

GLOBAL

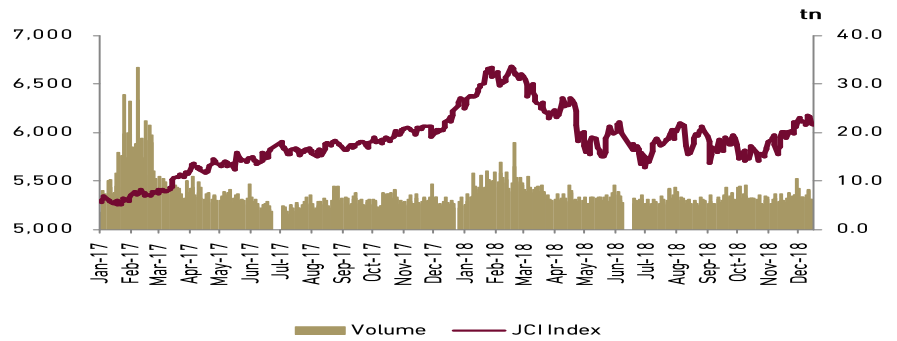
Index	Last	Change	% chg
Dow	23,324	-351.98	-1.49
S&P 500	2,507	-39.20	-1.54
Eido US	24.5	-0.25	-1.01
H.S.I	25,865	51.14	0.20
Nikkei	20,770	-218.04	-1.04
STI	3,059	13.11	0.43
KLCI	1,656	20.35	1.24
Kospi	2,062	-17.03	-0.82
SET Thai	1,601	17.93	1.13

- Fed raises rates by 25 bps, projecting 50 bps rate hike in 2019
- Credit growth decelerates to 12.05% YoY in Nov-18
- Palm oil exports could dive
- Several challenges on Indonesia pharmacy export
- VW plans to build car factory in Indonesia

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	57.2	0.98	1.74
WTI Crude Oil (\$/bbl)	47.2	0.96	2.08
CPO (MYR/ton)	2,139	77.00	3.73
Gold (US\$/tr ounce)	1,244	0.71	0.06
Nickel (US\$/ton)	10,868	115.50	1.07
Tin (US\$/ton)	19,276	32.00	0.17
Pulp (US\$/ton weekly)	1,205.0	0.00	0.00
Coal (US\$/ton)	101.6	0.10	0.10

JCI STATISTIC



BEI STATISTICS

JCI	6,176
Change (1 day)	1.55%
Change YTD	-2.83%
P/E Market (X)	16.6
Volume (mn shr)	8,289.6
Value (Rp bn)	7,062.0
↑ 231 ↓ 166 ↔ 224	
LQ45	991
% Change (1 day)	2.05%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,110 (support) – 6,200 (resistance) level today

BBCA: Sell on strength at Rp 26,400-Rp 27,000

Comment: Testing resistance level

BBRI : Sell on strength at Rp 3,680-Rp 3,750

Comment: Testing resistance level

UNTR : Sell on strength at Rp 29,000-Rp 29,500

Comment: Testing resistance level

CPIN : Sell on strength at Rp 7,250-Rp 7,700

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

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,439	-62.00	-0.43
1 USD = SGD	1.37	0.00	-0.01
1 USD = JPY	112.53	0.05	0.04
1 USD = AUD	1.40	0.00	-0.15
1 USD = EUR	0.88	0.00	-0.04

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.0	-0.02	-0.08	3,754	325,972
ISAT	0.1	0.00	0.00	2,094	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

MARKET REVIEW & MARKET OUTLOOK

Regional

Dow, S&P 500 and Nasdaq all hit new lows for 2018 after the Fed hiked interest rates. The major indexes dropped after Fed Chair Powell said the central bank would continue to shrink its balance sheet, tightening financial conditions. DJIA fell 351.98 points (-1.5%) and closed at its lowest level so far this year at 23,323.66, erasing a 380 point gain that came prior to the Fed decision. The S&P 500 index also closed at a 2018 low, falling 1.5 % to 2,506.96 as technology and banks stocks rolled over. The Nasdaq Composite fell 2.1% to 6,636.83 with shares of Apple losing more than 3%. The Federal Reserve raised its benchmark overnight lending rate for the fourth time this year. to a target range between 2.25 to 2.5%. The Fed did however trim its 2019 outlook for rate hikes to just two increases from three previously. On commodity market: Brent crude oil was up by 1.74 % to USD 57.2/bbl and WTI Crude oil increased 2.08% to USD47.2 /bbl. CPO went up by 3.73% to MYR 2,139/ton. Nickel inched up by 1.07% to USD 10,828/ ton. While coal gained 0.1% to USD 101.6/ton.

