

| Index | Last | Change | % chg |
|----------|--------|---------|-------|
| Dow | 25,971 | 113.99 | 0.44 |
| S&P 500 | 2,888 | 10.76 | 0.37 |
| Eido US | 22.4 | 0.27 | 1.22 |
| H.S.I | 26,423 | -190.87 | -0.72 |
| Nikkei | 22,665 | 291.60 | 1.30 |
| STI | 3,110 | -11.01 | -0.35 |
| KLCI | 1,799 | 0.60 | 0.03 |
| Kospi | 2,283 | -5.46 | -0.24 |
| SET Thai | 1,672 | -19.09 | -1.13 |

COMMODITIES

| Index | Last | Change | % chg |
|--------------------------|---------|---------|-------|
| Brent Crude Oil (\$/bbl) | 79.3 | 0.22 | 0.28 |
| WTI Crude Oil (\$/bbl) | 69.8 | 0.53 | 0.77 |
| CPO (MYR/ton) | 2,213 | -11.00 | -0.49 |
| Gold (US\$/tr ounce) | 1,198 | -0.75 | -0.06 |
| Nickel (US\$/ton) | 12,143 | -181.50 | -1.47 |
| Tin (US\$/ton) | 19,058 | 31.00 | 0.16 |
| Pulp (US\$/ton) weekly | 1,205.0 | 0.00 | 0.00 |
| Coal (US\$/ton) | 115.7 | 0.35 | 0.30 |

BEI STATISTICS

| | |
|-------------------|---------|
| JCI | 5,831 |
| Change (1 day) | -0.35% |
| Change YTD | -8.25% |
| P/E Market (X) | 15.0 |
| Volume (mn shr) | 5,396.4 |
| Value (Rp bn) | 4,211.2 |
| ↑ 164 ↓ 214 ↔ 223 | |
| 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

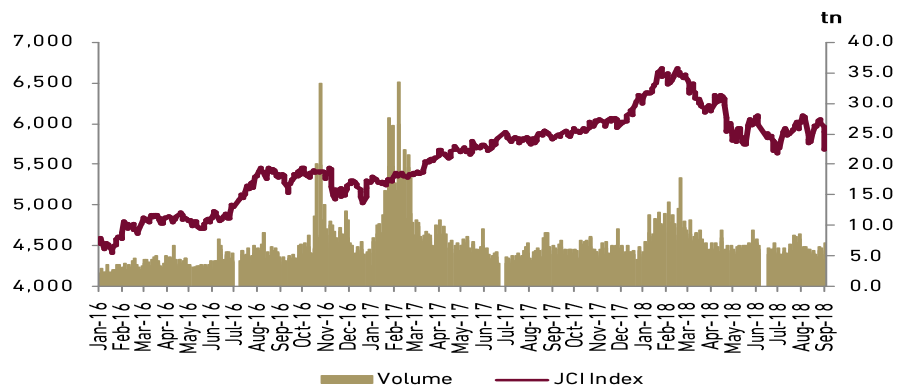
| | Last | Change | % chg |
|-------------|--------|--------|-------|
| 1 USD = IDR | 14,857 | 37.00 | 0.25 |
| 1 USD = SGD | 1.38 | 0.00 | 0.09 |
| 1 USD = JPY | 111.53 | -0.10 | -0.09 |
| 1 USD = AUD | 1.41 | 0.00 | 0.24 |
| 1 USD = EUR | 0.86 | 0.00 | 0.12 |

DUAL LISTING

| Stocks | Close | Chg. | % chg | In Rp. | Vol. (ADR) |
|----------|-------|------|-------|--------|------------|
| TLKM | 22.8 | 0.16 | 0.71 | 3,387 | 134,425 |
| ISAT | 0.2 | 0.00 | 0.00 | 2,971 | 2,150 |
| BUMI Plc | 36.8 | 0.00 | 0.00 | 7,522 | - |

- State deficit at Rp 150 tn in August
- SMGR August'18 overall sales volume up 2.2% YoY
- TV advertisement spending hikes during Asian Games
- Retail sales growth at 2.9% yoy
- WIKA and South Korean companies to construct hydropower plant in Aceh

