

GLOBAL

Index	Last	Change	% chg
Dow	19,919	-23.08	-0.12
S&P 500	2,261	-4.22	-0.19
Eido US	22.7	-0.40	-1.74
H.S.I	21,636	-173.60	-0.80
Nikkei	19,428	-16.82	-0.09
STI	2,882	-19.66	-0.68
KLCI	1,623	-6.39	-0.39
Kospi	2,036	-2.23	-0.11
SET Thai	1,504	-4.45	-0.29

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	55.1	0.59	1.08
WTI Crude Oil (\$/bbl)	53.0	0.46	0.88
CPO (MYR/ton)	3,125	-29.00	-0.92
Gold (US\$/tr ounce)	1,129	0.71	0.06
Nickel (US\$/ton)	10,674	-97.75	-0.91
Tin (US\$/ton)	21,065	31.00	0.15
Pulp (US\$/ton) weekly	654.8	0.00	0.00
Coal (US\$/ton)	86.8	-0.15	-0.17

BEI STATISTICS

JCI	5,043
% Change (1 day)	-1.34%
% Change YTD	9.79%
P/E Market (X)	16.6
Volume (mn shr)	5,409.3
Value (Rp bn)	4,147.8
↑ 80 ↓ 246 ↔ 214	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.75	4.75
Fed fund rate (%)	0.75	0.50
Inflation mom (%)	0.47	0.14
Inflation yoy (%)	3.58	3.31

EXCHANGE RATE

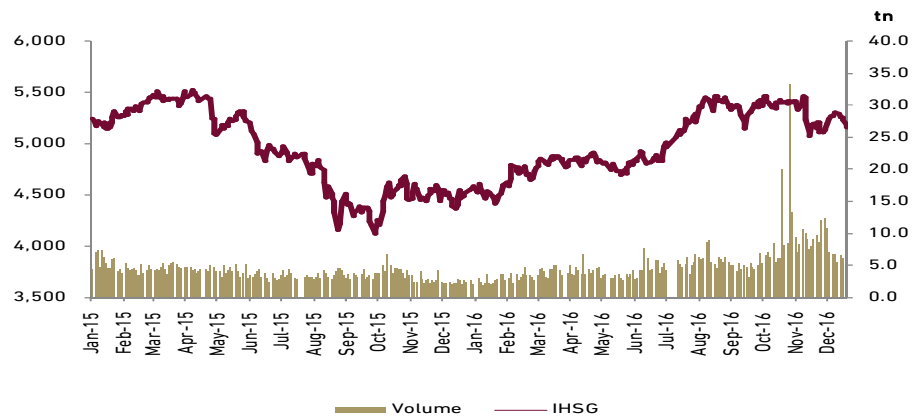
	Last	Change	% chg
1 USD = IDR	13,469	10.00	0.07
1 USD = SGD	1.45	0.00	-0.08
1 USD = JPY	117.48	-0.06	-0.05
1 USD = AUD	1.38	0.00	-0.10
1 USD = EUR	0.96	0.00	0.01

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	27.6	-0.33	-1.18	3,719	283,019
ISAT	0.4	0.00	0.00	5,792	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Tax and non-tax incentives to boost oil and gas exploration
- Government seeking to collect taxes from Google
- WIKA eyes 62% net income growth next year
- JSMR eyes Rp15 tn funding from BPJS to finance 3 toll road projects
- Felda reportedly completed the BWPT's stake acquisition for USD500 mn
- MIKA allocates Rp500 bn of capex next year

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 4,950 (support) – 5,130 (resistance) level today

