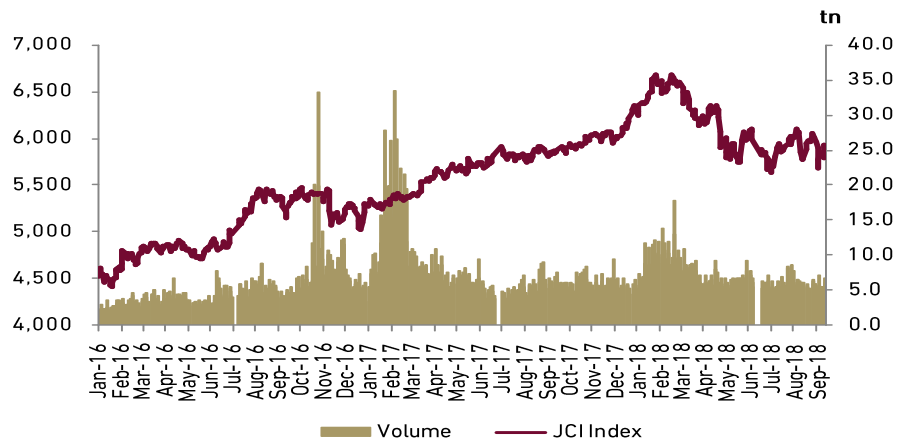


- Trade balance posts another deficit of USD1.0 bn in August
- External debt growth slows down to 4.1% YoY in July
- Delta Dunia posts monthly record high of OB removal

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,775 (support) – 5,875 (resistance) level today

BMRI : Buy on weakness at Rp 6,375-Rp 6,200

Comment: Testing support level

UNTR : Buy on weakness at Rp 31,750-Rp 31,400

Comment: Testing support level

HMSP : Buy on weakness at Rp 3,750-Rp 3,650

Comment: Testing support level

ASII : Buy on weakness at Rp 6,825-Rp 6,600

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

US stocks fell as Trump says US-China trade announcement coming after the bell. Trump hits an additional \$200 billion in Chinese imports, which is expected to start on 24 Sept with a 10% tariffs but rise to 25% by year-end. Trump is considering whether to put tariffs on more than \$250 billion more in Chinese products, if China takes retaliatory action. DJIA was down by 0.35% to 26,062 or lower by 93 points while S&P500 down by 0.56% to 2,889. The Nasdaq fell deeper at -1.4% to 7,896. On commodity markets, oil prices relatively unchanged with WTI slightly down by 0.41% to USD68.6/bbl and Brent down by 0.38% to USD77.8/bbl. Coal price down by 0.69% to USD114.6/ton while nickel dropped by 3.30% to USD12,158/ton.

Domestic

JCI fell by 1.8% to close at 5,824 or 107 points lower yesterday and recorded Rp395 bn of net foreign sell. The market was burdened by Indonesia trade balance data release that recorded a deficit of USD1.02 bn in Aug-18, half of the USD2.03 bn deficit in Jul-18 but worse than consensus of USD0.68 bn. The laggards sectors were Misc. Industry (-3.07%), Infrastructure (-2.50%), Basic Industry (-2.49%). These were mainly driven by BMRI (-4.44% to 6,450), BBRI (-3.26% to 2,970), TLKM (-3.34% to 3,470) as the key movers. Rupiah weakened by 73 points to 14,880/USD. Our technical desk suggests for trading within the band of 5,775 – 5,875 with possibility mixed to end at higher level.

GLOBAL

Index	Last	Change	% chg
Dow	26,062	-92.55	-0.35
S&P 500	2,889	-16.18	-0.56
Eido US	22.1	-0.67	-2.94
H.S.I	26,933	-353.56	-1.30
Nikkei	23,213	118.32	0.51
STI	3,141	-20.02	-0.63
KLCI	1,804	11.16	0.62
Kospi	2,299	-4.43	-0.19
SET Thai	1,718	-3.82	-0.22

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	77.8	-0.30	-0.38
WTI Crude Oil (\$/bbl)	68.6	-0.28	-0.41
CPO (MYR/ton)	2,210	-16.00	-0.72
Gold (US\$/tr ounce)	1,198	-3.22	-0.27
Nickel (US\$/ton)	12,158	-415.50	-3.30
Tin (US\$/ton)	19,045	-1.00	-0.01
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	114.6	-0.80	-0.69

