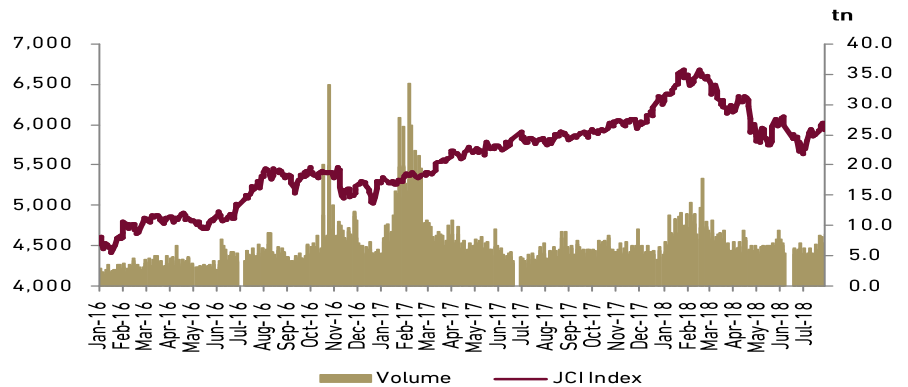


- BPS to announce GDP Data on Monday
- Medco's 1H18 EBITDA up 50% YoY on higher revenue and better margins

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,940 (support) – 6,070 (resistance) level today

BBCA: Take profit at Rp 23,500-Rp 24,000

Comment: Candlestick chart formed a reversal pattern

UNVR: Sell on strength at Rp 45,525-Rp 45,800

Comment: Testing resistance level

PTBA: Sell on strength at Rp 4,630-Rp 4,800

Comment: Forming wave 5

TLKM: Buy on weakness at Rp 3,400-Rp 3,250

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks were mixed with the Nasdaq, which had spiked lower in recent sessions, up 1.2% to 7,802 and the Dow fractionally 0.03% lower at 25,326 on Thursday trading. Low readings for both Challenger and layoff announcements as well as low weekly jobless claims which only added 1k last week to 218k, point to another strong employment situation report for today. The unemployment rate, like all the readings in yesterday's report, is very low, at only 1.2%. On commodity markets, WTI crude oil price was up by 1.92% to USD69/bbl. while nickel price dropped by 1.89% to USD13,237/ton.

Domestic

JCI closed lower at 6,012 by 8 points or 0.36% on Thursday's trading and recorded Rp155 bn of net foreign buy. The laggard sectors were Basic Industry (-1.16%), Miscanellious Industry (-1.97%), and Mining (-1.34%) which mainly were driven by ASII (-2.34% to 7,300), TLKM (-1.41% to 3,500), and HMSP (-0.79% to 3,770) as the key movers. Rupiah weakened by 38 points to 14,478/USD. Our technical desk suggests for trading within the band of 5,940 – 6,070 with possibility mixed to lower level.

GLOBAL			
Index	Last	Change	% chg
Dow	25,326	-7.66	-0.03
S&P 500	2,827	13.86	0.49
Eido US	24.1	-0.16	-0.66
H.S.I	27,715	-626.18	-2.21
Nikkei	22,513	-234.17	-1.03
STI	3,286	-42.63	-1.28
KLCI	1,778	-10.18	-0.57
Kospi	2,270	-36.87	-1.60
SET Thai	1,708	-13.73	-0.80

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	73.5	1.06	1.46
WTI Crude Oil (\$/bbl)	69.0	1.30	1.92
CPO (MYR/ton)	2,146	-4.00	-0.19
Gold (US\$/tr ounce)	1,208	-8.12	-0.67
Nickel (US\$/ton)	13,237	-255.25	-1.89
Tin (US\$/ton)	19,675	-250.00	-1.25
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	117.4	-0.45	-0.38

BEI STATISTICS	
JCI	6,012
Change (1 day)	-0.36%
Change YTD	-5.41%
P/E Market (X)	15.5
Volume (mn shr)	7,826.8
Value (Rp bn)	6,337.4
↑ 148 ↓ 230 ↔ 219	
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	14,478	38.00	0.26
1 USD = SGD	1.37	0.00	0.01
1 USD = JPY	111.74	0.08	0.07
1 USD = AUD	1.36	0.00	0.04
1 USD = EUR	0.86	0.00	0.02

