

REGIONAL WRAP

US (S&P500) closed flat negative at -0.02% and EU (SX5E 50) was down -0.5% last Friday as the USD weakened for a third consecutive day and commodities rose as economic recovery prompted investors to purchase riskier assets. Commodities (CRB Index) were up 1.7%, led by Corn (+2.1%) and Soybeans (+2.0%). JP (Nikkei 225) and AU (ASX 200) are still closed for the new year holidays.

The CRB index of 19 raw materials gained 15% through yesterday as China, the biggest user of everything from cotton to copper to soybeans led the recovery from the first global recession since WWII. 2010 was the first time since 2005 all four regional equity markets gained at the same time. Markets are pricing out a double dip recession and is positive for commodities as economic data in the past month outperformed expectations.

UK home prices surprised on the upside, with Dec Nat'wide house price index rising 0.4% MoM, an unexpected rise from market expectation of -0.2% and Nov reading of -0.3%. PMI readings across the regions (US, EU, CN) will be key to watch in the next few days, to set the mood for markets for 2011.

IDX 3,703.5

Change :	0.12%
Transaction Volume (m) :	3,543.2
Transaction Value (Rpbn) :	3,903.7
Mkt Cap (Rptr) :	3,246.3
Market P/E (x) :	18.2
Market Div. Yield (%) :	1.7

Global Indices		Chg	(%)
Dow Jones	11,577.5	7.8	0.1
Nasdaq	2,652.9	-10.1	-0.4
Nikkei	10,228.9	0.0	0.0
ST Times	3,190.0	-22.4	-0.7
FTSE	5,899.9	-71.1	-1.2
Hang Seng	23,035.5	36.1	0.2

Dual Listing (NYSE)		Chg	(%)
ISAT	29.1 5,239.3	-0.1	-0.2
TLKM	35.6 8,016.6	0.1	0.3

Commodity Price		Chg	(%)
Crude OIL (NYMEX)	91.4	1.5	1.7
Gold (LME Spot)	1,421.4	15.5	1.1
Nickel (LME 3M)	24,750	450	1.9
Tins (LME 3M)	26,900	375	1.4
CPO (Rotterdam CIF)	1,285	0.0	0.0
Rubber (Tokyo 1M)	4,993.8	25.1	0.5
Coal (Weekly 31/12)	128.5	3.8	3.0

Market Movers		Chg	(%)
ISAT	5,400	250	4.9
AALI	26,200	1,000	4.0
UNVR	16,500	300	1.9
ASII	54,550	550	1.0
ADRO	2,550	25	1.0
BBRI	10,500	-100	-0.9
BMRI	6,500	-100	-1.5
BBCA	6,400	-100	-1.5
GGRM	40,000	-650	-1.6
BNGA	1,910	-70	-3.5

Exchange Rate			
BI Rate	-		6.50%
US\$	-	IDR	8,996.00
Yen	-	IDR	110.90
SGD	-	IDR	7,009.51
EUR	-	IDR	12,040.25

Corporate Action

OCAP	EGM	3-Jan-11
APEX	EGM	5-Jan-11
APIC	EGM	7-Jan-11
	Megapolitan D (IPO)	12-Jan-11
MBTO	Martina Berto (IPO)	13-Jan-11

TRIM NOTES

- Coal : It's Time to Welcome the Year of Coal
- Banks : BPD Regional Champion

NEWS HEADLINES

- Bank: Reserve Requirement on Forex Loans Will Drain Rp24tr Liquidity
- Bank: Required to Provide Bancassurance Personnel
- Economy: Govt to Raise Cigarette Excise by an Average 5.9%, Effective 1 Jan'11
- Coal: Association Expected 23% YoY Increased on Coal Production in 2011
- Financial: Investor Protection Funds Plan
- ADMF: Aim 15% Growth
- INCF: Rp3.6tr Right Issue Delayed due to Bapepam Permit
- SCMA: Acquired 85% Stake in Bangka TV with Rp425mn of Total Investment
- SMGR: Shifted Its Coal Demand to the Low-Medium Rank One for Efficiency
- TPIA: Merged Company with Chandra Asri Officially Traded Today

