

GLOBAL

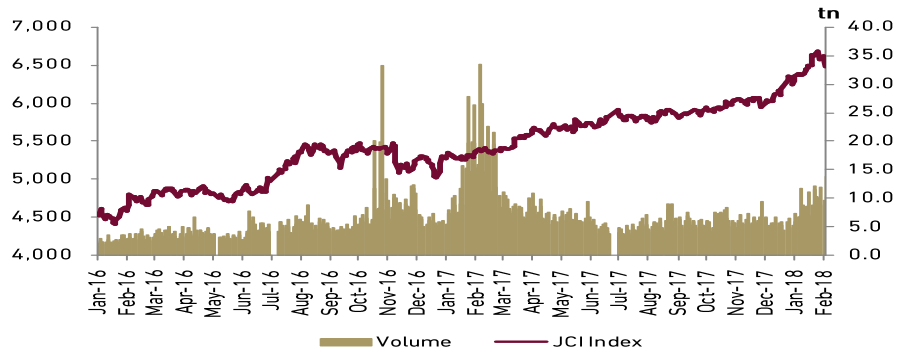
Index	Last	Change	% chg
Dow	24,893	-19.42	-0.08
S&P 500	2,682	-13.48	-0.50
Eido US	28.9	-0.53	-1.80
H.S.I	30,323	-272.22	-0.89
Nikkei	21,645	35.13	0.16
STI	3,384	-22.61	-0.66
KLCI	1,837	24.23	1.34
Kospi	2,398	1.32	0.06
SET Thai	1,785	-2.99	-0.17

- Foreign reserve Strengthen to USD 131.98 bn in January
- Energi Mega to venture into Petrochemical business
- Modern Internasional (MDRN): To sell more than 50.0% of its asset
- Unilever Indonesia (UNVR) ready to expand the business
- SRIL – to complete acquisition of 2 Companies by this month
- AGRO plan to acquire two smaller banks

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.9	-0.76	-1.12
WTI Crude Oil (\$/bbl)	61.8	-1.60	-2.52
CPO (MYR/ton)	2,482	1.00	0.04
Gold (US\$/tr ounce)	1,319	-5.58	-0.42
Nickel (US\$/ton)	13,134	-211.00	-1.58
Tin (US\$/ton)	21,705	-150.00	-0.69
Pulp (US\$/ton) weekly	1,052.2	0.00	0.00
Coal (US\$/ton)	102.8	-1.25	-1.20

JCI STATISTIC



BEI STATISTICS

JCI	6,535
Change (1 day)	0.87%
Change YTD	2.82%
P/E Market (X)	16.8
Volume (mn shr)	11,722.5
Value (Rp bn)	7,624.8
↑ 251    ↓ 118    ↔ 202	
LQ45	854
% Change (1 day)	0.28%

We expect JCI to trade between 6,430 (support) – 6,550 (resistance) level today

**ANTM: Sell on strength at Rp 880-Rp 910**

Comment: Testing resistance level of the gap

**ADRO: Sell on strength at Rp 2,470-Rp 2,600**

Comment: Testing resistance level

**BBRI: Sell on strength at Rp 3,730-Rp 3,800**

Comment: Testing resistance level

**MEDC: Buy on weakness at Rp 1,150-Rp 1,070**

Comment: Testing support level

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.25
Fed fund rate (%)	1.50	1.25
inflation mom (%)	0.62	0.71
Inflation yoy (%)	3.25	3.61

MARKET REVIEW & MARKET OUTLOOK

Regional

DJIA closed 19.42 points lower at 24,893.35, S&P 500 slipped by 0.5% to 2,681.66 after rising as much as 1.2% recording its highest one day reversal since February 2016. The Nasdaq composite dropped by 0.9% to 7,051.98; Amazon, Facebook and Alphabet all closed lower at least 1.8%. Apple also fell by 2.1%. Stocks closed lower on Wednesday shortly after a rise in the 10-year Treasury yield. The 10-year yield traded at 2.845%. Yields also rose after Senate Majority Leader Mitch McConnell stated leaders have reached a two year budget deal which would increase current spending caps by roughly \$300 billion. After three volatile sessions in which fear of rising inflation sent interest rates higher, pressuring equities. Further, traders also blamed computerized trading and sharp moves in obscure volatility funds that use leverage for the market's recent swings. Brent Crude Oil lower by 1.12% to USD66.9/bbl and WTI Crude oil dropped by 2.52% to USD61.8 bbl. CPO inched up by 0.04% to MYR2,482/ton. Coal down by 1.2% to USD102.8/ton, nickel down by 1.58% to USD13,134/ton. Tin down by 0.69% to USD21,705/ton.

