTI : Posts Growth of 8.8% in Sales
- WEGE : Posts IDR215 Billion from Karawang Project
- PTBA : Revises 1H18's Financial Performance

Domestic & Global News

National Rice Inventories Post Surpluses of 2.8 Million Tons until the End-2018
 Investors Dumped More Than USD 1 Billion Worth of Saudi Stocks

Indonesia Economic Data

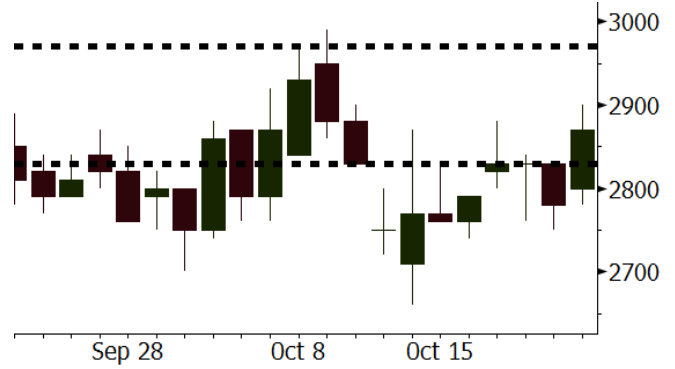
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.50%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

EXCL Last = 2870

Analysis After posting the loss of IDR97 billion in 2Q18, EXCL is likely to be capable of posting the net profit of IDR63 billion in 3Q18.

Range 2830 – 2970

Action Trading Buy. Cut Loss If Below 2830



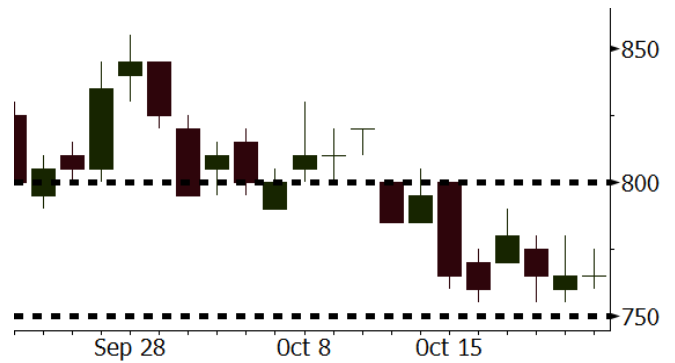
Source: Bloomberg

ANTM Last = 765

Analysis ANTM has a relatively cheap P/B valuation of 1.0x. The figures are in contrast to the estimated growth of 78% in sales.

Range 750 – 800

Action Trading Buy. Cut Loss If Below 750



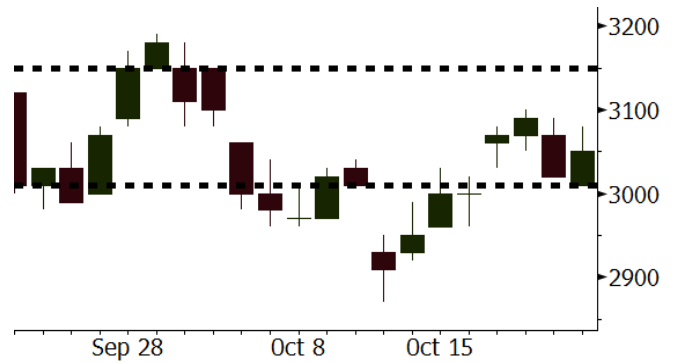
Source: Bloomberg

BBRI Last = 3050

Analysis BBRI posted the growth of 15.5% in 2Q18's credit. In 3Q18, BBRI's credit growth was accelerated. The expectancy is indicated by the acceleration in credit growth posted by two state-owned banks, namely BMRI and BBNI

Range 3010 – 3150

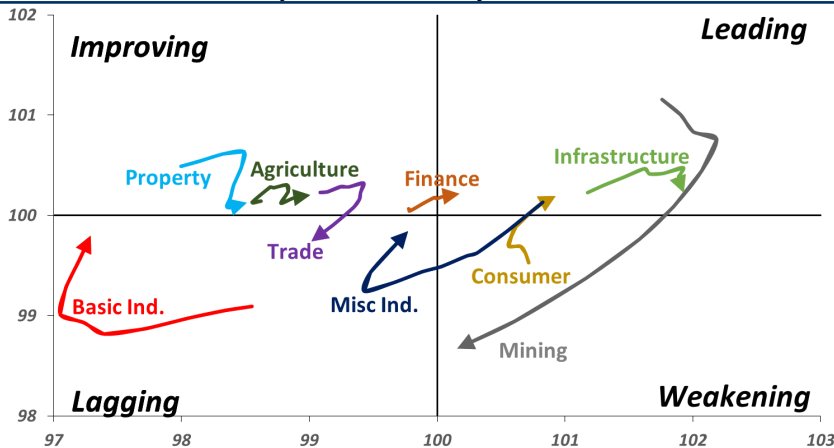
Action Trading buy. Cut Loss If Below 3010



