

GLOBAL			
Index	Last	Change	% chg
Dow	25,916	-69.16	-0.27
S&P 500	2,784	-7.89	-0.28
Eido US	25.7	-0.79	-2.98
H.S.I	28,633	-124.26	-0.43
Nikkei	21,385	-171.35	-0.79
STI	3,213	-37.33	-1.15
KLCI	1,708	-5.72	-0.33
Kospi	2,195	-39.35	-1.76
SET Thai	1,653	-11.79	-0.71

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.3	-0.27	-0.41
WTI Crude Oil (\$/bbl)	57.2	0.28	0.49
CPO (MYR/ton)	1,915	-5.00	-0.26
Gold (US\$/tr ounce)	1,313	-0.03	0.00
Nickel (US\$/ton)	12,969	-2.50	-0.02
Tin (US\$/ton)	21,747	67.00	0.31
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	96.1	1.15	1.21

BEI STATISTICS	
JCI	6,443
Change (1 day)	-1.26%
Change YTD	4.02%
P/E Market (X)	15.5
Volume (mn shr)	10,022.4
Value (Rp bn)	8,989.3
↑ 124 ↓ 282 ↔ 222	
LQ45	1,006
% Change (1 day)	-1.53%

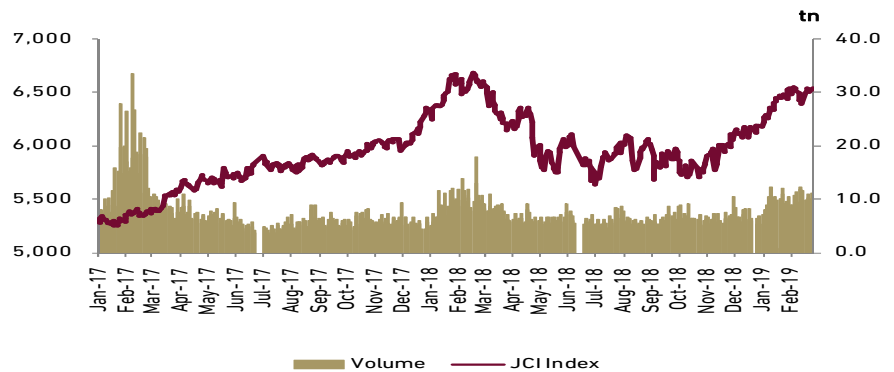
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.32	0.27
Inflation yoy (%)	2.82	3.23

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,069	39.00	0.28
1 USD = SGD	1.35	0.00	-0.04
1 USD = JPY	111.44	0.05	0.04
1 USD = AUD	1.41	0.00	-0.08
1 USD = EUR	0.88	0.00	0.01

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.6	-0.48	-1.71	3,880	311,820
ISAT	0.1	0.00	0.00	1,899	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Manufacturing PMI stagnant at 50.1 in February
- BBKA net income grew by 10.9% in FY 2018; in-line
- BBTN records Rp91 bn (-56% YoY) net income in 1M19; below estimates
- Producent countries to revive CPO price
- JPFA FY18 earnings slightly below estimates
- GIAA sets to acquire majority shares of Sriwijaya Air

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,370 (support) – 6,470 (resistance) level today

ASII: Buy on weakness at Rp 7,050-Rp 7,000

Comment: Testing support level

BMRI: Buy on weakness at Rp 7,050-Rp 6,950

Comment: Testing support level

JPFA: Buy on weakness at Rp 2,200-Rp 2,100

Comment: Testing support level of the uptrend channel

EXCL: Speculative buy at Rp 2,400-Rp 2,330

Comment: Retest the breakout of previous resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

Dow Jones Industrial Average declined by 69.16 points (-0.27%) to end at 25,916, mostly due to down in United Healthcare stock (-3.14%). The S&P 500 also slipped by 7.89 points (-0.28%) to close at 2,784, while the Nasdaq Composite also fell about 0.3 percent to close at 7,532.53, as Facebook, Apple and Netflix all decreased more than 0.5 percent. US and North Korea failed to meet an agreement on their meetings in Vietnam. Despite U.S. economy grew at an annualized rate of 2.6 percent in the fourth quarter 2018, according to the government, higher than the economists' expectations of 2.2%.

