

GLOBAL

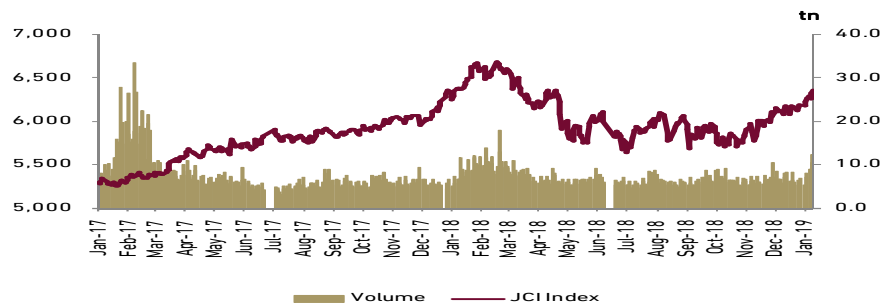
Index	Last	Change	% chg
Dow	24,207	141.57	0.59
S&P 500	2,616	5.80	0.22
Eido US	26.8	0.35	1.32
H.S.I	26,902	71.81	0.27
Nikkei	20,504	60.75	0.30
STI	3,229	16.81	0.52
KLCI	1,673	-6.34	-0.38
Kospi	2,107	0.51	0.02
SET Thai	1,577	0.41	0.03

- Bank Indonesia to deliver policy rate decision today
- Government increases housing program target to 1.25 mn houses in 2019F
- Hyundai to finalize USD1 bn car factory plan
- Corn price still relatively high toward the harvest period
- MAPI aims for 15% sales growth
- PTBA targeting gasification groundbreaking in April
- EXCL continues its network rollout in Sumatra

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	61.3	0.68	1.12
WTI Crude Oil (\$/bbl)	52.3	0.20	0.38
CPO (MYR/ton)	2,090	-7.00	-0.33
Gold (US\$/tr ounce)	1,294	0.01	0.00
Nickel (US\$/ton)	11,564	-97.50	-0.84
Tin (US\$/ton)	20,655	-105.00	-0.51
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	99.7	1.00	1.01

JCI STATISTIC



BEI STATISTICS

JCI	6,413
Change (1 day)	0.07%
Change YTD	3.53%
P/E Market (X)	15.3
Volume (mn shr)	10,425.3
Value (Rp bn)	8,380.6
↑ 214 ↓ 182 ↔ 229	
LQ45	1,022
% Change (1 day)	0.23%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,350 (support) – 6,450 (resistance) level today

**BMRI : Speculative buy at Rp 7,800-Rp 7,750**

Comment: Closed above resistance level

**BBRI : Speculative buy at Rp 3,780-Rp 3,760**

Comment: Testing resistance level

**PGAS : Speculative buy at Rp 2,410-Rp 2,380**

Comment: Testing resistance level

**WSKT : Sell on strength at Rp 2,120-Rp 2,180**

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

Wall Street rose on Wednesday as investors cheered strong quarterly earnings from major banks like Goldman Sachs and Bank of America. The Dow Jones Industrial Average rose 141.57 points (0.6%) to 24,207.16 as Goldman Sachs outperformed. The S&P 500 gained 0.2% to close at 2,616.10, led by a 2.2% gain in financials. The Nasdaq Composite climbed 0.15% to 7,034.69. Goldman Sachs posted above expectation quarterly earnings, sending the stock inched up by 9.54%, its biggest one-day gain since 2009. Bank of America also rose 7.16% after reporting a record quarterly profit. The reports follow the releases of 4Q results from Citigroup, J.P. Morgan Chase and Wells Fargo earlier this week. More than 6% of S&P 500 companies have reported fourth-quarter earnings, according to FactSet. Of those companies, 85.3% have reported better-than-expected earnings. Commodity: Brent Crude Oil went up by 1.12 % to USD 61.3/bbl while CPO declined by -0.33% at MYR 2,090/ton. Nickel inched down by 0.84% to USD 11,564/ ton. While coal gained 1.01% at USD 99.7/ton.

