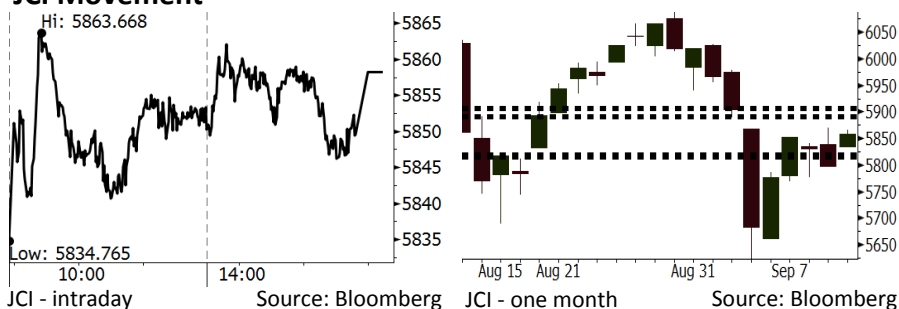


# Morning Brief

Daily | Sept 14, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

September 13	5,858.27
Chg	+60.12pts (+1.04%)
Volume (bn shares)	82.60
Value (IDR tn)	6.66
Adv 226 Dec 161 Unc 227 Untr 124	

## Foreign Transaction (IDR bn)

Buy	2,412
Sell	2,606
Net Buy (Sell)	(194)

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

TLKM	90.0	INDF	71.9
BBNI	62.9	PGAS	49.8
UNVR	33.1	BBRI	31.7
BBCA	30.9	SCMA	30.1
BTPS	22.1	ADRO	25.5

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
MEDC	12.6%	INDF	-2.0%
TLKM	3.9%	PTPP	-1.9%
INCO	3.6%	LPPF	-1.5%
SMGR	3.5%	ADRO	-1.4%
ANTM	3.2%	PGAS	-1.0%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.52%	-0.09%
USDIDR	14,840	0.05%
KRWIDR	13.23	0.61%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,145.99	147.07	0.57%
S&P 500	2,904.18	15.26	0.53%
Nasdaq	8,013.71	59.48	0.75%
FTSE 100	7,281.57	(31.79)	-0.43%
CAC 40	5,328.12	(4.01)	-0.08%
DAX	12,055.55	23.25	0.19%
Nikkei	22,821.32	216.71	0.96%
Hang Seng	27,014.49	669.45	2.54%
Shanghai	2,686.58	30.47	1.15%
KOSPI	2,286.23	3.31	0.14%
EIDO	22.79	0.33	1.47%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,201.5	(4.8)	-0.40%
Crude Oil (USD /bbl)	68.59	(1.78)	-2.53%
Coal Newcas(USD/ton)	114.40	0.15	0.13%
Gas (USD /mmbtu)	2.82	(0.01)	-0.42%
Nickel LME (USD /MT)	12,605	(15.0)	-0.12%
Tin LME (USD /MT)	19,025	(25.0)	-0.13%
CPO (MYR/Ton)	2,243	6.0	0.27%

## Market Recap

JCI closed on high note yesterday amid the subdued trade war tension attributable to trade talks with China's authorities proposed by the U.S. **Top Gainers: Infrastructure (+2.05%), Finance (+1.77%), Basic Industry (+1.58%)**

The global markets were positive amid the subdued trade war tension. The U.S. markets closed on a high note after Apple's stocks hiked higher than 2%. European markets ended mixed as ECB and BoE decided not to raise interest rate.

## Today's Outlook: The U.S. Inflation

We estimate JCI to rally further today with the **support range of 5815-5820** and **resistance range of 5892-5906**. The positive sentiment comes from the U.S. inflation of August to be released last night. The U.S. inflation was at 0.2% m-m, lower than the estimated inflation of 0.3% m-m. This backdrop indicates the Fed's less massive monetary tightening. The U.S. dollar depreciation results in appreciation of other economies' currencies including rupiah.

From domestic outlook, the House of Representative agreed the assumptions of 2019's state budget draft (RAPBN). The RAPBN sets forth the target of economic growth of 5.3% in 2019. It is a realistic target in light the 2018's economic growth estimate of 5.2%.

