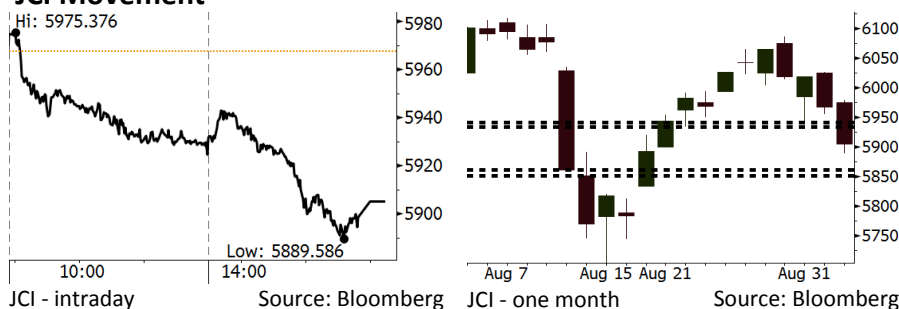


# Morning Brief

Daily | Sept 05, 2018

## JCI Movement



## Market Recap

JCI closed lower yesterday as rupiah was depreciated further. **Top Losers: Basic Industry (-2.45%), Infrastructure (-1.90%), Mining (-1.33%)**

The global markets were bearish yesterday amid the escalating tension arising from the U.S. against China and Canada. Besides, investors also concerned about the domino effect of financial crisis sweeping emerging countries.

## Today's Outlook: : Effects of Weakening Rupiah

We estimate that today JCI likely moves at a lagging pace with the **support range 5851-5861** and **resistance range of 5934-5941**. The major negative sentiment comes from the further trend of depreciated rupiah standing near to its psychology level of 15,000 per dollar. The trend causes the Indonesian government to postpone the 35,000 MW electricity power plant project with a view to curbing significant amount of imports. The government's stance causes investors to concern about economic growth disruptions.

Meanwhile, from the global outlook, the pressure arises from the strengthening greenback. The global markets are still sluggish amid the escalating-ever tension arising from global trade war after the trade negotiation between the U.S. and Canada ending without a deal and the U.S. additional import tariff of USD200 billion on China's goods.

## Stocks Recommendation (details on the next page)

Trading Buy: AALI, GGRM, SCMA

## Company News

TINS : Posts Growth of 12.9% in Net Profit  
GEMS : Settles Acquisition of 4 Coal Miners  
SMCB : Posts Revenue of IDR4.45 Trillion  
ACES : Will Launch Two Ace Xpress Stores

## Domestic & Global News

Rupiah Is Depreciated to IDR14,900 per USD  
US Factory Activity Accelerated in August

## Indonesia Economic Data

Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	31.56%	12.66%	Business Confidence	106.28	112.39
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	124.80	128.10

## IHSG (Jakarta Composite Index)

September 04 5,905.30  
Chg -62.28pts (-1.04%)  
Volume (bn shares) 86.76  
Value (IDR tn) 5.56

Adv 70 Dec 303 Unc 241 Untr 148

## Foreign Transaction (IDR bn)

Buy 1,291  
Sell 1,719  
Net Buy (Sell) (428)

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	39.3	TLKM	59.9
GGRM	17.8	BMRI	45.7
INKP	17.6	UNTR	39.2
TKIM	16.1	BBRI	34.5
ELSA	9.1	AKRA	28.6

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
GGRM	1.5%	TPIA	-5.6%
JSMR	1.3%	EXCL	-5.5%
SRIL	1.2%	BKSL	-5.0%
ELSA	1.1%	BBNI	-4.5%
HMSP	0.8%	MEDC	-4.1%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.40%	0.09%
USDIDR	14,935	0.81%
KRWIDR	13.38	0.38%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	25,952.48	(12.34)	-0.05%
S&P 500	2,896.72	(4.80)	-0.17%
Nasdaq	8,091.25	(18.29)	-0.23%
FTSE 100	7,457.86	(46.74)	-0.62%
CAC 40	5,342.70	(71.10)	-1.31%
DAX	12,210.21	(136.20)	-1.10%
Nikkei	22,696.90	(10.48)	-0.05%
Hang Seng	27,973.34	260.80	0.94%
Shanghai	2,750.58	29.85	1.10%
KOSPI	2,315.72	8.69	0.38%
EIDO	22.36	(1.01)	-4.32%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,191.5	(9.8)	-0.81%
Crude Oil (USD /bbl)	69.87	0.07	0.10%
Coal Newcas(USD/ton)	113.95	0.00	0.00%
Gas (USD /mmbtu)	2.82	(0.09)	-3.19%
Nickel LME (USD /MT)	12,470	(320.0)	-2.50%
Tin LME (USD /MT)	18,825	(15.0)	-0.08%
CPO (MYR/Ton)	2,298	40.0	1.77%