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.8	-0.62	-2.54	3,439	1,152,789
ISAT	0.2	0.00	0.00	3,185	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

BPS TO ANNOUNCE GDP DATA ON MONDAY

Statistics Office (BPS) is scheduled to released GDP 2Q18 on Monday (Aug 6). As of Aug 2, Bloomberg consensus sees GDP will grow at 5.11%, central bank at 5.1% and Chief Economic Minister at 5.2% - 5.3%. We believe that GDP in 2Q18 will still be driven by Investment. Although cement consumption growth was stagnant (0.52% YoY), we predict significant capital goods import growth (36.1% YoY) and double digit loan growth (11.3% as of July) to boost investment growing 8.5% in 2Q18. Meanwhile, we see that consumption growth remain stagnant. Although BI survey showed that retail sales experienced higher growth in May (8.3% YoY), companies result in 2Q18 still disappointing, especially for UNVR and TLKM. We predict consumption grow approaching 5.0%. Furthermore, we see import growth to hike up at 14.5% due to increasing investment growth in 2Q18. Hence, we believe 2Q18 GDP growth will be around 5.13% YoY.

MEDCO'S 1H18 EBITDA UP 50% YOY ON HIGHER REVENUE AND BETTER MARGINS

Medco Energi (MEDC) reported revenue of USD579 mn or jump 42% YoY on higher prices of oil (+35% YoY to USD66.8/bbl) , gas (+9% YoY to USD6.0/mmbtu) and power (+56% YoY to 4.19 cent/kwh) as well as stable volume. Coupled with i) a lower rate of cost increase and ii) depreciation rupiah (95% revenue is USD-linked vs. 60% of cost in rupiah) , gross margin improved 640bps to 55.3%. These together pushed operating and EBITDA higher by 86.6% and 50.4% to USD242 mn and 301 mn , respectively. However, net income was 35% lower YoY to USD41.4 mn as strong profitability from oil & gas and power was offset by i) losses in PT Amman Mineral Nusa Tenggara (AMNT) as it speeds up development of its mine and ii) higher tax at Medco Power. MEDC's 2Q18 numbers were relatively solid with operating profit and EBITDA still up by 16% and 4%, respectively.

Comment : We are still comfortable with our financial forecasts given that 1H18 revenue, operating income and EBITDA achieved 49%, 54% and 45% of our FY18F, respectively. Meanwhile, we also expect another improvement in power sales given that commercial operation of Sarulla Geothermal's third unit just started in May. We believe net profit will achieve our FY18F as Amman should improve its performance before launching its IPO in 2H18. However, we lowered our TP for MEDC to Rp1,630 as we rolled forward valuation base to 2019 EBITDA and use lower EV/EBITA multiple of 6.3x (last 5-year average).

Medco1H18 results

USD mn	1H18	1H17	YoY Chg	2Q18	1Q18	QoQ Chg	2018F	1H/18F
Revenue	578.6	406.4	42.4%	289.7	288.9	0.3%	1,181	49.0%
Cost of sales	(258.8)	(207.9)	24.5%	(121.4)	(137.4)	-11.6%	(572)	45.2%
Gross profit	319.8	198.5	61.1%	168.2	151.6	11.0%	609	52.5%
SGA expenses	(78.0)	(68.9)	13.2%	(38.3)	(39.7)	-3.4%	(160)	48.8%
Operating profit	241.8	129.6	86.6%	129.9	111.9	16.1%	449	53.9%
EBITDA	301.3	200.3	50.4%	153.8	147.5	4.3%	663	45.4%
Net profit	41.4	80.7	-48.7%	19.8	21.6	-8.3%	109	38.0%
Gross margin	55.3%	48.8%	6.4%	58.1%	52.5%	5.6%	51.6%	
EBIT margin	41.8%	31.9%	9.9%	44.8%	38.7%	6.1%	38.0%	
EBITDA margin	52.1%	49.3%	2.8%	53.1%	51.1%	2.0%	56.1%	
Net margin	7.2%	19.9%	-12.7%	6.8%	7.5%	-0.6%	9.2%	

