

GLOBAL			
Index	Last	Change	% chg
Dow	24,706	-193.00	-0.78
S&P 500	2,711	-18.68	-0.68
Eido US	24.2	-0.97	-3.85
H.S.I	31,152	-389.05	-1.23
Nikkei	22,818	-47.84	-0.21
STI	3,540	-22.23	-0.62
KLCI	1,850	0.00	0.00
Kospi	2,450	-8.52	-0.35
SET Thai	1,767	-6.24	-0.35

COMMODITIES			
Index	Last	Change	% chg
Brent Crude Oil (\$/bbl)	78.4	0.20	0.26
WTI Crude Oil (\$/bbl)	71.3	0.35	0.49
CPO (MYR/ton)	2,432	18.00	0.75
Gold (US\$/tr ounce)	1,291	-22.98	-1.75
Nickel (US\$/ton)	14,354	-77.00	-0.53
Tin (US\$/ton)	20,950	-68.00	-0.32
Pulp (US\$/ton) weekly	1,170.0	0.00	0.00
Coal (US\$/ton)	104.3	1.75	1.71

BEI STATISTICS	
JCI	5,838
Change (1 day)	-1.83%
Change YTD	-8.14%
P/E Market (X)	14.9
Volume (mn shr)	6,416.9
Value (Rp bn)	6,869.4
↑ 154 ↓ 218 ↔ 209	
LQ45	854
% Change (1 day)	0.28%

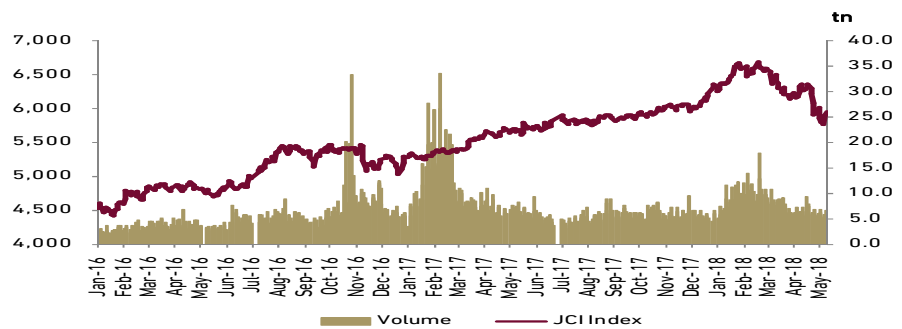
INTEREST RATE		
	Current	Previous
BI 7D Reverse Repo (%)	4.25	4.25
Fed fund rate (%)	1.75	1.50
inflation mom (%)	0.10	0.20
Inflation yoy (%)	3.41	3.40

EXCHANGE RATE			
	Last	Change	% chg
1 USD = IDR	14,037	64.00	0.46
1 USD = SGD	1.35	0.00	0.04
1 USD = JPY	110.32	-0.03	-0.03
1 USD = AUD	1.34	0.00	0.03
1 USD = EUR	0.85	0.00	0.09

DUAL LISTING					
Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	23.8	-1.26	-5.03	3,338	785,004
ISAT	0.4	0.00	0.00	5,334	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Biggest monthly trade deficit since 2014
- BI to start Board of Governor meeting today
- Domestic car sales up 14% in April
- Adhi Karya proposes elevated railway project
- BTPN increases ownership in BTSP to 70% from 63%
- BBTN to finance housing for Grab's driver
- Pharma industry topline growth 7.36% in1Q18

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,720 (support) – 5,850 (resistance) level today

