

GLOBAL			
Index	Last	Change	% chg
Dow	26,018	-97.84	-0.37
S&P 500	2,798	-4.53	-0.16
Eido US	29.6	-0.08	-0.27
H.S.I	32,122	138.53	0.43
Nikkei	23,763	-104.97	-0.44
STI	3,521	-20.60	-0.58
KLCI	1,822	-7.03	-0.38
Kospi	2,516	0.38	0.02
SET Thai	1,819	-9.56	-0.52

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	69.4	0.23	0.33
WTI Crude Oil (\$/bbl)	64.0	-0.02	-0.03
CPO (MYR/ton)	2,465	-13.00	-0.52
Gold (US\$/tr ounce)	1,327	-0.03	0.00
Nickel (US\$/ton)	12,421	69.75	0.56
Tin (US\$/ton)	20,465	-65.00	-0.32
Pulp (US\$/ton) weekly	1,030.0	0.00	0.00
Coal (US\$/ton)	106.8	0.20	0.19

BEI STATISTICS	
JCI	6,473
Change (1 day)	0.44%
Change YTD	1.84%
P/E Market (X)	16.6
Volume (mn shr)	11,169.8
Value (Rp bn)	8,480.5
↑ 177 ↓ 176 ↔ 218	
LQ45	854
% Change (1 day)	0.28%

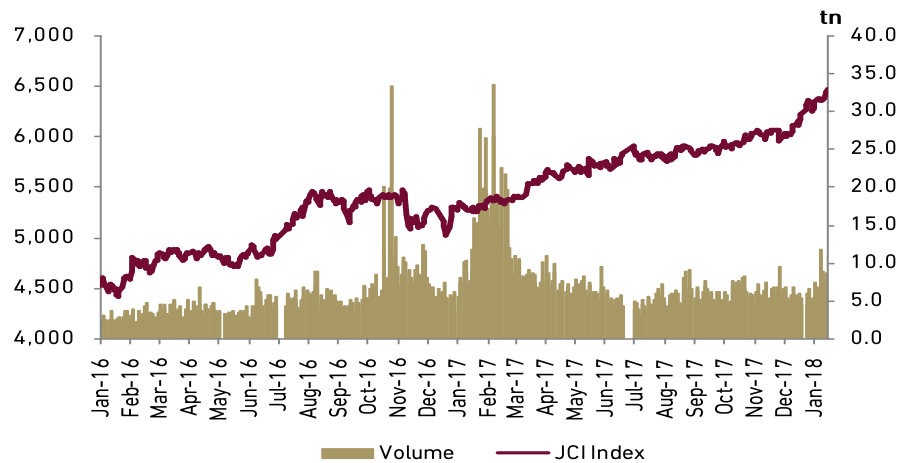
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.50
Fed fund rate (%)	1.50	1.25
inflation mom (%)	0.71	0.20
Inflation yoy (%)	3.61	3.30

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	13,347	-12.00	-0.09
1 USD = SGD	1.32	0.00	-0.01
1 USD = JPY	110.96	-0.15	-0.14
1 USD = AUD	1.25	0.00	-0.09
1 USD = EUR	0.82	0.00	-0.02

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	31.5	0.00	0.00	4,204	379,758
ISAT	0.3	0.00	0.00	4,405	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- BI maintains policy rate and introduces new policies
- Food commodity prices rise in January 2018
- KLBF aims 8% growth FY18 – New diagnostic facility, and capex rollout to continue
- GIAA: Cargo segment revenue reaches Rp4.8tn
- BBNI to issue Rp2 tn convertible bonds in 2H18

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,400 (support) – 6,500 (resistance) level today

BMRI: Sell on strength at Rp 8,200-Rp 8,300

Comment: Testing resistance level

BBNI: Sell on strength at Rp 9,650-Rp 10,000

Comment: Testing resistance level

TLKM: Sell on strength at Rp 4,240-Rp 4,350

Comment: Testing resistance level

BUMI: Buy on weakness at Rp 280-Rp 260

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock market closed negative, DJIA fell 97 points to 26,017.81. S&P 500 decreased 0.16% to 2,798.03, NASDAQ down by 0.03% to 7,296.05. There is a concern, since congress needs to pass a spending bill by the end of Friday (01/19/2018) to avoid a government shutdown. In the past, the government shutdown has led to a short-term pullback in the stock market. Brent Crude Oil was up by 0.33% to USD69.4/bbl and WTI Crude oil inched down by 0.03% to USD64/bbl. CPO price slipped by 0.52% to MYR2,465/ton. Coal price inched up by 0.19% to USD 106.8/ton, Nickel price rose by 0.56% to USD 12,421/ton.

Domestic

JCI inched higher at 6,473 by 28.15 points or up by 0.44% on Thursday trading and recorded Rp295 bn net foreign sell. The leading sectors were consumer (+1.4%) , Misc Industry (1.1%) and Finance (+0.44%), which were mainly driven by HMSF (+3.53% to 4,990), BBKA (+1.92% to 22,575), ASII (+1.22% to 8,300) as the key movers. Rupiah strengthened by 12 points to 13,347/USD. Our technical desk suggests for trading within the band of 6,400 – 6,500, with possibility to end at lower level.

