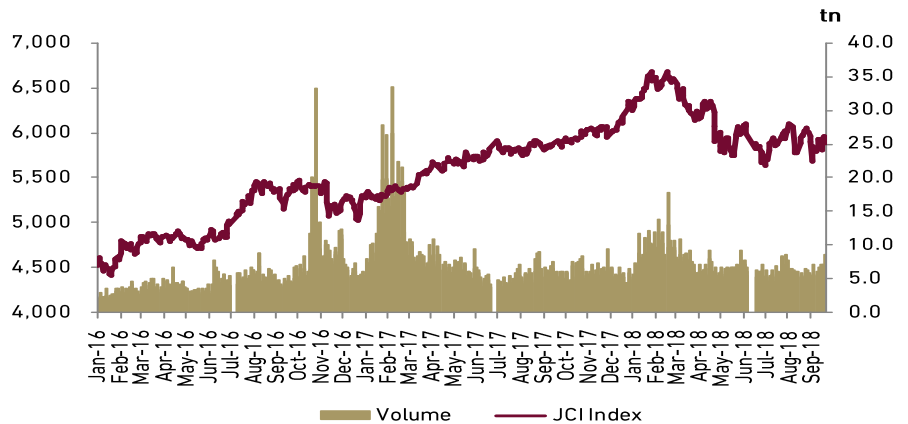


GLOBAL			
Index	Last	Change	% chg
Dow	26,492	-69.84	-0.26
S&P 500	2,916	-3.81	-0.13
Eido US	22.7	0.00	0.00
H.S.I	27,499	-454.19	-1.62
Nikkei	23,940	70.33	0.29
STI	3,236	16.92	0.53
KLCI	1,794	-5.70	-0.32
Kospi	2,339	15.72	0.68
SET Thai	1,748	-1.43	-0.08

- Bank Indonesia to start its board of governor meeting
- Adhi Karya 1H18 net income jumps 62% YoY, in line with expectations.
- United Tractors machinery sales down 27% in Aug, but still grow 33% in 8M18
- BBKA expects higher loan disbursement growth in 2H18 on corporate loan segment
- BNL appoints Director of Retail and Director of Sharia Banking
- Investors picking reits over developers

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	81.9	0.67	0.83
WTI Crude Oil (\$/bbl)	72.3	0.20	0.28
CPO (MYR/ton)	2,148	11.00	0.51
Gold (US\$/tr ounce)	1,201	-0.16	-0.01
Nickel (US\$/ton)	12,861	-3.50	-0.03
Tin (US\$/ton)	18,905	-84.00	-0.44
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	113.7	-0.05	-0.04

JCI STATISTIC



BEI STATISTICS	
JCI	5,874
Change (1 day)	-0.13%
Change YTD	-7.57%
P/E Market (X)	15.3
Volume (mn shr)	6,597.0
Value (Rp bn)	4,063.7
↑ 163 ↓ 175 ↔ 264	
LQ45	854
% Change (1 day)	0.28%

DAILY TECHNICAL VIEW

We expect JCI to trade between 5,810 (support) – 5,900 (resistance) level today

PGAS : Buy on weakness at Rp 2,030-Rp 1,980

Comment: Testing support level

BUMI : Buy on weakness at Rp 218-Rp 206

Comment: Testing support level

PTPP : Buy on weakness at Rp 1,500-Rp 1,450

Comment: Testing support level

ANTM : Buy on weakness at Rp 790-Rp 750

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	0.28
Inflation yoy (%)	3.20	3.18

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock market closed mostly lower as strong consumer confidence data and higher energy sector were offset by losses in chipmakers and utilities toward expected tomorrow Federal Reserve interest rate hike. S&P 500 fell 3.8 points or 0.13% and DJIA dipped 69.84 points or 0.26%, while Nasdaq added 14.2 points or 0.2%. U.S.-China trade talks were also became a concern yesterday, whereas President Trump stated that U.S. would no longer tolerate unfair trade deals. On commodity markets, Brent and WTI increased by 0.83% and 0.288% to USD81.9/bbl and USD72.3/bbl. Previously oil price hit 4 years high, but eased off after U.S. President ask OPEC for higher output

