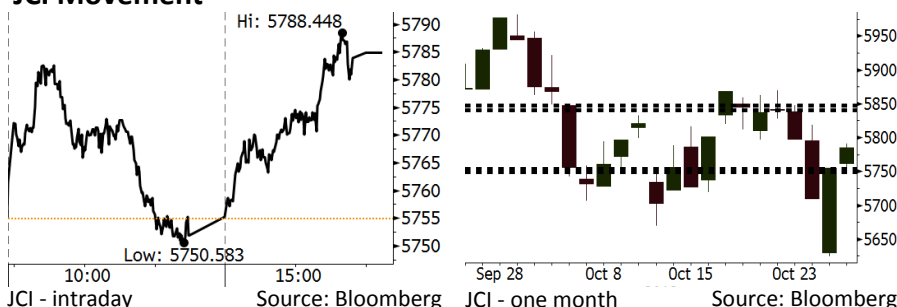


# Morning Brief

Daily | Oct 29, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

October 26	5,784.92
Chg	+29.96pts (+0.52%)
Volume (bn shares)	104.67
Value (IDR tn)	7.16

Adv 181 Dec 199 Unc 245 Untr 121

## Foreign Transaction (IDR bn)

Buy	2,600
Sell	2,211
Net Buy (Sell)	389

## Top Buy NB Val. Top Sell NS Val.

BBCA	133.1	PGAS	60.7
TLKM	108.0	ASII	43.4
ADRO	78.2	PTBA	32.0
UNTR	35.8	SCMA	28.0
GGRM	32.1	SMCB	14.2

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
LPPF	9.6%	PTBA	-5.4%
ADRO	4.6%	INKP	-4.6%
UNTR	4.2%	SCMA	-4.3%
ITMG	3.3%	PGAS	-4.0%
BBCA	3.1%	LPKR	-3.3%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.69%	0.07%
USDIDR	15,217	0.19%
KRWIDR	13.34	-0.07%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	24,688.31	(296.24)	-1.19%
S&P 500	2,658.69	(46.88)	-1.73%
Nasdaq	7,167.21	(151.12)	-2.07%
FTSE 100	6,939.56	(64.54)	-0.92%
CAC 40	4,967.37	(64.93)	-1.29%
DAX	11,200.62	(106.50)	-0.94%
Nikkei	21,184.60	(84.13)	-0.40%
Hang Seng	24,717.63	(276.83)	-1.11%
Shanghai	2,598.85	(4.95)	-0.19%
KOSPI	2,027.15	(36.15)	-1.75%
EIDO	21.70	0.11	0.51%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,233.5	1.4	0.11%
Crude Oil (USD /bbl)	67.59	0.26	0.39%
Coal Newcas(USD/ton)	108.30	(3.40)	-3.04%
Gas (USD /mmbtu)	3.19	(0.02)	-0.53%
Nickel LME (USD /MT)	11,900	(250.0)	-2.06%
Tin LME (USD /MT)	19,300	(25.0)	-0.13%
CPO (MYR/Ton)	2,148	(28.0)	-1.29%

## Market Recap

JCI rallied further on Friday, 10/26/18, as the regional bourses slid. The rally was backed by the financial sector, BBCA's stocks in particular. **Top Gainers: Infrastructure (+1.10%), Trade (+1.08%), Consumer (+0.70%)**

The global bourses notched lower on Friday, 10/26/18. The U.S. bourses dived as investor feared lagging companies' performance in years ahead. Besides, European bourses pared losses as the U.S bourses dived in the prior trading session. The global bourses are still awaiting positives catalysts to cushion investors' fears.

## Today's Outlook: Resilience against Global Sentiment

We estimate that today JCI is likely to notch higher with the **support range of 5749-5755** and **resistance range of 5841-5848**. JCI proves its resilience by notching higher on Friday's trading session amid the sharp drop in the global bourses. Its rally was backed by large cap. companies posting 3Q18's excellent earnings. As large cap. companies mostly have yet to disclose their earnings, JCI is likely to be capable of maintaining its rally.

On the other hand, this morning Asia bourses rally after the sharp decline last week. The decline in the U.S. government bonds attributable to the lower-than-estimate inflation sparks positive sentiments to investors.

