

GLOBAL			
Index	Last	Change	% chg
Dow	25,996	20.88	0.08
S&P 500	2,878	-10.55	-0.37
Eido US	22.0	0.57	2.66
H.S.I	26,975	-269.03	-0.99
Nikkei	22,488	-92.89	-0.41
STI	3,148	-8.59	-0.27
KLCI	1,799	3.07	0.17
Kospi	2,288	-4.16	-0.18
SET Thai	1,694	7.57	0.45

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	76.6	0.11	0.14
WTI Crude Oil (\$/bbl)	67.9	0.12	0.18
CPO (MYR/ton)	2,224	-15.00	-0.67
Gold (US\$/tr ounce)	1,202	2.31	0.19
Nickel (US\$/ton)	12,356	-1.50	-0.01
Tin (US\$/ton)	18,857	-0.50	0.00
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	114.8	0.00	0.00

BEI STATISTICS	
JCI	5,776
Change (1 day)	1.63%
Change YTD	-9.12%
P/E Market (X)	14.9
Volume (mn shr)	5,804.5
Value (Rp bn)	6,657.2
↑ 249 ↓ 130 ↔ 222	
LQ45	854
% Change (1 day)	0.28%

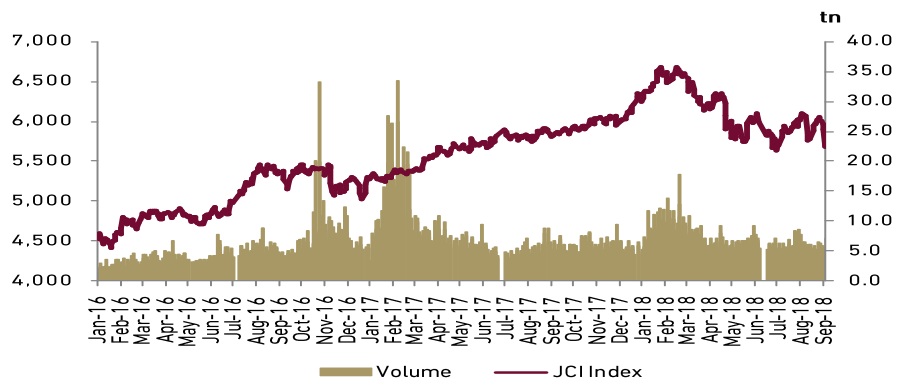
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	5.50	5.25
Fed fund rate (%)	2.00	1.75
inflation mom (%)	-0.05	0.21
Inflation yoy (%)	3.20	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,893	-45.00	-0.30
1 USD = SGD	1.37	0.00	-0.02
1 USD = JPY	110.48	-0.27	-0.24
1 USD = AUD	1.39	0.00	0.18
1 USD = EUR	0.86	0.00	0.01

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	22.5	0.59	2.70	3,346	261,193
ISAT	0.2	0.00	0.00	2,979	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Government to differentiate the mortgage subsidy scheme based on borrowers class
- BBNI to maintain foreign currency loan exposure at 16-18% of total loan
- BBNI plans to lower dividend payout ratio to 25% from 35% this year
- GIAA to sign partnership agreement with Japan Airlines
- ANTM net profit turns positive in 1H18
- Jasa Marga to cooperate with Gudang Garam to develop Kediri toll road

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,750 (support) – 5,850 (resistance) level today

TLKM: Speculative buy at Rp 3,350-Rp 3,250

Comment: Hold above support level

HMSP: Speculative buy at Rp 3,790-Rp 3,750

Comment: Hold above support level

BMRI: Speculative buy at Rp 6,500-Rp 6,400

Comment: Hold above support level

PGAS: Speculative buy at Rp 2,010-Rp 1,960

Comment: Closed above resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

Donald Trump eyes Japan as the next trade war target, worsen the perceptions against the global trade war. While, US and Canada continued talks on reaching an agreement on NAFTA revamp. Furthermore, Traders were also awaiting confirmation on whether Trump would impose levies on \$200 billion more of Chinese imports. DIJA closed 20.88 points higher at 25,996 (+0.08%). S&P500 and NASDAQ fell by 0.37% to 2,887 and 0.91% to 7,923, as declined in DRAM (memory chip) prices and oversupply in NAND (flash memory) products as demand wanes which became the sentiment to the technological stocks.

Commodity: Brent Crude Oil rose by 0.09% to USD 76.6/bbl, WTI Crude oil increased by 0.12% to USD 67.9/bbl. CPO was down by 0.67% to MYR 2224/ton. Nickel is lower by 0.01% to USD 12,356. While coal remained at USD 114.8/ton.

