

GLOBAL

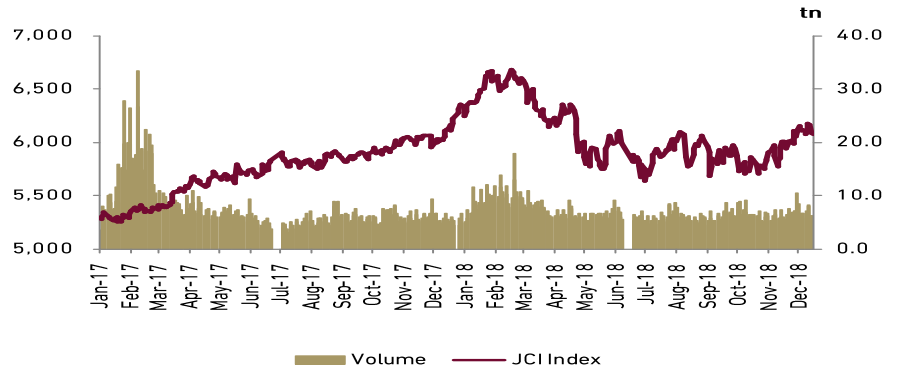
Index	Last	Change	% chg
Dow	23,676	82.66	0.35
S&P 500	2,546	0.22	0.01
Eido US	24.7	0.42	1.73
H.S.I	25,814	-273.73	-1.05
Nikkei	21,115	-391.43	-1.82
STI	3,046	-68.71	-2.21
KLCI	1,635	-6.31	-0.38
Kospi	2,068	5.65	0.27
SET Thai	1,583	-18.29	-1.14

- BI to kick off its two days Board of Governor meeting
- BMRI posted Rp21.4 tn (15% YoY) bank only-net income in 11M18
- JSMR to add 200 km toll road in 2019
- Indomobil Multi Jasa to raise Rp526.8 bn via rights issue
- Telkomsigma to build two data centers in 2019
- TBIG completed 51% stake of GOLD's acquisition

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	56.3	-3.35	-5.62
WTI Crude Oil (\$/bbl)	46.2	-3.64	-7.30
CPO (MYR/ton)	2,062	98.00	4.99
Gold (US\$/tr ounce)	1,250	0.50	0.04
Nickel (US\$/ton)	10,753	-155.00	-1.42
Tin (US\$/ton)	19,244	-152.00	-0.78
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	101.5	-0.35	-0.34

JCI STATISTIC



BEI STATISTICS

JCI	6,082
Change (1 day)	-0.12%
Change YTD	-4.31%
P/E Market (X)	16.3
Volume (mn shr)	6,059.8
Value (Rp bn)	6,184.6
↑ 168 ↓ 216 ↔ 237	
LQ45	971
% Change (1 day)	-0.04%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,060 (support) – 6,120 (resistance) level today

**BBNI : Sell on strength at Rp 8,725-Rp 8,850**

Comment: Testing resistance level

**BMRI : Sell on strength at Rp 7,400-Rp 7,600**

Comment: Testing resistance level

**ASII : Sell on strength at Rp 8,450-Rp 8,600**

Comment: Testing resistance level

**HMSP : Sell on strength at Rp 3,700-Rp 3,800**

Comment: Testing resistance level

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	5.75	5.50
Fed fund rate (%)	2.25	2.00
inflation mom (%)	0.27	0.28
Inflation yoy (%)	3.23	3.16

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock market ended higher on Tuesday, even though the market posted higher gains during the initial trading session. Investors remain unconvinced and led them to stay on the sidelines due to unfavorable global growth's expectation. Other issues that lingered comprise of U.S.-China trade relation and fed interest rate policy. In Wednesday, following the FOMC meeting, announcement of decision whether to raise interest rate or not will be come up. S&P 500 inched up 0.22 points or 0.01%, DJIA rose 82.66 points or 0.35% and Nasdaq edged up 30.18 points or 0.45%. On commodity market, Brent crude oil and WTI crude oil plunged by 5.62% and 7.3% to USD56.3/bbl and USD46.2/bbl, respectively. This was mainly underpinned by the planned production curbs by global producers, led by Saudi Arabia and Russia which failed to allay concerns regarding oversupply. In addition, CPO soared 4.99% to 2,062 MYR/ton.

