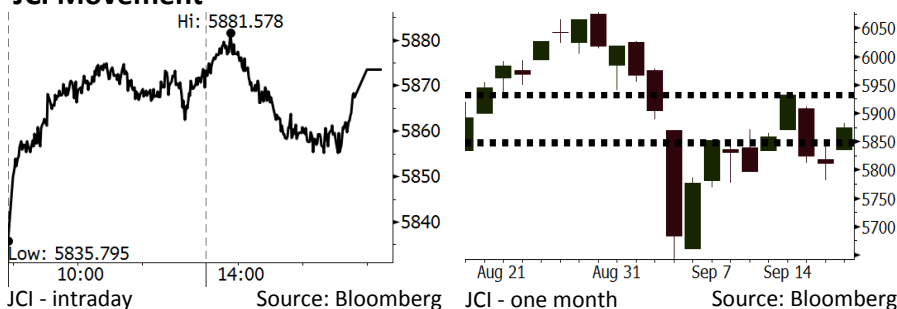


Morning Brief

Daily | Sept 20, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 19	5,873.60
Chg	+61.81pts (+1.06%)
Volume (bn shares)	96.88
Value (IDR tn)	6.60

Adv 211 Dec 164 Unc 241 Untr 118

Foreign Transaction		(IDR bn)
Buy	2,499	
Sell	2,241	
Net Buy (Sell)	258	

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	137.8	PGAS	40.5
ASII	79.2	BBNI	37.7
BBRI	52.9	INDF	29.4
PTBA	48.3	PNLF	23.5
INKP	34.9	BDMN	19.2

LQ-45 Index				Top Gainers & Losers			
Gainers	%	Losers	%				
SMGR	5.6%	PGAS	-1.9%				
ASII	5.3%	AKRA	-1.7%				
INKP	5.0%	INDF	-1.3%				
INCO	4.1%	ADHI	-1.1%				
KLBF	3.7%	BBNI	-0.7%				

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.26%	-0.13%
USDIDR	14,875	0.13%
KRWIDR	13.27	0.38%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,405.76	158.80	0.61%
S&P 500	2,907.95	3.64	0.13%
Nasdaq	7,950.04	(6.07)	-0.08%
FTSE 100	7,331.12	30.89	0.42%
CAC 40	5,393.74	29.95	0.56%
DAX	12,219.02	61.35	0.50%
Nikkei	23,672.52	251.98	1.08%
Hang Seng	27,407.37	322.71	1.19%
Shanghai	2,730.85	30.90	1.14%
KOSPI	2,308.46	(0.52)	-0.02%
EIDO	22.78	0.32	1.42%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,204.0	5.7	0.47%
Crude Oil (USD /bbl)	71.12	1.27	1.82%
Coal Newcas(USD/ton)	112.15	0.20	0.18%
Gas (USD /mmbtu)	2.91	(0.03)	-0.85%
Nickel LME (USD /MT)	12,510	110.0	0.89%
Tin LME (USD /MT)	18,870	(105.0)	-0.55%
CPO (MYR/Ton)	2,158	(40.0)	-1.82%

Market Recap

JCI closed higher yesterday as the consumer sector posted the growth of 5.09% y-y in August's car sales. **Top Gainers: Misc. Industry (+4.60%), Basic Industry (+2.09%), Consumer (+1.48%)**

Most of global markets closed higher yesterday along with investors' subdued jitters of the escalating trade war between the U.S. and China. Besides, the banking sector also drove the U.S. market movement.

Today's Outlook: Subdued Global Negative Sentiments

We estimate that today JCI likely rallies further with the support range of **5845-5851** and resistance range of **5931-5934**. The global markets currently show no response to the two global negative sentiments. They kept their wary eyes on the tension arising from the U.S. and China trade war and estimated that the impacts were less threatening. Besides, the U.S. government bonds yield moving stably above 3% had no impacts on the global markets.

From the domestic outlook, the positive sentiment comes from Indonesia's strengthening 10-year government bond declining by 13 bps from 8.39% to 8.26%. It indicates foreign investors' confidence on Indonesia's backdrop.

