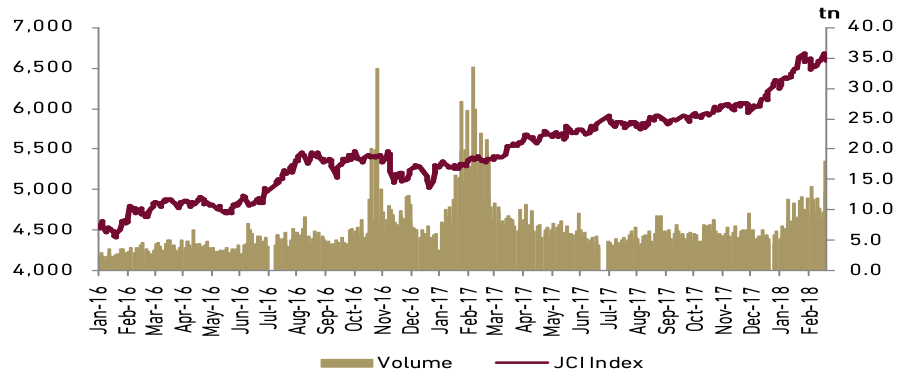


GLOBAL			
Index	Last	Change	% chg
Dow	25,310	347.51	1.39
S&P 500	2,747	2.63	0.10
Eido US	29.5	0.20	0.68
H.S.I	31,267	301.49	0.97
Nikkei	21,893	156.34	0.72
STI	3,533	44.76	1.28
KLCI	1,862	6.43	0.35
Kospi	2,452	37.24	1.54
SET Thai	1,808	19.43	1.09

- Inflation stands at 3.2% in 3rd week of January
- US Duties on biodiesel 'unlawful', government says
- DMO price indicated at USD65-70/ton
- GMFI: FY17 net profit decreases by 12% YoY
- BNGA reported 43% YoY net profit growth to Rp2.98tn in FY17
- BNLI reported Rp41 bn net profit in FY17, reversing the Rp6.5 tn loss in FY16

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.3	0.92	1.39
WTI Crude Oil (\$/bbl)	63.6	0.78	1.24
CPO (MYR/ton)	2,536	27.00	1.08
Gold (US\$/tr ounce)	1,329	-3.45	-0.26
Nickel (US\$/ton)	13,723	-64.00	-0.46
Tin (US\$/ton)	21,782	74.00	0.34
Pulp (US\$/ton) weekly	1,069.0	0.00	0.00
Coal (US\$/ton)	108.2	0.60	0.56

JCI STATISTIC



BEI STATISTICS	
JCI	6,620
Change (1 day)	0.41%
Change YTD	4.16%
P/E Market (X)	17.0
Volume (mn shr)	9,373.9
Value (Rp bn)	7,065.7
↑ 207 ↓ 154 ↔ 211	
LQ45	854
% Change (1 day)	0.28%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,590 (support) – 6,670 (resistance) level today

HMSP: Speculative buy at Rp 4,710-Rp 4,690

Comment: Closed around support level

BUMI: Speculative buy at Rp 324-Rp 300

Comment: Closed around support level

ASII: Sell on strength at Rp 8,350-Rp 8,450

Comment: The trend is still sideways

BBCA: Sell on strength at Rp 24,650-Rp 25,700

Comment: Testing resistance 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

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	13,668	-17.00	-0.12
1 USD = SGD	1.32	0.00	0.13
1 USD = JPY	107.05	0.16	0.15
1 USD = AUD	1.28	0.00	0.13
1 USD = EUR	0.81	0.00	0.10

Regional

DJIA closed higher (+1.39%) at 25,310 and the S&P 500 gained (+1.60%) to end at 2,747.30, with utilities and energy as the best-performing sectors, and Technology stocks rose too (Nasdaq +1.77% to 7,337) with Intel, Facebook, Amazon, Netflix and Alphabet all rising. US treasury note closed with 2.875% yield below its 4yr high earlier last week. Fed Chairman is scheduled for two public appearances this week expected to comment on US economy and rate policies. Oil prices were up, with WTI closing higher (+1.24%) at USD67.3/ton and Brent (+1.24%) to USD63.6/ton. CPO moved higher (+1.08%) to MYR2,536/ton. Coal price closed at higher level (+0.56%) to USD\$108.2/ton.

