

GLOBAL			
Index	Last	Change	% chg
Dow	25,849	138.93	0.54
S&P 500	2,822	14.00	0.50
Eido US	25.9	0.72	2.86
H.S.I	29,012	160.87	0.56
Nikkei	21,555	104.21	0.49
STI	3,200	2.26	0.07
KLCI	1,681	6.02	0.36
Kospi	2,180	3.99	0.18
SET Thai	1,626	-10.31	-0.63

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	67.2	-0.07	-0.10
WTI Crude Oil (\$/bbl)	58.5	-0.09	-0.15
CPO (MYR/ton)	2,022	1.00	0.05
Gold (US\$/tr ounce)	1,300	-2.51	-0.19
Nickel (US\$/ton)	12,844	45.25	0.35
Tin (US\$/ton)	21,121	-111.50	-0.53
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	93.9	-0.75	-0.79

BEI STATISTICS	
JCI	6,461
Change (1 day)	0.75%
Change YTD	4.31%
P/E Market (X)	15.5
Volume (mn shr)	12,293.9
Value (Rp bn)	9,668.3
↑ 227 ↓ 176 ↔ 226	
LQ45	1,015
% Change (1 day)	1.06%

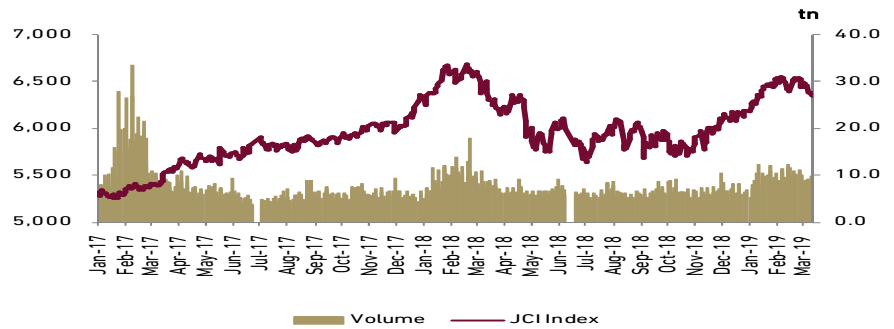
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	-0.08	0.32
Inflation yoy (%)	2.57	2.82

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,262	-16.00	-0.11
1 USD = SGD	1.35	0.00	-0.01
1 USD = JPY	111.55	0.07	0.06
1 USD = AUD	1.41	0.00	-0.04
1 USD = EUR	0.88	0.00	0.03

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.2	-0.03	-0.11	3,730	1,552,505
ISAT	0.1	0.00	0.00	1,925	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Trade surplus may encourage rate cut in Late 2019
- Foreign debt increases to USD 383.3bn in January
- Some lights on the possible new spectrum regulation
- JSRM FY18 result: net profit achieve 106.3% of our estimate
- Mahkota Group(MGRO) to produce cooking oil in 2H19

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,410 (support) – 6490 (resistance) level today

BMRI: Take profit at Rp 7,100-Rp 7,150

Comment : Retest the breakout previous strong support level

BBCA : Take profit at Rp 27,600-Rp 28,000

Comment: Failed to break resistance level

BBNI : Take profit at Rp 9,050-Rp 9,200

Comment: Testing strong resistance level

SMGR : Take profit at Rp 13,100-Rp 13,500

Comment: Testing strong resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

Dow Jones and the S&P 500 were both closing up 0.5% to 25,849 and 2,822 respectively, with rallying tech stocks is led by Apple and Amazon. Friday's rally capped off a very strong week for U.S. stocks, with the S&P 500 up 2.9%, and Dow Jones lagging with a 1.6% weekly gain. Data released on Friday presented contrasting aspects of the US economy - slacking growth in industrial production and continuing contraction in manufacturing but improving consumer sentiment. Industrial production rose a weaker-than-expected 0.1% in Feb after a revised 0.4% decline in Jan, while manufacturing fell 0.4% following Jan's 0.5% drop. On commodity markets, WTI crude oil was down by 0.15% to USD58.5/bbl. while nickel price went up 0.35% to USD12,844/ton.

