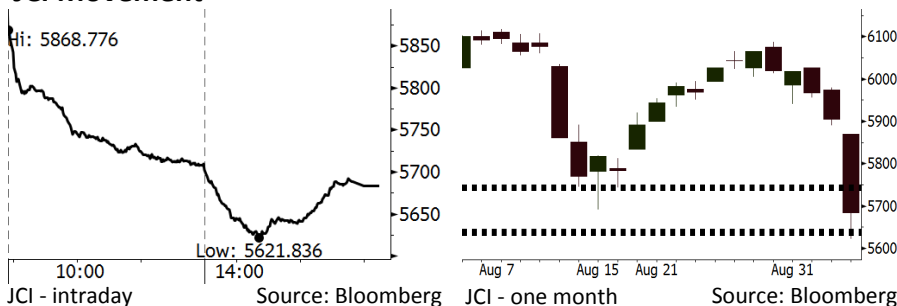


Morning Brief

Daily | Sept 06, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 05	5,683.50
Chg	-221.80pts (-3.76%)
Volume (bn shares)	104.48
Value (IDR tn)	8.70

Adv 25 Dec 413 Unc 176 Untr 125

Foreign Transaction		(IDR bn)
Buy		2,630
Sell		3,508
Net Buy (Sell)		(877)

Top Buy	NB Val.	Top Sell	NS Val.
INKP	33.6	BBRI	274.6
CPIN	20.6	TLKM	161.0
TKIM	16.9	UNTR	71.3
LPPF	13.6	BBNI	65.6
BUMI	11.6	BMRI	56.5

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
MNCN	0.0%	INCO	-8.6%
SRIL	0.0%	INDY	-8.5%
SSMS	-0.4%	BKSL	-7.9%
INTP	-1.8%	MEDC	-7.9%
TPIA	-2.0%	ELSA	-7.8%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.62%	0.22%
USDIDR	14,938	0.02%
KRWIDR	13.30	-0.60%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,974.99	22.51	0.09%
S&P 500	2,888.60	(8.12)	-0.28%
Nasdaq	7,995.17	(96.07)	-1.19%
FTSE 100	7,383.28	(74.58)	-1.00%
CAC 40	5,260.22	(82.48)	-1.54%
DAX	12,040.46	(169.75)	-1.39%
Nikkei	22,580.83	(116.07)	-0.51%
Hang Seng	27,243.85	(729.49)	-2.61%
Shanghai	2,704.34	(46.24)	-1.68%
KOSPI	2,291.77	(23.95)	-1.03%
EIDO	21.39	(0.97)	-4.34%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,196.7	5.2	0.44%
Crude Oil (USD /bbl)	68.72	(1.15)	-1.65%
Coal Newcas(USD/ton)	113.85	(0.10)	-0.09%
Gas (USD /mmbtu)	2.80	(0.03)	-0.99%
Nickel LME (USD /MT)	12,440	(30.0)	-0.24%
Tin LME (USD /MT)	18,825	0.0	0.00%
CPO (MYR/Ton)	2,291	(7.0)	-0.30%

Market Recap

JCI closed at a steep decline yesterday. Investors still focused on the domino effects of financial crisis sweeping a number of emerging countries. **Top Losers: Consumer (-4.17%), Basic Industry (-3.99%), Misc. Industries (-3.90%)**

The global markets notched lower yesterday underscored by the escalating trade war sparked by the U.S. against Canada and China. Meanwhile, Asia markets are effected by investors' jitters over the financial crisis in the emerging countries. The U.S. market closed mixed yesterday after a massive sell-off.

Today's Outlook: : Consumer Confidence Index

We estimate JCI to rally with the **support range of 5634-5641** and **resistance range of 5739-5746**. After JCI tumbled attributable to the rupiah depreciation since the early of September, today investors will eye on the release of consumer confidence index (CCI). The July's CCI declined to 124.8 after it hit the highest level of 128.1 in June 2018. The stable IKK indicates that the domestic consumption is robust despite the pressure arising from the trend of rupiah depreciation.

From the global outlook, the pressure stemming from the U.S. dollar strengthening subdues gradually after German is willing to compromise and bear a more lenient requirement of European Union cooperation proposed by the U.K. The fact inevitably strengthens euro and pound sterling's exchange rate for the U.S. dollar.

