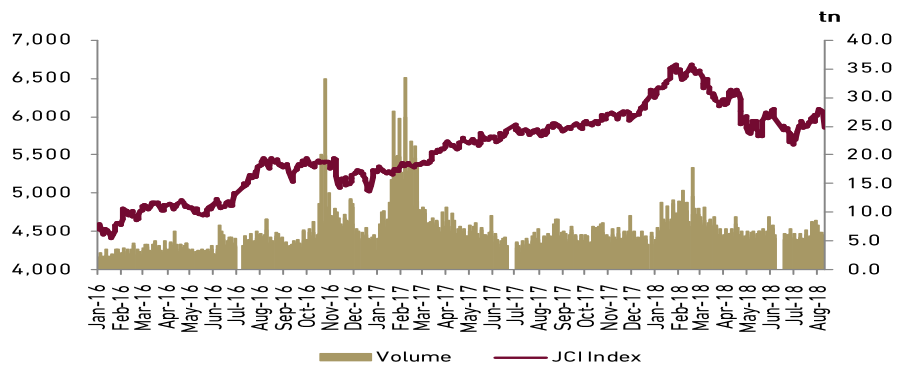


GLOBAL			
Index	Last	Change	% chg
Dow	25,300	112.22	0.45
S&P 500	2,840	18.03	0.64
Eido US	22.6	-0.14	-0.61
H.S.I	27,753	-183.64	-0.66
Nikkei	22,356	498.65	2.28
STI	3,243	-2.47	-0.08
KLCI	1,784	0.44	0.02
Kospi	2,248	-34.34	-1.50
SET Thai	1,695	-10.61	-0.62

- Investment realization grows 3.1% YoY, FDI declines
- Government to enforce more restrictions on imports
- We predict July trade deficit of USD 579 mn and a rate hike in today's meeting
- BNGA earnings jump by 28.1% YoY to Rp1.8 tn in 1H18; above expectations
- BBTN considers right issue or subordinated bonds in 2019-2020
- ACES revenue increases by two digits in 7M18
- Intiland books net profit of Rp142bn In 1H18

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	72.5	-0.15	-0.21
WTI Crude Oil (\$/bbl)	67.0	-0.16	-0.24
CPO (MYR/ton)	2,178	9.00	0.41
Gold (US\$/tr ounce)	1,194	0.61	0.05
Nickel (US\$/ton)	13,328	-127.00	-0.94
Tin (US\$/ton)	19,032	-363.00	-1.87
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	118.4	0.90	0.77

### JCI STATISTIC



BEI STATISTICS	
JCI	5,770
Change (1 day)	-1.56%
Change YTD	-9.22%
P/E Market (X)	14.8
Volume (mn shr)	5,713.0
Value (Rp bn)	7,055.4
↑ 114   ↓ 266   ↔ 218	
LQ45	854
% Change (1 day)	0.28%

### DAILY TECHNICAL VIEW

**We expect JCI to trade between 5,700 (support) – 5,840 (resistance) level today**

**BBRI: Sell on strength at Rp 3,200-Rp 3,250**

Comment: Testing resistance level

**BBCA: Sell on strength at Rp 23,700-Rp 24,000**

Comment: Testing resistance level

**UNVR: Buy on weakness at Rp 39,500-Rp 38,000**

Comment: Testing support level

**LSIP: Buy on weakness at Rp 1,150-Rp 1,070**

Comment: Testing support level

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

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

U.S. stock markets closed northwards as the rebound of Turkish lira from an all time low has regained the investors' confidence. DJIA and S&P were snapped four-day losing streaks, whereas both advanced by 0.45% (+112.22 points) and 0.64% (+18.03 points). Nasdaq composite also rose 0.65% (+51.19 points) to 7,870.89. On Tuesday, lira strengthened by around 8% to 6.36, after hitting a record low on a day before. The reason behind lira bounced was because of willingness of the finance minister to talk to foreign investors. In addition, Technology and Banks contributed to the gains yesterday. On commodity markets, Brent and WTI dropped by 0.21% and 0.24% to USD72.5/bbl and USD67.0/bbl.

