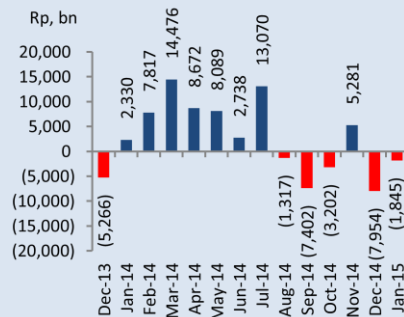
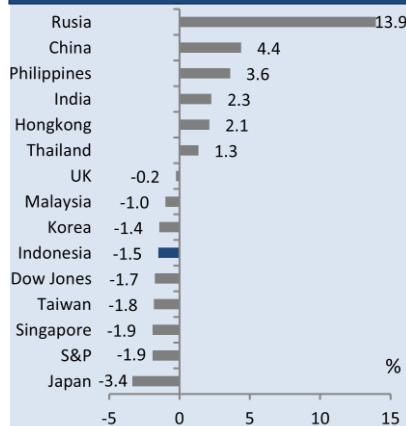
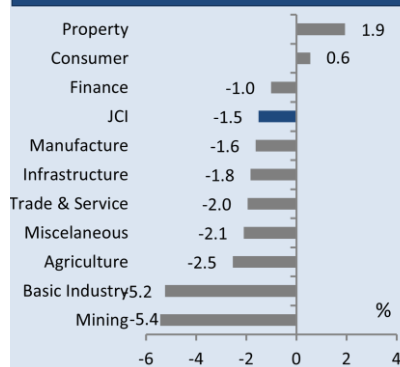


Tuesday, 20 January 2015

**OVERWEIGHT****Foreign Fund Flows****2015 Ytd Regional Performance****2015 Ytd Sector Performance****Helmy Kristanto**

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*Danareksa research reports are also available at Reuters Muxtel and First Call Direct and Bloomberg.*

**Weekly Report****Government intervention is a new risk**

The market still lacks direction with outflows dominating last week. In particular, the cement sector lost ground after the government intervened in the cement market by asking cement SOEs to cut their selling prices. This will arguably lead to concerns on further government intervention beyond the cement sector. At this point, however, we don't think that such fears are warranted. In our view, Indonesia's transformation story remains valid and we are confident that a more pronounced transformation can be realised going forward.

**Government controls at the micro level: not entirely positive**

Whilst we believe that government policymaking will be the core driver for further macro improvements this year, the risk is of greater intervention at the micro (corporate) level which is not well received by the market. Nonetheless, a rosier macro outlook, aided by the prospect of moderating inflation, may allow BI to take a more relaxed approach in devising its interest rates policy. In particular, the continued slump in crude oil prices - which has helped the government to make a second reduction in fuel prices - will help ease inflationary pressures further. Last Friday, the government announced further reductions in fuel prices, lowering the gasoline price by 13.2% to IDR6,600/litre and the diesel fuel price by 11.7% to IDR6,400/litre. This move will significantly dampen inflationary pressures since: 1. Inflation in December 2014 was well ahead of expectations and 2. There is relatively high seasonal inflation in January.

Easing inflationary pressure is positive for the equity market as it lowers the risk of hikes in interest rates in the future. Nonetheless, given the asymmetrical movements in inflation - stickier on the way down - the government has been drawn into the bold move of asking cement SOEs to cut their selling prices by IDR3,000/bag. However, government intervention at the micro level invariably reduces a company's strategic flexibility, thus raising the ire of investors, especially since this particular move will greatly reduce the prospect of margins improvement given the sector's high energy cost composition. However, we are confident that this intervention is pretty much a one-off event, aimed at showing the government's strong resolve toward taming inflation. Going forward, there is still the prospect for cement prices to go up, especially with a benign inflation outlook. We have adjusted down our earnings estimates and TPs post the announcement (please see our note on the cement sector: An Unexpected Move dated 20 Jan 2015 for more detail).

Government intervention in the cement market through SOEs also appears to have raised concerns beyond the cement sector itself. This has created some uncertainty, given the worry that similar controls could be imposed in other sectors where SOEs are dominant - such as toll roads (JSMR IJ), gas distribution (PGAS IJ), construction, pharmaceuticals (KAEP IJ) and banks. In our view, however, it is too early to conclude that such fears are warranted. Indeed, with the new government taking a proactive approach to luring new investments into Indonesia, the possibility is quite low, we believe. However, given that the market will arguably still factor in such risk in the short-term, this could hinder the market's re-rating process, in our view.