## Stocks Recommendation (details on the next page)

Trading Buy: BBRI, UNTR, PTBA

## Company News

- WSKT : Diversifies Its Projects Further
- UNVR : Adds A New Food Product
- EXCL : Expands Its Business to Triple Play
- PTPP : Prepares Long-Term Investment

## Domestic & Global News

- Macro Assumptions Set Forth in 2019's RAPBN
- Trump Says There's No Pressure to Make China Trade Deal

## 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

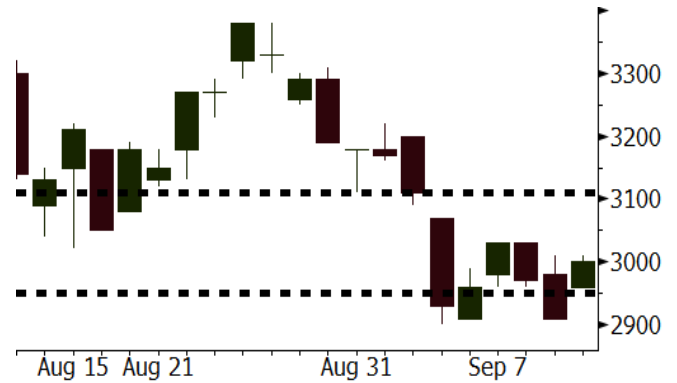
**BBRI** Last = 3000

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**Analysis** In July 2018, BBRI posted the growth of 16.49% y-y in credit. The growth topped the initial planned growth of 12%.

**Range** 2950 – 3110

**Action** Trading Buy. Cut Loss If Below 2950



Source: Bloomberg

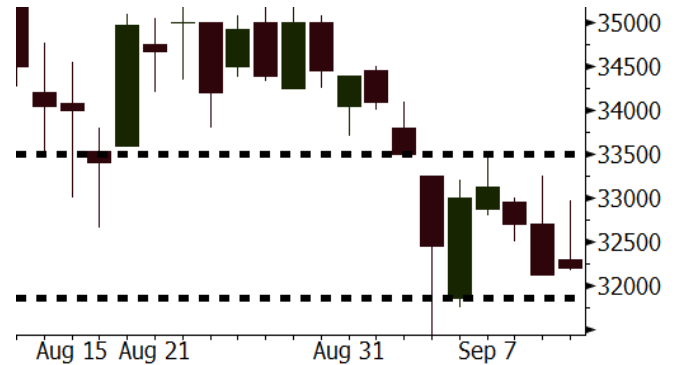
**UNTR** Last = 32200

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**Analysis** Amid the positive sentiment of the government policy sets forth the increment in national coal production, UNTR has a very attractive valuation. Now, UNTR is traded at a P/E of 12.7 x a steep lower than the 2-year average P/E of 22.1x.

**Range** 31850 – 33500

**Action** Trading Buy. Cut Loss If Below 31850



Source: Bloomberg

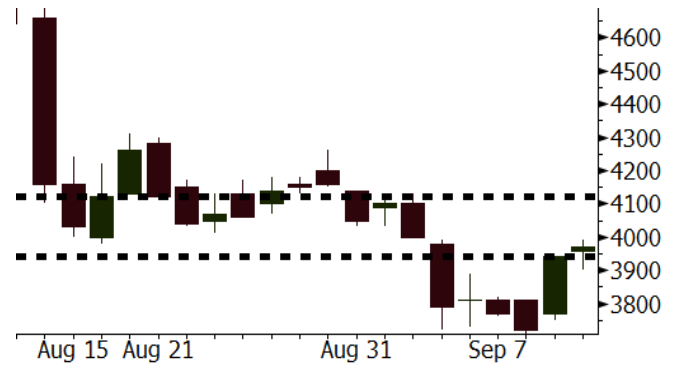
**PTBA** Last = 3970

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**Analysis** The steep decline in PTBA's stocks prices within the last month has made its current valuation attractive. PTBA is traded at a P/E of 7.8x or lower than the last 5-year average P/E of 10.3x.

