

DAILY UPDATE March 14, 2019

MACROECONOMIC NEWS

US Economy - U.S. core inflation eased in February as prices for autos and prescription drugs fell, giving the Fed more room to stay patient. Core inflation slowed to 1.5% from 1.6% consensus had seen no change. The headline rate of price-growth also slowed. It came in at 2.1% versus the 2.2% pace in January. The National Federation of Independent Business said its small-business optimism index rose 0.5 point to 101.7, with 5 out of the 10 components increasing, led by a 5-point gain in those who expect the economy to improve. It nonetheless was the second-worst reading since December 2016.

Japan Economy - Japan's machinery orders fell in January at the fastest pace in four months as the U.S.-China tariff war hit global trade, knocking demand from the country's auto and telecommunications equipment manufacturing sectors lower.

The 5.4 percent decline month-on-month in core machinery orders, a leading indicator of capital expenditure, was more than the median estimate for a 1.7 percent decrease and followed a revised 0.3 percent decline in the previous month. It was also the fastest month-on-month decline since September last year.

Economists say uncertainty over Sino-U.S. trade policies would discourage an increase in capital expenditure in Japan's corporate sector, which has up until recently been one of the better performing parts of the economy.

Highlighting the weakness in the global economy, core machinery orders from overseas fell 18.1 percent in January, matching December's contraction, which was the largest decline since January 2016. "Core" machinery orders exclude those for ships and from electricity utilities.

In a warning of the damage to come, a finance ministry survey on Tuesday showed companies plan to cut capital expenditure by 6.2 percent in fiscal 2019, versus a 7.4 percent increase in fiscal 2018.

Another risk for Japan's economy is the government's plan to raise the nationwide sales tax to 10 percent from 8 percent in October. The government needs the extra revenue for rising welfare costs, but the tax hike could also weaken consumer spending.

Equity Markets

	Closing	% Change
Dow Jones	25703	0.58
NASDAQ	7643	0.69
S&P 500	2811	0.69
MSCI excl. Jap	654	-0.22
Nikkei	21398	0.51
Shanghai Comp	3027	-1.09
Hang Seng	28807	-0.39
STI	3196	-0.52
JCI	6378	0.37
Indo ETF (IDX)	22	-0.44
Indo ETF (EIDO)	25	-0.24

Currency

	Closing	Last Trade
US\$ - IDR	14265	14265
US\$ - Yen	111.17	111.28
Euro - US\$	1.1327	1.1326
US\$ - SG\$	1.3524	1.3534

Commodities

	Last	Price Chg	%Chg
Oil NYMEX	58.3	1.1	1.98
Oil Brent	67.64	0.72	1.08
Coal Newcastle	94.5	-0.55	-0.58
Nickel	13210	105	0.8
Tin	21150	-175	-0.8
Gold	1308.3	3.6	0.28
CPO Rott	570	-2.5	-0.44
CPO Malay	1898.5	-7.5	-0.39

Indo Gov. Bond Yields

	Last	Yield Chg	%Chg
1 year	6.275	-0.02	-0.27
3 year	7.163	0.00	-0.04
5 year	7.453	0.00	0.00
10 year	7.856	0.00	-0.01
15 year	8.264	-0.03	-0.30
30 year	8.597	-0.01	-0.06

CORPORATE NEWS

PWON – PT Pakuwon Jati targets recurring income to grow by 20% yoy in 2019.

LEAD – PT Logindo Samudramakmur obtained a USD 6 million contract in 2M 2019. LEAD targets revenue growth to reach up to 10% yoy in 2019.

ANJT – PT Austindo Nusantara reports USD 491.6 thousand net loss in FY 2018.

WSKT – PT Waskita Karya allocates IDR 25.3 trillion capex budget in 2019.

WOMF – PT Wahana Ottomitra Multiartha will distribute IDR 64.5 billion cash dividend or at IDR 18.54 per share. The dividend payout ratio is 30% of FY18's net income and cum dividend date is on 20 March 2019.

BNII – PT Bank Maybank Indonesia plans to issue IDR 640.5 billion bond through continuous public offering II phase IV. The bond will be issued in 2 series, Series A offers IDR 408.3 and Series B offers IDR 232.2 billion. The bond will have coupon rate of 7.75% - 8.7% per annum.

