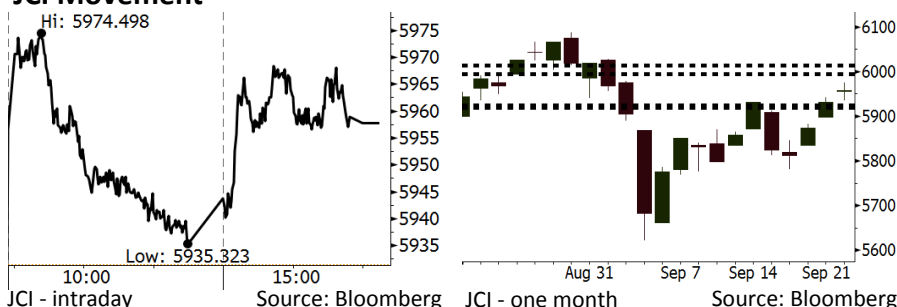


# Morning Brief

Daily | Sept 24, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

September 21	5,957.74
Chg	+26.48pts (+0.45%)
Volume (bn shares)	119.84
Value (IDR tn)	10.91
<b>Adv 193 Dec 185 Unc 238 Untr 129</b>	

Foreign Transaction		(IDR bn)
Buy		6,185
Sell		5,058
Net Buy (Sell)		1,127

Top Buy	NB Val.	Top Sell	NS Val.
INKP	200.9	ASII	74.8
BMRI	196.5	JPFA	22.1
TKIM	174.6	PNLF	20.1
BBCA	153.2	EXCL	13.8
BBRI	144.8	SMRA	11.5

## LQ-45 Index

Top Gainers & Losers			
Gainers	%	Losers	%
BBNI	4.8%	LPKR	-6.1%
PTPP	4.6%	ASII	-3.3%
INCO	4.6%	PGAS	-2.4%
ADRO	4.2%	EXCL	-2.4%
ANTM	3.1%	ITMG	-2.2%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.14%	-0.08%
USDIDR	14,817	-0.22%
KRWIDR	13.28	0.38%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,743.50	86.52	0.32%
S&P 500	2,929.67	(1.08)	-0.04%
Nasdaq	7,986.96	(41.28)	-0.51%
FTSE 100	7,490.23	122.91	1.67%
CAC 40	5,494.17	42.58	0.78%
DAX	12,430.88	104.40	0.85%
Nikkei	23,869.93	195.00	0.82%
Hang Seng	27,953.58	475.91	1.73%
Shanghai	2,797.49	68.24	2.50%
KOSPI	2,339.17	15.72	0.68%
EIDO	23.23	(0.07)	-0.30%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,200.0	(7.1)	-0.59%
Crude Oil (USD /bbl)	70.78	0.46	0.65%
Coal Newcas(USD/ton)	112.20	0.50	0.45%
Gas (USD /mmbtu)	2.98	0.00	0.03%
Nickel LME (USD /MT)	13,250	625.0	4.95%
Tin LME (USD /MT)	19,000	40.0	0.21%
CPO (MYR/Ton)	2,143	(3.0)	-0.14%

## Market Recap

JCI finished on high note on Friday's trading amid the rupiah depreciation. Foreign investors also posted the net buy of IDR1.13 trillion. **Top Gainers: Basic Industry (+1.39%), Trade (+0.96%), Mining (+0.93%)**

European and Asia markets finished at record highs dated Friday, 09/21/2018; in contrast, the U.S. finished on a mixed note. The backdrop in the global markets was attributable to investors' concerns over the U.S and China trade war dissipating.

## Today's Outlook: Incentives by the Government

Today we estimate JCI to rally with the **support range of 5919-5925** and **resistance range of 5994-6013**. The positive sentiment comes from the government plan to provide tax incentives to companies converting the U.S. dollar to rupiah. Furthermore, the government will review the tax policy set on government bonds; for example, the government will ease the tax governing the investment on government bonds. The government's stance inevitably sends government bonds to consistently lower.

From the global outlook, the major Asia markets such as Japan, China, and South Korea which are off will spark minimum global sentiments. Global investors most likely keep their wary eyes on FOMC meeting to be held in the mid of this week; indeed, they also anticipate the U.S. tariff of China's product taking into effect today.

