

DAILY UPDATE March 5, 2019

MACROECONOMIC NEWS

US Economy - The ISM's mfg index fell to 54.2% in February, below economists' expectations of 55.5%, according to a MarketWatch poll. It also marked the slowest pace of growth since the election of President Trump in November 2016. Markit's mfg PMI also disappointed, coming in at 53.0 in February, after hitting 53.7 in January. PCE inflation index rose 0.1% in December, compared with the 0.4% increase in November, above economist's estimates of a 0.4% decline, according to a MarketWatch poll. The 12-month change in prices remained steady at 1.9%. Consumer sentiment came in below economists' expectations, with the University of Michigan's index came in at 93.8, versus expectations of 95.6, per a MarketWatch survey of economists.

The Fed - Atlanta Fed President Raphael Bostic, speaking at the National Association for Business Economics conference in Washington, D.C., said he still expects the central bank to raise interest rates once this year as inflation picks up.

Japan Economy - Japanese services sector activity expanded in February as new business grew at the fastest pace in almost six years, a business survey showed on Tuesday, a sign that domestic demand remains in good health in early 2019. The Markit/Nikkei Japan Services Purchasing Managers' Index (PMI) rose to a seasonally adjusted 52.3 in February from 51.6 in January.

The index stayed above the 50 threshold that separates contraction from expansion for the 29th month. "Japan's service sector remained resilient in February, contrasting to the struggles the country's manufacturers have endured so far this quarter," said Joe Hayes, economist at IHS Markit, which compiles the survey.

"Service providers will play an important role in the coming months if Japan's economy is to avoid slipping into a downturn."

The index measuring new business increased to 54.5 from 52.1 in January, reaching its highest since May 2013 due to stronger sales, new product launches and an increase in demand from overseas, the survey showed.

The composite PMI, which includes both manufacturing and services, eased slightly to 50.7 in February from 50.9 in January, because factory activity last month contracted at the fastest pace in two-and-a-half years due to the U.S.-China trade war.

Equity Markets

	Closing	% Change
Dow Jones	25820	-0.79
NASDAQ	7578	-0.23
S&P 500	2793	-0.39
MSCI excl. Jap	658	0.30
Nikkei	21729	-0.42
Shanghai Comp	3028	1.12
Hang Seng	28960	0.51
STI	3241	-0.30
JCI	6488	-0.18
Indo ETF (IDX)	23	0.44
Indo ETF (EIDO)	26	-0.04

Currency

	Closing	Last Trade
US\$ - IDR	14130	14148
US\$ - Yen	111.75	111.85
Euro - US\$	1.134	1.1335
US\$ - SG\$	1.3548	1.3554

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	56.43	0.3	0.52
Oil Brent	65.59	0.17	0.26
Coal Newcastle	98.15	1.15	1.19
Nickel	13255	60	0.5
Tin	21450	-170	-0.8
Gold	1286.4	-10.4	-0.80
CPO Rott	583.75	-3.75	-0.64
CPO Malay	1945	-3	-0.15

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.275	-0.02	-0.27
3 year	7.227	0.00	-0.01
5 year	7.484	0.00	0.03
10 year	7.863	0.00	0.04
15 year	8.209	0.01	0.10
30 year	8.604	0.00	0.00

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CORPORATE NEWS

ARNA – PT Arwana Citramulia will distribute IDR 117.5 billion FY 2018 cash dividend or equivalent to IDR 16 per share. The cum dividend date is at 12 March 2019.

ASII – PT Astra International increased its investment in PT Aplikasi Karya Anak Bangsa (Go-Jek) by USD 100 million (eqv. To IDR 1.4 trillion). Hence, the total amount of ASII investment in Go-Jek accumulates to USD 250 million. Further, ASII forms a JV with Gojek to supply Go-Car's ride hailing business.

JPFA – KKR Jade Investment Pte Ltd decreased its stake in PT Jpfa Comfeed Indonesia from 11.65% to 8.37%. The total shares divested amount to 385 million units worth IDR 847 billion.