Stocks Recommendation (details on the next page)

Trading Buy: ITMG, BBNI, TLKM

Company News

- TLKM : Settles Process of MTN Issuance
- KLBF : Targets Growth of 5% in Revenue
- TINS : Targets Growth of 40% in Sales
- GMFI : Non-Affiliation Revenue Grows by 45%

Domestic & Global News

- The Indonesia Government Hikes Import Tax
- US Trade Deficit Jumped 9.5% in July 2018

Indonesia Economic Data

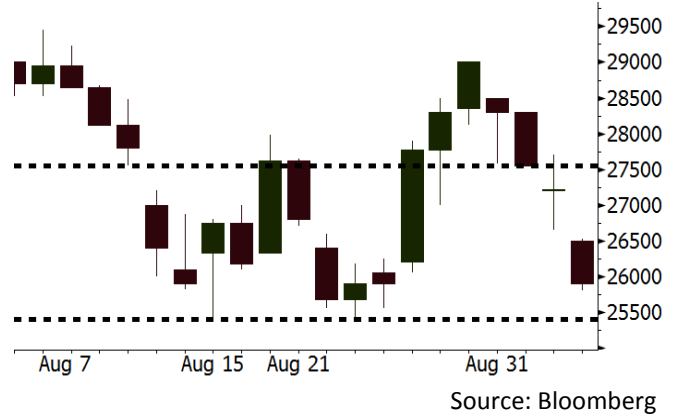
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	118.31	119.84	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports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

ITMG Last = 25900

Analysis To boost exports, the Indonesian government plans to simplify the coal export regulation; indeed, it even allows coal traders to export coal.

Range 25400 – 27550

Action Trading Buy. Cut Loss If Below 25400

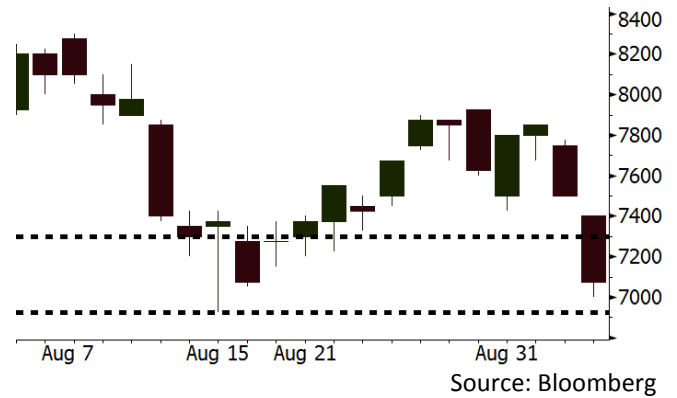


BBNI Last = 7075

Analysis The depreciated rupiah likely urges Bank Indonesia (BI) to hike its benchmark rate. The hike will inevitably cause banks to raise its credit rates amid the acceleration in credit growth and have positive impacts of improvement in banks' performance.

Range 6925 – 7300

Action Trading Buy. Cut Loss If Below 6925

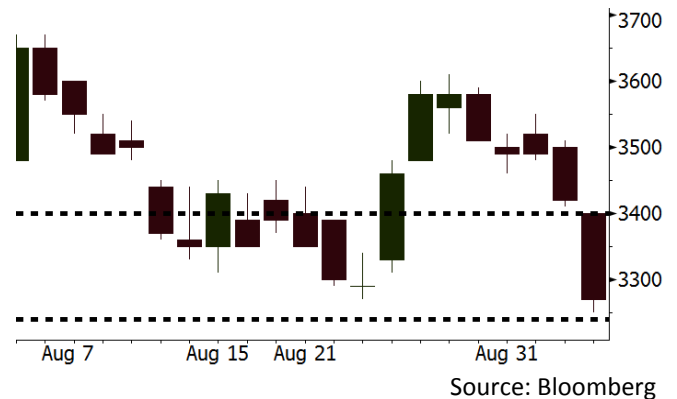


TLKM Last = 3270

Analysis The decline in TLKM's stocks within recent week is only attributable to the negative sentiment arising from rupiah depreciation. On the other side, TLKM's performance is estimated to be rosier along with the healthier competition in the cellular industry.