Domestic

JCI closed at 6,620, higher 26.74 points (+0.41%), with foreigners net selling transactions of Rp193 bn. 7 out of 9 JCI sectors closed with positive sign on Friday. Misc. Industry advanced the most (+2.16%) driven by ASII followed by Mining sector (+0.63%) with ITMG as leading stock and Trade sector (+0.62%) with UNTR being the leading stock. Only Basic Industry and Property posted losses. The JCI movers were BBKA (+1.46% to 24,250), ASII (+2.50% to 8,200), UNTR (+3.14% to 37,000). Rupiah strengthened by 17 points to 13,668/USD. Our technical desk suggests JCI will trade between 6,590 – 6,670 with possibility to end higher.

INFLATION STANDS AT 3.2% IN 3RD WEEK OF JANUARY

Bank Indonesia projects February inflation to be at 3.2% YoY (0.19% MoM), lower than January's 3.25% YoY and still in line with its target at 2.5% - 4.5% in this year. The highest contributor of the inflation still came from volatile foods which may account for the highest inflation in last three years. BI sees that there are some supply side problems of commodities in some regions as price of rice, red chili peppers and garlic keep showing uptrend after the high season in December - January. The central bank targets this year's volatile food inflation to be below the 4 % to 5% range.

US DUTIES ON BIODIESEL "UNLAWFUL", GOVERNMENT SAYS

Indonesian government slams US move to impose antidumping measures on local biodiesel Trade Ministry says US blatantly violated WTO principles. Indonesia has issued a statement condemning the United States' recent decision to increase anti-dumping duties for local biodiesel to a record-high 276.65%, on top of anti-subsidies duties of up to 64.73%. The Trade Ministry deemed the latest move by the US government as "unlawful double remedy" and "inconsistent" with World Trade Organization principles. Responding to the US decision, the Indonesian government is now lobbying the US International Trade Commission (USITC), which is expected to approve the implementation of the antidumping duties based on whether US biodiesel producers are materially injured by the import. The USITC is expected to make its decision on April 6.

Comment: The replacement of an exporter's costs according to the US calculation was similar to what the European Union had used to calculate duties for Indonesian biodiesel in 2013. The WTO said the EU antidumping duties were unlawful in a ruling in January, when Indonesia won the case. However as the US is Indonesia's biggest market for biodiesel, the news could add pressure to plantation stocks in the short term.

DMO PRICE INDICATED AT USD65-70/TON

A source at the Ministry of Energy and Mineral Resources (MEMR) was quoted by Kontan daily that the government set coal price for the domestic market obligation (DMO) at USD65-70/ton. The ministry has been in discussion with PLN and local coal miners regarding the new price formula for coal supplied to PLN under the domestic market obligation (DMO). However, another official at the ministry refused to comment on the DMO price which is planned to announce today.

Comment: We believe the DMO price is still unclear until it is announced by the MEMR. We believe DMO price will give negatively affect PTBA as it sells the largest portion of coal to domestic market.

GMFI: FY17 NET PROFIT DECREASES BY 12% YOY

GMFI 4Q17 net profit reported at USD12.8 mn (-44% YoY), bringing the FY17 net profit to stand at USD50.95 mn, or declined by 12% YoY. FY17 revenue rose by 13% YoY to USD439 mn from USD388 mn. Yet, operating profit decreased by 24% YoY, underpinned by salary and subcontract expenses which expanded by 45.4% YoY and 29.7% YoY, respectively. In terms of profitability, operating margin dropped by 7% YoY to 15.1%, followed by net margin that slipped by 3% YoY to 11.6%.

