

GLOBAL

Index	Last	Change	% chg
Dow	25,325	-617.38	-2.38
S&P 500	2,812	-69.53	-2.41
Eido US	23.5	-0.84	-3.46
H.S.I	28,550	239.17	0.84
Nikkei	20,811	-379.95	-1.79
STI	3,234	-39.22	-1.20
KLCI	1,601	-9.18	-0.57
Kospi	2,066	-13.36	-0.64
SET Thai	1,640	-8.56	-0.52

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	70.2	-0.39	-0.55
WTI Crude Oil (\$/bbl)	61.0	-0.62	-1.01
CPO (MYR/ton)	1,927	7.00	0.36
Gold (US\$/tr ounce)	1,303	2.87	0.22
Nickel (US\$/ton)	11,759	-126.00	-1.06
Tin (US\$/ton)	19,505	-316.00	-1.59
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	85.6	-0.60	-0.70

BEI STATISTICS

JCI	6,135
Change (1 day)	-1.19%
Change YTD	-0.95%
P/E Market (X)	15.0
Volume (mn shr)	7,534.2
Value (Rp bn)	5,297.3
↑ 129 ↓ 279 ↔ 224	
LQ45	961
% Change (1 day)	-1.25%

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

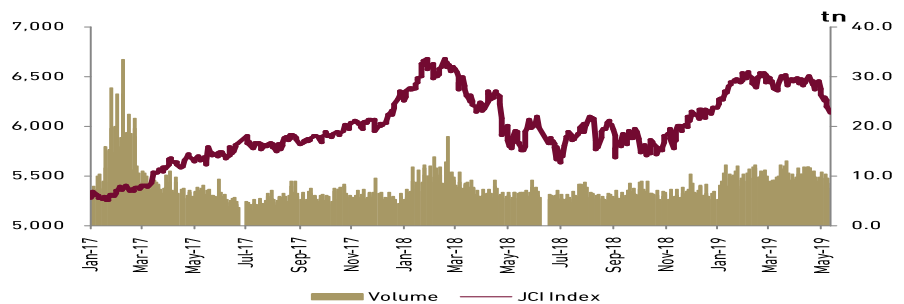
	Last	Change	% chg
1 USD = IDR	14,425	98.00	0.68
1 USD = SGD	1.37	0.00	-0.07
1 USD = JPY	109.21	-0.09	-0.08
1 USD = AUD	1.44	0.00	-0.12
1 USD = EUR	0.89	0.00	-0.12

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	25.8	-0.74	-2.79	3,719	246,473
ISAT	0.2	0.00	0.00	2,308	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- DMO remains at 25% from total production
- Medco expects to finalize Ophir acquisition this week
- BBNI announces dividend of Rp3.75 tn or 25% payout ratio
- ACES sales increased by 21% YoY in 4M19
- ISAT repaid its maturing bonds
- HMSP considers to launch iQos in Indonesia
- Semen Indonesia (stand-alone) sales volume drop 12% YoY in April'19

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,070 (support) – 6,150 (resistance) level today

BBNI: Buy on weakness at Rp 8,350-Rp 8,250

Comment :Testing support level

ERAA: Buy on weakness at Rp 950-Rp 900

Comment: Testing support level

SMGR: Buy on weakness at Rp 9,700-Rp 9,500

Comment: Testing support level

ASII: Buy on weakness at Rp 6,800-Rp 6,700

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. indexes fell on Monday after China plans to raise tariffs on USD60 bn worth of U.S. imports, beginning on June 1. DJIA fell by 617 points or 2.38%, while S&P500 slashed by 2.41%. The duties are ranging between 5% to 25% and the highest tariffs will apply to industrial chemicals, electronic equipment, precision machinery and hundreds of food products. China's move comes after U.S. announced last week it would increase tariffs from 10% to 25% on a bulk of Chinese imports. DJIA is down about 1,200 points since President Trump announced tariff hikes last week, with heavier losses recorded in companies with business in China. On commodity markets, oil prices declined with Brent down 0.55% to USD70.2/bbl while WTI crude oil price dropped by 1.01% to USD61.0/bbl. Nickel price went down by 1.06% to USD11,759/ton.

Domestic

JCI closed lower by 74 points or -1.2% to close at 6,135 and recorded Rp695 bn of net foreign sell. The laggard sector were Basic Industry (-2.69%), Property (-2.67%), and Misc. Industry (-1.77%), while ASII (-2.09% to 7,025), UNVR (-1.36% to 43,600), and SMGR (-6.05% to 10,475) become the index movers. Rupiah weakened by 98 points to 14,425/USD. Our technical desk suggest for trading within the band of 6,070-6,150 with possibility to close end at lower level.

