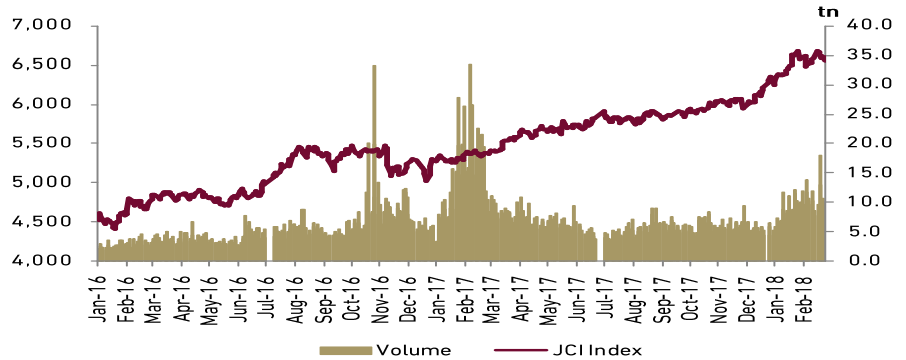


GLOBAL			
Index	Last	Change	% chg
Dow	24,609	-420.22	-1.68
S&P 500	2,678	-36.16	-1.33
Eido US	28.5	-0.09	-0.31
H.S.I	31,044	199.53	0.65
Nikkei	21,724	-343.77	-1.56
STI	3,514	-4.09	-0.12
KLCI	1,861	4.66	0.25
Kospi	2,427	-28.78	-1.17
SET Thai	1,830	-0.26	-0.01

- Inflation in February 2018 eases to 3.18% YoY
- Powell: No sign of overheating US economy
- Impact of weak rupiah on corporate earnings
- SCMA books the highest audience share in Feb'18
- BBCA to achieve 15% YoY loan growth in 1M18
- JPFA FY17 results: net profit drops by 51.7% YoY

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	64.7	-1.79	-2.69
WTI Crude Oil (\$/bbl)	61.0	-0.65	-1.05
CPO (MYR/ton)	2,564	-7.00	-0.27
Gold (US\$/tr ounce)	1,317	-1.45	-0.11
Nickel (US\$/ton)	13,412	-331.50	-2.41
Tin (US\$/ton)	21,755	115.00	0.53
Pulp (US\$/ton) weekly	1,069.1	0.00	0.00
Coal (US\$/ton)	102.9	-1.35	-1.29

### JCI STATISTIC



BEI STATISTICS	
JCI	6,606
Change (1 day)	0.13%
Change YTD	3.94%
P/E Market (X)	16.9
Volume (mn shr)	9,235.2
Value (Rp bn)	7,147.6
↑ 176   ↓ 185   ↔ 211	
LQ45	854
% Change (1 day)	0.28%

### DAILY TECHNICAL VIEW

We expect JCI to trade between 6,520 (support) – 6,630 (resistance) level today

**TLKM: Sell on strength at Rp 4,090-Rp 4,180**

Comment: Testing resistance level

**INTP: Sell on strength at Rp 22,000-Rp 22,700**

Comment: Testing resistance level

**ADRO: Sell on strength at Rp 2,450-Rp 2,520**

Comment: Testing resistance level

**ADHI: Sell on strength at Rp 2,500-Rp 2,550**

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 (%)	0.17	0.62
Inflation yoy (%)	3.18	3.25

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

Dow Jones has had a very bad week, falling more than 1% each day and 1.7% on Thursday to 24,609. Stocks fell sharply at mid-session after President Trump, seeking to support the nation's metals producers, said he would impose 25% tariffs on imported steel and 10% tariffs on aluminum. US economic data led by sizable 0.3% MoM increase in core Personal Consumption Expenditure (PCE) in January though the year-on-year rate held stable at 1.5%. Despite the income gain, however, US consumer spending proved very soft in January, up only 0.2%, with the first indication on February consumer spending, yesterday's unit vehicle sales, also soft. On commodity market, WTI crude oil price was down by 1.05% to USD 61.0/bbl while nickel price dropped by 2.41% to USD13,412/ton.