(in USD mn)	FY17	FY16	YoY	4Q17	4Q16	YoY	17FCons.	17/17F Cons.
Revenue	439.3	388.7	13%	128.74	117.56	10%	N/A	N/A
Opex	(373.1)	(301.3)	24%	(117.75)	(86.64)	36%		
Operating profit	66.2	87.4	-24%	10.99	30.92	-64%	N/A	N/A
<i>Operating margin</i>	15.1%	22.5%	-7%	8.5%	26.3%	-18%		
Finance cost	(8.7)	(6.5)	34%	(2.41)	(1.65)	46%		
Others-net	10.3	5.4	90%	7.63	5.40	41%		
Pre-tax profit	67.7	77.0	-12%	16.21	28.34	-43%	N/A	N/A
<i>Pre-tax margin</i>	15.4%	19.8%	-4%	12.6%	24.1%	-12%		
Net profit	50.95	57.7	-12%	12.8	22.7	-44%	N/A	N/A
<i>Net margin</i>	11.6%	14.9%	-3%	9.9%	19.3%	-9%		

BNGA REPORTED 43% YOY NET PROFIT GROWTH TO RP2.98TN IN FY17

Bank CIMB Niaga (BNGA) reported Rp2.98tn net income in FY17, grew by 43% YoY. The largest improvement came from cost of fund efficiency that declined to 3.9% in 2017 from 4.6% in 2016, which offset most of the yield decline (9.4% in 2017 from 10.4% in 2016 due to shifting to lower yield loans in SME and consumer). Cost of credit improved by 60 bps to 1.8% in 2017, with provision expense decline by Rp1 tn. NPL also gradually improve to 3.75% as of Dec-17 from 3.89% as of Dec-16. Liquidity improved slightly with LDR decline to 98.0% in 2017 from 99.5% in 2016. BNGA posted 3% YoY loan growth in 2017, still low due to its strategy to reduce some segments of loan (ie. Micro, Auto loan). Total deposit grew faster than the loan at 5% YoY.

Comments: The FY17 net income was 9 and 8% ahead of both ours and consensus 2017F estimates, respectively. We believe this is a strong result that came with steady improvement on cost of credit and opex efficiencies. We estimate the bank to write-off about Rp4.3 tn of loans in 2017 (vs. Rp3.7 tn in 2016), giving a more clear balance sheet going forward. We have a Buy call on the stock with Rp1,705/share target price.

BNGA FY17 results

(in Rp bn)	FY17	FY16	YoY	4Q17	3Q17	QoQ	2017F	FY17/17F
Interest income	20,403	21,325	-4.3%	5,102	5,120	-0.4%		
Interest expense	(8,000)	(9,231)	-13.3%	(2,068)	(2,081)	-0.6%		
Net interest income	12,403	12,094	2.6%	3,034	3,040	-0.2%	12,451	99.6%
Non-interest operating income	3,214	3,065	4.8%	895	913	-1.9%	3,132	102.6%
Non-interest operating expense	(7,525)	(7,433)	1.2%	(1,900)	(1,849)	2.7%	(7,578)	99.3%
PPOP	8,092	7,727	4.7%	2,030	2,103	-3.5%	8,005	101.1%
Provision expense	(3,985)	(4,973)	-19.9%	(828)	(1,029)	-19.5%	(4,326)	92.1%
Operating profit	4,107	2,754	49.2%	1,202	1,074	11.8%	3,679	111.6%
Net income	2,978	2,082	43.0%	781	817	-4.4%	2,723	109.3%
Ratios (%)								
Asset yield	9.4	10.4	-1.0	9.1	9.7	-0.6		
Cost of fund	3.9	4.6	-0.8	3.9	4.2	-0.3		
NIM	5.7	5.9	-0.2	5.4	5.8	-0.3		
LDR	98.0	99.5	-1.5	98.0	95.3	2.8		
Cost to income	48.2	49.0	-0.8	48.3	46.8	1.6		
Tax rate	28.3	27.0	1.4	35.6	24.9	10.7		
NPL gross	3.8	3.9	-0.2	3.8	3.9	-0.2		
Credit cost	1.8	2.4	-0.6	1.5	1.9	-0.5		
Loan loss coverage	106.9	112.9	-6.0	106.9	110.4	-3.5		
CAR	18.2	17.7	0.5	18.2	18.6	-0.4		
ROA	1.2	0.6	0.5	1.7	1.0	0.7		
ROE	8.3	4.8	3.5	12.0	6.8	5.2		
Total loan	185,619	179,700	3.3%	185,619	178,392	4.1%		
NPL	6,836	6,788	0.7%	6,836	6,875	-0.6%		
Loan loss reserves	-7,308	-7,664	-4.6%	-7,308	-7,593	-3.7%		
Total deposit	189,317	180,571	4.8%	189,317	187,247	1.1%		
Shareholders equity	36,950	34,207	8.0%	36,950	36,586	1.0%		

