

Commodities Wrap: Weatherman in Action!!

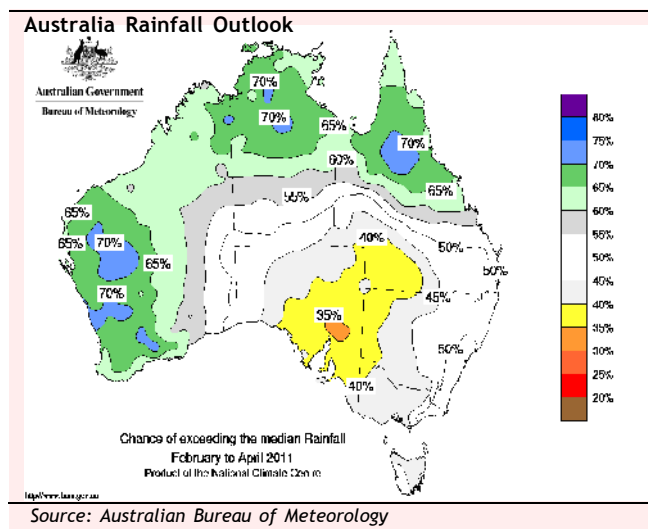
2010 had been a tough year for commodities supply, given the huge pressure caused by a thing called weather. While our outlook on demand side remains unchanged, it is the supply side that is being affected by the weather and hence, the simplest way to predict the price movement at least for the next 3-6 months is by forecasting the weather.

After surviving the worst flood in 50 years, Australia is still preparing for another threat caused by weather. Last week's tropical cyclone Anthony (category 2) and Yasi (category 5) are examples which again may disrupt the country's mining supply. There is a possibility for another cyclone to come as Australian Bureau of Meteorology expects above average of tropical cyclone activity to last until end Jun'11. In another words, the chances for Queensland area of receiving above than median rainfall between Feb'11 & Apr'11 are still high, between 60% and 75%. This is the reason to remain positive for both thermal and coking coal prices.

Seasonal Outlook for Tropical Cyclone

Region	Chance of More Tropical Cyclone than Average	Likely Number of Tropical Cyclone	Long Term Average Number	Confidence
Australian region	98.0%	20-22	12	High (46%)
Western region	93.0%	11-12	7	High (31%)
Northern region	67.0%	5	4	Low (3%)
Eastern region	87.0%	6-7	4	Moderate (21%)
Northwest WA	75.0%	7-8	6	Low (7%)

