

GLOBAL

Index	Last	Change	% chg
Dow	20,054	-35.95	-0.18
S&P 500	2,295	1.59	0.07
Eido US	24.8	0.01	0.04
H.S.I	23,485	153.56	0.66
Nikkei	19,008	96.82	0.51
STI	3,067	-5.11	-0.17
KLCI	1,689	-0.34	-0.02
Kospi	2,065	-10.13	-0.49
SET Thai	1,589	6.77	0.43

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	55.1	0.07	0.13
WTI Crude Oil (\$/bbl)	52.3	0.17	0.33
CPO (MYR/ton)	3,301	23.00	0.70
Gold (US\$/tr ounce)	1,240	-1.71	-0.14
Nickel (US\$/ton)	10,443	143.25	1.39
Tin (US\$/ton)	18,990	96.00	0.51
Pulp (US\$/ton) weekly	814.5	0.00	0.00
Coal (US\$/ton)	79.4	-1.00	-1.24

BEI STATISTICS

JCI	5,361
% Change (1 day)	-0.38%
% Change YTD	1.22%
P/E Market (X)	15.1
Volume (mn shr)	33,521.4
Value (Rp bn)	8,256.6
↑ 119 ↓ 202 ↔ 218	
LQ45	854
% Change (1 day)	0.28%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	4.75	4.75
Fed fund rate (%)	0.75	0.75
Inflation mom (%)	0.97	0.45
Inflation yoy (%)	3.49	2.79

EXCHANGE RATE

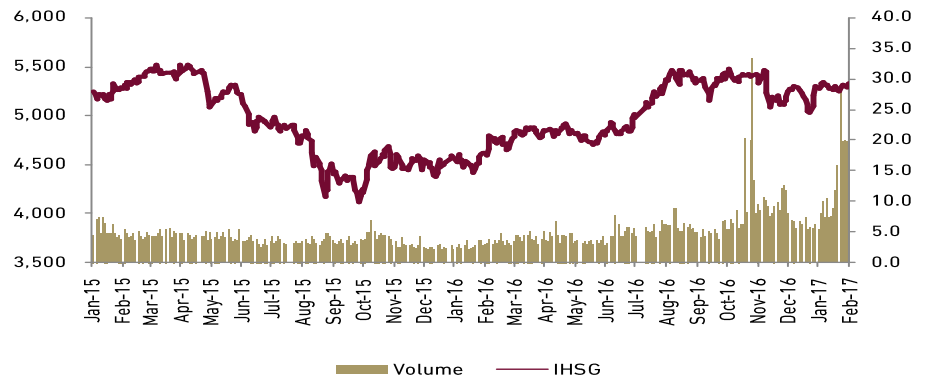
	Last	Change	% chg
1 USD = IDR	13,327	-2.00	-0.02
1 USD = SGD	1.42	0.00	0.06
1 USD = JPY	112.03	0.10	0.09
1 USD = AUD	1.31	0.00	0.21
1 USD = EUR	0.94	0.00	0.11

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.2	-0.20	-0.68	3,889	276,784
ISAT	0.4	0.00	0.00	5,731	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Balance of payment turns surplus in 2016
- Government explore options to finance LRT project
- December's retail sales set for double digit growth
- Bank Mandiri expects 13% loans growth in 2017
- SIMP sets up JV company with Daito Cacao
- JSMR eyes Rp3 tn from asset securitization

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,350 (support) – 5,400 (resistance) level today

EXCL: Speculative buy at Rp 2,980-Rp 2,920

Comment: Testing resistance level

GGRM: Speculative buy at Rp 62,200-Rp 61,800

Comment: Testing resistance level

JPFA: Speculative buy at Rp 1,750-Rp 1,720

Comment: Testing support level of the uptrend channel

LPKR: Speculative buy at Rp 750-Rp 720

Comment: Testing resistance level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. equities closed mixed Wednesday as financials led decliners, while oil rebounded following the release of key supply data. DJIA fell -0.18%, to close at 20,054.34 with JP Morgan Chase leading decliners and Nike the top riser, while S&P 500 rose slightly 0.07%, to end at 2,294.67, with utilities and real estate leading seven sectors higher and financials lagging. Banks stocks have been some of the best performers since President Donald Trump's election, as market participants bet on corporate tax cuts, deregulation and government spending. In the commodity markets, Brent oil increased by 0.13% to USD55.1/barrel and coal was down by 1.2% to USD79.4/ton.

