

DAILY UPDATE March 10, 2017

MACROECONOMIC NEWS

US Economy – Americans' confidence continued to mount last week as the Bloomberg Consumer Comfort Index reached the highest point in a decade on more-upbeat assessments about the economy and buying climate. Consumer comfort index rose to 50.6 in the period ended March 5, the highest since March 2007, from 49.8. Measure has exceeded 50 just six times since April 2002. Gauge of economy advanced to 48.2, the highest since August 2001, from 46.8. Buying-climate measure rose to 44.5, the strongest reading since April 2002, from 43.7. Index of personal finances was little changed at 58.9 versus 59.

US Jobs – The number of Americans filing for unemployment benefits increased last week. Initial jobless claims jumped 20,000 to a seasonally adjusted 243,000 for the week ended March 4. Jobless claims have printed below 300,000 for 105 successive weeks. The four-week moving average of claims tickled up 2,250 to 236,500. Continuing unemployment claims, those which reflect benefits drawn by workers for longer than a week, declined 6,000 to 2,058,000 in the week ended Feb 25.

India Economy - Prime Minister Narendra Modi's plan to reduce India's reliance on cash may go awry. Digital transactions are dropping before next week's deadline to lift all lingering caps on cash withdrawals, central bank data show. Modi had shocked the nation Nov 8 when he canceled 86% of currency in circulation and pushed for electronic payments to boost transparency and fight graft. Printing presses are churning out new bank notes and come Monday, Indians will be able to withdraw as much money as they like from their bank accounts as the Reserve Bank of India lifts the INR 50,000 (USD 748) a week limit. The USD 2 trillion economy is forecast to grow 7.1% in the year through March, the slowest pace since 2014 but among the fastest in the world. As much as 98% of all consumer payments were in cash, according to a PWC report in 2015.

CORPORATE NEWS

BBRI – PT Bank Rakyat Indonesia aiming to own 25 digital branch offices as of end 2017. Up to date, the company only has 12 digital branch offices. Fund required in constructing one office amounts to IDR 2 billion. However, investment is expected to reduce operational cost in the future as digital office requires fewer employees.

Equity Markets

	Closing	% Change
Dow Jones	20858	0.0
NASDAQ	5839	0.0
MSCI excl. Jap	2365	0.1
Nikkei	560	-1.0
Hang Seng	19546	1.2
Nikkei	3218	0.0
MSCI excl. Jap	23516	0.1
STI	3115	-0.1
JCI	5402	0.2
Indo ETF (IDX)	21.64	0.1
Indo ETF (EIDO)	24.51	0.1

Currency

	Closing	Last Trade
US\$ - IDR	13390	13399
US\$ - Yen	114.95	115.19
Euro - US\$	1.0577	1.0588
US\$ - SG\$	1.4205	1.4203

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	49.66	-0.94	-1.86
Oil Brent	52.54	-0.98	-1.83
Coal Newcastle	78.2	-0.45	-0.57
Nickel	10150	-50	-0.5
Tin	19275	-100	-0.5
Gold	1198.7	-8.55	-0.71
CPO Rott	670	-12.5	-1.83
CPO Malay	2956.5	-24.5	-0.82

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.56	-0.02	-0.29
3 year	7.10	-0.00	-0.03
5 year	7.29	0.02	0.28
10 year	7.51	0.01	0.13
15 year	7.77	0.02	0.21
30 year	8.41	0.01	0.07

PT. Panin Asset Management

JSX Building Tower I, 3rd Floor

Jl. Jend. Sudirman Kav. 52-53 , Jakarta 12190

T : (021) 515-0595 , F : (021) 515-0601

CORPORATE NEWS – cont'd

BDMN – PT Bank Danamon Indonesia saw increased efficiency and asset quality improvement as key factors in boosting its financial capacity this year. In three years, branches were cut down to 178 offices. Cost to income ratio was down to 48.8% in 2016, from 52% in the previous year, while operational cost 4%, from 8.6%. NPL was 3.1%, 10 basis point higher than the previous year.

BMRI – PT Bank Mandiri will focus to restructure and recover its non-performing loan in 2 years. The Company targets to reduce NPL gross on commercial sector to 5% by the end of this year, from currently 10%. However, the Company plans to grow its loan by 11-12% on Q1/2017 and increase its provision to 130%.

ASII – PT Astratel Nusantara will pay IDR 351 billion to PT Surya Semesta Internusa as a down payment of Cikopo-Palimanan toll road shares acquisition in April 2017. The rest of IDR 1.9 trillion will be paid in January 2018. Payment of the acquisition transaction is part of acquisition process of PT Lintas Marga Sedaya, the owner of Cipali toll road concession.

IMJS – PT Indomobil Finance, the subsidiary of PT Indomobil Multi Jasa issued IDR 410 billion obligation through continuous public offering II Phase IV. The obligation is separated as 3 series and offers 8-9.4% coupon with maturity period ranging from 1-5 years.

PPRO – For its mixed-use project in Bandung, PPRO is negotiating with a local firm on a 21-ha land, with a possibility of a JV. This year, PPRO is looking into acquiring two more land plots. PPRO targets rights issue to reach IDR 1.5 trillion this year to fund the land acquisition. Moreover, the company plans to construct 3 hotels in 2017 to increase its recurring income. The projects are located in Surabaya, Mataram (NTB) and Labuan Bajo (NTT). The hotel in Surabaya is a 3 star hotel with total investment amount of IDR 57 billion. Whereas hotel in Mataram and Labuan Bajo each will require investment of IDR 200 billion and IDR 300 billion respectively. Aside from that, the company will distribute cash dividend of IDR 1.3 per share. The dividend payout ratio is 20% from 2016's net income of IDR 365 billion. The cum-dividend date will be on 15 March 2017.

ADHI – PT Adhi Karya will obtain IDR 3.5 trillion on 1H17 from obligation emission. The fund will be used for expansion and payment of obligation which will mature on July 2017 amounting to IDR 500 billion. The Company targets IDR 44 trillion of new contracts, IDR 14 trillion of revenue, and IDR 503 billion of net profit on 2017.

WIKA – PT Wijaya Karya targeted loan from syndicated banks of IDR 5 trillion in 15 March 2017. The proceeds will be used to fund the construction of Balikpapan-Samarinda toll road. The Company also plans to issue obligation, targeting IDR 5-10 trillion of funds with tenure of 5-10 years. WIKA targets IDR 1.2 trillion of net profit, or 20.45% increase compared to last year.

POLY – PT Asia Pacific Fibers estimated capex this year will reach USD 20 million. The fund will be used to replace and upgrade old machines for revamping. The capex will be derived from internal cash and proceed from restructuring. The company targets to obtain approval regarding its loan restructuring by the beginning of H2/2017. The restructuring schemes consist of the omission of interest and conversion of loan to equity.

GREN – PT Evergreen Invesco will acquire IDR 10 trillion of funds from right issue of 50 billion of shares with price IDR 200 per share. The right issue will have impact of 91.42% dilution and will be used for Asuransi Jiwa Bersama Bumiputera's restructuring.

WOMF – PT Wahana Ottomitra Multiartha still waits for OJK's approval regarding the selling 68.55% of its shares to PT Reliance Capital Management. The transactions is estimated to be amounting IDR 673.77 billion and targeted to be completed on 1Q17. However, the tender offer has not been done yet.

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