

GLOBAL

Index	Last	Change	% chg
Dow	25,703	148.23	0.58
S&P 500	2,811	19.40	0.69
Eido US	25.1	-0.06	-0.24
H.S.I	28,807	-113.42	-0.39
Nikkei	21,290	-213.45	-0.99
STI	3,196	-16.66	-0.52
KLCI	1,678	6.96	0.42
Kospi	2,158	9.25	0.43
SET Thai	1,640	12.08	0.74

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.6	0.88	1.32
WTI Crude Oil (\$/bbl)	58.3	1.39	2.44
CPO (MYR/ton)	1,956	-24.00	-1.21
Gold (US\$/tr ounce)	1,310	0.43	0.03
Nickel (US\$/ton)	13,118	103.00	0.79
Tin (US\$/ton)	21,227	-168.00	-0.79
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	94.5	-0.55	-0.58

BEI STATISTICS

JCI	6,378
Change (1 day)	0.37%
Change YTD	2.96%
P/E Market (X)	15.3
Volume (mn shr)	10,002.9
Value (Rp bn)	6,339.5
↑ 189 ↓ 187 ↔ 252	
LQ45	996
% Change (1 day)	0.21%

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

EXCHANGE RATE

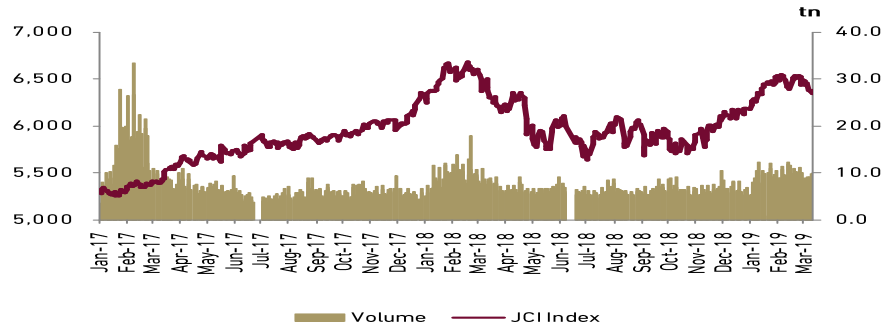
	Last	Change	% chg
1 USD = IDR	14,265	0.00	0.00
1 USD = SGD	1.35	0.00	0.04
1 USD = JPY	111.25	0.08	0.07
1 USD = AUD	1.41	0.00	0.13
1 USD = EUR	0.88	0.00	-0.04

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.2	-0.50	-1.88	3,732	326,883
ISAT	0.1	0.00	0.00	1,926	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Indonesia February'19 cement sales volumes grow 6.2% YoY
- PTPP 4Q18 earnings up by 59%, FY18 numbers in-line
- Ophir management backs of Medco takeover
- BBRI to aggressively push its credit card business

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,340 (support) – 6420 (resistance) level today

BBRI : Take profit at Rp 3,810-Rp 3,850

Comment : Moved below support level of the uptrend line

GGRM : Take profit at Rp 92,700-Rp 93,500

Comment: Failed to break resistance level

LPKR : Speculative buy at Rp 250-Rp 235

Comment: Hold above support level

PTPP : Speculative buy at Rp 2,020-Rp 1,950

Comment: Hold above support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks rose on Wednesday boosted by tech shares as supported by solid economic data. The S&P500 gained 0.7% to close back above 2,800, climbed back to a new high for the year. The S&P 500 tech sector rose 0.7%, led by a 3.8 % gain in Nvidia. The Dow Jones Industrial Average closed 148.23 points higher at 25,702.89. The Nasdaq Composite advanced 0.7% to close at 7,643.41. Equities also got a boost after the Commerce Department stated nondefense durable goods orders posted their largest increase in six months in January, rising 0.8%. Overall durable goods orders also rose 0.4 % while economists polled by Refinitiv expected a decline of 0.5%. Meanwhile, U.S. construction spending posted its biggest increase in nine months, rising 1.3% in January. The leap was driven by a surge in public-project investments. On commodity: Brent Crude Oil gained by 1.32% to USD 67.6/bbl. WTI Crude oil surged by 2.44% to USD 58.3/bbl. Coal was down by 0.58% at USD 94.5/ton. CPO fell by 1.21% at MYR 1,956/ton. Nickel added by 0.79% to USD 13,118/ton.

Domestic

JCI ended higher by 23.8 points or 0.4% to close at 6,378 and recorded Rp731 bn of net foreign sell. Property (+1.06%), Consumer (+0.91%), Basic Industry (+0.76%) were the leading sector, with UNVR (+1.94% to 49,950), FREN (+12.24% to 330), CPIN (+5.04% to 7,300) become the index movers. Rupiah currency unchanged at 14,265/USD. Our technical desk suggests for trading within the band of 6,340–6,420, with possibility to end at higher level.

