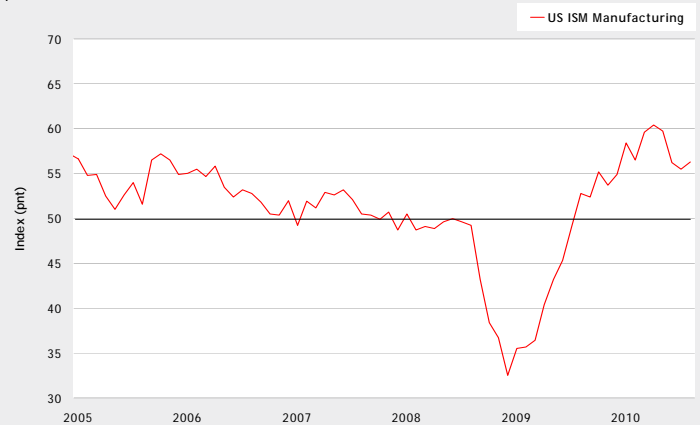


## REGIONAL WRAP

US (S&P500) and EU (SX5E 50) closed up 1.1% and 1.7% respectively, as US and EU manufacturing bolstered speculation that economic recovery will strengthen. Commodities (CRB Index) are flat, closing 0.1% higher led by Nickel (+1.9%) and wheat (+1.4%). JP (Nikkei 225) is up 1.1% while AU (ASX 200) is down -0.2% at the point of writing.

Regional data came in great. Dec US ISM Manufacturing rose to 57.0, inline with the street's expectation of 57.0, and last month reading of 56.6. Nov US Construction Spending comes in at 0.2% MoM, unexpectedly higher than the street's 0.4%. Dec EU PMI Manufacturing also surprised on the upside, coming in at 57.1 vs. higher than street's expectation of 56.8 and last month reading at 56.8.



## IDX 3,727.5

|                            |         |
|----------------------------|---------|
| Change :                   | 0.65%   |
| Transaction Volume (m) :   | 4,374.5 |
| Transaction Value (Rpbn) : | 4,967.1 |
| Mkt Cap (Rptr) :           | 3,279.8 |
| Market P/E (x) :           | 14.9    |
| Market Div. Yield (%) :    | 2.1     |

| Global Indices |          | Chg   | (%) |
|----------------|----------|-------|-----|
| Dow Jones      | 11,670.8 | 93.2  | 0.8 |
| Nasdaq         | 2,691.5  | 38.7  | 1.5 |
| Nikkei         | 10,228.9 | 0.0   | 0.0 |
| ST Times       | 3,235.8  | 45.7  | 1.4 |
| FTSE           | 5,899.9  | 0.0   | 0.0 |
| Hang Seng      | 23,436.1 | 400.6 | 1.7 |

| Dual Listing (NYSE) |      | Chg     | (%) |     |
|---------------------|------|---------|-----|-----|
| ISAT                | 29.6 | 5,313.7 | 0.4 | 1.5 |
| TLKM                | 36.0 | 8,087.0 | 0.3 | 1.0 |

| Commodity Price     |         | Chg   | (%)  |
|---------------------|---------|-------|------|
| Crude OIL (NYMEX)   | 91.6    | 0.2   | 0.2  |
| Gold (LME Spot)     | 1,422.9 | 1.5   | 0.1  |
| Nickel (LME 3M)     | 24,750  | 0     | 0.0  |
| Tins (LME 3M)       | 26,900  | 0     | 0.0  |
| CPO (Rotterdam CIF) | 1,313   | 27.5  | 2.1  |
| Rubber (Tokyo 1M)   | 4,956.0 | -37.9 | -0.8 |
| Coal (Weekly 31/12) | 128.5   | 0.0   | 0.0  |

| Market Movers |        | Chg   | (%)  |
|---------------|--------|-------|------|
| BORN          | 1,530  | 190   | 14.2 |
| ITMG          | 54,300 | 3,550 | 7.0  |
| ADRO          | 2,675  | 125   | 4.9  |
| PTBA          | 23,950 | 1,000 | 4.4  |
| SMGR          | 9,850  | 400   | 4.2  |
| BBRI          | 10,350 | -150  | -1.4 |
| BBNI          | 3,800  | -75   | -1.9 |
| UNVR          | 16,050 | -450  | -2.7 |
| BDMN          | 5,500  | -200  | -3.5 |
| BNGA          | 1,750  | -160  | -8.4 |

| Exchange Rate |   |     |           |
|---------------|---|-----|-----------|
| BI Rate       | - |     | 6.50%     |
| US\$          | - | IDR | 8,988.00  |
| Yen           | - | IDR | 109.96    |
| SGD           | - | IDR | 6,995.64  |
| EUR           | - | IDR | 12,008.87 |