Commodity: Brent Crude Oil down by 0.41% to USD 66.3/bbl. While WTI Crude oil gained by 0.49% to USD57.2/bbl. CPO slumped by 0.26% to MYR 1,915/ton. Nickel slid by 0.02% to USD 12,969/ ton. While coal rose by 1.21% at USD 96.1/ton.

Domestic

JCI closed at 6,443 lower 82.36 points (-1.26%). Net foreign SELL was recorded at 1.3 tn. The laggard Sectors were, Misc. Industry (-4.81%), Mining (-1.69%), Basic Industry (-1.59%), Agriculture (-1.42). The Index mover were, ASII (-5.92% to 7,150), BBKA (-0.90% to 27,575), TLKM (-1.28% to 3,860).

MANUFACTURING PMI STAGNANT AT 50.1 IN FEBRUARY

IHS Markit reported Indonesia's manufacturing sector is on stagnant condition as February figure came at 50.1 (January: 49.9). The overall demand started to stabilize after falling in January, even though the export sales remained subdued. This report also found slight fall of production in February. However, firms remained taking more workers. Stocks of purchases rose mildly in February, having declined for the past three months. Meanwhile, inventories of finished goods fell for a fifteenth straight month in the middle of the first quarter. Rupiah appreciation favored lower inflationary pressure that leads to weak input cost growth. Finally, manufacture firms remained upbeat about a year ahead outlook due to product varieties, new marketing strategies, capital investment and planned business expansion.

BBCA NET INCOME GREW BY 10.9% IN FY 2018; IN-LINE

Bank Central Asia (BBCA) recorded Rp25.9 tn net income in FY18, up by 10.9% YoY and in-line with both ours and consensus at 99/100% of 2018 estimates, respectively. Total revenue grew by 11% YoY, driven by strong non-interest income growth (17% YoY) on top of moderate NII growth (8% YoY). The non-interest income growth was sound as it dominated by the bank recurring fee and commissions (16% YoY), besides the significant gain on marketable securities (20% YoY). BBCA's loan growth is still strong at 15.1% YoY (4.3% QoQ), higher than industry growth of 12.9% YoY. Corporate loan posted the fastest loan growth at 20% YoY driven by financial and infrastructure sector. Outside those two sectors, the bank mentioned that corporate would only grow by 11-12% YoY. In the other side, consumer loan growth was relatively moderated to 9% YoY mostly due to higher interest rate environment. On quarterly basis, 4Q18 net income was Rp7.3 tn or up by 3.7% QoQ and marked by improvement on the NIM (+20bps QoQ to 6.9% in 4Q18).

Comments: We are currently reviewing our recommendation on BBCA as the share prices has exceeded our target price of Rp26,100/share. The share currently trades at 4.1x 2019F PBV, above its historical average valuation of 3.4-3.8x.

