

GLOBAL

Index	Last	Change	% chg
Dow	25,746	-141.71	-0.55
S&P 500	2,824	-8.34	-0.29
Eido US	26.3	0.18	0.69
H.S.I	29,321	-145.31	-0.49
Nikkei	21,609	42.07	0.20
STI	3,208	-13.26	-0.41
KLCI	1,684	-3.47	-0.21
Kospi	2,191	14.19	0.65
SET Thai	1,628	-2.47	-0.15

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	68.5	0.89	1.32
WTI Crude Oil (\$/bbl)	60.2	1.20	2.03
CPO (MYR/ton)	2,095	35.00	1.70
Gold (US\$/tr ounce)	1,315	2.59	0.20
Nickel (US\$/ton)	13,121	72.00	0.55
Tin (US\$/ton)	21,420	90.00	0.42
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	93.6	0.10	0.11

BEI STATISTICS

JCI	6,483
Change (1 day)	0.04%
Change YTD	4.65%
P/E Market (X)	15.6
Volume (mn shr)	10,633.6
Value (Rp bn)	6,239.0
↑ 177 ↓ 195 ↔ 256	
LQ45	1,020
% Change (1 day)	0.10%

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

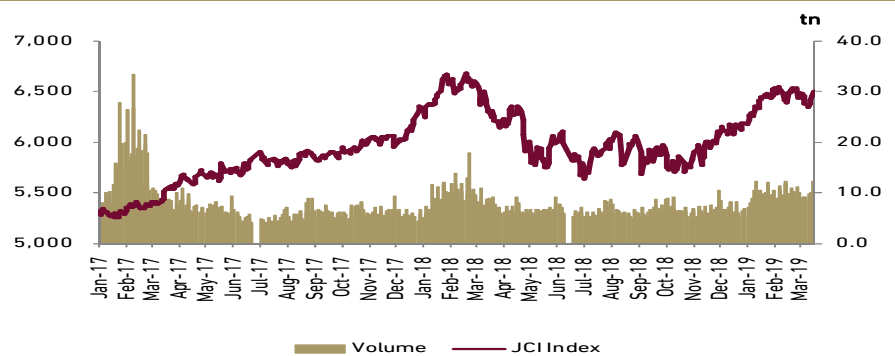
	Last	Change	% chg
1 USD = IDR	14,188	-44.00	-0.31
1 USD = SGD	1.35	0.00	-0.10
1 USD = JPY	110.72	0.02	0.02
1 USD = AUD	1.40	0.00	-0.29
1 USD = EUR	0.88	0.00	-0.11

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.6	0.07	0.26	3,777	290,349
ISAT	0.1	0.00	0.00	1,915	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Fed proves its dovish stance, expecting no FFR hike in 2019
- Government asks poultry companies to lower DOC production by 10%
- Medco to acquire Ophir in a higher bid
- INTP FY18 highlight: bottom line result beats estimates
- RALS booked Rp 449bn in February 2019

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,410 (support) – 6510 (resistance) level today

BBCA: Sell on strength at Rp 27,700-Rp 28,000

Comment : Testing resistance level

INDF : Sell on strength at Rp 7,300-Rp 7,450

Comment: Failed to break resistance level

UNTR : Buy on weakness at Rp 27,500-Rp 27,000

Comment: Moved above the downtrend line

SMGR : Buy on weakness at Rp 12,800-Rp 12,600

Comment: Testing support level of the uptrend line

MARKET REVIEW & MARKET OUTLOOK

Regional

The Dow Jones Industrial Average and S&P 500 closed lower after the Federal Reserve's latest monetary-policy announcement dragged Treasury yields lower, pushing bank shares down. Dow Jones end the day with -0.55% at 25,745.67. The S&P 500 closed 0.3% lower at 2,824.23. The Nasdaq Composite gain 0.1% higher at 7,728.97. The Fed forecast no rate hikes in 2019, the central bank also indicated it intends to end the reduction of its massive \$4.2 trillion balance sheet by September. On commodity markets: Brent Crude Oil went up by 1.32% to USD 68.5/bbl. WTI Crude oil surged by 2.03% to USD 60.2/bbl. Coal inched up by 0.11% at USD 93.6/ton. CPO went up by 1.7% at MYR 2,095/ton. Nickel rose by 0.55% to USD 13,121/ton.