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,770 (support) – 5,900 (resistance) level today

INTP: Sell on strength at Rp 17,800-Rp 18,600

Comment: The trend is still sideways

AALI: Buy on weakness at Rp 13,025-Rp 12,600

Comment: The trend is still positives

LSIP: Buy on weakness at Rp 1,310-Rp 1,250

Comment: The trend is still positives

PTPP: Buy on weakness at Rp 1,570-Rp 1,500

Comment: Oversold, Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock market closed northwards on Tuesday after the gain in Technology, Oil and Gas, and Telecoms offset the lingering concerns over trade. S&P 500 up 10.76 points or 0.37%, DJIA gained 113.99 points or 0.44% and Nasdaq advanced 48.31 points or 0.6%. Telecommunication sector became one of the top performer and gained in energy sector were actually driven by strong crude oil price. Another notable gainers were the tech shares such as Apple (+2.53%), Facebook (+1.07%) and Microsoft Corp. (1.7%). However, investors are still worried on trade war as it could bring negative sentiment for the global economy. On commodity markets, Brent and WTI increased by 0.28% and 0.77% to USD79.3/bbl and USD69.8/bb.

Domestic

JCI slipped by 20.34 points or 0.3% to close at 5,831 on Monday and recorded Rp140 bn net foreign sell. Finance (-0.66%), Infrastructure (-0.51%), Basic Industry (-0.48%), Misc.Industry (-0.18%), Trade (-0.18%), Consumer (-0.16%) and Property (-0.04%) were the sector laggards, with HMSP (-2.06% to 3,800), BBRI (-1.98% to 2,970) and BBCA (-0.40% to 24,750) become the lagging movers. Rupiah currency weakened by 37 point to Rp14,857/USD. Our technical desk suggests for trading within the band of 5,770 – 5,900, with possibility to end at mix level.

STATE DEFICIT AT RP 150 IN AUGUST

The Indonesian government's budget deficit as of August 2018 reached Rp 150 tn, slightly lower from the July deficit position at Rp 151.3 tn. State revenue realization reached Rp 1,152.7 tn (18.4% YoY) or 60.7% from target. Tax revenue grew 16.5% YoY (8M17: 9.5% YoY) and non tax revenue grew 24.3% YoY in 8M18. Moreover, finance minister (Sri Mulyani Indrawati) also stated that Rupiah depreciation was positive for state budget performance. Every Rp100 depreciation of Rupiah will add Rp 4.7 tn to revenue and Rp 3.1 tn to expenditure, creating Rp 1.6 tn surplus. Meanwhile, state expenditure grew 8.8% YoY, higher than 8M17 at 5.6% YoY. Primary balance position in August 2018 also recorded a Rp 11.5 trillion surplus following a Rp 4.9 trillion deficit in July 2018.

Comment: 1) Government's view of positive effect from Rupiah depreciation to state budget is in line with our view with the latest Fiscal review (published on July 19) that Rupiah depreciation and higher oil price will bring positive effect for state budget. 2) We remain positive on state revenue outlook that can reach 100% realization in YE 2018.

SMGR AUGUST'18 OVERALL SALES VOLUME UP 2.2% YOY

| SMGR Volume | 8M12 | 8M13 | 8M14 | 8M15 | 8M16 | 8M17 | 8M18 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Domestic | 13.0 | 15.9 | 16.5 | 15.8 | 16.2 | 16.9 | 16.9 |
| Total Export | 0.0 | 0.2 | 0.2 | 0.3 | 0.4 | 1.3 | 2.0 |
| Total Sales | 13.0 | 16.1 | 16.6 | 16.1 | 16.6 | 18.1 | 18.9 |

| SMGR Volume growth | 8M12 | 8M13 | 8M14 | 8M15 | 8M16 | 8M17 | 8M18 |
|--------------------|------|--------------|-------------|--------------|-------------|-------------|-------------|
| Total Domestic | | 22.5% | 3.7% | -4.4% | 2.9% | 4.1% | 0.28% |
| Total Export | | 352.6% | -12.3% | 115.5% | 4.1% | 249.5% | 58.4% |
| Total Sales | | 23.5% | 3.5% | -3.2% | 2.9% | 9.4% | 4.3% |