DMO REMAINS AT 25% FROM TOTAL PRODUCTION

Based on the decision of the ESDM minister on May 6, 2019, the DMO obligation for coal miners holding PK2B and IUP permits is still set at 25%. For miners who do not fulfill the quota, they will be subject to the same sanctions in the form of cutting production in the next year's work plan and budget (RKAB). With a percentage of 25%, this year's DMO obligations are at least 122.28 mn tons. Meanwhile, the production agreement granted by ESDM this year is 489.13 mn tons.

Comment: Because there is no increase in the DMO quota, we expect that there will be no effect for companies in our coverage. Since PTBA, ADRO, HRUM and ITMG can fulfill the quota or they are able to buy transfer quotas from other companies.

MEDCO EXPECTS TO FINALIZE OPHIR ACQUISITION THIS WEEK

Ophir informed that Medco (MEDC) had received the relevant approval from the Fair Competition Commission of Tanzania in connection with the acquisition. Tanzania is where Ophir has only remaining assets in Africa – in Blocks 1 and 4 – after the loss of its offshore block in Equatorial Guinea last year. As for the expected date of the completion of the transaction, Ophir said that it is subject to the sanction of the Scheme by the Court at the Scheme Court Hearing and the satisfaction (or waiver, if applicable) of the remaining conditions to the acquisition, the acquisition is now expected to become effective on May 17, 2019. Ophir's current output of 25,000 boe/d combined with Medco's stated 2018 target of 85,000 boe/d would take it to 110,000 boe/d.

Comment: If realized, the completion of Ophir acquisition is earlier than our expectation at end of 1H19. We currently have Buy rating on MEDC with TP of Rp1,200/share.

BBNI ANNOUNCES DIVIDEND OF RP3.75 TN OR 25% PAYOUT RATIO

Annual General Meeting of BBNI has approved dividend payment of Rp3.75 tn, equivalent to Rp201 dividend per share. This dividend payout ratio is equivalent to 25% of net profit in 2018 of Rp15.0 tn. The dividend payout ratio is slightly lower than our estimates and last year level of 35%. According to Mr Achmad Baiquni, CEO of BBNI, the decrease in payout ratio is aimed to strengthen the capital and to push business growth going forward, as BBNI has higher than average industry loan growth in the last few years. BBNI's capital adequacy ratio (CAR) level currently stands 19.2% or lower than industry average at 22-23%.

Comment: The dividend will be representing 2.3% dividend yield to last closing price. We have a Buy call on BBNI with Rp11,325/share target price.

ACES SALES INCREASED BY 21% YOY IN 4M19

Ace Hardware Indonesia (ACES) booked flat revenue of Rp646 bn in April 2019 (+26.6% YoY/ -0.3% MoM), on the back of 5.6% SSSG (vs. 10.3% in April 2018). However, SSSG was lower compared to the previous month of 5.8%. We believe this solid SSSG and double digit sales growth (YoY), were due to Ramadan season and higher demand for Ramadan Decoration products. In cumulative 4M19, ACES recorded Rp2.5tn of gross sales (+21% YoY), representing 28% of our full-year 2019 estimate, close to last year realization of 29%, on the back of 7.5% SSSG (vs. 12.8% in 4M19). SSSG was only single digit due to high base factor in 2018. We still see a positive sign, as the company successfully maintains its solid double digit sales growth during the year.

Comment: Following the solid double digit YoY sales growth, we maintain our BUY recommendation on ACES at TP of Rp1,950/share.

ISAT REPAID ITS MATURING BONDS

According to disclosure to IDX, ISAT repaid its A-series 2018 Bonds yesterday. The amount paid, including interests, was Rp1.22 tn. The source of funds includes banks' credit facility and internal cash.

Comment: As at 1Q19, ISAT DER stood at a high level of 2.3x (including finance leases). We are a bit cautious at the DER position as it is approaching the covenant of 2.5x (excluding finance leases). We currently have a SELL recommendation on ISAT.

