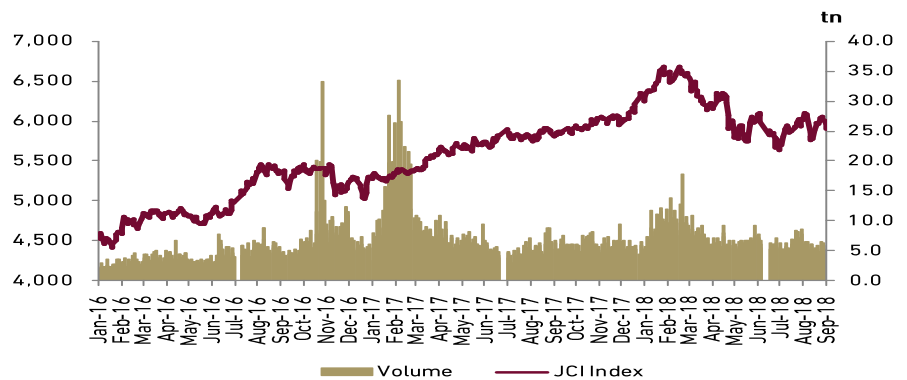


GLOBAL			
Index	Last	Change	% chg
Dow	25,975	22.51	0.09
S&P 500	2,889	-8.12	-0.28
Eido US	21.4	-0.97	-4.34
H.S.I	27,244	-729.49	-2.61
Nikkei	22,581	-116.07	-0.51
STI	3,156	-54.23	-1.69
KLCI	1,796	-17.26	-0.95
Kospi	2,292	-23.95	-1.03
SET Thai	1,686	-28.04	-1.64

- Government announces additional tax on import products
- 15.2 GW electricity project to be delayed
- Nielsen: Indonesians were the most optimistic consumers in the world in 2Q18
- Property company faces foreign exchange risks
- JSMR to carry on its toll road development amid depreciating rupiah

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	77.3	-0.90	-1.15
WTI Crude Oil (\$/bbl)	68.7	-1.15	-1.65
CPO (MYR/ton)	2,239	-3.00	-0.13
Gold (US\$/tr ounce)	1,197	5.39	0.45
Nickel (US\$/ton)	12,358	-22.50	-0.18
Tin (US\$/ton)	18,857	-39.00	-0.21
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	114.8	-0.55	-0.48

### JCI STATISTIC



BEI STATISTICS	
JCI	5,684
Change (1 day)	-3.76%
Change YTD	-10.58%
P/E Market (X)	14.6
Volume (mn shr)	7,197.8
Value (Rp bn)	7,254.1
↑ 32 ↓ 41 ↔ 158	
LQ45	854
% Change (1 day)	0.28%

### DAILY TECHNICAL VIEW

We expect JCI to trade between 5,560 (support) – 5,750 (resistance) level today

**JSMR: Buy on weakness at Rp 4,040-Rp 3,900**

Comment: Testing support level

**UNTR: Buy on weakness at Rp 31,500-Rp 30,750**

Comment: Testing support level

**INCO: Buy on weakness at Rp 3,000-Rp 2,750**

Comment: Testing support level

**BBRI: Buy on weakness at Rp 2,800-Rp 2,720**

Comment: Testing support level

INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	5.50	5.25
Fed fund rate (%)	2.00	1.75
inflation mom (%)	-0.05	0.21
Inflation yoy (%)	3.20	3.23

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

The Trump administration could impose tariffs on an additional USD200 bn in Chinese goods as early as this week. This rising trade tensions between the U.S. and China. DJIA closed 22.51 points higher at 25,974.99 (+0.09%). Investors also braced for another round of trade negotiations between the U.S. and Canada. However, a sharp sell-off in technology sector pushed the Nasdaq Composite and S&P 500 lower. NASDAQ fell by 1.19% to 7,995, S&P 500 inched down by 0.28% to 2,889.

