

GLOBAL

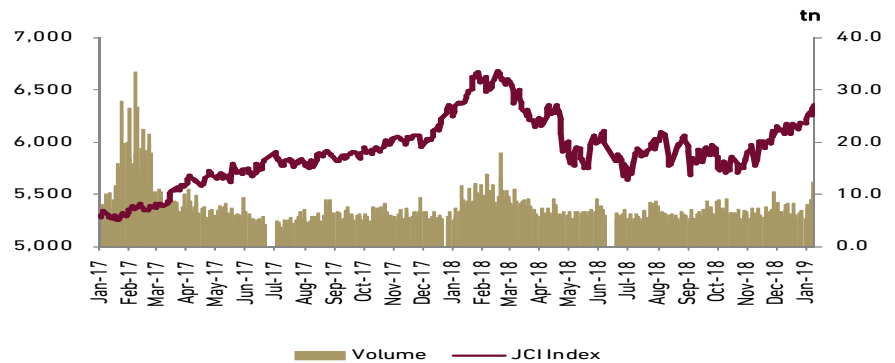
Index	Last	Change	% chg
Dow	24,066	155.75	0.65
S&P 500	2,610	27.69	1.07
Eido US	26.4	0.10	0.38
H.S.I	26,830	531.96	2.02
Nikkei	20,555	195.59	0.96
STI	3,212	38.84	1.22
KLCI	1,679	3.26	0.19
Kospi	2,097	32.66	1.58
SET Thai	1,577	-5.57	-0.35

- December trade data shows the trickle down effect of global slowing down
- Poverty rate down to 9.66%, gini ratio at 0.384
- OJK agrees on Basel III's new revision regarding market risk
- Astra car sales up 17% YoY in Dec-18
- MNCN aims 7-10% of revenue growth in 2019
- KINO to become controlling shareholder of PT Morinaga Kino Indonesia

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	60.6	1.65	2.80
WTI Crude Oil (\$/bbl)	52.1	1.60	3.17
CPO (MYR/ton)	2,097	5.00	0.24
Gold (US\$/tr ounce)	1,290	0.19	0.01
Nickel (US\$/ton)	11,661	306.50	2.70
Tin (US\$/ton)	20,760	140.00	0.68
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	98.7	1.35	1.39

JCI STATISTIC



BEI STATISTICS

JCI	6,409
Change (1 day)	1.15%
Change YTD	3.46%
P/E Market (X)	15.3
Volume (mn shr)	9,514.0
Value (Rp bn)	7,866.0
↑ 234 ↓ 170 ↔ 221	
LQ45	1,019
% Change (1 day)	1.16%

We expect JCI to trade between 6,330 (support) – 6,415 (resistance) level today

BMRI : Speculative buy at Rp 7,750-Rp 7,650

Comment: Closed above resistance level

MEDC : Speculative buy at Rp 820-Rp 800

Comment: Retest the breakout

INDF : Take profit at Rp 7,600-Rp 7,700

Comment: Testing resistance level

GGRM : Take profit t Rp 84,350-Rp 86,000

Comment: Testing resistance level

MARKET REVIEW & MARKET OUTLOOK

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

Regional

U.S stock market gained on the prospect of stimulus for China's slowing economy and jumped in Netflix shares after it would hike its monthly membership. DJIA rose 155.75 points or 0.65% to 24,066 as Microsoft and UnitedHealth outperformed. S&P 500 rose 27.69 points or 1.07% to 2,610, boosted by tech sector which climbed 1.5%. Yesterday was also the first time since December that the S&P 500 ended at above level whilst become key for traders (2,600). Nasdaq amplified 1.7% to 7,023.8. Stock price of Netflix soared 6.5%, following the plan of the company to elevate 13-18% of its monthly membership. Moreover, Facebook, Amazon, Apple and Alphabet also climbed by more than 2%. On commodity markets, Brent and WTI crude oil amplified by 2.8% and 3.17% to USD60.6/bbl and USD52.1/bbl, respectively.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,090	-35.00	-0.25
1 USD = SGD	1.36	0.00	-0.11
1 USD = JPY	108.66	-0.02	-0.02
1 USD = AUD	1.39	0.00	-0.07
1 USD = EUR	0.88	0.00	-0.01

