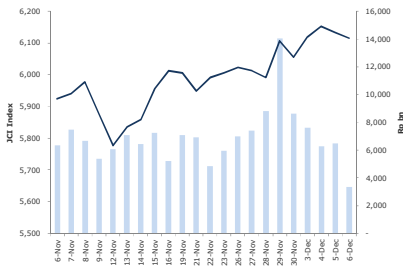


# Premier Insight

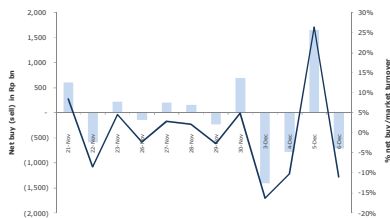
## News & Analysis

### Corporates

#### JCI Index



#### Foreign net buy (sell)



#### Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	6,115	-0.3%	1.8%	-3.8%
LQ45	977	-0.3%	-3.6%	-9.5%
DJI	24,948	-0.3%	3.0%	0.9%
SET	1,654	-1.1%	-2.9%	-5.7%
HSI	26,156	-2.5%	-7.6%	-12.6%
NKY	21,502	-1.9%	-4.4%	-5.2%
FTSE	6,704	-3.1%	-8.4%	-12.8%
FSSTI	3,116	-1.3%	-8.0%	-8.4%
EIDO	25	0.3%	-7.6%	-12.6%

#### Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
<i>(in USD)</i>			
Oil/barrel (WTI)	51.5	-2.6%	-9.2%
CPO/tonne	481.6	0.5%	-20.9%
Soy/bushel	8.7	-0.1%	-11.5%
Rubber/kg	1.5	-1.1%	-22.2%
Nickel/tonne	10,781	-3.4%	0.3%
Tins/tonne	18,960	-1.3%	-3.0%
Copper/tonne	6,080	-1.5%	-6.7%
Gold/try.oz (Spot)	1,238	0.0%	-0.8%
Coal/tonne	102.6	-0.1%	5.6%
Corn/bushel	3.5	-0.3%	8.4%
Wheat/bushel (USD)	505.3	-1.8%	26.8%

Source : Bloomberg

**EXCL:** XL Axiata (EXCL IJ; Rp1,950; Buy) plans to repay USD debt earlier than maturity (maturity within 1Q19). The company said that it has paid 33% of the USD debt (USD100mn) in October and intends to repay remaining USD200mn earlier than maturity period in 1Q19. As repayment is done within interest payment schedule, there will be no additional penalty from the early repayment, according to EXCL. As of 9M18, all of EXCL's external USD loans are fully hedged (ceiling rate of Rp14.6K/USD) until maturity. (Company)

*Comment: If EXCL repaid its remaining USD200mn debt (accounted c. 20% of EXCL's 3Qtotal debt), this might give slight positive sentiment to EXCL temporarily (company still exposed to forex risk from USD capex, accounted c.45% of total capex)). We will monitor competition in 4Q18 as Telkomsel prev. said further monetization will depend on competitors' pricing strategy. We have a Buy for EXCL with TP Rp3,000.*

**GOOD:** Garuda Food (GOOD IJ; Rp1,965; Not Rated) is targeting 6% - 9% sales contribution from export in 2019. As of 4M18, export sales has contributed around 5% of total sales during the period, compared to only less than 1% in 2012 when they just started exporting out of the country. Currently, GOOD's products can already be found in more than 20 countries, but are mainly focused in South East Asia and India. The company is also guiding for similar or even higher capex budget for 2019, compared to 2018 capex guidance of Rp800bn. (Bisnis Indonesia)

