

GLOBAL

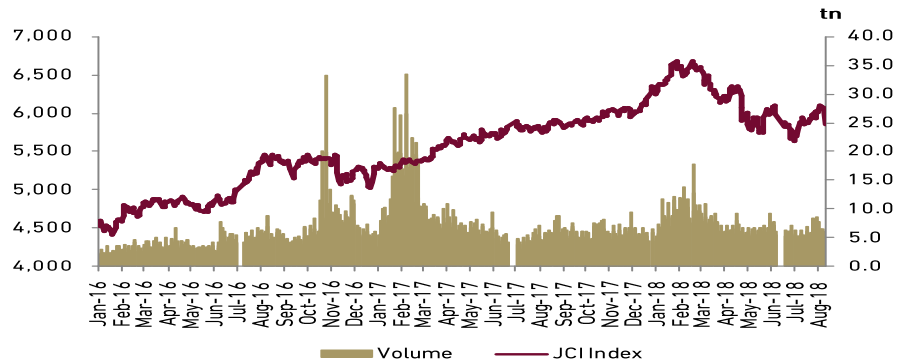
Index	Last	Change	% chg
Dow	25,162	-137.51	-0.54
S&P 500	2,818	-21.59	-0.76
Eido US	22.5	-0.12	-0.53
H.S.I	27,324	-429.34	-1.55
Nikkei	22,204	-151.86	-0.68
STI	3,234	-8.75	-0.27
KLCI	1,786	2.16	0.12
Kospi	2,259	0.00	0.00
SET Thai	1,676	-19.06	-1.12

- Trade deficit hits a record high since 2013
- Bank Indonesia raises policy rate to 5.50%
- OJK reduces ATMR for mortgages to 20-35%
- PTPP eyes offshore contract of Rp2 tn
- 7M18 Indonesia cement sales volume up by 1.9% YoY
- Bekasi Fajar net profit slides 6% YoY in 1H18

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	70.8	-1.70	-2.35
WTI Crude Oil (\$/bbl)	65.0	-2.03	-3.03
CPO (MYR/ton)	2,180	-17.00	-0.77
Gold (US\$/tr ounce)	1,175	-19.24	-1.61
Nickel (US\$/ton)	12,754	-574.50	-4.31
Tin (US\$/ton)	18,395	-637.00	-3.35
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	118.2	-0.25	-0.21

JCI STATISTIC



BEI STATISTICS

JCI	5,817
Change (1 day)	0.81%
Change YTD	-8.48%
P/E Market (X)	14.9
Volume (mn shr)	6,215.2
Value (Rp bn)	6,480.3
↑ 187 ↓ 183 ↔ 228	
LQ45	854
% Change (1 day)	0.28%

DAILY TECHNICAL VIEW

We expect JCI to trade between 5,750 (support) – 5,890 (resistance) level today

BMRI: Speculative buy at Rp 6,800-Rp 6,750

Comment: Hold above support level

TLKM: Speculative buy at Rp 3,430-Rp 3,400

Comment: Hold above support level

LPPF: Speculative buy at Rp 6,125-Rp 6,000

Comment: Formed a divergence at oversold area

AALI: Speculative buy at Rp 13,300-Rp 13,000

Comment: Potentially to break resistance level

INTEREST RATE

	Current	Previous
Bl 7D Reverse Repo (%)	5.50	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. stocks fell on Wednesday as declines in tech shares, Macy's financial performance and increasing worries about Turkey's financial situation. The Dow Jones dropped 137.51 points (-0.54%) to 25,162.41, while the S&P 500 declined -0.76% to 2,818.37. The Nasdaq Composite also slipped by 96.78 points (-1.23%) at 7,774.12. Technology sector fell more than 1% after disappointing quarterly report from Chinese Tencent. Meanwhile, Macy's shares dropped almost 16% as the company's quarterly report showed it is struggling to grow sales. Commodity: Brent Crude Oil dropped by 2.35% to USD 70.8/bbl and WTI Crude oil was down by 3.03% to USD 65/bbl. CPO down by 0.77% to MYR 2,180/ton. Nickel declined was down by 4.31% to USD 12,754/ton.