BEI STATISTICS

JCI	5,824
Change (1 day)	-1.80%
Change YTD	-8.36%
P/E Market (X)	15.0
Volume (mn shr)	6,003.6
Value (Rp bn)	4,176.1
↑ 122 ↓ 244 ↔ 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	14,880	73.00	0.49
1 USD = SGD	1.37	0.00	0.16
1 USD = JPY	111.79	-0.06	-0.05
1 USD = AUD	1.40	0.00	0.28
1 USD = EUR	0.86	0.00	0.07

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.3	-0.56	-2.35	3,470	210,833
ISAT	0.2	0.00	0.00	2,976	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

TRADE BALANCE POSTS ANOTHER DEFICIT OF USD 1.0 BN IN AUGUST

Indonesia's trade balance continued its deficit trend in August at USD -1.02 bn, higher than our estimate and Bloomberg consensus. August export grew only 4.15% YoY (-2.90% MoM) or the weakest annual growth in 2018 to USD 15.8 bn. Oil and gas sector export grew 12.24% YoY (-3.27% MoM) while non oil and gas sector grew 3.43% YoY (-2.86% MoM). August export data was worrying as its volume only grew 0.97% YoY, compared to 7M18 which grew 15.88% YoY. Indonesia's export value growth driver was still led by mining sector at 17.85% YoY (-13.58% MoM). However, this was much lower than July's growth at 44.6% YoY, due to lower mineral fuel (mostly coal) export growth at 14.4% YoY (vs Jul 2018 at 40.0% YoY). Furthermore, import growth remained high in August at 24.65% YoY (-7.97% MoM) to USD 16.8 bn. Oil and gas import jumped 51.43% YoY (14.5% MoM) to USD 16.8 bn, mostly due to higher aggregate price which is noted by BPS grew 41.77% YoY. Non oil and gas import grew 19.9 % YoY to USD 13.8 bn, normalize from July 2018 growth at 25.67% YoY which we see at restocking effort from firms after Lebaran season. Based on economic groups, consumption growth experienced significant growth at 30.2% YoY and raw/intermediary goods had 24.57% growth in August 2018. August trade deficit brought YTD trade balance figure to USD -4.1 bn.

Comments: We expect higher pressure to Rupiah due to trade deficit and potential US new and the biggest tariff to China. If Trump signs the new tariff before board of governor meeting in September 26-27, USD/Rupiah may weaken to above 15,000 level and would force Bank Indonesia to raise rate by 50 bps. However, if there is no new tariff from US to China, 25 bps rate hike should be enough for this month. Furthermore, we also expect another rate hike after this month (most probably in November after 3Q18 CAD data release) with 25 bps magnitude.

EXTERNAL DEBT GROWTH SLOWS DOWN TO 4.1% YOY IN JULY

Indonesia's external debt at the end of July 2018 amounted to USD358.0 bn or grew 4.8% YoY, slower than previous month's growth of 5.5% YoY. Government's external debt at the end of July 2018 grew 4.1% YoY, slower than the previous month's growth of 6.1% YoY. The government external debt at the end of July 2018 amounted to USD177.4 bn, slightly increase compared to the previous month's position due to net withdrawals of loans, particularly multilateral loans, and net purchases of domestic government securities (SBN) by foreign investors during July 2018. Meanwhile, private external debt was still dominated by finance and insurance sector, manufacturing sector, electricity, gas & water supply sector, and mining sector. Those sectors dominated with 72.7% proportion to total private external debt. Bank Indonesia see current level of external debt is in healthy level as its proportion to GDP is stable at 34% and proportion of long term debt dominate at 86.4%.