| Semen Indonesia | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Domestic | 2.29 | 1.84 | 2.07 | 2.11 | 2.23 | 1.28 | 2.51 | 2.60 |
| Total Export | 0.20 | 0.11 | 0.29 | 0.28 | 0.34 | 0.29 | 0.19 | 0.31 |
| Total Sales | 2.49 | 1.94 | 2.36 | 2.39 | 2.57 | 1.57 | 2.69 | 2.90 |

| Semen Indonesia | Jan-17 | Feb-17 | Mar-17 | Apr-17 | May-17 | Jun-17 | Jul-17 | Aug-17 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Total Domestic | 2.12 | 1.92 | 2.08 | 2.12 | 2.19 | 1.54 | 2.25 | 2.67 |
| Total Export | 0.07 | 0.07 | 0.13 | 0.12 | 0.17 | 0.28 | 0.21 | 0.21 |
| Total Sales | 2.18 | 1.99 | 2.21 | 2.23 | 2.36 | 1.82 | 2.46 | 2.87 |

Excluding TLCC sales volumes, SMGR recorded 2.9 mn tons sales volumes, or up slightly by 1% YoY. Domestic sales volumes were actually dropped 2.7% YoY to 2.6 mn tons, but thanks to exports sales volumes which soared 49.2% YoY to 0.31 mn tons. On cumulative basis, 8M18 SMGR sales volumes growth remained positive at 4.3% YoY, comprising 16.9 mn tons (+0.3% YoY) and 2.0 mn tons (+58.4% YoY), respectively. In addition, taking into account sales volume from TLCC, overall sales volume for 8M18 increased 4% YoY, following 2.2% YoY growth in August'18.

Comment: We see weak domestic sales volumes were underpinned by higher ASP of SMGR, but the financial performance in 1H18 showed that the company able to achieve expectations. We have a BUY call on SMGR with TP of Rp10,900.

TV ADVERTISEMENT SPENDING HIKES DURING ASIAN GAMES

TV advertisement spending booked Rp4.98tn due to successful 2018 Asian Games held in Jakarta and Palembang. According to PT Sigi Kaca Pariwara, during Aug 2 to Sept 18, the advertisements broadcasted were distributed to 13 tv stations. As the official broadcast partner of 2018 Asian Games (SCTV and Indosiar), the revenue of SCMA jumped to Rp1.29tn forming 25.9% of the total advertisement spending. Secondly, RCTI (MNCN) recorded Rp818.87 bn of revenue. Based on the sector, food and beverage sector contributed the highest advertisement spending of Rp1.13 tn, forming 22.67% of the total spending. Meanwhile, Bukalapak.com was the company that spent most during the event, accounted Rp77.1bn of advertisement spending.

RETAIL SALES GROWTH AT 2.9% YOY

Retail sales growth index was 2.9% yoy in July 2018, compared to 2.3% in the previous month. According to the central bank of Indonesia survey, the positive result was supported by demand from the beginning of new academic year for primary and secondary schools. Based on the category, the sales of clothes and automotive fuels were contributing the most. August's year-on-year retail sales growth was estimated to be at 2.8 percent.