(In Rp bn)	12M18	12M17	YoY	4Q18	3Q18	QoQ	2018F	12M18/18F
Interest income	56,812	53,768	5.7%	15,173	14,552	4.3%		
Interest expense	(11,476)	(11,941)	-3.9%	(3,157)	(2,985)	5.8%		
Net interest income	45,336	41,826	8.4%	12,016	11,567	3.9%	45,432	99.8%
Non-interest operating income	17,700	15,155	16.8%	5,086	4,865	4.5%	17,151	103.2%
Non-interest operating expense	(27,653)	(25,190)	9.8%	(6,778)	(6,527)	3.9%	(27,965)	98.9%
PPOP	35,383	31,791	11.3%	10,324	9,905	4.2%	34,618	102.2%
Provision expense	(2,677)	(2,633)	1.7%	(930)	(921)	0.9%	(2,025)	132.2%
Operating profit	32,706	29,159	12.2%	9,394	8,984	4.6%	32,593	100.3%
Net income	25,855	23,310	10.9%	7,347	7,087	3.7%	26,062	99.2%
Ratios (%)								
Asset yield	8.5	8.8	-0.3	8.8	8.5	0.2		
Cost of fund	1.9	2.1	-0.2	2.0	1.9	0.1		
NIM	6.8	6.9	-0.1	6.9	6.8	0.2		
CASA	76.7	76.3	0.3	76.7	77.7	-1.0		
LDR	85.4	80.5	5.0	85.4	84.0	1.4		
Cost to income	45.8	45.0	0.8	41.3	42.5	-1.2		
Tax rate	21.0	20.0	0.9	21.8	21.1	0.7		
NPL gross	1.4	1.5	-0.1	1.4	1.4	0.0		
Credit cost	0.5	0.6	-0.1	0.7	0.7	0.0		
Loan loss coverage	178.7	190.7	-12.0	178.7	187.0	-8.3		
CAR	23.4	23.1	0.3	23.4	23.1	0.2		
ROA	3.3	3.3	0.0	3.6	3.6	0.1		
ROE	18.3	19.1	-0.9	19.9	20.2	-0.3		
Deposit	629,812	581,115	8.4%	629,812	613,893	2.6%		
Demand	166,822	151,250	10.3%	166,822	163,074	2.3%		
Savings	316,182	292,416	8.1%	316,182	313,741	0.8%		
Time	146,808	137,449	6.8%	146,808	137,078	7.1%		
Loan	538,100	467,509	15.1%	538,100	515,817	4.3%		
NPL	7,594	6,945	9.3%	7,594	7,410	2.5%		
Loan loss reserves	-13,569	-13,244	2.5%	-13,569	-13,856	-2.1%		
Shareholders equity	151,660	131,304	15.5%	151,660	143,607	5.6%		

BBTN RECORDS RP91 BN (-56% YOY) NET INCOME IN 1M19; BELOW ESTIMATES

Bank Tabungan Negara (BBTN) recorded a weak monthly result with net income decline by 56% YoY to Rp91 bn in 1M19. The main drags to bottom line were: 1) increase in interest expense, which dented net interest income to shrink by 15% YoY in Jan-19, 2) higher provision expenses which were recorded as the part of company plan to build more loan loss coverage. Meanwhile non-interest income was strong, grew by 94% YoY and better than our estimates. On the balance sheet, liquidity has been better with LDR maintained below 110% in Dec-18 to Jan-19 as funding growth could match the loan growth. Funding growth were mostly dominated by time deposit growth, resulting in a trending down on its CASA ratio to sub-45% level.

Comments: We have Hold recommendation on BBTN with Rp2,900/share target price. We think the monthly Jan-19 is less than optimal mainly due to the provision expenses, which are tends to become more volatile on the monthly basis as the bank prepares much higher loan loss coverage. Hence we will wait for the 1Q19 and FY18 audited result to review our estimates.

BBTN (unaudited)