DELTA DUNIA POSTS MONTHLY RECORD HIGH OF OB REMOVAL

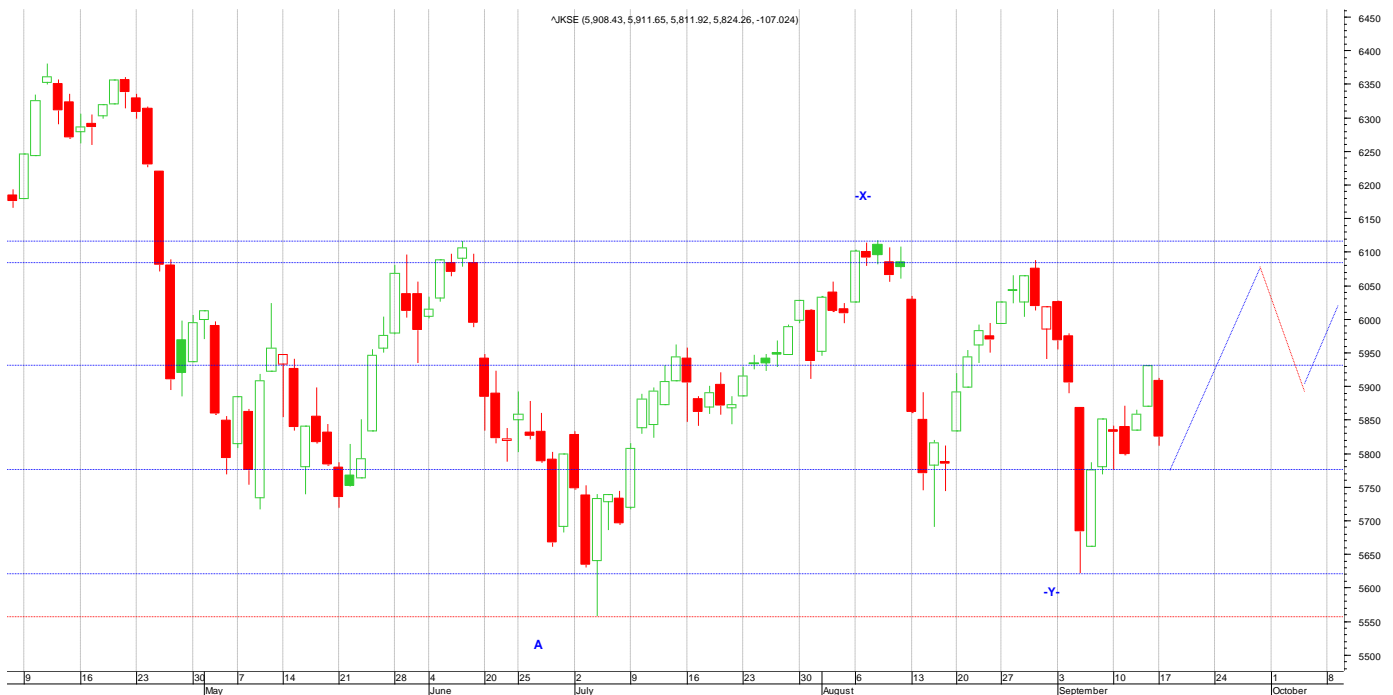
Delta Dunia via its operating unit BUMA registered 38.6 mn bcm of overburden (OB) removal and 3.2 mn tons of coal extraction in August. This is monthly record high for OB and stripping ratio of 12.1x. OB in August increased 9% MoM and 26.7% YoY. On Ytd basis, BUMA recorded 243.2 mn bcm of OB removal (+6.6% YoY) and 26.7 mn tons of coal (-3.0% YoY). The company mentioned that August's production results reflected further improvement in asset utilization and it is well on track with achieving its 2018 target.

Comment: We do not cover DOID. Based on consensus estimate, DOID is trading at only 5.3-3.2x 2018-19F PER.

TECHNICAL ANALYSIS

JCI : (5,824 -1.8%)