Domestic

JCI edged higher by 72.67 points or 1.15% to close at Rp6,409 on Tuesday and recorded Rp1.9 tn of net foreign buy. Basic Industry (+2.43%), Property (+1.87%), Infrastructure (+1.79%), Consumer (+1.44%), Mining (+0.83%), Finance (+0.78%), Trade (+0.31%) and Misc. Industry (+0.15%) were the sector leaders, with CPIN (+8.52% to 8,600), UNVR (+2.57% to 49,800) and TLKM (+2.08% to 3,930) become the index movers. Rupiah currency advanced by 35 point to Rp14,090/USD. Our technical desk suggests for trading within the band of 6,330-6,415, with possibility to end at mix level.

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.6	0.23	0.84	3,893	194,980
ISAT	0.1	0.00	0.00	1,902	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

DECEMBER TRADE DATA SHOWS THE TRICKLE DOWN EFFECT OF GLOBAL SLOWING DOWN

December trade deficit reported at USD -1.1 bn, in-line with Bloomberg consensus of USD1.15 bn. It came even better than our estimates of USD1.55 bn. However, the source of deficit made us worry further about the outlook of CAD and GDP growth in 2019. Export fell -4.6% YoY (-4.89% MoM) to USD 14.2 bn in December as the demand from China reduced. Previously, China reported its weakening trade performance as its both export and import had a negative growth (-4.4% YoY and -7.6% YoY, respectively) which we believe as the sign of China's slower growth. It hurt Indonesia's export significantly as non oil and gas export to China declined by -23.9% YoY (-17.9% MoM) in December. Based on products; ores, slag, and ash became the main driver of negative export growth as it posted -71.28% YoY growth in December, followed by animal or vegetable oils/fats (including CPO) that posted -17.62% YoY growth. Coal also had negative trend as the mineral fuel export had negative growth of -1.35% YoY or the first negative growth since July 2016. Import growth weakened to 1.2% YoY in December. We see lower oil price started to take oil and gas import down as December figure denoted negative growth of -23.3% YoY. Based on economic sector, the weakening growth was seen on raw/intermediary goods that experienced 0.9% YoY growth and capital goods that had -0.3% YoY growth. Meanwhile consumption goods import still had 6.2% YoY growth due to year-end trend.

Comments: 1) Further disruption on China's growth due to trade war in 2019 should give negative sentiment to Indonesia. 2) We see the downside risk for coal still high as our coal analyst sees further declining China's import growth by 7.0% in 2019 and lower benchmark price forecast at USD 85/ton. 3) We put our GDP, current account deficit (CAD) and Rupiah target for 2019 under review considering current circumstances.

POVERTY RATE DOWN TO 9.66%, GINI RATIO AT 0.384

Indonesia has maintained a single-digit poverty rate as it posted a 9.66% as of September 2018, with the number of poor people standing at 25.67 mn. The figure decreased from 9.82 percent in March, meaning 280,000 people had been lifted out of poverty. BPS head Suhariyanto said the improvement was thanks to the overall increase in farmers' wages as well as stable inflation of 0.94 percent between March and September. The challenge remains for the government to balance out the rate as urban poverty was recorded at 6.89 percent, whereas rural poverty was 13.1 percent. The national poverty line was Rp 1.9 million (US\$135) per family per month, with a huge disparity between the highest and lowest threshold. For instance, Jakarta's poverty line was Rp 3.4 million per family, but in West Nusa Tenggara the figure was Rp 1.4 million. In line with the reduced poverty rate, the Gini ratio (indicator of inequality) had an improvement as it inched down to 0.384 as of September 2018 from 0.389 in March and 0.391 in September 2017.