Domestic

JCI index closed higher by 94.23 points (+1.55%) to 6,176 on Wednesday trading and recorded Rp376 bn net foreign sell. The leading sectors were Consumer (+2.82%), Basic Industry (+2.69%), Agriculture (+1.52%). These were mainly driven by BBKA (+3.26% to 26,150), HMSP (+4.66% to 3,820), UNVR (+2.39% to 45,000) as the key movers. Rupiah strengthened by 62 points to 14,439/USD. Our technical desk suggests for trading within the band of 6,110-6,200 with possibility to end at lower level.

FED RAISES RATE BY 25 BPS, PROJECTING 50 BPS RATE HIKE IN 2019

FOMC December meeting decided to raise Federal Funds Rate (FFR) by 25 bps to 2.25% - 2.50%, making the hike in 2018 at 100 bps. Fed's policy projection started to move towards our projection as it sees 50 bps FFR hike (2 times hike) in 2019 but it still project another hike of 25 bps in 2020. We believe Fed still wants to raise the rate beyond neutral after 2019 as it projects PCE core inflation will hit 2.1% in 2020, slightly above Fed's target at 2.0%. However, officials said risks to their outlook "are roughly balanced," meaning they flagged threats from a softening world economy.

Comments: As we see US inflation softening due to the fall of oil price, we believe Fed will pause the FFR hike starting 2020.

CREDIT GROWTH DECELERATES TO 12.05% YOY IN NOV-18

OJK recorded credit growth at 12.05% YoY in Nov-18, decelerated from previous month at 13.35% YoY. This is also lower than OJK's credit growth target at 14% YoY in 2018F. Chairman of the Board of OJK, Mr Wimboh Santoso, mentioned that one of the reasons is the translation impact from USD loans given that Rupiah depreciated in Oct-18 and appreciated back in Nov-18. However, OJK still expects credit growth would accelerated in Dec-18, ranging at 12-13%, as seasonally a lot of companies would withdraw more loans in the end of year. For next year, OJK expects credit would at least achieve the same growth with this year.

PALM OIL EXPORTS COULD DIVE

Indonesian Palm Oil Association (GAPKI) projected moderate palm oil exports in 2018. Reason was due to CPO price in global market being below USD500/ton. The condition significantly hit Indonesian CPO exports, though relatively stable in term of volume. According to GAPKI estimation, this year CPO production will still achieve target of 42 mn tons. Nevertheless, though production meets target, the value of CPO exports could drop significantly compared to 2017.

Comment: As of year to date, global CPO price averaged at USD558/ton while last year was USD651/ton. With CPO production relatively stagnant at 42 mn tons or unchanged from 2017, we estimate the Indonesian CPO exports value could drop by 15% this year. We maintain NEUTRAL recommendation for Plantation sector.

SEVERAL CHALLENGES ON INDONESIA PHARMACY EXPORT

Indonesian pharmacy exports are still facing the non-tariff trade regulation, especially from China, south East Asia, and Europe. The obstacles are about patent, license, and product quality. Another challenge was coming from China and India, they can sell the pharmacy products with lower price compared to Indonesia. These are the factors on why Indonesian pharmacy industry is still underpenetrated in the international market. The total export of medicines (chemical and traditional), from January to November 2018 were accounted at USD550 mn (-4.81% YoY). Pharmaceuticals products export on the same period also declined by 2.2% YoY to USD413 mn, pharmaceuticals raw materials export also reduced by 11.9% YoY to USD136 mn. The industry needs to increase its production capacity, in order to increase volume production and boost the export value. For the non-tariff challenges, it is necessary to improve the products quality, by allocating more budgets on research and development, so the products can be accepted by the international market.

Comment: KLBF's sales to export market in 9M18 are only 5.6% of their total gross revenue. Hence, the impact of export obstacles to KLBF will be not significant in our view. We maintain our HOLD recommendation on KLBF with unchanged TP of 1500.