Domestic

JCI ended slightly higher by 2.43 points or 0.04% to close at 6,483 and recorded Rp83 bn of net foreign buy. Mining (+0.49%), Finance (+0.30%), Consumer (+0.21%) were the leading sectors. UNVR (+0.81% to 49,725), BDMN (+3.37% to 8,425), BMRI (+0.68% to 7,450) become the index movers. Rupiah currency strengthened by 44 points to 14,188/USD. Our technical desk suggests for trading within the band of 6,410–6,510, with possibility to end at lower level.

FED PROVED ITS DOVISH STANCE, EXPECT NO FFR HIKE IN 2019

Federal Reserve Chairman Jerome Powell said interest rates could be on hold for “some time” as global risks weigh on the economic outlook and inflation remains muted. FOMC’s 2019 FFR hike projection has been cut from 50 bps in Dec meeting to no hike at all in March meeting, together with revision of PCE inflation projection at 1.8% YoY (vs 1.9% YoY in Dec meeting) and GDP growth at 2.1% YoY (vs 2.3% YoY in Dec meeting). Current data don’t suggest Fed to move in either direction. Officials also decided to slow the drawdown of the U.S. central bank’s bond holdings starting in May, dropping the cap on monthly redemptions of Treasury securities from the current USD30 bn to USD15 bn, and then end them in September. This move denotes Fed’s concern of slowdown risk in 2019. Powell sounded the alarm on low inflation during his post-meeting press conference, calling weak global price pressures “one of the major challenges of our time.”

Comment: Fed’s “no FFR hike” projection is in line with our estimates. We continue to call 50 bps BI 7DRRR cut in 2H19, followed by 50-100bps cut in 2020. If Indonesia’s current account deficit decline to 2.5% and below. The BI 7DRRR cut can be even more aggressive in 2019 if US data is worsened due to trade war and Fed start to signaling FFR cut later this year. However, we see the chance of FFR cut in 2019-2020 remain low.

GOVERNMENT ASKS POULTRY COMPANIES TO LOWER DOC PRODUCTION BY 10%

Through circular letter, Ministry of Agriculture instructs 41 of poultry companies to lower the DOC production, whereas CPIN, JPFA and MAIN also included. This is mainly underpinned by the decreasing projected demand of livebird during March – April’19. On top of that, since the broiler price at the moment is below the reference price of Rp20,000 – Rp22,000; hopefully by lowering the production the price at farm gate can be increased to range.

Comment: We believe the broiler price will recover to around Rp20,000 on the back of government instruction. However, we think weak broiler prices in January’19 and February’19 were affected by supply in the market.

MEDCO TO ACQUIRE OPHIR IN A HIGHER BID

Ophir Energy Plc said it agreed to be bought by Indonesian oil and gas group Medco for a sweetened cash bid of 408.4 mn pounds (USD539 mn) after previously agreeing to a lower offer. Ophir shareholders will receive 57.5 pence per share in cash. That is up from the previously agreed 55 pence per share. Medco said its offer of 57.5 pence per share is final and would not be increased. A meeting in connection with the increased offer will be held on March 25. Ophir’s directors recommended that the shareholders vote in favor of the deal. The increased offer comes after hedge fund Petrus Advisers, which owns 3.94% of Ophir, planned to vote against Medco’s bid because it undervalued the company.

Comment: We believe the deal would be accretive to MEDC’s EBITDA as it translates to only 2.1x EV/EBITDA based on our calculation using consensus number. We currently have Buy rating with TP of Rp1,150.

INTP FY18 HIGHLIGHT: BOTTOM LINE RESULT BEATS ESTIMATES

4Q18 net profit of INTP came up strong at Rp528.2 bn soared by 101.6% QoQ on higher ASP amid flat cement sales volumes growth compare to 3Q18 as well as relatively cheaper coal price. INTP experienced notable margins expansion across the board during 4Q18 whereas gross margin, operating margin and net margin expanded by 625 bps QoQ, 680 bps QoQ and 585 bps QoQ, respectively. We spotted cost of revenue in 4Q18 apparently more efficient as it declined by 5.87% QoQ, while the company managed a 3.01% QoQ higher revenue to Rp4.4 tn.

