

GLOBAL

Index	Last	Change	% chg
Dow	26,308	-122.35	-0.46
S&P 500	2,918	-6.21	-0.21
Eido US	25.5	-0.38	-1.47
H.S.I	29,944	245.07	0.83
Nikkei	22,259	0.00	0.00
STI	3,393	-6.87	-0.20
KLCI	1,632	-10.05	-0.61
Kospi	2,209	-4.08	-0.18
SET Thai	1,679	5.65	0.34

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	70.8	-1.43	-1.98
WTI Crude Oil (\$/bbl)	61.8	-1.79	-2.81
CPO (MYR/ton)	1,919	-63.00	-3.18
Gold (US\$/tr ounce)	1,271	0.83	0.07
Nickel (US\$/ton)	12,075	-25.00	-0.21
Tin (US\$/ton)	19,362	-277.00	-1.41
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	87.2	0.00	0.00

BEI STATISTICS

JCI	6,374
Change (1 day)	-1.25%
Change YTD	2.90%
P/E Market (X)	15.6
Volume (mn shr)	10,844.6
Value (Rp bn)	7,627.9
↑ 149 ↓ 267 ↔ 216	
LQ45	1,007
% Change (1 day)	-1.21%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.44	0.11
Inflation yoy (%)	2.83	2.48

EXCHANGE RATE

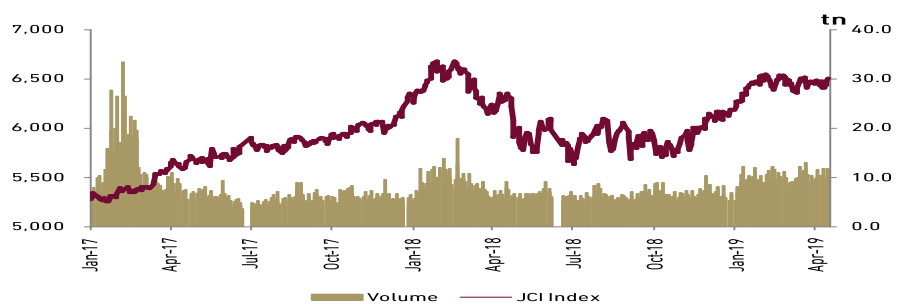
	Last	Change	% chg
1 USD = IDR	14,252	-7.00	-0.05
1 USD = SGD	1.36	0.00	0.03
1 USD = JPY	111.45	-0.06	-0.05
1 USD = AUD	1.43	0.00	0.03
1 USD = EUR	0.89	0.00	-0.03

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.9	0.37	1.40	3,827	265,830
ISAT	0.2	0.00	0.00	2,280	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Food Price Brough April inflation at 0.44% MoM
- HRUM: Poor 1Q19 performance, in-line with expectation
- ISAT management is assessing rights issuance and tower sales to fund its Rp10 tn capex
- Minister of Information and Communication, Mr. Rudiantara, reiterated the urgency of telcos consolidation
- Commission for the Supervision of Business Competition (KPPU) mentioned that the anti-predatory pricing regulation is contra productive

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,320 (support) – 6,420 (resistance) level today

PTBA: Sell on strength at Rp 3,950-Rp 4,000

Comment :The short-term trend is still negative

INDF : Take profit at Rp 7,000-Rp 7,200

Comment: Testing resistance level

SMGR : Take profit at Rp 13,000-Rp 13,500

Comment: Closede below support level

JPFA: Buy on weakness at Rp 1,470-Rp 1,440

Comment: Oversold, Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

Us equities fell yesterday trade, following the federal reserve's indication of no rate cut. Dow Jones declined 122.35 points or 0.46% to 26,308, as 10-year treasury yield reached its intraday high. S&P fell 0.21% to 2,917. Negative sentiment came as Jerome Powell statement indicated of no rate cut at the moment. Most of the earnings news was already reflected in this week, as Apple fell by 0.65% after surged by 6% on Tuesday. Apple reported better than expected earnings in the first quarter. Currently, market will be more focus on the macro news. On commodity markets: Brent Crude Oil went down by 1.98% to USD 70.8/bbl. WTI Crude oil dropped by 2.81% to USD 61.8/bbl. Coal was unchanged at USD 87.2/ton. CPO declined by 3.18% at MYR 1,919/ton.