Domestic

JCI index closed higher by 46.72 points or 0.81% to 5,817 on Wednesday trading and recorded Rp 353 bn net foreign sell. The leading sectors were Agriculture (+5.85%), Infrastructure (+1.73%), Misc. Industry (+1.55%). This was mainly driven by BBRI (+2.56% to 3,210), HMSP (+1.99% to 3,580), TLKM (+2.39% to 3,430) as the key movers. Rupiah strengthened by 7 points to 14,577 /USD. Our technical desk suggests for trading within the band of 5,750 – 5,890 with possibility to end at higher level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,577	-7.00	-0.05
1 USD = SGD	1.38	0.00	0.00
1 USD = JPY	110.52	-0.22	-0.20
1 USD = AUD	1.38	0.00	0.10
1 USD = EUR	0.88	0.00	0.02

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.1	0.09	0.39	3,372	371,512
ISAT	0.2	0.00	0.00	3,207	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

TRADE DEFICIT HITS RECORD HIGH SINCE 2013

After trade balance posting surplus of USD 1.7 bn in June, we expect the trade balance will back to deficit in July. However, the deficit was widening to USD 2.0 bn, way too high from our prediction at USD 579 mn and consensus USD 625 mn. Export in July is reported to grow 19.3 % YoY (25.2% YoY) to USD 16.2 bn. Oil and gas sector export grew 22.6% YoY (-15.1% MoM) to USD USD 1.4 bn while non oil and gas grew 19.03% YoY (31.2% MoM) to USD 14.8 bn. Commodities remained the main driver of growth with 44.6% YoY (7.27% MoM), supported by mineral fuel growth (mainly coal) at 40.0% YoY. Unfortunately, good export growth was totally beaten by jump in import growth at 31.6% YoY (62.2% MoM). There was a shift of import composition based on expenditure which was previously dominated by capital goods. This segment actually still posted high growth at 24% YoY but the growth in other segments was higher. Consumers goods led the growth with 60.7% YoY (70.5% MoM) followed by raw materials / intermediary goods with 30.1% YoY (59.3% MoM).

Comments: 1) July's significant trade deficit denoted that CAD in 3Q18 will still under pressure. However, Asian Games in August – September should help ease CAD pressure a little in 3Q18. We expect CAD in 3Q18 will be around 2.5 – 3.0% of GDP in 3Q18 before ease to below 2.5% of GDP in 4Q18. 2) Significant growth of these two segments is seen as firms restocking effort after they faced higher than expected Lebaran demand in May - June. However, with the jump of growth in July, we expect import growth in following months will be around 20% YoY before easing further in 4Q18 due to government import cut effort.

BANK INDONESIA RAISES POLICY RATE TO 5.50%

Surprising the consensus but in line with our estimates, Bank Indonesia (BI) decided to raise policy rate by 25bps to 5.50% in the May board of governor meeting. It also increased deposit facility rate to 4.75% and lending facility rate to 6.25%. This is the 4th times central bank raise the policy rate this year. BI noted this move is important to maintain sustainability and keep the economic resilience. Bank Indonesia mentioned the importance to keep attractiveness of domestic financial market and manage the widening current account deficit (CAD) through increasing the policy rate. It is even ready to take the risk of sacrificing growth as central bank just revise down the growth target to 5.0% – 5.4% in 2018 from 5.1% – 5.5%. Central bank stated it appreciates government's concrete move to try reducing import for healthier CAD. Furthermore, central bank also stated that it will accelerate financial market deepening through Indonesia policy followed by Overnight Index Swap (OIS) and Interest Rate Swap (IRS) instrument development in order to strengthening monetary policy transmission, keeping liquidity in the market and maintaining Rupiah stability in the end.