BMRI: Buy on weakness at Rp 6,600-Rp 6,500

Comment: Testing support level

BBRI: Buy on weakness at Rp 3,000-Rp 2,850

Comment: Testing support level

TLKM: Buy on weakness at Rp 3,280-Rp 3,200

Comment: Testing support level

WIKA: Buy on weakness at Rp 1,300-Rp 1,200

Comment: Testing support level

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S. stock markets dropped sharply on rising fear of investors toward Companies' higher borrowing cost following big jumped in US 10-year Treasury yield to 3.09% or the highest level since 2011. Weak earnings from home depot also pressured the equity market. S&P 500 inched down by 18.68 points or 0.68%, DJIA declined by 193 points or 0.78% and Nasdaq composite finished lower by 59.69 points or 0.81%. In commodity markets, WTI and Brent crude oil strengthened modestly by 0.49% and 0.26% to USD71.3/bbl and USD78.4/bbl. Gold price suffered 1.75% lower given shifting in interest rate expectation. Coal continued strengthening, up by 1.7% to USD104.3/ton.

Domestic

JCI dropped by 109 points or 1.8% to close at Rp5,838 on Tuesday and recorded Rp1.16 tn net foreign sell. Finance (-2.96%), Consumer (-2.52%), Infrastructure (-2.51%), Misc.Industry (-1.15%), Property (-0.78%), Trade (-0.65%) and Basic Industry (-0.16%) were the sector laggards with BBKA (-3.37% to 22,200), TLKM (-4.80% to 3,370) and BMRI (-4.86% to 6,850) become the lagging movers. Rupiah currency weakened by 64 points to Rp14,052/USD. Yesterday, trade balance data appeared unfavorable, given a huge deficit at USD -1.63 bn, bringing the YTD April 2018 ended up at deficit of USD -1.31 bn. Our technical desk suggests for trading within the band of 5,730 – 5,850, with possibility to end at mix level.

BIGGEST MONTHLY TRADE DEFICIT SINCE 2014

April trade balance logged a surprise huge deficit at USD -1.63 bn or the highest deficit since April 2014. April deficit brought back YTD trade balance to deficit territory at USD -1.31 bn after posting surplus of USD 0.31 bn in 1Q18. Statistics office (BPS) reported Indonesia export grew 9.01% YoY (-7.19% MoM) to USD 14.5 bn in April. Both oil and gas sector and non oil and gas sectors saw positive growth in April at 14.5% YoY (-11.32% MoM) and 8.55% YoY (-6.80% MoM), respectively. April export volume grew 6.31% YoY and the aggregate price grew 3.25% YoY, showing the export growth still relied on volume growth. Import growth jumped again in April by 34.68% YoY (11.28% MoM). Oil and gas sector recorded higher growth at 40.89% YoY (3.62% YoY) due to low base of oil price while non oil and gas imports grew 33.69% YoY (12.68% MoM). Based on usage, capital goods import led the growth with 40.8% YoY growth in April, indicating that we will still see strong growth of investment in this quarter. Consumption goods import grew 38.0% YoY and raw materials grew 33.0% YoY which we see as a sign of firms' preparation to welcome Ramadhan month starting in mid May and Lebaran festive in June.

Comments: The awakening of import may be seen as the recovery of domestic economic but it would jeopardize the position of CA, BoP and Rupiah in the end. We see that central bank will increase the policy rate to 4.50% in May board of governor meeting (May 16 – 17).

CENTRAL BANK TO START BOARD OF GOVERNOR MEETING TODAY

Bank Indonesia (BI) will kick off May board of governor (BoG) meeting by today and is expected to announce the result by tomorrow. Bloomberg consensus sees that central bank will increase the rate by this month. According to our assessment, Indonesia macroeconomic needs some Rupiah stabilization moves due to increasing global volatility and current account deficit. Current global volatility is mainly driven by shifting perspective of FFR hike in 2018 from 2 times in (December survey) to 4 times (May survey). It made Indonesia's balance of payment (BoP) also had huge deficit of USD-3.8 bn in 1Q18 due to capital outflow. Furthermore, April trade balance also posted a significant deficit of USD -1.63 bn, giving more pressure to Rupiah itself. Current Rupiah position has already exceed Rp14,000/USD level, pushing central bank to initiate another step to stabilize the currency amidst capital outflow trend and higher CAD. Although domestic economic still need some stimulus from low interest rate as 1Q18 economic growth still stagnant at 5.06% YoY and April inflation at 3.41% YoY, Bank Indonesia will need to increase interest rate of 25 bps in the next board of governor meeting. We believe a 25 bps hike will not hurt domestic macroeconomic significantly and instead will bring stability from currency perspective to help stimulate domestic consumption.

