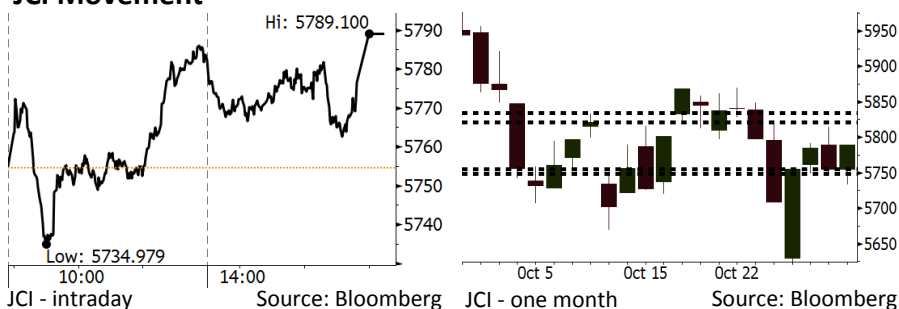


Morning Brief

Daily | Oct 31, 2018

JCI Movement



IHSG (Jakarta Composite Index)

October 30	5,789.10
Chg	+34.49pts (+0.60%)
Volume (bn shares)	105.46
Value (IDR tn)	7.41
Adv 142 Dec 239 Unc 245 Untr 131	

Foreign Transaction (IDR bn)	
Buy	3,153
Sell	2,553
Net Buy (Sell)	599

Top Buy	NB Val.	Top Sell	NS Val.
TLKM	293.4	PGAS	49.0
ASII	125.1	ICBP	20.6
BBCA	85.2	ADRO	20.4
BBRI	47.4	ITMG	19.3
BMRI	30.9	ANTM	17.9

LQ-45 Index Top Gainers & Losers			
Gainers	%	Losers	%
INKP	6.4%	ANTM	-4.3%
BRPT	5.1%	INDY	-3.6%
TLKM	3.8%	MEDC	-3.1%
SRIL	2.8%	LPPF	-3.0%
BBRI	2.7%	AKRA	-2.6%

Government Bond Yield & FX			
	Last	Chg.	
Tenor: 10 year	8.63%	-0.01%	
USDIDR	15,224	0.01%	
KRWIDR	13.38	0.41%	

Global Indexes			
Index	Last	Chg.	%
Dow Jones	24,874.64	431.72	1.77%
S&P 500	2,682.63	41.38	1.57%
Nasdaq	7,161.65	111.36	1.58%
FTSE 100	7,035.85	9.53	0.14%
CAC 40	4,978.53	(10.82)	-0.22%
DAX	11,287.39	(48.09)	-0.42%
Nikkei	21,457.29	307.49	1.45%
Hang Seng	24,585.53	(226.51)	-0.91%
Shanghai	2,568.05	25.95	1.02%
KOSPI	2,014.69	18.64	0.93%
EIDO	21.96	0.72	3.39%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,222.9	(6.5)	-0.53%
Crude Oil (USD /bbl)	66.18	(0.86)	-1.28%
Coal Newcas(USD/ton)	107.35	(1.00)	-0.92%
Gas (USD /mmbtu)	3.19	(0.01)	-0.34%
Nickel LME (USD /MT)	11,765	10.0	0.09%
Tin LME (USD /MT)	19,075	(50.0)	-0.26%
CPO (MYR/Ton)	2,169	(18.0)	-0.82%

Market Recap

Creeping lower in a short trading session, JCI finished higher as the financial sector led and foreign investors booked net buy. **Top Gainers: Misc. Industry (+1.97%), Finance (+1.55%), Basic Industry (+1.38%)**

Global bourses mostly was reigning in bullish mood yesterday, after snapping lower in prior trading session. Global investors still keep their wary eyes on 3Q18's earnings and an updated trade dispute between the U.S. and China. Meanwhile, China bourses snapped higher on the back of authorities' plan to plough more funds into China's bourses.

Today's Outlook: Focus on 3Q18's Earnings

We estimate that today JCI is likely to snap up with the **support range of 5749-5755** and **resistance range of 5821-5834**. 3Q18's earnings sources of positive sentiments; ASII's stocks enjoyed significant rally, following 3Q18's profits, for instance. We project that massive foreign net buy indicates that 3Q18's earnings thrilling investors.

On the other side, the murky global outlook is China's slow PMI growth of 50.2 in October. The figure dived sharply compared to September's PMI of 50.8. Unresolved trade disputes between the U.S. and China hit hardest China's PMI.