Domestic

JCI closed at 6,374 lower 80.93 points (-1.25%). Net foreign sell was 192 bn. The Laggard sectors were, Basic Industry (-2.00%), Misc Industry (-1.66%), Consumer (-1.64%). The Index movers were, BDMN (-19.77% to 7,100), HMSP (-3.14% to 3,390), BBCA (-1.13% to 28,425). Rupiah strengthened by 7 points to 14,252/USD. Our technical desk suggest for trading within the range of 6300 – 6400 with possibility to end at higher level.

FOOD PRICE BROUGHT APRIL INFLATION AT 0.44% MOM

Statistics office (BPS) reported April inflation jumped to 0.44% MoM (2.83% YoY). This came above both our estimates and Bloomberg consensus. Although almost all inflation components were in line with our estimates, the jump in food price brought headline inflation above estimates. Food inflation in April jumped 1.45% MoM (2.29% YoY). April food price historically experienced deflation due harvest season. However, some factors boost food price in April 2019. First is lack of coordination of garlic import. Garlic became the main suspect of April inflation as its price skyrocketed by 41.4% MoM, contributing 0.09% to headline inflation. Second factor is late harvest in several places as mentioned by coordinating minister of economic, mainly due to distributional problems. It made supply of shallot, chili, vegetables and some other food products were limited, hence boost the price. Airline ticket price remained contributing to overall inflation by 0.03%. It denoted the magnitude and pressure to overall inflation was the same with previous months.

Comments: We retain our view of 3.2% YoY inflation for FY19. Inflation will be muted in May due to food price normalization despite Ramadhan high season. However, the price may jump in June due to Lebaran festive. We also believe the higher oil price will not make government hesitate to increase the subsidized price significantly. Government has said it will focus to boost growth in next 5 years and boosting growth needs stability of inflation.

HRUM: POOR 1Q19 PERFORMANCE, IN-LINE WITH EXPECTATION

USD mn	1Q19	1Q18	YoY	1Q19	4Q18	QoQ	2019F	1Q/19F
Revenue	72.1	86.8	-17.0%	72.1	103.7	-30.5%	355	20.3%
Cost of revenue	-52.2	-55.8	-6.4%	-52.2	-76.7	-32.0%		
Gross profit	19.9	31.0	-35.9%	19.9	27.0	-26.4%	98	20.4%
<i>Gross margin (%)</i>	<i>27.6</i>	<i>35.8</i>	<i>-8.2</i>	<i>27.6</i>	<i>26.0</i>	<i>1.56</i>		
Operating expenses	-10.4	-9.5	10.0%	-10.4	-17.8	-41.4%		
Operating profit	9.5	21.6	-56.1%	9.5	9.2	2.6%	45.7	20.7%
<i>Operating margin (%)</i>	<i>13.1</i>	<i>24.8</i>	<i>-11.7</i>	<i>13.1</i>	<i>8.9</i>	<i>4.2</i>		
Finance Income (cost)	0.7	0.5	31.2%	0.7	4.4	n/a		
Other income (expenses)	-1.3	-1.7	-20.1%	-1.3	-5.6	n/a		
Total other Expenses	-0.6	-1.1	-45.3%	-0.6	-1.2	-48.9%		
Pre-tax profit	8.9	20.5	-56.7%	8.9	8.0	10.1%		
Tax	-1.9	-4.7	-59.2%	-1.9	2.7	n/a		
Profit before MI	6.9	15.7	-55.9%	6.9	10.8	-35.7%		
Minority Interest	0.6	3.1	-81.9%	0.6	1.7	-66.5%		
Net profit	6.4	12.6	-49.4%	6.4	9.1	-30.0%	30.6	20.9%
<i>Net margin (%)</i>	<i>8.9</i>	<i>14.5</i>	<i>-5.7</i>	<i>8.9</i>	<i>8.8</i>	<i>0.1</i>		