DOMESTIC CAR SALES UP 14% IN APRIL

According to data from Gaikindo (The association of Indonesia automotive industries), domestic car sales volume reached 102.3 k units in Apr-18, which went up by 14% YoY and 0.4% MoM. According to Gaikindo official, stronger volume was driven by pent up demand ahead of Lebaran. Cumulatively, car sales volumes reached 394.4 k units or grew by 5.6% YoY and achieved 35.8% of Gaikindo's target of 1.1 mn units. On market share, Toyota still led with sales volume of 113.9 k units (28.8%), which is followed by Mitsubishi of 73.1 k units (18.5%) and Daihatsu of 70.5 k units (17.8%).

Comment: We see upside risks to our and Gaikindo FY18 industry car sales volume of both 1.1 mn units given 36% achievement in 4M18. We have Hold rating on ASII with TP of Rp8,050.

ADHI KARYA PROPOSES ELEVATED RAILWAY PROJECT

Adhi Karya (ADHI) proposes elevated railway project (loop line) of 26 km to Ministry of Transportation and Jakarta province to reduce traffic congestion in Jakarta. ADHI also expects this project to get support from government of Indonesia. ADHI estimates this project will require Rp12-15 tn investment. ADHI plans to team up with Wijaya Karya (WIKI) and Jaya Konstruksi (JKON). The company is now accessing the financial scheme for this project.

Comment: We cannot calculate impact of loop line project to ADHI's earnings as it is in early stage of plan. We have Buy call on ADHI with TP of Rp2,720.

BTPN INCREASES OWNERSHIP IN BTPS TO 70% FROM 63%

Bank Tabungan Pensiunan Nasional (BTPN) has raised its stake in Bank Tabungan Pensiunan Nasional Syariah (BTPS) by 539.26 mn of shares or 7% of total shares with Rp1,020/share transaction price. After the transaction, BTPN ownership increase to 70% of total shares from 63%. The stock addition came as direct investment from parent company.

BBTN TO FINANCE HOUSING FOR GRAB'S DRIVER

Bank Tabungan Negara (BBTN) cooperates with PT Solusi Transportasi Indonesia (Grab Indonesia) to finance housing for 18k Grab's driver. BBTN targets 1.8k of driver in Jabodetabek area and Rp200 bn of total mortgage potential from the cooperation. The scheme would use subsidized housing scheme with 5% fixed interest rate and 20 years loan maturity. In addition, drivers would also get Rp4 mn down payment subsidy. BBTN sets some requirements for driver, for example: to work minimum 1 year, actively works for more than 20 days each month for the last 3 months, maximum income of Rp4 mn and 21-40 of ages. Previously in Dec-17, BBTN has cooperated with Gojek to finance housing for Gojek's driver with the same scheme.

PHARMA INDUSTRY TOPLINE GROWTH 7.36% IN IQ18

Director of Industry Chemical Downstream Ministry of Industry (Industri Kimia Hilir Kementerian Perindustrian), said 1Q18 growth of pharma industry grew by 7.36% YoY exceeding economic growth 5.06% driven by demand in JKN. Also, traditional medicine for the export market also continues increase. Kemenperin projects pharma growth of 6.46% YoY. Pharma companies have taken into account the Rupiah pressure in the cost of raw materials and working to maintain the margin. 1% depreciation in Rupiah can cause 0.35% increase in cost production. Although JKN national insurance system has effects in increasing production, companies see their value coming down due to lower selling prices and cost increase of raw materials as 90-95% of them are still imported. Pharma Materials Management Club (PMMC) asks for more actions from the government in the form of rules relaxation in pharma production as well as more incentives, and breed more human resources and qualified technology so that local production becomes more competitive vs ASEAN and China. Ministry of Health on their side, targets 30% of pharmaceutical raw materials to be sourced from within the country by 2030 by opening 100% FDI, directing investment for research to produce rare raw materials as well as generics, preparing incentives such as tax cuts for those who invest in research, and reduce licenses for investment in the industry.