VW PLANS TO BUILD CAR FACTORY IN INDONESIA

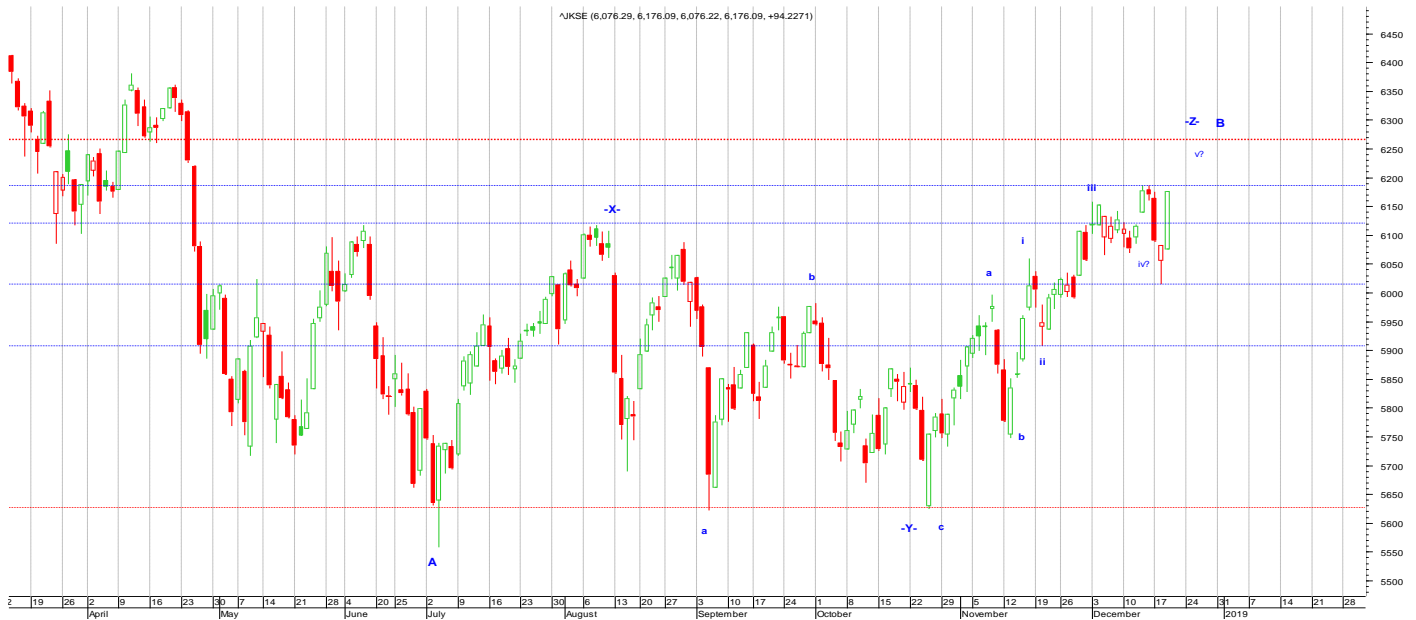
Volkswagen (VW), a Germany-based automaker, plans to build a car factory in Indonesia according to a government official . VW also wants to build an assembly line here, producing Tiguan in Indonesia with an investment of Euro 40-50 mn . VW will name the factory Brand Holding Sole Agent (ATPM) PT Garuda Mataram, but the location of the factory is yet to disclose. The production capacity would not be very big as the production is to be exported to other ASEAN countries.

Comment: We do not see the planned VW production in Indonesia will give more pressure to competition in the Indonesia's car industry as it is aimed at export market.

TECHNICAL ANALYSIS

JCI : (6,176 +1.5%)

