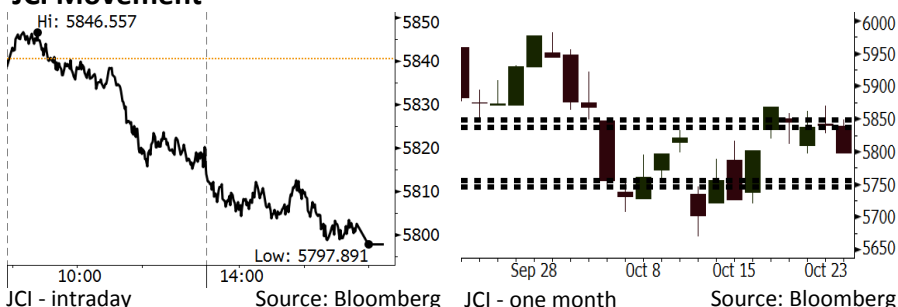


Morning Brief

Daily | Oct 24, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 23	5,797.89
Chg	-42.54pts (-0.73%)
Volume (bn shares)	77.94
Value (IDR tn)	5.69

Adv 127 Dec 257 Unc 241 Untr 124

Foreign Transaction (IDR bn)	
Buy	1,616
Sell	1,694
Net Buy (Sell)	(78)

Top Buy	NB Val.	Top Sell	NS Val.
PGAS	134.3	BBCA	95.5
BMRI	30.6	PTBA	53.9
BBRI	29.9	UNTR	47.6
HMSP	18.4	ASII	45.3
SMGR	17.2	ADRO	22.6

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
SMGR	1.1%	INKP	-3.8%
ASII	1.0%	INDY	-3.2%
SSMS	0.8%	WSKT	-2.8%
LPKR	0.7%	TLKM	-2.6%
MNCN	0.7%	GGRM	-2.5%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.66%	0.02%
USDIDR	15,192	0.03%
KRWIDR	13.36	-0.52%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,191.43	(125.98)	-0.50%
S&P 500	2,740.69	(15.19)	-0.55%
Nasdaq	7,437.54	(31.09)	-0.42%
FTSE 100	6,955.21	(87.59)	-1.24%
CAC 40	4,967.69	(85.62)	-1.69%
DAX	11,274.28	(250.06)	-2.17%
Nikkei	22,010.78	(604.04)	-2.67%
Hang Seng	25,346.55	(806.60)	-3.08%
Shanghai	2,594.83	(60.05)	-2.26%
KOSPI	2,106.10	(55.61)	-2.57%
EIDO	21.76	0.00	0.00%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,230.3	8.2	0.67%
Crude Oil (USD /bbl)	66.43	(2.93)	-4.22%
Coal Newcas(USD/ton)	112.70	(0.25)	-0.22%
Gas (USD /mmbtu)	3.21	0.07	2.36%
Nickel LME (USD /MT)	12,375	(155.0)	-1.24%
Tin LME (USD /MT)	19,300	75.0	0.39%
CPO (MYR/Ton)	2,218	(19.0)	-0.85%

Market Recap

JCI moved at sluggish pace yesterday amid BI's stance of maintaining its benchmark rate unchanged. Its sluggish pace was followed the regional market movement. **Top Losers: Infrastructure (-2.01%), Mining (-1.40%), Agriculture (-0.99%)**

Global bourses finished at the negative territory. 3Q18's earnings of some companies disappointing investors led the U.S. markets to lower. Meanwhile, European bourses posted losses, led by Germany's DAX index, exposed to slow global demand. Global investors still fears of the geopolitical issue and impacts arising from unresolved disputes between the U.S. – China.

Today's Outlook: Crude Prices Tumble

We estimate JCI to rally with the **support range of 5746-5756** and **resistance range of 5837-5848**. The positive sentiment comes from the significant decline in global crude prices. The decline of 4.22% in crude prices occurred after Saudi Arabia' government stated its commitment to hiking production ceasing the fears of sanctions against Iran. The decline in crude prices lowered the pressure on Indonesia's current account deficit.