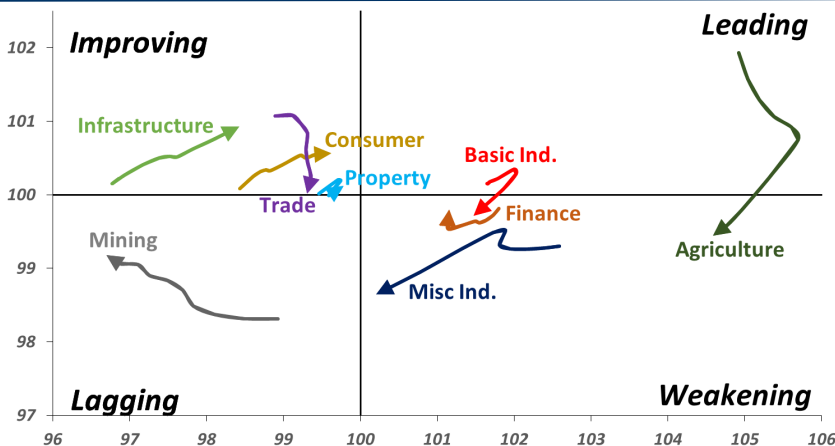
Range 3240 – 3400

Action Trading buy. Cut Loss If Below 3240



Sector Rotation

Relative Rotation Graph - Last 10 Days



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	5,684	6,356				(2.4)	6,427.4							
Finance						5.7	1,928.8							
BBCA	24,000	21,900	27,650	Buy	15.2	27.0	591.7	24.5x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	2,930	3,640	3,930	Buy	34.1	(1.3)	361.4	11.8x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,325	8,000	7,500	Buy	18.6	(2.3)	295.2	12.6x	1.8x	14.5	3.1	(0.5)	28.7	1.3
BBNI	7,075	9,900	9,675	Buy	36.7	(1.7)	131.9	9.0x	1.3x	15.5	3.6	11.8	16.2	1.4
BBTN	2,480	3,570	3,280	Buy	32.3	(19.7)	26.3	8.2x	1.2x	15.1	2.3	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(9.3)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(6.6)	1,305.7							
HMSP	3,650	4,730	4,300	Buy	17.8	(0.3)	424.6	33.4x	15.3x	46.0	2.9	5.5	1.9	1.3
GGRM	70,725	83,800	88,650	Buy	25.3	6.0	136.1	16.6x	3.3x	20.9	3.7	12.6	13.7	1.3
UNVR	41,600	55,900	44,200	Hold	6.3	(17.8)	317.4	45.9x	63.3x	139.4	2.2	(0.4)	(2.5)	1.0
ICBP	8,400	8,900	9,625	Hold	14.6	(4.3)	98.0	24.5x	5.0x	21.3	1.9	5.4	9.5	1.1
INDF	5,950	7,625	8,175	Buy	37.4	(29.0)	52.2	13.6x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,210	1,690	1,730	Buy	43.0	(28.6)	56.7	23.6x	4.3x	18.9	2.1	3.1	(0.0)	1.3
KAEF	2,140	2,700	3,280	Buy	53.3	(32.7)	11.9	33.6x	4.7x	14.9	0.8	29.1	28.3	1.1
Infrastructure						(21.0)	664.69							
TLKM	3,270	4,399	4,600	Buy	40.7	(29.9)	323.9	17.3x	3.7x	22.1	5.1	0.5	(28.1)	0.8
EXCL	2,800	2,960	3,800	Buy	35.7	(27.3)	29.9	205.5x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,100	4,800	6,750	Buy	117.7	(52.1)	16.8	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
JSMR	4,300	6,400	6,050	Buy	40.7	(27.1)	31.2	14.0x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,650	6,425	6,050	Hold	7.1	(11.0)	25.6	11.4x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	2,810	3,060	5,000	Buy	77.9	99.3	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(10.6)	702.9							
UNTR	32,450	35,400	44,750	Buy	37.9	7.0	121.0	12.8x	2.5x	20.6	2.8	32.3	60.0	1.1
AKRA	3,330	6,350	8,025	Buy	141.0	(53.1)	13.4	19.1x	1.6x	22.2	6.6	21.6	(34.8)	1.3
SCMA	1,910	2,480	2,500	Buy	30.9	(7.7)	27.9	20.9x	6.6x	32.5	3.9	2.6	0.7	1.1
MNCN	880	1,285	1,550	Buy	76.1	(36.2)	12.6	8.8x	1.2x	14.6	1.7	1.8	(9.2)	1.2
LPPF	6,525	10,000	11,250	Buy	72.4	(35.4)	19.0	9.9x	8.1x	93.0	7.0	3.1	0.4	1.0
ACES	1,295	1,155	1,635	Buy	26.3	20.5	22.2	25.2x	6.2x	26.3	1.8	22.6	30.0	1.0
