

GLOBAL			
Index	Last	Change	% chg
Dow	23,531	98.19	0.42
S&P 500	2,550	17.75	0.70
Eido US	26.1	0.14	0.54
H.S.I	25,836	209.67	0.82
Nikkei	20,213	173.56	0.87
STI	3,103	43.57	1.42
KLCI	1,679	9.39	0.56
Kospi	2,041	4.08	0.20
SET Thai	1,593	17.59	1.12

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	57.3	0.27	0.47
WTI Crude Oil (\$/bbl)	48.5	0.56	1.17
CPO (MYR/ton)	2,092	-28.00	-1.32
Gold (US\$/tr ounce)	1,288	-0.75	-0.06
Nickel (US\$/ton)	11,081	38.50	0.35
Tin (US\$/ton)	19,789	210.50	1.08
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	99.1	-0.45	-0.45

BEI STATISTICS	
JCI	6,287
Change (1 day)	0.20%
Change YTD	1.50%
P/E Market (X)	14.9
Volume (mn shr)	9,027.8
Value (Rp bn)	7,012.0
↑ 240 ↓ 166 ↔ 216	
LQ45	1,003
% Change (1 day)	0.11%

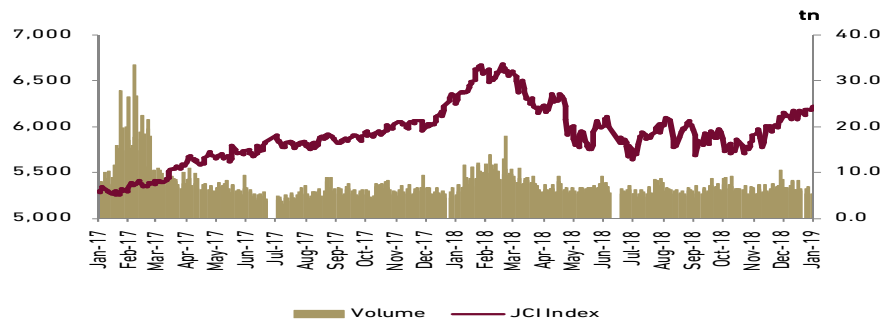
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.62	0.27
Inflation yoy (%)	3.13	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,080	-190.00	-1.33
1 USD = SGD	1.36	0.00	0.00
1 USD = JPY	108.74	0.02	0.02
1 USD = AUD	1.40	0.00	0.06
1 USD = EUR	0.87	0.00	0.01

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.0	0.40	1.50	3,806	268,125
ISAT	0.1	0.00	0.00	1,549	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Forex reserves increase significantly
- The government allows the import of additional 30 k tons of corn
- Hopes and challenges for pharmaceutical sector in 2019
- Consumer confidence index in December 2018 improved to 127(+4.3pts MoM)
- Palm oil exports reaches 3.22 mn tons in November
- PTPP and ADHI achieve contracts target, WSKT misses
- BMRI projects net income to achieve Rp25 tn in 2018F
- BBNi to target 15% YoY loan growth for MSME segment in 2019F
- Higher broiler price in December and DOC price remained strong

### JCI STATISTIC



### DAILY TECHNICAL VIEW

**We expect JCI to trade between 6,210 (support) – 6,310 (resistance) level today**

**UNVR: Take profit at Rp 48,600-Rp 49,200**

Comment: Testing resistance level

**HMSR: Take profit at Rp 3,920-Rp 4,000**

Comment: Testing resistance level

**GGRM: Take profit at Rp 82,800-Rp 83,500**

Comment: Failed to break resistance level

**ISAT: Buy on weakness at Rp 1,740-Rp 1,720**

Comment: The trend potentially to reversal

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

Dow Jones climbed 98.2 points or 0.42% to 23,531 after briefly falling more than 100 points. The S&P 500 gained 0.7%, led by the consumer discretionary and energy sector. Investors were also encouraged by the resumption of trade talks with Chinese foreign ministry said Monday that China and the US have expressed an eagerness to work together. The ministry also added China stands ready to resolve trade disputes with the US on an equal footing. However the ISM Non-Manufacturing PMI index fell to 57.6 in December of 2018 from 60.7 in November and below market expectations of 59. On commodity markets, WTI crude oil was up by 1.17% to USD48.5/bbl while Brent oil inched up by 0.47% to USD57.33/bbl. Coal price was down by -0.45% to USD99.1/ton, while CPO declined by -1.32% to MYR2,092/ton.

