

GLOBAL

Index	Last	Change	% chg
Dow	24,357	94.81	0.39
S&P 500	2,673	9.21	0.35
Eido US	24.4	-0.15	-0.61
H.S.I	29,994	67.76	0.23
Nikkei	22,467	-5.62	-0.03
STI	3,533	-12.52	-0.35
KLCI	1,828	-13.63	-0.74
Kospi	2,461	-25.87	-1.04
SET Thai	1,780	-0.07	0.00

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	76.2	1.30	1.74
WTI Crude Oil (\$/bbl)	70.7	1.01	1.45
CPO (MYR/ton)	2,365	46.00	1.98
Gold (US\$/tr ounce)	1,314	-1.22	-0.09
Nickel (US\$/ton)	13,974	249.00	1.81
Tin (US\$/ton)	21,345	0.00	0.00
Pulp (US\$/ton) weekly	1,132.4	0.00	0.00
Coal (US\$/ton)	100.6	0.00	0.00

BEI STATISTICS

JCI	5,885
Change (1 day)	1.60%
Change YTD	-7.40%
P/E Market (X)	15.0
Volume (mn shr)	5,285.6
Value (Rp bn)	5,345.9
↑ 216 ↓ 167 ↔ 194	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.25
Fed fund rate (%)	1.75	1.50
inflation mom (%)	0.10	0.20
Inflation yoy (%)	3.41	3.40

EXCHANGE RATE

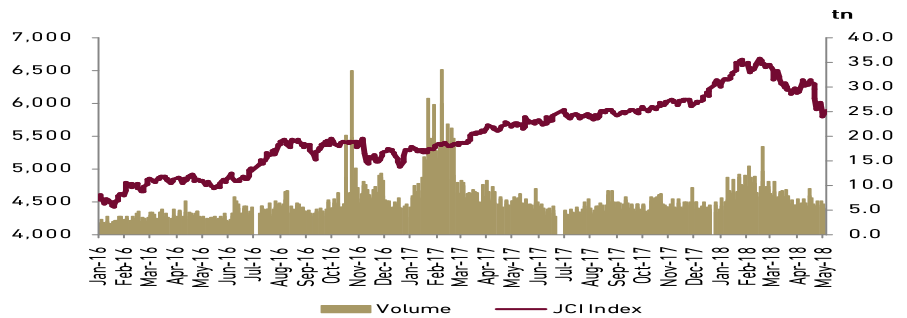
	Last	Change	% chg
1 USD = IDR	14,001	56.00	0.40
1 USD = SGD	1.34	0.00	-0.04
1 USD = JPY	108.92	-0.17	-0.16
1 USD = AUD	1.33	0.00	-0.05
1 USD = EUR	0.84	0.00	-0.11

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.5	0.00	0.00	3,703	465,518
ISAT	0.4	0.00	0.00	5,320	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- GDP grew by only 5.06% in 1Q18
- Indonesia sees coal output flat in next year on equipment shortage
- Retail and consumer goods producers target higher growth on Ramadhan period
- BBRI plans to revise up loan growth target to 7-14% YoY, BBNI targets 14-16% YoY loan growth
- BMRI targets to grow its micro loans by 32% YoY this year
- MAPI plans to do 1:10 stock split
- Indosat 1Q18 operating loss amid sim registration
- Prodia 40% dividend payout ~Rp60.3 bn

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,830 (support) – 5,920 (resistance) level today

**BBRI: Speculative buy at Rp 3,050-Rp 2,990**

Comment: Candlestick chart formed a reversal harami pattern

**BBNI: Buy on weakness at Rp 7,250-Rp 7,050**

Comment: Testing support level

**UNVR: Sell on strength at Rp 48,000-Rp 49,000**

Comment: Retest the breakout

**ASII: Sell on strength at Rp 7,200-Rp 7,300**

Comment: The trend is stil negative

MARKET REVIEW & MARKET OUTLOOK

Regional

DJIA finished 0.4% higher at 24,357.32, pulling back from gains of as much as 0.9% earlier in the session, while S&P 500 ended 0.4% higher to 2,672.63. US stocks gave up most of its gains after President Trump statement that he would deliver his decision on the Obama-era Iranian nuclear deal on Tuesday. US department stores stocks were under heavy pressure with Macy falling nearly 4% and Kohl down 4.3%. Technology stocks however advanced amid continued strength in Apple shares. On commodities market, oil continue its gains with Brent up +1.74% to USD76.17/bbl and WTI also up +1.45% to USD70.73/bbl. CPO gained +1.98% to close at MYR2,365/ton.

