Ciptadana
CIPTADANA SEKURITAS ASIA

DAILY & TECHNICAL UPDATE

Friday, March 09, 2018

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GLOBAL

Index	Last	Change	% chg
Dow	24,895	93.85	0.38
S&P 500	2,739	12.17	0.45
Eido US	28.3	0.27	0.96
H.S.I	30,655	457.60	1.52
Nikkei	21,368	115.35	0.54
STI	3,480	29.75	0.86
KLCI	1,840	1.72	0.09
Kospi	2,454	21.14	0.87
SET Thai	1,779	-2.74	-0.15

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil ($/bbl)	64.3	-1.45	-2.20
WTI Crude Oil ($/bbl)	60.1	-1.03	-1.68
CPO (MYR/ton)	2,425	-34.00	-1.38
Gold (US$/tr ounce)	1,322	-3.55	-0.27
Nickel (US$/ton)	13,214	-320.50	-2.37
Tin (US$/ton)	21,629	187.00	0.87
Pulp (US$/ton) weekly	1,080.1	0.00	0.00
Coal (US$/ton)	100.0	0.20	0.20

BEI STATISTICS

JCI	6,443
Change (1 day)	1.17%
Change YTD	1.37%
P/E Market (X)	16.4
Volume (mn shr)	8,732.5
Value (Rp bn)	7,805.3
↑ 205 ↓ 163 ↔ 204	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.25
Fed fund rate (%)	1.50	1.50
inflation mom (%)	0.17	0.62
Inflation yoy (%)	3.18	3.25

EXCHANGE RATE

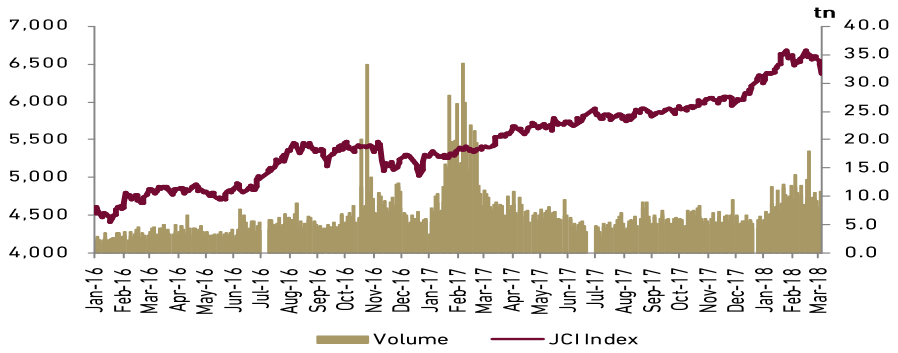
	Last	Change	% chg
1 USD = IDR	13,816	56.00	0.41
1 USD = SGD	1.32	0.00	0.04
1 USD = JPY	106.40	0.17	0.16
1 USD = AUD	1.28	0.00	0.05
1 USD = EUR	0.81	0.00	0.07

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	30.1	0.52	1.76	4,154	264,013
ISAT	0.4	0.00	0.00	5,250	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- The Energy Minister sets coal price of USD70/ton for power plant
- BBCA reports Rp23.3 tn net income in 2017
- DSNG's earnings up 113% YoY in FY17

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,380 (support) – 6,460 (resistance) level today

BMRI: Sell on strength at Rp 8,200-Rp 8,350

Comment: Retest the breakout

UNVR: Sell on strength at Rp 51,500-Rp 52,500

Comment: Retest the breakout

WIKA: Speculative buy at Rp 1,815-Rp 1,790

Comment: Hold above support level

UNTR: Speculative buy at Rp 35,950-Rp 34,650

Comment: Hold above support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Dow Jones gained 0.4% to 24,895 showing little reaction to President Trump signing what he describes as "initial" tariffs on steel and aluminum, tariffs he can adjust depending on the country. Yesterday's US economic news is light and includes a tick 21,000 weekly higher for initial jobless claims which are nevertheless pointing to strength for today's employment report. The ECB held its benchmark refinancing rate at 0% as expected, reaffirmed that the net asset purchases are intended to run at a monthly pace of €30 bn until the end of Sep 18, or beyond if necessary. On commodity markets, WTI crude oil price down by 1.68% to USD60.1/barrel while nickel price was down by 2.37% to USD13,214/ton.