#### Domestic

JCI inched up by 13 points or 0.2% to 6,287 on Monday trading and recorded Rp399 bn of net foreign buy. The leading sectors were Agriculture (+1.95%), Infrastructure (+1.19%), and Property (+1.10%) which were mainly driven by UNVR (+1.67% to 48,600), TLKM (+1.62% to 3,770), and BBCA (+0.77% to 26,225) as the key movers. Rupiah strengthened by 190 points to 14,080/USD. Our technical desk suggests for trading within the band of 6,210 – 6,310 with possibility end at lower level.

#### FOREX RESERVES INCREASE SIGNIFICANTLY

Bank Indonesia (BI) reported forex reserve increased significantly by USD 3.5 bn to USD 120.7 bn in December 2018. Oil and gas income, global bonds issuance and disbursement of government's foreign debt favored the increase last month. This position is equivalent to 6.7 months of import or 6.5 months of import and government foreign debt repayment. Going forward, BI sees foreign reserve is enough to support external sector resilience and domestic macroeconomic stability.

#### THE GOVERNMENT ALLOWS THE IMPORT OF ADDITIONAL 30 K TONS OF CORN

The government decided to allow the import of 30 k tons of corn to reduce the high price of corn. This imported corn is planned to start entering Indonesia no later than the end of March 2019. Previously, in November 2018, the government had granted an import quota for 100 k tons of corn to the Indonesia Bureau of Logistics. With the additional 30 thousand tons, Bulog can bring in 130 k tons of imported corn, calculated from the end of last year to March 2019.

**Comment:** We see lower corn price as positive for feed makers such as CPIN, JPFA and MAIN.

#### HOPES AND CHALLENGES FOR PHARMACEUTICAL SECTOR IN 2019

The pharmaceutical industry's practitioners are optimistic with the business to improve its growth in 2019. However, small scale industries are still facing issues regarding the payment claim from the hospital. According to the head of pharmaceutical joint venture (GP farmasi), Vincent Harijanto, the liquidation of hospital claim by the government in the last quarter of 2018 was one of the hope for the industry to improve in 2019. The government raised Rp 4.9tn in September 2018, followed by Rp 5.2tn in December 2018, to BPJS, in order to pay the hospital claim. Before that, the late in payment from BPJS was one of the concerns for the industry as it may affect the company's cash flow. Most of the big players in the industry are optimistic with the 2019 outlook. Further, the impact of raw material cost increment due to rupiah depreciation will be less significant in 2019, as around 90% of the raw materials are still imported.

**Comment:** We still maintain our NEUTRAL view on healthcare sector, while we still monitoring the progress of the hospital claim and the rupiah movement towards USD.

#### CONSUMER CONFIDENCE INDEX IN DECEMBER 2018 IMPROVED TO 127(+4.3PTS MOM)

The consumer confidence index in Indonesia inched up to 127 in December 2018 from 122.7 in the previous month. 4Q18 consumer confidence index went up slightly to 122.9 (+0.1pts QoQ). This is driven by optimism in the index of current economic conditions to 119(+2.8pts) and the economic condition expectation index went up to 142.1 from 136.4 in November. Further, current income is strengthening by 5.4 points to 123.3 led to higher purchasing of durable goods by 5.7 points to 117.7. Inflationary pressures are expected to increase in the next 3 months by 1.1 points to 175.2 and 1.6 points higher to 176.7 in the next 6 months (Ramadhan 2019). Overall throughout the year of 2018, consumer confidence index strengthened by 1.3%YoY to 123.6.

**Comment:** Fortunately, we see Rupiah has seen strengthen against the US dollar. We predict strong Rupiah become a positive sentiment for consumer purchasing power as well as consumer goods producer. We are also positive that 32% higher social assistance, 5% salary increase for civil servants, and election sentiment will contribute to the growth of consumer purchasing power in 2019. Thereby, we maintain our overweight ratings for consumer sector this year.

#### PALM OIL EXPORTS REACHES 3.22 MN TONS IN NOVEMBER

National palm oil exports in Nov 18 only reached 3.22 mn tons, or decreased around 4% from previous month of around 3.35 mn tons. The decrease is primarily triggered by weak demand from several export destination countries, such as China, European Union, United States, and Bangladesh. The supply of vegetable oil other than palm oil in domestic market of those countries is abundant, therefore diminishing the role of palm oil.

