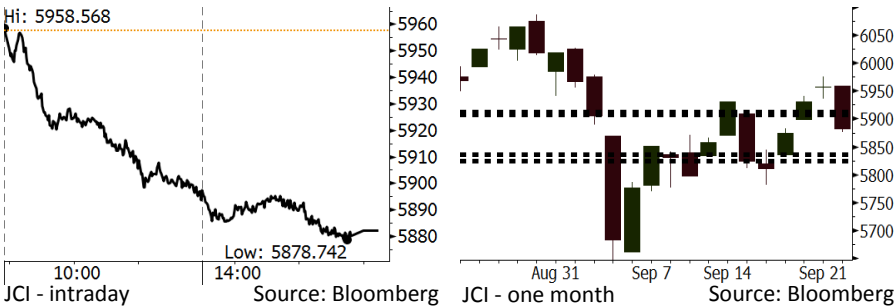


Morning Brief

Daily | Sept 25, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 24	5,882.22
Chg	-75.52pts (-1.27%)
Volume (bn shares)	98.07
Value (IDR tn)	6.64

Adv 97 Dec 268 Unc 251 Untr 125

Foreign Transaction (IDR bn)

Buy	2,112
Sell	1,524
Net Buy (Sell)	587

Top Buy NB Val. Top Sell NS Val.

BBCA	122.6	BBRI	87.0
BMRI	92.8	TRAM	60.0
TLKM	64.7	ASII	51.8
UNVR	61.9	INCO	27.4
INKP	55.3	BBNI	21.7

LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
SRIL	1.2%	SCMA	-5.3%
BBCA	1.0%	HMSP	-3.9%
TPIA	0.5%	ITMG	-3.7%
BJBR	0.5%	BBNI	-3.6%
JSMR	0.2%	BBRI	-3.5%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.20%	0.06%
USDIDR	14,866	0.33%
KRWIDR	13.30	0.19%

Global Indexes

Index	Last	Chg.	%
Dow Jones	26,562.05	(181.45)	-0.68%
S&P 500	2,919.37	(10.30)	-0.35%
Nasdaq	7,993.25	6.29	0.08%
FTSE 100	7,458.41	(31.82)	-0.42%
CAC 40	5,476.17	(18.00)	-0.33%
DAX	12,350.82	(80.06)	-0.64%
Nikkei	23,869.93	195.00	0.82%
Hang Seng	27,499.39	(454.19)	-1.62%
Shanghai	2,797.49	68.24	2.50%
KOSPI	2,339.17	15.72	0.68%
EIDO	22.71	(0.52)	-2.24%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,199.0	(1.0)	-0.08%
Crude Oil (USD /bbl)	72.08	1.30	1.84%
Coal Newcas(USD/ton)	112.55	0.50	0.45%
Gas (USD /mmbtu)	3.04	0.06	2.05%
Nickel LME (USD /MT)	12,955	(295.0)	-2.23%
Tin LME (USD /MT)	18,925	(75.0)	-0.39%
CPO (MYR/Ton)	2,163	20.0	0.93%

Market Recap

JCI finished on a low note yesterday as the consumer sector posted a loss and the rupiah is depreciated. **Top Losers: Consumer (-1.59%), Mining (-1.57%), Infrastructure (-1.53%)**

Global markets snapped lower yesterday as the new tariffs between the world's two powerful economies taking into effects. Besides, China also cancelled the trade talks with the U.S. On the other side, the new turmoil arising from Trump's Administration also constrained the U.S. trade movement.

Today's Outlook: IMF's Credit Funds for Argentina

We estimate that today JCI is likely sluggish with the **support range of 5824-5836** and **resistance range of 5908-5912**. Investors focus on the global sentiments of pressures on emerging economies. Aiming to ensure investors its liability for the payment of its sovereign bonds matured in 2019, Argentina plunging into a deep depreciation is seeking credit injection of USD3-5 billion from IMF.

