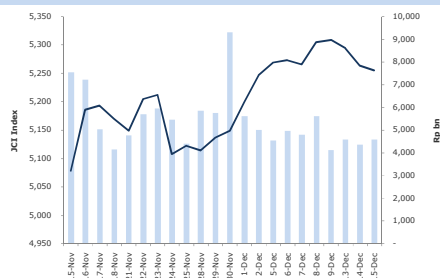


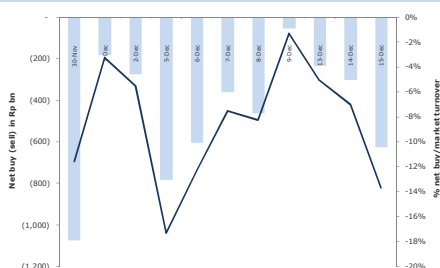
## News &amp; Analysis

## Corporates

## JCI Index



## Foreign net buy (sell)



## Key Indexes

| Index | Closing | 1 day | 1 year | YTD   |
|-------|---------|-------|--------|-------|
| JCI   | 5,254   | -0.2% | 17.2%  | 14.4% |
| LQ45  | 881     | -0.2% | 13.9%  | 11.2% |
| DJII  | 19,852  | 0.3%  | 11.8%  | 13.9% |
| SET   | 1,520   | -0.1% | 17.0%  | 18.0% |
| HSI   | 22,059  | -1.8% | 1.7%   | 0.7%  |
| NKY   | 19,274  | 0.1%  | 1.2%   | 1.8%  |
| FTSE  | 6,999   | 0.7%  | 15.5%  | 12.1% |
| FSSTI | 2,931   | -0.8% | 3.2%   | 1.7%  |
| EIDO  | 24      | 0.5%  | 20.3%  | 14.6% |

## Commodity price

| Commodities<br>(in USD) | Last price | Ret 1 day | Ret 1 year |
|-------------------------|------------|-----------|------------|
| Oil/barrel (WTI)        | 50.9       | -0.3%     | 36.3%      |
| CPO/tonne               | 707.4      | 2.1%      | 35.6%      |
| Soy/bushel              | 10.2       | 1.2%      | 17.5%      |
| Rubber/kg               | 2.4        | 3.4%      | 81.5%      |
| Nickel/tonne            | 11,250     | -1.0%     | 32.3%      |
| Tins/tonne              | 21,360     | 0.6%      | 47.0%      |
| Copper/tonne            | 5,724      | 0.1%      | 25.7%      |
| Gold/try.oz (Spot)      | 1,129      | -1.3%     | 5.2%       |
| Coal/tonne              | 88.9       | 1.5%      | 69.7%      |
| Corn/bushel             | 3.4        | -1.6%     | -7.9%      |
| Wheat/bushel*           | 122.5      | -0.6%     | -25.9%     |

\* : 1 month change

Source : Bloomberg

**ACES:** Ace Hardware (ACES IJ; Rp810; Buy) Indonesia has opened 3 new stores in 4Q16 totaling 12 stores in FY16 and is expected to achieve its 5% revenue growth target this year. The Company plans to open 10 new stores in FY17 while targeting a higher revenue growth of 7% due to better outlook next year. ACES have booked revenue of Rp3.55tn (+2.9% yoy) and net income of Rp470.1bn (+20.67% yoy) in 9M16. (Bisnis Indonesia)

**ADHI:** Adhi Karya (ADHI IJ; Rp2,090; Buy) and PP Properti (PPRO IJ; Rp1,315; Not Rated) will spin off its hotel business. ADHI will unite transit oriented development (TOD) and its hotel division to be spinned off next year. Meanwhile, PPRO will merge its shopping centre and hotel business into one business segment and planning to do DIRE. (Kontan)

**WSKT:** We attended two days visit on Solo – Ngawi toll road with Waskita Karya (WSKT IJ; Rp2,520; Buy). Key takeaways as follows:

- First package of Solo – Ngawi (Karanganyar – Mantingan, 35km) has reached 66% completion. While second package (Mantingan – Ngawi, 34km) has reached 39% completion, bring the overall progress to 52%.
- The slow progress is caused by weather factor and difficulties in land acquisition. Most of land acquisition issues have been in court but court has not issue any execution letter which is compulsory to build the road, thus causing further delay in constructing the road. Unexpected heavy rain also hampered progress of the project.
- Land acquisition is expected to complete in February 2017 with official opening to start in October 2017. However company expects it can be fully operated in next Eid al-Fitr holiday to help traffic. Note that company might see discount or free tariff in Eid Mubarak FY17. The Solo – Ngawi toll road is expected to cut traffic hour to 1 hour (vs. normal at 3 hours)
- Company expects the toll to increase industrial and manufacturing activities around the toll given its relatively low minimum wage. They also expect to cut logistic cost once the toll road is connected to Semarang – Surabaya.
- Company is also now in tender for Salatiga – Solo and expect the process to be finished in January 2017. Company will allocate Rp2.7tn for the construction. Salatiga – Solo is expected to support Solo – Ngawi toll road and has now reached 83% of land acquisition. We maintain Buy on WSKT given its massive orderbook and solid toll road portfolio.

**WTON:** Wijaya Karya Beton (WTON IJ; Rp850; Not Rated) targets ready mix concrete to contribute 10% to FY17 sales. Company has booked Rp1.3tn of new contract from Balikpapan – Samarinda toll road but expect to obtain more. (Kontan)

## Markets & Sectors

**Cement sector:** Semen Bosowa (non listed) has inaugurated a new cement plant in Banyuwangi (East Java) with a total capacity of 1.8mtpa. The total investment for this plant was Rp1.2tn. Previously the Banyuwangi plant was just a packaging plant since 2014 and extended to be a full cement plant this year. This plant will penetrate East Java, Bali and Nusa Tenggara market. Bosowa has also invested Rp800bn to develop an LPG storage facility.

*Comment: This will add the total capacity of Semen Bosowa to 7.2mn tons which are located in Makassar (4.2mtpa), Batam (1.2mtpa) and Banyuwangi (1.8mtpa). This will positioned Semen Bosowa as the fourth largest cement manufacturer in Indonesia. This additional capacity will definitely put pressure on the East Java market. Therefore, Semen Indonesia (SMGR IJ; Rp8,975; Buy) and Holcim Indonesia (SMCB IJ; Rp905; Hold) should feel intensified competition.*

## Economic

**BI Rate:** BI maintains 7DRRR at 4.75% after meeting was concluded yesterday. Along with the rate BI also maintains lending and deposit facilities rate each at 5.25% and 4%, respectively. (Bank Indonesia)

*Comment: This is the final rate to conclude 2016 after BI has cut rate for six times this year and shifted the use of reference rate from BI rate to 7DRRR.*

**Trade balance:** Indonesia posted a trade surplus of US\$0.84bn in Nov16, a turnaround from US\$-0.40bn in Nov15 last year. Export rose by 6% mom and import by 10% mom with trade surplus recorded mostly in non-oil and gas. (Central Statistics Agency)

*Comment: More of the updates will be featured in MacroInsight today. Until now we think the data showed positive indication of Indonesian trade.*

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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

**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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