BI MAINTAINS POLICY RATE AND INTRODUCES NEW POLICIES

Bank Indonesia (BI) retained its policy rate at 4.25% in the beginning of 2018. Central bank also maintained deposit facility at 3.50% and lending facility at 5.00%. Current policy rate is believed to be sufficient to keep the inflation and CAD within target and also support domestic macroeconomic recovery. Central bank gave a signal that the window for further ease decreased in the rest of 2018. Central bank decided to accelerate the implementation of new macroprudential policy after assessing weak domestic banking intermediation and procyclicality behavior. There are two main policies which were introduced: 1) Macroprudential Intermediation Ratio (RIM) which is the new financing to funding ratio -FFR (replace loan to funding ratio) and 2) Macroprudential Liquidity Buffer (PLM) which is the required reserve ratio (GWM). The new FFR will integrate securities holding to Bank's financing position. Central bank also re-introduced new averaging GWM which now is also applied to sharia banks. On macro side, BI stated to be less preferred of stronger Rupiah and will let Rupiah determined by market. On domestic side, central bank still see stronger growth at 5.1% - 5.5% and low inflation to meet its target range.

Comments: We see banks with low FFR like BBCA will gain advantage from the new FFR while banks with high FFR like BNGA and BDMN should be more conservative in managing its liquidity. On its macro guidance, we concur with central bank view of higher growth and slightly depreciating Rupiah in this year.

FOOD COMMODITY PRICES RISE IN JANUARY 2018

Garlic, chicken, eggs, chili, medium rice experienced a significant price rises in the second week of January. Medium rice ranged at Rp 12,000-Rp 12,500 per kg, higher than the Bulog's regulation Rp 9,450/kg. Chicken price increased to Rp 35,000-Rp 40,000 in Jabodetabek. Chili price inched up to Rp 60,000 from Rp 50,000 from previous week. To anticipate the unbalanced supply and demand, government start to take action by starting to import rice. Ministry of Trade also predicts, government need to take further action for another food commodity to prevent the rising price.

Comment: Rising price in food commodity will directly hurt consumer's spending power as consumer end up spend more money for their basic necessities.

KLBF AIMS 8% GROWTH FY18 – NEW DIAGNOSTIC FACILITY, AND CAPEX ROLLOUT TO CONTINUE

Kalbe capex in FY17 reached Rp1 tn. It allocates capex in FY18 up to Rp1.5 trillion in 2018 to be used for completion of factories development. These are the injection drug factory in Pulo Gadung, the powder and tablet products manufacturing. The plant for its biosimilars has been completed and is in process of commercialization due in 3Q-4Q 2018. KLBF targets 8% revenue growth in FY18, whereas FY17 revenue growth to be announced at ~4% -5%, fairly low due to weak consumer purchasing power. KLBF will add 5-10 new generic drugs, and 2 nutritional products in its portfolio. KLBF expects better outlook as we approach the year of elections. Kalbe Farma also launched partnership with two Japanese companies to form "Kalgene Innolab Clinical" for Rp 100 billion (\$7 million) clinical laboratory in Sunter, North Jakarta. Kalbe will control 60% and HSRI and Toyota Tsusho will hold 20% each. Kalgene will offer advanced tests and advanced molecular diagnostics to support personalized medicine. The diagnostics division will be a new revenue source and is expected to contribute 10% of KLBF revenues in 5 years time.

Comment: Along with capex rollout for medicine production, Kalbe enters is quality diagnostic services and treatment. Strategically makes sense as it will synergize with its medicine manufacturing business. We recommend Hold for KLBF at this point but we will review our valuation to test the significance of this new partnership

GIAA: CARGO SEGMENT REVENUE REACHES RP4.8TN

According to GIAA, the cargo segment accounted for USD360 million (Rp4.8 trillion) in revenue in 2017, showing double-digit growth. As of 2017, the Company has 80 units of CSS (Center Service Cargo), while this year they are planning to build another 15-20 units more. The cargo segment of Garuda is targeting to grow by 15% in 2018. Moreover, capacity utilization has been becoming better, as demand from e-commerce improved. In addition, Garuda Cargo aims to expand their services in Indonesia by giving "door-to-door" program.

Comment: Garuda Cargo accounts for 5-6% of total GIAA revenue. We saw in 2017, approximately 60% year-over-year growth is solid. Going forward, we expect the contribution of Garuda Cargo to the holding Company's revenue mix will expand. Hence, it potentially leads to a better margin for the overall Company.

BBNI TO ISSUE RP2 TN CONVERTIBLE BONDS IN 2H18

BBNI plans to issue Rp2 trillion convertible bonds in 2H18. The proceeds from the funds will be used to support loans. BBNI issues bonds to fulfill the requirement from OJK for systemic banks to issue convertible bonds. The bonds could be recognized as subordinated debt and could boost the Capital Adequacy Ratio (CAR). At the moment, BBNI's CAR stands at 18.5% as of 2017, lower than 19.4% in 2016.

