

GLOBAL

Index	Last	Change	% chg
Dow	24,360	2.89	0.01
S&P 500	2,672	-0.71	-0.03
Eido US	24.1	-0.32	-1.31
H.S.I	30,403	408.55	1.36
Nikkei	22,509	41.53	0.18
STI	3,543	10.31	0.29
KLCI	1,847	18.31	1.00
Kospi	2,450	-11.57	-0.47
SET Thai	1,760	-19.55	-1.10

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	74.9	-1.32	-1.73
WTI Crude Oil (\$/bbl)	69.1	-1.67	-2.36
CPO (MYR/ton)	2,359	-6.00	-0.25
Gold (US\$/tr ounce)	1,315	0.40	0.03
Nickel (US\$/ton)	13,826	-148.00	-1.06
Tin (US\$/ton)	21,030	-315.00	-1.48
Pulp (US\$/ton weekly)	1,158.6	0.00	0.00
Coal (US\$/ton)	101.0	0.45	0.45

BEI STATISTICS

JCI	5,775
Change (1 day)	-1.88%
Change YTD	-9.14%
P/E Market (X)	14.7
Volume (mn shr)	5,706.9
Value (Rp bn)	5,472.5
↑ 82 ↓ 304 ↔ 191	
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

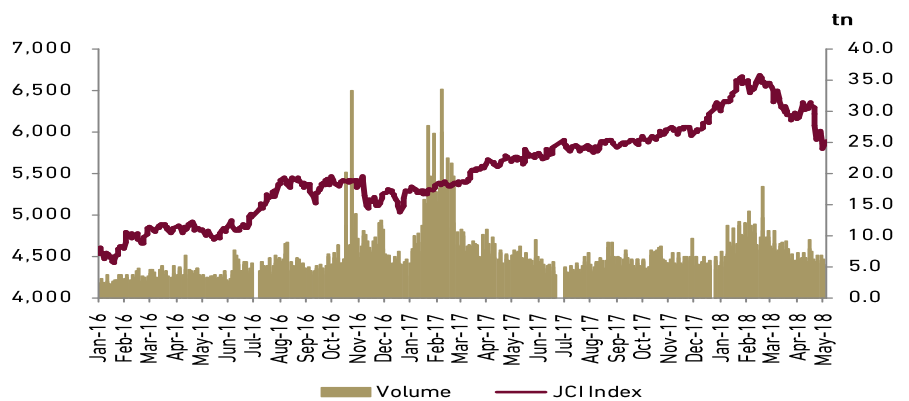
	Last	Change	% chg
1 USD = IDR	14,052	51.00	0.36
1 USD = SGD	1.34	0.00	0.09
1 USD = JPY	109.10	-0.03	-0.03
1 USD = AUD	1.34	0.00	0.22
1 USD = EUR	0.84	0.00	0.00

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.0	-0.47	-1.78	3,651	777,707
ISAT	0.4	0.00	0.00	5,340	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Foreign Reserves slightly decrease to USD 124.9 bn
- Medco starts commercial operation of Sarulla geothermal's third unit
- WTON bags new contracts of Rp2 tn in 4M18
- ERAA private placement proceed accounted at Rp305.66bn
- Kalbe to launch 15 new products – guides better 2Q18 topline
- Hermina IPO price set at Rp3,700/sh
- Blanja.com partners with the PDTT Kemdes to reach SMEs and Bumdes in the villages

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,750 (support) – 5,850 (resistance) level today

**HMSB: Buy on weakness at Rp 3,320-Rp 3,100**

Comment: Testing support level

**UNTR: Buy on weakness at Rp 31,650-Rp 30,800**

Comment: Testing support level

**TLKM: Buy on weakness at Rp 3,500-Rp 3,350**

Comment: Testing support level

**ANTM: Buy on weakness at Rp 780-Rp 765**

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock markets closed mix as market remains cautious on the decision of Donald Trump following the U.S withdrawal from the controversial Iran nuclear deal. Dow was up slightly by 2.89% or 0.01%, bounced back from its low during the day. S&P 500 slipped by 0.71 points or 0.03%, with utilities sector which led the declines. Nasdaq gained 1.69 points or 0.02% higher. In commodity market, Brent and Crude oil weakened by 1.73% and 2.36% to USD74.9/bbl and USD69.1/bbl.

