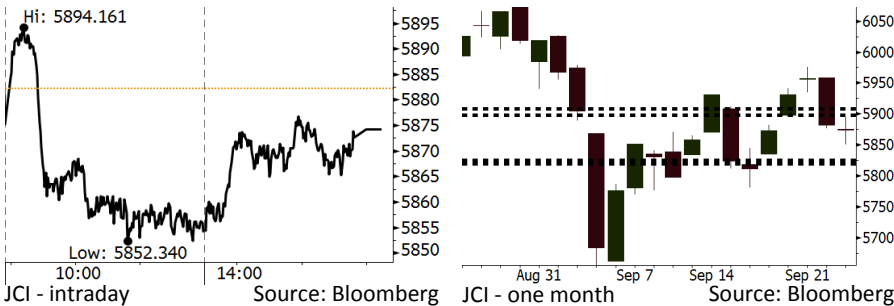


# Morning Brief

Daily | Sept 26, 2018

## JCI Movement



## IHSG (Jakarta Composite Index)

September 25	5,874.30
Chg	-7.92pts (-0.14%)
Volume (bn shares)	86.56
Value (IDR tn)	5.46

Adv 155 Dec 182 Unc 279 Untr 147

## Foreign Transaction (IDR bn)

Buy	1,550
Sell	1,530
Net Buy (Sell)	20

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

BBCA	68.5	BBRI	60.5
TLKM	13.6	WSKT	19.7
BFIN	12.8	JPFA	17.5
INKP	12.8	BMRI	14.8
LPPF	12.5	TKIM	6.7

## LQ-45 Index Top Gainers & Losers

Gainers	%	Losers	%
MEDC	9.2%	INKP	-4.2%
ELSA	7.0%	LPKR	-2.4%
KLBF	2.3%	UNVR	-2.3%
PGAS	2.0%	LPPF	-1.9%
GGRM	1.7%	BMRI	-1.9%

## Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	8.25%	0.05%
USDIDR	14,918	0.35%
KRWIDR	13.33	0.19%

## Global Indexes

Index	Last	Chg.	%
Dow Jones	26,492.21	(69.84)	-0.26%
S&P 500	2,915.56	(3.81)	-0.13%
Nasdaq	8,007.47	14.22	0.18%
FTSE 100	7,507.56	49.15	0.66%
CAC 40	5,479.10	2.93	0.05%
DAX	12,374.66	23.84	0.19%
Nikkei	23,940.26	70.33	0.29%
Hang Seng	27,499.39	(454.19)	-1.62%
Shanghai	2,781.14	(16.35)	-0.58%
KOSPI	2,339.17	15.72	0.68%
EIDO	22.71	(0.00)	0.00%

## Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,201.2	2.2	0.18%
Crude Oil (USD /bbl)	72.28	0.20	0.28%
Coal Newcas(USD/ton)	113.70	1.10	0.98%
Gas (USD /mmbtu)	3.08	0.04	1.45%
Nickel LME (USD /MT)	12,950	(5.0)	-0.04%
Tin LME (USD /MT)	18,900	(25.0)	-0.13%
CPO (MYR/Ton)	2,181	18.0	0.83%

## Market Recap

JCI closed lower amid the depreciated rupiah. Investors oversaw the mandatory on B20 has not been fully implemented. **Top Losers: Basic Industry (-1.58%), Property (-0.63%), Agriculture (-0.52%)**

The U.S. and Asia markets finished mixed yesterday after Trump administration urging tough stance on trade and the heightened tension arising from the U.S. and China trade war. On the other side, European market rallied as OPEC's stance of curbing production volumes sent the global crude prices higher.

## Today's Outlook: Trump's Speech

Today we estimate JCI to be sluggish with the **support range of 5819-5825** and **resistance range of 5898-5908**. The negative sentiment comes from Trump's speech before the United Nations General Assembly. Trump stated that its administration will implement hard line stance on trade deal. His stance looms the fears of hardly actualized trade deal between the U.S. and China.