Domestic

JCI closed higher at 6,535 by 56.33 points or +0.89% on Wednesday trading and recorded Rp469 bn net foreign sell. The leading sectors were Consumer (+1.32%), Trade (+1.16%), Property (+1.06%), mainly driven by BBNI (+5.23% to 9,550), HMSP (+1.44% to 4,930), UNVR (+1.44% to 54,675) as the key movers. weakened by 15 points to 13,555/USD. Our technical desk suggests for trading within the band of 6,430 – 6,550, with possibility to end at lower level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	13,555	15.00	0.11
1 USD = SGD	1.33	0.00	-0.02
1 USD = JPY	109.16	-0.17	-0.16
1 USD = AUD	1.28	0.00	0.05
1 USD = EUR	0.81	0.00	-0.05

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.2	-0.32	-1.08	3,961	321,398
ISAT	0.4	0.00	0.00	5,151	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### FOREIGN RESERVE STRENGTHEN TO USD 131.98 BN IN JANUARY

Bank Indonesia recorded Indonesia's foreign reserve lift up from USD130.2 bn in Dec 2017 to USD131.98 bn in January. The increase attributed to tax revenues and government oil and gas export proceeds, withdrawal of a government foreign loan, as well as the auction of its foreign exchange bills which exceeded the need from both government foreign debt and BI's forex bill repayment. Current position of foreign reserve is enough to pay 8.5 months of import or 8.2 months import with government forex debt repayment.

**Comments:** We see the foreign reserve increase is in line with strengthening Rupiah in January (1.3% MoM). We see some pressures to February foreign reserve position due to volatile global market condition which require further intervention from central bank, especially in FX market.

#### ENERGI MEGA TO VENTURE INTO PETROCHEMICAL BUSINESS

Energi Mega Persada (ENRG) plans to diversify its operation into petrochemical business. ENRG has signed memorandum of agreement with Reignwood International Investment Group, to construct plant facility producing 1.6 mn tons purified terephthalic acid (PTA), which is main raw material for polyester. Reignwood is owner of China-based energy drink producer Red Bull and also shareholder of Energi Mega. The project will require investment of USD600 mn while the company will seek loan from China Bank.

**Comment:** We see the company's diversification into Petrochemical business as positive to cope with volatility in oil & gas prices. ENRG is currently trading at around 1.3x 2017 PER based on annualized 9M17 earnings.

#### MODERN INTERNASIONAL (MDRN): TO SELL MORE THAN 50.0% OF ITS ASSET

Modern Internasional (MDRN) plans to sell more than 50.0% of its asset to meet its debt obligation. The shareholders have agreed to the plan through an Extraordinary General Meeting (EGM) that held on Wednesday 7 Feb 18. Up until 9M17 the company's asset was standing at Rp1.12 tn. Of which, current asset was standing at Rp211.75 bn; meanwhile non-current asset was at Rp910.75 bn.

**Comment:** The stock is not under our coverage; however the company's plan to sell its asset is on track to pay off its debt obligation.

#### UNILEVER INDONESIA (UNVR) READY TO EXPAND THE BUSINESS

Company allocates US\$100-250 mn capital expenditure for new production machine as UNVR confident about the recovery of consumer spending. During 2017, UNVR recorded Rp7 tn net profit(+9.6% YoY). However, the expansion plan still encounter a challenge as the oleochemical processing plant in the Sei Mangkei is not ready yet due to the limited transportation and infrastructure. The project currently hold a total investment of Rp10 tn with UNVR invests Rp3.35 tn, PT Industri Nabati Lestari invests Rp1 tn, PT Alternative Protein Indonesia invests Rp5.7 tn and Rp53 bn from PT Pertamina.