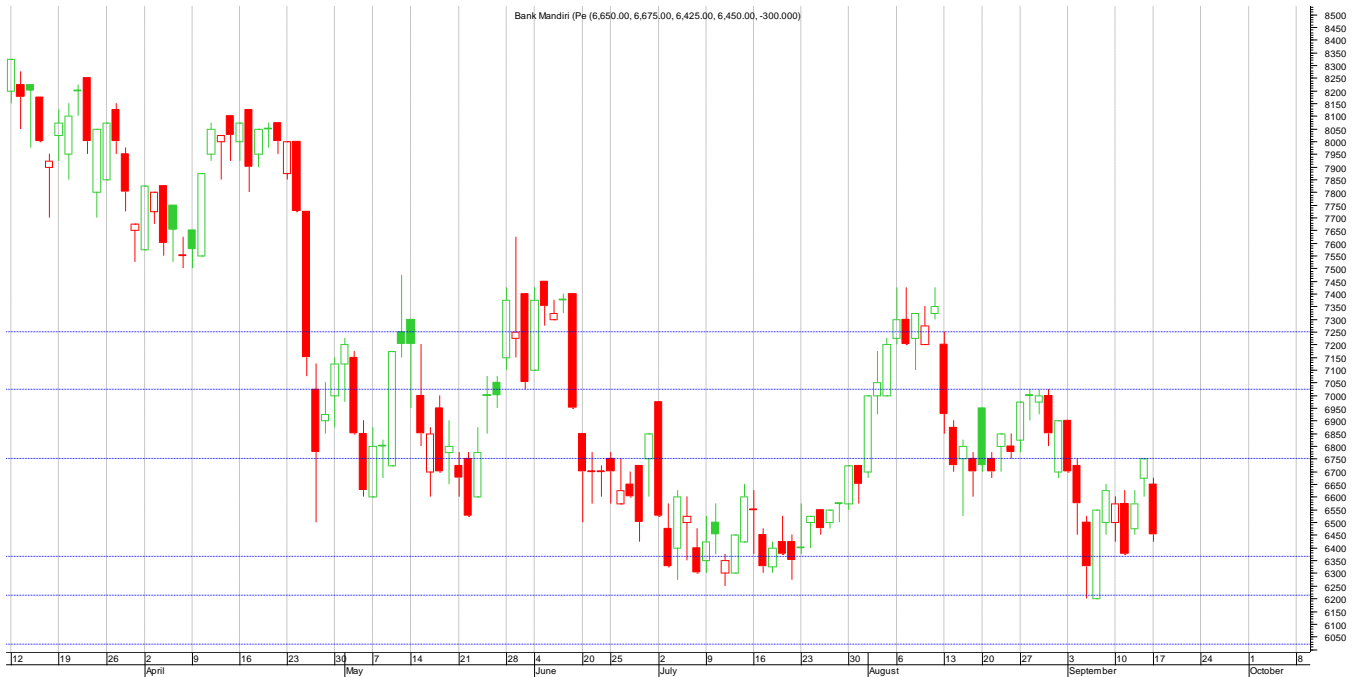
Comment : BMRI, BBRI and TLKM consecutively became lagging movers. Technically, JCI closed above support level of 5,776. Resistance level at 5,930. Next support and resistance level at 5,690-6,117. Candlestick chart likely formed a reversal piercing pattern. This pattern still need further confirmation. 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