Domestic

JCI dropped by 110.38 points or 1.9% to close at Rp5,775 on Tuesday and recorded Rp181 bn net foreign sell. Infrastructure (-3.77%), Basic Industry (-2.64%), Consumer (-2.54%), Property (-2.37%), Trade (-1.92%), Mining (-1.91%), Agriculture (-1.81%), Misc.Industry (-1.69%) and Finance (-0.36%) were the sector laggards with TLKM (-4.74% to 3,620), HMSB (-4.23% to 3,400) and BBCA (-1.23% to 22,025) become the lagging movers. Rupiah currency weakened by 51 points to Rp14,052/USD. Our technical desk suggests for trading within the band of 5,750 – 5,860, with possibility to end at lower level.

#### FOREIGN RESERVES SLIGHTLY DECREASE TO USD 124.9 BN

Bank Indonesia reported foreign reserve declined by USD 1.1 bn to USD 124.9 bn in April, slightly above our estimate at USD 124 bn. Central bank said the declining foreign reserve was used to pay government external debt and stabilize Rupiah value amidst rising global volatility. Global bonds issuance in April also helped to maintain stability of foreign reserve. Current reserve position is enough to pay 7.7 months of import or pay 7.4 months import and government external debt.

**Comments:** Central bank got some help from global bonds issuance to maintain the reserve position. We see global volatility will remain high until June due to FFR hike expectation shift from 3 times to 4 times. Current data showed market view of 3 times FFR hike and 4 times is already balance which left some limited downside risk until June, when Fed will confirm how much it will raise rates in 2018 within its projection.

#### MEDCO STARTS COMMERCIAL OPERATION OF SARULLA GEOTHERMAL'S THIRD UNIT

Medco Energi Internasional (MEDC) announced the commercial operation of the third and final unit in the phase one development of the Sarulla Geothermal Power Project. Commercial operation of the Project's first and second units began on 18 March 2017 and 2 October 2017 respectively. The Project is the world's largest single-contract geothermal power plant and is located in Pahae Jae and Pahae Julu Districts, North Tapanuli Regency, North Sumatra Province, Indonesia. The USD1.7 bn project generates approximately 330MW, enough to power 2.1 mn Indonesian households. The Project is sponsored by a consortium of Medco Power Indonesia, ITOCHU Corporation, Kyushu Electric Power Co., INPEX, and Ormat Technologies

**Comment:** We believe the commercial operation of the third unit of Sarulla Geothermal power project should help boost earnings going forward. It was evidenced by 1Q18 results where MEDC posted strong 36% YoY growth in electricity production from Medco Power Indonesia (MPI) to 593 GWh, following commercial operation of the Sarulla geothermal development unit I and II in March and October 2017. We have Buy rating on MEDC with TP of Rp2,080/share.

#### WTON BAGS NEW CONTRACTS OF RP2 TN IN 4M18

Wijaya Karya Beton (WTON) has obtained Rp2.05 tn new contracts in 4M18, achieving around 27% of company's FY18 target of Rp7.56 tn and ours of Rp7.5 tn. This grew by 15.5% when compared to 4M17 new contracts or Rp1.8 tn. Among major contract obtained in 4M18 were KBN Marunda port of Rp139.5 bn, PLTGU Tambak of Rp88.75 bn and Sungai Tondano bridge of Rp62.3 bn. Meanwhile, the company will increase its production capacity by 300k tons to 3.6 mn ton by year-end 2018 as current utilization rate reach around 86% on strong precast demand.

**Comment:** We currently have Buy rating with TP of Rp730 on WTON. The counter is trading at 2018-19F PER of 8.6-6.9x

#### ERAA 10.0% PRIVATE PLACEMENT PROCEED ACCOUNTED AT RP305.66BN

Erajaya Swasembada (ERAA) has issued 290.0mn new shares, or equivalent to 10.0% from the issued capital. The execution price are at Rp1,054/share, making up to a total proceed of Rp305.66bn. The placement will be absorbed by Green Better Limited and Astrend Opportunity II (Hong Kong) Limited as the new shareholders. By entering the placement, both companies are willing to be locked up for a year starting from yesterday.

**Comment:** We view the share placement as positive as it provide new fund for company expansion. We currently maintain our BUY call for ERAA at TP Rp2,100/share.

#### KALBE TO LAUNCH 15 NEW PRODUCTS – GUIDES BETTER 2Q18 TOPLINE

Kalbe Farma develops at least 15 new product to be launched gradually. The R&D department is budgeting Rp200 bn-Rp300 bn per year and where 80% of research end result has not reached the market yet. The 15 new products being developed range from types of drugs, nutrients, supplements, to digital products related to health technology. Until May there are already 5 products that have been launched into the market. Kalbe reported topline Rp5.01 tn (+2.4% YoY) in 1Q18 with drop -0.8% in gross margin to 48.4% mainly due to weakening rupiah currency, as Kalbe still relies on imported raw materials. However PresDir is positive for better topline in 2Q18 with Ramadhan and Lebaran periods in sight to compensate for increased COGS.

