

GLOBAL			
Index	Last	Change	% chg
Dow	25,734	-88.69	-0.34
S&P 500	2,862	-1.14	-0.04
Eido US	23.7	0.09	0.38
H.S.I	27,928	174.79	0.63
Nikkei	22,363	142.82	0.64
STI	3,200	-4.82	-0.15
KLCI	1,798	0.00	0.00
Kospi	2,273	3.27	0.14
SET Thai	1,698	3.67	0.22

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	74.8	2.15	2.96
WTI Crude Oil (\$/bbl)	67.9	0.51	0.76
CPO (MYR/ton)	2,205	-10.00	-0.45
Gold (US\$/tr ounce)	1,196	-0.24	-0.02
Nickel (US\$/ton)	13,443	-32.00	-0.24
Tin (US\$/ton)	19,430	380.00	1.99
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	117.5	-0.05	-0.04

BEI STATISTICS	
JCI	5,944
Change (1 day)	0.00%
Change YTD	-6.47%
P/E Market (X)	15.3
Volume (mn shr)	5,909.4
Value (Rp bn)	5,733.2
↑ 213 ↓ 157 ↔ 229	
LQ45	854
% Change (1 day)	0.28%

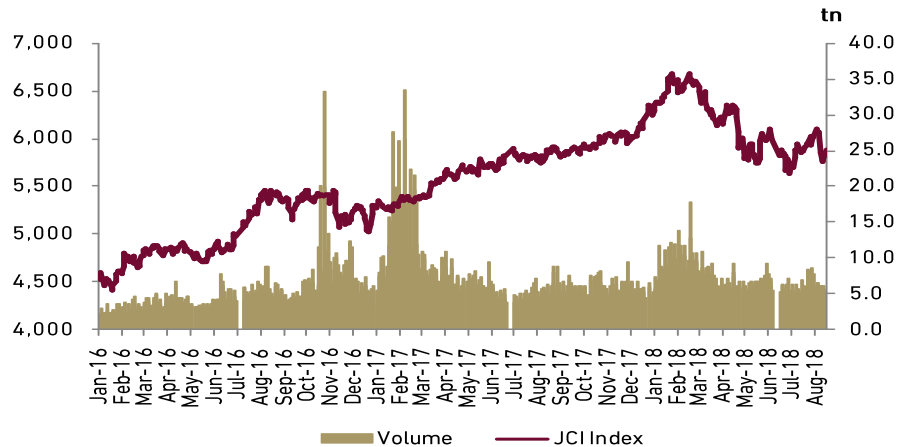
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	5.50	5.25
Fed fund rate (%)	2.00	1.75
inflation mom (%)	0.28	0.21
Inflation yoy (%)	3.18	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,574	-14.00	-0.10
1 USD = SGD	1.37	0.00	0.20
1 USD = JPY	110.79	0.23	0.21
1 USD = AUD	1.37	0.00	0.51
1 USD = EUR	0.86	0.00	0.26

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.1	0.04	0.17	3,365	221,929
ISAT	0.2	0.00	0.00	3,206	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Government raises coal production target to 585 mn ton
- PGAS 1H18 earnings near triple, above expectations
- United Tractors continues to post double-digit growth in operating volume
- Astra's market share breaks 50% in July
- Infrastructure projects boost INTP sales
- ANTM wins two nickel mine concession in Sulawesi

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,850 (support) – 5,960 (resistance) level today

