

GLOBAL			
Index	Last	Change	% chg
Dow	24,706	336.25	1.38
S&P 500	2,671	34.75	1.32
Eido US	27.0	0.07	0.26
H.S.I	27,091	335.18	1.25
Nikkei	20,828	161.81	0.78
STI	3,224	9.90	0.31
KLCI	1,692	9.25	0.55
Kospi	2,129	4.64	0.22
SET Thai	1,584	3.47	0.22

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	62.7	1.52	2.48
WTI Crude Oil (\$/bbl)	53.8	1.73	3.32
CPO (MYR/ton)	2,142	21.00	0.99
Gold (US\$/tr ounce)	1,283	1.18	0.09
Nickel (US\$/ton)	11,772	226.00	1.96
Tin (US\$/ton)	20,735	45.00	0.22
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	99.8	-0.55	-0.55

BEI STATISTICS	
JCI	6,448
Change (1 day)	0.38%
Change YTD	4.09%
P/E Market (X)	15.4
Volume (mn shr)	8,000.4
Value (Rp bn)	6,893.4
↑ 214    ↓ 195    ↔ 216	
LQ45	1,031
% Change (1 day)	0.56%

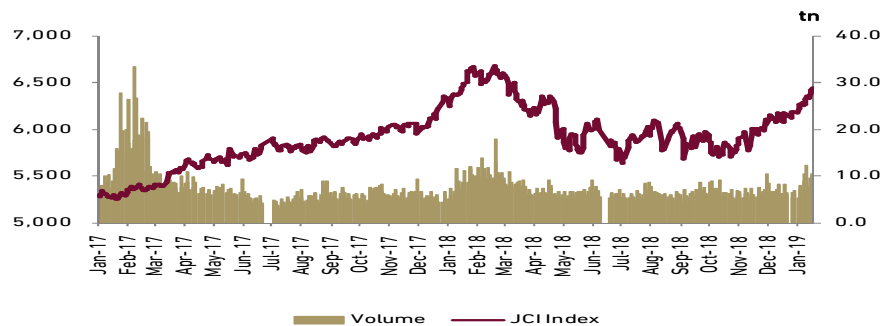
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.62	0.27
Inflation yoy (%)	3.13	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,178	-14.00	-0.10
1 USD = SGD	1.36	0.00	-0.01
1 USD = JPY	109.67	-0.11	-0.10
1 USD = AUD	1.40	0.00	0.06
1 USD = EUR	0.88	0.00	-0.10

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	28.4	0.24	0.85	4,025	235,301
ISAT	0.1	0.00	0.00	1,914	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Net capital inflow reached Rp14.75 tn as of middle of Jan
- KPU limits political advertisement on FTA TV
- UNTR cut machinery sales guidance, we still expect positive earnings growth this year
- JPFA: 15.5% indicative revenue growth for 2018
- TOTO targets revenue to grow by 3.5% YoY this year
- BDMN announces its plan to merge with BBNP
- HRUM is targeting production of around 5 mn tons for this year
- ITMG to increase their 2019 capex budget

### JCI STATISTIC



### DAILY TECHNICAL VIEW

We expect JCI to trade between 6,400 (support) – 6,500 (resistance) level today

**UNTR: Sell on strength at Rp 27,500-Rp 28,500**

Comment: Testing resistance level

**BBCA : Sell on strength at Rp 27,300-Rp 28,000**

Comment: Testing resistance level

**MEDC : Speculative buy at Rp 835-Rp 810**

Comment: Retest the breakout

**PGAS : Speculative buy at Rp 2,430-Rp 2,400**

Comment: Closed above resistance level

### MARKET REVIEW & MARKET OUTLOOK

#### Regional

Stocks gained on Friday with Dow Jones posting a 1.38% increase on the day and 3.0% rise in the week to 24,706 while the Nasdaq posted a 2.7% gain to 7,157. Reports on both sides of the US and Chinese talks were very bullish in the week, whether the US is backing off its demands on Chinese trade practices or whether the Chinese are promising to significantly lift their US imports. On economy data, the US consumer sentiment index plunged to a 90.7 reading that was far below Econoday's low estimate. This is the biggest monthly decline in six years and is not a favorable indication for consumer spending. On commodity markets, WTI crude oil up by 3.32% to USD53.8/bbl. while nickel price went up by 1.96% to USD11,772/ton.

