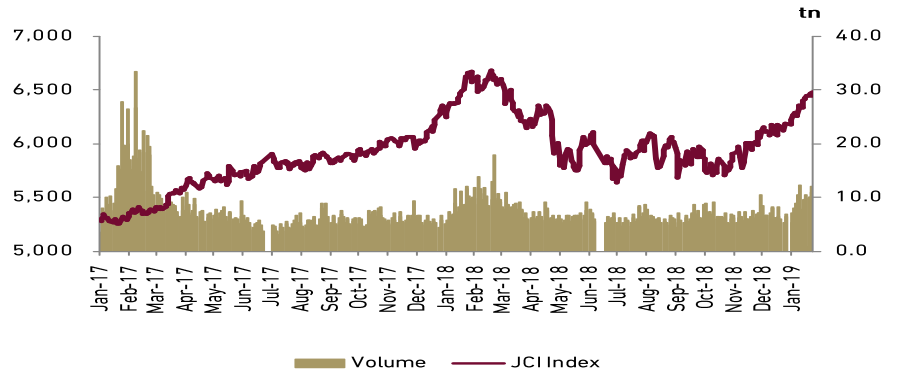


GLOBAL			
Index	Last	Change	% chg
Dow	25,015	434.90	1.77
S&P 500	2,681	41.05	1.55
Eido US	27.2	0.51	1.91
H.S.I	27,643	111.17	0.40
Nikkei	20,557	-108.10	-0.52
STI	3,174	-13.31	-0.42
KLCI	1,684	-6.30	-0.37
Kospi	2,221	14.69	0.67
SET Thai	1,633	8.55	0.53

- Investment realization only grew 4.1% in 2018
- Fed adopts 'patient' rate stance
- Ministry of Transportation (MoT) thinks about to cancel baggage policy
- Ophir Energy accepts USD511 mn Medco takeover offer
- BBRI's earnings grew 11.6% YoY to Rp32.4 tn in 2018; in-line
- DILD receives syndicated loan of Rp2.8 tn

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	61.7	0.33	0.54
WTI Crude Oil (\$/bbl)	54.2	0.92	1.73
CPO (MYR/ton)	2,204	10.00	0.46
Gold (US\$/tr ounce)	1,320	-0.14	-0.01
Nickel (US\$/ton)	12,281	227.00	1.88
Tin (US\$/ton)	20,885	80.00	0.38
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	99.3	0.10	0.10

### JCI STATISTIC



BEI STATISTICS	
JCI	6,464
Change (1 day)	0.43%
Change YTD	4.35%
P/E Market (X)	15.6
Volume (mn shr)	7,868.3
Value (Rp bn)	7,568.5
↑ 199   ↓ 211   ↔ 217	
LQ45	1,024
% Change (1 day)	0.79%

### DAILY TECHNICAL VIEW

We expect JCI to trade between 6,450 (support) – 6,510 (resistance) level today  
**BBCA : Sell on strength at Rp 28,000-Rp 28,500**  
 Comment: Testing resistance level  
**ASII : Sell on strength at Rp 8,425-Rp 8,550**  
 Comment: Testing resistance level  
**UNTR : Speculative buy at Rp 25,900-Rp 25,700**  
 Comment: Hold above support level  
**BMRI : Speculative buy at Rp 7,250-Rp 7,200**  
 Comment: Hold above 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

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,131	35.00	0.25
1 USD = SGD	1.35	0.00	-0.05
1 USD = JPY	108.89	-0.15	-0.14
1 USD = AUD	1.38	0.00	-0.12
1 USD = EUR	0.87	0.00	-0.09

#### Regional

Stocks rose sharply on Wednesday after the Federal Reserve kept interest rates unchanged and said it will be patient with raising rates. Jerome Powell said in a news conference he would "need to see a need for further rate hikes." Beside, Strong earnings from Boeing and Apple also boosted the market. The Dow Jones Industrial Average closed 434.90 points higher(+1.77%) at 25,014, as Boeing and Apple outperformed. Wednesday also marked the Dow's first close above 25,000 since Dec. 4. The S&P 500 gained 1.56% to 2,681 led by the tech and consumer discretionary sectors. The Nasdaq Composite advanced 2.2% to 7,183. On commodity markets: Brent crude oil was up by 0.54% to USD 61.7/bbl and WTI Crude oil rose 1.73% to USD54.2/bbl. CPO inched up by 0.46% at MYR 2,204/ton. Nickel gained by 1.88% to USD 12,281/ ton.

