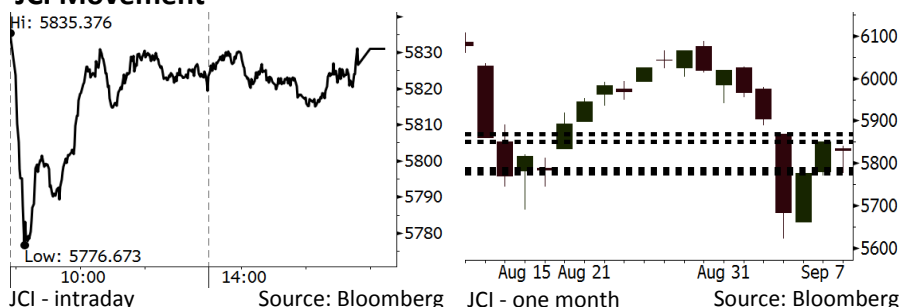


Morning Brief

Daily | Sept 12, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 10	5,831.12
Chg	-20.35pts (-0.35%)
Volume (bn shares)	71.56
Value (IDR tn)	5.40
Adv 151 Dec 226 Unc 237 Untr 132	

Foreign Transaction (IDR bn)	
Buy	2,074
Sell	2,214
Net Buy (Sell)	(140)

Top Buy	NB Val.	Top Sell	NS Val.
UNVR	111.6	BBCA	67.6
INKP	46.8	BDMN	41.3
ADRO	18.6	BBRI	37.9
LPPF	11.0	PTBA	32.1
TRAM	8.9	SCMA	17.8

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
LPKR	5.4%	SCMA	-5.1%
INCO	4.0%	JSMR	-3.3%
LPPF	3.5%	MEDC	-3.3%
BSDE	3.1%	WSKT	-2.8%
TPIA	2.6%	BBTN	-2.3%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.57%	0.12%
USDIDR	14,857	0.25%
KRWIDR	13.17	-0.27%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	25,971.06	113.99	0.44%
S&P 500	2,887.89	10.76	0.37%
Nasdaq	7,972.47	48.31	0.61%
FTSE 100	7,273.54	(5.76)	-0.08%
CAC 40	5,283.79	14.16	0.27%
DAX	11,970.27	(16.07)	-0.13%
Nikkei	22,664.69	291.60	1.30%
Hang Seng	26,422.55	(190.87)	-0.72%
Shanghai	2,664.80	(4.69)	-0.18%
KOSPI	2,283.20	(5.46)	-0.24%
EIDO	22.38	0.27	1.22%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,198.6	2.7	0.23%
Crude Oil (USD /bbl)	69.25	1.71	2.53%
Coal Newcas(USD/ton)	113.00	(0.05)	-0.04%
Gas (USD /mmbtu)	2.83	0.02	0.86%
Nickel LME (USD /MT)	12,230	(180.0)	-1.45%
Tin LME (USD /MT)	19,045	40.0	0.21%
CPO (MYR/Ton)	2,266	(11.0)	-0.48%

Market Recap

JCI closed lower on Monday, 09/10/18, amid the rupiah depreciation. The index movement was suppressed by the banking sector. **Top Losers: Finance (-0.66%), Infrastructure (-0.52%), Basic Industry (-0.48%)**

The global markets closed mixed yesterday. Investors still kept their wary eyes on the updated trade war between the U.S. and China. Indeed, they also digested the meeting plan between President Donald Trump and Kim Jong-un. On the other side, the U.S. market rallied after the tech. sector was rebound.

Today's Outlook: China Seeks Permission from WTO

We estimate JCI to be sluggish with the **support range of 5776-5786** and **resistance range of 5851-5869**. The negative sentiment comes from the heightened trade war between the U.S. and China after the U.S. plan of imposing another tariffs of USD267 billion on China's goods. Such policy caused China to seek permission from World Trade Organization to impose sanctions to the U.S.

From domestic outlook, the July's retail sales were 2.9% y-y slightly higher than the June's retail sales of 2.3% and a steep lower than BI's estimated retail sales of 3.4%.

Stocks Recommendation (details on the next page)

Trading Buy: ANTM, AALI, GGRM

Company News

- WIKA : Takes Over PLTA Company
- PGAS : Records Volume Growth of 11.6% in Gas Distribution
- WSBP : Posts New Contract of IDR4.08 Trillion
- ANTM : Focuses on Nickel Downstream Production

Domestic & Global News

- Retail Sales Posted Rebound in July 2018
- China Set to Ask WTO for Permission to Impose Sanctions on U.S.