Domestic

JCI closed higher by 93.85 points or +1.17% at 6,443 on Thursday's trading and recorded Rp170 bn of net foreign sell. The leading sectors were Finance (+2.36%), Infrastructure (+1.67%), and Basic Industry (+1.06%) which mainly driven by BBCA (+3.10% to 23,300), TLKM (+3.50% to 4,140), and BBRI (+3.01% to 3,770) as the key movers. Rupiah weakened by 56 points to 13,816/USD. Our technical desk suggests for trading within the band of 6,380 – 6,460, with possibility to end at higher level.

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THE ENERGY MINISTER SETS COAL PRICE OF USD70/TON FOR POWER PLANT

The Energy and Mineral Resources Minister reportedly issues a special regulation on coal price for domestic coal-fired power plant at USD70/ton. The regulation will be effective since 1 Jan 2018- Dec 2019 and the USD70/ton becomes ceiling price. Meanwhile, PLN can buy a maximum 100 mn tons of coal per year to prevent the coal from being resold at higher price. The regulation will be review at end of 2019.

Comment: The potential earnings decline for the USD70/ton price cap to 2018 earnings of coal companies under our coverage are as follows :

1) PTBA earnings will hurt most (25.6% potential downside to 2018F EPS given its 64% sales portion to local market).
2) ADRO EPS will see a 9.1% potential downside as the company sells around 20% of its coal domestically.
3) ITMG will be less affected (-4.8 potential decline of 2018F EPS) given its 10% domestic coal sales.
4) We see almost no impact on price cap for HRUM on its high coal CV of above 5,600 kcal/kg which cannot be absorbed by power plant.

We are reviewing our target price for all of companies under our coverage.

BBCA REPORTS RP23.3 TN NET INCOME IN 2017

Bank Central Asia (BBCA) closed the financial year of 2017 with net income grew by 13.1% YoY to Rp23.3 tn, broadly in-line with both ours and consensus at 102% and 101% of full year 2017 estimates, respectively. Total loan grew by 12% YoY as of 2017, ahead our estimates. The pick up in 4Q17 was mostly driven by corporate segment (14.5% YoY) especially from some key sectors such as: financial services, agriculture, power plant, retail, and vegetable oil. Consumer loan also score a 12% YoY growth driven by strong mortgage distribution, along with strong commercial property loan for business purposes loan which also pushing up the loan growth in commercial &SME segment (10.3% YoY). Despite strong loan growth, net interest income only grew by 4% YoY in 2017, vs. 12% annually in the previous two years, as NIM fell 55 bps YoY to 6.8% in 2017 on asset yield decline. The main driver of bottom line growth are decline in provision expense (-42% YoY to Rp2.6 tn), operational cost efficiencies (+8% YoY), and other income (+52% YoY to Rp3.0 tn on gain from sales of fixed assets of Rp0.5 tn). 4Q17 net income was Rp6.5tn, improved by 2.6% QoQ.

Comments: We believe this is a solid result for BBCA. We have a Hold rating on the stock with Rp22,000/share target price. We plan to revise up our earnings estimates and target price accordingly.