#### Domestic

JCI closed higher at 6,448 by 24 points or 0.38% on Friday trading and recorded Rp928 bn of net foreign buy. The leading sectors were Miscellaneous Industry (+1.92%), Finance (+0.82%), and Mining (+0.61%) which mainly driven by BBCA (+1.78% to 27,125), ASII (+2.42% to 8,475), and TLKM (+0.75% to 4,020) as the key movers. Rupiah strengthened by 14 points to 14,178/USD. On economic data, Indonesian motorbike sales grew 8.9% YoY in Dec 18 (vs. Nov 18: 8.6% YoY). Our technical desk suggests for trading within the band of 6,400 – 6,500 with possibility end at lower level.

#### NET CAPITAL INFLOW REACHED RP 14.75 TN AS OF MIDDLE OF JAN

Bank Indonesia recorded significant net capital inflow in the beginning of this year as it reached Rp 14.75 tn as of middle of January (Jan 17). The capital inflow went to government bonds (Rp 11.48 tn) and equity market (Rp 3.21 tn). The confidence of investors was also seen from the trending down credit default swap (CDS) that fell to 124.1 from the all time high position at 159.5 in late October 2018. According to BI's governor, Perry Warjiyo, the prospect of Indonesia's macroeconomic will be better in 2019 as the current account deficit (CAD) will fall to 2.5% of GDP. The confidence of investors is seen as the response of proactive policies from government and central bank.

#### KPU LIMITS POLITICAL ADVERTISEMENT ON FTA TV

General Election Commission (KPU) has issued a regulation that prohibits the screening of political ads on FTA TV until three weeks before the Election Day. It means that political ads can be screen starting from 24th of March 2019 till the Election Day. Additionally, according to Nielsen Indonesia, total political ads spend in 2014 was at Rp1.96 tn. Newspaper formed the lion share of the portion at 53% of total ads, while FTA TV is the runner-up with 47%, equivalent to Rp922 bn.

**Comment:** We see this regulation might pose a slight negative sentiment on media sector. However, we believe the impact will not be significant as political ads' contribution is only below 5% of total FTA TV ads spending. On top of that, political ads typically come slow early in the year and accelerate as the election draws near; therefore we think no material impact on FTA TV stations' revenue. We have a BUY rating on SCMA with TP of Rp2,270/share.

#### UNITED TRACTORS CUT MACHINERY SALES GUIDANCE, WE STILL EXPECT POSITIVE EARNINGS GROWTH THIS YEAR

United Tractors (UNTR) management decided to cut its heavy equipment sales forecast (35% of 9M18 revenue) from 4,900-5,000 units initially to 4,000 units. They excluded potential sales from several customers producing mid to low CV coal who decided to wait and see low rank coal prices movement which is now at lower level. Meanwhile, sales of spare parts and services (11% of 9M18 revenue) are expected to remain high equal to 2018 figure. On mining contracting (47% of 9M18 revenue), UNTR sees 126 mn tons of coal production (vs. ours of 124.4 mn tons) and overburden removal target of 950-980 bcm (ours: 925 mn bcm). The company also expects solid revenue from its own coal mining (13% of 9M18 revenue) as it mostly produces high calorie coal and coking coal, which are only slightly affected by coal price disparity. Moreover, the company expects Martabe gold mine, which was acquired in Dec contribution of gold sales volume at 360,000 ounces in 2019.

**Comment:** We are reviewing our earnings forecast on UNTR. Based on our rough calculation, UNTR 2019F earning will decline by 4% to Rp12.2 tn (7% YoY), if we lower our 2019 from 5,280 to 4,000 units while we add USD100 mn net profit contribution (net of goodwill) from Martabe mine. Thus, our TP for UNTR would lower to around Rp39,000 (44% upside potential) based on 12x PER, which is still a Buy.

#### JPFA: 15.5% INDICATIVE REVENUE GROWTH FOR 2018

According to JPFA director, Koesbyanto Setyadharma, at the moment indicative revenue growth for 2018 is Rp34 tn (+15.5% YoY), which in line with the consensus and company's target. This year JPFA sets Rp3 tn capex, whereas 20-25% will be channeled for service and maintenance, while the remaining will used for its poultry business.

**Comment:** Indicative revenue achievement of JPFA is largely in line with our projection by forming 100.8% of our target. We maintain a BUY call for JPFA with TP of Rp3,150

#### TOTO TARGETS REVENUE TO GROW BY 3.5% YOY THIS YEAR

TOTO sets revenue target at Rp2.3 tn for 2019F, or higher by 3.5% YoY. According to TOTO's Director, Setia Budi Purwadi, in order to hit the target the company will improve its exports sales. Moreover, net profit target for this year is Rp390 bn, whilst the company has taken into account the election.