Stocks Recommendation (details on the next page)

Trading Buy: KLBF, BBRI, INCO

Company News

- ASII : Posts Car Wholesales of 374,744 Units
- WTON : Targets Growth of 20% in New Contracts
- LPKR : Rating is Downgraded by Moody's
- ASGR : Strengthens Its Two Subsidiaries' Working Capital

Domestic & Global News

- The Government Is Optimistic about Surplus at the End of 2018
- China Won't Weaken Currency to Boost Exports

Indonesia Economic Data

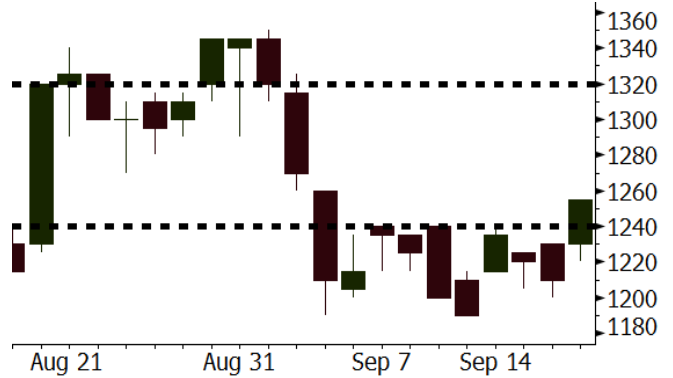
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports Yoy	24.65%	31.56%	Business Confidence	106.28	112.39
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	121.60	124.80

KLBF Last = 1255

Analysis The government's policy to use no more than 50% of cigarette excise funds to patch the deficit in national health program is a positive sentiment for the pharmaceutical sector.

Range 1240 – 1320

Action Trading Buy. Cut Loss If Below 1240



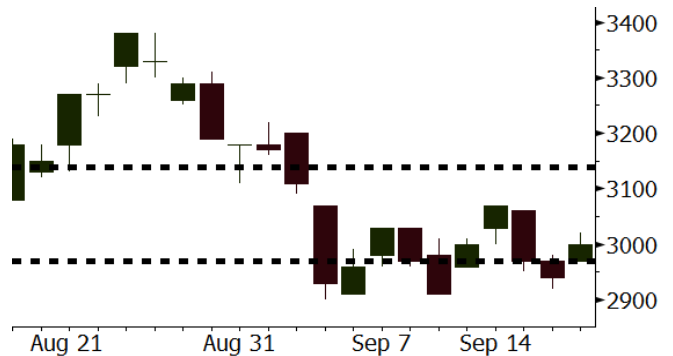
Source: Bloomberg

BBRI Last = 3000

Analysis BBRI has the 2Q18's highest loan yield of 12.6% among its peers. Its loan yield is potential for hiking as BI's holds the stance of monetary tightening.

Range 2970 – 3140

Action Trading Buy. Cut Loss If Below 2970



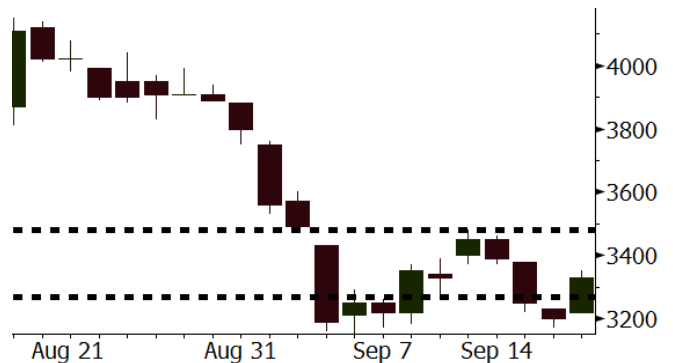
Source: Bloomberg

INCO Last = 3330

Analysis The subdued global jitters of the U.S. and China trade war will support rebound in global nickel prices; for example, its prices rally with two-back-to-back days.

Range 3270 – 3480

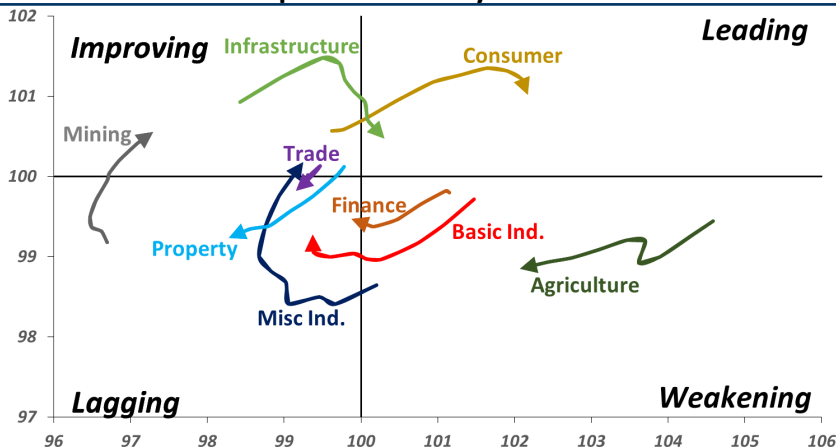
Action Trading buy. Cut Loss If Below 3270