TRADE DATA

JCI (IHSG) 3,703.5 4.3 0.12%

YTD (Rp)	46.13%	Volume (m) :	3,543.2
YTD (USD)	53.43%	Nilai (Rpbn) :	3,903.7
Moving Avg 20day	0.0	Mkt Cap (Rptr) :	3,246.3
Moving Avg 50day	3,667.8	Market P/E (x) :	18.2
Moving Avg 200day	3,659.9	Market Div. Yield (%) :	1.7

Indonesia & Sectors		+/-	(%)	YTD (%)
MSCI Indonesia	4,546.5	0.0	0.00	25.82
JII	532.9	0.0	0.00	27.74
LQ45	661.4	0.0	0.00	32.73
JAKFIN Index	466.7	-4.2	-0.01	54.82
JAKINFR Index	819.2	3.6	0.00	12.45
JAKMINE Index	3,274.2	11.8	0.00	48.59
JAKCONS Index	1,094.7	6.3	0.01	63.06
JAKTRAD Index	474.1	4.9	0.01	71.92
JAKMIND Index	967.0	7.3	0.01	60.78
JAKBIND Index	387.3	-3.7	-0.01	41.37
JAKPROP Index	203.1	2.0	0.01	38.35
JAKAGRI Index	2,284.3	31.9	0.01	30.30

Commodities +/- (%) YTD (%)

CRB Index 332.8 1.5 1.71 15.15

Oil & Gas

Crude Oil	91.4	1.5	1.71	15.15
Natural Gas	4.4	0.1	1.54	-20.94
COAL (Rotterdam)	131.4	-0.1	-0.08	51.03
COAL (Amsterdam)	126.0	1.2	0.96	53.04
COAL (Australia,wk)	122.4	0.0	0.00	42.33

Industrial Metals

Aluminium	2,459.3	15.8	0.64	7.65
Nickel	24,750	450	1.85	33.60
Tin	26,900	375	1.41	58.70

Precious Metal

Gold	1,421.4	15.5	1.10	29.67
Silver	30.9	0.4	1.38	82.81

Soft Commodities

CPO (Malaysia)	3,814.0	0.0	0.00	47.94
CPO (Netherland)	1,285.0	0.0	0.00	59.63
Rubber	4,993.8	25.1	0.51	79.35
Corn	629.0	13.0	2.11	43.77
Wheat	794.3	9.5	1.21	36.88
Soybeans	1,393.8	27.8	2.03	37.42
Rice (Indonesia)	7,100.0	0.0	0.00	16.39

Regional Indices +/- (%) YTD (%)

MXWO	MSCI Word	1,280.1	3.4	0.26	9.55
SPX	S&P 500	1,257.6	-0.2	-0.02	11.65

US

Dow Jones Industrial		11,577.5	7.8	0.07	11.02
Nasdaq	US	2,652.9	-10.1	-0.38	16.91

Europe

EURO 50	Europe	2,792.8	-14.2	-0.51	-5.81
FTSE	London	5,899.9	-71.1	-1.19	9.00
DAX	Jerman	6,914.2	0.0	0.00	16.06
CAC	France	3,804.8	-46.0	-1.19	-3.34
SMI	Swiss	6,436.0	0.0	0.00	-1.68

BRIC

BOVESPA	Brazil	69,304.8	0.0	0.00	1.04
MICEX	Russia	1,688.0	0.0	0.00	23.21
SENSEX	India	20,509.1	120.0	0.59	17.43
NIFTY	India	6,134.5	32.6	0.54	17.95
SHCOMP	China	2,808.1	48.5	1.76	-14.31
SZCOMP	China	1,290.9	29.8	2.36	7.45

Developed ASIA

Nikkei	Japan	10,228.9	0.0	0.00	-3.01
TPX	Japan	898.8	0.0	0.00	-0.97
HIS	Hong kong	23,035.5	36.1	0.16	5.32
KOSPI	S.Korea	2,051.0	0.0	0.00	21.88
TAIEX	Taiwan	8,972.5	64.6	0.73	9.58
FSSTI	Singapore	3,190.0	-22.4	-0.70	10.09

ASEAN

SET	Thailand	1,032.8	0.0	0.00	40.60
PCOMP	Philippines	4,201.1	0.0	0.00	37.62
KLCI	Malaysia	1,518.9	0.0	0.00	19.34
VNINDEX	Vietnam	484.7	3.3	0.68	-2.04

Currency +/- (%) YTD (%)

EURUSD	Euro	1.338	0.009	0.70	-6.54
GBPUSD	United Kingdom	1.561	0.019	1.21	-3.45
USDCHF	Switzerland	0.935	0.000	-0.01	-36.96
USDCAD	Canada	0.998	-0.002	-0.20	-5.24
AUDUSD	Australia	1.023	0.006	0.60	-28.55
NZDUSD	New Zealand	0.780	0.010	1.25	7.94
USDJPY	Japan	81.1	-0.410	-0.50	-12.79
USDCNY	China	6.607	0.000	0.00	-3.22
USDHKD	Hongkong	7.773	-0.009	-0.12	0.24
USDSGD	Singapore	1.283	-0.005	-0.38	-8.65
Rupiah	Indonesia	8,996	1.000	0.01	-4.34

Winners

Stock	Price	(%)	Stock	Price	(%)
MEDC	3,375	6.30	BNGA	1,910	-3.54
ISAT	5,400	4.85	CPIN	1,840	-2.13
AALI	26,200	3.97	BDMN	5,700	-1.72
BORN	1,340	3.08	BUMI	3,025	-1.63
UNVR	16,500	1.85	GGRM	40,000	-1.60
INCO	4,875	1.56	INTP	15,950	-1.54
PTBA	22,950	1.32	BBCA	6,400	-1.54
ASII	54,550	1.02	BMRI	6,500	-1.52
ADRO	2,550	0.99	BBRI	10,500	-0.94
UNTR	23,800	0.85	TLKM	7,950	-0.62

Losers

Value (Rpbn)

Value (Rpbn)	Volume (Lot)	Freq	(x)
ASII 220,329	LPKR 286,710	KRAS	3,691
BUMI 174,418	BNBR 285,787	KLBF	2,337
BBNI 163,013	ELTY 167,972	CPIN	2,256
MEDC 129,705	ENRG 165,384	MEDC	2,203
BBRI 121,230	KRAS 158,111	TLKM	1,825
KLBF 117,284	BUMI 115,200	BORN	1,684
PGAS 102,801	TMPI 109,114	LPKR	1,675
LPKR 96,536	IDKM 99,087	TMPI	1,595
KRAS 95,893	BORN 89,841	BNBR	1,589
TLKM 85,359	BBNI 84,316	MIRA	1,506

Bank: Reserve Requirement on Forex Loans Will Drain Rp24tr Liquidity

Bank Indonesia policy to increase its reserve requirement on forex loans will drain Rp24tr of liquidity out of banking system. On 3Q10, banking sector forex loans reach Rp298tr or USD39bn with USDIDR 9000. Bank Indonesia imposed higher reserve requirement without increasing its interest rates on such reserve. *Source: Bisnis Indonesia*

Bank: Required to Provide Bancassurance Personnel

Based on Bank Indonesia Circular Letter No.21/35/DPNP, Bank Indonesia will tighter supervise bancassurance distribution through banking system. Bank Indonesia aim to increase its supervision on investment product packaged as insurance product such as unit linked. They judge such product as vulnerable to misuse due to lack of knowledge in banking sector's human resources. *Source: Bisnis Indonesia*

Economy: Govt to Raises Cigarette Excise by an Average 5.9%, Effective 1 Jan'11

The increase could be as low as 4.0% and as high as 10.0%. Indonesia currently imposes 19 different excise rates on cigarettes, ranging from Rp65 to Rp325/cigarette. The increase is part of the government's efforts both to increase excise revenue and to control cigarette distribution due to health concern. *Source: The Jakarta Posts*

Coal: Association Expected 23% YoY Increased on Coal Production in 2011

Of the planned 340mn tons, the association estimated 20% of it will be allocated to meet domestic market. They also asked government to build infrastructure and develop down stream coal industries. *Source: The Jakarta Posts*

Financial: Investor Protection Funds Plan

Indonesian Stock Bourse regulator plans to set up Investor Protection Funds after Act No.8/1995 amendment finish. The new body aim to protect investors from fraud done by securities companies, as in Sarijaya, Antaboga, Signature Capital, and Optima cases. However, the regulator is on process to discuss fee, which will be charged to securities companies in order to form such investor protection body

ADMF: Aim 15% Growth

On 2011, ADMF aim to grow its loan portfolio to Rp25tr or 15% growth rate. ADMF will focus on auto segment business, since heavy equipment business is covered by its parent company, BDMN. *Source: Bisnis Indonesia*