Domestic

JCI rebounded to 5,885 or 92.75 points higher (+1.6%) with foreign investors net selling transactions of Rp666 bn. Almost all sectors posted gain except Misc Industry (-1.49%). Consumer (+5.09%), Mining (+1.37%), Agriculture (+1.26%), Infrastructure (+1.24%), and Finance (+1.10%) become sector leaders. HMSP (+8.23% to 3,550), UNVR (+5.62% to 47,900), BMRI (+2.64% to 6,800) were among leading movers on Monday's trading. Rupiah weakened by 56 points to 14,001/USD after BPS announced that Indonesia GDP rose 5.06% in 1Q18 which is slower than consensus estimate of 5.19%. Our technical desk suggests JCI to trade in the 5,850-5,930 region with mixed sign and possibility to close lower.

#### GDP GREW BY ONLY 5.06% IN 1Q18

According to statistics office (BPS), GDP growth in 1Q18 only reached 5.06% YoY with quarterly growth came in at -1.70% QoQ, below both our estimation and Bloomberg consensus. Investment had 7.95% YoY growth or the highest one since Joko Widodo took the presidential office. Investment growth in buildings was ease to 6.1% YoY (4Q17: 6.68% YoY), in line with weakening growth of cement consumption at 6.5% YoY (4Q17: 9.3% YoY). However, other component of investment experienced rapid growth like machine and equipment (1Q18: 23.7% YoY; 4Q17: 22.3% YoY) and also vehicle (1Q18: 14.4% YoY; 4Q17: -2.7% YoY). The uptrend of investment could not be followed by consumption sector which had stagnant growth at 4.95% YoY, just slightly below our estimation of 4.96% YoY. Rising food inflation in 1Q18 (5.15% YoY) gave pressure on food consumption, growing by only 5.12% YoY (1Q17: 5.24%). Although we expect pick up of consumption in next quarters, we don't think that it may meet our target of 5.1% growth in 2018. Export grew 6.2% YoY and import grew 12.7% YoY, putting pressure on net export which was down 45.6% YoY.

**Comments:** We will review our GDP growth target and give our estimation in our GDP report

#### INDONESIA SEES COAL OUTPUT FLAT IN NEXT YEAR ON EQUIPMENT SHORTAGE

Indonesia is targeting annual production of 481 mn tons of coal this year and next, according to a mining ministry official, as producers of the fuel are struggling to get new heavy equipment and parts. That's up around 4 percent from the 461 mn tons Indonesia produced in 2017. In general, getting equipment parts is difficult and up to the middle of 2019 it will be difficult to increase production, but for smaller players it will be more difficult because of shortages of financing. Suppliers remain wary of providing equipment to contractors as purchases of costly heavy equipment are often repaid over a period of up to five years.

**Comment:** We believe this situation could benefit UNTR, enabling the company to raise selling price as reflected in increased ASP last year and in 1Q18. We have Buy call on UNTR with TP of Rp45,000.

#### RETAIL AND CONSUMER GOODS PRODUCERS TARGET HIGHER GROWTH ON RAMADHAN PERIOD

Indonesia Central Bureau of Statistics declared Indonesia's consumption only grew by 4.95% (-0.01%YoY) during first quarter 2018. In 2Q18, corporates aim at double digit growth(15%) for the sales of clothes, cosmetics, food and beverage. MPPA, INDF, UNVR and MBTO stated they already prepared for Ramadhan's demand and had increased their inventory since last month. INDF targets at 15% sales growth for Bogasari during May and June period. While MBTO targets at 5% sales growth for skin care and cosmetics.

**Comment:** We believe higher consumer confidence index and low level of inflation will also support consumer sector to grow during Ramadhan. We also expect higher margin could be recorded on the 2Q18.

#### BBRI PLANS TO REVISE LOAN GROWTH TARGET TO 7-14% YOY, BBNI TARGETS 14-16% YOY LOAN GROWTH

BBRI plans to revise its loan growth target from previously 10-12% to 7-14% YoY in 2018F, following improvement on Indonesia economy. Meanwhile, BBNI reiterates its loan growth target of 14-16% YoY this year, slightly higher from its early year guidance of 13-15% YoY.