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,920	54.00	0.36
1 USD = SGD	1.37	0.00	0.01
1 USD = JPY	112.97	0.00	0.00
1 USD = AUD	1.38	0.00	0.00
1 USD = EUR	0.85	0.00	0.03

Domestic

JCI dropped by 7.92 points or 0.13% to close at 5,874 on Tuesday and recorded Rp19 bn net foreign buy. Basic Industry (-1.58%), Property (-0.63%), Agriculture (-0.51%), Trade (-0.42%) and Finance (-0.19%) were the sector laggards, with UNVR (-2.28% to 46,000), BMRI (-1.85% to 6,625) and INKP (-4.22% to 17,575) become the lagging movers. Rupiah currency weakened by 54 point to Rp14,920/USD. Our technical desk suggests for trading within the band of 5,810 – 5,900, with possibility to end at mix level.

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	24.0	0.06	0.25	3,581	337,686
ISAT	0.2	0.00	0.00	2,984	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

BANK INDONESIA TO START ITS BOARD OF GOVERNOR MEETING

Bank Indonesia is scheduled to start its two-days board of governor meeting and is expected to deliver its results tomorrow afternoon. Based on Bloomberg consensus, BI will need to raise 7 days reverse repo rate by 25 bps. However, we see that BI may need to raise rate more than the consensus think. Since the last BoG meeting in August, Rupiah has depreciated by 2.14% to Rp 14,920 in Sept 25. It even breached the highest point above Rp 15,000 on early September because of heightened trade war tension between US and China. Indonesia bonds also experienced another net sell in September worth USD 0.68 bn (as of Sept 24) after experienced net buy of USD 1.0 bn in August. Moreover, Fed will raise rate in its meeting that will be announced by Sept 26 (Sept 27 morning in Indonesia time). Investors' attention will focus on FOMC projection for 2019. More than 25 bps increase projection in 2019 should give pressure to Rupiah due to investor's expectation shifting. Besides, Rupiah also get more pressure from August trade deficit that remained high at USD -1.0 bn, after posting USD -2.0 bn deficit in July. It indicated worse than expected performance of CAD in 3Q18 and its value may surpass 3% of GDP in this quarter. Although inflation remained stable in August (3.2% YoY), we see that central bank will need to raise rate by 50 bps in this meeting.

ADHI KARYA 1H18 NET INCOME JUMPS 62% YOY, IN LINE WITH EXPECTATIONS.

Adhi Karya (ADHI) reported net income of Rp212.7 bn in 1H18, up by 62% YoY, and reached 23%-26% of our and consensus' FY18 net profit forecasts, respectively. This came within historical range of 15-25% over the last three years. 1H18 revenue grew by 17% YoY to Rp6.08 tn which further helped operating profit to grow by 57% YoY to Rp673.4 bn (33% of our FY18F vs 14-29% historical range). On quarterly basis, 2Q18 numbers also looked solid where ADHI saw net profit jumping by 90% QoQ to Rp139.4 bn. Although 2Q18 revenue declined by 6% YoY to Rp2.9 tn, operating profit managed to grow by 17% to Rp363.3 bn as cost of revenue weakened at faster pace (10%) than revenue, leading the company to book highest quarterly gross margin of 16.7%. Below the operating line ADHI booked lower other expenses on a decline in interest expenses. The company also booked lower effective tax rate of 43% in 2Q18 vs 60% in 1Q18.

Comment: We believe 1H18 results is solid and in line with our expectations. ADHI is trading at only 5.2-4.2x 2018-19F PER. We have Buy rating on the company with TP of Rp2,220.