Comments: We see that BI may still raise policy rate by another 25 – 75 bps, depending on Lira crisis and trade war development

OJK REDUCES ATMR FOR MORTGAGES TO 20-35%

Financial Services Authority (OJK) reduce risk-weighted asset ratio (ATMR) for mortgages in both conventional and sharia banks. Previously, ATMR stands at 35% for all level of loan-to-value (LTV). The ATMR is now reduced to 20-35% according to its LTV level: 20% ATMR for maximum LTV ratio of 50%, followed by 25% ATMR for LTV ratio of 50-70%, and 35% ATMR for the LTV ratio of 70-100%. For land developers, OJK also eliminates the prohibitions for banks to provide loans for land development with certain requirements (such as: land is intended for construction of landed houses or flats and not commercial area). OJK is optimistic that this relaxation could push the mortgage loan growth to 13-15% YoY.

Comments: Lower ATMR means less capital intensity needed for every mortgage disbursement, this would be positive for bank's capital adequacies and could incentivize banks to distribute more

mortgages afterwards. Land development loan relaxation could also support the construction loans growth.

7M18 INDONESIA CEMENT SALES VOLUME UP BY 1.9% YOY

Indonesia 7M18 sales volume and growth

Indo sales volume (in mn tons)	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic	30.70	32.87	32.70	32.38	33.03	34.66	35.42
Total export	0.16	0.25	0.15	0.51	0.83	1.42	1.34
Total sales volume	30.86	33.12	32.85	32.89	33.86	36.09	36.76

Indo sales volume growth	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic		7.1%	-0.5%	-1.0%	2.0%	5.0%	2.2%
Total export		56.0%	-39.4%	243.2%	63.5%	70.7%	-5.9%
Total sales volume		7.3%	-0.8%	0.1%	2.9%	6.6%	1.9%

SMGR 7M18 sales volume and growth

INTP 7M18 sales volume and growth

SMGR volume (in mn tons)	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic volume	11.4	14.4	14.4	13.5	13.7	14.2	14.3
Total export volume	0.0	0.1	0.1	0.3	0.3	1.1	1.7
Total sales volume	11.5	14.5	14.6	13.8	14.0	15.3	16.0

SMGR Volume growth	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic volume		25.7%	0.3%	-6.6%	1.8%	3.7%	0.8%
Total export volume		263.0%	4.2%	128.1%	-13.5%	285.4%	60.3%
Total sales volume		26.5%	0.4%	-5.3%	1.5%	9.2%	4.9%

INTP volume (in mn tons)	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic volume	10.07	10.10	9.92	8.98	8.71	8.87	9.35
Total export volume	0.02	0.01	0.01	0.04	0.21	0.06	0.00
Total sales volume	10.09	10.11	9.93	9.02	8.91	8.92	9.35

INTP volume growth	7M12	7M13	7M14	7M15	7M16	7M17	7M18
Total domestic volume		0.29%	-1.82%	-9.45%	-3.04%	1.84%	5.42%
Total export volume		-54.60%	25.00%	285.56%	437.59%	-72.56%	-100.00%
Total sales volume		0.19%	-1.80%	-9.16%	-1.16%	0.11%	4.75%

Total Indonesia cement sales volume as per 7M18 stood at 36.76 mn tons, amplified by 1.9% YoY, in which largely underpinned by domestic sales volume that grew 2.2% YoY. Looking into per company data, actually both incumbents (SMGR and INTP) total sales volume growth beat the national sales volume, yet differences were captured. INTP 7M18 sales volume increased 4.75% YoY (highest since 7M13) to 9.35 mn tons, but all of the volume absorbed were came from domestic sales. Unlike INTP, SMGR total sales volume heightened by 4.75% YoY to 16 mn tons, but mainly attributable to export sales volume that soared by 60.3% YoY to 1.7 mn tons. However, SMGR domestic sales volume still recorded moderate growth to 14.3 mn tons (+83 bps YoY)

Comment: INTP sales volume achievement as per 7M18 remains solid, since in the last couple years the company witnessed weak sales volume growth. Meanwhile, SMGR was really helped by its exports sales volume, yet the last interim displayed within the line result with estimates. Currently we maintain our BUY call from SMGR and HOLD call for INTP.

