

## DAILY UPDATE November 3, 2017

### MACROECONOMIC NEWS

**US Jobs** - Total US mortgage application volume fell 2.6% for the week. Refinance applications, which are highly rate-sensitive, have been falling for the past few weeks and dipped 5% last week. Refinance volume is 38% lower than a year ago, when interest rates were lower. Refinance activity has fallen 20% since September, when rates hit a 2017 low. Companies added a sharply higher number of workers in October. Private employment increased by a strong 235,000, the biggest monthly advance since May. Latest figures suggest the hurricane-related weakness in September was a one-off event. This implies the deceleration in annual growth in 2015-2016 has ended and is now giving way to more robust labor market.

**US Housing** - The Commerce Department said on Wednesday that construction spending increased 0.3% to USD 1.22 trillion. But, August's construction outlays were revised down to show a 0.1% gain instead of the previously reported 0.5% rise.

**US Economy** - The ISM's purchasing managers index retreated to 58.7 last month, from the 13-year high of 60.8 in September. The new orders index slipped 1.2 points to 63.4, but the biggest hit to the sector came from the three-point drop in supplier deliveries and 4.5 point decline in inventories, both hit by transportation difficulties. Those "were the biggest contributor to the PMI expansion reduction, reflecting the impact of supply-chain difficulties post-hurricane," said Timothy Fiore, chair of ISM's Manufacturing Business Survey Committee. Problems for companies needing inputs like plastics and chemicals - especially from the Houston refineries hit hard by Hurricane Harvey. The prices paid index declined from 71.5 in September to 68.5 in October and the employment index decline to 59.8 from 60.3. October final Markit US manufacturing PMI 54.6 vs 54.5 expected, the highest reading since January. Final readings for output and employment were 54.6 and 55.4 respectively.

**The Fed** - The Federal Reserve left short-term interest rates unchanged, but signaled it would consider lifting them before year's end amid signs the economy is gaining momentum. Officials have penciled in one more move for 2017 if the economy stays on track. The Fed has one more meeting scheduled before the end of the year, in December. The central bank has raised its benchmark federal-funds rate four times since late 2015, in quarter-percentage-point steps, to a current range between 1% and 1.25%.

### Equity Markets

	Closing	% Change
Dow Jones	23516	0.3
NASDAQ	6715	-0.0
S&P 500	2580	0.0
MSCI excl. Jap	698	-0.2
Nikkei	22539	0.5
Shanghai Comp	3383	-0.4
Hang Seng	28519	-0.3
STI	3375	-0.2
JCI	6031	-0.1
Indo ETF (IDX)	24.19	0.7
Indo ETF (EIDO)	27.12	1.1

### Currency

	Closing	Last Trade
US\$ - IDR	13552	13495
US\$ - Yen	114.08	113.95
Euro - US\$	1.1658	1.1664
US\$ - SG\$	1.3591	1.3592

### Commodities

	Last	Price Chg	%Chg
Oil NYMEX	54.87	0.51	0.94
Oil Brent	60.9	0.25	0.41
Coal Newcastle	100.2	0.20	0.20
Nickel	12605	-180	-1.4
Tin	19645	245	1.3
Gold	1278.5	-1.09	-0.09
CPO Rott	730	-1.3	-0.17
CPO Malay	2801	-19.5	-0.69

### Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	5.66	-0.01	-0.19
3 year	6.25	-0.01	-0.10
5 year	6.35	-0.02	-0.36
10 year	6.70	-0.03	-0.39
15 year	7.20	-0.02	-0.32
30 year	7.60	0.00	0.04

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

**SRIL** – PT Sri Rejeki Isman will issue 1.86 billion new shares through non-preemptive rights, at the minimum price of IDR 353.2 per share.

**AISA** – PT Tiga Pilar Sejahtera Food obtained shareholders' approval to let go 70% ownership in PT Dunia Pangan, its subsidiary involves in rice business. The divestment transaction is estimated to reach IDR 2.5 trillion. Up until now, rice business contributes 50% to the company's total revenue. The potential investor for the divestment transaction is PT Jom Prawarsa Indonesia.

**SSIA** – PT Surya Semesta Internusa decided to cut target land sales for FY17 from 20 ha to 7-10 ha. As of September 2017, the company only booked 2.1 ha land sales with ASP of USD 147/sqm.

**KREN** – PT Kresna Graha Investama plans to conduct IPO for its subsidiary, Kresna Life Insurance. KREN plans to let go 10-20% of ownership in Kresna Life Insurance to the public. In separate matter, the company also plans to be dual listed in New York in 1H18.

