

- Foreign-exchanger reserves slightly decline to USD 117.9 bn
- Inalum secures loans USD3.8 bn from foreign lenders
- Garuda Indonesia plans to relocate 16 ATR to Citilink

Index	Last	Change	% chg
Dow	25,917	-79.33	-0.31
S&P 500	2,872	-6.37	-0.22
Eido US	22.2	0.25	1.14
H.S.I	26,973	-1.35	-0.01
Nikkei	22,307	-180.88	-0.80
STI	3,134	-13.30	-0.42
KLCI	1,799	0.60	0.03
Kospi	2,282	-6.03	-0.26
SET Thai	1,689	-4.45	-0.26

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	77.2	0.33	0.43
WTI Crude Oil (\$/bbl)	68.1	0.30	0.44
CPO (MYR/ton)	2,213	-11.00	-0.49
Gold (US\$/tr ounce)	1,195	-1.71	-0.14
Nickel (US\$/ton)	12,271	-85.00	-0.69
Tin (US\$/ton)	19,070	213.50	1.13
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	114.6	-0.25	-0.22

BEI STATISTICS

JCI	5,851
Change (1 day)	1.30%
Change YTD	-7.93%
P/E Market (X)	15.1
Volume (mn shr)	5,446.5
Value (Rp bn)	5,028.6
↑ 245 ↓ 122 ↔ 234	
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

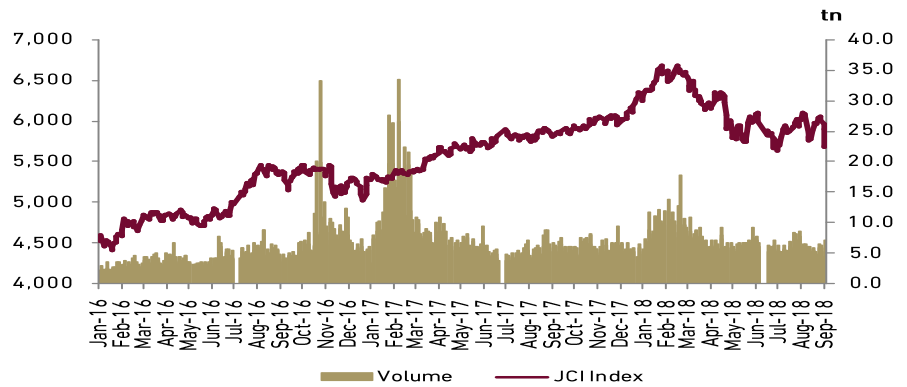
EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,820	-73.00	-0.49
1 USD = SGD	1.38	0.00	0.07
1 USD = JPY	110.98	-0.01	-0.01
1 USD = AUD	1.41	0.00	-0.11
1 USD = EUR	0.87	0.00	-0.04

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	22.6	0.15	0.67	3,352	270,853
ISAT	0.2	0.00	0.00	2,964	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,800 (support) – 5,900 (resistance) level today

UNVR: Sell on strength at Rp 44,600-Rp 45,600

Comment: Retest the breakout of the long term uptrend line

HMSP: Sell on strength at Rp 3,950-Rp 4,200

Comment: Testing resistance level

ASII: Sell on strength at Rp 7,300-Rp 7,500

Comment: Testing resistance level

PTBA: Buy on weakness at Rp 3,720-Rp 3,620

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Warnings from President Trump that he is prepared to slap tariffs on an additional USD267 bn of Chinese goods in addition to the USD200 bn already threatened made a big impact on the markets last Friday. Dow Jones declined 0.3% on the day to end the week slightly lower at 25,916. The Nasdaq, in contrast, sank a weekly 2.6% to 7,902 on a selloff in technology shares. On economy data, US average hourly earnings jump 0.4% MoM and 2.9% YoY which are unusually high readings, results that headline another strong employment report. On commodity markets, WTI crude oil price rose 0.44% to USD68.1/bbl. while nickel price declined 0.69% to USD12,271/ton.

Domestic

JCI closed higher at 5,851 by 75 points or 1.30% on Friday trading and recorded Rp280 bn of net foreign sell. The leading sectors were Consumer (+2.89%), Finance (+1.03%), and Miscellaneous Industry (+4.42%) which were mainly driven by UNVR (+5.70% to 44,475), ASII (+5.51% to 7,175), and HMSP (+2.11% to 3,880) as the key movers. On economy data, Indonesia foreign exchange reserves fell to USD117.9 bn in Aug 18 from USD118.3 bn in July, reaching the lowest value since Jan 17. Rupiah strengthened by 73 points to 14,820/USD. Our technical desk suggests for trading within the band of 5,800–5,900 with possibility to end at lower level.