#### Domestic

JCI closed higher at 6,606 by 8.13 points or +0.13% on Thursday trading and recorded Rp673 bn of net foreign sell. The leading sectors were Agriculture (+4.23%), Trade (+1.55%), and Infrastructure (+0.48%) which mainly driven by TLKM (+1.50% to 4,060), BMRI (+0.9% to 8,375), and UNTR (+2.60% to 36,525) as the key movers. Yesterday, BPS announced inflation rate of 3.18% YoY or 0.17% MoM for January. Rupiah strengthened by 3 points to 13,748/USD. Our technical desk suggests for trading within the band of 6,520 – 6,630, with possibility to end at lower level.

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	13,748	-3.00	-0.02
1 USD = SGD	1.32	0.00	-0.05
1 USD = JPY	106.22	-0.02	-0.02
1 USD = AUD	1.29	0.00	-0.10
1 USD = EUR	0.82	0.00	0.00

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.3	0.30	1.03	4,032	485,525
ISAT	0.4	0.00	0.00	5,224	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### INFLATION FEBRUARY 2018 EASES TO 3.18% YOY

BPS reported that February inflation was at 0.17% MoM (3.18% YoY), below Bloomberg consensus but still in line with our estimates. Processed foods and beverages sector was the main driver of February inflation as its price hiked up 0.43% MoM (4.11% YoY). Food inflation was trending down to 0.13% MoM (3.40% YoY) as New Year high season has ended. However, this is the first time since 2014 that food price experienced inflation (in monthly basis) in February. The effect of non-subsidized fuel products increases in both January and February was still limited as BPS reported fuel, electricity and water sector only experienced 0.03% MoM inflation in February. We see this limited effect due to stable subsidized fuel price (premium and solar) and also a slight increase of Peralite price which is widely used by people. Core inflation stayed weak at 2.58% YoY (0.26% MoM), indicating the domestic demand remained sluggish. However, current manufacturing PMI data showed that domestic demand started to pick up in February implying the pickup of core inflation in near future.

**Comments:** We maintain our view of 3.5% inflation rate in 2018. There is no need for central bank to change the monetary policy stance since the inflation was still within target. However, Bank Indonesia may start to pay more attention to Rupiah which experienced deep depreciation. Nevertheless, we see that the Rupiah volatility is only the short term one and will end in March as FOMC will give the clear policy projection.

#### POWELL: NO SIGN OF OVERHEATING US ECONOMY

Federal Reserve Chairman Jerome Powell said he sees no signs the U.S. economy is overheating even as the outlook for growth strengthens and the labor market tightens. During congressional testimony Thursday, he reiterated the central bank will continue to raise rates gradually to keep unemployment and inflation in balance. He did not mention about how much FFR increase this year but give a sign to reassess long run FFR policy. Powell believed that strengthening labor market can take place without causing inflation further as there is no strong evidence of decisive move up in wages.

**Comments:** We still need to see FOMC policy projection further this month as it will give further stance of FOMC whether it will increase FFR 3 times or 4 times.

#### IMPACT OF WEAK RUPIAH ON CORPORATE EARNINGS

The rupiah has weakened by 1.29% Ytd to Rp13,748/ USD and briefly touched 13,800, the lowest since February 2016. It will impact the corporate earnings, if this trend continues, via P&L (revenues and costs) and balance sheet (potential translation gains/losses due to the balance-sheet structure of companies). We believe that the winners are exporters such as miners (PTBA, HRUM, ADRO, ITMG, UNTR, INCO), plantation (AALI, LSIP, DSNG) as well as textile maker (SRIL). These companies benefit from a weaker Rupiah as most of their revenues are USD-denominated or USD-linked and some of their costs are in the Rupiah. The losers are companies with USD debt burden and or with USD-denominated or USD-linked input costs such as poultry (JPFA, CPIN, MAIN), retailer (MAPI, ACES), Telco (ISAT), Pharmaceutical (KLBF), Property (ASRI, KIJA, SMRA), consumer (UNVR, INDF). The impact will be neutral in banking, ASII and PGAS as forex revenue and cost are relatively matched while forex assets should equal forex liabilities.

#### SCMA BOOKS THE HIGHEST AUDIENCE SHARE IN FEB'18

SCMA has again booked the highest Prime Time audience share in Feb'18 with 35.5%, lowered by 0.5% MoM as IVM audience share slipped by 0.6% MoM. SCTV booked 20.5%, improving 0.1% MoM and IVM booked 15.0%. Meanwhile, MNCN booked 33.1% flat MoM, RCTI audience share slipped by 0.8%, MNCTV was down by 0.1%, GTV was improving by 0.9%.

