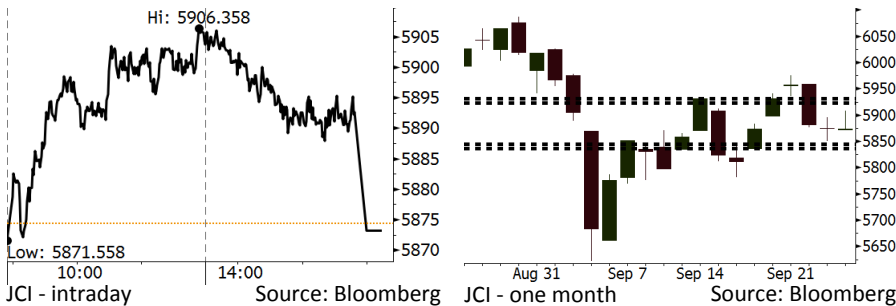


Morning Brief

Daily | Sept 27, 2018

JCI Movement



IHSG (Jakarta Composite Index)

September 26	5,873.27
Chg	-1.03pts (-0.02%)
Volume (bn shares)	108.64
Value (IDR tn)	7.62

Adv 172 Dec 184 Unc 260 Untr 140

Foreign Transaction		(IDR bn)
Buy		2,228
Sell		1,994
Net Buy (Sell)		233

Top Buy	NB Val.	Top Sell	NS Val.
BBCA	198.1	UNTR	263.0
ASII	99.2	PNLF	45.2
SMSM	54.9	BBRI	36.1
TKIM	42.9	TRAM	25.2
TLKM	36.6	BDMN	24.6

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
ADHI	3.7%	UNTR	-3.2%
LPKR	3.7%	ICBP	-2.8%
PGAS	3.4%	TPIA	-2.4%
INTP	3.3%	GGRM	-1.7%
LPPF	2.3%	ELSA	-1.6%

Government Bond Yield & FX		
	Last	Chg.
Tenor: 10 year	8.23%	-0.01%
USDIDR	14,911	-0.05%
KRWIDR	13.36	0.23%

Global Indexes			
Index	Last	Chg.	%
Dow Jones	26,385.28	(106.93)	-0.40%
S&P 500	2,905.97	(9.59)	-0.33%
Nasdaq	7,990.37	(17.11)	-0.21%
FTSE 100	7,511.49	3.93	0.05%
CAC 40	5,512.73	33.63	0.61%
DAX	12,385.89	11.23	0.09%
Nikkei	24,033.79	93.53	0.39%
Hang Seng	27,816.87	317.48	1.15%
Shanghai	2,806.81	25.68	0.92%
KOSPI	2,339.17	15.72	0.68%
EIDO	22.69	(0.02)	-0.09%

Commodities			
Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,194.4	(6.8)	-0.56%
Crude Oil (USD /bbl)	71.57	(0.71)	-0.98%
Coal Newcas(USD/ton)	114.40	0.70	0.62%
Gas (USD /mmbtu)	2.98	(0.08)	-2.55%
Nickel LME (USD /MT)	12,820	(130.0)	-1.00%
Tin LME (USD /MT)	18,875	(25.0)	-0.13%
CPO (MYR/Ton)	2,190	9.0	0.41%

Market Recap

Although JCI made a brief rally, it finished at a slightly low note along with the rupiah depreciation. Investors also digest the development of trade war. **Top Losers: Trade (-0.56%), Consumer (-0.43%), Basic Industry (-0.29%)**

Most of global markets finished on high notes after President Trump's speech on global trade. Meanwhile, investors kept their wary eyes on the Fed's stance of its benchmark rates. On the other side, the U.S. markets closed lower last night after the Fed's stance of 0.25% monetary tightening.

Today's Outlook: Powell's Stance

We estimate JCI to rally with the **support range of 5836-5845** and **resistance range of 5923-5931**. The positive sentiment comes from the statement of the Fed's Chair Jerome Powell. In line with the projection, the Fed hiked its benchmark rate by 25 bps. Powell stated that the Fed must raise benchmark rate if inflation unexpectedly hikes. However, he stated that it discerned no pressure of hiking inflation to occur in near future. The backdrop caused the U.S. bond yields to lower.

