

## DAILY UPDATE March 13, 2017

### MACROECONOMIC NEWS

**US Economy** – The US government posted USD 192 billion budget deficit during February. Receipts increased 2% YoY to USD 172 billion while outlays grew 1% to USD 364 billion. Over the past 12 months, the deficit hit 3.1% of GDP, up from 2.2% a year ago.

**US Jobs** – US payrolls leapt a seasonally adjusted 235,000 MoM from an upwardly revised 238,000 in January and a downwardly revised 155,000 in December. The construction industry saw 58,000 jobs added, the biggest increase since Mar-07, to reach almost 100,000 for the opening two months of the year. Economists suggested mild weather was a significant boost to the numbers. Although weather may have played a role, job gains were broad across most sectors of the economy. Manufacturers added 28,000 jobs – the largest gain since Aug-13 – and the health-care sector added 27,000 jobs. Retailers shed 26,000 positions, the biggest decline since Dec-12 after adding almost 40,000 in January. The unemployment rate declined to 4.7% from 4.8%. The share of Americans in their prime working years that were employed hit 78.3%, the highest level since Oct-08. The labor-force participation rate ticked up to 63%, the highest level since Mar-16, from 62.9%. Average hourly earnings increased USD 0.06 cents, or 0.2% from an upwardly revised 0.2% increase in January. YoY average hourly earnings in the private sector rose 2.8% YoY, the second-highest reading of the current expansion, from 2.6% in January.

**Germany Economy** – Germany's exports jumped 2.7% MoM, while imports rose by 3.0%, the Destatis statistics office said, referring to data adjusted for seasonal swings and calendar effects. Compared with January 2016, exports rose 11.8% and imports increased by 11.7%. Germany's adjusted trade surplus was also slightly higher than expected. It rose to EUR 18.5 billion (USD 19.6 billion) from EUR 18.3 billion in December. But the current-account surplus was lower than forecast. It came in at EUR 12.8 billion compared with a surplus of EUR 14.6 billion in January 2016.

**Indonesia Economy** – Consumer survey by Bank Indonesia indicated that consumers are more optimistic in February 2017 in comparison to previous month. Consumer confidence index rose by 1.8 points to 117.1. This is mainly driven by consumer expectation index that rose by 2.6 points last month.

### Equity Markets

	Closing	% Change
Dow Jones	20903	0.2
NASDAQ	5862	0.4
MSCI excl. Jap	2373	0.3
Nikkei	561	0.2
Hang Seng	19656	0.3
Nikkei	3213	-0.1
MSCI excl. Jap	23643	0.3
STI	3140	0.2
JCI	5391	-0.2
Indo ETF (IDX)	21.75	0.5
Indo ETF (EIDO)	24.64	0.5

### Currency

	Closing	Last Trade
US\$ - IDR	13376	13363
US\$ - Yen	114.79	114.86
Euro - US\$	1.0673	1.0686
US\$ - SG\$	1.4126	1.4133

### Commodities

	Last	Price Chg	%Chg
Oil NYMEX	48.07	-0.42	-0.87
Oil Brent	51.02	-0.35	-0.68
Coal Newcastle	78.75	0.55	0.70
Nickel	9895	-255	-2.5
Tin	19350	75	0.4
Gold	1204.8	0.08	0.01
CPO Rott	662.5	-7.5	-1.12
CPO Malay	2991.5	35.0	1.18

### Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.56	-0.02	-0.30
3 year	7.12	0.02	0.34
5 year	7.33	0.03	0.45
10 year	7.50	-0.02	-0.28
15 year	7.79	-0.01	-0.17
30 year	8.41	0.01	0.07

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## CORPORATE NEWS

**BBNI** – PT Bank Negara Indonesia plans to distribute IDR 6 trillion of loans for the LRT project. The LRT project will have total investment costs of IDR 23 trillion with IDR 18 trillion expected to be financed by banks. On a separate note, BBNI projects the loan growth on 1Q17 will be less than 15%. However, the company targets 15-17% increase of loan and third party fund by the end of the year. Moreover, BBNI issues IDR 2.7 trillion of negotiable certificate of deposit for credit expansion this year, consists of 3 series: Series A amounting IDR 2.19 trillion with tenure 370 days and interest rate 7.55%, Series B amounting IDR 350 billion with tenure 18 months and interest rate 7.9%, and Series C amounting IDR 150 billion with tenure 24 months and interest rate 8.05%.

**BBTN** – PT Bank Tabungan Negara received AA+ rating for the company and for its obligation. The rating was given as the company has strong capital and solid position in mortgage segment.

**TPIA** – PT Chandra Asri Petrochemical successfully booked 2.02 million tons in total sales volume compared to the 1.23 tons in 2015. The positive results were driven by the expansion of the firm, better factory utilization and more optimal product portfolio. The company announced its FY 2016 financial results:

TPIA (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	1,378	1,930	40.1%	518	530	2.4%
Gross Profit	146	494	239.2%	141	136	-3.3%
Operating Profit	79	424	435.1%	125	119	-5.0%
Pretax Earnings	56	401	616.6%	116	107	-8.1%
Net Income	26	300	1039.1%	85	84	-1.2%
EPS (USD)	8	91	1039.1%	26	26	-1.2%
<i>Gross Profit Margin</i>	<i>10.6%</i>	<i>25.6%</i>	<i>15.0%</i>	<i>27.2%</i>	<i>25.7%</i>	<i>-1.5%</i>
<i>Operating Profit Margin</i>	<i>5.7%</i>	<i>22.0%</i>	<i>16.2%</i>	<i>24.1%</i>	<i>22.4%</i>	<i>-1.7%</i>
<i>Net Profit Margin</i>	<i>1.9%</i>	<i>15.5%</i>	<i>13.6%</i>	<i>16.4%</i>	<i>15.8%</i>	<i>-0.6%</i>

