

DAILY UPDATE January 5, 2018

MACROECONOMIC NEWS

Hong Kong Housing – Hong Kong’s home prices are at unreasonable levels that cannot be sustained, according to SC Capital Partners, a USD 2.6 billion real estate private equity firm. Despite cooling measures such as stamp duties, investors have persisted with purchases that “violate” investing fundamentals, Suchad Chiaranussati, the founder of the Singapore-based SC, said. The comments from a firm that invests in residential, office, retail and logistics properties across Asia add to a drumbeat of concern over a Hong Kong housing sector that the International Monetary Fund has described as “booming and overvalued.” The city’s Chief Executive Carrie Lam said last month that government measures to cool the world’s most-expensive property market had not worked.

Global Economy – The strongest manufacturing activity since the aftermath of the global financial crisis is slowly draining commodities surpluses, sending prices to a 3-year high as investors pour money into everything from oil to copper. With factories around the world humming, demand for raw materials is fast increasing. The Bloomberg Commodities Spot Index, tracking the price of 22 raw materials, jumped to its highest since December 2014. The gauge has risen for a record 14 days in a row. For the global economy, the pickup in commodities poses a conundrum. It could show how years of ultra-lax monetary policies have finally boosted activity and may even be enough to revive long-dormant inflationary pressures. The risk is inflation reemerges faster than central banks expect, forcing them to raise interest rates more aggressively than they now plan or investors anticipate. According to a September study by the International Monetary Fund, a 10% gain in the price of oil increases, on average, domestic inflation by about 0.4 percentage points. Such an effect might help push U.S. inflation back towards the Federal Reserve’s 2% target. Research from the central bank published in October found the last plunge in crude had shaved 0.2 percentage point from core inflation, which excludes food and energy prices.

CORPORATE NEWS

WSBP – PT Waskita Beton Precast targeted to obtain IDR 9 trillion revenue (+14% YoY from FY17 estimation) and IDR 1.4 trillion (+16% YoY from F17 estimation) in 2018. The company also expected to obtain IDR 11.5 trillion new contract this year.

Equity Markets

	Closing	% Change
Dow Jones	25075	0.6
NASDAQ	7078	0.2
S&P 500	2724	0.4
MSCI excl. Jap	733	0.5
Nikkei	23595	0.4
Shanghai Comp	3386	0.5
Hang Seng	30736	0.6
STI	3502	0.0
JCI	6292	0.7
Indo ETF (IDX)	25.2	0.9
Indo ETF (EIDO)	28.64	1.0

Currency

	Closing	Last Trade
US\$ - IDR	13422	13405
US\$ - Yen	112.75	112.76
Euro - US\$	1.2068	1.2077
US\$ - SG\$	1.3279	1.3266

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	61.99	0.18	0.29
Oil Brent	68.07	0.20	0.29
Coal Newcastle	104.95	1.15	1.11
Nickel	12650	235	1.9
Tin	19850	-50	-0.3
Gold	1322.8	14.51	1.11
CPO Rott	693.75	-1.3	-0.18
CPO Malay	2497	25.5	1.03

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	5.09	-0.01	-0.22
3 year	5.74	0.04	0.61
5 year	5.78	-0.00	-0.05
10 year	6.18	-0.01	-0.13
15 year	6.81	-0.01	-0.10
30 year	7.13	0.00	0.06

CORPORATE NEWS – cont'd

ADRO – PT Adaro Energy will distribute cash dividend of IDR 1.35 trillion or IDR 42.25 per share.

SHIP – PT Sillo Maritime Perdana's subsidiary, PT Suasa Benua Sukses signed letter of intent with Petrochina International Jabung. SHIP's subsidiary won tender for time charter of crude oil / floating storage & offloading (FSO) condensate facility.

WSKT – PT Waskita Karya's subsidiary, Waskita Toll Road, acquired IDR 875 billion loan from PT Sarana Multi Infrastruktur.

RALS – PT Ramayana Lestari Sentosa targets 5 new outlet to be opened in 2018.

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