

GLOBAL			
Index	Last	Change	% chg
Dow	25,669	110.59	0.43
S&P 500	2,850	9.44	0.33
Eido US	22.9	0.19	0.84
H.S.I	27,213	113.35	0.42
Nikkei	22,270	78.34	0.35
STI	3,209	-2.49	-0.08
KLCI	1,783	6.20	0.35
Kospi	2,247	6.25	0.28
SET Thai	1,690	9.08	0.54

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	71.8	0.40	0.56
WTI Crude Oil (\$/bbl)	65.9	0.45	0.69
CPO (MYR/ton)	2,204	13.00	0.59
Gold (US\$/tr ounce)	1,185	10.90	0.93
Nickel (US\$/ton)	13,390	160.00	1.21
Tin (US\$/ton)	18,677	87.00	0.47
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	118.0	-0.10	-0.08

BEI STATISTICS	
JCI	5,784
Change (1 day)	0.00%
Change YTD	-9.00%
P/E Market (X)	14.8
Volume (mn shr)	5,352.7
Value (Rp bn)	5,200.9
↑ 134 ↓ 242 ↔ 222	
LQ45	854
% Change (1 day)	0.28%

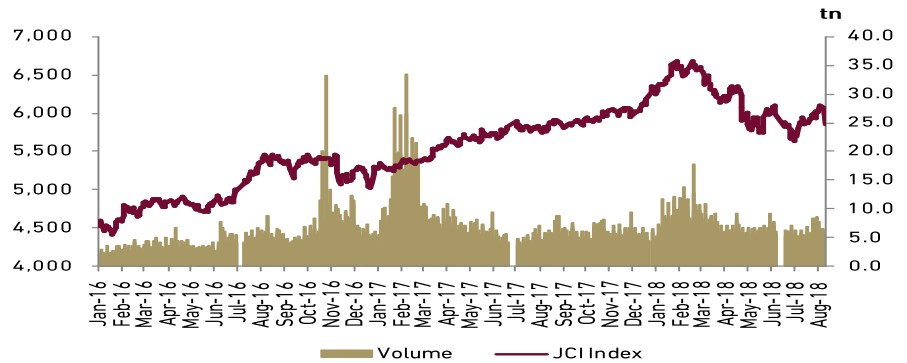
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	5.50	5.25
Fed fund rate (%)	2.00	1.75
inflation mom (%)	0.28	0.21
Inflation yoy (%)	3.18	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,593	16.00	0.11
1 USD = SGD	1.37	0.00	0.01
1 USD = JPY	110.48	-0.02	-0.02
1 USD = AUD	1.37	0.00	0.15
1 USD = EUR	0.87	0.00	0.04

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.2	0.15	0.65	3,380	230,144
ISAT	0.2	0.00	0.00	3,210	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- State Budget 2019: More populist yet realistic
- Infrastructure budget set at Rp420.5 tn
- Hexindo backlog order spills into October 2019

JCI STATISTIC



DAILY TECHNICAL VIEW

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

EXCL: Speculative buy at Rp 2,890-Rp 2,800

Comment: Hold above support level

TLKM: Speculative buy at Rp 3,350-Rp 3,300

Comment: Closed above support level

SIL0: Speculative buy at Rp 2,640-Rp 2,500

Comment: Formed a divergence at oversold area

LSIP: Speculative buy at Rp 1,300-Rp 1,250

Comment: Potentially to break resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stocks rose in light summer trading Friday on strength in technology hardware shares and optimism for a resolution in America's trade dispute with China. Report says that President Donald Trump and Chinese President Xi Jinping will meet in November in an attempt to end the roadblock. Dow Jones rose 0.43% to 25,669 and S&P 500 Index gained 0.33% to 2,850 while Nasdaq composite rose 0.13% to 7,816. However, uncertainty on emerging market remains as Turkish appeals court refused to release American pastor, erased an early gain on Turkey's Lira and retreated after rising more than 15% in three days as Trump administration said that it would trigger further sanctions in retaliation. On commodity markets: Brent Crude Oil rose 0.56% to USD 71.8/bbl and WTI Crude also closed higher by 0.69% to USD 65.9/bbl. CPO was up by 0.59% to MYR2,204/ton. Nickel increased by 1.21% to USD 13,390/ton. While coal inched down by 0.08% to USD 118/ton.

