

GLOBAL

Index	Last	Change	% chg
Dow	25,334	-81.37	-0.32
S&P 500	2,813	-2.93	-0.10
Eido US	24.2	0.45	1.89
H.S.I	28,341	-242.27	-0.85
Nikkei	22,747	192.98	0.86
STI	3,329	9.10	0.27
KLCI	1,788	4.06	0.23
Kospi	2,303	-3.72	-0.16
SET Thai	1,722	20.22	1.19

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	72.4	-1.82	-2.45
WTI Crude Oil (\$/bbl)	67.7	-1.10	-1.60
CPO (MYR/ton)	2,150	18.00	0.84
Gold (US\$/tr ounce)	1,216	-8.14	-0.66
Nickel (US\$/ton)	13,493	-446.50	-3.20
Tin (US\$/ton)	19,925	-250.00	-1.24
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	117.8	0.25	0.21

BEI STATISTICS

JCI	6,033
Change (1 day)	1.63%
Change YTD	-5.07%
P/E Market (X)	15.5
Volume (mn shr)	6,093.9
Value (Rp bn)	7,139.5
↑ 251 ↓ 135 ↔ 211	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	5.25	5.25
Fed fund rate (%)	2.00	1.75
inflation mom (%)	0.28	0.21
Inflation yoy (%)	3.18	3.23

EXCHANGE RATE

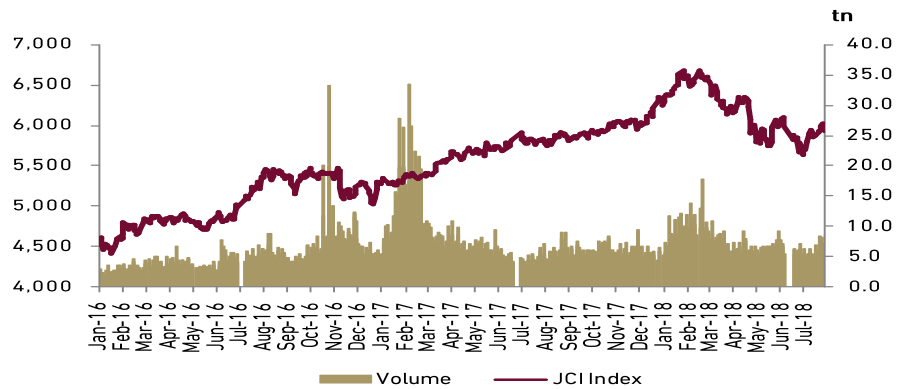
	Last	Change	% chg
1 USD = IDR	14,440	26.00	0.18
1 USD = SGD	1.36	0.00	0.04
1 USD = JPY	111.68	-0.05	-0.04
1 USD = AUD	1.35	0.00	0.03
1 USD = EUR	0.86	0.00	-0.01

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	24.4	-0.15	-0.61	3,519	391,263
ISAT	0.2	0.00	0.00	3,177	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- July Inflation at 3.18% YoY
- MPMX net profit jumps over 13-fold on gain from strategic divestment
- ADRO and EMR complete the kestrel coal mine acquisition
- BTPN and SMBCI agree on merger

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,970 (support) – 6,070 (resistance) level today

**BBRI: Sell on strength at Rp 3,220-Rp 3,290**

Comment: Testing resistance level

**ASII: Sell on strength at Rp 7,600-Rp 7,850**

Comment: Testing resistance level

**INTP: Sell on strength at Rp 15,100-Rp 15,500**

Comment: Testing resistance level

**PTPP: Buy on weakness at Rp 2,000-Rp 1,980**

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Wallstreet closed lower on Wednesday as the trade concerns between US and China escalate. President Donald Trump said to increase tariffs for China's products from 10% up to 25%. Dow Jones declined by 81.37points (-0.32%) to 25,333,82, The S&P 500 inched down 0.1% or 2.93 points to 2,813.36., while Nasdaq Composite closed higher by 35.5 points (+0.46%) at 7,707,29. Apple sets a new record after reported earnings and revenue for the 2Q18 above analyst expectations. The Federal Reserve concluded a meeting on monetary policy to left interest rates unchanged. Further, the central bank upgraded its view on the strong economy. Treasury yields rose with the 10-year note yield above 3% for the first time since June. Commodity: Brent Crude Oil inched down by 2.45% to USD 72.4/bbl and WTI Crude oil down by 1.6% to USD67.7/ bbl. CPO up by 0.84% to MYR2,150/ton. Nickel inched down by 3.2% to USD 13,493/ton. While coal was up by 0.21% to USD 117.8/ton.

