

GLOBAL

Index	Last	Change	% chg
Dow	25,283	-12.87	-0.05
S&P 500	2,748	4.56	0.17
Eido US	29.0	0.06	0.21
H.S.I	30,900	84.89	0.28
Nikkei	23,715	208.20	0.89
STI	3,512	22.73	0.65
KLCI	1,832	14.18	0.78
Kospi	2,513	15.76	0.63
SET Thai	1,793	-2.64	-0.15

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.6	-0.45	-0.66
WTI Crude Oil (\$/bbl)	61.7	0.29	0.47
CPO (MYR/ton)	2,590	20.00	0.78
Gold (US\$/tr ounce)	1,320	1.12	0.08
Nickel (US\$/ton)	12,487	-1.25	-0.01
Tin (US\$/ton)	20,020	5.00	0.02
Pulp (US\$/ton) weekly	1,003.3	0.00	0.00
Coal (US\$/ton)	106.8	1.45	1.38

BEI STATISTICS

JCI	6,385
Change (1 day)	0.50%
Change YTD	0.47%
P/E Market (X)	16.5
Volume (mn shr)	6,670.3
Value (Rp bn)	5,809.1
↑ 226 ↓ 134 ↔ 210	
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

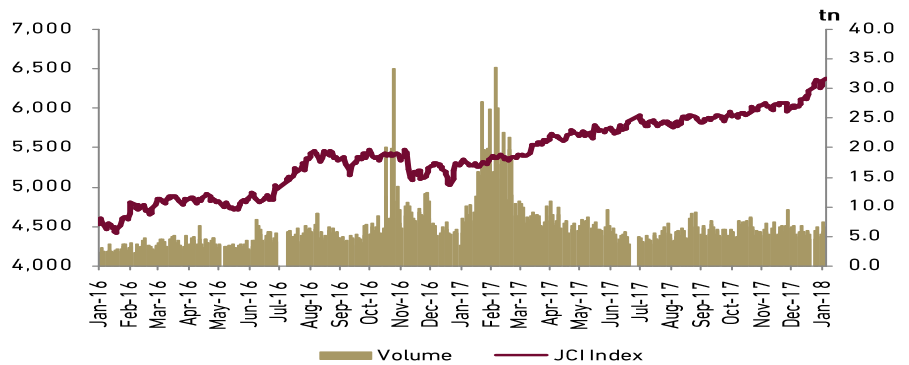
	Last	Change	% chg
1 USD = IDR	13,429	13.00	0.10
1 USD = SGD	1.33	0.00	0.02
1 USD = JPY	113.14	0.05	0.04
1 USD = AUD	1.27	0.00	-0.04
1 USD = EUR	0.84	0.00	0.00

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	31.8	0.09	0.28	4,265	225,184
ISAT	0.3	0.00	0.00	4,432	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Budget Deficit revised to 2.42% of GDP
- Property loan accelerates to 13.6% YoY in Nov-2017
- BBTN gross NPL improves to 2.5% as of Nov-2017
- AKR Corporindo to procure subsidized fuels in 2018-2022
- Jasa Marga to Operate 175 km new toll road this year
- Summarecon allocated capex of Rp2.4 tn in 2018
- Mitra Adiperkasa focus on expanding specialty store
- Pharma sales to grow 9% in 2018

IHSG STATISTIC



DAILY TECHNICAL VIEW

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

**INDF: Sell on strength at Rp 7,900-Rp 8,000**

Comment: Testing resistance level

**INTP: Sell on strength at Rp 23,500-Rp 24,000**

Comment: Testing resistance level

**BBNI: Speculative buy at Rp 9,300-Rp 9,150**

Comment: Hold above support level

**PTPP: Speculative buy at Rp 2,870-Rp 2,750**

Comment: The trend turn into positive

MARKET REVIEW & MARKET OUTLOOK

Regional

US stocks end day mixed with DJIA inched 0.05% lower to close at 25,283 and S&P500 rose by 0.17% to close at 2,748, with tech stocks to still become the leading mover while healthcare and financial sectors to weighed down the index. Investors also looked ahead to the start of fourth-quarter earnings later this week. J.P. Morgan Chase, BlackRock, and Wells Fargo are among the companies scheduled to report. In commodity markets, spread between Brent and WTI oil widen with -0.66% decline for Brent to USD67.6/bbl and 0.47% increase for WTI to USD61.7/bbl. CPO price rose by 0.78% to MYR2,590/ton while Coal strengthened by 1.38% to USD106.8/ton.