BNLI REPORTED RP41 BN NET PROFIT IN FY17, REVERSING THE RP6.5 TN LOSS IN FY16

Bank Permata (BNLI) performance bounced back from a dismal 2016, with net income of Rp748 bn. BNLI recorded a loss of Rp6.5 tn in 2016 amid swelling costs and rising NPLs, but a focus on improving loan quality put it back on track in 2017. The largest performance improvement was in provision expense, which dropped by 70% to Rp3.8 tn to Rp12.5 tn. The improved loan quality is reflected in the bank's gross NPL ratios of 4.6% as of Dec-17 compared to 8.8% in Dec-16. BNLI NPL coverage ratio also increased to 191% from 122% in December 2016, while its LDR grew to 88% from 80% in the same period last year. The bank's capital adequacy ratio (CAR) also improved to 18.1% compared to 15.6% in 2016, on the back of its improved performance and a successful Rp3 tn rights issue in June 2017. Loans were 7% lower compared to a year ago, down to Rp97.6 tn from Rp105.0 tn, which was a result of the bank's focus on improving asset quality and the sale of NPLs in the first half. However in 4Q17 loans grew 5% from Rp92.8 tn in Sep-17 to Rp97.6 tn in Dec-17. According to a statement from the bank, the positive loan growth in 4Q17 was derived from auto loans, mortgages and SME loans, and wholesale banking.