### Corporate Action

|      |                     |           |
|------|---------------------|-----------|
| APEX | EGM                 | 5-Jan-11  |
| APIC | EGM                 | 7-Jan-11  |
|      | Megapolitan D (IPO) | 12-Jan-11 |
| MBTO | Martina Berto (IPO) | 13-Jan-11 |
| VOKS | EGM                 | 17-Jan-11 |

## TRIM NOTES

- Banks: Inflation, Friend or Foe?
- Coal: Queensland Flooded, So Did Our Indo Coal

## NEWS HEADLINES

- Market: Martina Berto 11x Oversubscribed
- Economy: 2010 Inflation Hits 6.96%, Exceeds Target
- Economy: Coal and CPO Elevate Exports to All Time High in Nov'10
- Economy: Food Price Boost Inflation
- Multifinance: In 2011, Some Multifinance Company will be Closed Down
- Financial: Discussion on Reverse Take Over Regulation
- Automotive: Auto Price Expected to Increase by 5.0%-7.0% in 2011
- BNBR: Paid Its Rp2.25tr Debt with Its Subsidiary's Shares
- PTBA: Rp432bn to Raise Its Ownership on BATR to 30%
- UNTR: Eyeing to Sell 6,000 Units of Heavy Equipment in 2011

## TRADE DATA

**JCI (IHSG) 3,727.5 24.0 0.65%**

|                   |         |                         |         |
|-------------------|---------|-------------------------|---------|
| YTD (Rp)          | 0.65%   | Volume (m) :            | 4,374.5 |
| YTD (USD)         | 0.65%   | Nilai (Rpbn) :          | 4,967.1 |
| Moving Avg 20day  | 3,673.2 | Mkt Cap (Rpbn) :        | 3,279.8 |
| Moving Avg 50day  | 3,662.6 | Market P/E (x) :        | 14.9    |
| Moving Avg 200day | 3,168.8 | Market Div. Yield (%) : | 2.1     |

| Indonesia & Sectors |         | +/-   | (%)   | YTD (%) |
|---------------------|---------|-------|-------|---------|
| MSCI Indonesia      | 4,586.5 | 40.0  | 0.88  | 0.88    |
| JII                 | 537.7   | 4.8   | 0.89  | 0.89    |
| LQ45                | 668.0   | 6.6   | 0.99  | 0.99    |
| JAKFIN Index        | 460.8   | -5.9  | -0.01 | -1.26   |
| JAKINFR Index       | 826.5   | 7.3   | 0.01  | 0.89    |
| JAKMINE Index       | 3,406.9 | 132.7 | 0.04  | 4.05    |
| JAKCONS Index       | 1,095.9 | 1.3   | 0.00  | 0.12    |
| JAKTRAD Index       | 476.7   | 2.7   | 0.01  | 0.56    |
| JAKMIND Index       | 964.5   | -2.5  | 0.00  | -0.26   |
| JAKBIND Index       | 390.9   | 3.6   | 0.01  | 0.94    |
| JAKPROP Index       | 204.0   | 0.9   | 0.00  | 0.42    |
| JAKAGRI Index       | 2,320.6 | 36.3  | 0.02  | 1.59    |

**Commodities +/- (%) YTD (%)**

|           |       |     |      |      |
|-----------|-------|-----|------|------|
| CRB Index | 333.0 | 0.2 | 0.19 | 0.19 |
|-----------|-------|-----|------|------|

### Oil & Gas

|                     |       |     |      |      |
|---------------------|-------|-----|------|------|
| Crude Oil           | 91.6  | 0.2 | 0.19 | 0.19 |
| Natural Gas         | 4.7   | 0.2 | 5.56 | 5.56 |
| COAL (Rotterdam)    | 131.4 | 0.0 | 0.00 | 0.00 |
| COAL (Amsterdam)    | 126.0 | 0.0 | 0.00 | 0.00 |
| COAL (Australia,wk) | 122.4 | 0.0 | 0.00 | 0.00 |