Domestic

JCI closed higher at 6,461 or increase by 48 points (0.75%) on Friday trading and recorded Rp410 bn of net foreign buy. The leading sectors were Basic Industry (+2.35%), Finance (+1.29%), and Trade (+0.52%) which were mainly driven by BBRI (+2.84% to 3,980), BMRI (+2.53% to 7,100), and CPIN (+5.96% to 8,000) as the key movers. Indonesia posted a trade surplus USD0.33 bn in Feb 19, swinging from a USD0.05 bn deficit in Jan 18. Rupiah strengthened by 16 points to 14,262/USD. Our technical desk suggests for trading within the band of 6,335 – 6,490 with possibility to end at lower level.

TRADE SURPLUS MAY ENCOURAGE RATE CUT IN LATE 2019

Trade data surprised us as it recorded a USD 0.33 bn surplus for February after four straight months of deficits previously. BPS reported a -11.33% YoY (-10.03% MoM) drop of Indonesia's export to USD 12.5 bn in February. February's negative export growth figure also denoted the problem from trade war as Indonesia's export to both China and US declined. China's economy slowdown is reflected by its declining import at -5.2% YoY, making Indonesia's export to China decreased significantly in February. Trade deal agreement between US and China is a key, we believe. Import growth registered significant fall of -13.98% YoY (-18.61% MoM) to USD 12.2 bn in February. On one side, falling import growth is good news for CAD. It narrowed the YTD trade deficit to USD 734.0 mn or 9.2% lower than same period last year. However, it may also entail negative inference on economic growth. Less import means less domestic expansion. However, in current global volatility (trade war and FFR hike uncertainty), lower import growth will help to maintain stability for CAD and Rupiah.

Comment: In our previous "what to expect report", we stated that if the February trade balance unexpectedly gives significant improvement, BI may start signaling rate cut by the end of 2019. Fall of import growth and positive progress of trade talk between US and China favors CAD to be better than our estimates. **We call for 50bps rate cut in 2H19 followed by 50-100 bps rate cut in 2020 IF 1) CAD moves below 2.5% of GDP (trade deal between US and China will help); 2) Fed does not increase FFR in 2019-2020.** We will update our forecast figures further after FOMC meeting next week.

FOREIGN DEBT INCREASES TO USD 383.3BN IN JANUARY

Bank Indonesia (BI) revealed on Friday that Indonesia's foreign debt reached USD 383.3 bn in January a rise of 7.2% YoY compared to January 2018, which was recorded at USD357.6 bn. In January the combined debt of the government and BI stood at USD190.2 bn, compared to the position in January, 2018, which was recorded at USD187.2 bn. Meanwhile, the private sector debt in January this year was recorded at USD193.1 bn. The increase in foreign debt was particularly triggered by the actions of foreign investors through the purchase of Indonesia's sovereign debt papers [SBN] in January. This indicates an improvement in foreign investor confidence in the Indonesian economy. The central bank remained see current foreign debt as healthy as its ratio to GDP at 36% and long term debt proportion at 86.2%

SOME LIGHTS ON THE POSSIBLE NEW SPECTRUM REGULATION

Local news reported that the Indonesian telco regulatory board (BRTI) is still studying the best mechanism of the spectrum transfer on M&A activity. The currently suggested model requires operators to return all of the respective spectrums to the government. The Government will subsequently evaluate some parameters, including whether the combined entity will own >50% of total available spectrums and the spectrum-to-subscribers ratio of the combined entity. In the case of one or more of the above criterion is not satisfied, the Government may withhold the spectrum, and as a result the combined entity may only receive partial spectrum allocations.

Comment: This may impose a slight negative sentiment, especially on companies who previously rallied on M&A rumors. However, given the regulation is actually still uncertain, no firm conclusion could be drawn. At a first glance, in the case of merger between ISAT and FREN, the first rule (on spectrum) is not violated. However, in the case of consolidation of ISAT, FREN, and Tri, the combined spectrum may be in the borderline of 50% of the total available spectrum in the industry.