Learning from Argentina's financial crisis, Bank Indonesia (BI) concertedly controls the rupiah movement. BI's Board of Governors Meeting held in this week coupled with the possibility of the U.S. monetary tightening likely gives rooms for BI's benchmark rate hike.

Stocks Recommendation (details on the next page)

Trading Buy: BBCA, TINS, AALI

Company News

- INDF : Will Adjust Flour Prices
- SMBR : Increases Its Sales through New Products
- ANTM : Receives Stock Divestment Funds
- KLBF : Targets Sales Growth of Its Product Sold to BPJS

Domestic & Global News

- Primer Balance Deficit Is Estimated to Lower at the End of 2018
- U.S. Deputy Attorney General is Reportedly Resigning

Indonesia Economic Data

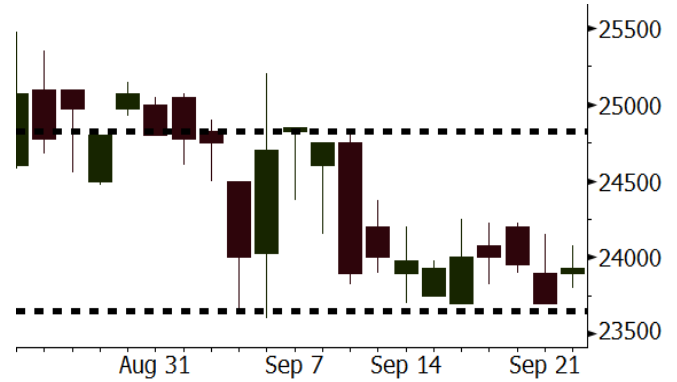
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports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

BBCA Last = 23925

Analysis BBCA has the highest CASA portion of 78.2% among its peers' CASA of lower than 70%. The highest CASA strengthens BBCA to face the pressure of lagging deposits attributable to the hike in reference rates.

Range 23650 – 24825

Action Trading Buy. Cut Loss If Below 23650



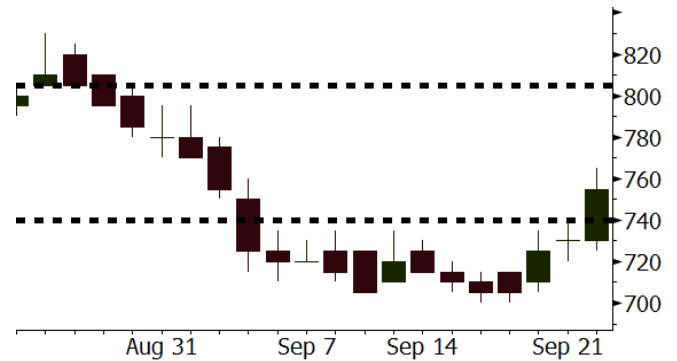
Source: Bloomberg

TINS Last = 755

Analysis The trend of strengthening the U.S. dollar allows TINS to reap profits because TINS has export sales contribution of 90%. On the other side, the trend of declining global tin prices has ended.

Range 740 – 805

Action Trading Buy. Cut Loss If Below 740



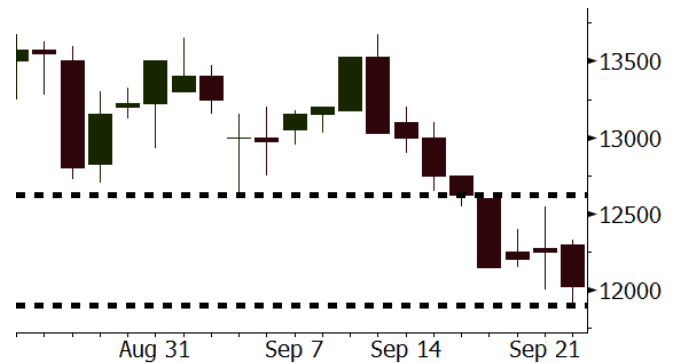
Source: Bloomberg

AALI Last = 12025

Analysis The last 2-week decline in AALI's stocks prices is estimated to halt along the rebound in global CPO prices. On the other side, AALI's valuation is quite attractive with the P/E of 13.2x, a steep lower than the 5-year average P/E of 19.4x.

