

DAILY UPDATE March 7, 2017

MACROECONOMIC NEWS

US Economy – US factory goods orders increased 1.2% from 1.3% in December. YoY orders rose 5.5%. Orders for transportation equipment leapt 6.2% driven by a 62.2% spike in defense aircraft orders and a 69.8% surge in orders for civilian aircraft. Ex-transport, orders grew 0.3%. Orders for non-defense capital goods excluding aircraft – a closely watched barometer of business confidence and spending plans – inched down 0.1%. Shipments of core capital goods, which are used in the calculation of business equipment spending in the GDP report, dropped 0.4%. Inventories of goods at factories increased 0.2% and have now risen in six of the last seven months.

China Economy – Premier Li Keqiang struck an upbeat note on China's slowing expansion and rising debt Sunday even as he flagged the specter of "graver" internal and external challenges ahead. Systemic risk is under control and economic fundamentals remain sound enough for the government to set a 2017 growth target of "around 6.5%, or higher if possible," Li said. Li warned of profound changes in the international political and economic landscape with rising protectionism and deglobalization, and said policy makers must be fully alert to building domestic risks from shadow banking to bond defaults and internet finance. Challenges include a faster pace of US interest rate hikes pressuring capital outflows and the yuan, and the risk of trade friction with the world's biggest economy should President Donald Trump follow through on campaign pledges to take a tough stance. He also cited mounting downward pressures on growth and serious challenges from excess industrial capacity, an overhang of housing inventory in small cities, and environmental degradation.

Energy Outlook – The International Energy Agency changed its tone from the forecast of three years ago that oil-demand growth may slow as soon as the end of this decade. "We don't see a peak in oil demand any time soon," said Fatih Birol, the IEA's executive director. Oil demand will rise in the next five years from an average of 96.6 million barrels a day in 2016, passing the 100 million barrels a day threshold in 2019 and reaching about 104 million barrels by 2022, the IEA said. "If the record two-year investment slump of 2015 and 2016 is not reversed," supply growth may stall by 2020, the IEA said. "Unless investments globally rebound sharply, a new period of price volatility looms on the horizon," Birol said.

Equity Markets

	Closing	% Change
Dow Jones	20954	-0.2
NASDAQ	5849	-0.4
MSCI excl. Jap	2375	-0.3
Nikkei	561	0.3
Hang Seng	19370	0.0
Nikkei	3234	0.5
MSCI excl. Jap	23630	0.1
STI	3122	0.0
JCI	5410	0.3
Indo ETF (IDX)	21.97	0.6
Indo ETF (EIDO)	24.83	0.7

Currency

	Closing	Last Trade
US\$ - IDR	13350	13350
US\$ - Yen	113.89	114
Euro - US\$	1.0582	1.0582
US\$ - SG\$	1.4122	1.4125

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	53.2	0.08	0.15
Oil Brent	55.99	0.27	0.48
Coal Newcastle	80.2	-0.75	-0.93
Nickel	11095	105	1.0
Tin	19450	-50	-0.3
Gold	1225.5	-8.21	-0.67
CPO Rott	680	-5.0	-0.73
CPO Malay	2974.5	-2.5	-0.08

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.69	0.01	0.20
3 year	7.16	-0.00	-0.06
5 year	7.26	0.00	0.01
10 year	7.49	-0.00	-0.03
15 year	7.82	-0.00	-0.03
30 year	8.41	0.01	0.07

CORPORATE NEWS

HMSP – PT HM Sampoerna released its FY 2016 results:

HMSP (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	89,069	95,467	7.2%	22,939	25,191	9.8%
Gross Profit	21,764	23,855	9.6%	5,619	6,674	18.8%
Operating Profit	14,048	16,020	14.0%	3,714	4,622	24.4%
Pretax Earnings	13,933	17,011	22.1%	3,904	4,933	26.4%
Net Income	10,363	12,762	23.1%	2,933	3,681	25.5%
EPS (IDR)	89.0	110.0	23.1%	25.0	32.0	25.5%
<i>Gross Profit Margin</i>	<i>24.4%</i>	<i>25.0%</i>	<i>0.6%</i>	<i>24.5%</i>	<i>26.5%</i>	<i>2.0%</i>
<i>Operating Profit Margin</i>	<i>15.8%</i>	<i>16.8%</i>	<i>1.0%</i>	<i>16.2%</i>	<i>18.3%</i>	<i>2.2%</i>
<i>Net Profit Margin</i>	<i>11.6%</i>	<i>13.4%</i>	<i>1.7%</i>	<i>12.8%</i>	<i>14.6%</i>	<i>1.8%</i>

SIMP – PT Salim Ivomas Pratama booked IDR 14.53 trillion revenue last year, up 5.02% YoY. Net profit jumped 103.53% from IDR 264.49 in 2015 to IDR 538.33 billion. The increase in sales was supported mainly by the cooking oil division, but also the increase in average prices of CPO and sugar. The cooking oil division contributed to 66% of total revenue, while plantation 34%.