#### Domestic

JCI index closed higher by 27.71 points (+0.43%) to 6,464 on Wednesday trading and recorded Rp15 tn net foreign buy. The leading sectors were Infrastructure (+1.38%), Consumer (+1.25%), Mining (+0.85%). Among top index movers were UNVR (+3.10% to 49,075), HMSP (+1.88% to 3,800), BBRI (+1.63% to 3,750). Rupiah strengthened by 35 points to 14,131/USD. Our technical desk suggests for trading within the band of 6,450-6,510 with possibility to end higher level.

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.7	0.36	1.32	3,907	341,322
ISAT	0.1	0.00	0.00	1,908	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

#### INVESTMENT REALIZATION ONLY GREW 4.1% IN 2018

Investment realisation in 2018 reached Rp 721.3 tn according to BKPM data, growing 4.1% YoY. However, compared to the investment target of RPJMN which is Rp 765 tn, the achievement of investment realization in 2018 is 94.3%. The total realization of DDI in 2018 reached Rp 328.6 tn, shows an increase of 25.3% compared to 2017 which is Rp 262.3 tn. Total realization of FDI in 2018 is Rp 392.7 tn (-8.8% YoY) or USD 29.2 bn (-9.0% YoY). Investment realization (FDI & DDI) based on sector (5 biggest sectors) are: Electricity, Gas and Water Supply (Rp 117.5 tn, 16.3% proportion); Transportation, Warehouse, and Telecommunication (Rp 94.9 tn, 13.1% proportion); Mining (Rp 73.8 tn, 10.2 % proportion); Food Industry (Rp 68.8 tn, 9.5 % proportion); and Housing, Industrial Estate, Office Building (Rp 56.8 tn, 7.9% proportion) For 4Q18 only, investment realization grew 3.5% YoY to Rp 185.9 tn while FDI grew -11.6% YoY to Rp 99.0 tn.

#### FED ADOPTS 'PATIENT' RATE STANCE

The Federal Reserve said it will be "patient" on any future interest-rate moves and signaled flexibility on the path for reducing its balance sheet, in a substantial pivot away from its bias just last month toward higher borrowing costs. The Federal Open Market Committee "will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support" a strong labor market and inflation near 2 percent, the central bank said in a statement Wednesday following a two-day meeting in Washington. In a separate special statement on Wednesday, the Fed said it's "prepared to adjust any of the details for completing balance sheet normalization in light of economic and financial developments." Fed also said it would be ready to alter the balance sheet's size and composition if the economy warrants a looser monetary policy than the federal funds could achieve on its own.

#### MINISTRY OF TRANSPORTATION (MOT) THINKS ABOUT TO CANCEL BAGGAGE POLICY

Recently, Lion Air and its subsidiary Wings Air have taken out 20 kg or 10 kg free baggage per passenger. Currently, passenger is allowed to bring only a maximum 7 kg cabin baggage with dimension not exceeding 40 x 30 x 20 centimeters. Actually, Citilink as a Low Cost Carrier (LCC) has planned to follow the same move next month. However, Transportation Minister, Budi Karya Sumadi is considering easing the burden for passengers by trying several ways from canceling policy up to providing discount. In addition, MoT may deregulate the law if it is overburdened the people.

**Comment:** In our view, Indonesian consumers are price sensitive. Comparing to other LCC in abroad market, actually they are also not providing the baggage allowance as well.

