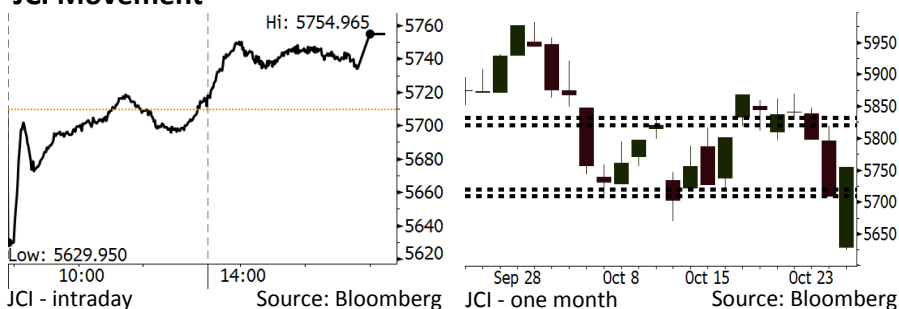


Morning Brief

Daily | Oct 26, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 25	5,754.97
Chg	+45.55pts (+0.80%)
Volume (bn shares)	87.17
Value (IDR tn)	7.40
Adv 158 Dec 230 Unc 237 Untr 126	

Foreign Transaction (IDR bn)	
Buy	2,690
Sell	2,576
Net Buy (Sell)	114

Top Buy	NB Val.	Top Sell	NS Val.
PTBA	30.5	BBCA	150.0
TKIM	21.9	BBRI	116.5
INKP	19.3	PGAS	86.5
BMRI	16.6	TLKM	54.9
CPIN	11.8	BBNI	52.3

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
MNCN	7.1%	INDY	-3.8%
INKP	4.8%	PTPP	-3.3%
PTBA	4.4%	ANTM	-2.7%
INTP	3.2%	WSKT	-2.3%
SSMS	3.1%	WIKA	-2.0%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.62%	0.03%
USDIDR	15,188	-0.06%
KRWIDR	13.35	-0.45%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,984.55	401.13	1.63%
S&P 500	2,705.57	49.47	1.86%
Nasdaq	7,318.34	209.94	2.95%
FTSE 100	7,004.10	41.12	0.59%
CAC 40	5,032.30	79.21	1.60%
DAX	11,307.12	115.49	1.03%
Nikkei	21,268.73	(822.45)	-3.72%
Hang Seng	24,994.46	(255.32)	-1.01%
Shanghai	2,603.80	0.51	0.02%
KOSPI	2,063.30	(34.28)	-1.63%
EIDO	21.59	0.71	3.40%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,232.2	(1.6)	-0.13%
Crude Oil (USD /bbl)	67.33	0.51	0.76%
Coal Newcas(USD/ton)	109.55	(1.40)	-1.26%
Gas (USD /mmbtu)	3.20	0.04	1.14%
Nickel LME (USD /MT)	12,150	(75.0)	-0.61%
Tin LME (USD /MT)	19,325	50.0	0.26%
CPO (MYR/Ton)	2,176	(24.0)	-1.09%

Market Recap

JCI notched higher yesterday after sliding within few last days. The rally was backed by UNVR's stocks. **Top Gainers: Basic Industry (+1.60%), Consumer (+1.21%), Finance (+0.96%)**

The U.S. and European bourses finished higher after a losing streak in prior day following the U.S. bourses gained 2%. On the other hand, European bourses eyed on the decision of ECB to leave its benchmark rates unchanged and 3Q18's earnings. In a stark contrast to JCI, Asia bourses were mostly in sluggish mood.

Today's Outlook: Global Bourses Rebound

We estimate that today JCI is likely to rebound with the support **range of 5709-5720** and the **resistance range of 5821-5832**. JCI prove its resilience against wobbling global bourses within recent days. Indeed, it notched higher, coupled with foreign net buy. Today JCI is estimated to rally further, following the rebound in the U.S. bourses.