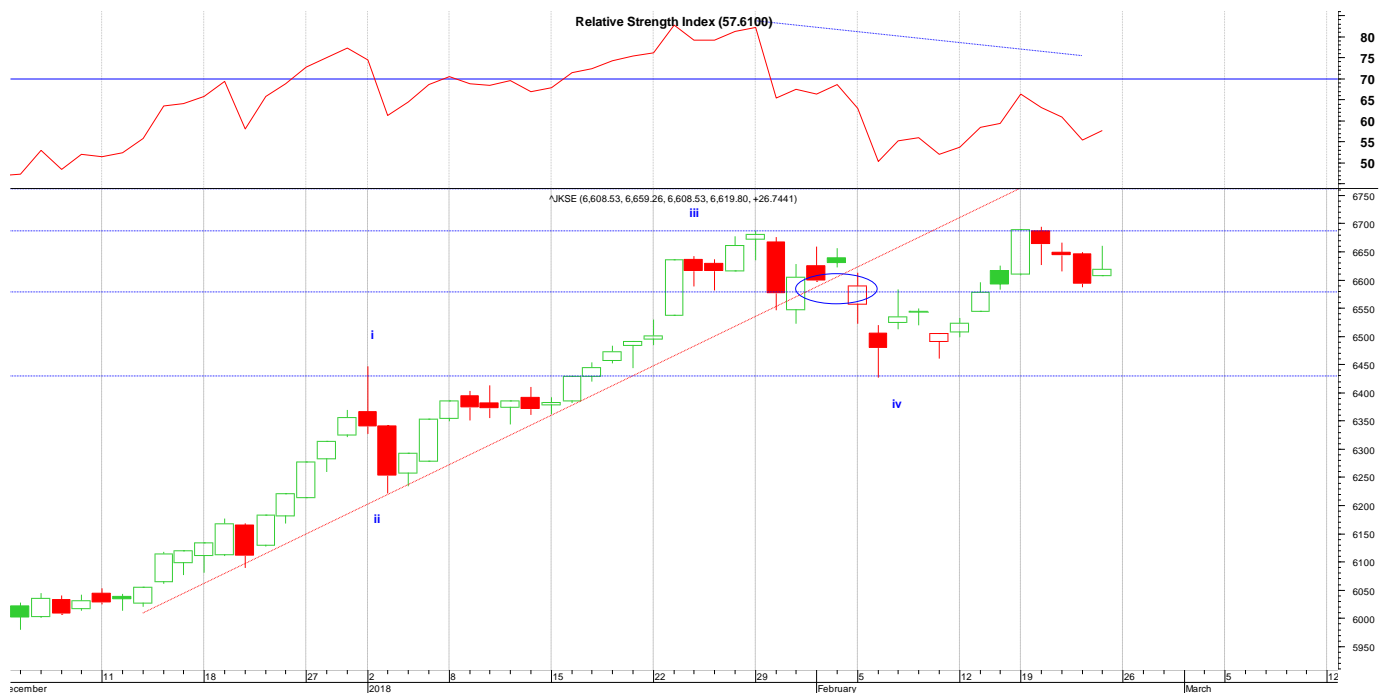
BNLI FY17 results

(in Rp bn)	12M17	12M16	YoY	4Q17	3Q17	QoQ	consensus 2017F	12M17/17F consensus
Interest income	11,198	14,399	-22.2%	2,726	2,641	3.2%		
Interest expense	(5,736)	(8,234)	-30.3%	(1,323)	(1,255)	5.4%		
Net interest income	5,462	6,165	-11.4%	1,403	1,386	1.2%		
Non-interest operating income	3,853	2,412	59.8%	1,251	604	107.2%		
Non-interest operating expense	(4,731)	(4,691)	0.9%	(1,230)	(1,171)	5.0%		
PPOP	4,584	3,886	18.0%	1,424	819	73.9%		
Provision expense	(3,792)	(12,521)	-69.7%	(1,408)	(771)	82.5%		
Operating profit	792	-8,635	-109.2%	16	47	-65.7%		
Net income	748	-6,483	-111.5%	41	87	-52.9%	951	78.7%
Ratios (%)								
NIM	4.0	3.9	0.1	3.8	4.3	-0.5		
LDR	100.8	89.6	11.2	100.8	94.8	6.0		
NPL gross	4.6	8.8	-4.2	4.6	4.7	-0.1		
Credit cost	5.2	15.9	-10.7	5.8	3.3	2.4		
CAR	18.1	15.6	2.5	18.1	18.8	-0.7		
CASA	50.0	44.5	5.5	50.0	47.6	2.4		
ROE	4.8	-38.3	43.2					
Deposit	96,827	117,126	-17.3%	96,827	97,886	-1.1%		
Demand	28,198	29,743	-5.2%	28,198	26,867	5.0%		
Savings	20,172	22,320	-9.6%	20,172	19,679	2.5%		
Time	48,457	65,063	-25.5%	48,457	51,340	-5.6%		
Loan	97,645	104,960	-7.0%	97,645	92,799	5.2%		
NPL	4,492	9,268	-51.5%	4,492	4,362	3.0%		
Shareholders equity	21,511	19,290	11.5%	21,511	21,563	-0.2%		

TECHNICAL ANALYSIS

JCI : (6,620 +0.4%)

Comment : BBCA, ASII and UNTR consecutively became leading movers. Technically, JCI held above minor support level of the gap at 6,578. Resistance level at 6,693. Next support and resistance level at 6,420-6,760. Candlestick chart likely formed a reversal harami pattern. This pattern still need further confirmation. 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) because the index moved above the level of 6,686. The level of 6,686 then noted as the peak of wave (iii). The lowest level of 6,426 which is the lowest level on February 06, 2018 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 6,750-6,800 which is projection of the previous uptrend line.



