

GLOBAL

Index	Last	Change	% chg
Dow	26,116	322.79	1.25
S&P 500	2,803	26.14	0.94
Eido US	28.8	-0.29	-1.00
H.S.I	31,983	78.66	0.25
Nikkei	23,868	-83.47	-0.35
STI	3,542	-8.30	-0.23
KLCI	1,829	2.60	0.14
Kospi	2,515	-6.31	-0.25
SET Thai	1,829	7.05	0.39

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	69.2	-1.11	-1.58
WTI Crude Oil (\$/bbl)	64.0	0.24	0.38
CPO (MYR/ton)	2,478	-26.00	-1.04
Gold (US\$/tr ounce)	1,327	-11.28	-0.84
Nickel (US\$/ton)	12,351	-130.75	-1.05
Tin (US\$/ton)	20,530	30.00	0.15
Pulp (US\$/ton) weekly	1,030.0	0.00	0.00
Coal (US\$/ton)	106.6	0.10	0.09

BEI STATISTICS

JCI	6,445
Change (1 day)	0.23%
Change YTD	1.40%
P/E Market (X)	16.6
Volume (mn shr)	8,692.8
Value (Rp bn)	8,247.8
↑ 192 ↓ 156 ↔ 223	
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

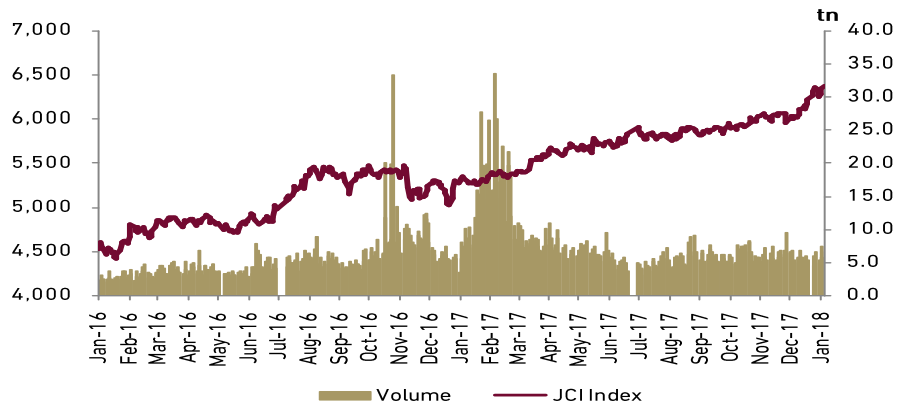
	Last	Change	% chg
1 USD = IDR	13,359	21.00	0.16
1 USD = SGD	1.33	0.00	0.08
1 USD = JPY	111.28	-0.01	-0.01
1 USD = AUD	1.25	0.00	-0.06
1 USD = EUR	0.82	0.00	-0.09

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	31.8	0.00	0.00	4,241	227,100
ISAT	0.3	0.00	0.00	4,408	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- President Jokowi carries out the third cabinet reshuffles
- BBNI FY17 net income increases by 20% YoY to Rp13.6 tn
- Nippon Indosari has positive outlook on Indonesia's bread industry
- JSMR considers the issuance of sukuk and project bond
- Poultry Industry: Lower supply due to bad weather lead to surge in broiler Price

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,400 (support) – 6,550 (resistance) level today

BBCA: Sell on strength at Rp 22,500-Rp 23,500

Comment: Testing resistance level

BBRI: Sell on strength at Rp 3,700-Rp 3,800

Comment: Testing resistance level

HMSP: Sell on strength at Rp 4,900-Rp 5,100

Comment: Testing resistance level

PGAS: Sell on strength at Rp 2,410-Rp 2,600

Comment: Testing resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks were solidly higher on the day as the Dow Jones and NASDAQ Indexes posted gains exceeding 1%. Dow Jones is extending its strength, up very sharp 1.3% on the day to a new record at 26,115. Economic reports from the Federal Reserve are very subdued. Manufacturing in the industrial production report once again proved weak, managing only 0.1% MoM gain in December (November: 0.3%). On commodity markets, WTI crude oil price was up by 0.38% to USD64/barrel while nickel price declined 1.05% to USD12,351/ton.

Domestic

JCI advanced by 14.83 points or 0.23% to close at Rp6,445 on Wednesday and recorded Rp112 bn of net foreign buy. Basic Industry (+2.20%), Infrastructure (+1.03%), Trading (+0.66%), Mining (+0.69%), were the sector leaders, with PGAS (+25.53% to 2,360), SMGR (+7.29% to 11,400), BSIM (+24.63% to 835), consecutively became the leading movers. Rupiah currency weakened by 21 points to Rp13,359/USD. Our technical desk suggests for trading within the band of 6,450 – 6,550, with possibility to end at lower level.

