

GLOBAL

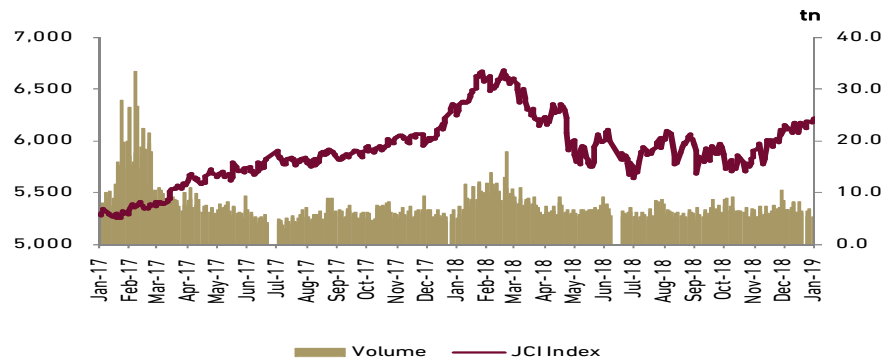
Index	Last	Change	% chg
Dow	24,002	122.80	0.51
S&P 500	2,597	11.68	0.45
Eido US	26.7	0.49	1.87
H.S.I	26,521	59.11	0.22
Nikkei	20,164	-263.26	-1.29
STI	3,184	25.44	0.81
KLCI	1,679	11.05	0.66
Kospi	2,069	5.84	0.28
SET Thai	1,588	-2.87	-0.18

- 4Q18 business activity expansion is not as high as 3Q18
- LPS projects loan growth to accelerate to 12.4% YoY in 2019F
- OJK relaxed the down payment regulation for vehicle loan
- Coal DMO target expected to rise by 11.3%
- JPFA allocates Rp3 tn capex in 2019F
- JFE steel settles semi-soft contract at USD131/ton with ADRO

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	61.7	0.24	0.39
WTI Crude Oil (\$/bbl)	52.6	0.23	0.44
CPO (MYR/ton)	2,087	-17.00	-0.81
Gold (US\$/tr ounce)	1,288	1.65	0.13
Nickel (US\$/ton)	11,194	10.00	0.09
Tin (US\$/ton)	20,215	120.00	0.60
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	97.9	-0.25	-0.25

JCI STATISTIC



BEI STATISTICS

JCI	6,329
Change (1 day)	0.90%
Change YTD	2.17%
P/E Market (X)	15.0
Volume (mn shr)	12,246.2
Value (Rp bn)	8,927.8
↑ 215 ↓ 219 ↔ 189	
LQ45	1,010
% Change (1 day)	1.29%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,250 (support) – 6,360 (resistance) level today

UNVR: Sell on strength at Rp 48,400-Rp 49,200

Comment: Testing resistance level

SMGR: Sell on strength at Rp 12,000-Rp 12,250

Comment: Testing resistance level

JSMR: Sell on strength at Rp 5,000-Rp 5,200

Comment: Testing resistance level

TLKM: Speculative buy at Rp 3,800-Rp 3,730

Comment: Testing resistance level

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

MARKET REVIEW & MARKET OUTLOOK

Regional

US stocks rose on Thursday trades, Dow Jones grew by 122.8pts (+0.51%) to 24,002, making its five-day straight acceleration buoyed by the outperformed Boeing share. S&P 500 also increased by 11.68pts (+0.45%) to 2597, recording its first five-day straight increment since September 2018. Nasdaq Composite also gained by 0.4 percent to end at 6,986. Investors are still cautious about the possibility of U.S government shutdown, which may put more pressures on stocks.

Commodity : Brent Crude Oil was up by 0.39% to USD 61.7/bbl and WTI Crude oil inched up 0.44% to USD52.6/bbl. CPO inched declined by -0.81% at MYR 2,087/ton. Nickel inched up by 0.09% to USD 11,194/ ton. While coal weakened by 0.25% to USD 97.9/ton.