#### OPHIR ENERGY ACCEPTS USD511 MN MEDCO TAKEOVER OFFER

Indonesia's Medco and London-listed Ophir Energy have agreed to proceed with a proposed deal under which Medco will buy Ophir for 55 pence a share in cash. The acquisition values Ophir at £390.6 mn (around USD 511 mn). MEDC will fund the acquisition from existing cash from the proceeds of a new credit agreement which is in place. Transaction would increase Medco production by 29% to 110 Mboe/d while 2P reserves will increase by 22% to 385 MMboe and 2C resources by 229% to 867 MMboe. The deal is expected to close in 1H19.

**Comment :** We see the combined business will lead to a more MEDC's balanced regional oil & gas asset in Asia which should help increase production, cash flows, as well as credit position and the ongoing development of the portfolio. It should also be EBITDA accretive for MEDC as the transaction implies attractive Ophir 1.5x EV/EBITDA 2019 based on consensus forecast. We will review our earnings forecast for MEDC after the completion of the transaction. We currently have Buy rating on MEDC with TP of Rp1,150.

**BBRI'S EARNINGS GREW 11.6% YOY TO RP32.4 TN IN 2018; IN-LINE**

Bank Rakyat Indonesia (BBRI) recorded Rp32.4 tn net income in 2018, up by 11.6% YoY and in-line with both ours and consensus' expectations at 99.7/99.4% full year estimates, respectively. The boost on earnings mostly came from non-interest income (25.2% YoY to Rp24.4 tn) thanks to its strong administrative fees (16% YoY) and some non-core items such as recoveries income (23% YoY), gain from forex, and premium income. Net interest income grew by 6.4% YoY to Rp77.7 tn or slower than its loan growth of 14.1% as NIM fell by 50 bps to 7.4% in 2018. On opex, BBRI recent efforts to put more automation in its business process have started to yield some result with opex grew by single digit (9% YoY). On the loan growth, micro and small segment were growing by 15% and 19%, respectively, and were the main growth driver in 2018. If we take a look on the micro loan breakdown, Kupedes (17% YoY) dominated the loan growth as compared to KUR or the government's subsidized loan (8% YoY) as KUR quota has run out in Oct-18. On asset quality, NPL is relatively stable (2.27% in 2018) while special mention loan was showing a very encouraging trend as it significantly reduced to 3.6% of total loan as of 4Q18 from its peak of 7.1% in 1Q15. Cost of credit reduced to 2.4% of from 2.5% in 2017, slightly higher than our expectation but is expected to improve to 1.9/2.0% in 2018/19F, respectively.

**Comments:** Overall, we see the FY18 results were in-line; we continue to like BBRI given its improving cost of credit and opex efficiency going forward. We are currently reviewing our estimates post the strong result and looking forward to revise up our earnings estimates. We currently have Buy call on BBRI with TP of Rp3,850/share. BBRI currently trades at 2.2x 2019F PBV.