Domestic

JCI index closed lower on Wednesday final trading session to 5,361.1; decreased by 20.39 points or -0.38% with the TLKM (-1.28%), BMRI (-1.54%), and HMSP (-0.76%) as the lagging movers. Trading value was Rp8.3 tn and foreign investors bought Rp170 mn of stocks on a net basis. Meanwhile, Rupiah closed at Rp13,327 per USD or strengthened by 2 points. Indonesia's outlook is revised to positive from stable by Moody's. Our technical desk expect JCI to move to higher territory with technical range of 5,350-5,400.

HEADLINES BRIEF

BALANCE OF PAYMENT TURNS SURPLUS IN 2016

Indonesia's balance of payment (BOP) has turned into a surplus of USD12 bn in 2016 after suffering a deficit of USD1.1 bn in 2015. This was due to the support from strong funds resulting from the balance of financial and capital transactions. BOP is an indicator of the economic transactions between the people of Indonesia and people abroad which records data of current transactions, capital and financial transactions of the Indonesian people. In 4Q16, trade deficit dropped drastically to 0.8% of the GDP to make the current account deficit (CAD) throughout 2016 to 1.8% of the GDP with supporting factors for the recovery include increasing commodity prices, reviving private investment and improving performance of state-owned and private companies.

Comment: We see CAD accelerating from 1.8% of GDP last year to 2.4% of GDP this year on rising capital goods imports expectation to support investment.

GOVERNMENT EXPLORE OPTIONS TO FINANCE LRT PROJECT

Finance Minister Sri Mulyani Indrawati mentioned that the government will find a way to address issues with the financing of the light rail transit (LRT) project in Palembang (handled by WSKT) and in Greater Jakarta (handled by ADHI). According to Sri Mulyani, the LRT project is government's commitment in the form of public service obligation (PSO), insurance and investment. The government will use all existing instruments and mechanisms both in and outside the State Budget to address the financing issues. Therefore, the government would be able to execute the project with proper governance and is willing to provide warranty to spark confidence in important projects

Comment: We believe this comment from Finance Ministry will ease concern about LRT projects executions .

DECEMBER'S RETAIL SALES SET FOR DOUBLE DIGIT GROWTH

Boosted by purchases of food products, retail sales in December grew by 10.5% YoY. In tandem with the Holiday season, the growth is 0.6% higher than of that in November, in which BI revised the growth to 9.9% from previously 10%. However, weak demand from the food category in January leads 700 retailers from 10 major cities to believe that last month's growth would merely reach 9.5% YoY. Participants expect current pressure on prices will gradually start to ease down in the next three months due to the rather slow demand. However, they believe Lebaran Holiday in June will push retail sales higher.

Comment: The data from BI perfectly reflects sales seasonality in retail companies, including MPPA, MPPA and ACES, which generally recorded sales with fairly higher growth during 2Q. The Lebaran Holiday provides a strong momentum for consumers to spend more.

BANK MANDIRI EXPECTS 13% LOANS GROWTH IN 2017

Bank Mandiri (BMRI) expects to grow its loan book by 13% YoY in 2017. The bank posted 10.7% YoY loans growth in 2016. The management is still confident on BMRI's liquidity position, citing the inflow of Rp30 tn from the tax amnesty program into the bank. Meanwhile, BI expects that banking industry loans growth to be at 12% in 2017.

Comment: The most significant issue for BMRI currently is whether the bank can improve its asset quality in 2017. If the bank can decrease loans downgrades while growing loans book faster, NPL ratio could decrease in 2017. BMRI's NPL was at 3.8% in 3Q16. We are reviewing our TP and estimate for BMRI.