Commodity: Brent Crude Oil inched down by 1.15% to USD 77.3/bbl and WTI Crude oil decline by 1.65% to USD68.7/ bbl. CPO down by 0.13% to MYR 2,239/ton. Nickel inched down by 0.18% to USD 12,358/ ton. While coal fell by 0.48% to USD 114.8/ton.

#### Domestic

JCI index closed lower by 221.8 points (-3.8%) to 5,684 on Wednesday trading and recorded Rp877 bn net foreign sell. The laggard sectors were Consumer (-4.17%), Basic Industry (-3.99%), Misc. Industry (-3.90%). Mainly driven by BBRI (-5.79% to 2,930), HMSP (-4.45% to 3,650), BBCA (-3.03% to 24,000) as the key movers. Rupiah weakened by 3 points to 14,938/USD. Our technical desk suggests for trading within the band of 5,560-5,760 with possibility to end at lower level.

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,938	3.00	0.02
1 USD = SGD	1.37	0.00	-0.09
1 USD = JPY	111.34	-0.19	-0.17
1 USD = AUD	1.39	0.00	-0.12
1 USD = EUR	0.86	0.00	-0.17

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	21.9	-0.89	-3.91	3,268	439,589
ISAT	0.2	0.00	0.00	2,988	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### GOVERNMENT ANNOUNCES ADDITIONAL TAX ON IMPORT PRODUCTS

Government raises income tax on imports of some consumer goods in an effort to discourage demand and guard rupiah from weakening further. There are 1,147 products (according to HS code) will be hit by the tax increase, while keeping the levy for some essential raw materials unchanged at 2.5%. Import tax on luxury goods, including cars and luxury motorcycle, is raised to 10% from 7.5%. Import tax on goods that mostly have been produced locally; including electronics, dispenser, air conditioner, lamp, soaps and shampoos; hiked to 10% from 2.5%. Import tax on inputs used for making consumer goods and others, including building materials, audio-visual equipment and textile products, increased to 7.5% from 2.5%. Government believe that the tariff will be effective to reduce import demand for consumers goods in short term while it will try to minimize the import of raw materials / intermediary goods in the future

**Comments:** We see that the new list of import tariff will be effective to reduce consumption goods import. However, these economic group imports (USD 9.9 bn) contribute only 9.23% of total import (USD 107.3 bn). We believe that Rupiah depreciation itself that will contribute more on declining import and healthier CAD in the future.

#### 15.2 GW ELECTRICITY PROJECT TO BE DELAYED

The Indonesian government has delayed the 15,200 MW (15.2 GW) electricity project, which is part of the 35,000 MW electricity project. This measure was taken to reduce import and thus save the rupiah exchange rate. Coordinating Minister for Maritime Affairs Luhut Binsar Pandjaitan said despite the delay the electrification ratio target is not affected as the delayed projects are mostly located in Java.

**Comment:** We see very little impact to SOEs contractor new contract as they have almost no exposure on power plant projects in Java. Meanwhile, PTPP works Meulaboh (ACEH) 2x200MW Rp4 tn worth investment or around 9% of its full-year contract. We need to check if this project is included in power plant project delay.

#### NIelsen PROVED Indonesians WERE THE MOST OPTIMISTIC CONSUMERS IN THE WORLD IN 2Q18

In 2Q18, with Consumer Confidence Index (CCI) at 127 points, this placed Indonesia and the Philippines on top of other countries with index of 127, followed by India (124), the United States (123), Vietnam (120), Denmark (118), Malaysia (117), the United Arab Emirates (116), Pakistan (115) and China (113).

In Indonesia, there are factors keeping the high confidence of the consumers including positive perception about job prospective and personal financial condition. Despite the global economic turbulence Indonesian consumers have higher self confidence about their financial. The survey also mention that Indonesian people are religious and generally religious people have higher self confidence such as Indonesia, the Philippines and India. We believe high consumer confidence index in Indonesia on 2Q18 was supported by significant amount of government social spending and religious holiday allowance distributed in June.

