

GLOBAL

Index	Last	Change	% chg
Dow	25,543	117.51	0.46
S&P 500	2,753	8.30	0.30
Eido US	26.0	-0.50	-1.88
H.S.I	28,498	326.26	1.16
Nikkei	21,144	280.27	1.34
STI	3,245	43.62	1.36
KLCI	1,685	-2.11	-0.13
Kospi	2,192	-9.39	-0.43
SET Thai	1,656	13.24	0.81

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	63.6	1.19	1.91
WTI Crude Oil (\$/bbl)	53.9	0.80	1.51
CPO (MYR/ton)	2,176	-5.00	-0.23
Gold (US\$/tr ounce)	1,307	0.90	0.07
Nickel (US\$/ton)	12,324	-3.50	-0.03
Tin (US\$/ton)	21,153	183.00	0.87
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	95.7	0.05	0.05

BEI STATISTICS

JCI	6,419
Change (1 day)	-0.11%
Change YTD	3.63%
P/E Market (X)	15.4
Volume (mn shr)	12,259.0
Value (Rp bn)	7,840.2
↑ 218 ↓ 208 ↔ 201	
LQ45	1,004
% Change (1 day)	-0.46%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.32	0.27
Inflation yoy (%)	2.82	3.23

EXCHANGE RATE

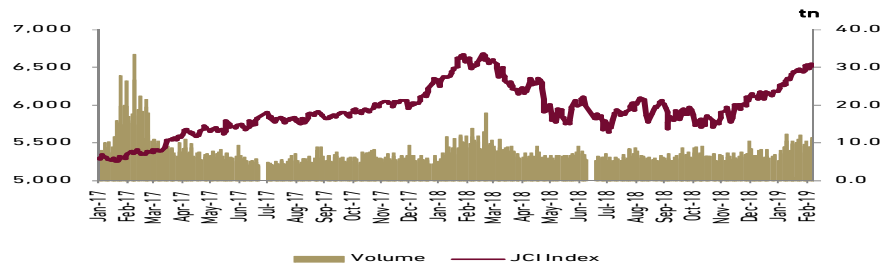
	Last	Change	% chg
1 USD = IDR	14,058	-11.00	-0.08
1 USD = SGD	1.36	0.00	0.00
1 USD = JPY	111.00	-0.01	-0.01
1 USD = AUD	1.41	0.00	0.01
1 USD = EUR	0.89	0.00	0.00

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.8	-0.72	-2.62	3,769	291,221
ISAT	0.1	0.00	0.00	1,898	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Moodys sees Indonesia's GDP growth at below 5%
- Indonesia food wheat imports expected to rise 6% throughout 2018
- ESDM set national coal production target at 489.12mn tons
- PTPP secures new contract of Rp724 bn
- INTP January '19 sales volumes decrease 2.8% YoY
- Garuda Group to lower fares by 20% today
- SingTel reported 3% QoQ EBITDA growth for Telkomsel (TSEL)