STOCK OF THE DAY

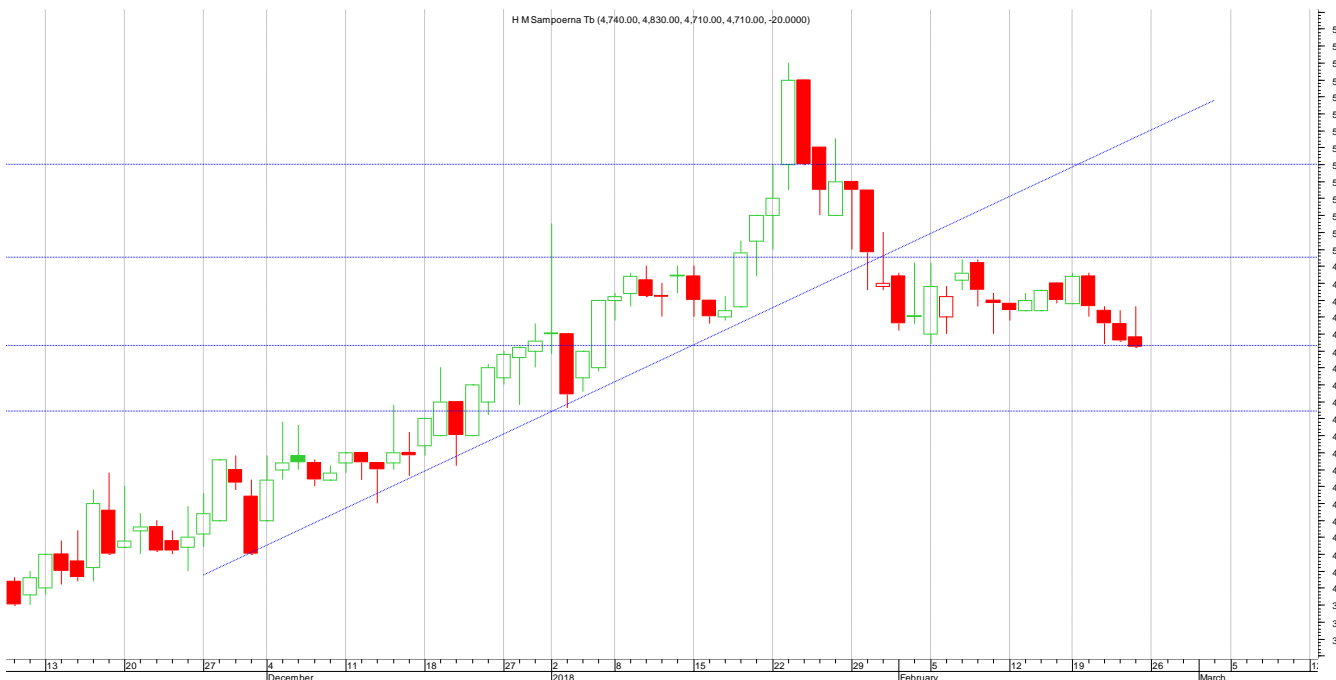
BBCA : Testing resistance level

The price closed below major resistance level of 24,700. Support level at 23,300. Next support and resistance level at 22,500-26,500. The price moves in uptrend channel in the last thirteen months. Sell on strength, sell if the price moves below the level of 23,700



HMSP : Testing support level

The price closed around minor support level. Resistance level at 4,930-4,970. Next support and resistance level at 4,200-5,250. The price moved in sideways in the last three weeks. Speculative buy, cut if the price moves and stable below the level of 4,700.



