

DAILY UPDATE January 5, 2017

MACROECONOMIC NEWS

The Fed – Minutes from Dec. 13-14 policy meeting released Wednesday in Washington stressed this point: “With inflation still below the committee’s 2% objective, it was noted that downside risks to inflation remained and that a moderate undershooting of the longer-run normal unemployment rate could help return inflation to 2%.” That may push them to “raise the federal funds rate more quickly than currently anticipated” to keep inflation in check. Almost all the participants “indicated that the upside risks to their forecasts for economic growth had increased as a result of prospects for more expansionary fiscal policies in coming years,” according to the minutes. However, “many participants emphasized that the greater uncertainty about these policies made it more challenging to communicate to the public about the likely path of the federal funds rate,” the minutes said.

China Economy – China’s oil-product consumption, or refining throughput plus net product imports, rose 2.9% in November, extending October’s uptrend after five consecutive monthly declines through September. Rapid expansion of car sales in the past six months supported gasoline demand, which grew 6% in November after adjusting for inventory changes. Sequential increases in raw coal production in winter could cushion the decline of diesel demand, which fell 1.9% in November. China’s exports of refined products are surging on weak domestic demand, higher export quotas and surplus refining capacity.

UK Macro - UK consumers borrowed at the fastest pace in more than 11 years in November, a sign that households continued their spending spree in the wake of last year’s Brexit vote. Net consumer credit was GBP 1.9 billion, the most since March 2005, according to Bank of England data published on Wednesday. Credit surged almost 11% YoY, also the most in more than a decade.

Australia Economy – Australia’s services sector index surged to 57.7 in December, the highest level since May 2007 and a third straight month of expansion (anything under 50 signals contraction). Growth was helped by a more than 2% drop in the Aussie dollar over the month

Equity Markets

	Closing	% Change
Dow Jones	19942	0.3
NASDAQ	5477	0.9
MSCI excl. Jap	2271	0.6
Nikkei	519	0.4
Hang Seng	19571	-0.1
Nikkei	3158	-0.0
MSCI excl. Jap	22303	0.8
STI	2946	0.9
JCI	5301	0.5
Indo ETF (IDX)	21.57	1.0
Indo ETF (EIDO)	24.49	0.7

Currency

	Closing	Last Trade
US\$ - IDR	13440	13369
US\$ - Yen	117.25	116.64
Euro - US\$	1.0489	1.0515
US\$ - SG\$	1.4399	1.4387

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	53.17	0.51	0.97
Oil Brent	56.32	0.51	0.91
Coal Newcastle	88.6	-1.90	-2.10
Nickel	10220	310	3.1
Tin	21145	170	0.8
Gold	1171.1	12.90	1.11
CPO Rott	705		
CPO Malay	3258.5	60.0	1.88

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.74	-0.10	-1.41
3 year	7.46	-0.02	-0.28
5 year	7.51	-0.03	-0.40
10 year	7.82	-0.02	-0.28
15 year	8.10	-0.02	-0.22
30 year	8.62	0.01	0.06

CORPORATE NEWS

ACES – PT Ace Hardware plans to add 10 new stores in 2017. The company targets revenue of IDR 5.1 trillion in 2017.

RALS – PT Ramayana Lestari Sentosa bought back 161.5 million shares at IDR 1249.78 per share.

KAEF – PT Kimia Farma targets 2017 revenue of IDR 22 trillion, up 22% yoy. On a separate note, KAEF considers setting up a JV with an Indian Pharma Company according to Pujianto, Director of KAEF.

TBLA – PT Tunas Baru Lampung received 100.000 ton sugar refinery import quota or 6.7% of total quota issued by the government at the beginning of the year of 1.5 million ton.

WSBP – PT Waskita Beton Precast booked total contract IDR 12.2 trillion in 2016, higher than target of IDR 7.9 trillion. The company has revised up its target contract 2017 from IDR 8 trillion to IDR 12.3 trillion.

Disclaimer

The analyst(s) whose work appears in this report certifies that his or her remuneration is not correlated to his or her judgment(s) on the performance of the company(ies).

The information and/or opinions contained in this report has been assembled by Panin Asset Management from sources which we deem to be reliable and in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. This report may not be reproduced, distributed or published by any recipient for any purpose. Any recommendations contained herein are based on a consideration of the securities alone, and as such are conditional and must not be relied upon as a solitary basis for investment decisions. Under no circumstances is this report to be used or considered as an offer to sell, or a solicitation of an offer buy.

All opinions and estimates herein reflect the author's judgment on the date of this report and are subject to change without notice. Panin Asset Management, its related companies, their officers, employees, representatives and agents expressly advise that they shall not be liable in any way whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise arising (whether in negligence or otherwise) out of or in connection with the contents of and/or any omissions from this communication.

Any investments referred to herein may involve significant risk, are not necessarily available in all jurisdictions, may be illiquid and may not be suitable for all investors. Investors should make their own independent assessment and seek professional financial advice before they make their investment decisions.

Due to its nature as an asset management firm, it is very much possible that Panin Asset Management and/or persons connected with it may, to the extent permitted by law, have long or short positions or may otherwise be interested in any transactions or investments (including derivatives) referred to in this publication. In addition, Panin Asset Management and/or its parent, Panin Sekuritas, and/or its affiliated companies may provide services for or solicit business from any company referred to in this publication.

The analyst(s) named in this report certifies that all of the views expressed by the analyst(s) in this report reflect the personal views of the analyst(s) with regard to any and all of the content of this report relating to the subject securities and issuers covered by the analyst(s) and no part of the compensation of the analyst(s) was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst(s) in this report.

WE STRONGLY ADVISE INVESTORS TO CONSULT THEIR FINANCIAL ADVISOR BEFORE MAKING THEIR INVESTMENT DECISION. ALL INVESTMENT OPPORTUNITIES PRESENT SOME SORT OF RISK. INVESTORS SHOULD ASSESS THEIR RISK SENSITIVITY IN ORDER TO DETERMINE SUITABILITY OF AN INVESTMENT OPPORTUNITY ACCORDING TO THEIR RISK PROFILE.