

GLOBAL

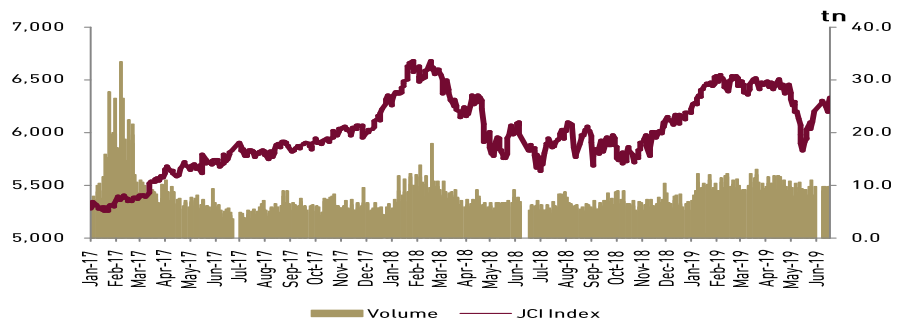
Index	Last	Change	% chg
Dow	26,527	-10.24	-0.04
S&P 500	2,925	11.14	0.38
Eido US	26.0	0.34	1.33
H.S.I	28,621	399.44	1.42
Nikkei	21,338	251.58	1.19
STI	3,329	27.35	0.83
KLCI	1,673	-1.79	-0.11
Kospi	2,137	2.70	0.13
SET Thai	1,732	9.43	0.55

- Government targets 5.4%-6% growth in RPJMN 2019-2024
- Constitutional court rejects appeal against election result
- AKR to buy diesel from Pertamina to cut costs
- Gudang Garam distributes cash dividend amounted Rp 2,600 share
- BMRI recorded Rp10.8 tn (11% YoY) bank only-net income in 5M19; in-line
- BBTN recorded Rp1.0 tn (9% YoY) net income in 5M19; in-line
- FREN business Update

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	66.6	0.06	0.09
WTI Crude Oil (\$/bbl)	59	0.05	0.08
CPO (MYR/ton)	1,880	-36.00	-1.88
Gold (US\$/tr ounce)	1,415	5.04	0.36
Nickel (US\$/ton)	12,658	234.00	1.88
Tin (US\$/ton)	18,843	72.00	0.38
Pulp (US\$/ton) weekly	1,205.0	0.00	0.00
Coal (US\$/ton)	71.0	0.10	0.14

JCI STATISTIC



BEI STATISTICS

JCI	6,353	
Change (1 day)	0.67%	
Change YTD	2.55%	
P/E Market (X)	15.7	
Volume (mn shr)	10,266.7	
Value (Rp bn)	6,771.3	
↑ 231	↓ 196	↔ 210
LQ45	1,011	
% Change (1 day)	1.02%	

DAILY TECHNICAL VIEW

We expect JCI to trade between 6,300 (support) – 6,400 (resistance) level today

BBCA: Sell on strength at Rp 29,800-Rp 30,600

Comment :Testing resistance level

BBRI : Sell on strength at Rp 4,410-Rp 4,500

Comment: Testing resistance level

INCO: Speculative buy at Rp 3,150-Rp 3,080

Comment: Closed above minor resistance level

ANTM: Speculative buy at Rp 830-Rp 810

Comment: Closed above minor resistance level

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.68	0.44
Inflation yoy (%)	3.32	2.83

MARKET REVIEW & MARKET OUTLOOK

Regional

US equities ended flat to higher on Thursday as uncertainty and mixed signals continued ahead of the weekend's trade talks between President Trump and President Xi. Dow Jones eased by a marginal 0.04%. The third estimate of 1Q19 US GDP rose 3.1% and is unchanged from the second estimate. But consumer spending did not live up to expectations, at only a 0.9% growth rate in the quarter vs. expectations for 1.3%. US initial jobless claims rose a higher-than-expected 10,000 in the June 22 week to 227,000, pulling the 4-week average up 2,250 to 219,000. This is the highest level for the average since mid-May. New claims remain steady and low and are pointing to strength for the June employment report. On commodity markets, WTI crude oil inched up by 0.08% to USD59/bbl. while nickel price rose by 1.88% to USD12,658/ton.

