

DAILY UPDATE March 16, 2017

MACROECONOMIC NEWS

The Fed – As widely expected, the Federal Reserve increased the benchmark federal-funds rate by a quarter percentage point to a range between 0.75% and 1% “in view of realized and expected labor market conditions and inflation.” The Fed said the “current stance of monetary policy remains accommodative, thereby supporting some further strengthening in labor market conditions and a sustained return to 2% inflation.” The Committee expects that “economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data.” Minneapolis Fed President Neel Kashkari cast a lone dissenting vote.

US Economy – US CPI edged up 0.1% MoM, the weakest reading since July, from an unrevised spike of 0.6% in January. A drop in gasoline prices offset increases in the cost of food and rental accommodation. Core CPI, ex-energy and food, increased 0.2% MoM. Overall CPI rose 2.7% YoY, the largest gain since Mar-12, from 2.5% in January. Core prices rose 2.2% YoY from 2.3% in January. On a separate note, sales at US retail stores and restaurants crept up 0.1% MoM to a seasonally adjusted USD 473.99 billion, from a 0.6% increase in January. Ex-motor vehicles and automotive parts, sales grew 0.2% MoM from a 1.2% increase in January. Ex-autos and gasoline, sales rose 0.2% from a 1.1% growth in January. The retail sales control group, i.e. ex-automobiles, gasoline, building materials and food services, and which correspond most closely with the consumer spending component of GDP inched up 0.1% from +0.8% in January. Department store sales slumped 1.1% while non-store retailers jumped 1.2%. Spending rose strongly at building suppliers, up 1.8%. Electronics and appliance, clothing and sporting goods stores all posted declines. Sales at restaurants and bars edged down 0.1%. Motor vehicle sales fell 0.2%. Receipts at service stations slid 0.6%.

Indonesia Economy – Indonesia’s exports rose 11.16% YoY in February to USD 12.57 billion. Imports rose 10.61% YoY to USD 11.26 billion. Indonesia's trade surplus for February stood at USD 1.31 billion, smaller than USD 1.43 billion in January.

Equity Markets

	Closing	% Change
Dow Jones	20950	0.5
NASDAQ	5900	0.7
MSCI excl. Jap	2385	0.8
Nikkei	570	0.1
Hang Seng	19551	-0.1
Nikkei	3242	0.1
MSCI excl. Jap	23793	-0.1
STI	3158	0.7
JCI	5432	0.0
Indo ETF (IDX)	22.24	1.9
Indo ETF (EIDO)	25.22	1.9

Currency

	Closing	Last Trade
US\$ - IDR	13364	13321
US\$ - Yen	113.38	113.3
Euro - US\$	1.0734	1.0733
US\$ - SG\$	1.4012	1.4033

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	49.14	0.75	1.55
Oil Brent	52.14	0.62	1.20
Coal Newcastle	81.65	0.75	0.93
Nickel	10205	-25	-0.2
Tin	19875	-95	-0.5
Gold	1224.5	23.28	1.94
CPO Rott	658.75	11.3	1.74
CPO Malay	2943	-30.5	-1.03

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.51	0.01	0.19
3 year	7.02	-0.01	-0.19
5 year	7.17	-0.00	-0.04
10 year	7.37	-0.01	-0.12
15 year	7.73	-0.02	-0.22
30 year	8.36	-0.00	-0.05

CORPORATE NEWS

BBRI – PT Bank Rakyat Indonesia will distribute 40% of its net profit as dividends, equivalent to IDR 10.5 trillion. In the AGMS, the bank also appointed Suprajanto as the president director and Andrinof Chaniago as the president commissioner.

BMRI – PT Bank Mandiri targets e-money transaction in the first semester 2017 to reach 230 million transactions or nominal value of IDR 2.7 trillion, up 38% from last year.

KAEF – PT Kimia Farma announced its FY 2016 financial results:

KAEF (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	4,860	5,812	19.6%	1,478	1,844	24.8%
Gross Profit	1,537	1,864	21.3%	467	606	29.9%
Operating Profit	310	384	24.0%	103	157	52.6%
Pretax Earnings	355	383	7.9%	107	142	32.2%
Net Income	261	267	2.3%	80	94	17.2%
EPS (IDR)	47.0	48.0	2.3%	14.0	17.0	17.2%
<i>Gross Profit Margin</i>	<i>31.6%</i>	<i>32.1%</i>	<i>0.5%</i>	<i>31.6%</i>	<i>32.9%</i>	<i>1.3%</i>
<i>Operating Profit Margin</i>	<i>6.4%</i>	<i>6.6%</i>	<i>0.2%</i>	<i>7.0%</i>	<i>8.5%</i>	<i>1.6%</i>
<i>Net Profit Margin</i>	<i>5.4%</i>	<i>4.6%</i>	<i>-0.8%</i>	<i>5.4%</i>	<i>5.1%</i>	<i>-0.3%</i>