Domestic

JCI index closed at 5,784 lower 32.79 points (-0.56%) on Thursday trading and recorded Rp762bn net foreign sell. The laggard sectors Infrastructure (-1.78%), Finance (-1.65%), Mining (-1.58%), which were mainly driven by BBRI (-4.98% to 3,050), TLKM (-2.33% to 3,350), BBNI (-4.07% to 7,075) as the key movers. Rupiah weakened by 16 points to 14,593/USD. Our technical desk suggests for trading within the band of 5750 - 5890 with possibility to end at higher level.

STATE BUDGET 2019: MORE POPULIST YET REALISTIC

Thursday (Aug 16), President Joko Widodo addressed state budget design for 2019 to Parliamentary. Government targets 5.3% YoY economic growth in 2019 while inflation stays at 3.5% +/- 1%. In the financial note, the government also projects that the rupiah exchange rate will be at Rp 14,400 per US dollar, higher than Rp 13,400 of this year projection. Meanwhile, Indonesian Crude Price (ICP) is projected at US\$70 per barrel next year, and oil lifting and gas lifting were at 750,000 barrel per day (bpd) and 1.25 million barrel oil equivalent per day (boepd), respectively. Gov't Revenue is targeted at Rp 2,142.5 tn or grows 12.6% YoY. Tax revenue is targeted at Rp 1,781.0 tn or grows 10.1% YoY. This level of tax revenue brings the tax ratio level to 12.1% of GDP, higher than this year's projection at 11.6% of GDP. The government will continue to push tax reforms and tax incentives, Jokowi said, mentioning a number of possible policies like tax holidays and tax deductions for strategic sectors. Meanwhile, non-tax revenue is projected to stand at Rp 361.1 trillion, while the contribution of grants will be Rp 400 billion. Government expenditure is budgeted at Rp 2,142.5 tn of grows 10% YoY. Previously, Jokowi stressed that the 2019 state budget would give strong emphasis to human resources development, but he said the government would not reduce the budget allocation for infrastructure. Govt allocate education budget at Rp 487.9 tn and infrastructure budget at Rp 420.5 tn. Social expenditure remained the rising star as its allocation improved 32.7% YoY to Rp 381 tn. Family Hope Program (PKH) budget allocation even improve from Rp 17 tn to Rp 31 tn, showing more social spending for middle lower segment. In sum, government target budget deficit lower at 1.84% of GDP, bring down its debt financing to 359.3 trillion rupiah, the lowest since 2014.

Comments: 1) Government expenditure remains populist in 2019, especially ahead of election year. It should help improve middle lower purchasing power next year. 2) Gov't needs to be more careful if it will adjust subsidized fuel price to keep inflation low.

INFRASTRUCTURE BUDGET SET AT RP420.5 TN

Indonesian government prepares Rp420.5 tn for infrastructure projects in 2019 State Budget, which is 2.5% higher compared to this year target of Rp410.4 tn. The government plans to build road 2,007 kilometers; 16 toll roads; railways 415.20 kilometers; bridge 27,067 kilometers; 48 dams; 162,000 hectares irrigation; four airports; housing 84,000 and flat 7,512 units in 2019. This year, government planned to build 2,271 kilometers road ; bridge 52,449 kilometers; railways 615kilometers; four airports; 23 toll roads; 48 dams; irrigations 194,700 hectares; housing 50,000 units and flats 13,405 unit. Government has planned to finance the 2019 State budget from tax revenues Rp1,781.0 tn, non-tax revenues Rp361.1 tn, grant Rp400 tn and government bond issuances Rp374.3 tn or in total worth of Rp2,516.8 tn.

Comment: This development should be positive for SOE contractors as higher government budget could help ease concern about slowing new contract growth.

HEXINDO BACKLOG ORDER SPILLS INTO OCTOBER 2019

Hexindo Adiperkasa (HEXA), the second largest heavy equipment distributor in Indonesia selling Hitachi brand, is optimistic to meet sales volume target of 2,000 unit. The demand is very strong that made its customer to wait until October 2019 for delivery of order. HEXA also gets one of significant order from one of biggest mining contractor worth Rp555 bn (USD38.8 mn). HEXA mentioned that only a few company can supply heavy equipment of above 100 ton. The company mentioned that order for this year could actually reach 3,000 units above its target of 2,000 unit. Therefore, the company offers spare part and maintenance service for its client as an alternative service since the company may not be able to fulfill all potential demand.