HMSP CONSIDERS TO LAUNCH IQOS IN INDONESIA

HM Sampoerna is considering selling its smoke free heated tobacco device called the iQos in Indonesia after the product launch in Malaysia last month. iQos was introduced by Philip Morris in 2014 and currently, Philip Morris had an agreement with third party in Malaysia to produce the device. HMSP conducted a market testing event in March to introduce iQos to the Indonesian public to see the consumers' behavior and learn their preferences around the product. Although it has concluded the market test, HMSP has yet to determine when it will launch the product commercially in Indonesia as it still needs to develop it to fit the consumers' preferences. Nevertheless, HMSP said the company was interested in selling the iQos in the country as Indonesia currently has about 50 million adult smokers that present a good opportunity to sell the devices. Company also still in the discussion process with the government regarding the e-cigarette excise tax.

Comment: We view that in the mean time, HMSP still focus on machine-made cigarette segment. HMSP lower sales volume was attributed to a shift in customer behavior as they prefer to consume cheaper products with higher tar content. Hence this year Company launches several new SKM products including Philip Morris Bold and Sampoerna A Splash.

SEMEN INDONESIA (STAND-ALONE) SALES VOLUMES DROP 12% YOY IN APRIL '19

Semen Indonesia	April'19	Aprl'18	YoY growth	April'19	March'19	MoM growth
Total Domestic	1,851,219	2,158,843	-14.2%	1,851,219	1,974,341	-6.2%
Total Export	293,140	279,945	4.7%	293,140	245,344	19.5%
Total Sales	2,144,359	2,438,788	-12.1%	2,144,359	2,219,685	-3.4%

SBI	April'19	Aprl'18	YoY growth	April'19	March'19	MoM growth
Total Domestic	715,414	797,523	-10.3%	715,414	776,001	-7.8%
Total Export	32,145	116,773	-72.5%	32,145	32,145	0.0%
Total Sales	747,559	914,296	-18.2%	747,559	808,146	-7.5%

SI + SBI	April'19	Aprl'18 (excluding holcim)	YoY growth	April'19	March'19	MoM growth
Total Domestic	2,566,633	2,158,843	18.9%	2,566,633	2,750,342	-6.7%
Total Export	325,285	279,945	16.2%	325,285	277,489	17.2%
Total Sales	2,891,918	2,438,788	18.6%	2,891,918	3,027,831	-4.5%

SMGR (including SBI) recorded 2.89 mn tons of sales volume in April'19, up 18.56% YoY. Stand alone Semen Indonesia booked a weak sales volume of 2.14 mn tons, slipped 12.1% YoY on 14.2% YoY lower domestic sales volume. Meanwhile, Solusi Bangun Indonesia (SBO) total sales volume

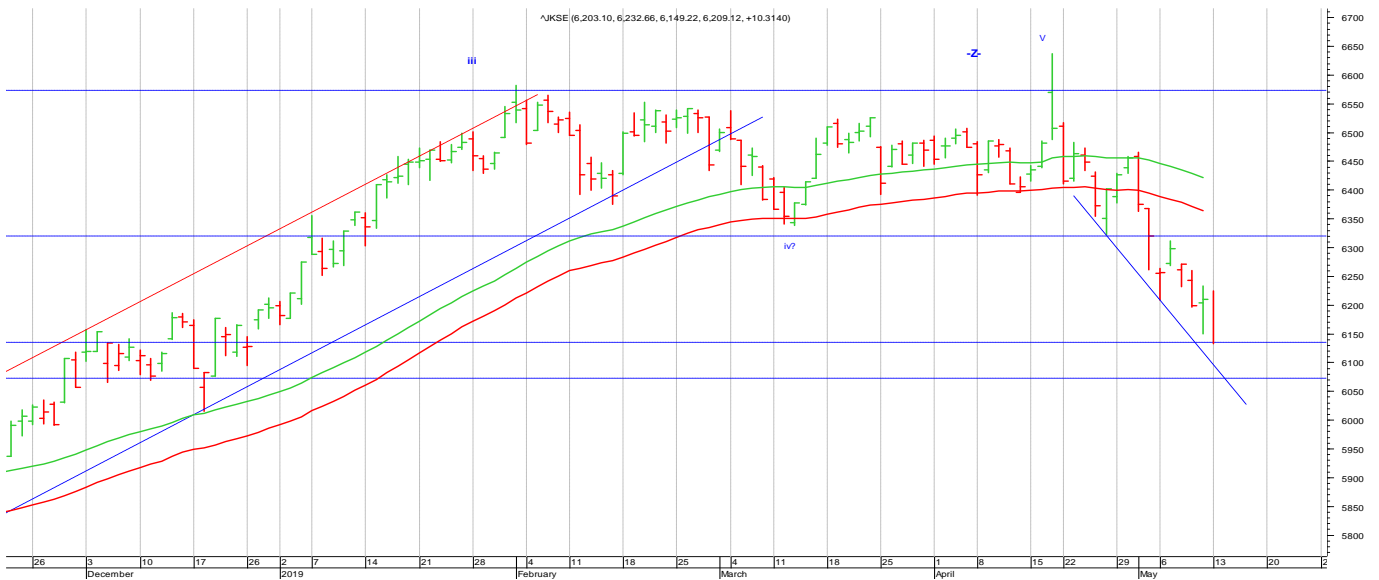
dropped 18.2% YoY in April'19, given 10.3% lower domestic sales volume, coupled with 72.5% declined in total export.