Domestic

JCI closed at 5,776 higher 92.59 points (+1.63%) on Thursday trading and recorded 966 bn Net foreign SELL. Sector Leader was Basic Industry (+2.46%), Finance (+2.00%), Consumer (+1.99%), and Infrastructure (+1.92%). Mainly driven by HMSP (+4.11% to 3,800), BBKA (+2.92% to 24,700), and BMRI (+3.56% to 6,550) as the index movers. Rupiah strengthen by 45 points to 14,893/USD. Our technical desk suggests for trading within the band of 5750-5850

GOVERNMENT TO DIFFERENTIATE THE MORTGAGE SUBSIDY SCHEME BASED ON BORROWERS CLASS

Government plans to differentiate the mortgage (KPR) subsidy scheme based on borrower class. The cheap housing's borrower will be classified into three classifications: low, middle, and upper, which would have different scheme of subsidy and different types of housing. The reasoning is that the current one-pricing subsidized housing could not accommodate the bottom of low income earners (MBR) and also the new millennial borrowers who got relatively higher income. Government targets to release the new regulation in Nov-2018 to be effective in 2019-2024.

Comments: More classification on borrowers would make the distribution of subsidized housing to be more effective and would translate to better mortgage growth.

BBNI TO MAINTAIN FOREIGN CURRENCY LOAN EXPOSURE AT 16-18% OF TOTAL LOAN

Bank Negara Indonesia (BBNI) maintains a portion of foreign currency (forex) loans to total loans in the range of 16-18% of total loan until the end of this year. BBNI also focus on distributing forex loan only to debtors who has forex-denominated cash-inflow, hence has a natural hedging against the cost. With a stable portion of foreign currency loans, the company claims that the impact of weakening IDR is also low.

Comments: Foreign exchange (forex) loan would face greater credit risk in volatile Rupiah environment. BBNI currently has the highest exposure to forex loan among the BUKU IV category at 16% of total loan as of 1H18, along with BMRI (16% of total loan), followed by BNGA (15% of total loan), BBRI (11% of total loan), and BBKA (7% of total loan).

BBNI DESIRE TO LOWER DIVIDEND PAYOUT RATIO TO 25% FROM 35% THIS YEAR

BNI expects dividend payout ratio for the 2019F to be lower than this year realization. In 2018, BNI paid a total dividend valued at Rp4.77 tn, or 35% of the total profit obtained in 2017 worth Rp13.62 tn. Of the total payments, the government as the majority shareholder received dividends worth of Rp2.86 tn. BBNI hopes that next year the dividend pay-out ratio can be lowered to 25% to maintain the bank's capital adequacy ratio (CAR). However, BBNI stays to propose a dividend level between 25-35% to its shareholder. At the moment, BBNI tier-1 CAR stands at 16.4% while total CAR stands at 17.5% as of 1H18, vs. a minimum requirement of 14% in 2019F.

GIAA TO SIGN PARTNERSHIP AGREEMENT WITH JAPAN AIRLINES

After made an alliance with Sriwijaya Air group to cooperate in flight routes, now Garuda Indonesia (GIAA) signed strategic partnership agreement with Japan Airlines (JAL), which definitely can improve both companies' connectivity. Moreover, the new code sharing arrangement between JAL, will give ability to GIAA to expand their business in U.S., whereas JAL will fly GIAA passengers from Jakarta to New York and Los Angeles via Narita Airport. Please take into account, the agreement also cover the shared flights between Indonesian and Japanese cities that potentially provide greater access for both companies. According to CEO of GIAA, 150,000 passengers fly every year from Indonesia to U.S. cities, and though previously GIAA has allied with Delta to serve Los Angeles, the partnership with JAL will bring more options to passengers.

Comment: the partnership with foreign companies are actually very beneficial for GIAA, following the revenue obtains in foreign currencies. During weakening rupiah, we believe the greater revenue portion from foreign currencies will help the company to mitigate the forex risk. However, at the moment we have not got the specific numbers of potential revenue from the new strategic partnership.