Source: Australian Bureau of Meteorology

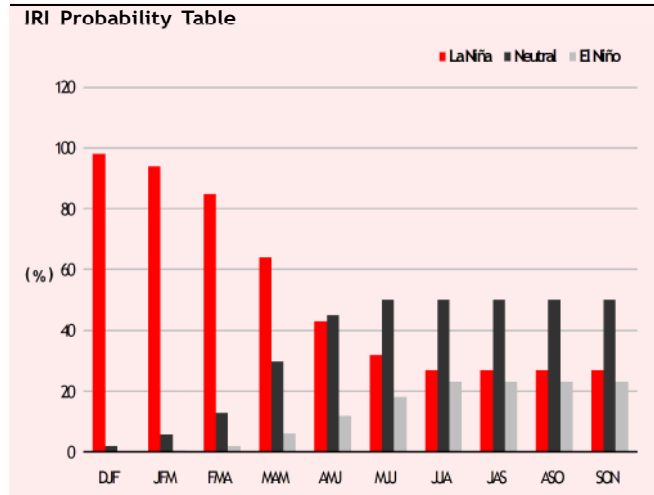


Andrian Tanuwijaya

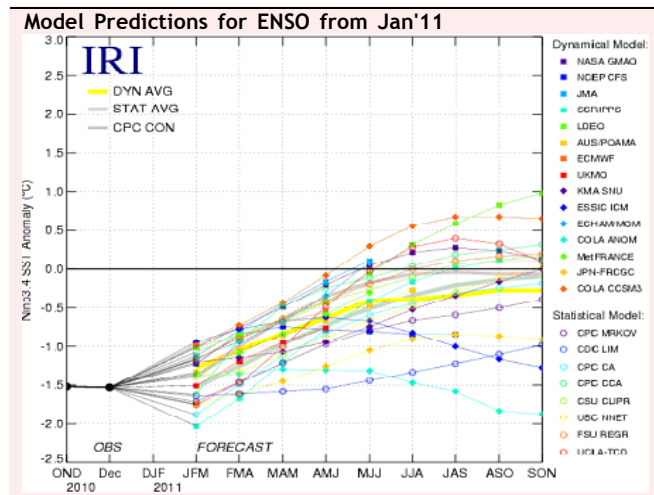
Analyst

andrian.tanuwijaya@trimegah.com

International Research Institute for Climate and Society (IRI) reported that as of mid-January, moderate-to-strong La Niña conditions still continue to persist in the tropical Pacific and expect the condition to linger till at least until Apr'11 (1 month longer than our Yearbook's view) before returning to neutral conditions from May'11-Jul'11. This is further positive for soft commodities price rises.



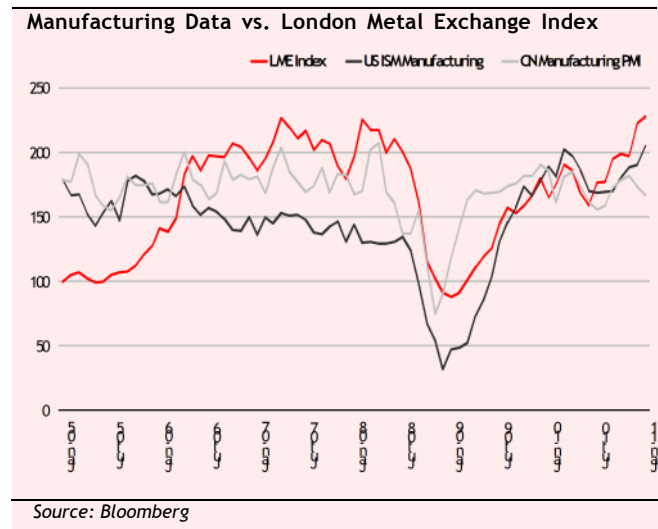
Source: International Research Institute of Climate and Society