**Comment:** For the past 3 months, SCMA has booked the highest prime time audience share; meanwhile MNCN has been pressured with its RCTI audience share. We believe this is a positive catalyst for SCMA as it has shown its consistency in the past 3 months. We are convinced SCTV's audience share will still be driven by Sinetron (Orang Ketiga, Anak Langit, Siapa Takut Jatuh Cinta), and IVM audience share will be driven by variety show (Liga Dangdut). We maintain our Buy call for SCMA with a target price at Rp3,200/share.

#### BBCA TO ACHIEVE 15% YOY LOAN GROWTH IN 1M18

BBCA recorded a pick up on its loan growth into 15% YoY in Jan-18 or only -1% MoM, according to its monthly report data. BBCA also reported Rp1.99tn net profit in 1M18, up by 3% YoY. PPOp grew by 6% YoY on strong non-interest income (18% YoY), while net interest income was relatively slow on declining margin. Provisioning increase by 22% YoY in Jan-18. Overall the 1M18 result is relatively in-line, forming 8% of our 2018F estimates or around the same level with same period in 2017.

**Comments:** We saw an increase in provision expense in Jan-18 (average +28% YoY) in all banks under our coverage. We believe the increase in provision expense should be temporary, as provision expense in monthly report tend to be highly volatile from month-to-month, in our view. Our thesis remains, credit cost should decline by around 30 bps YoY in 2018F for banks under our coverage as we see the asset quality metrics have been much improved and loan growth should pick up in 2018F.

Results summary (Rp bn)	1M17	1M18	YoY	1M18/ FY18E
Interest income	4,102	4,285	4%	
Interest expense	940	908	-3%	
<b>Net interest income</b>	<b>3,163</b>	<b>3,377</b>	<b>7%</b>	
Non interest income	1,466	1,731	18%	
Opex	1,898	2,221	17%	
<b>PPoP</b>	<b>2,730</b>	<b>2,887</b>	<b>6%</b>	
Provision expense	330	404	22%	
<b>Operating profit</b>	<b>2,400</b>	<b>2,483</b>	<b>3%</b>	
Income tax	471	494	5%	
<b>Net profit</b>	<b>1,929</b>	<b>1,990</b>	<b>3%</b>	<b>8%</b>
Total deposits	527,843	584,367	11%	
- Demand	140,073	156,789	12%	
- Saving	267,710	292,980	9%	
- Time	120,060	134,598	12%	
<b>Total liabilities</b>	<b>552,545</b>	<b>610,971</b>	<b>11%</b>	
Gross loans	401,174	461,824	15%	
Loan loss reserves	(12,397)	(13,097)	6%	
Other earning assets	166,911	179,900	8%	
<b>Total assets</b>	<b>663,805</b>	<b>739,643</b>	<b>11%</b>	
Shareholders equity	111,260	128,672	16%	
<b>Key ratios (%)</b>				
NIM	6.9	6.5		
CASA to total deposits	77.3	77.0		
Cost-to-income	41.0	43.5		
Credit cost (%of IEA)	0.7	0.8		
Tax rate	19.6	19.9		
LDR	76.0	79.0		
ROA	3.5	3.2		
ROE	21.0	18.7		