Domestic

JCI index closed higher by 96.98 points or 1.63 % to 6,033 on Wednesday trading and recorded Rp 630 bn net foreign buy. The leading sectors were Misc. Industry (+3.84%), Basic Industry (+2.97%), Finance (+2.34%). These were mainly driven by BMRI (+5.26% to 7,000), BBRI (+3.91% to 3,190), ASII (+4.55% to 7,475) as the key movers. Rupiah weakened by 27 points to 14,440/USD. Our technical desk suggests for trading within the band of 5,970 – 6,070 with possibility to end at lower level.

#### JULY INFLATION AT 3.18% YOY

BPS reported July inflation of 0.28% MoM (3.18% YoY), which came above both Bloomberg and our estimates. Post-Lebaran month inflation is usually low and even experience deflation due to normalization of food and transportation price. However, only transportation price that normalized after the Lebaran season in July 2018. Food price even became the main driver of July inflation as it posted 0.86% MoM (4.36% YoY) or similar level to Lebaran peak in June at 0.88% MoM. Higher chicken and egg prices drove July inflation higher, contributing to 0.07% and 0.08% to headline inflation, respectively. Core inflation of 0.41% MoM (2.87% YoY) has surprised us, coming higher than our and consensus estimates. We believe that higher core inflation in July was much driven only by the higher school fee in the new academic year. The inflation in this sector for July 2018 was 0.83% MoM (1.83% YoY) or the highest since 2011. So, we cannot just conclude that higher core inflation in July showed higher domestic demand but we need to access other data like manufacturing PMI, consumer confidence index, retail sales growth and even consumption part in GDP itself.

**Comments:** We are still confidence that inflation will pick up to 3.5% this year due to better domestic demand than 2017. Food inflation will stabilize in August as we predict chicken and egg price will trend down.

#### MPMX NET PROFIT JUMPS OVER 13-FOLD ON GAIN FROM STRATEGIC DIVESTMENT

Mitra Pinasthika Mustika posted consolidated net profit of Rp4.2 tn which grew by 1,203% YoY on the gain from strategic divestment of the lubricant business. Excluding one-off gain, the company posted Rp219 bn core net income or up 10% YoY from the first half of 2017. This was mainly driven by 7% YoY increase in revenue which is supported by solid performance in the Distribution and Retail segment, where the nationwide motorcycle sales have seen encouraging sign of recovery.

**Comment:** 1H18 reported net profit translates to EPS of Rp942 vs MPMX's current share price of Rp1,030. Meanwhile, the company's cash position stood at Rp7.6 tn at end June or equivalent to Rp1,700/share. The company may distribute big dividend from 2018 earnings as it had dividend payout ratio of 42-115% over the last two years.

#### ADRO AND EMR COMPLETE THE KESTREL COAL MINE ACQUISITION

Adaro and EMR have finalized the acquisition process on Kestrel Coal Mine, Australia by acquire 80% Rio Tinto stake on the company. Total transaction is about USD2.25 bn and both Adaro Energy and EMR Capital Ltd. have a 48% and 52% portion in the acquisition process. ADRO will have 38.4%, EMR will have 41.6% while the rest of 20% still owned by Mitsui Coal Australia.

**Comment:** The acquisition will add to ADRO net profit about 8-10% in 2019 and widening ADRO portfolio in metallurgy coal (coking coal) as it's has a better margin compared to traditional thermal coal which is good for ADRO.

#### BTPN AND SMBCI AGREE ON MERGER

The merger plan between Bank Tabungan Pensiunan Nasional (BTPN) and Bank Sumitomo Mitsui Indonesia (SMBCI) has been approved by board of commissioners of both banks. Sumitomo Mitsui Banking Corp will own 56.43% stake in new bank after the merger, assuming there's no shareholder of BTPN or SMBCI selling its shares. The company also decides to retain the name of BTPN and total asset would achieve Rp179 tn after the merger. The new bank would be lead by current Deputy President Director, Mr. Ongki Wanadjati Dana. The merger plan hasn't obtained the declaration of effectiveness from OJK and has not been approved by shareholders. However company plan an EGM on Oct. 5 and expect to get FSA approval on Nov. 12. At the moment, Sumitomo Mitsui Banking Corp owned 40% and 98.48% ownership in BTPN and SMBCI, respectively.

## TECHNICAL ANALYSIS

JCI : (6,033 +1.6%)

**Comment :** BMRI, BBRI and ASII consecutively became leading movers. Technically, JCI closed above minor resistance level of 6,027. Support level at 5,945. Next support and resistance level at 5,840-6,070. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because the index moved below the mid-term uptrend line, we consider that the index is forming a mid-term corrective wave. Meanwhile, we revise our short-term wave counting because the index moved above resistance level of the short-term downtrend line 5,850. We noted that the lowest level of 5,557 as the bottom of wave A. The rising movement that occurred in the last months noted as sub wave X of wave up B. The peaks of wave X likely at the level of 6,026-6,070. According to this wave counting, we predict that the index will form sub wave down Y to retest again the breakout of resistance level of the short-term downtrend line ( retest the level of 5,800-5,850) before forming sub wave up Z which is the last wave of the wave up B. This wave counting is automatically false if the index moves below the level of 5,557.



