

## DAILY UPDATE March 21, 2017

### MACROECONOMIC NEWS

**US Economy** – US factory output expanded for a sixth successive month during February even as overall industrial production – held in check by warmer-than-usual weather – stalled. Industrial production printed unchanged from a decline of 0.1% in January. Manufacturing output rose 0.5% MoM to print at the highest level since Jul-08. Mining output leapt 2.7% MoM to hit the highest level since Nov-15. Utility output slumped 5.7% MoM. Capacity utilization edged down to 75.4% from 75.5% in January. Consumer sentiment rebounded in early March. The University of Michigan’s preliminary reading of consumer sentiment rose to 97.6 from the final February reading of 96.3. YoY the index rose 7.3%. The current economic conditions index jumped 2.7% to 114.5, the highest level since Nov-00. The Conference Board’s leading economic index increased 0.6% MoM, in line with 0.6% growth in both January and December.

**The Fed** – Federal Reserve Bank of Minneapolis President Neel Kashkari came to the defense of his dissenting vote against Fed’s rate increase. “We are still coming up somewhat short on our inflation mandate, and we may not have yet reached maximum employment,” Kashkari said adding that “there don’t appear to be urgent financial stability risks at the moment.” He noted that “stock prices, housing prices and especially some commercial real estate prices appear somewhat elevated.”

**ECB** – ECB policymaker Ewald Nowotny said the ECB would decide at a later date whether to raise interest rates before or after ending QE. Asked about whether the ECB would stop buying bonds or raise rates first if the economic upswing continues, Nowotny told German daily Handelsblatt: “We will decide when the time comes.” “There is the American model to end the bond purchases first. Whether this model can be applied to Europe on a like-for-like basis would need to be discussed,” Nowotny added. He said it was also not necessary to raise all interest rates at the same time and by the same amount. “The structure of the interest rates does not always need to remain constant,” Nowotny said. “The ECB could also raise the deposit rate earlier than the prime rate.”

### Equity Markets

	Closing	% Change
Dow Jones	20906	0.0
NASDAQ	5902	0.0
MSCI excl. Jap	2373	-0.2
Nikkei	586	0.5
Hang Seng	19402	-0.6
Nikkei	3251	0.4
MSCI excl. Jap	24566	0.3
STI	3170	0.1
JCI	5534	-0.1
Indo ETF (IDX)	22.72	0.4
Indo ETF (EIDO)	25.71	0.4

### Currency

	Closing	Last Trade
US\$ - IDR	13314	13305
US\$ - Yen	112.55	112.62
Euro - US\$	1.0739	1.0767
US\$ - SG\$	1.3967	1.3981

### Commodities

	Last	Price Chg	%Chg
Oil NYMEX	48.37		
Oil Brent	51.87	0.41	0.80
Coal Newcastle	80.9	-0.40	-0.49
Nickel	10165	-95	-0.9
Tin	20350	60	0.3
Gold	1231.1	-1.12	-0.09
CPO Rott	665	1.3	0.19
CPO Malay	3000.5	6.5	0.22

### Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.37	0.00	0.03
3 year	6.90	-0.01	-0.07
5 year	6.99	0.00	0.01
10 year	7.14	0.00	0.04
15 year	7.56	-0.00	-0.04
30 year	8.24	0.00	0.00

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## MACROECONOMIC NEWS – cont'd

**German Economy** – German central bank President Jens Weidmann said the European Central Bank should slowly start to retreat from its easy-money policies. “One can absolutely ask the question of whether the ECB governing council shouldn’t slowly consider an exit from very loose monetary policy,” Weidmann said. Weidmann said the ECB should alter its guidance by removing a promise to boost stimulus if the economic outlook deteriorates. He said that the recent increase in inflation will push down inflation-adjusted interest rates, therefore monetary policy has grown even looser. German producer prices increased at the quickest rate in more than six years during February. Producer prices jumped 3.1% YoY, the fastest pace since Dec-11.

## CORPORATE NEWS

**BBNI** – Subsidiary of PT Bank Negara Indonesia, PT BNI Asset Management, targeted asset under management (AUM) from BNI group to reach 45% in 2017.

**BBTN** – PT Bank Tabungan Negara targeted its life insurance subsidiary company, a JV with PT Asuransi Jasa Indonesia, to be in operation as of 3Q17. The company allocated IDR 150-250 billion capex to fund its life insurance subsidiary.

**AGRO** – PT Bank Rakyat Indonesia Agroniaga plans to conduct right issue of 7.69 billion new shares. The total proceed is expected to reach IDR 1 trillion. The company will first seek approval through General Shareholder Meeting that will be held on 12 April 2017.

**VRNA, PNBN** – PT Verena Multi Finance will conduct right issue of IDR 177.3 billion or IDR 112 per each share. PT Bank Panin (PNBN) and German investor, DEG become the standby buyer for the corporate action.

**SRIL** – PT Sri Rejeki Isman through its subsidiary, Golden Legacy Pte Ltd will issue global bond of USD 150 million this year. The fund raised will be used for the payment of senior bond that will be matured on 2019 and capital injection on its subsidiary, Golden Mountain Textile. The global bond has been given B1 rating by Moody’s and BB-rating by Fitch Ratings with stable outlook.