Domestic

JCI closed at the level of 6,385, up +31.67pts or 0.5% higher with foreign investors posting net buy of Rp270 bn. Leading sectors were Mining (+2.6%) driven by ADRO (+8.5%) and Property sector (+1.7%) driven by soaring SOE contractors' stocks. Other big caps such as BMRI (+1.3%) and UNVR (+0.7%) also became the leading movers. On economic front, Indonesia's forex reserve position increased by USD4.23 billion to USD130.2 billion in December 2017. Rupiah weakened by 13 points to Rp13,429/USD. Our technical desk suggests support level for JCI at 6,320 and resistance at 6,450 with tendency to move at higher level.

#### BUDGET DEFICIT REVISED TO 2.42% OF GDP

Finance Ministry revised 2017 budget deficit from 2.57% of GDP to 2.42% of GDP. There is additional state revenue of Rp 4.2 tn as of Jan 8. Change in revenue comes from additional non oil and gas tax of Rp 3.5 tn, additional custom and excise revenue of Rp 0.1 tn, additional non-tax revenue of Rp 1.7 tn, and declining grant revenue of Rp 1.2 tn. According to the last calculation, state revenue reached Rp 1,659.9 tn or 95.6% of target. On the other side, state expenditure declined by Rp15.6 tn after the recalculation. State expenditure in 2017 reached Rp 1,986 tn or 93.1% of target (grow 6.53% YoY) which make the overall deficit at 2.42% of GDP.

#### PROPERTY LOAN ACCELERATES TO 13.6% YOY IN NOV-2017

BI recorded property loan growth of 13.6% YoY in Nov-2017, accelerating from 13.0% YoY in Oct-2017. Property loan data recorded by BI includes mortgage as the biggest component, followed by construction and real estate loan. However the largest driver of Nov-2017 growth was construction loan which accelerated to 20.9% from 18.7% YoY in previous. Secondly, mortgage and apartment ownership loan also accelerated to 11.0% from 10.8% YoY in month before. Real estate loan which slowed down to 8.7% YoY from 9.5% in month before.

#### BBTN GROSS NPL IMPROVES TO 2.5% AS OF NOV-2017

BBTN gross NPL improved to 2.5% as of Nov-2017. The bank has achieved an above-average loan growth driven by subsidised mortgage, which grew by 35% YoY as of Nov-2017. The overall loan growth of the bank was 22% as of Nov-2017. The bank has distributed loan to 549.7k of houses (both mortgage and under-construction houses) in 11M17 out of 666k target this year. The bank planned to increase the target furthermore to 750k of houses this year.

**Comments:** We see that the downtrend of NPL in BBTN should continue going forward, driven by the increasing proportion of subsidised mortgage in the bank's book. We expect BBTN NPL ratio to come down to 2.4% and 2.1% in 2017/2018F, respectively (vs. 2.9% in 2016). We have a Buy rating on the stock with Rp3,600/share target price.

#### AKR CORPORINDO TO PROCURE SUBSIDIZED FUELS IN 2018-2022

Government has appointed Pertamina and AKR Corporindo (AKRA) to procure subsidised fuels from in 2018-2022. Previously these appointments were awarded annually, and according to the energy ministry, the switch to a five-year assignment period would help companies develop fuel distribution infrastructure. However, allocations or quotas will still only be valid for a one-year period and will be reviewed annually. This year AKR Corporindo has been appointed to procure 250,000 kl of subsidized diesel.

**Comment :** The appointment of company to distribute subsidized fuel will give positive sentiment to AKRA share prices , in our view. AKRA is trading at 2018F PER of 20.1x based on consensus estimate.

#### JASA MARGA TO OPERATE 175 KM NEW TOLL ROAD THIS YEAR

Jasa Marga is targeting to operate 175 km new toll road this year, excluding Solo – Ngawi (90.17 km) and Ngawi – Kertosono (49.5 km). Specifically, several toll road segments which are expected to operate comprise of Medan – Kualanam – Tebing Tinggi (Section I and VII), Batang – Semarang, Gempol – Pasuruan (Section II Rembang – Pasuruan), and Bogor Ring Road (Section IIB). Moreover,

concession rights of the Company are projected to reach 1,496 km at the end of 2018, higher 18.7% YoY.