#### PROPERTY COMPANY FACES FOREIGN EXCHANGE RISKS

The prospect of property industry is currently pinned by three negative sentiments which are: 1) interest rate hike, 2) risk arises from political year, and 3) rupiah depreciation. Several property developers acquired negative free cash flow and low cash position hence has difficulty to pay their short term loans. Three companies with positive cash flow are PWON, BSDE, and DILD. Some of the companies hedge their US denominated loan up to Rp15,000/USD such as PWON and APLN,

meanwhile BSDE and BKSLE do not hedge their loan with company with no exposure to USD loan is DILD.

**Comment:** By valuation, most of property companies within our universe are currently undervalued. However, because of negative sentiments which currently pressing the property industry we maintain our NEUTRAL view for property sector.

#### JSMR TO CARRY ON ITS TOLL ROAD DEVELOPMENT AMID DEPRECIATING RUPIAH

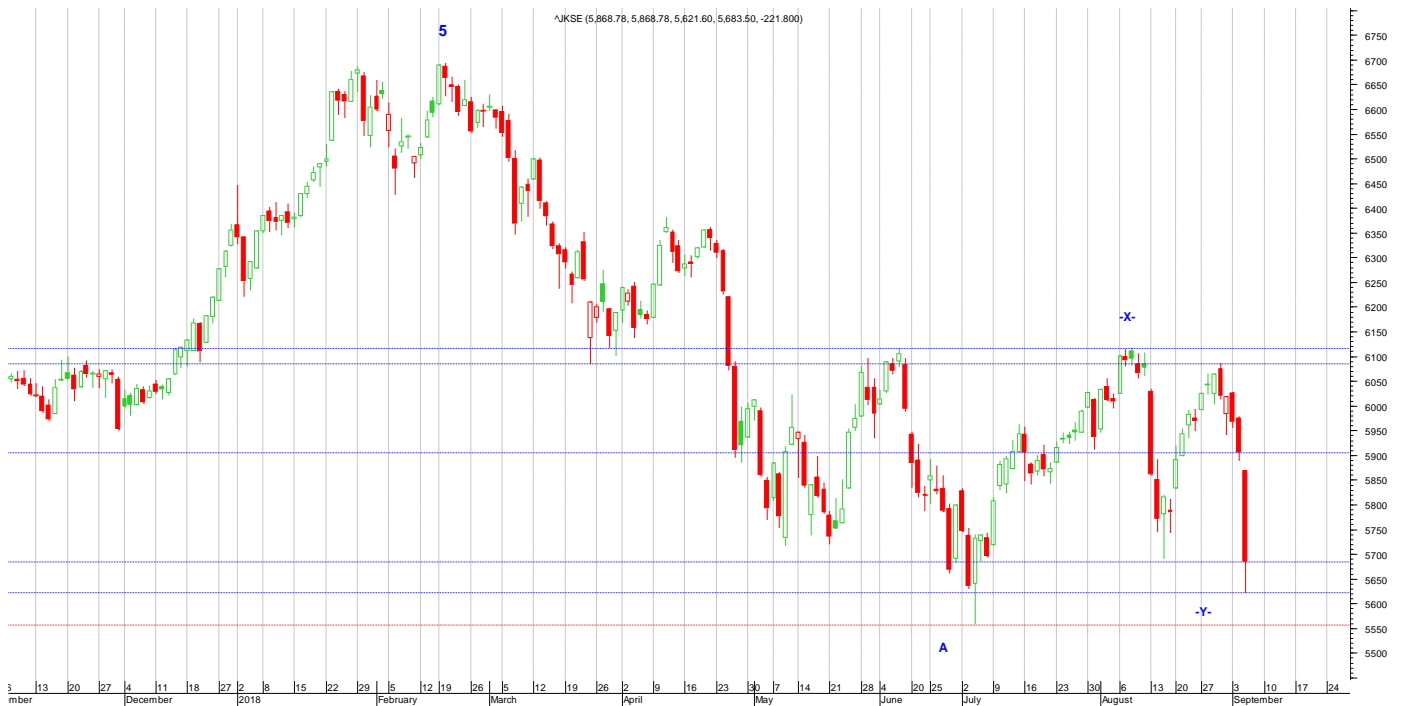
During unfavorable emerging market condition which definitely gives pressure on rupiah, apparently JSMR will continue its highway development. Currently, the company is finalizing 5 sections of Trans Java toll road comprise of Batang – Semarang (74 km), Salatiga - Kartasura (32-km), Sragen - Ngawi (51km), Wilangan - Kertosono (37km) and Pasuruan - Grati (13-km). According to CEO of JSMR, by the end of this year the company is targeting to complete 300 km new length, while at the moment 107 km have been completed. Moreover, following depreciation rupiah against dollar, JSMR will be less affected, since the revenues generated come in rupiah and not debts in form on dollars. Meanwhile, the challenges will be on higher interest environment, but the company will look for the most efficient way to finance their project like utilizing other than debt financing like asset securitization or divestment in toll road whereas JSMR holds minority ownership. In addition, this year's expected capex is around Rp29 tn, and it has been used Rp14.33 tn up until now.

