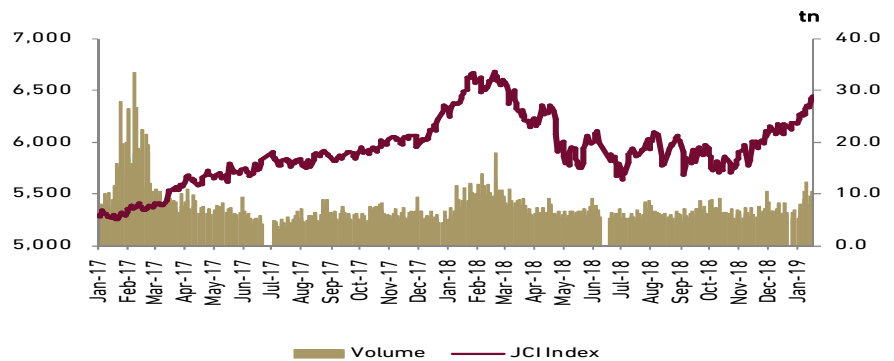


GLOBAL			
Index	Last	Change	% chg
Dow	24,528	-208.98	-0.84
S&P 500	2,644	-20.91	-0.78
Eido US	26.9	-0.41	-1.50
H.S.I	27,577	7.77	0.03
Nikkei	20,445	-204.00	-0.99
STI	3,200	-2.75	-0.09
KLCI	1,698	-3.53	-0.21
Kospi	2,166	-11.15	-0.51
SET Thai	1,625	1.41	0.09

- Retail Sector: Momentum of Chinese new-year
- China palm imports seen climbing to six-year high this year
- Ophir extends deadline for Medco to submit takeover bid
- Garudafood (GOOD) aims at 15% revenue growth
- BMRI booked net profit of Rp25.0 tn (21.2% YoY) in 2018; in-line
- Citilink targets 23% revenue growth in 2019F
- ISAT claimed to book above industry revenue growth

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	60	-1.71	-2.77
WTI Crude Oil (\$/bbl)	52.0	-1.70	-3.17
CPO (MYR/ton)	2,222	32.00	1.46
Gold (US\$/tr ounce)	1,304	0.56	0.04
Nickel (US\$/ton)	11,761	-146.00	-1.23
Tin (US\$/ton)	20,785	-30.00	-0.14
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	99.5	0.00	0.00

JCI STATISTIC



BEI STATISTICS	
JCI	6,459
Change (1 day)	-0.37%
Change YTD	4.27%
P/E Market (X)	15.5
Volume (mn shr)	9,554.9
Value (Rp bn)	8,453.7
↑ 171 ↓ 230 ↔ 226	
LQ45	1,019
% Change (1 day)	-0.65%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,380 (support) – 6,480 (resistance) level today

AALI: Speculative buy at Rp 14,175-Rp 13,800

Comment: Closed above resistance level

LSIP: Speculative buy at Rp 1,480-Rp 1,450

Comment: Closed above resistance level

SMGR: Sell on strength at Rp 13,100-Rp 13,500

Comment: Failed to break resistance level

WSKT: Sell on strength at Rp 1,945-Rp 1,975

Comment: Closed below support 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 were under pressure in Monday as Dow Jones down by 0.84% or 209 points lower to 24,528 while S&P500 down by 0.78% to 2,644. The stocks were weighed down by a sluggish earnings and poor outlooks from Caterpillar and Nvidia, plus comments from President Trump that another government shutdown is possible. Shares of Caterpillar slumped 9.1% on an earnings miss and weak guidance as sales in the Asia/Pacific region declined because of lower demand in China. Nvidia, meanwhile, dropped 13.8% after slashing its fourth quarter revenue guidance on deteriorating macroeconomic conditions particularly in China. The Fed will convene a two-day meeting on Tuesday, with no change in interest rates expected. On commodity markets, Brent crude oil dropped by 2.8% to close at USD59.9/bbl while WTI declined by 3.2% to USD52.0/bbl. Nickel price also lowered by 1.2% USD11,761/ton while coal went up by 0.7% to USD99.5/ton.

Domestic

JCI closed lower at 6,459 by 24 points or -0.37% on Monday trading and recorded Rp662 bn of net foreign sell. The laggard sectors were Property (-1.72%), Infrastructure (-1.41%), and Misc. Industry (-0.73%) while the main movers were big caps such as TLKM (-2.58% to 3,780), UNVR (-2.60% to 47,775), and BMRI (-2.71% to 7,175). Rupiah strengthened by 21 points to 14,072/USD. Our technical desk suggests for trading within the band of 6,380 – 6,480 with possibility mixed to end at lower level.