(in Rp bn)	12M18	12M17	YoY	4Q18	3Q18	QoQ	2018F	12M18/18F
Interest income	111,583	102,899	8.4%	29,189	28,750	1.5%		
Interest expense	(33,917)	(29,894)	13.5%	(9,427)	(9,091)	3.7%		
<b>Net interest income</b>	<b>77,666</b>	<b>73,006</b>	<b>6.4%</b>	<b>19,762</b>	<b>19,660</b>	<b>0.5%</b>	<b>78,273</b>	<b>99.2%</b>
Non-interest operating income	24,375	19,476	25.2%	7,655	6,174	24.0%	21,775	111.9%
Non-interest operating expense	(41,994)	(38,442)	9.2%	(11,134)	(11,169)	-0.3%	(41,472)	101.3%
<b>PPOP</b>	<b>60,047</b>	<b>54,040</b>	<b>11.1%</b>	<b>16,283</b>	<b>14,665</b>	<b>11.0%</b>	<b>58,576</b>	<b>102.5%</b>
Provision expense	(18,321)	(17,234)	6.3%	(4,452)	(3,237)	37.5%	(17,387)	105.4%
<b>Operating profit</b>	<b>41,726</b>	<b>36,806</b>	<b>13.4%</b>	<b>11,831</b>	<b>11,428</b>	<b>3.5%</b>	<b>41,189</b>	<b>101.3%</b>
<b>Net income</b>	<b>32,351</b>	<b>28,997</b>	<b>11.6%</b>	<b>8,879</b>	<b>8,585</b>	<b>3.4%</b>	<b>32,435</b>	<b>99.7%</b>
<b>Ratios (%)</b>								
Asset yield	10.6	11.2	-0.6	10.9	11.6	-0.7		
Cost of fund	3.4	3.4	0.0	3.7	3.8	-0.1		
NIM	7.4	7.9	-0.6	7.4	7.9	-0.5		
CASA	60.1	59.0	1.1	60.1	56.5	3.7		
LDR	89.0	87.5	1.5	89.0	92.3	-3.3		
Cost to income	41.2	41.6	-0.4	40.6	43.2	-2.6		
Tax rate	22.4	21.5	0.8	25.0	24.8	0.2		
NPL gross	2.1	2.1	0.0	2.1	2.5	-0.3		
Credit cost (% of avg. loans)	2.4	2.5	-0.1	2.2	1.7	0.6		
Loan loss coverage	200.6	194.3	6.4	200.6	180.2	20.4		
CAR	21.2	23.0	-1.7	21.2	21.0	0.2		
ROA	2.7	2.7	-0.1	2.9	2.9	-0.1		
ROE	18.5	18.5	0.0	19.3	19.6	-0.3		
Deposit	944,269	841,657	12.2%	944,269	872,741	8.2%		
Demand	180,669	147,436	22.5%	180,669	141,128	28.0%		
Savings	387,180	349,441	10.8%	387,180	351,648	10.1%		
Time	376,420	344,780	9.2%	376,420	379,964	-0.9%		
Loan	820,359	718,983	14.1%	820,359	786,387	4.3%		
NPL	17,556	15,147	15.9%	17,556	19,394	-9.5%		
Loan loss reserves	-35,218	-29,423	19.7%	-35,218	-34,946	0.8%		
Shareholders equity	182,967	166,531	9.9%	182,967	185,279	-1.2%		

#### DILD RECEIVES SYNDICATED LOAN OF RP2.8 TN

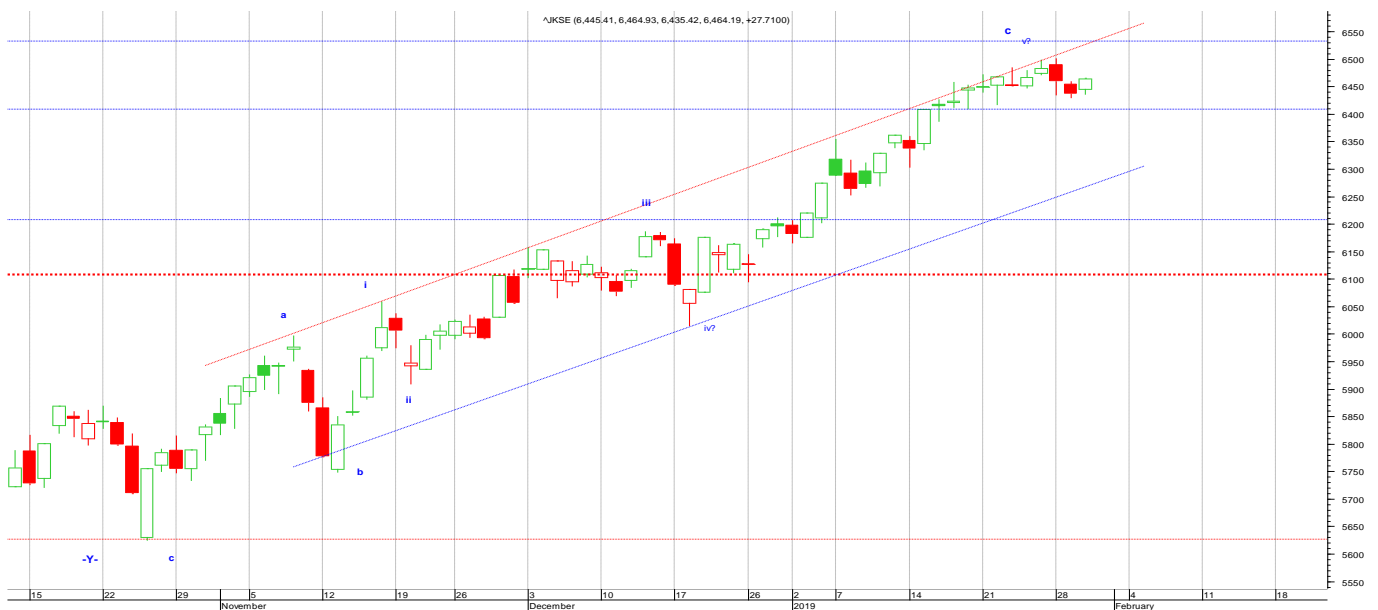
Property developer, Intiland Development (DILD) obtained syndicated credit amounted to Rp2.8 tn for refinancing and strengthened the working capital. The syndicated loan is obtained from Bank Negara Indonesia (BBNI) and Bank Central Asia (BBCA) each gave loan of Rp1.63 tn and Rp1.17 tn. Intiland received interest loan of 10.5% annually. The syndicated loan will be used to refinance bond which due on 29 Jun 19.

