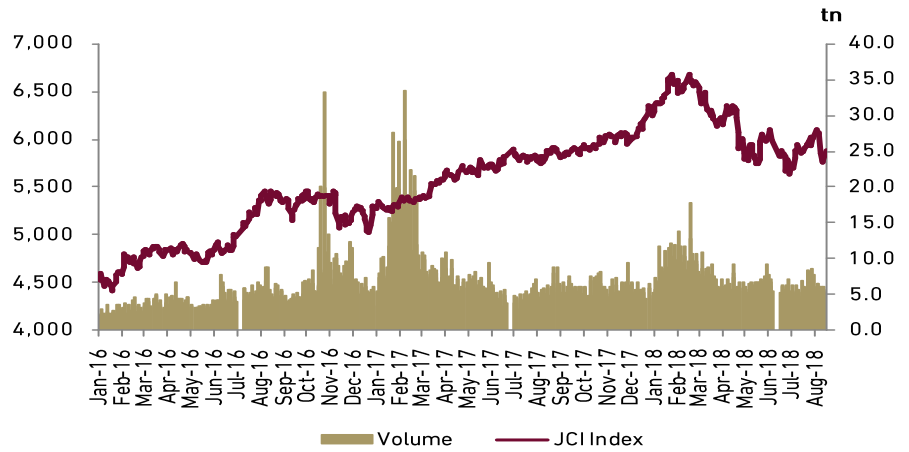


GLOBAL			
Index	Last	Change	% chg
Dow	25,657	-76.62	-0.30
S&P 500	2,857	-4.84	-0.17
Eido US	23.5	-0.23	-0.97
H.S.I	27,790	-137.12	-0.49
Nikkei	22,411	48.27	0.22
STI	3,250	50.00	1.56
KLCI	1,811	0.00	0.00
Kospi	2,283	9.27	0.41
SET Thai	1,705	6.50	0.38

- Alam Sutera net profit declines 27% YoY in 1H18
- Adaro's 1H18 earnings down 12.2% YoY, but saw stronger 2Q18 numbers

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	74.7	-0.05	-0.07
WTI Crude Oil (\$/bbl)	67.8	-0.03	-0.04
CPO (MYR/ton)	2,183	-22.00	-1.00
Gold (US\$/tr ounce)	1,186	-10.27	-0.86
Nickel (US\$/ton)	13,198	-245.00	-1.82
Tin (US\$/ton)	19,155	-275.00	-1.42
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	117.2	-0.35	-0.30

### JCI STATISTIC



BEI STATISTICS	
JCI	5,983
Change (1 day)	0.65%
Change YTD	-5.86%
P/E Market (X)	15.5
Volume (mn shr)	5,362.0
Value (Rp bn)	7,447.5
↑ 180 ↓ 193 ↔ 226	
LQ45	854
% Change (1 day)	0.28%

### DAILY TECHNICAL VIEW

We expect JCI to trade between 5,900 (support) – 6,030 (resistance) level today

**BBRI: Sell on strength at Rp 3,300-Rp 3,400**

Comment: Testing resistance level

**UNVR: Sell on strength at Rp 44,000-Rp 45,000**

Comment: Retest the breakout of the long term uptrend line

**ADRO: Sell on strength at Rp 1,960-Rp 2,030**

Comment: Testing resistance level

**INTP: Sell on strength at Rp 17,500-Rp 18,500**

Comment: Testing resistance level

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	14,638	64.00	0.44
1 USD = SGD	1.37	0.00	0.01
1 USD = JPY	111.45	0.16	0.14
1 USD = AUD	1.38	0.00	-0.10
1 USD = EUR	0.87	0.00	-0.04

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	22.3	-0.84	-3.64	3,257	549,291
ISAT	0.2	0.00	0.00	3,220	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

Wall Street's major indexes fell on Thursday as trade-sensitive stocks were hit by a fresh round of tariffs in the trade dispute between the United States and China. The Dow Jones Industrial Average fell 76.62 points, or 0.3%, to 25,656.98, the S&P 500 lost 4.84 points, or 0.17%, to 2,856.98 and the Nasdaq Composite dropped 10.64 points, or 0.13%, to 7,878.46. Despite ongoing talks, the two countries imposed tariffs on \$16 bn worth of each other's goods starting from yesterday. Commodity: Brent Crude Oil fell by 0.07% to USD 74.7/bbl and WTI crude oil fell by 0.04% to USD 67.8/bbl. CPO fell 1% to MYR2,183/ton. Nickel fell 1.8% to USD 13,198/ ton and coal fell 0.3% USD 117.2/ton.