PRESIDENT JOKOWI CARRIES OUT THE THIRD CABINET RESHUFFLES

President Jokowi announced cabinet reshuffled yesterday which is the third cabinet shake-up in his five year-term starting in October 2014. President Jokowi appointed Golkar secretary-general Idrus Marham to replace Social Affairs Minister Khofifah Indar Parawansa . Meanwhile, Presidential chief of staff Teten Masduki handed his post to former Indonesian armed forces chief Moeldoko.

Comment: We see the appointment of Idrus Marham as a move to lock in support from Golkar for the president's bid for re-election next year. Golkar is Indonesia's second-largest party to , holding 91 seats, or 16 % of the 560 seats in Parliament

NIPPON INDOSARI HAS POSITIVE OUTLOOK ON INDONESIA'S BREAD INDUSTRY

Nippon Indosari (ROTI) plans to expand the production capacity this year. Further, ROTI plans to conduct a right issue to further expand its business in Indonesia. ROTI will issue 1.15 bn shares or equal to Rp1.43 tn to raise fresh funds. All of the funds obtained from the rights issue will be used to build new factories for producing white bread and sweet bread in Gresik and Lampung. They project these new factories will be ready to operate in 2019.

Comment: Better macroeconomic projection and higher consumer confidence index are expected to enhance the growth in consumer sector this year.

JSMR CONSIDERS THE ISSUANCE OF SUKUK AND PROJECT BOND

This year the JSMR is considering the sukuk issuance, but the specific value has not disclosed yet. Please note, according to CEO of JSMR, actually the Company is still holding the permission from shareholders and commissioners to raise Rp7tn from bank loan, otherwise they are looking for another financing alternatives. There are 3 ways of financing which have been utilized by the Company such as asset recycle, debt recycle and equity participation. Moreover, another consideration is to raise capital from project bonds, whereas possible assets to be pledged as the underlying comprise of Bali Mandara, Bogor Outer Ring Road, Surabaya – Mojokerto and Gempol – Pandaan. In addition, JSMR expects the required investment up to 2019 is more than Rp100tn.

Comment: Currently JSMR is looking for financing to complete their target in achieving 1,260 km toll road in operation until 2019. In our view, the Company has ambition to manage their leverage level as well, following their financing strategies. Since, toll road in operation is a source of attracting new traffic, we believe going forward the Company will yield higher growth from their massive expansion. We have a BUY call on JSMR with TP of Rp7,350

POULTRY INDUSTRY: LOWER SUPPLY DUE TO BAD WEATHER LEAD TO SURGE IN BROILER PRICE

Since the supply of broiler in the market has been lowered due to bad weather and restriction in corn import, broiler price increased to Rp34,900 according to strategic food information center. Quoted from Ministry of Trade, broiler price also spotted at Rp33,371. Meanwhile, broiler price in the level of producer has been strengthened to Rp22,000 from Rp18,000. It is worth noting that, maximum selling price for producer and consumer which proposed by government set at Rp18,000 and Rp32,000.

Comment: We see in the near term minister of trade will adjust down the price. Hence, we believe the high price will not be sustainable.

BBNI FY17 NET INCOME INCREASES BY 20% YOY TO RP13.6 TN

BBNI recorded Rp13.6 tn net income in FY17, up by 20% YoY. Pre-provisioning operating profit (PPoP) was solid, up by 10% YoY to Rp24.4 tn despite the NIM pressure that has taken place since 1Q17. The solid PPoP growth was mostly contributed by strong non-interest income growth (17% YoY) and strong cost control (9% YoY). Provision expense improved and recorded a 9% YoY decline to Rp7.1 tn in 2017. Asset quality significantly improved with NPL decline to 2.3% of total loan as of 4Q17, decrease from the peak of 3.1% in 3Q16. Total loan grew by 12% YoY in 2017 while total deposits grew much higher than total loan, at 19% YoY, providing better liquidity for the bank going forward.