**Comment:** We believe the refinancing will give positive impact since interest expense will decrease. The company will pay up the Intiland Development Bond II 2016 Series A of Rp428bn which bears coupon 10.75% annually and bank loan of Rp2.16 tn while the rest Rp222 bn for working capital. We have BUY rating with TP Rp350 based on 60% discount to our RNAV which offers 11% upside from current price.

## TECHNICAL ANALYSIS

JCI : ( 6,464 +0.43%)

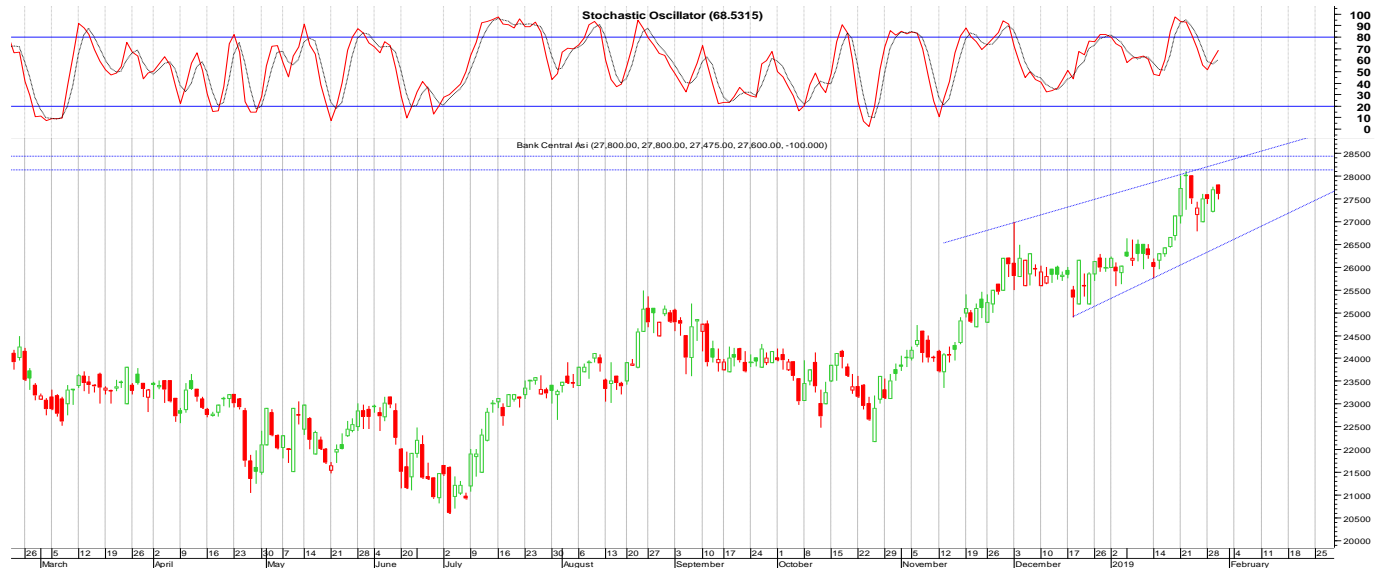
**Comment :** UNVR, HMSP and BBRI consecutively became leading movers. Technically, JCI closed below resistance level of the short-term uptrend channel 6,501. Support level at 6,428. Next support and resistance level will be at 6,200-6,540. Based on Elliot wave approach, as we discussed before, JCI is 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 2 before go down to form sub wave 3 to test support level of 5,557.