JCI STATISTIC



DAILY TECHNICAL VIEW

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

**ASII: Sell on strength at Rp 7,775-Rp 7,900**

Comment: Closed below support level

**PGAS: Sell on strength at Rp 2,370-Rp 2,440**

Comment: Moved below support level of the uptrend line

**ANTM: Speculative buy at Rp 1,010-Rp 1,000**

Comment: Retest the breakout

**BMRI: Buy on weakness at Rp 7,100-Rp 7,050**

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks rose on Wednesday as investors hopeful that Chinese and U.S. trade authorities would reach an agreement before a deadline in early March. The Dow Jones climbed 117.51 points to 25,543.27 as Walgreens Boots Alliance and 3M outperformed. The S&P 500 gained 0.3% to 2,753.03, led by gains in the industrials and energy sectors. The Nasdaq Composite advanced 0.08% to 7,420.38. The S&P 500 energy sector gained more than 1% as West Texas Intermediate futures climbed 1.5% to \$53.90. President Donald Trump suggested Tuesday that he might be open to postponing the current deadline of early March so that both sides can reach a deal. On Wednesday, The South China Morning Post reported that Chinese President Xi Jinping will meet with U.S. delegates on Friday as both sides try to strike a deal, including Treasury Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer. Commodity: Brent Crude Oil was up by 1.91% to USD 63.6/bbl and WTI Crude oil also rose by 1.51% to USD53.9/bbl. CPO declined by 0.23% to MYR 2,176/ton. Nickel inched down by 0.03% to USD 12,324/ ton. While coal up slightly by 0.05% at USD 95.7/ton.

Domestic

JCI index closed lower by 7.21 points (-0.1%) to 6,419 on Wednesday trading and recorded Rp1.4 bn net foreign sell. The laggard sectors were Finance (-0.87%), Infrastructure (-0.74%), Consumer (-0.15%). Mainly driven by BMRI (-2.36% to 7,250), BBRI (-1.56% to 3,790), BBCA (-0.73% to 27,100) as the key movers. Rupiah strengthened by 11 points to 14,058/USD. Our technical desk suggests for trading within the band of 6,350-6,450 with possibility to end lower level.

#### MOODYS SEES INDONESIA'S GROWTH AT BELOW 5%

In its latest report about Indonesia, Moodys sees Growth will likely moderate slightly to 4.9% in 2019 and 4.8% in 2020 as weaker pace of infrastructure development and slower trade flow to impact economy. Private sector consumption should remain stable due to higher social spending and handouts, but govt spending could slow after April elections. Indonesia will be less impacted directly from ongoing U.S.- China trade tensions, but its export growth will be compromised if final demand from China falls. Indirect implications from weaker global risk appetite and investors' confidence in emerging markets have potential to erode capital inflows and weigh on rupiah. Moodys sees focus on infrastructure development expected to remain in place but the pace may slow as govt becomes more selective on new projects despite potential administration change. Moodys also sees monetary and fiscal policy will be focused on maintain stability and financial buffers that may slow Rupiah depreciation.

#### INDONESIA FOOD WHEAT IMPORTS EXPECTED TO RISE 6% THROUGHOUT 2018

Despite the cost hike in the first half of 2018, due to the weakening Rupiah and 10% climb in wheat flour prices in the second half of 2018. Indonesia's imports of wheat for flour are expected to reach 8.5 million tonnes this year, up from 8 mn tonnes in 2017. However, the total number also includes feed wheat used in poultry and cattle feed. Indonesian demand for noodles, biscuits and snacks like martabak(a local version of a pancake) has climbed steadily in recent years as a growing middle class adopts a more western diet. Indonesia is the world's second-biggest wheat importer, behind Egypt, according to United States Department of Agriculture (USDA) data.

**Comments:** PT. Bogasari Flour Mills' in Jakarta, Indonesia, recognized as the world's largest flour milling facility in terms of both milling capacity and physical size. We expect Indonesia's flour market is growing, mostly due to population growth, changes in eating habits and the growth of the middle-income class. We forecast Bogasari division could record higher sales in FY2018 at 3%YoY vs 0.9% in FY2017. We maintain BUY call for INDF with the target price of Rp 8,100/share.

#### ESDM SET NATIONAL COAL PRODUCTION TARGET AT 489.12MN TONS

The Ministry of Energy and Mineral Resources (ESDM) has stipulated in the 2019 work and budget plan (RKAB) the national coal production volume target of 489.12 mn tons down by 2.18% from last year's target of 500 mn tons. This target also decreased by 7.9% compared to last year's actual national coal production output at 528 mn tons. Furthermore, ESDM has also applied the DMO Quota for this year at 128 mn tons, up 5.79% from last year's target at 121 mn tons, this demand growth was triggered by the addition of domestic PLTU capacity which began operations this year.