## Stocks Recommendation (details on the next page)

Trading Buy: UNTR, PGAS, JPFA

## Company News

SRIL	: Posts Growth of 33.4% in Sales
SMGR	: Books Growth of 4.9% in Sales Volume
ADRO	: Enjoys Growth of 9% in Sales Volume
ACST	: Net Profits Dives 18%

## Domestic & Global News

Indonesia's PMI Is Expansive in 3Q18  
U.S. Economy Grew at a 3.5% Pace in 3Q18

## Indonesia Economic Data

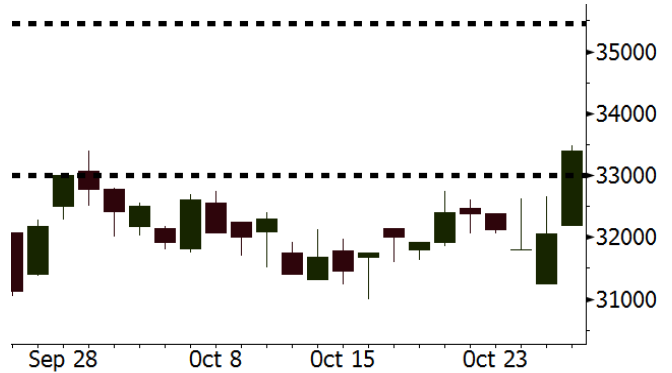
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

**UNTR** Last = 33400

**Analysis** UNTR posted the remarkable performance in 3Q18. Its net profit was worth IDR3.6 trillion or soaring by 62.1% y-y from IDR2.2 trillion.

**Range** 33000 – 35450

**Action** Trading Buy. Cut Loss If Below 33000



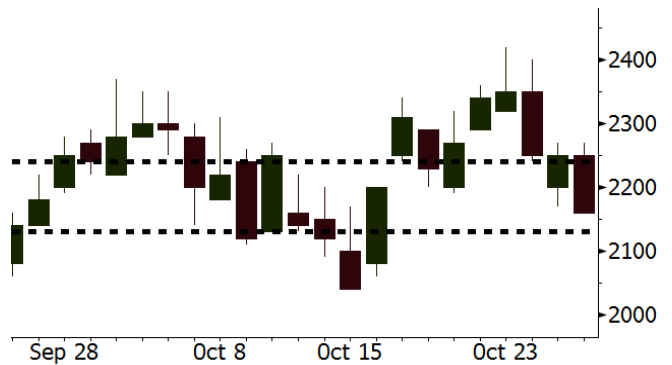
Source: Bloomberg

**PGAS** Last = 2160

**Analysis** We project that PGAS is capable of posting the net profit of USD107 million in 3Q18. The figure was the highest since 4Q15.

**Range** 2130 – 2240

**Action** Trading Buy. Cut Loss If Below 2130



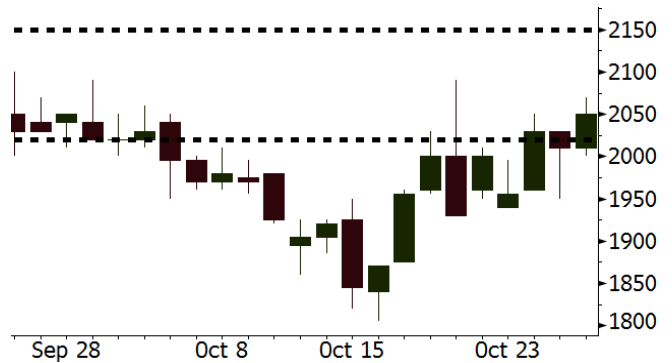
Source: Bloomberg

**JPFA** Last = 2050

**Analysis** Since 1Q18, JPFA is capable of maintaining the growth of a lot higher than 50% in net profit. We estimate that in 3Q18, JPFA is likely to post the net profit of IDR582 billion or soaring 61% y-y from 3Q17's net profit of IDR362 billion.

**Range** 2020 – 2150

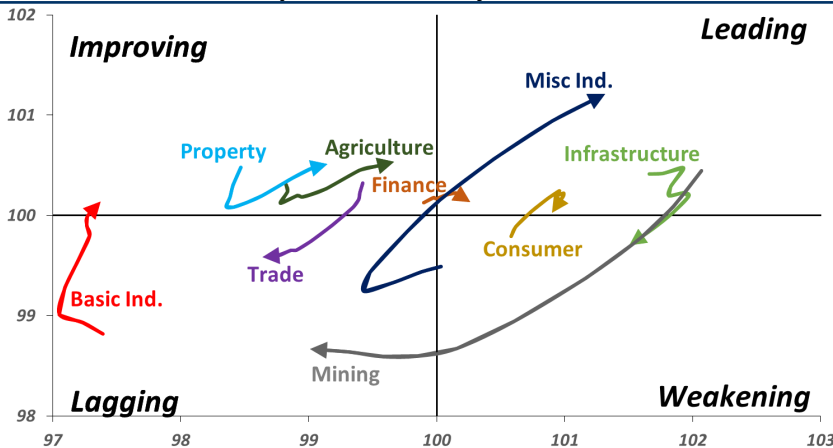
**Action** Trading buy. Cut Loss If Below 2020



