

GLOBAL

Index	Last	Change	% chg
Dow	26,966	179.32	0.67
S&P 500	2,996	22.81	0.77
Eido US	26.1	-0.02	-0.08
H.S.I	28,855	-20.42	-0.07
Nikkei	21,742	104.08	0.48
STI	3,368	-3.00	-0.09
KLCI	1,690	-0.95	-0.06
Kospi	2,099	3.37	0.16
SET Thai	1,739	6.28	0.36

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	63.8	1.42	2.28
WTI Crude Oil (\$/bbl)	57	1.09	1.94
CPO (MYR/ton)	1,894	-10.00	-0.53
Gold (US\$/tr ounce)	1,419	0.36	0.03
Nickel (US\$/ton)	12,272	267.00	2.22
Tin (US\$/ton)	18,303	639.00	3.62
Pulp (US\$/ton weekly)	1,205.0	0.00	0.00
Coal (US\$/ton)	72.8	2.75	3.93

BEI STATISTICS

JCI	6,363
Change (1 day)	-0.35%
Change YTD	2.71%
P/E Market (X)	15.8
Volume (mn shr)	11,867.8
Value (Rp bn)	6,298.4
↑ 181 ↓ 228 ↔ 229	
LQ45	1,020
% Change (1 day)	-0.29%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	6.00	6.00
Fed fund rate (%)	2.50	2.50
inflation mom (%)	0.55	0.44
Inflation yoy (%)	3.28	2.83

EXCHANGE RATE

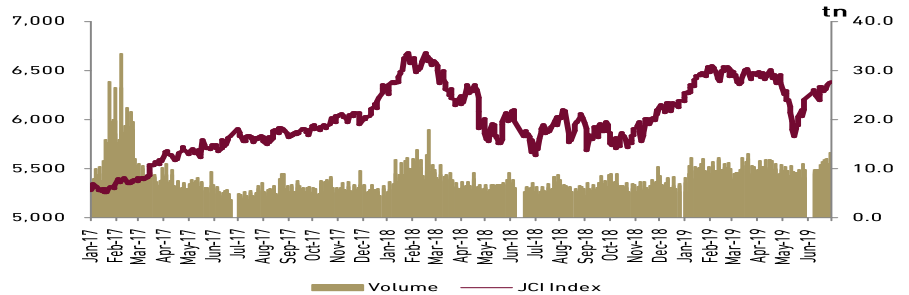
	Last	Change	% chg
1 USD = IDR	14,123	-16.00	-0.11
1 USD = SGD	1.36	0.00	-0.03
1 USD = JPY	107.77	-0.04	-0.04
1 USD = AUD	1.42	0.00	-0.10
1 USD = EUR	0.89	0.00	-0.08

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.8	-0.13	-0.43	4,203	142,323
ISAT	0.2	0.00	0.00	2,260	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Manufacturing sector slows down
- Ormat Technologies acquires 49% Medco Power stake in Ijen geothermal
- DOC and livebird prices hit the lowest level since 2015
- EXCL sold 70% stake of its data center business unit to form a new JV with Princeton Digital Group
- TOWR upgraded its credit facility with MUFG bank

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 6,330 (support) – 6,400 (resistance) level today

TLKM: Buy on weakness at Rp 4,180-Rp 4,120

Comment : Retest the breakout previous resistance level

BBCA: Sell on strength at Rp 30,500-Rp 31,000

Comment: Testing resistance level

GGRM: Sell on strength at Rp 78,200-Rp 79,000

Comment: The trend turn into sideways

ASII: Sell on strength at Rp 7,350-Rp 7,500

Comment: The trend is still sideways

MARKET REVIEW & MARKET OUTLOOK

Regional

Stocks closed at record highs on Wednesday as investors bet on a potential rate cut from the Federal Reserve later this month after the release of weaker-than-expected economic data. The Dow Jones Industrial Average gained 0.7% or 179.3 points to 26,966, closing all-time highs. The S&P 500 also rose 0.7% to 2,995.82 as the real estate and consumer sectors closed higher. The Nasdaq Composite advanced 0.7% to 8,170.23. Tech also boosted the index, rising 0.7% to a record high. The disappointing data strengthens the Fed for lowering rates at its monetary policy meeting at the end of July. Further, a tweet from President Donald Trump calling for easier monetary policy added to expectations of easier Fed policy. Trump said the U.S. should “match” monetary policies from China and Europe, noting they are “playing big currency manipulation game and pumping money into their system in order to compete with USA.” Commodity: Brent Crude Oil jumped by 2.3% to USD 63.9/bbl. WTI Crude oil rose by 1.94% at USD 57/bbl. Coal jumped by 3.93% at USD 72.8/ton. Tins gained by 3.62% to USD 18,303/ton.