JPFA FY17 RESULT: NET PROFIT DROPS BY 51.7% YOY

In Rp bn	FY17	FY16	YoY	4Q17	3Q17	QoQ	17F	Achv.
<b>Revenue</b>	<b>29,602.7</b>	<b>27,063.3</b>	<b>9.4%</b>	<b>7,908.4</b>	<b>7,562.09</b>	<b>4.6%</b>	<b>28,607.0</b>	<b>103.5%</b>
COGS	-24,571.7	-21,584.4	13.8%	-6,710.5	-6,216.65	7.9%		
<b>Gross profit</b>	<b>5,030.9</b>	<b>5,478.9</b>	<b>-8.2%</b>	<b>1,198.0</b>	<b>1,345.4</b>	<b>-11.0%</b>	<b>4,920.0</b>	<b>102.3%</b>
<i>Gross margin (%)</i>	17.0	20.2	-3.25	15.1	17.8	-2.64		
Selling expenses	-736.9	-612.3	20.3%	-201.5	-183.37	9.9%		
GA expenses	-2,124.5	-1,945.7	9.2%	-475.5	-526.41	-9.7%		
<b>Operating income</b>	<b>2,169.6</b>	<b>2,920.9</b>	<b>-25.7%</b>	<b>520.9</b>	<b>635.7</b>	<b>-18.1%</b>	<b>2,540.0</b>	<b>85.4%</b>
<i>Operating margin (%)</i>	7.3	10.8	-3.46	6.6	8.4	-1.82		
Interest income	34.5	26.3	31.1%	8.4	7.45	12.4%		
Interest expense	-569.0	-510.5	11.5%	-213.0	-136.07	56.5%		
Gain (loss) on forex	12.6	10.7	17.4%	44.5	-56.85	N/A		
Gain on sale of f.a.	12.3	52.2	-76.4%	0.1	3.76	-97.4%		
Others - net	80.6	266.9	-69.8%	37.0	57.80	-35.9%		
Profit before tax	1,740.6	2,766.6	-37.1%	398.0	511.8	-22.2%		
Tax expense	-632.8	-595.0	6.4%	-255.4	-116.64	119.0%		
<b>Net income</b>	<b>997.4</b>	<b>2,064.7</b>	<b>-51.7%</b>	<b>147.5</b>	<b>362.48</b>	<b>-59.3%</b>	<b>986.0</b>	<b>101.2%</b>
<i>Net margin (%)</i>	3.4	7.6	-4.26	1.9	4.8	-2.93		

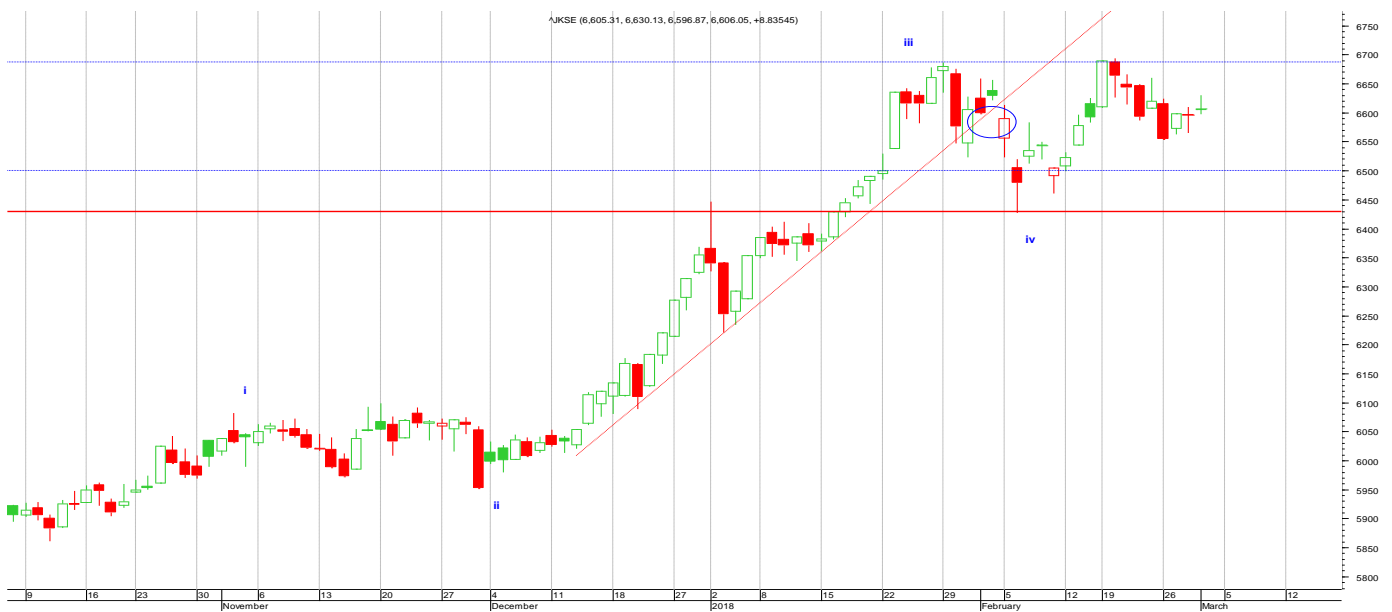
FY17 JPFA: 4Q17 net profit declined by 59.3% QoQ, bringing the cumulative FY17 net profit to significantly drop by 997bn (-51.7% YoY), or relatively in line with our expectation. FY17 revenue stood at Rp29.6 tn (9.4% YoY), forming 103.5% of our estimates. Positive top line growth was mainly attributable to the increase in commercial farm and consumer segment of 21.5% YoY. Yet, gross profit was down by 8.2% YoY to Rp5.03 tn, as COGS amplified by 13.8% YoY. Operating income dropped to Rp2.17 tn (-25.7% YoY), since total operating cost expanded by 11.8% YoY to Rp2.86 tn. As a result, gross and operating margins narrowed to 17% (vs. 20.2% in FY16) and 7.3% (vs. 10.8% in FY16), respectively.