**Comment:** The global price of CPO drop to USD473.6/mt in Nov 18 (in Bursa Malaysia or around USD540/mt in Rotterdam), the lowest level since Jul 06, due to abundant supply of global vegetable oils such as palm oil, soybean oil, sunflower oil, and rapeseed oil. We believe extreme weather condition such as El Nino in 2019 could serve as support for sluggish CPO price. Currently we have NEUTRAL recommendation for Plantation sector.

#### PTPP AND ADHI ACHIEVE CONTRACTS TARGET, WSKT MISSES

Adhi Karya (ADHI) booked Rp23.6 tn new contracts in 2018 which came slightly above company's target of Rp23 tn. For this year, ADHI expects its new contracts to grow by 20-25% YoY. PT PP (PTPP) also meets its 2018 new contract of Rp43 tn and sees new contract growing by 17% to Rp50 tn this year. Meanwhile, Waskita Karya (WSKT) only booked new contracts of Rp27 tn vs Rp50 tn targeted in 2018. We have yet to get new contract data from WIKA.

**Comment:** WIKA and PTPP are our top picks in construction space which both are rated Buy with TP of Rp2,100 and Rp2,450, respectively.

#### BMRI PROJECTS NET INCOME TO ACHIEVE RP25 TN IN 2018F

Bank Mandiri (BMRI) through its corporate secretary, Mr Rohan Rafas, projects that 2018F net income would achieve Rp25 tn. The achievement would be pushed by loan growth of 12% YoY and a decline on non-performing loan to 2.7%. For 2019F, the bank would push loan growth to 12-13% YoY.

**Comments:** We see the management expectation is exceeding both ours and consensus expectation of Rp24.9 tn and Rp24.1 tn net income in 2018F, respectively. We have a Buy call on BMRI with Rp7.950/share target price.

#### BBNI TO TARGETS 15% YOY LOAN GROWTH FOR MSME SEGMENT IN 2019F

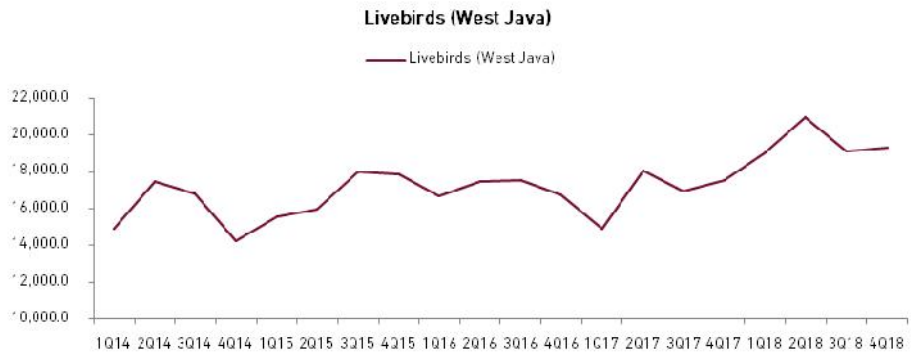
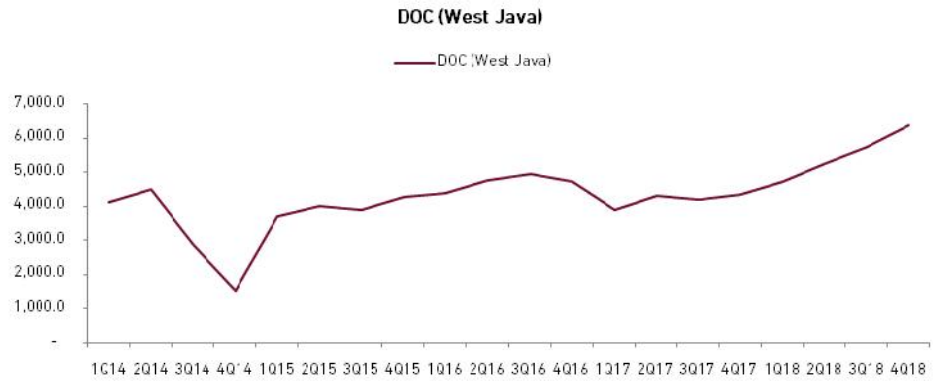
Bank Negara Indonesia (BBNI) targets 15% YoY loan growth for MSME segment in 2019F. This pace of loan growth is around the same as the company projection for 2018 at 15% YoY. The growth would be supported by subsidized micro loan (KUR), where BBNI will get Rp16 tn allocation in 2019F. For 2018F, BBNI has distributed Rp16 tn KUR to 147k debtors, with 54% was distributed to productive sector.

