

GLOBAL			
Index	Last	Change	% chg
Dow	26,651	192.90	0.73
S&P 500	2,925	10.61	0.36
Eido US	22.9	-0.05	-0.22
H.S.I	27,789	72.85	0.26
Nikkei	24,444	198.13	0.82
STI	3,255	-1.59	-0.05
KLCI	1,792	-0.69	-0.04
Kospi	2,338	-1.10	-0.05
SET Thai	1,760	4.06	0.23

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	85.0	2.25	2.72
WTI Crude Oil (\$/bbl)	75.3	2.05	2.80
CPO (MYR/ton)	2,094	-24.00	-1.13
Gold (US\$/tr ounce)	1,190	1.21	0.10
Nickel (US\$/ton)	12,406	-101.00	-0.81
Tin (US\$/ton)	18,970	110.00	0.58
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	114.6	0.45	0.39

BEI STATISTICS	
JCI	5,945
Change (1 day)	-0.53%
Change YTD	-6.47%
P/E Market (X)	15.6
Volume (mn shr)	6,069.8
Value (Rp bn)	4,525.7
↑ 195 ↓ 212 ↔ 196	
LQ45	854
% Change (1 day)	0.28%

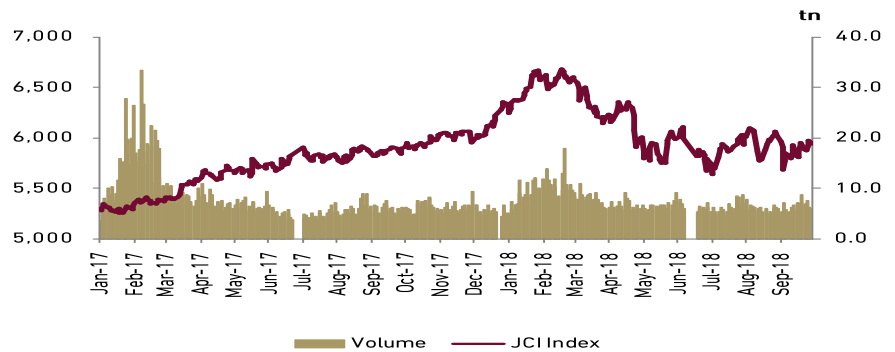
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	5.75	5.50
Fed fund rate (%)	2.25	2.00
inflation mom (%)	-0.18	-0.05
Inflation yoy (%)	2.88	3.20

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,945	35.00	0.23
1 USD = SGD	1.37	0.00	0.05
1 USD = JPY	113.94	0.01	0.01
1 USD = AUD	1.38	0.00	-0.12
1 USD = EUR	0.86	0.00	0.01

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	24.5	0.05	0.20	3,666	287,520
ISAT	0.2	0.00	0.00	2,989	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Indonesia's CPI posts -0.18% MoM deflation in September
- Palm oil exports surpasses 3.3 mn tons
- GMFI targets 15% revenue growth this year
- WTON new contracts grow by 25% YoY to Rp5.04 tn in 9M18
- ADHI expects to receive Rp3.6 tn payment from LRT project
- BBTN property expo achieved Rp8.7 tn mortgage transaction
- BBTN reported Rp1.98 tn net profit in 8M18 (+16% YoY); above
- Campina Ice Cream Industry (CAMP) to maintain ASP

### JCI STATISTIC



### DAILY TECHNICAL VIEW

We expect JCI to trade between 5,953 (support) – 6,030 (resistance) level today

**TLKM : Speculative buy at Rp 3,660-Rp 3,620**

Comment: Closed above resistance level

**EXCL : Speculative buy at Rp 2,800-Rp 2,750**

Comment: Hold above support level

**ADHI : Speculative buy at Rp 1,410-Rp 1,350**

Comment: Testing resistance level

**PTBA : Sell on strength at Rp 4,450-Rp 4,600**

Comment: Testing resistance level

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

US stocks jumped with the Dow rises by 193 points to 26,651 or +0.73% and the S&P500 higher 0.36% to 2,925. Canada, Mexico, and US secured a trade deal named United States-Mexico-Canada Agreement (USMCA) to replace the current North American Free Trade Agreement (NAFTA). The agreement will deliver more market access to US dairy farmers, while Canada capped automobile exports to US. On commodity markets, oil prices rose with WTI crude up by 2.8% to USD75.3/bbl and Brent up by 2.73% to USD85.0/bbl, while coal increased by 0.66% to USD114.6/ton. Nickel declined by 0.81% to USD12,406/ton and CPO was down by 1.13% to MYR2,094/ton.