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BBCA FY17 results

(in Rp bn)	12M17	12M16	YoY	4Q17	3Q17	QoQ	2017F	12M17/17F
Interest income	53,799	50,426	6.7%	13,742	13,796	-0.4%		
Interest expense	(11,942)	(10,347)	15.4%	(2,832)	(3,206)	-11.7%		
Net interest income	**41,858**	**40,079**	4.4%	**10,910**	**10,591**	3.0%	**41,534**	**100.8%**
Non-interest operating income	15,126	13,700	10.4%	4,353	3,710	17.3%	14,531	104.1%
Non-interest operating expense	(25,192)	(23,379)	7.8%	(6,407)	(5,539)	15.7%	(25,240)	99.8%
PPOP	**31,792**	**30,400**	4.6%	**8,856**	**8,762**	1.1%	**30,825**	103.1%
Provision expense	(2,633)	(4,561)	-42.3%	(804)	(894)	-10.1%	(2,176)	121.0%
Operating profit	**29,159**	**25,839**	12.8%	**8,052**	**7,869**	2.3%	**28,649**	**101.8%**
Net income	**23,310**	**20,606**	13.1%	**6,468**	**6,307**	2.6%	**22,888**	**101.8%**
Ratios (%)								
Asset yield	8.8	9.3	-0.5	8.6	8.8	-0.2		
Cost of fund	2.1	2.0	0.1	1.9	2.2	-0.3		
NIM	6.8	7.4	-0.5	6.8	6.8	0.1		
CASA	76.3	77.0	-0.7	76.3	74.5	1.8		
LDR	80.5	78.5	2.0	80.5	76.5	3.9		
Cost to income	45.0	43.9	1.1	42.8	39.7	3.0		
Tax rate	20.0	20.2	-0.1	19.7	19.8	-0.1		
NPL gross	1.5	1.3	0.2	1.5	1.5	0.0		
Credit cost	0.6	1.1	-0.5	0.7	0.8	-0.1		
Loan loss coverage	190.7	229.4	-38.7	190.7	190.8	-0.1		
CAR	23.1	21.9	1.2	23.1	23.6	-0.6		
ROA	3.3	3.2	0.0	3.5	3.4	0.1		
ROE	19.1	20.4	-1.3	20.0	20.4	-0.3		
Deposit	581,115	530,134	9.6%	581,115	574,387	1.2%		
Demand	151,250	137,853	9.7%	151,250	144,716	4.5%		
Savings	292,416	270,352	8.2%	292,416	283,281	3.2%		
Time	137,449	121,929	12.7%	137,449	146,389	-6.1%		
Loan	467,509	415,896	12.4%	467,509	439,657	6.3%		
NPL	6,945	5,452	27.4%	6,945	6,729	3.2%		
Loan loss reserves	-13,244	-12,505	5.9%	-13,244	-12,842	3.1%		
Shareholders equity	131,304	112,433	16.8%	131,304	127,317	3.1%		

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DSNG'S NET PROFIT UP 113% YOY IN FY17

Dharma Satya Nusantara (DSNG) reported a net profit of Rp585 bn in FY17, a 133% increase compared to FY16. Operating profit surged by 173% on the back of stable operating expenses within the period. Both operating and net margin significantly improved to 23% and 11%, respectively. The company reached Rp5.16 tn in revenues, 33% higher than FY16 revenues driving by higher volume (+29% YoY) and ASP (+6% YoY).

DSNG FY17 results

Rp bn	FY17	FY16	YoY	F17F	FY/17F
Revenues	5,160	3,879	33%	4,941	104%
Cost of revenue	(3,437)	(2,925)	18%		
Gross profit	1,723	954	81%	1,676	103%
Gross margin (%)	*33*	*25*	*9*	*34*	
G&A expenses	(328)	(325)	1%		
Marketing expenses	(239)	(190)	26%		
Other op. income (exp.)	17	(4)	-561%		
Forex gain (loss)	18	2	890%		
Operating expenses	(533)	(518)	3%		
Operating profit	1,190	436	173%	1,053	113%
Operating margin (%)	*23*	*11*	*12*	*21*	
Interest income	29	14	100%		
Interest expense	(272)	(298)	-9%		
Total other inc. (exp)	(243)	(284)	-14%		
Pre-tax profit	947	153	521%		
Tax	(276)	(85)	223%		
Discontinued operations	(83)	185	-145%		
PBMI	588	252	133%		
MI	(3)	(1)	113%		
Net profit	585	251	133%	517	113%
Net margin (%)	*11*	*6*	*5*	*10*	

Comment: The FY17 revenues came in line with our and consensus' estimation at 104% and 98%, while net profit exceeded our and consensus expectation, accounting for 113% and 108% of our and consensus' FY17 net profit estimation. We have BUY recommendation on DSNG with TP Rp520, implying 2018F PE of 12x.