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	5,874	6,356				(0.6)	6,643.4							
Finance						6.6	1,970.1							
BBCA	24,000	21,900	27,650	Buy	15.2	26.0	591.7	24.5x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,000	3,640	3,930	Buy	31.0	(0.2)	370.0	12.0x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,400	8,000	7,500	Buy	17.2	(3.0)	298.7	12.8x	1.8x	14.5	3.1	(0.5)	28.7	1.3
BBNI	7,175	9,900	9,675	Buy	34.8	(2.7)	133.8	9.1x	1.4x	15.5	3.6	11.8	16.2	1.4
BBTN	2,590	3,570	3,280	Buy	26.6	(19.3)	27.4	8.6x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	645	710	810	Buy	25.6	(6.5)	9.7	8.2x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						(4.4)	1,376.0							
HMSP	3,810	4,730	4,300	Hold	12.9	(3.1)	443.2	34.8x	16.0x	46.0	2.8	5.5	1.9	1.3
GGRM	74,500	83,800	88,650	Buy	19.0	8.0	143.3	17.5x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	46,200	55,900	49,600	Hold	7.4	(9.4)	352.5	51.0x	70.3x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,725	8,900	9,625	Hold	10.3	(1.4)	101.8	25.5x	5.2x	21.3	1.9	5.4	9.5	1.1
INDF	5,850	7,625	8,175	Buy	39.7	(33.0)	51.4	13.3x	1.6x	12.6	4.1	1.0	(12.5)	1.2
KLBF	1,255	1,690	1,730	Buy	37.8	(27.7)	58.8	24.5x	4.4x	18.9	2.0	3.1	(0.0)	1.3
KAEF	2,360	2,700	3,280	Buy	39.0	(19.2)	13.1	37.1x	5.2x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(16.3)	698.18							
TLKM	3,550	4,399	4,600	Buy	29.6	(23.6)	351.7	18.8x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,990	2,960	3,800	Buy	27.1	(21.3)	32.0	219.4x	1.5x	0.7	N/A	1.0	N/A	1.2
ISAT	2,970	4,800	6,750	Buy	127.3	(53.6)	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	24.3	49.0	13.8x	1.0x	7.6	1.6	15.0	200.0	1.5
JSMR	4,370	6,400	6,050	Buy	38.4	(25.3)	31.7	14.2x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,550	6,425	6,050	Hold	9.0	(15.6)	25.1	11.2x	8.4x	104.6	3.0	7.1	8.1	0.6
INDY	2,800	3,060	5,000	Buy	78.6	41.4	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
Trade						(11.2)	712.2							
UNTR	32,300	35,400	44,750	Buy	38.5	1.0	120.5	12.7x	2.4x	20.6	2.8	32.3	60.0	1.1
AKRA	3,490	6,350	8,025	Buy	129.9	(50.1)	14.0	20.0x	1.7x	22.2	6.3	21.6	(34.8)	1.3
SCMA	1,845	2,480	2,500	Buy	35.5	(21.2)	27.0	20.2x	6.4x	32.5	4.1	2.6	0.7	1.1
MNCN	845	1,285	1,125	Buy	33.1	(36.5)	12.1	8.4x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	6,425	10,000	11,250	Buy	75.1	(35.1)	18.7	9.8x	8.0x	93.0	7.1	3.1	0.4	1.1
ACES	1,400	1,155	1,635	Buy	16.8	24.4	24.0	27.2x	6.7x	26.3	1.6	22.6	30.0	1.1