FOREIGN EXCHANGE RESERVES SLIGHTLY DECLINES TO USD 117.9 BN

Bank Indonesia reported forex reserves inched down to USD 117.9bn in August from USD118.3 bn in July. Declining reserve was due to repayment of external debt and rupiah stabilization amid rising global financial market uncertainty. However, Bank Indonesia sees current reserves as adequate as it was still equivalent to 6.8 months of imports, or 6.6 months of imports and payment of gov't foreign debt. Bank Indonesia considers reserves sufficient to support external sector resilience and maintain macroeconomic and financial system stability.

Comments: Net foreign buy on bonds market (USD bn) helped to ease pressure from Rupiah stabilization cost. However, we expect forex reserve to decline in September due to trade war uncertainty, especially after Trump consider to give tariff to all Chinese products. A 50 bps rate hike in September should help to ease declining forex reserve pressure in September

INALUM SECURES LOANS USD3.8 BN FROM FOREIGN LENDERS

Indonesia Asahan Aluminium (Inalum), a state-owned mining holding, has secured USD3.8 bn short-term loan facility from a syndicate banks led by Bank of Tokyo Mitshubishi to pay 51% of PT Freeport Indonesia (PTFI) divestment shares. To pay this debt, the miner has a plan to issue global bond in the couple months in the Singapore Stock Exchange, according to the company's chief executive who also mentioned that the step was taken in order to relieve the company cash flow. Meanwhile, the Energy and Mineral Resource (EMR) Minister Ignasius Jonan ensured that PTFI divestment transaction will be carried out this month. He is optimistic the negotiation can be finalized as soon as possible considering the measures taken by Inalum.

Comment: We believe Inalum would ask high dividend from its subsidiary with strong profitability like PTBA going forward to help maintain healthy cash flow.

GARUDA INDONESIA PLANS TO RELOCATE 16 ATR TO CITILINK

Garuda Indonesia (GIAA) has been striving to improve the utilization rate, hence in order to reduce the operating cost, the company is assessing the possibility to relocate its 16 ATR 72-600 to Citilink. The assessments take around 3 months, since the company also needs to discuss with several parties including the lessor. Moreover, the services to customers will remain the same like even though the ATR operate by Citilink. Beside, actually there are 2 types of Airplane which are ATR 72-600 and Bombardier CRJ 1000 NextGen that have not reached the optimal utilization rate; following the utilization standard of twin aisle aircraft is about 11 hours and 27 minutes (GIAA utilization of twin aisle aircraft as per 1H18 9 hours and 6 minutes).

Comment: the plan to put its aircrafts which have low utilization rate to Citilink is right. We see overall productivity potentially improve going forward. If the focus between Garuda Indonesia as FSC and Citilink as LCC becoming clearer and bolder, this can bring more benefits to GIAA. However, we remain cautious on GIAA at the moment and maintain our HOLD recommendation.

TECHNICAL ANALYSIS

JCI : (5,851 +1.3%)

Comment : UNVR, ASII and HMSP consecutively became leading 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). Because the index moved below the lowest level of 5,689 which is occurred on August 15 then level of 5,621 likely the bottom of wave Y. If the level of 5,621 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