#### BMRI TARGETS TO GROW ITS MICRO LOANS BY 32% YOY THIS YEAR

Bank Mandiri (BMRI) targets to grow its micro loans by 32% YoY this year after seeing 1Q18 growth of 22.6% YoY. The bank sets aggressive target for its micro as they see big potentials as well as government concerns to support the segment.

**Comments:** We see the aggressive target as positive as micro came with higher yield while asset quality still manageable with BMRI's micro NPL ratio stands at 1.31% as of 1Q18. At the moment, BMRI's micro loan portfolio stands at Rp85.6 tn as of 1Q18, accounting for 13.9% of its bank only loan portfolio. In the long term, BMRI plans to increase the micro proportion from current 14% to 17% of bank only's portfolio by 2020.

#### MAPI PLANS TO DO 1:10 STOCK SPLIT

MAPI has received an agreement from its shareholders to do a 1:10 stock split during the Extraordinary General Meeting (EGM). Further, during Annual General Meeting (AGM), the company stated to share 19.7% dividend payout ratio (DPR), equivalent to Rp66.15bn and dividend per share (DPS) at Rp40.0/share. Additionally, regarding the company's expansion, the firm plans to broaden their footprint in Vietnam. The company will tap the FMCG segment by opening Genki Sushi and to bring brands under MAP Aktif Adiperkasa, namely "Diadora" and "Air Walk". Noting, in FY17 Vietnam contributes around 7.0% to MAPI total sales of Rp16.3tn.

**Comment:** We do not cover MAPI but we view stock split plan as positive to improve trading liquidity as make the shares more accessible to a wider set of investors.

#### PRODIA 40% DIVIDEND PAYOUT ~RP60.3 BN

Prodia Widyahusada (PRDA) announced it would pay-out 40% of its profits, or Rp60.3 bn as dividends. The company booked a profit of Rp150.8 bn, a 71.1% increase YoY. Prodia operates 283 outlets, including 136 clinical laboratories located in 32 provinces and 118 cities across the country. The company this year is set to open more branches in Sorong in West Papua, and Bogor in West Java. Prodia plans to carry out these initiatives and strategic decisions aimed to support market leadership in Indonesia's clinical lab industry.

**Comment:** we do not cover Prodia, however the opportunities are significant for healthcare industry with a more comprehensive national insurance scheme JKN, and clinical labs is a niche market which Prodia has well penetrated so far.

#### INDOSAT 1Q18 OPERATING LOSS AMID SIM REGISTRATION

Indosat full set of results were released yesterday following some early figures on late April. Revenue for 1Q18 were Rp5.69 tn (-21.9% YoY) much less than our estimate, on the back of much lower ARPU as cellular lost a significant chunk of revenue (-27% YoY). EBITDA came at Rp1.94 tn (-37.3% YoY) mainly due to revenues despite significant reduction in OPEX and depreciation. Incorporating depreciation Indosat turned to operating loss in 1Q18. The bottom line was recorded at Rp506 bn net losses, a lot less than we and consensus expected, but with lower net interest expense. We have similar results on quarterly basis. Revenue was down -22.7% QoQ due to decline in Cellular and Midi segment (enterprises) while EBITDA was down -32.0% QoQ. One positive is that net interest expense is seen coming down also on QoQ basis.

Reported subscribers were #96,2 mn (+0.5% YoY) deriving blended ARPU of Rp12.4k -43% YoY. Capex spending of Rp1.32 tn although is lower from 4th quarter of Rp3.75 tn but it is higher on YoY basis Rp0.62 tn, elevated indicating at least continuation of the trend to build its 4G network.

**Comment:** ISAT numbers are below expectations, forming only 18% and 15% of consensus and our estimates on 1Q18 Revenue and EBITDA. Current aggressive data strategy amid sim re-registration resulted only in maintaining satisfactorily the subscriber base so far. Indosat remains positive it will