**Comment:** Although most coal miners have not released their production output guidance for this year, the impact of the decline in national coal production targets might be seen in coal miners holding production output for this year. Furthermore, for the DMO target increase for coal miners in our coverage, it will not have too much effect because the company has the financial ability to buy transfer quotas from other companies or fulfill quota requests set by the government. Therefore, we still maintain NEUTRAL for the coal sector.

#### PTPP SECURES NEW CONTRACT OF RP724 BN

PT PP (PTPP) obtained new contract of Rp724 bn in January dominated by building project. The company targets new contract of Rp50.3 tn this year or increase by 17% YoY. On segment split, 63% of new contract is expected to come from construction unit, followed by EPC of 12%, property of 9% and other units of 11%.

**Comment :** We believe the company would achieve its new contract target this year as in Dec-18 it obtained EPC contract of Rp12 tn where the biggest part of contract will be booked this year.

#### INTP JANUARY'19 SALES VOLUMES DECREASE 2.8% YOY

INTP posted 1.45 mn tons of domestic sales volume in January'19, fell by 2.8% YoY and underperforming Indonesia domestic sales volume of -1% YoY. In the last 7 years no exports were recorded by the company. Weak sales in January'19 were largely attributable to lower demand from construction projects which hampered amid heavy rain period. In addition, toward presidential election, INTP demand in Jakarta also dropped 18.1% YoY. Moreover, both bag and bulk cement sales declined by 2.9% YoY and 2.6% YoY, respectively. As a result, proportion bulk cement sales slightly widened by 6 bps to 23.36%, while the remaining 76.64% belongs to bag cement portion. Lastly, in January'19 INTP domestic market share stood at 25.8%, slightly lower by 49 bps YoY but expanded by 67 bps MoM.

**Comment:** Toward the Presidential Election, cement demand relatively weaker compare to the normal period. However, heavy rainy season was also become the main culprit of the slowdown in construction progress. We maintain our HOLD call on INTP with TP of Rp18,150.

	Jan'13	Jan'14	Jan'15	Jan'16	Jan'17	Jan'18	Jan'19
Domestic sales volume	1,398,042	1,389,632	1,409,619	1,461,411	1,343,918	1,496,753	1,454,630
Exports sales volume	-	-	-	-	-	-	-
<b>total sales volume</b>	<b>1,398,042</b>	<b>1,389,632</b>	<b>1,409,619</b>	<b>1,461,411</b>	<b>1,343,918</b>	<b>1,496,753</b>	<b>1,454,630</b>
<i>Total sales volume growth</i>	<i>11.6%</i>	<i>-0.6%</i>	<i>1.4%</i>	<i>3.7%</i>	<i>-8.0%</i>	<i>11.4%</i>	<i>-2.8%</i>

#### GARUDA GROUP TO LOWER FARES BY 20% TODAY

Four aviation brands under Garuda Group such as Garuda, Citilink, Sriwijaya Air and Nam air will reduce ticket price for domestic routes by 20% today. This is mainly due to passengers which complained about the expensive ticket price as well as responding President Jokowi instruction. Actually, the fare prices are still in the range of floor and ceiling price that set by government. No violation made by aviation players.

**Comment:** Despite of Garuda Group adjust down their prices, we believe this will not adversely impact the Group, as the prices we believe just normalized. At the end of 2018 until early of 2019, fare prices were increased due to high demand. In addition, since Jokowi has asked Pertamina to lower the avtur price, we believe this bring positive catalyst for Indonesian aviation sector.

#### SINGTEL REPORTED 3% QOQ EBITDA GROWTH FOR TELKOMSEL (TSEL)

SingTel, the holder of 35% stake in Tsel, reported 2% operating revenue growth QoQ with 3% of EBITDA growth QoQ on Tsel. SingTel also mentioned that Tsel's 4Q18 pre-tax profit declined by -1% YoY. Number of subscribers were reported at 163mn, down by -2.9% QoQ but moderating on YoY basis (-17% YoY) as the subscribers-washout impact from the SIM registration still played its final leg, we believe.