Source: International Research Institute of Climate and Society

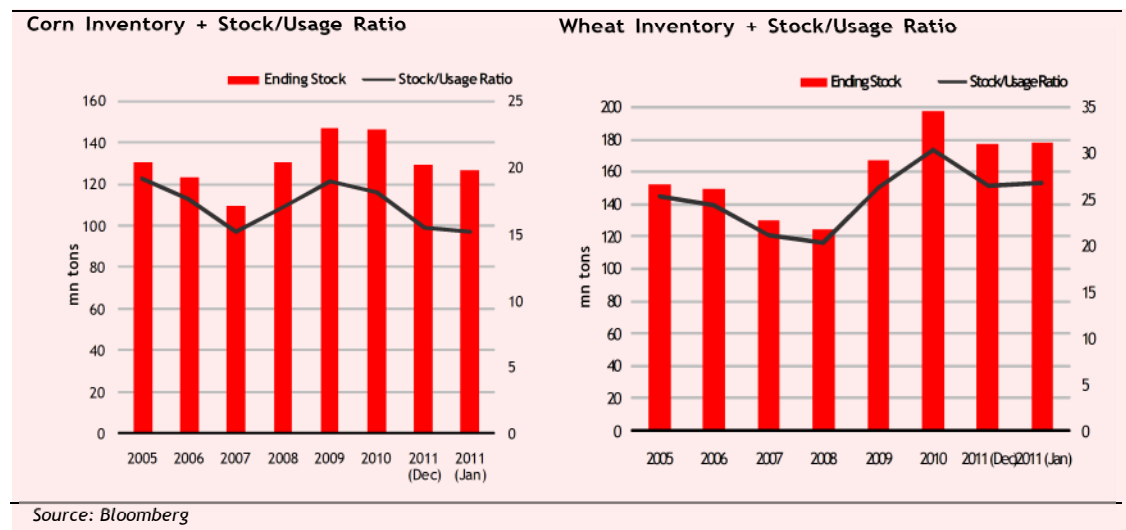
Metals: Shining on Manufacturing Data

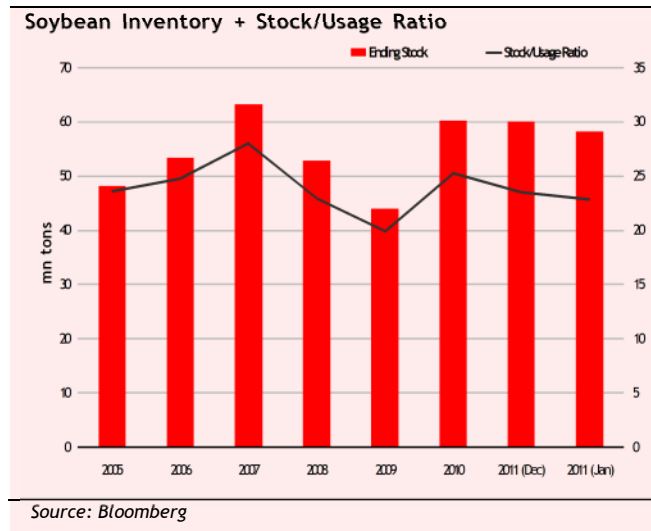
Last week had been a great week for base metals after positive manufacturing data in US, EU, and CN bolstered confidence that demand for base metals will increase along with global industrial recovery. As such, US ISM Manufacturing jumped to 60.8, grow at the fastest pace since May 2004. In EU, a gauge manufacturing index also rose to 57.3 accelerating to the fastest pace in 9 months. While in China, PMI is at 52.9 or lower than Bloomberg estimate, but exceeding 50 points, showing that economy is on expansion instead of contraction. Copper rose 2.9% WoW to hit a new high record of USD10,088/ton. Tin also continue to hit its all time high at USD31,300/ton, jumping 4.0% WoW. Nickel experienced the most gain with 4.9% WoW, to reach its 33 months peak of USD28,685/ton.



Soft Commodities: Price Rally, Speculation on USDA Report

Corn, wheat, and soybean are rally during the week, with WoW increase of 2.9%, 1.5%, and 1.5% respectively amid to speculation that US Government report, which will be released on 9th Feb'11, will show global stockpiles declined before the 2011 harvest due to increasing demand and tight supply. US Government through its Department of Agriculture (USDA) released its monthly report on every 2nd week of the month, showing the most update forecast on global agriculture demand, supply, and ending usage. Because of unfriendly weather, global inventory of corn, wheat, and soybean has gradually declined compared to previous years, driving the price higher in recent months. Further cut on ending stock forecast by USDA this month expected to push prices higher.

