Ciptadana

CIPTADANA SEKURITAS ASIA

DAILY & TECHNICAL UPDATE

Wednesday, November 07, 2018

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GLOBAL

Index	Last	Change	% chg
Dow	25,635	173.31	0.68
S&P 500	2,755	17.14	0.63
Eido US	23.4	0.20	0.86
H.S.I	26,121	186.57	0.72
Nikkei	22,148	248.76	1.14
STI	3,061	-55.77	-1.79
KLCI	1,709	-5.07	-0.30
Kospi	2,101	10.91	0.52
SET Thai	1,669	-1.25	-0.07

COMMODITIES

Index	Last	Change	% chg
Brent Crude Oil ($/bbl)	72.1	-1.04	-1.42
WTI Crude Oil ($/bbl)	62.2	-0.89	-1.41
CPO (MYR/ton)	1,950	-35.00	-1.76
Gold (US$/tr ounce)	1,229	1.68	0.14
Nickel (US$/ton)	11,700	24.00	0.21
Tin (US$/ton)	19,083	-4.00	-0.02
Pulp (US$/ton) weekly	1,205.0	0.00	0.00
Coal (US$/ton)	103.5	-0.40	-0.38

BEI STATISTICS

JCI			5,924
Change (1 day)			0.06%
Change YTD			-6.79%
P/E Market (X)			15.6
Volume (mn shr)			5,340.6
Value (Rp bn)			5,900.0
↑ 198	↓ 189	↔ 226	
LQ45			945
% Change (1 day)			-12.45%

INTEREST RATE

	Current	Previous
BI 7D Reverse Repo (%)	5.75	5.50
Fed fund rate (%)	2.25	2.00
inflation mom (%)	0.28	-0.18
Inflation yoy (%)	3.16	2.88

EXCHANGE RATE

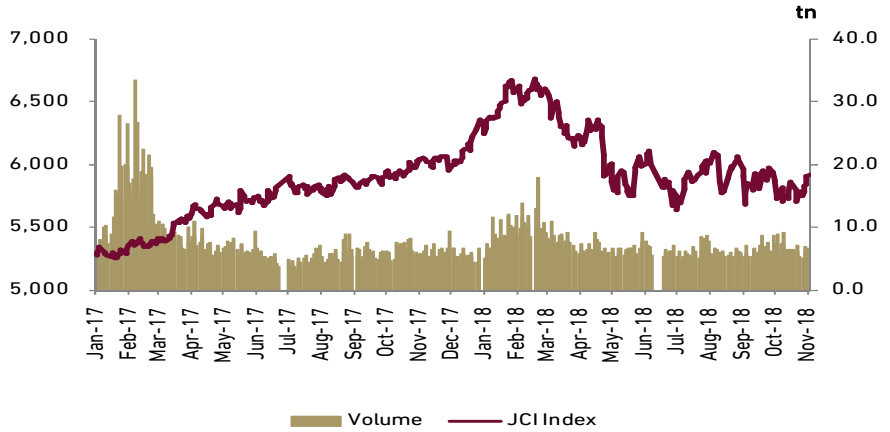
	Last	Change	% chg
1 USD = IDR	14,804	-173.00	-1.16
1 USD = SGD	1.37	0.00	-0.02
1 USD = JPY	113.33	-0.10	-0.09
1 USD = AUD	1.38	0.00	0.15
1 USD = EUR	0.87	0.00	-0.08

DUAL LISTING

Stocks	Close	Chg.	% chg	In Rp.	Vol. (ADR)
TLKM	26.3	0.19	0.73	3,892	203,925
ISAT	0.2	0.00	0.00	2,961	2,150
BUMI Plc	36.8	0.00	0.00	7,522	-

- Consumer Confidence Index fell to 119.2 in October 2018
- West Java broiler prices recover to Rp18,190 in October 2018
- Ministry of Agriculture: Corn imports as a tool to control the feed price

