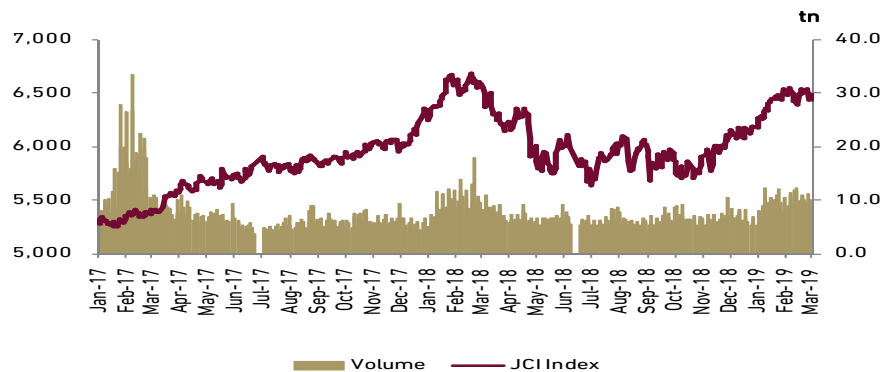


GLOBAL			
Index	Last	Change	% chg
Dow	25,807	-13.02	-0.05
S&P 500	2,790	-3.16	-0.11
Eido US	25.9	0.08	0.31
H.S.I	28,962	2.01	0.01
Nikkei	21,613	-112.94	-0.52
STI	3,234	-17.01	-0.52
KLCI	1,686	-8.37	-0.49
Kospi	2,176	-3.20	-0.15
SET Thai	1,639	3.70	0.23

- BMRI to include acquisition plan in its revised banking business plan
- Medco deal may face investor opposition
- Garuda does not want to sell stake in Citilink
- LPPF to sell OVS products
- LPKR books Rp696 bn of net profit
- Fast Food Chain Restaurants compete on market share
- HRUM targets USD325 mn in sales for 2019
- SSIA books Rp38 bn of net profit

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	65.9	0.19	0.29
WTI Crude Oil (\$/bbl)	56.6	-0.03	-0.05
CPO (MYR/ton)	1,992	14.00	0.71
Gold (US\$/tr ounce)	1,289	1.02	0.08
Nickel (US\$/ton)	13,574	403.00	3.06
Tin (US\$/ton)	21,597	63.00	0.29
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	98.1	-0.10	-0.10

JCI STATISTIC



BEI STATISTICS	
JCI	6,441
Change (1 day)	-0.73%
Change YTD	3.98%
P/E Market (X)	15.4
Volume (mn shr)	8,202.3
Value (Rp bn)	6,534.9
↑ 142 ↓ 274 ↔ 212	
LQ45	1,008
% Change (1 day)	-0.99%

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,350 (support) – 6,470 (resistance) level today

ASII: Sell on strength at Rp 7,375-Rp 7,450

Comment: Testing resistance level of the downtrend

GIAA: Sell on strength at Rp 575-Rp 600

Comment: Testing resistance level

ANTM: Speculative buy at Rp 1,035-Rp 1,000

Comment: Hold above support level

BMRI: Sell on strength at Rp 7,000-Rp 7,050

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 (%)	-0.08	0.27
Inflation yoy (%)	2.57	3.23

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock markets closed southwards as investors weighed ongoing trade negotiations between China and the U.S. along with strong earnings from target. S&P 500 slipped 3.16 points or 0.11%, DJIA edged lower by 13.02 points or 0.05% and Nasdaq fell 1.21 points or 0.02%. U.S. investors have been overseeing the negotiations on trade deal with China as they are trying to gauge whether the impact will affect corporate profits. Moreover, traders are also waiting for economic data to see the direction of economic growth. On commodity markets, Brent rose 0.29% to USD65.9/bbl, yet WTI declined 0.05% to USD56.6/bbl. Meanwhile, nickel price soared 3.06% to USD13,574/ton as top consumer China unveiled economic stimulus measures including tax cuts for manufacturing industry.

Domestic

JCI dipped by 47.17 points or 0.73% to close at 6,441 on Tuesday and recorded Rp1.2 tn net foreign sell. Consumer (-1.43%), Property (-1.27%), Trade (-0.95%), Agriculture (-0.90%), Mining (-0.63%), Finance (-0.58%), Infrastructure (-0.54%) and Basic Industry (-0.48%) were the sector laggards, with GGMR (-4.58% to 90,075), HMSP (-1.55% to 3,820) and BMRI (-2.11% to 6,950) become the lagging movers. Rupiah currency strengthen by 2 points to Rp14,128/USD. Our technical desk suggests for trading within the band of 6,350 – 6,470, with possibility to end at mix level.