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,072	-21.00	-0.15
1 USD = SGD	1.35	0.00	0.08
1 USD = JPY	109.20	-0.15	-0.14
1 USD = AUD	1.40	0.00	0.25
1 USD = EUR	0.88	0.00	0.02

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.1	-0.52	-1.89	3,806	409,312
ISAT	0.1	0.00	0.00	1,900	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

RETAIL SECTOR: MOMENTUM OF CHINESE NEW-YEAR

The modern retailers aim for 10% sales growth during the momentum of Chinese new-year 2019. In 2018, the momentum of Chinese new-year, only contributed to 5% sales growth. Retailers were prepared the Chinese new-year momentum by providing 20-30% discount, and changing the store decorations to attract buyers. They also do promotions through social media and newspapers, collaborate with shopping mall to do the midnight sale program, and sell their products through e-commerce. On the other hand, e-commerce participants also positive with the momentum of Chinese new-year, they predict that the sales growth during Chinese new-year compared to the average of ordinary day sales growth will be increased by around 60%, which is the same as last year figure. According to the last year shopback's survey, the transaction activity of online shopping, will increased sharply one week before the Chinese new-year.

Comment: We maintain our BUY rating on retail sector, as the momentum of Chinese new-year may contributed higher sales growth compared to last year, due to better consumption and more attractive promotions.

CHINA PALM IMPORTS SEEN CLIMBING TO SIX-YEAR HIGH THIS YEAR

It looks like it's going to be a promising year for palm oil imports in China, the world's biggest agricultural market. Shipments to the second-biggest buyer of the oil may surge to six-year high in the 12 months ending September, according to state-run China National Grain and Oils Information Center. The ongoing trade spat and the spread of a swine disease that's destroying China's hog herd is reducing the country's imports of soybeans, which is used as animal feed and produces palm's rival soy oil.

Comment: Increasing production in Indonesia and Malaysia and slumping demand from India have left palm oil stockpiles bulging. The added purchases from China could help CPO prices recover. Since the beginning of 2019 the CPO price strengthened by 3.7% to RM2,095/ton or 9% below our FY19 average assumption of RM2,300/ton. We believe at current share prices, investors have priced in the upside potential of plantation companies. We have NEUTRAL recommendation for Plantation sector.

OPHIR EXTENDS DEADLINE FOR MEDCO TO SUBMIT TAKEOVER BID

Ophir Energy has requested an extension of the deadline for Medco Global, a unit of Medco Energi (MEDC), to submit its takeover bid. Ophir said the deadline has been extended to January 31, for Medco Energi to either disclose firm intention to make an offer or say it does not intend to make an offer. The parties are in advanced negotiations with a view to agreeing a recommended transaction at 55 pence per Ophir ordinary share in cash, the statement reads. Medco previously put up a bid, valuing each Ophir share at 48.50 pence for a total of USD440 mn. However, the bid was swiftly rejected by Ophir, saying it undervalued the company.

Comment: The latest development could give a positive sentiment to MEDC share price. We currently maintain our Buy rating on MEDC with TP of Rp 1,150.

GARUDAFOOD(GOOD) AIMS AT 15% REVENUE GROWTH

GOOD allocates Rp 500 bn capex to expand the distribution, increase production capacity and new products, especially wafers. Company also expects production will increase by 8-10% as the three new factories will operate this year. The two new factories located in Rancaekek, West Java and another one in Gresik East Java. Currently GOOD had exported it's products to more than 20 countries in Southeast Asia and India. Higher production allows GOOD to export the product to new

countries (particularly Asia) and strengthen the domestic distribution. Hence, this year Company projects at 15% sales growth.

