

DAILY UPDATE January 10, 2019

MACROECONOMIC NEWS

The Fed - Federal Reserve officials acknowledged that the policy path ahead is "less clear" after approving an interest rate hike at their most recent meeting. Minutes released from the FOMC gathering in December showed the rate hike came with reluctance from a few members who thought the lack of inflationary pressures argued against another increase. The officials agreed that "some further gradual increases" in the benchmark funds rate would be appropriate. What that would translate to in practical terms, though, became less clear for a central bank that only a few months earlier was pointing to four hikes in 2019. The minutes noted that the low-inflationary backdrop means the Fed can "afford to be patient about further policy firming."

Euro-Area Economy - Euro-area economic confidence slid for a 12th month in December, marking the worst streak since the depths of the financial crisis. The decline was broad-based across industry groups and in all five of the largest euro-area economies. Spain posted the largest drop. Another set of dismal industrial data from Germany has raised concerns over Germany's economy. German industrial production declined 1.9% MoM in November, coming in way below a consensus for growth of 0.3%.

Euro-Area Jobs - The Eurozone's unemployment rate fell to its lowest rate in more than a decade during November, a sign that the currency area's economic slowdown is unlikely to turn quickly into a recession. But even after more than five years of economic growth, big differences across the currency area remained, with joblessness at 3.3% in Germany and as high as 14.7% in Spain. Economists estimate Eurozone economic growth eased to 1.9% last year from 2.4% in 2017. But figures released Wednesday showed that even at that more modest rate of expansion, the economy was still creating jobs as 2018 drew to a close. The European Union's statistics agency said the number of people without work fell by 90,000 from October, cutting the jobless rate to 7.9% from 8% and leaving it at the lowest level since October 2008, the month after the collapse of Lehman Brothers signaled an intensification of the global financial crisis. Eurostat lowered its estimate of the unemployment rate in October from 8.1%. The fall in joblessness was spread across the Eurozone's larger economies, including Italy, which had experienced a jump in unemployment during September and October.

Equity Markets

	Closing	% Change
Dow Jones	23879	0.39
NASDAQ	6957	0.87
S&P 500	2585	0.41
MSCI excl. Jap	607	1.92
Nikkei	20179	-1.21
Shanghai Comp	2544	0.71
Hang Seng	26462	2.27
STI	3155	-0.09
JCI	6272	0.15
Indo ETF (IDX)	23	0.22
Indo ETF (EIDO)	26	0.19

Currency

	Closing	Last Trade
US\$ - IDR	14125	14093
US\$ - Yen	108.17	107.88
Euro - US\$	1.1543	1.1548
US\$ - SG\$	1.3533	1.3538

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	51.74	1.5	2.94
Oil Brent	60.78	1.69	2.86
Coal Newcastle	98.1	0.3	0.31
Nickel	11250	70	0.6
Tin	20065	125	0.6
Gold	1292.8	7.1	0.55
CPO Rott	585	7.5	1.30
CPO Malay	2042.5	13	0.64

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.663	-0.09	-1.38
3 year	7.796	0.00	-0.03
5 year	7.872	0.00	-0.04
10 year	7.952	0.00	-0.01
15 year	8.294	0.00	0.00
30 year	9.024	-0.01	-0.11

CORPORATE NEWS

MGRO – PT Mahkota Group targets IDR 5 trillion sales up by +250% yoy. MGRO targets operation of its new refinery producing CPO derivative products to start in July 2019.

MOLI – PT Madusari Murni Indah allocates IDR 200 billion to develop a boiler which is expected to operate in 2H 2019. MOLI targets IDR 1.2 trillion revenue in 2019.

WOOD – PT Integra Indocabinet targets sales growth and net income growth of 20% yoy and 8%-9% yoy respectively.

GMFI – PT Garuda Maintenance Facility Aero Asia is optimistic in completing the establishment of three new subsidiaries by 1Q19. The subsidiaries include a manpower supply company, an aircraft component trading company, and also a JV to manage retread tire factory. Further, GMFI allocates capex budget of above USD 50 million in 2019 to support the company's plan to have inorganic growth.

ADMG – PT Polychem Indonesia acquired 1.03% shares of PT Bank Ganesha (BGTG) and also increased its stake in PT Equity Development Investment (GSMF). ADMG raised its stake in GSMF from 3.44% to 7.22%. The total transaction amount to IDR 45 billion.

TBIG – PT Tower Bersama Infrastructure allocates IDR 1-2 trillion capex budget in 2019, most will be funded internally. The fund will primarily be used to support the company's plan to have organic growth.

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