AKRA – PT AKR Corporindo plans to form joint venture with BP to expand its business on retail sector, by developing non subsidized petrol station. They have signed head of agreement on November 2016, agreeing 50.1% ownership on AKRA and 49.9% on BP. This year, management is more optimist as oil price is expected to increase and targeted revenue growth of 15-20%. The company also targets IDR 300-400 billion of capital expenditure on this year and targets sales of 45 ha land in JIPE this year. AKRA announced its FY 2016 results:

AKRA (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	19,765	15,213	-23.0%	3,584	4,260	18.9%
Gross Profit	2,216	1,875	-15.4%	465	401	-13.8%
Operating Profit	1,445	1,189	-17.7%	307	207	-32.6%
Pretax Earnings	1,317	1,156	-12.2%	265	152	-42.7%
Net Income	1,034	1,011	-2.2%	208	218	4.8%
EPS (IDR)	262.8	257.0	-2.2%	52.8	55.3	4.8%
<i>Gross Profit Margin</i>	<i>11.2%</i>	<i>12.3%</i>	<i>1.1%</i>	<i>13.0%</i>	<i>9.4%</i>	<i>-3.6%</i>
<i>Operating Profit Margin</i>	<i>7.3%</i>	<i>7.8%</i>	<i>0.5%</i>	<i>8.6%</i>	<i>4.9%</i>	<i>-3.7%</i>
<i>Net Profit Margin</i>	<i>5.2%</i>	<i>6.6%</i>	<i>1.4%</i>	<i>5.8%</i>	<i>5.1%</i>	<i>-0.7%</i>

ELTY – PT Graha Andrasentra Propertindo, subsidiary of PT Bakrieland Development partners with a Chinese based company, Shenzhen Huaqiang Holdings Limited to develop Jungleland Theme Park in West Java.

TLKM – PT Telekomunikasi Indonesia booked IDR 116.33 trillion of revenue and IDR 19.35 trillion of net profit on 2016, or 13.52% and 24.94% increase respectively compared from last year. The revenue is derived from data, internet and information technology segment (50.69%), telephone segment (39.57%), interconnection segment (3.56%), networks segment (1.24%), and other revenue (4.92%).

ADMF – PT Adira Dinamika Multi Finance will issue Continuous Obligation III Adira Finance Phase V Year 2017. The obligation contains 3 series with different maturity dates: Series A, B and C. Series A (IDR 913 billion) has 7.5% fixed interest rate and maturity date in 2018, Series B (IDR 860 billion) has 8.6% fixed interest rate and maturity date in 2020, and Series C (IDR 241 billion) has 8.9% fixed interest rate and maturity date in 2022.

CORPORATE NEWS – cont'd

KRAS – PT Krakatau Steel announced its FY16 result:

KRAS (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	1,321,823	1,344,715	1.7%	323,137	362,427	12.2%
Gross Profit	-36,432	155,226		38,068	17,239	-54.7%
Operating Profit	-183,549	4,390		2,104	-24,407	
Pretax Earnings	-333,313	195,099		-36,755	335,580	
Net Income	-320,029	-171,693		-27,151	-56,997	
EPS (USD)	-0.0203	-0.0109		-0.0017	-0.0036	
<i>Gross Profit Margin</i>		11.5%		11.8%	4.8%	-7.0%
<i>Operating Profit Margin</i>		0.3%		0.7%		
<i>Net Profit Margin</i>						

WSKT – PT Waskita Karya gave out IDR 275 billion loan to its subsidiary, PT Waskita Toll Road with term period of 12 months and 17% interest rate. The loan will be used to fund the operational of Waskita Toll Road's subsidiary, PT Sriwijaya Markmore Persada.

WSBP – PT Waskita Beton Precast plans to build 2 new factories in Kalimantan and North Sumatera. This will add production capacity by 300,000 tonnes per year. The company has also targeted new contracts of IDR 12.3 trillion this year.

WTON – PT Wijaya Karya Beton targets a new power plant project. WTON allocates IDR 682 billion capex this year, mostly used for equipment replacement. The fund will also be used to acquire 20 hectare land and buying more equipment in order to increase its service capacity.

BPFI – PT Batavia Prosperindo Finance is currently in the process of getting bilateral loan from PT Sarana Multigriya Financial (SMF). The fund will be utilized to fund expansion of credit mortgage. The company obtained new booking of IDR 814.9 billion in 2016 with portion of mortgage reached 5%. The company also plans to conduct right issue on 20 March 2017. The number of new shares to be issued is 221,962,000 and the price of each share is IDR 284.

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