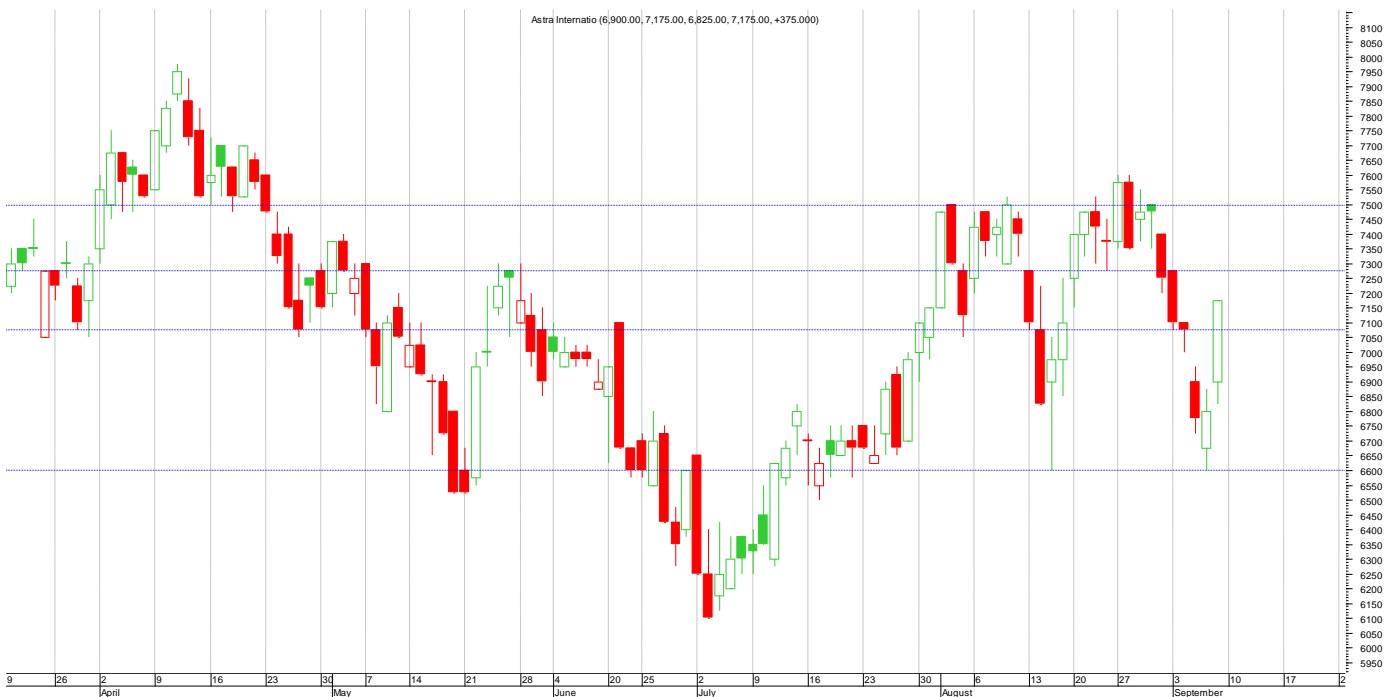
UNVR : Retest the breakout

The price closed below minor resistance level of 44,600. Support level at 41,000. Next support and resistance level at 40,400-45,700. The price moved below support level of the long term uptrend line. If the breakout confirm, the mid-term trend will turn into sideways. Take profit/Sell on strength



ASII : Testing resistance level

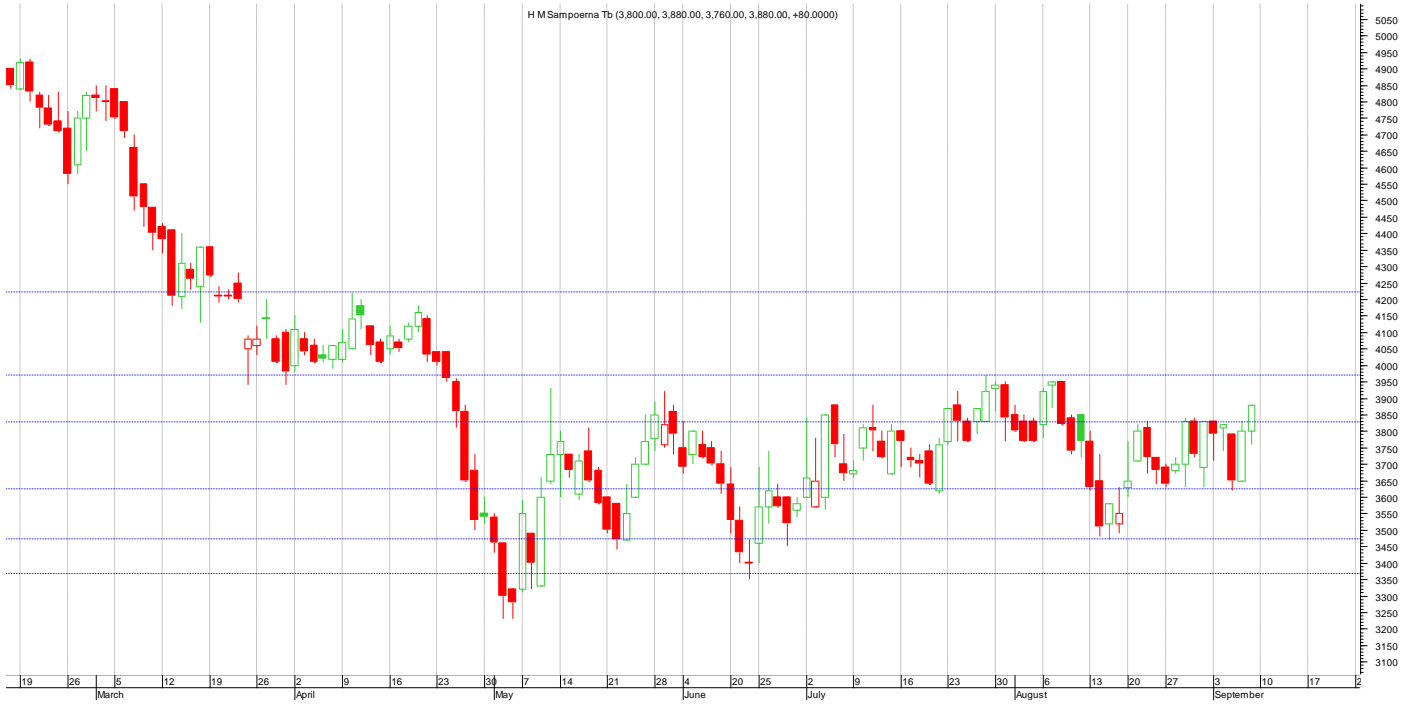
The price closed above resistance level of the gap 7,075. Support level at 6,825. Resistance level at 7,300. Next support and resistance level at 6,600-7,600. ST : Sell on strength.