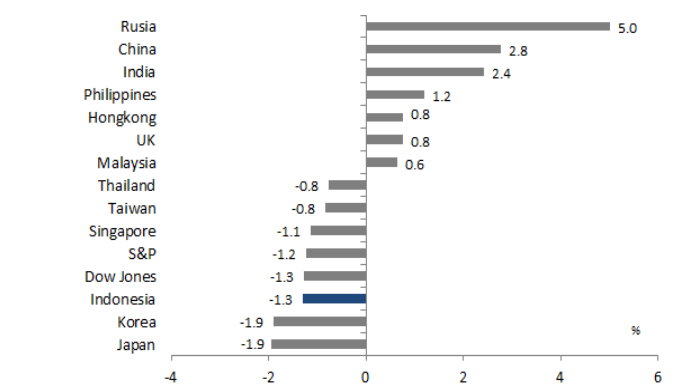
**Indonesia's transformation story remains valid**

Indonesia's transformation story remains valid, in our view, and we are confident that a more pronounced transformation can be realised in 2015 with the establishment of stronger foundations for structural change in the domestic economy. With lower fuel subsidies, the way is open for the government to undertake more aggressive spending in more productive sectors such as infrastructure. Nonetheless, in any transformation process, execution is key. In this regard, we have confidence in the new government's capabilities and, most importantly, in its political will to execute. We continue to pitch our 10 top picks in 2015: BMRI, BBRI, TLKM, SMGR, PTPP, WSKT, ACES, ICBP, INCO and BSDE.

**Market performance remains unexciting; the cement sector was hit hard last week**

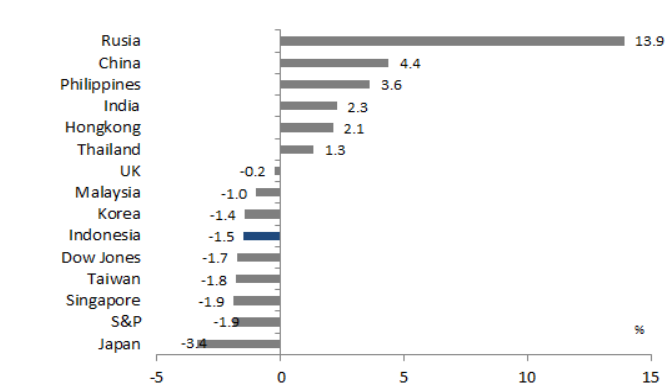
The JCI continues to lack direction, down another 1.3% w-w with the YTD return still in the red. Foreign outflows intensified with last week's outflows recorded at IDR2.0t. In 2H14, we also note that monthly outflows dominated and we believe that the outflows trend is likely to linger in the short term. YTD, only the consumer and property sectors have registered positive returns. Looking ahead, the next catalysts for the market will be: 1. with the further cuts in fuel prices, inflationary pressures will ease considerably, paving the way for a more favourable macro environment; 2. the government's revised budget raises hopes of greater infrastructure spending, which ultimately will transform Indonesia's economy; and 3. better clarity and guidance by the government over its future policymaking, especially regarding policies that could negatively affect listed SOEs.

