

GLOBAL

Index	Last	Change	% chg
Dow	25,296	220.74	0.88
S&P 500	2,743	19.16	0.70
Eido US	29.0	0.34	1.19
H.S.I	30,815	78.16	0.25
Nikkei	23,715	208.20	0.89
STI	3,489	-11.71	-0.33
KLCI	1,818	14.52	0.81
Kospi	2,498	31.06	1.26
SET Thai	1,795	4.43	0.25

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.6	-0.45	-0.66
WTI Crude Oil (\$/bbl)	61.4	-0.57	-0.92
CPO (MYR/ton)	2,570	28.00	1.10
Gold (US\$/tr ounce)	1,319	-3.40	-0.26
Nickel (US\$/ton)	12,488	-114.75	-0.91
Tin (US\$/ton)	20,015	105.00	0.53
Pulp (US\$/ton) weekly	1,003.3	0.00	0.00
Coal (US\$/ton)	105.3	0.35	0.33

BEI STATISTICS

JCI	6,354
Change (1 day)	0.98%
Change YTD	-0.03%
P/E Market (X)	16.4
Volume (mn shr)	7,422.4
Value (Rp bn)	5,482.9
↑ 216 ↓ 122 ↔ 232	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.50
Fed fund rate (%)	1.50	1.25
inflation mom (%)	0.71	0.20
Inflation yoy (%)	3.61	3.30

EXCHANGE RATE

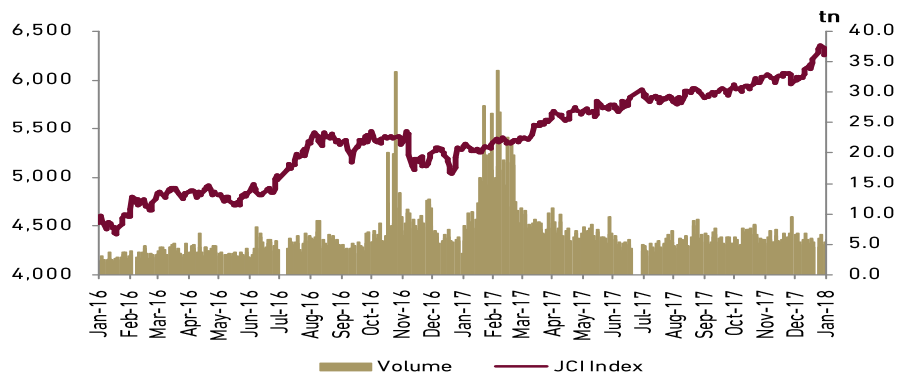
	Last	Change	% chg
1 USD = IDR	13,416	-6.00	-0.04
1 USD = SGD	1.33	0.00	0.02
1 USD = JPY	113.15	0.10	0.09
1 USD = AUD	1.27	0.00	0.04
1 USD = EUR	0.83	0.00	-0.07

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	31.7	0.56	1.80	4,249	231,427
ISAT	0.3	0.00	0.00	4,427	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Foreign Reserve in December at new record high
- OJK expects 8% YoY credit growth as of December 2017
- BBTN targets 22% YoY net profit growth in 2018
- Consumer Confidence Index all-time high in December
- Medco 9M17 earnings exceed our FY17 forecast
- 2017 Indonesia's Pharmaceuticals Sales were ~ Rp72 tn
- SSIA allocates capex of Rp800 bn

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,320 (support) – 6,450 (resistance) level today

**TLKM: Sell on strength at Rp 4,330-Rp 4,450**

Comment: Testing resistance level

**BBGA: Speculative buy at Rp 1,360-Rp 1,300**

Comment: Testing resistance level

**BUMI: Speculative buy at Rp 294-Rp 290**

Comment: Closed above minor resistance level

**MEDC: Speculative buy at Rp 950-Rp 920**

Comment: Closed above minor resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

The DJIA advanced 0.88% to close at 25,295.87. The S&P500 climbed 0.7% and finished at 2,743.15, with Alphabet & Amazon hitting all time high driving the rise in tech stocks by 1.2%. This is despite US missing jobs numbers – 148k added jobs vs. 190k Reuters poll. US non-manufacturing ISM index fell to 55.9 in December from 57.4 in November while US factory orders rose 1.3% in November exceeding expectations. Earnings releases due this week in Japan and S. Korea including Samsung, may provide further boost in Asian stocks. In commodities market, oil prices retreated last Friday by 0.66% for Brent to USD67.4/bbl, and by 0.92% for WTI to USD61.4/bbl. CPO was up by 1.1% to MYR2570/ton and Coal price comfortably above USD100 to USD105.3/ton up (+0.33%).

