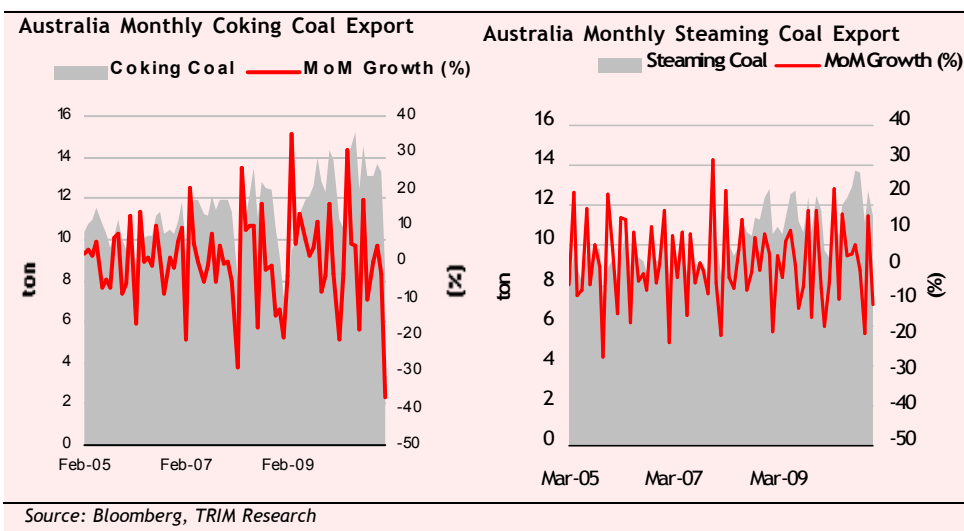


# TRIM Commodities Comments

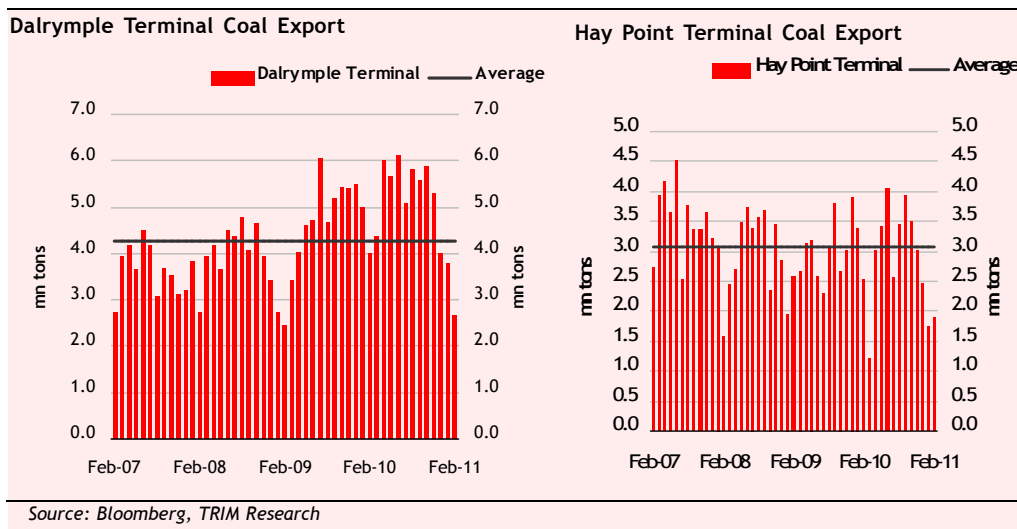
## How Are You, Queensland?

### Commodities Comment: How Are You, Queensland?

The Australian Bureau of Statistics reported that the country's shipped 8.4mn tons of hard coking coal in Jan'11, fell 37% MoM, compared with 5-year average MoM decrease of 1.4%. Along with coking coal, thermal coal exports also dropped 10.2% MoM to reach 11.5mn tons, compared with an average MoM increase of 2.9%. February data looked almost similar with the Queensland industry still operating at around two-thirds of its capacity compared with 12 months ago, according to Queensland Resources Council. The Council estimates the total lost of coal production in 2010-2011 period to reach 30mn-53mn tons, around 5.0%-7.0% of total seaborne trade.