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>	5,785	6,356				(3.2)	6,560.9							
<b>Finance</b>						2.3	1,957.7							
BBCA	23,600	21,900	27,650	Buy	17.2	16.3	581.9	23.3x	4.1x	18.4	1.1	7.5	10.0	1.0
BBRI	2,990	3,640	3,930	Buy	31.4	(4.2)	368.8	11.4x	2.1x	19.3	3.6	12.7	14.5	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	7,100	9,900	9,675	Buy	36.3	(7.8)	132.4	8.9x	1.4x	15.5	3.6	#N/A	N/A	1.4
BBTN	2,140	3,570	3,280	Buy	53.3	(24.4)	22.7	6.9x	1.0x	14.9	2.7	14.5	11.6	1.7
BJTM	615	710	810	Buy	31.7	(10.9)	9.2	7.8x	1.2x	15.5	7.2	1.1	2.5	0.8
<b>Consumer</b>						(3.2)	1,392.2							
HMSP	3,920	4,730	4,300	Hold	9.7	(1.8)	456.0	35.0x	14.5x	41.8	2.7	7.2	3.8	1.3
GGRM	74,000	83,800	88,650	Buy	19.8	10.6	142.4	17.4x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	44,175	55,900	49,600	Hold	12.3	(10.1)	337.1	48.8x	67.3x	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	5,700	7,625	8,175	Buy	43.4	(30.9)	50.0	13.0x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,335	1,690	1,730	Buy	29.6	(17.6)	62.6	26.0x	4.7x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,480	2,700	2,890	Buy	16.5	(7.5)	13.8	38.9x	5.5x	14.9	0.7	29.1	28.3	1.1
<b>Infrastructure</b>						(11.3)	698.21							
TLKM	3,630	4,399	4,700	Buy	29.5	(11.7)	359.6	19.2x	4.2x	22.1	4.6	0.5	(28.1)	0.8
EXCL	2,760	2,960	3,930	Buy	42.4	(18.3)	29.5	202.5x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,470	4,800	6,750	Buy	173.3	(58.8)	13.4	N/A	1.1x	(2.6)	3.0	(26.8)	N/A	0.9
PGAS	2,160	1,750	2,600	Buy	20.4	32.1	52.4	14.4x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,160	6,400	6,050	Buy	45.4	(36.0)	30.2	14.6x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,760	6,425	6,050	Buy	27.1	(30.0)	21.6	9.6x	7.2x	104.6	3.6	7.1	8.1	0.7
INDY	2,300	3,060	5,000	Buy	117.4	(0.9)	12.0	2.2x	0.8x	44.8	4.7	219.4	49.0	0.9
<b>Trade</b>						(15.3)	685.2							
UNTR	33,400	35,400	44,750	Buy	34.0	2.2	124.6	11.5x	2.4x	22.6	2.9	32.1	60.8	1.1
AKRA	3,640	6,350	4,650	Buy	27.7	(52.1)	14.6	20.8x	1.8x	22.2	6.0	21.6	(34.8)	1.2
SCMA	1,550	2,480	2,025	Buy	30.6	(27.6)	22.7	15.9x	5.0x	32.3	4.8	10.8	8.7	1.2
MNCN	830	1,285	1,125	Buy	35.5	(47.3)	11.8	8.3x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	5,150	10,000	9,270	Buy	80.0	(40.1)	15.0	7.8x	6.4x	93.0	8.9	3.1	0.4	1.1
ACES	1,375	1,155	1,635	Buy	18.9	(2.5)	23.6	26.7x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,175	1,200	1,525	Buy	29.8	33.5	8.3	15.1x	2.1x	14.6	3.4	0.9	31.8	0.9