#### Domestic

JCI dipped by 91.37 points or 1.56% to close at Rp5,770 on Tuesday and recorded Rp782 bn net foreign SELL. Misc. Industry (-3.27%), Consumer (-2.83%), Basic Industry (-2.52%), Trade (-1.55%), Property (-1.11%), Infrastructure (-0.88%), Mining (-0.77%) and Finance (-0.70%) were all the sector laggards, with HMSP (-3.31% to 3,510), UNVR (-3.76% to 41,000) and ASII (-3.87% to 6,825) become the lagging movers. Rupiah currency strengthened by 24 point to Rp14,584/USD. Our technical desk suggests for trading within the band of 5,700 – 5,840, with possibility to end at mix level.

#### INVESTMENT REALIZATION GROWS 3.1% YOY, FDI DECLINES

Investment board reported that investment realization only grew 3.1% YoY, lower than 1Q18 position at 11.8% YoY. FDI growth (in USD) even posted negative growth of -13.4% YoY, significantly lower than 1Q18 that still had 10.9% YoY growth. On sectoral, most of investment went to mining sector by Rp28.2 tn (16.0% of total proportion), followed by transportation, warehouse and telecommunications sector got Rp 25.6 tn investment (14.6% proportion). This is different with 1Q18 case when manufactures sector like housing, industrial estate and office building sector and also metal, machinery and electronic industry sector dominated. Most of investment still came from Singapore with USD2.6 bn (32.6% of total), followed by Japan at USD 1.4 bn (16.7% of total). We are much concerned on the labor absorbed by investment in 1H18 which was only 491k people. This figure was the lowest absorption in the last five years, giving the outlook of people purchasing power will still depended on government's aid program.

**Comments:** We are concerned on FDI growth which saw double digit negative decline. This is indicating the effect of global volatility started to affect investor appetite in Indonesia. Indonesia needs more stable currency to ensure stable investment and GDP growth in the end.

#### GOVERNMENT TO ENFORCE MORE RESTRICTIONS ON IMPORT

The government is to put more restrictions on certain imports as part of its efforts to safeguard the rupiah from depreciating further and narrow the country's current account deficit. The government took a drastic move by halting projects of state energy giant Pertamina and state electricity firm PLN that had yet to reach financial closure. PLN and Pertamina are known as the SOEs that have high capital goods import. Fiscal Policy Head, Suahasil Nazara, signaling that imported consumer goods that have locally-produced substitutes would be identified for an additional import income tax or duty. Besides, Sri Mulyani stated that government will identify more than 500 imported consumer goods that could be replaced by local substitutes

**Comments:** Government's effort to halt import may give modest effect to CAD starting in 4Q18. However, it needs to remain comply on WTO rules, especially for tariff policy, giving current global sentiment of trade war.

#### WE PREDICT JULY TRADE DEFICIT OF USD 579 MN AND RATE HIKE IN TODAY'S MEETING

Today, statistics office will release July trade deficit data and central bank will announce its policy result from the board of governor (BoG) meeting. We view that Indonesia's export growth will remain double digit due to higher coal price compared to July 2017. However, we also believe that import growth will start to pick up again in July after firms faced high demand season in Lebaran festive. We expect trade balance to be back at deficit territory of USD -579 mn, with export grew 13.2% YoY and import 15.1% YoY. Meanwhile, we expect 25 bps rate hike in July BoG meeting. CAD result in 2Q18 has break the safe limit of 3% of GDP, giving pressure to Rupiah. Moreover, the currency also face another global problem of Lira crisis, pushing immediate response of central bank to raise the rate and prevent further depreciation of Rupiah

