

GLOBAL			
Index	Last	Change	% chg
Dow	20,925	-29.58	-0.14
S&P 500	2,368	-6.92	-0.29
Eido US	24.8	-0.08	-0.32
H.S.I	23,681	84.79	0.36
Nikkei	19,344	-34.99	-0.18
STI	3,130	8.93	0.29
KLCI	1,729	1.30	0.08
Kospi	2,094	12.69	0.61
SET Thai	1,550	-3.74	-0.24

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	55.9	-0.09	-0.16
WTI Crude Oil (\$/bbl)	53.1	-0.06	-0.11
CPO (MYR/ton)	2,974	-36.00	-1.20
Gold (US\$/tr ounce)	1,217	0.87	0.07
Nickel (US\$/ton)	10,589	-451.00	-4.09
Tin (US\$/ton)	19,363	-61.00	-0.31
Pulp (US\$/ton) weekly	822.4	0.00	0.00
Coal (US\$/ton)	79.3	-0.95	-1.18

BEI STATISTICS	
JCI	5,403
% Change (1 day)	-0.13%
% Change YTD	2.00%
P/E Market (X)	15.6
Volume (mn shr)	9,926.7
Value (Rp bn)	5,614.9
↑ 152 ↓ 165 ↔ 222	
LQ45	854
% Change (1 day)	0.28%

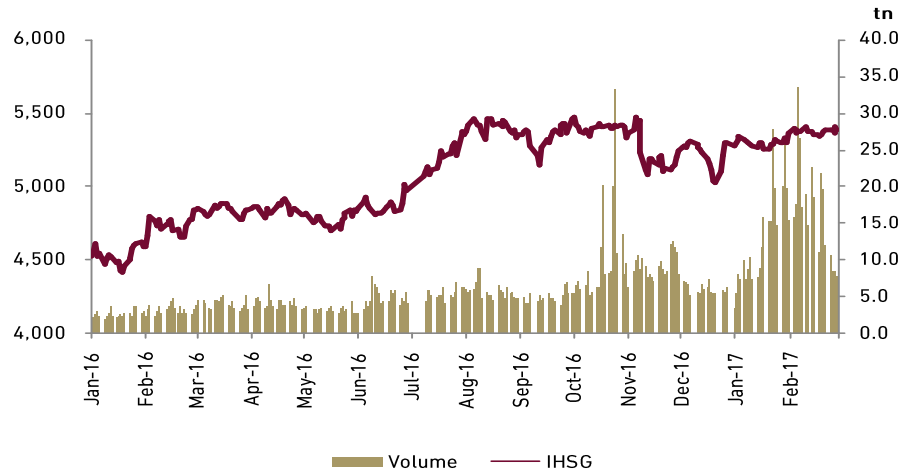
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	4.75	4.75
Fed fund rate (%)	0.75	0.75
Inflation mom (%)	0.23	0.97
Inflation yoy (%)	3.83	3.49

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	13,350	0.00	0.00
1 USD = SGD	1.41	0.00	-0.05
1 USD = JPY	113.89	-0.09	-0.08
1 USD = AUD	1.32	0.00	-0.07
1 USD = EUR	0.95	0.00	-0.04

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	29.2	-0.03	-0.10	3,893	269,336
ISAT	0.5	0.00	0.00	6,542	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Indonesia forex reserves up to USD119.9 bn
- Banks deposit increased by 10% in January 2017
- ADRO FY16 results: strong earnings growth, driven by lower expenses
- Garuda Indonesia adds flights route to Australia
- Telkomsel bundling smartphones with 4G service – targets 40mn users

IHSG STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,370 (support) – 5,420 (resistance) level today

KLBF: Speculative buy at Rp 1,470-Rp 1,420

Comment: Hold above support level

LPPF: Speculative buy at Rp 13,100-Rp 12,800

Comment: Hold above support level

JPFA: Speculative buy at Rp 1,690-Rp 1,675

Comment: Testing resistance level

BBTN: Speculative buy at Rp 2,000-Rp 1,960

Comment: Hold above support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. equities closed lower on Tuesday as investors mulled over the prospects of tighter monetary policy and the House Republicans' legislation to repeal and replace Obamacare. DJIA fell 29.58 points, or 0.14%, to close at 20,924.76, with Chevron as the leading decliner. The S&P 500 declined 6.92 points, or 0.29%, to end at 2,368.39, with energy leading the decline. The two indexes recorded their first two-day losing streak since January. In economic news, the Commerce Department said on Tuesday the U.S. trade deficit jumped in January to the highest level in nearly five years to USD48.5 bn. On commodity markets, Brent oil was down by 0.16% to USD55.9/barrel. WTI was also down by 0.11% to USD53.1/barrel.