On a full-year basis, FY18 net profit recorded at Rp1.14 tn, dropped by 38.4% YoY, yet beating our and consensus estimates by 46.1% and 15.2%. Revenue stood at Rp15.2 tn (+5.26% YoY), forming 107.4% and 101.2% of our and consensus' FY18 projection. However, gross profit declined by 12.75% YoY to Rp4.37 and followed by operating income that plunged by 71.5% YoY to Rp1.05 tn. As a result, FY18 gross and operating margin narrowed to 28.8% (vs. 34.7% in FY17) and 6.9% (vs. 13.4%). In addition, net profit margins also declined to 7.5% (vs. 12.9% in FY17)

Comment: We believe the recent share price appreciation is justified by the earnings surprise. The condition in 4Q18 may tell us healthier cement environment given the ability of INTP to raise the ASP. Lower coal price was obviously brought valuable benefit for the company. Looking at the bottom line result which significantly beat our estimate, this was mainly due to our so conservative view on the company as we were not expected a more favorable condition in 4Q18. We are currently reviewing out our recommendation on INTP.

INTP results FY2018

In Rp bn	FY18	FY17	YoY	4Q18	3Q18	QoQ	KI FY18 %	Cons FY18 %
Revenue	15,190.3	14,431.2	5.3%	4,417.4	4,288.4	3.0%	107.4%	101.2%
COGS	-10,821.3	-9,423.5	14.8%	-2,926.9	-3,109.5	-5.9%		
Gross profit	4,369.0	5,007.7	-12.8%	1,490.5	1,178.9	26.4%	118.6%	105.5%
<i>Gross margin (%)</i>	<i>28.8</i>	<i>34.7</i>	<i>(5.9)</i>	<i>33.7</i>	<i>27.5</i>	<i>6.3</i>		
Operating expenses	-3,322.6	-3,080.2	7.9%	-940.8	-936.9	0.4%		
Operating income	1,046.5	1,927.5	-45.7%	549.7	242.0	127.1%	190.8%	136.9%
<i>Operating margin (%)</i>	<i>6.9</i>	<i>13.4</i>	<i>(6.5)</i>	<i>12.4</i>	<i>5.6</i>	<i>6.8</i>		
finance income	415.1	519.5	-20.1%	108.7	82.1	32.3%		
finance cost	-18.7	-14.1	32.4%	1.2	24.9	-95.1%		
Others - net	-42.1	-145.0	-71.0%	-20.3	-14.1	44.0%		
Profit before tax	1,400.8	2,288.0	-38.8%	639.4	335.0	90.8%		
Tax expense	-254.9	-428.2	-40.5%	-111.5	-72.1	54.6%		
Net income	1,145.9	1,859.8	-38.4%	528.2	262.0	101.6%	146.1%	115.2%
<i>Net margin (%)</i>	<i>7.5</i>	<i>12.9</i>	<i>(5.3)</i>	<i>12.0</i>	<i>6.1</i>	<i>5.8</i>		