Coal port operations in Queensland are still operating below capacity after the worst flood in 50 years. Dalrymple Bay, Australia's largest coal export terminals, is "only" operating on 40% capacity due to reduced supply. Coal shipped from Dalrymple Terminal reached 2.7mn tons during Feb'11, compared with 4.3mn tons of 4-year average, while the shipment from Hay Point Terminal reached 1.9mn tons, below its 4-year average of 3.1mn tons.



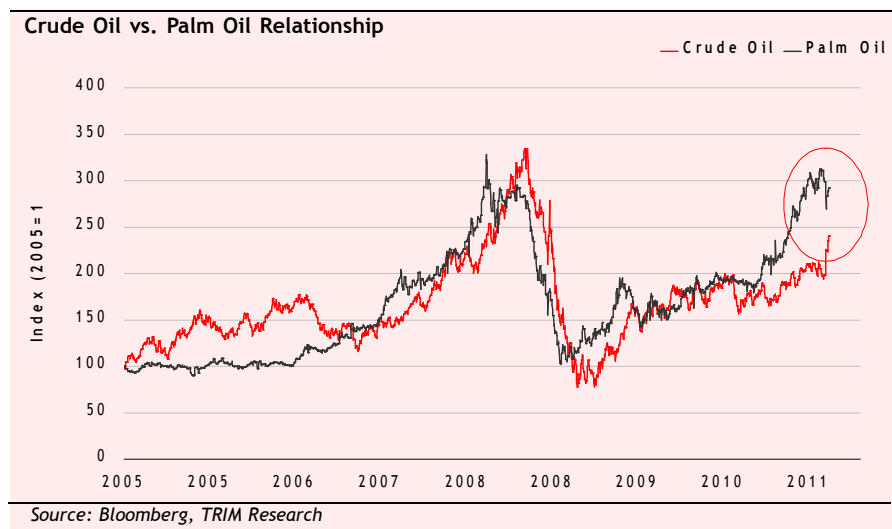
Andrian Tanuwijaya  
Analyst  
andrian.tanuwijaya@trimegah.com

Coal port operations in Queensland are still operating below capacity after the worst flood in 50 years. Dalrymple Bay, Australia's largest coal export terminals, is "only" operating on 40% capacity due to reduced supply. Coal shipped from Dalrymple Terminal reached 2.7mn tons during Feb'11, compared with 4.3mn tons of 4-year average, while the shipment from Hay Point Terminal reached 1.9mn tons, below its 4-year average of 3.1mn tons.

Both data proved that mining recovery in Queensland is still on progress, indicating that the state needs several months to normalize its mining operation at full capacity. Reiterate our bullish view on coal sector, as we are confident that coal contracts for Japanese FY11 done in Mar'11 will be result in little deviation from our new USD125/ton assumptions for 2011.

### Soft Commodities: Helped by the Rising Oil Price??

If we look back to the past, despite the technology for transforming edible oil to fuel has already been known since decades ago, the global concern of using the edible oil as an alternative energy was actually began when crude oil price surged in 2007-2008. Besides an economic relationship between edible oil and crude oil (sensitive demand, based on which one gives more economic beneficial), mandatory policy in several edible oil producer countries will also boost demand on bio diesel. Therefore, we believe that current rising oil price (if it is sustainable) will indirectly raise the floor price for edible oil, thus limited the downside of the edible oil price in the middle of normalized weather and increasing crop harvest issues going forward.

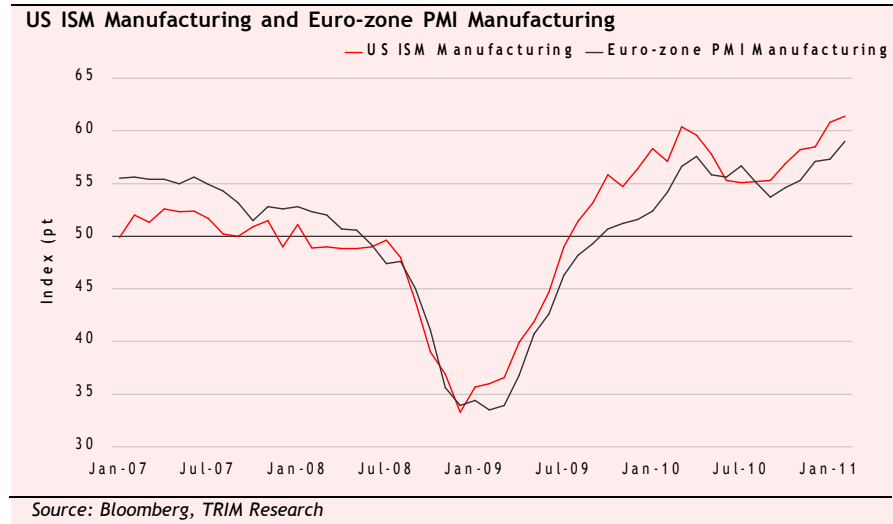


### Coal: Indonesia Govt to Revise Its Export Ban Policy on Low Rank Coal

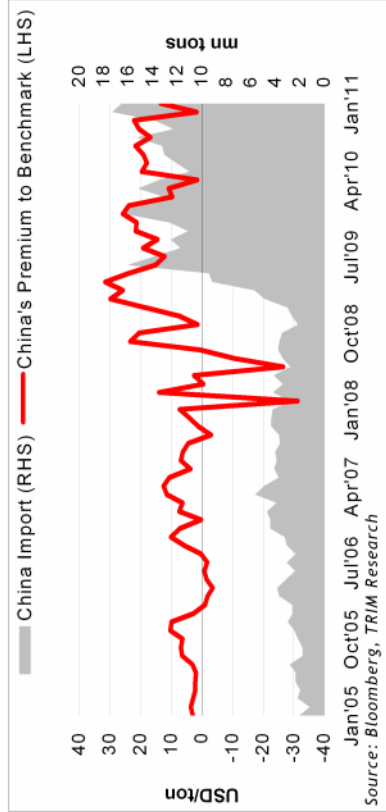
In line with our view on "TRIM Commodities Comments 2011 01 24: Hot Coal Outside, Colder Inside", government will revise its export ban policy after hearing objections from coal miners. Director General of Coal and Minerals said that the government did not want the rule to hamper investments due to this policy. Considering an objections from coal miners, government will find a win-win solution to fulfill its main objectives, increasing revenue from coal export and ensure sufficient supplies of the fuel for domestic demand.

### Metal: Base Metals Declined on Rising Energy Prices, Gold Climbed to a Record

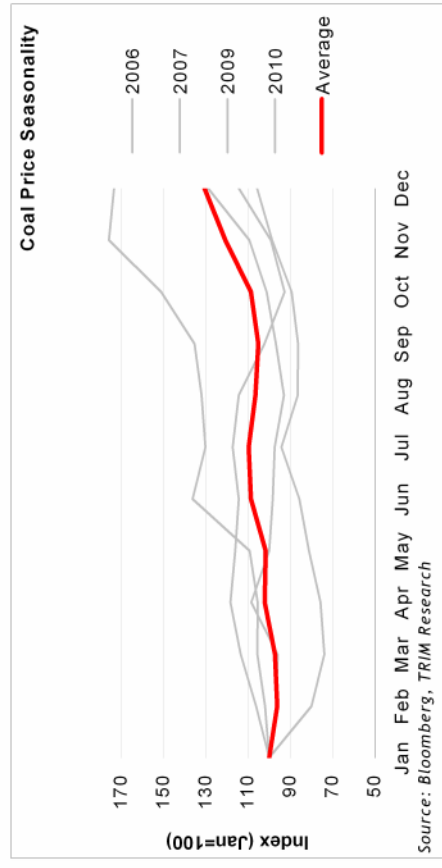
Surging oil price has overshadowed good manufacturing data, driving base metals to fall 4.1% on average, while lead still slightly increased 0.3%. US ISM manufacturing continue to grow at the fastest pace since 2004 to reach 61.4 compared to 60.8 Jan'11 reading and analyst projection of 61.0. Euro-zone PMI Manufacturing also showed a more optimistic outlook with PMI Index of 59.0 compared to 57.3 Jan'11 reading. However, we believe the good shape on industrial data will create a floor for base metal price in the middle of rising fuel price. In the other hands, Gold continues to become the most lucrative assets in the middle of rising global economy and political concern, which triggered by Libya's turmoil. Gold jumped 0.2% WoW to reach a new record at USD1,435/t oz.