HMSP: Speculative buy at Rp 3,800-Rp 3,770

Comment: Closed above resistance level

AALI: Speculative buy at Rp 13,450-Rp 13,150

Comment: Closed above resistance level

LSIP: Speculative buy at Rp 1,390-Rp 1,350

Comment: Closed above resistance level

TLKM: Buy on weakness at Rp 3,310-Rp 3,250

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stocks closed mixed on Wednesday with DJIA slid 88.7 points or -0.3% to 25,733.6 and the S&P 500 inched down -0.04% to 2,861.8 while Nasdaq bucked the trend to advance 29.9 points or +0.4% to 7,889.1. The Fed minutes indicated broad-based support for another interest-rate hike in September. Investors also have navigated trade-war worries as they focused on reports showing a healthy US economy and solid corporate earnings. But there is political worries following the legal developments for the two former associates of the president, which could adversely influence the market. On the commodity market, Brent oil price soared by 2.96% to USD74.8/bbl and WTI rose by 0.76% to USD67.9/ bbl. CPO lowered by 0.5% to MYR 2,205/ton.

Domestic

JCI index closed higher by 52.1 points or 0.88% to 5,944 on Tuesday trading and recorded Rp84 bn net foreign sell. Three sectors strengthened by >1% namely Basic Industry (+2.54%), Consumer (+2.40%), and Agriculture (+1.62%). While the main stocks movers were HMSP (+4.11% to 3,800), INKP (+5.08% to 19,125), and KLBF (+8.64% to 1,320). Rupiah strengthened by 14 points to 14,574/USD. Our technical desk suggests for trading within the band of 5,850 – 5,960 with possibility to end at lower level.

GOVERNMENT RAISES COAL PRODUCTION TARGET TO 585 MN TON

The Indonesian government has officially raised the coal production quota for 2018 by 100 mn tons to 585 mn tons. This additional production is outside DMO allocation as it is intended to improve Govt. income from export. The initial planned was 485 mn tons of coal from last year 461 mn tons . There have been 40 companies that submitted the additional production to the ministry and there were already around 25 mn tons of coal of additions submitted, but that was still in the process of approval. On the other hand, DMO achievement from Jan-May 2018 is 32.67 mn ton. The number was 26% of 2018F and about 35% from PLN's need this year. The government said that there will be no change in DMO plan.

Comment: Additional quota in the middle of higher coal price surely will improve coal miners' performance even better. However, it might be difficult to achieve due to capacity and infrastructure limitation. ADRO and ITMG have said that they will stick to the original production plan, while PTBA is still recalculating the train hauling capacity if they want to participate.

PGAS 1H18 EARNINGS NEAR TRIPLE, ABOVE EXPECTATIONS

Perusahaan Gas Negara (PGAS) reported 1H18 net income of USD146 mn, up 190% YoY, and already accounted for 65%-68% of consensus and our FY18F. Strong net income growth was mainly driven by increased revenue (+15% YoY) to USD1.62 bn (54% of our FY18F) , expanded margin across the board (supported by expanded higher margin from upstream oil & gas) which pushed operating profit higher by 39% YoY to USD250 mn (70% of our FY18F). Below operating line, the company also booked lower interest expenses (-14% YoY) and higher profit from joint ventures (mostly LNG and gas transportation). On quarterly basis, revenue managed to increase by 3.4% QoQ to USD825 mn which drove gross profit 22% higher as COSG was down by 3.3%. However, this was offset by 84% hike in opex due to rise in land rental expenses, Lebaran bonus and employee benefit adjustment following Pertagas acquisition (one-off). The company also incurred higher tax expenses (+108% QoQ) from upstream deferred tax. These together led to net profit declining by 18% QoQ t USD66 mn.

Comment: We believe 1H18 results came above our expectations and we are likely to revise up our earnings forecast and TP on PGAS. We currently have Buy rating on PGAS with TP of Rp2,550.