RALS	1,355	1,200	1,400	Hold	3.3	41.1	9.6	17.4x	2.5x	14.6	3.0	0.9	31.8	0.9
MAPI	830	620	945	Hold	13.9	20.7	13.8	23.5x	3.1x	15.5	0.5	18.0	183.0	1.0
Property						(16.7)	361.1							
BSDE	1,145	1,700	1,850	Buy	61.6	(36.4)	22.0	6.6x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	530	685	625	Buy	17.9	(18.5)	25.5	12.1x	2.3x	20.5	1.1	14.4	25.4	1.1
CTRA	750	1,185	1,130	Buy	50.7	(35.6)	13.9	19.1x	1.0x	5.6	1.3	(0.8)	(49.0)	1.4
SMRA	625	945	1,050	Buy	68.0	(42.4)	9.0	27.0x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,685	2,210	2,810	Buy	66.8	(11.5)	22.9	3.9x	1.4x	39.6	3.4	47.3	134.6	1.4
PTPP	1,480	2,640	3,850	Buy	160.1	(43.5)	9.2	6.8x	0.8x	12.5	3.2	17.0	(16.3)	1.4
WIKA	1,370	1,550	2,150	Buy	56.9	(28.1)	12.3	9.6x	1.0x	10.5	2.0	36.8	18.7	1.0
ADHI	1,330	1,885	2,160	Buy	62.4	(34.8)	4.7	8.3x	0.8x	10.1	2.2	39.7	282.5	1.2
Misc Ind.						(4.9)	372.4							
ASII	7,400	8,300	9,300	Buy	25.7	(5.4)	299.6	15.0x	2.3x	16.3	2.5	14.8	11.3	1.2
Basic Ind.						29.8	620.9							
INTP	16,675	21,950	21,575	Buy	29.4	(13.4)	61.4	46.7x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	9,000	9,900	11,550	Buy	28.3	(10.9)	53.4	28.2x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	4,960	3,000	4,200	Sell	(15.3)	83.0	81.3	23.8x	4.7x	21.3	1.1	2.7	59.1	1.0
JPFA	2,270	1,300	2,000	Hold	(11.9)	94.8	26.6	16.0x	3.0x	18.3	4.4	18.2	142.5	0.8
MAIN	1,265	740	780	Sell	(38.3)	38.3	2.8	19.7x	1.6x	7.9	N/A	13.5	350.0	1.2
KRAS	394	424	500	Buy	26.9	(27.7)	7.6	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,850	6,000	6,275	Buy	29.4	4.2	86.5	22.4x	3.4x	17.8	1.7	7.6	(37.4)	0.7
BRPT	1,735	2,260	2,420	Buy	39.5	(23.2)	30.9	18.8x	1.8x	8.9	1.4	13.0	22.5	1.1
Mining						30.0	431.3							
ADRO	1,740	1,860	2,500	Buy	43.7	(6.5)	55.7	8.2x	1.1x	13.3	6.2	3.9	(12.1)	1.2
PTBA	4,140	2,460	5,375	Buy	29.8	98.6	47.7	8.2x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	26,275	20,700	32,400	Buy	23.3	33.2	29.7	7.8x	2.2x	27.6	12.0	8.0	(10.0)	1.1
INCO	3,330	2,890	5,325	Buy	59.9	19.4	33.1	57.5x	1.2x	1.9	N/A	28.3	N/A	1.3
ANTM	790	625	1,200	Buy	51.9	16.2	19.0	19.4x	1.0x	5.3	0.3	292.4	N/A	1.1
TINS	705	775	1,240	Buy	75.9	(20.8)	5.3	9.9x	0.9x	8.8	3.3	1.8	13.1	1.1
ELSA	344	372	625	Buy	81.7	9.6	2.5	7.0x	0.8x	12.1	1.5	46.5	783.3	1.4
Agriculture						(12.2)	101.2							
AALI	12,150	13,150	16,925	Buy	39.3	(18.3)	23.4	13.4x	1.3x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,300	1,420	1,680	Buy	29.2	(8.5)	8.9	16.8x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