**Comment:** We think disbursement to KUR loan is good as it give higher loan yield for the bank. We have a Buy call on BBNI with Rp9,500/share target price.

#### HIGHER BROILER PRICE IN DECEMBER AND DOC PRICE REMAINED STRONG

Broiler price in December rose by 17.3% MoM and 8.4% YoY to Rp21,452, while DOC price continued at the strong level of Rp6,660 (+45.9% YoY). Looking at 4Q18 average price, 4Q18 broiler price slightly increased by 1% QoQ to Rp19,310, yet improved by 10.2% YoY. Moreover, average DOC price in 4Q18 reached an all time high by posting growth of 10.8% QoQ and 39.8% YoY to Rp6,377.

**Comment:** Despite of the issues in regard with the higher corn price due to lack of domestic supply, we believe as the price of DOC and broiler stayed strong in 4Q18, the margins of poultry players most likely will remain manageable. We maintain our BUY call on JPFA and MAIN, but HOLD for CPIN due to demanding valuation.



## TECHNICAL ANALYSIS

**JCI : ( 6,287 +0.2%)**

**Comment :** UNVR, TLKM and BBCA consecutively became leading movers. Technically, after opening gap up and reached the highest level of 6,355, JCI closed below the opening level. Candlestick chart likely formed a reversal pattern. This pattern still need further confirmation. Support level at 6,200. Next support and resistance level will be at 6,120-6,400. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. We noted that the lowest level of 5,557 as the bottom of wave A. The rising movement that occurred in the last three 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. 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 B. Our target of wave B likely near the closing level when the index moved above the level of 6,260. When the peaks of wave B has reached, then the index will reversal to form wave down minor C. Wave C usually will form five waves. Sub wave 1 of wave (1) of wave C will test support level of 6,120 then JCI will bounce to form sub wave up 2 before go down to form sub wave 3 to test support level of 5,557.