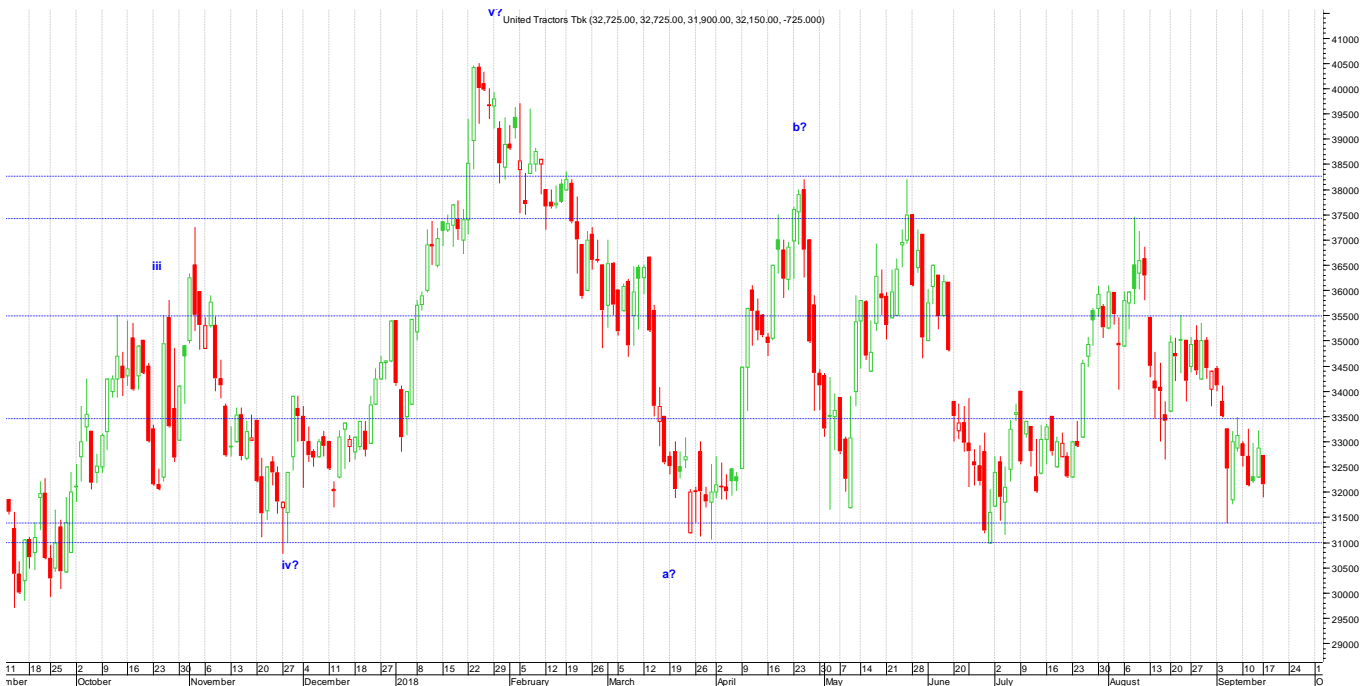
BMRI : Testing support level

The price closed above minor support level of 6,375. Resistance level at 6,750. Next support and resistance level at 6,200-7,025. The mid-term trend is still sideways. Buy on weakness, cut if the price moves and stable below the level of 6,200.



UNTR : Testing support level

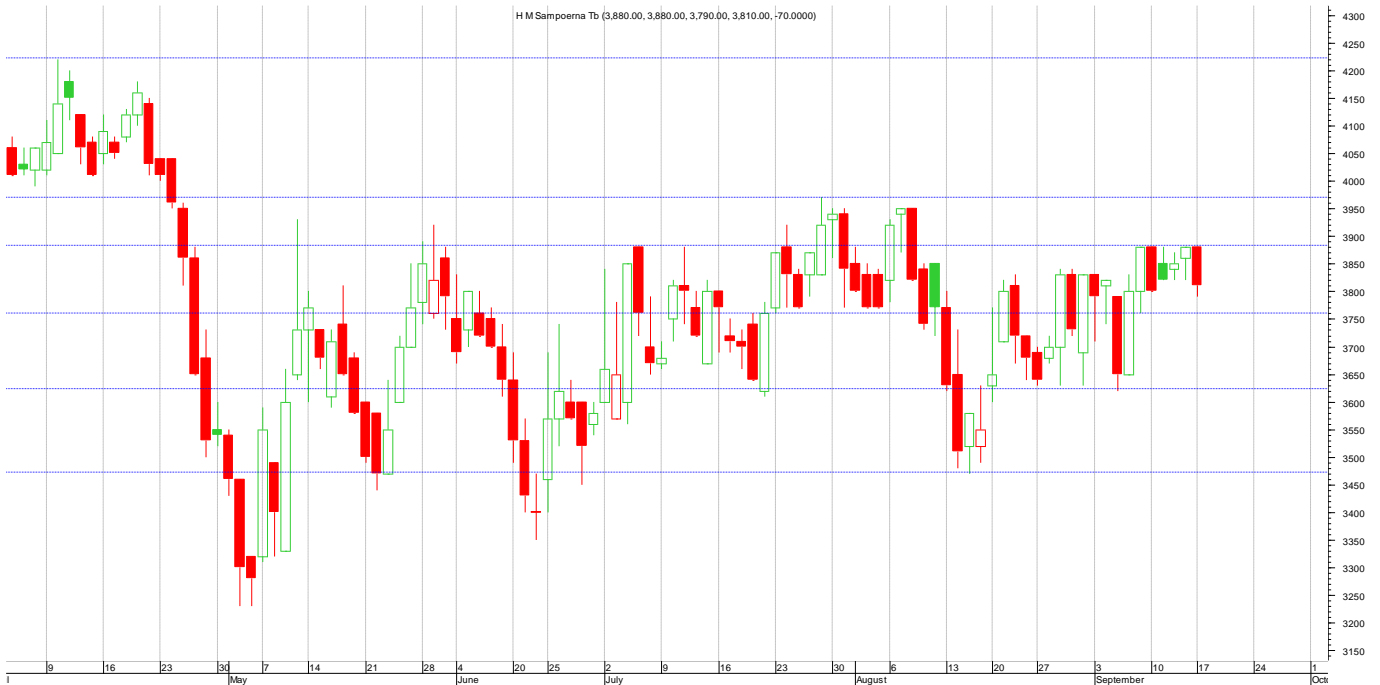
The price closed above minor support level of 31,375. Resistance level at 33,475. Next support and resistance level at 31,000-35,500. The trend is still sideways. Buy on weakness, cut if the price moves and stable below the level of 31,000.