Harum Energy (HRUM) reported 1Q19 earnings of USD6.9 mn, down 49.4% YoY, on the back of lower sales volume, ASP and contracting margins across the board. This formed our and consensus FY19 estimates at 20.9%/18.5% respectively. 1Q19 revenue decreased by 17% to USD72.1 mn mainly due to lower ASP and sales volume, causing revenue growth to be outpaced by COGS growth. As a result, gross profit and operating profit decreased by 35.9% and 56.1% YoY to USD19.9 mn and 9.5 mn respectively, forming 20.4% and 20.7% of our FY19F. Furthermore, improving tax rate (22% in 1Q19 vs 23% in 1Q18) and a decrease of operating expense by 45.3% to USD 0.6mn helped improved earnings marginally.

Comment: As we saw 1Q is seasonally the weakest quarter, we deemed 1Q19 results in-line with our expectations. We believe production volume should pick up in the 2Q19 and ASP should recover gradually. Currently we have BUY rating for HRUM with TP of Rp1,650

ISAT MANAGEMENT IS ASSESSING RIGHTS ISSUANCE AND TOWER SALES TO FUND ITS RP10 TN CAPEX

One local news reported that ISAT is committed with its heavy capex of USD3 bn in three years with Rp10 tn is allocated this year. Management mentioned that the funding could be from many sources such as: internal cash, bank loans, tower sales and is now assessing the possibility of rights issuance. However no further details are available at the moment. The capex is due to improve ISAT's 4G network with the plan to build 18k new 4G BTS in 2019.

Comment: We view that the capex spending is required for ISAT to catch-up with other telcos. Alternative funding source is important as ISAT's credit ratio is already close to the covenant (2018 net debt to EBITDA ratio at 3.7x, covenant at 4.0x). Should it be realized, we estimate the rights issuance could reach the amount of Rp1-2 tn (c.7-15% of its current market cap). We currently have a SELL rating on ISAT with TP of Rp1,900/share.

MINISTER OF INFORMATION AND COMMUNICATION, MR. RUDIANTARA, REITERATED THE URGENCY OF TELCOS CONSOLIDATION

In a public seminar yesterday, Mr. Rudiantara reiterated his view that telcos consolidation is urgent at the moment. He thinks that telco industry is currently declining and consolidation could improve the performance. He believes that the ideal number of operators is three. However, he mentioned that Kominfo does not have a target on when the consolidation should take place. Currently, Indonesia Telecommunication Regulatory Board (BRTI) is still drafting the regulation.

Comment: Consolidation talks have triggered speculations in the market which drove ISAT and FREN's share price to rally in the past.

COMMISSION FOR THE SUPERVISION OF BUSINESS COMPETITION (KPPU) MENTIONED THAT THE ANTI-PREDATORY PRICING REGULATION IS CONTRA PRODUCTIVE

KKPU mentioned that BRTI's draft on predatory pricing prevention is contra productive to the industry. KPPU preferred that the pricing is set by market mechanism and believed that operators should be allowed to set up their own tariffs in light of traffic and capacity consideration. KPPU will require BRTI to clarify and explain about the regulation draft before it could be issued.

Comment: The news of the anti predatory pricing draft has driven telco shares to rally in the past. This might give slight negative sentiment on the sector, however we believe the impact is minimal. We believe pricing repairs will continue to take place in the industry as the urgency of better tariff discipline is rising.