**Comment:** There is substantial upside to our TP of Rp1660 from current price Rp1,456, thus recommending Buy.

#### HERMINA IPO PRICE SET AT RP3,700/SH.

PT Medikaloka Hermina Tbk sets the initial price public offering (IPO) at Rp3,700/sh., at the lower end of target price range Rp3,700-5,000. Hermina offers 351.38 million new shares to be listed on the stock Indonesia Stock Exchange on May 16, 2018. Based on this price, Hermina will receive proceeds Rp1.3 tn. to be used for New hospital openings (25%) Medical equipment purchases (25%) Repayment to MTN debt and DBS Bank Indonesia. (25%) Working capital (25%) 25% of the IPO fund for subsidiaries and opening new hospitals.

**Comment:** Hermina's IPO price at Rp3,700 which implies forward EV/EBITDA close to 17.4x based on management's expectations and EBITDA growth in the lines of past performance.

#### BLANJA.COM PARTNERS WITH THE PDTT KEMDES TO REACH SMES AND BUMDES IN THE VILLAGES

Blanja.com part of the PT Telkom group This relationship can partner with SOEs, and other government agencies including Agency for Village Owned Enterprises, Village Ministry Development of Disadvantaged Areas and Transmigration (Kemdes PDTT). This cooperation aims to help small businesses and medium ie SME Agency Village Owned Enterprises (Bumdes) in utilizing the digital means for promotion and sales transactions

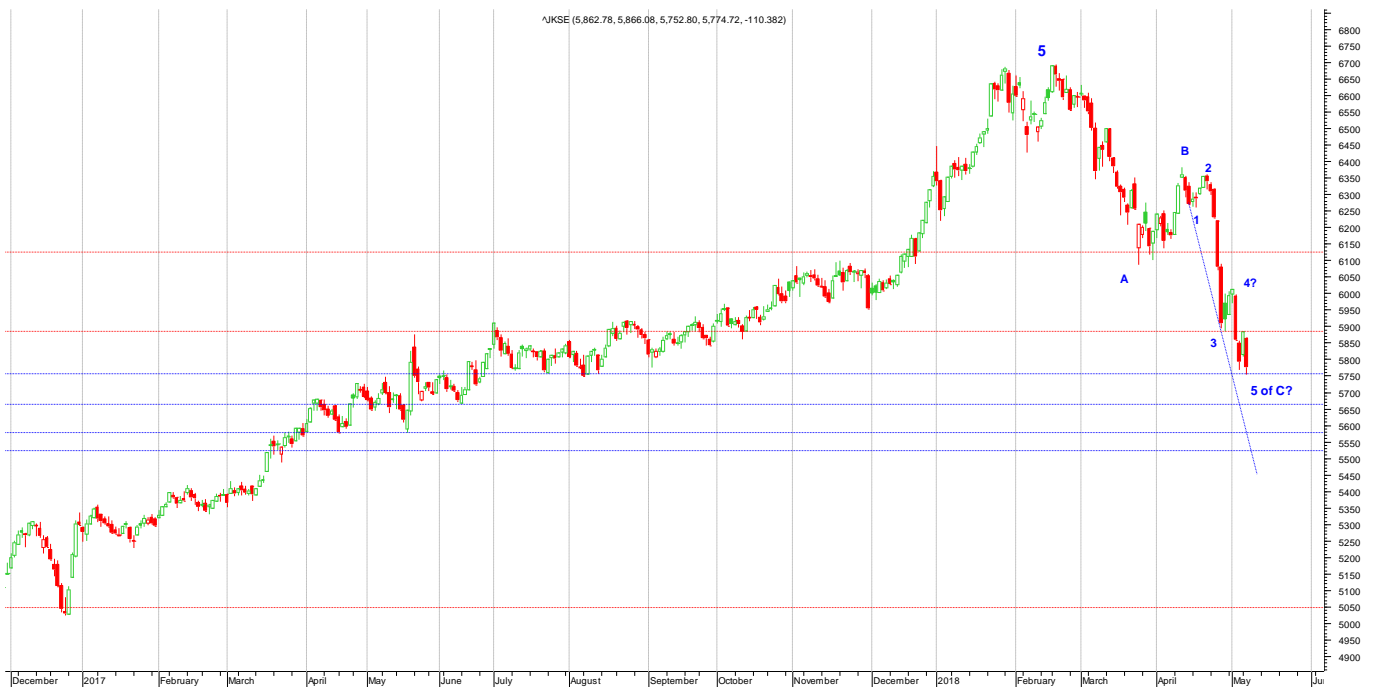
The SMEs classified under Bumdes are ~32,000 Bumdes in various business fields. Blanja.com is the only shopping site owned by Telco and has as many as ~30,000 of Blanja.com's partners mostly from SMEs. Apart from SMEs and targeted SOEs, partners Blanja.com as well comes from an internal program ie SME Go Online. Blanja.com targeted transactions have not been confirmed yet, but in FY17 they reached USD150 mn.