JCI STATISTIC



DAILY TECHNICAL VIEW

We expect JCI to trade between 5,880 (support) – 5,980 (resistance) level today

PTBA: Sell on strength at Rp 4,600-Rp 4,800

Comment: The trend turn into sideways

BBRI: Sell on strength at Rp 3,380-Rp 3,470

Comment: Testing resistance level

PTPP : Buy on weakness at Rp 1,360-Rp 1,330

Comment: Testing support level

LPCK : Speculative buy at Rp 1,570-Rp 1,490

Comment: The trend potentially to reversal

MARKET REVIEW & MARKET OUTLOOK

Regional

U.S stock market ended higher on the positive expectation of investors toward mid-term elections. DJIA advanced 173.3 points or 0.68%, driven by IBM and Caterpillar. S&P 500 gained by 17.14 points or 0.63%, on the back of outperforming industrials and materials sectors. Nasdaq also rose 0.6% yesterday and it was the first gain in 3 days. Americans headed to the polls on Tuesday to choose 435 law makers who will sit in the house of representative and the 35 senate up for grabs in this year's election cycle. Polls and forecasters suggest that the Democrats have bigger odds of taking control of the house, while Republicans are favored to keep slim majority in senate. Other than that, investors is also waiting for the Federal Reserve's monetary policy decision, in which expected to maintain the current rates. On commodity markets, Brent and WTI crude oil fell by 1.42% and 1.41% to USD72.1/bbl and USD62.2/bbl, respectively.

Domestic

JCI went slightly up by 3.34 points or 0.06% to close at Rp5,924 on Tuesday and recorded Rp1.1 tn net foreign buy. Mining (+1.07%), Property (+0.96%), Finance (+0.75%), Trade (+0.74%) and Basic Industry (+0.22%) were the sector leader with BBRI (+1.83% to 3,330), BBCA (+0.93% to 24,400) and UNTR (+2.60% to 33,500) become the leading movers. Rupiah currency strengthened by 173 points to Rp14,804/USD. Our technical desk suggests for trading within the band of 5,880 – 5,980 , with possibility to end at mix level.

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CONSUMER CONFIDENCE INDEX FELL TO 119.2 IN OCTOBER 2018

The Indonesian consumer confidence index inched down to 119.2 in October 2018 from 122.4. This is driven by pessimism in the index of current economic conditions (106.2 from 110.2 in September). Further, current employment dropped to 91.9 from 98.6, while current income is seen drop by 2.5 points to 115.7 led to lower purchasing of durable goods by 3 points at 110.9. In addition, expectations for the future economic conditions down by 2.3 points to 132.2. Job availability for the next 6 months is expected to decrease (119.5 from 123.2). By contrast, inflationary pressures are expected to decrease in the next 3 months despite year-end holiday (176.4 from 177.1) and 2.6 points lower to 170.4 in the next 6 months. The weakening of Rupiah and higher oil price and interest rate becomes a negative catalyst for Indonesia economic condition, resulting to slow consumer spending power in 2H18. However, we are positive that 32% higher social assistance, 5% salary increase for civil servants, and election sentiment will help lift consumer purchasing power in 2019. Thereby, we have overweight ratings for consumer sector next year.

WEST JAVA BROILER PRICE RECOVER TO RP18,190 IN OCTOBER 2018

After the headwinds on the price during September due to Syuro Month, broiler price in West Java has recovered to Rp18,190 (+14% QoQ and +117% YoY). Hence this can be an indication that the low live birds price was purely due to seasonality factor. Moreover, DOC price remained strong at Rp5,806 (-0.4% QoQ and +143% YoY). This was mainly due to tight supply of the DOC segment underpinned by GP imports quota initiated by government.

Comment: We see that this can be a good catalyst for the poultry sector as the seasonally heavier revenue achievements during 4Q18 potentially reoccur. Currently, we have BUY recommendation for JPFA and MAIN, yet HOLD for CPIN due to limited upside potential.

MINISTRY OF AGRICULTURE: CORN IMPORTS AS A TOOL TO CONTROL THE FEED PRICE

Based in Minister of Agriculture, Andi Amran Sulaiman, 50,000-100,000 tons of corn imports initiative aimed to stabilize the feed price. This may become only a tool as the corn import will be distributed if the corn price keep going up, but if it moves to the other way around (becoming cheaper), government will not pour the corn imports into the domestic market. Furthermore, Minister of Agriculture also believes that the high corn price environment was due to high absorption of the big poultry players. As such, the small size poultry farmers eventually should witnessed the higher corn price.

Comment: we are positive on the plan of Minister of Agriculture. If government initiatives may lead to better cost control for the feed millers, this will improve the ability to manage their margins.