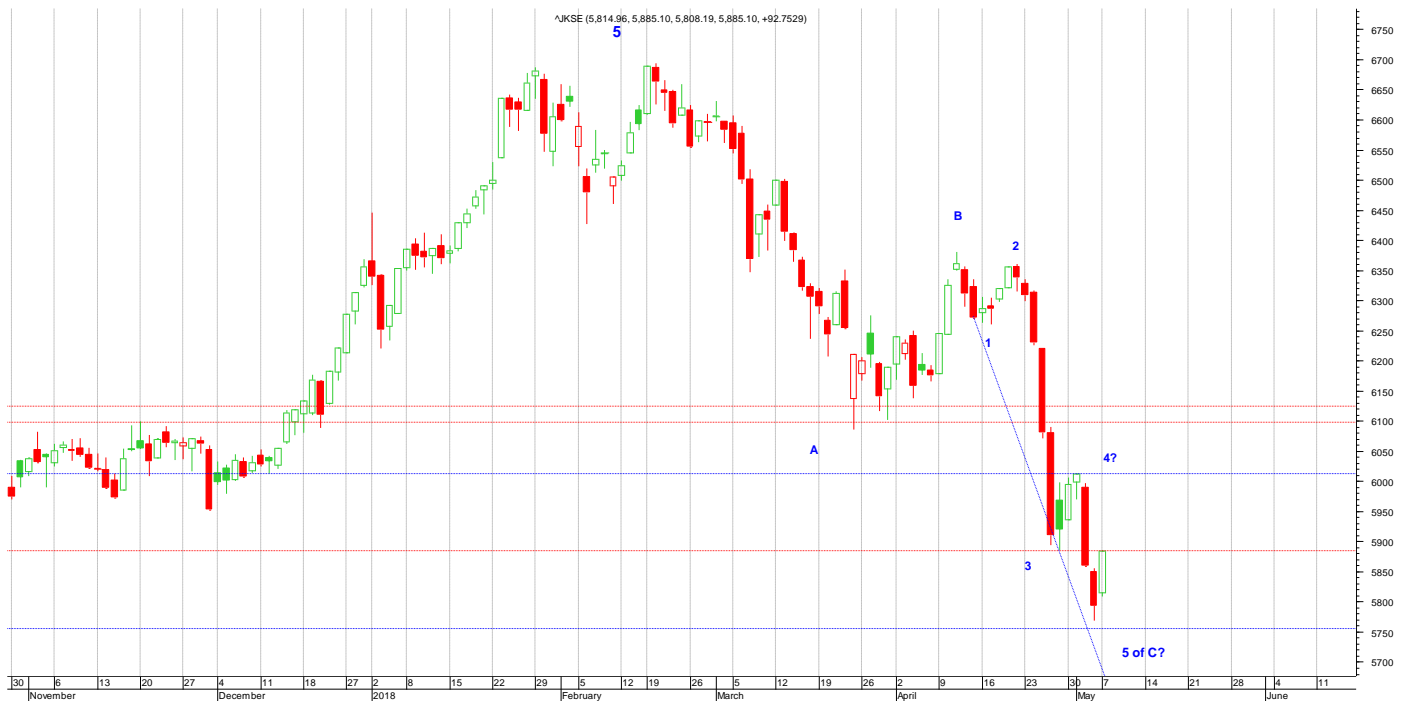
reap the longer term benefits from the re-registration. Our view is that ISAT's new effort which includes planning to spend higher capex of Rp8 tn from Rp6 tn in FY17, seems to be starting from much lower quality subscriber base (ie low ARPU), thus lower revenue and EBITDA. ISAT is still very cheap trading at EV/EBITDA-18 3.4x and with Buy recommendation at the moment.