Indonesia Economic Data

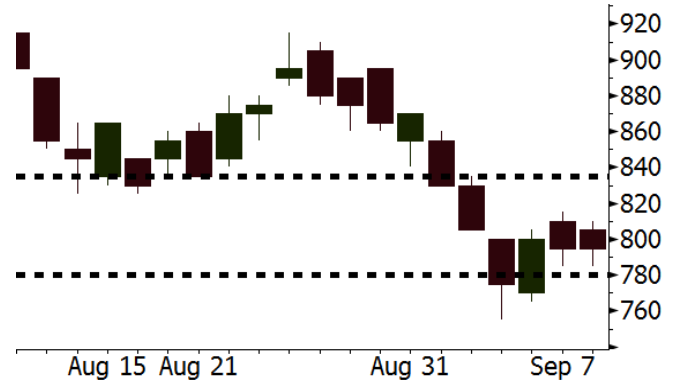
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(2.03)	1.74	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	19.33%	11.47%	FDI (USD bn)	5.50	3.49
Imports Yoy	31.56%	12.66%	Business Confidence	106.28	112.39
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	121.60	124.80

ANTM Last = 795

Analysis ANTM's ferronickel sales show a further positive performance. In the 1H18 its ferronickel sales were 12,579 tons surging 90% to the 1H17's sales of 6,634 tons.

Range 780 – 835

Action Trading Buy. Cut Loss If Below 780



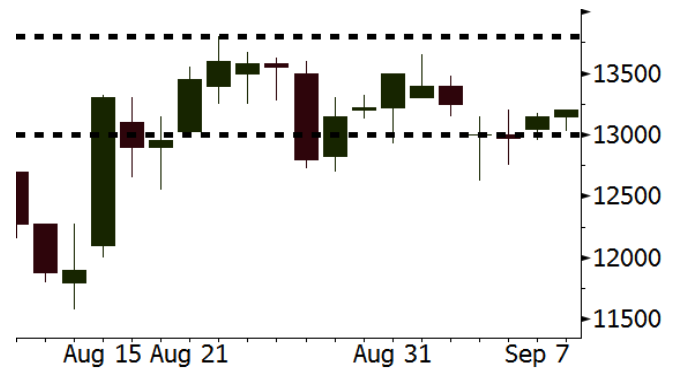
Source: Bloomberg

AALI Last = 13200

Analysis AALI plans to hike the production capacity of its factories in 2018 by construction new South Kalimantan-based factory with the production capacity of 45 tons per hour. The construction of new factory enables AALI to has the production capacity of 1,555 tons per hour.

Range 13000 – 13800

Action Trading Buy. Cut Loss If Below 13000



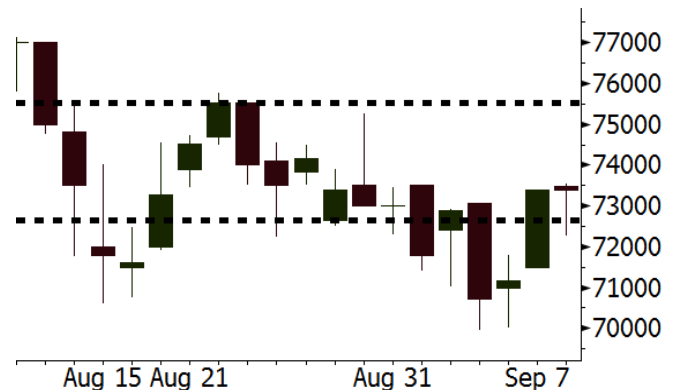
Source: Bloomberg

GGRM Last = 73400

Analysis The construction plan of Kediri-based airport near to GGRM's factory is likely attractive because the airport location is connected to Kertosono-Kediri toll road to be constructed by Jasa Marga. Additionally, the property project covering on areas of 150-200 hectares will be developed in that area.