PTPP 4Q18 EARNINGS UP BY 59%, FY18 NUMBERS IN-LINE

PT PP (PTPP) reported a strong 59% QoQ increase in net income to Rp627 bn in 4Q18, driven mainly by higher revenue of Rp10.3 tn (+96% QoQ). However, operating profit grew at slower rate of 69% QoQ as cost of revenue (+100% QoQ) and Opex (+111% QoQ) outgrew revenue. Below operating line, higher effective tax rate and minority interest also partly weighed on profitability. The company cumulatively booked Rp1.50 tn in net profit, up by 3% YoY, which came in line with our expectations at 96% of FY18F but slightly lower than consensus (94% of FY18F). FY18 revenue was actually solid at Rp25.1 tn (+17% YoY) which came 6% higher than our FY18F, but higher increase in costs and opex leaved operating profit to grow by only 6% to Rp3.05 tn (96% of FY18F). Profitability was also dented by 48% YoY increase in impairment due to higher interest expenses (+16% YoY), impairment (+74% YoY) and minority interest (+69% YoY).

Comment: We deemed FY18 results in-line with our expectations judging from 96-106% achievement to our FY18F numbers. We maintain our Buy rating on PTPP with TP of Rp2,900. The counter is now trading at only 6.7x 2019F PER.

PTPP FY18 results

Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	FY18	FY18A/F
Revenue	25,119.6	21,502.3	17%	10,332.6	5,279.8	96%	23,588	106%
Cost of revenue	-21,573.6	-18,250.8	18%	-9,014.5	-4,514.8	100%		
Gross profit	3,545.9	3,251.5	9%	1,318.1	765.0	72%	3,863	92%
Gross margin (%)	14.1%	15.1%	-1.0%	12.8%	14.5%	-1.7%		
Gross profit after JO	3,964.2	3,612.6	10%	1,553.6	876.7	77%		
Operating expenses	-917.5	-726.1	26%	-317.5	-144.3	120%		
Operating profit	3,046.7	2,886.5	6%	1,236.1	732.3	69%	3,190	96%
Operating margin	12.1%	13.4%	-1.3%	12.0%	13.9%	-1.9%	13.5%	
Interest expense	-759.8	-653.3	16%	-296.0	-199.2	49%		
Impairment	-236.0	-135.3	74%	-166.7	-40.9	307%		
Other income (expense)	761.6	337.6	126%	429.4	170.0	153%		
Total other income (expenses)	-234.2	-450.9	-48%	-33.2	-70.1	-53%		
Pre-tax profit	2,812.5	2,435.6	15%	1,202.9	662.3	82%	2,772	
Tax	-853.5	-711.7	20%	-365.2	-174.1	110%		
PBMI	1,959.0	1,723.9	14%	837.7	488.2	72%		
Minority interest	-457.0	-270.2	69%	-210.4	-93.2	126%		
Net profit	1,502.0	1,453.7	3%	627.3	394.9	59%	1,569	96%
Net margin	6.0%	6.8%	-0.8%	6.1%	7.5%	-1.4%	6.7%	

OPHIR MANAGEMENT BACKS OF MEDCO TAKEOVER

Ophir Energy Plc interim chief executive Alan Booth reaffirmed management's backing of the recommended takeover by Indonesian firm Medco Energy (MEDC). The board believes that this offer can provide Ophir shareholders with a certain upfront value in cash for the strategy, including rationalising parts of its exploration portfolio, reducing overhead costs and maximising returns to shareholders. Notwithstanding the recommended offer from Medco, the board of Ophir continues to remain focussed on its stated strategy and to maximise returns for shareholders. In terms of its financial results, Ophir reported a 58% rise in revenue to USD298 mn and a 55% improvement in net fund flow from production to USD143 mn.

Comment: We see Ophir management support to MEDC takeover plan as positive ahead of the ballot which is scheduled for March 25. We currently have Buy rating on MEDC with TP of Rp1,150.

INDONESIA FEBRUARY'19 CEMENT SALES VOLUMES GROW 6.2% YOY

In February'19, domestic and exports sales volumes stood at 4.88 mn tons (+1.3% YoY and -13.4% MoM) and 0.42 mn tons (+142.5% YoY and 70.2% YoY), respectively. As such, total Indonesia cement sales volume grew 6.2% YoY to 5.3 mn tons, but slipped 9.9% MoM. Cumulatively, 2M19 sales volume still improved by 2.4% YoY to 11.19 mn tons. However, domestic sales volumes in 2M19 increased slightly by 0.1% YoY to 10.52 mn tons, yet export sales volumes soared by 62% YoY to 0.67 mn tons.