From the domestic outlook, investors await the result of BI's Board of Governors Meeting and estimate the possible hike of 25 bps with a view to anticipating the possible volatility until the end of 2018. On the other side, the positive sentiment comes from the release of August's credit growth reaching 12.1% increasing from 11.3% in July.

Stocks Recommendation (details on the next page)

Trading Buy: BBTN, AALI, UNTR

Company News

- MEDC : Issues Bonds of IDR1.2 Trillion
- PTBA : Augments Power Plant Portion
- JSMR : Settles Matured Bonds of IDR1 Trillion
- ELSA : Makes the Best Use of Hiking Global Crude Prices

Domestic & Global News

- BI Likely Hikes Its Benchmark Rates
- Fed Raises U.S. Interest Rates to a Range of 2.0 to 2.25 Percent

Indonesia Economic Data

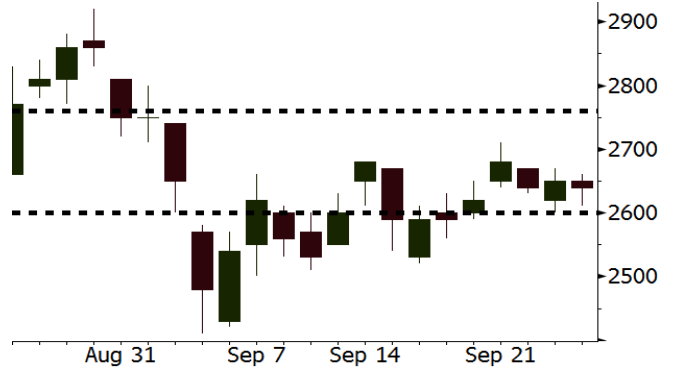
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	5.50%	5.25%	Real GDP	5.27%	5.06%
FX Reserve (USD bn)	117.90	118.31	Current Acc (USD bn)	(8.03)	(5.54)
Trd Balance (USD bn)	(1.02)	(2.03)	Govt. Spending Yoy	5.26%	2.73%
Exports Yoy	4.15%	19.33%	FDI (USD bn)	5.50	3.49
Imports 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 = 2640

Analysis The growth of 12.3% in August's credit shows Indonesia-based robust banking sector. BBTN is a bank with the highest credit growth of 19.1%.

Range 2600 – 2760

Action Trading Buy. Cut Loss If Below 2600



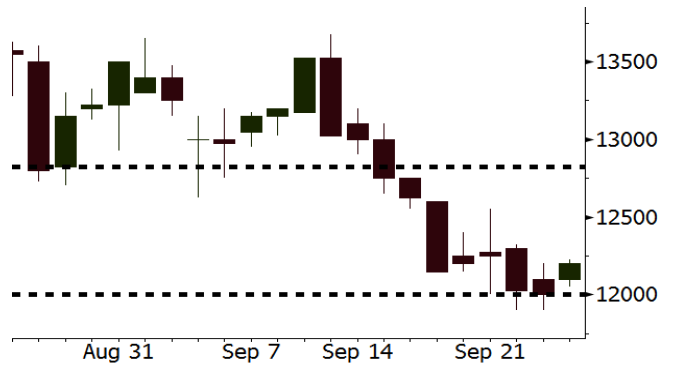
Source: Bloomberg

AALI Last = 12200

Analysis The global CPO prices are estimated to rally. The mandatory on B20 biodiesel and the moratorium on new oil palm plantations likely cause the decline in supply for global markets.

Range 12000 – 12825

Action Trading Buy. Cut Loss If Below 12000



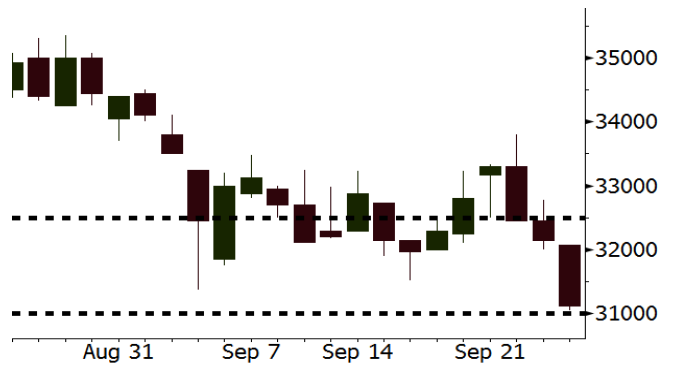
Source: Bloomberg

UNTR Last = 31125

Analysis A steep decline in UNTR's stock prices has caused its valuation attractive. Now, UNTR is traded at P/E of 12.3x a steep lower than the 2-year average of 21.8x.