**Comment:** SingTel's MD&A commentary implied that Tsel's 4Q18 operating revenue was at Rp23.4tn with EBITDA at Rp12.8 tn. We believe this achievement was relatively inline as we already expected a slower QoQ growth in 4Q18 compared to 3Q18 due to muted data tariff adjustments during the quarter. We have a BUY recommendation on TLKM with TP of Rp4,375/share.

## TECHNICAL ANALYSIS

**JCI : ( 6,419 -0.1%)**

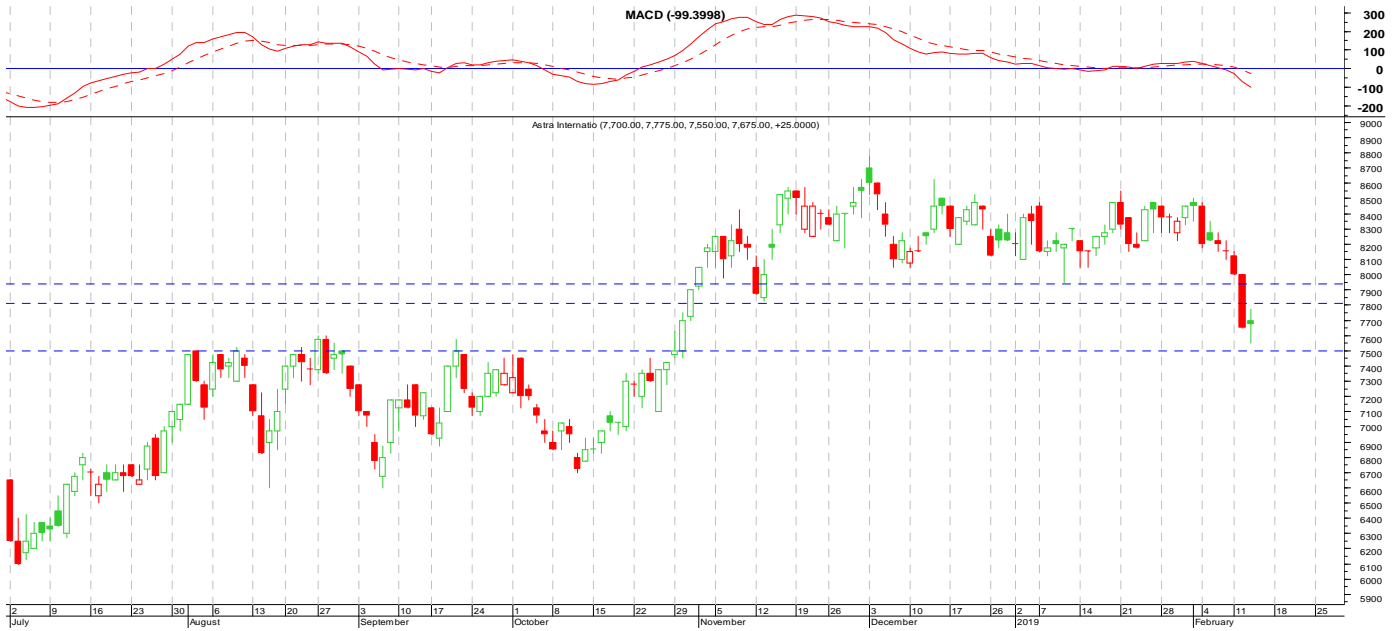
**Comment :** BMRI, BBRI and BBKA consecutively became lagging movers. Technically, JCI closed above support level of the short-term uptrend line 6,392. The penetration of this support level will cause the trend turn into negative. Resistance level at 6,480 which is previous support level before it was breached. Next support and resistance level will be at 6,150-6,580. 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**