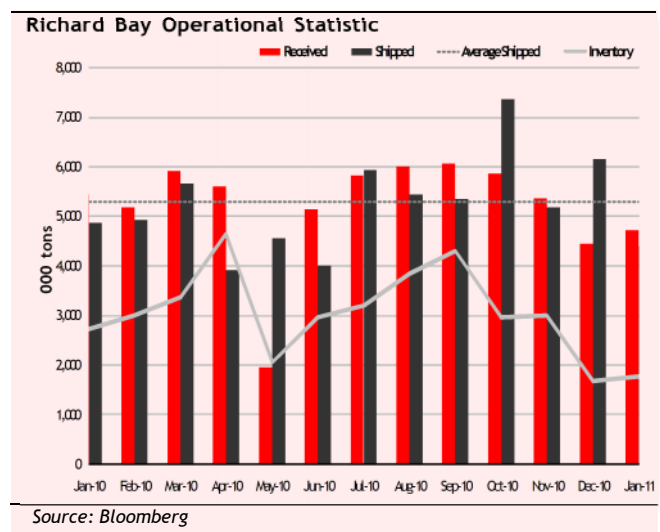




Coal: Richard Bay Coal Shipments Fall in Jan'11

Not just Australian who faced a huge challenge on its coal mine, another world largest coal supplier, South Africa, also had problems with its coal supply after heavy rains disrupted rail operations and caused derailments. Richards Bay Coal Terminal, Africa's largest export facility for the fuel, shipped "only" around 4.39mn tons of coal during Jan'11, declined 28.7% MoM, 9.8% lower than the same period last year, and 17% below 2010 average of monthly shipment. Moreover, until the end of Jan'11, the port "only" had 1.76mn tons of stock pile, it was 100k tons higher than Dec'10 reading, but still at the low level if we compared with 2.7mn tons of stockpile in Jan'10 and 3.13mn tons of 2010 average.

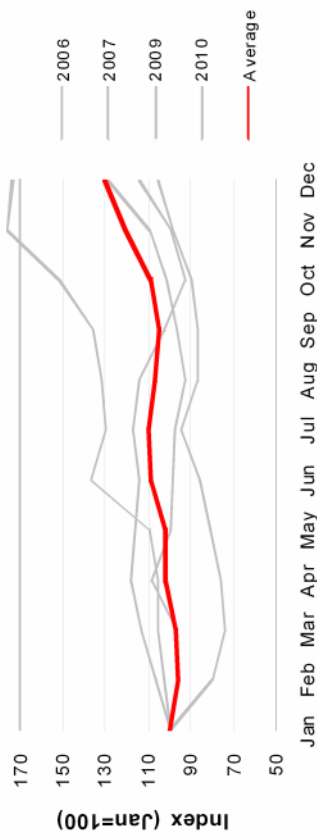
South Africa declared 28 municipalities across seven of its nine provinces disaster areas last month with most of the country receiving almost double its normal rainfall. It is important to always keep an eye on Richard Bay as most of the port shipments are intended for Asian customers since 2009. The Asian hunger for coal is currently facing supply disruptions on its two big suppliers, Australia and South Africa.



Energy

8-Feb-11

Coal Price Seasonality



Source: Blombers, Trimegah Research

Catalyst:

MT to LT Indian 11th policy plan and Indonesian fast track of 1st 10,000 MW power plant projects will come online going until 2014 with coal as a dominant fuel, creating a regional hunger for coal. It is estimated that 5,000-6,000MW of coal fired power plants scheduled to come online in 2011 in Indonesia. PLN coal demand will jump 75% to reach 70mn tons in 2014 compared to current level of 40mn tons. 2nd 10,000MW programme is already beginning in Indonesia, again with coal taking the chunk of power source for the programme. India will continue to feed its domestic demand from seaborne market due to structural problem of its supply side. LT emerging market growth will continue to provide a good floor for coal prices, with robust demand coming from China, India and Indonesia.

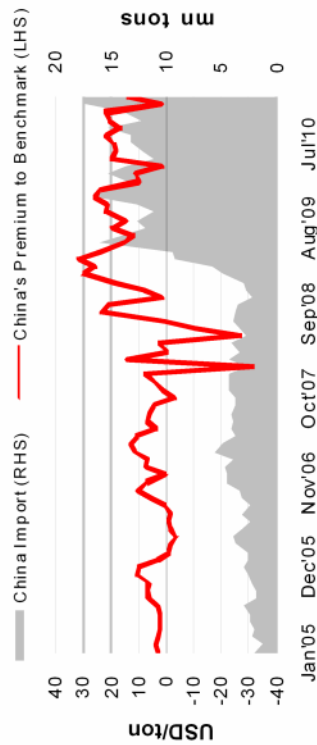
ST Colder than normal winter in Northern Hemisphere, coupled with Queensland worst flood in 50 years will create tighter supply-demand balance at seaborne trade in the short term, hence driving the price higher. We expect spot price for thermal coal to hit USD142.5/ton.