Domestic

JCI closed higher at 6,353 by 42 points or +0.67% on Thursday trading and recorded Rp50 bn of net foreign sell. The leading sectors were Basic Industry (+1.87%), Miscellaneous Industry (+1.71%), and Infrastructure (+1.28%) which were mainly driven by TLKM (+2.76% to 4,090), BBCA (+1.19% to 29,675) and CPIN (+7.45% to 4,760) as the key movers. Rupiah currency strengthened by 36 points to 14,142/USD. Our technical desk suggests for trading within the band of 6,300 – 6,400 with possibility mixed to lower level.

EXCHANGE RATE

	Last	Change	% chg
1 USD = IDR	14,142	-36.00	-0.25
1 USD = SGD	1.35	0.00	-0.04
1 USD = JPY	107.69	-0.10	-0.09
1 USD = AUD	1.43	0.00	0.00
1 USD = EUR	0.88	0.00	-0.04

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	28.9	0.63	2.23	4,091	151,553
ISAT	0.2	0.00	0.00	2,263	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

GOVERNMENT TARGETS 5.4%-6% GROWTH IN RPJMN 2019-2024

Government will try to reach 5.4% - 6% growth in its 2019 – 2024 national medium term development plan (RPJMN). This growth will boost Indonesia's gross national income (GNI) per capita to USD 5,780 – USD 6,160 in 2024. As for 2020, government target economic growth in 3 baseline: low, medium and high. The growth is predicted to reach 5.3% for low baseline, 5.4% for medium baseline and 5.5% for high baseline. Meanwhile, government target growth at 5.5% for low baseline and 6.5% for high baseline. However, if there is no reformist policies, the average growth in next five years will only reach 4.9%. The development planning board (Bappenas) said that to reach 5.4% – 6% growth some intermediary factors must be fulfilled such as: workforce participation at 68%-70%, investment growth at 6.9%-8.1%, total production factor growth at 30%-70% and average school study period at 10 years. According to this plan, poverty is targeted declining to 6.5%-7.0%, gini ratio at 0.370-0.374 and unemployment rate at 4.0%-4.6% in 2024. It will boost the human development index to 75.54 in 2024. The main program of the structural transformation will be manufacture revitalization.

Comment: To reach the targeted growth, government must continue its reform in infrastructure, education and bureaucracy.

CONSTITUTIONAL COURT REJECTS APPEAL AGAINST ELECTION RESULT

Indonesia's constitutional court has rejected a lawsuit filed by the presidential candidate Prabowo Subianto. The court rejected entirely Prabowo's legal challenge, saying that the arguments in his petition lacked evidence. On 21 May, the General Electoral Commission announced the results, indicating that Widodo and Ma'ruf had won the election with 55.5% of the vote, against 44.5% for Prabowo and Sandiaga Uno.

Comment: With the constitutional affirm Jokowi's reelection as President, we believe this will lift market optimism about Indonesia political and economic.

AKR TO BUY DIESEL FROM PERTAMINA TO CUT COSTS

The government will facilitate a meeting between fuel distributor AKR Corporindo (AKRA) and Pertamina to help AKRA buy diesel fuel from Pertamina. AKRA has been importing its diesel, therefore sourcing it from Pertamina would cost the company less money. The Energy and Mineral Resources Ministry's oil and gas director general, said AKR could get its Solar supply from Pertamina when it was oversupplied.

Comment: AKRA is trading at around 15.3-12.7x 2019-20F PER based on consensus forecasts.

GUDANG GARAM DISTRIBUTES CASH DIVIDEND AMOUNTED RP 2,600 SHARE

According to Gudang Garam at the AGMS have decided to pay out a cash dividend of Rp 2,600/share, same amount with the previous year with yields of 3.4% at current share price (Rp 77,100/ share). This year GGRM dividend payout ratio approximating 64.2% of the net income FY2018 of Rp 5 tn. Cum dividends on the regular market and negotiation market is on July 4, 2019. While cum dividends in the cash market is on July 8, 2019. Dividend will be distributed to shareholders whose names are listed on the shareholders list as of July 8, 2019 at 16:00 WIB. GGRM will pay cash dividends on July 25, 2019.