RALS	1,225	1,200	1,400	Hold	14.3	28.9	8.7	15.7x	2.2x	14.6	3.3	0.9	31.8	0.9
MAPI	765	620	945	Buy	23.5	9.7	12.7	21.7x	2.8x	15.5	0.5	18.0	183.0	1.0
Property						(14.8)	363.7							
BSDE	1,100	1,700	1,850	Buy	68.2	(39.7)	21.2	6.3x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	500	685	625	Buy	25.0	(22.5)	24.1	11.5x	2.2x	20.5	1.2	14.4	25.4	1.2
CTRA	750	1,185	1,130	Buy	50.7	(33.3)	13.9	19.1x	1.0x	5.6	1.3	(0.8)	(49.0)	1.4
SMRA	615	945	1,050	Buy	70.7	(37.2)	8.9	26.6x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,770	2,210	2,810	Buy	58.8	(15.7)	24.0	4.1x	1.4x	39.6	3.2	47.3	134.6	1.4
PTPP	1,665	2,640	3,850	Buy	131.2	(36.5)	10.3	7.6x	0.9x	12.5	2.8	17.0	(16.3)	1.3
WIKA	1,455	1,550	2,150	Buy	47.8	(23.2)	13.1	10.2x	1.0x	10.5	1.8	36.8	18.7	0.9
ADHI	1,375	1,885	2,160	Buy	57.1	(29.8)	4.9	8.6x	0.8x	10.1	2.1	39.7	282.5	1.1
Misc Ind.						(12.3)	344.2							
ASII	6,775	8,300	9,300	Buy	37.3	(13.4)	274.3	13.8x	2.1x	16.3	2.7	14.8	11.3	1.3
Basic Ind.						31.0	597.7							
INTP	16,325	21,950	21,575	Buy	32.2	(12.2)	60.1	45.8x	2.7x	5.7	4.3	(0.9)	(60.6)	1.4
SMGR	8,850	9,900	11,550	Buy	30.5	(8.8)	52.5	27.8x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,590	3,000	4,200	Hold	(8.5)	71.9	75.3	22.1x	4.4x	21.3	1.2	2.7	59.1	1.0
JPFA	2,020	1,300	2,000	Hold	(1.0)	72.6	23.7	14.3x	2.6x	18.3	5.0	18.2	142.5	0.7
MAIN	1,205	740	780	Sell	(35.3)	33.9	2.7	18.7x	1.5x	7.9	N/A	13.5	350.0	1.1
KRAS	384	424	500	Buy	30.2	(29.5)	7.4	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,950	6,000	6,275	Buy	26.8	16.7	88.3	20.4x	3.4x	19.1	1.6	9.9	(36.3)	0.7
BRPT	1,610	2,260	2,420	Buy	50.3	(21.8)	28.6	19.2x	1.4x	8.9	1.5	9.8	(7.3)	1.0
Mining						22.2	418.4							
ADRO	1,700	1,860	2,500	Buy	47.1	(10.1)	54.4	8.0x	1.0x	13.3	6.4	3.9	(12.1)	1.1
PTBA	3,790	2,460	5,375	Buy	41.8	54.4	43.7	7.5x	3.1x	43.4	8.4	17.4	49.1	1.1
ITMG	25,900	20,700	32,400	Buy	25.1	33.9	29.3	7.7x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,190	2,890	5,325	Buy	66.9	6.7	31.7	54.8x	1.1x	1.9	N/A	28.3	N/A	1.2
ANTM	775	625	985	Buy	27.1	9.9	18.6	49.6x	1.0x	2.0	0.3	247.2	3550.0	1.1
TINS	725	775	1,240	Buy	71.0	(22.9)	5.4	10.2x	0.9x	8.8	3.3	1.8	13.1	1.0
ELSA	330	372	625	Buy	89.4	41.0	2.4	6.7x	0.8x	12.1	1.5	46.5	783.3	1.4
Agriculture						(8.7)	101.4							
AALI	13,000	13,150	16,925	Buy	30.2	(11.7)	25.0	14.3x	1.4x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,295	1,420	1,680	Buy	29.7	(5.8)	8.8	16.7x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