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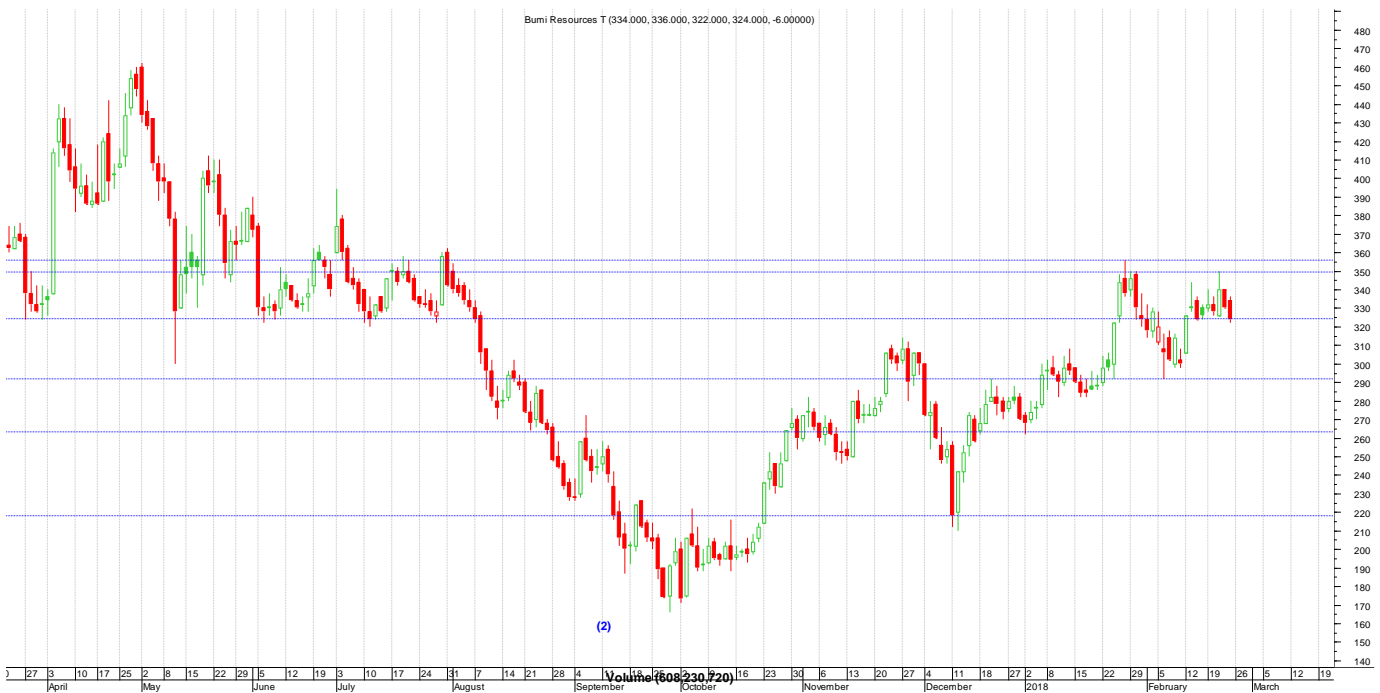
ASII : Testing resistance level

The price held and closed above minor support level of 7,975. Resistance level at 8.450. Next support and resistance level at 7,600-8,600. The mid-term trend is still sideways. Sell on strength, sell if the price moves and stable below the level of 7,975



BUMI : Testing support level

The price closed at support level of 324. Resistance level at 350-356. Next support and resistance levelk 310-420. The short-term and mid-term trend is still positive. Speculative buy/ Buy on weakness.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,625 -13,700

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.12
3	5.98
5	5.85
10	6.52
15	7.00
30	7.53

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.53	5.70	5.71	5.73	5.39
US\$	0.80	0.81	0.82	0.82	
JIBOR (RP)	4.91	5.31	5.68	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	13,668	0.12
1 US\$ = SGD	1.32	-0.13
1 US\$ = JPY	107.05	-0.15
1 US\$ = AUD	0.78	-0.13
1 US\$ = EUR	1.23	-0.10

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