Domestic

JCI closed at the level of 6353.74, up +61.417pts or +0.98% higher with foreign investors posting net buy of Rp359.8 bn. LQ45 index close at higher rate pace of 1.21%. All sectors recorded gains except agriculture. Leading sectors recording over 1% growth were Mining (+3.01%) driven byADRO, PTBA and BUMI, Consumer sector (+1.71%) led by HMSP, UNVR & ICBP among others, and Infrastructure sector (+1.36%) with TLKM, JSRM & EXCL as its key movers. Rupiah has been resilient gaining 6 points to dollar to 1USD=IDR13,416. Our technical desk suggests support level for JCI at 6,320 and resistance at 6,450 with tendency to move at higher level.

#### FOREIGN RESERVE IN DECEMBER AT NEW RECORD HIGH

Foreign reserve increased to a new record high in December, reaching USD130 bn from USD125.97 bn a month earlier. Agus Martowardojo, governor of Bank Indonesia, explains that issuance of USD 4 bn global bonds helps foreign reserve to strengthen in December. Meanwhile, the governor regrets that the increase of foreign reserve is not followed by appreciation of Rupiah (depreciate 0.15% in Dec) even though it started to appreciate significantly in the beginning of January. However, central bank still sees that its presence is not highly needed in currency market because the supply of FX can fulfill the demand.

**Comments:** The increase of FX reserve shows the ability of Rupiah to face global volatility. Facing the monetary tightening trend, especially in 2H18, we still believe that Rupiah can maintain its stability at around Rp 13,500/USD.

#### OJK EXPECTS 8% YOY CREDIT GROWTH AS OF DECEMBER 2017

OJK expects 8% YoY credit growth as of December 2017 based on early report by some banks to the authorities. The growth rate is slightly better than Nov-17 realization at 7.4% YoY and far higher compared to Dec-16 at 7.8% YoY. For 2018, OJK reiterates its expectation of 10-12% YoY credit growth.

#### BBTN TARGETS 22% YOY NET PROFIT GROWTH IN 2018

BBTN targets 22% YoY net profit growth in 2018 by focusing on housing segment. BBTN also plans to continue its digital transformation according to its company blueprints. As of November 2017, BBTN has accumulated Rp2.4tn of net profit or increase by 15% YoY. Loan growth was recorded at 22% YoY.

**Comments:** We expect 20.3% and 19.7% net profit in 2017 and 2018, respectively. We have a Buy rating on the stock with Rp3,600/share target price.

#### CONSUMER CONFIDENCE INDEX ALL-TIME HIGHER IN DECEMBER

Indonesia's consumer confidence index rose by 4.3 points to an all-time high of 126.4 in December 2017 from 122.1 in the previous month. The present situation index increased to 115.1 from 109.5 in November and the expectation index went up to 137.6 from 134.8. Consumers were more optimistic about job vacancy and their ability to purchase durable goods, especially household appliances, cell-phone, television and computer.

**Comment:** We think Indonesian consumers grew more optimistic about their economic prospects this year that will increase their purchasing power towards consumption. The purchase of electronics products with credit card, might be an indicator that consumers are more confident to borrow money as they are positive about their financial this year.

#### MEDCO 9M17 EARNINGS EXCEEDS OUR FY17 FORECAST

Medco Energi International (MEDC) reported audited 9M17 net profit of USD164.3 mn, a strong turnaround from the net loss of USD149.6 mn a year earlier. This came already above our FY17 forecast of USD158 mn and accounted for 99% of consensus forecast. The strong earnings were driven by jump in revenue (+53% YoY) and solid margin expansion across the board. 9M17 revenue of USD597.5 mn (+53% YoY) was actually in-line with our forecast, but gross profit of USD300.2 mn (+77% YoY) and operating profit of USD198.2 mn (+101% YoY) came above our expectations, accounting for 101% and 104% of our FY17 forecasts, respectively. MEDC saw GPM and OPM expanded by 690bps and 790bps to 50.2% and 33.2%, respectively, that was attributable to