**Range** 3940 – 4120

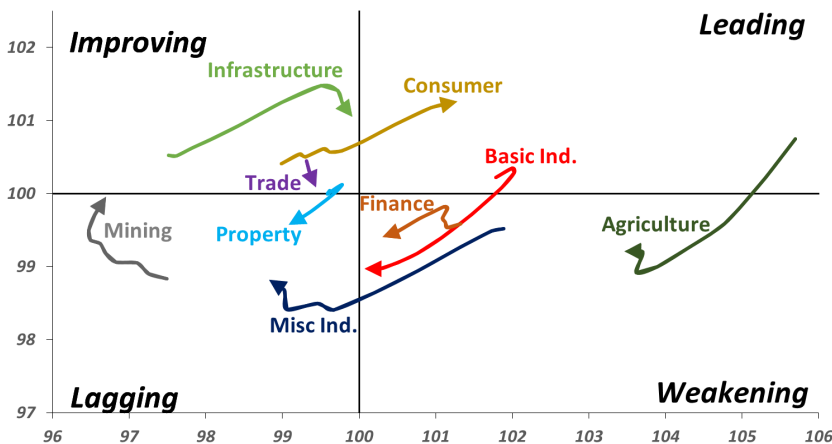
**Action** Trading buy. Cut Loss If Below 3940