Domestic

JCI closed at 6,329 higher 56.48 points (+0.9%). Net foreign BUY was recorded at 772 bn. The leading Sectors were, Consumer (+1.96%), Basic industry (+1.79%), Infrastructure (+0.77%). Mainly driven by, UNVR (+5.05% to 48,325), TLKM (+1.88% to 3,800), and BMRI (+1.65% to 7,700). Rupiah strengthened by 72 points to 14,053/USD. Our technical desk suggests for trading within the band of 6250-6360 with possibility to end at mix to higher level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,053	-72.00	-0.51
1 USD = SGD	1.35	0.00	-0.08
1 USD = JPY	108.34	-0.09	-0.08
1 USD = AUD	1.39	0.00	-0.07
1 USD = EUR	0.87	0.00	-0.10

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.3	0.64	2.40	3,842	430,298
ISAT	0.1	0.00	0.00	1,897	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

4Q18 BUSSINESS ACTIVITY EXPANSION IS NOT AS HIGH AS 3Q18

According to Bank Indonesia's (BI) survey, the expansion of bussiness activity in 4Q18 is not as high as 3Q18. The bussiness activity survey sees the magnitude of expansion was only 6.19% net weighted balance (NWB) which is retrieved from the respondents who sees improvement in their business activity versus respondents who sees decline. This figure is lower than 4Q17 figure at 7.40% NWB. The main driver of the expansion is finance, real estate and firms service with 3.11% NWB, followed by manufacture sector with 2.58% NWB. This survey also noted the production capacity at 75.18%, lower than 3Q18 figure at 75.33%. The utilization of labor was also lower at 1.93% NWB, lower than 3Q18 figure at 3.44% NWB. Meanwhile, BI also recorded the PMI of its version was at 51.92, lower than 3Q18 figure at 52.02

LPS PROJECTS LOAN GROWTH TO ACCELERATE TO 12.4% YOY IN 2019F

Indonesia Deposit Insurance Corporation (LPS) projects that loan growth in 2019F to achieve 12.4% YoY, mainly driven by consumption and working capital loan. This loan growth projection is higher than last year loan growth at 12.05% YoY as of Dec-18. LPS is also expecting that loan growth would decelerate first in 1Q19, before accelerate further post the election in Apr-19.

OJK RELAXED THE DOWN PAYMENT REGULATION FOR VEHICLE LOAN

OJK relaxed the down payment regulation for vehicle loan according to its non-performing financing level. For multifinance companies with NPF of <1%, OJK allow financing with 0% down payment (DP), from previously minimum 5% DP. For multifinance companies with >1% NPF ratio, OJK still require some down payment: 10% DP for 1-3% NPF ratio, 15% DP for 3-5% NPF ratio, 15-20% DP for 5% NPF, and minimum 20% DP for >5% NPF ratio.

Comments: We think the impact on banking industry is muted as the exposure on multifinance companies is still not significant. In addition, the number of multifinance with 1% NPF or less is also very limited. However, this may offer positive sentiment for auto share price as it mitigate interest rate hike concerns despite the impact from the new regulation can be minimum,

COAL DMO TARGET EXPECTED TO RISE BY 11.3%

Domestic Market Obligation (DMO) in 2019 is estimated to rise by 11.3% YoY to 128 mn tons from 115 mn tons in 2018. This is due to several factors, namely the growth of PLTU consumption with 35,000 watt projects and expected additional consumption from other industries such as cement, iron and textiles. Furthermore, according to ESDM 34 companies have not met the 2018 DMO quota. As a result the companies will be subject to sanctions in the form of production rights 4 times the fulfillment of the DMO quota in 2018.

Comment: The impact of this DMO increase for companies in our coverage will not be significant. Because companies such as PTBA, ADRO, HRUM and ITMG can fulfill the quota or they are able to buy transfer quotas from other companies.

JPFA ALLOCATES RP3 TN CAPEX IN 2019F

JPFA is allocated Rp3 tn for capex this year higher by 20% YoY compare to last year target of Rp2.5 tn. According to JPFA's Director, Joesbyanto Setyadharma, the company sets higher capex which in line with the expected poultry industry growth. The company targets sales to grow by double digit for 2019F, whereas similar like what happened in 2018. This underpin by election year and potential rise in domestic consumption. However, volatility in rupiah currency is one of the major concerns.