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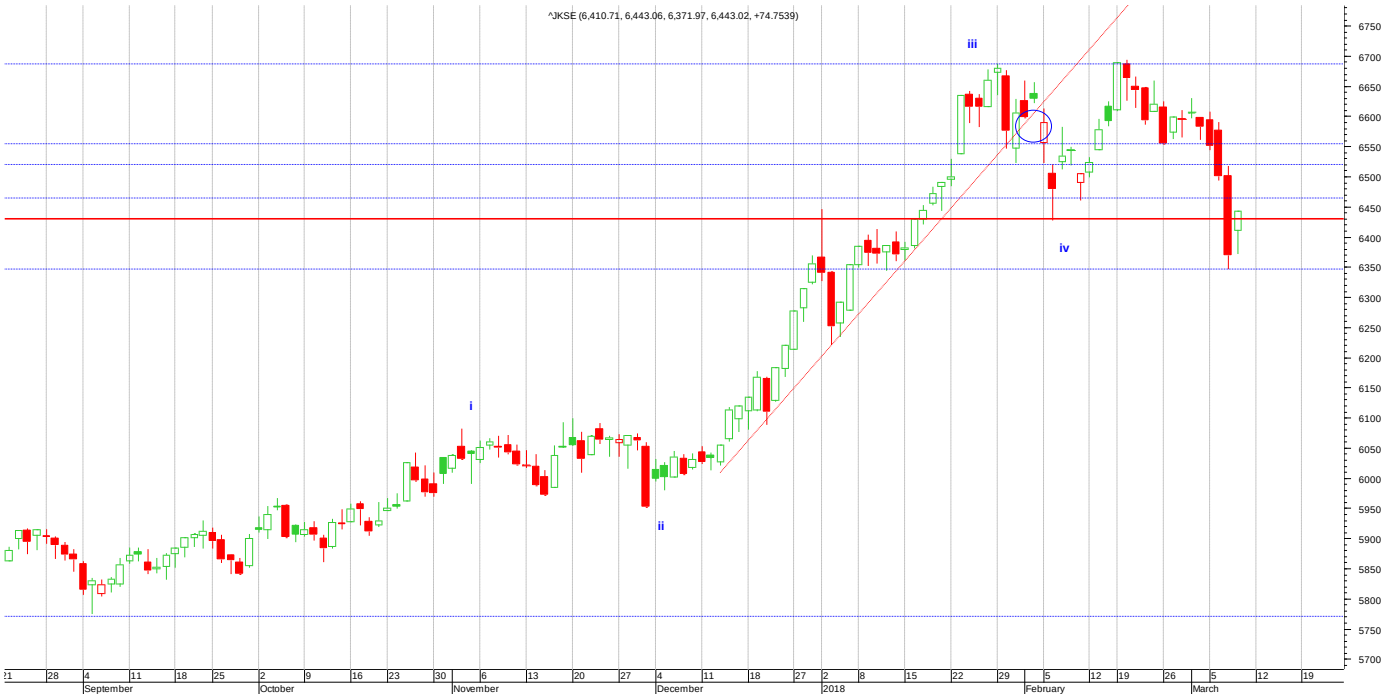
TECHNICAL ANALYSIS

JCI : (6,443 +1.2%)

Comment : BBCA, TLKM and BBRI consecutively became leading movers. Technically, JCI closed below minor resistance level of 6,460. Support level at 6,346. Next support and resistance level at 6,220-6,550. The possibility of the index to form a reversal double top pattern has not been confirmed since the index moves back above the level of 6,426. Candlestick chart 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 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.