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TECHNICAL ANALYSIS

JCI : (5,924 +0.1%)

Comment : BBRI, BBCA and UNTR consecutively became leading movers. Technically, JCI closed below minor resistance level 0f 5,982. Support level at 5,875Next support and resistance level at 5,780-6,086. Based on Elliot wave approach, as we discussed before, JCI is forming corrective wave ABC. Because the index moved below the mid-term uptrend line, we consider that the index is forming a mid-term corrective wave. Meanwhile, we revise our short-term wave counting because the index moved above resistance level of the short-term downtrend line 5,850. We noted that the lowest level of 5,557 as the bottom of wave A. The rising movement that occured in the last months noted as sub wave X of wave up B. The peaks of wave X likely at the level of 6,117 which occured on August 8, 2018. According to this wave counting, now JCI is in the process to find the bottom of sub wave Y of wave up B. The bottom of wave Y should above the bottom of wave A (above 5,557). Because the index moved below the lowest level of 5,689 which is occured on August 15 then level of 5,621 ilkely the bottom of wave Y. If the level of 5,621 is the bottom of wave Y then JCI begin to form sub wave up Z of B which is the last wave of wave B. We predict the peaks of wave Z around the level of 6,120-6,250. This wave counting is automatically false if the index moves below the level of 5,557.

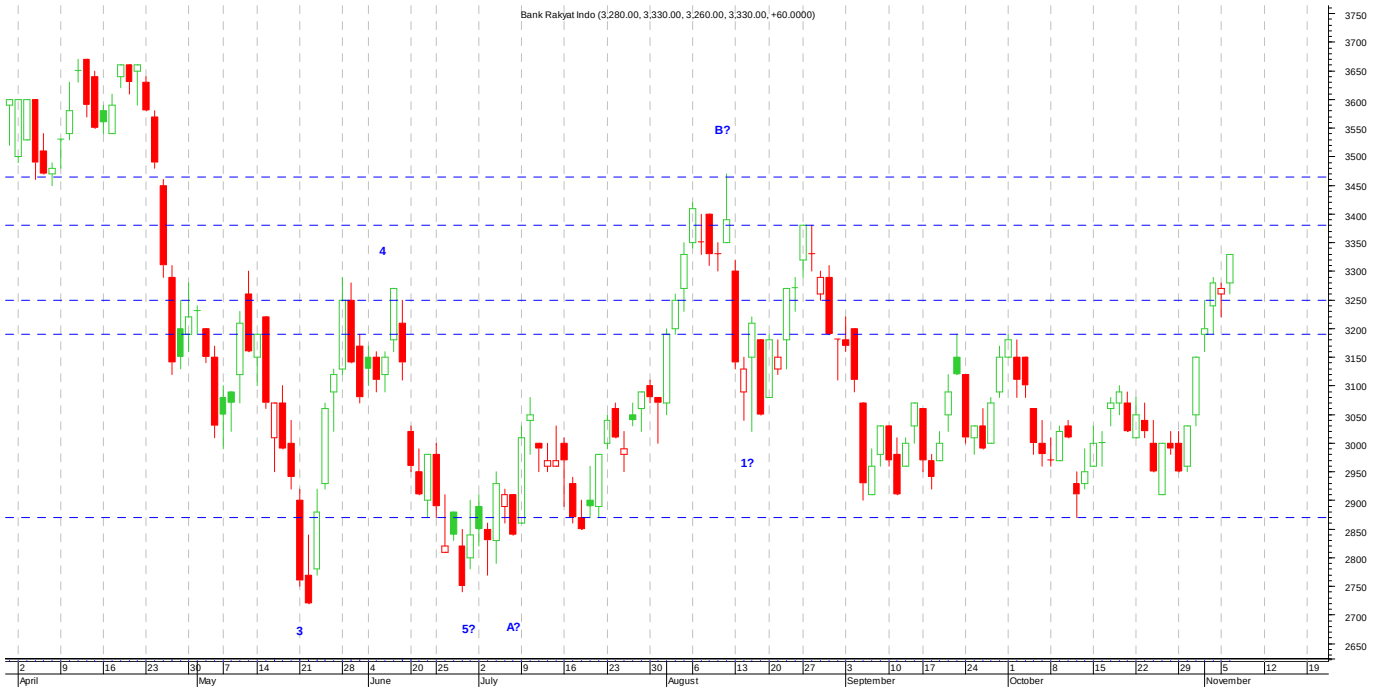
STOCK OF THE DAY

PTBA : Testing resistance level

The price closed below minor resistance level of 4,500. Support level at 4,140. Next support and resistance level at 3,710-4,660. The mid-term trend turn into sideways. Take profit/Sell on strength.

BBRI : Testing resistance level

The price closed below minor resistance level of 3,380. Support level at 3,190. Next support and resistance level at 3,150-3,470. The mid-term trend is still sideways. Sell on strength at resistance level.



