

GLOBAL

Index	Last	Change	% chg
Dow	26,252	41.31	0.16
S&P 500	2,838	-1.59	-0.06
Eido US	30.3	0.20	0.66
H.S.I	32,959	27.99	0.08
Nikkei	23,941	-183.37	-0.76
STI	3,609	17.16	0.48
KLCI	1,837	-1.00	-0.05
Kospi	2,538	1.40	0.06
SET Thai	1,839	7.18	0.39

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	70.0	0.93	1.35
WTI Crude Oil (\$/bbl)	65.6	1.14	1.77
CPO (MYR/ton)	2,512	24.00	0.96
Gold (US\$/tr ounce)	1,358	17.29	1.29
Nickel (US\$/ton)	12,810	86.50	0.68
Tin (US\$/ton)	20,825	-30.00	-0.14
Pulp (US\$/ton) weekly	1,033.4	0.00	0.00
Coal (US\$/ton)	107.0	0.45	0.42

BEI STATISTICS

JCI	6,615
Change (1 day)	-0.30%
Change YTD	4.09%
P/E Market (X)	17.0
Volume (mn shr)	11,604.7
Value (Rp bn)	9,929.0
↑ 183 ↓ 168 ↔ 220	
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

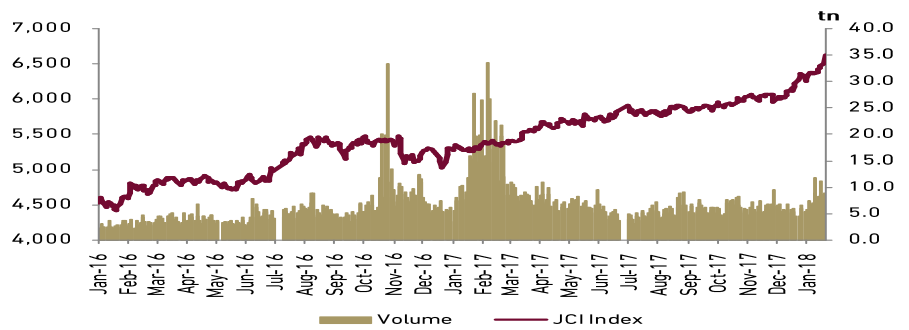
	Last	Change	% chg
1 USD = IDR	13,314	-17.00	-0.13
1 USD = SGD	1.31	0.00	0.13
1 USD = JPY	109.31	0.09	0.08
1 USD = AUD	1.24	0.00	0.15
1 USD = EUR	0.81	0.00	0.13

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	30.2	-0.61	-1.98	4,025	1,480,687
ISAT	0.3	0.00	0.00	4,394	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- BI to focus on macroprudential policy, predict Jan inflation at 0.6% MoM
- BBRI sets aside Rp9 tn for inorganic growth
- BBRI reported Rp29.0 tn net profit in 2017
- Surya Esa Perkasa to launch 3-for-10 rights issue to raise Rp495 bn
- Krakatau Steel eyes for 40% Sales Increase in 2018
- Astra Agro's CPO production improves
- TOWR 2018 guidance; 5-9% revenue growth, Rp2 tn capex
- Ramayana Lestari Sentosa sets conservative target this year
- Semen Indonesia targets 5% sales volume growth in this year

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,550 (support) – 6,650 (resistance) level today

**UNTR: Sell on strength at Rp 40,400-Rp 41,500**

Comment: Testing resistance level

**ANTM: Speculative buy at Rp 680-Rp 760**

Comment: Retest the breakout

**WIKA: Speculative buy at Rp 2,080-Rp 2,050**

Comment: Closed above resistance level

**BUMI: Speculative buy at Rp 322-Rp 314**

Comment: Closed above resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

DJIA closed all time high with 41.31 points higher at 26,252.12 while S&P 500 decreased 0.06% to 2,837.54. Tech stocks were led lower by Apple, which fell 1.6% after being predicted iPhone sales growth could be weak this spring. Shares of Facebook, Amazon and Alphabet also traded lower. Equities have started year 2018 with strong gains. The major indexes are up at least 6 % year to date as strong earnings and a lower corporate tax rate help maintain optimism in the economy. However, the market's high valuation also made some investors nervous as they also worries about further U.S. protectionist policies . Brent Crude oil rose by 1.35% to USD70/bbl and WTI Crude oil expanded by 1.77% to USD65.6/bbl. CPO inched up by 0.96% to MYR2,512/ton. Coal inched up by 0.42% to USD 107 /ton, Nickel increased by 0.68% to USD 12,810/ton.

