

GLOBAL

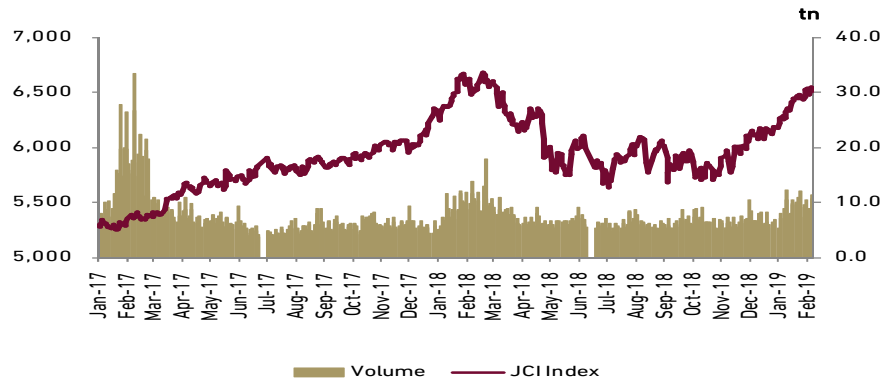
Index	Last	Change	% chg
Dow	25,891	8.07	0.03
S&P 500	2,780	4.16	0.15
Eido US	26.8	0.77	2.96
H.S.I	28,228	-118.88	-0.42
Nikkei	21,363	60.23	0.28
STI	3,260	-6.17	-0.19
KLCI	1,707	13.82	0.82
Kospi	2,215	9.69	0.44
SET Thai	1,636	0.00	0.00

- PGAS to purchase gas from Santos until 2023
- BNGA recorded Rp3.5tn (16.9% YoY) net income in FY18
- PNB recorded Rp3.1tn (29% YoY) net income in 2018, ahead of consensus
- Fitch Lower ISAT's credit rating outlook to negative, albeit BBB+ maintained
- SIDO booked net profit growth of 24.4%YoY

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.5	-0.05	-0.08
WTI Crude Oil (\$/bbl)	56.1	0.50	0.90
CPO (MYR/ton)	2,155	-51.00	-2.31
Gold (US\$/tr ounce)	1,340	-1.32	-0.10
Nickel (US\$/ton)	12,579	204.50	1.65
Tin (US\$/ton)	21,201	21.00	0.10
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	95.2	0.20	0.21

JCI STATISTIC



BEI STATISTICS

JCI	6,495
Change (1 day)	-0.05%
Change YTD	4.85%
P/E Market (X)	15.6
Volume (mn shr)	9,837.3
Value (Rp bn)	6,689.2
↑ 226 ↓ 187 ↔ 214	
LQ45	1,014
% Change (1 day)	-0.38%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,450 (support) – 6,535 (resistance) level today

ASII: Sell on strength at Rp 7,800-Rp 7,900

Comment: Retest the breakout of support level

BBCA: Sell on strength at Rp 27,000-Rp 27,400

Comment: Testing resistance level

TINS: Buy on weakness at Rp 1,500-Rp 1,450

Comment: Moved above resistance level

ANTM: Buy on weakness at Rp 1,000-Rp 9,050

Comment: Retest the breakout of resistance level

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

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock markets closed northwards on another round of U.S.-China trade talks in Washington, boosted by the so-called defensive sectors such as utilities and consumer staples which are more immune to the economic cycle. S&P 500 rose by 4.16 points or 0.15% as the material sector outperformed. DJIA added 8.07 points or 0.03%, while Nasdaq extending its winning streak to the seventh session and inched up by 0.19%. Amazon and Netflix both rose by more than 1 percent. From commodity market, Brent declined 0.08% to USD66.5/bbl, yet WTI rose 0.9% to USD56.1/bbl.

Domestic

JCI dipped by 3.14 points or 0.05% to close at 6,495 on Tuesday and recorded Rp619 bn net foreign sell. Basic Industry (-1.09%), Misc Industry (-0.64%), Finance (-0.16%) and Consumer (-0.08%) were the sector laggards, with BBCA (-1.82% to 26,900), ASII (-1.27% to 7,775) and CPIN (-2.96% to 7,375) become the lagging movers. Rupiah currency strengthen by 4 points to Rp14,103/USD. Our technical desk suggests for trading within the band of 6,450 – 6,535, with possibility to end at mix level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,103	-4.00	-0.03
1 USD = SGD	1.35	0.00	-0.02
1 USD = JPY	110.64	0.01	0.01
1 USD = AUD	1.40	0.00	-0.03
1 USD = EUR	0.88	0.00	-0.03

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	28.0	0.80	2.94	3,945	321,206
ISAT	0.1	0.00	0.00	1,904	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

PGAS TO PURCHASE GAS FROM SANTOS UNTIL 2023

PT Perusahaan Gas Negara (PGAS) has signed a contract to purchase 20.3 bbtud gas from Santos Pty Ltd, which manages the Madura Offshore Block, from 2020 to 2023. The gas purchase contract will help the company to secure gas supply and increase its volume. PGAS distributed 828.98 MMSCFD gas in 10M18.

Comment: We are positive with this gas purchase contract. We currently have Buy rating on PGAS with TP of Rp2,840.

BNGA RECORDED RP3.5TN (16.9% YOY) NET INCOME IN FY18

Bank CIMB Niaga (BNGA) recorded Rp3.5tn net income in 2018, up by 17% YoY, ahead of ours and consensus estimates by 2% and 3% respectively. The main driver of earnings growth was easing provision expense, which reduced by -25% YoY to Rp3.1 tn. The improvement in asset quality is very encouraging as NPL reduced to 3.1% from 3.7% in previous year, better than our estimates of 3.3%. We estimated that the amount of loan being written off at Rp3.9tn in 2018, much lower than Rp5.6 tn in 2017. In addition, restructured loan under coll-1 was also steadily reduced to Rp3.5 tn (1.9% of total loan) from Rp4.5 tn (2.5% of total loan) in the previous year. Meanwhile net interest income was still declined by -3% YoY to Rp12.0 tn due to the soft loan growth (4% YoY) and slight NIM pressure.