ANTM NET PROFIT TURNS POSITIVE IN 1H18

Antam (ANTM) revenue jumps 293% YoY to Rp11.85 tn in 1h18 or 51.2% of our target for FY18 supported by increasing sales volume on gold and ferronickel. This helped Operating profit turn to positive in 1H18 to Rp 1,039 bn due to better nickel ASP which improve margin. This also led to turnaround in bottomline of Rp 344 bn in 1H18 from negative 496 bn in previous year, which is forming 36.3% of our full year target. Looking at quarterly data, Revenue grow 6.2% QoQ to Rp 6 tn while gross profit jumps 20.4% QoQ due to better nickel asp. Operating profit also up 17.4% QoQ to Rp561 bn, but loss from JV of which is posted in 2Q18 squished the bottom line down by 60% QoQ to

Rp bn	1H18	1H17	YoY	2Q18	1Q18	QoQ	2018F	1H/18F
Revenue	11815	3011	292.4%	6084	5731	6.2%	23,072	51.2%
Gross Profit	1602	134	1095.5%	875	727	20.4%	2,958	54.2%
Gross Margin	13.6%	4.5%	9.1%	14.4%	12.7%	1.7%		
Operating Profit	1039	-230	n/m	561	478	17.4%	1,458	71.3%
Operating Margin	8.8%	-7.6%	16.4%	9.2%	8.3%	0.9%		
Net Profit	344	-496	n/m	99	245	-59.6%	948	36.3%
Net Margin	2.9%	-16.5%	19.4%	1.6%	4.3%	-2.6%		

99 bn in 2Q18.

Comment: We maintain our BUY rating on ANTM with target price of Rp1.130/sh due to better performance on ferronickel production and outstanding gold sales volume and we also already incorporate the loss coming from JV this year in our projection. Currently ANTM is traded at 22.4 – 16.7x PER 2018-19F.