ADHI 1H18

Rp bn	1H18	1H17	YoY	2Q18	1Q18	QoQ	FY18F	1H/18F
Revenue	6,082.7	5,184.4	17%	2,940.8	3,141.9	-6%	18,489.5	33%
Gross profit	923.4	598.4	54%	491.6	431.9	14%	2,431.6	38%
Gross margin (%)	15.2%	11.5%	3.6%	16.7%	11.5%	5.2%	13.2%	
Profit of joint operation	39.9	67.3	-41%	37.8	2.1	1697%		
Gross profit after JO	963.3	665.7	45%	529.3	434.0	22%	2,431.6	40%
Operating expenses	-289.9	-237.0	22%	-166.0	-123.9	34%		
Operating profit	673.4	428.7	57%	363.3	310.1	17%	2,045.5	33%
Operating margin	11.1%	8.3%	2.8%	12.4%	8.3%	4.1%	7.3%	
Total other inc (exp)	-240.1	-143.7	67%	-117.1	-123.0	-5%		
Pre-tax profit	433.3	285.0	52%	246.2	187.1	32%	1,493.5	29%
Tax	-220.2	-153.5	43%	-106.5	-113.7	-6%		
Net profit	212.7	131.3	62%	139.4	73.3	90%	909.6	23%
Net margin	3.5%	2.5%	1.0%	4.7%	2.5%	2.2%	4.9%	

UNITED TRACTORS MACHINERY SALES DOWN 27% IN AUG, BUT STILL GROW 33% IN 8M18

United Tractors (UNTR) heavy equipment sales volume was down 27% MoM and 1.4% YoY to 345 units in August. However, cumulatively the company still reported 33% YoY growth in volume to 3,221 units in 8M18 and achieved 76% of our FY18F. On a positive note, the company continued to register solid performance in mining contracting division with OB removal inching up by 1.6% MoM and 19% YoY to 89.9 mn bcm, bringing 8M18 number to 623.8 mn bcm (+23% YoY) which achieved 71% of our FY18F. Strip ratio reached 8.3x, the highest since Oct-13 which we believe will boost a higher fee. From its own mining, the company produced 5.58 mn tons of coal which grew by 20% YoY.

We see UNTR heavy equipment sales volume and OB removal likely achieving our full-year target. We currently have Buy rating on UNTR with TP of Rp46,000. UNTR is trading at 10.5x 2019F PER, still below historical mean of 14.4x

BBCA EXPECTS HIGHER LOAN DISBURSEMENT GROWTH IN 2H18 ON CORPORATE LOAN SEGMENT

Bank Central Asia (BBCA) expects higher loan disbursement growth in 2H18 mainly on corporate loan segment. The bank sees that second half loan disbursement should be higher than the first half. As of Aug-18, the bank recorded a total loan growth of 15% YoY, slightly higher than Jun-18 of 14% YoY. The bank mentioned that corporate loan segment is accelerated this year while consumer loan segment would become slower as the impact of increasing interest rates. The bank also mentioned that they had increased the credit interest rates for almost all segment following the hike in 7DRR.

BNLI APPOINTS DIRECTOR OF RETAIL AND DIRECTOR OF SHARIA BANKING

Bank Permata (BNLI) extraordinary meeting of shareholders on Tuesday (25/9) officially appointed new Director of Retail Banking and Director of Sharia Banking, with the two positions having been vacant since Apr-18 and last year, respectively. The meeting officially appointed Djumariah Tenteram as Director of Retail Banking and Herwin Bustaman as Director of Sharia Business Unit. Ms. Tenteram's experience in banking dates from 1987, with several key posts throughout her career. Currently she serves as BNLI's Head of Wealth Management. Mr Bustaman began his career in the sharia banking industry since 2005, and currently serves as PT Bank Maybank Indonesia Tbk's Head of Sharia Banking.