**Comment:** We view the exposure of weakening rupiah toward JSMR is not significant, but the concern is on higher interest rate. Since the company is in high capex cycle, definitely huge amount of capital is required. However, JSMR has shown their efficient ways to finance their projects; hence we are positive with their attitude. We maintain our BUY recommendation on JSMR with TP of Rp5,750

## TECHNICAL ANALYSIS

JCI : ( 5,684 -3.76%)

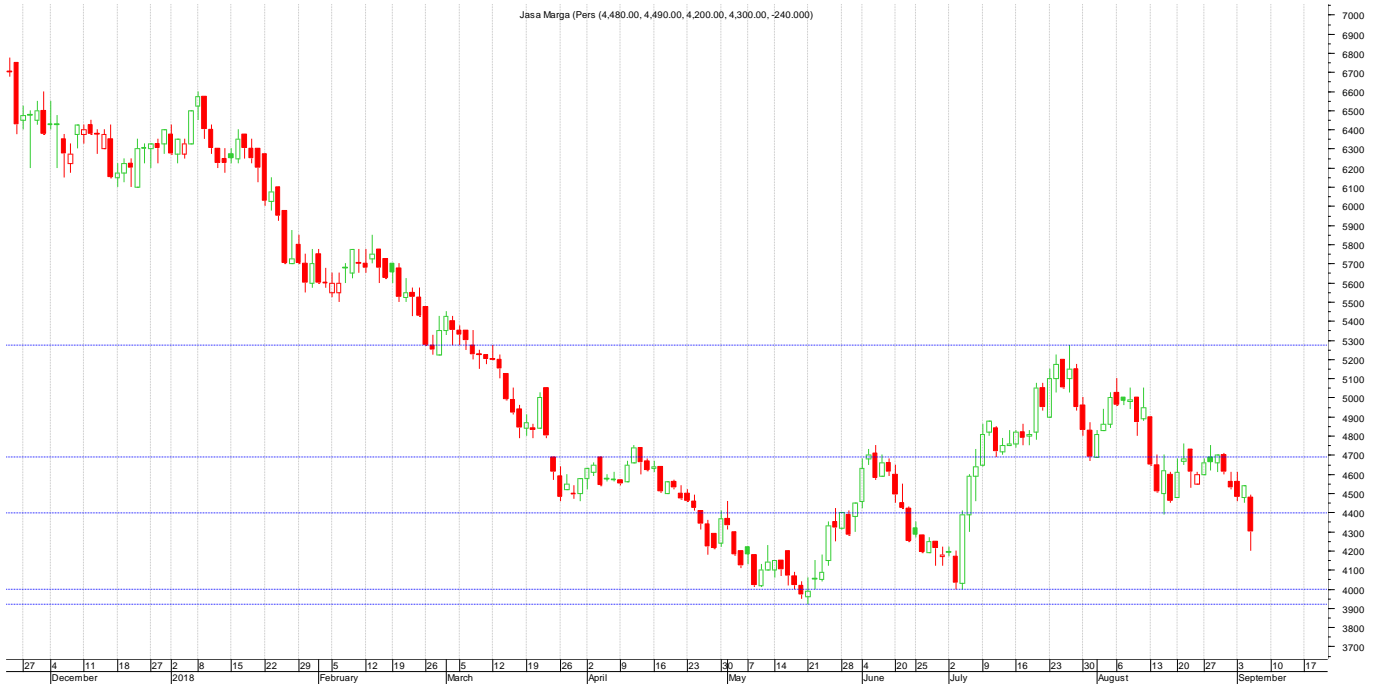
**Comment :** BBRI, HMSP and BBKA consecutively became lagging movers. Technically, JCI closed below minor support level of 5,689. Resistance level at 5,775. Support level at 5,621. Next support and resistance level at 5,557-6,000. Based on Elliot wave approach, as we discussed before, JCI is forming 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 Z 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**