**STOCK OF THE DAY**

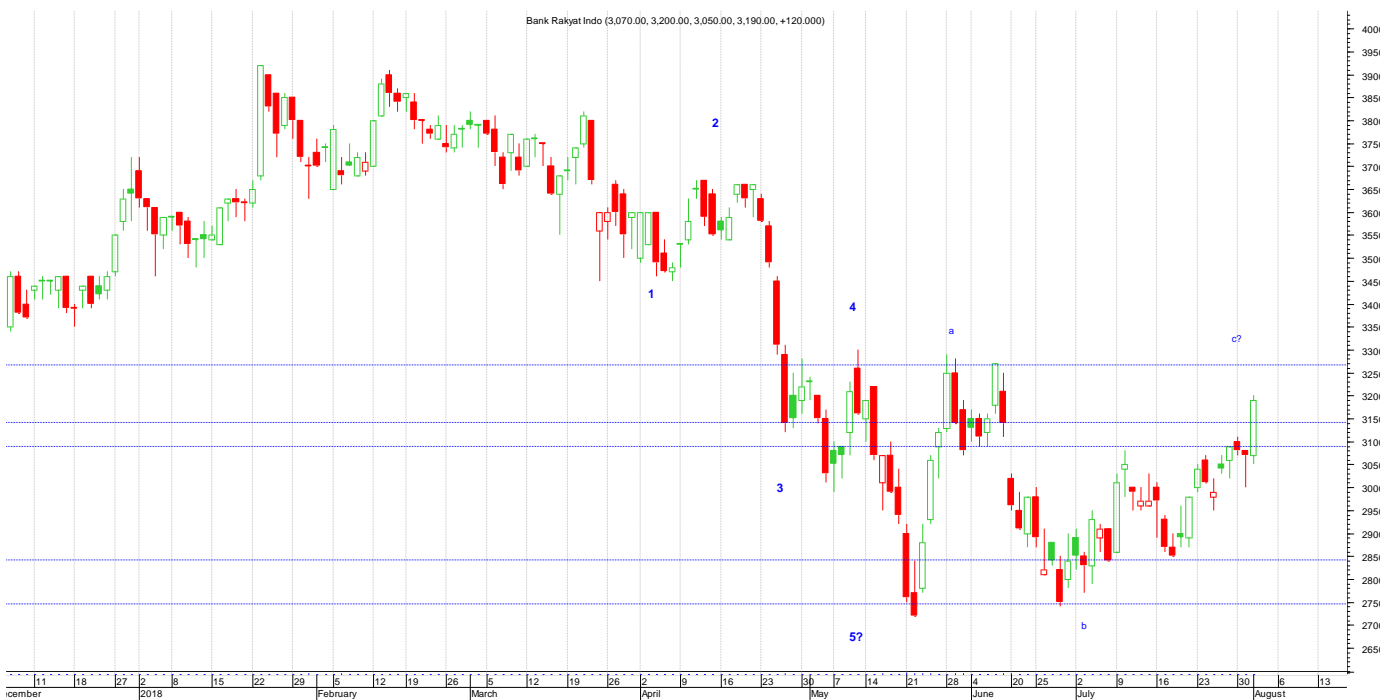
**ASII : Testing resistance level**

The price moved and closed above minor resistance level of 7,300. Level of 7,300 potentially turn into support level. Resistance level at 7,600. Next support and resistance level at 7,000-7,900. The mid-term trend is still sideways. Sell on strength



**BBRI : Testing resistance level**

The price closed below strong resistance level of 3,300. Support level at 3,100. Next support and resistance level at 2,850-3,500. The trend is still sideways. Sell on strength.



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**INTP : Testing resistance level**

The price closed below minor resistance level of 15,175. Support level at 14,100. Next support and resistance level at 12,500-16,200. The mid-term trend is still negative. Sell on strength



**PTPP : Testing support level**

The price closed above support level of 1,975. Resistance level at 2,160. Next support and resistance level at 1,850-2,300. The trend is still sideways. Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,385 – 14,480

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.67
3	7.37
5	7.64
10	7.74
15	8.11
30	8.49

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.75	5.91	5.91	5.84	5.46
US\$	0.93	0.98	1.00	1.04	
JIBOR (RP)	6.43	7.08	7.28	7.37	

BASE LENDING RATE	
BI RATE	5.25
FED FUND RATE	2.00
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,440	-0.18
1 US\$ = SGD	1.36	-0.04
1 US\$ = JPY	111.68	0.04
1 US\$ = AUD	0.74	-0.03
1 US\$ = EUR	1.17	0.01

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