Results summary (Rp bn)	1M18	1M19	YoY	1M19/ 2019F	Oct-18	Nov-18	Dec-18	Jan-19	MoM
Interest income	1,761	2,027	15%	7%	1,950	1,957	2,500	2,027	-19%
Interest expense	986	1,367	39%	9%	1,123	1,169	1,309	1,367	4%
Net interest income	775	661	-15%	6%	827	788	1,192	661	-45%
Non-interest income	128	248	94%	10%	183	137	274	248	-9%
Operating expense	578	641	11%	8%	623	583	460	641	39%
PPoP	325	268	-18%	5%	387	342	1,006	268	-73%
Provision expense	60	151	152%	8%	281	335	(148)	151	-203%
Operating profit	265	117	-56%	3%	107	7	1,153	117	-90%
Income tax	59	25	-57%	3%	33	1	262	25	-90%
Net profit	206	91	-56%	3%	74	5	891	91	-90%
Total deposits	186,702	217,745	19%		194,375	206,343	230,264	217,745	-5%
- Demand	48,783	50,196	7%		46,198	47,061	56,455	50,196	-11%
- Saving	37,607	36,375	1%		39,005	38,311	39,117	36,375	-7%
- Time	85,668	113,439	34%		92,780	103,853	115,897	113,439	-2%
- Revenue sharing fund	14,645	17,736	22%		16,392	17,117	18,795	17,736	-6%
Gross loans	197,065	235,086	19%		225,066	228,837	237,758	235,086	-1%
Loan loss reserves	(2,397)	(3,043)	25%		(2,946)	(3,265)	(2,922)	(3,043)	4%
Total assets	253,286	294,786	18%		274,493	285,356	308,473	294,786	-4%
Shareholders equity	21,868	24,305	12%		23,298	23,306	24,207	24,305	0%
Key ratios (%)									
NIM	4.3	3.1	(1.2)		4.1	3.9	5.7	3.1	(2.6)
CASA to total deposits	50.2	43.3	(6.9)		47.9	45.1	45.2	43.3	(1.9)
Cost-to-income	64.0	70.5	6.5		61.6	63.0	31.4	70.5	39.1
Credit cost	0.3	0.7	0.4		1.4	1.7	(0.7)	0.7	1.4
Tax rate	22.1	21.7	(0.4)		30.8	21.2	22.7	21.7	(1.0)
LDR	105.6	108.0	2.4		115.8	110.9	103.3	108.0	4.7
ROA	1.0	0.4	(0.6)		0.3	0.0	3.6	0.4	(3.2)
ROE	11.4	4.5	(6.9)		3.8	0.3	45.0	4.5	(40.5)

TOGETHER REVIVES CPO PRICE

The joint decision of the member of Council of Palm Oil Producing Countries to fight negative campaign from European Union (EU) is believed will bring fresh wind for the improvement of CPO price in the long run. In the 6th Council of Palm Oil Producing Countries (CPOPC) Ministerial Meeting on Thursday, Malaysia and Indonesia has agreed to meet with the EU authority to express the resistance towards negative campaign of CPO and its derivatives.

Comment: We see that the move could be a positive catalyst for sector as it will secure Indonesian CPO export market in the long term. In 2018, EU remained as the second biggest export destinations for Indonesian CPO. The global CPO price still sluggish currently at RM1,948/ton while YTD reached RM2,066/ton. We have NEUTRAL recommendation for Plantation sector.

JPFA FY18 NET INCOME SLIGHTLY BELOW ESTIMATES

JPFA 4Q18 net profit came in at Rp496 bn (-12% QoQ), bringing FY18 bottom line to Rp2.17 tn or slightly below our and consensus' FY18 estimates by representing only 94.6% and 95.8%. We believe this was mainly due to expensive corn price which resulted 4Q18 gross margin decline to 18.1% (vs. 21.19% in 3Q18). However, JPFA FY18 revenue largely in-line at Rp34.01 tn, amplified by 14.9% YoY, forming 100.8% and 101.3% of ours and consensus' projection. Gross profit and operating profit strongly increased by 43.7% YoY and 72.8% YoY to Rp7.21 tn and Rp3.72 tn, respectively. In terms of margins, the company still managed higher gross margin and net margin in FY18 to 21.2% (vs. 16.9% in FY17) and 6.4% (vs. 3.2% in FY17).

Comment: following slightly below estimates FY18 earnings result, currently we are reviewing out our financial projections. Yet, we still have a BUY call on JPFA with TP of Rp3,000/share.

In Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18 KI	FY18 Cons
Revenue	34,013.0	29,602.7	14.9%	8,675.4	8,633.08	0.5%	100.8%	101.3%
COGS	-26,804.6	-24,585.7	9.0%	-7,103.2	-6,803.93	4.4%		
Gross profit	7,208.4	5,017.0	43.7%	1,572.2	1,829.15	-14.0%	103.3%	103.0%
<i>Gross margin (%)</i>	<i>21.2</i>	<i>16.9</i>	<i>4.25</i>	<i>18.1</i>	<i>21.19</i>	<i>-3.07</i>		
Selling expenses	-836.6	-736.9	13.5%	-157.2	-228.37	-31.2%		
GA expenses	-2,647.5	-2,125.1	24.6%	-676.7	-664.91	1.8%		
Operating income	3,724.3	2,155.0	72.8%	738.3	935.87	-21.1%	96.1%	100.7%
<i>Operating margin (%)</i>	<i>10.9</i>	<i>7.3</i>	<i>3.67</i>	<i>8.5</i>	<i>10.84</i>	<i>-2.33</i>		
Interest income	39.4	34.5	14.4%	3.2	8.37	-61.2%		
Interest expense	-793.5	-569.0	39.5%	-8.2	-266.47	-96.9%		
net others	119.6	89.6	33.5%	-45.9	118.19	N/A		
Profit before tax	3,089.8	1,710.1	80.7%	687.4	795.96	-13.6%		
Tax expense	-836.6	-667.0	25.4%	-196.3	-206.99	-5.1%		
Net income	2,168.0	933.2	132.3%	496.0	563.76	-12.0%	94.6%	95.8%
<i>Net margin (%)</i>	<i>6.4</i>	<i>3.2</i>	<i>3.22</i>	<i>5.7</i>	<i>6.53</i>	<i>-0.81</i>		

GIAA SETS TO ACQUIRE MAJORITY SHARES OF SRIWIJAYA AIR

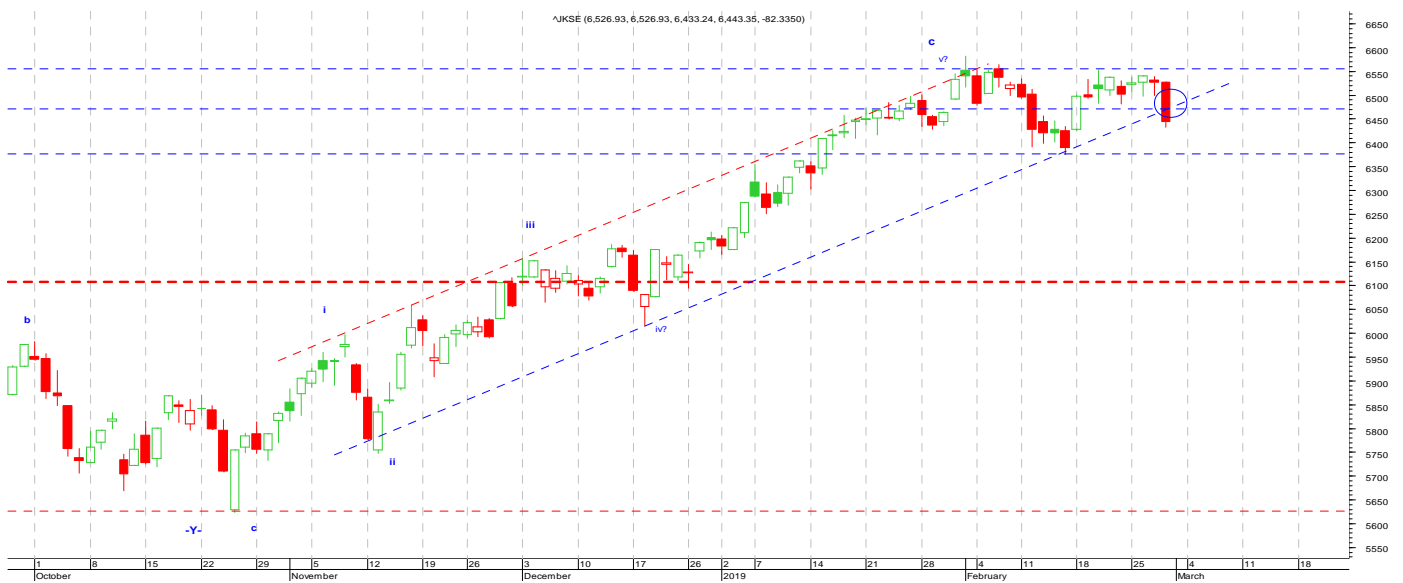
GIAA plans to acquire 51% shares of Sriwijaya Air; in which according to the company CEO, in joint operation agreement GIAA has an option to buy 51% (at minimum) ownership in Sriwijaya Air. Moreover, the plan will be exercised in 5 years at the latest, as GIAA wants to thoroughly analyze the business of Sriwijaya Air. Moreover, value of the acquisition has not concluded as currently the assets are being assessed by public appraiser.