TLKM : Settles Process of MTN Issuance

TLKM has settled the process of medium term notes (MTN) issuance worth IDR1.5 trillion. The issued MTN was divided into 3 series with different coupon rates and tenors. Besides, it also issued 3 series of the 2018's Syariah Ijarah I Telkom MTN worth IDR742 billion. (Bisnis Indonesia)

KLBF : Targets Growth of 5% in Revenue

KLBF targets the growth of 5% in the 2018's revenue. In the 1H18, it posted the growth of 3% y-y to IDR10.4 trillion in revenue. However, the hike of 4.6% in COGS gave no pressure on the bottom line performance. Thus, to spur the bottom line performance, it will perform efficiencies in production and distribution, as well as launching new products. (Kontan)

TINS : Targets Growth of 40% in Sales

TINS targeted the growth of 30%-40% in the 2018's sales volume. Of note, it succeeded to export tins of 5,000 tons in May after it solved the export setback of March-April. In the 2H18, TINS through its subsidiary, PT Timah Industry, will innovate new tin derivative products. (Bisnis Indonesia)

GMFI : Non-Affiliation Revenue Grows by 45%

GMFI planned to consistently beef up its revenues deriving from non-affiliation entity. Thus, it will approach other airlines for securing new contracts. In the early of 2018, it was successful to secure the total contract of USD2.4 billion in the 2018's Singapore Airshow event. (Bisnis Indonesia)

Domestic & Global News

The Indonesia Government Hikes Import Tax

On Thursday, 09/05/2018, the Financial Minister Sri Mulyani announced the hike in income tax (PPH) Article 22 imposed on 1,147 imported consumption goods. The PPh article 22 sets forth the hike from 7.5% to 10% on 210-typed of imported commodities, including completely build up (CBU) big and displacement motorcycles. Furthermore, it also establishes the hike from 2.5% to 10% on 937-typed of imported commodity goods. (CNBC Indonesia)

US Trade Deficit Jumped 9.5% in July 2018

The U.S. trade deficit increased to a five-month high in July as exports of soybeans and civilian aircraft declined and imports hit a record high, suggesting that trade could be a drag on economic growth in the third quarter. The increase was the biggest monthly widening since 2015. The Commerce Department said on Wednesday the trade gap jumped 9.5 percent to \$50.1 billion, widening for a second straight month. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	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
Tuesday	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
Wednesday	USA	19:30	Trade Balance	Jul	-50.08b	-\$50.0b	-\$46.3b
<i>05 - Sep</i>							
Thursday	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%
Friday	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.
Monday	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%
Thursday	Tentative	Consumer Confidence Index	Aug		--	124.8
<i>06 - Sep</i>						
Friday	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
Tuesday	Extraordinary Shareholder Meeting	OKAS, MITI
<i>04 - Sep</i>		
Wednesday	Stock Split	BCIC (1 : 100,000)
<i>05 - Sep</i>	Extraordinary Shareholder Meeting	JSMR
	Cum Dividend Interim Date	JPFA (IDR50 per share)
Thursday	Annual Shareholder Meeting	BSSR
<i>06 - Sep</i>		
Friday	Annual & Extraordinary Shareholder Meeting	ENRG
<i>07 - Apr</i>	Extraordinary Shareholder Meeting	PGAS, MPMX

Source: Bloomberg

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