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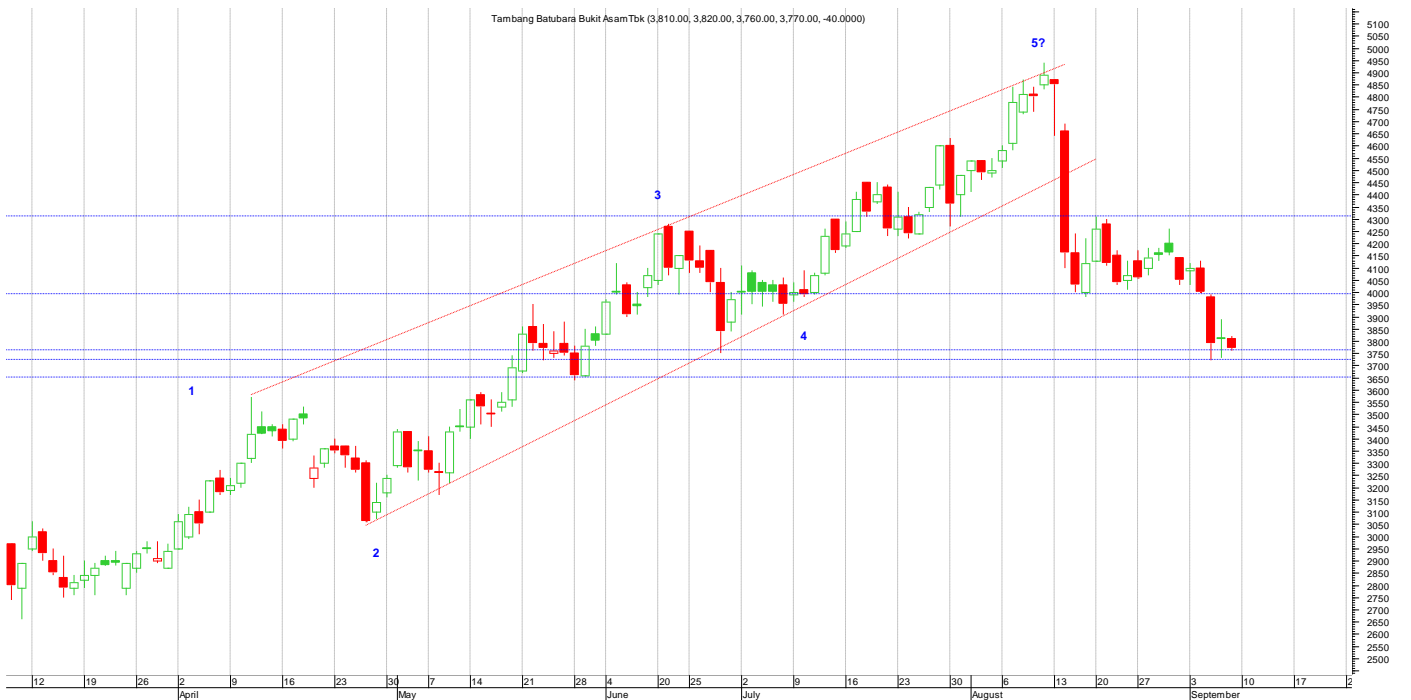
HMSP : Testing resistance level

The price closed below minor resistance level of 3,970. Support level at 3,830. Next support and resistance level at 3,620-4,250. The mid-term trend is still sideways. ST : Speculative buy, MT : Sell on strength



PTBA : Testing resistance level

The price closed above minor support level of 3,720. Resistance level at 4,000. Next support and resistance level at 3,400-4,300. The trend turn into sideways. ST : Speculative buy, MT : Sell on strength.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,770 – 14,860

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.79
3	8.10
5	8.41
10	8.46
15	8.64
30	9.13

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.89	5.96	5.97	5.83	5.56
US\$	1.05	1.10	0.99	1.04	
JIBOR (RP)	6.70	7.12	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	14,820	0.49
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1 US\$ = JPY	110.98	0.01
1 US\$ = AUD	0.71	0.11
1 US\$ = EUR	1.16	0.04

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