**Comment:** We see JSMR keep striving to realize its concessions into physical toll road. With the total of 175 km new toll road or more than one fourth of 660 km current toll road in operation, surely the Company will experience higher traffic growth. On our view, JSMR stands as the beneficiaries of government infrastructure development program. With more length to be constructed, JSMR will be able to anticipate growth.

#### SUMMARECON ALLOCATED CAPEX OF RP2.4 TN IN 2018

Summarecon Agung (SMRA)'s marketing sales last year grew around 20% compared to 2016 marketing sales realization of Rp3 tn. The marketing sales came from sales in Summarecon Serpong projects. The portion is around 51% of total marketing sales. Meanwhile Summarecon Bandung contributed 18% and Summarecon Bekasi contributed 13%. Other than that, Summarecon Emerald Karawang contributed 11% while Summarecon Kelapa Gading gave the least marketing sales of 8% of total 2017 marketing sales. Throughout 2018, SMRA allocated capital expenditure of Rp2.4 tn, which is less than 2016 capex of Rp2.7 tn.

**Comment:** We have BUY recommendation for SMRA with 12-month target price of Rp1,200, implying 65% (above peers' average of 62%) discount to our RNAV.

#### MITRA ADIPERKASA (MAPI) : FOCUS ON EXPANDING SPECIALTY STORE

In 2018, Mitra Adiperkasa (MAPI) targets to open 200 new stores, of which it will focus on specialty store expansion. The company has sounded this strategy since last year as they decide to close down some department stores (Lotus and Debenhams). Thus, MAPI will use the area of the previous department store to open specialty including fashion and sport.

**Comment:** We believe this is the right strategy for MAPI as specialty stores has the highest contribution to the revenue accounting more than 60.0%.

#### PHARMA SALES TO GROW 9% IN 2018

Drugmakers expect pharmaceutical sales to grow modestly by ~9 % in 2018, driven largely by the expanding membership of the National Health Insurance (JKN) program. Started in 2014, the program now covers some 180 million people out of a population of around 260 million with every Indonesian citizen obliged to sign up by 2019. International Pharmaceutical Manufacturers Group (IPMG) projects the industry to book higher medicine sales owing to the surging number of JKN participants. In 2017, pharma industry growth is seen to have grown ~ 9-10% and is expected to have the same growth in 2018. IPMG says pharma sales are valued at USD 5.5 bn in 2017 and to be \$6 bn in 2018. The group, which comprises foreign drugmakers, highlights the late payments from the JKN program's operator, the Healthcare and Social Security Agency (BPJS Kesehatan), as a result of a messy system. The government is overhauling its mechanism for medicine procurement. Based in previous arrangement, regional health agencies were required to submit pharma procurement requests to BPJS Kesehatan and suppliers based on regional budgets instead of actual demand. This led to the JKN program's financial deficit and late payments to drug companies. The program's deficit reached Rp6.23 tn (USD458.4 mn) as of 2016. Drug sales enjoyed a 12.3% growth in 2013, but dropped to 6.6% in 2014 when the JKN program began. Sales growth further declined to 4.9% in 2015, before rising again by 7.5% % in 2016, according to medical research firm IMS Health.

The sales value will still increase, but at a moderate single-digit rate only. The JKN program selects drug suppliers based on prices, resulting in a 40 percent price reduction last year from 2013. The volume of medicine used in the program climbed annually by 103.32% on average over the 2014-2016 period, JKN data shows. More than 95% of the raw materials to make medicine is currently imported, bringing opportunities for investors keen on setting up facilities locally. State-owned drug

manufacturer PT Kimia Farma (KAEF) is set to open a new factory that will produce active pharmaceutical ingredients in Cikarang, West Java. Pharmaceutical firm Kalbe Farma said pharmaceutical companies would see domestic drug sales rise by 6-7% YoY in 2018 based on better outlook of the health industry, supported by positive economic growth, the continued JKN program, increased awareness about health and an expected rise in the people's spending power, and a wider distribution network.

**Comment:** We cover Kalbe (KLBF) and we like their diversified product portfolio on pharmaceuticals, nutritionals, personal health as well as logistics services. At this juncture we maintain our Hold recommendation on KLBF with TP of Rp1,660 as we still expect to see significant catalysts to change momentum. KLBF is trading at 2018F-PER of 29.6x.