BMRI BOOKED NET PROFIT OF RP25.0 TN (21.2% YOY) IN 2018; IN-LINE

Bank Mandiri (BMRI) booked net profit of Rp25.0 tn in 2018, up by 21.2% YoY, ahead consensus estimates by 3.7% but perfectly in-line with our estimates. Net interest income growth remained soft, growing by 4.4% YoY, with NIM relatively stable declining by 10 bps YoY to 5.6% in 2018 (4Q18 NIM was stable at 5.7%). Meanwhile the bottom line were still driven by strong cost control (opex grew by 7.6% YoY) and reduction in provision expense (-11.1% YoY). On quarterly basis, net income grew by 17% QoQ in 4Q18. There some one-off items in 4Q18 from capital gain on selling some ownership in subsidiaries, totalling ~Rp0.45 tn. Excluding the one-off, 4Q18 earnings would have grown by 10% QoQ while the 12M18 bottom line would be still in-line at 99% of our estimates. Total loan grew by 12% YoY in 2018, slightly higher than our estimates, but total deposit grew far slower by 3% YoY or below expectations. The sluggish funding mainly dragged by weak Rupiah savings (1% YoY) and FX demand deposits (-23% YoY). This has pushed LDR by 800 bps higher to 95% in 2018. Asset quality was improved mostly due to improvement in NPL category (2.8% vs. 3.5% in 2017) but there were significant write-offs came in the year at Rp13.2tn (vs. Rp11.6tn in 2017).

Comments: The bottom line was in-line with expectation, however the spiked LDR could become a challenge for NIM and/or loan growth in the subsequent year. We have a Buy call on BMRI with target price of Rp7,950/share based on 1.85x 2019F PBV.

(In Rp bn)	12M18	12M17	YoY	4Q18	3Q18	QoQ	2018F	12M18/18F
Interest income	80,993	79,268	2.2%	21,438	20,731	3.4%		
Interest expense	(26,371)	(27,174)	-3.0%	(7,288)	(6,824)	6.8%		
Net interest income	54,622	52,093	4.9%	14,149	13,908	1.7%	55,213	98.9%
Non-interest operating income	31,151	26,042	19.6%	10,161	6,584	54.3%	29,802	104.5%
Non-interest operating expense	(37,682)	(35,014)	7.6%	(10,775)	(9,559)	12.7%	(36,989)	101.9%
PPOP	48,091	43,121	11.5%	13,536	10,934	23.8%	48,026	100.1%
Provision expense	(14,185)	(15,952)	-11.1%	(3,224)	(3,070)	5.0%	(15,256)	93.0%
Operating profit	33,906	27,170	24.8%	10,312	7,864	31.1%	32,770	103.5%
Net income	25,015	20,640	21.2%	6,924	5,913	17.1%	24,901	100.5%
Ratios (%)								
Asset yield	8.3	8.7	-0.4	8.6	8.5	0.1		
Cost of fund	2.9	3.2	-0.3	3.1	3.0	0.1		
NIM	5.6	5.7	-0.1	5.7	5.7	0.0		
CASA	64.1	66.2	-2.1	64.1	64.5	-0.3		
LDR	95.2	87.3	7.9	95.2	91.6	3.6		
Cost to income	43.9	44.8	-0.9	44.3	46.6	-2.3		
Tax rate	23.8	21.0	2.8	30.7	22.7	8.0		
NPL gross	2.8	3.5	-0.8	2.8	3.0	-0.3		
Credit cost	1.9	2.3	-0.5	1.7	1.6	0.0		
Loan loss coverage	146.2	134.8	11.4	146.2	136.7	9.5		
CAR	21.0	21.6	-0.7	21.0	21.4	-0.4		
ROA	2.2	1.9	0.2	2.3	2.0	0.3		
ROE	14.4	13.0	1.4	15.6	13.9	1.7		
Deposit	840,914	815,807	3.1%	840,914	831,203	1.2%		
Demand	200,506	203,390	-1.4%	200,506	204,197	-1.8%		
Savings	338,601	336,913	0.5%	338,601	331,563	2.1%		
Time	301,807	275,504	9.5%	301,807	295,443	2.2%		
Loan	800,584	712,038	12.4%	800,584	761,360	5.2%		
NPL	22,016	25,041	-12.1%	22,016	23,217	-5.2%		
Loan loss reserves	-32,177	-33,745	-4.6%	-32,177	-31,726	1.4%		
Shareholders equity	181,203	166,719	8.7%	181,203	172,871	4.8%		

CITILINK TARGETS 23% REVENUE GROWTH IN 2019F

By attempting to accelerate income from international flights, Citilink is targeting its top line to grow by 23% YoY this year. According to Citilink's Director of Commerce, the company projects to serve 17 mn of passengers in 2019F, or 13% higher compare to 2018 with the target of standalone passengers' revenue to elevate by 25% YoY. Moreover, revenue from cargo and ancillary are estimated to grow by 6% YoY and 5% YoY in 2019F, respectively.