Domestic

JCI closed at 6,363 or lower 22.3 points (-0.36%) and recorded Rp506 bn of net foreign sell. Mining (-3.49%), Agriculture (-1.11%), Property (-0.90%), were the laggard sector, with ADRO (-4.23% to 1,360), INCO (-4.87% to 2,930), PWON (-4.03% to 715) become the index movers. Rupiah currency strengthened by 16 points to 14,123/USD. Our technical desk suggests for trading within the band of 6,330-6,400, with possibility to end at mix to lower level.

MANUFACTURING SECTOR SLOWS DOWN

Indonesia's manufacturing sector grew slower in June as indicated by a decline in the purchasing managers' index (PMI) to 50.6 from 51.06 in the previous month. An index rate above 50 indicates growth in the manufacturing sector. A sales slowdown for automotive products contributed to the weakening PMI in the manufacturing sector. Meanwhile, Indonesian Food and Beverage Producers Association (GAPMMI) said production of food and beverages (F&B) slowed down in June after being boosted in the previous month to anticipate the Idul Fitri holiday. The production activities in the manufacturing sector declined because many factories had to close temporarily because of the extended Idul Fitri break.

Comment : The slowing growth in manufacturing sector could lead 2Q19 GDP growth to become lower than 5.07% seen in 1Q19 .

ORMAT TECHNOLOGIES ACQUIRES 49% MEDCO POWER STAKE IN IJEN GEOTHERMAL

Ormat Technologies announced that it has signed and closed a set of agreements to acquire from a Medco Power subsidiary 49% stake in the Ijen geothermal project company, which is holding the geothermal license to develop Ijen project in East Java. This acquisition further bolsters Ormat's global portfolio, and particularly strengthens its position in Indonesia. Ormat will acquire 49% of the shares of the Ijen geothermal project company and will commit to additional funding for the project exploration and development, subject to specific conditions. A subsidiary of Medco Power will retain 51% ownership in the company. Ormat and Medco will develop the project jointly.

Comment : We view this acquisition as positive as it will ease Medco Power capital needs to develop the project. We understand that Ormat has established a tremendous relationship with Medco Energi (MEDC), including partnering on Sarulla plant. However, we are not able to calculate the financial impact to Medco Energi (MEDC) yet.

DOC AND LIVEBIRD PRICE HIT THE LOWEST LEVEL SINCE 2015

June-19 DOC price hit the lowest level since January-15 and livebird price also sank to the lowest level since April-15. DOC price stood at Rp3,120/chick, declined severely by 41.6% MoM and 41.1% YoY. DOC price seemed facing supply woes at the end of FY18 until April-19, however starting May-19 when the price fell below Rp6,000/chick, this shown a different condition in the market. We view that currently issue of DOC oversupply also persist. Livebird price dropped to Rp14,129 (-20.9% MoM and -34.6% YoY). We think the price of livebird right now will not bring profit for the farmers or even for the major poultry integrators like CPIN or JPFA. Recently, the action of farmers in Central Java, whereas they went to street to give away chicken directly to the buyers instead of selling it to the distributors indicated a serious protest to government.

Comment: at the moment we do not see the price of DOC and broilers to recover at the fast pace as the demand for chicken also normalize after Ramadan festive. We believe government support is necessary to stabilize demand-supply condition. We maintain our NEUTRAL view on poultry sector.

	Jun'14	Jun'15	Jun'16	Jun'17	Jun'18	Jun'19
DOC price (in Rp/chick)	5,603.0	3,727.0	4,917.0	4,500.0	5,300.0	3,120.0
YoY Growth		-33.5%	31.9%	-8.5%	17.8%	-41.1%
Livebird price (In Rp/kg)	19,317	16,720	19,184	18,501	21,615	14,129
YoY Growth		-13.4%	14.7%	-3.6%	16.8%	-34.6%

	Jun'19	May'19	MoM	6M19 (avg.)	6M18 (avg.)	YoY
DOC price (in Rp/chick)	3,120.0	5,341.0	-41.6%	5,662.3	4,987.2	13.5%
Livebird price (In Rp/kg)	14,129.0	17,867.0	-20.9%	16,979.0	20,034.8	-15.3%