#### BNGA EARNINGS JUMP BY 28.1% YOY TO RP1.8 TN IN 1H18; ABOVE ESTIMATES

Bank CIMB Niaga (BNGA)'s 1H18 net income jumped by 28.1% YoY to Rp1.8 tn, underpinned by 32.6% increase in non-interest income and 27.1% reduction in provision expense. Non-interest income increased mainly on higher fees, recoveries and forex income. Given the decrease in provision expenses, Cost of Credit (CoC) improves further by 70 bps to 1.4% of earnings asset compared to previous year. Meanwhile the net interest income remains weak with negative growth of -5% YoY. Loans grew 3.0% YoY from Corporate (+9%), SME (+6%), and Mortgages (+9%). CASA ratio continues to increase from 54.32% to 56.12% in Jun-18. NPL ratio also improved by 10 bps QoQ and 50 bps

YoY to 3.4%, with improvement mainly came in corporate segment with NPL dropped from 1.9% in 1Q18 to 1.1% in 2Q18.

**Comments:** The results were above our expectations as it forms 49% of our old full year estimates and 53% of consensus (vs. 46% last year). However we opt to revise down our earnings estimates as we see the rate hikes to take a larger impact in 2H18. BNGA currently trades at 0.5x 2019F PBV. We have a Buy call on BNGA with Rp1,285/share target price which implies 0.75x 2019F PBV.

(in Rp bn)	6M18	6M17	YoY	2Q18	1Q18	QoQ	2018F	6M18/18F
Interest income	9,955	10,181	-2.2%	4,945	5,010	-1.3%		
Interest expense	(3,967)	(3,852)	3.0%	(1,991)	(1,976)	0.7%		
<b>Net interest income</b>	<b>5,988</b>	<b>6,329</b>	<b>-5.4%</b>	<b>2,955</b>	<b>3,033</b>	<b>-2.6%</b>	13,000	46.1%
Non-interest operating income	1,864	1,406	32.6%	872	992	-12.1%	3,531	52.8%
Non-interest operating expense	(3,879)	(3,776)	2.7%	(1,910)	(1,969)	-3.0%	(8,018)	48.4%
<b>PPOP</b>	<b>3,973</b>	<b>3,959</b>	<b>0.4%</b>	<b>1,916</b>	<b>2,057</b>	<b>-6.8%</b>	8,513	46.7%
Provision expense	(1,552)	(2,128)	-27.1%	(702)	(850)	-17.4%	(3,533)	43.9%
<b>Operating profit</b>	<b>2,421</b>	<b>1,831</b>	<b>32.2%</b>	<b>1,214</b>	<b>1,207</b>	<b>0.6%</b>	4,980	48.6%
<b>Net income</b>	<b>1,768</b>	<b>1,380</b>	<b>28.1%</b>	<b>891</b>	<b>877</b>	<b>1.7%</b>	3,647	48.5%
<b>Ratios (%)</b>								
Asset yield	8.7	9.9	-1.2	8.9	8.8	0.1		
Cost of fund	3.7	3.9	-0.2	3.8	3.7	0.1		
NIM	5.2	6.2	-0.9	5.3	5.3	0.0		
CASA	56.1	54.3	1.8	56.1	55.0	1.1		
LDR	94.8	100.4	-5.6	94.8	91.9	2.9		
Cost to income	49.4	48.8	0.6	49.9	48.9	1.0		
Tax rate	27.0	25.6	1.4	25.8	28.1	-2.4		
NPL gross	3.4	3.9	-0.5	3.4	3.5	-0.1		
Credit cost	1.4	2.1	-0.7	1.3	1.5	-0.2		
Loan loss coverage	108.1	104.3	3.8	108.1	102.1	6.0		
CAR	18.6	18.1	0.4	18.6	18.7	-0.1		
ROA	1.3	0.9	0.5	1.9	0.9	1.0		
ROE	9.5	6.1	3.4	12.8	6.1	6.7		
Total loan	180,294	175,042	3.0%	180,294	175,941	2.5%		
NPL	6,112	6,787	-9.9%	6,112	6,145	-0.5%		
Loan loss reserves	-6,610	-7,081	-6.7%	-6,610	-6,276	5.3%		
Total assets	260,080	241,815	7.6%	260,080	257,513	1.0%		
Total deposit	190,280	174,367	9.1%	190,280	191,530	-0.7%		
Demand	52,150	44,878	16.2%	52,150	52,546	-0.8%		
Savings	54,640	49,834	9.6%	54,640	52,858	3.4%		
Time	83,490	79,654	4.8%	83,490	86,126	-3.1%		
Shareholders equity	37,630	35,723	5.3%	37,630	37,691	-0.2%		