BMRI TO INCLUDE ACQUISITION PLAN IN ITS REVISED BANKING BUSINESS PLAN

Bank Mandiri (BMRI) will include acquisition plan in its revised banking business plan (RBB), according to its corporate secretary Mr Rohan Hafas, as they haven't included it yet in 2019's RBB. The bank previously has mentioned their plan to acquire a mid-sized bank as they have sizeable excess capital amounting Rp30 tn, which was stated in their FY18 analyst meeting. According to media, the bank is considering buying control of Bank Permata (BNLI) and then merging the lender with BMRI itself or its unit PT Bank BMRI Taspen, known as Bank Mantap. Media also said that BMRI aims to complete the potential acquisition this year if it decides to proceed. BMRI has not started formal talks on a deal and it could still opt for a smaller stake or decide against pursuing a transaction. Previously, Standard Chartered said that its BNLI investment was no longer considered core, signaling it may be getting ready to dispose of the stake.

MEDCO DEAL MAY FACE INVESTOR OPPOSITION

Ophir Energy Plc's takeover by Medco Energi Internasional (MEDC) could be blocked by a contingent of the U.K. company's shareholders who want a higher offer. Shareholders with more than 25% Ophir's stock said the offer undervalues the company, asking not to be named because the matter is private. The U.K. oil and gas explorer needs 75% of holders to approve Medco's offer, which values it at 391 mn pounds (USD515 mn).

Comment: This could be a temporary negative sentiment for the stock until the ballot which is scheduled for March 25. We believe the opposite shareholders are waiting to see if another bidder will come with a higher offer but none have emerged so far.

GARUDA DOES NOT WANT TO SELL STAKE IN CITILINK

Garuda Indonesia explained that they have no plan to sell part of its stake in Citilink. According to CEO of GIAA, the performance of the company's LCC segment has been great and the condition of Citilink is better compare to AirAsia at the moment. Moreover, GIAA targets 18 mn of passengers for Citilink this year or 20% higher compare to 2018 achievement.

Comment: We do not think Garuda group will sell part of its stake in Citilink as currently the condition of its LCC has been better. Recently they just formed joint operation agreement with Sriwijaya group as well, whereas they need to focus on utilizing the benefit before executing another plan.

LPPF TO SELL OVS PRODUCTS

Matahari Department store (LPPF) will distribute an Italian fashion brand, OVS. Matahari will be the official distributor for OVS in Indonesia. OVS will be available in 30 Matahari Department Stores and online (matahari.com), and also targeted to be available in all department stores by 2021. With new design, high quality products and affordable price, the management believes that OVS launch can strengthen Matahari position as number one solution for Indonesian people to meet their fashion necessary and to feel good on what they wear. Further, Matahari also plan to open the OVS specialty stores in some of big shopping mall in Indonesia.

Comment: We maintain our BUY call on LPPF with lower 2019F TP of Rp 5,200/sh, we believe that the change in dividend policy (to 50% DPR from 70% DPR) had drag down the share price recently. However we have a BUY conviction as we see that LPPF is trades at an attractive valuation of 6.6x 2019F PER, and in terms of operational, the result was still in line with our and consensus estimate. The share buyback program also still ongoing, thus can be a positive catalyst for share price correction.

LIPPO KARAWACI BOOKS RP696 BN OF NET PROFIT

Lippo Karawaci (LPKR) posted a 13% YoY revenue of Rp12.46 tn in 2018 with COGS relatively flat 3% YoY hence gross profit grew 26% YoY to Rp5.96 tn. However, opex escalated by 46% YoY which squeezed operating profit to Rp1.02 tn (-24% YoY). Below operating line, interest expense increased by 86% YoY to Rp134 bn. LPKR net profit was recorded at Rp695 bn (+13% YoY) in 2018. On quarter over quarter basis, LPKR revenue came in at Rp3.88 tn (+28%YoY) and booked net profit of Rp225 bn, a turnaround from Rp677 bn loss in previous quarter.