JSMR FY18 RESULT: NET PROFIT ACHIEVE 106.3% OF OUR ESTIMATE

JSMR recorded a 40.6% QoQ lower net profit in 4Q18 to Rp431 bn, yet bringing FY18 net profit to Rp2.2 tn (+0.1% YoY), which came slightly above our estimates at 106.3% and relatively in line with consensus at 98.3%. Total core revenue (including net construction revenue) in 4Q18 grew 13.2% YoY to 2.7 tn, cumulatively FY18 total core revenue stood at Rp9.97 tn (+9.8% YoY), forming 99.9% and 95.9% of ours and consensus FY18 projection. FY18 operating profit came in at Rp4.59 tn, soared by 10.5% YoY and translating to 46.1% operating margin (vs. 45.8% in FY17). However, due to net finance expenses which jumped by 54.6% to Rp1.52 tn, FY18 EBT slightly declined by 1.2% YoY to Rp3.21 tn, implying 32.2% EBT margin (vs. 35.8% in FY17)

Comment: overall FY18 result of JSMR is largely in line on the top line and slightly above our expectation on the bottom line. We will review our TP on JSMR as we believe more favorable economic outlook will bring benefit to the company during the high capex period. Currently we still have a BUY recommendation on JSMR with TP of Rp5,600, or offering a limited upside potential of 5.1%.

Rp bn	FY18	FY17	YoY	4Q18	3Q18	qoq	2018F	% of 2018F	Cons	% of 2018F Cons
Total core revenue*	9,970	9,080	9.8%	2,701	2,385	13.2%	9,984	99.9%	10,393	95.9%
<i>Toll and Other Operating Expenses</i>	-4052.6	-3772.1	7.4%	1,019	1,034	-1.4%				
<i>G&A Expenses</i>	-1325.3	-1152.5	15.0%	-397	-305	29.9%				
Total operating expenses	-5,378	-4,925	9.2%	1,416	1,339	5.7%				
Operating Profit	4,592	4,155	10.5%	1,285	1,046	22.9%	4,493	102.2%	4,602	99.8%
<i>Operating margin (%)</i>	<i>46.1</i>	<i>45.8</i>	<i>0.29</i>	<i>47.6</i>	<i>43.9</i>	<i>3.72</i>				
Net Finance Income (Expense)	-1,523	-985	54.6%	-418	-351	19.2%				
Other Income (Expense)	140.92	79.95	76.3%	-161	478	133.7%				
Pre-tax profit	3210.31	3250.45	-1.2%	706	1,173	-39.8%	3,071	104.5%	3,163	101.5%
<i>Pretax margin (%)</i>	<i>32.2</i>	<i>35.8</i>	<i>(3.60)</i>	<i>26</i>	<i>49</i>	<i>-23.04</i>				
Tax	-1,174	-1,157	1.5%	-348	-465	-25.2%				
Minority interest	166	107	55.8%	73	18	312.1%				
Net profit	2,203	2,200	0.1%	431	726	-40.6%	2,072	106.3%	2,241	98.3%
<i>Net profit margin (%)</i>	<i>22.1</i>	<i>24.2</i>	<i>(2.14)</i>	<i>16.0</i>	<i>30</i>	<i>-14.45</i>				

