



Market & News in Brief

Market View

Asian Markets fell apart in late trade

Risk assets across Asia fell heavily for a second consecutive session on Thursday, following a dramatic reversal midway through the session. The ASX200 in Australia was one of the few markets to finish higher, closing up 0.46%. The Nikkei 225 in Japan was perhaps the story of the day, moving from a gain of 2% to a fall of 2.43% in just a few hours of trade. It was a savage, China-like selloff that resonated across the region. Chinese stocks, like the broader region, also finished heavily in the red. After being up 0.5% at lunch, the benchmark Shanghai Composite closed down a whopping 3.22%, finishing the session on its absolute lows.

US stocks end higher as oil shares gain

US stocks finished a volatile session higher on Thursday, as a jump in oil prices lifted beaten-down petroleum shares and boosted investor sentiment. The Dow Jones Industrial Average rose 115.94 points, 0.74%, to 15,882.68. The broad-based S&P 500 rose 9.66, or 0.52%, to 1,868.99, while the tech-rich Nasdaq Composite Index added a scant 0.37 or 0.01% at 4,472.06. The gains were a welcome shift after the battering Wednesday that pushed leading US indices as much as 3.5% lower

News in Brief

Economy

Indonesia: 2015 foreign direct investment rises after government stimulus measures

Foreign direct investment (FDI) into Indonesia rose almost 20%, in rupiah terms, in 2015 from a year ago as investment in the final quarter jumped after a series of government stimulus measures. Indonesia's Investment Coordinating Board state FDI rose 19.2% in 2015 to IDR365.9tn (USD26.32bn), excluding investment in banking, oil and gas sector. Growth in the fourth quarter reached 26% on yearly basis. In 2015, the biggest beneficiaries of FDI were mining, transportation, telecommunication and mineral-processing sector. Singapore was the biggest source of investment in 2015, with Malaysia and Japan coming second and third. BKPM is targeting a rise of FDI this year between 14% to 15%.

Indonesia: Indonesia look to gear up for USD456mm gaming industry by 2017

The government has joined forces with local game developers to set a framework to propel Indonesia's gaming industry to a global level. The Indonesian gaming market is projected to reach USD465mm in 2017, making it the second largest gaming market in Southeast Asia, after Thailand, according to a projection by Amsterdam-based gaming market research firm Newzoo. According to Newzoo's data, Indonesia is among the fastest growing markets in the region. The total sales of Asia's gaming industry reached USD41.56bn in 2015 of which Indonesia contributed USD312.79mm.

Corporate

Indonesia: BRI to raise USD333mm from bonds in February

The largest Indonesian bank in micro lending, PT Bank Rakyat Indonesia Tbk is set to raise up to IDR4.65tn (USD333mm) from bond market in February. Bank Rakyat Indonesia said the planned USD333mm bond issuance in February 2016 is part of a larger plan to raise IDR12tn following a IDR3tn bond sale in 2015. Bank Rakyat Indonesia is offering three series of bonds, including IDR808bn worth of one-year notes at a coupon rate of 8.5%, IDR1.02tn worth of three-year bonds at a coupon rate of 9.25% and IDR2.82tn worth of five-year bonds at a coupon rate of 9.6%.

Indonesia: Freeport to get extension of export permit

The government will extend the export permit of PT Freeport Indonesia despite the copper and gold mining giant not having made significant progress in the construction of its new smelter plant in Gresik, East Java. Energy and Mineral Resources Minister Sudirman Said unveiled on Tuesday that Freeport's six-month export permit, due to expire at the end of this month, would be extended on the condition that it agrees to pay a 5% export tax and sets aside a guarantee fund for the construction of the smelter plant. The export tax rate is linked to the progress of the construction of their smelting plant. An export tax of 7.5% is imposed on those companies whose disbursement for a smelting plant is at 0 to 7.5% of their total investment. A 5% export duty is applied to a company whose spending is at between 7.5 and 30%.

Commodities

China: Coal is no longer king in China

Electricity generation from coal-fired power plants in China dropped by an estimated 4% in 2015. More significantly, year-over-year thermal power capacity utilization fell from about 54% in 2014 to 49.4% in 2015, the first time thermal power capacity was not the majority of electricity generation. Cuts to coal imports in China were even more severe than the consumption rate, according to IEEFA, down more than 30% from 2014. Clean-energy investment in China was USD110bn in 2015, about equal to the investment of the U.S. and Europe combined last year, according to the latest figures from Bloomberg New Energy Finance.