Comment: We believe every year investment for the poultry company is highly required as our Indonesian chicken consumption still very low. Therefore, good infrastructure will anticipate the growth. We maintain our BUY call on JPFA with TP of Rp3,150

JFE STEEL SETTLES SEMI-SOFT CONTRACT AT USD131/TON WITH ADRO

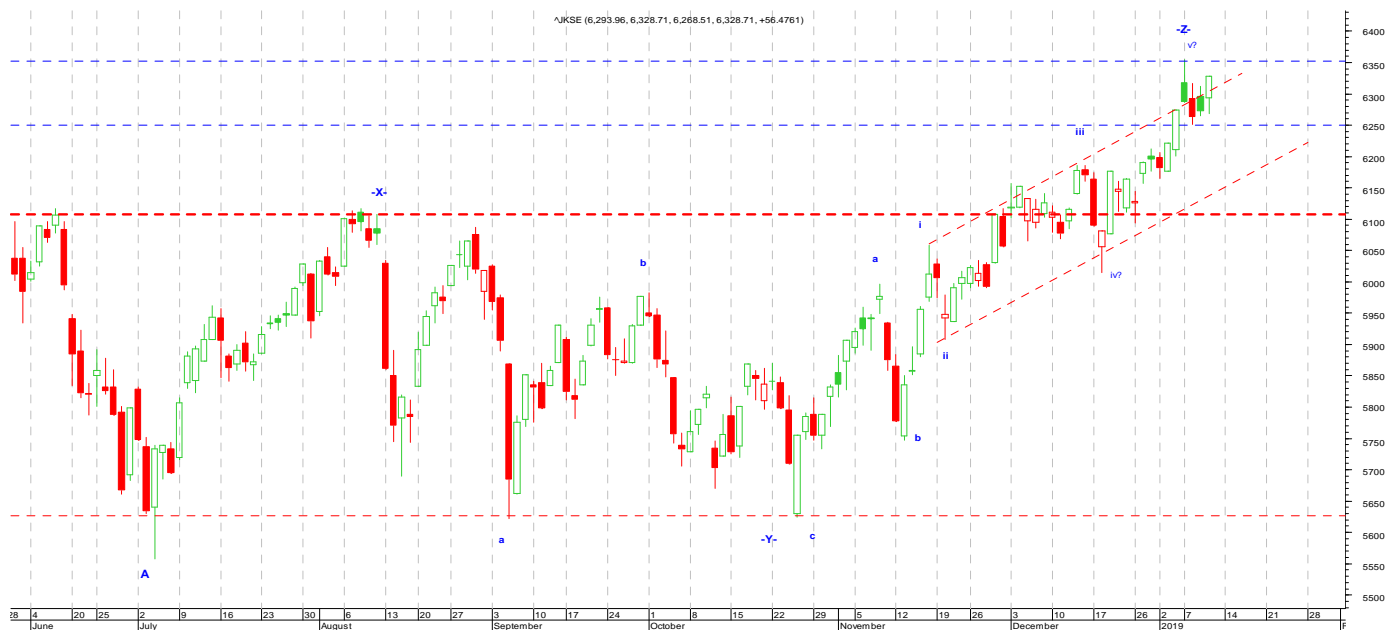
According to Argusmedia.com, Japan's JFE Steel has agreed to a 1Q19 contract price of USD131/ton fob Australia for semi-soft coking coal with Indonesian producer Adaro and Australian mining firm Stanmore Coal. The settlement price was for an Adaro semi-soft product from Kalimantan in Indonesia and for the Issac Plains semi-soft brand from Stanmore.

Comment: We believe this could offer positive sentiment for ADRO share price despite coking coal revenue accounted for only 10% of total revenue. We currently have Buy rating on ADRO with TP of Rp1,750.