FREN BUSINESS UPDATE

During the public expose held yesterday, FREN's management mentioned that by 5M19, the Company has spent USD100 mn capex to expand its networks. According to its CFO, capex is set at USD200 mn with the balance of USD100 mn will be spent in the remaining of the year for further network improvement. The source of funds for the capex is as follows: 85% from bank loan and 15% from internal cash. To fund the capex in 2H19, FREN has already secured the permit to issue Rp1.4 tn convertible bonds. Further the Company is also looking to renegotiate the maturity of its loan to Niven Holdings Limited. FREN targets 30mn subscribers by the end of the year, while as of today, its subscribers count is at 17mn, increasing by 5mn YTD. FREN has already built 5K new BTS throughout the year, bringing its total BTS to 19K with network coverage in 200 cities in Indonesia.

BMRI RECORDED RP10.8 TN (11% YOY) BANK-ONLY NET INCOME IN 5M19; IN-LINE

Bank Mandiri (BMRI) recorded Rp10.8 tn net income on its bank-only unaudited statement, up by 11% YoY, and in-line with estimates as it formed 38% of both our and consensus FY19 estimates (vs. historical 39%). Provision expense declined by 27% YoY in 5M19 and became the main earnings driver. On the top-line, net interest income growth remains at 8% YoY, but PPOp was flat YoY due to decline in non-interest income (8% YoY). We see that NIM also has rebound, up by 30bps MoM in May-19 to 6.0%. Loan growth was slightly improved to 11% YoY (6% MoM). However total deposit grew at slower pace at 5% YoY (1% MoM), hence this increase the LDR level to 97.7% in May-19 from 93.2% in Apr-19.

Comment: We have a Buy call on BMRI with Rp8,800/share target price.

BMRI (Bank only, unaudited)

Results summary (Rp bn)	5M18	5M19	YoY	5M19/ 2019F	Feb-19	Mar-19	Apr-19	May-19	MoM
Interest income	26,829	30,826	15%	34%	5,739	6,372	6,081	6,394	5%
Interest expense	8,109	10,520	30%	34%	1,945	2,193	2,144	2,192	2%
Net interest income	18,720	20,306	8%	34%	3,794	4,179	3,937	4,201	7%
Other operating income	9,850	9,100	-8%	27%	1,636	2,141	1,707	2,112	24%
Opex	10,830	11,584	7%	28%	2,080	2,357	2,446	2,587	6%
PPoP	17,740	17,823	0%	34%	3,350	3,963	3,198	3,726	17%
Provision expense	5,916	4,340	-27%	30%	753	381	945	1,320	40%
Operating profit	11,824	13,483	14%	36%	2,597	3,582	2,253	2,406	7%
Income tax	2,040	2,653	30%	34%	506	703	432	473	10%
Net income	9,784	10,830	11%	38%	2,091	2,879	1,821	1,933	6%

Total deposits	696,184	729,960	5%		736,638	726,095	724,380	729,960	1%
- Demand	179,898	178,480	-1%		185,198	174,532	180,005	178,480	-1%
- Saving	287,597	300,981	5%		291,847	293,167	289,837	300,981	4%
- Time	228,688	250,499	10%		259,593	258,396	254,537	250,499	-2%
Total liabilities	817,719	875,212	7%		858,120	854,237	864,320	875,212	1%
Gross loans	642,911	713,421	11%		692,932	684,530	675,416	713,421	6%
Loan loss reserves	(29,884)	(28,907)	-3%		(28,205)	(28,021)	(28,194)	(28,907)	3%
Other earning assets	147,347	173,878	18%		172,639	171,116	177,889	173,878	-2%
Total assets	975,806	1,048,980	7%		1,036,284	1,035,916	1,047,634	1,048,980	0%
Shareholders equity	158,087	173,768	10%		178,164	181,679	183,314	173,768	-5%

Key ratios (%)

NIM	5.9	5.7	(0.2)		5.5	6.0	5.7	6.0	0.3
CASA to total deposits	67.2	65.7	(1.5)		64.8	64.4	64.9	65.7	0.8
Cost-to-income	37.9	39.4	1.5		38.3	37.3	43.3	41.0	(2.4)
Credit cost (% of avg. loan)	2.3	1.5	(0.8)		1.4	0.7	1.7	2.4	0.6
Tax rate	17.3	19.7	2.4		19.5	19.6	19.2	19.7	0.5
LDR	92.3	97.7	5.4		94.1	94.3	93.2	97.7	4.5
ROA	2.4	2.5	0.1		2.4	3.3	2.1	2.2	0.1
ROE	14.8	15.0	0.2		14.2	19.2	12.0	13.0	1.0

