

## News &amp; Analysis

## Corporates

**APLN:** Agung Podomoro Land (APLN IJ; Rp292; Sell) targets to complete sales of its two assets through DIRE this year. Company will use the proceeds to pay off loan and next year working capital. The two assets will be Pullman Hotel Jakarta Central Park and Sofitel Bali Nusa Dua Resort. (Kontan)

*Comment: The sell off is positive and might provide additional capital to APLN if successfully executed. However we remain cautious on the outlook of its island G reclamation project given its high dependency on political climate in the country.*

**CTRA:** Ciputra Development (CTRA IJ; Rp1,680; Buy) reported net income of Rp63.5bn in 2Q16, lower 56% qoq. Overall 6M16 net profit came at Rp207.4bn, far below ours and consensus estimates. Company recorded huge loss in other expense of Rp118.3bn in 6M16 (vs Rp11.1bn in 6M15), causing net margin fell to 7.2% from 16.1%. Meanwhile, revenue and gross profit decreased by 7% and 14% yoy to Rp2.8tn and Rp1.4tn. (Bisnis Indonesia)

*Comment: Weak performance was contributed by poor performance of Ciputra Surya (CTRS IJ; Rp2,750; Not Rated) of which net profit dropped 50% yoy and Ciputra Residence (non listed) that decreased 36% yoy in 6M16, respectively. We will review our call on CTRA based on this set of result.*

**EXCL:** XL Axiata (EXCL IJ; Rp2,750; Hold) aims to increase revenue contribution from data above 50% of total revenue. In the 1H16, data contribution was 32% with 53% still coming from voice and SMS. Data usage is expected to accelerate from higher penetration in smartphone plus the development of 4G. (Kontan).

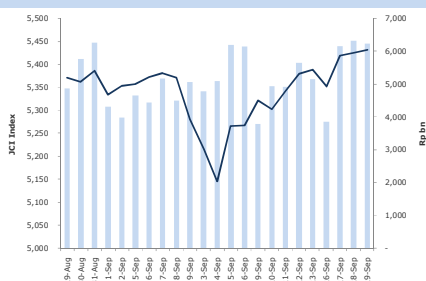
*Comment: XL will need to compete with larger player such as Telkomsel and Indosat. Currently, XL is the third largest operator with total subs of 44mn compared to Telkomsel of 157mn and Indosat of 80.5mn.*

## Markets &amp; Sector

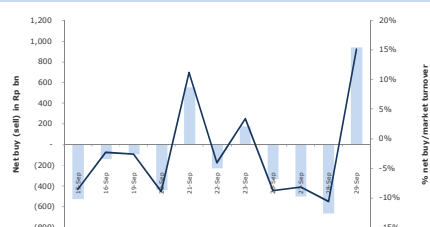
**Tobacco sector:** Directorate general of custom and excise gives signal that the excise tax will be around 8%-11% next year. The final decision is expected to be announced no later than today. (Bisnis Indonesia)

*Comment: The hike of 8-11% is still considered as moderate hike. Therefore, we should not expect any further margin pressure on the tobacco companies next year. Iterate BUY on GGRM at TP of Rp73,000.*

## JCI Index



## Foreign net buy (sell)



## Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,432	0.1%	28.6%	18.3%
LQ45	940	0.0%	33.3%	18.6%
DJI	18,143	-1.1%	11.4%	4.1%
SET	1,491	0.8%	10.6%	15.8%
HSI	23,739	0.5%	13.9%	8.3%
NKY	16,694	1.4%	-4.0%	-13.7%
FTSE	6,919	1.0%	14.2%	10.8%
FSSTI	2,886	1.0%	3.4%	0.1%
EIDO	27	-1.6%	50.3%	27.4%

## Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	47.8	1.7%	5.7%
CPO/tonne	630.7	0.4%	6.7%
Soy/bushel	9.3	0.3%	6.4%
Rubber/kg	1.7	0.0%	18.4%
Nickel/tonne	10,391	-2.4%	5.6%
Tins/tonne	20,140	1.2%	27.2%
Copper/tonne	4,825	0.5%	-3.2%
Gold/try.oz (Spot)	1,320	-0.1%	18.4%
Coal/tonne	72.2	-0.6%	30.8%
Corn/bushel	3.0	-0.2%	-18.3%
Wheat/bushel*	127.9	-4.3%	-26.3%

\* : 1 month change

Source : Bloomberg

## Economic

**Fuel prices:** The government will today announce the change in fuel prices of subsidised petrol (*Solar*) of RON88 (*Premium*) and subsidised diesel fuel. *Premium* is expected to be lowered by Rp300 whereas *Solar* is to be increased by Rp500. There remains a dispute over *Solar* increase, arguing for sufficiency of Pertamina profit collected over the last six months to cover the maintenance of current *Solar* price. (Investor Daily)

*Comment: The impact of this news to inflation remains indeterminate at the moment. With lower Premium prices, we expect inflation to reduce but not so much considering Premium consumption which has been going down from 70 thousand KL per day to 50 KL by Sept 20<sup>th</sup>. However, if Solar price is set to be increased, we expect inflation will rise as transport, whose main component is Solar, and therefore food costs will hike.*

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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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