#### BBTN CONSIDERS RIGHT ISSUE OR SUBORDINATED BONDS IN 2019-2020

Bank Tabungan Negara (BBTN) considers issuing subordinated bonds or holds right issue in 2019-2020 to increase its capital level. Media stated that BBTN plans for Rp2-3 tn subordinated bonds in 2019F and Rp3-5 tn right issue in 2020.

**Comments:** We think this is a negative sentiment for BBTN as this point out the bank's tightness in capital. BBTN's capital adequacy ratio (CAR) stands at 17.4% as of 1H18, already close to minimum level of 14% in 2019-20F given their aggressive loan expansion of around 20% YoY. Some relief to capital would come from OJK's plan to relax risk-weighted asset ratio (ATMR) for property loans which would be released today and could help increase the CAR level.

INTILAND BOOKS NET PROFIT OF RP142BN IN 1H18

Intiland Development (DILD) reported revenue of Rp1.81 tn, up 35% YoY, mostly came from revenue recognition of landed housing and non-core land plot also from Surabaya Graha Natura township, However cost of revenue was significantly 70% higher hence gross profit lessened by 11% to Rp520 bn while operating profit down by 33% to Rp229 bn. On quarter over quarter basis, 2Q18 revenue increased by 55% to Rp1.10 tn while cost of revenue escalated 102% and bottom line net profit decreased by 74% to Rp30 bn.

Exhibit : DILD 1H18 Results

Rp bn	1H18	1H17	YoY	2Q18	1Q18	QoQ	FY18F	1H/18F
Revenues	1,807	1,340	35%	1,097	709	55%	2,364	76%
Cost of revenue	(1,287)	(758)	70%	(861)	(426)	102%		
Gross profit	520	582	-11%	236	283	-17%	986	53%
Gross margin (%)	29	43	(15)	22	40	(18)	42	
G&A expenses	(215)	(187)	15%	(121)	(94)	29%		
Marketing expenses	(76)	(53)	43%	(47)	(28)	68%		
Operating expenses	(291)	(240)	21%	(169)	(122)	38%		
Operating profit	229	342	-33%	68	161	-58%	435	53%
Operating margin (%)	13	25	(13)	6	23	(17)	18	
Forex gain (loss)	0	2	-87%	0	0	794%		
Interest income	11	12	-6%	6	5	36%		
Interest expense	(129)	(119)	8%	(69)	(60)	16%		
Other income (exp)	24	(3)	n.a	20	4	359%		
Total other inc (exp)	(93)	(108)	-13%	(43)	(51)	-16%		
Pre-tax profit	136	234	-42%	25	111	-77%		
Tax	(3)	(46)	-94%	(6)	3	n.a		
PBMI	133	188	-29%	19	114	-83%		
MI	10	0	2169%	10	(1)	n.a.		
Net profit	142	188	-24%	30	114	-74%	217	66%
Net margin (%)	8	14	(6)	3	16	(13)	9	

**Comment:** The 1H18 revenue and net profit came in above our expectation, representing 76% and 66%, respectively of our FY18 estimate. We promptly upgrade our estimations and rollover our calculation to 2019F. Currently we have BUY rating with TP Rp410 based on 70% discount to our RNAV.