Domestic

JCI ended lower by 7.44 points or 0.12% to close at Rp6,082 on Tuesday and recorded Rp917 bn net foreign sell. Mining (-1.16%), Property (-1.13%), Finance (-0.40%), Trade (-0.04%) and Consumer (-0.01%) were the sector laggards, with BBKA (-1.94% to 25,325), HMSP (-0.54% to 3,650) and BMRI (-0.68% to 7,350) become the lagging movers. Rupiah currency weakened by 53 point to Rp14,501/USD. Our technical desk suggests for trading within the band of 6,060-6,120, with possibility to end at mix level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,501	-79.00	-0.54
1 USD = SGD	1.37	0.00	-0.01
1 USD = JPY	112.48	-0.04	-0.04
1 USD = AUD	1.39	0.00	-0.08
1 USD = EUR	0.88	0.00	-0.13

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.0	0.68	2.68	3,773	525,904
ISAT	0.1	0.00	0.00	2,103	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

BI TO KICK OFF ITS TWO DAYS BOARD OF GOVERNOR MEETING

Bank Indonesia will start its two days board of governor meeting today and will announce the result by tomorrow afternoon. As of Dec 18, Bloomberg consensus predicts BI to hold rate at 6.00%. The data released in December still denotes Indonesia's macroeconomic as manageable. Inflation remained stable at 3.23% YoY and we see YE 2018 inflation will be around 3.2% YoY. Rupiah December movement was also still stable below Rp 15,000, appreciate 1.2% from November average. It seemed that widen trade deficit at USD 2.05 bn did not affect Rupiah significantly in past few days. As December FFR hike is already priced in by BI in last governor meeting, we see Bank Indonesia will hold 7 days reverse repo rate at 6.00% in this month.

BMRI POSTED RP21.4 TN (15% YOY) BANK ONLY-NET INCOME IN 11M18

Bank Mandiri (BMRI) posted Rp21.4 tn bank only-net income in 11M18, up by 15% YoY and accounting for 86/89% of ours and consensus estimates, respectively. This is slightly below last year achievement of 91% in 11M17, mainly due to slow net interest income growth of 3% YoY in 11M18. Loan growth was slowing to 14% YoY as of Nov-18 (-1% MoM) from 17% YoY as of Oct-18. Meanwhile in the funding side, total deposit grew by 8% YoY and 1% MoM as of Nov-18. This gave some relief on the liquidity with LDR reduced to 91.6% as of Nov-18, down from 94.4% a month before.

**Comment:** We currently have a Buy call on BMRI with Rp7,950/share target price.

BMRI (Bank only, unaudited)

Results summary (Rp bn)	11M17	11M18	YoY	11M18/		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	YoY	MoM
				2018F								
Interest income	62,061	61,393	-1%	74%		5,853	5,722	5,725	5,874	5,862	6%	0%
Interest expense	21,136	19,367	-8%	69%		1,810	1,920	1,852	1,958	1,950	9%	0%
<b>Net interest income</b>	<b>40,925</b>	<b>42,026</b>	<b>3%</b>	<b>76%</b>		<b>4,043</b>	<b>3,803</b>	<b>3,873</b>	<b>3,917</b>	<b>3,913</b>	<b>5%</b>	<b>0%</b>
Other operating income	18,340	20,686	13%	69%		1,655	2,313	715	1,925	2,443	37%	27%
Opex	24,204	25,109	4%	68%		2,342	3,379	1,301	2,474	2,638	12%	7%
PPoP	35,062	37,603	7%	78%		3,356	2,737	3,287	3,368	3,717	18%	10%
Provision expense	11,611	10,927	-6%	72%		933	1,023	405	815	1,196	29%	47%
<b>Operating profit</b>	<b>23,451</b>	<b>26,676</b>	<b>14%</b>	<b>81%</b>		<b>2,423</b>	<b>1,714</b>	<b>2,882</b>	<b>2,553</b>	<b>2,521</b>	<b>13%</b>	<b>-1%</b>
Income tax	4,742	5,227	10%	76%		513	439	615	539	523	16%	-3%
<b>Net income</b>	<b>18,709</b>	<b>21,449</b>	<b>15%</b>	<b>86%</b>		<b>1,910</b>	<b>1,275</b>	<b>2,267</b>	<b>2,014</b>	<b>1,998</b>	<b>12%</b>	<b>-1%</b>

