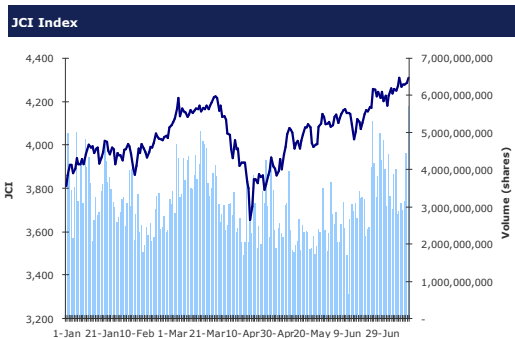


PremierInsight

15 October 2012



	Closing
JCI	4,311
Transaction value (Rp b)	4,376
Transaction volume (mn shares)	5,734
Foreign net buy (sell) (Rp b)	273
Total market cap (Rp t)	3,826

Key Indexes				
Index	Closing	1 day return	1 year return	YTD return
JCI	4,311	0.6%	17.6%	12.8%
LQ45	746	0.6%	14.8%	10.8%
FSSTI	3,042	0.3%	10.8%	14.9%
SET	1,297	0.2%	35.7%	26.5%
HSI	21,136	0.7%	14.2%	14.7%
NKY	8,534	-0.1%	-2.4%	0.5%
FTSE	5,793	-0.6%	6.0%	4.0%
DJI	13,329	0.0%	14.5%	9.1%

Macro Indicators		
Indicators	Latest	2012F
BI Rate (%)	5.75%	5.75%
Inflation (%)	4.31%	4.56%
Govt Bond Yield (10yr %)	5.87%	

Exchange Rates			
Currency	Last price	Ret 1 day (%)	Ret 1 year (%)
USD/IDR	9,585	-0.51%	7.52%
SGD/IDR	7,846	0.42%	12.38%
GBP/IDR	15,392	0.13%	10.46%
HKD/IDR	1,236	-0.50%	7.89%
EUR/IDR	12,430	0.58%	1.14%

Commodity price			
Commodities (in USD)	Last price	Ret 1 day (%)	Ret 1 year (%)
Oil/barrel (WTI)	91.9	-0.2%	7.4%
CPO/tonne	850.0	-1.2%	-14.4%
Soy/bushel	15.3	-1.7%	27.2%
Rubber/kg	3.3	-0.5%	-23.3%
Nickel/tonne	17,015	-3.7%	-10.6%
Tins/tonne	21,349	-2.6%	-7.0%
Copper/tonne	8,132	-1.3%	8.3%
Gold/try.oz (Spot)	1,754	-0.7%	4.4%
Coal/tonne*	83.4	-1.0%	-30.8%
Corn/bushel	7.5	-2.7%	24.0%
Wheat/bushel**	349.4	1.1%	6.8%

*: 1 week change
**: 1 month change

Source : Bloomberg

Corporates

SMGR: Semen Gresik (SMGR) reportedly plans to issue a global bond (denominated in US\$). The management estimates that the company needs US\$900m for capex within the next three years, with 60% external and 40% internal funding. The company said that US\$700 would be used for domestic expansion and the remaining for regional expansion. The company is currently studying the details of the bond issuance. SMGR is currently preparing for the restructuring of the company to establish Semen Indonesia.

Comment: SMGR plans to build additional 6m tons domestic capacity for the next three years which will increase its capacity to 30m tons (41% of domestic capacity). While we still maintaining our Hold recommendation, we are reviewing our forecast and valuation of the company. Hold with TP: Rp12,700, 12.7x FY13F PE).

Markets and Sectors

Airlines sector: Air Asia group may cancel its Batavia air acquisition. Final decision will be published today by Air Asia. An aviation expert said that Batavia may face difficulties if the acquisition is cancelled and US\$80m price tag was relatively low considering some of Batavia air profitable routes (Investor daily).

Automotive Sector: Shangdong group, a major manufacturing group in China, will cooperate with Vorich Wealth Indo, part of Grup Mulia Genta, to build bus and truck tire plant in Karawang. Total investment is expected to be US\$500m, which will be commenced in November and completed in 2014. The company will focus to tap national and international tire market (Bisnis Indonesia).

Banking Sector: LTV regulation was having minimal impact to mortgage, as most of the big banks' mortgage grew significantly in 3Q12. BBKA's mortgage grew 73% yoy to Rp40t in 3Q12, this was due to BBKA's low mortgage rate that being offered even before LTV regulation. They expect loan grows by additional Rp1-2t in 4Q12 which will bring BBKA's mortgage to Rp41-42t (46% yoy) in FY12. BBRI's mortgage grew by 71% yoy to Rp12t. Lastly; BBNI's mortgage grew by 43% yoy to Rp23t, management plans to add additional 400b of mortgage in 4Q12 which will bring BBNI's total mortgage to Rp23.4t in FY12. (Kontan)

Plantation sector: Malaysia will impose lower export tax of CPO from 23% to 4.5% - 8.5% starting 1 January 2013. The decision to decrease the export tax may create unhealthy competition and disrupt Malaysia's and Indonesia's plan to cut export volume of CPO to ease pressure on CPO price. Indonesia export tax in Oct12 is 13.5%. Indonesia Palm Oil Association (Gapki) stated that the competition will be tightened where refinery industry in Malaysia will switch to export CPO if the export tax regulation is imposed. Gapki stated Indonesia can use the momentum to spur the downstream of CPO especially biofuel. Besides, Ministry of Agriculture (Kementan) stated that 50% of 3m ha plasma area will be rejuvenated due to ages of plantation that have reached 25 years old. The fund for rejuvenate is around Rp75t and is expected to come from the custom fee that collected by Government that has reached Rp80t. (Kontan and Bisnis Indonesia)

Economic Update

Balance of payments: Indonesia's balance of payments recorded US\$1b of surplus in 3Q12, following US\$2.8b of deficit in prior quarter, BI's Director of Economic Research and Monetary Policy Perry Warjiyo said. Current account deficit amounted to US\$5.7b, lower than US\$6.9b in 2Q12. In the same period, the surplus in the capital and financial account increased to US\$6.7b from US\$5.5b, supported by FDI, foreign portfolio investment, and disbursement of external loans by private companies. (Investor Daily)

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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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