efficiency in costs of sales and opex. As for operating data, Oil and Gas production was up by 38.3% YoY to 88.3 MBOEPD while average realized prices were USD49.5/BBLs (+25.2% YoY) for oil and USD5.5/MMBTU (+31.9% YoY) for gas. On quarterly basis, MEDC saw 112% QoQ increase in earnings in 3Q17 to USD83.6 mn, as lower cost of sales and opex support 3Q17 profitability despite flat sales. Below operating line, higher other income and lower effective tax rate also boost MEDC's profitability.

**Comment:** We are reviewing our earnings forecast, target price and recommendation on MEDC following stronger-than-expected 9M17 results.

**Medco 9M17 results**

USD mn	9M17	9M16	YoY Chg	2017F	9M/17F	3Q17	2Q17	QoQ Chg
Revenue	597.5	391.5	52.6%	811	73.7%	194.0	193.3	0.4%
Cost of sales	(297.4)	(221.8)	34.1%	(513)	58.0%	(92.0)	(100.2)	-8.2%
Gross profit	300.2	169.7	76.9%	298	100.7%	102.0	93.1	9.6%
SGA expenses	(102.0)	(70.9)	43.9%	(108)	94.4%	(33.4)	(37.8)	-11.7%
Operating profit	198.2	98.8	100.6%	190	104.3%	68.6	55.3	24.1%
Other income	76.1	(202.6)	-137.6%	74	103.4%	58.1	14.0	313.7%
Profit before tax	274.3	(103.8)	n/a	263	104.3%	126.7	69.3	82.7%
Income tax expenses	(102.4)	(0.5)	-	(105)	97.5%	(35.5)	(31.7)	11.9%
Net profit	164.3	(149.6)	n/a	158	104.0%	83.6	37.6	122.4%
Gross margin	50.2%	43.3%	6.9%	36.7%		52.6%	48.2%	4.4%
EBIT margin	33.2%	25.2%	7.9%	23.4%		35.4%	28.6%	6.8%
Net margin	27.5%	-38.2%	65.7%	19.5%		43.1%	19.5%	23.7%

**2017 INDONESIA'S PHARMACEUTICALS SALES WERE ~ RP72 TN**

Industrial sales last year's estimated pharmaceuticals grew by 7.4% to a range Rp 70-72 tn. Indonesian Pharmaceutical Entrepreneurs Association (GP Pharmacy) said sales in 2017 were not much different from 2016. With stable exchange rate at < Rp13500, they can minimize negative effects of the risk of a currency exchange rate as they import up to 90% of their raw materials. INAF, is ready to build infusion factory in Makassar worth Rp 250 billion and have allocated budget capital expenditure or capital expenditure (capex) of Rp 165 billion. KLBF also prepared the plan expansion in the form of new products, expansion of production capacity and distribution. KAEF focuses on pursuing organic expansion, also inorganic as it plans acquired the company cosmetics, medical equipment, and retail chain of pharmacies in Saudi Arabia, Al Dawaa. Raw material the pharmaceutical industry is highly variable and Indonesia has not been able to produce it at great scale so far. Indonesia is only capable producing herbal raw materials.

**Comment:** We cover KLBF which has a diversified product portfolio ranging from pharmaceuticals consumer health and nutritionals. We maintain Hold recommendation and TP: Rp1660/sh.

**SSIA ALLOCATED CAPEX OF RP800 BN**

Developer and contractor of industrial estate, Surya Semesta Internusa (SSIA) allocated capital expenditure of Rp800 bn, largely for land acquisition. Around Rp600 bn of the capex will be allocated for acquisition and development of Subang estate, West Java. Meanwhile, the rest of the capex will be spend for routine capital spending of their hospitality business and obtaining permit for office and hotel project in Jl. HR. Rasuna Said, Kuningan, Jakarta.

**Comment:** The Company slashed their annual capex by almost 50% from 2017's of Rp1.5 tn. We expect slower asset growth and in turn slower revenue in the future. However we believe at current 65% discount to our RNAV, the stock is still undervalued. We have BUY recommendation for SSIA with 12-months target price of Rp750.