#### Domestic

JCI index closed higher by 38.68 points or 0.65% to 5,983 on Thursday trading and recorded Rp 552 bn net foreign buy. The leading sectors are Finance (+2.10%), Basic Industry (+1.49%), Property (+1.33%). Mainly driven by BBKA (+2.93% to 24,575), BBRI (+3.81% to 3,270), BMRI (+2.24% to 6,850) as the key movers. Rupiah weakened by 64 points to 14,638/USD. Our technical desk suggests for trading within the band of 5,900–6,000 with possibility to end at higher level.

ALAM SUTERA NET PROFIT DECLINES 27% YOY IN 1H18

Alam Sutera Realty (ASRI) reported 30% YoY of revenue growth to Rp2.20 tn in 1H18, however COGS were significantly higher (47% YoY) hence gross profit climbed slower 22% YoY with gross margin reduced to 63% (vs. 67% in 1H17). Operating profit also grew by 22% to Rp1.14 tn. However, due to Rp286 bn of foreign exchange loss (vs. Rp33 bn gain in 1H17), net profit squeezed to Rp517 bn (-27% YoY). On quarter over quarter basis, 2Q17 revenue recognition amounted to Rp1.18 tn (+17%) while net profit reduced by 27% to Rp218 bn.

Exhibit 2 : ASRI 1H18 Results

(Rp bn)	1H18	1H17	YoY	2Q18	1Q18	QoQ	F18F	1H/18F
Revenues	2,197	1,685	30%	1,182	1,015	17%	3,351	66%
Cost of revenue	(823)	(559)	47%	(442)	(382)	16%		
Gross profit	1,373	1,126	22%	740	633	17%	2,105	65%
Gross margin (%)	63	67	(4)	63	62	0	63	
G&A expenses	(168)	(147)	15%	(95)	(73)	31%		
Marketing expenses	(63)	(39)	59%	(32)	(30)	7%		
Operating expenses	(231)	(186)	24%	(128)	(103)	24%		
Operating profit	1,143	940	22%	613	530	16%	1,771	65%
Operating margin (%)	52	56	(4)	52	52	(0)	53	
Forex gain (loss)	(286)	33	n.a	(218)	(68)	219%		
Interest income	9	21	-58%	4	5	-9%		
Interest expense	(218)	(159)	37%	(109)	(109)	0%		
Other income (exp)	(31)	(43)	-28%	(14)	(17)	-15%		
Total other inc (exp)	(526)	(148)	256%	(337)	(190)	78%		
Pre-tax profit	616	792	-22%	276	340	-19%		
Tax	(98)	(82)	19%	(58)	(41)	42%		
PBMI	518	710	-27%	218	300	-27%		
MI	(0)	(2)	-80%	(0)	(0)	1684%		
Net profit	517	707	-27%	218	300	-27%	1,200	43%
Net margin (%)	24	42	(18)	18	30	(11)	36	

**Comment:** The 1H18 revenue exceeds our and consensus FY18 estimates each by 16% and 10%, respectively. Meanwhile, net profit was 7% below ours however relatively in line with consensus FY18 net profit estimate. Currently we have BUY rating with TP Rp410 based on 74% discount to our RNAV.

ADARO'S 1H18 EARNINGS DOWN 12.2% YOY, BUT SAW STRONGER 2Q18 NUMBERS

Adaro Energy (ADRO) posted a revenue of USD1,610.3 mn in 1H18, about 48% of our 2018F. It was up by 4% YoY, mainly on the back of higher ASP growth of 9.2% YoY to USD62.5/ton. However, higher overburden removal has increased strip ratio and raise the COGS by 10% YoY to USD1.1 bn. Hence, gross profit was lower in 1H18 to USD492 mn or fell 7.6% YoY which further led to operating profit declining by 8.4% YoY to . The company also posted a loss in forex and other income which worsened the profitability . Net profit was down to USD195.5 mn or fell 12.1% YoY, forming only 37.4% of our 2018F. On Quarterly basis, revenue growth outpaced COGS growth and improve gross margin by 180 bps. Revenue in 2Q18 was USD 846.4 mn (+10.8% QoQ) while COGS was USD580.7

mn (+8% QoQ) due to jumps in coal sales volume. ADRO also managed cut cost in operating expense by 34.3% QoQ thus, increase the operating margin by 470 bps. In the other hand, net profit jumps 62.4% QoQ in line with the higher sales volume and improved net margin of 450 bps.