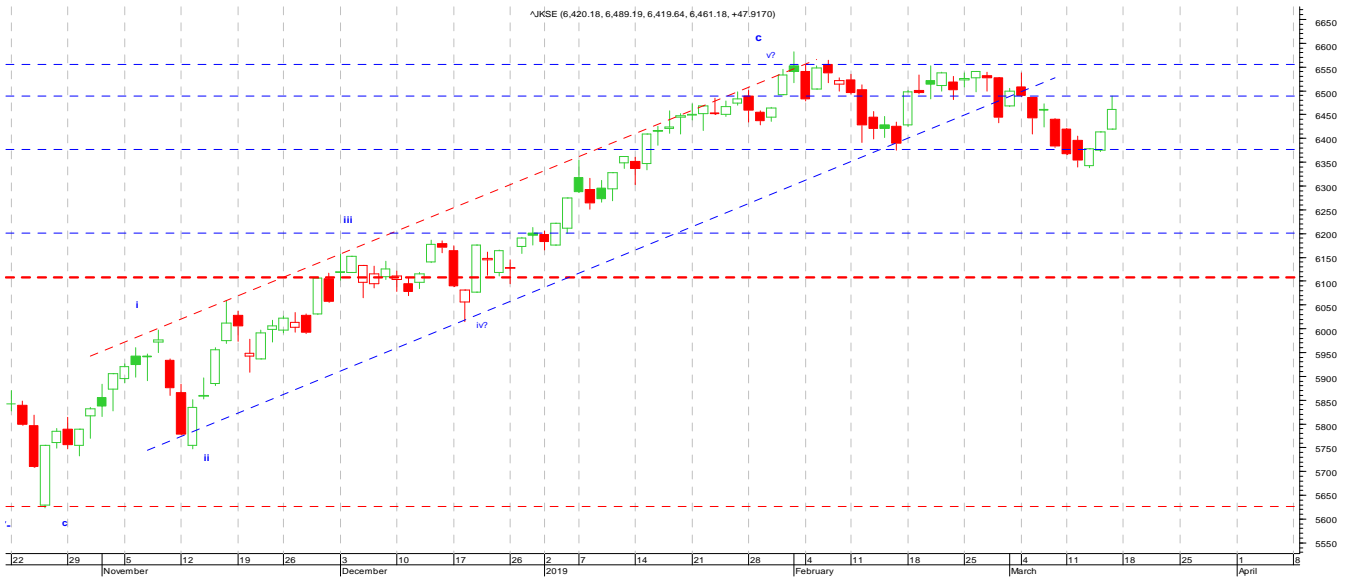
MAHKOTA GROUP(MGRO) TO PRODUCE COOKING OIL IN 2H19

MGRO recorded total of 41,767 tons of CPO in January and February. Company projected total production of 50,827 tons of CPO in 1Q19. MGRO will also operate refinery and kernel crushing plant in Dumai through it's subsidiary, PT Intan Sejati Andalan in this June. Later, this factory also expected to produce 1,500 tons of cooking oil per day, while kernel crushing plant will manufacture 400 tons of palm kernel oil per day. For this year, Company allocates Rp 200 bn of capex from the bank loan and IPO fund and MGRO targets at Rp 5 tn of revenue(+250%YoY) with Rp 123 bn of net profit.

TECHNICAL ANALYSIS

JCI : (6,462 +0.7%)

Comment : BBRI, BMRI and CPIN consecutively became leading movers. Technically, JCI closed below below resistance level of the gap 6,488. The index has reached 61.8% fibonacci retracement so the index vulnarable to profit taking. Support level at 6,410. Next support and resistance level will be at 6,370-6,550. 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.