TECHNICAL ANALYSIS

JCI : (6,472 +0.44%)

Comment : HMSP, BBCA and ASII consecutively became leading movers. Technically, JCI closed at new high level. Support level at 6,344. Resistance level at 6,500. 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

BMRI : Testing resistance level

The price closed below major resistance level of 8,300. Support level at 8,025. Next support and resistance level at 7,650-8,500. The price moved in uptrend channel in the last thirteen months. Sell on strength



BBNI : Testing resistance level

The price closed below minor resistance level of 9,650. Support level at 9,100. Next support and resistance level at 8,350-10,000. The price moved in uptrend channel in the last thirteen months. Sell on strength, sell if the price moves and stable below the level of 9,100



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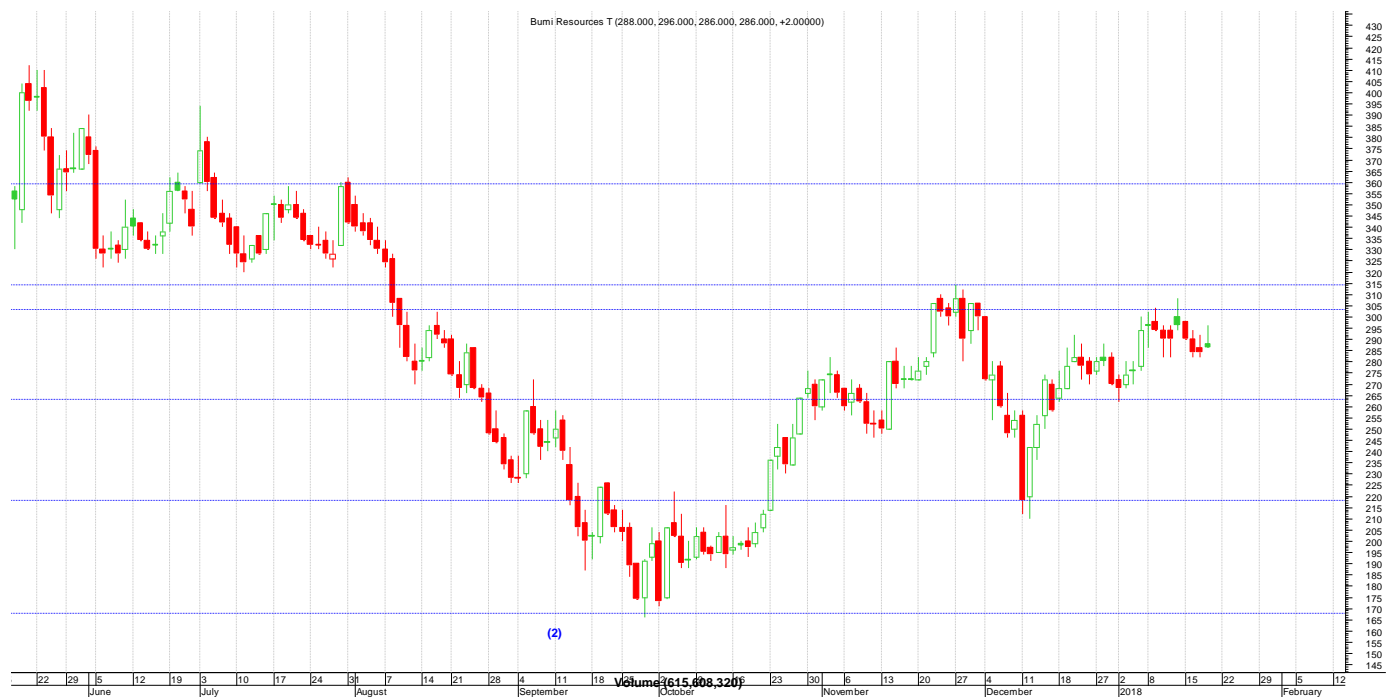
TLKM: Testing resistance level

The price closed below minor resistance level of 4,240. Support level at 4,100. Next support and resistance level at 3,900-4,350. The mid-term trend is still sideways. Sell on strength, sell if the price moves below the level of 4,100



BUMI: Testing support level

The price closed above minor support level of 282. Resistance level at 308. Next support and resistance level at 262-360. The mid-term trend is still sideways. Buy on weakness, add if the price moves and stable above the level of 314



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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	4.76
3	5.56
5	5.72
10	6.19
15	6.73
30	7.10

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.61	5.78	5.70	5.68	5.48
US\$	0.77	0.77	0.75	0.83	
JIBOR (RP)	4.93	5.30	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	13,347	0.09
1 US\$ = SGD	1.32	0.01
1 US\$ = JPY	110.96	0.14
1 US\$ = AUD	0.80	0.09
1 US\$ = EUR	1.22	0.02

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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Analyst Certification

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