Risk:

ST macro risk is the biggest risk, followed by regulatory risk as increase of local demand may urge Indonesian government to implement stricter DMO and price control. Government also state that it might ban the export of low rank coal in 2014 to increase state's export revenue.

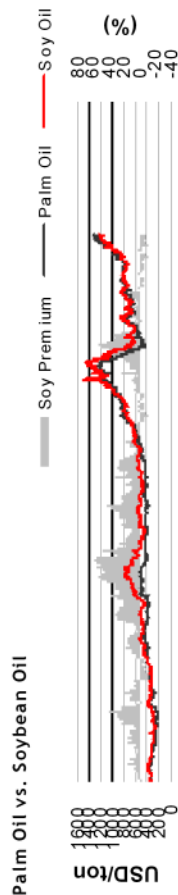
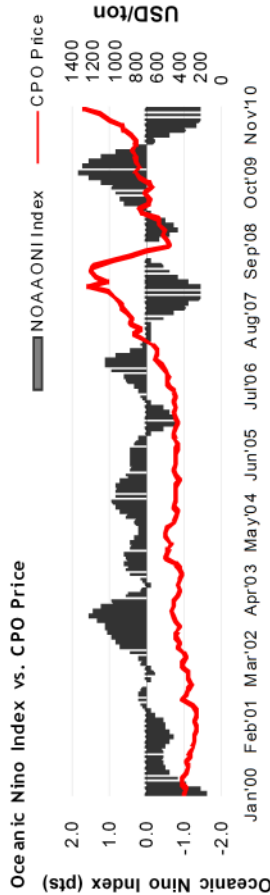
	Price Movement					Average Price			
	Last	WoW (%)	MoM (%)	YoY (%)	Ytd (%)	1 Mth	3 Mth	6 Mth	Ytd
Oil and Gas									
Crude Oil	87.5	(3.6)	(0.6)	21.7	(4.3)	90	88	83	90
Natural Gas	4	(5.6)	(7.2)	(24.0)	(6.8)	4	4	4	4
Coal									
Newcastle 6,700kc GAD	127	1.2	(3.8)	35.7	0.5	131	120	108	130
Qinhuangdao 6,000kc GAD	139	0.0	8.5	14.1	8.5	138	131	123	135
Richard Bay 6,000kc NAR	121	3.8	(4.3)	42.9	(6.8)	122	116	103	124
Coal (Daily)	117	(0.2)	(7.0)	54.5	(10.7)	119	118	107	121
Other									
Baltic Dry Index	1,045	(3.6)	(31.2)	(61.6)	(41.1)	1,265	1,759	2,217	1,351

Chinese Coal Price vs Benchmark to Import Level



Source: Blombers, Trimegah Research

Relative Companies	Ticker	Trim TP (Rp/shr)	Last Px (Rp/shr)	M. Cap (Rp/ptr)	YTD (%)	Bloomberg TP			P/E (x)	P/BV (x)	ROE (%)	EPSg (x)	Div. Y (%)				
						Avg	High	Low									
Adaro Energy	ADRO	2,900	2,400	76.8	(5.9)	3,068	4,200	2,600	13.9	10.8	2.8	24.1	25.7	101.5	29.3	1.8	2.8
Bumi Resources	BUMI	-	2,800	58.2	(7.4)	3,484	4,300	2,500	12.1	9.2	2.2	22.4	23.4	85.7	30.8	1.9	2.9
Borneo Lumbung Energy	BORN	-	1,600	28.3	19.4	2,033	2,200	2,050	14.3	9.9	2.6	22.8	25.9	21.8	44.5	1.3	2.4
Harum Energy	HRUM	-	8,300	22.4	(7.8)	10,329	11,900	8,500	13.1	9.5	4.6	53.1	48.3	104.9	38.5	2.3	3.5
Indika Energy	INDY	-	4,150	21.6	(12.2)	5,434	6,600	4,300	10.3	8.8	2.3	27.2	26.1	77.1	16.9	2.6	4.1
Indo Tambangraya Megah	ITMG	50,700	46,650	52.7	(8.1)	59,192	75,200	45,900	11.5	9.3	4.0	44.7	43.4	74.3	23.1	4.1	5.9
Tambang Batubara Bukit Asam	PTBA	25,300	20,150	46.4	(12.2)	25,958	35,600	19,000	13.3	11.2	4.1	39.4	36.9	70.7	19.4	2.7	4.1
Regional Average									12.0	9.6	2.2	23.5	23.0	29.5	16.3	2.4	2.9