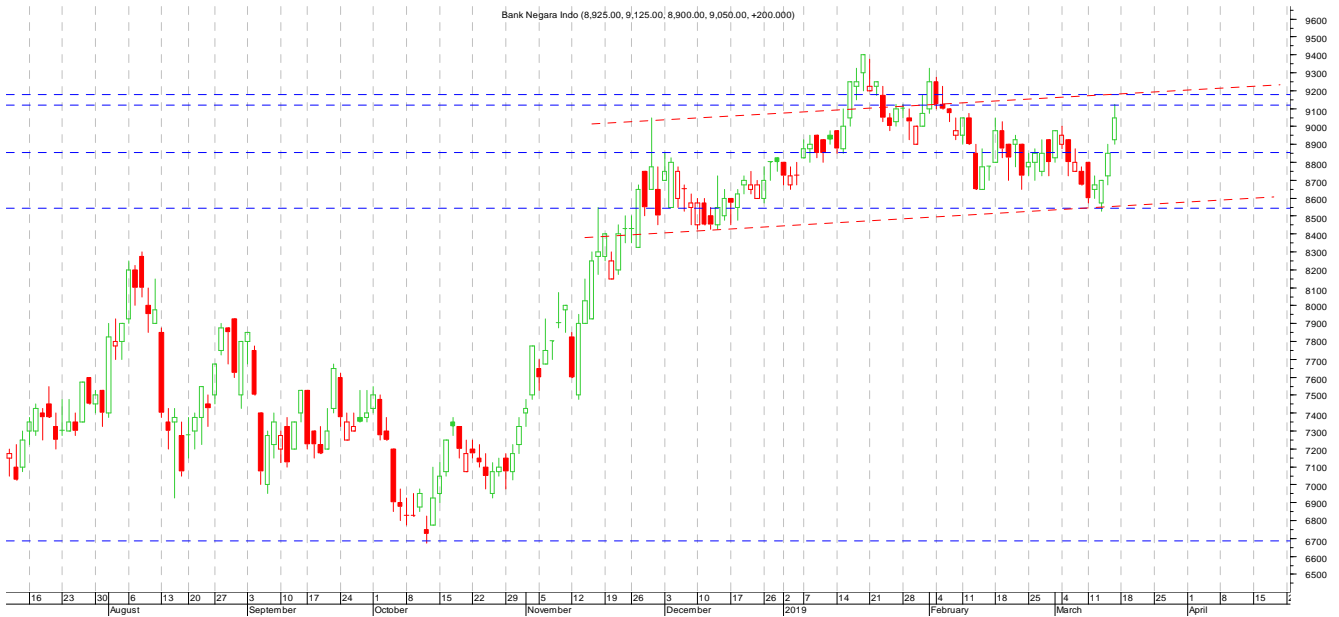


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STOCK OF THE DAY

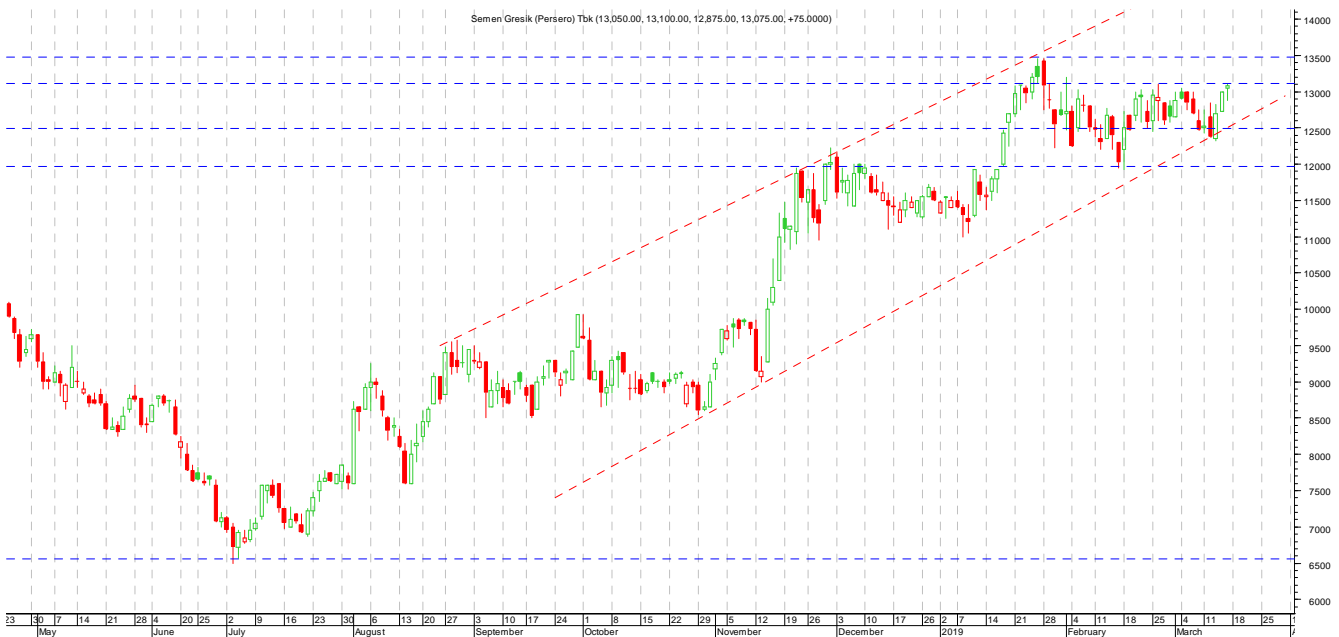
BBNI : Testing support level

The price closed below resistance level of 9,125-9,200. Support level at 8,850. Next support and resistance level at 8,525-9,400. The penetration of support level 8,525 will cause the trend turn into negative. Take profit/Sell on strength, sell if the price moves and stabil below the level of 8,525.