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	5,840	6,356				(1.8)	6,623.5							
Finance						1.8	1,962.9							
BBCA	23,150	21,900	27,650	Buy	19.4	10.2	570.8	23.6x	4.2x	18.8	1.1	5.7	8.4	1.0
BBRI	3,050	3,640	3,930	Buy	28.9	(2.4)	376.2	12.2x	2.3x	19.3	3.5	5.8	10.9	1.4
BMRI	6,450	8,000	7,500	Buy	16.3	(7.2)	301.0	12.7x	1.7x	14.2	3.1	2.7	20.1	1.3
BBNI	7,175	9,900	9,675	Buy	34.8	(5.0)	133.8	9.0x	1.4x	15.5	3.6	#N/A	N/A	1.4
BBTN	2,340	3,570	3,280	Buy	40.2	(23.5)	24.8	7.8x	1.1x	15.1	2.4	14.3	11.7	1.7
BJTM	610	710	810	Buy	32.8	(9.6)	9.1	7.7x	1.2x	15.5	7.2	1.1	2.5	0.8
Consumer						(1.8)	1,398.3							
HMSP	3,810	4,730	4,300	Hold	12.9	(3.1)	443.2	34.8x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	80,025	83,800	88,650	Hold	10.8	27.5	154.0	18.8x	3.8x	20.9	3.2	12.6	13.7	1.3
UNVR	44,475	55,900	49,600	Hold	11.5	(9.5)	339.3	49.1x	67.7x	139.4	2.1	(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	1.0
INDF	5,950	7,625	8,175	Buy	37.4	(28.7)	52.2	13.6x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,340	1,690	1,730	Buy	29.1	(20.5)	62.8	26.1x	4.7x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,450	2,700	2,890	Buy	18.0	(8.6)	13.6	38.5x	5.4x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(8.2)	726.63							
TLKM	3,800	4,399	4,700	Buy	23.7	(9.8)	376.4	20.1x	4.4x	22.1	4.4	0.5	(28.1)	0.8
EXCL	2,870	2,960	3,930	Buy	36.9	(15.6)	30.7	210.6x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,840	4,800	6,750	Buy	137.7	(53.4)	15.4	N/A	1.2x	(2.6)	2.6	(26.8)	N/A	0.9
PGAS	2,340	1,750	2,600	Hold	11.1	34.1	56.7	15.6x	1.2x	7.6	1.4	15.0	200.0	1.4
JSMR	4,300	6,400	6,050	Buy	40.7	(27.7)	31.2	14.0x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	5,200	6,425	6,050	Buy	16.3	(18.8)	23.6	10.5x	7.8x	104.6	3.3	7.1	8.1	0.6
INDY	2,530	3,060	5,000	Buy	97.6	13.5	13.2	2.4x	0.9x	44.8	4.2	219.4	49.0	0.8
Trade						(14.0)	686.3							
UNTR	32,375	35,400	44,750	Buy	38.2	0.7	120.8	12.8x	2.5x	20.6	3.0	32.3	60.0	1.1
AKRA	3,650	6,350	4,650	Buy	27.4	(51.0)	14.7	20.9x	1.8x	22.2	6.0	21.6	(34.8)	1.2
SCMA	1,690	2,480	2,500	Buy	47.9	(21.0)	24.7	17.3x	5.4x	32.3	4.4	10.8	8.7	1.2
MNCN	775	1,285	1,125	Buy	45.2	(48.7)	11.1	7.7x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	5,025	10,000	9,270	Buy	84.5	(47.1)	14.7	7.7x	6.3x	93.0	9.1	3.1	0.4	1.1
ACES	1,360	1,155	1,635	Buy	20.2	6.3	23.3	26.5x	6.5x	26.3	1.7	22.6	30.0	1.1
RALS	1,185	1,200	1,525	Buy	28.7	33.9	8.4	15.2x	2.1x	14.6	3.4	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	22.5	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(18.7)	354.7							
BSDE	1,130	1,700	1,850	Buy	63.7	(36.2)	21.7	6.5x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	496	685	625	Buy	26.0	(21.9)	23.9	11.4x	2.1x	20.5	1.2	14.4	25.4	1.2
CTRA	845	1,185	1,050	Buy	24.3	(29.9)	15.7	21.5x	1.2x	5.6	1.1	(0.8)	(49.0)	1.5
SMRA	605	945	670	Hold	10.7	(42.1)	8.7	22.2x	1.3x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,600	2,210	2,810	Buy	75.6	(25.9)	21.7	3.7x	1.3x	39.6	3.6	47.3	134.6	1.3
PTPP	1,570	2,640	3,850	Buy	145.2	(44.9)	9.7	7.2x	0.8x	12.5	3.0	17.0	(16.3)	1.3
WIKA	1,265	1,550	2,150	Buy	70.0	(36.4)	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	(41.4)	4.5	7.5x	0.8x	10.5	2.3	#N/A	N/A	1.1
Misc Ind.						(7.7)	370.9							
ASII	7,275	8,300	9,300	Buy	27.8	(9.6)	294.5	14.8x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						18.4	590.7							
INTP	16,600	21,950	21,575	Buy	30.0	(15.3)	61.1	46.5x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	9,000	9,900	11,550	Buy	28.3	(14.7)	53.4	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,550	3,000	6,700	Buy	20.7	82.0	91.0	26.7x	5.3x	21.3	1.0	2.7	59.1	1.0
JPFA	2,000	1,300	3,250	Buy	62.5	47.6	23.5	14.1x	2.6x	18.3	5.0	18.2	142.5	0.8
MAIN	1,240	740	1,930	Buy	55.6	43.4	2.8	19.3x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	392	424	500	Buy	27.6	(21.3)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,450	6,000	6,275	Buy	41.0	(15.4)	79.4	20.1x	3.0x	17.8	1.5	7.6	(37.4)	0.8
Mining						23.5	432.1							
ADRO	1,730	1,860	2,500	Buy	44.5	(6.5)	55.3	8.0x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,610	2,460	5,375	Buy	16.6	115.4	53.1	9.0x	3.6x	42.8	6.9	17.0	54.0	1.0
ITMG	25,350	20,700	32,400	Buy	27.8	11.7	28.6	7.4x	2.0x	27.6	12.4	8.0	(10.0)	1.1
INCO	3,210	2,890	5,325	Buy	65.9	7.4	31.9	54.3x	1.1x	1.9	N/A	28.3	N/A	1.3
ANTM	765	625	1,200	Buy	56.9	18.6	18.4	18.8x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	690	775	1,240	Buy	79.7	(14.8)	5.1	9.7x	0.8x	8.8	3.4	1.8	13.1	1.0
MEDC	885	890	1,025	Buy	15.8	31.3	15.7	17.6x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	380	372	625	Buy	64.5	18.8	2.8	7.7x	0.9x	12.1	1.3	46.5	783.3	1.3
Agriculture						(10.3)	101.0							
AALI	12,050	13,150	16,925	Buy	40.5	(18.2)	23.2	13.2x	1.3x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,290	1,420	1,500	Buy	16.3	(10.4)	8.8	16.6x	1.1x	6.6	3.5	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ISAT : Focuses on Company's Transformation