Exhibit : LPKR FY18 results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY/18F
Revenues	12,460	11,064	13%	3,875	3,020	28%	11,617	107%
Cost of revenue	(6,501)	(6,336)	3%	(2,105)	(1,529)	38%		
Gross profit	5,959	4,728	26%	1,771	1,491	19%	4,790	124%
<i>Gross margin (%)</i>	<i>47.8</i>	<i>42.7</i>	<i>5.1</i>	<i>45.7</i>	<i>49.4</i>	<i>(3.7)</i>	<i>41.2</i>	
Selling expenses	(3,506)	(642)	446%	(2,981)	(138)	2061%		
G & A expenses	0	(2,497)	-100%	1,965	(538)	-465%		
Other op. income (exp)	(1,428)	(246)	479%	295	(1,091)	-127%		
Operating expenses	(4,934)	(3,386)	46%	(721)	(1,766)	-59%		
Operating profit	1,025	1,342	-24%	1,050	(275)	n.a	1,296	79%
<i>Operating margin (%)</i>	<i>8.2</i>	<i>12.1</i>	<i>(3.9)</i>	<i>27.1</i>	<i>(9.1)</i>	<i>36.2</i>	<i>11.2</i>	
Forex gain (loss)	0	6	-100%	(1,355)	1,837	n.a		
Interest income	0	83	-100%	(86)	20	-524%		
Interest expense	(134)	(72)	86%	(27)	(45)	n.a		
Other income (exp)	1,410	(30)	n.a	620	(2,183)	n.a		
Total other inc (exp)	1,276	(14)	-9191%	(848)	(371)	129%		
Pre-tax profit	2,301	1,328	73%	202	(646)	-131%		
Tax	(575)	(471)	22%	(231)	(72)	222%		
PBMI	1,726	857	101%	(29)	(718)	-96%		
MI	(1,031)	(243)	325%	254	41	521%		
Net profit	695	614	13%	225	(677)	-133%	801	87%
<i>Net margin (%)</i>	<i>5.6</i>	<i>5.6</i>	<i>0.0</i>	<i>5.8</i>	<i>(22.4)</i>	<i>28.2</i>	<i>19.8</i>	

Comment: LPKR revenue came in 7% above our expectation while relatively in line with consensus. Net profit came in below ours and consensus' estimates. We put LPKR under review with potential to downgrade from current Rp520 TP based on 75% discount to our RNAV. Currently we have BUY rating for LPKR.

FAST FOOD CHAIN RESTAURANTS COMPETE ON MARKET SHARE

This year Fast Food Indonesia (FAST) prefer to launch new menu rather than increase its selling price. KFC will maintain its ASP as long as the cost of raw material within the reasonable range. In first semester, KFC will launch value menu called Crazy Deal and Snack Bucket. While PT Rekso Nasional Food that own Mc Donald's Indonesia also prefer to maintain the product's price to expand their market share. Mc Donald just launches Rica-rica Chicken Rice, Rica-rica Fish Rice dan Blackpepper Chicken all for Rp 16,500 to attracts consumer. Meanwhile, Pt Sarimelati Kencana (PZZA) claimed already secured 97% of Indonesia's pizza market share already increased its ASP by 2% last January and targets at 4-5% SSSG growth by launching 5-8 promotional menu.

HRUM TARGETS USD325 MN IN SALES FOR 2019

HRUM is targeting sales of USD325 mn for 2019 in its latest guidance. This FY19F figure is 9.0% and 2.9% lower than ours and consensus estimates at USD354.2mn and USD334.5. On the production side, HRUM is targeting an increase of 9% in production volume at 5 mn ton from its 2018 targeted production volume at 4.6 mn ton. Furthermore, HRUM is also allocating USD8 mn in CAPEX from its own cash reserves in order to help with operational activities this year.

Comment: We currently still have HOLD rating for HRUM with TP of Rp 1,650.

SURYA SEMESTA BOOKS RP38 BN OF NET PROFIT

Surya Semesta Internusa (SSIA) posted a 12% YoY revenue of Rp3.68 tn in 2018 with COGS also grew by 12% YoY hence gross profit grew 14% YoY to Rp981 bn. Opex came in at Rp627 bn which squeezed operating profit to Rp354 bn (-83% YoY). Below operating line, interest expense declined by 30% YoY to Rp171 bn. SSIA net profit was recorded at Rp38 bn (-97% YoY), significantly declined after a one time off gain in previous year. On quarter over quarter basis, SSIA revenue came in at Rp1.02 tn (-10%YoY) and booked net profit of Rp103 bn, a turnaround from Rp10 bn loss in previous quarter.