On the other side, investors keep their eyes on the results of FOMC meeting to be finished tonight. The U.S sovereign bond yields consistently hovering at 3.1% sign that investors are aware of the hike in the Fed's benchmark rate in September and December.

## Stocks Recommendation (details on the next page)

Trading Buy: AALI, ITMG, BBNI

## Company News

- AALI : Implements Hedging Strategy
- ACES : Will Launch 3 New Stores until End of 2018
- FREN : Settles Rights Issue before End of 2018
- PPRO : Posts Marketing Sales of IDR2.6 Trillion

## Domestic & Global News

- Indonesia's PII Declines in 2Q18
- Trump Defends His Tariff Policy to United Nations General Assembly

## 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

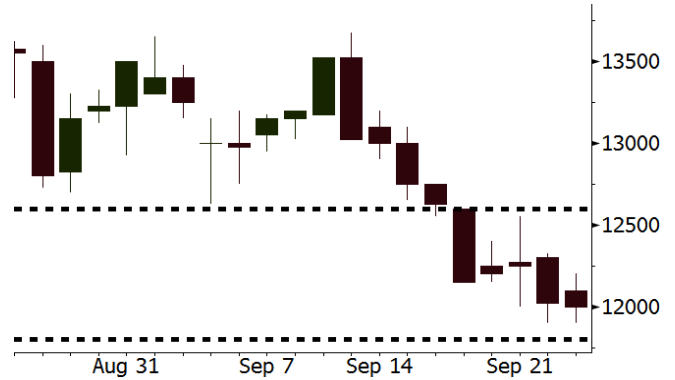
**AAJI** Last = 12000

---

**Analysis** CPO prices posting rebound within the last 2 days likely cause AALI's stock price to rebound. It is lucid that the decline in its stock prices within the last 2 weeks aligned with the decline in CPO prices.

**Range** 11800 – 12600

**Action** Trading Buy. Cut Loss If Below 11800



Source: Bloomberg

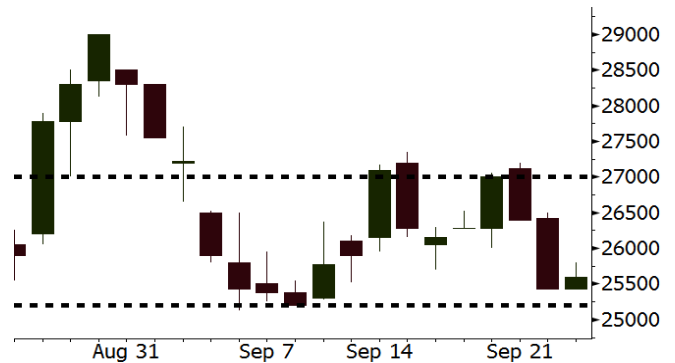
**ITMG** Last = 25600

---

**Analysis** Indonesia's coal exports hike to 4.99 million tons last week compared to the two last week's exports of 4.82 million tons. The hike in exports was attributable to the upbeat demand for coal by China and Japan.

**Range** 25200 – 27000

**Action** Trading Buy. Cut Loss If Below 25200



Source: Bloomberg

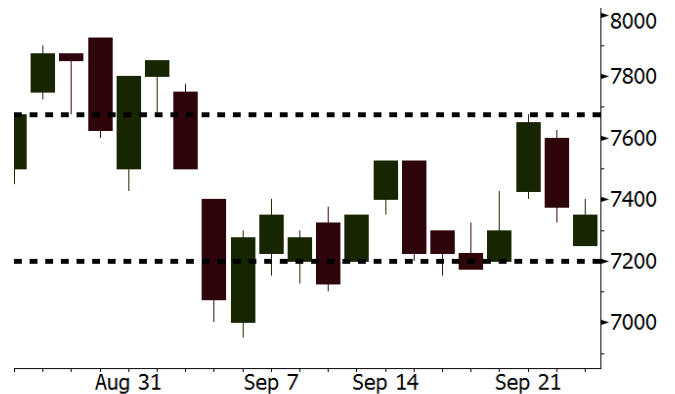
**BBNI** Last = 7350

---

**Analysis** BBNI has loan-to-deposit (LDR) ratio of 86%, lower than BBRI and BMRI's LDR settling above 90%. The backdrop gives credit expansion rooms for BBNI and minimizes the hike in cost of deposit amid the trend of tightening benchmark rate.