PGAS 1H18 results

USD mn	1H18	1H18	YoY	2Q18	1Q18	QoQ	2018F	1H/18F
Revenue	1,622	1,411	15.0%	825	798	3.4%	3,028	54%
Gross Profit	464	379	22.5%	255	209	22.2%	806	58%
Gross Margin (%)	28.6	26.8	1.8	31.0	26.2	4.8	26.6	
Operating Profit	250	179	39.4%	116	133	-12.7%	358	70%
Operating margin (%)	15.4	12.7	2.7	14.1	16.7	-2.6	11.8	
Pre-tax profit	221	108	104.7%	116	105	10.1%		
Tax	-75	-55	36.0%	-51	-24	107.8%		
Net profit	146	50	190.2%	66	80	-18.4%	215	68%
Net profit margin (%)	9.0	13.0	-4.0	8.0	13.0	-5.0		

UNITED TRACTORS CONTINUES TO POST DOUBLE-DIGIT GROWTH IN OPERATING VOLUME

United Tractors reported 476 unit heavy equipment sales volume in Jul-18, up by 57% MoM and 54% YoY, bringing 7M18 sales volume to 2,876 units (+40% YoY), which achieved 61% of our FY18F of 4,700 units. Pamapersada, its mining contracting arm, reported a 14% MoM and 20% YoY increase in overburden removal to 89.1 mn bcm , resulting to 7M18 volume to 534.3 mn bcm (+23% YoY) and met 64% of our FY18F of 841 mn bcm. From its own mining, the company produced 689k of coal in Jul-18, up 30% MoM and 38% YoY, resulting to 24% YoY increase to 5.1 mn ton or achieved 58% of our FY18F of 8.9 mn tons.

Comment: We see UNTR heavy equipment sales volume and OB removal likely beating our full-year expectation while its own coal production in-line with our expectations. We currently have Buy rating on UNTR with TP of Rp46,000. UNTR is trading at 11.2x 2019F PER, still below historical mean of 14.4x.

ASTRA'S MARKET SHARE BREAKS 50% IN JULY

Astra International (ASII) reported 54.8 k units car sales in July, up 104% MoM (shorter working day in June) and 14% YoY vs industry's sales of growth of 83% MoM and 26% YoY. As a result, ASII's market share in July was 51%, the first time breaking 50% level this year, improved from 46% in June. The strong sales growth was mainly attributable to higher sales in Toyota rush (+325% MoM, 378% YoY) to 7.4k units and Daihatsu Terios (+240% MoM and 364% YoY) to 2.9k units as the company started to increase production of Rush and Terios to around 13k units per month. However, cumulatively ASII sold 323 k units of car in 7M18, declining by 6.7% YoY vs industry of 661 k units (6.8% gain). This resulted to ASII market share loss to 49% in 7M18 vs 56% in 7M17.

Comment: Strong market share improvement in July could drive positive sentiment to ASII's share price which is sensitive to its automotive division performance. We still wait for sales volume data in next month to see if this improvement sustainable. We currently have Hold rating on ASII with TP of Rp7,550.

INFRASTRUCTURE PROJECTS BOOST INTP SALES

Infrastructure projects give positive impact to Indocement (INTP) sales volume, whereas in July'18, the company successfully recorded 7% YoY sales volume growth. This is partially driven by RMC and aggregate revenue which increased by 7% YoY and 57% YoY, respectively. Until the end of the year, management is also targeted 6% sales volume growth to 17.06 mn tons. According to Corporate Secretary of INTP, property sector has not contributed significantly to cement sector. Yet, there are 2 policies such as LTV relaxation and lower ratio of risk weighted asset that could incentivize property sales, hence spillover to cement sector.

Comment: Since INTP sales volume growth achievement is relatively solid up to 7M18, we believe the management target is achievable. However, we still see that high coal price and ASP downtrend remain becomes the main culprit of weak performance. We have a HOLD recommendation on INTP with TP of Rp15,200.