Comment: the plan will not be realized in the near future, yet the M&A news potentially boost the share price.

TECHNICAL ANALYSIS

JCI : (6,443 -1.26%)

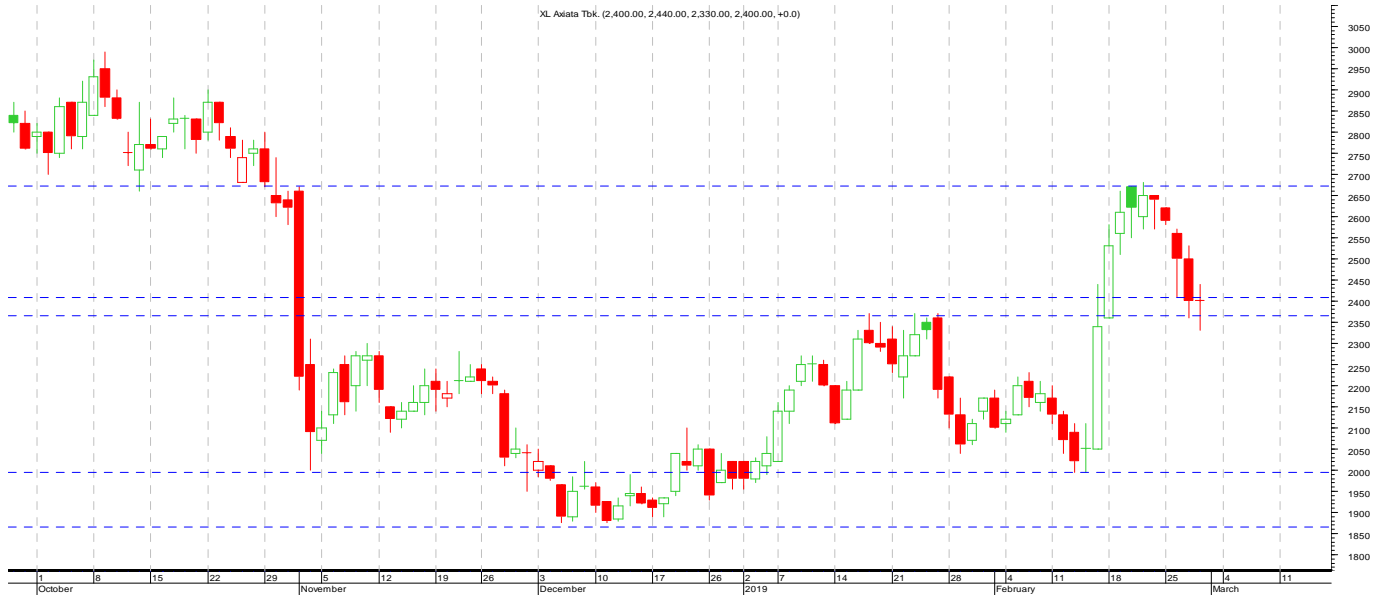
Comment : ASII, BBCA and TLKM consecutively became lagging movers. Technically, JCI moved and closed below support level of the short-term uptrend channel. If the breakout confirm, level of 6,470 will turn into resistance level and the trend turn into negative. Support level at 6,374. Next support and resistance level will be at 6,250-6,580. 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 up 2 before go down to form sub wave 3 to test support level of 5,557.