**Comment:** We view restriction on corn import which relatively had lower price compare to domestic price truly gave the pressure to company's margin. Yet, we see the program of ministry of agriculture to boost the productivity and harvest area will bring benefits, given lower corn price going forward. Note that, corn cost accounted approximately 43% of the total COGS. Moreover, broiler price obviously will be stable, underpinned by culling program. Floor and cap price is also planned by government which we believe can be a root to of manageable broiler price in the near future. However, we remain cautious about realization of those programs. Hence, we change our recommendation to HOLD with higher TP of Rp1,750. The stock trades at 11.9x forward 2018 P/E.

## TECHNICAL ANALYSIS

JCI : (6,606 +0.1%)

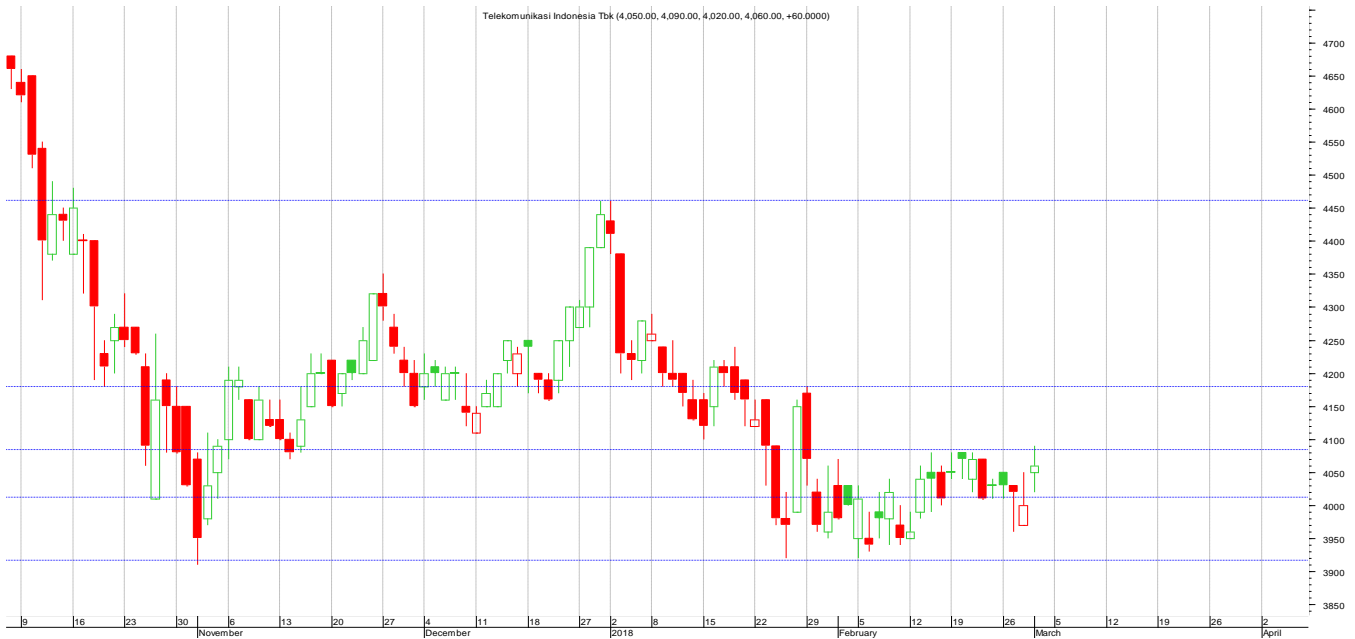
**Comment :** TLKM, BMRI and UNTR consecutively became leading movers. Technically, JCI closed below minor resistance level of 6,630. Support level at 6,520. Next support and resistance level at 6,426-6,690. According to traditional technical approach, incase the index will continue the mid-term uptrend, then the consolidation pattern that occurs will likely form a flat or triangle pattern. If the index will form a flat pattern, JCI will test support level of 6,426 before continue the uptrend cycle. Meanwhile, if the index will form a triangle pattern, the process of consolidation will hold above support level of 6,500. Level of 6,426 become critical support level. The penetration of this support level will indicate that the short-term trend turn into negative and the index will form a reversal double top pattern. The next support level would be around the level of 6,200. 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 sub wave (iii). The highest level of 6,686 could be the peaks of wave (iii). Based on this assumption, the index is now in the process to form corrective wave abc to find the bottom of sub wave (iv) before forming sub wave (v). This wave counting is automatically false if the index moves below the level of 6,426 which indicate that the peak of wave (v) is already founded and JCI begins to form the mid-term corrective wave.