Comment: It seems that the cement sales volumes growth has not displayed strong improvement given the heavy rainy season prolonged in February'19. Hence, construction of infrastructure projects most likely were experienced slow progress. According to Indonesian Cement Association (ASI), in March'19 the heavy rainy season is expected to continue, but in April'19 will be dried.

(In mn tons)	Feb'18	Feb'19	YoY growth	Jan'19	Feb'19	MoM growth	2M18	2M19	YoY growth
Domestic	4.82	4.88	1.3%	5.64	4.88	-13.4%	10.52	10.52	0.1%
Export	0.17	0.42	142.5%	0.25	0.42	70.2%	0.41	0.67	62.0%
Total Indonesia	5.00	5.30	6.2%	5.89	5.30	-9.9%	10.93	11.19	2.4%

BBRI TO AGGRESSIVELY PUSH ITS CREDIT CARD BUSINESS

Bank Rakyat Indonesia (BBRI) plans to aggressively push its credit card business. After growing its credit card portfolio by 25% YoY in 2018, the bank plans to grow it by 50% YoY in 2019F. Total credit card transaction value in BBRI has grown by 30% YoY in 2M19, with leisure sector being the main contributor. Leisure sector contributes to 30% of total transaction, while daily needs sector at 25% and fashion at 15%. In terms of number of credit card, the company targets it to grow by 16% YoY to become 2.32 mn cards. The bank strategies were to leverage on technology in which they could process digital credit cards in 2x24 hours, and also by cooperates with more e-commerce companies such as Traveloka. NPL ratio increase to 4.1% in 2018 from 3.0% previous year as portfolio based grew significantly.

Comment: This growth target could be achievable as BBRI currently has low base credit card portfolio at only Rp2.3 tn as of Dec-18 or 0.28% of its total loan portfolio, relatively not significant in our view. We have a Buy rating on the stock with Rp4,275/share target price.

TECHNICAL ANALYSIS

JCI : (6,378 +0.4%)

Comment : UNVR, FREN and CPIN consecutively became leading movers. Technically, JCI closed above previous minor support level of 6373 so the penetration which occurred two days ago not confirm yet. Support level at 6,337. Resistance level at 6,405. Next support and resistance level will be at 6,250-6,470. Based on traditional technical approach, the index likely will form a double top pattern with theoretical target around the level of 6,200. This pattern will confirm if the index moves below the level of 6,337. 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

LPKR : Testing support level

The price held above minor support level of 238. Resistance level at 268. Next support and resistance level at 200-300. The price potentially to reversal because some momentum indicator formed a positive divergence. Candlestick chart formed a doji pattern. Speculative buy/ Buy on weakness



PTPP : Testing resistance level

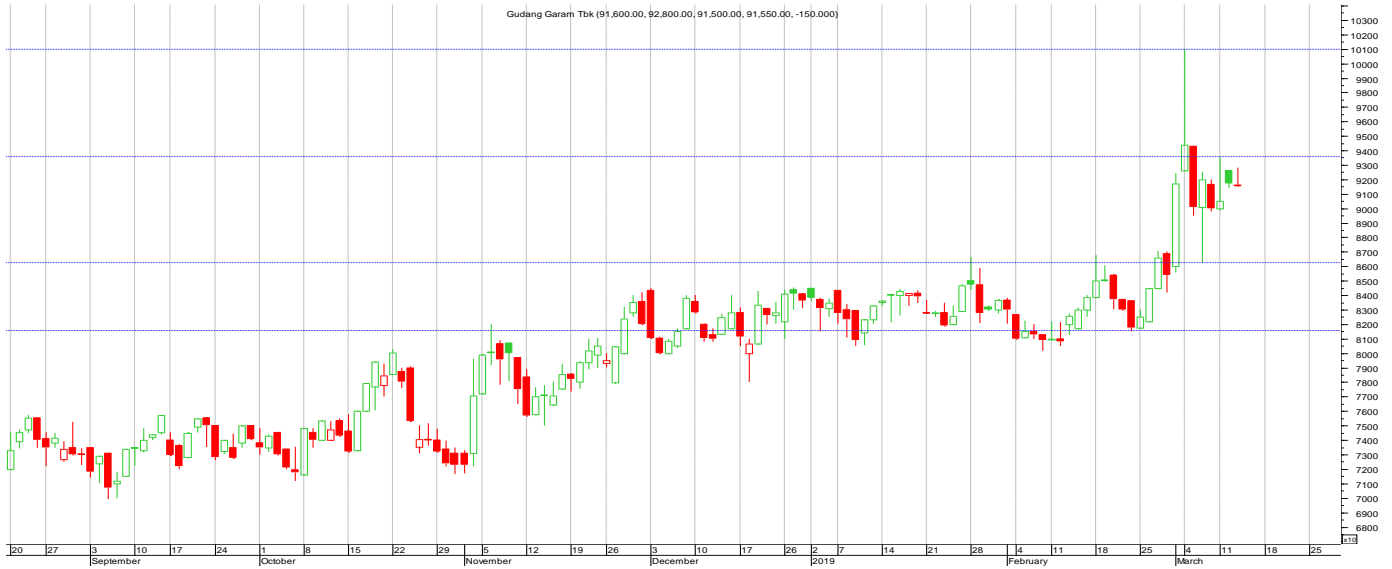
The price held above minor support level of 1,945. Resistance level at 2,200. Next support and resistance level at 1,800-2,450. The trend is still sideways. Speculative buy, cut if the price moves below the level of 1,945