**Range** 7200 – 7675

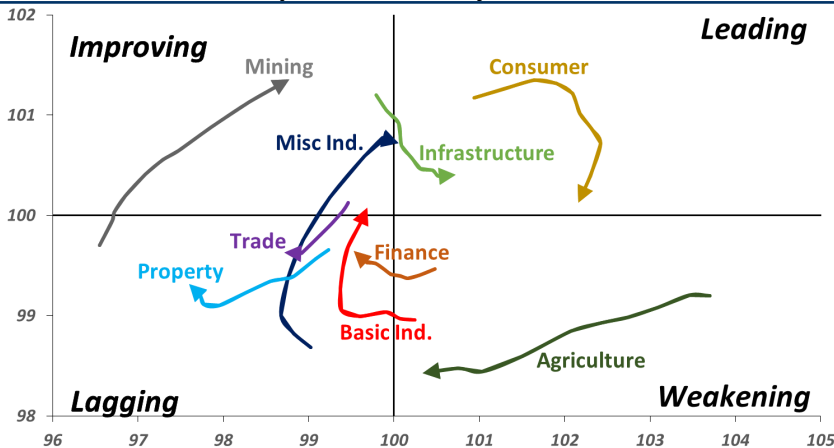
**Action** Trading buy. Cut Loss If Below 7200