Range 31000 – 32500

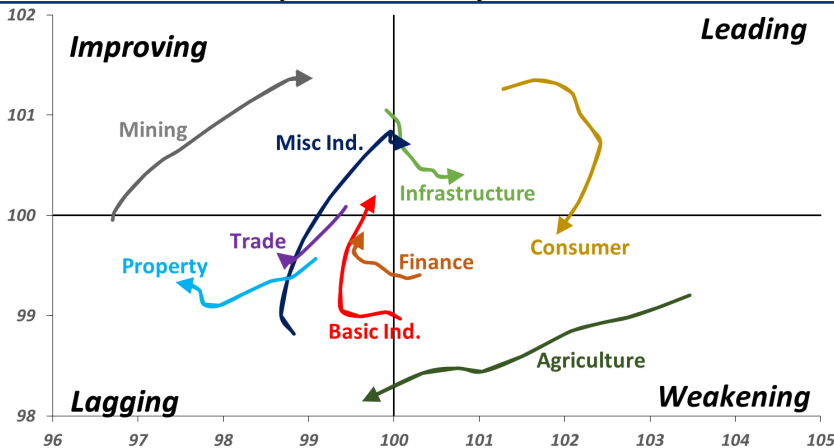
Action Trading buy. Cut Loss If Below 31000