Total deposits	691,012	748,180	8%		724,683	722,383	736,649	737,659	748,180	8%	1%
- Demand	180,864	208,696	15%		186,109	182,114	196,021	200,844	208,696	15%	4%
- Saving	284,892	298,106	5%		290,667	289,926	295,994	294,006	298,106	5%	1%
- Time	225,256	241,378	7%		247,907	250,343	244,634	242,809	241,378	7%	-1%
<b>Total liabilities</b>	<b>781,674</b>	<b>861,786</b>	<b>10%</b>		<b>831,297</b>	<b>829,823</b>	<b>852,300</b>	<b>857,787</b>	<b>861,786</b>	<b>10%</b>	<b>0%</b>
Gross loans	601,276	685,123	14%		668,317	665,515	684,657	696,253	685,123	14%	-2%
Loan loss reserves	(31,521)	(29,572)	-6%		(30,028)	(29,850)	(29,843)	(29,940)	(29,572)	-6%	-1%
Other earning assets	142,772	167,095	17%		140,929	149,740	159,409	151,503	167,095	17%	10%
<b>Total assets</b>	<b>939,851</b>	<b>1,030,812</b>	<b>10%</b>		<b>993,094</b>	<b>992,792</b>	<b>1,017,323</b>	<b>1,024,190</b>	<b>1,030,812</b>	<b>10%</b>	<b>1%</b>
Shareholders equity	158,177	169,025	7%		161,797	162,970	165,023	166,403	169,025	7%	2%

Key ratios (%)

NIM	6.3	5.8	(0.5)		6.2	5.8	5.8	5.8	5.7	(0.6)	(0.0)
CASA to total deposits	67.4	67.7	0.3		65.8	65.3	66.8	67.1	67.7	0.3	0.7
Cost-to-income	40.8	40.0	(0.8)		41.1	55.2	28.4	42.4	41.5	(1.1)	(0.8)
Credit cost (% of avg. loan)	2.2	1.9	(0.4)		1.8	1.9	0.8	1.5	2.2	0.2	0.7
Tax rate	20.2	19.6	(0.6)		21.2	25.6	21.3	21.1	20.7	0.5	(0.4)
LDR	87.0	91.6	4.6		92.2	92.1	92.9	94.4	91.6	4.6	(2.8)
ROA	2.2	2.3	0.1		2.3	1.5	2.7	2.4	2.3	0.1	(0.0)
ROE	13.5	14.2	0.7		14.3	9.4	16.6	14.6	14.3	0.7	(0.3)

#### JSMR TO ADD 200 KM TOLL ROAD IN 2019

Recently, JSMR has been operating 998.4 km toll road, and next year the company is targeted to operate another 200 km. Moreover, on December 20th 2018, our Indonesian President will inaugurate 160 km new toll road which comprise of 4 new sections (Batang – Semarang, Salatiga – Kertasura, Wilangan – Kertosono, Pasuruan – Grati), whereas in period of Christmas and New Year will be free of charge. According to CEO of JSMR, despite of longer toll road length in operation, JSMR will not be able to boost the bottom line growth, but at least the company EBITDA is expected to increase.