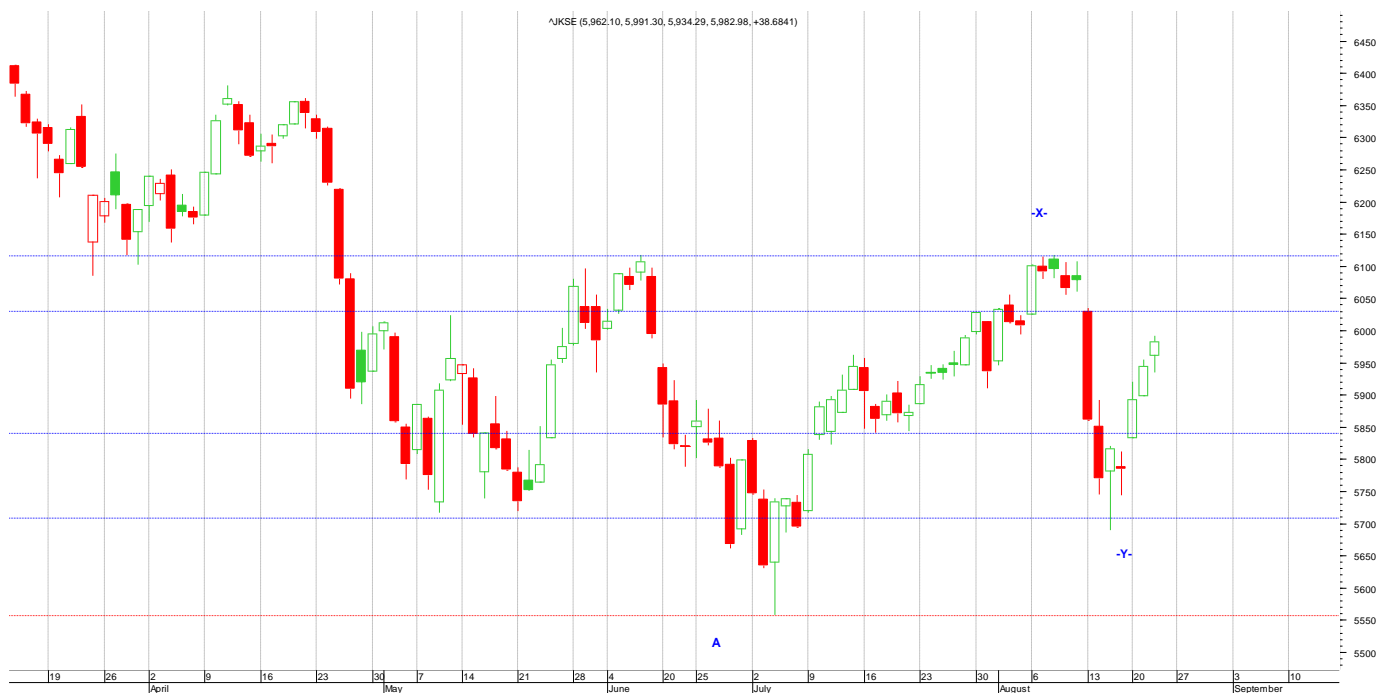
(USD mn)	1H18	1H17	YoY	2Q18	1Q18	QoQ	FY18F	1H/18F
Revenue	1,610.3	1,549.3	3.9%	846.40	763.9	10.8%	3352.8	48.0%
Gross Profit	492.0	532.7	-7.6%	265.7	226.3	17.4%		
Gross Margin	30.6%	34.4%	-3.8%	31.4%	29.6%	1.8%		
Operating Profit	402.2	439.2	-8.4%	230.1	172.1	33.7%	1012.6	39.7%
Operating Margin	25.0%	28.3%	-3.4%	27.2%	22.5%	4.7%		
Net Profit	195.5	222.4	-12.1%	121	74.5	62.4%	523.0	37.4%
Net Margin	12.1%	14.4%	-2.2%	14.3%	9.75%	4.5%		

**Comment:** We see that ADRO's top line was supported by increase in ASP in 1H18. Production volume was lower in 1H18 due to significant drop in 1Q18 production. However, production in 2Q18 has recovered as ADRO managed to extract 13.1 mn ton (+19.7% QoQ) of coal. We expect that the trend might continue in 2H18 as historically the 3rd quarter is the company's peak production. We maintain our BUY view on ADRO with TP 2,475. Currently ADRO is traded at 8.7 -8.2 PER 2018-19F.