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>	5,874	6,356				0.2	6,644.9							
<b>Finance</b>						5.7	1,980.3							
BBCA	23,925	21,900	27,650	Buy	15.6	21.8	589.9	24.4x	4.3x	18.8	1.1	5.7	8.4	0.9
BBRI	3,030	3,640	3,930	Buy	29.7	(2.6)	373.7	12.2x	2.2x	19.3	3.5	5.8	10.9	1.4
BMRI	6,625	8,000	7,500	Hold	13.2	1.1	309.2	13.2x	1.9x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,350	9,900	9,675	Buy	31.6	(0.7)	137.1	9.4x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,650	3,570	3,280	Buy	23.8	(18.0)	28.1	8.8x	1.3x	15.1	2.2	14.3	11.7	1.7
BJTM	660	710	810	Buy	22.7	(2.2)	9.9	8.4x	1.2x	15.5	6.7	1.1	2.5	0.9
<b>Consumer</b>						(1.7)	1,379.0							
HMSP	3,760	4,730	4,300	Hold	14.4	(2.3)	437.4	34.4x	15.8x	46.0	2.9	5.5	1.9	1.3
GGRM	74,000	83,800	88,650	Buy	19.8	12.7	142.4	17.4x	3.5x	20.9	3.5	12.6	13.7	1.3
UNVR	46,000	55,900	49,600	Hold	7.8	(6.8)	351.0	50.8x	70.0x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,850	8,900	9,625	Hold	8.8	0.6	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	1,320	1,690	1,730	Buy	31.1	(21.4)	61.9	25.7x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAFF	2,600	2,700	3,280	Buy	26.2	(8.5)	14.4	40.8x	5.8x	14.9	0.7	29.1	28.3	1.0
<b>Infrastructure</b>						(16.6)	692.51							
TLKM	3,560	4,399	4,600	Buy	29.2	(23.4)	352.7	18.8x	4.1x	22.1	4.7	0.5	(28.1)	0.8
EXCL	2,790	2,960	3,800	Buy	36.2	(26.2)	29.8	204.7x	1.4x	0.7	N/A	1.0	N/A	1.2
ISAT	2,950	4,800	6,750	Buy	128.8	(53.9)	16.0	N/A	1.3x	(2.6)	2.5	(26.8)	N/A	0.9
PGAS	2,070	1,750	2,600	Buy	25.6	36.2	50.2	14.0x	1.0x	7.6	1.5	15.0	200.0	1.5
JSMR	4,350	6,400	6,050	Buy	39.1	(23.7)	31.6	14.2x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,425	6,425	6,050	Hold	11.5	(16.5)	24.6	10.9x	8.2x	104.6	3.1	7.1	8.1	0.6
INDY	2,730	3,060	5,000	Buy	83.2	36.5	14.2	2.6x	1.0x	44.8	3.9	219.4	49.0	0.8
<b>Trade</b>						(10.4)	709.9							
UNTR	32,150	35,400	44,750	Buy	39.2	3.7	119.9	12.7x	2.4x	20.6	2.8	32.3	60.0	1.1
AKRA	3,580	6,350	8,025	Buy	124.2	(48.7)	14.4	20.5x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	1,825	2,480	2,500	Buy	37.0	(19.6)	26.7	20.0x	6.3x	32.5	4.1	2.6	0.7	1.1
MNCN	835	1,285	1,125	Buy	34.7	(37.7)	11.9	8.3x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	6,550	10,000	11,250	Buy	71.8	(34.2)	19.1	10.0x	8.2x	93.0	7.0	3.1	0.4	1.1
ACES	1,450	1,155	1,635	Hold	12.8	18.9	24.9	28.2x	7.0x	26.3	1.6	22.6	30.0	1.1
RALS	1,325	1,200	1,525	Buy	15.1	48.9	9.4	17.0x	2.4x	14.6	3.0	0.9	31.8	0.9
MAPI	810	620	945	Buy	16.7	14.5	13.4	22.9x	3.0x	15.5	0.5	18.0	183.0	1.0
<b>Property</b>						(16.2)	357.6							
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	510	685	625	Buy	22.5	(19.0)	24.6	11.7x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	755	1,185	1,130	Buy	49.7	(34.3)	14.0	19.2x	1.1x	5.6	1.3	(0.8)	(49.0)	1.4
SMRA	595	945	1,050	Buy	76.5	(44.1)	8.6	25.7x	1.3x	5.2	0.8	(2.5)	(40.0)	1.5
WSKT	1,705	2,210	2,810	Buy	64.8	(7.1)	23.1	4.0x	1.4x	39.6	3.4	47.3	134.6	1.4
PTPP	1,525	2,640	3,850	Buy	152.5	(38.5)	9.5	7.0x	0.8x	12.5	3.1	17.0	(16.3)	1.4
WIKA	1,365	1,550	2,150	Buy	57.5	(25.0)	12.2	9.5x	0.9x	10.5	2.0	36.8	18.7	1.0
ADHI	1,350	1,885	2,160	Buy	60.0	(32.8)	4.8	8.4x	0.8x	10.1	2.1	39.7	282.5	1.2
<b>Misc Ind.</b>						(6.3)	364.6							
ASII	7,200	8,300	9,300	Buy	29.2	(7.7)	291.5	14.6x	2.3x	16.3	2.6	14.8	11.3	1.2
<b>Basic Ind.</b>						30.2	623.5							
INTP	16,450	21,950	21,575	Buy	31.2	(15.1)	60.6	46.1x	2.7x	5.7	4.3	(0.9)	(60.6)	1.4
SMGR	9,025	9,900	11,550	Buy	28.0	(8.8)	53.5	28.3x	1.8x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,175	3,000	4,200	Sell	(18.8)	84.8	84.9	24.9x	4.9x	21.3	1.1	2.7	59.1	1.0
JPFA	2,040	1,300	2,000	Hold	(2.0)	58.1	23.9	14.4x	2.7x	18.3	4.9	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	1.2
KRAS	400	424	500	Buy	25.0	(23.1)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	5,000	6,000	6,275	Buy	25.5	4.8	89.2	22.9x	3.4x	17.8	1.6	7.6	(37.4)	0.7
BRPT	1,825	2,260	2,420	Buy	32.6	(17.0)	32.5	19.7x	1.8x	8.9	1.3	13.0	22.5	1.1
<b>Mining</b>						37.7	437.3							
ADRO	1,815	1,860	2,500	Buy	37.7	6.1	58.1	8.5x	1.1x	13.3	6.0	3.9	(12.1)	1.2
PTBA	4,130	2,460	5,375	Buy	30.1	108.6	47.6	8.2x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	25,600	20,700	32,400	Buy	26.6	36.5	28.9	7.6x	2.1x	27.6	12.3	8.0	(10.0)	1.1
INCO	3,640	2,890	5,325	Buy	46.3	37.9	36.2	62.5x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	805	625	1,200	Buy	49.1	24.8	19.3	19.8x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	750	775	1,240	Buy	65.3	(10.2)	5.6	10.6x	0.9x	8.8	3.1	1.8	13.1	1.1
ELSA	368	372	625	Buy	69.8	18.7	2.7	7.5x	0.9x	12.1	1.4	46.5	783.3	1.4
<b>Agriculture</b>						(12.7)	100.3							
AALI	12,000	13,150	16,925	Buy	41.0	(19.5)	23.1	13.2x	1.2x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,260	1,420	1,680	Buy	33.3	(10.0)	8.6	16.3x	1.1x	6.6	3.6	(28.5)	(47.6)	0.6