Range 72650 – 75525

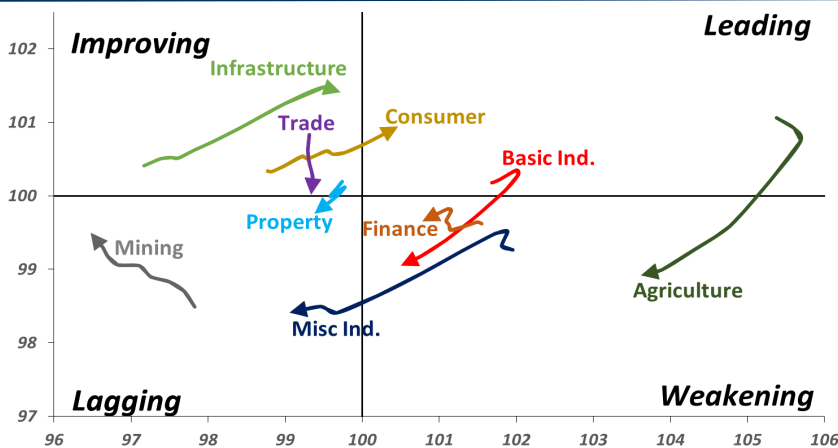
Action Trading buy. Cut Loss If Below 72650



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	5,831	6,356				(0.7)	6,595.7							
Finance						7.6	1,976.2							
BBCA	24,750	21,900	27,650	Hold	11.7	30.1	610.2	25.2x	4.5x	18.8	1.0	5.7	8.4	1.0
BBRI	2,970	3,640	3,930	Buy	32.3	(0.5)	366.3	11.9x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,575	8,000	7,500	Hold	14.1	(0.4)	306.8	13.1x	1.8x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,275	9,900	9,675	Buy	33.0	0.3	135.7	9.3x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,560	3,570	3,280	Buy	28.1	(15.2)	27.1	8.5x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	635	710	810	Buy	27.6	(5.9)	9.5	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
Consumer						(3.0)	1,368.0							
HMSP	3,800	4,730	4,300	Hold	13.2	(0.8)	442.0	34.7x	15.9x	46.0	2.8	5.5	1.9	1.3
GGRM	73,400	83,800	88,650	Buy	20.8	11.9	141.2	17.3x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	45,525	55,900	44,200	Hold	(2.9)	(10.0)	347.4	50.3x	69.3x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,900	8,900	9,625	Hold	8.1	1.4	103.8	26.0x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,125	7,625	8,175	Buy	33.5	(29.6)	53.8	14.0x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,225	1,690	1,730	Buy	41.2	(29.0)	57.4	23.9x	4.3x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,210	2,700	3,280	Buy	48.4	(25.8)	12.3	34.7x	4.9x	14.9	0.8	29.1	28.3	1.1
Infrastructure						(19.3)	679.03							
TLKM	3,380	4,399	4,600	Buy	36.1	(27.7)	334.8	17.9x	3.9x	22.1	5.0	0.5	(28.1)	0.8
EXCL	2,900	2,960	3,800	Buy	31.0	(25.1)	31.0	212.8x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,970	4,800	6,750	Buy	127.3	(53.4)	16.1	N/A	1.3x	(2.6)	2.5	(26.8)	N/A	0.9
PGAS	2,020	1,750	2,600	Buy	28.7	17.4	49.0	13.8x	1.0x	7.6	1.6	15.0	200.0	1.4
JSMR	4,350	6,400	6,050	Buy	39.1	(26.9)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,450	6,425	6,050	Hold	11.0	(19.9)	24.7	11.0x	8.2x	104.6	3.1	7.1	8.1	0.6
INDY	2,810	3,060	5,000	Buy	77.9	44.1	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(9.7)	709.6							
UNTR	32,700	35,400	44,750	Buy	36.9	3.5	122.0	12.9x	2.5x	20.6	2.7	32.3	60.0	1.1
AKRA	3,260	6,350	8,025	Buy	146.2	(52.8)	13.1	18.7x	1.6x	22.2	6.7	21.6	(34.8)	1.3
SCMA	1,875	2,480	2,500	Buy	33.3	(7.6)	27.4	20.5x	6.5x	32.5	4.0	2.6	0.7	1.1
MNCN	870	1,285	1,550	Buy	78.2	(33.6)	12.4	8.7x	1.2x	14.6	1.7	1.8	(9.2)	1.2
LPPF	6,725	10,000	11,250	Buy	67.3	(28.1)	19.6	10.2x	8.4x	93.0	6.8	3.1	0.4	1.1