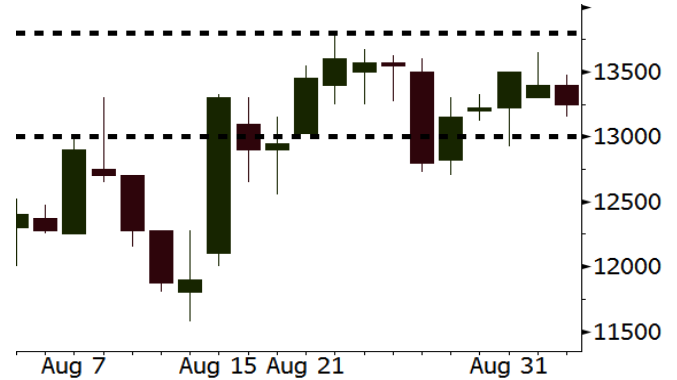
**AALI** Last = 13250

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**Analysis** To reduce import, the Indonesian government is reliant on the B20 mandatory policy amid the further rupiah depreciation. Indeed, the policy likely boost the demand for CPO.

**Range** 13000 – 13800

**Action** Trading Buy. Cut Loss If Below 13000



Source: Bloomberg

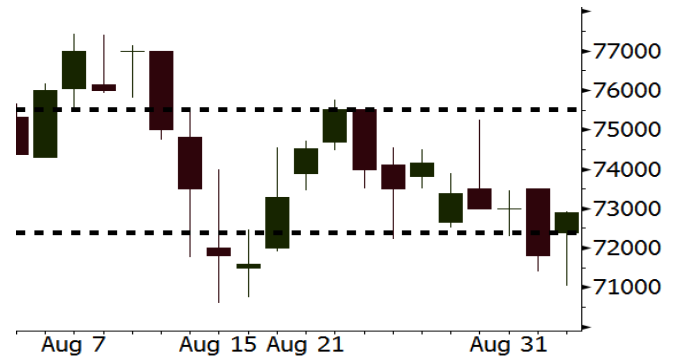
**GGRM** Last = 72900

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**Analysis** The rupiah depreciation has no significant impacts of GGRM's operational activities as it is reliant on domestic tobacco. In fact, the rupiah depreciation has no significant impacts on inflation.

**Range** 72400 – 75525

**Action** Trading Buy. Cut Loss If Below 72400



Source: Bloomberg

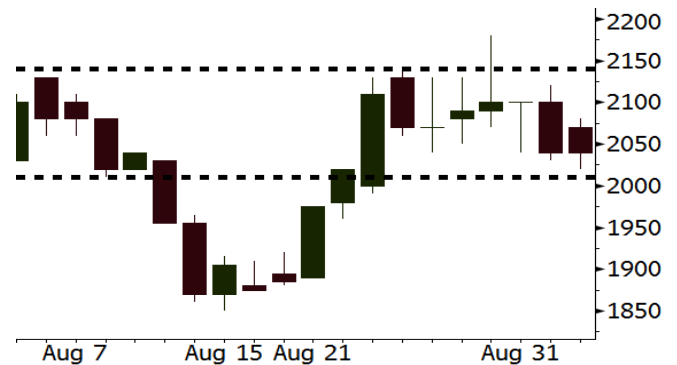
**SCMA** Last = 2040

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**Analysis** SCMA's group consistently maintains its status as the leader for audience shares after Indosiar posts the significant audience shares from 16.8% in July to 19.7% in August. The hike is backed by the airing Asian Games.

**Range** 2010 – 2140

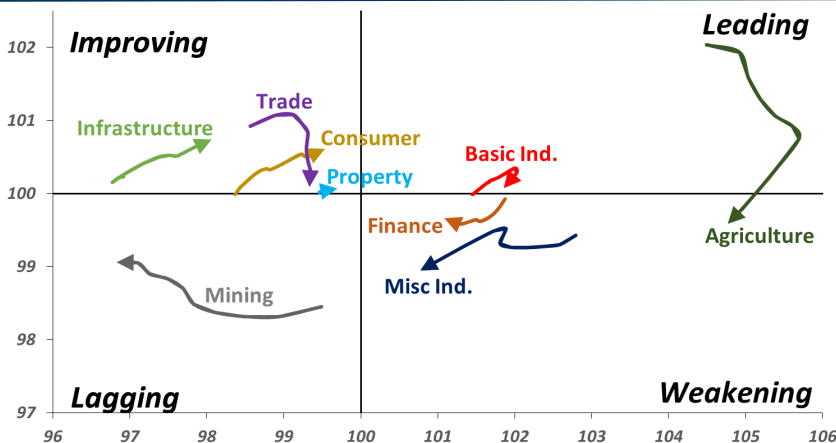
**Action** Trading buy. Cut Loss If Below 2010