**STOCK OF THE DAY**

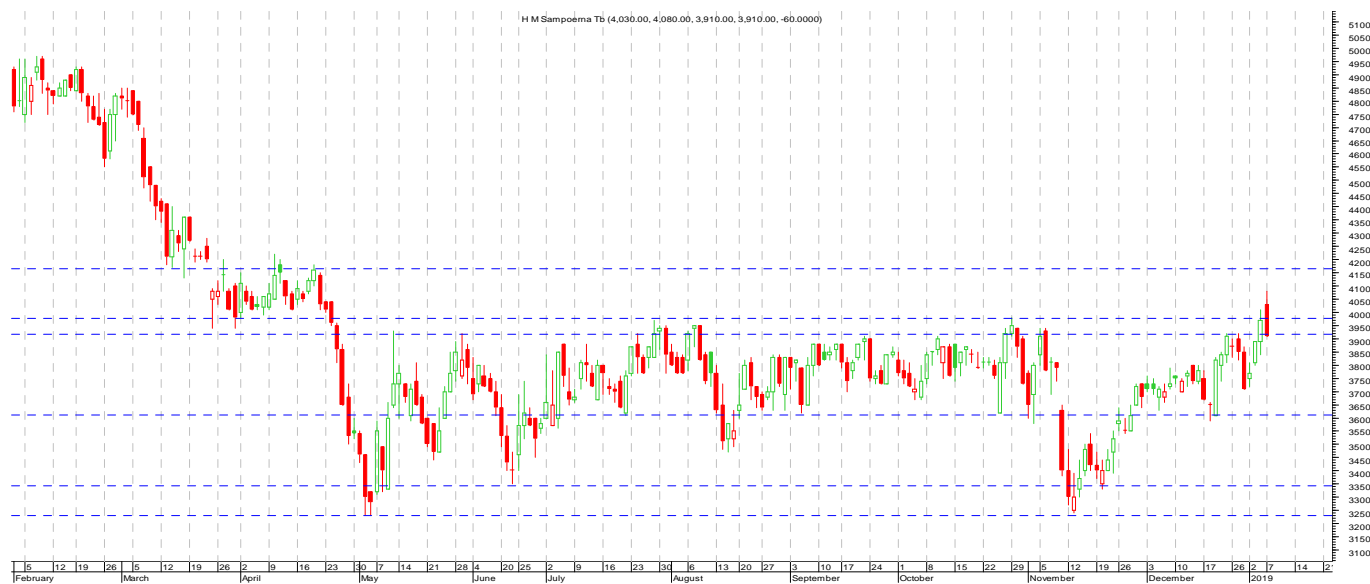
**UNVR : Testing resistance level**

The price failed to break minor resistance level of 49,200. Support level at 47,000. Next support and resistance level at 45,000-50,800. The mid-term trend turn into sideways. The price likely will form a right shoulder of the reversal Head and shoulder pattern. Take profit/Sell on strength.



**HMSP : Testing resistance level**

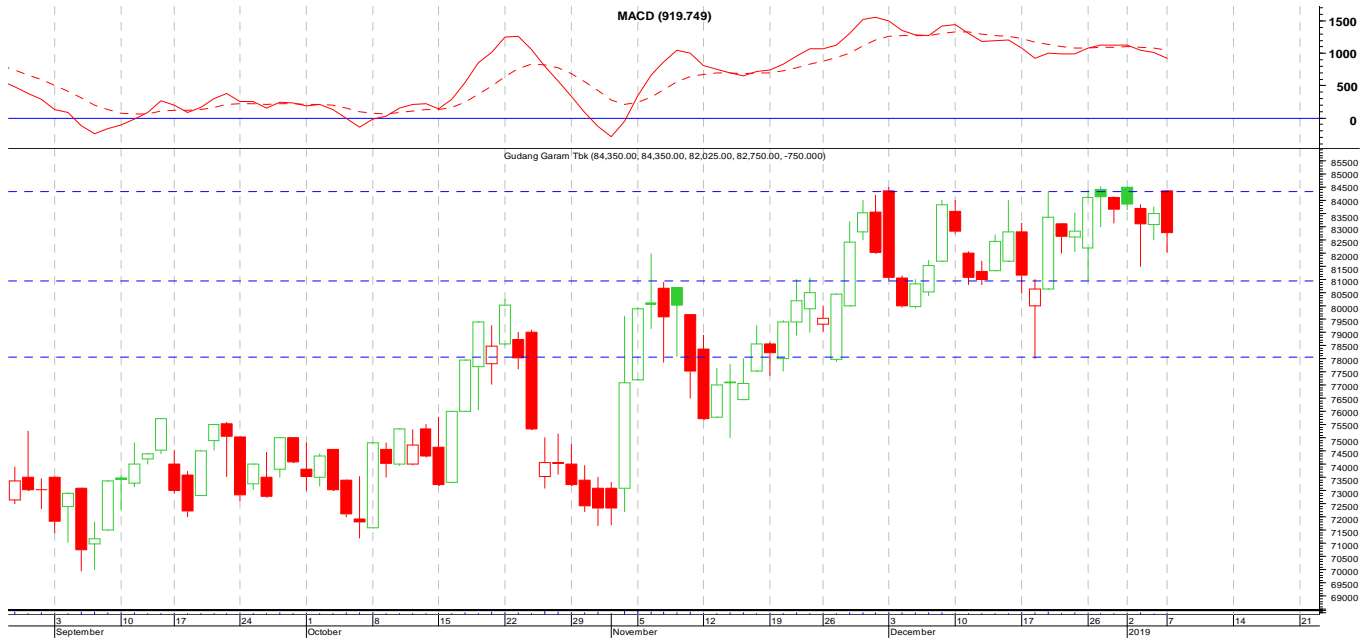
After opening gap up, the price closed below the previous closing level. Candlestick chart likely formed a reversal dark cloud cover pattern. This pattern still need further confirmation. Support level at 3,840. Resistance level at 4,080. Next support and resistance level at 3,710-4,200. The mid-term trend is still sideways.