#### Domestic

JCI closed lower at 5,945 by 32 points or -0.54% on Monday trading and recorded Rp378 bn of net foreign buy. The laggards sectors were Basic Industry (-2.37%), Agriculture (-1.49%), and Consumer (-1.46%), which were mainly driven HMSP (-2.08% to 3,770), UNVR (-1.54% to 46,300), BBKA (-0.83% to 23,950) as the key movers. Indonesia Statistics Agency (BPS) announced deflation of 0.18% MoM in Sep-18 while annual inflation slowed to a two-year low of 2.88% YoY, down from 3.20% YoY in Aug-18. Rupiah weakened by 7 points to 14,910/USD. Our technical desk suggests for trading within the band of 5,950 – 6,030 with possibility mixed to end at higher level.

#### INDONESIA'S CPI POSTS -0.18% MOM DEFLATION IN SEPTEMBER

Statistics office (BPS) reported September consumer price index had a deflation of -0.18% MoM, making the annual inflation fell to 2.88% YoY or the first time annual inflation below 3% since August 2016. These figures came below both Bloomberg and our estimates. Core inflation weakened to 2.82% due to lower education and recreation inflation. We still do not see significant effect of Rupiah depreciation to inflation even though Rupiah already depreciate to near 10% YTD as of September 2018. September's food price experienced another deflation of -1.62% MoM (3.75% YoY) after had the first one in August (-1.1% MoM). However, the annual food inflation remained high at 3.75% YoY, compared to Sept-17 at 1.04% YoY. Government needs to be cautious on food price as it will enter yearend high season starting November.

**Comments:** As September inflation inched down to 2.88% YoY, we revised our YE 2018 inflation target from 3.5% YoY to 3.2% YoY. We see that food inflation will continue to be manageable and Rupiah depreciation effect will less significant in 2018 – 2019.

#### PALM OIL EXPORTS SURPASSES 3.3 MN TONS

Indonesian Association of Palm Oil (GAPKI) releases the data of national palm oil exports on Aug 18 that reached 3.30 mn tons, or increased by 2.48% from previous month of only 3.22 mn tons. The relatively low price of CPO in global market has pushed the trader to buy the commodity as much as possible. Throughout Aug 18, the price of CPO only reached USD557.5/mt, the lowest since Jan 16.

**Comment:** The price of CPO continues to decline along with other vegetable oil prices, especially soy oil in the midst of oversupply in global market. We believe the price will remain under pressure in the remainder of the year as peak harvest season happens in 2H18 hence supply remains abundant while demand still weak. As such, currently we maintain NEUTRAL on plantation sector.

#### GMFI TARGETS 15% REVENUE GROWTH THIS YEAR

GMFI is striving to boost its non-affiliated revenue and at the moment the portion has reached 40%, exceeding the initial target of 30%. Going forward, non affiliated revenue will be the backbone to achieve the target. Until the end of the year, the company is estimated 15% growth of revenue to USD504 bn. In addition, during the weakening rupiah against dollar, GMFI is less exposed but the aviation players will be hit since the maintenance, repair and overhaul (MRO) tariffs are based on dollar.

**Comment:** In our view, if the non affiliated revenue portion expands going forward, it means that the risk that associated with the company will get lower.