TECHNICAL ANALYSIS

JCI : (6,374 -1.25%)

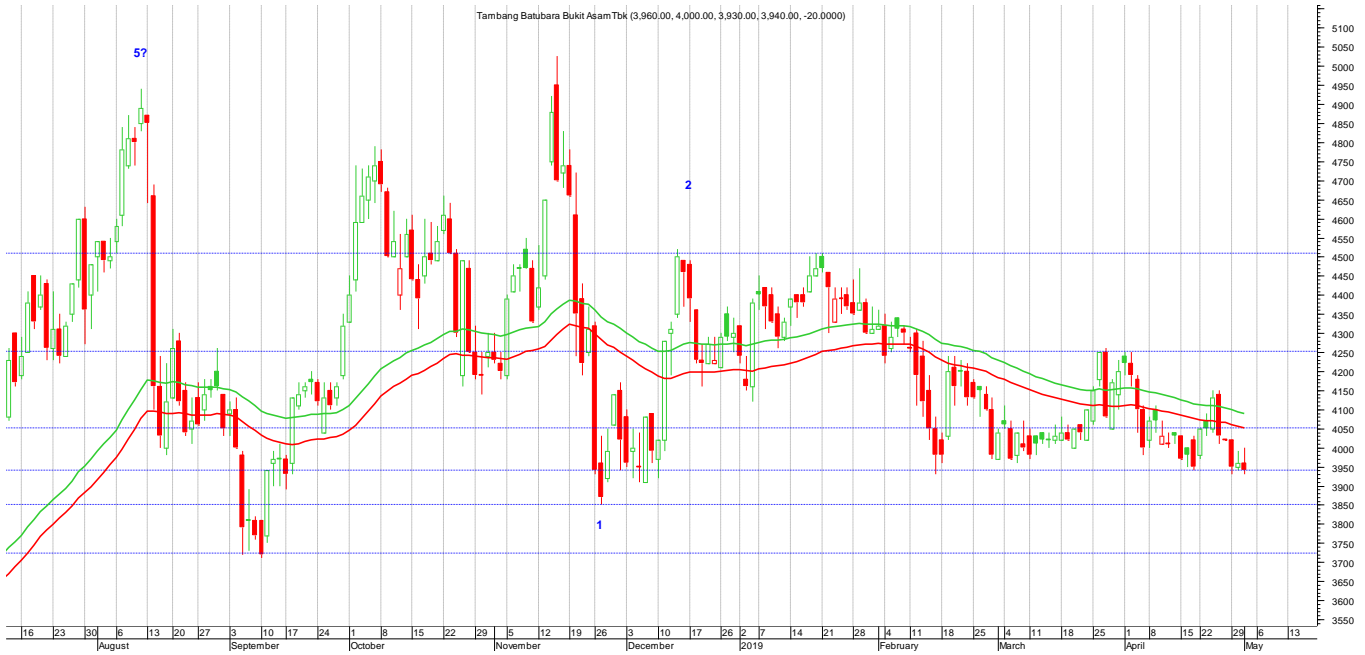
Comment : BDMN, HMSP and BBCA consecutively became lagging movers. Technically, JCI closed above support level of 6,321. The penetration of this support level will cause the trend turn into negative. Resistance level at 6,400. Next support and resistance level will be at 6,250-6,465. Based on Elliot 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

PTBA : Testing support level

The price closed slightly above strong support level of 3,930. The penetration of this support level will cause the price continue the short-term down trend cycle. Historically, support level at 3,850. Resistance level at 4,050. Next support and resistance level at 3,700-4,250. Sell on strength, sell if the price moves below the level of 3,930.



JPFA : Testing support level

The price closed below minor support level of 1,530. Resistance level at 1,600 which is resistance level of the short-term down trend channel. Support level at 1,440. Next support and resistance level at 1,350-1,800. Indicator of RSI (14) likely will form a positive divergence. Speculative buy/Buy on weakness