EXCL SOLD 70% STAKE OF ITS DATA CENTER BUSINESS UNIT TO FORM A NEW JV WITH PRINCETON DIGITAL GROUP

EXCL filed information disclosure to IDX on yesterday evening regarding a joint venture formation with Princeton Digital Group Pte. Ltd (PDG). The transaction involves an acquisition of 70% stake of EXCL's data center business which then will be transferred to the JV Company called PT Princeton Digital Group Data Centers. The amount of the transaction is not disclosed, however the information disclosure mentions that the authorized capital of the JV is Rp10 bn. In the disclosure, EXCL stated that the reasoning of the JV formation is to focus on its core business on telecommunication services and the Company believes partnership with PDG is beneficial as PDG has a lot of experience and expertise in the business. Separately, Deal Street News Asia reported that PDG is committed to grow the business and committed to investing USD100 mn in the JV to build a hyperscale data center, targeting the market leader position in the industry. It is reported that PDG sees a huge potential of data center business in Indonesia.

Comment: Although the news may seem exciting at a first glance, putting everything into perspective, we believe the amount of the transaction is insignificant to EXCL. We believe the transaction value will not differ significantly with the authorized capital of Rp10 bn which is very marginal compared to EXCL's equity value of Rp18.4 tn. We currently have a BUY rating on EXCL with TP of Rp3,250/share.

TOWR UPGRADED ITS CREDIT FACILITY WITH MUFG BANK

TOWR amended its revolving credit facility agreement with MUFG Bank and earned a higher plafond of JPY7.95 bn from JPY3.98 bn previously. The loans are slated for business development to support TOWR's growth.

Comment: As at 1Q19, TOWR's net-debt-to-EBITDA (Bloomberg Consensus) ratio stood at 2.1x, far lower than its covenant of 5.0x. TOWR currently trades at 8.4x 2019F EV/EBITDA, close to -1SD of its 5-year average of 10.7x.

TECHNICAL ANALYSIS

JCI : (6,363 -0.36%)

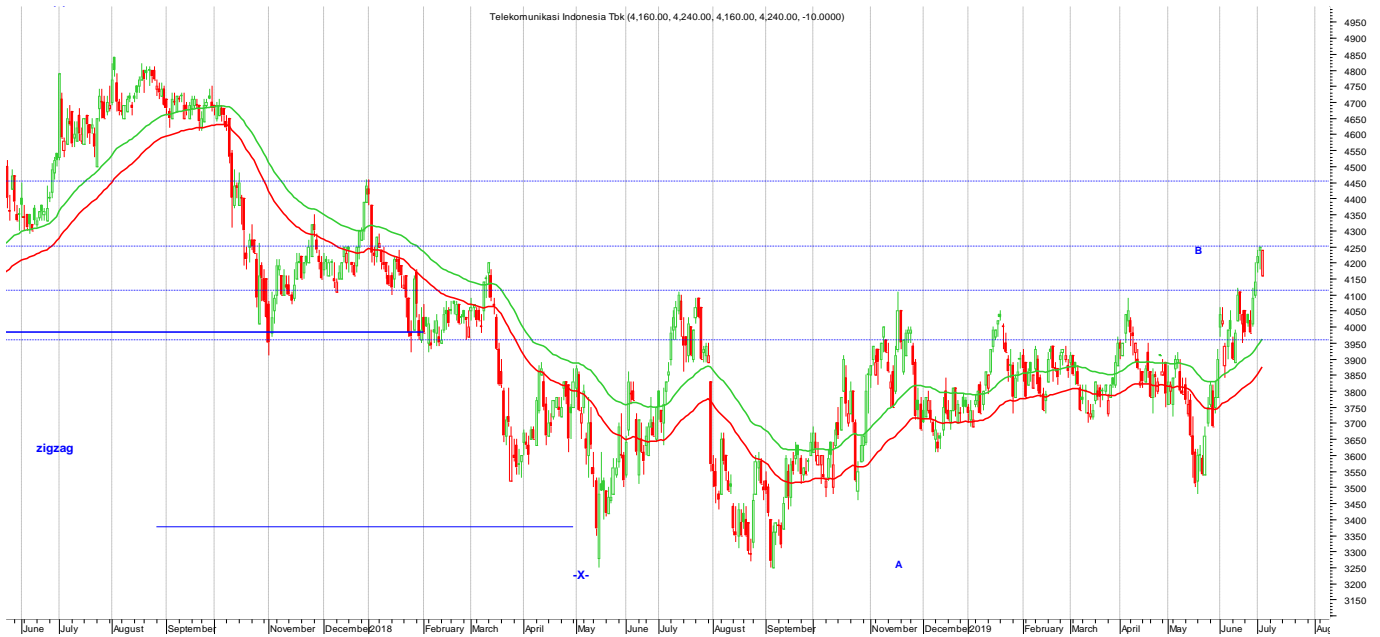
Comment : ADRO, INCO and PWON consecutively became lagging movers. Technically, JCI closed above minor support level of 6,334. Resistance level at 6,395. Next support and resistance level will be at 6,270-6,450. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. 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