## Stocks Recommendation (details on the next page)

Trading Buy: BBTN, INDF, ANTM

## Company News

- WIKA : Targets New EPC Contracts of IDR7.67 Trillion
- ADRO : Augments Coking Coal Portion
- CTRA : Develops New Project in Surabaya
- ADHI : Secures New Contracts of IDR8.91 Trillion

## Domestic & Global News

- Budget Deficit in August's 2018: the Lowest Among Two Years' Deficits
- China Said to Call Off Trade Talks as Tariff War Escalates

## Indonesia Economic Data

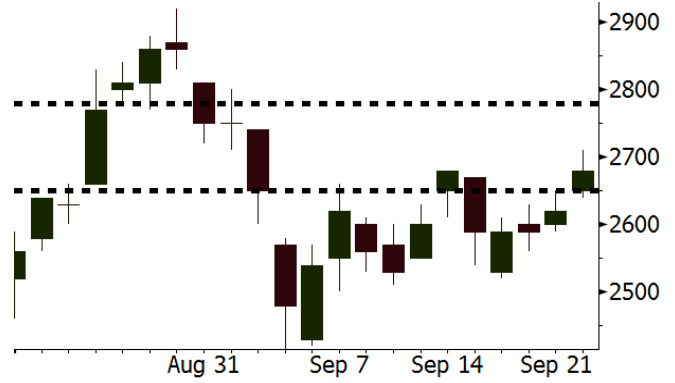
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports Yoy	24.65%	31.56%	Business Confidence	112.82	106.28
Inflation Yoy	3.20%	3.18%	Cons. Confidence*	121.60	124.80

**BBTN** Last = 2680

**Analysis** BBTN has the highest credit growth of 19% among other big cap banks. Indeed, its valuation is very attractive with the P/E of 1.3x a steep low than other big caps' P/E of 2.0x-4.5x at average.

**Range** 2650 – 2780

**Action** Trading Buy. Cut Loss If Below 2650



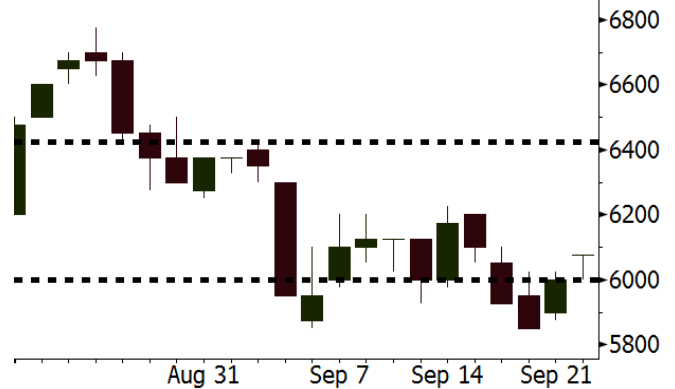
Source: Bloomberg

**INDF** Last = 6075

**Analysis** We estimate that the trend of INDF's downbeat stock prices likely halts because the stable stock prices of its subsidiary, ICBP is possible to boost INDF's stock prices to rally. Now, INDF's stocks are traded at a P/E of 13.9x, a steep lower than the last-5-year average P/E of 21.2x.

**Range** 6000 – 6425

**Action** Trading Buy. Cut Loss If Below 6000



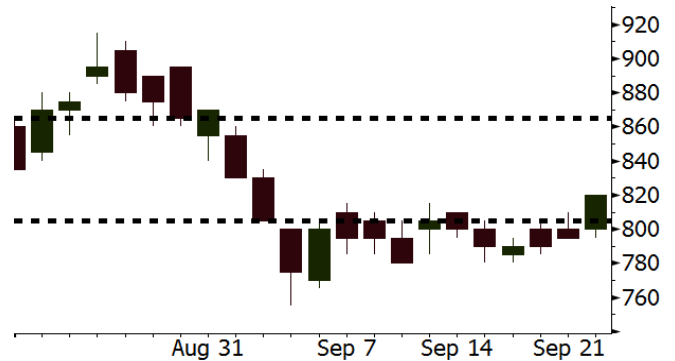
Source: Bloomberg

**ANTM** Last = 820

**Analysis** ANTM's posted the excellent sales performance. In 1H18, its gold sales volumes soared by 317% underpinned by its business expansion of gold sale in the retail market.