SMGR : Testing support level

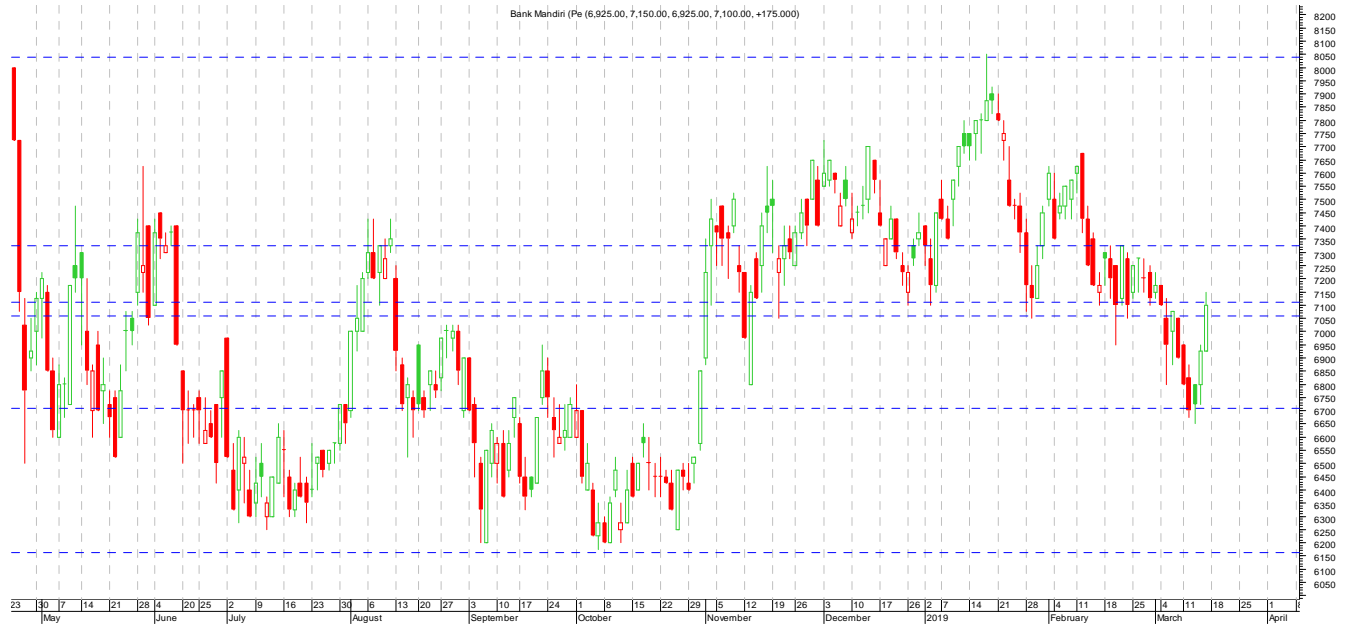
The price closed below minor resistance level of 13,100. Support level at 12,325. The penetration of this support level will cause the trend turn into negatif. Next support and resistance level at 11,925-13,500. Take profit/Sell on strength. Sell if the price moves below the level of 12,30