INCF: Rp3.6tr Right Issue Delayed due to Bapepam Permit

The company will schedule another EGM this year regards to this matter, exact time has yet been disclosed. Right Issue was done for backdoor listing concern. *Source: Bisnis Indonesia*

SCMA: Acquired 85% Stake in Bangka TV with Rp425mn of Total Investment

SCMA bought the ownership from its previous owner, Kuda Persada Sakti and Indonesia Network Information. *Source: Bisnis Indonesia*

SMGR: Shifted Its Coal Demand to the Low-Medium Rank One for Efficiency

The SOE cement company needs at least 3mn tons of coal per annum for its operation activity, 30% of it was a high rank coal. Starts from 2011, the company will fully use low-medium coal for the efficiency. *Source: Bisnis Indonesia*

TPIA: Merged Company with Chandra Asri Officially Traded Today

The company was named Chandra Asri Petrochemical, expected to add several benefits for the company including a supply chain integrity, diversified products and revenues, expands funding opportunities, higher economies of scale, and stabilized profit. *Source: Bisnis Indonesia*

Coal: It's Time to Welcome the Year of Coal

After "only" finished third as a most profitable sector in our Universe last year with 47.4% ytd return behind TRIM Consumers and TRIM Retailers, we expect coal sector will show a better YoY performance in this year of rabbit. With global coal price already reached USD100/ton since Nov'10 and closed at USD128.5 by the end of last year, we see an upside risk of our 2011 "Yearbook" coal price assumption of USD105/ton. Based on our previous notes discussing the sensitivity analysis of our coal coverage target price related to an upside of coal price assumption, we like ADRO for this theme for a long term basis because of its higher target price changes compared to peers. We also see market will fully appreciate one of new coal companies outside our coverage, HRUM, due to its pricing strategy regards to this high coal price environment. We expect to cover HRUM soon, giving you thorough insight of the company.

Sensitivity Analysis

2011 Price and LT Price	Target Price (Rp/shr)			Increase from Base Case TP (%)		
	ADRO	ITMG	PTBA	ADRO	ITMG	PTBA
Base Case	2,900	50,700	25,300	-	-	-
+1 USD/ton	2,987	51,400	25,500	3.0%	1.4%	0.8%
+2 USD/ton	3,050	52,160	25,740	5.2%	2.9%	1.7%
+3 USD/ton	3,114	52,870	25,960	7.4%	4.3%	2.6%
+4 USD/ton	3,180	53,570	26,180	9.7%	5.7%	3.5%
+5 USD/ton	3,240	54,280	26,400	11.7%	7.1%	4.3%

Source: TRIM Research

Citing on the newspaper today, Indonesia Coal Association expected our coal production to increase 23% YoY at 340mn tons this year after getting production expand commitments from almost of national coal miners, proofing that all coal players face 2011 with an optimism. We expect an abnormal wet weather last year will ended by this 1Q11, therefore a risk for missing production target because of bad weather is minimal.

Banks Brief: BPD Regional Champion

Bank Indonesia released program named "BPD Regional Champion" on 21st Dec' 2010. The new regulation will affect all regional development banks, including BJBR, and effective from 2014. Below are the details:

- Minimum CAR 15%
- Minimum Tier-1 Capital of Rp1tr
- Minimum ROA 2.5%
- Maximum Cost Income Ratio 75%
- Maximum NIM 5.5%
- Minimum credit growth of 20%
- Minimum productive credit portfolio of 40%
- 70% of third party funds should come from outside regional government

Bank Indonesia hopes this new regulation will make regional development banks as a stronger catalyst in regional economic development. We believe the new regulation will have a long-term positive impact to Indonesian economic. Expect stronger real economic growth, more efficient regional banking sector, and better human resources in long-term period.

However, the new regulation will have unpleasant impact in the short term. Regional development banks, such as BJBR, will lose its traditional cheap funding source and imposed to move to competitive environment at banking industry since regional development banks required to attain 70% of their third party funds outside regional government. They also will lose its traditional business sources, civil servant versatile credit, which is consumer loans, and forced to expand its credit in form of investment and working capital loans. On 3Q10, working capital and investment loans only contribute 30% of total loans portfolio, lower compared to 40% threshold. The net effect on profitability will be severe, since the threshold on NIM is 5.5%, much lower compared to current NIM level at 9.75%.

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