**Range** 805 – 865

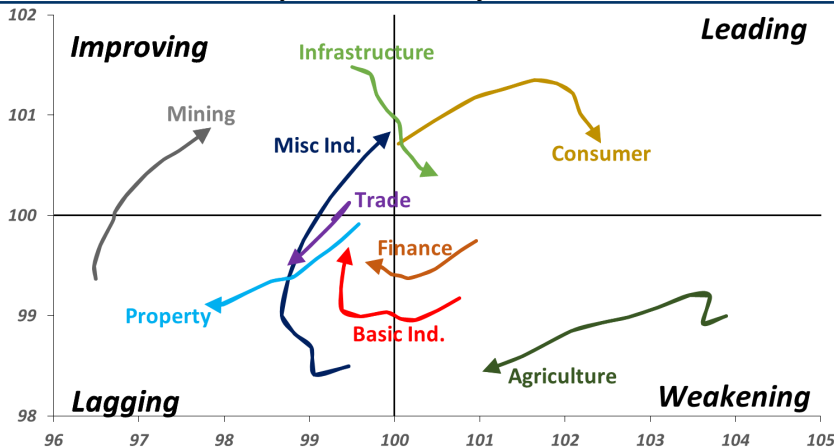
**Action** Trading buy. Cut Loss If Below 805



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>	5,958	6,356				0.8	6,738.9							
<b>Finance</b>						6.2	2,007.3							
BBCA	23,700	21,900	27,650	Buy	16.7	19.2	584.3	24.2x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,120	3,640	3,930	Buy	26.0	(0.5)	384.8	12.5x	2.3x	19.3	3.4	5.8	10.9	1.4
BMRI	6,850	8,000	7,500	Hold	9.5	3.8	319.7	13.7x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,650	9,900	9,675	Buy	26.5	2.3	142.7	9.8x	1.5x	15.5	3.3	11.8	16.2	1.4
BBTN	2,680	3,570	3,280	Buy	22.4	(17.8)	28.4	8.9x	1.3x	15.1	2.1	14.3	11.7	1.7
BJTM	655	710	810	Buy	23.7	(6.4)	9.8	8.3x	1.2x	15.5	6.7	1.1	2.5	0.9
<b>Consumer</b>						(1.7)	1,400.5							
HMSP	3,900	4,730	4,300	Hold	10.3	0.5	453.6	35.6x	16.4x	46.0	2.8	5.5	1.9	1.3
GGRM	75,025	83,800	88,650	Buy	18.2	10.3	144.4	17.6x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	47,075	55,900	49,600	Hold	5.4	(5.9)	359.2	52.0x	71.7x	139.4	1.9	(0.4)	(2.5)	1.0
ICBP	8,950	8,900	9,625	Hold	7.5	0.8	104.4	26.1x	5.3x	21.3	1.8	5.4	9.5	1.1
INDF	6,075	7,625	8,175	Buy	34.6	(28.7)	53.3	13.9x	1.7x	12.6	3.9	1.0	(12.5)	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(25.9)	60.5	25.2x	4.5x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,390	2,700	3,280	Buy	37.2	(17.0)	13.3	37.5x	5.3x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(15.5)	700.83							
TLKM	3,600	4,399	4,600	Buy	27.8	(21.7)	356.6	19.0x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,850	2,960	3,800	Buy	33.3	(26.0)	30.5	209.1x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	3,000	4,800	6,750	Buy	125.0	(53.1)	16.3	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
PGAS	2,030	1,750	2,600	Buy	28.1	26.1	49.2	13.9x	1.0x	7.6	1.6	15.0	200.0	1.5
JSMR	4,350	6,400	6,050	Buy	39.1	(24.3)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,675	6,425	6,050	Hold	6.6	(15.9)	25.7	11.4x	8.6x	104.6	3.0	7.1	8.1	0.6
INDY	2,810	3,060	5,000	Buy	77.9	42.6	14.6	2.7x	1.0x	44.8	3.8	219.4	49.0	0.8
<b>Trade</b>						(9.4)	720.2							
UNTR	33,300	35,400	44,750	Buy	34.4	8.6	124.2	13.1x	2.5x	20.6	2.7	32.3	60.0	1.1
AKRA	3,590	6,350	8,025	Buy	123.5	(49.8)	14.4	20.5x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	1,900	2,480	2,500	Buy	31.6	(13.6)	27.8	20.8x	6.6x	32.5	3.9	2.6	0.7	1.1
MNCN	860	1,285	1,125	Buy	30.8	(35.6)	12.3	8.6x	1.2x	14.6	1.7	1.8	(9.2)	1.1
LPPF	6,675	10,000	11,250	Buy	68.5	(32.2)	19.5	10.2x	8.3x	93.0	6.9	3.1	0.4	1.1
ACES	1,560	1,155	1,635	Hold	4.8	34.5	26.8	30.3x	7.5x	26.3	1.5	22.6	30.0	1.1