Exhibit 1. Regional weekly performance



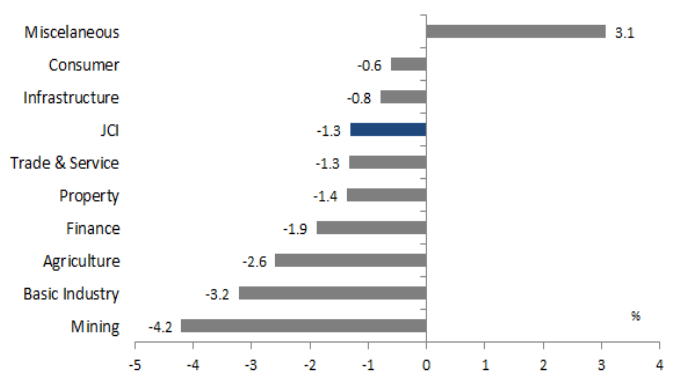
Source: Bloomberg, as of 16 Jan 2015

Exhibit 2. Regional Ytd 2015 performance



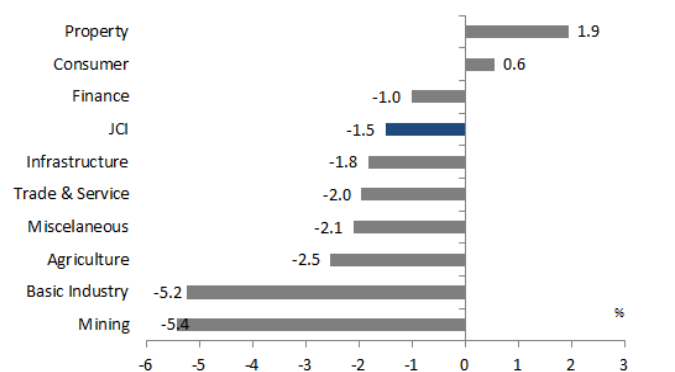
Source: Bloomberg, as of 16 Jan 2015

Exhibit 3. Sector weekly performance



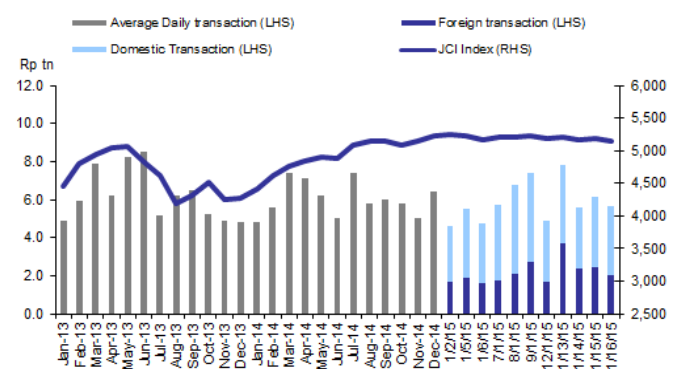
Source: Bloomberg, as of 16 Jan 2015

Exhibit 4. Sector Ytd 2015 performance



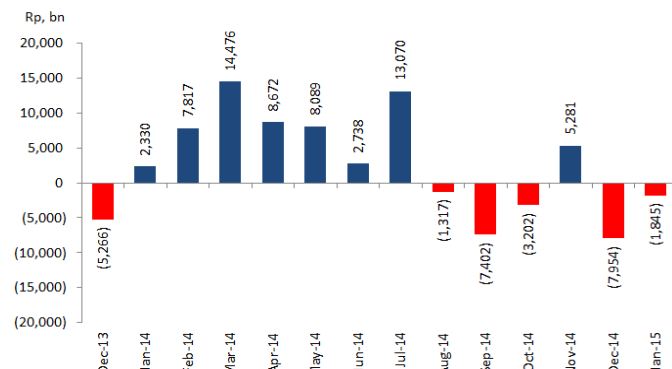
Source: Bloomberg, as of 16 Jan 2015

Exhibit 5. Average daily transactions



Source: IDX, as of 16 Jan 2015

Exhibit 6. Foreign fund flows



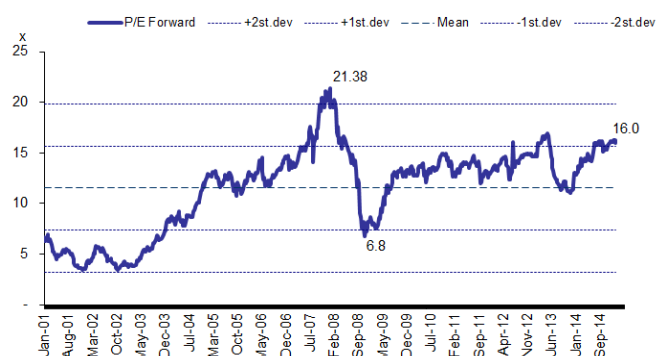
Source: IDX, as of 16 Jan 2015

Exhibit 7. Regional market valuations

|                | 2015F       | 2016F       |
|----------------|-------------|-------------|
| Philippines    | 18.7        | 16.5        |
| Malaysia       | 15.5        | 14.2        |
| NKY            | 18.2        | 16.1        |
| Singapore      | 13.5        | 12.3        |
| JCI            | 14.8        | 12.7        |
| Dow Jones      | 15.7        | 14.1        |
| Sensex         | 17.8        | 15.1        |
| Thailand       | 14.2        | 12.4        |
| FTSE           | 14.1        | 12.6        |
| Hongkong       | 11.0        | 9.9         |
| China          | 12.9        | 11.5        |
| Taiwan         | 12.8        | 12.0        |
| <b>Average</b> | <b>14.6</b> | <b>13.0</b> |

Source: Bloomberg, as of 16 Jan 2015

Exhibit 8. JCI Valuation



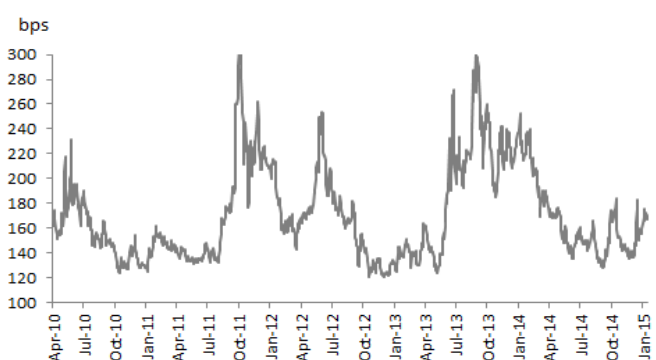
Source: Danareksa Sekuritas, as of 16 Jan 2015