Comment: this year national cement demand is not favorable on bad weather and election period. However, we have expected in our models. We maintain our BUY rating on SMGR, as we see the growth prospect of the company next year seems attractive.

TECHNICAL ANALYSIS

JCI : (6,135 -1.2%)

Comment : ASII, UNVR and SMGR consecutively became lagging movers. Technically, JCI closed minor support level of 6,149. If the breakout confirm, level of 6,150 potentially turn into resistance level. Support level at 6,120. Next support and resistance level will be at 6,020-6,280. 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 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. The highest level of 6,636 which occurred on April 18, 2019 could be the peaks of wave Z. Based on this wave counting, the index now is forming wave down minor C. The lowest level 6,321 which occurred on April 26, noted as the peaks of sub wave (i) of wave C. The highest level of 6,465 which occurred on May 2 noted as the bottom of wave (ii) of C and now the index is forming wave (iii) of wave C.



STOCK OF THE DAY

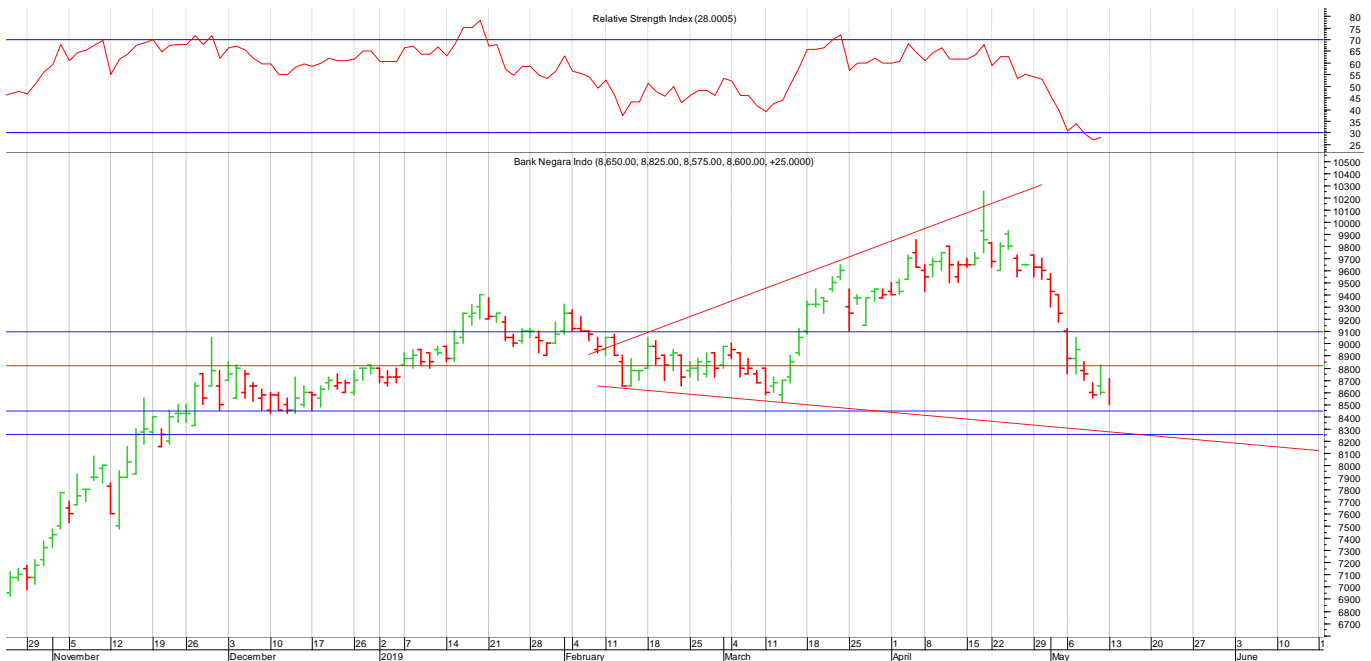
ERAA : Testing support level

The price closed above minor support level of 965. Resistance level at 1,180. Next support and resistance level at 900-1,250. The price moved in downtrend in the last four months. Buy on weakness,