Comment: the passengers' growth target of Citilink is in-line with our estimate; however we only expect Citilink revenue to only grow at mid-teens given our conservative view on passengers' yield improvement. We look forward for FY18 result of GIAA, and we will review our stance.

ISAT CLAIMED TO BOOK ABOVE INDUSTRY REVENUE GROWTH

ISAT held national media gathering in Yogyakarta yesterday in which the CEO, mR. Chris Kanter discussed recent transformation of the Company during his first 100 days tenure. He mentioned that ISAT has successfully accelerated network expansion by establishing new BTSs. He claimed that the Company has built 1,000 BTSs per week, growing 5 fold compared previous where usually ISAT only built 200 BTSs per week on average. As a result, Chris Kanter claimed that ISAT was able to book revenue growth above the industry average without lowering tariffs on consumer level. Going forward, the Company will continue its aggressive expansion plan which will be funded from both external and internal sources. Additionally, ISAT will also pursue B2B businesses as a source of revenue growth in the future. These include digital solutions in infrastructure projects such as LRT and airports.

Comment: We prefer to keep our conservative stance on ISAT as the industry environment remains competitive. The audited FY18 financial statement is slated on 15th February 2019. We have a HOLD rating on ISAT.

TECHNICAL ANALYSIS

JCI : (6,459 -0.37%)

Comment : TLKM, UNVR and BMRI consecutively became lagging 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 6,200-6,510. 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

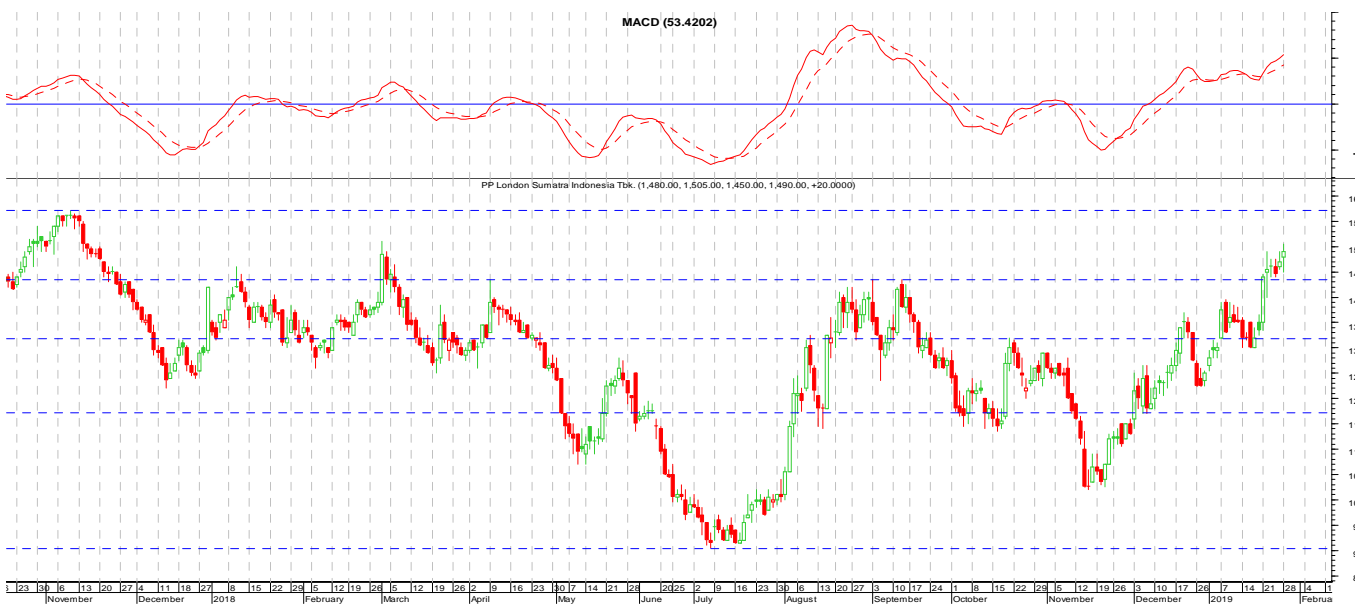
AAI : Broke resistance level

The price moved and closed above minor resistance level of 13,800. If the breakout confirm, level of 13,800 will turn into support level and the trend turn into positive. Historically, resistance level at 15,175. Next support and resistance level at 13,000-16,000. Speculative buy, cut if the price moves below the level 13,675.