3Q18's earnings posted by a number of companies have yet to disappoint investors. Yesterday, BBCA released its well-accelerated net profit. Like BBCA, BBRI also marked positive performance.

Stocks Recommendation (details on the next page)

Trading Buy: BBCA, BBTN, TLKM

Company News

- FAST : Posts Growth of 13% in Sales
- GIAA : Secures Syndication Loan for Refinancing
- SIDO : Expands Its COD Factory
- INCO : Keeps Efficiency Strategy in Check

Domestic & Global News

- Kadin Promotes GEN
- ECB : Rate Decision October 2018

Indonesia Economic Data

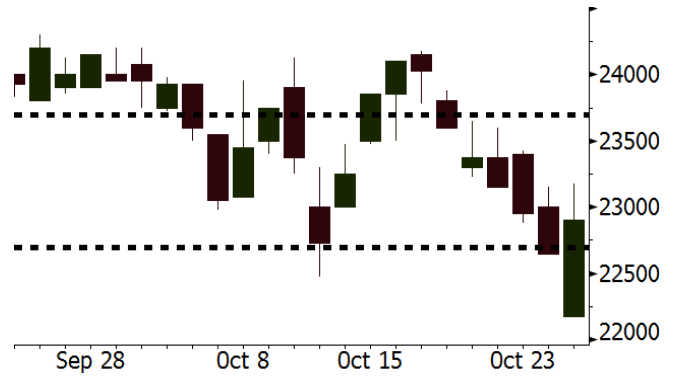
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

BBCA Last = 22900

Analysis BBCA posted the net profit of IDR7.1 trillion in 3Q18. The figures grew by 12.4%, much higher than the growth of 6.6% in 2Q18.

Range 22700 – 23700

Action Trading Buy. Cut Loss If Below 22700



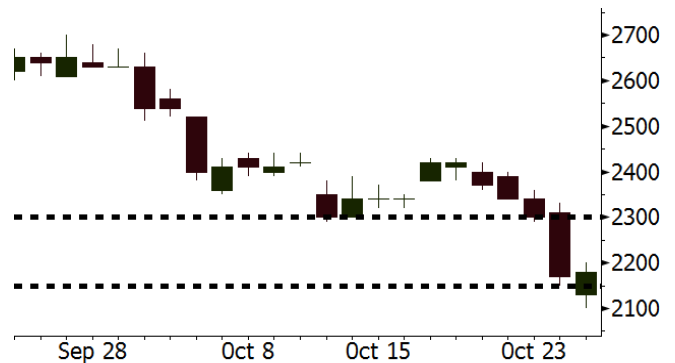
Source: Bloomberg

BBTN Last = 2180

Analysis BBTN posted the net profit of IDR806 billion, growing by 9.8% y-y. The figures were higher than the estimated growth of IDR750 billion. On the other side, the credit growth was kept in check at 19.3%.

Range 2150 – 2300

Action Trading Buy. Cut Loss If Below 2150



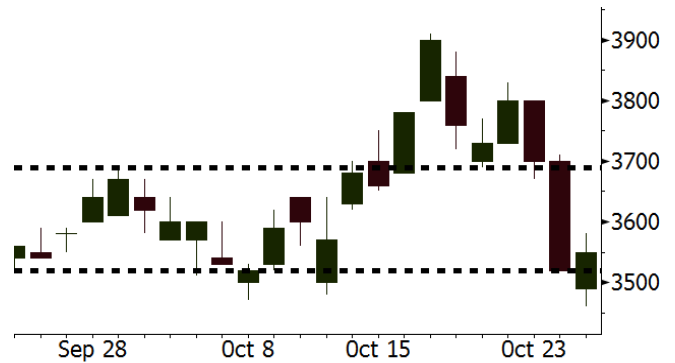
Source: Bloomberg

TLKM Last = 3550

Analysis We project that in 3Q18, TLKM is successfully to post the net profit of IDR5.9 trillion, a lot higher than the net profit of IDR3.0 trillion in 2Q18.