**Comment:** JSMR toll road in operation growth is really growing rapidly; hence this can be as source of growth going forward. Yet during the early years of operation, the traffic normally still low. However, after the relative new toll roads matured, we believe the bottom line potentially grow stronger.

#### TELKOMSIGMA TO BUILD TWO DATA CENTERS IN 2019

Telkomsigma, a subsidiary of TLKM, plans to build two data centers in Jababeka and Sentul next year. These cities are picked due to their role as an industrial city. The data centers include tier III and tier IV level (note: data center tiering system: tier I to IV with tier I is the most basic facility and tier IV is the most sophisticated). Including these data centers, Telkomsigma aims to own 4,500sqm data centers, up from 1,500sqm in 2018.

#### TBIG COMPLETED 51% STAKE OF GOLD'S ACQUISITION

TBIG is reported to spend Rp35.5 bn to acquire 51% stake or 160.4mn shares of GOLD. This implies a transaction value of Rp221/share, a 55% discount compared to GOLD's last closing price of Rp490/share.

**Comment:** Given the small size of GOLD, we think the transaction should give immaterial impact to TBIG. As of 9M18, GOLD operates 305 units of tower, while TBIG operates c.14k units. GOLD 's revenue was at Rp25.4 bn or only equals to 0.8% of TBIG's revenue. GOLD's EBITDA was at Rp15.1 bn, very insignificant compared to TBIG's of Rp2.7 tn. We think the transaction's valuation is fair at 8.5x annualized EV/EBITDA.

#### INDOMOBIL MULTI JASA TO RAISE RP526.8 BN VIA RIGHTS ISSUE

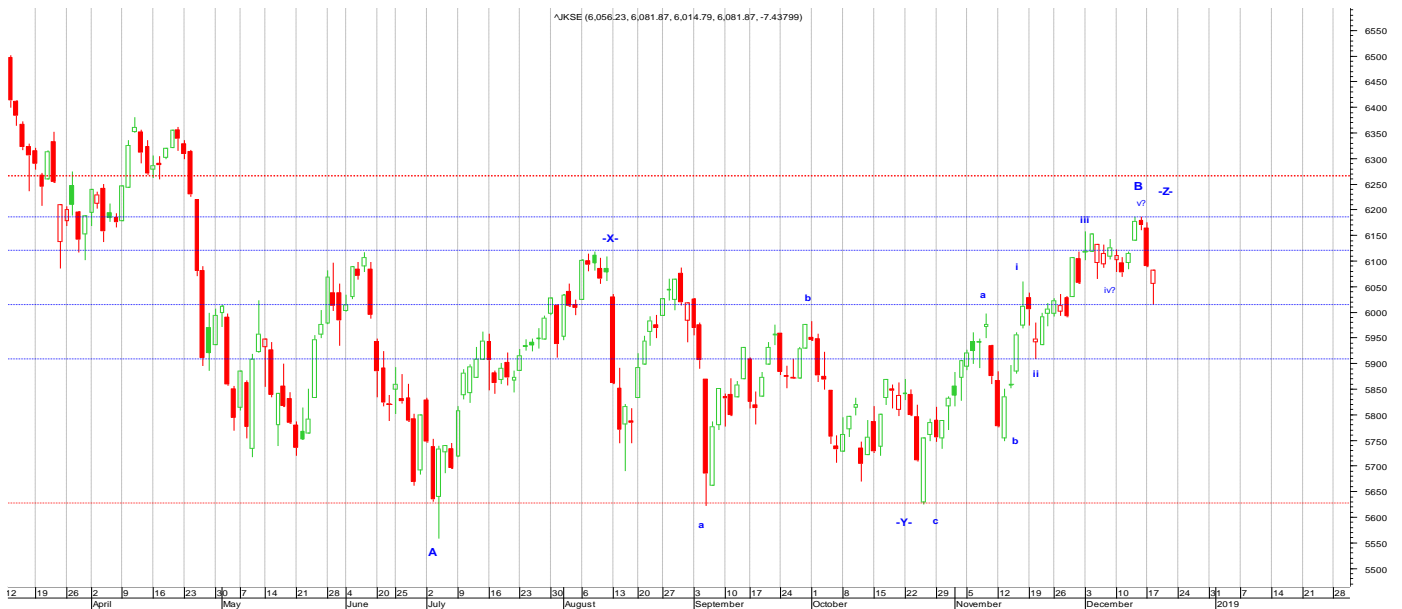
Indomobil Multi Jasa (IMJS) plans to issue 752.6 mn new shares at Rp700 in rights issue. Of total proceeds, Rp281.5 bn will be used for debt payment to Maybank Indonesia, Rp242 bn for capital injection into its subsidiary Indomobil Finance Indonesia.