Rp bn	1Q18	1Q17	Δ YoY	1Q18	4Q17	Δ QoQ	2018F	Realized
<b>Operating revenue</b>	<b>5,692</b>	<b>7,290</b>	<b>-21.9%</b>	<b>5,692</b>	<b>7,360</b>	<b>-22.7%</b>	<b>31,033</b>	<b>18%</b>
Cellular	4,417	6,051	-27.0%	4,417	5,765	-23.4%		
Multimedia, Data, Internet (MIDI)	1,043	998	4.5%	1,043	1,375	-24.1%		
Fixed telecommunications'	232	241	-3.7%	232	221	5.3%		
Cost of services	-2,858	-3,102	-7.9%	-2,858	-3,374	-15.3%		
Depreciation & amortization	-2,078	-2,225	-6.6%	-2,078	-2,202	-5.6%		
Personnel	-588	-597	-1.6%	-588	-292	101.4%		
Marketing	-179	-262	-31.7%	-179	-342	-47.7%		
G&A	-126	-229	-45.0%	-126	-496	-74.7%		
Other	62	-43	n.a.	62	104	-40.5%		
Total operating expense	-5,767	-6,458	-10.7%	-5,767	-6,602	-12.7%		
<b>Operating Profit</b>	<b>-74</b>	<b>832</b>	<b>n.a.</b>	<b>-74</b>	<b>758</b>	<b>n.a.</b>		
<b>EBITDA</b>	<b>1,942</b>	<b>3,100</b>	<b>-37.3%</b>	<b>1,942</b>	<b>2,856</b>	<b>-32.0%</b>	<b>12,790</b>	<b>15%</b>
<i>EBITDA margin (%)</i>	<i>34.1</i>	<i>42.5</i>	<i>-8.4</i>	<i>34.1</i>	<i>38.8</i>	<i>-4.7</i>	<i>43.9</i>	
Net interest income (expenses)	-495	-528	-6.3%	-495	-519	4.7%		
Forex gain (loss)	-33	36	n.a.	-33	-10	-242.2%		
Other income (expenses)	15	-31	n.a.	15	-2	n.a.		
Total other income (expenses)	-513	-523	-1.9%	-513	-531	3.5%		
<b>Pre-tax profit / (loss)</b>	<b>-587</b>	<b>309</b>	<b>n.a.</b>	<b>-587</b>	<b>227</b>	<b>n.a.</b>		
Tax	121	-98	-223.6%	121	-153	178.9%		
Minority interest	-40	-37	7.0%	-40	-28	-41.7%		
<b>Net profit / (loss)</b>	<b>-506</b>	<b>174</b>	<b>n.a.</b>	<b>-506</b>	<b>46</b>	<b>n.a.</b>	<b>1,458</b>	
<i>Net margin (%)</i>	<i>(8.9)</i>	<i>2.4</i>	<i>-11.3</i>	<i>(8.9)</i>	<i>0.6</i>	<i>-9.5</i>	<i>7.5</i>	
<b>Key Operating Data</b>	<b>1Q18</b>	<b>1Q17</b>	<b>Δ YoY</b>	<b>1Q18</b>	<b>4Q17</b>	<b>Δ QoQ</b>		
Customers - postpaid (mn)	1.4	1.0	40%	1.4	1.2	16.7%		
Customers - prepaid (mn)	94.8	94.7	0%	94.8	109.0	-13.0%		
Customers - total (mn)	96.2	95.7	0.5%	96.2	110.2	-12.7%		
ARPU (prepaid) (Rp thousand)	11.4	20.4	-44%	11.4	16.3	-30.1%		
ARPU (blended) (Rp thousand)	12.4	21.7	-43%	12.4	17.6	-29.5%		

## TECHNICAL ANALYSIS

JCI : (5,885 +1.6%)

**Comment :** HMSP, UNVR and BMRI consecutively became leading movers. Technically, after opening gap up, JCI closed at minor resistance level of 5,885. Next support and resistance level at 5,750-6,050. Based on Elliot wave approach, one of alternate wave counting is the highest level of 6,693 noted as the peaks of wave 5 and the index is now forming corrective wave ABC. Because the index moved below the level of 6,085, then level of 6,085 noted as the bottom of wave A. The highest level of 6,380 which occurred on April 11, 2018 is considered as the peaks of wave up B and currently JCI is forming wave down C. Theoretically, wave down C will form 5 waves and level of 5,885 which occurred on April 27, 2018 noted as the bottom of wave minor 3 of wave C. Because the index moved below the level of 5,885, then level of 6,012 which occurred on May 2, 2018 noted as the peaks of wave minor 4 of C and currently JCI is forming wave down minor 5 of C which is the last wave of the short-term downtrend cycle. If there is no extension, the bottom of wave minor 5 of C will likely be founded around the level of 5,700-5,780 which is support level of the short-term downtrend line. This alternate wave counting based on scenario that the index in the process to form corrective wave type of zigzag. We will update soon in case the index make an extension or form another type of corrective wave ABC.