LSIP : Closed above resistance level

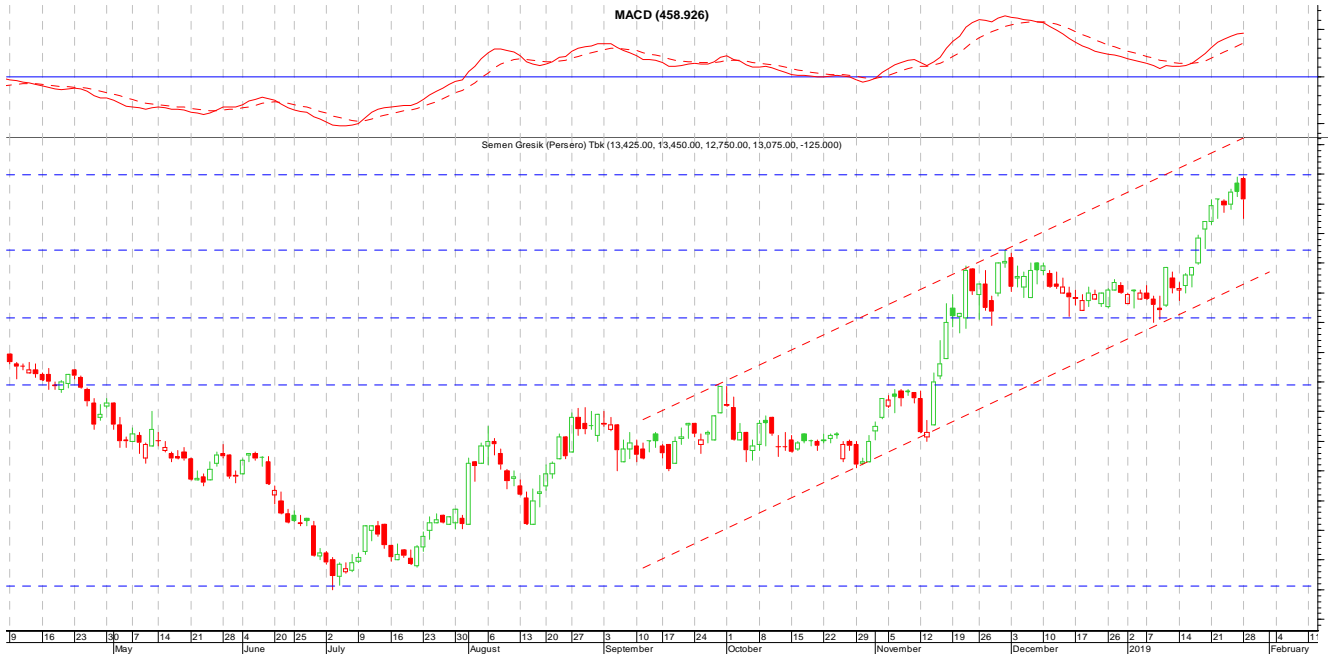
The price moved and closed above minor resistance level of 1,435. If the breakout confirm, level of 1,435 will turn into support level and the trend turn in to positive. Historically, resistance level at 1,570. Next support and resistance level at 1,300-1,750. Speculative buy, cut if the price moves below the level of 1,400



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SMGR : Testing Resistance level

The price failed to break minor resistance level of 13,500. Support level at 12,225 which is previous resistance level before it was breached. Next support and resistance level at 11,14,500. The price moved in uptrend channel in the last five months. Candlestick chart likely formed a reversal pattern. Take profit/Sell on strength



WSKT : Testing support level

The price closed below minor support level of 1,960. Resistance level at 2,040. Support level at Next support and resistance level at 1,850. Next support and resistance level at 1,680-2,150. Take profit/ Sell on strength



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,020-14,120

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.66
3	7.82
5	8.00
10	8.12
15	8.51
30	8.96

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.26	6.35	6.24	6.11	5.55
US\$	1.26	1.21	1.28	1.17	
JIBOR (RP)	7.17	7.41	7.62	7.79	

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	14,070	0.01
1 US\$ = SGD	1.35	-0.08
1 US\$ = JPY	109.20	0.14
1 US\$ = AUD	0.71	-0.25
1 US\$ = EUR	1.14	-0.02

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Analyst Certification

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