PTPP EYES OFFSHORE CONTRACT OF RP2 TN

PT PP (PTPP) is eyeing participation on contract tender of several projects in Vietnam and Malaysia worth Rp2 tn. PTPP expects to get contract from port construction in Malaysia and power plant construction in Vietnam with contract value of Rp1 tn each. The company will team up with local contractor if win tenders and limit the portion stake in project to 49%. PTPP targets net margins of 15% from offshore projects.

Comment: We believe projects in foreign countries will yield higher margin. PTPP is currently trading at 2018-19F PER of 6.0-4.6x, while we maintain our Buy rating on PTPP with TP of Rp3,100.

BEKASI FAJAR NET PROFIT SLIDES 6% YOY IN 1H18

Bekasi Fajar Estate (BEST) reported revenue recognition of Rp402 bn (-6% YoY) within 1H18. Gross profit and operating profit both relatively flat year on year at 1% and -2%, respectively. The 1H18 net profit came in at Rp137 bn (-20% YoY) squeezed by 51% YoY increase in non-operating expense. On quarter over quarter basis, 2Q18 revenue declined by 10% to Rp191 bn while net profit shrank 53% to Rp44 bn.

Exhibit : BEST 1H18 results

(Rp bn)	1H18	1H17	YoY	2Q18	1Q18	QoQ	FY18F	1H/18F
Revenues	402	425	-6%	191	211	-10%	1,002	40%
Cost of revenue	(106)	(132)	-19%	(43)	(64)	-32%		
Gross profit	295	293	1%	148	147	0%	708	42%
Gross margin (%)	73	69	5	78	70	8		
G&A expenses	(53)	(43)	23%	(32)	(21)	51%		
Marketing expenses	(1)	(5)	-74%	(1)	(1)	-31%		
Operating expenses	(55)	(49)	12%	(33)	(22)	48%		
Operating profit	241	244	-2%	115	125	-8%	588	41%
Operating margin (%)	60	57	2	60	59	1		
Forex gain (loss)	0	10	-100%	10	(10)	n.a		
Interest income	0	4	-100%	(6)	6	n.a		
Interest expense	(70)	(70)	0%	(47)	(23)	99%		
Other income (exp)	(21)	(4)	429%	(22)	1	n.a		
Total other inc (exp)	(91)	(60)	51%	(64)	(27)	138%		
Pre-tax profit	149	184	-19%	51	98	-48%		
Tax	(12)	(12)	3%	(7)	(5)	47%		
PBMI	137	172	-20%	44	94	-53%		
MI	(0)	(0)	176%	(0)	(0)	2234%		
Net profit	137	172	-20%	44	94	-53%	356	39%
Net margin (%)	34	41	(6)	23	44	(21)		

Comment: The 1H18 revenue fell below our and consensus' estimate, representing 40% and 35% of our and consensus' FY18 revenue estimate, while net profit also missed, only accounting for 39% and 28% of our and consensus' FY18 net profit forecast, respectively. We put BEST under review with potential to downgrade. Currently we have BUY rating for BEST with TP Rp370 based on 70% discount to our RNAV/sh.

TECHNICAL ANALYSIS

JCI : (5,817 +0.8%)