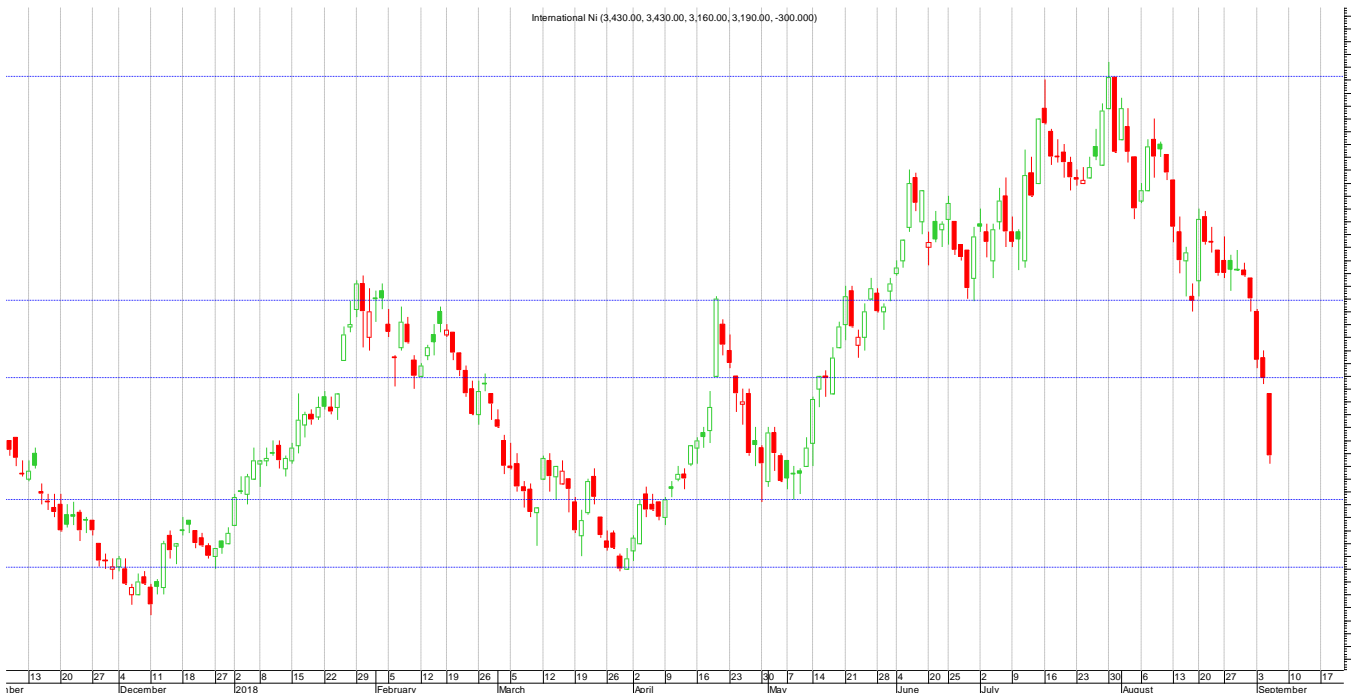
**JSMR : Testing support level**

The price closed below minor support level of 4,400. Level of 4,400 potential turn into resistance level. Historically, support level at 4,000. Next support and resistance level at 3,920-4,760. The mid-term trend is still sideways. Buy on weakness, cut if the price moves and stable below the level of 3,900.