#### WTON NEW CONTRACTS GROW BY 25% YOY TO RP5.04 TN IN 9M18

Wijaya Karya Beton (WTON) has obtained new contract worth Rp5.04 tn in 9M18, up 25% YoY. This achieved 66.7% of full-year target of Rp7.56 tn (our target Rp7.5 tn) . The company secured new contracts from several projects in September which among others Balikpapan Samarinda toll road package 234 of Rp81.37 bn, Manado Bitung toll road of 84.4 bn. On project owner breakdown, 39.56% of contract came from private projects , 32.98% from WIKA , 21.65% from SOE and 5.81% from government.

**Comment:** The achievement to full-year contract of 66.7% in 9M18 is better than 56% in 9M17. WTON is trading at only 6.2x 2019F , far below historical average of 28x. We currently maintain our Buy rating on WTON with TP of Rp570.

#### ADHI EXPECTS TO RECEIVE RP3.6 TN PAYMENT FROM LRT PROJECT

Adhi Karya (ADHI) is optimistic to get payment of Rp3.6 tn from greater Jakarta LRT project of Rp3.6 tn this month. It would help improve cash from operation.

**Comment :** ADHI's cash flow from operation significantly improved from -Rp2.2 tn in 1H17 to -Rp330.6 bn in 1H18, which is also the best among SOEs contractors. Gearing was still manageable at 1.1x. ADHI is trading at only 4.6x 2019F PER, we have Buy rating with TP of Rp2,220 for ADHI.

#### CAMPINA ICE CREAM INDUSTRY (CAMP) TO MAINTAIN ASP

CAMP stated they will not raise their ASP anytime soon, as the purchasing power is still weak and there is additional competition from existing providers as well as new players. Even though weakening of Rupiah had increased the cost of production, CAMP is positive they can maintain their sustainable margin. CAMP is positive Indonesian's ice cream industry will be growing. Since, consumption is still low at 0.7kg/ capita annually, compared to Malaysia and Singapore at 2.6kg/capita and 5kg/capita. In 1H18, sales posted 1.57%YoY growth to Rp 488 bn, however net profit recorded 225.45%YoY growth to Rp 32.48 bn as there is efficiency applied on their distribution system. This year CAMP target to book 8% sales growth, as Company believe by maintaining the ASP to boost the transaction growth.

#### BBTN PROPERTY EXPO ACHIEVED RP8.7 TN MORTGAGE TRANSACTION

BBTN property expo achieved Rp8.7 tn mortgage transaction, higher than the internal target of Rp5 tn. The expo held in Jakarta from 22-30 Sep 2018 and recorded 13k number of visitors. Through the expo, BBTN offers many promotional programs such as interest rates promo of 6.25% fixed for 1 year, KPR Zero offer, and Easy Payment KPR, where the debtors only pays the mortgage loan installments with a principal grace period of 2 years.

#### BBTN REPORTED RP1.98 TN NET PROFIT IN 8M18 (+16% YOY); ABOVE

BBTN reported Rp1.98 tn net profit in 8M18 (+16% YoY) on its bank only unaudited monthly statement, above of ours estimates (61% of full year estimates) but in-line with consensus (58%). Last year 8M17 achievement were 57% of the full year. Loan growth continues to be solid at 20% YoY as of Aug-18.

**Comments:** We see some asset yield uptick on the last two months which gives BBTN some NIM expansion to 4.6% in Aug-18, up from the bottom of 3.8% in Apr-18 (monthly annualized NIM). However going forward we still see the potential of NIM pressure as BBTN seen quicker pace of TD expansion (28% YoY and 6% MoM as of Aug-18), CASA ratio down to 47% from 51% last year, in the middle of rising interest rates trend. We have a Buy call on BBTN with Rp3,450/share target price.