MAPI	835	620	945	Hold	13.2	29.0	13.9	23.7x	3.1x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(20.2)	350.7							
BSDE	1,115	1,700	1,850	Buy	65.9	(35.4)	21.5	6.4x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	478	685	625	Buy	30.8	(24.7)	23.0	11.0x	2.1x	20.5	1.3	14.4	25.4	1.2
CTRA	800	1,185	1,050	Buy	31.3	(33.1)	14.8	20.3x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	605	945	670	Hold	10.7	(39.8)	8.7	22.2x	1.3x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,470	2,210	2,810	Buy	91.2	(33.2)	20.0	3.4x	1.2x	39.6	3.9	47.3	134.6	1.3
PTPP	1,435	2,640	3,850	Buy	168.3	(50.9)	8.9	6.5x	0.8x	12.5	3.3	17.0	(16.3)	1.3
WIKA	1,165	1,550	2,150	Buy	84.5	(42.0)	10.4	8.1x	0.8x	10.5	2.3	36.8	18.7	1.0
ADHI	1,185	1,885	2,160	Buy	82.3	(45.6)	4.2	7.1x	0.7x	10.5	2.4	#N/A	N/A	1.1
<b>Misc Ind.</b>						(5.4)	375.6							
ASII	7,425	8,300	9,300	Buy	25.3	(6.0)	300.6	15.1x	2.4x	16.3	2.6	14.8	11.3	1.2
<b>Basic Ind.</b>						12.3	578.8							
INTP	16,500	21,950	21,575	Buy	30.8	(22.5)	60.7	46.3x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	8,925	9,900	11,550	Buy	29.4	(17.2)	52.9	28.0x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,500	3,000	6,700	Buy	21.8	69.8	90.2	26.4x	5.2x	21.3	1.0	2.7	59.1	1.0
JPFA	2,050	1,300	3,250	Buy	58.5	44.9	24.0	14.5x	2.7x	18.3	4.9	18.2	142.5	0.8
MAIN	1,235	740	1,930	Buy	56.3	37.2	2.8	19.2x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	384	424	500	Buy	30.2	(22.6)	7.4	N/A	0.3x	(2.3)	N/A	22.7	51.3	1.1
TPIA	4,790	6,000	6,275	Buy	31.0	(10.4)	85.4	21.6x	3.3x	17.8	1.3	7.6	(37.4)	0.8
<b>Mining</b>						17.7	423.7							
ADRO	1,725	1,860	2,500	Buy	44.9	(6.3)	55.2	8.0x	1.0x	13.3	6.3	3.9	(12.1)	1.1
PTBA	4,250	2,460	5,375	Buy	26.5	94.5	49.0	8.3x	3.3x	42.8	7.5	17.0	54.0	1.0
ITMG	26,950	20,700	32,400	Buy	20.2	26.7	30.5	7.9x	2.2x	27.6	11.7	8.0	(10.0)	1.1
INCO	2,990	2,890	5,325	Buy	78.1	6.8	29.7	31.2x	1.0x	3.2	N/A	29.2	N/A	1.3
ANTM	725	625	1,200	Buy	65.5	12.4	17.4	17.8x	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	1.1
MEDC	835	890	1,025	Buy	22.8	18.4	14.9	16.6x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	352	372	625	Buy	77.6	10.7	2.6	7.1x	0.8x	12.1	1.4	46.5	783.3	1.3
<b>Agriculture</b>						(12.9)	98.6							
AALI	11,750	13,150	16,925	Buy	44.0	(19.4)	22.6	13.1x	1.2x	9.5	3.7	9.1	(18.2)	0.6
LSIP	1,235	1,420	1,500	Buy	21.5	(17.9)	8.4	15.9x	1.0x	6.6	3.6	(28.5)	(47.6)	0.7