## TECHNICAL ANALYSIS

JCI : (6,385 +0.5%)

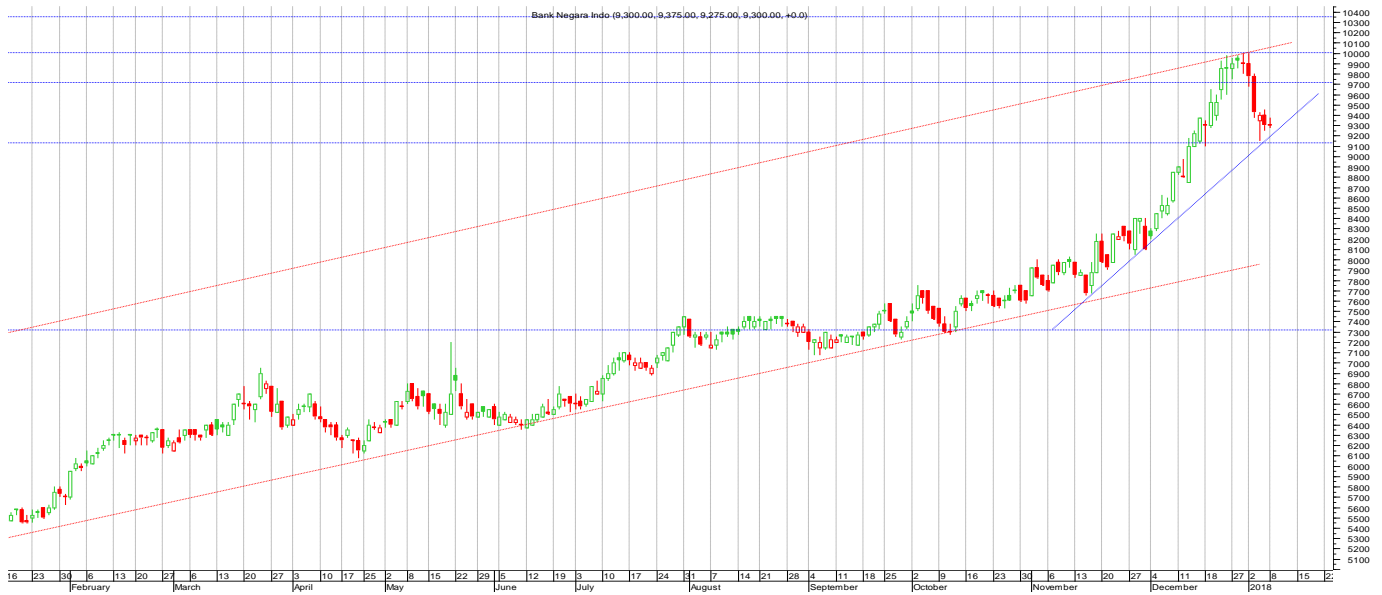
**Comment :** ADRO, BMRI and UNVR consecutively became leading movers. Technically, JCI closed at new high level. Support level at 6,310. Resistance level at 6,445. Next support and resistance level at 6,200-6,550. Based on Elliot wave approach, one of alternate wave countings is the index now is doing 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**

**BBNI : Testing support level**

The price held above minor support level of 9,150. Resistance level at 10,000. Next support and resistance level at 8,500-10,800. The price moved in uptrend in the last thirteen months. Speculative buy, cut if the price moves below the level of 9,150



**PTPP : Testing resistance level**

The price closed below minor resistance level of 2,960. The price moved above resistance level of the mid-term downtrend line 2,700. If the breakout confirm, level of 2,700-2,600 will turn into support level and the mid-term trend turn into sideways. The penetration of resistance level of 2,960 will cause the mid-term trend turn into positive. Next resistance level at 3,200. Speculative buy



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**INDF : Testing resistance level**

The price closed below resistance level of the short-term downtrend line 7,950-8,000. Support level at 7,700-7,550. Next support and resistance level at 7,250-8,200. The mid-term trend is still sideways. Sell on strength



**INTP: Testing resistance level**

The price closed below minor resistance level of 23,950. Support level at 22,375. Next support and resistance level at 21,500-24,300. The mid-term trend is still sideways. Take profit/Sell on strength.



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,370 -13,480

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.07
3	5.63
5	5.72
10	6.13
15	6.70
30	7.11

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.61	5.80	5.75	5.78	5.39
US\$	0.80	0.77	0.82	0.81	
JIBOR (RP)	4.98	5.30	5.69	5.97	

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	13,429	-0.10
1 US\$ = SGD	1.33	-0.02
1 US\$ = JPY	113.14	-0.04
1 US\$ = AUD	0.78	0.04
1 US\$ = EUR	1.20	0.00



**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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