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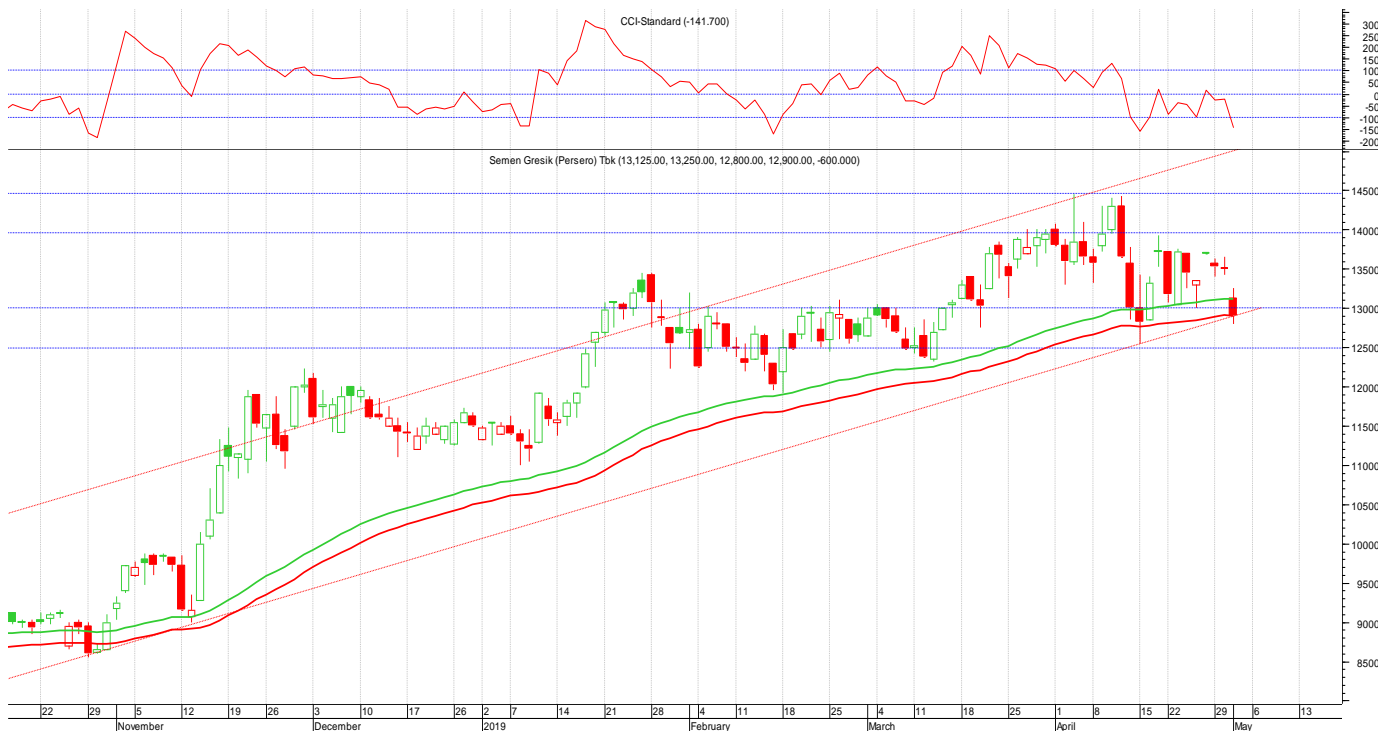
INDF : Testing resistance level

The price closed around resistance level of the short-term down trend channel. Support level at 6,450. Next support and resistance level at 6,125-7,400. Take profit/Sell on strength



SMGR : Testing support level

The price closed below minor support level of 13,000. If the breakout confirm, level of 13,000 will turn into resistance level. Historically, support level at 12,550. Next support and resistance level at 11,900-13,900. Sell on strength, sell if the price moves and stable below the level of 12,500.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,209 -14,310

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.78
3	7.18
5	7.41
10	7.87
15	8.32
30	8.59

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.13	6.23	6.23	6.09	5.45
US\$	1.27	1.28	1.24	1.24	
JIBOR (RP)	7.01	7.22	7.48	7.65	

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	14,252	0.05
1 US\$ = SGD	1.36	-0.03
1 US\$ = JPY	111.45	0.05
1 US\$ = AUD	0.70	-0.03
1 US\$ = EUR	1.12	0.03

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