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>	5,905	6,356				1.3	6,685.8							
<b>Finance</b>						8.9	2,001.1							
BBCA	24,750	21,900	27,650	Hold	11.7	30.3	610.2	25.2x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	3,110	3,640	3,930	Buy	26.4	3.7	383.6	12.5x	2.3x	19.3	3.4	5.8	10.9	1.4
BMRI	6,575	8,000	7,500	Hold	14.1	0.6	306.8	13.1x	1.8x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,500	9,900	9,675	Buy	29.0	3.8	139.9	9.6x	1.4x	15.5	3.4	11.8	16.2	1.4
BBTN	2,650	3,570	3,280	Buy	23.8	(16.1)	28.1	8.8x	1.3x	15.1	2.2	14.3	11.7	1.7
BJTM	655	710	810	Buy	23.7	(5.1)	9.8	8.3x	1.2x	15.5	6.7	1.1	2.5	0.9
<b>Consumer</b>						(2.6)	1,362.5							
HMSP	3,820	4,730	4,300	Hold	12.6	4.1	444.3	34.9x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	72,900	83,800	88,650	Buy	21.6	10.3	140.3	17.1x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	43,975	55,900	44,200	Hold	0.5	(13.8)	335.5	48.6x	66.9x	139.4	2.1	(0.4)	(2.5)	1.0
ICBP	8,650	8,900	9,625	Hold	11.3	0.9	100.9	25.2x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	6,350	7,625	8,175	Buy	28.7	(24.2)	55.8	14.5x	1.8x	12.6	3.7	1.0	(12.5)	1.2
KLBF	1,270	1,690	1,730	Buy	36.2	(25.9)	59.5	24.8x	4.5x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,300	2,700	3,280	Buy	42.6	(27.9)	12.8	36.1x	5.1x	14.9	0.8	29.1	28.3	1.1
<b>Infrastructure</b>						(17.1)	697.38							
TLKM	3,420	4,399	4,600	Buy	34.5	(25.8)	344.7	18.1x	3.9x	22.1	4.9	0.5	(28.1)	0.8
EXCL	2,910	2,960	3,800	Buy	30.6	(22.0)	31.1	213.5x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,220	4,800	6,750	Buy	109.6	(50.3)	17.5	N/A	1.4x	(2.6)	2.3	(26.8)	N/A	0.9
JSMR	4,540	6,400	6,050	Buy	33.3	(22.4)	33.0	14.8x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,625	6,425	6,050	Hold	7.6	(13.5)	25.5	11.3x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	3,070	3,060	5,000	Buy	62.9	130.8	16.0	3.0x	1.1x	44.8	3.5	219.4	49.0	0.8
<b>Trade</b>						(7.7)	727.5							
UNTR	33,500	35,400	44,750	Buy	33.6	10.2	125.0	13.2x	2.5x	20.6	2.7	32.3	60.0	1.1
AKRA	3,530	6,350	8,025	Buy	127.3	(49.2)	14.2	20.2x	1.7x	22.2	6.2	21.6	(34.8)	1.3
SCMA	2,040	2,480	2,500	Buy	22.5	(4.7)	29.8	22.3x	7.0x	32.5	3.7	2.6	0.7	1.1
MNCN	880	1,285	1,550	Buy	76.1	(38.0)	12.6	8.8x	1.2x	14.6	1.7	1.8	(9.2)	1.2
LPPF	7,075	10,000	11,250	Buy	59.0	(30.8)	20.6	10.8x	8.8x	93.0	6.5	3.1	0.4	1.0
ACES	1,350	1,155	1,635	Buy	21.1	26.2	23.2	26.3x	6.5x	26.3	1.7	22.6	30.0	1.0
RALS	1,235	1,200	1,400	Hold	13.4	30.0	8.8	15.8x	2.2x	14.6	3.2	0.9	31.8	0.9