## TECHNICAL ANALYSIS

JCI : ( 5,945 -0.5%)

**Comment :** HMSP, UNVR and BBCA consecutively became lagging movers. Technically, JCI failed to break minor resistance level of 5,975. Support level at 5,850. 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 be above the bottom of wave A (above 5,557). Because the index moved below the lowest level of 5,689 which 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 begins 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**

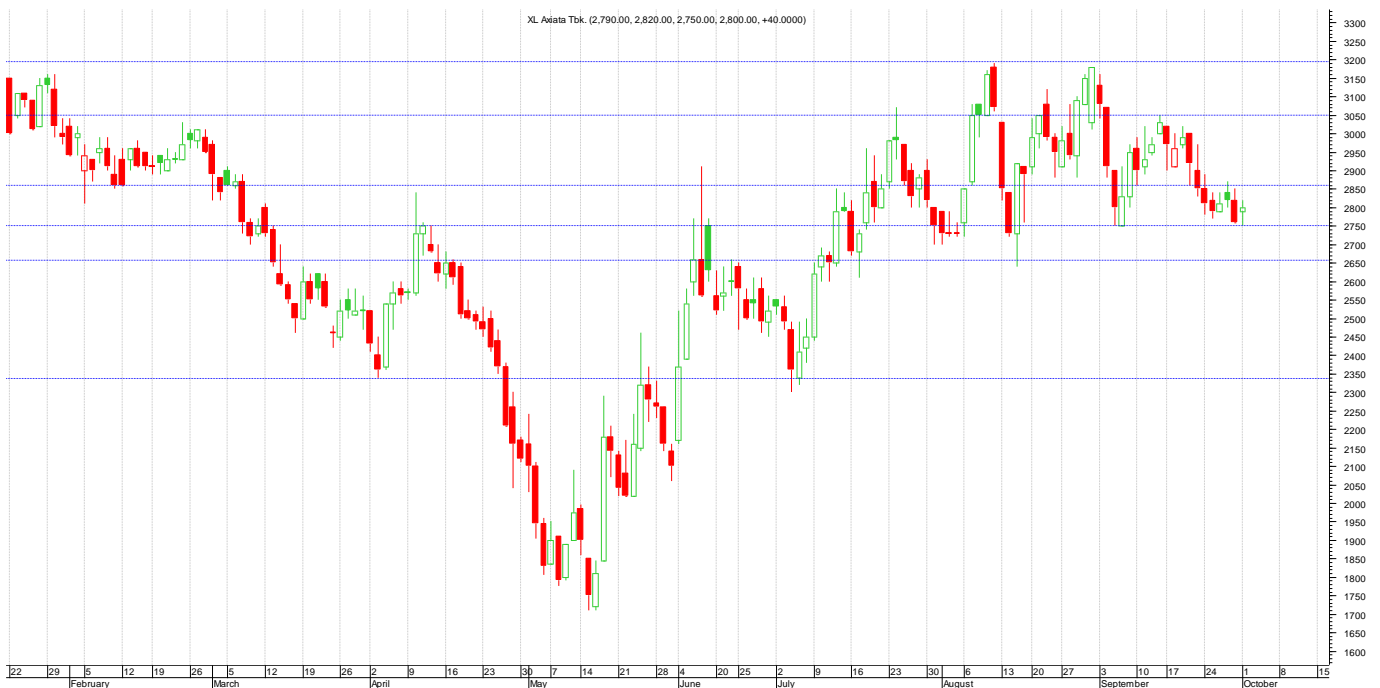
**TLKM : Testing resistance level**

The price closed above minor resistance level of 3,640. If the breakout confirm, level of 3,640 will turn into support level. Resistance level at 3,860. Next support and resistance level at 3,510-3,950. The mid-term trend is still sideways. Speculative buy, cut if the price moves below the level of 3,600.