RALS	1,350	1,200	1,400	Hold	3.7	44.4	9.6	17.3x	2.4x	14.6	3.0	0.9	31.8	0.9
MAPI	815	620	945	Buy	16.0	18.1	13.5	23.1x	3.0x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(16.3)	360.3							
BSDE	1,160	1,700	1,850	Buy	59.5	(34.3)	22.3	6.7x	0.9x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	510	685	625	Buy	22.5	(19.7)	24.6	11.7x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	760	1,185	1,130	Buy	48.7	(34.2)	14.1	19.3x	1.1x	5.6	1.3	(0.8)	(49.0)	1.4
SMRA	620	945	1,050	Buy	69.4	(42.1)	8.9	26.8x	1.4x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,735	2,210	2,810	Buy	62.0	(8.0)	23.6	4.1x	1.4x	39.6	3.3	47.3	134.6	1.4
PTPP	1,580	2,640	3,850	Buy	143.7	(38.5)	9.8	7.2x	0.8x	12.5	3.0	17.0	(16.3)	1.4
WIKA	1,410	1,550	2,150	Buy	52.5	(25.0)	12.6	9.8x	1.0x	10.5	1.9	36.8	18.7	1.0
ADHI	1,380	1,885	2,160	Buy	56.5	(32.7)	4.9	8.6x	0.8x	10.1	2.1	39.7	282.5	1.2
<b>Misc Ind.</b>						(5.8)	367.0							
ASII	7,250	8,300	9,300	Buy	28.3	(6.8)	293.5	14.7x	2.3x	16.3	2.6	14.8	11.3	1.2
<b>Basic Ind.</b>						34.4	641.0							
INTP	16,900	21,950	21,575	Buy	27.7	(10.0)	62.2	47.4x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,300	9,900	11,550	Buy	24.2	(7.0)	55.2	29.2x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,325	3,000	4,200	Sell	(21.1)	98.7	87.3	25.6x	5.1x	21.3	1.1	2.7	59.1	1.0
JPPA	2,220	1,300	2,000	Hold	(9.9)	91.4	26.0	15.7x	2.9x	18.3	4.5	18.2	142.5	0.8
MAIN	1,325	740	780	Sell	(41.1)	44.8	3.0	20.6x	1.6x	7.9	N/A	13.5	350.0	1.2
KRAS	400	424	500	Buy	25.0	(25.2)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,025	6,000	6,275	Buy	24.9	6.9	89.6	23.2x	3.5x	17.8	1.6	7.6	(37.4)	0.7
BRPT	1,850	2,260	2,420	Buy	30.8	(17.0)	32.9	20.1x	1.9x	8.9	1.3	13.0	22.5	1.1
<b>Mining</b>						34.8	439.9							
ADRO	1,880	1,860	2,500	Buy	33.0	3.6	60.1	8.9x	1.1x	13.3	5.8	3.9	(12.1)	1.2
PTBA	4,170	2,460	5,375	Buy	28.9	102.9	48.0	8.2x	3.5x	43.4	7.6	17.4	49.1	1.1
ITMG	26,400	20,700	32,400	Buy	22.7	33.7	29.8	7.9x	2.2x	27.6	11.9	8.0	(10.0)	1.1
INCO	3,660	2,890	5,325	Buy	45.5	40.8	36.4	63.4x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	820	625	1,200	Buy	46.3	21.5	19.7	20.2x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	730	775	1,240	Buy	69.9	(17.0)	5.4	10.3x	0.9x	8.8	3.2	1.8	13.1	1.1
ELSA	344	372	625	Buy	81.7	12.4	2.5	7.0x	0.8x	12.1	1.5	46.5	783.3	1.4
<b>Agriculture</b>						(11.4)	102.0							
AALI	12,250	13,150	16,925	Buy	38.2	(17.5)	23.6	13.5x	1.3x	9.7	3.8	8.9	(23.3)	0.6
LSIP	1,315	1,420	1,680	Buy	27.8	(7.1)	9.0	17.0x	1.1x	6.6	3.4	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **WIKA : Targets New EPC Contracts of IDR7.67 Trillion**