ASII : Posts Car Wholesales of 374,744 Units

ASII posted the car wholesale of 374,744 units (-6.08% y-y) until August 2018. Albeit the decline in car wholesales, ASII's market share was still at around 49%. The decline was attributable to the limited availability of new-typed cars. Therefore, ASII increased its production capacity to meet the demand for new units in 2H18. (Kontan)

WTON : Targets Growth of 20% in New Contracts

WTON targeted the growth of 20% y-y in 2019's new contracts. To actualize the target, it likely drafts working plan and company budget (RKAP) of October-December 2018. Until June 2018, its capacity production reached 3.4 million tons and was estimated to hit 3.6 million tons at the end of 2018. (Bisnis Indonesia)

LPKR : Rating is Downgraded by Moody's

Moody's downgraded LPKR's rating from B2 to B3 with the negative outlook. The downgrade was underlined by Moody's projection of the decline in LPKR's operational cash flow in the parent entity level within 12-18 months ahead. Such decline correlates with LPKR's liability for paying debt and posting sales performance. (Kontan)

ASGR : Strengthens Its Two Subsidiaries' Working Capital

ASGR provides the uncommitted loan facility of IDR25 billion and IDR100 billion, respectively to its two subsidiaries: AGIT and AXI. The loan is used for working capital, has two-year maturity and JIBOR rate of 2%. (Bisnis Indonesia)

Domestic & Global News

The Government Is Optimistic about Surplus at the End of 2018

The government expected that at the end of 2018, the trade balance can post the surplus of USD2 billion to USD3 billion as the Presidential staff in the economic sector Ahmad Erani Yustika stated that the Indonesia's government through the policies it enacted showed a concerted commitment to boosting trade balance, for example B20 mandatory and tightening income tax (PPh 22). (Kontan)

China Won't Weaken Currency to Boost Exports

China will not stoop to competitive devaluation of its currency, Premier Li Keqiang stressed, hours after China hit back, with a softer punch than the one landed by the United States, in an escalating tariff war between the world's largest economies. Premier Li Keqiang said one-way depreciation of the yuan brings more harm than benefits for China. China will never go down the road of relying on yuan depreciation to stimulate exports. (Reuters)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	EU	16:00	CPI Core YoY	Aug F	1.00%	1.00%	1.00%
<i>17 - Sep</i>	EU	16:00	CPI YoY	Aug F	2.00%	2.00%	2.10%
	EU	16:00	CPI MoM	Aug	0.20%	0.20%	-0.30%
Wednesday	JPN	Tentative	BOJ Policy Balance Rate	19-Sep	-0.10%	--	-0.10%
<i>19 - Sep</i>	JPN	Tentative	BOJ 10-Yr Yield Target	19-Sep	0.00%	--	0.00%
	JPN	06:50	Trade Balance	Aug	-¥444.6b	-¥514.4b	-¥231.2b
	JPN	06:50	Exports YoY	Aug	6.60%	5.20%	3.90%
	JPN	06:50	Imports YoY	Aug	15.40%	14.50%	14.60%
	UK	15:30	CPI MoM	Aug	0.70%	0.50%	0.00%
	UK	15:30	CPI YoY	Aug	2.70%	2.40%	2.50%
	UK	15:30	CPI Core YoY	Aug	2.10%	--	1.90%
	USA	19:30	Current Account Balance	2Q	-\$101.5b	-\$103.3b	-\$124.1b
Thursday	USA	19:30	Initial Jobless Claims	15-Sep		--	204k
<i>20 - Sep</i>	EU	21:00	Consumer Confidence	Sep A		-2	-1.9
	USA	21:00	Existing Home Sales	Aug		5.38m	5.34m
Friday	JPN	06:30	Natl CPI YoY	Aug		1.10%	0.90%
<i>21 - Sep</i>	JPN	07:30	Nikkei Japan PMI Mfg	Sep P		--	52.5
	GER	14:30	Markit Germany Manufacturing PMI	Sep P		56.1	55.9
	EU	15:00	Markit Eurozone Manufacturing PMI	Sep P		54.6	54.6
	USA	20:45	Markit US Manufacturing PMI	Sep P		55	54.7

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	11:00	Exports YoY	Aug	4.15%	9.10%	19.33%
<i>17 - Sep</i>	11:00	Imports YoY	Aug	24.65%	24.00%	31.56%
	11:00	Trade Balance	Aug	-\$1,021.4m	-\$417m	-\$2,030m

Source: Bloomberg

Corporate Calendar

Date	Event	Company
Monday	Cum Dividend Date	JASS (IDR73 per share)
<i>17 - Sep</i>		
Tuesday	IPO Listing	DIGI, PANI
<i>18 - Sep</i>	Annual Shareholder Meeting	HEXA
	Cum Dividend Date	IKBI (IDR5 per share)
Wednesday	Annual Shareholder Meeting	CNTB
<i>19 - Sep</i>	Extraordinary Shareholder Meeting	CPRO, SAIP
Thursday	Annual Shareholder Meeting	ITMA
<i>20 - Sep</i>	Extraordinary Shareholder Meeting	BABP, CSAP, PSSI
Friday	Annual Shareholder Meeting	MYTX
<i>21 - Sep</i>	Extraordinary Shareholder Meeting	MDKA, GAMA
	Rights Delisting Date	AGRO

Source: Bloomberg

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