Stocks Recommendation (details on the next page)

Trading Buy: AALI, ICBP, KLBF

Company News

- WIKA : Net Profit Snaps Up 26.1%
- HOKI : Enjoys Growth of 95% in Net Profit
- SGRO : Is Beset by Sliding CPO Prices
- PRDA : Records Revenues of IDR1.12 Trillion

Domestic & Global News

- 3Q18's Investment Realization Slides 1.6%
- China Reports Lower-than-expected Manufacturing Growth in October

Indonesia Economic Data

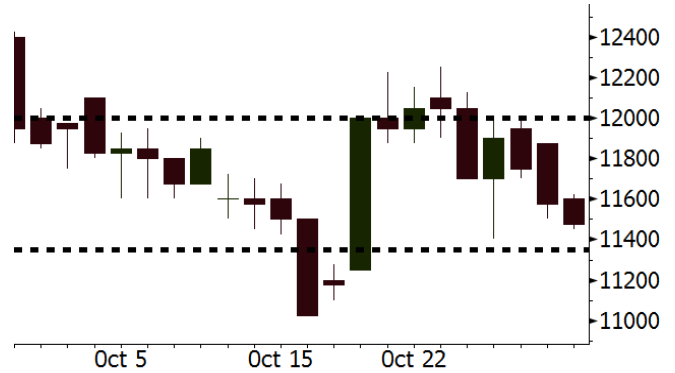
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.75%	5.75%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	114.85	117.90	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	0.23	(1.02)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	1.70%	4.15%	FDI (USD bn)	5.50	3.49
Imports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

AAII Last = 11475

Analysis AALI reaps positive sentiment of the Indonesian government's regulation of providing tax incentive for biofuel producers. The regulation is likely to drive a lot higher demand for CPO.

Range 11350 – 12000

Action Trading Buy. Cut Loss If Below 11350



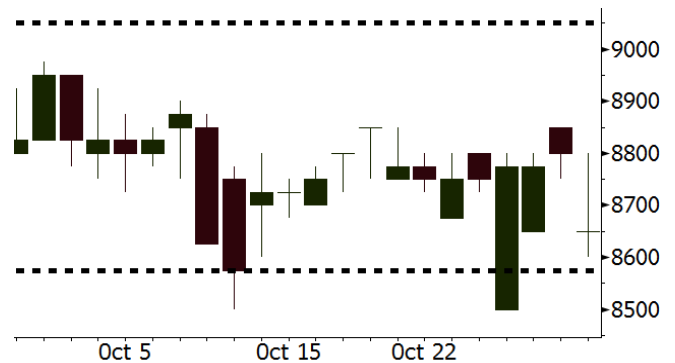
Source: Bloomberg

ICBP Last = 8650

Analysis ICBP enjoyed net profits of IDR1.2 trillion in 3Q18. The figures climbed by 25% y-y from 3Q17's net profits of IDR950 billion.

Range 8575 – 9050

Action Trading Buy. Cut Loss If Below 8575



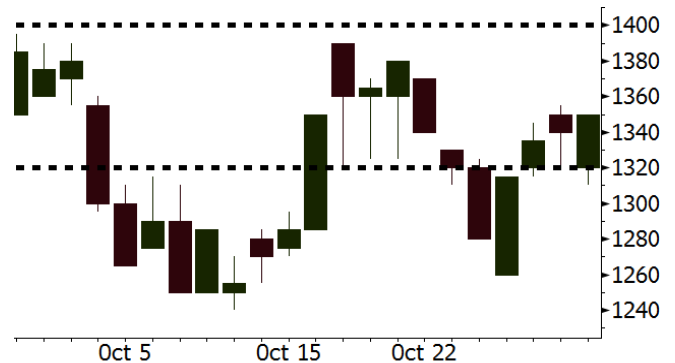
Source: Bloomberg

KLBF Last = 1350

Analysis KLBF posted net profits of IDR584 billion in 3Q18 or snapping up by 3.7% y-y from IDR563 billion in 3Q17. In contrast to 3Q18's performance, 2Q18 performance pared losses of 0.3% in net profits.