**Comment:** IMJS rights issue price is higher than current share price of Rp625, however the shares have low trading liquidity.

## TECHNICAL ANALYSIS

JCI : ( 6,082 -0.1%)

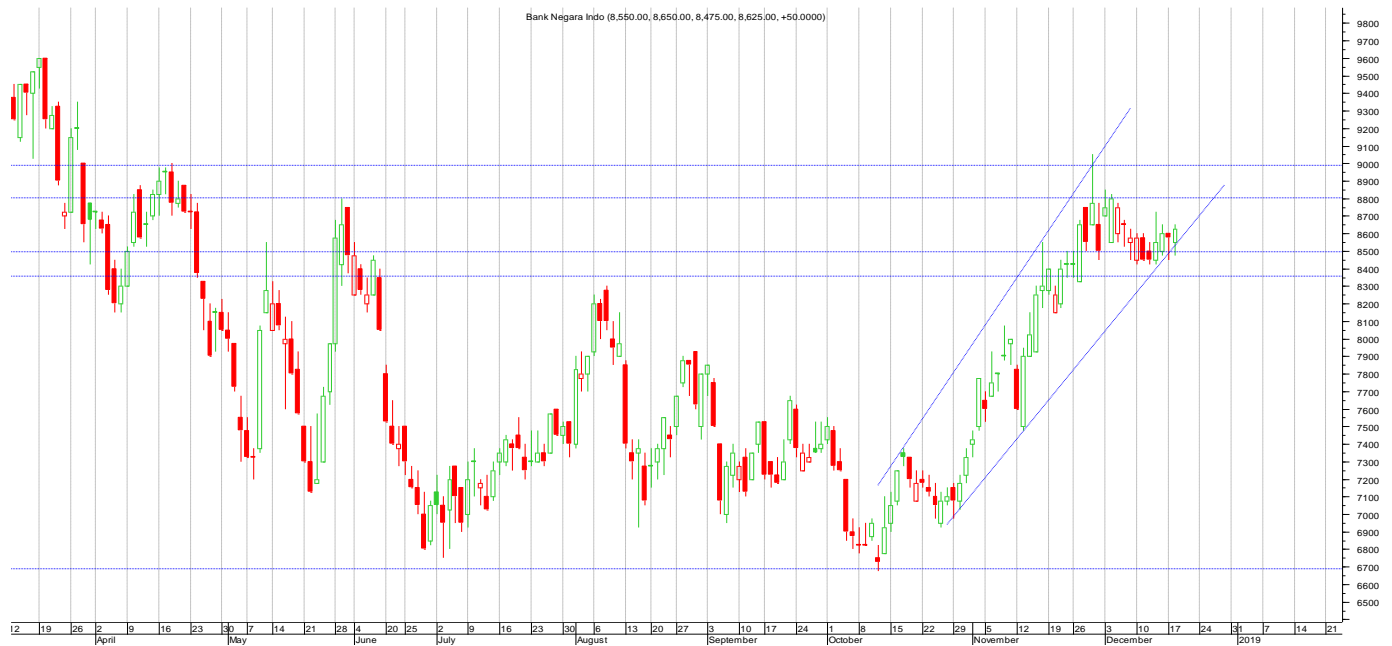
**Comment :** BBCA, HMSP and BMRI consecutively became lagging movers. Technically, JCI bounced from the lowest level of 6,014. Resistance level at 6,120. Next support and resistance level will be at 5,908-6,250. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because the index moved below the mid-term uptrend line, we consider that the index is forming a mid-term corrective wave. Meanwhile, we revised 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 peaks of wave X likely at the level of 6,117 which occurred on August 8, 2018. The lowest level of 5,623 which occurred on October 25, 2018 noted as the bottom of sub wave Y. According to this wave counting, now JCI is in the process to find the peaks of sub wave Z of wave up B which is the last wave of the cycle of wave up B. We consider that the peaks of wave B already achieved when the index moved below minor support level of 6,117. This wave counting will firm if the index moves below the level of 6,014.