**Comment:** This is another indication of escalating focus in the digital business side of Telkom, and using inherent advantage as the group being a SOE itself.

## TECHNICAL ANALYSIS

JCI : (5,774 -1.88%)

**Comment :** TLKM, HMSP and BBCA consecutively became lagging movers. Technically, JCI closed above minor support level of 5,750. Resistance level at 5,885. Next support and resistance level at 5,650-6,050. 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**

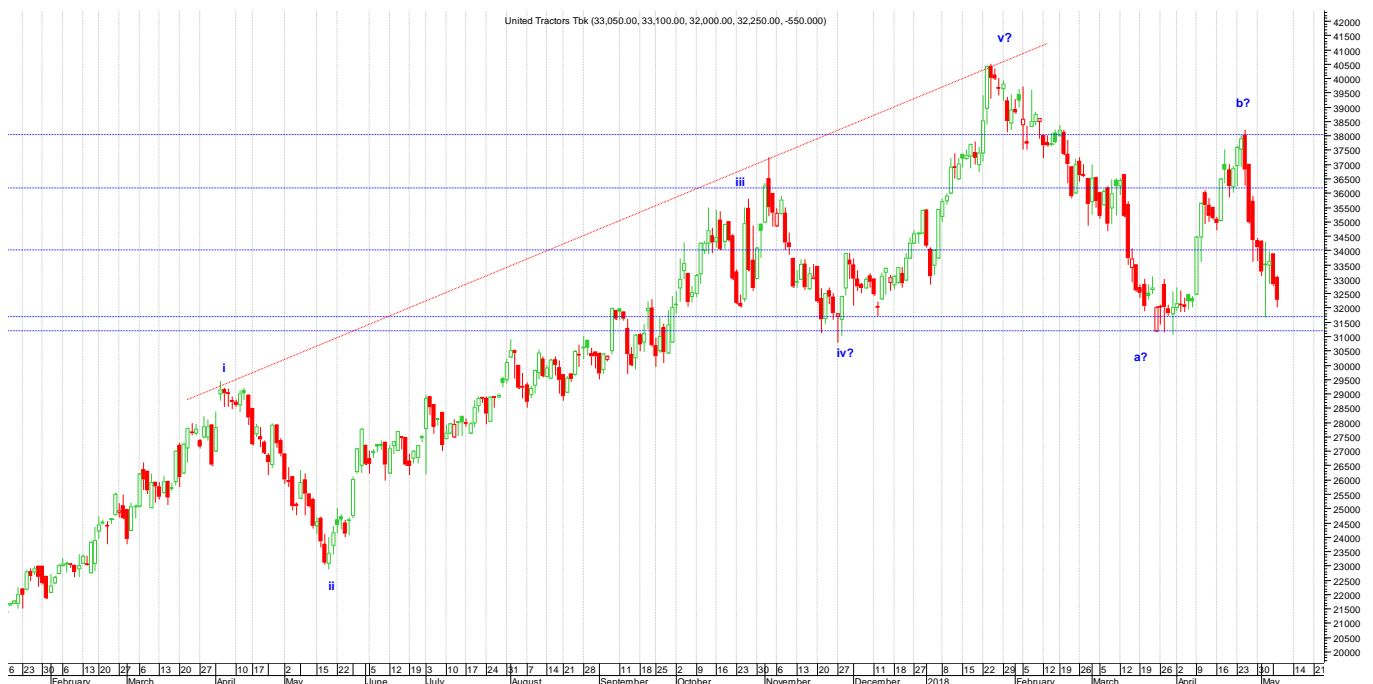
**HMSP : Testing support level**

The price failed to break minor resistance level of 3,600. Support level at 3,230. Next support and resistance level at 3,100-3,900. The price moved in downtrend in the last three months. Indicator of RSI likely will form a positive divergence if the price moved below support level. Buy on weakness.