**BSDE** – PT Bumi Serpong Damai announced its FY 2016 results:

BSDE (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	6,210	6,522	5.0%	1,383	2,268	64.0%
Gross Profit	4,638	4,681	0.9%	1,034	1,533	48.3%
Operating Profit	2,901	2,835	-2.2%	522	1,036	98.4%
Pretax Earnings	2,362	2,065	-12.6%	478	514	7.6%
Net Income	2,139	1,796	-16.0%	336	638	89.6%
EPS (IDR)	111.2	93.3	-16.0%	17.5	33.1	89.6%
<i>Gross Profit Margin</i>	<i>74.7%</i>	<i>71.8%</i>	<i>-2.9%</i>	<i>74.8%</i>	<i>67.6%</i>	<i>-7.2%</i>
<i>Operating Profit Margin</i>	<i>46.7%</i>	<i>43.5%</i>	<i>-3.2%</i>	<i>37.8%</i>	<i>45.7%</i>	<i>7.9%</i>
<i>Net Profit Margin</i>	<i>34.5%</i>	<i>27.5%</i>	<i>-6.9%</i>	<i>24.3%</i>	<i>28.1%</i>	<i>3.8%</i>

**RODA** – PT Pikko Land Development invested IDR 1.5 trillion for the development of its 1.6 ha integrated area project Thamrin District.

**WSKT** – PT Waskita Karya has obtained shareholders’ approval to distribute dividend with payout ratio 30%, equivalent to IDR 513.98 billion or IDR 37.87 per share.

## CORPORATE NEWS – cont'd

**MERK** – PT Merck announced its FY16 result:

MERK (IDR bn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	983	1,035	5.2%	229	227	-0.8%
Gross Profit	496	542	9.3%	115	127	10.8%
Operating Profit	187	213	14.4%	39	45	16.9%
Pretax Earnings	194	215	10.8%	39	46	17.3%
Net Income	143	154	7.9%	28	28	-0.2%
EPS (IDR)	318.2	343.0	7.9%	63.5	63.4	-0.2%
<i>Gross Profit Margin</i>	<i>50.5%</i>	<i>52.4%</i>	<i>1.9%</i>	<i>50.1%</i>	<i>56.0%</i>	<i>5.9%</i>
<i>Operating Profit Margin</i>	<i>19.0%</i>	<i>20.6%</i>	<i>1.6%</i>	<i>16.9%</i>	<i>20.0%</i>	<i>3.0%</i>
<i>Net Profit Margin</i>	<i>14.5%</i>	<i>14.9%</i>	<i>0.4%</i>	<i>12.4%</i>	<i>12.5%</i>	<i>0.1%</i>

**BUMI** – PT Bumi Resources reported 2016 financial results:

BUMI (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	41	23	-42.3%	5	5	0.0%
Gross Profit	41	23	-42.3%	5	5	0.0%
Operating Profit	-9	-5		-1	-3	
Pretax Earnings	-2,041	-9		68	-56	
Net Income	-1,925	68		94	-5	
EPS (USD)	-0.05257	0.00185		0.00256	-0.00015	
<i>Gross Profit Margin</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0.0%</i>
<i>Operating Profit Margin</i>						
<i>Net Profit Margin</i>		<i>289.6%</i>		<i>1770.8%</i>		

**BRMS** – PT Bumi Resources Minerals reported 2016 financial results:

BRMS (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	13	2	-82.6%	0	0	
Gross Profit	13	2	-82.6%	0	0	
Operating Profit	-1	-3		-1	-2	
Pretax Earnings	-79	-516		-311	24	
Net Income	-43	-315		-196	30	
EPS (USD)	-0.00168	-0.01234		-0.00765	0.00119	
<i>Gross Profit Margin</i>	<i>100.0%</i>	<i>100.0%</i>	<i>0.0%</i>			
<i>Operating Profit Margin</i>						
<i>Net Profit Margin</i>						

**DOID** – PT Delta Dunia Makmur reported 2016 financial results:

DOID (USD mn)	2015	2016	YoY	Q3 2016	Q4 2016	QoQ
Revenue	566	611	8.1%	159	193	21.3%
Gross Profit	126	164	30.2%	48	65	34.9%
Operating Profit	88	122	39.6%	35	53	51.0%
Pretax Earnings	-6	61		25	22	-12.1%
Net Income	-8	37		17	12	-32.0%
EPS (USD)	-0.00100	0.00446		0.00208	0.00141	-32.0%
<i>Gross Profit Margin</i>	<i>22.2%</i>	<i>26.8%</i>	<i>4.6%</i>	<i>30.2%</i>	<i>33.6%</i>	<i>3.4%</i>
<i>Operating Profit Margin</i>	<i>15.5%</i>	<i>20.0%</i>	<i>4.5%</i>	<i>22.2%</i>	<i>27.6%</i>	<i>5.4%</i>
<i>Net Profit Margin</i>		<i>6.1%</i>		<i>10.9%</i>	<i>6.1%</i>	<i>-4.8%</i>

## CORPORATE NEWS – cont'd

**GIAA** – PT Garuda Indonesia explores strategic partnership with Mexico through joint promotion program to boost tourism industry.

**ISAT** – PT Indosat plans to issue bonds amounting to IDR 10 trillion for payment of matured obligation and working capital. Currently, ISAT has obtained BBB+ rating with stable outlook from Fitch Rating for its long term foreign currency issuer default ratings and Ba1 from Moody's for its long term bond.

**KBLI** – PT KMI Wire and Cable plans to increase the aluminum cable production to 32,000 tons, or doubled on 4Q17 to fulfill the demand for government project. KBLI also targets 18% increase of net profit to IDR 354 billion.

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