**INCO : Testing support level**

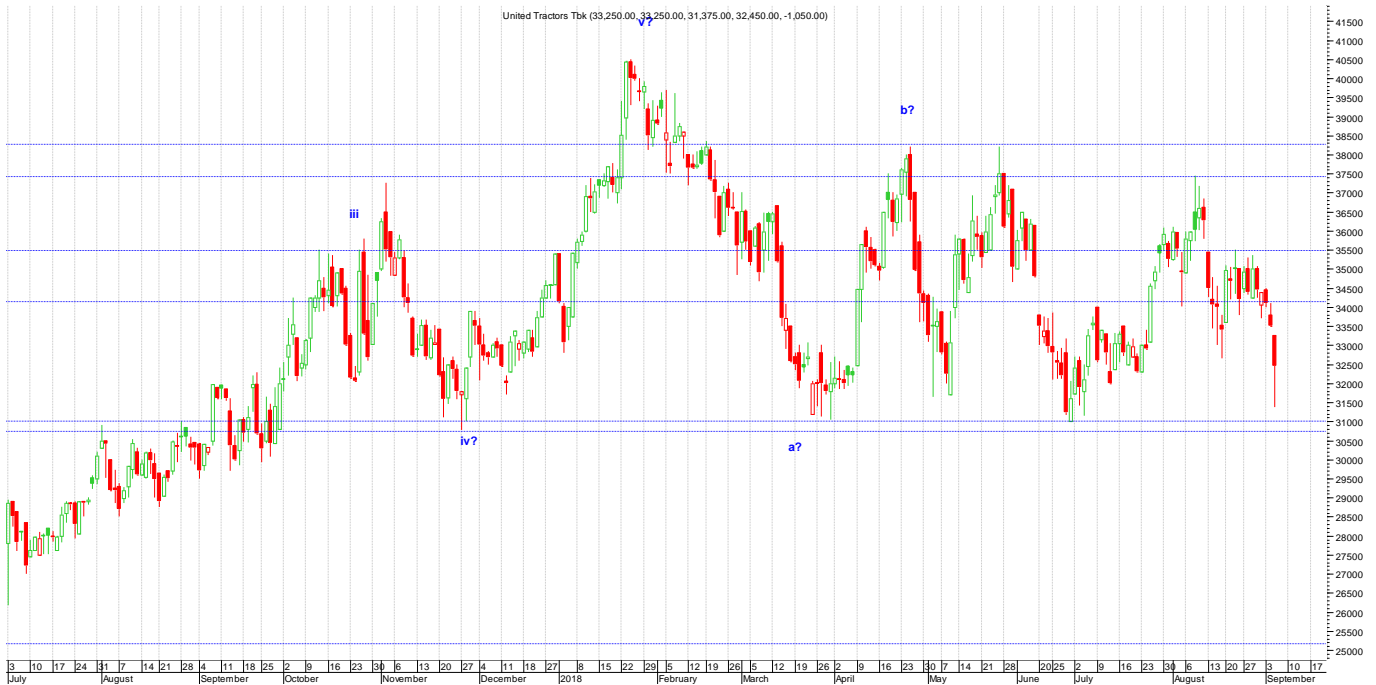
The price closed above minor support level of 3,010. Resistance level at 3,500. Next support and resistance level at 2,750-3,800. The mid-term trend is still sideways. Buy on weakness