TECHNICAL ANALYSIS

JCI : (6,012 -0.4%)

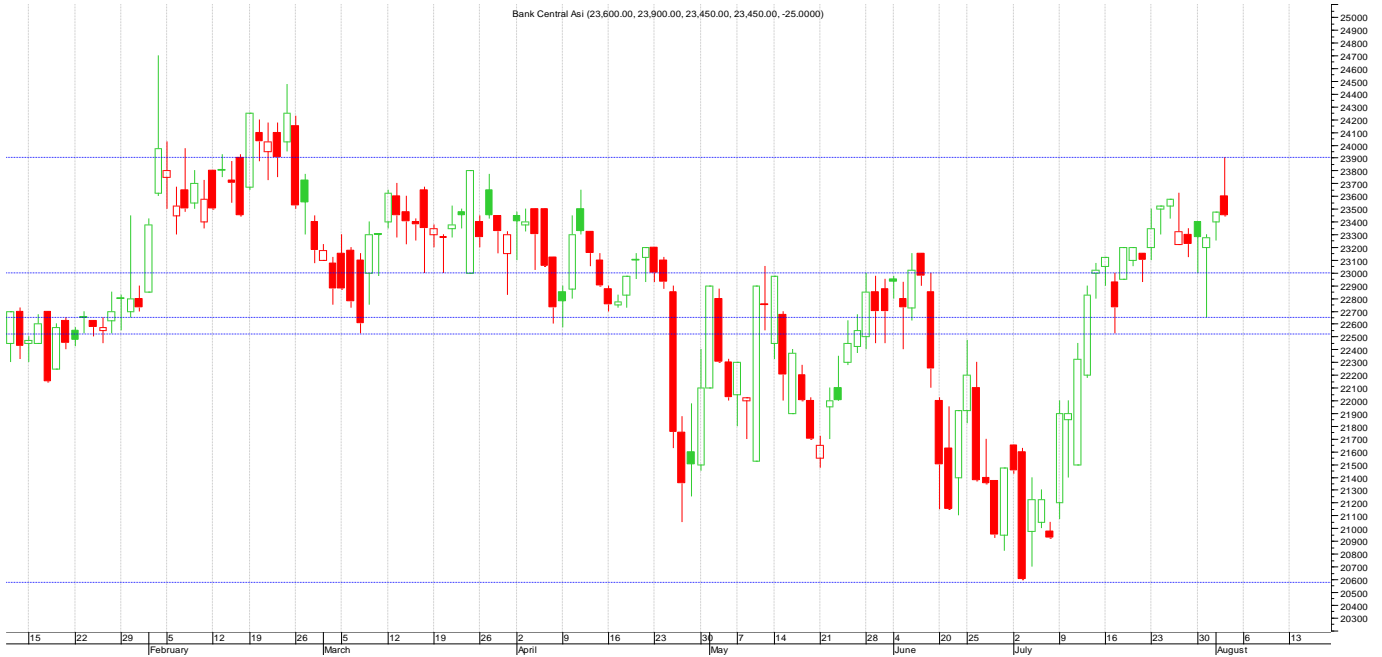
Comment : ASII, TLKM and HMSP consecutively became lagging movers. Technically, JCI failed to break resistance level of 6,070. Support level at 5,945. Next support and resistance level at 5,840-6,116. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because the 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