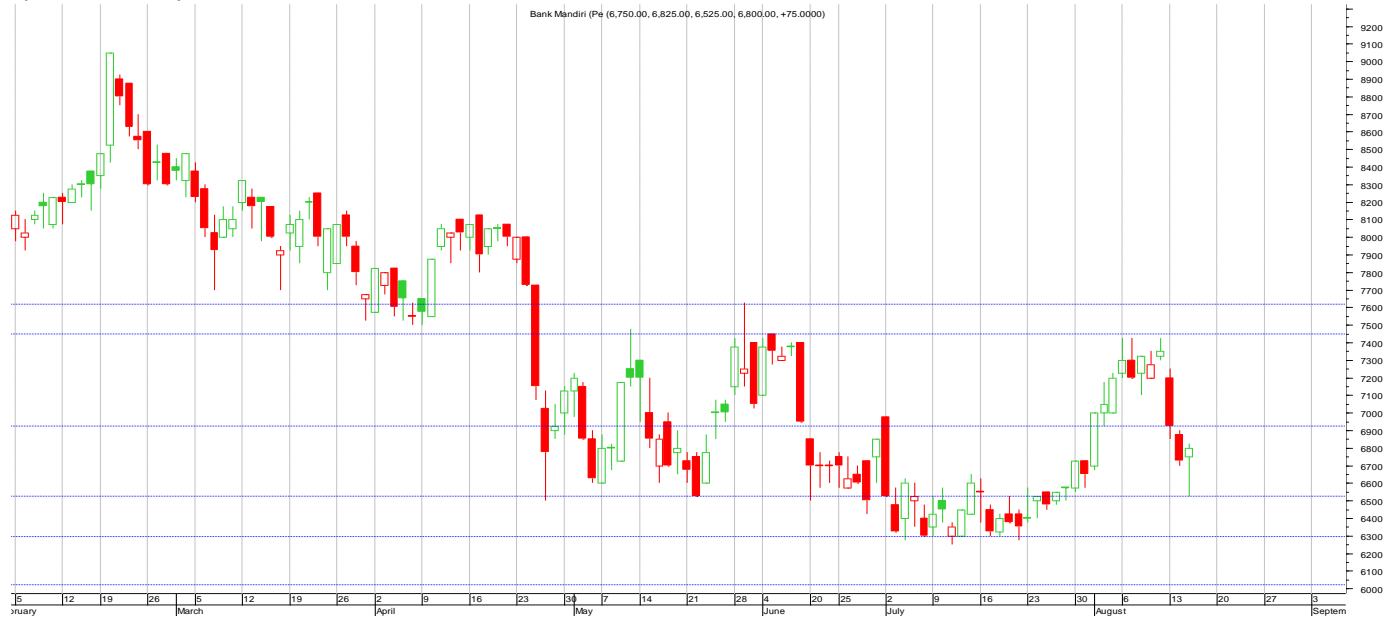
Comment : BBRI, HMSP and TLKM consecutively became leading movers. Technically, JCI bounced from the lowest level of 5,689. Resistance level at 5,890. Support level at 5,715. Next support and resistance level at 5,650-6,080. Candlestick chart likely formed a reversal hammer and hamari pattern. Based 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