OJK AGREED ON BASEL III'S NEW REVISION REGARDING MARKET RISK

OJK, during the meeting on Group of Governors and Heads of Supervision (GHOS), agreed on Basel III's new revision regarding market risk. The revision includes two things, mainly on minimum capital requirements for market risk and on Basel Committee on Banking Supervision (BCBS)'s working program and strategic priority in 2019. Regarding the minimum capital requirements for market risk, the revision is to improve calculation and provides more clear boundaries between trading book and banking book. Regarding the working program and strategic priority, the revision will include Regulatory Consistency Assessment Program (RCAP) for Net Stable Funding Ratio (NSFR) aspect and Large Exposures (LEX).

Comment: We think the revision won't significantly impact Indonesian banks, as market risk only held small portion in total risk weighted asset. In addition, capital is not a concern for Indonesian banks as CAR still conservatively stood at 23.1% as of Dec-18.

ASTRA CAR SALES UP 17% YOY IN DEC-18

Astra International (ASII) recorded 45.7 k units of car sales in Dec-18, which went up by 17% YoY but declined by 13% MoM. This brings the company's sales volume to 582.7 k units in 2018 or inches up by only 0.6% YoY which translates to market share of 50.6%. Meanwhile, non-astra car sales down 12% MoM and 8% YoY to 42.2 k units in Dec-18 which led to 2018 total sales reach 568.4 k units which grew 13% YoY. Total domestic car sales reached 87.8 k units (+3% MoM, -12% YoY) in Dec-18, bringing full-year volume to 1.15 mn units which grew by 6.6% YoY.

Comment: ASII total car sales of 582.7 k units in 2018 was slightly higher than our forecast of 576 k units while domestic car sales of 1.15 mn units is precisely in-line with our target. We currently have Buy rating on ASII with TP of Rp9,650.

MNCN AIMS 7-10% OF REVENUE GROWTH IN 2019

MNCN targets to book 7-10% revenue growth in 2019, mostly driven from advertising revenue which should grow in accordance to its expectation of rising number of audience. According to its chairman, Mr. Harry Tanoesoedibjo, based on his early reading, RCTI and MNCTV should score well in audience share in January thanks to its strong drama in prime time. According to the Company, in the first week of January, MNCN posted prime time audience share of 38.1%, up by +500bps vs. its Dec-18 position. Additionally, the Company also aims to capitalize Indonesia digital trend through its subsidiary, MNC Pictures. MNC Pictures is currently in talk to supply contents to some digital platform such as Netflix, Iflix and Hooq.

Comment: MNCN is currently trading at 7.2x 2019F PER ratio, at -2SD below its 5-year mean of c.14x (based on Bloomberg Consensus). MNCN should also benefit from the Rp appreciation because it has a sizeable amount of USD denominated debt. We currently do not cover MNCN.

KINO TO BECOME CONTROLLING SHAREHOLDER OF PT MORINAGA KINO INDONESIA

With transaction value of Rp 74,899,000 KINO will acquire whole shares portion owned by Morinaga & Co Ltd. on PT Morinaga Kino Indonesia. Source of fund used by KINO to acquire that particular shares was derived from the combination of remaining initial public offering fund allocated for acquisition purpose and internal cash.

Comment: We currently do not cover the stock which is trading at 2018-19F PER of 31-26x based on Bloomberg consensus.

TECHNICAL ANALYSIS

JCI : (6,409 +1.15%)

Comment : CPIN, UNVR and TLKM consecutively became lagging movers. Technically, JCI closed below resistance level of the short-term uptrend channel 6,415. Support level at 6,300. Next support and resistance level will be at 6,250-6,450. 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. 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

BMRI : Testing resistance level

The price closed above minor resistance level of 7,700. If the breakout confirm, level of 7,700 will turn into support level and the the price wil continue the positive trend. Resistance level at 8,100. Next support and resistance level at 7,100-8,300. Speculative buy, cut if the price moves below the level of 7,650.