**STOCK OF THE DAY**

**BBRI : Testing support level**

After opening gap up the price closed slightly below the opening level. Support level at 2,990. Resistance level at 3,240. Next support and resistance level at 2,950-3,300. Candlestick chart likely formed a reversal harami pattern. This pattern still need further confirmation. Speculative buy



**ASII : Testing support level**

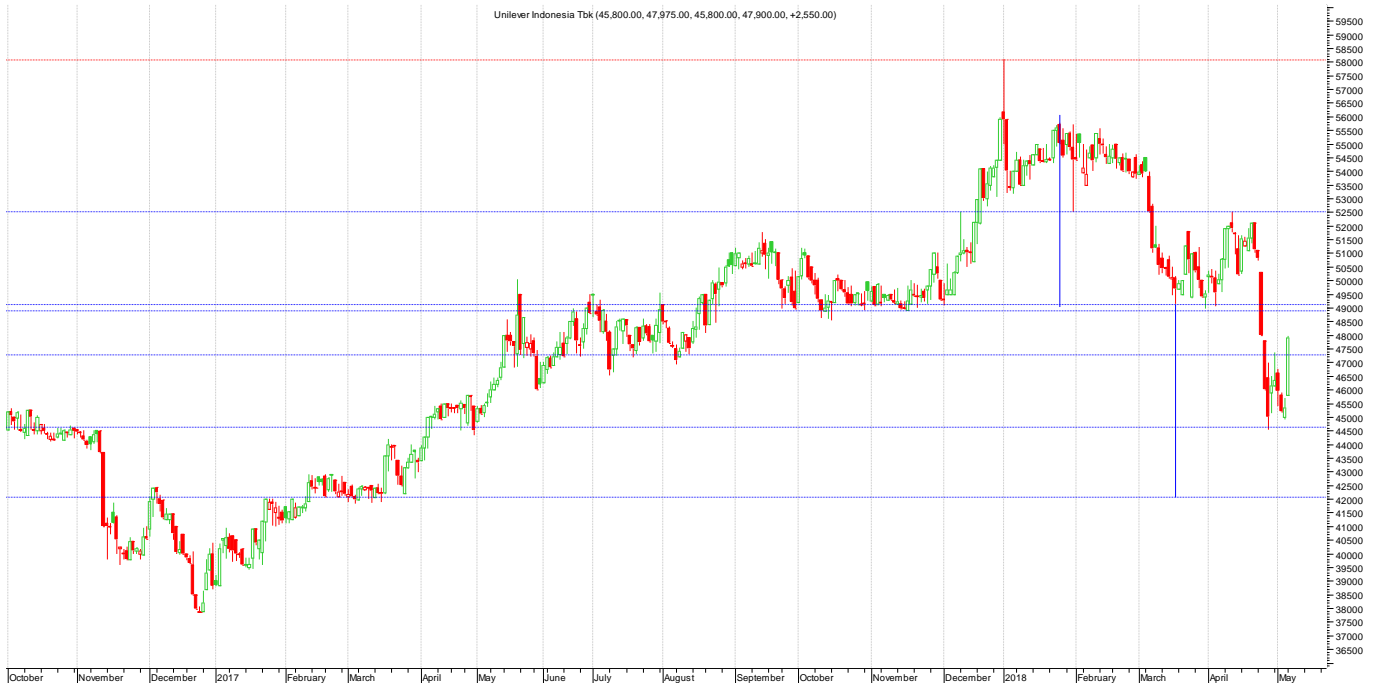
The price closed above strong support level of 7,050. Resistance level at 7,400. Next support and resistance level at 6,500-7,700. The price likely formed a reversal Head and Shoulder pattern. Theoretical target of this pattern around the level of 6,000. Sell on strength



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**UNVR : Retest the breakout**

The price closed below resistance level of 49,000. Level of 49,000 was a strong support level before it was breached and potentially turn into strong resistance level. Support level at 45,000. Next support and resistance level at 42,000-52,000. The price likely formed a reversal Head and Shoulder pattern. Theoretical target of this pattern around the level of 42,000. Sell on strength/Sell



**BBNI : Testing support level**

The price closed just above minor support level of 7,250-7,300. Resistance level at 8,000. Next support and resistance level at 7,075-8,200. The price moved in downtrend in the last two months. Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,950 -14,040

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.43
3	6.65
5	6.69
10	7.17
15	7.41
30	7.46

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.55	5.71	5.68	5.58	5.22
US\$	0.83	0.90	0.82	0.84	
JIBOR (RP)	5.88	6.05	6.09	6.14	

BASE LENDING RATE	
BI RATE	4.25
FED FUND RATE	1.75
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,001	-0.40
1 US\$ = SGD	1.34	0.04
1 US\$ = JPY	108.92	0.16
1 US\$ = AUD	0.75	0.05
1 US\$ = EUR	1.19	0.11



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