BBTN RECORDED RP1.0 TN (9% YOY) NET INCOME IN 5M19; IN-LINE

Bank Tabungan Negara (BBTN) recorded Rp1.0 tn (9% YoY) net income in 5M19, in-line with ours but slightly below consensus as it forms 33/32% of our and consensus FY19 estimates, respectively (historical was 33-34% estimates). NII decline by 3% with NIM was still under pressure at 3.5% in 5M19. The booster to PPOP (4% YoY) came from non-interest income (28% YoY) and flat opex (1% YoY) due to high based from last year. Operating profit was growing by 6% YoY due to decline in provision expense (-5% YoY). Further boost came from lower eff.tax rate in Apr-May 19. On the balance sheet side, loan growth remained strong at 19% YoY. However total deposit (16% YoY) was lagging behind the loan growth and dominated by TD growth of 32% YoY (5% MoM). Demand deposit and saving growth were still weak at 1% YoY (-8% MoM) and -6% YoY (-4% MoM), respectively. Besides the monthly numbers, the bank has just stated that they performed downward revision on their banking business plan (RBB): loan growth target to become 10-12% (from previously 15%), NIM to be 3.9%, net income to be Rp2.5-2.6tn in 2019F (from previously Rp3.2tn).

Comment: We are currently reviewing our estimates post the latest monthly result and RBB revision. The new company target in RBB is below Ciptadana estimates, as we still expect the bank to post Rp3.1 tn net income in 2019F. We have a Hold call on BBTN with Rp2,800/share target price.

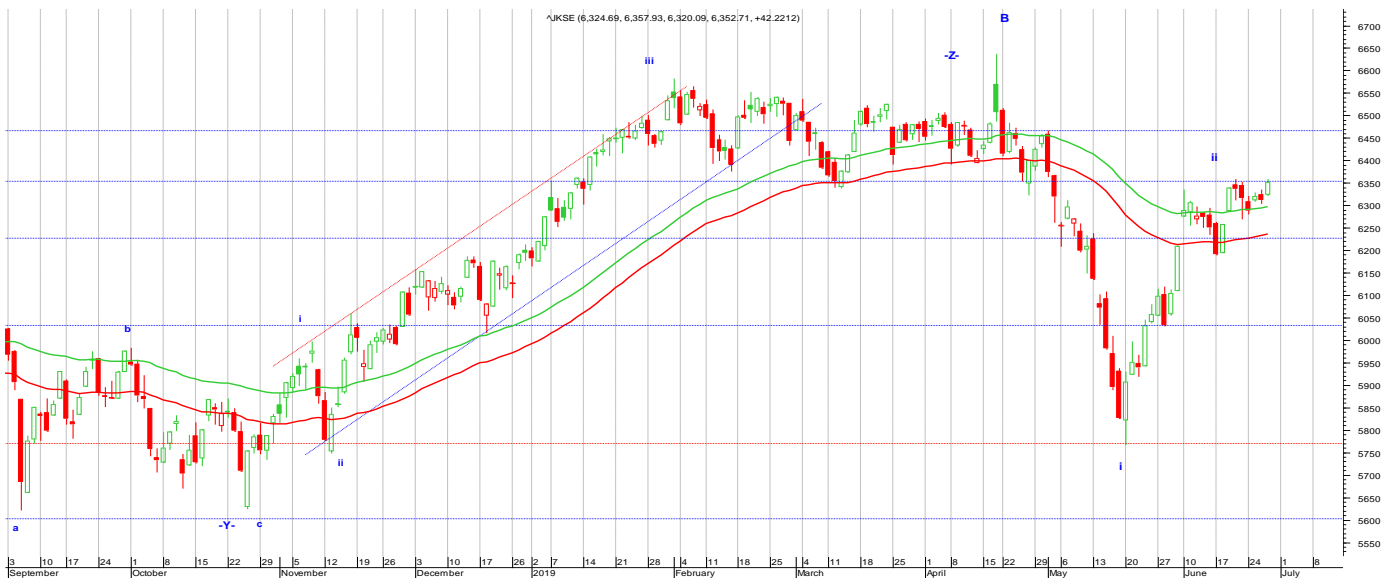
BBTN (unaudited)