ANTM WINS TWO NICKEL MINE CONCESSION IN SULAWESI

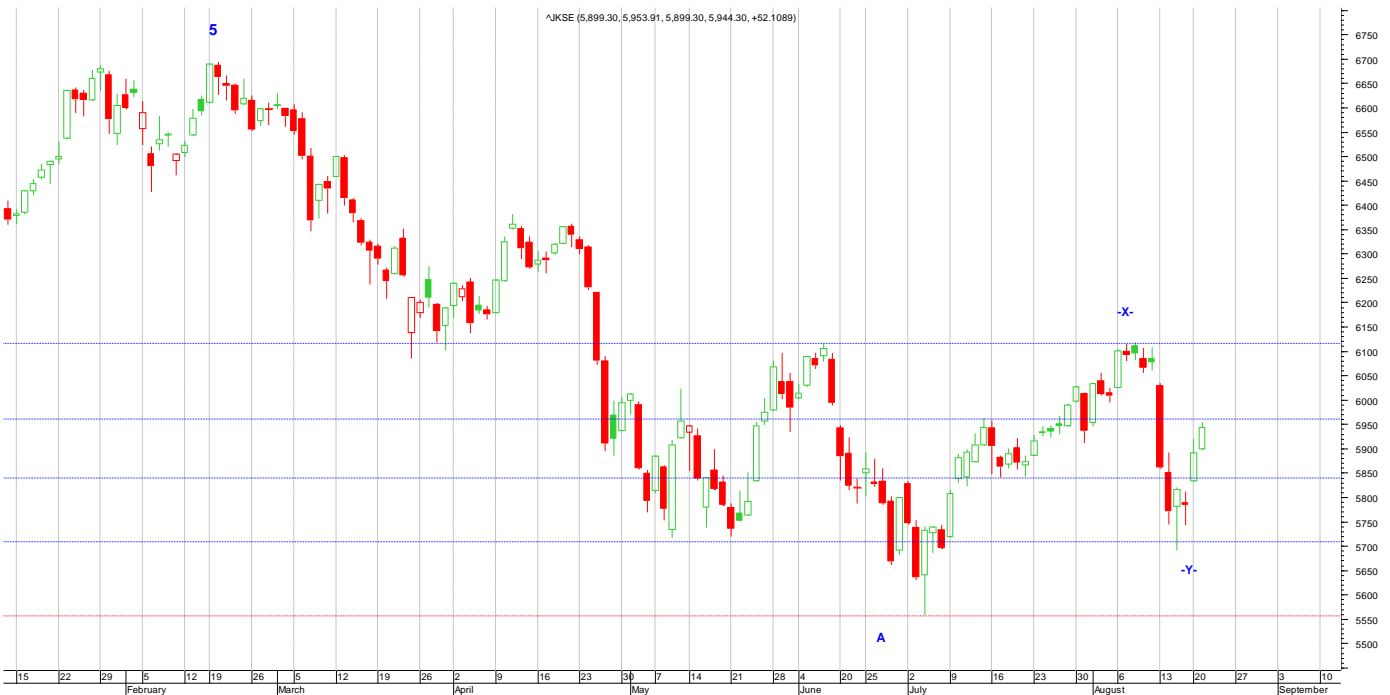
Aneka Tambang (ANTM) wins the Martarape site of 1,681 ha of mine concession and the Bahodopi site of 1896 ha of mine concession. Martarape in a new site is actiuoned by government while bahodopi was previously operated by Vale Indonesia (INCO). ANTM has to pay about Rp370 bn as a compensation to the government as the winner of the auction.

Comment: ANTM is still yet to release the detail about the transaction as the govt. just release the news. However, the additional mine site will add to ANTM nickel reserve. We have positive view on ANTM with TP of 1,130

TECHNICAL ANALYSIS

JCI : (5,944 +0.88%)