RALS BOOKED RP 449BN IN FEBRUARY 2019

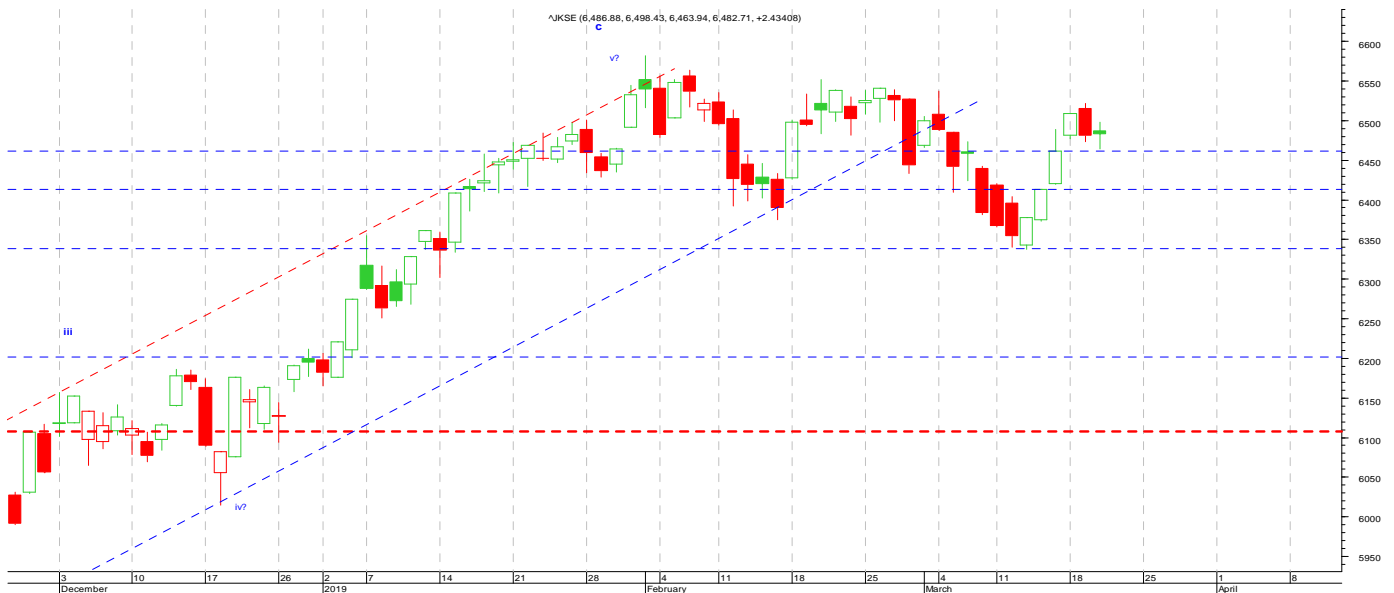
Ramayana (RALS) recorded Rp 449bn of gross sales in February 2019 (-1% YoY/-20% MoM), on the back of -2% SSSG (vs. 3% in January 2019), which derived from Jakarta (-4.8% vs. -3.4% in January 2019), Outside Java (-0.9% vs. 8.4% in January 2019), and Java outside Jakarta which still remarks positive growth of 0.3% vs. 5.4% in January 2019. On YTD basis, gross sales arrived at Rp1.01 tn (+1.9% YoY), representing 11% of our 2019F, on the back of 0.7% SSSG, as Jakarta growth was still in negative territory of -4%, while mostly contributed by Outside Java with 4.1%, then followed by Java Outside Jakarta with 2.9%.

Comment: We see that the sales results were quite weak compared to the previous month's achievements, due to seasonality factor. As January had New Year and Chinese New Year celebration. We believe that RALS sales will recover and improved in lebaran season (May – June). We have a HOLD recommendation for RALS with TP of Rp1,800/sh as we see that the stock is fully valued at 19.1x 2019F PER.

TECHNICAL ANALYSIS

JCI : (6,482 +0.04%)

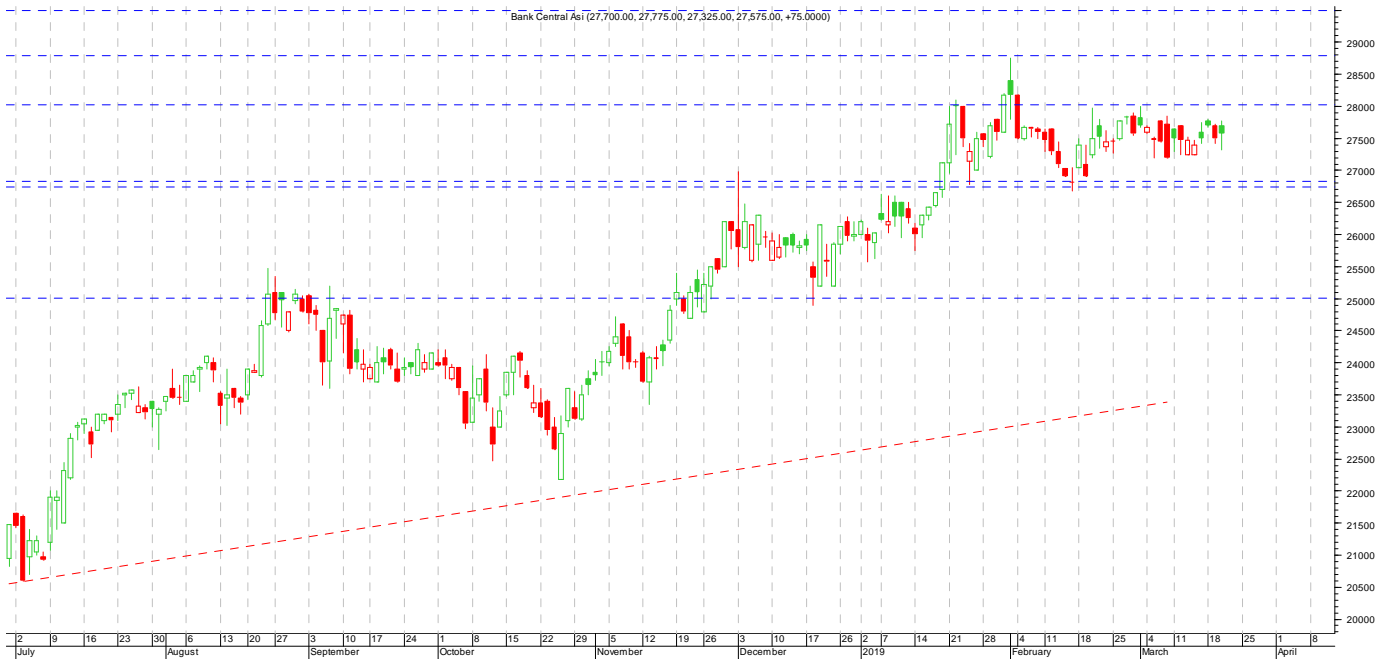
Comment : UNVR, BDMN and BMri consecutively became leading movers. Technically, JCI failed to break minor resistance level of 6,552. Support level at 6,460. Next support and resistance level will be at 6,410-6,581. Candlestick chart likely formed a reversal pattern. Based on Elliot wave approach, as 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