\* Target Price for December 2018

Source: Bloomberg, NHKS Research

### **AALI : Implements Hedging Strategy**

AALI stated that its forex loan is safe from the risks arising from rupiah depreciation as it implements hedging values. However, the volatile rupiah's exchange rate inevitably affects its operational and financial performance. To cushion the risks, it focuses on increment in sales by boosting productivity. (Kontan)

### **ACES : Will Launch 3 New Stores until End of 2018**

ACES launched new store at BTC Mall in Bekasi. To launch the store covering on area of 2,600 sqm, it spent investment funds of IDR20 billion. Thus, it has the total stores of 162. Indeed, to accelerate its performance, ACES will launch 3 new stores until the end of 2018. (Kontan)

### **FREN : Settles Rights Issue before End of 2018**

FREN targets the rights issue to be settled before the end of 2018. The proceeds from the rights issue are spent on the bank loan settlement, vendor payment, spectrum use, and financing operational activities. Of note, it announces the execution price of rights issue in the late of this week and projects the secured proceeds to reach IDR6.8 trillion. (Bisnis Indonesia)

### **PPRO : Posts Marketing Sales of IDR2.6 Trillion**

PPRO posted the marketing sales of IDR2.6 trillion until the end of 2018. Most of the amount was the bulk sales. Of note, it targets the marketing sales of IDR3.8 trillion in 2018. Until the end of 2018. It will construct transit oriented development (TOD)-based residencies near to Juanda station. (Kontan)

## Domestic & Global News

### **Indonesia's PII Declines in 2Q18**

Bank Indonesia (BI) released the data of Indonesia's International Investment Position (PII) in 2Q18. The PII recorded net liabilities of USD305.6 billion or equal to 29.3% of the Gross Domestic Products (GDP). The figures are lower than 1Q18's figures of USD325.6 billion or equal to 31.5% of GDP. (CNBC Indonesia)

### **Trump Defends His Tariff Policy to United Nations General Assembly**

President Donald Trump defended his administration's trade clashes on Tuesday, telling world leaders the U.S. will act in its "national interest" when it feels cheated. Trump's comments to the United Nations General Assembly follow his latest shot in a trade war with China, the world's second-largest economy. His administration slapped 10 percent tariffs on USD200 billion in Chinese goods a move he justified Tuesday as necessary to defend American workers. (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	103.7	103	103.8
<b>Tuesday</b> 25 - Sep	USA	21:00	Conf. Board Consumer Confidence	Sep	138.4	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

### DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia



## PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

**Head Office :**

Wisma Korindo 7<sup>th</sup> 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

### A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |  
Jakarta