Domestic

JCI closed lower at 6,615 by 19.84 points or - 0.3% on Wednesday trading and recorded Rp322 bn net foreign sell. The laggard sector sectors were Consumer (-1.71%), Infrastructure (-1.32%), Finance (-0.26%), ,mainly driven by HMSP (-4.55% to 5,250), TLKM (-2.69% to 3,980), BBRI (-2.30% to 3,830) as the key movers. Rupiah strengthened by 17 points to 13,314/USD. Our technical desk suggests for trading within the band of 6,550 – 6,650, with possibility to end at lower level.

#### BI TO FOCUS ON MACROPRUDENTIAL POLICY, PREDICT JAN INFLATION AT 0.6% MOM

Bank Indonesia (BI) stated that room for policy rate adjustment is declining due to current external situation. Central bank governor, Agus Martowardojo, said that they will use macroprudential policies to tackle stability issues like inflation. As of 3rd week, central bank sees January inflation at 0.6% MoM which is driven by food inflation. Central bank believe that food inflation will not exceed 4% - 5% in this year. Furthermore, macroprudential policy is believed to increase banking sector liquidity to strengthen bank's intermediary role.

**Comments:** We also see the room of more monetary easing is smaller due to global monetary tightening trend. Central bank is expected to hold policy rate at 4.25% to stimulate economic recovery and maintain domestic stability. We also concur on central bank's prediction on January inflation as our preliminary prediction sees January inflation at 0.61% MoM. This month inflation is still driven by food sector, especially rice and chili.

#### BBRI SETS ASIDE RP9 TN FOR INORGANIC GROWTH

Bank Rakyat Indonesia (BBRI) sets aside Rp9 tn for inorganic growth this year, which comprises acquiring smaller banks, preparing one of its subsidiary to go public (BRI Syariah), and increasing shares in its newly acquired venture capital firm (PT Bahana Artha Ventura). The acquisition of smaller banks is planned to be done through its subsidiary BRI Agro (AGRO), as well as reducing share ownership in AGRO to 76% from 87.23% at the moment. In PT Bahana Artha Ventura, BBRI plan to increase its share portion to 65% from 35%.

#### BBRI REPORTED RP29.0 TN NET PROFIT IN 2017

BBRI reported Rp29.0 tn net profit in 2017 or grew by 10.7% YoY. PPOp was solid with 13.2% YoY growth to Rp54 tn in 2017 while provision expenses jump by 25.0% YoY to Rp17.2 tn in 2017. Loan growth slightly weaker than expectation at 11.4% YoY in 2017, and mostly driven by its micro loan segment. Both BBRI's conventional micro (Kupedes) and the government program in KUR posted a solid growth of 14% and 16%, respectively. The segment outside micro seems to grow more conservatively, for example corporate SOE and non-SOE at 5% and 8% YoY in 2017, respectively. Lower effective tax rate at 21.5% in 2017 (vs. 22.8% in 2016) led to bottom line growing a bit higher by 10.7% YoY vs. operating profit growth at 8.4% YoY.

**Comments:** The result was solid, ahead of our and consensus' estimates by 2% and 3%, respectively. We are currently review our estimates with tendency to revise up our earnings estimates and target price accordingly. We have a Hold rating with Rp3,000/share at the moment.

#### SURYA ESA PERKASA TO LAUNCH 3-FOR-10 RIGHTS ISSUE TO RAISE RP495 BN

Surya Esa Perkasa (ESSA) will launch rights issue, offering as much as 3.3 bn new shares at Rp150 each. Each shareholder with 10 existing shares is eligible for 3 of the new share in rights issue. Proceeds will be used to increase investment to complete the construction of ammonia factory in Central Sulawesi. Ownership of existing shareholders will be diluted by 23% if they do not participate in the rights issue. Cum-date and ex-date of rights issue will be on 29 Jan and 30 Jan, respectively.