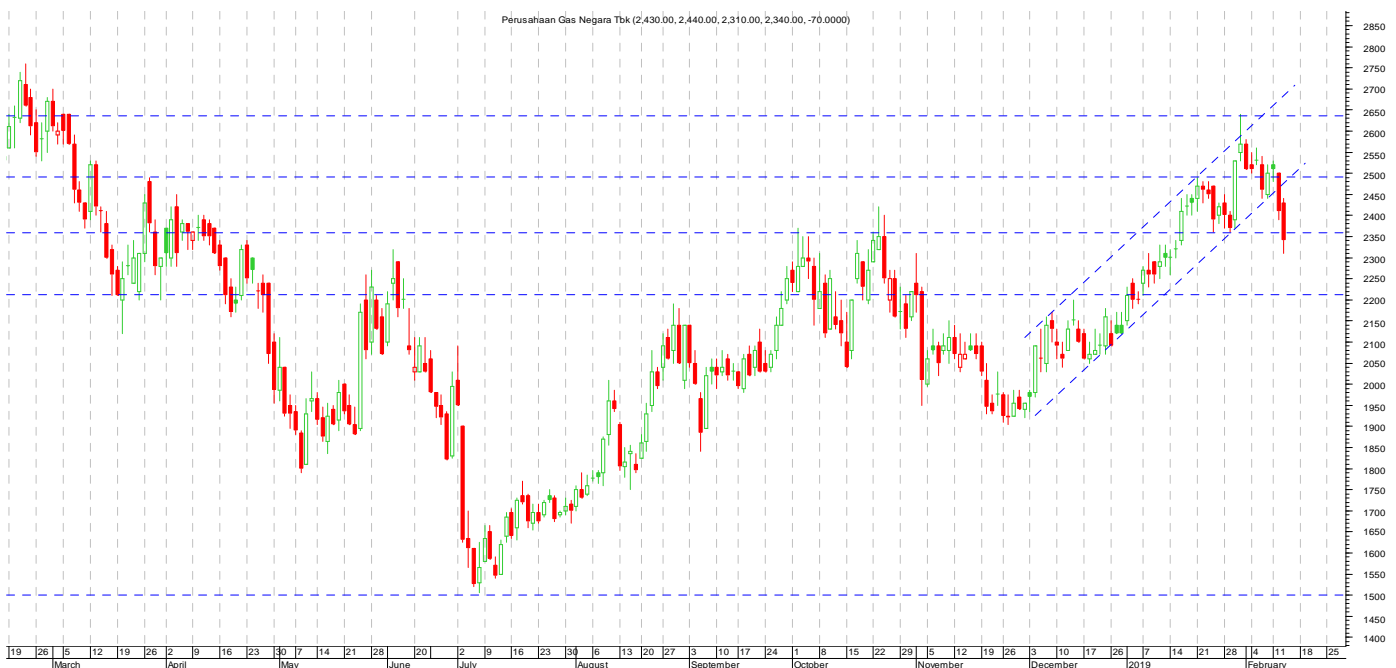
**ASII : Testing support level**

The price closed below minor support level of 7,950. If the breakout confirm, level of 7,950 will turn into resistance level and the trend will turn into negative. Historically, support level at 7,500. Next support and resistance level at 7,100-8,150. Sell/ Sell on strength



**PGAS : Testing support level**

The price closed below minor support level of 2,360. If the breakout confirm, level of 2,360 will turn into resistance level and the trend turn into negative. Support level at 2,200. Next support and resistance level at 2,050-2,500. Sell on strength