INVESTORS PICKING REITS OVER DEVELOPERS

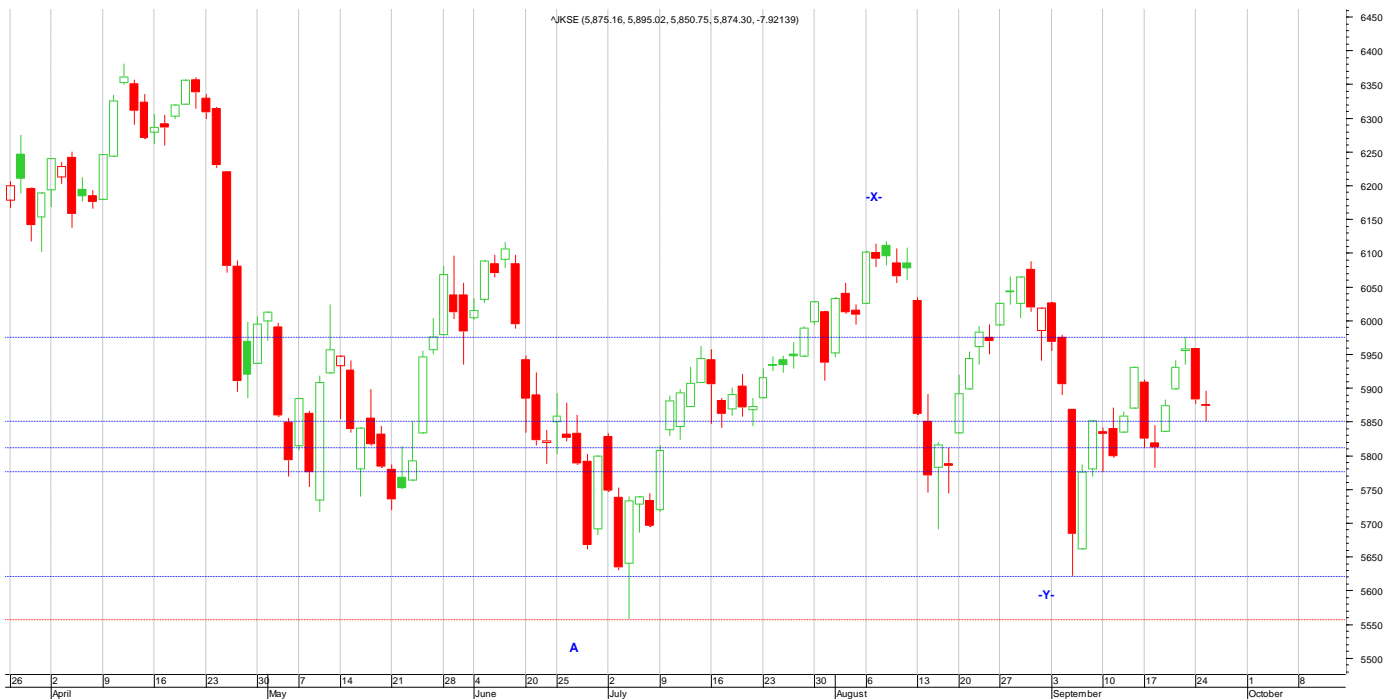
For much of 2017 and the first half of this year, Singapore developer stocks had a great run. That all changed on 5 Jul, when the Government shocked the property industry by imposing a fresh set of curbs that came into effect at midnight the following day. Now, the trade has reversed. The FTSE Straits Times Reits Index is outperforming a benchmark that tracks developers. Property stocks, which had their best annual gain in five years in 2017, have declined 5.4% since 5 Jul, while Reits are up 0.7% over the same period.

Comment: DIRE Ciptadana is the first Reits in Indonesia which offers an equity investment. So when the asset value rises, investors enjoy the benefit through the increase in the price of the traded DIRE units. As property stocks declined, investing in DIRE could be a better alternative. We believe DIRE Ciptadana is currently undervalued where trading cheap at 33% discount to its FY17 book value.