Range 3520 – 3690

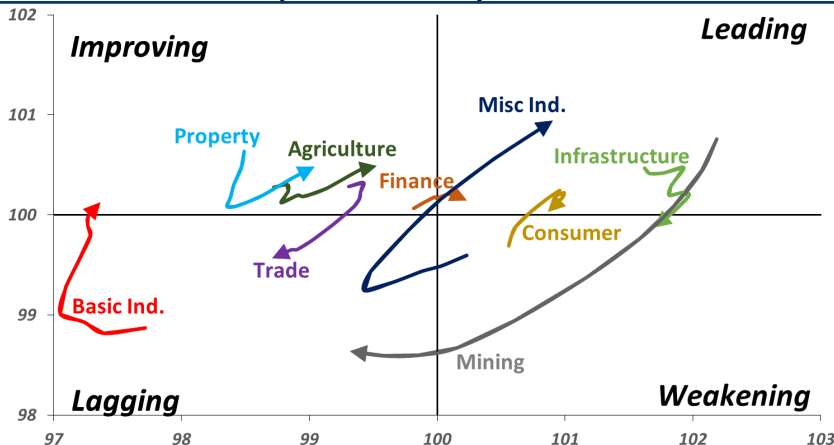
Action Trading buy. Cut Loss If Below 3520