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	5,873	6,356				0.2	6,644.9							
Finance						6.2	1,984.4							
BBCA	24,200	21,900	27,650	Hold	14.3	22.5	596.7	24.7x	4.4x	18.8	1.1	5.7	8.4	0.9
BBRI	2,990	3,640	3,930	Buy	31.4	(2.0)	368.8	12.0x	2.2x	19.3	3.6	5.8	10.9	1.4
BMRI	6,600	8,000	7,500	Hold	13.6	-	308.0	13.2x	1.8x	14.5	3.0	(0.5)	28.7	1.3
BBNI	7,325	9,900	9,675	Buy	32.1	0.7	136.6	9.3x	1.4x	15.5	3.5	11.8	16.2	1.4
BBTN	2,640	3,570	3,280	Buy	24.2	(17.0)	28.0	8.8x	1.2x	15.1	2.2	14.3	11.7	1.7
BJTM	650	710	810	Buy	24.6	(3.7)	9.7	8.3x	1.2x	15.5	6.8	1.1	2.5	0.9
Consumer						(3.3)	1,373.1							
HMSP	3,730	4,730	4,300	Buy	15.3	(4.6)	433.9	34.1x	15.7x	46.0	2.9	5.5	1.9	1.3
GGRM	72,750	83,800	88,650	Buy	21.9	10.9	140.0	17.1x	3.4x	20.9	3.6	12.6	13.7	1.3
UNVR	46,075	55,900	49,600	Hold	7.7	(7.9)	351.6	50.9x	70.1x	139.4	2.0	(0.4)	(2.5)	1.0
ICBP	8,600	8,900	10,550	Buy	22.7	(2.5)	100.3	25.1x	5.1x	21.3	1.9	5.4	9.5	1.1
INDF	5,975	7,625	8,175	Buy	36.8	(30.1)	52.5	13.6x	1.7x	12.6	4.0	1.0	(12.5)	1.2
KLBF	1,320	1,690	1,730	Buy	31.1	(24.1)	61.9	25.7x	4.6x	18.9	1.9	3.1	(0.0)	1.3
KAEF	2,500	2,700	3,280	Buy	31.2	(10.1)	13.9	39.3x	5.5x	14.9	0.7	29.1	28.3	1.0
Infrastructure						(16.1)	695.01							
TLKM	3,540	4,399	4,600	Buy	29.9	(24.0)	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	(25.5)	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	2,140	1,750	2,600	Buy	21.5	43.6	51.9	14.6x	1.1x	7.6	1.5	15.0	200.0	1.5
JSMR	4,390	6,400	6,050	Buy	37.8	(22.0)	31.9	14.3x	2.0x	14.8	1.4	42.5	2.9	1.0
TBIG	5,600	6,425	6,050	Hold	8.0	(14.5)	25.4	11.3x	8.5x	104.6	3.0	7.1	8.1	0.6
INDY	2,730	3,060	5,000	Buy	83.2	40.4	14.2	2.6x	1.0x	44.8	3.9	219.4	49.0	0.8
Trade						(10.6)	706.2							
UNTR	31,125	35,400	44,750	Buy	43.8	2.3	116.1	12.3x	2.4x	20.6	2.9	32.3	60.0	1.1
AKRA	3,590	6,350	8,025	Buy	123.5	(49.6)	14.4	20.5x	1.7x	22.2	6.1	21.6	(34.8)	1.3
SCMA	1,820	2,480	2,500	Buy	37.4	(20.9)	26.6	19.9x	6.3x	32.5	4.1	2.6	0.7	1.1
MNCN	825	1,285	1,125	Buy	36.4	(38.2)	11.8	8.2x	1.1x	14.6	1.8	1.8	(9.2)	1.1
LPPF	6,700	10,000	11,250	Buy	67.9	(30.4)	19.6	10.2x	8.4x	93.0	6.8	3.1	0.4	1.1
ACES	1,435	1,155	1,635	Hold	13.9	21.1	24.6	27.9x	6.9x	26.3	1.6	22.6	30.0	1.1
RALS	1,330	1,200	1,525	Hold	14.7	54.7	9.4	17.1x	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
Property						(16.2)	356.9							
BSDE	1,115	1,700	1,850	Buy	65.9	(37.0)	21.5	6.4x	0.8x	13.8	N/A	(27.6)	(79.9)	1.4
PWON	505	685	625	Buy	23.8	(19.8)	24.3	11.6x	2.2x	20.5	1.2	14.4	25.4	1.1
CTRA	790	1,185	1,130	Buy	43.0	(31.9)	14.7	20.1x	1.1x	5.6	1.2	(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	1,690	2,210	2,810	Buy	66.3	(6.4)	22.9	3.9x	1.4x	39.6	3.4	47.3	134.6	1.4
PTPP	1,525	2,640	3,850	Buy	152.5	(35.9)	9.5	7.0x	0.8x	12.5	3.1	17.0	(16.3)	1.4
WIKA	1,355	1,550	2,150	Buy	58.7	(24.3)	12.2	9.5x	0.9x	10.5	2.0	36.8	18.7	1.0
ADHI	1,400	1,885	2,160	Buy	54.3	(30.3)	5.0	8.8x	0.8x	10.1	2.1	39.7	282.5	1.2
Misc Ind.						(5.0)	370.4							
ASII	7,350	8,300	9,300	Buy	26.5	(6.1)	297.6	14.9x	2.3x	16.3	2.5	14.8	11.3	1.2
Basic Ind.						30.6	621.6							
INTP	17,000	21,950	21,575	Buy	26.9	(12.4)	62.6	47.7x	2.8x	5.7	4.1	(0.9)	(60.6)	1.4
SMGR	9,150	9,900	11,550	Buy	26.2	(4.9)	54.3	28.7x	1.9x	6.6	1.5	4.7	(10.9)	1.2
CPIN	5,000	3,000	4,200	Sell	(16.0)	79.2	82.0	24.0x	4.8x	21.3	1.1	2.7	59.1	1.0
JPFA	2,030	1,300	2,000	Hold	(1.5)	64.4	23.8	14.3x	2.6x	18.3	4.9	18.2	142.5	0.8
MAIN	1,220	740	780	Sell	(36.1)	34.8	2.7	19.0x	1.5x	7.9	N/A	13.5	350.0	1.2
KRAS	398	424	500	Buy	25.6	(23.5)	7.7	N/A	0.3x	(2.3)	N/A	34.7	72.4	1.1
TPIA	4,880	6,000	6,275	Buy	28.6	1.8	87.0	22.4x	3.4x	17.8	1.7	7.6	(37.4)	0.7
BRPT	1,825	2,260	2,420	Buy	32.6	(13.9)	32.5	19.8x	1.9x	8.9	1.3	13.0	22.5	1.1
Mining						40.5	436.3							
ADRO	1,815	1,860	2,500	Buy	37.7	8.7	58.1	8.5x	1.1x	13.3	6.0	3.9	(12.1)	1.2
PTBA	4,110	2,460	5,375	Buy	30.8	122.8	47.3	8.1x	3.4x	43.4	7.7	17.4	49.1	1.1
ITMG	25,450	20,700	32,400	Buy	27.3	35.9	28.8	7.6x	2.1x	27.6	12.3	8.0	(10.0)	1.1
INCO	3,690	2,890	5,325	Buy	44.3	41.9	36.7	63.6x	1.3x	1.9	N/A	28.3	N/A	1.3
ANTM	805	625	1,200	Buy	49.1	28.8	19.3	19.8x	1.0x	5.3	0.2	292.4	N/A	1.2
TINS	755	775	1,240	Buy	64.2	(6.8)	5.6	10.6x	0.9x	8.8	3.1	1.8	13.1	1.1
ELSA	362	372	625	Buy	72.7	18.3	2.6	7.3x	0.8x	12.1	1.4	46.5	783.3	1.4
Agriculture						(11.6)	101.0							
AALI	12,200	13,150	16,925	Buy	38.7	(18.1)	23.5	13.4x	1.3x	9.7	3.9	8.9	(23.3)	0.6
LSIP	1,280	1,420	1,680	Buy	31.3	(9.2)	8.7	16.5x	1.1x	6.6	3.5	(28.5)	(47.6)	0.6