Range 1320 – 1400

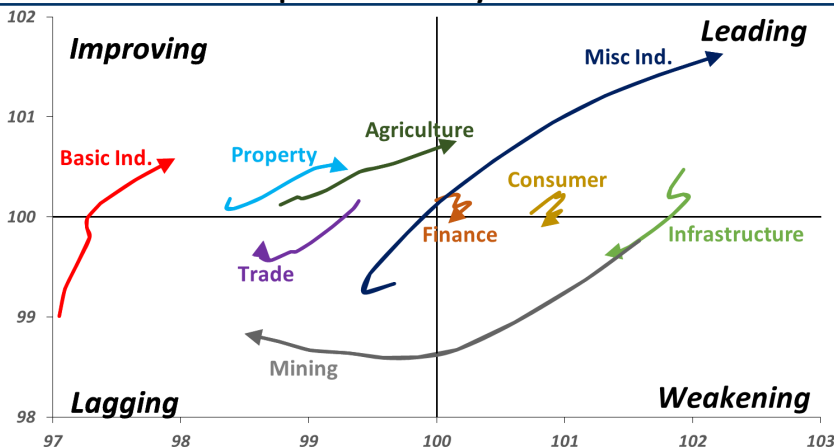
Action Trading buy. Cut Loss If Below 1320