ISAT stated to focus on company's transformation centering on people, process, and business with a view to promptly executing plan and company's target. ISAT's new president director stated company's focus and dismissed the speculation about the company's plan to perform merger with other operators. Besides, ISAT will also invest a large amount of funds in the future years. (Kontan)

WEGE : Posts IDR215 Billion from Karawang Project

WEGE posted the sales of IDR215 billion deriving from Karawang-based Tamansari Mahogany apartment constructed since 2015. The sales figures derived from the sales of 794 units or 90% of the unit capacities. In December 2018, WEGE will also operate Fave Hotel having the capacity of 132 rooms and built in the same location to Tamansari Mahogany apartment. (Bisnis Indonesia)

ROTI : Posts Growth of 8.8% in Sales

ROTI posted the growth of 8.8% y-y to IDR1.98 trillion from January to September 2018. The sales performance was backed by the central parts of Indonesia region contributing IDR1.63 trillion to the total sales. Based on segment, the white breads contributed 76% to the total sales. ROTI's net profit from January to September grew by 5.7% y-y to IDR102.86 billion. (Bisnis Indonesia)

PTBA : Revises 1H18's Financial Performance

PTBA revised 1H18's financial performance through interim consolidated financial statements released on October 10th, 2018. After the revision, COGS and net profit respectively grew to 11% y-y and 61% y-y. Besides, assets, liabilities, and equities also declined due to the settlement of bank loans. (Kontan)

Domestic & Global News

National Rice Inventories Post Surpluses of 2.8 Million Tons until the End-2018

The Coordinating Minister for Economic Affairs Darmin Nasution projected the data of national rice production until the end of 2018 is likely to be surplus at around 2.8 million tons, or lower than prior years surpluses. Of note, the national rice production until the end of 2018 will reach 32.4 million tons. On the other side, the consumption until the end of 2018 is estimated to reach 29.6 million tons. (CNN Indonesia)

Investors Dumped More Than USD1 Billion Worth of Saudi Stocks

Foreign investors dumped \$1.1 billion of Saudi stocks last week, among the biggest weekly outflows since data became available in 2015. The heavy sales coincided with the country's growing crisis after the killing of journalist Jamal Khashoggi. The stock sales came from qualified foreign institutional investors, who were net sellers of 4 billion riyals of stocks. Local retail investors were also net sellers last week while Saudi institutions were net buyers. (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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