ACES	1,255	1,155	1,635	Buy	30.3	16.2	21.5	24.4x	6.0x	26.3	1.8	22.6	30.0	1.1
RALS	1,300	1,200	1,400	Hold	7.7	40.5	9.2	16.7x	2.4x	14.6	3.1	0.9	31.8	0.9
MAPI	800	620	945	Buy	18.1	16.8	13.3	22.7x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(16.3)	364.8							
BSDE	1,150	1,700	1,850	Buy	60.9	(35.6)	22.1	6.6x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	525	685	625	Buy	19.0	(19.8)	25.3	12.0x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	740	1,185	1,130	Buy	52.7	(35.9)	13.7	18.8x	1.0x	5.6	1.3	(0.8)	(49.0)	1.4
SMRA	640	945	1,050	Buy	64.1	(34.7)	9.2	27.7x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,770	2,210	2,810	Buy	58.8	(6.3)	24.0	4.1x	1.4x	39.6	3.2	47.3	134.6	1.4
PTPP	1,610	2,640	3,850	Buy	139.1	(37.1)	10.0	7.3x	0.9x	12.5	2.9	17.0	(16.3)	1.4
WIKA	1,435	1,550	2,150	Buy	49.8	(24.3)	12.9	10.0x	1.0x	10.5	1.9	36.8	18.7	1.0
ADHI	1,365	1,885	2,160	Buy	58.2	(31.6)	4.9	8.5x	0.8x	10.1	2.1	39.7	282.5	1.1
Misc Ind.						(8.9)	360.3							
ASII	7,175	8,300	9,300	Buy	29.6	(9.2)	290.5	14.6x	2.3x	16.3	2.6	14.8	11.3	1.3
Basic Ind.						31.1	614.2							
INTP	17,200	21,950	21,575	Buy	25.4	(9.8)	63.3	48.2x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	8,775	9,900	11,550	Buy	31.6	(16.0)	52.0	27.5x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,920	3,000	4,200	Hold	(14.6)	77.6	80.7	23.7x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,040	1,300	2,000	Hold	(2.0)	78.9	23.9	14.4x	2.7x	18.3	4.9	18.2	142.5	0.8
MAIN	1,275	740	780	Sell	(38.8)	44.9	2.9	19.8x	1.6x	7.9	N/A	13.5	350.0	1.1
KRAS	392	424	500	Buy	27.6	(28.1)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,100	6,000	6,275	Buy	23.0	18.2	91.0	23.5x	3.5x	17.8	1.6	7.6	(37.4)	0.7
BRPT	1,635	2,260	2,420	Buy	48.0	(23.2)	29.1	19.6x	1.4x	8.9	1.5	9.8	(7.3)	1.0
Mining						21.5	420.8							
ADRO	1,735	1,860	2,500	Buy	44.1	(7.0)	55.5	8.2x	1.1x	13.3	6.2	3.9	(12.1)	1.2
PTBA	3,720	2,460	5,375	Buy	44.5	52.8	42.9	7.4x	3.1x	43.4	8.6	17.4	49.1	1.1
ITMG	25,200	20,700	32,400	Buy	28.6	24.9	28.5	7.5x	2.1x	27.6	12.5	8.0	(10.0)	1.1
INCO	3,350	2,890	5,325	Buy	59.0	10.9	33.3	58.0x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	795	625	985	Buy	23.9	16.9	19.1	19.6x	1.0x	5.3	0.3	292.4	N/A	1.2
TINS	715	775	1,240	Buy	73.4	(22.7)	5.3	10.1x	0.9x	8.8	3.3	1.8	13.1	1.1
ELSA	342	372	625	Buy	82.7	50.0	2.5	6.9x	0.8x	12.1	1.5	46.5	783.3	1.4
Agriculture						(9.1)	102.9							
AALI	13,200	13,150	16,925	Buy	28.2	(11.9)	25.4	14.5x	1.4x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,335	1,420	1,680	Buy	25.8	(4.0)	9.1	17.2x	1.1x	6.6	3.4	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