HMSP: Buy on weakness at Rp 3,570-Rp 3,550

Comment: Testing support level

UNTR: Sell on strength at Rp 19,700-Rp 20,000

Comment: Closed below support level

TLKM: Buy on weakness at Rp 3,720-Rp 3,640

Comment: Testing support level

INDF: Sell on strength at Rp 7,500-Rp 7,600

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

US equities continued to fall on Thursday, as investors digested series of economic data while DJIA failed to reach its key psychological level of 20,000. DJIA ended 23.08 points lower to 19,918.88, or -0.12%, with Walmart contributed the biggest losses while Verizon as the biggest riser. The S&P dropped 4.22 points to 5,447.42, or -0.19%, with consumer discretionary leading seven sectors lower and telecommunications being the top advancer. On the data front, Jobless claims unexpectedly jumped to 275,000 last week, much higher than expected of 256,000. Durable goods orders also fell 4.6% last month, below consensus. Meanwhile, the final reading on US third-quarter GDP came in at 3.5%, above the expected 3.2%. From commodities market, Brent oil rose to USD55.1/barrel, +1.08%, while nickel contracted by -0.91% to USD10,674/ton.

Domestic

JCI fell further on Thursday trade with a decline of -1.34%, or -68.52 points, to close at 5,042.87 where HSMP (-2.94%), ASII (-2.27%), and UNVR (-1.36%) consecutively became the lagging movers. The transaction value was recorded at Rp4.1tn which involved Rp427 bn of foreign net buy. Meanwhile, Rupiah seen weakened by 11 points to Rp13,469/USD. From our technical desk, we expect JCI to trade at negative territory with technical range of 4,950 – 5,130.

HEADLINES BRIEF

TAX AND NON-TAX INCENTIVES TO BOOST OIL AND GAS EXPLORATION

The government is finalizing regulation that will allow it to grant companies additional tax and non-tax incentives aimed at boosting oil and gas exploration. The draft revision of Government Regulation No.79/2010 on cost recovery and taxation in the upstream oil and gas industry would be submitted at the end of the year and was expected to be issued next year. The revised version will apply to both new contracts and existing ones, as long as incentives do not violate any terms agreed up in the contract. The planned incentives will exempt oil and gas companies from paying import value-added tax (VAT), import duties, duties, domestic VAT, and property tax and waive other taxes during the exploitation phase. Meanwhile, the non-tax incentives are set to include clearer rules on investment credit and the domestic market obligation (DMO) holiday.

Comment: We are of the view that the new incentives together with gross split sliding scale scheme will push the upstream companies to conduct more exploration in 2017. However, in practicality, the development plan has to be designed in such detail. This will increase difficulties for the oil contractors.

GOVERNMENT SEEKING TO COLLECT TAXES FROM GOOGLE

Government is persistently seeking to collect taxes for the last 5 years from Internet player Google to pay taxes for revenue generation in Indonesia. Method of tax calculation has already been agreed after deliberations in 2016, but the process is stumbling now on collecting the money from Google. Minister MoCIT Pak Rudiantara will use all means available to pressure Google into paying taxes in 2017. Going to the extreme and blocking Google service would be the last step for the government. Blocking Google may have consequences not only in terms of availability of search engines but also in terms of email communication, OTT services such as YouTube. Sources direct to local start-ups ready to take the challenge and replace google services.

Comment: We understand this can create uncertainties since Google is fundamental to how internet is currently used. Changing habits can change dynamics and thus internet/data traffic.

WIKA EYES 62% NET INCOME GROWTH NEXT YEAR

Wijaya Karya (WIKA) expects to see 62% increase in net profit next year to Rp1.22 tn. This will be supported by higher orderbook which is expected to grow by 24% YoY to Rp103 tn, lifting revenue to Rp25.7 tn (+32.8% YoY). To fund operations next year, WIKA plans Rp12 tn in capital expenditure, the majority of which will go toward developing its business and funding ventures of its subsidiaries. The company will make use Rp4 tn in state capital injection (PMN) funds, mainly to put more money into major projects like the Kuala Tanjung port in North Sumatra, the Semanggi overpass in Jakarta and various toll road projects. WIKA also plans to hold an initial public offering (IPO) for its subsidiaries, property firm Wika Realty and building construction firm Wika Gedung, in 3Q 2017, with minimal proceeds of Rp3 tn for each. Around 30 to 40% of these subsidiaries' shares will be released to the public.

Comment: WIKA's net profit target is in-line with our forecast of Rp1.26 tn. WIKA is trading at 2017F PER of 17.2x or 22% discount to historical mean of 22x. We maintain our Buy rating on WIKA with TP of Rp3,200.

JSMR EYES RP15 TN FUNDING FROM BPJS TO FINANCE 3 TOLL ROAD PROJECTS

Jasa Marga (JSMR) expects to raise up to Rp15 tn from BPJS, which would finance its new toll road projects. As we know, BPJS plans to increase the allocation of assets in infrastructure projects of state-owned companies to back the government's ambitions to prop up the economy in the long run. The agency, which manages the largest pool of funds in Indonesia, has a number of diversified portfolios: 12.5% in time deposits, around 50% in government bonds, 10% in corporate bonds, while the rest are in the property sector, stock investments and mutual funds. Additionally, BPJS told that the company want to be more prudent in the second semester by focusing more on state-owned companies.

Comment : We believe this should be positive for JSMR to finance its expansion plan going forward. We still maintain our Buy recommendation for JSMR with TP of Rp6,000. JSMR is currently trading at 2016F PER 19.39x.

FELDA REPORTEDLY COMPLETED THE BWPT'S STAKE ACQUISITION FOR USD500 MN

Singapore's New Straits Times reported that Federal Land Development Authority (Felda) has completed the stake acquisitions of Indonesia's PT. Eagle High Plantations (BWPT) for roughly USD500 mn. No further details have been disclosed but the official report is expected to come out in the next few days.

Comment: The USD500 mn deal is seen below Felda's previous bid of USD680mn for the 37% stake. However, the deal is still much higher compared to BWPT's total current market cap of USD641mn, assuming exchange rate of Rp13,468/USD.

MIKA ALLOCATES RP500 BN OF CAPEX NEXT YEAR

Mitra Keluarga Karyasehat (MIKA) allocates around Rp400-500 bn of capex next year, or increase 30% compared to capex this year of Rp375 bn. Capex will be utilized to build two premium hospitals including instalation facilities. However, it excludes land acquisition cost. For funding its capex, the company will use the remaining IPO fund of Rp873 bn. In the long run, MIKA plans to operate 18 hopitals in Indonesia and the company has started to construct its 14 hospitals in Jabodetabek last month. In additions, occupancy rate of each hospitals reached 60% with volume of patient increased by 17% from 1,825 beds.

TECHNICAL ANALYSIS

JCI : (5,043 -1.3%)

Comment : HMSP, ASII and UNVR consecutively became laggars movers. Technically, JCI closed around critical support level. The penetration of this support level will cause the mid-term trend turn into negative. First support level at 5,032. Resistance level at 5,130. Next support and resistance level at 4,950-5,310. If we use classic technical approach, JCI will form a reversal double top pattern if the index moves and stable below support level of 5,043. The theoretical target of this pattern around level of 4,750-4,770. According to Elliot wave approach, the peaks of wave minute 5 has already founded at the level of 5,491, and wave 5 formed a truncation (double top) pattern. Based on this assumption, currently the index is forming wave down A. Wave A likely will form a 5 waves and the level of 5,043 potentially become the bottom of wave minute (i) and the highest level in the last three weeks trading at the level of 5,308 note as the peaks of wave minute (ii) and currently the index is doing wave down minute (iii) to test again level of 5,043. This wave counting automatically false if the index moves above the level of 5,310.



STOCK OF THE DAY

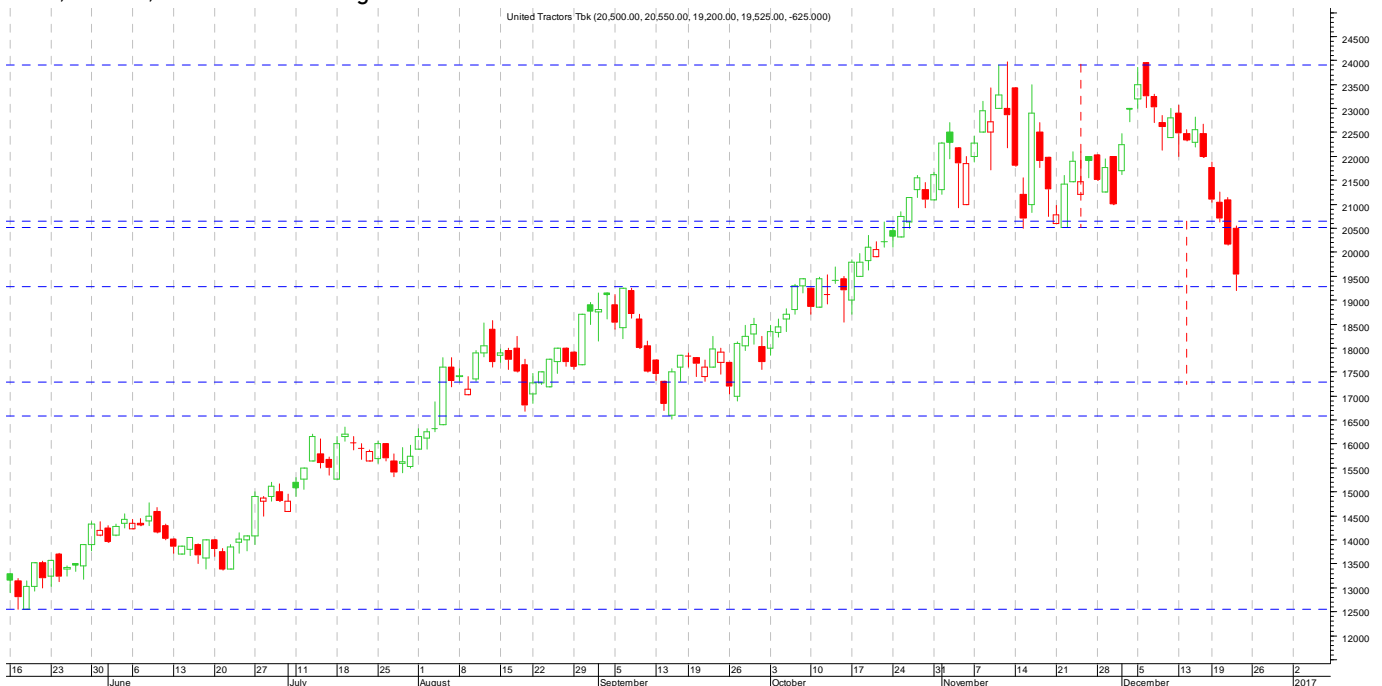
HMSP : Testing support level

The price closed above strong support level of 3,550. The penetration of this support level will cause the trend turn into negative. If we use classic technical approach, level of 3,550 also support level of reversal bearish Head and Shoulder pattern. Theoretical target of this pattern around the level of 2,700. Resistance level at 3,800. Buy on weakness, cut if the price moves and stable below the level of 3,550.



UNTR : Testing support level

The price moved and closed below support level of 20,500. If the breakout confirm, level of 20,500 will turn into strong resistance level. If we use classic technical approach, the price likely formed a reversal double top pattern. The theoretical target of this pattern around the level of 17,100. Support level at 18,500. Next support and resistance level at 16,500-22,000. Sell on strength



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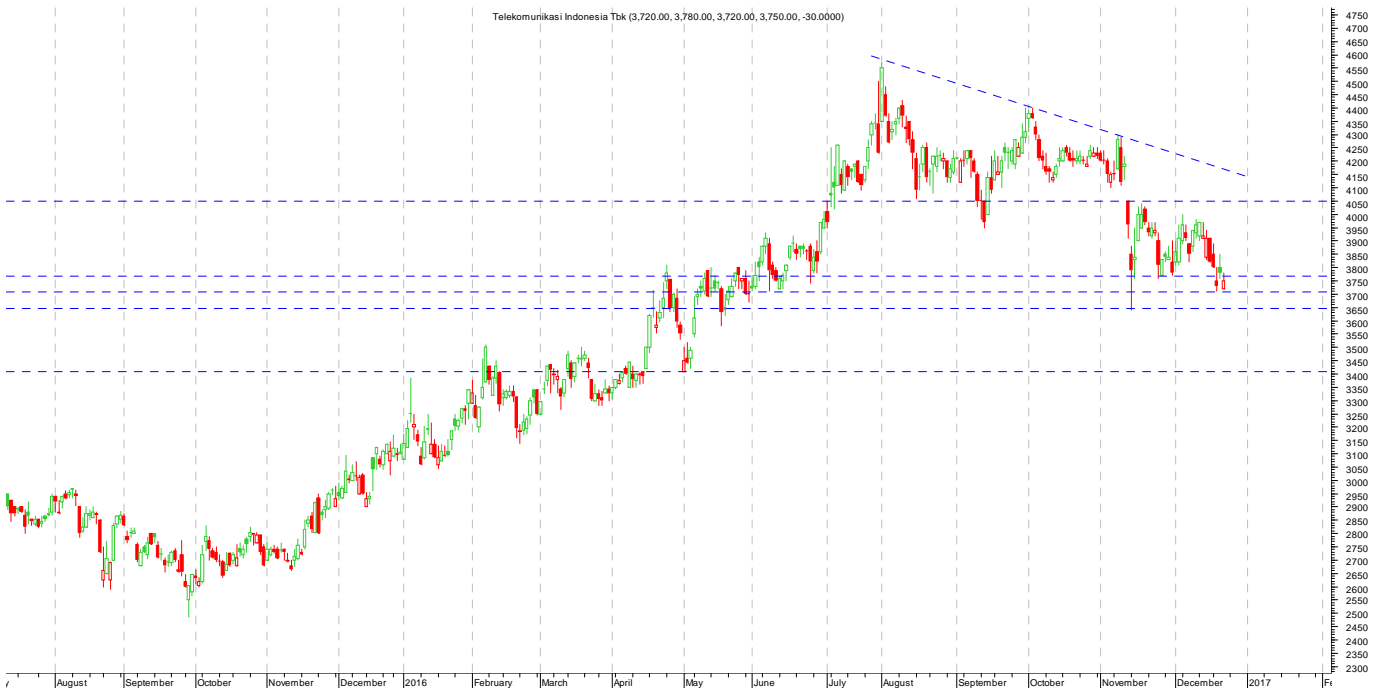
INDF : Testing support level

The price closed above historical support level of 7,225. The penetration of support level 7,200 will cause the mid-term trend turn into negative. Resistance level at 7,700-7,800. Sell on strength, cut if the price moves and stable below the level of 7,200



TLKM : Testing support level

The price closed above minor support level of 3,710. Resistance level at 3,850. Next support and resistance level at 3,640-4,000. The price moved in sideways in the last one month. Sell on strength, cut if the price moves below the level of 3,640.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/IDR: **13,420 – 13,520**

HIGHLIGHTS

- FR 53 had the biggest transaction value of Rp 1.5 tn for government bond on the latest trading day, closed at 102.90
- Medium term notes II Bank Panin Phase I Year 2016 had the biggest transaction value of Rp 401 bn for corporate bond on the latest trading day, closed at 100.16

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.93
3	7.58
5	7.56
10	7.86
15	8.11
30	8.57

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.16	6.44	6.28	6.26	5.71
US\$	0.70	0.68	0.64	0.69	
JIBOR (RP)	7.60	7.40	7.44	7.54	

BASE LENDING RATE	
BI RATE	4.75
FED FUND RATE	0.75
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	13,469	-0.07
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1 US\$ = JPY	117.48	0.05
1 US\$ = AUD	0.72	0.10
1 US\$ = EUR	1.04	-0.01

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