Exhibit 2: SSIA FY18 results

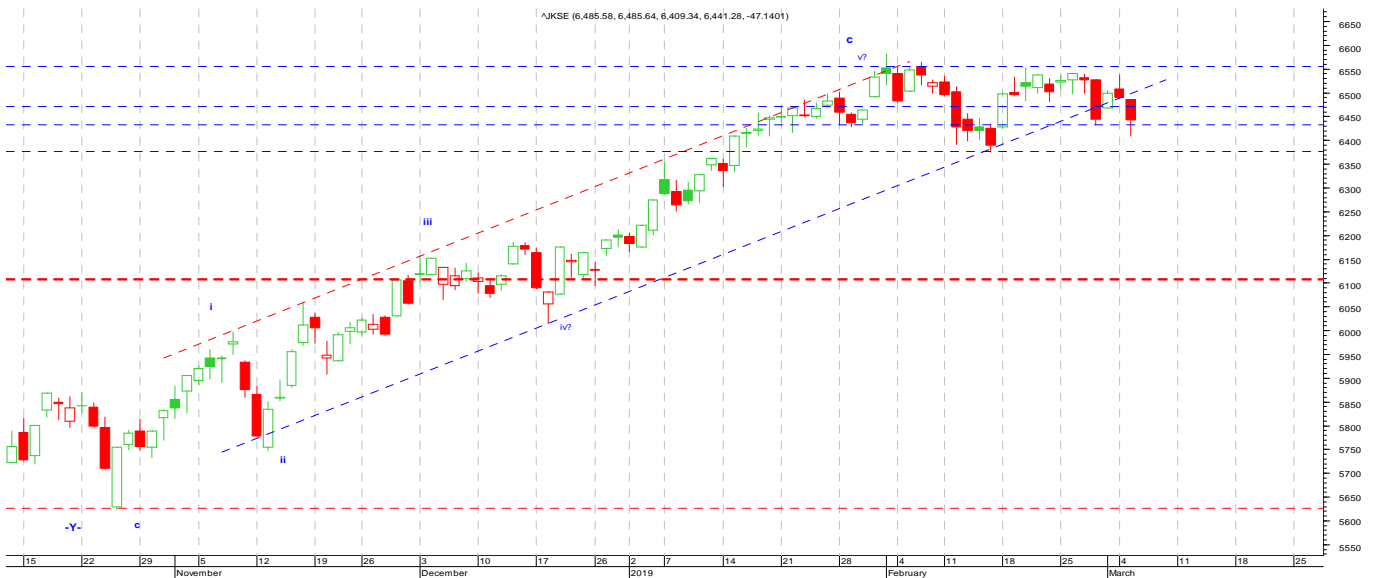
Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18F	FY/18F
Revenues	3,682	3,274	12%	1,023	1,138	-10%	3,054	121%
Cost of revenue	(2,701)	(2,410)	12%	(668)	(874)	-24%		
Gross profit	981	864	14%	355	264	34%	900	109%
<i>Gross margin (%)</i>	<i>26.6</i>	<i>26.4</i>	<i>0.3</i>	<i>34.7</i>	<i>23.2</i>	<i>11.5</i>	<i>29.5</i>	
G&A expenses	(643)	(578)	11%	(161)	(191)	-15%		
Marketing expenses	(60)	(51)	18%	(17)	(18)	-8%		
Other income (exp)	77	1,794	-96%	(1)	20	-105%		
Operating expenses	(627)	1,165	n.a.	(179)	(189)	-5%		
Operating profit	354	2,029	-83%	176	75	135%	498	71%
<i>Operating margin (%)</i>	<i>9.6</i>	<i>62.0</i>	<i>(52.3)</i>	<i>17.2</i>	<i>6.6</i>	<i>10.6</i>	<i>16.3</i>	
Forex gain (loss)	-	-	n.a.	0	0	n.a.		
Interest income	-	-	n.a.	0	0	n.a.		
Interest expense	(171)	(243)	-30%	(40)	(41)	-3%		
Other income (exp)	31	(3)	n.a.	23	3	809%		
Total other inc (exp)	(140)	(246)	-43%	(17)	(39)	-57%		
Pre-tax profit	214	1,782	-88%	160	36	338%		
Tax	(124)	(541)	-77%	(40)	(34)	18%		
PBMI	90	1,241	n.a.	120	3	4595%		
MI	(52)	(63)	-17%	(16)	(12)	n.a.		
Net profit	38	1,178	-97%	103	(10)	n.a.	36	105%
<i>Net margin (%)</i>	<i>1.0</i>	<i>36.0</i>	<i>(35.0)</i>	<i>10.1</i>	<i>(0.8)</i>	<i>10.9</i>	<i>1.2</i>	

Comment: SSIA revenue came in 21% above our expectation while relatively in line with consensus, while the net profit came in line with ours and above consensus' estimate of Rp1.92 tn loss. We put SSIA under review based on the FY18 performance. Currently we have BUY rating for SSIA with TP Rp650.