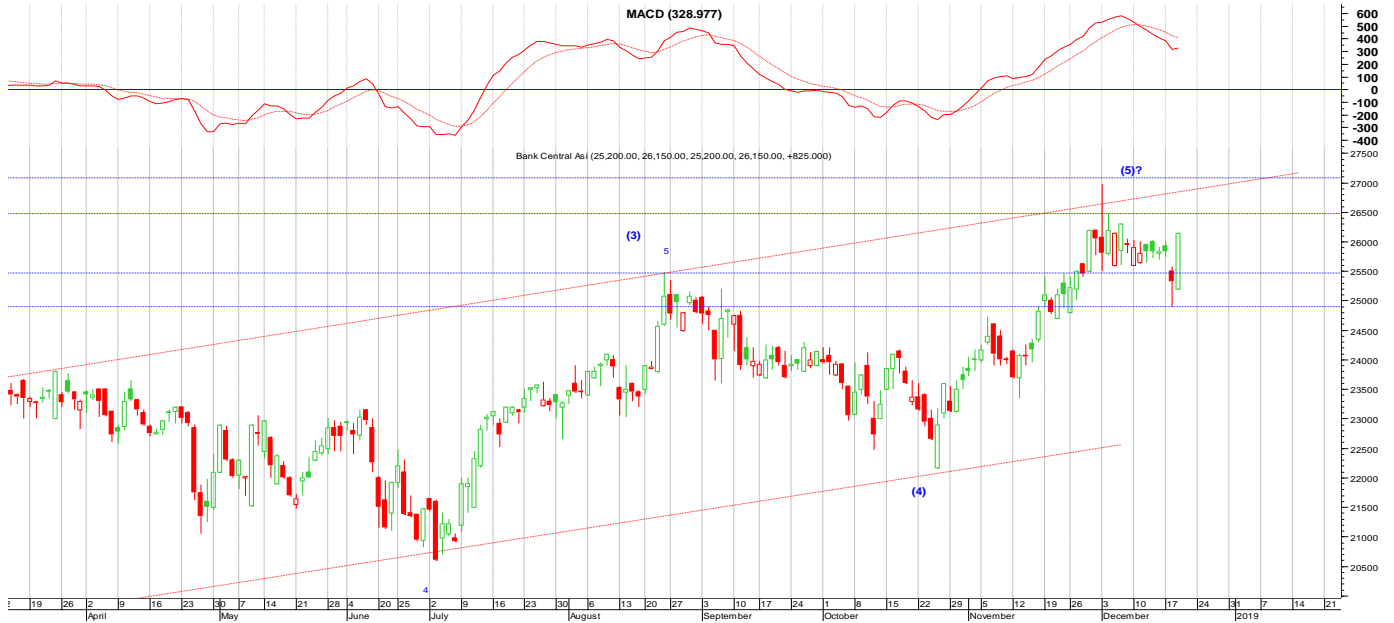
Comment : BBCA, HMSP and UNVR consecutively became leading movers. Technically, JCI closed below minor resistance level of 6,185. Support level at 6,120. Next support and resistance level will be at 6,014-6,250. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. 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

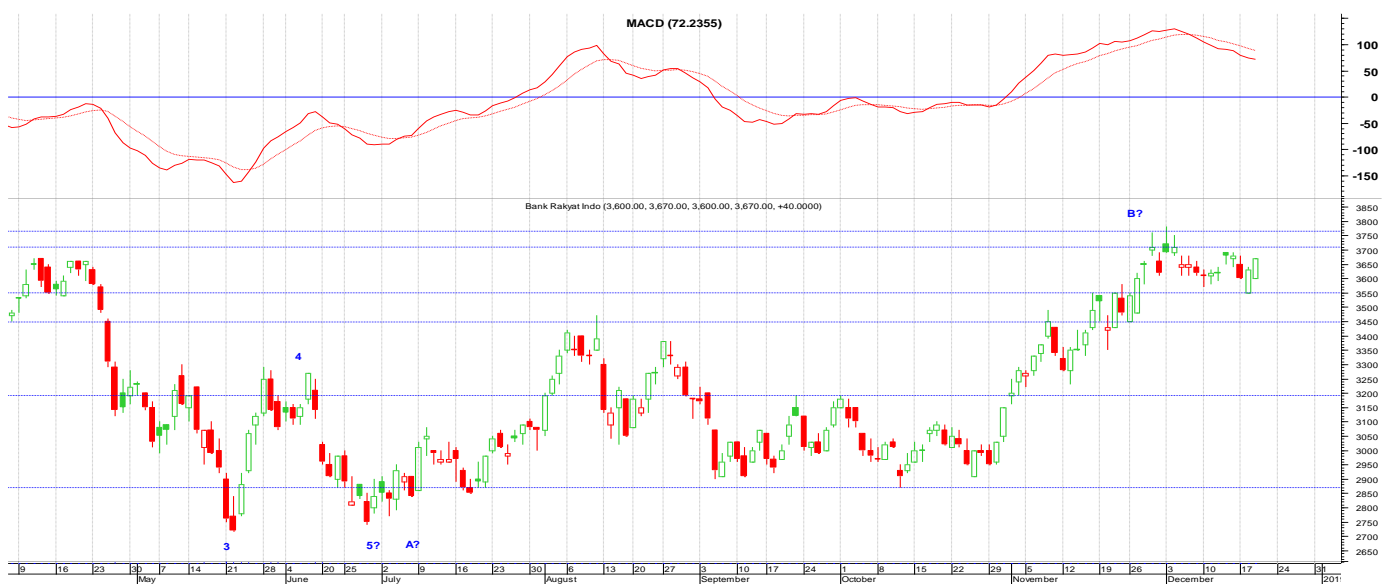
BBCA : Testing resistance level

The price closed below minor resistance level of 26,375. Support level at 24,900. Next support and resistance level at 23,900-27,000. The price moved in uptrend in the last three years. According to our counting, the price is forming wave minor (5) which is the last wave of the mid-term uptrend cycle. Sell on strength, cut if the price moves below the level of 24,900.