Price Movement		Last	WoW (%)	MoM (%)	YoY (%)	Ytd (%)	Average Price	Ytd
							3 Mth	6 Mth
<b>Oil and Gas</b>								
Crude Oil		105	5.8	21.3	28.8	15.4	91	86
Natural Gas		4	1.4	(2.8)	(13.3)	(10.9)	4	4
<b>Coal</b>								
Newcastle 6,700kc GAD		130	0.5	2.8	37.2	3.3	126	113
Qinhuangdao 6,000kc GAD		138	0.0	(0.6)	28.1	7.9	138	127
Richard Bay 6,000kc NAR		120	0.7	(1.2)	42.1	(7.9)	118	107
Coal (Daily)		124	4.9	6.9	74.3	(5.6)	118	111
<b>Other</b>								
Baltic Dry Index		1,382	9.5	29.9	(57.6)	(22.1)	1,250	1,471
							1,989	1,315



Relative Companies		Ticker	Trim TP (Rp/shr)	Last Px (Rp/shr)	M. Cap (Rptr)	YTD (%)	Bloomerg TP	P/E (x)	P/BV (x)	ROE (%)	EPSg (x)	Div. Y (%)
							Avg	2011	2012	2011	2012	2011
Adaro Energy		ADRO	2,375	2,375	76.0	(6.9)	3,108	13.9	10.6	23.9	104.7	1.8
Bumi Resources		BUMI	3,000	3,000	62.3	(0.8)	3,613	13.1	10.0	22.6	100.0	1.5
Borneo Lumbang Energy		BORN	1,510	1,510	26.7	12.7	1,883	13.6	9.3	22.8	21.8	1.3
Harum Energy		HRUM	8,700	8,700	23.5	(3.3)	10,629	13.8	9.2	51.2	106.8	2.0
Indika Energy		INDY	3,900	3,900	20.3	(17.5)	5,721	10.0	8.4	26.8	80.1	2.8
Indo Tambangraya Megah		ITMG	43,150	43,150	48.8	(15.0)	58,157	8.9	7.9	45.1	20.0	6.2
Tambang Batubara Bukit Asam		PTBA	20,050	20,050	46.2	(12.6)	26,647	13.1	11.0	40.0	72.5	2.7
<b>Regional Average</b>								11.8	9.9	23.8	41.5	2.4

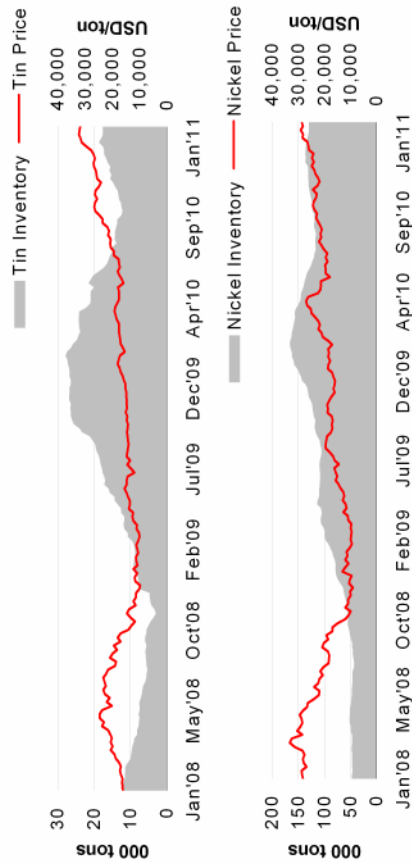


**Catalyst:**  
**MT to LT** Indian 11th policy plan and Indonesian fast track of 1st 10,000 MW power plant projects will come online going until 2014 with coal as a dominant fuel, creating a regional hunger for coal. It is estimated that 5,000-6,000MW of coal fired power plants scheduled to come online in 2011 in Indonesia. PLN coal demand will jumped 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 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.