STOCK OF THE DAY

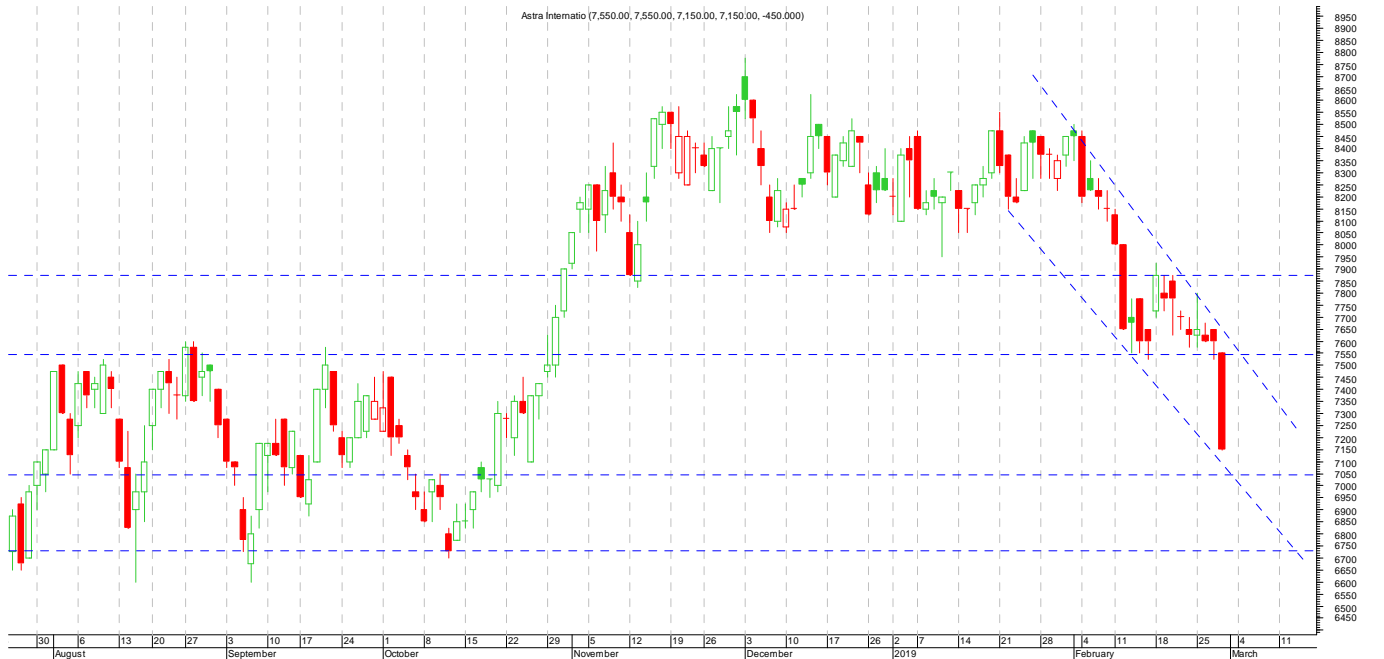
EXCL : Retest the breakout

The price closed above support level of 2,370. Level of 2,370 was resistance level before it was breached. If the breakout confirm, level of 2,370 will turn into support level and the short-term trend turn into positive. Resistance level at 2,560. Next support and resistance level at 2,200-2,670. Speculative buy/Buy on weakness