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	5,789	6,356				(3.6)	6,565.9							
Finance						1.8	1,968.6							
BBCA	23,500	21,900	27,650	Buy	17.7	12.4	579.4	23.2x	4.0x	18.4	1.1	7.5	10.0	1.0
BBRI	3,030	3,640	3,930	Buy	29.7	(2.9)	373.7	11.6x	2.1x	19.3	3.5	7.9	14.5	1.4
BMRI	6,525	8,000	7,500	Hold	14.9	(7.4)	304.5	12.9x	1.8x	14.2	3.1	2.7	20.1	1.3
BBNI	7,175	9,900	9,675	Buy	34.8	(5.6)	133.8	9.0x	1.3x	15.1	3.6	10.0	12.5	1.4
BBTN	2,100	3,570	3,280	Buy	56.2	(23.9)	22.2	6.8x	1.0x	14.9	2.7	14.5	11.6	1.7
BJTM	610	710	810	Buy	32.8	(12.2)	9.1	7.7x	1.2x	15.5	7.2	1.1	2.5	0.8
Consumer						(4.1)	1,382.8							
HMSP	3,870	4,730	4,300	Hold	11.1	(2.8)	450.2	34.6x	14.3x	41.8	2.8	7.2	3.8	1.3
GGRM	72,400	83,800	88,650	Buy	22.4	3.4	139.3	17.0x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	44,500	55,900	49,600	Hold	11.5	(10.3)	339.5	37.4x	37.9x	118.0	2.1	1.0	39.7	1.1
ICBP	8,650	8,900	10,550	Buy	22.0	(1.7)	100.9	25.2x	5.1x	21.3	1.9	5.4	9.5	1.0
INDF	5,700	7,625	8,175	Buy	43.4	(30.5)	50.0	13.0x	1.6x	12.6	4.2	1.0	(12.5)	1.2
KLBF	1,350	1,690	1,730	Buy	28.1	(15.6)	63.3	26.1x	4.5x	18.3	1.9	3.9	1.4	1.3
KAEF	2,500	2,700	2,890	Buy	15.6	(9.7)	13.9	39.3x	5.5x	14.9	0.7	29.1	28.3	1.1
Infrastructure						(8.5)	711.73							
TLKM	3,800	4,399	4,700	Buy	23.7	(4.8)	376.4	20.4x	4.2x	20.4	4.4	2.3	(20.6)	0.8
EXCL	2,630	2,960	3,930	Buy	49.4	(22.2)	28.1	193.0x	1.3x	0.7	N/A	1.0	N/A	1.2
ISAT	2,440	4,800	6,750	Buy	176.6	(59.3)	13.3	N/A	1.0x	(2.6)	3.0	(26.8)	N/A	0.9
PGAS	2,130	1,750	2,600	Buy	22.1	15.8	51.6	14.2x	1.1x	7.6	1.5	15.0	200.0	1.4
JSMR	4,150	6,400	6,050	Buy	45.8	(36.2)	30.1	14.6x	1.9x	13.4	1.5	18.7	(6.9)	0.9
TBIG	4,670	6,425	6,050	Buy	29.6	(31.3)	21.2	9.4x	7.0x	104.6	3.6	7.1	8.1	0.7
INDY	2,130	3,060	5,000	Buy	134.7	(5.3)	11.1	2.0x	0.8x	44.8	5.0	219.4	49.0	0.9
Trade						(15.8)	681.6							
UNTR	32,700	35,400	44,750	Buy	36.9	(5.7)	122.0	11.3x	2.3x	22.6	3.0	32.1	60.8	1.1
AKRA	3,430	6,350	4,650	Buy	35.6	(54.0)	13.8	18.5x	1.7x	19.3	6.4	25.3	(22.4)	1.2
SCMA	1,620	2,480	2,025	Buy	25.0	(24.7)	23.7	16.6x	5.2x	32.3	4.6	10.8	8.7	1.2
MNCN	810	1,285	1,125	Buy	38.9	(48.1)	11.6	8.1x	1.1x	14.6	1.9	1.8	(9.2)	1.1
LPPF	4,790	10,000	9,270	Buy	93.5	(44.3)	14.0	7.4x	5.6x	85.6	9.6	3.1	(0.6)	1.1
ACES	1,370	1,155	1,635	Buy	19.3	9.2	23.5	26.6x	6.6x	26.3	1.7	22.6	30.0	1.1
RALS	1,180	1,200	1,525	Buy	29.2	29.0	8.4	15.1x	2.1x	14.6	3.4	0.9	31.8	0.9
MAPI	815	620	945	Buy	16.0	24.4	13.5	23.1x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(21.8)	343.6							
BSDE	1,080	1,700	1,850	Buy	71.3	(37.2)	20.8	6.2x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	462	685	625	Buy	35.3	(26.7)	22.2	10.0x	1.9x	20.6	1.3	19.0	25.2	1.2
CTRA	820	1,185	1,050	Buy	28.0	(32.2)	15.2	20.8x	1.1x	5.6	1.2	(0.8)	(49.0)	1.5
SMRA	590	945	670	Hold	13.6	(43.0)	8.5	21.7x	1.3x	6.1	0.8	(1.2)	29.6	1.5
WSKT	1,440	2,210	2,810	Buy	95.1	(32.1)	19.5	3.4x	1.2x	39.6	4.0	47.3	134.6	1.3
PTPP	1,340	2,640	3,850	Buy	187.3	(53.0)	8.3	6.1x	0.7x	12.5	3.5	17.0	(16.3)	1.3
WIKA	1,100	1,550	2,150	Buy	95.5	(44.2)	9.9	7.1x	0.7x	11.0	2.4	32.3	26.0	1.0
ADHI	1,105	1,885	2,160	Buy	95.5	(49.5)	3.9	6.1x	0.6x	11.1	2.6	8.2	63.6	1.1
Misc Ind.						(3.7)	385.9							
ASII	7,700	8,300	9,300	Buy	20.8	(3.8)	311.7	14.3x	2.4x	17.3	2.5	16.4	20.6	1.2
Basic Ind.						9.9	581.7							
INTP	16,600	21,950	21,575	Buy	30.0	(26.1)	61.1	46.5x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	8,650	9,900	11,550	Buy	33.5	(20.6)	51.3	27.1x	1.8x	6.6	1.6	4.7	(10.9)	1.2
CPIN	5,450	3,000	6,700	Buy	22.9	65.2	89.4	26.2x	5.2x	21.3	1.0	2.7	59.1	1.0
JPFA	2,000	1,300	3,250	Buy	62.5	45.5	23.5	12.7x	2.6x	20.2	5.0	16.8	104.2	0.8
MAIN	1,260	740	1,930	Buy	53.2	43.2	2.8	19.6x	1.5x	7.9	1.3	13.5	350.0	1.2
KRAS	366	424	500	Buy	36.6	(25.6)	7.1	N/A	0.3x	(2.5)	N/A	22.7	51.3	1.1
TPIA	4,830	6,000	6,275	Buy	29.9	(15.0)	86.1	21.8x	3.3x	17.8	1.3	7.6	(37.4)	0.8
Mining						13.8	412.5							
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	4,190	2,460	5,375	Buy	28.3	82.6	48.3	8.2x	3.3x	42.8	7.6	17.0	54.0	1.0
ITMG	25,950	20,700	32,400	Buy	24.9	16.9	29.3	7.6x	2.1x	27.6	12.6	8.0	(10.0)	1.1
INCO	2,830	2,890	3,760	Buy	32.9	(3.7)	28.1	29.5x	1.0x	3.2	N/A	29.2	N/A	1.3
ANTM	675	625	1,200	Buy	77.8	4.7	16.2	16.6x	0.9x	5.3	0.3	292.4	N/A	1.2
TINS	640	775	1,240	Buy	93.8	(22.0)	4.8	9.0x	0.8x	8.8	3.7	1.8	13.1	1.1
MEDC	795	890	1,025	Buy	28.9	12.0	14.1	15.8x	0.7x	7.8	N/A	42.4	51.2	1.6
ELSA	360	372	625	Buy	73.6	16.9	2.6	6.9x	0.8x	12.4	1.4	39.7	157.9	1.3
Agriculture						(13.9)	97.6							
AALI	11,475	13,150	16,925	Buy	47.5	(21.3)	22.1	12.8x	1.2x	9.5	3.8	9.1	(18.2)	0.6
LSIP	1,250	1,420	1,500	Buy	20.0	(17.2)	8.5	16.1x	1.0x	6.6	3.6	(28.5)	(47.6)	0.7