MEDC : Retest the breakout

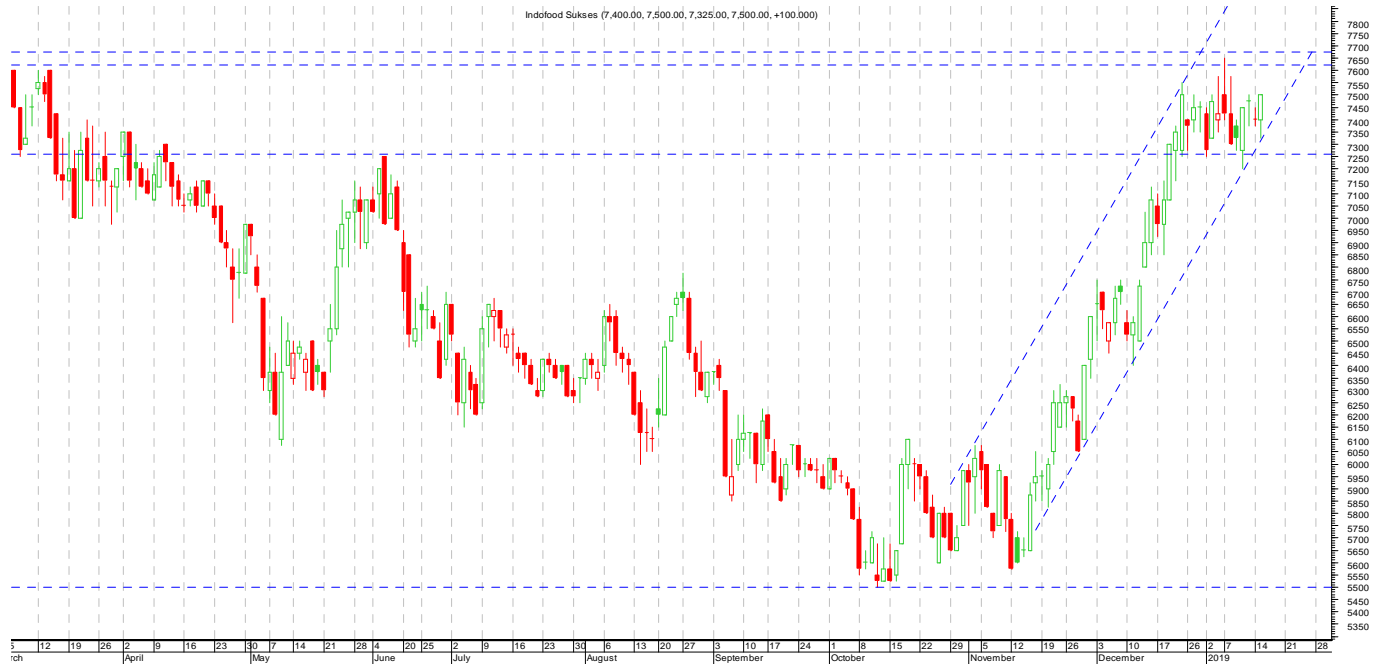
The price closed above support level of 810. Level of 810 was resistance level before it was breahced. The price likely retest the breakout, if the breakout confirm, level of 810 will turn into support level and the trend turn into positive. Resistance level at 850. Next support and resistance level at 760-900. Speculative buy, cut if the price moves below the level of 800.



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INDF : Testing Resistance level

The price hold above support level of the short-term uptrend channel 7,300. Resistance level at 7,650. Next support and resistance level at 6,850-8,100. Some of momentum indicators give negative signal. Sell on strength, sell if the price moves and stable below the level of 7,300.



GGRM : Testing resistance level

The price closed below minor resistance level of 84,125. Support level at 80,500. Next support and resistance level at 78,00-86,400. Some of momentum indicators gives negative signal. Take profit/ Sell on strength, cut if the price moves below the level of 82,150.



CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,045 -14,140

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.36
3	7.82
5	7.98
10	8.04
15	8.43
30	9.01

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.25	6.28	6.19	6.12	5.59
US\$	1.23	1.32	1.14	1.17	
JIBOR (RP)	7.23	7.43	7.68	7.83	

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	14,090	0.25
1 US\$ = SGD	1.36	0.11
1 US\$ = JPY	108.66	0.02
1 US\$ = AUD	0.72	0.07
1 US\$ = EUR	1.14	0.01

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