Comment: We cover Kalbe. Given this working framework it will be hard to see significant upside in profit margins. However Kalbe is diversified into more consumer production (Nutritionals and Consumer Health). It is also Kalbe optimizes product mix, by selling more prescription drugs that have higher margin than over-the-counter drugs to compensate for decline in rupiah. Hence we see room for share upside based on our DCF valuation TP of Rp1660/sh and recommending Buy.

TECHNICAL ANALYSIS

JCI : (5,838 -1.83%)

Comment : BBCA, TLKM and BMRI consecutively became lagging movers. Technically, JCI closed below minor support level of 5,852. Historically, resistance level at 6,023. Support level at 5,780. Next support and resistance level at 5,716-6,150. Based on Elliot wave approach, one of alternate wave counting is the highest level of 6,693 noted as the peaks of wave 5 and the index is now forming corrective wave ABC. Because the index moved below the level of 6,085, then level of 6,085 noted as the bottom of wave A. The highest level of 6,380 which occurred on April 11, 2018 is considered as the peaks of wave up B and currently JCI is forming wave down C. Theoretically, wave down C will form 5 waves and level of 5,885 which occurred on April 27, 2018 noted as the bottom of wave minor 3 of wave C. Because the index moved below the level of 5,885, then level of 6,012 which occurred on May 2, 2018 noted as the peaks of wave minor 4 of C and currently JCI is forming wave down minor 5 of C which is the last wave of the short-term downtrend cycle. Level of 5,716 likely the bottom of wave down 5 of C and currently the index is forming wave up X. This alternate wave counting based on scenario that the index in the process to form corrective wave type of zigzag. We will update soon in case the index make an extension or form another type of corrective wave ABC.



STOCK OF THE DAY

BMRI : Testing support level

The price closed above minor support level of 6,500-6,600. Resistance level at 7,500. Next support and resistance level at 6,250-7,800. The mid-term trend is still positive. Buy on weakness.



TLKM : Testing support level

The price closed above support level of the mid-term uptrend line 3,300. Resistance level at 3,550. Next support and resistance level at 3,000-3,900. Buy on weakness



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WIKA : Testing resistance level

The price closed below minor resistance level of 1,415. Support level at 1,330. Next support and resistance level at 1,215-1,500. Buy on weakness



BBRI : Testing support level

The price closed above minor support level of 2,990-3,020. Resistance level at 3,300. Next support and resistance level at 2,850-3,450. The mid-term trend is still sideways. Buy on weakness.



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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 13,980 -14,070

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	Yield (%)
1	5.43
3	6.79
5	6.78
10	7.09
15	7.55
30	7.92

AVERAGE DEPOSIT RATE					
	1M	3M	6M	1YR	2YRS
IDR	5.54	5.67	5.66	5.58	5.21
US\$	0.83	0.86	0.88	0.86	
JIBOR (RP)	6.06	6.20	6.26	6.31	

BASE LENDING RATE	
BI RATE	4.25
FED FUND RATE	1.75
LPS INSURED RATE	
IDR	5.50
US\$	1.00

EXCHANGE RATE		
EXCHANGE RATE		% chg.
1 US\$ = IDR	14,037	-0.46
1 US\$ = SGD	1.35	-0.04
1 US\$ = JPY	110.32	0.03
1 US\$ = AUD	0.75	-0.03
1 US\$ = EUR	1.18	-0.09

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