



Market & News in Brief

Market View

Asia shares extend sell-off, tracking Wall Street's drop

Asian markets traded sharply lower Monday, with major markets extending losses on the back of another sell-off on Wall Street on Friday. In Japan, the Nikkei 225 extended its losses, falling 2.39%, a one-year low, while South Korea's Kospi retraced some declines to trade down 0.78%. Earlier, it slid 1.19% at market open. The Australian market traded in the red, with the main ASX 200 index retracing some losses to trade down 0.79%.

US stock markets take a major fall as Dow reaches lowest level since August

U.S. stocks closed sharply lower Friday ahead of a long weekend and the onslaught of earnings season, after a slew of disappointing U.S. data, a plunge in oil to below USD30 a barrel, and a sell-off in Chinese stocks added to mounting concerns about slowing global growth. The Standard & Poor's 500 has lost more than 8% in the past two weeks and the Nasdaq index of technology stocks is down 10.4%. The Dow Jones, which fell by more than 500 points at one point before ending the day down 391 points to 15,988, has fallen by 8.24% so far in 2016.

News in Brief

Economy

Indonesia: Chinese companies eye USD2bn investment into renewable energy

Four Chinese companies are planning to invest over USD2bn into Indonesia's renewable energy industry, a recent statement from Indonesia's Investment Coordinating Board. Interested companies include a USD1.5bn proposal for a facility to convert coal into methanol at a capacity of 1.1 million tons annually. Another company proposed USD150mm plant to generate power from trash, while two solar panel companies expressed their interests in investing USD150mm and USD360mm each. BKPM has targeted to book up IDR594.8tn (USD42.5bn) in realized investments this year, up 14.4% from last year, with some 64% coming from foreign investors.

Indonesia: IIF to fund telecommunications infrastructure and clean power plants

Indonesia Infrastructure Finance (IIF) will focus this year on financing telecommunications infrastructure projects, the construction of power plants based on renewable energy and seaports. A majority or 30% of IIF shares are owned by the government, 20% by the World Bank's International Finance Corporation (IFC), 20% by the Asian Development Bank (ADB), 15% by German investment corporation DEG and 15% by Sumitomo Mitsui Banking Corporation. Committed loans and bonds for this year's projects reached IDR4.1tn (USD295mm). Out of which, IDR1tn came from loans from state lender Bank Mandiri, USD250mm from IFC and a banking syndicate comprising 14 foreign commercial banks and USD100mm from ADB.

Corporate

Indonesia: JFE steel starts production in Indonesia

JFE Steel Galvanizing Indonesia, the wholly owned local unit of Japanese JFE Steel Corporation, has started production at its steel plant in Bekasi, two months ahead of schedule. The plant, with a capacity of 400,000 galvanized steel sheets a year, is JFE's third plant in Asia outside of Japan, after similar factories in China and Thailand. JFE Steel expects to cater to rising demand from automotive manufacturers. Japanese manufacturers Toyota, Honda, Suzuki and Nissan have all expanded production capacity in Indonesia. Saic General Motor Wuling a joint venture between General Motors China, Shanghai-based SAIC Motor and Liuzhou-based Liuzhou Wuling Motors is set to begin construction on its USD397mm plant in Cikarang, which will start production in 2017.

Indonesia: Waskita eyes IDR4tn in proceeds from IPO of precast unit

State-owned construction company Waskita Karya targets its subsidiary Waskita Beton Precast to raise IDR4tn (USD286mm) from selling up to 35% of its shares in an initial public offering in the third quarter this year. The company, which produces precast concrete structures for elevated roads, bridges and tunnels, will use the proceeds to increase its production capacity by a third to 2.4 million tons from the current 1.8 million tons. Among its high-profile projects, Waskita is currently working on construction of a IDR5tn light rail transit line in Palembang, South Sumatra, which is expected to be completed in time for the 2018 Asian Games, to be co-hosted with Jakarta.

Indonesia: State-owned enterprises seek rights issuance, while PN VII seek IPO for 2016 expansion

State-owned pharmaceutical firm Kimia Farma and state-owned plantation company Perkebunan Nustantara VII plan to raise IDR3tn (USD214mm) in total with the issuing of new shares to fund expansion efforts. Kimia Farma is expected to raise IDR1tn from a rights issue, while Perkebunan Nusantara VII will conduct an initial public offering projected to be worth IDR2tn. State-owned construction firm Wijaya Karya, property developer PP, steel maker Krakatau Steel and toll road operator Jasa Marga are also planning rights issuances. Kimia Farma needs IDR3.7tn for its expansion plan through 2019 to build three new plants in West Java, East Java and Bali.