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KEY INDEX

	Close	Chg (%)	Ytd (%)	Vol (US\$ m)
Asean - 5				
Indonesia	6,635	2.1	4.4	642
Thailand	1,832	0.4	4.5	2,455
Philippines	8,999	0.5	5.1	153
Malaysia	1,838	0.3	2.3	730
Singapore	3,592	0.6	5.6	1,331
Regional				
China	3,547	1.3	7.2	40,283
Hong Kong	32,931	1.7	10.1	25,422
Japan	24,124	1.3	6.0	13,980
Korea	2,537	1.4	2.8	5,966
Taiwan	11,253	0.2	5.7	5,377
India	36,140	1.0	6.1	1,068
NASDAQ	7,460	0.7	8.1	117,241
Dow Jones	26,211	(0.0)	6.0	11,210

CURRENCY AND INTEREST RATE

	Rate	w-w (%)	m-m (%)	ytd (%)
Rupiah Rp/1US\$	13,331	0.1	1.6	1.7
SBI rate %	5.90	-	-	(1.3)
10y Gov Indo bond	6.18	0.0	(0.2)	(0.1)

HARD COMMODITY

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Coal	US\$/ton	107	-	6.3	5.7
Gold	US\$/toz	1,342	0.0	5.2	3.0
Nickel	US\$/mt.ton	12,724	0.4	5.4	0.1
Tin	US\$/mt.ton	20,855	0.8	6.5	3.8

SOFT COMMODITY

	Unit	Price	d-d (%)	m-m (%)	ytd (%)
Cocoa	US\$/mt.ton	1,960	0.5	5.6	3.2
Corn	US\$/mt.ton	127	(0.3)	1.6	1.3
Oil (WTI)	US\$/barrel	64	(0.1)	10.2	6.6
Oil (Brent)	US\$/barrel	70	1.3	7.2	4.6
Palm oil	MYR/mt.ton	2,426	(1.2)	1.7	1.5
Rubber	US\$/kg	151	(1.7)	4.8	2.8
Pulp	US\$/tonne	1,033	N/A	3.4	3.4
Coffee	US\$/60kgbag	95	(0.9)	(11.4)	(11.2)
Sugar	US\$/MT	352	(0.3)	(8.7)	(10.8)
Wheat	US\$/ton	115	(1.0)	(0.8)	(1.3)
Soy Oil	US\$/lb	33	1.1	(0.7)	(1.7)
Soy Bean	US\$/bu	986	0.2	3.9	3.6

Source: Bloomberg

MARKET NEWS

MACROECONOMY

Government: Non-tax state revenues may increase

The House of Representatives (DPR) has held discussions with the government regarding the planned new regulation on non-tax state revenues (PNBP). The new regulation is intended to broaden the scope of non-tax collection. Matters for consideration are government administration, the utilization of the government state budget and the management of state assets. In regard to government administration, the government intends to include more PNBP objects in regard to several government activities that are related to healthcare, religion, education and social protection. The plan may offer options to the payer of PNBP which faces financial difficulties to postpone, reduce or even eliminate the payment. (Kontan)

SECTOR

Cement: Lower net profits in 2017

Semen Baturaja (SMBR) has estimated that SMBR's net profits declined by 30-40%yoy in 2017 to IDR146.59bn. The company claims that the lower net profits stem from higher coal prices which raised production costs and lowered prices. For 2018, the company targets net profits of IDR210bn supported by 56%yoy higher sales volume growth. Meanwhile, Semen Indonesia (SMGR) has stated that its net profits will be 50%yoy lower in 2017 due to: (i) higher coal costs, and (ii) higher transportation and selling expenses. (Bisnis Indonesia)

Comment: We estimate that SMGR's net profits only reached IDR1.9tn in 2017, down 57%yoy. For SMBR, the net profits guidance provided by the company is lower than our estimate and only reaches 86.9% of our full yet net profit forecast of IDR168.8bn in 2017. (Antonia)

Consumer: Cosmetic products should enjoy higher demand this year

Demand for cosmetic products is expected to be higher this year, supported by the middle-class segment. The Association of Cosmetic Companies said that demand in 2H17 started to pick up, with further improvements expected this year. Nonetheless, cosmetic companies have expressed concerns that higher imports of cosmetic products may pose a threat going forward. Cosmetic producer Martina Berto (MBTO) estimates 10% top line growth in 2018. (Kontan)

CORPORATE

Delta Dunia Makmur targets 24.37%yoy higher coal production

Delta Dunia Makmur (DOID) is targeting coal production of 45-50mn tons in 2018, or 24.37%yoy higher than the production of 40.2mn tons for 2017. Production was up by 14.53%yoy in 2017 from 35.1mn tons in 2016. Meanwhile, overburden removal reached 340.2 BCAM in 2017, up by 13.47%yoy. For 2018, the company targets overburden removal of 375-425mn BCM. The company estimates that the coal price will reach USD80/ton in 2017. For this year, the company has earmarked capex of USD200-225mn, or higher than the capex spent in 2017 of USD195mn. The capex will be allocated for the rejuvenation of heavy equipment and expansion. (Bisnis Indonesia)