(in Rpbn)	FY17	FY16	YoY	4Q17	3Q17	QoQ	2017F	FY17/17F
Interest income	48,178	43,768	10.1%	12,779	12,246	4.4%		
Interest expense	(16,240)	(13,773)	17.9%	(4,352)	(4,139)	5.1%		
Net interest income	31,938	29,995	6.5%	8,427	8,107	3.9%	32,381	98.6%
Non-interest operating income	13,275	11,304	17.4%	3,728	3,258	14.4%	12,960	102.4%
Non-interest operating expense	(20,863)	(19,217)	8.6%	(6,112)	(4,976)	22.8%	(21,285)	98.0%
PPoP	24,350	22,083	10.3%	6,043	6,389	-5.4%	24,057	101.2%
Provision expense	(7,126)	(7,853)	-9.3%	(1,637)	(1,665)	-1.6%	(6,791)	104.9%
Operating profit	17,224	14,229	21.0%	4,405	4,725	-6.8%	17,266	99.8%
Net income	13,618	11,339	20.1%	3,461	3,744	-7.6%	13,754	99.0%
Ratios (%)								
Asset yield	8.5	9.3	-0.8	8.6	8.9	-0.3		
Cost of fund	3.0	3.1	0.0	3.1	3.1	0.0		
NIM	5.7	6.4	-0.7	5.7	5.9	-0.2		
CASA	63.1	64.6	-1.5	63.1	60.4	2.7		
LDR	85.5	90.3	-4.8	85.5	87.7	-2.2		
Cost to income	46.1	46.5	-0.4	50.3	43.8	6.5		
Tax rate	20.0	20.2	-0.3	20.8	19.7	1.0		
NPL gross	2.3	3.0	-0.7	2.3	2.8	-0.5		
Credit cost	1.3	1.7	-0.4	1.1	1.2	-0.1		
Loan loss coverage	148.0	143.3	4.7	148.0	143.4	4.6		
CAR	18.5	19.4	-0.9	18.5	19.0	-0.5		
ROA	2.1	2.0	0.0	2.0	2.3	-0.3		
ROE	14.7	13.9	0.8	14.3	16.1	-1.8		
Deposit	516,098	435,545	18.5%	516,098	480,531	7.4%		
Demand	143,162	122,652	16.7%	143,162	128,748	11.2%		
Savings	182,295	158,662	14.9%	182,295	161,266	13.0%		
Time	190,641	154,230	23.6%	190,641	190,517	0.1%		
Loan	441,314	393,275	12.2%	441,314	421,405	4.7%		

Comments: The result was in-line with our estimates and slightly ahead consensus estimates by 2.5%. We have a Buy rating on the stock with Rp8,600/share target price and currently are reviewing our estimates considering the latest FY17 result.

TECHNICAL ANALYSIS

JCI : (6,445 +0.2%)

Comment : PGAS, SMGR and BBRI consecutively became leading movers. Technically, JCI closed at new high level. Support level at 6,344. Resistance level at 6,445. Next support and resistance level at 6,220-6,550. 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). We revised the wave counting for the peaks of wave (iii). The highest level of 6,098 which occurred on November 21, 2017 seems the peak of wave (iii). The lowest level of 5,952 which is the lowest level on November 30, 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 6,445-6,550 which the projection of the uptrend channel. This wave counting automatically false if the index moves below the level of 6,080