PPRO – PT PP Properti announced its FY 2018 results:

PPRO (IDR bn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	2,709	2,556	-5.6%	917	640	734	-19.9%	14.8%
Gross Profit	650	663	2.0%	215	168	191	-11.1%	13.5%
Operating Profit	564	515	-8.7%	202	135	144	-29.1%	6.8%
Pretax Earnings	539	566	5.0%	206	149	198	-4.3%	32.9%
Net Income	445	471	6.0%	170	126	165	-2.5%	31.6%
EPS (IDR)	7.2	7.6	6.0%	2.8	2.0	2.7	-2.5%	31.6%
<i>Gross Profit Margin</i>	<i>24.0%</i>	<i>25.9%</i>	<i>1.9%</i>	<i>23.5%</i>	<i>26.3%</i>	<i>26.0%</i>	<i>2.6%</i>	<i>-0.3%</i>
<i>Operating Profit Margin</i>	<i>20.8%</i>	<i>20.1%</i>	<i>-0.7%</i>	<i>22.1%</i>	<i>21.0%</i>	<i>19.6%</i>	<i>-2.5%</i>	<i>-1.5%</i>
<i>Net Profit Margin</i>	<i>16.4%</i>	<i>18.4%</i>	<i>2.0%</i>	<i>18.5%</i>	<i>19.7%</i>	<i>22.5%</i>	<i>4.0%</i>	<i>2.9%</i>

PTPP – PT PP (Persero) announced its 2018 results:

PTPP (IDR bn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	21,502	25,120	16.8%	7,740	5,279	10,334	33.5%	95.7%
Gross Profit	3,251	3,546	9.1%	1,257	764	1,319	5.0%	72.6%
Operating Profit	2,525	2,628	4.1%	973	620	1,001	2.9%	61.5%
Pretax Earnings	1,792	2,003	11.8%	218	188	868	298.1%	361.8%
Net Income	1,453	1,502	3.4%	463	395	627	35.4%	58.7%
EPS (IDR)	234	242	3.2%	74	64	101	35.8%	58.8%
<i>Gross Profit Margin</i>	<i>15.1%</i>	<i>14.1%</i>	<i>-1.0%</i>	<i>16.2%</i>	<i>14.5%</i>	<i>12.8%</i>	<i>-3.5%</i>	<i>-1.7%</i>
<i>Operating Profit Margin</i>	<i>11.7%</i>	<i>10.5%</i>	<i>-1.3%</i>	<i>12.6%</i>	<i>11.7%</i>	<i>9.7%</i>	<i>-2.9%</i>	<i>-2.1%</i>
<i>Net Profit Margin</i>	<i>6.8%</i>	<i>6.0%</i>	<i>-0.8%</i>	<i>6.0%</i>	<i>7.5%</i>	<i>6.1%</i>	<i>0.1%</i>	<i>-1.4%</i>

CORPORATE NEWS – cont'd

ROTI – PT Nippon Indosari Corpindo announced its 2018 results:

ROTI (IDR bn)	2017	2018	YoY	Q4 2017	Q3 2018	Q4 2018	YoY	QoQ
Revenue	2,491	2,767	11.1%	666	709	781	17.4%	10.2%
Gross Profit	1,308	1,492	14.1%	364	376	441	21.1%	17.2%
Operating Profit	201	138	-31.1%	64	64	65	2.6%	2.5%
Pretax Earnings	186	187	0.4%	62	76	79	28.8%	3.8%
Net Income	146	173	18.3%	49	63	70	43.6%	11.0%
EPS (IDR)	24	28	18.3%	8	10	11	43.6%	11.0%
<i>Gross Profit Margin</i>	<i>52.5%</i>	<i>53.9%</i>	<i>1.4%</i>	<i>54.7%</i>	<i>53.1%</i>	<i>56.4%</i>	<i>1.7%</i>	<i>3.4%</i>
<i>Operating Profit Margin</i>	<i>8.1%</i>	<i>5.0%</i>	<i>-3.1%</i>	<i>9.6%</i>	<i>9.0%</i>	<i>8.4%</i>	<i>-1.2%</i>	<i>-0.6%</i>
<i>Net Profit Margin</i>	<i>5.9%</i>	<i>6.2%</i>	<i>0.4%</i>	<i>7.3%</i>	<i>8.9%</i>	<i>8.9%</i>	<i>1.6%</i>	<i>0.1%</i>

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