PTBA – PT Bukit Asam plans to pay around IDR 600 billion of dividends or equivalent to 30% of last year's profit. Separately, the company forecasts volume to grow 30% this year to reach 27.3 million tons, of which 58% is targeted for domestic use. PTBA joins the tender for electric steam power plan in several locations with total capacity of 800 MW. From those tender, the company optimist that they can win 50% of the tender (equals to 400 MW in terms of capacity). The investment amount estimated for each MW is USD 1 million. The company reported its 2016 financial results:

PTBA (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	13,845	14,059	1.5%	3,283	4,017	22.4%
Gross Profit	4,251	4,401	3.5%	795	1,956	146.0%
Operating Profit	2,528	2,595	2.6%	418	1,358	225.3%
Pretax Earnings	2,718	2,734	0.6%	452	1,289	185.3%
Net Income	2,036	2,006	-1.5%	340	954	180.8%
EPS (IDR)	966.0	952.0	-1.5%	161.0	453.0	180.8%
<i>Gross Profit Margin</i>	<i>30.7%</i>	<i>31.3%</i>	<i>0.6%</i>	<i>24.2%</i>	<i>48.7%</i>	<i>24.5%</i>
<i>Operating Profit Margin</i>	<i>18.3%</i>	<i>18.5%</i>	<i>0.2%</i>	<i>12.7%</i>	<i>33.8%</i>	<i>21.1%</i>
<i>Net Profit Margin</i>	<i>14.7%</i>	<i>14.3%</i>	<i>-0.4%</i>	<i>10.4%</i>	<i>23.8%</i>	<i>13.4%</i>

JSMR – PT Jasa Marga will distribute 2016 dividend of IDR 78.0937 per share (30% payout ratio). Cum dividend is on 22nd of March 2017. On a separate note, the company targets an increase in revenue and net income of 13% and 20% respectively in 2017 to IDR 2.3 trillion. The growth is supported by additional operation of 210 -235 km new toll roads this year. Moreover, JSMR plans the development of a toll road connecting Cawang – Bandara Soekarno Hatta. The construction cost was estimated at IDR 14 trillion. To minimize land cost, the 40-km project will be built elevated, using the Jakarta-Cikampek II Elevated as prototype. Up until last year, JSMR has operated a total of 593 km toll road.

CORPORATE NEWS – cont'd

PPRO – PT PP Properti allocates IDR 1.6 trillion for the construction of new projects as well as for the acquisition of 100 ha land bank in 2017. The projects include 2 apartment projects for middle class segment in Surabaya, 2 projects in Malang and others in Cikarang, Bandung and Jakarta. The company also plans to increase its recurring income by building new mall.

WIKA – PT Wijaya Karya obtained loan of IDR 5 trillion from a syndication of 8 financial institutions. The loan has interest rate of 7.8% with term period of 3 years. The proceeds will be used to fund the construction of Balikpapan-Samarinda toll road as well as Soreang-Pasir Koja toll road.

BPII – PT Batavia Prosperindo Internasional announced its FY16 result:

BPII (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	229	247	7.8%	59	71	19.3%
Operating Profit	66	75	13.8%	22	21	-3.1%
Pretax Earnings	77	87	13.3%	23	23	1.1%
Net Income	50	59	18.3%	15	15	-3.6%
EPS (IDR)	97.0	114.7	18.3%	30.1	29.0	-3.6%
<i>Operating Profit Margin</i>	<i>28.9%</i>	<i>30.5%</i>	<i>1.6%</i>	<i>36.5%</i>	<i>29.6%</i>	<i>-6.8%</i>
<i>Pretax Margin</i>	<i>33.6%</i>	<i>35.3%</i>	<i>1.7%</i>	<i>38.8%</i>	<i>32.9%</i>	<i>-5.9%</i>
<i>Net Profit Margin</i>	<i>21.8%</i>	<i>23.9%</i>	<i>2.1%</i>	<i>26.1%</i>	<i>21.1%</i>	<i>-5.0%</i>

BSSR – PT Baramulti Suksessarana allocates USD 13.4 million capex in 2017 or 20.7% YoY higher. The majority of capex will be used for exploration and opening new blocks for coal mining in which investment amount is estimated to be around USD 5.4 million. The company also plans to add infrastructure facilities amounting to USD 3.6 million. The capex will be funded by internal cash.

HADE – PT HD Capital cancels the merger plan with PT Sugih Bara Selaras. The Company also has already divested its subsidiary, PT Hasta Dana Sekuritas Indonesia to KGI Capital Asia Ltd, and applied for revocation of its business license as a securities brokerage, makes HADE's business currently remains unclear.

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