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **SRIL : Posts Growth of 33.4% in Sales**

SRIL posted the growth of 3.4% y-y to USD763.9 million in 3Q18's gross sales. The growth was backed by its strategies to boost product utilization, cost efficiencies, products diversification, and expansion of customers' network. Besides, the rosier top line performance bolstered its net profit by 49.3% y-y to USD70.5 million. (Kontan)

### **ADRO : Enjoys Growth of 9% in Sales Volume**

ADRO enjoyed the growth of 9% y-y to 15.47 million tons in 3Q18's coal sales volume. Besides, its production also edged up 5% y-y to 14.93 million tons. Compared to 2Q18's production and sales, 3Q18's production and sales increased by 14% q-q and 20% q-q, respectively. Of note, its sales volume of January-September 2018 reached 39.72 million tons. (Bisnis Indonesia)

### **SMGR : Books Growth of 4.9% in Sales Volume**

SMGR posted the growth of 4.9% y-y to 23.75 million tons in sales volume of January-September 2018. Domestic markets contributed by 19.62 million tons to the growth, while export markets contributed by 2.22 million tons. In addition, the sales in Vietnam's market contributed 1.92 million tons to the sales volume of January-September 2018. On an annual basis, domestic and export markets hiked by 4.5%. (Kontan)

### **ACST : Net Profits Dives 18%**

ACST booked a drop of 18.0% y-y to IDR91.23 billion in 3Q18's net profit despite the significant growth in top line: revenues and COGS, respectively hiking to IDR2.73 trillion (+40.5% y-y) and IDR2.20 trillion (35.7% y-y). The decline in net profit was mostly attributable to the hike by 302.2% y-y to IDR222.67 billion in financial expenses. (Bisnis Indonesia)

## Domestic & Global News

### **Indonesia's PMI Is Expansive in 3Q18**

Bank Indonesia (BI) released 3Q18's Prompt Manufacturing Index (PMI) on Friday, 10/26/2018. It disclosed that the manufacture or processing industry is still expansive, yet it lags compared to 2Q18. Indonesia's PMI is at 52.02%, or in an expansive phase, yet its figure is lower than 2Q18's figure of 52.40%. (Kontan)

### **U.S. Economy Grew at a 3.5% Pace in 3Q18**

The U.S. economy grew at a faster-than-expected rate in the 3Q18 as inflation was kept in check and consumer spending surged, according to data released by the Commerce Department on Friday. Gross domestic product expanded by a 3.5 percent annual rate. The department said the PCE price index, a key measure of inflation, increased by 1.6 percent last quarter. Consumer spending, which accounts for more than two thirds of U.S. economic activity, grew by 4 percent in the third quarter, the strongest since 4Q18. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	USA	19:30	Personal Income	Sep		0.40%	0.30%
29 - Oct	USA	19:30	Personal Spending	Sep		0.40%	0.30%
<b>Tuesday</b>	JPN	06:30	Jobless Rate	Sep		2.40%	2.40%
30 - Oct	GER	15:55	Unemployment Change (000's)	Oct		-13k	-23k
	EU	17:00	GDP SA QoQ	3Q A		0.40%	0.40%
	EU	17:00	GDP SA YoY	3Q A		1.80%	2.10%
	EU	17:00	Consumer Confidence	Oct F		-2.7	-2.7
	GER	20:00	CPI MoM	Oct P		0.10%	0.40%
	GER	20:00	CPI YoY	Oct P		2.40%	2.30%
<b>Wednesday</b>	JPN	06:50	Industrial Production MoM	Sep P		-0.30%	0.20%
31 - Oct	CHN	08:00	Manufacturing PMI	Oct		50.6	50.8
	USA	19:15	ADP Employment Change	Oct		190k	230k
<b>Thursday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Oct F		--	53.1
01 - Nov	CHN	08:45	Caixin China PMI Mfg	Oct		50	50
	UK	16:30	Markit UK PMI Manufacturing SA	Oct		53	53.8
	UK	19:00	Bank of England Bank Rate	1-Nov		0.75%	0.75%
	USA	19:30	Initial Jobless Claims	27-Oct		--	215k
	USA	21:00	ISM Manufacturing	Oct		59.4	59.8
<b>Friday</b>	GER	15:55	Markit Germany Manufacturing PMI	Oct F		--	52.3
02 - Nov	EU	16:00	Markit Eurozone Manufacturing PMI	Oct F		--	52.1
	USA	19:30	Change in Nonfarm Payrolls	Oct		190k	134k
	USA	19:30	Unemployment Rate	Oct		3.70%	3.70%
	USA	19:30	Underemployment Rate	Oct		--	7.50%
	USA	21:00	Factory Orders	Sep		0.30%	2.30%
	USA	21:00	Durable Goods Orders	Sep F		--	0.80%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Wednesday</b>	Tentative	Money Supply M2 YoY	Sep		--	5.90%
31 - Oct	Tentative	Money Supply M1 YoY	Sep		--	8.60%
<b>Thursday</b>	07:30	Nikkei Indonesia PMI Mfg	Oct		--	50.7
01 - Nov	11:00	CPI YoY	Oct		--	2.88%
	11:00	CPI NSA MoM	Oct		--	-0.18%
	11:00	CPI Core YoY	Oct		--	2.82%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Monday</b>	Extraordinary Shareholder Meeting	BBKP, MKNT
29 - Oct	IPO Listing Date	YELO
<b>Tuesday</b>	Extraordinary Shareholder Meeting	ABDA
30 - Oct	Cum Dividend Date	ITMG (IDR1,420 per share)
<b>Wednesday</b>	Annual Shareholder Meeting	CMNP
31 - Oct	IPO Listing Date	CAKK

Source: Bloomberg

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