TECHNICAL ANALYSIS

JCI : (6,328 +0.9%)

Comment : UNVR, TLKM and BMRI consecutively became leading movers. Technically, JCI closed below resistance level of 6,355. Support level at 6,250. 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. The highest level of 6,355 potentially become the peaks of wave Z of wave up B. If 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

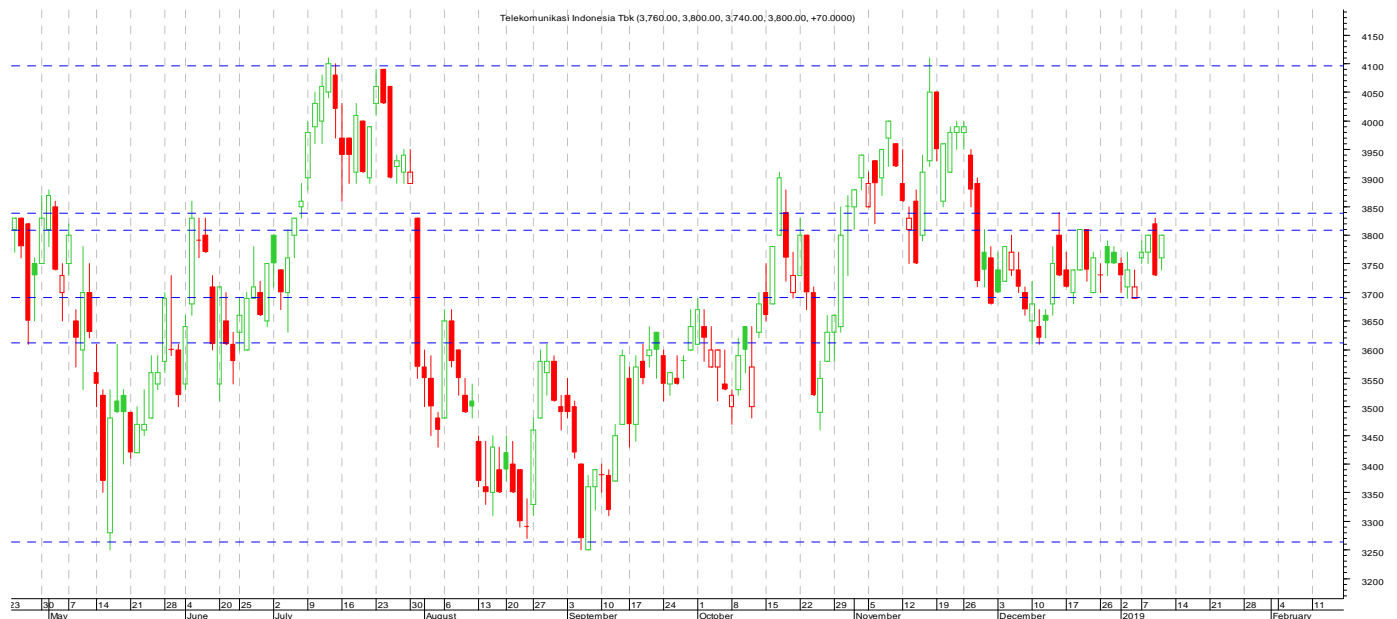
UNVR : Testing resistance level

The price closed below minor resistance level of 49,200. Support level at 46,000. Next support and resistance level at 42,700-50,000. The price likely will formed a right shoulder of a reversal Head and Shoulder pattern. Take profit? Sell on strength



TLKM : Testing resistance level

The price closed below minor resistance level of 3,830. Support level at 3,730. Next support and resistance level of 3,680-3,950. The mid-term trend is still sideways. Speculative buy



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SMGR : Testing Resistance level

The price closed below minor resistance level of 12,225. Support level at 11,000. Next support and resistance level at 10,000-13,250. The mid-term trend is still sideways. Sell on strength



JSMR : Testing resistance level

The price closed below minor resistance level of 4,980. Support level at 4,750. Next support and resistance level at 4,600-5,300. The mid-term trend is still sideways. Sell on strength



CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,000 -14,100

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.66
3	7.75
5	7.86
10	7.94
15	8.30
30	9.02

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.25	6.37	6.23	6.13	5.49
US\$	1.30	1.26	1.16	1.16	
JIBOR (RP)	7.27	7.50	7.72	7.85	

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	14,053	0.51
1 US\$ = SGD	1.35	0.08
1 US\$ = JPY	108.34	0.08
1 US\$ = AUD	0.72	0.07
1 US\$ = EUR	1.15	0.10

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