On the other side, investors still keep their wary eyes on 3Q18's seasonal earning. Today BBRI will release 3Q18's earnings. Of note, other two state-owned banks, namely BBNi and BMRI have released their 3Q18's earnings pursuant to investors' projection.

Stocks Recommendation (details on the next page)

Trading Buy: BBRI, ICBP, MAPI

Company News

- WIKA : Guarantees High Speed Investment Return
- SIDO : Posts Growth of 26.2% in Profit
- PNBN : Net Profit Grows Slightly
- MERK : Will Perform EGM

Domestic & Global News

- Bank Indonesia Saves Rate Bullets for Future Fed Tightening
- Oil Prices Drops More Than 4%

Indonesia Economic Data

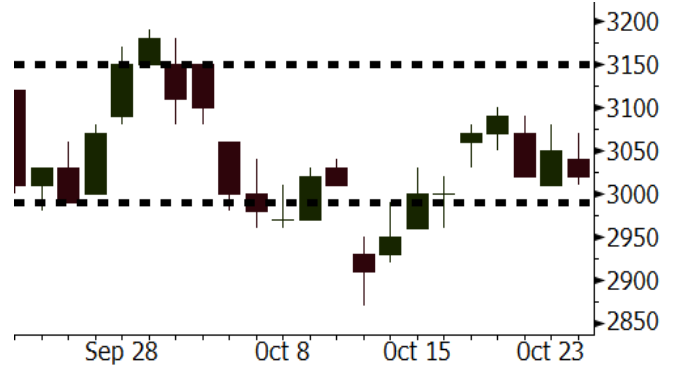
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

BBRI Last = 3020

Analysis In 2Q18, BBRI posted the growth of 15.5% in credit. In 3Q18, BBRI's credit growth is estimated to accelerate. The projection is underlined by the acceleration in credit growth, experienced by two state-owned banks, namely BMRI and BBNI.

Range 2990 – 3150

Action Trading Buy. Cut Loss If Below 2990



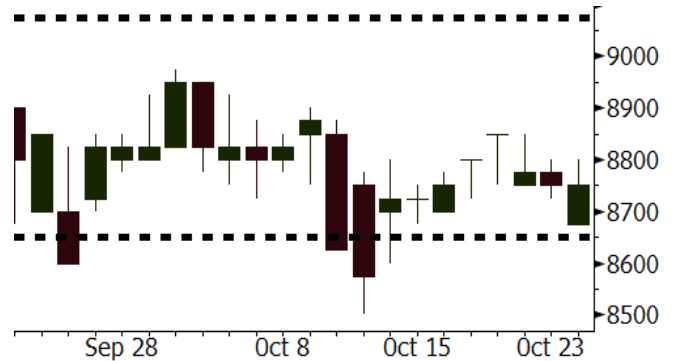
Source: Bloomberg

ICBP Last = 8750

Analysis We estimate that ICBP is capable of posting the net profit of IDR1.1 trillion in 3Q18. The figures soar by 16% y-y, much higher than the growth of 8% y-y in 2Q18's net profit.

Range 8650 – 9075

Action Trading Buy. Cut Loss If Below 8650



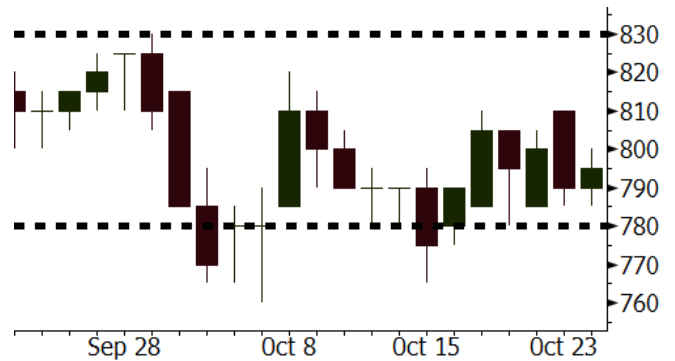
Source: Bloomberg

MAPI Last = 795

Analysis We estimate that MAPI is likely to post a steep hike of 100.6% y-y to IDR147 billion in 3Q18 net profit. In fact, in 4Q18, its net profit is likely to grow by 161% y-y.

Range 780 – 830

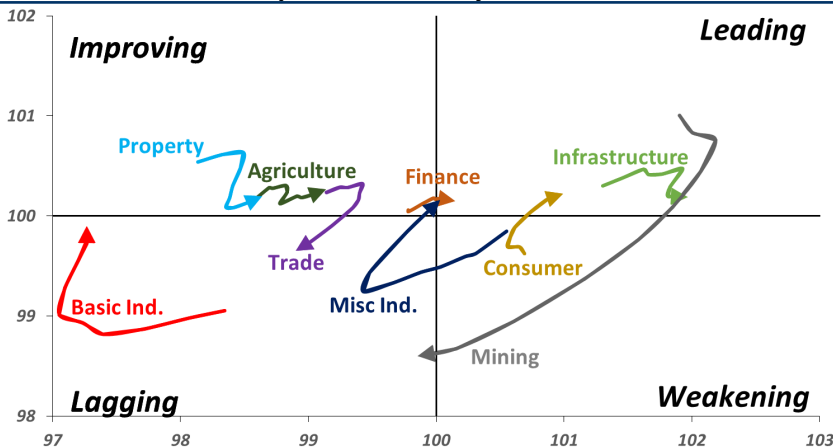
Action Trading buy. Cut Loss If Below 780



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	5,798	6,356				(2.6)	6,575.3							
Finance						1.9	1,947.9							
BBCA	22,950	21,900	27,650	Buy	20.5	11.4	565.8	23.4x	4.1x	18.8	1.1	5.7	8.4	1.0
BBRI	3,020	3,640	3,930	Buy	30.1	(2.4)	372.5	12.1x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,425	8,000	7,500	Buy	16.7	(5.9)	299.8	12.7x	1.7x	14.2	3.1	2.7	20.1	1.3
BBNI	7,125	9,900	9,675	Buy	35.8	(5.6)	132.9	8.9x	1.4x	15.5	3.6	#N/A	N/A	1.4
BBTN	2,300	3,570	3,280	Buy	42.6	(24.6)	24.4	7.6x	1.1x	15.1	2.5	14.3	11.7	1.7
BJTM	610	710	810	Buy	32.8	(10.9)	9.1	7.7x	1.2x	15.5	7.2	1.1	2.5	0.8
Consumer						(1.9)	1,393.3							
HMSP	3,810	4,730	4,300	Hold	12.9	(2.8)	443.2	34.8x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	78,000	83,800	88,650	Hold	13.7	25.8	150.1	18.3x	3.7x	20.9	3.3	12.6	13.7	1.3
UNVR	44,500	55,900	49,600	Hold	11.5	(9.5)	339.5	49.1x	67.7x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,750	8,900	10,550	Buy	20.6	0.3	102.0	25.5x	5.2x	21.3	1.9	5.4	9.5	1.0
INDF	5,800	7,625	8,175	Buy	40.9	(31.0)	50.9	13.2x	1.6x	12.6	4.1	1.0	(12.5)	1.2
KLBF	1,320	1,690	1,730	Buy	31.1	(20.5)	61.9	25.7x	4.6x	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						(9.9)	712.02							
TLKM	3,700	4,399	4,700	Buy	27.0	(11.7)	366.5	19.6x	4.2x	22.1	4.5	0.5	(28.1)	0.8
EXCL	2,820	2,960	3,930	Buy	39.4	(12.7)	30.1	206.9x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,660	4,800	6,750	Buy	153.8	(57.1)	14.5	N/A	1.1x	(2.6)	2.7	(26.8)	N/A	0.9
PGAS	2,350	1,750	2,600	Hold	10.6	35.4	57.0	15.7x	1.2x	7.6	1.3	15.0	200.0	1.4
JSMR	4,260	6,400	6,050	Buy	42.0	(29.6)	30.9	13.9x	2.0x	14.8	1.4	42.5	2.9	0.9
TBIG	4,970	6,425	6,050	Buy	21.7	(22.6)	22.5	10.0x	7.5x	104.6	3.4	7.1	8.1	0.6
INDY	2,450	3,060	5,000	Buy	104.1	7.9	12.8	2.3x	0.9x	44.8	4.4	219.4	49.0	0.8
Trade						(15.3)	683.1							
UNTR	32,125	35,400	44,750	Buy	39.3	0.2	119.8	12.7x	2.4x	20.6	3.0	32.3	60.0	1.1
AKRA	3,600	6,350	4,650	Buy	29.2	(53.1)	14.5	20.6x	1.7x	22.2	6.1	21.6	(34.8)	1.2
SCMA	1,685	2,480	2,500	Buy	48.4	(22.7)	24.6	17.3x	5.4x	32.3	4.5	10.8	8.7	1.2
MNCN	780	1,285	1,125	Buy	44.2	(48.3)	11.1	7.8x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	4,990	10,000	9,270	Buy	85.8	(47.1)	14.6	7.6x	6.2x	93.0	9.2	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	1,205	1,200	1,525	Buy	26.6	35.4	8.6	15.5x	2.2x	14.6	3.3	0.9	31.8	0.9
MAPI	795	620	945	Buy	18.9	25.2	13.2	22.5x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(19.2)	353.2							
BSDE	1,135	1,700	1,850	Buy	63.0	(35.9)	21.8	6.5x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	488	685	625	Buy	28.1	(22.5)	23.5	11.2x	2.1x	20.5	1.2	14.4	25.4	1.2
CTRA	810	1,185	1,050	Buy	29.6	(33.3)	15.0	20.6x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	615	945	670	Hold	8.9	(40.3)	8.9	22.6x	1.4x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,555	2,210	2,810	Buy	80.7	(27.0)	21.1	3.6x	1.3x	39.6	3.7	47.3	134.6	1.3
PTPP	1,535	2,640	3,850	Buy	150.8	(45.8)	9.5	7.0x	0.8x	12.5	3.1	17.0	(16.3)	1.3
WIKA	1,240	1,550	2,150	Buy	73.4	(37.7)	11.1	8.7x	0.9x	10.5	2.2	36.8	18.7	1.0
ADHI	1,265	1,885	2,160	Buy	70.8	(40.6)	4.5	7.5x	0.8x	10.5	2.3	#N/A	N/A	1.1
Misc Ind.						(8.1)	374.0							
ASII	7,350	8,300	9,300	Buy	26.5	(10.1)	297.6	14.9x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						17.2	585.7							
INTP	16,350	21,950	21,575	Buy	32.0	(15.7)	60.2	45.8x	2.7x	5.7	4.3	(0.9)	(60.6)	1.4
SMGR	9,100	9,900	11,550	Buy	26.9	(15.2)	54.0	28.6x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,575	3,000	6,700	Buy	20.2	84.0	91.4	26.8x	5.3x	21.3	1.0	2.7	59.1	1.0
JPFA	1,955	1,300	3,250	Buy	66.2	44.8	22.9	13.8x	2.5x	18.3	5.1	18.2	142.5	0.8
MAIN	1,225	740	1,930	Buy	57.6	40.8	2.7	19.0x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	390	424	500	Buy	28.2	(21.7)	7.5	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,470	6,000	6,275	Buy	40.4	(15.6)	79.7	20.2x	3.0x	17.8	1.4	7.6	(37.4)	0.8
Mining						18.3	426.1							
ADRO	1,700	1,860	2,500	Buy	47.1	(10.1)	54.4	7.8x	1.0x	13.3	6.4	3.9	(12.1)	1.1
PTBA	4,510	2,460	5,375	Buy	19.2	108.8	52.0	8.8x	3.5x	42.8	7.1	17.0	54.0	1.0
ITMG	24,750	20,700	32,400	Buy	30.9	7.6	28.0	7.2x	2.0x	27.6	12.7	8.0	(10.0)	1.1
INCO	3,150	2,890	5,325	Buy	69.0	4.0	31.3	53.2x	1.1x	1.9	N/A	28.3	N/A	1.3
ANTM	755	625	1,200	Buy	58.9	17.1	18.1	18.6x	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	870	890	1,025	Buy	17.8	29.1	15.5	17.3x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	376	372	625	Buy	66.2	19.0	2.7	7.6x	0.9x	12.1	1.4	46.5	783.3	1.3
Agriculture						(11.5)	100.0							
AALI	12,050	13,150	16,925	Buy	40.5	(18.6)	23.2	13.2x	1.3x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,260	1,420	1,500	Buy	19.0	(13.4)	8.6	16.3x	1.1x	6.6	3.6	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WIKA : Guarantees High Speed Investment Return