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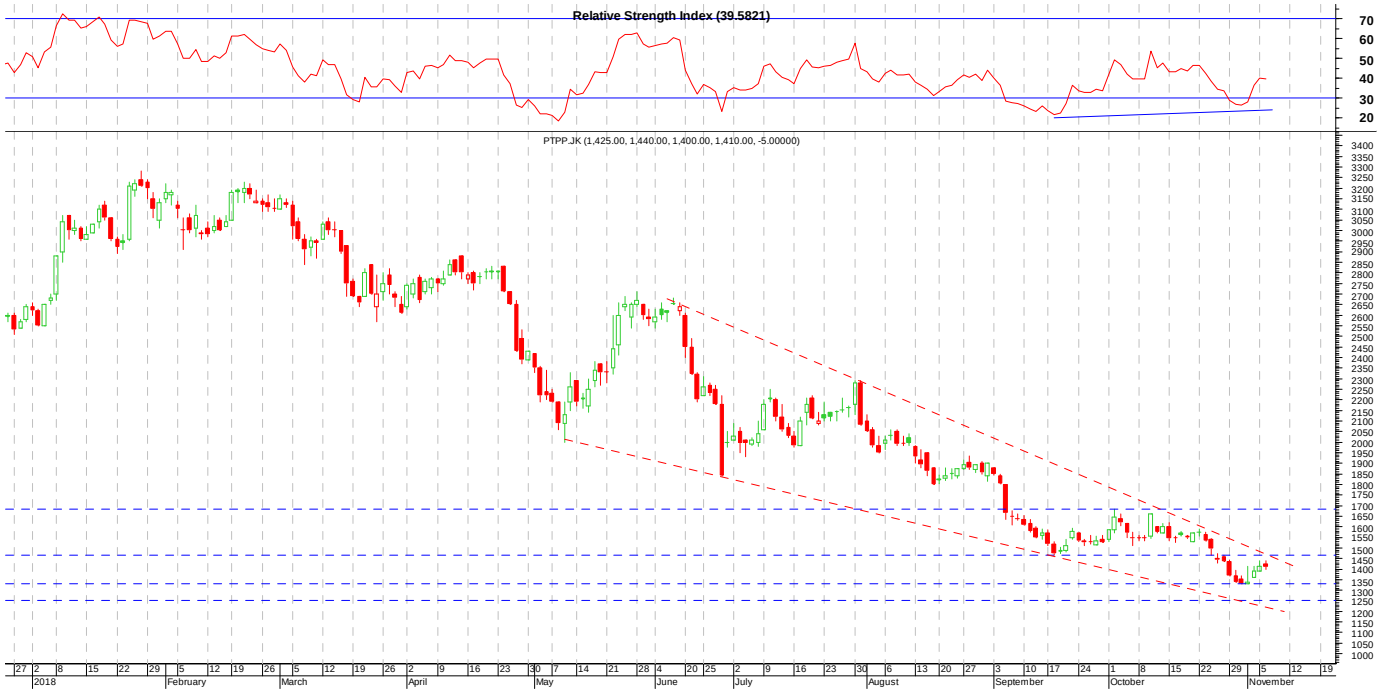
PTPP : Testing resistance level

The price closed below resistance level of the short-term downtrend channel. Support level at 1,330. Next support and resistance level at 1,150-1,700. The price likely will form a reversal falling wedges pattern. Speculative buy/Buy on weakness



LPCK : Testing resistance level

The price closed minor resistance level of 1,660. Support level at 1,350. Next support and resistance level at 1,125-2,050. Some of moementum indicator gives a positive sign. The price increased followed by the increase of the volume in the last month. This is positive sign. Speculative buy/ Buy on weakness.

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CIPTADANA FIXED INCOME DAILY

CURRENCY TRADING RANGE OF TODAY

USD/Rp: 14,750 – 14,854

INDONESIA GOVERNMENT SECURITIES YIELD	
Maturity (yrs)	**Yield (%)**
1	6.75
3	7.80
5	8.02
10	8.18
15	8.49
30	9.34

AVERAGE DEPOSIT RATE					
	1M	**3M**	**6M**	**1YR**	**2YRS**
IDR	6.14	6.25	6.13	6.01	5.47
US$	1.19	1.27	1.14	1.13	
JIBOR (RP)	7.07	7.52	7.64	7.72	

BASE LENDING RATE	
BI RATE	5.75
FED FUND RATE	2.25
LPS INSURED RATE	
IDR	5.50
US$	1.00

EXCHANGE RATE		
EXCHANGE RATE		**% chg.**
1 US$ = IDR	14,804	1.17
1 US$ = SGD	1.37	0.02
1 US$ = JPY	113.33	0.09
1 US$ = AUD	0.72	-0.15
1 US$ = EUR	1.14	0.08

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