MAPI	815	620	945	Buy	16.0	24.0	13.5	23.1x	3.0x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(11.8)	378.3							
BSDE	1,180	1,700	1,850	Buy	56.8	(35.2)	22.7	6.8x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	515	685	625	Buy	21.4	(22.0)	24.8	11.8x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	810	1,185	1,130	Buy	39.5	(28.9)	15.0	20.6x	1.1x	5.6	1.2	(0.8)	(49.0)	1.4
SMRA	635	945	1,050	Buy	65.4	(36.5)	9.2	27.5x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,865	2,210	2,810	Buy	50.7	(11.2)	25.3	4.4x	1.5x	39.6	3.1	47.3	134.6	1.4
PTPP	1,805	2,640	3,850	Buy	113.3	(33.1)	11.2	8.2x	1.0x	12.5	2.6	17.0	(16.3)	1.3
WIKA	1,555	1,550	2,150	Buy	38.3	(19.2)	13.9	10.9x	1.1x	10.5	1.7	36.8	18.7	0.9
ADHI	1,465	1,885	2,160	Buy	47.4	(25.4)	5.2	9.2x	0.9x	10.1	2.0	39.7	282.5	1.1
<b>Misc Ind.</b>						(8.7)	358.2							
ASII	7,075	8,300	9,300	Buy	31.4	(9.3)	286.4	14.4x	2.2x	16.3	2.6	14.8	11.3	1.3
<b>Basic Ind.</b>						36.2	622.5							
INTP	16,625	21,950	21,575	Buy	29.8	(10.6)	61.2	46.6x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	9,275	9,900	11,550	Buy	24.5	(4.4)	55.0	29.1x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,750	3,000	4,200	Hold	(11.6)	75.3	77.9	22.8x	4.5x	21.3	1.2	2.7	59.1	1.0
JPFA	2,140	1,300	2,000	Hold	(6.5)	83.7	25.1	15.1x	2.8x	18.3	2.3	18.2	142.5	0.7
MAIN	1,245	740	780	Sell	(37.3)	37.6	2.8	19.3x	1.5x	7.9	N/A	13.5	350.0	1.1
KRAS	400	424	500	Buy	25.0	(26.6)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,050	6,000	6,275	Buy	24.3	19.4	90.1	20.8x	3.5x	19.1	1.6	9.9	(36.3)	0.7
BRPT	1,705	2,260	2,420	Buy	41.9	(17.2)	30.3	20.2x	1.5x	8.9	1.4	9.8	(7.3)	1.0
<b>Mining</b>						28.0	434.3							
ADRO	1,805	1,860	2,500	Buy	38.5	(3.0)	57.7	8.4x	1.1x	13.3	6.0	3.9	(12.1)	1.1
PTBA	4,000	2,460	5,375	Buy	34.4	64.6	46.1	7.9x	3.3x	43.4	8.0	17.4	49.1	1.1
ITMG	27,225	20,700	32,400	Buy	19.0	42.9	30.8	8.1x	2.2x	27.6	11.5	8.0	(10.0)	1.1
INCO	3,490	2,890	5,325	Buy	52.6	17.1	34.7	59.8x	1.3x	1.9	N/A	28.3	N/A	1.2
ANTM	805	625	985	Buy	22.4	13.4	19.3	51.5x	1.0x	2.0	0.2	247.2	3550.0	1.1
TINS	755	775	1,240	Buy	64.2	(19.7)	5.6	10.6x	0.9x	8.8	3.1	1.8	13.1	1.0
ELSA	358	372	625	Buy	74.6	54.3	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(6.2)	104.0							
AALI	13,250	13,150	16,925	Buy	27.7	(10.8)	25.5	14.6x	1.4x	9.7	3.5	8.9	(23.3)	0.6
LSIP	1,325	1,420	1,680	Buy	26.8	(4.0)	9.0	17.1x	1.1x	6.6	3.4	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **TINS : Posts Growth of 12.9% in Net Profit**