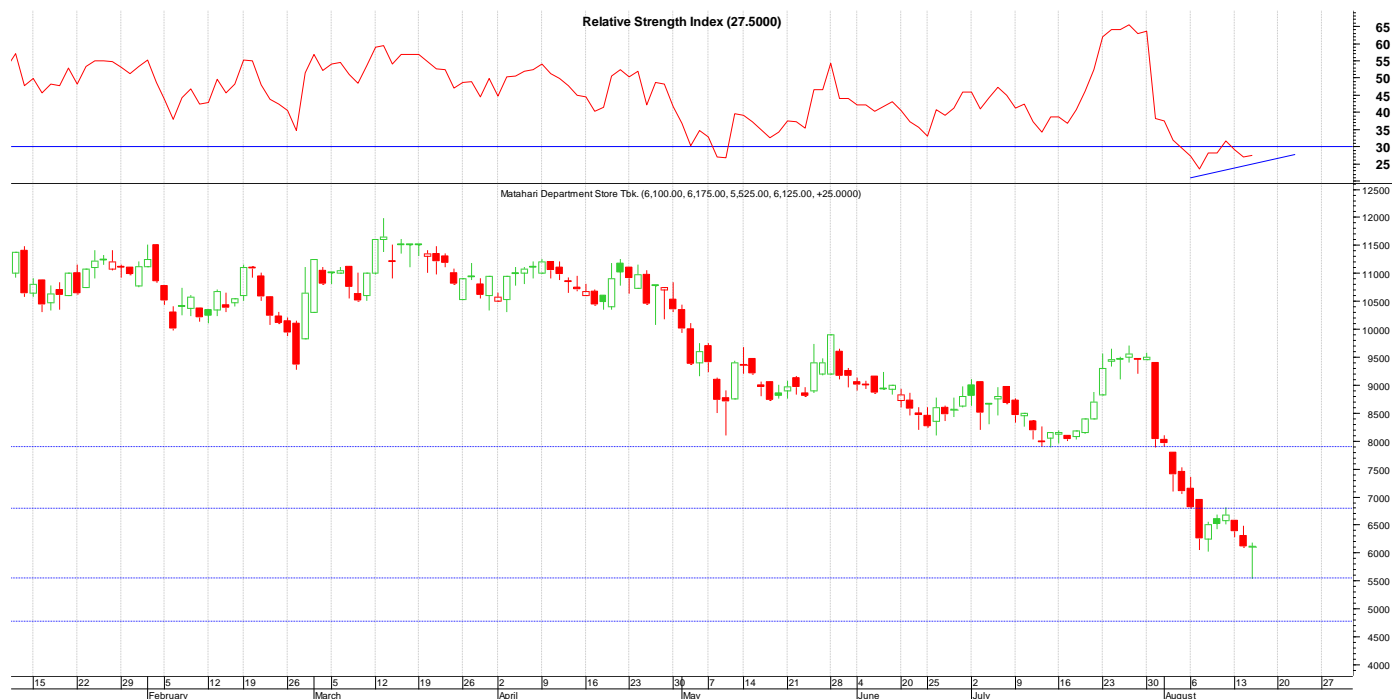
BMRI : Testing resistance level

The price bounced from the lowest level of 6,525. Resistance level at 7,225. Next support and resistance level at 6,250-7,425. The trend is still sideways. Candlestick chart likely formed a reversal hammer and harami pattern. Speculative buy



LPPF : Testing resistance level

The price bounced from the lowest level of 5,525. Resistance level at 6,800. Next support and resistance level at 4,800-7,800. The price moved in downtrend in the last five months. Indicator of RSI likely formed a positive divergence at oversold area. Speculative buy/Buy on weakness



Please see analyst certification and other important disclosures at the back of this report

TLKM : Testing support level

The price bounced from minor support level of 3,310. Resistance level at 3,540. Next support and resistance level at 3,250-3,670. The mid-term trend is still sideways. Speculative buy/Buy on weakness.



AALI : Testing resistance level

The price closed around resistance level. Support level at 11,575. Next support and resistance level at 10,800-15,175. The price likely formed a reversal inverted head and shoulder pattern. Speculative buy/Buy on weakness



Please see analyst certification and other important disclosures at the back of this report

CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,530 – 14,630

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.82
3	7.35
5	7.83
10	8.01
15	8.37
30	8.49

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.77	5.94	5.85	5.78	5.38
US\$	0.96	0.99	0.93	1.02	
JIBOR (RP)	6.44	7.00	7.23	7.34	

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

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,577	0.05
1 US\$ = SGD	1.38	0.00
1 US\$ = JPY	110.52	0.20
1 US\$ = AUD	0.72	-0.10
1 US\$ = EUR	1.13	-0.02

Plaza ASIA Office Park Unit 2
Jl. Jend. Sudirman Kav. 59
Jakarta 12190, Indonesia

T +62 21 2557 4800
F +62 21 2557 4900
E research@ciptadana.com
www.ciptadana.com

Analyst Certification

Each contributor to this report hereby certifies that all the views expressed accurately reflect his or her personal views about the companies, securities and all pertinent variables. It is also certified that the views and recommendations contained in this report are not and will not be influenced by any part or all of his or her compensation.

Disclaimer

This report does not constitute an offer to buy or sell any security/instrument, invitation to offer or recommendation to enter into any transaction. Nor are we acting in any other capacity as a fiduciary to you. By accepting this report, subject to applicable law or regulation. When making an investment decision, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any transaction and our disclaimer as to these matters).

The information contained in this report is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this report constitute our judgement as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. CIPTADANA SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS REPORT OR FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREOF.