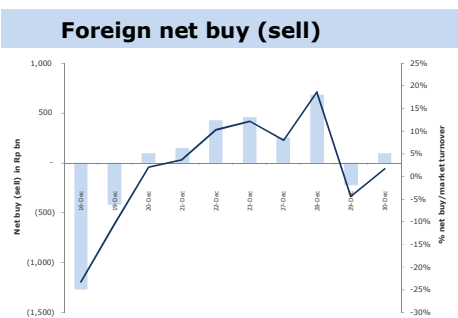
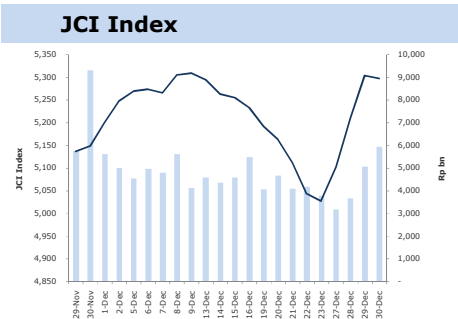


Premier Insight

News & Analysis

Corporates



ASII: Astra International's (ASII IJ; Rp8,275; Buy) subsidiary, Astratel which engages in toll road and infrastructure, expects revenue growth of only 3% for FY17, mainly coming from the currently in operation toll road Tangerang-Merak. Astratel has 5 project under development with a total length of 226km. The company expects total revenue to reach Rp824bn in FY17, still relatively small compared to the auto business. (Kontan)

SILO: Siloam International (SILO IJ; Rp10,900; Buy) has acquired two hospitals in Bekasi and Nusa Tenggara Barat. Total acquisition value is estimated to reach Rp182bn and funded by previous right issue. With these two new hospitals, SILO has operated 27 hospitals currently. Company still plans to do more acquisition plan in future. (Kontan)

Comment: the acquisition has been anticipated during right issue, thus we expect neutral impact from the news. Moving forward, we remain conservative in SILO's expansion plan by estimating around four hospitals opening each year. Maintain Buy.

Key Indexes				
Index	Closing	1 day	1 year	YTD
JCI	5,297	-0.1%	15.3%	0.0%
LQ45	885	-0.3%	11.7%	0.0%
DJI	19,763	-0.3%	13.4%	0.0%
SET	1,543	0.3%	19.8%	0.0%
HSI	22,001	1.0%	0.4%	0.0%
NKY	19,145	-1.3%	0.6%	0.0%
FTSE	7,143	0.3%	14.4%	0.0%
FSSTI	2,881	-0.3%	-0.1%	0.0%
EIDO	24	-1.3%	15.6%	0.0%

Markets & Sector

Commodity price			
Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	53.7	-0.1%	46.8%
CPO/tonne	693.3	0.1%	25.1%
Soy/bushel	9.9	-0.7%	12.6%
Rubber/kg	2.3	-0.4%	82.8%
Nickel/tonne	9,964	-1.0%	13.5%
Tins/tonne	21,205	0.4%	45.3%
Copper/tonne	5,523	1.0%	17.4%
Gold/try.oz (Spot)	1,152	-0.5%	8.5%
Coal/tonne	94.7	0.0%	87.2%
Corn/bushel	3.3	1.3%	-4.6%
Wheat/bushel*	122.5	0.0%	-22.3%

* : 1 month change

Source : Bloomberg

Automotive sector: The motorcycle association, AISI, expects stagnant growth for FY17 which should be around 6.0mn units. The association still sees weak demand in motorcycle due to weak purchasing power. According to the association, penetration ratio reach 1:3, leaving sufficient room for further growth. Indonesia is the third largest motorcycle market after China and India. (Investor Daily)

Banks: The OJK expects earnings growth recovery for Indonesia's banking sector in 2017 on the back of lower loan provisioning albeit still on single-digit growth. Based on business plans submitted by each bank, the financial sector regulator loans and deposits growth of 13.2% and 11.9% yoy in 2017, respectively (2016E: 7.8% and 7.4% yoy, respectively). The OJK stated banking system liquidity has not been significantly impacted by tax amnesty repatriated funds, which amounted to only Rp89.6tn. Based on latest statistics up to Nov 2016, banking loans grew by 8.5% yoy (IDR loans: 9.4%; FX loans: 3.3%), driven by investment loans (+11.7% yoy) while working capital and consumer loans each grew by around 7.3% yoy. (Investor Daily)

Comment: This news is in line with our expectation of stronger earnings growth for the sector in 2017, although such expectation was partly priced-in as reflected in the sector's share price performance in the past few months. Our top sector picks include Bank Mandiri (BMRI IJ; Rp11,575; Buy) and Bank Tabungan (BBTN IJ; Rp1,740; Buy).

E-commerce sector: Communication and Information Minister Rudiantara and Finance Minister Sri Mulyani are reformulating the 7 pillars of the e-commerce road map issued last November as they are confident that the e-commerce industry will be one of the main sources of economic growth in the near future. The seven areas of focus include funding, cyber security, education of mineral resources (SDM) for roadmap management, repositioning of logistics by PT Pos, developing 4G network, tax reform and monitoring/evaluation. (Investor Daily)

Poultry sector: The government will control the distribution and production volumes in the poultry sector to minimize volatility of poultry products' prices. Integrated poultry company should sell at least 50% of its DOC (day old chick) production to the independent farmers. (Bisnis Indonesia)

Comment: We view the new regulation is favoring chicken farmers. Thus, this is slightly negative for Charoen Pokphand Indonesia (CPIN IJ; Rp3,090; Not Rated) while it is Neutral for Japfa Comfeed Indonesia (JPFA IJ; Rp1,455; Not Rated) which sold ~70% of its DOC to plasma farmers.

Economic

Partnership with Investment Banking: Indonesian Ministry of Finance has cut all partnerships with JP Morgan Chase after a recommendation was made by the investment bank to reduce portfolio investment exposure in Indonesia. With a non-existent status of partnership, JP Morgan, which had been traditional underwriter for Indonesia's government bond sales, will also be unable to become dealer or underwriter in the future. In addition, JP Morgan's existence as among perception banks will also be removed. (Jakarta Globe)

Comment: In Aug15, the then finance minister Bambang Brodjonegoro had given a strong warning to JP Morgan, arguing for creating panic in Indonesia. No elaborate sanction was given at that time by the fiscal authority.

Head Office

PT INDO PREMIER SECURITIES

Wisma GKBI 7/F Suite 718

Jl. Jend. Sudirman No.28

Jakarta 10210 - Indonesia

p +62.21.5793.1168

f +62.21.5793.1167

INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT. Indo Premier Securities or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.