WIKA guarantees the investment return of Jakarta-Bandung High Speed Rail amounting to IDR60 trillion. The investment return will be settled within 50 years with the grace period in the first 10 years. It will use the proceeds from the ticket sale for returning the investment. (Kontan)

PNBN : Net Profit Grows Slightly

PNBN posted the slight growth of 0.6% y-y to IDR2.11 trillion in 3Q18 net profit. Meanwhile, the net profit grew by 5.03% y-y to IDR6.75 trillion, but other operational revenues declined by 8.07% y-y to IDR1.13 trillion. In addition, the profit was suppressed by the hike of 4.81% y-y in net operational expenses. (CNBC Indonesia)

SIDO : Posts Growth of 26.2% in Profit

SIDO succeeded to post the growth of 26.2% y-y to IDR480.11 billion in 3Q18 net profit. The rosier performance was attributable to the decline of 5% y-y in COGS. In future years, SIDO's performance will be boosted by the completion of liquid medicines factory with the capacity of 100 million packages per month. (Bisnis Indonesia)

MERK : Will Perform EGM

MERK will conduct Extraordinary General Meeting (EGM) dated November 27, 2018. The agenda for the meeting is the change in management structure and articles of association and underlined by the resignation of a director and members of commissioners. It previously conducted EGM relating to the divestment plan of its consumer health business segment. (Bisnis Indonesia)

Domestic & Global News

Bank Indonesia Saves Rate Bullets for Future Fed Tightening

Indonesia's central bank left its benchmark interest rate unchanged on Tuesday, opting to save some of its policy ammunition for possible further market volatility triggered by higher U.S. rates. The seven-day reverse repurchase rate was held at 5.75 percent. Senior Deputy Governor Mirza Adityaswara said further action will depend on the outlook for the current-account deficit, inflation and the exchange rate. (Bloomberg)

Oil Prices Drops More Than 4%

Oil prices tumbled to a two-month low on signs of rising supply and as fears about slowing global growth prompted investors to abandon risky assets. Light, sweet crude for December delivery settled down 4.2% to \$66.43 a barrel on the New York Mercantile Exchange, marking its biggest one-day loss since July. Brent, the global benchmark, dropped 4.2% to \$76.44 a barrel. (Wall Street Journal)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Tuesday 23 - Oct	EU	21:00	Consumer Confidence	Oct A	-2.7	-3	-2.9
Wednesday 24 - Oct	JPN	07:30	Nikkei Japan PMI Mfg	Oct P	53.1	--	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%	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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