Range 11900 – 12625

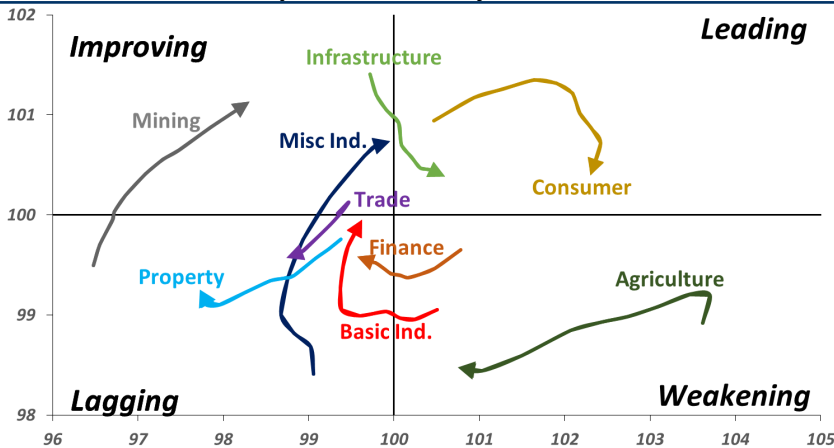
Action Trading buy. Cut Loss If Below 11900