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>	5,858	6,356				0.1	6,615.4							
<b>Finance</b>						7.4	1,960.6							
BBCA	24,000	21,900	27,650	Buy	15.2	25.7	591.7	24.5x	4.3x	18.8	1.1	5.7	8.4	1.0
BBRI	3,000	3,640	3,930	Buy	31.0	1.2	370.0	12.0x	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	7,350	9,900	9,675	Buy	31.6	1.4	137.1	9.4x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,600	3,570	3,280	Buy	26.2	(17.2)	27.5	8.6x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	640	710	810	Buy	26.6	(5.9)	9.6	8.1x	1.2x	15.5	6.9	1.1	2.5	0.9
<b>Consumer</b>						(3.2)	1,382.5							
HMSP	3,850	4,730	4,300	Hold	11.7	1.0	447.8	35.2x	16.2x	46.0	2.8	5.5	1.9	1.3
GGRM	74,400	83,800	88,650	Buy	19.2	7.4	143.2	17.5x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	46,550	55,900	49,600	Hold	6.6	(8.9)	355.2	51.4x	70.9x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,850	8,900	9,625	Hold	8.8	1.4	103.2	25.8x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,000	7,625	8,175	Buy	36.3	(29.6)	52.7	13.7x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,190	1,690	1,730	Buy	45.4	(31.0)	55.8	23.2x	4.2x	18.9	2.1	3.1	(0.0)	1.3
KAFF	2,280	2,700	3,280	Buy	43.9	(23.5)	12.7	35.8x	5.1x	14.9	0.8	29.1	28.3	1.1
<b>Infrastructure</b>						(17.4)	690.81							
TLKM	3,450	4,399	4,600	Buy	33.3	(25.4)	341.8	18.2x	4.0x	22.1	4.9	0.5	(28.1)	0.8
EXCL	2,970	2,960	3,800	Buy	27.9	(26.1)	31.7	218.0x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	3,030	4,800	6,750	Buy	122.8	(52.3)	16.5	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
PGAS	2,020	1,750	2,600	Buy	28.7	16.4	49.0	13.8x	1.0x	7.6	1.6	15.0	200.0	1.4
JSMR	4,550	6,400	6,050	Buy	33.0	(22.9)	33.0	14.8x	2.1x	14.8	1.3	42.5	2.9	1.0
TBIG	5,375	6,425	6,050	Hold	12.6	(17.9)	24.4	10.8x	8.1x	104.6	3.1	7.1	8.1	0.6
INDY	2,810	3,060	5,000	Buy	77.9	50.7	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
<b>Trade</b>						(9.7)	705.9							
UNTR	32,200	35,400	44,750	Buy	39.0	7.3	120.1	12.7x	2.4x	20.6	2.8	32.3	60.0	1.1
AKRA	3,490	6,350	8,025	Buy	129.9	(49.1)	14.0	20.0x	1.7x	22.2	6.3	21.6	(34.8)	1.3
SCMA	1,810	2,480	2,500	Buy	38.1	(19.2)	26.5	19.8x	6.3x	32.5	4.1	2.6	0.7	1.1
MNCN	840	1,285	1,550	Buy	84.5	(35.9)	12.0	8.4x	1.1x	14.6	1.8	1.8	(9.2)	1.2
LPPF	6,450	10,000	11,250	Buy	74.4	(33.7)	18.8	9.8x	8.1x	93.0	7.1	3.1	0.4	1.1
ACES	1,335	1,155	1,635	Buy	22.5	25.4	22.9	26.0x	6.4x	26.3	1.7	22.6	30.0	1.1
RALS	1,360	1,200	1,400	Hold	2.9	43.2	9.7	17.5x	2.5x	14.6	2.9	0.9	31.8	0.9
MAPI	780	620	945	Buy	21.2	12.2	12.9	22.1x	2.9x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(13.3)	367.8							
BSDE	1,170	1,700	1,850	Buy	58.1	(34.6)	22.5	6.7x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	540	685	625	Buy	15.7	(13.6)	26.0	12.4x	2.3x	20.5	1.1	14.4	25.4	1.2
CTRA	785	1,185	1,130	Buy	43.9	(34.0)	14.6	19.9x	1.1x	5.6	1.2	(0.8)	(49.0)	1.4
SMRA	670	945	1,050	Buy	56.7	(33.3)	9.7	29.0x	1.5x	5.2	0.7	(2.5)	(40.0)	1.5
WSKT	1,730	2,210	2,810	Buy	62.4	(6.2)	23.5	4.0x	1.4x	39.6	3.3	47.3	134.6	1.4
PTPP	1,550	2,640	3,850	Buy	148.4	(34.3)	9.6	7.1x	0.8x	12.5	3.0	17.0	(16.3)	1.4
WIKA	1,425	1,550	2,150	Buy	50.9	(20.8)	12.8	10.0x	1.0x	10.5	1.9	36.8	18.7	1.0
ADHI	1,355	1,885	2,160	Buy	59.4	(32.6)	4.8	8.5x	0.8x	10.1	2.1	39.7	282.5	1.1
<b>Misc Ind.</b>						(9.6)	357.2							
ASII	7,075	8,300	9,300	Buy	31.4	(10.4)	286.4	14.4x	2.2x	16.3	2.6	14.8	11.3	1.3
<b>Basic Ind.</b>						32.5	616.9							
INTP	16,950	21,950	21,575	Buy	27.3	(10.4)	62.4	47.5x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,000	9,900	11,550	Buy	28.3	(14.3)	53.4	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,990	3,000	4,200	Sell	(15.8)	87.6	81.8	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	2,180	1,300	2,000	Hold	(8.3)	92.9	25.6	15.4x	2.8x	18.3	4.6	18.2	142.5	0.8
MAIN	1,250	740	780	Sell	(37.6)	38.9	2.8	19.4x	1.5x	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	4,820	6,000	6,275	Buy	30.2	7.6	86.0	22.3x	3.4x	17.8	1.7	7.6	(37.4)	0.7
BRPT	1,620	2,260	2,420	Buy	49.4	(21.7)	28.8	17.3x	1.4x	8.9	1.5	27.9	(40.0)	1.0
<b>Mining</b>						32.0	429.8							
ADRO	1,735	1,860	2,500	Buy	44.1	(0.3)	55.5	8.2x	1.1x	13.3	6.2	3.9	(12.1)	1.2
PTBA	3,970	2,460	5,375	Buy	35.4	99.0	45.7	7.8x	3.3x	43.4	8.0	17.4	49.1	1.1
ITMG	25,900	20,700	32,400	Buy	25.1	32.8	29.3	7.8x	2.1x	27.6	12.1	8.0	(10.0)	1.1
INCO	3,450	2,890	5,325	Buy	54.3	21.5	34.3	59.8x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	805	625	985	Buy	22.4	18.4	19.3	19.8x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	720	775	1,240	Buy	72.2	(18.2)	5.4	10.1x	0.9x	8.8	3.3	1.8	13.1	1.1
ELSA	354	372	625	Buy	76.6	30.1	2.6	7.2x	0.8x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(11.0)	103.9							
AALI	13,025	13,150	16,925	Buy	29.9	(16.0)	25.1	14.3x	1.4x	9.7	3.6	8.9	(23.3)	0.6
LSIP	1,380	1,420	1,680	Buy	21.7	(7.1)	9.4	17.8x	1.2x	6.6	3.3	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WSKT : Diversifies Its Projects Further**