**STOCK OF THE DAY**

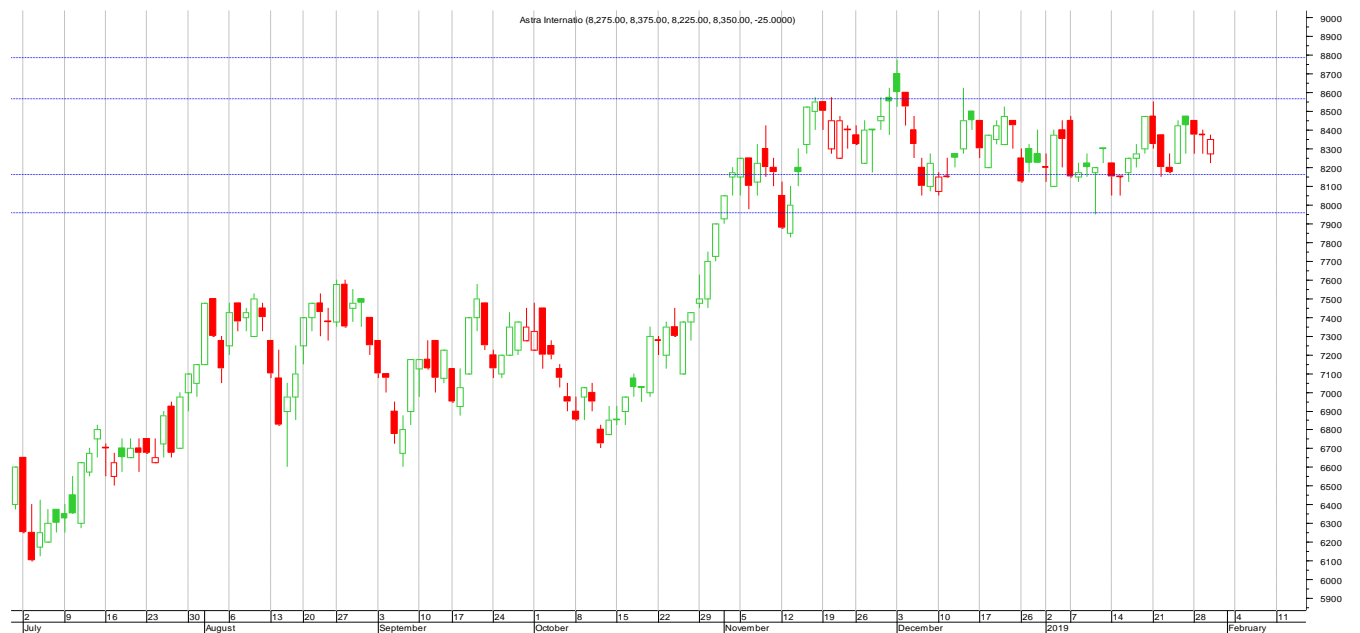
**BBCA : Testing resistance level**

The price closed below major resistance level of 28,100. Support level at 26,775. Next support and resistance level at 24,900-28,500. The price moved in uptrend in the last tree years. If there is no extention, the price likely form wave minor 5 which is the last wave of the mid-term uptrend cycle. Some indicators likely will form a negative divergence. Sell on strength



**ASII : Testing resistance level**

The price held above minor support level of 8,150. Resistance level at 8,550. Next support and resistance level at 7,950-8,800. The price moved in sideways in the last three months. Sell on strength