**UNTR : Testing support level**

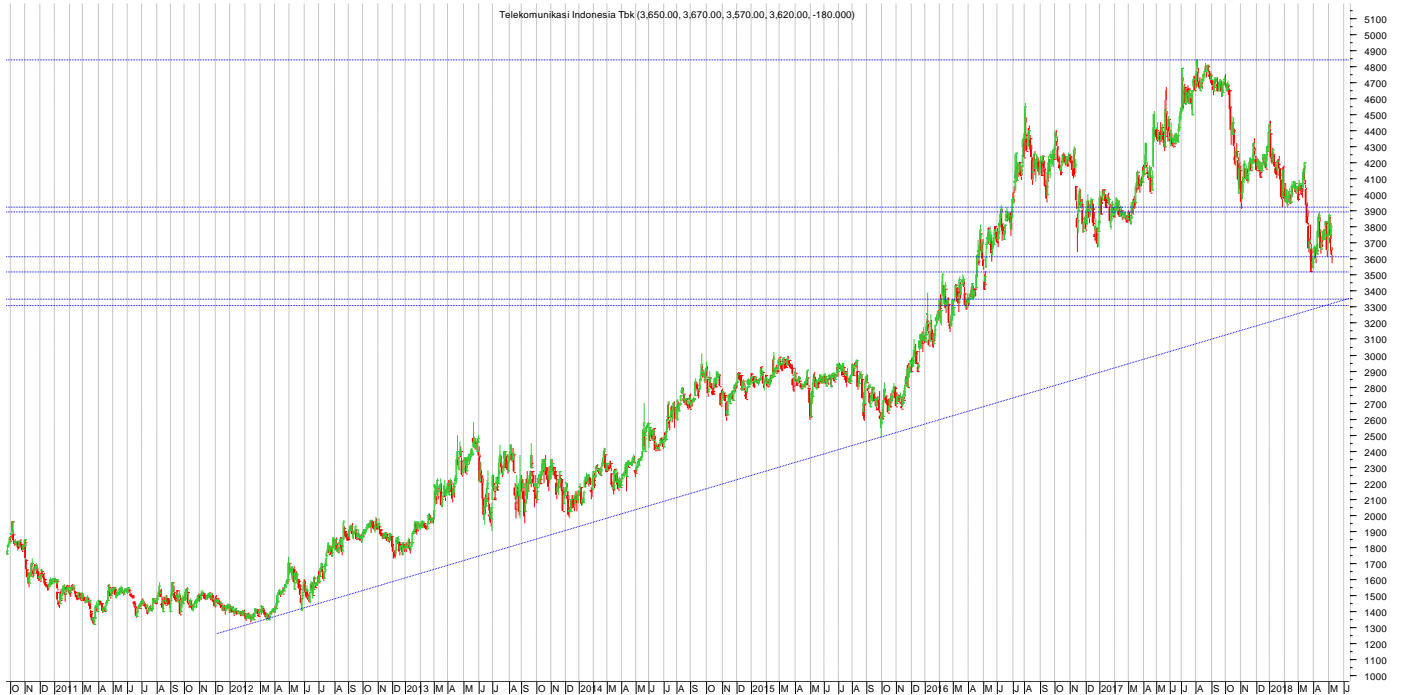
The price failed to break minor resistance level of 34,000. Support level at 31,050. Next support and resistance level at 27,000-36,000. The price likely will form a reversal Head and Shoulder pattern if the price moves below the level of 30,700. Buy on weakness, cut if the price moves and stable below the level of 30,700.



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**TLKM : Testing support level**

The price failed to break strong resistance level of 3,900. Support level at 3,520. Next support and resistance level at 3,350-4,200. Level of 3,350 is support level of the mid-term uptrend line. Buy on weakness at support level.



**ANTM : Testing support level**

The price closed above minor support level of 765. Resistance level at 820. Next support and resistance level at 750-860. The mid-term trend is still sideways. Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,400 -14,100

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.43
3	6.88
5	6.87
10	7.26
15	7.55
30	7.46

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.50	5.66	5.67	5.63	5.24
US\$	0.80	0.89	0.90	0.90	
JIBOR (RP)	5.93	6.08	6.11	6.17	

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	14,052	-0.36
1 US\$ = SGD	1.34	-0.09
1 US\$ = JPY	109.10	0.03
1 US\$ = AUD	0.74	-0.21
1 US\$ = EUR	1.19	0.00

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