WIKA targets to secure new Engineering Procurement Construction (EPC) contract worth IDR7.67 trillion until the end of 2018. The target is equal to 13.2% of WIKA's total new contracts in 2018. Of note, it currently works on EPC projects covering industrial plan, oil & gas, and power plant sectors. (Kontan)

### **ADRO : Augments Coking Coal Portion**

ADRO is certain to augment the revenue portion contributed by coking coal. The increment is underlined by the lack of coking coal producers amid the high demand for coking coal. Until the end of 2018, ADRO targets the coal production of 54-56 million tons. (Kontan)

### **CTRA : Develops New Project in Surabaya**

CTRA likely develops a new mixed use project situated in Wiyung, West Surabaya. The project consists of shopping centers, apartments, SOHO, and entertainment centers constructed on area of 8.5 hectares. The construction of such project will run for 8 years with the investment funds of IDR2.4 trillion. (Kontan)

### **ADHI : Secures New Contracts of IDR8.91 Trillion**

ADHI has secured the new contracts of IDR8.91 trillion until the end of August 2018. The value of new contracts increased by 14% compared to the value of new contracts obtained from January to July 2018. The construction and energy segments giving the contribution of 89.9% to the new contracts are the biggest contributors. Of note, ADHI is optimistic that 2018's target of new contracts amounting to IDR23.35 trillion will be achieved. (Kontan)

## Domestic & Global News

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### **Budget Deficit in August's 2018: the Lowest Among Two Years' Deficits**

The budget deficit remains low further. The Financial Minister posted that the budget deficit per August 31, 2018 reached IDR150.66 trillion or 1.01% of the Gross Domestic Products (GDP). August's figures were the lowest compared to the prior-two-year deficit. At the end of August 2017, the budget deficit was IDR224.9 trillion or equal to 1.65% of GDP, while at the end of August 2016, the budget deficit was IDR261.8 trillion of equal to 2.09% of GDP. (Kontan)

### **China Said to Call Off Trade Talks as Tariff War Escalates**

China has canceled planned trade discussions with the United States as both sides escalate their dispute in the wake of a new round of tariffs, The Wall Street Journal reported on Friday. This week, President Donald Trump slapped a fresh round of tariffs on Chinese goods ahead of scheduled trade talks with Beijing, placing 10 percent duties on \$200 billion of goods. China almost immediately retaliated with tariffs on \$60 billion in U.S. products. (CNBC)

## Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
<b>Monday</b> 24 - Sep	GER	15:00	IFO Business Climate	Sep		103	103.8
<b>Tuesday</b> 25 - Sep	USA	21:00	Conf. Board Consumer Confidence	Sep		131.5	133.4
<b>Wednesday</b> 26 - Sep	USA	21:00	New Home Sales	Aug		631k	627k
<b>Thursday</b> 27 - Sep	USA	01:00	FOMC Rate Decision (Upper Bound)	26-Sep		2.25%	2.00%
	USA	01:00	FOMC Rate Decision (Lower Bound)	26-Sep		2.00%	1.75%
	GER	13:00	GfK Consumer Confidence	Oct		10.5	10.5
	EU	16:00	Consumer Confidence	Sep F		--	-2.9
	GER	19:00	CPI MoM	Sep P		0.10%	0.10%
	GER	19:00	CPI YoY	Sep P		2.00%	2.00%
	USA	19:30	GDP Annualized QoQ	2Q T		4.30%	4.20%
	USA	19:30	Durable Goods Orders	Aug P		1.70%	-1.70%
	USA	19:30	Initial Jobless Claims	22-Sep		--	201k
<b>Friday</b> 28 - Sep	JPN	06:30	Jobless Rate	Aug		2.50%	2.50%
	JPN	06:50	Industrial Production MoM	Aug P		1.50%	-0.10%
	CHN	08:45	Caixin China PMI Mfg	Sep		50.5	50.6
	GER	14:55	Unemployment Change (000's)	Sep		-8k	-8k
	UK	15:30	GDP QoQ	2Q F		0.40%	0.40%
	UK	15:30	GDP YoY	2Q F		1.30%	1.30%
	USA	19:30	Personal Income	Aug		0.40%	0.30%
	USA	19:30	Personal Spending	Aug		0.30%	0.40%

Source: Bloomberg

## Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
<b>Thursday</b> 27 - Sep	Tentative	Bank Indonesia 7D Reverse Repo	27-Sep		5.75%	5.50%
<b>Friday</b> 28 - Sep	Tentative	Money Supply M2 YoY	Aug		--	6.30%
	Tentative	Money Supply M1 YoY	Aug		--	7.00%

Source: Bloomberg

## Corporate Calendar

Date	Event	Company
<b>Tuesday</b> 25 - Sep	Extraordinary Shareholder Meeting	BNLI, FREN
	Cum Dividend Date	HEXA (IDR0.02 per share)
<b>Wednesday</b> 26 - Sep	Extraordinary Shareholder Meeting	BIPP
	Annual Shareholder Meeting	RIGS, ZINC
<b>Wednesday</b> 27 - Sep	Extraordinary Shareholder Meeting	MYRX
	Annual Shareholder Meeting	AKKU, BIPI
<b>Friday</b> 28 - Sep	IPO Listing	Superkrane Mitra Utama

Source: Bloomberg

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