**STOCK OF THE DAY**

**TLKM : Testing resistance level**

The price closed below minor resistance level of 4,080. Support level at 3,960. Next support and resistance level at 3,920-4,180. The price moved in sideways in the last one month. Sell on strength, sell if the price moves and stable below the level of 3,920.



**INTP : Testing resistance level**

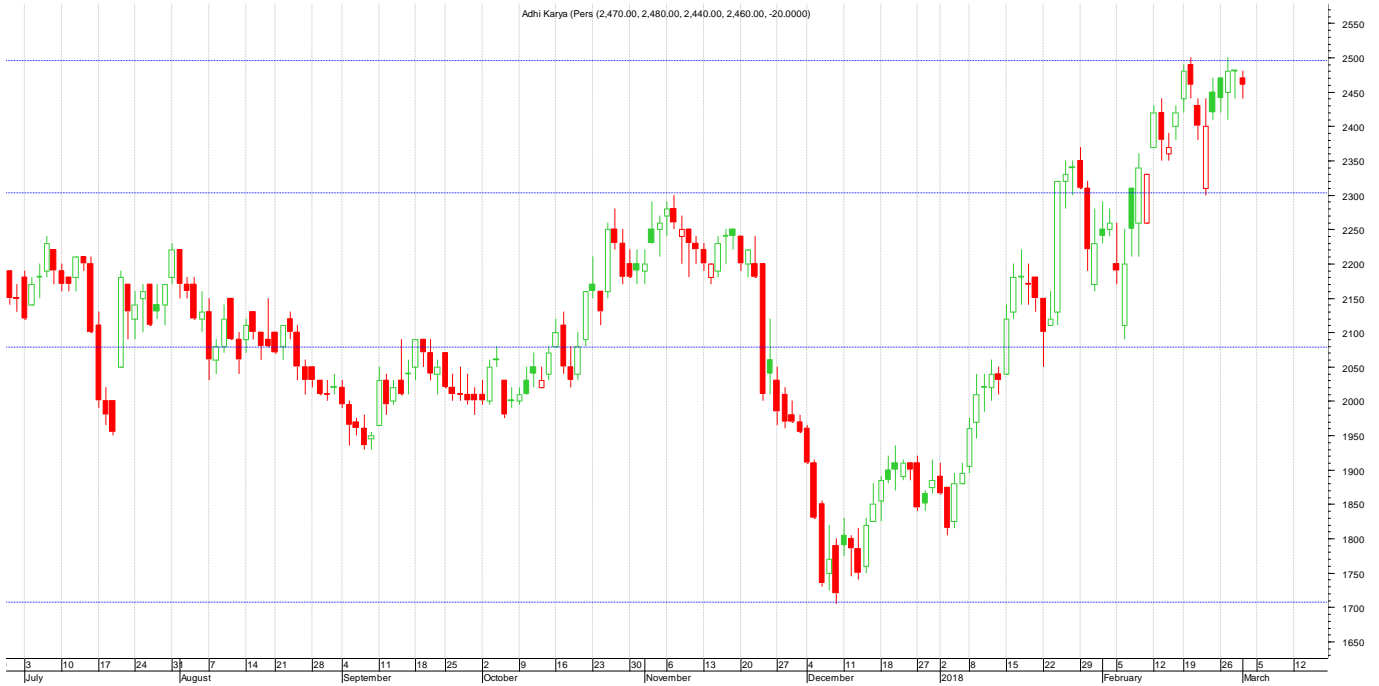
The price failed to break minor resistance level of 22,725. Support level at 20,800. Next support and resistance level at 19,875-23,400. The mid-term trend is still sideways. Take profit/Sell on strength