**Comment:** Indonesian consumers grew more optimistic about their economic prospects this year that will increase their purchasing power towards consumption. We believe if oleochemical processing plant in the Sei Mangkei ready, UNVR financial performance will be improved as this factory operate to support UNVR export market.

**SRIL – TO COMPLETE ACQUISITION OF 2 COMPANIES BY THIS MONTH**

SRIL with its affiliated PT Sinar Pantja Djaja are in the acquisition process of two companies such as Primayudha Mandirijaua and Bitratex Industries Pte Ltd. Both companies will add 300 bales more capacity to SRIL and potentially bring the total capacity of spinning division to reach around 900,000 bales. Moreover, the total revenue of both target Companies are ranging between USD180-200 mn. In addition, this year SRIL sets USD25-30 mn capex for maintenance and upgrade the technology.

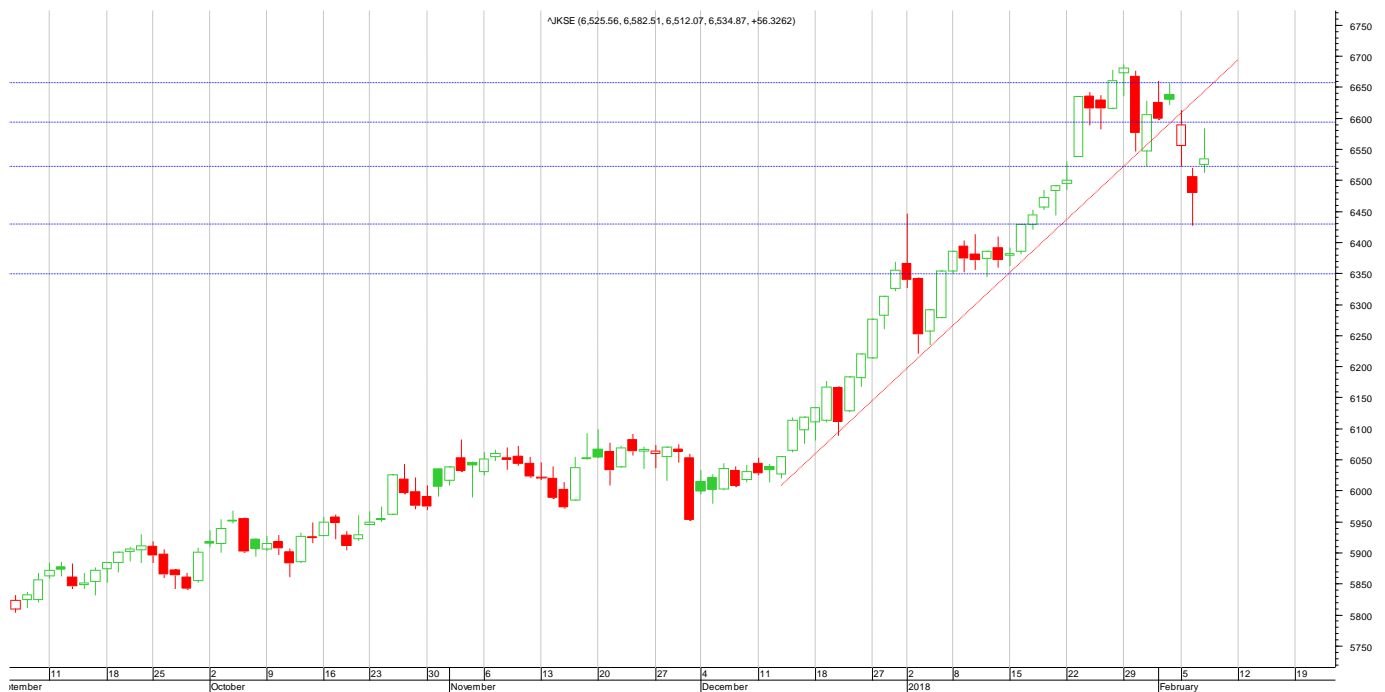
**AGRO PLAN TO ACQUIRE TWO SMALLER BANKS**

AGRO, a subsidiary of BBRI, plans to acquire two banks in the BUKU I and BUKU II category as part of the parents strategic action to acquire smaller banks through its subsidiary. One of those acquisitions is planned to be executed by 2018. AGRO plans to allocate Rp1 tn capex for the acquisition purposes, which will be provide through right issue in 2H18. AGRO also plan to raise its capital into Rp5 tn and increase status to BUKU III category.