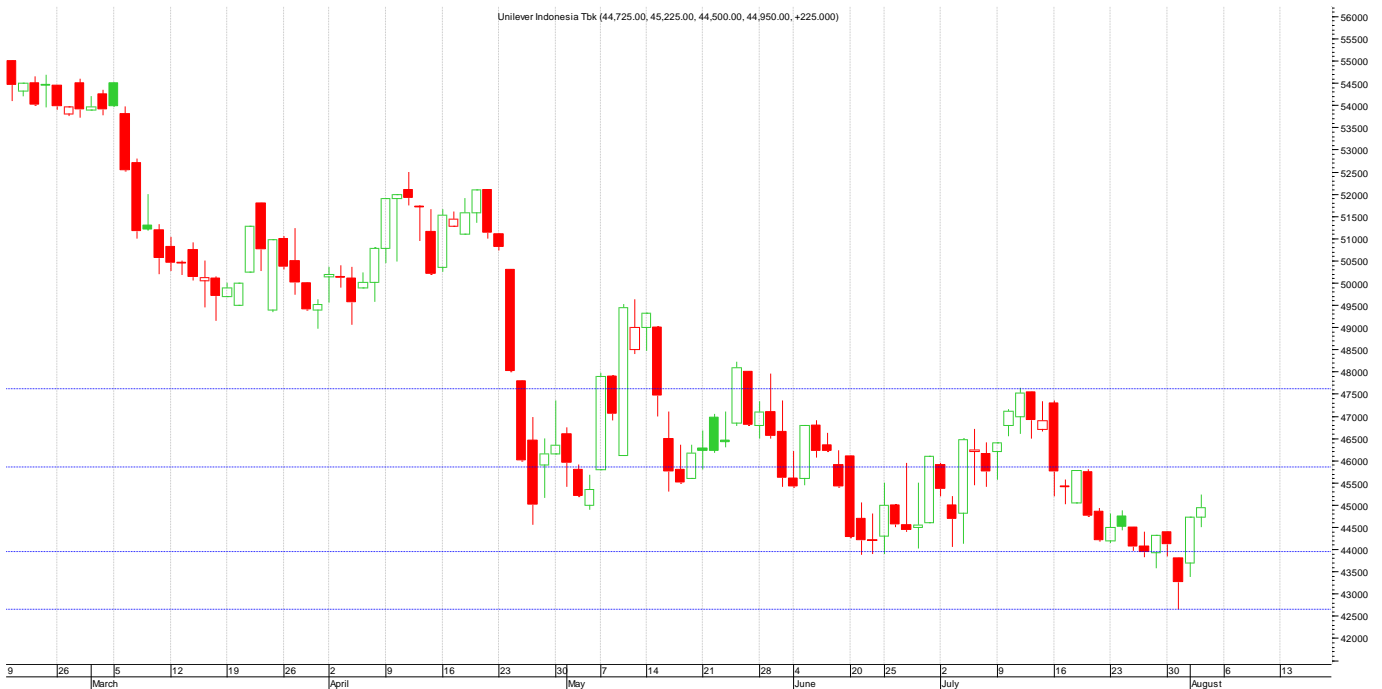
BBCA : Testing support level

After opening gap up, and reached the highest level of 23,900, the price closed below the opening level. Candlestick chart likely formed a reversal shooting star pattern. Support level at 23,000. Next support and resistance level at 22,650-24,500. Take profit/Sell on strength



UNVR : Testing resistance level

The price closed below minor resistance level of 45,800. Support level at 43,575. Next support and resistance level at 42,650-47,500. The trend is still negative. Sell on strength.



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TLKM : Testing support level

The price closed above minor support level of 3,400. resistance level at 3,600. Next support and resistance level at 3,250-3,800. The mid-term trend is still negative. Buy on weakness



PTBA : Testing resistance level

The price closed minor resistance level of 4,630. Support level at 4,300. Next support and resistance level at 3,800-4,800. The price moved in uptrend channel in the last four months. If there is no extension, the price is doing wave 5 which is the last wave of the cycle. Sell on strength.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,428 – 14,530

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.58
3	7.41
5	7.69
10	7.78
15	8.11
30	8.49

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.76	5.95	5.81	5.83	5.48
US\$	1.01	1.10	0.96	0.98	
JIBOR (RP)	6.41	7.08	7.28	7.38	

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	14,478	-0.26
1 US\$ = SGD	1.37	-0.01
1 US\$ = JPY	111.74	-0.07
1 US\$ = AUD	0.74	-0.04
1 US\$ = EUR	1.16	-0.02

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