Comment: HEXA is trading at around 7.5x 2018F PER which is cheaper compared to UNTR of 12x. However, it has problem on stock liquidity.

TECHNICAL ANALYSIS

JCI : (5,783 -0.56%)

Comment : BBRI, TLKM and BBNi consecutively became lagging 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. 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 6,117 which occurred on August 8, 2018. According to this wave counting, now JCI is in the process to find the bottom of sub wave Y of wave up B. The bottom of wave Y should be above the bottom of wave A (above 5,557). The lowest level of 5,689 which occurred on August 15 could be the bottom of wave Y. If the level of 5,689 is the bottom of wave Y then JCI begins to form sub wave up Z of B which is the last wave of wave B. We predict the peaks of wave around the level of 6,120-6,250. This wave counting is automatically false if the index moves below the level of 5,557.



STOCK OF THE DAY

EXCL : Testing resistance level

The price bounced from the lowest level of 2,640. Resistance level at 3,190. Next support and resistance level at 2,300-3,750. The price likely formed a reversal inverted Head and Shoulder pattern when moved and stable above the level of 2,640. Theoretical target of this pattern around the level of 3,750. Speculative buy, cut if the price moves below the level of 2,640.



SILO : Testing resistance level

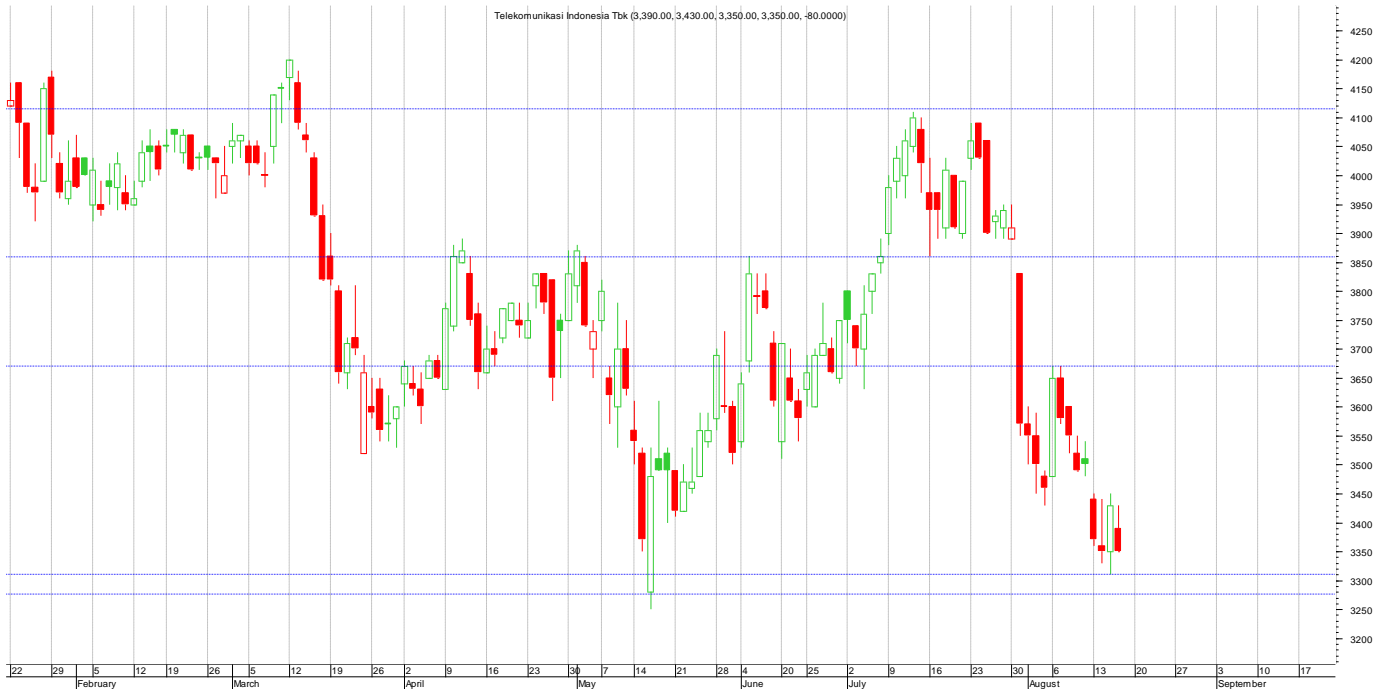
The price bounced from the lowest level of 2,500. Resistance level at 3,200. Next support and resistance level at 2,000-3,700. The price moved in downtrend in the last five months. Indicator of RSI likely formed a positive divergence at oversold area. Speculative buy/Buy on weakness