TLKM : Retest the breakout

The price moved and closed above minor resistance level of 4,120. If the breakout confirm, level of 4,100-4,120 will turn into support level and the short-term trend turn into positive. Candlestick chart formed a reversal pattern. Historically resistance level at 4,300. Next support and resistance level at 3,950-4,450. Buy on weakness, cut if the price moves below the level of 4,100



BBCA : Testing resistance level

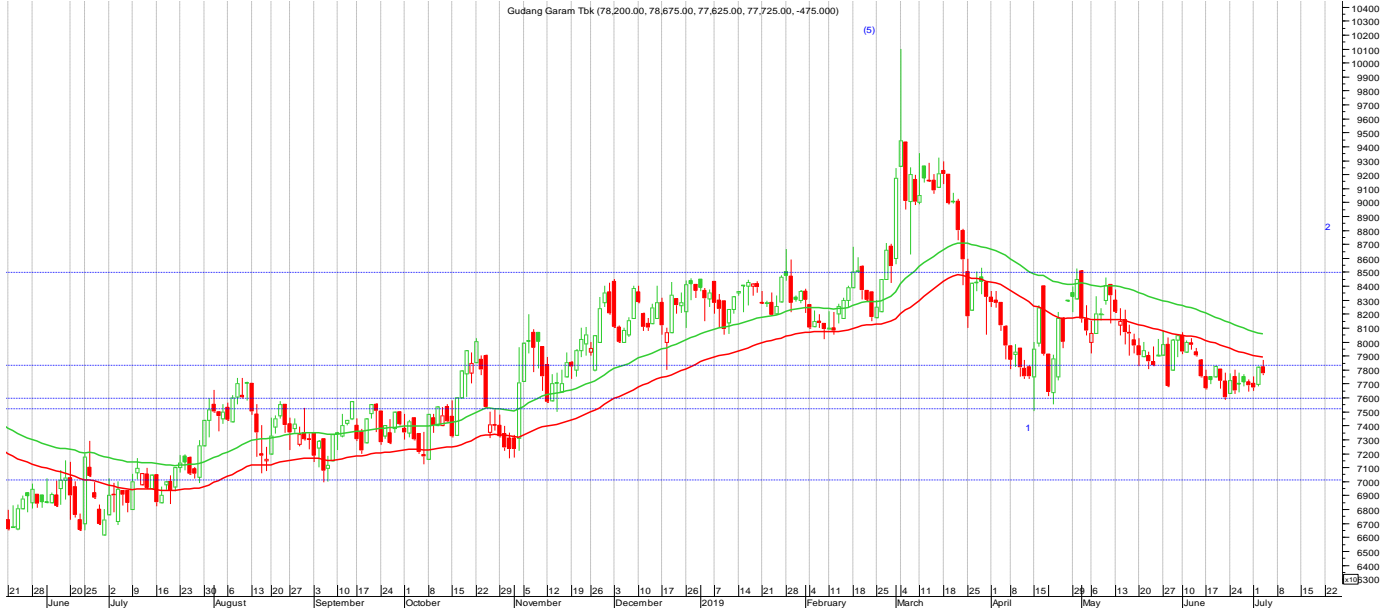
The price closed above minor support level of 29,700. Resistance level at 30,600. Next support and resistance level at 29,000-31,000. The price moved in uptrend channel in the last twelve months. If there is no extension the price is forming wave minor 5 which is the last wave of the cycle. Sell on strength, sell if the price moves below the level of 29,700