* Target Price for December 2018

Source: Bloomberg, NHKS Research

MEDC : Issues Bonds of IDR1.2 Trillion

MEDC settled the right issue of the II Phase of III Self Registration of 2018. The shelf registration amounted to IDR1.2 trillion, and was divided into two series respectively amounted to IDR1.15 trillion and IDR47.5 billion. Each of series has the coupon of 10% and 10.75% paid every 3 months. (Bisnis Indonesia)

JSMR : Settles Matured Bonds of IDR1 Trillion

JSMR settle the payment of I Phase of I Shelf Registration of 2013 for series S and C matured on September 27, 2018. The two series have the total amount to reach IDR1 trillion. In 2018, JSMR actively looks for loan facilities to fund its business expansion and debt settlement. Indeed, it also allocates 2018's capex of IDR29 trillion. (Kontan)

PTBA : Augments Power Plant Portion

PTBA continuously augments its revenues contributed by the power plant segment to reach more than 10%. Thus, it actively cooperates with some parties, such as Bangka Belitung government and PT Angkasa Pura II to finish the solar power generator (PLTS). Of note, the total investment fund PTBA spent on PLTS was USD197 million. (Kontan)

ELSA : Makes the Best Use of Hiking Global Crude Prices

ELSA stated that the hike in global crude is possible to boost its performance and its contract value. It will also adjust its prices for oil and gas contract services by a cautious analysis on national market circumstances. Indeed, it also stated that 2018's new contracts is capable to reaching the minimum value of IDR5.5 trillion (+12.24% y-y). (Bisnis Indonesia)

Domestic & Global News

BI Likely Hikes Its Benchmark Rates

Bank Indonesia (BI) is estimated to re-raise its benchmark rate in this month. BI certainly raises its 7Day Reverse Repo Rate because it upholds the pre-emptive, front loading, and ahead of the curve policies. It will hold monthly RDG from 26 to 27 September. The market consensus collected by Reuters estimates that BI will hike its benchmark rate by 25 bps to 5.75%. Under Governor Perry Warjiyo's administration, BI's stance tends to be hawkish as he had increased benchmark rates by 100 bps since May 2018. (CNBC Indonesia)

Fed Raises U.S. Interest Rates to a Range of 2.0 to 2.25 Percent

The U.S. Federal Reserve raised interest rates on Wednesday and left intact its plans to steadily tighten monetary policy, as it forecast that the U.S. economy would enjoy at least three more years of growth. Fed policymakers lifted the benchmark overnight lending rate by a quarter of a percentage point to a range of 2.00 percent to 2.25 percent. (Reuters)

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	138.4	131.5	133.4
Wednesday 26 - Sep	USA	21:00	New Home Sales	Aug	629k	631k	627k
Thursday 27 - Sep	USA	01:00	FOMC Rate Decision (Upper Bound)	26-Sep	2.25%	2.25%	2.00%
	USA	01:00	FOMC Rate Decision (Lower Bound)	26-Sep	2.00%	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%
Friday 28 - Sep	USA	19:30	Initial Jobless Claims	22-Sep		--	201k
	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

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 be 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 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

A Member of NH Investment & Securities Global Network

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