Exhibit 9. USD/IDR performance



Source: Bloomberg, as of 16 Jan 2015

Exhibit 10. CDS - 5 years



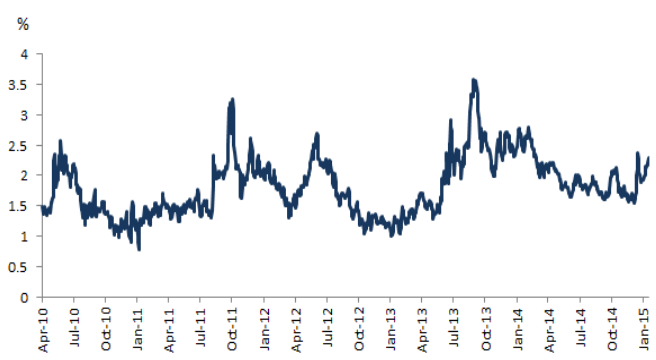
Source: Bloomberg, as of 16 Jan 2015

Exhibit 11. Danareksa bonds yield index

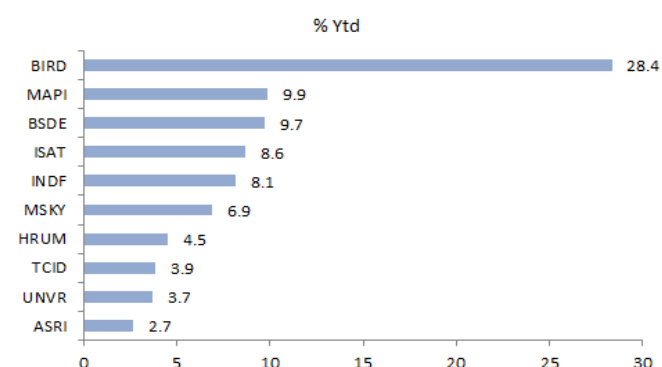


Source: Danareksa Sekuritas, as of 16 Jan 2015

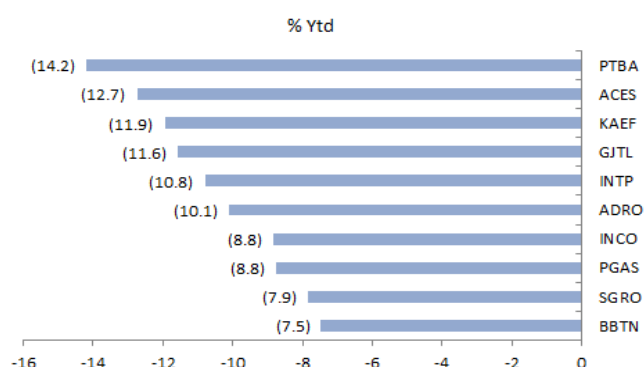
Exhibit 12. Country risk premium



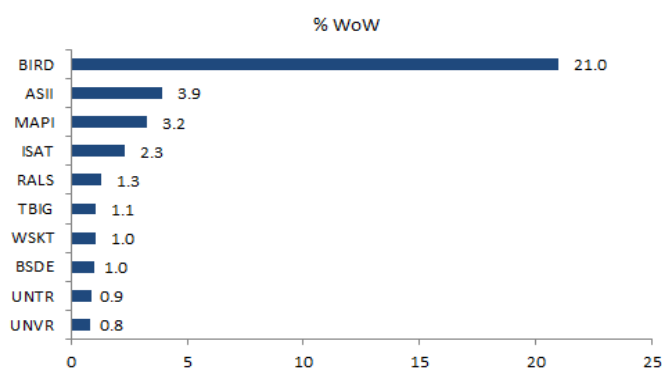
Source: Danareksa Sekuritas, as of 16 Jan 2015

**Exhibit 13. Winners within our coverage**

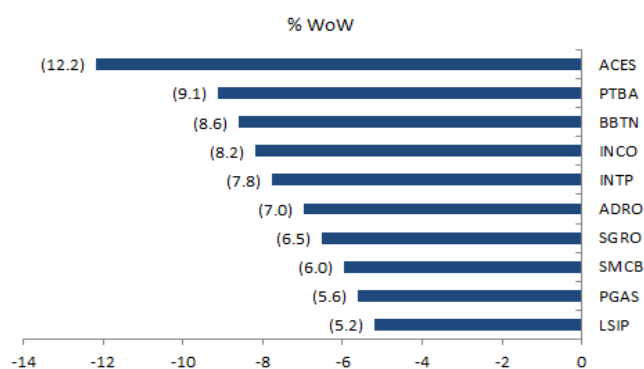
Source: Bloomberg and Danareksa Sekuritas, as of 16 Jan 2015

**Exhibit 14. Losers within our coverage**

Source: Bloomberg and Danareksa Sekuritas, as of 16 Jan 2015

**Exhibit 15. Winners within our coverage (Weekly)**

Source: Bloomberg and Danareksa Sekuritas, as of 16 Jan 2015

**Exhibit 16. Losers within our coverage (Weekly)**

Source: Bloomberg and Danareksa Sekuritas, as of 16 Jan 2015

**Exhibit 17. Macro assumption RAPBN 2015, APBN 2015, and RAPBNP 2015**

|                                 | 2015<br>RAPBN | 2015<br>APBN | 2015<br>RAPBNP |
|---------------------------------|---------------|--------------|----------------|
| Government Revenue (IDR tn)     | 1,762.3       | 1,793.6      | N/A            |
| Government Expenditure (IDR tn) | 2,019.9       | 2,039.5      | N/A            |
| Budget Deficit (IDR tn)         | 257.6         | 245.9        | N/A            |
| Budget deficit to GDP (%)       | 2.3           | 2.2          | 1.9            |
| GDP growth y-y, %               | 5.6           | 5.8          | 5.8            |
| Inflation y-y, %                | 4.4           | 4.4          | 5.0            |
| Interest rate SPN 3 months, %   | 6.2           | 6.0          | 6.2            |
| Exchange rate, Rp/USD           | 11,900        | 11,900       | 12,200         |
| ICP price, USD/barrel           | 105           | 105          | 70             |
| Oil lifting, '000 barrel/day    | 845           | 900          | 849            |
| Gas lifting, '000 barrel/day    | 1,248         | 1,248        | 1,170          |