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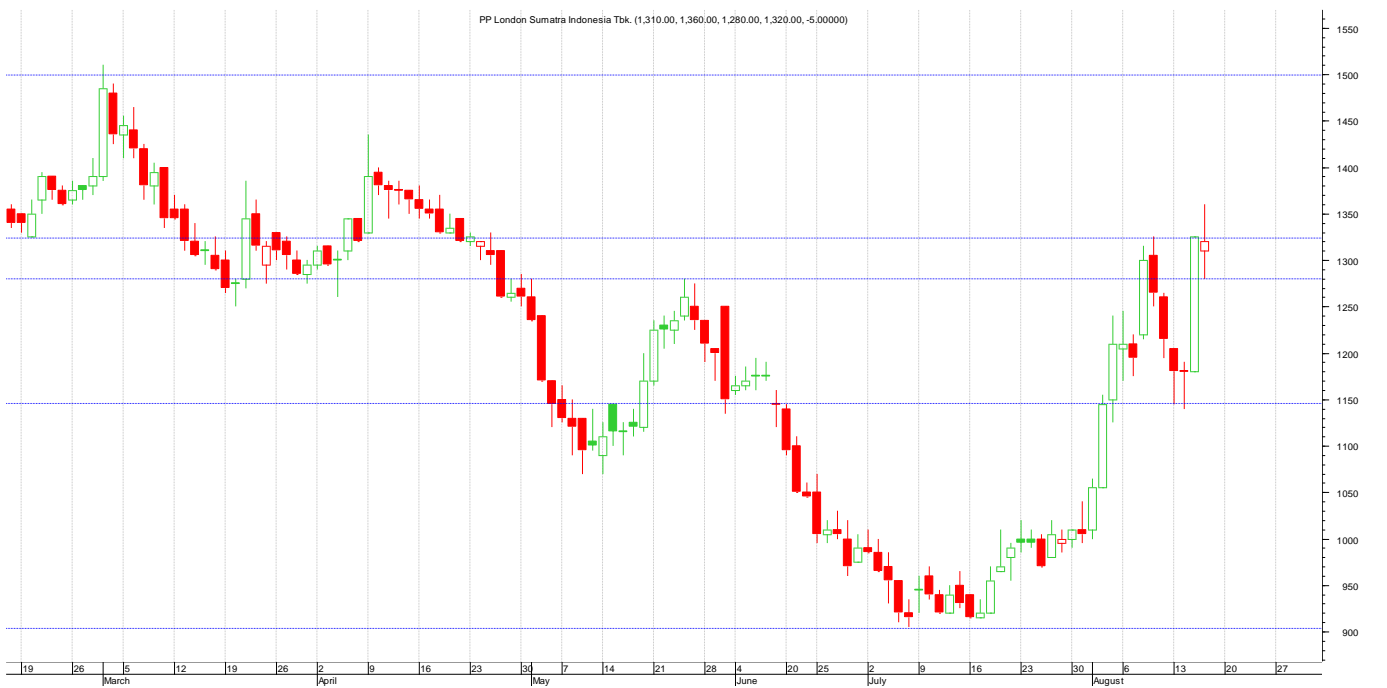
TLKM : Testing support level

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.



LSIP : Testing resistance level

The price below minor resistance level of 1,325. Support level at 1,140. Next support and resistance level at 1,050-1,500. The price likely will form a reversal inverted Head and Shoulder pattern if moves and stable above the level of 1,325. Theoretical target of this pattern around the level of 1,700. Speculative buy/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	6.68
3	7.37
5	7.83
10	7.94
15	8.31
30	8.50

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.77	5.96	5.88	5.84	5.49
US\$	0.97	1.03	1.00	0.99	
JIBOR (RP)	6.65	7.14	7.35	7.47	

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	14,593	-0.11
1 US\$ = SGD	1.37	-0.01
1 US\$ = JPY	110.48	0.02
1 US\$ = AUD	0.73	-0.15
1 US\$ = EUR	1.14	-0.04

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