Jan-Oct-0 Aug- Jul- May- Dec- Oct- Aug- Jun- Apr- Feb- Dec- Oct- 00 0 01 02 03 04 05 06 07 08 09 10

Source: Bloomberg, TRIM Research

Catalyst:

LT Oil consumption per capital in emerging markets (China 14kg, India 8kg, Brazil 18kg, and Indonesia 17kg) are still half of developed nations (30kg). This will support CPO prices in the long term as CPO prices will need to remain above cost + margin model to support volume growth. Structural oil supply problems combined with USD debasement story will support bio-diesel commercial viability in the LT.

MT A drier period followed after La Nina will boost CPO production and make the supply and demand balanced. Price will be normalize but it will be floored in our view, as human consumption of edible oil will grow steadily at 4.0%-5.0% CAGR mainly contributed by China and bio diesel mandatory in several edible oil producer countries. Moratorium in Indonesia also expected to hamper CPO production, driving a positive outlook on CPO price in medium term.

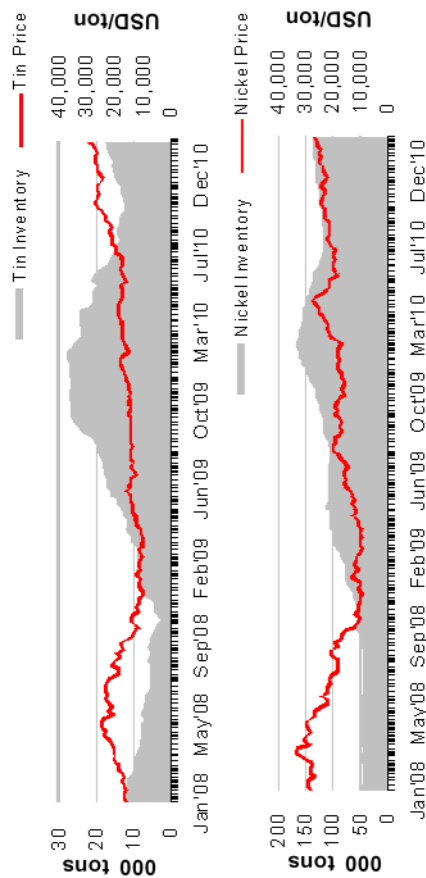
ST La Nina phenomena (wet in the Eastern and dry in the Western) expected to continue until the end of 1Q11 with strong La Nina occur during Oct'10- Feb'11 period, creating a supply shortage for most of soft commodities counters.

Risk:

We also see moratorium along with unclear forest spatial regulation as a serious obstacle for Indonesia planters to expand, hampering the growth opportunity. Association expects our planters will "only" add 200k ha - 250k ha in 2011 vs. 500k ha 3-4 years ago.