**STOCK OF THE DAY**

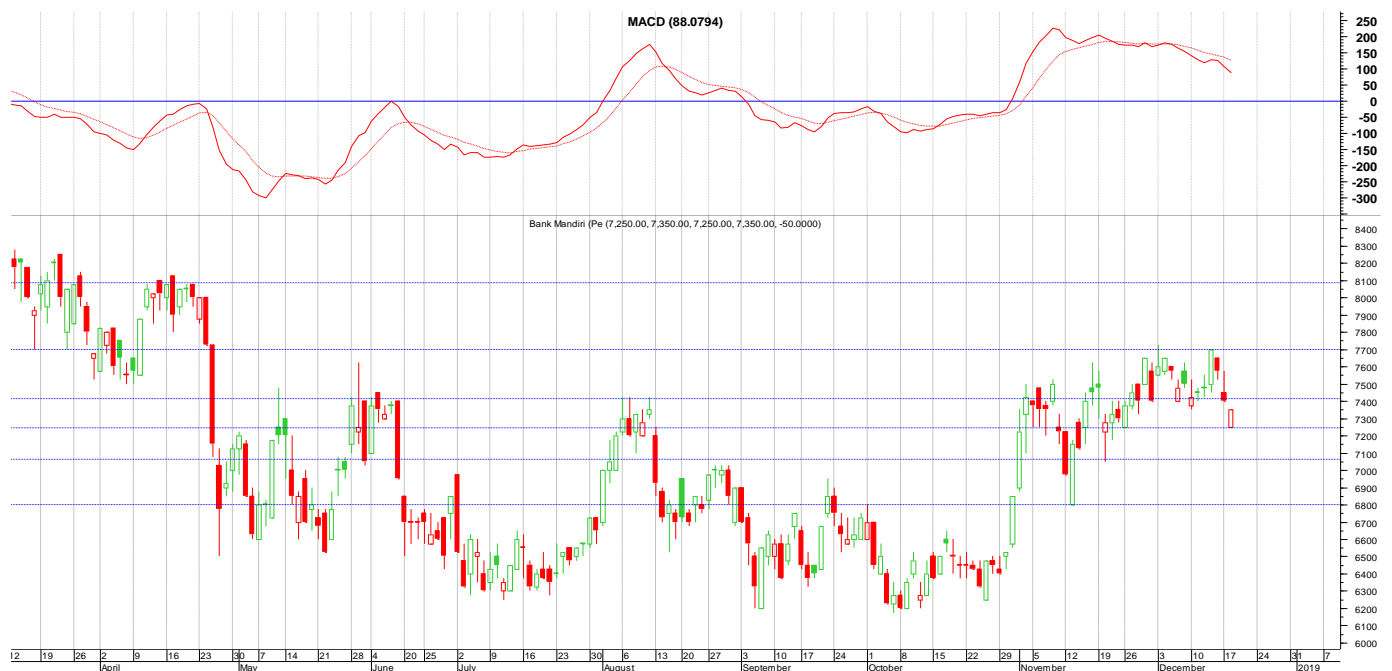
**BBNI : Testing resistance level**

The price closed above support level of the short-term uptrend line. Resistance level at 8,725. Next support and resistance level at 8,000-9,050. The mid-term is still sideways. Sell on strength, cut if the price moves below the level of 8,400