Domestic

JCI index closed higher by 4.6 points (+0.1%) to 6,413 on Wednesday trading and recorded Rp23 bn net foreign buy. The leading sectors were Misc. Industry (+1.27%), Infrastructure (+1.26%), Mining (+1.08%). Mainly driven by TLKM (+1.53% to 3,990), BBNI (+2.78% to 9,250), ASII (+1.23% to 8,250) as the key movers. Rupiah weakened by 38 points to 14,128/USD. Our technical desk suggests for trading within the band of 6,350-6,450 with possibility to end higher level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,128	38.00	0.27
1 USD = SGD	1.35	0.00	-0.04
1 USD = JPY	109.00	-0.09	-0.08
1 USD = AUD	1.40	0.00	0.01
1 USD = EUR	0.88	0.00	-0.04

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	28.3	0.69	2.50	4,001	379,194
ISAT	0.1	0.00	0.00	1,907	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### BANK INDONESIA TO DELIVER POLICY RATE DECISION TODAY

Bank Indonesia has started its two-day board of governor meeting since yesterday and is expected to deliver policy rate decision by today. Bloomberg consensus expects central bank to hold rate. The data released in January still denotes Indonesia's macroeconomic as manageable. Inflation remained stable at 3.13% YoY and we see inflation in 2019 will remain manageable at around 3.5% YoY. Although Indonesia had pressure from December trade data that had USD 1.1 bn deficit, the capital flow to Indonesia helped Rupiah to depreciate 2.06% in January. Furthermore, capital inflow to equity is recorded at USD 558.4 mn and capital inflow to bonds at USD 407.89 mn. In current circumstances, BI will only raise rate if Fed increases rate. So, it is very important to see BI's view on FFR hike in this year because it will determine the continuity of rate hike cycle. We expect BI to hold policy rate at 6.0% this month.

#### GOVERNMENT INCREASES HOUSING PROGRAM TARGET TO 1.25 MN HOUSES IN 2019F

Government through Ministry of Public Works and Housing increases the number of houses target in housing program to 1.25 mn units in 2019F from 1 mn units targeted in previous years. Out of the target, 20% budget will become government portion, 30% will come from liquidity facility (FLPP) or government mortgage program, and the rest 50% through private. Government tries to continue provide houses for the society to reduce the housing backlog which currently stands at 11.4mn. The new target is also set after previous success in 2018, where the realization of number of houses that had been realized and constructed reached 1.13 mn for the first time.

**Comments:** This should have neutral impacts to Bank Tabungan Negara (BBTN) as the target is only slightly increased from previous year realization at 1.13mn units. We have a Hold call on BBTN with TP of Rp2,900/share.

#### HYUNDAI TO FINALIZE USD1 BN CAR FACTORY PLAN

South Korean car maker Hyundai Motor will meet several ministers later this month to discuss the company's plan to develop a USD1 bn car factory in Indonesia. The Hyundai representatives wanted to seek information about the procedures to arrange licenses and about a regulation on the development of electric vehicles, which is being finalized. Hyundai plans to construct their factories in West Java's Bekasi, Karawang and Purwakarta integrated economic and industry zone. Hyundai will team up with another Korean car producer KIA Motors to build the plant, which will have a production capacity of 250,000 units, including electric vehicles. The Korean car producers also plans to use nickel laterite ore to be produced at a nickel based industrial park in Morowali regency, Central Sulawesi.

**Comment:** Based on our back-of-the-envelope calculation the planned new capacity of 250,000 units would increase domestic car production capacity to 2.3 mn units cars implying utilization rate of around 50%.

#### CORN PRICE STILL RELATIVELY HIGH TOWARD THE HARVEST PERIOD

Breeders and Feed Millers remain cautious on the view of corn price even though Ministry of Agriculture (MoA) predicts about 10 mn tons of feed's raw materials are ready to be harvested up until March. February will be peak of corn production with 4.8 mn tons, and thus surplus of corn is estimated. At the moment, according to General Director of Crops of MoA corn price is ranging between Rp4,500 – 4,600/kg, which is better for the poultry players compare to previous price of Rp5,500-6,000/kg. However, Indonesian Feedmill Association (GPMT) mentioned that the current corn price is at Rp6,000/kg and will drop to Rp5,000/kg in February'19.