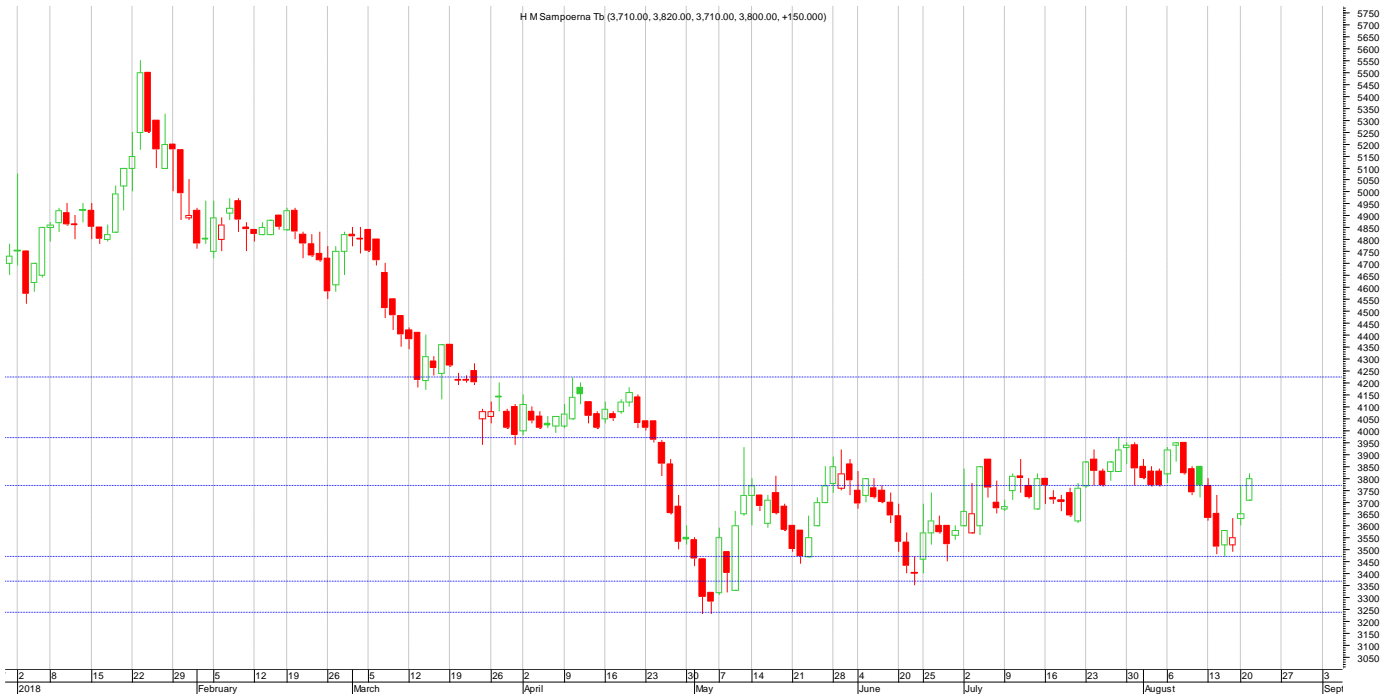
Comment : HMSP, INKP and KLBF consecutively became leading movers. Technically, JCI closed below minor resistance level of 5,956. Support level at 5,840. Next support and resistance level at 5,650-6,080. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because 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 is 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 begin 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