Source: Ministry of finance, various publications

## Exhibit 18. One week report wrap

| Date      | Company        | Title                                  | Key Point  |
|-----------|----------------|--|--|
| 19-Jan-15 | PTBA           | In Expansionary Mode                   | Despite the currently unfavorable coal price - which will result in 9 – 10% yoy downward adjustments in the company's coal selling price to PLN in 2015 - we believe that Bukit Asam (PTBA) will book stronger coal production growth going forward at 3-year CAGR of 11.7% in 2013 – 2016. We maintain our BUY recommendation with a Target Price of Rp15,500.  |
| 16-Jan-15 | Banking Sector | FY14 preview                           | BI has released its numbers on banks' performance in 11M14, and they are pretty much in-line with our forecasts. As expected, loans growth for the banks under our coverage remained muted in November 2014 of 11.4%, down even from September 2014's weak figure. Deposits growth however was more varied in the range of 5.1-21.5% YoY in November 2014. Maintain Overweight.  |
| 15-Jan-15 | MAPI           | Expecting a better year                | While the full 2014 financial result will only be published in March, MAPI has just announced its unaudited operational result. It is inline, with growth in the 2014 gross sales and net sales of 17.7% and 20.7%, respectively. All in all, we believe that the company will show improved performance this year with a lower inventory level and higher profitability. BUY maintained with a Target Price of Rp6,250. |
| 14-Jan-15 | BIRD           | Direct beneficiary of lower fuel costs | The slump in crude oil prices coupled with the government's new policy on fixed fuel subsidies will be a windfall for BB. Fuel costs are BB's second-largest cost component, comprising 28% of BB's total direct costs, or 18% of BB's net revenues. Hence, post the tax tariff increase in December 2014, we believe that BB can enjoy margins expansion from lower fuel costs. Raise TP to IDR12,200. Maintain BUY.    |
| 13-Jan-15 | Weekly report  | Slow start                             | JCI performance was still relatively weak, mainly on the back of unfavourable macro announcement. Government revised budget will be the next catalyst for the market, especially in relation with its infrastructure budget. We expect parliament approval on the revised budget in February. Overweight.  |

Source: Danareksa Sekuritas

## Exhibit 19. The risk of potential government control at the micro level

| Sector          | Risk   | Notes   |
|-----------------|--------|---|
| Banking         | Low    | Regarding the government intervention on banking industry, we believe the risk should be limited despite that three out of four big banks are SoE banks. Our reason was based on the facts that lending rate is more directly related to BI reference rate and liquidity condition within industry. For example, if the government aims to cap the lending rate, it should prioritize the liquidity situation in the market first. Please also note that the lending rate depends on borrower's risk profile and collateral. All in all, we still prefer big banks during the current environment and maintain our top picks on BBRI and BMRI.  |
| Construction    | Medium | Government intention to push the large-scale infrastructure projects might pose a risk to the state-contractors profitability. However, we see it will only be squeezed by 50-100bps at extreme level given current margin already very low (9-10% gross margin with 3-4% net margin). This is backed by our study during the MP3EI period (started in 2011), the state-contractors still enjoy the gross margin at around 10% level. Nonetheless, with the significant increase in infrastructure budget that will fuel in the state-contractors' order book, we believe the sector will still enjoy the expansive multi-year growth story.  |
| Gas Distributor | Low    | There is also risk to PGN that the government may control its gas selling price (GSP) both to PLN and to the industry. We believe the chance of such occurrence is relatively low as PGN's COGS are relatively neutral to falling oil price given fixed price nature of the majority of its gas feedstock, with the exception of LNG feedstock at ~7% of FY15F sales volume. There is a chance that the government may scrap the 3% pa automatic price escalation from the upstream players which consequently will impact PGN's ability to also raise GSP. Impact to margin, however, will be relatively neutral.  |
| Pharmaceuticals | High   | We believe the government play a strong part in directing pharmaceutical industry. Currently the government plays role in determining the ceiling price for more than 500 unbranded generics drugs through ministry of health regulation. Should the government decide to impose the ceiling price to more generics drugs, this we believe would put the pharmaceutical companies' profitability under pressure. Moreover, the government also has the power to instruct pharmaceutical companies not to increase the ASP for its licensed and branded drugs (as it did back then in 2011). If the government imposed this plan, also coupled with pressure on rupiah, we believe there will be a margin compression of 0.5-3% on Pharmaceutical companies. |
| Toll Road       | Low    | Government has strong part in toll road business as they control the bi-annual tariff adjustment. However, the tariff adjustment in toll road is highly regulated by law (PP No.15/2015) and calculated based on the two-years inflation data from BPS. Thus, in our view, the government has less power to intervene the tariff process either from the how much the increase or the schedule itself. Since the tariff regulated in 2005, the toll tariff always increase align with the inflation rate if the concessionary fulfill the minimum service standards set by the government.  |