**Comment:** We see the rights issue as positive as the proceed will be used for investment in ammonia plant which will be the biggest in Indonesia.

#### KRAKATAU STEEL EYES FOR 40% SALES INCREASE IN 2018

State-owned steel producer Krakatau Steel (KRAS) expects a 40% increase in sales volume in 2018, which would amount to 2.8 mn tons of steel production. The goal is based on the 2018 projection regarding the increasing domestic needs of steel. Suriadi revealed that the domestic needs for steel in 2016 reached 12.7 mn tons. It is expected to continue rising in the coming years with an average of 1,000,000 tons of steel each year. KRAS is optimistic with this year's target. The price of steel continues to decline since 2011 up to 2015. The current price of domestic HRC CFR in December 2017 reached USD562/mt, an astonishing 260% increase compared to December 2015 which was only USD216/mt.

**Comment:** We do not cover KRAS. The company booked net loss of USD78.6 mn in 9M17 as interest expense more than offset operating profit.

#### IMPROVING ASTRA AGRO'S CPO PRODUCTION

Astra Agro Lestari (AALI) recorded a positive performance in FY17. CPO production improved from 1.54 mn tons in 2016 to 1.63 mn tons in 2017. The increase in operational performance is supported by improvement in productivity from nucleus and plasma plantations and also favorable weather throughout 2017. FFB production from nucleus and plasma also increase from 4.87 mn tons in 2016 to 5.23 mn tons in 2017. Astra Agro's palm oil business also benefited from a raise in average CPO price from Rp7,768/kg in 2016 to Rp8,271/kg in 2017.

**Comment:** The total FFB production growth of 7% YoY came in below than our expectation as we previously estimated 24% YoY improvement. However average CPO price is 4% higher than our assumption of Rp7,929/kg. We believe aging trees render AALI's poor ability to improve its FFB production. We put AALI under review with potential to de-rating. Currently we have BUY recommendation on AALI with 12-month TP of Rp20,600 based on 2018F PER of 19x.

#### TOWR 2018 GUIDANCE; 5-9% REVENUE GROWTH, RP2 TN CAPEX

TOWR has guided for 5-9% revenue growth in 2018 in line with predictions for revenue growth in telco industry. TOWR is allocating Rp2 tn for capex to cover the telco needs for 2018. 30% is or Rp600 bn will be allocated to build new towers. The cost currently to build new tower ranges between Rp900 mn to Rp1 bn for about #600 new towers to cover tower demands from telcos. Hutch 3 and XL Axiata are largest revenue contributors for TOWR, 36% and 25% revenue contribution respectively. The remaining portion of capex will be used to improve its existing tower infrastructure.

**Comment:** TOWR has strong balance sheet with net debt/EBITDA of less than 1.2x. Thus is able to cater comfortably any tower/tenancy demand coming from telcos. Due to its financial strength TOWR has already distributed interim dividend Rp30 per share and we expect at least Rp70/share from FY17 earnings or 1.5% dividend yield. TOWR is currently trading at EV/EBITDA 2018 of 9.7x

#### RAMAYANA LESTARI SENTOSA SETS CONSERVATIVE TARGET THIS YEAR

Ramayana Lestari Sentosa (RALS) expects top line of Rp8.23tn in 2018, only comprised 1.0%-2.0% growth compared to last year. By 1H18, the company plans to add 2 new Ramayana outlets in Bekasi and Cakung, and 1 Ramayana Prime in Cibubur. Further, the company will also expand their online sales by opening official stores in several e-commerce and market place. Throughout the year online sales business online contributes 1.0% to total revenue. In FY18F, the company targets online business to contribute 5.0%-10.0%.

**Comment:** RALS expansion strategy of adding new outlets and expanding online business is on track with the company target if 1.0%-2.0% sales growth.