Price Movement	Malaysia Palm Oil						YTD	Average Price			Ytd (%)	YoY (%)	MoM (%)	YoY (%)	Cumulative	YoY (%)			
	Last	WoW (%)	MoM (%)	YoY (%)	1 Mth	3 Mth		6 Mth	High	Avg							Low	P/E (x)	PIBV (x)
CPO Malaysia	3,860	1.3	2.4	52.3	2.0	3,796	3,657	3,244	3,803	Production	1,233	0.0	(6.7)	16,994	(3.3)				
CPO Rotterdam	1,315	2.5	2.7	66.5	2.3	1,272	1,225	1,093	1,275	Crude Palm Oil	303	0.0	(11.7)	4,292	(4.6)				
Soybean Meal	1,425	(0.9)	4.4	53.3	2.2	1,413	1,338	1,225	1,404	Palm Kernel	153	0.0	(11.4)	2,015	(3.9)				
Soybean Oil	58	(0.5)	2.8	53.9	1.2	58	55	50	58	Palm Kernel Oil	1,286	0.0	(12.0)	16,646	5.0				
Rubber	504	5.1	17.2	94.5	24.4	472	412	362	459	Export	107	0.0	3.8	1,164	4.1				
Corn	675	1.3	13.4	89.5	7.3	653	601	552	642	Ex-Palm Oil	1,615	0.0	(19.4)						
W heat	859	2.8	10.9	77.4	8.1	819	764	732	811	Ex-Palm Kernel Oil									
Sugar	33	(3.8)	3.6	22.9	1.7	32	31	28	32	Inventory									
										Palm Oil									
Relative Companies	Ticker	Trim TP (Rp/shr)	Last Px (Rp/shr)	M. Cap (Rptr)	YTD (%)	Bloomberg TP Avg	P/E (x)	2011	2012	P/E (x)	2011	2012	PIBV (x)	2011	2012	EPS (x)	2011	2012	Div. Y (%)
Astra Agro Lestari	AALI	26,600	22,750	35.8	(13.2)	28,672	38,600	22,000	13.7	12.9	4.1	3.6	30.2	27.6	34.8	5.8	3.6	4.2	
BW Plantation	BWPT	-	1,190	4.8	(7.0)	1,283	1,350	1,190	16.5	13.2	3.5	2.8	21.4	21.5	0.0	24.0	0.8	1.0	
Gozco Plantation	GZCO	-	425	2.2	1.2	500	520	480	10.9	10.0	1.6	1.4	14.8	14.2	32.7	9.6	1.3	1.5	
London Sumatra Indonesia	LSIP	14,600	11,400	15.7	(10.5)	14,319	19,100	9,850	12.2	11.5	2.8	2.4	23.1	21.3	30.5	6.5	2.4	2.8	
Tunas Baru Lampung	TBLA	-	425	2.0	3.7	-	-	-	6.6	7.3	1.4	1.2	20.5	17.0	33.3	(9.4)	3.1	2.8	
Sampoerna Agro	SGRO	4,050	2,975	5.6	(6.3)	3,747	4,625	2,875	12.6	11.5	2.4	2.1	19.0	18.4	17.8	9.9	2.3	2.5	
Bisi International	BISI	-	1,370	4.1	(26.2)	1,430	1,430	1,430	15.8	11.9	3.0	2.5	18.7	20.9	43.4	32.6	0.8	1.2	
Regional Average									15.9	14.7	2.8	2.5	17.5	17.1	12.8	9.5	0.0	0.0	0.0

Nickel & Tin Price vs Inventories



Source: Bloomberg, TRIM Research

Catalyst:

LT Growth from global emerging markets will continue to provide a floor for base metal prices. Aggressive money printing and fiscal stimuli will eventually lead on to inflation, favoring hard asset prices in the future. Supply side issues coming from both China and Indonesia, who both are world's largest tin supplier, will be supportive of tin's prices long term.
MT The Q.E.2.0 US stimulus is very commodity intensive, and will be supportive of base metal prices. Based on cost + margin model, the fair nickel price is estimated to be USD18k/ton - USD20k/ton. However, demand is needed to bring its inventory down from historic levels, before nickel price can resume its ascent. We would expect tin to outperform nickel in the medium term on lower inventory glut and structural supply issues.
ST Demand growth for nickel is expected to slow mainly cause by lower demand for stainless steels in China and EU. In the other hands, production will speed up supported by new projects coming and continued restart of idled capacity. ABARE expects world demand for nickel to "only" grow by 6.0% in 2011 compared to 9.0% of supply. Moreover, at higher price large scale nickel pig iron production would be expected to contribute a supply expansion, giving the pressure on nickel prices.

Risk:

EU faster recovery than estimated and improving Chinese demand will become the upside risk for our short term nickel view.