### Industrial Metals

|           |         |   |      |      |
|-----------|---------|---|------|------|
| Aluminium | 2,459.3 | 0 | 0.00 | 0.00 |
| Nickel    | 24,750  | 0 | 0.00 | 0.00 |
| Tin       | 26,900  | 0 | 0.00 | 0.00 |

### Precious Metal

|        |         |     |      |      |
|--------|---------|-----|------|------|
| Gold   | 1,422.9 | 1.5 | 0.11 | 0.11 |
| Silver | 31.1    | 0.2 | 0.70 | 0.70 |

### Soft Commodities

|                  |         |       |       |       |
|------------------|---------|-------|-------|-------|
| CPO (Malaysia)   | 3,873.0 | 59.0  | 1.55  | 1.55  |
| CPO (Netherland) | 1,312.5 | 27.5  | 2.14  | 2.14  |
| Rubber           | 4,956.0 | -37.9 | -0.76 | -0.76 |
| Corn             | 620.5   | -8.5  | -1.35 | -1.35 |
| Wheat            | 805.5   | 11.3  | 1.42  | 1.42  |
| Soybeans         | 1,379.0 | -14.8 | -1.06 | -1.06 |
| Rice (Indonesia) | 7,100.0 | 0.0   | 0.00  | 0.00  |

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

|      |           |         |      |      |      |
|------|-----------|---------|------|------|------|
| MXWO | MSCI Word | 1,287.9 | 7.9  | 0.61 | 0.61 |
| SPX  | S&P 500   | 1,271.9 | 14.3 | 1.13 | 1.13 |

### US

|                      |  |          |      |      |      |
|----------------------|--|----------|------|------|------|
| Dow Jones Industrial |  | 11,670.8 | 93.2 | 0.81 | 0.81 |
| Nasdaq US            |  | 2,691.5  | 38.7 | 1.46 | 1.46 |

### Europe

|         |        |         |      |      |      |
|---------|--------|---------|------|------|------|
| EURO 50 | Europe | 2,839.4 | 46.6 | 1.67 | 1.67 |
| FTSE    | London | 5,899.9 | 0.0  | 0.00 | 0.00 |
| DAX     | Jerman | 6,989.7 | 75.6 | 1.09 | 1.09 |
| CAC     | France | 3,900.9 | 96.1 | 2.53 | 2.53 |
| SMI     | Swiss  | 6,493.9 | 57.8 | 0.90 | 0.90 |

### BRIC

|         |        |          |       |      |      |
|---------|--------|----------|-------|------|------|
| BOVESPA | Brazil | 69,962.3 | 657.5 | 0.95 | 0.95 |
| MICEX   | Russia | 1,688.0  | 0.0   | 0.00 | 0.00 |
| SENSEX  | India  | 20,561.1 | 52.0  | 0.25 | 0.25 |
| NIFTY   | India  | 6,157.6  | 23.1  | 0.38 | 0.38 |
| SHCOMP  | China  | 2,808.1  | 0.0   | 0.00 | 0.00 |
| SZCOMP  | China  | 1,290.9  | 0.0   | 0.00 | 0.00 |

### Developed ASIA

|        |           |          |       |      |      |
|--------|-----------|----------|-------|------|------|
| Nikkei | Japan     | 10,228.9 | 0.0   | 0.00 | 0.00 |
| TPX    | Japan     | 898.8    | 0.0   | 0.00 | 0.00 |
| HIS    | Hong kong | 23,436.1 | 400.6 | 1.74 | 1.74 |
| KOSPI  | S.Korea   | 2,070.1  | 19.1  | 0.93 | 0.93 |
| TAIEX  | Taiwan    | 9,025.3  | 52.8  | 0.59 | 0.59 |
| FSSTI  | Singapore | 3,235.8  | 45.7  | 1.43 | 1.43 |

### ASEAN

|         |             |         |      |      |      |
|---------|-------------|---------|------|------|------|
| SET     | Thailand    | 1,032.8 | 0.0  | 0.00 | 0.00 |
| PCOMP   | Philippines | 4,215.2 | 14.1 | 0.33 | 0.33 |
| KLCI    | Malaysia    | 1,533.4 | 14.5 | 0.96 | 0.96 |
| VNINDEX | Vietnam     | 484.7   | 0.0  | 0.00 | 0.00 |