ACES REVENUE INCREASED BY TWO DIGITS IN 7M18

Ace Hardware Indonesia (ACES) booked around Rp600 bn of gross revenues in July 2018, leading to 7M18 gross revenues of around Rp3.87 tn, which was mainly driven by 13.7% SSSG in July 2018, or increased by 22% YoY. This was supported by higher consumer demand of household, lifestyle, and toy products.

Until early August 2018, ACES has opened 15 new stores making it to 159 stores in total, the company planned to open around 17 stores in 2018. In 1H18 ACES revenue has rose by 22.65% yoy to 3.38tn. The company increased their year-end SSSG target to 8% from only 5% previously.

**Comments:** We are positive with company's higher SSSG target of 8% , higher than our forecast which is under review. . We currently have a BUY calls on ACES with TP of 1,500.

## TECHNICAL ANALYSIS

JCI : (5,770 -1.56%)

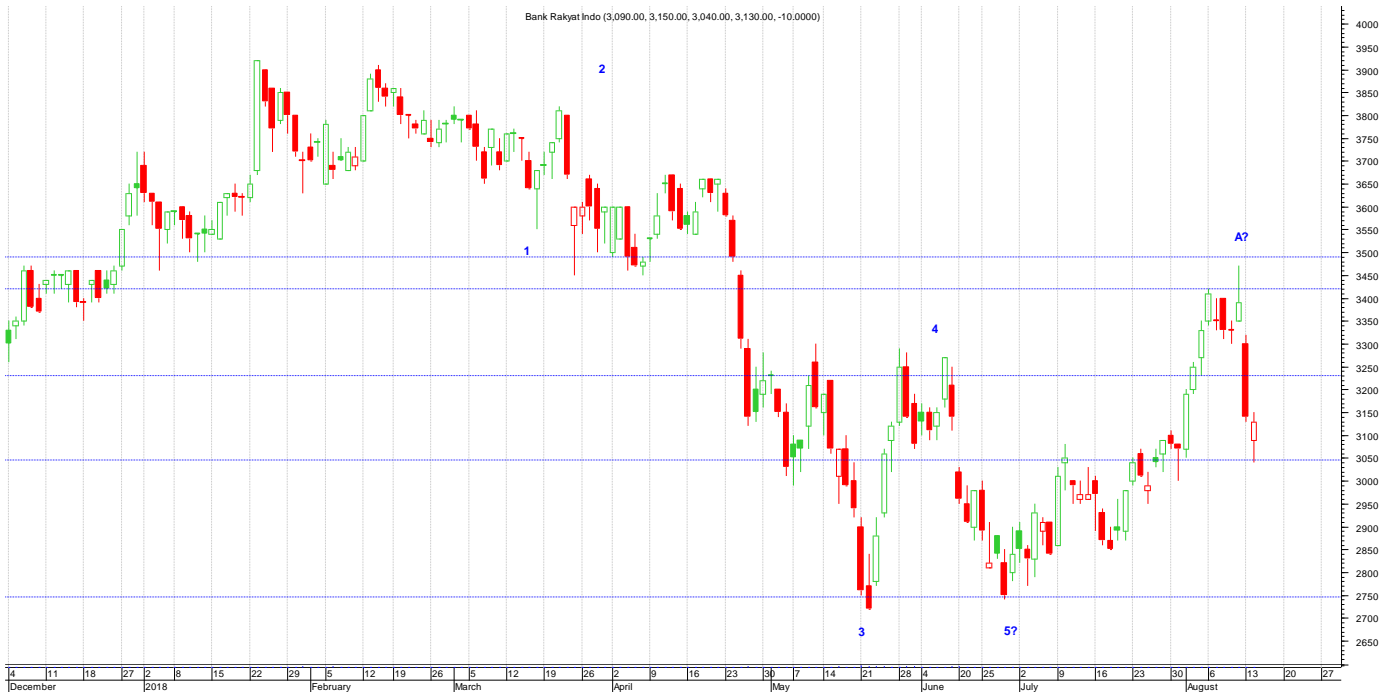
**Comment :** HMSP, UNVR and ASII consecutively became lagging movers. Technically, JCI closed below support level of the gap 5,807. Resistance level at 5,840. Support level at 5,715. Next support and resistance level at 5,650-5,950. Based on Elliot wave approach, as we discussed before, JCI is forming 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. Because the index moved below the level of 5,900, then the level of 6,117 which is the highest level of the intraday trading session on August 8, 2018 noted as the peaks of sub wave X. Based on this wave counting, now JCI is forming sub wave down Y to test support level of 5,807-5,820 . This wave counting is automatically false if the index moves below the level of 5,557.