Domestic

JCI Index fell slightly by 0.1% to 5,403 where ASII, KLBF and CPIN consecutively became the lagging movers. Transaction value was recorded at Rp5.6 tn, involving foreign net buy of Rp87.49 bn. From currency front, Rupiah strengthened by 1 point to 13,350/USD. Our technical desk expect the JCI to be traded at negative territory with the possibility of closing at 5,370-5,420 territory today.

HEADLINES BRIEF

INDONESIA FOREX RESERVES UP TO USD119.9 BN

Indonesia's foreign exchange reserves was up by USD3 bn to USD119.9 bn at end of February 2017. The increase was attributable to, among others, the stability of the rupiah against foreign currencies that resulted in the lack of use of foreign exchange reserves for monetary operations. Bank Indonesia also mentioned other factors such as tax revenues and government oil & gas export proceeds, withdrawal of government foreign loans, as well as auction of Bank Indonesia foreign exchange bills (SBBi). The reserve asset position at end-February 2017 adequately covered 8.9 months of imports or 8.5 months of imports and servicing of government external debt repayments, well above the international standards of reserves adequacy at 3 months of imports.

Comment: We see Rupiah has been slightly strengthening (+0.9%) Ytd which believe was also supported by rising forex reserve despite the possibility of the Fed hike rate in March.

BANKS DEPOSIT INCREASED BY 10% IN JANUARY 2017

Deposit of banking industry rose by 9.6% YoY to Rp4,897 tn in January 2017. On MoM basis, the deposit decreased by 0.06% compared to December 2016. Time deposit proportion on total deposit was 44.3% in January 2017, and the amount of time deposit was up by 2.5% MoM. The YoY growth of deposit in January was still in line with BI's projection of 9% YoY deposit increase in 2017.

Comment: Decent growth of deposit in January can help loans to grow by 11-12% YoY in 2016, in line with central's bank target. We expect loans of banking industry to grow by 11% YoY in 2017 where loans growth is expected to accelerate in 2H17

ADRO FY16 RESULTS: STRONG EARNINGS GROWTH, DRIVEN BY LOWER EXPENSES

Adaro Energy (ADRO) saw its net income rose to USD335 mn in FY16, or up 120% YoY, and formed 145% of our FY16 forecast, driven by lower COGS. The company's revenue declined by 6% YoY, fell behind our expectations with only 91% achievement to our forecast due to lower ASP (-8% YoY). However, decreasing COGS by 14% YoY helped to lift gross and operating profit to USD685 mn and USD534 mn, respectively, higher than our expectations by 13% and 21%. ADRO registered a strong 4Q16 results with earnings increased to USD126 mn (+38% QoQ), as revenue grew by 24% QoQ to USD746 mn. Gross profit was seen higher to USD220 mn (+35% QoQ), while operating profit rose accordingly to USD177 mn (+39% QoQ).

Comment : We are reviewing our earnings and TP for ADRO following robust FY16 results.

USD mn	FY16	FY15	YoY	4Q16	3Q16	QoQ	2016F	FY16/2016F
Financial performance								
Revenue	2,524	2,684	-6%	746	602	24%	2,782	91%
COGS	-1,839	-2,141	-14%	-526	-440	20%		
Gross profit	685	543	26%	220	163	35%	608	113%
Gross margin (%)	27.1	20.2	6.9	29.5	27.0	2.5		
Operating expense	-151	-133	14%	-43	-35	23%		
Operating income	534	410	30%	177	128	39%	440	121%
Operating margin (%)	21.2	15.3	5.9	23.7	21.2	2.5		
Interest income	9	12	-23%	3	2	15%		
Interest expense	-50	-60.8	-18%	-12	-13	-9%		
Share in net loss of associates	0	-3.0	n.a	1	0	0%		
Other income (expense)	54	-78.4	n.a	29	23	28%		
Profit before tax	547	280	95%	197	139	42%	402	136%
PBT margin (%)	21.7	10.4	11.2	26	23	3.4		
Income Tax	-206	-129	60%	-67	-47	44%		
Minority interest	-6	1	n.a	-4	-1	409%		
Net Income	335	152	120%	126	91	38%	230	145%
Net margin (%)	13.3	5.7	7.6	16.8	15.2	1.7		