**Currency +/- (%) YTD (%)**

|        |                |       |        |       |       |
|--------|----------------|-------|--------|-------|-------|
| EURUSD | Euro           | 1.336 | -0.002 | -0.17 | -0.17 |
| GBPUSD | United Kingdom | 1.549 | -0.012 | -0.79 | -0.79 |
| USDCHF | Switzerland    | 0.933 | -0.002 | -0.19 | -0.19 |
| USDCAD | Canada         | 0.994 | -0.004 | -0.42 | -0.42 |
| AUDUSD | Australia      | 1.017 | -0.007 | -0.64 | -0.64 |
| NZDUSD | New Zealand    | 0.773 | -0.007 | -0.87 | -0.87 |
| USDJPY | Japan          | 81.7  | 0.620  | 0.76  | 0.76  |
| USDCNY | China          | 6.607 | 0.000  | 0.00  | 0.00  |
| USDHKD | Hongkong       | 7.771 | -0.002 | -0.03 | -0.03 |
| USDSGD | Singapore      | 1.285 | 0.001  | 0.11  | 0.11  |
| Rupiah | Indonesia      | 8,988 | -7.000 | -0.08 | -0.09 |

| Winners |        |       | Lossers |        |       | Value (Rpbn) |         | Volume (Lot) |           | Freq (x) |       |
|---------|--------|-------|---------|--------|-------|--------------|---------|--------------|-----------|----------|-------|
| Stock   | Price  | (%)   | Stock   | Price  | (%)   |              |         |              |           |          |       |
| BORN    | 1,530  | 14.18 | BNGA    | 1,750  | -8.38 | BUMI         | 576,161 | BNBR         | 1,020,291 | BUMI     | 4,346 |
| INDY    | 5,100  | 7.94  | NISP    | 1,610  | -5.29 | ADRO         | 385,071 | BHIT         | 454,293   | BORN     | 4,290 |
| ITMG    | 54,300 | 7.00  | BDMN    | 5,500  | -3.51 | BORN         | 295,889 | BORN         | 402,421   | BHIT     | 2,827 |
| ADRO    | 2,675  | 4.90  | UNVR    | 16,050 | -2.73 | ASII         | 163,928 | BUMI         | 368,586   | BNBR     | 2,389 |
| PTBA    | 23,950 | 4.36  | CPIN    | 1,790  | -2.72 | BMRI         | 150,840 | ELTY         | 366,620   | GJTL     | 2,216 |
| SMGR    | 9,850  | 4.23  | BBNI    | 3,800  | -1.94 | ITMG         | 144,159 | ENRG         | 361,435   | CPIN     | 2,177 |
| BUMI    | 3,125  | 3.31  | BBRI    | 10,350 | -1.43 | BBRI         | 133,134 | LPKR         | 351,595   | BUVA     | 2,158 |
| GGRM    | 41,050 | 2.63  | BNII    | 770    | -1.28 | LPKR         | 121,294 | ADRO         | 295,699   | ENRG     | 2,046 |
| UNTR    | 24,300 | 2.10  | BMRI    | 6,450  | -0.77 | GJTL         | 119,116 | SIPD         | 278,095   | BMRI     | 1,989 |
| BBCA    | 6,450  | 0.78  | ASII    | 54,400 | -0.27 | BBNI         | 116,500 | ASRI         | 178,805   | BDMN     | 1,981 |

**Economy: 2010 Inflation Hits 6.96%, Exceeds Target**

It was higher than both state's budget estimate of 5.3% and central bank's estimate of 4%-6%. Core inflation recorded a 4.28% YoY with Dec'10 number at 0.38%. Food commodities dominated list of commodities contributing most to inflation with rice 1.29%. Central Statistics Bureau expected rice prices to continue soaring this year and warned government to boost domestic production instead of relying on import. *Source: Bisnis Indonesia, The Jakarta Posts*

**Economy: Coal and CPO Elevate Exports to All Time High in Nov'10**

Indonesia's export booked USD15.34bn in Nov'10, rose 6.5% MoM and 42.34% YoY. Oil and gas export contributed USD2.75bn and non oil and gas exports reached USD12.6bn with coal and CPO as the main contributor. *Source: The Jakarta Posts*

**Economy: Food Price Boost Inflation**

Inflation is expected to reach 7-8% driven by food and oil price. It could be even higher if government increased TDL and BBM, however government are commit not to increase subsidize BBM. *Source: Investor Daily*