**STOCK OF THE DAY**

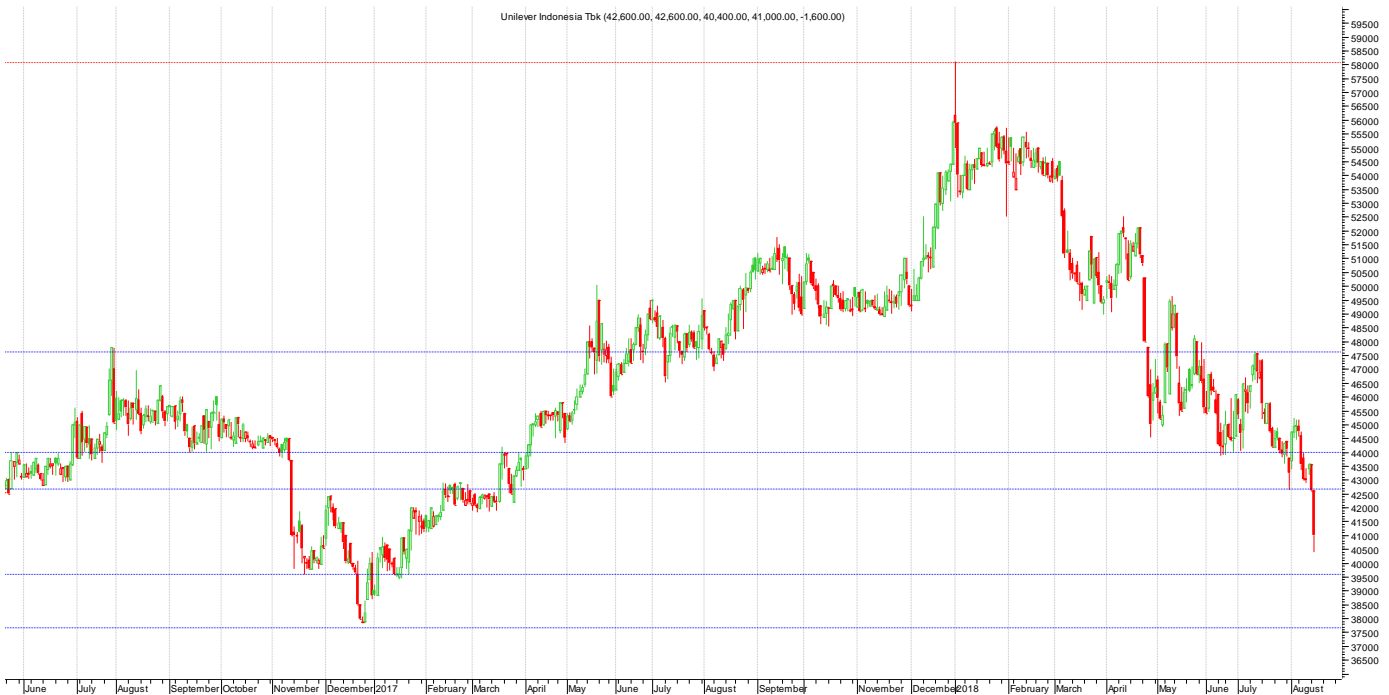
**BBRI : Testing support level**

The price bounced from the lowest level of 3,040. Resistance level at 3,250. Next support and resistance level at 2,850-3,450. The trend is still sideways. Sell on strength