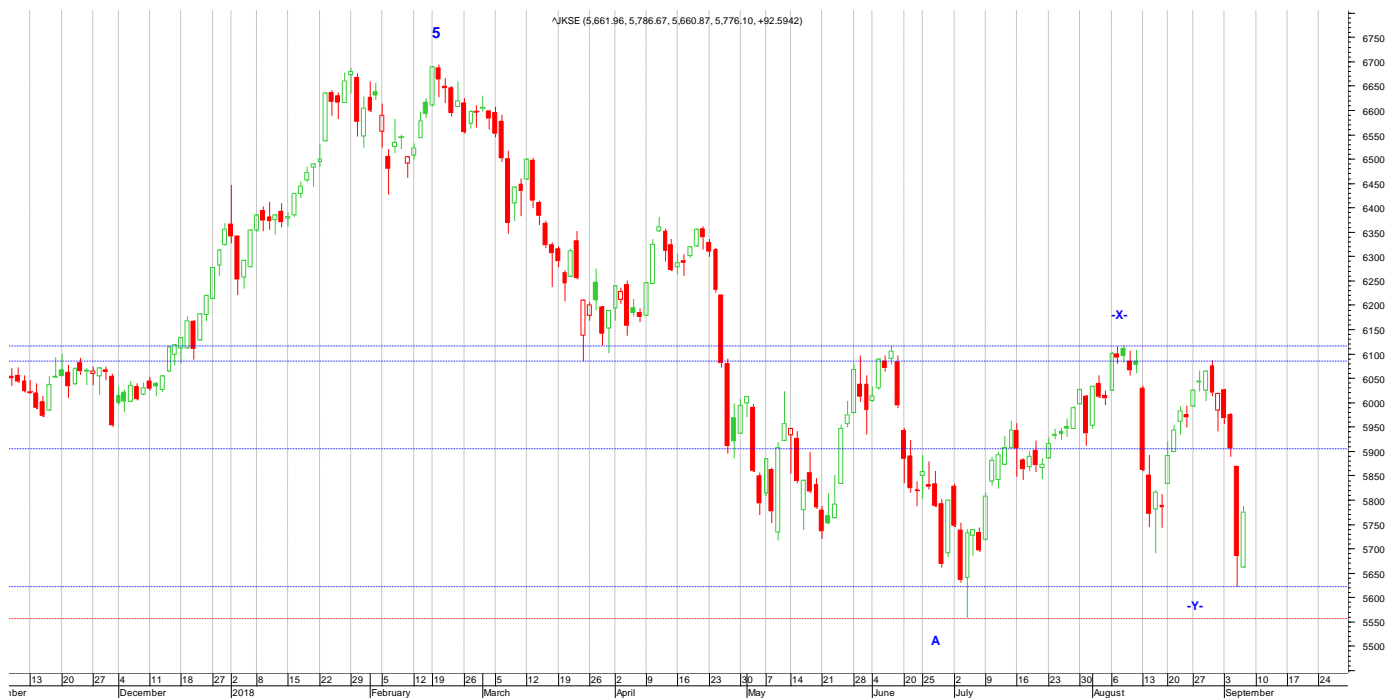
JASA MARGA TO COOPERATE WITH GUDANG GARAM TO DEVELOP KEDIRI TOLL ROAD

Jasa Marga (JSMR) along with Gudang Garam to develop 27 km toll road in a 200-hectare property area in the Ngawi-Kertosono to Kediri. Through JSMR subsidiary, PT Jasa Marga Properti will also develop similar concepts in other new concessions. Located around the 37-km Patimban toll road access JSMR is partnering with Surya Semesta Internusa (SSIA) as the prospective initiator in the project. JSMR stated that company is currently processing the establishment of a location for the Ngawi-Kertosono to Kediri toll road extension. JSMR is also in the process of discussing land bank requirements for property area development with GGRM. Land acquittal for the Toll Corridor Development (TCD) concept is estimated to be completed in 2019. The Kediri TCD will merge an industrial area, logistic centre, and a commercial area. The investment value is still unknown, as JSMR is still calculating. Kediri Airport is part of the Gudang Garam's Corporate Social Responsibility (CSR) program funded through operating cash from GGRM. According to GGRM, the maximum investment value for the airport is Rp 10 tn. Since GGRM factory located in Kediri, we expect this airport and toll development should improve GGRM distribution process.

TECHNICAL ANALYSIS

JCI : (5,776 +1.6%)

Comment : HMSP, BBCA and BMRI consecutively became lagging movers. Technically, JCI held above minor support level of 5,621. Resistance level at 5,905 which is resistance level of the gap. Next support and resistance level at 5,557-6,087. Candlestick chart likely formed a reversal piercing pattern. This pattern still need further confirmation. 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 begin 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

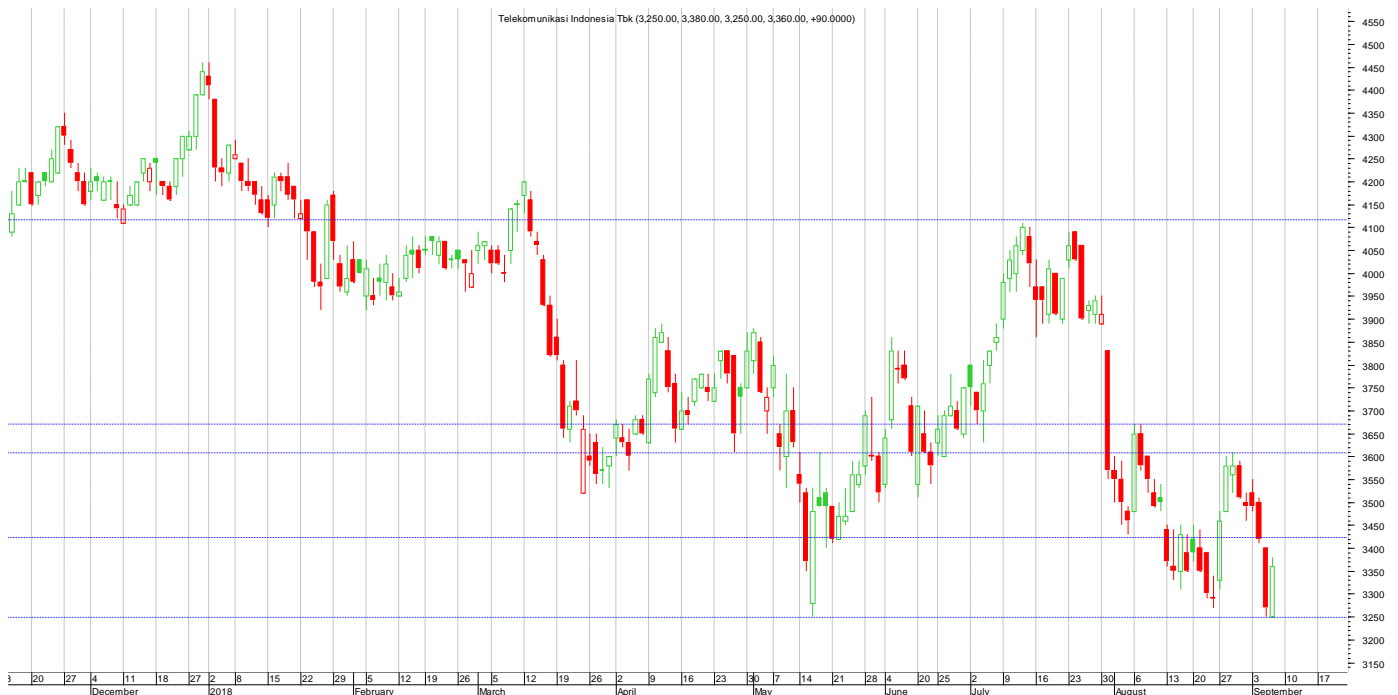
PGAS : Testing support level

The price closed above resistance level of the gap 2,000. This is a positive sign. If the breakout confirm, level of 2,000 will turn into support level. Historically, resistance level at 2,190. Next support and resistance level at 1,840-2,320. Speculative buy, cut if the price moves and stable below the level of 1,895



TLKM : Testing resistance level

The price held above minor support level of 3,250. The penetration of this support level will cause the trend turn into negative. Resistance level at 3,420 which is resistance level of the gap. Next support and resistance level at 3,000-3,610. Speculative buy, cut if the price moves and stable below the level of 3,250.