TECHNICAL ANALYSIS

JCI : (5,874 -0.1%)

Comment : UNVR, BMRI and INKP consecutively became lagging movers. Technically, JCI closed above support level of the gap 5,870. Resistance level at 5,975. Next support and resistance level at 5,776-6,117. 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

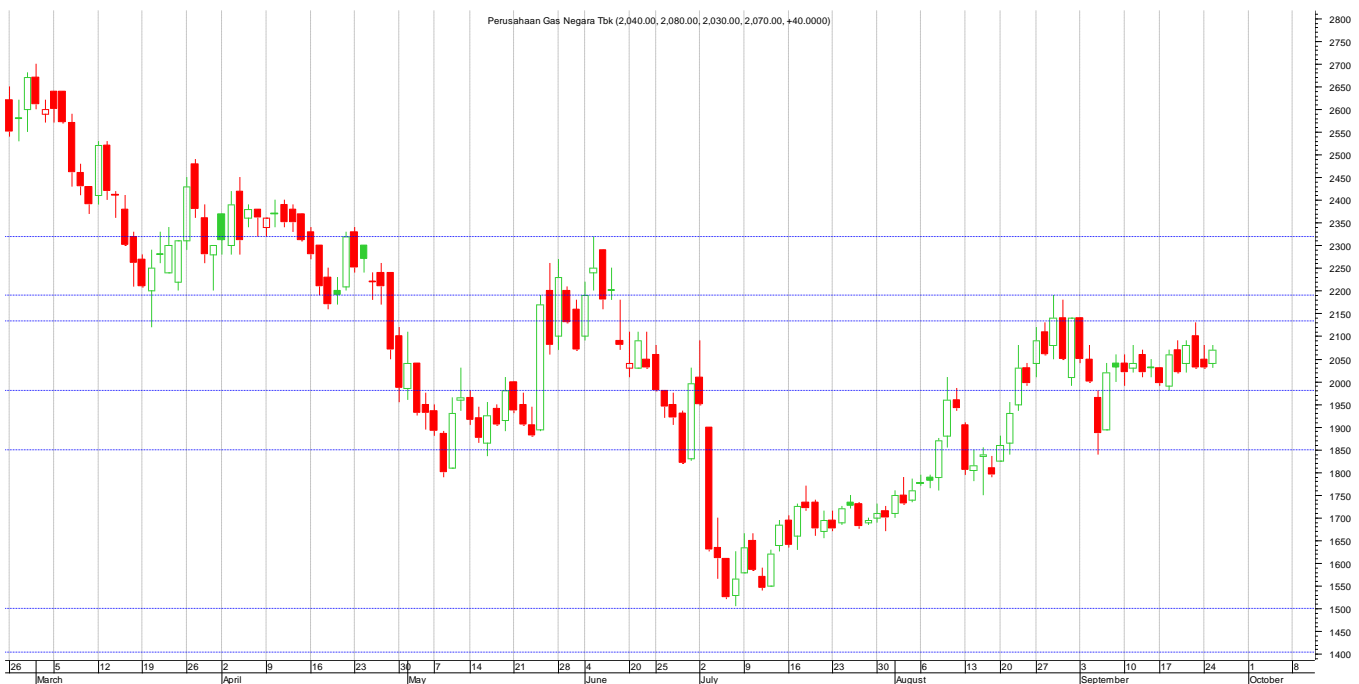
BUMI : Testing support level

The price closed above minor support level of 216. Resistance level at 232. Next support and resistance level at 206-248. The short-term trend is still sideways. Buy on weakness/Speculative buy, cut if the price moves and stable below the level of 206.



PGAS : Testing support level

The price held above minor support level of 1,980. Resistance level at 2,130. Next support and resistance level at 1,840-2,320. The short-term trend is still positive. Speculative buy/Buy on weakness, cut if the price moves below the level of 1,980.