SIMP SETS UP JV COMPANY WITH DAITO CACAO

Salim Ivomas Pratama (SIMP) finalizes its plan to set up a JV Company with Japanese firm Daito Cacao Co Ltd to expand its cocoa business. PT Indoagri Daitocacao, the name of the JV Company, will focus on processing and marketing chocolate for industrial use. SIMP will hold 49% stake in this JV while Daito Cacao will have the majority 51% ownership. The establishment of the JV Company is expected to be done latest by March this year with production facility located in Kota Bukit Indah – Purwakarta, West Java.

JSMR EYES RP3 TN FROM ASSET SECURITIZATION

Jasa Marga (JSMR) eyes the assets securitization of future toll road revenue as one of the financing options for capital expenditure (capex) this year. Securitization with collective investment contract, asset-backed securities is targeted to reach Rp 3 tn. JSMR expects the bills derived from the management of several toll roads, such as Cikampek toll road or Jagorawi toll road. The company will appoint Bahana Securities, Danareksa Sekuritas or Mandiri Sekuritas to be the originator of collective investment contract of asset-backed securities (CIC-ABS). This year, the company requires Rp27 tn, about 81 % or Rp22 tn is allocated to build toll roads. The company will use funding from internal cash, the bond issuance, and contractor's pre-finance (CPF).

Comment: We are currently still waiting for the details. Nevertheless, we see this action should bring positive catalyst for JSMR to meet the capex this year. Our current TP is Rp6,300 with a BUY rating.

CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/IDR: Rp: 13,280-13,380

HIGHLIGHTS

- FR 70 had the biggest transaction value of Rp2.8 tn for government bond on the latest trading day, closed at 102.01
- Medium term notes I PNM Phase II Year 2016 Series A had the biggest transaction value of Rp20 bn for corporate bond on the latest trading day, closed at 100.32

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.59
3	7.14
5	7.25
10	7.55
15	7.91
30	8.46

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.11	6.29	6.20	6.24	5.59
US\$	0.69	0.69	0.68	0.68	
JIBOR (RP)	5.81	6.83	7.18	7.33	

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	13,327	0.02
1 US\$ = SGD	1.42	-0.06
1 US\$ = JPY	112.03	-0.09
1 US\$ = AUD	0.76	-0.21
1 US\$ = EUR	1.07	-0.11

PlazaASIAOffice Park Unit 2
Jl. Jend. Sudirman Kav. 59
Jakarta 12190, Indonesia

T +62 21 2557 4800
F +62 21 2557 4900
E research@ciptadana.com
www.ciptadana.com

Analyst Certification

Each contributor to this report hereby certifies that all the views expressed accurately reflect his or her personal views about the companies, securities and all pertinent variables. It is also certified that the views and recommendations contained in this report are not and will not be influenced by any part or all of his or her compensation.

Disclaimer

This report does not constitute an offer to buy or sell any security/instrument, invitation to offer or recommendation to enter into any transaction. Nor are we acting in any other capacity as a fiduciary to you. By accepting this report, subject to applicable law or regulation. When making an investment decision, you should determine, without reliance upon us or our affiliates, the economic risks and merits (and independently determine that you are able to assume these risks) as well as the legal, tax and accounting characterizations and consequences of any such transaction. In this regard, by accepting this presentation, you acknowledge that (a) we are not in the business of providing (and you are not relying on us for) legal, tax or accounting advice, (b) there may be legal, tax or accounting risks associated with any transaction, (c) you should receive (and rely on) separate and qualified legal, tax and accounting advice and (d) you should apprise senior management in your organization as to such legal, tax and accounting advice (and any risks associated with any transaction and our disclaimer as to these matters).

The information contained in this report is based on material we believe to be reliable; however, we do not represent that it is accurate, current, complete, or error free. Assumptions, estimates and opinions contained in this report constitute our judgement as of the date of the document and are subject to change without notice. Any projections are based on a number of assumptions as to market conditions and there can be no guarantee that any projected results will be achieved. Past performance is not a guarantee of future results. CIPTADANA SPECIFICALLY DISCLAIMS ALL LIABILITY FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL OR OTHER LOSSES OR DAMAGES INCLUDING LOSS OF PROFITS INCURRED BY YOU OR ANY THIRD PARTY THAT MAY ARISE FROM ANY RELIANCE ON THIS REPORT OR FOR THE RELIABILITY, ACCURACY, COMPLETENESS OR TIMELINESS THEREOF.