BBNI : Testing support level

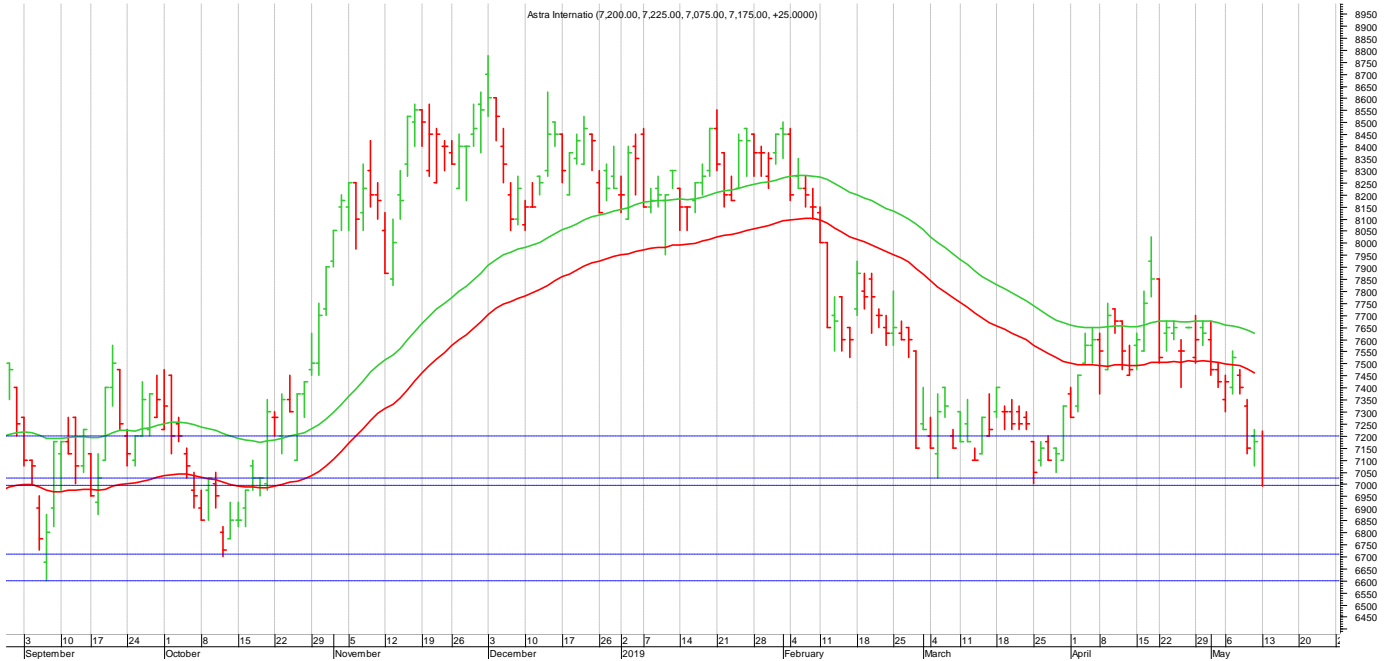
The price closed above minor support level of 8.425. Resistance level at 9,000. Next support and resistance level at 8,250-9,250. Indicator of RSI enter oversold area. Buy on weakness



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ASII : Testing support level

The price closed slightly above strong support level of 7,000. Resistance level at 7,225. Next support and resistance level at 6,600-7,600. Take profit/Sell on strength



SMGR : Testing support level

The price closed above minor support level of 10,000. Resistance level at 11,325. Next support and resistance level at 9,500-11,700. The price moved in downtrend in the last month. Buy on weakness



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,375 -14,475

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.83
3	7.28
5	7.53
10	8.04
15	8.56
30	8.68

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.16	6.31	6.30	6.04	5.63
US\$	1.29	1.28	1.27	1.24	
JIBOR (RP)	7.00	7.25	7.47	7.64	

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	14,425	-0.68
1 US\$ = SGD	1.37	0.07
1 US\$ = JPY	109.21	0.08
1 US\$ = AUD	0.70	0.12
1 US\$ = EUR	1.12	0.12

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