WIKA AND SOUTH KOREAN COMPANIES TO CONSTRUCT HYDROPOWER PLANT IN ACEH

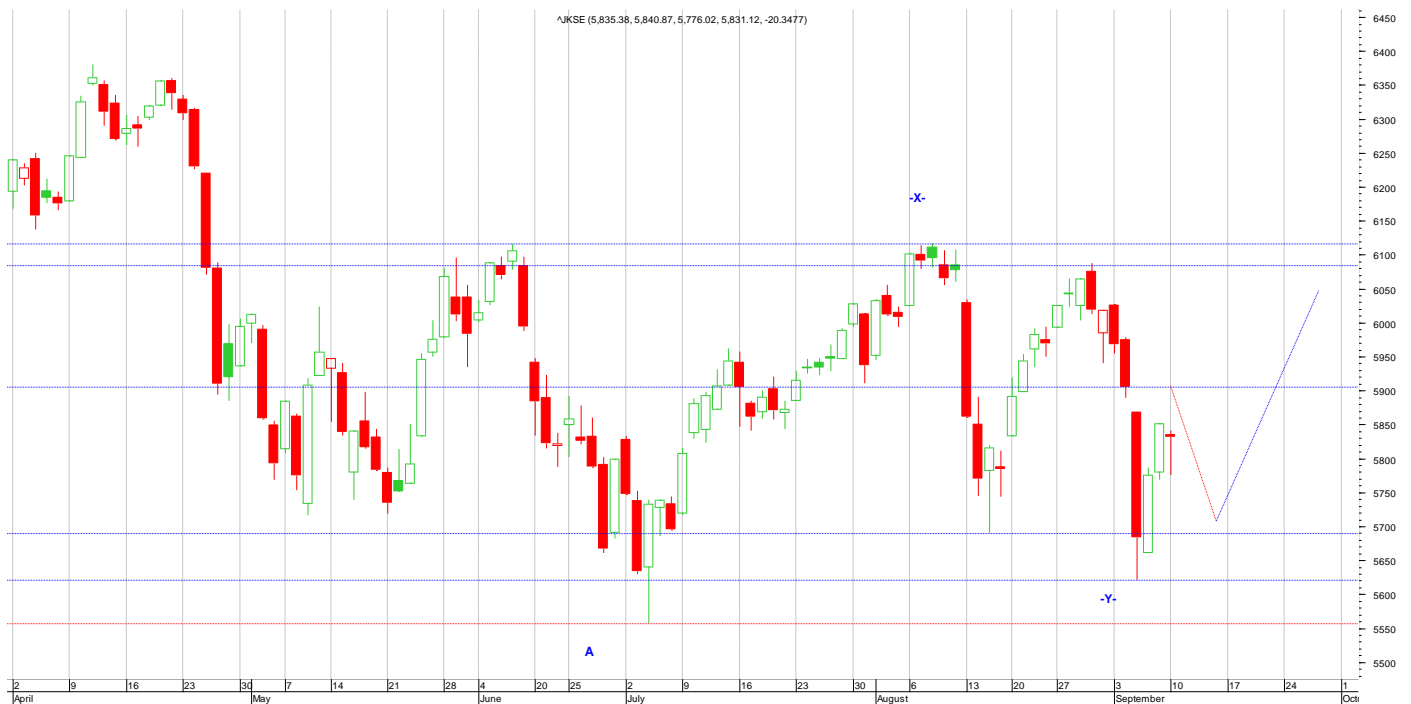
Wijaya Karya (WIKA) will teams up with Hyundai Engineering & Construction Co., LTD (HDCE) and Korea South-East Power Corporation (KOEN) to invest in hydropower plant in Aceh. The three companies will construct Hydropower plant (PLTA) Peusangan-4 120 MW (Peaker) in Aceh province with the first step is to acquire PT Ingako Energy which currently holds principal and location license. WIKA will hold 25% of stake at Ingako Energy while HDCE and KOEN will have 25% and 20% stake and the remaining 20% will be owned by IGIS Asset Management.

Comment: We are neutral on this development as it still lacks investment value and return data. We currently have Buy rating on WIKA with TP of Rp2,100. WIKA is now trading at 2018-19F PER of 8.2-7.6x.