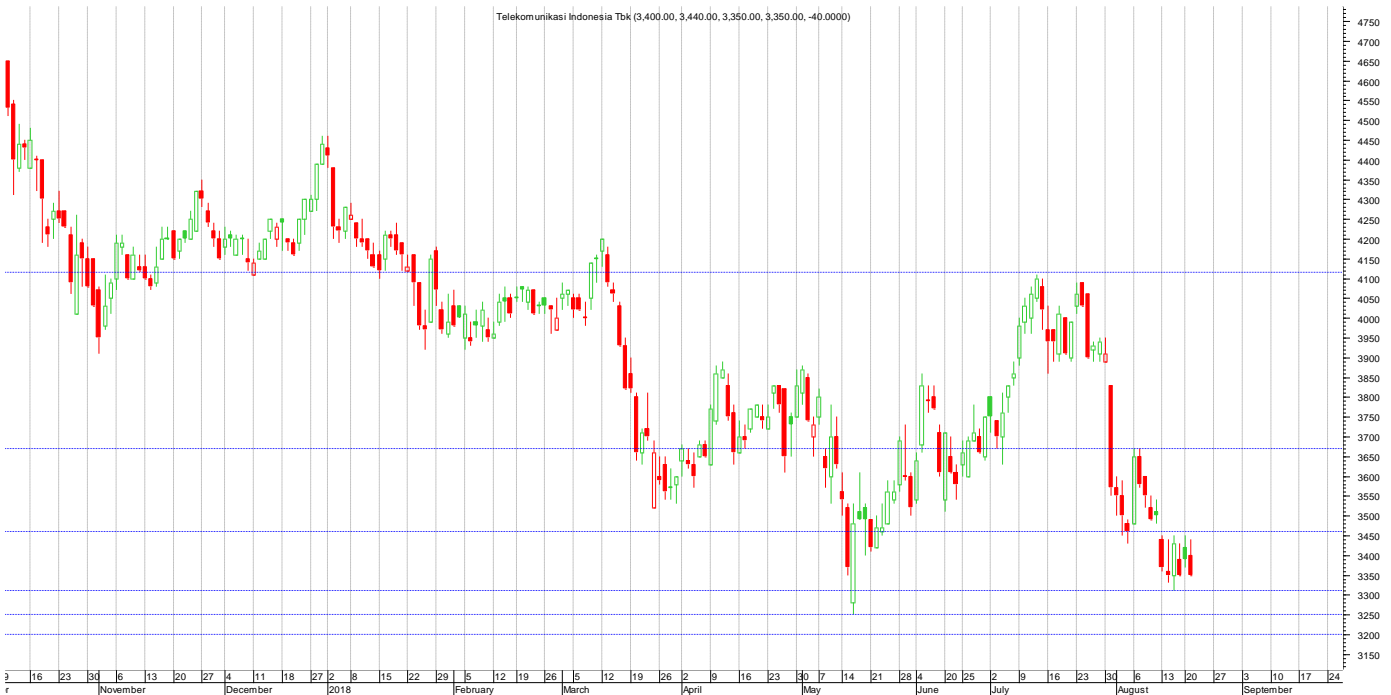
HMSP : Testing resistance level

The price closed above minor resistance level of 3,770. Support level at 3,600. Resistance level at 3,950. Next support and resistance level at 3,470-4,200. The trend is still positive. Speculative buy/Buy on weakness.



TLKM : Testing support level

The price closed above minor support level of 3,310. Resistance level at 3,450. Next support and resistance level at 3,250-3,650. The mid-term trend is still sideways. Speculative buy/ Buy on weakness.



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AAI : Testing resistance level

The price closed above minor resistance level of 13,250. If the breakout confirm, level of 13,250 will turn into support level. Historically, resistance level at 14,125. Next support and resistance level at 12,500-14,125. The price likely formed a reversal inverted Head and Shoulder pattern. Theoretical target of this pattern around the level of 16,250. Speculative buy/Buy on weakness, cut if the price moves and stable below the level of 12,500



LSIP : Testing resistance level

The price closed below historical resistance level of 1,435. Support level at 1,280. Next support and resistance level at 1,140-1,510. The price likely formed a reversal inverted Head and Shoulder pattern. Theoretical target of this pattern around the level of 1,650. Speculative buy/Buy on weakness, cut if the price moves and stable below the level of 1,280



CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,530 – 14,630

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.75
3	7.32
5	7.69
10	7.83
15	8.20
30	8.54

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.75	5.93	5.90	5.90	5.41
US\$	1.01	1.03	1.04	1.03	
JIBOR (RP)	6.69	7.15	7.36	7.48	

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	14,574	0.10
1 US\$ = SGD	1.37	-0.20
1 US\$ = JPY	110.79	-0.21
1 US\$ = AUD	0.73	-0.50
1 US\$ = EUR	1.16	-0.26

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