## TECHNICAL ANALYSIS

JCI : (6,534 +0.87%)

**Comment :** BBNI, HMSP and UNVR consecutively became lagging movers. Technically, JCI bounced from the lowest level of 6,426. Resistance level at 6,582. Next support and resistance level at 6,350-6,650. 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. Level of 6,687 could be the peaks of wave (v) and now the index is doing corrective wave minute abc. This wave counting automatically false if the index moves above the level of 6,687.



**STOCK OF THE DAY**

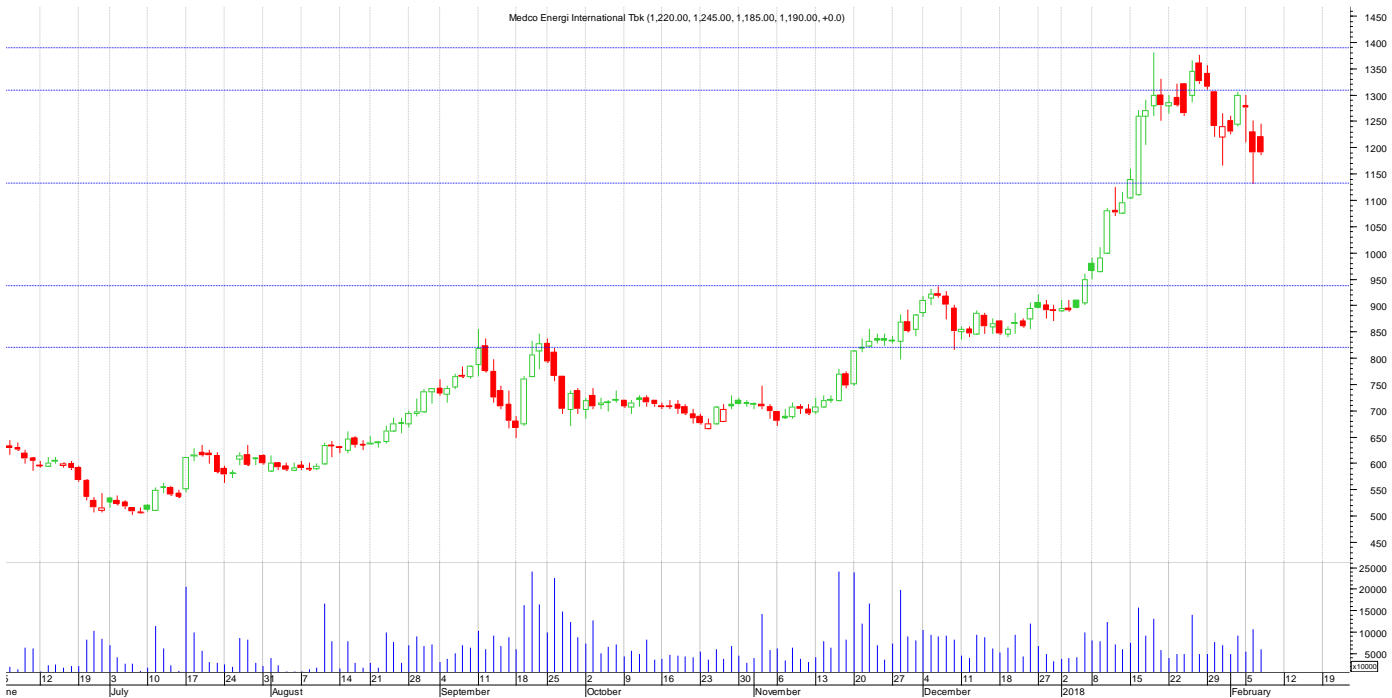
**ANTM : Testing resistance level**

The price closed below resistance level of the gap 880-905. Support level at 845. Next support and resistance level at 790-940. The short-term trend turn into sideways. Sell on strength.