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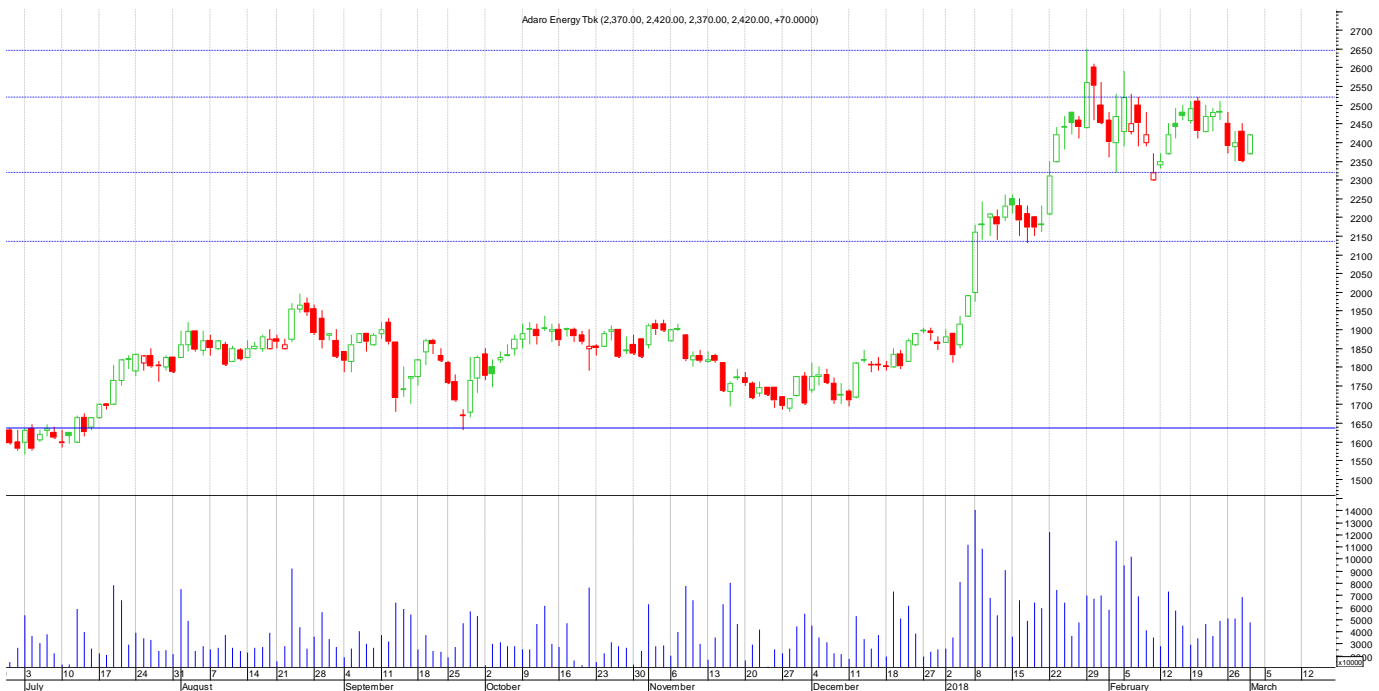
**ADHI : Testing resistance level**

The price closed below minor resistance level of 2,500. Support level at 2,300. Next support and resistance level at 2,090-2,700. The mid-term trend is still sideways. Take profit/Sell on strength



**ADRO : Testing resistance level**

The price held and closed above minor support level of 2,300. Resistance level at 2,520. Next support and resistance level at 2,130-2,650. The price moved in sideways in the last one month. Sell on strength, sell if the price moves and stable below the level of 2,300.



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,700 -13,775

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.25
3	6.08
5	6.03
10	6.62
15	7.06
30	7.27

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.55	5.71	5.73	5.69	5.38
US\$	0.78	0.78	0.79	0.80	
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	13,748	0.02
1 US\$ = SGD	1.32	0.05
1 US\$ = JPY	106.22	0.02
1 US\$ = AUD	0.78	0.10
1 US\$ = EUR	1.23	0.00



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