**EXCL** – PT XL Axiata plans to refinance its IDR 3.5 trillion loan that is due next year.

**SIDO** – PT Industri Jamu dan Farmasi Sido Muncul plans to strengthen its export. The company targets new export market to Nigeria, Myanmar, Phillipines and several other Asian countries.

**BMRI** – PT Bank Mandiri committed to participate in giving syndicate credit facility of IDR 2 trillion to PLN.

**AUTO** – PT Astra Otoparts announced its 9M 2017 financial results:

<b>AUTO (IDR bio)</b>	<b>9M 2016</b>	<b>9M 2017</b>	<b>YoY</b>	<b>Q2 2017</b>	<b>Q3 2017</b>	<b>QoQ</b>
Revenue	9,557	9,975	4.37%	3,000	3,503	16.76%
Gross Profit	1,454	1,266	-12.95%	343	471	37.11%
Operating Profit	431	201	-53.29%	-9	118	-
Equity Income	65	236	264.25%	58	101	73.23%
Pretax Earnings	476	445	-6.57%	46	227	389.54%
Net Income	284	370	30.61%	51	172	238.60%
EPS	59	77	30.51%	10	36	260.00%
<i>Gross Profit Margin</i>	15.2%	12.7%	-2.5%	11.45%	13.45%	2.0%
<i>Operating Profit Margin</i>	4.5%	2.0%	-2.5%	-0.31%	3.36%	3.7%
<i>Net Profit Margin</i>	3.0%	3.7%	0.7%	1.69%	4.91%	3.2%
<i>Manufacturing Segment</i>						
Revenue	5,953	5,335	-10.37%	1,620	1,957	20.78%
Gross Profit	684	349	-49.02%	59	158	166.99%
Operating Profit	234	(86)	-136.62%	(85)	16	-
<i>Gross Profit Margin</i>	11.5%	6.5%	-5.0%	3.7%	8.1%	4.4%
<i>Operating Profit Margin</i>	3.9%	-1.6%	-5.5%	-5.3%	0.8%	6.1%
<i>Trading Segment</i>						
Revenue	4,385	4,792	9.27%	1,427	1,623	13.73%
Gross Profit	867	930	7.25%	289	315	9.03%
Operating Profit	464	487	4.97%	144	167	15.71%
<i>Gross Profit Margin</i>	19.8%	19.4%	-0.4%	20.2%	19.4%	-0.8%
<i>Operating Profit Margin</i>	10.6%	10.2%	-0.4%	10.1%	10.3%	0.2%

## CORPORATE NEWS – cont'd

**INKP** – PT Indah Kiat Pulp and Paper announced its 9M 2017 financial results:

INKP (USD mn)	9M16	9M17	YoY	Q2 2017	Q3 2017	QoQ
Revenue	2,028	2,261	11.52%	710	805	13.44%
Gross Profit	432	622	43.95%	194	233	20.14%
Operating Profit	222	409	84.07%	125	154	22.91%
Pretax Earnings	74	303	310.59%	88	120	36.80%
Net Income	97	287	196.10%	85	116	36.54%
EPS (USD)	0.0177	0.0525	196.10%	0.0156	0.0213	36.54%
<i>Gross Profit Margin</i>	<b>21.30%</b>	<b>27.50%</b>	<b>6.20%</b>	<b>27.30%</b>	<b>28.90%</b>	<b>1.60%</b>
<i>Operating Profit Margin</i>	<b>10.90%</b>	<b>18.10%</b>	<b>7.10%</b>	<b>17.60%</b>	<b>19.10%</b>	<b>1.50%</b>
<i>Net Profit Margin</i>	<b>4.80%</b>	<b>12.70%</b>	<b>7.90%</b>	<b>12.00%</b>	<b>14.40%</b>	<b>2.40%</b>

**SMRA** –PT Summarecon Agung is forming a joint venture with Sumitomo Forestry to develop residential project totaling 160 units on a 4.4-hectare land in Summarecon Bekasi, with total investment of US\$30 million. SMRA will own 51% of the JV, with US\$15 million investment.

**WSKT** – PT Waskita Karya acquired another IDR 1.4 trillion loan for its LRT project in Palembang, Sumatera Selatan. WSKT initially acquired loan facility of IDR 4.59 trillion.

**PPRO** – PT PP Properti issued IDR 213 billion MTN with 3-year maturity at a coupon rate of 9.73%.

## 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.**