

DAILY UPDATE March 15, 2017

MACROECONOMIC NEWS

US Economy – US producer prices index for final demand rose 0.3% MoM from 0.6% in January. The PPI jumped 2.2% YoY, the largest increase since Mar-12, from 1.6% in January. Prices for final demand services rose 0.4%, accounting for more than 80% of the overall PPI increase. The increase in the cost of services was led by a 4.3% spike in hotel accommodation. There were also increases in the prices of chemicals, legal services, wholesale apparel and architectural and engineering services. Healthcare costs grew 0.2%. The cost of energy products rose 0.6%. Wholesale food prices increased 0.3%. One closely watched measure of underlying producer price pressures that excludes food, energy and trade services rose 0.3% MoM, the biggest increase since Apr-16. YoY the core PPI increased 1.8%, up from 1.6% in January.

China Housing – China home sales remained resilient in the first two months of the year. The value of new homes sold rose 23% to CNY 912 billion (USD 132 billion) in 2M17 compared with 2M16, according to National Bureau of Statistics. Sales rose 17% in December.

India Economy – India's wholesale price index-based inflation rose to 6.5% YoY in February 2017 from 5.25% in January, according to the data provided by the Ministry of Commerce and Industry. The increase in the prices of minerals, fuel and food prices contributed to the surge in WPI, which is at its highest since November 2013. The WPI in February 2016 had seen a fall of 0.85%. Meanwhile, the WPI for December 2016 has been revised to 3.68%, from 3.39% as it had been said earlier. In February, wholesale food prices rose 2.69% YoY. The index for fuel and power rose by 1.3% to 201.8 from 201.2 from the previous month, because of the higher prices of coal, kerosene and aviation turbine fuel, the ministry said. The index for mineral group rose by 9% due to higher price of crude petroleum, manganese ore, chromite among others.

CORPORATE NEWS

BBCA – PT Bank Central Asia wants to maintain NPL ratio between the range of 1.5-2% (gross) by improving the quality of corporate and commercial credit segment. The target is higher than 2016's NPL of 1.3%.

Equity Markets

	Closing	% Change
Dow Jones	20837	-0.2
NASDAQ	5857	-0.3
MSCI excl. Jap	2365	-0.3
Nikkei	570	0.4
Hang Seng	19542	-0.3
Nikkei	3239	0.1
MSCI excl. Jap	23828	0.0
STI	3118	-0.8
JCI	5432	0.4
Indo ETF (IDX)	21.815	-0.3
Indo ETF (EIDO)	24.76	-0.1

Currency

	Closing	Last Trade
US\$ - IDR	13370	13378
US\$ - Yen	114.75	114.78
Euro - US\$	1.0604	1.0617
US\$ - SG\$	1.4155	1.4152

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	48.39	0.10	0.21
Oil Brent	51.52	0.27	0.53
Coal Newcastle	80.9	-0.20	-0.25
Nickel	10230	60	0.6
Tin	19970	520	2.7
Gold	1201.2	-1.85	-0.15
CPO Rott	647.5	2.5	0.39
CPO Malay	2973.5	27.5	0.93

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.52	0.00	0.00
3 year	7.06	-0.00	-0.06
5 year	7.24	0.00	0.00
10 year	7.44	-0.01	-0.09
15 year	7.78	-0.00	-0.01
30 year	8.38	-0.00	-0.01

CORPORATE NEWS – cont'd

BBYB – PT Bank Yudha Bhakti plans to obtain IDR 900 billion from right issue and IDR 200 billion from warrants. BBYB will issue 3 billion shares with price assumption of IDR 300 through right issue and 896.48 million shares through warrants. The funding will be used to increase the bank's capital so it can be categorized as BUKU 2.

BEKS – PT Bank Pembangunan Daerah Banten gives loan of IDR 100 billion to PT Wijaya Karya. The loan is in the form of long-term transactional credit facility.

BMRI – PT Bank Mandiri will distribute IDR 6.21 trillion of dividend or IDR 266.27 per share. Despite the increase of NPL, the bank increases its dividend payout to 45% this year. The CAR of the bank will drop to 19.5% from 21% after dividend distribution. BMRI also appoint 2 new independent commissioners, Destry Damayanti and Makmur Keliat, replacing Aviliani and Abdul Aziz.

BNLI – PT Bank Permata plans a right issue amounting IDR 3 trillion to increase its capital to IDR 8.5 trillion. To improve its credit ratio, the bank sold its NPL to a Luxembourg financial institution, CVI CVF III LUX Master SARL, amounting IDR 1.12 trillion. By the end of last year, gross NPL ratio of the bank increases to 8.83% from 2.74%.

KLBF – PT Kalbe Farma will distribute cash dividend of 40-50% from 2016's net profit which is estimated to be amounting IDR 2.2 trillion, or IDR 18.77-23.46 per share. KLBF targets 8-10% increase of sales and sets USD 40-50 million of deposit reserves to mitigate foreign exchange risk.

SMGR – PT Semen Indonesia targets IDR 4.63 trillion of net profit and IDR 32.44 trillion of sales, or 3% and 24% increase compared to last year, respectively. The company also plans to issue bonds on 2017 as a way to obtained cheaper funding compared to bank loan.

BSDE – PT Bumi Serpong Damai still obtained AA- company rating with stable outlook from Pefindo. Moreover, BSDE also received AA- rating for its Serial Bonds I Phase I Year 2012, Serial Bonds I Phase II Year 2013 and Serial Bonds II Phase I Year 2016. Pefindo claimed that BSDE has a strong ability to meet long-term financial commitment as well as strong position in the industry.

WSBP – PT Waskita Beton Precast estimated achievement of new contract reached IDR 4.2 trillion in 1Q17 (+502% YoY) or 34% from FY17's target. Main contributor is the parent company, PT Waskita Karya which accounts 80% of new contract achieved in 1Q17. Majority of contract are from Trans Sumatera and Trans Java toll projects. WSBP targets IDR 1.1 trillion of net profit and 3.25 tons production of concrete, or 73% and 23% increase on 2017. Asides from that, shareholders have approved dividend distribution with payout ratio of 50% for year 2016 of IDR 317.4 billion or IDR 12 per each share.

ISAT – PT Indosat disclosed its FY 2016 financial result:

ISAT (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	26,769	29,184	9.0%	7,582	7,659	1.0%
Operating Profit	2,704	3,891	43.9%	1,156	1,145	-1.0%
Pretax Earnings	-1,786	1,795		619	455	-26.5%
Net Income	-1,163	1,105		417	260	-37.8%
EPS (IDR)	-241.0	203.0		77.0	48.0	-37.8%
<i>Operating Profit Margin</i>	<i>10.1%</i>	<i>13.3%</i>	<i>3.2%</i>	<i>15.2%</i>	<i>14.9%</i>	<i>-0.3%</i>
<i>Net Profit Margin</i>	<i>-4.3%</i>	<i>3.8%</i>		<i>5.5%</i>	<i>3.4%</i>	<i>-2.1%</i>

CORPORATE NEWS – cont'd

ISSP – PT Steel Pipe Industry of Indonesia through its offshore subsidiary will issue notes of USD 250 million with term period of 5 years. The proceeds from notes will be utilized to settle short-term loan and for business expansion. This corporate action will be implemented once Extraordinary Shareholders Meeting on 20 April 2017 is held and shareholders' approval is obtained. The issuance of notes requires approval from shareholders as the principal value is equal to 124% of ISSP's equity as of 30 June 2016.

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.