**MDLN** – PT Modernland Realty announced its FY16 results:

MDLN (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	2,962	2,465	-16.8%	402	951	136.4%
Gross Profit	1,676	1,602	-4.4%	195	831	326.6%
Operating Profit	1,258	1,227	-2.4%	101	727	617.6%
Pretax Earnings	1,105	662	-40.1%	37	523	1329.3%
Net Income	873	501	-42.6%	3	472	15700.3%
EPS (IDR)	69.7	40.0	-42.6%	0.2	37.7	15700.3%
<i>Gross Profit Margin</i>	<i>56.6%</i>	<i>65.0%</i>	<i>8.4%</i>	<i>48.4%</i>	<i>87.4%</i>	<i>39.0%</i>
<i>Operating Profit Margin</i>	<i>42.4%</i>	<i>49.8%</i>	<i>7.3%</i>	<i>25.2%</i>	<i>76.5%</i>	<i>51.3%</i>
<i>Net Profit Margin</i>	<i>29.5%</i>	<i>20.3%</i>	<i>-9.1%</i>	<i>0.7%</i>	<i>49.6%</i>	<i>48.9%</i>

**ADHI** – PT Adhi Karya plans to raise IDR 4.6 trillion in debt issuance, where 60% of it will be in bonds, and the remaining 40% from bank loan. On a separate note, ADHI booked IDR 21 trillion of new contracts by the end of February 2017, mostly coming from LRT projects. ADHI targets IDR 43 trillion of new contracts, IDR 15.5 trillion of sales, IDR 505 billion of net profit on 2017. On AGMS, the company decide to distribute dividend amounting IDR 313.45 billion (IDR 26.408/share) or 30% of last year profit, and appoint V. Partha Sarathi to replace one of its director, Djoko Prabowo. The company plans to invest up to IDR 35 trillion for transit oriented development (54 ha) in 10 stations in the next 10 years. Moreover, ADHI will inject IDR 1 trillion to 3 of its subsidiaries: PT Adhi Persada Gedung, PT Persada Beton and PT Adhi Persada Properti. The injected fund will be used for business expansion and is aligned with ADHI's plan to strengthen the 3 subsidiaries before conducting an IPO. The capital is derived from the company's capex this year of IDR 3.5 trillion.

## CORPORATE NEWS – cont'd

**Indonesia Cement Industry** – According to Indonesia Cement Association, domestic cement sales increased by 0.2% YoY to 4.54 million tonnes in February 2017. Growth in sales can only be seen in Java, Bali and Nusa Tenggara whereas cement sales in Sumatera, Kalimantan, Sulawesi as well as East Indonesia experienced a sharp drop of more than 8%.

**WTON** – PT Wijaya Karya Beton has inaugurated its new factory at Subang. The factory has production capacity of 350 thousand ton annually and can be increased up to 1.5 million ton in the next 4 years, sitting on a 50ha land.

**TLKM** – PT Telekomunikasi Indonesia may spend 2017 capex between 23-25% of 2016 revenue or IDR 26.75 – 29.08 trillion.

**GIAA** – PT Garuda Indonesia targeted IDR 207.3 billion of revenue from Garuda Indonesia Travel Fair (GATF) 2017 phase I that was implemented on 10-12 March 2017. Whereas on national level, the company stated that revenue from GATF 2017 phase I can reach IDR 380 billion.

**PTPN** – PT Perkebunan Nusantara plans to raise IDR 13.6 trillion to expand its factories, while continuously increasing production capacity of its existing ones. PTPN plans to raise 70% of the required capital through the issuance of bonds, equity, or bank loans, while the other 30% using its own capital.

**ISSP** – PT Steel Pipe Industry of Indonesia will issue notes of USD 250,000,000 with maturity date in 2020 and maximum interest rates of 10% per annum. The proceeds will be used to settle short-term loan and for expansion plan in the future as well as capex.

**ADMF** – PT Adira Dinamika Multi Finance plans to obtain syndicate loans from offshore of approximately USD 200 million this year to fulfill funding needs. The action will be implemented after the company held roadshow in Singapore, Taiwan and Japan. This year, ADMF targeted new booking of IDR 34-35 trillion or 10% YoY from 2016's realization.

**KINO** – PT Kino Indonesia forecasts revenue to grow by 4-5% in 2017. The company allocates IDR 80 billion capex in 2017. The source will come from 20% of proceed from IPO that has not yet been utilized. Capex will be used for production capacity renewal as well for investment in new production facility for its personal care, beverages and pharmaceuticals segment.

**DAYA** – PT Duta Intidaya plans to open 30 new stores on Java and Bali by using the remaining funds of IPO last year. The investment is estimated to be amounting IDR 1 billion for each store.

**ICON** – PT Island Concept Indonesia plans to defer its right issue due to the unfavorable economic condition. The right issue targets IDR 120 billion of funds for the development of villa on Jimbaran and theme park which will cost IDR 40 billion and 80 billion, respectively.

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