SEMEN INDONESIA TARGETS 5% SALES VOLUME GROWTH IN THIS YEAR

Throughout 2017, SMGR recorded 28.96 mtons sales volume, increased by 10.2% YoY from 26.28 mtons. Domestic sales amplified by 5.5% YoY to 27.09 mtons, meanwhile export skyrocketed by 212.1% YoY to 599,510 tons. In 2018, the Company targets 5% domestic growth in order to maintain the market share. Moreover, this year the Company will have 35 mtons total installed capacity, supported by completion of Indarung and Rembang plant.

**Comment:** Domestic sales volume growth of SMGR was still below the national sales volume, which definitely lead the market share to decrease slightly from 41.5% to 40.7%. Though the Company is also witnessing intense competition, we see SMGR still has capability to retain their market share above 40%. Remarkable increased in exports sales also shown that SMGR has a flexibility to sell their product abroad during tight situation. We have a BUY call on SMGR with TP of 11,800, implying 10% upside potential.

## TECHNICAL ANALYSIS

JCI : (6,615 -0.3%)

**Comment :** HMSP, TLKM and BBRI consecutively became lagging movers. Technically, JCI closed around resistance level. Support level at 6,470. Resistance level at 6,650. Next support and resistance level at 6,220-6,700. 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**

**UNTR : Testing resistance level**

The price closed around resistance level of the mid-term uptrend channel. Support level at 39,300. Next support and resistance level at 37,000-42,000. If there is no extension, the short-term uptrend cycle like has completed. Take profit/Sell on strength



**ANTM : Testing support level**

The price moved and closed above minor resistance level of 760. If the breakout confirm, level of 760 will turn into support level and the short-term trend turn into positive. Resistance level at 815. Next support and resistance level at 730-860. Speculative buy/Buy on weakness



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**WIKA : Testing resistance level**

The price closed slightly above minor resistance level of 2,070. If the breakout confirm, level of 2,070 will turn into support level and the mid-term trend turn into positive. Resistance level at 2,280. Next support and resistance level at 1,920-2,400. Buy on weakness



**BUMI: Testing resistance level**

The price closed above minor resistance level of 314. If the breakout confirm, level of 314 will turn into support level and the short-term trend turn into positive. Resistance level at 360. Next support and resistance level at 260-410. Speculative buy/Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,270 -13,375

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	4.87
3	5.56
5	5.69
10	6.20
15	6.64
30	7.09

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.60	5.72	5.72	5.71	5.39
US\$	0.74	0.77	0.78	0.80	
JIBOR (RP)	4.94	5.32	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	13,314	0.13
1 US\$ = SGD	1.31	-0.13
1 US\$ = JPY	109.31	-0.08
1 US\$ = AUD	0.81	-0.15
1 US\$ = EUR	1.24	-0.13



**ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS**

25-Jan-2018	<b>Perusahaan Gas Negara (PGAS)</b> 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)
25-Jan-2018	<b>FKS Multi Argo (FISH)</b> Extraordinary General Meetings Agenda: Approval to pledge the Company's assets to more than 50% of the Company's net worth within one fiscal year, Changes in the composition of the Board of Directors of the Company Venue & Time : Sampoerna Strategic Square, The Function Room, Orchid 5, North Tower 3A Floor, Jl. Jend. Sudirman Kav. 45-46, Jakarta, at 14.00 (Western Indonesia Time)
26-Jan-2018	<b>Kertas Basuki Rachmat Indonesia (KBRI)</b> Extraordinary General Meetings Agenda: Approval and Approval of the Company's Annual Report for the fiscal year ending December 31, 2016, Independent Public Accountant Approval, Addition of members of the Board of Directors of the Company Venue & Time : TMII Tourist Village Hotel, Jodipati Meeting Room, Jl. Raya Taman Mini No. 1 (TMII Recreation Area), Jakarta, at 08.30 (Western Indonesia Time)
31-Jan-2018	<b>Industri Jamu &amp; Farmasi Sido Muncul (SIDO)</b> Extraordinary General Meetings Agenda: Approval of Amendment of the Management of the Company, Plan of Changing the Use of Funds of the Company's Public Offering Venue & Time : TMII Tourist Village Hotel, Jodipati Meeting Room, Jl. Raya Taman Mini No. 1, Jakarta, at 10.00 (Western Indonesia Time)

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