WSKT diversifies its projects by increasing the portion of non-toll road project. The diversification aligns with WSKT's strategy to maintain its long-term growth. Thus, WSKT through its subsidiary, PT Waskita Realty allocates the funds of IDR1 trillion spent on property construction near to the location of WSKT's infrastructure project. (Bisnis Indonesia)

### **UNVR : Adds A New Food Product**

UNVR adds a new product in its food and beverages (F&B) segment. The product is "Jawara" chili sauce. To maintain necessary raw materials, it cooperates with 2 start-up companies, while to undergo the production process, it cooperates with PT Sekar Laut Tbk. The launch on a new product is performed after it sells off its spread business segment. (Kontan)

### **EXCL : Expands Its Business to Triple Play**

EXCL expands its organic business to a triple-play service of landline phones, high speed internet, and pay TV services. To date, it still evaluates and analyzes the strategy used to expand such business. Within 3 to 5 years next, it will take over or incorporate joint venture with pay TV company. (Bisnis Indonesia)

### **PTPP : Prepares Long-Term Investment**

PTPP prepares a long-term investment plan in the next 5 years. It allocates the funds of IDR27 trillion on investing in toll road, oil and gas storage, mineral water processing system, and property projects. It will make use equity, bank loan, bonds, and equity partnership to finance the plan. (Bisnis Indonesia)

## Domestic & Global News

### **Macro Assumptions Set Forth in 2019's RAPBN**

Discussion on the 2019's State Budget Draft (RAPBN) has finally settled. On Thursday, 09/13/18, the government and XI Commission of the House of Representatives (DPR) agreed the macro assumptions set forth in the 2019's RAPBN as follows: Economic growth of 5.3%; inflation of 3.5%; rupiah's exchange rate for the U.S. dollar : IDR14,400 per USD; government bonds' interest rate of 5.3%; unemployment rate of 4.8% to 5.2%; poverty level of 8.5% to 9.5%; GINI's ratio of 0.038 to 0.039; and Human Development Index (IPM) of 71.98. (Kontan)

### **Trump Says There's No Pressure to Make China Trade Deal**

Trump contended Thursday that he faces no pressure to strike a trade deal with China as Washington and Beijing exchange shots in a mounting trade conflict. The comment followed reports saying the U.S. is in the early stages of proposing a new round of trade talks with China. The two sides aim to strike an agreement and stop a trade war threatening to stifle growth in the world's two largest economies. (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b>	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%
<b>Tuesday</b>	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
<b>Wednesday</b>	USA	19:30	PPI Final Demand MoM	Aug	-0.10%	0.20%	0.00%
<i>12 - Sep</i>							
<b>Thursday</b>	USA	01:00	U.S. Federal Reserve Releases Beige Book				
<i>13 - Sep</i>	JPN	06:50	PPI YoY	Aug	3.00%	3.10%	3.10%
	GER	13:00	CPI MoM	Aug F	0.1%	0.10%	0.10%
	GER	13:00	CPI YoY	Aug F	2.00%	2.00%	2.00%
	UK	18:00	Bank of England Bank Rate	13-Sep	0.75%	0.75%	0.75%
	EU	18:45	ECB Main Refinancing Rate	13-Sep	0.00%	0.00%	0.00%
	EU	18:45	ECB Marginal Lending Facility	13-Sep	0.25%	0.25%	0.25%
	EU	18:45	ECB Deposit Facility Rate	13-Sep	-0.40%	-0.40%	-0.40%
	USA	19:30	CPI MoM	Aug	0.20%	0.30%	0.20%
	USA	19:30	CPI YoY	Aug	2.70%	2.80%	2.90%
	USA	19:30	Initial Jobless Claims	8-Sep	204k	--	203k
<b>Friday</b>	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.
<b>Monday</b>	15:10	Retail Sales YoY	Jul	2.9%	--	2.3%
<i>10 - Sep</i>						

Source: Bloomberg

## Corporate Calendar

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

Source: Bloomberg

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