STOCK OF THE DAY

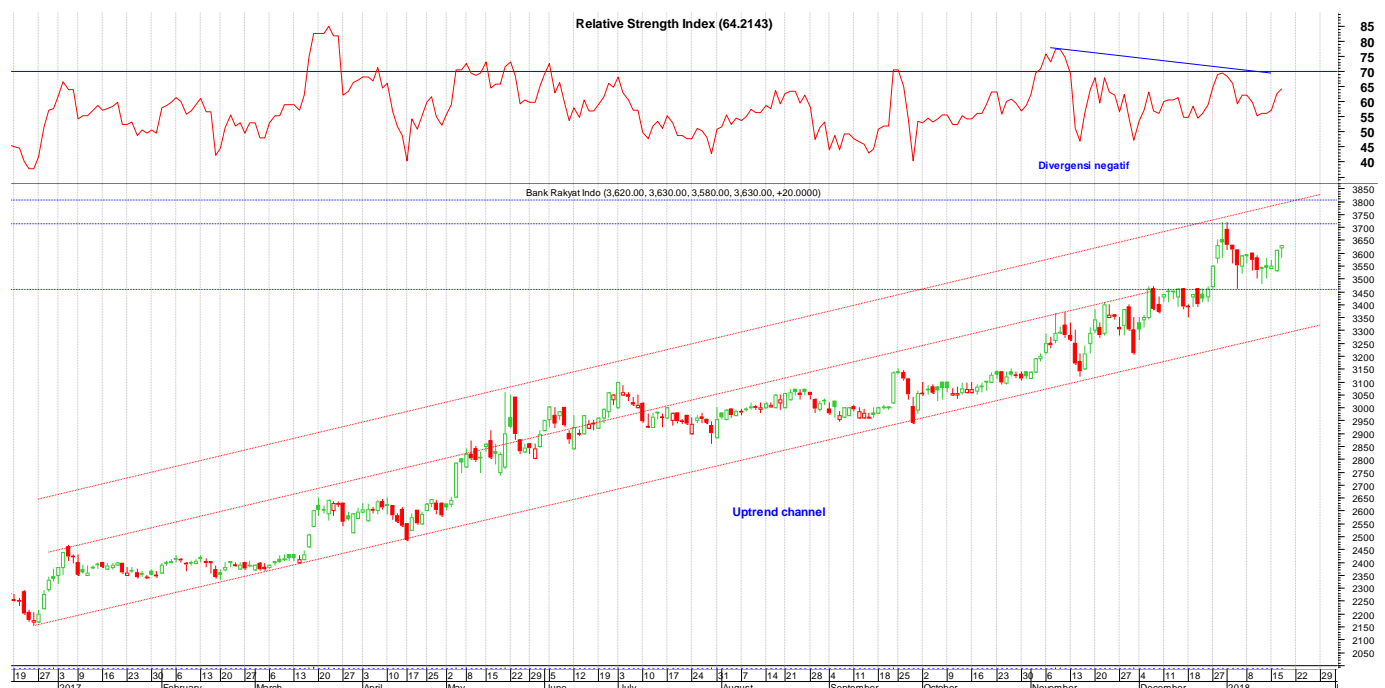
BBCA : Testing resistance level

The failed to break major resistance level of 22,750. Support level at 21,300. Next support and resistance level at 20,350-23,200. The price moved in uptrend channel in the last thirteen months. Sell on strength



BBRI : Testing resistance level

The price closed below major resistance level of 3,720. Support level at 3,460. Next support and resistance level at 3,300-3,800. The price moved in uptrend channel in the last thirteen months. Indicator of RSI likely formed a negative divergence. Sell on strength.



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HMSP : Testing resistance level

The price closed above minor support level of 4,780. Resistance level at 4,950. Next support and resistance level at 4,530-5,075. The price moved in uptrend in the last five months. Sell on strength, Sell if the price moves below the level of 4,780.



PGAS: Testing resistance level

The price closed below resistance level of 2,410 which is 161.8% fibonacci projection level. Support level at 2,100. Next support and resistance level at 1,900-2,600. The mid-term trend is still sideways. Sell on strength



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,310 -13,410

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	4.86
3	5.57
5	5.72
10	6.20
15	6.72
30	7.10

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.63	5.79	5.76	5.70	5.44
US\$	0.76	0.77	0.78	0.82	
JIBOR (RP)	4.94	5.30	5.69	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	13,359	-0.16
1 US\$ = SGD	1.33	-0.08
1 US\$ = JPY	111.28	0.01
1 US\$ = AUD	0.80	0.06
1 US\$ = EUR	1.22	0.09

ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS

19-Jan-2018	Modern International (MDRN) Extraordinary General Meetings Agenda: Approval of sale of assets of the Company with a value exceeding 50% of the Company's net worth, Changes in the composition of the management of the company Venue & Time : Office of the Company (Kawai Music School), Jl. St. Iskandar Muda No.29, Jakarta, at 09.00 (Western Indonesia Time)
20-Jan-2018	Barito Pacific (BRPT) Extraordinary General Meetings Agenda: Approval of the Company's plan to increase the Company's capital by granting preemptive rights ("Rights") to the Company's shareholders through a mechanism of limited public offering with Rights, Approval of the amendment of the Company's Articles of Association in connection with the exercise of Rights, Approval of the Company's plan for takeover the 66.67% interest in Star Energy Group Holdings Pte.Ltd which is a Material Transaction as defined in Regulation no. IX.E.2 on Material Transaction & Change of Main Business Activity Venue & Time : Wisma Barito Pacific Tower B, M Floor, Jl. Let. Jend. S. Parman Kav. 62-63, Jakarta, at 10.00 (Western Indonesia Time)
25-Jan-2018	Perusahaan Gas Negara (PGAS) Extraordinary General Meetings Agenda: Approval of Amendment of Company's Articles of Association, Changes of the Board of Directors Venue & Time : Grand Ballroom Hotel Four Seasons Capital Place Jl. Jend. Gatot Subroto Kav.18 Jakarta, at 14.00 (Western Indonesia Time)

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