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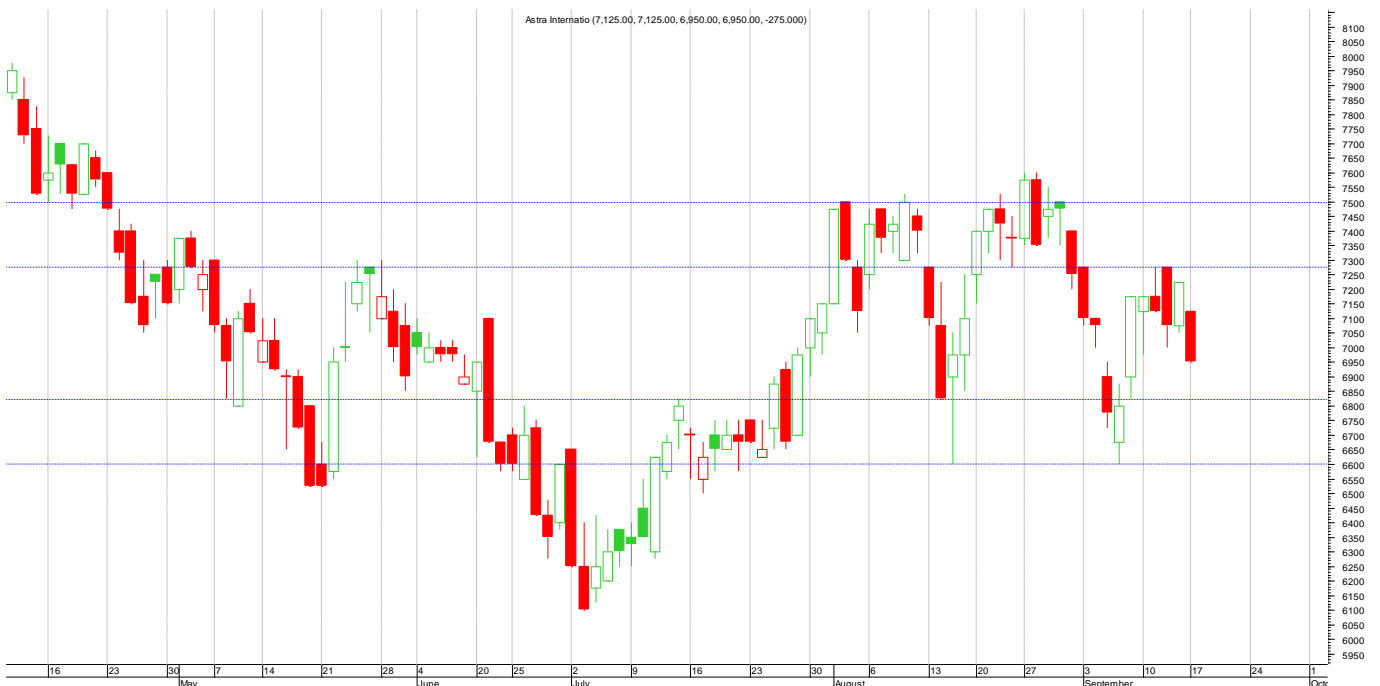
HMSP : Testing support level

The price failed to break minor resistance level of 3,880 and closed above minor support level of 3,760. Next support and resistance level at 3,620-3,970. The mid-term trend is still sideways. Buy on weakness



ASII : Testing support level

The price closed above support level of the gap 6,800. Resistance level at 7,275. Next support and resistance level at 6,600-7,600. The trend is still positive. Buy on weakness, cut if the price moves and stable below support level of 6,600.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,830 – 14,930

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.49
3	8.15
5	8.35
10	8.42
15	8.67
30	9.13

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.87	6.03	5.99	5.90	5.55
US\$	1.07	1.04	1.01	1.06	
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	14,880	-0.49
1 US\$ = SGD	1.37	-0.16
1 US\$ = JPY	111.79	0.05
1 US\$ = AUD	0.72	-0.28
1 US\$ = EUR	1.17	-0.07

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Analyst Certification

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