**BMRI : Testing support level**

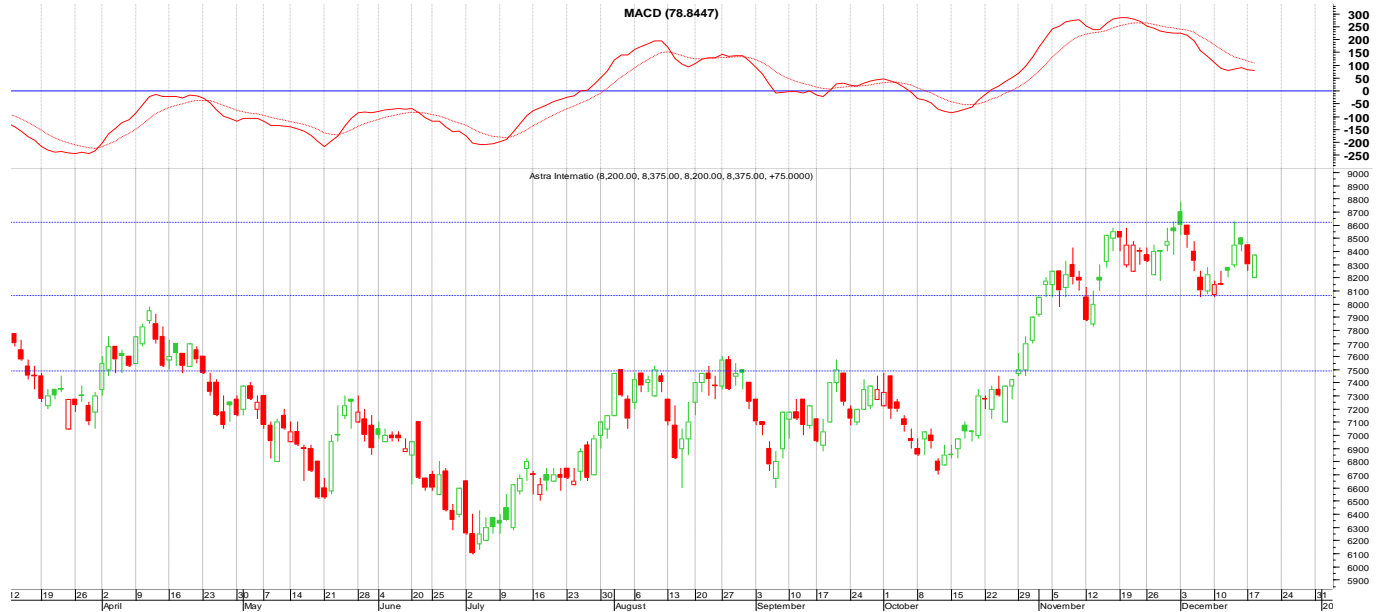
The price bounced form minor support level of 7,250. Resistance level at 7,400. Next support and resistance level at 6,800-7,700. The mid-term trend is still sideways. Sell on strength, cut if the price moves below the level of 7,250