**Multifinance: In 2011, Some Multifiance Company will be Closed Down**

According to Bapepam-LK, some multifinance company will be closed down in 2011. Even though there will be not as many as before, uncertainty in global economy has potential to increase the number of closed down companies. *Source: Investor Daily*

**Financial: Discussion on Reverse Take Over Regulation**

BAPEPAM-LK is on process to release new regulation on reverse take over transaction. Basically, regulator urge the companies which doing backdoor listing to provide same disclosure to public as a public companies. Recently, such transaction is popular through rights issue, merger, and debt restructuring. *Source: Bisnis Indonesia*

**Automotive: Auto Price Expected to Increase by 5.0%-7.0% in 2011**

The decision was made as a respond to progressive tax enforcement. Several sole agents are currently calculating the amount of price increase. *Source: Bisnis Indonesia*

**BNBR: Paid Its Rp2.25tr Debt with Its Subsidiary's Shares**

In 30 Dec'10, BNBR has finished its debt repayment to Piper, Price & Company and Brentwood Ventures, using its stake on BUMI, ENRG, UNSP, BTEL, and ELTY. Detail numbers have not been disclosed by the company. This year BNBR is eyeing to do another Rp3.5tr of de-leveraging. *Source: Investor Daily*

**PTBA: Rp432bn to Raise Its Ownership on BATR to 30%**

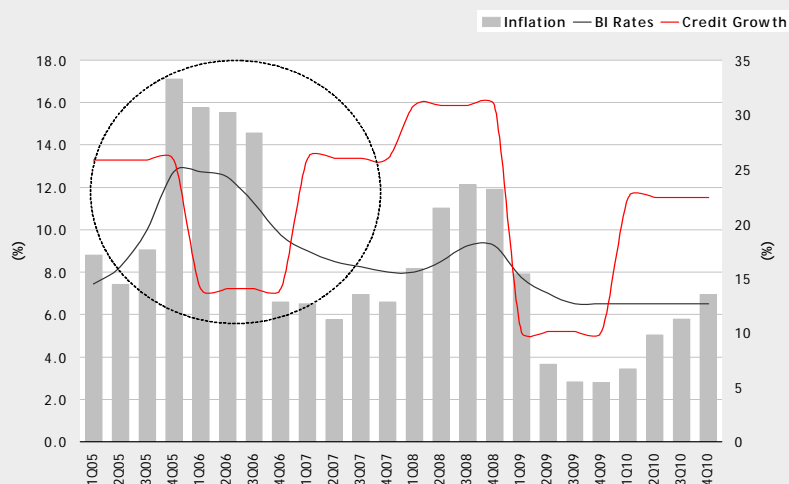
The fund needed will be derived from company's internal cash. BATR has received USD1.36bn (85% of total investment) of loan facility from China Export Import Bank, ICBC, and Bank of China. 15% portion remains will be fulfilled by 3 shareholders. *Source: Investor Daily*

**UNTR: Eyeing to Sell 6,000 Units of Heavy Equipment in 2011**

It was 11.1% higher than 2010 projection of 5,400 units sold. Managements are very confident with the target, thanks to bright prospect of national coal and CPO prospect in 2011 that will drive more companies to expand their business. *Source: Investor Daily*

**Banks: Inflation, Friend or Foe?**

Yesterday, National Statistic Bureau released inflation rate for 2010, which is stated at 6.96% while core inflation stated at 4.28%. The figures were higher than any expectation and perceived as bad signal for banking sector resulting stock price correction at the second trading session. Is it right perception?



Inflation will hurt consumers buying power and weaken consumption. Market worried about the net effect of high inflation is hurting credit growth, and consequently banks profitability. We disagree with such argument based on several facts (1) 6.96% inflation rate is not excessive by Indonesian standard. Our 6yr average inflation stood at 8.4% with the highest at 17% on 4Q05 and the lowest at 2.8% on 4Q09. Both extremely high and low inflation is bad sign for the economy, and current rate of 6.96% should not be worried. (2) Credit expansion and inflation is positively correlated historically. This phenomenon could be explained by the facts that 50% of Indonesian total loans are in working capital loans. Anomaly was happened in 1Q 06 through 3Q 06 where high inflation followed by slumping credit growth. That period was exceptional due to 250% fuel price rose in all categories. Meanwhile, 1Q11 fuel price rose only affect cars owner in Jabodetabek area, the richest in Indonesian consumer segment.