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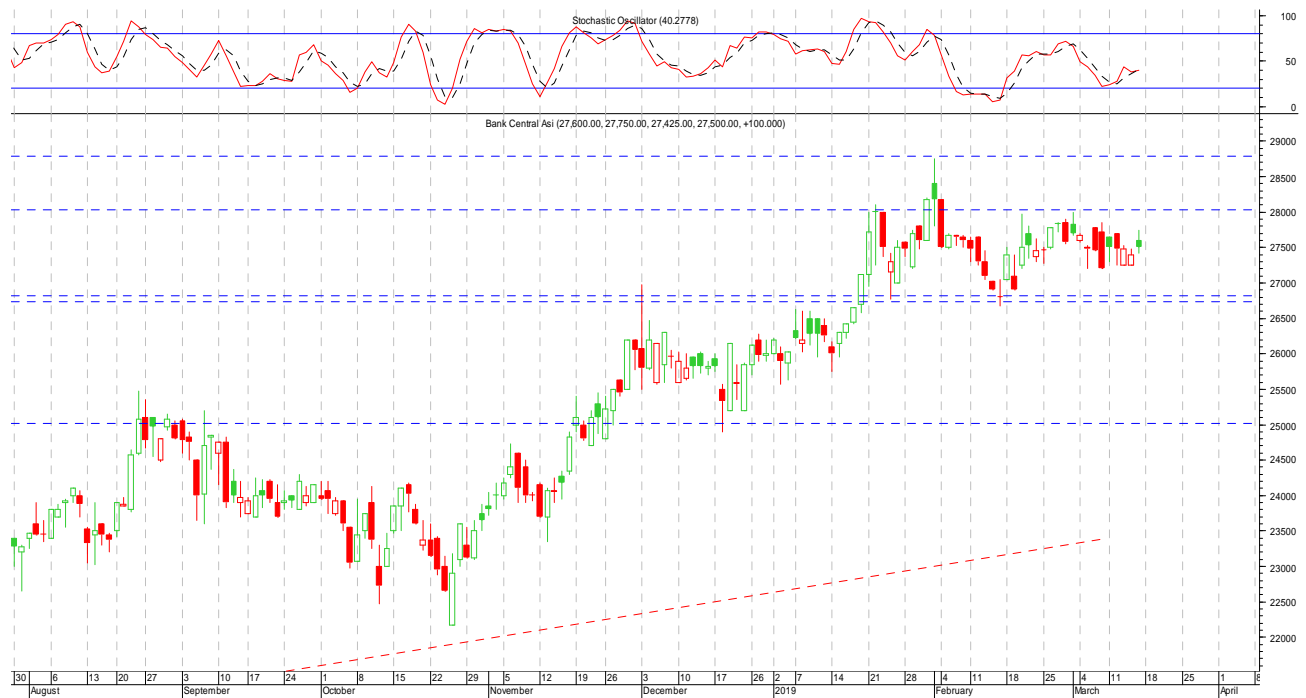
BMRI : Retest the breakout

The price closed at resistance level of the gap 7,100. Level of 7,050-7,100 was a strong support level before it was breached. If the breakout confirm, level of 7,050-7,100 will turn into strong resistance level and the trend turn into negative. Support level at 6,700. Next support and resistance level at 6,200-7,325. Take profit/Sell on strength



BBCA : Testing resistance level

The price closed below minor resistance level of 28,000. Support level at 27,200. Next support and resistance level at 26,675-28,750. The penetration of support level 26,675 will cause the trend turn into negative. 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: 14,210 -14,310

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.14
5	7.36
10	7.77
15	8.13
30	8.59

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.19	6.33	6.28	6.07	5.63
US\$	1.25	1.20	1.19	1.22	
JIBOR (RP)	7.00	7.23	7.49	7.69	

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	14,262	0.11
1 US\$ = SGD	1.35	0.01
1 US\$ = JPY	111.55	-0.06
1 US\$ = AUD	0.71	0.04
1 US\$ = EUR	1.13	-0.03

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