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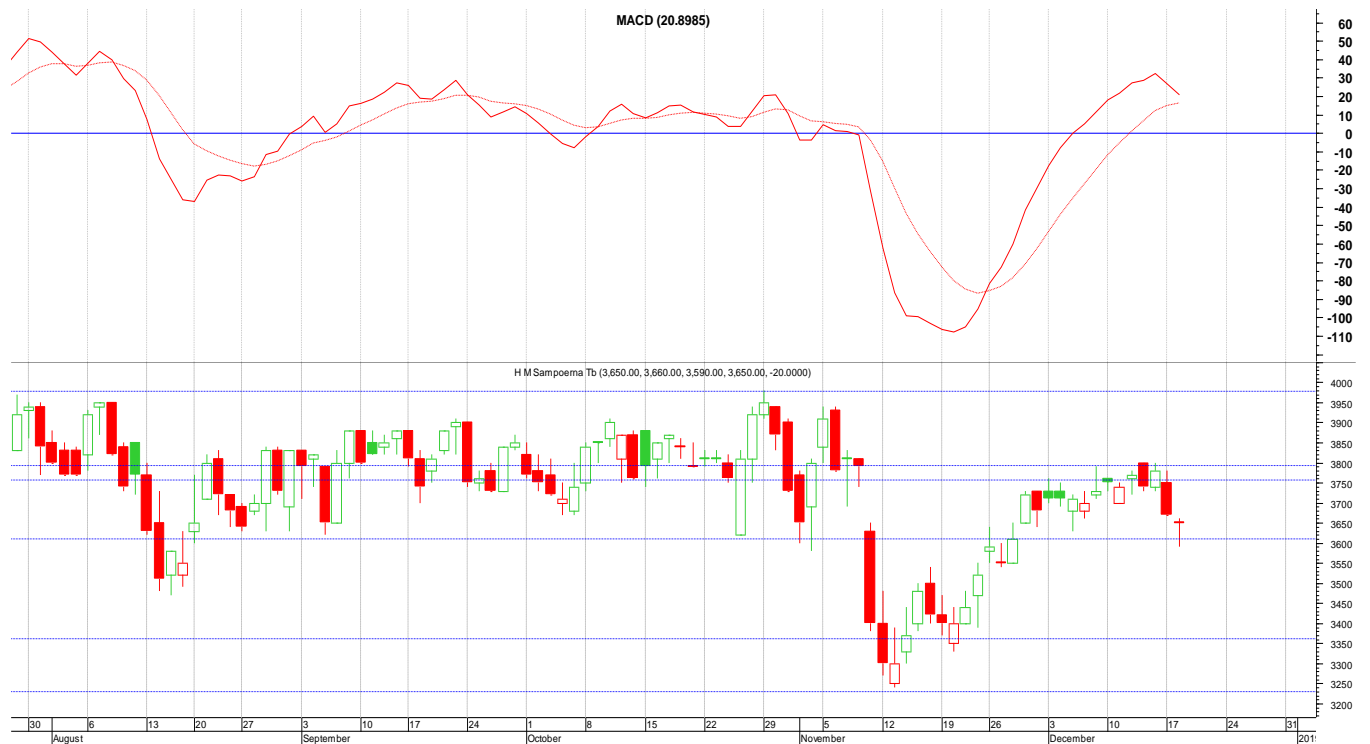
**ASII : Testing resistance level**

The price bounced from the lowest level of 8,200. Resistance level at 8,625. Next support and resistance level at 7,500-8,800. The mid-term trend is still sideways. Sell on strength, cut if the price moves below the level of 8,200



**HMSP : Testing support level**

The price bounced from minor support level of 3,590. Resistance level at 3,800. Next support and resistance level at 3,350-3,975. The mid-term trend is still sideways. Sell on strength, cut if the price moves below the level of 3,590



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,535-14,635

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.33
3	7.84
5	7.91
10	8.12
15	8.31
30	9.07

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.24	6.31	6.18	6.08	5.60
US\$	1.19	1.23	1.08	1.20	
JIBOR (RP)	7.56	7.71	7.85	7.92	

BASE LENDING RATE	
BI RATE	6.00
FED FUND RATE	2.25
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,501	0.54
1 US\$ = SGD	1.37	0.01
1 US\$ = JPY	112.48	0.04
1 US\$ = AUD	0.72	0.08
1 US\$ = EUR	1.14	0.13

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