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. Sell on strength, Sell if the price moves below the level of 36,650



UNTR : Testing resistance level

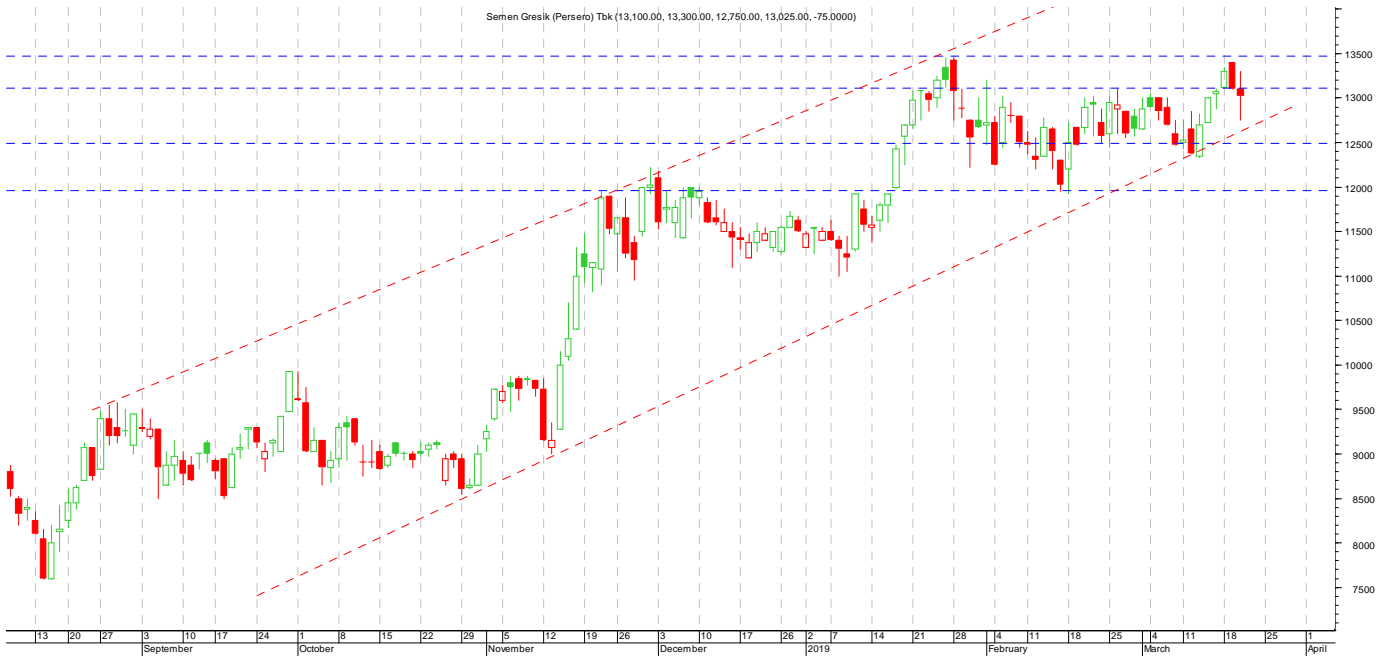
The price closed below minor resistance level of 28,000. Support level at 25,750. Next support and resistance level at 24,250-31,000. The short-term trend potentially turn into positive. The mid-term trend is still negative. ST : Speculative buy/Buy on weakness, MT : Sell on strength