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	5,755	6,356				(4.0)	6,526.7							
Finance						0.8	1,944.1							
BBCA	22,900	21,900	27,650	Buy	20.7	10.2	564.6	22.6x	3.9x	18.4	1.1	7.1	10.0	1.0
BBRI	3,000	3,640	3,930	Buy	31.0	(4.0)	370.0	11.5x	2.1x	19.3	3.6	12.7	14.5	1.4
BMRI	6,475	8,000	7,500	Buy	15.8	(7.8)	302.2	12.8x	1.7x	14.2	3.1	2.7	20.1	1.3
BBNI	7,075	9,900	9,675	Buy	36.7	(6.9)	131.9	8.9x	1.3x	15.5	3.6	#N/A	N/A	1.4
BBTN	2,180	3,570	3,280	Buy	50.5	(26.6)	23.1	7.3x	1.0x	15.1	2.6	14.3	11.7	1.7
BJTM	600	710	810	Buy	35.0	(11.8)	9.0	7.6x	1.1x	15.5	7.3	1.1	2.5	0.8
Consumer						(3.9)	1,382.5							
HMSP	3,810	4,730	4,300	Hold	12.9	(4.5)	443.2	34.8x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	74,050	83,800	88,650	Buy	19.7	14.5	142.5	17.4x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	44,300	55,900	49,600	Hold	12.0	(10.6)	338.0	48.9x	67.4x	139.4	2.1	(0.4)	(2.5)	1.1
ICBP	8,775	8,900	10,550	Buy	20.2	(1.4)	102.3	25.6x	5.2x	21.3	1.8	5.4	9.5	1.0
INDF	5,800	7,625	8,175	Buy	40.9	(31.6)	50.9	13.2x	1.6x	12.6	4.1	1.0	(12.5)	1.2
KLBF	1,315	1,690	1,730	Buy	31.6	(17.8)	61.6	25.7x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,480	2,700	2,890	Buy	16.5	(7.8)	13.8	38.9x	5.5x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(11.9)	690.63							
TLKM	3,550	4,399	4,700	Buy	32.4	(13.9)	351.7	18.8x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,740	2,960	3,930	Buy	43.4	(17.7)	29.3	201.1x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,510	4,800	6,750	Buy	168.9	(58.0)	13.6	N/A	1.1x	(2.6)	2.9	(26.8)	N/A	0.9
PGAS	2,250	1,750	2,600	Buy	15.6	34.3	54.5	15.0x	1.1x	7.6	1.4	15.0	200.0	1.4
JSMR	4,200	6,400	6,050	Buy	44.0	(34.6)	30.5	14.7x	1.9x	13.4	1.4	18.7	(6.9)	0.9
TBIG	4,830	6,425	6,050	Buy	25.3	(26.0)	21.9	9.7x	7.3x	104.6	3.5	7.1	8.1	0.6
INDY	2,290	3,060	5,000	Buy	118.3	(1.7)	11.9	2.2x	0.8x	44.8	4.7	219.4	49.0	0.8
Trade						(16.6)	677.9							
UNTR	32,050	35,400	44,750	Buy	39.6	(3.8)	119.6	12.6x	2.4x	20.6	3.0	32.3	60.0	1.1
AKRA	3,580	6,350	4,650	Buy	29.9	(54.8)	14.4	20.5x	1.7x	22.2	6.1	21.6	(34.8)	1.2
SCMA	1,620	2,480	2,025	Buy	25.0	(25.7)	23.7	16.6x	5.2x	32.3	4.6	10.8	8.7	1.2
MNCN	835	1,285	1,125	Buy	34.7	(47.3)	11.9	8.3x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	4,700	10,000	9,270	Buy	97.2	(47.9)	13.7	7.2x	5.9x	93.0	9.7	3.1	0.4	1.1
ACES	1,380	1,155	1,635	Buy	18.5	1.1	23.7	26.8x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,215	1,200	1,525	Buy	25.5	35.8	8.6	15.6x	2.2x	14.6	3.3	0.9	31.8	0.9
MAPI	790	620	945	Buy	19.6	23.0	13.1	22.4x	2.9x	15.5	0.5	18.0	183.0	1.0
Property						(20.3)	352.7							
BSDE	1,100	1,700	1,850	Buy	68.2	(37.1)	21.2	6.3x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	480	685	625	Buy	30.2	(25.0)	23.1	11.0x	2.1x	20.5	1.3	14.4	25.4	1.2
CTRA	820	1,185	1,050	Buy	28.0	(32.8)	15.2	20.8x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	615	945	670	Hold	8.9	(40.0)	8.9	22.6x	1.4x	6.1	0.8	(1.2)	29.6	1.6
WSKT	1,505	2,210	2,810	Buy	86.7	(33.1)	20.4	3.5x	1.2x	39.6	3.8	47.3	134.6	1.3
PTPP	1,445	2,640	3,850	Buy	166.4	(50.9)	9.0	6.6x	0.8x	12.5	3.2	17.0	(16.3)	1.3
WIKA	1,200	1,550	2,150	Buy	79.2	(41.5)	10.8	8.4x	0.8x	10.5	2.2	36.8	18.7	1.0
ADHI	1,215	1,885	2,160	Buy	77.8	(45.5)	4.3	7.2x	0.7x	10.5	2.4	#N/A	N/A	1.1
Misc Ind.						(6.9)	373.7							
ASII	7,375	8,300	9,300	Buy	26.1	(7.8)	298.6	15.0x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						13.1	583.9							
INTP	16,775	21,950	21,575	Buy	28.6	(19.4)	61.8	47.0x	2.8x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	8,950	9,900	11,550	Buy	29.1	(18.8)	53.1	28.1x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,675	3,000	6,700	Buy	18.1	66.9	93.1	27.3x	5.4x	21.3	1.0	2.7	59.1	1.0
JPFA	2,010	1,300	3,250	Buy	61.7	39.6	23.6	14.2x	2.6x	18.3	5.0	18.2	142.5	0.8
MAIN	1,240	740	1,930	Buy	55.6	35.5	2.8	19.3x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	384	424	500	Buy	30.2	(22.9)	7.4	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,710	6,000	6,275	Buy	33.2	(11.4)	84.0	21.3x	3.2x	17.8	1.4	7.6	(37.4)	0.8
Mining						17.9	422.2							
ADRO	1,650	1,860	2,500	Buy	51.5	(9.6)	52.8	7.6x	1.0x	13.3	6.6	3.9	(12.1)	1.1
PTBA	4,490	2,460	5,375	Buy	19.7	103.6	51.7	8.7x	3.5x	42.8	7.1	17.0	54.0	1.0
ITMG	26,100	20,700	32,400	Buy	24.1	21.4	29.5	7.6x	2.1x	27.6	12.0	8.0	(10.0)	1.1
INCO	3,030	2,890	5,325	Buy	75.7	4.8	30.1	31.7x	1.1x	3.2	N/A	29.2	N/A	1.3
ANTM	720	625	1,200	Buy	66.7	9.9	17.3	17.7x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	665	775	1,240	Buy	86.5	(20.4)	5.0	9.4x	0.8x	8.8	3.6	1.8	13.1	1.0
MEDC	850	890	1,025	Buy	20.6	21.3	15.1	16.9x	0.8x	7.8	N/A	42.4	51.2	1.6
ELSA	354	372	625	Buy	76.6	10.6	2.6	7.2x	0.8x	12.1	1.4	46.5	783.3	1.3
Agriculture						(12.6)	99.0							
AALI	11,900	13,150	16,925	Buy	42.2	(18.5)	22.9	13.1x	1.2x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,220	1,420	1,500	Buy	23.0	(18.7)	8.3	15.7x	1.0x	6.6	3.7	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