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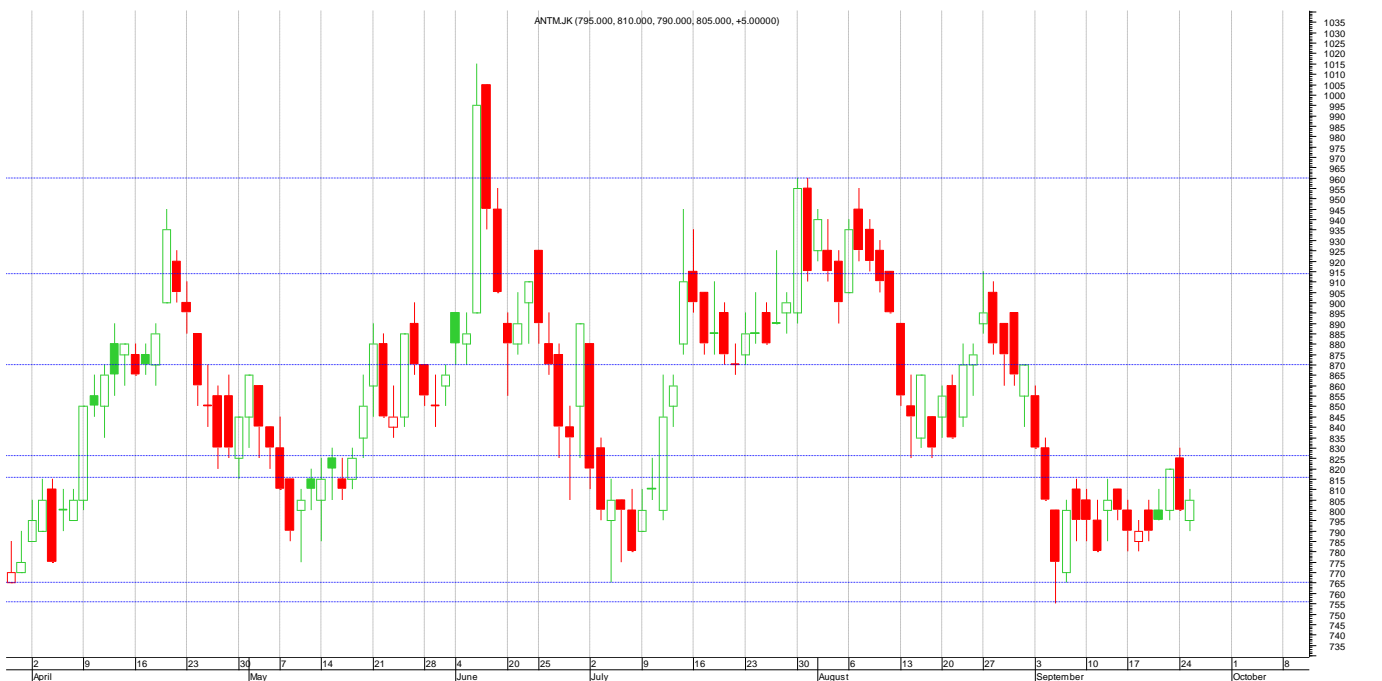
PTPP : Testing support level

The price failed to break minor resistance level of 1,595. Support level at 1,465. Next support and resistance level at 1,350-1,800. The price moved in downtrend channel in the last two months. Some momentum indicators give a positive sign. Speculative buy/Buy on weakness.



ANTM : Testing resistance level

The price closed above minor support level of 780. Resistance level at 830. Next support and resistance level at 755-875. The mid-term trend is still sideways. Buy on weakness, cut if the price moves below the level of 750.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,870 – 14,965

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.47
3	7.97
5	8.16
10	8.19
15	8.45
30	9.21

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.91	6.06	6.00	5.90	5.44
US\$	1.07	1.10	1.09	1.02	
JIBOR (RP)	6.71	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	14,866	-0.33
1 US\$ = SGD	1.37	0.01
1 US\$ = JPY	112.82	-0.02
1 US\$ = AUD	0.73	0.11
1 US\$ = EUR	1.18	0.08

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Analyst Certification

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