**MEDC : Testing support level**

The price closed above minor support level of 1,130. Resistance level at 1,300. Next support and resistance level at 1,040-1,380. The trend is still positive. Buy on weakness



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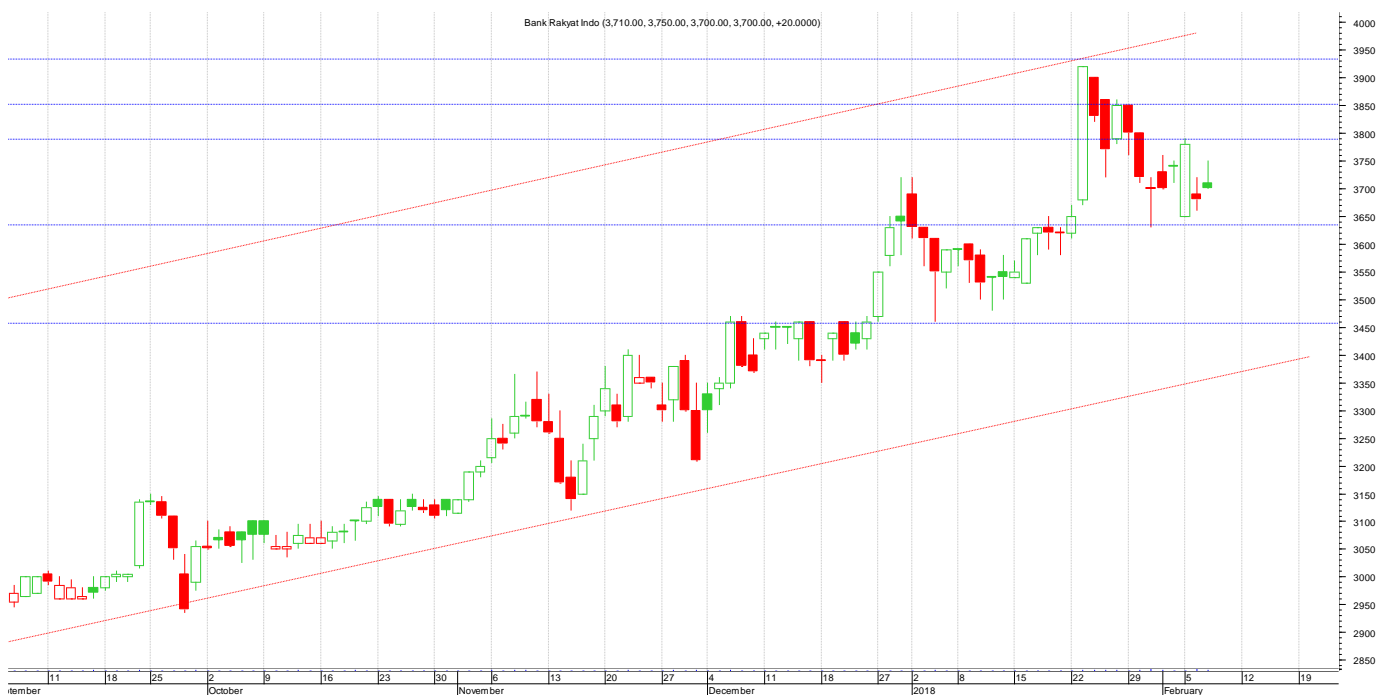
**ADRO : Testing support level**

The price failed to break minor resistance level of 2,590. Support level at 2,320. Next support and resistance level at 2,130-2,650. The price moved in uptrend in the last two months. Sell on strength, cut if the price moved below the level of 2,320.



**BBRI: Testing resistance level**

The price failed to break minor resistance level of 3,790. Support level at 3,630. Next support and resistance level at 3,460-3,920. The price moved in uptrend channel in the last thirteen months. Sell on strength.



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,500 -13,590

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.08
3	5.71
5	5.83
10	6.37
15	6.81
30	7.15

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.60	5.69	5.78	5.71	5.44
US\$	0.77	0.75	0.78	0.76	
JIBOR (RP)	4.92	5.30	5.67	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	13,555	-0.11
1 US\$ = SGD	1.33	0.02
1 US\$ = JPY	109.16	0.16
1 US\$ = AUD	0.78	-0.05
1 US\$ = EUR	1.23	0.05

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