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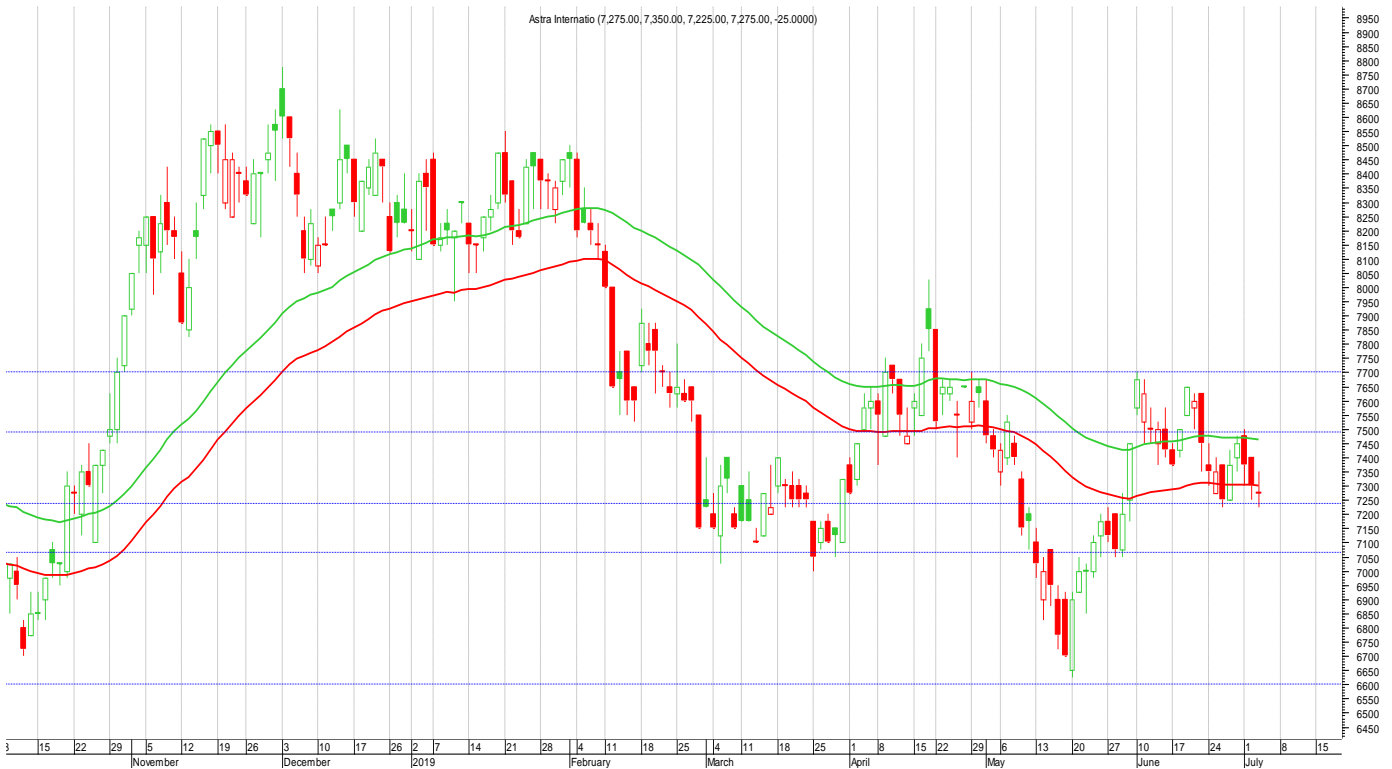
GGRM : Testing resistance level

The price closed below minor resistance level of 79,000. Support level at 75,800. The penetration of this support level will cause the mid-term trend turn into negative. Next support and resistance level at 70,000-85,000. Sell on strength, sell if the price moves below the level of 75,800



ASII : Testing support level

The price closed above minor support level of 7,200. Resistance level at 7,500. Next support and resistance level at 7,050-7,700. The trend is still sideways. Sell on strength



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,075 -14,175

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.52
3	6.79
5	6.80
10	7.28
15	7.61
30	8.33

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.14	6.26	6.22	6.11	5.63
US\$	1.24	1.24	1.22	1.19	
JIBOR (RP)	6.66	6.91	7.24	7.37	

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	14,123	0.11
1 US\$ = SGD	1.36	0.03
1 US\$ = JPY	107.77	0.04
1 US\$ = AUD	0.70	0.10
1 US\$ = EUR	1.13	0.08

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