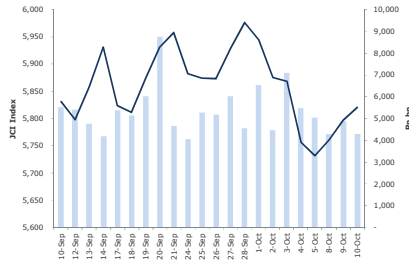


Premier Insight

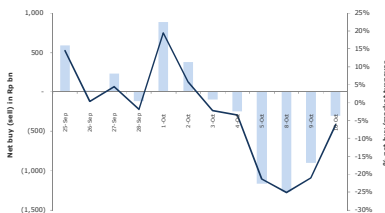
News & Analysis

Corporates

JCI Index



Foreign net buy (sell)



ANTM: Aneka Tambang (ANTM IJ; Rp820; Not Rated) win the auction of two new mining concession areas in Morowali, Central Sulawesi and North Konawe, South East Sulawesi. ANTM will form joint venture for this mining concessions and currently submitting licenses (IUPK) for these mines. (Bisnis Indonesia).

Comment: The sentiment will be positive for ANTM as these nickel mines will add the company's nickel reserves.

MDLN: Modernland Realty (MDLN IJ; Rp220; Not Rated) has started the groundbreaking new industrial estate named Modern Halal Valley (500ha) inside Modern Cikande Industrial Estate (MCIE). The Halal industrial area will have the same selling price of Rp2mn/sqm quipped with MUI laboratorium of Food, medicine, and cosmetic assessment institution (LPPOM MUI). In the first phase, MDLN will develop 150ha area with investment of Rp500bn, which particularly dedicated for F&B, pharmacy, and cosmetic sector. According to MDLN CEO, despite early development, the company has received huge inquiry of 90ha from local and foreign F&B and cosmetic company. (Kontan).

PTPP: PT Pembangunan Perumahan (PTPP IJ; Rp1,660; Buy) will sign a new contract of Rp6tn in Annual Meeting IMF-World Bank Group 2018, Bali. PTPP under a special purpose vehicle formed by EDB Paragon Holdings and PPRO signed a contract worth of Rp1tn as the main contractor for Hotel Paramount Mandalika. In the other hand, the remaining Rp5tn was gained from the collaboration with one SOE under Finance Ministry, for the construction of oil and gas storage tank in Batam. (Bisnis Indonesia).

Comment: We continue to like PTPP given its resilient contract achievement and relatively low DER at 0.8x. As of 8M19, PTPP already reported new contract of Rp28tn, forming 57% of company's FY18 guidance of Rp59tn (Ours: Rp58tn). With the new contract from IMW-World Bank meeting, PTPP will at least achieved 69% of company's FY18F target. Maintain Buy on PTPP with TP of Rp2,950.

Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,821	0.4%	-1.1%	-8.4%
LQ45	915	0.3%	-6.3%	-15.2%
DJI	25,599	-3.1%	11.9%	3.6%
SET	1,722	1.5%	0.4%	-1.8%
HSI	26,193	0.1%	-7.7%	-12.5%
NKY	23,506	0.2%	12.6%	0.0%
FTSE	7,146	-1.3%	-5.2%	-7.1%
FSSTI	3,131	-1.1%	-4.5%	-8.0%
EIDO	21	-2.0%	-20.7%	-26.0%

Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	73.2	-2.4%	42.6%
CPO/tonne	527.6	-0.5%	-18.6%
Soy/bushel	7.9	-1.3%	-14.6%
Rubber/kg	1.5	-1.1%	-22.2%
Nickel/tonne	12,604	-2.5%	14.8%
Tins/tonne	18,994	0.1%	-8.9%
Copper/tonne	6,251	-0.8%	-6.8%
Gold/try.oz (Spot)	1,195	0.4%	-7.5%
Coal/tonne	109.9	-1.0%	15.2%
Corn/bushel	3.1	-0.3%	-2.8%
Wheat/bushel (USD)	510.3	0.0%	17.8%

Source : Bloomberg

TLKM: Central Sulawesi's network back to normal. Telkomsel (TLKM IJ; Rp3,600; Hold) has recovered 90% of cellular BTS sites (certain areas, e.g. Palu and Daggala, reached 100%) as of 9 Oct evening: Voice 94% and internet 90%. Telkomsel asid it paced specific challenge in network recovery considering its position as operator with widest coverage in central Sulawesi. Indosat (ISAT IJ; Rp2,760; Hold) previously on 8 Oct reported that its telco service has recovered by 90%. ISAT achieved 100% recovery in areas mainly affected by previous earthquake (Palu and Donggala). Electricity supply is the main barrier coupled with challenging access to location, according to ISAT. (Tribun News, Indotelko).

Comment: This gives insignificant impact to our estimates, in our view. We will monitor for 3Q result to assess recovery post prepaid card registration. We have a Hold for both TLKM Rp 3,700 and ISAT TP Rp3,500.

Markets & Sector

Infrastructure sector: According to KPPIP, as of October 2018 there are two new National Strategic Project (PSN) being completed, which cumulated to 32 PSN ytd. The two new projects are Railway project Prabumulih-Kertapati (South Sumatera) and Raknamo dam in NTT. KPPIP targets 66 projects completion and 93 projects commencing operation by 3Q19.

Comment: Despite land acquisition problem and project tender delays, we believe the development of infrastructure in Indonesia is still growing rapidly. WIKA is our top pick in construction sector given its strong balance sheet and new contract performance. Maintain Buy on WIKA with TP of Rp2,900.

Economics

Economy: Government announced fuel price hikes for non-subsidized fuel (Pertamax series) ranging from Rp600 to Rp1,550 a liter (+ 9-14% rises). New prices are Rp10,400 for Pertamax (from Rp9,500); Rp11,850 for Pertamax Dex (from Rp10,500); Rp12,250 for Pertamax Turbo (from Rp10,700) while prices for Premium (Rp6,550), Peralite (Rp7,800) and Bio Solar (Rp5,150) were kept unchanged for the time being as plan to raise Premium fuel price to Rp7,000 (+6.8%) was reportedly postponed. (Kontan daily).

Comment: We view this as good news for Indonesia's financial markets which have been negatively impacted by rising investor risk perception on the back of rising oil price, widening C/A deficit, EM contagion fear and rising trade tensions globally. The fuel price hikes are substantial given that the Pertamax series have the largest contribution to fuel consumption at 13.6m kilo liter year-to-date July 2018 or 48% of the total fuel consumption in the country vs. 5.8m and 8.5m kilo liters for Premium and Bio Solar, respectively.

Head Office

PT INDO PREMIER SEKURITAS

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.

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