WIKA : Takes Over PLTA Company

WIKA takes over PT Ingako Energy: company developing Peusang-4 hydropower plant (PLTA) with the capacity of 120 MW situated in Aceh. Wika cooperates with 3 Korean-based companies to take over PT Ingako Energy. Of note, WIKA has 25% stocks ownership of PT Ingako Energy and active role as the contractor handling construction of the PLTA. (Kontan)

WSBP : Posts New Contract of IDR4.08 Trillion

WSBP until August 2018 posted the total new contracts worth IDR4.08 trillion. Indeed, it succeeded to secure the contracts amounting to IDR14.76 trillion (add the total new contract posted until August 2018 to the amount of new contract in 2017). Thus, now it has the precast concrete production capacity of 3.5 million tons and 58 factories producing readymix concrete. (CNBC Indonesia)

PGAS : Records Volume Growth of 11.6% in Gas Distribution

PGAS posted the 1H18's volume growth of 11.6% y-y in the natural gas distributed to its customers. On the other side, the number of its customers also grew by 17.0% y-y to 203,151 customers in the 1H18. In the future, PGAS will focus further on the increment of national gas production exploitation by constructing natural gas infrastructure project. (CNBC)

ANTM : Focuses on Nickel Downstream Production

ANTM focuses on the nickel downstream expansion along with the increment in ferronickel production. In the 1H18, it posted the growth of 37.4% y-y to 12,811 tons in the ferronickel production. The expansion covers the first phase construction of East Halmahera-based smelter with the production capacity of 13,500 tons per year and Gag Island-based smelter with the production capacity of 50,000 tons per year. (Kontan)

Domestic & Global News

Retail Sales Posted Rebound in July 2018

After posting the decline in June 2018, Indonesia-based retail sales posted the rebound of 2.9% y-y in July. The figures were higher than the June's retail sales of 2.3% y-y and a steep surge than the July's 2017 retail sales of -3.3% y-y. According to Bank Indonesia (BI), the rebound was attributable to the high demand occurring in the new academic year and the impact of the 13th salary distributed to civil servants and retirees. (CNBC Indonesia)

China Set to Ask WTO for Permission to Impose Sanctions on U.S.

China will seek permission from the World Trade Organization (WTO) to impose sanctions on the U.S. next week, according to the WTO's meeting agenda. The request comes at a time of escalating trade tensions between the world's two largest economies, with President Donald Trump saying last week he was "ready to go" on tariffs for another \$267 billion on Chinese goods "if he wants." China will seek authorization at a special meeting of the WTO's Dispute Settlement Body on Friday September 21. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	JPN	06:50	GDP SA QoQ	2Q F	0.70%	0.70%	0.50%
<i>10 - Sep</i>	JPN	06:50	GDP Annualized SA QoQ	2Q F	3.00%	2.60%	1.90%
	CHN	08:30	PPI YoY	Aug	4.00%	4.00%	4.60%
	CHN	08:30	CPI YoY	Aug	2.10%	2.10%	2.10%
	UK	15:30	Trade Balance	Jul	-£111	-£2050	-£1861
	UK	15:30	Industrial Production MoM	Jul	0.10%	0.20%	0.40%
	UK	15:30	GDP (MoM)	Jul	0.30%	0.20%	0.10%
Tuesday	GER	16:00	ZEW Survey Current Situation	Sep	76.0	71.6	72.6
<i>11 - Sep</i>	GER	16:00	ZEW Survey Expectations	Sep	-10.6	-11.9	-13.7
Wednesday	USA	19:30	PPI Final Demand MoM	Aug		0.20%	0.00%
<i>12 - Sep</i>							
Thursday	USA	01:00	U.S. Federal Reserve Releases Beige Book				
<i>13 - Sep</i>	JPN	06:50	PPI YoY	Aug		3.10%	3.10%
	GER	13:00	CPI MoM	Aug F		0.10%	0.10%
	GER	13:00	CPI YoY	Aug F		2.00%	2.00%
	UK	18:00	Bank of England Bank Rate	13-Sep		0.75%	0.75%
	EU	18:45	ECB Main Refinancing Rate	13-Sep		0.00%	0.00%
	EU	18:45	ECB Marginal Lending Facility	13-Sep		0.25%	0.25%
	EU	18:45	ECB Deposit Facility Rate	13-Sep		-0.40%	-0.40%
	USA	19:30	CPI MoM	Aug		0.30%	0.20%
	USA	19:30	CPI YoY	Aug		2.80%	2.90%
	USA	19:30	Initial Jobless Claims	8-Sep		--	203k
Friday	CHN	09:00	Retail Sales YoY	Aug		8.80%	8.80%
<i>14 - Sep</i>	CHN	09:00	Industrial Production YoY	Aug		6.10%	6.00%
	JPN	11:30	Industrial Production MoM	Jul F		--	-0.10%
	USA	19:30	Retail Sales Advance MoM	Aug		0.60%	0.50%
	USA	20:15	Industrial Production MoM	Aug		0.40%	0.10%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	15:10	Retail Sales YoY	Jul	2.9%	--	2.3%
<i>10 - Sep</i>						

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Annual Shareholder Meeting	IKBI
<i>10 - Sep</i>	Cum Stock Dividend Date	BCAP (Adj. Factor 1.17)
Wednesday	Annual Shareholder Meeting	GIAA
<i>12 - Sep</i>		
Friday	Rights Listing Date	AGRO
<i>14 - Apr</i>	Extraordinary Shareholder Meeting	HRTA

Source: Bloomberg

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