**PTPP:** PT PP Urban, a subsidiary of PT Pembangunan Perumahan (PTPP IJ; Rp1,870; Buy) set a marketing sales target of Rp2,2tn (+29% yoy) in 2019 in which the company targets its construction, precast, realty, and building management and shops contributes about 54%, 23%, 16%, and 7%, respectively. In its realty business, PP Urban plans to build eight apartment towers with its ground breaking takes place in January 2019. In property segment, PP Urban is currently developing a 1.1ha wide Urban Town Serpong on which the two towers with 1,700 unit capacity are offered at Rp10mn/m2 and a 2.8ha wide, low-rise Urban Town Karawang with one tower and 310 unit capacity is offered at Rp8.4mn/ m2. For this target, the company prepares a capital expenditure worth about Rp140bn for next year that will be used for land acquisition in Sudimara and Karawang. (Kontan)

### Markets & Sector

**Industrial Estate Sector:** Taiwan-based electronic manufacturer, Pegatron, announced its latest move to relocate its production of non-iPhone (Winstron which is Pegatron's smaller iPhone rival, Quantra Computer and Compal that produces Apple watch, and Inventec that assembles AirPods) from China to Indonesia's Batam Island within the next six months. Coordinating Maritime Affairs and Fisheries, Luhut, also commented that this investment is expected to be made in 1Q19. The company generated close to \$1bn in annual revenue and this relocation has been spurred by a looming and costly US-China trade tension. It is also known that company will rent a new facility that hosts 8,000-10,000 laborers. (Detik, Nikkei Asian Review)

*Comment: This is a positive sentiment to the Industrial estate sector as the move will potentially attract other foreign-based electronic manufacturers to move its production facility to Indonesia.*

**Plantation sector:** Government of Indonesia is seriously implementing regulations and actions to improve domestic consumption of palm oil. State owned oil company, Pertamina will develop three refineries for bio-diesel processing while state owned electricity company, PLN and Ministry of Energy and Mineral Resources (ESDM) are developing pilot project of 100% palm-oil-fueled power generation which expected to complete this year. Minister of Energy and Mineral Resource, Ignasius Jonan expects diesel power generations with capacity of 2GW to use palm oil fuel within the next two years.

Indonesia bio-diesel consumption is expected to increase 53% yoy to 3.92mn kiloliters in 2018, before further increasing to approximately 6.2mn kiloliters (+58% yoy) in 2019. To ensure bio-diesel supply next year, the government had selected 19 FAME producers to supply the total of 6.2mn kiloliters of bio-diesel. Additionally, to minimize distribution delay from FAME production plants to Pertamina's blending facilities, FAME delivery points will be reduced from 68 terminals currently, to only 25 terminals next year while Pertamina will handle bio-diesel distributions from these 25 terminals to all regions in Indonesia.

Indonesia Palm Oil Association (Gapki) estimates Indonesia palm oil inventory to decrease to 3.5-3.6mn tons in year-end 2018 from approximately 4.35mn tons in Oct'18 on the back of higher export volumes backed by lower palm oil export duty imposed by the government in Dec'18. (Kontan, Investor Daily)

*Comment: This is positive for palm oil sector, in our view. At this stage, we maintain our Buy rating for AALI with TP of Rp14,000.*

### Economics

**Consumer confidence:** Consumer confidence improved in Nov18 both on monthly and annual bases (+3.5 point and +0.6 point, respectively) as there had been increasing optimism over the current economy and the future. In particular, Nov18's confidence happened as there were more jobs available, but was also supported by current income and as seen in more purchase of durable goods. Similar situation is expected to occur six months ahead, where optimistic consumers believe there will be more jobs available, higher income, and they will undertake more durable goods purchase. For most criteria, it is the middle-lower income bracket, namely those whose spending bracket lies within Rp3.1-4mn, who is the most optimist. Region wise, the increasing confidence is widespread in most big cities except Semarang, Banjarmasin, Padang, Bandar Lampung, Pangkal Pinang, and Ambon. (Bank Indonesia)

*Comment: The increasing consumer confidence is positive for the market and the economy, maintaining spending mood which has recently been growing (2Q and 3Q18). But the trend might be cautiously accepted as increasing consumer confidence could also follow volatility trend elsewhere in the economy.*

## 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.

#### 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 Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.