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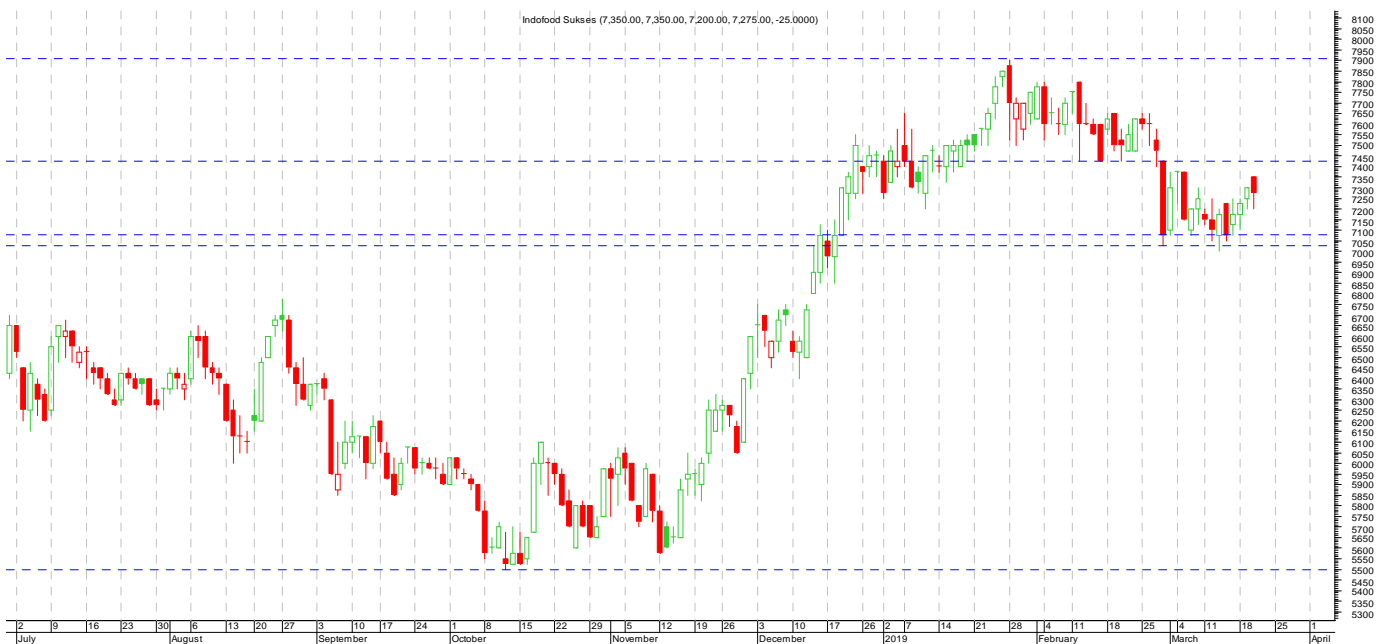
SMGR : Testing support level

The price closed above support level of the uptrend channel 12,600. Resistance level at 13,400. Next support and resistance level at 12,000-14,000. The trend is still positive as long as the price hold above the level of 12,600. Buy on weakness, cut if the price moves and stable below the level of 12,600.



INDF : Testing resistance level

The price failed to break minor resistance level of 7,425. Level of 7,425 was a strong support level before it was breached and potentially turn into strong resistance level. Support level at 7,000. The penetration of this support level will cause the trend turn into negative. Next support and resistance level at 6,600-7,800. Sell on strength



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,130 -14,230

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.28
3	7.05
5	7.28
10	7.71
15	8.04
30	8.54

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.13	6.31	6.24	6.09	5.45
US\$	1.25	1.29	1.25	1.20	
JIBOR (RP)	7.00	7.21	7.49	7.68	

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	14,188	0.31
1 US\$ = SGD	1.35	0.10
1 US\$ = JPY	110.72	-0.02
1 US\$ = AUD	0.71	0.30
1 US\$ = EUR	1.14	0.11

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