TECHNICAL ANALYSIS

JCI : (6,441 -0.73%)

Comment : GGRM, HMSP and BMRI consecutively became lagging movers. Technically, JCI moved and closed below support level of the short-term uptrend line. The breakout will confirm, if the index moves below historical support level of 6373. Resistance level at 6,550. 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

ASII : Testing resistance level

The price held and closed above minor support level of 7,000. Resistance level at 7,450. Next support and resistance level at 6,700-7,800. The price moved in down trend channel in the last five weeks. Sell on strength, sell if the price moves below the level of 7,000.



ANTM : Testing support level

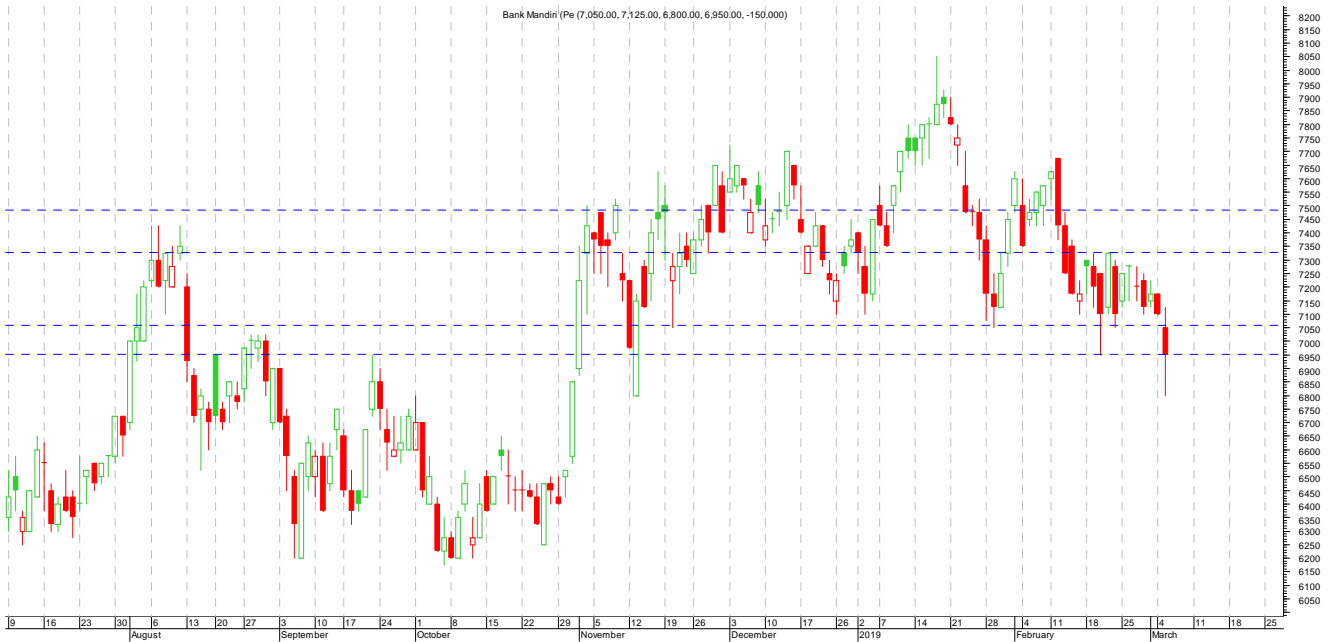
The price held above support level of 980. Resistance level at 1,090. Next support and resistance level at 935-1,150. The mid-term trend will turn into positive if the price moves above the level of 1,150. Speculative buy, cut if the price moves below the level of 980.



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BMRI : Testing support level

The price moved and closed below minor support level of 7,050. If the breakout confirm, level of 7,050 will turn into resistance level. Support level at 6,800. Next support and resistance level at 6,200-7,300. Sell on strength, sell if the price moves below the level of 6,800.



GIAA : Testing resistance level

The price closed below minor resistance level of 585. Support level at 530. Next support and resistance level at 596-630. The price moved in uptrend channel in the last three months. Indicator of RSI likely will form a negative divergence which indicates that the price potentially to reversal. Sell on strength



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CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,070 -14,170

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.26
5	7.48
10	7.86
15	8.19
30	8.62

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.19	6.29	6.25	6.09	5.65
US\$	1.22	1.30	1.26	1.27	
JIBOR (RP)	7.06	7.27	7.53	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	14,128	0.01
1 US\$ = SGD	1.36	-0.01
1 US\$ = JPY	111.85	0.04
1 US\$ = AUD	0.71	0.04
1 US\$ = EUR	1.13	-0.03

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