Please see analyst certification and other important disclosures at the back of this report

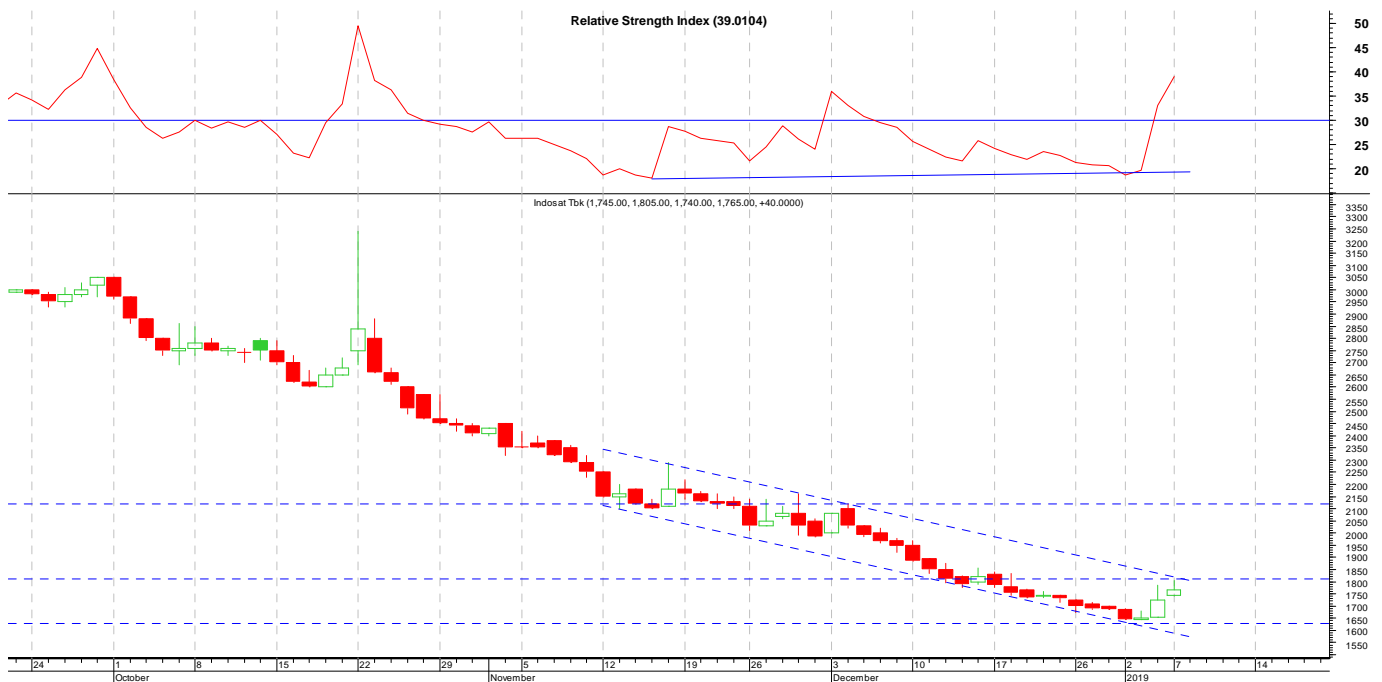
**GGRM : Testing support level**

The price failed to break strong resistance level of 84,500. Support level at 81,000. Next support and resistance level at 78,000-86,400. Candlestick chart likely formed a reversal pattern. Take profit/Sell on strength



**ISAT : Testing resistance level**

The price closed below resistance level of the short-term downtrend channel 1,810. Support level at 1,725. Next support and resistance level at 1,645-2,100. The trend potentially to reversal because indicator of RSI formed a positive divergence. Speculative buy/Buy on weakness



## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,050 -14,130

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.76
3	7.84
5	7.80
10	7.88
15	8.20
30	9.08

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
<b>IDR</b>	6.33	6.35	6.25	6.06	5.59
<b>US\$</b>	1.23	1.16	1.11	1.17	
<b>JIBOR (RP)</b>	7.40	7.66	7.79	7.89	

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

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,080	1.35
1 US\$ = SGD	1.36	0.00
1 US\$ = JPY	108.74	-0.02
1 US\$ = AUD	0.71	-0.06
1 US\$ = EUR	1.15	-0.01



PlazaASIA 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)

**Analyst Certification**

Each contributor to this report hereby certifies that all the views expressed accurately reflect his or her personal views about the companies, securities and all pertinent variables. It is also certified that the views and recommendations contained in this report are not and will not be influenced by any part or all of his or her compensation.

**Disclaimer**

This report does not constitute an offer to buy or sell any security/instrument, invitation to offer or recommendation to enter into any transaction. Nor are we acting in any other capacity as a fiduciary to you. By accepting this report, subject to applicable law or regulation. When making an investment decision, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any transaction and our disclaimer as to these matters).

The information contained in this report is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this report constitute our judgement as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. CIPTADANA SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS REPORT OR FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREOF.