

GLOBAL			
Index	Last	Change	% chg
Dow	19,891	-63.28	-0.32
S&P 500	2,270	-4.88	-0.21
Eido US	24.5	-0.17	-0.69
H.S.I	22,829	-106.33	-0.46
Nikkei	19,135	-229.97	-1.19
STI	2,993	-7.94	-0.26
KLCI	1,678	2.55	0.15
Kospi	2,087	11.97	0.58
SET Thai	1,569	-4.09	-0.26

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	56.0	0.91	1.65
WTI Crude Oil (\$/bbl)	53.0	0.76	1.45
CPO (MYR/ton)	3,255	-6.00	-0.18
Gold (US\$/tr ounce)	1,195	-0.86	-0.07
Nickel (US\$/ton)	10,224	97.25	0.96
Tin (US\$/ton)	21,065	-80.00	-0.38
Pulp (US\$/ton) weekly	809.0	0.00	0.00
Coal (US\$/ton)	84.1	1.90	2.31

BEI STATISTICS	
JCI	5,293
% Change (1 day)	-0.16%
% Change YTD	-0.07%
P/E Market (X)	14.4
Volume (mn shr)	10,394.8
Value (Rp bn)	4,527.0
↑ 166 ↓ 140 ↔ 235	
LQ45	854
% Change (1 day)	0.28%

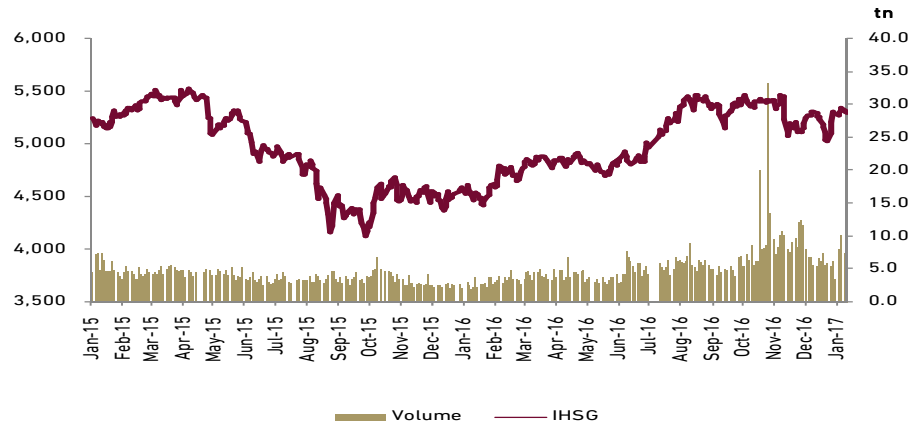
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	4.75	4.75
Fed fund rate (%)	0.75	0.50
Inflation mom (%)	0.42	0.47
Inflation yoy (%)	3.02	3.58

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	13,281	-38.00	-0.29
1 USD = SGD	1.43	0.00	0.04
1 USD = JPY	114.94	0.22	0.19
1 USD = AUD	1.34	0.00	0.09
1 USD = EUR	0.94	0.00	0.07

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.5	0.03	0.10	3,913	375,100
ISAT	0.4	0.00	0.00	5,711	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Govt to take in infrastructure spending in early fiscal year
- LPS : NPL to recover in 2017
- Govt issues new regulation on mineral concentrate exports
- Maybank sells Wom Finance at Rp282/share
- XL Axiata announced the use of 4.5G technology, step closer to 5G
- GWSA seeks Rp1.4 tn of fund

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,270 (support) – 5,360 (resistance) level today
BBNI: Speculative buy at Rp 5,550-Rp 5,450
 Comment: Testing support level
BBTN: Speculative buy at Rp 1,880-Rp 1,850
 Comment: Testing resistance level
ASII: Speculative buy at Rp 7,925-Rp 7,900
 Comment: Testing support level
TBLA: Buy on weakness at Rp 1,130-Rp 1,100
 Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

US equities traded lower on Thursday following the disappointed President-elect Donald Trump's press conference and as investors look ahead to the start of earnings season. DJIA fell 63.28 points, or 0.32%, to 19,891; while S&P 500 declined by 4.88 points, or 0.21%, to 2,270.44 On economic data front, weekly jobless claims rose below expectation while US December's import prices seen increase mostly on higher oil prices. On commodity markets, Brent oil traded higher to USD56.0 per barrel; while coal reversed some losses with an increase of 2.31% to USD84.1 per ton.

Domestic

JCI Index settled in negative territory yesterday, declined by 8.49 points or -0.16%, to 5,292.75 with HMSP (-1.27%), ASII (-1.25%), and UNTR (+2.64%) consecutively became the leading lagers. Transaction value was recorded at Rp4.5tn, involving foreign sell of Rp155bn on net basis. Rupiah, on the other hand, continued to appreciate further to Rp13,281 per USD (+0.29%) in yesterday's trade. Meanwhile, traders are eyeing for any possible remarks on FFR hike of as many as 3 times this year from Fed Chair Janet Yellen's townhall meeting. Our technical desk expects JCI to move at a bullish moderate fashion with technical range of 5,270 – 5,360.

HEADLINES BRIEF

GOVT TO TAKE IN INFRASTRUCTURE SPENDING IN EARLY FISCAL YEAR

Public Works and Public Housing Ministry (PUPR) has aimed for higher budget disbursement in the early fiscal year of 2017, by pushing more contracts to be signed through early bidding this month. The ministry geared up to sign contracts worth Rp11.5 tn in January, equal to 1,523 project packages, through early bidding this year. The value is higher than Rp8.8 tn contracts signed through early bidding in January last year. There will also be a disbursement of Rp22 tn from multi-year contracts in the same month. The ministry is endowed with Rp 101.4 tn in the 2017 state budget, higher than Rp91.21 tn in the revised 2016 state budget, after two budget cuts.

Comment: The acceleration in budget disbursement at ministry of PUPR should mainly benefit SOEs contractors such as ADHI, PTPP, WIKA, and WSKT as it will help build up their new contracts.

LPS : NPL TO RECOVER IN 2017

Indonesia Deposit Insurance Corporation (LPS) expects that banking industry asset quality to be better in 2017 as LPS has already seen the bottoming out of NPL. From 3.1% NPL at the end of 2016, NPL level can cross below 3% in 2017, according to LPS. Better economic growth and purchasing power in 2017 are the base of LPS's conviction of better asset quality condition for Indonesian banks in 2017.

Comment: Better NPL level in 2017 means that banks can ease the build-up of provision expense that has been occurring since 2015. Minimum growth of provision expense is beneficial for bank's bottom line, and we expect that banks's net income in 2017 to accelerate compared to 2016.

GOVT ISSUES NEW REGULATION ON MINERAL CONCENTRATE EXPORTS

The government finally released the Government Regulation No.1 / 2017 on the Implementation of Mineral and Coal Mining, and two derivatives rules in the form of Regulation of the Minister of Energy and Mineral Resources (ESDM). The most important point of these regulations is the mining companies are still able to export raw minerals such as copper, low-grade nickel ore with nickel content of under 1.7% and low-grade (below 42%) bauxite, as long as they have changed the status of the work contract to special mining licenses (IUPK), and officially express their commitment to build smelters within five years. Foreign miners must also divest 51% of their shares to the government within a decade of production in order to extend their export permits. The new regulation, however, is likely to put a risk billion of dollars of investment that have already poured in from investors interested in constructing smelters locally, particularly from China, such as stainless steel maker Tsinghan Holding Group. The move would also further degrade the country's investment climate.

Comment: The relaxation of nickel ore export is expected to primarily benefit state-owned diversified miner PT Aneka Tambang (Persero) Tbk (ANTM), as they may sale its low-grade nickel ore overseas as long as 30% of domestic requirement is fulfill. However, for companies such as PT Vale Indonesia Tbk (INCO), which require raw materials such as nickel ore, the regulations may make them difficult to buy nickel ore in the country. In addition, with rising global supply, nickel prices may depress, affecting INCO's ASP.

MAYBANK SELLS WOM FINANCE AT RP282/SHARE

Bank Maybank has agreed to sell its 68.55% (2.38 bn shares) holding in Wom Finance (WOMF) to Reliance Capital Management at Rp 282/share or Rp674 bn, and expects to finalize the share sale in 3Q17. The purchase agreement will cause control of WOM Finance to shift to Reliance Capital

Management from Maybank Indonesia. WOMF provides automotive financing for customers to buy new and used motorcycles from automotive brand giants such as Yamaha, Suzuki and Honda.

Comment: The change of control will trigger tender offer for WOMF shareholders while we believe the share price of WOMF could surge to the acquisition price. The acquisition price of Rp282/share can be translated to trailing 2016 PBV of 1.2x.

XL AXIATA ANNOUNCED THE USE OF 4.5G TECHNOLOGY, STEP CLOSER TO 5G

XL Axiata following the steps of TSEL, announced that the technology MIMO 4x4 with higher signal modulation of 256 QAM in 4G network has been in use over the last year and has been implemented in top tier cities of Jabodetabek, Bandung, Jogjakarta, Central Java, Surabaya and Denpasar that can increase potential speed up to 360Mbps for cellular phones. Justifiably with this development XL Axiata enters into 4.5G LTE technology ecosystem. This technology uses the same amount of frequency spectrum of 20MHz in 1800MHz band and by upgrading software to higher signal modulation scheme from 64 QAM to 256, allows speed to increase up to 30%. The next goal for XL Axiata is to increase coverage with this new upgrade to 2nd tier cities.

XL recognizes that a lot of customers are still using 2G and 3G networks. However they are encouraged by the fact that daily data traffic is rising constantly. In June 2016 data traffic/day was 107 TB and in December recorded 605 TB/ day. Thus is important to be able to cater the increasing demand from operator's perspective. It is also important from marketing perspective to let customer know he has the ability to enjoy the highest speeds available in the market. (Bisnis Indonesia, Kontan)

Comment: This is in line with XL Axiata's strategy to capture on the middle-up customer market segment who use new smartphones and would be interested for latest 4.5G technology and eventually pay premium price going forward. TLKM announced first the use of this technology and together with XL are battling together who can best capture this market segment. Will be looking for updates as well from ISAT and other operators.

GWSA SEEKS RP1.4 TN OF FUND

Greenwood Sejahtera (GWSA) seeks Rp1.4 tn of fund from right issue or bonds issuance and shareholders have approved the company's plan to issue 2.5 bn new shares or 32.11% from stake. GWSA will use its proceeds to build TCC Batavia office tower 2 in Karet, Sudirman. In addition, the company sets a conservative for marketing sales target this year which equal to marketing sales achievement last year. In 2016, GWSA is expected to book marketing sales of Rp200 bn or only achieved 50% from target of Rp400 bn. Besides, GWSA also targets to appoint the main contractor for Capital Square project in January-February. Capital Square project will be developed in the area of 1.38 ha which comprises of apartment, loft, office tower, and retail space. The company targets this project will be finished in 2019.

TECHNICAL ANALYSIS

JCI : (5,293 -0.2%)

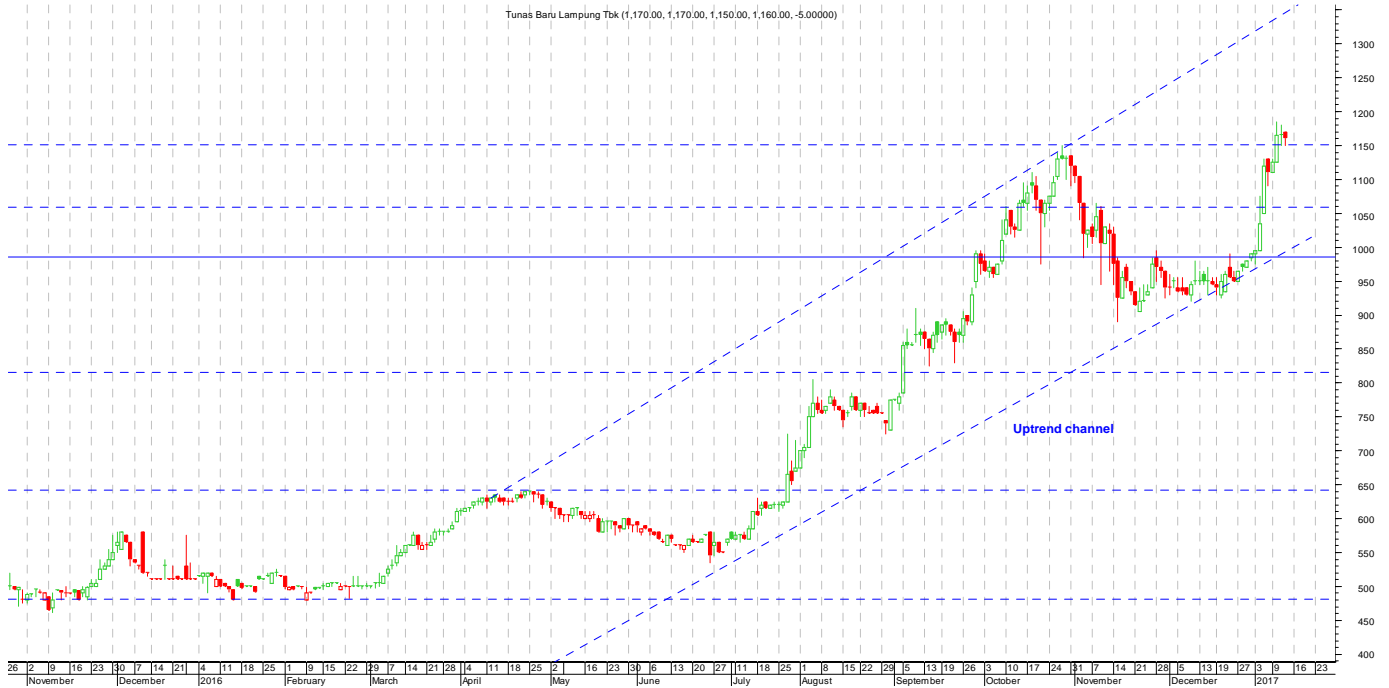
Comment : HMSP, ASII and UNTR consecutively became laggars movers. Technically, JCI closed around minor support level of 5,292. Level of 5,322 become first resistance level. Next support and resistance level at 5,246-5,360. According to Elliot wave approach, the peaks of wave minute 5 has already founded 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. We revise our wave counting because the index moved above the level of 5,200. One of alternate wave counting is that the level of 5,043 note as the bottom of sub wave (a) of A and the highest level in the last five weeks trading at the level of 5,308 noted as the peaks of wave minute (b) of A and the lowest level of 5,022 will be noted as the bottom of sub wave (c) or the bottom of wave A. Currently the index is in the process to form wave up B before continue to form wave down C to retest again level of 5,022.



STOCK OF THE DAY

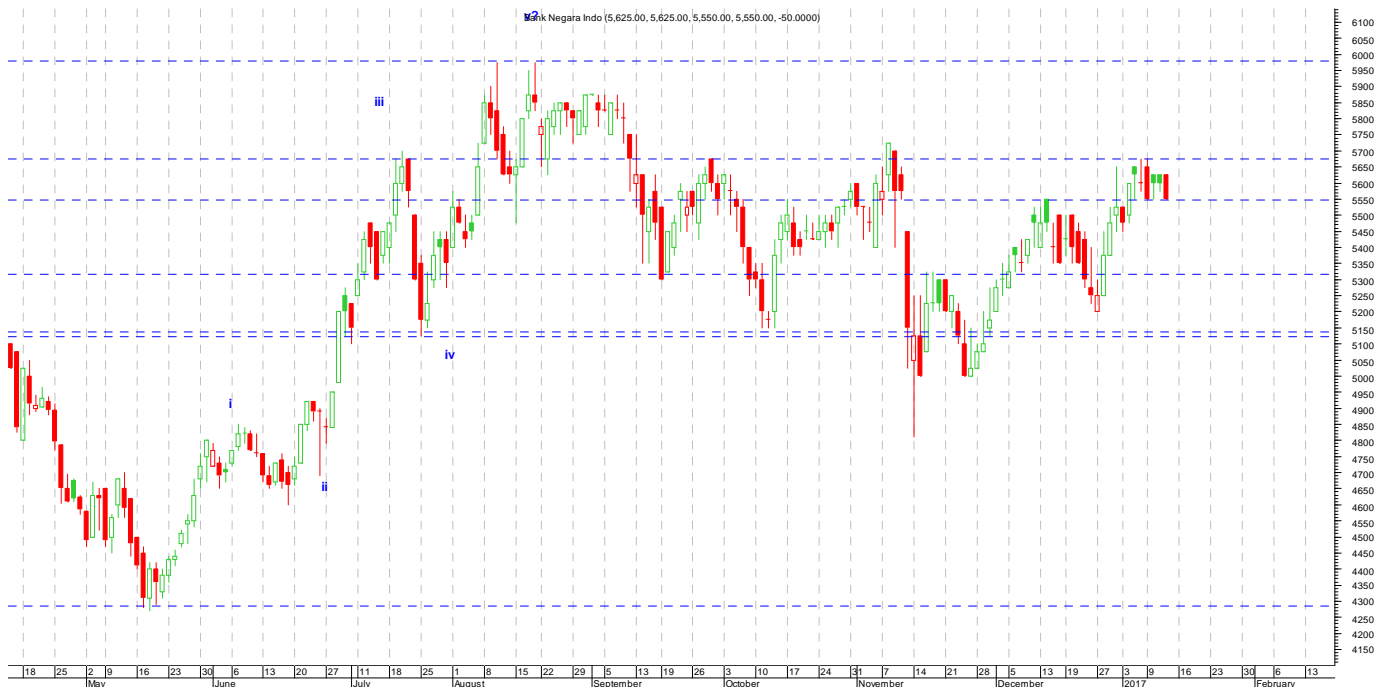
TBLA : Testing resistance level

The price closed around resistance level. Support level at 1,090. Next support and resistance level at 1,050, 1,400. The price moved in uptrend channel in the last eleven months. Speculative buy/Buy on weakness, cut if the price moves below the level of 1,030.



BBNI : Testing support level

The price closed at support level. Resistance level at 5,700. Next support and resistance level at 5,300-6,000. The trend is still positive. Speculative buy, cut if the price moves below the level of 5,450.



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BBTN : Testing resistance level

The price closed at resistance level of the gap 1,885. Support level at 1,835. Next support and resistance level at 1,770-1,980. The trend is still positive. Speculative buy/Buy on weakness, cut if the price moves below the level of 1,830.



ASII : Testing support level

The price closed at historical support level. Resistance level at 8,300. Next support and resistance level at 7,650-8,600. The trend is still positive. Speculative buy/Buy on weakness, cut if the price moves below the level of 7,300.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/IDR: **13,230 – 13,330**

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.23
3	7.22
5	7.33
10	7.66
15	8.00
30	8.54

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.09	6.31	6.25	6.14	5.66
US\$	0.70	0.68	0.67	0.70	
JIBOR (RP)	5.93	6.91	7.26	7.40	

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	13,281	0.29
1 US\$ = SGD	1.43	-0.04
1 US\$ = JPY	114.94	-0.19
1 US\$ = AUD	0.75	-0.09
1 US\$ = EUR	1.06	-0.07

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