Indocement to operate a new cement terminal in Palembang

Indocement Tunggal Prakarsa (INTP) will operate a new cement terminal in Palembang by 1Q18 with capacity of 1mn ton/pa. This is expected to strengthen its bulk cement sales in the area. This terminal will be commissioned in March 2018. (Kontan)

Wijaya Karya: Its Komodo Bonds are oversubscribed by 2.5x

Wijaya Karya's (WIKA) Komodo Bonds are oversubscribed by 2.5x. Demand for the bonds reached IDR13.3tn or surpassing the nominal value of IDR5.4tn (around USD400mn). WIKA plans to issue the bonds by the end of Jan 18 and they are scheduled to be listed on the London Stock Exchange (LSE) on 29 Jan 18. Around 67% of the investors are from Asia, 10% from Indonesia, 13% from Europe and the Middle East, and 10% from America. The bonds will have Ba2 ratings from Moody's. (Bisnis Indonesia)

Comment: WIKA's Komodo Bonds will be the second global bonds issued in rupiah by an Indonesian company. The first issuance of Komodo Bonds was conducted by Jasa Marga (JSMR) which issued IDR4.0tn of Komodo Bonds in Dec 17 with a coupon rate of 7.5%pa. JSMR's Komodo Bonds have been traded on the LSE since 13 Dec 17. This year, PLN also has plans to issue Komodo Bonds of around USD1.0bn-2.0bn (around IDR10.0tn-20.0tn) by June 18. (Maria Renata)

COVERAGE PERFORMANCE
LEADERS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		23-Jan-18	22-Jan-18					
Harum Energy	HRUM	3,130	2,700	15.9	23.2	47.6	52.7	HOLD
Bank Rakyat Indonesia	BBRI	3,920	3,650	7.4	8.6	13.3	7.7	BUY
Mayora Indah	MYOR	2,400	2,240	7.1	7.1	1.7	18.8	HOLD
HM Sampoerna	HMSP	5,500	5,150	6.8	14.6	18.3	16.3	HOLD
United Tractors	UNTR	40,425	38,525	4.9	8.3	18.0	14.2	BUY
Adaro Energy	ADRO	2,420	2,310	4.8	10.5	28.0	30.1	BUY
Matahari Department Store	LPPF	11,075	10,625	4.2	6.2	1.8	10.8	BUY
Ace Hardware	ACES	1,260	1,215	3.7	(1.6)	10.5	9.1	BUY
Pakuwon Jati	PWON	715	690	3.6	2.1	5.9	4.4	BUY
Astra International	ASII	8,525	8,250	3.3	3.6	4.0	2.7	BUY

Sources: Bloomberg

LAGGARDS

	Code	Price as on		Chg, %	w-w, %	m-m, %	YTD, %	Rating
		23-Jan-17	22-Jan-18					
Japfa Comfeed	JPFA	1,400	1,460	(4.1)	-	9.4	7.7	BUY
Surya Semesta	SSIA	520	535	(2.8)	3.0	8.8	1.0	HOLD
Ramayana	RALS	1,180	1,200	(1.7)	(7.1)	16.8	(1.7)	BUY
BPD Jatim	BJTM	730	740	(1.4)	0.7	4.3	2.8	BUY
PP London Sumatra	LSIP	1,370	1,385	(1.1)	(0.7)	10.0	(3.5)	BUY
Semen Indonesia	SMGR	10,650	10,750	(0.9)	0.2	8.4	7.6	HOLD
Kimia Farma	KAEF	2,440	2,460	(0.8)	-	(4.7)	(9.6)	SELL
Bekasi Fajar	BEST	274	276	(0.7)	(1.4)	8.7	9.6	BUY
Surya Citra Media	MNCN	1,465	1,475	(0.7)	1.0	17.2	14.0	BUY
Vale Indonesia	INCO	3,360	3,380	(0.6)	0.9	20.0	16.3	HOLD

Sources: Bloomberg

PREVIOUS REPORTS

- Pakuwon Jati: Fully valued [SnapShot20180123](#)
- Poultry: Stability looks more likely [SnapShot20180122](#)
- Plantation: European Parliament to phase out palm oil biodiesel, Ramayana Lestari Sentosa: Strong Dec 17 performance [SnapShot20180119](#)
- Bank Negara Indonesia: Waiting for more catalysts to come, Property: Meeting our expectations, Surya Citra Media: Rights Issue If Case Scenario [SnapShot20180118](#)
- Automotive: Car sales slightly up in 2017, Cikarang Listrindo: Profitability boost from coal fired power plant, Ciputra Development: Solid performance [SnapShot20180117](#)

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