BBRI : Testing resistance level

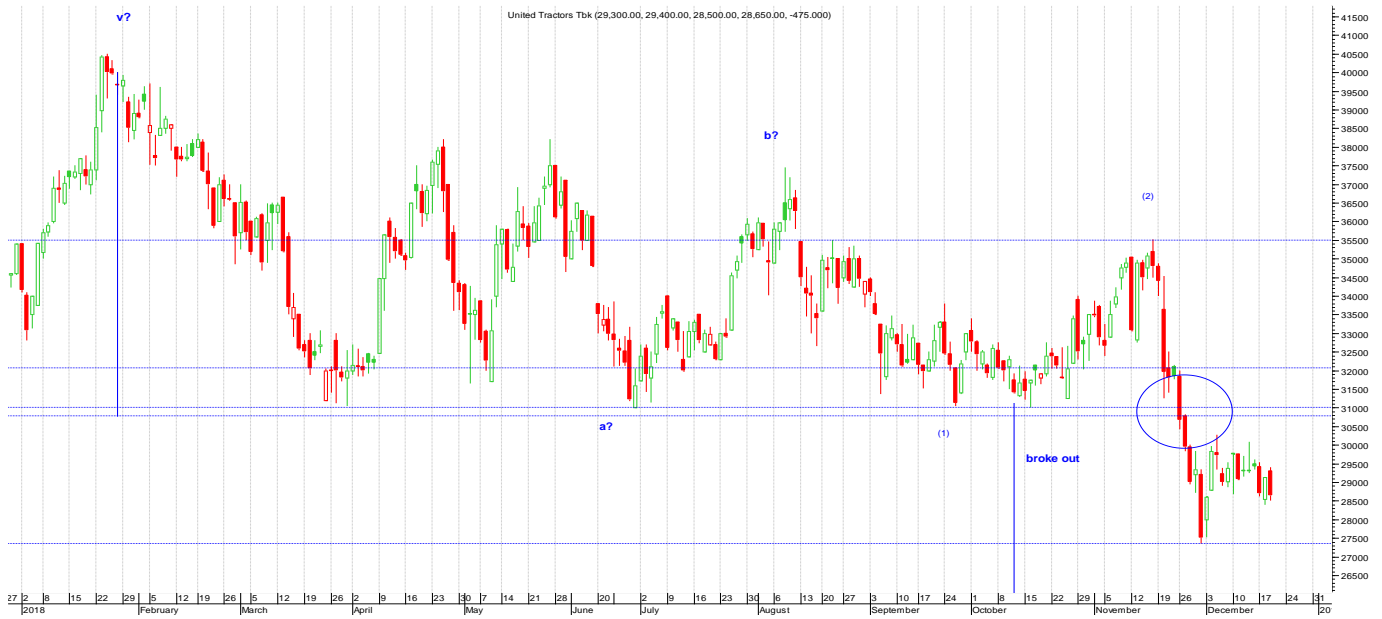
The price bounced from minor support level of 3,550. Resistance level at 3,690. Next support and resistance level at 3,450-3,780. The mid-term trend is still sideways. Sell on strength, cut if the price moves below the level of 3,550



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UNTR : Testing resistance level

The penetration of strong support level of 30,750-31,000 likely confirm when the price relatively stable below the level of 31,000. Theoretically, if the breakout confirm, level of 31,000 will turn into strong resistance level. According to traditional technical approach, the price likely formed a bearish reversal Head and Shoulder pattern when the price moved below the level of 30,750. Theoretical target of this pattern around the level of 22,000. Historically, support level at 27,350.22,875. Sell on strength



CPIN : Testing resistance level

The price closed below minor resistance level of 7,300. Support level at 6,700. Next support and resistance level at 6,300-7,700. The price likely will form a reversal rising wedges pattern. This pattern will be formed if the price moves below support level of 6,700. Sell on strength, cut if the price moves below the level of 6,700.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,390-14,490

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.33
3	7.75
5	7.85
10	8.00
15	8.23
30	9.08

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.32	6.28	6.15	6.09	5.60
US\$	1.22	1.20	1.11	1.15	
JIBOR (RP)	7.56	7.71	7.85	7.92	

BASE LENDING RATE	
BI RATE	6.00
FED FUND RATE	2.50
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,439	0.43
1 US\$ = SGD	1.37	0.01
1 US\$ = JPY	112.53	-0.04
1 US\$ = AUD	0.71	0.15
1 US\$ = EUR	1.14	0.04

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
www.ciptadana.com

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