Results summary (Rp bn)	5M19/								
	5M18	5M19	YoY	2019F	Feb-19	Mar-19	Apr-19	May-19	MoM
Interest income	8,824	10,475	19%	39%	2,028	2,365	1,938	2,117	9%
Interest expense	4,910	6,692	36%	43%	1,267	1,386	1,321	1,351	2%
Net interest income	3,914	3,783	-3%	34%	761	979	617	765	24%
Non-interest income	728	930	28%	40%	78	267	190	146	-23%
Operating expense	3,069	3,085	1%	40%	545	635	642	622	-3%
PPoP	1,573	1,629	4%	28%	294	612	166	289	74%
Provision expense	392	374	-5%	20%	93	9	72	48	-33%
Operating profit	1,181	1,255	6%	32%	202	603	94	240	156%
Income tax	262	253	-4%	29%	43	129	17	38	131%
Net profit	919	1,002	9%	33%	159	473	77	202	161%
Total deposits	187,613	217,800	16%		219,270	215,829	216,329	217,800	1%
- Demand	48,280	48,648	1%		51,009	52,509	53,021	48,648	-8%
- Saving	39,236	36,977	-6%		38,295	40,632	38,541	36,977	-4%
- Time	84,928	112,321	32%		112,163	104,357	106,560	112,321	5%
- Revenue sharing fund	15,168	19,854	31%		17,803	18,331	18,207	19,854	9%
Gross loans	209,232	249,095	19%		237,983	242,135	244,670	249,095	2%
Loan loss reserves	(2,570)	(3,248)	26%		(2,990)	(3,185)	(3,257)	(3,248)	0%
Total assets	261,556	305,726	17%		298,306	301,346	300,454	305,726	2%
Shareholders equity	21,921	24,243	11%		24,482	24,534	24,614	24,243	-2%
Key ratios (%)									
NIM	4.2	3.5	(0.7)		3.5	4.5	2.8	3.5	0.7
CASA to total deposits	50.8	43.3	(7.5)		44.3	47.2	46.2	43.3	(3.0)
Cost-to-income	66.1	65.4	(0.7)		64.9	50.9	79.4	68.3	(11.1)
Credit cost	0.4	0.3	(0.1)		0.4	0.0	0.3	0.2	(0.1)
Tax rate	22.2	20.2	(2.0)		21.4	21.5	17.7	16.0	(1.7)
LDR	111.5	114.4	2.8		108.5	112.2	113.1	114.4	1.3
ROA	0.8	0.8	(0.1)		0.6	1.9	0.3	0.8	0.5
ROE	10.1	9.9	(0.2)		7.8	23.2	3.8	9.9	6.1

TECHNICAL ANALYSIS

JCI : (6,352 +0.67%)

Comment : TLKM, BBCA and CPIN consecutively became leading movers. Technically, JCI closed above minor resistance level of 6,352. If the breakout confirm, level of 6,352 will turn into support level. Resistance level at 6,465. Next support and resistance level will be at 6,190-6,550. 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 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 and the highest level of 6,636 which occurred on April 18, 2019 as the peaks of wave Z of the peaks of wave minor B. Based on this wave counting, the index now is forming wave down minor C. The lowest level 5,767 which occurred on May 20, noted as the bottom of wave minute (i) of wave C. The penetration of support level of 6,190 will indicate that the peaks of wave minute (ii) has already founded.