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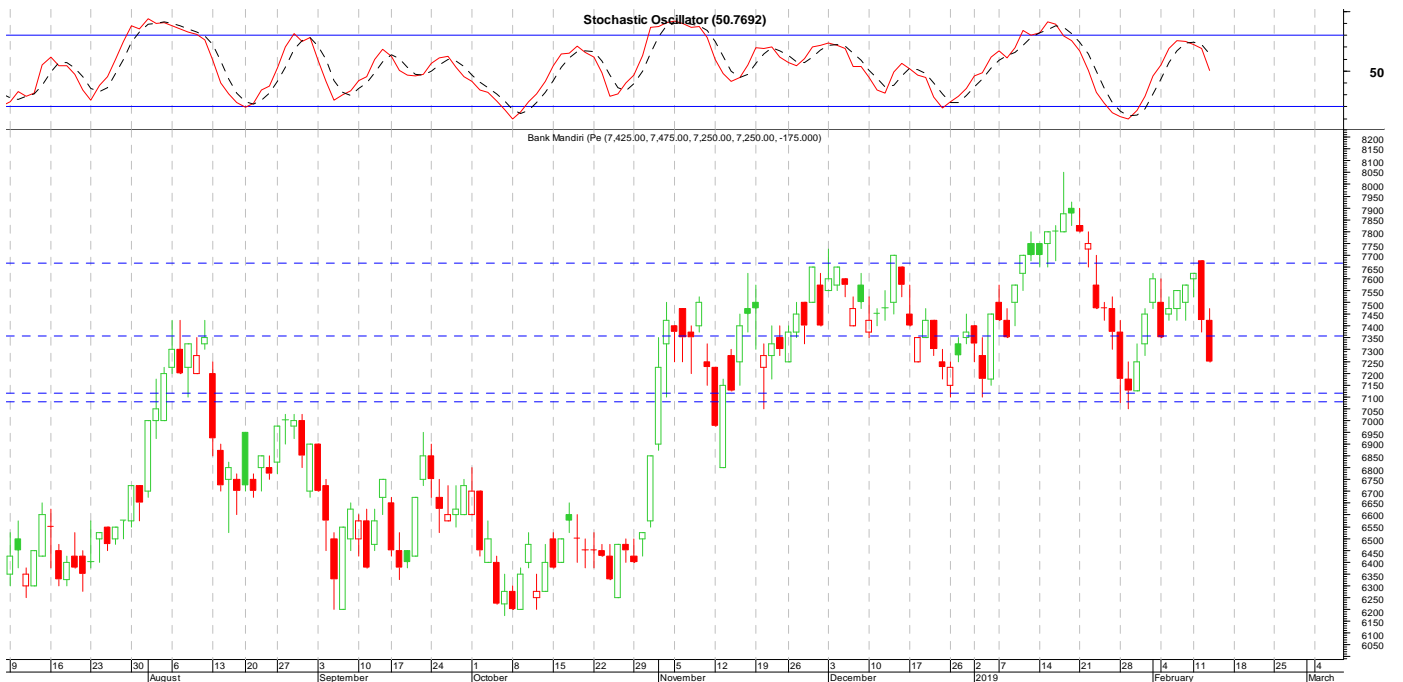
**ANTM : Testing support level**

The price held above minor support level of 935. Resistance level at 1,040. Next support and resistance level at 810-1,150. The price likely retesting the penetration of previous strong resistance level of 1,010-1,020. If the breakout confirm, the mid-term trend turn into positive. Speculative buy/Buy on weakness, cut if the price moves below the level of 935



**BMRI : Testing support level**

The price closed below minor support level of 7,350. If the breakout confirm, level of 7,350 will turn into resistance level. Historically, support level at 7,050. Next support and resistance level at 6,800-7,700. The short-term trend is still sideways. Buy on weakness, cut if the price moves and stable below the level of 7,050



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## CIPTADANA FIXED INCOME DAILY

### CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,000 -14,100

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.35
3	7.48
5	7.76
10	7.90
15	8.15
30	8.74

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
<b>IDR</b>	6.18	6.27	6.30	6.14	5.46
<b>US\$</b>	1.19	1.23	1.22	1.29	
<b>JIBOR (RP)</b>	7.13	7.36	7.58	7.76	

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	14,058	0.08
1 US\$ = SGD	1.36	0.00
1 US\$ = JPY	111.00	0.01
1 US\$ = AUD	0.71	-0.01
1 US\$ = EUR	1.13	0.00

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