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	5,882	6,356				(0.2)	6,653.7							
Finance						5.4	1,984.0							
BBCA	23,925	21,900	27,650	Buy	15.6	21.6	589.9	24.4x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,010	3,640	3,930	Buy	30.6	(4.0)	371.3	12.1x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,750	8,000	7,500	Hold	11.1	2.7	315.0	13.5x	1.9x	14.5	2.9	(0.5)	28.7	1.3
BBNI	7,375	9,900	9,675	Buy	31.2	(1.7)	137.5	9.4x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,640	3,570	3,280	Buy	24.2	(19.3)	28.0	8.8x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(4.4)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						(3.1)	1,378.2							
HMSP	3,750	4,730	4,300	Hold	14.7	(4.1)	436.2	34.3x	15.7x	46.0	2.9	5.5	1.9	1.3
GGRM	72,800	83,800	88,650	Buy	21.8	8.4	140.1	17.1x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	47,075	55,900	49,600	Hold	5.4	(5.3)	359.2	52.0x	71.7x	139.4	1.9	(0.4)	(2.5)	1.0
ICBP	8,800	8,900	9,625	Hold	9.4	(1.1)	102.6	25.7x	5.2x	21.3	1.8	5.4	9.5	1.1
INDF	5,975	7,625	8,175	Buy	36.8	(30.7)	52.5	13.6x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,290	1,690	1,730	Buy	34.1	(24.3)	60.5	25.2x	4.5x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,440	2,700	3,280	Buy	34.4	(13.8)	13.6	38.3x	5.4x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(16.7)	690.14							
TLKM	3,540	4,399	4,600	Buy	29.9	(23.2)	350.7	18.7x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,810	2,960	3,800	Buy	35.2	(25.7)	30.0	206.2x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,980	4,800	6,750	Buy	126.5	(53.4)	16.2	N/A	1.3x	(2.6)	2.4	(26.8)	N/A	0.9
PGAS	2,030	1,750	2,600	Buy	28.1	28.5	49.2	13.8x	1.0x	7.6	1.6	15.0	200.0	1.5
JSMR	4,360	6,400	6,050	Buy	38.8	(23.5)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,575	6,425	6,050	Hold	8.5	(15.2)	25.3	11.2x	8.4x	104.6	3.0	7.1	8.1	0.6
INDY	2,760	3,060	5,000	Buy	81.2	38.0	14.4	2.7x	1.0x	44.8	3.9	219.4	49.0	0.8
Trade						(9.9)	713.1							
UNTR	32,450	35,400	44,750	Buy	37.9	7.2	121.0	12.8x	2.5x	20.6	2.8	32.3	60.0	1.1
AKRA	3,540	6,350	8,025	Buy	126.7	(50.0)	14.2	20.3x	1.7x	22.2	6.2	21.6	(34.8)	1.3
SCMA	1,800	2,480	2,500	Buy	38.9	(19.3)	26.3	19.7x	6.2x	32.5	4.2	2.6	0.7	1.1
MNCN	845	1,285	1,125	Buy	33.1	(37.6)	12.1	8.4x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	6,675	10,000	11,250	Buy	68.5	(31.5)	19.5	10.2x	8.3x	93.0	6.9	3.1	0.4	1.1
ACES	1,470	1,155	1,635	Hold	11.2	28.4	25.2	28.6x	7.1x	26.3	1.6	22.6	30.0	1.1
RALS	1,335	1,200	1,525	Hold	14.2	44.3	9.5	17.1x	2.4x	14.6	3.0	0.9	31.8	0.9
MAPI	810	620	945	Buy	16.7	15.7	13.4	22.9x	3.0x	15.5	0.5	18.0	183.0	1.0
Property						(16.4)	359.8							
BSDE	1,125	1,700	1,850	Buy	64.4	(36.8)	21.7	6.5x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	505	685	625	Buy	23.8	(21.7)	24.3	11.6x	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	605	945	1,050	Buy	73.6	(42.9)	8.7	26.2x	1.3x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,730	2,210	2,810	Buy	62.4	(7.2)	23.5	4.0x	1.4x	39.6	3.3	47.3	134.6	1.4
PTPP	1,535	2,640	3,850	Buy	150.8	(38.8)	9.5	7.0x	0.8x	12.5	3.1	17.0	(16.3)	1.4
WIKA	1,375	1,550	2,150	Buy	56.4	(25.5)	12.3	9.6x	1.0x	10.5	2.0	36.8	18.7	1.0
ADHI	1,355	1,885	2,160	Buy	59.4	(32.9)	4.8	8.5x	0.8x	10.1	2.1	39.7	282.5	1.2
Misc Ind.						(7.2)	361.6							
ASII	7,125	8,300	9,300	Buy	30.5	(8.7)	288.4	14.5x	2.3x	16.3	2.6	14.8	11.3	1.2
Basic Ind.						32.5	633.5							
INTP	16,500	21,950	21,575	Buy	30.8	(12.2)	60.7	46.3x	2.7x	5.7	4.2	(0.9)	(60.6)	1.4
SMGR	9,125	9,900	11,550	Buy	26.6	(8.3)	54.1	28.6x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,325	3,000	4,200	Sell	(21.1)	95.8	87.3	25.6x	5.1x	21.3	1.1	2.7	59.1	1.0
JPFA	2,050	1,300	2,000	Hold	(2.4)	76.7	24.0	14.5x	2.7x	18.3	4.9	18.2	142.5	0.8
MAIN	1,275	740	780	Sell	(38.8)	41.7	2.9	19.8x	1.6x	7.9	N/A	13.5	350.0	1.2
KRAS	400	424	500	Buy	25.0	(24.5)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,050	6,000	6,275	Buy	24.3	5.8	90.1	23.1x	3.5x	17.8	1.6	7.6	(37.4)	0.7
BRPT	1,825	2,260	2,420	Buy	32.6	(17.4)	32.5	19.7x	1.8x	8.9	1.3	13.0	22.5	1.1
Mining						34.5	433.0							
ADRO	1,820	1,860	2,500	Buy	37.4	3.7	58.2	8.5x	1.1x	13.3	5.9	3.9	(12.1)	1.2
PTBA	4,120	2,460	5,375	Buy	30.5	106.5	47.5	8.1x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	25,425	20,700	32,400	Buy	27.4	30.4	28.7	7.5x	2.1x	27.6	12.4	8.0	(10.0)	1.1
INCO	3,590	2,890	5,325	Buy	48.3	35.5	35.7	61.6x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	800	625	1,200	Buy	50.0	23.1	19.2	19.7x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	755	775	1,240	Buy	64.2	(12.7)	5.6	10.6x	0.9x	8.8	3.1	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
Agriculture						(12.4)	100.8							
AALI	12,025	13,150	16,925	Buy	40.7	(19.0)	23.1	13.2x	1.3x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,285	1,420	1,680	Buy	30.7	(8.5)	8.8	16.6x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

