



Market & News in Brief

Market View

US markets routed again over China economy fear

It was a bloodbath on Wall Street today, with the Dow Jones Industrial Average dropping 2.32%, or 393 points. The S&P 500 Index declined 2.37%, or 47 points, while the Nasdaq fell 3%, or 147 points. U.S. stocks are now at three-month lows. Today's sell-off was global and started yesterday when China's stock markets halted trading for the second time this week. Chinese equities slid more than 7% after just 29 minutes of trading.

Asian markets notably lower after China halts stock trading

Key regional markets ended trading yesterday in the red in reaction to China devaluing the yuan at a faster pace than earlier anticipated, coupled with yet another fall in crude oil prices. The Hang Seng was the worst performer, ending 3.09% down to 20,333.34 points, followed by Singapore's Straits Time which fell 2.65% to end at 2,729.91. Malaysia's stock market was the least affected by the tumble in stock markets in the region, down 12.84 points or 0.77% to 1,655.13

News in Brief

Economy

Philippine economy to grow 6.45% and Indonesia to grow 5.3% in 2016

World bank has predicted that the Philippine economic growth forecast to slow to 5.8% in 2015 before recovering to 6.45% this year. Growth in Indonesia is projected to pick up to 5.3% in 2016 from 4.7%, provided reforms are implemented to encourage investment and boost productivity. East Asia and Pacific region is projected to slow to 6.3% in 2016, with China's expansion expected to ease to 6.7%.

Philippines allocate budgets to boost manufacturing sector

The government has earmarked a total of PHP289bn this year to boost the local manufacturing sector. The biggest chunk of the Manufacturing Resurgence Program (MRP) budget this year would go to the Department of Agriculture at about PHP14bn, followed by the Philippine Coconut Administration with PHP7.1bn, and Department of Labor and Employment with PHP1.2bn. The MRP also seeks to build on agriculture-based manufacturing industries that generate employment, and support small-holder farmers and agri-cooperatives through product development, value-adding, and integration to big enterprises for marketing and financing purposes.

Indonesia has signed off IDR8.8tn in Infrastructure contracts

The Indonesian government has signed agreements on 644 infrastructure project packages worth IDR8.81tn (USD632.4mm), spurring confidence for quicker budget spending and economic growth improvement this year. The infrastructure packages include road development as part of the trans-Papua highway and in border areas, as well as the rehabilitation of an irrigation network in Padang Pariaman in West Sumatra. The ministry has put bids totaling 5,344 project packages worth IDR42.7tn by the end of this year, from the total of 10,752 packages worth IDR73.41tn.

Corporate

Antam prepares around IDR2tn for capital expenditure

State-run diversified miner Aneka Tambang is allotting around IDR2tn (USD144.2mm) for capital expenditure this year to finance its three priority projects, with a sum of the fund to come from the firm's recent equity issuance. The miner's three main projects are the smelter grade alumina (SGA) plant project in Kalimantan, anode slime project and the ferronickel smelter project in North Maluku. Antam generated IDR5.37tn late last year from issuing 14 billion new shares, part of the state-capital injection allotted by the State-Owned Enterprises Ministry for strategic infrastructure investments of state-run firms

PP Properti triples profit for 2015 and aims to spend more on land in 2016

PP Properti, the property developer unit of state-owned contractor PP, managed to triple its net income to IDR300bn (USD14mm) last year from 2014 on the back of timely sales of its project. The achievement bolstered the company's plan to expand with a IDR600bn capital expenditure this year to acquire more land. PP Properti plans to raise an extra IDR300bn from issuing medium-term notes later this year to help finance its expansion plan. The news of rising profit failed to lift PP Properti shares, which closed 2.7% lower at IDR 178 a piece on the Indonesia Stock Exchange, in line with a broad market index fall of 1.7% on Thursday.

Rimo's IDR7.5tn acquisition at risk after OJK fails to give the go ahead

Listed department store chain Rimo International Letari's plan to acquire a property developer Hokindo Mediatama may fall through, amid the company's unsuccessful attempts to obtain regulatory approval for a rights issue plan to fund the takeover. Rimo International Lestari has been planning to acquire Hokindo from Fajarindah Megah Perkasa, using funds from its planned IDR7.5tn (USD539.18mm) rights issuance. However, the plan has been repeatedly postponed since it was first announced in June last year and also trimmed down from its original expansion plan involving a larger sum of IDR8.1tn, due to a lack of approval from the Financial Services Authority, known as OJK, who rejected the plan.