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WIKA : Net Profit Snaps Up 26.1%

WIKA posted double-digit growth in revenues and net profits. In 3Q18, its overall revenues and net profit were IDR21,00 trillion (+32.3% y-y) and IDR860.45 billion (+26.1% y-y), respectively. Its revenues mainly derived from infrastructure & building projects, then followed by industrial plant & energy projects; and property projects. (Bisnis Indonesia)

HOKI : Enjoys Growth of 95% in Net Profit

HOKI enjoyed growth of 95% y-y to IDR70.08 billion in 3Q18's net profits thanks to surge of 18% y-y to IDR1.06 trillion in revenues. Its revenues were mostly contributed by the rice sales segment posting revenues of IDR1.09 trillion, and the returns and sales discount amounted of IDR28.05 billion. (Kontan)

SGRO : Is Beset by Sliding CPO Prices

In 3Q18, SGRO pared losses of 10% y-y to IDR2.28 trillion and 17% y-y to IDR168.84 billion in sales and net profit, respectively. In fact, its COGS also pared down by 8% y-y. CPO's prices projected to slid further until at the end of 2018 is a key takeaway for its underperformance. (Kontan)

PRDA : Records Revenues of IDR1.12 Trillion

PRDA posted net profits of IDR1.12 trillion (+7.2% y-y) in 3Q18 thanks to its solid performance amid challenging market backdrop. Its revenues were contributed by the individual customers segment of 33.0%, physician's prescription of 31.4%, the third party reference of 20.6%, the corporate client of 15.0%. (Bisnis Indonesia)

Domestic & Global News

3Q18's Investment Realization Slides 1.6%

The Investment Coordinating Board (BKPM) posted 3Q18's investment realization to amount to IDR173.8 trillion, sliding by 1.6% compared to 3Q17's investment of IDR176.6 trillion. 3Q18's investment realization consists of FDI amounting to IDR89.1 trillion diving by 20% from 3Q17's FDI and DDI amounting to IDR84.7 trillion surging by 30.5% compared to 3Q17's DDI. (Kontan)

China Reports Lower-than-expected Manufacturing Growth in October

China reported slower manufacturing growth in October as the country's trade war dispute with the U.S. continues. Official manufacturing Purchasing Managers' Index (PMI) was 50.2 — lower than the 50.6 analysts expected in a Reuters poll. The official manufacturing PMI was 50.8 in September. October is the first full month after the latest U.S. tariffs went into effect. Washington and Beijing slapped additional tariffs on each other's goods on September 24th, 2018. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	USA	19:30	Personal Income	Sep	0.20%	0.40%	0.30%
29 - Oct	USA	19:30	Personal Spending	Sep	0.40%	0.40%	0.30%
Tuesday	JPN	06:30	Jobless Rate	Sep	2.30%	2.40%	2.40%
30 - Oct	GER	15:55	Unemployment Change (000's)	Oct	-11k	-13k	-23k
	EU	17:00	GDP SA QoQ	3Q A	0.20%	0.40%	0.40%
	EU	17:00	GDP SA YoY	3Q A	1.70%	1.80%	2.10%
	EU	17:00	Consumer Confidence	Oct F	-2.7	-2.7	-2.7
	GER	20:00	CPI MoM	Oct P	0.20%	0.10%	0.40%
	GER	20:00	CPI YoY	Oct P	2.50%	2.40%	2.30%
Wednesday	JPN	06:50	Industrial Production MoM	Sep P	-1.10%	-0.30%	0.20%
31 - Oct	CHN	08:00	Manufacturing PMI	Oct	50.2	50.6	50.8
	USA	19:15	ADP Employment Change	Oct		190k	230k
Thursday	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
Friday	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.
Wednesday	Tentative	Money Supply M2 YoY	Sep		--	5.90%
31 - Oct	Tentative	Money Supply M1 YoY	Sep		--	8.60%
Thursday	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
Monday	Extraordinary Shareholder Meeting	BBKP, MKNT
29 - Oct	IPO Listing Date	YELO
Tuesday	Extraordinary Shareholder Meeting	ABDA
30 - Oct	Cum Dividend Date	ITMG (IDR1,420 per share)
Wednesday	Annual Shareholder Meeting	CMNP
31 - Oct	IPO Listing Date	CAKK

Source: Bloomberg

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