

News & Analysis

Corporates

ASII: Astra International (ASII IJ; Rp8,050; Buy) through its subsidiary Astratel has completed the acquisition 22.3% of Cipali toll road. Astratel bought 40% of Bhaskara Utama Sedaya which owns 45% in Cipali toll road from Saratoga (SRTG IJ; Rp3,450; Not Rated). Astratel also bought debt equity conversion note to increase its total ownership to 22.3%. Nevertheless, nothing has been mentioned about the value of the transaction. (Bisnis Indonesia)

DOID: PT Bukit Makmur Mandiri Utama (BUMA), a subsidiary of PT Delta Dunia Makmur (DOID IJ; Rp515; Not rated), will issue a global bond of US\$500mn by choosing BoA, JP Morgan, and Morgan Stanley as the joint lead managers and bookrunners. This bond will be listed in Singapore Exchange and used to pay off BUMA's debt. No disclosure made regarding its interest rate. (Investor Daily)

SMGR: Semen Indonesia (SMGR IJ; Rp8,625; Buy) is forced to stop operation of the Rembang plant due to revoke of operational permit by the Regional Government. There is no definite timeline when the Rembang plant could resume operation. The company will need to wait for reissuance of the operating and mining permit by the Regional Government of Central Java. (Kontan)

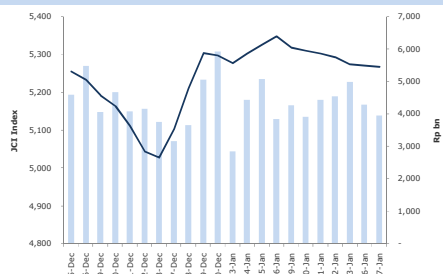
Comment: The halted operation of Rembang plant will not affect current operation since demand is still weak. However, running cost such as salary and investment cost will hurt the company's profitability until the new plant resumes operation. We expect pressure on the share price.

Economic

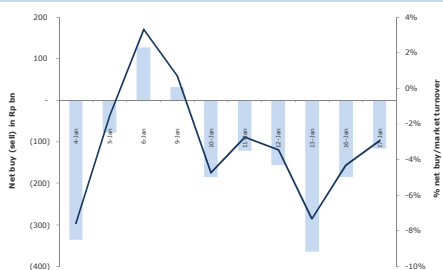
Economic Outlook: Two international development agencies, the IMF and the World Bank, launched their economic outlook reports, with the IMF's report emphasising on world's outlook (World Economic Outlook) whereas the World Bank's is specialised on Indonesia (Indonesia Economic Quarterly). Key highlights are as follows:

- The IMF foresees global growth this year to be 3.4% and in 2018 3.6% (unchanged from October's forecast), of which advanced economies are seen to progress faster by 1.9% in 2017 and 2% in 2018 (vs 1.8% and 1.8% in Oct16) and developing markets by 4.5% yoy in 2017 and 4.8% in 2018.
- The IMF includes the assumption of a changing policy mix where stronger fiscal position is presumed by the US' government, which gives spillover to global economy
- The World Bank projects real GDP growth in Indonesia to grow by 5.3% in 2017 on pickup of private investment after monetary easing and better quality of public spending. (World Bank , IMF)

JCI Index



Foreign net buy (sell)



Key Indexes

Index	Closing	1 day	1 year	YTD
JCI	5,267	-0.1%	17.5%	-0.6%
LQ45	879	-0.1%	13.2%	-0.6%
DJI	19,827	-0.3%	24.0%	0.3%
SET	1,567	-0.3%	25.8%	1.5%
HSI	22,841	0.5%	18.7%	3.8%
NKY	18,814	-1.5%	11.0%	-2.2%
FTSE	7,220	-1.5%	24.9%	1.1%
FSSTI	3,013	0.0%	16.2%	4.6%
EIDO	24	-0.7%	21.0%	0.8%

Commodity price

Commodities	Last price	Ret 1 day	Ret 1 year
(in USD)			
Oil/barrel (WTI)	52.5	0.2%	78.4%
CPO/tonne	710.1	1.6%	31.0%
Soy/bushel	10.3	0.3%	15.9%
Rubber/kg	2.7	0.6%	101.1%
Nickel/tonne	10,112	-1.0%	21.0%
Tins/tonne	21,108	0.3%	58.8%
Copper/tonne	5,731	-1.9%	32.4%
Gold/try.oz (Spot)	1,217	1.2%	11.8%
Coal/tonne	84.6	2.0%	72.0%
Corn/bushel	3.4	0.1%	-1.7%
Wheat/bushel*	122.5	0.0%	-22.3%

* : 1 month change

Source : Bloomberg

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INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION.

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