



Market & News in Brief

Market View

US stocks plunge as oil and North Korea cause worry

Energy stocks led the slide on Wall Street, with the S&P 500 at a three-month low despite strong U.S. job market data. Losses deepened after minutes from the latest Federal Reserve meeting showed some Fed officials were worried that inflation could get stuck at dangerously low levels. The Dow Jones industrial average fell 252.15 points, or 1.47%, to 16,906.51, the S&P 500 lost 26.45 points, or 1.31%, to 1,990.26 and the Nasdaq Composite dropped 55.67 points, or 1.14%, to 4,835.77.

Asian markets focused on lower oil prices

Signs of government support lifted Chinese shares, while other stock markets in Asia slid and haven assets rallied after North Korea said it successfully staged its first test of a more powerful form of nuclear weapon. The Shanghai Composite Index rose 2.3% after losing more than 7% in the past two days. Australia's S&P/ ASX 200 fell 1.2%, and Hong Kong's Hang Seng Index was down 1%.

News in Brief

Economy

Peso to weaken further to 48 pesos per dollar this year

Dutch financial giant ING Bank sees the peso weakening further by as much as 4% against the dollar this year due to the normalization of interest rates in the US and the economic slowdown in China. The peso is expected to depreciate further by 4% to 48.80 peso per dollar this year after shedding 5.2% against the greenback last year. The country's growth prospects for 2016 have been moderated due to the severe and prolonged El Niño weather condition, as well as the slowdown in China.

Early infrastructure contract signings shape spending to come

President Joko Widodo oversaw a rare January contract signing on Wednesday for a string of government infrastructure projects, a crucial part of plans to accelerate the economy this year. The contracts signed are worth a combined IDR9.2tn (USD662mm) and include the construction of roads, bridges, dams and housing in North Sumatra, South Kalimantan, East Java, North Sulawesi and Papua. Indonesia is set to spend IDR360tn from the 2016 state budget to build basic infrastructure across the country, up from IDR123tn in infrastructure spending last year.

Corporate

Oil and gas contracts drop 6% on lower oil prices

The falling price of oil has urged oil and gas companies to improve production efficiency. The upstream oil and gas industry recorded a 6% contract value drop after contract renegotiations last year. Previously, the value of contracts in the industry stood at USD5.78bn, comprising mostly drilling and shipment contracts. After contract renegotiations in the middle of last year, the value of contracts decreased USD380mm to USD5.4bn.

Snapcart acquire USD1.7mm to develop new products

Snapcart, a mobile app based in Indonesia, announced yesterday that it has successfully raised USD1.7mm in pre-series A funding. According to Snapcart, since its launch on September 2, 2015, the number of downloads has grown to over 150,000, with more than 85,000 monthly active users. Snapcart will use the capital to develop new products including engagement video features and analytical dashboard tools. These features will accommodate brands with the platform they need in order to see their consumer behaviours in real-time, as well as to aid brands in formulating their next marketing actions.

DoubleDragon to issue PHP10bn in preferred shares

DoubleDragon Properties Corp., a joint venture between Mang Inasal founder Edgar "Injap" Sia II and Jollibee Foods Corp. owner Tony Tan Caktiong, plans to raise PHP10bn through the issuance of preferred shares possibly by Q1 2016. DoubleDragon chairman said bulk of the proceeds from the preferred share offering would be used to fund three major projects in the pipeline. Among these projects include the roll out of CityMall community malls in different provincial areas of Luzon, Visayas and Mindanao, along with various other projects to reach 1 million square meters of leasable space.

PDIC cas has LBC on its toes to seek a quick solution

The Araneta family-led LBC group is hoping for the immediate resolution of the PHP1.8bn lawsuit filed against it by the state-run Philippine Deposit Insurance Corp. (PDIC) but assured customers it is business as usual for the company. LBC Express Inc. said the company expects all incidental difficulties to be resolved within the next few days. PDIC serves as the liquidator and receiver of LBC Development Bank which closed in 2011. LBC is a leader when it comes to payments, remittance, courier products, mail, parcels and, cargo logistics.