Price Movement		Last	WoW (%)	MoM (%)	YoY (%)	Ytd (%)	Average Price	Inventory Level			Last	WoW (%)	MoM (%)	YoY (%)	Early Year	Ytd (%)
							3 Mth	Low	High	TP						
							6 Mth									
Non ferrous Metal																
Aluminum		2,538	(0.2)	1.1	27.2	3.2	2,462	2,389	2,314	2,465	4,562,625	0.8	6.8	(0.4)	4,277,050	6.7
Copper		9,984	0.3	5.9	54.6	3.9	9,653	9,167	8,547	9,612	393,525	-0.1	3.7	(27.3)	377,550	4.2
Nickel		28,300	1.2	17.1	64.0	14.5	26,589	24,594	23,749	26,070	132,828	-1.2	(3.0)	(20.2)	135,672	-2.1
Zinc		2,490	0.7	1.8	23.1	1.5	2,405	2,325	2,294	2,415	710,075	0.0	1.3	41.9	701,425	1.2
Lead		2,540	0.0	(4.1)	29.3	(0.4)	2,531	2,455	2,369	2,550	289,400	2.4	38.0	83.3	208,275	39.0
Tin		31,300	3.8	18.3	105.9	16.4	28,628	26,734	25,334	28,063	18,775	5.3	12.4	(30.8)	16,275	15.4
Precious Metal																
Gold		1,348	0.6	(1.5)	26.4	(5.1)	1,351	1,372	1,336	1,360	11,383,636	(0.2)	(2.2)	15.0	11,591,781	-1.8
Silver		29	2.9	2.3	94.5	(5.1)	28	28	25	29	103,306	(0.1)	(1.2)	(7.3)	104,849	-1.5
Platinum		1,840	0.5	6.1	24.7	3.9	1,814	1,740	1,685	1,797						
Palladium		821	(0.2)	9.2	101.9	2.4	809	760	662	800						
LME		4,438	0.9	6.3	48.9	5.3	4,257	4,055	3,844	4,238						
Relative Companies																
	Ticker	Trim TP (Rp/shr)	Last Pk (Rp/shr)	M. Cap (Rptr)	M. Cap (Rptr)	YTD (%)	Bloom berg TP Avg	Bloom berg TP High	Bloom berg TP Low	PIE (x)	PIBV (x)	ROE (%)	EPSg (x)	Div. Y (%)		
Aneka Tambang	ANTM	-	2,275	21.7	(7.1)	2,659	3,014	2,000	12.1	11.4	13.4	12.7	20.0	5.7	3.1	3.7
International Nickel	INCO	-	4,925	48.9	1.0	5,356	6,000	4,150	13.5	11.0	20.5	23.1	4.9	16.3	5.4	5.6
Timah	TINS	-	2,925	14.7	6.4	2,813	3,200	2,300	17.7	11.7	16.9	22.1	33.0	14.2	3.4	4.4
Regional Average																
							19.6	17.3	2.7	2.6	13.7	14.8	44.9	18.4	0.0	0.0

PT Trimegah Securities Tbk
19thFl, Artha Graha Building
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, INDONESIA
Tel : (6221) 515 2727 Fax : (6221) 515 4580

DISCLAIMER

This report has been prepared by PT Trimegah Securities Tbk on behalf of itself and its affiliated companies and is provided for information purposes only. Under no circumstances is it to be used or considered as an offer to sell, or a solicitation of any offer to buy. This report has been produced independently and the forecasts, opinions and expectations contained herein are entirely those of Trimegah Securities.

While all reasonable care has been taken to ensure that information contained herein is not untrue or misleading at the time of publication, Trimegah Securities makes no representation as to its accuracy or completeness and it should not be relied upon as such. This report is provided solely for the information of clients of Trimegah Securities who are expected to make their own investment decisions without reliance on this report. Neither Trimegah Securities nor any officer or employee of Trimegah Securities accept any liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. Trimegah Securities and/or persons connected with it may have acted upon or used the information herein contained, or the research or analysis on which it is based, before publication. Trimegah Securities may in future participate in an offering of the company's equity securities.