**UNVR : Testing support level**

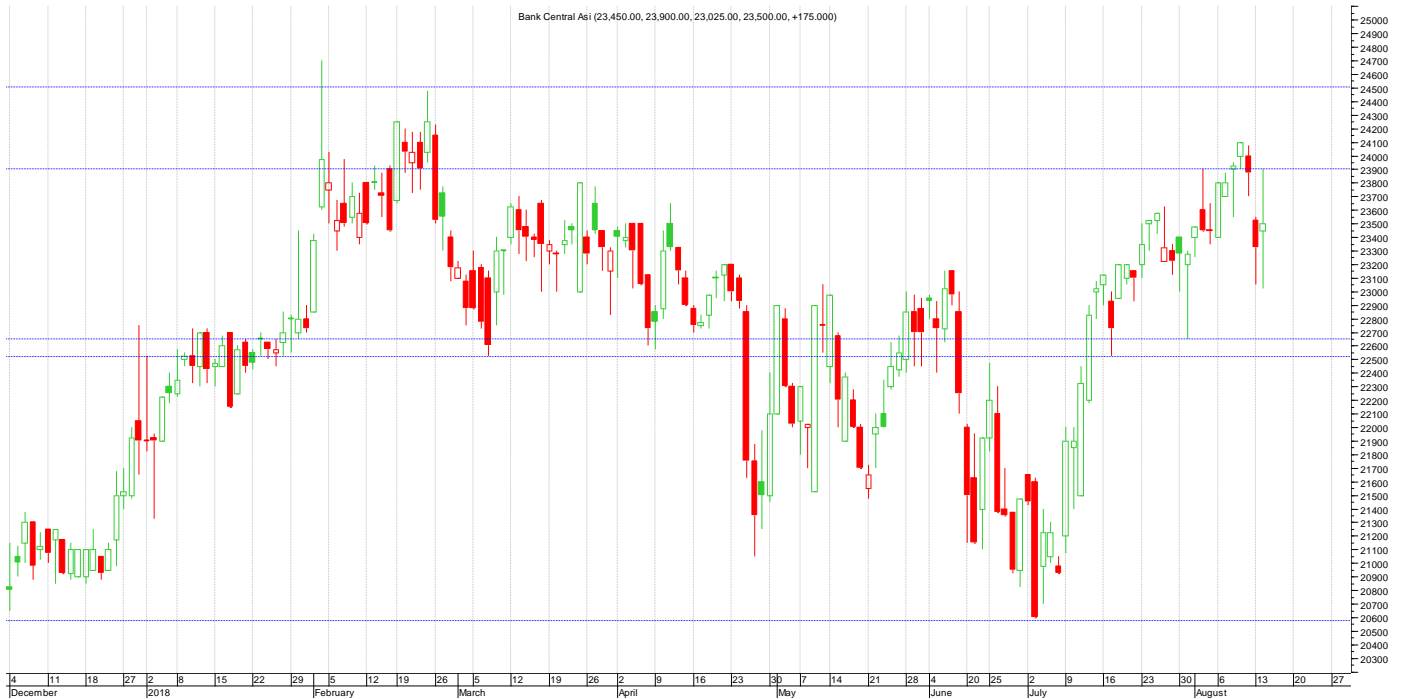
The price closed above historical support level of 39,500. Resistance level at 42,500. Next support and resistance level at 37,800-44,000. The longterm trend turn from uptrend into sideways. Buy on weakness at support level



