

DAILY UPDATE December 27, 2017

MACROECONOMIC NEWS

India Economy - The IMF said India's record USD 32 billion bank-recapitalization plan must be accompanied by restructuring of state-run lenders, as the central bank warned of rising bad loans. Under the baseline scenario in a stress test, the Indian banking sector's gross bad-loan ratio will increase to 10.8% in March and 11.1% by September 2018, from 10.2% in September 2017, according to the Reserve Bank of India's Financial Stability Report. The financial system remains stable, the authority said. In a separate report published around the same time, the IMF said India should work toward its stated goal of consolidating its banking sector, but should avoid mergers of weak state-run banks with stronger peers. "Exit of the weakest (small) banks should be considered, with voluntary transfer of liabilities and good assets to stronger market participants, leaving bad assets behind in liquidation," the IMF said. "Consideration should also be given to further reducing the state's ownership stake, including full privatization of some of the banks and access to international bond markets."

Brent Oil - A pipeline blast in Libya and a bullish budget forecast in Saudi Arabia boosted crude prices to levels not seen since mid-2015. West Texas Intermediate crude neared USD 60 a barrel as futures in New York and London reached the highest in more than two years. A pipeline run by Waha Oil that carries crude to Libya's biggest export terminal exploded, dropping the country's output by 70,000-100,000 barrels a day. Meanwhile, Saudi Arabia is said to expect oil revenue to rise 80 percent by 2023. At the same time, Saudi Arabia is said to expect its first budget surplus in a decade, according to people with knowledge of the matter. Under a six-year program to balance the budget, officials predict rising prices and expanded output will push income from oil sales to 801.4 billion riyals (USD 214 billion) from 440 billion riyals this year, the people said.

CORPORATE NEWS

INAF – PT Indofarma allocates capex of IDR 165 billion next year. The proceeds will be used for the construction of production facility and strategic business development.

ADHI – PT Adhi Karya booked new contract of IDR 33.3 trillion, including the Phase I Jabodebek LRT project.

Equity Markets

	Closing	% Change
Dow Jones	24746	-0.0
NASDAQ	6936	-0.3
S&P 500	2681	-0.1
MSCI excl. Jap	702	-0.3
Nikkei	22910	0.1
Shanghai Comp	3302	-0.1
Hang Seng	29654	0.3
STI	3384	0.2
JCI	6221	0.6
Indo ETF (IDX)	24.4	0.0
Indo ETF (EIDO)	27.96	0.0

Currency

	Closing	Last Trade
US\$ - IDR	13554	13562
US\$ - Yen	113.23	113.28
Euro - US\$	1.1858	1.1859
US\$ - SG\$	1.3437	1.3428

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	59.67	1.53	2.63
Oil Brent	66.63	1.99	3.08
Coal Newcastle	100.2		
Nickel	-	-	-
Tin	-	-	-
Gold	1281.8	16.18	1.28
CPO Rott	672.5	2.5	0.37
CPO Malay	2354	-35.5	-1.49

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	5.36	0.01	0.15
3 year	5.71	-0.12	-2.08
5 year	5.97	-0.02	-0.27
10 year	6.33	-0.04	-0.58
15 year	6.96	-0.01	-0.12
30 year	7.26	0.00	0.01

CORPORATE NEWS – cont'd

DEWA – PT Darma Henwa capex may reach USD 93.8 million in 2018 or 6x of 2017 capex. The funds will be used to purchase components and IT spending.

ICBP – PT Indofood ICB Sukses Makmur prepares USD 20 million to increase their shares in its JV's with Asahi Group Holdings Southeast Asia. Asahi group will let go of 51% shares in PT Asahi Indofood Beverage Makmur and 49% shares in PT Indofood Asahi Sukses Beverage.

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