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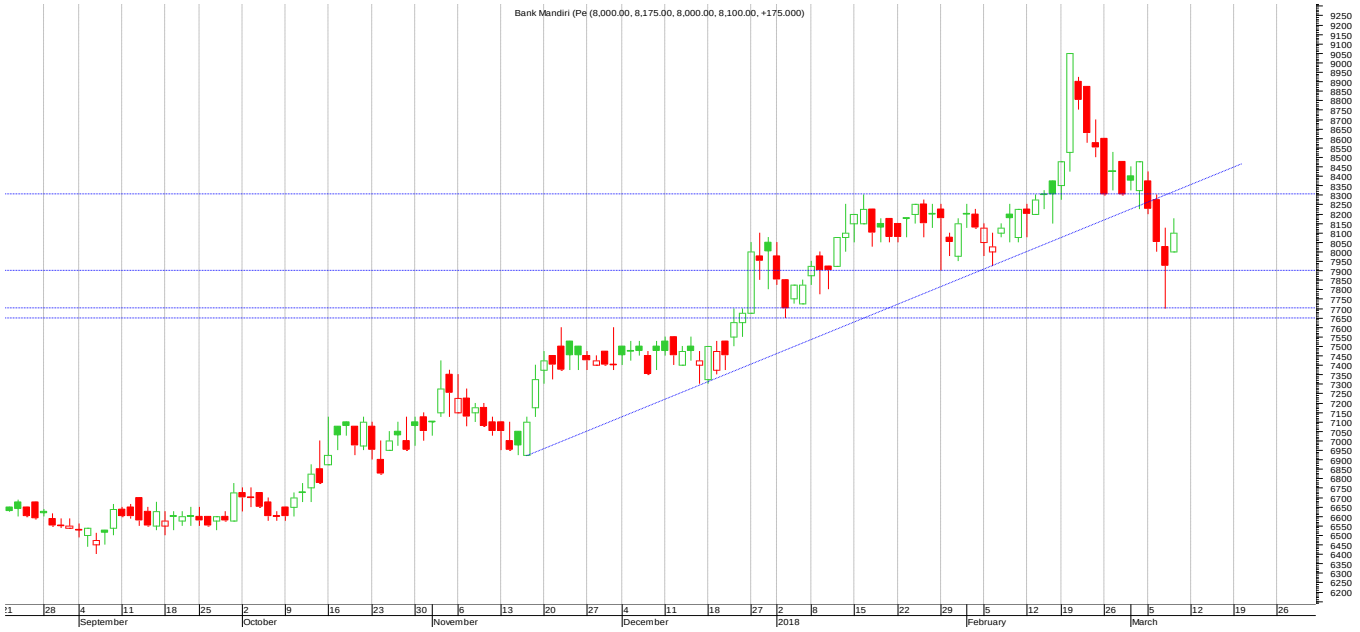
STOCK OF THE DAY

BMRI : Retest the breakout

The price closed below minor resistance level of 8,350. Level of 8,350 was support level of the previous short tem uptrend line before it was breached and potentially turn into resistance level. The short-term trend potentially turn into sideways. Support level at 7,700. Next support and resistance level at 6,900-9,000. Sell on strength



UNVR : Retest the breakout

The price closed above minor support level of 51,000. Resistance level at 52,500. Level of 52,500 was support level of of the previous uptrend line before it was breached and potentially turn into resistance level. The short-term trend turn into negative. Next support and resistance level at 48,500-53,500. Sell on strength

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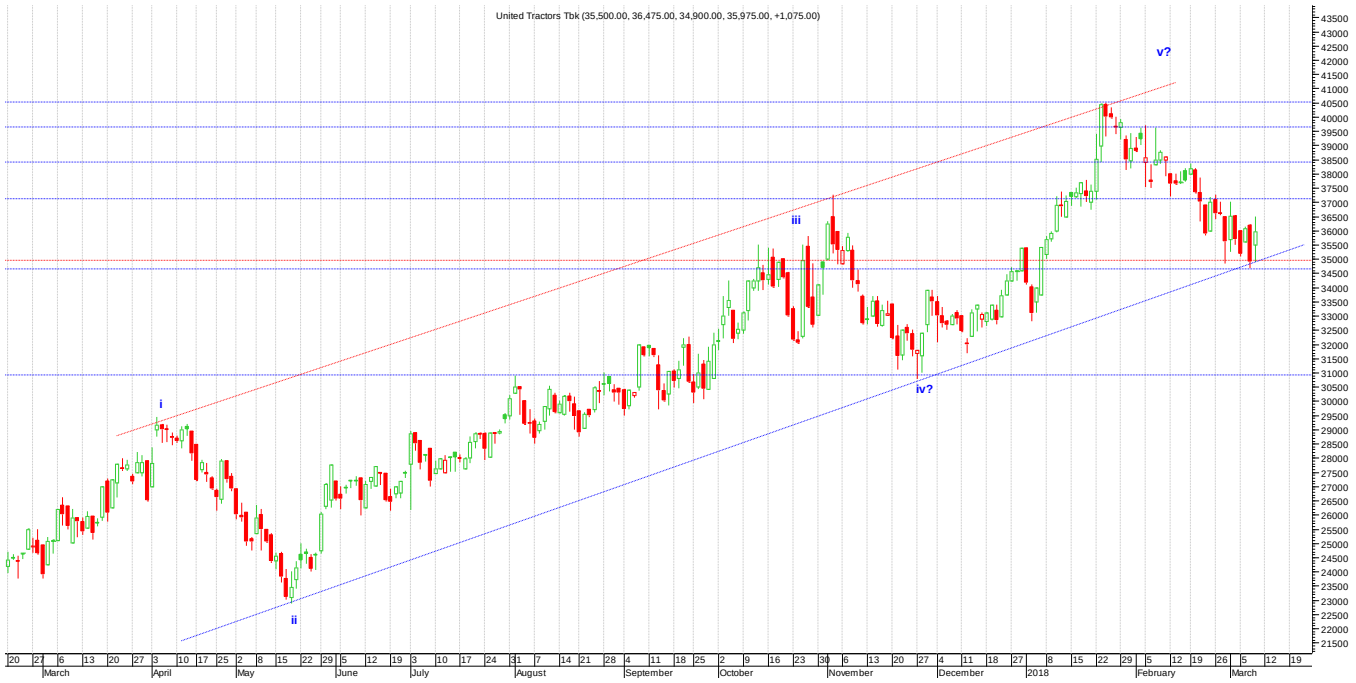
WIKA : Testing support level