Source: Danareksa Sekuritas

| Stocks | Last Price (Actual)      | Prediction |           |          |           | Potential Gain/Loss (Prediction/Last Price) |           |          |           |
|--------|--------------------------|------------|-----------|----------|-----------|---|-----------|----------|-----------|
|        | Friday, January 16, 2015 | 23-Jan-15  | 30-Jan-15 | 6-Feb-15 | 13-Feb-15 | 23-Jan-15                                   | 30-Jan-15 | 6-Feb-15 | 13-Feb-15 |
| ASII   | 7,300                    | 7,200      | 7,150     | 7,150    | 7,150     | -1.37%                                      | -2.05%    | -2.05%   | -2.05%    |
| UNVR   | 33,500                   | 33,075     | 32,575    | 32,825   | 32,900    | -1.27%                                      | -2.76%    | -2.01%   | -1.79%    |
| BBCA   | 12,950                   | 12,975     | 12,775    | 12,975   | 12,975    | 0.19%                                       | -1.35%    | 0.19%    | 0.19%     |
| TLKM   | 2,845                    | 2,790      | 2,780     | 2,800    | 2,810     | -1.93%                                      | -2.28%    | -1.58%   | -1.23%    |
| BMRI   | 10,700                   | 10,685     | 10,525    | 10,675   | 10,700    | -0.14%                                      | -1.64%    | -0.23%   | 0.00%     |
| BBRI   | 11,575                   | 11,625     | 11,425    | 11,575   | 11,600    | 0.43%                                       | -1.30%    | 0.00%    | 0.22%     |
| PGAS   | 5,475                    | 5,500      | 5,475     | 5,475    | 5,475     | 0.46%                                       | 0.00%     | 0.00%    | 0.00%     |
| SMGR   | 15,000                   | 15,155     | 15,375    | 15,225   | 15,400    | 1.03%                                       | 2.50%     | 1.50%    | 2.67%     |
| GGRM   | 59,925                   | 59,925     | 59,605    | 59,870   | 59,850    | 0.00%                                       | -0.53%    | -0.09%   | -0.13%    |
| INTP   | 22,300                   | 22,675     | 22,750    | 22,975   | 23,000    | 1.68%                                       | 2.02%     | 3.03%    | 3.14%     |
| BBNI   | 5,975                    | 6,025      | 5,925     | 6,025    | 6,025     | 0.84%                                       | -0.84%    | 0.84%    | 0.84%     |
| KLBF   | 1,785                    | 1,775      | 1,775     | 1,775    | 1,775     | -0.56%                                      | -0.56%    | -0.56%   | -0.56%    |
| UNTR   | 17,250                   | 17,154     | 17,410    | 17,375   | 17,400    | -0.56%                                      | 0.93%     | 0.72%    | 0.87%     |
| ICBP   | 12,725                   | 12,670     | 12,575    | 12,675   | 12,700    | -0.43%                                      | -1.18%    | -0.39%   | -0.20%    |
| INDF   | 7,300                    | 7,250      | 7,250     | 7,325    | 7,350     | -0.68%                                      | -0.68%    | 0.34%    | 0.68%     |
| CPIN   | 3,805                    | 3,800      | 3,810     | 3,825    | 3,830     | -0.13%                                      | 0.13%     | 0.53%    | 0.66%     |
| MNCN   | 2,680                    | 2,615      | 2,625     | 2,670    | 2,680     | -2.43%                                      | -2.05%    | -0.37%   | 0.00%     |
| BDMN   | 4,590                    | 4,540      | 4,555     | 4,560    | 4,550     | -1.09%                                      | -0.76%    | -0.65%   | -0.87%    |
| EXCL   | 4,575                    | 4,545      | 4,535     | 4,530    | 4,535     | -0.66%                                      | -0.87%    | -0.98%   | -0.87%    |
| JSMR   | 6,950                    | 6,975      | 6,925     | 6,975    | 7,000     | 0.36%                                       | -0.36%    | 0.36%    | 0.72%     |
| SCMA   | 3,300                    | 3,265      | 3,245     | 3,275    | 3,280     | -1.06%                                      | -1.67%    | -0.76%   | -0.61%    |
| ADRO   | 935                      | 925        | 925       | 900      | 910       | -1.07%                                      | -1.07%    | -3.74%   | -2.67%    |
| PTBA   | 10,725                   | 10,910     | 10,848    | 10,798   | 10,800    | 1.72%                                       | 1.15%     | 0.68%    | 0.70%     |
| LPKR   | 1,015                    | 985        | 1,000     | 990      | 1,000     | -2.96%                                      | -1.48%    | -2.46%   | -1.48%    |
| BMTR   | 1,725                    | 1,695      | 1,710     | 1,700    | 1,695     | -1.74%                                      | -0.87%    | -1.45%   | -1.74%    |
| BSDE   | 1,980                    | 1,965      | 1,975     | 1,980    | 2,000     | -0.76%                                      | -0.25%    | 0.00%    | 1.01%     |
| SMCB   | 2,050                    | 2,050      | 2,070     | 2,065    | 2,070     | 0.00%                                       | 0.98%     | 0.73%    | 0.98%     |
| AKRA   | 4,590                    | 4,550      | 4,550     | 4,555    | 4,565     | -0.87%                                      | -0.87%    | -0.76%   | -0.54%    |
| PNBN   | 1,010                    | 990        | 995       | 1,000    | 1,010     | -1.98%                                      | -1.49%    | -0.99%   | 0.00%     |
| PWON   | 472                      | 464        | 465       | 470      | 470       | -1.69%                                      | -1.48%    | -0.42%   | -0.42%    |
| ANTM   | 1,055                    | 1,040      | 1,030     | 1,025    | 1,040     | -1.42%                                      | -2.37%    | -2.84%   | -1.42%    |
| JPFA   | 900                      | 875        | 895       | 895      | 900       | -2.78%                                      | -0.56%    | -0.56%   | 0.00%     |
| BHIT   | 278                      | 276        | 276       | 275      | 275       | -0.72%                                      | -0.72%    | -1.08%   | -1.08%    |
| CTRA   | 1,400                    | 1,385      | 1,388     | 1,395    | 1,395     | -1.07%                                      | -0.86%    | -0.36%   | -0.36%    |
| ACES   | 685                      | 680        | 680       | 675      | 675       | -0.73%                                      | -0.73%    | -1.46%   | -1.46%    |
| MPPA   | 2,905                    | 2,950      | 2,915     | 2,920    | 2,920     | 1.55%                                       | 0.34%     | 0.52%    | 0.52%     |
| SMRA   | 1,600                    | 1,595      | 1,597     | 1,590    | 1,590     | -0.31%                                      | -0.19%    | -0.62%   | -0.62%    |
| ASRI   | 575                      | 570        | 565       | 565      | 570       | -0.87%                                      | -1.74%    | -1.74%   | -0.87%    |
| WIKA   | 3,565                    | 3,525      | 3,515     | 3,520    | 3,545     | -1.12%                                      | -1.40%    | -1.26%   | -0.56%    |
| LSIP   | 1,915                    | 1,885      | 1,910     | 1,920    | 1,930     | -1.57%                                      | -0.26%    | 0.26%    | 0.78%     |
| BBTN   | 1,115                    | 1,100      | 1,100     | 1,105    | 1,100     | -1.35%                                      | -1.35%    | -0.90%   | -1.35%    |
| INVS   | 137                      | 132        | 142       | 132      | 135       | -3.65%                                      | 3.65%     | -3.65%   | -1.46%    |
| BJBR   | 820                      | 810        | 810       | 810      | 815       | -1.22%                                      | -1.22%    | -1.22%   | -0.61%    |
| RALS   | 775                      | 770        | 765       | 765      | 765       | -0.65%                                      | -1.29%    | -1.29%   | -1.29%    |