TECHNICAL ANALYSIS

JCI : (5,831 -0.35%)

Comment : HMSP, BBRI and BBCA 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 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

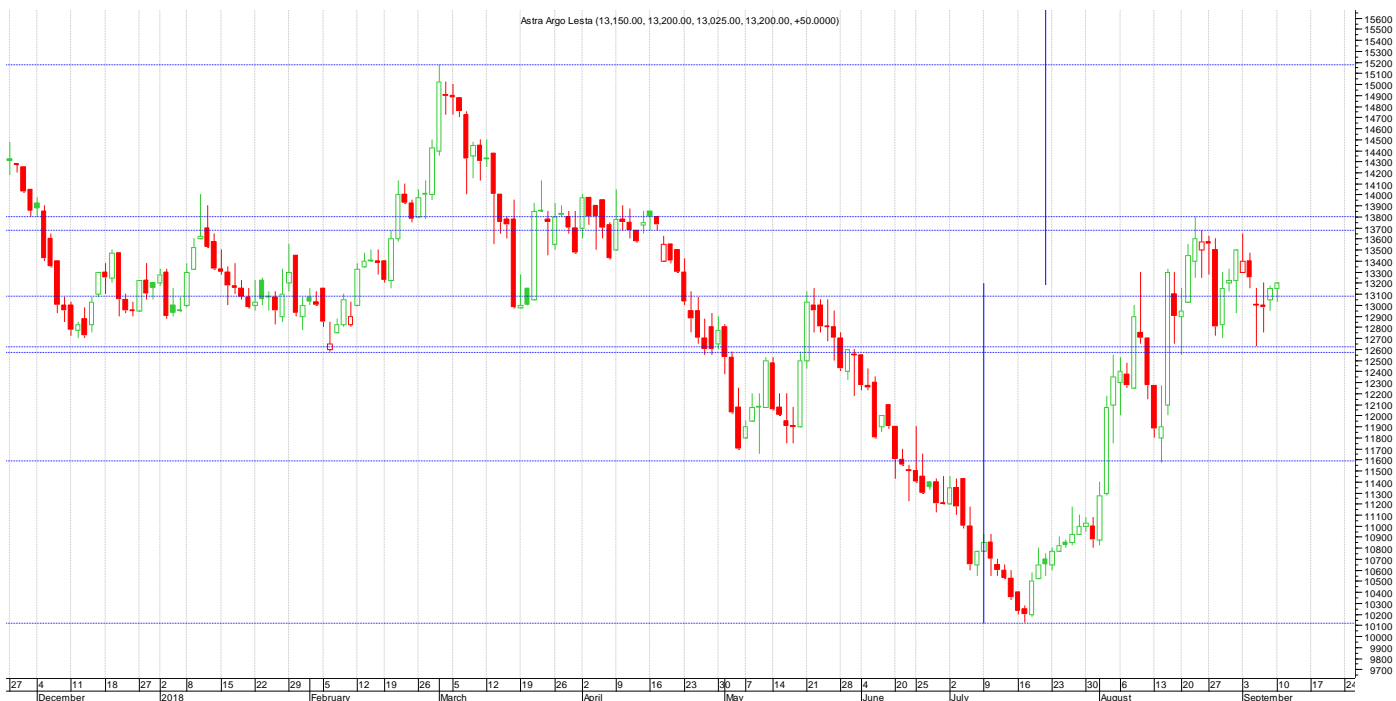
INTP : Testing resistance level

The price failed to break minor resistance level of 17,875. Support level at 15,500. Next support and resistance level at 13,500-19,500. The mid-term trend is still sideways. Sell on strength.