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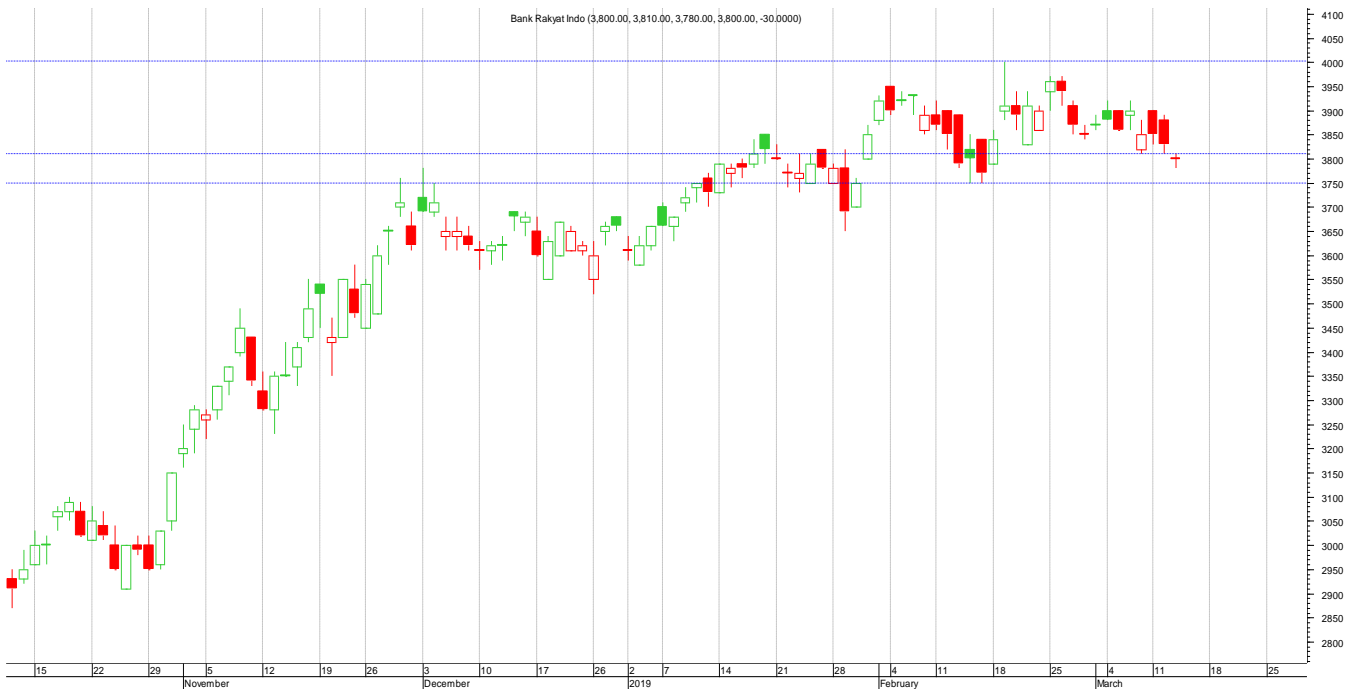
GGRM : Testing resistance level

The price closed below minor resistance level of 93,500. Support level at 89,800. Next support and resistance level at 86,250-100,975. Candlestick chart likely formed a reversal pattern. Sell on strength, sell if the price moves below the level of 86,250.



BBRI : Testing Support level

The price closed below minor support level of 3,800. If the breakout confirm, level of 3,800 will turn into resistance level and the trend turn into negative. Support level at 3,750. Next support and resistance level at 3,650-4,000. Some of momentum indicators formed negative sign. Take profit/ Sell on strength



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,215 -14,315

i	
Maturity (yrs)	Yield (%)
1	6.28
3	7.17
5	7.45
10	7.86
15	8.26
30	8.60

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.21	6.37	6.24	6.12	5.55
US\$	1.21	1.25	1.22	1.26	
JIBOR (RP)	7.03	7.25	7.51	7.70	

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	14,265	0.00
1 US\$ = SGD	1.35	-0.04
1 US\$ = JPY	111.25	-0.07
1 US\$ = AUD	0.71	-0.13
1 US\$ = EUR	1.13	0.04

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