**EXCL : Testing support level**

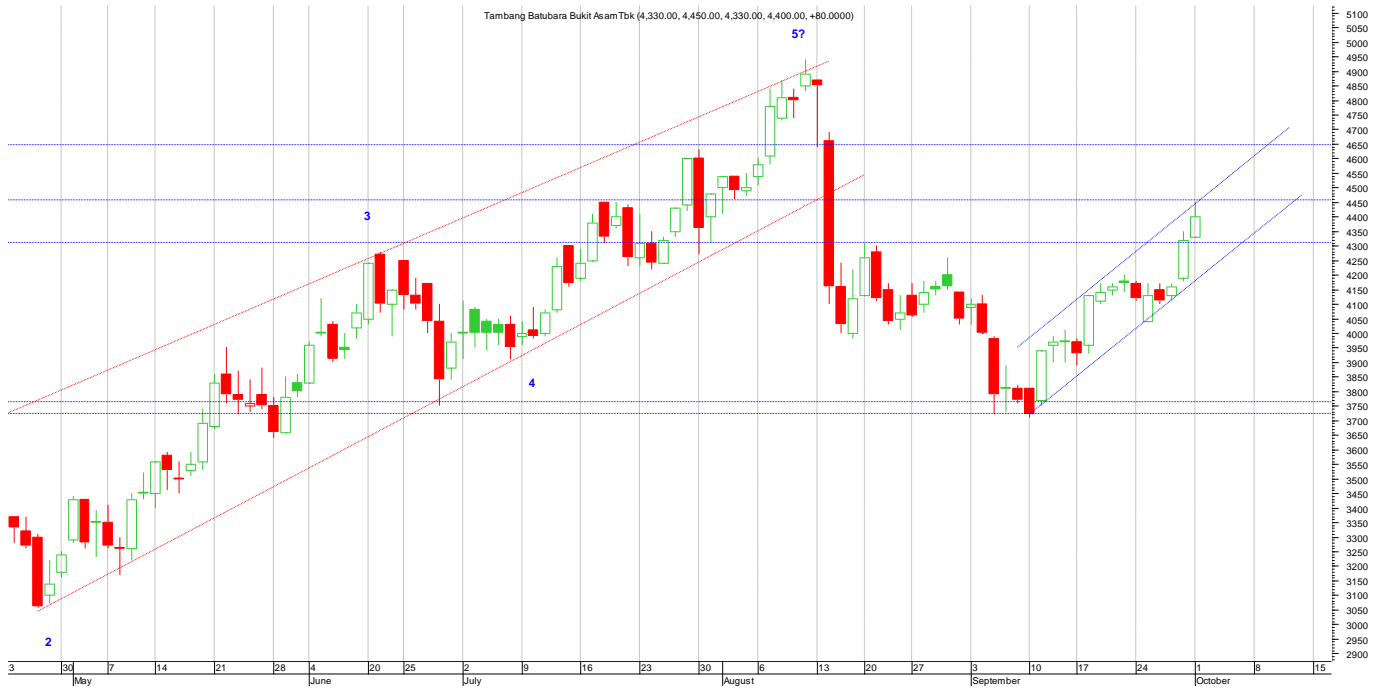
The price closed above minor support level of 2,750. Resistance level at 2,870. Next support and resistance level at 2,640-3,050. Candle stick chart likely formed a reversal harami pattern. This pattern still need further confirmation. The price moved in sideways in the last two months. Speculative buy, cut if the price moves and stable below the level of 2,640.



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**PTBA : Testing resistance level**

The price closed below resistance level the short-term uptrend channel 4,500. Support level of the channel around the level of 4,200. Next support and resistance level at 4,000-4,800. The mid-term trend turn into sideways. Sell on strength



**ADHI : Testing resistance level**

The price closed below minor resistance level of 1,435. Support level at 1,345. Next support and resistance level at 1,320-1,500. The price moved in downtrend channel in the last five months. Some of momentum indicators gives a positive sign. Speculative buy/Buy on weakness



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,860 – 14,960

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	7.37
3	7.76
5	7.86
10	8.03
15	8.27
30	9.21

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.95	6.07	6.06	5.92	5.49
US\$	1.07	1.12	1.07	1.05	
JIBOR (RP)	6.99	7.35	7.50	7.65	

BASE LENDING RATE	
BI RATE	5.75
FED FUND RATE	2.25
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,945	-0.23
1 US\$ = SGD	1.37	-0.05
1 US\$ = JPY	113.94	-0.01
1 US\$ = AUD	0.72	0.12
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](mailto:research@ciptadana.com)  
[www.ciptadana.com](http://www.ciptadana.com)

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