STOCK OF THE DAY

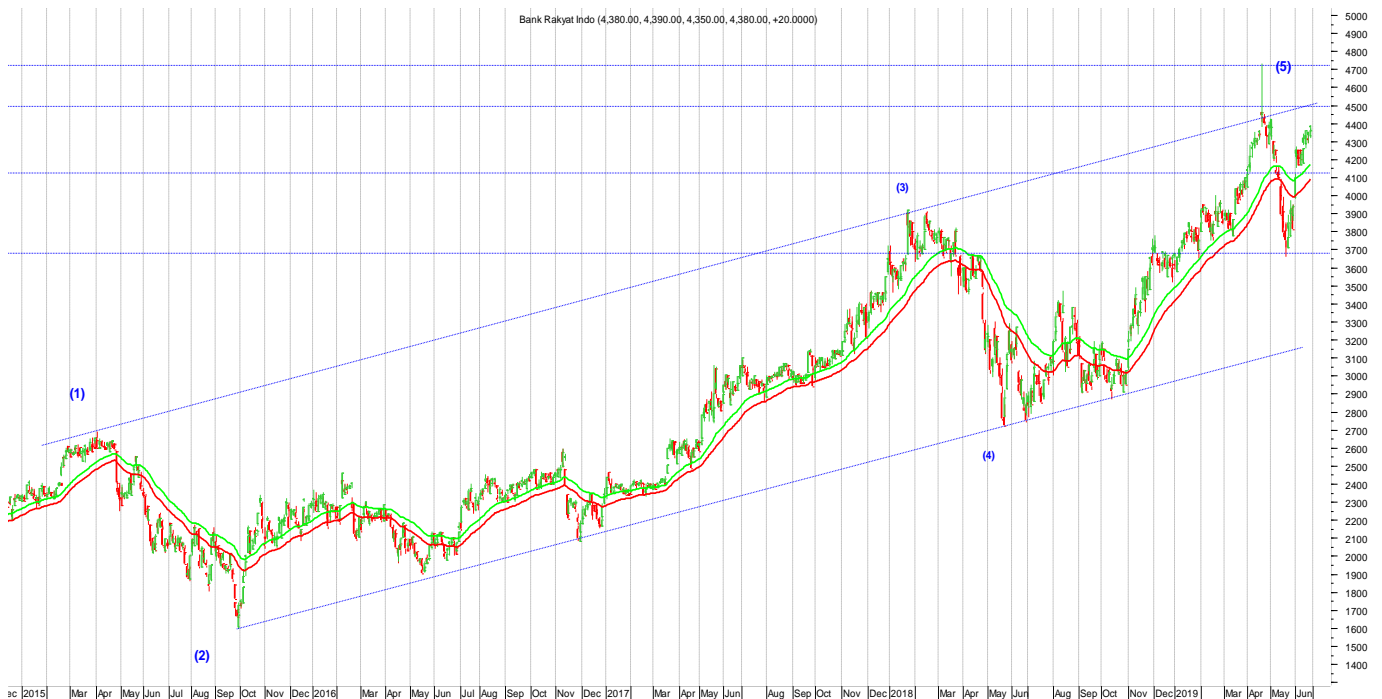
BBCA : Testing resistance level

The price closed below minor resistance level of 29,800. Support level at 28,950. Next support and resistance level at 27,000-30,950. The Price moved in uptrend channel in the last eight months. If there is no extension, the price likely is forming wave minor 5 which is the last wave of the cycle. Take profit/Sell on strenght.



BBRI : Testing resistance level

The price closed below minor resistance level of 4,420. Support level at 4,260. Next support and resistance level at 4,100-4,550. The price moved in uptrend channel in the last three years. If there is no extension, the price is forming wave minor 5 which is the last wave of the cycle. Sell on strength



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INCO : Testing resistance level

The price closed above minor resistance level of 3,040. If the breakout confirm, level of 3,040 will turn into support level and the short-term trend turn into positive. Historically, resistance level at 3,400. Support level at 2,950. Next support and resistance level at 2,700-3,600. Speculative buy, cut if the price moves below the level of 2,950.



ANTM : Testing support level

The price closed above minor resistance level of 825. If the breakout confirm, level of 825 will turn into support level and the short-term trend turn into positive. Historically, resistance level at 890. Next support and resistance level at 785-900. Speculative buy, cut if the price moves below the level of 785.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,090 -14,190

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.60
3	6.92
5	6.90
10	7.41
15	7.73
30	8.33

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.13	6.31	6.23	6.14	5.57
US\$	1.28	1.31	1.26	1.18	
JIBOR (RP)	6.78	6.96	7.32	7.45	

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	14,142	0.25
1 US\$ = SGD	1.35	0.04
1 US\$ = JPY	107.69	0.09
1 US\$ = AUD	0.70	0.00
1 US\$ = EUR	1.14	0.04

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