ASII : Testing support level

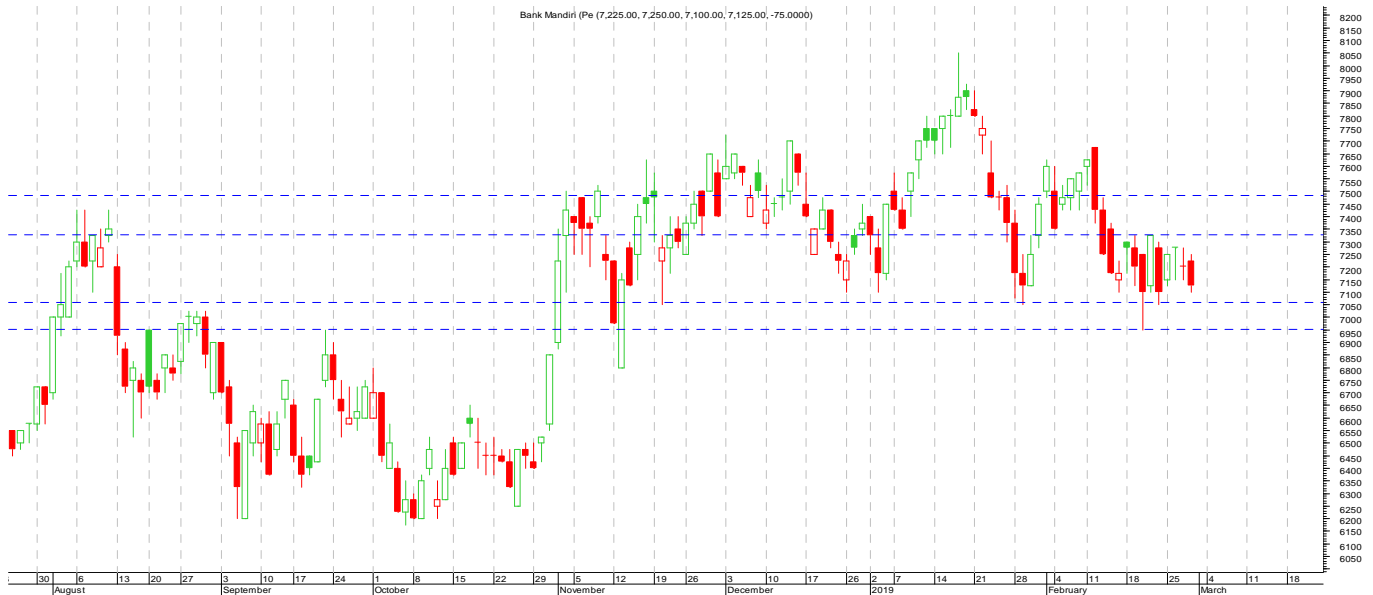
The price closed above support level of the short-term down trend channel 7,050. Resistance level at 7,550. Next support and resistance level at 6,700-7,800. The mid-term trend is still sideways. Buy on weakness



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BMRI : Testing support level

The price closed above minor support level of 7,050. Resistance level at 7,325. Next support and resistance level at 6,960-7,500. The trend is still sideways. Buy on weakness, cut if the price moves and stable below the level of 6,950.



JPFA : Testing support level

The price closed above minor support level of 2,200. Resistance level at 2,400. Next support and resistance level at 2,100-2,500. The price moved in broadening channel in the last fifteen months. Level of 2,100 is support level of the channel. Buy on weakness, cut if the price moves and stable below the level of 2,100.



CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,020 -14,120

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.21
5	7.51
10	7.82
15	8.13
30	8.60

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.24	6.43	6.40	6.16	5.69
US\$	1.32	1.31	1.22	1.18	
JIBOR (RP)	7.07	7.32	7.54	7.73	

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	14,069	-0.28
1 US\$ = SGD	1.35	0.04
1 US\$ = JPY	111.44	-0.04
1 US\$ = AUD	0.71	0.08
1 US\$ = EUR	1.14	-0.01

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Analyst Certification

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