Comments: We have a Buy call on BNGA and will review our target price post this solid result. BNGA trades at a very compelling valuation with 0.7x 2019F PBV.

(In Rp bn)	12M18	12M17	YoY	4Q18	3Q18	QoQ	2018F	12M18/18F
Interest income	20,293	20,403	-0.5%	5,229	5,109	2.4%		
Interest expense	(8,282)	(8,000)	3.5%	(2,230)	(2,084)	7.0%		
Net interest income	12,012	12,403	-3.2%	2,999	3,024	-0.8%	11,767	102.1%
Non-interest operating income	3,755	3,352	12.0%	889	1,003	-11.4%	4,023	93.3%
Non-interest operating expense	(7,919)	(7,569)	4.6%	(1,918)	(2,100)	-8.7%	(7,900)	100.2%
PPOP	7,848	8,186	-4.1%	1,970	1,928	2.2%	7,890	99.5%
Provision expense	(3,054)	(4,080)	-25.2%	(744)	(758)	-1.9%	(3,221)	94.8%
Operating profit	4,795	4,107	16.8%	1,226	1,170	4.8%	4,669	102.7%
Net income	3,482	2,978	16.9%	891	824	8.1%	3,421	101.8%
Ratios (%)								
Asset yield	8.8	9.3	-0.5	9.3	9.1	0.2		
Cost of fund	3.8	3.9	0.0	4.2	4.0	0.2		
NIM	5.2	5.6	-0.4	5.3	5.4	-0.1		
CASA	55.0	52.6	2.5	55.0	53.2	1.8		
LDR	98.8	95.8	3.0	98.8	92.9	5.9		
Cost to income	50.2	48.0	2.2	49.3	52.1	-2.8		
Tax rate	28.2	28.3	-0.1	27.3	31.6	-4.3		
NPL gross	3.1	3.7	-0.6	3.1	3.4	-0.3		
Credit cost	1.3	1.9	-0.5	1.3	1.3	0.0		
Loan loss coverage	104.0	103.1	1.0	104.0	100.1	4.0		
CAR	19.2	18.2	1.0	19.2	19.0	0.2		
ROA	1.3	1.2	0.1	1.4	1.3	0.1		
ROE	9.1	8.4	0.7	9.1	8.7	0.5		
Total loan	188,462	181,406	3.9%	188,462	180,500	4.4%		
NPL	5,861	6,777	-13.5%	5,861	6,087	-3.7%		
Loan loss reserves	-6,098	-6,985	-12.7%	-6,098	-6,092	0.1%		
Total assets	266,782	266,305	0.2%	266,782	260,607	2.4%		
Total deposit	190,750	189,317	0.8%	190,750	194,325	-1.8%		
Demand	49,236	49,281	-0.1%	49,236	50,207	-1.9%		
Savings	55,769	50,214	11.1%	55,769	53,267	4.7%		
Time	85,745	89,822	-4.5%	85,745	90,851	-5.6%		
Shareholders equity	39,580	36,950	7.1%	39,580	38,478	2.9%		

PNBN RECORDED RP3.1TN (29% YOY) NET INCOME IN 2018, AHEAD OF CONSENSUS

Bank Panin (PNBN) recorded Rp3.1tn (29% YoY) net income in 2018, 16% ahead of consensus estimates. Net interest income grew by 4% YoY, slightly slower than the loan growth of 8% YoY in 2018. However the main driver of earnings growth was provision expense which was reduced to Rp1.9 tn (-29% YoY). Asset quality was relatively stable as NPL slightly increased to 3.0% from 2.8% from previous year. PNBN also maintain its strong cost control as operating expense grew by low single digit at only 4% YoY to Rp5.0tn in 2018.

FITCH LOWER ISAT'S CREDIT RATING OUTLOOK TO NEGATIVE, ALBEIT BBB+ MAINTAINED

On its latest release, Fitch lower ISAT's credit rating outlook from BBB+ with stable outlook to BBB+ with negative outlook. Fitch mentioned that ISAT's funds from operation to net debt ratio will still be at an elevated level of >3x in 2019-20F. Fitch expects moderate recovery in EBITDA will not be enough to cover its aggressive capex plan in the next three years.

SIDO BOOKED NET PROFIT GROWTH OF 24.4%YOY

Sido Muncul (SIDO) reported Rp2.76tn revenue or up by 7.36%YoY and net profit of Rp 663.85bn(+24.4%YoY). Herbal medicines sales booked Rp 1.84 tn(+8.8%YoY) still become the highest revenue contributor. While food and beverages segment achieved Rp 819 bn of sales and pharmacy segment sales with Rp 100 bn in FY18. This year SIDO targets 2019 sales and net profit growth both at 10% as the Company plans to expand the export market to Africa and ASEAN countries. While last year export market only contributed 2% of sales, SIDO expects export market could contribute around 10% from this year's sales.

CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,050 -14,150

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.25
3	7.47
5	7.80
10	7.99
15	8.27
30	8.68

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.22	6.39	6.27	6.16	5.59
US\$	1.23	1.19	1.18	1.22	
JIBOR (RP)	7.13	7.36	7.58	7.76	

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	14,103	0.03
1 US\$ = SGD	1.35	0.02
1 US\$ = JPY	110.64	-0.01
1 US\$ = AUD	0.72	0.03
1 US\$ = EUR	1.13	0.03

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