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

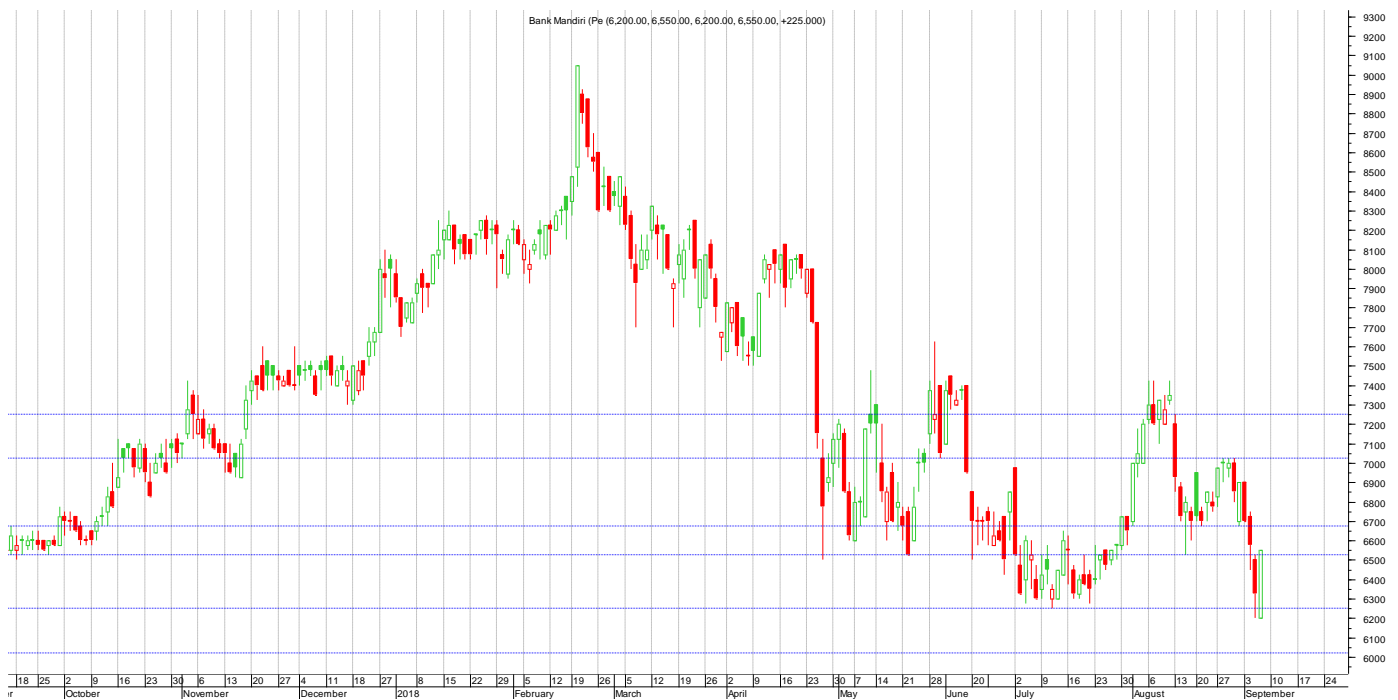
HMSP : Testing resistance level

The price closed below minor resistance level of 3,840. Support level at 3,620. Next support and resistance level at 3,470-3,970. The mid-term trend is still sideways. Speculative buy, cut if the price moves below the level of 3,840.



BMRI : Testing resistance level

The price held above strong support level of 6,200-6,250. The penetration of this support level will cause the trend turn into negative. Resistance level at 6,725. Next support and resistance level at 5,500-7,000. Speculative buy, cut if the price moves and stable below the level of 6,200.



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: 14,840 – 14,940

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.90
3	8.27
5	8.51
10	8.58
15	8.65
30	9.13

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.85	5.94	5.93	5.87	5.38
US\$	1.06	1.06	1.03	1.03	
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	14,893	0.30
1 US\$ = SGD	1.37	0.02
1 US\$ = JPY	110.48	0.24
1 US\$ = AUD	0.72	-0.18
1 US\$ = EUR	1.16	-0.01

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.