## TECHNICAL ANALYSIS

JCI : (6,354 +1.0%)

**Comment :** HMSP, TLKM and UNTR consecutively became leading movers. Technically, JCI closed below minor resistance level of 6,368. Support level at 6,220. Next support and resistance level at 6,100-6,445. Based on Elliot wave approach, one of alternate wave countings is the index now is doing wave (v) which is the last wave of the uptrend cycle. The lowest level of 5,022 which occurred on December 23, 2016, was the origin level of the short-term uptrend cycle, and the highest level of 5,360 which occurred on January 9, 2017 as the peak of sub wave up (i). The lowest level of 5,228 which occurred on January 23, 2017 as the bottom of sub wave (ii). The highest level of 5,916 which occurred on August 24, 2017 as the peak of wave (iii). The lowest level of 5,774 which is the lowest level on September 5, 2017 noted as the bottom of wave (iv) . Based on this assumption, the index now is in the process to form wave (v) which is the last wave of the cycle. The peaks of wave (v) could reach the level of 6,440-6,550 which the projection of the uptrend channel. This wave counting automatically is false if the index moves below the level of 6,100.



**STOCK OF THE DAY**

**TLKM : Testing resistance level**

The price held above minor support level of 4,190. Resistance level at 4,350. Next support and resistance level at 4,030-4,350. The trend is still sideways. Sell on strength, sell if the price moves below the level of 4,190



**MEDC : Testing resistance level**

The price closed above minor resistance level of 930. If the breakout confirm, level of 930 will turn into support level and the price will continue the mid-term uptrend cycle. Resistance level at 1,080-1,100. Next support and resistance level at 870-1,170. Speculative buy, cut if the price moves below the level of 870



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**BUMI : Testing resistance level**

The price closed above minor resistance level of 292. Support level at 262. Next support and resistance level at 230-315. The mid-term trend turn into sideways. ST : Speculative buy, cut if the price moves below the level of 262



**BNGA: Testing resistance level**

The price closed below minor resistance level of 1,375. Support level at 1,250. Next support and resistance level at 1,170-1,440. The mid-term trend is still positive. Speculative buy, cut if the price moves below the level of 1,250



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,365 -13,465

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.09
3	5.68
5	5.74
10	6.14
15	6.76
30	7.14

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.63	5.79	5.75	5.75	5.53
US\$	0.76	0.79	0.78	0.78	
JIBOR (RP)	4.98	5.29	5.68	5.98	

BASE LENDING RATE	
BI RATE	4.25
FED FUND RATE	1.50
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	13,416	0.04
1 US\$ = SGD	1.33	-0.02
1 US\$ = JPY	113.15	-0.09
1 US\$ = AUD	0.79	-0.04
1 US\$ = EUR	1.20	0.07

**ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS**

10-Jan-2018	<b>Modern International (MDRN)</b> Extraordinary General Meetings Agenda: Approval of sale of assets of the Company with a value exceeding 50% of the Company's net worth, approval of the change of corporate management Venue & Time : Jl. Sultan Iskandar Muda - Jakarta, at 09.00 (Western Indonesia Time)
10-Jan-2018	<b>Bank Bukopin (BBKP)</b> Extraordinary General Meetings Agenda: Approval for Changes of the Company's Board of Directors Venue & Time : Auditorium Bukopin Bank Building 3rd floor, Jalan MT Haryono Kav. 50-51, Jakarta, at 09.30 (Western Indonesia Time)
10-Jan-2018	<b>Bayan Resources (BYAN)</b> Extraordinary General Meetings Agenda: Changes in the composition of the Company's Board of Directors, Changes in the composition of the members of the Board of Commissioners of the Company, Amendment to the Company's Articles of Association Venue & Time : Mercantile Athletic Club WTC Building. Jl. Jend Sudirman Kav. 31 Jakarta, at 14.00 (Western Indonesia Time)
15-Jan-2018	<b>Link Net (LINK)</b> Extraordinary General Meetings Agenda: Approval for the amendment of the Company's Articles of Association, Approval of the Company's plan to repurchase the Company's shares in accordance with prevailing laws and regulations Venue & Time : Monas Room 2, Hotel Aryaduta Tugu Tani, Jl. Prapatan 44-48, Jakarta at 10.00 (Western Indonesia Time)



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