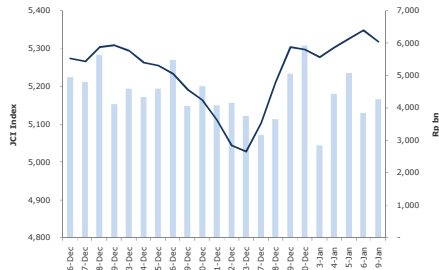


## News & Analysis

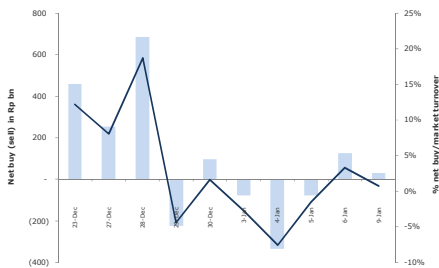
### Corporates

#### JCI Index



**RALS:** Ramayana Lestari (RALS IJ; Rp1,250; Buy) will open 6 new stores in FY17 with a total capex of Rp400bn. This is a higher expansion rate than last year with only 2 new stores opened in FY16. The Company projects net revenue growth of 10% yoy in FY17, of which 8% is expected to come from existing stores while 2% is from new stores. (Kontan)

#### Foreign net buy (sell)



**PTPP:** Pembangunan Perumahan (PTPP IJ; R3,750; Buy) will issue bond of more than Rp1tn in near future. Company will release further detail along with capex schedule FY17. Aside from bonds, company is also reviewing bank loan as funding source. (Bisnis Indonesia)

*Comment: The bond issuance should increase company's working capital if executed. Perumnas has mandated PTPP to build low cost housing which could potentially increase PTPP new contract. Maintain Buy.*

### Markets & Sector

#### Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,316	-0.6%	16.9%	0.4%
LQ45	892	-0.9%	12.9%	0.8%
DJI	19,887	-0.4%	21.7%	0.6%
SET	1,564	-0.5%	25.7%	1.4%
HSI	22,559	0.2%	10.3%	2.5%
NKY	19,454	-0.3%	9.9%	1.5%
FTSE	7,238	0.4%	22.4%	1.3%
FSSTI	2,982	0.6%	8.4%	3.5%
EIDO	25	-0.4%	22.0%	1.8%

**Cement Sector:** The Government is likely to implement moratorium for new cement investment since the industry is on oversupply condition. According to the Ministry of Industry total production capacity is 102mn tons with demand only at 65mn tons, leaving an oversupply of 37mn tons. It is possible for the Government to implement a 3 year moratorium or at least until demand has hits 80mn tons. The Government will need to discuss such action with cement manufacturers to get a good balance of demand and supply. (Bisnis Indonesia).

*Comment: We think a three year moratorium is a logical step since the oversupply has put significant pressure on profitability and sustainability. The industry probably needs also to consolidate to reduce competition pressure. However, it is not clear whether this moratorium is for all cement players or just new entrants.*

#### Commodity price

Commodities (in USD)	Last price	Ret 1 day	Ret 1 year
Oil/barrel (WTI)	52.0	-3.8%	56.7%
CPO/tonne	695.5	1.2%	27.8%
Soy/bushel	9.9	1.1%	13.9%
Rubber/kg	2.4	1.3%	101.1%
Nickel/tonne	10,338	1.4%	21.3%
Tins/tonne	21,160	0.4%	54.0%
Copper/tonne	5,570	0.0%	24.3%
Gold/try.oz (Spot)	1,181	0.7%	7.0%
Coal/tonne	82.1	-1.7%	63.3%
Corn/bushel	3.4	0.6%	-1.0%
Wheat/bushel*	122.5	0.0%	-22.3%

\* : 1 month change

Source : Bloomberg

**IPO:** Hutama Karya Realtindo will raise fund target from Rp3tn from Rp1.4tn previously. Company will also delay conduct initial public offering (IPO) to 3Q17 from 2Q17. Company has appointed five underwrites, namely: Bahana Securities, Mandiri sekuritas, Danareksa sekuritas, BNI Securities and RHB securities Indonesia. on separate news, Wika gedung will delay its IPO to 2H17 from initially 1H17. (Investor Daily)

### Economic

**Forex Reserve:** Indonesia's foreign exchange reserves increased by in Dec16, settling some US\$116.4bn, or an increase of US\$4.9bn from last month. It is reported that the increase was due to receipt from global bonds issuance and oil and gas tax, as well as foreign debt withdrawal. Foreign reserves were sufficient to cover 8.8 months of import or 8.4 months of import and foreign debt servicing. (Bank Indonesia)

*Comment: Foreign reserves were increasing by 9.9% yoy (vs 11.2% yoy in Nov16), which is positive. We believe the issuance of global bonds in early Dec16, amounting US\$3.5bn, largely makes up the increase.*

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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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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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