GARUDA INDONESIA ADDS FLIGHTS ROUTE TO AUSTRALIA

Garuda Indonesia (GIAA) will increase seasonal flight frequencies on the Jakarta - Australia routes from 4 to 5 flights per week and Bali - Australia routes from 6 to 7 flights per week from May until Oct 2017. Through the addition of the Australian frequency, Garuda Indonesia targets a growth rate of passengers in the market sector Australia to 650k passengers in 2017. The addition of these frequencies for each route of Australian sector will be adjusted to market demand in the period of the holiday season, so the number of frequencies will be different in each period.

Comment: The additional flights will greatly improve convenience for passengers traveling from Indonesia to Australia, and vice versa, and are part of the airline's effort to meet the growing appetite of Indonesian travelers for Australia. We still maintain BUY for GIAA with TP Rp400.

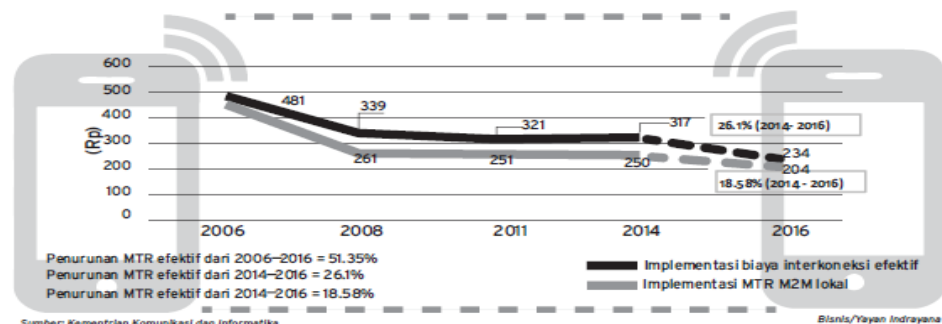
TELKOMSEL BUNDLING SMARTPHONES WITH 4G SERVICE – TARGETS 40MN USERS

Telkomsel has currently 26-27 mn subscribers using smartphones out of which 11 mn are active 4G users. Telkomsel is targeting smartphone users to increase to 40 mn in 2017 by working together with PT Samsung Indonesia to offer Galaxy series phones bundled with 4G LTE and other added digital services. Increasing smartphone and active 4G LTE users will help increase Average Revenue per User (ARPU) by 2 digit rate. As per Telkomsel, data using previous technologies such as 2G and 3G deliver ARPU of Rp 40,000 – 50,000 from national perspective, but with 4G speed, users can consume more data and deliver Rp 100,000 ARPU. From the 40 mn smartphone users Telkomsel expects that it attract users to use 4G and get the number of active users to 24 mn in 2017, a growth of 118%.

Other news:

Kominfo MCIT will enter the process of selecting an independent accountant to review tariff interconnection rates, and will be appointed by May 2017. The appointed officer will then have 3 months to calculate the new interconnection tariffs so by this August. The selection of the accountant will be chosen from 42 public accountants participants to ensure fairness in the interconnection rate calculation.

Implementasi Biaya Interkoneksi Jaringan Bergerak Seluler 2006–2016



CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,300 – 13,400

HIGHLIGHTS

- FR 71 had the biggest transaction value of Rp786 bn for government bond on the latest trading day, closed at 108.90
- Medium term notes I Bank UOB Indonesia Phase I Year 2016 had the biggest transaction value of Rp65 bn for corporate bond on the latest trading day, closed at 104.02

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	6.68
3	7.15
5	7.25
10	7.45
15	7.81
30	8.41

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	6.12	6.30	6.19	6.20	5.73
US\$	0.70	0.70	0.75	0.71	
JIBOR (RP)	5.85	6.85	7.15	7.32	

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	13,350	0.00
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