

# Morning Brief

<b>IDX (05/20/2011)</b>	<b>3,872.95</b>
Change :	13.14 (0.34%)
Transaction Volume (bn) :	5.05
Transaction Value (Rp tn) :	4.83
Market Cap (Rp tn) :	3,451

Global Indices		Chg	(%)
Dow Jones (05/20)	12,512.04	-93.28	-0.74%
Nasdaq (05/20)	2,803.32	-19.99	-0.71%
S&P 500 (05/20)	1,333.27	-10.33	-0.77%
FTSE 100 (05/20)	5,948.49	-7.50	-0.13%
DAX (05/20)	7,266.82	-91.41	-1.24%
CAC 40 (05/20)	3,990.85	-36.89	-0.92%
Nikkei (05/20)	9,607.08	-13.74	-0.14%
Hang Seng (05/20)	23,199.39	36.01	0.16%
Straits Times (05/20)	3,168.54	-4.02	-0.13%
Kospi (05/20)	2,111.50	15.99	0.76%

Commodity Prices (*)		Chg	(%)
Crude Oil (US\$/Barrels)	99.14	0.25	0.25%
Gold (US\$/Troy Ounce)	1,512.00	17.40	1.16%
Nickel LME (US\$/MT)	23,475	-735.00	-3.04%
Tin LME (US\$/MT)	28,145	-210.00	-0.74%
CPO BMD (MYR/Ton)	3,390	30.00	0.89%

(\*) : - Nickel & Tin Closing Price per May 20, 2011  
 - Crude Oil & Gold Closing Price per 08:30 Local Time

Dual Listing (NYSE)		Chg	Rp
TLKM (US\$)	35.44	-0.24	7,556
ISAT (US\$)	30.93	-0.17	5,275

Key Interest Rates	Latest	Previous
BI-Rate	6.75%	6.75%
Fed-Rate	0-0.25%	0-0.25%

Exchange Rate	Rp	Chg	(%)
US\$/IDR (08:30 Local Time)	8,528	-7.00	-0.08%
KRW/IDR (08:30 Local Time)	7.88	-0.01	-0.08%



## Market Review

IDX ended last week's trading session by scoring another new record at last Friday's trading session as IDX succeeded in following positive trend on global stock market despite disappointing US economic data while regional stock market closed in another mixed situation with Nikkei closed lower affected by uncertainty in the Japan's industry prospect after Tokyo Electric Power Co revised down its full year net profit target. The lower closing of Nikkei was also followed by Straits Times while Hang Seng and Kospi managed to follow IDX's footsteps by being closed positively.

## Market Outlook

- US stock market at last Friday's trading session ended lower to racked up three weeks of losses as investors concerned about the direction of global growth based on signs of weakness in the US while Europe struggled with the restructuring of Greek debt. Several factors such as the winding down of earnings season and the end of The Federal Reserve's second round of monetary stimulus, known as Quantitative Easing two (QE2), in June will put stocks to face a rocky patch ahead. This week Investors in US will likely put their attention to 1Q2011 GDP second estimate and Initial Claims per May 21 that will be announced at May 26 to look for direction in this year's US economic growth.
- European stock market ended lower at last Friday's trading session as investors reducing their exposures to riskier assets as concerns over euro zone crisis increased after Fitch downgraded Greece's credit rating. Fitch pushed Greece's credit rating deeper into junk territory and warned further downgrades if a credible plan to resolve the country's debt crisis was not found.
- This morning Asian stock market seen mostly lower feared by another Euro Debt Crisis after Fitch downgraded Greece's Credit Rating deeper. This morning Nikkei, Straits Times and Kospi seen lower by 1.44%, 0.94% and 1.57% per 09:00 local time.
- We expect IDX at today's trading session will be hit by another profit taking action referring to the negative trend on global and regional stock market on the fear of another episode of Euro Zone debt crisis. We expect IDX to move between support level 3,844-3,850 and resistance level 3,878-3,881.

**News**
**Indonesian Government Stated 15% Increase in TDL Inevitable Next Year**

The government maintains its policy to raise the basic electricity tariff (TDL) of about 10-15% and state that it can not be avoided in 2012 along with the potential swelling of the burden of subsidies to more than Rp 200 trillion. Current volatility in world oil prices is getting out of control and it's difficult to back down to the psychological level before the crisis. This phenomenon resulted in the swelling budget of energy subsidies, both fuel and electricity. One way or another, if no adjustments were made (price TDL), the result is a fiscal burden. In terms of budget, in 2004 the allocation of subsidy funds is still around Rp 2 trillion and soaring to be Rp 57 trillion in 2010. For this year, the budget allocation of electricity in the state budget subsidy of Rp 40.7 trillion and next year are believed to rise in line with fuel price increases and make the overall subsidy burden to more than Rp 200 trillion.

**Indonesian Government Raise This Year's Economic Growth Target to 6.5%**

The government has officially increased this year's economic growth target to 6.5 percent, from 6.4 percent set earlier in the 2011 state budget. The government had decided to increase the growth target, in line with optimism regarding global economic growth. The increasingly prospective global economy in 2011 and Indonesia's positive economic performance in 2010 provide strong grounds for the government to become more optimistic and to work harder in running the economy in 2011. Last year, the economy expanded 6.1 percent. In the first quarter of 2011, the economy grew by 6.5 percent.

**Indonesian Palm Oil Council Thinks that 2011 Palm Oil Price Still High**

Although it still continues fluctuating the average price of palm oil this year will remain higher than last year reaching US\$ 900 per metric ton or above that, The Indonesia Palm Oil Council stated. The price is calculated upon market demand which remains high with no hikes recorded in the first quarter of 2011. The average price of CPO last year was US\$ 480 per metric ton. Indonesia is expected to produce 22.5 to 22.8 million metric tons of CPO this year which is up a bit from last year's production recorded at 21.3 million metric tons. Besides high demand the average of CPO for 2011 is projected to be higher than last year's due to the selling price of raw palm oil which relatively remains expensive like other vegetable oils such as soybean and canola oils. According to the National Statistic Agency (BPS) the value of exports of fat products and animal and vegetable oils of the region in the first quarter of 2011 grew 48.39 percent to US\$842.639 million. Most of the exports went to China, India and Europe especially the Netherlands.

**Stock Pick**

CODE	CLOSE	S2	S1	R1	R2	REC
INDF	5650	5550	5600	5700	5750	Hold
BJBR	1270	1250	1260	1280	1290	Hold
BUMI	3525	3450	3475	3550	3575	Accumulate
SMGR	9750	9550	9650	9850	9950	Trading Buy
ASII	62000	60700	61350	62400	62800	Reduce

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**Remarks :** S2 = Support 2    **REC Definitions :** Buy = Enter a long position with full amount  
 S1 = Support 1                      Accumulate = Enter a long position with portion of the amount  
 R1 = Resistance 1                  Hold = Do not cover or sell current position / Do not initiate new position  
 R2 = Resistance 2                  Reduce = Sell a portion of a position  
 REC = Recommendations           Sell = Sell the full position  
    Sell On Strength = Sell the position at R1 or R2 Level  
    Trading Buy = Speculative Buy and Sell the position at R1 or R2 Level