INDF : Will Adjust Flour Prices

INDF will adjust flour prices because the rupiah depreciation occurring since May 2018 has sent the prices of flour to soar by a minimum of 10%. It stated that the new prices adjustment likely gives no significant impacts on the instant noodle segment. In 1H18, its flour business posted the decline of 8.24% y-y to IDR550.66 billion in profit. (Bisnis Indonesia)

ANTM : Receives Stock Divestment Funds

ANTM received the funds of USD57.24 million stemming from 20% stock divestment of PT Dairi Prima Mineral (DPM) to PT Bumi Resources Minerals Tbk (BRMS). The funds will be allocated as cash. Of note, it allocated 2018's capex of IDR3 trillion to boost the production of nickel ore to reach 900,000 tons. (Kontan)

SMBR : Increases Its Sales through New Products

SMBR will increase the sales of cement through its new products: Portland Cement Type II and Portland Cement Type V. It invested the funds of IDR395.4 million on the development of the products marketed to the government and private projects. In August 2018, its sales volumes grew by 72.2% y-y to 218,747 tons. (Bisnis Indonesia)

KLBF : Targets Sales Growth of Its Product Sold to BPJS

KLBF targets the product sales contribution to the Health Care and Social Security Agency (BPJS) to hike by 10%-15% in 2019. The products sold to BPJS have been selected through the e-catalogue process. Besides, KLBF expects that 3Q18's sales growth is as rosy as 2Q18's sales growth. (Bisnis Indonesia)

Domestic & Global News

Primer Balance Deficit Is Estimated to Lower at the End of 2018

The primer balance deficit until the end of 2018 is estimated to be deficit further, but it is unlikely as big as the figures targeted in 2018's state budget (APBN). The Budget General Director of the Financial Ministry Askolani stated that at the end of 2018, the primer balance deficit is likely lower than the targeted figures of IDR87.6 trillion. Per August 2018's data showed that the primer balance deficit posted the surplus of IDR11.6 trillion. (CNBC)

U.S. Deputy Attorney General is Reportedly Resigning

U.S. Deputy Attorney General Rod Rosenstein was on the verge of resigning or being fired. The White House later said in a statement Rosenstein and President Donald Trump will meet on Thursday amid the conflicting reports. (CNBC)

Global Economic Calendar

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 24 - Sep	GER	15:00	IFO Business Climate	Sep	103.7	103	103.8
Tuesday 25 - Sep	USA	21:00	Conf. Board Consumer Confidence	Sep		131.5	133.4
Wednesday 26 - Sep	USA	21:00	New Home Sales	Aug		631k	627k
Thursday 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
Friday 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.
Thursday 27 - Sep	Tentative	Bank Indonesia 7D Reverse Repo	27-Sep		5.75%	5.50%
Friday 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
Tuesday 25 - Sep	Extraordinary Shareholder Meeting	BNLI, FREN
	Cum Dividend Date	HEXA (IDR0.02 per share)
Wednesday 26 - Sep	Extraordinary Shareholder Meeting	BIPP
	Annual Shareholder Meeting	RIGS, ZINC
Wednesday 27 - Sep	Extraordinary Shareholder Meeting	MYRX
	Annual Shareholder Meeting	AKKU, BIPI
Friday 28 - Sep	IPO Listing	Superkrane Mitra Utama

Source: Bloomberg

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PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

Wisma Korindo 7th Floor
Jl. M.T. Haryono Kav. 62
Pancoran, Jakarta 12780
Indonesia
Telp: +62 21 7976202
Fax : +62 21 7976206

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Solo :

Jl. Ronggowarsito No. 8
Kota Surakarta
Jawa Tengah 57111
Indonesia
Telp: +62 271 664763
Fax : +62 271 661623

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