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

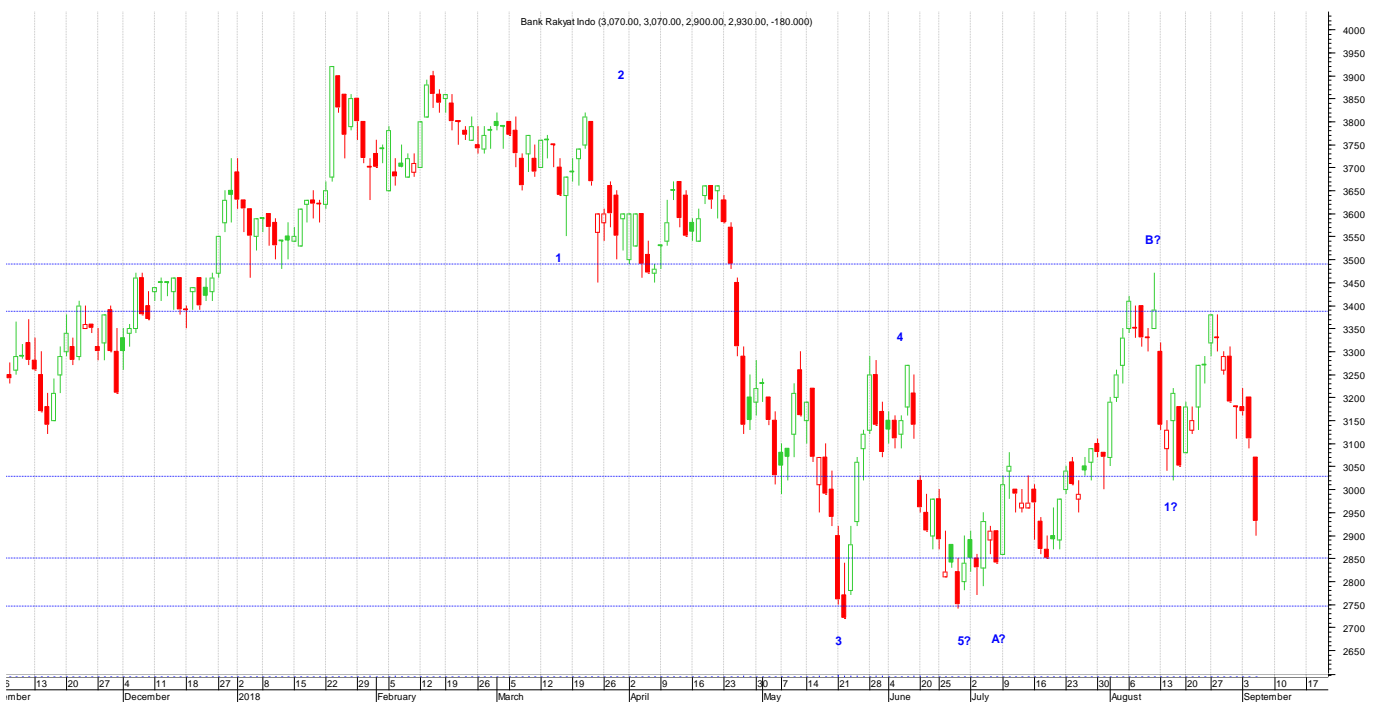
**UNTR : Testing support level**

The price closed above strong support level of 30,775-31,000. Resistance level at 34,000. Next support and resistance level at 25,000-38,000. The mid-term trend is still sideways. The penetration strong support level of 30,775 will cause the mid-term trend turn into negative. Buy on weakness, cut if the price moves and stable below the level of 30,750.



**BBRI : Testing support level**

The price closed above minor support level of 2,850. Resistance level at 3,020. Next support and resistance level at 2,720-3,400. The trend is still sideways. 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: 14,885 – 14,970

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.98
3	7.98
5	8.52
10	8.62
15	8.71
30	9.14

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.80	5.93	6.03	5.84	5.45
US\$	1.03	1.12	1.05	1.13	
JIBOR (RP)	6.70	7.13	7.34	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	14,938	-0.02
1 US\$ = SGD	1.37	0.09
1 US\$ = JPY	111.34	0.17
1 US\$ = AUD	0.72	0.13
1 US\$ = EUR	1.17	0.17

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](mailto:research@ciptadana.com)  
[www.ciptadana.com](http://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 and 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.