LPCK – PT Lippo Cikarang announced its FY 2018 financial result:

LPCK (IDR bn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	1,501	2,210	47.2%	275	687	369	33.9%	-46.3%
Gross Profit	677	1,340	97.8%	106	424	239	125.0%	-43.5%
Operating Profit	399	1,035	159.2%	-50	374	184	470.8%	-50.9%
Pretax Earnings	424	2,333	449.8%	-50	43	-630		
Net Income	367	2,155	487.6%	-51	1	-717		
EPS (IDR)	527.0	3,096.2	487.6%	-73.7	1.9	-1,030.3		
<i>Gross Profit Margin</i>	<i>45.1%</i>	<i>60.6%</i>	<i>15.5%</i>	<i>38.6%</i>	<i>61.7%</i>	<i>64.9%</i>	<i>26.3%</i>	<i>3.2%</i>
<i>Operating Profit Margin</i>	<i>26.6%</i>	<i>46.8%</i>	<i>20.2%</i>		<i>54.4%</i>	<i>49.8%</i>		<i>-4.7%</i>
<i>Net Profit Margin</i>	<i>24.4%</i>	<i>97.5%</i>	<i>73.1%</i>		<i>0.2%</i>			

ISAT – PT Indosat announced its 2018 result:

ISAT (IDR bn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	29,926	23,140	-22.7%	7,360	5,703	6,371	-13.4%	11.7%
Operating Profit	3,910	-1,749		636	-399	-756		
EBITDA	12,763	6,500	-49.1%	2,814	1,642	1,355	-51.8%	-17.5%
Pretax Earnings	1,940	-2,664		227	-919	-1,174		
Net Income	1,136	-2,404		46	-559	-1,151		
EPS (IDR)	209	-442		9	-103	-211		
<i>Operating Profit Margin</i>	<i>13.1%</i>	<i>-7.6%</i>	<i>-20.6%</i>	<i>8.6%</i>	<i>-7.0%</i>	<i>-11.9%</i>	<i>-20.5%</i>	<i>-4.9%</i>
<i>EBITDA Margin</i>	<i>42.6%</i>	<i>28.1%</i>	<i>-14.6%</i>	<i>38.2%</i>	<i>28.8%</i>	<i>21.3%</i>	<i>-17.0%</i>	<i>-7.5%</i>
<i>Net Profit Margin</i>	<i>3.8%</i>	<i>-10.4%</i>	<i>-14.2%</i>	<i>0.6%</i>	<i>-9.8%</i>	<i>-18.1%</i>	<i>-18.7%</i>	<i>-8.3%</i>

ADRO – PT Adaro Energy announced its 2018 result:

ADRO (USD mn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	3,258	3,620	11.1%	819	1,057	953	16.3%	-9.9%
Gross Profit	1,142	1,210	6.0%	283	387	331	17.0%	-14.4%
Operating Profit	958	1,016	6.1%	227	338	276	21.7%	-18.3%
Pretax Earnings	930	821	-11.7%	223	257	178	-20.2%	-30.7%
Net Income	483	418	-13.5%	111	118	105	-5.7%	-11.3%
EPS (USD)	0.015	0.013	-13.6%	0.003	0.004	0.003	-6.1%	-11.7%
<i>Gross Profit Margin</i>	<i>35.1%</i>	<i>33.4%</i>	<i>-1.6%</i>	<i>34.6%</i>	<i>36.6%</i>	<i>34.8%</i>	<i>0.2%</i>	<i>-1.8%</i>
<i>Operating Profit Margin</i>	<i>29.4%</i>	<i>28.1%</i>	<i>-1.3%</i>	<i>27.7%</i>	<i>32.0%</i>	<i>29.0%</i>	<i>1.3%</i>	<i>-3.0%</i>
<i>Net Profit Margin</i>	<i>14.8%</i>	<i>11.5%</i>	<i>-3.3%</i>	<i>13.6%</i>	<i>11.2%</i>	<i>11.0%</i>	<i>-2.6%</i>	<i>-0.2%</i>

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