TINS posted the growth of 12.9% y-y to IDR170.14 billion in the 1H18's net profit. The growth was backed by its strategies such as the production quality incentives, the implementation of better yield services payment, and improvement in offshore operational. Another the growth in the net profit, the total purchasing cost of tin ore also declined to IDR2.06 billion. (Kontan)

### **SMCB : Posts Revenue of IDR4.45 Trillion**

SMCB recorded the growth of 4.0% y-y to IDR4.45 trillion in the 1H18's revenues. Yet, the hike of 6.8% y-y in COGS caused its loss for the year to hike by 23.7% y-y to IDR539.27 billion. To boost its performance, SMCB likely prioritizes the product distribution and provides product education to contractors. (Investor Daily)

### **GEMS : Settles Acquisition of 4 Coal Miners**

GEMS has settled the acquisition of 4 coal miners worth USD59.27 million. The funds were allocated to take over 100% stocks of 4 coal mines and derives from GEMS's internal cash. After the acquisition, its coal reserves will be incremented by 194 million tons to 2.5 billion tons. (Kontan)

### **ACES : Will Launch Two Ace Xpress Stores**

ACES planned to launch two Ace Xpress stores. Until August, it has launched 15 new stores whose 3 of them are Ace Xpress stores. In 2018, it allocates the capex of IDR200 billion for launching new stores. Another to store expansion, it also focuses on the effective promotion strategies. (Kontan)

## Domestic & Global News

### **Rupiah Is Depreciated to IDR14,900 per USD**

The rupiah's exchange rate for the U.S. dollar marked a steep plunge yesterday. The rupiah depreciated to 115 points only within a day, and weakened at IDR14,930 per USD. The rupiah depreciation was attributable to the looming global volatilities ranging from the high possibility of the Fed's rate, the depreciation of emerging countries' currencies to the updated trade deal between the U.S. and Canada. (CNBC Indonesia)

### **US Factory Activity Accelerated in August**

U.S. manufacturing activity accelerated to more than a 14-year high in August, boosted by a surge in new orders. There are growing concerns over rising raw material costs as a result of import tariffs could restrain further growth. The Institute for Supply Management (ISM) said on Tuesday its index of national factory activity jumped to 61.3 last month, the best reading since May 2004, from 58.1 in July. (Reuters)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	JPN	07:30	Nikkei Japan PMI Mfg	Aug F	52.5	--	52.5
<i>03 - Sep</i>	CHN	08:45	Caixin China PMI Mfg	Aug	50.6	50.7	50.8
	GER	14:55	Markit Germany Manufacturing PMI	Aug F	55.9	56.1	56.1
	EU	15:00	Markit Eurozone Manufacturing PMI	Aug F	54.6	54.6	54.6
	UK	15:30	Markit UK PMI Manufacturing SA	Aug	52.8	53.9	54
<b>Tuesday</b>	USA	20:45	Markit US Manufacturing PMI	Aug F	54.7	54.5	54.5
<i>04 - Sep</i>	USA	21:00	ISM Manufacturing	Aug	61.3	57.6	58.1
<b>Wednesday</b>	USA	19:30	Trade Balance	Jul		-\$50.0b	-\$46.3b
<i>05 - Sep</i>							
<b>Thursday</b>	GER	13:00	Factory Orders MoM	Jul		1.80%	-4.00%
<i>06 - Sep</i>	USA	19:15	ADP Employment Change	Aug		190k	219k
	USA	21:00	Factory Orders	Jul		-0.60%	0.70%
<b>Friday</b>	CHN	Tentative	Foreign Reserves	Aug		\$3115.00b	\$3117.95b
<i>07 - Sep</i>	EU	16:00	GDP SA QoQ	2Q F		0.40%	0.40%
	EU	16:00	GDP SA YoY	2Q F		2.20%	2.20%
	USA	19:30	Change in Nonfarm Payrolls	Jul F		193k	157k
	USA	19:30	Unemployment Rate	Jul F		3.80%	3.90%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Monday</b>	07:30	Nikkei Indonesia PMI Mfg	Aug	51.9	--	50.5
<i>03 - Sep</i>	11:00	CPI NSA MoM	Aug	-0.05%	0.06%	0.28%
	11:00	CPI Core YoY	Aug	2.90%	2.89%	2.87%
	11:00	CPI YoY	Aug	3.20%	3.33%	3.18%
<b>Thursday</b>	Tentative	Consumer Confidence Index	Aug		--	124.8
<i>06 - Sep</i>						
<b>Friday</b>	Tentative	Net Foreign Assets IDR	Aug		--	\$1667.4t
<i>07 - Sep</i>	Tentative	Foreign Reserves	Aug		--	\$118.31b

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Tuesday</b>	Extraordinary Shareholder Meeting	OKAS, MITI
<i>04 - Sep</i>		
<b>Wednesday</b>	Stock Split	BCIC (1 : 100,000)
<i>05 - Sep</i>	Extraordinary Shareholder Meeting	JSMR
	Cum Dividend Interim Date	JPFA (IDR50 per share)
<b>Thursday</b>	Annual Shareholder Meeting	BSSR
<i>06 - Sep</i>		
<b>Friday</b>	Annual & Extraordinary Shareholder Meeting	ENRG
<i>07 - Apr</i>	Extraordinary Shareholder Meeting	PGAS, MPMX

Source: Bloomberg

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