**Coal: Queensland Flooded, So Did Our Indo Coal**

The big difference was our listed coal companies was flooded with buy orders from investors, led JCI to close 0.65% higher on its first day trading in 2011 with JAKMINE jumped 4.05%. Serious supply disruption in Australia, a 2nd largest thermal coal exporters with 20% of world exports and largest coking coal exporters accounts for two-third of global trade, expected to (again) lift up global coal price.

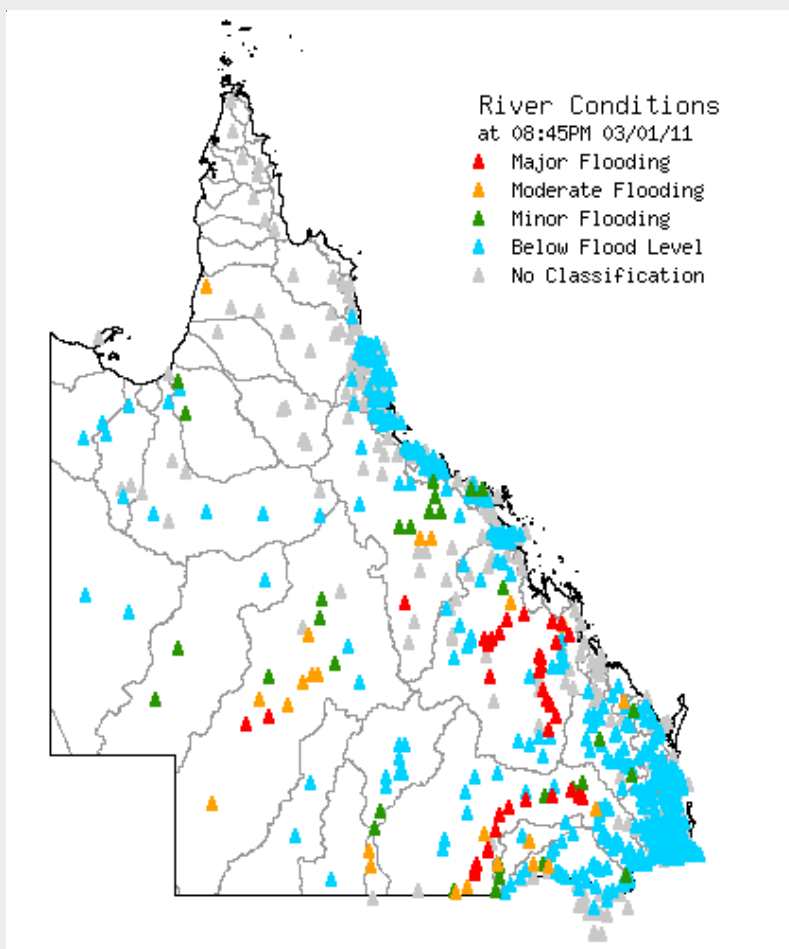
How serious was the flood impact? Is it similar with the one that happened to our coal companies back in 1H10, which caused most of them miss their production by 5-10%? Well, honestly we don't know it precisely, but just for giving you the big picture, 1) it was the worst floods in 50 years, 2) global top miners, Xstrata, BHP Biliton, Anglo-American, Peabody Energy, Rio Tinto, had declared force majeure that gives companies the ability to miss deliveries due to circumstances beyond their control, 3) companies still unable to estimate their loss and earnings forecast due to continuous rain forecasted, 4) current stockpiles at the Australia's third-largest coal export terminal, Gladstone, are under one million tons, about a one week supply.

**Most of Australia's Large Coal Mines were Located in or Near Queensland**



Source: Bing, Bloomberg

## River Conditions in Queensland Based on 3rd Jan'11 Data



Source: Australian Bureau of Meteorology

We expect this hot issue will keep occur until the next several days or maybe weeks as Australian Bureau of Meteorology still forecast an ongoing threat for heavy rain and floods in the region. Queensland Premier Anna Bligh told ABC that there was a remarkable problem out there in the mining industry, would have a long, slow climb back to full production. Supply shortage that will lift up coal price, coupled with investors concern about earning cuts of most Australian coal miners, will make Indonesian coal miners become more attractive in the eye of global investors. Reiterate our Overweight call for the sector.

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