**Comment:** We are cautious on the current corn price, yet we believe the corn price will be back to the reference price in 1Q19 given the harvest festive that potentially happen in the early of the year.

#### MAPI AIMS FOR 15% SALES GROWTH

Mitra Adiperkasa (MAPI) targeted 15% sales growth in 2019. In order to achieve the target, company will allocate capex of Rp800 bn from internal cash. The company guided to book 5-6% SSSG this year. On the other hand, the company will fulfill the bond coupon payment which is going to be mature this year (20 Feb 2019). MAPI will use their internal cash to pay the bond (Rp 280 bn).

#### PTBA TARGETING GASIFICATION GROUNDBREAKING IN APRIL

Bukit Asam (PTBA) together with Pertamina and Air products & chemicals Inc., will build a coal gasification plant in Peranap, Riau. The coal gasification plant will convert low-calorie coal into DME gas which can serve as a substitute for LPG gas. Currently PTBA is conducting feasibility study and "groundbreaking" for the project is targeted around April 2019.

**Comment:** We see this as an attempt by PTBA to diversify its coal products to limit the impact of falling coal prices. We currently have a HOLD rating for PTBA in the TP of Rp4,350.

#### EXCL CONTINUES ITS NETWORK ROLLOUT IN SUMATRA

EXCL is reported to continue its network expansion in Sumatra. It is reported that Sumatra is currently EXCL's strongest growth driver in ex-Java region with the contribution of 16% to total EXCL's subscribers. The Company also mentioned that 80% of its Sumatra subscribers are data users. According to its West Region Group Head, Francky Rinaldo Pakpahan, growth in Sumatra is very high and roughly equal though out all provinces. Mr. Franky also remarked EXCL's commitment to continue 4G LTE network expansion in Sumatra in 2019.

**Comment:** We are cautious on EXCL's ex-Java expansion plan as it might trigger them to load aggressive pricing strategy in order to grab some market shares from TLKM. This has been discussed in more details in our latest research report on EXCL "Cautious on EXCL's Aggressive Stance". We currently have a HOLD rating on EXCL with TP of Rp2,300/share.

## TECHNICAL ANALYSIS

**JCI : ( 6,413 +0.1%)**

**Comment :** TLKM, BBNI and ASII consecutively became leading movers. Technically, JCI closed below resistance level of the short-term uptrend channel 6,430. Support level at 6,385. Next support and resistance level will be at 6,300-6,450. Candlestick chart likely formed a doji pattern. 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.



**WSKT : Testing resistance**

The price closed minor resistance level of 2,190. Support level at 2,010. Next support and resistance level at 1,945-2,190. The mid-term trend is still sideways. Sell on strength



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**BBRI : Testing Resistance level**

The price closed at historical resistance level of 3,780. Support level at 3,700. Next support and resistance level at 3,620-3,910. Speculative buy, cut if the price moves below the level of 3,700.



**PGAS : Testing resistance level**

The price closed below minor resistance level of 2,420. Support level at 2,300. Next support and resistance level at 2,200-2,520. The trend is still positive. Speculative buy, cut if the price moves below the level of 2,300.



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,070 -14,170

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.77
3	7.85
5	7.99
10	8.08
15	8.49
30	9.04

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
<b>IDR</b>	6.17	6.36	6.20	6.08	5.56
<b>US\$</b>	1.22	1.21	1.21	1.16	
<b>JIBOR (RP)</b>	7.21	7.43	7.67	7.83	

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	14,128	-0.27
1 US\$ = SGD	1.35	0.04
1 US\$ = JPY	109.00	0.08
1 US\$ = AUD	0.72	-0.01
1 US\$ = EUR	1.14	0.04

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