## TECHNICAL ANALYSIS

JCI : (5,983 +0.65%)

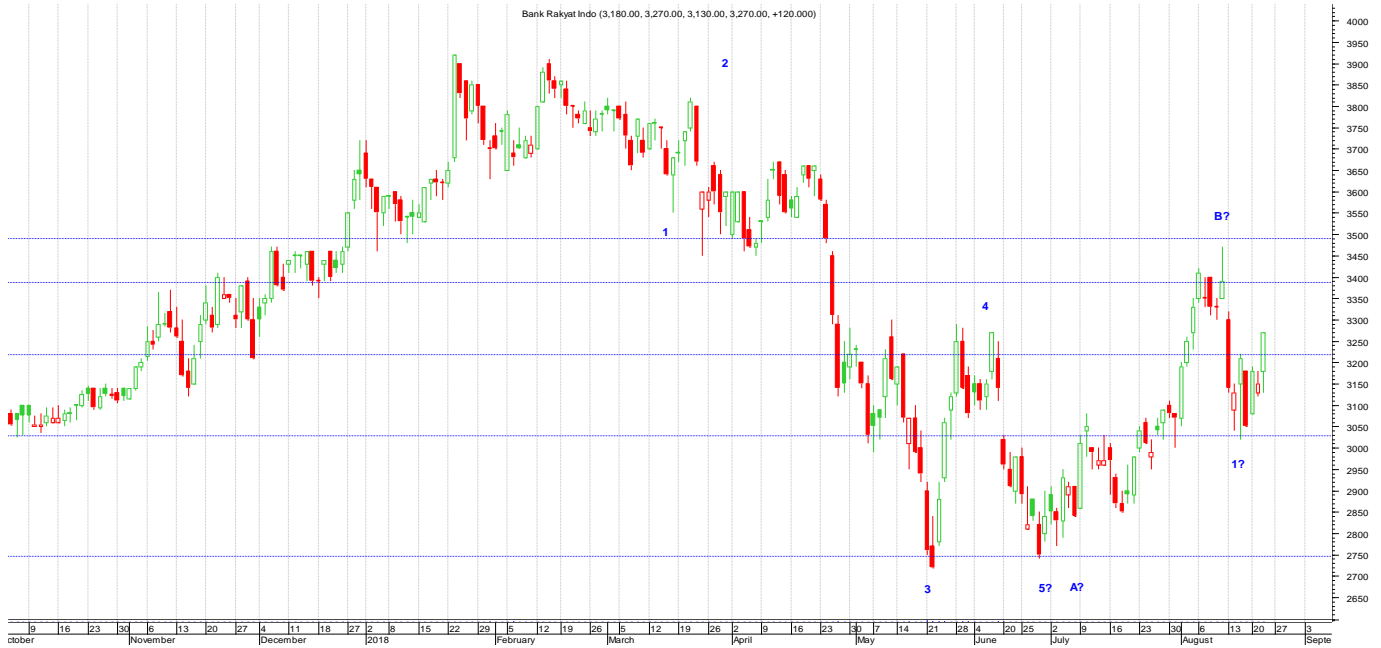
**Comment :** BBCA, BBRI and BMRI consecutively became leading movers. Technically, JCI closed below resistance level of 6,030. Support level at 5,840. Next support and resistance level at 5,650-6,080. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because 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 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**

**BBRI : Testing resistance level**

The price closed above minor resistance level of 3,220. Support level at 3,120. Resistance level at 3,390. Next support and resistance level at 3,020-3,500. The trend is still sideways. Sell on strength, sell if the price moves and stable below the level of 3,020.



**UNVR : Retest the breakout**

The price closed below minor resistance level of 43,450. Support level at 42,000. Next support and resistance level at 40,400-45,000. The price moved below support level of the long term uptrend line 45,000 and now likely retesting the breakout. If the breakout confirm, level of 45,000 will turn into strong resistance level and the long term trend turn into sideways. Sell on strength



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**ADRO : Testing resistance level**

The price closed below minor resistance level of 1,950. Support level at 1,780. Next support and resistance level at 1,650-2,030. The mid-term trend is still sideways. Sell on strength, sell if the price moves and stable below the level of 1,780.



**INTP : Testing resistance level**

The price closed below historical resistance level of 17,875. Support level at 15,500. Next support and resistance level at 13,500-18,500. The mid-term trend is still sideways. Sell on strength



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,580 – 14,675

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.81
3	7.37
5	7.77
10	7.90
15	8.19
30	8.56

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.76	5.91	5.93	5.83	5.44
US\$	1.03	1.07	0.99	1.00	
JIBOR (RP)	6.70	7.13	7.35	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	14,638	-0.44
1 US\$ = SGD	1.37	-0.01
1 US\$ = JPY	111.45	-0.14
1 US\$ = AUD	0.73	0.10
1 US\$ = EUR	1.15	0.04

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