| Last report 1 week forecast check |                         |                       | Price Movement |           | Deviation*      |
|-----------------------------------|-------------------------|-----------------------|----------------|-----------|-----------------|
| Last Price<br>9-Jan-15            | Last Price<br>16-Jan-15 | Forecast<br>16-Jan-15 | Actual         | Forecast  | Forecast/actual |
| 7,025                             | 7,300                   | 7,075                 | Up             | Up        | -3.1%           |
| 33,225                            | 33,500                  | 33,125                | Up             | Down      | -1.1%           |
| 12,925                            | 12,950                  | 13,000                | Up             | Up        | 0.4%            |
| 2,860                             | 2,845                   | 2,875                 | Down           | Up        | 1.1%            |
| 11,125                            | 10,700                  | 11,035                | Down           | Down      | 3.1%            |
| 12,025                            | 11,575                  | 11,925                | Down           | Down      | 3.0%            |
| 5,800                             | 5,475                   | 5,850                 | Down           | Up        | 6.8%            |
| 15,750                            | 15,000                  | 15,950                | Down           | Up        | 6.3%            |
| 60,000                            | 59,925                  | 60,400                | Down           | Up        | 0.8%            |
| 24,175                            | 22,300                  | 24,325                | Down           | Up        | 9.1%            |
| 6,150                             | 5,975                   | 6,075                 | Down           | Down      | 1.7%            |
| 1,790                             | 1,785                   | 1,815                 | Down           | Up        | 1.7%            |
| 17,100                            | 17,250                  | 17,140                | Up             | Up        | -0.6%           |
| 12,950                            | 12,725                  | 12,860                | Down           | Down      | 1.1%            |
| 7,400                             | 7,300                   | 7,275                 | Down           | Down      | -0.3%           |
| 3,805                             | 3,805                   | 3,875                 | No change      | Up        | 1.8%            |
| 2,630                             | 2,680                   | 2,645                 | Up             | Up        | -1.3%           |
| 4,620                             | 4,590                   | 4,565                 | Down           | Down      | -0.5%           |
| 4,605                             | 4,575                   | 4,690                 | Down           | Up        | 2.5%            |
| 7,000                             | 6,950                   | 7,100                 | Down           | Up        | 2.2%            |
| 3,240                             | 3,300                   | 3,310                 | Up             | Up        | 0.3%            |
| 1,005                             | 935                     | 1,025                 | Down           | Up        | 9.6%            |
| 11,800                            | 10,725                  | 11,900                | Down           | Up        | 11.0%           |
| 1,045                             | 1,015                   | 1,045                 | Down           | No change | 3.0%            |
| 1,605                             | 1,725                   | 1,565                 | Up             | Down      | -9.3%           |
| 1,960                             | 1,980                   | 1,960                 | Up             | No change | -1.0%           |
| 2,180                             | 2,050                   | 2,175                 | Down           | Down      | 6.1%            |
| 4,605                             | 4,590                   | 4,610                 | Down           | Up        | 0.4%            |
| 1,040                             | 1,010                   | 1,070                 | Down           | Up        | 5.9%            |
| 525                               | 472                     | 530                   | Down           | Up        | 12.3%           |
| 1,085                             | 1,055                   | 1,110                 | Down           | Up        | 5.2%            |
| 900                               | 900                     | 925                   | No change      | Up        | 2.8%            |
| 276                               | 278                     | 276                   | Up             | No change | -0.7%           |
| 1,425                             | 1,400                   | 1,405                 | Down           | Down      | 0.4%            |
| 780                               | 685                     | 805                   | Down           | Up        | 17.5%           |
| 2,910                             | 2,905                   | 3,000                 | Down           | Up        | 3.3%            |
| 1,590                             | 1,600                   | 1,623                 | Up             | Up        | 1.4%            |
| 590                               | 575                     | 585                   | Down           | Down      | 1.7%            |
| 3,675                             | 3,565                   | 3,635                 | Down           | Down      | 2.0%            |
| 2,020                             | 1,915                   | 2,065                 | Down           | Up        | 7.8%            |
| 1,220                             | 1,115                   | 1,205                 | Down           | Down      | 8.1%            |
| 150                               | 137                     | 156                   | Down           | Up        | 13.9%           |
| 805                               | 820                     | 805                   | Up             | No change | -1.8%           |
| 765                               | 775                     | 760                   | Up             | Down      | -1.9%           |