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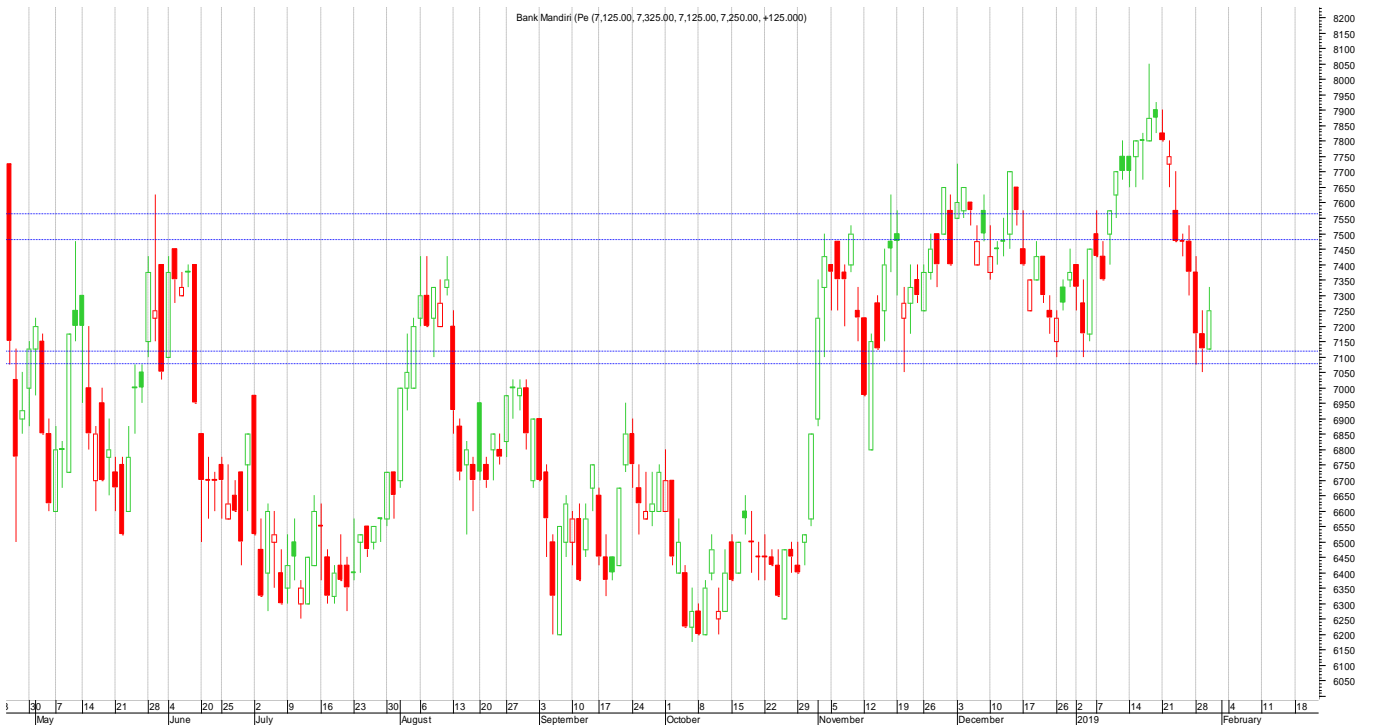
**UNTR : Testing Resistance level**

The price held above minor support level of 25,500. Resistance level at 27,000. Next support and resistance level at 24,000-28,400. Candlestick likely formed a reversal pattern. Speculative buy, cut if the price moves below the level of 25,500.



**BMRI : Testing resistance level**

The price held above minor support level of 7,050. Resistance level at 7,500. Next support and resistance level at 6,800-7,700. The trend is still sideways. Speculative buy, cut if the price moves below the level of 7,050



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,080 -14,180

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.64
3	7.79
5	8.00
10	8.16
15	8.50
30	8.96

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.23	6.37	6.28	6.18	5.59
US\$	1.26	1.25	1.15	1.22	
JIBOR (RP)	7.16	7.41	7.61	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	14,131	-0.25
1 US\$ = SGD	1.35	0.05
1 US\$ = JPY	108.89	0.14
1 US\$ = AUD	0.73	0.12
1 US\$ = EUR	1.15	0.09



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