FAST : Posts Growth of 13% in Sales

FAST posted the growth of 13% y-y to IDR4.39 trillion in sales of January-September 2018. The growth was a lot higher than the growth of 9.2% y-y in sales of January-September 2017. Until the end of 2018, it targets the growth of 13.4% y-y in sales and remains to expand its business network across Eastern parts of Indonesia and other cities in Java Island. (Bisnis Indonesia)

SIDO : Expands Its COD Factory

SIDO just officially expanded its Ungaran-based factory producing liquid medicines (COD). The factory expansion will boost the production capacity by 2.5 times to 200 million sachets per month through a fully automatic production process. SIDO spent investment fund of IDR900 billion on land acquisition, buildings, and machinery. (Kontan)

GIAA : Secures Syndication Loan for Refinancing

GIAA has secured syndication loan of USD500 million from a number of banks. The loan will be allocated for refinancing. It has a short-term loan worth USD800 million. In July 2018, it settled bonds worth IDR2 trillion by issuing asset-backed securities under collective investment contracts (KIK-EBA) having the same amount. (Bisnis Indonesia)

INCO : Keeps Efficiency Strategy in Check

INCO is likely to carry on its efficiency strategy further with a view to keeping its performance in check. The implementation of this strategy aims at cushioning the soaring crude prices. Of note, crude is the biggest component constituting the company's expense. Implementing the strategy, INCO succeeded to post the growth of 14.15% y-y to USD25.8 million in 3Q18 profit. Fortunately the slight decline in 3Q18 production volume was cushioned by the hike in nickel prices. (Kontan)

Domestic & Global News

Kadin Promotes GEN

Pursuant to the Indonesian government's program to boost national exports, the Indonesia Chamber of Commerce and Industry (Kadin) initiates National Exports Movement (GEN). The initiative aims at educating the youth in college to have entrepreneurial skills of exporters and managing small and medium enterprises (SMEs). The GEN is expected to born 100,000 new exporters until 2030. (Bisnis Indonesia)

ECB : Rate Decision October 2018

The European Central Bank (ECB) took no action on Thursday, leaving its benchmark interest rates unchanged. However, the ECB confirmed that its plan to end monetary easing by the end of the year remains on track. The decision takes place as concerns mount over Italy's fiscal policies and their potential impact over the stability of the euro area. (CNBC Indonesia)

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	52.3	53.4	53.7
	EU	15:00	Markit Eurozone Manufacturing PMI	Oct P	52.1	53	53.2
	USA	20:45	Markit US Manufacturing PMI	Oct P	55.9	55.5	55.6
	USA	21:00	New Home Sales	Sep	553k	630k	629k
Thursday 25 - Oct	USA	01:00	U.S. Federal Reserve Releases Beige Book				
	GER	15:00	Ifo Business Climate	Oct	102.8	103.3	103.7
	EU	18:45	ECB Main Refinancing Rate	25-Oct	0.00%	0.00%	0.00%
	USA	19:30	Durable Goods Orders	Sep P	0.80%	-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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