

Bank Indonesia raises 7DRRR by 25 bps to 4.75% and keeps 75 bps symmetrical range on FASBI and REPO (from 7DRRR) to maintain interbank liquidity. Just within a week after the inauguration to be the new BI Governor, Perry Warjiyo raises 7DRRR by 25 bps to 4.75% during irregular central bank meeting today, second rate hike YTD and in this month alone. A decision that has been expected and anticipated by 25 out of 26 economists participated in Bloomberg survey. We believe the decision made will deliver positive sentiment to debt and equity markets as BI continuously strive to guard the Rupiah against rising external pressure; - 3.03% YTD. During the press conference, BI also stated an end-of-FY18 inflation target to remain benign at 3.60%.

Our view on JCI. We see a potential of returning money flow to big caps constituents primarily Staples (INDF TP: 9,675, ICBP TP: 9,600), Telco (TLKM TP: 4,500, EXCL TP: 3,700), and Media (SCMA TP: 2,730) on the back of stronger Rupiah and a line of forthcoming events starting from 2Q18 to fuel and catalyze domestic consumption. Meanwhile, we also like PWON (TP: 700) as 50% of its revenue contribution are from recurring income (least affected by rate hike among developers) and has the second highest proportion of FX denominated debt among developers under our coverage (benefited by stronger Rupiah).

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Ticker	Rating	Current Price (IDR)	Target Price (IDR)	FY18E PE (x)	Performance YTD (%)
INDF	BUY	7,050	9,675	17.4	-7.2
ICBP	ADD	8,525	9,600	26.1	-4.2
TLKM	BUY	3,650	4,500	19.5	-18.5
EXCL	BUY	2,140	3,700	45.2	-27.4
SCMA	BUY	2,350	2,730	27.6	-5.2
PWON	BUY	570	700	14.5	-16.8

Source: Sinarmas Investment Research

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