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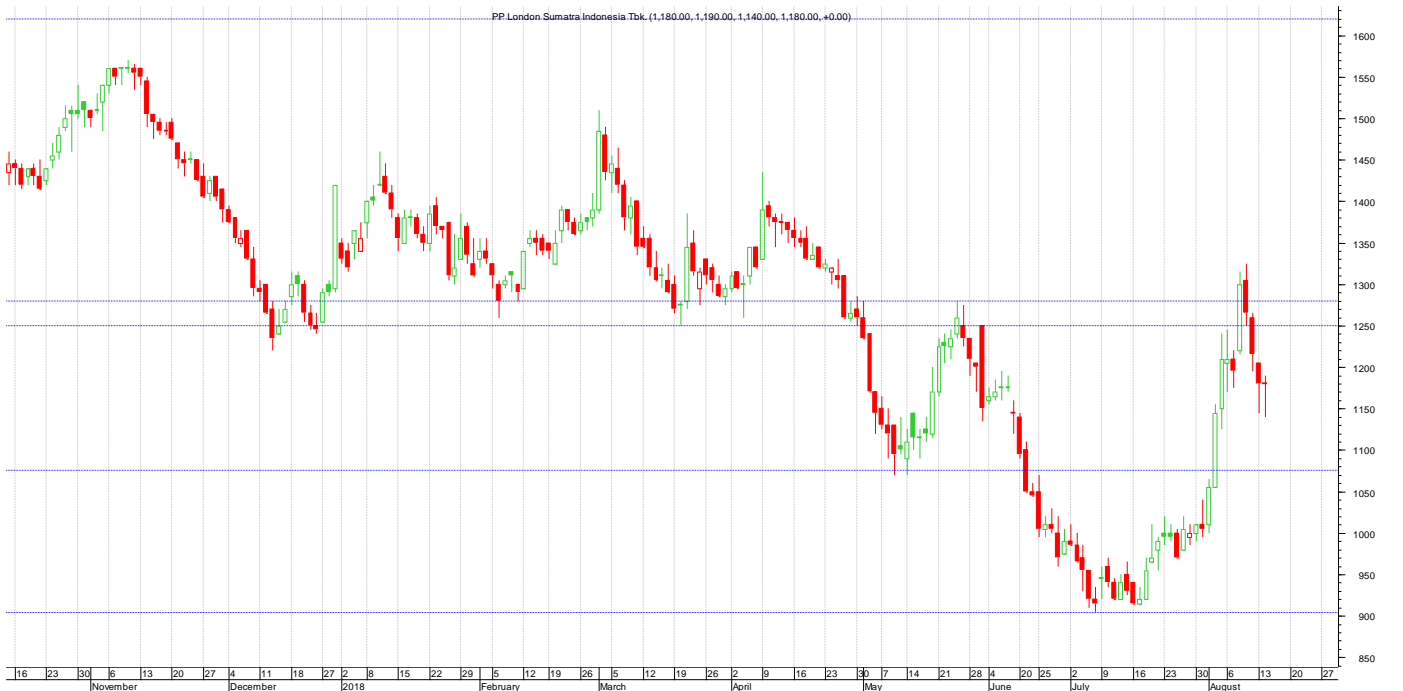
**BBCA : Testing support level**

After opening gap up, the price closed slightly above opening level. Candlestick chart formed a long upper dan low shadow. Support level at 23,000. Resistance level at 23,900. Next support and resistance level at 22,650-24,500. Sell on strength



**LSIP : Testing support level**

The price closed above minor support level of 1,100. Resistance level at 1,250. Next support and resistance level at 1,070-1,325. The trend is still sideways. Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,530 – 14,630

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.83
3	7.36
5	7.83
10	8.03
15	8.39
30	8.54

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.78	5.89	5.93	5.87	5.37
US\$	1.02	1.07	0.99	1.02	
JIBOR (RP)	6.43	7.00	7.23	7.34	

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	14,584	0.16
1 US\$ = SGD	1.38	-0.03
1 US\$ = JPY	111.36	-0.19
1 US\$ = AUD	0.72	-0.21
1 US\$ = EUR	1.13	-0.04



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