After opening gap up, the price closed above the opening level. Candlestick chart likely formed a reversal harami pattern, this pattern still need further confirmation. Support level at 1,770. Resistance level at 1,930. Next support and resistance level at 1,650-2,050. Speculative buy, cut if the price moves below the level of 1,770.

UNTR : Testing support level

The price held and closed above support level of 34,675. Resistance level at 37,250. Next support and resistance level at 31,000-40,000. The price moved in uptrend in the last thirteen months. Speculative buy, cut if the price moves and stable below the level of 34,650.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,765 -13,860

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.53
3	6.27
5	6.30
10	6.76
15	7.13
30	7.40

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.52	5.71	5.74	5.67	5.39
US$	0.83	0.87	0.80	0.81	
JIBOR (RP)	4.96	5.32	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	13,816	-0.41
1 US$ = SGD	1.32	-0.04
1 US$ = JPY	106.40	-0.16
1 US$ = AUD	0.78	-0.05
1 US$ = EUR	1.23	-0.07

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ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS

09-Mar-2018	XL Axiata (EXCL)
	Annual General Meetings **Agenda**: Approval of the Company's Annual Report including the Supervisory Report of the Board of Commissioners and the approval of the Company's Financial Statements for the financial year ended on 31 December 2017 fiscal year 2017, Approval of the use of the Company's net profit for the fiscal year ending 31 December 2017, Appointment of a Public Accountant, Board of Directors and / or Board of Commissioners, Providing authority to the Board of Commissioners of the Company in connection with the implementation of the Long Term Incentive Program 2016-2020 and to declare the realization of new and issued share capital and issued and paid up capital of the Company in connection with the implementation of the Long Term Incentive Program 2016-2020 Venue & Time : Graha XL Floor 2, Jl. DR Ide Anak Agung Gde Agung Lot E4-7 No.1, Mega Kuningan Area Jakarta, at 08.30 (Western Indonesia Time)
19-Mar-2018	Wijaya Karya Beton (WTON)
	Annual General Meetings **Agenda**: The approval of the Company's Annual Report 2017 includes the Company's Report of Activities, Supervisory Report of the Board of Commissioners and the Ratification of the Company's Financial Statements as of December 31, 2017, the Determination of the Use of Net Income including the distribution of dividend for Fiscal Year 2017, Report on the Use of Funds from Initial Public Offering) Of the Company, Appointment of Public Accounting Firm Venue & Time : Main Hall Gedung Bursa Efek Indonesia Jl. Jend Sudirman Kav 52-53, Jakarta, at 14.00 (Western Indonesia Time)
20-Mar-2018	Bank Danamon (BDMN)
	Annual and Extraordinary General Meetings **Agenda**: Approval of the Company's annual report for the fiscal year ending December 31, 2017, Approval of the Company's financial statements for the fiscal year ending December 31, 2017, Stipulation of the Company's profitability, appointment of a Public Accountant, Changes in the composition of the Board of Directors, members of the Board of Commissioners, The Sharia Supervisory Board of the Company. Approval of the Company's Acquisition Plan by The Bank of Tokyo-Mitsubishi UFJ, Ltd., Amendment to the Company's Articles of Association, Approval of the Bank's Action Plan (Recovery Plan) Venue & Time : Bank Danamon Tower, Auditorium, Floor 23, Jl. HR. Rasuna Said, Block C No. 10, Rubber Setiabudi, Jakarta, at 09.30 (Western Indonesia Time)

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