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 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 based metal prices. Based on cost + margin model, the fair nickel price is estimated to be USD16k/ton - USD20k/ton. However, demand is needed to bring its inventory down from historic levels, before nickel price can resume its ascend. 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	Inventory Level						Ytd		
	Last	WoW (%)	MoM (%)	YoY (%)	1 Mth	3 Mth		6 Mth	
<b>Non ferrous Metal</b>									
Aluminum	2,542	(2.1)	(0.4)	14.7	3.4	2,539	2,386	2,496	
Copper	9,510	(3.5)	(5.5)	27.3	(0.9)	9,849	9,585	8,925	9,714
Nickel	27,400	(5.0)	(3.7)	22.6	10.4	28,548	26,419	24,855	27,137
Zinc	2,385	(5.1)	(4.9)	0.7	(2.7)	2,492	2,412	2,355	2,449
Lead	2,562	0.3	(0.3)	13.5	0.5	2,583	2,532	2,444	2,565
Tin	30,679	(4.7)	(2.3)	77.3	14.0	31,861	28,861	27,015	29,700
<b>Precious Metal</b>									
Gold	1,435	0.2	5.2	27.6	0.9	1,396	1,380	1,361	1,375
Silver	36	4.2	18.5	107.6	16.0	33	30	27	30
Platinum	1,814	(1.5)	(2.4)	13.6	2.5	1,826	1,785	1,731	1,809
Palladium	788	(3.6)	(6.0)	66.6	(1.7)	818	795	711	808
LMEX	4,268	(3.5)	(4.0)	23.5	1.3	4,397	4,242	4,002	4,307

Inventory Level	Last		YoY (%)		MoM (%)		Early Year		Ytd (%)	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
<b>Non ferrous Metal</b>										
Aluminum	4,602,250	4,277,050	1.4	0.9	-0.1	1.6	9.0	(21.1)	377,550	13.1
Copper	427,150	377,550	(21.1)	9.0	1.6	9.0	(2.7)	(19.2)	135,672	-4.6
Nickel	129,384	135,672	(19.2)	(2.7)	-0.9	2.2	2.2	34.2	701,425	3.4
Zinc	725,525	701,425	34.2	2.2	2.2	2.2	(0.6)	70.1	208,275	39.3
Lead	290,100	208,275	70.1	(0.6)	-1.3	1.3	(5.4)	(27.4)	16,275	9.1
Tin	17,755	16,275	(27.4)	(5.4)	1.3	1.3	(2.9)	11.4	11,591,781	-4.1
<b>Precious Metal</b>										
Gold	11,117,559	11,591,781	11.4	(2.9)	(0.3)	0.6	0.1	(6.5)	104,849	-1.6
Silver	103,144	104,849	(6.5)	0.1	0.6	0.1	(6.5)	104,849	104,849	-1.6

Relative Companies	Bloomberg TP			P/E (x)			ROE (%)			EPSg (x)			Div. Y (%)		
	Ticker	Trim TP (Rp/shr)	YTD (%)	High	Avg	Low	2011	2012	2011	2012	2011	2012	2011	2012	2011
Aneka Tambang	ANTM	-	(9.2)	2,616	3,000	2,000	11.6	11.1	14.5	2.5	4.6	3.8	4.6	4.6	4.6
International Nickel	INCO	-	3.6	5,383	6,700	4,150	13.4	9.6	23.1	9.3	27.7	4.9	6.1	6.1	6.1
Timah	TINS	-	(1.8)	2,994	3,575	2,300	17.6	10.1	23.6	57.4	10.7	3.8	5.2	3.8	5.2
<b>Regional Average</b>															
				19.9	24.1	2.4	11.3	12.1	2.7	2.3	(19.7)	0.0	0.0	0.0	0.0

**PT Trimegah Securities Tbk**  
18<sup>th</sup>FL, Artha Graha Building  
Jl. Jend. Sudirman Kav. 52-53  
Jakarta 12190, INDONESIA  
Tel : (6221) 515 2727 Fax : (6221) 515 4580

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