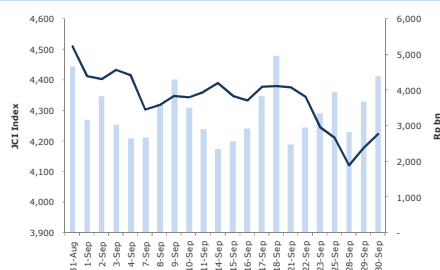


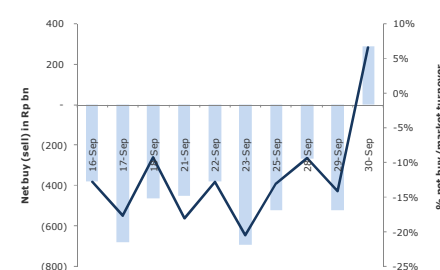
## News &amp; Analysis

## Corporates

JCI Index



Foreign net buy (sell)



Index	Closing	1 day	1 year	YTD
JCI	4,224	1.1%	-17.8%	-19.2%
LQ45	705	1.2%	-19.0%	-21.5%
DJI	16,285	1.5%	-3.1%	-8.6%
SET	1,349	0.0%	-15.0%	-9.9%
HSI	20,846	1.4%	-9.1%	-11.7%
NKY	17,388	2.7%	8.1%	0.1%
FTSE	6,062	2.6%	-7.6%	-7.7%
FSSTI	2,791	0.1%	-14.5%	-17.1%

## Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	45.1	-0.3%	-50.5%
CPO/tonne	539.8	-3.1%	7.1%
Soy/bushel	8.8	0.9%	-1.5%
Rubber/kg	1.3	0.0%	-5.4%
Nickel/tonne	10,366	5.3%	-36.2%
Tins/tonne	15,710	-0.8%	-22.5%
Copper/tonne	5,177	3.8%	-23.0%
Gold/try.oz (Spot)	1,115	-1.1%	-8.1%
Coal/tonne*	61.8	-1.0%	-25.4%
Corn/bushel	3.7	-0.3%	26.6%
Wheat/bushel**	197.4	-5.9%	-29.6%

\*: 1 week change

\*\*: 1 month change

Source : Bloomberg

**BEST:** Bekasi Fajar Industrial Estate (BEST IJ; Rp 283; Not rated) is delaying expansion on commercial area in Bekasi, West Java. The value is estimated to reach US\$200 mn and expected to be started in 2Q15. BEST has not disclosed the reason behind the delayed project. The commercial area is planned to have an office tower and a hotel to support business in that area. BEST is currently lobbying some of companies to move their base to Bekasi. (investor daily)

**ISAT:** Indosat (ISAT IJ; Rp3,750; Hold) has budgeted capex of Rp6-7tn in FY16, lower than this year's capex of Rp8-9tn. Capex will be allocated to develop the 4G network. The company is looking at higher capex efficiency especially with the currency mismatch between capex and revenue. Capex is mostly in foreign denomination while revenue is in Rupiah. Furthermore, Indosat will not seek any additional lending, so new facility will only be used for repayment or refinancing. Revenue growth is expected to reach 6-7% in FY16 with the company continuously converting its debt into Rupiah denomination. Currently about 52.2% of total foreign debt outstanding has been hedged. (Kontan)

**PALM:** PT Provident Agro (PALM IJ; Rp590; Not rated) will experience a drop in CPO production at 2017, given that around 400-500ha land through PT Langgam Inti Hibrindo (LIH) is burned from the recent fire incident. Half of the burned land (200ha) is immature planted area, while the rest is unplanted area. Thus, no immediate effect felt on 2015 and 2016. (Kontan)

**UNVR:** This year, PT. Unilever Indonesia (UNVR IJ; Rp38,000; Not rated) will rely on the performance of personal care products. This is due to newly operated oleo chemical factory, which will be launched this November. The factory will produce chemical substances used for shampoo and soap with capacity of 200k ton per year. As of 1H15, Revenue for HPC is Rp. 12,94bn while FC is Rp. 5,86bn.

Even though with the supply of raw materials from the sister company means that UNVR will not need to import the raw materials, but UNVR will still increase the ASP if necessary. UNVR argues that ASP is based on consumer's demand and economy growth. UNVR will also increase the efficiency of production cost by replacing LED light with more cost saving electricity and do hedging by purchasing foreign currency at certain price for 13 weeks. (Kontan)

## Economic Update

**Currency:** Following several Government initiatives to support economic growth, Bank Indonesia has launched several initiatives in order to stabilize the forex market. Bank Indonesia will enter the forward market for forex on top of the spot market. It expected to help to stabilize currency trading. In order to manage the excess liquidity, Bank Indonesia will issue 3-months BI deposit certificates, two week domestic treasury note reverse repo, and foreign-currency denominated BI securities. Finally, Bank Indonesia has also higher transparency requirement in foreign exchange traffic. According to BI, currency exchange reserve from export could potential reached about US\$30bn. However, with the new initiatives on tax incentive for forex reserve, BI is aiming additional inflows of US\$12bn. At the current stage, only about 10-12% of export proceeds enters the onshore monetary system. (Jakarta Post, Kontan)

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### 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

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