**Comment:** our net profit target for 2019F is lower by around 12% compare to the company's target. However, our revenue projection is higher by 8.9% relative to TOTO's revenue estimate. We captured that this year, net margin of TOTO is targeted at 17%, in which relatively high compare to its historical. However, the only justification for this is potential investment incomes that come from SPN (Surya Pertiwi Nusantara). We will review our forecast and recommendation after we receive the financial report for 2018.

#### BDMN ANNOUNCES ITS PLAN TO MERGE WITH BBNP

Bank Danamon (BDMN) is announcing its plan to merge with Bank Nusantara Parahyangan (BBNP). The plan on merger is currently being studied by the banks and included as one of agenda in BBNP's extraordinary general meeting of shareholders (EGM) on March 26, 2019. BDMN shares is currently owned by MUFG Bank Ltd (40%) followed by Asia Financial (Indonesia) Pte Ltd (33.8%) while BBNP shares is owned by MUFG Bank Ltd (7,91%) and Acom Co Ltd, a subsidiary of MUFG Bank Ltd (67,59%). According to OJK regulation, the merger of BDMN and BBNP could enable MUFG to raise its ownership in BDMN to more than 40%, as they targets to lift ownership to at least 73.8%.

#### HRUM IS TARGETING PRODUCTION OF AROUND 5 MN TONS FOR THIS YEAR

HRUM is targeting production of around 5 mn tons, up slightly from last year's target of 4.8 mn tons. Their production target for 2019 is 8.7% higher than our production target estimate at 4.6mn tons.

**Comment:** HRUM management stated that this year's coal production target is slated to increase because PT Karya Usaha Pertiwi (KUP) and PT Santan Batubara (SB) mines had begun operating in early Q1 and contributed around 1mn tons for 2019. We still have HOLD rating for HRUM with TP of Rp1,650.

#### ITMG TO INCREASE THEIR FY19E CAPEX BUDGET

ITMG plans increase their capex allocation budget for FY19 amounting to USD122 mn, 16% higher than the prediction of our capex budget at USD 105mn. ITMG allocates around USD100 mn for the company's infrastructure and operations while the rest for the budget for heavy equipment purchases at USD22 mn.

**Comment:** We still have BUY rating for ITMG with TP of Rp25,500

## TECHNICAL ANALYSIS

**JCI : ( 6,446 +0.4%)**

**Comment :** BBCA, ASII and TLKM consecutively became leading movers. Technically, JCI still closed below resistance level of the short-term uptrend channel. Support level at 6,385. Next support and resistance level will be at 6,200-6,460. 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**

**UNTR : Testing resistance level**

The price bounced from support level of 25,525. Resistance level at 28,350. Next support and resistance level at 22,000-29,525. The trend is still negative. The price likely formed a bearish Head and shoulder pattern when it broke support level of 30,750. Theoretical target of this pattern around the level of 22,000. Sell on strength



**MEDC : Testing support level**

The price closed above minor support level of 815. Level of 800-815 was a resistance level before it was breached and potentially turn into support level. Resistance level at 865. Next support and resistance level at 720-950. The mid-term trend is still sideways. Speculative buy, cut if the price moves and stable below the level of 800.



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**BBCA : Testing Resistance level**

The price closed above major resistance level of 26,975 and closed at new highest level. Support level at 25,750. Resistance level at 27,300. Next support and resistance level at 23,500-28,000. The price moved in uptrend channel in the last three years. If there is no extension, the price is likely formed wave minor 5 which is the last wave of the mid-term uptrend cycle. Sell on strength.



**PGAS : Testing resistance level**

The price closed above minor resistance level of 2,420. If the breakout confirm, level of 2,420 will turn into support level and the price will continue the positive trend. Resistance level at 2.520. Next support and resistance level at 2,300-2.700. ST : Speculative buy, MT : Sell on strength ,cut if the price moves below the level of 2.400



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,130 -14,220

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.41
3	7.81
5	7.99
10	8.10
15	8.51
30	8.96

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
<b>IDR</b>	6.22	6.32	6.23	6.14	5.58
<b>US\$</b>	1.23	1.23	1.20	1.23	
<b>JIBOR (RP)</b>	7.19	7.42	7.64	7.80	

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	14,178	0.10
1 US\$ = SGD	1.36	0.01
1 US\$ = JPY	109.67	0.10
1 US\$ = AUD	0.72	-0.06
1 US\$ = EUR	1.14	0.10

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