| Stocks          | Last Price (Actual)      | Prediction |           |          |           | Potential Gain/Loss (Prediction/Last Price) |           |          |           |
|-----------------|--------------------------|------------|-----------|----------|-----------|---|-----------|----------|-----------|
|                 | Friday, January 16, 2015 | 23-Jan-15  | 30-Jan-15 | 6-Feb-15 | 13-Feb-15 | 23-Jan-15                                   | 30-Jan-15 | 6-Feb-15 | 13-Feb-15 |
| BKSL            | 113                      | 110        | 110       | 110      | 112       | -2.65%                                      | -2.65%    | -2.65%   | -0.88%    |
| APLN            | 429                      | 420        | 425       | 425      | 428       | -2.10%                                      | -0.93%    | -0.93%   | -0.23%    |
| PNLF            | 283                      | 279        | 280       | 279      | 278       | -1.41%                                      | -1.06%    | -1.41%   | -1.77%    |
| BBKP            | 750                      | 725        | 745       | 745      | 745       | -3.33%                                      | -0.67%    | -0.67%   | -0.67%    |
| BIPI            | 115                      | 113        | 112       | 113      | 114       | -1.74%                                      | -2.61%    | -1.74%   | -0.87%    |
| SSIA            | 1,085                    | 1,065      | 1,075     | 1,070    | 1,065     | -1.84%                                      | -0.92%    | -1.38%   | -1.84%    |
| Index           | 100                      | 99.51      | 98.87     | 99.50    | 99.70     |   |           |          |           |
| Change in Index |                          | -0.49%     | -1.13%    | -0.50%   | -0.30%    |   |           |          |           |

| Last report 1 week forecast check |                         |                       | Price Movement |          | Deviation*      |
|-----------------------------------|-------------------------|-----------------------|----------------|----------|-----------------|
| Last Price<br>9-Jan-15            | Last Price<br>16-Jan-15 | Forecast<br>16-Jan-15 | Actual         | Forecast | Forecast/actual |
| 117                               | 113                     | 120                   | Down           | Up       | 6.2%            |
| 439                               | 429                     | 430                   | Down           | Down     | 0.2%            |
| 292                               | 283                     | 297                   | Down           | Up       | 4.9%            |
| 740                               | 750                     | 750                   | Up             | Up       | 0.0%            |
| 118                               | 115                     | 116                   | Down           | Down     | 0.9%            |
| 1,080                             | 1,085                   | 1,095                 | Up             | Up       | 0.9%            |

\*Positive sign means our price forecast is higher than actual price by xx %, while negative sign means the price forecast is lower than actual by xx %

#### DQM model commentary:

Last week JCI recorded a negative return of 1.3% w-w on the back of a weakening in all sectors except for miscellaneous industry. This is not inline with our forecast. This week, our DQM model expects another weakening on the JCI as most sectors are expected to record a negative w-w return. The big caps stocks that are predicted to record negative w-w return including ASII, UNVR, TLKM, BMRI, KLBF and UNTR. Despite this, we expect BBKA, BBRI, PGAS, and BBRI to rebound recording a positive return following a big hit in the previous week. Overall, this week our model expects unfavorable movement on JCI. (Please see the detail on table above).

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