AALI : Testing resistance level

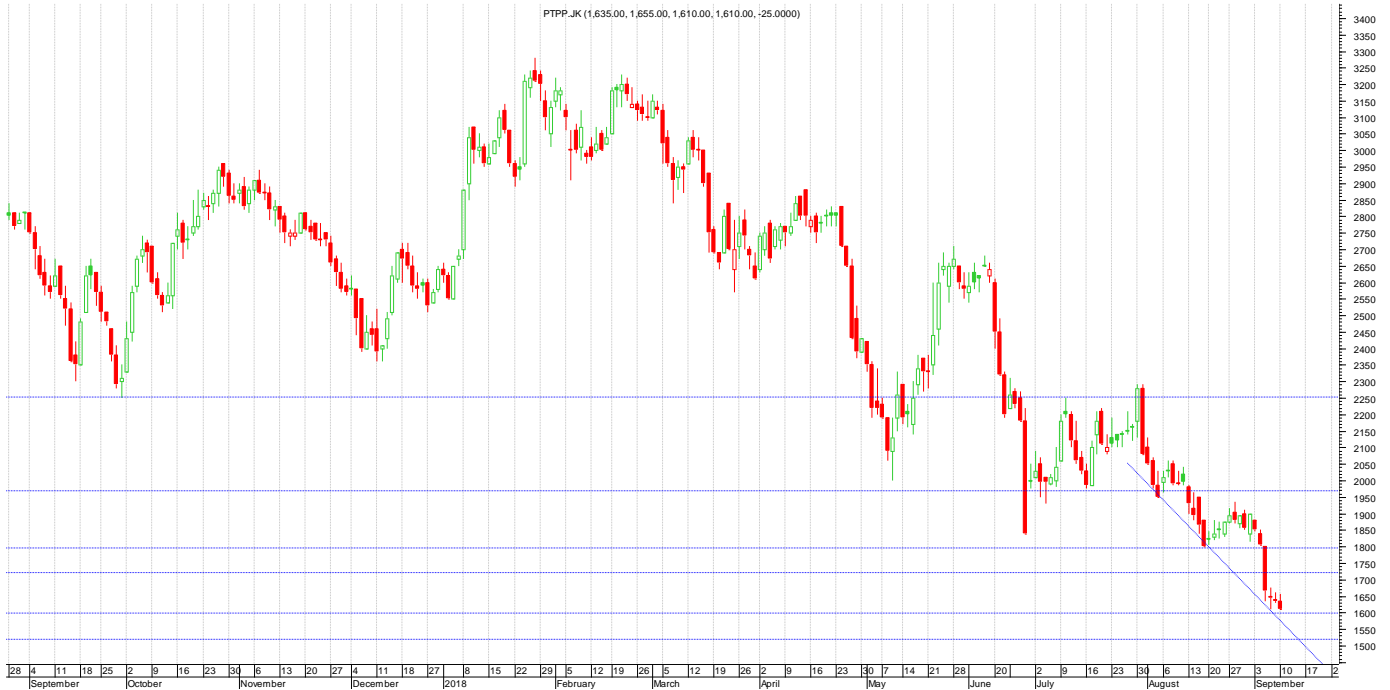
The price closed below minor resistance level of 13,800. Support level at 12,625. Next support and resistance level at 11,600-15,200. The trend is still positive. The price likely formed a reversal inverted Head and shoulder pattern. Buy on weakness



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PTPP : Testing resistance level

The price closed at minor support level of 1,610. Resistance level at 1,710. Next support and resistance level at 1,550-1,800. The price moved in downtrend in the last eight months. Some of momentum indicators gives a positive sign. Buy on weakness.



LSIP : Testing resistance level

The price closed below minor resistance level of 1,435. Support level at 1,235. Next support and resistance level at 1,140-1,510. The short-term trend is still positive. ST : Speculative buy/ Buy on weakness



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,800 – 14,890

| INDONESIA GOVERNMENT SECURITIES YIELD | |
|---------------------------------------|-----------|
| Maturity (yrs) | Yield (%) |
| 1 | 7.62 |
| 3 | 8.19 |
| 5 | 8.46 |
| 10 | 8.57 |
| 15 | 8.66 |
| 30 | 9.14 |

| AVERAGE DEPOSIT RATE | | | | | |
|----------------------|------|------|------|------|------|
| | 1M | 3M | 6M | 1YR | 2YRS |
| IDR | 5.91 | 5.98 | 5.91 | 5.88 | 5.54 |
| US\$ | 1.06 | 1.08 | 1.09 | 1.11 | |
| JIBOR (RP) | 6.70 | 7.12 | 7.34 | 7.49 | |

| 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 | 14,857 | -0.25 |
| 1 US\$ = SGD | 1.38 | -0.09 |
| 1 US\$ = JPY | 111.53 | 0.09 |
| 1 US\$ = AUD | 0.71 | -0.24 |
| 1 US\$ = EUR | 1.16 | -0.12 |

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